# How **brands help** retailers build **profitable growth**



The balancing act for most supermarkets is to offer competitive pricing, whilst adding activities that counterbalance the resulting margin dilution. The goal is to find profit-building initiatives and to differentiate versus competitors.



Balancing price reductions with volume and marginbuilding initiatives to increase basket size and profit

# Four ways brands add value

1.

# BRANDING IMPACTS SHOPPER DECISIONS POSITIVELY



- a) Brands tap into **subconscious decision patterns** acting as a short cut to making a purchase
- b) Brand activity **prompts purchase of added value items** using motivating messaging and imagery
- c) Shoppers can be brought (back) into a category when they **notice brand activations**
- d) Displays and promotions act as a reminder of an otherwise latent need
- e) Familiar brands **help with navigation**, which makes shopping easier, faster and more enjoyable, proven to increase basket size.

#### Category role detail: spend

Agreement statements (NFS) on shopping for Category in retailer	"l often buy extra."	"I try new and different."	"I don't mind paying more."	"I buy because i feel like it."
All branded	33%	39%	45%	22%
All own labels	10%	26%	34%	19%

This shows a huge difference in the mindset of brand and private label shoppers – the extent brand buyers are more willing to show "add value" behaviours.

Source: Shopper Intelligence UK





# **BRANDED SUPPLIERS PROVIDE** INSIGHTS THAT UNLOCK **OPPORTUNITY**

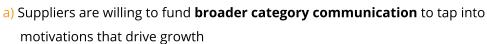


- a) Brands invest substantially in understanding consumer and shopper needs, insights that uncover routes to growth
- b) Insight-driven initiatives are more likely to succeed, benefiting supplier and retailer alike
- c) Suppliers undertake detailed analyses (often using retailer data) that improve promotional efficiency optimising margin for both parties
- d) Suppliers fund in-depth category management inputs to, for example, optimise ranging and space



### **BRAND BUDGETS SUPPORT** SHOPPER ENGAGEMENT





- b) Brand activation **grab eyeballs** that in turn leads to extra purchasing and/or trigger crucial impulse purchases
- c) Brands invest behind innovations that grow categories



## **COLLABORATION ON BIGGER THEMES**



- a) Developing joint CSR initiatives to deliver large scale change in store (e.g. refillable packs)
- b) Differentiating full-service stores from limited assortment retailers, supporting greater choice, new ideas, and shopping inspiration
- c) Brands on their own or together create step-change innovation in categories (e.g. growth of craft beer)
- d) Brand activity **adds inspiration** to create and exploit seasonal themes



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