

Whole Foods and GNC: How Emerging Brands Gain Distribution

For emerging brands, gaining distribution of their food, beverage, or supplement products in the specialty, natural, or vitamin channels can make or break their business. And, for FoodTech ingredient makers, understanding retailer and consumer product gaps can unlock R&D partnership opportunities. But how to crack this code?



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At last week's Newtopia Now conference, executives from Whole Foods Market and GNC spoke about the key trends they're seeing in their stores and categories, and the best strategies that product makers can use to get onto their store shelves.

Retail buyers are looking for brands that demonstrate readiness, innovation, and sustainable business growth. secure distribution, and revenue growth, in today's competitive marketplace.

In this piece, I break down the approaches discussed by



GNC CEO Michael Costello

the seasoned merchants at Whole Foods and GNC, and how R&D and commercial leaders can apply them.

Highlight the 'Why': What's new, innovative, or category-expanding about your product? It needs to fill a customer need, either stated or not. Share your sourcing story, the health or quality claims you can substantiate, and how you'll educate or engage customers on what makes you different.

Certain product categories can be easier to "get" right out of the gate, while others require greater effort to connect product usage and benefits to tangible human needs.

“With food, it's really easy to taste. Body care is really easy to feel. So it goes back to the education on-pack, and it goes back to the science-backed claims, so when you're picking up a bottle of something that maybe you're not going to immediately feel the effects of, you're going to clearly understand what it is that you can expect from it.”

--Casey Gaston, Executive Leader for Supplements at Whole Foods Market

Know Your Market: Use data (either your own first party data, or syndicated data from NIQ or SPINS) to demonstrate category contribution, customer enthusiasm, and growth potential.

Michael Costello, CEO of GNC, encourages emerging brands to be laser-focused in their new item presentations on the **four key things** that they can do for a retailer, specifically:

- Increase category margin
- Drive category growth
- Bring new traffic into the retailer
- Stop traffic from leaving the retailer

By knowing your competitive set, and how you plan to add dollars or margin to a buyer's category, you free up valuable time with them to discuss opportunities to collaborate on building your business. And, by having fluency and confidence in your numbers, such as your P&L, unit economics, and how you are prepared to support your retail distribution with custom marketing and promotional activity, you signal to the retailer that you are ready to create shared value.

Nail your Differentiated Positioning: Leaders from both Whole Foods and GNC emphasized the need for true differentiation from the new brands and products that they see.

"It can't just be a "me-too" product, or be new for new sake," said Casey Gaston, Executive Leader for Supplements at Whole Foods. "Think about it like you are having a conversation, and someone leans in and gets curious."

"It's about discovery, about something that hasn't existed before, and why never before?" said Executive Leader for Dairy at Whole Foods, Ben Bristol. "Look at consumer trends and get in-store feedback from team members – remember that they are consumers."

Transparent Storytelling: Retailers expect honesty about your journey, wins, challenges, and infrastructure. This authenticity builds trust from the very first conversation – and with customers.

"Shoppers want efficacy, and when they turn over the package, they [want to] know everything on the label," said Whole Foods' Bristol.

He also stated the need for products to have "meaningful certifications" -- to go beyond the clutter of multiple icons on a product package, to really seek out, complete, and tout the certifications that will matter most to both the shopper and the retailer.



Solid Infrastructure & Distribution: Be clear about your supply chain, production capacity, and ability to meet demand —whether starting locally or aiming for a national rollout.

“Operational excellence is important when you're coming into GNC,” said GNC’s Costello. “I see these brands that were fantastic brands...but they fell down on execution, and they ended up in the brand graveyard. Not because they didn't have any consumers, not that they didn't have the right packaging, but they just couldn't deal with the executional details.”

Retailer Crystal Ball: Future Growth Drivers

- **Whole Foods** has identified categories that are ripe for disruptive innovation, and they are even open to investing in those brands and products. At Whole Foods, **protein** is surging across both plant-based animal protein, and **digestive wellness** is another hot trend across different categories -- from center store to dairy to supplements.
- **GNC** is expecting consumer desire for products designed to support **active nutrition** and **healthy aging** to be major drivers for new product innovation in the years to come. CEO Costello also sees a larger shift toward science-backed products, the type of products that will drive long-term repeat purchase of a specific product or category.

Ladder 17's Action Steps for Marketing FoodTech and Ingredient Brands

1. Start thinking about your brand / product positioning and messaging right out of the gate, including packaging, marketing messages, and meaningful certifications.
2. Craft a plan to get to product-market fit as soon as possible.
3. Emphasize your “why” and back up your most important claims with real, science-backed data.
4. Prepare for the long game—invest in making initial partnerships and/or your first retail distribution a success, showing early momentum and a repeatable formula for growth.

A2 Dairy Example: Driving Category Growth

"A few years ago, when we were bringing in A2 dairy and A2 milk... that was a really great opportunity where we were talking to those brands and those farmers, saying, 'this is going to bring new customers back to dairy' because A2 is allowing them to digest dairy in a different way, where they thought they were lactose intolerant, but really they were A1 protein intolerant. So we're actually able to bring in new customers back into the category."

*--Ben Bristol, Executive
Leader for Dairy, Whole
Foods*