



Market Smarter



Sell Smarter



Deliver Smarter



Work Smarter

**Retail**  
**Smarter**



# A Practical Handbook for Launching New Products in the U.S.

**ECRM**<sup>®</sup>

European ECRM February 2014

# About Us

## A Strategic Partnership



Sales leadership across all CPG  
distribution channels

Marketing, business development and  
supply chain strategy and execution

# Leadership Team



Ron Otto

- > President and founder, National Sales Solutions
- > Sales leadership at Procter and Gamble, Revlon, Del Pharmaceuticals
- > Active in trade organizations and education



Angie Echele

- > President and founder, Retail Smarter
- > Sales, Organizational Development and Brand Marketing at Energizer Battery and Purina
- > Active in issues concerning women-owned enterprises

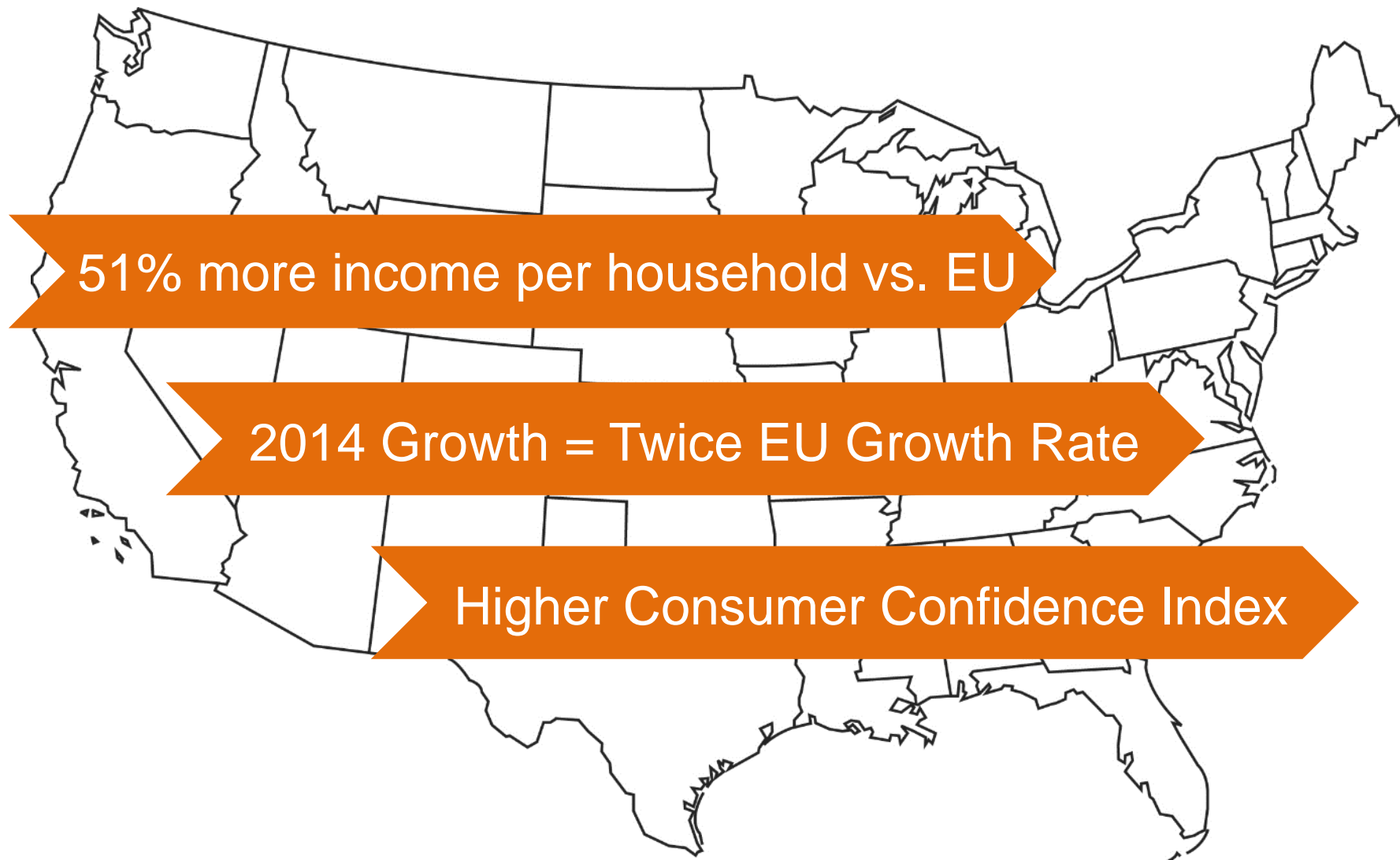


Tom Olson

- > Director of Supply Chain, Retail Smarter
- > Supply Chain leadership at Energizer Battery
- > Active in shaping university programs in supply chain management

**Serving Food, Drug, Mass, Club, Dollar Stores, Wholesalers, Specialty Beauty, Key Internet retailers, Major Catalogs, QVC and HSN**

# The Land of Opportunity



# World's most concentrated market for CPG manufacturers

	<u>Annual Sales</u>	<u># Stores</u>	<u>Description</u>
Convenience	\$131.2 billion	19,200	Gas Stations
Grocery	\$511.6 billion	32,983	Food stores
Drug	\$63.5 billion	42,004	Pharmacies
