

RETAIL PRIVATE LABEL SOURCING TRENDS

2026 & BEYOND



Outline:

- 1. Introduction**
- 2. Five Core Benefits of Private Label Products**
- 3. Key Drivers of Private Label Growth**
- 4. Penetration of Private Label Products**
- 5. Trends in the Private Label Market**
- 6. Private Label Supply Chain Success Drivers**
- 7. Conclusion**
- 8. How TradeBeyond Can Help**



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INTRODUCTION

A structural shift in consumer preferences is happening in retail, with private labels, or own brands, winning market share at a higher rate than traditional brands. In the U.S., private label products hold a 20-25% market share, while in Europe the private label market is even more mature, with a 30-36% share. This share is still growing, as consumers accept private label brands on par with traditional brands. With the support of innovations in global sourcing, supply chain management, and sophistication in end-to-end retail supply chain technology, including more widespread adoption of AI at every link in the supply chain, we can expect even faster growth.

Private Label Product

A unique or custom product created by a retailer under their own “private label” brand. The products may or may not have unique attributes but are sold only at the retailer that owns the brand.

White Label Product

A generic product, developed by a supplier, that multiple companies can apply their brand to. For example, many “brands” on Amazon sell the same or equivalent products under different brands, with little product differentiation.

Branded Product

A brand owned by a manufacturer, for example, Proctor & Gamble owns Tide detergent. The brand typically has a history, with strong branding and customer loyalty to the brand. These are also referred to as national brands.

Summary

- ✓ The market for private label products is growing in terms of range of products, market share, and adoption by younger demographics.
- ✓ Perception of private label has shifted, with most consumers viewing the quality as close to that of traditional brands.
- ✓ Younger demographics (such as Millennials and Gen Z) are more likely to accept and buy private label products than older demographics.
- ✓ AI-powered technology now drives private label growth through advances in product development, cost optimization, sourcing, and risk management.
- ✓ Successful retailers drive private label adoption by ensuring strong quality and sustainability, supported by AI-powered risk management.

FIVE CORE BENEFITS OF PRIVATE LABEL PRODUCTS

Private label retail programs are winning market share from national brands based on their ability to deliver higher margins, stronger supply chain control, and deeper customer connections. At leading retailers, this growth is further enabled by integrated platforms which increase collaboration and visibility across design, product development, sourcing, purchasing, production, compliance, and logistics.

- 1. Reduced Costs and Higher Margins:** With private label products, retailers can lower production costs and avoid middlemen and brand licensing fees, enabling them to increase gross profit margins by 25-30% per product relative to selling national brands ([Loyal Guru](#)).
- 2. More Control of Product:** Retailers have full control over the pricing, packaging, merchandising and product availability of private label products allowing them to respond quickly to market trends and build a closer connection with the customer.
- 3. Greater Supply Chain Control:** Retailers generally take responsibility for the extended supply chain of private label products, communicating directly with manufacturers. Centralized data, milestone tracking, and digitized information flow, allow retail supply chain teams to manage by exception, which translates to increased efficiency and faster time to market.
- 4. Greater Customer Loyalty and Retention:** As acceptance and trust in private label products grow, retailers can expand into adjacent categories, offering unique assortments that competitors can't easily replicate. The ability to launch new products faster through streamlined workflows and shared data helps retailers keep shelves fresh and customers engaged.
- 5. Growth of Internal Capabilities:** Managing a private label program requires expertise across functions such as merchandising, sourcing, and quality control. End-to-end supply chain platforms help retailers build these capabilities with connected workflows, traceability and reporting, empowering teams to scale product portfolios and strengthen other areas of the business.



KEY DRIVERS OF PRIVATE LABEL BRAND GROWTH

Factors fueling growth of private label brands include rising inflation, consumer price sensitivity, and a growing preference for value among younger shoppers. Other trends such as premiumization, greater investment in branding, and expansive product launches across categories are indicative of further growth. These trends are reflected across Europe, the United States and other markets, and in multiple categories including food, groceries, clothing, and general merchandise. Retailers now see private label as a strategic priority, rather than a budget alternative, and are investing in innovation, quality, and sustainability to rival national brands.

COST AND VALUE SEEKING



One of the key drivers of private label growth is rising demand for value as consumers increasingly seek affordable options. NIQ finds that branded products carry, on average, a 26% price premium over private label alternatives across global categories.

