



BRAND SECRETS AND STRATEGIES PODCAST #151

Hello and thank you for joining us today. This is the Brand Secrets and Strategies Podcast #151

Welcome to the Brand Secrets and Strategies podcast where the focus is on empowering brands and raising the bar.

I'm your host Dan Lohman. This weekly show is dedicated to getting your brand on the shelf and keeping it there.

Get ready to learn actionable insights and strategic solutions to grow your brand and save you valuable time and money.

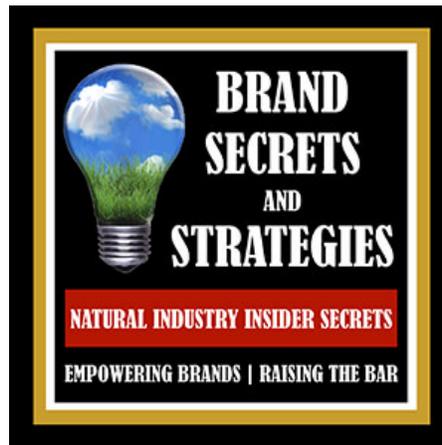
LETS ROLL UP OUR SLEEVES AND GET STARTED!

Dan: Welcome, there's a hard way and an easy way to do just about anything. There's a right way and there's a wrong way to run your business. Today's story is about a brand that leverages the strategies that they learned in big CPG to help them reduce their spending and help them compete at the highest levels. Knowledge truly is power, especially in this industry where everything is negotiable. This is where knowing how to go beyond a canned top line report and being able to help understand what the insights are telling you, let alone finding the insights, especially in the natural channel where they're so difficult to come by.



This is why this topic is so critically important and this is something that every brand needs to be proficient at. This can literally determine how long your brand will be around, a week, a month, a decade, or longer. My point is this, the more you know about the nuts and bolts of your business, what kind of promotions actually drive sales, and what kind of promotions are just a waste of time and money? Knowing this and knowing how to work with a retailer to help drive sustainable sales for that retailer by leveraging the strength of your brand, that's what every retailer wants. They want to know that if they put your product on their shelves, they want to know that you're going to help them increase shopper traffic, give them a reasonable profit in the category, and help them compete more effectively in their market. As a result, some retailers, savvy retailers might even give you insights into things that other brands would have to pay a lot of money for.

For example, what's in their customer's shopping basket at the end of the trip? You're going to hear a strategy today about how a brand leverages their relationship with retailers and how they leverage their understanding of their promotional spending and their merchandising and all the key things that you need to be paying attention to work with retailers. As a result, and because of their understanding of their business and their category, retailers look to them for expertise that other brands aren't providing to them. The point is this, the more you can help your retail partners the more they're going to want to bend over backward to help support your brand, to give you incremental opportunities that they charge other brands. That's what today's story is about.

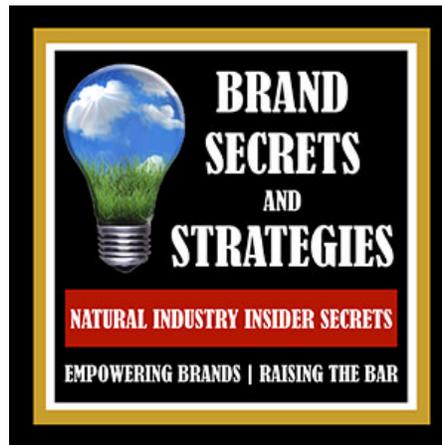


Why does this matter? If you think about your trade spending, your trade spending is everything that it's required to get your product in the hands of a shopper. Generically speaking, 25% of most companies gross sales is directed to their trade spending, and yet 70% to 90% of your trade spending's wasted. This is why this is so critically important. You need to be able to leverage the strategies that we talk about on today's podcast to help grow your brand, especially in natural where the resources, the insights aren't as available as they are in mainstream. More about that and these strategies in a minute.

Before I begin, I want to remind you that there's a free downloadable guide for you at the end of every podcast episode. I always include one easy to download, quick to digest strategy that you can easily adopt and make your own. One that you can use to grow sustainable sales and compete more effectively with. Remember, the goal here is to get your product on more store shelves and in the hands of more shoppers. As always, if you like the podcast share with a friend, subscribe, and leave a review. Remember, this podcast is about you and it's for you. I try to tackle your most pressing bottlenecks on this podcast. Reach out to me with suggestions, things you want me to cover, and I'll work to include them in future episodes. Now here's Mike with Alter Eco.

Mike, thank you for coming on the podcast today. Can you please start by telling us a little bit about yourself and your journey to where you're at today?

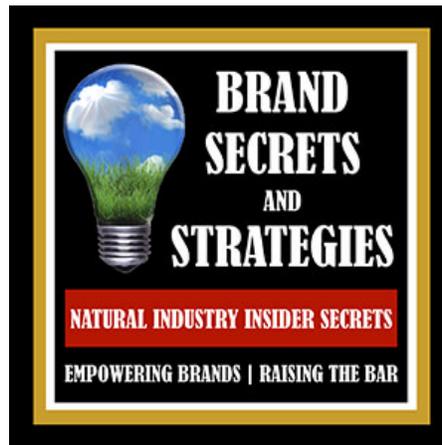
Mike: Great, so my name's Mike Forbes, I'm the CEO of Alter Eco Foods. I'll tell you a little bit about how I got here. In my background, the first 10, 12 years of my career was working at big companies



and big food companies. Really great folks, really nice people but I had something interesting happen to me about 10 years ago. My wife had some really significant health challenges. We went to doctors, we went through traditional medicine, and we never got a great answer and no one could ever really find out what was wrong. One of the changes we decided to make is we threw pretty much every piece of processed food out of our fridge and out of our pantry. I kept milk, I kept cereal, we kept yogurt, but everything else we shopped organic foods at a coop and we cooked our food ourselves. What was fascinating is we each lost about 20 pounds, we felt better than ever, we had more energy, and a lot of those nagging health issues went away.

That moment has forever changed how I thought about the food system, and that took me on a different path. From a large food company, I went to California Olive Ranch, which is an olive oil producer and actually a farm, started there in various roles and I met Matt and Ed, who are the founders of Alter Eco as part of that. When Mat and Ed sold the company and started to think about what's next I came to Alter Eco because I was so amazed by the foundation they've built, the DNA and the company, and just the audacity of the awesome mantra that a little company like Alter Eco could actually facilitate a C change in all of the things that are happening with our food system and our environment today.

