



# The Future of Retail

## Private Label vs Brand

August 2023



# Contents

- 2. Introduction
- 4. Innovation: Differentiating Products
- 7. Leading Categories in Own Label vs Brand
- 10. Emotional Connection: Building Loyalty
- 14. Exclusive Partnerships: Driving Exclusivity
- 15. Conclusion
- 17. Vypr Intelligence Platform



# Introduction

As we navigate this ever-changing retail landscape along with the cost of living crisis, the battle between private label products and brands is intensifying.

Whilst private labels gain traction due to rising living costs, prominent brands continue to uphold their market presence by leveraging their reputation, quality, and emotional connections with consumers.

Nearly 20% of consumers' shopping baskets comprise private label products, whilst 61% prefer branded products in specific categories, demonstrating the complex landscape that appeals to different consumer preferences.

This Report serves as a guide for those involved in branding, product development, marketing, and strategic planning within the retail sector. We focus on unravelling the factors that contribute to the appeal of both private labels and established brands in the marketplace.

## Do you buy own-label products when shopping in-store or online?

I only buy own-label products



9%

I only buy some own-label products and prefer them to brands



51%

I sometimes buy some own-label but prefer branded products

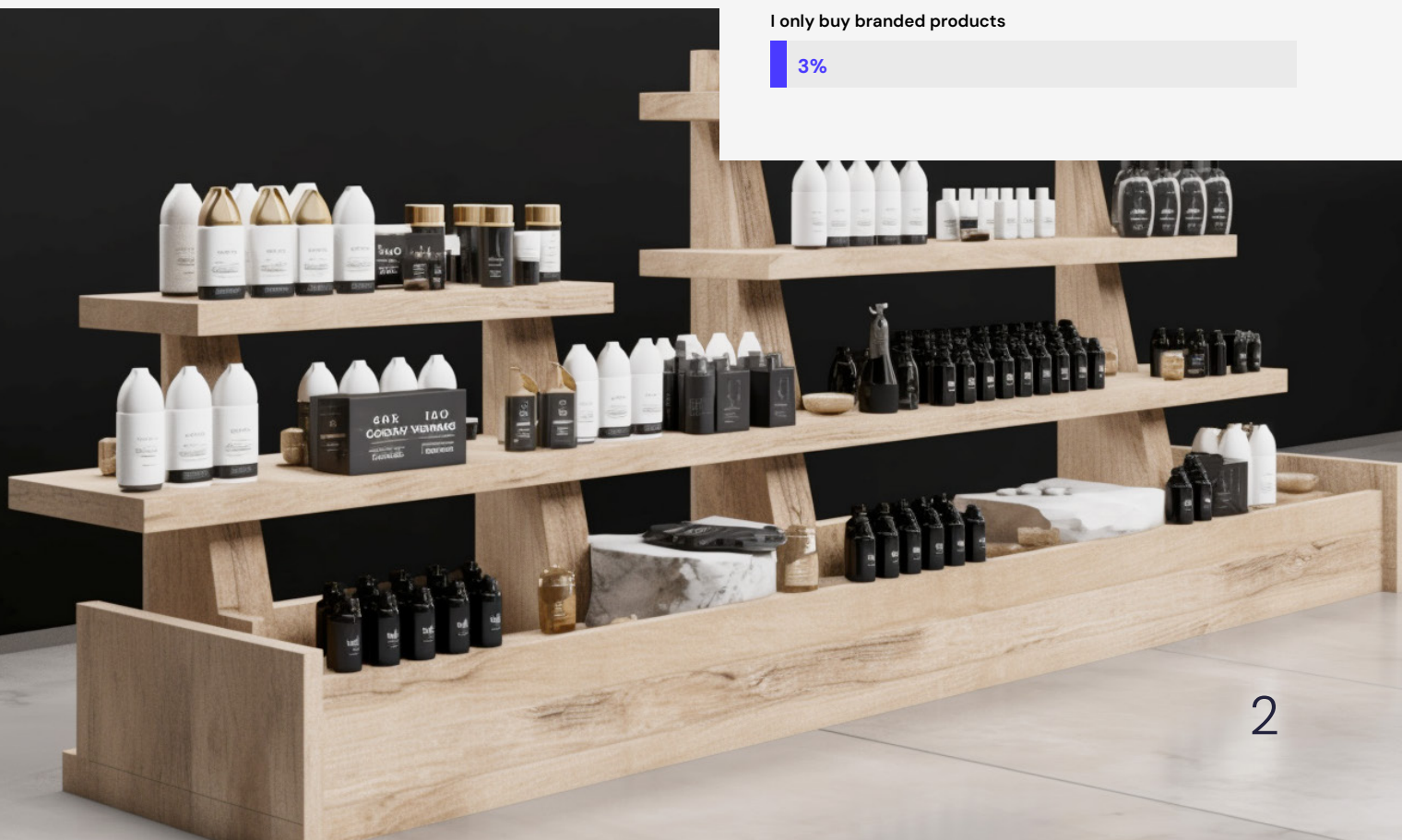


36%

I only buy branded products



3%



# Introduction

## Continued

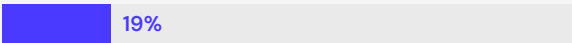
We used Vypr to ask our community if they bought private/own-label products.

