



BRAND SECRETS AND STRATEGIES PODCAST #112

Hello and thank you for joining us today. This is the Brand Secrets and Strategies Podcast #112

Welcome to the Brand Secrets and Strategies podcast where the focus is on empowering brands and raising the bar.

I'm your host Dan Lohman. This weekly show is dedicated to getting your brand on the shelf and keeping it there.

Get ready to learn actionable insights and strategic solutions to grow your brand and save you valuable time and money.

LETS ROLL UP OUR SLEEVES AND GET STARTED!

You never get a second chance to disappoint a customer. Getting your products into the hands of more shoppers is critical to increasing sustainable sales. Welcome. You've been taught that the most important report you'll ever need is a simple canned topline report, right? Well, not quite. Let's say that a category is growing at five percent while the category at other retailers is growing at 12 percent and trending up. This changes things dramatically. The canned topline reports don't tell you what's behind the trend. This is where you need to dig deeper. This changes things dramatically.



Your job as a category leader is to help your retail partner figure out what their competition is doing better than they are. This can usually be attributed to a category's product assortment that does not give shoppers a compelling reason to shop their stores over the competition. Helping your retail partner identify and solve this problem will give you a significant competitive advantage. This is frequently referred to as fixing the mix.

Every time any new product is presented to a retailer one product needs to be discontinued to make room for it. Many times the decision is made solely on a brand's performance or lack of performance. This can be a huge mistake. More importantly, this is not a decision you want to leave in the retailer's hands. You need to help guide the retailer with fact-based recommendations. Sometimes the decision to recommend an item is not obvious. Your help can differentiate you as a category leader.

A category leader is any brand willing and able to step up and help the retail partner drive sustainable sales by leveraging the strength of your brand. This is the best and the most effective way to drive sustainable sales. This can literally determine how long you'll be around, a month, a year, a decade or longer.

Before I go any further I want to remind you that there's a free downloadable guide for you at the end of most every episode of my podcast. I always try to include one easy to download, quick to digest strategy that you can instantly adopt and make your own, one that you can use to grow sustainable sales and compete more effectively. Remember, the goal here is to help you get your product on more retailers' shelves and into the hands of more shoppers.



I also want to thank you for listening. This podcast would not be possible without your support. Remember, this podcast is about you and it's for you. If you like the podcast, share it with a friend, subscribe and leave a review.

Most brands today rely mainly on the Pareto curve to help manage a retailer's category of product assortment. The Pareto curve is the old 80/20 rule. What it does is it calculates the share of every individual item and starting from the item with the highest sales it adds that share to the next item and so on. Once you get down to 80%, those items that fall below, those are the items that are typically removed or discontinued. The problem is that the Pareto curve frequently overlooks what's really driving sales in the category. I could think of a lot of situations where the logic behind the Pareto curve actually pulled profitable sales out of the category.

The simple reality unfortunately is that those products typically have a lower velocity than other products. In other words, they're not going to look good on the Pareto curve. Their sales are going to be well below their mainstream counterparts, but if you pay attention to what the consumer buys and how they buy their products, then you can quickly understand that those are the products that are driving sustainable sales across every category and, more importantly, those are the products that are driving sales across the entire store. If you help the retailer achieve their goals to drive sales and increase shopper foot traffic, then savvy retailers will help you achieve your goals. This is the primary focus of true category management, identifying the right product assortment that will keep customers shopping at your store.

Over my nearly 30-year career as a category management expert, working with some of the most iconic brands on the planet, I identified what I think



is the perfect report to manage the retailers' product assortment. Having this valuable report while working as a category captain was a real game changer. I've been teaching people, including category managers at small and big brands, how to use this report to gain a significant competitive advantage. This is the primary report I use with all of my clients.

Step back and think about the way you make purchases. Everything is about perception. Does the store have the right product assortments, the products that you want to buy? Are their prices fair? You never get a second chance to disappoint a customer. Getting your products into the hands of more shoppers is critical to increasing sustainable sales, it's critical to your very survival. You have a choice and it's a simple one: Either you manage your own distribution and merchandising or trust it to anyone but you. Do you trust your competitors to protect your merchandising and distribution when they present their new items? Of course not. Remember, everything is negotiable, especially in this industry.

Retailers cannot possibly be experts in every category and in every item they sell and they certainly cannot be an expert on your loyal shopper. They need your help. They need you to support them by helping to guide them to merchandise their products in the right way, the way that keeps shoppers coming back. Most strategies focus narrowly on an individual item's sales and overlook how your product interacts with other items in the store. In most cases your sales have an impact on other sales or on other items in the store, making your product more valuable to the retailer when you consider the shopper's total purchase at checkout.

These are important things that need to be considered when making those decisions, the things that are really important that frequently others



overlook. These are the skills that most sophisticated brands use that gives them a sustainable competitive advantage. This is how you level the playing field and compete head-to-head with big brands. This is how you increase sales with the right product assortment.

