



# The POI Canadian Summit

Driving Profitable  
Growth North!



## Interconnected Commerce:

Driving multichannel sales through the use of digital

**Reid Greenberg**  
**President/CEO, Bag Balm**



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# 4 SIMPLE INGREDIENTS

**1** Landscape Overview

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**2** Interconnected Ecosystem

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**3** Engage at Scale though Digital

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**4** Be Authentic and True

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# What is Bag Balm®?



## REPAIRING SKIN SINCE 1899



ORIGINAL SKIN MOISTURIZER  
4 OUNCE TIN  
★★★★★  
\$8.40



2 PACK LIP BALM  
MOISTURIZER ON-THE-GO  
TUBE | .25 OZ  
2 PACK - .25 OUNCE TUBES  
★★★★★  
\$8.95



MEGA MOISTURIZING SOAP 3  
PACK  
3 PACK  
★★★★★  
\$14.70



ORGANIC HEMP & ARNICA  
MUSCLE AND JOINT RUB  
2 OUNCE TIN  
★★★★★  
\$39.95



SPORT TUBE MOISTURIZER  
2 PACK  
★★★★★  
\$20.95



ORIGINAL SKIN MOISTURIZER  
8 OUNCE TIN  
★★★★★  
\$11

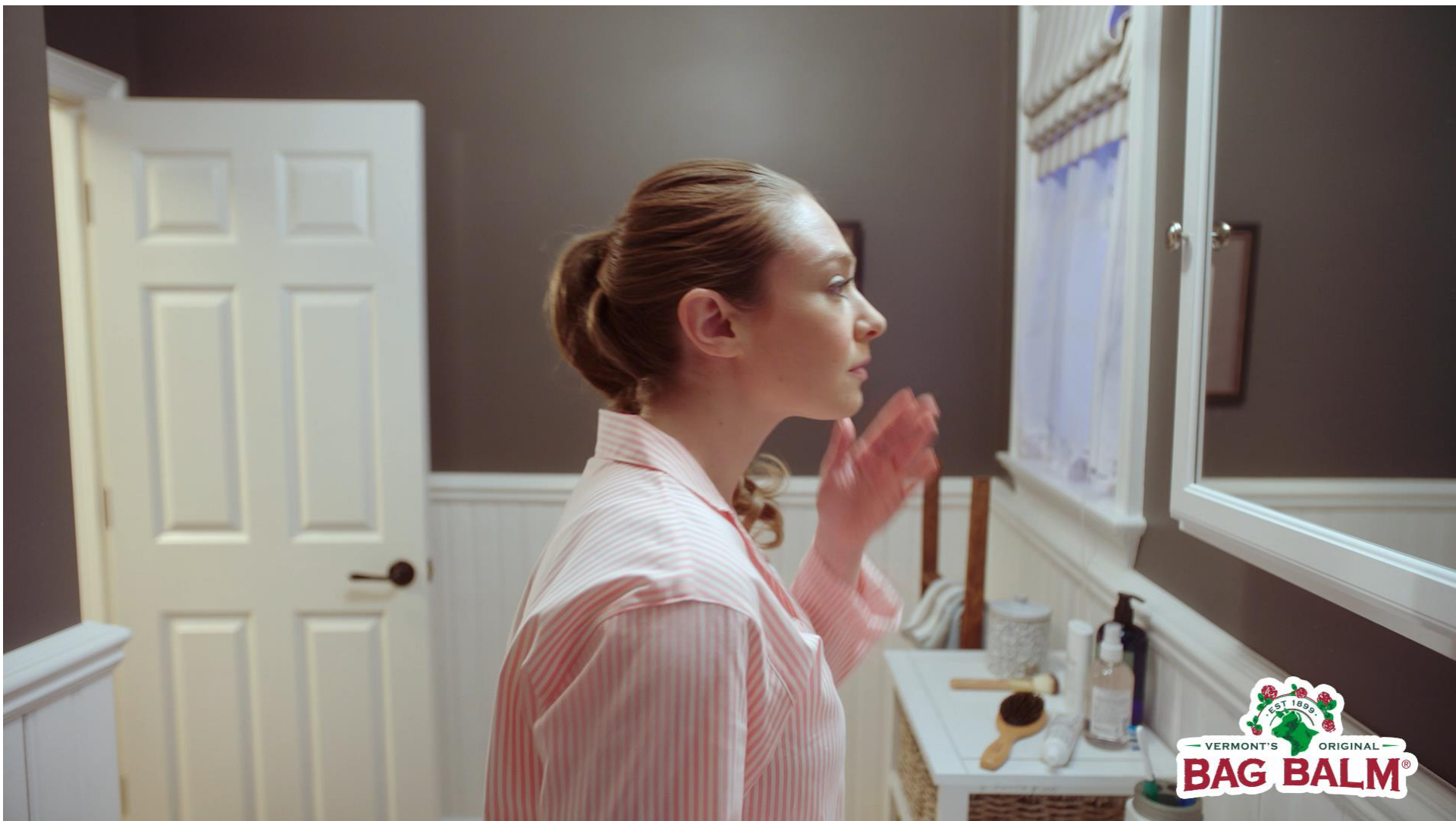


SKIN CARE & LIP BALM 3  
PACK BUNDLE  
3 PACK  
★★★★★  
\$23.95



HAND & BODY SKIN  
MOISTURIZER  
8 OUNCE TIN  
★★★★★  
\$10.50







## 1. Landscape Overview



How does Bag Balm think  
about the retail landscape  
and shopper in 2019?

# The Fab 5: What do Today's Digital Shoppers Want?

## Limitless Selection

Singular site/app,  
vast assortment

## Value

Feel like I'm getting  
a good deal and  
saving \$

## Convenience

Prime, subscription,  
auto-replenish

## Trust

Trusted brand, best  
price possible

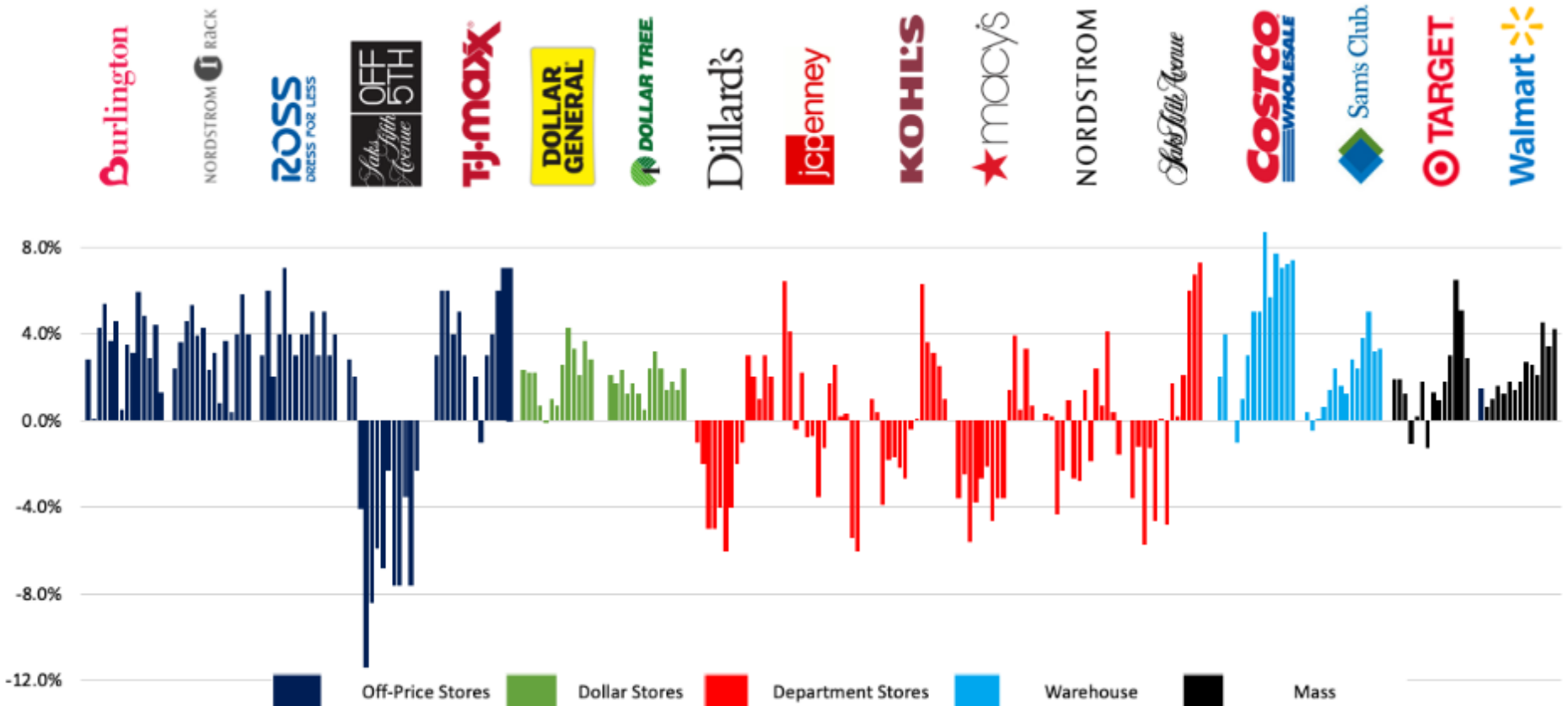
## Experience

Mobile experience,  
site experience.  
"Love to shop on  
x.com!"

Source: Me, Scot Wingo & Jason Goldberg

# Resulting in Massive Retail Share Shifts Starting.

## Beneficiaries through execution: Costco & TJX



@ryanmcrauer

Source: SEC Filings, Q4 2018 Company Results. Costco sales include fuel, Sears results include K-Mart, Dollar Tree include Family Dollar.

