

# AIM STRATEGIC PLAN 2010-2012



**AIM<sup>®</sup>**

*Makers of Europe's Leading Brands*

## External influence and new opportunities

- ▶ The plan covers the two dimensions of AIM's work : influencing the policy environment in which brand manufacturers operate and creating opportunities for greater effectiveness of the brands industry. Both dimensions aim to facilitate brands' ability to improve consumers' lives and create sustainable growth.
- ▶ We will work together with other associations whenever it contributes to fulfilling our mission and priority objectives.

- ▶ Each project flowing from this plan will be owned by a committee or task force, with an action plan complete with deliverables, means to measure success and be resourced as required. A Board champion will be nominated where appropriate.

**The priorities in this plan are focussed on what a significant number of our members deem both important and best achieved by AIM**

- ▶ Our National Associations continue to be critical to success. Their active interaction with national business, regulatory and political stakeholders plays a key role in giving AIM strategies effect in the markets. We will ask their Boards to endorse this plan and contribute to its implementation.
- ▶ AIM will maintain its established high legal compliance standards, protecting both our Association and its members.

## External influence first work stream To influence public policies affecting brand manufacturers' ability to deliver maximum value to consumers

In our experience an effective way to gain support for our industry's views on brand-critical public policies has been to raise awareness among policy makers and influencers of the public benefits which brands and branding bring to consumers, to the economy, to the quality of employment and to society. This will continue to underpin a series of goal-oriented dialogues, initiated by AIM, with politicians, regulators and other stakeholders, including consumer associations. AIM will concentrate on policies that affect the consumer, innovation, speed to market, sustainable development and the single market.

**We will put the consumer at the centre of all we do**

In the course of this plan we will build on ongoing policy dialogues, driven by the relevant AIM committees and task forces, with the goal of developing these into a collaborative process whereby regulators and other stakeholders actively seek the views of AIM:

- ▶ **The health and well-being** dialogue with the European Commission will continue to develop into collaboration on the role that branding and marketing can play in achieving public health objectives such as healthier lifestyles and better health outcomes for EU citizens, on the model of the AIM Charter on Brands for Health and Well-being. The Charter is regularly cited by the Commission as an example of a positive industry initiative. AIM accepted the Commission's invitation to engage in a dialogue, also with NGOs, on the success factors of such voluntary industry initiatives, and how to make it easier for all parties concerned to join forces.

- ▶ AIM will contribute to positioning the branded goods industry as the thought-leader and execution expert on **sustainable development**. We depend on earning a sustained reputation, providing sustained consumer value and engaging in sustained innovation. Consumers will increasingly prefer companies and brands which respond to their concerns as citizens about issues such as health, environment, and climate change. Today brands also strive to meet environmental goals by developing processes, products and packaging that use less resources and have improved environmental performance. Sustainability and responsible sourcing are areas of growing AIM activity. AIM will need to ensure that policy makers understand and recognise the positive role brands play, the impact of government policy on branding, and that they continue to seek brand manufacturers' views on policy regarding sustainable consumption and production, and consumer information.

## External influence second work stream To represent brand manufacturers' views in the policy debate about a better functioning supply chain in Europe

For the reasons explained in this plan's context, European institutions have for the first time placed the relations between actors in the supply chain, including the interface between brand manufacturers and retailers, at the centre of public policy debates with potential implications for our members' operations. Whilst public intervention may help address certain market malfunctionings, it also implies a risk of over-regulation.

In the course of this plan AIM will engage major resources to develop the activities and achieve the results listed below, with consumers' easy access to their favourite brands as our primary objective:

As the Commission develops **tools to monitor price** convergence of branded products in the EU and to facilitate shoppers' local price comparisons, AIM will ensure that legitimate reasons for price differences across markets are understood and that price monitoring methods used are sound.

Regarding **international alliances of large retailers**, AIM will build on progress achieved during the previous plan in gaining acceptance that such alliances can lead to partitioning of the single market and to higher consumer prices so that they come under greater scrutiny.

AIM will contribute to the European Commission's ongoing study about **private labels**. AIM recognises that private labels are valued by many consumers. Our efforts will focus on establishing a level playing field in the competition with brands, in view of the retailer's conflict of interest as both customer and competitor of the brand manufacturer. For example, AIM is asking the European Commission to condemn the parasitic copying of brands, to conduct a comprehensive study about its impact on innovation and consumers, and to examine possible remedies.

AIM will participate in the new European manufacturer-retailer Forum set up by the Commission to address issues of buyer power and **unfair trading practices**. On the basis of a study analysing national

rules, codes and jurisprudence about unfair practices we will contribute actively to discussions on an EU-wide framework to address unfair commercial practices, in line with the AIM Principles of Good Business Practice adopted in 1993. The study will include practices related to international retail alliances and to the marketing of private labels.

AIM will be prepared to assist the Commission in its study on **territorial supply constraints** allegedly imposed by brand manufacturers in their commercial relations with retailers.

In all these activities AIM will continue to work in close cooperation with the European food industry association CIAA. Whenever appropriate we will keep an open channel for policy dialogue with the European retailer organisations.

The well-established policy dialogues that we will continue to lead under this strategic plan cover:

Engaging with policy makers on **better consumer information** (including labelling) based on a set of common principles agreed between AIM and the European consumers' association BEUC.

Contributing to recognition of the value of **commercial communication** to the economy, society and consumers, thus protecting the ability of our members to advertise freely, working closely with the World Federation of Advertisers.

Strengthening the protection of our brands against **counterfeits** by advocating

effective enforcement and cooperating with customs.

