



hartman
GROUP



Private Label 2010

Three Key Battlegrounds for Brand Loyalty

National Syndicated Study
December 2009

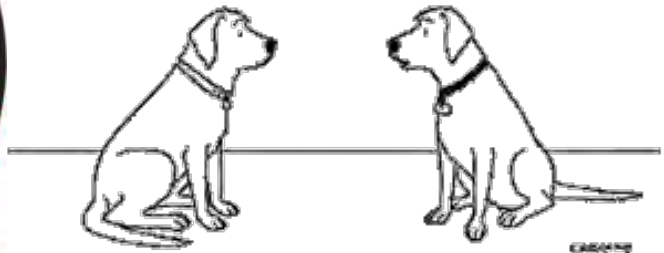
Brand reflections



"Evidently without telling me, the network's been selling ad space on the back of my skull. But if they really wanted me to do product placement, all they had to do was ask...I love selling out!" —Stephen Colbert



© Cartoonbank.com



"I had my own blog for a while, but I decided to go back to just pointless, incessant barking."

Culture is driving redefinition of brands



Traditional Culture (Past)

- Strong parental & intergenerational authority
- Belief in rules, hierarchies
- Belief in science, objectivism
- Top-down authority
- Focus on basic needs
- Sober and serious



Consumer Culture (Today)

- Skeptical of authority systems
- Families run as democracies; less regard for elders
- Multiple, transient value systems
- Lifestyle identities replace class identity
- Focus on experiences & desires
- Playful, ironic, cynical

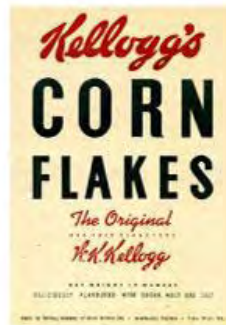


From predictable products to reimagined experiences



The Imagined Past

A world before packaged foods



The Deep Past (1930s – 1980s)

Role of brands: Shorthand for predictable and reliable products



Yesterday (1980s – 2000)

