PLMA CONSUMER RESEARCH REPORT

RECESSION, RECOVERY & STORE BRANDS:

What Consumers Are Saying Now

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

RECESSION, RECOVERY & STORE BRANDS

KEY FINDINGS

Despite widely publicized indications that the economic tide has turned and a recovery is under way, new consumer polling data show that eight out of ten U.S. supermarket shoppers see no improvement in the economy, and forty percent say things have actually gotten worse in recent months. The finding is included in results from PLMA's ongoing consumer research based on a nationwide poll of nearly 800 main household grocery shoppers conducted by GfK Custom Research North America.

PLMA commissioned GfK to undertake the study of consumer attitudes and behavior toward store brands in the U.S. as private label sales and market shares across all retail channels began to surge about two years ago. The most recent survey, conducted in February 2010, updates the findings from two earlier PLMA studies on “Store Brands and the Recession,” which were published in February 2009 and again in June 2009.

The new GfK poll found that:

1. **For most American shoppers, the recovery has yet to begin.**
   Asked whether the economy has changed over the past few months, 40% of those surveyed said conditions were worse, while 42% said things have stayed the same. Fewer than one in five felt the economy had improved.

2. **As a result, the surge in store brands sales will likely continue.**
   When asked how important current economic conditions were in deciding to buy a supermarket or grocery store's store brand, 39% responded “very important.” A solid majority of consumers (62%) plan on buying more private label as they continue to deal with tough economic times.

3. **Shoppers who identify themselves as frequent buyers of store brands are at an all-time high.**
   More than 57% of shoppers now say they buy private label products “frequently,” a figure that has been rising (it was under 55% a year ago). The new percentage is consistent across all age, regional and income demographics included in the study.

4. Consumer awareness of store brands is also up.

More than half of consumers (51%) told GfK they are more aware now of store brand products than they were a year ago. Awareness was up significantly more among consumers at both ends of the age spectrum: 72% of the youngest age group (age 18-24) were more aware of store brands, as were 55% of those age 65 and older.

5. More shoppers are forsaking national brands for store brands.

In another growing trend, consumers continue to turn to store brands in supermarket categories where they had previously only purchased a national brand product. More than four in ten (43%) report they have recently forsaken a familiar national brand for a private label counterpart, a marked increase since the GfK study conducted in June 2009 when only 35% said they had done so.

6. What's more, virtually all of the shoppers who switched to a store brand are happy with their new choice.

Fully 97% compared store brands favorably to their previous national brand choices in the same categories. About half (49%), said that their new store brand selections compare "very favorably." This is a dramatic increase from the June 2009 study when only 26% reported that.

7. Consumers endorsed a variety of strategies to cope with the economy.

When asked how they think the economy will impact their supermarket shopping habits, more than two thirds of them (69%) say they will take advantage of discounts by buying larger sizes or quantities for items they regularly buy; while 67% say they will look for more coupons and promotions on national brands. About a third (36%) intend to change the stores or types of stores where they do their primary grocery shopping. Overall, half the shoppers in the study (51%) claim they intend to spend less money on buying groceries in the months ahead.

For Questions and Results see pages 4-6

1. The majority of shoppers now say they purchase store brand products on a frequent basis.

Q. When you do the main household grocery shopping for your family, how often would you say you buy the retailer's store brand products?

Frequently purchase store brand products	57%
Occasionally purchase store brand products	33%
Rarely purchase store brand products	8%
Never purchase store brand products	2%

2. Shoppers are more aware of store brand products than a year ago.

Q. Compared to a year ago, would you say that you are…

More aware of store brand products than before	51%
Neither more nor less aware of store brand products	40%
Less aware of store brand products than before	7%

3. The economy is an important factor for store brand shoppers.

Q. How important are current economic conditions in deciding whether to purchase the supermarket or grocery's store brands?

Important/very important	75%
Not important at all	24%

4. More than four out of ten shoppers are trying store brands for the first time in categories where they used to buy only national brands.

Q. Thinking about purchases that you made the last few times you shopped, would you say that you are trying the supermarket or grocery's store brand in categories where you had previously only purchased a national brand product?

Yes	43%
No	55%

5. Shoppers trying store brands for the first time like what they find.

Q. How would you say these store brand products compare to your previous choices in the same categories? (Asked of those who answered Yes to the previous question).

Favorably	94%
Unfavorably	6%

6. Those who switched say price and quality are top factors when choosing any product.

Q. Please tell me the degree of importance in your mind when choosing to purchase any product, whether it is a national brand or a store brand?
(Asked of those who answered Yes to question number 5).

Price compared to other products in the same category	
Important/Very important	80%
Consistent quality	
Important/Very important	76%
Nutritional labeling	
Important/Very important	68%
Availability of different sizes and quantities	
Important/Very important	66%
Money back guarantee	
Important/Very important	55%
Ease of preparation and/or use	
Important/Very important	53%

7. Eighty percent of shoppers see no improvement in the economy in recent months.

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

Improved	17%
Stayed the same	42%
Gotten Worse	40%

8. The economy will cause consumers to embrace a variety of strategies and change their grocery shopping behavior.

Q. How do you think the economy will impact or change your habits with regard to shopping and purchasing at supermarkets and/or grocery stores?

Intend to take advantage of discounts by buying larger sizes or quantities for the items you purchase on a regular basis

Srongly agree/agree	69%

Intend to look for more coupons and promotions on national brands

Strongly agree/agree	67%

Intend to purchase more store brands

Stronly agree/agree	62%

Intend to spend less money on buying groceries in general

Strongly agree/agree	51%

Intend to change the stores or types of stores where you go to do your primary grocery shopping

Strongly agree/agree	62%

Private Label Manufacturers Association
630 Third Avenue, New York, NY 10017
Telephone: (212) 972-3131 Fax: (212) 983-1382