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HELPING SRI LANKA TO GROW!

AgEnt is a dynamic USAID funded private sector agro-enterprise development initiative successfully assisting companies and entrepreneurs with viable business/marketing plans to expand existing operations or start-up new ventures targeted at both domestic and export markets.

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PERSUADING A CALIBRE IMPORTER/DISTRIBUTOR TO TAKE-ON AND MARKET YOUR PRODUCT IS THE FIRST HURDLE YOU MUST JUMP !

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BACKGROUND

AgEnt has been working successfully with many Sri Lankan agro-enterprises in the export arena over the past 20 months covering new product development/ repositioning, assessing competitor country and individual exporter marketing strategies, participating in overseas technology assessment/acquisition and trade fair/sales missions etc; hence the project believes it has a very sound feel pertaining to the strengths/weaknesses of many large/medium/micro size agro-enterprises and entrepreneurs.

In terms of Sri Lanka's strengths there is little doubt that there is a core grouping of highly motivated/successful exporters who are doing well through the simple application of sound/basic export marketing tenets and a burning desire to succeed.

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However, there are a great many more Sri Lankan agro-enterprises who have the product development base/financial resource/management capability etc necessary to successfully penetrate and develop export markets than evidenced todate; but who in turn need to be given the confidence level that export marketing can be a most profitable sector if the right attitude/marketing disciplines/staying power are adopted from the outset.

It is against this brief background that this first article has been written i.e. to pinpoint to potential new exporters in particular an awareness of the highly professional marketing/sales approach needed to raise serious, initial handling and buying interest of your product line by those importers/distributors in target export markets who can truly deliver a level of sustainable export sales/profits in line with your expectations.

PROFESSIONALISM AND STAYING POWER ARE THE KEYS TO EXPORT SUCCESS

Developing and launching products into the highly competitive international market place is far, far tougher in 1994 than it was just a few years back.

Whether you are a large company or a medium/micro size agro-enterprise, many of the selfsame marketing dictates equally apply, starting with the critically important need to identify the "right importer/distributor in each export market who is prepared to take-on your product line and place behind it the necessary marketing/promotional commitment which will assure success from the outset".

Before looking at typical importer/distributor requirements sought by calibre identities who can deliver (i.e. successfully introduce a new exporter's product line and consistently increase sales/market share), potential exporters should be aware that they -

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1. **First need to implement a sound level of desk and "on the ground" market research in initially identified export target markets, buttressed by the product/pricing/marketing mix and financial resource they will have to invest to achieve success at the end of the day.**
2. **Have or can develop a high level of "creative salesmanship capability". You may have the finest concept/product, but if you cannot sell it you will never really be in with the chance to win !**
3. **Have the "staying power" to go that extra mile, as successful/profitable export marketing is normally achieved in the longer term.**
4. **Have the determination to "keep up with the marketing play" as both existing or new competitors will be continuously repositioning existing or launching new products to either hold or win new market share.**

KEY IMPORTER/DISTRIBUTOR DYNAMICS

Chart A requires careful study by potential exporters as it clearly identifies the "highly competitive climate" within which they will have to sell their product line.

Calibre importers/distributors have the "world beating at their doors", simply because they have built a proven track record in developing sustained/profitable sales for their core import clients and themselves.

Whilst the majority of those importers/distributors surveyed handled large export clients, many also represent low volume/high margin niche products on behalf of exporters who have developed product lines with a distinct "positioning/marketing edge". In the agro-enterprise sector, many Sri Lankan export marketing opportunities exist but few companies have made it really happen todate !

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WHAT CALIBRE IMPORTERS/DISTRIBUTORS IDEALLY SEEK IN AN IDEAL
NEW EXPORT CLIENT

Chart B typifies what a calibre large/medium size importer/distributor will most often seek from a potential new export client before deciding to take-on an additional product line.

At first glance their requirements may look overly demanding and too costly to implement and sustain. However, this often is not the case if the exporter has done his marketing homework well; and AgEnt gave numerous illustrations at their recently conducted Agri-Business/International Marketing workshops that well executed export marketing research/development does not always constitute an expensive/high risk investment.

CONVINCING/SELLING THE RIGHT IMPORTER/DISTRIBUTOR TO TAKE-ON
YOUR PRODUCT LINE

As illustrated in Chart A (item 1.), calibre importers/distributors receive a tremendous number of approaches each year from exporters seeking to sell their product lines into a market for the first time; but very few make it in the finality !

Why? Very simply because many potential exporters worldwide do not understand that importers/distributors who have a delivery track record have neither the time/inclination to respond to new exporter approaches unless they can demonstrate from the outset an ability to -

1. Position their company/product line in a highly professional manner and speak the "market and interest language of the importer/distributor".

