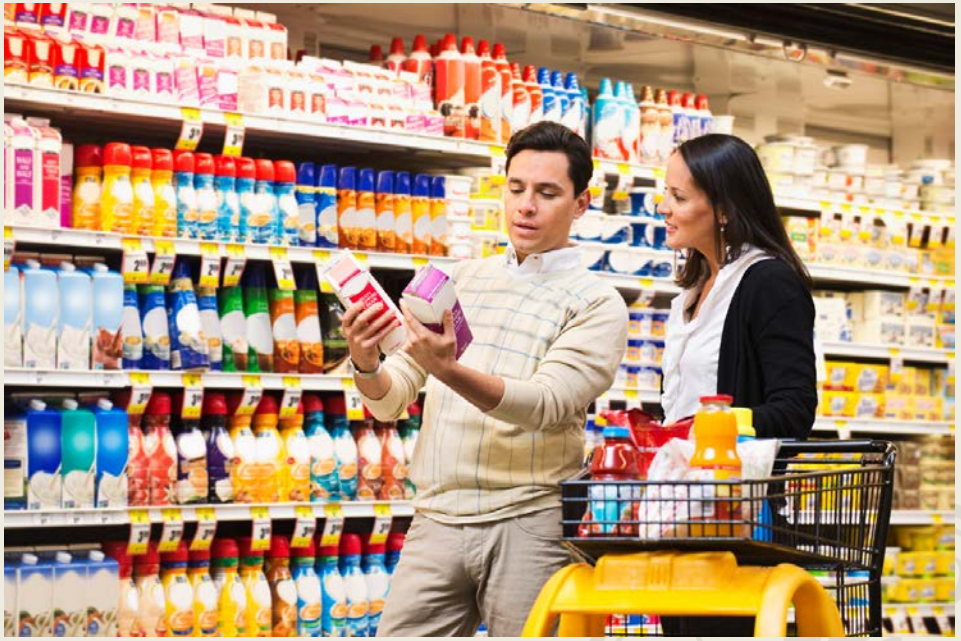
Let's Talk about sales

Last stop before conversion



Who is Gary?

