



BRAND SECRETS AND STRATEGIES PODCAST #129

Hello and thank you for joining us today. This is the Brand Secrets and Strategies Podcast #129

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

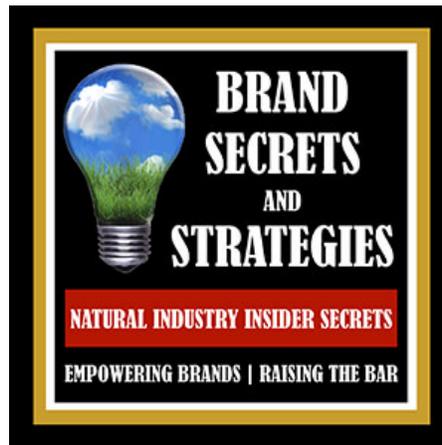
I'm your host Dan Lohman. This weekly show is dedicated to getting your brand on the shelf and keeping it there.

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!

Dan: One of the things that I love about being in this industry, or as I like to say, what makes natural natural, is the authenticity, the passion, and the enthusiasm that you hear from young entrepreneurs. That is a big reason why this podcast even exists, to be able to share their insights, their enthusiasm, and their passion with you to help inspire and educate you.

Now, while a lot of people come into this industry because they had a life-changing event, they wanted to try to lose weight or get healthy or something like that, it's rare to listen to someone who grew up in the industry, and that's what my special guest



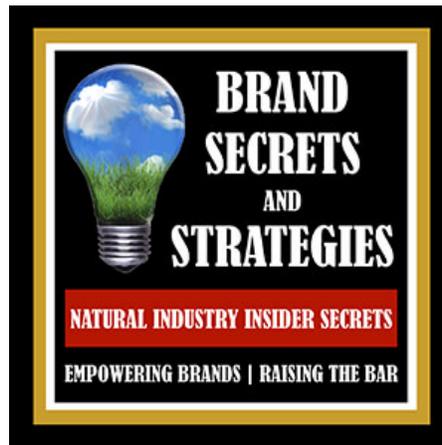
today shares with us. It's a perspective that we can all learn from. One of my favorite quotes, and I don't know who said it, is, "In order to appreciate where you're going, you first need to understand or appreciate where you've been."

The point is simply this. You need to know where you've been and you need to be able to look back in the rear view mirror to see what you've done, what's worked, what hasn't worked. What are the mistakes that you could avoid in the future? What are the things that you did right that you can grow on, that you can expand on and then you can accelerate your sales with?

Learning from the experts, the people who came before us, the people who charted the path originally can be so inspirational, and it can help us avoid a lot of the bottlenecks and the challenges and the problems that others face. After all, my mission is to make our healthy way of life more accessible by getting your products on more store shelves and into the hands of more shoppers. Every brand struggles, including the big brands. We can all learn from each other, and this is how we grow. Again, this is what makes natural natural.

On today's podcast, I share advice to help solve some of the most pressing bottlenecks from our guest today. The same challenges and bottlenecks that you face as well. What I love about today's story, and you're going to love it, too, is the never give up attitude of today's guest. I love the commitment that he has to making his product work, to carving out a new niche and becoming a disruptive leading brand in the category.

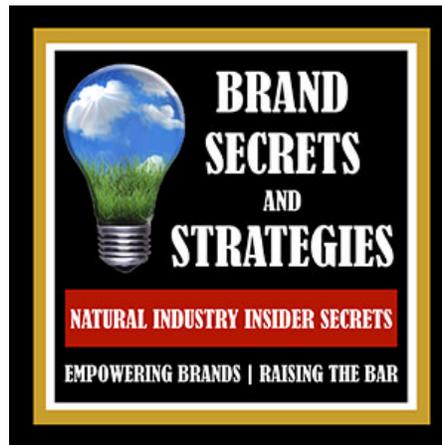
As you're going to hear, this has required knowing your customer in addition to having to rethink the go-to-market strategy on a



continual and regular basis. The good news is, that as you continue to work on this, you continue to get better and you begin to see the fruits of your labor. This is where you have a lasting impact in our industry and is helping other natural organic brands compete more effectively to succeed and grow. What's truly inspirational is Ethan sharing his story with us today. This is a story you're going to want to share with everyone you know, especially brands that are serious about growing sales, and making a difference in our industry and in our community.

Before I go any further, I want to leave a shout out to a listener who left an amazing review to Brian B. "CPG wisdom. Daniel's experience in the CPG industry and desire to communicate and share the knowledge and wisdom gained along the way is quite valuable to those in any role in the industry. Getting additional insights from his guests provides additional valuable education. A number of years ago, I was fortunate to work in the same company as Daniel. I learned much from him, and yet then his podcast, website, and newsletter add much more to that. Veterans and rookies are well served by this and his guest knowledge. Subscribing should be considered mandatory if you consider yourself a leader."

Thanks, Brian. I appreciate the comment. If you want me to read your comment, please leave a review on iTunes, send me an email, or comment on any of my posts on any of the social platforms. This is how you help me raise the bar in our industry and empower more brands. Remember, this podcast is about you and it's for you. If you like the podcast, subscribe and share it with a friend. I also want to remind you that at the end of every episode, there's a free downloadable guide with a 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 get your product on more store shelves and into the hands of more shoppers.

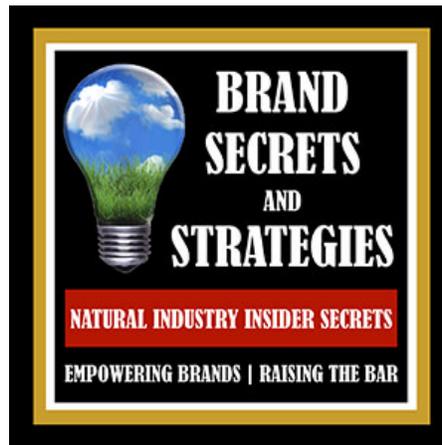
I also want to announce that I just launched The Brand Secrets and Strategies YouTube Channel, where I'm going to share more brand building advice, so please check it out and share it with your friends. Don't forget to subscribe so you'll be the first to know when I release new brand building strategies and tips. Now, here's today's special guest, Ethan Hirshberg of Ethan's.

Ethan, thank you so much for making time for us. Can you start by telling us a little bit about yourself and your journey to Ethan's?

Ethan: Yeah. Hey, Dan, thanks for having me on. I guess... well, it depends on how far you want to go back. I don't know if you want the full bio, but my personal history is I grew in the natural products industry. I was actually born on Stonyfield Farm in New Hampshire-

Dan: Cool.

Ethan: I have kind of had... Little-known fact, I've kind of had a lifelong at least interest that eventually turned into a passion for this industry. Where I really got down to the nuts and bolts of it was I spent a couple of years working for Harmless Harvest, the coconut water company out in San Francisco, and eventually on the production and manufacturing side in Thailand where I learned a ton about product development and how to go to market with new products. Somewhere along the way I got really



into apple cider vinegar for my own personal health use, and like I was telling you earlier, quickly discovered... arrived at the same problem that most people who consume apple cider vinegar do, which is that it tastes terrible.

Obviously, had the R&D and product development background and really just applied that to make a set of products. This was about two and a half years ago that set out to solve that problem of making apple cider vinegar taste better.

Dan: Such a difficult challenge. I agree with you. I like it, I see the benefits in it, and I shared with you when we talked earlier, I call it icky tea because I mix it with tea and other things so it tastes good. It's an acquired taste, so you have to drink it with your pinkie sticking out just getting... Remember the commercials, probably before your time, where if you stick your pinkie out, then you have a refined taste? Anyhow, off topic.

Thank you so much for making time for us. Tell us a little bit about Ethan's

Ethan: Definitely before my time.

Dan: Shows the difference in the gap, but no, that's funny. Tell us a little bit about Ethan's. Why did you decide to launch a brand? You said that you were into apple cider vinegar. What does that mean? Why did that challenge you? Or what did that drive you to start your own or launch your own product?

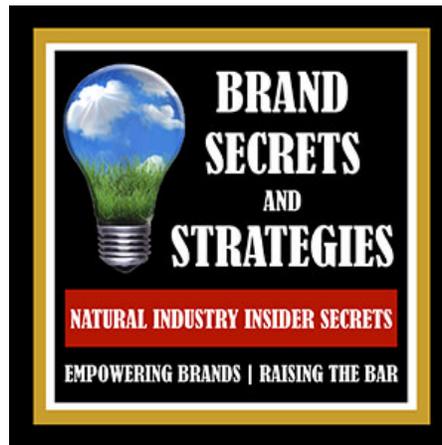
Ethan: Well, I think it was as simple as sort of realizing that I had something that nobody else did. Obviously, I have somewhat of a business sense myself, and like I said, I grew up around it, so I



think that was always in the back of my head. The decision to actually launch was really inspired by a visit to Expo East. This is 2016, and it was actually I was going... I've told this story a bunch of times, but I went to the show with a bunch of my little apple cider vinegar shot samples in my bag. Actually, what I was originally trying to do and the way I tried to solve that problem of making apple cider vinegar taste better was through an RTD. I had these 16 oz. drinking vinegars as well, which we've seen sort of a tap in the market there.

I showed up to that show in Baltimore. This is in September of 2016, and there were at least five juice companies launching drinking vinegars, and there I was thinking I had the next best thing. Like I said, I had those little shots in my backpack, which were sort of... I was already thinking down the road and thinking how we could evolve this into sort of a more functional and smaller and more convenient and portable format. I'd really just started doing those off because there was no chance I was going to go up against some of the more established companies like BluePrint and Suja with essentially the same product. That was how the shot concept was born for me. All the feedback I got was like essentially this a more evolved version of what we'd been seeing in a lot of these drinking leaders.

Dan: You learned a lot during the show. That's actually inspiring. I love that message because a lot of people show up to Expo East and West and it's all about showcasing their products, but not thinking about how they can use that for testing. Again, we were talking earlier about what makes natural natural is the fact that there's so many people out in this industry, in this community that are willing and anxious to actually help you out. You got validation.



