

Store Brand Expectations

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Broad Topics

- Today's shoppers
- Appeals
- Challenges
- Consumer climate
- Demographics
- Summing up

Shopper Snapshot

- Aging
- Bombarded
- Brand skeptical
- Convenience
- Deal driven
- Eco-sensitive
- Elusive
- Fragmented
- Health
- Info
- Multi-tasking
- Safety
- Simplicity
- Savvy
- Time
- Weight

Marketplace Factors Favoring Store Brands

- Bombarded
- Brand skeptical
- Deal driven
- Trader Joe's & 365
- Elusive to advertisers
- Simplicity seeking
- Savvy on some things
- Brand dilution
- Brand quality decline
- Convenience focus

Brand Predisposition Is Fading

- Hard for advertisers to reach.
- Less predisposition to buy brand.
- Amenable to store brands.

The Basic Buying Decision

- What has value
- What works for me/us

Packaging Conveniences

- Ease of use
- Perceived value
- Readability
- Variety identification
- Eco-friendly
- Good design
- Simplicity
- Compliance help
- Instant recognition and comprehension
- Portability
- Lifestyle enabling
- Demographic fit

STORE BRAND APPEALS

Appeals of Store Brands to Today's Shoppers

- Get more, spend less money
- Get more, spend less time
- Less hype
- Reject brands

Simplicity Is Expected

- *“Store brand packaging should be less colorful ...get past the hype.”*
- *“Most store brand packaging simply lists the product with an illustration on the box. Less attractive ...still tastes as good.”*

The Store Brand Look

- *“Wegman’s ‘Fall Harvest’ is a good product but has a lot of sell copy ...”*
- *“Avoid store brands that copy national brands so it’s hard to tell them apart.”*

My Store's Brand

- Some “private labels” perceived as unique brands rather than value brands... Starbucks, Dunkin’ Donuts, Krispy Kreme, Wolfgang Puck,
- And “private label” grocery brands like Trader Joe’s, 365 (Whole Foods), Kirkland (Costco), and Wawa.

Quality Many See As Equal

- Applesauce
- Aspirin/pain killers
- Coffee/ground
- Frozen veggies
- Milk
- Packaged salads
- Vinegar

CHALLENGES

Inferior quality food based on CN excellence ratings:

- Cereal
- Cheese
- Chips
- Cookies
- Ketchup
- Mayonnaise
- Premium ice cream
- Soft drinks
- Peanut butter
- Soup
- Tea bags
- Tuna fish

Inferior quality non-food based on CN excellence ratings:

- Dish detergent
- First aid
- Hair conditioner
- Hair spray
- Laundry detergent
- Mouthwash
- Shampoo
- Skin care
- Toothpaste

Research Difficulties

- Traditional research methods aren't providing quality information about today's consumers.
- Store brand perceptions are especially difficult to research. The experiences on which they are based vary widely.

Perceived Quality Gap

- Close to even with national brands in some categories, lag far behind in others.
- Overall image is still seen as second rate, especially by those over 55.

Older Consumers Carry History

- Over 55's remember when buying store brands was like buying seconds.
- Their memories are a drag on store brands' image and sales.

Low Expectations

- *“For some reason, I always expect that it's just one level below the name brand. That doesn't mean it won't work, etc., as well. I just think there must be something different about it.”*

Exceptions

- *“I have generally found house brands from grocery stores lacking in taste for food products and weak for cleaning products. Although for Costco, I find their Kirkland brands very good and use them often.”*

Portion Sizes

- Sizes hard for store brands to get right.
- Historically, full-value hard sizes.
- Smaller household shoppers don't want food-at-home leftovers.

Fear of Gentrification

- Aware that some retailers are trying to upgrade.
- They don't want store brands to gentrify.

Hopes Remain Hopes

- *“I always go into it hoping it will be just as good as a brand name, but from my experience, I have found this to not be true.”*

A Little Less Quality But...

- *“Store brands have a little less quality, but not much.... I'll look for the same amount of quality.”*

Expectations

- *“I would like to expect less because you pay less, but I really expect the same because I know the same manufacturers make the products. I do think the non-food items are not as good.”*

Store Brand Barriers

- Poor experience
- Image among older shoppers
- Store return policies
- Stodgy image/not cool
- Hard sell (works both ways)
- Uneven quality

Stores Allow Inferior Products

- Some consumers believe that *“most of the stores are content to sell inferior store brand products as long as they can be cheap.”*
- “Could store brands be equal or better if the stores really wanted them to be equal or better?” Shoppers told us they could.

Willing but Unaware

- More consumers are willing to try store brands in more categories.
- Still largely unaware of store brand chips, soft drinks, shampoo, and toothpaste.

Bad Experiences Remembered

- *“I tried a dairy case roll-up pie crust from Weis, instead of Pillsbury, and it was terrible. It would not unroll and was stuck to itself. I was so mad. I had the apples all peeled for a pie and had to drive back to the store!”*

A Different Set of Experiences

- Under 40's have a different mindset about store brands than over 40's.
- They see brands where their older relatives see store brands.
- Wawa, 365, and Trader Joe's are brands.

