



The Global Language of Business

Is Your Store Brand Ready for a Digital World?

Product Identification Study

There has been a constant flurry of news of retailers announcing new and enhanced store brands—retailers are seeing store brands as their secret weapon to differentiate themselves from the competition. Retailers are using store brands to provide consumers with unique experiences and product offerings—helping drive consumer loyalty and as their strategy for growth.

Traditional store brand* product identification doesn't work well online. Before e-commerce and omni-channel retail, store brands sold were limited to the four walls of the retail store. These products were labeled with internal proprietary identifiers, whose sole purpose was to support price lookups. In today's unified commerce world, where digital and physical shelves are interchangeable—and where digital-savvy consumers are browsing, shopping, and purchasing what they want, where they want, and how they want—these proprietary identifiers are now limiting the product's discoverability and sales opportunities.

Given today's increasingly competitive landscape, retailers are looking for additional opportunities to differentiate themselves from the competition. Many are working towards providing their customers with unique experiences and product offerings that drive consumer loyalty. Store brands are commonly being used to achieve these goals.

Far from their humble beginnings as "generics" in black and white packaging, today's store brands are currently estimated to be worth hundreds of billions of annual sales for store brands and generic brands. Store brands have recently grown at double digit rates, and are expected to grow faster than national brands in the near future.

They offer the retailer an opportunity to improve their operating margins and expand their portfolio. And the consumer is afforded the opportunity to purchase exclusive products at reasonable prices.

"Target currently uses GS1 Standards to identify our private label merchandise in some categories. We've recognized the benefits from this, and are now preparing to expand our usage of GS1 Standards to Target's private label goods in all categories going forward. Utilizing GS1 Standards for all categories will benefit our growing digital business and searchability of our private label goods."

Jason Lavik
Director Enterprise Item, Target

*Store brands or private label refer to the retailer's own brands.

Traditional Store-Brand Label Product Identification Impacts Consumer Search

The advent of the internet and e-shopping, has made closed-loop/non-unique numbering systems problematic. These numbers create two distinct issues: too little or too much information.

1. Too Little Information

Proprietary identification was designed for internal business purposes. When that number “escapes” and is used outside the confines of a given retailer, it suffers from the lack of context provided by the retailer, as illustrated below:



Using proprietary numbers online means shoppers can't find and buy your products.

2. Too Much Information

Proprietary identification is not uniquely managed and can and will conflict with other identifiers. As such, it's easy to see how quickly numbers could be duplicated. The basic logic for assigning numbers within an enterprise, is often simply based on assigning consecutive numbers within a customized business system. In this example, trying to find a specific product by using a Stock Keeping Number (SKU) or Number System 4 (also known as RCN-4) in a search engine illustrates how quickly consumers can become frustrated as these non-unique numbers create far too many possible results!



Searching with SKU numbers can quickly frustrate consumers looking for a specific product.

Benefits of Using GS1 Standards in E-Commerce

Product content is a critical factor to making a purchase decision (clicking “Buy”). The growth of online shopping has accelerated and now more than ever, consumers value the seamless “always on, always open” shopping experience.

With unprecedented access to information, store brand products must now be positioned to appeal to the interests, needs, and experiences of digital-savvy shoppers. These digital natives are often not brand loyal. They expect accurate information to be easily accessible.

Unfortunately, most store brand products are not set up to offer this level of visibility, making it difficult to successfully respond to the need for detailed data.

Using GS1 Standards—across brick and mortar and e-commerce channels—enables trading partners to streamline the identification, capturing, and sharing of accurate product data attributes and images. Further, by correctly assigning a unique GS1 Global Trade Item Number® (GTIN®) to every product, retailers can offer consumers a consistent search, discovery, and purchase experience—across all shopping channels.

The use of GS1 product identification standards, helps open the door to retailers who want to sell their store brands online. While also assisting consumers to find exactly what they are looking for—increasing impressions, improving

conversion rates, growing sales, and driving brand loyalty. As consumer interest grows in store brands, now is the time for retailers, brands, and contract manufacturers to understand how accurate and unique product identification delivers a frictionless commerce experience.

Adopting GS1 Standards for product identification provides context and meaning to search engines and content sharing applications, eliminating any consumer confusion caused by proprietary numbering. Using this globally-accepted standard, consumers can trust the results that appear in their online searches.



GS1 US Store-Brand Identification Study Results

Background

GS1 US® visited the top U.S. retailers to observe how store brands were identified. The observations were compiled and analyzed and are reflected in this white paper.*

This research included 87 retailers, with 1,399 individual brands, across 198 banners.

