The Continual Evolution of Store Brand Products

Time for Product Evaluation Testing to Keep Pace

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The store brand industry has experienced continual growth and expansion over the years, exhibiting greater growth than national brands in major retail chains across all product categories. Ninety-six percent of consumers buy store brand products\(^1\) and store brand sales increased to an all-time high of $108 billion in 2012.\(^2\)

Store brands have become increasingly important to retailers as a way to differentiate their brand, obtain higher margins and offer consumers more value and choice. Retailers have developed more comprehensive product specifications for private label offerings, and store brand product manufacturers have responded with improved technology and capability in their production facilities. Store brands are generally held to the same standards and regulatory requirements as national brands, with the additional scrutiny of the retailers’ own QA program. Therefore, successful retailers and manufacturers work closely together to ensure their private label products are truly national brand comparable, and seek independent test laboratories to make objective assessments for quality, regulatory compliance, performance and safety.

However, as new products and technologies emerge, independent test labs may not possess the latest product knowledge or expertise to update testing protocols to accurately evaluate the store brand for comparability and key performance attributes. This can result in test reports that provide an inaccurate impression of a product’s capabilities, especially when no established industry standards exist or an outdated procedure is specified by a retailer.

For the private label manufacturer, test reports can be “the judge, jury and executioner” for products and must accurately reflect the product characteristics to determine national brand equivalency on relevant criteria. Yet the same product can yield different results from different test labs despite the fact that they all have the same goal – to objectively evaluate store brand offerings versus the designated national brand(s) using the appropriate test protocol and test methodologies and to interpret the resulting data accurately.

As a result, both retailers and manufacturers in the store brand industry have been clamoring for independent test labs to be more comprehensive and thorough and to generate more applicable product evaluations, technical specifications, consultative audits, technical support and customer service.

The industry needs a unique and novel approach to comprehensive product evaluations to ensure store brand equity remains strong as regulatory, consumer and competition pressures mount. The store brand industry has evolved and it is time for test labs to join the process. It is time for us to “raise the bar!” Here is what we can do.

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Conduct Reliable Product Evaluations to Critical Criteria

Consistent high quality products, verified by trusted third-party validation, are key to building a successful private label program. Retailers need assurance that every product carrying their label meets or exceeds the same standards for quality, safety and reliability as the brand names. This requires labs to be knowledgeable about the products and expectations of manufacturers and retailers. No one knows the steps involved in producing a product better than the manufacturer, and labs need manufacturer input to come up to speed quickly. It is important for manufacturers to educate test labs on product and packaging technologies, innovations, nuisances and patent issues (if any) in a particular product category. It is the independent testing lab’s responsibility to listen, ask questions, distill manufacturer input into objective testing and evaluation, and eliminate potential bias using knowledge, expertise and experience in testing and the product category.

Retailers, manufacturers and consumers all benefit from private label testing that uses current and proper test methods specific to each product, in conjunction with the proper interpretation of the results. The key is to determine if consumers are getting what they expect when they purchase the store brand “twin.” If the product is supposed to be national brand equivalent (NBE), it is important to establish the specification upfront and clarify what that means for physical, chemical and performance characteristics; generally, 90 percent or greater in performance. The products don’t have to be identical in every aspect, just in key consumer-perceivable areas. For example, does the product have to be exact in dimensions or is slight size variation acceptable as long as it offers the same quality and performance (e.g. name brand is 7.0” x 7.5” while store brand is 7.0” x 8.0”)? That’s where the retailer’s definition of what is national brand comparable will differ and in differing will establish its own product’s characteristics.

Test organizations need to work more closely with manufacturers and retailers to understand their products, expectations and limitations. The retailer has to determine whether the goal is a better product, national brand equivalency or some emulation in key aspects. Test lab staff can then recommend and develop comprehensive test criteria that focus on a product’s critical components. Aside from physical and performance testing, technically driven in-home use testing (IHUT) can be a very effective and useful tool when a retailer wants to know which manufacturer’s product works the best, which cannot always be seen through the laboratory data. This significantly elevates the routine comparative evaluation testing currently conducted, but also adds cost. This work should be primarily conducted by the manufacturer prior to presenting to the retailer; however, retailers can also drive this type of testing to achieve their goals.

