



GO - TO - MARKET STRATEGY

#3

2023 Summer/Fall Webinar Series
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PROCESS

03



PROCESS EVALUATION

- PROCESS INNOVATION
- OMNICHANNEL DISTRIBUTION
- DISTRIBUTION & MARGIN
- SPOTLIGHT: ANDERSEN DAIRY
- SPOTLIGHT : RUBY JEWEL
- SUMMARY GTM PROCESS

If you always do what you've done, you'll always get what you've got – Henry Ford

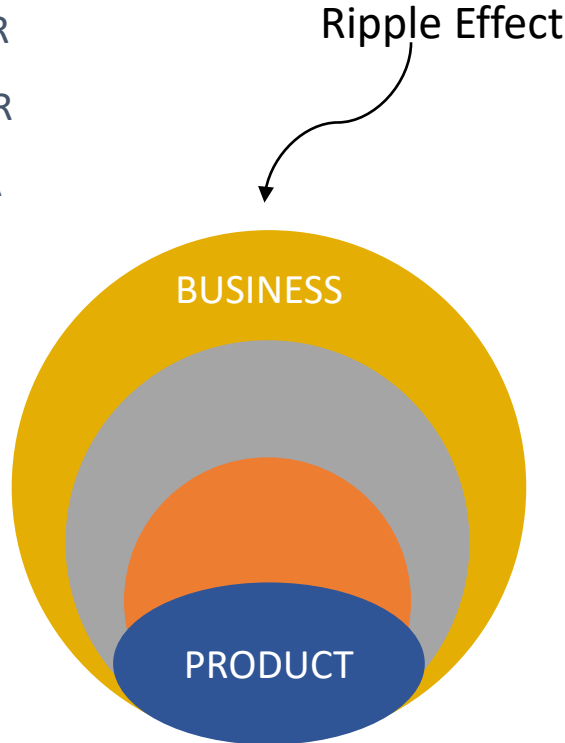
PROCESS INNOVATION IS ESSENTIAL WITH GTM

1. *PRODUCT*

LAUNCH OR
CHANGE OR
IMPROVE A
PRODUCT

2. *PROCESS*

IMPROVE
EFFICIENCIES
WITH YOUR
WHOLE
OPERATIONS
PROCESS

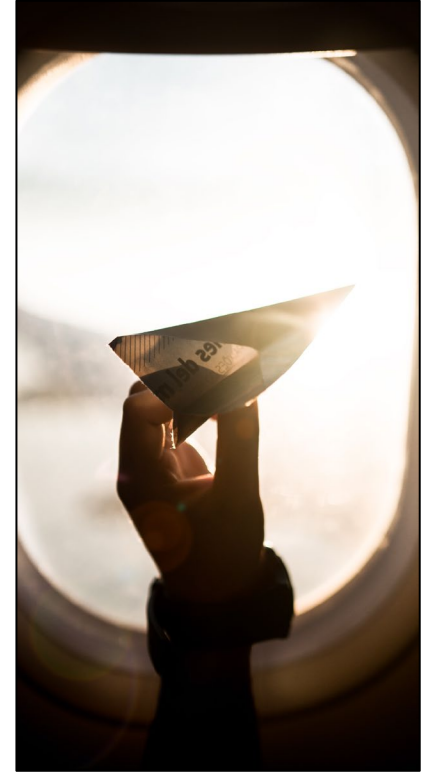


3. *MANAGEMENT*

HOW THE
COMPANY IS
LED AND
MANAGED

4. *BUSINESS MODEL*

NEW
PRODUCTS
CAN LEAD TO
NEW REVENUE
MODELS



WORKING WITH DISTRIBUTORS / UNFI, KeHE, DPI, TONY'S, DAIRY DELIVERY ETC...



Risks

- Program fees
- Advertising in catalogs, newsletters
- Complex contracts and term sheets
- Maintain minimum volume
- Need to increase your price
- Case pack size requirements
- FOB (pick up) or delivery based upon their schedule



The role of distribution is complicated. You must create product demand, and typically bring an anchor account with you to start.



