

A woman with long blonde hair, wearing a light green textured cardigan over a white top, is smiling and looking up at a shelf in a supermarket. She is reaching up with her right hand to touch a red box on the shelf. A shopping cart is visible in the foreground, and the background shows more shelves stocked with various products.

How to Adapt to Emerging Trends in Private Label

TRACEONE
drive consumer trust

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To help retailers and manufacturers respond effectively to emerging consumer trends, Trace One recently conducted a survey to directly ask consumers what changes they want from private label products. We surveyed 2000 private brand consumers from 8 countries (US, Canada, Germany, UK, Spain, France, Denmark and Italy) to pinpoint what companies do well and what they can improve.

This is the final of three reports, all of which summarize the survey results related to emerging trends and provide practical tips to help you respond to these consumer trends to increase sales and loyalty, and boost store traffic.

Today's consumers' vocally demand private label products that align with their values. As a result, retailers and manufacturers are transforming their business strategy to emphasize social business and social consciousness.

Shopper Communications

How to adapt to consumer expectations

Consumers have come to expect a positive, seamless customer experience. In response, retailers and manufacturers are using their marketing strategies to connect with, engage and deepen their relationships with customers. As companies interact directly with consumers, they gain the insights required to create relevant, personalized marketing to drive loyalty and word of mouth.

Here are some ways your company can deliver meaningful communications to consumers to boost brand trust.



01 Prepare to evolve as a social business

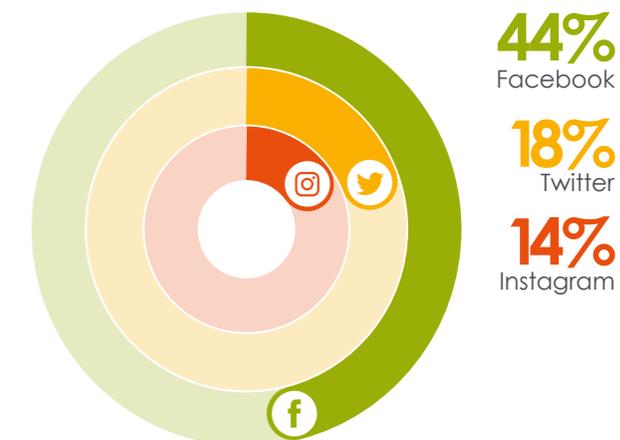
Social media is so pervasive that retailers and manufacturers must allow their social presence to evolve into an essential service channel to establish consumer dialogue, brand trust and loyal ambassadors. In our survey, nearly half (44%) of the respondents say they turn to **Facebook** to influence others' purchases, while **18% use Twitter** and **14% use Instagram**. These numbers prove a social media presence has become a business necessity, and a company's relationship is now between the consumer and their vast network of other consumers. The most successful companies have evolved their social media approach from one-way broadcasting to two-way dialogue with customers to listen, learn and adapt to what they want. The next step is to build communities of enthusiastic customers and brand ambassadors by involving consumers in your marketing.

- Spark innovation through co-creation:** Nearly half (47%) of respondents say private label brands are as innovative as national brands. Enhance product innovation and consumer engagement through co-creation by asking for consumers' input on new products they would like to see (and existing products your company could adapt) in your product range. For instance, Migros' online platform, Migipedia, uses social media to build an engaged community by using interactive content, such as a poll asking consumers, "What kind of crunchy muesli do you want on the Migros shelf next summer?" Among Mercadona's 450 innovations in 2014, 100 innovative products came from 'co-innovation' developed in collaboration with clients.¹ Snack food manufacturer Frito-Lay launched an interactive "Do Us a Flavor"

campaign, which used crowdsourcing to inspire new chip varieties and confectionary giant Mondelez launched a new Oreo cookie website to let consumers design custom packages.

- Encourage user-generated content:** Ask consumers to share their favorite recipes and cooking tips with your online audience. Give shoppers an opportunity to review and rate your products, and to share photos of them using your products at home or with friends. On Migipedia, Migros shares shoppers' product reviews and creates content to profile one of its shoppers each week. User-generated content is a fantastic tactic to strengthen your relationship with consumers. Publicizing and encouraging consumers' creativity makes them feel special, valued and heard, which may eventually convert them into passionate brand advocates.

