



The transparency push

Participants in our retailer-supplier roundtable discussed their responses and challenges related to consumers' desire for increased transparency on the own-brand side.

By Kathie Canning

According to *Webster's New World Dictionary*, "transparency" can be defined as "the quality or state of being transparent." "Transparent," meanwhile, can be defined as "without guile or concealment; open; frank, candid."

But transparency can be significantly more complicated than the definition suggests when it comes to consumers and the products they buy.

In a Nov. 15 roundtable discussion held in conjunction with the Private Label Manufacturers Association's (PLMA) Private Label Trade Show in Rosemont, Ill., *Store Brands* asked retailers and suppliers to discuss their transparency-related efforts and challenges in relation to store brand products.

Our roundtable participants included Mark Coleman, vice president of retail sales, Catania-Spagna Corp., Ayer, Mass.; Marie-France Gibson, vice president, private label, Metro Inc., Montreal; Anna Kaplan, director, private brands, Rexall, Mississauga, Ontario; Erin Kouri, category manager, owned brands, Kum & Go, West Des Moines, Iowa; Jackie Langlands, national Pharmasave brand manager, Pharmasave Drugs Ltd., Langley, British Columbia; Art Malcomson, director of sales and marketing, Zip-Pak, Manteno, Ill.; Jennifer Oas, director of merchandising – private label, The Fresh Market, Greensboro, N.C.; Nate Shotwell, director, new own brands and innovation, Meijer Inc., Grand Rapids, Mich.; and Sean Thompson, senior director of merchandising, private brands, 7-Eleven Inc., Dallas.

What follows are a few highlights from the hour-long roundtable discussion.

Engaged with shoppers

When asked if they are engaging in any dialogue with their shoppers in regard to transparency, most of the retailer participants indicated that they are — and that they also are responding to the feedback.

"What we're noticing is that our brands actually can serve as a nice platform to engage the customer in that dialogue around transparency, and the way we're trying to do that



Jennifer Oas, director of merchandising – private label, The Fresh Market; Mark Coleman, vice president of retail sales, Catania-Spagna Corp.

is concept testing," Shotwell said. "We've done a lot of concept testing with consumers that has basically allowed us to determine what their key motivators are."

After a few rounds of concept testing, Meijer found that what really resonates with its shoppers is "fresh" in the context of "local," he said.

"We've got a new natural and organic brand, or clean-label brand, that really is making an effort at transparency, and transparency in the context of clean label and fewer ingredients and trying to simplify the message to the customer," Shotwell noted. "But one new platform we're working on potentially is expanding into more fresh and local."

For its part, Pharmasave engages with its customers on a regular basis to understand what they want to know about its products, Langlands said.

"When we recently redesigned our vitamins, we engaged focus groups as well and found out what was important to the customers and the key attributes

that were important to them, such as gluten-free, lactose-free, no artificial flavors and colors, so we could build them into our packaging design," she said.

Packaging also represents a way for Rexall to be more transparent with shoppers, Kaplan said. The retailer designed "check marks" that allow them to outline a product's main benefits — such as gluten-free status for a food or paraben-free status for a beauty product.

"We definitely always welcome our customers to call and ask the questions if specific things they're



Jackie Langlands, national Pharmasave brand manager, Pharmasave Drugs Ltd.



Erin Kouri, category manager, owned brands, Kum & Go; Nate Shotwell, director, new own brands and innovation, Meijer Inc.

looking for might not be on the packaging, but we're trying to communicate through the packaging the main benefit of the product," she stressed.

Kum & Go also has reached out to its shoppers to determine what types of product information and claims they are seeking, Kouri noted — most recently, with a Facebook and in-person survey not specific to own-brand products. Perhaps not surprisingly, the responses on the convenience store side differ a bit from those heard in the grocery and drug channels.

"It's kind of more basic for our shoppers — more like high protein, low fat, reduced sugar," she said. "They're not really looking for non-GMO, gluten-free, things like that. ... But we're finding that they are looking for some healthy things."

Even with shopper input, it can be difficult to manage communication of product information. For example, The Fresh Market has a shelf-tag system to help convey product attributes, but Oas said the challenge lies in knowing what the most relevant attributes are at any given time.

"You might have a scheme that allows you to put four, six attributes on a bib tag," she said. "While that may be relevant today, next month something else could be more important to the customer."

"The other limitation is controlling what [product] gets what, the hierarchy of meaningful attributes," she added."

And sometimes the consumer wants to know more about a private brand product than the retailer is able to answer through packaging or shelf tags, prompting the shopper to call the retailer or submit a question via the retailer's website. In the past, many retailers were hesitant to connect those shoppers directly to the manufacturer, but that reality is changing, Coleman noted.

