TIMES & TRENDS
A SNAPSHOT OF TRENDS SHAPING THE CPG INDUSTRY
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Times & Trends Special Report: Impact of Hurricane Katrina
Report One: Pre-Hurricane Stock-Up

In the wake of Hurricane Katrina, which hit the U.S. Gulf Coast on Monday, August 29 and left sheer devastation in its path, consumer packaged goods (CPG) manufacturers and retailers are seeking opportunities to not only offer aid to victims of this tragedy, but also plan for future catastrophic events to ensure quick access to and adequate supplies of essential products.

This series is intended to provide the CPG industry with insights into consumer needs across product categories before and after such an event, so that this learning may be incorporated into disaster plans. In addition, government and non-profit organizations may leverage this information in education programs designed to help citizens prepare for natural and other disasters.

This first report focuses on purchase behavior across three affected areas in the week preceding the hurricane's arrival: New Orleans, La./Mobile, Ala.; Birmingham/Montgomery, Ala; and Mississippi.

Key Findings

- **Gulf Coast consumers stocked up on beverages and shelf-stable foods rich in protein.** Consumers focused food and beverage stock-up on basic nutritional necessities. Shelf-stable foods offering protein, such as canned meat, canned seafood and dried meat snacks experienced huge surges in demand in New Orleans/Mobile. Bottled water unit sales increased dramatically across all three markets studied. New Orleans consumers also stocked up on shelf-stable non-fruit drinks and aseptic juices. Disaster planning experts should examine these categories to determine if consumers' perceived necessities are on target with optimal food and beverage selection to provide sustenance during catastrophes. Retailers and manufacturers should ensure that plans are in place to quickly ramp up supply. (Figure 1)
- **Consumers prepared for power outages with flashlights, batteries and charcoal/lighter fluid**. Exceptionally high demand for flashlights and batteries across the Gulf Coast region drove total U.S. unit sales up 33 percent and 15 percent respectively for the week ending August 28 versus the prior week period. Charcoal and lighter fluid increased substantially within the region – particularly in New Orleans/Mobile as consumers planned for alternate meal preparation options in the event of power outages. Massive inventory increases in these product categories will likely be required to meet consumers' needs during disasters. (Figure 1)
- **Purchases of food and beverages requiring refrigeration were avoided**. Significant unit sales declines across dairy and frozen food categories illustrate consumers' avoidance of food and beverages requiring refrigeration – especially in New Orleans/Mobile, where even milk unit sales declined 7 percent (Figures 2 & 3)
- **Baby care categories were not generally part of preparedness planning**. With a few exceptions, which include baby food unit sales increases in Birmingham/Montgomery and baby formula/electrolyte sales increases in Mississippi, major baby care categories declined among affected markets in the week prior to the hurricane. Consumers likely had a supply at home that they felt would be sufficient and focused their efforts on the most fundamental necessities, such as water. There is an educational opportunity to encourage consumers to examine their needs over a longer period, given the potential for severely limited access to supplies for several days and even weeks. (Figure 4)

Key Findings (Cont'd)

- **Pet food stock-up was not common.** While pet owners did purchase cat/dog litter in greater quantities, dog and cat food sales declined in the affected markets with the exception of Birmingham/Montgomery, where dog food unit sales increased 4 percent. As pet food is often purchased in large quantities, owners may have had sufficient supplies on hand; however, educational efforts should emphasize the need to consider pet supplies in consumer disaster planning practices. (Figure 5)
- **Purchases of healthcare categories slowed dramatically**. As Gulf Coast consumers shifted their focus to basic food, beverage and household necessities, they decreased focus on healthcare products. Sales across most leading healthcare categories – including over-the-counter treatments for chronic conditions that can cause considerable discomfort and first aid treatments that may be required if injuries occur – declined substantially in the week before the hurricane versus the prior week period. Consumers should be encouraged to identify and address potential healthcare needs in disaster planning efforts. (Figure 6)

HIGH-DEMAND CATEGORIES

FIGURE 1: Top 15 Growth Categories* in Hurricane Katrina Markets Week Prior to Arrival
Grocery Channel Unit Sales Change: Week Ending 8/28/2005 vs Prior Week Period

	New Orleans LA/ Mobile AL	Birmingham AL/ Montgomery AL	Mississippi	Total US
Flashlights	+697%	+157%	+33%	+33%
Batteries	+259%	+54%	+23%	+15%
Powdered Milk	+168%	+50%	(31%)	+22%
Canned Meat	+145%	+46%	(21%)	+6%
Charcoal Lighter Fluids	+95%	+21%	+15%	+1%
Charcoal	+87%	+14%	(6%)	0%
Candles	+79%	(12%)	+3%	+2%
Shelf-Stable Seafood	+54%	(3%)	(8%)	+3%
Shelf-Stable Non-Fruit Drinks	+45%	+32%	(11%)	+4%
Bottled Water	+41%	+22%	+18%	+2%
Miscellaneous Snacks	+39%	+15%	+8%	+3%
Shelf-Stable Dinners	+33%	+25%	(5%)	+1%
Cups & Plates	+28%	+11%	+8%	+4%
Dried Meat Snacks	+27%	(18%)	+5%	+4%
Aseptic Juices	+25%	0%	(22%)	+11%