Respondents turn to Social media to influence others' purchases.



02 Optimize the brand experience

Since **68%** of consumers say they rely on private label brands, use your digital content marketing efforts to deepen your relationship by sharing informative, relevant content that resonates among consumers and reflects their needs. Since helping is the new selling, create and generously share informative content.

- **Help consumers solve a pain point:** Make consumers' lives easier by sharing valuable tips, such as how to create a nutritious nut-free school lunch for children, how to make a healthy dinner in less than 30 minutes or how to plan a holiday meal for consumers who lack confidence in the kitchen. UK retailer Sainsbury's website includes links to meal plans for different consumer needs, including vegetarian gluten-free and 20-minute meals.

- **Align with shoppers' values:** Understand what your customers really appreciate and how your company fits into their lifestyle. For instance, you could appeal to Millennials by sharing how your brand demonstrates corporate social responsibility leadership or engage foodies by celebrating the joy of cooking gourmet dishes made with fresh local ingredients. Whole Foods excels at extending its brand experience to social media, using Twitter, Facebook, Instagram, and YouTube to educate their customers so they can make informed choices to meet their personal health goals. The company's content reflects wholesome produce, recipes, ingredients, and sales coupons to shop at their stores. The company uses subtle product positioning and shares how they fit into followers' lifestyle rather than a hard sell.ⁱⁱ

