



The Power of Private Label in Europe An insight into consumer attitudes

A 'Good Alternative' to Other Brands, and the Same Quality & Value

Perception, Image, Education the Biggest Challenges for Retailers in Developing Markets

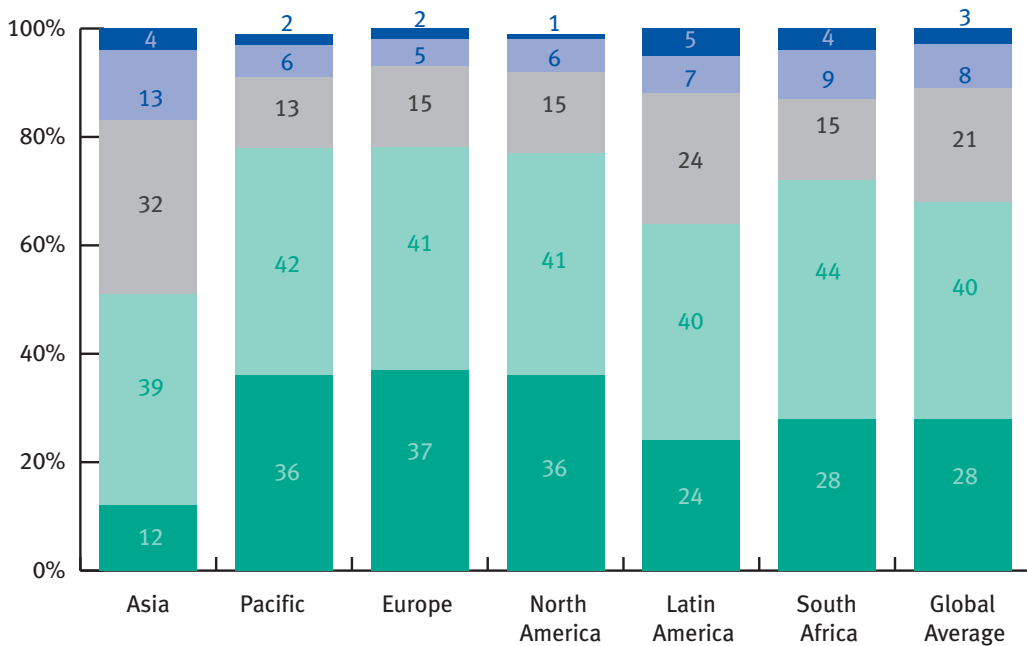
Two thirds of global consumers consider 'Private Label' or Supermarket Own Brands to be a good alternative to other brands, with as many as four in five consumers considering this the case in the developed markets of Europe, the Pacific and North America, according to a Global Private Label Consumer Study released by ACNielsen, the world's leading marketing research and information company.

The twice-yearly global ACNielsen Online Consumer Opinion Survey, the largest of its kind, polled over 21,100 respondents in 38 markets from Europe, Asia Pacific, North America, Latin America and South Africa.

The study asked consumers around the world what they thought about Supermarket Own Brands as an alternative to other brands in terms of their quality, value for money, packaging and positioning.

Against a global average of 68 percent who said that Supermarket Own Brands were a good alternative to other brands, consumers' agreement was skewed heavily in their favour in the highly developed 'Private Label' markets of Europe (78%), the Pacific (78%), North America (77%) and South Africa (72%). This compared to 64% of Latin Americans and 51% of consumers in Asia.

