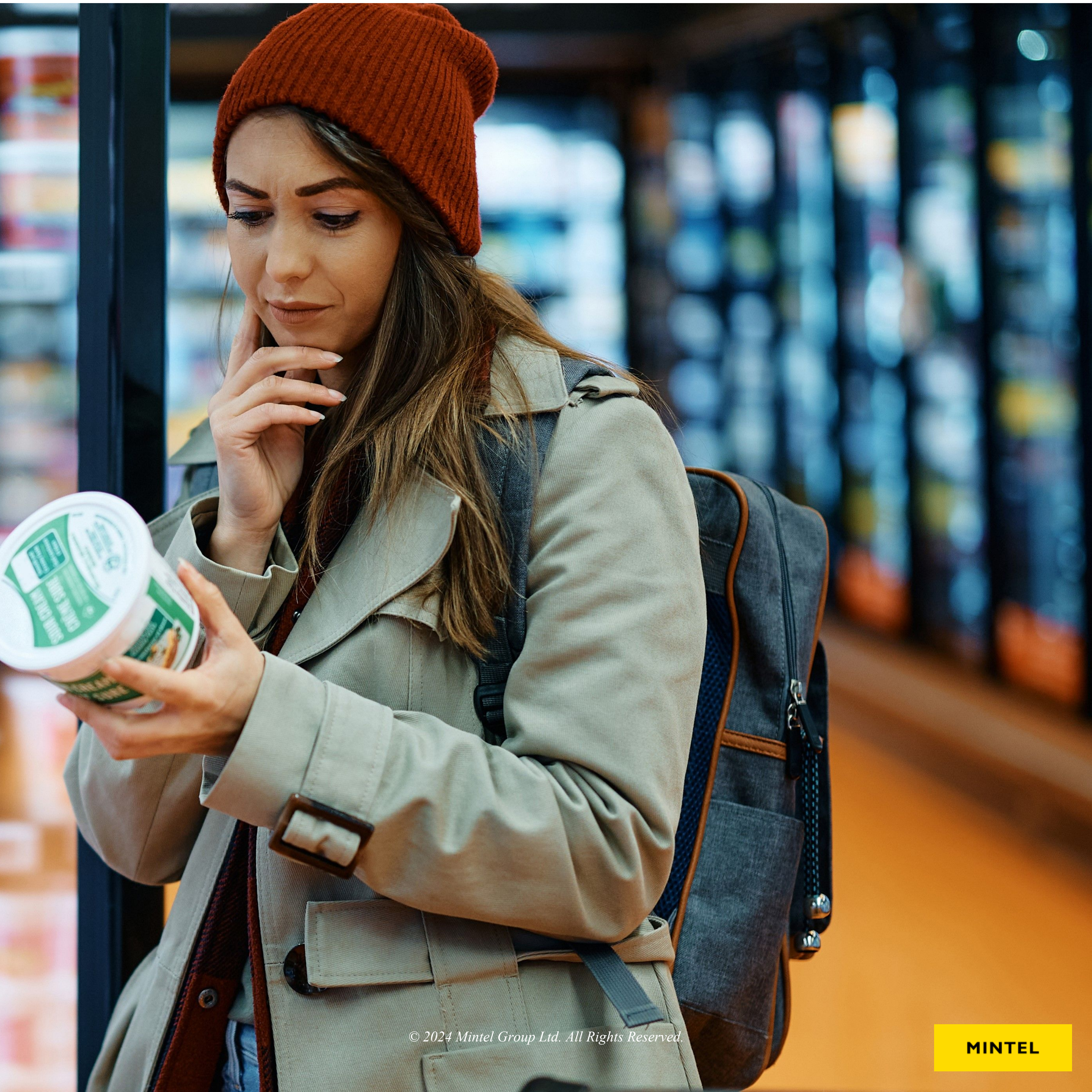
PRIVATE LABEL FOOD AND DRINK – CANADA – 2024

Rising food costs have elevated store brands' profile, but their value extends well beyond price. Addressing different aspects of value is critical to success.


