

MARCA TRAINING PROGRAMME 2018: Private Labels are carving out an ever greater space focusing on innovation, safety and sustainability

**Anticipating the market trends through discussions with experts,
retail groups and manufacturers at the Marca Training Programme
ahead of MarcabyBolognaFiere 2019**

Within a scenario of zero growth in the consumption of food and non-food products in Italy, private labels have actually been the subject of a positive trend with an increase in sales of 2% and a market share that has increased by 0.5 points compared with the previous year, reaching a five-year high.

Consumers' growing interest in Private Label products can be attributed to numerous factors. Those worth emphasising are, in particular, the reliability linked to their traceability and their significant propensity for innovation, in addition to a greater attention to the environment.

These are just some of the observations on the evolution of consumption in grocery retail presented on 25 October as part of the **Marca Training Programme** held at the Bologna Exhibition Centre and due to be developed in greater detail in the MARCA REPORT compiled by Nomisma and IRI and including some direct discussions between experts, analysts, retailers and co-packers, scheduled to be presented on 17 January 2019.

The workshop was an important opportunity for discussions in the run up to the coming edition of MARCAbyBolognaFiere, the International Private Label Conference and Exhibition, organised by BolognaFiere in collaboration with ADM, the Italian Association for Mass Market Retailers. The 15th edition of the event is set to be held at the Bologna Exhibition Centre on 16 and 17 January 2019.

The indications provided by researchers, Silvia Zucconi, Head of Marketing Intelligence at Nomisma, who illustrated the new trends and drivers of consumer choices, and Gianmaria Marzoli, Commercial Director Retail of IRI, who outlined the evolution of the distribution scenario and trends in Private Labels, emphasised a mature, cutting-edge grocery retail sector that is aware of its role and the potential for growth in a market in which space can be acquired by focusing on innovations and quality. The leverage from lower prices in the comparison between retail groups and suppliers has now been superseded by what Nomisma defines as the "five keystones" on which today consumers base their choices. Silvia Zucconi explained that these consist of an attention to waste (with reference to various aspects, from environmental impact, to form, to the number of purchases), the quality of the product, wellbeing (intended as the healthiness of the product and attention to benefits of its ingredients on health), safety assurances (traceability, belonging to a controlled supply chain) and, finally, respect for the environment (production methods, eco-compatibility and packaging). In marketing terms these create what's called a funnel that leads to the purchasing choices, in which the purchaser is well-informed, with communication via internet that has now reached a level of diffusion comparable to that of television and with a growing tendency among the public to seek information about the product, such as its composition and the traceability of the supply chain, on its label. These indications are having a growing response in sales data in grocery retail relating to Private Labels that have seen significant growth in organic products, and those concerning wellbeing as well as functional products.

48% of consumers obtain their information from social media, this figure is a net increase. It is

important to communicate information about products on Facebook, YouTube and Instagram; habitual users of the web claim, in fact, to search for information about products on these channels at least once a week. But the digital channel is also important for purchasing, “e-commerce is also a determining factor for understanding the changes taking place.” The Nomisma data shows that in 2014 online purchases amounted to 14.6 billion euros. Today the figure has more than doubled, reaching 30.5 billion, and this does not only concern products but also services, with 40% of Italians having made an online purchase in the last 12 months.

The value of the average shopping basket continues to grow, corresponding to a progressive fall in volume (IRI estimates for 2019 indicate growth of around 1% for the market, due mainly to the increase in prices), price promotions are becoming ever less effective, and among the compartments experiencing the most growth in the packaged food sector are fresh products. “In this context, Private Labels have gained in excess of a 19% market share, a five-year high with growth of half a point on the previous year. In the first 8 months, sales increased by 130 million euro with a growth that is similar to that of the online channel, with an increase in value greater than the increase in volume, the result not so much of inflation but the increase in value of the shopping basket, and of trading up, with greater profit for business,” claimed Gianmaria Marzoli. This tendency, observed in the long term, compared with markets that are not growing, indicates the progress of Private Labels compared with the share for big companies.

Moving on from the scenarios drawn up by experts to the case histories presented to the public by retailers and suppliers, the second part of the workshop offered a cross section of the discussions that MARCAbyBolognaFiere will be proposing in January, bringing together the top management of industrial groups with the leading retailers involved in grocery retail. The appointment with the Marca Training Programme concluded with a presentation of the experiences of Carrefour (“Private Labels as ambassadors for sustainability in the agricultural food production chain” with Giovanni Panzeri, Head of Private Labels); Conad (“The evolution of Private Labels in light of the new consumption scenarios” with Alessandra Corsi, Head of Marketing); Coop (“Safety, values, frauds”, with Antonella Donato, Head of Quality Grocery Retail) and Corepla (“The importance of plastic packaging and its end of life”, with Antonio Protopapa).

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