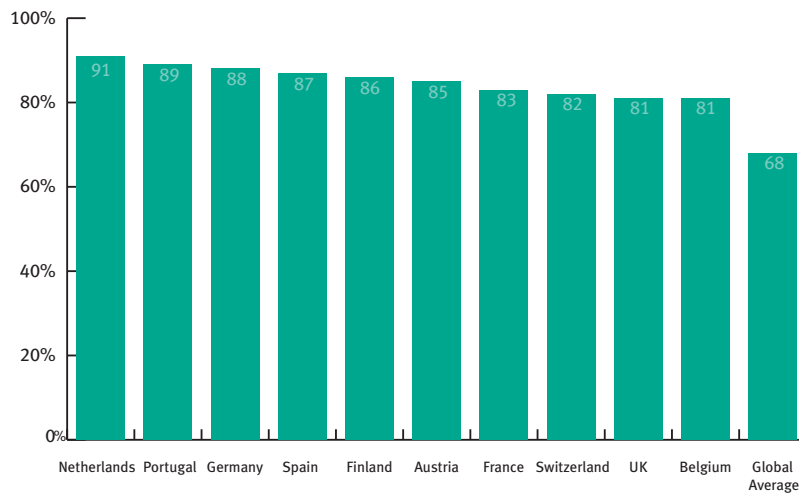
“Supermarket own brands are a good alternative to other brands”



Base: all respondents

■ Agree Strongly
 ■ Agree Slightly
 ■ Neither Agree Nor Disagree
 ■ Disagree Slightly
 ■ Disagree Strongly

Top 10 ranked countries who agree that “Supermarket own brands are a good alternative to other brands”



Base: all respondents

Across the 38 markets, the Top 10 rating supermarket labels the most highly hailed from Europe - perhaps not surprising given the strong discounter presence - lead by the Netherlands (91%), Portugal (89%) and Germany (88%).

At the other end of the scale, eight of the bottom 10 hailed from Asia, with Japanese and Malaysian consumers (35%) in least agreement that Supermarket Own Labels were a good alternative to other brands.

Private Labels - Big Business for European Retailers

Europe's private label industry, worth over 100 billion euro, continues to growth year-on-year with the UK's private label industry, regarded as the most advanced and sophisticated globally, worth 34 billion alone.

Thirty years ago in the UK, and today in less developed retail markets, private label products were perceived as low quality, cheap and brand copy. Today, the industry as evolved to the point where private label means premium quality, higher pricing and innovation based category leadership. The outstanding success of private labels in the UK can largely be attributed to the fact that 79% of retail grocery market is held by the top four retailers, making it easier for leading retailers to achieve the economies of scale that make wider and deeper own label ranges available. Consumers can now buy across the spectrum of private label ranges in one shopping trip.

The successful addition of private label sub-brands among leading European retailers is testament to the strength of supermarket brands in this part of the world. Migros in Switzerland, Aldi in Germany and Marks & Spencer in the UK are all solely private label retailers and rated among the top retailers in their respective home markets.

Consumers in the UK voted established private label retailer Marks & Spencer as the leading supermarket brand for best quality overall, in an ACNielsen Homescan survey earlier this year.

And surprisingly to some, the Private Label industry has proven very resistant to economic fluctuations. Our trend analysis tells us that private label sales do not suddenly increase or decrease depending on the economic situation, it has remained a steady and growing business throughout economic highs and lows.

Private Labels in Asia and Emerging Markets

Private label awareness and acceptance in Asia and other developing markets will in part go hand in hand with the growth of the Modern Trade in these countries. In Asia, for example, share of the modern (supermarket) trade is currently running at 47 percent, and is expected to pass 50 percent in 2005. In some of these markets, where the retail landscape is highly fragmented, a lot of shoppers are only just getting used to visiting supermarkets and

hypermarkets regularly for their groceries, and Private Label is still a relatively new concept for them.

