

**By Bryan Salvage**

“This critical infrastructure opens up a wider playing field for retailers, blurring the line with brand manufacturers and maximizing retailers’

## Strong foundation needed

“Otherwise, you’re never going to succeed in omnichannel,” he warns retailers.

Private brands sold via omnichannel synergies must align to the brand principles of the retailer, says Oliver Guy, retail industry director of digital business platform pioneer Software AG, Darmstadt, Germany.

"If a retailer has upmarket brand principles, then its private label products must reflect this," Guy explains. "If the retail brand is focused on strong ethics, then the private label might focus on fair trade."

Less isn't best in a store brand omnichannel strategy, Guy emphasizes. Multiple private brands can succeed following a traditional "good-better-best" approach if clear differentiation exists among them, he says.

Some consumers buy certain products from online specialty retailers focusing on specific categories (such as hot and spicy foods) that offer five times what any retailer could stock in a store.

“Major retailers can create that same capability [via omnichannel] since they don’t have to stock the inventory in their stores,” Wisner says. “They can be a specialty and broad line retailer simultaneously.”

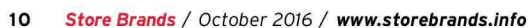
## Meeting the challenge

Many retailers start their omnichannel journey using “click and collect” models.

"I order online, pick up the order at the store or a drive-through, or go to a remote pickup location," Wisner says.

Some retailers also offer home delivery, while others are experimenting with shipping directly from the manufacturer to the consumer.

The primary advantage of building private brand products into a retailer's omnichannel strategy is that it allows the retailer to apply digital marketing and



merchandising tactics to a segment of their assortment that will only become more important in the future.

"This also, however, puts pressure on private label suppliers to provide all of the product content [for example, photos, nutritional information and claims], as well as related marketing content and digital merchandising programs that are needed to help more customers see the advantages of buying additional private label products from the retailer," says Bill Bishop, chief architect for Barrington, Ill.-based Brick Meets Click, which helps grocery retailers and suppliers respond to a changing competitive landscape.



### Omnichannel roles

Designing an omnichannel strategy for store brands requires great care. It must be done with the core, most loyal shoppers as the central focus.

"These shoppers are store brands' primary marketing vehicle and talk about their favorite products to neighborhood friends," says Lisa Grudzinski, vice president of retail development for SPINS, a Chicago-based market research firm for the organic and specialty products industries. "Sometimes retailers have a tendency to only test a concept internally prior to launch. But testing trends revealed that in-store data with core shoppers' perspectives weaved in will lead to the most success."

Private brands will ultimately play a variety of roles in a retailer's omnichannel strategy, Bishop predicts. Store brands can be a differentiator. Whole Foods Market's 365 Everyday Value brand gives the retailer more attractive shelf prices. ALDI's upscale Specially Selected line differentiates the retailer and is also a great way to trade up customers to products that carry more gross profit dollars, he adds.

Private brands could also deliver a price-value offer. This could include a good price on a product of comparable quality to national brands or an opening price point — an attention-getting low price that the retailer couldn't achieve any other way.

Store brands could also be used to reinforce value; Wegman's promise to hold prices for a year on a select number of private brands is one example.

Another store brand advantage over national brands is the ability of retailers to specify the packaging and price points to achieve their objectives, Bishop says.

### Managing omnichannel

A successful omnichannel private brand strategy requires a retailer's CEO to lead the charge, says Meyar Sheik, CEO of San Diego-based omnichannel personalization company Certona. But executing this vision requires a village.

"It truly is a holistic, organization-wide strategy that must be embraced by an entire company — from the C-suite to the management team to the IT department to even inventory management and store operations," Sheik stresses. "Or it will fail immediately."

Omnichannel strategy should differ by store, product and locale, he adds, because across stores, there will be clear differences in consumer buying patterns, inventory, assortment and sometimes pricing.

"To help with this, omnichannel personalization enables retailers to leverage shopper contextual data such as geolocation, dayparting, weather, referral source and device type to enhance the profiling of shoppers to better target the experience," Sheik says.

### Avoid pitfalls

Retailers shouldn't design an omnichannel strategy that is so specific or narrow that it isolates certain consumers.

"Only looking at smartphone-driven technology will be too narrow since many people still don't have or can't afford this technology," Grudzinski says.

Don't follow what name brands have already done, cautions Chris Rockwell, founder and CEO of Columbus, Ohio-based Lextant, a product design and market research firm.

"It's not enough to be a fast follower," he says. "Retailers must understand shoppers beyond their purchasing behavior [and learn] what people want and why."

The biggest pitfall for retailers to avoid, however, is assuming that an omnichannel strategy will mean business as usual even if they don't enhance digital capability.

"There's a lot more visibility [for] store brands in an omnichannel environment — and that could reveal problems if the strategy isn't well-thought-out or well-executed," Bishop adds.

Once an omnichannel strategy is established for store brand products, retailers cannot rest on their oars.

"Finding a balance tailored to the individual shopper allows retailers to provide relevant product options while still ensuring merchandising strategies are met," Sheik observes. "Retailers must constantly adjust their strategies based on analytics and shopper data reviews." **SB**