



# GROWTH IN A GLOBAL MARKET

## Expanding your international footprint



Globalisation in business is nothing new – but it is becoming increasingly commonplace as markets become better integrated and accessible. This, alongside an increased demand for British heritage brands, means international expansion is a "must" for many British FMCG manufacturers. Whilst expanding into overseas markets can be capital and time intensive, and potentially risky, spending time at the outset assessing your strategy and motives can pay dividends. Some questions to ask yourself:

- ▶ **Route to market (RTM)** - do you want to establish or acquire your own facilities abroad, or test the market by partnering with a local manufacturer or distributor? What is the most efficient structure to get your products to consumers, including customs considerations, and how much control do you want over the RTM in order to optimise your return?
- ▶ **Structure** – If partnership is an option, should such a collaboration be through a jointly-owned vehicle, or is a contractual-based arrangement better, at least in the short term whilst you test the market?
- ▶ **Local market challenges** - expansion into new markets can carry unexpected risks and logistical challenges, including potential restrictions posed by local laws and regulations. You need to know and understand the restrictions that could potentially impact your business and how to negate these
- ▶ **Brand protection** - your brand is key, so you need to ensure you have adequate protections in place, e.g. local trade mark registrations. Another consideration is what restrictions should be placed on counterparty use of your IP?
- ▶ **Exit strategy** - If things do not work out, what are the trigger points for an exit and is it right to plan now for separation down the line? E.g. underperformance, funding shortfall, deadlock on key matters – what are the ground rules for break-up?
- ▶ **Contingency planning** - what happens if one of your key customers or suppliers goes into insolvency? If an in-market manufacturer or distributor terminates its arrangement with you, what rights do you want against them and how do you enforce those rights?
- ▶ **Manufacturing** - how do you ensure the quality of your products is consistently replicated abroad? What product liability protections do you want to have in place and who should foot the bill if things go wrong?

*The Addleshaw Goddard team was first class. There were several occasions where people had to catch planes to Africa with just a couple of hours' notice - and for us that demonstrated outstanding service.*

# How we can help

## STRUCTURING YOUR EXPANSION

- ▶ Joint Ventures
- ▶ Collaboration and strategic alliances
- ▶ Acquisition of overseas facilities
- ▶ Financing

## LOCAL MARKETS

- ▶ Local laws and regulations
- ▶ Risk management and mitigation
- ▶ Routes to market and knowing your consumer
- ▶ Contingency planning & due diligence

## BRAND PROTECTION

- ▶ Local trade mark registrations and IP protection
- ▶ Control over third party use of your IP
- ▶ Product liability protections and recall strategies

## REDUCING COSTS

- ▶ Competitive fee proposals
- ▶ Embedded Transaction Services Team of paralegals
- ▶ Development of standard precedents and approaches
- ▶ Sharing industry know-how, market practice and horizon scanning updates

# Who we have helped

We have advised **Britvic** on the acquisition of Ebba in Brazil, giving Britvic access to the world's sixth largest soft drinks market; **Diageo** on various strategic investments including the acquisitions of the Meta Abo brewery in Ethiopia, Serengeti Breweries in Tanzania and Namibia Breweries in Southern Africa; **Hikma Pharmaceuticals** on its Ethiopian joint venture to design, build and operate a drug manufacturing facility in Addis Ababa; **Royal Mail** on their Joint Venture with Ali Baba; and **a large food manufacturing company** on the acquisition of all major plant and technology required for the construction of Europe's most advanced dairy facility.

# Who to contact

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