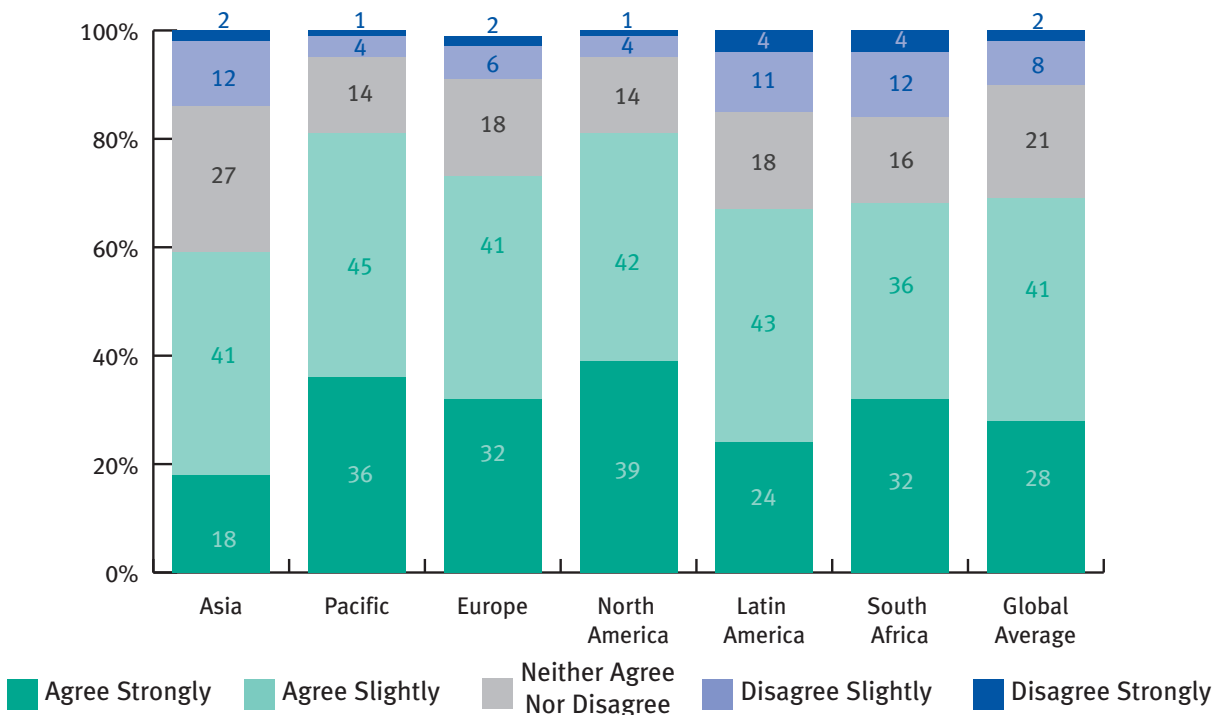
Additionally, the attraction of major well-known multinational and local brands with strong brand equity supported by heavy advertising, means that the appeal of Private Label would be limited in many of these markets.

Good Value for Money, and Quality on Par with the Big Brands

Consumers globally are in similar agreement when it comes to Private Label Quality and Value for Money, with a global average of 69 percent agreeing they were extremely good

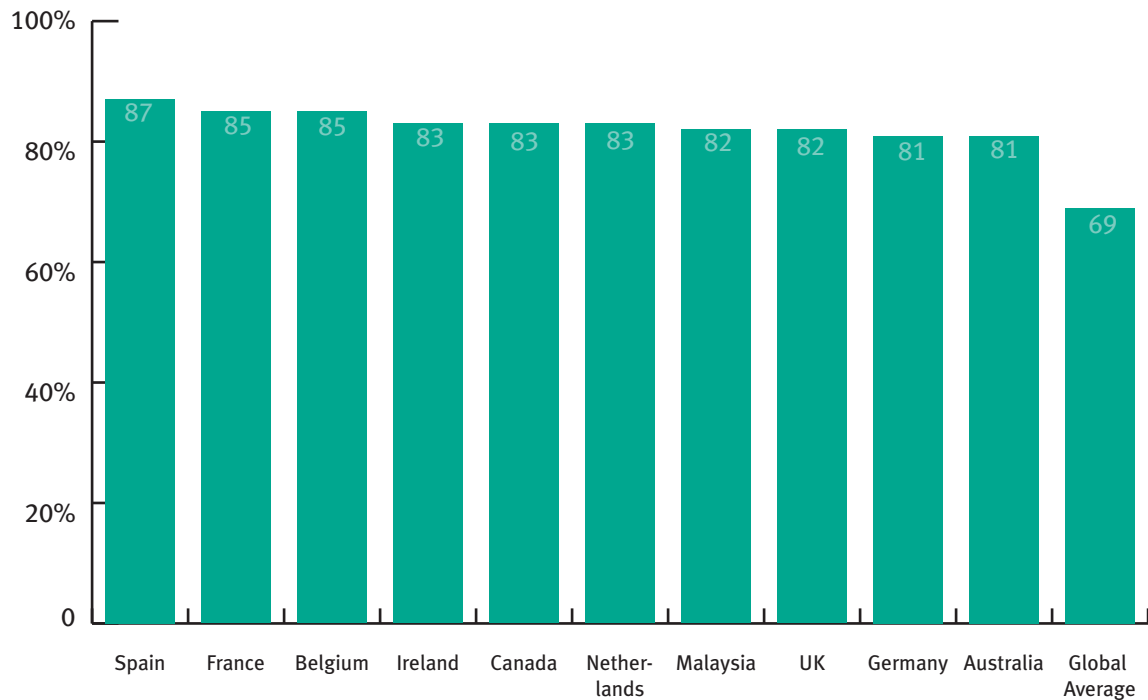
value for money, and 62 percent considering their quality to be at least as good as the big brands.