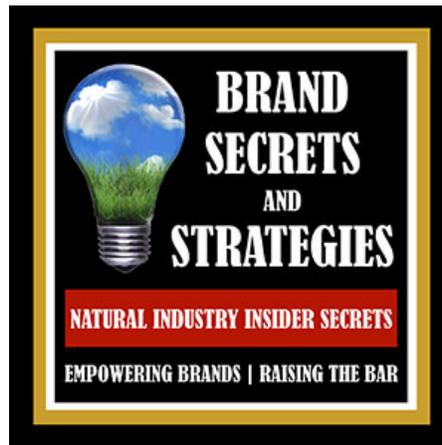
What did that look like in terms of are you talking about the flavor profile? Or are you talking about the packaging?

Ethan: I don't want to shoot myself in the foot about the flavor profile, but obviously the cost to change the packaging of apple cider vinegar is half the challenges, right?

Dan: Right.

Ethan: Most of the validation got at the beginning and honestly all the way through has been more about the format, that being the 2 oz. shot. I don't know if you've seen our products in person, but ours are in glass. We can get into that later, but that has its own kind of set of approvals I think. It was really about this idea of taking a functional beverage and concentrating it down into a 2 oz. form factor. That was where I received most of the validation, and that was where I got the confidence to say, "Okay, there are all these other companies doing drinking vinegars, but here's how I'm different." That was through the shots. You can see how that's manifested in the rest of our product development since then.

Dan: Well, I'm looking at your website, which does a great job of illustrating what you're talking about, so I do want to get into the packaging a little bit. That's pretty interesting. In terms of the validation, let's go back to that. How did you get that? You walk into the show and you think you've got something radically different, disruptive, and you're going to change the world, and then all of a sudden, there are a bunch of other companies that are kind of doing the same thing, not really but kind of.

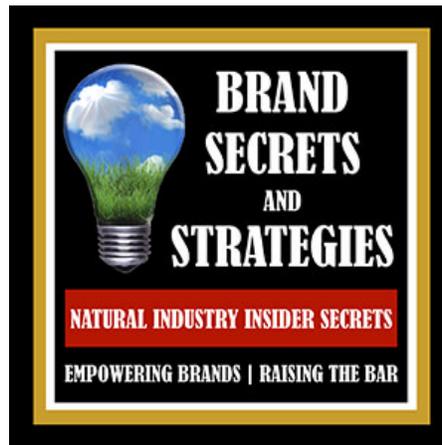


How did you get the courage to not get derailed, to stay focused, and to stay on your path? Unfortunately, a lot of people, especially in this space, they see someone else doing it and they don't have the wherewithal to pivot or to change or to do whatever it takes to grow and disrupt and be different. What was that like, first of all? Even when you're talking about that, again, how were you able to come back to your mission, your drive, your desire to be different?

Ethan: Well, Dan, that pivot moment is at least in my experience, the most important part because like you said, it's so easy to look at something that people are doing and get derailed. I would say that our advantage, even still at our current size, but especially in the beginning, is flexibility. When you have an early stage concept, you have the ability to pivot quicker than any company that has to run it through their sales and marketing departments ever would. That's what you have to lean into and take advantage of.

It was easy for me. It was the flick of a switch. I said, "Okay, forget the RTD. We're doing the shots." As opposed to a company of any size, even my own size right now, but I think the bigger you get, the slower you move and you have to take advantage of what you have when you are that small guy.

Dan: That's one of the benefits like you said of this industry. I have always said that natural is the R&D of the CPG industry. Exactly what you said where first of all... Let me back up a little bit. I believe that one of the things that makes natural natural, one of the things that makes natural unique is that we are more closely aligned with the consumer that buys our product. As a result, we're creating products and innovation that people are actually

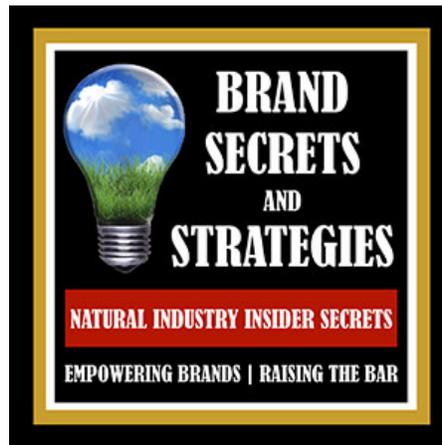


going to buy. As a side not kind of conversely, I did a project working for a big company that took an energy shot, it was actually more of a breakfast drink, and they put a different label on it. Oh, so now it's an energy drink. Now, it's a dietary supplement.

Now, it's a... There were five different versions of the same product, same stuff in the bottle. The point is consumers are aware of this. They understand that this is the way the big brands quote unquote "innovate", they sprinkle a new flavoring or something like that, whereas, here you are creating something unique and different. Now, you're concentrating it and you're putting it into a different bottle. Going back to what you're saying, how did you identify that the use case for this would be enough to validate or substantiate your business?

Ethan: Well, that can actually be the consumer. So, so important, and I also think there is an element of youth to mention here. I wouldn't want to be accused of ageism or anything like that, but more of a youthful company I think. The Millennial consumer especially is skeptical to the point of almost pessimism about companies and how they operate, and especially how they brand and market. I think one thing that I've seen a lot... Here in Boulder there's a lot of these up and coming companies is a connection to that in not treating your customers like they're stupid. Not just taking an existing product, slapping a new label on it and calling it something different. People are getting wiser to that than I think they ever were.

For me, and I think a lot of this and how I gleaned market feedback was just out there showing people my 16 oz, showing my shots and sort of seeing where they went. It was really pretty



clear from the beginning the way people responded, at least the apple cider vinegar drink, as to... That would always be my first question, it was to you when you got on the phone, it was like, "Hey, have you ever tried this apple cider vinegar thing?" That was really who I was going after at the beginning, and everyone went for that quick, convenient, portable form factor.

Dan: Kind of an interesting question. I don't know if you're prepared to answer this, but I'll give it a shot. What does your core customer look like? What is your ideal target customer? How would you identify them? What does your ideal avatar look like?

Ethan: You know we hate that question, don't you?

Dan: I've got a solution for you after we're finished.

Ethan: I can't wait to hear your solution. You're hitting on it because I typically stay away from answering that, but I will say... I just hate putting demographic boxes around it, but look, we have a Millennial consumer, one who looks at ingredient lists and I think rather than trying to say, "Okay, this is our person, let's market at them", I more see that as a more discerning and a more informed and, again, a more skeptical consumer who's going to recognize some of the values on the back of the pack and not just the front.

Dan: Anything else?

Ethan: Well, it really depends on the product line. Obviously, and we'll get into some of the other products that we're doing, but it is product dependent. The MCT Shots probably have a little bit of a different core customer than the Apple Cider Vinegar Shots, so it's always evolving. I think one thing across shots in general, and



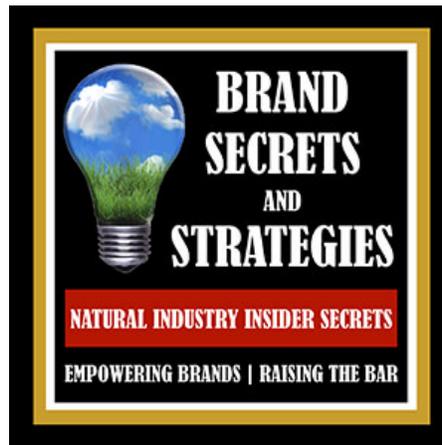
I've talked to some of our competitors about this, but introducing a new format is kind of a difficult hill to climb.

Dan: It is.

Ethan: You have to make sure that you're going... For us, it was through Whole Foods, and I think a lot of brands have done the same thing because you're looking for a customer who's willing to try new things. They're open to a little bit more experimentation and, frankly, have a little bit more money to throw around in that way.

Dan: Makes sense, and I'm glad you shared all of that, so thank you. First of all, let me back up. You are not unique in this space and in answering that questions. Most brands, including the big brands, cannot answer this question, and what I'm getting at is that a lot of brands think that they understand or know who their customer is. Now, one of my biases that I'm trying... the problem I'm trying to help solve in this industry is that mainstream solution providers, brands, and retailers tend to commoditize shoppers. In other words, again, the way that I was taught how to do this, female head of household, 2.3 kids, that was about it, right? That's not enough.

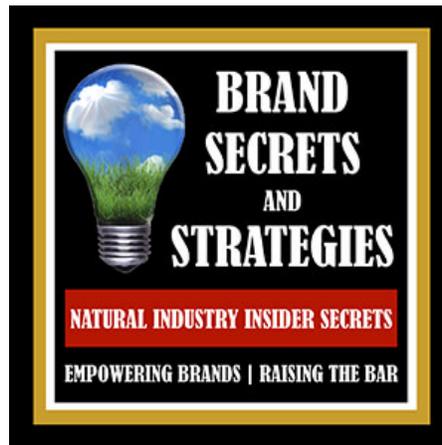
You need to know, are they into yoga? Pr, do they like the outdoors? Are they very social? You need to know everything about them. How they use the product after they get home, et cetera. That validation, getting that information is difficult, and a lot of companies overlook it. The problem is that they think they're marketing to someone that they're not actually marketing to.



You made the comment that your ideal customer is Millennials. I would say, "Okay, that's probably a good start, but that's not enough." What I mean by that, Ethan, is you've got Gen Z very interested in glass bottles and a sustainable packaging, et cetera, and then also in health products that are aligned with the consumer, and then Boomers that understand the benefits of apple cider vinegar, okay? I'm just sticking with that product for a minute.

Now, let's drill down a little bit further. What does that ideal consumer look like? Are they in shape? Are they not in shape? What problem are they trying to solve? So many things to consider there. What I did is I created my free Turnkey Sales Story Strategies Course, which challenges you to identify what your core customer is. What I mean by this is if you were to go to the store and you had the opportunity to talk to every customer that buy your product and you could say, "Hey, why are you buying this?" Then, follow them through your product life, so how they use it, et cetera. How do they use it when they get home? How do they evangelize about it? How do they talk about it on social media?

