

Four Reasons You Should Make the Jump Into Private Label

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Store brands can deliver big margins, brand strength and more for c-store retailers.

Renée M. Covino, Convenience Store News

NATIONAL REPORT — Private label products have come a long way since the no-frills days when they mostly stood for “cheap.” Today, they are a sign of retail value and commitment, and can often be the reason why a shopper frequents a particular store.



“Private brands are now a significant driver of trust and trip satisfaction in a retailer,” said Shelley Balanko, Ph.D., senior vice president of The Hartman Group, a consumer research firm that recently released a report entitled “Brand Ambition: Food and Beverage Private Brands & Beyond.”

Polling consumers about their perceptions of private label, the report revealed that:

- 91 percent of consumers agree that a good experience with store brand products makes them trust the store more;
- 74 percent shop at a store specifically because of its store brands; and
- 63 percent trust store brand products more than national brand products because store brands stand behind their products.

The research also uncovered that consumers today shop less on brands and more on product attributes, and they are less dependent on national brands now that they have “so much information at their disposal,” Balanko noted.

Delivering consistency around “a constellation of attributes” and offering “truly innovative” items are two of the biggest opportunities she sees currently for retailers that want to set themselves apart and build margins through store brands.

Cadent Consulting Group cites four reasons why convenience store retailers should consider making the jump into store brands:

1. It can help reverse declining convenience store trips

The pandemic saw c-stores taking hits in several categories where private label can make a difference, including tobacco, beer, non-alcoholic beverages, salty snacks, and candy.

2. It can be part of a larger rebrand post-COVID

Differentiation is the name of the game, and private label can help a c-store business distinguish itself from its competition.

3. It can build on the changing nature of the c-store shopper

Attracting more and different c-store shoppers was the result of necessity shopping during the pandemic. Building on that momentum can be a role for private label. Store brands also attract more millennial and Gen Z shoppers.

4. It can provide better brand positioning

Consumers' increased focus on health has been dramatic since the pandemic. Private label can help c-stores reposition toward health and wellness, particularly in the snacks category.

The consumer who buys private label products is shifting to younger generations, according to Alex Morrison, a business analyst with Cadent Consulting Group. He says this is largely because they have less-developed brand loyalty than previous generations. In fact, a recent Cadent Consulting Group study revealed that 54 percent of millennials say their choice of retailer is influenced by the availability of a store brand.

“Millennials and Gen Z will become the majority of shoppers and they are predisposed to private label vs. older generations,” Morrison said.

How to Get Started

Acknowledging that it is easier for a chain, with larger buying clout, to accelerate a store brand offering vs. an independent convenience store, Morrison suggests the following steps to get started:

- Identify where private label can improve your product assortment, profitability and overall store image the most;
- Start small in an area where you can be sure to add value; for instance, a more localized private label assortment of jerky would be perfect in a state like Texas;
- Intensely vet your private label offerings to ensure they compete with the national brands and don't just undercut on price;
- Determine how private label branding fits into your long-term strategy and invest in marketing and promotion to build customer loyalty; and
- Envision how private label can enhance the overall image of your stores and help them reposition post-COVID.

Launching a private brand program starts with knowing who your shoppers are, understanding which categories are driving the highest sales, and identifying the categories that could best differentiate your store from competitors, advises Nicole Simonds, senior manager of integrated marketing strategy at Daymon Worldwide, a private brand solution provider.

“Convenience stores need to have a strong private brand program in order to differentiate their assortment and continue maximizing consumer loyalty,” she told *Convenience Store News*. “As there is a 98-percent overlap of national brand offerings at retailers, private brands represent the perfect lever to help retailers stand out among the competition and keep consumers coming back for the unique offerings they can only get at their stores.”

While Simonds believes a robust private brand assortment entails having store brands represented across all areas of the store, she believes that c-store retailers would be wise to start out by focusing on a core assortment within mainstay categories such as salty snacks, candy, fresh food, and water.

Looking to the future, private brands are well-positioned to continue supporting consumer behavior and driving preferences across the store, Simonds maintains.

“Consumers trust private brands and with the right innovation strategy, they have the power to lead categories and drive store choice,” she said. “With 92 percent of consumers expressing that private brands fit their lifestyle just as much or more than national brands, now is the time to innovate within categories and establish new favorite offerings.”