

Times & Trends

A Snapshot of Trends Shaping
the CPG and Retail Industries



November 2008

- 03 Executive Summary
- 04 Introduction
- 05 Market Opportunity
- 07 Shopping Patterns
- 10 Category Opportunity
- 13 Purchase Behavior
- 15 Trends to Watch
- 16 Conclusions
- 18 Resources

Baby Boomers **One Size Does *Not* Fit All**



Boomers or Boomlets? Micro-Segmentation Critical to Serving an Aging Population

As they have since they burst on to the scene starting in the late 1940s, Baby Boomers continue to have an outsized impact on the U.S. economy. These 76 million Americans born between 1946 and 1964 possess annual buying power estimated at \$2 trillion plus.

CPG manufacturers and retailers that view this group as a monolith, do so at their own peril. Market leaders who want to most effectively meet the needs of Boomers, some of whom are in their 60s, others still in their 40s, must identify the distinct and ever-changing attitudes and behaviors of literally hundreds of micro-segments based on income, geography, shopping trip missions, health and wellness and many other factors.

Overlaid with these differences in attitudes and behaviors is the profound transformation the U.S. economy is experiencing at present. Each of these micro-segments is likely to react differently to the rising then falling price of energy, a severely strained financial market, increasing unemployment and decreasing consumer confidence.

There are some broad commonalities among Baby Boomers that are worth noting, however. Approximately two-thirds of Baby Boomers will continue to work after retirement, some out of financial necessity, others from an eagerness to keep active. Baby Boomers, like their Gen X, Gen Y and younger compatriots, use the Internet actively to get information, research products and make purchases online. And, like no generation before, Baby Boomers are relying heavily on CPG products, from food and beverages to vitamins and supplements, for health and vitality. For the packaged goods industry, the opportunity is immense.

As Baby Boomers age, their healthcare needs, of course, will also evolve, with a greater demand for prescription medications and other health-related supplies. Manufacturers and retailers alike must rethink the value propositions of these products to an aging Boomer audience. Manufacturers should be thinking about innovations such as packaging suitable for arthritic fingers and labeling that is legible to aging eyes. Retailers in areas with high concentrations of Boomers should consider displays that bring together a wide range of health and wellness needs. In a kiosk labeled, "Serving the Active Boomer," shoppers would find items one would expect, such as over-the-counter analgesics, age-specific vitamins, rubs and ointments, as well as items they might not normally expect, such as herbal teas and energy bars formulated specifically for the 60+ year old body.

The changing needs of an aging Baby Boomer population, combined with today's economic transformation that is causing these consumers to shift how they live, work and shop, are driving CPG manufacturer and retailer leaders to completely reformulate how they design, launch, merchandise, promote and price products. These new approaches are based on a dramatically deeper knowledge of shopper attitudes and behaviors. With new technology platforms and analytical tools, innovative manufacturers and retailers can more rapidly meet the needs of today's Boomers, as well as predict and be prepared to meet their needs in the coming years.

As a Baby Boomer myself, I am especially eager to assist companies in meeting the evolving needs of this important group.



Thom Blischok
President, Consulting & Innovation



EXECUTIVE SUMMARY: TURNING INSIGHTS INTO ACTION

INSIGHT

- » With an estimated \$2 trillion in annual spending power, the Baby Boom generation is clearly the largest and most influential consumer segment the CPG industry has ever served
- » Boomers' pursuit of vitality and longevity have had a significant impact on CPG trends, driving growth across healthcare, skin care, food and beverage categories
- » Boomers' spending priorities shift over time, with healthcare escalating quickly over the age of 50, and continuing to shift with age
- » Drug and supercenter retailers have established innovative educational programs vis-à-vis health and wellness aimed at building trust and loyalty among senior shoppers; as Boomers age, the size of the country's senior population will explode
- » In a down economy, private label is well-positioned to serve consumers' need for value; spending nuances between and within age cohorts reinforce the need for highly targeted private label strategies

ACTION

- » Anticipate and proactively address changes in product needs and shopping preferences through frequent and granular consumer and market assessments
- » Develop best-in-class marketing, pricing and promotion strategies within key categories in each of these areas; re-evaluate distribution strategies to ensure alignment with shopping patterns
- » Understand core healthcare needs across key consumer segments; align product assortment and merchandising programs with chronic and/or frequently occurring ailments
- » Re-evaluate existing programs frequently to maximize relevance and response for high-priority categories and segments
- » Retailers must support private label initiatives with targeted ads and display-based merchandising; brand manufacturers must re-evaluate pricing strategies to ensure alignment against the value needs of key consumer segments

[Times & Trends]

A Snapshot of Trends Shaping the CPG and Retail Industries



INTRODUCTION

With \$2 trillion in annual spending power, the Baby Boom generation is clearly the largest and most influential consumer segment the CPG industry has ever served.

The Baby Boom generation is long-known to be a trend-setting group. For the packaged goods industry, the impact of this generation will be profound.

Sheer size plus an estimated \$2 trillion in annual spending power makes the Baby Boom generation the largest and most influential consumer segment the CPG industry has ever served.

In order to serve this group effectively, though, CPG marketers must be on their toes. Despite the fact that Boomers have shared many life experiences, the group prides itself on individuality, and, as a whole, is really a diverse population.

Early Boomers just recently entered their 60s. Over the next two decades, the country's senior population will explode. With this will come an inevitable increase in the need for healthcare products- from prescription drugs, to over-the-counter medications, to functional foods.

