

Private label trends in Europe

Matthias Queck

Discount Analyst, Planet Retail

Private Label Trends in Europe



Albert Heijn, Netherlands



Right Ahold

Da staunst du – die neue Müller Markenqualität

CADEA YOUNG CLEAR Feuchtigkeitsfluid 100 ml
 DAEUR NIEDRIG € 1.95

CADEA YOUNG CLEAR Gesichtswasser 200 ml
 € 0.88/100 ml
 DAEUR NIEDRIG € 1.75

CADEA YOUNG CLEAR 2in1 Waschgel und Maske 150 ml
 € 1.33/100 ml
 DAEUR NIEDRIG € 1.99

CADEA MEN Duschgel 25 versch. Sorten
 € 0.40/100 ml
 DAEUR NIEDRIG je € 0.99

CADEA YOUNG CLEAR Reinigungsschaum 150 ml
 € 1.63/100 ml
 DAEUR NIEDRIG € 2.45

CADEA YOUNG CLEAR Peelingcreme 100 ml
 DAEUR NIEDRIG € 1.49

CADEA MEN Triflexx Ersatzklingen 4 Stück
 DAEUR NIEDRIG € 2.49

CADEA MEN Apparat mit 2 Klinen
 € 2.49



+++ ANGEBOTE +++ ANGEBOTE

ANGEBOTE DIESER DOPPELSEITE VON MONTAG, 12.12. BIS SAMSTAG,

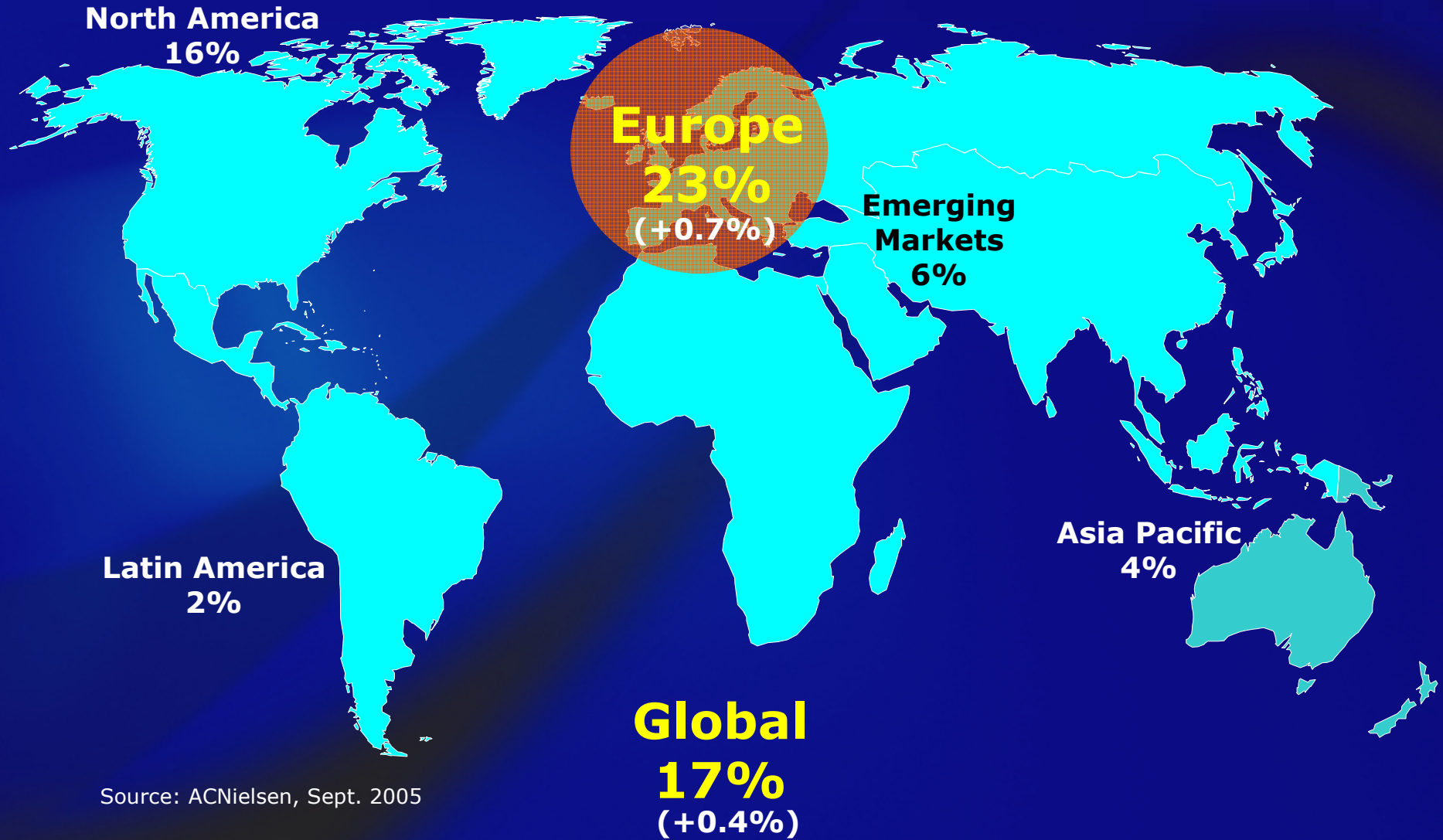
Müller, Germany

- Where Private Labels Are Growing**
- Why Private Labels Are Growing**
- Future Challenges**

