



By Anthony Raissen

Dreams and Nightmares: Taking DR Products to Retail

The dream of nearly all DR marketers is to see their product on the shelves of tens of thousands of retailers across the country. Unfortunately for many companies, this dream often turns into their worst nightmare. But this is only discovered after losing thousands of dollars paid to retailers for slotting and set up, and potentially millions of dollars of product sitting on shelves gathering dust.

This dilemma often befalls very competent people and successful companies because they don't have the arcane knowledge of how to work with retail chains, know before embarking on this slippery slope.

The Transition From DR to Retail

When launching a DR product through retail, ask yourself the following five key questions:

1. Have I created enough awareness through DR advertising?
2. Is there enough demand to ensure sufficient turns?
3. Do I have the financial resources to pay for inventory, slotting and new item set-up?
4. Do I have sufficient human resources to deal with the distribution logistics?
5. Can my production capacity keep up with the retailers' demands?

The No. 1 question I get from DR clients is, "How much money do I need to spend on media before I take my product to retail?" There is no set formula. This will depend on: the type of media used (print, radio, TV or Internet) as well as the creative; consumer acceptance; the number of competitors in the category; the repeat purchase cycle; mass appeal and more. A quick rule of thumb is to reach at least 70 percent of your primary target audience with at minimum frequency of 4.5 impressions per month before you tackle retail.

However, you don't always have to think nationally. With the consolidation of the retail landscape, there are fewer options available today, which makes it difficult if you are not equipped for a full national rollout. However, it is possible to work with

national retailers and keep your distribution regional. Another creative entrée is to focus your product in stores that cater to specific socio-economic areas that match your product demographics.

Choosing the Right Time and Correct Channel

Choosing the right time to roll out to retail is not as simple as it might seem. Retailers today typically run on a "Planogram" schedule. What this means is that for every category in the store, there is an annual calendar that determines when the buyer reviews the category,

Drug, food, mass, health, convenience store and more — when faced with this number of choices of rollout channels, you have to be careful in choosing which is the best match for you.

Match your products to the needs of the shoppers in the specific channels. Understanding the demographics and psychographics of each channel's customers, as well as the costs associated with doing business in each channel. Here are three examples of cost considerations:

- Health food stores typically deal with distributors, so in order to do business in this category, you need to have your product listed with a few health food distributors. The distributor usually takes a 25-percent discount off your wholesale price. This needs to be factored into your cost structure.
- Drug stores deal directly with manufacturers or with distributors. However, a drug distributor takes less of a discount (+/-10 percent) than a health food distributor.
- Supermarkets typically charge a new item set up fee, as well as a "per-store" fee. The per-store fee can range from less than \$10 to more than \$30 per store. While this may not seem like a lot of money to an eager entrepreneur, it adds up quickly when you look at thousands of stores.

These are some basic issues that one should consider in determining if going to retail is the right choice. Navigating the retail minefield is not for the faint of heart. There are experts who can help you evaluate and compile the right retailers, launch strategies and resources. Construct the right foundation before embarking on building your retail empire. ■

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