

STORE BRANDS & THE ECONOMY

Are Shoppers Ready To Start Spending Again?



**Based on an exclusive survey of shopping attitudes
by GfK Custom Research North America
for the Private Label Manufacturers Association**

© Copyright 2010 Private Label Manufacturers Association

STORE BRANDS AND THE ECONOMY



KEY FINDINGS

The latest consumer polling data gives a glimmer of hope that some shoppers are finally ready to begin opening their pocketbooks again. Any positive momentum is likely to be initiated by more affluent shoppers: More than one of every four shoppers with an income of at least \$75,000 reports that recent economic conditions have improved. Meanwhile, the percentage of all shoppers who believe conditions have gotten worse has declined from the prior GfK consumer survey conducted for PLMA in February 2010.

The new polling data also shows that consumers have more than the economy on their minds. At least seven of every 10 respondents identified a range of health-related issues—from calories and fat intake to sugar content, salt intake and obesity—as important factors in making purchasing decisions.

This is the fourth report in a series of studies on consumer attitudes and behavior toward store brands commissioned by PLMA. The first study, published in February 2009, found that about one third of shoppers said they were buying more store brands as the recession deepened. Later that year, the GfK/PLMA survey revealed that nine in 10 shoppers plan to stick with store brands once the recession is over. Earlier this year, the research revealed that the percentage of shoppers who identify themselves as frequent buyers of store brands is at an all-time high, more than 57%.

The new GfK poll found that:

1. The recovery is starting for some consumers.

More than one of every five shoppers surveyed reported that recent economic conditions have actually improved. This sentiment was especially strong with higher-income consumers (those making at least \$75,000), with 27% saying the economy has improved. In contrast, only 18% of those making less than \$20,000 see improvement.

2. Shoppers plan to keep buying more store brands.

Across all income levels, most shoppers (63%) have changed their shopping habits during the recession. A solid majority (76%) of these consumers say they will continue buying more store brands when the economy returns to normal.

3. And they are buying store brands in new product categories.

The recession caused many shoppers to begin buying store brands in categories where they were once loyal to national brands. This trend is likely to persist. Nearly 80% of those respondents who have changed their shopping habits say they plan to keep switching to store brands when the economy returns to normal.



4. The search for value and savings is continuing.

Shoppers are employing a wide variety of tactics to save money. Nine of 10 respondents said they are cutting back on going to restaurants and nearly as many report they now rely on a shopping list to avoid buying on impulse at grocery stores.

5. But shoppers are also looking beyond the economy to health-related issues.

A majority of those surveyed say health concerns are a significant factor in making choices about food products they would purchase. Weight control is top of mind, as the greatest percentage of respondents identified calories/fat intake and sugar content as important issues.

6. Supermarkets are offering more health-related information.

Nearly four of five shoppers say that supermarkets are now providing them with more information about the nutrition and healthfulness of the products they sell through in-store signage, demonstrations or printed information.

7. Product labels and packaging help shoppers make decisions.

Shoppers give both private label and national brand products high marks for providing health-related information on food products. Nearly two of every three (65%) respondents say that labels and packaging give enough information to assist them in making informed decisions about which products to buy.

For Questions and Results see pages 4-8

1. The recovery is starting for some consumers.

Q. Looking back over the past several months, would you say recent economic conditions have...

Improved	20%
Stayed the same	41%
Gotten worse	36%

2. Supermarkets are offering many ways for shoppers to save money.

Q. Which of the following ways, if any, has your supermarket or grocery store helped you through the economic recession?

By offering more frequent sales, coupons and special promotions	87%
By introducing low-price branded products	83%
By lowering everyday prices on the products you regularly buy	82%
By improving the range and selection of store brand products available	77%
By providing information on ways that you can manage your budget and save money	55%

3. The recession caused shoppers to change their buying habits.

Q. In response to the recession, would you say that economic conditions required you to make changes in your shopping or food buying habits?

Have changed buying habits	63%
Have not changed buying habits	37%



4. They are now trying many ways to save money.

Q. Which of the following ways, if any, describes how your shopping or food buying habits have changed?

(Asked of those who answered “yes” to the previous question.)

Cut back on money spent on restaurants, fast food and take out	91%
Keep a shopping list and avoid buying on impulse	88%
Cut back on more purchasing expensive items such as fish, meat, prepared meals and convenience	81%
Buy store brands more often than before	73%
Shop at a variety of stores to find the best price	67%
Buy more canned, bottled or packaged foods and ingredients as opposed to buying convenience or ready-to-eat product	66%
Buy the store brand in product categories where you used to buy only the national brand	66%
Clip and use coupons for items	63%
Delay buying regularly purchased groceries until you can buy them on sale	58%

5. The growth for store brands is likely to continue.

Q. Looking forward to year ahead, with respect to all stores where you shop, do you think that you will be purchasing...

Buying more store brand products than you do now	12%
Fewer store brand products than you do now	5%
About the same amount of store brand products	83%



6. The new shopping habits will remain after the economy improves.


Q. For each of the changes described, do you think your new shopping or food buying habits will continue even after the economy returns to normal?

Try to keep a shopping list and avoid buying on impulse	91%
Clip and use more coupons for items you want to buy	90%
Shop around at a variety of stores to find the best price	86%
Delay buying regularly purchased groceries until you can buy them on sale	81%
Buy more canned, bottled or packaged foods and ingredients as opposed to buying convenience or ready-to-eat products	80%
Buy the store brand in product categories where previously only purchased the national brand	79%
Buy store brands more often than before	76%
Cut back on money spent on restaurants, fast food and take out	76%
Cut back on purchasing more expensive items such as fish, meats, prepared meals and convenience foods	73%
Buy the store brand in product categories where you used to buy only the national brand	79%

7. Shoppers are looking beyond the economy to health-related issues.

Q. How important to you are the following specific health-related issues in making choices about which food products to buy?

Calories and Fat Intake	
Very important	51%
Somewhat important	31%



Sugar Content	
Very important	49%
Somewhat important	29%
Obesity	
Very important	46%
Somewhat important	24%
Diabetes	
Very important	46%
Somewhat important	16%
Salt Intake	
Very important	45%
Somewhat important	28%
Hypertension	
Very important	40%
Somewhat important	20%
Food Allergies	
Very important	25%
Somewhat important	12%
Gluten Content	
Very important	18%
Somewhat important	18%

8. Product package labels help shoppers make decisions.

Q. Would you say you receive sufficient information from product labels and packaging to help you make informed decisions about which food products?

National brands and store brands both provide sufficient information equally	65%
Neither national brands nor store brands provide sufficient information	18%
Store brands more so than national brands	6%
National brands more so than store brands	6%



9. Supermarkets are offering more health-related information.

Q. Whether through in-store signage, demonstrations, or printed information such as flyers or mailings, would you say that the supermarkets or grocery stores where you shop are now providing you with more information on the nutrition and healthfulness of the products they sell?

Offering more information 78%

Compared to five years ago 70%

Compared to a year ago 51%