

INSIDE OWN BRANDS

SPRING/SUMMER 2020

COVID-19 What's next for own brands?

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S 4 RB

Can Fair Trade drive the innovation you're looking for in your private brands portfolio?

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Fair Trade
USA™

Are you making these four supplier engagement mistakes

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A message from our CEO



The fact you have found time to read this, hopefully means you're able to set aside today's COVID-19 related issue and looked beyond to brighter times as we return to normality. Albeit I feel many of us recognise there will probably be a new 'norm'. Personally, I see the current situation as a 'storm' but as a whole we will all weather that storm. This edition includes an article from myself on what I think COVID-19 could mean for own brands. For retailers that seize it as such, I feel this is a real opportunity for sustained own brand growth.

We have an interesting guest contribution from Emma at Kadence International on buying behaviour in food and drink in the US and the UK. Whilst short-term availability is key, the long-term issues such as health and waste will return to the fore. The same goes for sustainability, one of our consultants, Josie, expands on the key role suppliers play in delivering change at the scale and pace required by own brands to meet both legislative and brand commitments. Our US Consultant, Steven, builds on this with his contribution on moves US retailers are taking to reduce food waste.

Fair Trade can help drive innovation within private brands.

I am proud of the way the team here at S4RB have been able to support our Affinity™ customers to engage with their suppliers and react to the current climate. Affinity's tools enable distributed working and collaborative quality management continues. That improve communication, support for suppliers and rapid data collection to inform next steps. When we look back after COVID-19, we must reflect on lessons learned and update risk registers, I have little doubt that the power of supplier engagement will be recognised and collaborative tools a 'must' for the future. Therefore, hopefully David's article on common mistakes in supplier engagement and Jay's article on improvements around own brand quality management will resonate.

Whatever the outlook, I hope you enjoy another edition of varied topics relevant to own brands. And above all else, best wishes for you and your families at these difficult times. Stay well.

James Butcher, CEO

S 4 R B

Thank you also to Mel Bandler from Fair Trade USA who gives her perspective on how

COVID-19: What's next for own brands?

THE NEW NORMAL

Nobody knows the long-term impact COVID-19 will have, but there is general consensus that when things return to 'normal', there will almost certainly be a new 'norm' in many different ways. There seems little doubt work habits and increased use of technology will survive beyond the immediate crisis for example, but what is COVID-19 likely to mean for own brands?

If there is anything good to come from COVID-19 (beyond the fact many of us have been saved our daily commute) then I predict a boost for own brands.

CONSUMERS TOP CONCERN

The news headlines are about scarcity but that is not the priority for most people. Yes, clearly there are health concerns but there are more people worried about what this means for the economy and the long-term.

Based on Kantar data the greatest area of concern is

the economic outlook (47%) compared to health (39%) and the scarcity (20%). Therefore, as we saw in 2007/2008, there will be more focus on prices and value. This means more consumers are likely to turn to own brands. But only if they can deliver consistency and quality and as such become a suitable national brand alternative.

BEYOND PREMIUM TIER

In recent years we have seen the increase in premium own brands as the point of difference. Those retailers with a tiered own brand strategy focus on the Better and Best products in their range. That is likely to change.

If retailers learn from the success of Aldi and Lidl in the last decade, they want quality products at a good value. Therefore, the focus will move from 'innovation' to value. Ranges are likely to reduce as retailers and their own brand suppliers will work together to focus on the products that can be delivered at speed and volume in the short term – to address scarcity/availability –

and value in the medium term.

If retailers can deliver this with their own brand range and ensure products remain relevant to consumers, this is an opportunity for retailers to see growth.

BRAND LOYALTY LOST

In the more immediate term, scarcity also means consumers are having to forgo brand loyalty.

In what will forever be known as the great toilet paper famine of 2020 consumers will have to forfeit their Cottonelle Ultra Comfort or favourite Charmin if it isn't on the shelf. But rest assured they will also not go home empty handed.

Therefore, by necessity consumers will try new brands that they have previously shunned. And this will be more relevant in some categories than others. Toilet paper and household cleaning products is a good example where retailers across the globe have seen increased demand.

SHELF-SAVVY RETAIL

Some retailers are focussed on how to re-stock the shelves. Normal rules on ranging and category management are out of the window as they try to meet demand. It appears that the smarter retailers are seizing the opportunity to (where possible) ensure those gaps on the shelf are filled with own brand products.

