



MARKETING *Club* 134th

134th Marketing Club
93rd Business Club
24th Cairo Club



CLUB FOUNDER, HOST
DR. MAHMOUD BANGAT
LEGENDARY DIRECTOR

Private Labels Competitive Marketing



JOIN FREE

LIVE WEBINAR

Date	Time	Time	Time	Place
23-4-24 Tuesday	8:00PM 🇪🇬 Egypt	9:00PM 🇰🇸 KSA	10:00PM 🇦🇪 UAE	Online Zoom



Instructor
Dr. Mahmoud Fakhry
Marketing Manager



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<https://www.pinterest.com/fakhryorchidia/>

Education

- **MBA** - ESLSCA - Business School, – Marketing Major, Cairo , Egypt, Class 2016-2017
- **SMC** – AUC American University, Cairo, Egypt – Class 2011-2013
- **Diploma** in Biochemistry and Physiology– Suez Canal Uni – Ismailia, Egypt – Class 2006-2007

BRAND MANAGER

Seeking a responsible position in Marketing of a well-established international company in the field of Pharmaceuticals, Cosmeceuticals, Personal care, Beauty, and Nutrition brands.

Experience

Marketing Manager (KSA)

1/2023 till now



Innova Pharmacies Private label brands

Role: Managing the marketing team in corporate branding, figuring the entire pharmacies market, researching opportunities, defining the best specification plus look and feel through market researches, cooperate with the business development to resource the best manufacturers, Creating the packaging system and designs as per the consumer experience and brand manual guide lines, planning a full strategic business and marketing plans including ATL & BTL activities as per agreed positioning, executing the marketing tactics with the team, and follow up and evaluating the achievement of the objectives KPIs.

Skinlab: Face skin care range - **White Glo:** Whitening toothpaste - **Nano-B:** Antibacterial toothbrushes - **SKINS:** condoms and lubricants - **Dorco:** Razors

Brand Marketing Manager (KSA)

09/2019 to 12/2022



HÖLLINZ GmH (German Private label co. for **Al-dawaa Pharmacies**)

- Beauty, Personal Care, Nutrition, Mom and Baby brands.

Role: Same as before

Suabelle Hair Solution Shampoos, Conditioners, Leave in and Hair Masks,

Suabelle Hair Gold Protein, Shampoo, Conditioner, Serum, Mask, and

Ampoules - **Natrodent** Toothpaste, Toothbrushes, and Mouthwash

Clarity Contact Lenses, Solution, and Face Razors. - **Wellmiel** Manuka, and

Organic Honey - **Foshan** Geriatric Care - **Smart** Condoms – **Levonty** Feminine

Care Range - **Höllinz** Nuts - **Hollaid** Hand Wash, and First aid products

Otimo Baby Nursery range - **Kokon** baby toiletries range - **Holflex** Braces and

Supports - **Actiwater** Power Water

Product Manager (KSA)

12/2016 to 08/2019



شركة الدواء للخدمات الطبية المحدودة
AL-DAWAA MEDICAL SERVICES CO. LTD
www.al-dawaa.com

Al-Dawaa own more than 1000 pharmacies and international brands agencies in Saudi Arabia and Mena region.

- **Dr. Organic** Natural skin care, hair care, and oral care range
- **Aloedent** Natural Toothpaste and Mouthwashes
- **Banat** Toothbrushes
- **Kelocote** Silicone Gel for scars
- **Papulex** for Acne, **Biotache** for Whittening
- **LouLou** Handmade bath and body products.
- **Ultra** Condoms - **Astroglide** Sexual lubricant
- **Beauty time** personal care tools

Regional Brand Manager (EGY)

12/2014 to 11/2016



International Eye care products manufacturer, that is ranked second in Egypt market

Role: Responsible for the corporate and all products branding in 22 country all over Middle East, Africa, Europe

Polyfresh Eye Lubricant, **Tears Guard** Artificial tears, **Corneteers** Lubricant gel, **Twinzole** Glaucoma Drops – **Ioprost** Glaucoma Drops, **Efemyo** Anti-inflammatory Drops, **Trillerg** Anti-inflammatory Drops, **Gatistar** Fourth G Antibiotic drops, **Fortymax** Fourth G Drops,

Product Manager (EGY)

01/2011 to 11/2014



Polyfresh Eye Lubricant Drops, **Tears Guard** Artificial tears, **Perfectcare** Contact Lenses Solution, **Corneteers** Eye Lubricant gel, **Efemyo** Anti-inflammatory Drops, **Trillerg** Anti-inflammatory Drops, **Gatistar** Fourth G Antibiotic drops, **Fortymax** Fourth G Drops

Medical Representative (EGY)

06/2007 to 12/2010



Role: Managing the products sales in Suez Canal and Sinai Area

QC Microbiologist (EGY)

11/2006 to 06/2007



Role: accountable for aspects of quality throughout the production cycle. conduct qualitative and quantitative analyses in laboratories for quality, process control

COMPETITIVE PVL MARKETING!