Rewards

- Streamlined Delivery
- Expanded Customer Base
- Customer Service
- Some offer in-store support
- May help open new stores
- They understand the marketplace

OMNICHANNEL GTM – SO WHAT’S YOUR MARGIN?

It is crucial to understand what costs to attribute in each channel so you can understand the true

margin.



Direct to Consumer

MSRP: \$7.00

- Your COGS: \$3.20
- Gross Margin: \$3.80 (54%)

(before fulfilment/3PL, digital marketing expenses, credit card fees, etc.)



Direct to Retailer

MSRP: \$7.00

- Retailer Margin: 40%
- Retailer pays you: \$4.20
- Your COGS: \$3.20
- Gross Margin: \$1.00 (23%)

(before fulfilment, promos, trade spend, returns, cash discounts, etc.)



Selling to Distributor

MSRP: \$7.00

- 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%)

3 TYPES OF DISTRIBUTORS

LOCAL (START HERE)

Go Deep Before Wide

Less Bill Backs

REGIONAL

Accounts Nearby

Engaged with Accounts

Some Have Sales Teams

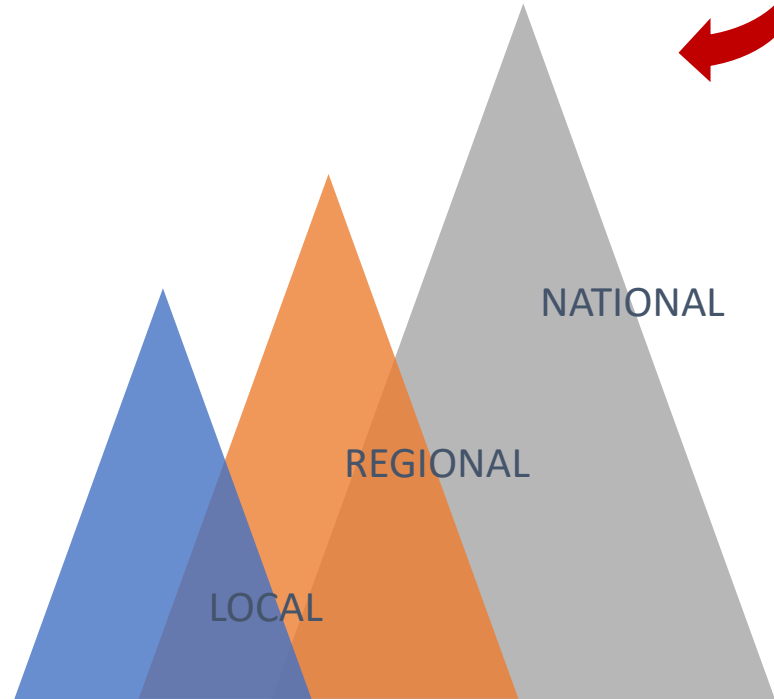
NATIONAL

Scale Up Distribution

Visible Data Portals

Many Bill Backs

Service Most Key Accounts



QUESTIONS TO ASK A DISTRIBUTOR:

- MARKET COVERAGE (GEOGRAPHY)
- ACCOUNT MEMBERS (STORES AND RESTAURANTS)
- WAREHOUSE LOCATIONS
- FOB OR DELIVERED
- MARGIN, FEES, AND OBLIGATIONS
- SERVICE LEVEL (SALES HELP? CUSTOMER SERVICE?)
- REPUTATION REFERENCE
- PAYMENT OPTIONS
- CONTRACT TERMS (I.E. SPOILS AND RETURNS)
- CONTACT INFO FOR EACH DEPARTMENT
- SALES \$\$\$ VISIBILITY



HOW WILL I KNOW WHEN I NEED TO MOVE UP TO THE NEXT TYPE OF DISTRIBUTOR?

Ask These Questions:

1. **Business Plan**- Does this move align with your growth goals?
2. **Customer Service**- Can you no longer service all customers and their needs?
3. **Capacity**- Sales projections outpace current capacity and do you need to work on that part of the business?
4. **Delivery Services**- Does the cost of service and delivery no longer make sense?
5. **Account Management**- Has a key account requested a change?
6. **Bad Relationship**- Do you hate your distributor and you want to move your business?

