



(l to r) Howard Popoola, vice president, quality assurance; Chris Hooks, senior vice president, center store & meat programs; Christine Heffernan, senior director, center store; and Linda Severin, vice president, marketing.

Ready to lend a hand

Topco is dedicated to understanding its members' needs and providing the own-brand solutions that will drive customer loyalty and profitability.

By Michal Christine Escobar

In 1950, a gallon of gasoline cost 18 cents, the first TV remote control — Zenith Radio's Lazy Bones — was marketed, the credit card was invented, and future superstars Tom Petty, Stevie Wonder and Jay Leno were born.

And in December of 1950, Topco Associates LLC was born from the merger of Food Cooperatives Inc. and Top Frost. Food Cooperatives was a small cooperative formed in 1944 to supply its members with dairy products and paper goods, allowing its members to operate in spite of wartime shortages. The products were sold under the Food Club and Elna labels. Top Frost Foods supplied frozen foods to its members and was known for its impressive quality program.

Headquartered in Elk Grove Village, Ill., Topco has grown over the decades to 49 members that collectively represent \$150 billion in retail sales and more than 15,000 stores. Members include 33 U.S. retailers, 12 U.S. wholesalers, two international retailers and two foodservice companies, the company reports. Through its members, Topco reaches more than 64 million customers with its products.

“We are the largest cooperative in the industry by volume and by number of retailer participants,” says Chris Hooks, Topco’s senior vice president, center store and meat programs. “Our size and volume, coupled with the breadth and depth of our program offerings, are the clear differentiators between Topco and other cooperatives.”



Topco also offers its members access to proprietary brands they cannot get from any other cooperative, and provides a “unique set” of value-added services, including quality assurance, marketing and creative design, states Linda Severin, the company’s vice president, marketing.

But it’s Topco’s strong dedication to continuing innovation and excellence on the proprietary brand

side that spurred *Store Brands’* decision to name the company our first-ever Retail Cooperative of the Year.

True teamwork

Topco manages 103 member brands (48,700+ SKUs) for its members. Topco collaborates with each participating member in the procurement and packaging of the products sold under its members’ brands. Additionally, Topco offers members access to its 24 proprietary brands (14,300 SKUs). Own-brand products span across five categories: grocery, frozen, dairy/bakery, health and beauty care, and general merchandise. And they go across three tiers — value, national brand equivalent and premium — as well as niche brands. With so many choices, members could get overwhelmed, but Christine Heffernan, senior director, center store, says Topco’s marketing team works directly with members to help them build customer loyalty through preferred brands.

Topco’s brand-building process begins by identifying its members’ prime prospects and understanding their unmet needs. Topco’s marketing team also speaks to members’ shoppers and then suggests a range of new products, creating a rollout plan in partnership with its members. Its



members then drive execution at the point of sale with sideline support from Topco's creative teams. Afterwards, Topco measures the success of the program, Heffernan adds.

This approach is one way Topco is able to support its mission of helping members to profitably grow their business and realize a sustainable competitive advantage in the markets they serve, Hooks says.

"We drive value and demonstrate leadership by delivering aggregation, innovation and knowledge management solutions," he adds.

Topco's close working relationship with all of its members also allows members to offer input when it comes to new product development.

"While Topco has created a set of standards — or guardrails — that we leverage when we develop our own brands, [member input] is a key area where the true partnership of the cooperative comes together," Heffernan says.

But this input from its members is not limited to product development. In fact, Topco offers many different programs and initiatives with advisory councils consisting of Topco associates and members, Heffernan adds.

"These councils collaborate on everything from

product innovation and [understanding] current emerging trends to quality and safety," she says. "The purpose of these councils is to brainstorm and collaborate ... for the betterment of the coop."

And members aren't the only ones that get a say; Topco suppliers are often solicited for feedback as well.

"We sometimes discover that the data doesn't show a clear definitive trend to [guide] whether we



should develop a new product or not,” says Howard Popoola, vice president, quality assurance, Topco. “We then leverage our sensory panels to provide clear, objective insight. In addition, we utilize secondary trends that we solicit from our suppliers to guide our development process. In the end, it is a holistic strategy that encompasses Topco, members and suppliers.”



Known for safety, quality

While Topco places a heavy emphasis on member involvement, the cooperative is also intensely interested in its more than 1,200 suppliers and the long-standing strategic relationships it has with each one of them. For instance, Topco’s category teams work closely with the suppliers to not only meet Topco’s high standards for quality, safety and innovation, but also “meet the promises of Topco’s proprietary brands and our members’ own brands,” Hooks says.