Consumers rely on private brands

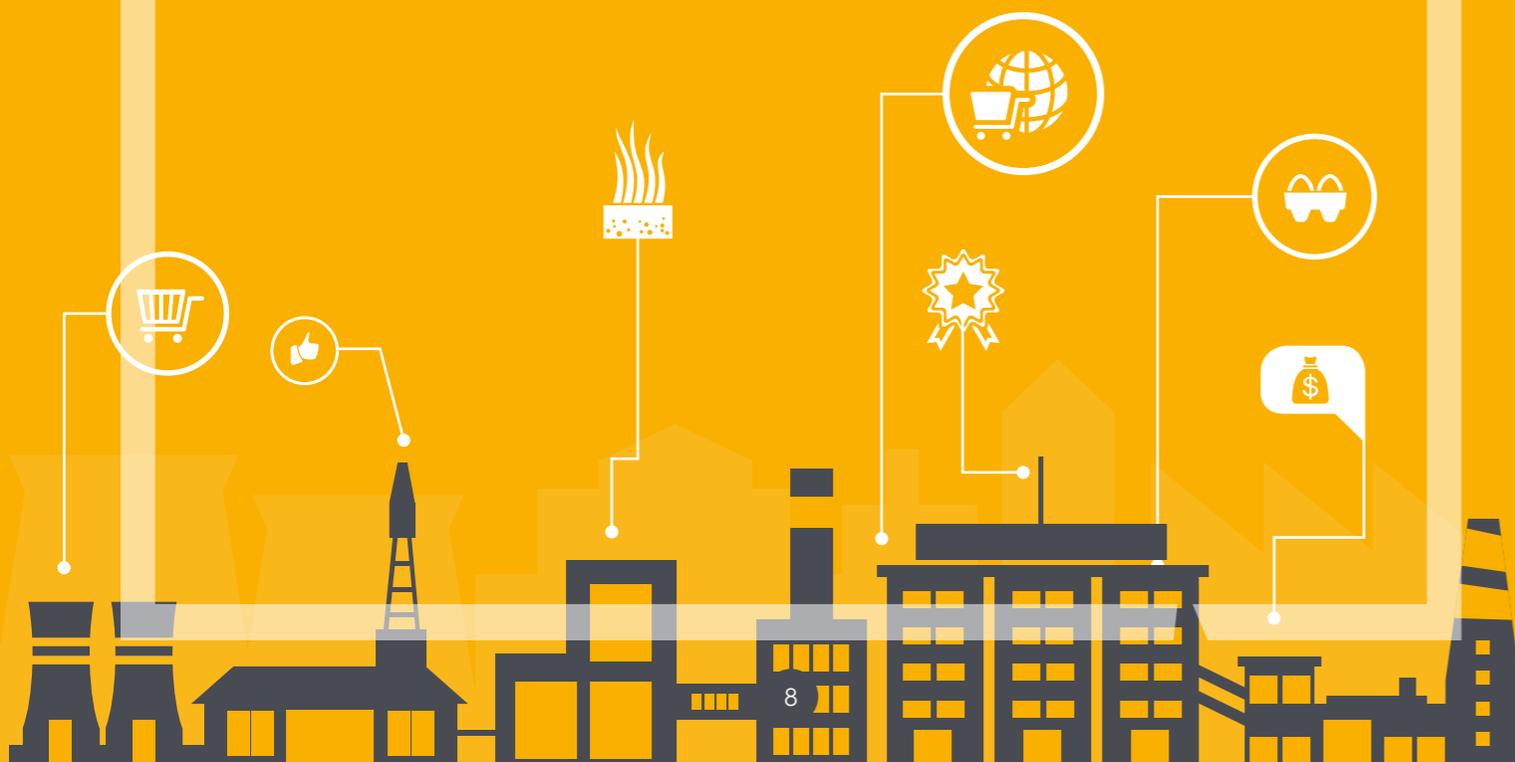
68%



Emerging Trends Reflect Consumers' Values

Today's consumers make more mindful, informed purchase decisions. Consumers want to know exactly what they are buying, where it comes from and how it will nourish them. They seek more detailed data because they want to support companies and products that align with their values and lifestyles. All of the following emerging trends

reflect consumers' vocal demand for more detailed product and company information, which impacts brand trust, sales and loyalty.

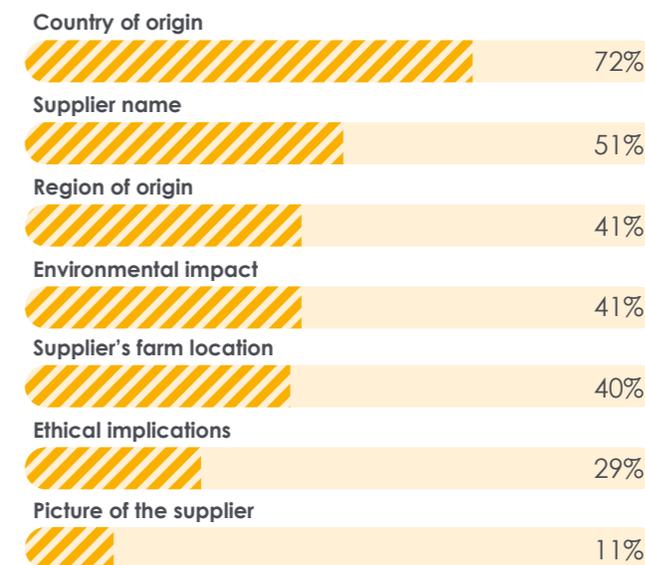


01 Establish transparent business practices

Transparency presents a major opportunity to distinguish your company as honest, authentic and socially conscious. It also demonstrates open communication and helps to build meaningful relationships with consumers. That's because transparent business practices can increase trust in your company, and makes consumers more likely to buy, recommend and even pay more for your products.

- Share the origin of your product ingredients:** In our survey, **72%** of respondents say they are somewhat knowledgeable about where their food comes from; **17%** say they are not at all knowledgeable about food origin. Shoppers also want more detail on product labels, including: country of origin (**72%**), supplier name (**51%**), region of origin and environmental impact (**both 41%**), the supplier's farm location (**40%**), ethical implications (**29%**) and even a picture of the supplier (**11%**). In response, your company could use product labels and marketing to educate shoppers about your unique supply chain. Since consumers associate local with "fresh" -- the primary purchasing factor in grocery -- they are willing to pay a premium for local food.¹¹ If a product has a local source, emphasize "freshness" and your investment in the local economy to build goodwill. If a product is foreign, emphasize its exotic appeal and fascinating heritage. Proactively sharing sourcing details in your marketing campaigns could make you brand more attractive and trustworthy in this era of conscious consumerism.

