The Power of Private Label 2005
A Review of Growth Trends Around the World
The Power of Private Label Includes Both Retail Measurement Data and Consumer Data

- ACNielsen retail data included for 38 countries in five regions
  - Europe, North America, Emerging Markets, Asia Pacific, Latin America
- 80 categories were reviewed from 14 larger product areas
  - Alcoholic Beverages, Snacks & Confectionery, Shelf-Stable Food, Frozen Food, Refrigerated Food, Diapers & Feminine Hygiene, Health Care, Baby Food, Non-Alcoholic Beverages, Personal Care, Home Care, Paper Products, Plastic Bags & Wraps, Cosmetics, Pet Food
- In addition, ACNielsen consumer data was included across 14 countries in four regions
- Due to differences in volumetric measures across countries, value sales were used in the analysis
- Data covered 12 months ending April 2004 vs. April 2005
ACNielsen Data Covered Most Channels…

- Sales within supermarkets, hypermarkets and mass merchandisers generally included.
- Sales from convenience stores and drug stores are also included in some countries.
- For most countries, department stores, cash & carry outlets, wholesalers and food service outlets are excluded.
- Certain retailer specific exclusions should be noted:
  - Lidl excluded from Czech Republic, Slovakia, Austria, Finland, France, Greece, Ireland, Netherlands, Norway, Portugal and Sweden
  - Aldi excluded from Australia (liquor), Denmark, Ireland, France, Netherlands (PL products), United States
- Wal*Mart data in the US was included via ACNielsen Homescan.
- Category coverage varied across countries dependent on data availability.
Key Findings
Europe Maintained its Position as Most Developed Private Label Region…
Emerging Markets Saw the Fastest Growth

Includes 8 of top 10 countries ranked on Private Label

Canada and United States complete top 10
Retailer Concentration Correlates with Strong Private Label Development…
United States Only Exception Among Top Ten PL Countries

Global Private Label Share 17%

Average Retailer Concentration 60%

Highest Potential for Private Label Growth
Private Label Growth Outpaced Growth of Manufacturer Brands

- Private Label sales outpaced manufacturer brands in two-thirds of the countries studied (26 out of 38)
- Private Label sales grew by 5% overall, manufacturer brands grew by only 2%
- Europe, the most developed Private Label market, saw the greatest gain in share points
  - Private Label sales grew by 4% in Europe
  - Sales of manufacturer brands remained flat
  - Private Label gained 0.7 share points
Spain Saw Strongest Gains in Private Label Share

<table>
<thead>
<tr>
<th>PL Share Gain</th>
<th>1.8%</th>
<th>1.6%</th>
<th>1.6%</th>
<th>1.5%</th>
<th>1.4%</th>
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<th>0.9%</th>
<th>0.8%</th>
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</tr>
</thead>
</table>

Growth

- **PL Growth**
- **Manu Growth**
Growing Presence of Hard Discounters…
A Contributing Factor to Private Label Growth

- Hard discounters sell a very limited selection of products at a very low price
- More importantly for this study, hard discounters mostly sell Private Label products
  - For example, Private Label products account for approximately 95% of sales in Aldi
- As hard discounters continue to grow and gain share (more stores, wider consumer acceptance) so does Private Label
Looking at Product Areas…
Refrigerated Food Had the Highest Share of Private Label

PL Share

Refrigerated Food 32%
Paper, Plastic & Wraps 31%
Frozen Food 25%
Pet Food 21%
Shelf-Stable Food 19%
Diapers & Fem Hyg 14%
Health Care 14%
Non-Alco Beverages 12%
Home Care 10%
Snacks & Confectionery 9%
Alcoholic Beverages 6%
Personal Care 5%
Cosmetics 2%
Baby Food 2%

PL Growth

Refrigerated Food 9%
Paper, Plastic & Wraps 2%
Frozen Food 3%
Pet Food 11%
Shelf-Stable Food 5%
Diapers & Fem Hyg -1%
Health Care 3%
Non-Alco Beverages 3%
Home Care 2%
Snacks & Confectionery 8%
Alcoholic Beverages 3%
Personal Care 3%
Cosmetics 3%
Baby Food 23%

