

# Making private label sourcing work

A new study has identified best practices for private label sourcing.

A new benchmark study conducted by [Retail Systems Research](#)) and sponsored by [Eqos](#), entitled *PLM Squared: Product Lifecycle Management Powers Private Label Merchandise*, reports on key industry trends that have affected private label programs during the past two years. The report also identifies best practices implemented by the most successful retailers and offers recommendations for brand managers looking to drive growth by enhancing private label programs.

According to *PLM Squared*, major shifts within the last two years include:

- 77% of retailers studied have increased the volume and mix of private label merchandise they offer to their customers;
- The majority of retailers have decreased time to volume for new products;
- More than half have increased collaborative design with suppliers.

"When a similar benchmarking study was conducted in 2006, the single biggest business challenge faced by retailers was finding and keeping dependable partners. This year, inconsistent product quality and compliance were cited as the top concerns," said Paula Rosenblum, the report's author, and managing partner for RSR. "It was somewhat surprising that the majority of retailers, including very large and highly competent players, are reporting that transit time for factory shipments is not living up to expectations."

The study found that 70% of retailers have increased the volume of private label products they design collaboratively with suppliers versus 33% for the laggards. It also identified characteristics associated with retail 'winners' including:

- They are able to outperform their competitors in the market without compromising gross margins;
- A continued focus on decreasing lead times is causing leading retailers to have increased concerns about port capacity issues;
- As a group, 'winners' scorecard their suppliers' performance more frequently and on a regular basis.

"Retailer technology priorities are moving beyond spreadsheets and bidding events into business critical areas such as supplier management and product quality," noted Rosenblum. "In fact, 95% of retailers surveyed affirmed the value of PLM, global sourcing, supplier management, and track and trace technologies to more effectively manage their private label programs."

"We're pleased to support significant initiatives such as this study, which keeps a pulse on trends in the retail PLM marketplace," said Jane Biddle, Eqos' chief marketing officer and vice president US operations. "In addition to highlighting a growing focus on quality and compliance, it also validates that retail winners are leading the way when it comes to collaborative design. Moreover, this study confirms Eqos' leadership in delivering PLM solutions to the world's leading retailers who are today driving best practices in private label sourcing and supplier management."

To download the study, go to <http://www.eqos.com/thoughtleadership.shtml>

## **About Retail Systems Research**

Retail Systems Research is the leading provider of objective, high quality information resources for the extended retail industry. The company follows the advancements of technology and business process innovation in this industry, and delivers insights and analysis through high-value conferences and tradeshow, publications, research, training and web-based services. For more information, go to <http://www.retailsystemsresearch.com/>

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