

DRUG STORE NEWS

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Special Report P.8

What's next for the New General Market

Industry leaders offer six ideas for operating with purpose

By Dan Mack

There are lots of bad reasons to start a company. But there is only one good reason. To change the world. The best brands operate with purpose, and it's about much more than the bottom line.

That was the key idea behind the third annual New General Market Summit, held April 4 in Minneapolis. Co-produced by *Drug Store News* and Mack Elevation, the event attracted a number of leading global and emerging brands from the world of health and beauty.

What is the New General Market?

The New General Market is a tapestry of cultures, ethnicities and demographics aligned against commonalities, needs and lifestyles. It's less about specific demographic groups and more of an expanding global mindset. It is a movement of culturally competent organizations, creating products and services for the new consumer — inspired by inclusion, community and purpose.

According to Silverpop Research, most people only have five “best friend brands” — that is, companies from which they will repeatedly open emails and buy products. Meanwhile, a recent study by the Corporate Executive Board shows that most people wouldn't care if 73% of brands disappeared altogether.

At the same time, Harvard researchers have determined that organizations that are fueled by purpose have a significant competitive advantage, delivering six times more value to shareholders than their profit-driven peers. The winners operate with purpose and soul.

Simply, doing good is good business.

What follows here are six big ideas from the third annual New General Market Summit.

Cultural competence matters

Rich Dennis, CEO of Sundial Brands and the
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A supplier panel featuring Simon Duffy of Bulldog Skincare, Nick Rini of i-Health, Bob Wiltz of Paris Presents, Kathleen Leigh of Purell Consumer/GOJO and Chris Marschall of Bausch and Lomb discussed marketing to the new consumer at April's New General Market Summit.



The New General Market is not about demographics — it is a cultural shift and a change in the consumer mindset that has been brought on by the growth of multicultural and millennial consumers and the impact they are having on ALL consumers. It is changing the rules for how brands market. In this virtual roundtable, *DSN* talks to leading CPG executives about how to better engage the New General Market.

What is your company doing differently these days to connect and demonstrate the value of your brands with the New General Market?

Consumer need states and solutions are the main drivers of change in the industry — from innovation to marketing. Generally, millennials are looking for ways of coping with today's hectic lifestyle and proactively managing their health today to build a longer, healthier life, while boomers are concerned with healthy aging and the treatment of emerging or chronic health conditions. There is no one-size-fits-all approach. ... However, there are general trends that are more universal, such as a move toward customization. Consumers are looking for products that are solutions for them and for the issues they are facing. ...



The desire for clean products, ingredients and labeling transparency, and 'free from' living is driving substantial change to product and packaging innovation. [We] have made changes to the way we label and name our products. ... We are trying to get consumers the 'need to know' information about our products, their ingredients and their benefits in a clear, easy-to-find and highly transparent way.

— Kristine Urea, Nature's Bounty

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Dan Mack moderated another supplier panel featuring Cheryl Winston of Kimberly-Clark, Morgan Mulvihill of Procter & Gamble, John Rizzo of Allegro (a division of Conair), Heather Warnke of Kao USA, Natalie Gillquist of Unilever and others.

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pioneering vision behind the concept of the New General Market consumer, offered an emotional view of Sundial's vision for community commerce and cultural competence.

In all, Sundial has created 15 farming co-operatives in Ghana. These self-contained businesses have positively affected the lives of women who process shea butter in their communities. School enrollment in these communities is up from 37% to 97%, and registration for health care has increased from 48% to 99%. As a result of these efforts, more than 14,500 households now are benefiting from increased incomes and access to fresh water.

Sundial Brands is leaving a legacy, breaking the cycle of poverty and helping put an end to the unnecessary loss of life through its innovative business practices.

Every brand must have soul

John Replogle, CEO of Seventh Generation, has led two brand revolutions; prior to leading Seventh Generation, Replogle was CEO of Burt's Bees.

What is a brand? According to Replogle, it is reputation; it's a story, a promise and a relationship, and it has soul. It is a combination of purpose, mission and inspiration. It's the "why" behind the "buy."

According to Replogle, in all of its decisions, Seventh Generation leadership asks itself, "How will this affect our business, the planet and people over seven generations?"

Today's consumer demands honesty as an opening proposition. Today's most admired brands — Starbucks, Kind, Dove and Harley Davidson — all have one thing in common: They have soul. They embrace aesthetics and articulate a clear brand story. Soul matters. It creates loyalty and value. And today's consumer will pay more for soul.

Building a culture of innovation

Eric Ryan, co-founder of Method Home Products and Olly Nutrition, shared his blueprint for innovation.

"Everything starts with culture," he said. For the Method and Olly brands, it's about "blurring the lines" of conventional categories and balancing art and function to create new, imaginative products that leverage design thinking.

Ryan's organizations have a design-first mentality, believe in aesthetics and operate in categories primed for cultural shifts. "The vitamin aisle seemed confusing" and lacking products that appealed to new, younger consumers, he said. With such big, bold descriptions as "flawless com-

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What is your company doing differently these days to connect and demonstrate the value of your brands with the New General Market?

Building a relationship with the new consumer considers a number of different factors. But one of the things that we find is really important is social media and listening.

One of the things we found is [the importance of] understanding that consumer so we can have a better connection, but also to have the ability to re-fine some of our product offerings because of what we are hearing in two-way conversation. We find that to be essential to our growth.

— Kathleen Leigh, Purell Consumer/GOJO



What is your company doing to create a culture of innovation?

We think about innovation every day — our shapes change almost every season. We take that innovation, we get feedback from the consumer and we turn that into what they're looking for in [terms of] what the shape is and what the design is. The

next level of innovation is driven through interaction with the consumer online, allowing them to create their own cosmetic bag — their own experience. They pick their shape, their design, their lining, their zipper, their puller — almost every facet that goes into the design of the product.

We're getting to the point where we will have a supply chain that will allow them to be able to do just that. Then at the end, they'll be able to personalize it with their monogram or a tassel — something that connects to them. They're going to be able to purchase something they created themselves.

— John Rizzo, Allegro (a division of Conair)





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plexion,” “respectful sleep” and “vibrant skin,” Olly calls out to the new consumer looking for a blend of design and efficacy.

