Power up Your Channel Strategy

Perfecting product information will take your brand to the next level.

Small brands are disrupting the consumer packaged goods (CPG) market and pulling sales away from the big players.1 GS1 US’s latest research, Charting the Growth Journey: From Product to Profitable Business (see Research Methodology), shows that an effective channel strategy is vital for taking advantage of the opportunities this trend presents.

For retail-ready brands—those with all the information required for retailers to sell products and consumers to find and buy them—the most effective strategies have two components:

• Strong and diverse channels
• Clear and consistent product information

Small consumer brands that deliver on both are positioned to move beyond the daily struggles of being a startup and scale the business to the next level.

1IRI: The Next Frontier: Leveraging Artificial Intelligence and Unstructured Metrics to Identify CPG Growth Pockets and Outperforming Brands
The Growth Mindset
We analyzed the responses to our survey and found stark differences in business attitudes and processes between growth leaders and laggards. We use the terms below in this report to distinguish between these survey respondents.

### Growth leaders
Over the past 12 months, small brands that reported more than 25% revenue growth

### Growth laggards
Over the past 12 months, small brands that reported a revenue decline

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**Company websites are the dominant sales channel for small brands**

<table>
<thead>
<tr>
<th>Channel</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our own website</td>
<td>60%</td>
</tr>
<tr>
<td>Local retailer</td>
<td>49%</td>
</tr>
<tr>
<td>Online marketplace</td>
<td>45%</td>
</tr>
<tr>
<td>Tradeshow or craft show</td>
<td>40%</td>
</tr>
<tr>
<td>Regional or national retailer</td>
<td>27%</td>
</tr>
<tr>
<td>Kiosk</td>
<td>26%</td>
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</tbody>
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**Brick and Mortar Still Matters**
Local retailers are the second most important sales channels for small brands, after their own websites. Also, local stores are significantly more important to the respondents than other physical, in-store channels, including regional and national retailers.

Digitally native brands are seeing the value of having a physical presence—in the next five years, brands like Casper and Allbirds are expected to open 850 brick and mortar locations. And Gartner L2’s *Death of Pureplay Retail* report argues that physical stores are an inevitable tactic in any startup’s growth strategy.

**Growth laggards use an average of 1.32 sales channels; for growth leaders this rises to 3.14.**

Our research shows that focusing on a single channel can be detrimental to revenue growth—and brand owners recognize this. Nearly half (46%) believe they are over-reliant on one retailer or marketplace, and only one-third (34%) of growth laggards say partnering with a new retailer or online marketplace is a top priority over the next 12 months. For this group, the average number of channels they currently sell through is just 1.3; for growth leaders the number rises to 3.1.

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1. Retail Dive: Digitally native brands set to open 850 stores in 5 years
2. Gartner L2: Death of Pureplay Retail Intelligence Report
Product Information Drives Revenue Growth

A critical element for selling products in physical stores or online marketplaces, as well as the brand’s own website, is having complete and accurate product information. This enhances customer trust in products and in the brand itself. And, more importantly, consistent product information makes products easier to find and buy—70% of the brands in our survey that sell via online marketplaces see a correlation between completeness of product information and sales of those products.

Growth leaders recognize the value of providing more than just basic product information and are investing accordingly. They’re much more likely to include product images, and more than twice as likely as lagging brands to include details like the product’s country of origin and to make sure the information is mobile friendly (see left).

“A unique identifier like a U.P.C. helps in earning trust with the consumer because they are getting all the correct information and know that it’s a legitimate product.”

Kait Flynn
Former Senior Vendor Manager at Amazon

What’s Holding the Laggards Back?

More than half say preparing products for sale via external channels is burdensome, and 48% have not developed a long-term sales strategy. By comparison, growth leaders are almost three times more likely to use barcodes/U.P.C.s than growth laggards. Few of this lower-performing group recognize the value of U.P.C.s for their business, which suggests they’re overlooking the potential that product information has in taking their business to the next level (see below).

Growth leaders recognize the value of U.P.C.s and product information

We’ve seen a direct correlation between completeness of product information and number of products sold.

U.P.C.s are a primary driver of business growth.

Using U.P.C.s in our online product listings makes it easier for customers to find and buy.

“4In this publication, the letters “U.P.C.” are used solely as an abbreviation for the “Universal Product Code,” which is a product identification system. They do not refer to the UPC, which is a federally registered certification mark of the International Association of Plumbing and Mechanical Officials (IAPMO) to certify compliance with a Uniform Plumbing Code as authorized by IAPMO.
“From our perspective, the U.P.C. ties to the supplier and the item number we provide it. Everything has a touch point and is connected. It’s important to have your best game before you get in front of a merchant because, hopefully, you can just ship it and get it right to the shelf.”

Vanessa Fulcher-Siahmakoun
Director of Supplier Development at Walmart

A successful channel strategy requires that a brand is retail ready, which means having all the required product information ready to go. “It took some learning, for sure,” says Erik Elfstrum, CEO of pureLYFT. “We now have a spec sheet, with U.P.C. codes, pricing, everything else. Distributors or retailers get a little nervous when you don’t know what you’re doing. There are a lot of nuances, and it helps to have a broker or someone with experience at this stage.”

When you consider that Amazon sells more than 12 million products, excluding books, media, and wine, and that Walmart Grocery alone sells more than 46 million products in U.S. stores and online, the need for complete product information is clear. It’s the minimum brands must do to have visibility with retailers.

Building a long-term sales strategy that includes diverse channels is critical for small brands’ growth. Online is an important channel for all brands today, but bricks and mortar still matter. And wherever the product is being sold, brands must optimize their performance, and therefore their channel investments, by providing detailed and consistent product information.

“It’s critical to have U.P.C.s that work in the big retailer chains. You can sell on an online marketplace with your own internal code to track things. But once you get out into the retail world everything is based on U.P.C.s.”

Steve Lange
Founder and CEO of It’s All Good

For more information, visit:
www.gs1us.org/small-business

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5Retail TouchPoints: How Many Products Does Amazon Carry?
6ScrapeHero: How Many Products Does Walmart Grocery Sell?—July 2018
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