

4 strategies to achieve private label success



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What's inside

Introduction	3
Align to the new path to purchase	5
Be an innovation leader	7
Strategize like a national brand	8
Deliver value, not just low prices	10
Conclusion	12
References	13



Introduction

It's clear to the public that private label products are entering their heyday.

Private label today no longer conjures up thoughts of plain, uninspired packaging with the label "generic." Over the past several years, private label brands have strategically evolved in ways that feel more aligned with national brands. Along with low prices, they also offer value, purpose, and quality.

The opportunity for private label brands and products to succeed today is much greater and expansive than ever before. With the retailer experience and private label offerings being interconnected, establishing high-performing private label brands is a key strategy to boost loyalty and drive more traffic to online and brick-and-mortar stores. According to eMarketer, private labels are a big reason some shoppers choose certain retailers. About 66% of shoppers said that if they like a retailer, they generally assume they will also have good store brand products.¹



2 in 3

shoppers think store brands are just as high-quality as name brands.¹

During the COVID-19 pandemic, private label brands also entered the consideration set of many new consumers who have not been able to purchase their preferred products due to inventory constraints. With that being said, several shoppers who have tried new private label options are likely to stick to their new purchase behavior, which will help continue growth for the private label sector.

According to McKinsey’s recent survey, nearly 40% of consumers have tried new products or brands during the COVID-19 crisis. Of those respondents who have switched products or brands, 40% said they would also likely continue purchasing the new brand after the pandemic.²

We see similar trends in our own data. In July 2020, we surveyed Influenster members and asked about their preferences for shopping store brands versus national brands. More than 90% of the survey respondents stated that they currently purchase store brand products, and one-third of them prefer buying store brands over others.³



Private label brands must capitalize on the opportunity to win over consumers through efforts that position them as an authentic brand of their own. In this e-book, we’ll explore how private label brands can do this by focusing on leading the market, investing in marketing and research, and leveraging strategies to stand out digitally.



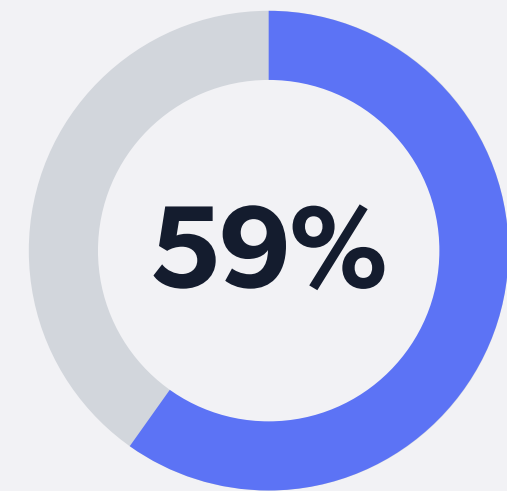
Align to the new path to purchase

In our 2021 Shopper Experience Index, 51% of U.S. shoppers said that they will prefer to shop online over the next year.⁴ This underlines the need for private label brands to maximize their presence beyond brick-and-mortar stores to align with the transformed path to purchase. E-commerce should be a forethought, not an afterthought.

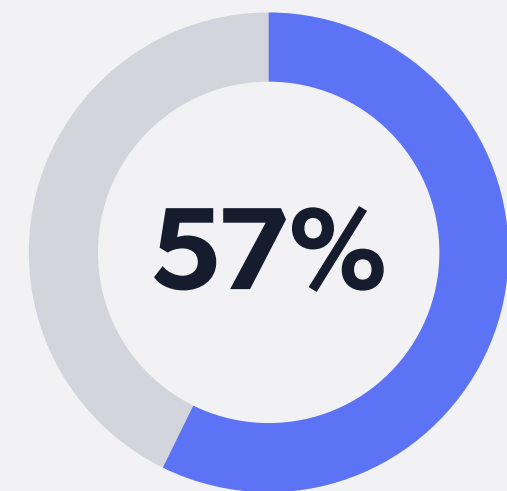
Private label consumer goods reported an annual increase of 11.4% of their retail sales value in the U.S. as of September 2020.⁵ According to our 2021 Shopper Experience Index, the top two reasons shoppers choose private labels are also the two most common reasons shoppers become loyal to brands and products—they love ‘em (59%) and the products are well-priced (57%). Retailers who have stepped into the private label world are taking a strategic step, giving some of their suppliers a run for their money. Grocery is the most popular vertical that shoppers will buy private label (56%), followed by home goods (47%), and apparel (41%).⁴

