NielsenIQ

# The state of Retail Brands in Europe

**PLMA Amsterdam Trade Show 2022**

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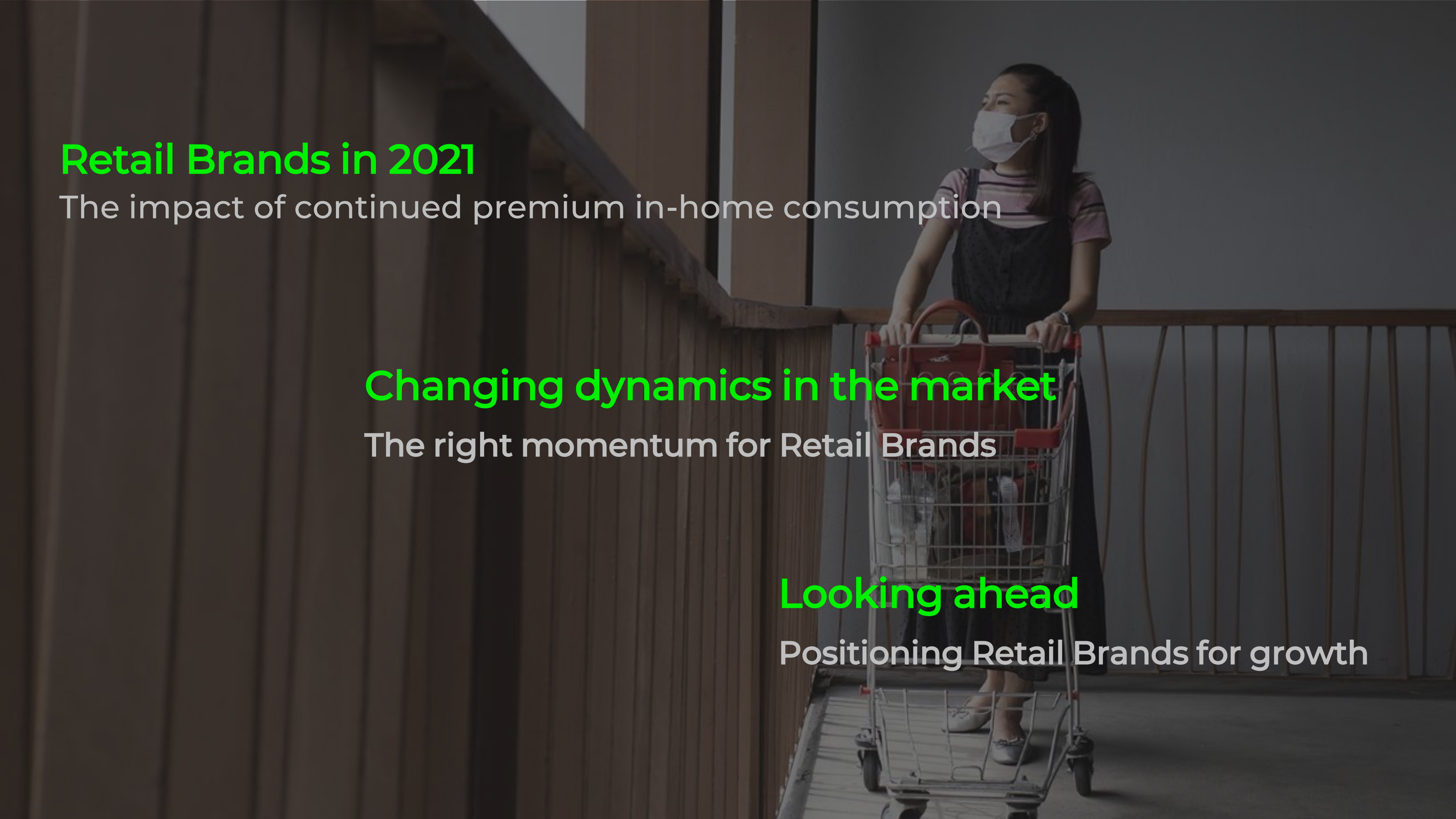
May 30th 2022



## Retail Brands in 2021

The impact of continued premium in-home consumption

## Changing dynamics in the market

The right momentum for Retail Brands

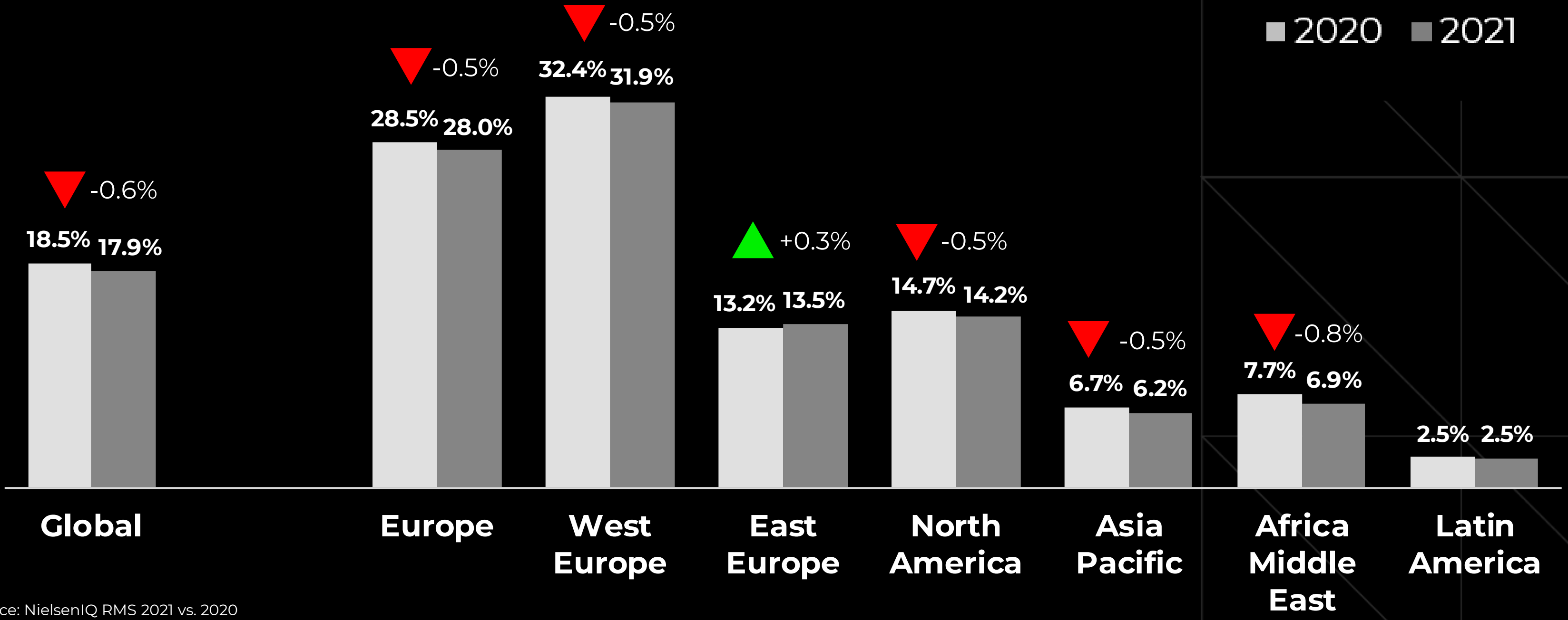
## Looking ahead

Positioning Retail Brands for growth

# Private Label share declined in 2021, except in Eastern Europe

## Global private label

Value % share




Source: NielsenIQ RMS 2021 vs. 2020

Markets included: Europe 32 countries, Asia Pacific 10 countries, Africa Middle East 6 countries, Latin America 7 countries

# After many years of structural PL share gain, growth came to a halt

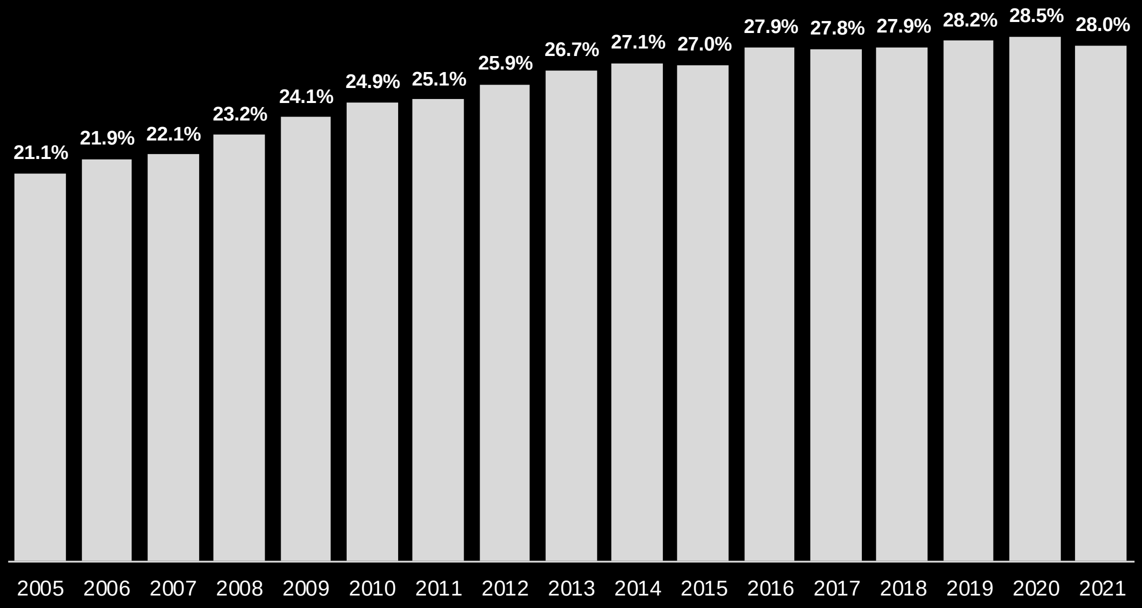
17 Years & 32 EU Countries

"In Europe,
Retail Brands represent…

**28.0%**

…of the FMCG
market value"

Value share (%)



