

# Build Your Own Brand through Private Labeling

By Jeff Cohn, CEO and Chief Brand Strategist; Cohn Marketing, Inc

Years ago, specialty retailers and other coffee purveyors were somewhat limited in the products they used to make and serve their drinks. They had to utilize whatever products were available to them through local distribution. However, private label products have grown in recent years and coffee retailers now have a wide variety of products that can offer their own label, thereby building their own brand.

A brand is your distinction in the marketplace. It is not a logo nor is it an ad. Your brand is the feeling you create for your customers. Private label solutions are increasing and help you create that brand distinction for your business. As Klif Borja of Visions Espresso Service says, "Private labeling helps retailers build consumer awareness. The more a consumer is exposed to a company's label, considering they had a good experience, the more likely they'll relate to it and feel comfortable doing more business with that company." In this case, the company is the retailer's own brand.

Robert Kraeuter of Kaffe Magnum Opus points to the advantages of retailers adapting to more private label offerings. "Retailers benefit from private label in some instances by providing uniqueness in their marketplace. Case in point would be a Biloxi coffee retailer taking their traditional breakfast blend and renaming that coffee to something more significant in their geographic area like 'Mississippi Morning Blend.' "

Numerous manufacturers are assisting small and large coffee operators with private label programs. Michael Szyliowicz, Chocolatier at Mont Blanc Gourmet in Denver, describes two approaches his company offers for private label programs, depending on volume and scope. "We have the capability to re-label our own line of quality syrups to allow smaller businesses the ability to build their own brands. Moreover, for larger customers with something specific in mind, we offer custom formulation. That allows their businesses to create their own unique products, as well as showcase their brand. Mont Blanc provides everything from R&D to production and packaging."

The evidence is strong that a comprehensive private label strategy can play a role in helping retailers build their businesses and their brands. According to private label industry sources, private label growth has outpaced that of branded competitors the past four out of five years, accounting for more than \$50 billion in sales since 2002. Continued growth is expected to be focused on premium high-quality products positioned against nationally known category leaders. In a nationwide Ipsos-MORI study, seven out of ten shoppers believe private label products are as good — if not better — than their national brand counterparts. Retailers in all areas of focus are using private label brands to win the loyalty of their customers, enhance their customer relationships, and strengthen their overall brand.

Manufacturers of private label/store branded products for retailers can be broken into four groups.

- Large national brand manufacturers utilize their expertise and excess plant capacity to supply private label clients.
- Small quality manufacturers that specialize in niche product lines, producing store brands almost exclusively. These manufacturers might be part of larger

corporations that also produce national brands.

- Major retailers and wholesalers oftentimes own their own manufacturing facilities and provide store brand products for themselves.
- Regional brand manufacturers produce private label products for specific markets.

Mont Blanc's Szyliowicz says that their entire program is structured to help retailers increase sales, visibility and differentiation without having to actually enter the manufacturing business. "We work hard to help our business partners profit from current beverage trends. This year, two of our clients experienced double-digit sales growth with the sale of specially formulated sugar-free chocolate syrups. Mont Blanc runs a high volume, economically efficient business that benefits its clients. For example, we are able to produce products in nine geographic locations, which cut shipping costs dramatically."

Diane Guslander, President and General Manager of Great Northern Coffee, adds this perspective: "Smaller coffee businesses, hotels and restaurants don't want to start a second business roasting coffee. With private label products from Great Northern, they reap the benefits of having their own experienced, high quality roaster."

One of the best benefits of a comprehensive private label program is the consistency that is provided to the end user, your customer. "Private labeling diminishes a number of concerns such as quality control, performance, and overall product integrity. The client can focus on marketing their new product and brand name," said Rodney Carmer of Cirqua Customized Water. This builds the overall quality of experience provided to your customers. Bonnie Itzig, owner of Globex America, confirms the theory. "Oftentimes, customers taste your products and want to have that same experience at home. Private label products for sale to consumers are a profitable way for already established brands to extend their reach."

It all adds up to brand differentiation for your business. Small and medium-size coffee retailers can now partner with private label programs to set themselves apart from the other competitors in their market and contribute to sales success. Says Mont Blanc Gourmet's Szyliowicz, "Great-tasting and distinctive quality drinks are paramount to successful coffee businesses — ours and our clients." Perhaps now is the perfect time to create your private label strategy for your

business and move one step forward towards building your brand with your existing and new customers. *CT*

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Michael Szyliowicz, Chocolatier of Mont Blanc Gourmet