
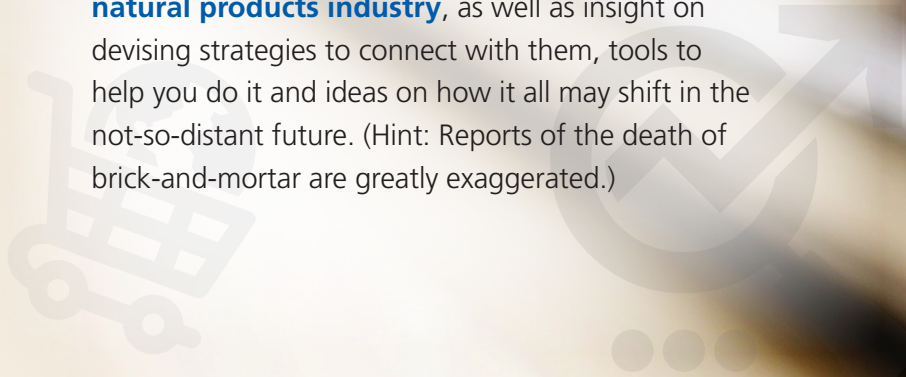


Connecting with the **new consumer**

From store trends to shopper insights, understanding the evolving retail landscape is more important than ever before



The only thing brands can be certain about regarding today's retail landscape is constant change. How can you best connect with today's consumer—and what about tomorrow's? Here's a look at how and where people are spending money within the **\$222.4 billion natural products industry**, as well as insight on devising strategies to connect with them, tools to help you do it and ideas on how it all may shift in the not-so-distant future. (Hint: Reports of the death of brick-and-mortar are greatly exaggerated.)



Where are **consumers shopping?**

The industry is buzzing about online sales, and certainly that channel's sales are growing—and growing fast.

Nutrition Business Journal (NBJ) research shows that online sales across all natural products categories increased by **18.2%** in 2018, compared with about **3.5%** growth in natural and specialty, and **8.1%** in mass. But consider the big picture: E-commerce accounts for just **3.9%** of natural products sales (**\$9 billion**), according to the NBJ 2019 Sales Channel Report. Compare that with the whopping **\$190 billion** generated by brick-and-mortar outlets.

And consumers say that brick-and-mortar is the channel they expect to increase their spending in most over the next several years, according to 2018 NBJ proprietary research.

Based on this, exactly when will e-commerce catch up with brick-and-mortar? Never. Naturals shoppers—even millennials—still go to stores to make at least some of their purchases, finding the experience more satisfying than clicking a cart. In addition to this,

54% of consumers rate in-store shopping experiences as emotionally satisfying.

72% of consumers who shop online for groceries say most of their purchases are still made in-store.

convenience stores are bringing in many more healthy options, enticing naturals shoppers to visit them more often.

Retail experiences, ranked

Midsized chains led natural and specialty retail growth in 2018, with **Sprouts** and **Natural Grocers** flirting with double digits, while **Whole Foods** lagged far behind. Amazon may be leading the charge, with high-tech/low-touch delivery and cashier-less stores, but all stores are looking at integrating technology, sometimes using already-existing programs like Instacart as well as mobile-ordering apps for prepared foods.

Many people begin their shopping with online browsing or researching, a.k.a. “webrooming,” and then go to stores to make their purchase. One study found that 36% of shoppers bought in brick-and-mortar after online exploration. Nine out of 10 shoppers check Amazon when shopping on another retail site, and 26% of shoppers check Amazon while they’re in a store, comparing prices and reading reviews.

“Consumers do shop everywhere, and consumers ingest information ubiquitously and continuously,” says Michael Movitz, founder and managing partner of The Movitz Group, which connects early-stage brands with investors. “Virtually every activity that we execute has an omnichannel impact ... and so really, at the end of the day, there only is an omnichannel.”





Channel surfing: How brands can take control

An omnichannel strategy unites sales and marketing to deliver a single brand experience across different channels, such as Amazon and brick-and-mortar. This is different from a multichannel approach, which is less integrated, often treating each channel as a separate.

