

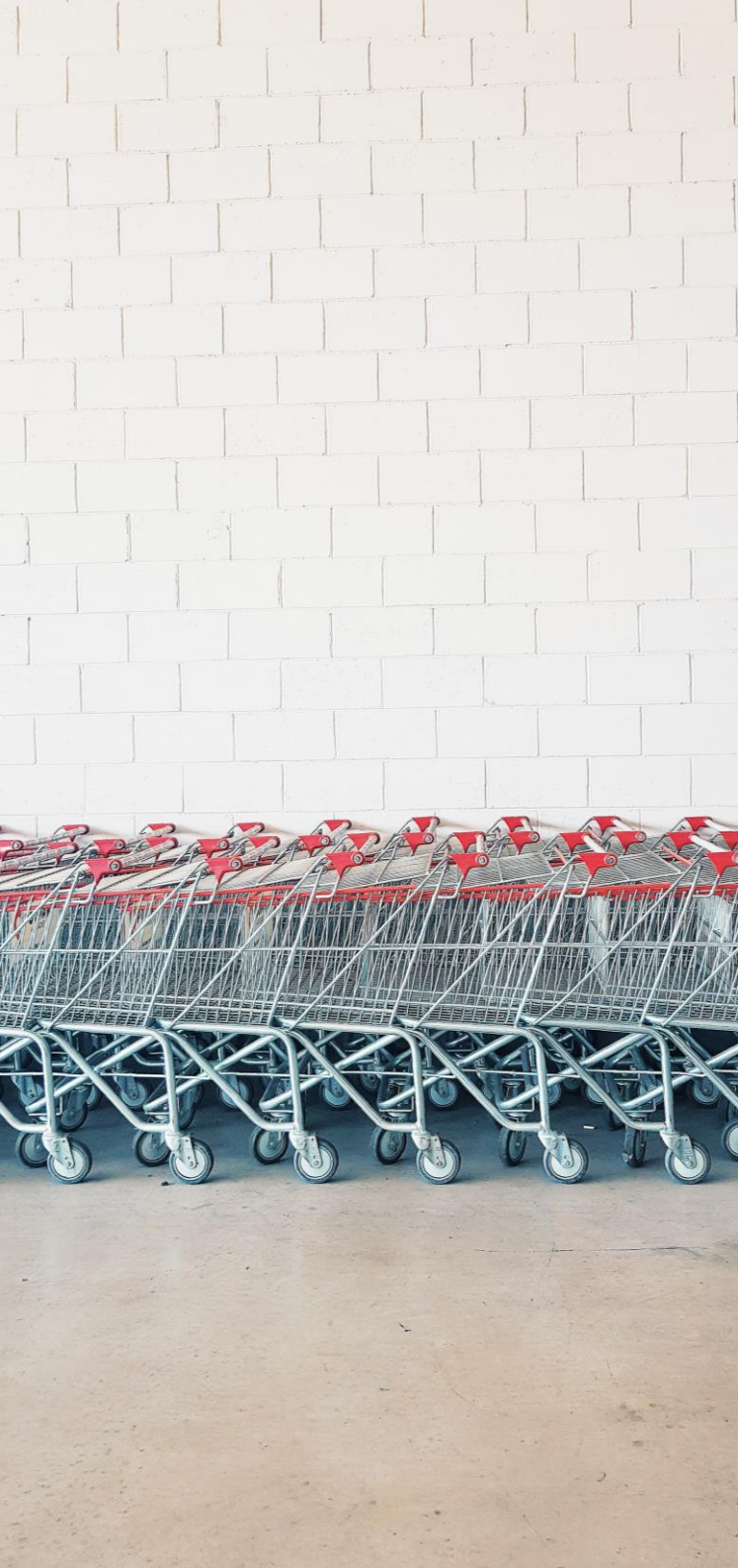


PRIVATE LABEL OPPORTUNITIES IN GERMAN GROCERY RETAIL

Understanding opportunities for New Zealand food exporters.

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Introduction to this report

Background

The German FMCG retail landscape presents a compelling, yet complex, space for New Zealand exporters. German retailers are increasingly focused on offering unique, high-quality private label ranges that resonate with different consumer groups. For New Zealand food exporters, this presents opportunities to leverage their reputation for premium, sustainable products, and create private label alliances with German retailers seeking to differentiate themselves in a demanding market.

Purpose

The purpose of this research is to provide New Zealand food exporters with insights into the private label FMCG product space in Europe, with a spotlight on Germany. This research also aims to equip New Zealand exporters with understanding of routes to market for a private label strategy.

Methodology

This report was generated using desktop research, with NZTE subscriptions, purchased reports and publicly available data. Key sources of data are listed below:

- Euromonitor International
- GlobalWebIndex
- Expert interview via NZTE's Beachhead Network

Limitations

The information provided in this report was sourced from secondary data sources. Due to the nature of secondary data, all values and figures should be treated as indicative, rather than absolute. The latest information available at the time of research was used, however present values may differ.

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Key takeaways



Private label is no longer just the low-cost option

While private label brands often offer a lower cost option to consumers, private label ranges are also catering to more premium segments with high quality and innovative products



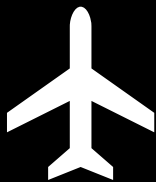
Western Europe leads the way in private label

Western Europe's consumer goods sales are almost 40% private label, a large difference to the likes of the Asia Pacific region where it only makes up 7%. In Germany, 36% of grocery sales are private label and this is set to continue growing.



