

Massmart sustains private label investment as shoppers search for savings

The rising cost of living for South African consumers is pushing shoppers to purchase more private label products during their routine shopping trips, as a way to keep costs down. This is according to Makro and Builders owner Massmart, which has recorded growing interest in its private label products across all customer segments and has stated its intention to continue investing in these areas.



Source: Massmart

“Investing into private brands not only benefits the business but enables us to support local suppliers where possible and provide the most competitive pricing for our customers,” says Clyde Hill, group private brand vice president at Massmart. “Our goal is to make essential items accessible to all our customers without compromising on quality, whether they are purchasing to resell, or doing a monthly pantry shop for their homes.”



Woolies wins big at international private label awards

12 May 2022



Growing share of basket

McKinsey's *Global Consumer Sentiment Survey* found that 61% of South African consumers (across income levels) are cutting back on spending, with 70% of respondents paying more attention to the price of products. Just over a third of respondents reported substituting branded products with more affordable alternatives – such as private brands; an increase of 10 percentage points since the start of the Covid-19 pandemic.

Traditionally, popular private brand products included staples and household cleaning supplies but [research conducted](#) from Nielsen HQ shows private label products now represent 24% of total basket value in South Africa. Competitive pricing, coupled with a quality offering has driven the acceptability of private brand products in many new categories, including those that have historically been dominated by national brands.



Private label growth boosts its upward trajectory

NIQ 7 Sep 2021



Massmart owns 86 private brands across the categories of food, general merchandise and home improvement; some of which are national brand leaders in their own right, such as Camp Master, Trojan Health and Garden Master. With inflation eroding consumer buying power, private brands in the food category have experienced most of the increased demand.

Massmart recently conducted a pricing comparison on 16 household essential items using its private brands First Value, Great Value, Econo and M as like-for-like substitutes for popular branded products. The comparison yielded interesting results with savings as high as 20-40% on essential products including rice, maize meal, milk and toilet paper.

Pricing Analysis for Key Household Items as of 17 May 2022						
Product	Massmart Private Brand	Pricing	National Brand Equivalent	Pricing	Differential	
Maize Meal 12.5kg	First Value	R 73.95	Competitor Brand	R 129.95	-43%	
Rice 2kg	First Value	R 22.95	Competitor Brand	R 29.27	-22%	
White Sugar 2.5kg	Great Value	R 40.99	Competitor Brand	R 42.95	-5%	
Red Speckled Beans 500g	First Value	R 18.95	Competitor Brand	R 22.95	-17%	
Samp 5kg	First Value	R 37.95	Competitor Brand	R 57.95	-35%	
Spaghetti 500g	Great Value	R 12.99	Competitor Brand	R 15.99	-19%	
Sunflower Oil 750ml	Great Value	R 33.99	Competitor Brand	R 42.99	-21%	
Baked Beans 410g	First Value	R 9.45	Competitor Brand	R 12.95	-27%	
Tinned Pilchards 400g	Econo	R 18.25	Competitor Brand	R 22.95	-20%	
UHT Milk 1lt	M	R 14.95	Competitor Brand	R 16.95	-12%	
Peanut Butter 400g	Econo	R 29.45	Competitor Brand	R 35.99	-18%	
Carbonated Soft Drink 2lt	Soda-T	R 8.50	Competitor Brand	R 13.95	-39%	
Toilet Paper 1-ply 8/10's	Econo 10's	R 30.99	Competitor Brand	R 34.99	-11%	
Dishwashing Liquid 750ml	First Value	R 23.95	Competitor Brand	R 30.95	-23%	
All Purpose Cleaner 750ml	First Value	R 21.75	Competitor Brand	R 29.95	-27%	
Thin Bleach 750ml	First Value	R 15.25	Competitor Brand	R 26.75	-43%	
TOTAL		R 414.31		R 567.48	-27%	

Source: Supplied

In addition to "striving to offer consumers the best possible quality at the lowest possible price", the group says it has also increased its focus on elements such as the packaging and marketing of its private brands.

"With approximately 46% of South Africans receiving some form of social grant, there has never been a more important time to offer cost-saving alternatives to our consumer," Hill concluded.

For more, visit: <https://www.bizcommunity.com>