Role of brands: Indicator of differentiated levels of quality



Today

Role of brands: Navigator for reimagined experiences

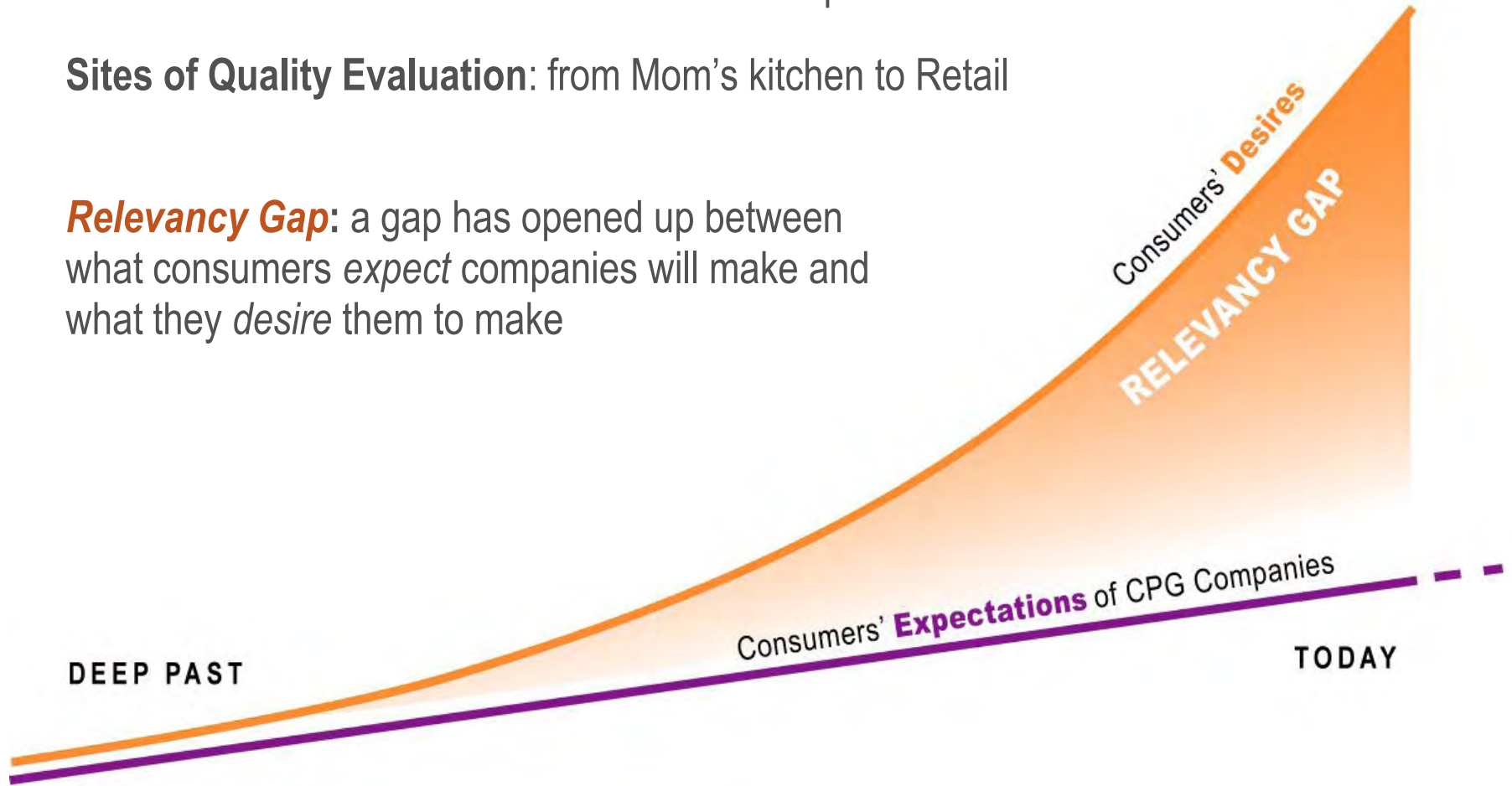
Food brands have fallen behind consumers' desires



