

FINAL APPROVED

Independent Sales Health Check – Powered by SalesOut

July 2009 – Own brand vs. Branded sales

The column is based on data for:
5,000 independent stores
3,000 of which are symbol stores

Sales of branded and own label goods in the independent sector for 52 weeks ending June 2009

Steve Collins, Commercial Director, SalesOut

The independent sector saw 8.1% growth in like for like sales in June, driven by good weather and a propensity for consumers to shop locally to make the most of their leisure time. This pushed the annual growth in like for like sales up to 6%, further endorsing the positive momentum of the independent sector.

This month, SalesOut has analysed the sales data for branded and own brand goods in the independent sector, to help independent stores to understand the trends in these offerings in the marketplace.

Branded goods continue to dominate in the independent sector. Indeed, own label penetration fell from 13.7% to 13.5% of total sales in the last year (excluding Tobacco). Wines, once predominantly own label, continues to trend towards a branded offering showing further penetration decline from 31% to 25.6% despite category growth of 2.9%.

Bucking this trend was a phenomenal rise in discount own labels which achieved a massive year on year growth of over 70%. Euro Shopper is one example of a successful discount own label.

Amongst the most successful own labels in the independent sector are traditional areas such as biscuits, canned goods and non-food products such as paper ware and homecare.

Chilled food continues to be the area with a strong own brand offer, increasing penetration to 34% against a background of 9% growth in total sales.

Despite recent suggestions that the UK may have reached the end of the recession, this extended and sustained period of doom and gloom has significantly altered consumer shopping habits. Across the whole of society, consumers are spending more wisely and will continue to look for 'best value' after the recession. The performance of discount own label products shows that if branded manufacturers can offer a strong value offer, then consumers will respond favourably, and convenience stores should include them in their offering.

The underperformance of own brand in the convenience marketplace shows that this continues to be a good market for suppliers of branded goods, which is good news for convenience stores as suppliers will continue to invest more in this route to market and less in the multiples where they continue to see diminishing returns.

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