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News Release

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PRIVATE LABEL SPENDING CONTINUES TO CLIMB

February 28, 2011, Sydney: Household spending on private label brands continues its upward trend, with the majority of Australian major grocery retailers recording an increase in value share for the Quarter to 25/12/2010.

Nielsen Homescan data reveals that all Australian households purchase private label products and their popularity is increasingly reflected in the average amount spent on these goods. For the latest Quarter, household spend continues to push past the \$200 price mark, with the average spend per buyer reaching just under \$210 – up \$9.06 compared to Quarter last year.

Across the demographic life stage groups, spend on private label has either been maintained or has increased Quarter on Quarter. Most notably, Small-scale Families (Households with oldest child 6-11 years), has seen a substantial increase in its share of the private label pie in the latest Quarter compared to last year. Young Transitionals (Adult households [no children <=17] and Head of household <35), however, has seen a decline of 2.3 percentage points compared to Quarter 3, 2010, most likely a reflection of shopping behaviour in the lead up to Christmas. Overall, however, this group has witnessed a large increase in share compared to the same period in 2009.

The perception of private label goods in the public eye has greatly improved in recent years, with the Australian consumer considering them to be a valid alternative to name brands. This is reflected in the latest Nielsen Global Online Consumer Survey results for Quarter 4 (December 2010) where 'consumers switching to cheaper grocery brands' was the second most popular action for reducing household expenditure during the past year ('cutting down on utility expenditure' was the most popular). The survey also indicated that even when the economy recovers, 41 percent of those consumers polled said they would continue their brand switching momentum by choosing the cheaper grocery option.



In November 2010, consumers' pockets were stretched even further by the Reserve Bank's decision to raise the cash rate an extra 25 basis points.

"Whilst official numbers are only starting to filter through we believe it is reasonable to expect an increased level of consumers switching from branded to private label brands, largely due to the price activity occurring on staples such as milk, cream and butter. We are, however, unlikely to see significant increases in volume as a result of the current shelf price reduction campaigns – given the nature of the products reduced in price, consumers are not likely to consume more," commented Kosta Conomos, executive director for retailer services, Nielsen Consumer Group.

About The Nielsen Company

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