

# 4 MAKING THE PRESENTATION



You are now fully prepared for starting the process of selling to grocery stores. This section will provide you step-by-step instructions for setting up, making, and following-up on the presentation.

**CHICKEN OR THE EGG?** A question that will likely plague you as a first-time entrant into the grocery store industry is which comes first: distribution or grocery store sales? Getting placed into most grocery stores is easier when you're already in their distribution system, but most distributors would rather that you have established sales before they take you on. So which comes first?



Your best bet is to start out by approaching and getting into a few stores first, establishing sales patterns, and then approaching distributors. So, to start, we'll prepare you for the presentations to your first few stores.

**BROKERS.** If you employ a broker, this process will be much simplified for you, as the broker should already have in place the relationships, meetings and follow-up necessary. However, in the beginning, it is appropriate for you to ride along with the broker to see how this process is carried out in order that you might duplicate this process in areas not covered by your broker(s).

**THE SET-UP.** To set-up the meeting with the grocery store's buyers, begin as follows:

1. *Find the contact information for the appropriate buyer.* Purchasing is done by buyers or category managers, depending on the size of the distributor or store. Larger stores have category managers who purchase and maintain products in their category or categories for many stores.

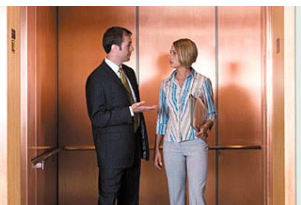
Buyers and category managers deal with many people and have a good understanding of what their customers want. They decide which products will be placed in their warehouses or on store shelves and work with brokers. Some chains have centralized purchasing for all stores.

It is likely that internet research will not turn up the appropriate contact for independent grocery stores, unlike larger chains, so your best bet is to call the store directly. Ask the person answering the phone to give you the name of the appropriate buyer or category manager and the preferred time and method for reaching them. A general suggestion is to call early in the morning, 6:30 or 7 a.m., as many buyers are at their desks very early, answering emails and getting ready for the day. Also, call late in the day as many buyers stay late to return calls and email messages.



**BE CAREFUL!** This call may end up being routed to the buyer, so you must be prepared to give your 30-second product introduction just in case. Also understand that this contact will not likely result in placement in the store; rather, you will get from this conversation the buyer's preferred or mandated way of reviewing prospective new products.

Likely, by identifying yourself as a grower or manufacturer interested in first-time sales to their store, you will be provided their standard New Item Presentation packet to fill out in advance of an in-person meeting. Just in case, here are the items you must have prepared – your elevator speech (to be completely cliché)<sup>2</sup>:



- » Who are you and the name of your company
- » Who referred you; the name of a store, buyer, manufacturer
- » Why you are calling
- » What is the product
- » What makes the product different
- » Key features and competitive advantage
- » Product position – health/wellness, decadence, convenience
- » Who you are selling the product to or the target customers and where it is being sold
- » Target retail and wholesale price points
- » Ask for a specific appointment date and time, and how long the appointment will last

2. *Make the first contact.* If you weren't routed immediately to the buyer, your contact information research should have yielded the preferred method for contacting the buyers, so start there. In all likelihood, because small independent grocery stores also keep small staff (i.e. the owner might be the buyer, manager, accountant, etc.), they will prefer that you fill out their required documentation for consideration (see attachment *New Product Introduction Forms Samples*) and send a few samples for them to try. If they're interested, then they'll contact you to set up a meeting in-person. It doesn't hurt, however, to follow-up with them a week after you send the product samples, asking them to give you an indication of their interest.

3. *Ready your presentation.* You should be ready to develop your presentation. Go over the notes you took throughout the manual, specifically those that covered how your product is better than the competition, and how your business is poised for grocery store sales.

While being prepared to provide information on all of the scenarios presented in this manual, common elements developed for a presentation are as follows<sup>2</sup>, and you can refer back throughout this manual for explanations and guidance:

- ♦ Company profile. A one paragraph explanation of the background of the company (location, ownership, length of time in business, employees) and one paragraph on how you're qualified to run this company (passion counts!); bring business cards



- ◆ Product. Bring at least two samples; one for them to open and taste; the other to hold up as a pristine and undisturbed example of the packaging you offer
- ◆ Production. Pictures of the production plant, explanation of plant's ability to ramp-up production, quality control standards (HACCP, GAP/GHP, etc.)
- ◆ Pricing. Bring price lists; make sure you've done your research ahead of time and are able to quote them both wholesale and suggested retail prices, prefacing your pricing discussion on the fact that you've done store audits and understand what pricing it will take to be competitive
- ◆ Retail sales. General information on stock turn, retail margins, sales growth over time, promotional programs, etc. to help the risk-adverse grocer to feel better about taking a risk with your product
- ◆ Market information. Any market research on the category that can justify the existence and marketability of your product
- ◆ Distribution. Is it being sold to majors (large, national stores) or independents?
- ◆ Exclusivity. For an area or for a channel in an area
- ◆ Certification. Organic, natural, kosher, local
- ◆ Competitive price points. Margins, usually higher than majors due to slower turns
- ◆ Minimum purchase requirements. Units or case lots



- ◆ Service. Weekly, monthly
- ◆ Point of sale material. How you plan to support the purchase of your product in-store?
- ◆ Commitment. Be prepared to ask for some level of commitment from the buyer; bring order forms and don't be afraid to ask for the order!



4. Follow-up. Follow-up is a key component of the meeting and is often overlooked. Always follow-up in 24 hours on anything that required further information from the meeting. It is also a good practice to thank the buyer for meeting and confirm the next meeting date, if necessary (or thank them for the order!).

**NOW DON'T BLOW IT!** Remember, more than 10,000 new food products are introduced into the market each year, and 90% of these products will fail on the shelf. From industry surveys, it has been indicated that "price," "image" and "taste" were the primary reasons that new products did not achieve a level of sales high enough for them to remain on the shelf after one year.



**LESSONS TO KEEP IN**

**MIND.** Additional reasons why retailers stopped ordering products were<sup>9</sup>:



1. Product quality was misrepresented.
2. Some aspect of support was not received.
3. Product was also sold to mass merchandisers and other price-based retailers.
4. There was a failure to follow agreements and conditions of purchase.
5. There were high incidents of breakage.
6. The product was unstable.
7. The company didn't stand behind their product.
8. There were unresolved credits.
9. There were high freight charges.
10. There were unreasonable minimum purchase requirements.
11. The suppliers were unresponsive.
12. There was inconsistent pricing (e.g., a supplier with a number of price lists).
13. There was a high out-of-stock rate for an extended period of time, making availability of product a question.
14. The product has so many brand extensions the store never has a complete line. Pieces and parts of lines like these are generally found at different prices in a number of stores in a given market.
15. There was a heavy commitment to the product made on the promise of exclusivity only to find the agreement broken.
16. Lack of sales support in the form of allowances for quantity pricing, demonstrations, advertising and sampling.
17. There is a packaging problem that makes the product hard to use.
18. The product has too many steps and/ or is too complicated to use.
19. There was a poor perceived value.
20. The labeling promises more than it delivers.



That's all! You made it! Good luck with the process! If you need additional help, feel free to contact the Montana Department of Agriculture, (406) 444-2402, [agr@mt.gov](mailto:agr@mt.gov).