NATURAL PRODUCTS INSIDER

SUPPLEMENT PERSPECTIVES

Keys to Success in the Mass Market

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Pat Schneider | Jul 14, 2015

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Nutritional and natural products making an initial entry into the mass market or crossing over from the natural channel often struggle for success. Brands that have been successful in the natural channel usually can attribute that success to two key elements that are missing in the mass channel: excellent customer service and a knowledgeable, friendly and passionate sales staff. In the natural channel, companies have "feet on the street" to promote products in the aisles and educate consumers on the features and benefits of a brand. However, in the mass channel, it is often difficult for consumers to find sales clerks for assistance, and the clerks usually have limited knowledge about the category.

To ensure a brand is structured for success when making an entry to the mass market, companies must be prepared to make a three-year investment for building its brand rather than adopting a cash cow or harvest mentality with expectations of a robust return on investment (ROI) in the first year.

There are five keys elements a company must have in its strategic launch plan to strengthen its chances of success in the mass market:

1. **The right mass-friendly product mix**.

It is essential that companies launch products with features and benefits that consumers can clearly understand without the assistance of a sales clerk. Products with unclear benefits or confusing/questionable categories (i.e. homeopathy) can often fail. The front panel of a product must state its benefits simply and succinctly. Companies should offer a broad range of uniquely differentiated products, not just one or two stock-keeping units (SKUs), to create a billboard effect on the shelf and heighten in-store visibility of the brand. Additionally, if products are currently sold into the natural channel, a clearly distinct line of products should be launched in the mass market. These products might include unique pack sizes and differentiated delivery formats.

2. **The right shelf with the right planogram**.

Companies should launch products in a category that is not cluttered with competitors or already dominated. They should consider positioning themselves as experts in developing products in the particular category, and also ask for the "category captain" role with the retail buyer to give the company merchandising leadership on the shelf. As mentioned earlier, launching with multiple SKUs rather than a limited line, will also solidify a company's role as the category expert.

Placement on the right shelf is essential. A company should propose the buyer create a condition-specific section for its product line, if one does not already exist (i.e., stress, bladder health, ear health). This may require investment in merchandising fixtures and signage. Zarbees successfully created a "Naturals & Immunity" condition-specific section at Target without a fixed merchandising unit. Compare this to the recent Olly supplement line launch at Target, which introduced a line of 23 SKUs in a self-contained merchandising fixture with impactful branding.

If a condition-specific section cannot be created due to financial constraints or retailer barriers, another option is to carve out a condition-specific niche section within a high-traffic category; in other words, follow the money. For example, the VMS (vitamins, minerals, supplements) section is one of the leading HBA (health and beauty aid) categories in dollar and unit sales. Also, merchandising within the VMS section optimizes a company's success as continued strong growth in this category is projected based on the aging demographics of the United States. This may require merchandising with competitors in the VMS space and creating compelling arguments to overcome the retailers' proclivity to merchandise by manufacturer instead of condition (i.e., hearing, urinary tract health, stress).

3. **The right secondary display**.

More than 90 percent of product purchases are made in-store, standing at the retail shelf level, with many brand-switching decisions taking place within the last three feet on the path to purchase. Heightened in-store visibility is the key for converting prospects to purchasers, and off-shelf display and/or secondary placement is essential. Perimeter sales (front-end display, pharmacy display, end-of-aisle gondola) typically do better than center store sales. Categories that do especially well in secondary displays include healthy living SKUs. For the last several years, a large percentage of national brands have sold a significant portion of their annual volume through strong merchandising programs, and by using secondary placements. When Olly recently launched at Target, in addition to the 23 SKU merchandising fixture in the VMS section, they also prominently featured select SKUs on high-traffic end caps.

4. **The right co-marketing partners**.

If a brand is not big enough to command a significant share of shelf within the center aisle, or if it does not capture a majority of the real estate in perimeter secondary displays, the company might consider co-marketing with synergistic brands. Co-marketing with secondary competitive manufacturers can create engaging planograms and inviting off-shelf displays to build a brand in the mass market channel. Key consumer demographic trends suggest that health living and aging are ripe for co-marketing. Companies should choose partners that do not directly compete with their brands, but that are complimentary to addressing the condition targeted by a company's product. For example, a manufacturer of dietary supplements targeting stress could create a "relaxation destination" and build an end-cap display with chamomile tea, chocolate, wine, massage products, soothing CDs, tension-relieving heat wraps and yoga mats. Or a dietary supplement targeting bladder health could create a "bladder stop" (pun intended) and build a display with urinary tract OTC remedies (AZO), cranberry juice, incontinence products, feminine hygiene (panty liners, thin pads, deodorant) and even stress products. These types of displays are terrific opportunities for cross-promotional couponing, cross-product sampling or cross-product volume discount purchases. Such promotions are also ideal for creating specific kits or for offering samples. CVS recently promoted an arthritis relief kit that included a jar opener, a grocery handle bag and a free issue of *Arthritis Today* magazine. The kit was sponsored by several arthritis-specific brands such as IcyHot, Motrin, Dr. Scholls, Thermacare, Advil, BenGay, Aspercreme and Aleve.

5. **The right in-store promotions**.

If marketing budgets are limited, allocating a majority of the spending to trade promotion should be considered. Deal activity plays an important role in driving interest and engagement. A large share of nationally branded product volume is sold through deals every year. Many consumers today are stocking up on items when they are on sale and are making additional or unplanned purchases upon seeing products/deals in store. Excellent in-store promotional vehicles to stimulate trial and awareness are in-store circulars, TPRs (temporary price reductions), IRCs (instant redeemable coupons) and BOGO (buy one, get one) sales.

Although there is no magic bullet for winning in the mass market, and these key steps do not eliminate the need for a solid product with a credible and relevant USP (unique selling proposition), including these elements into a strategic launch plan will strengthen a company's chances for building a successful franchise in the growing mass market retail segment.

Pat Schneider is a general management “C-suite" executive with solid P&L experience and expertise in turnarounds. She has a strong background in leading existing business units, opening new markets and launching products globally for organizations including: Procter & Gamble, Johnson & Johnson, Bristol-Myers Squibb, Bayer, Herbalife, Twinlab, Unigen and Nelsons. She is currently interim-CEO of Healthy Bizz *, a Seattle-based strategic consultancy focused on “Growing Healthy Profits for Healthy Products." Schneider is also the Washington state chapter chair of the United Natural Products Alliance (UNPA), where she is responsible for increasing membership in this key natural products region of the United States. She holds a bachelor's in microbiology, an M.B.A. in finance and marketing, a J.D. in commercial law, and is a licensed attorney in California. Schneider can be reached at* Pat@HealthyBizz.com *or (310)779-6695.*