



September 27-29, 2010 – Hotel Sax – Chicago

Hello and welcome to our Private Brand Movement 2010 podcast series. I'm Melissa Sundaram, Online Producer for the event and this year we've invited a few of our speakers to chat with us before we meet this year in Chicago. We do hope that you enjoy our series and that you'll join us at this year's event. We'll be in Chicago at the Hotel Sax from September 27-29, 2010. Visit www.privatebrandmovement.com for more information.

We had the pleasure of speaking with Mary Rachide, DVP Private Brands, Family Dollar Stores. Mary will be presenting, "Making it Real: The Early Days of Bringing a Private Brand Vision to Life" on Monday, September 27 at 4:30pm.

Mary, could you tell us a bit about your session, what attendees will get out of it by attending and what lessons they'll learn from you that they can't get from reading online?

Mary: Absolutely. The "*Bringing a Private Brand to Life*" session will be focused on the early days of developing a private brand strategy, including building the infrastructure and team resources that are required to bring strategic consistency across an organization. We'll talk about how we've approached building momentum across our organization to achieve the aggressive goals that we've set, both for our new and revitalized brand programs.

On the strategy side, we'll share a consumer-centric approach to brand development, as well as analytic approaches for diagnosing current state vs. desired state. In our case, we were also building our private brand team from the ground up, one team member at a time. So, we'll share our insights on how to develop the people, the processes and the technology that are required to support early implementation.

What do store brands mean to Family Dollar? The big picture?

Mary: At Family Dollar, our private brands represent opportunities to provide our customers with high-quality products at significant values vs. the comparable brand. We are also growing our business in margin-enhancing ways. So, we have an eye towards enhancing the offer, improving our quality standards and giving appealing branding and packaging to better meet the needs of our shopper. We want to use private brands to deliver on both the functional and fun parts of our value proposition. A lot of that growth will come from our consumables areas, where our margin rates are very attractive. As we are able to have stronger and stronger brands that appeal and have more of an emotional connection with our shoppers, it will help us unlock our global sourcing opportunities that will give us the room to provide even more value and even better bottom-line results.



What is the strategy behind naming Family Dollar's new clothing line for children – "Kidgets"? How did your team develop this new name?

Mary: Kidgets was actually a Family Dollar brand name since the late 90's. Historically, we only used the mark on infant apparel. In early customer research it became clear to us that we had too many brands across our infant, toddler apparel and our HBA baby categories. No one really knew any of the brands. As a result of the lagging recognition, there was also a lag in quality perception. Our HBA team, who actually has the diapers and training pants part of our infant/toddler business, had a ton of energy around revitalizing and refreshing what they were doing with branding. We also made a strategic decision to simplify from having separate boys' and girls' brands and apparel and product specific names in diapers and training pants to bring all of these into one, single infant toddler brand that could create some excitement across the breadth of our assortment. We actually worked with an outside agency to help us reconceive the Kidget's brand and they brought out a really colorful playfulness that has a much stronger emotional appeal with our shoppers. We knew we had a winner based on early customer feedback in focus groups and online research. So far, we've marketed the brand aggressively both in store and our circulars online. We are in the voting phase right now on our "Cute as a Kidget" photo contest and sweepstakes.

What was the most challenging part of starting and launching a Family Dollar's private brand? What lessons did it teach you and your team?

Mary: Organizationally, it is easier to jump in and change things when there is something obviously broken or when you are really working from a blank sheet of paper. But, Family Dollar has had a good thing going with private label long before I came on to the scene. So, the challenge we face now is much more about driving strategic and executional consistency across all of our categories. The analytics and benchmarking to find opportunities is really the easy part. The hard part is that we are constantly asking a lot of folks to do a lot of things very differently than they have before. We are standardizing processes for quality management and testing, as well as branding and package creation to drive consistency in our brands and ensure higher standards across the board. But, we constantly have to answer the question: "Why?" If we were already selling a million units a year before, why do we change the package? Why change the quality? Why change the branding? Well, maybe we could be selling 2 million units a year. If we improve the branding and the quality, maybe our shoppers will be more likely to try other products in our brands. Maybe instead of buying items once in a while, they'll come back to us every time they need it. So, we continue to learn that there is no such thing as over investing in change management. Building collaborative relationships and constantly proving and centering back on why we are doing what we are doing has been critically important.

Where do you see private brands going in the next five to ten years?

Mary: Over the next five to ten years, I believe that private brands will continue to grow more quickly than the market overall, both in consumable and discretionary categories. Many private brands will continue to fill the role of the economy offer that has been the traditional purview of private label. Across the board, though, we are

using private brands to speak more directly to the specific needs of our shopper, be they functional, aesthetic or emotional needs. I don't know overall that we will see the level of private label penetration in the US that has been achieved in Europe, given the aggressiveness of our American consumer goods companies with protecting their share. But one thing is for certain, the customer will continue to be the ultimate winner as Family Dollar raises the bar on quality and customer relevance and our store brand offer.

Our thanks to Mary Rachide for participating in this year's Private Brand Movement podcast series. We look forward to meeting Mary and you at the event. Don't forget, visit www.privatebrandmovement.com for more details. See you there!