PROFIT

BY MAHMOUD FAKHRY, MBA
PVL Marketing Manager
Apr, 2024

Introduction



- Private label products are now widely accessible across various industries, spanning from food to cosmetics and occasionally medicine, particularly certain oral and topical treatments found in retail pharmacies.
- Traditionally, they've been positioned as more affordable alternatives to well-known national or international brands.
- However, there's been a recent trend where some private label brands are being positioned as premium offerings, aiming to rival established names or brands.
- Within retail pharmacy, there's a strategic focus on appealing to price-conscious shoppers by offering a diverse range of innovative private-label products in skincare, personal care, mom and baby, nutraceuticals, and more categories. The objective is to present compelling alternatives to A-brands, emphasizing both quality and value.
- The increase in number of retail stores, increase the power of retailer, so Private Label is used as a tool for increase business profit, and winning customer loyalty.
- Average 45% of products sold in Europe via private label, while in USA 25%.



What is the difference between Own Brand, PVL, In-house brand & Exclusive Agency?

Own Brand

When the company Owns Manufacturing, Brand name, and Distribution or Brand name & Distribution



PVL

When the Company Owns the **Retails**, Brand name, and Distribution while manufacturing done by another company



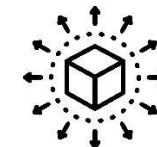
In-house brand

The type of PVL where the brand is only sold in own retails and never been distributed



Exclusive Agency

When the Company Owns the distribution only while the manufacturing and brand name are owned by another company





Category

The Major group of products that shares a common area of interest for the customer which usually located in same aisle



Sub-Category

A more Specific Group of products inside the category which usually located in the same gondola



Sub-Category Segment

A segment of products inside the sub-category which shares a common form Which usually located in the same gondola face



Products Line

A segment of products inside the sub-category which shares a common or same specific area of selling message Which usually located in the same block inside the gondola-face



Products Class

A group of products inside the sub-products line which shares the same image, and price range and usually located at the same shelf location
Usually Premium, Masstige, and Mass

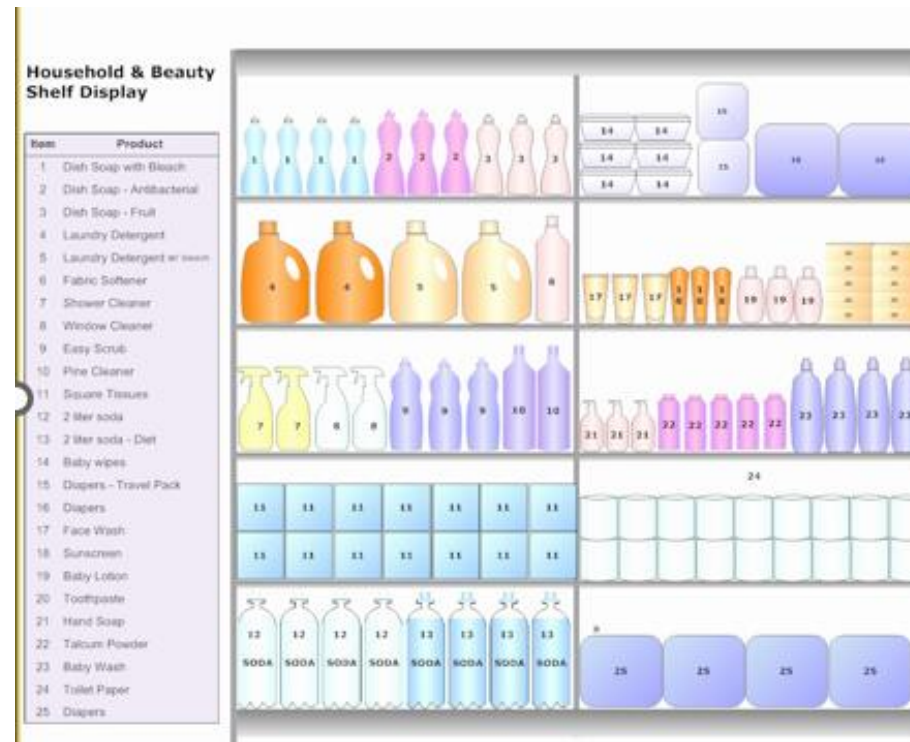


Planogram

Is the way you arrange and merchandize the products on the shelves prioritizing higher profit and higher sales products

Merchandizing Depth

How many product units, shelf isles space, and positioning (Vertical or Horizontal) given to a product





What is Private Label:

“A manufacturer produces a product to be sold under a retailer’s brand name.
involve the retailer doing, designing, merchandising , sourcing and distribution of product”

White Label vs. Private Label

Private labels are sold exclusively for one retailer with his own specifications.

A white label product is a generic product sold to many retailers with the manufacturer specifications and standards while the retailers controls only the brand name and packaging art design.

Why Private Label?



Higher Profit Margin

Retailers control the entire supply chain, so there's total control over product pricing. And with that pricing control comes a better profit margin than resale products



Increases customer's loyalty

Through offering them the highest quality that they used to have with lower or promoted prices or bigger size and volume

The advantage of offering consumer another option

Through a high-quality products with a unique value proposition which become a competitive advantage over other retailers and makes your retail as destination. this makes your customers feel the variety in you retail available products

Negotiation tool to have better discounts and better activations from distributors or wholesalers

Having your own PVL with high profit margin will give you the confidence in negotiating for better discounts and activations that other products offers to you otherwise you will change their shelf space to your PVL products

Additional Income from Wholesaling

Many private label businesses operate as a wholesalers for their own brand name. This offers you limited access to other retailers and even distribute to other countries.

Why Private Label?