According to the 2025 Bazaarvoice Shopper Preference Report, 76% of shoppers favor private label products for lower pricing and 69% of global consumers (75% in the U.S.) believe that private label offers good value. Retailers have responded by expanding the depth and variety of private label products, offering quality products at competitive prices.

TRUST IN PRIVATE LABEL

Investment in stronger branding of private label brands has supported the case for value driven private label products, to the point where consumers see little difference between private label and national brands. 80% of U.S. consumers rate the quality of private-brand food products the same or better than national brands, reports [McKinsey](#).

Private label brand awareness and loyalty is also strong, reports [Clarkston Consulting](#): 67% of shoppers actively recognize store brands at their favorite grocery stores and 64% frequently purchase them. As consumers grow more confident in the quality and value of private label products, they are more likely to associate positive attributes with the retailer itself, leading to increased brand loyalty, higher store traffic, and improved sales.

Retailers have undergone a strategic shift where they view private label products not just as a margin enhancement vehicle but as a loyalty building lever. Retailers now manage private labels as brands, investing heavily in marketing, packaging, and storytelling. As a result, consumer trust in retailer-owned brands has grown, particularly in categories such as food and [household goods](#), where quality has notably increased.

Insight

“Private brands have really arrived. Shoppers tell us the number one reason for purchasing private brands is price and value (both at 71%). Yet these are not just temporary inflation-driven gains — a solid 51% of consumers plan to stick with store brands even after grocery prices drop.” - Tom Cosgrove, director of industry relations at FMI — The Food Industry Association



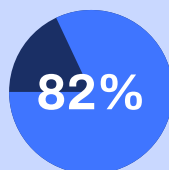
QUALITY AND SUSTAINABILITY

Greater awareness of sustainability issues is another key driver of private label growth, prompting consumers to make more informed choices about their spending. Retailers have responded to consumer demand and market trends by developing products that meet quality, sustainability, and ethical purchasing needs of consumers.

Sustainability and ethical considerations are key to influencing purchasing behavior among Gen Z and Millennials. These younger consumers also prioritize transparency into ingredients, sourcing and production methods, factors which reinforce trust and credibility in the brands they choose.

Gen Z consumers

Stat



82% of Gen Z consumers are more likely to buy from brands that advocate for social equality, while 81% of millennials emphasize ethical treatment of workers as an important buying decision (Forbes).

Insight

“Gen Z and younger millennials care about the experience and what’s in the box. They’ll notice if it’s a private label or national brand only after checking if it meets their standards. Boomers believed brands equaled quality, but now quality stands at parity — and sometimes private labels win.” – Steve Zurek, vice president of Analytics, Nielsen

PENETRATION OF PRIVATE LABEL PRODUCTS

Market data and trends suggest that private label products will maintain robust growth through 2026 and beyond. As of early 2025, private label accounted for 21.7% of dollars spent in the U.S., and 23.9% of units sold across retail categories. In the U.S., the private label market could grow from \$145.63 billion in 2024 to \$283.36 billion by 2030, an 11.73% compound annual growth rate, predicts [Arizton](#), a market research firm. According to [NielsenIQ](#), private-label sales across 17 European markets reached €352 billion in 2024. Some analysts, such as Clarkston Consulting, project that private label market share in the U.S. will reach 30% by 2033, similar to levels in Europe.

Insight

Shoppers are buying more private label products - More than half (53%) of global respondents say they are likely to buy more private label products than ever before. NIQ confirms that private label sales are up by 4.3% year over year (2024-2025).

Insight

Private label stigma is fading - 68% of global consumers say private label products are good alternatives to name brands (NIQ).

Insight

Private label demand is strong - 60% of global consumers say they would buy more private label products if a larger variety were available (NIQ).

Insight

“While value channels have recently driven private label gains, expect more grocers – both large and mid-sized – to invest more aggressively, making private labels a core growth strategy.” - Sally Lyons Wyatt, global executive vice president and chief adviser at Circana

CATEGORY PENETRATION

Private labels are gaining share in household, food, and personal care categories with low differentiation or weak brand equity, such as canned goods, bakery items, and snacks. Private label accounted for the biggest share of sales at club retailers (33.9%) mass retailers (28.5%), office supplies retailers (28.3%), home improvement (27.9%) and pet (25.7%), [Retail Dive reported](#). Beauty and electronics stores saw 10% or less of their unit volume sales coming from private label. Private label offerings from Target and Walmart, such as Target's Dealworthy Brand and Walmart's Bettergoods, launched in 2024, were the fastest growing private label brands in the U.S. in 2024.