Now, that's one. Two, now let's look at your competition. Your competition is literally any beverage on the shelf. It's not just apple cider vinegar, it's everything, but a lot of people don't realize that, so thank you. You've got to look at what every other product looks like and then be able to segment that out based upon where your customer shops, and then the next thing is you need to understand the retailer that you're working with. What does your retail partner look like? That could be an online retailer, too. Obviously, you're probably not going to do well in a market

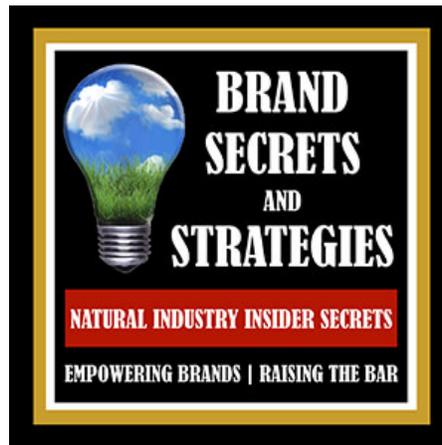


where there isn't a health-focused consumer base. Boulder, Colorado? Ideal.

Now, one of the things I would challenge you to think about is the athlete, which is in your backyard. Athletes want products that deliver unbelievably high value, and you got that pre- and probiotic attribute that you could throw in there. You got a different flavor profile, and there's some other reasons that you would want to take that product, and then you start talking about your MCT, now you've got your healthy fats, et cetera. That changes the conversation.

My point is this. The better you can identify and understand exactly what your core customer looks like, the more solid the foundation you have to build your brand on. All of the stuff, all the marketing, the branding, everything that you're doing kind of falls short unless you kind of get lucky if you don't know this. I would challenge you to find a way to answer that questions, and again, one of the best ways to do it is to go the store and talk to people that are getting the product off the shelf.

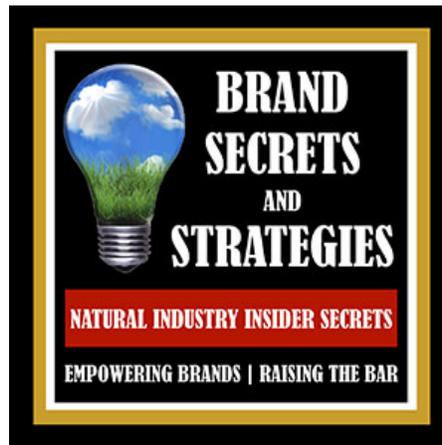
In podcast episode 126, I was talking to Dustin Finkel of Ka-Pop! He does demos for this reason. Now, there are pros and cons to doing demos, but the point is he asked his customers, "Why do you buy this stuff? What do you like about it? Why do you like this over something else?" I would recommend that you do some demos strategically in different retailers, different markets, et cetera, and try to understand why customers like or dislike your product, and then compare that to your competition. That'll give you an entirely different perspective, and then once you have that, then you can build your marketing strategy, your go-to-market strategy, et cetera.



One of the things we're going to talk about a little bit is that retailers put you in different places in different stores because they don't understand your customer. Well, it's kind of hard for you to guide the retailer if you're not as sure as you should be. Here's why this matters. As you begin to learn more about your core customer, your ideal customer, the customer that goes out of the way to buy your product over your competition at any price, the customer that goes out of the way to buy your product wherever it's sold and skipping or bypassing the stores that don't sell your product. First, identify what's unique about that core customer. How do they differentiate themselves from other customers?

For example, are they a low-cost consumer? Are they a consumer that doesn't settle? Are they a consumer that wants what they want? They want to align their products with a mission, they want to align their products around their values, whether it be organic, ethically sourced, et cetera. Once you understand that and you can bake that into your selling story, then you can become more than just an ATM machine to your typical retailer. Let me explain. Retailers want more traffic in their store. They want your core customer. The goal here, Ethan, is to help you leverage that unique customer that buys your product and your selling story and in your go-to-market strategy, because that's far more valuable than sliding or any of the fees that a retailer charges you.

This is how you differentiate your product and how you stand out in a crowded marketplace. To put this another way, how do you help the retailer remain relevant against all the competitive threats that they have including online threats? I believe that this

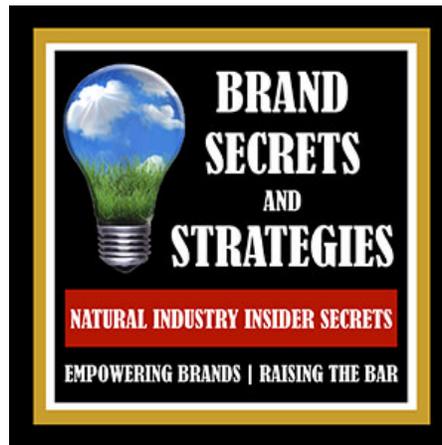


needs to be one of the primary responsibilities of every brand to help defend against mass slippage. This is the ideal shopper that every retailer wants in their store. Think about it. A shopper, a loyal shopper that goes out of the way to shop that store because they know they're going to get the products that meet and exceed their needs. A shopper that's not going to be swayed by gimmicks and deep promotions.

As you build out the story, who your ideal customer is, this is where you begin to leverage your selling story with the retailer. This is where you become more than just another package on a store shelf. This is where you help the retailer understand that your unique consumer, when they go into their store, spends more money on their categories, and more importantly, your consumer buys products in other categories within the store. At the end of the day, at the end of the shopping trip, that consumer spends far more than the traditional shopper who just buys the cheap generic apple cider vinegar.

When you're able, Ethan, to build this into your selling story, you help to ensure that your selling team, your internal and your external team including your brokers are all in lockstep. When they're communicating the value and what's unique about your product across every aspect of your sales funnel, you will ensure that they have the same passion, enthusiasm, and authenticity as when you talk about your product. That's how you'll be successful in this industry and this is how you rise above your competition. Does that make sense?

Ethan: Yeah, absolutely, and the last two years have been sort of just a fact-finding mission it feels like and we find out new things every week or so. A couple of examples are... I don't know if you know



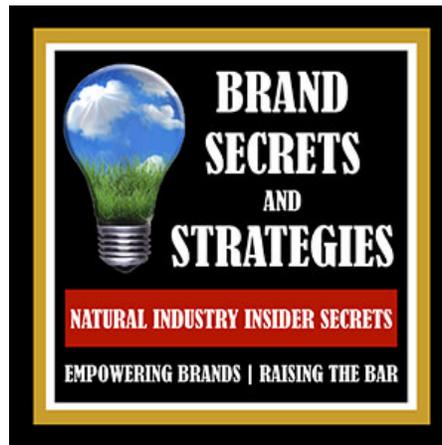
this. We actually did spend I think a little time talking about this, but we have a 16 oz. version of our shots that we don't even really make front facing online or anything like that. It's a multi-serve, it's a value play. It's eight shots per bottle, and we always kind of had it on the side, again, as sort of a value buy hoping that people would put it in their fridge and pour it out for themselves every morning. That way we can make it more accessible from a cost perspective, of course, eliminating some of that portability.

One thing we've learned with that was that kind of bombed in Whole Foods and it's done great in Walmart-

Dan: Really?

Ethan: And so without stereotyping the customer too much, that to me is pretty revealing. Also, we had just an article, somebody trying our shops for 30 days and it got like the MSN homepage. This is probably a year ago, and we received tons and tons of inquiries from self-described overweight, kind of middle-aged customers looking for a healthy beverage that can help them either lose weight or improve metabolism or digestion, or you name it. That was really kind of eye-opening because here we were thinking that we were twentysomethings talking to other twentysomethings at Whole Foods and there was this whole other kind of world out there for us.

Dan: Exactly, and that's what I'm getting at. A lot of us who use apple cider vinegar, we use it because of the benefits we get from it, not just to lose weight or not to just whatever, but there's some other benefits to it. We actually use it sometimes in our cooking and some of the meals we produce, et cetera, because of its

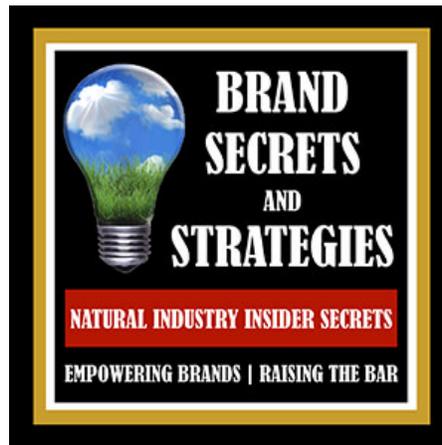


other properties. Again, probiotics, hope you'll lose weight, et cetera. The point is, a lot of brands don't really understand who their core customer is, and as a result, they spend a lot of time spinning their wheels. Your observation that the larger bottle sells well at Walmart, well, it's an entirely different consumer. What does that consumer look like? Again, that's going to help you.

Now, I didn't know that you had the larger bottles, but I think that's a great strategy, and when you're ready at some point, we can talk about how you could leverage that with other retailers. Here's what I mean by that. If you were to go buy a gallon of milk, you're probably going to drink the entire gallon of milk a lot faster. If you buy a quart of milk, you're going to drink it a lot slower because you're going to want it to last longer, right? If you can help their... One way to grow the category, grow your brand is to help retailer understand that putting a larger size pack in their store takes that consumer out of the market longer, which means that they're not going to your competition to buy your product, so just a strategy. Does that make sense?

Ethan: Yeah, it absolutely does, and honestly, I think one of the issues that we ran into was basically if you buy our 16 oz., that's your shots for a week. In theory, it's like eight shots in a bottle, you pour it out every morning and that lasts you a week. It actually was sort of working against us in that way because it's decreasing the purchase occasion. A lot of retailers seem to be happier if someone bought say three shots for \$9 than one 16 oz. for \$9 because it wasn't them as long.

Dan: What's interesting once again, how many of those consumers are drinking exactly specifically, not more, not less, than two shots at a time? What I'm getting at is my guess is that it may be shots



worth a product, but they're probably only getting about seven shots out of it. That might be something good to put in your story, and out, for a later time.