We found that 59% of consumers prefer to buy own label products, with 20% switching nearly all their purchases to own label. Whilst this might be a concern for brands, it presents an opportunity to innovate, create emotional connections, and leverage exclusive partnerships to attract consumers and secure market share.

It's also important to be aware that in some categories where brands are a core choice for consumers and in others, own label is seen as a commodity.

### Have you switched from branded products to own-label products?

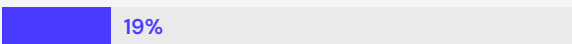
Yes, I now mainly buy own-label



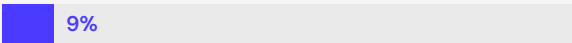
Only in certain categories



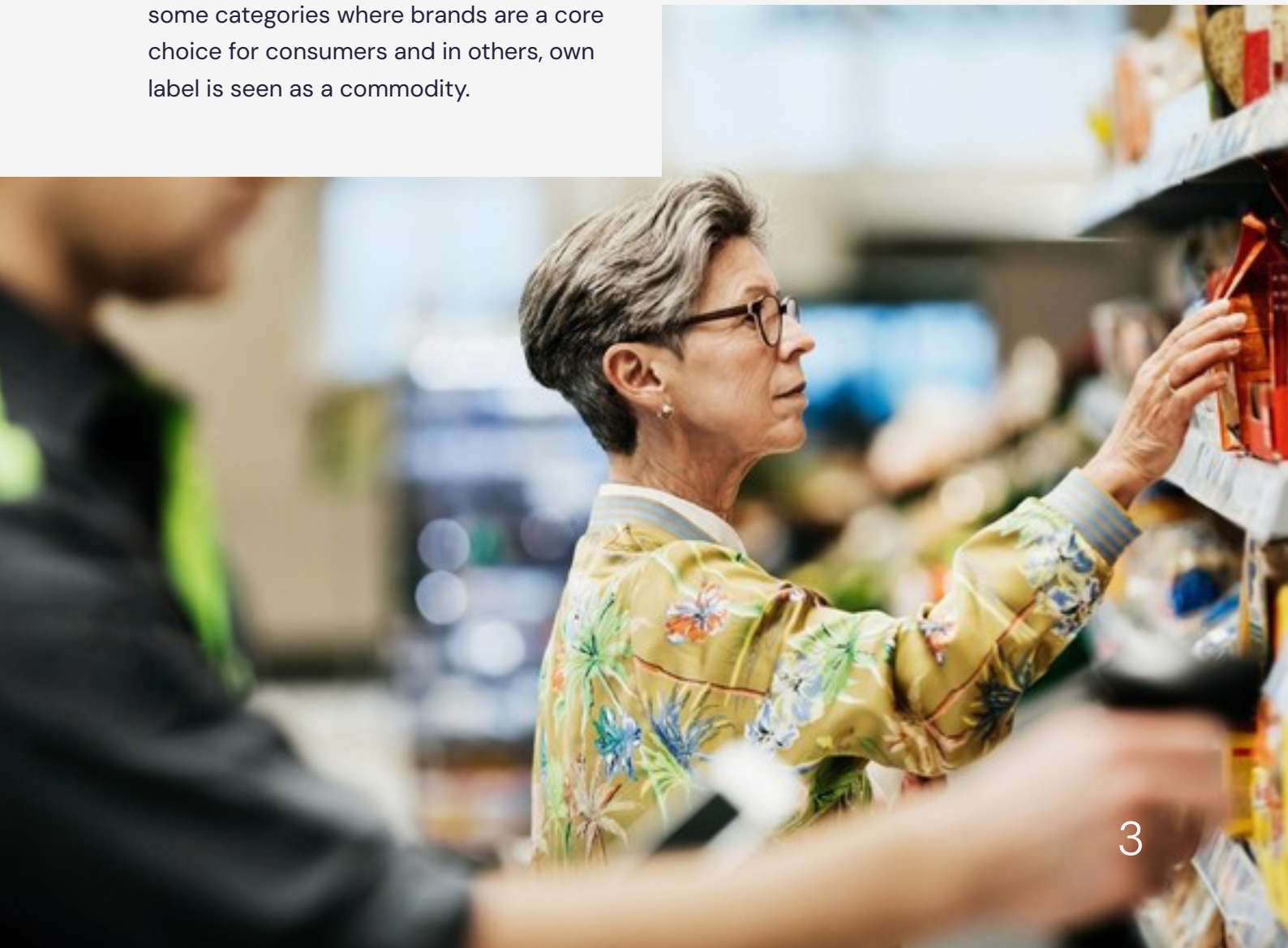
I've always bought own-label products



No I'm still buying brands



*Sent to a Nationally representative sample*



# Innovation: Differentiating Products

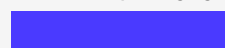
Brands can distinguish themselves from private label products by offering unique qualities. These can be:

- Ingredients that are of higher quality
- Sustainable packaging that scores additional points for being good for the environment.
- Innovative formulations that transform the manner of use, which can lend a unique selling proposition (USP).

Consumers want brands to be more affordable (52%), have sustainable packaging (38%) and offer healthier food options (30%).

## What would you like to [see more of](#) from branded products?

Sustainable packaging



38%

Better ethical values



22%

Healthier food products (e.g. sugar free, diet options)



30%

More pack size options



26%

More affordable



52%

Exclusive flavours/varieties



23%

Clear nutritional information



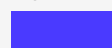
26%