Fill the need gaps that may exist in marketplace

PVL allows you to fill the gap in availability for products in some classes of the category to give a better variety to your customers

Protects against supply constraints

Having your own stock of PVL products will protect you against any shortage in original brands stock that will affect your sales and profitability specially if this shortage related to crises or pandemic or manufacturing difficulty that will remain for long period.

Opportunity for hunting the new trends and innovations for bigger opportunities through exclusivity

Experience and relations with manufacturers will acknowledge you with the latest trends and innovation in the world which will help you to be the fastest to have a unique products that makes your retail as a destination for customers

Building a brand equity asset

Bigger sales quantities → a habit → Pulling sales demand → Brand Name Value

Reflecting image and building your retailing positioning

The image of your high quality PVL will be reflected directly on your retail image as a quality focus retailers plus focusing with your high quality PVL on certain categories will give you better opportunity to be a destination for the customers when they want to buy products in this category boosting your retailing positioning.

Evolution of Private Label



**With Considering The Customer's Needs
and Product Class Specifications**

1st Stage – ONLY PRICE FOCUS:

Low Formula, Manufacturing Quality, Packaging, with **Lowest** Price, and Profit

2nd Stage – QUALITY AWARENESS:

Good Formula, Manufacturing Quality, Packaging, with **Lowest** Price, and Profit

3rd Stage – COPYCATTING MARKET-LEADER WITH LESS PRICE:

Same Formula, Manufacturing Quality, Packaging, **Lower** Price (10 to 20%), **Same** Profit

4th Stage – COPYCATTING MARKET-WITH SAME PRICE BUT HIGHER SIZE:

Same Formula, Manufacturing Quality, Packaging, **Bigger Size**, **Same** Price, **Better** Profit

5th – QUALITY EDGE DESTINATION IMAGE:

Better Formula, Manufacturing Quality, Packaging, **Same or Higher** Price (10 to 20%), **Best** Profit

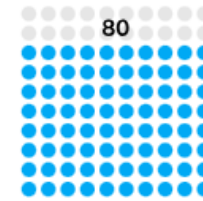
**You can design your
own strategy**

Prioritizing the voice of customer

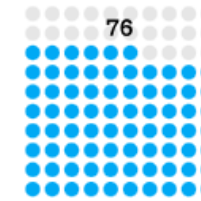
Battered by the recent pandemic and high inflation, customers have become more cost-conscious and are more willing to buy private-label products. Many customers are looking for private-label brands with quality like that of renowned brands at a lower cost

Customers have many different reasons for investigating private-label brands.

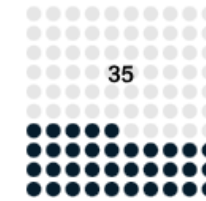
Top reasons for buying more private-label or distributor-branded products,¹ % respondents (n = 50)



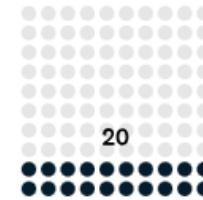
Quality equal to that of brand names for less cost



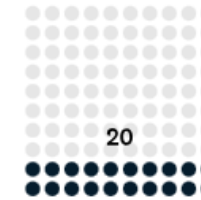
Saves money (eg, product is less expensive)



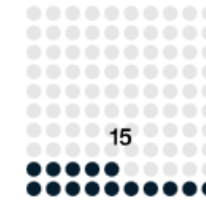
Meets minimum expectations



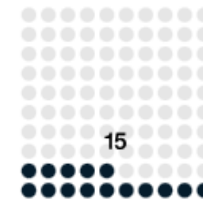
On sale or discounted by promotions



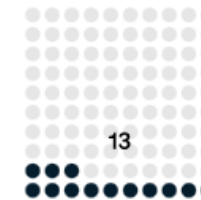
Products in stock more often than branded options



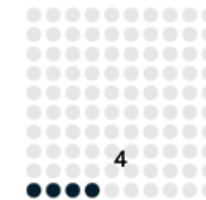
My usual brand was/is unavailable



Used other products under same private label



More products suited to my needs



Newer and/or more innovative products

¹Percentages based on the 92% of respondents who said they plan to buy private-label products in the next year.
Source: McKinsey survey of major B2B buyers across a wide range of industries, conducted Oct–Nov 2023

Market Dynamics



Some Distributors and Pharmacies Exaggerated in the prices of some products (like skincare products) to increase their profit

Pandemic and
supply constrains

Price
Conscious

The Rise of Sub-agents after most of countries governmental directions to allow direct importation for any brand by company. Even the brand has an agent inside the country to fight the monopoly that leads to exaggeration in prices for protecting their population from greediness

Main agents lower sales and pharmacies pressure to have better discounts to compete discounted shops, leads to decrease the dispensing on marketing budgets

Subagents importation with lower price goods of the same brand from other countries

The Rise of powerful destination for some products
Discounted
Cosmetics Shops

Different standards and qualities for the same brand as per the origin country manufacturing standards

Lost the
promotion
power

Customer's
doubt the
quality &
image of the
brand name

Leads the customers to try new products which gave more opportunity to the own brands and PVL brands with good quality and appropriate pricing