This is an opportunity for consumers to engage with new own brand products at unprecedented scale. It must not be at the cost of quality. In this sense I don't mean quality as 'must be the best' but quality as must be good enough. It must be consistent. And it must match the brand promise.

It could be seen as opportunistic but those that do it well – engage with consumers, engage with suppliers and address the issue of value at the same time – will see a positive long-term impact for their own brands.

YOUR BURNING PLATFORM

It is also the opportunity to drive change. The impacts of COVID-19 will be with us for months at least. Therefore, retailers and suppliers can collaborate on packaging and other formats to drive cost and efficiency.

This is also therefore the opportunity to enable change, such as packaging reduction. For example, in some markets refill packs for household detergents have been very successful. In others, consumers have resisted and stuck to what they know. They buy a nice fresh new bottle of detergent each time. If those same consumers are ever likely to change their habits and try refills it is now; it depends what is on the shelf.

COVID-19 has had a positive an unexpected impact on the environment. Industry has slowed, travel has reduced and as a result, air pollution is down. The rivers of Venice are clear for the first time in decades and the fish are returning. Sadly, these impacts are likely to be short-lived. But there is an opportunity to influence longer-lasting impact such as packaging changes and packaging reduction. Step changes towards already published commitments. Changes which can be led by retail own brands.

This is an opportunity for own brand growth and to deliver real benefits and long-lasting value to consumers.

James Butcher
CEO

S 4 R B



Cutting through the hype: understanding the key concerns influencing buyer behaviour in food and drink in the US and the UK

We're seeing the rise of the concerned consumer. But what are the issues that really matter when it comes to food and drink? Research with over 5000 consumers across 10 countries conducted by Kadence International, a global boutique market research agency, identified the key global trends driving consumer behaviour. But how do these play out in the US and the UK?

WHEN IT COMES TO HEALTHY EATING, FRESH INGREDIENTS MATTER MOST

We wanted to understand how the conversation around healthy eating has evolved. At both a global level, and in the US and the UK, consumers are most

interested in the feel-good factor of cooking with fresh ingredients from scratch. This is more important than food that is low in carbs or salt. This indicates a clear opportunity for brands to create and position more products as "fresh" and "natural".

So how can brands tap into this trend? For retailers there's an opportunity to develop and prominently display meal kits of fresh ingredients in-store that allow consumers to meet their desire to cook from scratch. For manufacturers, there's potential to develop



products that complement the cooking of fresh ingredients at home like sauces, spice kits and condiments.



recently trialled selling crisps made from salmon skin.

US CONSUMERS ARE LESS CONCERNED ABOUT ANIMAL WELFARE THAN THEIR BRITISH COUNTERPARTS BUT THEY SHARE THE SAME VIEW OF LOCALLY SOURCED FOOD PRODUCTS

FOOD WASTE IS A KEY CONCERN FOR AMERICAN AND BRITISH CONSUMERS

When it comes to environmental issues, food waste is the area where most consumers in the UK and the US are taking action: 68% of Americans say they do their bit to address food waste and this rises to 71% in the UK. In contrast, environmental concerns around packaging and the impact of food production on purchase behaviour. 26% of people in the US and 29% in the UK have stopped buying a food product that has a negative impact on the environment, whilst 23% of Americans have boycotted food products with excessive packaging. In the UK this figure is higher, at 33%.

Understanding how to do more for the environment will undoubtedly be a priority for companies going forwards but this research suggests that the most immediate opportunity for brands in the UK and the US is to focus on supporting their customers in addressing food waste. This could be as simple as rethinking pack formats to better cater to individuals or couples, right through to focusing innovation efforts around ingredients that go unused in the production process. British supermarket, Sainsbury's, for example, has

As part of the research, we also investigated the importance of ethical issues such as animal welfare and supporting local manufacturers. More Brits (47%) have paid more for meat products where they know the food manufacturers look after the wellbeing of animals, compared to 40% in the US. However, when it comes to supporting local growers, attitudes converge, with 42% of consumers in both countries telling us that they actively choose locally produced food over big brands. This is a trend that looks set to grow, with 46% of Brits and Americans indicating that they'll do this in future, and 57% saying that they are willing to pay a premium for locally sourced products.

As an own brand retailer, how can you capitalise on this? Consider developing initiatives or launching products in collaboration with local food developers, such as small-scale farmers or manufacturers. In the UK, Waitrose do this exceptionally well. For those brands that started out small, emphasise your heritage. Incorporating this into your brand story could help you find favour with consumers.

