

Client Situation



Senior management at a leading food & beverage company noticed that one of its key brands was losing market share to private label goods in key grocery accounts. Although private label share had fluctuated in the past with the general economy, current share gains occurred rapidly and appeared to be sustainable.

Alliance was asked to lead a cross-functional team of sales, marketing and manufacturing managers to develop a strategy to combat the emerging private label threat.

Alliance Approach

The joint team systematically gathered and analyzed data about consumers, retailers and competitors to understand what was driving the recent private label share gains. The team formed the following insights:

- For the first time, retailers were supporting these products as “Retailer Brands” and not low-priced generics. Retailer Brands had good product quality, attractive packaging, a unified marketing program and were priced 20% lower than comparable National Brands.
- Retailers believed that Retailer Brands were more profitable than National Brands because no investment to support national brand advertising and awareness campaigns were needed.
- Consumers were more willing to try Retailer Branded products in this category because the leading national brands had under-invested in marketing programs that in the past had engendered fierce brand loyalty.

These market insights led the team to recommend a comprehensive strategy to win back share from Retailer Brands. The strategy was centered around the following thrusts:

Invest in Innovation – New packages, flavors, forms, etc. create news and excitement that can not be matched by Retailer Brands. Continuous innovation also makes it difficult for consumers to solely shop on price.

Educate Retailers about the true economics of Retailer Brands – National Brands drove higher overall category profitability once in-store merchandising programs, inventory management services, consumer promotional support and more targeted pricing programs were taken into consideration.



Reinforce “the brand difference” in the consumer’s eyes – Investment in longer term brand building efforts instead of short term price discounts would again make consumers understand why paying a little more for the National Brand was worth it.

Results and Impact

As a result of the team’s recommendations, Retailer Brand share retreated back to its historically low levels. The “retailer education” strategy also positioned our client to lead a major category management initiative with its key account.

Branded Soft Drink Company

