



How to Reach USA Consumers

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When an Israeli food manufacturer brags that he exports to the USA that's a sign that he has made a significant accomplishment but often this opportunity is short lived or remains stagnant. One of the major reasons is a misunderstanding of both the consumer and the business culture in the USA. Israeli manufacturers often assume that a global environment means that everything is the same throughout the world. They are not aware that they must think globally and act locally. This "culture gap" can be surmounted once you understand that this gap exists and can define the differences and how they affect your efforts.

Supplier- Customer Relationship

The American buyer (importer, distributor, retailer, etc.) views the relationship with his suppliers as a type of partnership. He expects that whoever sells him goods will be the expert concerning these goods. The supplier has to be able to answer any questions regarding his products and knows best how to present and position them. I remember one of my first meetings with an American buyer from a major retailer. I accompanied one of my clients, an Israeli manufacturer, to this meeting. Since the Israeli economy is relatively small, many manufacturers produce a wide range of products. My client brought his brochure which listed his wide range of products. The buyer read over the brochure and asked "What do you do best"? The manufacturer answered immediately "We do everything best". The buyer closed the brochure and replied "If you don't know what you do best I certainly can't know. Thanks for coming".

Remember that you the manufacturer are the one who knows best and even though your clients can help you out and give advice, you're the boss. Be honest, straightforward, and show confidence that your product is appropriate for the USA market.

Consumer Perception

We often assume that the American consumer is familiar with Israeli food products but this usually is not the case. Retail shelf space is the most expensive real estate in the world and retailers expect to be able to maximize their sales using this shelf space. The average consumer is usually not aware of more than 85% of the items on the supermarket shelves and he will only consider making a purchase from the remaining 15% of which he is aware of their existence. The rule of thumb is that the attention span of a consumer looking at an unfamiliar product is three seconds (even when using eye catching packaging). Within three seconds, the consumer has to understand three things: What is this product? What do I do with it? Do I need it? Only after being able to understand these three queries the consumer will pick up the product and make a decision if he wants to purchase the product. If he still remains puzzled, he won't even reach the stage in which he makes a purchase decision. Most Americans have no idea what is Burekas so the chances of buying the product are less than if the product was called puff pastry. Don't assume that everyone who visited in Israel remembers the food products he saw there (less than 20% of American Jews have visited in Israel).

Pricing

Many times the first sales to the American market are done through a friend, relative, neighbor's son, etc. These buyers often manage a small size operation in a limited geographical area and do most of the distribution themselves. They also decide what is the price that they sell the products to their customers, usually small food markets and bodegas. G-d forbid and the product sells well, a major retailer may show interest in the product and wants to sell the product in his stores using his distributor. Now the problems starts. The first buyer bought products at \$1.00 and decided to sell them for \$1.40. In order to sell to the major retailer the importer sells the product he bought for \$1.00 to the distributor for \$1.20 who sells to the retailer for \$1.60. The retailer can't understand why he buys the product for his 400 stores at a price of \$1.60 when a bodega buys the same product for a price of \$1.40?? Since neither the distributor nor the importer will cut their margins, there is pressure on the manufacturer to lower his price and suddenly it's no longer profitable to export. The key is to think ahead and avoid this problem. Tell your first small importer/distributor to sell at the price you expect to sell in another 2-3 years to the major retailers. The rule of thumb is a 300% markup from the manufacturer's selling price to the consumer retail price.

On Time Supply

The USA distributors and retailers do not differ between products manufactured in the USA or products imported to the USA. Therefore they expect that there will always be an on-going and available inventory of products at all times and will not be friendly to being told "that the products are on their way to the USA". This is probably one of the best ways to lose shelf placing and a customer.

Once you understand how the USA market environs operate and how the American consumer acts, you can make the proper decisions to offer your products the maximum potential for success.