Includes 3 of top 10 categories ranked on Private Label
Also includes 3 of top 10
Personal Care, Cosmetics and Baby Food Saw Lowest Level of Private Label Share

- These three categories also saw the lowest level of Private Label share in 2003 study
- Personal Care products were available in most countries but Private Label share still only at 5%
  - For example, Shampoo Private Label products available in 37 of 38 countries measured. (Shampoo Private Label only 3% share)
- Availability of Private Label products more of a limiting factor for Cosmetics and Baby Food
  - Private Label Lip/Stick and Eye Shadow only available in half the countries measured
  - Private Label Baby Food only available in six of 32 countries measured
- Cosmetics and Baby Food did however see the fastest Private Label growth in the last year
Refrigerated Complete Ready Meals Saw Strongest Gains in Share of Private Label …

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<table>
<thead>
<tr>
<th>Growth</th>
<th>Complete Ready Meals (Refrigerated)</th>
<th>Fish/Shellfish/Seafood (Frozen)</th>
<th>Cooking Oil</th>
<th>Water</th>
<th>Butter/Margarine</th>
<th>Dog Food</th>
<th>Toilet Care</th>
<th>Plastic Wraps/Rolls</th>
<th>Milk</th>
<th>Meat/Poultry/Game (Refrigerated)</th>
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<tbody>
<tr>
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<td>14%</td>
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Private Label Active in the ‘Hottest’ Categories

- In addition to the 80 categories studies we also looked at the top categories from our *What’s Hot in Food & Beverages* and *Personal Care* studies published in 2004.

- What’s Hot in Food & Beverages study identified Soy Based Flavored Drinks as the fastest growing category, growing by 30%.

- Looking at a more comprehensive category definition, the aggregate of Soy Based Drinks and Milks (flavored and unflavored)
  - Total Category grew by 26% over last 12 months
  - Private Label brands captured a 5% share and grew by 45%.

- What’s Hot in Personal Care identified Tooth Stain Removers and Whiteners as the fastest growing category
  - Total Category declined by 25% over last year
  - Private Label brands held a 5% share and experienced 66% growth.
Private Label Brands Priced A Third Lower than Manufacturer Brands
Emerging Markets had the Largest Differential

-31%
-40%
-37%
-27%
-25%
-25%
-45%
-40%
-35%
-30%
-25%
-20%
-15%
-10%
-5%
0%

Czech Republic -44%
Hungary -43%
Slovakia -38%

Emerging Markets
Global
Europe
North America
Asia Pacific
Latin America

Brazil -20%
Puerto Rico – 19%
Colombia -19%
Personal Care Private Label Products Priced with the Largest Discount…Refrigerated Food with the Highest Private Label Share Had the Smallest Price Differential

After Shave -55%
Mouth Wash – 51%
Shampoo -51%

Complete Ready Meals -11%
Cheese -16%
Meat/Poultry/Game -16%
Private Label Brands Meet Consumer Needs Beyond a Low Price

- In the more developed markets, retailers are developing their own lines to respond to growing consumer needs.
- In addition to a general improvement of quality, Private Label offerings now also focus on providing healthy alternatives.
  - **Tesco**
    - Tesco Finest
    - Tesco Organics
    - Tesco Free From
    - Tesco Healthy Living
    - Tesco Carb Control
    - Tesco Fair Trade
    - Tesco Kids
  - **President’s Choice**
    - PC Blue Menu
    - PC Organics
    - PC Mini Chefs
- In addition, retailers have used the equity of their Private Label brand to develop other services such as mobile phones and financial services.
Private Label Consumers
Private Label Products were Purchased by Nearly All Consumers within these Countries

Switzerland
Germany
Great Britain
Spain
France
Canada
US
Italy
Finland
Australia
Hong Kong
Singapore
Chile
Colombia

Household Penetration

50%  70%  90%  100%
Eighty-Two Percent of British Shopping Trips Included Private Label Products
Frequency of Purchase Found to Be a Key Driver of Private Label Share

