

Private Label Food and Drink - UK - March 2011

Report Price: £1500 / \$2310 / €1793



What is this report about?

The UK private-label food and drink market is estimated to have posted growth of 25% over 2005-10, to reach £36 billion. It thus underperformed slightly against total consumer spending on at-home food and drink, estimated to have grown by 29% over the period.

While private label was expected to gain share in food spending in the recession, the market's growth in value terms has been hampered by switching down within the category. Meanwhile, strong promotional and marketing activity has helped brands hold their ground in some markets, the grocers generally not inclined to chase private-label sales volumes at the expense of profitability.

What have we found out?

- Messages based around a “smart shopping” proposition are likely to find favour with the two in three adults who identify themselves as looking for the best value for money.
- Premium-end categories have potential to provide a safe haven for brands, catering for the two in five adults who trust brands more than own-label when it comes to more expensive products.
- Brands catering for 16-24-year-olds look best-placed for growth in the short term, as 18% expect to buy more branded food and drink in the coming year, compared to 9% of adults on average.
- Collaboration with brands could help own-labels tap into a pool of one in three adults who view own-brands under such collaboration as offering better quality than standard ones.
- Product innovation could help brands and private label alike to attract the two in three 25-34-year-olds, who say they like to try out new food products.
- Private label could benefit from targeting the retired, this group being the most skeptical of brands and most likely (60%) to say they prefer own-brand taste or quality in some cases.

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