



Full steam ahead

With a new store brand program in place, Albertsons Companies is on the right path to making its slogan — “Our favorite local supermarkets” — a reality for its shoppers.

By Michal Christine Escobar

Pictured above: (l to r) Creighton Schenkel, senior vice president, own brands; Jim Foltz, vice president, own brand sales; Jennifer Jesser, vice president, finance and analytics, own brands; Sean Barrett, vice president, own brands product development; Nancy Cota, vice president, own brands product development; and Jim Seiple, group vice president, own brands product development.

In 1939, the Hewlett-Packard Co. was founded, *The Grapes of Wrath* by John Steinbeck was first published, and both Batman and Superman made their first appearances ever in the world of comic books. That same year also saw Joe Albertson open his first grocery store — a 10,000-square-foot facility in Boise, Idaho, that was called Albertson’s Food Center. That store employed approximately 30 individuals, and company sales after its first year of business totaled \$170,000. By 1941, Albertsons’ operation had grown to three stores, and annual sales reached more than \$1 million. And by 1945, Albertsons Corp. was formed.

During the next several decades, Albertsons Corp. steadily grew in size and revenue both organically and through acquisitions (see the timeline, p. 18). All the while, its corporate headquarters remained in Boise. By 1989, Albertsons was the sixth-largest food and drug chain in the United States.

The company experienced a few years of hardship in the mid-2000s, resulting in a name change to Albertson’s LLC and the sale of a significant number of stores and banners it

operated to Supervalu Inc., Minneapolis, and CVS Health, Woonsocket, R.I. However, in 2013 it repurchased most of the stores and banners it had originally sold to Supervalu, and in January 2015 made supermarket history when it merged with Safeway Inc. of Pleasanton, Calif. The merger created a network of more than 2,300 stores, 30 distribution facilities and 21 manufacturing plants, with nearly 275,000 employees in 35 states and the District of Columbia.

Since the merger, Albertsons has demonstrated a sincere commitment to improving the shopper experience at its stores. In particular, the retailer has focused on offering its customers a high-quality, trustworthy store brand program.

Supportive of store brands

Store brands have been a part of Albertsons’ history since 1959, when the company introduced its first private brand under the name Janet Lee. According to the company’s website, the brand was created by Joe Albertson and Wally Jordan, a company executive, and named after Jordan’s

daughter. In the decades that followed, Albertsons continued to introduce new store brands, including Good Day, A+ and its eponymous Albertsons brand.

In 2006, when Albertsons sold many of its stores and its banners' stores to Supervalu, it also sold Supervalu the rights to its private brands. So for a time, Albertsons operated without a private brand program of its own. However, with its merger with Safeway in 2015, Albertsons gained access to Safeway's highly respected private label program. The retailer then decided to make a few minor name changes to some of Safeway's brands and roll out those brands — as well as other Safeway brands that retained their original names — across all of its banners.

To date, Albertsons offers five core brands that can be found in many categories across the store: Signature, Signature Select, O Organics, Open Nature and Value Corner. In addition, the retailer offers nine category-specific brands, including Lucerne for dairy products, Refreshe for beverages, The Snack Artist for salty snacks, Mom to Mom for baby care products, Priority Pet for pet care items, Waterfront Bistro for seafood and Primo Taglio for deli meats and cheese.

"Own brands are a key pillar to the Albertsons company mission to be our shoppers' favorite local market," says Creighton Schenkel, senior vice president — own brands, Albertsons. "Our broad portfolio of products is exclusive to our stores and is one of the key reasons that our shoppers are loyal to our stores."

To ensure its private brand products remain top notch, Albertsons recently completed a \$4.8 million renovation of its Culinary Kitchens & Technical Center in Dublin, Calif. The project resulted in the opening of a 33,000-square-foot state-of-the-art facility. For the first time in 15 years, the center brings the product development, culinary, regulatory, quality assurance and food safety teams together under the same roof. Prior to the facility's opening, the retailer's technical teams were in four different buildings, including one that was 22 miles away from the other three, says Jim Seiple, group vice president, own brands product development, Albertsons.

The new facility provides Albertsons' chefs with a culinary



kitchen with the same equipment the retailer uses in its in-store deli and foodservice areas and in-store bakeries. Thus, the chefs can properly develop and test private brand products for performance and shelf-life. For example, when working on behind-the-glass deli products for its upcoming holiday sets, Albertsons was able to test hold times and product quality under typical store conditions, Seiple says.

The facility also boasts large evaluation rooms and kitchens housing a range of commercial ovens, rotisseries, fryers and sandwich presses similar to the ones in Albertsons' stores. These rooms help the company to develop accurate build sheets and cooking instructions. The facility even has the same ovens and microwaves found in consumers' homes to help team members develop cooking instructions for store brand items.