Overcoming the challenges

PVL Aspects	Challenges	Solutions
Customer's loyalty to long-standing brand names	<p>The long-standing brand names have advantages over your private brand. You'll find them in a broader range of stores – whereas your private label lines will only be on your shelves. Plus, a national brand or intentional brand will always have a bigger marketing and promotion budget.</p> <p>While to build loyalty to a private label brand, building a brand from scratch takes time and high marketing investments.</p>	Create PVL Brand in low loyalty categories till having the enough marketing budget to create brands that compete in moderate to high loyalty categories
MOQ	<p>Most manufacturers have minimum order amounts they require you to meet before they work with you. They have to use their resources, including production capacity. It doesn't make sense for them to go through all the work to produce a handful of any given product. They, too, are in the business of profit. In many situations, the minimum order amount is larger than what you would otherwise order.</p>	<p>1- Compete in categories that your retails can sell the biggest part of the MOQ (at least 20% of total sales)</p> <p>2- Create your own or outsource distribution arm</p> <p>3- Make B2B deals with other retailers</p> <p>4- focus on non or long period expiry products</p>
Marketing and operation Costs and quality	<p>Some operation costs like shipping, registration, formulation, storing, marketing, and so on will need costs that are deducted from your net profit. Plus, if you didn't hire a qualified team or third party, you will face a big problems may cost you a lot of money like losing a total shipment because of a little mistake in having some documents that ban its release from customs.</p>	<p>1- Compete in low loyalty and competition categories that doesn't need high budgets</p> <p>2- Invest in hiring qualified sustainable team instead of third-party high costs</p> <p>3- Cross function some responsibility with your current team</p> <p>4- Enlarge your PVL project to the limit that decreases the costs of each task</p>



Overcoming the challenges



PVL Aspects	Challenges	Solutions
Quality Control	<p>Since the manufacturing process is outsourced to a contract manufacturer, the company must rely on the manufacturer regarding adherence to strict quality control standards.</p> <p>If the contract manufacturer fails to meet the necessary standards, the reputation of the private-label brand could be damaged.</p>	<p>Establishing a clear quality control standards and ensure the manufacturer adheres to them through audits before making the contract.</p>
Regulatory Compliance	<p>Another challenge is ensuring that their private-label products meet all the Regulatory requirements. This includes:</p> <ul style="list-style-type: none">•Obtaining Regulatory approval for the product•Maintaining proper documentation•Adhering to Good Manufacturing Practices (GMPs)	<p>Work closely with the contract manufacturers to ensure that all the Regulatory requirements are met.</p>
Brand Management	<p>Since the product is sold under the retail company's brand name, the company must ensure that the private-label brand aligns with its own brand values and messaging. Plus having a unified theme for easily recognition of their PVL and its quality</p>	<p>Retail PVL companies should provide the manufacturer with a clear guidelines for private-label branding and ensure that the manufacturer adheres to these guidelines.</p>
Intellectual Property Protection	<p>Retail PVL companies must ensure that their intellectual property is protected. This includes:</p> <ul style="list-style-type: none">•Product Formulation•Packaging Design•Branding <p>If the manufacturer shares this information with others without, it could result in lost sales and damage to the brand's reputation.</p>	<p>Establish clear agreements with a penalty clause regarding Intellectual Property Rights. They should also conduct regular audits to protect their intellectual property.</p>

Overcoming the challenges



PVL Aspects	Challenges	Solutions
Supply Chain Management	You may also face challenges in managing supply chain. it can be difficult to track inventory levels, lead time for manufacturer to manufacture your orders, manage shipments, and maintain proper storage conditions.	<p>You should establish clear Supply Chain Management procedures with the manufacturers. This includes:</p> <ul style="list-style-type: none"> •Setting inventory levels and monthly sales averages •Establishing shipping protocols •Ensuring that the products are stored and transported in appropriate conditions.
Product Development	You may face challenges in developing new products. Since the manufacturing process is outsourced, it can be difficult to make changes to the product formulation, packaging design, or any other features.	<p>You should define the manufacturers' ability to perform developments to ensure that the product development process is effective. This includes:</p> <ul style="list-style-type: none"> •Providing clear guidelines for product specifications •Establishing timelines for product development •Ensuring that the manufacturer is responsive to feedback and suggestions
Other PVL Competition	You may face challenges in competing with other private-label products in the market. Since private labeling is a common practice in the Pharmaceutical industry, there may be many similar products available to consumers.	<p>You should focus on differentiating their private-label products from other products in the market. This includes:</p> <ul style="list-style-type: none"> •Emphasizing the unique features of the private-label product •Design your PVL with the latest trends •Offering competitive pricing •Building strong brand recognition and customer loyalty

DESIGNING OWN RETAIL PVL!