Where Private Labels Are Growing



Europe has the highest PL penetration and the highest growth rate worldwide

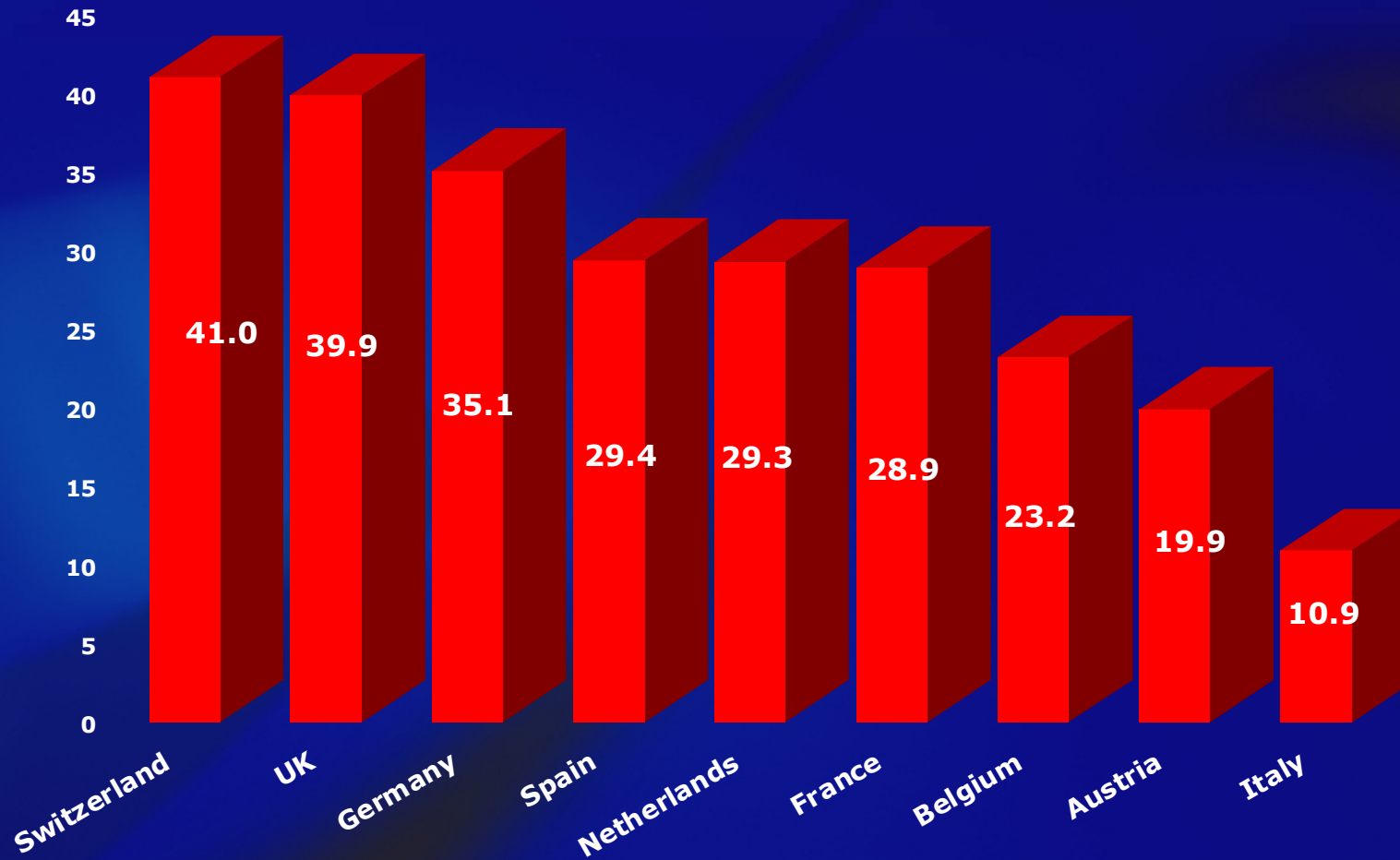


Source: ACNielsen, Sept. 2005

