



Navigating Inflation: How to Win in Private Label . Lessons from France, Germany and the UK

September 2023

INTRODUCTION

Scope

Key findings

BACK TO BASICS: REMAIN COMPETITIVE ON PRICE

High inflation expected to stabilise but cost of living pressures will remain

Price rises and a high penetration rate kept private label from gaining share in 2022

Two years of inflation is finally moving the dial in favour of discounters and private label

Lesson from the “Anti-Inflation Trimester”: Standardised logo, reduce price of “basic” ranges

France: The Anti-Inflation Trimester has kept private label prices stable since March 2023

Germany: Private label's historical advantage on price eroded in 2022, but stable in 2023

Germany: Discounters launch “essential” private label ranges; highlight price cuts on-pack

UK: Private label saw higher price rises than brands in 2022, but stable in 2023

UK: Examples of single and unified umbrella brand for “economy” private label

The upcoming price stabilisation is closing the window of opportunity for private label

REFRAME PERCEPTION OF PRIVATE LABEL AS AFFORDABLE QUALITY

A strategy to reframe perception of private label as affordable quality in the long term

Demand for cheaper 100% organic and all-natural products is an opportunity for private label

A growing organic staple foods market, despite inflation, shows promise for private label

Discounters: best performers in 2022 and best placed to benefit from a shift towards quality

France: Aldi shifts towards affordable quality, invests in advertising and store modernisation

Germany: Kaufland bolsters organic credentials and turns to K-pop band to appeal to Gen Z

UK: Discounters unapologetic about copycat brands

EXPAND E-COMMERCE

France: Expand click-and-collect to win in e-commerce in France

France: Lidl enters the e-commerce fray with the launch of Lidl.fr for non-food products

UK: Developed e-commerce market – boost visibility of private label on websites

UK: Supermarkets and hypermarkets well ahead of discounters in e-commerce

Germany: A fragmented and burgeoning grocery e-commerce landscape, led by Amazon

Germany: Discounters take cautious steps in testing grocery e-commerce schemes

KEY FINDINGS

Key summary

APPENDIX

Government responses to inflation

Appendix: Private label percentage share of selected industries in France

Appendix: Private label percentage share of selected industries in Germany

Appendix: Private label percentage share of selected industries in the UK

Definitions of Indexes

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