



Private Label in EMEA:



**CAPTURING OPPORTUNITY
AND PROTECTING YOUR BRAND**



The New World of Private Label

Private label holds tremendous opportunity for retailers, but with that comes inherent risk. Establishing and maintaining a high-level of trust in respect to a retailer's brand promise is critical to the long-term sustainability and growth of their private label assortment. As the supply chain becomes more complex and consumers demand more transparency on the sourcing, components, ethical development and sustainable nature of the products they purchase, retailers are challenged to bring new products to market fast whilst maintaining real-time, accurate information from their supply chains. This report examines the state of the industry in Europe, the Middle East and Africa (EMEA) and intends to **provide retail leaders with tangible takeaways for navigating the risks and rewards** of private label in the modern retail ecosystem.

65%

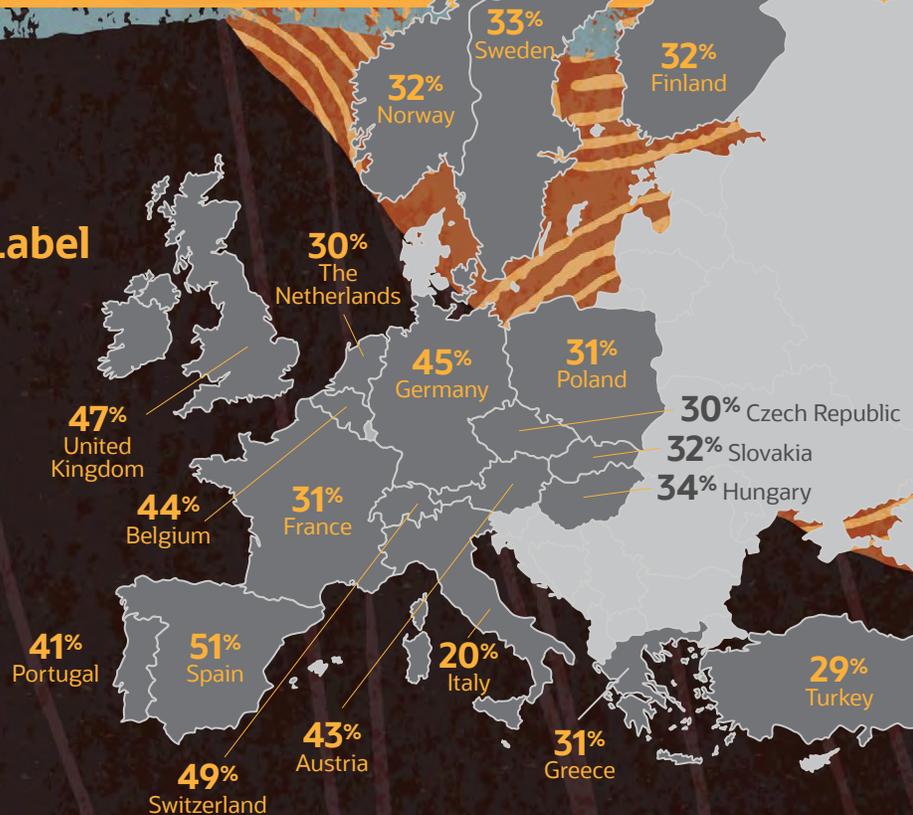
The share of global consumers that find openness about product details—including where materials are sourced—important in grocery, pharmacy and discount retail shopping.

Read More: [*Retail in Four Dimensions: Understanding Consumer Behavior in an Age of Relativity.*](#)

The State of the Industry

Europe's Private Label Share by Volume

PLMA's 2019 International Private Label Yearbook



Private Label Holds Its Dominance

Private label brands have long enjoyed high market share in Europe and EMEA more broadly, and this shows no signs of wavering. In Europe's largest economic power, Germany, private label market share in 2019 remained over [44%](#) for the third consecutive year, and in Spain, Switzerland and the U.K., private label continued to account for more than half of the market. What's more, there are signs of growth across EMEA, as market share grew two percentage points to a new high of almost 29% in Turkey, and similarly hit new highs above 30% in Scandinavian nations. More broadly, estimates slate private label to take half of all European market share by [2025](#). For retailers seeking new ground, the opportunity for private label growth remains, particularly in regions such as [South Africa](#) where access to private label products is comparatively lower.