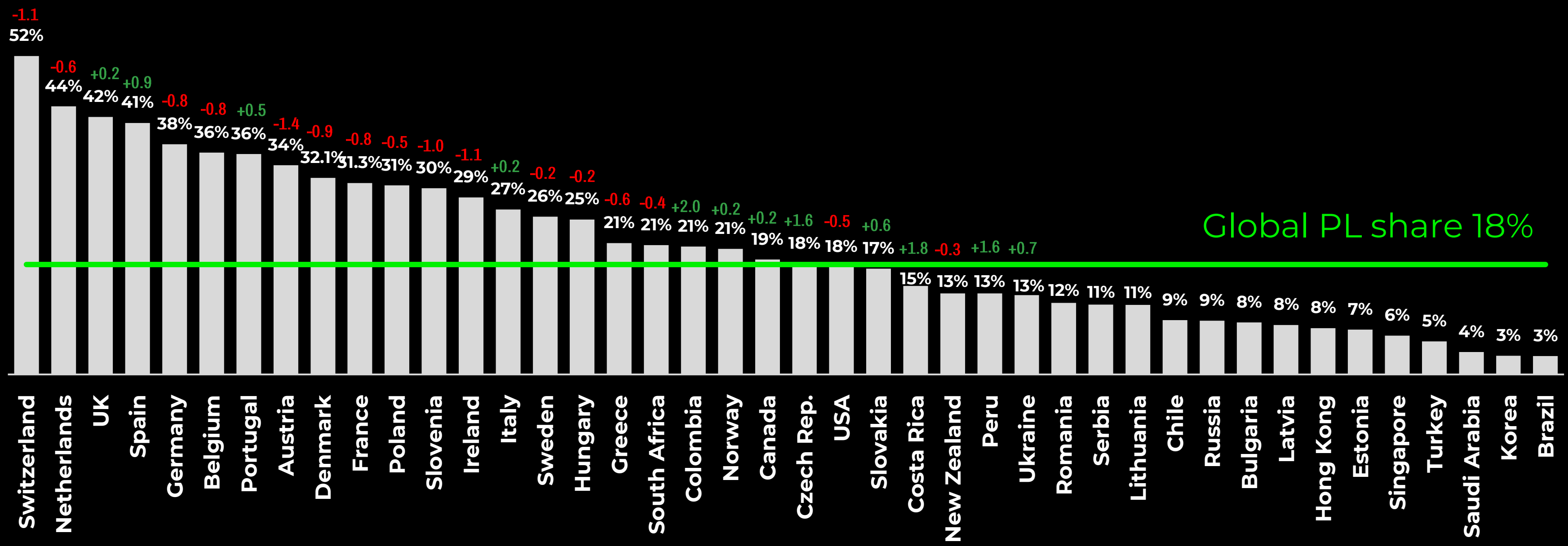

Countries included: (Including Discounters): Austria, Belgium, Denmark. Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, Belarus, Bulgaria, Croatia, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Romania, Russia, Serbia ,Slovakia ,Slovenia, Turkey, Ukraine
Source: NielsenIQ Retail Service

# European markets remain some of the biggest PL markets globally

However, share loss is also strongest in these markets

## Global private label

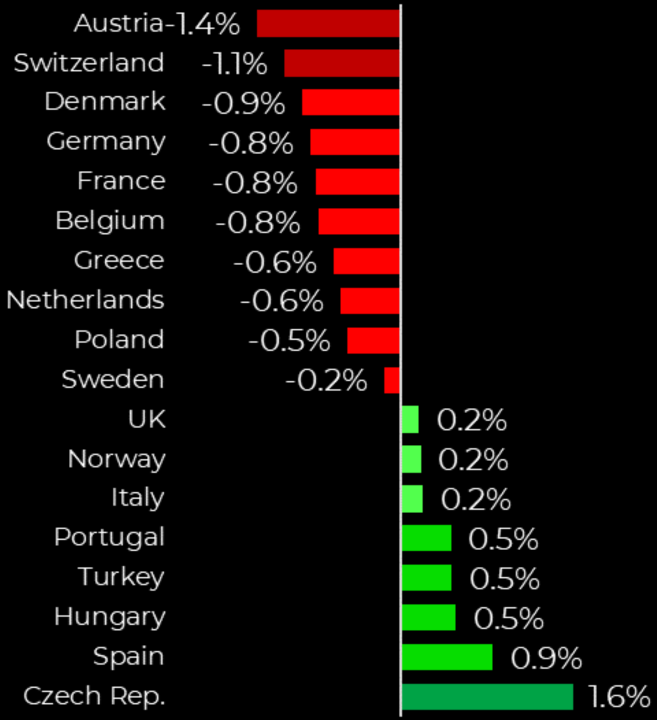
Value % share (top markets ranked on share >1%)

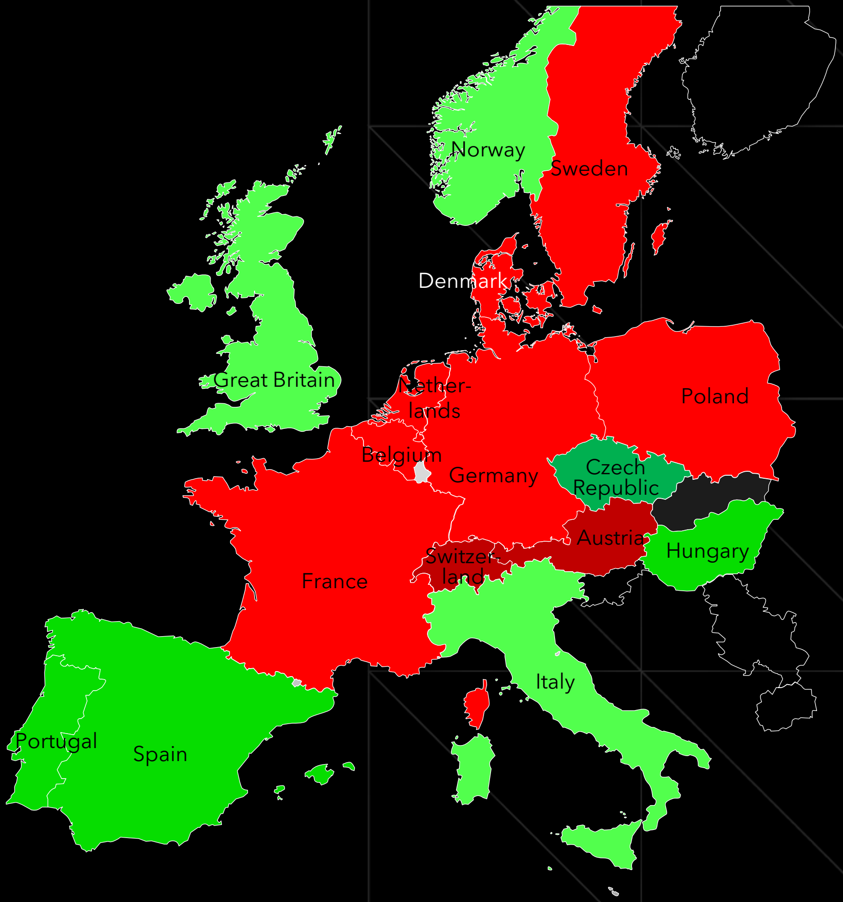



Source: NielsenIQ RMS 2021

# Retailer’s Brand performance by country

Change in PL Value Share (vs. 2020)

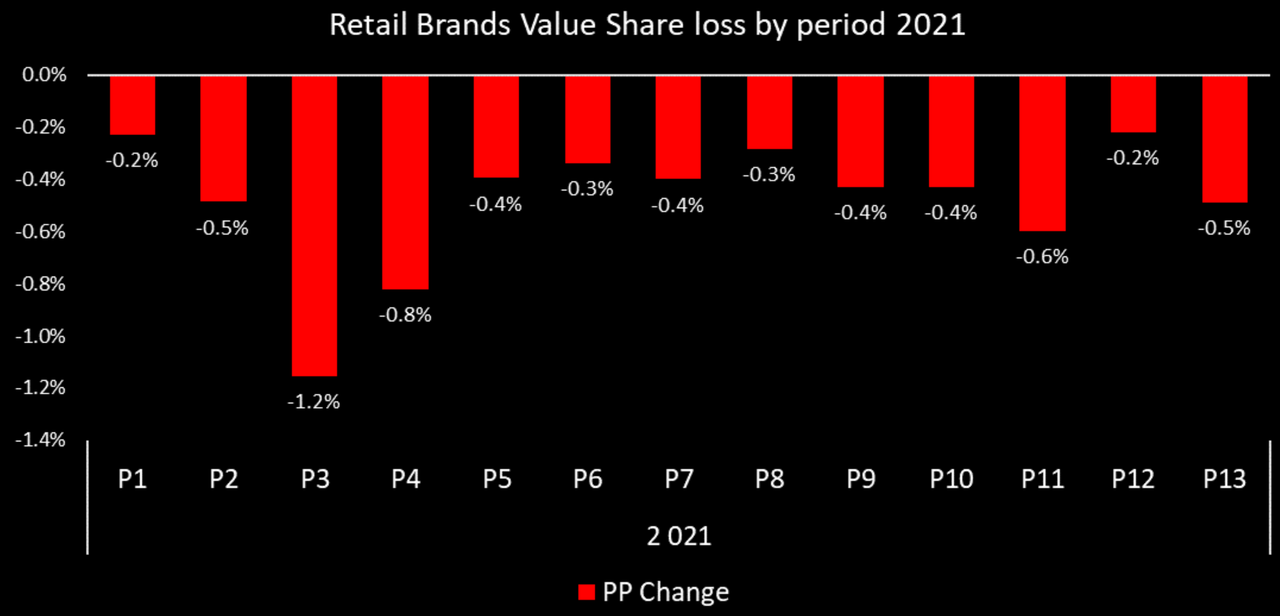



Source: NielsenIQ Retail Service. Largest market scope per country

# Throughout the year, Retail Brands lost market share

Peaking in March, when national brands increased their promo sales to compensate the hoarding phase of 2020