GLOBALLY, THE BEAUTY BENEFITS OF FOOD ARE IMPORTANT

At a global level, the research uncovered another important trend. Over half of consumers worldwide (52%) seek out food and drink products that enhance their physical appearance. This is much more prevalent in Asia than it is in the US or the UK. In Thailand for instance, two thirds of consumers say they are looking for food with beauty benefits, compared to 32% in the US and just 25% in the UK. This isn't to say this trend couldn't take off in Britain, particularly as at a global level, it's Gen Y that are showing a real interest in these products. What's more, beauty-enhancing food and drink has already hit the shelves in the UK. In Boots, for instance, consumers can pick up drinks from Beauty & Go which promise fewer lines, plumper skin and less breakouts so watch this space for further innovation.

Both national brands and own brand retailers will have to adapt to meet the changing needs and expectations of the concerned consumer, tapping into their desire to eat fresh food, reduce waste and support local manufacturers. With these factors increasingly on the agenda when consumers are making food and drink choices, there's a huge opportunity for the brands that can get it right.

Emma Muckersie
Head of Global Marketing
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International



Are you making these four big retailer-supplier engagement mistakes?



Plenty of large organizations believe they are successfully engaging with suppliers. This is a common misconception as the truth is, most just aren't. Our recent State of Retailer and Supplier Engagement Industry Report showed that the majority of retailers and suppliers feel that there is plenty of opportunity to improve relationships and, as a result, improve private brand performance.

This article isn't about why retailers need supplier engagement (we've written about that many, many times before), it's about the mistakes that happen despite good

intentions – the canaries in the mine that can warn you of underlying engagement issues. The consequences of these errors are far-reaching and can completely negate the will to work collaboratively with suppliers.

If your organization believes it has a brilliant supplier engagement programme, read on to find out if you are in fact, making those mistakes that result in all good intentions going to waste (and costing you time and money).

SUPPLIER ENGAGEMENT MEANS WORKING AS ONE TEAM

At S4RB, we believe that retailers must work with their suppliers as One Team around One View of product performance to survive and thrive. A One Team culture is built upon a foundation of excellent supplier engagement where retail teams and suppliers collaborate

in a way that allows them to compete with the resource of national brands.

HERE ARE FOUR COMMON SUPPLIER ENGAGEMENT MISTAKES THAT RETAILERS MAKE, IDENTIFIED BY THE S4RB TEAM:

Fails to prioritize supplier engagement.

It shouldn't be a surprise, but too often it is. A retailer treats suppliers as an afterthought in their planning process and then acts surprised when true collaboration, and the associated performance benefits, fail to materialise.

Winning in today's marketplace requires retailers to be more sophisticated and diligent in making sure suppliers understand the retailer's needs and challenges by ensuring they are delivering the Three Pillars of Supplier Engagement: Communications, Support and Transparency.

Assuming suppliers will be compliant.

Too often retailers believe that if they ask or "tell" suppliers to do something, such as respond to a survey in two weeks, it will automatically happen on deadline. Then it turns out compliance is only 25%.

This can be avoided using the aforementioned Three Pillars: setting clear expectations with suppliers (Communications), providing the knowledge and guidance to complete the action (Support) and letting the supplier know how they are progressing along the journey (Transparency).

Focussing on product margin above all else.

Retailers are not natural brand managers. They tend to be excellent merchandisers and margin makers. Too often this mindset leads to a me-too perspective on products with pressure on suppliers to reduce costs to raise retailer margins. We believe that in

the modern era of retail, this approach is simplistic and not productive.

Instead, the goal should be to work with suppliers to develop a deep understanding of the customer and their needs and create the right destination products that drive footfall and customer loyalty, confident that margin will follow.

Buyer musical chairs.

Retailers tend to periodically move around the people within their buyer ranks. This makes it harder to form relationships with people on the supplier side – something that is key for developing the strategic partnerships that are so valuable within private brands.

CONCLUSION

Most retailers will tell you that they subscribe to the principle of supplier engagement, and the One Team way of working. The reality is that most are only just scratching the surface

of what it takes to forge true retailer-supplier engagement and collaboration that builds winning private brands.

In this article we've shared the four biggest mistakes that retailers are making when it comes to supplier engagement with the aim of highlighting what are often ingrained processes and ways of working to shine a light on what encompasses true supplier engagement.

If you've recognised that your organisation needs development in the area of supplier engagement, we can help. S4RB are proud to offer the first-of-its-kind Supplier Engagement Training programme which is based upon over a decade's worth of experience managing supplier engagement for the world's largest retailers.

