

# TIMES & TRENDS

A Snapshot of Trends Shaping the CPG Industry

## PRIVATE LABEL MARKET TRENDS



November 2006

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## EXECUTIVE SUMMARY

- ▶ Total CPG private label share has held steady over the past several years; sizable share changes have occurred at the category level, however
- ▶ Value retailers (club, mass, supercenters) continue to step up focus on private label; as a result, both manufacturers and traditional retailers are facing increased competition within the highly value-conscious lower-to-middle income consumer segment
- ▶ While all consumers are private label buyers to some extent, private label spending is fairly concentrated: 40% of consumers drive two-thirds of sales; the remaining majority are “light” buyers, who allocate only 11% of their CPG budget to private label
- ▶ Even the heaviest private label buyers are selective in their private label purchases; across a majority of CPG categories, less than half of heavy private label category buyers purchase any private label
- ▶ Recent private label share gains across several categories in which substantial price increases have been implemented illustrate national brand vulnerability during pricing changes and the important role that private label plays for many consumers



## INTRODUCTION

### Changes underway are reshaping the private label market.

At first glance, private label share trends appear to paint an uneventful market: total CPG private label share has held steady over the past four years.

A closer look at the underlying trends behind these numbers, however, reveals substantial changes that are reshaping private label.

For instance, there have been sizable private label share shifts -- both increases and decreases -- at the category level. Within these categories, private label's role and influence have evolved significantly.

In addition, value channels (club, mass, supercenters), whose primary positioning to consumers for years was low prices on branded products, are stepping up their private label offering and capturing increased private label share. This change will prompt both competitive retailer and CPG manufacturer development of value-priced brands/extensions and more aggressive, targeted promotion to lower and middle-income value-conscious consumers.

The growth of specialty retailers, such as Trader Joes and Whole Foods, and the U.S. influx of European retailers, such as Tesco, who place a heavy focus on private label, will impact the industry on multiple levels. These retailers may help to extend private label purchases among middle-to-upper income consumers through high-end private label offerings while also increasing competitive pressure among traditional retailers, spurring increased private label development.

This issue of *Times & Trends* provides an assessment of current and emerging private label trends across channels, categories and consumer segments. Insights from this analysis are intended to help CPG manufacturers and retailers

**See** new opportunities and risks with respect to private label development

**Act** on these insights with speed and confidence and

**Win** at the shelf.



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## PRIVATE LABEL SHARE TRENDS TOTAL CPG

**Total private label share has held steady.**

Over the past several years, consumer spending on private label products as a percent of total CPG spending has held steady.

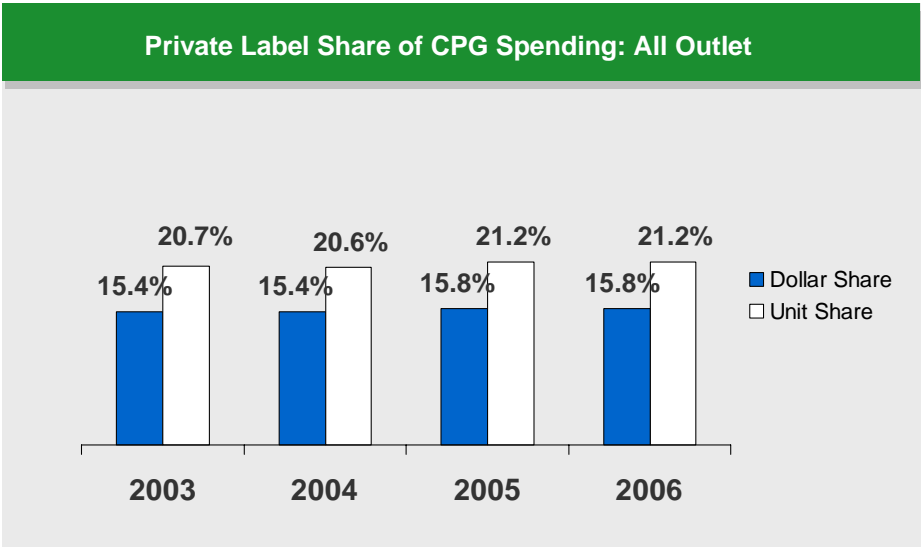
Dollar and unit share experienced a slight increase last year, but this year, both dollar and unit share remained constant.

