Consumption patterns and the impact of inflation: in 2022 Italians' shipping trolleys contained an ever-greater number of private label products

In 2022, in an increasingly complex environment featuring high levels of inflation and cuts in promotional pressure, private labels grew.
Consumer preferences rewarded Private Label products, with the Fresh and Pet Care products performing particularly well.
Data from the 19th Marca by BolognaFiere Report presented by IRi at the fair's opening conference.

Bologna, January 18, 2023 - While in 2022 Italians shoppers faced up to high inflation and cuts in promotional pressure from grocery retail chains, **within this segment private labels increased their share**, confirming their position as the **preferred alternative for consumers** in this period of economic crisis when, first the pandemic, then the war and, finally, the wave of inflation have turned the world upside down.

A snapshot of the decisive role of Private Labels in 2022 features in the **19th Marca by BolognaFiere Report** compiled by **IRi-Information Resources**, which will be detailed on Wednesday, January 18 at BolognaFiere during the 19th edition of the event. **Marca by BolognaFiere**, organized in collaboration with ADM and with the support of the Emilia-Romagna Regional administration and the Bologna Chamber of Commerce, is the only trade fair in Italy dedicated to private labels, an important showcase for Italian excellence in Private Label food and non-food products, but also a meeting place where data and trends from the sector can be illustrated and discussed.

The main finding of the Report, taking all sale channels into consideration, is that after a 2021 that saw a contraction in the private label sector, **2022 concluded with a plus sign and an overall turnover of €13.1 billion, up +12% and with a share of 20.9%, up +1.2 points from the previous year.**

The year 2022 seems to have reversed all the trends observed previously, starting with inflation, which while in 2021 was declining (-0.7%), in the year just ended, hit +7.9% with a substantial acceleration in the final months of the year. December 2022 concluded with double-digit inflation for packaged mass consumer goods (+14.1%).

Staying on the topic of reversing trends, this decisive price run led to two additional impacts: the reversal of trends relating to promotions and volumes.
After a timid rise in promotional pressure observed in 2021, 2022 closed with promotions accounting for 22.5 % of sales, down 2.3 points from the previous year and as much as 3.9 points from the pre-pandemic period.
Finally, volumes, which, after basically following the positive trends in value over the past 3 years, moved into negative territory in 2022, experiencing a -0.3% contraction.

Within this difficult context, **Private Labels continue to grow** in "real" terms, **registering growth in volume of +2.9%** despite the impact of inflation. This growth appears to be transversal across the Hypermarket, Supermarket, Drug Store and Discount supermarket channels.

Looking at the Private Label trade categories, the **competitive positioning has improved in all product segments** and **in particular in the Fresh and Pet Care sectors** where, in addition to high growth in value, there has also been substantial growth in volume (Fresh Products +5.7% and Pet Care +5.9%)

Growth in Private Labels increased in line with **growth in the product offer**, reaching an assortment share of 15.5%, up 0.5 points.
Product assortments that, despite the inflationary environment, performed well in 2022 in the specialty and high value-added lines: **Premium** lines recorded growth of +8.9% in value and +2.3% in volume, while **Functional** lines grew +14.2% in value and +6.6% in volume. The development of **Organic** lines is slowing down, which, in spite of seeing growth in value of +3.9%, in volume terms is the only segment to see a minus sign (-1.6%).
The **Mainstream** segment, the most important for Private Labels with 76% of total sales, **leads the growth**: 9.8 of the 12 point increase in Private Labels deriving, in fact, from the contribution of these products.

As has been seen in the market, Private Labels have also experienced a surge in sale prices: on average in 2022, inflation for Private Label products was 9.2 %, compared with Branded products' 9.8 %.

Cost-effectiveness is the primary driver of the growth of Private Label products. In spite of the high rate of inflation, the positioning based on cost-effectiveness, combined with the quality of the products has facilitated the growth in volumes.
Also the introduction of new products continues to generate growth, as do both the segmentation of product offers and the constant broadening of Private Label assortments and, consequently, shelf share.

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