Dan: That's exactly why I was so thrilled to be able to get you on the podcast because of the fact that you guys are doing what you're doing, my hats off to you guys. You guys are doing so many great things, so we'll talk about that in a minute. Let's back up a little bit. One of the things I think is fascinating about this industry is

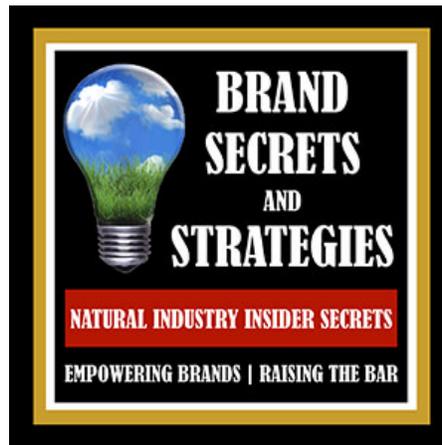


how... What I think makes natural natural is how we help each other. One of the things I think in terms of a disconnect that we have as an industry is we don't leverage the strategies that we learn from mainstream CPG, and what I mean by that is you and I are both classically trained in consumer package goods by big companies that have very robust systems and strategies, etc. Then we can take those strategies and then leverage them with natural brands. Can you talk a little bit about please, how you're able to leverage some of what you learn with P&G and General Mills to help you at Alter Eco?

Mike: Gosh so it's funny, I'll give you a few thoughts on this. As I moved from big, and so before I moved into the natural products world the smallest brand I'd ever worked on was \$400 million. Then I immediately started working to things that were a fraction of that. What you immediately realize is that there are some things that you learned at the large company that you actually need to forget.

Dan: Yes.

Mike: For example, we don't have money for lots of market research. We don't have money for large advertising campaigns. You actually need to take all of those skills and put them in a drawer, but there's a lot of things that you learn at big companies that you can leverage. One is how to think about setting up metrics across your system to just know that you're filling orders and know that you're making your customers happy by just listening to your customer service phone calls, all those little things that are metrics but can take small company hustle and apply to. There's also something you really learn at big companies about building the leading teams and making sure you're giving

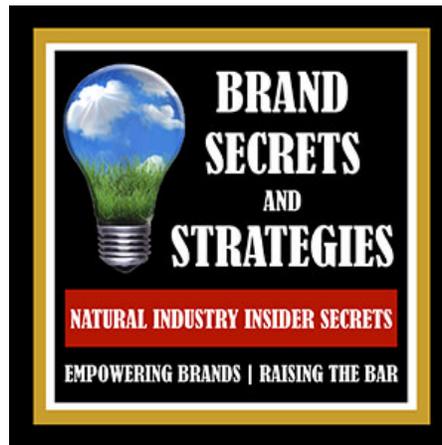


everybody a voice, making sure you're helping everybody not only get their job done but become better employees and advance towards their career goals.

Then there are some things that you can generally think about and learn from larger companies on brand strategy. Thinking, making sure you have a single-minded benefit that gets across at the shelf. Some of those nuts and bolts on packaging design and making sure packaging is really clear and communicates something. Those are things that I think small companies often struggle with and big company training and processes and things like that can definitely help.

Dan: That's exactly what I was talking about. Those things, the foundational things, this is the way you do it because I remember having that drilled into me. We do this for a certain reason and this is why we do this. You see that, that theme throughout everything you do with a big company, and then to your point, one of the things that I think is challenging for so many brands is that for the big brands is when they come into this industry, into the natural industry, they think everything's going to look and feel and be exactly the same as it was in the big industry but it's not. They think that some of the processes, to your point, are going to be just plug and play ready to go. How were you able to make that transition, and of course I think this ties back into what you were saying about what you learned about healthy food, etc., but what was the impetus of you crossing through that... How did that spur and encourage you to go on that journey? Does that make sense?

Mike: Yeah, so I think what you're asking me a little bit is maybe even to talk a little bit more about when I crossed over from big to

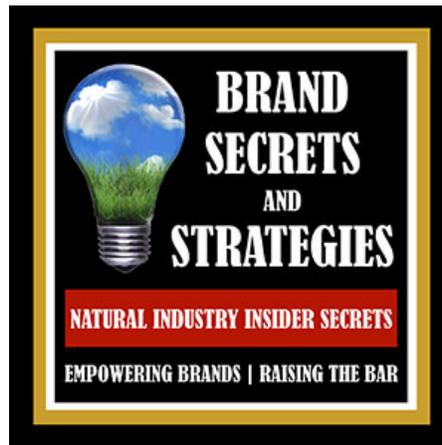


small, maybe even be a little more specific about a time when I realized I needed to bring some big company stuff with me but also take some of these small company things. Is that fair?

Dan: Yeah exactly. I remember having a conversation with my old employer SPINS. I said, "Look, we have a choice here. We can lead, follow, or get out of the way." One of the things that we were talking about at the time during that conversation was big companies are going to come into this space and they're going to try to dominate and own. But yet you have a footprint, you have an opportunity to become a leader, a leader in the true sense, not just a leader because of what you're doing. So yeah, how did you leverage that?

Mike: Yeah, so here's an example of a recently got into a big new account. I think the big company training would tell you to call your activation agency, send in a demo crew, drop coupons, talk to your digital team, do things there. At a small company, you don't have those teams. We started thinking through, well we know we need launch support what are we going to do? We actually for that particular retailer found a couple of critical markets they were in and found events that they were involved with that we could go and sample and coupon at a large scale by having a booth.

We're taking a big company though, which is you need a launch plan. We're applying a little bit of a small company hustle factor, which is okay fine, find the food and wine festival, get a tent, and send a couple of people there to give out samples and chit chat. What we learn from that is number one, not only does something like that move the business, but it actually allows you a chance to reconnect with that account in a way that you might not have



otherwise. For example, the buyer's wife actually stopped by and saw that we had hand-stamped the coupons and again, small company thing, with the retailer's logo.

Dan: Love that.

Mike: Done that ourselves and we were to able actually follow up with the buyer and say, "We were in your market and talked to 200 consumers and here's what we learned." Again, that's a small company way of doing market research. What you find when you do those sorts of things is that one, you might not know as much as the big company knows but you actually do have a cool level of detail and intimacy with your consumer, and what I find is folks, even really large retailers, appreciate that hustle factor. They have confidence knowing that maybe you don't have the muscle of a big company but you're just doing a whole bunch of other things to make sure that product is moving off the shelf.

Dan: Which is so critically important. Thank you for sharing that, that's exactly what I was hoping you would say. One of the things that are so great about natural is that we have that ability to connect with the consumer, and in this case, like you said, the retailer. One of the things that I think big companies should learn from us is that focus groups you typically hear, a lot of times you hear what they think you want to hear or some of the insights are so commoditized. I remember when I started in this industry, a female head of household, 2.3 kids, and that was about it. Instead of knowing how do your customers consume the product after they take it home and share it with their friends and all that kind of stuff. That's exactly what I was hoping you'd share. You're able to leverage these insights.

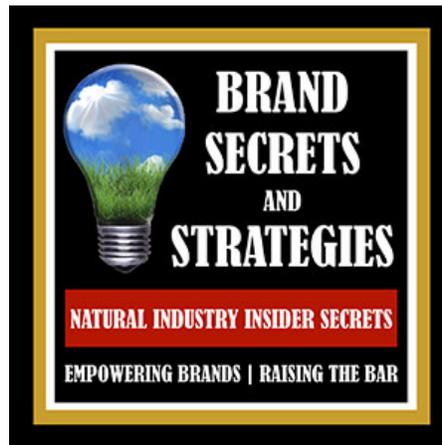


Now going back to your personal story, in terms of leveraging organic and going down that path, learning more about natural, how were you able to integrate the two to be able to communicate or improve your messaging or the way you communicate and have a compelling story with your end consumer and the retailers that support you?