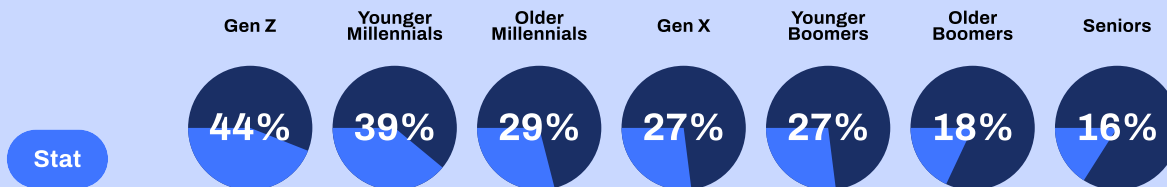


DEMOGRAPHIC PENETRATION

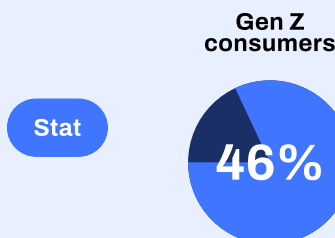
Studies show that Gen Z and Millennials are the highest adopters of private label brands, based on affordability, quality, and fit with their values. These younger generations view private label products as stylish, cost-effective, and equal in quality and value to national brands. For Gen Z, affordability is key, but their loyalty stems from reliability, trust, and previous positive experiences. (PLMA). Younger shoppers, less loyal to legacy brands, also increasingly seek value, transparency, and experimentation, all areas where modern private label brands can compete effectively.

GEN Z AND PRIVATE LABEL

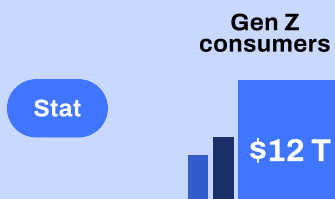
In the U.S., a [Numerator report](#) indicated that Gen Z differs from other demographics in that they choose products based on criteria in which private label brands perform well. These include discovery through social media platforms, packaging design, transparent labelling, trendy and innovative perception and sustainability claims. For Gen Z in the U.S., store labels such as Ultra Beauty, Wild Fable, Cat & Jack, Costco's Kirkland Signature, and Trader Joe's represent purposeful choices that blend style, value, and identity covering the role traditional brands had for other generations.



A recent [Circana](#) study showed that Gen Z (44%) and younger millennials (39%) lead the way in trying store brand products for the first time, followed by older millennials (29%), Gen X (27%), younger boomers (27%), older boomers (18%) and seniors (16%).



46% of Gen Z respondents globally are willing to spend more on private label products, twice the share of Boomers (23%). (Sevendots)



Gen Z's spending power is expected to reach \$12 trillion by 2030 (NIQ), which provides a strong incentive for retailers to tailor their private label products towards this demographic.

TRENDS IN THE PRIVATE LABEL MARKET

Today, private label is much more than a low-cost alternative to national brands. Retailer owned store brands compete head-to-head in many retail categories through effective category management, premiumization, product innovation and investments in communication and branding. Coupled with technological innovations which manage the entire design to delivery product lifecycle, it is understandable why private label market share is growing at such a rapid pace.



PREMIUMIZATION

Originally seen as value-focused, private labels are now expanding into premium categories emphasizing health, sustainability, and quality ingredients. Higher end supermarkets like Waitrose, Mark & Spencer, Loblaws, Whole Foods, and La Grande Epicerie have all successfully launched premium private label brands. Other examples include Walmart's Bettergoods and Loblaws' President's Choice, which use innovation and quality to compete with national premium brands.

TIERED PORTFOLIO STRUCTURES

Private label category depth has expanded across all price points, offering more choice and attracting new buyers. Retailers like Carrefour, Target, Tesco, and Walmart provide well-segmented lines from value to super-premium. Product strategies vary by category and retailer: Aldi and Lidl use high volumes with limited SKUs, to lower costs and streamline consumer choices, while others rotate seasonal or discounted products. Tesco and Albert Heijn have shifted from a three-tier (good-better-best) to a two-tier model.