For natural shoppers, omnichannel is the way to go, says Betsy McGinn, CEO of McGinn eComm, a strategy firm that guides brands through online-retail channels. To be successful, today's brands "must think through all the touchpoints the consumer might experience across all the channels and create messaging that resonates with them in all the different places with a level of consistency, while also tailoring the message to each channel."

Fortunately—and unfortunately—there are more retail channels than channels on your basic cable subscription. Shoppers can find natural products everywhere from REI to the corporate lunchroom. "One of the cool things

that's going on in omnichannel is that there's a much bigger range of retail opportunities for brands than there used to be," says McGinn, co-author of *The Amazon Roadmap: How Innovative Brands are Reinventing the Path to Market* (Authority, 2019). "I don't see online and other options as cannibalization, rather an ever-expanding range of opportunities for brands."

Launching online, expanding in brick-and-mortar

Experts agree brands need marketing strategies that include both digital and brick-and-mortar. When it comes to their initial launch, however, more and more natural brands are going straight online. E-commerce has become the most popular route to market among new brands, according to a recent New Hope Network survey of 299 manufacturers. Of those that launched within the past three years, more than half did



so online, compared with just 23% of three- to five-year-old brands. The online launch rate is even higher among dietary supplement and functional food and beverage manufacturers.

Clearly, for many natural products brands, especially startups, beginning with e-commerce works. It is often a much cheaper path to launch, offers infinite shelf space and allows manufacturers to sidestep the complexities of getting into stores—or at least put them off until later. “With online, the barriers of entry are much lower, whereas at retail, they are only getting higher and more complex,” says Yadim Medore, founder and CEO of Pure Branding.

This doesn’t mean that e-commerce is easy, though.

“Launching online presents its own set of problems and challenges,” says Maryellen Molyneaux, president and managing partner at Natural Marketing Institute. “To have people find you, you need very good digital marketing programs so you are seen and heard. E-commerce is an even bigger universe [than retail], and it is somewhat not highly visible or obvious.” Amazon is not simple either—far from it. Brands have to deal with Amazon’s fees, tricky algorithms, price slashing and propensity to knock off successful products.

“Do your homework before you even stick your toe in Amazon waters,” says McGinn, who spends a lot of time

helping frustrated and discouraged clients navigate the Amazon jungle. She asserts that 69% of shoppers will abandon a product page on Amazon if it doesn’t have enough information, so “you’d better be ready to present your best face there,” she says.

In a nutshell? A strong omnichannel strategy involves savvy pricing and product strategy across all channels, crafted so that one channel does not erode the success of others, McGinn says. “You can’t just take what you have in stores and slap it online. It’s not that simple. Most of

the brands in our industry don’t have limitless resources. Pick a couple channels to start with and do them really well.”

And don’t be afraid to find help inside or

beyond your team, says Jennifer Krupey, vice president of marketing at Cali’flour Foods and former CEO of NatchCom, a consultancy that uses education and events to help natural brands with digital channels. “I’ve seen a lot of young founders try to do everything, then not do anything well. Pick a focus and find someone on your team, or hire a consultant to own channels for you,” she says. Some brands pick one channel and use it as a trial and sampling program to acquire new customers, who then stock up by buying cases from them online, whether through Amazon or on their own website.

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Under the influence



Brands can’t ignore the power of social media—especially when done by a third party. Influencer marketing has become a normal part of the marketing mix for an estimated 70% of U.S. companies. Sixty percent of Instagram users discover new products on the platform. **Social media influences 65% of in-store purchases.** Brands should seek to understand which values are most important to their consumers and choose influencers whose followers care most about their messages.



Enhancing the in-store experience— **with shelf execution and data**

Optimizing the in-store experience is critical. Delivering a dynamic in-store experience with a data-driven business model is key to creating a relationship with consumers—and driving sales—in-store and across channels. A recent survey of more than 1,260 U.S. shoppers found that 87% prefer to shop in person. This spanned age groups, with nearly all baby boomers (96%) and a vast majority of millennials (81%) reporting that they prefer the in-store experience to online. Why? One of the big reasons was that they simply favored the atmosphere and experience of shopping in real stores. Using evolving technology to enhance that experience is a potent way to differentiate your brand—and much of that data can shape marketing across each of your brand's channels, strengthening your unique omnichannel strategy.