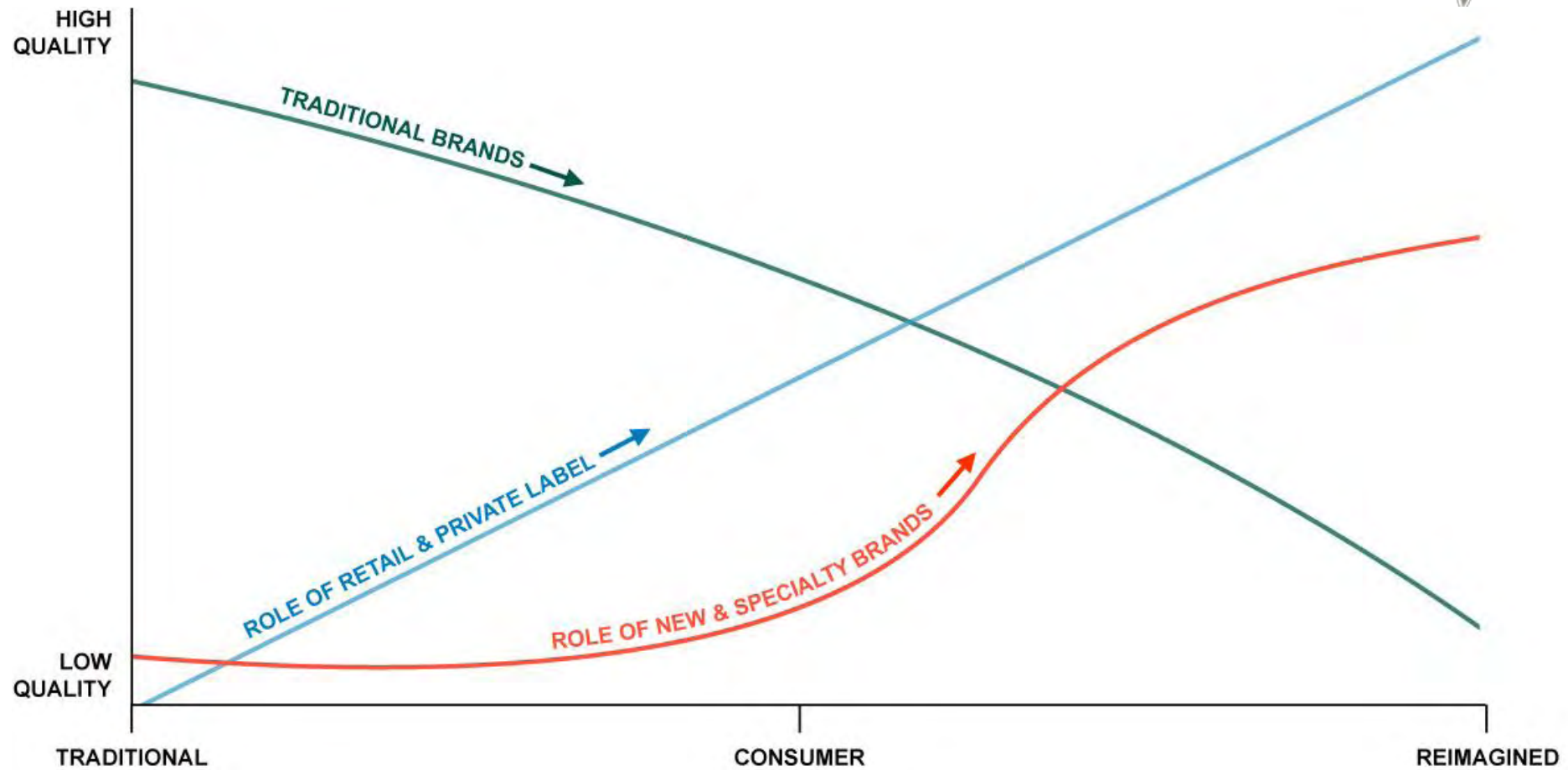
Orientation to Brands: from admiration to skepticism

Sites of Quality Evaluation: from Mom's kitchen to Retail

Relevancy Gap: a gap has opened up between what consumers *expect* companies will make and what they *desire* them to make