Like no generation before, Boomers are fixated on health and vitality. Historically a "meat and potatoes"

bunch, Boomers are rapidly turning to food, beverages, vitamins and supplements to increase longevity and quality of life.

The effect on CPG had been, and will continue to be, immense. To effectively compete, CPG marketers must anticipate and proactively address changes in product needs and shopping preferences among this massive consumer group.

And, the group must be served at the micro-level. Needs, attitudes and behaviors are diverse and quite dynamic over time.

This report provides insight into current and emerging trends within the Baby Boom marketplace that will enable manufacturers and retailers to develop and execute strategies that align with overall corporate goals while simultaneously addressing the rapidly changing needs of the country's largest and most influential consumer group ever.

Cohort Definitions

<u>Name</u>	<u>Year of Birth</u>
LBJ	1965-1974
Kennedy Boomer	1956-1964
Truman Boomer	1946-1955
FDR60	1936-1945

Note: Dwight D. Eisenhower was President 1953-1961; Americans born during that time fall into either Truman Boomer or Kennedy Boomer cohorts, depending on year of birth.

[Times & Trends]

A Snapshot of Trends Shaping the CPG and Retail Industries



MARKET OPPORTUNITY POPULATION

With \$2 trillion in annual spending power, the Baby Boomers will play a major role in defining CPG trends in the foreseeable future.

The estimated 76 million Americans born between 1946 and 1964 are known as the Baby Boom Generation. Perhaps the most studied generation ever, this group has played a pivotal role in establishing, or thwarting, many of today's most pervasive CPG trends. Historically a "meat and potatoes" group, Baby Boomers now increasingly turn to CPG products, from foods to supplements, as a key weapon in their battle to maintain a healthy and active lifestyle.

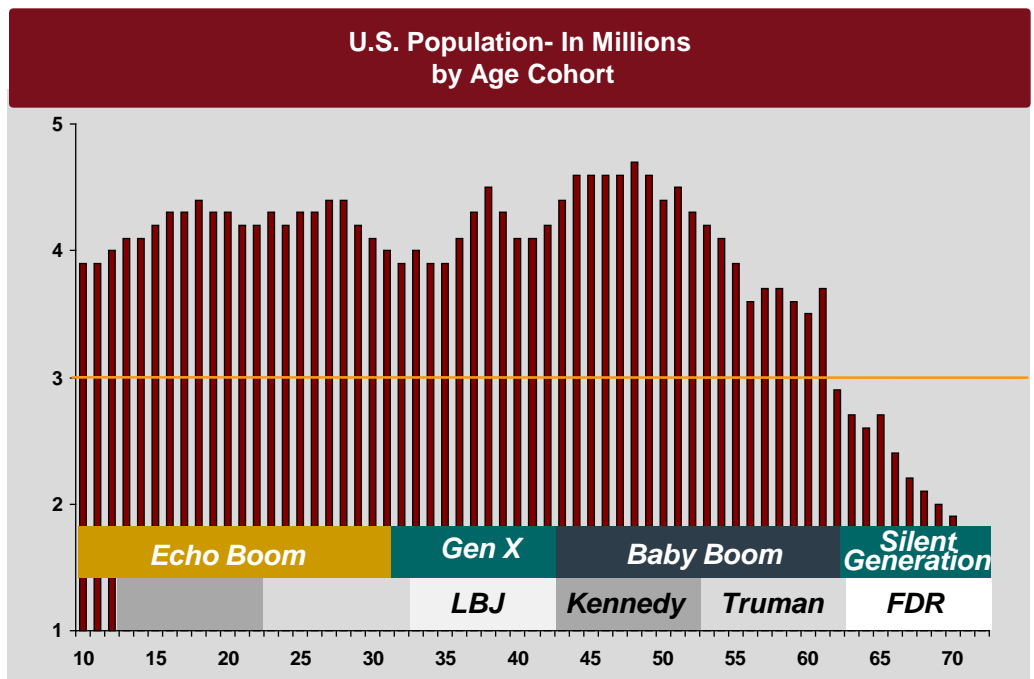
Born after the Silent Generation, which was plagued by the Great Depression and still holds very conservative financial views, Baby Boomers are typically quite optimistic about their finances, and spend more freely. This translates into serious opportunity. Boasting an estimated \$2 trillion in annual spending power, the

Baby Boom generation is the wealthiest generation in the history of the United States¹.

Sheer size is also a driving force behind the power of the Baby Boom generation. The oldest Boomers have just entered their sixties. Over the next several years, as Boomers age, the ranks of the U.S. senior citizen population will skyrocket.

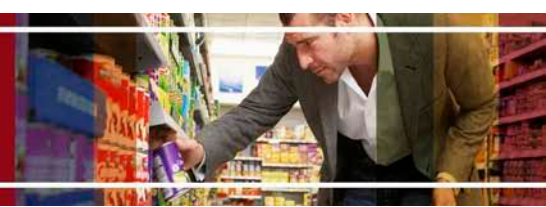
It is important to realize, however, that the Baby Boom generation spans 20 years. It is a very diverse group. Attitudes and needs vary greatly, and will evolve over time.

A one-size-fits-all strategy will not effectively meet the needs of this huge market segment. Micro-targeted strategies are a critical key to success.



Source: U.S. Bureau of the Census

¹ Mintel



Despite sharing many seemingly formative historic experiences, the Baby Boom generation is quite diverse.