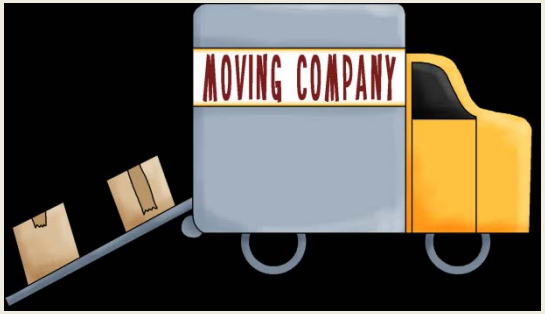
Finance

- Procter and Gamble
- Pillsbury
- Kellogg

27 years

BALL STATE CARDINALS

11 Times



Traditional Medicinals

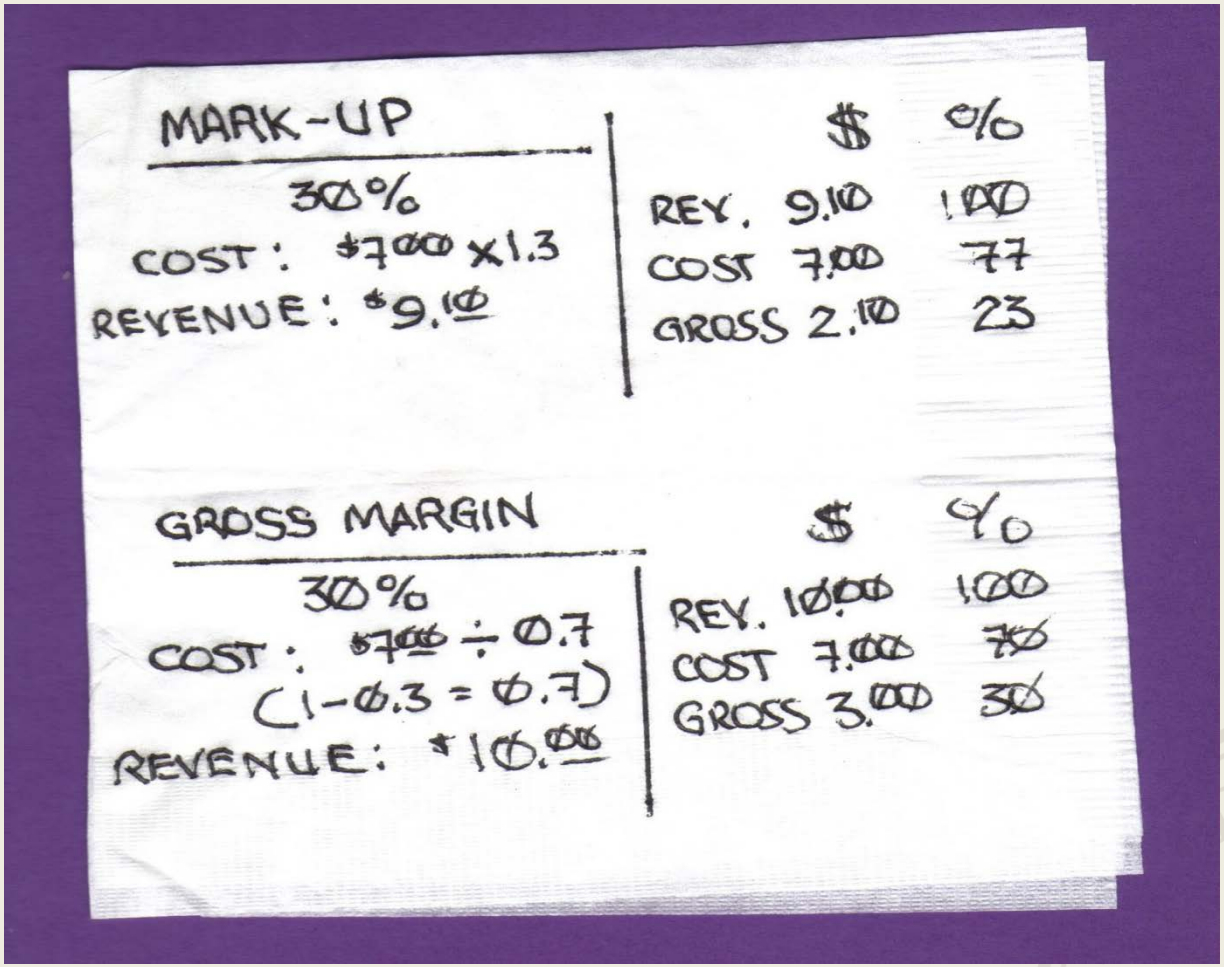
5&1/2 years

Trade Promotion Terminology

- Slotting-Most retailers charge this fee for product placement
  - Lump Sum
  - Free Product
  - Off Invoice Allowance for a defined period of time
- Scan Based Promotion-Paying on what is sold through the register
- Off Invoice -Paying on what is purchased by the retailer or distributor
- MCB-Manufacturer Charge Back-reimbursement for promotional spend through a distributor
- EDLP/EDLC-Every Day Low Price/Every Day Low Cost
- BOGO-Buy One Get One Free
- Deduction-Fees and charges removed from invoice-promotions, slotting, damages, Back Haul allowance, Fines, Fees etc.
- Post Audits-Researching and billing old unpaid issues-usually performed by a third party
- TPR-Temporary Price Reduction

TRADITIONAL MEDICINALS® SINCE 197 wellness teas

Margin vs. Mark-Up



- Mark-up is calculated off of cost and Margin is calculated off of Selling Price

Promotion Planning

Negotiate
Give and Take

- Sales Growth
- Buyer Conversion
- Consumer Satisfaction

Manufacturer Objectives

- Sales Growth
- Trade Spend Efficiency
- Brand Strategy
- Brand Value

Retailer Objectives

- Sales Growth
- Misc. Revenue Targets
- Retailer Strategy
- Price Image

Getting Started with a new business

- Be transparent-let the retailer know what you can afford to spend to support your business.
- Support your strategy-if it's all about trial then don't start with a BOGO-use the same funds for a deep discount on an individual item
- Strive for Consumption based spending-scan promotions vs. off invoice or buy based promotions.
- Strive for what is best for the brand but understand that you need to support the retailer's objectives as well. (Ask for something in return)
- Do post analysis-find out what type of promotion works on you brand