Best Practice

Marketing Overview

1 Do You Have Reason?

1- Your profit margin is affected with low profit margin products sales specially if they have high sales and they exhaust my cash flow through dispensing much on them so blocking the ability for other critical investments

2- Your cash flow was affected by slow moving indistinctive brands (your retail is not a parking lot for companies' stocks)

3- You have a supply constrains in some products in critical categories

4- Price Conscious competition with your competitors and the need to attract the customers with affordable products

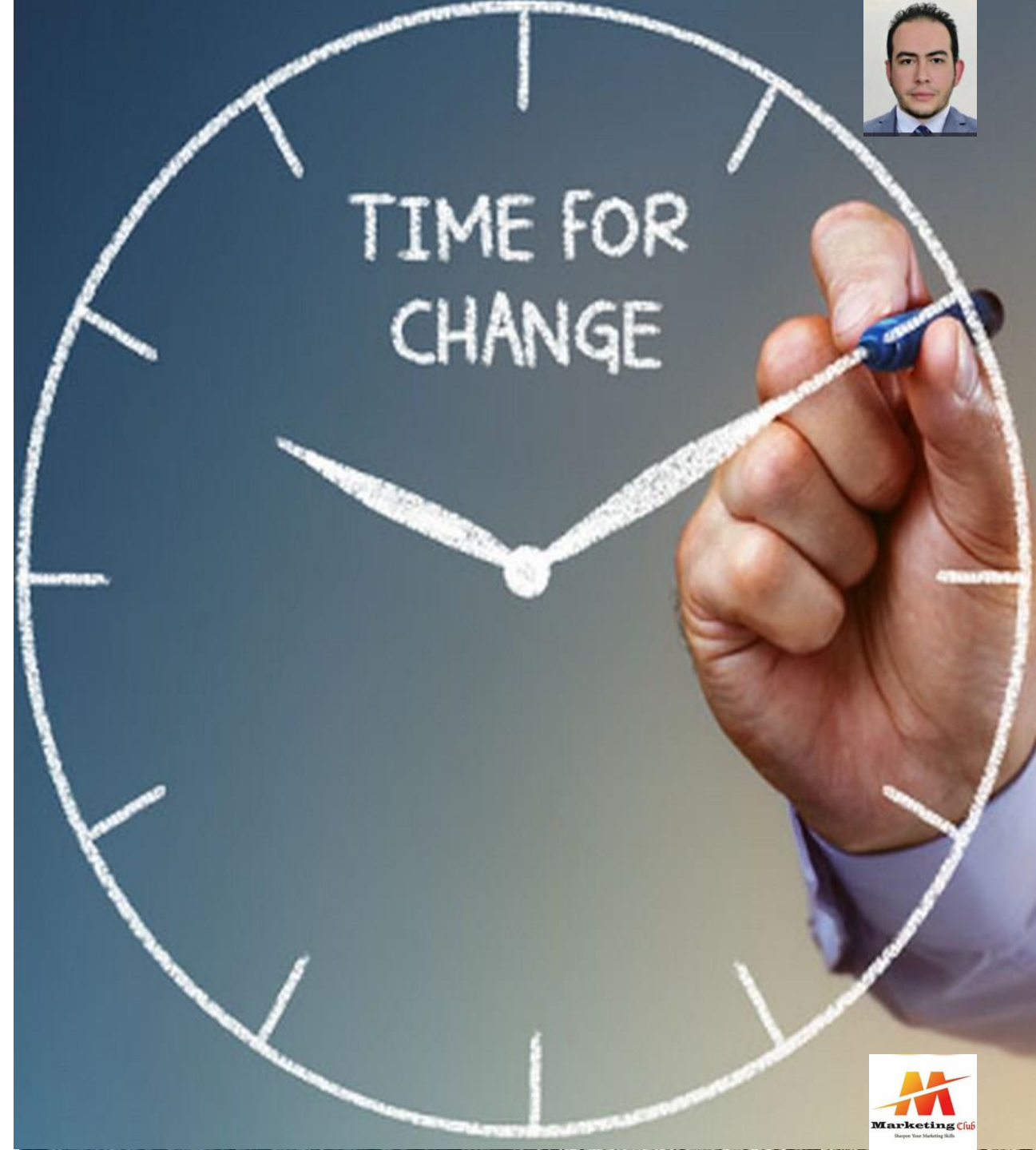
5- You just need to capitalize your investments



2

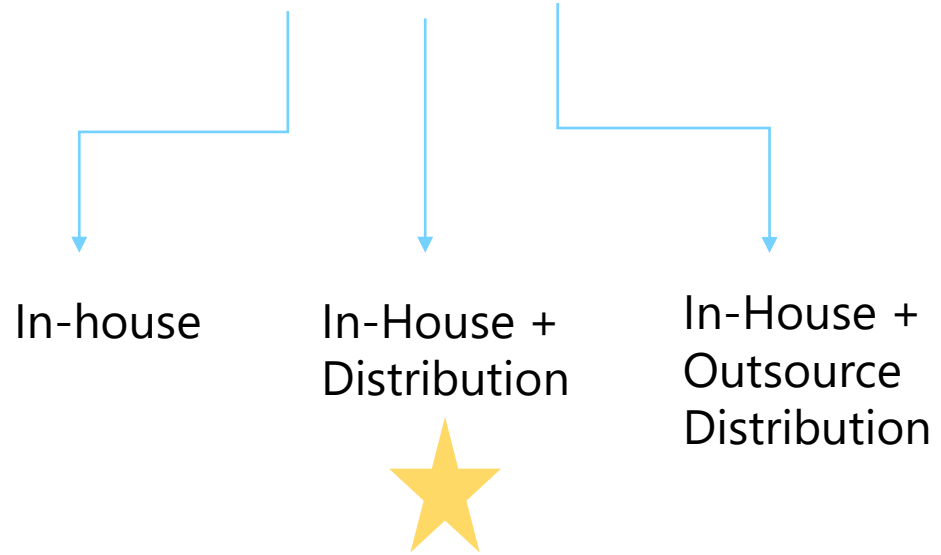
My own PVL business objectives

- **Maximize utilization of my asset retails through:**
 1. Increase my base of loyal customers through offer them discounted high quality products
 2. Go deep in price conscious competition
 3. Position my retail destination
 4. Allows me to retain the profits that would otherwise be benefiting someone else regarding building his equity and profit
 5. **Capitalizing my investments through the establishment of my own brand equity asset**