Dairy categories offer the largest opportunities

Dairy products have the highest shares of private label products and are also seeing the highest growth. Particularly milk, cream, butter and yogurt. New Zealand dairy exporters could leverage this with their high-quality product offerings.



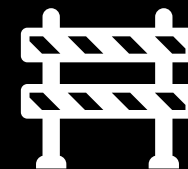
Distance from Germany is not a barrier for private label

Private label buyers are very open to overseas suppliers, particularly amongst the large grocery chains like Edeka and Rewe. As long as a product can meet high standards for a good price, buyers will be open to suppliers from New Zealand.



Organic, 'Free From' and premium offerings have a strong opportunity

Private label buyers are looking for new suppliers across the board, but especially products that are certified organic, free from things like gluten or lactose, and premium or higher quality products.



The main bottleneck is the certification process

Although buyers are actively searching for new private label suppliers, the main bottleneck that slows down the process is certification. Exporters should be aware of the potential for this to be slow.

SECTION 1

THE PRIVATE LABEL OPPORTUNITY IN EUROPE

The growth of private label FMCG products is influenced by several macro trends globally.

Rising inflation and economic uncertainties have led consumers to seek cost-effective alternatives, boosting the popularity of private label products.

As well as this, there is a growing acceptance and preference for private label FMCG products, especially among younger generations. These consumers are more open to trying store brands and often find them comparable to national brands in terms of quality.

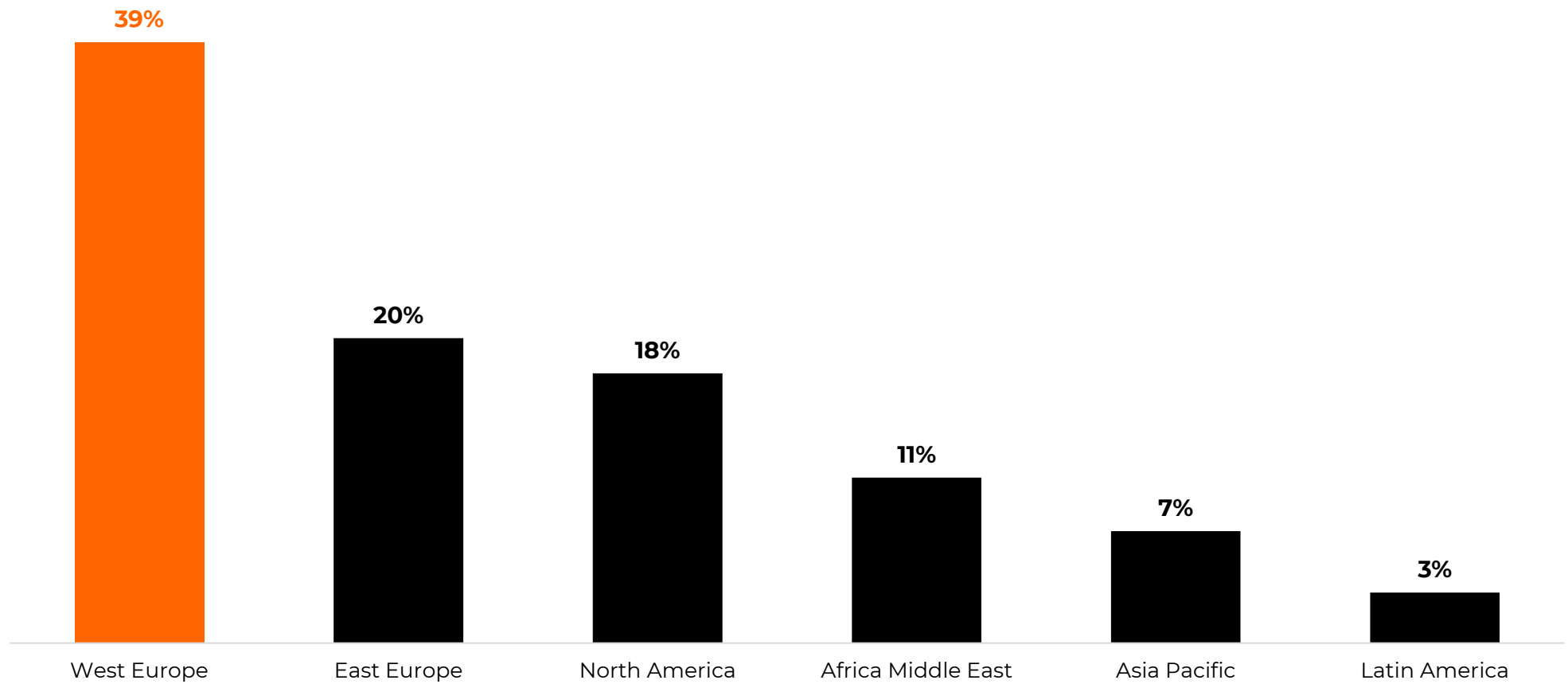
Private label products have significantly improved in quality and innovation. Retailers are investing in product development to ensure their private labels can compete with national brands.

Many retailers are also offering private label brands that compete at a more premium, high-quality end than they have traditionally.



