



Agent vs Distributor Checklist

Agents vs Distributors

Exporters can choose between two common types of representation within their international market: an **agent**, who is a representative of the exporter; or a **distributor**, who is a customer of the exporter. Your choice between an agent and a distributor will depend on the market size, the type of product and the degree of control you want to exercise or are able to exercise in the market. When deciding on whether to have an agent or distributor:

- Decide on whether the appointment of an agent or distributor is more appropriate in the circumstances.
- Carry out research on local practices within the territory, if necessary, to help you decide.
- Check local laws on the relative rights of agents and distributors, particularly on termination of the appointment.

Choosing a Distributor - Factors to Consider

Size of Sales Force

- How many field personnel does the distributor have?
- What are their short and long term expansion plans, if any?
- Would they need to expand to accommodate your account properly? If so, would they be willing to do so?

Sales Record

- Has their sales growth been consistent? If not, why not? Try to determine sales growth for the past five years.
- What are their sales objectives for the next year? How were they determined?

Territorial Analysis

- What territory do they cover?
- Do they have branch offices in the territory to be covered? If so, are they located where your sales prospects are greatest?
- Do they have plans to open additional offices?

Product Mix

- How many product lines do they represent?
- Are these product lines compatible with yours?
- Would there be any conflict of interest?
- Do they represent any other Australian firms? If so, which ones?
- If necessary, would they be willing to alter their product mix to accommodate yours?
- What would be the minimum sales volume needed to justify handling your line? Are their sales projections realistic?

Facilities and Equipment

- Do they have adequate warehouse facilities?
- Do they have computers? If so, are they compatible with yours?
- What communications equipment do they have? Fax, modem, etc.

Marketing Policies

- How are the sales staff compensated?
- Do they run motivation and incentive programs?
- Do they use product managers to co-ordinate sales efforts for specific product lines?
- How do they monitor sales performance?
- How do they train sales staff?

Customer Profile

- What type of customers are they currently contacting?
- Are their customers' interests compatible with your product line?
- Who are their key accounts?
- What percentage of total receipts do these key accounts represent?

Promotional Trust

- Can they assist in compiling market research information to be used in making forecasts?
- What media, if any, do they use to promote sales?
- How much of their budget is allocated to advertising?
- Will you be expected to contribute funds for promotional purposes? If so, how will the amount be determined?
- What type of material do they use to promote their company?

Source: New Zealand Trade and Enterprise and Western Economic Diversification Canada, Ready for Export: Building a Foundation for a Successful Export Program.