MARKET OPPORTUNITY SIZE & GROWTH

Marketers often make the mistake of classifying Boomers as a single target market. In fact, though, despite having shared profound life experiences as Vietnam, Woodstock, Watergate and the women's rights movement, the Baby Boom generation is quite diverse.

Baby Boomers represent a broad cross-section of attitudes, beliefs, educational backgrounds, living situations, expectations, interests and spending priorities.

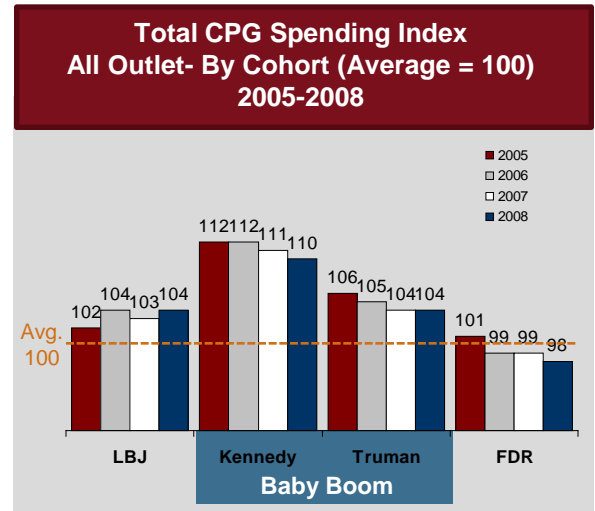
As depicted in the top chart to the right, CPG spending within the Baby Boom generation is reflective of these differences.

For instance, Truman Boomers invest only slightly more in CPG products versus the population as a whole, and index similarly versus the LBJ cohort, which is part of Generation X.

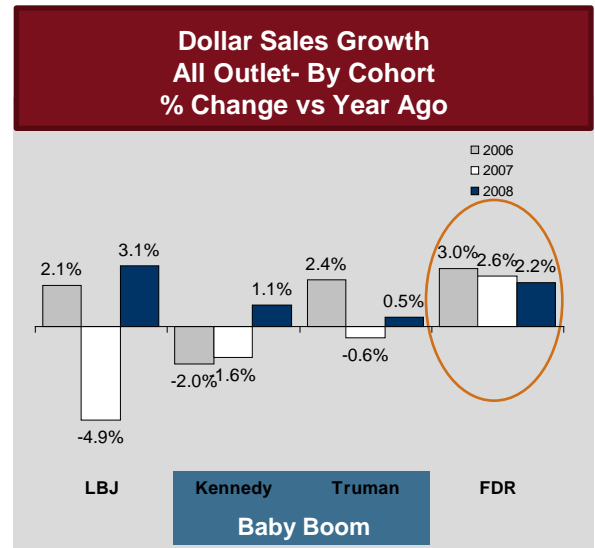
Kennedy Boomers, on the other hand, spend much more on CPG versus the total population, and also index higher on CPG spending versus the other cohorts studied.

Likewise, the rate of spending growth varies across cohorts. Below and to the right, the chart illustrates that LBJ, Kennedy and Truman CPG spending growth has been spotty and sometimes negative, while FDR cohort spending has been growing, though at a diminishing rate, over the past several years.

The ability to understand motivating and mitigating factors behind CPG spending is critical in driving share growth within this valuable consumer segment.



Source: IRI Consumer Network™; 52 weeks ending 10/5/2008



Source: IRI Consumer Network™; 52 weeks ending 10/5/2008

The pages that follow provide a detailed look at some of the key attitudes and behaviors that help to define this valuable- and diverse- consumer segment.



Larger-format channels lose share as consumers age; club is a notable exception.

SHOPPING PATTERNS CHANNEL SHARE

Grocery is clearly the most widely shopped CPG channel, with nearly 100% penetration. The chart below illustrates that grocery accounts for a similar share of CPG spending across the analyzed cohorts.

Beyond grocery, however, consumers demonstrate varying channel behavior between, and even within, generations.

For example, drug channel share of CPG spending increases drastically with age. While LBJs spend an estimated 25% less than the average consumer in the drug channel, Truman Boomers' drug channel spending index is significantly above average. The index rises again within the FDR cohort.

Drug stores have successfully established themselves as a destination location for healthcare products. Since spending on healthcare products increases with age, the channel's high share index among older shoppers is logical.

In contrast to the drug channel, supercenters have captured above-average CPG spending from LBJs. With age, though, supercenter share declines. FDRs spend an estimated 12% less than the average within the supercenter channel, likely due to the difficulty of maneuvering around such large store formats at an advanced age.

Channel Share Indices Based on Share of Dollar Sales (Index-Average = 100)				
	LBJ	Kennedy	Truman	FDR
Grocery	101	102	99	98
Drug	74	91	115	129
Mass	110	97	94	96
Supercenter	108	94	92	88
Club	105	104	101	106
Dollar	85	105	117	106
Wal-Mart*	107	95	92	92

Source: IRI Consumer Network™; 52 weeks ending 10/5/2008

*Total Wal-Mart with Neighborhood Markets



Education-based health & wellness programs have become quite prevalent in CPG, and are credited with protecting and growing share among older drug and supercenter shoppers.

SHOPPING PATTERNS CHANNEL SHIFTS

Tumultuous economic times have led to escalating channel migration activity. The trend is quite pervasive, and actually transcends income segments.