MULO	\$1.0 trillion	101,630	Multi-Outlet

MULO = all of the above plus Mass Merchandisers, Clubs, Dollar stores and Military stores

**This *one* market can generate more revenue than several other markets combined.**

# Massive Scale = Massive Opportunity

Sales Illustration for a **hypothetical single item** in Just a Handful of Retailers

Retailer	# stores	Annual Unit Sales	Retail Sales	Shipments
			\$5.99	\$3.25
Walmart	3,800	600,400	\$3,596,396	\$1,951,300
Walgreens	8,200	664,200	\$3,978,558	\$2,158,650
CVS	7,600	516,800	\$3,095,632	\$1,679,600
Rite Aid	4,600	253,000	\$1,515,470	\$822,250
Kroger	1,900	100,700	\$603,193	\$327,275
<b>TOTAL</b>	<b>26,100</b>	<b>2,135,100</b>	<b>\$12,789,249</b>	<b>\$6,939,075</b>

**Distribution in large U.S. retailers has the power to transform your brand and your organization.**

# The U.S. is Different

**Pharmacie**  $\neq$  **Pharmacy**



# Pharmacie



**Personal service is a hallmark of many pharmacies outside the U.S.**



# Pharmacy



**You are on your own. Bon chance!**

# Pharmacie



Limited choices elegantly displayed



# Pharmacy



An overwhelming assortment all jumbled together

# Pharmacie



**Smaller footprint – perhaps 200 square meters**



# Pharmacy



Larger footprint – average 1,300 square meters

# If you are thinking about it, now is the time.



**The economy is growing and retailers are in good financial health.  
Most categories are only reviewed once each year.**

