Pantagraph, The (Bloomington, IL)

September 28, 1992

Edition: FINAL

Section: BUSINESS

Page: D3

Private-label soda brands wage war against big guys

Author: *AP*

Dateline: ST. LOUIS

Article Text:

ST. LOUIS (AP) - The fuss raised when Coca-Cola Co. introduced its new formula a decade ago showed the American public just wasn't ready for a new cola taste. But now it seems the fickle public is changing its mind.

Although Coca-Cola Classic and Pepsi Cola are still the leading choices of consumers, private-label brands from the nation's supermarket chains are beginning to make the soft drink industry take notice.

"The private-label market is becoming increasingly important in terms of size," said Jesse Meyers, publisher of the industry newsletter Beverage Digest. "It's currently on a strong upswing."

A few years ago, private-label soft drinks were considerably cheaper than their better-known competitors, but the taste was something the public couldn't swallow.

"They tasted like carbonated dishwater," Meyers said.

But that's changed. Many private-label brands such as **Sam's Choice**, Schnucks Super Sodas, and World Classic have developed new formulas that have had an impact on the $45 billion soft drink industry.

Market share for the private labels now stands at about 8 percent, up from 7.1 percent in 1989, according to Meyers. That's the largest three-year rise since his newsletter was first published in 1971, he said.

Most of that increase has come in the last year as nearly every major retail chain has added its own brand, with flavors from cola to lemon-lime.

The major brands, though, say they don't feel threatened. And according to Meyers, they shouldn't be.

"Private labels will continue to make a modest impact, that's all," he said. "They will never take over the market."

Bob Bretini, a spokesman for Coca-Cola USA, said Coke is treating the private labels as part of its competition mix but the company hasn't changed the way it markets Coke.

"Historically, the private-label brands do better in tougher economic times. We're in a down cycle right now," he said. "But we feel the consumers have a tremendous loyalty to Coca-Cola products."

Associated Wholesale Grocers Inc. in Kansas City, Kan., supplies the Best **Choice** brand, which is sold at Price Chopper and Thriftway markets, while **Cott** Beverages of Columbus, Ga., a subsidiary of **Cott** Corp. of Toronto, bottles private-label soft drinks for 20 U.S. retailers, including industry giant Wal-Mart Stores Inc., which sells **Sam's Choice**.

Last May, St. Louis-based Schnucks Markets Inc. announced its Super Sodas, a new line of soft drinks with a formula bottled exclusively for Schnucks by Vess and Dr Pepper soft drink companies.

Record Number: 0F21D64499C1AA65