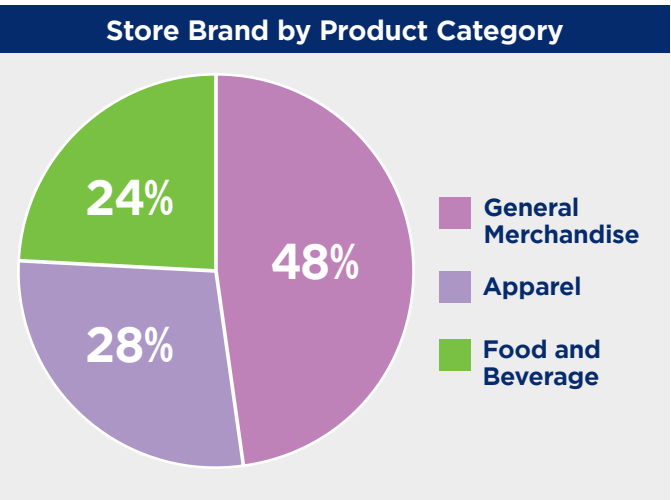
Each of the 1,399 store brands were observed by GS1 US for their identification practices at the item level. The research found that store brands were identified at the item level by:

- **GTIN:** using the retailer's GS1 Company Prefix
- **GTIN:** using the manufacturer's GS1 Company Prefix
- **Number System 4 (also known as RCN-4):** GS1 internal proprietary numbering system, internal identification
- **SKU/Item or Other #:** internal numbering system
- **Number System 2 (also known as RCN-2):** GS1 internal proprietary numbering system, variable measure trade items
- **No numbering system/unknown**

The research showed inconsistent identification practices, even within one store brand. For instance, "Store Brand A" could be identified by two methods such as by GTIN (using the manufacturer's GS1 Company Prefix) and by Number System 4.

The 1,399 store brands studied were grouped into three broad product categories:

- **General Merchandise:** 48 percent or 669 items
- **Apparel:** 28 percent or 395 items
- **Food and Beverage:** 24 percent or 335 items



87	Retailers surveyed
1,399	Individual store brands
31%	Store brands properly use GS1 Standards in identification

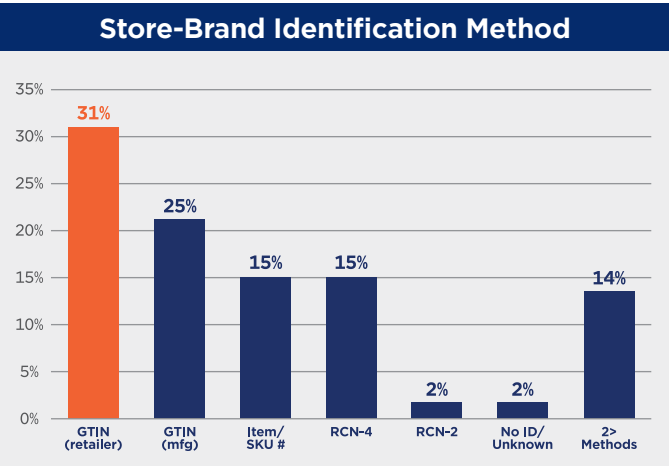
High-Level Results

The research revealed that across 87 of the top U.S. retailers, retailers' 198 banners/1,399 store brands, only 31 percent were properly using GS1 Standards for store-brand identification.

Results indicated that 69 percent of store brands did not use GS1 Standards:

- Internal numbers occurred in 30 percent of brands (SKU/Item # [15 percent] and Number System 4 [15 percent])
- GTIN, with manufacturer's GS1 Company Prefix, occurred in 21 percent of brands
- Retailers who are using more than one method of identification occurred 14 percent within the same brand
- Retailers were also using Number System 2 (2 percent) and no identification (2 percent)

The value proposition is clear—as physical commerce moves online—unique product identification becomes key to search, discovery, and purchase decisions—"If a consumer can't find it, they can't buy it!"



* The study and analysis are not comprehensive but representative of our observations and is for informational purposes only. Any reliance on the information presented is at your own risk.

Results by Product Category

Food and Beverage

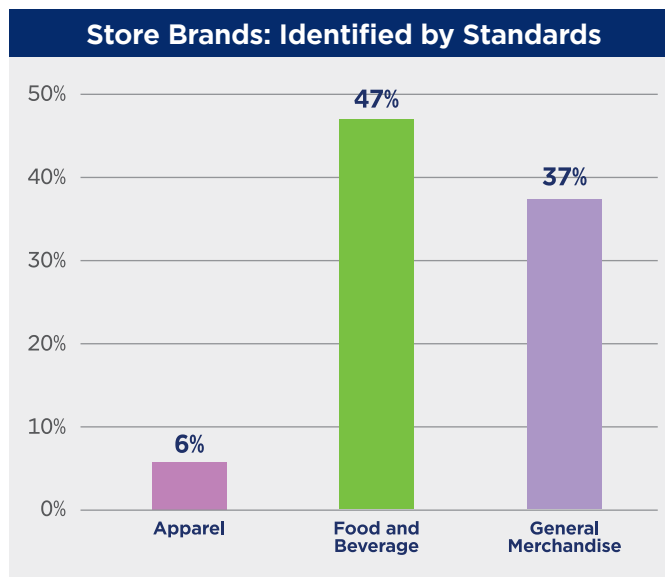
The Food and Beverage category has had the longest history of engagement with GS1®, and this category also showed the highest adoption and use of GS1 Standards—47 percent for store brands identification. (Internal numbers, such as Number System 4 [23 percent] and SKU/Item # [6 percent] were being used 39 percent of the time.)