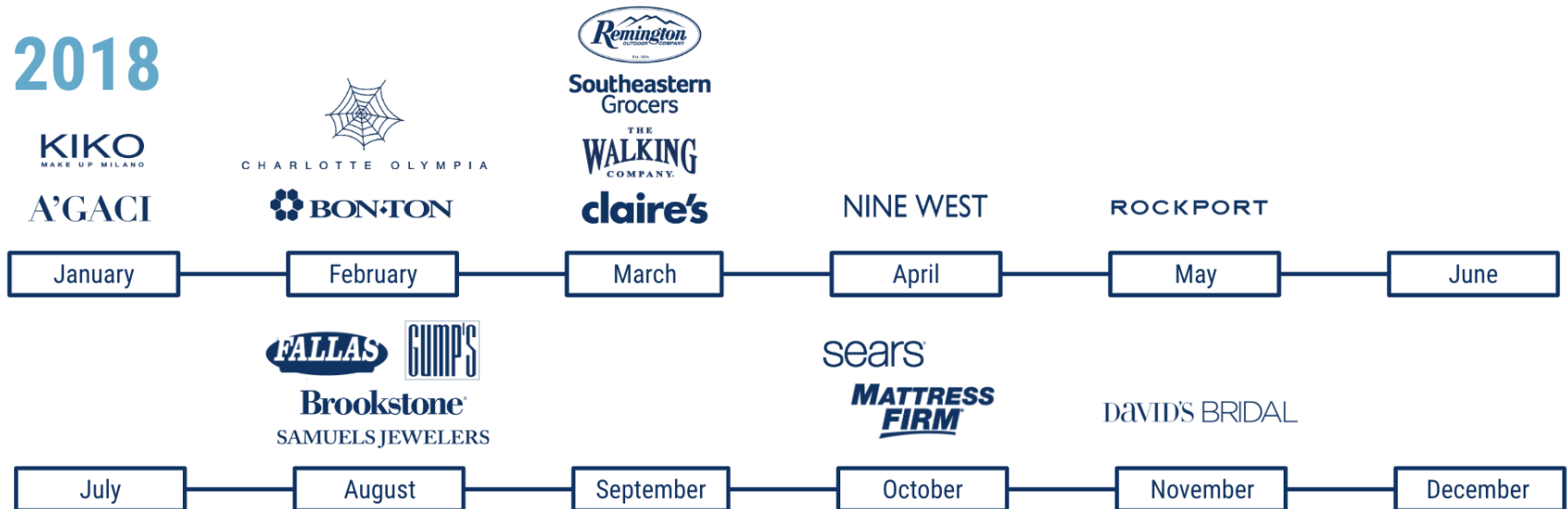
Source: <http://www.ryanmcrauer.com/blog/2019/3/10/retail-share-shifts-starting-2019-costco-and-tjx>

# The Graveyard of Retailers: Failure to adapt.

## 2019



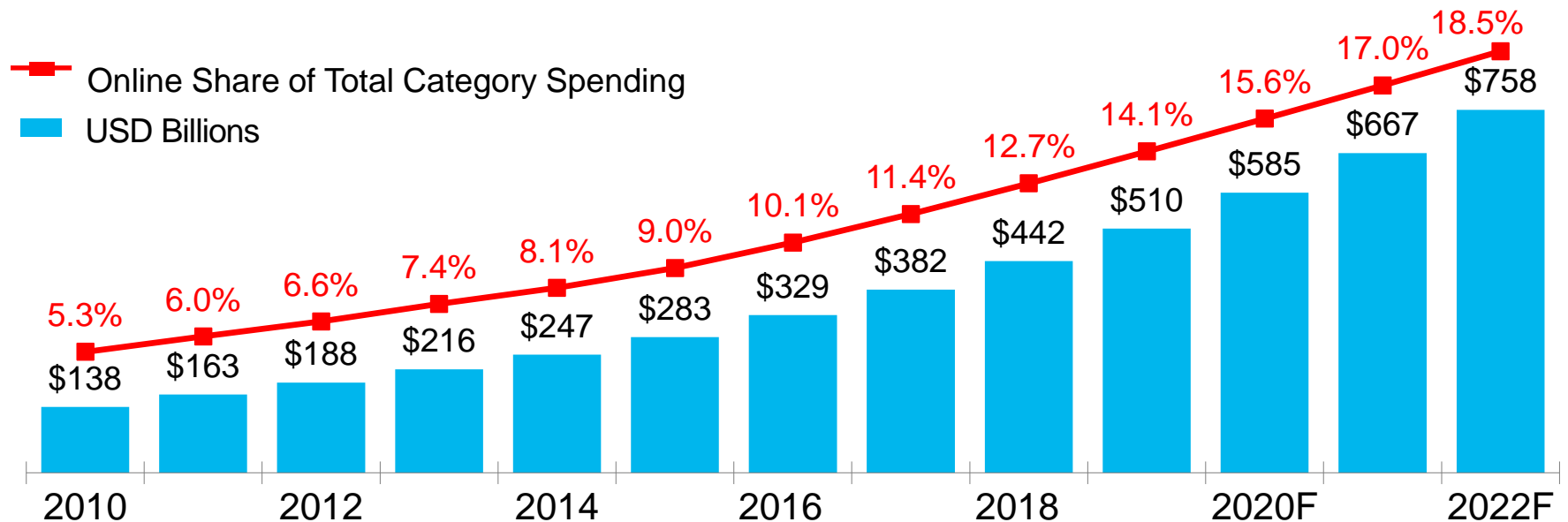
## 2018



Source: Cbinsights

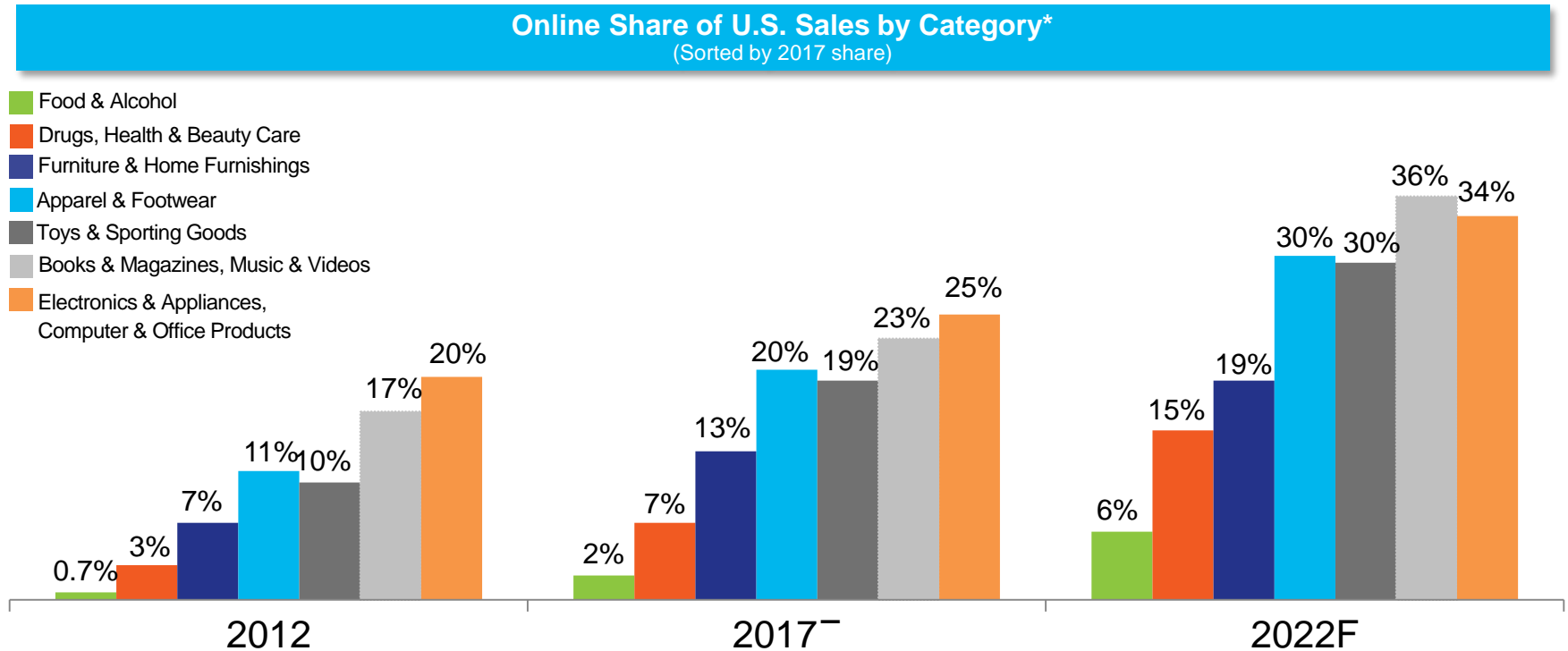
US eCommerce will take nearly 1 in 5 retail dollars spent by 2022.