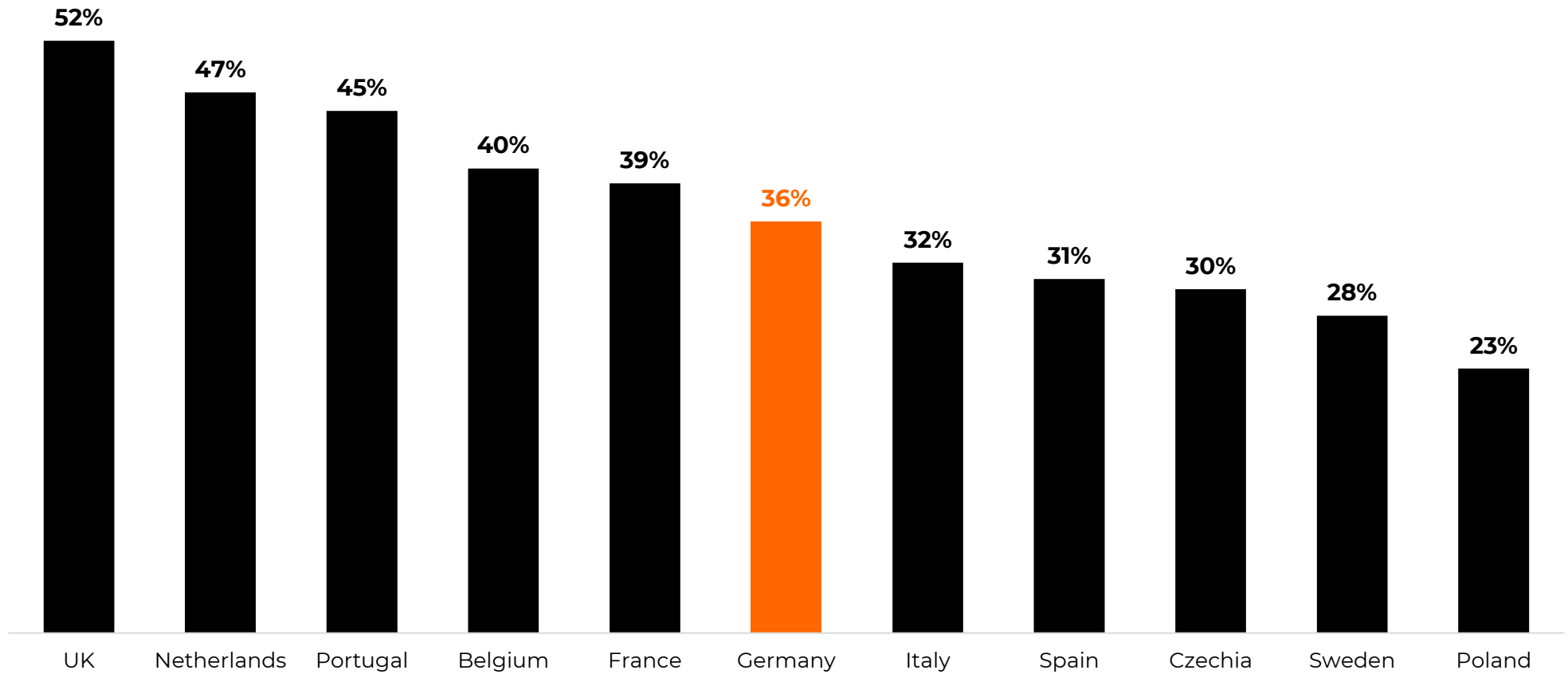
Western Europe leads the charge in terms of private label as a share of total consumer goods sales.

PRIVATE LABEL SHARE OF CONSUMER GOODS SALES BY REGION 2024



Over 1/3rd of all grocery retail sales in Germany can be attributed to private label products.

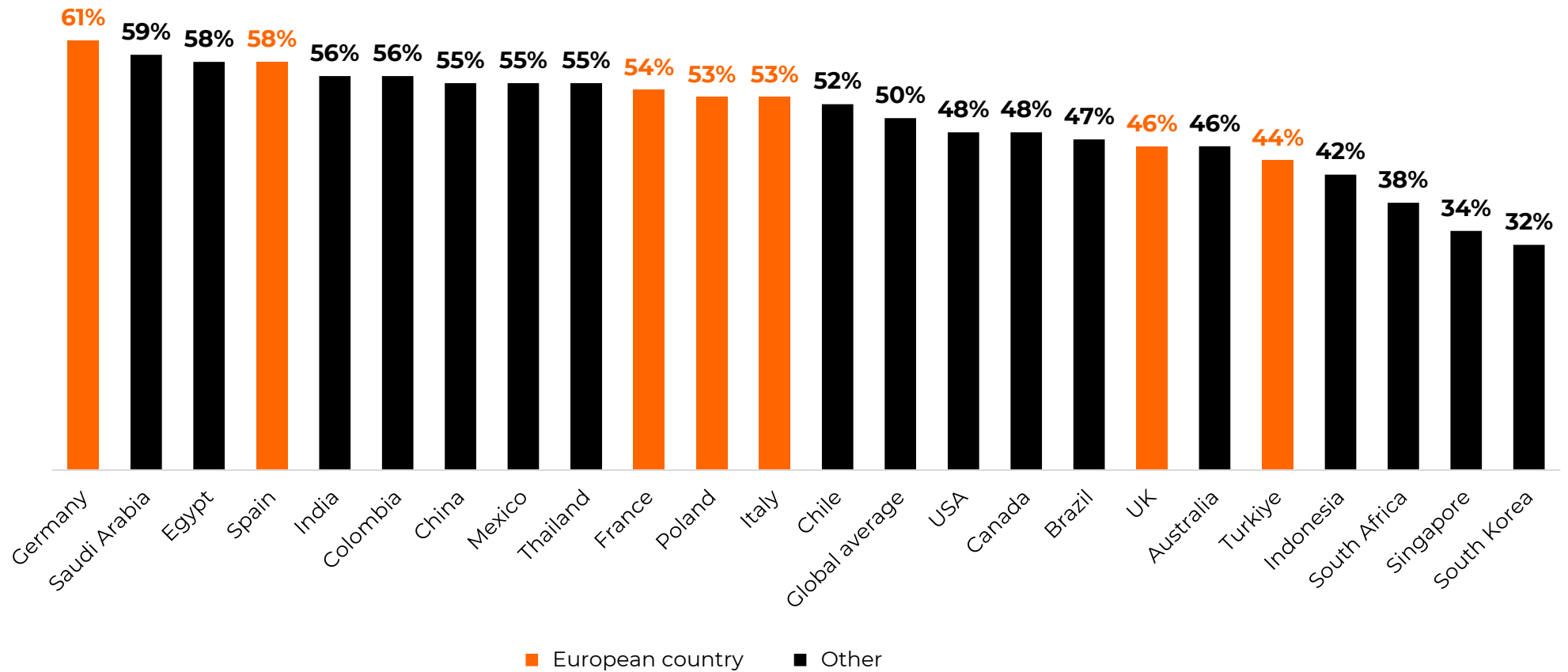
PRIVATE LABEL SHARE OF GROCERY RETAIL IN EUROPEAN COUNTRIES 2024