Find out more.

David Taylor
Director

S 4 R B



Suppliers are key to delivering sustainability in retail

“Sustainable”, “environmentally-friendly”, “eco-conscious” are a few terms which are increasingly part of our day-to-day conversations. With over 4,000,000 instances of the hashtag #sustainable appearing across the major social media platforms, it’s a hot topic that’s getting even hotter.

As reported by Globalization and Health, 31 of the world’s largest food retailers have advised they are willing to take steps to improve sustainable sourcing. With social, economic and environmental dimensions at the forefront of retailers’ minds, Corporate Social Responsibility reports are high on the agenda. However, retailers can’t afford to neglect the need to generate profit.

The Telegraph reported earlier this year that “it costs a consumer an average of £476 extra a year to buy ethically sourced products as opposed to their own brand equivalents in supermarkets”. Of course, retailers cannot simply assume that with the increasing public focus on sustainability that shoppers will follow suit and be willing to dig deeper into their pockets to support the sustainability pledge. At first glance, looking at a YouGov poll compiled by the Grocer, ethics might not seem to be a priority with only 6% of shoppers saying it was an important factor.

However, when asked more specifically, shoppers made stronger claims about their sustainable shopping practises with one quarter advising they would only buy products from grocery brands whose ethics

and values they agreed with. Therefore, do grocery retailers really need a strong CSR plan with a purpose? And if you don’t, what’s at risk for your brand?

Corporate Social Responsibility (CSR) is a key part of strategy that helps minimise and offset the damage caused by retail operations throughout the supply chain and from a marketing perspective, to enhance brand image. But before any actions can be taken, organisations need to determine what the real value of being socially responsible means to them, evaluate expenditure and resource needed to succeed.

CSR can create a positive connection for consumer perception, brand image, and customer satisfaction that will result in an enhanced performance, improved quality

products and subsequently increased sales and profits. These factors will vary due to changes within the industry, the current market situation and the retailer’s efficiency of finding the right balance between the market’s needs, the expectation of customers, and the company’s core business and competencies.

As reported in Adweek, “A new survey of 1,500 UK buyers from product information management company inRiver found that 90% of consumers are willing to purchase an item that’s been designated as environmentally friendly with a term like recycled or upcycled, with nearly half (47%) willing to pay more for these items. Additionally, 66% would stop buying a brand or shopping at a retailer if they were found to employ practices that were detrimental to the environment.”

This is a strong signal to retailers that there is a need to start implementing change within their business to align with both CSR but also continue to grow and retain brand loyalty with their current shoppers. It’s important to ensure that own

brand products don’t get left behind in this rapidly changing landscape.

Eliminating areas within the supply chain which don’t align with the core business’s CSR strategy and ensuring ability to reflect these costs once products have hit the shelves is a good place to start. Strategically sourcing suppliers who will align with these goals is key to success.

Finding the right suppliers for the right products, setting the right standards for own brands and working collaboratively with suppliers as one team is the first step towards success for any retailer looking to grow their sustainable vision.

At S4RB we offer an efficient and repeatable platform to engage with the supply base and create winning products. Through enhancing the process of finding and qualifying the supply base, retailers will curate a robust supplier directory to call upon during new product development processes, upskilling of existing suppliers and continuous assessment of supplier performance.

Advanced data collection allows the retailer to quickly assess which areas of the business require improvement, while also highlighting areas that the business is exceeding. Efficient supplier communication allows the retailer to communicate this analysis quickly to targeted audiences while also sharing their brand vision and goals to again, help align their supply base with the core business strategy.

In summary, there’s a groundswell of consumer demand for products with strong sustainability credentials that retailers can’t afford to ignore. To be able to deliver these products at the right quality and price point requires working closely with suppliers who can bring innovation and wealth of experience to the NPD process. Building a network of these forward-thinking suppliers is key and for retailers to become the customer of choice for the top suppliers requires true collaboration and support to align suppliers with business goals.

Josie Burt
Consultant

S4RB



How US supermarkets are working to reduce food waste



WORKING WITH SUPPLIERS TO CUT FOOD WASTE

Engaging with suppliers in this way requires a collaborative approach in treating suppliers as partners rather than contractors and investing in the long-term sustainability of the supply chain instead of maximizing returns from a product in the short term.

The retailers committing to the 10x20x30 initiative require a supplier engagement strategy to achieve their commitment of cutting down on food waste.