More vegan / gluten free options



13%

Improve clarity about the product's origin



19%

More engagement with consumers



11%

Fresh Produce



7%

*Sent to a Nationally representative sample*



# Here's what our community had to say

Affordability might be the driving force, but it isn't as straightforward as that when we asked our community.



**More special offers.** Also show country of origin. Don't want to buy everyday items which have travelled from Eastern Europe

Male aged 45-54



Less money spent on **packaging and adverts** so that prices could become more sensible

Female aged 55-64



**Value for money.** I don't like branded products as there is a feeling that you are paying more for the brand name

Female aged 55-64

# Innovation: Differentiating Products

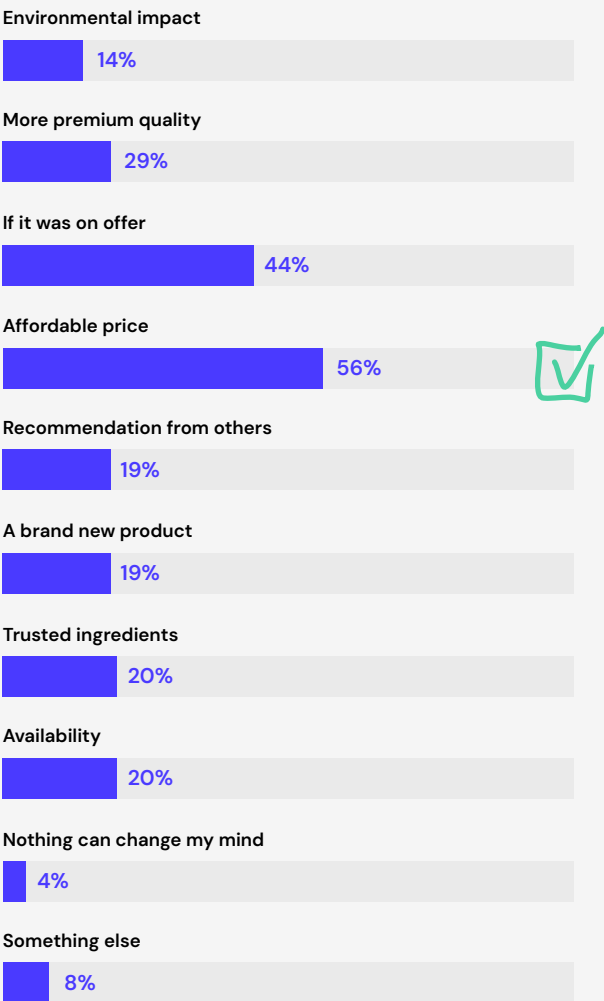
## Continued

To encourage consumers to switch from own label to branded products, brands should focus on affordable prices (56%) and special offers (44%).

Given the current economic conditions, cost plays a major role in purchase decisions. Whilst 38% of consumers appreciate the idea of more sustainable packaging from brands, only 14% consider a brand's environmental impact as a reason to switch from private label products to branded ones.

This suggests that for the majority of consumers, sustainability alone might not be a significant factor in their purchasing decisions.

### What would make you switch from an own-label product to a branded product?



Sent to frequent Brand product buyers





# Leading Categories in Own Label vs Brand

Exploring preferences between own label and brands can shed light on the opportunities and challenges in the market and inform strategies to address these dynamics effectively.