# Your company is in the hottest growth sector of the market

*30% of consumers say they are always looking for new products to try.*

## Top Trends Driving CPG Growth



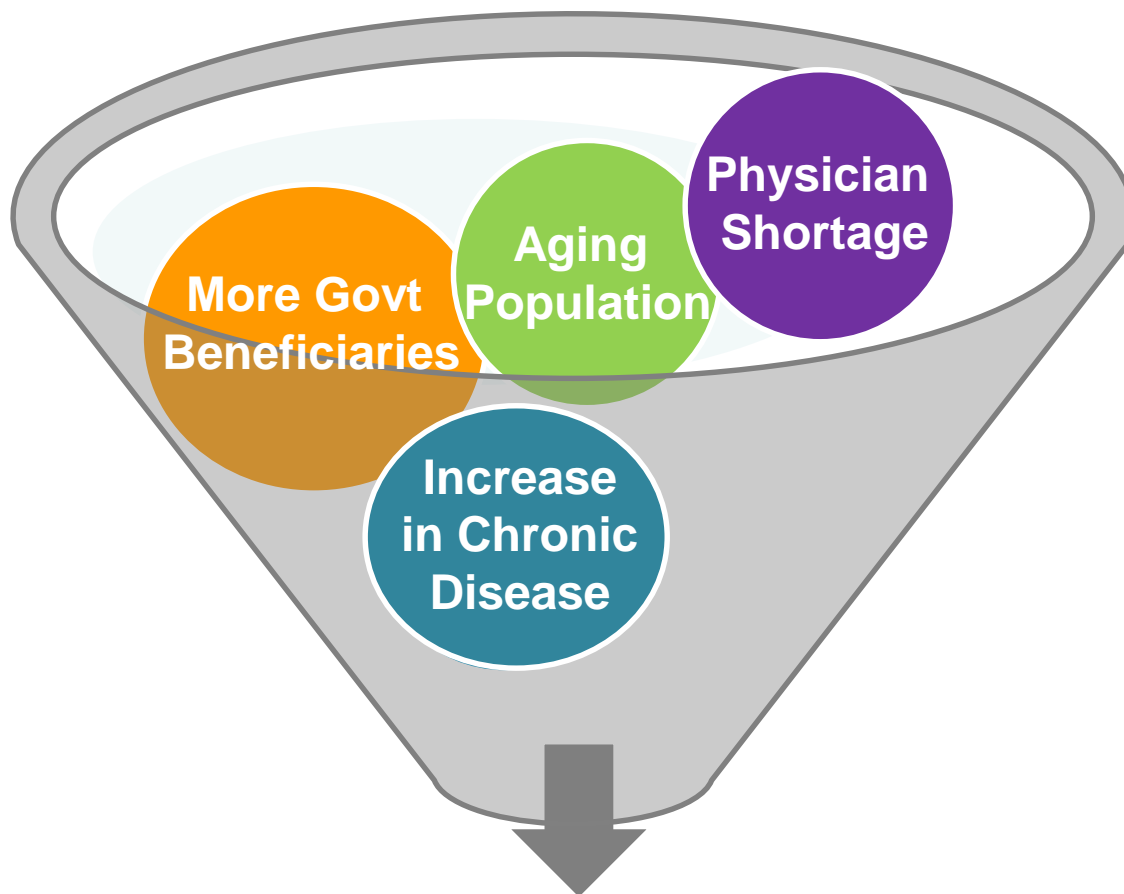
Fountain of Youth



Proactive Health and Wellness



# The changing U.S. healthcare landscape



**High Demand + Low Supply = Higher Prices**

# A boon for health and wellness CPG



- 32 million people added to the healthcare system in 2014
- Lower insurance and government reimbursement rates per person, per treatment and per device
- Pressure to reduce costs
- Emphasis on early detection, prevention and self-care