Part of that relationship includes reinforcing Topco’s quality and safety standards, Popoola says. To do that, Topco created a Supplier Product Quality and Safety Expectations Guide that details all of its quality tiers and stresses that the quality of its national-brand-equivalent products will be equal to or better than that of the national brand standard. Topco also developed effective product safety and quality management systems and embraces its Quality Assurance Mission by exhibiting core competencies in the safety and quality and regulatory and nutrition arenas.

In fact, Topco performs risk assessments for quality and safety on each and every one of its products, working solely on a formula basis.

“For instance, Topco and its members are preparing to address the new FDA guidelines for removal of partially hydrogenated oil from food products and is well positioned to react very quickly to nutrition labeling reform when the proposed rules become final,” Popoola says.

Other areas where Topco stresses quality assurance include its mandate that all supplier food facilities be certified to a Global Food Safety Initiative benchmarked scheme, while non-food facilities must complete a risk assessment questionnaire and submit a third-party inspection report from a recognized agency along with the supplier’s corrective action response, if applicable. Topco also evaluates each supplier participating in a Topco-procured category with required product sampling, to ensure quality consistency, as well as sensory evaluation for new, reformulated and existing products, he says.

Of course, quality assurance does have its

challenges. Information management, in particular, is one of the biggest, Popoola adds.

“Our members need significant granularity around the products they purchase through Topco,” he says. “To solve this problem, Topco quality assurance partnered with a document and information management system provider to help us get our arms more completely around the data in our charge.

“Today more than 98 percent of our suppliers actively use the system, and now our members can access it to retrieve their product specifications,” he adds.

And Topco sets itself apart from other cooperatives by offering its members better insights from high-quality data, Heffernan says.

“We just implemented a new enterprise resource planning system that changed from a three-level hierarchy to a six-level hierarchy, allowing for better data clustering,” she adds. “We believe this change will help drive overall growth for every member of the cooperative.”

Topco also works with its suppliers when it comes to product research and development, packaging and packaging design. For instance, Topco often collaborates with suppliers to address trends, perform product tastings, brainstorm formulation changes and improve the efficiency of product packaging, Severin says.

“This partnership is truly another value of the coop,” Hooks says. “We’re all working together to advance as one.”

To recognize outstanding suppliers, the cooperative has a Supplier Award of Excellence program. Established more than 10 years ago, the awards are meant to publically recognize the long-standing

collaborative partnerships Topco has with its suppliers, Heffernan says.

“Recognizing suppliers amongst their peers as it relates to quality, cost, delivery and innovation is our way of showing the integral role they play and the value they bring to the overall success of the coop,” she adds.

Innovating with own brands

One of Topco’s priorities is to offer innovative and differentiated own-brand products. It then uses these products as a catalyst for member growth, Severin says.

“Topco’s proprietary brands are a strong reason why members join Topco. Top Care, for example, is one of the Top 10 OTCs in the country,” she notes. “It is imperative that our brands remain relevant for our members and their shoppers — whether with our products or our packaging. Both are equally important for Topco and the membership.”

The Tippy Toes baby brand is a key innovation focus for Topco, Popoola says.

“We offer our members and their shoppers everything from the latest in diaper technology and wipes to a shoppable pallet program,” he says. “We know members need to stay on-trend and relevant with parents, keeping safety and quality at the forefront of our decisions. The Tippy Toes brand continues to build a sense of trust with a key shopper: moms.”

The @ease frozen food brand and the Full Circle Market natural and organic brand are two other brands for which innovation is a particular focus.

@ease is a “winning solution” for shoppers who are looking for quick grab-and-go meal and snack options, Heffernan says.

“The large @ease portfolio of products allows us to have the scale to offer our members enhanced value in the frozen food category,” she adds.

As for the Full Circle Market brand, “it has helped Topco and its members meet shoppers’ needs,” Severin says. For example, Topco offered organic and natural products under this brand (originally called Full Circle) years before shoppers





Topco.

began demanding that grocers carry organic and “best of nature” type products. Plus, Topco has worked hard to make the brand more relevant over the years by investing not only in the products it offers, but also in their packaging.