The question is, how do consumers make purchasing decisions when choosing between own-label and branded products?

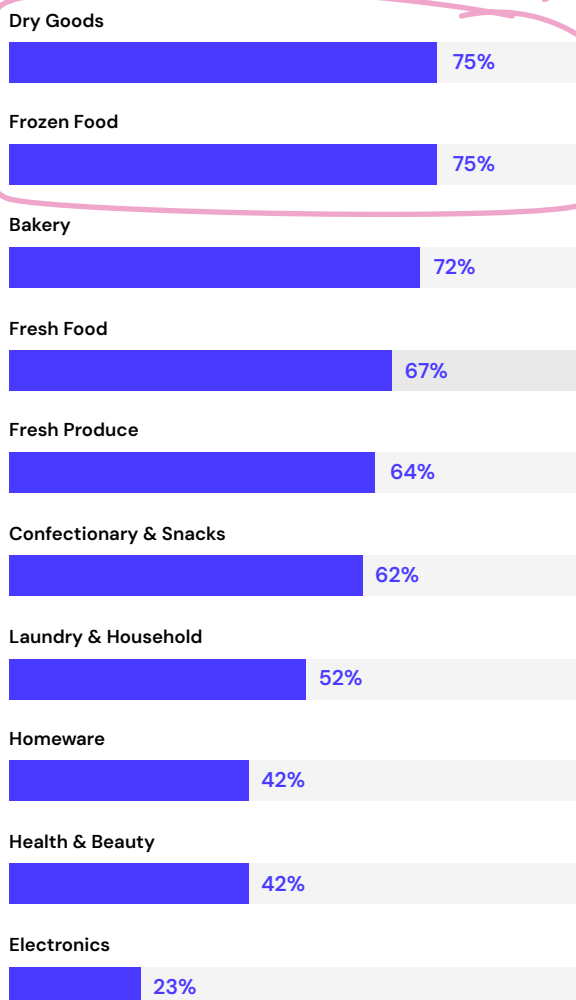


# Leading Categories in Own Label vs Brand

## Own-Label Products

We asked what categories consumers buy own-label products in.

Which categories do you buy own-label products?



*Sent to a Nationally representative sample*

This suggests that consumers perceive own-label products in these categories as offering similar quality to their branded counterparts at more competitive prices. These are also essential food item categories, and with the cost of living crisis, this is where consumers would be cutting costs on everyday spending.

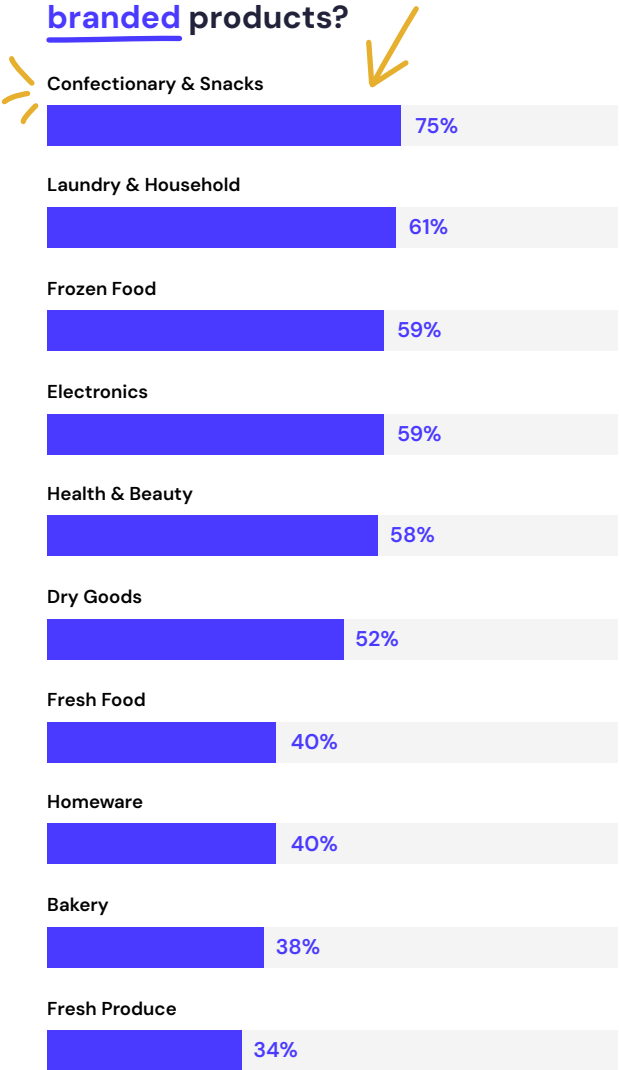
However, own-label products are less popular in categories such as Electronics, Health & Beauty, and Homeware. This is likely because consumers are more brand-conscious and concerned about the quality or performance of products in these areas.

