



Export Basics - Brokers and Distributors – Your Partner in the Market

Is a broker or distributor right for your business?

Establishing a partnership with a broker or distributor can be key to your international success.

Brokers and distributors link manufacturers to retailers and can help you sell your product but for a fee or commission. Hiring a broker or distributor is not necessary but they can be an essential partner to help you to build your brand and reach into new markets.

Broker versus Distributor

A broker (or agent) sells and represents your product without taking ownership of it. The broker's role is to make the sale, represent the "line" to the potential buyers (i.e., retailers, restaurants, etc.) and assist on the "pull" of the products at retail. Brokers can operate on salary, but usually operate on commission based on value of sales generated.

A distributor (also known as a wholesaler) buys your product at a discount from the retail price and resells it to other companies. Distributors move large volumes of product and often with nation-wide economies of scale.

Partner Profiling and Selection

Finding the right partner – shop around to find the best fit for your business!

Looking for a partner:

- Ask your target retailers which distributor they use. You can explain that you want to make it easy for them to buy your product.
- Attend trade shows to see which brokers and distributors are active and making sales.

You need to assess the partner's:

- Reputation and capabilities.
- Market reach – specializing in the channels you want.
- Experience with retailers you want to target.
- Scale – geographic requirements, ability to cover the needs of your customers.
- Market presence – products currently represented, market segments served, top customers and competitors, company size.
- Commitment to your product – time, resources dedicated to your line, market knowledge, staff skill levels, percentage of portfolio that you will represent. If your products are a significant part of their business they will get more attention.
- Compatibility – business, cultural and operational.

Japan has a complicated and multi-layered market access and distribution system. The right partner is critical to success in the Japanese market.

For most Alberta companies, a strong commitment from a distributor/wholesaler (which has the key contacts needed in the retail and food service industries) is ideal as the rest of the system will come together as a result.

Katie Meredith, Japan Trade Officer
Alberta Agriculture and Forestry

Check for reliability, get quotes and interview several brokers or distributors to find the best fit.

Working with your Partner

- Conduct initial market analysis.
- Negotiate an annual plan (you and your partner) - sales targets, pricing, geographic coverage, etc.
- Have periodic performance reviews (market visits and evaluation metrics).

Elements of a Good Partnership

- Regular communications
- Clear expectations (verbal and in writing)
- Pro-active sharing (good and bad)
- Mutual respect
- Flexibility

Note: Register your trademarks in the target market to protect your brand. Otherwise the brand could become property of your partner. It is common to take 12+ months to launch a new product.

For connections to brokers and distributors and more information related to the supply chain in specific markets contact:

Shelly Nguyen
International Initiatives Officer
Alberta Agriculture and Forestry
shelly.nguyen@gov.ab.ca
780-422-7103

July 2017

www.agrifoodalberta.ca