**Doctors are shifting responsibility to the patient, creating parallel systems—public & private.**



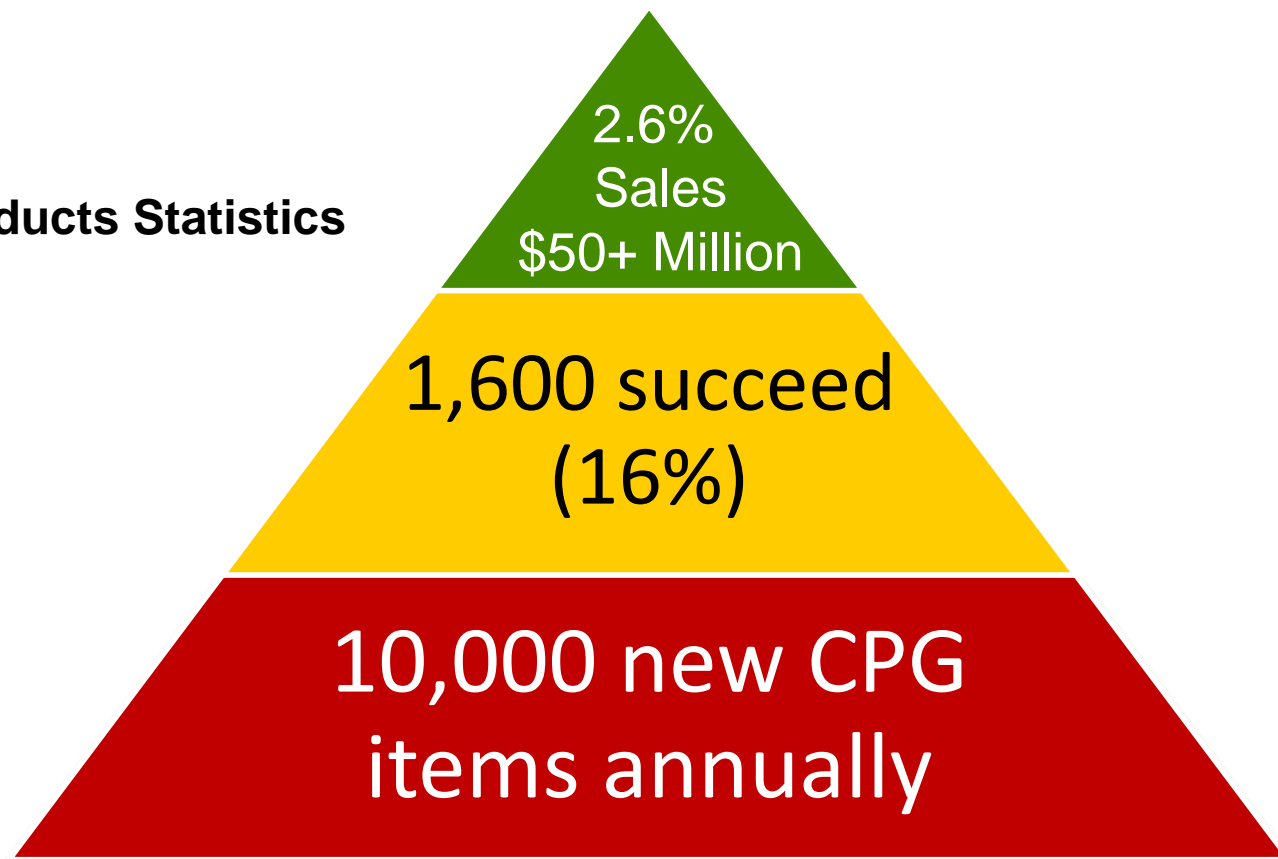
**Thousands of manufacturers pursue <50 retailers**



**Buyers are inundated with new products and it is extremely difficult for a new company to get an appointment.**

# Retailers want new products, but the risk of failure is high.

## New Products Statistics



# Find the right partner

## **Distributor**

A popular model around the world, but less common in U.S.

## **Broker**

National or regional brokers perform sales duties. Manufacturer provides everything else.

## **Business Development Firm**

Work with one firm to provide sales, brand marketing and supply chain services. Manufacturer simply provides oversight.

## **Own Employees**

U.S. operations are operated in total by employees of the manufacturer.

**Choice of entry method will affect cost and lead time.**

# Using a proven and replicable process helps increase success odds.

## Products to Market Process

Pre-Market  
Due Diligence

Go-to-Market  
Strategy

Retailer  
Execution

Retail Sales  
Growth



# What is the category missing?

Wound Care Section



- What is sub-optimized or suppressing category results?
- What are the consumer's unmet needs?
- How is your brand the solution to these problems?