Illustrated below, the pace at which channel shifting is occurring varies across age cohorts. Grocery, for instance, has captured 1.2 share points among the LBJ cohort, while posting flat or declining share across other cohorts.

The other cohorts, Kennedy Boomers, Truman Boomers and FDRs appear to have shifted their CPG spending in favor of the supercenter channel, resulting to close to one share point gains across the segments.

Despite the fact that supercenter spending decreases with age, the chart below illustrates that the channel is experiencing strong growth among Kennedy and Truman Boomers as well as FDRs.

Supercenters such as Wal-Mart have invested heavily in programs that appeal to older consumers, such as \$4 prescription programs and in-store health clinics¹. As the ranks of senior citizens swell over the next decade, these types of programs will likely continue to grow, and to attract shoppers to the retail outlet.

Within the drug channel, CPG spending growth has been somewhat stagnant. But the channel is working to change this tide, offering programs and new product lines to appeal to the growing market.

Rite Aid, for instance, has broadened its home health offerings to include such items as wheelchairs, electronic scooters and bath safety products. In addition, the retailer's senior loyalty program, Living More, provides members with a newsletter and prescription drug discounts².

**Total Channel Share Point Change versus Year Ago
Dollar Sales
(2008 v 2007)**

	LBJ	Kennedy	Truman	FDR
Grocery	+1.2	0.0	(0.6)	(0.1)
Drug	+0.1	0.0	+0.3	0.0
Mass	(0.4)	(0.7)	(0.5)	(0.4)
Supercenter	(0.2)	+0.8	+1.0	+0.9
Club	(0.1)	0.0	0.0	+0.2
Dollar	0.0	+0.1	+0.2	0.0
Wal-Mart*	+0.4	+0.7	+0.8	+1.1

¹ Wal-Mart Annual Report 2008

² Rite Aid Annual Report 2008

Source: IRI Consumer Network™; 52 weeks ending 10/5/2008

Times & Trends

A Snapshot of Trends Shaping the CPG and Retail Industries



CPG spending priorities shift over time; healthcare share of spending climbs sharply with age, at the expense of beauty/personal care.

SHOPPING PATTERNS DEPARTMENT SHARE

The chart below reinforces the notion of healthcare spending growth associated with aging.

On average, consumers allocate about 5.4% of their CPG dollars to healthcare products. But, a closer look at consumer segments reveals great disparity in spending across cohorts.

Kennedy Boomers, for instance, spend a lower-than-average 4.7% of their CPG dollars in the healthcare department. Truman Boomers, just slightly older, prioritize their CPG spending quite differently, allocating 6.1% of CPG spending to healthcare. The picture continues to change quickly, with the healthcare department claiming 2 share points more among FDRs consumers versus the market as a whole, and 1.4 share points more than Truman Boomers.

Though not as drastic, spending within the beauty/personal care department also changes notably as consumers age. In this department, though, spending tends to taper off among older shoppers.

An area of exception, however, is skin care. Baby Boomers, in general, seek vitality. They don't necessarily want to make themselves look younger, but they do want to look as good as they can for their particular age. As a result, anti-aging products are in high demand among older consumers.

A more in-depth look at the power of key beauty/personal care products across cohorts is presented later in this report.

Department Dollar Share All Outlet					
	Total Panel	LBJ	Kennedy	Truman	FDR
Beauty/Personal Care	8.1%	9.0%	7.8%	7.1%	6.9%
Center Store	56.1%	55.1%	57.1%	57.7%	56.8%
Fresh/Perishable	16.4%	17.2%	16.3%	15.6%	15.8%
Frozen	10.6%	11.5%	10.9%	9.9%	9.4%
General Merchandise	3.3%	3.2%	3.2%	3.5%	3.6%
Healthcare	5.4%	4.1%	4.7%	6.1%	7.5%

Source: IRI Consumer Network™; 52 weeks ending 10/5/2008
*Total Wal-Mart with Neighborhood Markets



Spending on key healthcare categories escalates quickly after the age of 50.

CATEGORY OPPORTUNITY HEALTHCARE

Health concerns typically escalate with age. In some instances, worries appear to increase gradually. But, with respect to several serious conditions, such as cholesterol, heart problems, and osteoporosis, consumer concerns appear to escalate rather dramatically shortly after the 50th birthday.

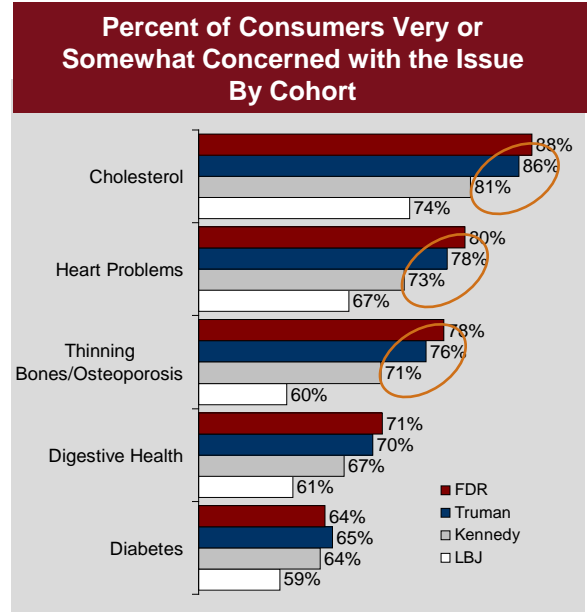
As illustrated in the top chart on this page, Truman Boomers are much more concerned with cholesterol, heart disease and osteoporosis versus the younger Boomer cohort. Logically, CPG shopping behavior is reflective of these differences.

