

# Rise of the supermarket own brand

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As the January hangover continues to stretch both belts and bank balances, would you give up your favourite food brands for own-label alternatives? If so then you're not alone. According to market researchers *Him!* nearly a quarter (22%) of shoppers plan to buy more own-brand food and drink in 2013. In fact, with more own-label products launched in 2011 than branded equivalents, own-label has moved from the margins to become the rising star of the supermarket shelves. Once aimed at those on a low income, the levelling effect of a grim economy means today own-brand is popular with everyone – so much so that upmarket grocer Waitrose got in on the act, launching its "essential" range as a response to the recession.

"There's push and pull factors from both the retailers and the consumers," explains David Bird from retail analysts Datamonitor. "The cost of ingredients is going up for food brands while there's been a decline in spend from the consumers. Something's got to give – and so more consumers are buying own-label." Own-label's rise has been nothing short of spectacular. Bird says that in most of the food and drink categories they analyse, own-label outperforms well-known household brands. And it's not (entirely) about the money. According to Bird the own-label market in the UK is one of the world's most mature – which means the supermarkets have had plenty of time to discover exactly what consumers want.

"The quality of own-label had definitely improved," he says. "But so has the marketing." He explains that own-label was once sold on a good, better, best model with the likes of Tesco Value at one end and Sainsbury's Taste the Difference at the other. Spurred on by their success, supermarkets have widened the scope to include more niche categories. For instance, Bird highlights Tesco's Wholefoods range, aimed at the health conscious market, as well as seasonal products catering for barbecues, picnics and occasions such as Christmas.

The supermarkets have been picking up some hints from big brands about presentation too. Anyone old enough to remember Tesco's original Value range will recall the feelings of deep despair engendered by its determinedly unglamorous blue and white stripes. They ditched the stripes of doom last year for an appealing retro look for its own-label range (although for some mischievous web types they have become an alternative design icon). So could the success of own-label mean the end of brands altogether? Supermarkets love own-label because they often make better margins than on branded products. This is bad news for new producers who need to get on their shelves to reach the mass market. Supermarkets can also let small food companies take risks with new products, then replicate them in a cheaper format if they're successful. For instance, it was interesting to see Tesco booting New Covent Garden Soups out of its stores a year after launching its own suspiciously similar chilled soup product.

However, an era of Stepford Wives-style shopping, in which the only choice is the supermarket's choice, is still a way away. Companies such as Heinz have spent millions of pounds in marketing that makes us feel warm and fuzzy about their products. For most of us the thrifty buzz of getting a good deal can't compare. "Retailer own-labels are still slightly behind brands when it comes to loyalty," says Jill Livesey from *Him!* Research & Consulting. "Our research shows shoppers are more than happy to switch back to national brands if they are available at a similar or better price than the equivalent private label product."

She adds that there are still some "no-go" areas for own-label in the eyes of shoppers. We still don't trust own-label soft drinks, and would prefer to buy branded crisps and snacks than supermarket labels. And though Tesco Everyday Value beans may be fine, own-label booze is still beyond the pale for most people (although Bird says this may be changing). In fact, it may only be a matter of time before own-label wine breaks through to respectability too, as the supermarkets learn how to tweak the way alcohol is packaged. Rather than a bottle "provided by" a supermarket, wines are now often "selected for" a retailer to help partially retain its snob value.

"If you look at a bottle of Sainsbury's wine, the way it's packaged is actually very clever," says Simon Wright from Greenwich Design, an agency which has worked on supermarket own-label designs. "Rather than have the name of the supermarket all over it, you have to look pretty far down the label before you get to a line saying it's made from grapes 'selected for Sainsbury's'."

Even if you're reining in your spending on food and drink, are there some branded food favourites you can't live without?

815 words

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