

How private brands can take the next step

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Michael Duffy, global creative director at Equator comments; “The financial impact of the pandemic and supply chain issues with national brands led to a huge increase in demand for value and NBE (national brand equivalent) items, with sales rocketing. As we return to normality, we could see consumers migrating back to national brands if retailers fail to be in step with shopper demands, even more so if they lack direction when it comes to implementing a robust private brand strategy that puts customer loyalty as its number one objective.”



For retailers it’s all about working out where they can win. As a recent article from McKinsey points out (The potential for powerhouse Private Brands: an updated view June 17, 2021); differentiation is more visible in mature private brand markets, such as the UK, Canada and Europe. In these territories it’s all about creating brands ‘with high awareness, advocacy and standalone loyalty rivaling national brands as a reason to switch stores.’ Duffy continues, “Sophisticated private brands offer an opportunity to communicate a story. How attributes such as ingredients, origin, flavor and taste profile are put across to the shopper is crucial. Is it eco-friendly? Sustainably sourced? Is there a supplier story that can be shared on pack? Bringing these elements to life should be mandatory.”

One story that’s not always told enough concerns the narrative of diversity and inclusion. Retailers have a huge opportunity here to make an impact across multiple categories, considering, for example, how accessible their packaging is to disabled consumers or how D&I affects (or should affect) their brand image and tone of voice.

The increasing popularity of world foods is another strand of this conversation that retailers could be having more often. How, for example, can they cater to more diverse communities with innovative ‘food-to-go’ alternatives or cooking ingredients? Sympathetic marketing

more attuned to a specific retailer's local market, if appropriate, is also a mechanic that can work well. Take one of Equator's clients Giant Eagle, who utilize product packaging to share their brand values, articulating that the retailer is a proud supporter of the neighborhoods and local communities it serves.

Retailers that support suppliers from diverse backgrounds, something the Co-op (UK) is particularly good at, are also likely to benefit if they tell this story well. An enviable premium tier also injects a high-quality anchor into the retail offering. By elevating the perception of the consumer, it encourages a reappraisal of the retailer and creates a halo effect that delivers buy in and trial across the entire folio. An example of this is Equator's work with UK retailer Morrisons, in the rebranding of their 'The Best' range, a premium offering, which can be found across the store and cross category, offering everyday luxury.

"We worked with Morrisons to emote an equivalent fine dining experience through copywriting and descriptors to food photography and inspiring meal pairings," comments Wright. "As well as the usual treats and luxury items you expect to see in the premium tier, the range now contains 'free from' and vegan products, new global flavors, and mocktails - to truly attract the wider market. Its growth shows how consumers are looking for elevated quality at a price that suits their wallets."

"It's crucial that premium is done right," Duffy adds, "given that it offers the biggest opportunity to create 'powerhouse' brands that retailers become synonymous with. In our world, it's all about making sure the pack looks as good as the product inside. When you're trying to elevate a product range to 'premium', it's about the experience - from first sight through to unboxing. Every element, including packaging formats and finishes, needs to be considered; whether you use custom boxes or die cutting, everything has to be consistent to give a genuine sense of luxury inside and out."

Phil Jones, Equator's VP of Client Engagement & Operations, points to innovation as being key in providing retailers the opportunity to further differentiate and elevate. "Private brands that will succeed will be those that effectively address gaps – responding where other retail owned and national brands fail to capitalize. Getting ahead of trends will also be key. Ranges relating to immune health, no or low alcoholic beverages, as well as plant-based items across more categories such as desserts, should prove effective in demanding a point of difference that ignites consumer interest."

Target's recent debut of Good & Gather Plant Based, an expansion of its private-brand Good & Gather grocery range, is a great example of this. In recent communications demonstrating the success of the company's private brands, chairman and CEO Brian Cornell noted that it wasn't purely competitive pricing behind consumer buy in; shoppers simply 'love the brands' he shared.

When it comes to delivering differentiation with tiering, Costco has proved to be somewhat of an anomaly given they have one private brand: Kirkland Signature. CNN recently referred to it as ‘perhaps America's weirdest private label’ (Feb 2022) – since it covers every product from batteries to cashew nuts, across all tiers from entry to premium.

This fact doesn’t seem to have negatively impacted its success though, with CNN reporting that: “Kirkland raked in \$58 billion in sales during Costco's latest fiscal year, making up around a quarter of the company's total revenue. Kirkland is America's biggest consumer packaged goods; brand measured by sales. It's larger than Hershey, Campbell Soup or Kellogg’s.”

Michael Duffy believes this is the blueprint for private brands of the future; “At Equator we see the opportunities afforded to retailers who can create completely new, custom ranges that they can become famous for. Using the Covid-19 pandemic as a launchpad, which saw more consumers adopting private brands, retailers can utilize their vast insight, across the sector as a whole to scrutinize shoppers’ preferences and behavior. By using this intelligence, retailers are able to create inspired product ranges that become the cornerstone of their operations, making them a true trailblazer and stand out destination for even the most permissive shopper.”