

Shoppers believe private label are national brands in different packaging

LONDON, UK: Brand loyalty towards food and drink in the UK grocery market is declining at a sharp rate, research conducted by Canadean in February 2013 reveals.



While there has been much attention to the issue of food inflation, consumers shopping around more for the best deal and retailers improving their private label portfolios, new research shows that this decline in brand loyalty can also be attributed to shoppers questioning where the groceries they buy are manufactured. Despite pledges by many of the leading manufacturers in the UK not to produce private label versions of their known and recognised brands, many shoppers feel both branded and non-branded groceries are produced in the same factory and price differences are not linked to quality but advertising costs.

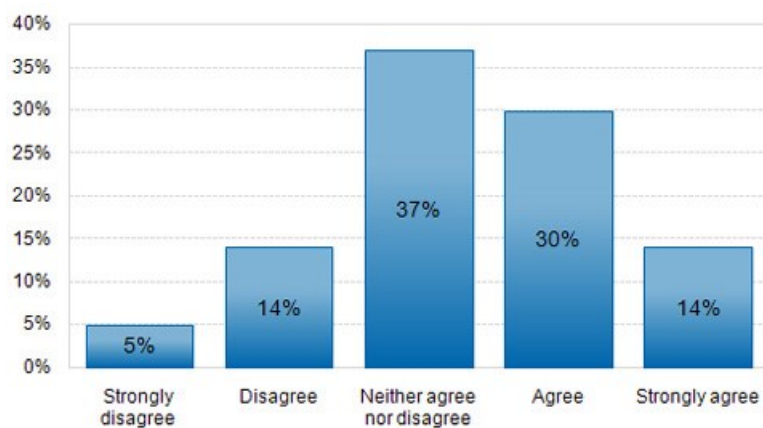
Research conducted by Canadean found that 44% of UK shoppers believe that private label and national brands are produced in the same factory and it is only the packaging that is different. Moreover, the same survey found that 59% believe that the only reason national brands are more expensive than private label brands is because of national advertising costs and not the manufacturing process or ingredients used, again highlighting how shoppers cannot distinguish between branded and non-branded items. The findings will be of particular concern to branded manufacturers who look to position their products around authenticity, heritage and premium ingredients to fend off the threat of cheaper alternatives.

A significant blow for branded manufacturers

This attitude will be particularly apparent when it comes to everyday staple grocery items. The research for example, found that 70% of shoppers believe that private label tinned foods are either "just as good" or "better" than branded items when it comes to quality, indicating this to be a particular product category where shoppers feel groceries are produced in the same factory. Emma Herbert, Research Manager, comments "although perceptions of the quality of private label products have been improving for decades, these findings show that shoppers now believe they can actually get their preferred brands for a cheaper price because it is presented in supermarket style branded packaging. This will be a significant blow for branded manufacturers who look to differentiate from store-own products by promoting attributes such as brand authenticity, heritage and expertise in manufacturing".

While shoppers have difficulty telling the difference between branded and non-branded products when it comes to staple groceries, they are more likely to believe that private label brands are inferior in the alcoholic beverage and personal care categories. For example, 52% thought that private label beer products were of inferior quality compared to national brands, whilst 44% said the same when it came to hair care, indicating shoppers will be less inclined to believe that products are manufactured in the same factories in these product categories.

Herbert concluded "fortunately for manufacturers of luxury items, shoppers believe that national brands are of better quality and as such will be produced separately where there is greater expertise. Therefore brand loyalty will be higher in these categories meaning that shoppers will be less inclined to switch to cheaper alternatives"



Source: Canadean

© Canadean

Figure 1: The extent to which consumers agreed that private label and national brands are produced in the same factories (% UK respondents) N=2000, February 2013.

More about Canadean

Canadean Consumer is the consumer and shopper insight division of [Canadean Ltd](https://www.canadean.com/), the consumer market experts. Canadean provides market research, reports, databases and custom solutions to the global FMCG, retail, packaging, retail and ingredients industries. With headquarters in the UK and regional offices around the world, Canadean has built a reputation as the benchmark for consumer market intelligence. Local operations are now based in Madrid, Frankfurt, Buenos Aires, Mexico City, New York, Hyderabad, Seoul, Hong Kong, Beijing and Shanghai.

For more, visit: <https://www.bizcommunity.com>