Across regions, growth in private label translates into dollars for retailers, who can realize [25-30%](#) higher margins on private label goods than from branded products. Beyond that near-term potential gain from increased margins, retailers must also consider the longer-term gains private label can offer them in the form of customer lifetime value, as 40% of global shoppers will typically stick to the brands they like rather than shop around, according to Oracle's [The Loyalty Divide: Retailer and Consumer Perspectives](#) report.

Great (Customer) Expectations

Global consumers' priorities are evolving. Oracle found that [65%](#) of consumers find transparency about product details—including where materials are sourced—important, and in a separate study found knowing that retailers are acting sustainably is a key influence on loyalty for [52%](#) of respondents, with an even higher share (56%) saying this is true for grocery.

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70%

of European consumers (and 77% in France specifically) compare private label and branded product pricing



“During my 30-year career in sustainability, quality assurance and food safety, I’ve had the opportunity to work with both major brand owners (Kraft, Mondelez, Danone, and Ferrero) and retailers (Metro AG and real hypermarket) and the battle in the hearts and minds of consumers has never been more intense. Companies and brands now compete on multiple levels, including quality and product superiority as well as compliance, food safety and now—more and more—sustainability. In the drive for innovation, lines between categories are becoming blurred; success will come to those who are able to maintain a holistic, simple view of processes while delivering safe, new products as quickly as possible. It’s fast. It’s tough. It’s challenging. It’s fun when you have the right technology.”

**– John Carter,
Former Board Member
of the Global Food
Safety Initiative**



Beyond a fad, this has opened the door to growth for private label. French consumers are showing high demand for organic products, with the organic segment growing **22%**. At the same time, **more than 70%** of European consumers (and 77% in France specifically) compare private label and branded product pricing. Against this backdrop, organic has become a differentiator for private label and actually leads the category. Sales of private label organics have outgrown the broader private label segment by 16 percentage points, and organic has bested the overall category in volume at a rate of 15.7% to -1.4%. France holds the world’s highest sustainability score at **76.1**, but other EMEA nations including The Netherlands (75.6) and Finland (74.1) sit in the top five and may offer similar opportunities for private label brands.

Preferences and lifestyle choices are not the only forces swaying demand. Peanut allergies in children in the U.K. increased **5X** from 1995-2016, and **over 170 foods**—including common ingredients like milk, eggs, soy, nuts and wheat—are known allergens, forcing consumers to be more thoughtful in their consumption for their own health and safety.

You’re Only as Good as Your Reputation

Swaying consumers is only half the battle for private label retailers. While private label brands must meet stringent demands to gain shoppers’ loyalty, upholding a strong reputation is key to retaining it. As noted in Oracle’s *The Loyalty Divide* report, **43% of global consumers** are most loyal to brands that they have a high opinion of. This means if consumers find that a brand is lacking in quality or ethics, they are more likely to shift their loyalty to a brand that is more representative of their ideals – whether that’s a name brand or another private label option.

Through voting with their wallets and buying what they believe in, consumers now drive safety and quality expectations far more than the government, trade unions or legislative bodies, and private label brands must keep up.

Private Label in EMEA

Rules of the Road for Brand Management in EMEA



Regulations and Legislative Requirements in The European Union and Beyond

The European Union enforces some of the [world's highest safety standards](#) for food. Defined by the [General Food Law](#), which regulates businesses “from farm to fork” across the supply chain, EU legislation stipulates product standards, safety limits, process and presentation principles and more. Within the broader EMEA region, non-EU member countries such as Iceland, Norway and Switzerland and neighboring trade partners in the Middle East and Africa exporting to the EU also face stringent regulations as outlined in [Annex III to the Regulation \(EC\) No 853/2004](#).

