

How to Win!

Market Entry Strategies
Australia and Export

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Seedlab Startup Plan – channel entry strategies

Customer Segments Who is your target consumer/customer?	Problem List the top three problems you are solving for your customers	Solution Outline a possible solution to the problem	Unique Value Proposition State why you are different and worth attention	Channels List the path to your customers
Early Adopters Who is your target consumer/customer?	Existing Alternatives List how these problems are currently solved	Key Metrics List key numbers to know if your business is a success	Brand Positioning Statement Your competitive positioning	Unfair Advantage Something that cannot be easily bought or copied
Expenses List your fixed and variable costs			Income List your revenue sources	

Market Entry Models

Pros & Cons exercise

Pros & Cons exercise on each Mode of Entry in terms of:

- \$
- People
- Time



Finished Direct (On-site/ Off site Retail)



ADVANTAGES

- ✓ Sell in A\$/ local
- ✓ Retain all margin
- ✓ Control selling environment
- ✓ Bring brand story to life
- ✓ Get direct consumer feedback

DISADVANTAGES

- x Lower traffic and presence vs 3rd party retail/ Foodservice
- x High cost of attracting shoppers/ consumers
- x High fixed costs
- x Unlikely to visit market

Finished Direct (eCommerce)



ADVANTAGES

- ✓ Sell in A\$/ local
- ✓ Retain all margin
- ✓ No direct competition on website
- ✓ Bring brand story to life
- ✓ Get direct consumer feedback

DISADVANTAGES

- x Lower traffic and presence vs 3rd party
- x High cost of attracting shoppers/ consumers
- x Managing delivery logistics
- x Unlikely to visit market

Local Consolidators



ADVANTAGES

- ✓ Sell in A\$
- ✓ Consolidate to save freight cost
- ✓ Low risk entry

DISADVANTAGES

- x Lose sight & control of value chain
- x Indirect communication with customer
- x Unlikely to visit market

Local Based Agency



ADVANTAGES

- ✓ Transact direct
- ✓ Save on overhead
- ✓ Low risk entry

DISADVANTAGES

- x Pay a commission to agency
- x Indirect communication with customer
- x Unlikely to visit market

In Market Based Agency



ADVANTAGES

- ✓ Transact direct
- ✓ Save on overhead
- ✓ Low risk entry
- ✓ In market contact
- ✓ Less margin cost c.f. importer

DISADVANTAGES

- x Pay a commission to agency
- x Indirect communication with customer

In Market Importer/Distributor



ADVANTAGES

- ✓ Local knowledge
- ✓ In market logistics
- ✓ Low risk entry
- ✓ In market contact
- ✓ Importer can manage multiple channels/ customers/accounts

DISADVANTAGES

- x Need to allow another margin in value chain
- x Indirect communication with end customer/buyer

Direct to Retailer/Foodservice Buyers



ADVANTAGES

- ✓ Margin advantage
- ✓ Lower RRP on shelf
- ✓ Direct feedback from customer
- ✓ Leverage their eCommerce capability

DISADVANTAGES

- x Multiple export accounts
- x Overhead to support account management
- x Direct requests for A&P support
- x No one in market managing your brand c.f. importer/distributor

Overseas Branch Office / Subsidiary



ADVANTAGES

- ✓ Feet on the street
- ✓ Own entire value chain
- ✓ Claim local deductions e.g. VAT

DISADVANTAGES

- x Protection of IP / Counterfeit
- x Online Promotion Strategy
- x Profit & Cost Analysis
- x Product recall
- x Warehouse (Stock & Expiry)
- x Price Competition
- x Government regulation - CIQ

E-Commerce (Cross-Border)



ADVANTAGES

- ✓ Increasing Middle Class In Asia
- ✓ Expansion of online shopfronts
- ✓ Increase of Refrigeration & Logistics
- ✓ Lower Individual Business Outlay

DISADVANTAGES

- x Protection of IP / Counterfeit
- x Online Promotion Strategy
- x Profit & Cost Analysis
- x Product recall
- x Warehouse (Stock & Expiry)
- x Price Competition
- x Government regulation - CIQ

Margin/ Cost Implications by Route to Market

FULL SERVICE DISTRIBUTOR	
Retail Price	\$5.00
Retail Margin	\$2.50
Distributor Margin	\$0.75
Your Selling Price	\$1.75
COGs	\$0.50
Gross Margin	\$1.25
Selling	\$0.00
Marketing	\$0.20
Admin	\$0.10
Supply Chain	\$0.25
Total Overhead	\$0.55
Net Margin	\$0.70

1. Distributor margin cost
2. Distributor controls selling & delivery process
3. Lack of or reduced customer contact of direct
4. Reduced visibility of value chain
5. Reduces overhead cost
6. Reduces supply chain costs



Margin/ Cost Implications by Route to Market

	DIRECT TO RETAIL/FOOD SERVICE	FULL SERVICE DISTRIBUTOR	DELIVERY ONLY DISTRIBUTOR	E-COMMERCE
Retail Price	\$5.00	\$5.00	\$5.00	\$4.00
Retail Margin	\$2.50	\$2.50	\$2.50	\$0.00
Distributor Margin	\$0.00	\$0.75	\$0.35	\$0.00
Your Selling Price	\$2.50	\$1.75	\$2.15	\$4.00
COGs	\$0.50	\$0.50	\$0.50	\$0.50
Gross Margin	\$2.00	\$1.25	\$1.65	\$3.50
Selling	\$0.20	\$0.00	\$0.20	\$0.10
Marketing	\$0.20	\$0.20	\$0.20	\$0.75
Admin	\$0.20	\$0.10	\$0.15	\$0.50
Supply Chain	\$0.50	\$0.25	\$0.25	\$1.00
Total Overhead	\$1.10	\$0.55	\$0.80	\$2.35
Net Margin	\$0.90	\$0.70	\$0.85	\$1.15



Which Route to Market is best for you?

Geography (State or Country)	Rank Entry Mode (1-3)

1. Finished Direct (On-site/ Off-site Retail)
2. Finished Direct (eCommerce)
3. Locally based consolidator.
4. Locally based agency.
5. Sale agency in-market.
6. In-Market Importer/ Distributor
7. Direct to Retailer/ foodservice buyers
8. E-Commerce (Cross- Border)
9. Daigou (China)