Where Private Labels Are Growing

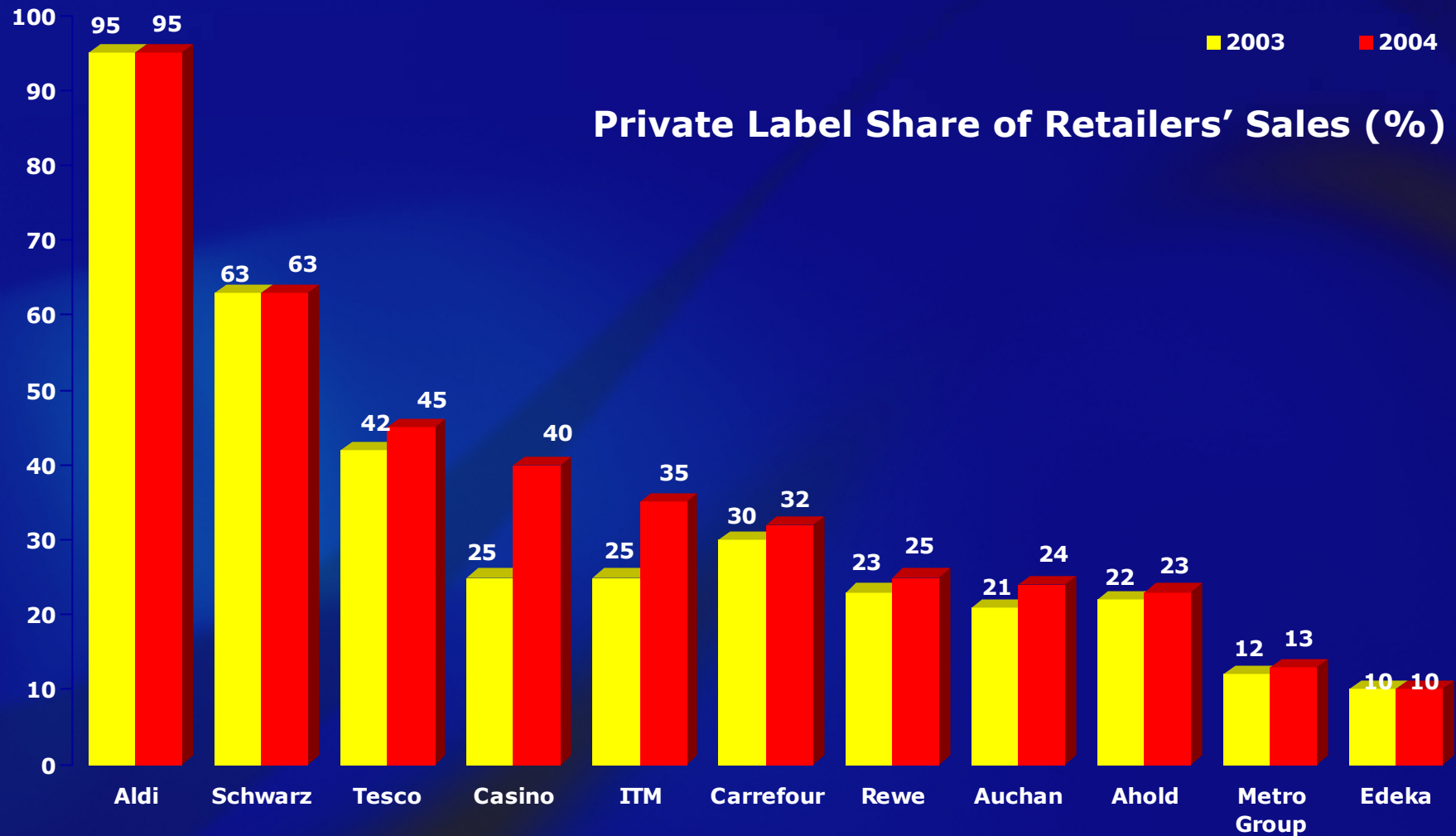


PL Share of Sales in Major European Markets (%), 2005



Source: GfK/Europanel