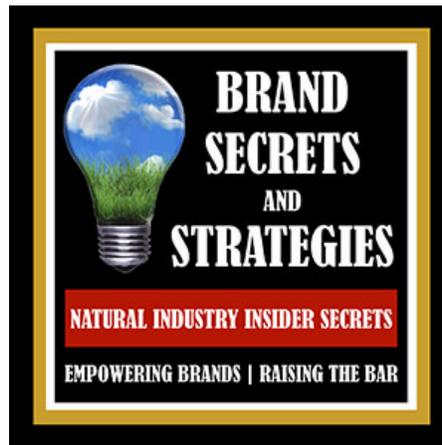
Anyhow, you're understanding the consumer that buys your product. What has it been like for you to get your product onto retailer shelves? How difficult has that been for you?

Ethan: It actually hasn't been very difficult to get on any shelf, it's been difficult to get on the right shelf. One of the things... we had this product line, we had really great initial buy-in from retailers and customers. Honestly, the first year was just sort of selling in and I saw one of your questions on your email was, "What would you tell your younger self?" Well, the first thing I would tell myself, and I do, is that selling in is just one of many, many steps. That's proven out because I was here on like a victory lap selling into every retailer that would take it at first, not realizing, of course, the work that goes into it on the other end.

A lot of that is aided to your point, and I know you've been harping on this on where on shelf you're going, and it is tough obviously because we were one of the first brands into this functional, healthy shots base. Now, they're on more which is actually helping because it's the same reason that car dealerships all go next to each other, right?

Dan: Right.

Ethan: Unfortunately, a lot of the times, like I told you earlier, these are really... they're functional, they're healthy beverages in a 2 oz. bottle, but because that small bottle we get put in shelf-stable



supplements very often, which is a really hard place to turn enough 2.99 bottles to make it worth it

Dan: Well, and that's where your shopper is. Thank you for sharing, let me unpack a little bit about what you said, and I'm glad you said this, is that selling in many steps. One of the things that I find that a lot of entrepreneurs, at least a lot of entrepreneurs that I work with and mentor, is they think that once the product leaves the back of their warehouse, they're done. Game over, and they can go on to whatever else is new. No, that's where the selling starts.

One of the things that I try to get brands to understand is that the selling never stops. You need to understand how I use the product after I take it home, and if you can understand how I use the product, not only when I go to the store, find it, select it, et cetera, but how I use it after I take it home, then that gives you a point of differentiation between you and your competition because that gives you insights into how I'm using it. Back to the larger case, the larger bottle, I might sharing that with several people, whereas with the shot, I'm not going to be sharing with people. What does that look like and what does that mean? I'm glad you said it because that is such a critically important thing.

Now, when you said that you had a difficulty getting onto the right shelf, talk more about that. You said that sometimes you're in supplements. Where else can you be found?

Ethan: Honestly, everywhere. What I was trying to do initially, and one of the things I really grabbed onto was this shelf-stable shots, that's a really important one that we'll talk about, is you go to any convenience or gas station or drug store basically in the United



States and you go to check out and what's on the counter? It's 5-hour Energy. I'm generalizing. That's the shot that's taken hold in those channels. For me, the shelf stability from a merchandising perspective was really key because I was saying, "Hey, we've created a perfect, natural channel, natural retailer alternative, not energy based", although again, we'll get to that. People are familiar with that format, and so it'll go great at checkout.

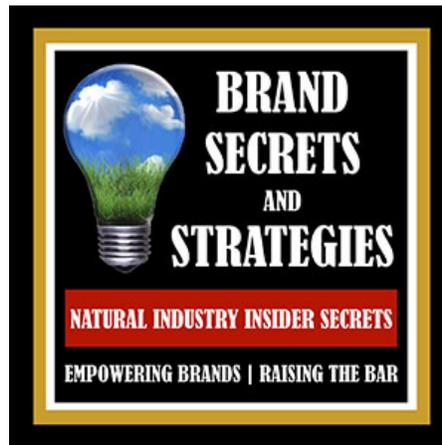
Obviously, that's pretty idealistic, but we have had some success in getting at checkout and leveraging that, but you can find us anywhere from point of sale to, again, shelf-stable supplements, to probiotic coolers, all the way to RTD and beverage coolers. Our favorite place to be is the latter, getting our display cases into a ready-to-drink beverage shelf is where it performs the best besides point of sale, but like you said, it's a constant battle on that end and it goes well beyond just selling it.

Dan: What do you do to combat that? How do you deal with that? How do you work with retailers, brokers, distributors, et cetera, to help them maximize that opportunity for you?

Ethan: Well, it's been an evolving strategy and approach, and honestly, very retailer specific I would say. The thing that I emphasize the most, if I can just take a step

Dan: Sure.

Ethan: Back about the shots is, I agree with you that our competition is really any beverage, but at the same time, I always like to emphasize the buyers, especially that we feel like we're... Yes, it's a new format and a new idea of how to consume it, but we feel like we're adding something onto maybe people's regular



purchasing. By that, I mean because it's such a function forward concentrated thing, you can buy your coconut water and your Apple Cider Vinegar Shot, or you can buy your kombucha and your MCT Shot, and it's almost helping the consumer because now they don't have to buy 32 oz. of liquid to get two functions, if you're following us

Dan: No, absolutely.

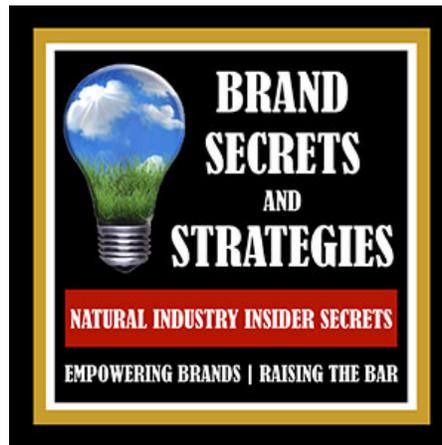
Ethan: What I'm saying. We're really... Again, it's emphasizing the functional part of the functional beverage, but I view it as very complementary, and so it feels to me it's like, "Here's your single serve", you would get it with lunch just like you would an RTD beverage, so they should really be in the same place.

Dan: I agree with you. I get it. I understand that in my mind I would rather have an apple cider vinegar drink than a kombucha, sorry, guys, than a kombucha drink on most occasions because from my perspective, yeah, there are a lot of similarities of the functional benefits, however, I like the apple cider vinegar better. The idea that you've got different flavors, I'm anxious to try them.

Ethan: Let me just jump in, sorry. I am glad you mentioned kombucha because, obviously, I'm sure you're acutely aware of some of the sugar concerns going on in that category.

Dan: Absolutely.

Ethan: The other thing that's important to mention that Shots solves is... this is not unique to Ethan's necessarily, but a lot of the healthy shots out there is sugar content, and that's something that we sort of backed into and didn't necessarily emphasize at the



beginning, but now we're at the point we won't launch a shot with more than three grams of sugar because that's how we really stack up favorably compared to an RTD beverage where someone might want a kombucha because they want the gut health benefits to it, but you have to drink 18, 20 grams of sugar to get that? You look to the side and it's the same challenge, frankly, with the RTD drinking vinegar. If you look to the side and see ours, the gut health delivery but with only three or four grams of sugar.

Dan: That's good to know, and that's something we need to celebrate in your story, et cetera, because that is a point of differentiation and we... Now, all of a sudden, you've opened yourself up to other customers that are let's say sugar intolerant. I don't mean diabetics, et cetera, but people that have to have a very low-sugar diet or really watch that, so that's great to know.

When you're putting yourself on the shelf and you're comparing your product against other products, you said that you like to be in the beverage cooler. Don't you get lost in the beverage cooler? Really small bottle next to a big bottle? How does that look? How does that affect the way that consumers view your product?

Ethan: You're asking a lot of really good questions. It can be funny when you go to a beverage set and you see here's a full-size, standing tall 16 oz. beverage for 2.99, and then, "Oh, look, here's this tiny little bottle for the same price or sometimes more

Dan: Exactly what I was getting at.

Ethan: "Even more." This is where we've had to get really creative and we've again collaborated with other brands to try to figure out,



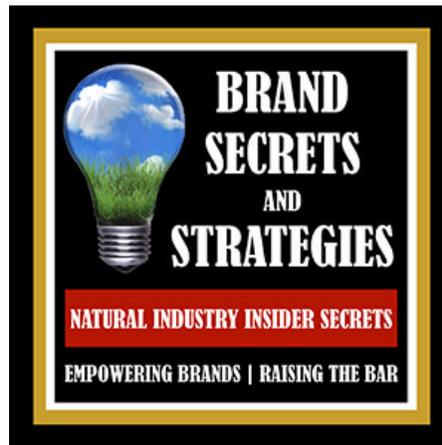
"Can we do co-branded? Double-tiered displays?" The way that's turned out for us is we just rolled out and frankly made a decent amount of trade spend into merchandising displays.

Dan: What does that look like, then?

Ethan: We have basically double-stacked displays that we try to place in retailers. We have gravity-fed displays. I don't know if you've seen the new ones that can go up point of sale. Stair Steps is what they're called. We make everything now, and that's sort of the... there's a gift and a curse of launching a new format, right? The gift is that you're the new guy in the room and everyone is interested, and the curse is that people tend to not know where to put it or what to do with it or how it's going to sit on shelf.

Again, I'll reemphasize that an influx of competition in the space has actually been a benefit in some ways because occasionally now we'll see four-foot sets of a beverage set carved out for Shots specifically. You can see that a lot more in say like a Whole Foods in L.A. or something like that.