At S4RB, we have seen the benefits of applying supplier engagement principles to many retail initiatives. This has been across a range of projects from complying with new government regulations through to diversity and inclusion programmes.

Working with farmers and suppliers to dramatically cut food waste is ambitious, nevertheless, our three pillars of engagement can still be applied to a project of this scale:

1. **Communicate expectations clearly.**
2. **Provide support and enable self-help measures.**

3. Provide transparency about how progress is measured, keeping in mind the need for balance between praise and critique.

Putting the three pillars in place leads to a 'virtuous circle' that enables suppliers to be motivated on an ongoing basis. A supplier will be recognized for an achievement which makes the supplier want to contribute more. This recognition and motivation is surely key to the realization of halving food waste in ten years' time.

We've seen success with this approach with the retailers we work with. We supported one global retailer to deliver dozens of international Corporate Social Responsibility (CSR) and sustainability initiatives. The retailer consolidated its CSR communication to suppliers into a single portal and significantly increased its engagement activities. The result was higher supplier participation and thanks to the advanced communications functionality within S4RB's Affinity platform, scaled its unified efforts across a dozen multilingual markets.

CONCLUSION

The figures around food waste are enormous but the means to affect real change is definitely within the power of the world's largest supermarkets and food retailers. Moving away from a model of donating surplus food towards sustainable consumption and production is a feat which will require true engagement with the supply chain to succeed.

The 10x20x30 campaign talks about retailers engaging with suppliers to achieve its goals and this is a perfect example of how true supplier engagement and collaboration can make the difference between hitting or missing this target. Suppliers need to understand what is being asked of them, why it is being asked and given the support to make the necessary changes. Suppliers need oversight of the results and recognition for their hard work to be motivated to continue on this decade-long journey.

Steven Howell
Consultant

S 4 R B

THE SCALE OF THE FOOD WASTE PROBLEM

According to research carried out by the Center for Biological Diversity, food production uses 25 percent of all fresh water consumed in the United States, requires 80 million acres of farmland, and accounts for 13 percent of total carbon emissions. About 40 percent of the food produced in the United States goes uneaten — costing more than \$200 billion annually.

Worldwide, one-third of food is lost or wasted, resulting in significant economic, environmental, and food security impacts. This amount of food loss and waste equals \$940 billion annually and is responsible for 8% of global greenhouse gas emissions. At the same time as more than 1 billion tons of food is lost

or wasted, 1 in 9 people are undernourished.

WHAT HAVE FOOD RETAILERS PROMISED TO DO TO TACKLE FOOD WASTE?

Large food retailers stand in a unique position to address this global food issue. Because of their direct links with farmers, manufacturers and consumers, they have the power to influence every facet of the supply chain. And because the traditional supermarket industry is highly concentrated, retailers have considerable market power to make change.

Many grocery retailers have implemented donation programs in an attempt to tackle the problem of food waste, but these plans have many shortcomings. Food-donation programs do not mitigate the

environmental damage of overproduction and are not a long-term solution for hunger and inequity in the food system.

Moving the focus away from donating surplus food, the United Nations' Sustainable Development Goal (SDG) 12 on sustainable consumption and production calls for cutting retail and consumer food waste in half, as well as reducing food losses along production and supply chains, by 2030.

A significant move towards meeting SDG 12 is the launch of an initiative called "10x20x30". Announced in September 2019 at the annual food loss and waste event hosted by Champions 12.3, 10x20x30 brings together 10 of the world's biggest food retailers and providers to each engage with 20 of their priority suppliers to aim to halve rates of food loss



Can Fair Trade drive the innovation you're looking for in your Private Brands portfolio?

THE PRIVATE BRAND EVOLUTION

Gone are the days when private brands represented a subpar alternative to the national brand equivalent. Retailers today are tapping into the power of private brands to differentiate themselves through their core principles.

Perhaps one of the most widely-recognized examples is Kroger, a company that is making tremendous progress in its Zero Hunger, Zero Waste initiative through its private brands by engaging with consumers and communicating its supply chain investments.

These products stand out because they not only empower farmers at scale, but also offer an innovative product that doesn't directly mimic any national brand. Through sustainable purchasing, retailers like Kroger can be proud to stand by their private brand products.

The purchasing landscape is shifting. According to IRI, 46 percent of shoppers say that store brands (i.e. private label brands) are extremely or very influential when it comes to deciding their preferred retailer (a 31 percent increase since 2016). Millennials, who now represent the largest buying power in the US, report that store brands' influence on their store choice is even higher, at 54 percent.

