interesting development, New Mexico recently taxed slotting fees by 50 percent, which forced the chain supermarkets to limit their demands. Canadian exporters should be aware of this potentially costly expense when planning their export program. The Consulate in your target market should be contacted for an estimate of stocking fee arrangements in its territory. It is possible to avoid some of these costs by selling to smaller chains (10 stores or less) and to single store independent retailers through a distributor.

Foodservice

The foodservice sector also utilizes the services of food brokers. Brokers supply foodservice distributors, who in turn deliver to the individual foodservice establishments. Note that it is also possible for the larger foodservice distributors to be supplied directly by the manufacturer, whether domestic or foreign.

Foodservice or HRI (Hotel, Restaurant and Institution) is a viable alternative export market to the retail sector as it does not require slotting fees, advertising allowances or brand identity. However, quality must be consistent and competition is driven by pricing.

Companies that package for both retail and foodservice may find the foodservice market useful in getting established in the U.S. Once established they can adapt their products for the U.S. retail market.

Alternative Food Distribution Networks

Specialty/gourmet, gift boutiques and healthfood stores can also be an interesting market, one that does not usually require entrance fees but which is very selective. Products must be unique or meet certain criteria, and quantities purchased are usually small.