

TRANSCRIPT: More depth from presentation

GO-TO-MARKET WEBINAR, Session 4 PRICING

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Go-to-Market Strategy: What is It?

SLIDE NUMBER	NOTES (Expanding on slide content)
1	Cover title and presenter: Pricing : Pricing Formula, Price Factors, Hidden Fees, Paths to Revenue
2	Go To Market Strategy – Strategy is about making a choice.
3	Go To Market Stages: Exploratory, Building a Foundation, Growth, Amplification
4	Pricing Formula, COGS , Average Cost Method, Average price of the goods in stock regardless of purchase date. This method has a smoothing effect that prevents COGS from being highly impacted by extreme cost fluctuations
5	RECIPAL Pricing tool: Understand your costs. Calculates product cost by both batch and unit/package Industry standard COGS calculations for CPG Factors in Ingredients, Packaging, Labor, and Overhead Prices your product while calculating in different potential margins Builds your nutritional labels based upon recipe Subscription \$40-\$99. per month (depending on your needs) Can cancel anytime
6	<ul style="list-style-type: none">• COGS: Total cost of producing cheese including ingredients, manufacturing, packaging, labor and overhead• Target Market: What is your consumer willing to pay?• Competitive Landscape: Price points, market share, and perceived value• Channel Margin Impact: Account for any intermediaries in the supply

	<p>chain and their markup</p> <ul style="list-style-type: none"> • Pricing Objectives: Are you trying to gain market share? Maximize profit margin? • Promotions: Account for promotions and marketing and factor into pricing • Target Profit Margin: This needs to align with your business goals • Legal Considerations: Pricing Laws, Taxes or Export Duties • Perception: What makes a product “worth” more (attributes, awards, premium packaging etc) • Psychological Pricing: i.e. \$9.99 vs. \$10.00
<p>7</p>	<p>MSRP: \$7.00</p> <ul style="list-style-type: none"> ▪ Your COGS: \$3.20 ▪ Gross Margin: \$3.80 (54%) <p>(before fulfilment/3PL, digital marketing expenses, credit card fees, etc.)</p> <p>MSRP: \$7.00</p> <ul style="list-style-type: none"> ▪ Retailer Margin: 40% ▪ Retailer pays you: \$4.20 ▪ Your COGS: \$3.20 ▪ Gross Margin: \$1.00 (23%) <p>(before fulfilment, promos, trade spend, returns, cash discounts, etc.)</p> <p>MSRP: \$7.00</p> <ul style="list-style-type: none"> ▪ Retailer Margin: 40% ▪ Retailer pays distributor: \$4.20 ▪ Distributor Margin: 18% ▪ Distributor pays you: \$3.44 ▪ Your COGS: \$3.20 ▪ Gross Margin: \$0.24 (7%)
<p>8</p>	<p>HIDDEN FEES TO CONSIDER:</p> <ul style="list-style-type: none"> • Free Fill • Display Fee

	<ul style="list-style-type: none"> • Reset Support Fee • New Item Fee • New Tag Fee • Slotting Fee • Portal Fee • Payment Terms • Late Delivery Fee • Case Cutting Fee • Sample Fee • <i>Marketing and Promotions should be at least 15% of your Net Annual Sales (build this 15% into COGS)</i>
9	<ol style="list-style-type: none"> 1. EARLY PRICING: Present pricing in the Awareness or Interest stage so you can qualify the customer, with a possible option of customizing 2. VALUE FIRST: Build value and address customer needs first. Convince the prospect of value first before presenting pricing 3. MIDWAY POINT: Build a relationship first, followed by a value conversation 4. NEGOTIATION CENTRIC: Gather information first about customer requirements and use the tailored price by using promotional tactics 5. CUSTOMIZED PRICING: Provide a range in the interest stage and follow up with customization and several complexities 6. TRANSPARENT PRICING: Upfront in the Awareness and Interest stage, with rock bottom, no negotiation pricing 7. *** IMPORTANT***: Your MSRP must be consistent and your “wholesale” price must be consistent – you can customize your price with trade spending/promotions. Retailer may chose to sell at a different price and you won’t necessarily have control over that.
10	<ol style="list-style-type: none"> 1. DIMINISHED PERCEIVED PRODUCT VALUE- Frequent discounts can send a message that your product is not worth the everyday price 2. PROFIT MARGIN EROSION- Discounts crush profit margin. Repeat customers who buy your product at the everyday price should be your most frequent customer. <ol style="list-style-type: none"> 3. WEAKENING CUSTOMER LOYALTY- You don’t want the customer who is loyal to the discount, not the brand. 4. BRAND EQUITY DECLINE- You want your brand to be associated with innovation, quality, and good value.. not “ a good bargain”
11	<ul style="list-style-type: none"> • IMPROVE AVERAGE ORDER VALUES • IMPROVE REPEAT PURCHASE RATES • IMPROVE AVERAGE ORDERS PER CUSTOMER • IMPROVE MARGIN PER ORDER • IMPROVE MARGINS BASED ON PRODUCT ASSORTMENT & BUNDLING

	<ul style="list-style-type: none"> • IMPROVE MARGIN BASED ON CHANNEL
12	<ol style="list-style-type: none"> 1. COGS IS NOT JUST INGREDIENTS 2. RECIPAL IS A PRICING TOOL 3. THE PATH TO REVENUE CAN INCLUDE MULTIPLE TACTICS
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16	THANK YOU! Follow us @DairyPCC (Instagram, Twitter, Facebook, LinkedIn)