Top 7 Dos & Don’ts in Unique Store Brand Retail
A History

Historically, U.S. retailers have used unique store brands for three reasons:

1. To provide strong price point comparisons to national brands.
2. To enhance profitability.
3. To increase leverage in national brand negotiations.

However, a focus on these points alone is no longer a sufficient strategy to win in today’s value-driven world. Today, retailers win by developing and strategically using differentiated and innovative unique store brands.
What’s Winning Now?

A well-executed, unique store brand program can be a powerful weapon in the fight for consumer loyalty. Winners use unique store brands to differentiate and win against the competition. Unique store brands draw consumers into the retailer via the strength of their equity versus competing as national brand equivalents.

“Winners” in Unique Store Brands:

- Demonstrate the ability to successfully build a differentiated brand strategy.
- Change consumer perceptions about unique store brands.

These players benefit from superior sales, loyalty and economics - and grow overall category sales through the use of their unique store brand programs.

Proof Points

- Winners have an average market share index of 110 versus the competition in categories with high levels of unique store brand penetration.
- Winners have a 1.8x share of wallet versus competitors.
- Well-designed, well-executed store programs can drive over 40% higher margins versus national brands.

Retailers who excel with unique store brands have treated them as “brands,” using best-in-class brand management principles to understand:

- **Who** is the brand’s target consumer and what is her/his desired shopping and usage experience? (i.e. specific consumer insights)

- **What** will our brand stand for? What is our unique brand equity or points of difference versus the competition? What is our innovation plan to delight the consumer and deliver on our equity?

- **How** and where will we reach our target consumer? What is our marketing plan? What is our pricing strategy?

For retailers struggling to answer these questions, start by focusing on the following seven dos and don’ts for unique store brands.
1. **Do...**

Do commit to using your unique store brands as a strategic weapon.

- Resolve to change the game by defining the role of unique store brands in your overall retail brand strategy.
- Use unique store brands to tell your consumers/shoppers what you stand for as a retail brand overall.
- Adopt a long-term view for your unique store brands, starting with a vision of where you want to be.
- Leverage your unique store brands in category strategies—how can your unique store brands drive category sales and profit?
2. Do...

Do elevate and develop your brand-building capabilities.

✓ Start by applying traditional brand management competencies and processes to launch and manage your products.

✓ Create consumer/shopper insight capabilities to better understand your consumer and identify opportunities to innovate and improve. Remember, the consumer/shopper is boss!

✓ Build up your innovation capabilities so you can find and develop unique and relevant products that meet the needs of your consumers and help set your brand apart.
3. **Do...**

**Do manage your brands as a strategic portfolio.**

- Understand the unique reason for being of each unique store brand in your portfolio and then invest in your key brands.

- If a brand is not a key piece of your portfolio, consider de-listing it to focus on brands that count.

- Actively market your unique store brands. Use in-store, features, loyalty card databases, TV and print advertising.
4. Don’t...

Don’t overlook the store as a branding vehicle.

- Store design, display, signage is your real estate. Use all of your in-store tools to actively promote your brands ahead of national brands.

- Develop brand design themes to ensure consistent look, tone and feel across all in-store touch points.

- Have your entire organization own the brand, not just the brand management group; put your store design group in charge of bringing the brand alive in-store.
5. Do...

Do innovate systematically.

✓ Break down mindsets in your organization that stifle innovation, such as “it’s too expensive to innovate,” and “we don’t know how to innovate.”

✓ Become obsessive about knowing your consumer/shopper by developing and using a broad set of insight, generating approaches to understand them and help you generate new ideas to meet their needs.

✓ Think outside the box by actively looking beyond your organization to multiple sources for new ideas and technologies. Don’t just bring the outside in – welcome it!
6. Don’t...

Don’t assume that you can transform with your current resources alone.

✔ Your current personnel may be talented, but they may not be those who will enable you to become a great a brand management organization.

✔ You need the right skills and the right people to create the mindset of a truly brand-focused organization. Be open to hiring from the outside to achieve this.
7. Don’t...

Don’t assume this is a one-time fix.

- Remember that building your brands’ equity also builds your overall retailer equity.
- To grab their interest in your brand; you’ll need to maintain a relentless focus on delighting your consumers.
- Make sure you continually reinforce a commitment to product quality and innovation – the national brands do. To keep up and stay ahead; you’ll need to as well.
Today, the best-in-class retailers are winning with unique store brands.

To achieve the same success, it’s time to adopt a classic brand/category management approach.

To learn more visit kalypso.com/storebrands
About the Authors

**Gale Fogg**, Senior Manager, has a 27-year track record of building profitable, leadership brands by turning consumer insights into successful, in-market commercial and product innovations.

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About Kalypso

Kalypso is the world’s premier innovation consulting firm, helping clients improve performance by delivering on the promise of innovation. Kalypso offers clients full service capabilities including Business and Innovation Strategy, Front End of Innovation, Portfolio and Pipeline Management, New Product Development and Introduction, Pricing and Value Management, PLM Technology, Leadership and Learning, and Intellectual Property Management. For more information, visit kalypso.com. Follow Kalypso on Twitter @KalypsoLP and on Facebook at facebook.com/KalypsoLP.