



Straight Talk for Exporters: *Threading the cultural and distribution needle*

Good overseas distributors are hard to find. I know because I helped find hundreds of them for American manufacturers for over 20 years. Back in the mid-80s, I was surprised at how little many U.S. companies knew about their target markets let alone the unique distribution systems that formed the backbone of the sales infrastructure in those markets. Fortunately, those times have changed.

Back then, this lack of awareness was not confined to the more 'obscure' markets (read: difficult to understand) like those of Southeast Asia and China, it also applied to lesser-known 'second-tier' European markets like the Benelux countries (Belgium, The Netherlands and Luxembourg), Scandinavia (Denmark, Norway, Sweden and Finland) and the Baltics (Lithuania, Latvia and Estonia), all places where I lived and worked.

While those countries might share some similarities, they are as different as *Poffertjes* and *Pommes Frites**. Often times we lump countries in with one another precisely because they share common traits like language or cuisine or geography, but if we only look at the similarities we will overlook the huge differences that make them the sovereign nations and intricate markets they are. That could be disastrous for exporters who are laying a lot of money on the line – money that is tied up in advertising campaigns, trade show exhibitions, point-of-sale displays, and agent/distributor commissions.

Are they hearing what you're saying?

I saw the consequences of ill-conceived plans in several countries, executed by several well-known American companies that should have known better. Their big mistake was applying the same marketing plan and using the same advertising (sometimes like colloquial Dutch in The Netherlands AND in Belgium) in several markets – without testing and without outside advice.

While it may be easy to make those mistakes, it doesn't lessen their negative impact. If we take Belgium and Netherlands for example, the countries are very different. The Netherlands is an economic powerhouse with massive distribution to the rest of Europe, and Belgium is much smaller and less internationally commercial (they are definitely international, though, as they house NATO and are one of the seats of the EU government). In The Netherlands, Dutch is the principal local language followed by English, German and French, in that order. In Belgium, there are two principal languages: Flemish (a form of Dutch) and French followed by German and English in that order. If you advertise only in Dutch in Belgium, you will miss hitting the Walloons (French-speakers).

If you advertise in The Netherlands (by the way, it is 'The Netherlands' not Holland; Holland is a province of The Netherlands) only in English you will probably achieve good message penetration because so many people speak English, but you may end up alienating your target audience because you are by-passing their native language.

So, one of the most important decisions you must make is: which single-country markets will you target. Answer that question and you can drill down to see if there are any *enclave markets* (border markets where multiple languages are spoken because of the proximity to a neighboring country). There are several of these like: Southern Jutland in Denmark (close to Germany), Maastricht, The Netherlands (also close to Germany), Northern Estonia (close to Finland and Russia), etc.

Southeast Asia shares similar characteristics. Take Singapore, a tiny country (it's a city and a state) of approximately 4.0 million + people, principally Chinese speaking (over 65% of the population) followed by those who speak Malay and Hindi. English is the principal lingua franca of commerce (unless the Singaporeans are doing business in China, then it's Mandarin Chinese). Therefore, American companies can use their good old American English (no colloquialisms please) in their marketing and advertising materials.

Singapore is an excellent Southeast Asian base of operations because of its proximity and connections to and with Malaysia, Indonesia, and China, to name but a few markets. (Its container port is the busiest in the world.) Indeed, many American companies have their SE Asian headquarters in Singapore and their factories in the countries mentioned above. Singapore's sophisticated business climate makes it an attractive place for expats from all nationalities.

Distribution: Getting it from here to there

Now that we've conquered language, let's move on to distribution. You're going to need some form of sales distribution for your products or services. Which will it be? Agent? Distributor? Master Stocking Distributor? Will you warehouse? To answer those questions will take more time because it will require an alignment of your company's sales philosophy with the distribution preferences for your industry in your chosen market(s).

How big will the chosen sales representative's export territory be? Will it be divided along country boundaries or be decided on the basis of concentration of customers? Who will dictate pricing? How much will commissions be? Who will service/repair your products or take them back? Once you've decided these questions, you'll need to choose under whose civil law the representation contract will be adjudicated.

(To go back to Europe for a minute, if your contract is with a Belgian firm, be prepared for a protracted notification period. Belgian distributors are entitled to an extremely long waiting period before contracts are declared null and void.)

Many companies have chosen large shipping ports as their entrépôts (intermediary market for sale and transshipment) as these are usually near large population centers, have sophisticated in-country distribution and transportation, ample warehousing and even Duty Free Zone space where value may be added to products, free from taxation. Whether you choose a single-country market, a regional market, a niche market or a test market, time's a wastin'.

Chances are the competition already has a presence there and has signed up one of the premier distributors. Don't let that stop you or anything else for that matter. Exporting is worth the effort. Just ask the film industry. It is estimated, that as a part of their total revenues, film showings and distribution agreements with European theatres provide the industry with all of its profit... and that's a front row seat in anybody's language!

**) Poffertjes are small fluffy Dutch pancakes and Pommes Frites are French Fries*



Stephan Helgesen is a 20-year veteran of the U.S. and Foreign Commercial Service of the U.S. Department of Commerce. He has worked in over 30 countries and advised hundreds of exporters on four continents. He is currently CEO of Second Opinion Marketing & Communications, an export consultancy and 'Head Ninja' at exportninja.com. He can be reached at: ceo@secondopinionmarketing.com

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