Private label brands must fulfill these requirements and meet all standards in addition to other trade agreements and national, local and state or province-level rules to conduct business. However, being compliant and staying compliant are far from one and the same.

Change Is on the Horizon

As Brexit approaches, U.K. retailers may face new regulations. Following Exit Day, U.K. retailers selling domestically will have a [21-month transition period](#) for labeling changes, and U.K. retailers selling in the EU must be in compliance with EU export laws. Within the EU, more change lies ahead:

- Following Brexit, new laws will go into effect swiftly. As soon as [April 2020](#), new food labeling stipulations will require private labelers to state the country of origin for a product's largest ingredient.
- France's 2019 adoption of the [NutriScore](#) rating system will go into effect on [January 1, 2021](#), requiring all advertising materials spanning broadcast, online and print that are created, promoted or received within French territory to include the five-color health ranking system.
- Private label retailers must also begin acting now in preparation for more distant deadlines. By 2030, all plastic packaging within the EU must be [reusable or recyclable](#). Also in the next decade, the EU Platform on Food Losses and Food Waste aims to [cut the volume of per person food waste](#) in the retail and consumer sectors by half.

“Today's consumers have unprecedented access to information, and often, the determination to dig deep and investigate to confirm the facts themselves. While that's good news for shoppers, it only increases the challenge for brands. If an existing claim is challenged, or as new demands surface, brands must respond quickly to avoid being overlooked or worse, singled out for noncompliance.”

– Paul Woodward,
Senior Director,
Solutions Management
Group, Oracle Retail



Read more: [Pastry Treats and Brand Defeats - Protecting Consumers and Brand Image](#)

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- In England and Northern Ireland, a law protecting allergy sufferers, called “Natasha’s law,” will be introduced in the summer of 2021. Under this law, food businesses will have to include full ingredients labelling on all pre-packaged food.

While not all of these regulations impact retailers directly, all do have an indirect impact via suppliers and packers as well as through import and export partners.

Navigating Risk and Reward

While private label can offer tremendous opportunity for retailers, risks remain. In addition to compliance with government policies, brands must also be cognizant of how products are marketed. In 2014, the Court Justice of the EU heard a case against German teamaker [Teekanne GmbH & Co.KG](#) over flavor claims regarding its “Felix raspberry and vanilla adventure” tea, signaling the potential legal repercussions of claims and imagery on food packaging.

Despite their own adherence to standards, private label retailers may find risks lurking in their supply chains. A study of 128 different food products from across the EU found [9%](#) of products marketed as the same had differing compositions, and [Intra-European food fraud](#) such as the 2013 ‘horsegate’ scandal remains a challenge, with that incident specifically resulting from fraud in the supply chain.

To keep up with consumers’ standards, grocers must be able to demonstrate full visibility into not only their supply chains, but the supply chains of every manufacturer and farmer providing ingredients or services for the finished product. If ever the integrity of the product comes into question, retailers must be able to provide verification of all claims and be able to offer insight into every step of the manufacturing process.

Private Label in EMEA

Managing Complexity



Solving for Private Label Success

The complexity and sheer volume of both suppliers' supply chains and legislative requirements have pushed the industry to the point where tracking product, ingredient and sourcing data manually is no longer feasible. The risk of human error is too considerable, and the consequences too severe. As grocers strive to bring products to market faster, there is a higher risk of contamination, mislabeling or spoilage, which can have dangerous ramifications. To solve this challenge, grocers have embraced enterprise-wide technology solutions, which help retailers and suppliers collaborate.

One Version of the Truth

Complete, accurate, real-time product information—spanning ingredient suppliers to manufacturers, packers and shippers—is essential to providing a complete and accurate view of a final product. Having a single source of data enables grocers to respond rapidly to any claims or issues relating to products or the supply chain. By deploying compliance lifecycle solutions in the cloud, users can access and interrogate the data in seconds.