“Supermarket own brands are usually extremely good value for money”



Base: all respondents

Top 10 ranked countries who agree that “Supermarket own brands are usually extremely good value for money”



Base: all respondents

Across the regions, consumers in the Pacific and North America were almost unanimous, with 81 percent in both considering them extremely good Value for Money. They also agreed on Quality, with 72 percent in North America, and 70 percent in Pacific considering Private Label quality to be at least as good as the usual big brands. Europe followed closely behind with 73 percent agreeing on Value for Money and 68 percent on Quality.

Across individual markets, of those rating Private Label most highly on Value for Money, seven of the top 10 hailed from Europe, with the remainder made up of Canadians (#5, with 83% in agreement),

Malaysians (#7, with 82%) and Australians (#10, with 81%). Least in agreement on Value for Money were Thais (25%) and Japanese (27%).

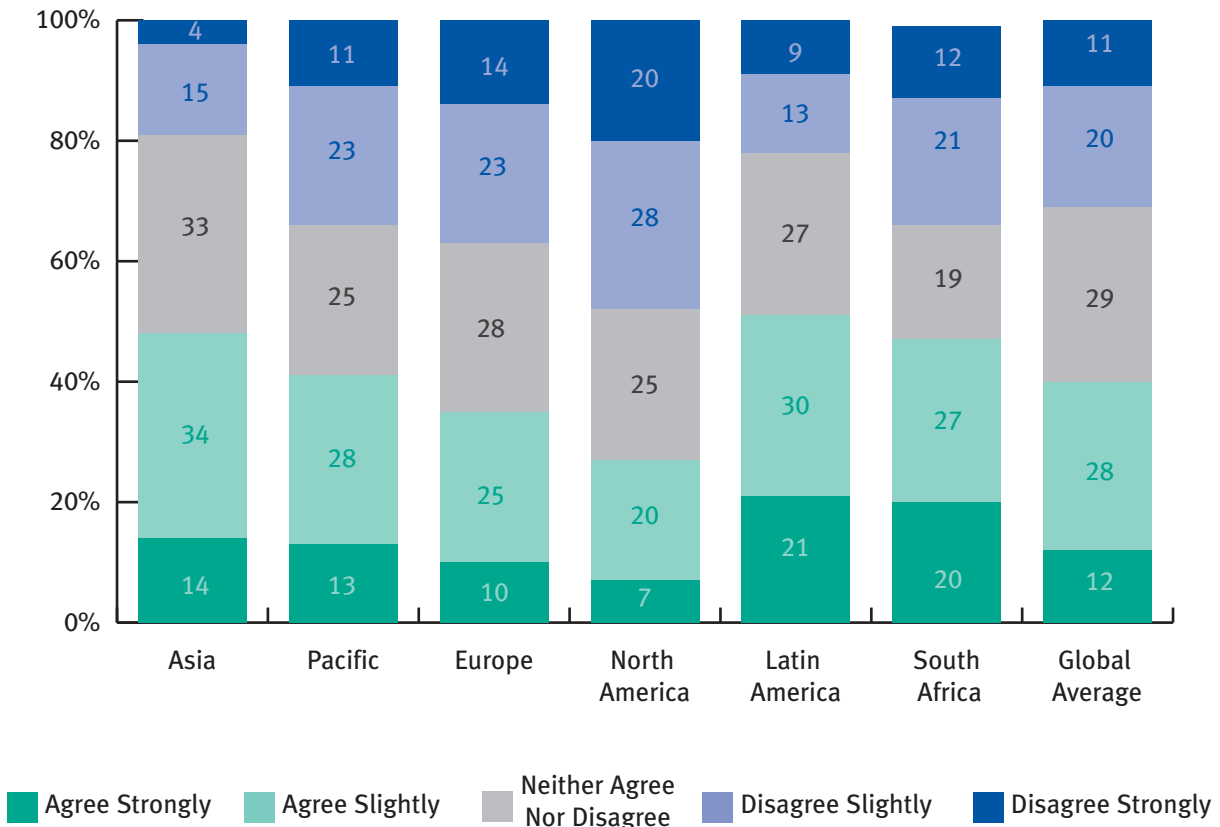
From their origins in the '60s and '70s offering cheaper, generic products, Private Label brands have evolved along with the Retailers' brands themselves. From a generic offering with an aggressive price / lower quality positioning, Own Label brands have evolved to become almost equivalent in quality and closer on pricing in the minds of consumers, particularly in the highly developed markets in Europe, the Pacific and North America.

