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# From Buy Buy Brands To Bye Bye Brands? How Private Label Is Beginning To Win F&B Brand Wars

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The F&B industry has always been about building brands from Coca-Cola to Pepsi, Oreos to Lay's. What's in a name? A lot. But after the pandemic and inflation, are brands dying a slow death – or at least facing new resistance? In a world of billion-dollar brands, what one might call “no names” – or at least not conventional brands – are turning into among the biggest names in the industry as private label soars amid skyrocketing inflation and brand backlash. We may be in a golden age of private label, even if Americans' romance with F&B brands remains very much in place.

Studies show that more consumers are willing to go from “Buy, buy brands” to “Bye bye brands” as prices increase, even as brands report robust profits. It's a big shift in consumer behavior, as the pandemic and inflation leave their imprint on F&B in a topsy-turvy world where private label is on the rise. We are not in a world of brand Benedict Arnolds, but there are signs of slowing brand loyalty amid rising prices. Private labels such as [Trader Joe's](#); Kroger,

Simple Truth and Private Selection at [Kroger, Archer Farms](#) at Target, [Great Value](#) at Walmart, and [365 by Whole Foods](#) are winning over the public. While Americans still love their brands, the pandemic and inflation have turned the past year into a showcase for private label power. More Americans are turning a new leaf when it comes to private label.

### **Signs of the times**

First, let's look at big brands: They remain big and often attract consumers seeking security. Revenues, and often profits, are growing, but there is a second side to this coin. The New York Times in April reported strong F&B brand revenue amid slight slowdowns in units. Food prices in March were up 8.5 percent .as brands passed on rising costs and often grew profits. PepsiCo, in the most recent quarter, hiked prices 16 percent as volume dropped 2 percent, according to the Times. [Nestlé](#) increased prices by 9.8 percent in the most recent quarter as volume slipped half a percent after a 2.6 percent drop the prior quarter from a year ago. [Unilever](#) said it raised prices 13.4 percent on foods, like Hellmann's mayonnaise, as volume slipped 1.3 percent. The term "greedflation" cropped up as consumers began to believe companies were using inflation to grow profits and not just pass on costs. Volume began to dip, while signs showed private label was picking up some of the slack.

### **Willing to switch**

Brand loyalty has kept consumers with big brands through thick and thin, but consumers are showing that they aren't quite so afraid to back off brands amid price hikes. Consumer research company [Attest, in a 2023 study](#), found that 88.4 % of American adults are willing to switch brands due to inflation. A whopping 71% said they would most likely switch food and beverage brands to

save money. When asked if brands are guilty of “greedflation,” using inflation to justify outsized price hikes, 80% of consumers believed brands are guilty.

### **Pumping up private label**

“Store brands continue to far outperform national brands in sales,” according to the latest Private Label Manufacturers Association study by market research firm Circana. U.S. grocery store private brand dollar volume rocketed 10.3% in the first quarter of 2023, nearly twice the 5.6% gain of national brands compared to a year ago, according to the group. Meanwhile, a [survey by FMI, The Food Industry Association](#), found that 41% of shoppers said they’ve purchased more private brands since 2020, while 30% cited higher grocery prices as the reason. Whether or not companies are going private, consumers are. And some believe this could be a lasting change. “The switch to private brands could be permanent for many people,” according to FMI, “with 73% of consumers saying they intend to keep buying them even after inflation eases.”

### **Why people switch**

If people are willing to switch, prices are a big part, but not the only part, of the picture. The number one reason people would switch was a negative experience with the brand at 33%, followed by price increases at 32.5 percent, according to Attest. Consumers generally aren’t quick to “cancel” brands, but it can happen in the blink of an eye for reasons that have nothing to do with the product itself. Bud Light recently took a hit when it sought to grow its customer base by links with transgender social media influencer Dylan Mulvaney. Instead, some Bud Light customers backed away from the brand. According to Attest, when a brand is involved in a controversy, 35.1 % said they would give the brand time to issue public statements.

## **Private label stores**

Grocery stores that rely primarily on private label are proliferating, further supercharging private label presence. Costco's Kirkland is a mega brand across numerous categories. Costco in May reported [April sales](#) hit \$17.85 billion, up 3.0 percent from a year ago, while [second-quarter sales](#) jumped 6.5 percent to \$54.24 billion. Stores like Trader Joe's rely primarily on private label, if not exclusively. Lidl also is big on private brands. [Attest's 2023 U.S. food and beverage trend report](#) found that nearly 59 % of consumers are very likely to shop around for the best prices. According to the same report, 89.4 percent shop around for F&B deals. Private label often wins the price wars, even if the same companies that make big brands may be behind many private labels.

## **Who's buying private label?**

As concerns over the quality of private label dwindle, people of diverse incomes are going this route. More than 58 % of consumers are 'very likely' to purchase private label, plus another 27.3 % who are "somewhat likely," according to Attest's 2023 U.S. food and beverage trends report. As the report puts it, "price is the ultimate battlefield." "Supermarkets' private-label brands have benefited from the rising cost of living," according to the report, "with shoppers turning away from more expensive household names." Private label grocery accounted for 19 percent of the total spend for the last quarter of 2022, second only to 20.2 percent for household items, according to [Numerator.com](#). Low-income consumers spent 18.7 percent on private label groceries, middle income spent 19.4 percent, and high-income consumers spent 18.9 percent, according to Numerator.com. [The biggest percentage](#), then, was among those with middle incomes. Why? Middle-

income consumers are shopping around or at least paying close attention to price.

### **Breaking down the numbers**

In what F & B sectors is private label strongest? You might be surprised. Grocery private label sales in dollars for beverages shot up 17.1% in the first quarter of 2023, while bakery rose 16.8%, general food rose 16%, and refrigerated foods rose 15.5%. Those are all big double-digit jumps. Most other private label categories grew as well, with frozen food private label dollar volume up 7.1% and produce up 6.8%. Meanwhile, private label meat fell by 1.6%. Private label is inching up when it comes to market share as well. Grocery store private label market share in dollars rose to 19.1% in 2022 from 18.5 % a year ago, while unit share advanced to 20.8% from 20.3% a year ago. Private label is simply a growing sector. So, what's in a name? Big brands are getting bigger in terms of revenue, but it looks like private labels have been growing and gaining ground, if more quietly, as inflation becomes a bigger force and a bigger factor in deciding what to buy.

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