The 2014 Store Brands Collaboration Summit brought together representatives from the store brands industry with the goal of growing their brands and learning to be more collaborative, both internally and externally. Here are my key takeaways.

Store Brands Are Gaining Market Share

The store brands market has gained significant power in the last decade, with many retailers extending their product mix from a focus on “me too” products that only compete on margin to a mix that includes innovative, differentiated products that compete head-to-head with national brands. The store brand drug segment in particular has seen significant growth, increasing from 38% market share in 2006 to 59% market share in 2014.

Retailers and Suppliers Must Address the Omnichannel Opportunity

Retailers must be able to offer a seamless shopper experience to capture the needs of every individual consumer who wants to shop “my time, my way, my experience”. Traditional medial channels are no longer enough to reach today’s consumer who turns to social media and digital markets. Omnichannel marketing brings together all available shopping channels in a unified approach. National brands are already investing heavily in omnichannel, but what can retailers and suppliers in the store brand industry do to compete? They need to be diligent in providing content through all channels to their customer base, understand how omnichannel decisions are made at each customer level and build that into their marketing plan, and use direct-to-consumer customization at each retailer when possible.

Collaboration is Important

Panelists were asked how they would define collaboration, and a clear theme surfaced around achieving common goals by working together and developing transparent relationships. This theme was evident throughout the Summit, along with the internal and external challenges they faced when making collaboration a reality.

Internal challenges

Several times throughout the Summit we heard about the disconnect between category manager and store brand teams. Cross-functional collaboration within a company is just as important – maybe even more important – than external collaboration. If business functions are not communicating, it’s impossible to ensure their products and strategies are in line. Another internal challenge is the lack of marketing funds for store brand products, which is a particular challenge when competing with national brands with deep marketing pockets. One example given highlighted national brand dominance of online coupon services, which gives national brands an immediate advantage over store brands with coupon-conscious consumers who make their buying decisions before they enter the store. The answer may not be online coupons, but communicating with the marketing department, and ensuring marketing funds are appropriately allocated to the store brand teams, is essential.

External challenges

Collaboration between retailers and suppliers often happens too late in the development process. When retailers and suppliers come together early in the product development process, their shared knowledge improves not only the products they develop but the processes they follow when working together. A retailer provided an example of a process improvement suggestion they received from a supplier that significantly cut the bidding time for all suppliers. The retailer’s openness to collaborate was an important first step. This may not be easy for many retailers who have 500 or more suppliers, so what should they do? Don’t try to boil the ocean, but pick a few strategic suppliers to focus on and begin building relationships to collaborate.

The Summit was a valuable opportunity for retailers and suppliers in the store brands industry to build relationships and move to a more collaborative environment across the industry.

What’s Your View?

Did you attend the Store Brands Collaboration Summit? What are your takeaways?
About the Author

Amber Lyons
amber.lyons@kalypso.com
Amber is a senior consultant working on the innovation results transformation journey for Kalypso clients.