# Leading Categories in Own Label vs Brand

## Branded Products

We then asked our community the same question but in terms of the categories where they buy brands.

### Which categories do you buy branded products?



*Sent to a Nationally representative sample*

This preference might be driven by the trust consumers place in established brands for consistency, quality, reputation and emotional connection. Brands like Cadbury's, Fairy and L'Oreal are familiar and are the go-to products in their categories.

Contrarily, Fresh Produce, Bakery, and Fresh Food exhibit lower preferences for branded products, implying that price sensitivities or perceived similarities in quality levels between own-label and branded products are more relevant in these categories. However, in Produce, brands don't have as much presence here.

The results demonstrate that private labels continue their upward trajectory in essential food sectors, whilst brands maintain prominence in categories where consumers are more brand-conscious.

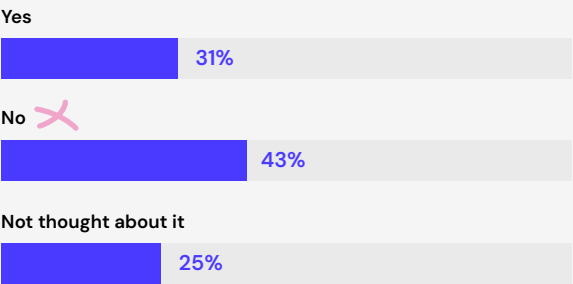
Utilising these preferences can help both private label and branded manufacturers create effective strategies to stay competitive in their respective markets.

# Emotional Connection: Building Loyalty

Brands have a great opportunity to connect with consumers. By reinforcing a brand's identity and core values, companies can create a deeper bond with their target audience.

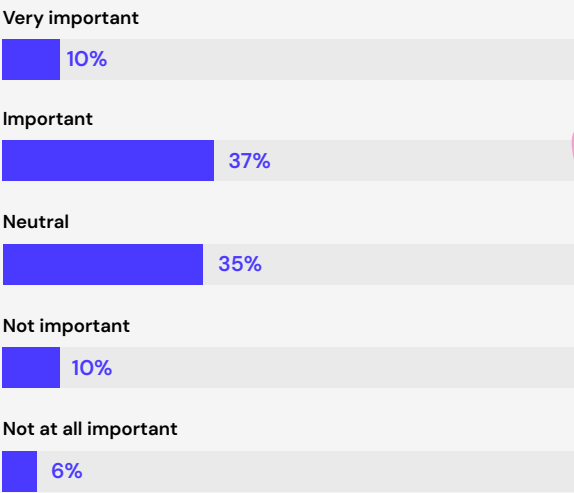
In fact, 31% of consumers reported feeling emotionally connected to brands, whilst 48% regarded a brand's values and identity as essential factors when making purchasing decisions.

Do you feel emotionally connected to any particular brands?