Some Categories More Suitable than Others

When asked if they thought there were some products where quality really mattered, not suitable as Private Label, a global average of 40 percent agreed, led by half the Latin Americans (51%) and Asians (48%). Even in highly Own Label-developed markets in the Pacific, two in five consumers (41%) agreed that there were certain products not suitable for Private Label. This was also agreed with by one third of consumers in Europe (35%). Only in North America did nearly one half of consumers (48%) disagree.

Consumers may be happy with the quality of Private Label when it comes to dog food, kitchen towels, sugar and flour, but are less convinced if they're considering, say shampoo, baby food or their favourite pasta sauce, particularly in the less developed markets. Yet retailers in North America appear to be convincing consumers that quality and value Private Label is available across other categories too.

“I don’t think supermarket brands are suitable for products where quality really matters”



Base: all respondents

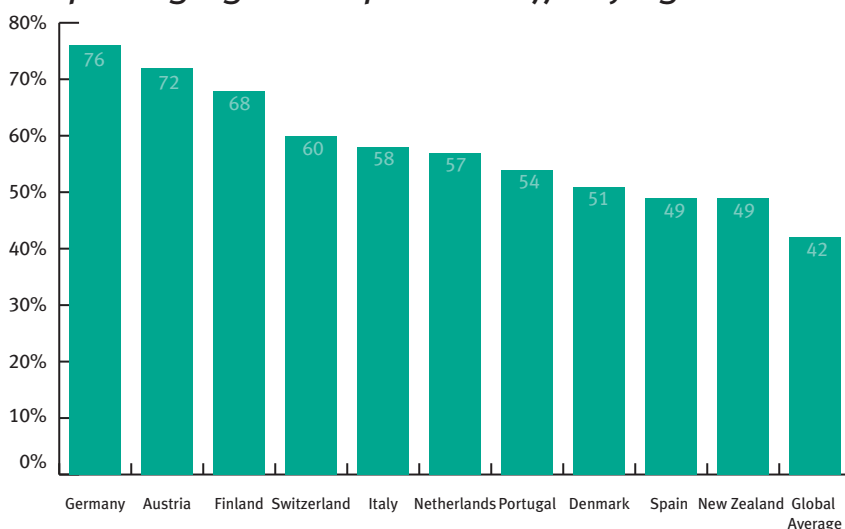
More Sophisticated Packaging Wins Consumers

As competition intensifies in-store, and the perceived quality gap narrows between Private and Supplier brands, retailers appear to have ratcheted up the quality of their packaging. When asked, an average of 42 percent of consumers disagreed that Private Label products had cheap, off-putting packaging, led by half the Europeans, 46 percent of North Americans, and 45 percent of consumers in the Pacific.