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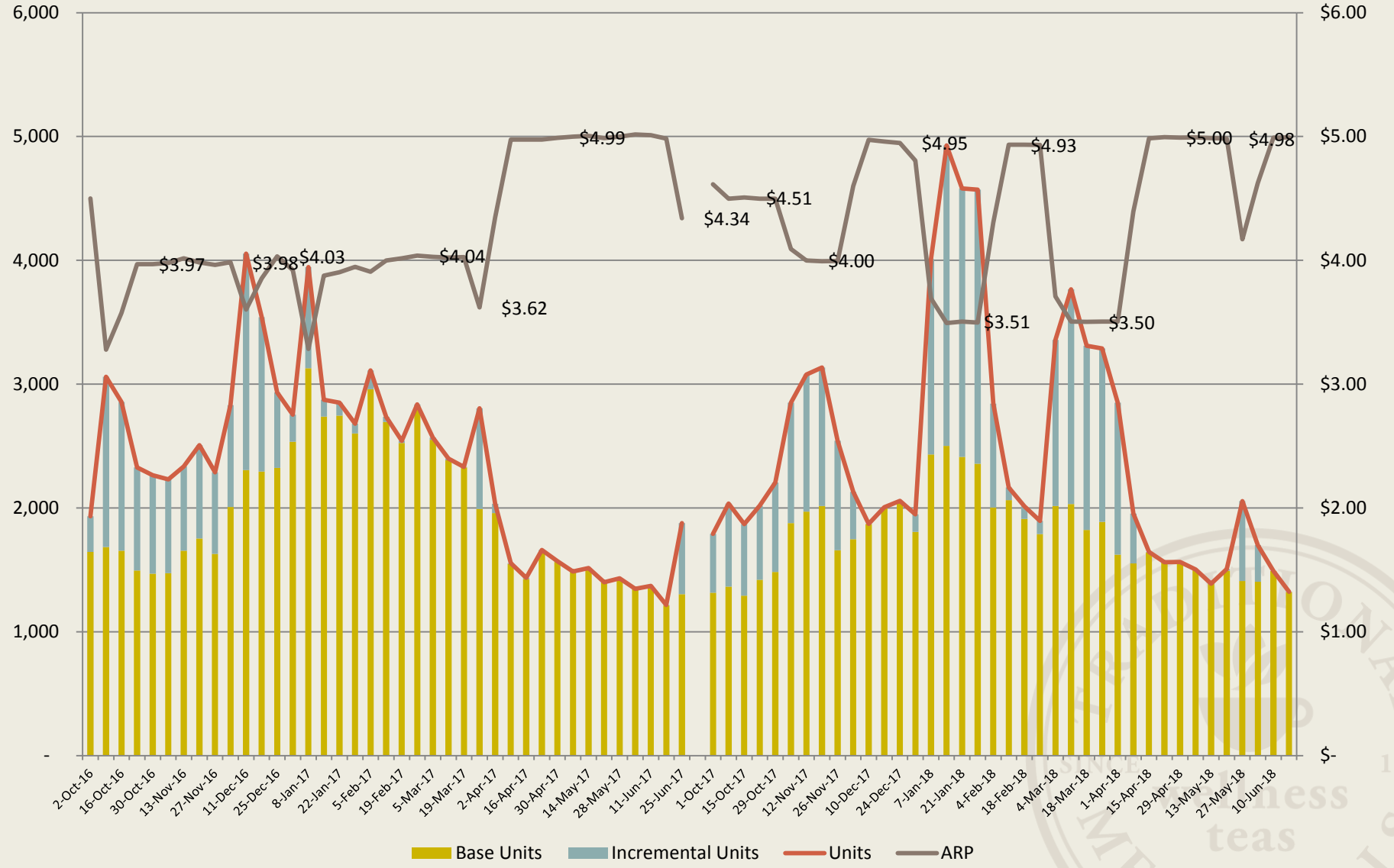
Promotional Effectiveness and ROI



Trade ROI

- Know your cost per incremental sales dollar or case
  - Total cost of promotion divided by incremental sales dollars or cases
  - Do post analysis to understand the efficiency of your promotion
  - Some brands never pay out in the short term
  - Household penetration, scale and expandable consumption are key drivers
- Strive for efficiency at all times but focus on your annual plan vs. each individual promotion.
- Get advice from your broker but have the direct conversation with the buyer and do the post analysis on your own.
- Make trade spend a part of your total brand management strategy. On Categories that produce a positive ROI, it's easy to over promote or "rent" your consumers.