Product search and discovery for purchases both online and in stores overwhelmingly begins on the web. Social distancing limitations have accelerated a pre-COVID-19 trend called “Research Online, Buy Offline” (ROBO). People are possibly now researching more online in order to limit the time spent in physical stores.

According to data from the British Retail Consortium, 63% of consumers are researching online before entering a store.⁶ Plus, a 2019 Bazaarvoice survey showed that 50% of shoppers look online while actually shopping in a store.⁷ The key to private label success is revamping your sales funnel for the digital-first retail world and meeting consumers where they are online in their shopping journey.



of consumers became loyal to brands and products because they love them⁴



of consumers became loyal to brands because the products are well-priced⁴

Drive multi-channel success through marketing tactics that encourage trial and awareness for purchases online and in-store. Product sampling is one way to do this because it increases awareness and builds new and loyal customers. For shoppers who purchased a product after sampling it, 78% said it was because they had the opportunity to try the product for free first.⁸

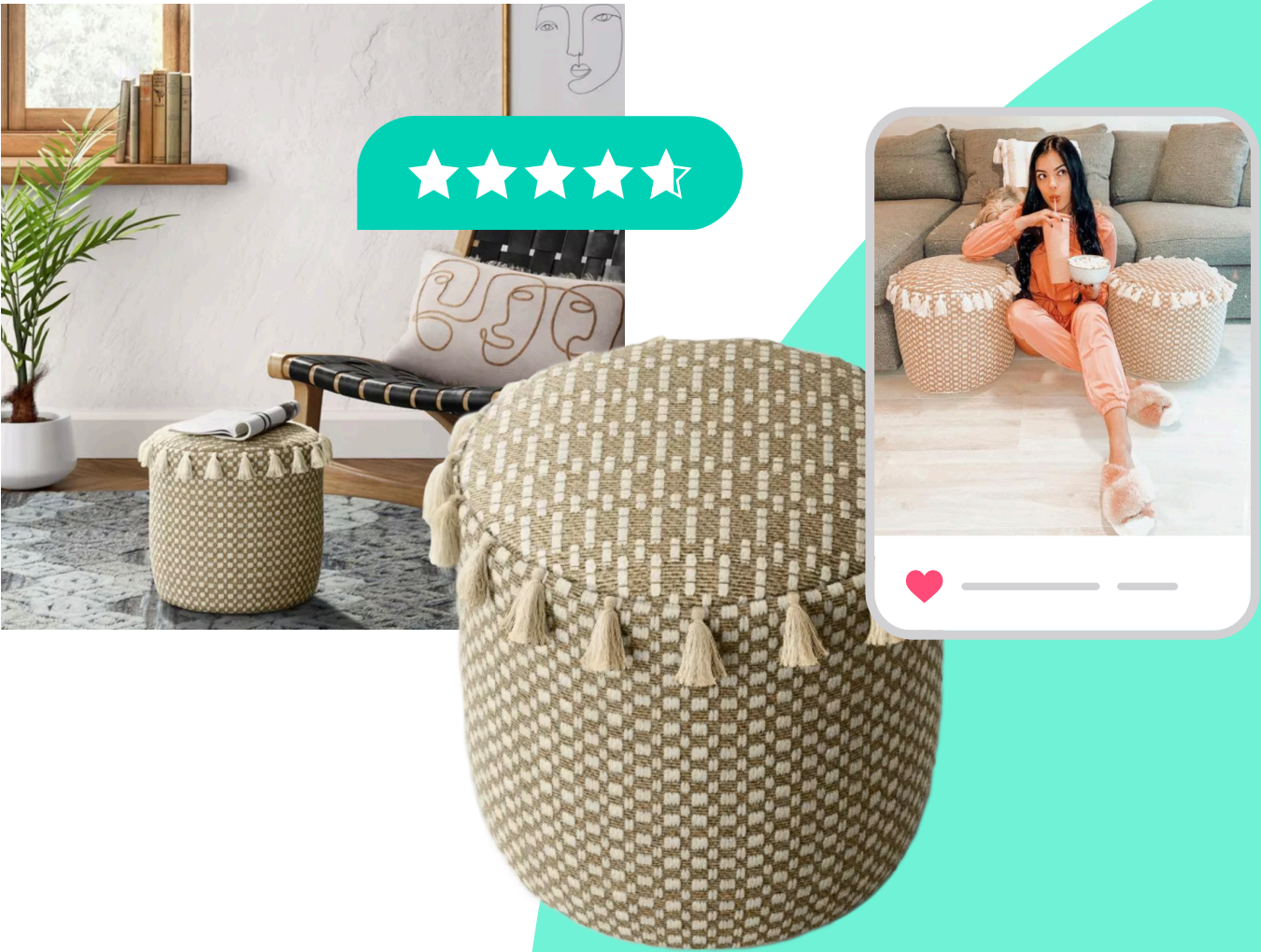
And sampling isn't just for new products. It can reinvigorate consumers to become fans of your staple private label items. Every time a customer fills their cart on your website or checks out in-store, they're giving you data points about who they are and what they like. If they routinely purchase skincare products for oily skin, send them a moisturizer sample for those with oily skin. If someone purchases frozen meals, offering them cashback to try your new line of private label freezer meals could encourage them to branch out.