All Retail Goods Categories: U.S. Annual Spending Online  
(USD Billions and Share)



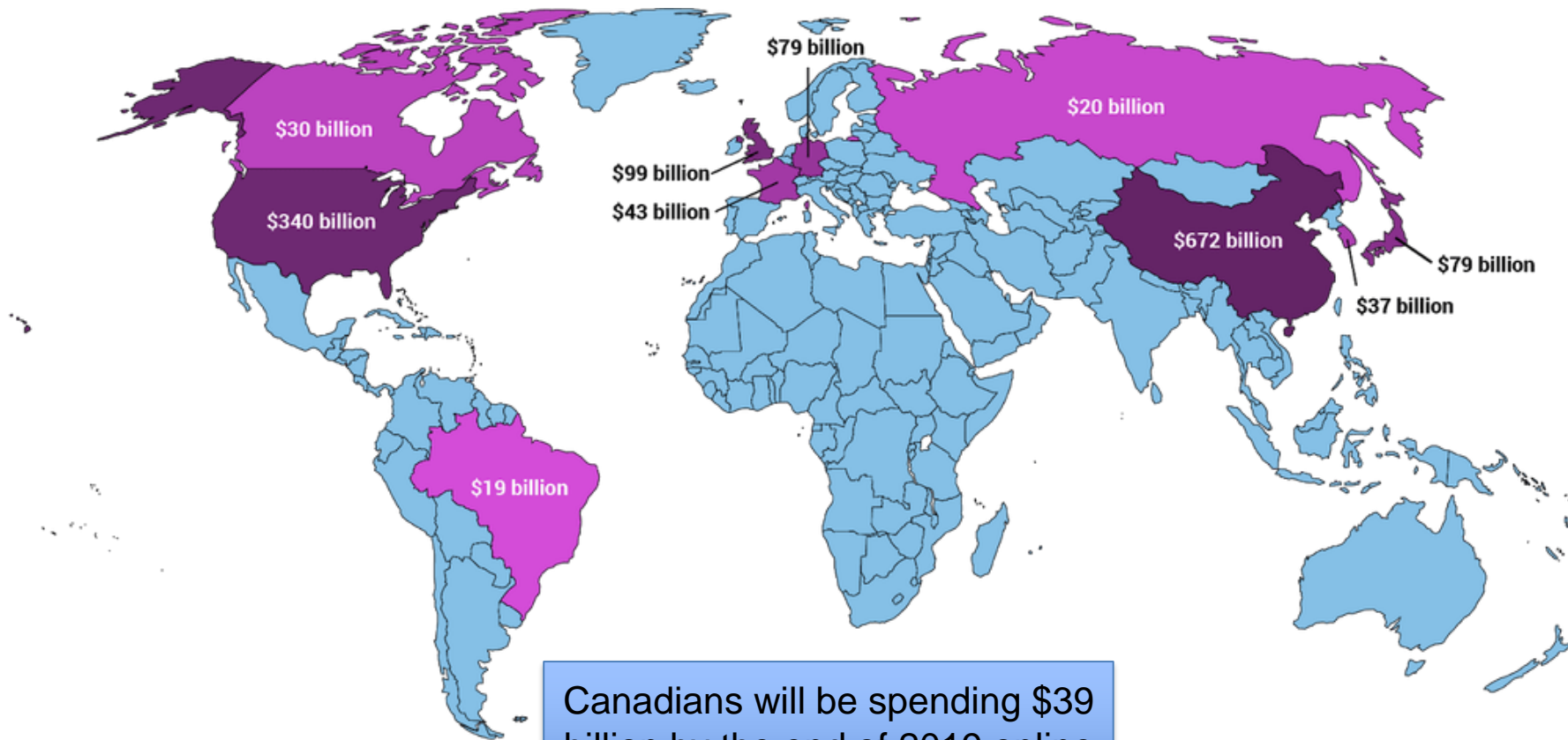
Source: U.S. Department of Commerce, Kantar Retail

## eCommerce retail sales for HBC to double through 2022 (US).



Source: U.S. Department of Commerce, Kantar Retail analysis and forecasts

# Canada: #8 in the world for eCommerce.



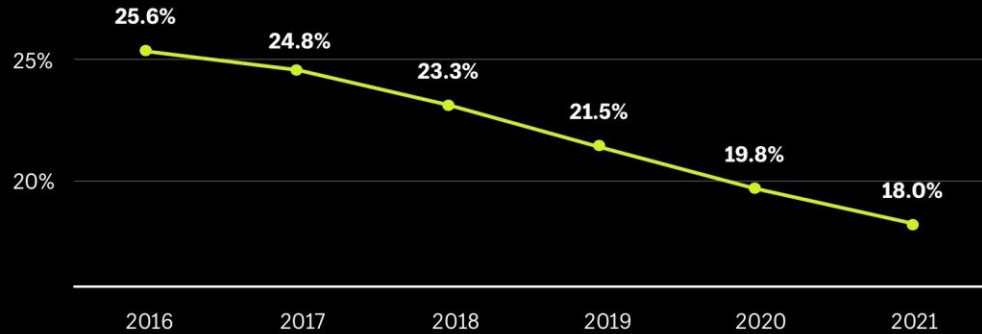
Canadians will be spending \$39 billion by the end of 2019 online (**9.5% of all Canadian retail sales**).

Source: <https://www.ecommerce-nation.com>

# Retail eCommerce sales growth worldwide through 2021.

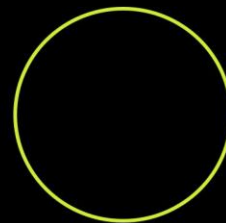
B&M is not dead!

- Here's the uncomfortable twist:
  - brick-and-mortar still dominates online sales by over \$20 trillion.
  - After a quarter century, ecommerce's spread is slowing,
  - **80% of 2018's gains belonged to Amazon**, and (in the U.S.) the **top five** online retailers own 64.7% of sales:



Data via U.S. Department of Commerce and eMarketer

## Brick-and-mortar versus ecommerce share of retail (2021)



17.5%

Ecommerce

82.5%

Brick-and-mortar

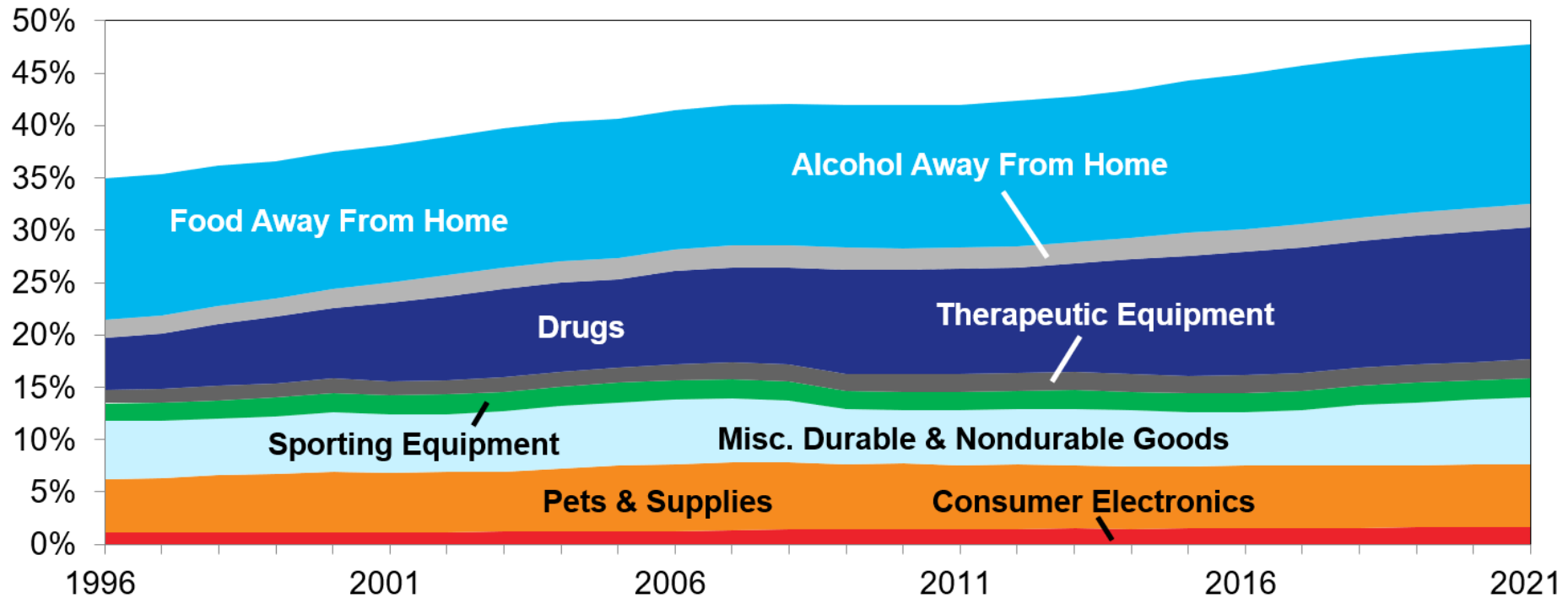
Data via eMarketer and Statista

Shoppers have rationalized the number of retailers at which they shop (US).



Source: ShopperScape®, January 2007-December 2017

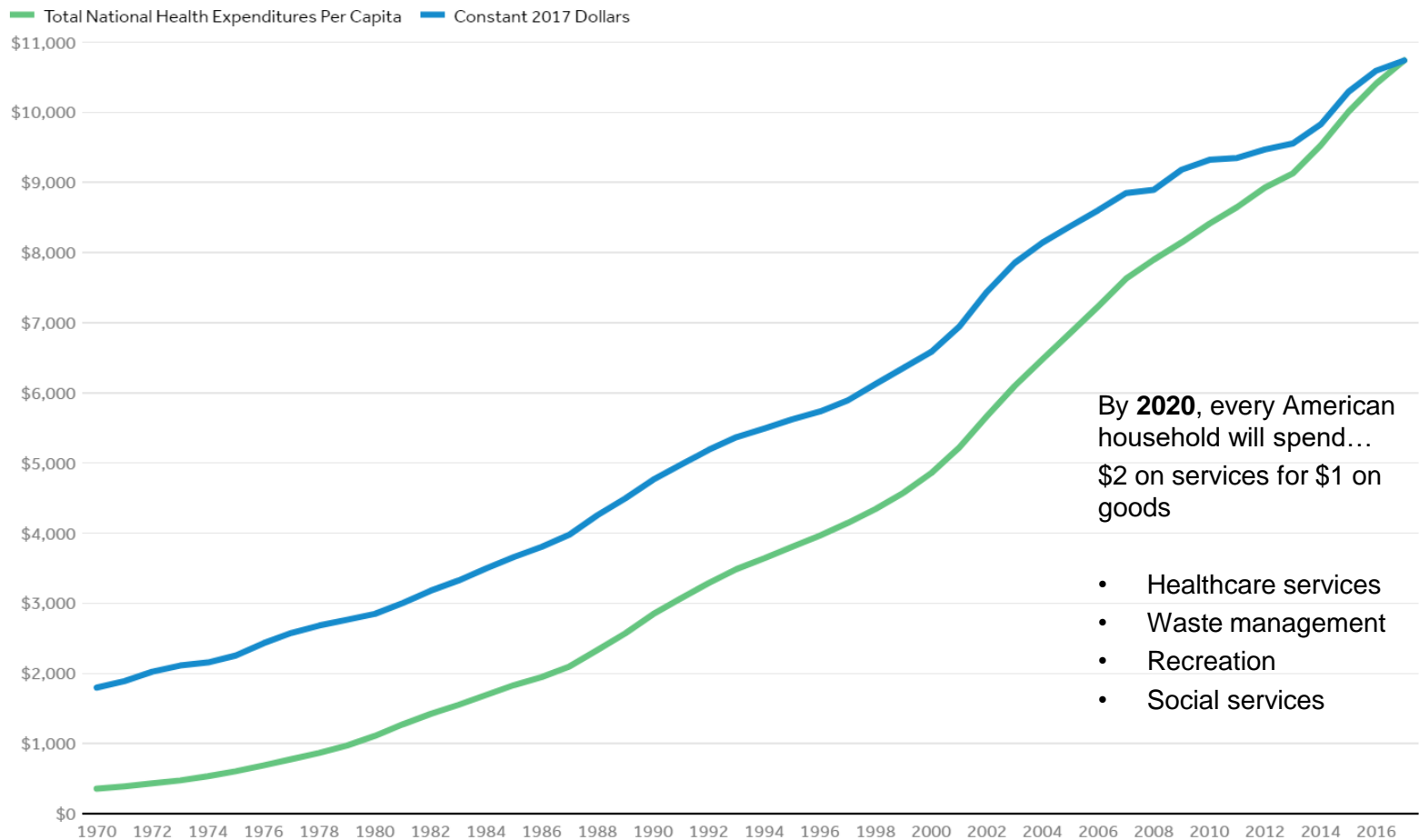
# Even Within Stuff, Your Stuff Loses Share to Other Stuff