Next Steps:

1. Distribution and Opportunity Targets: Build your retail targets, who services them, and projected volume
2. Have a clear Target Demographic to share with the distributor, so they know where to focus their energy
3. Have an understanding of the distributor margin and the target retailer margins so you can build your pricing
4. Communicate your resources: Sales or broker support, promo support, marketing support, product launch kits, samples, demos, merchandising support

PROCESS SPOTLIGHT: ANDERSEN DAIRY

- Began producing and bottling milk in 1966 in Battle Ground, WA. They produce retail and bulk options
- They have their own transportation company (Green Willow Trucking) to deliver products – they self-distribute
- They execute 90% of deliveries in late evening or early morning to avoid traffic and reduce carbon footprint
- The team generates and reviews fuel usage and mileage reports at least monthly
- They adjust their delivery routes daily to strategically minimize costs

SHAWN BENNETTE,
MANAGER

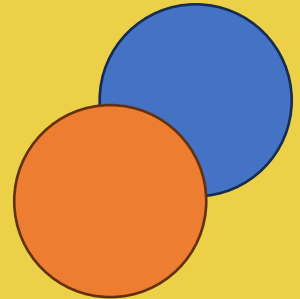


PROCESS SPOTLIGHT: RUBY JEWEL

- Founded in 2004 at Portland Farmers Market
- Uses carriers that can maintain negative double digits (-10 to -20 F). Secure documentation SQF/ Safe Quality Foods/ documentation for food product transport only
- Not currently using route optimization software, but using LTL /less than truckload shipping carriers who might be using it
- Analyzes carrier freight costs every month and will request re-quote as market changes
- Analyzes carrier on-time delivery schedule every month and will base carrier selection partly on these metrics

MATT MARAYUMA,
WAREHOUSE &
LOGISTICS

Ruby Jewel

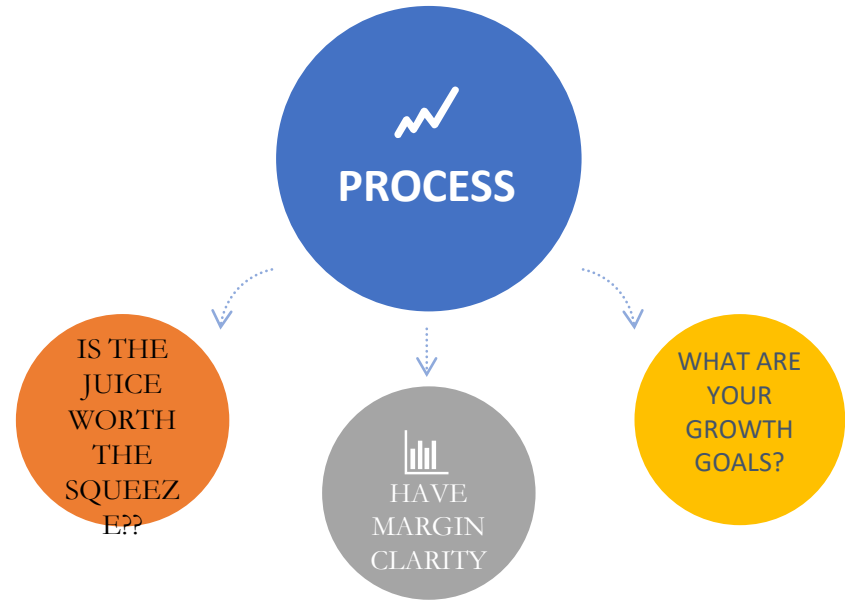


SUMMARY: GTM PROCESS

1. GTM IS AN OPPORTUNITY FOR PROCESS INNOVATION

2. DIFFERENT DISTRIBUTION CHANNELS HAVE DIFFERENT MARGINS

3. CAREFULLY EVALUATE DISTRIBUTOR CONTRACTS





THANK YOU!



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For more information:

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