

Go-to-Market Strategy for NHP/FI in Canada

Presented by Matthew James

President & CEO, Purity Life Health Products LP

Key Point Before Going to Market

- ▶ Make sure you have enough margin built into your product to allow you to fund the various go-to-market options (70%-80% margin minimum)

How Are You Going to Market?

- ▶ Finished products or a raw material
- ▶ Important to decide as will affect your strategy

Regulatory

- ▶ Understanding how your product will be classified will impact your go-to-market strategy (i.e., NHP, Food, Health & Beauty Product) as well as the time it takes for approval

There Are a Number of Options to Take Your Product to Market

1. Direct to consumer
2. Direct to retailer
3. License the product to brand owner who will take it to market for you
4. Go through a distributor

Going Through a Distributor

- ▶ Distributors will typically ask for between 25% and 35% margin for distribution
- ▶ On top of this, there will be additional funds required for promotions and advertising support in distributor catalogues, trade shows, and other events
- ▶ Distributors provide immediate access to retailers across the country
- ▶ Distributors make it very easy for retailers to pick up new lines

Understanding the Capabilities/Strengths of a Distributor

- ▶ What is their area of focus? - Food (dry, frozen, refrigerated) Supplements, Health & Beauty
- ▶ Are they national?
- ▶ Do they ship in units or cases?
- ▶ What channels do they serve? - (FDM, Health Food, Practitioner, etc.)
- ▶ Do they have exclusive supply agreements with larger retailers (i.e., Whole Foods)?
- ▶ Do they have their own sales reps?
- ▶ Are there opportunities to train the reps?
- ▶ Do they have multiple warehouses?
- ▶ Is there one point of contact at the distributor?
- ▶ Do they provide sales-reporting information as if you were selling direct?
- ▶ What are their minimum order quantities, lead times to retailers?

Will You Go Exclusive with Distributor?

- ▶ Exclusivity usually means more attention and in some cases more margin for the distributor
- ▶ Shared means a number of distributors carry your line and each distributor needs to be managed/communicated with
- ▶ Multi-distributors can create pricing issues in the market place that may not be favourable to your brand

Will You Use a Broker?

- ▶ Brokers help manage your distributor(s)
- ▶ Brokers work on distribution and promotions with A&B accounts
- ▶ Depending on annual volume, the broker will ask for 5%-10% of sales to distributor
- ▶ Need to pick broker who is right for the type of product you are selling (i.e., Food, Supplement, etc.)
- ▶ National or regional options
- ▶ Do they have competing brands
- ▶ Are they a niche in a category or a full-service broker

Examples of Brokers

National

- ▶ Cyba Stevens Natural
- ▶ Indigo
- ▶ LeBeau
- ▶ Marsham
- ▶ Natural Specialty Sales
- ▶ New Age Marketing

Niche

- M2
- iLevel Management
- Global Sales
- Bio Resource
- Reveal

Examples of Various Distributors to Choose From

Food (Frozen/Refrigerated)

- ▶ UNFI - National
- ▶ Horizon/PSC (West)
- ▶ ONFC (East)

Supplements/Health & Beauty and Dry Food

- Corwin (East)
- Christmas (West)
- Directa (Quebec)
- EcoTrend - National
- Koyo - Ontario/Quebec
- Planet Foods
- PureSource - National
- Purity Life - National

Sports Nutrition

- True North
- Peak Performance
- Nutrition Excellence
- Karma Nutritionals

FDM (only)

- ANB
- Farleyco

Functional Ingredients

- Too many raw material suppliers to list

Questions Distributors Will Often Ask

1. Do products have bilingual packaging compliant with Canadian Consumer Packaging Regulations?
2. Have you confirmed that all of your products are legal for sale in Canada?
3. Do your regulated products have licenses (DIN, NPN, DIN-HM, medical device license)?
4. Have Cosmetic Notification Forms been filed for cosmetic products?
5. Do any products require special storage/shipping conditions?
6. What is the shelf life/expiry dating of the products?
7. What is your return and/or inventory-balancing policy?
8. What retail channels are you targeting to sell the product (e.g., Health Food Stores, Drug Chains, Grocery, Mass, etc.)?
9. What is your approximate Canadian marketing budget?
10. What are your annual sales volume (\$) goals?
11. Do any of your products contain any ingredients that Whole Foods deems unacceptable?
12. Do you currently have \$2 million of liability insurance in place?
13. Do you have testers or samples for your products?
14. What are your lead times and minimum order quantities?

Once a Distributor Is Decided

- ▶ Put agreement in place between yourself and distributor so everyone is clear on the terms of distribution (who does what?)
- ▶ Create a monthly promotional schedule
- ▶ Support distributor with training
- ▶ Attend trade shows
- ▶ Be a squeaky wheel with distributor to get their attention

Additional Resources

- ▶ Join the Canadian Health Food Association as they are a great resource for information www.chfa.ca
- ▶ Attend trade shows
 - ▶ CHFA: Vancouver (May 13-15, 2016), Toronto (Sept. 16-18, 2016), and one every other year in Montreal, Quebec
 - ▶ Supply Side held in October in Las Vegas each year www.Supplyside.com
- ▶ Get copies of trade magazines to see what is going on CNHR, IHR, and Natural Food Merchandiser, and sign up for their email alerts

For more information or questions, feel free to reach me at:



**PURITY
LIFE HEALTH
PRODUCTS LP**

matthew@puritylife.com

Or visit www.puritylife.com

Follow Purity Life:

