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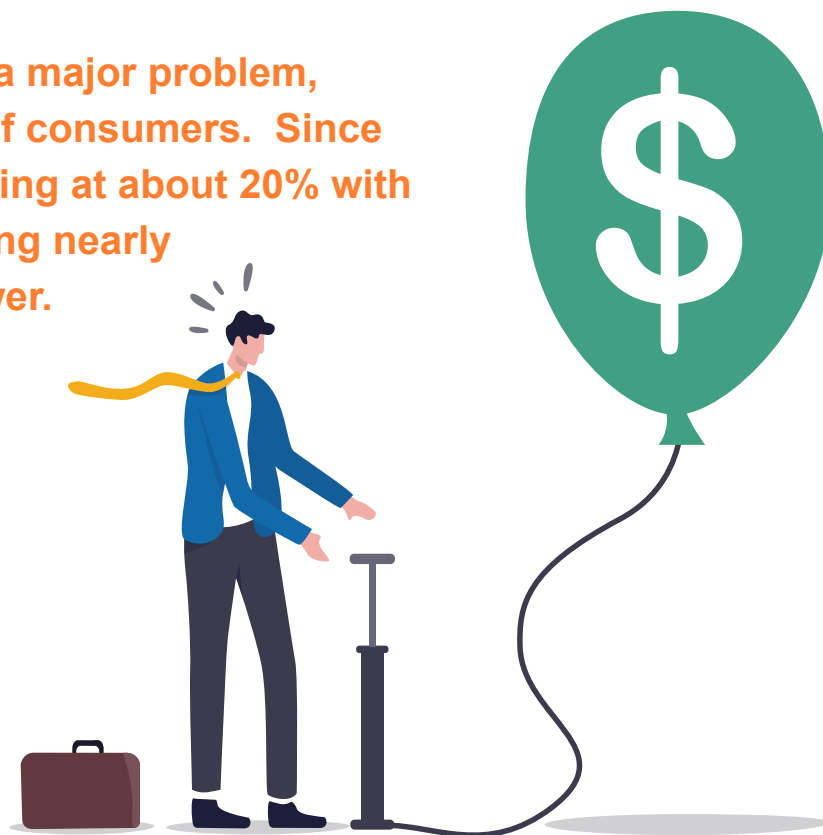
Stealing Your
Market Share?

Jekyll+Hyde
LABS

Is Private Label Stealing Your Market Share?

As we all know, inflation is a major problem, eroding the buying power of consumers. Since 2019, inflation has been sitting at about 20% with the average household losing nearly \$8,000 in actual buying power.

No longer are you and your product just competing with the other brands in your category; you are now competing with a tank of gas or other basic needs. For proof of this, we need only look at the rise in popularity of store brands or “private label” products.



Private label product sales have increased by \$60.2 billion since 2019 – an incredible increase of 34%. This increase has private label products now averaging a 20% market share across the board. That is one in every five items purchased at retail.





Why Private Label?

On the surface, it makes sense that consumers are having to manage their money more tightly and make choices like private label products that stretch their dollars due to inflation. However, when we see a massive move towards store brands, it indicates much more than consumers looking for lower prices.

The truth is consumers are not looking for the lowest price; they are looking for the highest value. When consumers opt for a store brand item it indicates that they see the category or the product as a commodity. In other words, they are thinking that every brand and offering in the category is essentially the same product.

When everything is equal, you will always take the best deal. But the bigger issue is that brands losing sales to store brands are not just the victim of inflation; they are the victim of bad or insufficient marketing



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Demonstrating Value

Advertising is not about selling products to people that don't need them; it is about demonstrating - to those people with a need - that a specific item (your product) is the best choice for them. Again, it is the best value consumers are choosing, not the lowest price.



During times like these, our job as marketers is to demonstrate our value to such a level that our product becomes a “can't live without” item.

As an example, think about what people will choose to go without in order to keep going to Starbucks for their \$8.00 over-roasted coffee.

We all need to examine our categories and see if we are losing business to private label products or low-price leaders and if so, by how much? If you find this to be the case, what is it that needs to be true for consumers to perceive your brand as a better value? Then, what must you do to reach consumers with this message?

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Market share lost to private label or low-price leaders now will not be recovered when inflation reduces. Once a consumer decides that the private label product was adequate for their purposes, they will keep identifying it as the best value. You need to act as soon as possible to prevent this from happening.



It is far more cost effective to defend your market share now than trying to win it back in the future.



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No advertising agency in America has the depth of knowledge or the connections within the industry that we do. We love entrepreneurs and want to help every brand succeed.

If you think you could benefit from learning more about us and what we can do for you, please reach out.

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