

“Special Considerations When Bringing Supplements & Personal Care Products to Market”

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There is an attraction and distraction when walking in to the supplement and body care section of a natural food store. There is mystery and confusion—hope and despair. It’s easy to forget that this is how a customer views the department when you are an innovator with a new and wondrous item to add to the product mix. You see clearly; you have studied your category segment; you know the brands; and you most importantly know where to look for what you want. You are the expert. But the customer is not and all too often confusion wins out over curiosity. Once you understand this you are ahead of the pack and can become objective in analyzing your own opportunity to be successful in the category. Ask yourself how you draw the customer down the aisle and into your world. If you can do it then you get the green light for your new product. If you are doubtful it’s time to go back to the drawing board—never underestimate how daunting the product mix in this department appears to the customer, more so than any other department in the store.

Okay, now that you are totally discouraged, let’s look at how you can achieve new product success. While blockbuster products (think SAM-E or Glucosamine or cosmeceutical facial care) come to market infrequently, there is plenty of opportunity for product enhancements that can step up efficacy. Enhancements come in what I call product idea waves based on anything from strict science to word of mouth anecdotal evidence. These waves are often followed by consumer interest which results in the creation of a positive trend. You, the savvy manufacturer, want to be in on the wave and in front of the trend. The question is: how do you get there?

Thinking it Through

Well, let’s take a step back for a moment and be brutally honest: new companies bringing new supplements and bodycare products to market are doing so because they have potentially discovered the next newsworthy ingredient or because they understand a new way to fill a consumer need—they think. This is not generally a result of internet trolling for scientific discoveries but more likely a product of invention based on personal needs. This means you have an idea or combination of ideas *before* starting any research. Big problem? Not terribly, unless you are really out in left field. My recommendation is to take that idea and use it for the basis of your “wave” research. Now is the time to troll the internet for science and anecdotal evidence. Talk to people; bring in a consultant with experience in the category; subscribe to trend analyst newsletters and get direct information from data repositories. These resources will guide you in your product development and the positioning of your product for the end-consumer.

As you move forward you will begin to develop a thorough understanding of the investment this type of project requires. I recommend a business plan for each new solution you create. By this I mean if you have the next best formula for staying healthy during flu season the business plan will be for all sizes and variations on the basic product. Or if it’s a new facial care regime include all items and sizes in your plan. Write up both your sales projections and spending investments and itemize them against your actuals as you proceed. Also include a timeline that outlines all the next steps. This will help keep you on track. As an added benefit, the product specific business plan can be very neatly turned into a vehicle for presentation to investors (very likely investors will become necessary as you fund your project). Additionally, the process of building this plan will bring up questions and issues that you, the supplier, will have to face eventually. Thorny issues such as:

- Organic? Does it make sense to you? If not, then don’t do it. Organic concepts in personal care and supplements are not defined.
- Sustainability? In the natural sector, will your supply of critical “natural” ingredients be sustainable as sales grow?
- Traceability? If you don’t control all facets of manufacture (i.e.: if you outsource manufacturing), how will you know the where/who of your ingredient supply?

- How will you maintain competitive edge beyond being first to market? Patent? Packaging, bundling, pricing tactics?
- Timing: will your product or bundle of products fit a season as well as less obvious trend drivers? What is that season, and what are those trend drivers. Timing can be everything to a new item introduction.

If that is not enough, you will want to consider these steps in preparing your plan, your prototype and your marketing objectives.

- Consumer research so that you understand your customer and how to market specifically to them
 - This will reduce your hit/miss strategy which is expensive and frustrating
- Purchase category data (SPINS data and the Nutrition Business Journal are your best sources for the natural class of trade) to build your sales volume projections and to understand your potential for market share.
 - Even if you think your product is totally new to the marketplace, try to understand its potential in the bigger world of the entire category. This is invaluable to establishing a realistic budget.
- Competitive product pricing strategies—review these in conjunction with your consumer research so that you know there is room for your price on the shelf and that it fits your target customer income demographic.
- Build your profit model backwards from retail price point. Reconsider if you cannot achieve a 50% margin at retail and a 50% margin to your business.
- Consider direct sales vs. using distribution. Build a distribution margin into your pricing plan as some of the larger retailers will require distribution—they typically have a cost plus program with considerable savings.
- A product won't do well in the confusing arena of supplements and body care all by itself. If you are unveiling a new stand alone item contact some high profile brands that would benefit from an alliance with your new product.
 - It is critical to have a confidentiality agreement, as well as a non-compete for a period of time if your product is not patentable. Otherwise file your patent immediately.
 - Utilize the alliance for product attention via association with the big brand, for co-op advertising reducing ad expenses, for tag on sales for both partners, and for buyer presentations, etc.
- Trial sizes are so important: free to the retailer, and at a low price to the customer. Build these trial sizes into your budget in a big way. Never leave a meeting without leaving several samples behind—it's better than your business card.