Where Private Labels Are Growing



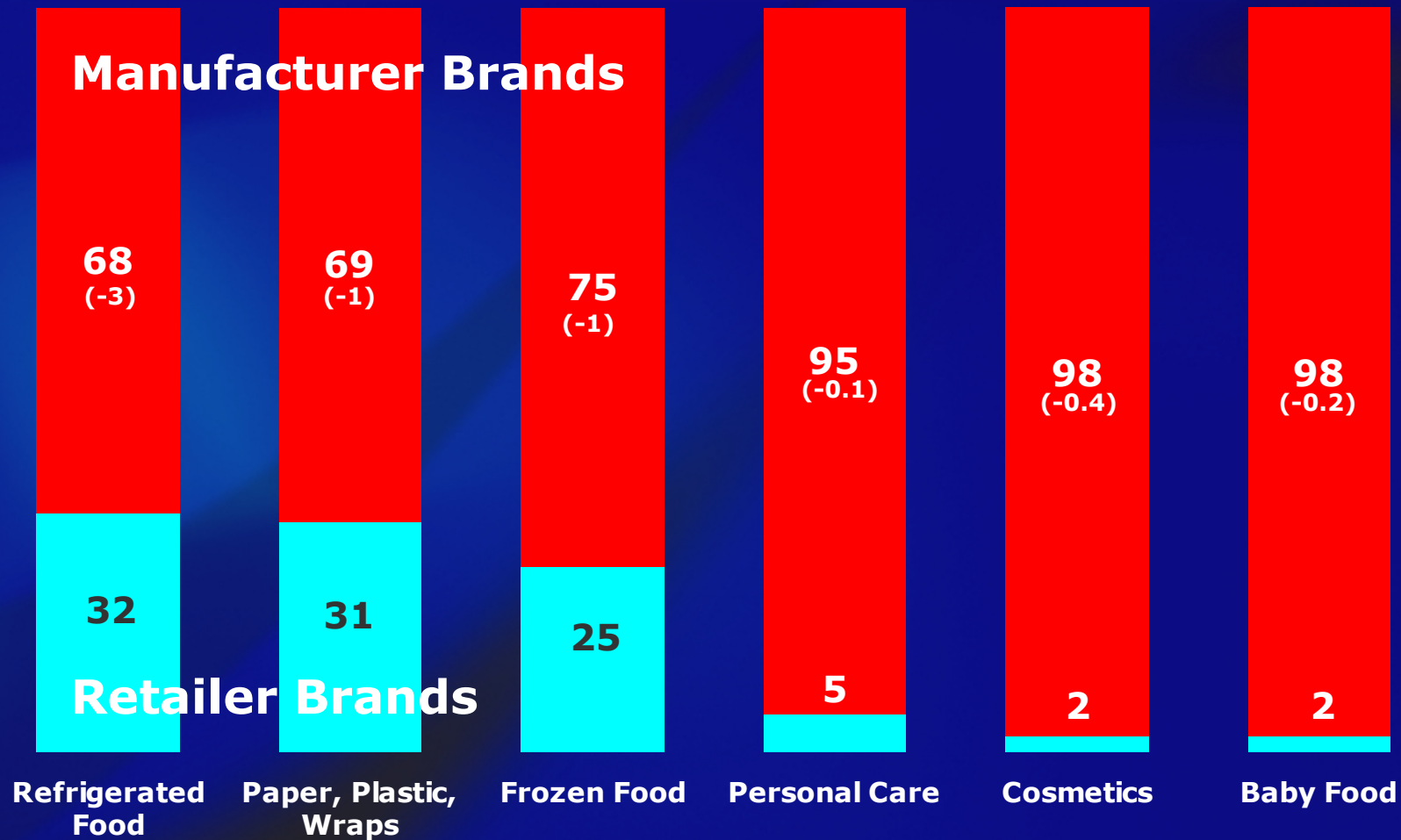
Private label share of Europe's leading grocers (%), 2004 vs. 2003, estimated
Source: Planet Retail

