



ONWARD AND UPWARD

Newly formed
Ahold Delhaize USA
aims to make its
store brands 'iconic'

BY LAWRENCE AYLWARD

AN 'ALL-STAR' TEAM

Juan De Paoli (seated), the senior vice president of private brands for Ahold Delhaize USA's Retail Business Services, says the 139-person private brands team is composed of "all-star private brand professionals." Key members of the team include (from left): Kasey Sheffer, director of private brands product management; Patrick Fraser, director of private brands label and design; Jim Seiple, director of private brands product excellence; Jeff Castonguay, director of private brands product management; Jac Ross, vice president of private brands innovation; Tesha Sigmon, director of private brands product management; Amy McClamrock, director of private brands business operations; and Mark Gilliland, director of private brands product management.

THE RIGHT BRANDS

De Paoli and the team have spent the past 18 months analyzing the portfolio of store brands available to Ahold Delhaize USA's supermarket chains.

"We analyzed them thoroughly," De Paoli says. "We asked consumers if we had the right private brand lines. To our satisfaction, (they told us) some of the brands were absolutely sensational."

One of those highly regarded store brands is Nature's Promise, a line of USDA-certified organic and free-from products that Giant Food, Giant/Martin's and Stop & Shop introduced in 2004. At that time, Nature's Promise had 500 SKUs; it is now at 1,400 SKUs and still growing. Nature's Promise will soon be available at all of Ahold Delhaize USA's supermarket chains and will replace the Nature's Place store brand in Hannaford and Food Lion early next year.

"As the transition completes, the brand will exceed \$1 billion in annual sales," De Paoli says.

Another highly regarded consumer store brand made available across stores is taste of Inspirations, developed by Delhaize America in 2003. The super-premium line, which features more than 350 SKUs including pastas, sauces, frozen appetizers, pizzas, desserts, marinades, dressings and more, will replace Simply Enjoy at Giant/Martin's, Giant Food, Stop & Shop and Peapod.

"From shaking up the regular dinner routine with our Grilled Pineapple BBQ Sauce, to treating dinner guests to our Chocolate Lava Cake, this line can be part of the everyday indulgences that bring something extra special to our customers," says Tonya Herring, Giant Food's senior vice president of merchandising.

While at Ahold USA before the merger with Delhaize America, De Paoli admired taste of Inspirations.

"It's a phenomenal brand," he says. "It's a brand that I saw many times before and said to myself, 'I wish that I had a brand that powerful and strong.'"

Etos, a beauty line, is another premium store brand being made available to all stores. Etos, billed as "simple European beauty," was created in the Netherlands in 1919. Ahold USA brought Etos to the U.S. in 2015 with 130 SKUs in the beauty, bath and hair accessories categories.

Other specialty private brands include CareOne, a line of health and personal care products; Smart Living, a general merchandising line; Companion, a pet care line; and Always My Baby, a baby care line. These brands are billed as national brand equivalent or better.

In the value category, the supermarket chains offer the Guaranteed Value and Cha-Ching private brands.

Private brand lines also bear the names of each supermarket chain, and each line leverages the namesake products for consumer engagement. For example, Food Lion runs a twice yearly "Quarter Back" promotion during which customers get 25 cents back on each private brand product purchased in the Food Lion line up to \$10.

"It's a very effective promotion for us each year," said Food Lion Executive Vice President of Merchandising Geoff Waldau. "It invites our customers to experience the value and quality of our private brand products."

De Paoli says the goal is to drive loyalty and growth of private brands across all supermarket chains by creating "powerful and iconic" store brands.

Through Ahold Delhaize USA's brand-centric model, its supermarket chains can create the right strategies and select the right products for their customers. Working with the team in Retail Business Services, the chains can offer specific store brands for their regions. For instance, Hannaford, which operates stores throughout seafood-loving New England, offers Lobster and Shrimp Ravioli through taste of Inspirations.

"We will work with the [supermarket chains] to create particular products with different flavor profiles because they are focused on serving their local communities and customers," Ross says.

A goal for parent company Ahold Delhaize is to have 50 percent of its private

STORE BRANDS FOR MANY OCCASIONS

Ahold Delhaize USA offers an array of private brands

Namesake brands including Food Lion, Giant Food, Giant/Martin's, Hannaford and Stop & Shop products.

Nature's Promise, a line of USDA-certified organic and free-from products that is at 1,400 SKUs and growing.

taste of Inspirations, a super-premium line featuring more than 350 SKUs including pastas, sauces, frozen appetizers, pizzas, desserts, marinades, dressings and more.

Etos, a premium beauty line featuring 130 SKUs in the beauty, bath and hair accessories categories.

Care One, a national brand equivalent or better line of health and beauty care products.

Smart Living, a national brand equivalent or better line of general merchandising products.