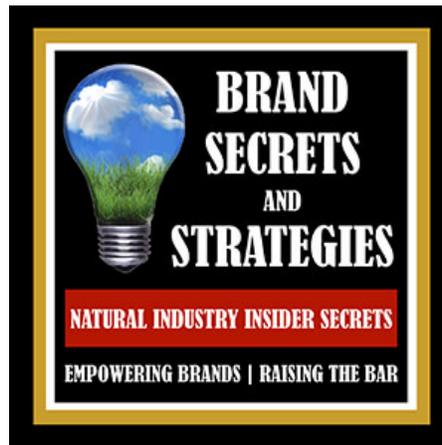
Dan: Well, that's interesting. Well, and this goes back to what we were talking about, Ethan, where this is why your selling story is so critically important, and this is why you have a unique opportunity, being a leader in this category, to take a leadership role. What I mean by that is any brand, I would call a category leader, any brand willing and able to step up and help their retailer drive sustainable sales by leveraging the unique customer that your product drives into the store. The fact that you've got all those different displays, that's brilliant. That's a great idea.



If you put that on a checkout register, then you're more of an impulse product. I like that. I think that having dual merchandising, in other words putting it on a checkout stand and having it somewhere else would be ideal. Going back to where the other beverages are in the cooler, yours are shelf-stable, so if you put it in the beverage cooler and it gets chilled and then it gets warmed up, does that create any issues for someone who takes it home that doesn't want to have to use a product that has to be cold? Does that makes sense?

Ethan: Yeah, absolutely, and does not create an issue, but you are hitting again on a very important tension point for us, which is the shelf stability. I went into this industry... This is another thing I would tell young Ethan, but I assumed shelf-stable means you can go anywhere, including cold. That has not necessarily proven to be the case, as I'm sure you can imagine. Sometimes it feels like I'm the only person that didn't know that, but because it's been very important for us and what we feel like we're offering to be shelf-stable, not just for merchandising purposes but for flexible consumption occasion. Something you can leave in your car and drink.

If you really want to have it hot, hot vinegar isn't exactly the perfect time to consume it, but really I think creating something that you can have on the go, you can bring it in your bag on a plane or something like that, that was super important to us. It's been a huge obstacle merchandising-wise because some retailers flat out... they just say, "If it comes in the door ambient, it's going on an ambient shelf." That was a big learning for us and really just doing our best to kind of keep a foot on both sides of the aisle there.



Dan: I have to worry, though, about the quality of the product, and what I mean by that, I used to be a grocery manager many, many, many, many years ago, and there are some products that if you refrigerate and then you warm up, then that changes the flavor profile, et cetera. If you cool it off again, it doesn't really... anyhow, it degrades the quality. In a glass bottle, I wouldn't think you'd have to worry about that, but is that an issue that you need to worry about as you're working with retailers and as you're communicating the value of your product to the consumer?

Ethan: No, that one has not been an issue-

Dan: Good.

Ethan: For us, and I'm actually curious if you want to follow up with me about what... I wonder what properties it is that contribute to that? The only one... this is getting down kind of to the nitty gritty, but the MCT Oil occasionally when it's cold will start to... how do I say it thickens

Dan: Congeal

Ethan: Still making it sound appetizing? Congeal, yeah. I try to stay away from the word "congeal" as much as possible.

Dan: Gel? Just kidding. No, I know what you mean.

Ethan: There you go. That gel

Dan: No, it's gel. It's really cool. Anyhow, like the stuff you put in your shoes. Just kidding. This is so critically important that you understand all the differences and so you can educate and help the retailers understand why this matters.

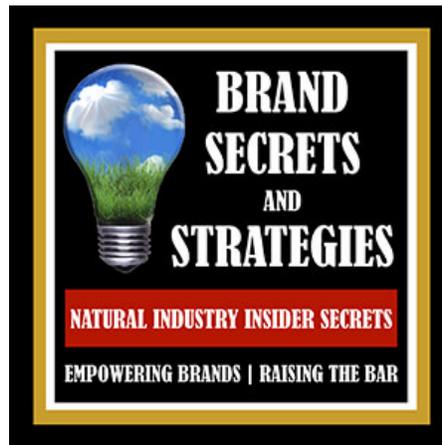


Ethan: Actually, I'll just add to that also this is another thing that I think young companies seem to be doing better than sort of the older behemoths is we don't really feel a need to cover anything up, and by that I mean whether it's texture or color. Obviously, I want it to look as attractive as possible, but to me, our customer is informed enough that... This might be giving people too much of the benefit of the doubt, but that they would rather see a product that's degrading in color, for instance, than flip the bottle around and see artificial coloring in there just for the sake of looking good on the shelf. I think we tend to apply that logic to the texture and separation thing as well. We're not putting any thickeners or anything like that in there just to make it look better.

Dan: Well, and that's good to know, and to your point, that goes back to transparency, know, like, and trust. If you can offer that authentic product experience to a customer, that's the benefit of a branded product and that's why customers align with what you're doing.

Going back to the fact that your shelf-stable but yet you're trying to go into the refrigerated section, does that limit your ability to go into other places in the store? If so, how do you combat that?

Ethan: Again, you're hitting on a major pain point. It's like when we can get into the cold beverage shelf it's a victory, but then at the same time, if that leads the retailer to no longer to put it at checkout when it was maybe up for rotation there, then that's actually a loss for us. I've tried to look at other brands that have kind of bridged this gap successfully have done. I think a couple of examples are Honest Tea, that's a shelf-stable product that often goes in the cold case. Guayaki is another one. Orgain is



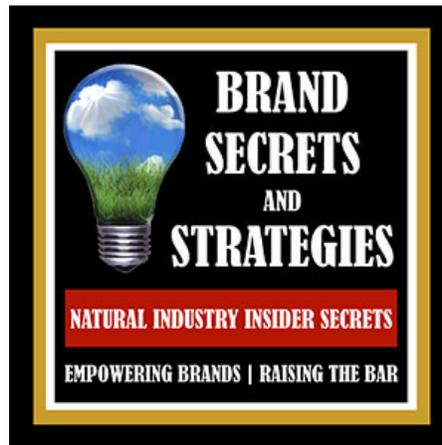
another one, and they've done a really good job across a lot of major retailers at getting multiple placements in both cold and shelf-stable. I think really the only way to do that in my experience is to perform and make the retailer understand why it's beneficial for them to put you in two places. That's really the case that I'm often pitching.

Dan: Well, and co-merchandising, which is what we're talking about, dual merchandising, that is exactly the strategy that I'm hinting at or we're trying to go down the path. The idea behind that is that your product can be in two places, serve two entirely different beverages, and the benefit to the retailer is that when your customer checks out of the store, your customer has a higher market basket.

A market basket is the sum total dollars of what they spent, and what I'm getting at is that a customer that goes into a store that buys a lot of the cheaper stuff, et cetera, buys the traditional bread not the organic, et cetera, is going to have a smaller market basket than your customer. Whereas, your customer buying organic products, et cetera, they're going to buy other organic products around other areas of the store, therefore, your customer is a higher value. If a retailer can dual merchandise your product also at the checkout stand, not only does that introduce them to your product, it drives sales back from the checkout stand to the category where your product is, the actual shelf. In addition to that, it drives more product in the category.

Have you talked to retailers about that strategy specifically?

Ethan: I haven't. Something that, again, I really just discovered along the way. I talked about Whole Foods in particular, how we are in



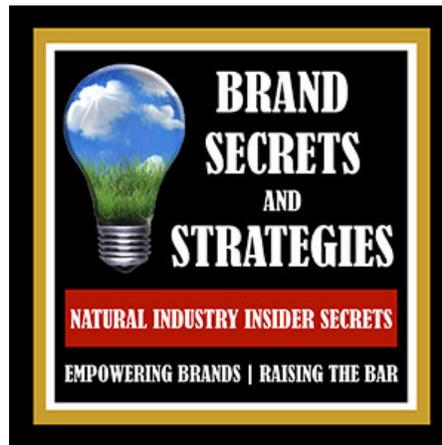
the Whole Body section, which is the supplement category, and that's what they've done with all the shots. None of them go through grocery. They all go through the Whole Body Department. Something I never thought of but I realized in talking actually to a specific region was that we as brands, generally speaking, need to explain to retailers how we can help them.

A great example of sort of a symbiotic relationship is say with a shelf-stable shot like ours that has MCT Oil or apple cider vinegar, if you put that on an endcap leading into the Whole Body section, we still want them to buy our product as well, but it may lead to people, A, entering that section, or B, getting a cheap, easy entry point into MCT Oil, which later on to the retailer is a \$30 purchase occasion.

A lot of ways, I don't ever want to pitch my product necessarily as like a gateway into other products, but there is a sense of this like, "Oh, here I can try these", and it is a little bit of an introduction to that category.

Dan: Well said, and that's what I spend most of my time talking about and the content. Let me back up a little bit and unpack this. Retailers generically do not make anything. What they sell is the real estate that your product takes up on their shelf. Their goal at the end of the day is try to make a reasonable profit and get more customers in their store. Anything that you can do to help educate that retailer about that unique consumer to leverage that consumer that you attract, that is a win for them.

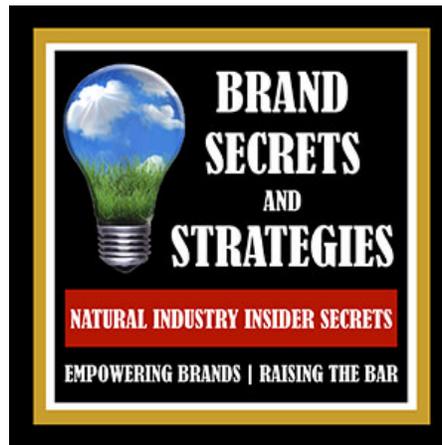
I go back even further. To a savvy retailer, what they want more importantly than your product or the ingredients in your product



is the customer that your product attracts. Like you said, if you can help that retailer understand that a customer coming into the store that buys your product with an MCT Oil is a gateway product, is opening the door to that customer trying other products or the apple cider vinegar or whatever. I wouldn't shy away from that. I believe that each and every time that you get in front of a retailer you need to educate them about some aspect of the unique consumer that buys your product. The reason that's important is because, again, there's no way that any retailer, not even a Walmart or a King Soopers, anyone, any retailer can be an expert in every customer, every product, or every category they sell. Savvy retailers should rely upon you to help them differentiate themselves.

