

Private Brand

Overview: Private Label (nee Generic) Products

The industry of Private Label or “Generic” products has evolved over the decades. Remember those black and white labels that suggested sub-par, questionable quality products? Thankfully for the consumer, times have changed.



(Then: Albertson's Ad)



(Now: Target Circular May 30 to June 5, 2014)

Cut to today. Private label products are just as good (and sometime better) than the national counterpart. In a recent survey, more than 60% of store-brand items tested were judged just as good or better than the national name brand. (**Consumer Reports*) Whole Foods 365 Organic Tomato Ketchup was voted the best tasting Ketchup over Heinz and Hunt's. (**Yahoo "The Stir"*)

Nearly every major retailer has a strong emphasis on private label goods. Some of the most popular store brand examples include Up and Up (Target), Sam's Choice (Wal-Mart and Sam's Club), and Nice! (Walgreens). ©*Statista 2015*

Fast Facts

- Costco, Trader Joe's and Aldi carry the highest proportion of private label brands than any other chain. **Forbes*
- Private brands are all subject to federal guidelines and safety standards. **Forbes*
- In 2013, private label consumer packaged goods made up 16.5% of all spending within all U.S. multi-outlets and convenience stores.
- In 2014, sales of private label medication in the U.S. was \$515M. **Statista*
- Often, today's shoppers do not know whether they are purchasing a national or private brand. In a recent survey, 8% of consumers misidentified at least one private label food brand. **Mintel*
- According to Steven A. Burd, CEO of Safeway, generally, food retailers make a 25% gross margin on branded product sales compared to a 35% margin on private label sales.
- Based on a pricing study that compared a basket of brand name products to a basket of private label products, the typical consumer saved 35% on the private label basket. **PLMA*
- According to the Wall St. Journal, even Amazon is expanding its private label line into grocery basics like milk, cereal and baby food. The new products fall under the Elements brand that Amazon has established.
- An aging baby boomer population and subsequent rise in geriatric population, and rising therapeutic benefits of pain treatment drugs (internal) are major factors driving growth in the global analgesics market.

**BizAcumen Inc.*

Trends & Opportunities

Packaging and Perception

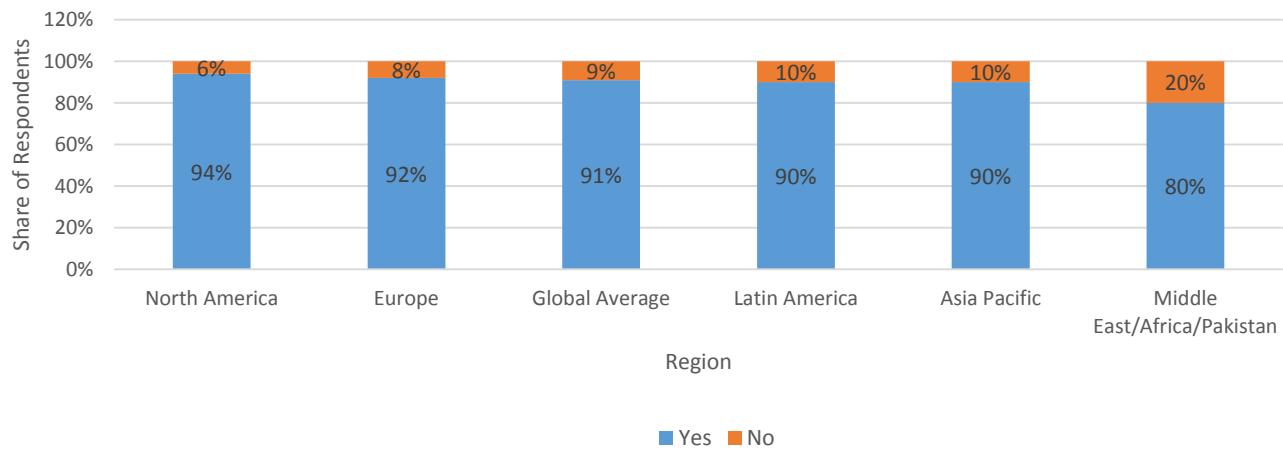
Making major packaging improvements was the first step in the success of private label. Over the years, the quality has improved drastically making private label products a significant competitor to branded products. **AAM Company*

Millennials

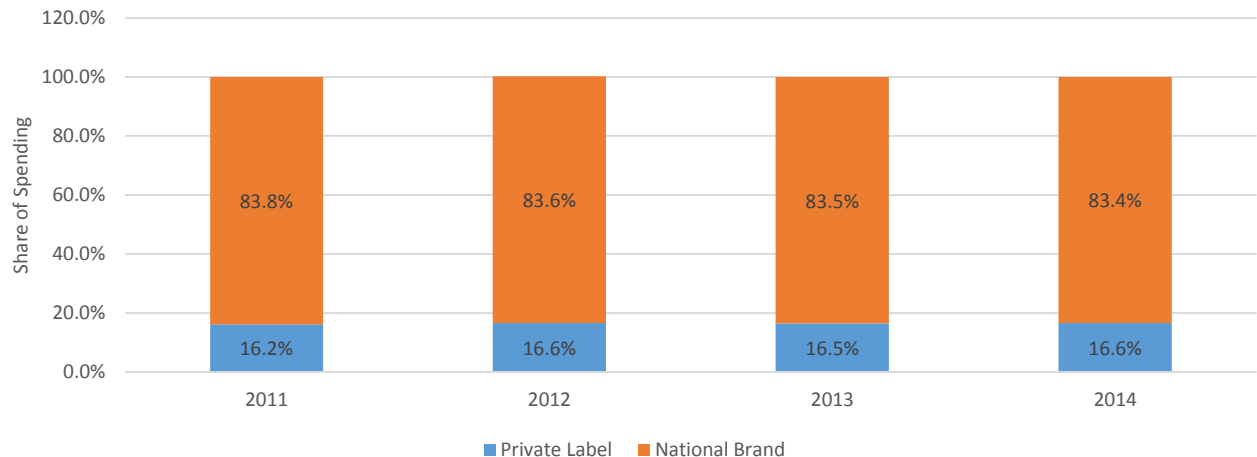
Millennials are now the main drivers of growth in the private label industry. This is largely because many Millennials are facing underemployment, starting families or settling down, all of which typically require some penny pinching.