61% of consumers in Germany are purchasing private label more than they ever have before, indicating a growing opportunity.

PRIVATE LABEL CONSUMER POPULARITY 2024

% of consumers who say they are purchasing more private label than ever before



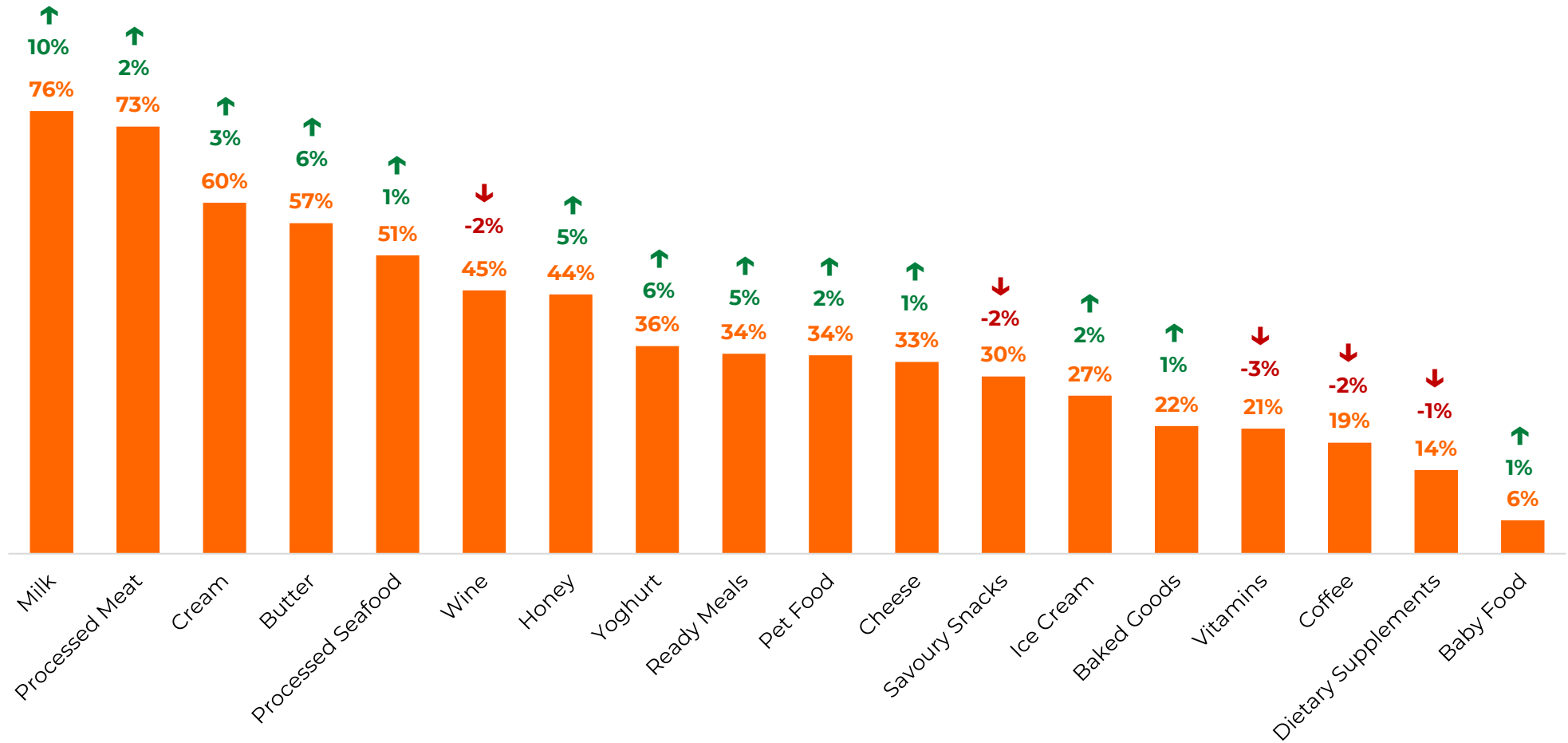
SECTION 2

COUNTRY DEEP DIVE: GERMANY

A significant share of dairy products in Germany are private label. These categories are also growing the fastest.