Mike: One of the things we tried to do at Alter Eco is just very proud of and bang the drum about who we are. Everything we do, and again because we're a smaller company, we really need to be consistent and single-minded and focused on our messaging. Everything we do is around making sure everyone understands that we are the cleanest possible version of the chocolate you can make. Then it goes deeper into that. We're organic, we're a carbon-neutral company, we're fair trade, we actually pay growers a living wage, and we make sure that the meta-message is clear to folks who don't have maybe a lot of time to learn about our brand because not everybody comes to the store and wants to learn about Alter Eco, so if they understand we care about the planet and that's the cleanest chocolate you can buy, that's a win for us.

We also make sure we have other vehicles available, be it our website, be it work we do with influencers or speeches at conferences, that if you want to really understand well what is Alter Eco doing to offset their carbon impact? What do those plantains look like? We try to make it as easy as we can for them to learn more without overwhelming them.

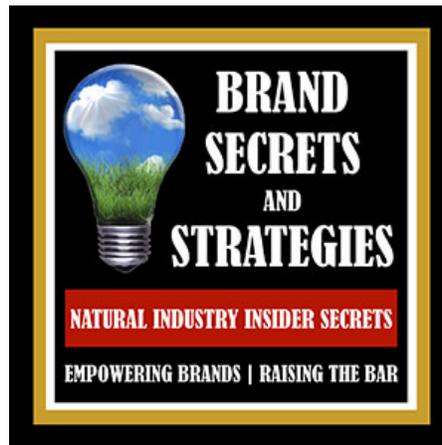
Dan: Which is great, so as you're building your story... I have a belief that brands like Alter Eco should never have to apologize for doing what you're doing, your ingredients, etc. What I do Mike is



I try to teach brands like yours how to leverage that in your selling story to help retailers understand that the customer that you attract is far more valuable to them than the customer that commoditizes the chocolate, that buys the main chocolate that you find on literally every shelf. Point being is the fact that you've got a relationship with your customer, you've got consistent messaging, love the fact that you're very single-minded. How do you communicate that? How do you leverage that throughout your entire sales funnel to drive sustainable sales, and then, more importantly, not more importantly but then how do you leverage that at retail so that your message gets out to the broader community that'd be looking for your product?

Mike: Yeah, I think a couple of things. Number one, making sure that you have a specific strategy for how you work with retailers and how you work with consumers. They should all ladder up to the same basic things but it may not be the same. For example, when we meet with a retailer for the first time we go into quite a bit of detail on what our brand is and what makes it special. It's really important to ground somebody in that a partner because at the end of the day all of these things for us have a cost, and it's a reason we cost more than your average chocolate bar out there. It's important for a buyer to understand that and it doesn't mean we're not going to promote, we're not going to help them move our product, but they also need to understand where it comes from and why our brand is what it is and make sure they understand it in the same way a consumer might now about it.

The second thing I think about when we work with retailers is, and this is what's exciting for me as a small company, actually get a little flexibility on this, is there is no one size fits all



solution. Sometimes I see people as they try to crack into the natural market say, "Okay, we're going to promote X times a year at this price point and we've got this number of dollars for displays," or whatever it is from a sales perspective. I think that's actually missing the boat. Because what you find is what... And I'm going to name some names. What Whole Foods wants is different then what Sprouts wants, is different then what I'll say Vitamin Cottage wants, and so it's really important to make sure you're not just delivering the templates to folks but really doing as much as you can to understand what's important to that buyer, what tool's important to that retailer, and making sure you're doing your best to customize what you're offering to fit with what that retailer needs.

Dan: This is music to my ears. The reason I say that is because at Kimberly-Clark I had the privilege of having full access to almost all the different tools that they had and resources, virtually unlimited resources. I got to become an expert in trade marketing, and actually just spoke at a conference as a keynote in your backyard in San Francisco earlier this summer. This is something I'm going to start helping brands with. I'm actually working on a robust course about it, but to your point, one of the things I think we do as an industry, one of our failings is that we don't teach brands how to do this. We don't teach brands how to say no to promotions that do little or nothing to drive to raise the bar or drive sales, etc. Instead of just throwing money at the problem, first of all, you need to your point, understand what matters to the retailer, count penetration who is the retailer, what are their goals, what are their objectives? Then number two, how do you leverage those funds to drive sustainable sales?



Let me frame it a little bit differently. Generically speaking, most brands spend about 25% of every brand's gross revenue is tied up in trade marketing, meaning how do you get your product in the hands of a shopper? But yet 70% to 90% of all those dollars are wasted, meaning they're not accomplishing their objective. How do you leverage those strategies that you're talking about to drive sustainable sales and help your brand compete more effectively? Because like you said, you can't participate in every single thing, every single retailer wants.

Mike: Yeah, so I think one of the things we do at Alter Eco is we sit down and we go through every major or mid-major account every quarter. We fly the sales team in, we have some folks who look at data, we have the marketing team there, and we try to go someplace to make it fun. I went to Half Moon Bay this summer, and we spend the time to actually dig in and go through what's happening. I think that's the first thing I see that a lot of companies that sort of forget to do. You get on the treadmill and there are promotions going out and everybody's busy so nobody really takes a pause to say, "Geez is this working?" We stop once a quarter, we look through the business and say, "First of all what are our objectives for this account," and I'm amazed how many folks sometimes I talk to that don't have an objective. It's objective is to sell more, well that might not be detailed enough.

We look at our objectives, we look at the results that we've seen, we try to understand as much as we can about how our trade efforts are working. I know people love to use the word ROI sometimes for a small company, you can't get a perfect ROI. But what I like to even to say is, "Hey, can we set the bar to this... Did this promotion obviously not work?" Or, "Did this idea

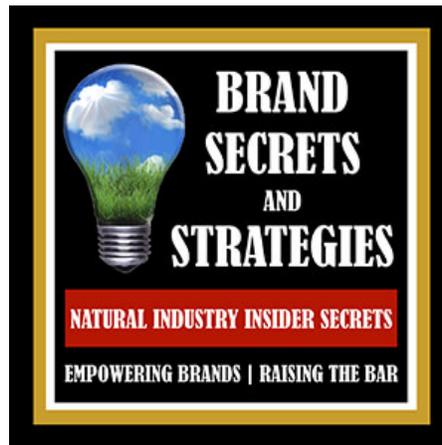


obviously not execute or drive volume?" You can actually move the needle on your business by just finding every couple months a few things that you know aren't working and reallocate those dollars and that mind share and all the effort of your team to something else.