Retail is the dominant player in food culture



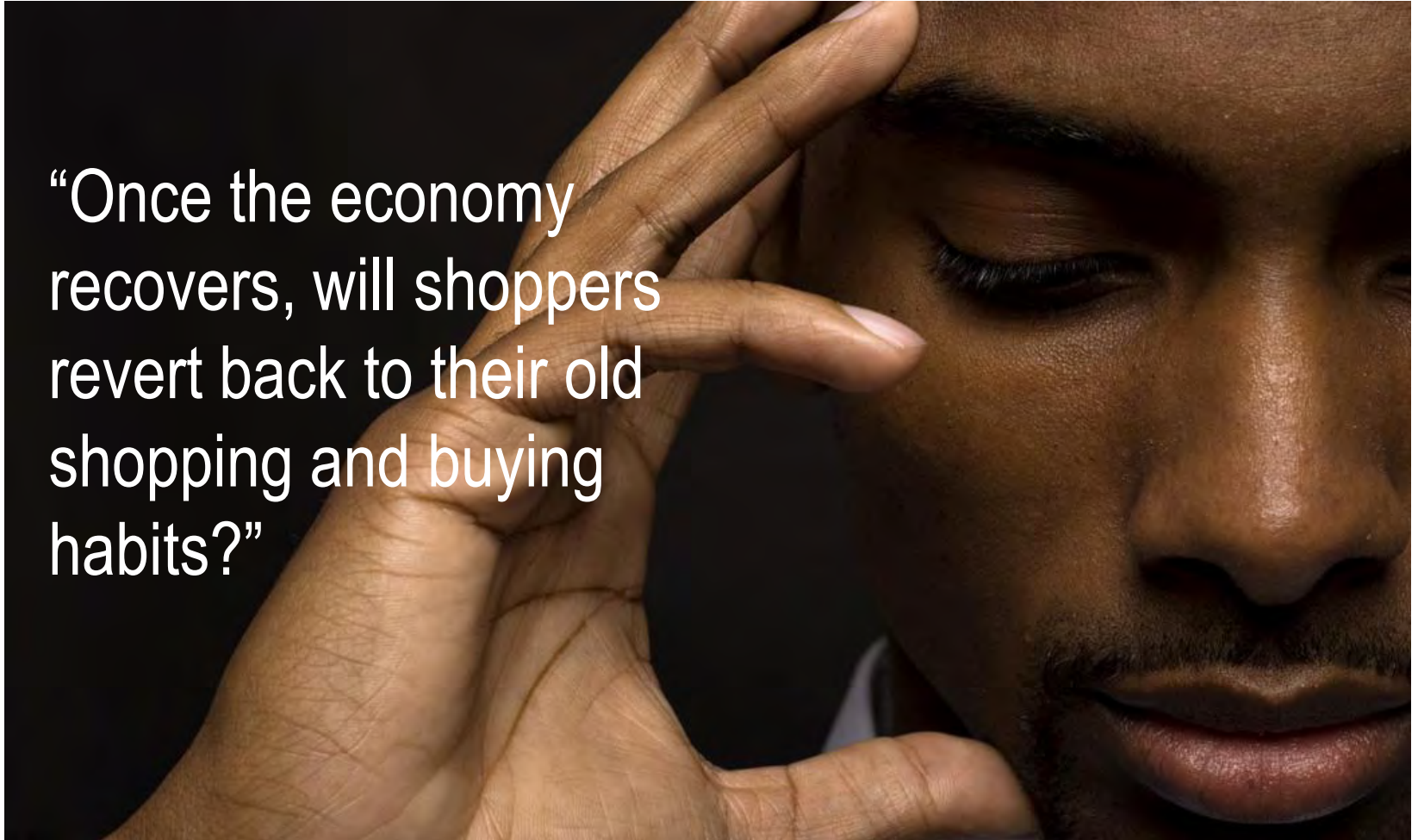
Where are you in food culture?



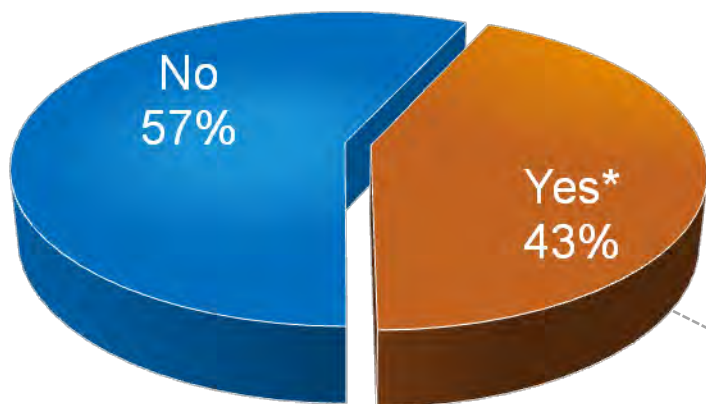
The one “BIG” question on everyone’s minds...



“Once the economy recovers, will shoppers revert back to their old shopping and buying habits?”

