

Retailers Are Revamping Private-Label Grocery

Article

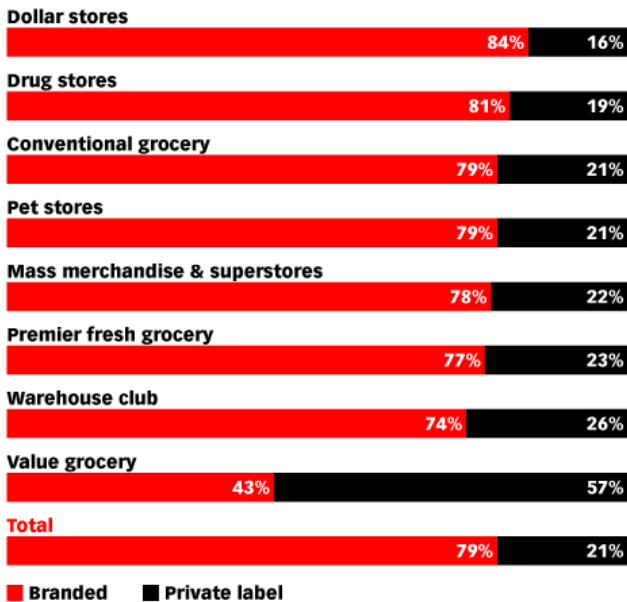
Consumer packaged goods (CPG) from private labels—once dismissed as generic “store brand” items—are receiving new interest outside of traditional grocery channels. Sales are on the rise at premium grocery stores and big-box retailers, and heavy hitters in the grocery business like Target, Kroger and Albertsons are revamping their private-label products with an emphasis on plant-based and premium-branded offerings.

Traditionally, private-label CPGs have only outsold brand names at value grocery stores. According to March 2019 data from [Nielsen](#), private-label items made up 57% of annual CPG sales at value grocery stores in the US. At premier fresh grocery stores like Whole Foods

Market or Sprouts Farmers Market, just 23% of CPG sales came from private-label items, similar to mass merchandise/superstores like Walmart and Target, where private label amounted to 22% of CPG sales.

US Private Label vs. Branded Retail Sales Share of CPG Products, by Channel, March 2019 & March 2018

% of total



Note: 52 weeks ending March 30, 2019 vs. March 30, 2018; private label growth for all outlets over the 52 weeks ending March 30, 2019 is +4%
Source: Nielsen data as cited in company blog; eMarketer calculations, Aug 2, 2019

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Yet when compared with Nielsen data from the year prior, the share of private-label CPG sales went up 11% at both premier fresh grocery stores and mass merchandise/superstores, while the share of private-label CPG sales went down 4% at value groceries.

During the same measurement period, sales of private-label CPGs at conventional grocery stores took an additional 3% of the market share away from brand-name CPGs.

A few grocers seem to be responding to this shift by rebranding and revamping the products offered within their private-label brands.

Target, which is one of the largest sellers of private-label CPG products in the country, **announced a major overhaul** of its store-brand grocery business in August with the unveiling of its Good & Gather brand. Set to eventually replace the store's existing private-label grocery brands—Archer Farms and Simply Balanced—Good & Gather will include a product

line extension specially for organic foods, as well as a “signature” line for more premium items. Target announced that its products won’t contain artificial flavors, sweeteners, synthetic colors or high-fructose corn syrup, distinguishing the Good & Gather brand from lower-quality private labels.

According to data from **Numerator**, 13% of CPG sales at Target were private label in 2018.



In a similar effort to diversify its private-label products, grocery chain **Kroger announced last month** that it was adding a new collection of plant-based items to its Simple Truth brand. **Albertsons followed suit** with a similar announcement, adding a slew of organic, plant-based frozen foods to its private label Own Brands.

Both grocers positioned these offerings as a response to consumer interest in “flexitarian” alternatives, not necessarily value-based options. According to a February 2019 survey conducted by Nielsen, 40% of US internet users said that if they liked a store-brand product, they were willing to pay the same or more for its name-brand equivalent."