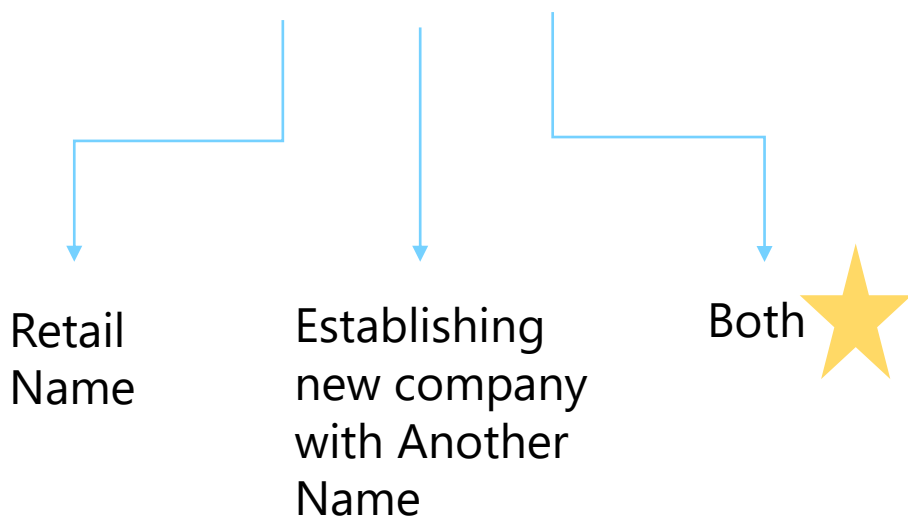
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Designing my model

