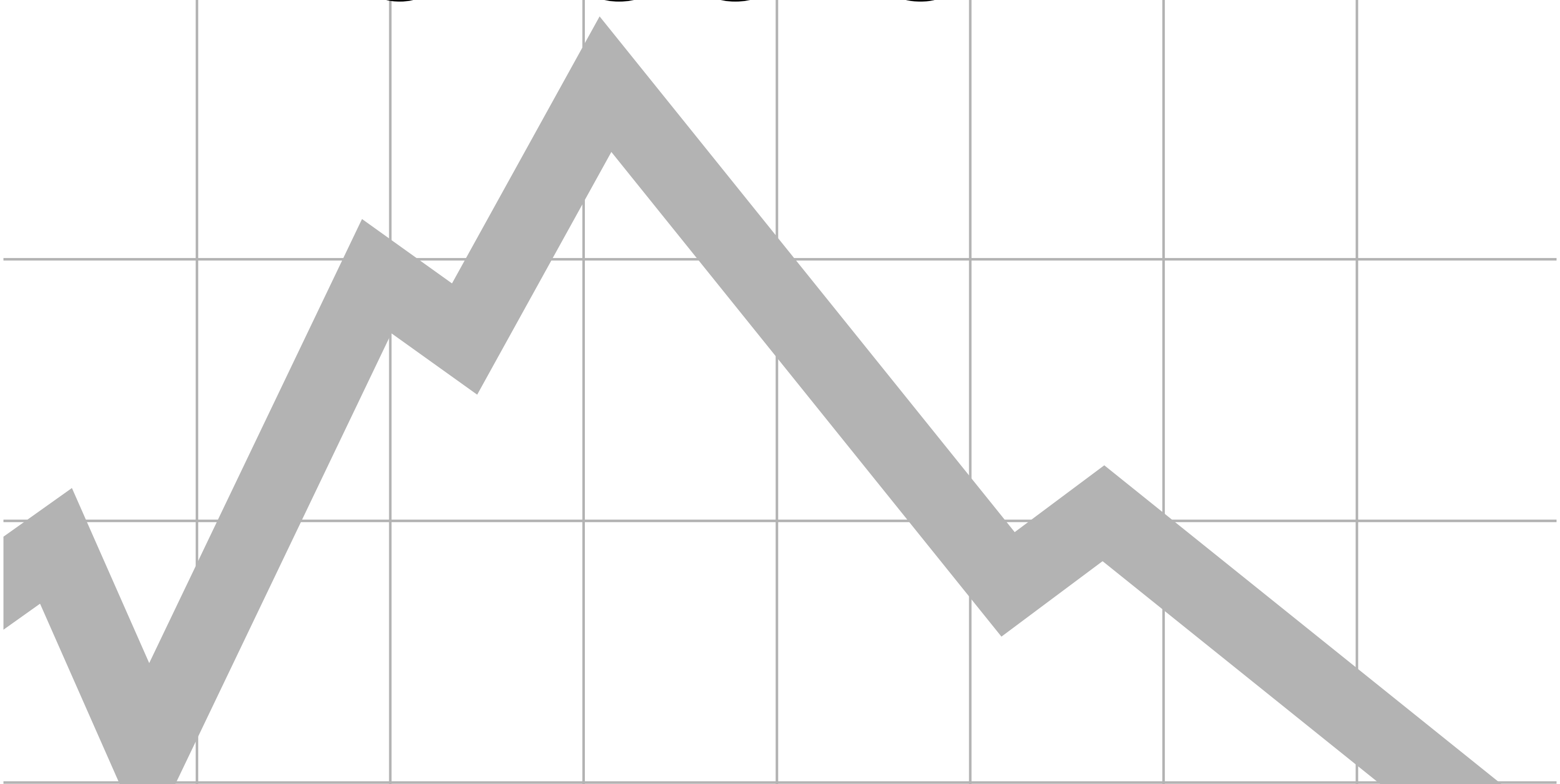
PLMA CONSUMER RESEARCH REPORT

STORE BRANDS AND THE RECESSION



Based on an exclusive survey of shopping attitudes by GfK Custom Research North America for the Private Label Manufacturers Association

STORE BRANDS AND THE RECESSION

KEY FINDINGS

New consumer polling data from GfK Custom Research North America reveals that U.S. consumers are making big changes in their supermarket shopping as they tighten their budgets during the country's economic troubles.

PLMA commissioned GfK to undertake this study on the state of private label in the U.S. in light of numerous news reports and other studies pointing to escalating growth rates of store brand sales and market share in all retail channels over the past year.

The 2009 GfK study explores both consumer attitudes and behavior toward grocery shopping and provides some noteworthy comparisons to results from previous consumer studies commissioned by PLMA.

1. **Three out of 4 consumers say the recession is important to the way they shop.**
   A solid majority of shoppers, 75%, say the “current economic conditions” are playing a big role in their decision whether to purchase the supermarket or grocery's store brands. Moreover, one out of every three say the economy is a “very important” factor in their purchasing decision.

2. **More than 30% say they are buying more store brands.**
   Three out of 10 consumers in the 2009 GfK study say they are now “buying more store brand products” compared to a year ago. This is a significant increase from PLMA’s 2006 Ipsos-MORI study, when 22% of those polled said they were buying more store brands vs. the prior year. And many consumers now intend to buy even more in the future. Nearly 23% say, looking ahead to next year, they will be purchasing more private label.