PRIVATE LABEL SHARE OF TOTAL CATEGORY VALUE IN GERMANY 2024

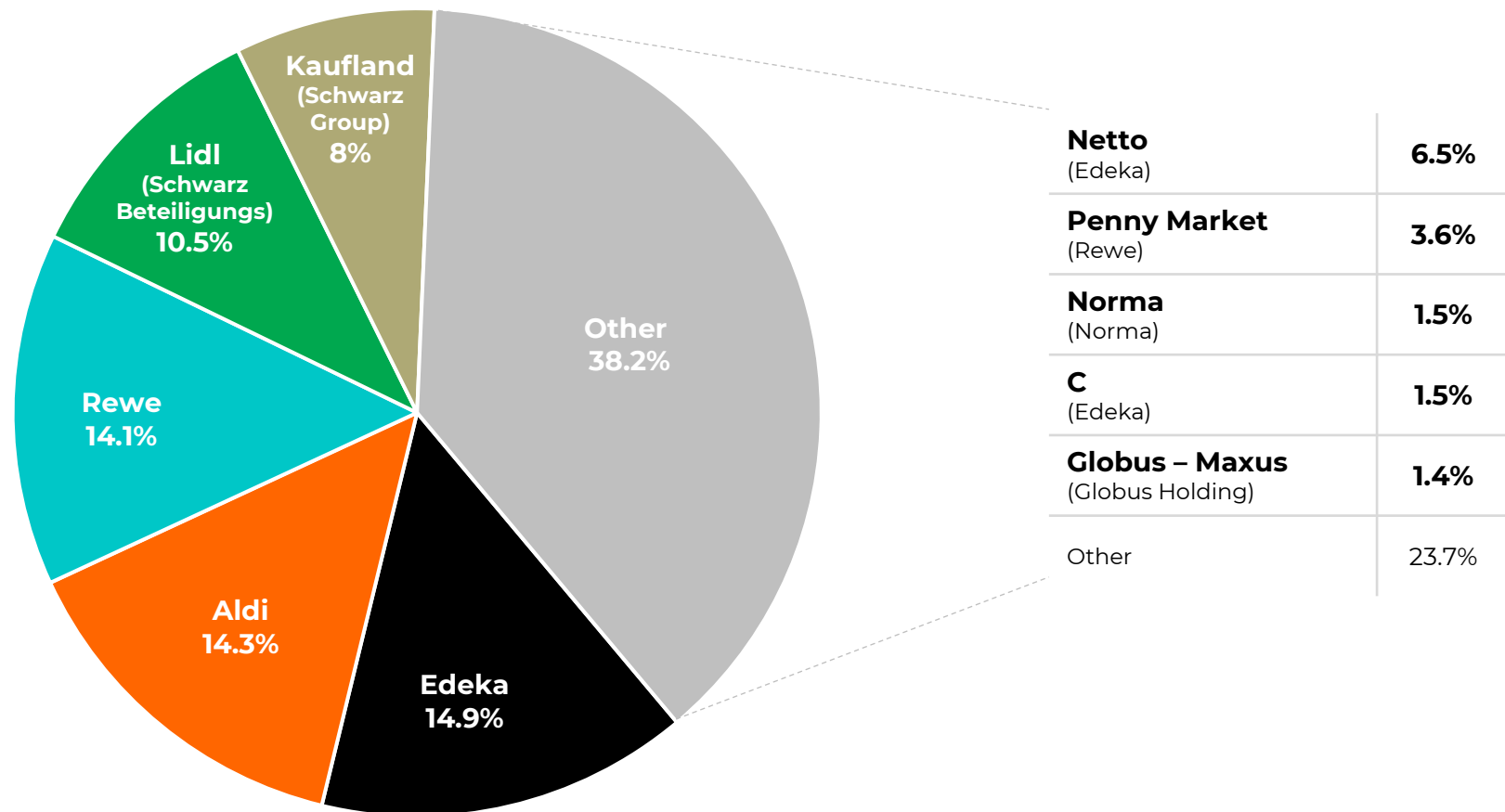
+ **growth** or **decline** since 2019



Edeka, Aldi and Rewe are the leading grocery retail brands in Germany. Edeka and Rewe being supermarkets and Aldi being a discounter.

GROCERY RETAIL BRAND SHARE IN GERMANY 2024

% of sales



Both Edeka and Rewe have several brands under their umbrella's, including Spar under Edeka and Penny under Rewe.

TOP GROCERY RETAILER HOLDING COMPANY PROFILES GERMANY



Edeka Group

The Edeka Group was founded in 1907 and has been the market leader in Germany since the acquisition of the German branch of the Spar and Netto supermarket chains in 2005.

Edeka is focused solely on Germany and operates several different retail formats, including supermarkets, hypermarkets and discounters. They operate more than 11,000 stores in Germany.

Brands: Edeka, Netto, C, E-Center, Schäfer's, Spar, Nah & gut, and more.

Private label range found [here](#) (Edeka).



Aldi Group

Aldi is the market leader discounter in Germany. The brand is separated geographically into Aldi Nord and Aldi Süd. The two divisions have been working closely since 2019.

Aldi is a hard discounter, meaning it offers a low number of products and has a lot of private label.

Aldi Nord operates approximately 2,220 stores in Germany and Aldi Süd operates just under 2,000 stores but around 7,000 worldwide.

Brands: Aldi Nord, Aldi Süd.

Private label range found [here](#) (ALDI SÜD) and [here](#) (ALDI NORD).
The divisions have combined private label purchasing.