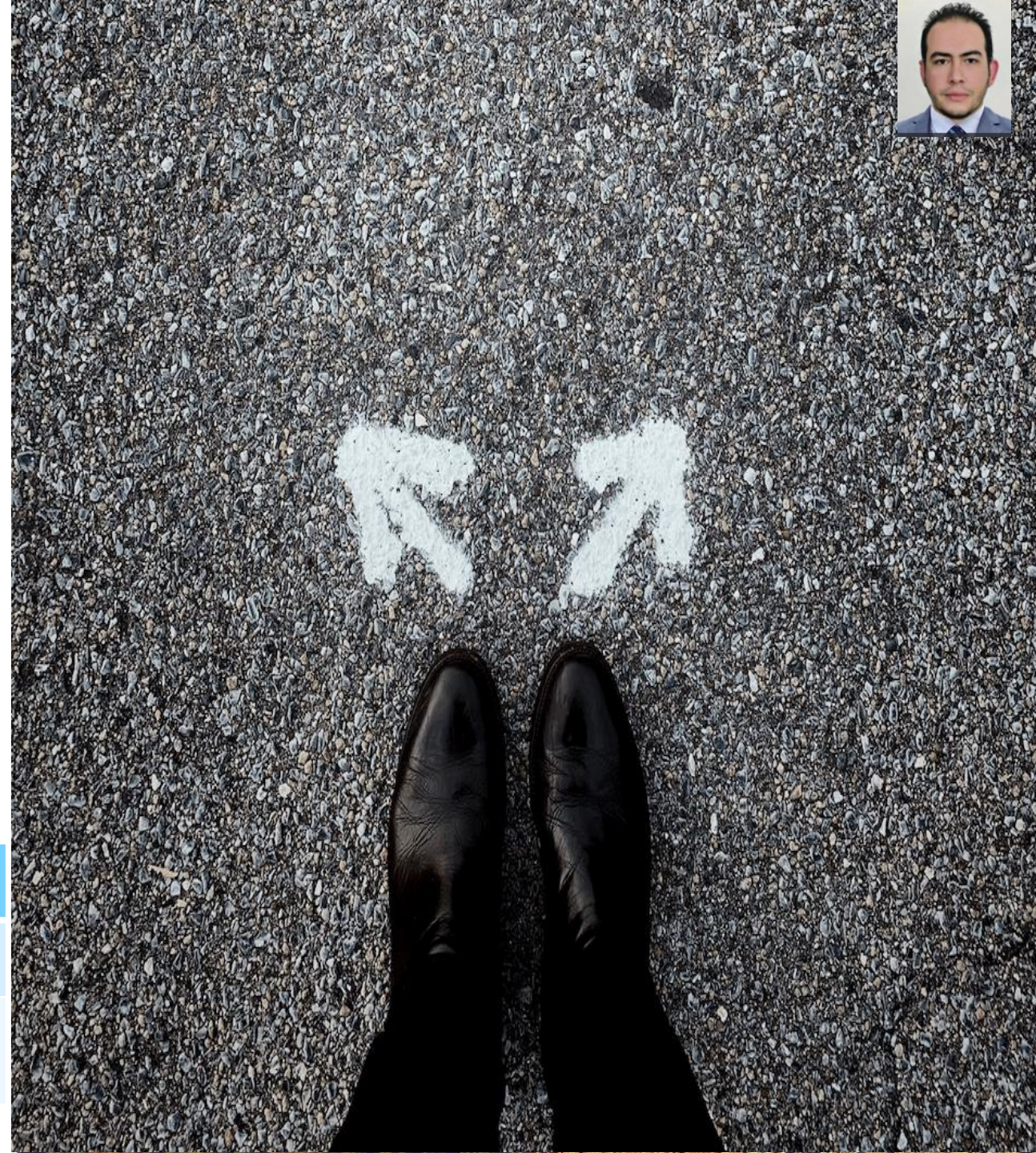


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Designing my model

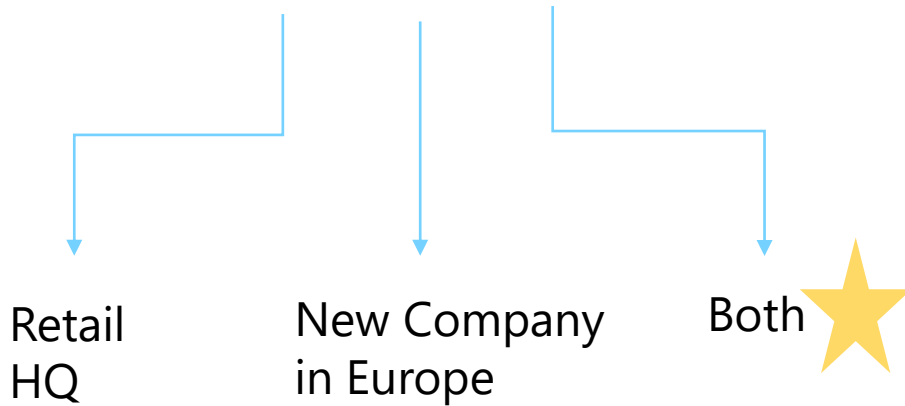


Option	Advantage	Customer Loyalty	More Suitable for
Retail Name	Branding and Image	Low Loyalty Products	First Aid, Geriatric Aid, Pregnancy and covid test, cooling patches ...
New Company Name	Distribution to other markets and countries	High Loyalty Products	Skincare, Hair care, Personal care, Beauty, mom and baby, Nutraceuticals, ...



5

Location of HQ



To enhance your image as European company
facilitating exporting your products anytime





Classify and Split your business into two or three companies as per categories common uses, loyalty level, and required marketing activities



7

Design Your Private Label Corporate profile and guidelines

Outsourcing professional specialized company to Create your logos, vision, mission, positioning statement, corporate colors, fonts types, fonts size, packaging guidelines per each category, designs guidelines, emails, dress code, presentation themes, social media theme, posters

Take in consideration reflecting your long-term experience in retailing and knowledge of customer's needs

Utilizing the advantage that you can source any product from any country

Deliver the message that your commitment to your customers is sourcing each of your product from the best manufacturing quality allover the world so any customer in any place in the world when he buy your product, be confident that he uses the top quality ever found in the world (The world top class quality products between your hands)

8

Prepare your products line brand names and register them trademark

Choose one or two attractive brand names maximum in each category and register them trademarks to be ready for any new products line

Take in consideration to gather all the products line that you will create in the same category under the same name

Example: Baby Toiletries, Baby Nursery products, Diapers all under the same brand name

Toothpaste, Toothbrushes, Mouthwashes under the same brand name

You should emphasize how big is your brand name sales because it is equity that becomes an asset that you can sell anytime

Help your customer recognize your brand and facilitate new launches



Analysis and choosing the right products (Funnel Strategy)

Based on your kind of destination positioning

Category: High sales and low profit

Subcategory: High sales and low profit

Subcategory Segment: High sales and low profit

Products Line: High sales and low profit and low variety

Product Class: High sales and low profit and low variety

Products: High sales and low profit **products not brands, then add more products with a unique value proposition as per your experience with your customers.**

Prepare your proposal for the sales forecast and the pricing proposal step

After receiving your PVL goods you should give it a shelf space by **removing the slow-moving items even if high profit margin percentage**

Your next step is to make a complementary range in the subcategory level





10



Pricing Proposal

In this stage you should Build your calculations by proposing your RSP 20% less than the market leader brand.

