

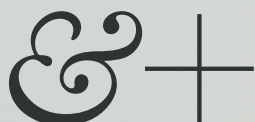
BOOTH'S OWN LABEL RANGE

*Owning the label:
breathing new life into
own label for buyers,
suppliers and
customers*

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SECTOR: FOOD & DRUG RETAILERS

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Executive Summary (288 words)

Owning the label: breathing new life into own label for buyers, suppliers and customers

Own label is the holy grail of food retailers. Get it right and sales, customer awareness and, most significantly, margins can swell. According to an extensive study undertaken by Nielsen in November 2014, own label was the winning formula for UK supermarkets. It accounted for 54% of sales and 42% of consumers reckoned that own label products were of a better quality than named brands (Campaign, 27 November 2014). It is little wonder, therefore, that when Booths, a small independent chain of 28 quality food and drink stores, based in the North-West of England, were looking at their brand strategy, a significant part of the project was given over to addressing their own label range.

This is the story of the re-invigoration of own label at Booths. Of course, the ultimate aim of that process was the growth in sales, but the hurdles that had to be jumped to achieve that were not easy. Own label had to be strategically redefined. Buyers had to be brought on board so that they believed in the new design process and, of course, costs, they felt confident own label could increase bottom line in their categories and they were able to grow their categories with new product development. Suppliers had to be persuaded that doing a deal with a small retail chain like Booths was worth their while. Penetration of own label throughout stores, the development of own label products in individual ranges and the consequent value to Booths were, at this stage, just as significant, if not more so, than sales.

April 2015 - March 2016

**% of volume increase
attributable to Booths
Brand**

72.8%

**% of sales increase
attributable to Booths
Brand**

60.1%



3.1 *Project overview* (767 words)

Outline of project brief: Prior to this project, own label at Booths had been developed organically, but without a clear strategic goal. Its penetration throughout the store was ad hoc, some categories were rich in own label, some inexplicably not at all. Its branding was inconsistent with some products falling under the Booths Everyday brand and others branded simply Booths and the poor creative presentation of the Booths Everyday brand which did nothing to convey the quality of the products that fell underneath its umbrella. In short, own label was confused, incoherent in store and did not look and feel anywhere near as good as it actually was.

The decision to address these issues was taken as part of the wider Booths rebranding project. Smith &+ Village were commissioned to rethink the strategic and creative framework for own label, with a brief to achieve the following:

A new Own Label strategy for the Booths brand that reflected existing customer perceptions of the brand and the internal realities of Booths operational capabilities

A creative framework that would significantly raise the profile of Booths products and link them implicitly to perceptions of high quality that the retail brand enjoyed

Within this framework, we were asked specifically to consider how to appeal to internal audiences and suppliers as much as appealing to consumers so that we could achieve the following goals:

- **Increase own label penetration in store through NPD and converting branded products to own label**
 - **Increase the value to the business**
 - **Increase sales**
-



3.2 *Description and background*

Booths is a family-owned, independently run chain of quality food, drink and grocery stores in the North West. Founded in 1847, the company now has 28 stores. It operates an annual turnover of £280m a year.

Their traditional heartland is the market towns of Lancashire, Yorkshire, Cumbria and Cheshire, where they have often been the only supermarket, consequently both brand awareness and appreciation for the brand is extremely high.

Before Smith &+ Village started working with Booths on the rebranding project, own label was something that the company simply did, rather than being the strategic tool to drive margin and customer recognition that it should have been. With their reputation for fine food, the extremely positive brand recognition they enjoy, their own label ranges represented a strong opportunity to drive sales value to business. But this represented a considerable change of behaviour. With no dedicated own label team to co-ordinate a company wide approach and relatively limited purchasing power compared to competitors, the culture of own label development in Booths also needed to be tackled. Categories often used brands to differentiate price points and there was little appreciation that linking the positive associations of the retail brand with product could have a positive effect.

