

Tory Schalkle Interviewed About How He Grew Business By \$35 Million In One Year

Strategy executive Tory Schalkle was recently interviewed about how he grew his business by \$35 million in a single year.

WAYZATA, MINNESOTA, UNITED STATES, March 24, 2021 /EINPresswire.com/ -- Growing a business by \$35 million in a single year is no small feat. Yet that's what Tory Schalkle was able to accomplish, which he shares in our recently released interview.

[The story began when Tory Schalkle was just 25 years old](#) and one of the youngest merchandising buyers at a major U.S. retailer. Mr. Schalkle was responsible for running the retailer's \$300 million pet business and a large team - a business that needed a bit of a turnaround. [We sat down with Tory Schalkle as part of our ongoing interview series](#) to understand how business executives like Mr. Schalkle drive real results:

Interviewer: What was the state of the pet business when you took over?

Tory Schalkle: The category was actually growing, but we were caught in the murky middle - losing share to both lower-cost online providers and higher-end specialty stores that were able to get exclusive products.

Interviewer: So what did you do?

Tory Schalkle: I tried to first understand the customer better - what she needs, why she goes, what she's looking for. I learned there were three types of "trips" to my aisles, and I crafted a strategy around each.

Interviewer: Interesting. What were those?

Tory Schalkle:

1. Fill up trips (e.g., refills on pet food) - The right brand was key here, and many high-end brands were unwilling to go to mass retailers. So, my work here was to convince and support higher-end brands to enter into long-term partnerships.

2. First-time trips (e.g., for newly adopted pets) - Our marketing team was kind enough to help me develop a buying guide for first-time owners, and we partnered with local shelters and vets to distribute these. It also included vendor-funded coupons and trial sizes.

3. Frivolous grabs (e.g., grabbing an unplanned toy on impulse) - The key here is frivolity and delight, so I shifted our assortment to be smaller pack sizes or lower price points.

Interviewer: So sales went up?

[Tory Schalkle: Yes, but costs also went down.](#) I felt our margins could be much higher, so based on deep research, I found which subcategories brands didn't matter and either introduced owned brands and/or opened negotiations to more vendors to drive down costs. I also ran A/B pricing tests to optimize our pricing.

Interviewer: And didn't you partner with Dan Ariely? The famed behavioral scientist?

Tory Schalkle: I did! I cold contacted him, actually. I loved his work. It felt like his central thesis is that how a decision is framed significantly determines what is decided. I thought, "that's what I do!" He was nice enough to partner with me on an experiment.

Interviewer: Go on...

Tory Schalkle: Haha. So, he proposed creating a false third choice. For instance, you have a \$9 item, a \$19 item, and a \$50 item. Nobody buys the \$50 item. It's there simply to shift attractiveness from the \$9 item to the \$19 item.

Interviewer: And how'd it work?

Tory Schalkle: Well I'm obligated to not disclose in case he wants to write about it. But, I will say it was highly unusual for retailers, since most buyers view things on a "per item profitability" basis. In this case, of course, the \$50 item's sales would warrant its removal, creating the unforeseen downstream effect of hurting the \$19 item's sales, resulting in a net loss.

Interviewer: All of this sounds like a dramatic shift, and \$35 million is a lot of money. Was it tough to pull off?

Tory Schalkle: It was a lot, but luckily I had a great support structure in my cross-functional team. Specifically, the product design team developed great "impulse" items, the negotiation team helped me monetize a lot of assets, and the pricing team ran A/B pricing experiments. It took some convincing, but they certainly put in the hours.

Interviewer: And what was the result?

Tory Schalkle: I can't go into all the detail, but we grew the category \$35 million in just one year. More excitingly (at least for me) was the partnerships we started with really strong brands. I greatly appreciated their trust and willingness to partner. It's exceeded both parties' expectations, and I hope we continue to be good stewards of their trust.

That's all truly impressive! Thanks for your time!

Tory Schalkle: Thanks so much for yours!

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