

Beautiful photography and simplicity of presentation on U.K. store brand packages create interest and appetite appeal.



## Are Sophisticated U.K. Store Brands A Harbinger for U.S. Private Labels?

By Simon Gainey and Rob Holdaway

Walk the aisles of any mainstream grocery store in the United Kingdom—say Sainsbury, Tesco, or Asda—and you might be surprised by the level of sophistication and scale of the so-called private label products that are offered. In every category, private labels not only compete with national brands on a somewhat equal footing but sometimes actually dominate categories with products that offer better quality, better value, and provide better choices than respected national brands.

Private labels in the U.K. are really “store brands” with all the competitive and consumer savvy of the best national brands. Traditionally, these store brands were seen as lower price alternatives to branded products purchased by lower socio-economic groups who rationalized the “lower quality” (whether just perceived or real) as better value. But in more recent years this traditional market model has changed dramatically, and

the grocery chains have become increasingly savvy in their package design.

### **Building strong store brands**

Grocers in the U.K. have developed sophisticated marketing strategies for their store brands. For instance, they often now segment and tier their own brand ranges “from premium downwards.”

These U.K. grocers have invested heavily in increasing the added value of their own umbrella brands. Store brands are not just seen as lower price ranges but an integral part of the grocery stores overall proposition, and the modern grocery store is a total brand in its own right.

They have also been responsive to changing consumer trends by using their own store brand consumer data. This has allowed grocers to introduce better and better products in their own brands to meet the needs of their consumers. In addition, they have

understood the value of category management and manufacturing partnerships to help promote and position store brands into a serious role within the overall category and within the context of other store promotions.

### **Extending reach and control**

In recent years, the leading grocers in the U.K. have reached further up the supply chain to control the product and package development process with dedicated development centers that are just as capable as their national brand competitors. By having this control, these stores have been quick to develop products targeted to specific consumer segments, growth sectors such as “on-the-go,” and premium sectors such as organic. These store brand products commonly are better than national brands and include a large range of choices, take more risks with flavors, and bring new recipes and experiences to life.

One of the clear tactics the U.K.

store brands have leveraged to great effect is package innovation and differentiation. Walk any aisle and you will hardly be able to tell the difference between national and store brands. Gone are the days store brands used bland graphics, cheap materials, basic humdrum design, and poor performing packaging. Now the U.K. store brands leverage every aspect of the structural and graphic package design to reach their consumer, and narrow any perceived performance gap between them and the national brand. In fact store brand packages many times now surpass their national brand competitors in quality appeal.

The grocery chains have recognized that the package is a fundamental part of creating a valuable brand that can appeal to a broader demographic, support the quality of the food inside, help create a “reason to believe” for consumers, and communicate the product experience and its nutritional value, or what’s inside. Their model has been very successful in transforming “cheap and cheerful” private label brands into robust, successful tiered brands.

### What can U.S. stores learn?

There are some common design themes characteristic that have become part of the building blocks of this store brand success, and they are summarized here.

#### *Innovate, innovate, execute:*

Without the “ball and chain” of existing assets and with the capability to focus its suppliers on speed, the store brands have embraced package innovation as a key strategy in differentiating and adding value for consumers.

*Innovation leadership—the first adopters:* Store brands are some of the first products to adopt new package innovations and technologies. They take risks, do it quickly, and establish the value of innovation at the store register.

*The quality of the package reflects the quality of the food inside:* Graphics, product photography, the quality of packaging materials, and package features all support the quality and positioning of the brand. U.K. store brands have become masters at creating premium package designs to support premium products that can now compete with national brands.

*Keep it simple and uncluttered:* Not

overburdened with advertising, promotional, and corporate requirements, store brand packages have established a sophisticated simplicity in their design approach. It’s not uncommon to see only distinctively uncluttered product photography with minimal visual interference as the primary selling graphic.

*Copy what works, but make it better:* Reinventing wheels has never been a profitable proposition, so store brands look to take the best from the market and adapt it for the desired effect.

While the emergence of U.S. grocery chain food store brands to truly compete in with national brands is perhaps still in its infancy in some consumers’ minds, the U.K. experience would suggest that it’s only a matter of time before the grocery chains and mass merchants gain momentum with U.S. private label brands. ■

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Many U.K. store brands convey elegance on their packaging that suggests a higher quality than international brands.

## U.K. Consumers Drive The Store Brand Trends

The evolution of capable, competitive store brands has in part been a consequence of emerging consumer trends in the U.K.:

Increasingly **shoppers are becoming smarter** in “savvy shopping”; shoppers are finding alternative, value-for-money branded products; they are looking for special offers across many product categories from food, electronics, and clothing—even air travel.

Socio-demographic groups count for less in the larger picture—it’s **attitude and lifestyles that count**; consumers at all levels are hunting for the right price.

**Consumers lead hectic, busy lives** with pressure from all sides; the traditional family meal is being replaced with foods that are more

convenient and pre-prepared; snacks and foods that can be consumed on-the-go proliferate; consumers now eat across the day with little concern for the traditional consumption time slots.

**Consumers happily purchase across the complete product portfolio** (“portfolio effect”); they

choose certain lines from store brands and others from branded products where they might prefer the reassurance, prestige, or perceived value that the brand provides; they now know that making a store brand decision is not a decision for lower quality or lower performance.



Steam Cuisine packages are a primary example of U.K. store brands taking the lead in packaging innovations.