Product evaluation lab testing is just one part of a larger picture. To truly evaluate the prospective vendor and the store brand offering, one has to look at more than just the product in question, but what is behind the product, e.g. manufacturing operations, associated quality management systems (QMS), depth and experience of key staff, regulatory expertise to ensure compliance, product development capabilities and responsiveness/customer service.

Provide More Guidance in Specification Development

Effective specification development is critical to protecting a private label brand. Every product has key features that make it unique and test labs must help define and specify which attributes should be tested, and to which criteria, to assure that private label products maintain their critical quality attributes over time, across multiple vendors and across boundaries. Without an effective specification, the ability of a retailer to make effective decisions on accepting or rejecting products is severely limited. Labs should take a proactive role in developing, or working with retailers to develop, specifications that test the critical characteristics of a private label product’s design, composition and labeling. As these specifications provide the “blueprint” of what the retailer wants and expects, they can play a key role in sourcing a particular item.
Labs need to maintain a library of consumer product test methods to ensure specifications are accurate and complete. Testing must encompass pre-production, production, random sampling, performance and quality.

Perform Claim Substantiation for Enhanced Product Credibility

Product labels are the “signage” that communicates all features and benefits to consumers. It is critical that product label claims be substantiated to maintain consumer trust, to continue to build store brand equity and to maintain compliance with governmental regulations. Claims made without the appropriate substantiation testing need to be challenged so that no one product undermines the quality and safety of the store brand program. The independent test lab fulfills this role for the retailer.

Deliver Consultative Audits for Improved Quality and Consistency

Auditing ensures product consistency and quality at each link in the supply chain. A custom audit program of a manufacturing facility based on retailer specifications and the specific product being manufactured can provide evidence that a company has both the expertise and quality systems needed to ensure proper manufacture, day in and day out. This combination of specification development, testing and auditing assures that the product that ends up on store shelves meets specifications and is of the same high quality as the product made in the factory.

In addition to auditing products against specifications, independent organizations should also be able to conduct combined audits for good manufacturing practices (GMPs), quality or environmental management systems, and food safety services. This saves time and money and allows retailers to monitor their supply chain and quickly respond to quality inconsistencies.

Offer Improved Technical Support and Customer Service

Test labs should provide real-time updates so manufacturers and retailers know the status of their evaluations as soon as they’re available. Test reports should be comprehensive, easy to use and accessible on a secure website. A dedicated project manager should guide projects through the testing processes, troubleshoot issues and provide relevant updates.

Labs, working with retailers, should provide ongoing support to keep products in compliance and minimize risk, including informing clients about changing regulations and standards that may impact their products. In addition, labs should monitor changes in national brand formulations and inform the private label manufacturer if any of these changes affects its formulations for equivalency.

Finally, private label management also involves risk management associated with environmental compliance, supply chain disruptions, product recalls and lawsuit threats. Labs should offer complementary consulting services in these areas as well as certification for global food safety, home products, beverage quality and management systems; dietary supplement and over-the-counter facility registration; and sustainable product claims validation and certification.

Providing more thorough and applicable product evaluations, technical specifications, consultative audits, technical support and customer service will keep test labs evolving at the same rate as industry. Test labs have two key responsibilities – to provide accurate conclusions based on the test data so that the retailer has the right information to make a quality and performance decision, and to recognize that the conclusion that is drawn for each test report can either make or cost a manufacturer revenue. Business may be either gained or lost based on the test results, so they must be spot on. Labs must be certain of what they report, be able to address any questions and defend any results so that both retailers and manufacturers are properly served.

At NSF International, we are listening to manufacturer and retailer requests and are implementing these improvements.
About the Author  Alan Perlman is Chief Architect—Store Brand Quality, Compliance and Value for NSF International’s Private Label and Consumer Home Products Divisions. He has more than 30 years’ experience in consumer product quality, testing and technical evaluation. Perlman’s unique perspective includes insight into product evaluations from the viewpoint of both the lab and the store brand manufacturer. Before joining NSF, Perlman served for 16 years as Technical Director for Rockline Industries and for 13 years as a Senior Manager and Vice President at Herbert V. Shuster, Inc. For more information, contact privatelabel@nsf.org or +1 866.520.5224.