Across Europe, cheap packaging is certainly not an issue for retailers in Germany, Austria

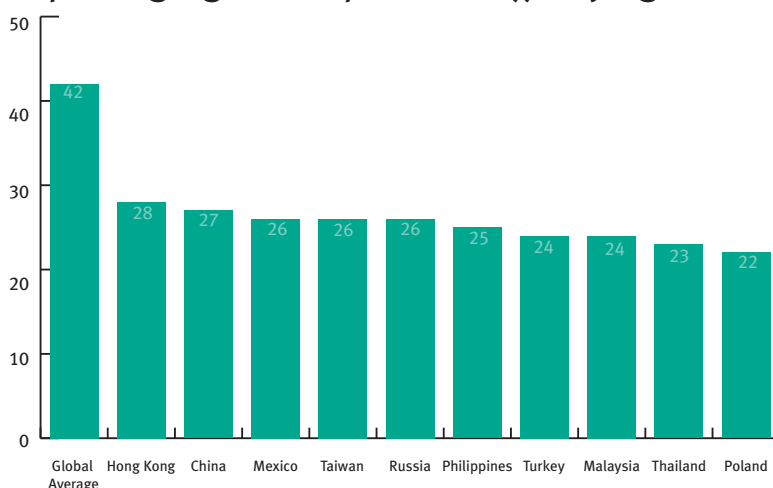
and Finland, where over two thirds of consumers disagree that Private Label packaging is cheap-looking. At the same time, there appears to be a packaging redesign opportunity for retailers in South America, Latin America, and Asia, where 44 percent, 40 percent and 38 percent of consumers respectively agreed that Private Label packaging was cheap-looking and off-putting. This was particularly felt in Hong Kong, Malaysia, Mexico, the Philippines, Poland, South Africa and Turkey.

Top 10 ranked countries who disagree that
“Generally, supermarket brands seem to have very cheap-looking packaging which puts me off buying them”



Base: all respondents

Bottom 10 ranked countries who disagree that
“Generally, supermarket brands seem to have very cheap-looking packaging which puts me off buying them”