The winners of digital influence

Evan Neufeld, VP intelligence of L2 (a division of Gartner Research), discussed the importance of understanding a brand's digital relevance. L2, the brainchild of entrepreneur and New York University Stern School of Business professor Scott Galloway, benchmarks and assesses the digital effectiveness of brands through its proprietary Digital IQ Index, comparing a brand's digital competency with the industry and its peers. It also helps suggest what level of investment a brand should make to improve its digital performance.

Neufeld reminded the group that today's winning brands don't collect data — they deploy it. And they only ask for data they will utilize quickly and transparently.

Collaborative, co-created discussions

Daniel Duty, CEO of Conlego Consulting and a former Target director, shared his vision for creating mutual value for retailers and manufacturers.

Competitive pressures can create sub-optimal business partnerships. According to Duty, there are too many transactional

relationships among retailers and manufacturers, which hinders growth for all. Real partnerships that are transformational emphasize elevated conversations, with a passion for discerning each other's stated interests, risks and strategies for growth. The best high-level discussions are agreed to and executed through collaborative, facilitated, joint-business planning meetings. Sales and margin expectations, mutual investments, new initiatives and plan monetization also are agreed to. We are in a world where preferred relationships must be nurtured, not demanded.

Seamless omnichannel experience

Russ Heilbrun, director e-commerce for Johnson & Johnson and former Target digital director, shared a personal story to demonstrate how all brand experiences are changing.

Heilbrun, who has visited every professional major league baseball stadium in the country, talked about how the experience of going to the ballpark has changed over the last 15 years. Every facet of the experience — from how we purchase tickets and how we travel to the game to how we interact and communicate about the experience during the game — has dramatically changed. The memory of a baseball game now is an amalgamation of the incremental new experi-

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“Consumers are placing more and more of an emphasis on convenience, and more importantly, are turning to digital channels to fulfill their need for that convenience,” said Cheryl Winston (left) of Kimberly-Clark.



What is your company doing differently these days to connect and demonstrate the value of your brands with the New General Market?

A strong desire to understand consumer behavior is at the foundation of our company and is part of the culture of Kao. Our parent company is Japanese, and Gemba-ism is a Japanese concept that refers to getting as close to the behavior of a consumer as we possibly



can. That manifests itself in the desire to have some really deep understandings across all functions of our business. Over the course of 100 years, Kao's close study of consumer behavior has resulted in some amazing research and development that has shown up in many of our products. It has also had an impact on our business processes, including the way we go to market and our relationships with our retailers.

— Ann Boyles, Kao USA

What is your company doing differently these days to connect and demonstrate the value of your brands with the New General Market?

Our most valuable asset is definitely our people. In our organization there is a real analytical kind of leadership that we get out of the people we hire and bring into the company. So when we look at building a brand today, it's important that brands not only deliver on performance or their promise but that you



actually build an emotional connection. And the talent that we're bringing on board — the brand marketers, those in product development, those in sales — all have that emotional connection; they're actually users of the product. So as a result, they are able to design and build that into the brand. That's what our talent brings into our organization.

— Bob Wiltz, Paris Presents



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es, which occurred prior to, during and after the actual experience. It is a metaphor for all brands moving forward. The brand is a complete experience, and it begins way before the customer enters the store.

The most compelling and meaningful brands today have more going for them than just a positive balance sheet — they

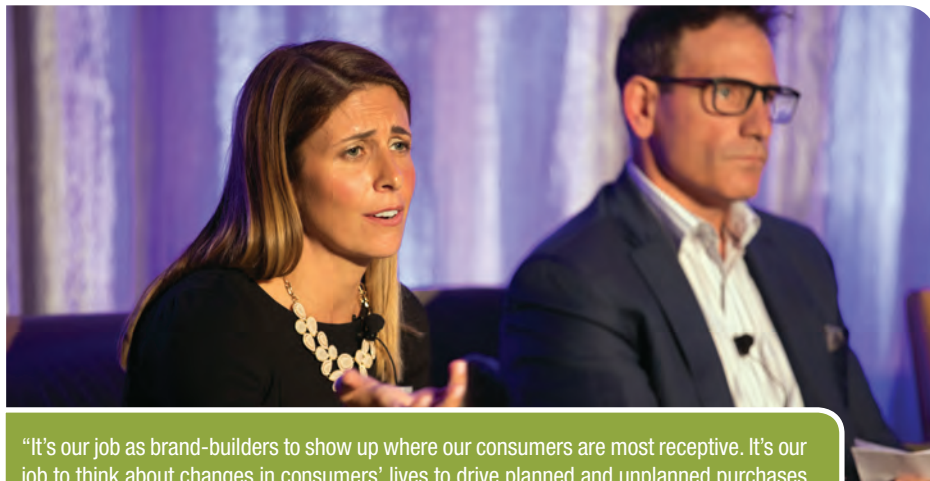
are increasingly becoming cultural forces for change and impact.

What's the purpose of a brand today? To transform the world.

Dan Mack is the founder and managing director of Mack Elevation Forum, and author of the book "Dark Horse: How Challenger Companies Rise to Prominence."



Check out the following pages for more coverage of the New General Market Summit panels and presentations.



"It's our job as brand-builders to show up where our consumers are most receptive. It's our job to think about changes in consumers' lives to drive planned and unplanned purchases alike," said Morgan Mulvihill (left), Procter & Gamble's associate brand director.

What is your company doing differently these days to connect and demonstrate the value of your brands with the New General Market?

We spent the previous two years dedicated to painstaking product research and development. When I look back to the founding decisions we made then — to focus on natural ingredients, to find better practices in sourcing and manufacturing, or to avoid certain ingredients we hated, such as microbeads, artificial colours or ingredients derived from animal sources — I'm proud that we are still committed to the same principles.

I think what we are seeing now is more demanding consumers. It's getting much harder for brands to maintain an artificial division between the image they seek to project and the actual behaviors of the company. It's much easier for consumers to see through brands now. This shift toward authenticity is a very positive trend in the industry. I think we'll continue to see momentum build in this area.

— Simon Duffy, Bulldog Skincare



To view the extended Vendor Views, visit: DrugStoreNews.com/Resources.



What is your company doing differently these days to connect and demonstrate the value of your brands with the New General Market?

Consumers expect personalization.

They expect us to 'know them,' to understand what they value and then serve them relevant content and messages, at the right time, in the right channel. Unlocking the power of personalization requires organizations to move from data poor to data intelligent — to the point of being able to predict purchase behaviors. Leveraging data-derived intelligence at Unilever, we can personalize content at scale, driving value for our consumers and back to the business.