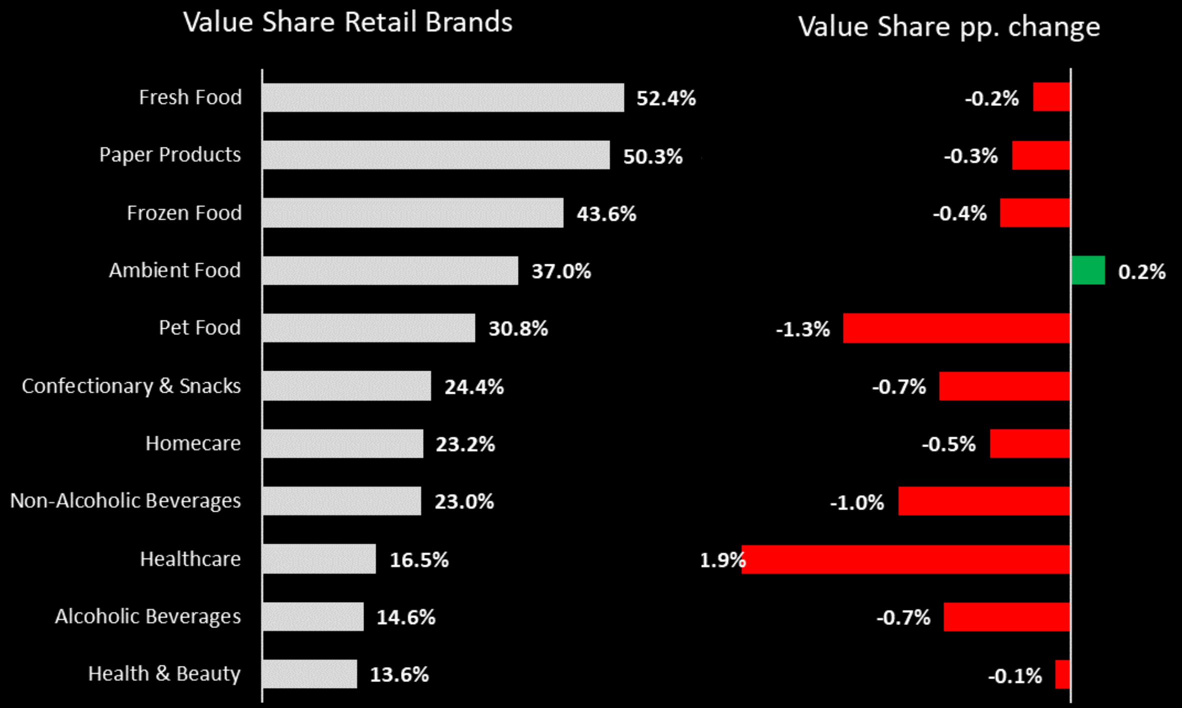



Value share Europe
28% ▼-0.5%

Countries included: Austria, Belgium, Denmark. Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, Belarus, Bulgaria, Croatia, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Romania, Russia, Serbia ,Slovakia ,Slovenia, Turkey, Ukraine
Source: NielsenIQ Retail Service

# Retail brands lose share in almost all super groups during 2021

Except ambient foods, which declined overall as a super group



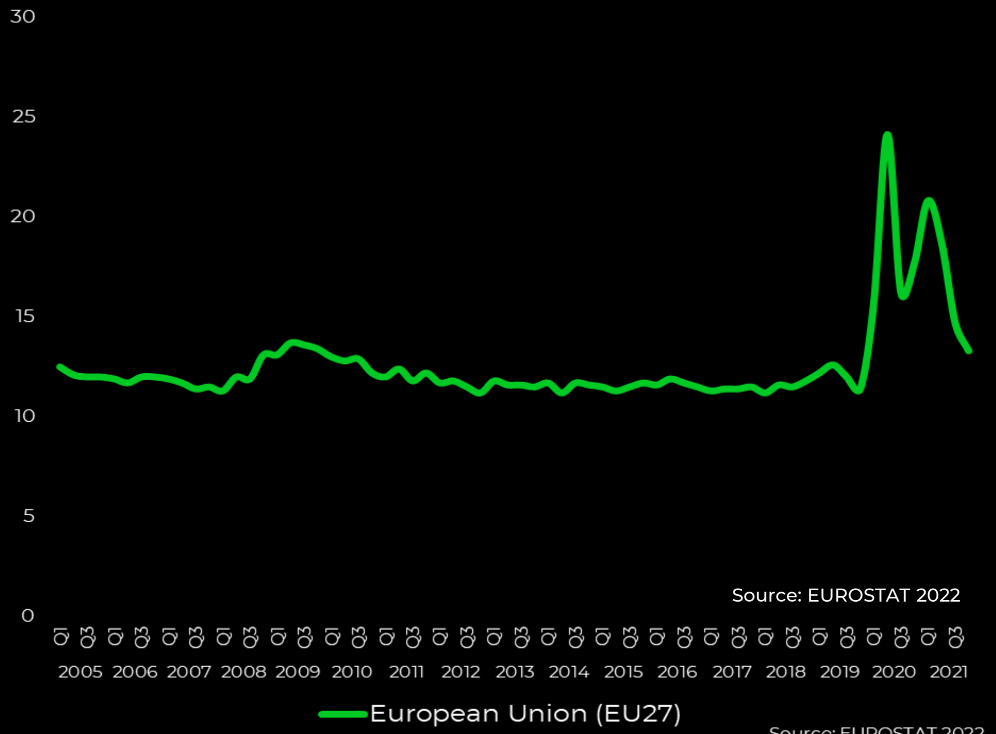

*"In 136 out of 214 categories, Retail Brands lost share"*

Countries included: Austria, Belgium, Denmark. Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, Belarus, Bulgaria, Croatia, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Romania, Russia, Serbia ,Slovakia ,Slovenia, Turkey, Ukraine
Source: NielsenIQ Retail Service

# In 2021, households continue to save money

## Due to less out-of-home consumption

Household gross savings rate (%)
seasonally adjusted




Source: EUROSTAT 2022

**Change in spending patterns**

- ▲▲▲ **Groceries & Online Shopping**
- ▲▲▲ **Take Out**
- ▼▼▼ **Dining out**
- ▼▼▼ **Holidays**
- ▼▼▼ **Clothing & Beauty**

# In 2021, premium in-home consumption continued to gain importance




Champagne

**+14.9%** vs. 2020

Sparkling Wine

**+7.5%** vs. 2020

Fresh Fish

**+7.1%** vs. 2020

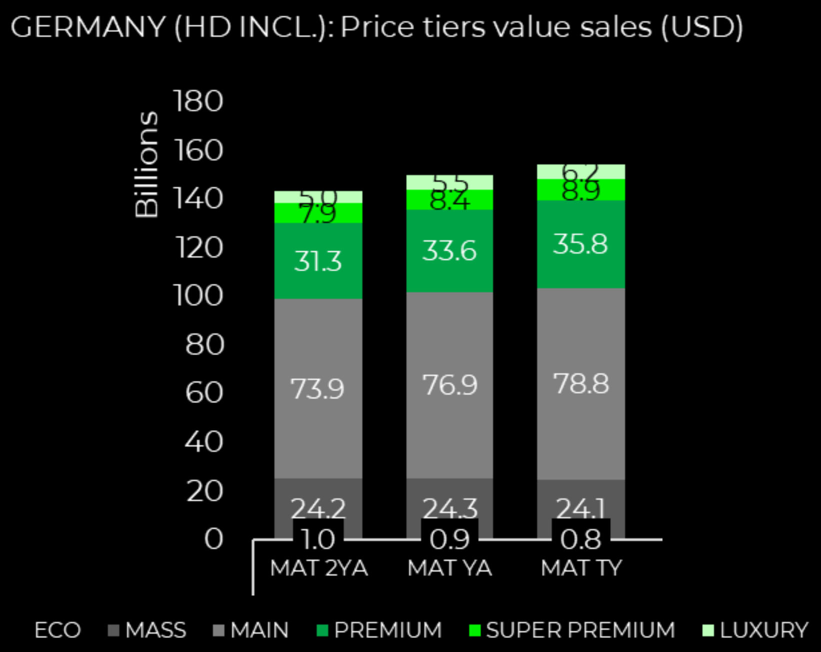
Frozen Fish

**-5.4%** vs. 2020

Countries included: Austria, Belgium, Denmark. Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, Belarus, Bulgaria, Croatia, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Romania, Russia, Serbia ,Slovakia ,Slovenia, Turkey, Ukraine
Source: NielsenIQ Retail Service

# In Germany, Premium has been the growth driver throughout the pandemic

## While lower price tiers have lost share throughout the pandemic





Source: NielsenIQ, Data to: Germany: 21/07/21
Price Index vs average category price per volume/unit
Eco: 0-40, Mass: 41-80, Main: 81-120, Prem: 121-160, SP: 161-200, Lux: >201

# In Europe, Premium+ products represent

**29.1%**

*Of total value sales*

**+0.9pp**

*Vs. pre-covid 2019*

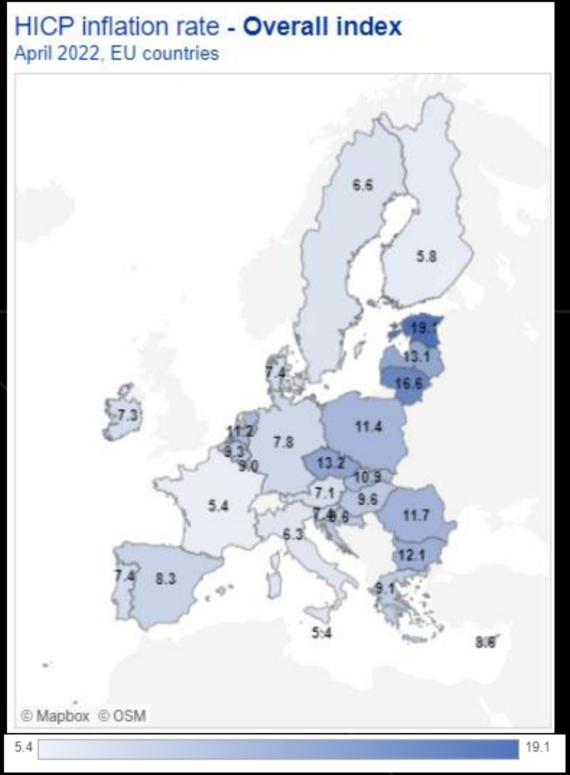
Countries included: Austria, Belgium, Denmark. Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, Belarus, Bulgaria, Croatia, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Romania, Russia, Serbia ,Slovakia ,Slovenia, Turkey, Ukraine
Source: NielsenIQ Retail Service