Firms like Survey.com help brands hone their strategy by providing retail intelligence and merchandising services that help create an unbroken brand experience for shoppers, strengthening a brand's story and closing the gaps between channels. Data can help brands make decisions throughout a product's retail journey, says Panos Bethanis, the company's CEO and co-founder. "The best in-store branding communicates product attributes and brand values, in specific locations that fit the brand. We

combine mobile technology, industry knowledge and a nationwide team of field reps to deliver targeted in-store execution, activations and retail analytics."

On-demand data from the front lines can highlight market and product opportunities, and help shape a better product mix. David Vartanian, chief strategy officer at Flying Embers, an organic hard kombucha company, knows small teams need consumer feedback and data on what is happening in-store. "We need real-time feedback. We need to know what's going on in Illinois even though our offices are in California," he says.



87% of shoppers prefer to shop in person. Of those, 96% are baby boomers and 81% are millennials.

Vartanian points out that with a small internal sales force, partnerships with companies like Survey.com have become critical. Case in point: The hard kombucha brand added a single pack SKU after data revealed consumer demand for individual cans, accommodated by some retailers. "Survey.com validated our thinking that there would be strong consumer demand for a single pack type, capturing data that 15% to 20% of stores were breaking up the four-packs," he says. In-store data brought much-needed visibility to the go-to-market strategy, especially when distributors were involved.



“At Survey, we use unparalleled coverage and tech to scale up and capture data from stores across the country, not just retail shops near a brand’s headquarters.” —Panos Bethanis, founder and CEO, Survey.com



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It is key to know how shelves look at different retailers, especially for emerging brands. “When you sell to a distributor, who then sells to a retailer, you lose visibility to the presentation in-store and how the store shelf is changing. Survey brings visibility to that go-to-market piece, as an extension of your sales team,” says Vartanian.

Smelling, seeing and tasting the product is key for food and beverage brands, so in-store sampling is a power tool for getting your product in the hands—and mouths—of new consumers. “We find that customers are more likely to try something new when they are shopping at local specialty, independent and convenience stores. Taste and texture must be experienced,” says Bethanis.

Sampling programs with brand ambassadors are most powerful when using data to microtarget optimum neighborhoods and stores—even times of day. Then, data teams and account managers analyze feedback from shoppers and retailers to craft future programs. “At Survey, we use unparalleled coverage and tech to scale up and capture that data from stores across the country, not just retail shops near a brand’s headquarters.”

New retail technology can even arm brands with views of the “in-store reality,” Bethanis says, strengthening the critical partnership between brand and retailer. For example, plant-based beverage maker **Califia Farms** ran a major merchandising program with products showcasing milks, coffee and creamers. Analysis from Survey.com highlighted opportunities with top-selling products. “Retailer conditions can change regularly, so it’s key to have people in-store reviewing displays, remerchandising product displays on a regular basis and identifying in-store execution issues,” says Steve Mair, director of sales, national accounts at Califia Farms. The company partnered with Survey.com to identify the highest-volume locations for weekly continuity coverage and product display maintenance. “Through data and image reporting, we were able to quickly identify and address issues,” he says.

The takeaway: In an ever-evolving retail landscape, doing what you do—and doing it well—in as many channels as possible is critical to building a successful brand in a complex marketplace.



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Survey.com delivers the workforce, retail visibility and flexible growth solutions for brands. Its mobile-enabled, vetted workforce is the largest in the country and can bring new products to market, expand a product lineup and manage the complexity of multiple retailers nation-wide. **Survey.com** handles a range of in-store needs for brands.

- **Retail Execution:** merchandising, re-stocking and display builds.
- **Brand Representation:** activations, conversations with store managers and decision-makers, and in-store product demonstrations.
- **Data and Analytics:** shelf-level knowledge and real-world competitive insights.

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