



Rethinking the Four P's of Private Brand—Part 1: A Focus on Product

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P's"—Product, Price, Promotion and Placement—are the basis for a solid retail marketing strategy. The term was coined by seminal advertising expert Neil Borden, then refined by marketing professor and author E. Jerome McCarthy, who clarified that it stood for "ingredients" that capture and promote a brand's or product's unique selling or differentiating points. For private brand, that differentiation all starts with the **product**—and the current retail

landscape is providing plenty of opportunities to incorporate specialty products into distinct categories that provide a marketing mix for selling success.

As seen in the [Daymon Private Brand Intelligence Report](#), retailers who offer private brands that cater to their shoppers' unique needs yield revenue *and* customer loyalty. In turn, a growing number of retailers are expanding their private brand lines to include trend-forward products beyond the traditional staples (like dry goods or dairy) to solve for the many shopping missions of today's consumer.

"This strategy is working because it offers the ability to provide an even more complete consumer solution," says Daymon Category Solutions Senior Manager James Hedges. "[Lidl](#), for example, has been able to bring together general merchandise and food in ways we typically don't see in grocery retail. They're offering their private brand coffee pods alongside of their private brand coffee pod brewer. They'll sell you their private brand blender *and* their frozen fruit."

Daymon experts point to three key product trends making headway in the private brand market:

Lifestyle-Focused

Private brand products are evolving to fit both customer price point and specific needs. Daymon Category Solutions Senior Manager Jill Tomeny says meal kits are a great example of this.

"Whether it's saving on planning, prepping or shopping time, retailers have the opportunity to target their local and loyal

customers with unique meal kits,” she explains. “It’s also an avenue to bring local cultural tastes and trends to their store, as well as educate customers about complementary healthy living products in their private brand assortment.”

Daymon Senior Director of Thought Leadership Nicole Peranick also sees a trend for private brand product lines to be specifically positioned around emerging lifestyle choices, like vegan, vegetarian or paleo. “This is taking private brand to that next level in health beyond organic,” she adds.

Specialty for Less

As seen in the expanding discount channel, retailers are also increasingly capitalizing on the new face of the value consumer. Take [Aldi](#), for example, where private brands account for about 90 percent of their sales in the U.S.

“Part of their success has been in expanding their fresh and healthy living offerings,” explains Hedges. “They recently converted their ‘Never Any’ platform of meat with no antibiotics, no added hormones and no animal by-products into an actual private brand. They also added a vegan food brand and protein bar brand to go alongside of other specific gluten free, organic and healthy living brands.”

Aldi’s efforts also extend to the wine and spirits category. By way of example, Hedges notes that 19 of Aldi’s 20 Christmas wines won awards at the 2017 International Wine and Spirits Competition in London, and they offer a discount version of an aperitif with all of

the flavor of the classic Italian spirit, but at about half the usual price.

Unexpected Indulgence

While consumers are eating healthier, they still want to indulge from time to time. Combine that with the fact 91 percent of Americans snack daily, according to research from The Hartman Group, and you have an opportunity for innovation. Enter [Walmart's](#) Great Value® Late Night Cravings line. This collection of affordable frozen foods features a range of crave-worthy options, such as pulled pork bites, stuffed donut holes and even a cheeseburger that uses a donut in place of the bun.

The opportunities for private brand differentiation are at an all-time high—and the rewards can mean the difference between success and extinction. Retailers who have yet to get on the bandwagon should be asking themselves what they're waiting for.

To learn more about how Daymon can help you build a private brand program that differentiates, contact Mark Fields, Enterprise Growth Partner, at mfields@daymon.com or Susan Hunsaker, Senior Director, at shunsaker@daymon.com.

Tags

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