



Breaking News on Food & Beverage Development - North America

Retailers use private label products for differentiation, ERS report finds

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Private label, or store brand, products continued to do well even as the economy began to recover, as retailers increasingly use private labels to differentiate themselves from the competition, according to a new report from the USDA's Economic Research Service (ERS).

The report, *"The Relationship Between National Brand and Private Label Food Products: Prices, Promotions, Recessions, and Recoveries"*, examines the relationship between private label and national brand product prices and in-store promotions for two major grocery store chains during the 2007-2009 recession and for the following year, 2010.

"With respect to the brands it sells and promotes, the supermarket industry has changed over the last two decades," ERS research scientist and report author Richard Volpe wrote.

"...In addition to standard flagship PLs [private labels] that bear firm names, supermarkets are offering more premium and organic brands, such as Safeway's SELECT and O Organics, Kroger's Private Selections and Naturally Preferred, and Giant's Nature's Promise. These premium PLs serve not only to distinguish supermarket chains' product lines from one another but also to place NBs [national brands] and PLs more directly in price and quality competition."

Volpe noted that the convergence of the 2007-2009 recession and higher retail food prices was unique, meaning that retailers faced higher prices and weaker demand at the same time.

Among key findings, the report found that private label products may be becoming more comparable with national brands in price and quality over time, and promotional activity for national brands changed very little during the recession, while private label promotional activity increased.

According to figures from the Food Institute, private label sales increased 4.5% from 2003 to 2008, with much of the increase coming at the expense of national brand sales.

The full report is available online [here](#).

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