****Growth category ranking based on unit sales change in New Orleans/Mobile market***

Source: IRI InfoScan®

DAIRY & FROZEN FOODS

FIGURE 2: Leading Dairy Categories: Hurricane Katrina Markets Week Prior to Arrival
Grocery Channel Unit Sales Change: Week Ending 8/28/2005 vs Prior Week Period

	New Orleans LA/ Mobile AL	Birmingham AL/ Montgomery AL	Mississippi	Total US
Milk	(7%)	+1%	(2%)	+5%
Natural Cheese	(13%)	+3%	(14%)	+8%
Refrigerated Juices/Drinks	(12%)	(4%)	+2%	+7%
Refrigerated Salads/Coleslaw	(16%)	0%	(9%)	+3%
Refrigerated Fresh Eggs	(6%)	(2%)	(25%)	(5%)

FIGURE 3: Leading Frozen Categories: Hurricane Katrina Markets Week Prior to Arrival
Grocery Channel Unit Sales Change: Week Ending 8/28/2005 vs Prior Week Period

	New Orleans LA/ Mobile AL	Birmingham AL/ Montgomery AL	Mississippi	Total US
Frozen Dinners/Entrees	(34%)	(11%)	(20%)	(2%)
Frozen Pizza	(25%)	(13%)	+6%	+19%
Frozen Plain Vegetables	(21%)	(10%)	+5%	+4%
Frozen Breakfast Foods	(28%)	(5%)	(16%)	+1%
Frozen Potatoes/Onions	(26%)	(15%)	(7%)	(3%)

Source: IRI InfoScan®

BABY CARE & PET CARE

FIGURE 4: Leading Baby Care Categories: Hurricane Katrina Markets Week Prior to Arrival
Grocery Channel Unit Sales Change: Week Ending 8/28/2005 vs Prior Week Period

	New Orleans LA/ Mobile AL	Birmingham AL/ Montgomery AL	Mississippi	Total US
Baby Food	(2%)	+7%	(9%)	0%
Baby Formula/Electrolytes	(19%)	(9%)	+12%	(2%)
Diapers	(15%)	(10%)	(6%)	(2%)
Baby Needs	(22%)	(9%)	(39%)	(3%)
Baby Accessories	(16%)	(18%)	(20%)	0%

FIGURE 5: Leading Pet Care Categories: Hurricane Katrina Markets Week Prior to Arrival
Grocery Channel Unit Sales Change: Week Ending 8/28/2005 vs Prior Week Period

	New Orleans LA/ Mobile AL	Birmingham AL/ Montgomery AL	Mississippi	Total US
Cat Food	(15%)	(2%)	(4%)	+3%
Dog Food	(6%)	+4%	(5%)	+3%
Pet Supplies	(5%)	(9%)	(7%)	+1%
Cat/Dog Litter	+18%	+14%	(4%)	+3%

Source: IRI InfoScan®

HEALTHCARE

FIGURE 6: Leading Healthcare Categories: Hurricane Katrina Markets Week Prior to Arrival
Grocery Channel Unit Sales Change: Week Ending 8/28/2005 vs Prior Week Period

	New Orleans LA/ Mobile AL	Birmingham AL/ Montgomery AL	Mississippi	Total US
Internal Analgesics	(13%)	(20%)	(21%)	+4%
Gastrointestinal Tablets	(21%)	(19%)	(26%)	+1%
Vitamins	(21%)	(15%)	(21%)	(6%)
Cold/Allergy/Sinus Tablets	+1.5%	(8%)	(7%)	+13%
Weight Control Liquid/Tablets	(24%)	(17%)	(31%)	+5%
First Aid Treatment	(16%)	(23%)	(17%)	(4%)
First Aid Accessories	(30%)	(34%)	(43%)	+4%
Cough Drops	(24%)	(26%)	(28%)	+34%
Gastrointestinal Liquid	(10%)	(19%)	(19%)	+2%
Cold/Allergy/Sinus Liquids	(16%)	(24%)	(31%)	+21%

QUESTIONS ABOUT THIS REPORT

Please forward questions and comments about this report to Sheila McCusker at sheila.mccusker@infores.com.

Source: IRI InfoScan®