- Apply transparency best practices:** When asked who is more responsible for store brand foods quality and safety, **46%** of consumers said the manufacturer and **34%** said the retailer. Given their shared responsibility, retailers and manufacturers are increasingly willing to act as partners to consistently collect and centralize accurate, standardized product data and translate it into meaningful information to serve consumers better. To improve the customer experience through transparent product information sharing, the North American Grocery Manufacturers Association (GMA) initiated the Consumer Information Transparency Initiative. Its SmartLabel program allows consumers to scan a bar code to access a product's ingredients, nutrition, allergens, advisories and brand information.



02 Demonstrate sustainability and ethics

Millennials and Generation Z (ages 34 and under) in particular are the most passionate supporters of sustainable and ethical products, as they want to feel the pride of ownership from buying products that they believe make the world a better place through corporate social responsibility.^{iv}

- **Show your sustainability efforts:** Two in five (41%) survey respondents said they want to find information on a product's environmental impact on the product label, and the number rises to 46% for consumers of Premium private label brands. In your marketing, share how your company promotes environmental friendliness. For instance, UK juice brand Innocent and German smoothie brand True Fruits use recycled bottles. Also, Swiss retailer Migros recently announced that by the end of 2017 all the bananas Migros sells will be sustainably cultivated, regardless of their price.

- **Demonstrate how your company is ethical:** Three in 10 (29%) respondents say they would like to see a product's ethical implications on product labels. To attract socially-conscious shoppers, share specific examples of how your company voluntarily commits to legal and ethical best practices on your product labels and in your marketing. For instance, on the website for Innocent juices, the company mentions the ethical way in which they treat their suppliers from around the world.

Environmental impact on product label

41%



Product's ethical implications on label

29%



03 Satisfy health and wellness needs

Today's consumers crave more healthy food options and **75%** of respondents say private label products are as healthy as national brands. Only **31%** of respondents say private label products are healthier than national brands (although that number rises to **39%** of Economy buyers).

Since demand for organic and natural foods has shown massive growth, accounting for \$67 billion in the U.S. alone this year, Whole Foods Market recently launched the first 365 by Whole Foods, a natural and organic eco-minded chain.^{vi}

To satisfy consumers' needs for health, transparency and sustainability, German smoothie company True Fruits emphasizes that its products reflect "quality over additives" and "true fruits – no tricks." Each smoothie comes in a recyclable glass bottle to eliminate any chemical effect on the contents, and the labeling clearly shows the proportions of each fruit, making it easy for customers to visualize the ingredients.^{vii}

Consumers seek brands, products and consumption modes that align with their values. To meet consumer demand, private brand stakeholders are more willing to work together to build business strategies based on transparency, sustainability, ethics, health and wellness. Market leaders are evolving as social businesses by establishing deeper, interactive connections with consumers through social media to reach them where they already spend their time. In addition, more companies are extending their brand experience to digital and social content with a genuine desire to help consumers, which helps to build relationships and brand trust.