# 2022 is the start of a new market dynamic

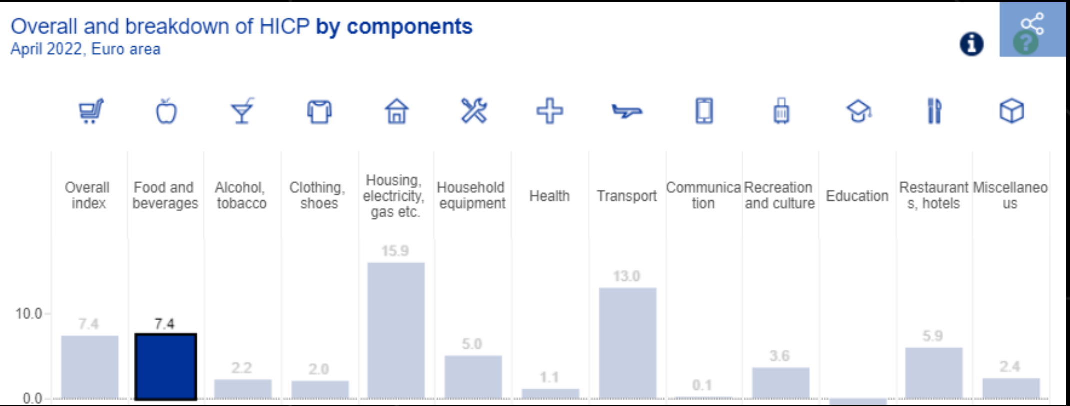
## The right momentum for Retail Brands

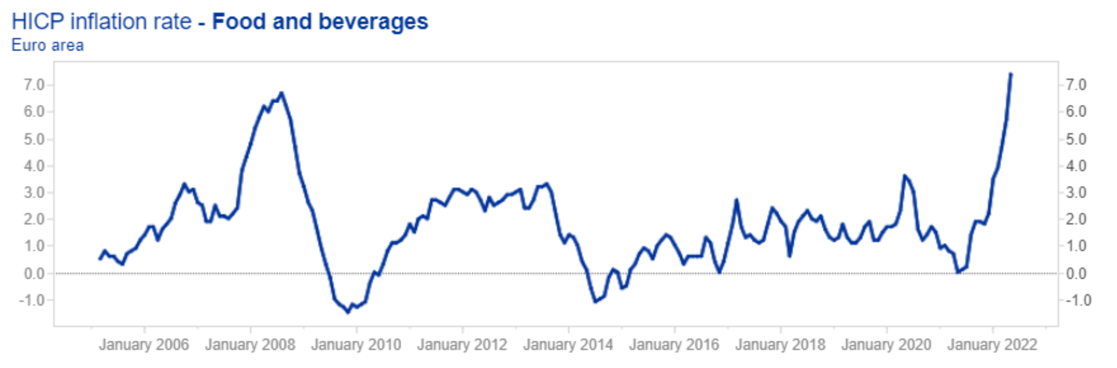
# Inflation is on the rise across all European markets