3.4 *Launch Date*

From September 2013

3.5 *Budget*

2013-14	£33,600
2014-15	£89,750
2015-16	£122,650

The own label project, therefore has had to use creativity to give confidence internally to encourage the diffusion of own label throughout store by bringing proprietary brands under the Booths brand and encouraging new product development. To encourage buyers further, it has had to work as cost effectively as possible. Roll-out has been staggered as ranges have come up for repackaging. The considerable increases in both volume of own label in store and its consequent value to the business demonstrate how effective it has proven to be.



3.3 Overview of the market

Although own label is a market that has traditionally flourished, particularly in British supermarkets, in recent months it has become subject to the vagaries of the food retail industry as much as anything else.

In 2014, Nielsen's report for the IGD and Campaign magazine showed some glowing figures for own label:

54%

of supermarket sales were from own label

71%

of consumers think that own label quality had improved

42%

of consumers think own label is higher quality than brands

A report in The Grocer from April 2014 put own label share at 48.7% with the following share for individual retailers: Interestingly, retail brands with higher end perceptions (Waitrose and Sainsbury) have considerably higher share in own label.

Waitrose	53.2%
Sainsbury's	50.7%
Tesco	47.9%
Asda	45.8%
Morrisons	45.3%
Cooperative	42.2%

The most up-to-date report on the own label market (Food Manufacture 27 June 2016) suggests that, in line with sales in general, own label sales are starting to fall slightly (0.4%) as consumers move to the evergrowing discounters.

In summary, own label represents something of a rock in the choppy waters of food retail, and one that represents a clear opportunity for Booths, but it is perhaps not as much of a safe haven as it once was. Making it work clearly demands commitment, consistency and creative thought.



4 Outline of design solution (357 words)

Smith &+ Village's solution flies in the face of the accepted norms for own label design both in terms of its strategic approach and its creative execution. Understanding the internal situation of Booths was crucial to the development of our approach, which differs considerably from competitors. Several key issues had to be taken into account:

- There was a limited team of two people to coordinate own label activity
- Budgets for design, which traditionally had been tiny, were not going to increase dramatically
- Buyers had to be cleverer with suppliers than competitors. Without the buying power of big volumes, they had to rely on the Booths brand and brand perceptions to do a lot of their work for them
- The Booths brand was synonymous with high quality food and drink; own label always had to reflect this



Previous packaging was low on design and production values which meant it was underselling the brand and was confusing customers with mixed design cues and a seemingly odd pricing/tiering structure



4 Outline of design solution

Strategic thinking

Our thinking reflected this set of circumstances by keeping the strategic structure of own label as straight-forward as possible.

- We wanted to make own label synonymous with all the positive attributes of the retail brand, therefore sub branding was excluded.

- We knew that the volumes of own label would not be large enough to sustain a meaningful tiering system (basics to premium) or to develop faux brands like the German discounters or the Tesco farms.

- So instead we developed a simple monolithic system that encouraged a consistent quality in all Booths branded products and creatively reflected the values of the retail brand.

Example:

Booths make their own sausages on site at their Preston headquarters and they have a real following with fans around the country.

We used colour, type and photography to enhance the differences and the product offering.

The Victorian sausage was entirely new and based on a recipe found in the Booths archive - we named it and designed it with Booths brand heritage in mind. It is currently their best selling line.



4 Outline of design solution

Creative thinking

As budgets were tight and the products were to reflect the values of the Booths brand, so their presentation was to mirror that of the Booths brand.

The design philosophy of the own label range is based on a very limited palette of elements, used exquisitely: simple Gill Sans type, subtle typographic layout and colour. In some ranges photography is used to show product, but imagery tends to be kept to a minimum. The overall perceptions the design seeks to convey are delicious food values, strong authority and a rich sense of quality.

They seek to produce a very strong overall Booths look in store whilst allowing individual ranges a sense of their own identity.





5 Summary of results

The own label ranges that have been launched for Booths to date (March 2016) have undoubtedly fulfilled our aim to garner support for the initiative internally and radically promote penetration of own label products through store.

Because of the new designs, buyers in several categories have been able to increase their SKUs through delisting brands and introducing own label or through new product development.

