El Producto del Año
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ELEGIDO PRODUCTO DEL AÑO
GRAN PREMIO A LA INNOVACIÓN 2009

notoria:

¡¡ A vender!!

Y en este paso adelante ¿qué rol juega las marcas de distribución en materia de innovación?

XTC World Innovation nos lo descubre a través de su reciente estudio internacional “2008 European Innovation Panorama of Private Labels”. Entrevistamos a Olivier Hausheer, XTC Associate Manager y director del estudio.

What’s the role about the FMCG innovation by trade companies?

First of all, let’s consider the global picture of the role played by private labels.

The growth of private labels in Europe is not a recent phenomenon.

Besides short term explanations, which by essence fluctuate, we can point out several reasons for the expansion of private labels: development of the offer in every category, a search for quality associated with a brand strategy, adaptation to consumption changes.

On this last point, multiple, changing or even contradictory consumer behaviors, have significantly modified the rules of the game for all brands.

Regarding that matter, just for the food categories, the number of innovative concepts coming from Private Labels has increased by 48% in one year.

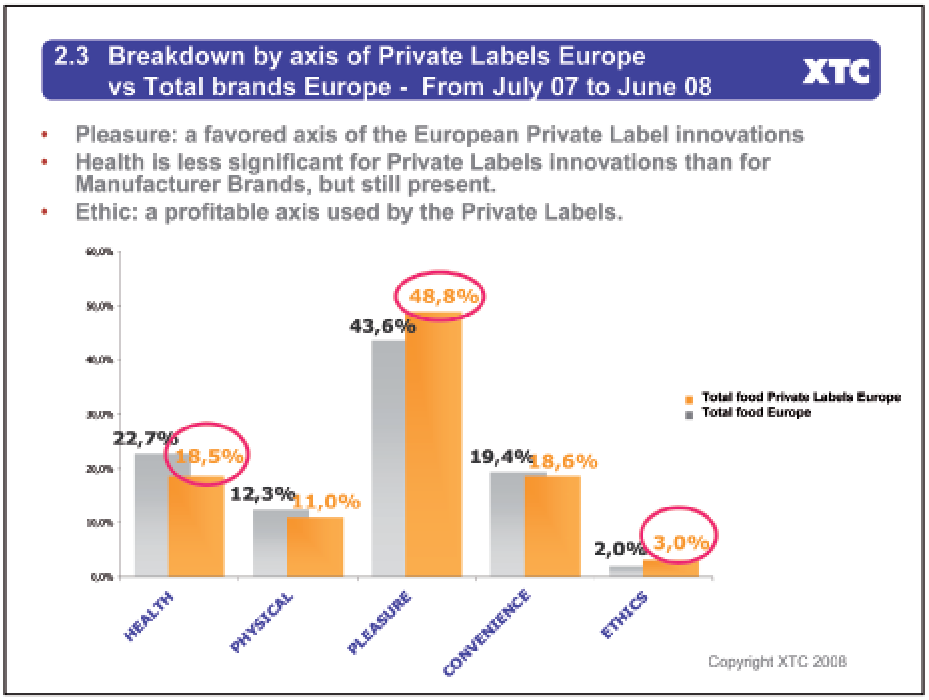
Such increase does not happen by miracle: re-tailers have adapted their methods and ways of functioning in order to innovate, and it is visible on the shelves as well as in the analysis of the innovative private label offer.

Sophisticated display: selected tea in a marquetry-looking box, by Tesco Finest – UK.

Is there any relation between “number of innovation per year” and turnover?

In our study, the aim was not to establish a statistical link between number of innovations and turnover. Nevertheless, the trend is there: in parallel with the increase of the market share of private labels in most of European countries, we observe an increase of their share of innovation each year: over 21% of food innovation comes from Private Labels in 2008, compared to 13% two years ago.

Beyond the figures, the reality of innovation is the most impactful: the trade companies now take into consideration the search of consumer insights (directly from their own research and from the inputs given by manufacturers), and position their private labels offer with more dedicated responses to consumers specific expectations. The



Breakdown by axis of Private Labels Europe vs Total brands Europe - From July 07 to June 08

Olivier Hausheer

newness is the ability of private labels to be aligned with the innovation of manufacturer brands, and even in advance sometimes. The era of copy-paste is mostly behind us, and value for money has increased a lot in the past three years of Private Labels innovations.

Are Private Labels following the same trends as the global FMCG brands for their innovation?

Globally, all players are working on the same innovation trends, but we can detect some distinctions. First of all, Pleasure is an over performing axis for Private Labels (half of their products innovations). And, clearly, Sophistication is the trend number one to deliver pleasure based solutions to consumers. We notice a deepening of the premium offer with the use of innovation drivers giving a creative image of the European retailers, almost as if they were precursors.
Ethics is another point of differentiation, even though the score is quite low. Solidarity and Ecology based drivers are sometimes played in a more ambitious way by retailers compared to manufacturers.

Which European country is seeing more innovations? And the less dynamic market?