**Do not underestimate the importance of this analysis. Pre-market due diligence feeds your strategy, from price to product to marketing.**

# Research company goals and strategy

## Walmart President of Health and Wellness Spells Out Areas for Growth



Dr. Agwunabi speaking on Health and Wellness Opportunities January 21, 2014

- ❶ **Health Services**  
ex: immunization
- ❷ **Product Innovation**  
Branded and Private Label
- ❸ **Baby Boomers**
  - ➔ Wellness  
Nutrition and Fitness
  - ➔ Aging  
Diabetes, Incontinence,  
Durable Medical Equipment

**Figure out how your brand helps retailer obtain their goals.  
Then make this insight a pillar of retailer communications.**

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# Identify a precise target consumer

**All decisions flow from the consumer objective**

## The Work to be Done

- 
- Prioritize retailers
  - Develop packaging
  - Create buyer communications, sales presentations and trade advertising
  - Develop the brand marketing plan
  - Produce sales samples
  - Prepare forecast and supply chain

**Considering the needs of the target market in all decisions will save time and money, and maximize effectiveness in all areas of the business.**

# Retailers expect a total marketing plan

Traditional  
Advertising

Online  
Advertising

Website

Search  
Engine  
Marketing

Public  
Relations

Social  
Media

Professional  
Marketing

Promotional  
Programs

**Only the largest CPG's can afford to "mass market" anymore.  
Laser focus your dollars in the right place to maximize results.**

# A sales presentation should demonstrate you can do it all

## Key Objectives for Retailers

**Comp Store Sales**  
(sales increase in stores  
open more than 1 year)

**Profit**

## How They Want to Achieve It

**Innovation**



**“Less expensive” is not always better. Buyers don’t have time to teach forms or processes. Make your proposal risk-free for the retailer.**

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## Products to Market Process

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An American saying...

# “The devil is in the details.”

## Headquarters Calls and Trade Shows



- Customize sales presentation by retailer
- Conduct sales calls, complete retailer paperwork and follow-ups
- Broker training
- Retailer-specific merchandising and promotion plans
- Execute marketing plans
- 100% on-time deliveries

There is an enormous amount of time in preparing for training and trade shows, coordinating schedules, sending samples and executing the plan.

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## Products to Market Process

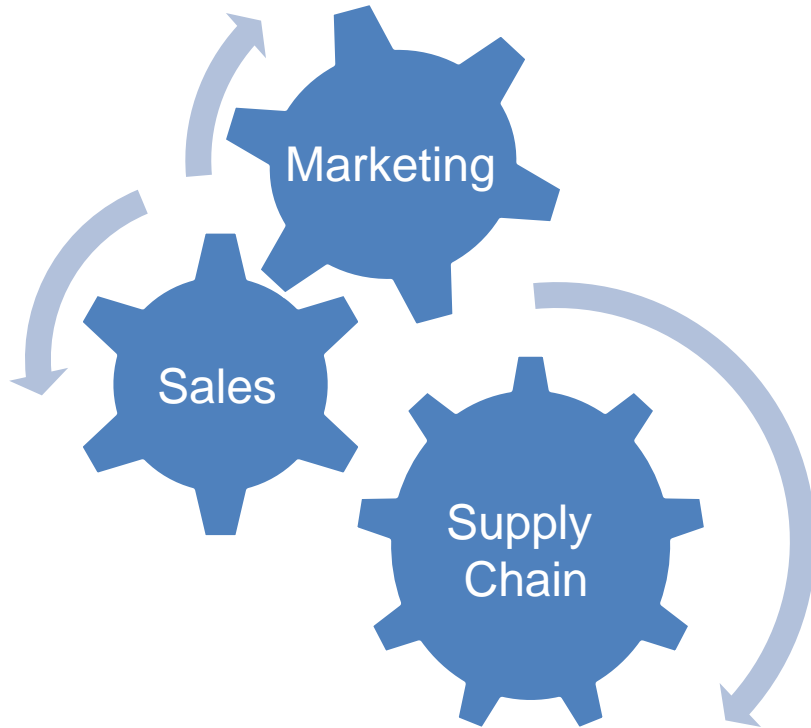
Pre-Market  
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# Focus shifts to selling “out the front door”



