

# Chapter 13 Appointing a Sales Agent.

## Introduction

Selling a product through an overseas agent is a very successful strategy. Sales agents are available on commission basis for any sales they make. The key benefit of using an overseas sales agent is that you get the advantage of their extensive knowledge of the target market. Sales agent also provides support to an exporter in the matter of transportation, reservation of accommodation, appointment with the government as and when required. It is, therefore, essential that one should very carefully select overseas agent.

## Merits of Appointing a Sales Agent

There are various types of merits associated with appointed a sales agent for export purpose are as follow:

- Sales agent avoids the recruitment, training, time and payroll costs of using own employees to enter an overseas market.
- An agent is a better option to identify and exploit opportunities in overseas export market.
- An agent already have solid relationships with potential buyers, hence it saves the time of the exporter to build own contacts.
- An agent allows an exporter to maintain more control over matters such as final price and brand image - compared with the other intermediary option of using a distributor.

## Demerits of Appointing a Sales Agent

There are also certain disadvantages associated with appointing a sales agent for export purpose which are as follows:

- After-sales service can be difficult when selling through an intermediary.
- There is a risk for exporter to lose some control over marketing and brand image.

## Important Points While Appointing a Sales Agent:

Appointing right sales agent not only enhance the profit of an exporter but also avoid any of risks associated with a sales agent. So it becomes important for an exporter to take into consideration following important points before selection an appropriate sales agent for his product.

- Size of the agent's company.
- Date of foundation of the agent's company.
- Company's ownership and control.
- Company's capital, funds, available and liabilities.
- Name, age and experience of the company's senior executives.
- Number, age and experience of the company's salesman.
- Oher agencies that the company holds, including those of competing products and turn-over of each.
- Length of company's association with other principal.
- New agencies that the company obtained or lost during the past year.

- Company's total annual sales and the trends in its sales in recent years.
- Company's sales coverage, overall and by area.
- Number of sales calls per month and per salesman by company staff.
- Any major obstacles expected in the company's sales growth.
- Agent's capability to provide sales promotion and advertising services
- Agent's transport facilities and warehousing capacity.
- Agent's rate of commission; payment terms required.
- References on the agents from banks, trade associations and major buyers.

Some source of Information on Agents is:

- Government Departments Trade Associations.
- Chambers of Commerce.
- Banks.
- Independent Consultants.
- Export Promotion Councils.
- Advertisement Abroad.

## **Agent v Distributor**

There is a fundamental legal difference between agents and distributors and an exporter should not confuse between the two. An agent negotiates on the behalf of an exporter and may be entitled to create a legal relationship between exporter and the importer

A distributor buys goods on its own account from exporter and resells those products to customers. It is the distributor which has the sale contract with the customer not the exporter. In the case of distributor, an exporter is free from any kinds of risks associated with the finance.