



Selling to Retailers

Summary

Once you've defined the market segment for your product line, you can begin identifying your targeted retail buyer. Developing a database of prospective accounts should be your first step. Web research for store names and addresses can be quick and easy once you've defined your geographic territory. Start locally and gain experience with your hometown retailers. As you expand to regional markets, make sure you take into account the systems you will need in place for delivery, shipping, or distribution.

Researching your segment

Your first step is to become familiar with your market segment. Crossover marketing occurs when your product positioning, identity and marketing materials can effectively create sales for your product line in a number of segments or niches. Consider the advantages of crossover marketing, but make sure that your positioning within segments works on all levels: logo, product image, packaging, price point, and merchandizing. For instance, natural food products can often crossover to specialty, gift, and gourmet markets if the packaging and labels are high enough quality to compete in those markets.

Selling and Customer Service

Once market relationships are established and you are selling your product, you must provide excellent and distinctive customer service during and after the sale. You need to consider the needs of each category of customer: your distributor, retailer, foodservice provider, and the individual consumer of the product. You also must gather market intelligence on an ongoing basis. Market intelligence is information provided directly by consumers or middle marketers (distributors, retailers, brokers) which can help you effectively make sales. Some important systems to develop and perfect include:

- Efficient order processing, such as order placement, invoicing, and tracking systems.
- Appropriate and reliable distribution channels.
- Service after the sale through merchandizing.
- Exceeding expectations of quality for both your product and service.
- Relationship building by maintaining ongoing dialogue for market intelligence.



Definition of Terms

Getting your product line accepted by a retailer is just the first step in growing your business. Your business can only grow through product reorders if your customers are happy and knowledgeable about your product line. Servicing accounts to achieve this goal is a continuous process, and includes:

Shelf-placement: Work with your category manager or retail owner to gain a preferred shelf-placement at eye level.

Slotting allowances: Many grocery chains and specialty stores require a slotting allowance before placing your product on their shelves. Slotting may also be referred to as "push money" and "placement fees," and may be paid in cash, discounts, or free product. Do your best to negotiate out of having to make this payment.

Advertising and cash allowances: A retailer may also require payment for in-store advertising in inserts or circulars to boost sales of your product. Make sure you have a mutually clear understanding of these allowances.

Bill backs: When agreeing to advertising allowances, the retailer may deduct the allowance from your invoice.

Demos: Demos and demo allowances are in-store demonstrations of your product or budgeting funds to the retailer to conduct demos using their store staff or outside contractors. Offering demos or demo allowances to promote sales of your product is common practice within the industry. You may do your own demos, hire professional demonstrators, or pay a fee to the retailer for their staff to demo.

Sampling: Many retailers will expect free samples of product to offer to their customers. Make sure you mark your samples as such, and track the number of samples you provide to your accounts.

Merchandise allowances: Retailers will expect introductory offers and periodic discounts from you to promote and introduce your products. As a manufacturer, you will want to monitor your free merchandise to maximize the promotion of your product.



Types of Retailers

By Type of Store

Grocery Store: Any retail store selling a line of dry grocery, canned goods, or nonfood items, plus some perishable items.

Supermarket: Any full service service grocery store with annual sales of \$2 million or more.

Convenience Store: Compact, drive-to store offering a limited line of high-convenience items. Over half sell gasoline and some sort of fast food. They are often open long hours and provide easy access for the consumer.

Independent: An operator of up to ten retail stores.

Chain: An operator of eleven or more retail stores.

By Store Format

Limited Assortment Store: A store with fewer than 1,500 items, primarily dry grocery with few, if any, perishables. Small gross margin and workforce. Virtually no service.

Supercenters: A large food/drug combination store and mass merchandiser under a single roof that offers a wide variety of food and nonfood merchandise. These stores average more than 150,000 square feet and typically devote as much as 40 percent of the space to grocery items.

Warehouse Store: A store with more than 1,500 items, primarily dry grocery, with some perishables. Small gross margin and workforce. Limited service. Most have scanner checkouts. Warehouse stores tend to eliminate frills and concentrate on price appeal. A hybrid warehouse store has the same characteristics but includes over 7,500 items, mostly perishables, and possibly some specialized service departments, such as a deli.

Superstore: A supermarket with at least 30,000 square feet, doing \$12 million or more annually and offering an expanded selection of nonfood items. Offers specialty departments and extensive services.

Combination Store: Same as a superstore, but the space devoted to nonfood items is 40 percent or more of total. Evolved from combination food and drug stores through common checkout.

Wholesale Club: A membership retail/wholesale hybrid with a varied selection and limited variety of products presented in a warehouse-type atmosphere. These 90,000-plus square-foot stores have 60 percent to 70 percent general merchandise and health and beauty care



products, as well as a grocery line dedicated to large sizes and bulk sales. Membership is offered to both businesses and consumers

Print Resources

From Kitchen to Market, Ch. 1: "Understanding the Food Industry"

Kitchen to Consumer, Ch. 7: "Marketing Your Product" Marketing to the New Natural Consumer, Part I: " The New Consumer"From Marketing Aesthetics - The Strategic Management of Brands, Identity, and Image

Establishing a Shared-Use Commercial Kitchen, Ch. 7: "Marketing Specialty Foods" (available through the National Business Incubator Association's bookstore. Visit their web page at www.nbia.org)

Look for these book titles at you public library or local bookstore. All books are also available through online booksellers, such as amazon.com.

Web Resources

[Supermarket Business](#)

[Supermarket News](#)

[Food Marketing Institute](#)

[Food Distribution Institute](#)

[Natural Business](#)

[New Hope Media](#)

[Natural Food Merchandiser](#)

[Gourmet Retailer](#)

[The Food Dude](#)



National/Midwest Chain Stores with Web Sites

[The Kroger Company](#)

[Copp's Food Centers](#)

[Meijer Stores](#)

[Ralph's](#)

[Big Bear Stores, Inc.](#)

[Friendly Foods, Inc.](#)

[Byerly's](#)

[Dorothy Lane Market \(Dayton, OH\)](#)

[Jubilee Foods](#)

[West Point Market \(Akron, OH\)](#)

[Cub Foods of Dayton](#)

[The Flavor of Ohio \(North Olmsted, OH\)](#)

[Eagle Food Centers, Inc.](#)

[Whole Food Market](#)

[Schnuck Markets, Inc.](#)

[Wild Oats Natural Marketplace](#)

[Heinen's, Inc.](#)

[Tops Friendly Markets](#) (in Ohio - Finast)

[Spartan Stores, Inc.](#)

[Sea Way Foodtown](#) (now owned by Spartan)

[Albertson's](#)

[Hy-Vee, Inc.](#)

[Food Pride](#)

[Safeway](#)

[Sam's Club](#)

[Kohl's](#)

[Pick'n Save](#)