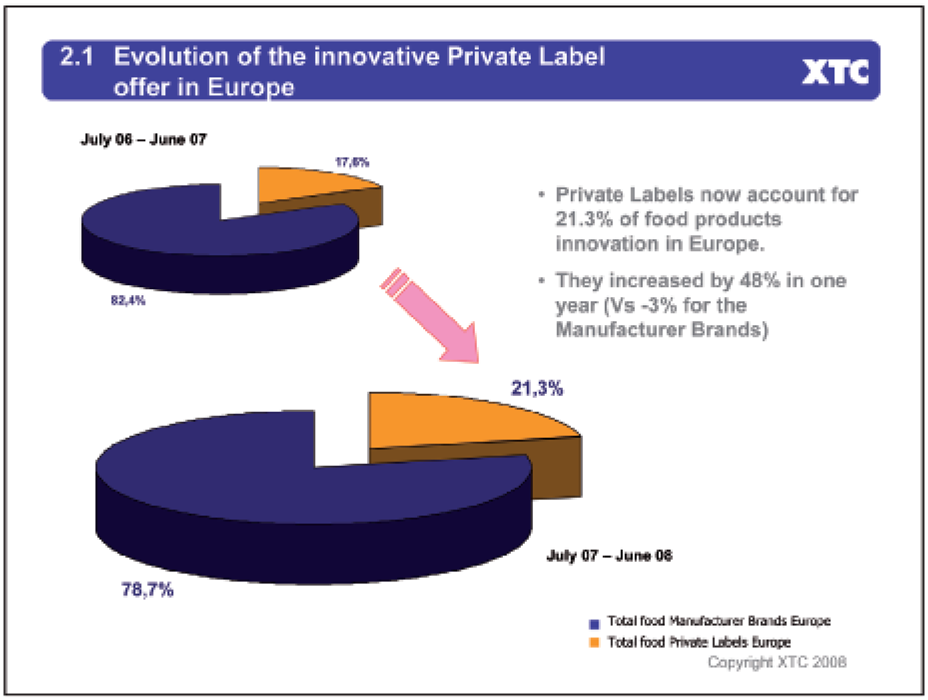
Historically, Switzerland and United Kingdom are the leading countries in term of market share taken by Private Labels. The situation about innovation is quite similar: those two countries are leading the products innovations of Private Labels in Europe. Switzerland is quite exaggerating the phenomenon, as 64% of food innovations are driven by Private Labels in this country, thanks to Migros and Coop. On the opposite, Italy, Portugal and Spain are less dynamic markets for private labels innovation, but this is changing as retailers in those countries have started to explore new fields of development (for example Health, by Coop Italia).
And the most important is to detect the product strategy of the major retailers, through their innovations.

What are innovation drivers in food categories?

Plenty of drivers are based on Sophistication.
What is generally called "premium" by marketers is a multi dimension notion, based on different innovation drivers, depending on the promise given to the consumer.
Considering convenience axis, we have seen interesting new concepts based on nomad products, for young people for example, or solutions to facilitate the consumption of fruits and vegetables.

Are these drivers the same on all Europe?

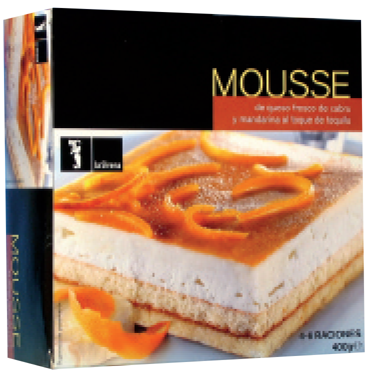
Some cultural particularities upon food in Europe



Evolution of the innovative Private Label offer in Europe

are seen through innovation as well:
France is the country where innovation is the most driven by Pleasure in the world, United Kingdom is the market place in Europe where Health benefits are the most developed.
As a matter of fact, the strategy of each retailer has a great impact on the differences about innovation drivers all over Europe. In that sense, the differentiation from a retailer to another should probably be more developed in their product innovation, with a close relationship to the positioning of the company.

7. What is the tendency for next two years?
Globally, the recent crisis and its possible developments will introduce new parameters into innovation setting.
More than ever, the pertinence of the promises will be a key success factor, either for ultra premium products or for economical solutions.
Both emotion and rationality will need to be enhanced.
In one hand, Pleasure will continue to be a key dimension, on which private labels will have to establish more distinctive codes to get their own positioning (today, they are most of time playing with the same codes).
The price corridor will probably be narrower, but we believe that consumers will still be interested in living new experiences, and food industry and retailers will need to be more audacious through their innovations based on pleasure.
In the other hand, solutions to current and future new stakes are still missing in the offer, such as convenient and ecological packs, clear information on health benefits…
Simplicity and respect of nature will probably come into evidence for consumers new aspirations.



Truffle-flavored butter, by Coop Fine Food – Switzerland.

Olivier Hausheer
XTC Associate Manager
ohausheer@xtcworldinnovation.com