Where Private Labels Are Growing



Shares by product area (%)

Globally 2004, based on value sales



Source: ACNielsen, Planet Retail

Full-Range Retailers

Pushing PL shares by

- Extending lines
- Launching new lines:
 special interest
 premium
- Revamping lines

Discount Retailers

Pushing PL shares by
launching new lines:
 premium
 special interest

Private Label Trends in Europe



Migros, Switzerland

© Copyright M-M Planet Retail Ltd - www.planetretail.net



Rewe Group, Germany

© Planet Retail Ltd - www.planetretail.net



Colruyt, Belgium



Boots, UK

© Planet Retail Ltd - www.planetretail.net

Private Label Trends in Europe



Discount Retailers



Aldi, UK



Plus, Germany

© Planet Retail Ltd - www.planetretail.net

Retail Ltd - www.planetretail.net

Full-Range Retailers

Pushing PL shares by

- Extending lines
- Revamping lines
- Launching new lines (special interest, premium)
- reducing floor space for branded products

Discount Retailers

Pushing PL shares by launching premium and special interest lines



Pushing brand shares by listing more branded top products

Private Label Trends in Europe



Discount Retailers



Lidl, UK



Lidl, Scandinavia

© Planet Retail Ltd - www.planetretail.net

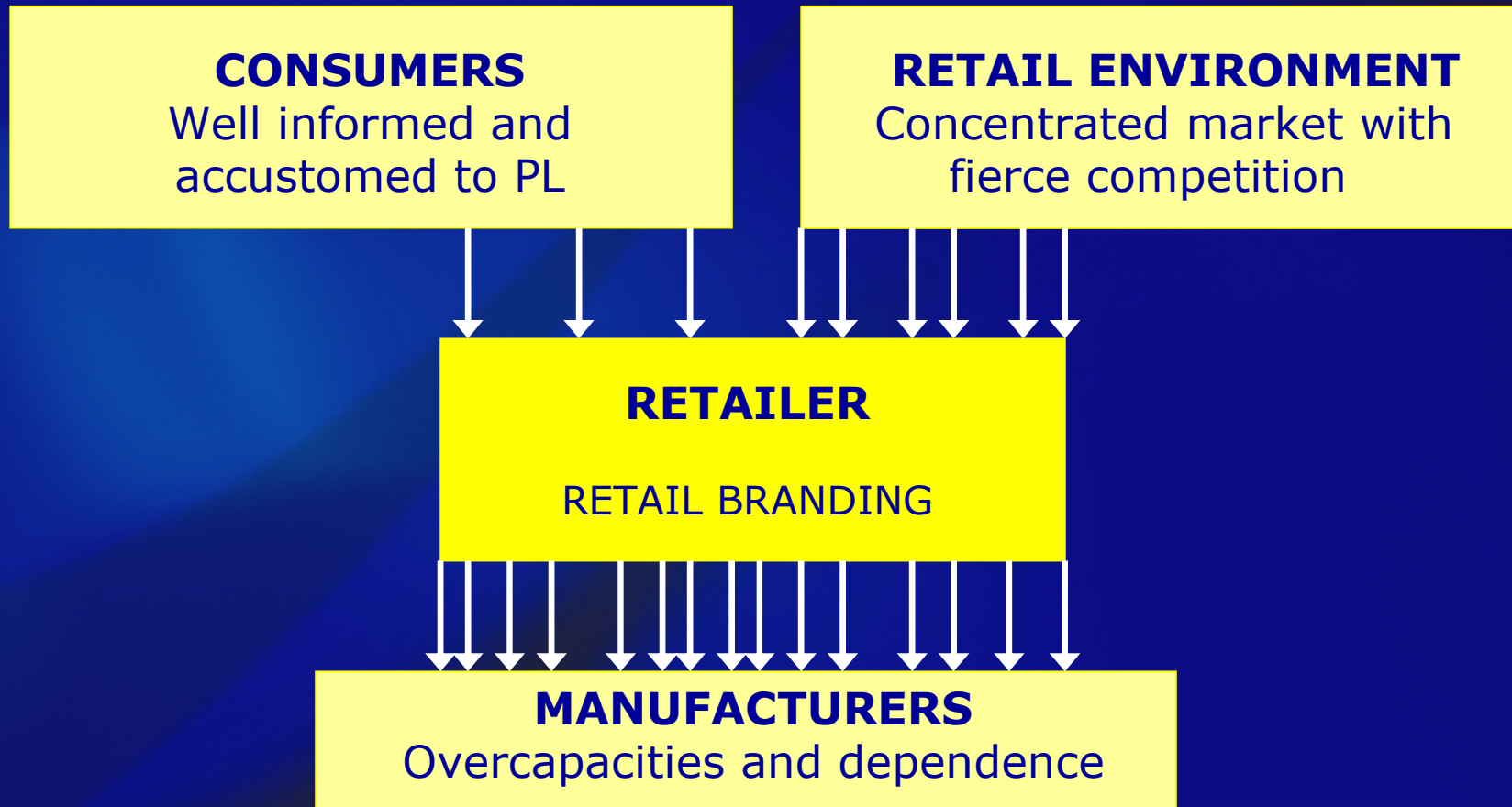
□ Why Private Labels Are Growing

As always, it's all about Power and Profit

Why Private Labels Are Growing



Shift in balance of power – factors driving PL growth