The lower chart on this page emphasizes some rather large shifts in healthcare spending over time. While these variances are most significant between LBJ consumers and FDRs, the shifts occurring within the Baby Boomer Generation are quite sizable, and warrant attention.

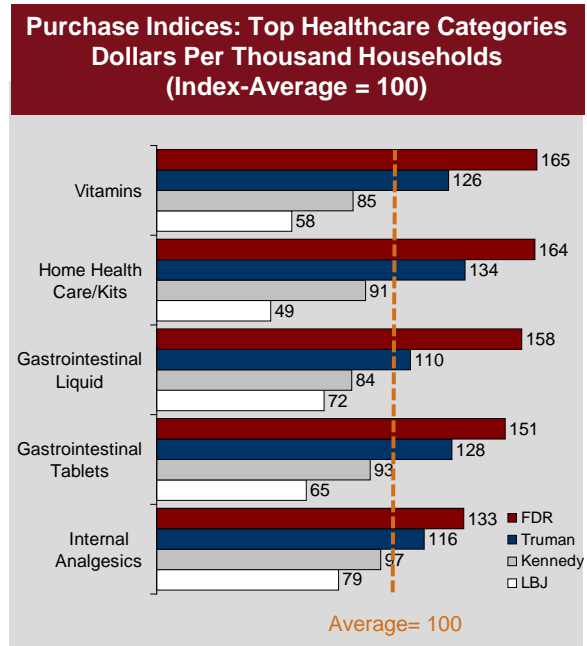
Truman Boomers, for instance, index 34 points higher in home health care expenditures versus the population as a whole, and 43 points higher versus Kennedy Boomers.

Spending on vitamins also escalates rapidly during the fifth decade of life, with Truman Boomers indexing 43 points higher versus Kennedy Boomers and 26 points higher versus the average shopper.

Healthcare plays a critical role in understanding CPG attitudes and behaviors. Marketers who understand and address shifting healthcare concerns among this formidable group of consumers will be rewarded with loyalty and share of spending going forward.



Source: IRI MedProfiler VII



Source: IRI Consumer Network™; 52 weeks ending 10/5/2008



“Health and vitality” is a critical lever of food and beverage purchase decisions among the Baby Boom generation.

CATEGORY OPPORTUNITY FOOD & BEVERAGE

Nutritional habits play a key role in addressing many healthcare concerns. As illustrated in both charts on this page, consumers’ eating habits change rather dramatically over time.

For instance, the lower chart highlights the fact that consumers typically eat less indulgent and fast food later in life.

Consumption of organic food is consistent across age cohorts, with about one-third of consumers eating organic foods some or most days each week. Other nutritional attributes, however, appear to hold more appeal as consumers age.

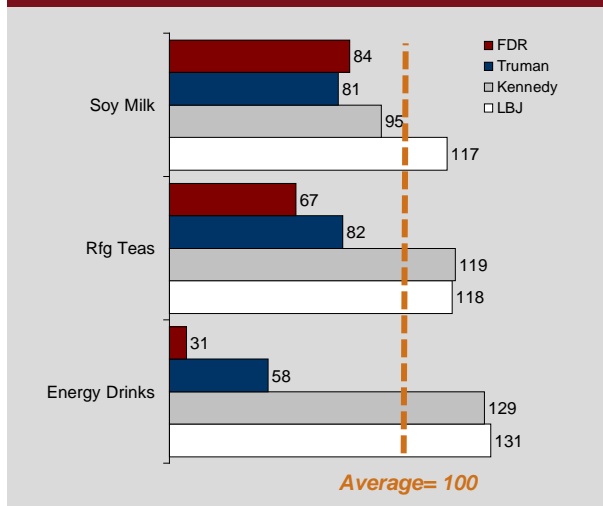
Regular consumption of whole grains is more prevalent among older consumers, but just slightly so. On the other hand, omega-3s and antioxidants demonstrate a rather significant increase in frequency of consumption over time. The most prominent increases occur between Truman and Kennedy Boomers.

Functional foods, likewise, are consumed differently over time. The top chart on this page illustrates a sharp drop in purchase activity across several functional food categories. Once again, the largest shifts occur between Truman and Kennedy Boomers.

Though Baby Boomers may share a common goal of vitality and longevity, paths to achieve that goal vary. Understanding those varying paths is critical to successfully serving this massive consumer segment.

