

# 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 margin-building 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	"I 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](#)

# 2.

## 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**

# 3.

## BRAND BUDGETS SUPPORT SHOPPER ENGAGEMENT



- a) Suppliers are willing to fund **broader category communication** to tap into motivations that drive growth
- 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**

# 4.

## 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

The full report *Brands and their role in competition between retailers* is available:

 [download free from www.britishbrandsgroup.org.uk](http://www.britishbrandsgroup.org.uk)