While there has been little change in the numbers overall, there has been a great deal of change within specific categories.

As will be detailed later in this report, private label dollar share increased in 57% of CPG

categories versus 2003 – in some cases, substantially (eg. refrigerated entrees +11%; frozen seafood +6%). Growth has been achieved not only by increasing sales among existing consumers but also through appeal to new consumers.

Private label strategies are becoming increasingly sophisticated and focus on development across the right product and consumer segments, rather than overall private label growth.



Source: IRI Consumer Network® 52 weeks ending 9/3/2006; same period prior years



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## PRIVATE LABEL SHARE TRENDS FOOD VS NON-FOOD

**Non-food private label share remains well below food.**

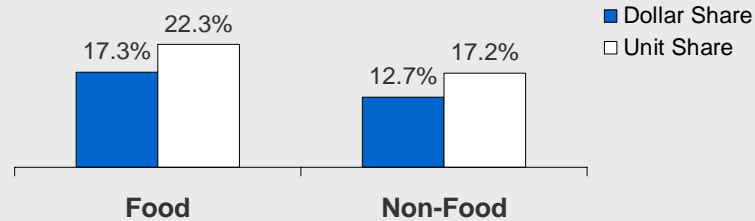
Private label remains significantly more developed across food versus non-food, with food private label dollar share exceeding non-food by nearly five share points.

Food private label share growth reflects significant increases across both well-established categories, such as shortening & oil and butter, and less established categories, including shelf-stable seafood and baby formula.

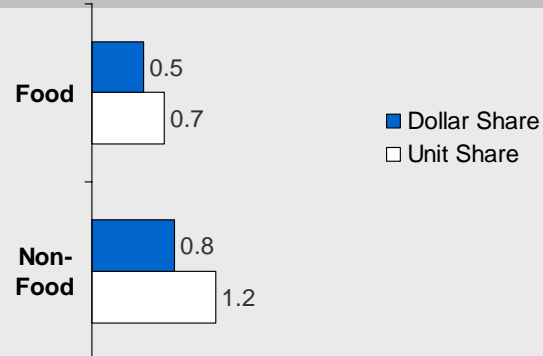
Sizable share gains across these categories have been partially offset by losses in others, including rice and pastry/doughnuts, as retailers hone their private label strategies.

Within non-foods, healthy share gains were bolstered by large increases in paper/disposable products, including cups & plates, paper towels and facial tissues, and healthcare, including gastrointestinal tablets and weight control liquid/powder.

### 2006 Private Label Share of CPG Spending: All Outlet



### Private Label Share of CPG Spending Point Change 2006 vs 2003 All Outlet



Source: IRI Consumer Network® 52 weeks ending 9/3/2006; same period 2003

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## PRIVATE LABEL SHARE TRENDS CHANNEL SHARE

**Wal-Mart private label unit share now surpasses grocery.**

Driven in large part by high supercenter private label share, Wal-Mart private label unit share has now surpassed grocery channel share.