Beyond store choice, there is also the factor of brand loyalty. Millennials value convenience in their shopping experience, whether that be through delivery or click-and-collect. As a result, instead of loyalty to a preferred physical store, we're increasingly seeing that shoppers are loyal to a multitude of individual brands that reflect their values. Research shows that most millennials and Gen Z—95 percent, in fact—are willing to switch to a brand associated with a cause.

So, how can retailers stand out and gain loyalty?

Private brands that invest in the people at the beginning of the supply chain are not only good business—but it can also help retailers gain competitive advantage. Therefore, Fair trade may offer a unique, sustainable solution to retailers exploring this avenue.

"Our Brands is how we differentiate," says Gil Phipps, VP of Branding and Marketing at Kroger. "With fair trade, customers start to realize, 'I can make a big difference—I can effectively change the world by purchasing this product.' We are really going to lean into fair trade."



THE SEAL TRUSTED BY BUSINESSES AND SHOPPERS

The Fair Trade Certified™ seal on a product signifies that it was made according to rigorous fair trade standards that promote sustainable livelihoods and safe working conditions, protection of the environment, and strong, transparent supply chains. It appeals to the conscious consumer who wants insight into the impact behind their product, as well as the ability to vote with their dollar to support farmers, workers, and fishermen worldwide.

The fair trade model empowers communities by enabling increased market access and community empowerment. For every Fair Trade Certified product sold, the producer earns an additional amount of money that goes into a producer-controlled Community Development Fund at origin. From there, a committee of workers decides together how to spend the funds to improve their lives and meet their unique social, economic, and environmental needs.

Fair Trade USA® works with retailers to incorporate any of the 30+ Fair Trade Certified ingredients into their supply chains. This enables product development teams, as well as category and brand managers, to achieve sustainability objectives, drive innovation, and engage with sustainably-minded millennials.

"The most successful aspect of working with Fair Trade is business [sales increase], but also satisfaction of sustainable sources and competitive advantage," said Brett Bremser, now-retired Chief Merchant at Hy-vee.



65 percent of US shoppers indicate that they would trust a product more if it was certified by Fair Trade USA. Trust and transparency were top of mind in 2019 and will continue to be a central focus as consumers seek to vote with their dollars and purchase purposefully.

THE VALUE OF FAIR TRADE IN THE PRIVATE BRANDS SPACE

Shoppers today are asking important questions about how their products were made, and retailers are responding with sustainability commitments. As corporate responsibility teams are setting these organizational objectives, many are looking at private brands as the perfect vehicles to drive change.

Organic certification alone is no longer enough to differentiate a product in the marketplace. In fact, 44 percent of shoppers say they want more unique attributes in private brands, and fair trade can drive innovation in any portfolio.

Not only can fair trade certification help provide certification consistency across the store, it can also drive traffic to otherwise flat categories and increase basket size. Fair trade shoppers attribute 23 percent of grocery spending to Fair Trade Certified products; so, if you're not carrying them, they might seek out competitors who are.

NO COMMITMENT IS TOO SMALL

The fair trade model illuminates to customers just how powerful their purchasing power can be. In the same way, your choices as a retailer—large or small—have the power to make a huge difference.

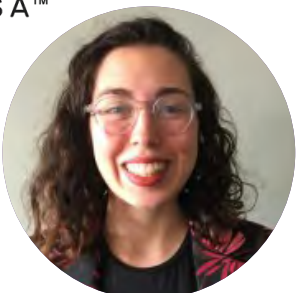
A fair trade commitment can begin with an innovation item in your portfolio and grow to a commodity commitment or facet of your brand guardrails. As you scale, you also start to see greater impact on consumer engagement with your brand as a whole. One Fair Trade USA partner saw a 130 percent sales lift after a marketing campaign around their impact through fair trade. Fair trade has the ability to both change lives at origin and change business perception within the market. As more and more people are switching to brands that are a force for good, fair trade is a responsible way to gain consumer attention.

Mel Bandler
Retail Partnership Manager

fairtradecertified.org



Fair Trade
USA™



Three things you are missing in your own brand product quality data

Own brands are an increasingly important player in the cut and thrust world of customer loyalty and quality is a clear factor in the success or otherwise of an own brand product.

For quality managers, the challenge is in getting close to customers and understanding their perceived changes in quality. Analysing and measuring this and the fiscal consequences is extremely difficult.