# And spending on health care continues to skyrocket.

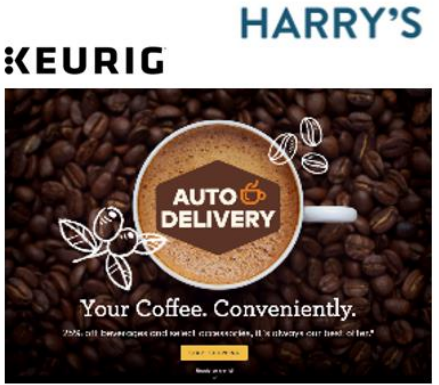
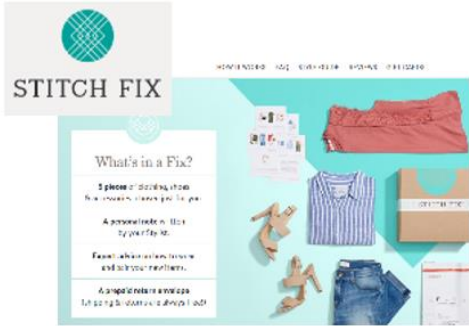
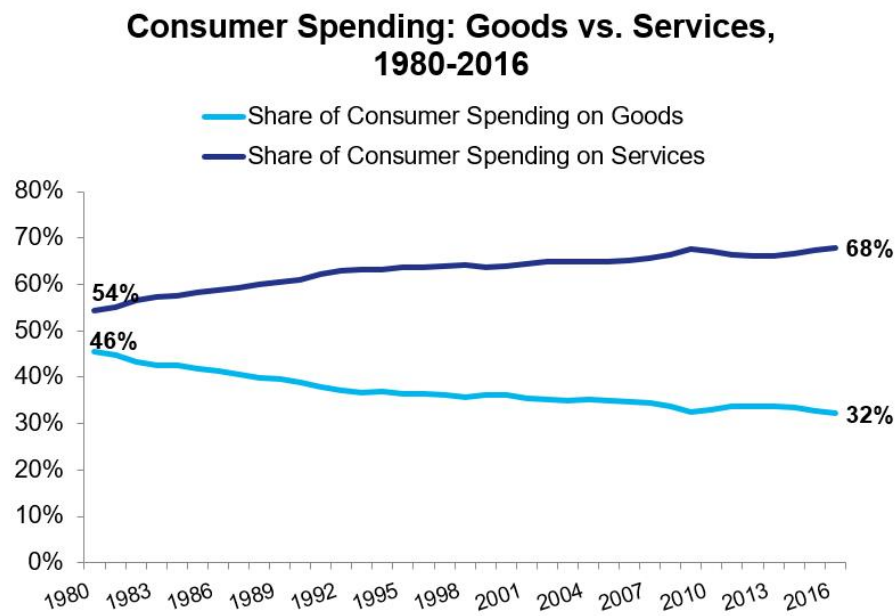
On a per capita basis, health spending has grown substantially

Total national health expenditures, US \$ per capita, 1970-2017



# Spending on goods losing ground to services (driven by health services)

Many of today's "retail disrupters" succeeding by offering unique goods + services combinations



# Exploring the New and Premium Fresh:

90% of the Top 100 Brands In US CPG Lost Share Last Year.

**Driving retail's prioritization of health and wellness is a new premium: Shoppers are willing to pay more for health and wellness clarity, convenience, and personalization**

why



→ Preservation



**Health & Wellness**

Better for you" attributes define quality

what



→ Transparency



**Sustainability & Local**

Building a sense of "trust"

how



→ Purpose



**Authenticity**

Sense of "real"

Seventh Generation, Patagonia, Tom's are companies wearing the 'badge of good' on their sleeves.

Sustainability

Transparency

Purpose

We believe that a company *can* make the world a better place.



We've spent over 25 years formulating products made with plant-based ingredients that really work. Really well.



Based in Vermont, we're a **certified B Corporation**. B Corps are certified to be better for workers, better for communities, and better for the environment.



We believe in transparency. We disclose ingredients right on our packaging and we won't test on animals.

HOW ARE WE DOING AGAINST OUR 2020 GOALS?

- ✓ 0 WASTE
- ✓ 100% BIODEGRADABLE OR RECYCLABLE PRODUCTS



THIS AND MORE IN OUR CORPORATE CONSCIOUSNESS REPORT.

> DOWNLOAD NOW

YOU HAVE A RIGHT TO KNOW WHAT IS IN THE PRODUCTS YOU BUY

JOIN US.  
**#COMECLEAN**



LEARN THE ISSUE.  
LEARN WHAT YOU CAN DO

> TAKE ACTION



*Tim Hortons.*  
MAKING A TRUE  
DIFFERENCE™

## SUSTAINABILITY AND RESPONSIBILITY REPORT

At Tim Hortons we are making a True Difference for **Individuals**,  
**Communities** and **The Planet** every day.

LEARN MORE ►

### COFFEE PARTNERSHIP



Helping to build sustainable coffee communities by supporting farmers in key areas that will improve their coffee business and their lives.

LEARN MORE ►

### COMMUNITY INITIATIVES



Tim Hortons proudly supports local community initiatives where we do business.

LEARN MORE ►

*"We need to build  
brands with  
purpose.*

*We need to go  
from 'marketing  
to consumers', to  
'mattering to  
people.'"*

— Keith Weed,  
CMO, Unilever





## 2. Interconnected Commerce

# We have hit the point of the 'IZATION' of everything.

It has to be a company-wide initiative, not just pockets of siloed efforts.



## 01 DIGITALIZATION

A transformation of the entire business model with a particular focus on redefining the company, brand and digitizing the supply chain, communication plan and overall strategy.

01

02

## OMNICHANNELIZATION

Understanding how new shoppers behave. Leverage big data capabilities and the digital mindset to build and enhance the omnichannel experience - in store, online, or both.



04

## ECOSYSTEMIZATION

Further integrating your data platform by unifying online and offline information regarding customers, products and services.



03

## EXPERIENTIALIZATION

Retail has forever changed. Brands and retailers that understand shoppers' growing need for experiential retail are the winners. Pure transactional commerce is not accelerating.



# Canadian Tire's 'Wow Guide' featuring AR tech.

From zero print to hero print.

- The “Wow Guide” lets customers access additional information on each page using the Canadian Tire app.
- Shoppers are able to interact with products:
  - videos, ratings, tips and tricks, the guide lets users click to the product they like and buy it at real-time pricing.



# Interconnected is the “Force” of Commerce



May the  
eForce be  
with you,  
hmmm?

“We continue to believe that blending the physical and digital channels into a seamless customer experience which we call interconnected retail, provides a unique opportunity for us to expose the power of the Home Depot.”

~ Greg Menear, CEO



Source: The Home Depot

## The 5 disruptors of Interconnected Commerce that should keep you up at night.



### 1 THE RISE OF PRIVATE LABEL BRANDS.

Private label brands like Brandless.com, Grove Collaborative are built with brilliant use of data and direct to consumer at their core.

3<sup>rd</sup> party sellers are nimbly navigating the AMZN ecosystem better than incumbent brands.



### 2 EFFORTLESS AND FRICTIONLESS DIGITAL INTERACTION.

A secure, always-accessible, easy-to-use technology platform is the price of entry in a world of consumers now accustomed to immediate shopping gratification.



### 3 AUGMENTED RETAIL AND THE OMNICHANNELIZATION OF MOST THINGS.

Shopping is not in singular channel but 3-dimensional. Online, in-store and multi-directional is the new retail way. Content and communication powers all of it.



### 4 THE FLYTRAP OF PLATFORM OF ECOSYSTEMS.

The quiver of "where I shop" has declined from 2009 to present.

If I'm an AMZN Prime member, why would I want to ever leave?