General Merchandise

The General Merchandise sector had an adoption rate of 37 percent. Retailers' used GTIN with manufacturer's GS1 Company Prefix on 26 percent of their store brands. (Internal numbers, such as Number System 4 [10 percent] and SKU/Item # [13 percent] were being used 23 percent of the time.)

Apparel

The Apparel sector research showed that only 6 percent of their store brands used the GS1 Standard. (The apparel industry uses internal numbers [43 percent], such as Number System 4 [16 percent] and SKU/Item # [27 percent], as their primary method of identification. And they use GTIN with a manufacturer's GS1 Company Prefix on 27 percent of their store brand labels.)



Conclusions

This primary research collected focused on 1,399 brands, across 198 banners (average of 16 brands per retailer) in 87 of the top U.S. retailers. The findings revealed the inconsistent application of GS1 Standards for product identification—across three major retail sectors: Food and Beverage, General Merchandise, and Apparel.

- The Food and Beverage segment (335 brands) had the highest adoption rate at 47 percent.
- The General Merchandise sector (669 brands) came in second, with an adoption rate of 37 percent.
- The Apparel sector (395 brands) had the lowest adoption rate of 6 percent.

Advantages to Using GS1 Standards

Unique standards-based product identification can enhance consumer targeting and grow conversions. It:

- Facilitates new selling channels—online marketplaces
- Helps simplify consumer discovery—making it easier for consumers to search, find, and purchase a product (finding exactly what they are looking for, driving brand owner's loyalty and sales).

- Assists consumers to easily find products which means higher impression and conversion rates
- Helps optimize cost savings and increases product data integrity/quality throughout the supply chain

Today's on-demand economy has consumers in control. They are looking for an easier, faster, and better way to browse, compare, and shop. They want trusted, consistent product information to deliver a truly seamless cross-channel/cross-device browsing, discovery, and shopping experience. For more than 40 years, the GS1 GTIN has been helping two million-plus businesses across more than 25 industries uniquely identify their products.

“Using GS1 Standards for private label products is woven into the way Ahold USA does business and as a result, we are reaping the benefits of having excellent data quality, products that can be searched and discovered by the customer on the internet, and an efficient supply chain.”

Jeffrey Cree

Senior Manager, Supply Chain Planning, Allocations & Item Integrity, Retail Business Services, an Ahold Delhaize company

Next Steps

Using GS1 Standards to properly identify store brands is critical for sellers to broaden their access to more marketplaces and for consumers to be able to search, discover, and purchase your products. Here are some guidelines depending on your role in the store-brand supply chain.

Retailer/Brand Owner

The retailer/brand owner is responsible for assigning the GTIN hierarchy using their GS1 Company Prefix that is licensed to the retailer/brand owner. GTINs need to be assigned to each packaging level that is ordered, shipped, and invoiced—this may include the saleable unit, case, and pallet.

Contract Manufacturer

The contract manufacturer receives the GTIN hierarchy from the brand owner/retailer. Contract manufacturers should not be making the GTIN assignments or using their GS1 Company Prefix, as it would disclose the sourcing of the store brand.

Distributor

The distributor's role is to receive and ship product, and the distributor is not involved with the GTIN assignment.

For additional resources, please refer to the GS1 US website at www.gs1us.org to find:

- Industry resources for [Apparel & General Merchandise](#), [Retail Grocery](#), [Foodservice](#), and [Healthcare](#)
- [GS1 University](#)—Educational webinars and courses on using GS1 Standards
- [GS1 General Specifications Document](#)—Specifications on how GTINs are used in business applications

Glossary

Restricted Circulation Numbers (RCN)	GS1 identification numbers used for special applications in restricted environments, defined by the local GS1 Member Organization (e.g., restricted within a country, company, or industry). They are allocated by GS1 for either internal use by companies or to GS1 Member Organizations for assignment based on business needs in their country (e.g., variable measure trade item identification, coupons).
RCN-2	U.P.C. Prefix range 2 (also known as Number System 2). Used to issue GS1 variable trade item identification for restricted distribution
RCN-4	U.P.C. Prefix range 4 (also known as Number System 4). Used to issue GS1 restricted circulation numbers within a company.

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