Maintaining strong, cost-effective national, European and international systems of **protection of trade marks on and off-line**.

Supporting the European Commission's work in its **control of buying power**, such as its control of mergers in the distribution of consumer goods and ensuring that retail alliances are not used as vehicles to constrain competition, innovation and consumer choice.

Supporting the Commission's initiative to improve **freight transport** in Europe and optimise the use of the various transport modes.

# AIM Strategic Plan 2010-2012

## New opportunities Enhancing the effectiveness of the brands industry in improving consumers' lives and generating sustainable growth

Retailers will remain for the foreseeable future, in their diversity of formats, the main channel for the distribution of frequently purchased consumer goods. There is an enormous potential for greater consumer value creation within this channel if the two sides of the industry develop successful new ways of working together.

The recent launch of The Consumer Goods Forum has clarified and simplified the global association landscape and will offer new opportunities for such collaboration. AIM is a founding member of the Liaison Group of regional organisations entrusted by The Consumer Goods Forum with supporting its public policy communication. AIM is also a key stakeholder in **ECR Europe**, the regional organisation with 15 years of experience in promoting collaboration between trading partners to fulfil consumer wishes better. ECR Europe has renovated its structure and governance to become the partner regional collaboration platform of The Consumer Goods Forum. As part of this change and in agreement with other stakeholders, AIM will cease to offer full management services pro bono to ECR Europe and will only support the

management of projects that are important for brands. This will free resources for our external influence activities. AIM members will remain well placed to contribute to and benefit from the synergies resulting from this streamlined association landscape.

The project managed by AIM on behalf of The Consumer Goods Forum, to develop a common global language and a set of principles and metrics for a more effective dialogue with trading partners about **packaging and sustainability**, offers a good model for the future.

There is an enormous potential for greater consumer value creation

On **responsible sourcing** AIM will continue to provide support to member companies to improve the CSR standards of their extended supply chain through our AIM-PROGRESS task force. AIM will promote the use of good practices through harmonisation of audit protocols, the development of better tools to facilitate mutual recognition of audits and

the implementation of adequate remedies where necessary. As this activity has a global rather than regional scope, AIM works closely with our US counterpart organisation GMA. AIM will also seek synergies with the Global Social Compliance Programme (GSCP) to build on retailers' similar interests and to promote convergence on methods of supplier CSR audits.

The increasing mobility of individuals and diversity of media make it possible for brand manufacturers to innovate in achieving **access to consumers outside traditional channels**. AIM has a role to play in stimulating pre-competitive research in this area and where possible enabling brand manufacturers to deliver new benefits and branded solutions to improve the lives of consumers.

In all these initiatives AIM recognises that every company is responsible for deciding its own strategy and commercial actions.

**AIM's mission is to create for brands an environment of fair and vigorous competition, fostering innovation and guaranteeing maximum value to consumers now and for generations to come**

**This strategic plan's ambition is to facilitate brands' ability to improve consumers' lives and create sustainable growth**

## The plan's context

### The market

At the start of the previous plan (2008-2010) the financial crisis and signs of economic recession together with high raw material and energy prices created difficult trading and pricing conditions. European regulators soon took the view that retailers and brand manufacturers were too prompt to pass on the extra costs to consumers and too slow to reduce prices when the situation eased. In conjunction with farmers' and SMEs' protests against large retailers' commercial practices and a series of price cartel investigations, this led to perceptions of market malfunctioning and to an unprecedented level of intervention in the consumer goods retail sector by European institutions. Today, as a result both of market pressures and regulatory activity, issues of buyer power remain at the top of the agenda of many AIM members.

### Consumers

The impact of high commodity costs on brand pricing at a time of economic uncertainty has contributed to a major acceleration in private label share growth in several categories and European markets, most notably in Spain. Discounters have also benefited from this development. Although it remains to be seen how long lasting the impact will be, consumers are looking for real value. They are interested in real new product options as opposed to cosmetic changes. They want more clarity and simpler, truly different choices. Not surprisingly the growth of private labels is cited by three-quarters of corporate members as a top concern in our strategic plan survey, almost double the total in the 2008 survey.

### Sustainability

Remarkably, almost three-quarters of members continue to rank sustainable development and climate change as issues with high impact on brands, a higher number than two years earlier. For brand manufacturers, the crisis has not pushed sustainability down the priority rankings. Addressing societal issues such as the environment, social inclusion or health and well-being has increasingly become fundamental to the way brand manufacturers operate.

### Associations

The launch of The Consumer Goods Forum, the recognition of AIM as a key public policy ally and the role of ECR Europe as the regional collaboration platform create a coherent network for our members. By clarifying these alliances we strengthen the potential for synergy and can better use association resources to serve the industry.

### The EU

Finally, Europe and its institutions are going through a new round of reforms with the Lisbon Treaty, which gives more power to large Member States and the newly-elected European Parliament and gives a new role for national assemblies. The composition of the new Parliament is relatively favourable for industry but its mix of parties and nationalities make it difficult to predict in which direction it will apply its new-found influence. A new Commission also comes into office at the time of adoption of this plan. Its strategy for 2020 contains sound platforms on growth, sustainability and intellectual property. An unprecedented level of trust and dialogue currently exists with the Directorate-General in charge of consumer protection and health, whose awareness of the power of brands to help achieve policy goals has grown further in the course of the last plan. The key debate for brands in the coming years will revolve around future consumption patterns and the respective roles of regulation, self-regulation and commercial freedom in achieving the best possible outcome for consumers and society.

**In today's difficult trading environment, associations have a role to play in simplifying business and creating opportunities for efficiency**



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