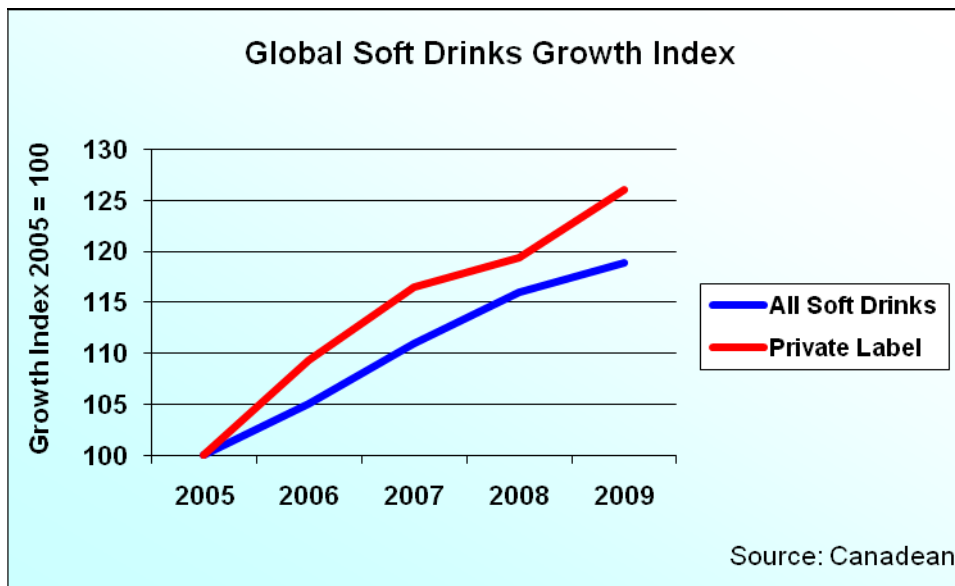


NEWS from Canadean

Recession Boosts Private Label

According to a new report from leading beverage research agency Canadean, the global economic downturn is providing the perfect conditions for private label products to flourish. Private label products in the total soft drinks sector now account for over 1 in every 10 litres traded in the global marketplace; if you discount the on-premise sector, where private label use is marginal, then private label's share of the market rises yet further. The rise of private label is proving to be a considerable threat to branded soft drinks.

The dramatic financial turbulence of recent times has undoubtedly provided a major opportunity for private label. Apart from the obvious factor that consumers are more inclined to seek out the value that private label products represent in a downturn, there has been another factor that has boosted the private label segment; the shift from on- to off-premise sales. In many markets the footfall in bars and restaurants has fallen back sharply but consumers are compensating for this by drinking more at home and buying soft drinks in the off-premise, where the bulk of private label products are found.



In Europe the recession has also provided the ideal environment for the 'discount retailers' to expand rapidly and they have invested heavily in widening their net across Europe. Feedback from across the region points to the success of these outlets and there is now even a 'hard discounter' in the Canary Islands. Although some discounters do stock branded products, many choose to exclusively stock their own low cost 'pseudo' brands and inevitably as their sales prosper, so too does the private label segment.

As the modern retail channel develops, B brand operators in particular are vulnerable to the expansion of private label ranges; both compete against A brands on price. A brands are also losing out, as the quality of private label offerings improves and private label products take up a wider range of price positioning to now incorporate value, discount, mainstream and premium price positions. There is also a trend for other on-premise or convenience retailers to adopt their own private label. Fast Food chains, sandwich stores and even garage forecourt chains are now increasingly doing so.

How vulnerable a soft drinks category is to private label alternatives hinges on a number of factors, which have resulted in varying levels of private label penetration across the soft drinks spectrum. Juice in particular has proved more susceptible than other categories because it is a relatively mature category; with ambient juices in particular difficult to differentiate in terms of taste and there is also a retail bias to purchase. Consequently private label products make up nearly a quarter of all juice volumes.

The importance for branded players to develop defensive strategies cannot be understated. Differentiating from private label rivals and justifying the price gap based on their equity is the key to any successful defensive strategy. Private label products will continue to make headway but brands can be reassured that private label will always struggle to compete with brand heritage and ultimately consumers want retailers to provide them with the choice that brands provide.

Canadean's new report "**Private Label Trends in the Global Soft Drinks Market**" is available now - for further details please contact Debra Richards on tel: +44 (0) 1256 394227, email: soft@canadean.com or visit our website www.canadean.com.

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Editor's Note:

Canadean is the beverage industry information specialist, providing market research, reports, databases and consulting on the global beverage and beverage packaging industries.

With headquarters in the UK and regional offices around the world, Canadean has built a reputation as the benchmark for global beverage market intelligence. Local operations are now based in Madrid, Buenos Aires, Mexico City, Hong Kong, Beijing, Shanghai and Sydney.

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Issued by the Corporate Marketing Department of Canadean Ltd, the leading global beverage research company.

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