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Frugality push led by Generation Y

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Samantha Healy
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GENERIC brands have become entrenched on supermarket shelves, with Generation Y shoppers leading the switch to cheaper grocery alternatives.

Two independent surveys, conducted by research company **TNS** and **Galaxy Research** for Woolworths, found shoppers had become frugal as a result of the global financial crisis, with many turning away from more expensive brands.

TNS consumer research director Nicole Marquardt said their survey of 3000 shoppers found generic brands, such as Woolworths' Select, Home Brand, Organics and Naytura and Coles' Smart Buy, Green Choice, Organic and Finest, were proving popular with young adult households.

"People are opting for private labels to save money to spend on family, the belief that brands are hype and to display thrift," she said.

The TNS survey also identified five consumer groups - Cost Cutters, Smart Selectors, Success Symbolisers, Label Lovers, Belt Tighteners and Brand Believers.

Gold Coast shopper Shirley Burgess, 59, identifies with the belt tighteners - lower-income consumers generally aged more than 50.

A part-time receptionist, Mrs Burgess admits the financial downturn has affected her budget and shopping habits.

"I now see premium labels as a luxury. About one-third of my trolley is now Woolworths' Select home brand," she said.

"I'm happy with the quality and savings, but I'm concerned about the impact it will have on future prices and competition."

Directional Insights managing director of retail research Helen Bakewell said the "new age of frugalism" was here.

"Consumers are looking to substitute a branded item for a generic supermarket product, but not at the expense of quality," Ms Bakewell said.

"For the first time we have Generation Y talking of shopping more cautiously, even using the term 'saving' when questioned in research.

"Even Generation X are being more watchful of the products they buy. It's time retailers took notice."

Woolworths' longlife buying general manager James Aylen said the grocery giant was trying to shed the perception that home brand products were lower in quality.

"We think one way to show how good the home brands are, is to compare them with some of the more expensive, market leading brands," Mr Aylen said.

But **Retailers Association** national executive director Scott Driscoll described the trend as "dangerous".

"These home brands, import cheaper products and mostly bypass Australian growers," he said. "The long-term concern is it will reduce choice because local producers will be pushed out and priced out."

Mr Aylen said about 70 per cent of all Woolworths home brand products were sourced locally.

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