Own brand retailers are challenged to manage information in having thousands of products and hundreds of suppliers across a wide range of categories. That's a problem that national brand manufacturers typically don't have.

The first challenge for any quality team is to wade through the high volumes of data coming

in from multiple sources such as:

- Consumer testing
- Via the contact centre
- Online via reviews and social media

HAVING AN EXTENDED TEAM IN PLACE TO HANDLE THE VOLUME AND RESOLVE ISSUES QUICKLY

Sharing product feedback data with suppliers can yield big returns. Suppliers will look at the big picture in the data. They can identify problems such as consistency shortfalls. They will recognise that a product once perceived as satisfyingly spicy is now being viewed as bland.

Moreover, in the case of a crisis situation requiring a recall, suppliers can often pinpoint the problematic parts a lot quicker to avoid a wider recall. Retailers who share information will enable supplier experts

to pre-empt problems not yet on a retailer's radar and even offer innovation for the next generation of products.

Sharing quality data with suppliers is the first step for a retailer to grow their customer feedback management maturity.

NEXT STEP: GOING BEYOND THE TIP OF THE QUALITY ICEBERG

When assessing customer feedback, a key step in the process is to prioritise it and decide whether action is warranted. In most cases there is a policy of acting on behalf of "he who shouts loudest".

However, a system based on prioritising pure volume without taking into consideration the cost or impact a piece of feedback has on the future value of a product is not looking at the full picture.

FINDING THE VALUABLE PRODUCT FEEDBACK WITHIN THE NOISE

As a quality team, what you should seek out is the valuable feedback within all the noise.

- Understand the expectations of your customers around your products and use text and sentiment analysis alongside more quantitative measures to isolate the feedback that falls short of or exceeds those expectations.

- Understand the magnitude of the message and prioritise those messages on the fringes.

- Collect feedback from across all channels and understand the reach of each of those channels.

- Focus your efforts on the most influential products and protect the future value of the whole basket.

The quality and feedback management function can have a positive effect on the bottom line of retail businesses by:

Correctly capturing all data across all available channels

Taking on the task of combining, analysing and visualising data from all possible sources is a mighty challenge for own brand quality teams. Bringing together all this information creates a single view of customer sentiments about the own brand products and product quality performance. When this is achieved it becomes a treasure trove of insights that are totally unique to an individual retailer.

Effectively managing that data to extract the correct understanding of the product set with regard to customers

Using dashboards to visualise and analyse all this product data (customised to specific needs) allows own brand teams to discover new insights, root causes and unseen trends across the product lifetime.

What is the cost of quality?

The 'cost of quality' is a hotly debated topic in the grocery community and there are many quality teams across many retailers doing everything they can to maintain and improve the quality of products. But, without an understanding

of the value they are adding or protecting, most of these teams are working in the dark. The best they can ever hope for is to maintain the status quo and protect whatever brand currency has been achieved previously.

We all know that quality must impact customer perception, but if unable to justify the cost of quality it is often hard to justify investment in quality.

If this article has convinced you of improving the maturity of customer feedback, you'll need to build a business case. We've just launched a whitepaper to help you calculate the cost of quality.

In the paper we examine the impact product quality has on the value of a purchase and of future purchases so that by understanding the drivers, retailers are able to prioritise work to achieve and protect the most value in their products. You can download your **free copy here**.

Jay Ramsay
Product Director

S4RB



What is the cost of a failing own brand strategy?

The UK is often singled out as a pioneer nation when it comes to own brands. Depending on which reports you read, anything from 45-55% of all supermarket sales in Britain can currently be attributed to own brand products.

But success today – however impressive – doesn't necessarily translate into growth or innovation tomorrow. In fact, for all that the Brits have led the world in the introduction, enthusiastic adoption and evolution of own brands, there are now significant new challenges on the horizon:

Differentiation. We have seen years of sustained price-driven competition, with supermarkets intent on being cheaper than national brands and, to a lesser extent, than other supermarkets. Whilst price will continue to be a key battleground, retailers need to find new ways to

truly differentiate themselves through their products.

Loyalty. The brand loyalty that once characterised the majority of shoppers in the UK is now in steep decline, driven in no small part by the success of own brands. There is more focus than ever before on the attributes of the product itself rather than its price. Factors such as convenience, health and wellness, and social impact are all becoming much more significant for consumers.