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Founded in 1974 in Nor. California to change lives with the power of plants

Rosemary Gladstar
4th Generation Herbalist

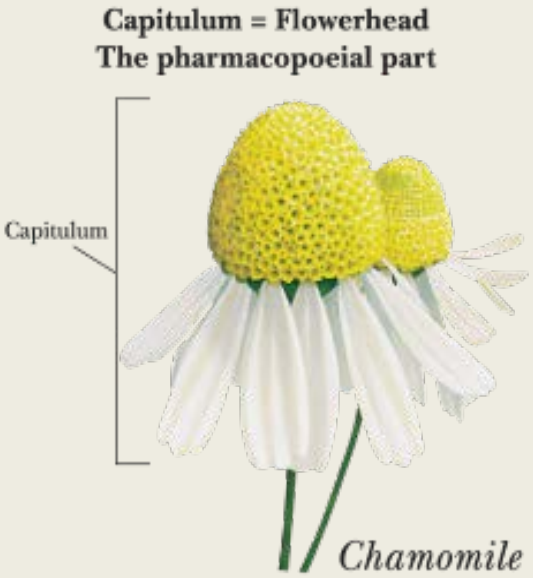
Drake Sadler
Community Organizer

Committed to Using Pharmacopoeial Grade Herbs

Simply put, the quality of pharmacopoeial herbs is better than commonly used food grade herbs to ensure our teas deliver their intended effect.

Pharmacopoeia - official guide of quality standards for all medicinal ingredients, including herbs.

- For example:
- We only use pharmacopoeial grade organic chamomile in our chamomile tea - made from only the white and yellow, tiny, daisy-like flowers or "capitulas", (no stems and leaves here). We think of our chamomile tea as a cup of peaceful, easy feelings.



PhEur = European Pharmacopoeia

A History of Social Business Leadership

Traditional Medicinals was founded 43 years ago to provide affordable, traditional herbal self care for family health and welfare.

1974

Herbalist Rosemary Gladstar and community organizer Drake Sadler partner to reinvent herbal medicine in the U.S.

Founded 1974

1980

TM introduces the first line of organic, domestic herbal products

TM Introduces

1998

TM introduces Fair Trade Certified teas; now the largest FT herbal tea company

Fair trade

2007

TM builds (at the time) the largest solar-powered tea factory in the world

Solar Factory

2009

TM is the first herbal manufacturer in the world to offer Fair Wild certified ingredients

