

Working with International Distributors: Pricing *Learnings from others who have done it*

- No hard and fast rules
- What's worked:
 - Soliciting the opinion of sales reps with international experience. Consider paying a sales rep with this precise expertise as a consultant to review the international distributor agreements/decisions.
 - Definitely consider hiring someone with this expertise. Good use of money.
- "I wish I had a magic formula". I try to make 60pts gross margin on all orders, whether nationally or internationally." → key takeaway, your margin on national and international should be the same.
- US cost structure varies from International cost structure, enabling companies to maintain comparable margins:
 - "My costs to international distributors is less than my US based customers for a variety of reasons:
 - They pay for shipping
 - I don't have to import it
 - They take ownership of all marketing
 - They pay a percent down payment up front for each order, which saves me on cash flow/interest
- But like with US retailers, the price does change because of a variety of reasons:
 - Their taxes, VAT, customs
 - The volume of their order (driven by the size of their market and/or the reach of their business and/or competition)
 - If they ask for exclusivity
 - Any customized packaging you may have to do (in their language, for example)

Vanessa's Take: It does sound like there is no standard agreement across all distributors, largely because volume varies and because the terms of agreement can vary as well. So instead of coming up with a standard price list, I would come up with a minimum order quantity they would need to order to make it worth your while and the associated pricing/costs. And that is the baseline for further fine-tuning as you zero in on volume and other terms.