

Private Label: Popular and Trending



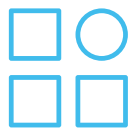
BREAKING DOWN PRIVATE LABEL FOODS TO UNDERSTAND THE FORCES BEHIND THEM

Since the Great Recession a decade ago, private-label brands — items manufactured by a third party for sale under a retailer’s brand — have gained steam and are positioned to continue growing in U.S. markets. In food, private label was once stigmatized as “generic” and simply a low-price option. Today, most private-label foods provide a mark of quality and distinction for retailers. The Private Label Manufacturers Association (PLMA) [boasts](#) that 1 in 5 grocery items purchased are private label.

The Wall Street Journal [reported](#) two years ago that national food brands, already under pressure from nimble competitors like online merchants and meal kit companies, were facing further competition from the expansion of discount retailers. ALDI and Trader Joe’s stock almost entirely private-label products.

In 2018, Nielsen projected private label could reach 25.7% share of dollar sales by 2027, “a complete reversal in growth trajectory compared to manufacturer-branded items.” Clearly, this is a trend with staying power.

WHY PRIVATE LABEL SHINES



1. DIFFERENTIATION

In an increasingly crowded food marketplace, private label provides retailers a way to give customers a unique shopping experience by offering a brand with distinctive character and quality.



2. PROFITABILITY

Private label offers better quality at competitive prices, appealing to millennials who are not brand loyal while still offering high-margin returns for retailers.



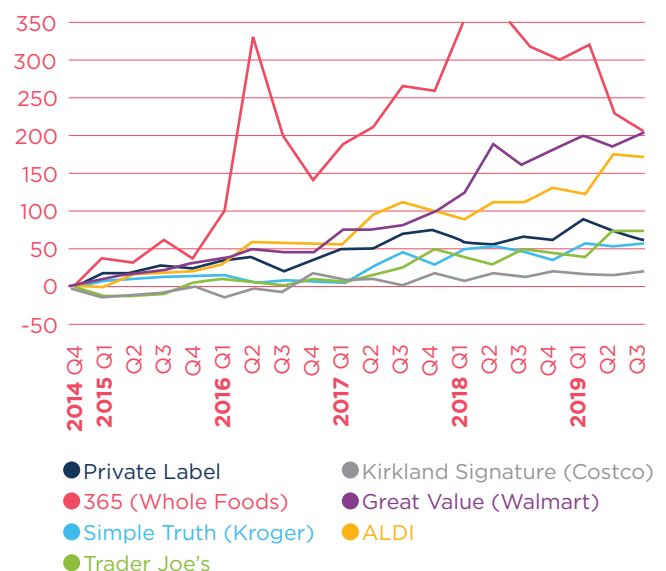
3. CUSTOMER LOYALTY

Private label gives supermarkets the opportunity to build customer loyalty by offering products they cannot buy anywhere else.

GROWING CONSUMER INTEREST

Consumers are taking note of store brands. While the influential voices in food and agriculture tracked by The Intel Distillery have maintained a steady cadence in conversation (not pictured), consumer interest (pictured on the right) has shown increases in volume.

This chart compares consumer searches for information on private-label food brands. “Private label” has grown 62% as a topic, ahead of specific store brands for Kroger, Costco and Trader Joe’s. Consumer interest in a store brand peaked when Whole Foods announced plans for a 365 store concept in 2016. The brand kept its momentum through Amazon’s purchase of Whole Foods in 2017. Interestingly, Walmart’s Great Value and the ALDI-branded label tracked a higher level of search interest overall compared to competitors. A 2018 survey titled “Consumer Attitudes Toward Private Label” also [found](#) strong preference for private-label groceries (*Progressive Grocer*).



WHAT INFLUENTIAL VOICES ARE SAYING

A STRENGTH FOR PRIVATE LABEL IS FRESH PRODUCTS — LIKE MEATS, POULTRY AND DAIRY.

— WILLIAM ROBERTS JR., [MINTEL](#)

THE DATA IS CLEAR. CUSTOMERS LOVE OUR BRANDS BETTER THAN THE NATIONAL BRANDS AND BETTER THAN OTHER PRIVATE-LABEL OFFERINGS.

— GIL PHIPPS, THE KROGER CO. ([FOOD DIVE](#))

THE GOAL IS ALWAYS TO MAKE KIRKLAND SIGNATURE PRODUCTS AS GOOD AS OR BETTER THAN THE LEADING NATIONAL BRAND.

— [COSTCO CONNECTION](#)

NOW IS NOT THE TIME FOR RETAILERS TO REST ON THEIR PRIVATE BRAND LAURELS. 'SET-IT-AND-FORGET-IT' ISN'T A STRATEGY THAT WORKS IN RETAIL THESE DAYS. SHOPPERS WANT MORE — AND THEY'RE GIVING RETAILERS PERMISSION TO PIONEER.

— MICHAEL TAYLOR, DAYMON ([PRIVATE LABEL BRAND INTELLIGENCE REPORT](#))

OUR TEAM GOT TO WORK ON OUR MOST AMBITIOUS FOOD UNDERTAKING YET, REIMAGINING OUR OWNED FOOD BRANDS TO SERVE UP CONVENIENT, AFFORDABLE OPTIONS THAT DON'T CUT CORNERS ON QUALITY OR TASTE.

— STEPHANIE LUNDQUIST, TARGET CORP. ([TARGET](#)), ON THE GOOD & GATHER BRAND

THE NUMBERS

1 in 5

PURCHASES ARE STORE BRANDS (26% FOR INDUSTRY LEADER KROGER)

2/3

OF CONSUMERS SAY STORE BRANDS ARE AS GOOD IF NOT BETTER THAN NATIONAL BRANDS

[PLMA 2019 Survey](#)

85%

OF CONSUMERS TRUST PRIVATE LABEL, AND 81% SAY THEY BUY PRIVATE-LABEL PRODUCTS DURING EVERY SHOPPING TRIP

[2018 Daymon Private Label Intelligence Report](#)

FURTHER READING AND WATCHING

Here's more on how retailers are doubling down on private label and exploring new ways to create exclusivity:

Target's New Food Brand Sounds Like Wellness Personified • [Eater](#)

Kroger Launches Plant-Based Private Label Collection • [Grocery Business](#)

Private Label: ReVALUEtion (webinar) • [Mintel](#)

The Rise of Private Label • [Nielsen](#)

Private Label Revolution: The Second Wave • [NPD Group](#)

What you need to know about private label brands • [Food Dive](#)