### 5 DIGITALLY-BORN DISRUPTORS.

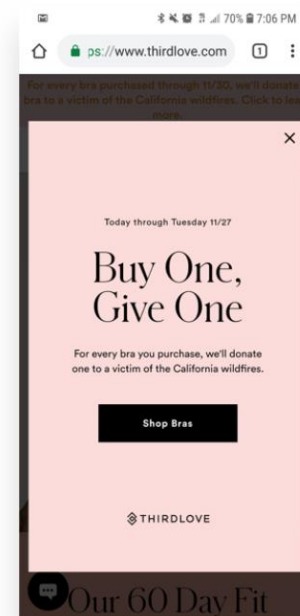
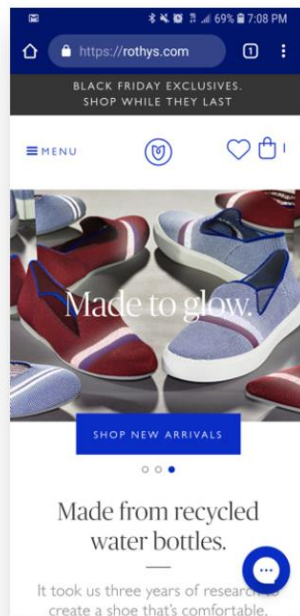
Between 1955 and 2011 87% of the F500 companies went out of business.

Those on the list for 2020 are being built RIGHT NOW.

# DTC Emerges as Commerce's Future:

The lines between technology and commerce have blurred and are undergoing a revolution.

- Brands like Outdoor Voices, Warby Parker, Harry's, Allbirds, Glossier, Hims, Casper, Grove Collaborative have executed brilliantly by combining brand equity and purpose.
- Elevating people and product over price and place.
- Brilliant and 'sneaking in' behind enemy-incumbent lines and making everything better (Casper, DSC).



# Are you considering DTC?

4 reasons to tell your CMO or CRO:

## 1. Access to first party data

- Do you really want Amazon or CVS to own all your customer data?
- Name acquisition and CRM is incredibly valuable and helps built a moat.

## 2. New product launches

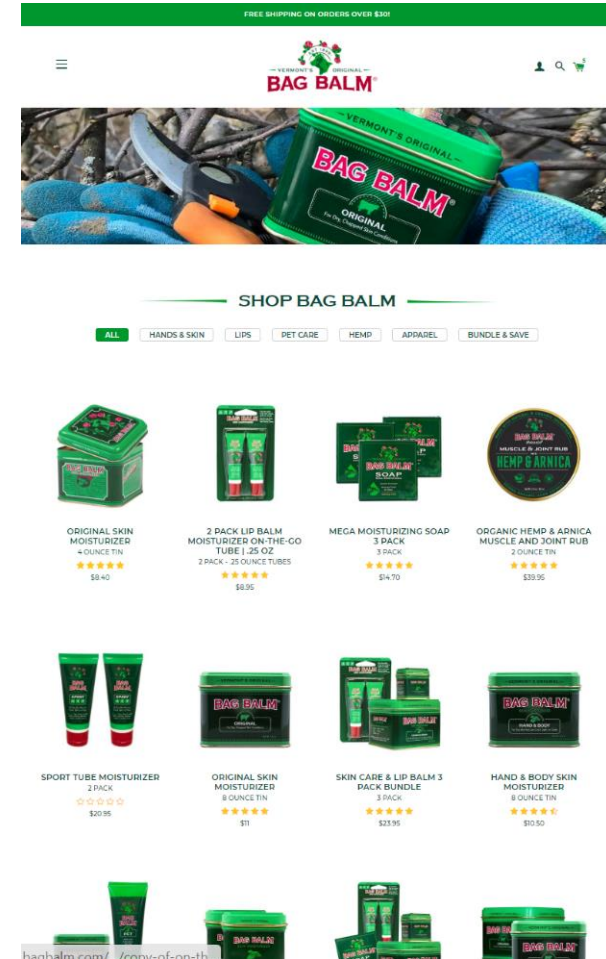
- A must-do: eCommerce is driving 50% of CPG growth through 2025.
- Launch, iterate, tweak, launch and then roll out to retailers (or not!).
- 75% of new product launches fail. CPG companies should be testing concepts with real consumers via their direct channels and then introduce proven winners to the retail channel.

## 3. Build loyalty and relationships

- Many shoppers prefer to buy from the 'mother ship.'
- Combine with social media for customer support.

## 4. A powerful sales tool for valued retail partners

- The bigger your database, the more you can drive offline traffic to stores.
- Point your shoppers to WMT, Kroger, etc.
- Before you launch a promo, offer it to your best retailers.



Source: <https://www.gmaonline.org/news-events/n>

# Innovate for eCommerce: Tide Uses Product Images to Introduce Benefits of New Packaging.

- Product Images clearly demonstrate packaging and product use above the fold



Stylized Pack Images



Images and video showing the product  
in packaging and in-use



Packaging and product  
benefits explanation and  
awards

Source: Retailer Website

# And Consider the Strategic Importance of Packaging and Packs. 'Unboxing.'

**Selling**



**Shipping**



Think about  
'Pinstagramable  
Packaging' – unboxing  
and posting

**Shopper  
Engagement**



Trusted influencers can drive tremendous value.



#KathleenLights #Boxycharm #TryOn

June Boxycharm Unboxing (Try-on Style) | 2019

76,086 views

8.5K 79 SHARE SAVE ...

# Marketplaces Strategy:

1. Develop eCommerce-specific SKUs.
  - Unique, multipack, low weight, high ASP
2. Prioritize Amazon (3P seller)
3. Second: WMT
4. Third: eBay.
5. Exploring Target.
6. Control your own destiny.

**\*\*If you're not focused on a marketplace strategy, someone else who is selling your brand is and many times it's not the consumer experience you want to see.**





# 8 OZ Bag Balm Ointment Manufactured For Cows Udders Loaded With Lanoli Only One

★★★★★ [Write a review](#) [Dairy Association](#)

**\$27.45**

Free delivery

Arrives by Monday, May 27 [Options](#)

Qty:

1 ▼

Add to Cart

Pickup not available

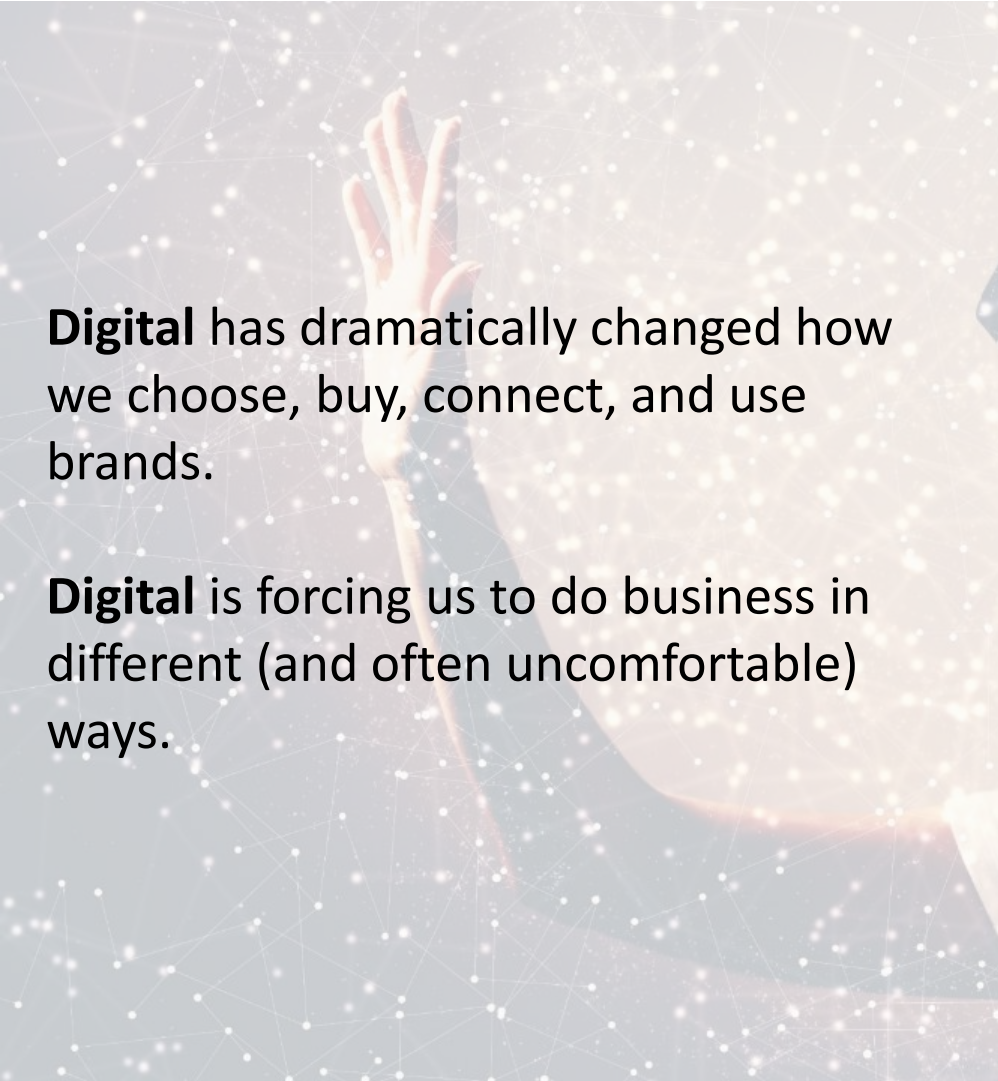
Sold & shipped by [ADVENTURER'S BAG](#) | [Return policy](#)

[Add to List](#)

[Add to Registry](#)