Reaching levels that haven't been seen in decades

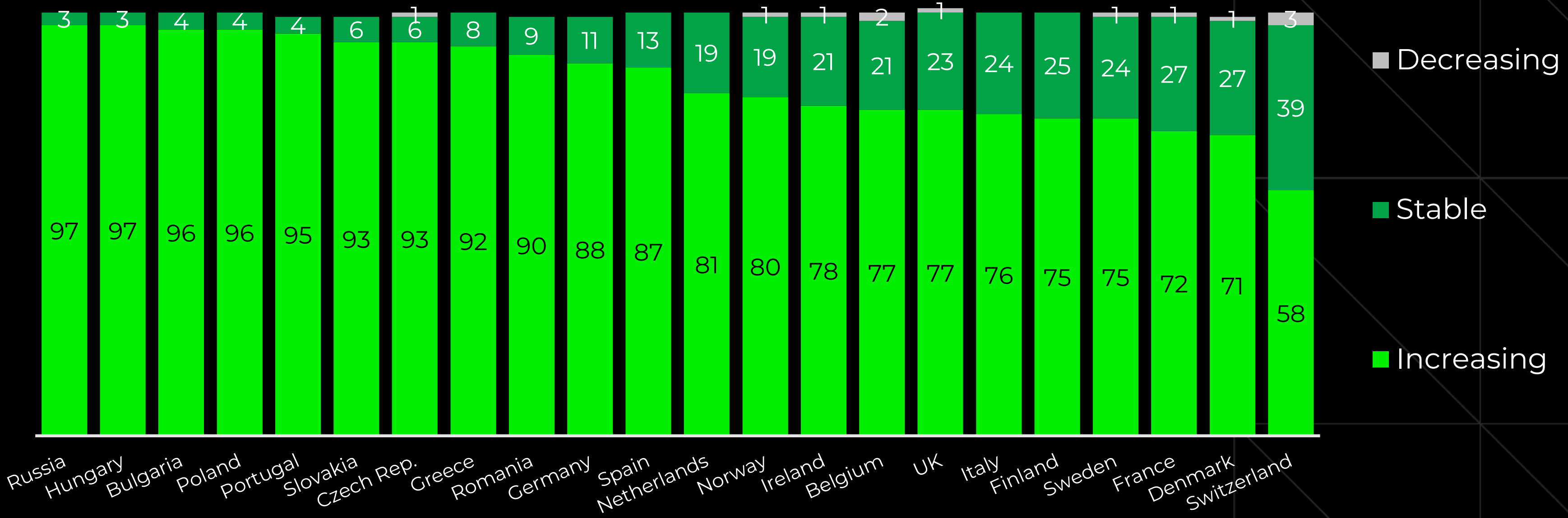



European Central Bank, April 2022



# Across markets, consumers perceive an increase in food prices

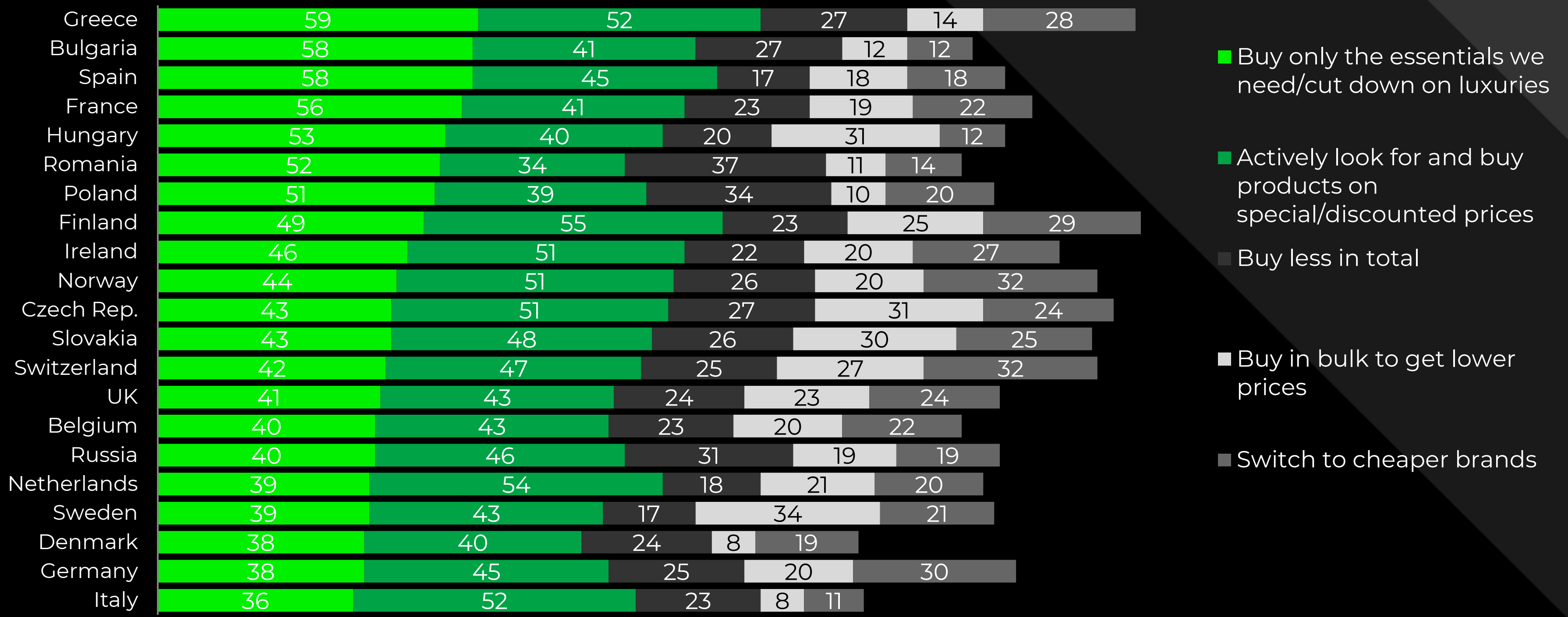



Q.79 Are food prices in your country increasing/decreasing/the same

Austria data is not available

# Buying only the essentials and looking for discounts is most common

## When consumers respond to rising food prices



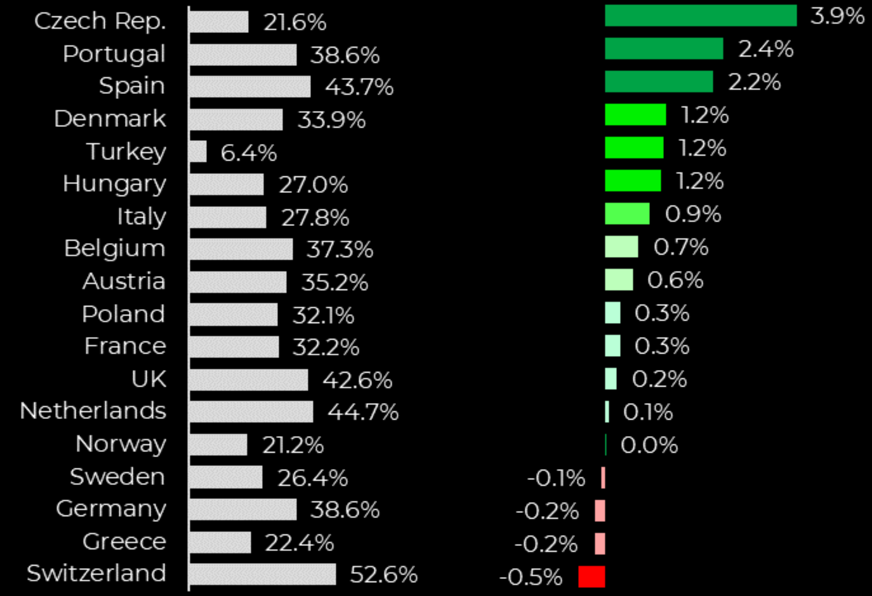

Austria and Portugal data is not available

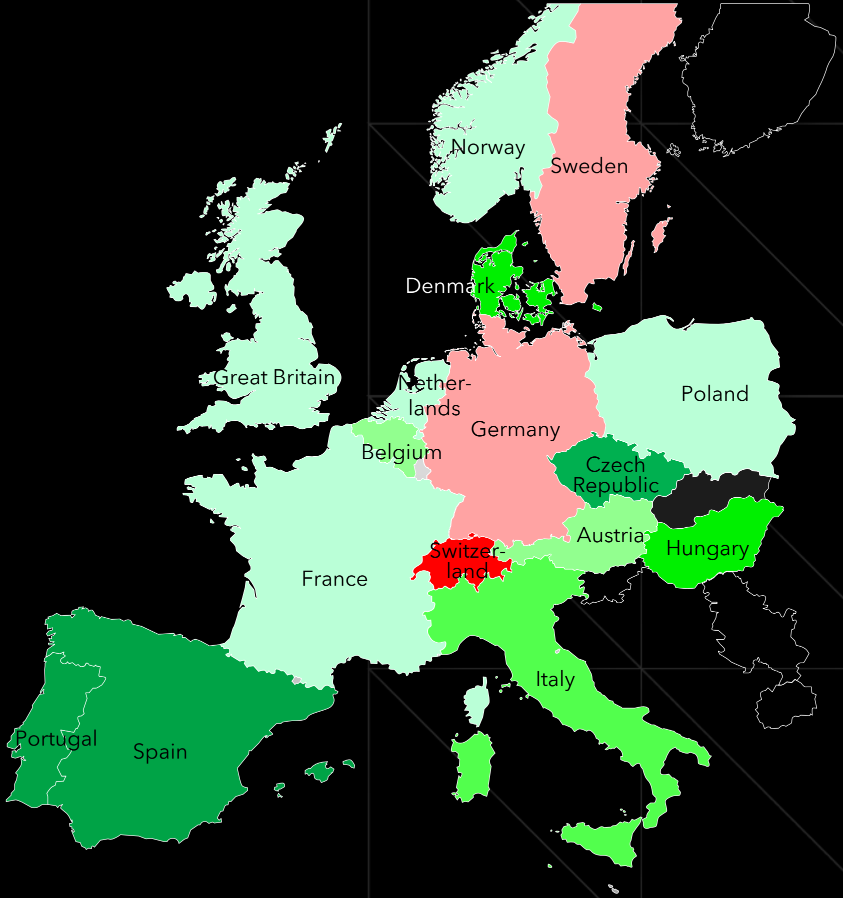
Q.125 You mentioned that food prices are increasing in your country. Which of the following best describes your response to rising food prices?

# YTD 2022, Retail brands gain share across most markets

PL Value Share YTD 2022

Change vs. LY




Source: NielsenIQ Retail Service. Largest market scope per country. YTD April 2022, vs. YTD April 2021.

# Ambient and Perishable food increased the strongest in PL share YTD

Especially basic stapple products see a strong increase in Private Label share

## Southern Europe

| | PL % Share Gain |
|---|---|
| Total Ambient Food | 2.0% |
| FLOUR | 4.5% |
| PROCESSED CHEESE | 4.2% |
| NOODLES PLAIN | 4.1% |
| EDIBLE OILS | 3.8% |
| SUGAR | 3.5% |
| DRY PASTA | 3.5% |
| VEGETABLES AMB | 3.3% |
| COUSCOUS | 3.0% |
| SOUP AMBIENT | 3.0% |
| DRESSINGS | 2.70% |

Greece, Italy, Spain, Portugal

## Western Europe

| | PL % Share Gain |
|---|---|
| Total Ambient Food | 0.7% |
| HONEY | 4.2% |
| CANNED FRUIT | 4.0% |
| DRY PASTA | 3.1% |
| EDIBLE OILS | 2.5% |
| SUGAR | 2.4% |
| MAYONNAISE | 2.1% |
| NOODLES PLAIN | 1.9% |
| BOUILLON | 1.7% |
| PEANUT BUTTER | 1.5% |
| COUSCOUS | 1.4% |

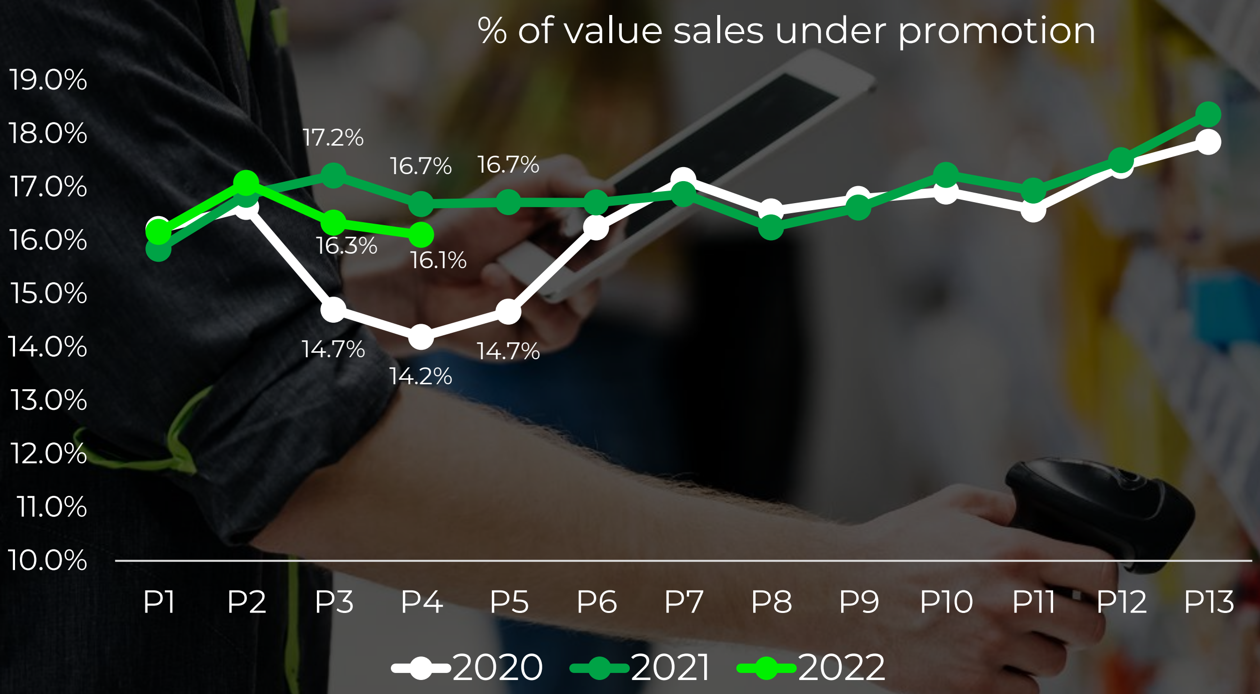
United Kingdom, France, Netherlands, Belgium, Germany

## Eastern Europe

| | PL % Share Gain |
|---|---|
| Total Perishable food | 2.7% |
| READY TO EAT SALAD | 13.2% |
| BUTTER | 9.3% |
| PATE/FOIS GRAS | 8.3% |
| SMOKED FISH | 6.0% |
| MEAT PERISHABLE | 6.0% |
| SOUP FRESH | 4.6% |
| CREAM FRESH | 4.3% |
| FILLINGS FRESH | 2.9% |
| YOGURT | 2.2% |

Poland, Hungary, Czech Republic

# In Europe, the importance of promotions is below levels of YTD 2021




“

**There might be little room for more promotions as margins decline**

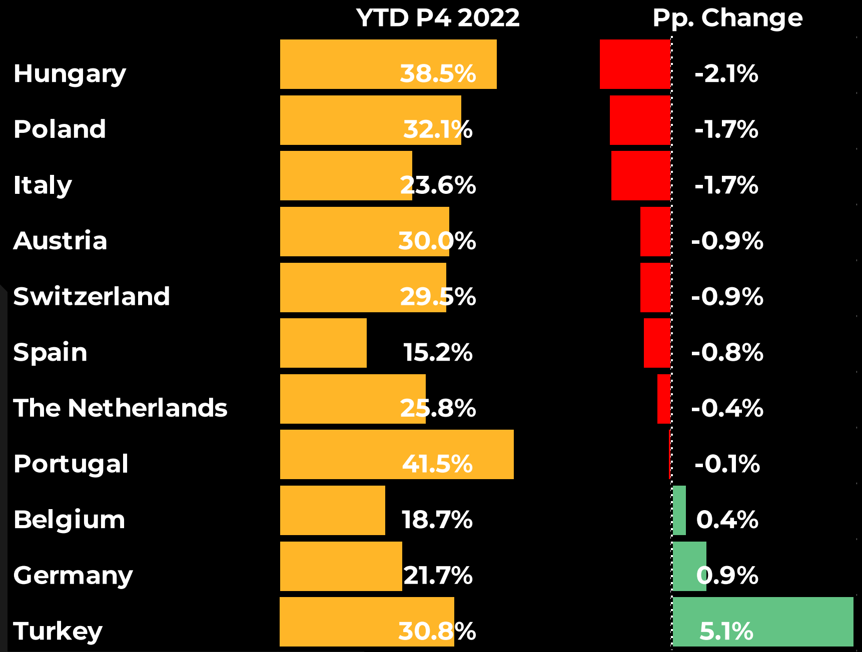
**16.4%** **-0.3pp.**

*Promo weight YTD 2022*

Countries included: Austria, Belgium, Denmark. Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, Belarus, Bulgaria, Croatia, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Romania, Russia, Serbia ,Slovakia ,Slovenia, Turkey, Ukraine
Source: NielsenIQ Retail Service. YTD until April 2022