Encouraging private brand loyalty

Product development at the Culinary Kitchens & Technical Center, as well as with suppliers, starts with identifying trends and understanding customers' eating and shopping habits.

"There is so much diversity across the 2,300-plus stores we have today, it is hard to profile a 'typical' shopper," says Nancy Cota, vice president, own brands product management, Albertsons. "Our consumer and shopper insights team is dedicated to ensuring that our shopper — whether she is in Dallas and likes a thick steak, in Boston and wants sustainable seafood or in Los Angeles and has an all-organic diet — is at the center of all new product work that we do."

With more customers seeking organic and all-natural products, Albertsons found that there was a demand for competitively priced organic food options. In the last year, Albertsons has

Albertsons® timeline

1941 Sales topped \$1 million with three stores in operation.	1945 Albertsons Corp. was formed.	1954 Albertsons acquired two stores in Salt Lake City.	1959 Albertsons created the Janet Lee private brand.	1963 Albertsons acquired three food stores in Casper, Wyo.	1965 Albertsons purchased six stores in Northern California.	1975 Albertsons' total sales reached \$1 billion.	1979 American Stores Co. joined forces with Albertsons, making Albertsons one of the largest supermarket chains in the country.	2004  Albertsons acquired Shaw's Supermarkets in New England.	2006 Albertsons agreed to sell 1,110 stores, including many of those under the Albertsons banner and other banners, to Supervalu Inc., as well as to sell more than 700 standalone drugstores to CVS Health.	2007 Albertson's LLC sold the Northern California division to Save Mart and began the pattern of making strategic sales and acquisitions with the purchase of 10 Raley's stores in New Mexico.	2013 Albertson's LLC repurchased the stores it originally sold to Supervalu. The company also bought United Supermarkets, a 51-store chain based in Lubbock, Texas.	2015 Albertsons and Safeway Inc. merged. 	2016 Albertsons acquired 15 Huggen Northwest Fresh stores. 
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accelerated its development of new organic offerings under its popular O Organics store brand.

"This powerful brand and [its] many new items have enabled our shoppers to get all their organic food needs fulfilled in our stores, furthering our mission to be our shoppers' favorite local supermarket," Schenkel states. "This sort of demand and response builds the kind of loyalty you can't get from simply stocking shelves."

Of course, the company is very much focused on growing private brand sales as a whole — not just under its organic brand.

"We have 14 regional divisions, [which] are all committed to growing own-brand sales disproportionately in our stores," Schenkel says.

The 4,000-plus-item Signature brand, which debuted officially in April, is important to those growth plans.

"The Signature brand replaced Safeway-branded products so that our items could win in all of our 19 banners across Albertsons," says Jim Foltz, vice president, own brand sales, Albertsons. "The response to this new brand has been extremely positive from our loyal Safeway shoppers and the shoppers in our Albertsons stores."

The retailer also rebranded its value tier and expanded the brand's assortment. Value Corner helps the retailer's stores serve the needs of shoppers on tight budgets so that they don't have to "shop around" to save money, Schenkel says.

Appreciative of the planet

Albertsons also looks to foster store brand loyalty among shoppers with environmental sustainability initiatives. In January, Albertsons' Safeway banner announced that as of year-end 2015, 77 percent of its fresh and frozen seafood and 99 percent of its private label frozen packaged seafood meet its responsible sourcing commitment. In 2010, Safeway set



the goal that all of its fresh and frozen private label seafood would be responsibly sourced and traceable or in a time-bound improvement process by the end of 2015. Safeway (as well as Albertsons' Carrs, Randalls, Tom Thumb, Vons and Pavilions banners) has transitioned more than 29 million pounds of seafood to environmentally responsible sources. To help reach this major milestone, the company partnered with FishWise, an environmental non-profit organization that promotes the health and recovery

of ocean ecosystems through environmentally and socially responsible business practices.

Moving forward, all of Albertsons' divisions will transition to sourcing fresh and private label frozen seafood that is Green or Yellow rated by the Monterey Bay Aquarium's Seafood Watch program, certified to an equivalent environmental standard, or sourced from fisheries or farms making measurable and time-bound improvements, Albertsons noted in a press release.

And in April, the U.S. Environmental Protection Agency recognized the company as an outstanding Safer Choice Retailer under its Partner of the Year Awards program. Albertsons was recognized in the "Retailer" category and displays the Safer Choice logo on its Bright Green private brand line of "earth-friendlier" household products. Introduced in 2008, the Bright Green line includes cleaning products made with non-toxic and biodegradable ingredients, paper products made from at least 50 percent recycled content and compact fluorescent light bulbs, Albertsons notes.