### 3. Engage @ Scale via Digital





**Digital** has dramatically changed how we choose, buy, connect, and use brands.

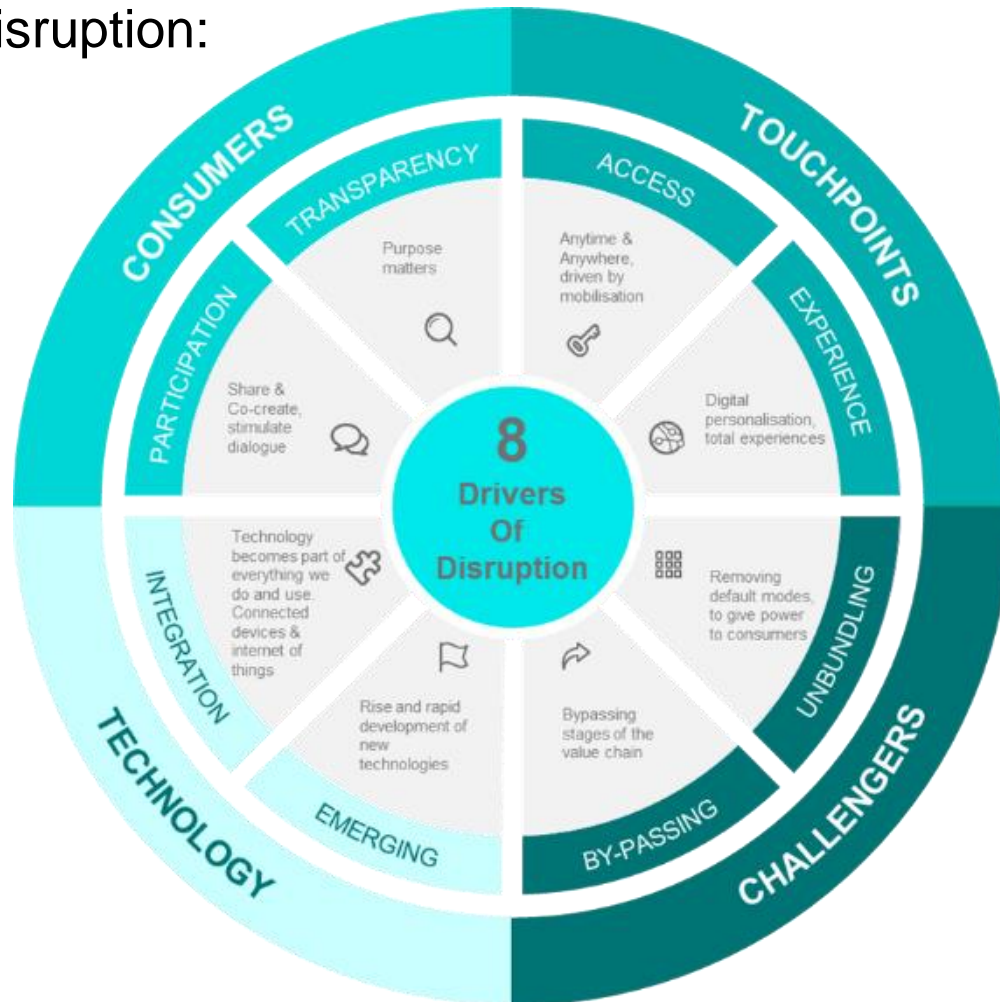
**Digital** is forcing us to do business in different (and often uncomfortable) ways.



Source: Kantar Consulting/Reid G

**Which means we face significant challenges on how we talk to our shoppers:**

**The 8 Drivers of Disruption:**

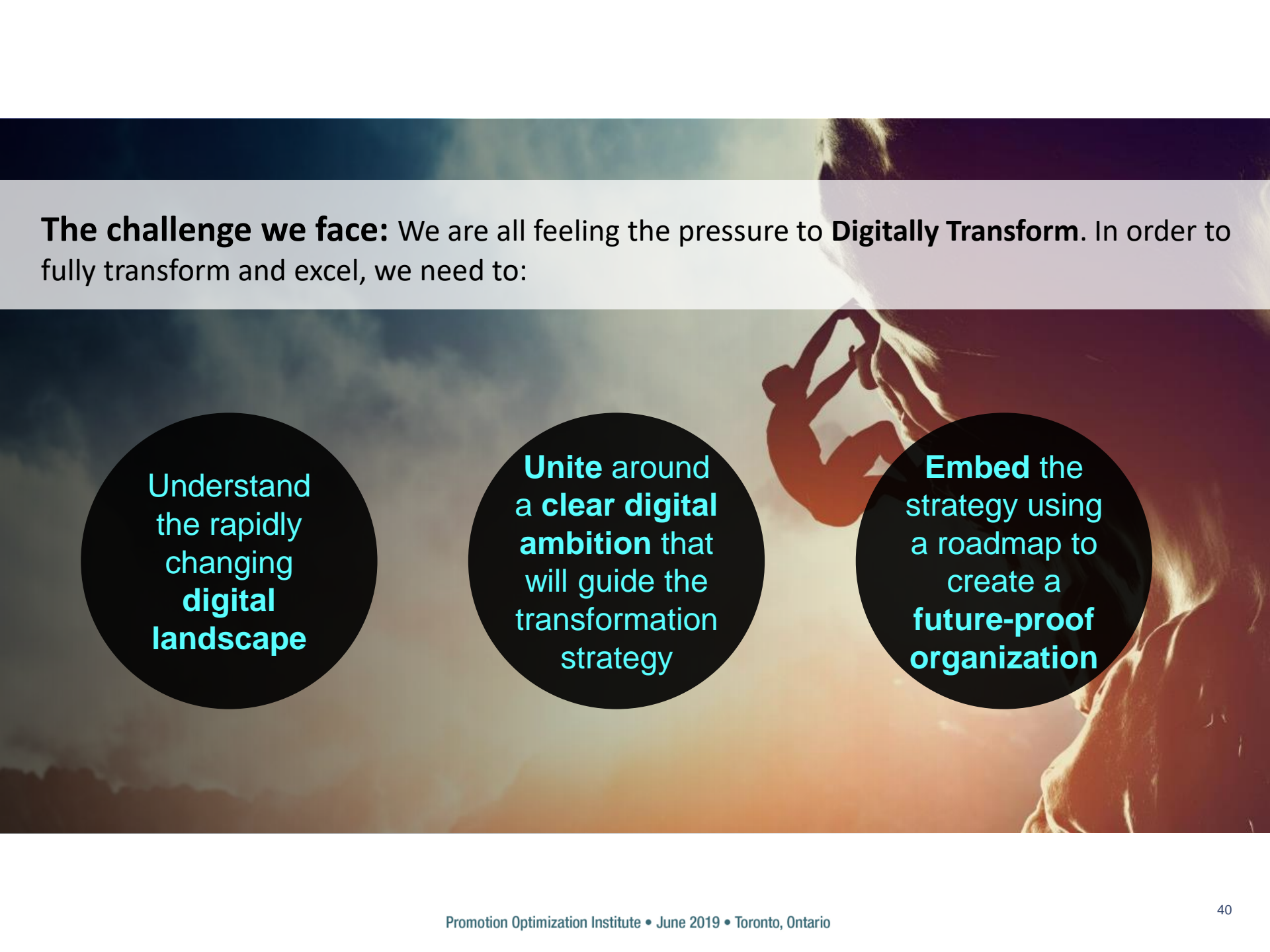


“

OUR INDUSTRY DOES NOT RESPECT TRADITION – IT ONLY RESPECTS INNOVATION.

SIZE, WHICH WAS ONCE A COMPETITIVE ADVANTAGE IS BECOMING A LIABILITY AS BUSINESSES THAT ONCE DOMINATED THE MARKET AND NOW STRUGGLING TO KEEP UP WITH YOUNG, NIMBLE STARTUPS.

SATYA NADELLA  
CEO, MICROSOFT



**The challenge we face:** We are all feeling the pressure to **Digitally Transform**. In order to fully transform and excel, we need to:

Understand  
the rapidly  
changing  
**digital  
landscape**

**Unite** around  
a **clear digital  
ambition** that  
will guide the  
transformation  
strategy

**Embed** the  
strategy using  
a roadmap to  
create a  
**future-proof  
organization**

In today's digital economy we observe the following 4 things as companies attempt to cope with the rapid changes:



## ADAPT

## FOLLOW

## STRUGGLE

## DIE

- **Adapt:**
- Adapt to disruptive threats. Move quickly into new markets and categories. Hire great people. Build amazing brands and capabilities.
- THEY ARE BOLD.
- **Follow:**
- These companies transform by observing and copying the leaders or by moments of '**lucky brilliance**'.
- Or frantic realization....
- **Struggle:**
- Key internal digital-evangelists slowly convince the organization to change. A long, slow process but they eventually get there.
- Hiring a good consultant is helpful!  
😊
- **Die:**
- These organizations fail to deploy **Digital Darwinism** and eventually go extinct.
-

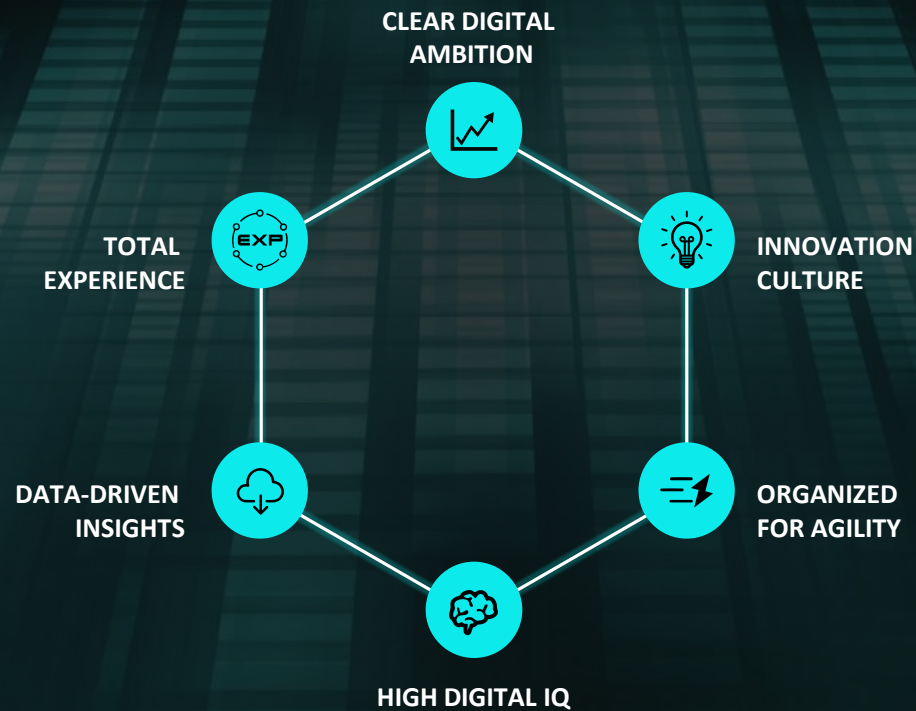
# Interconnected:

- Understanding the themes that power growth. Old world vs. new world.