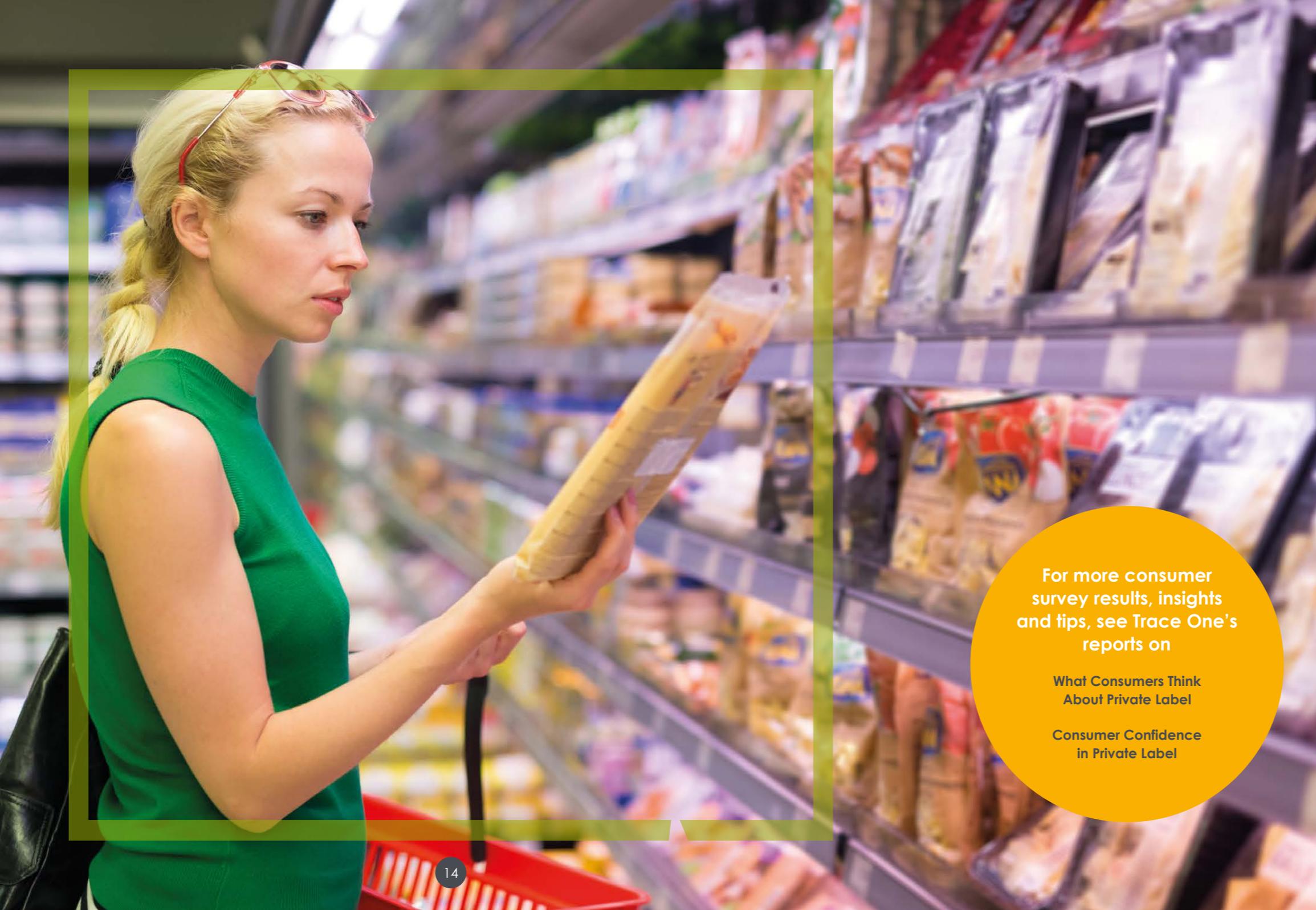


Private label are as healthy as national brands



Private label are healthier than national brands





**For more consumer
survey results, insights
and tips, see Trace One's
reports on**

**What Consumers Think
About Private Label**

**Consumer Confidence
in Private Label**

ⁱ De los Santos, Luis. Mercadona: An Undisputed Winner Harvard Business School. December 8, 2015.

ⁱⁱ Shrivastava, Tripti. How Whole Foods Keeps Its Audience Engaged on Instagram and Beyond. Simply Measured. September 13, 2016.

ⁱⁱⁱ Millennials in 2015: Retail Deep Dive. Nielsen. 2015.

^{iv} Nielsen. The Sustainability Imperative: New insights on consumer expectations. October 2015.

^v U.S. Department of Agriculture (USDA)

^{vi} Whole Foods Market

^{vii} <http://en.true-fruits.com>

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Founded in 2001, Trace One powers the world's largest collaborative network for private label development with more than 20,000 companies in 100 countries developing over \$300B in products annually. Our globally proven platform enables our customers to develop and manage private label products, ensure conformity to industry and government legislation and drive consumer trust.

For more information, visit www.traceone.com



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