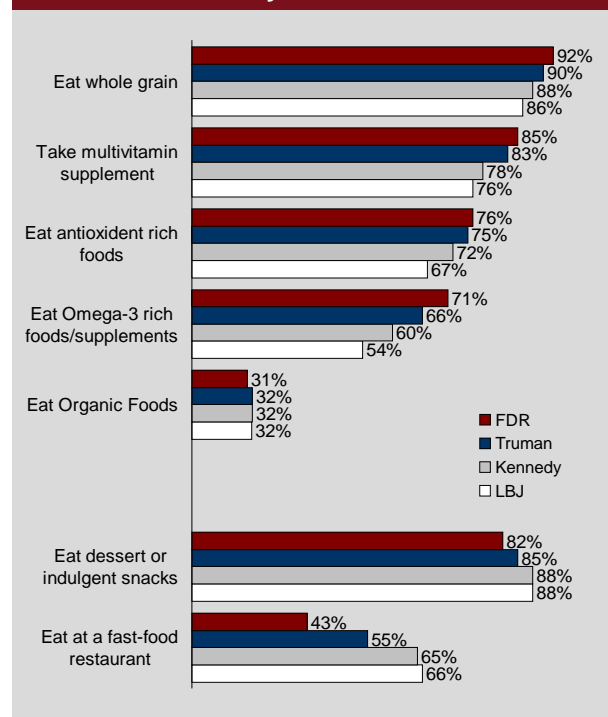
Product development, packaging and promotional campaigns that are targeted at the micro-level will resonate well with target consumers, build share, and solidify relationships.

Purchase Indices: Functional Foods Categories Dollars Per Thousand Households (Index-Average = 100)



Source: IRI Consumer Network™; 52 weeks ending 10/5/2008

Percent of Consumers Doing the Following on a Daily or Weekly Basis By Cohort



Source: IRI MedProfiler VII



Boomers' quest to banish fine lines and wrinkles will propel the anti-aging skin care market over the next several years.

CATEGORY OPPORTUNITY SKIN CARE

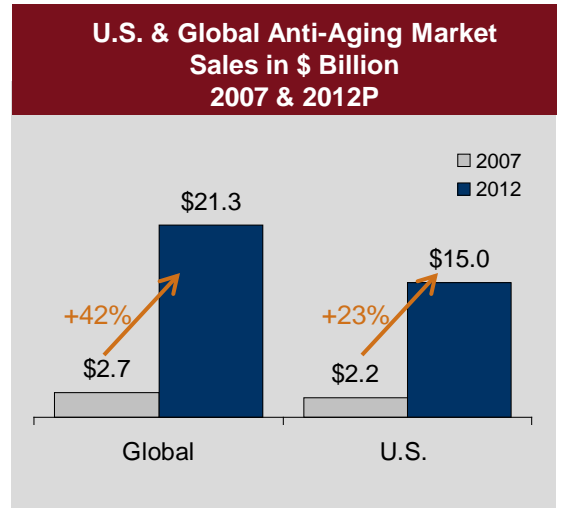
With Boomers on a quest to banish fine lines and wrinkles, and younger consumers proactively seeking to prevent them, the anti-aging market is predicted to thrive over the next several years. Though not quite as strong as the global market, the U.S. anti-aging market will grow 23% through 2012, to \$15 billion.

Though the target market for these products spans many years, noteworthy shifts occur at various points in time. The lower chart on this page highlights these shifts within key anti-aging categories among Baby Boomers and surrounding age cohorts. Once again, purchase patterns are quite different across cohorts, and most dramatic between Kennedy and Truman Boomers.

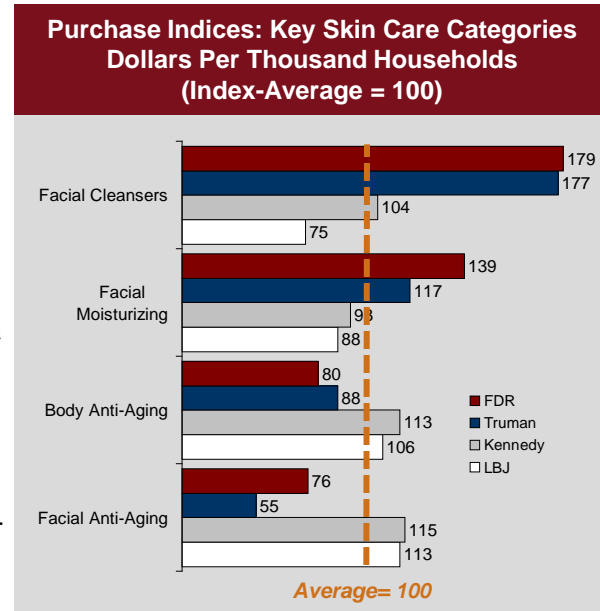
Consumer demand is expected to be particularly strong in the area of cosmeceuticals- skin care products that accentuate the presence of active ingredients in product formulations. Specifically, organics, enzymes, amino acids and peptides are poised to thrive¹.

Logically, product innovation in this area has been quite high. For example, L'Oreal Paris recently introduced Advanced Revitalift Anti-Wrinkle Concentrate with Pro-Retinol A and Pro-Lastyl. A major 2008 rollout from Garnier Nutritioniste is Skin Renew Anti-Sun-Damage Daily Moisture Lotion with SPF 28, with vitamin C to correct existing signs of sun damage and protect from future damage. Levels of research and development activity are expected to remain high over the next several years.

With so many new product launches and associated advertising/promotional campaigns, the potential for confusion



Source: Euromonitor International



Source: IRI Consumer Network™; 52 weeks ending 10/5/2008

among consumers is real. Targeted promotional programs that take an educational approach are key to reassuring consumers and building an effective brand image.

¹ Drug Store News



Private label assortment and merchandising aligned with trip missions will drive spending in key categories/departments.

PURCHASE BEHAVIOR PRIVATE LABEL

As illustrated in the top line of the chart below, private label share of CPG spending is similar across cohorts studied, and just slightly lower among the two Boomer cohorts.

However, a channel level analysis reveals that not all of these shoppers are purchasing private label products in the same way.

