# **Faster to market**

Retailers should better leverage dedicated own-brand teams, consumer insights and new technology to streamline the branding process.

#### By Carolyn Schierhorn

uring a time of negligible population growth — with millennials slow to have children but eager to try new and exotic products — retailers cannot propel private brand sales simply through low-risk line extensions.

"Because there's not a lot of population growth, retailers are looking to innovation, and we're seeing an enormous amount of what's called 'rapid prototyping," says Todd Maute, a partner with New York-based design consultancy CBX.

How could retailers be more innovative in the store brand space? Although the national-brandequivalent tier still resonates with many consumers, market research has shown that millennials many of whom still live with their parents and have considerable discretionary income — care about transparent sourcing, corporate social responsibility and the avoidance of ingredients they consider to be harmful. These priorities and misgivings, coupled with millennials' more adventurous, multicultural food and beverage preferences, create opportunities for retailers to develop new must-have premium brands, lines and SKUs. And with any luck, some of these new products will go viral on social media.

Among private brand owners, "there will always be the 'fast followers,' " observes Doug Baker, vice president of private brands for the Food Marketing Institute (FMI). "But if we can start finding those gaps where consumers have a need we can fill, that's going to create longevity and a breath of fresh air for private brands. Many retailers are trying to do that, so they are stepping outside the box of what private brands have done for so many years."

Retailers face a number of challenges, however,

development and deployment of groundbreaking private label brands, lines and products.

"Speed to market, in my opinion, is critical," Maute says. "But a lot of retailers have very large [private brand] programs — with as many as 2,000 to 5,000 SKUs. To execute 5,000 SKUs can take years. By the time you're done, you have to start all over again."

Smaller launches — of new and different store brand lines and products — also face hurdles, Baker notes. One of the challenges is guaranteeing the volume that many manufacturing partners require.

Another obstacle to a rapid launch is the complexity of the private brand supply chain, Baker points out. Retailers typically work not only with manufacturers, but also with packaging design agencies, pre-press firms, logistics companies, marketing and branding agencies, and many other vendors. A cumbersome, time-consuming approval process for any proposal or change can drastically reduce the speed to market.

What could retailers do, then, to streamline the branding process and bring their own lines and products faster to store shelves? The answers range from reconfiguring corporate infrastructures to more effectively leveraging new technologies to communicate with outside vendors.

### Dedicate groups to store brands

Maute recommends that retailers have dedicated private brand groups — with a deep understanding of category dynamics — that are responsible for the entire branding process.

"It starts with a commitment to infrastructure within the retailer," he explains. "Each retailer is structured really differently. Sometimes

merchandising owns private label. Sometimes marketing owns a piece of it, but merchandising owns another

> piece of it. And sometimes there are freestanding groups that own it and collaborate."

Retailers with dedicated groups tend to have more streamlined processes in place and realize, for example, that "how people shop for laundry detergent is very different from how they shop



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also recognize the need to tailor the branding story to consumer behavior within a particular category.

## Mine consumer insights

Many market research groups are striving to understand consumer behavior across a wide range of demographics and categories. Such market intelligence can help determine optimal package sizes, as well as item varieties.

Working with its Private Brand Council (consisting of retailers, wholesalers and manufacturers) and IRI, FMI has been conducting research specific to how new private brand products are developed and launched and how consumers view and engage with store brand items.

"We're scrubbing social media to find out what consumers are actually saying about private brands," Baker shares.

He notes that FMI plans to issue a four-chapter white paper on this research in phases next year, with the first chapter to be released around the end of January.

Private label manufacturers, which frequently work with a range of retailers that target different demographics, can be founts of information on consumer behavior, too. To be innovative with store brands, retailers and private label manufacturers need to pool their consumer and category insights and collaborate on product development, Baker says, pointing out that creativity can be found on both sides of the partnership.

"From surveying our Private Brand Council, we know that manufacturers are bringing new items to retailers, and retailers are bringing new items to manufacturers," he notes, adding that sometimes retailers and manufacturers glean new product ideas during trips overseas.

#### Streamline communication

During the packaging design phase, which has historically been time-consuming because of all of the external players and required sign-offs, new technologies can help shorten the time to market, Baker suggests.

To realize efficiencies, retailers may be tempted to bring or keep design in-house, but that's usually not a good choice, according to Maute.

"I believe that design is one of the most underleveraged tools in U.S. private label grocery packaging today," he adds. "If you were to look at the UK market,

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which has significantly higher penetration and market share in private brands, you'll see that retailers like Tesco and Marks & Spencer and Waitrose use the top design agencies and have some of the most beautiful packages in the marketplace."

Indeed, because of technology, design agencies can be used more effectively and efficiently today, allowing a retailer in California, for instance, to work closely with a design team in Chicago, according to Baker.

"Design companies are setting up monitors and equipment inside of brand owners' buildings so that retailers can watch photo shoots from their offices in real time and make suggestions and decisions immediately," he says. "So technology is a major solution in trying to reduce the time it takes to get a product to shelf."

#### Take smart shortcuts

Rather than start from scratch with a new brand or line, it can pay to leverage what already has been done. Earth

City, Mo.-based Save-A-Lot, a division of Supervalu, Eden Prairie, Minn., came to this conclusion when it acquired the America's Choice trade name from the bankrupt Great Atlantic & Pacific Tea Company (A&P) in late April. Less than six months later, the retailer is rolling out America's Choice Creations, its new store brand line of "decadent" sweet and savory shelf-stable products. To diminish the initial time to market and build momentum, the entire line will be introduced in three launch phases.

"It's good to take advantage of

somebody else's hard work," Baker observes. "That brand has been around for such a long time. And in certain areas of the country, it's going to resonate very well with consumers

because they are going to recognize it.

"In other areas of the country, people will be seeing it for the first time," he adds.

"But whenever you can shorten the learning curve, that makes sense from a branding perspective." 58