

THE PRIVATE LABEL HOUSEHOLD CARE CONSUMER – GERMANY – 2024

Now is an opportune time for own-label brands to establish value beyond price (eg through premiumisation, scents) to create long-term consumer loyalty.



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This report looks at the following areas:

- Factors that will drive the market during financial uncertainties and beyond
- Preferences between branded and own-label household care products
- Retailers used for purchasing own-label household care products
- Reasons that shoppers buy own-label household care products
- Behaviours around loyalty and openness to try new products, and attitudes towards quality and premium in own-label household care products
- Launch activity in the past year and future innovation opportunities for own-label household care brands



Now is an opportune time for own-label brands to establish value beyond price (eg through premiumisation, scents) to create long-term consumer loyalty.

Overview

With inflationary pressures driving German consumers towards buying own label, the vast majority of household care products are more likely to be bought in their own-label version – except for laundry detergent and fabric conditioners. At 55% and 42% respectively, these are most often chosen in their branded format, linking to their heritage.

While own-label household care products appeal to financially healthy and unhealthy consumers alike, 33% of financially struggling household care consumers bought more own-

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label household care than 12 months prior (vs 21% of those financially healthy), creating special responsibility to support those financially struggling in the enduring cost-of-living crisis.

At 71%, price is the main reason for buying own-label products. However, own-label brands also had to raise prices, and therefore **can't solely rely on price as a differentiator any more, as the gap between them and brands narrows.**

This presents a significant opportunity for own-label brands to consider how to (re)position themselves, especially with younger consumers being less inclined to buy own-label due to price. Premiumisation, exclusive online offers and unique scents can help deliver value and create loyalty, particularly among younger Germans.

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Report Content



EXECUTIVE SUMMARY

- The five-year outlook for own-label household care

Market context

- Inflation affects both consumers' wallets and own label's ability to remain cheap
- An opportune time for innovation

Opportunities

- Own label must go beyond price to retain recently won consumers in the long term
- Offer financially worse-off consumers reassurance and the ability to test efficacy
- Step up NPD to cater to a young emerging consumer group

MARKET DRIVERS

The German economy

- 2024 is expected to be more challenging than initially predicted
 - Graph 1: key economic data, in real terms, 2019-25
- The inflation rate is slowly bouncing back to more conventional levels
- Inflation is still the key factor affecting consumers' finances...
- ...confidence and expenditure
 - Graph 2: financial confidence index, 2022-24
- Own-label brands had to raise prices
- Own label attracts all financial groups, but is crucial for those financially struggling
- The impact of the economy on the own-label household care market

Retail penetration and innovation

- Own label has strong bargaining power
- Product display influences purchasing behaviour
- Ramp up innovation to keep German consumers interested

WHAT CONSUMERS WANT AND WHY

Preference for branded vs own-label products

- Paper products are bought most often in their own-label version
 - Graph 3: type of household care products purchased, 2024
- Cater to the different needs of different financial groups

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- Branded laundry products benefit from their heritage
- Own-label paper products face threats from other own labels
- Paper products: give back to good causes to stand out

Changes in purchase frequency of own-label household care products

- German consumers will likely stick to savvy shopping as the cost-of-living crisis lingers
- Use product samples to show proof of efficacy
- Show value beyond price to those recently switched

Retailers shopped at

- In-store household care shopping is most popular
 - Graph 4: retailers shopped at, 2024
- Drugstores: use discounts for own-label products in loyalty apps
- Supermarkets and discounters can challenge drugstores' popularity with one-stop-shop solutions
- Experiment with aircare test stations in-store
- Younger online shoppers consider own-label brands innovative
- Launch exclusive products online

Reasons to purchase own-label products

- Older own-label shoppers' main motivation is price...
 - Graph 5: reasons to purchase own label, by age, 2024
- Offer price guarantees for those financially less-stable
- Experiment with scents to connect with young consumers
- Entice younger consumers with appealing design and eco benefits

Behaviours towards own-label household care products

- Brand loyalty is high among German own-label household care shoppers
 - Graph 6: own label household care product behaviours, 2024
- Those paying attention to price are more open to experimenting with own labels
- Discounters can entice consumers with affordable launches
- Reward loyalty through discounts and sweepstakes
- Appeal to younger consumers with premium own-label products

Attitudes towards own-label household care products

- The majority of household care shoppers believe own label's quality has improved
 - Graph 7: attitudes towards own-label household care products, 2024
- Highlight efficacy improvements on pack
- Own labels need to go beyond price to stay relevant in the long term
- Explain how eco-friendly products can be produced at a low price point

LAUNCH ACTIVITY AND INNOVATION

- Branded product NPD reigns over the household care market
- Branded NPD dominates most categories, but own label can still find its niche
 - Graph 8: share of own-label NPD in the household category, by sub-category, 2019-23
- Paper products consistently have the highest share of own-label NPD
 - Graph 9: share of own label NPD in the household category, by sub-category, 2019-23
- Socialising at home creates demand for own-label NPD in toilet care and cleaning equipment
- Examples of toilet care and cleaning equipment
- Innovate to meet the demand for own-label dishwashing products
- Examples of own-label dishwashing products
- Ethical claims dominate own-label NPD
 - Graph 10: NPD in own-label household care, by top 10 claims, 2021-23
- Use eco-friendly claims to show consumers that sustainability is affordable
- Economy claims: hit or miss?
- Examples of economy claims on household care products
- Add design elements to new packaging launches to appeal to young consumers
 - Graph 11: own-label NPD by launch type, 2021-23
- Drugstores dominate own-label NPD
 - Graph 12: NPD activity, by top five own-label companies, 2021-23
- Pivot to high-use categories such as dishwashing to increase market share

APPENDIX

Appendix – products covered, abbreviations, consumer research methodology and language usage

- Products covered in this Report
- Abbreviations
- Consumer research methodology
- CHAID analysis – methodology
- CHAID analysis
- A note on language

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