For instance, while LBJs allocate a similar share of total CPG spending to private label at the all outlet level, they spend less on private label in the drug and dollar channels, and slightly more in the supercenter channel.

At the all outlet level, Kennedy and Truman Boomers' private label spending is similar. Channel analysis, though, reveals nuances that warrant attention.

Specifically, Truman Boomers' private

label spending is higher versus Kennedy Boomers in several channels, including club and mass, as well as Wal-Mart. In addition to every day low prices, several of these retail options have developed strong private label offerings, enabling shoppers to save money without opting out of high-priority categories.

Private label share within the drug and club channel is actually higher versus total population among FDR shoppers, possibly due to the fact that FDRs, in general, allocate more of their CPG dollars to healthcare products. As healthcare accounts for a significant share of older shoppers' budgets, these consumers look to drive cost down with private label options more frequently versus other shoppers.

We will more closely examine private label expenditures across departments and cohorts on the following page.

Private Label Share Indices Based on Share of Dollar Sales- by Channel (Index-Average = 100)				
	LBJ	Kennedy	Truman	FDR
All Outlet	101	97	96	101
Grocery	101	98	97	100
Drug	89	97	100	112
Mass	98	97	102	98
Supercenter	103	95	98	103
Club	96	94	102	109
Dollar	93	98	103	99
Wal-Mart*	101	95	100	103

Source: IRI Consumer Network™; 52 weeks ending 10/5/2008

Times & Trends

A Snapshot of Trends Shaping the CPG and Retail Industries



Spending nuances across and within consumer segments reinforce the need for highly targeted private label strategies.

PURCHASE BEHAVIOR PRIVATE LABEL

In some departments, private label purchase behavior is quite different across age cohorts. In others, the opportunity lies in understanding nuances between and within the segments.

For example, what is behind the disparity in frozen food private label purchase activity between Kennedy Boomers and FDRs? In general, private label frozen foods are increasingly being recognized for quality and variety. Innovation in frozen private label products is healthy, and the portion flexibility offered by these lower-cost frozen food solutions is likely quite attractive to older shoppers, who are more likely to live on their own or in a small household.

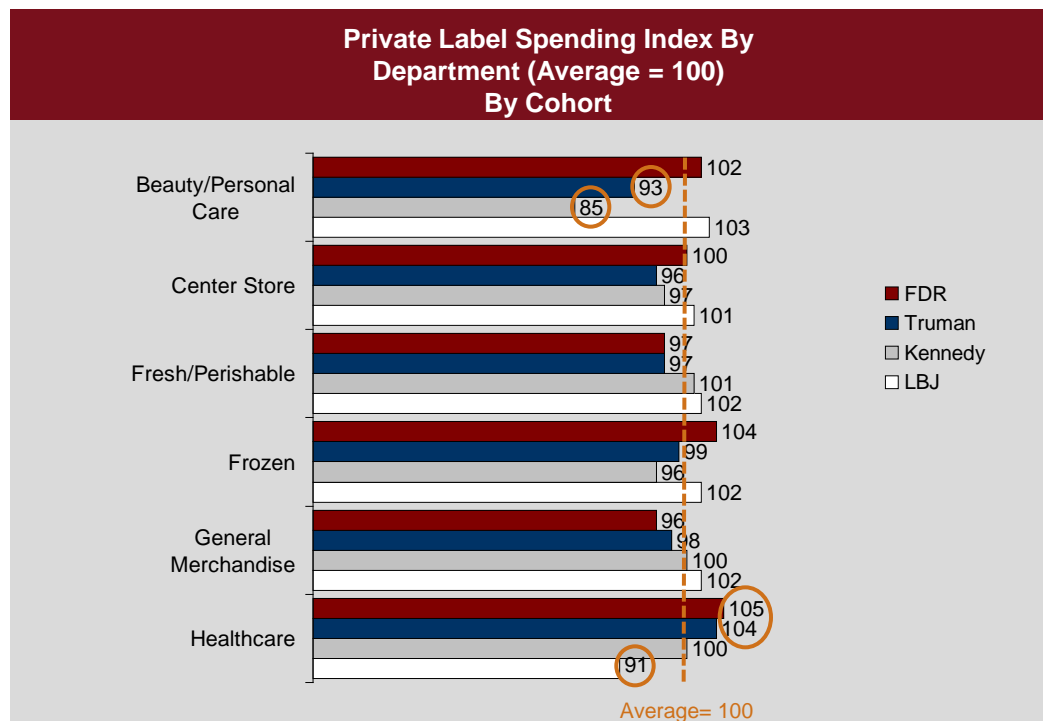
Similar types of drivers exist across, and within, departments. Understanding subtle differences will ensure maximum relevance in product development and promotional initiatives.

As illustrated earlier in this report, consumers display significant changes in shopping patterns within the beauty/personal care and healthcare departments over time. The chart below demonstrates that private label usage within these departments is dynamic, shifting at numerous stages over the course of time.

Understanding key drivers of these behavior changes is critical to successfully serving these consumer segments.

Private label share growth has accelerated across all income segments over the past year as consumers struggle under intense economic pressures.

IRI, *Transforming Economy: Shoppers in Crisis*



Source: IRI Consumer Network™; 52 weeks ending 10/5/2008



TRENDS TO WATCH

The ability to understand and address several trends will be critical in successfully serving the Baby Boom market.

“As Boomers move into their 70s, 80s and 90s, they are taking the Internet with them.”