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2. Can clearly pinpoint that their product line has a distinct competitive marketing edge (which can often be achieved/developed in many ways through skillful use of all components in the marketing mix).

Chart C illustrates the critically important ingredients (in typical order of importance) which a new Sri Lankan exporter should address in their first export positioning/information/sales brochure, which in turn should ideally be kept specific and to a minimum of 4 pages (plus inserted trade terms/price list etc).

A recent survey by AgEnt of over 70 Sri Lankan existing/potential exporters identified that only 8% correctly detailed/positioned the key components broadly outlined in Chart C which should be included in a persuasive, "on target" sales pitch designed to instantly raise test marketing trial interest in a new exporter's product line.

Put another way, many Sri Lankan existing/potential exporters still have to learn how to jump the critically important first hurdle in the marketing game !

SUMMARY

This brief article has essentially sought to highlight in simplistic chart form the key dynamics of the processed foods importers/distributors scene (which equally applies to many other non-agro enterprise product sectors) in 8 prime world processed foods imports markets, together with the Phase 1 marketing/promotional strategy new Sri Lankan exporters in particular could well consider adopting if they wish to raise immediate buying interest/test marketing trial of their product lines.

Other articles in this occasional series will look at how to successfully position/develop export products with a competitive marketing edge and promote/sell your product at international trade fairs.

Chart A SELECTED/SUMMARISED EXTRACTS FROM 8
PRIME WORLD MARKETS PROCESSED FOODS
IMPORTERS/DISTRIBUTORS SURVEY

Key Dynamics	Numeric =N or %
1. Per annum approaches to large/medium size calibre importers/distributors seeking first time market representation.	N : 21-38
2. Number of export companies and product lines handled by calibre importers/distributors (large and medium) together with combined range items	N : 6-11 N : 162
3. Level of direct/final outlet sales penetration (i.e. where the sale is made to the final end buyer)	% : 10-59
4. Time devoted by importers/distributors to the marketing and promotion of the top 4-6 product sales/profit lines	% : 70-85
5. Ability of importers/distributors to mount/influence major consumer promotions at a retail floor outlet level	% : 10-53
6. Sought additional promotional expenditure (over and above volume buying discounts) from importers during the first 18 months of new product market establishment	% : 7-14
7. Average number of visits to key export markets and importers/distributors by committed/successful exporters each year	N : 2-3.2

(Source: Copyright AD & A 1992 update; markets - Germany/
United Kingdom/ United States/United Arab Emirates/Malaysia/
Singapore/HongKong/Japan)

Chart B MAJOR REQUIREMENTS MOST OFTEN
SOUGHT BY CALIBRE LARGE/MEDIUM
SIZE IMPORTERS WHEN AGREEING TO
TAKE-ON A NEW EXPORTER'S PRODUCT
LINE

Unless a new offered processed food product range is quite unique, calibre importers "who can deliver" will often require to know/expect of a new exporter with no previous market experience the following :

1. Resource base of the exporter, years in business and experience/success in the export marketing arena
2. A track record in innovative/ongoing new export products development/introduction
3. Proven ability to service on time placed export orders and linked to a fast/efficient "two way" communications system
4. Correct product positioning/adaptation/packaging/promotional material in line with individual market dictates
5. Competitive trade terms/pricing (but not necessarily cheap !)
6. Preparedness to visit the market 2/3 times per year and train/work alongside importers/distributors sales personnel to assist them to introduce/establish/profitably grow the product line

(Source: Copyright AD & A 1992 update; markets - Germany/
United Kingdom/United States/United Arab Emirates/Malaysia/
Singapore/HongKong/Japan)

Chart C KEY COMPONENTS IN A NEW EXPORTER'S 4 PAGE PRODUCT POSITIONING/INFORMATION SALES BROCHURE

Page	Component	Objectives
1. Front cover	Company positioning strengths	To immediately convince a potential/calibre importer that they should "open-up" serious handling discussions of the company's product line
2.	a. Sri Lanka's image strengths	To position Sri Lanka's image/other strengths in support of the exporter's product line and individual markets product adaptation/positioning capability etc.
	b. Company's product line strengths	To sell the company's product line "marketing edge/other benefits" versus mainline competitors
3. Blank with inserts flap	C & F pricing by market/ trade terms/ packaging/ order lead times/shipping and airfreight frequencies	To further convince a potential importer that the exporter fully understands this critically important component in the export marketing mix
4. Back cover	Importer/ distributor marketing and promotional support program	To demonstrate to a potential importer that other than through price discounting/ cheapness in price, the exporter can construct/offer low cost, high impact trade and end buyer promotions which will achieve increased sales and market penetration