Joel Gregoire, Associate Director of Food & Drink Reports



MINTEL

Private Label Food And Drink - Canada - 2024

This report looks at the following areas:

- Share of Canadian shoppers who buy store brands and what percentage of their grocery baskets store brands make up.
- Reasons why consumers buy more or fewer store brands.
- The degree of trust consumers have in different store and name brands.
- Attitudes toward quality and tiering in store brands.
- Interest in store brand innovation by category.
- Store brand launch activity overall, by category, company and brand.

> Rising food costs have elevated store brands' profile, but their value extends well beyond price. Addressing different aspects of value is critical to success.

Overview

What is the purpose of store brands and why do companies invest in them? The foundation is price, but this is where the reasons for store brands start, not end. Value is, of course, more than just about price, but rather falls along a continuum around quality, wellness and convenience in addition to other considerations. For store brands to be successful over the long term, it's important to clearly articulate the value they provide both to shoppers and to internal teams to offer consistently excellent experiences. This involves having a considered strategy around tiering that adheres to a set of standards.

How should name brands respond? Central to the value national brands provide is the trust that is based on brand equity that's been built over time. In essence, it's important to leverage moats that extend beyond price. Admittedly, this is more realistic in some categories than in others, yet this point still matters.

As food inflation normalizes, will demand for store brands recede? It's impossible to know for certain, but what is evident is food prices remain a top issue for Canadians, and aggressive investment in private label programs on different fronts means gains made in recent times are unlikely to be lost anytime soon.

Report Content

EXECUTIVE SUMMARY

- What you need to know

Consumer trends: key takeaways

- Consumer trend #1: shoppers expect different quality and price tiers to address their needs
- Consumer trend #2: store brands can bolster or damage retailers' reputations
- Consumer trend #3: name brands' best defence against store brands is the trust in their brands

Market predictions

- Market overview
- Market predictions
- Opportunities

CONSUMER INSIGHTS

Consumer fast facts

Store brand usage

- Store brands are deeply engrained in shoppers' habits
- Room to grow private label penetration with new Canadians
  - Graph 1: purchase store brands when food and drink shopping, new Canadians vs overall, 2024
- The Rooster sub-brand is developed with Asians in mind
- Over half of shoppers say store brands make up at least 40% of their shopping basket
  - Graph 2: percentage of foods and drinks purchased that are store brands, 2024
- Younger generations should be a key area of focus for store brands
  - Graph 3: percentage of foods and drinks purchased that are store brands, by generation, 2024
- Store brands take a bigger share of the cart among those less affluent
  - Graph 4: percentage of foods and drinks purchased that are store brands, by financial situation, 2024
- Store brands are an important tool for retailers to connect with new Canadians
  - Graph 5: percentage of foods and drinks purchased that are store brands, new Canadians vs overall, 2024
- Capitalize on a blank slate mindsets by building brand loyalty with younger and new Canadians
- Hardly anyone is shying away from store brands
  - Graph 6: change in store brand purchases vs a year ago, 2024
- Broader economic factors reinforce private label as a traffic driver
  - Graph 7: change in store brand purchases vs a year ago, by financial situation, 2024

Reasons for increased store brand purchases

- While brands have raised the quality bar, it still comes down to price
  - Graph 8: reasons for purchasing more store brand products, 2024
- Requisite quality store brand tiers should focus more on processed food categories
  - Graph 9: categories in which shoppers are most willing to sacrifice on quality to save (top three), 2022
- Younger generations are less price-centric and place relatively more value on unique innovation
  - Graph 10: reasons for purchasing more store brand products, by generation, 2024
- Don't be boring when looking to appeal to younger generations

Reasons for unchanged or reduced store brand purchases

- Managing price-gaps and trust are the main defences for name brands
- Managing price-gaps and trust around quality are the main defences for name brands
  - Graph 11: reasons for purchasing the same or fewer store brand products, 2024
- The notion of trust continues to evolve
- Gen Zs are more likely to switch to name brands when on promotion
  - Graph 12: reasons for purchasing the same or fewer store brand products, by generation, 2024
- Store brands should focus on maintaining share with lower-income shoppers as food inflation moderates
  - Graph 13: reasons for purchasing the same or fewer store brand products, by financial situation, 2024
- New Canadians are more influenced by discounts on name brands and broader economic conditions
  - Graph 14: reasons for purchasing the same or fewer store brand products, new Canadians vs overall, 2024