Booths Brand – sku numbers

*April 2013 - March 2014
(old branding)*

2045

*April 2015 - March 2016
(200 remain in old branding)*

2438

**Increase in
sku numbers**

**393
(19.2%)**

Booths Total Sales – volume

April 2013 - March 2014

122.1m

April 2015 - March 2016

132.4m

Increase

**10.3m
(8.4%)**

Booths brand Sales – volume

April 2013 - March 2014

41.5m

(34% of total)

April 2015 - March 2016

49.0m

(37% of total)

Increase

**7.5m
(18.1%)**

**% of volume increase
attributable to Booths Brand**

72.8%



5 Summary of results

Booths Total Sales – value

April 2013 - March 2014 April 2015 - March 2016

£223.3m £247.9m

Increase

**£24.6m
(11.0%)**

Booths Brand Sales – value

April 2013 - March 2014 April 2015 - March 2016

122.1m 132.4m
(30% of total) (33% of total)

Increase

**£14.8m
(22.1%)**

**% of sales increase
attributable to Booths Brand**

60.1%

Booths overall sales rose by 11% compared to a UK supermarket sector that shrank by 0.6% with many of the major players struggling against the rise of the discounters and a debilitating price war

Waitrose +1.2% Morrisons +0.6% Sainsbury's -1.3% Tesco -1.3%
(Kantar market research - 12 months to June 2015)

Focussing on brand sales was a major factor in that success, with brand accounting for the majority of the increase in both value and volume. There is no doubt that results would have been much worse without this initiative

6 Other influencing factors - *your questions answered*

SKUs have increased, so of course value and sales have

Absolutely. But giving the business the ability and the confidence to increase SKUs was the point of the exercise. In their old design, buyers had no confidence in OL products and were reluctant to list them, preferring brands and limiting Booths's ability to drive margin through product. The creative approach we have taken has radically turned that around; buyers are now queuing up to rethink their categories and get the designs applied to their products.

How has advertising effected the sales?

Booths has no above the line advertising and a limited CRM programme through its cardholder programme. Without major supporting activity of this kind, it is not unreasonable to attribute the success of own label to how good they look on shelf. the designs applied to their products.



Perceptions from the Buying team

Booths buying team have overwhelmingly welcomed the new creative strategy for own label. It has enabled them to expand their ranges, given them confidence that products will appeal to customers and enabled them to develop an own label offering with suppliers in preference to listing branded products.

“Customers trust the Booths brand so they can buy it with confidence knowing it will have the right attributes”

“Own label now comes into discussions with suppliers very early on in the trading relationship.”

“The colours & design used on the sleeves has really improved the visuals of the sausages whilst at the same time clearly distinguishing them from each other. The use of both coloured sleeves for the flavoured range and an image for the Booths Victorian sausage have really helped highlight the breadth of offer”.



“Freshly squeezed juice has been successful since day one. It is easily recognisable as a premium product , visually looks good and tastes great”

Alan Kirby, juice and cheese buyer



Perceptions from suppliers

The new own label have enabled suppliers to work more productively with buyers, extending ranges with confidence and consequently enjoying greater sales.

“Like Booths, we are a family business. Like Booths, we focus on quality, on fresh and on being local. The Booths brand design reflects the company’s brand values and through the unique and simple trust it delivers, we have seen real growth in product range extensions, particularly among seasonal lines. At Easter, we supplied 4 delicious flavoured Hot Cross Buns alongside the Traditional and this Christmas, we will be supplying a record 12 lines with the seasonal brochure bringing massive interest. We have worked with Booths for over 30 years and see them as a valued partner as well as a customer.”

Susan Bell, Bells of Lazonby

The fact that the new designs speak so eloquently about the Booths’s brand also means buyers have been able to develop relationships with smaller, local, less industrial suppliers who share Booths’s values:

“The Altham Family are extremely proud to have developed and worked alongside Booths in creating a unique range of ready meals. The project brought together two of the oldest family businesses in our area, sharing ideas, values and a passion for British food.”

David Keating, Altham’s