What we found is by just sitting down every quarter to do that yeah right, you learn something about every account every time. Sometimes it's market data like in Nielsen or a SPINS, sometimes it's actually just walking through the store and we're looking at pictures and realizing, you know what? One of our competitors is actually doing demos all the time. Okay, well that's interesting. Should we be doing that or should we be doing something else? You look at pictures and realize geez, we used to be at eye level, maybe now we're not for some reason. Well, what happened? How can we get back there? Sometimes that's a promotion. Sometimes that's just flying up to the account, taking the buyer out to coffee, and saying, "Hey, what happened here?"

We try to customize everything. Once we have these meetings we try to customize everything to what that accounts specific goals are and what tools we have and then based on that we come up with different solutions for each account. Be it something on the relationship side, to thinking about trade promotions different, to actually thinking about can we leverage some of the marketing programs that our retailer has and maybe add one or do it in a different way.

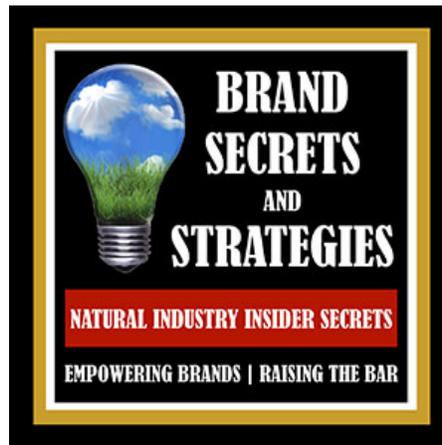
Dan: Love the fact that you've got that awareness that is so critically important. To your point, most brands pay lip service to this or they overlook it or they don't understand the importance of this. This is the majority of your budget, this is typically the single



largest line item on every brand's income statement and yet we, as an industry, don't do a good job I think of teaching brands how to do this. Again that's why I want to really change that or raise the bar in that space. One of the things that I don't think brands understand is that if you're in the natural channel, especially natural channel. It is nearly impossible to effectively manage trade marketing the way it was when we worked for big companies because the data's not there and there are issues with the data, how clean it is in terms of where you get it. In other words, you can't buy Nielsen data and then look at natural retailers. A lot of independents aren't even being covered in terms of what's being captured, the distributor data, I mean all that. There's so much to unpack there.

The fact that you're taking the time to take a step back, as you said, and then focus on what's working, what's not working. To your point, sometimes it's simple as being able to ask the retailer why did we get moved from one shelf to another shelf, makes a tremendous impact on your sales. How do you leverage that in terms of working with your sales teams so that everyone's on the same page and understands... They own their own lockstep, they understand what are the goals and the objectives? Are you using scorecards in KPIs and first of all do you want me to explain that or do you want to share what your beliefs around that are?

Mike: Yeah, a scorecard and a KPI is, and this is how I think about it, it's putting together a set of metrics, whatever they are being data or something a little squishier, to understand if you're winning or losing at whatever you're trying to do. Be its gross sales in an account, improve your operations, whatever it happens to be. I think for a lot of folks setting up KPIs and



scorecards can be pretty daunting because then they can get stuck that oh we don't have the data, or sometimes actually I find people try to make scorecards that are way too big and lengthy and then it takes so much time to gather the data that it becomes a frustrating concept.

We have some and we're in the process of integrating more around the organization for next year. Basic scorecards just to understand for everything we do if we're winning or losing. We try to keep it simple. I don't like to see scorecards with 20 or 30 metrics, I want to see them with three to five because honestly, people don't remember more metrics. I want it to be things that don't take forever to collect, so you're not spending all your time just gathering the data, and I want it to be things that people feel like they can act on. In other words, and then the final thing is obviously if it's really impactful to the business. If they see an orange or a red on something, and I try to color code things, excuse me, that the team gets it and they understand oh something's not working, we need to make a change.

That's how we try to set up scorecards. We've gotten one for finance, we have for marketing, we've got an operation and customer service, and then we have sales scorecards as well. That's how I think about scorecards and setting it up. How about you?

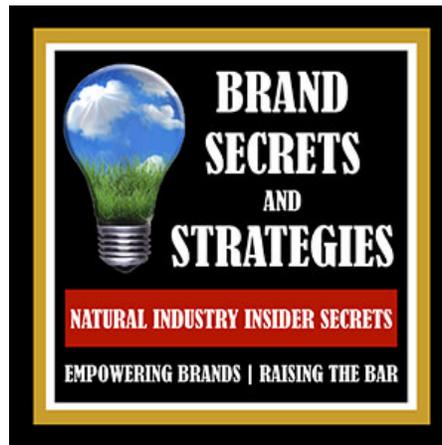
Dan: Well I mean that's ideal. I tell people, and by the way, this is part of the courses, this is one of the things I talk about, a lot of my content, etc. But to your point people really need to understand this. I think that it's one of the best project management tools there is out there. To your point, you can setup a scorecard for everything. Some brands go overboard although that's extremely



rare, to your point it needs to not be so overly complicated. Let's say in it's simplest term that I'm going to... Let's say I work for you, I'm one of your managers, and I'm going to set up a promotion with a demo at store A and a scorecard could be as simple as we're going to make sure we get the product in the back door, we're going to make sure we communicate with the retailer, we're going to make sure we schedule the demo person, we're going to make sure that we've got the TPR, whatever we're going to use to help support it.

All those things in place and then afterward we look back at that and say, "Were we successful? What could we have done better? Did we collect insights from the consumer that brought the product, etc.? What were our sales increase?" All that stuff, but to your point going one step further, using this for finance, for marketing, for sales, that's where this comes alive. Now KPIs, from my perspective, KPIs are the guardrails. If I give someone a scorecard here's what I'm going to hold you accountable for, here's what the objective is, here's what we're trying to achieve, like you said the wins or losses. From my perspective, KPIs are the guardrails. If I give the KPIs to my broker team, to whomever else, that tells them that we need to be to the right of brand B, we need to be priced at whatever, we need to have all of those things are really critically important.

From my perspective the KPIs, because you can have as many as you want obviously, but the basics, the five Ps, people, price, promotion, placement, etc., and if we've got that in place then that helps guide everyone throughout the entire sales funnel to understand this is the minimum, this is what we expect, and then you can scorecard against that. By the way, scorecards are also a



great way to effectively manage those people that are calling on the accounts for you, those people that are getting your product in distribution. A tool that can be rolled up so they can... In fact I've been working with a lot of brands on this and helping them with their broker management, and teaching them how to leverage a scorecard so that it rolls up from the bottom all the way to the top so that in your position, you would be able to see what's going on at a quick glance and how well your teams are executing. Then that takes a lot of pressure off your trade marketing and your sales, execution, etc. Your thoughts?

