

Millennials Demonstrate Loyalty to Their Grocers

A nationwide study of consumers in the all-important 25 to 45 age group indicates that these shoppers are increasingly demonstrating loyalty to the stores they use for household grocery purchases.

The PLMA study, entitled "The Rise of Loyal Shoppers," focused on 1,059 men and women ages 25-45, a segment which makes up more than one third of the U.S. adult population. The 81 million Americans in this key age group are of critical importance to retailers: their spending on household grocery products is considered to be the highest among all age groups as they engage in family formation and career building.

The study challenges conventional wisdom that consumers regularly shop at anywhere from three to five stores, chasing after promotions and the lowest prices.

"This latest study indicates that many long-held assumptions – shaped by years of market dominance by the Baby Boom generation – are no longer true," says Brian

Sharoff, President of PLMA. "Buffeted by a severe recession, a revolution in communications, media and advertising, and a retail landscape that bears little resemblance to what existed less than a decade ago, today's consumer is not the same shopper we used to know.

According to the PLMA study: These consumers shop often, but a majority does their regular grocery shopping at only two stores. The rate of shopping trips is high: more than eight in 10 of consumers ages 25-45 shop at least weekly. But patronizing just two stores for their regular household grocery needs is by far their most popular shopping regimen, and this pattern has been increasing as a habit overall during the past decade. This runs counter to the conventional wisdom that consumers are increasingly shopping across a growing number of stores for different products. In a 2006 PLMA study, a third of all consumers said they shop in two stores, but in the new

study the figure has risen to 48 percent.

While they shop around, they are in fact very loyal to their favorite stores. The study refutes another piece of conventional wisdom: the image of the fickle American grocery shopper. Some observers contend that every time a new or revamped retail format debuts, consumers forsake their favorite store and rush to the new shop on the block. The survey casts doubt on that scenario. Rather, it reveals that these younger consumers have been loyal to their favorite stores for years. Six in 10 have regularly shopped at their grocery store as well as their mass merchandiser for more than five years. Half have shopped at their drug store for that long.

They are buying store brands more often than shoppers in previous studies. About half of the respondents ages 25-45 buy store brands "always/almost always/frequently" in their supermarkets, drug stores and mass merchandisers. This is a dramatic increase in the top rates of purchase when compared to PLMA studies over the past decade. In 2002, the corresponding figures for all consumers were: 36 percent in supermarkets, 22 percent in drug stores and 28 percent in large

discount chains/mass merchandisers. In 1991, the figure in supermarkets was only 12 percent.

Store brands may be the retailer's best friend. Consumers 25-45, in increasing numbers, are trying store brands for the first time in product categories where they had previously only bought a national brand. Moreover, in overwhelming numbers they report the trial produced a satisfactory experience. In one of the most significant findings in the survey, more than 49 percent of respondents recently choose a store brand for the first time instead of a favorite national brand in a particular category. When later asked how they compare the store brand with their previous choice of a national brand, 28 percent reported "very favorably" and another 62 percent said "favorably." A trend widely observed during the recession, such store brand trial is increasing: In the 2009 survey, 35 percent of all consumers said they engaged in the practice, and a year later the figure had grown to 43 percent; the post-purchase satisfaction rates expressed by consumers were as high in both earlier studies as it is in the new one. **GN**

Store Brands Widen Growth Gap

As national brands continue to struggle with lower growth year to year in supermarkets, drug chains and mass merchandisers, store brands sales in all the major retail channels continue their upward trend, setting new records across the board for annual revenue.

When 2014 came to a close, store brands had accounted for nearly \$3 billion in incremental sales overall, an increase of +2.5 percent over the previous year and more

than twice the percentage gain that was recorded by national brands.

Total sales of private label in the U.S. were \$115.3 billion according to the 2015 Private Label Yearbook published by the Private Label Manufacturers Association (PLMA).

As a result, store brand dollar share moved up across all outlets combined – consisting of supermarkets, drug chains, mass merchandisers, and the club and dollar store channels.

Over a three-year period, store brands sales across the combined retail outlets have increased by \$5.5 billion, moving store brand dollar market share from 17.3 percent to 17.7 percent. The run-ups are much the same in the individual channels. Over that period, the annual sales volumes for store brands have risen by \$2.5 billion in supermarkets and risen by \$200 million in drug chains.

