

HOT SETS SAILS FOR EXPANSION IN INTERNATIONAL MARKETS

## "An expansion without thorough market research is bound to fail."

**EXCLUSIVE:** *HOT Productions & Vertriebs GmbH is aiming for ambitious goals this year: The company will expand into the South-East Asian, the Australian, and the South-African markets. This step was preceded by extensive market research and lots of conversations with the key players in these territories. Therefore, HOT is well-prepared for the challenges to come, as the company's general sales manager, Michael Sonner, confirmed in our interview. Apart from the expansion strategy, he also let us in on HOT's other plans for 2013.*



*Michael, is HOT Productions & Vertriebs GmbH happy with the results of 2012?*

Michael Sonner: The year 2012 was very successful for HOT. We had two-digit growth rates in Europe, and we also gained many new clients in the rest of the world.

*There is a growing demand for products that cater to the latest trends in the market, namely couple products, sexual wellness products, etc. Was HOT able to benefit from that?*

Michael Sonner: Of course, the growing demand was positive for us. What was more important for our success, though, was the right placement of our products in the retail segment.

*ero by HOT was the big addition to your product range in*

*2012? How did the market respond to that line?*

Michael Sonner: The product line was picked up by wholesalers around the world, and the consumers were really taken with the items. That already became obvious when we saw the great sales figures for our first batch.

*Which new products are in the pipeline for 2013? There will be new product launches, right? And how will you expand your "ero by HOT" line?*

Michael Sonner: ero by HOT was developed as a collection of 36 products from the very beginning. Several of these products will be launched in spring, and we hope to get some more into the stores by fall.

*HOT is well-established as a brand, nonetheless, the competition is fierce, and more and more companies decide to position their products as a brand. How do you manage to stick in such a crowded market?*

Michael Sonner: We offer our retail partners advice concerning the placement of our products and our brands. There is no joint in presenting it

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crucial, of each company in your store that confuses the customer and doesn't bear the revenues. We offer a well-thought out package with first-class products and great marketing aids.

*You have been offering your products only through wholesalers and distributors. Will you also abide by this strategy in 2013?*

**Michael Sonner:** Yes, we are not going to change anything about that. However, our goal is to be listed at every single electronic retailer, and sometimes that means that we have to interact with the retailers directly – in collaboration with our wholesale partners, of course.

*HOT is going to expand on an international level in 2013, with a focus on Australia, South Africa and the South-East Asian markets. What are your expectations regarding these territories?*

**Michael Sonner:** In 2012, we spent a lot of time preparing for these markets. Each one of them is a different animal, with their own distribution infrastructure. But all three regions share one thing: They are perfect for our products and hold great potential for HOT.

*Could you tell us something about HOT's plans for the individual markets?*

**Michael Sonner:** To put it in a nutshell, we are going to see to it that our products are available to every retailer in those markets who wants to add them to his range. Having your products on the shelves, that is the only way to establish a brand in the long run. In addition to that, we will also introduce initiatives and true marketing concepts and our shop-in-shop systems. And to top things off, we will participate at the big trade shows in those countries with our own booth.

*Are you also going to work with wholesalers and distributors in these new territories?*

**Michael Sonner:** Of course. We are going to work with savvy local partners who have a great understanding of the individual markets. They are going to implement our strategies and create awareness for our products.

*International expansion always seems like a good idea, but many companies underestimated the inherent challenges and capsized in foreign waters. Can you simply implant the HOT products into these foreign markets, or are there*

*some local peculiarities that you have to adapt to?*

**Michael Sonner:** As I already mentioned, every market is different, and has its own rules. An expansion without thorough market research is bound to fail. We have spent a lot of time talking to market players and visiting some of the stores that are going to sell our products in the future. It is very important that our new distribution partners don't just know our products, but also know our philosophy and know us, the people behind this company.

*An expansion into the US market would have seemed like the more obvious choice, though. Why did you decide not to target that market (yet)?*

**Michael Sonner:** Of course, we haven't forgotten about the USA, and there already is a time table for entering that market. We are making all the necessary preparations, and we put extra emphasis on the logistics of the whole undertaking. We are making steady progress, and since we already have a reliable partner in Canada, we will benefit from additional support when we tackle the States. **E**