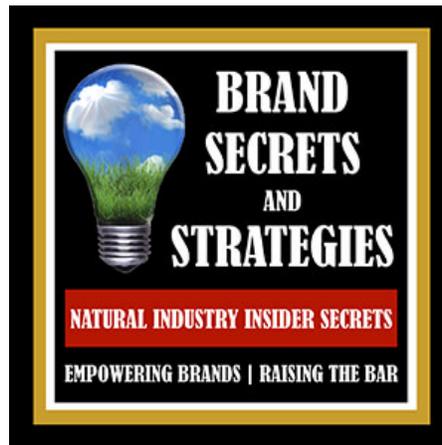
Mike: Yeah I think that makes perfect sense. The other great thing about building a scorecard is it actually challenges you as a leader to make sure you're keeping things simple for your team.

Dan: Yes.

Mike: Right, because it's so easy to all of a sudden have a quarter where you have 27 initiatives going and it's really hard to do that successfully as a small company. I think you need to focus on the power of three. If you're developing a scorecard exactly as you said and you've got too much going on and you're not focusing, you suddenly realize that that's a really hard scorecard to build because you keep scrolling to the right to find all of these KPIs. When I think this approach makes sense is oftentimes even the process of building it helps the leader learn something, right?

Dan: Yes.

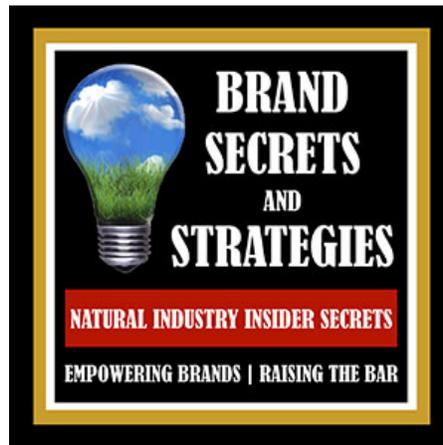
Mike: Oh gee, if it took me two days to build on my KPIs for the quarter, that means I'm having my team do too much. That means I'm having my brokers do too much, and I'm asking my



customers to do too much. When you're doing that it's really hard to be successful.

Dan: Well and if you can have your teams help develop that and help them co-create and collaborate and be a part of that I think that helps. When you were saying that it flashed back to I remember when I was working for a few companies where we had meetings for the sake of having meetings. Yeah, you don't want to go there. Remember, nothing happens until someone buys something, and when you take that very simple approach and you think about okay, what do we need to do to achieve the objective of getting your product in the hands of somebody? My mission Mike is to make our healthy way of life more accessible by getting your healthy products on more store shelves and into the hands of more shoppers, and that includes online. Very simple, very easy to digest, very easy to understand, lots to unpack in there but what do we need to do to move the ball forward? What do we need to do at the end of the day to have a consumer evangelize? How do we convert an occasional customer into loyal evangelists for Alter Eco? That's the bottom line.

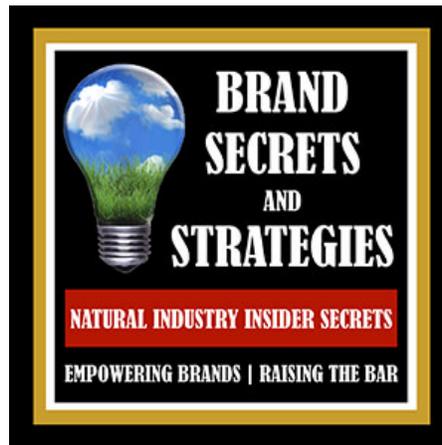
Mike: Great question, well the first piece is you have to be authentic about every single thing your brand is about because people sniff that from a mile away and if you're not authentic I think they run away. The second thing is, and I think through a consumer through every stage of the cycle. Just when they're sitting at home how do I find a way to get in touch with them in an aperture that makes sense and maybe that's through a podcast like this, or Instagram so they see what we're doing. I want to make sure when they go to the store or go online, in what's a very crowded environment, we find a way to stick out.



That's everything from trade, having the right pricing at the right time or display, to working with folks on marketing programs, to just making sure your package is great. Then the most important thing and sometimes people forget this, is the product inside the package needs to be lights out. One of the things I'm really, really proud about with our chocolate truffles, for example, is we've done a ton of work just to make sure those are drop-dead delicious. At the end of the day, there's still food people are eating it because it takes great and if you've got a product that is a delicious boom, it's something they're going to come back to because taste buds don't lie.

The final thing is are there things you can do to make it easier for folks to join a community around you? That's everything from traditional social media to, you know one of the things we do when we're coming up with new products, we have what we call a panel of super consumers in our San Francisco area, people who love our brand and sure we'll invite them into the office whenever we're trying new products. Because 20 people come in, they give us their thoughts, and I know they're going to go tell a lot more than 20 of their friends. When you do things like that it just gives folks another way to connect with you and all of that authentic activity really does multiply.

Dan: I'm so glad you said that that's another thing I wanted to cover with you. Building a community, and by the way anyone listening, your products are addictive and that's a good thing and a bad thing. No, I love them. To build a community around what you're talking about, and this goes back to where we started this conversation around all the wonderful things that you're doing. Your community is the lifeblood of the company, and if you can

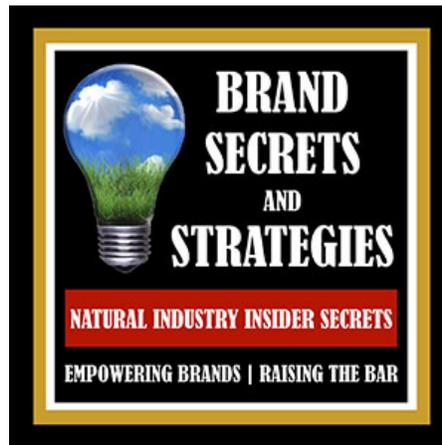


leverage the strength of your community at retail, again that's another point of negotiation. Why should a retailer have you on the shelf versus another brand, and if you can help drive sales within a retailer with the strength of your community that's critically important?

Can you talk a little bit more about your community? How do you interact with them? I know you've got the signup on your website. What else do you do to help support that community and nurture them and help leverage them? By the way, one of the questions in the back of my mind, I'll plant the seed for you, is how do you leverage that community to help you with your trade marketing and your product innovation?

Mike: That's a great point. We are active in all channels. First of all to engage with our community and that includes everything from making sure people are actually listening to customer service calls, that's a great chance to keep the pulse on what people are saying. It's something I find small companies overlook, to just being active on Instagram or Facebook or whatever. As a small company we choose to pick our battles there so we may not be as active on every channel, and so for us we might not do as much on Twitter, for example, but there are other places like Instagram where we make sure we're doubling down and being all over it and really finding ways to delight folks.

I think it's a combination of finding things that delight, making sure we're using it as a way to learn too, be it from even just asking questions and posting a little Survey Monkey thing online to even making sure you're trying new content once in a while



and maybe pushing yourself. The great thing about digital is you can experiment with your community and we can start to talk about new types of packaging, for example, and get an idea of if it resonates and people want us to move forward with that, or if it comes across as we don't get much of a response and there's a simple thing over that too.