Another huge opportunity, especially for natural or organic brands, is to focus on the customer. Traditional strategies overlooked the customer or commoditized them, meaning lumping consumers together in like buckets. This is not a good strategy and it overlooks the core consumer that buys your product, the core natural consumer. For example, lumping everyone that is health-conscious or health-focused into a bucket that overlooks what's unique about that customer, your customer.

For example, a health-conscious shopper might be somebody that eats a couple of salads and goes for a walk, maybe goes to the gym a couple of times a month. The difference is that your shopper, perhaps the LOHAS shopper, lifestyle of health and sustainability shopper, what's unique about them is that they have high standards. They want what they want and they understand that if you are what you eat then what you eat matters, meaning that if you eat healthy, nutritious food it's going to sustain you and fuel your body longer.

That customer is dramatically different than the customer we talked about previously. The main difference is that that customer will pay a premium, will be happy to pay a premium for products that meet and exceed their needs. That customer will not settle and that customer is not automatically going to look for the best price on the shelf. Instead, they're going to look for the products that deliver high value consistently, your products.



This is an area that I think the natural community needs to do a better job of communicating to the customers. Let me give you an example of what I'm talking about. If you eat the cheap, generic bread then you're hungry almost before you're finished eating it. If, however, you eat the better bread, the best mainstream bread out there, you might be satisfied for three or four hours. However, if you eat the organic bread and if you are what you eat and what you eat matters, and if the organic bread has all the proper nutrients that your body needs, then you might be satisfied for even longer. That consumer that understands that understands that if they pay a premium, say 30 cents or even 50 cents more at shelf at the time of purchase, then that might actually be a better purchase. In other words, they would eat less bread to be satisfied.

This is important that you understand this, and this is important that you understand why the consumer that buys these products understands this. If you understand why these consumers make the decisions and the choices that they make at shelf, then this is how you help guide the retailer to drive sustainable sales across every category. This is why the product assortment is so critically important and that you help guide the retailer to drive sales by leveraging the strength of your product.

Remember, everyone's fighting for the same shelf space and your competitors are going to focus more on the velocity and overlook these important insights. This is exactly why I produced and released my free Turnkey Sales Story Strategies course to help you understand what's really driving the consumers that buy your products, what's unique about them, what's unique about your competitors' customers and why they choose your product over theirs, or vice-versa. This is something that most every brand



takes for granted. This is the quickest and easiest way for you to become an expert in the category and on the customer that buys your products.

By focusing on this and making it a priority, this is how you differentiate yourself from your competitors. This is worth far more than any slotting or menu fees that any retailer will charge you. Savvy retailers know this and they want your help. They need your help to help them compete more effectively in their market by, again, leveraging the strength of your brand to drive sustainable sales in their category and across your entire store.

Have you ever been frustrated when your store discontinues an item or is out of stock on your favorite brand or item? There is nothing more frustrating to a shopper than to learn that their favorite item is out of stock or that it was discontinued. From the shopper's point of view it's similar to being ignored while standing in the checkout line with cash in your hand. It can mean lost sales and unhappy customers, resulting in the erosion of shopper loyalty. There are issues that brands and retailers need to work harder to address and manage together.

The discipline to win it shelf has several critical components. Having the right product assortment is the key to keeping your customers happy and growing shopper foot traffic. Your assortment should include top-selling items found at other retailers in your market, as well as the niche items that are unique to your store. Remember that the goal is to satisfy all of the customers' needs while they're shopping in your store and not invite them to shop your competition for something that you don't carry.

Out of stocks. Once you master the assortment process, you need to ensure that you don't have out of stocks. Out of stocks leave voids on your shelf



and communicate to your customers that you can't fill their needs. Out of stocks cost retailers billions of dollars every year. More importantly, they encourage your customers to shop your competition.

Consistent product assortment. Perhaps one of the most frequently overlooked strategies is a consistent assortment among all your stores. Your customers need to know that they can find their favorite items at any store in your chain. Remember, as a brand the goal here is to make it easy for your customers to find their products wherever they shop. Now this doesn't mean that every store needs to be a carbon copy of the other. It does, however, mean that top selling items need to be easily found in every location. There are several benefits to this strategy. It allows you to efficiently promote products throughout the entire chain.

A brand wanting to promote with your chain needs to know that their items will be represented and featured at every possible location so that they get the maximum overall increase in sales. The same holds true for the customer who wants to ensure that they can find promoted items at every location. From the customer point of view you're offering good customer service. From the manufacturers' point of view you're committed to growing their brand while exposing it to potential new customers at every store location. From the retailers' point of view this allows you to successfully make the most of each and every promotional opportunity, not to mention that it provides efficiencies in managing your inventory. The right product assortment and pricing strategy will result in increased shopper foot traffic, larger customer shopping baskets per trip and happy, loyal shoppers.