<table>
<thead>
<tr>
<th>Country</th>
<th>Share of All Shopping Trips</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td>70%</td>
</tr>
<tr>
<td>Germany</td>
<td>55%</td>
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<tr>
<td>Great Britain</td>
<td>82%</td>
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<tr>
<td>Spain</td>
<td>54%</td>
</tr>
<tr>
<td>France</td>
<td>73%</td>
</tr>
<tr>
<td>Canada</td>
<td>44%</td>
</tr>
<tr>
<td>US</td>
<td>45%</td>
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<tr>
<td>Italy</td>
<td>26%</td>
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<tr>
<td>Finland</td>
<td>34%</td>
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<tr>
<td>Australia</td>
<td>59%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>12%</td>
</tr>
<tr>
<td>Singapore</td>
<td>11%</td>
</tr>
<tr>
<td>Chile</td>
<td>23%</td>
</tr>
<tr>
<td>Colombia</td>
<td>18%</td>
</tr>
</tbody>
</table>

Average Share Level:
- **High**: 67%
- **Medium**: 42%
- **Low**: 16%
Low Income Private Label Buyers Allocated More of Total Spend to Private Label Brands

Share of Spend

Income Level

Europe
North America
Asia Pacific
Latin America

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Private Label Buyers With Large Families Allocated More of Total Spend to Private Label Brands

Share of Spend

Household Size

Europe
North America
Asia Pacific
Latin America

Small  Medium  Large

0%  5%  10%  15%  20%  25%  30%  35%  40%  45%  50%
Share of Spend for Private Label Differed Across Age Groups and Across Countries

Share of Spend

Europe
North America
Asia Pacific
Latin America

Age of Household

Young
Middle
Old
Aged

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Europe

PL Share

Top 7 Countries Ranked on Private Label Share

Country | Private Label Share
--- | ---
Switzerland | 45%
Germany | 30%
Great Britain | 28%
Spain | 26%
Belgium | 25%
France | 24%
Netherlands | 22%
Denmark | 17%
Sweden | 14%
Austria | 14%
Italy | 11%
Portugal | 11%
Finland | 10%
Norway | 8%
Ireland | 7%
Greece | 4%
Israel | 3%

PL Growth

Country | Private Label Growth
--- | ---
Switzerland | 0%
Germany | 3%
Great Britain | 1%
Spain | 2%
Belgium | 3%
France | 3%
Netherlands | 8%
Denmark | 1%
Sweden | 10%
Austria | 4%
Italy | 9%
Portugal | 7%
Finland | 16%
Norway | 14%
Ireland | 13%
Greece | 13%
Israel | -10%

Included in Top Ten PL Growth Countries

- Switzerland
- Great Britain
- Spain
- Netherlands
- Portugal
- Finland
- Norway
- Ireland
- Greece
- Israel
North America

PL Share

Canada: 19%
United States: 16%

 Ranked 8th and 10th on Private Label Share

PL Growth

Canada: 4%
United States: 7%

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Emerging Markets

PL Share

- Hungary: 10%
- Slovakia: 10%
- Czech Republic: 7%
- South Africa: 4%
- Croatia: 2%

PL Growth

- Hungary: 15%
- Slovakia: 14%
- Czech Republic: 4%
- South Africa: 6%
- Croatia: 77%

Included in Top Ten PL Growth Countries
Asia Pacific

PL Share

New Zealand: 12%
Australia: 9%
Hong Kong: 4%
Japan: 4%
Singapore: 3%
Thailand: 1%
South Korea: 1%
Philippines: 0%

PL Growth

New Zealand: 3%
Australia: 6%
Hong Kong: -1%
Japan: 5%
Singapore: 16%
Thailand: 18%
South Korea: 17%
Philippines: 2%

Included in Top Ten PL Growth Countries
**Latin America**

**PL Share**

- **Brazil**: 4%
- **Puerto Rico**: 4%
- **Chile**: 3%
- **Argentina**: 3%
- **Colombia**: 2%
- **Mexico**: 1%

**PL Growth**

- **Brazil**: 5%
- **Puerto Rico**: -12%
- **Chile**: 13%
- **Argentina**: 18%
- **Colombia**: 15%
- **Mexico**: -9%