The rebranding of Full Circle to Full Circle Market is part of that push for relevance. With changing consumer needs, Severin says, Topco

saw that the natural and organic market was changing as well. To ensure its natural and organic brand continued to meet its members’ shoppers’ expectations, Topco researched the market and learned that shoppers see farmers’ markets and specialty markets as the gold standards. So Topco evolved the name to reflect that perception.

Topco’s research also found that natural and organic consumers want to know more about the positive benefits of each product they buy. To address this need, Topco redesigned the packaging to consistently call out the benefits of each product in a green section on the front of the package. And Topco went one step further with the packaging by updating the brand look to have a more casual farmers’ market feel. The look features casual lettering and hand-drawn icons, as well as a brown kraft paper appearance for many of its items. Topco also added the tagline “In season year round” to emphasize to shoppers that these items will be available at member stores whenever shoppers want them, Severin adds.

And when it comes to packaging inspiration for all of its own brands, Topco isn’t afraid to look far and wide.



“We look everywhere,” Severin says. “We look at restaurants, consumer trends, our competition, Europe and even fashion trends. Our creative team builds mood boards that drive the look and feel based on all of these trends.”

Topco’s team of designers and project coordinators create or refresh package designs for more than 3,000 products each year so as to provide members with creative and eye-catching packaging that will help drive sales, develop a competitive advantage and build brand loyalty, Severin says. Topco product packaging features product photography, illustrations, recipes, product benefits and health attributes.

That hard work is certainly garnering notice. For instance, Topco won the highest packaging award — “Best of the Bunch” — in *Store Brands’* 2015 Store Brands Packaging Awards competition for its Full Circle Fresh Frozen Chopped Herbs. Collectively, the judges made it clear that they felt both the product and the packaging were “category changers.”

One of our judges, Rick Lingle, technical editor of *Packaging Digest*, felt that the packaging had the appearance of one built from scratch. Another judge, Lisa Pierce, executive editor of *Packaging Digest*, commented that the packaging would be ergonomic

and easy to open and dispense with one hand for a consumer who is stirring the pot with the other hand.

But Linda Casey, editor in chief of *Package Design*, offered perhaps the most glowing review of this product.

“This package will change the way people cook forever,” she said. “I think the idea of being able to have fully variable dispersion of fresh herbs in a frozen state is absolutely amazing. It’s an excellent example of good holistic design.

“It’s unusual [that they used a box when] they could have used a jar or a plastic container,” she added. “[The] paperboard box is helpful to people who care about the ecologic impact of the products they consume. The top can be pulled off and the paperboard box flattened and recycled.”

The judges’ comments demonstrate Topco’s ability to offer its members unique products, Heffernan says.

“We’re developing better packaging and becoming first to market,” she adds. “We are not just developing ‘me too’ solutions.”

Getting the word out

When it comes to marketing own brands, Topco is always willing to help out its members. For



example, Topco will develop collaborative plans so participating members can take advantage of Topco's marketing insights and vehicles, Severin says.

"This helps Topco ensure our own brands are in the vehicles that are most important to our retailers' shoppers," she continues. "This includes winning at shelf with great point of sale, displays and stanchion signs, and winning at home with websites and social media. And we provide imagery for all of our brand items."

Topco also offers its members a full-year promotional calendar that can be coupled with additional offerings such as seasonally relevant ready-to-shop display materials, digital and print advertisements and stanchions. Topco's packaging includes uses of other products for cross-selling opportunities, and the company creates customizable tools to meet each member's unique needs, Severin adds.

Topco established its Corporate Brand Marketing Awards more than 10 years ago to celebrate member companies that have done an exceptional job in marketing own brands. The awards acknowledge the significant work of Topco's members as partners and collaborators, Heffernan says.

"This is where our cooperative acts as a share

group, highlighting best practices and promoting ideas," she adds.

Most recently, Topco honored six members for their "outstanding marketing to support corporate brands," Hooks said.

"Our member award winners demonstrated exemplary marketing promotions with their store brands," Hooks said. "They have successfully utilized new and innovative marketing methods to effectively market corporate brands."

A bright future

As for the future, Topco has a big goal to get its members to "advance as one" behind a new non-food and general merchandise brand in the next year, Severin says. Plus, the company is bringing to market a redesign of its PAWS pet brand while developing more products for its Full Circle Market brand.

And Topco continues to look at its value proposition, Hooks says.

"We have developed and are executing against a long-term plan that is focused on our people, processes and technology to help us evolve and better support our members in a fast-changing industry," he states. **SB**