

How to compete on value without becoming a discount brand.

The brands that win won't have the lowest prices. They'll make shoppers feel they get more than they pay for.

\$330B

U.S. private label sales, now a 23% dollar share and 24% unit share of the total market (Circana).

The biggest brands are answering with price.

PepsiCo cut prices on Lay's, Doritos, Cheetos and Tostitos this year. Most \$10M to \$200M brands can't win that fight. Every dollar of discount comes out of the margin that funds growth.

VALUE IS NOT THE SAME AS PRICE

Value is what shoppers believe they get, compared with what they pay.

Up to 40%

of how shoppers judge value comes from things other than price: quality, trust and how a brand makes them feel (Deloitte).

HOW A DISCOUNT BRAND GETS MADE

Few brands decide to become a discount brand. They drift there one promotion at a time.

A rising share of volume sold on deal.

Promotions planned by the calendar.

Marketing that leads with price.

Sales that drop when the deal ends.

SIX WAYS TO COMPETE ON VALUE

Deliver value on purpose, in a way that strengthens the brand.

SIX WAYS TO COMPETE ON VALUE

- 1 Win on the items shoppers use to judge you**
Price your one or two key items sharply. Protect margin everywhere else.
- 2 Build one signature value offer**
A consistent family size, bundle or variety pack, not random discounts.
- 3 Run a barbell**
Value brings people in. Limited and premium items give them a reason to trade up.
- 4 Use pack-price architecture, not price cuts**
Smaller packs lower the price per trip and protect your everyday price.
- 5 Make the non-price side of value visible**
Show ingredients, servings and benefits on the package, where the decision is made.
- 6 Make every promotion pay back**
Measure incremental volume and full-price sales after. Cut what doesn't work.

Value is a strategy, not a price.

Brands that only discount give up margin they'll struggle to win back. Brands that compete on value come out stronger.

Full piece: marc-drucker.com