Included in Top Ten PL Growth Countries
Detailed Findings by Product Area
Refrigerated Food

PL Share

- Complete Ready Meals: 47%
- Milk: 43%
- Cheese: 33%
- Meat/Poultry/Game: 28%
- Butter/Margarine: 21%
- Yogurt: 15%

PL Growth

- Complete Ready Meals: 14%
- Milk: 8%
- Cheese: 8%
- Meat/Poultry/Game: 9%
- Butter/Margarine: 10%
- Yogurt: 5%

Ranked 2nd, 3rd, and 10th on PL Share

Included in Top Ten PL Growth Categories
Paper Products, Plastic Bags & Wraps

**PL Share**

- Aluminum Foil: 49%
- Garbage/Refuse Bags: 40%
- Kitchen Paper/Towel: 33%
- Plastic Wrap/Rolls: 31%
- Toilet Tissue: 30%
- Facial Tissue: 24%

**PL Growth**

- Aluminum Foil: -2%
- Garbage/Refuse Bags: 3%
- Kitchen Paper/Towel: 4%
- Plastic Wrap/Rolls: -2%
- Toilet Tissue: 3%
- Facial Tissue: -1%

*Ranked 1st, 4th and 9th*
Frozen Food

PL Share

- Meat/Poultry/Game: 39%
- Fish/Shellfish/Seafood: 39%
- Vegetables: 38%
- Potato Fries: 32%
- Ice Cream/Frozen Yogurt: 18%
- Pizza: 17%
- Complete Ready Meals: 16%

PL Growth

- Meat/Poultry/Game: 4%
- Fish/Shellfish/Seafood: 7%
- Vegetables: 2%
- Potato Fries: 0%
- Ice Cream/Frozen Yogurt: 1%
- Pizza: 1%
- Complete Ready Meals: 4%

Ranked 5th, 6th, and 7th
Pet Food

PL Share

Dog Food: 22%
Cat Food: 20%

PL Growth

Dog Food: 12%
Cat Food: 8%

Included in Top Ten PL Growth Categories
### Shelf-Stable Food

#### PL Share

<table>
<thead>
<tr>
<th>Category</th>
<th>Share</th>
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<tbody>
<tr>
<td>Vegetables</td>
<td>36%</td>
</tr>
<tr>
<td>Cooking Oil</td>
<td>30%</td>
</tr>
<tr>
<td>Jam/Jelly/Marmalade</td>
<td>28%</td>
</tr>
<tr>
<td>Rice</td>
<td>26%</td>
</tr>
<tr>
<td>Dry Pasta</td>
<td>23%</td>
</tr>
<tr>
<td>Ketchup - Tomato Based</td>
<td>16%</td>
</tr>
<tr>
<td>Mayonnaise</td>
<td>12%</td>
</tr>
<tr>
<td>Wet Soup</td>
<td>12%</td>
</tr>
<tr>
<td>Breakfast Cereals</td>
<td>11%</td>
</tr>
<tr>
<td>Savory/Neutral Crackers</td>
<td>9%</td>
</tr>
<tr>
<td>Dry Soup</td>
<td>7%</td>
</tr>
</tbody>
</table>

#### PL Growth

<table>
<thead>
<tr>
<th>Category</th>
<th>Growth</th>
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</thead>
<tbody>
<tr>
<td>Vegetables</td>
<td>1%</td>
</tr>
<tr>
<td>Cooking Oil</td>
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<tr>
<td>Dry Soup</td>
<td>3%</td>
</tr>
</tbody>
</table>
**Diapers/Feminine Hygiene**

**PL Share**

- **Disposable Baby Diapers**: 17%
- **Feminine Personal Hygiene**: 10%

**PL Growth**

- **Disposable Baby Diapers**: 0%
- **Feminine Personal Hygiene**: -1%
Health Care

PL Share

- Self-Adhesive Dressings: 16%
- Cold Remedies: 14%
- Pain Relief: 13%

PL Growth

- Self-Adhesive Dressings: 6%
- Cold Remedies: 8%
- Pain Relief: 0%
Non-Alcoholic Beverages