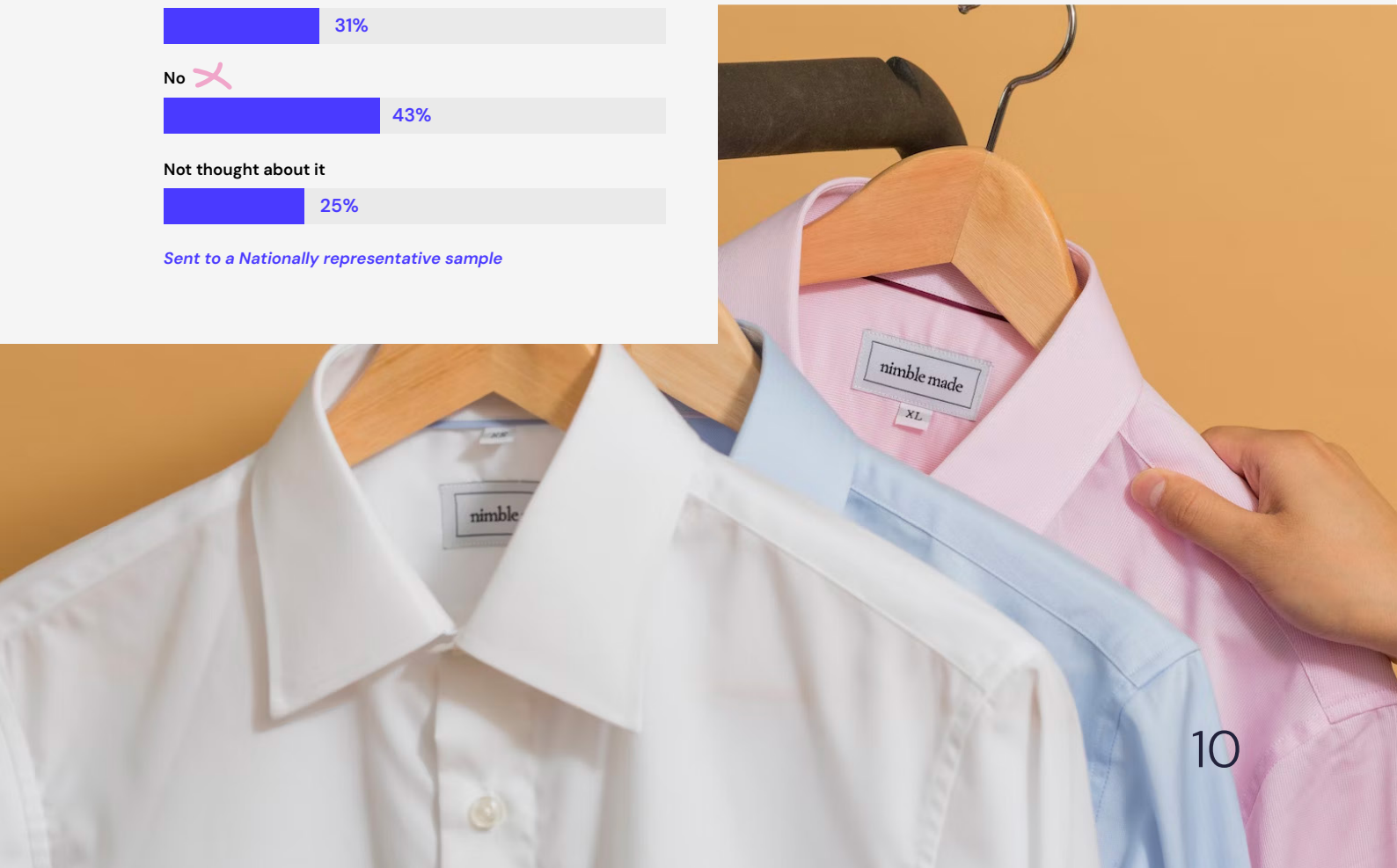


Sent to a Nationally representative sample

How important is a brand's values and identity when deciding if you'd buy their products?



Sent to a Nationally representative sample



# Emotional Connection: Building Loyalty

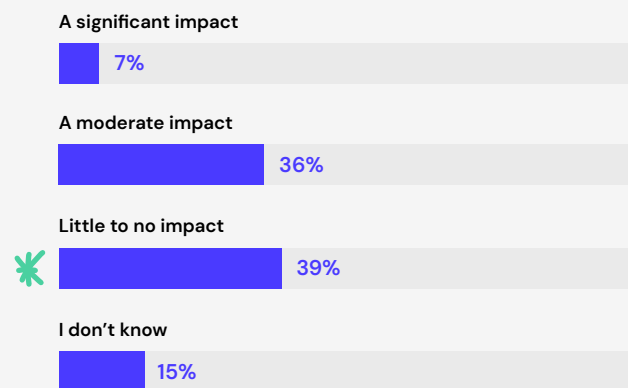
## Continued

One way brands can strengthen their connection with consumers is through social media.

Using Vypr we found that 90% of consumers believe that social media has a slight impact on forging emotional connections with brands. By utilising social media effectively, brands can engage with their audience on a more personal level, ultimately nurturing customer loyalty and driving long-term success.

This is where own label can gain more sales, particularly in categories where some products can be seen as a commodity.

To what extent does a brand's social media presence create an emotional connection with its customers?



*Sent to a Nationally representative sample*



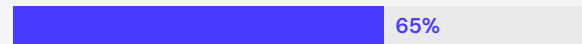
# Exclusive Partnerships: Driving Exclusivity

Brands can collaborate with retailers to develop exclusive products unavailable from other brands, creating a sense of exclusivity and loyalty among consumers seeking unique products. Own label can also use product exclusivity for seasonal products and product innovation.

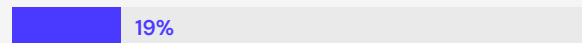
We found that 63% of consumers had purchased an exclusive product only available at certain retailers.

Have you ever bought a Product exclusive that was only available in a certain retailer?

