

TOP MISTAKES VENDORS MAKE WHEN WORKING WITH FOOD RETAILERS

You've got a fantastic product, its got early traction and everyone around you is excited. Its sure to be Canada's next runaway success! However, before you start celebrating and shift into high gear, make sure you are well prepared to avoid these all too common mistakes that may undermine the success of your "sure bets".

Top Mistakes:

- **No market:** It's a terrific product that no one wants or is prepared to pay the required price. Make sure your research goes beyond friends and family and includes the tough questions regarding filling or creating a need and value.
- **New Item Presentation:** Providing a retailer with an introductory cost advantage to secure the listing, creating retail pricing that is unsustainable and doesn't reflect true production costs.
- **Price / cost:** Early success is often built on subsidized costs that doesn't fully reflect the cost realities of a fully operational business (more equipment, more staff, marketing support...).
- **Not Ready for Prime time:** Rushing out of the gate before basics such as food safety, labeling, production and retail strategy are in place. Leading to predictable retail road blocks and reputational damage.
- **Unprofessional:** Unprepared, uninformed and too aggressive an approach diminishes the likelihood of the product getting a true consideration or a category manager being enthusiastic about the item.
- **Wasting Time on the Wrong Retailer:** The lack of strategy results in attempting to sell into a retailer that doesn't fit the nature of the product (e.g.: premium product in low cost operator).
- **Multi-Tasking Owner:** As the business grows, the owner continues to try to play too many roles, holding the business back in areas where they don't have the level of necessary expertise to succeed, or the objectivity to make needed changes including tempering expectations.



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- **Setting it and then forget it:** Once the vendor gets the initial sale, they forget about the business partnership – lacking the capacity or desire to manage the retail client until inventory backlogs result, or the product is pulled from the retailer listing base.
- **Positioned against a category Juggernaut:** The product launches without the proper strategic positioning to differentiate from the rock star within the category.
- **Poor packaging material or design:** The packaging poorly communicates its leading feature(s) against alternatives within the category. Small run, cost efficient stick labels and packaging materials undermine product appeal.
- **Under financed:** Inability to manage the peaks and valleys of a launch, resulting in building a reputation as an unreliable supplier.
- **Too emotionally attached:** The owner is blinded by their love of their product, not being able to realize its pitfalls or acknowledge limitations.
- **Poor retail execution:** Either the vendor or the retailer poorly execute the launch of the product, and the vendor lacks the capacity or knowledge as to how to monitor and proactively address misfires.
- **Over Promising:** Once the order has been secured, agreed upon terms and timelines are under delivered or missed completely, resulting in the vendors good will and trust being eroded.
- **Operating way over budget:** Unanticipated costs arise that were not budgeted (discounting of product, marketing expenses, etc....) that put financial strain on the vendor.
- **Retailer Tug-o-war:** The vendor gets caught between two major retailers and isn't able to meet the agreed upon delivery timelines or other terms of the agreement.

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Food Solutions Group is a Western Canadian based advisory firm that brings together the top talents of the food industry, capable of providing expertise and insight in all aspects of the food processing and retail industry.

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