Plus, sampling can boost user-generated content (UGC) in the form of ratings, reviews, and visual content shared on social, which is key since 93% of consumers say online reviews impact their purchasing decisions.⁹ A sampling campaign is a great way to collect more review content and increase your competitive advantage quickly.



A good amount of UGC on your e-commerce channels ensures that information about products and services is easily available online so people can research and browse before they buy – whether in-store or online.

You can also improve private label discoverability in search results with strong UGC. Search engines like Google reward websites with regularly updated content by ranking them higher in results. UGC, like reviews, can be leveraged to increase your site's freshness. By hosting customer reviews and other keyword-rich UGC on your site, search engines always have new content to scroll.



Be an innovation leader

Product innovation is how many retailers gain a competitive edge and beat other brands to market. Trader Joe's does this extremely well. Their innovative food items you can't get anywhere else, like cauliflower gnocchi, give customers a reason to go to their local TJ's over another grocery store. Trader Joe's also does a good job of listening to consumers and giving them what they want. Their "Everything But the Bagel Seasoning" is so popular that the grocery store has launched chips and nut mixes that include the seasoning, and other brands have started making their own version of the seasoning to capitalize on the trend Trader Joe's started.

So while you may look to your competition to see what's next in the world of private label, we're encouraging you to explore beyond that. Prioritize innovation for your private label brands, don't just do what everyone else is doing. You might just come up with whatever the new "Everything But the Bagel Seasoning" is.

Elevating private label programs is more critical than ever to succeed in the center store. Do you have a defined plan for innovation? If not, start building and executing consumer-centric private label strategies based on true consumer needs. You can find these needs by looking at research, your own data, and customer feedback to deliver what shoppers are actually looking for today.

Think beyond price. How else can your products bring value to consumers so they become the shopper's preferred choice? Can you update the packaging or do more marketing to illustrate the value proposition of private label products? Could you work with vendors and suppliers to develop new products the big brands aren't offering?

For example, Target's Good&Gather brand isn't just a low-cost option. The brand also provides value to today's health-conscious shoppers by boasting that all products are made without artificial flavors, synthetic colors, artificial sweeteners, and high fructose corn syrup.

