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# Private eye-of-round

BY RICHARD TURCSIK

As retailers seek to differentiate themselves in the marketplace, it's no mystery why store-brand meat is becoming more popular.



**T**HE HOLIDAYS ARE RAPIDLY APPROACHING, and Jeff Geiges, director of meat and seafood at Acme Markets, is waiting for his phone to ring. The calls come from concerned customers in Scranton and Wilkes-Barre, a region Acme pulled out of in the mid 1990s. "They call me wanting to know if our store in Quakertown—some 75 miles away—is going to have Lancaster Brand hams and turkeys for the holidays, because they are going to drive down and get them," he says. "I get that every single year."

Geiges isn't surprised. Lancaster Brand was established by Acme in the early 20th century when the Philadelphia-based chain purchased its own meat packing plant and hawked private label Asco soap, Ideal tea and Louella butter. Today Acme is headquartered in suburban Malvern and owned by Supervalu, but Lancaster Brand has endured.

"Lancaster is a brand that has grown up in the marketplace," Geiges says. "People have come to depend on it because they know it is a quality product. They know they can serve it every single week and be proud of it. We offer Double Your Money Back on all Lancaster Brand beef. Our motto is: Buy with Confidence. Serve with Pride."

Acme continues to build Lancaster Brand, adding Pennsylvania-grown chickens in 1995. "From that successful launch we were able to take it into the service deli and offer our fully cooked Lancaster Brand rotisserie chicken and our new fried chicken program, which is now Lancaster Brand," says Geiges.

The rotisserie chicken was even voted "Best of Philadelphia" this year. "This is pretty exciting stuff going on in the own-brands world," he says.

He's not kidding. Stores all across the country are hoping to build their own versions of Lancaster Brand's cachet by expanding and starting private label meat programs. It's a move that can successfully help a chain differentiate itself from increasingly price-driven competitors, and hopefully develop its own fanatic following.

"In order to get differentiation, there has been a big movement to identifying everything in the store," says Al Kober, director, retail, at Certified Angus Beef in Wooster, Ohio. "Fresh meat has been the latest target over the last couple of years of developing a brand or an identification."

The results are noticeable. "No-brand" offerings are declining in the meat case, being pushed aside by supplier and store brands, according



to the 2007 National Meat Case Study. Since 2004, when the previous study was conducted, store brands have grown from 12% to 23% of offerings, while no-brand declined from 38% to 29%.

## CREATING LOYALTY

"Private labels can differentiate a retailer from their competition down the street," says Randy P. Irion, director, retail marketing, at the National Cattlemen's Beef Association in Chicago. "Private labels help build relationships with customers to develop loyalty to a retailer's beef brand. By building that whole brand image, in the consumer's mind they are saying, 'I have to get Lancaster Brand from Acme.'"

Acme has other meat brands as well, including Steakhouse Choice, added when the chain was owned by Albertsons. "That is our restaurant-quality offering," Geiges says. "It hasn't taken away from Lancaster Brand, but added to our customer base by grabbing a segment of customer that is a very affluent beef customer, knows what the quality of beef is and wants the best quality."

Down South, many consumers wanting high-quality beef are buying Harris Teeter Natural Beef. The upscale Matthews, N.C.-based chain sources it from Premium Gold Angus (PGA) Beef, billed as the only ver-



ified genetically pure Black Angus beef on the market.

"Somebody like a Wal-Mart is not going to private-label something that is of a higher quality, but when you go into higher-end retail, like Harris Teeter, they are using meat to build their own brand," says Justin Hartley, president of PCA.

In addition to private label, Austin, Texas-based PCA sells Premium Gold Angus to retailers like A&P. "Initially, selling a private label brand mattered to us, and we thought we'd only want to put in our own brand. But as we thought about it we realized there is a lot of business that can be had under private label," Hartley says. "In the end, if somebody advertises all of the attributes of our beef under that private label, then they are tied to us anyway. If they were to change suppliers, they'd have to change all of their advertising and selling points."

