



By Anthony Raissen

Till Death Do Us Part: Retail Partners ... Together

Making the decision to take a product to retail can be compared to the process of getting engaged and then married — with one significant difference. It's often easier to get divorced from one's spouse than to get divorced from a retailer.

Marital divorce results in partners splitting the assets, whereas in a retail separation, you get back all your product and — worse yet — pay for the retailer to pack it up and ship it to you!

Fear not, though. Many couples are happily married, and most manufacturers and retailers have a wonderful mutually beneficial relationship.

Getting to the Retailer

There are many ways to get your product in front of a retailer:

- Participate in trade shows
- Call directly on a retailer
- Use a broker to represent you at retail
- Use a wholesale distributor

Each of these methods has advantages and disadvantages, and there is no hard and fast rule for the process. However, small mistakes can be costly.

The most efficient way is often to engage the services of a retail broker. Brokers charge a commission in the region of 5 percent. While this may seem like a lot, a good broker provides both the introduction to the retailer through an established relationship, as well as helps with the process of setting up the account and filling out the retailers' complex "new item" and "set-up" forms. Most importantly, a good broker will help you navigate through the maze of new vendor requirements and alert you to the many "dos and don'ts" associated with a specific retailer.

Choosing the Right Retail Partners

With the high cost of entering the retail channel today,

let's put the emphasis on the word "partnership." It is imperative to be on the same page as the retailer with regard to expectations on both sides. The retailer relies on the manufacturer's commitment to advertise and promote the product, via traditional media venues, as well as through the retailer's

own channels — store fliers, on-shelf and off-shelf merchandising vehicles, temporary price reductions (TPRs) — where the manufacturer pays for the cost of the price markdown — and BOGOs ("buy one, get one free").

Keep in mind that the retailer needs to have a constant and steady supply of products in order to stay in business. However, if there is no demand for *your* product, the retailer stands to lose money, as your product will be taking up space that could be more profitably allocated to a product that is in demand. That's why sell-through strategy, advertising and support are so critical.

Unlike 10 years ago, today many retailers will accept a new product, even if the manufacturer carries on with its DR campaign while the product gains initial retail distribution. Through a proven track record of many successful DR-to-retail products, retailers understand — and have the sales to back up the theory — that up to 90 percent of consumers who see a DR commercial will not buy through DR, but prefer to see, touch and feel the product at retail.

Far too often, the media commitment by the manufacturer to sell-in a new product is never followed up with the actual buy. The manufacturer figures he's now got the retail distribution, so why spend the money to advertise — being on the shelf is enough, they believe.

Without the advertising support, this almost inevitably creates a situation where the product does not meet sales expectations, and the retailer will either send the product back, or destroy it at great expense to the manufacturer. Once you make a promise in a partnership, you have to keep it. The retailer has filled its part of the bargain; the manufacturer must keep its end if the product is to succeed at retail. It's no different than marriage.

The Bottom Line

- Create cost-efficient strategic marketing, advertising and sales programs
- Apply a phased approach to minimize risk and control the outlay of funds
- Get to market efficiently and effectively
- Analyze your results throughout the different cycles of distribution
- Sustain distribution
- Don't let up the advertising if it's working — not until your product is well established with retailers
- Drive company growth and product sales. ■

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