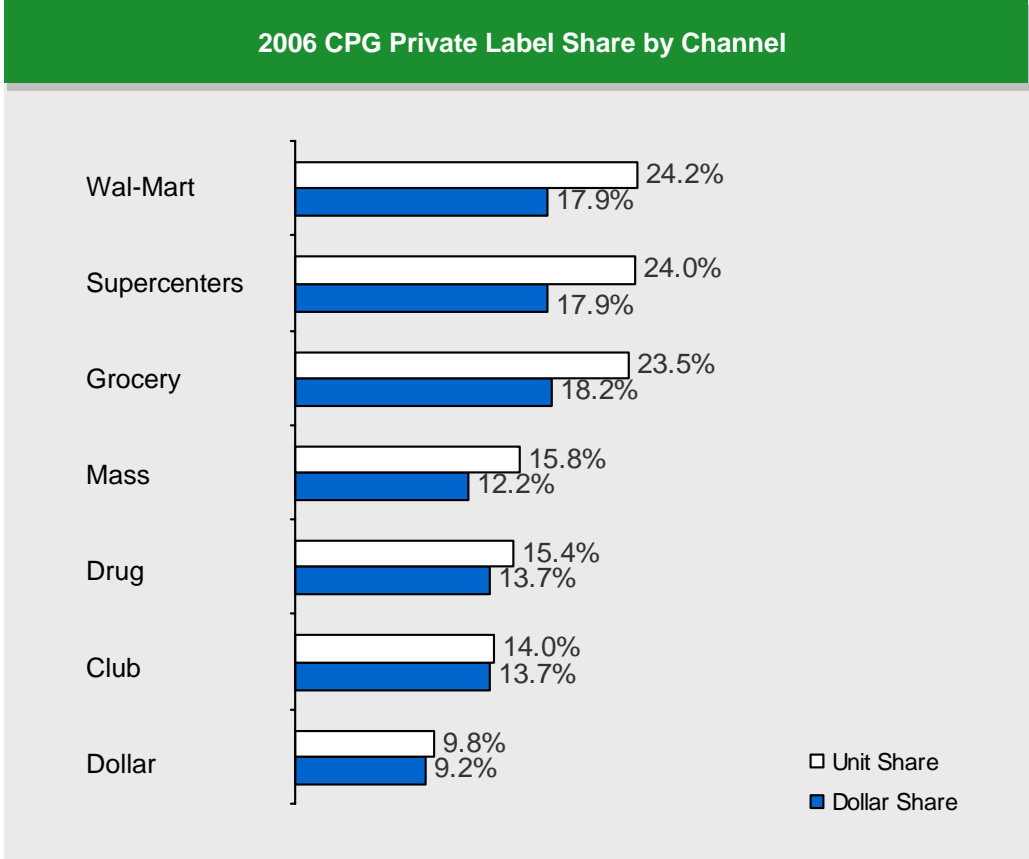
While private label share continues to fall below average within other value channels such as club and traditional mass merchandisers (although focus is increasing across these channels, as outlined on the next page),

private label has become a major component of Wal-Mart's value positioning, particularly within supercenters.

A higher mix of non-food products keeps drug store private label dollar share below grocery and supercenters; however, the channel is increasing private label focus, and current share levels reflect steady gains.

*"Five of the top ten "likely to purchase" [private label] brands are managed by Wal-Mart."*