As you can see, this is one of the most important strategies that every brand needs to take ownership for. This is something that could differentiate



how long you're going to be around, a week, a month, a year, a day, whatever. Every time you introduce a new item and you leave the retailer without making a recommendation as to where the product goes on their shelf or, more importantly, what products need to be discontinued to make room for it, then you leave your fate in the hands of the retailer or your competitor.

Remember that a retailer, even with the best intentions, is not going to be an expert on your customer and how your customer shops a category. More importantly, when your customer buys something in that category, your products, what other products do they buy? In addition, you know your competition is not going to be looking out for you. You know that their best interest is going to be focused on what's best for them. Therefore, you cannot afford to overlook this. You cannot afford to hand this off to anyone else. This is where you, as a leader for your brand, needs to remain at the helm of their ship to guide it, to help drive sales, and by making sure that your product can be found by customers.

The moral of the story is that having the right product assortment is critical to your success. It's critical to your very survival. Do not be fooled by a one-size-fits-all approach that discounts the importance of your customers. I've had the privilege of mentoring and working with literally hundreds of brands in this industry, everything from pre-revenue to multi-billion dollar brands. Distribution and merchandising issues are top of mind for all of them, this is a subject that comes up repeatedly. This is all tied to making sure that you help the retailer have the right product assortment to keep customers coming into their store.



Remember, the goal here and my mission is to help you get your healthy products onto more retailers' shelves and into the hands of more shoppers. As a result of all the input that I've received from the brands I've worked with and mentored, including everyone listening to the podcasts, those who get my weekly newsletter, and those who simply reach out to me, I have developed a series of mini-courses to teach you these strategies where I go in-depth on how to use these strategies to help the retailer gain sales by leveraging the strength of your brand. There's a lot more than I can cover on a podcast.

In these mini-courses I include step-by-step instructions with examples where I walk you through how to capitalize on these exact strategies, how you can take these strategies and leverage them at retail for yourself, how you can bake them into your own brands' DNA. In podcast episode 104 I share a story that someone shared with me where they reached out for my help and the story they shared was about a product that got into distribution but was merchandised in the wrong place. That mistake could literally bankrupt their brand. Leveraging these strategies, the strategies in my mini-course, are going to help you avoid those expensive problems, those pitfalls, to begin with. You can learn more about them on my website on the courses tab or by going to [brandsecretsandstrategies.com/courses](https://www.brandsecretsandstrategies.com/courses).

There's a short video sharing with you what you're going to learn as well as a detailed explanation of what every course includes. Check back often as I'm continually looking to add new content, including collaborating with other industry experts. To learn more about the Maximize Sales With The Right Product Assortment Strategies course, go to [brandsecretsandstrategies.com/assortmentstrategies](https://www.brandsecretsandstrategies.com/assortmentstrategies). In this course you will



learn to look at the category from the customers' perspective, how to help retailers use their product assortment to communicate their values and what makes them unique in their market. Identify what factors to consider when analyzing a category's product assortment.

Go beyond canned topline reports. Avoid the pitfalls of disappointing customers and missing sales from relying on the Pareto curve. Determine which product assortment strategies drive sales. Tell the difference between a standard ranking report and my custom efficient assortment report and why this matters. Know the importance of looking beyond the retailer when identifying the right product assortment for the category. Identify replacements for items that are not driving sales. You also learn how to tell a compelling story with your data and how to bake this into your selling story so that your selling story is consistent with every retailer you call on.

You can get to this course by going to brandsecretsandstrategies.com/assortmentstrategies.

This episode's free downloadable guide is the Essential New Item Checklist - The Recipe for Success. This downloadable guide covers all the key aspects that you need to be thinking about each and every time you present a new item. This guide is the blueprint for success. It helps you build a sturdy foundation to increase sales and to build your business on. You can instantly download the Essential New Item Checklist - The Recipe for Success on the podcast webpage or in the show notes. You can get there by going to brandsecretsandstrategies.com/session112.

Thank you for listening and I look forward to seeing you in the next episode.



This episode's FREE downloadable guide

New product innovation is the lifeblood of every brand. New products fuel sustainable growth, attracts new shoppers, and increases brand awareness. Know the critical steps to get your product on more retailer's shelves and into the hands of more shoppers.

CLICK HERE TO DOWNLOAD YOUR FREE STRATEGIC GUIDE: [The Essential New Item Checklist - The Recipe For Success](#)

Thanks again for joining us today. Make sure to stop over at brandsecretsandstrategies.com for the show notes along with more great brand building articles and resources. Check out my free course Turnkey Sales Story Strategies, your roadmap to success. You can find that on my website or at TurnkeySalesStoryStrategies.com/growsales. Please subscribe to the podcast, leave a review, and recommend it to your friends and colleagues.

Sign up today on my website so you don't miss out on actionable insights and strategic solutions to grow your brand and save you valuable time and money.

I appreciate all the positive feedback. Keep your suggestions coming.

Until next time, this is Dan Lohman with Brand Secrets and Strategies where the focus is on empowering brands and raising the bar.