PL Share

- Juice/Juice Based Drinks: 19%
- Flavored Milk Drinks: 16%
- Water: 14%
- Tea: 14%
- Coffee: 13%
- Drinking Yogurt: 9%
- Carbonated Beverages: 8%
- Sports Energy Drinks: 5%

PL Growth

- Juice/Juice Based Drinks: -3%
- Flavored Milk Drinks: 9%
- Water: 13%
- Tea: 0%
- Coffee: 3%
- Drinking Yogurt: 28%
- Carbonated Beverages: 2%
- Sports Energy Drinks: 8%

Included in Top Ten PL Growth Categories
Snacks/Confectionary

**PL Share**

- Sweet Biscuits (Cookies): 16%
- Cereal/Fruit/Muesli Bars: 9%
- Chips/Crisps: 8%
- Chocolate: 7%
- Chewing Gum: 1%

**PL Growth**

- Sweet Biscuits (Cookies): 6%
- Cereal/Fruit/Muesli Bars: 11%
- Chips/Crisps: 2%
- Chocolate: 13%
- Chewing Gum: 23%

Included in Top Ten PL Growth Categories
Alcoholic Beverages

PL Share

Vodka 19%
Wine 12%
Whisky 11%
Beer/Lager/Ales 3%

PL Growth

Vodka 10%
Wine -1%
Whisky 3%
Beer/Lager/Ales 8%
### Personal Care

#### PL Share

<table>
<thead>
<tr>
<th>Category</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Mouthwash</td>
<td>13%</td>
</tr>
<tr>
<td>Cleansing - Bath/Shower</td>
<td>10%</td>
</tr>
<tr>
<td>Toothbrushes</td>
<td>9%</td>
</tr>
<tr>
<td>Skin Tanning (Protection)</td>
<td>9%</td>
</tr>
<tr>
<td>Facial Cleansing</td>
<td>6%</td>
</tr>
<tr>
<td>Body Moisturizers</td>
<td>6%</td>
</tr>
<tr>
<td>Disposable Razors</td>
<td>6%</td>
</tr>
<tr>
<td>Hair Styling</td>
<td>5%</td>
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<tr>
<td>Toilet Soap</td>
<td>4%</td>
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<td>After Shave Preps</td>
<td>3%</td>
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<tr>
<td>Face Moisturizers</td>
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</tr>
<tr>
<td>Shampoo</td>
<td>3%</td>
</tr>
<tr>
<td>Deodorants</td>
<td>3%</td>
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<td>Toothpaste</td>
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#### PL Growth

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<tr>
<td>Toothpaste</td>
<td>-4%</td>
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Included in Top Ten PL Growth Categories
Cosmetics

PL Share

- Eye Shadow: 4%
- Lip Stick/Gloss: 2%

PL Growth

- Eye Shadow: 34%
- Lip Stick/Gloss: 16%

Included in Top Ten PL Growth Categories
Baby Food

PL Share

- Baby Formula: 2%
- Baby Food: 1%

PL Growth

- Baby Formula: 11%
- Baby Food: 20%

Included in Top Ten PL Growth Categories
Summary
Private Label continues to grow…

- Private Label outpaced manufacturer brands in over two-thirds of the markets measured
- Europe remains the region with the highest share of Private Label
  - Switzerland maintains its position as the country with the largest share of Private Label value sales at 45%
- Refrigerated Food found to be the product area with the largest Private Label share (Paper, Plastic & Wraps still high at #2)
- Globally, Private Label products priced, on average, a third lower than manufacturer brands
- Retailer concentration continues to be a contributing factor in the growth of Private Label
- Growth of hard discounters will continue to influence the development of Private Label
Almost all Households Purchase Private Label…

- Private Label Share was highest among larger families and those with lower incomes
- Frequency of purchase was found to be a key driving factor

How far will Private Label go?

- The growth of Private Label will continue.
  - Private Label products today are being introduced into both new markets and categories
- The introduction of more premium lines has changed both the shape and perception of what a ‘store brand’ can be
- How far Private Label will grow???? It is yet to be determined.