This year Grand Rapids, Mich.-based Spartan Stores launched a private label beef program using Cargill Meat Solutions as its supplier. "Spartan really wanted to be able to differentiate themselves," says Elizabeth Desbien, brand manager at Wichita, Kan.-based Cargill. "They feel that there's a lot of competition in that marketplace and that having a brand that couldn't be found in any of their competitors would really be something that could build customer loyalty, differentiate their meat case and set themselves apart."

#### DUAL APPROACH

Spartan is using two different private label names, Preferred Angus for its D&W Food Centers chain and Tender Ridge Angus for its other banners and independents. "They are both Angus, so there are similar products there, but the consumer bases are very different for the stores," Desbien says.

Cargill works closely with its private label customers, she says. "We go in and evaluate who their customer base is and make sure our program is the right fit for the customer, using consumer knowledge as well as research," Desbien says. "We have the resources to help them customize their meat case, develop differentiated brands. We don't believe in the one-size-fits-all approach."

Desbien expects more retailers to jump on the bandwagon for private label meat. "The

center store is really very similar for a lot of retailers, so in order to set themselves apart they are looking to do that with their perishables departments," she says. "And as consumers become loyal to that private brand it increases the likelihood they'll go back to that specific retail banner."

When shopping for a private label supplier, Desbien suggests retailers look for one that stocks a wide assortment of proteins and can offer a continuous and consistent supply. Cargill, for example, offers fresh beef, pork and turkey. "Retailers should look for someone they really can partner with," she says. "Lots of companies can deliver product to the store, but few can deliver the insights and market research that can keep consumers coming back again and again. At Cargill, we joke that our job isn't to fill our customers' meat cases, it's to empty them."

The Calgary-based Beef Information Centre is hoping consumers empty the cases of Canadian-raised private label beef.

"Our goal is to work with retailers and help them maximize the opportunity that beef can bring to them, particularly Canadian beef," says Marty Carpenter, director, U.S. development. "We certainly feel that the time is right to work with retailers to help them leverage the opportunity a little bit stronger. That's where the full opportunity for private label comes into play."

"Our role isn't to say that you must buy from this packer or that packer," he says, "but to outline the opportunities of the different suppliers out of Canada and tell retailers how they can create a point of differentiation within the market."

To assist retailers, BIC has developed a Partner's Program market development initiative. "We can work with the retailer to not only do initial research and help them understand what the consumer is looking for, but also what are the points of differentiation that could ultimately help them with issues like product mix and cost. We then work from that point to develop point-of-sale and the types of things that real-

ly catch the consumers' attention in that market," Carpenter says. "It's important that private label have a research component. We highly recommend that any retailer going into private label branding does their due diligence with it."

One benefit of Canadian beef is that its grading closely aligns with that of American beef, and in certain aspects, such as coloring and marbling, Canadian standards surpass those of the U.S. "Meat color is graded in Canada," Carpenter says. "Our standard is bright red only, whereas in the U.S., you can have light red for the Prime grades and dark colors for Choice, Select and Standard grades."

"Fat color is also graded in Canada," Carpenter continues. "No yellow fat is permitted into Canadian A Grade. Yellow fat is generally an indication of a more mature animal, and maturity equals a less tender eating experience. But yellow fat is permitted into all U.S. grades at this point."

#### A 'PRIVATE' NATIONAL BRAND

While many retailers are going the private label route, others, like Schnucks in St. Louis, opt to use an exclusive national brand as their private label. "Schnucks only carries 100% Certified Angus Beef, and when we talk to them about private labeling, they say that is their private label," says Kober. The chain has an agreement with CAB that it will not license new accounts to stock Certified Angus Beef in Schnucks' marketing area.

Other chains, including ShopRite, use Certified Angus Beef as a co-label. "On their meat package they have both the Certified Angus Beef and the ShopRite logo," Kober says. "They've realized the power behind the brand itself, and are choosing a powerful brand to identify with."

That's often a better route than going it alone with a solo store-banner label, he says. "If a retailer hitches their wagon to a product with inferior characteristics and then decides to call it their own using a private label, what does that say about the perceived image of the company?" Kober asks. "If you're telling the consumer this is going to be the most juicy, flavorful, tender beef they ever ate because you put your brand on it, and they find it to be a mediocre product that doesn't perform, the store loses its credibility and the consumer won't try it again." □