The PLMA Yearbook utilizes data provided by The Nielsen Company for the 52 weeks ending December 27, 2014. The annual compilation has become the benchmarking standard for retailers and

suppliers, where Nielsen sales and market shares statistics are reported for more than 700 product categories.

The yearbook is published exclusively online, and access is free to PLMA member manufacturers, brokers and suppliers. Retailers and wholesalers can gain free access to the data and analysis, including new updates every quarter, by logging in at www.askplma.com and following the prompts for Private Label Yearbook. PLMA members can access the online yearbook via PLMA's member services website at www.plma.org. **GN**

Foley's Candies (Cont'd. from p. 17)

packaged for retail sale. We do everything from stand-up gusset bags to seasonal tins to trays to tamper-proof containers.

Private 2015: And on your baking side?

DA: Here you'll see that we do everything from milk, dark and white chocolate in both pure and compound forms. We specialize in custom blends. For instance, we recently developed a dark chocolate flavored raspberry chip for a customer, a lemon flavored chip for another one. Another example is that we worked with a company that makes nutritional bars, who

requested a custom product using organic sugar and sunflower lecithin. We were able to do that for them because we make all of our chocolate from scratch – we're not just buying someone else's chocolate and melting it.

Private 2015: It sounds like you really know your way around private labeling.

DA: Absolutely! We have been in business for over 40 years. We're privately owned, and our focus has been on private labeling. In the last four years, in particular, our private label division has grown to the point it represents almost 30% of our business.

Private 2015: To what do you attribute the recent growth in your private label business?

DA: We're seeing greater awareness among retailers of what we have to offer. Retailers are excited to learn about our turnaround time for product development as well as our strong Quality Assurance Department. We just recently achieved our SQF Level 3 certification, which definitely opens a lot of doors for us. That puts us above a lot of our competitors.

Private 2015: And where are you located?

DA: We're in Vancouver, Canada, with

warehouses across the country. We send everything across Canada in a temperature-controlled rail car and then LTL it into the U.S. by temperature-controlled truck. We have a large database of approved carriers that ship chocolate. This enables us to guarantee that the quality of our products when they reach their destination is going to be the same as they were when they left our hands. That's certainly another explanation for our tremendous growth in private label over the past few years.

For more information, visit booths F3317 at the Private Label Show. After the show, email diane@foleyscandies.com. **GN**

Tres Hermanas (Cont'd. from p. 17)

hand, with each one carefully considered to ensure that only the best New Mexican peppers make it to your shelves – and your shoppers' tables. The farmers and their families celebrate this pepper harvest by making a whirlwind of sauces and salsas, bringing age-old family recipes to life with

flavorful fresh ingredients.

Tres Hermanas brings these traditional recipes to you with a full line of peppers and sauces. These peppers fill dishes with raw desert spices. Sauces run from sunset red to verdant green. All are imbued with a touch of something special that sparks the senses, something that transports anyone who enjoys their fla-

vor from their dining room to a sun-soaked plain outside Deming, where three gentle peaks rise to kiss the turquoise sky.

Inspired by the vivid flavors this community has enjoyed for generations, these cooking sauces make it easy to create truly authentic Mexican meals in only a few simple steps.

So whether your shoppers enjoy spicy peppers, authentic sauces or both, everyone will love the dips, enchiladas, nachos, tacos, burritos and even pizzas they can make with the bold, farm-raised flavor of Tres Hermanas.

Call 800.323.4356 to get Tres Hermanas on your shelves. **GN**

Kings Food Markets (Cont'd. from p. 17)

Kings Own brand will continue to roll out a range of items across the store, providing customers with new options in every department. From household essentials like orange juice, syrup and eggs to organic

and specialty products such as signature sauces and olive oils, imported gelato and chef-prepared foods, Kings is continuing to raise the bar by seeking out the most unique and rare finds. Kings is focusing heavily on organic offerings, as its shoppers are continuing to look for them more and

more. Kings Own offers a range of organic pastas, herbs and tomatoes, chips and beans, as well as a selection of honey flavors – to name a few. As the line continues to expand, the focus will shift to more specialty items to round out our offerings.

Each product has been carefully selected

to meet the Kings' standard. For example, Kings Own Marinades and Sauces are crafted in small batches using all-natural, hand-selected ingredients and are available in a wide range of gourmet flavors, including Pineapple Jalapeno, Carne Asada, Sweet Bourbon and Carolina Gold BBQ. **GN**