Consumers Call for Stricter Standards

52%

of Consumers are much more likely to trust a brand that immediately communicates to customers about any product issues they have discovered.

66%

of Consumers expect to be informed immediately about a recall from a retailer.

Read More: [Setting the Bar: Global Customer Experience Trends 2019.](#)

Watch Video: [Consumer Talk - Is it important that a brand is sustainable and ethical?](#)



Overview of Oracle Retail Brand Compliance Customers in Ireland and the UK

“Waitrose & Partners is renowned for sourcing high quality and ethically sourced products and has been trusted for years to deliver sustainable improvements in responsible sourcing. Our solid foundation is built on Oracle Retail Brand Compliance, which we deem as best in class for our own brand portfolio. The solution enables us to capture, validate and efficiently share product information to confidently meet our brand promise day after day. It has also been essential in helping us successfully grow our online offer in the United Kingdom.”

– Will Watts, Partner & Head of Technical Operations at Waitrose & Partners

Global Impact of Oracle Retail Brand Compliance

- **Nearly 70%:** Share of grocers worldwide managing product specifications and supplier compliance
- **Over 80%:** Share of the world's primary private label suppliers using solution for at least one customer
- **Over 1,000,000:** Number of products developed and protected
- **Over 10,000:** Number of suppliers concurrently managing product specifications each day in the solution
- **Over 1,000,000:** Number of supply chain trading relationships visible through the solution

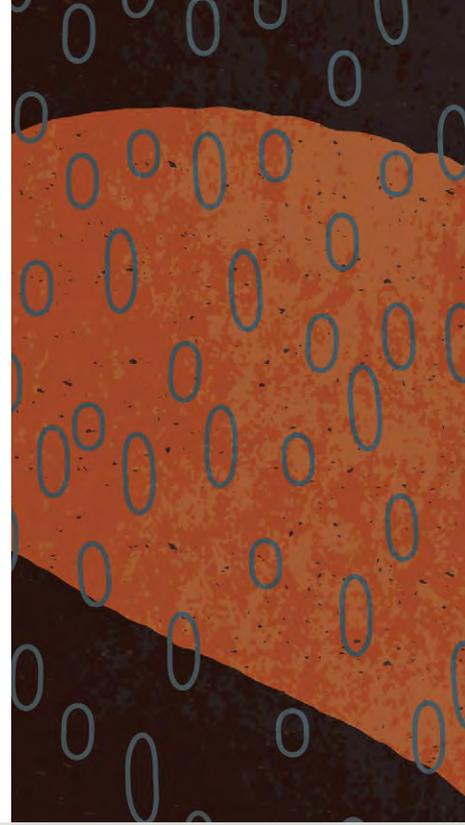
Private Label in EMEA

The Bottom Line



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Whether a grocer already has an established private label line or they're deciding whether to make the investment, having the right technology to provide complete visibility into the supply chain is imperative. When choosing a solutions provider like Oracle, grocers can rest easy knowing they have chosen a partner with a proven track record. [Click here to learn more.](#)



The Oracle Retail Brand Compliance Ecosystem

Over
1,000,000 supply chain trade relationships run on Oracle Retail Brand Compliance.

The UK is the leader in compliance, with the toughest legislations in place. Oracle Retail Brand Compliance originated in the UK and was on the ground floor helping standardize the private label industry in 1995. Oracle Retail Brand Compliance supports **80% of the UK grocers, including the nation's top 4 retailers.**

Over the past 25 years, **multiple grocery chains in the UK have seen significant growth in private label from mere 5% to 60% of shelf.** Taking lead from the UK, the US is quickly becoming a strong contender in both its compliance requirements and adoption of a modern platform for private label management and growth.

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Integrated Cloud Applications & Platform Services

About Oracle Retail

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