Rewe Group

The Rewe Group is one of the leading trade and tourism groups in Germany and in Europe.

Founded in 1927, the Rewe Group is active in 13 European countries and is one of the largest companies in the European food trade. Namely, Rewe Group is one of the top retailers in both Germany and Austria.

Rewe Group operates more than 15,700 stores and travel agencies across Europe.

Brands: Nahkauf, Penny, Rewe, Rewe City, Rewe To Go.

Private label range found [here](#) (Rewe).

SCHWARZ



Schwarz Group

The Schwarz Group is a multinational grocery retail group operating under the hard discounter/hypermarket Lidl and Kaufland brands.

The Schwarz Group today operates over 13,000 stores in 33 countries.

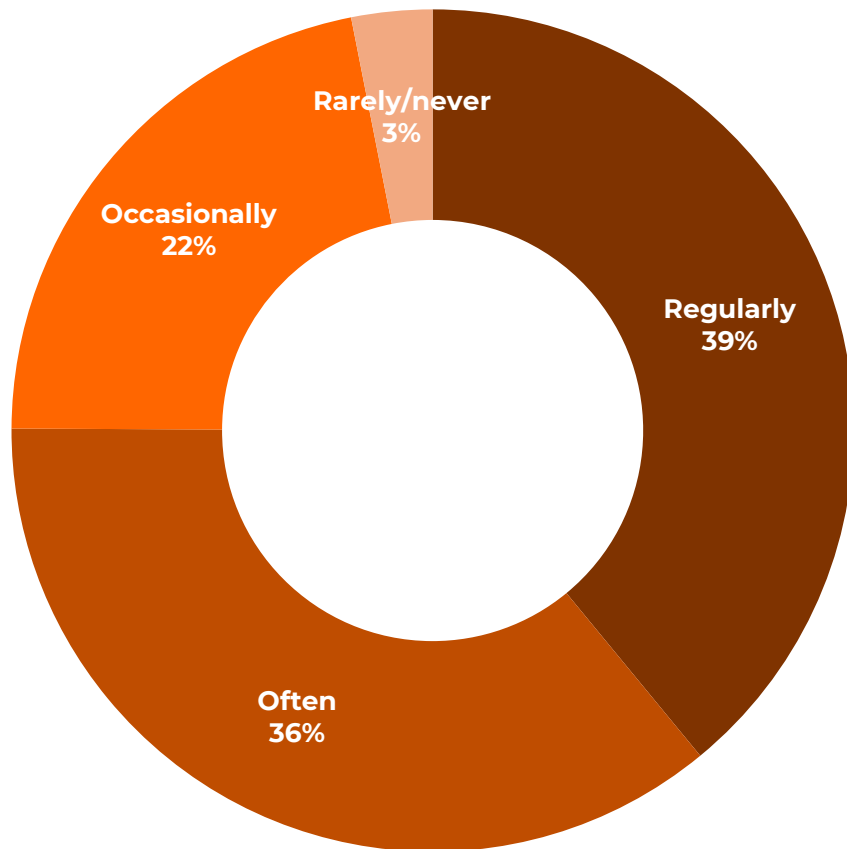
The Schwarz Group stores sell mostly private label brands. They also operate their own production facilities for baking goods, soft drinks and ice cream.

Brands: Lidl, Kaufland.

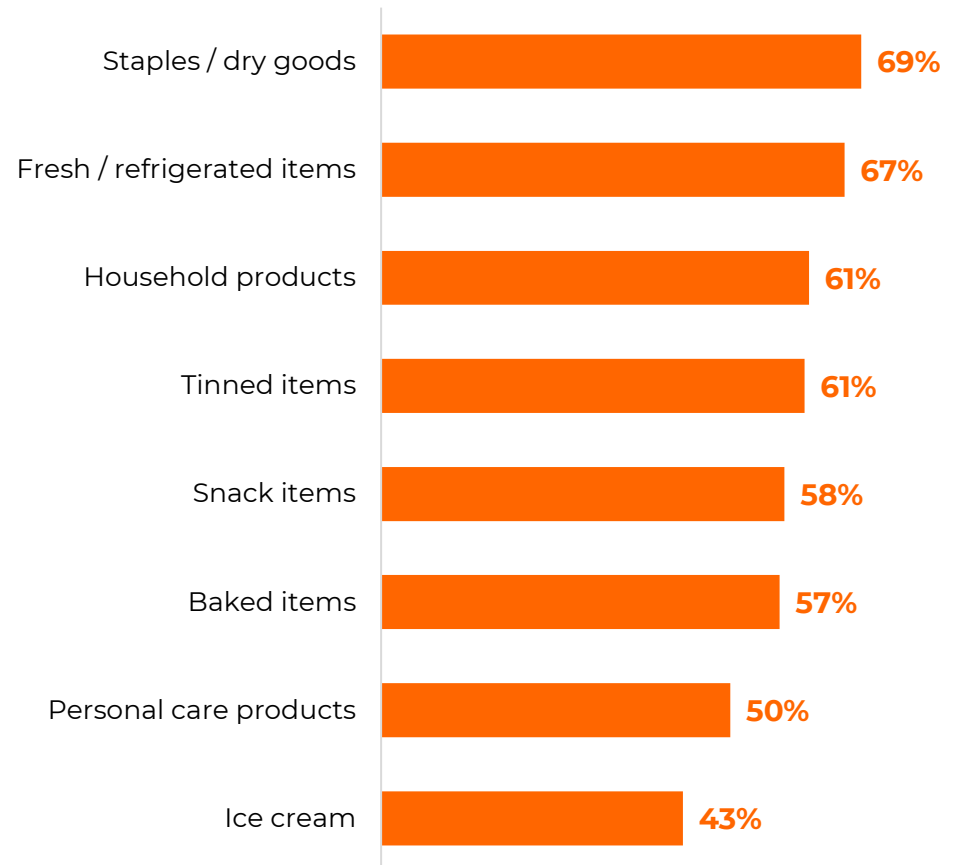
Private label range found [here](#) (Lidl) and [here](#) (Kaufland).

