



**THE COMMERCIAL AGENT PROFESSION
IN ITALY**

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1. The Commercial Agent Profession

The Commercial Agent is a person who is empowered to promote and/or conclude a sale into one or more defined, geographical areas, on behalf of a Company, commonly named Principal.

He is an entrepreneur, a sort of Small-Medium Sized Company whose purpose is connecting Principals (the Company he represents) to other Companies (the Principals' clients such as industries, traders and consumers).

By the way, its function is wider than that. Before going out selling, a commercial agent does a preparatory study:

- Market Researches.
- Studies on Consumers' Consumption.
- Marketing Strategies.
- Plan of action etc...

He shows the results to the Principal, in order to transform its studies into suitable products. He is particularly able to it. He knows the trends of the market; he can feel it because he lives it, day by the day. The market runs in his veins; nobody knows it better than him.

For all the work he does before making a sale, he does not ask for a fee to the Principal. A commercial agent does not represent a cost to the Principal. He is paid on commission and only when He concludes a sale.

That makes clear how much this Profession is important especially for a Company, especially when it is vital to reduce the costs.

A Company's success lies in the professionalism of its Commercial Agents.

The more he is good at finding new clients, the more are the chances he has to make a sale.

The more he is good in being in touch with the clients, the more are the chances to develop a strong retention tool.

Being a commercial agent is not for everyone!

To perform this profession, an agent must have not only a strong sales talent but also moral and professional requirements.

1.1. Moral Requirements

He must not have committed felonies against the PA, Justice, Welfare, Public Economy, Industry, Commerce, such as voluntary murder, theft, robbery, extortion, fraud.

He does not have to be subjected to prevention measures against mafia and so on.

1.1.2. Professional Requirements (at least one of the following)

He must have:

- An economical or Law High school degree.
- Participated in a professional course acknowledged by governmental authorities.
- 2 years of experience as a travelling salesperson (sales reps) in the last five years, or as an employee in charge of sales.
- Have being a self-employed in the commercial field for two years in the last five and so on...

1.2. Classes of Commercial Agents

There are two types of commercial agent:

- *Mono-firm*, when he represents one single Company/Principal.
- *Multi-firms*, when he represents more Companies. It means he is a professional working in a defined area, having already a client network in a specific sector. It means that, through him, a Principal is ready to start selling immediately!

1.3. Remuneration

The remuneration of a commercial agent is made of commissions. A commission is a percentage calculated on the amount of the deal he concluded. Agent and Principal have previously agreed on the percentage. Normally they go from 2 to 15/20%. They change according to several elements:

- Sector.
- Difficulties while placing the products.
- Concurrence.
- Discount applied by the agent while negotiating the sale.

1.4. Some Numbers about Italian Commercial Agents

In Italy, according to official sources, there are 246,702 registered Commercial Agents.

They generate the 65% of the GDP.

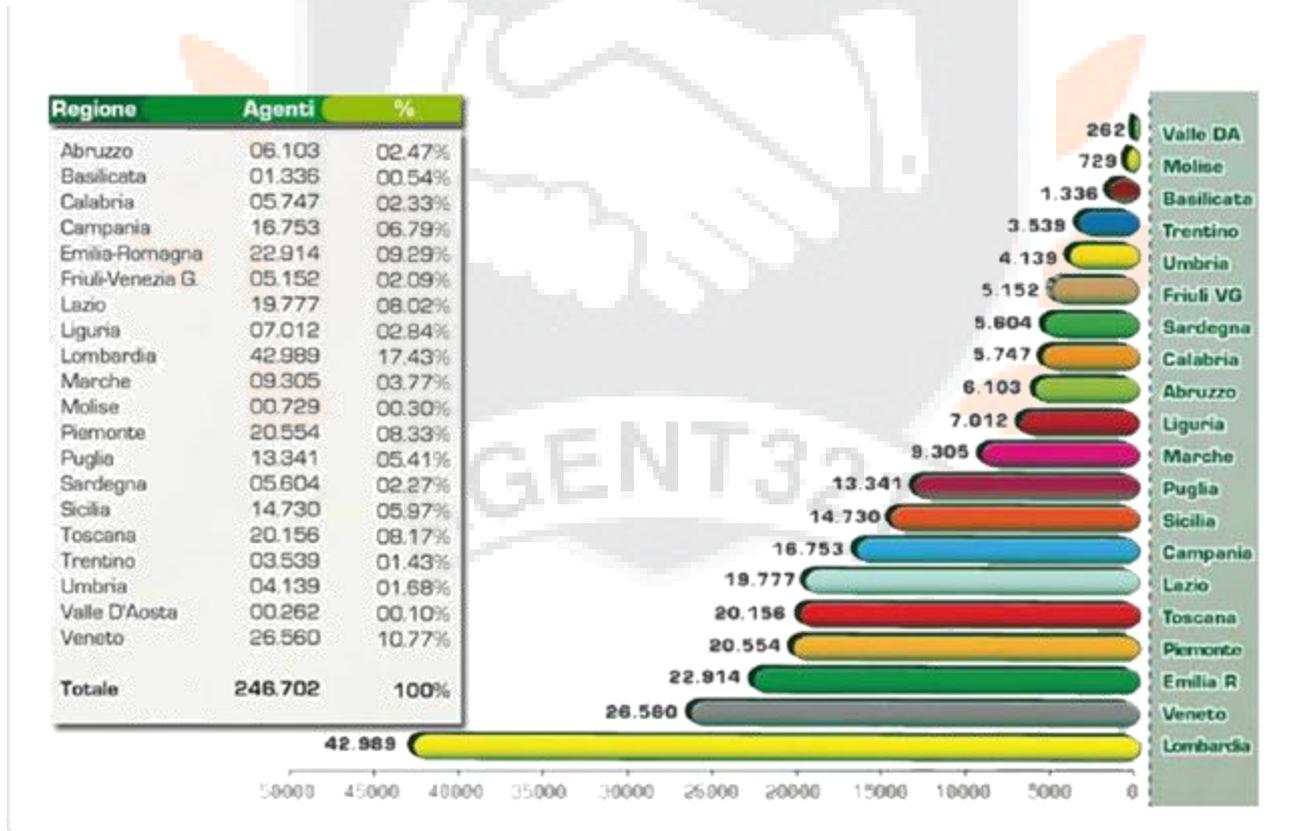
They drive just shy of 10 billion miles per year (6 billion kilometers).

