

Private Label Industry Growth

Several articles in the Wall Street Journal have focused on the growth of "private label," or store-branded, products. In the midst of a slumping economy, consumers are switching from big brand names to less expensive private label products. The private label industry is responding quickly to take advantage of this growth opportunity.

The private-label industry is one of the few bright spots for retailers. According to the Nielsen Co., private label sales are "on fire," growing about 10 percent in 2008 to \$82.9 billion (from \$75 billion in 2007) compared to name brand products that grew only 2.8 percent. As more and more consumers shift their buying habits to store brands to save money, retailers are seizing on this opportunity to expand their base of loyal store brand customers and capture these consumers as long-term buyers.

STR has seen its private label business grow as a result of the increased emphasis that retailers are putting on improving their store brands and increasing consumer satisfaction and loyalty. We are helping clients put their store brands through the same rigorous protocol, standards, and testing that has traditionally been the domain of national brands. For example, STR conducts performance studies and consumer testing to substantiate that the store brand is just as good – or better – than the national brand.

Additional STR services include product evaluations such as analytical, microbiological, and physical testing to make sure products meet safety and performance protocols, adhere to regulations, and meet consumer expectations. STR audits vendor plants around the globe to make sure that the facilities are fully compliant on manufacturing capabilities, QA systems, regulatory compliance, social compliance, and environmental performance. We also conduct supply chain risk assessments.

STR's work in the private-label industry goes back to the early 60s, when the company helped develop private label programs for some of the initial forward thinking retailers who were creating store brands. Our company's leadership was among a small group of industry leaders who formed the Private Label Manufacturers Association (PLMA) in 1979. Today, STR continues this work with a number of highly recognized retailers, developing quality assurance performance programs that will protect their private label products.