- Media planning and buying on a budget
- Creating brand awareness
- New product development
- Account management
- Retailer-specific plans
- Category growth strategy
- Supply chain optimization
- Customer service

**Teamwork is critical. Each function needs the other, so communication and collaboration should become habit. Consider a weekly meeting.**

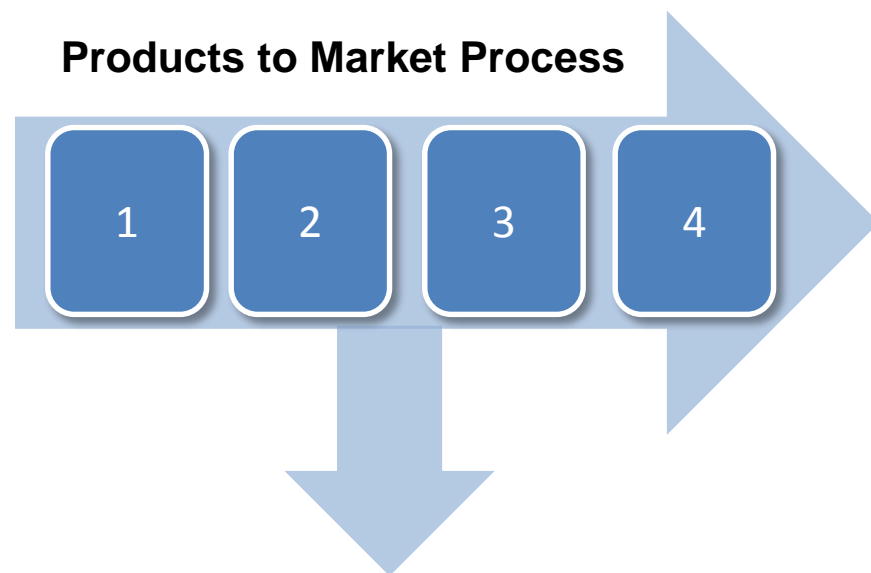
# Beat the Odds

## PROGRESSIVE GROCER

### Top 4 Reasons Products Fail

1. Poor positioning
2. Shopper dissatisfaction
3. Insufficient product awareness
4. Insufficient in-store promotions and/or distribution

### Products to Market Process



**Thorough Pre-Market Due  
Diligence, Solid Go-To-Market  
Strategy and flawless execution  
fix these common errors**

# Questions and Discussion



# Appendix



# U.S. is World's Largest Consumer Market

## Economic Highlights

	<u>European Union</u>	<u>United States</u>
Population	503 million	314 million
GDP	\$16.6 trillion	\$15.7 trillion
GDP Per Capita	\$32,999	\$49,965
Annual Growth Rate 2012	-0.2%	2.2%
Estimated 2013 Growth	0%	2%
Projected 2014 Growth	1.4%	2.6%

**Despite more people and a larger GDP, the EU holds less opportunity for CPG. U.S. households have more money to spend and a growth outlook.**

# Consumer Confidence Level

## Consumer Confidence Index

Market	<u>Q3 2013</u>	<u>Q3 2012</u>
United States	98	90
Germany	92	86
United Kingdom	87	77
Russia	80	80
France	61	53