Fair WIld

FAIR WILD

2010

TM becomes a certified B (Benefit) Corporation

Certified B Corp

Certified B Corporation

Non GMO

NON GMO Project VERIFIED nongmoproject.org

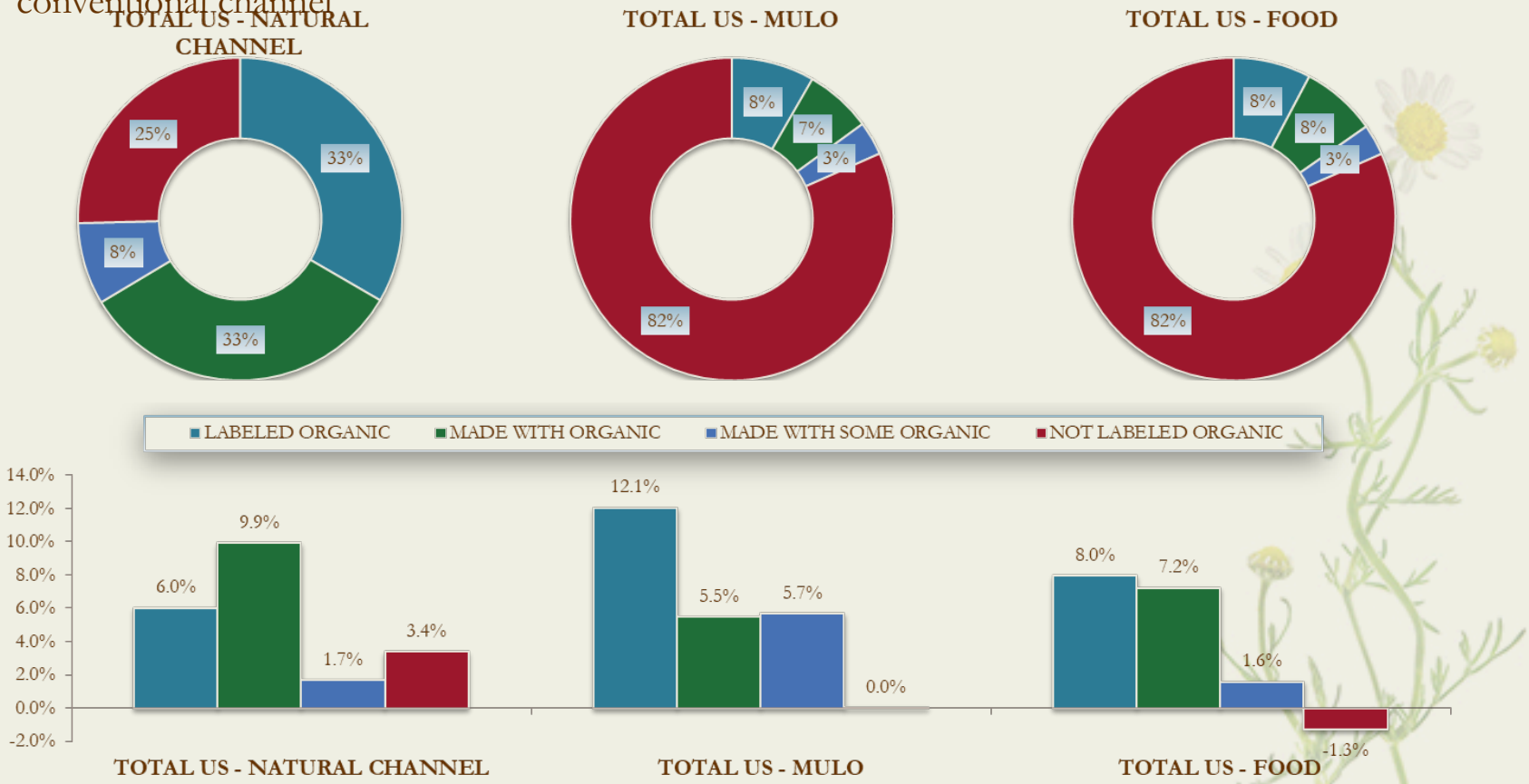
2012

TM becomes the first herbal tea company to achieve 100% verification

A Sustainable Tea Bag

Turn Features into Benefits

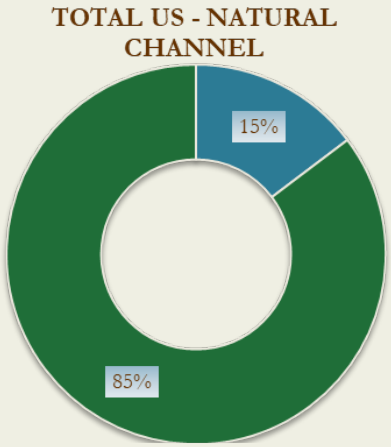
- **Organic** continues to be the most important and fastest growing segment in Natural with both Labeled Organic and Made with Organic dominate with 66% of the sales
- MULO and Food are showing an increasing need for organic, the MULO and Food shopper appear to have embraced "Made with Organic" more than in Natural – cost/price influences may be at play in the conventional channel

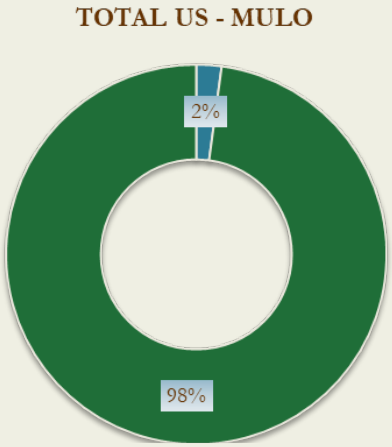


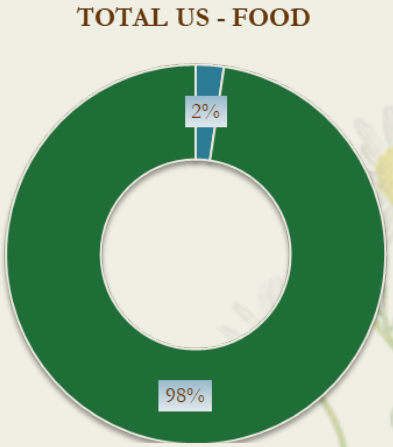
Source: Satori SPINS Latest 52wks ending 6/17/2018