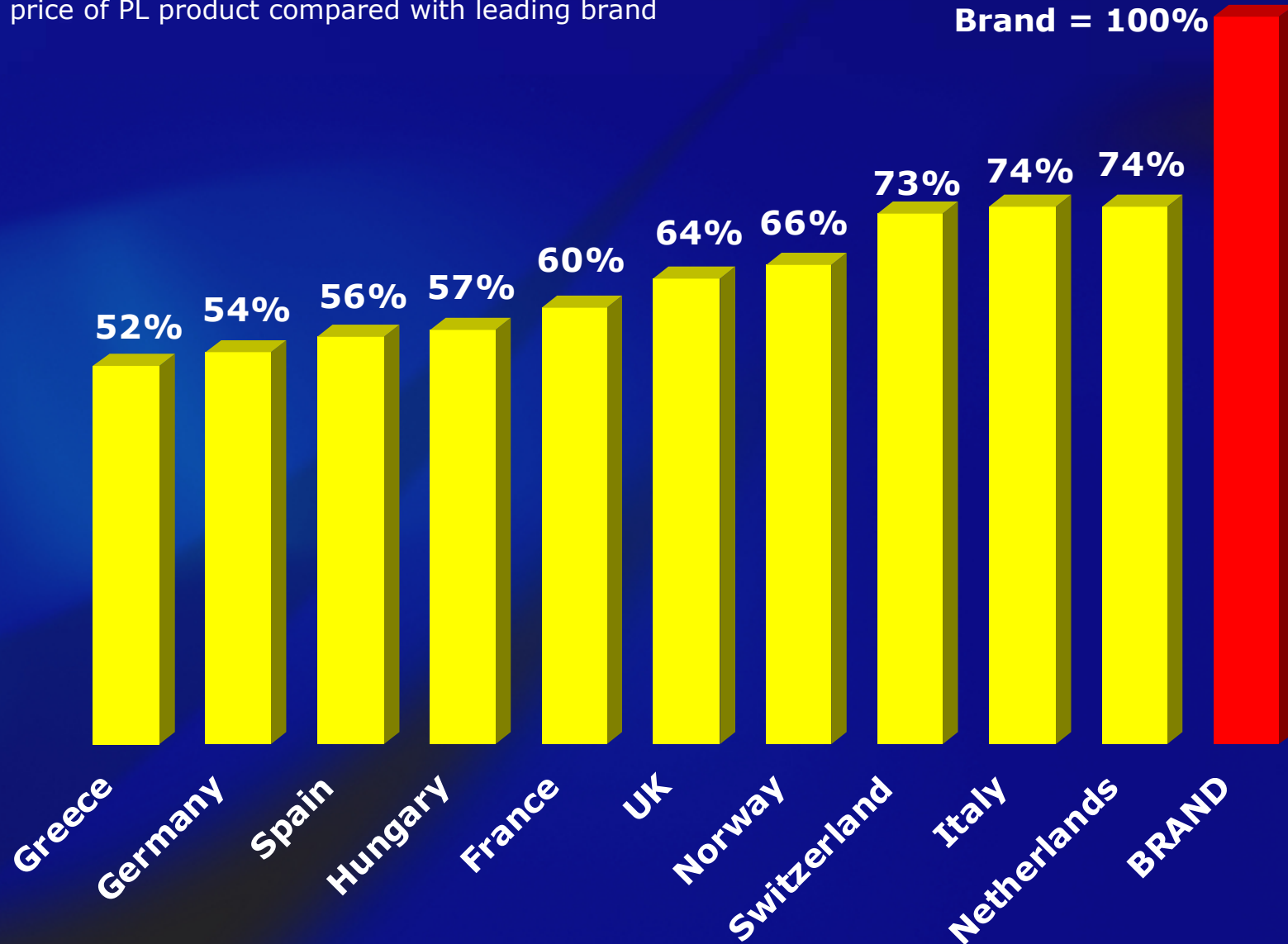


Why Private Labels Are Growing



Price Differential Private Labels Versus Brands

Average price of PL product compared with leading brand



□ Future Private Label Challenges

→ Accelerated growth in new categories

→ Blurring dividing lines

- Increasingly professional PL marketing
- More manufacturing know-how

Future Private Label Challenges



Accelerated growth in new categories

NORMA Viel mehr fürs GELD! aus unserem Sortiment

Charmeen Mascara 2,99
Charmeen Kajal-Stift 1,49
Charmeen Lip-Gloss 1,99
Charmeen Lippenstift 1,99
Charmeen Nagellack 1,99
Charmeen Make-up 1,99
Charmeen CAREBE Cremi-Seife 0,69

KüchenMeister 2 Mini-Butter-Mandel-Stollen 1,99
KüchenMeister Butter-Mandel-Stollen 1,99
Forum's Christkindles-Glühwein 0,89
Forum's Glühwein aus Heidelbeerwein 1,99

New economy private label range for cosmetics, offered in Norma discount stores in Austria

Future Private Label Challenges



Blurring dividing lines



© Copyright M+M Planet Retail Ltd - www.planetretail.net

Private Label, or Manufacturer's Brand?

Future Private Label Challenges



© Copyright M+M Planet Retail Ltd - www.planetretail.net

**Benchmark Private Label:
Tesco Finest (left) and Coop Fine Food (right)**

□ Future Private Label Challenges

- Accelerated growth in new categories
- Blurring dividing lines
 - Increasing professional PL marketing
 - Better manufacturing know-how
- **Co-operations**