Now, what the cool thing about this is that if you do this well, then those retailers, the savvy retailers, are going to bend over backwards to help support you. An example, podcast episode 68, I talk about a true story, my true story, where I was able to as a small regional chip company basically own the category. As a result, when a new superstore opened in my market, the big brand in that category could not get a single display. I sold 5900 bags of potato chips in one week.

Now, the way I did that was that I provided such exceptional service to that retailer and I was able to help drive sales to them. I made sure that... Excuse me, I understood who the customer was, et cetera, and I also made sure that there were no hiccups in the displays or any of the promotions or anything else. What I'm getting at is that the better that you execute, kind of going back to what we said, the selling never stops, the better that you execute, any brand executes. Then, you align that with your



education piece about what is your core consumer look like, your avatar, that helps the retailer develop a significant competitive advantage within their market. Your thoughts?

Ethan: I want to ask you a little bit more

Dan: Sure.

Ethan: About that education, but I do think you are hitting on a really important point. Anyway, anybody listening to who's out there pitching their product, the different in response from buyers, from when I just go in and say, "Hey, my product is awesome, you should buy it", versus something more like what you're saying, is like, "Hey, we have this effect at retail. We're bringing new customers into say the supplement section." Or in the case of Walmart, it was they had actually a very similar product on multi-serve that was in their vinegar set. I went to the shelf-stable juice buyer and said, "You should really have something like this because it's not a vinegar, it's a beverage that has apple cider vinegar, and so you're going to bring this customer over a couple of aisles who is looking for something like that."

I think you're dead on and how you can tailor that pitch and the more you really know about what's on the shelf and at what price point and what it's doing and how your product can contribute to it. Another one for shots, obviously, you touched on the real estate piece, is a high ring for a small bottle. It doesn't take up a lot of room. We sent a case that's four wide that would normally be two beverages wide or one and a half, so that's another good example.



Dan: Absolutely, and thank you for sharing that because that is so critically important. Here's an opportunity for a smaller brand, the David and Goliath story, here's an opportunity for you, a small, disruptive brand that can pivot easily. Remember, we talked about that earlier, how you can change and pivot and do things that other big brands can't do. Keep that in mind because that's so critically important, and how you're able to now leverage your go-to-market strategy to gain incremental sales, develop a strategic relationship with the retailer to help them drive more customers into the store to make a higher ring and a higher profit in their store. Again, it's a win-win-win, and then if you can align that messaging around the way the consumer shops the category.

Going back to the organic example... Let me back up a little bit. One of the things I think this industry does a lousy job at and I really wish we could change this conversation is we don't celebrate the benefit of what organic means or the products that we're offering. Here's what I'm getting at. In fact, actually, your Dad said on one of the podcasts, episode 42, that we vote with our dollars, and this is what I'm getting at.

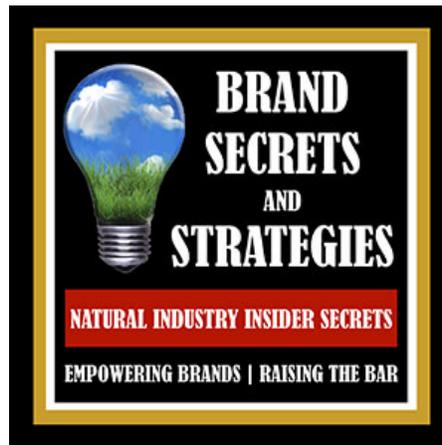
We're going to use the bread category as the example. If you eat the generic cheap bread, you're hungry almost before you finish eating it. However, if you eat the best mainstream bread, you may be satiated for three or four hours. However, the committed organic consumer is going to know the difference between mainstream and organic bread. Let me explain. If you are what you eat, then what you eat matters. The organic consumer is going to look at the organic bread and realize that maybe for 50 cents more or whatever the cost difference is, that that bread is going to satiate them longer.



In other words, that bread is a better value long term. That particular bread is going to satiate them longer so it's going to cost less in the long run than the mainstream bread, and more importantly, that particular bread aligns with their objectives, with their values, with their personal mission. For example, clean label, organic, et cetera. A product that also aligns with their nutritional goals, offering nutrients that they can't get from processed products. My point is this, that even if the organic product is more expensive at shelf, you're going to eat less of it, which makes it a better value in the long run, in addition to providing more of the beneficial nutrients that your body needs.

Now, let me go one step further. I think we need to stop trying to play the pricing game. You're never going to win the pricing game, and I don't think that natural organic products should be apologizing for offering a higher value, higher quality than their mainstream counterparts. Ethan, I was at an industry event about a year or so ago where the CEO of a distributor was telling the crowd that they needed to lower their prices, they needed to reduce their costs so that it would be easier for retailers to sell their products.

This was right after they announced one of their record-breaking quarters in terms of profits as an industry. I believe that we need to work together to help get your products on more store shelves and into the hands of more shoppers. I believe that we need to change the discussion from the way things are done in retail today to offering the value that customers want to help retailers remain relevant across any challenge. This is one of the ways that we're going to do it.



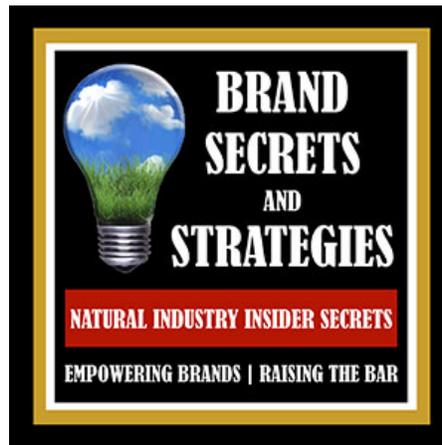
The bottom line is, I think that as an industry we need to celebrate the quality of organic products and natural products. We need to celebrate what makes our products unique and how our products are responsible for driving sustainable sales across every category and every channel and focus on that and bake that into our selling story and help retailers understand that the benefit of what we're selling isn't the stuff in the bottle. It's the customer that gets it, the customer that understands it, the customer that is driving profitable sales and growth across every category, every channel.

Here you are as a disruptive brand. You're being a category leader, et cetera. These are the strategies that I think that you need to be focused on. You were talking about how you're able to help a retailer understand what's unique about your product and drive customers into other stores, other categories, excuse me, other aisles. Can you talk a little bit more about that?

Ethan: Well, actually I was going to ask you a question.

Dan: Sure.

Ethan: I'm curious about what your feedback about organic in general is. It's funny, I was laughing when you said that because that would have been music to my Dad's ears when just said because he's all about organic and that was... For a long time in food, there was organic and then nonorganic, but now I have this feeling especially using Expo West as an example again, I've been trying to figure out how important organic is to the health-minded customers because there are a lot of really successful health food brands that have popped up over the last decade that are actually not organic. I don't think a lot of people really understand the



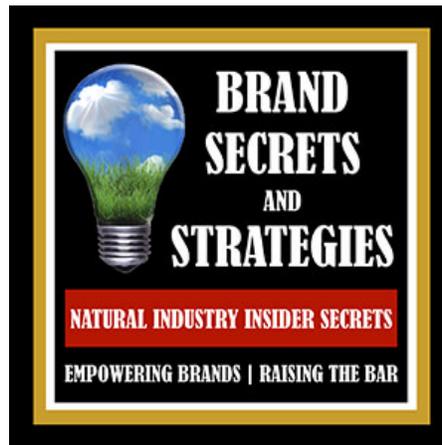
scope of impact. Maybe they associate organic with healthy, but I don't think anyone really knows why or the vast majority of the consumers.

I also think most consumers that are really obsessive about organic are obsessive about it when it comes to produce and not necessarily CPG. That hasn't really affected our approach because organic is a value that I will never sacrifice or abandon, but it just is and I'm curious about your feedback on that.

Dan: Well, let me back up a little bit. I'll give you an example, and this might ring true. Many, many years ago, we were talking about, what does natural mean? We as an industry had an opportunity to step up and define natural, but we didn't, and because there was so much infighting within our industry, within our community, "No, this isn't natural. No, this isn't natural enough. No." Whatever, and so that created a lot of confusion, it led to lawsuits, and so on so forth. That doesn't include the discussion around non-GMO.

I like to shop at a variety of retailers so I get a feel for what's going on in the market. For lunch today, I had spinach from O Organics, and I don't mean to embarrass any brands, but I think that this is relevant and it drives this point home. Next to the USDA certified logo, there's the disclaimer that says that, "This product meets the standards of no GMO." This is more evidence of why consumers are confused and why we need to make sense of all of this. Kind of put that in the back of your mind. Kind of use that as a frame.

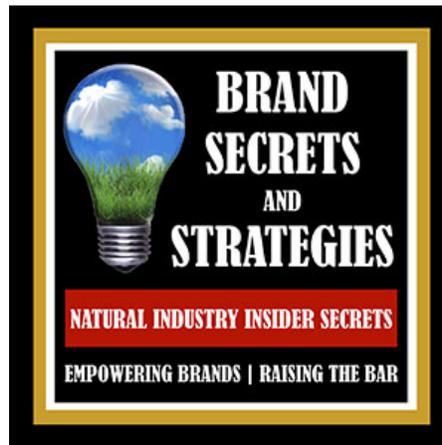
A brand delivers the value of promise, so know, like, and trust, and the reason that we buy branded products is because we can



trust consistent quality. We can trust them to deliver consistent quality all the time. A product that's USDA Organic Certified is a product that is not just certified once, but certified repeatedly. Some of the other labels that are out there, for example, people don't understand this. That it may have been certified one time but there's no one going back and making sure that it's still authentic, it still aligns itself or it... I'm trying to think of the word I want to use. That it still has those attributes in it. I'm thinking about non-GMO and some of the other products that are out there, et cetera, and nothing against them. It's better than nothing, right?

The reality is, we got... consumers don't think, for example, to pick on non-GMO for a minute, the fact that the seed is not genetically modified, well, that's really cool, but a lot of people don't understand that you can grow it in a field that has pesticides and herbicides in it. Who wants that? If you are what you eat, then what you eat matters. Going back to the bread example. If you eat clean, organic products, or regenerative agriculture even better, then you're going to get the nutrients that Mother Nature, or Father Nature, wanted to give you and wanted to set up for us. In other words, we're giving our bodies the absolute best that we can get, and as a result, going back to what your Dad said, preventative medicine. It's cheaper to eat healthy food than it is to pay a doctor to fix a problem that you created because you didn't eat healthy.