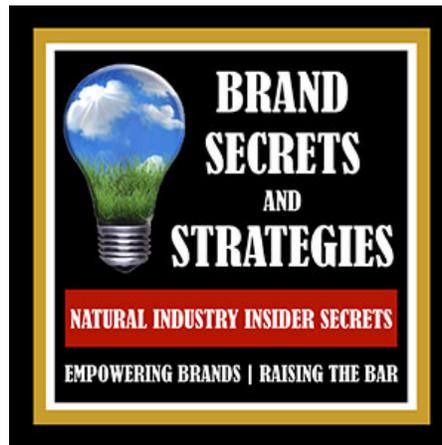
I just find, and it's a great thing to remember about digital and community tools, is it is a great way if you've got a bunch of folks who trust you, it's actually a great way to experiment.

Dan: And more importantly, it's free.

Mike: Yeah.

Dan: I remember way back when learning the strategies that we learn, we tend to overlook, as I said, commoditize the end shopper. If you had an opportunity to spend time in every single store and ask every single customer why they buy your product that would be ideal and be able to ask them, to your point, what do they like, what they don't like, etc., and then be able to do your split testing and being able to leverage those insights to help you put a product out. The reason this matter is because way back when we would, and big CPG, we would put a product in a package, we'd have a focus group, and like I said, a lot of times you didn't get the answers you needed and then we'd spend a lot of money and put it on the shelf.

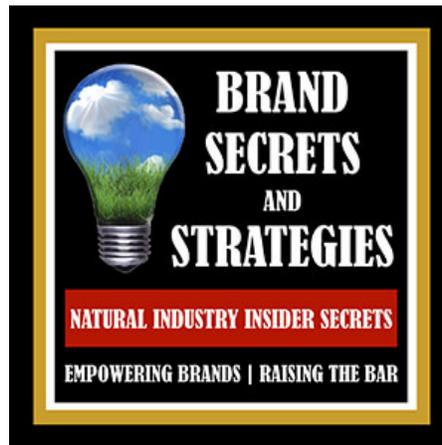
Years ago I worked for a company that had what would have been the best product in the category but they didn't involve category management, of course, this was a new thing at the time. Any other product didn't fit on the retailer shelf, and the



expense of having every single section re-merchandised or changing the packaging was so great that they abandoned the product. You hear stories like that, and so you can avoid those mistakes. The other thing I think is great about what you're doing as far as community is, and going back to trade marketing, if I'm in a store and I'm going to buy your product anyhow, well rewarding me at shelf that's nice, that makes me feel good, but that really doesn't achieve your objective of driving the needle, raising the bar. If you can give me something incremental that I would only get for being part of your community, part of your tribe, well that makes me feel special and it helps you leverage my insights, leverage myself as a consumer to help drive sales. It helps you be more effective in your trade marketing. Your thoughts?

Mike: Completely agree, I think you said it perfectly.

Dan: That's one of the strategies I'm really trying to help brands understand is that again, instead of just accepting every single promotion that's put in front of you, whether it's your broker, your retailer, etc. Retailer A wants whatever, here you write the check. You need to be able to understand what that promotions going to do for you. Paying for no performance at retail, the biggest mistake brands make. Just buying into a promotion. I remember years ago I used to be in a position where I would do that. We would effectively bribe retailers to sell our product instead of thinking about how do we help the retailer achieve what they want? More traffic in their store, a reasonable profit, and a competitive advantage. If you can help the retailer achieve their objective then they'll bend over backward for you.



Another point, something we touched on earlier, if you could provide those kinds of insights and have that kind of a relationship with a retailer where they look to you as a resource, a lot of times they will give you their internal data, which will augment data that you may not be able to get from any other source. Have you ever been able to do that?

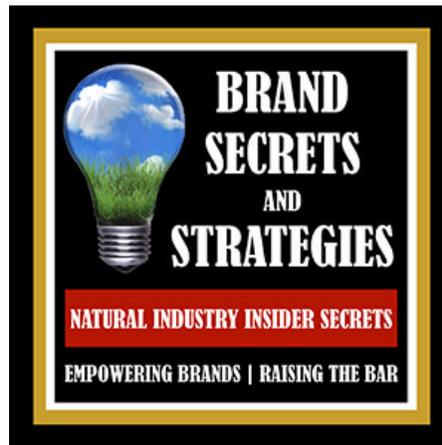
Mike: Yeah, as we've built relationships with certain retailers I've been amazed at their willingness to share things, for example, a basket analysis.

Dan: Great.

Mike: We can find out from them what is in the shopper's cart along with our chocolate. Once you know that, boy you learn a whole bunch of things from that.

Dan: Sure.

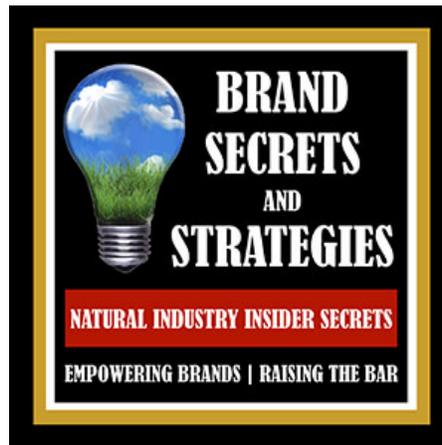
Mike: You get an idea well geez, and I'm making this up a little bit, but I'm surprised that there are more baking flour and things like that along with our chocolate, and so that makes me wonder, "Geez, I wonder if we're being used actually as an ingredient instead of chocolate chips. Maybe somebody wants chocolate chip cookie with really amazing dark chocolate that they're chopping up themselves." Well okay, there's a promotion idea on that in-store and there's also a marketing opportunity. I can start to think about on our social channels how we might want to actually create a recipe around that and promote that and do video or do contests or whatever. I think if you're transparent with the retailer they can give you information, which leads to really



interesting insights, which then you can use not only with that retailer but across your business.

Dan: Again, music to my ears. This is what I've been espousing for years is that brands need to be more creative, need to be more strategic, and not necessarily adopt the cookie-cutter strategies that a lot of big brands use. I'm not a huge proponent of what I would call push-button category management. The fact that you're able to print off a canned report and walk it into the retailer, that's usually a waste of money and a waste of ink. But if you can provide real insights, actionable insights to help your retail partner drive sales, that's what it's about at the end of the day.

The fact that you're able to validate this, thank you for that, and one of the great things about it is that you're helping the retailer remain relevant, relevant meaning against their competition, against their online competitive threats, etc. You're helping them and as a thank you for you helping them, they're able to provide insights to you that you would have to pay a lot of money for. Back to your big CPG days, yeah we had the money to buy some of that stuff, but those kinds of insights are horribly expensive. To be able to get that from your retail partner hats off to you. Obviously, you guys are the poster child for this is why this works. Can you talk a little bit more about how you interact with retailers? Because obviously you're doing a great job, and then after that I want to talk more about some of the things that you're doing as a brand as far as B-corp, packing, eliminating waste and stuff. How do you communicate that? How do you leverage that with your retailers?