A History to Overcome

- *“I never expect store brands to be the same quality as national brand foods... Maybe that's why I avoid them now!”*

Image

- Quality has taken on new meanings.
- In food, it has come to mean safety and ingredients rather than looks and taste.
- The Trader Joe's brand is cool. More could be.

Environmentally Unfriendly

- Shoppers **wish** that the packages would be environmentally friendlier.
- Over 40% see environmentally unfriendly packaging as a problem.
- Store brands need to respond to this.

Environmental Moves

- P&G is getting ready to introduce detergent in smaller bottles.
- They think consumers will buy this time
- Store brands should be ready to follow.

Does Eco Surge Have Legs?

- “Sustainability” has grabbed shoppers’ attention.
- Believe it is really important.
- Sustaining life – the planet’s, their own.

Store Brands & Sustainability

- Store brands expected to be good guys.
- Being less eco-friendly than national brands will hurt store brand sales. *“I don’t want to save money by increasing my footprint.”*

Tesco As Newsmaker

- Tesco is a store brand heavy hitter.
- Uses informative health labels on its store brand food products.
- Now it plans to eco-label all of its store brand packages as well.

Green Opportunities

- Recycled materials
- Recyclable packages
- Reusable packages
- Seeds implanted in paperboard

How Good Is The Deal?

- Many shoppers continue to measure store brands by the answer to this question.
- On the shelf, how good is the deal?

Convenience Is Critical

- Willing to give up glitz and pizzazz to save money or be more eco-friendly
- Not willing to give up convenience in the form of products and packages that work with their lifestyle.

Changing Over Time

- Convenience is a moving target.
- The fact that Ivory Soap floats is no longer a convenience.

Responsive Changes

- Rounds into ovals
- Larger zippers and tabs
- Packages that don't need tools
- Packages that fit on doors or expand usable refrigerator space

Consumer Friendly Packaging Is A Challenge for Store Brands

- **Saves time and reduces irritability.**
- **Synthesizes legibility and comprehension with ease of reaching, finding, carrying, etc.**

Friendly Packages Have:

- Caps that are easier to grip
- Seals that are easier to break
- Print that's easier to read
- Graphics that are easier to grasp
- Handles that help users carry & pour
- Use-coaching
- Signage that works at the point of sale

Costco and Kirkland

- Kirkland is probably the most trusted store brand in today's U.S. marketplace.
- Kirkland especially known for multi-paks, some of which actually contain national brand products assembled and combined under a Kirkland label.

Martha Stewart for Kirkland

- Martha Stewart is moving to prepared foods at Costco.
- Martha is about hype, fluff and quality
Costco is about value and quality.
- Many shoppers admire Martha's taste, and co-branding makes special sense for store brands.

Design Opportunities

- Today's consumers appreciate design
- Admire shapes, colors, textures, or solutions.
- Target associated its stores and its products with good design.

Handle Opps

- Handles work.
- Wawa has just repackaged its store brand quart bottles into handle bottles.
- They've learned that being user friendly sells more of almost anything.

New Research Findings

- 2069 consumers were asked about store brand quality in 30 categories.
- Store brands are looking good, **but** sex, kids, age, education, category experience....
- Everything counts.

Young Adults Are Different

- They are used to exponential change.
- Many haven't been in a traditional supermarket since they were toddlers.
- Their store brand experience comes from Trader Joe's, convenience stores, and Whole Foods.

Big Brands Working Hard

- Big brands are struggling to find ways to connect with young consumers.
- Where national brands have failed to connect, young consumers have been satisfied with store brands.

More Education, Less Equal

	H.S.	Some College	Collge +
Cookies	38	36	33
Soft drinks	34	32	25

What's Going On Here?

- Is it status or quality appreciation?
- If it's status, then the fact that most store brands aren't cool is the brand marketers' ace in the hole.

Young Adults Up for Grabs

	18-34	35-44	45-54	55+
Cereal	45%	47%	44%	40%
Juices	46%	42%	40%	39%
Soft drinks	36%	35%	34%	21%

Sex Stereotypes & Store Brands

- Women like to think of themselves as better shoppers, who pay more attention to value and purchase more store brands.
- They believe that men are more impulsive and more easily swayed by advertising.

Perceptions Support Stereotypes

	Men	Women
All categories	32%	36%
Cereal	40%	47%
Frozen vegetables	41%	56%
Chips/Snacks	33%	40%

Store Brands Lag

- Store brands have not yet made significant inroads in the leading edge of flavor or health.
- Success of 365 and Trader Joe's shows that store brands can be leaders as well as followers.

Health & Flavor Face Uphill Battle

	Men	Women
Natural foods	17%	16%
Organic foods	15%	14%
Italian food	15%	14%
Mex/Latin food	13%	12%

Kids Raised on Store Brands

- Parents are giving in to kids on advertised brands of sneakers, toys, and restaurants more often than on advertised brands of food and beverages.

Kids Know Store Brands

	Kids	No kids
All categories	40%	30%
Cereal	54%	38%
Chips/Snacks	50%	30%
Ice cream	46%	34%

Summing Up:

- Almost half of today's consumers see store brands as same quality as nationals.
- Over 55's drag the image down.
- Education favors national brands.
- Non foods seem to be moving upwards.
- Packaging convenience and eco-friendliness are critical to growth.
- Stores' return policies are important.

Store Brand Expectations

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