- Advertising Age, 8/21/06



Source: IRI Consumer Network® 52 weeks ending 9/3/2006



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## PRIVATE LABEL SHARE TRENDS CHANNEL SHARE SHIFTS

**Value channels continue to step up focus on private label.**

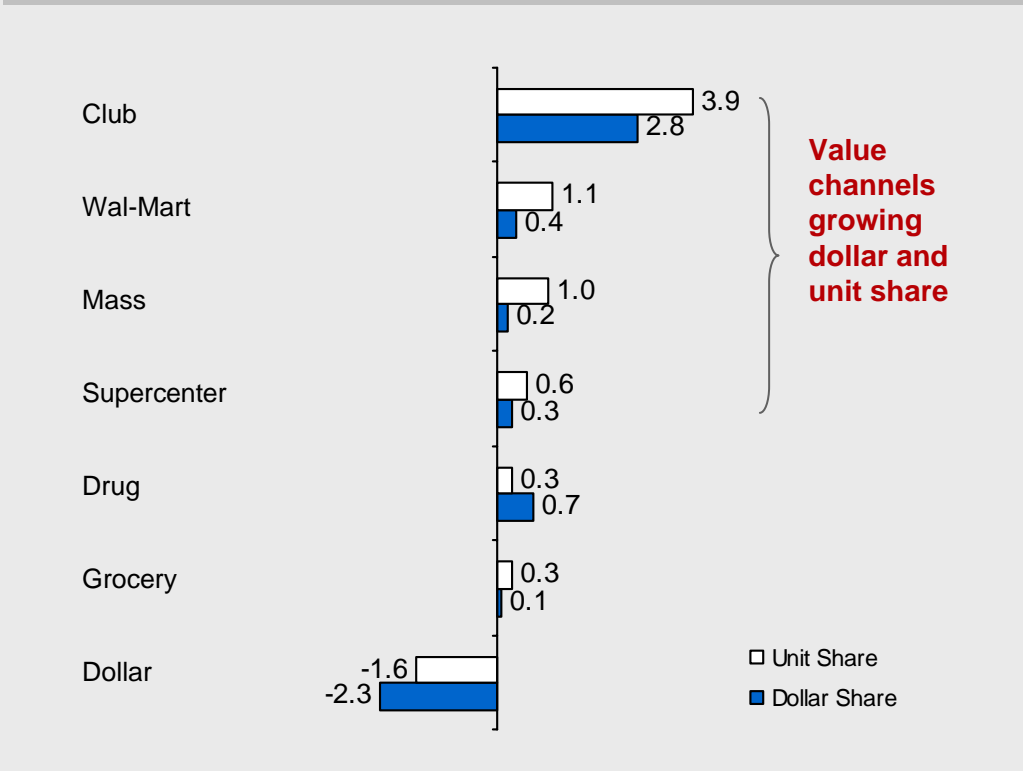
Between 2003 and 2006, value channels – club, supercenter and traditional mass merchandisers – have placed significantly greater focus on private label as a vehicle to increase appeal and sales among highly value-conscious consumers. This shift will increase competitive pressure for both CPG manufacturers and traditional retailers serving this market.

Drug store private label growth has come predominantly from price increases and/or product mix shifts.

Although grocery channel private label unit share has not moved since 2003, the channel has maintained dollar share as grocers shift focus to premium private label lines, including recent forays by many grocery retailers into organic private label.

The dollar store private label share declines reflect a growing assortment of national brands, which the channel is leveraging to attract upper-income consumers.

**2006 vs 2003 CPG Private Label Share Point Change by Channel**



Source: IRI Consumer Network® 52 weeks ending 9/3/2006; same period 2003



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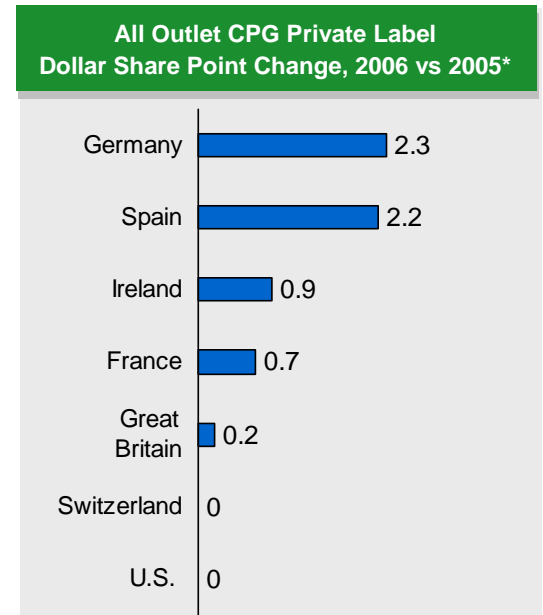
## PRIVATE LABEL SHARE TRENDS EUROPE

**Private label share growth varies significantly across European countries.**

Across European countries, where private label captures two to three times the dollar share reached in the U.S., private label growth rates vary significantly.