DESIGN AND BRANDING

Private label products, once simply packaged, now emphasize brand story, sustainability, and quality. Retailers highlight ingredients and origins with vibrant packaging and are investing in a comprehensive brand story to compete with the marketing strength of national brands. Retailers like Aldi have closely mirrored leading brands, prompting [lawsuits like Mondelez's](#), while also reflecting growing private label equity. Other retailers such as Mercadona focus on quality, value, and strong brand communication. (Can use the image from the link in the Mondelez article).

Insight

In a recent survey in the U.S. from [First Insight](#), 71% of consumers said they knew when they were buying a private-label item – but when shown the private label and name-brand products side by side, 72% could not correctly recognize which was which. This highlights how differences of the past have now blurred thanks also to better retailer execution of their private labels.

PRIVATE LABEL SUPPLY CHAIN SUCCESS DRIVERS

In recent years, retailers have leveraged innovations in supply chain management, sourcing, and technology to enhance growth in their private label programs. Here are some supply chain related strategies that leading private label retailers are using to win market share from traditional brands.

Insight

“Lessons manufacturers learned from the pandemic include redundant manufacturing capabilities and supplier diversification. We are back to just-in-time inventory and really kind of being at risk of having stockouts show up if there is a loop thrown into the supply chain.” – Steve Zurek, vice president of analytics, Nielsen

TRANSPARENCY AND TRACEABILITY

Many retailers capitalize on consumers' willingness to pay more for products with sustainable and ethical attributes. However, such claims must be backed by verifiable standards and documentation across the supply chain. Advances in traceability technology and AI tools now allow retailers to include this information in product labeling and marketing—an increasingly important factor for consumer buying decisions. Retailers with strong private label programs are also investing in supply chain technology to collect and centralize ESG-related data. By using specialized software to track and report on traceability, quality, and sustainability metrics, these retailers gain a competitive edge.

INSIGHTS-LED PRODUCT DEVELOPMENT

With the help of end-to-end supply chain technology platforms, and AI tools, private label brands can launch products significantly faster than national brands because retailers control distribution and shelf space, eliminating competition for placement. Retailers like Trader Joe's and Aldi, where private labels make up about 80% of sales, exemplify this model. By leveraging AI and real-time consumer feedback, and with the help of available technology, retailers can rapidly refine and optimize products, enabling launches within 6–12 weeks compared to the 12–18 months typical for national brands.

NEXT GENERATION SOURCING MODELS

Retailers can expand private label offerings and boost margins through digitally enabled sourcing models. These allow real-time visibility into costs such as materials, labor, and currency, improving efficiency and negotiation power. Instead of using a margin-back approach, retailers can adopt a cost-forward method—setting target costs based on supplier offers while ensuring fair margins. Parametric should-cost tools help model expected costs across SKUs, strengthening supplier negotiations. Digital RFQ and AI tools further enhance sourcing by comparing vendor bids, identifying cost gaps, and discovering new suppliers.





Some retailers are utilizing a private label centre of excellence. This might include experts in product development, nutrition, packaging, sustainability and sourcing related activities such as analytics and vendor negotiation. This COE can accelerate product development times and standardize processes. It can also support merchant teams and coordinate cross-functional collaboration. So far though, few retailers have set-up an effective COE, so the first step might be to standardize the work within one private brand and grow from there.

RETHINKING SUPPLIER RELATIONSHIPS

As private label penetration grows, retailers have gained more leverage over suppliers due to higher margins. Leading private brands collaborate deeply with partners across product design, packaging, sourcing, and marketing. Private label suppliers often face longer contracts (three to five years vs. one to two) and stricter compliance (32 vs. 18 standards) but receive longer payment terms. High-volume suppliers may even prioritize store brands. National brands supplying private labels face risks—Unilever, for instance, lost 14% profit after producing Walmart's Equate line. Some suppliers now use hybrid brand models serving both markets, achieving 23% higher margins.