— Doug Straton, Unilever



Social responsibility is increasingly important to today's consumer. What is your company doing to demonstrate that your brand stands for something bigger than just a product? What are you doing to communicate your brand's purpose?

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By putting purpose at the heart of our brands, we can move from marketing to consumers to mattering to people. In today's complex and interconnected world, a powerful purpose alone is not enough. Brands cannot do social good while harming the planet, or improve the lives of women who buy our products while ignoring the working conditions of the women who make them.

— Jonathan Atwood, Unilever



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Reaching, retaining NGM consumers

Suppliers discuss four ways retailers can foster success

What can retailers do to create a better proposition for the New General Market? Where are the opportunities? How can retailers and brands work together to cultivate New General Market consumers and foster their success? How can they innovate with purpose and meaning with the common goal of connecting with the New General Market consumer?

These were the key questions executives at the third annual New General Market Summit, held April 4 in Minneapolis, faced in a series of vendor panel discussions. Co-produced by *Drug Store News* and Mack Elevation, the summit brought to light a number of avenues retailers can pursue in catering to New General Market consumers and fostering their own success.

Rely on influencers

"Connecting with doers and influencers is the key to driving sales in usage occasions," said Audra Robinson, senior shopper marketing manager at Pfizer Consumer Healthcare. She used the example of a partnership with Pfizer and Kimberly-Clark, maker of U by Kotex, to help make Pfizer's Advil brand more relevant to New General Market shoppers.

A digital and social media campaign that reflected the fashion-forward, sexy-but-cute look of U by Kotex packaging was created to position Advil as more than a general pain reliever — for example, as a solution for monthly menstrual pain. Harnessing U by Kotex as an influencer gave Pfizer "permission" to "play in fashion, and to speak to the Advil brand differently," appealing to a new audience of females in the tween-and-older age group who use the feminine hygiene product, Robinson said. Key to the success of the program was "taking Advil out of the aisle" and assigning it prominent shelf space.

Bob Wiltz, chief customer officer at Paris Presents, corroborated Robinson's comments about the importance of influencers in cultivating new general market shoppers.



Nick Rini of i-Health, Bob Wiltz of Paris Presents, Kathleen Leigh of Purell Consumer/GOJO, Chris Marshall of Bausch and Lomb and Laura Hyland of Henkel Consumer Goods were members of a supplier panel of leading health and beauty executives who shared insights on building the customer experience.

"The influencer approach is critical in building a brand," Wiltz said. Paris Presents was ahead of the pack with influencers, tapping makeup artists Samantha and Nicola Chapman — founders of YouTube beauty channel Pixiwoo — a few years ago. They were not only influencers, but helped create the Real Techniques line.

Wiltz also said retailers would do well to re-imagine "what speed looks like" because New General Market consumers want to see the items they want on retail shelves — when they want them. Decreasing the amount of time needed to empower decision-makers to bring product in-store and online, along with establishing a consistency of consumer messaging across both platforms, will go far, Wiltz said.

For Allegro, a division of Conair that manufactures fashion-forward cosmetic bags, the key influencers of its designs are its customers. Allegro is a design house, VP of sales John Rizzo explained, which has built its business around co-creating exclusive brands with its retail partners.

"We think of our customer relationships like a

consultant — first understanding their needs and interests, and then doing our best to include the most updated fashion trends into their beauty solution," Rizzo said. "We believe all retailers should ask their manufacturing partners to include knowledge of emerging cultural and fashion trends into all their beauty and personal care lines. Brands must stay fresh, current and distinct. Think fashion for all — customization for the consumer and staying on-trend with anything having to do with beauty or personal care."

Embrace the omnichannel model

While influencers clearly have an impact on how New General Market consumers engage with brands and retailers, meeting demands for a convenient shopping experience — largely by embracing the omnichannel retail model — is equally paramount, panelists observed.

"Consumers are placing more and more of an emphasis on convenience, and more importantly, are turning to digital channels to fulfill their need for that convenience," said Cheryl Winston, VP and general manager at Kimberly-Clark.

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^{††} Based on: Total Culturelle® Brand Nielsen xAOC 52 weeks ending 4/15/17.

^{†††} Based on: Total AZO Brand Nielsen xAOC 52 weeks ending 4/15/17.

[§] Based on: Total Estroven® Brand Nielsen xAOC 52 weeks ending 4/15/17 and the 2016 Pharmacy Times OTC Survey.

^{**} Helps inhibit the progression of infection until you see a health care professional. AZO is not intended to replace medical care.

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Kimberly-Clark has found that 80% of consumers who have taken advantage of the opportunity to shop via “click-and-collect” become repeat customers. Once they have tried “click-and-collect” to complete their shopping three or four times, they become regular users and hence, even more loyal. This is especially true when the “click-and-collect” shopping experience hits the magic target, requiring no more than five minutes for customers to find and click on the items they wish to pick up in store.

Morgan Mulvihill, Procter & Gamble’s associate brand director, emphasized that an increased online presence is essential to delivering convenience. “It’s our job as brand-builders to show up where our consumers are most receptive,” she said. “It’s our job to think about changes in consumers’ lives to drive planned and unplanned purchases alike.”

Mulvihill backed that up with research conducted by P&G that shows that the number of consumers who shop on multiple devices exceeds the number of consumers who own toothbrushes. In addition, 3-in-4 consumers are omnichannel shoppers, according to P&G’s data.

Natalie Gillquist, shopper marketing manager at Unilever, said she believes tying into the convenience factor is paramount for any brand or retailer attempting to succeed in the New General Market. “There’s a lot changing in the landscape

of the consumer shopper journey,” she said, adding that according to one study, the average mom has just 37 minutes of free time in her day.

The old days of making shopping lists are over, she said. “The definition has changed; convenience now means having the brand present at the right moment” for the individual consumer, whether on store shelves or online, she said.

But for retailers, adopting omnichannel and engaging the New General Market consumer necessitates paying close attention to the “essentials basket,” said Laura Hyland, VP of e-commerce for Henkel Consumer Goods.

“The winners online are winning with the essentials basket, making it easy to obtain its contents there” by knowing how consumers shop their websites and designing these accordingly, Hyland said. In some European markets where this has become the norm, such as France, the average online shopping basket contains €167 worth of purchases; the average in-store shopping basket contains a mere €35 worth of purchases.

Collaborate with brands

Yet another New General Market imperative for retailers is collaborating with brands to enhance the store experience, panelists said.

