

# Paring Down Private Label

Stella Rising infographics generally cover industries being shaken up by changing consumer preferences; the private label food category is no different. An overall positive economic outlook, paired with a preference for healthy and free-from foods, has experts indicating a period of decline for the category. Yet retailers are starting to move quickly, adapting their offerings to new consumer tastes. Within the last three months, Target, Kroger, and Albertsons have all revamped their private label programs. Whether by slashing artificial flavors and high-fructose corn syrup, or by offering plant-based frozen items and new organic products, these retailers are responding to consumers as, with their wallets, they demand change, health, and innovation.



## WHY GROWTH IS PREDICTED TO HALT

The category grew from approximately \$76B in 2016 to **\$83.7B** in 2018

Forecasts now expect a decline, to **\$74.3B** in 2023

Private label sales are closely tied to the overall health of the economy; patterns show that when consumers have greater disposable income, they choose national brands

Another reason for the slowdown deals with perception: consumers are seeking free-from and healthy; this category is viewed as overly processed

## TASTE WINS



**6**  
**in**  
**10**  
consumers prefer the taste of branded products to private label

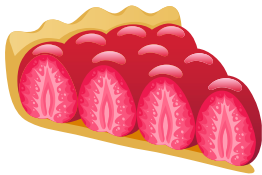
This, paired with the view that store-brand is of lower quality, hinders the category

## YET, ALMOST EVERYONE PURCHASES PRIVATE LABEL



**95%** of consumers purchase private label food or beverages  
Indicating stagnation, **63%** now buy the same amount of private label products as they did a year prior

## CURBING CARBS AND SWEETS, CHANGING INDUSTRIES



Fresh bread, pies and cakes, and cold cereals are among the top categories for private label foods; **all are suffering** from a general, growing customer preference for fresh, healthy, foods that align with new low sugar/high-protein diets



Meanwhile, private label **eggs, snack nuts/seeds, and refrigerated meat** are all growing segments

## WILL ADD TO CART IF:

Consumers reported the following would lead them to purchase more private label:

- 57% Better quality**
- 56% Cheaper prices
- 30% No additives/preservatives
- 26% All natural options
- 25% Resealable packaging
- 25% Recognizable ingredients
- 22% Organic
- 20% Larger sizes
- 13% Packaging for eating-on-the-go
- 9% Smaller sizes



## SHARE OF CPG PRODUCTS BY CHANNEL

	VS	
Dollar stores:	<b>84% branded</b>	16% private label
Drug stores:	<b>81% branded</b>	19% private label
Conventional grocery:	<b>79% branded</b>	21% private label
Pet stores:	<b>79% branded</b>	21% private label
Mass merchandise & superstores	<b>78% branded</b>	22% private label
Premium fresh grocery:	<b>78% branded</b>	22% private label
Warehouse club:	<b>74% branded</b>	26% private label
Value grocery:	43% branded	<b>57% private label</b>