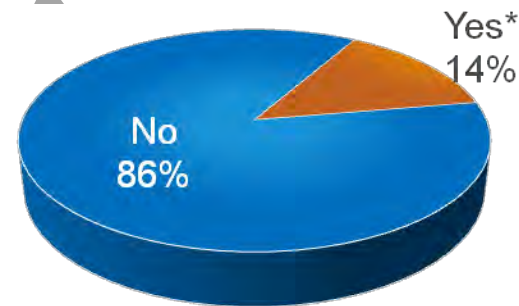


Economy has spurred increased purchases of private label—many have no intent to switch back



“The current economic conditions have led me to increase my purchasing of store brands”

“I intend to reduce my purchases of store brands once the economy improves”

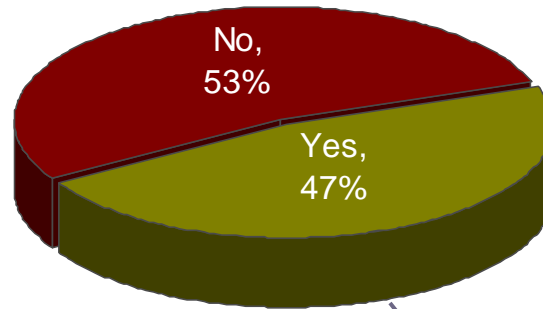


* “Yes” reflects percentage of respondents who answered “Describes me exactly” or “Describes me quite well” (top 2 in 5-point scale).
Base: Primary household shoppers (n=1681).

Many have even given up a *favorite* brand



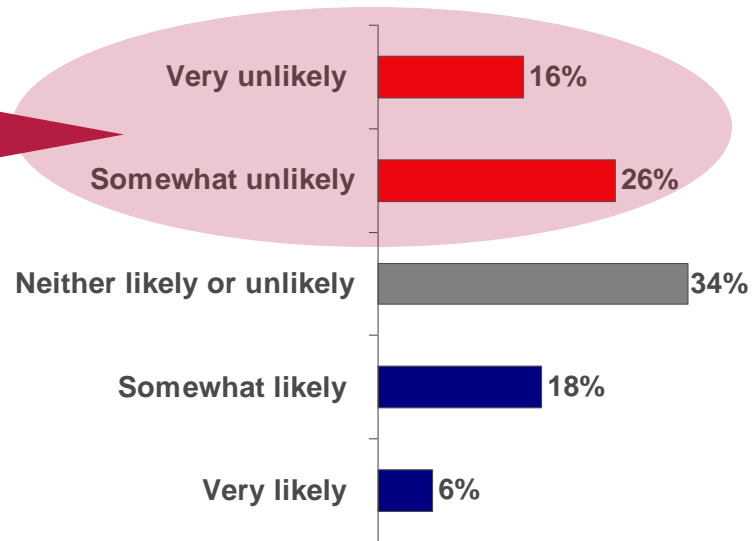
Due to the economy, **47%** of consumers **have switched** from a **favorite** national brand to buying a store brand



When the economy improves...