Market leader RSP 100

PVL Proposed RSP 80

Discounted invoice price (60%) 32

Deduct 20% Marketing 25.6

Deduct 15% Promotions 21.75

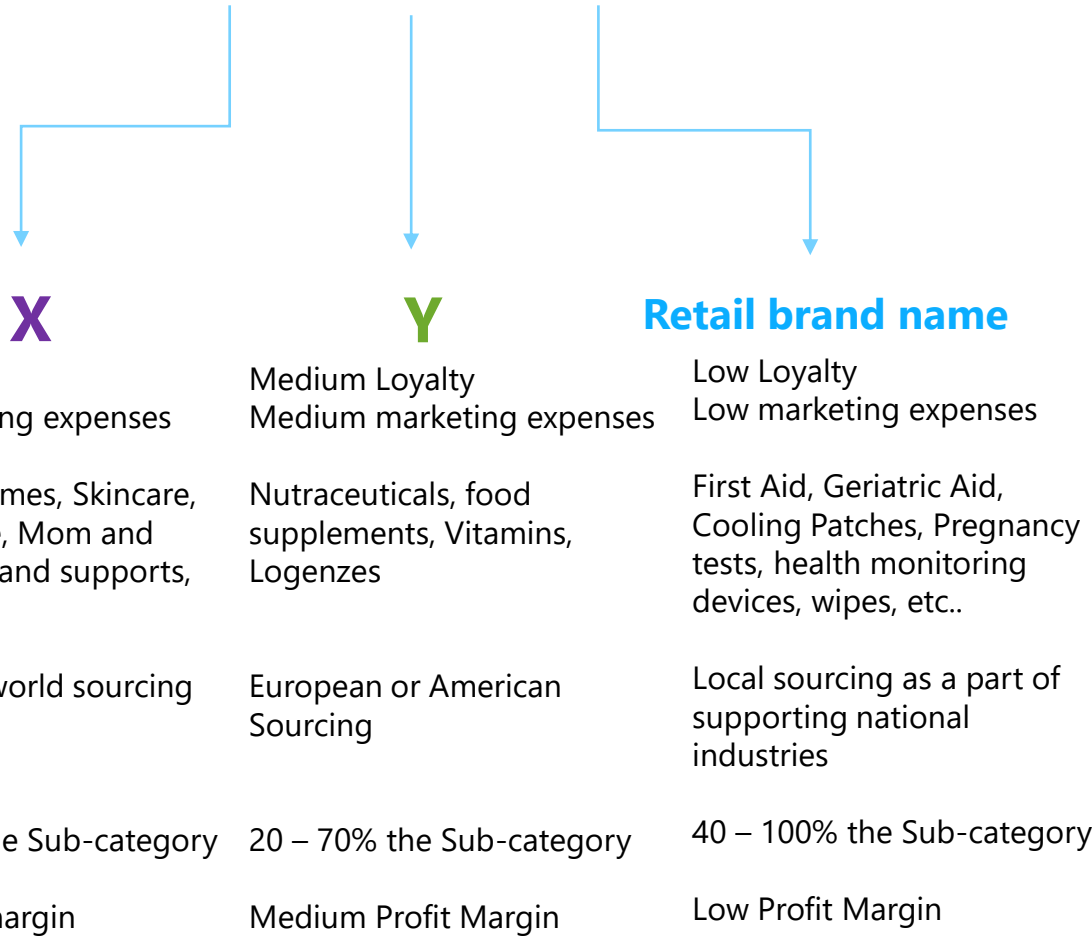
Deduct 20% Distribution Profit 17.5

This is your landed cost that should be considered when sourcing the product



Forecasted Sales Units

Vary as per category and customers loyalty



Experience in group X – Pharmacy Sector

Retails Count	In-house sales	Distribution sales %
Less than 200	Maximum 20%	Minimum 80%
200 to 500	Maximum 35%	Minimum 65%
500 to 1000	Maximum 50%	Minimum 50%
Above 1000	70% to 100%	30% to 0%

12 Sourcing

- Choose the most famous country origin in manufacturing high quality products in this products line
- Choose the best quality offered manufacturers
- With the best

1- Quality Control

2- Regulatory Compliance

3- Innovation, R&D, and product development ability

4- Packaging customization specifications

5- Supply Capacity and quality

6- Non-competing obligation acceptance

7- Prices within your target price

8- MOQ within your forecast

9- Acceptable payment terms



13 After Contracting

- Packaging specifications and designs as per your corporate profile guidelines
- Approved Samples
- Registration
- Coding
- Listing in my and other retails and E-commerce websites
- Seeding order
- Prepare the shelf space by removing slow moving items
- Sharing the planogram and depth with the merchandising team





14 Related Marketing Activities and Dispensing %

Vary as per category and customers loyalty

X

High Loyalty
High marketing expenses

Beauty, Perfumes, Skincare,
Personal care, Mom and
Baby, Braces and supports,
Food

All over the world sourcing

8 – 15% of the Sub-category

High profit margin

Y

Medium Loyalty
Medium marketing expenses

Nutraceuticals, food
supplements, Vitamins,
Lozenges

European or American
Sourcing

20 – 70% the Sub-category

Medium Profit Margin

Retail brand name

Low Loyalty
Low marketing expenses

First Aid, Geriatric Aid,
Cooling Patches, Pregnancy
tests, health monitoring
devices, wipes, etc..

Local sourcing as a part of
supporting national
industries

40 – 100% the Sub-category

Low Profit Margin

Group	Level of dispensing	Social Media	Activations	Pharmacists Training & Incentives	Displays
X	High	40%	30%	10%	20%
Y	Med	20%	20%	50%	10%
Retail Brand Name	Low	10%	0%	0%	90%

Overcoming Retailers PVL

You could become a substitute to most pharmacies private label products if you did the following:

- 1- Giving Discounts as high as PVL products and High dispensing on pharmacists and you can compensate this throughout
 - Large sales will give you less production costs
 - Large Sales will give you a total good revenue even the percentage was low
 - Squeeze your net profit margin
 - Increase your selling price to compensate the low profit percentage with high value
 - Do your best in innovating top image in packaging, quality, and marketing activities
- 2- Differentiate your product with a unique value proposition in your brand that is hard to be copycatted .
- 3- Create experts Rx's or referrals
- 4- Compete on the class of products that doesn't have PVL inside the pharmacy like Mastige, Mass, or Premium

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THANK YOU