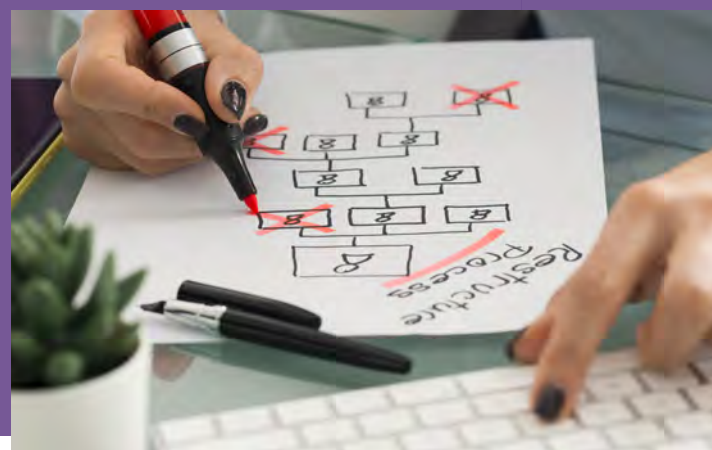
Authenticity. The value message has become the most overused in retail. Customers are looking for an experience, and authenticity is key.

RESTRUCTURE FOR SUCCESS

To enable retailers to be successful with their own brand strategy, most supermarket retailers are currently

restructuring their commercial and own brand teams and the pressure is on to deliver on this investment.

We have seen that the major grocers are great at developing an own brand strategy (often with the support of international consulting firm), but the real challenge is executing on the strategy through the implementation of the new systems and ways of working to operate effectively, and this is costing them huge amounts of money each year.



FAILED STRATEGY IMPLEMENTATION IS COSTING RETAILERS MILLIONS

We have calculated that a conservative 10 per cent loss of productivity across own brand teams, which can in some cases number up to a total of 800 people in the 'big six', could cost retailers more than £4million a year on resource alone.

This is without considering increased risk of failed product development, longer time-to-shelf, and the compliance and product safety risks directly attributed to inefficient interactions between retail teams and their suppliers.

There is a palpable atmosphere of concern within retail own brand management regarding accountability for these losses. Most retailers cannot physically cut anyone else from their commercial and own brand teams so a failure to deliver on own brand strategies could put senior management in the firing line.

It can feel like a mountain to climb but there is practical action to be taken to translate own brand strategy into results.

IT IS KEY TO SUCCESSFULLY ENGAGE SUPPLIERS WITH STRATEGY

At S4RB, we believe that the most neglected part of a successful own brand strategy implementation is effectively engaging with suppliers and this is where many retailers are falling behind. The key is to create greater accountability and ownership through engagement with suppliers to create a leaner own brand operation.

We've seen the results of this first-hand with Woolworths when working with its senior leadership team to perform a top-to-bottom review of how to scale supplier engagement and management best practices.

Our approach was to create a practical playbook for Woolworths – enabling them to turn to the right item to meet their challenge. Elements of this playbook included practical systems recommendations but significantly, also operational recommendations to address the areas that will result in statistical wins for Woolworths while addressing what suppliers had reported as being important to them.

The playbook consciously addressed several key questions: How would a new supplier-facing portal sit within the rest of its systems landscape – some of which is all supplier, some of which is solely own brand?

Woolworths carries out a regular supplier survey to ask how it is doing as a retail partner. Since

working with S4RB, Woolworths has seen a positive impact on supplier relationships and a resulting increase in positive contribution from suppliers to the success of Woolworths own brand.

Ward Duvall, Strategy and Business Development Executive at Woolworths said: "S4RB is practical, understands how own brands work and has an open approach. Woolworths has seen encouraging improvements in feedback from own brand suppliers. We believe much of this is attributable to a collaborative approach to supplier relationships that seeks benefits to both Woolworths and suppliers. S4RB and its platform played an important part in achieving this."

Helping you to translate your own brand strategy into results If you are currently facing into a restructure and/or implementation of new systems - we can support you to make these projects a success.

Our Own Brand Advisory offers unparalleled insights, unconventional perspectives and practical action plans that help own brands execute their strategies and achieve their potential. It has worked for Woolworths and it can work for you too. **Find out more.**

David Taylor
Director

S4RB





ABOUT SOLUTIONS FOR RETAIL BRANDS

We are an own brand grocery retail specialist, providing consultancy and retail supplier engagement expertise. Via our Affinity™ platform, we help retailers evolve their own brand products, ensuring quality, consistency and competitiveness while improving the efficiency, accuracy and cost effectiveness of their interactions with suppliers.

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