One piece of the puzzle is working together to promote human interaction with brands in the retail space, said Heather Warnke, marketing

director at Kao USA. “Eighty-three percent of people under the age of 35 say they are lonely” at some point or another, Warnke noted. “Manufacturers and retailers can cooperate to create a human connection in the store, ... and retailers that will win [will foster] actual interaction” in the way they configure store space.

Kim Washington, VP of consumer brands at Medline Industries, would like to see retailers do more to “meet consumers where they are” by offering relevant product assortments in store, as well as online. “Consumers look to [retailers] as a trusted resource for the products they need,” Washington said. It also is the key to forging the emotional connection with brands that the New General Market expects to have.

“Consumption of health care at retail will only continue to increase, and [retailers] must be ready for that,” Washington said. Meeting consumers where they are means sharing information online, she added.

Kristine Urea, VP of category management and shopper strategy for Nature’s Bounty, said growth opportunities for retailers lie in collaborating with brands to elevate the “healthcare management” category to a real need, promoting very different categories of product in store in a cohesive manner.

“Consumers need to be confident that they are finding the right solutions — in training, fitness techniques, apparel and proper nutrition as part of fitness,” Urea said. Retailers must be cognizant of having the right assortments to fit the bill, she asserted, but customers — and retailers themselves — also would benefit from the ability to find products to suit all of their “healthcare management” needs more easily. Consequently, she said, the “larger opportunity” comprises creating product presentations that are curated across categories, and, in turn, inspiring time-crunched consumers to feel energized and excited during their short shopping window.

Amy Thie, manager of category insights and category management at Bayer Consumer Health, described a scenario wherein brands collaborate with retailers to speak to consumer priorities. She cited the example of work Bayer has done to address parents’ need to keep

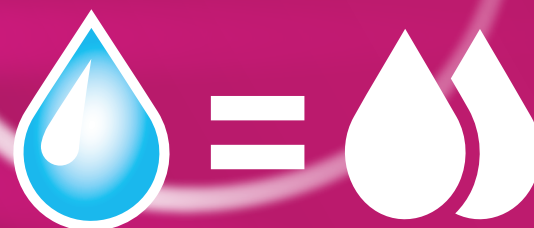
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A second supplier panel — including Cheryl Winston, Kimberly-Clark; Morgan Mulvihill, Procter & Gamble; John Rizzo, Allegro, a division of Conair; Heather Warnke, Kao USA; Natalie Gillquist, Unilever; and others — talked about how their companies are trying to build cultures of innovation.



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children fit and healthy. The endeavor involved everything from helping decide how shelves should be organized and how they should look to providing parents with online information for better decision-making.

“Cooperation — it’s how you connect in the moment that matters,” Thie said. “It’s a way, also, to create more influences.”

In another twist on collaboration, Kathleen Leigh, marketing director at Purell Consumer/GOJO, advocated retailer support for smaller microbusinesses and microfinancing. This encompasses helping to create consumer awareness of these microbusinesses, as well as extending lines of credit to support their growth. New General Market shoppers like to support brands that give back.

“Small businesses are also very keen on cost control — subscribe-and-save models or automatic replenishment,” Leigh said. “It’s also about community — what is put out there to help grow thriving businesses.”

Change approaches to categories

Finally, several panelists touched on the benefits of looking at categories differently than in the past.

“The male skin care category represents a significant opportunity for retail,” said Simon Duffy, founder of Bulldog Skincare. According to Duffy, the U.S. market for male skin care is “underdeveloped,” with men in the United States spending an average of just \$2 per shopping trip on skin care; meanwhile, their counterparts in the United Kingdom and Korea spend \$6 and \$34, respectively.

Duffy suggested that retailers might capitalize on this market by treating men’s skin care as a category in and of itself, rather than as a subset of shaving.

Meanwhile, probiotics is on the verge of becoming a destination category unto itself, said Nick Rini, VP of global sales at i-Health. The market is slated to reach \$1.7 billion in 2020, he reported.

Nonetheless, there remains work to be done. Consumers must be educated about the ben-

efits of probiotics to encourage them to take the products daily. Rini believed key influencers, such as the medical community and health bloggers, must be leveraged.

“Additionally, innovation will continue to be a big part of growth, and new discoveries about [the advantages of probiotics] must be brought to consumers’ attention” across all platforms, Rini said.

Eye care is another category that is well-suited for heightened emphasis at retail, according to Chris Marshall, Bausch & Lomb’s VP of

marketing. “[Retailers] can attract the shopper by making eye care a destination,” Marshall emphasized. The recipe for success, he said, includes participation in national vision-related awareness campaigns and emphasizing, through promotional endeavors, the wide range of eye care products available through all channels of distribution.

“Consumers need to be engaged in store and online — reminded and incited to fill their eye care needs,” Marshall said. “And of course, converting online becomes increasingly important and critical in an omnichannel world.”



“Connecting with doers and influencers is the key to driving sales in usage occasions,” said Pfizer Consumer Healthcare’s Audra Robinson while speaking on a supplier panel with Bulldog Skincare’s Simon Duffy.



Nature’s Bounty’s Kristine Urea (middle) said growth opportunities for retailers lie in collaborating with brands to elevate the “healthcare management” category during a supplier panel with Kim Washington (left) of Medline Industries and Amy Thie (right) of Bayer Consumer Health.

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Sundial Brands' community commerce model helps improve lives, fight poverty, and the world — and its business — are better for it

Today's consumers want CPG companies to do things that impact the world, and to be part of brands that make the world better. Ignoring this new emphasis and continuing to focus on product itself will only lead to a loss of market share.

That's the position of Sundial Brands and its CEO Richelieu Dennis, the pioneering vision behind the concept of the New General Market consumer. Sundial not only has made an impact on how retailers merchandise their stores and what they buy for their shelves, but the company's efforts go well beyond the four walls of a store. Sundial has built and operates according to a community commerce model that centers on investing in the communities from which it sources its raw materials.

At the third annual New General Market Summit, co-hosted by *Drug Store News* and Mack Elevation in April, Dennis talked about the evolution of Sundial's community commerce model, and how the concept is not only improving its own business, but is helping to benefit thousands of lives in one of the poorest places in the world.