# Across most countries, this decline in promo importance is seen

% of value sales under promotion




Broadest market scope available per country
Source: NielsenIQ Retail Service. YTD until April 2022

# The strongest promo decline is seen for basic necessities

**Weight of value sales under promotion by category**
YTD P4 2022 vs. LY

**14.0%** -0.2pts
Ambient & Fresh Food

| | |
|---|---|
| Milk | -3.1pt |
| Edible oils | -3.9pt |
| Dry Pasta | -2.2pt |
| Baby food | -2.0pt |
| Laundry Detergent | -2.4pt |
| Toilet Paper | -1.9pt |

**18.2%** -0.1pts
Beverages & Snacks

| | |
|---|---|
| Hot Beverages | -0.3pt |
| Soft Drinks & Water | -0.2pt |
| Alc. Beverages | +0.2pt |
| Salty Snacks | -0.1pt |
| Sweet Biscuits | -0.4pts |
| Confectionary | +0.6pt |

Source: NielsenIQ Retail Service. Total Europe scope, 32 countries.

# Countries where Discounters have a high market share gain further

## Indicating that consumers increasingly buy more at Discounters

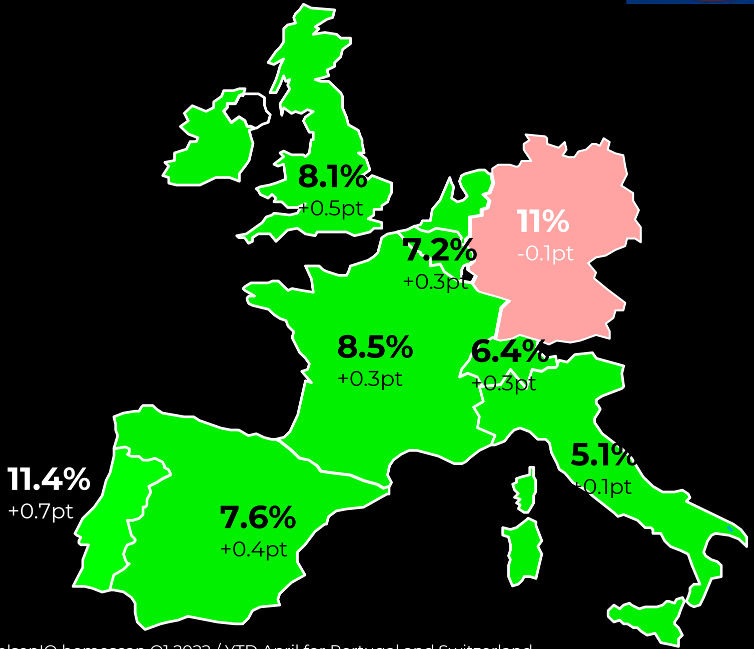
**Value Share of Discounters**

| | Full 2021 | YTD 2022 | % Ch. |
|---|---|---|---|
| Poland | 62.1% | 64.2% | 2.1% |
| Germany | 36.7% | 36.9% | 0.2% |
| Austria | 22.0% | 22.1% | 0.2% |
| Italy | 19.8% | 20.4% | 0.6% |
| The Netherlands | 14.8% | 14.6% | -0.2% |
| Greece | 13.5% | 13.1% | -0.5% |
| Great Britain | 13.2% | 12.9% | -0.2% |
| Denmark | 8.1% | 8.3% | 0.2% |
| Spain | 6.4% | 6.8% | 0.4% |

Source: NielsenIQ Retail Service. Value share of Discounters vs. largest market scope per country. Full 2021 and YTD April 2022

# As example, Lidl gains market share in most West European markets

**Lidl Market Share in 2022**
FMCG YTD April 2022

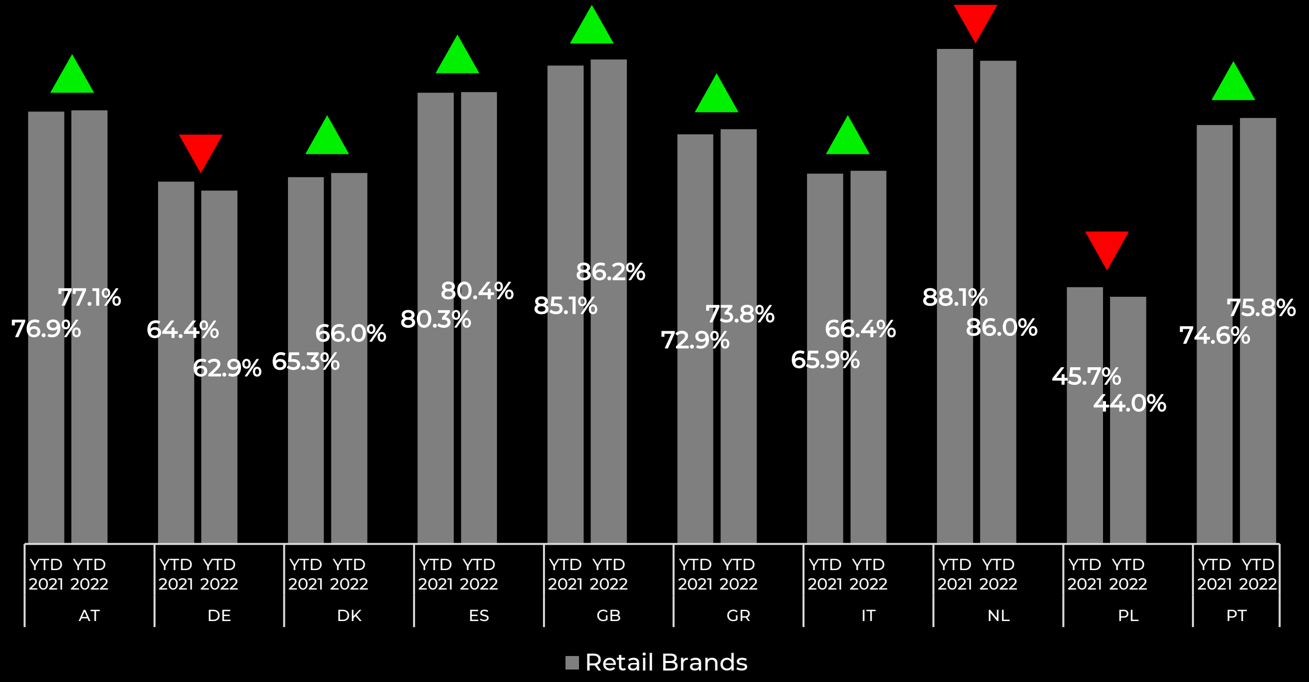



Source: NielsenIQ homescan Q1 2022 / YTD April for Portugal and Switzerland

# YTD, consumers prefer Retail Brands at Discounters

## With value share gains for 7 out of 10 markets

Value share Retail Brands at Discounters




# The structural growth in number of stores helps %MS gains

### Retailer Lidl to open 15 stores in Latvia on October 7

Share

Photo: Leonhard Foeger/REUTERS

october 3, 2021, 17:56 | Business | Authors: eng.lsm.lv (Latvian Public Broadcasting)

**The leading European retailer Lidl announced October 3 the launch of its operations in Latvia will take place on Thursday, October 7, 2021, with simultaneous openings of 15 stores across the country.**

### Lidl announces Belgian expansion plans

Wednesday, 19 February 2020

© Belga

### Aldi France Achieves 'Milestone' In Terms Of Leader Price Integration

November 25, 2021 8:36 AM

Share this article

Aldi France has announced the integration of the 500th former Leader Price store into its portfolio, one year on from its acquisition of the former Casino Group-owned chain.

### LIDL GB HITS 860 STORE MILESTONE AND REMAINS ON TRACK TO REACH 1,000 BY END OF 2023

24.06.2021 12:00:00 | London, UK

Press contact

Corporate press office
pressoffice@lidl.co.uk
020 453 00679

Categories

Expansion Corporate

NEWS | October 15, 2021

### Aldi confirms plans to open 100 UK stores in next two years

The retailer will invest £1.3bn ($1.7bn) by 2023 to advance the development of its UK retail estate.

Retail

### Lidl To Invest €1.5 Billion In Spain Over the Next Four Years

September 24, 2021 8:19 AM

Share this article

Discounter Lidl has announced plans to invest €1.5 billion in its Spanish operations between 2021 and 2024.

