

PRIVATE LABELS ARE DRIVING THE SUSTAINABLE RECOVERY IN ITALY AND IN EUROPE – DISTRIBUTORS AND PRODUCERS IN ACTION

The 17th edition of the MarcabyBolognaFiere Report highlights the performance and trends of Private Label products; sustainability is the key to success also for dialogue with grocery retail in Europe

Bologna, 25 March 2021 - MARCA DIGITAL SESSION, the digital meeting platform for companies and buyers and to support the in-person edition of MarcabyBolognaFiere, on March 24 held a conference examining the performance of Private Label products. The event focussed on sustainability in the Italian market *Dall'emergenza al rilancio sostenibile: il contributo della Marca del Distributore* (From the emergency to the sustainable recovery: the role of Private Labels), organized by ADM in collaboration with The European House – Ambrosetti.

Today's event, *La Marca del Distributore guida il rilancio sostenibile in Italia e in Europa – I distributori e i produttori in azione* (Private Labels driving the sustainable recovery in Italy and Europe – Distributors and producers in action), was attended via stream by the media and operators. The event opened with an introductory greeting from BolognaFiere's General Manager **Antonio Bruzzone** and President of ADM **Marco Pedroni** and went on to present the **17th MarcabyBolognaFiere Report**, curated by **Gianmaria Marzoli** - *Retail Solutions Vice President at IRI*. For reasons of methodological coherence, also this year the report focused on the theme of sustainability, an issue of growing importance for producers and consumers that is perceived as a factor of both success and responsibility concerning the offer of Private Label products. It is a process that concerns the entire production and distribution chain, as has been highlighted by Grocery Retail's growing commitment to sharing sustainability choices with customers.

The second part of the convention examined the theme of Sustainability in Private Labels at international level.

The presentation by Professor **Gianmaria Marzoli** illustrated the performance of Private Labels in Italy during a year of transformation, which 2020 certainly was. The Report illustrated the main events that occurred on the market during 2020, focussing on Private Labels and explaining the main drivers of growth. The study concluded with a detailed examination of the relationship between Private Labels and sustainability.

In 2020 the results for Packaged Mass Consumption goods were strongly influenced by the pandemic. The restrictions on movements and the widespread closures across the national territory encouraged consumers to purchase from shops located nearby as well as increasing the growth of online channels.

In this context, **sales of Private Label products achieved sales of 11.8 billion euros with a positive trend of +9.6% compared with the previous 12 months.**

The market share was consolidated at 20%, meaning therefore, that now one in five traditional Grocery Retail purchases is a Private Label product (+0.6 compared with 2019).

In 2020 the growth was sustained by the increase in sales volumes and was driven mainly by food products, in particular fresh foods and groceries.

Moreover, the MarcabyBolognaFiere Report highlighted how the events of 2020 substantially changed the competitive positioning of Private Label products in individual categories and how growth was strongly related to their leadership role. **In 143 categories Private Labels are the leaders, in 294 (around 2/3 of the categories of mass packaged consumer goods) Private Labels are ranked in the top three.**

The conclusive part of the MarcabyBolognaFiere Report was focused on Sustainability, analysing, as already occurred in 2019, the competitive positioning in Italy of Private Label products and their role concerning this issue.

The analysis, carried out through attributes and characteristics of products surveyed for each single EAN, was not limited solely to the environmental impact of sustainability but was articulated based on **3 Macro Dimensions: Sustainability for the Community, Sustainability for the Person and Sustainability for the Environment.**

Also in this area Private Label products registered an excellent performance, with revenues of 4.2 billion euros, up by 11.6%, generated by more than 15 thousand products active in the last two years.