 - **Between PL suppliers and retailers**
 - **between brand suppliers and retailers**
- **Suppliers becoming service providers**

Future Private Label Challenges

Co-operations



Copyright Planet Retail Ltd - www.planetretail.net

French brand manufacturer Fromagerie Bel sells its Babybel cheese with the Aldi label "Be light" on it.

Co-operation or confrontation!

“Asda marketing and brand director Richard Hodgson described it as his job to 'undo' the marketing of brands sold in Asda stores and to drive consumers to the retailer's private label offering instead. ”

Planet Retail News, 11 May 2006

Future Private Label Challenges

Co-operation ...
... or confrontation!



ASDA Essentials, UK

Where Private Labels Are Growing

- Europe: highest penetration and growth rate
- Growth seen in strong and weak PL categories
- *some discounters are extending the brand ranges*

Why Private Labels Are Growing

- Shift in balance of power: Control over supply chain
- Retail branding
- Higher margin contribution

Future PL Challenges

- Blurring dividing lines
- Co-operation or confrontation

Summary



Copyright Planet Retail Ltd - www.planetretail.net



© Planet Retail Ltd - www.planetretail.net



© Copyright M+M Planet Retail Ltd - www.planetretail.net



© Copyright M+M Planet Retail Ltd - www.planetretail.net



www.planetretail.net

Our comprehensive report
Private Label Trends Worldwide, 2006
is available from
www.planetretail.net