MANUFACTURING EXPERTISE

Some retailers are moving into manufacturing to gain a competitive edge, especially as many suppliers lack the capacity to produce private label products. A purely transactional vendor approach has proven less effective for scaling private label programs. In Europe, Lidl owns several manufacturing facilities, while other retailers have established long-term strategic partnerships with key suppliers. In the U.S., Kroger has acquired seventeen manufacturing plants, signaling a broader trend of retailers investing in their own production capabilities.

CONCLUSION

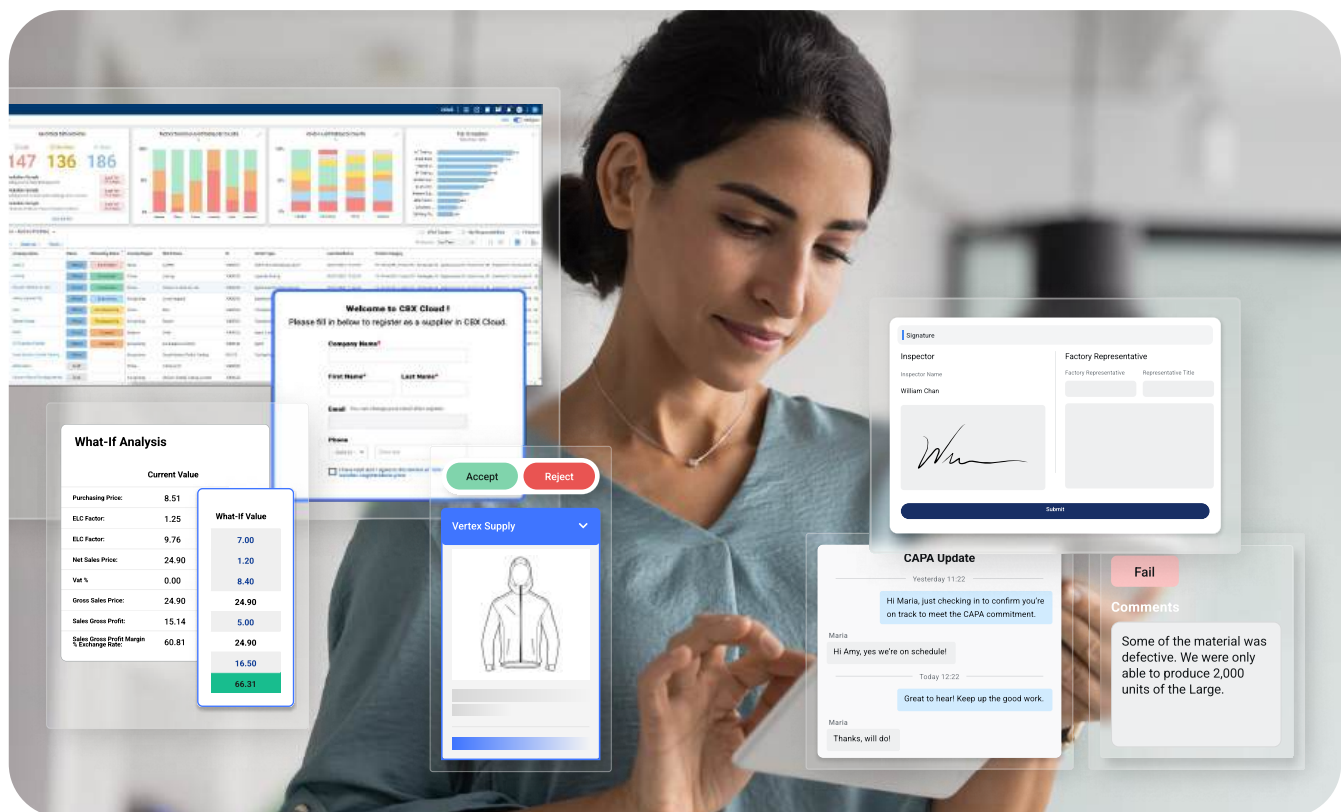
For retailers, the cost-savings, margin improvement, scalability, and customer loyalty building benefits of private label programs are unquestionable. But success does not come without challenges. Issues that can hinder growth include poor data quality from multiple systems across functions, a lack of systems to centralize and provide real-time access to data and the challenge of managing the complexity of end-to-end supply chains. The necessity of compliance to a growing body of ESG standards is also a pressing challenge.