It emerged that consumers prefer Private Labels when it comes to purchasing sustainable products, with relevant growth concerning both sales and market share. **Two main keys to the success of Private Labels have been identified: the growing range**, in a context of a general contraction of the variety on offer on the shelves – **and a pricing positioning capable of ensuring the greatest cost-effectiveness in all of the various declinations of sustainable products.**

“Private Labels in Italy have contributed to the growth of Grocery Retail also in a year of substantial discontinuity like 2020,” affirms Gianmaria Marzoli, Retail Solutions Vice President at IRI. *“This trend for growth during recent years has been consolidated and accelerated thanks to the capacity of commercial businesses to adapt their offer to meet new needs that are emerging and that the pandemic has highlighted. The challenge for the coming years is to be ready for just this: continuing in the development of an accessible, cost-effective offer that can meet consumers’ needs.”*

The second part of the convention examined the issue of Sustainability in the context of Private Labels at international level, with a presentation by **Koen de Jong**, Managing Partner of IPLC, of the main results of the **research conducted by IPLC at more than 50 European retailers from 10 different countries:** Italy, the Netherlands, Germany, Sweden and Denmark, Great Britain, Ireland, Portugal, Spain and France. The study analysed how retailers communicate sustainability strategies and goals, both on their own media – web, reports, social media – and at sales points, with the goal of understanding which types of actions were launched in Europe, identifying also their targets and deadlines.

As **Paolo Palomba**, Managing Partner di IPLC Italia and chair of the convention, emphasised, *“Since 2020, almost 900 sustainable initiatives by Private Labels on our continent have been identified that make sustainability and the role of Private Labels in this area a high profile feature not only concerning reputation but also the competitiveness of retail companies. It emerged that European retailers are aware that Private Labels today offer a priority criteria for consumer choices in their own trusted supermarkets. A trend that confirms what has been occurring in Italy.”*

Koen de Jong’s presentation also revealed the key elements that are useful for suppliers to understand how to support retailers in achieving their sustainability goals: technological innovation, transparency and partnerships for a sustainable value chain. Among the main areas of intervention detected most frequently in the analysis of behaviours of European retail groups, were the commitment to **reducing plastic on the**

shelves (22%), reducing food waste (19%), reducing the use of additives in foods (19%), green packaging (14%), protecting the forests (14%) and sustainable fishing (12%). The drivers of change were identified in some structural modifications in the dynamics of consumption, first of all, the increase in the number of meals eaten at home, and are summarized in four priority elements that have characterized the choices of European retailers: **transparency with the consumer, reduction of waste, local suppliers, healthy lifestyles.**

This presentation of the European scenario was then illustrated with a series of case studies and interviews, during speeches by: **Malen Teller Blume** (Quality and Social Compliance Manager COOP Denmark), **Richard Harrow** (WRAP/Courtauld 2025 Steering Group Member), **Paul Stainton** (Partner IPLC UK, former Aldi UK Group Buying Director). Examining these two markets, it was clear to see that consumers' requirements define the DNA of Private Labels. **Coop Denmark** is, in fact, a retailer historically committed to issues of sustainability that are part of the values of the company and cooperatives, in an area where consumers are highly sensitive to such issues. In **Great Britain**, an international reference country for the consumer and retail marketing, various tangible examples of the retailers' sustainability credentials emerged, led in some cases by the innovative model created by **Wrap**, an international non-profit that supports and coordinates shared actions across the value chain in order to boost sustainability, with target measures and clear and shared roadmaps. From the drastic reduction of plastic to the introduction of refills, from the opportunity for plant-based products to sustainable packaging also for seasonal produce, with numerous actions that place sustainability as a top priority in the recovery of the entire Private Label sector. And all of this should be viewed within a new competitive landscape: the **grocery e-commerce channel** has now exceeded the level of 15% of all Grocery Retail sales, there is renewed competition when it comes to price, and on top of the current crisis, there is also the matter of Brexit.

The presentations can be downloaded from the website <https://www.marca.bolognafiere.it>

MarcabyBolognaFiere is an event organized by BolognaFiere, in collaboration with ADM, the Italian Association for the Grocery Retail sector.

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