

When Customers Become Competitors: Helping a Leading Global Beverage Company Understand and Frame Strategic Responses to Private Label Growth

Industry & Client Situation

Private label products (or customer brands) are not a new phenomenon. As customer brands evolve from low quality value-entry products to an integral part of retailers' strategies, CPG manufacturers are increasingly faced with a critical dilemma: what do you do when your most important customers become your most fierce competitors?

Despite its leadership position in the global non-alcoholic ready-to-drink (NARTD) beverage market, our client significantly lagged other major CPG companies in creating a cohesive understanding of the drivers and implications of—as well as potential strategic responses to—customer brands.

Bridge Strategy Group was engaged to coordinate a cross-functional effort to develop a center-led perspective on customer brands, to assess the extent of the threat to the company (and to its bottling partners around the world), and to devise a series of strategic responses, policies and programs aimed at assisting global customer teams and regional management with their individual responses.

Approach

Given the need to leverage internal knowledge and to educate different areas of the organization, a workshop-based approach was adopted.

A cross-functional core team was formed. The team met once a week to gain insight into specific topics, to share perspectives and experiences, and to specify the work to be accomplished over the following weeks.

Bridge Strategy Group assumed a central facilitation role, including:

- Managing the cadence of meetings
- Facilitating workshops
- Contributing our own points-of-view and expertise
- Identifying and engaging other external subject-matter experts
- Summarizing insights and producing work team deliverables

Critical aspects of the approach included:

- Compiling a customer brand baseline
- Reviewing case studies, e.g. CPG responses, internal experiences globally
- Capturing retailer perspectives
- Developing a retailer segmentation framework and devising a range of responses for each cluster at different points in the customer brands maturity curve

Results

Two white papers were published, complemented by WebEx sessions, which allowed our client to share the insights developed by the working team broadly across the organization globally.

Bold yet pragmatic recommendations were presented to the Executive Operating Committee and ultimately embedded into the strategic plan for the following fiscal year. The work resulted in points-of-view that have the potential to transform the way the company approaches not only customer brands specifically but also customer relationships more broadly.

In our client's own words: "The Customer Brands work has indeed gone forward and should be pretty-well embedded in our Global Customer Commercial Leadership work for 2010. Thanks for your help in getting us to that point."