"We're seeing more retailers today ... giving out our number and saying, 'Call these folks,'" he

said. "The problem is, we're getting hit with so many questions: GMO, natural — and what is natural? If we went around the room, everyone would give you a different answer."

When it comes to its private brand non-prescription drugs, sun care items and many other health and beauty products, Rexall will place the manufacturer's information right on the package, Kaplan said, but customers still tend to call the retailer with questions.

Packaging matters

Products are not the only focus when it comes to own-brand transparency. The packaging also comes into play in consumers' "need to know." Complicating the situation is the fact that for commodities, the packaging decisions often are made by the manufacturer.

Oas noted that when The Fresh Market converted its glass bottle milk program to plastic, many customers called to express their anger, accusing the retailer of making the change for profit reasons. The retailer had to explain that it wasn't all about profit — it was the packager's decision to make the switch.

But The Fresh Market took it a step farther to be candid with its customers about the glass bottles, explaining that the road to get the bottles required they be sourced from overseas, and that the firing process for glass was an energy-intensive process.

"So you have to try to turn the dialogue around to what is relevant to the customer and that will make it acceptable," she said. "It's daunting, as it might require that you do an education you don't have time for, but if you're going to make a major change like that, you have to be prepared for people to be very upset about it and to answer the criticism in an honest, informative way."

A relatively new packaging concern Metro needs to consider is over-packaging, Gibson said.

For example, "in cereals, people ask why it is in a box and then inside a plastic bag. We've been getting more of that in the last two years," she said.



Sean Thompson, senior director of merchandising, private brands, 7-Eleven Inc.

And according to Langlands, Pharmasave hears two common complaints tied to its private brand over-the-counter medications: the bottles are too large for the contents inside and the print is too small to read. The retailer explains that it must include the required regulatory text and uses the smallest container that can still accommodate that text.

"That's where we work in partnership with our vendors," she explained, "and we do have some standard responses that have been drafted if a consumer

comes onto our website ... so that we are prepared and have timely communication.”

As a packaging supplier, Zip-Pak also is seeing an increase in the demand for transparency into the materials it uses, food safety standards and more, Malcomson said, adding that such interest is “a good thing.”

“Consumers don’t necessarily understand packaging,” he said. “For example, they may think a glass bottle is a better packaging option, but they may not understand the concept of lifecycle analysis and what that means to evaluating packaging. Sometimes there’s not a lot of communication that tells them about that kind of thing,” he added. “So they’re making assumptions about the materials that sometimes aren’t correct.”

He also encouraged retailer participants to be more transparent by giving feedback to the packaging supplier as to what they hear from consumers about the packaging’s functionality and performance.

Tough questions

As consumers’ desire for transparency increases, retailers and their suppliers are fielding a lot more questions. And those questions are getting more



detailed and tougher to answer.

“We get all kinds of questions,” Langlands said. “It can be, ‘Where is this manufactured?’ or ‘What’s the country of origin?’ — and not always simple questions to answer. I can tell you where a product is manufactured, but it is more challenging and time-consuming to identify the source of every single ingredient that may be contained in a product. This requires more follow-up with our manufacturers.”

It’s the same challenge on the supplier side, as Coleman pointed out using the example of soybean

Art Malcomson, director of sales and marketing, Zip-Pak; Anna Kaplan, director, private brands, Rexall.



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Marie-France Gibson, vice president, private label, Metro Inc.; Steve Thompson, national director, merchandising, Pharmasave Drugs Ltd. (observer).

oil (unless that soil is organic/non-GMO). The system is just too vast, which presents a challenge in terms of transparency.

“Right now, because the system is so vast and how it’s processed from seed to the crush to unrefined and refined oil, it’s impossible to go back to the origin of where this bottle of soybean oil came from,” he explained. “You can maybe trace it back to a particular state — and you can definitely trace it back to whatever country it’s coming from.”

Metro also is fielding more detailed questions related to organics, GMOs, and meat, fish and

dairy products from knowledgeable consumers who want answers, Gibson said.

And sometimes the supplier can be the roadblock in getting those questions answered. But consumers’ desire for transparency calls for a more collaborative process between the supplier and retailer.

“It’s very much a process,” Oas stated. “I mean manufacturers who feel that their spec is proprietary and they’re not going to disclose things like spices or natural flavoring — I have a major problem with that, and we address that right upfront.”

That doesn’t mean every detail needs to make the product label, she said. But if a soup label says “spices,” the supplier needs to communicate to the retailer what those spices are so it can adequately respond to consumer questions.

“I’m going to get 20 calls the week it comes out,” Oas explained. “People want to know what those spices are — for example, they could be sensitive to black pepper, or have a mustard allergy, which is not considered an allergen of declaration in U.S. law.” **SB**

Note: A special “thank you” goes out to the sponsors of this year’s roundtable: Catania-Spagna Corp. and Zip-Pak.