

STORE BRANDS AND THE RECESSION:

*What Happens When
Recovery Kicks In?*

Based on an exclusive survey of shopping attitudes
by GfK Custom Research North America
Co-sponsored by MMI (Marketing Management, Inc.)

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STORE BRANDS AND THE RECESSION: What Happens When Recovery Kicks In?



KEY FINDINGS

New consumer polling data show that an overwhelming majority of U.S. supermarket shoppers will continue purchasing store brand products after the recession is over.

The finding is included in results from PLMA's ongoing study, "Store Brands and The Recession," 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 private label in the U.S. in the wake of news reports and industry studies pointing to a surge in store brand sales and market shares across all retail channels since the onset of the recession. The latest research in the study was co-sponsored by MMI (Marketing Management, Inc.), Ft. Worth, Texas, a sales and marketing company that specializes in store brands.

The poll conducted in June of 2009 found that:

1. Well into the recession, shoppers continue to forsake national brands for store brands.

The poll found that 35% of shoppers are trying store brand products for the first time in categories where they had previously only purchased national brand items. Among this group, 94% say these store brand products compare "favorably" to their previous choice.

2. Nine in 10 shoppers will stick with store brands when recession is over.

91% of shoppers in the survey say they believe they are going to continue buying store brand products even after the recession ends. Only 8% of the consumers polled said they intend to stop buying private label.

3. Nearly all say store brands are as good as national brands.

The quality of store brand products is a big factor in convincing shoppers to keep buying them, with 9 out of every 10 shoppers agreeing that the store brand products they buy are just as good as, or better than, national brand products.

4. Consumers want a greater selection of private label where they shop.

Nearly half of all consumers polled say they believe the supermarket where they normally shop should carry more store brands.

5. The recession continues to influence shoppers' decisions on store brands.

Nearly three-fourths of respondents say the recession is an important factor in their decision-making.



6. Nearly a third have increased their store brand purchasing.

Compared to one year ago, 3 in 10 customers say they are now buying more store brand products.

7. The sharp increase in frequent store brand shoppers continues.

Fifty-seven percent say they buy private label “frequently,” earlier this year, the figure was 55%. The 2009 results are up substantially from the 41% who said they bought private label frequently in a MORI survey conducted just three years ago.

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QUESTIONNAIRE AND RESULTS



1. The majority of shoppers frequently purchase store brand products.

Q. When you do the main household grocery shopping, 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 buying more store brand products.

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

Purchasing more store brand products	31%
Purchasing fewer store brand products	12%
Purchasing about the same amount	57%

3. Nine out of 10 shoppers say store brands are as good as national brand products.

Q. Do you agree or disagree with this statement: "The supermarket or grocery store's brands that I buy are as good as, or better than, national brands"?

Agree that store brands are as good as national brands	90%
Disagree that store brands are as good as national brands	8%

4. The economy continues to be an important factor for shoppers.

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

Important/very important	74%
Not important at all	25%



5. Shoppers plan to continue buying store brands when the recession is over.

Q. After the economy returns to normal, do you believe you will stop purchasing store brands?

No	91%
Yes	8%

6. One in 3 shoppers is trying store brands for the first time in categories where they once only bought national brands.

Q. Thinking about purchases that you made the last few times you shopped, would you say that you are trying the retailer's brands for the first time in categories where you had previously only purchased a national brand product?

Yes	35%
No	63%

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

Q. On the whole, how do you believe these store brand products compare to your previous choice? (Asked of those who answered Yes to the previous question.)

Favorably	94%
Unfavorably	6%

8. Shoppers trying the products for the first time want more store brands.

Q. Do you believe that the supermarket or grocery retailer where you normally shop should carry more store brands? (Asked of those who answered Yes to Question 6 above).

Yes	60%
No	35%

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