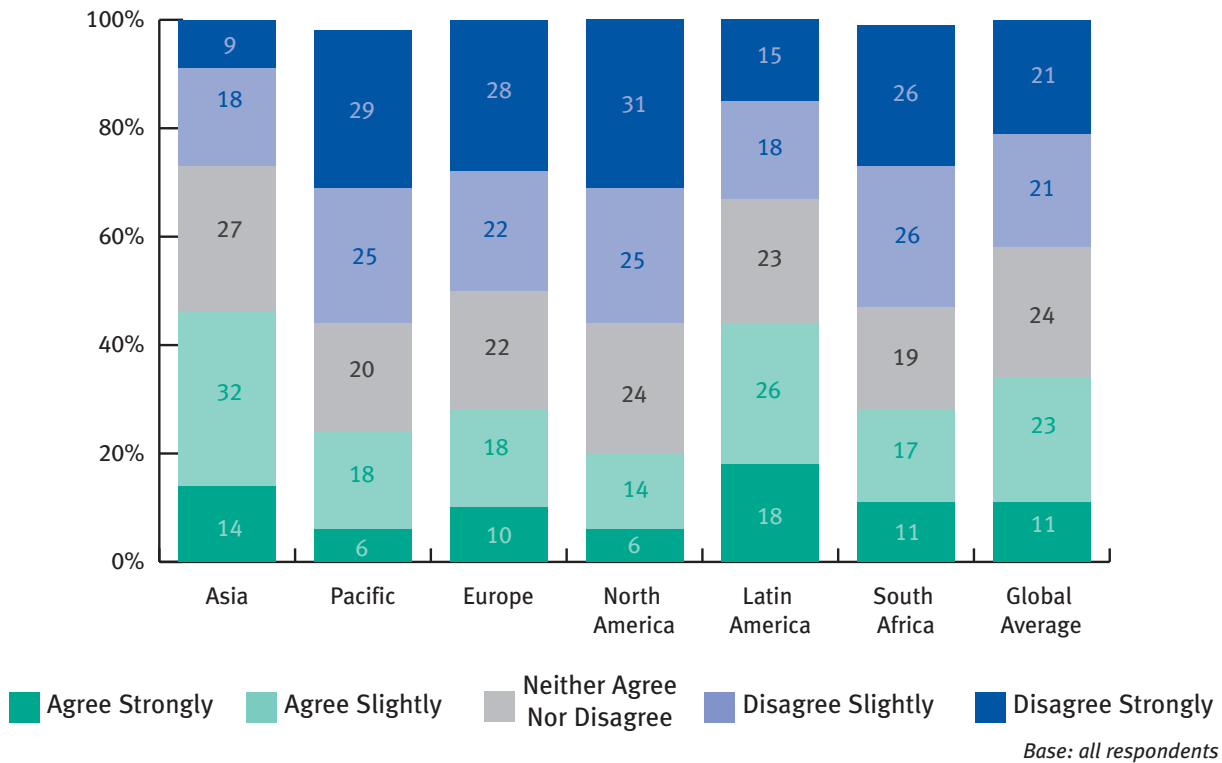
Base: all respondents

Image and Education the Biggest Challenges for Retailers in Developing Markets

And just because they're cheaper, it doesn't mean they're only meant for people on tight budgets who can't afford the best brands! When asked if they thought Private Label products were meant for people on tight budgets who can't afford the best brands, a global average of 42 percent disagreed.

This was particularly felt by more than half of consumers in North America (56%), the Pacific (54%) and Europe (50%). Heading the top 10 ranking, two thirds of consumers in Finland (72%), Germany (66%), the Netherlands (65%) and Sweden (64%) also disagreed.

“They are really meant for people who are on tight budgets and can't afford the best brands”



At the other end of the scale, and presenting the biggest opportunity for retailers in developing markets, more than two thirds of consumers in Taiwan, Malaysia, Indonesia and the Philippines agreed that Private Label was for those that couldn't afford the 'best' brands.

This could be partly attributed to a lack of understanding about retailer brands in many of these developing markets. In Malaysia and Taiwan for example, nearly half of respondents also agreed that they didn't know enough about them to want to try them.

Our survey clearly showed that the longer consumers have been exposed to Private Label - in terms of years' in the market and how highly penetrated it is as a percentage of in store total category volume sales - the better they think about them. Conversely, in markets where Private Label is less developed, consumers know less about them, and assume from their packaging and price that they are of lesser quality, and aimed at people who can't afford the bigger brands.

About the Survey

The ACNielsen Global Online Consumer Opinion Survey is conducted twice-yearly to provide an understanding of consumer attitudes towards their local economy now and in the future, their spending intentions

and current major concerns. A total of 21,261 consumers were interviewed over the Internet in 38 markets between April 11-May 10, 2005.

The 38 countries in the 2005 Global Online Consumer Confidence Survey

North America	Europe	Asia Pacific
US	Austria	Australia
Canada	Belgium	China
	Denmark	Hong Kong
Latin America	Finland	India
Brazil	France	Indonesia
Chile	Germany	Japan
Mexico	Greece	Korea
	Italy	Malaysia
South Africa	Ireland	New Zealand
	Netherlands	Philippines
	Norway	Singapore
	Poland	Taiwan
	Portugal	Thailand
	Russia	
	Spain	
	Sweden	
	Switzerland	
	Turkey	
	UK	

About ACNielsen

ACNielsen, a VNU business, is the world's leading marketing information provider. Offering services in more than 100 countries, the unit provides measurement and analysis of marketplace dynamics and consumer attitudes and behavior. Clients rely on ACNielsen's market research,

proprietary products, analytical tools and professional service to understand competitive performance, to uncover new opportunities and to raise the profitability of their marketing and sales campaigns. To learn more, visit www.acnielsen.com