Leading retailers are addressing these challenges by adopting sophisticated niche software, which integrates seamlessly with existing ERP and legacy systems to provide a real-time view into the extended supply chain. These leaders have also embraced AI, taking advantage of AI-powered risk management tools to ensure regulatory compliance, predict and identify risk, provide visibility and predict costs. Aside from strong branding and communications, staying on the forefront of rapidly evolving retail sourcing and supply chain management technology is a key success factor for future retail private label programs.

HOW TRADEBEYOND CAN HELP

TradeBeyond has supported numerous retailers and brands in optimizing and scaling their private label programs. This includes global retail leaders such as lululemon and Lidl, and European retail leaders such as Tokmanni Group in Finland, ICA Sweden and many others. One of the key advantages of using TradeBeyond is the ability to manage the entire supply chain from the design stage to delivery of the final product. Retailers using the AI-powered TradeBeyond platform cut months off their time-to-market through greater collaboration, digitization, and efficiency through the supply chain.

For European retailers in particular and companies selling into Europe, managing the growing body of regulatory and compliance requirements is another aspect where TradeBeyond can help. Integrations with third-party certification bodies such as WRAP, Kharon and Amfori BSCI, enable compliance with a range of ESG and regulatory initiatives. TradeBeyond's chain of custody feature helps retailers to track, store and manage product development information required by audits right from the sourcing stage, through to shipment.



BENEFITS OF USING TRADEBEYOND FOR SCALING PRIVATE LABEL

- **Seamless Integration** – Just add your ERP system to the TradeBeyond end-to-end system - with greater efficiency and less resources required.
- **Cost-Savings** – Less resources and maintenance costs are required to manage one end-to-end system versus managing multiple software vendors.
- **Modular Solution** – Since TradeBeyond is modular it's possible to retain legacy solutions that are integral to a business and add other modules as needed.
- **Data Insights** – Create personalized dashboards, providing meaningful insights and the ability to drill down deeper, enabling proactive decision making.

AI FEATURES TO MANAGE RISK AND DRIVE PRIVATE LABEL GROWTH

-  **AI-Powered Chain of Custody** - Guarantee regulatory compliance with AI-facilitated document flow. Compile, organize and link all shipment documentation, to effortlessly meet UFLPA, EUDR, and other regulations.
-  **PO Risk Rating** - Proactively mitigate risks with AI insights that flag potential issues in purchase orders—saving time, reducing errors, and safeguarding quality.
-  **Chatbot** - Enhance vendor interactions with AI chatbots that analyze training materials and deliver instant, accurate guidance—streamlining support and boosting efficiency.
-  **Smart Alerts** - Increase supply chain resilience with AI-driven alerts that detect potential issues early, enabling swift response times to avoid disruptions, and protect your reputation.
-  **Transport Visibility** - Gain real-time updates and alerts on ocean shipments with AI-powered container tracking, ensuring full visibility and enabling smarter, faster decisions.
-  **Auto-Scan & Update** - Reduce manual errors and accelerate document updates with AI that automatically scans and detects key audit and certificate details.

SOLUTIONS OVERVIEW

Supplier Management

Build a stronger supplier base with AI-powered workflows, real-time insights, and one trusted system – so you always know who to trust and when to pivot.

Supplier Compliance

Digitize supplier compliance with real-time visibility and embedded assessments, flagging issues instantly, centralizing proof, and driving action.

PLM

Centralize product data and workflows to speed concept to shelf, enable real-time collaboration with smarter development tools and protect margins with full visibility.

Costing

Get AI-powered clarity on landed cost, unify RFQs for real-time negotiation, compare scenarios in real time, and source smarter to protect margins and improve profitability.

Order Management

Manage POs end to end with real-time visibility and connected workflows that align teams, reduce delays, and keep global sourcing on track.

Inspection

Ensure factory-ready quality with AI-driven inspections, real-time defect visibility, and automated workflows that reduce risk and cost.

Shipment ASN

Launch a self-service portal that simplifies supplier collaboration—enabling compliant packing plans, carton labels, and accurate ASNs in one seamless workflow for retailers and warehouses.

Traceability

End-to-end supply chain traceability from a single, trusted source—unifying audits, supplier data, and chain-of-custody with real-time visibility to reduce risk and protect your business.

Company Snapshot

150 +

Retailers, Brands,
Importers

50K+

Suppliers
Across the Globe

350

Team Members

30+

Years of Experience



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