Mike: Great, so I think I'll start with how we interact. We try to do our best to have conversations, all retailers have category reviews. If you're only talking to your retail partner around review time you're missing a lot of other opportunities. We do our best to share in ways that work with folks, be it phone calls, coffees, meetings. Some of our wins, some of the things we see happening in the category and in food in general because it gets easy to get stuck behind your desk all the time. We do invest in a little bit of data, I do think that's important now even... Some folks say natural foods is less data-driven and I think that's true but that's also changing so you need to know where you stand relative to competitors.

We try to approach with a retailer by bringing all these tools, being transparent, sharing, owning up if we do something wrong. If we're cutting shipments or we missed a promotion or what have you, just own up to it and try to fix it, don't dispute it. I think if you bring to a retailer the exact approach you talked about, which is how can we help you grow your business and bring tools to the table to help you do that, I think you'll find a little bit of flexibility that is with a small company that'll actually help surprise that partner in a way that may be a larger company can't because they're bringing in the same canned reports all the time.

Dan: Well and on top of that your authenticity and your transparency and your desire... I mean for you to hand stamp the retailer's logo on your product, that says a lot about you. Think about big brands, well we need to form a committee to see what that's going to cost. All the things that would go into that, but yet you just do it because you're creative. One of the things, you made



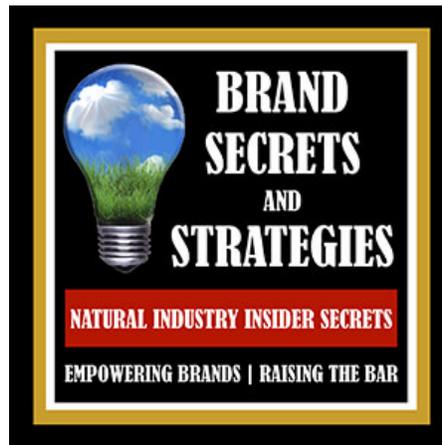
the comment less data drive, one of the challenges that I think a lot of brands have Mike is that because of the way the data's setup, it's not designed from any of the syndicated data providers, around the way the consumer shops the stores.

Mike: Mm-hmm (affirmative).

Dan: If you're providing a canned generic report, canned generic data that looks at the category from the way say a big retailer that you're not participating in, etc., compared to a small store then there's a huge disconnect. I did a project for a brand years ago where they wanted... It was a big brand and they wanted to know whether or not some new innovation that they were working on made sense. I looked at the data and I said, "Given the way, this is set up is segmented. This is the absolute worst thing that you can do in the world." Then I said, "But when you segment out the data the way the customer looks at the products and you understand how the consumers buy products and you understand that a lot of things in that same data set were in a different aisle. When you break that apart by aisle," it was an ethnicity in terms of the products, etc. It was entrees is what it was, and helping them understand where their product fits in and what aisle they fit in and what that consumer looked like, then it was a brilliant idea and the product actually did very well.

My point is, those are things that you don't know unless you really understand the retailer, the retailer's objectives, how the data's put together, and then how to dig deeper then you would get from a canned top on reports. Your thoughts?

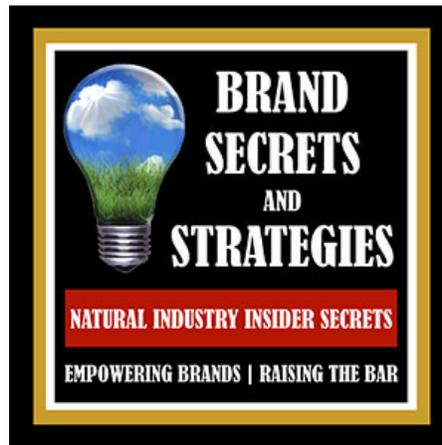
Mike: I completely agree, and it's amazing when you talk to retailers how often people aren't taking the extra step of maybe combining



a little bit of canned data with other insights, be it what's trending on Instagram to pictures from the store. Geez, that doesn't seem to be organized how a consumer thinks about, maybe it is organized how your data set is structured, which might not be the right way to think about it. I think if you take some of these, and I'm just going to call them canned reports, as the starting point, not the endpoint, but the starting point to apply creative thinking and passion and why you come to work every day to work on your brand, a small brand with limited resources and the big dreams. If you use those things at the starting point and think of what little spice you can add to it, you will ultimately shine in your review meetings.

Dan: Well and go one step further, this is how you differentiate yourself. If you use the same canned report for chocolate that they're using in pet food or whatever, you're not going to differentiate yourself. This is so critically important. This is what I talk about a lot so thank you for sharing that. To go one step further, if you're trying to differentiate... I've never mentored a brand that said, "You know what, we want to be just like another brand on the shelf." They're always like, "We've got the best. We're unique, this is why we're unique, etc." But more importantly this is how you stand out, this is how you become more than just another package on a retailer shelf so thank you for sharing that.

I know we're coming up on the end of our time, and I know we've got a hard stop. I'd love to spend some time talking to you more about some of the other things you're doing and I think it's amazing. B Corp, eliminating waste, clean ingredients, investing in farmers, all things that brands need to be doing. I really want



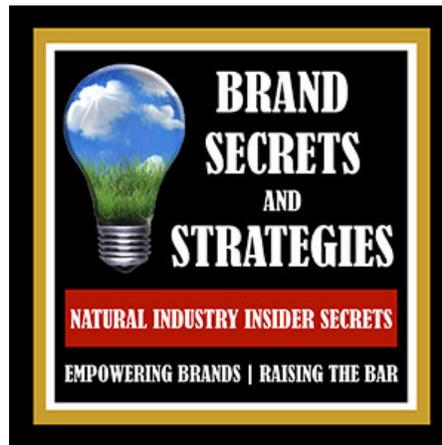
to celebrate you in doing that. Can you talk a little bit about that and then how do people get in touch with you? Then want to follow that up with what is your chief bottleneck that I can help you solve? Lots to unpack there, sorry.

Mike: Oh good question. Our ethos as a brand is everything we do we want to be awesome for the people who eat it, better for the planet that provides it, and better for the people who make it. That leads to this concept of full-circle sustainability. Everything we do we're trying to push the bar further than what anybody else is doing. Packaging, for example, we pioneered a compostable wrapper on our truffles a couple of years ago. We'd like to take it a step further and next year by December 31st make a commitment that every single piece of packaging we ship out our doors is recyclable or compostable. Not just the wrappers on the truffles but everything.

Organic, we wanted to go further than organic and we're investing right now in something called agroforestry, and so the idea there is when you go down to meet our farmers in Ecuador or Peru, it's not just cacao they're growing, but they actually have a plot of land that's a farm but it still looks like a rainforest. There's an understory of cacao trees, there's a middle story of fruit trees, and then there's an upper story of really tall trees for lumbar. What that means is they're not only growing one crop but they're growing several crops, so it's several sources of income for that farmer.

Dan: Really cool.

