


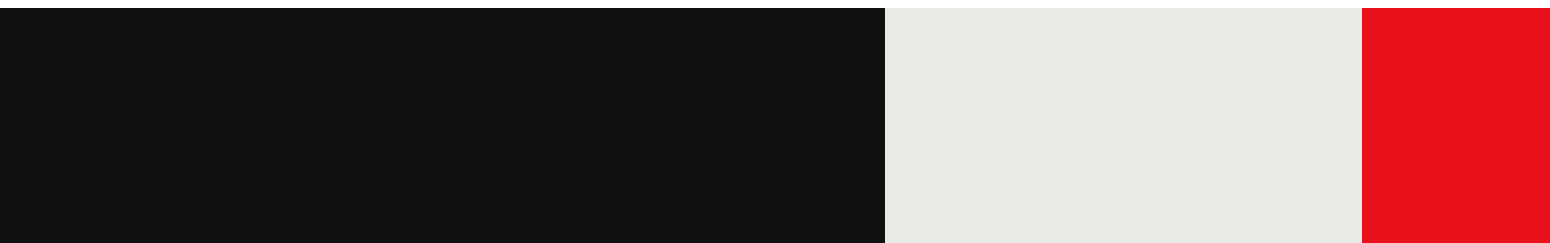
# Private label's rise continues as CPG innovation falters

Article



**The insight:** Private labels will account for 24% of grocery spending by 2030, up from roughly 20% today, according to a report by the Alvarez & Marsal Consumer and Retail Group.

**The context:** While value remains the primary reason that consumers seek out [private labels](#), quality and product selection are also becoming important factors—particularly as consumer



packaged goods (CPG) manufacturers cut back on innovation.

- **The vast majority—85%—of shoppers believe private label products are of similar or higher quality than name brands**, per a December 2023 survey by [Kearney](#).
- At the same time, CPG companies [reducing their product selections](#) in favor of big profit generators has created an opening for retailers to tap into emerging food trends.
- **Just 35% of global food and drink product launches in the first five months of 2024 could be considered genuinely new products**, per a report by Mintel—the lowest level since the company began tracking the metric in 1996.

Retailers have been quick to fill the gap: **Walmart** is using its [premium bettergoods label](#)—which features products like pineapple fried rice-flavored crackers—to hone its appeal among wealthier shoppers, while **Kroger** has launched nearly 600 private label products so far this year.

**Our take:** Private labels are an effective way for retailers to boost profits and drive loyalty, particularly if they offer unique products that satisfy consumers' desires for novelty and a good deal.

While the steady shift to store brands is good news for Walmart, Kroger, and the many, many other retailers (like **Macy's** and [Walgreens](#)) counting on them to boost sales, it's bad news for CPGs, many of whom are more focused on slimming their portfolios than finding new ways to woo shoppers.