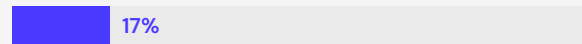
Yes



No



Unsure



*Sent to a Nationally representative sample*

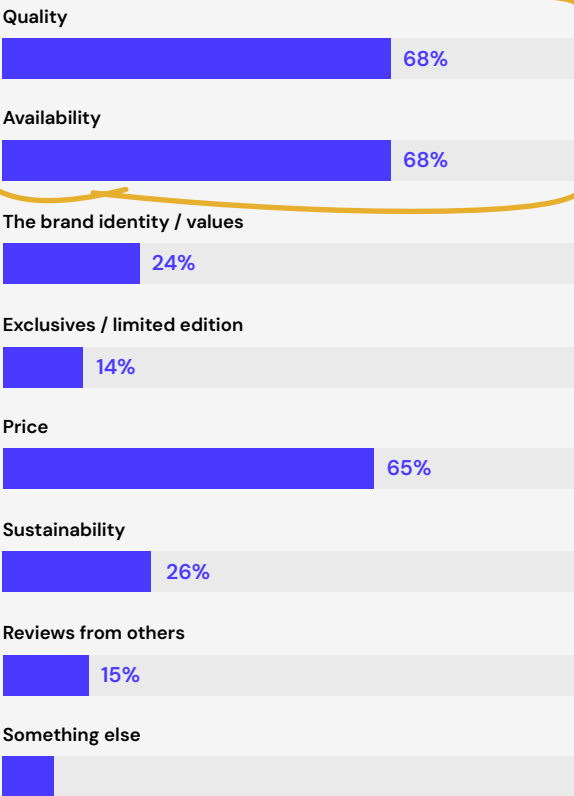


# Exclusive Partnerships: Driving Exclusivity

Continued

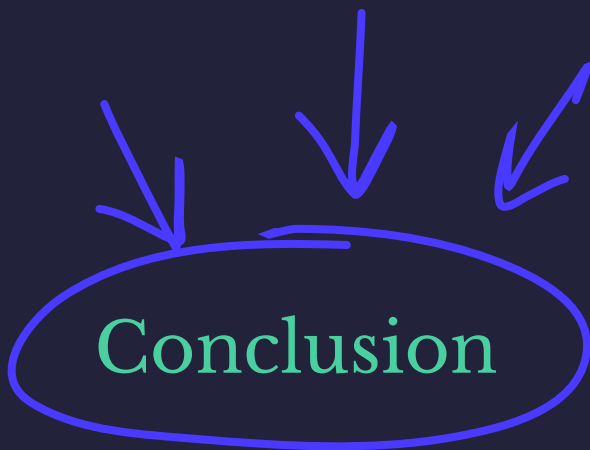
However, when looking into it more, quality (68%) and price (65%) were the most important factors for consumers buying branded products, with only 14% considering product exclusives to be of interest.

What is important to you when buying branded products?



Sent to frequent Brand product buyers





It's a complex retail landscape further complicated by the cost of living crisis.

\* **Every stage of the supply chain is being squeezed for both brands and private label.**

For brands, it's essential to reinforce their unique selling propositions, whether that be quality, innovation or reputation, in order to stand out in a crowded market. Consumer trust formed through emotional connection and loyalty can be leveraged to maintain a prominent presence in areas where they traditionally do well. Yet there is scope for brands to further explore strategies like competitive pricing or attractive promotions to compete with private label products in the essential goods categories.

On the other hand, own label manufacturers should **continue to emphasise their core strengths**, including affordability and value for money, especially in dominating categories. At the same time, there's an opportunity to boost appeal in underrepresented sectors by enhancing quality assurance, engaging in responsible sourcing or packaging, and deepening emotional connections with consumers through effective marketing and social engagement.

The future offers **ample room for growth, creativity, and innovation** for both brands and own label products, given the right approach and strategies are utilised.



VyPops provided valuable insights in customers' own words, bringing subjects to life authentically. They're insightful and engaging.

Marks & Spencer  
Insight Partner, Food

# Unlock Retail Success with Vypr's Product Intelligence Solutions

Elevate your retail game by embracing Vypr's fast and robust consumer insights. Tackle common challenges head-on and empower your business to achieve remarkable growth and success.

## Key Challenges

- **Wastage and stock-on costs:** Make informed product decisions to avoid costs and move unsold stock efficiently.
- **Suboptimal product range:** Meet consumer needs and reduce product launch failures.
- **Poor consumer and competitor knowledge:** Access valuable insights without costly projects.
- **No standardised process for listing approval:** Make objective decisions using relevant data.
- **Slow and costly access to insights:** Learn local and category nuances quickly and cost-effectively.



