

Export Basics

Brokers and Distributors

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 build your brand and reach 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.

Selecting your partner

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.

Assess your potential partner for:

- Reputation and capabilities.
- Market reach – specialize in the channels you want.
- Market presence – products currently represented, market segments served, top customers and competitors, company size.
- Experience with retailers where you want to be listed.
- Scale – geographic requirements, ability to cover the needs of your customers.
- 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.

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

For Alberta companies, a strong commitment from a distributor/ wholesaler with key contacts in the retail and food service industries is ideal.

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

Working with your partner

Think of your broker or distributor as a business partner. You need to make sure you can work together and that you are on the same page.



Work with your partner by:

- Conducting an initial market analysis.
- Negotiating an annual plan together - sales targets, pricing, geographic coverage, etc.
- Having periodic performance reviews (market visits and evaluation metrics).

Elements of a good partnership

Your partnership is a relationship that requires significant effort to maintain and grow.



Some elements of good relationship are:

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

Tip: Register your trademarks in the target market to protect your brand. Otherwise, the brand could become property of your partner. How to apply for trademark protection varies by market.

For information on exporting, Alberta companies can contact:

The Export Development Section
Agriculture, Forestry and Rural Economic Development
agrifoodexports@gov.ab.ca

