Store Brand Topic Roundup from the Innovation and Marketing Summit

by Steve Riordan

With contributions from Mallory Engler

Last week I attended the Store Brands Decisions Innovation and Marketing Summit in Chicago. Despite travel challenges due to the snow, it was well attended and worth the effort to get there. The summit featured a series of valuable presentations focused on store brand strategies, and was attended by senior executives from retail companies, vendors and service providers. It was a relevant and impactful event as many retailers are currently focusing on how to grow their store brand (private label) business as a strategic imperative. From my perspective there were three key takeaways:

1. Consumers Are In! - We heard from four different market research firms (Mintel, Daymon Worldwide, Nielsen and NMI) that consumers are embracing store brands at an increasing rate. According to Daymon Worldwide, 74% of consumers are open to trying new products introduced under a store brand. Consumers are clearly signaling to retailers their interest in more robust store brand programs.

2. Room for Growth - Although store brands business in the US already accounts for 18% of total store merchandise, there is still significant room for growth. According to Nielsen, the penetration of store brands in the United Kingdom is 42%, which represents a big gap from where US retailers are today. In fact, many US retailers could set a five year goal of doubling their store brand program penetration and still not reach the levels of penetration in the UK. Keep in mind however, that achieving this type of growth in the US will differ for two distinct reasons. First, the concentration of competition in the UK -which has a high correlation with store brand penetration - is much denser than in the US. Second, the consumer packaged goods vendors are on high alert from their experience in the UK, and are battling hard to prevent the same type of growth in the US.

3. Be Bold and Differentiate - On the stage and in conversations at the event a clear theme emerged: we are not being bold enough. Attendees shared a sense of urgency for moving beyond their relatively tactical approaches to date. They recognized the need to transition their innovation from a focus on cloning and slightly improving vendor-developed products, to truly developing differentiated store brand products and programs of their own. They acknowledged that this would require a significant step forward, take them out of their comfort zone and likely require expertise they may not already have in house.

All in all, the Summit was a valuable experience to dive deeper into the challenges retailers are facing with store brands. What's your view? Did you attend the Summit? What were your key takeaways?

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What's your view? Add your question or comment
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