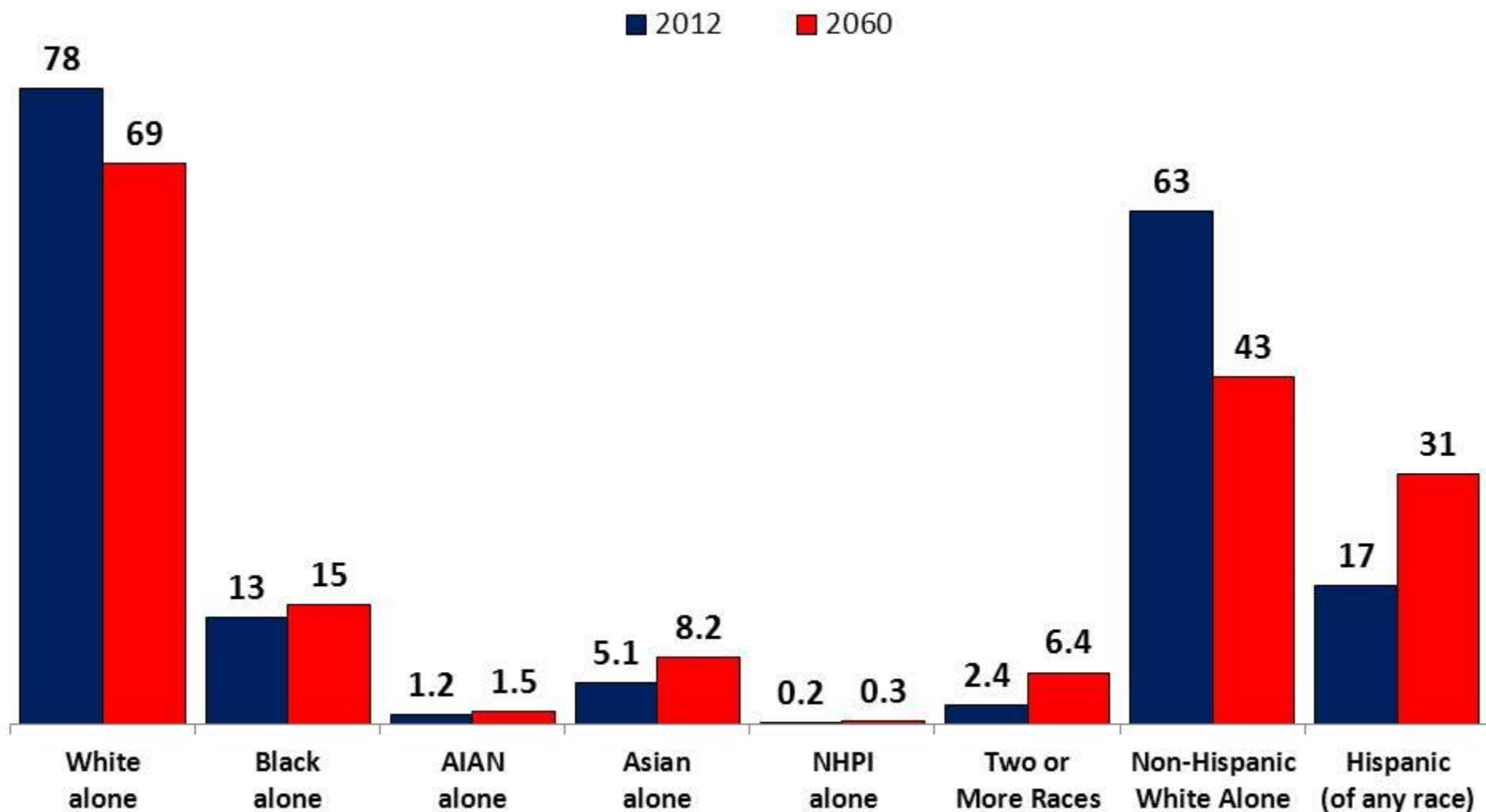
## About the Consumer Confidence Index

- Measures how people feel about their financial health
- Base = 100 Levels above or below the base indicate optimism or pessimism
- Established in 2005 with 30,000 consumers in 60 countries

**Consumers who are not optimistic about their ability to provide for their family buy fewer discretionary goods and favor lower cost essentials.**

# Population by Race and Hispanic Origin: 2012 and 2060

(Percent of total population)



AIAN=American Indian and Alaska Native; NHPI=Native Hawaiian and Other Pacific Islander