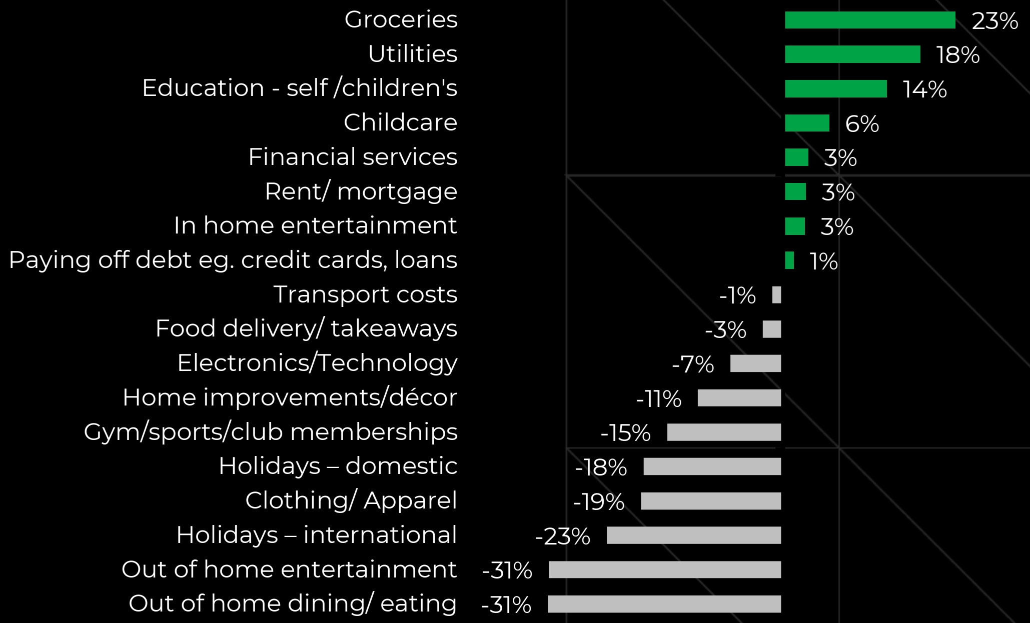
# @Home consumption remains also the winner for 2022

Consumers signal a continued shift away from "out of home"

## Spending intentions for next 12 months

net change in spending

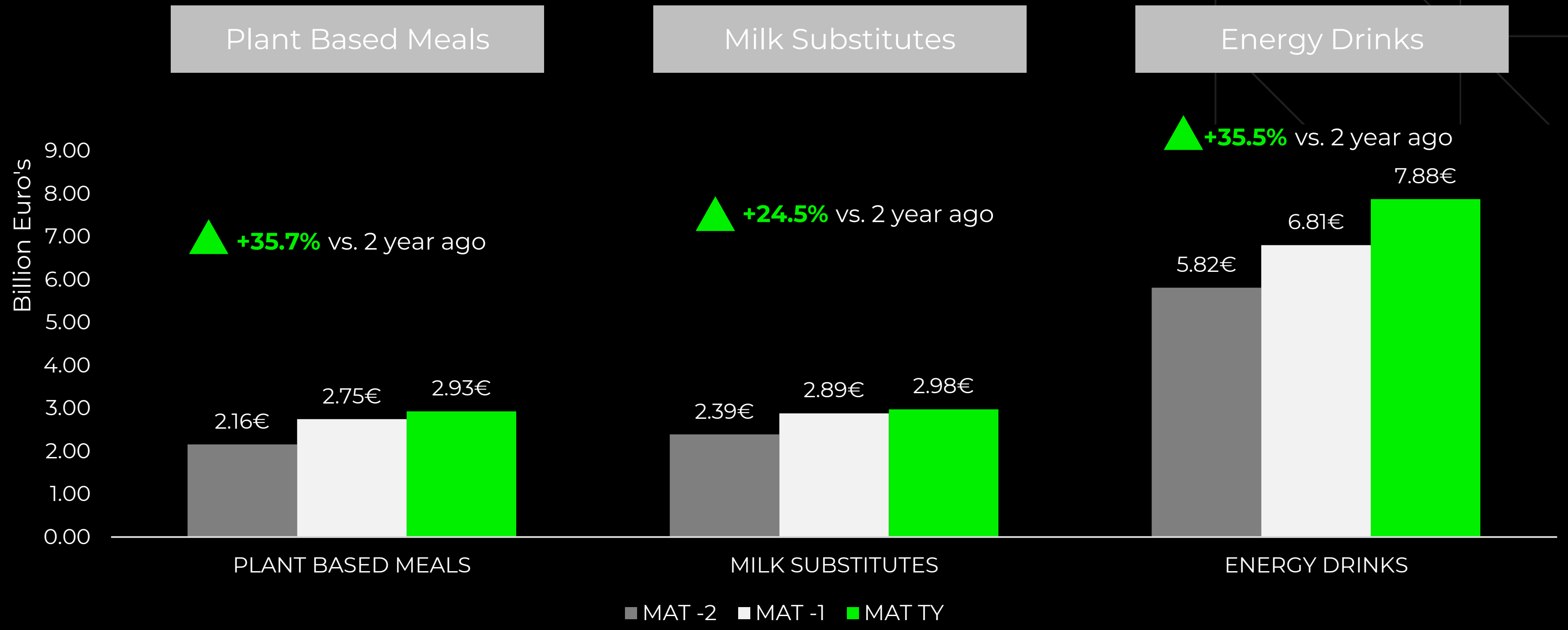
**As consumers start 2022, it's clear that the mindset is focused on basics and home centric lifestyles.**




Source: NielsenIQ 2022 Consumer Outlook Survey, Dec 2021
Change in spending calculated by subtracting % of respondents who are spending less from % of respondents who are spending more

# With home centric lifestyles, take advantage of booming categories

Alternative sources to protein and functional foods provide great opportunities

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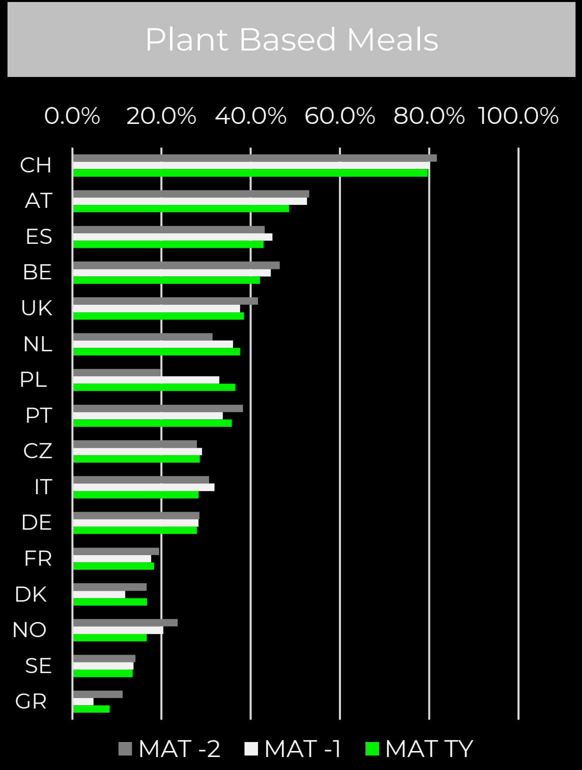
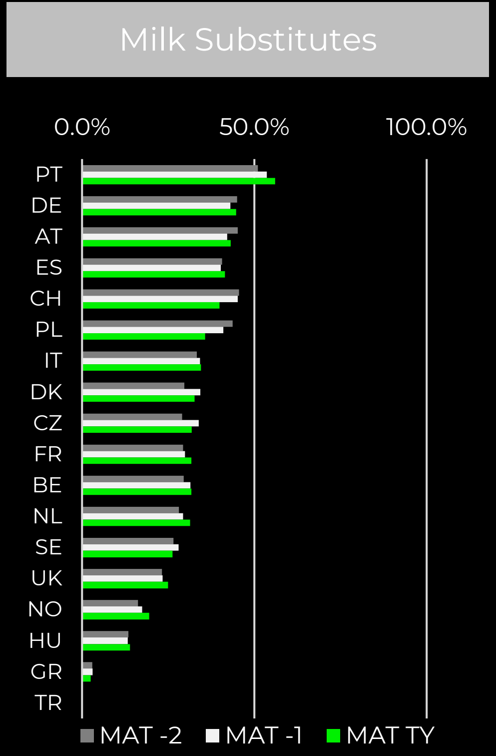
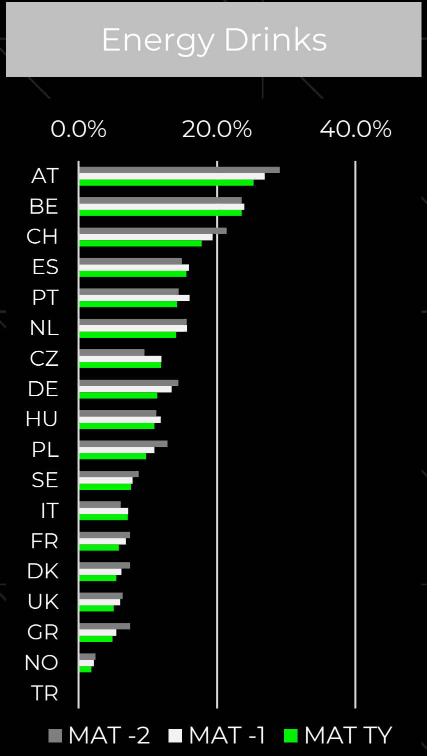
Source: NielsenIQ Retail Service

# The Private Label share in these categories could grow further

## And have sometimes declined while the category grew




Source: NielsenIQ Retail Service. 3 MATs April 2022, 2021, 2020. 18 European Markets with largest country scope available

