

To each his own brand

Own-brand ranges offer higher profit margins and give customers more choice over price, making them an opportunity not to be missed for retailers, says **Mark Smulian**

Hard economic times mean that everyone is watching their pennies, and the savings that own-brand goods can offer to newsagents' and convenience stores' customers all count.

Money is tight so people will be bargain hunting and less willing to pay extra for branded goods. As Steve Fox, retail and Premier development director of Booker, puts it: "The growth is in the economy end of the market in the present situation, the credit crunch means shopping is increasingly local and retailers are seeing the benefits of that. People may spend less, but they will shop more frequently as opposed to doing a big shop at a multiple."

Nick Brown, the Best-in label manager at Bestway, is of a similar view. "The whole own-label sector has given retailers a big

new sales opportunity and with more and more consumers shopping locally at their convenience store or newsagent, it is an area independents should be taking very seriously," he says.

Confectionery specialist Hancocks' senior buyer, Jonathan Summerley, thinks consumers are much more open to the idea of own-label at the moment. "Once they have switched from a brand and tried an alternative, they start to understand that this does not always mean a drop in quality," he says. "In confectionery, own-label and lesser known brands do not have the significant marketing spend behind them that the core brands possess and that allows the retail price to be lower, so own-label continues to grow in the current climate."

Landmark managing director, Martin Williams, says own-brands have been thrust

into the spotlight as consumers are forced to tighten their belts with the credit crunch. He explains: "With the rising cost of living, consumers cannot afford indulgent brands and are more often turning to the own-brand equivalent to save money."

Indeed, Landmark has launched a campaign, through its Lifestyle Express stores, to encourage consumers to reconsider their shopping habits. The "Shop Often, Shop Local, Spend Less" message is designed to encourage consumers to replace big weekly visits to the multiples with smaller, more frequent trips to local convenience stores so they save money and do not waste the £610 worth of food that the average family is estimated to discard each year.

The recession will be tough for most people, but retailers who sell own-brand goods may find the silver lining.



Best-In



Bestway's own-label "Best-in" added a range of cooked meats and cheese slices last month. It includes 14 products: roast pork, turkey, hams, chicken breasts, corned beef, luncheon meat and three varieties of sliced cheeses, all returning a margin of more than 30%, the company says.

Best-in label manager Nick Brown says:

"The products are all price-marked, in line with what our independent retailer customers tell us they want."

The range now has some 400 products and claims sales growth of 30% a year. "We always recommend that retailers stock a leading brand alongside the own-label variety, to give the consumer a choice on price," says Mr Brown.

Retailer viewpoint

"I stock Best-in ranges in everything from popcorn to cordial drinks to canned pulses. The benefits are that they are price-marked and offer good value for money, and the quality is comparable with branded goods across the board. People are becoming increasingly price-conscious given the credit crunch."

"I don't display own-brand goods in their own section, but mix them with other product lines around the shop. People can see the prices and compare."

"I think senior citizens in particular like own-brand goods because of their value, as do families with a lot of mouths to feed, but this is a very mixed area and that's less true of single professional people."

Steve Robinson, Best One Hillside Food and Wine, Streatham Hill, south London.

Top sellers

Product	RRP	Margin
1. . . Bread.	55p. . .	30%
2. . . Tinned tomatoes.	59p. . .	40%
3. . . Vegetable oil	£1.39 . . .	25%
4. . . New energy drink	35p. . .	40%
5. . . Lemonade	65p. . .	41%

Booker

Retailer viewpoint

"We're a large, family-run convenience store and counter-top newsagent selling Booker's ranges. The good thing about own-brands is that they give the customer a cheaper option, and it helps that they are price-marked so the customer has confidence that the manufacturer has priced competitively given the economic situation."

"It's often thought that customers on low budgets are the most likely to buy own-brands, but that is not always the case. We display them both as a specific Euro Shopper range and also in among other brands. It's important to do both."

Sunny Aheer, operations manager Premier Sunnydays, Wolverhampton

The new Euro Shopper range, which has gone into the market below the established Happy Shopper brand, now has 35 products. Retail director Steve Fox says the range offers retailers a 30% profit, with the best sellers being the energy drinks.

"Happy Shopper is our main brand and we launched Euro Shopper last year as an economy brand, with strong promotion and supply. I'm sure it's going to grow,"

BOOKER



says Mr Fox. "We recommend retailers display the products both together and among similar types of product, depending on the space they have available," he adds.

Euro Shopper launched five additions to the range in December: a washing-up liquid, an isotonic sport orange drink, a sparkling glucose drink, a sparkling glucose orange drink, and lemonade. ➔

Top sellers

Product	RRP	Margin
1. . . Energy drink.	35p. . .	36.3%
2. . . Toilet tissue	59p. . .	31.6%
3. . . Orange juice.	69p. . .	31.7%
4. . . Vegetable oil	£1.25 . . .	30.7%
5. . . Orange isotonic drink. 49p. . .		31.7%

Hancocks



Retailer viewpoint

"We sell loads of Hancocks' brands, including fruits and candy sticks. I've noticed that our most popular lines are multi-pack crisps and jar sweets. Although there is a lot of talk about the credit crunch, sales have remained the same even though customers are watching their pennies."

"In terms of striking a balance between own-label and branded products, we only tend to buy when we can get a good deal from the cash and carry or when there is a specific need from customers."

"We have a very large display window and so Hancocks' items are in one section and the better known brands in another."

