

Brand versus Price

How important is price when you are shopping? Do you ever buy store brands (also known as private labels) to save money? If you are like many Americans, increasingly the answer is yes, price is important. More and more, private labels are gaining market share, as is reported in this [New York Times](#) article. As the article points out, people are flocking to store branded staple items and sticking to brands only for certain items. One such item, the article points out, is Heinz ketchup. I would bet other legacy brands like Tide detergent, Crest toothpaste and Coke are still doing well. For certain things, like milk or eggs, brand does not mean much. For others, brand means quality or taste.

What is interesting about the private label versus national brand struggle, is that it probably depends on the particular private label. Those who have experienced Wegmans probably have no compunction buying Wegmans brand. On the other hand, are you as likely to buy private label products from a lesser quality grocery store? Here in DC, we have Safeway, Giant, Harris Teeter, Trader Joe's, Whole Foods and a couple other markets. I wonder if the "cache" of each store translates into higher private label sales. For instance, would you be more likely to buy Whole Foods canned tomatoes than Giant tomatoes, prices being similar?

The bottom line is that price-sensitive consumers have always bought the cheaper alternative. But in tough times, everyone has become more price-sensitive, and thus willing to check out private labels, giving them increasing market share.