Post-Recession Behavior

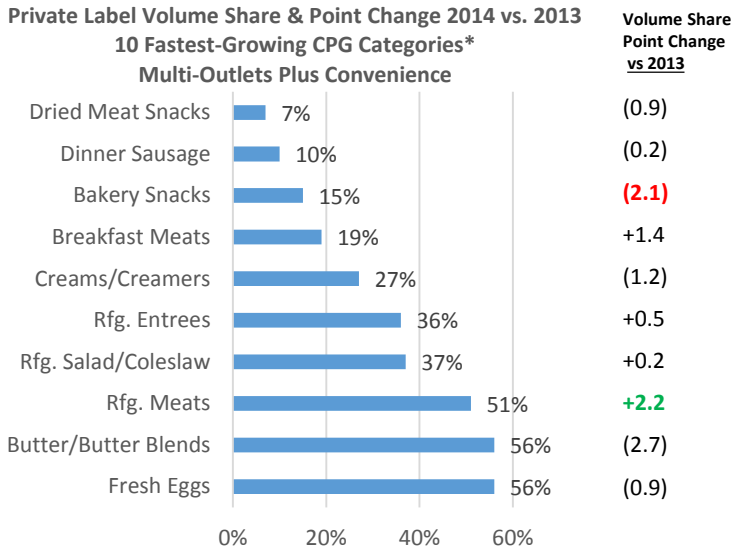
Much of the focus on store brands began during the recent recession. Many consumers turned to store brands to save money. But studies suggest consumers will continue to be loyal to store brands even now that times have improved: 94% of North American respondents would continue to purchase private label brands even after the economy improves. **Statista 2015*



Share of private label spending on consumer packaged goods in all U.S. multi-outlet and convenience stores from 2011-2014.

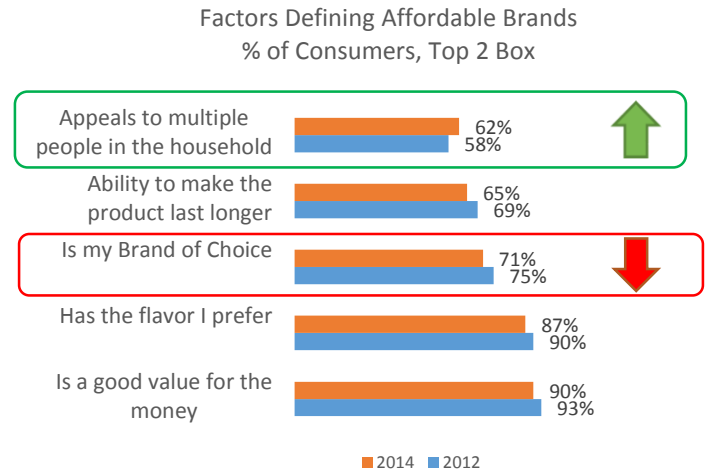


**Statista 2015*



*Note: among the top 100 categories, based on multi-outlet + convenience dollar sales growth.

Source: IRI MarketAdvantage™ weeks ended in 8/10/2014 vs the same period 2013.



Source: IRI Brand & Retailer Loyalty Survey 2014 & 2012

OTC Pain Meds

- Pain meds such as Advil and its store brand equivalent ibuprofen are required by the FDA to be chemically identical. In 2013, a study was performed by University of Chicago researchers to learn who pays more for branded goods. The findings summarize that Americans waste about \$32 billion a year in buying name-brand pills over the counter where generic alternatives are readily available.
- High-income households are much more likely to buy name-brand headache remedies than low-income households.
- However, while physicians have substantially higher average incomes than lawyers, they are also much less likely to buy name-brand headache medicine.
- Registered nurses were far more likely to buy generics.
- Professional pharmacists are even less likely to buy name brand than are doctors and nurses.

Beer, Wine, & Spirits

Charles Shaw (Aka "Two Buck Chuck") may be the most famous store brand in this category. Two Buck Chuck is actually made by well-known national brand Franzia. So, when it comes to alcohol, many stores simply buy the rights to exclusively sell a vintage while others contract with famous names such as Jim Beam and Grey Goose. *Forbes

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4/11/2016 - 4/14/2016

Sheraton Atlanta (Atlanta, GA)

For more information about this event, contact:

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[Store Brands Food & Beverage](#)

4/12/2016 - 4/15/2016

Sheraton Atlanta (Atlanta, GA)

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