WABEL

AS WE LOOK AHEAD TO THE FIRST TWO WABEL SUMMITS OF 2016, WE EXAMINE WHY INNOVATION AND PREMIUMISATION ARE SET TO BE AMONG THE TOP TRENDS IN THE PRIVATE-LABEL MARKET FOR 2016.

WABEL is a European marketplace designed to facilitate exchanges between retailers and PL suppliers.

As the price war between retailers and discounters intensifies across Europe, private label (PL) is still considered a means of spearheading growth.

While PL penetration and growth levels vary according to country and product category, the coming year will see innovation, premiumisation and the use of natural and organic ingredients emerge as key trends. With greater access to information, consumers are more concerned about the quality of the goods they are buying, and PL suppliers will need to step it up.

Emerging Trends

Dramatic changes in consumer lifestyles, eating patterns and demographics are creating new rules for marketing and packaging, leading to the development of new food-product purchases.

As shown at the last edition of the Anuga trade fair, which took place in Cologne from 10 to 14 October 2015, trends like health and functional food, gourmet products, Fairtrade products, specialised diet products (vegetarian, vegan, halal, etc.) and organic food choices are among the top priorities for consumers. Likewise, retailers are more concerned about market trends, and they are increasingly seeking innovative products to meet consumers' needs. For instance, 40 per cent of global food and drinks in the first semester of 2015 were positioned on a health platform, according to Innova Market Insights.

Faster and smarter access to information and the growth in demand for healthy product formulations are two of the main drivers for the free-from market, which is currently quite dynamic in Europe. As pointed out by Mintel during the WABEL Grocery Summit, health perceptions are leading to the expansion of the gluten-free category, too. Factors like variety, naturalness and weight-control benefits appeal to consumers when shopping the category, more so than personal allergies or food intolerances. Bearing this in mind, 2015 has seen European manufacturers emphasise their gluten-free snack innovations.

The free-from segment has doubled over the last five years, with an increase in self-diagnosed cases of lactose intolerance in the US and Europe driving sales up to approximately $900 million. A greater focus on marketing, coupled with new product formulations, is helping to boost this category.

Meeting Place Buyers and suppliers can avail of one-to-one meetings

Snack Time

'Snackification' is also a trend worth considering by both manufacturers and retailers. At the same time that hypermarkets are losing shoppers to convenience stores, consumers themselves are demanding more convenient snacking options, especially healthy and natural products.

According to Kim Holman, director of marketing at Wixon, "People used to think a snack was chips, cookies or crackers. Now snacks are beverages, mini-meals, or three items on a tray."

When it comes to beverages and yoghurts, the new approach relies heavily on natural ingredients, exotic recipes and easy-to-carry options. The ready-meal category is also in growth, expecting to reach more than €40 billion by 2016. In general, the chilled market will reach €12.7 billion, representing an increase of 3.7 per cent.

In a nutshell, the main trends push towards premiumisation, emphasise healthy and natural ingredients, and focus on provenance, but also highlight regional products and exotic recipes. Private brands can definitely play a big role in this category in the years to come.

Antoine Bonnel, Co-founder and MD of WABEL

Keeping Cool

Some of the most dynamic segments in PL food can be found in the chiller and freezer aisles. According to IRI, the chilled & fresh food and frozen categories have the highest share of PL value sales, accounting for 31 per cent and 30.6 per cent, respectively. Regarding pricing, PL products in these categories also appear closer to national brands than other sectors.

The frozen-food market is now strongly attached to values such as environmental sustainability and free-from choices. This means that consumers are interested not only in healthy food, but also in reliable and environmentally friendly options.

According to Euromonitor, features that convey value in seafood are, for instance, ethical labels, traceability, convenient packaging, and nutritional factors, like protein intake and omega supplements.

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> **Kim Holman,**
> **Director of Marketing at Wixon**

Customer Focus

As stressed by IRI in a recent report comparing PL and national brands, the former has the opportunity to develop 'innovation that addresses key consumer trends and white-space opportunities'.

Accounting for up to $120 billion in annual sales in the US, PL plays a key role for the industry, giving retailers the opportunity to differentiate themselves in a highly competitive marketplace and offering consumers more options to meet their needs.

Effective Sourcing

Regardless of the sales platform chosen by traditional retailers, they will always need to tap into consumer trends. With the development of online retailing, Nielsen anticipates that customers will become more price sensitive and demanding when it comes to the diversity of the offer. Thus, as national brands are often engaged in price wars and offers/promotions, it is even more essential for retailers to have an effective sourcing tool for their PL ranges, and one that enables them to raise productivity.

According to Euromonitor, for the majority of countries, PL is still increasing, accounting for up to 20 per cent in value share in countries like Switzerland, Spain, the UK, Portugal, Italy and Greece. When it comes to packaged food, commodities are traditionally PL's strong suits, as are processed meat, vegetables and ready meals. Factors like innovation and premium product development still play a crucial role in the PL market, and this is an area in which PL has the opportunity to act as a national brand.

According to global management consulting firm Oliver Wyman, it is unrealistic for buyers to be able to properly select commercial partners, considering the complexity of the topics involved and the amount of time required to accomplish such tasks. On the other hand, it is absolutely crucial to put in place 'win-win' agreements with partners and develop a systematic relationship with them in order to reduce costs.

Private Label trends include natural ingredients and exotic recipes.

WABEL offers the perfect combination of face-to-face meetings and a dedicated social network for the perfect business experience.

WABEL is the first European matketplace designed to facilitate exchanges between retailers and PL suppliers. It is an innovative sourcing solution that enables retail buyers to easily search for, connect with and meet industrial partners for their PL business in the €120-billion European PL market. ■

ADMISSIONS FOR THE UPCOMING WABEL SUMMITS ARE ALREADY OPEN

✱ Frozen Summit
16-18 March 2016

✱ Chilled & Dairy Summit
13-14 April 2016

All WABEL summits take place at the Hilton Hotel at Charles de Gaulle Airport, Paris, France.

Further information available at:
www.wabel.com/event-list or
www.wabel.com.