Under Sundial's original and long-standing community commerce model, the company purchased raw ingredients — shea nuts and moringa harvested by women in Ghana — from West African traders. Because of a lack of infrastructure, these women and their families, Dennis explained, were caught in an unending cycle of poverty, forced to accept the lowest prices traders would offer; their daughters were unable to attend school because they needed to help their mothers haul water for the harvest. Sundial made a decision to affect change by finding a way to be “fairer than ‘fair trade’ and more ethical than ‘ethically sourced’ — [not to mention] sustainably



Sundial is not only changing the way retailers merchandise its products, it is changing its business model to try to make the world a better place, said CEO Richelieu Dennis, pioneer of the New General Market concept.



Sundial's Community Commerce business model aims to be 'fairer than fair trade' and 'more ethical than ethically sourced' [to help break cycles of poverty in West Africa.]

Richelieu Dennis, CEO, Sundial Brands

break the cycles of poverty and put an end to unnecessary loss of life through innovative business practices and commerce,” he said.

Five years ago, Sundial partnered with Target to raise the ante on the model. It began to es-

tablish self-contained shea butter- and soap-producing cooperatives in Ghana, providing them with training, equipment and running water. Also, it put in place a plan for reinvesting 10% of the profits from products sold in Target

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stores into building the communities' infrastructure. The model has since been expanded, with 15 farming cooperatives in operation and 10% of profits from Sundial products sold to all retailers, not just Target, now dedicated to infrastructure improvements and maintenance.

Sundial's community commerce model has had a significant impact on the lives of the women in the cooperatives, as well as on the lives of their families. As its business has grown, so has its impact on these communities.

In 2014, Dennis said, Sundial purchased 71,428 kilos of certified Fair for Life Trade shea butter from the cooperatives; in 2016, it purchased 270,000 kilos of the ingredient.

Some 14,500 households now are benefitting from the existence of the cooperatives, their infrastructure and the increased incomes they afford, up from 4,000 in 2014.

Since 2014, the number of communities with access to fresh, piped water has increased from zero to 13, school enrollment of shea butter processors' children has increased

from 37% to 97% and the average annual income of a shea butter processor has risen from \$184 to \$1,700 — enough to comfortably sustain their families. And the number of shea butter processors registered for health insurance more than doubled between 2014 and 2016, from 48% to 99%.

Moreover, under the aegis of the model, all 15 cooperatives were able to establish individual savings and loan associations from their own earnings. As of the date of Dennis' presentation, savings accrued totaled \$127,511. A total of 256 members have opened accounts and procured loans for other economic investments and income-producing endeavors.

Sundial's vision for community commerce ties in quite well with the mission of its brands, modeled around the idea of cultural competence, which is defined as "understanding what's happening with our consumers culturally," and "disrupting the marketplace by knowing and engaging the New General Market consumer faster and better," Dennis said. It also means recognizing "what she's doing and what is influencing her decision to buy

99% of Sundial's shea butter processors are registered for health insurance, up from 48% in 2014.

and engage with our brands."

This means addressing the multicultural character of the market rather than "over-delivering to the greatest common denominator," and engaging consumers with "digital excellence ... at shelf and wherever they work and play."

It also calls for embracing a new consumer mindset that prioritizes concern not about what products do, but how they impact others — i.e., their overall purpose.

Sundial will continue to pursue initiatives that impact the lives of others and fulfill consumers' push for positive change in the world, Dennis said. "The journey toward transformative performance, inclusion and purpose never ends."

Dramatic return on social impact investments

As Sundial's business has grown, so has its impact on the farming cooperatives it has helped establish in Ghana.

COMMUNITY COMMERCE SHEA BUTTER SUPPLY CHAIN	2014	2016
Purchase of certified Fair for Life Fair Trade shea butter*	71,428	270,000
Number of women's shea butter- and soap-producing cooperatives	5	15
Number of households benefitting	roughly 4,000	more than 14,500
School enrollment of the children of women shea butter processors	37%	97%
Women shea butter processors registered for health care insurance	48%	99%
Communities with access to fresh, piped water	0	13
Seven-times increase in income for individual processors in cooperatives	\$184 (125 kg/year)	\$1,700 (725 kg/year)

* In kilograms
Source: Sundial Brands



School enrollment of shea butter processors' children has increased from 37% in 2014 to 97%.



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Marrying mission with purpose

Enduring brands have one thing in common — soul

By David Salazar

The question of how brands continue to remain relevant is one that is central among companies looking to make space for themselves among an ever-shifting consumer base. As companies look to engage the New General Market consumer, Seventh Generation CEO John Replogle said there is one key element uniting companies that are able to endure: Soul.

Replogle shared this insight with attendees at the *Drug Store News* and Mack Elevation New General Market Summit in April. Replogle also discussed what it means for a brand to have soul, and how the brands that do are able to build loyalty among consumers.

“Soul gets to what the brand is all about. It’s about that purpose — it’s the mission, it’s the heart and fundamentally it’s why you exist,” Replogle said. “The consumer gives you a right to continue to exist.”

A brand with soul is able to marry its mission and its purpose, and appeal to consumers in the process, he said. A 2014 survey from the Futures Company found that 68% of consumers said they’re more likely to buy brands that push for change on issues they care about, and a 2017 Edelman Trust Ba-



John Replogle, CEO of Seventh Generation, stressed the importance of soul, mission and purpose during the New General Market Summit in April. “Ultimately, build that brand with soul, align with consumer interests, lead the way and they will come to you, ...” he said.

rometer survey found that 75% of consumers believe brands can take actions to both increase profits and improve the economic and social conditions of the communities in which they operate.

“Fundamentally, identity matters,” Replogle said. “You must be ethically and consumer-oriented,

deliver safety and security for consumers, and help them optimize and drive wellness and well-being. If your brand captures these core elements, your brand has soul.”

Among the brands Replogle highlighted that have found their purposes was Dove, [CONTINUED ON PAGE 28](#)

75% of consumers believe brands can take actions to both increase profits and improve the economic and social conditions of the communities in which they operate.

“Soul gets to what the brand is all about. ... You must be ethically and consumer-oriented, deliver safety and security for consumers, and help them optimize and drive wellness and well-being. If your brand captures these core elements, your brand has soul.”

John Replogle, CEO, Seventh Generation

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Maya Rudolph appears in a series of ads for Seventh Generation's #ComeClean campaign, calling attention to the brand's "clean" ingredients and lack of such chemicals as synthetic fragrances, dyes and artificial brighteners. To view the ads, visit [YouTube.com/SeventhGeneration](https://www.youtube.com/SeventhGeneration).

