



Winning Line Reviews



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The annual line review is obsolete. Retailers are demanding more frequent reviews, with less lead-time, and asking for much more than contract pricing renewal. Strategies for winning line reviews must take into consideration manufacturers' vendor status, product range and innovation, pricing, brand equity, promotion and merchandising. Following is an overview of the line review process, a line review evaluation checklist, along with a number of winning line review strategies and approaches.

THE LINE REVIEW PROCESS

In the past, retailers would request updated annual pricing contracts for often an established SKU mix, along with any trade promotion allowances and merchandising support. Now, retailers are continually undertaking SKU rationalization and consolidation, private label programs and more frequent promotions to grow each key category.

The first phase of a line review is a request from the retailer for product and pricing information. Generally a screening phase, retailers often request the response be submitted via mail or email. In addition, online auctions are increasingly employed for this screening phase.

After this phase, retailers may request further, detailed information including sales analysis, competitive intelligence including market share, pricing and promotions or merchandising proposals. Aggressive suppliers will often submit this level of information during the screening phase to demonstrate abilities to support the retailer beyond just pricing and product. Often a presentation or meeting with merchandising or purchasing staff is scheduled.

Depending on the category, the dynamics of the line review can take very different approaches. For example, the category leader or captain (existing primary supplier) will and should respond differently than a non-supplier or

[The Line Review Process \(cont'd\)](#)

challenger. The matrix below identifies a number of different scenarios that the manufacturer should objectively assess as their own position, while projecting key competitors positions. Depending on the combination of scenarios, line review approaches should differ substantially.

LINE REVIEW EVALUATION CHECKLIST

MFR. STATUS	BRAND EQUITY	PRODUCT	PRICING	PROMO/MERCHANDISING
Current Key Supplier	Strong Equity /Active	Commodity	Premium w/ features	Controls category promos/merch.
Current Secondary Supplier	Strong Equity /Passive	Engineered	Premium w/o features	Opportunistic promo.
Potential Key Supplier	Weak Equity /Active	Non-changing	Parity (w/comp)	Non-Opportunistic promo.
Potential Secondary Supplier	Weak Equity /Passive	Innovation	Lowest Price	No promo/merch.

*Includes new products, packaging, assortments and combinations.

For example, if manufacturer status is current key or primary supplier, you will tend to defend, but from the retailer’s perspective, still be responsible for category growth, while likely leading promotion and merchandising activities. Secondary suppliers will attempt to challenge the primary, as will potential key suppliers. Manufacturers with strong brand equity and active brand support (in the form of advertising, publicity, promotion, etc.), will be in the best position to achieve or defend key supplier status. Brands with strong equity, but passive or no support, will be vulnerable to brands with active support. Brands with weak equity and passive support will likely perish.

Likewise, brands with engineered features and ongoing innovation will be in a more favorable position than non-changing products. Commodity products are not necessarily at a disadvantage if coupled with lowest price and strong equity, or control of promotion and merchandising. Obviously, brands with a premium price and features that justify the differential are better positioned than premium-priced brands without features or differentiation (which are highly vulnerable).

[The Line Review Process \(cont'd\)](#)

Clearly the category leader or key supplier has an advantage of likely controlling promotion and merchandising, while secondary and potential suppliers can only be opportunistic in proposing and implementing new promotions.

WINNING LINE REVIEW STRATEGIES

Depending on a manufacturer's category scenario and, of course, the position of key competitors, the approaches taken to win a line review will differ dramatically. Leaders must defend their position, while continually providing promotional program ideas and merchandising suggestions. Secondary or potential suppliers must demonstrate how they can assume leadership or larger roles in product, assortment, promotions or other opportunities.

Because of shrinking time frames for reviews, FUSION b2b suggests manufacturers prepare ahead of time, with an integrated category plan. Prepare three years of comparable sales (comps), along with market share statistics, for presentation. Have other performance measures including average inventory turnover, sales per square foot and fill rates available. Develop case studies of your brand's successful promotions and merchandising initiatives. Communicate what branding initiatives you as a manufacturer have undertaken to support pull-through demand, along with any research that quantifies brand preference or loyalty.

Be proactive with ideas for category consolidation or expansion. Offer your evaluations of category merchandising and promotions that lead to your proposals for new ideas. Employ high-quality graphics or renderings to support your recommendations. All should be presented in a professional package, and/or leave behind.

Beyond the proposal and presentation, FUSION recommends retailer-specific, customized or exclusive programs, whether product, packaging, assortments, promotions or merchandising. For example, a secondary supplier might propose an end-cap merchandiser with custom assortments or package combinations to support a summer sales event.

LINE REVIEW PREPARATION

In summary, manufacturers should undertake a concerted effort to prepare for, and even initiate, line reviews, beginning with an objective assessment of their position and competitors' position with the specific retailer. An integrated category plan should be in a continuous state of development, with ongoing research and intelligence gathering, sales analysis, and evaluation of category and retailers' merchandising and promotions. Manufacturers should proactively develop and submit (merchandising and promotional) program ideas and recommendations. Finally, manufacturers should consider creation of retailer-specific programs that can "lock out" competitors from promotional opportunities.

FUSION b2b is a full-service, strategic marketing and creative communications agency focused on business-to-business markets. Clients include USG Sheetrock, Panasonic, AMCOR packaging, OMRON electronics, Woodworking Machinery Industry Association (WMIA), ITW, Tyco Electronics, and others. For more information or press kit, contact Heather Hawes.

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