SILOED CONCEPTS	INTERCONNECTED CONCEPTS
DIGITAL OVERLAY	DIGITAL IS INTERWOVEN
CHANNELS	CHANNEL AGNOSTIC
PLAN AND LAUNCH	TEST, LAUNCH, TWEAK
CONTENT IS KING (OR QUEEN)	COCREATED CONTENT IS KING
BRAND-LEAD PRODUCT INNOVATION	COCREATED INNOVATION
MAKE THESE PRODUCTS WORK!	UNCOMFORTABLE NEW
MASS-APPEAL	PERSONALIZATION OF ONE
HIDE THE DETAILS	COMPLETE TRANSPARENCY
OPINION BASED DECISIONS	DATA-DRIVEN INSIGHTS



# The 6-Step Digital Growth Framework



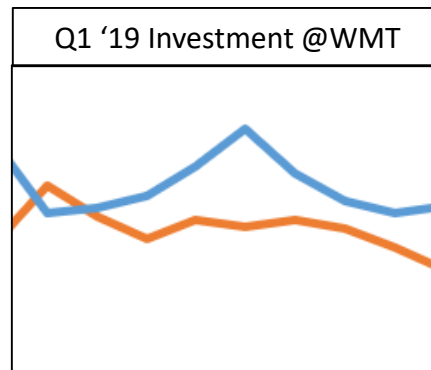
Source: Kantar Consulting

# The 6 drivers of digital growth framework:



# Hard hitting digital marketing works!

- Nothing fancy.
- Focus on direct messaging with no, “brand-fluffery”  
CTAs: hover-over rates, engagement, dwell-time
  - Shop now, get coupon, buy now, sign up today...
- Advertise to drive sales.
- Focus on only a few KPIs:
  - CPA
  - Store sales lift
  - eCommerce sales lift
  - Open rate, CTR, CR
  - Bounce rate (tells you the quality of the your landing page)





Source: Starbucks

Starbucks' prioritization of their digital ambition is paying off.



“Our digital flywheel is a powerful proprietary asset that is driving deep customer engagement, revenue, and profit growth around the world.”

-Kevin Johnson, CEO Starbucks

Starbucks was clear that they wanted to become a 'digital disruptor' and prioritized this agenda at the highest levels within the organization.



Source: Starbucks

# The Results:

**More than 20% of transactions going through Mobile Order & Pay (MOP)**

**Personalized marketing sales tripled**

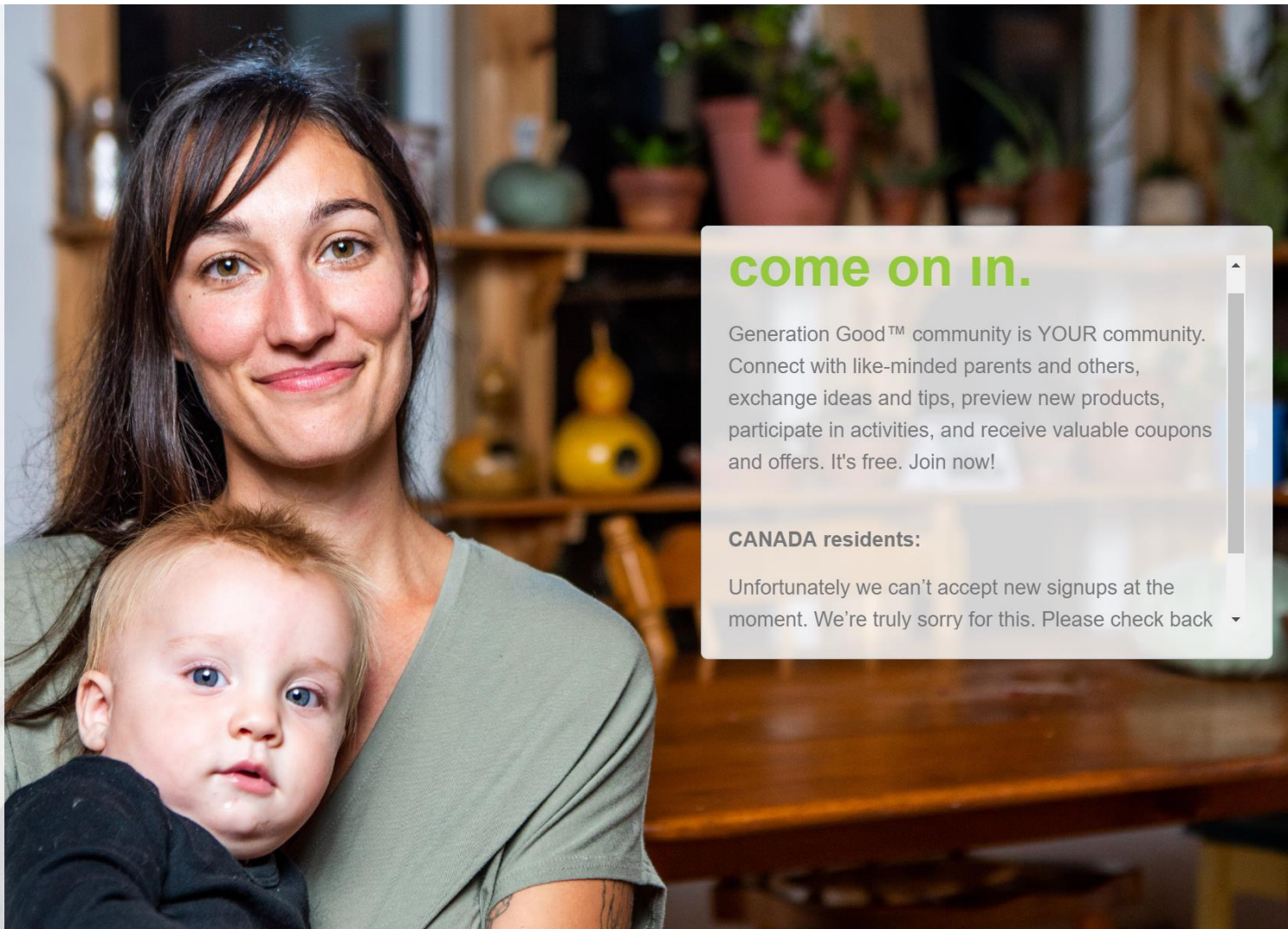
**Membership in Starbucks Rewards grew 11% in 2016 to 13.3 million active members in the U.S.**





Login

Create Account



## come on in.

Generation Good™ community is YOUR community. Connect with like-minded parents and others, exchange ideas and tips, preview new products, participate in activities, and receive valuable coupons and offers. It's free. Join now!

### CANADA residents:

Unfortunately we can't accept new signups at the moment. We're truly sorry for this. Please check back

- 250k members
- 'Moms on a Mission
- Like a private Facebook, owned by the brand
- Samples, sharing, content, VIP treatment

Above all else, stay true to your North Star.



## Raquel, 75? Pull the udder one ...

60s pin-up Raquel Welch reveals udder ointment as secret to sex appeal

According to Shania, her secret is “udderly” simple. It has nothing to do with liposomes, pentapeptides, collagen or ceramides. She uses Bag Balm, a product originally developed to keep cow udders from chapping. May not sound very romantic, but it works. Why? Because the basic ingredient is Vaseline which prevents moisture in the skin from evaporating.



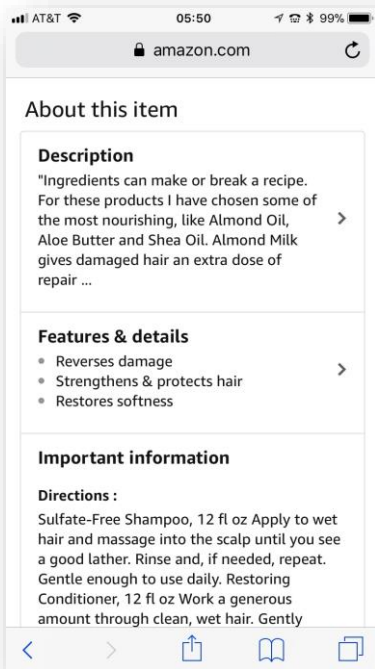


# Your digital presence must be a mobile-first strategy.

For brands, this means that product page design requires rethinking

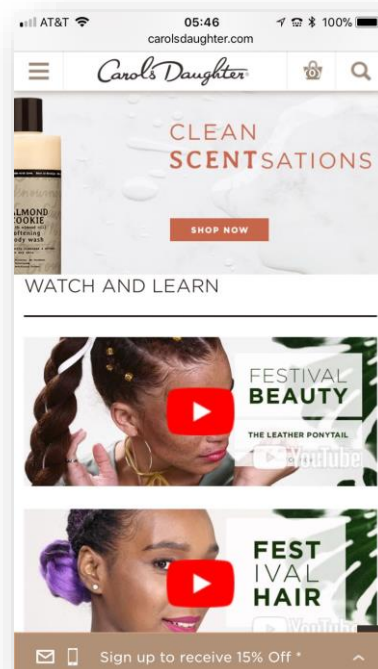
Ensure that your shopper marketing team is ATM: **A**lways **T**hinking **M**obile (Carol's Daughter example)

## Not mobile friendly



VS.

## Mobile optimized

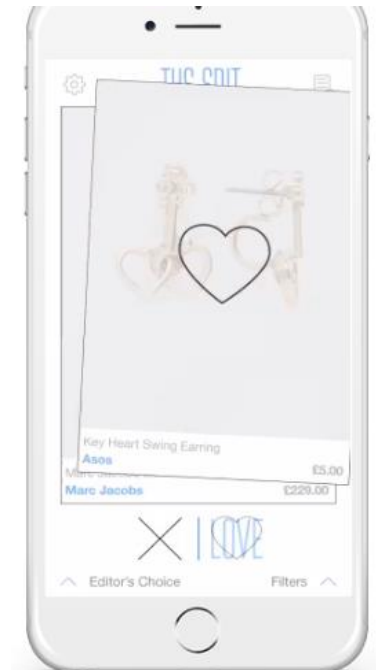


The small, scrollable screen requires product descriptions to have:

Simpler, shorter messages

Visuals vs. text

Looking ahead, expect more retailers to take page design cues from social media platforms. Here, the UK apparel retailer The Edit borrows Tinder's swiping functionality.



