

5 key stats on how private label benefits retailers

Article



Private label sales are growing as consumers seek cheaper alternatives to national brands, but price isn't the only reason. To cash in, retailers like [Walmart](#), Target, and Kroger are expanding their private label lines across categories like food and beverage, household essentials, and apparel.

Here are five key stats on why, where consumers are shopping for private label brands, and how retailers can benefit.

1. Private label sales are on the rise

The key stat: US private label sales reached \$2636.3 billion in 2023, up 4.7% YoY from 2022, according to Private Label Manufacturers Association (PLMA) and Circana.

- Private label unit share hit a new record of 20.7% in 2023.
- H1 2023 was successful for private label brands, with sales rising 8.2% YoY in the first six months, outpacing national brands' 5.1% growth. However, sales slowed in the second half, growing just 1.4% (compared with national brands' 1.9%).

2. Private label can drive growth for retailers

The key stat: Over half (53%) of US retailers expect private labels to be their No. 1 growth driver in 2024, according to an October 2023 survey from NIQ and Advantage Solutions.

- 53% of US grocery shoppers consider a store's private label brand quality when choosing where to shop, according to a January 2024 survey from Progressive Grocer. Though private label quality ranks lower than price (83%), freshness (69%), or product availability (69%), it's more important to shoppers than brand selection (42%), rewards/[loyalty](#) programs (40%), or speed of shopping trip (29%).
- Retailers like Walmart, Gopuff, Kroger, and Target are building out their private label offerings across food and beverage, pet, household necessities, and apparel.

3. Gen Z and dupe culture boost private label sales

The key stat: 71% of [Gen Z](#) consumers say they sometimes or always buy cheaper versions of name-brand products, according to a survey by Business Insider and YouGov.

- Gen Z is a driving force behind dupe culture, seeking cheaper product alternatives, especially in beauty.
- US sales of private label beauty products grew 10.5% in 2023, according to February 2024 data from the PLMA and Circana.

4. Private label's popularity isn't just about price

The key stat: 57% of US consumers think private label brands offer an above-average value for their price, according to May 2024 data from Numerator.

- 43% of consumers purchase private label brands to save money, but 29% of consumers think private label brands are just as good as name brands, per Numerator.
- 44% of US consumers have permanently switched some of their staple products to private label brands, according to a January 2024 survey from Bazaarvoice.

5. Walmart leans on private label loyalists, trend seekers

The key stat: 33% of Walmart shoppers purchase private label brands from the retailer very often, compared with 20% of Target shoppers who buy private label and 14% of Amazon private label shoppers, according to September 2023 data from CivicScience.

- 44% of Walmart shoppers say they are willing to try a new product simply because it is visually appealing, according to May 2024 data from CivicScience.
- Walmart's recently launched private label line bettergoods uses colorful, modern packaging to separate it from Walmart's other private label line (Great Value) and attract consumers looking for trendy products.

What it means for retailers: Private label's popularity is here to stay, even if the economy improves. Over half (51%) of consumers said they were very likely to continue purchasing private label products should the price of groceries decrease, according to a March 2024 survey from FMI - The Food Industry Association.

- Retailers should continue to bulk up their private label offerings, emphasizing value and product assortment.
- Non-private label brands (especially those in beauty and grocery) should also highlight how their products can provide more value to consumers, perhaps through product innovation, bundles, or loyalty programs.

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