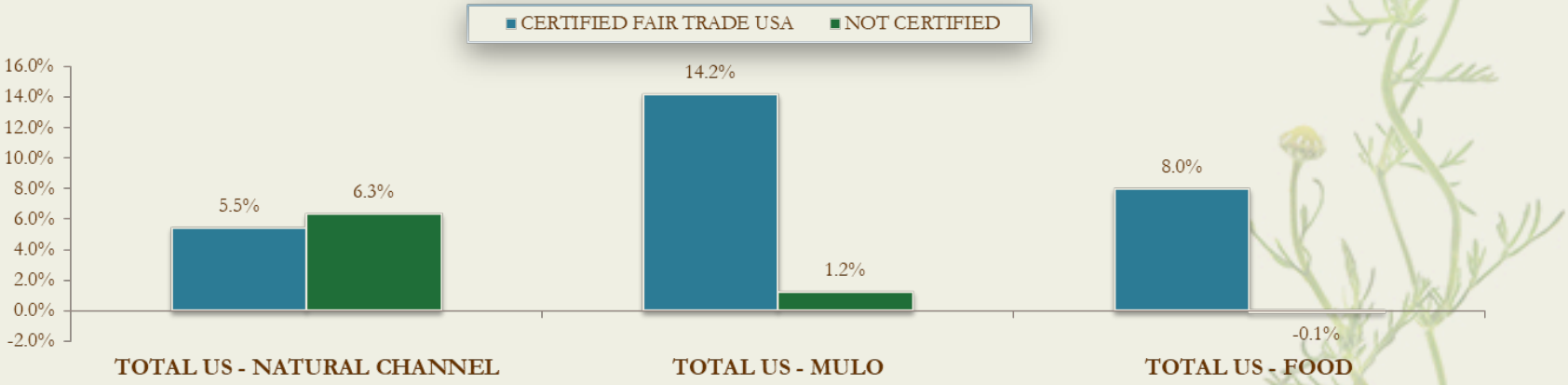
Fair Trade

- Fair Trade continues to grow in importance across all channels
- 2% of the teas in conventional are Fair Trade, and growing the fastest, up +14.2% in MULO









Source: Satori SPINS Latest 52wks ending 6/17/2018

Scalable Growth

- Pricing strategy
  - Work towards equitable pricing
  - Should have a pricing strategy by channel
  - Can you explain it? Is it scalable?
- Promotion Strategy
  - Work towards equitable promotional spending levels
  - Understand the investment levels required by channel
- Size and pack strategies
- It's important to understand current state and potential future state.

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Different Expectations by Channel

- HNF distribution
  - Meet a unique consumer need
  - Authentic and transparent brand
  - A brand story
  - A brand that appeals to their core consumer
  - A brand that will add incremental sales to the category
- Expand into Mass/Drug/Grocery
  - All of the above
  - Expanded company capabilities in supply chain and IT
  - Ability to customize your business to the retailer as it grows
  - Significant support

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Blurring the lines between Marketing and Sales

Both functions need to have a deeper understanding of how the other works

Marketing needs to have a strong understanding of key retailers and Sales needs to understand the consumer and how to drive conversion

THE PATH TO PURCHASE MODEL

Traditional Path to Purchase

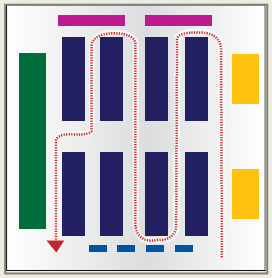
Desire	Decide			Delight
Create Demand	Choose Outlet	Navigate Store	Select & Buy	User Satisfaction

TRUSTED MEDIA

INFLUENCE SHOPPER BEHAVIOR

CHOOSE OUTLET

NAVIGATE STORE



MAKE SELECTION

RE-PURCHASE

New Path to Purchase

Desire	Decide				Delight	
Create Demand	Choose Trusted Source	Choose Channel	Navigate Store/Site	Select & Buy	User Satisfaction	Advocate Community

Consumer → **Shopper** → **Consumer**

PROGRAM ACTIVATION

Awareness
(in-home & out of home)

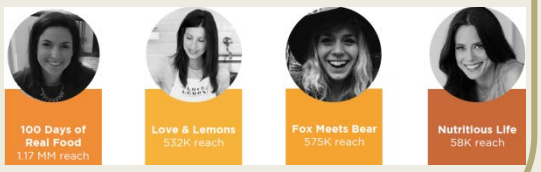
Consumer
Create Awareness/ Desire
Drive Brand/Category Intention

PR

Print Ads

Social

influencers



Purchase
(in store, in aisle, at shelf)