Highlight Points of Difference

You have turned your idea into a prototype product and you hope you have it packaged so that it attends to the interests and desires of your critically-defined customer. You've solicited feedback from numerous resources and feel it is positioned to sell. What else is different for the natural class of supplements and personal care? Again...think like a customer and make certain your packaging and marketing address what are the key drivers for your product:

- "Will this make me Look Younger, and Feel Better?"
- "Purity" = safety and quality and efficacy
- "Lifestyle" = a story to tell, a reason to believe
- "Simplicity" = understandable science, simple instructions
- "Delivery" = system of packaging and dosage/application that bundles purity, lifestyle, and simplicity.

Clearly you must put a tremendous amount of thought into packaging. Spend the time to consult with key retailers on what packaging works best and looks best, and will "pop" to the customer's eye. You will tell your story on the package, and you will convince your customer of the science behind the veiled claims. But it's the eye appeal that will get the product into the customer's hands. Keep in mind logistics as you design your package too: gimmicky and odd sized packages don't work in a retailer's plannograms; too tall won't fit, and

too tiny will get lost and won't be reordered; if you want your product opened due to its enticing aroma then do not double packaging (no shrink wrap or cardboard box). If you've designed a terrific item with pure ingredients that provide clear benefits to the customer, then give the package the same attention otherwise the sale could go to the cheaper item sitting next door on the shelf.

Given the complexity of this undertaking I can't overestimate the value of building a network of partners that can support your product from its infancy. These partners are your resources for information, science, supply and production, and the intellectual property you need but don't yet have (i.e.: introductions within the industry), and your investors.

Going to Market

Once this is all in place you finally can go to market. And—it's time to resolve the question: how will your product bring the customer down the aisle of a natural products store? There are many options, including: display opportunities, advertising in consumer magazines, coupons, discounts, radio and television all can play a role in creating the sale. In this category there are 3 tactics that will have the most sales impact: sampling and educating the store personnel, consumer advertising, and off-shelf display (as in end-cap or point of purchase display). Here's how it works: by sampling and educating store personnel you have expanded your knowledgeable sales force exponentially. If they champion your product it will sell, even if it's new, innovative, risky, and expensive! This is a push tactic in that it pushes the product into the customer basket. Consumer advertising is a pull tactic in that when the consumer is intrigued by the advertisement and the story that you tell they will go to the store and ask for it. Go to any natural foods supermarket and pick up as many health related magazines as you can find. Browse and select the best few candidates for your type of product. Alternatively, hire an advertising agency that specializes in healthy lifestyles—they will develop a comprehensive consumer marketing plan to get you noticed. The tactic that is like frosting on the cake is an end-cap or point of purchase display simultaneous with your consumer advertising—this is both a push and pull tactic in that the location of the display shows the retailers' confidence in the product and pushes it into the market basket, and it also allows the advertising to pull the product through the sale by making it so readily accessible it cannot be passed by.

It's true that bringing supplements or personal care to market is an exciting undertaking. It's also true that it's a long and rocky road to success. Understanding your very specialized market and subsequently creating realistic plans is a key to your success. The door is certainly open to new products: national personal care sales are growing at double digits over last years sales (while mainstream products are down at -2% comparatively) and supplement sales are finally pulling out of a no growth phase. It's a great time to address the needs of our baby boomer population and in this first decade of the 21st century that means anti-aging products. Be on the wave of new ingredients, combinations, and applications to provide solutions for this trend—it can be a very satisfying experience.