



The Global Language of Business



# 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.<sup>1</sup> 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.

## Research Methodology

GS1 US®, in partnership with research firm Longitude, a Financial Times company, conducted an online survey of 513 owners or directors of consumer packaged goods (CPG) companies in the U.S. Of these, 75% were from smaller companies with less than \$1 million in sales, and quotas were set to ensure an even spread across six industries: Apparel, Food & Beverage, Arts & Crafts, Health & Beauty, Electronics, and Home & Garden. The survey findings are supplemented with industry insights obtained from interviews with small CPG owners, retailers, and solution providers.

*A study from GS1 US in collaboration with Longitude*



A Financial Times Company

<sup>1</sup>IRI: The Next Frontier: Leveraging Artificial Intelligence and Unstructured Metrics to Identify CPG Growth Pockets and Outperforming Brands

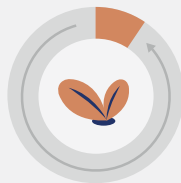
### The Growth Mindset

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**

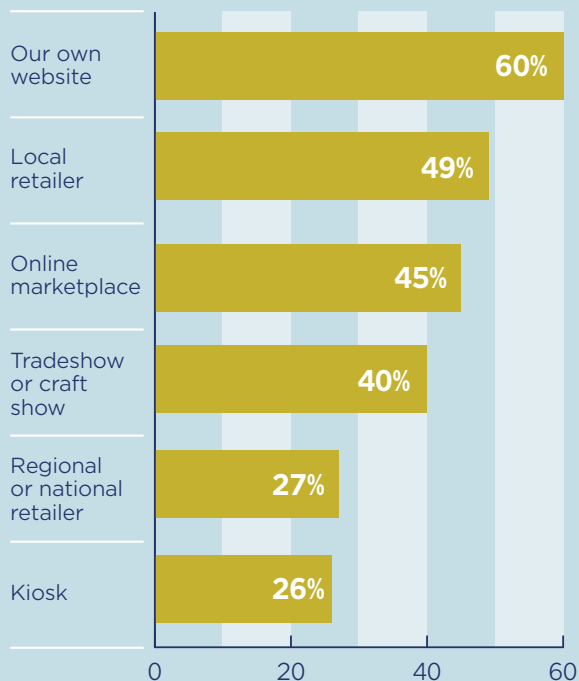


### Growth laggards

Over the past 12 months, small brands that reported a **revenue decline**



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



### 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.

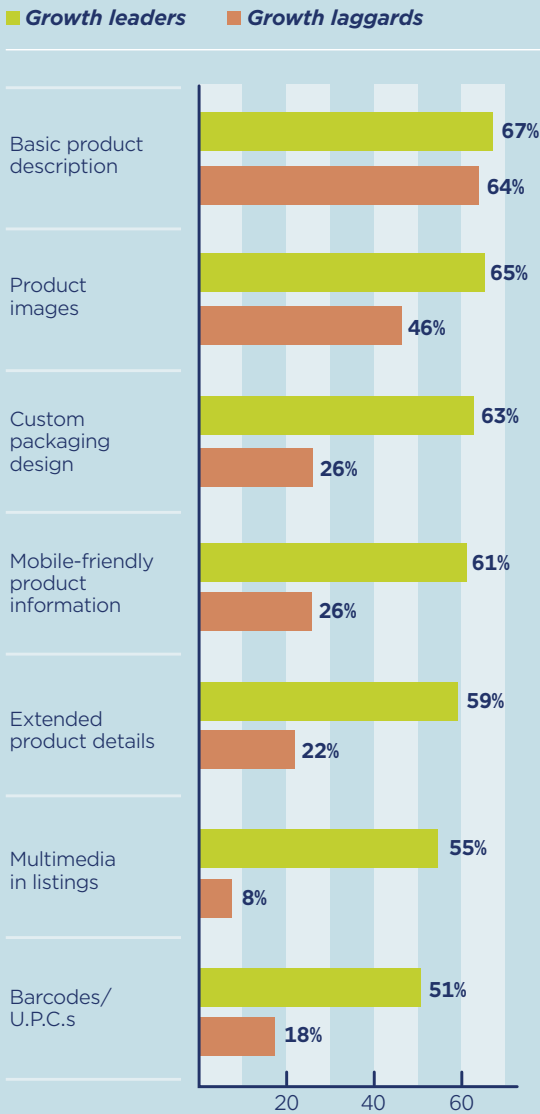
Digitally native brands are seeing the value of having a physical presence—in the next five years, brands like Casper and Allbirds are expected to open 850 brick and mortar locations.<sup>2</sup> And Gartner L2's *Death of Pureplay Retail* report argues that physical stores are an inevitable tactic in any startup's growth strategy.<sup>3</sup>

### 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.

<sup>2</sup>Retail Dive: Digitally native brands set to open 850 stores in 5 years  
<sup>3</sup>Gartner L2: Death of Pureplay Retail Intelligence Report

### Growth leaders are more likely to provide detailed product information



## 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.<sup>4</sup> 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?

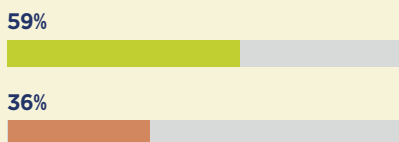
More than half say preparing products for sale via external channels is burdensome, and 48% have not developed a long-term sales strategy. By comparison, growth leaders are almost three times more likely to use barcodes/U.P.C.s than growth laggards. Few of this lower-performing group recognize the value 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

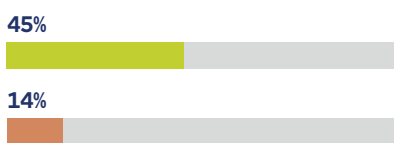
■ Growth leaders ■ Growth laggards



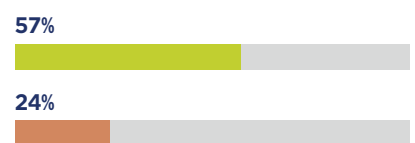
We've seen a direct correlation between completeness of product information and number of products sold.



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.



<sup>4</sup>In 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.



**“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

**“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<sup>5</sup>, and that Walmart Grocery alone sells more than 46 million products in U.S. stores and online,<sup>6</sup> 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.

<sup>5</sup>Retail TouchPoints: How Many Products Does Amazon Carry?

<sup>6</sup>ScrapeHero: How Many Products Does Walmart Grocery Sell?—July 2018

**For more information, visit:**

**[www.gs1us.org/small-business](http://www.gs1us.org/small-business)**





### About GS1 US

GS1 US®, a member of GS1® global, is a not-for-profit information standards organization that facilitates industry collaboration to help improve supply chain visibility and efficiency through the use of GS1 Standards, the most widely used supply chain standards system in the world. Nearly 300,000 businesses in 25 industries rely on GS1 US for trading partner collaboration that optimizes their supply chains, drives cost performance and revenue growth while also enabling regulatory compliance. They achieve these benefits through solutions based on GS1 global unique numbering and identification systems, barcodes, Electronic Product Code (EPC®)-based RFID, data synchronization, and electronic information exchange. GS1 US also manages the United Nations Standard Products and Services Code® (UNSPSC®).

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