Terry Hornby,
Newsbox, Portsmouth



➔ Hancocks launched the Sölen range last summer, with 18 lines for the 'value' buyer, offering popular formats of

Top sellers

Product	RRP	Margin
1... Weighouts	69p/100g.	40-70%
2... Kingsway Jars	69p/100g.	69%
3... Share bag.	£1	31%
4... Sölen	20p	43%
5... Flying saucers	2p	43%

branded chocolate bars and fruit chew packs priced from 15p to 29p, with a retailer margin of 41%. Three Sölen gift boxes were introduced during the Christmas season.

Kingsway weighout sweets sales have grown by 15% year on year and can command margins up to 70% for retailers.

"This is a truly profitable area of confectionery and we would urge every independent retailer to consider it, even in a small way," says senior buyer Jonathan Summerley.

Landmark



Top sellers

Product	RRP	Margin
1... Vintners Collection Fruity White.	£3.89	17.99%
2... Vintners Collection White Zinfandel	£4.19	20.59%
3... Prince Consort Vodka 70cl	£8.89	12.66%
4... Lifestyle Toilet Roll 4-pack.	£1.79	31.18%
5... Lifestyle Orange Juice 1 litre	75p	28.33%

Landmark has launched Keane's cider which, it says, offers a 24% return to retailers, and LSV, a taurine and caffeine-based energy drink, priced at 35p for a 250ml can, and offering up to 47.7% return.

Its Vintners Collection range of wines has seen growth driven by Australian and Californian wines. Landmark now plans to move all its new world wines to a screwcap format and add 10 varieties to the collection from Australia, Italy, South Africa and California.

Retailer viewpoint

"We sell a wide range of Landmark's own brands, with cooking oil, toilet paper, foil and salt selling particularly well. They are popular because they are cheap, though branded goods are too, with sales split 50/50 between the two. The credit crunch hasn't had a major effect on what we stock."

"Own-brands are popular because we are near to a large council estate and our customers want a range of price points. It would be nice to have access to an even larger range of own-brand products, but we have a good range already."

Beri Hussain,
Lifestyle Express, Stockport

Nisa

Retailer viewpoint

"The Nisa-Today's Value range has been very successful and at the moment it's what everyone wants. Some of the most popular items are the orange juice and bacon. Since the credit crunch sales of own-brand items have increased by up to 25%, which isn't surprising since some of the Value range can be up to 30% cheaper than the equivalent branded item."

"In the past, when displaying items in the store, we placed branded and own-branded items on different shelves, but now we put them on the same shelf next to each other so our customers can compare prices. We've noticed that this has increased sales."

Andrew Newton,
Nisa Local, Dudley



Nisa offers an extensive range of premium, standard and value own-label products covering ambient grocery, licensed, tobacco, chilled, fresh and frozen foods. Its most successful categories include cooking and baking, snacks, vegetables, ice-cream, dairy and sandwiches.

Nisa says own-label ranges benefit independents by offering a point of difference, as well as higher margins, better choice for

consumers and a cheaper alternative during tough economic times.

Throughout the last 12 months the company has developed a range of permanent 'two for' offers across key own label categories such as paper, biscuits and chilled. In light of good sales, further activity is planned for 2009. Nisa is also developing its food-to-go range within fresh and chilled and is set to launch further ambient grocery lines.

Londis



Retailer viewpoint

"We sell most categories of own-brand products, from toiletries to soft drinks. Our biggest sellers are Londis cigarettes, beers and ciders. There are certain types of products, such as cereals, health, beauty and medical items, which we haven't been able to market successfully, because these sectors continue to be driven by major brands."

"Since the start of the credit crunch own-brands have been holding their own and I would say that sales haven't been adversely affected. In terms of maintaining a balance between own-labels and branded items, if the line is popular I will stock both together. If the product line is less popular then I tend to stock just the own-branded item, because they sell so well."

"Over the next four to five months I intend to really push own-brand sales in my store and will be leaving Londis for another own-brand group, that possesses a larger range of products."

Mark Conniford,
Londis, Weston Super Mare

Musgrave Retail Partners GB is focusing on the value end of the own-brands market this year with the launch of around 50 new lines under the Good Value label. Phil Smith, managing director at Musgrave Retail Partners GB, says: "These new Good Value products respond to consumers' needs in the current economic climate, offering both good quality and value for money."

Musgrave offers a core range of own-label branded products across most of its categories, with a special focus on in-store bakery, beers, wines and spirits and food to go. With a "good, better, best" strategy, the new value lines will join a "better" range of 1,500 mid-priced own brands.

Londis says the focus on value this year is thanks to consumer research in 2008 that identified value for money as a key driver, something which own-label branded products can offer. Research conducted in March 2008 showed that 15% of convenience store shoppers intended to spend more on own-label products. By June 2008 this figure had risen to 18%.

Spar



Next month, Spar will relaunch its branded frozen ready meals. Rice dishes, which include sweet and sour chicken, chicken curry, chilli con carne and a new balti-style vegetable curry will increase in size and contain better quality ingredients.

The Italian range, which includes spaghetti bolognese, beef lasagne and macaroni cheese will have richer sauces and stronger cheese. The British Classics' cottage pie and cauliflower cheese will also be larger and have stronger seasonings.

Confectionery range Candy Shack was relaunched as Sweet Things at the end of 2008 with brighter packaging and all 12 products put on a permanent multi-buy promotion.

Retailer viewpoint

"We sell a variety of own-label products, such as bleach, ham, butter, honey, wines, lager and salad cream. The most popular own-brand items are cigarettes. We sell 400 packets or two outers of these each week. The washing up liquid is also very popular and customers can buy two for £1.30."

"Since the beginning of the credit crunch sales of own-label products have increased considerably, in the region of 25%, and so I have increased my orders of them. For example, in my store I have a double facing of these items along the shelves, rather than one row, to ensure our customers clearly see the cheaper ranges."

Christine Claxton,
Spar Lanivet, Cornwell