Always My Baby, a national brand equivalent or better line of baby care products.

Companion, a national brand equivalent or better line of pet care products.

Guaranteed Value, value line.

Cha-Ching, value line.



brand sales coming from nutritious products by 2020. In 2017, the company reached 46 percent. This requires creating and renovating private brands with fewer undesirable ingredients but without sacrificing taste, Ross says.

For instance, Ross oversaw a 50 percent reduction of sugar in private brand organic fruit punch and lemonade beverages, which are part of its Nature's Promise line. The beverages were tested by a blind consumer panel, whose members couldn't tell the difference between the regular products and the sugar-reduced products.

In the store brand commercial bakery line, sugar was reduced by 80 percent in English muffins, and salt was reduced by up to 35 percent in items like hoagie buns and potato rolls. In addition, high fructose corn syrup was reduced by more than 80 percent in more than 70 bakery items. Again, consumers testing the products did not notice the changes.



"It's key for us to renovate and continue to renovate," Ross says.

De Paoli says healthy products are a pillar for the company's private brands. Reformulating products to be healthier and creating new healthier products is challenging but one that Retail Business Services embraces for its private brands.

"We are doing it because we believe in it," De Paoli says. "It's about challenging yourself and committing to be an advocate for the consumer."

But De Paoli and Ross emphasize that the healthier products must taste great — not good, great.

"Good is not enough," Ross says. "Good is the enemy of great. Because if somebody settles on [a product] being just good enough, that suggests there is something after that."

Giant Food, Giant/Martin's and Stop & Shop gained a following for their Limited Time Originals Program — a program consisting of rotating flavor-based assortments of distinct private brand SKUs. Limited Time Originals is also now being offered by Food Lion and Hannaford. The program emphasizes a different flavor (or sometimes two flavors) every six weeks throughout the year and features 30 to 60 unique store brand items in that flavor profile at a time. Highlighted flavors have included Limoncello, Salted Caramel, Toasted Coconut, Twisted Chocolate and Hot, to name a few.

The Limited Time Originals Program is about differentiating

from the competition, bringing innovation to consumers and inspiring customers with uniquely flavored items, De Paoli says.

"In order to innovate and develop distinctive products, you have to push the envelope," De Paoli notes. "If you don't push the envelope and take some risks, the innovation won't happen."

Retail Business Services is also working closely on private brands for Peapod, Ahold Delhaize USA's grocery delivery brand in Chicago and on the East Coast.

"What we hear from Peapod is that private brands play a tremendous role in its strategy," De Paoli says. "We continue to develop products in partnership with Peapod, some exclusive to its customers. We see brands like Nature's Promise performing well with Peapod customers. Peapod is a larger window to the world."

Giant Food, Giant/Martin's and Stop & Shop also recently announced the launch of Guiding Stars in their stores for thousands of private brand products. Guiding Stars is an easy-to-use nutrition system that utilizes star symbols to educate consumers about nutrition content. The stars — one star means an item has "good" nutritional value, two mean an item has "better" nutritional value and three mean an item has "the best" nutritional value — are placed as tags on store shelves. Guiding Stars was developed by Hannaford in 2006 and has been licensed to other retailers since then. Food Lion implemented Guiding Stars in 2007.

Lisa Coleman, lead nutritionist for Giant Food, says more of the retailers' customers are prioritizing nutrition, and research reveals that more than half of Americans cook at home because the meals are healthier.

"[With Guiding Stars], customers can find the products they're looking for faster and feel confident that they're selecting the foods that are best for their families," Coleman notes.

Ross says Guiding Stars allows Retail Business Services to measure exactly how many healthy own brand products it has available to consumers. The goal is to increase that count.

"We want to ensure wherever possible that a product has one star or more," Ross adds. "If products are close to two stars, we will work with suppliers to tweak recipe formats and ingredients [to get them to two stars]." But, again, Ross stresses that the products must taste great. "There's no point in having a healthy product if it doesn't taste great because consumers won't come back and buy it," she adds.

INNOVATION ABOUNDS

Like many industry people, De Paoli believes there's a boom on the horizon for private brands. More retailers are stepping up their private brand programs by differentiating their store brand assortments with exclusive and premium products.

"It's one of the most dynamic and exciting times I have ever experienced in the industry," says De Paoli, who has been in the industry for 18 years. "There is no question the marketplace is changing and the quality of private brands in the U.S. is improving significantly. The amount of innovation is becoming more prevalent."

De Paoli says Retail Business Services aims to stay in the forefront of what some call a renaissance in private brands.

"We are on the journey to become famous for private brands ... to help the [supermarket chains] of Ahold Delhaize USA become even more relevant and give them a very powerful reason to have customers shop in their stores," he says. **SB**