

## Changing the face of private label

Systemcare Products is a private brand specialist for the equipment cleaning market. It has a head office and manufacturing facilities in the UK and a sales office in Paris. It operates through partners in Australia, the USA, Germany and Taiwan. Despite this high level activity its name is virtually unknown in the UK market



Doug Skeggs - delighted that private branding is now moving away from just being price driven

When Systemcare Products, the Birmingham-based cleaning products manufacturer for the private brand market, moves into its new manufacturing facility in October it will double the size of its current operation. In a roller-coaster market Systemcare is a real success story with consistent year on year growth over the past four years, and a determination to maintain a UK manufacturing base in the face of increasing competition from the Far East. It is also unusual in maintaining its adherence to a private-label only stance.

Managing Director Simon Rex and Marketing Director Doug Skeggs have a strong track record of innovation and product development and they are both very focused. Rex says: "When we acquired the company in 1998 private branding was getting more and more popular and the market was developing all 'me too' products, which were simply driving down margins for resellers. Private brands were becoming low margin high volume items, with high effort and cost and small rewards for the manufacturer and reseller alike."

Systemcare changed the perception of private brand from being a poor relation to a preferred option. "We still see some driving down of prices and quality in desperation for market share from some companies in our sector, but we made a strategic decision to offer private brand products with enhanced features and quality, and a level of support that benefits everyone in the sales channel." says Rex.

"It also helps us to avoid the conflict that some other companies have when they have a brand of their own but still offer a private brand version. We have no end user sales and are 100 per cent trade-focussed."

Systemcare has been making cleaning products and office accessories for over ten years. It was purchased by Doug Skeggs and Simon Rex in 1998. The initial four years was spent investing in and developing the troubled business to take it back to profitability and by 2001 things had turned around. Sales were up 30 per cent and there was an increase in profits. The focus was on the production of quality, products and 100 per cent fill rates. Last year it reported another record year for to 30 September 2006, with sales for the Office Products industry division were up 18 per cent at \$17.2 million.

Doug Skeggs is delighted that private branding is now moving away from just being price driven. "Our strategy of offering more added value products to our customers to help them achieve

greater profits has worked as the increase in sales volumes for all of our customers has shown. Coupled with that, in the last year we have seen a dramatic move away from Asia sourced products in this technical cleaning sector, for mostly environmental and quality reasons. We manufacture more than any other company in this category and this will enable us to keep ahead."

"With some companies the cost of entry of a client into the private label market has been a deterrent, because in many cases the supplier is already selling their own branded product into the market and has wholesalers and distributors to protect. Systemcare only manufactures private label and will ensure a cost of entry into the market as low as possible and will endeavour to meet budget requirements."

Systemcare's research and development is a continual process. There are around 20 new products added each year, ranging from technical cleaning kits for engineers to new retail consumer cleaning products like a digital camera cleaning pack. Some customers even suggest new products themselves, like the recently developed wipe for a customer in Finland that removes sea salt residue from cockpit instruments in speed boats and leisure cruisers! New products are trialled with customers and end user appeal is added with attractive retail packaging where required.

The forthcoming move to larger premises, located just next door, is much anticipated as the company has been under pressure for space for a few months. The additional space will allow for investment in specialist high volume filling equipment for the additional orders being generated for the export markets. There will also be further diversification into new product areas and component stock levels will be increased.

"We are successful because we are flexible and create innovative packaging and products for the specific customers in each channel, rather than selling everyone the same product," says Skeggs. "Annually we produce and ship around four million tubs of wipes, 42 million screens sachets, 1 million air dusters and many, many more products around the world. All from our base in the UK." ■

### Contact details

[www.systemcare.co.uk](http://www.systemcare.co.uk)