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Battling Brand Malpractice

The economy has spurred retailers to use private labels over national brands, but at what cost?

With private label brands currently accounting for more than one third of all shopping cart purchases in the U.S., it's safe to say that our depressed economy has done wonders for the private label sector.

But at what cost to name brands? A national or retail brand imbued with its own positioning, a unique selling proposition and a one-of-a-kind look and feel is a gold mine. However, the fact that retailers have access to the newest products and latest positioning by leading national brands enables them to steal valuable colors, shapes, symbols, and keywords for the design of their own private label brands—a phenomenon that can and should be described as “brand malpractice.”

Adding insult to injury is the fact that many of these same retailers play God with consumer product manufacturers by selecting their own shelf placement.

Retailers would do well to acknowledge that they can't be good at everything. With studies showing that an average of five parking lots are visited during a typical shopping day, it's clear that consumers will cross-shop if iconic brands—and increasingly, their line extensions—are muscled out of retail.

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The playing field should be leveled with the understanding that it's the customer, not the retailer, who will always be king. So how do consumer product manufacturers and retailers play well together? By recognizing that consumer tastes and rituals are the final word, and that national brands and retailers need each other.

The fact that private label brands are prospering in today's economy is no surprise. Time and time again, consumers across all income levels, even those in the \$100,000 plus range, turn to private label products as a money-saving strategy during times of crisis.

This harkens back to the early 1970s, when baby boomer moms would fill Wheaties boxes with generic cereal or pour no-name vodka into empty bottles of Absolut. Why did these boomers go to such great lengths to keep up appearances? Because iconic brands like Wheaties in the pantry, Heinz ketchup on the dinner table and Gold Bond lotion in the medicine cabinet helped them feel safe during troubled times. These iconic brands represent an idealized past, and still enable aging boomers, who account for approximately one third of all purchasing power today, to reach for a box, bottle or tube of reassurance.

But boomers aren't the only age demographic that retailers need to worry about. In

Xers to indulge their upscale sensibilities for less. The common factor between boomers and Gen-Xers is that both view private label brands as poor imposters to be hidden away in cupboards. No matter what generation you belong to, being perceived as cheap is never in vogue.

Rather than continuing to play favorites and practice private label thievery, retailers would do well to develop store brands that create their own experience with the consumer via unique visual triggers and brand positioning.



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While it's easy for private label brands to capitalize on the cache of their competitors by changing a few letters around, fully developed store brands fight fairly for the hearts and minds of consumers on the retail battlefield. A store brand like A&P's Master's Choice, whose chocolate chip cookies are considered among the best in America, can offer as much real, intrinsic value as a national brand with a heritage dating back to the 1950s.

“Who Stays and Who Goes” is a dangerous game for retailers to play because the brands that they remove from their shelves in the short term almost always come back in the long run. Once our economy recovers, it's only a matter of time before consumers return to the brands they have known and trusted for decades—or select a new store brand over a private label imposter. It's in their human DNA to parse quality from junk.

Retailers will then have no choice but to woo back the same consumer product companies that they pushed out with private labels. And when that day comes, those consumer product manufacturers may resist and only do business with the retailers who treated them fairly - like Coca-Cola, Pepsi and Tide did once upon a time.

A brand is a living, breathing entity with a visual vocabulary that consumers can see, feel and understand. As history tells us, the name brands that consumers know and trust ultimately come out on top.

Retailers who serve these brands, as well as their customers, will be positioned to win in the long run.

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