Mike: It helps them if let's say one thing fluctuates, all their eggs aren't in the cacao basket or the banana basket or they've got several

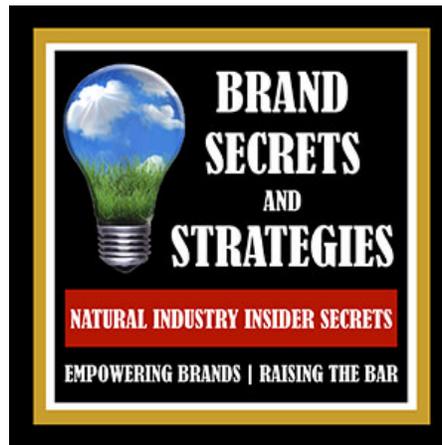


things they can take to market. It actually is wonderful for the soil because it eliminates a lot of the erosion issues, and so that's a great concept of what really represents our brand ethos of full-circle sustainability. It's better for the farmer because they have more things to sell. It's better for the planet because it helps the soil and it frankly looks more like the land's original state. It also makes awesome cacao, which we can make great chocolate out of. That's an area that we're pushing the boundaries on. As a company, we're also planning on launching a foundation in 2020 and using that with our partner Nextworld, who's been super supportive as an owner, so we can actually take our principles of full-circle sustainability further than what just our brand does. We can actually invest in more approaches and inspire other companies and farmers to do the same.

Dan: Great, congratulations. I mean that's exciting. Can you tell us a little bit about how to get to you? I want to be sensitive to your time, to your schedule. Can you tell people how to learn more about you and how do they get ahold of you as an organization?

Mike: You can find us at alterecofoods.com. We on Instagram, Facebook, we're out there all the time and are happy to answer any comments you drop by. You'll see us coming up at Fancy Food in a couple of months and in other industry events. We look forward to getting in touch with everybody.

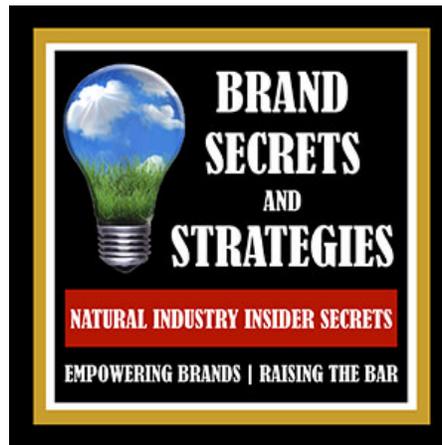
Dan: Love it, appreciate it, and again hats off to everything you guys are doing. I love the fact that you guys are leading the conversation, so thank you for doing that. Mike, what bottleneck do you have that I could help you solve or help give you some insights about?



Mike: Boy, that's a great question. One of the things we always think about is how do we make sure we're really thinking about what's next? I think everything in the world is moving faster now, 10 years ago Amazon did not exist as a grocery competitor. Big companies didn't have food accelerators that were helping smaller brands. You didn't have really online coupons 10 years ago. From any part of the business, and so I'm always looking for folks to give me an idea of what they think is new and interesting that we have to keep our eye on.

Dan: You've already started down that path. Great question, by the way, but you've already started down that path. Your community. Here's how I'd frame that. If every retailer disappeared tomorrow where would you be? Who would you sell your product to? How would you evangelize or continue to communicate the value of what you're selling? Obviously, that's far fetched, but my point is this. You need to own your customers. If a retailer were to go under or close or a buyer were to change or a broker was to change or whatever, you need to own every aspect of your sales funnel. What I'm getting at Mike is that if you can leverage your community to help you drive sales and then have a one on one relationship with your community, one of the things that makes natural natural is that we have a more... Using your words and I agree with you completely, a more intimate relationship with our end consumer. That's how we convert an occasional customer into a loyal evangelist.

If you can leverage that community and rally them behind you and engage them on a regular basis and talk to them like people, they will give you the answer to those questions. They will give you the feedback that you need. What kind of packaging do you



want? What size packaging? What size portions? They'll help guide you into your packaging question. You made the comment that you want to be 100% compostable. That's cool. Well maybe someone in your community will help support you by pointing you in a direction that maybe you didn't know existed, or maybe someone in your community once you to achieve that objective maybe your community rather will rally behind you and they're going to evangelize to their community, to their friends and family. I think it's all about again, how are you tied to your community, your end-user, and then how do you leverage that relationship at retail?

Then when you go to retail then you can say instead of, "Hey I'm a nice guy, I got a cool t-shirt, a great product," whatever. Instead, you can say, "This is how we drive consumers in the store." You talked about how you get market basket information. That is priceless, so now you know how your customers buy your products, etc. Now go onto your community and validate some of that. When you buy our product why do you choose us? Why do you think about our product versus our competition, etc? Does that help?

Mike: Perfect, love that. That's great advised.

Dan: Thanks yeah, I'm trying. Thank you for coming on the podcast because this is what this is all about, trying to raise the bar in the industry. Your insights are priceless and the fact that you guys are doing so many great things, this is why I was so... Why I've been trying so hard to get you on the podcast because you have such a great message. Thank you for sharing that, thank you for



coming on, thank you for making time for me, and I hope your throat feels better soon. Good luck with the fires.

Mike: Awesome, thank you. Have a wonderful weekend.

Dan: Yeah, thanks, Mike. I appreciate it.

Mike: Take care, but-bye.

Dan: I want to thank Mike for coming on today. I'll be certain to put a link to Alter Eco in the podcast show notes and on the podcast web page. I really appreciate his insights around trade marketing, especially trade marketing because this is such a complicated area that so many brands struggle with. The strategies that Mike shared are strategies that any brand can adopt. The best part is, since these are the basics, these are the things that you can start doing as a brand for little or no investment, no real investment. To help take this conversation to the next level and beyond, today's free downloadable guide is Trade Management Essentials to Grow and Scale your Brand.

I've had the privilege of working with a lot of brands around trade management. I became an expert in this while working for Kimberly-Clark many years ago. I share a lot of the strategies, the basic strategies in this free downloadable guide. I'm also in the process of putting together a robust trade management course so stay tuned. The bottom line is this is something that every brand needs to understand and buying a couple of canned topline reports is not going to help differentiate you from your competition. That's why I'm trying to teach you the basics. And I'll even give you some tools to help you manage your trade marketing. Thank you for listening. You can download these at



brandsecretsandstrategies.com/session151. I look forward to seeing you in the next episode.

Alter Eco <https://www.alterecofoods.com>

Thanks again for joining us today. Make sure to stop over at brandsecretsandstrategies.com for the show notes along with more great brand building articles and resources. Check out my free course Turnkey Sales Story Strategies, your roadmap to success. You can find that on my website or at TurnkeySalesStoryStrategies.com/growsales. Please subscribe to the podcast, leave a review, and recommend it to your friends and colleagues.

Sign up today on my website so you don't miss out on actionable insights and strategic solutions to grow your brand and save you valuable time and money.

I appreciate all the positive feedback. Keep your suggestions coming.

Until next time, this is Dan Lohman with Brand Secrets and Strategies where the focus is on empowering brands and raising the bar.