



# NEW OPPORTUNITIES, NEW CHALLENGES

Taking your business to new markets and new consumers



The Retail and Consumer sector is a UK export success story as more and more businesses take their brands, products, state of the art production techniques and unique retail and restaurant formats around the world. Of the top 250 UK head quartered retailers, 21.5% of revenue is now derived from overseas operations, with retailers active in an average of 16 other countries outside of the UK. The combination of tough home markets in Europe and North America and greater stability, strong demographics and growing prosperity in emerging markets makes the latter a particularly tantalising opportunity. Inevitably such an opportunity is matched by significant risk and unique challenges, needing clear visualisation and planning.

## Translation factors

- ▶ Different **tastes/requirements** (e.g. lower sugar and salt content, different clothes sizes, portions etc) and ways of buying, shopping and consuming.
- ▶ Different **languages, laws and regulations** (e.g. foreign ownership, land ownership, employment practices, labelling/content, health and safety, environmental tax and competition rules).
- ▶ Different **ways of doing business** and varying tolerances for **compliance** issues which run counter to your home market approach.
- ▶ **Brand/label get-up** adjustments (and protection).
- ▶ **Local operational quirks** which prioritise certain business advantages over seemingly logical efficiencies (e.g. routing distribution in a way that takes longer but creates a tax benefit).
- ▶ Local rules around **agents and distributors** which influence the structure of your distribution network and market positioning.

## Structural and execution factors

- ▶ **Supply chain planning** (especially if different recipes/designs etc are required or if launching a 'home' product into a market using existing, in-country lines).
- ▶ **Money flows** – transfer pricing, tax planning, currency risks, capital requirements, accounting policies (if not IFRS).
- ▶ **Key commercial relationships** – local suppliers, distributors, landlords (and any risk/reward sharing); building trust and defining clear roles; managing legacy supply relationships which raise compliance issues for your existing 'home' business.
- ▶ **Governance** – supervising and protecting a new business on the ground and ensuring governance levels match with UK requirements (e.g. directors duties, disclosure obligations).
- ▶ **Navigation** of administrative, cross-border processes, including governmental and regulatory practices, which can be bureaucratic and time consuming.

*AG's knowledge of the complex political, geographical and social challenges businesses face in Africa is beyond that of any other law firm I have worked with. I particularly value the way in which complex issues are simplified and they will set out the pros and cons of possible routes and recommend a specific line of action – this approach helps inform the eventual decision*

# How we can help

## ENGAGING IN THE NEW MARKET

- ▶ Choosing and supervising the right local lawyers for you, asking them the right questions and delivering premium, consistent output
- ▶ Ensuring the right legal protections and compliance for your brands and products
- ▶ Applying your policies, negotiation flex and strategic imperatives to the entry documentation and on-going integration
- ▶ Providing regular updates on macro-environmental factors and legislative change in-country, as required

## STRUCTURE

- ▶ Structure planning – tax factors, legal entities, accounting implications, treaty protection, enforcement recognition and local governance needs
- ▶ Effective and robust commercial contracts (and any key investment / joint venture / partnering contracts)
- ▶ More complex structuring, e.g. using put and call options, earn outs and management incentives to shape your entry route and timing and a seller's exit planning
- ▶ Implementing good governance systems and protocols
- ▶ Funding advice and execution, through debt and/or equity

## EXECUTION

- ▶ Project management to transaction completion and through integration planning
- ▶ Oversight of third party processes (e.g. local approvals) and application of your 'ways of working' to local customs and norms
- ▶ Risk analysis and mitigation reporting (e.g. compliance, counterfeiting, enforcement planning)
- ▶ Diligence on sellers, partners, target businesses and territory (including compliance factors)

## REDUCING COSTS

- ▶ Competitive fee proposals
- ▶ Use of our embedded Transaction Services Team of over 100 paralegals
- ▶ Using on-market precedents and approaches
- ▶ Sharing industry know-how and market practice
- ▶ Working collaboratively with your other advisors to provide joined-up and actionable advice and guidance

# Who we've helped

We have helped a range of our clients expand into new markets all over the world, including; **Britvic** (into Brazil and India), **Diageo** (into Ethiopia and Tanzania), **Hikma** (into East Africa) **PZ Cussons** (into West Africa) and **Royal Mail Group** (into China with Alibaba).

# Who to contact

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