75% of German consumers purchase private label products often or regularly. The top categories are staple dry foods and refrigerated items.

**PRIVATE LABEL PURCHASE FREQUENCY
GERMANY**



**PRIVATE LABEL PRODUCTS BOUGHT
REGULARLY IN GERMANY**



Surprisingly, the percentage of private label consumers is slightly higher amongst high income groups than lower.

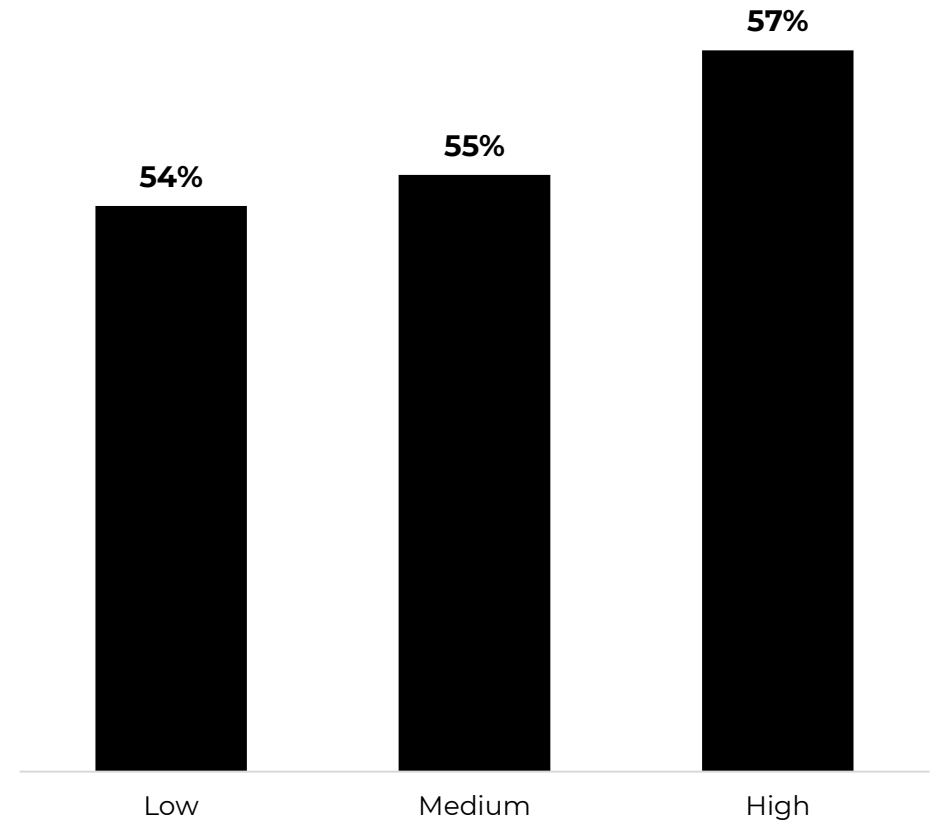
PRIVATE LABEL CONSUMER DEMOGRAPHICS IN GERMANY