What I'm getting at by this, Ethan, is that if we can leverage that argument, if we can help consumers understand what's unique about that product, about a product that is certified organic, that is the highest standard in terms of I would say any of the

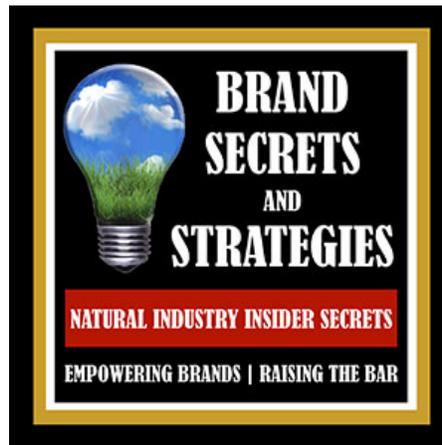


certifications that we've got out there, then that gives customers the ability to trust the brands that have that seal. Now, let me go one step further. If you can communicate the value of your product to your customer beyond a retailer's shelf, in other words in your community, then that's your opportunity to develop a community around your brand and that's your opportunity to help drive your customer in the store.

Let me frame this this way. If I walk into a store and I buy a shot of Ethan's, you don't know who I am. You don't know anything about me. However, if you can find a way to get me to engage in your community through an email or through something on your site and you can bend a community around me, and now you can leverage my relationship with you because I like your product and you can say, "You know, Dan, I'm thinking about coming out with a new product. What do you think about this?" Or a new flavor or a new bottle or a new whatever, and I can give you honest feedback because I'm not someone in a focus group that's paid 20 bucks an hour or whatever to give you the answer that you think you want to hear. Instead, you're getting real feedback.

You talked about trade marketing. Trade marketing is a horrible, horrible black hole for most companies. 70 to 90% of all trade dollars are wasted. We can get into that in a minute, but now, instead of rewarding me to buy a product, your product when I go into a store, you can provide an additional incentive or something unique and different that you're only going to give me or your other loyal shoppers within your community. This allows you to build that community around your brand.

Now, here's why this matters. Now, when you go to a retailer, you're no longer a commodity. You're no longer just another



package on a shelf. Now when you're talking to the retailer, your biggest point of leverage, remember, your customer, is you can say, "You know what? Not only am I nice guy, I got a cold package, et cetera, but I can also drive shoppers into your store." That's a point of leverage. People don't realize that a lot of the big brands don't pay slotting and they don't pay the menu fees, and going back to what we talked about a minute ago, if you could provide this exceptional value to the retailer, help them drive sales in their store, then that retailer is going to bend over backwards to help you grow your brand because they know that you're there to help them grow their brand, their brand in terms of their store, and help them compete more effectively in their market.

Did I answer question?

Ethan: Yeah. No, it definitely did, and I'm glad you brought up building community because I want to touch on that in two ways. One, with the consumer, I think that building trust and loyalty in your brand obviously know is paramount, but talking about how to do that, and for us... Well, my experience again with Harmless Harvest, when that product first hit the shelf it was just so much better tasting than every other product. I don't know if you're familiar with it, but it turns pink, and so we had people going to Whole Foods and we'd have the team members at Whole Foods put aside all the pink, because otherwise they would come in and buy all of them. I've always had that as my North Star for like, "All right, how do we find those people that are so obsessed with our product and every aspect of it that they're willing to go to those lengths for it?"



Honestly, one of the big things... Well, first of all, you can see on every single one of our bottles is my email address. I just put it right there because I want to interact with the consumer as much as possible, and I actually get a ton of emails-

Dan: Good.

Ethan: And anyone out there, I answer all of them. It's been just an awesome connection point to hear what people like and I've gotten some really funny ones about people who don't like it, but that's part of it, too. One major thing for us that has really influenced sticking with this is that people really appreciate the glass, and maybe it's a small percentage of consumers. My guess is it is, but those hardcore people that are going to see the lengths you're going to get your product into glass instead of plastic and talk about to all of their people, those are the ones that you have to stick next to. There is a huge financial incentive for me to change from glass to plastic, but honestly, a lot of those interactions have kind of convinced me otherwise.

The other one I think community-wise is just finding your home retailers, the ones who are willing to work with you. For me, the most valuable attitude that has contributed to that is just again going back to the pivoting fast and, well, being flexible and being able to move fast is you can do all the marketing research you want with those people, but you're going to put losers and winners on the shelf. Being able to respond quickly to those and addressing them and not hiding behind them has been really beneficial for us.

An example is we launched six Apple Cider Vinegar Shots. That turned out to be too many, and so we just... a couple of the



flavors that really were just dragging sales down and just got rid of them immediately and subbed in a new line. That was the MCT line. That's the way that we've chosen to go about it, and I think it's created a lot of appreciation from our retailers. Maybe a little bit of a pain when they have to reset the shelves, but they're doing it anyway and I think they really appreciate not leaving losers on the shelf when you already know they're not working.

Dan: Well, and that's a good point. I'm glad you shared that. You are owning your brand. A lot of people, kind of going back to what I said earlier about people... product gets taken out the back door and, "Yay! We're finished." You're owning your brand. Literally, your name is on the package. A lot of companies that's not necessarily true, but literally your name is on the package. You need to get everyone in lockstep celebrating your product, your brand with the same passion and enthusiasm as you do, one, and then two, the fact that you are managing your brand, your business and you're removing the... kind of getting rid of the dead weeds, et cetera, and replacing it with other products. That's brilliant, so kudos to you.

Kind of going back to what you're talking about a minute ago in terms of different retailers, different strategies, et cetera, you're not going to be able to be all things to every retailer. You're going to identify some retailers that are going to bend over backwards and work with you and help you be successful. Then, leverage that strategy, leverage that relationship, leverage those key learnings so that you can help other retailers understand the benefit of what you can do for them.

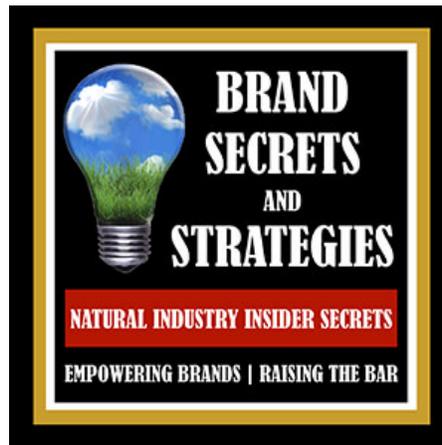
That's not a matter of you can't be all things to all people. That's obviously a part of it, but like you said, there's some retailers,



they're just not worth the effort to put in all that extra effort because they don't understand or get what your consumer means or what they look like, et cetera. They're going to sell your product and that's going to be great, but if you can knock the ball out of the park with a couple of specific retailers and then leverage that relationship with those retailers to help grow and get into the stores... Let me put it this way. Every brand out there uses what I would call a push strategy, and we talked about this a little earlier when I talked to you.

What I'm getting at is the current strategy today is that you need to go raise money, and then you need to go raise money, and oh, you need to go raise more money, and then after that, you got to raise more money. When you get an opportunity to sit down in front of... You laugh, but this is true. You know what I'm talking about. When you sit down in front of a retailer, they say, "Sit down, shut up and get out your checkbook." Not literally, but my point is this. Wouldn't it be great if you could get more runway out of your available funds? Wouldn't it be great if you could deliver a higher return back to your investors? Wouldn't it be great if you could do more to drive sustainable sales without being basically an ATM?

I have a belief that a CEO should not be a perpetual fundraiser. This is your ship. Your hand needs to be firmly on the wheel and you need to be steering that. You need to be directing your broker, your distributor, everyone to help drive sales for your store, I'm sorry, for your brand. You can't do that if you're always out raising money, you're worried about the capital constantly. This is why I recommend what I call a pull strategy. A pull strategy is where you focus first, second, and always on the

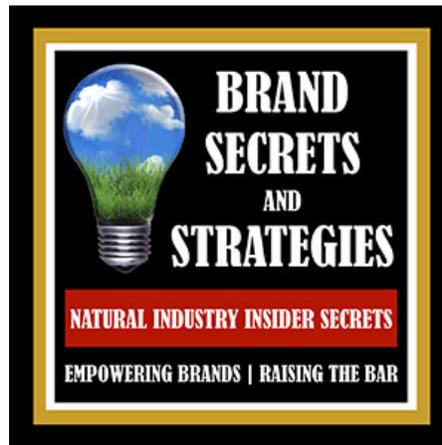


consumer. A pull strategy is where you develop a strong, rich community that is behind your product a hundred percent, and then being able to leverage that community to drive sales into a retail store.

What I'm getting at is that if you've got a vibrant community that you can drive into a specific retail store, then that's going to help you differentiate yourself on the shelf, first of all, and secondly, it's going to help you create more value for your retail partners and it's going to give an extra incentive for those retailers that aren't working with you to want to get onboard and support you. Again, this gets back to your strategies that we're talking about.

If I understood what you're asking or what your question was, there's certain retailers that you really need to excel in. There's certain retailers you really need to focus on and you need to succeed and you need to do very, very well in and the leverage your ability to grow sales within that retailer to help drive sales in other retailers as well. The pull strategy, the rest of that conversation is that if I see you're doing really, really well in retailer A but now you're going to talk to retailer B, retailer B is going to say, "You know what? I want some of that. I want those customers in my store."

They're going to call you and say, "Look, we want you on our shelf." That's where you have that opportunity to negotiate. "Look, I really can't afford to pay slotting and I really can't afford whatever." That gives you a different conversation, then. How much money can you spend on menu fees? Or, how often can you promote? The reality, again, a lot of that trade spending is wasted. Does that help?



Ethan: Yeah. No, it absolutely does. I was laughing just... I'm raising money right now, too, but like you said, you have to be careful, especially the founder and CEO because a lot of people want to see the founder involved in this. Let me use the example of my name is literally on the packaging, but even for any brand, I go to all my sales meetings still and talk to retailers

Dan: Good for you.