They spend 2 billion euro to buy a new car per year – it means 220 Commercial Agent buy a new car every day.

They spend 400 billion in call traffic per year.

1.4.1. Italian Commercial Agents per Region

Italy is the country with the largest number of Registered Commercial Agents and they are so located on the Italian territory:



2. Markets of Competence

One of the most common questions among Not-Italian Companies is about the markets of competence of Commercial Agents.

In Italy, every article is sold through the actions of a commercial agent, all markets are of their competence, meaning:

- **Primary Sector** (Agriculture, Fishing, Mines...).
- **Secondary Sector** (Building, Industry, Arts and Crafts).
- **Tertiary Sector** (Services).

Therefore, they have connections with potential clients belonging to every distribution channel like:

- (GDO) Large retail scale trade, multinational corporations
- (GD) Large retailers controlled by a unique owner that sell directly to consumers (think about the French Carrefour and Auchan, the Italian Coop and Esselunga).
- (DO) Small Group of people who decide to associate to each other.
- Public Authorities, School, Offices, Army etc.
- Final Consumers.

3. Why Commercial Agents are the best way to approach the Italian Market

A foreign company willing to enter the Italian market has different solutions.

They can depend on the market sector and/or the type of product but generally, they work for each kind of Companies.

These are the three options:

- 1) Opening a branch of your Company in Italy
- 2) Entrusting an Exclusive Distributor (Dealer)
- 3) Appointing one or more Commercial Agent

Let's analyse both positive and negative aspects.

3.1. Opening a branch of your Company in Italy

To open a branch office can appear to be an excellent choice, although there are several considerations to do.

First of all, the economic aspect: In terms of investments, it is not the most convenient option. In terms of times, it is not a quick solution. It is necessary to do a market research, meaning other expenses, to locate the place, the right building, to think about the furnishing, meaning expenses again...

Besides, choosing to open a branch will deprive the Company of one of his best men; In fact, it is not advisable to entrust a person who does not know all commercial and logistics strategies of the Company.

Finally, if the branch would not work out, the investment could not be relocated. It would mean an economical loss all along the line.

Opening a branch can be done perhaps as a second step, when a Company has already generated a turnover and a minimal experience in the foreign country.

To conclude, opening a branch cannot be the first choice.

3.2. Entrusting an Exclusive Distributor (Dealer)

Compared to the possibility of opening a Branch Office, the one of availing of an Exclusive Distributor is a more convenient choice from the economical point of view.

The Company will not bare any investment expenses. It will only care of shipping the goods to the Distributor's warehouse and the Distributor will deliver them in the foreign country.

Perfect! Amazing!

Everything works perfectly out until a competitive company will offer to the distributor a cheaper product.

Everything works perfectly out until the son of the distributor will inherit the management, at his father place, and will decide to replace the present Company with a competitive one.

At that point, the Company will be immediately out of the Italian Market!

Choosing to have a unique, huge Exclusive Distributor means to put all the Italian Market in the hands of a unique interlocutor. It means no control from the Principal's side.

It does not matter if, until that moment, everybody is fine.

It does not matter if the product is a good product, high quality, fair price.

It does not matter if the “final consumers appreciate the Company Product.

Why doesn't it matter?

Because the manufacturing Company does not know who and where these final consumers are.

In addition, even if it would know where the goods were delivered, it would lose anyway the 100% of its clients in one day.

To conclude, for a Company willing to enter a foreign market, availing of an Exclusive Distributor means entrusting him of the entire market. It means to have no control and by consequence, risking to be sudden and completely out of it.

3.3. Appointing one or more Commercial Agent

Got to this point, we already know how much relevant the role and the presence for commercial agents in Italy are.

While opening a branch is expensive and too risky, so far, entrusting a distributor seems to be performing and smart choice.

Why would it be even better to appoint one or more commercial Agent?

On this purpose, it is important to understand the difference between a Commercial Agent and a Distributor.

A Commercial Agent is a single person but will not be the one and only interlocutor for the Principal. As the Distributor does, the Agent will take care of finding Clients to whom sell its products.

By the way, through the Agent, the Clients are Clients of the Principal to all intents and purposes.

The Principal know them one by one and will always have under control its products, in the foreign country as well as in its own Country.

Besides, the Commercial Agent is a professional, an independent entrepreneur not an employee of the Company.

He is paid exclusively on commission and sales.

He does not earn a salary so he does not represent a cost for the Company.

He does not require any entry fee.

He knows the market of the reference of the Principal.

He knows the market of his Country.

For the Principal, Italy is an external market. For the Italian commercial agent, Italy is his country.

He is a Consultant but does not ask for no fixed fees.

He knows interesting clients for the Principal.

He knows new Clients, starting a business in their territory.

He knows the Clients going out of business.

He knows Clients that pay regularly.

It is always on the Company behalf (he is an allied).

He takes care that Clients settle the invoice on time.

However, how to find Commercial Agents in Italy?

How to find the Perfect Commercial Agent?

Agent321: All the services of agents' search at your disposal.