3. **Frequent store brand shoppers have increased sharply.**
   Nearly 55% of respondents in the GfK study say they buy private label “frequently.” This is substantially up from the 41% who said they bought private label frequently in the MORI survey just three years ago. By further comparison, when PLMA first asked consumers this question in a 1991 Gallup study, the percentage of such “frequentlies” was only 12%.

4. **Three out of 4 shoppers now say store brands are as good as national brands.**
   More than 77% of respondents “agree” that the store brands they buy “are as good as, if not better than, national brand products.” This positive perception of store brand quality was shared by consumers at every income level and across all regions of the country.

5. Most consumers are now looking beyond traditional supermarkets to do their main grocery shopping.

While traditional supermarkets are still the most popular place for grocery shopping, more and more consumers are choosing other types of stores. In fact, GfK found that most consumers (59%) say they now shop at someplace other than a traditional supermarket. Back in 2006, PLMA's MORI study found that 70% of consumers said they preferred supermarkets for their main shopping.

6. Two of three consumers shop at multiple stores.

Not only are shoppers going to a greater variety of retailers, they are also visiting more stores. GfK found that 67% of respondents go to two or more stores to do their main grocery shopping. Low prices and product variety are important reasons for visiting multiple stores.

7. Consumers plan to prepare and eat more meals at home as they cut back on visits to restaurants.

Given their concern about the economy, it is not surprising that most consumers are staying close to home and cutting back on their restaurant meals. Six of 10 respondents say they are eating out less often vs. a year ago. Looking ahead one year, virtually half say they will be preparing and eating more meals at home.

For Questionnaire and Results see pages 3-6

1. The majority of shoppers frequently purchase store brand products.

Q. When you do the main household grocery shopping, how often would you say you buy the retailer's store brand products?

Frequently purchase store brand products	55%
Occasionally purchase store brand products	35%
Rarely purchase store brand products	8%
Never purchase store brand products	2%

2. Shoppers are filling their carts up with store brand products.

Q. When you do the main household grocery shopping, about what percentage of the products you buy would you say are store brands?

More than 40% are store brands	29%
21% to 40% are store brands	25%
11% to 20% are store brands	22%
1%-10% are store brands	22%

3. Shoppers are buying more store brand products.

Q. Compared to a year ago, would you say that you are…

Purchasing more store brand products	31%
Purchasing fewer store brand products	11%
Purchasing about the same amount	58%

4. Many shoppers say store brand products have improved.

Q. Compared to a few years ago, would you say that the quality of the supermarket or grocery's store brands that you now buy have improved, are not as good, are about the same?

The store brand products have improved.	38%
The store brand products are not as good.	7%
The store brand products are about the same.	54%

5. Nearly eight in ten say store brands are as good as national brand products.

Q. Do you agree or disagree with the statement: "The supermarket or grocery store's store brands that I buy are as good as, or better than, national brands"?

Agree that store brands are as good as national brands	77%
Disagree that store brands are as good as national brands	21%

6. Three of four shoppers say their supermarket has better store brand products than other stores.

Q. Would you say the supermarket or grocery store that you use has better store brand products than other supermarkets or grocery stores?

Agree that their retailer has better store brand items	74%
Disagree that their retailer has better store brand items	23%

7. The economy is changing the way consumers shop.

Q. How important are current economic conditions in deciding whether to purchase supermarket or grocery store's brands?

Important/very important	75%
Not important/somewhat unimportant	25%

8. Shoppers plan to buy more store brand products in the year ahead.

Q. Looking forward to the year ahead, do you think that you will be …

Purchasing more store brand products	23%
Purchasing fewer store brand products	7%
Purchasing about the same amount	69%

9. Only four of ten consumers do their main grocery shopping in traditional supermarkets.

Q. Where do you do your main grocery shopping for your family?

Traditional supermarket	39%
Supercenter	28%
Neighborhood grocery store/food market	18%
Discount retailer such as Aldi/Save-A-Lot	8%
Warehouse club such as Costco/Sam's	6%

10. Most consumers go to more than one supermarket or grocery store to do their main grocery shopping.

Q. How many stores do you tend to visit to do your main grocery shopping?

Visit only one supermarket or grocery store	32%
Visit two supermarkets or grocery stores	38%
Visit three or more supermarket or grocery stores	29%

11. Convenience and product availability are top reasons consumers are loyal to one store.

Q. What are the reasons you shop in only one supermarket or grocery store?

It is convenient/easy to get to	86%
You can find everything you need in one place	80%
Good location/nearest store to where I live	70%
Low prices	66%

12. Low price and product variety are top reasons consumers shop at two or more stores.

Q. What are the reasons you shop in two or more supermarkets or grocery stores?

Lowest price	67%
More product variety	64%
Quality of products	55%
More convenient	54%
Cannot find all the products I want in one store	43%

13. Six of ten consumers are cutting back on eating out at restaurants.

Q. Compared to a year ago, are you eating out at restaurants more often, the same, or less often?

Eating out less often	59%
Eating out about the same	35%
Eating out more often	6%

14. Consumers will be preparing and eating more meals at home.

Q. In the year ahead, do you think you will be preparing and eating more meals at home, about the same or fewer?

Preparing and eating more meals	49%
Preparing and eating the same number of meals	49%
Preparing and eating fewer meals	3%

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