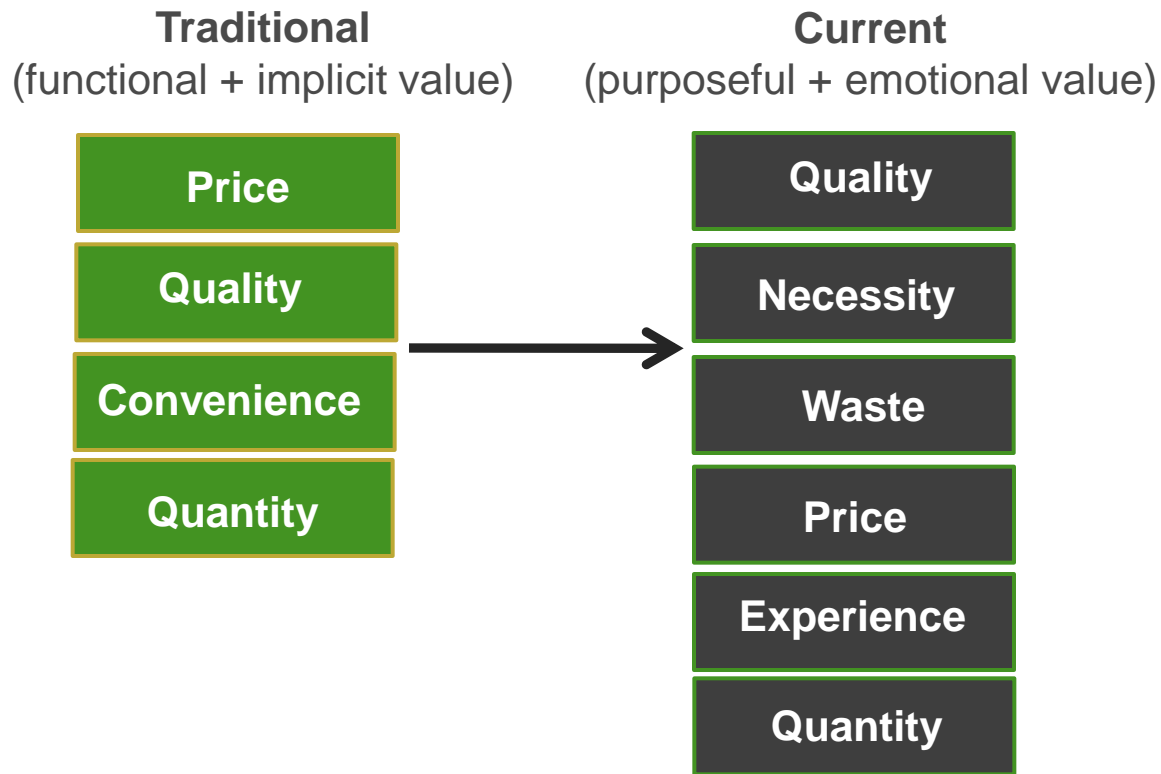


Of those who said they have switched, **42%** are **unlikely** to switch back to their favorite national brands



Source: Hartman Group Private Label survey, July 2009 (n=1681)

The New Value Paradigm



4 Key Drivers of Quality



Ranked in order of importance for food/beverage...



UNIQUE FLAVOR



GLOBALLY INSPIRED



NATURAL/LESS PROCESSED



DIFFERENTIATED FORM/TEXTURE

Misidentification strongest in natural/organic which are sites of early private label adoption



Store Brands	Misidentified as National brand	Correctly identified as Store brand
Nature's Promise	57%	26%
Nature's Place	48%	19%
Farm Fresh	43%	19%
Archer Farms	42%	30%
Wild Harvest	39%	19%
O Organics	28%	38%
Smart Option	27%	38%
Equate	25%	61%
Eating Right	24%	40%
Culinary Circle	21%	19%
Naturally Preferred	20%	29%
Everyday Living	18%	34%
Richfood	18%	24%
Equaline	17%	38%
Homelife	17%	29%
Simply Enjoy	16%	35%
Taste of Inspirations	16%	29%
Private Selection	15%	60%
Pure Power	13%	35%

Battlegrounds of brand opportunity



PRIVATE LABEL TENDS TO DOMINATE		UP FOR GRABS		NATIONAL BRANDS STRONGEST	
Category	%PL*	Category	%PL*	Category	%PL*
Cheese (block)	37%	Crackers	19%	Carbonated soft drinks	9%
Analgesic (pain reliever)	35%	Bottled water	19%	Cold cereal	9%
Canned fruits or vegetables	34%	Packaged deli meats	18%		
Nuts (can or jar)	33%	Soup (canned or boxed)	17%		
Ice cream (> pint)	27%	Packaged cookies	17%		
Cheese (shredded or sliced)	27%	Dry dog food	17%		
Paper towels	25%	Ice cream (pint size)	15%		
		Yogurt	15%		
		Juice (refrigerated)	14%		
		Potato chips	12%		
		Granola bars	12%		
		Frozen pizza	11%		

8% = consumers who intend to purchase private label in the future
 Source: Private Label 2010 report, The Hartman Group, Inc. 2009

REIMAGINATION IS IN THE AIR

CAN YOU HEAR IT?

LISTEN LOUDLY.



ABOUT THE HARTMAN GROUP

To learn more about how we stay sharply focused on how people live, shop and use brands and products visit:

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