Brand trust

- Name brands are (generally) more trusted than store brands
  - Graph 15: trustworthiness in quality by brand (top two box), excludes those unaware of brands, 2024
- Name brands are most likely to be regarded as "very trustworthy"
  - Graph 16: trustworthiness in quality by brand (ranked by very trustworthy), 2024
- Trust starts with awareness
- Region impact's the level of trust consumers place in different store brands
  - Graph 17: trustworthiness in quality by brand (top two box), by region, 2024
- New Canadians are more likely to place trust in Great Value and global food giant, Nestlé
  - Graph 18: trustworthiness in quality by brand (top box), new Canadians vs overall, 2024

Attitudes toward quality tiers

- Shoppers want to mix 'n' match for price and quality across tiers
- Shoppers want to mix n' match for price and quality across tiers
  - Graph 19: attitudes toward store brands and tiering, 2024
- Demand for different value and functional offerings shifts by generation
  - Graph 20: attitudes toward store brands and tiering (any agree), by generation, 2024
- Connect with shoppers' values and needs with sub-brands

- Accessible luxuries can resonate with more expensive items out of reach for many

Attitudes toward store brands' impact on purchase behaviours

- Store brands can bolster or damage retailers' reputations
  - Graph 21: attitudes toward store brands' impact on purchase behaviours, 2024
- New Canadians are more likely to visit stores if they carry specific store brands
  - Graph 22: more likely to shop at a grocery store if they carry a specific store brand (any agree), new Canadians vs overall, 2024
- Private label bolsters traffic among Millennials
  - Graph 23: attitudes toward store brands' impact on purchase behaviours (any agree), by generation, 2024

Attitudes toward store brands versus name brands

- Building trust through quality is key to growth
  - Graph 24: attitudes toward store brands vs name brands, 2024
- Name brands cannot rely on normalizing food inflation to win consumers
- Both store and name brands connect with younger generations
  - Graph 25: attitudes toward store brands vs name brands (any agree), by generation, 2024

Attitudes toward changes in perceptions

- Store brands continue to make progress with consumers
  - Graph 26: change in perceptions of variety and quality of store brands vs name brands, 2024
- Store brand upgrades are hitting the mark with Millennials
  - Graph 27: the variety of store brands have improved vs name brands (any agree), by generation, 2024
- Bolstering variety starts with cohesive, consumer-centric innovation
- Keep a record of past innovations

Interest in innovation by category

- Interest in store brand innovation extends across categories
  - Graph 28: categories where consumers would you like to see a wider variety of new store brand products, 2024
- Younger generations drive interest
  - Graph 29: categories where consumers would you like to see a wider variety of new store brand products, by generation, 2024
- Store brand innovation can help New Canadians feel more at home
  - Graph 30: categories where consumers would you like to see a wider variety of new store brand products, new Canadians vs overall, 2024

COMPETITIVE STRATEGIES

Launch activity and innovation

- Since 2018, private label represents approximately a fifth of launches

Marketing and advertising

Opportunities

THE MARKET

Market drivers

APPENDIX

Disclaimer
This is marketing intelligence published by Mintel. The consumer research exclusively commissioned by Mintel was conducted by Kantar Profiles (See Research Methodology for more information).

Terms and Conditions of use
Any use and/or copying of this document is subject to Mintel's standard terms and conditions, which are available at http://www.mintel.com/terms

If you have any questions regarding usage of this document please contact your account manager or call your local helpdesk.

Published by Mintel Group Ltd
www.mintel.com

Help desk

UK	+44 (0)20 7778 7155
US	+1 (312) 932 0600
Australia	+61 (0)2 8284 8100
China	+86 (21) 6386 6609
India	+91 22 4090 7217
Japan	+81 (3) 6228 6595
Singapore	+65 (0)6 818 9850