

Gerber® Entry into Retail FAQ

Q: When does Gerber's retail initiative begin?

A: As early as the end of November 2020, you will see one Gerber toilet-in-a-box kit in Costco stores.

Q: What product is being offered in Costco stores?

A: Gerber is offering the Wrightwood™ Dual Flush 12" Rough-In Two-Piece Elongated ErgoHeight™ Toilet, which is exclusively designed for and available at Costco. The Wrightwood two-piece, high-efficiency toilet is WaterSense® certified and features a two-button dual flush actuator. The chrome-plated actuator has one button for a large flush, using 1.6 gpf, and one for a small flush, using 1.1 gpf. This complete solution comes with all parts, including a soft-close, quick-release, non-slip toilet seat, wax ring, floor bolts, tank-to-bowl gasket, supply hose, and hardware. The established retail price is set at \$139.

Q: What product is this comparative to in the wholesale channel?

A: As noted above, the Wrightwood toilet is designed exclusively for and only available at Costco. So, there is zero crossover of specific Gerber products between Costco and our wholesale customers. The Wrightwood is a single box with all components included which is preferred by the consumer, but is considered bulky and awkward for most pros. The closest product in the Gerber wholesale offering to the Wrightwood would be the Viper® dual flush combination. This product is fundamentally similar in performance and tank components, but is configured as separate tank and bowl cartons for maximum flexibility. Because the tank and bowl are separate components, the set does not include items that are supplied by the professional plumber: toilet seat, wax ring, floor bolts, and supply line. The Viper dual flush net price to wholesalers is typically below the Costco retail price. Also, please keep in mind, the Viper dual flush is part of a product family to better meet the variety of needs of the professional channel – including 0.8 gpf all way through 1.6 gpf; single and dual flush; round front, elongated and ADA bowls; 10", 12", and 14" rough-ins; right hand levers; insulated tanks; and free freight when part of a freight PPD order.

Q: Why is this decision beneficial for Gerber, and more importantly, our partners and customers?

A: Over the course of time, a piece of resounding feedback Gerber has received from our customers is the need for stronger brand awareness. This exciting and significant next step in Gerber's journey will help bring brand recognition among homeowners and end users. To quote a phrase made popular by President John F. Kennedy, "A rising tide lifts all boats." This positive shift into the retail space will universally help Gerber, and more importantly, our partners and customers, to truly harness the strength of Gerber's product offering and market position as a consistent and reliable supplier of both vitreous china and brass products.

Q: Other than one announced retail partner (Costco), are there plans to expand Gerber's retail footprint in the future?

A: Entering the retail space is a new endeavor for Gerber. This strategy and plan is under development. We will actively communicate along the way and share any important updates as part of our commitment to serving wholesale channel customers with diligence and transparency.

Q: Moving forward, what products are planned for retail in the future?

A: We will regularly review and update our product plans for wholesale and retail to adjust to changing market dynamics, with the intent to develop and differentiate products that will support the growth of all channels. We are confident that this move into retail will truly benefit Gerber and our valued and appreciated wholesale customers. Our intent is to develop our retail strategy to bring the brand awareness which ultimately bolster our wholesale partner's business.

Q: Will products sold in the retail channel differ from products sold in the wholesale channel?

A: Gerber's product offering will be configured and packaged to meet the specific needs of each channel it serves. This is consistent with our peers that also sell in all channels. We are committed to minimizing channel conflict, while still focusing on the success of the wholesale channel. The price shopping challenge one of our customers may face can be mitigated by the inability for someone to directly price compare due to different product configurations for wholesale and retail.

Q: Will the move into retail space diminish Gerber's presence in the wholesale channel?

A: Absolutely not. In fact, Gerber is not reallocating resources for the retail initiative, but rather focusing stronger efforts on all channels. This includes the continued commitment to new product development for the wholesale channel. Additionally, rolling out in various stages in 2021, Gerber has created a thorough plan to become a better partner to plumbers and is revamping our entire showroom display program with new and refreshed resources.

Q: How is Gerber prepared to continue its dedication and support of wholesale channel partners and customers?

A: Our commitment to being the most consistent supplier for our wholesale customers is steadfast and we will not allow this change to operationally affect, or limit the growth of the wholesale channel at all. We encourage our wholesale customers to remain confident in their outstanding ability to support their customers through strong relationships, and Gerber is always standing by to back up those important efforts. We will continue to develop products to address the specific needs of the professionals, continue to provide our best-in-class customer service and support, offer more marketing opportunities, promotions, showroom program developments, plumber rewards programs, etc.

Q: How will entering retail impact Gerber's manufacturing capacity and ability to serve the wholesale channel?

A: Any capacity that we dedicate to retail is specific to that channel and does not take away from the wholesale channel and is reinforced by our recent acquisition of a manufacturing facility in Mexico and planned expansion of our existing facilities. For decades, Gerber has had private label retail partnerships managed by a dedicated team outside of our wholesale team. Gerber expanding and taking the brand to retail will not affect the capacity dedicated to the wholesale channel or our planned growth for wholesale. More importantly, this means that our team's commitment and service to our customers will not be diluted by this change.

Q: What protection will Gerber provide to showrooms against price conflict?

A: Gerber is dedicated to supporting the efforts of our channel partners and we believe that our Internet Minimum Advertised Price (IMAP) policy provides the protection needed. The full policy can be viewed, [here](#).