

**Alberta Mexico Office
Market Intelligence Report
“New Trends in the Private Label Segment”**

Sector: Processed foods and beverages

Date: September 29, 2009

Summary:

According to a recent report by AC Nielsen, over the past year, supermarket sales of private label food products increased by 22%, while the whole segment of food products (including both private and commercial labels) grew by a little less than 9%.

Report:

Sales of private label food products in supermarkets in Mexico are still small compared to commercial labels, but it is growing at a significantly higher rate. According to AC Nielsen, 94% of food products sold by supermarkets are under commercial labels, and about 6% are privately labelled. Considering non-food products, private labels in Mexico account for 18% of supermarket sales, a relatively low share, compared to 24.4% in France or 50% in Germany.

The variety of food products with private labels is still relatively low, however, the potential for growth is significant. The most important products with private labels are: sugar (7.9% of private label sales), cooking oil (5.8%) and raw rice and beans (3.9%).

Wal-Mart is the lead chain in terms of support and promotion of private label food products. It has over 170 suppliers (150 domestic and 20 international) for its brands (*Great Value* and *Extra Special*). *Comercial Mexicana* and *Soriana* are following the trend, and have successfully positioned their main brands (*Golden Hills* and *Soriana*, respectively).

According to AC Nielsen, it is the consumers' willingness to find better priced products that is generating most of the growth in the private label segment. However, there is also significant potential for higher-priced, quality products to be sold under specific brands that supermarkets are also promoting. For example, *Wal-Mart's Extra Special* products are sold in higher-end store formats such as *Superama* and *Sam's Club*.

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