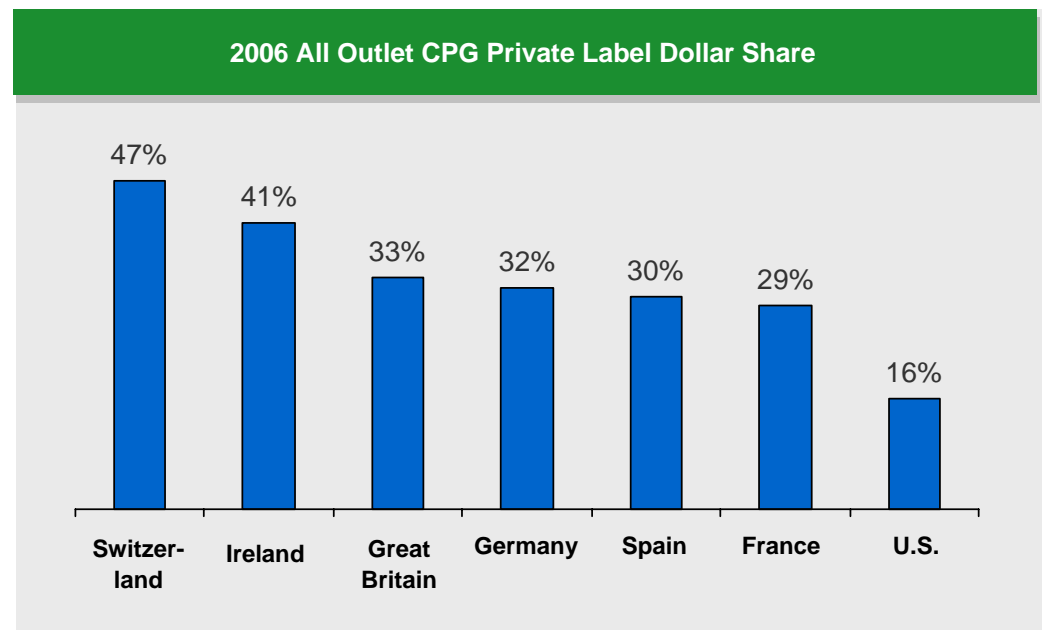
While total private label share has plateaued in the highly mature Switzerland and UK markets, for instance, share continues to rapidly increase in Germany and Spain, driven largely by hard discounters Aldi and Lidl in Germany and Dia in Spain.

The U.S. expansion and consumer acceptance of hard discounters, who exclusively or predominantly offer private label, will be a key factor in determining if U.S. total private label share will move substantially from current levels.



Sources: Europanel™ 52 weeks ending 6/30/2006  
IRI Consumer Network®, 52 weeks ending 9/3/2006

**U.S. private label dollar share is one-half to one-third of the share across European countries.**



Sources: Europanel™ 52 weeks ending 6/30/2006  
IRI Consumer Network®, 52 weeks ending 9/3/2006

\*Note: 2005 share data based on estimates for France, Ireland and Germany



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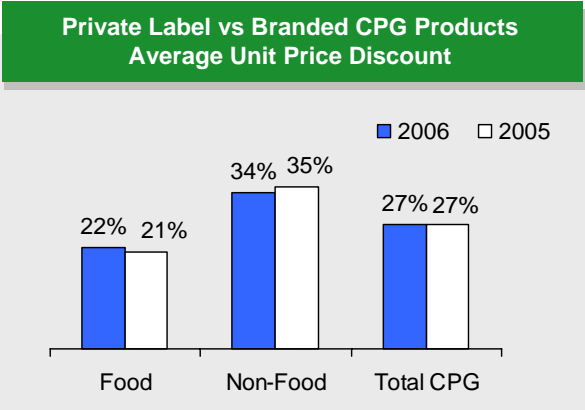
## PRIVATE LABEL PRICING DISCOUNTS VS NATIONAL BRANDS

**CPG private label products remain priced at a 27% discount vs branded products.**

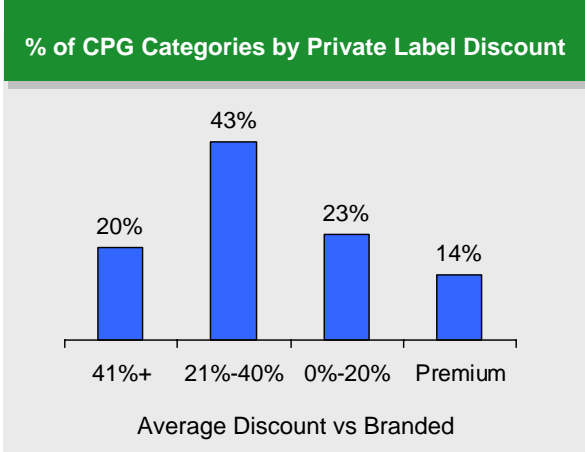
Despite the increased focus on premium private label lines, overall, the price gap between national brands and private label has not changed. Consistent with last year, CPG private label products are priced 27% below branded products, on average. In one-fifth of categories, the discount exceeds 40%.