% of consumers who purchase private label regularly or often

Private label consumers by state



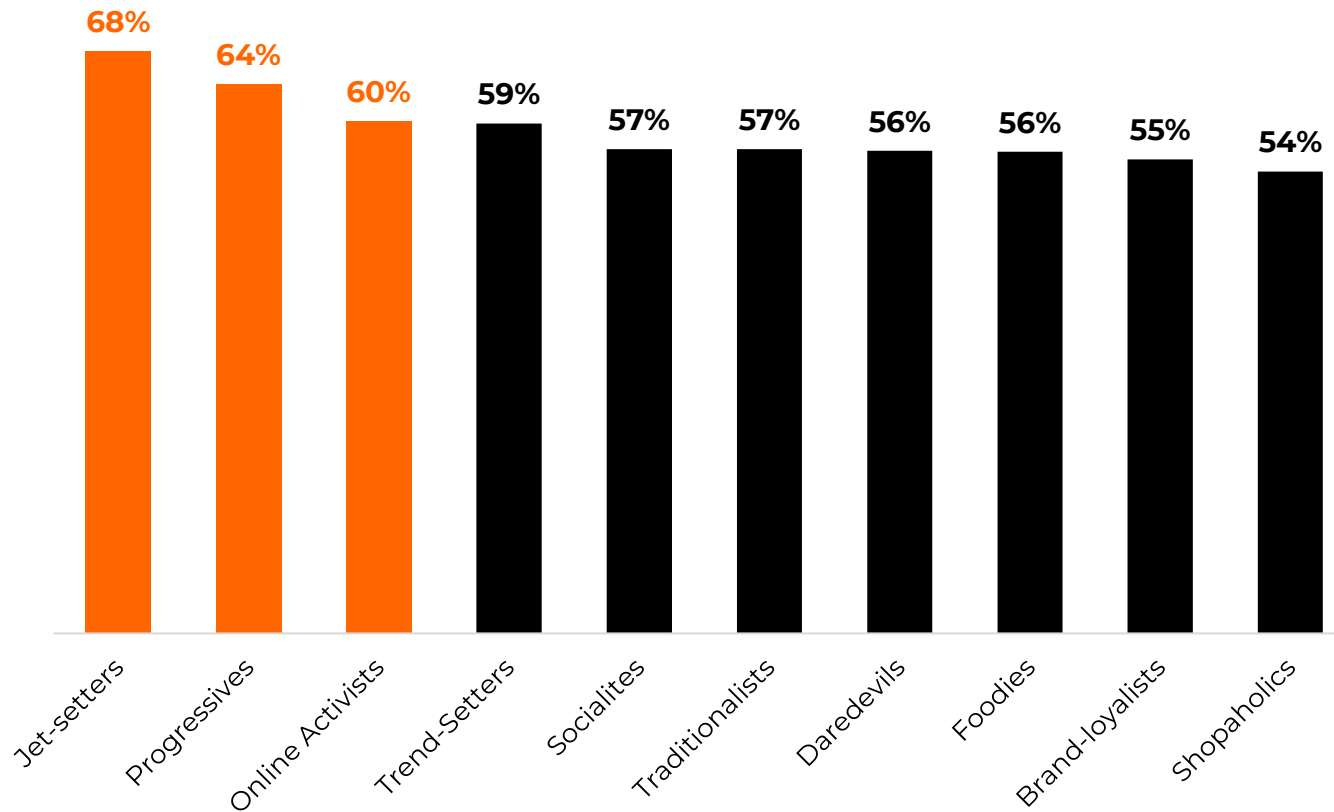
Private label consumers by income group



Consumers that fall into the jetsetter, progressive and online activist personas are the most avid private label consumers.

PRIVATE LABEL CONSUMER PSYCHOGRAPHICS IN GERMANY

% of consumers who purchase private label regularly or often by lifestyle persona



Top three personas



Jet-setters

- Regular and keen travellers.
- High income.



Progressives

- Progressive ideals in gender roles, immigration & equal rights.
- Self-described as open-minded.



Online activists

- Interested in bettering the world.
- Support causes i.e. charity, environment, local issues on social media.



Grocery retail expert: Matthias Wilberg

Matthias Wilberg has over 30 years of experience in the FMCG space in Germany, Austria, and Switzerland, with the likes of Unilever, H.J. Heinz and Alpro, covering branded business as well as private label.

He also founded Fair Karma, a fair trade, and organic condiments company, and Gröeen, a medical cosmetics business.

Over the last three years, he steered the launch of a new private label range, a joint project between Rewe Group and Tim Mälzer (famous German Chef).

Matthias has comprehensive general management experience, is a successful growth generator for FMCG and startups and has excellent knowledge of sales and marketing for FMCG retail.

His experience is cross-cultural, with management experience with Dutch, French, American, Swiss and Italian companies.



KEY INSIGHTS FROM MATTHIAS WILBERG: THE BENEFITS OF BEING A PRIVATE LABEL SUPPLIER

- **Private label buyers are actively looking for new suppliers.** New Zealand exporters have a strong opportunity to fill the supply gap, especially those with unique and high-quality products.
- **Retailers are more invested in the success of private label.** Therefore, suppliers can expect more collaboration and wraparound support.
- **There are no listing fees for private label products.** This allows for market testing and a soft entry into the market before investing in a brand.
- **The distance of New Zealand from Germany is not relevant.** Unlike consumers in Germany, it does not make a difference to buyers if products are from Europe or New Zealand. If suppliers can offer the best quality product for the right price, they will succeed.
- **The consumer perception of private label quality has improved significantly.** Sometimes consumers are even unable to distinguish private label products from national brands due to their brand-like appearance.





Aside from price and quality, the major areas that private label buyers are looking for currently are:

- 1. Organic**
- 2. Free From (i.e. gluten free, lactose free)**
- 3. Premium**



The barriers New Zealand exporters face with negative sustainability perceptions with branded products is not the same when selling into private label.

KEY INSIGHTS FROM MATTHIAS WILBERG



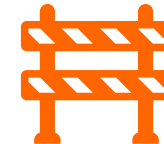
Private label teams exist at a national and regional level

The private label procurement process involves separate private label teams at both HQ and regional levels, meaning the retailers can cater to regional consumer differences.



Traditional listing happens annually, with the exception of very innovative products

Retailers use a traditional annual national listing process with supplier negotiations. However, if there is a more innovative, new product idea, this may follow a different process and fall outside of the annual listing process.



Certification by retailers is a major bottleneck to expect

Certification is crucial for listing, ensuring adherence to retailer standards, and is often a bottleneck due to high demand. Because of this, timeframes can vary and should be accounted for. Despite this, if your product has high demand, it will be pushed through quicker.



Trade shows are an important platform

Trade shows are where buyers gather to actively look for suppliers, for example [PLMA World of Private Label](#) and [Anuga](#). New Zealand exporters should attend and showcase at key shows to raise visibility and interest in their products among the right audience. This is also a good place to start building relationships with buyers.



Having advocacy from a buyer is important

Having a buyer who believes in your product is essential. They can advocate for the product and push other departments to expedite the listing process. This makes building strong relationships with buyers key to success in private label in Germany.



Quality is the primary factor retailers are looking for

While of course price is key, quality is equally a significant focus for private label products, and even more so for premium ranges. New Zealand exporters should emphasise and demonstrate the superior quality of their products to appeal to buyers.



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