CONTINUED FROM PAGE 26

which, like Seventh Generation, is a Unilever company.

Prior to Seventh Generation, Replogle was part of the brand team that helped Dove find its soul and began taking active steps to help improve self-esteem among women with its Real Beauty campaign, he explained.

"With the Campaign for Real Beauty, Dove found its soul, and I think as a result Dove will be an enduring brand," he said. In fact, Dove just overtook Knorr as the largest brand in Unilever's global portfolio.

Companies that begin with a mission have even more potential to endure.

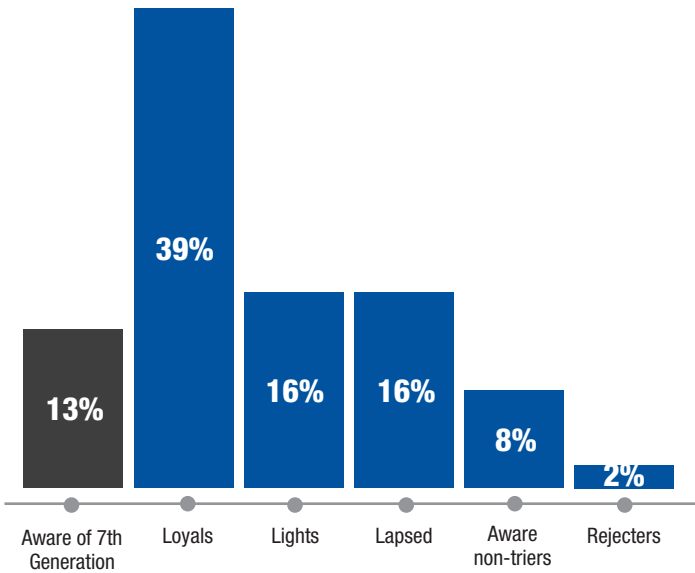
Replogle noted that Seventh Generation's ethos is built on the Great Law of Peace, which was the guiding principle of the Iroquois Confederacy, and is said to encourage all decisions be made through the lens of how they will impact the next seven generations to come.

Inspired by that creed, Seventh Generation works to communicate their mission to its customers through its products and its sustainability efforts. From being ahead of the curve in listing the ingredients on its products to thinking of itself as a benefit corporation that can use business to solve social and environmental problems, Seventh Generation is communicating its brand identity to its customers who are more loyal as a result.

Given Replogle's history of building two purpose-driven brands over the last decade, including Burt's Bee's, he has shown that consumers will reach for products with a purpose, that it is possible to charge a premium in the marketplace, and that this business model is one of accelerated growth. In conclusion, Replogle said.

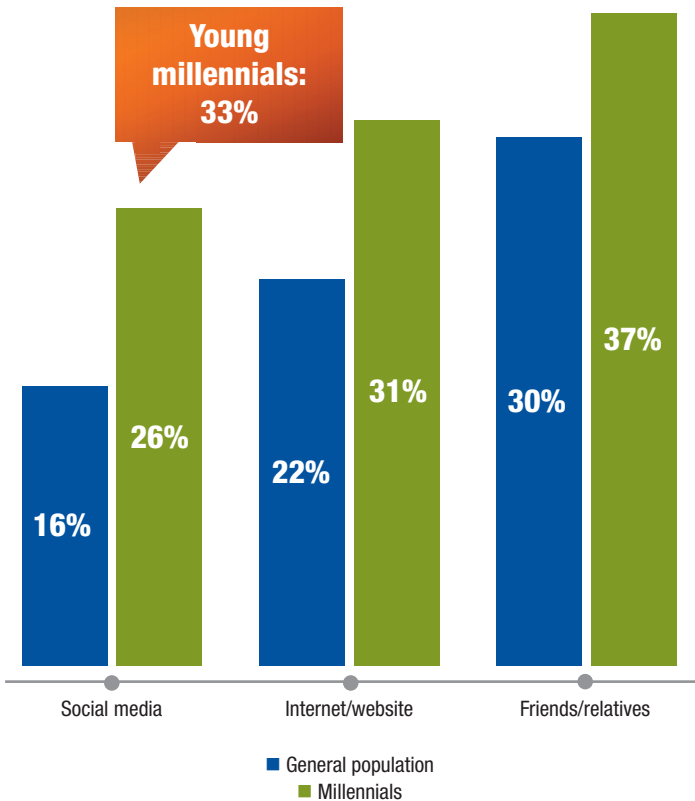
"Ultimately, build that brand with soul, align with consumer interests, lead the way and they will come to you and allow you to be part of their lives and pay for that privilege," he said.

Percent of shoppers 'very familiar' with Seventh Generation's mission



Source: Seventh Generation, 2016 Brand Health and Equity survey

Percent each source influences purchasing decisions



Source: Mintel 2015, NMI 2016



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Innovation is a ‘souvenir’ of culture

Maker of Method, Ollly disrupts traditional product categories with people, design and an undying commitment to ‘keep it weird’

By David Salazar

The first time Method co-founders Eric Ryan and Adam Lowry tried to sell their eco-friendly cleaning products into Target, the then-buyer told them the products had a “snowball’s chance in hell.” At the New General Market Summit, co-hosted by *Drug Store News* and Mack Elevation in April, Ryan acknowledged that while lucky breaks may have played a role, there were three key elements in Method’s business strategy that took them from that first meeting to more than \$100 million in Target sales in 2016.

Method’s strategy starts with building an authentic culture and delivering on product offerings that look good and work well. With those in place, the brand’s biggest advocates are its customers and employees.

“Everything starts with culture; from culture comes great products,” Ryan told attendees. “I really think of the products just as a souvenir of the culture, and fundamentally think if you get the culture right and you get the products right, marketing gets really easy.”

When it comes to the culture at Method and Ollly, ensuring that the right people are helping build the brand is key. The company assesses that by asking every potential hire how they’ll keep Method weird, and asking applicants at Ollly how they’ll make its National Park headquarters better. Keeping the right people on board can ensure that the company’s vision isn’t lost as it grows.

“The bigger we get, the smaller we need to act,” Ryan said. “As a big company, growing bigger and not losing that passion and the specialness that made you who you are can be really, really hard.”