## Benefits of Vypr



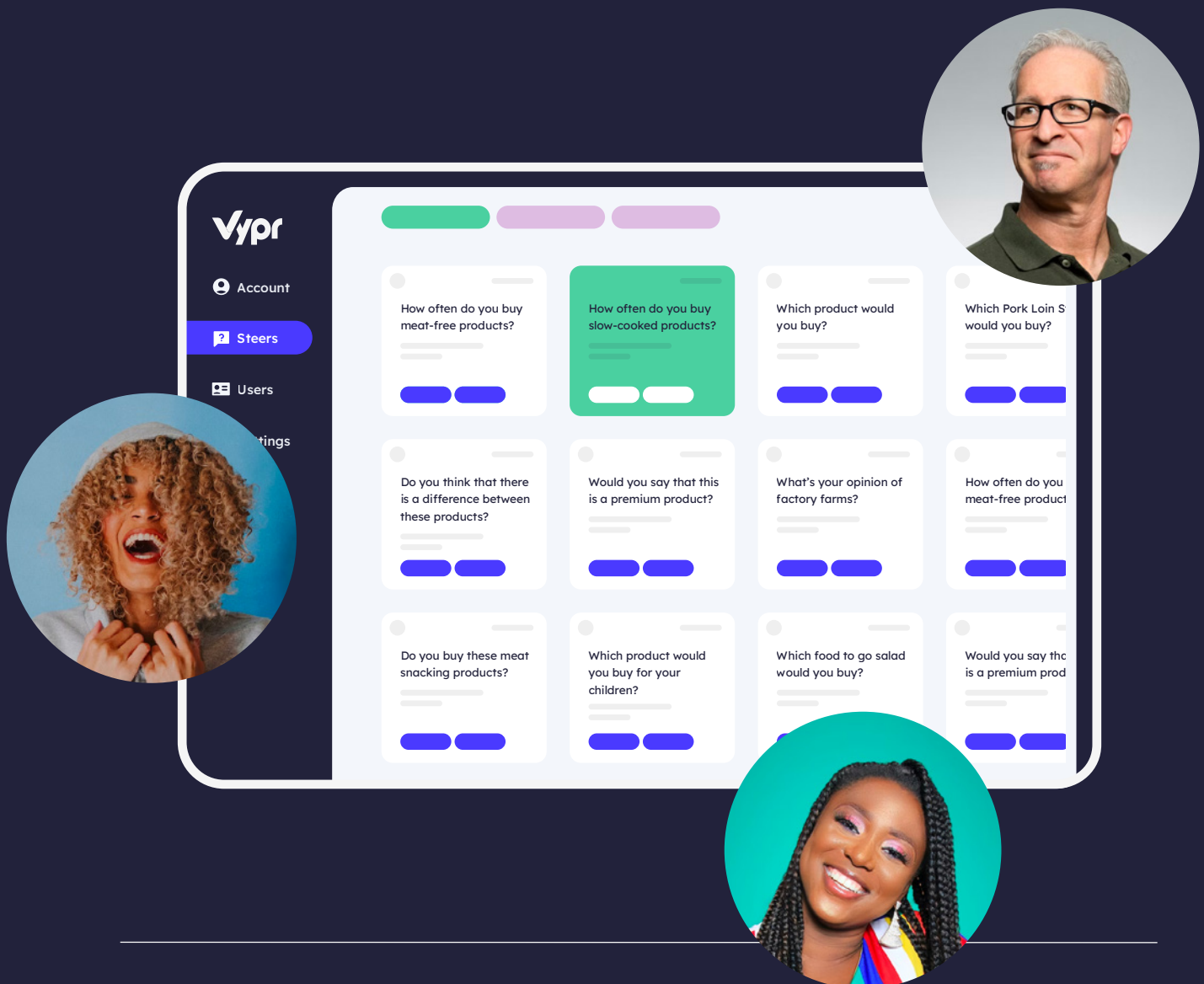
- **Eliminate wastage:** Quickly kill bad ideas with shopper-driven product intelligence.
- **Maximise revenue:** Optimise your product range and understand consumer needs.
- **Gain consumer and competitor insights:** Enhance your knowledge across categories.
- **Objective decision-making:** Use a blended approach for clear and robust outputs.
- **Agile and cost-effective:** Shorten time to value with a flexible tool.

# Our product intelligence platform makes it easy to get these insights.

Vypr is an online self-service platform that allows you to run research with consumers, whenever you need it.

With Vypr, you get the consumer voice at your fingertips, meaning decision-making is rapid, robust and precise resulting in **better decisions, for winning products.**

Our service integrates effortlessly with current product processes, and our Steers (what we call research questions) take an average of 90 minutes to complete, so you can say goodbye to waiting for long-winded research reports, and **get insights when you need them, quickly and efficiently.**



# Better decisions, winning products.

Ready to get robust consumer intelligence to power your product strategy? Get started with some free research!

Get **FREE** consumer research

