



Putting a Price on Brand Trust

By Paul Woodward > Director, Oracle Retail Brand Compliance Management

Delivering on your brand promise today is as much about quality and trust, as it is about cost. Consumers are demanding more, not just from their interactions with retailers, but from retailers themselves. They want more variety, more convenience, more information and they expect retailers to know everything about the items they purchase, whether this be information on availability, ingredients or the manufacturing process.

For the consumer, trust is key. They want to trust that a retailer is providing a quality product, but also that they are transparent in terms of the sourcing, manufacturing and labelling of that item. In relation to food, this becomes a critical requirement. One in three people are allergic to something and one in six suffer some form of food related illness each year.

Providing inaccurate information on product labelling or not being able to correctly identify the source of a contaminant can have disastrous consequences on a brand's value. The 'Horsegate' scandal in the UK, which involved criminal activity within the supply chain rather than being the fault of the retailers themselves resulted in significant drops in both financial and brand value at many of the country's top supermarkets. While financial recovery may come relatively easily, brand reputation and consumer confidence may have more long term negative consequences.

The impact of these scandals highlights the fundamental importance for retailers to demonstrate due diligence in their collection, capture and validation of product and supplier data. Indeed, it is critical to the protection of both their brand and consumer trust and requires a near constant review in terms of conformance.

The private label proposition

Over the past decade and particularly through recent economic challenges around the world, the growth in private label has been extensive in some countries.

20 years ago, expectations differed drastically, with consumers understanding they were purchasing a cheaper product of lesser quality. As supermarkets have sought to unlock the financial potential of this market, introducing different tiers and categories of private label goods, consumer expectations have changed heralding demands for new flavours, convenience products and wider ranges. The understanding that private label can be competitive in terms of price and taste has led to an increase in the share of dollar in countries around the world. Globally, the share of private label in the market averages 16.5%, rising to 41% in the UK, 21% in Australia and 18% in the US¹.

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Paul Woodward has over 20 years of experience in the development of supply chain and product compliance solutions.

As the founder of the market's leading brand compliance solution, Paul has worked with many of world's most significant brands and retailers to establish solutions, standards and best practices that are used daily by the global private label market.

For retailers, providing a more extensive private label offering has increased risks. In addition to bringing a greater number of products to market quickly to meet demand, they need to ensure thorough assessment across more products, more manufacturers and more suppliers, while balancing this with a growing number of regulations worldwide. Managing the compliance associated with a more complex supply chain requires retailers to invest in solutions that deliver transparency yet protect the business by capturing necessary information within the supply chain.

Compliance lifecycle ensures conformance

Retailers drive safety and quality far more than government, legislative bodies or FDAs, and there is a clear correlation between retailers' growing private label and increased food legislation. In addition, with the average retailer now handling over 10,000 active products from 2,000 production sites globally, it is vital for retailers to continue their leadership role by creating a transparent supply chain and managing its regular evolving needs.

To protect their business, their brand and deliver on brand promise, retailers should consider compliance lifecycle solutions, such as Oracle Retail Brand Compliance Management Cloud Service. These solutions capture information and allow collaboration between the retailer and those involved in their supply chain, helping to reduce the complexity associated with introducing new ranges and categories and providing the opportunity to share due diligence and conformance down the supply chain.

In addition, compliance lifecycle solutions help retailers to improve efficiency. As information is entered into the system by each supplier, the solution validates this data against the ever-growing number of retailer and regulatory requirements, enabling improved quality and increased speed to market. Entering information at the source of the data and flowing this through the supply chain also improves the reliability of the data, inspiring confidence in a brand's labelling claims and helping to fulfil the brand promise.

Furthermore, a single source of data enables retailers to respond rapidly to any claims or issues relating to products or the supply chain. By making compliance lifecycle solutions available in the cloud, it helps users to access and interrogate the data in seconds. Accessing via mobile devices or laptops puts users in control and helps improve reporting capabilities.

Retailers are under more scrutiny today than ever before, thanks to our thirst for information and the omnipresence of the media. Demonstrating due diligence in the collection, capture and validation of product and supplier data is no longer optional. It is critical to the survival of your brand and consumer trust and engagement with your brand. The question is, what price are retailers prepared to put on brand trust?

References:

¹ <http://www.nielsen.com/content/dam/niensenglobal/eu/nielseninsights/pdfs/Nielsen%20Global%20Private%20Label%20Report%20November%202014.pdf>

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