Ethan: It seems to really mean a lot to buyers and I think one of the things I've been trying to translate to customers... one example, like I said, was putting email on the bottle, there is a real person behind this company that hears what you're saying and that's working to make the best products for you. It's really hard to do that if you're constantly just raising money just to pay add fees and distributors and retailers. You hit on the major pain point. The main solution for us there is eCom, and I know that's not the answer you want to hear because we all need to figure out how to make this thing work a little bit more smoothly and eliminate some of those dead dollars that are just being dumped into trade spend without any reason.

eCom is a magical tool that if... It takes its own spend, but it's something you can control much more closely. You can get a lot better analytics about who your customer is, how many people are returning, what the demographics are, et cetera. That's been one. We really jumped out at retail, but since then we've spent a lot of time and we're really kind of building it out right now is building a sophisticated eCommerce platform.

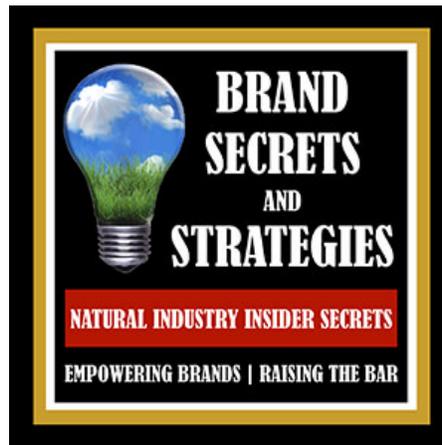
Dan: Actually, I think that's a great idea. I'm not against that at all. I tell a lot of brands that you need to start with eCom. Brick and



mortar is expensive, really expensive, so no, I disagree. That's one of the things that I tell literally every brand to do. Now, one of the things I would encourage you to do, Ethan, would be to start capturing those email addresses and start building a relationship with those customers that take the time to reach out to you, and then by doing that, going back to what we talked about a little bit ago, that gives you a unique relationship with that customer. You can leverage that relationship to validate new product ideas and innovation. You could leverage that relationship to help you get into other stores.

For example, you could say, "Hey, customers in Colorado market, whatever market, go into your whatever retailer and buy one of my products or let me know where my product is", or something like that. You could have games around it, et cetera, but my point is this. The ability to develop a community outside of any retail environment, including eCom, is so critically important because at the end of the day, think of it this way. What would you have left if all the retailers in your market closed? Now, granted, that's pretty far-fetched, but at the end of the day, it's your brand. You own it. How would you want to protect your investment as you go forward? By building a community, by leveraging those email addresses, et cetera, to start educating your consumer. What is this stuff about? Then, start showing how your consumers are using it.

Putting testimonials on your website, that would be a great way to help build that engagement. One of the things that a lot of brands will think about is that consumers don't buy things the same way that they used to. When I was younger, you would go in and buy the red box or the green box or whatever. Now,

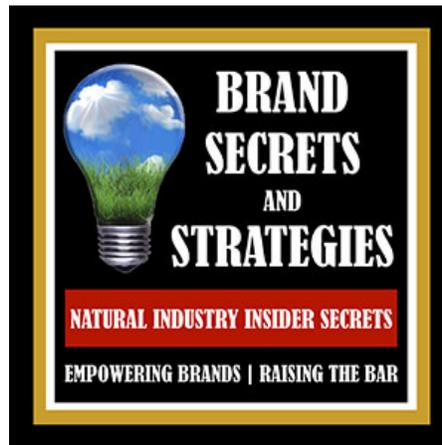


consumers pick up the package and they look beyond the four corners of the package and they do research and they want to go online to your website. They want to check out what you've got in all the different social platforms, et cetera. They want to understand how people are using your product beyond just the traditional way. I would leverage that as part of your strategy in addition.

Ethan: Absolutely, and I think this is kind of turning into an overarching theme of this conversation is just connection to the consumer. That's been incredibly valuable. I think we can continue to leverage it more, but that is who is buying your product. Sometimes it feels like we ship product and we see data that people are buying it, but we don't know who it is. The more you can connect to those people, whether it be through demos or making yourself maybe a little bit more available or however it is, or email marketing when people sign up. Reach out to those people who are actually buying your product and find out why they bought it off the shelf instead of anything else next to it.

Dan: Well said, and you're right, this is all about connection to the consumer. If you don't have the consumer... if you're not aligned with the consumer that buys your product, you have nothing. I mentor literally hundreds of brands, and it's kind of tough love, but I'll tell a lot of brands, "Look, just because your Mom likes it doesn't mean everyone else will." You need to know, what does that consumer look like? Where do they live? All of that other stuff.

I really appreciate you taking the time to go through some of these. We've been having a great conversation. I told you when we talked earlier that I was going to give you an opportunity to



ask me about a pressing bottleneck or a pain point, and I feel like I've had you in pain all the time, this entire time, but what is your pain point? What is your bottleneck that I could try to help solve for you?

Ethan: Well, no, we did just hit on most of them. The two that I really wanted to bring to this conversation, one I think is a more general one. It's about education. I am sitting here with a product line that I'm super proud of. It's functionally formatted. It tastes good. It's in glass, organic. It kind of checks all the boxes, but how to communicate those things to the consumers so that they really understand. For instance, why we're doing glass instead of plastic and what that means to us is I think an important one, and also, education about organic. The second one is our main merchandising challenge, which we already touched on.

Dan: Well, and let's talk about the glass versus plastic. Your product costs more money because you put it in glass. However, the consumer

Ethan: That's right.

Dan: That gets it and understands what you're doing and why you won't settle is the consumer that's going to say, "2.99 for glass bottle? No big deal. I can pay 2.99 for a little plastic shot that's full of unhealthy ingredients that I can't even begin to pronounce." You know what I mean. Some of those products are not the best for you, and the point is it's a-

Ethan: I said in the previous podcast that I said that... Well, so we're launching these Energy Shots, which I've told you but we haven't touch on in this podcast. It's an organic healthy energy shot, and



I on a previous podcast talking about them said unlike other energy shots, these won't stop your heart and kill you. I had to kind of rewind that be careful about what I said, but I'm totally following and agreeing with what you're saying. I think just how to talk about that exactly and how to make people understand some of the points that we emphasize, value.

Dan: Well, and thank you for saying that. That's where you build your community outside of any retail environment. Again, it's your community, your customer. Your ability to connect to the customer that is so critically important for every retailer. A lot of people, you think about processed foods and you think about all the sugars, we touched on that a little bit. There are a lot of things that we're putting into our bodies that are not designed to go in our bodies. People don't think about it. Cows, for example, were not designed to eat hay and grain, and so we're eating the meat or drinking the milk, et cetera, and think about that entire supply chain in terms of delivery of the milk or whatever products we're getting and how that impacts us.

Again, if you are what you eat, then what you eat matters, and going back to the bread example, that's why this stuff matters because brands like you that have high standards, that won't settle, brands like you that are trying to differentiate the space, not trying to be a me too brand or try to follow everyone else, kudos to you. The fact that you have got the courage and the wherewithal to be able to differentiate yourself and to be able to not settle, I applaud you. Again, I think your bottles look great. I think that you've hit on all the things that are so critically important. You've got that awareness in terms of how your



products are doing and you're playing close attention to your brand.

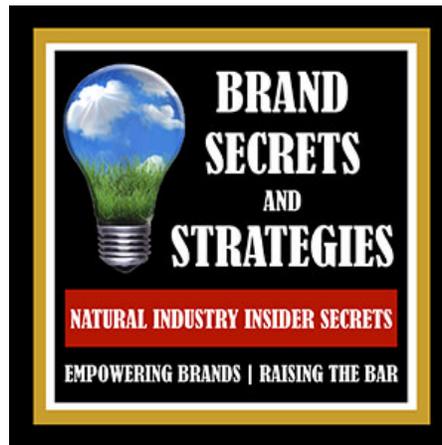
The only thing I think that you need to do in my opinion, Ethan, is find a way to better understand who your core consumer is and then develop a one-on-one relationship with them. The fact you've got your email on the bottles, that's amazing. Most brands don't take the time to do that. Now, going a step further and start communicating those consumers and start asking them questions. Sort of a side note, there's a brand that I worked with many, many years ago. I did it on the cheap for them. They didn't have a lot of money. They were a small brand and I had them do an unscientific Facebook survey. They got a lot of great feedback and then I used some of the comments that some of the people, some of their customers put in that survey and I baked it into their deck, into their pitch deck. As a result, they managed to go from a few stores within a chain to the entire chain nationally.

There's a lot of value in the way your consumer talks, and by the way, because we're able to better understand the language of the consumer, now we're able to put that into the branding and better communicate the value of the product. Not only to retailers but back to the consumer as well. Does that help?

Ethan: Yeah, absolutely.

Dan: Do you have any other questions you want to ask me? Anything else I could help with?

Ethan: You know, Dan, I think this has been a very productive conversation for me.



Dan: I've enjoyed it.

Ethan: I think we're all good.

Dan: Well, I've thoroughly enjoyed it, so thank you so much for your time. I really appreciate it. I'll put a link to Ethan's on the website and in the podcast show notes. If there's anything you can think of, reach out to me. Again, I'm really thrilled with what you're doing and I'm a fan.

Ethan: Definitely will reach out and thanks so much again for having me on.

Dan: I want to thank Ethan for coming on today and for sharing his story. This is very inspirational and I hope you learned a lot from it. I'll be certain to put a link to Ethan's on the podcast webpage and in the podcast show notes. This episode's free downloadable guide is The Essential New Item Checklist: The Recipe For Success. This guide contains many of the foundational elements that you need to succeed. Things that if you can do, you can accelerate your growth and compete more effectively. How you can become more than just another package or on a retailer's shelf, or as I like to say, how to get our product on more store shelves and into the hands of more shoppers.

You can get this free downloadable guide and the show notes at brandsecretsandstrategies.com/session129. Thank you for listening and I look forward to seeing you in the next episode.

Ethan's <https://ethans.com>



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.

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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.