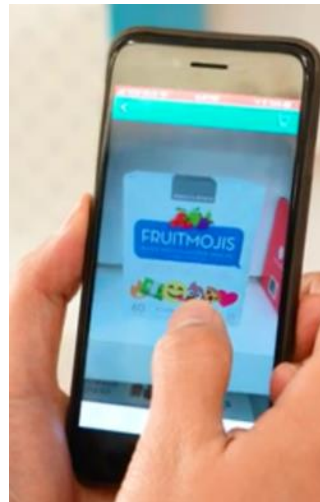
Source: Company mobile apps

# Leverage new technology: Augmented reality rising to redefine the shopper experience, and to aid conversion.

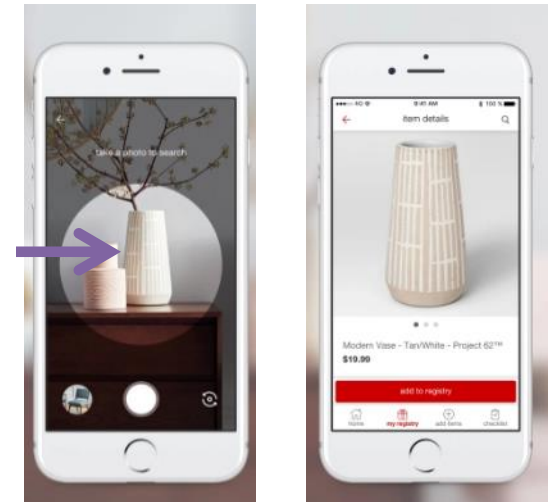
Various mobile visualization tools and visual search tool helping shoppers make decisions.



Boxed.com



Target



Source: Kantar Retail research, company apps

# Blending of the physical and digital worlds:

AR is being used to bring the website, in-store experience, product and ideas to life.



## Virtual dressing rooms

AR mobile app device lets users give themselves a virtual makeover using thousands of shades of eye shadow Assorted lip colors and false eyelash styles.



## Product information

At home, shoppers can use Sephora's Virtual Artist module AR, which allows users to "try on" eyelashes and eye shadow in-app and buy products as well.



## In-store engagement

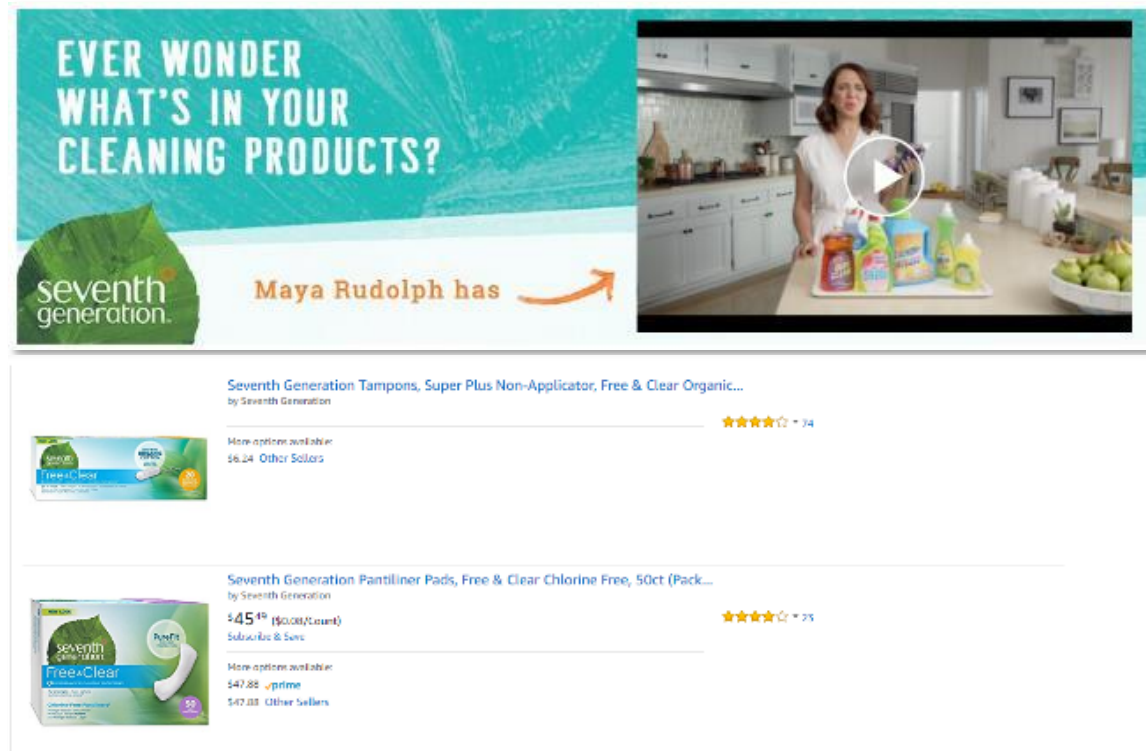
This is from a mall in China where motion detection will 'auto engage' a visitor when she walks by the kiosk.



If you don't have a team completely dedicated to Amazon, you're missing out. This is a non-negotiable.

Amazon is simultaneously a brand-building and conversion platform

Giving brands the opportunity to showcase products within a content-rich experience



Source: Amazon.com

# A+ Content

Look to Amazon brands as examples.



## We were inspired by you, our customers.

You told us what you like and don't like about baby wipes, and we were inspired to make a better product.

We chose our manufacturer, Nice-Pak, because of their 50+ years of expertise in the world of wipes. We combined their know-how with your wipes wish list to build a fantastic baby wipe through joint development efforts, multiple prototypes, lab tests, and home testing by Amazon moms and dads. The end result is a baby wipe that's truly designed for you—it's soft enough for a newborn, but sturdy enough to get the job done.

## Where It's From



### Purified Water

Pharmaceutical-grade purified water makes up at least 97.9% of the liquid found in Amazon Elements Baby Wipes. The process starts with drinking water from the underground White Lick Creek Aquifer in Mooresville, Indiana. After the water is collected, it's purified in several stages—sedimentation, charcoal filtration, deionization, and ultraviolet disinfection. The end result? A wipe that's safe and gentle on a baby's sensitive skin.



### Cucumber & Tea Oil

The tea leaf and cucumber extracts in Amazon Elements Baby Wipes come from Lewisville, Texas, from a company with over 30 years of experience harvesting, manufacturing, and distributing natural botanical extracts. A cold extraction process is employed to sidestep potential heat damage, which helps bring tea oil's unique soothing properties and cucumber's cooling effects to your changing table.



### Aloe

The aloe for Amazon Elements Baby Wipes is grown in the sunny city of Melbourne on Florida's Atlantic coast. The company produces a variety of aloe extracts, powders, gels, and more—along with a little organic shea butter on the side. The aloe is harvested every six to eight weeks, by hand-selecting fresh leaves from the base of each plant. It's then processed within two hours to ensure its active molecules don't begin to break down, which helps



## Our Supplier

Amazon Elements Baby Wipes are made in Mooresville, Indiana by the wet-wipe experts at Nice-Pak Products, Inc.—a family-owned company since their founding in 1957. The baby wipes are produced in a zero-landfill plant: waste is recycled, and the remainder is converted to steam heat. The recyclable lid on the flip-top pack can go straight to the recycling bin—helping Nice-Pak reduce plastic use by 36% per year compared to their previous lid. We're proud to have teamed up with them to deliver your wipes.

## What It's Made Of Showing 6 of 16

These wipes include a variety of ingredients to help keep your baby clean, and are scented with a refreshing fragrance. We evaluated each ingredient to determine whether or not it should be included—these are all common components to baby wipes, and together they make the wipe more effective and help keep it fresh. We've included details on the ingredients and their origins below, giving you transparency into the products you buy for your family.

Some ingredients list more than one source due to changes in availability; scan the unique code on your pack with the Amazon mobile app to learn the specific source.

### 1) Polyester, Viscose & Polypropylene

Blended together, these fibers form a soft, strong cloth wipe.

(Liaoning Province, China)

### 4) Tocopheryl Acetate

Also known as vitamin E acetate; supports skin hydration.

(Zhejiang Province, China)

[See all \(16\)](#)

### 2) Purified Water

Moistens wipes.

(Mooresville, IN)

### 5) Camellia Oleifera Leaf Extract

Also known as tea oil; soothes skin.

(Lewisville, TX)

### 3) Aloe Barbadensis Leaf Juice

Also known as aloe extract; soothes and moisturizes skin.

(Melbourne, FL)

### 6) Cucumis Sativus Fruit Extract

Also known as cucumber extract; cools and calms the skin.

(Lewisville, TX)

Source: Amazon.com

# The What Now?

## 1 MARKETPLACE

- With AMZN as the priority, develop a comprehensive marketplace strategy.
- This can also help you gain distribution internationally with limited effort.

## 2 UNDERSTAND INTERCONNECTED

- Where is your company along the 6 points of digital growth?
- Multi, Omni, Interconnected – no matter what you call it spend time to understand it.
- Know how your shoppers interact with your brand/store and provide a truly seamless experience.

## 3 ENGAGE @ SCALE

- Understand what DNVBs are doing and develop 'your version.'
- Consider D2C as a key pillar of growth and ways to connect with shoppers.
- Ensure consistency and demand the best across all channels. SEO, images, PDP, copy, titles, attributes.

## 4 BE AUTHENTIC

- Consider what your version of "Generation Good" is. How do you develop and deploy?
- Don't be something you're not – consumer will see right through that.
- Remain true to your north star and founding principles.

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