One analysis of private brand programs showed that best-in-class retailers dedicate 43% of their private label programs to value-added lifestyle items (the industry average is just 16%).¹⁰ By doing this, private label brands have the resources necessary to evolve and keep up with consumer trends.



Strategize like a national brand

To realize the full potential of private label, retailers must position them as true consumer brands (not generic alternatives) by leveraging varying marketing strategies designed to drive trial, awareness, and brand loyalty.

For store brands, think of social media as your virtual aisle end cap. It has the same qualities as an in-store display. It can stop social media users in their tracks and encourage new purchase behavior. A good social media strategy includes running paid ads, but one of the most authentic and trusted ways to increase awareness is to ask shoppers to share opinions about your products on social media platforms. According to our 2019 Shopper Experience Index, 1 in 5 consumers say it's important or very important to be able to discover products and purchase directly from social media platforms like Instagram, Facebook, and Pinterest.⁷

1 in 5

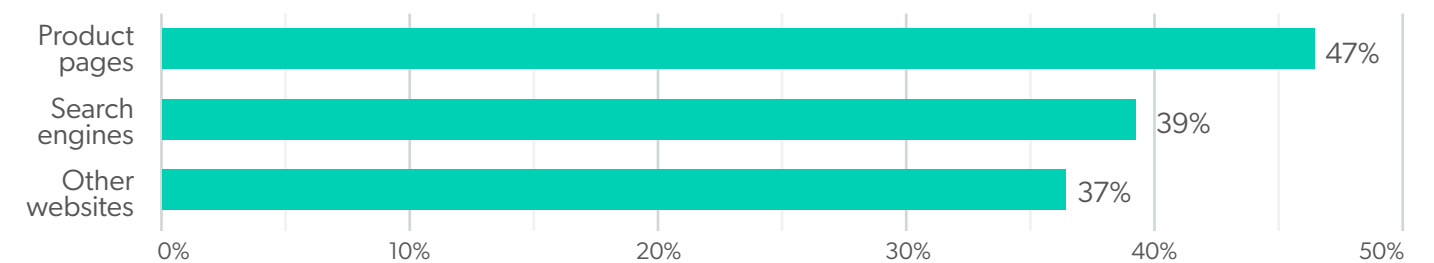
consumers find it important to be able to discover products and purchase directly from social media⁷

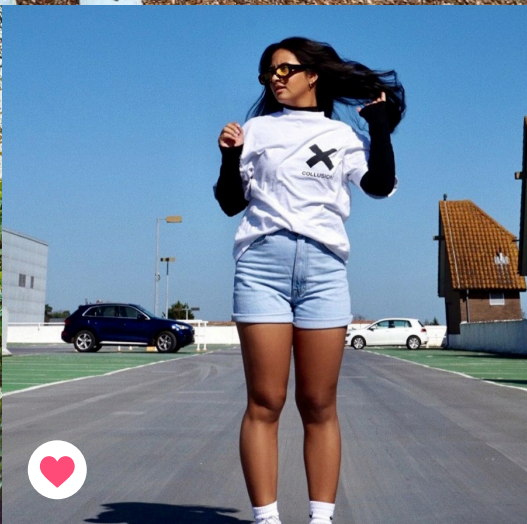


Sephora's private label brand, Sephora Collection, has built a following of 1.8 million followers on Instagram. A scroll through their feed shows that they focus on posting aesthetically pleasing product images and content that tells followers about their values as a brand, like their Instagram Story about the We Care for Good initiative.