Ryan pointed out that where the culture is espe-



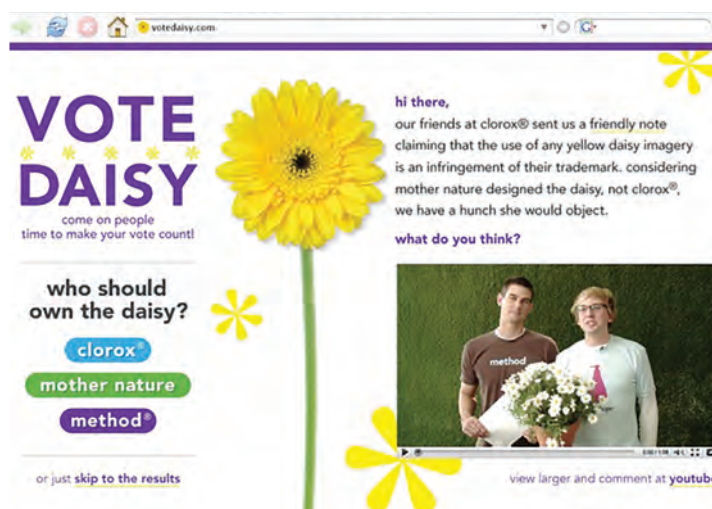
“The bigger we get, the smaller we need to act,” Eric Ryan, co-founder of Method and Ollly, told New General Market Summit attendees in April.

cially valuable is where it trickles into the second pillar of Method’s business strategy — product design.

At both Method and Ollly, the head of product design is on the same level as the CFO, which reflects the companies’ prioritization of a product both looking good and delivering on its promises. This means choosing to invest in such high-dollar items as custom molds for bottles, as Ryan views the bottle as Method’s biggest marketing asset.

“We call cutting steel a media expense,” Ryan said. “It can be an expensive process to build a custom

CONTINUED ON PAGE 32



As part of its pledge to “keep Method weird,” Ryan and his fellow Method co-founder took on Clorox to “save the daisy” in a social media campaign that went viral.

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CONTINUED FROM PAGE 30

mold, but for us everything starts with spending the most amount of money here. At the end of the day, advertising is kind of a tax for unremarkable products.”

It was the design of its first dish soap offering that got Target’s skeptical former buyer on board. It also is the design that allows the company room for continued innovation — ranging from what Ryan calls “soft innovation,” such as partnering with designers to upgrade existing packaging, to “hard innovation,” such as making bottles out of plastic salvaged from the ocean, or creating a pump bottle for laun-

dry detergent that eliminates the need for a measuring cap.

And both culture and product are the foundation of the third element of Method’s strategy, which is creating advocates out of both customers and, perhaps more importantly, their employees. Doing so, Ryan said, allows for Method and Olly’s mission to be authentically constructed and more able to lead. It also was the solid foundation that allowed Ryan to pull

together a team for Olly and launch 20 products nationwide in a little over a year.

“We want to be authentically building the brand from the inside out,” Ryan said. “If you meet someone from Method or Olly, you should feel like they are really embodying the spirit of the brand. When that is authentic, it makes innovating so much easier because you’re really, at the end of the day, creating for yourself, and you’re trying to lead the consumer and not follow them.”

{ 3 key elements took Method’s business from zero to \$100 million: culture, design and its people.

“Everything starts with culture; from culture comes great products. I really think of the products just as a souvenir of the culture, and fundamentally think if you get the culture right and you get the products right, marketing gets really easy.”

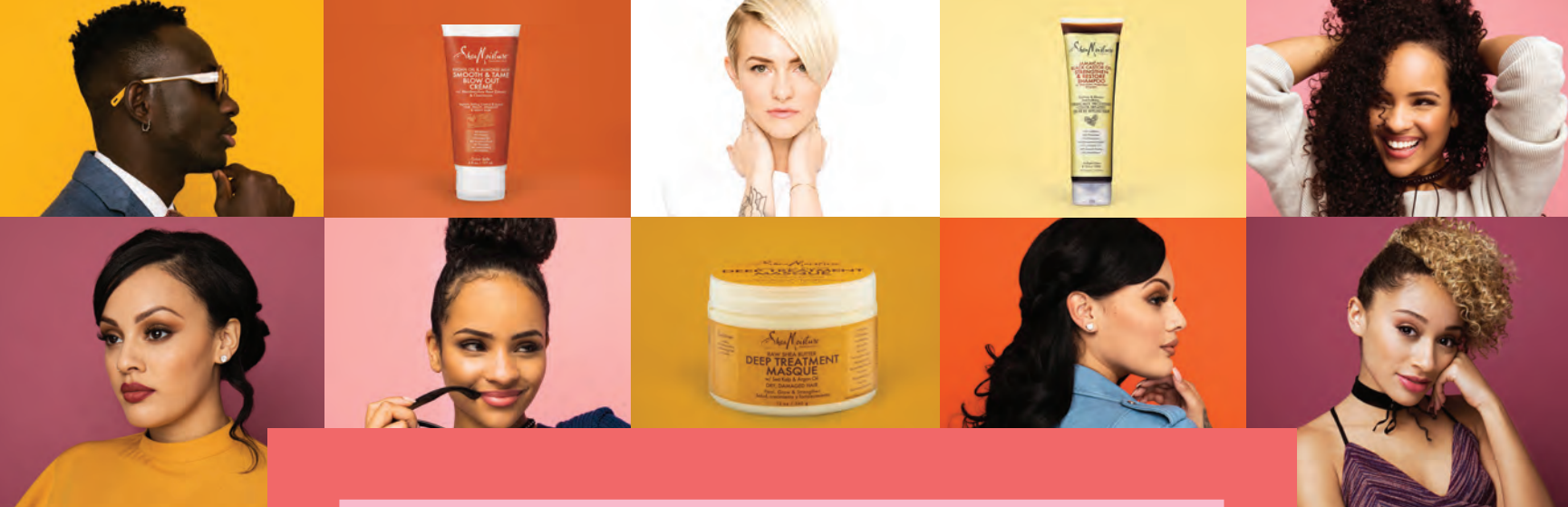
Eric Ryan, co-founder, Method and Olly brands



Target senior director of OTC/optical John Peine moderated a brief Q&A following Ryan’s presentation.



The company considers “cutting steel” to make the molds for its bottle designs a “marketing expense.”





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Brands fall short of personalization potential

By Mark Hamstra

Most brands still have a long way to go to live up to the promise of personalized, 1-to-1 relationships with customers that the Internet was supposed to facilitate, according to Evan Neufeld, VP of intelligence at benchmarking firm L2.