# Majority leverage different strategies to manage spend

Only 6% do not try to manage spend

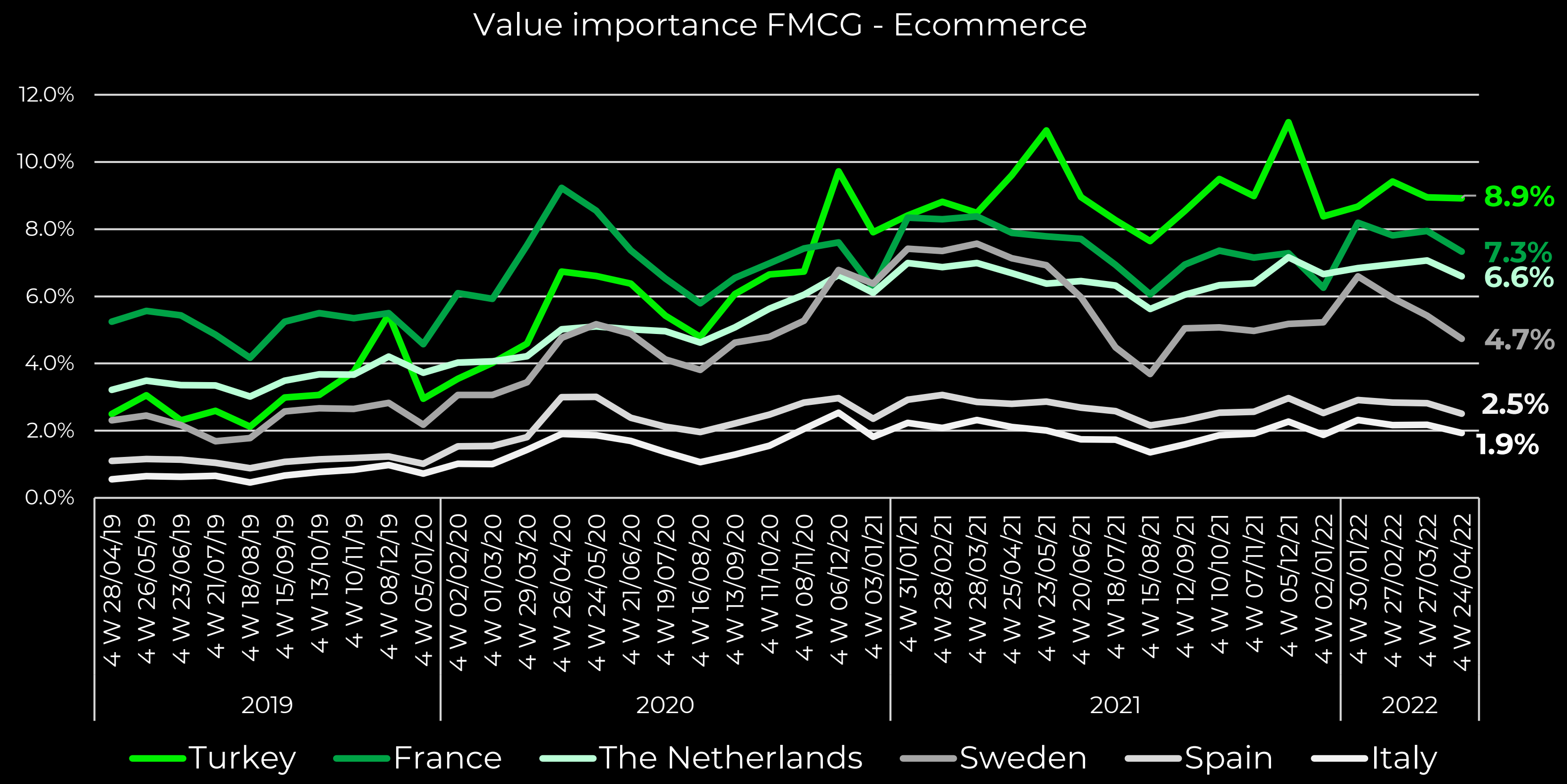
## Managing spend

What are you doing, if anything, to manage your household grocery expenses?


Source: NielsenIQ 2022 Consumer Outlook Survey, Dec 2021
Q. What are you doing, if anything, to manage your household grocery expenses?

# Stay relevant as online growth accelerates

## To ensure that consumers also find online a Private Label option

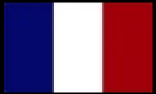



Source: NielsenIQ Retail Service. Ecommerce sales by country, Turkey (only pure ecom players), France (Only E-com drive).

# In France, stocking categories are popular to buy online

## While in Turkey, pet food and consumer care are popular to buy online

### TOP 3 E-Com Market Share in value – MAT P4 2022



9.8%

9.2%

8.5%

29.8%

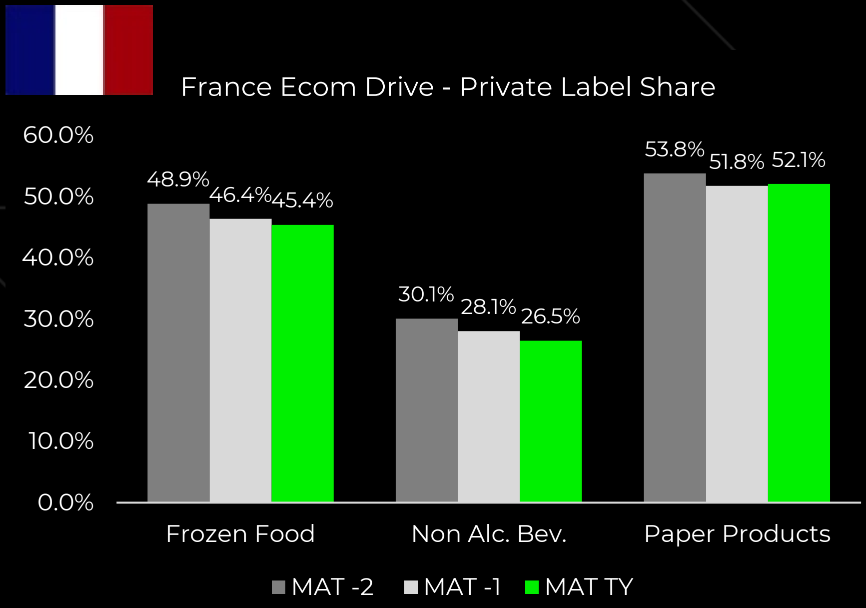
23.2%

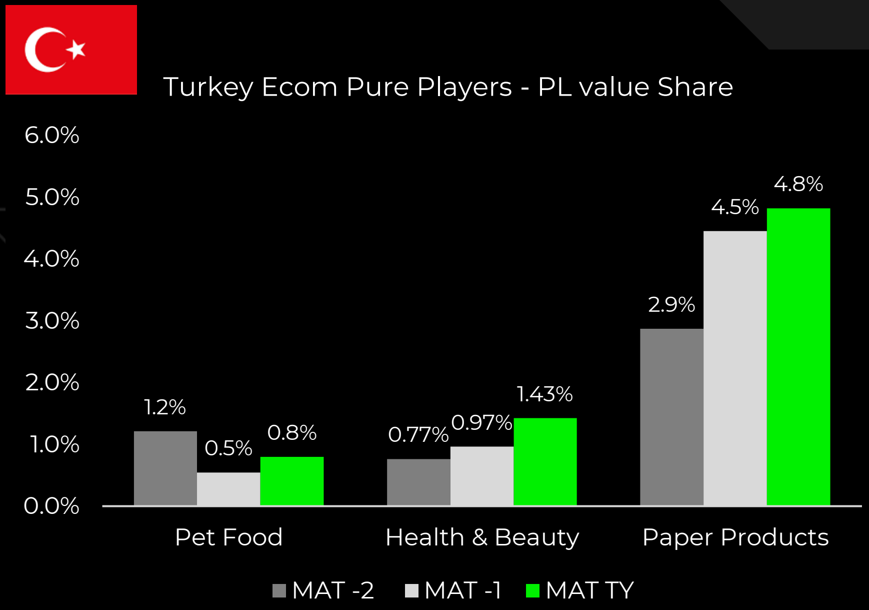
21.2%

Moving Annual Total P4 2022.
France Ecom Drive. Turkey Pure online players.
Source: NielsenIQ Retail Service.

# In France, PL lost relevance online in the most important categories

## In Turkey, there is opportunity for PL growth in the most popular online categories

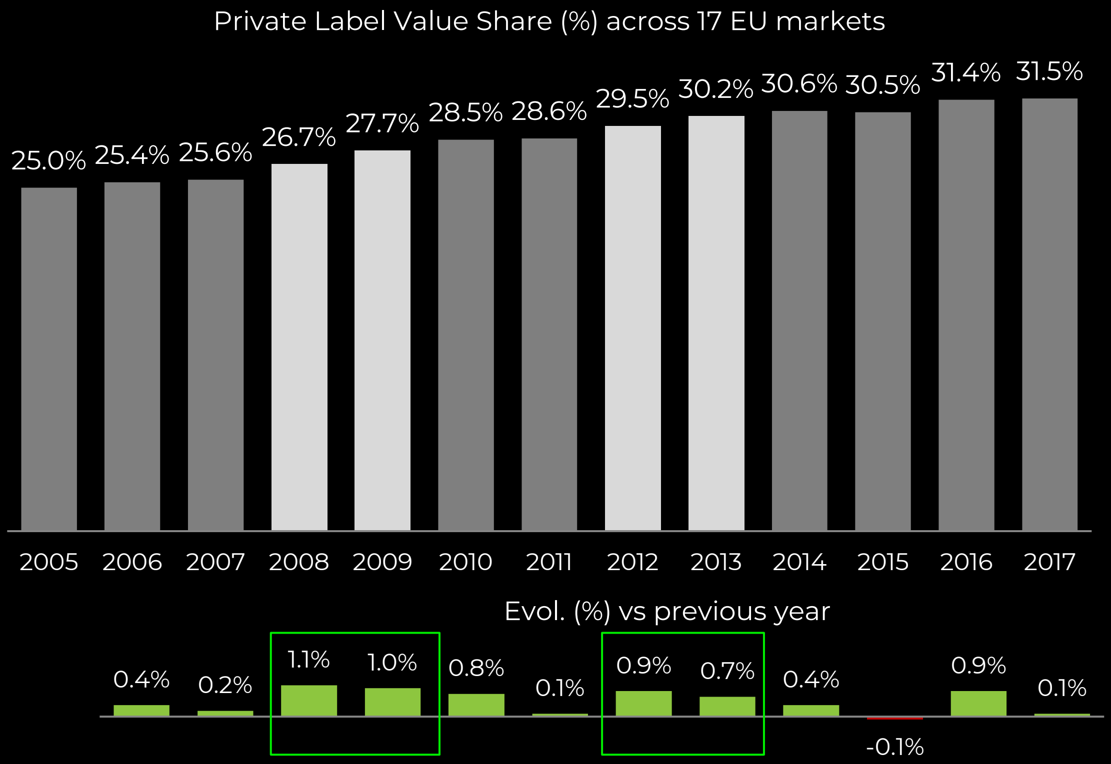



Source: NielsenIQ Retail Service. Ecommerce sales by country, Turkey (only pure ecom players), France (Only E-com drive).

# Economic crises are a platform for Private Label growth

And this will also be the case for the coming years




> ***A 1% increase in Private Label share is likely to happen in 2022***

*17 European Markets included: Austria, Belgium, Czech Rep, Denmark, Finland, France, Germany, Hungary, Italy, Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, UK*

# Thank you.

**Sebastiaan Buchholtz**

Senior Analytical Consultant
Belgium