From packaging and design to social media strategies, private label marketing should resonate and feel authentic. To achieve this, brands must consider UGC optimization the key to establishing authenticity and trust among consumers. When shopping on a brand or retailer's website, almost 40% of shoppers won't purchase if there isn't UGC on the product page they're on. It's time to take what customers share with you on social media and go big with it. About half (47%) of shoppers look on product pages for customer photos, followed by search engines (39%), and other websites where the product is sold (37%).⁴

Where shoppers look for customer photos online

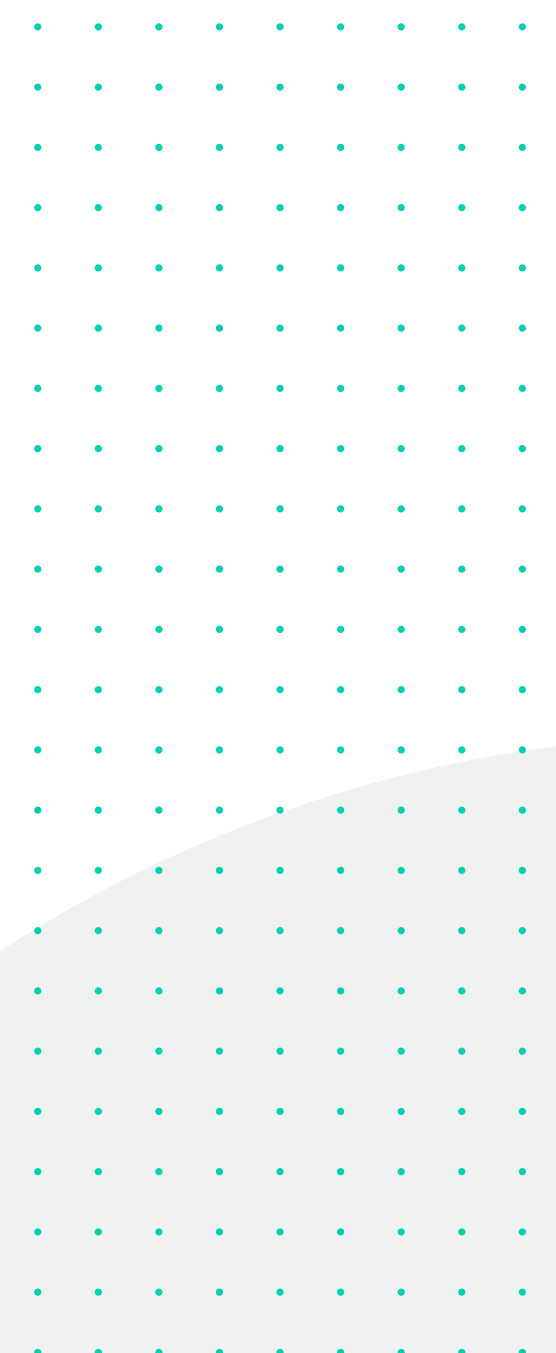




ASOS private label brand COLLUSION knows the importance of UGC. They have built a large Instagram following by posting images of actual customers styling and wearing their clothes in their “You in Collusion” series.

Taking a 360° approach that equally balances physical and digital marketing platforms is essential to ensuring your private label brands can actively engage with consumers across the evolving shopping journey. Several apps have made it easier for brands to engage with shoppers today. Facebook recently added a Shops tab and increased shopping capabilities for consumers to check out with ease. Instagram has shoppable posts and e-commerce functionality on IGTV and Reels, and TikTok was purchased in part by Walmart, which has plans to increase e-commerce functionality in the app.

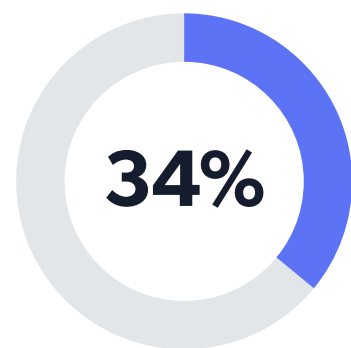
Retailers can also use social media to tell the story of their store brands, like where products are made or where ingredients are sourced from. And this is notable because social responsibility for businesses is top of mind for many consumers. Shoppers have begun scrutinizing who and what they support and how they spend their dollars more than ever before. In fact, 59% of shoppers agree/strongly agree that brands and retailers have the social responsibility to speak out or take actions to help others.¹¹ The actions that businesses take need to align with a shopper’s for them to buy. Almost 75% of shoppers say they want brands to reflect their values before they buy from them.¹² With most industries being oversaturated, customers continue to find new ways to differentiate company A from company B. It’s not enough to have good products anymore – your company also has to have good morals.