"We're committed to demonstrating leadership by implementing strong supplier sustainability guidelines, improving transparency and communicating with our suppliers and customers about actions taken and lessons learned," says Don Davidson, vice president, own brands sourcing and supply chain, Albertsons. "We know that people want to feel good about their purchasing decisions."

In constant communication

Of course, offering customers high-quality store brand products requires Albertsons to have a great working relationship with its suppliers. And the retailer does. It has leveraged its size, scale and recent growth to be its suppliers' top strategic retailer partner, Schenkel says.

"We have been able to evolve our top supplier relationships from transactional to strategic, now partnering with many of our suppliers on long-term joint growth and innovation plans," Schenkel adds. "We combine the power of shopper insights with our supplier category insights to develop winning products for our shoppers."

The retailer meets with its suppliers on a regular basis to work together on growing its store brand business, Davidson says.

"We use these 'touch bases' as an opportunity to ensure we are aligned on strategy, culture and philosophy," he adds. "We



hold top-to-top sessions where we have an opportunity to share our philosophy with the leadership of our largest supplier manufacturers. We also conduct Supplier Summits where we share a broad range of information and ideas with all of our suppliers.”

And with good communication comes more opportunity to innovate.

“Our goal is to work with [our suppliers] to marry their capabilities with the needs of our shoppers,” says Sean Barrett, vice president, own brands product management, Albertsons. “When looking for a new product for our shoppers, we establish a clear business strategy for the product, along with defined targets and success criteria (quality, timing, claims, etc.). Sometimes our suppliers have products available that meet our needs, and other times we work with them to develop the right products.”

But the best relationships between retailers and suppliers mean little if the manufacturer cannot produce a product that lives up to the high quality standards set by Albertsons for its private brand line. Therefore, Albertsons takes a very hands-on approach when it comes to quality assurance.

New suppliers are required to be GFSI Level 3 certified and to pass Albertsons’ internal technical review process, which evaluates how the food is formulated to be safe, how compliance to specifications is ensured by the supplier, how the recommended shelf life is validated, and whether or not appropriate certifications are in place and up to date, Seiple says. An Albertsons quality assurance site audit might be required for new suppliers as well.

Albertsons’ product development and quality assurance teams are sometimes on-site for product testing and/or first production runs. Their presence at the manufacturing facility is often based on the complexity of the product and the retailer’s previous experience with the supplier. First-product-run cases are sent to the technical center for evaluation, and no product may be shipped to Albertsons warehouses until that product



has been approved by the product development and quality assurance teams, Seiple notes.

When consumers contact Albertsons about a store brand product, that communication is closely monitored. All consumer communications regarding store brand products are reported on daily. If any trends indicate an issue with a supplier, the trends are immediately flagged and shared with the appropriate supplier. Then Albertsons requires corrective

action to be taken and proof it was implemented, Seiple says.

Spreading the word

Albertsons has put just as much time and effort into marketing and merchandising its store brands as it has into developing them. To begin with, the retailer takes great care with its packaging design, as “packaging is [its] primary communication/marketing vehicle,” Barrett says.

“We are constantly working to ensure our packaging is winning at shelf at the first moment of truth,” he adds. “We partner with a few great creative agencies that help design our brands and packaging. We also get feedback on brand, product and packaging from our shoppers during the development process.”

And in its Culinary Kitchens and Technical Center, the retailer has the same frozen, refrigerated and shelf-stable display cases and shelving that is found within its stores. Its sales and marketing teams use these displays to evaluate how its packaging works on shelf and also can work together to develop and evaluate shippers and floor displays, Seiple says.

“The own-brand business teams are located one mile from the Culinary Kitchens and Technical Center, so it is easy to bring the entire project team together to evaluate ideas, prototypes and finished products,” he notes.

The retailer also leverages all of its marketing assets — from in-store displays and point-of-sale material to weekly advertisements — to market its store brand products. And it uses social media, coupons, shared mail, radio, digital radio and videos to promote private brands. Plus, Albertsons isn’t afraid to get creative with its marketing strategies, Barrett says.

“When we launched the Open Nature brand, we built the world’s largest picnic table,” he says. “The Guinness Book of World Records certified it as the longest picnic table in the world, and we had a giant picnic on National Picnic Day.”

When the retailer debuted its Signature brand this year, Albertsons teamed up with actress and Cooking Channel host Tiffani Thiessen to inspire shoppers with her tips and recipes for signature meals and moments. Thiessen will lead a number of marketing efforts supporting the Signature family of brands.

“Tiffani Thiessen is a mom, actress and host of the popular Cooking Channel show ‘Dinner at Tiffani’s’, which uniquely positions her as a food and lifestyle influencer who many people can identify with,” Foltz says. **SB**

