



WHITE PAPER THE POWER OF PRIVATE LABEL

Business success can be a simple formula: *anticipate what your customers will want next, and give it to them.*

Shopper demand for—and purchases of—private brands are growing briskly. While there are several drivers of the general increase in shopper demand for private brands across the grocery industry, three of the most important include:

1 Economy

The challenging economy combined with high food price inflation is encouraging shoppers to look for ways to stretch their grocery budgets and private brands provide such moneysaving options. And, it's a good bet that shoppers will not revert all the way back to their old free-spending ways when the economy improves.

2 Quality

The quality of private brand products continues to improve and is now typically as good as that offered by national brands. Shoppers are finding that they can trade to private brands without sacrificing quality.

3 Marketing

Retailers are becoming strong marketers of their stores and unique product offerings. They're actively positioning their private brand programs as an important component of their value offerings, i.e., providing a key way for consumers to be smart shoppers and save money in their stores.



Consumers in the most hard- hit economic countries turned to private label to help ease their financial burdens.



Primary Private Label Objectives:

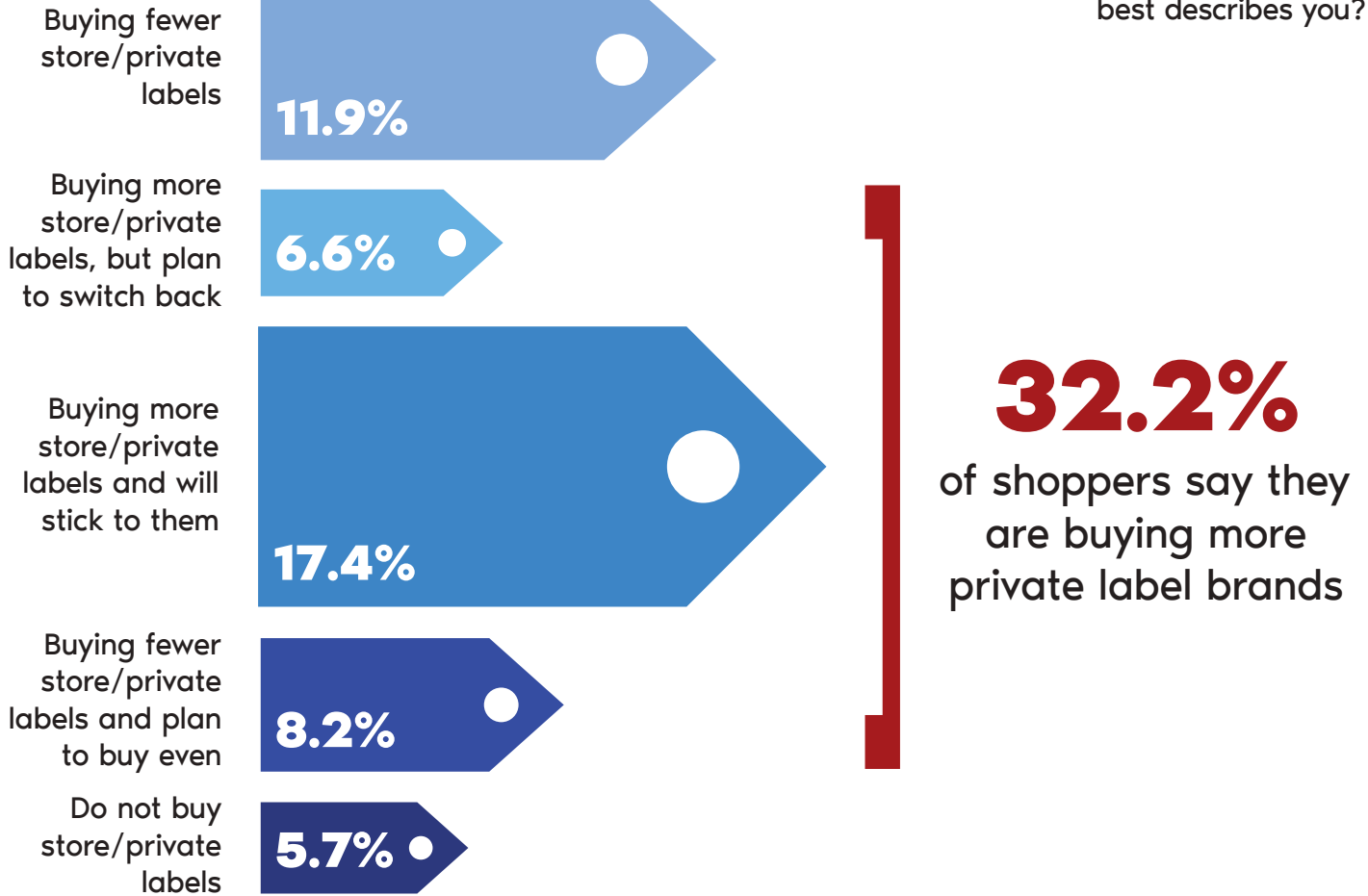
- Create lower priced alternative at equivalent quality
- Control manufacturing to create higher quality product
- Establish exclusivity and differentiation
- Build a price fighter brand in the category
- Defend bargaining power against national brands



The terminology of Private Label varies widely, mostly abbreviated as PL, while many others call them exclusive label, store brand, fancy label, manufacturer brand, retailer brand, private brand, noname brand, distributor brand, own labels, own brand, etc...

PL is any brand that is owned by the retailer or the distributor and is sold only in its own outlets.

Q: Which statement about Store/Private Label best describes you?



Private labels in the FMCG segment are well poised for growth and are challenging the prospects of national brands, as they now have to compete for limited shelf space with the retailer's private label products. Given the better margins, retailers often prefer to give more shelf space to their own products instead of national brands.

Private Label Shares By Geography

Private Label Penetration by Value, 2015, 2020 & 2025F

■ 2015 ■ 2020 ■ 2025F

