

## **Successful Retail Marketing**

Despite the jokes that you only buy wholesale, there are certainly times when your uncle in the relative business is out of town and you are left with little choice but to venture into the aisles of an actual retail establishment. While there you will notice a wide variety of products and brands, each vying for your limited attention. On the other side of each of these products are companies that worked hard in order to earn that spot on the retail shelf. This article is about the strategies they may have pursued in order to get there, and what you need to do if someday you wish to have a product or two of your own selling retail.

### **A Managed Strategy**

The most effective way to launch a product for sale through retail channels is to develop a set of managed strategies that will allow for the introduction of the product through the varied categories of retail channels, as appropriate for your product. The use of managed strategies will provide for the systematic launch of the product, which in turn leads to the maximization of your revenue potential through a broad based distribution network.

Your success in the retail arena will be a function not only of the worthiness of your product, price structure, branding and market communications, and in-store positioning and marketing, but also your understanding of the retail environment and how well you operate therein. By following a managed strategy, that expresses the nature of the varied retail levels, you will avoid pitfalls that have doomed so many products as they jumped all over the retail field searching for better exposure or higher margins. The undisciplined companies behind these products invariably witnessed their demise time after time. For while each level of retail provides different profit margins and requires different marketing strategies, each is part of the overall retail environment, and need to be treated as such. Therefore a strategy is required to navigate the world of retail. And it needs to be managed so as not fall to temptation before the time is right.

### **The Retail Levels**

The first level is comprised of national print media retailers, cable shopping channels, national catalogs, infomercial retailers, direct mail houses, and multi-level marketers. A product would use these channels initially in order to gain exposure, as these vehicles are all mass consumer in their reach. Another virtue of beginning at this level is that unpopular products are identified easily, saving greater costs down the road. Similarly, this stage provides promising products with the opportunity to improve by learning strengths and weaknesses and which adjustments need to be made so as to insure success in more competitive retail environments. It should be noted that the costs associated with this style of retail can be higher than other avenues. Sometimes this cost is absorbed through lower margins, and sometimes pricing is slightly adjusted to reflect the higher costs.

The second level is the specialty retail chains. These retailers generally focus on one category of consumer interest, although they carry a wide variety of product categories. Examples of these type of retailers would include department stores, drug store chains, supermarkets and retailers like Best Buy (electronics), Home Depot (home

improvement), CompUSA (computers), Bed, Bath & Beyond (home fashions), and others. The placement of product in these sort of retail outlets can be successfully achieved once the product enjoys some consumer recognition. The use of limited advertising can then be employed in order to support the product. Also, placement in these specialty stores allows you to focus on which core consumer interest you are seeking to be identified with, permitting you to concentrate your branding efforts and create a consumer image in line with the retailer's image. For example, if you have a product that is targeted solely to the automotive sector you would seek to be placed in retail outlets that focus on automotive supplies such as Pep Boys and Strauss Stores. The identity of these stores, however, also permit products that are not targeted solely to the automotive market, but are suitable for that market, to be identified as automotive products by virtue of their placement in automotive specialty stores. On occasion this will allow products to enter into various categories simultaneously. This is a core benefit of retail at this level.

The third level is the mass merchandisers. These stores – WalMart, K Mart, Target and the like, are considered category killers because their buying power is so immense that they are able to dominate complete categories. By way of example, WalMart sells 25% of all computer game software in the United States. Needless to say, when it voiced objections to the sexual and violent nature of some games (and subsequently refused to carry certain titles) it had a profound effect on cleaning up some of the games. Moreover, the category killer title (not a name they prefer), refers to their ability to sell merchandise at extremely low prices, passing on to you – the supplier, extremely low margins. Their theory is you make your profit in the huge volume they deliver. They are often correct. But the inherent risks associated with doing business with these huge operations make them a late stage retail strategy.

The final level is the warehouse clubs and discounters, such as BJ's, Sam's Club and Costco. The dangers and advantages associated with the mass merchandisers are even more pronounced at this level. Certainly only products that have passed through the retail cycles and have now achieved the volumes and manufacturing efficiencies required to sell at steep discounts are able to sell to these retailers at any reasonable margin.

So there you have it. Selling to retailers is a staged process that requires great thought and managed strategies in order to succeed in such a way that your potential has been maximized.

So next time your uncle in the business is out of town and you're forced to buy retail, consider all the trials and effort the manufacturer went through to get that product to you.