

Global Strength

**An Interview with Fredrick Fuest, President-International Division,
and David Gallaher, Senior Vice President-International Operations**

EDITORS' NOTE Rick Fuest brings more than 25 years international and operational experience to Active, where he was originally responsible for domestic operations before assuming leadership of international operations. He also held a number of leadership roles during his 23 years at Hoffmann-La Roche.

Prior to joining Active in 1997, Dave Gallaher worked at Hoffmann-La Roche for 25 years, holding several senior executive positions including the direction of all sales and operations for a home health care subsidiary, operations for a nuclear diagnostics company, and he directed all of Roche's pharmaceutical planning and production in the United States.



Fredrick Fuest



David Gallaher

How did Active's international business weather the recession, and going forward, what are its key markets?

Fuest: The economic downturn was felt in many of the markets in which we participate, particularly the U.S. and Europe. During this period, as sales slowed, we were able to help our clients deal with the resulting excess inventories. At the same time, we were able to help them maintain their advertising levels by letting them use those inventories to pay for their media expenses. While overall media spending did decrease, the opportunity to use corporate trade for media purchases was good for our clients and for Active as well.

Gallaher: The decrease in media spending around the world gave us the opportunity to strengthen our trades with our media partners and to strengthen our positions in many markets. Interestingly, media almost led the way out of the recession, because the media spending came back fairly strong during this particular year. We've seen a real resurgence in growth in overall media spend from our client base.

There are many challenges with print spending moving to online today. Have you seen a shift in how that spending is taking place and has it changed how you're offering the services?

Gallaher: Across the board with our clients, though the shift is probably increasing in its rate of spend, the total amount of money that our clients are spending is still relatively small. In some sectors, it's more important than others. Over the longer term, everybody agrees that the digital side will continue to increase in its share. We're projecting our growth along with that.

Are there certain markets that are more advanced in understanding the value a company like Active can bring, and are the emerging markets aware of it?

Fuest: Our business, and the way Active practices corporate trade, is driven mostly by developed markets where there is significant manufacturing and retail business with the large advertising expenses that go with that. Therefore, our business is primarily focused in the most advanced economies and continues to be the strongest there. We have had experience in some developing markets, but those opportunities have been limited since the infrastructure to support our primary business model is not in place;

they simply don't have the advertising outlets required for effective trade credit utilization. Additionally, most developing markets do not have the secondary sales outlets we require to resell the products that we purchase.

How broad is your client base and target market? Outside of retail, where are your services most beneficial?

Fuest: When I speak of retail, I'm talking not only about retail stores, but also about the products that are in those stores. These are typically products in the fashion, electronics, food and beverage, household goods, and automotive areas, among others. We deal mostly

with products that are being directly purchased by consumers because they're generally driven by significant advertising spends. This is important because that advertising provides the primary basis for trade credit usage.

Do you need to have people in offices on the ground in these areas or are you able to handle business from central offices?

Gallaher: Most of our international business is in the countries where we have offices and a team on the ground to deal with both the sales side and the product side. Many of these offices focus regionally. For example, in France we deal with the Benelux countries, and in Germany, we deal with Austria and Switzerland, as well Italy and Spain.

Is there consistent messaging country to country or do you have to adapt based on local culture?

Fuest: The product we sell and the way we sell it is done the same way around the world. Active is taking that a step further by making a major investment in our brand to assure that we have a consistent look, message, and product throughout the world. That said, we often tailor our product offering to address market differences and to fulfill specific market needs. Those changes often deal with product labeling and distribution requirements, as well as differences in the advertising market structure.

Active has been an innovator in this industry, but many still don't always understand the value that a company like yours can bring. Is that frustrating?

Fuest: It is very frustrating, because we are not only working hard to sell our services but often must deal with misconceptions of how our business works. This often includes fighting against negative perceptions of our industry that have been created by the poor performance of smaller companies that don't have the resources to perform adequately.

Gallaher: What makes Active superior to both existing and new entries is that we've always had a full-service philosophy and our priority is making sure our clients can retire their trade credits. Add to that the breadth and depth of our talent, not just on the media side but also on the product movement side where we've had 26 years of experience in safely and effectively moving product around the world, and you have a company that delivers results. ●