Shopper
Product Selection

FSI

In Store

Partners

madhava
NATURALLY SWEET

seventh generation

Repurchase
(deepen, repeat, build loyalty)

Consumer
Deepen Relationship, Drive Repeat Purchase, Build Loyalty

Mission Driven

Social

email

Target Exclusive
Traditional Medicinals 32 Count Activation

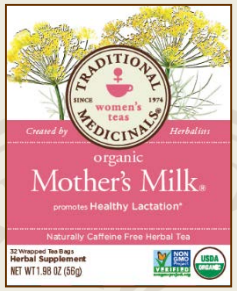
Timing: December 25, 2016 – February 19, 2017

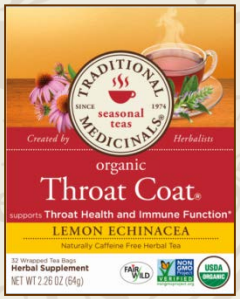
Objective:

- Utilize Mom365's unique relationships with new mom's to drive awareness and traffic of the three (3) exclusive TM 32 Count tea's being sold in the Target Baby Department.
  - *Who is Mom365? – a relationship marketing company that meets millions of new moms every year at the moment of birth, via their hospital photographers. They continue to engage with moms through several multi-touch point campaigns.*

Program:

- Emails: January 9th and February 1st to high income households ($75K +):
  - 70K moms per month with infants 0-6 months promoting Traditional Medicinals Mother's Milk 32 Count Tea
  - 130K moms per month with kids 0-5 years promoting Traditional Medicinals Chamomile w/Lavender and Throat Coat Lemon Echinacea 32 Count tea's
- Banner Ads in Newsletter: Provide readers supplemental emails with integrated content on Mom365.com and in weekly e-newsletters that reach moms with infants 0-3 months and showcase Traditional Medicinal 32 count products with links, as well as display ads to drive moms to Target stores Baby Department for purchase. 1MM Impressions
- Content Article on Mom365.com





Impressions: Overall campaign will delivery over *1.7 million impressions*

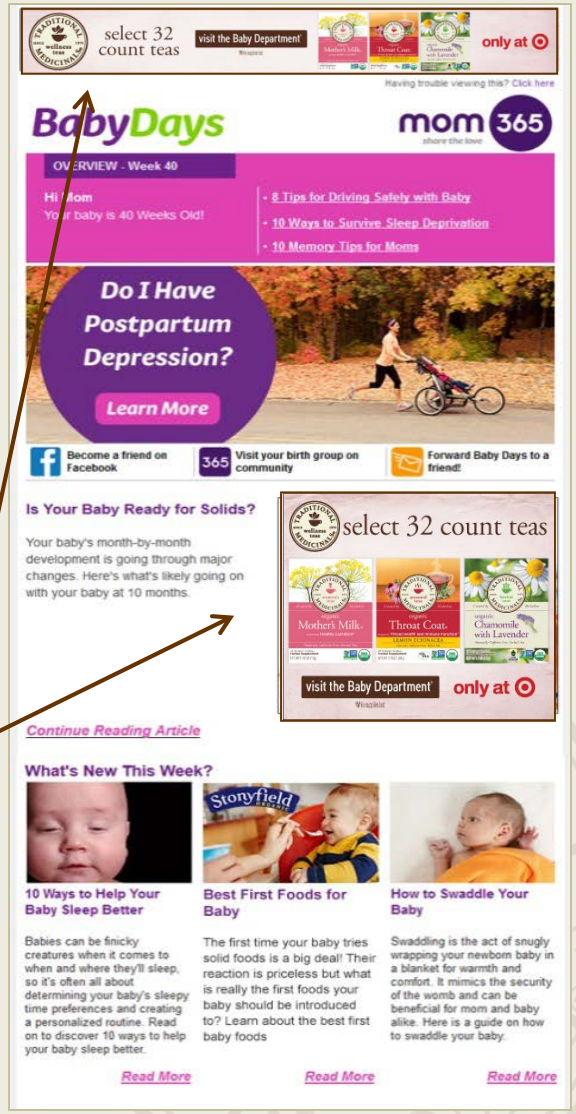
Mom365 Email and Newsletter Content

Dedicated Email
400K Mom's
(200K per month)
January 9th &
February 1st

***does not include separate non-openers and non-clickers email blast 1/23 and 2/8**

Baby Days Newsletter with banner ads
1MM Impressions delivered by 2/19/17

- **Banner Ads**
- **Integrated Content**



Questions