Jeffrey Cole
Director, Center for the Digital Future

Technology

Over the past decade, the Internet has become a key everyday tool for many people, in the United States and abroad. Baby Boomers are no exception. Baby Boomers are using the Internet for a range of activities, from work, to socialization to research. In fact, 92% of Boomers use the Internet to get information, with nearly three-quarters of Boomers researching products for online purchase. An even greater number, 86%, use the Internet to research products which they will later purchase an offline retail outlet.

As this massive segment of the population ages, flow of promotional ad dollars to key senior Web sites is expected to grow.

Lifestyle

Like many in the United States, the Baby Boomers have been hard-hit by the down economy. As a generation of spenders, some Boomers are finding themselves in the unenviable position of having to pull from savings in order to make ends meet. According to a recent AARP survey, 25% of Americans aged 45-64 are prematurely withdrawing funds from their 401K to make ends meet. The survey finds that young Boomers (age 45-54), in particular, are being harder-hit, with 25% postponing payments on bills, and 17% cutting back on medications.

Due, in part, to economic struggles, approximately two-thirds of Boomers will work for pay after retirement¹.

With strained finances and limited time, the Baby Boomer segment will demand value and convenience. How those needs are defined will vary, so constant monitoring is vital.

Most Prominent Internet Activities Among Baby Boomer Generation



Source: ThirdAge

Healthcare

As the Baby Boomer segment ages, demand for prescription medications is expected to increase dramatically. Pharmacies across channels are working to streamline systems and improve efficiencies in order to be able to handle this demand increase.

Historically, prescription costs were a significant driver of channel selection behavior, and uninsured seniors migrated to supercenter channels for lower-cost prescription drugs. Though the implementation of Medicare Part D several years ago successfully minimized cost as a factor, successful education-based initiatives launched by supercenters and drug retailers have retained and built Rx and front-end healthcare sales among older shoppers.

As the massive Boomer segment ages, the ability to target education-based healthcare programs will be a critical factor in driving loyalty- and share of healthcare spending.

¹ Associated Press survey



CONCLUSIONS CPG MANUFACTURERS

To effectively serve the Baby Boomer market, CPG manufacturers should consider the following action items:

» Assortment

- Invest to understand core health and wellness needs across key consumer segments
- Explore new product development opportunities with core and target consumers across broad-based functional areas (lowers cholesterol, natural/organic, etc)

» Marketing

- Build multi-category marketing campaigns around high-demand benefits such as heart-healthy, bone-building, etc
- Develop and execute educational campaigns around key health and wellness considerations; support with feature ads, displays and in-store signage

» In-store

- Build multi-category displays and/or dedicated store sections around high-demand benefits such as heart-healthy, bone-building, etc
- Create store signage that clearly identifies high-demand benefits and educates consumers regarding why those benefits are important



CONCLUSIONS CPG RETAILERS

To effectively serve the Baby Boomer market, CPG retailers should consider the following action items:

» Assortment

- Invest to understand core health and wellness needs across key consumer segments
- Align product assortment and promotional programs with chronic and/or frequently occurring health conditions
- Tailor assortment by market to meet unique needs of local consumers

» Marketing

- Re-evaluate pricing strategies to ensure alignment against needs of key consumer segments
- Invest in product and packaging innovation within categories that demonstrate growing private label presence
- Partner with key manufacturers to develop and execute educational campaigns around key health and wellness considerations; support with feature ads, displays and in-store signage

» In-store

- Build multi-category displays and/or dedicated store sections around high-demand benefits such as heart-healthy, bone-building, etc
- Create store signage that clearly identifies high-demand benefits and educates consumers regarding why those benefits are important



RESOURCES

To gain insight into opportunities across specific categories, consumer segments, channels or retailers, contact your IRI client service representative regarding custom analyses leveraging the following resources:

IRI Consumer Network™

Nationally representative panel of households tracking purchases with hand-held barcode scanners; extensive demographic profiles enable in-depth analysis of purchase behavior across standard or custom-defined consumer segments across channels.

IRI AttitudeLink™

IRI's custom survey capability that can be executed via email, telephone or Internet; the ability to link attitudes with actual purchase behavior enables clients to track sales across custom attitudinal segments.

IRI MedProfiler Health & Wellness Survey

Annual syndicated survey of healthcare attitudes and conditions; enables the creation of custom target groups that can be used to track purchases across specific attitudinal/condition segments.

[Times & Trends]

A Snapshot of Trends Shaping the CPG and Retail Industries



>>> MORE INFORMATION

Please contact Susan Viamari at susan.viamari@infores.com with questions or comments about this report.

About IRI

IRI is the world's leading provider of consumer, shopper, and retail market intelligence and insights supporting 95 percent of the FORTUNE Global 500 consumer packaged goods (CPG), retail and healthcare companies. Only IRI offers the unique combination of integrated market information, automated and predictive analytics, innovative enabling technologies, and domain expertise. With IRI, leading retailers and manufacturers are able to quickly discover breakthrough insights driving smarter decisions and actions across the enterprise for breakthrough results. Companies around the world depend on IRI for improved productivity, stronger brands, and dramatic revenue growth. For more information, visit <http://us.infores.com>

CORPORATE HEADQUARTERS:
150 NORTH CLINTON STREET
CHICAGO, IL 60661
Telephone: +1 312 726 1221
WWW.INFORES.COM