At the third annual New General Market Summit, co-hosted by *Drug Store News* and Mack Elevation, Neufeld said companies are missing out on opportunities to drive sales and improve customer loyalty by failing to provide the customized experience consumers have come to expect.

“It’s the accepted standard now that you need to have a certain degree of personalization to rise above the clutter that’s out there in the market,” he said.

Research from New York-based L2 showed that while many brands leverage digital technologies to achieve some degree of personalized relationship with their customers, most fall far short of their potential to enhance the customer experience with more targeted communications. For example, only 16% of companies surveyed by L2 offered personalized product recommendations online, and only 24% allowed customers to set their preferred store. “That’s a pretty low bar, and pretty disappointing, relative to where we could be,” Neufeld said.

According to research from Social Times, cited by Neufeld, 86% of consumers said personalization plays a role in making a purchase decision, 62% will pay more for a brand that personalizes an experience or service and 48% will purchase more when marketers leverage their interests and behaviors.

At the heart of the drive toward personalization is the increasing availability of customer data, but brands often stumble when handling this valuable resource. Many marketers commit the “cardinal sin” of asking for data and then not using it to filter their communications with customers, Neufeld said, while others make the data-collection process too cumbersome.



Citing research from Social Times, L2’s Evan Neufeld said companies are missing out on opportunities to drive sales and increase loyalty by failing to offer customized shopping experiences, as 86% of consumers said personalization plays a role in their purchasing decisions.

Some companies excel at obtaining and leveraging customer data to enhance the customer experience, he said. Ralph Lauren, for example, asks for only two points of data on the first page of its online registration form, then gives customers the option to voluntarily provide seven additional data points on a separate page.

“Beauty brands are a great example of customized communication,” Neufeld said, citing L’ancôme as an example. “When you go into your L’ancôme account, you fill in some data and, based on that, you get a steady stream of personalized, customized recommendations driven by the data you have given them.”

Marketers also need to communicate clearly to their customers why data is being collected and what is being done with it. L2 found that only 14% of 106 companies it evaluated explained why they collect data when customers sign up for an account online.

Personalization is key to the success of mobile apps, said Neufeld, who cited Walgreens and Walmart for creating useful, user-friendly app experiences that solve problems for their customers.

Loyalty programs often are seen as a vehicle for

Main benefits from site and app personalization

BENEFIT	% OF RESPONDENTS
Increased conversion rates	65%
Increased visitor engagement	62
Improved customer experience	61
Increased lead generation/customer acquisition	46
Improved brand perception	45
Increased customer lifetime value/loyalty	36
Increased e-commerce revenues	30
Increased value of other marketing programs	23
Reduced churn/increased retention	22

Source: “2016 Trends in Personalization,” Evergage, June 14, 2016, responses from survey of 112 U.S. marketers

more personalized customer communications, but Neufeld cautioned that many companies have struggled when attempting to launch online loyalty programs from scratch. Companies with a history of customer-centricity and proven success with conventional loyalty programs are more likely to succeed in the world of digital loyalty, he said. “You cannot suddenly become a loyalty brand overnight,” Neufeld said.

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*Euromonitor International Limited; Beauty and Personal Care 2015ed, Men's Deodorants & Mass and Premium Men's Fragrances retail value sales combined, as per umbrella brand name classification, 2014; Lynx includes all AXE/Lynx/Ego sales.

**Unit sales data 52 W/E Sept. 24, 2016.

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Collaborative negotiating yields results

By Mark Hamstra

Retailers and their suppliers are squandering opportunities to grow their businesses together strategically, a former Target executive told attendees at the third annual New General Market Summit, hosted by *Drug Store News* and Mack Elevation.

"The discussion between retail and CPGs has been reduced to one issue only: How much money are you going to give me? How much cost reduction can we get?" said Daniel Duty, founder and CEO of Minneapolis-based Conlego Consulting. "When the negotiation is reduced to a single issue, the ability for one organization or both to drive growth declines."

Although such market forces as omnichannel retailing are exerting pressure on trading partners to become more price-competitive, Duty said retailers and suppliers need to focus their negotiations on larger issues, such as growing overall category sales and finding opportunities for collaboration.

When one side or the other enters into negotiations demanding concessions — what Duty describes as competitive as opposed to collaborative negotiation — it becomes a win-lose situation in which the range of potential outcomes is limited, he said.

"In today's retail environment, I don't think that these types of competitive power plays work very well," he said. "We are at a very precarious time in retail where we need each other to grow, and we need each other to innovate."

In the 15 years he spent leading negotiations with business partners at Target, Duty found that the most successful collaborations revolved around long-term, joint business planning in which both sides shared information about their goals and strategies, and agreed on what the outcomes of their partnership should be.

Perhaps the foremost illustration of this approach is the retailer's ongoing collaborative initiative with Procter & Gamble, called "Destination Beauty," in which the two companies have been working to-



When the negotiation is reduced to a single issue — cost — the ability for either organization to drive growth declines, Conlego Consulting's Dan Duty told New General Market Summit attendees.

gether to elevate Target's cosmetics offering.

"Sales have risen dramatically over 10 years for both sides, and continue to rise," Duty said.

Target and P&G launched the effort after a significant investment in research yielded reams of valuable data, Duty said. Then they began building the beauty department out in a flexible way that allowed both sides to make adjustments as needed.

That kind of collaborative relationship can only be achieved if the two sides come to the negotiating table prepared to share their goals and strategies with each other, Duty said. "Strategic partnerships elevate the conversation," he said. "They elevate to bigger strategies, and they elevate to the right people in the organization who can make quick decisions."

Partnering strategically also helps ensure commitment from both sides. At Target, that commitment yielded such benefits as obtaining first-to-market and exclusive products from suppliers; in return, the retailer gave its strategic partners the first shot at bidding for new business opportunities.

For companies new to the process of joint business planning, Duty recommended carefully selecting just a few partners. "Pick someone who you want to grow the business with, who will think about the business differently and will help you grow the business," he said. "It doesn't have to be the top accounts, it could be someone that is emerging, who you can grow with."

Trading partners need two key skills in order to succeed in collaborative negotiations, according to Duty: the ability to ask good questions and the ability to listen.

Asking good questions about trading partners' goals and listening to them carefully help both sides understand each others' key interests, or the things they consider most important. At Target, key interests include qualities such as differentiation, Duty explained.

"If you can meet their most important interests — their needs and goals — you will get a good deal," he said. "And if they can meet your most important need in exchange, we all walk away feeling like we got something good from the deal."



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