Toasting *Labeling*

Eagle Beverage Products Scales Production to Launch Private Label Brands

According to conventional brand strategy, the main reason to launch a private label brand is to offer a product that is less costly than a national brand but delivers comparable quality, sell it at a lower price, and take more profit to the bank.

According to Aisha Kabani, vice president at Eagle Beverage Products, that's old-fashioned, 20th century thinking. During the last 10 years, private label branding has come a long way, and brand owners are aiming for much greater returns than before.

"Boosting profitability is still a great motivator," says Kabani. "But most brand owners today are reinvesting most of that price advantage to surpass the market leader, not just duplicate the quality of a national brand. The old formula – matching the flavor profile of a national brand and beating their price – was reliable. With sufficient sales volume, that approach would typically deliver margin growth of at least 10- to 15-percent," she says.

"But for private label brand owners today, duplicating a market-leading brand is just the starting point," Kabani continued. "They want to launch products with 'Wow Factor' to lure buyers away from national brands, win customer loyalty, build their own brand equity, and become much stronger competitors over the long-term."

Partners in 21st Century Private Labeling

Ironically, to compete more effectively as a modern alternative to national brands, private label brand owners must adopt an approach that looks a lot like traditional brand strategy.

"Big, successful brands are market leaders, not followers. They're good at innovation. They've built a reputation for superior quality. And they can move fast. So, that's exactly what private label brand owners have to learn to do."

Fast-moving product innovation, customer-focused development and positioning and short-run production and fast distribution all require a manufacturing partner that is also fast and sure-footed in a dynamic market. This is the niche that Eagle Beverage Products has targeted.

Eagle Beverage Products is a boutique beverage manufacturer serving the food service industry. Its customers include food service distributors, chain retailers, grocery wholesalers and coffee roasters and distributors. More than 80-percent of its business is dedicated to private label manufacturing. From spiced apple cider to hot chocolate, specialty coffees, frappes and smoothies, the company provides pre-blended bases and shakable toppings for retail display cases and back-bar applications nationwide.

Serving as a brand owner's manufacturing partner requires great versatility on the plant floor. This is especially true for Eagle Beverage Products, whose strategy is to focus narrowly on such markets as specialty coffees and bar/restaurant supply, while providing an extraordinarily wide variety of beverage products. On the floor, this means a steady stream of fast-changing tests and production runs culminating in a multitude of packaging options from 8-ounce single-serve jars to 25-pound bulk containers.

"Efficient blending is the key to moving fast, hitting our production goals, and delivering a pure and accurate product," says Kabani. "With more than a dozen process changeovers every day, involving many recipes and ingredients, our production team needs to move like a pit crew on the Daytona race track."

With demand increasing by 15-percent or more each year, Eagle Beverage Products recently addressed the need for new blending equipment. The management team began by identifying its primary goals for improving the blending operation:

1. More capacity to accommodate growing demand.
2. Faster, more complete cleaning to accelerate changeover and reduce the risk of contamination.
3. Versatility to handle small-volume and high-volume batches with a single blender.
4. Smaller equipment footprint on the plant floor.
5. Reduced need for maintenance, and lower ongoing costs.

After discussing the project with several manufacturers, the team selected Charles Ross & Son Company as its equipment partner. A week later, Ross shipped an 18-cubic-foot sanitary ribbon blender from stock to the Eagle Beverage Products plant.

Blender Selection Guidelines

According to Ken Langhorn, Ross technical director, ribbon blender design is comparatively mature. "Evolution in blender design is continuing to move forward," he says, "but compared to mixers that are more complex and far more costly, progress is measured in the subtleties of design and finish. For example, modern ribbon blenders have dropped such antiquated features as chain and belt drives. These days, direct drive is always a better choice because it's a cleaner, more compact drive arrangement. It reduces noise in the plant, and it virtually eliminates a maintenance headache.

"The drive should also be capable of starting with a full load," he continues. "An appropriate control system, including electronic variable speed control, provides an electronic soft start and additional flexibility, during both the blending cycle and discharge."

Other features to look for in a sanitary blender include high-grade stainless steel construction, a sanitary finish, and design details that eliminate corners and crevices where batch material might collect. For many applications, engineering the ribbon for easy removal between batches is another plus, since this simplifies cleaning, especially in larger blenders.

"With our previous blender, we typically spent 60 to 90 minutes cleaning between batches," says Kabani. "Our guys literally attacked those corners with toothbrushes to remove all of the built-up material. Since then, we've cut that time to an average of 15 to 30 minutes. That makes a real difference in our ability to change quickly — and squeeze another batch or two into an 8-hour shift.

"It also cuts the risk of contamination virtually to zero," Kabani continues. "When we're changing from a vanilla smoothie base to hot chocolate or spiced apple cider, there's zero room for error!"

Production Scaled for Entrepreneurs

Nimble, cost-efficient production gives smaller retailers and food service distributors an opportunity to jump into the world of private label branding. Are you ready?

"To make the leap," says Kabani, "a company should be selling at least $250,000 per year in nationally-branded products in a single category. That's a good rule of thumb. Even if it's spread over numerous SKU's, sales at that level will give you the leverage to develop products that can knock-off a market-leader, launch your own brand, and grow your margins."

Charles Ross and Son Company

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