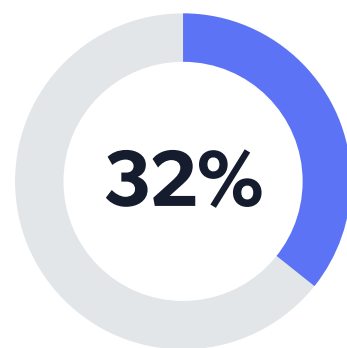
Deliver value, not just low prices

While price has typically been the key driver of consumer purchase decisions for private label products, this has continued to evolve over the years. Today, focusing on quality, value, and driving engagement with customers will give private label products the competitive advantage over national brands.

A recent Bazaarvoice survey found that value is most important to shoppers when making purchases (34%), followed by cost (32%).¹³ This means that building awareness and establishing product value will be the key to getting customers to continually repurchase private label products. Brands can't just rely on having a low price anymore.



of shoppers find value most important when making purchases¹³



of shoppers find cost most important when making purchases¹³

Private label products can provide value to shoppers in multiple ways. They are no longer just the generic versions of the national brands on the shelves. Your private label brand can offer packaging that fits your target customer's aesthetic or you can have a variety of product lines to provide value to different types of consumers. Publix, a popular grocery store in the southeastern U.S., does this well. They have their Greenwise line, which is full of natural and organic products that provide extra value to "those who like to pay extra attention to the types of foods they put into their bodies and products they bring into their homes." They also have a premium product line for shoppers needing more high-end products and a value brand that touts low prices and high quality.

To communicate the value your private label products bring, try selling shoppers on the experience they'll have when using them. Ask yourself the following questions when pivoting to a more value-based marketing strategy:

What experiences do your products play a role in?	How are you curating and highlighting content from real people?
How will your products create an elevated experience?	Why do your products improve your customers' lives more than others?

These are the types of questions that can help you build campaigns that speak to your customers about why your private label products are invaluable.



Conclusion

In the future, private label brands' customer sentiment will continue to increasingly drive competitiveness between retailers and influence choices consumers make when deciding where to shop.

Today, retailers have a unique opportunity to capture new customers who evaluate private label products alongside national brands, looking beyond price to determine the best product for their needs. Private label products are no longer seen as the second best option, but instead equally competitive with other top national brands. Considering this, there are several strategies to capitalize on this new perception of private label brands. Retailers who invest in their digital marketing strategy supporting private label brands can reap major rewards in developing a following of brand advocates for the high-quality private label brands they offer.

4 strategies to achieve private label success in 2021

Align to the new path to purchase

E-commerce should be a forethought, not an afterthought. Private label brands must align with the new, digital path to purchase. Many customers today "Research Online, Buy Offline," and UGC on your e-commerce channels ensures that information about products and services is easily available for customers to peruse before they buy.

Be an innovation leader

Prioritize innovation for your private label brands, don't just do what everyone else is doing. Build and execute consumer-centric private label strategies based on true consumer needs. Find these needs by looking at research, your data, and customer feedback to deliver the innovative products shoppers are actually looking for today.

Strategize like a national brand

Position private labels as true consumer brands, not generic alternatives. Private label marketing should resonate with consumers and feel authentic. This can be accomplished by using UGC on social media and product pages to get attention and encourage new purchase behavior.

Deliver value, not just low prices

Today, value is more important than price. Focusing on quality, value, and driving engagement with customers will give private label products the competitive advantage over national brands. Sell shoppers on the experience they'll have when using your private label product to prove how invaluable your products are.

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Thousands of the world's leading brands and retailers trust Bazaarvoice technology, services, and expertise to drive revenue, extend reach, gain actionable insights, and create loyal advocates. Bazaarvoice's extensive global retail, social, and search syndication network, product-passionate community, and enterprise-level technology provide the tools brands and retailers need to create smarter shopper experiences across the entire customer journey.

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