However, the fact that private label products are sold at a relatively small discount (0-20%) in one-quarter of CPG categories and at a premium in 14% of categories is a testament to the strides that private label has made over the past decade in both quality and consumer acceptance.

A new IRI study, *Private Label Report: Understanding Emerging Trends and Key Success Factors* found that over three-quarters of consumers now believe that “many store brands are of excellent quality.”



Source: IRI InfoScan® Reviews, FDMx  
52 weeks ending 9/10/06 and prior year



Source: IRI InfoScan® Reviews, FDMx



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## PRIVATE LABEL PRICING CATEGORY

**There are no hard and fast rules regarding private label pricing.**

The price differential between private label and branded products varies dramatically across categories.

The table below highlights both categories with the highest private label price premium, and those with the largest private label price discount.

The range of pricing across these categories illustrates the fact that there are no hard and fast rules regarding private label pricing. Category dynamics

and price elasticity, relative quality, packaging, positioning and advertising support all contribute to private label price potential. Further, a strong private label share position is not essential to commanding a premium; for instance, private label share of chocolate candy is under 2%.

Retailers should carefully evaluate potential opportunities to close the pricing gap with manufacturer brands.

### PRIVATE LABEL VS BRANDED PRODUCTS CATEGORIES WITH LARGEST PRICE DIFFERENTIAL\*

<u>Private Label Price Premium</u>		<u>Private Label Price Discount</u>	
Toothpaste	+125%	Toothbrush/Dental Access.	(57%)
Chocolate Candy	+55%	Razor Blades	(57%)
Frozen Meat	+51%	Paper Towels	(54%)
Frozen Dinners/Entrees	+39%	Air Fresheners	(51%)
Pies & Cakes	+37%	Facial Cosmetics	(50%)
Frozen Poultry	+36%	Toilet Tissue	(49%)
Eye Cosmetics	+32%	Carbonated Beverages	(46%)
Gum	+18%	Dry Packaged Dinners	(46%)
Frozen Seafood	+17%	Fresh Bread & Rolls	(45%)
Rfg Salad/Coleslaw	+16%	Soap	(45%)

Source: IRI InfoScan® Reviews, FDMx; 52 weeks ending 9/10/06

\* Among top 100 categories



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## CONSUMERS

### PRIVATE LABEL PURCHASE SEGMENTS

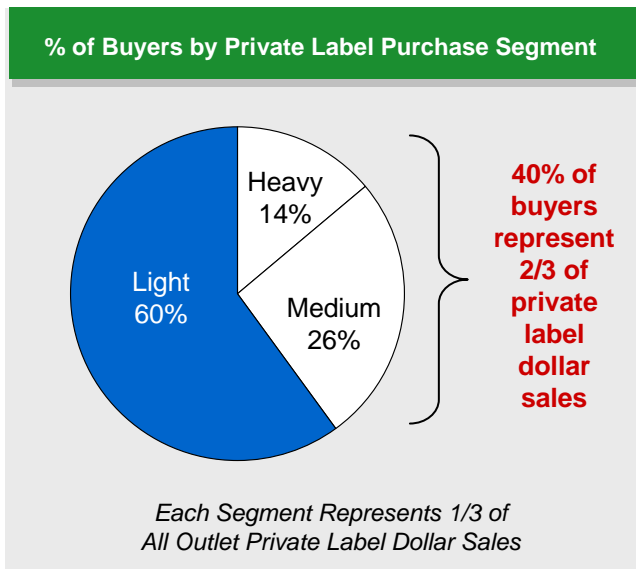
**40% of private label buyers represent two-thirds of sales.**

While all consumers are private label buyers to some extent (private label penetration is 100%), spending levels on private label differ substantially from one household to the next.

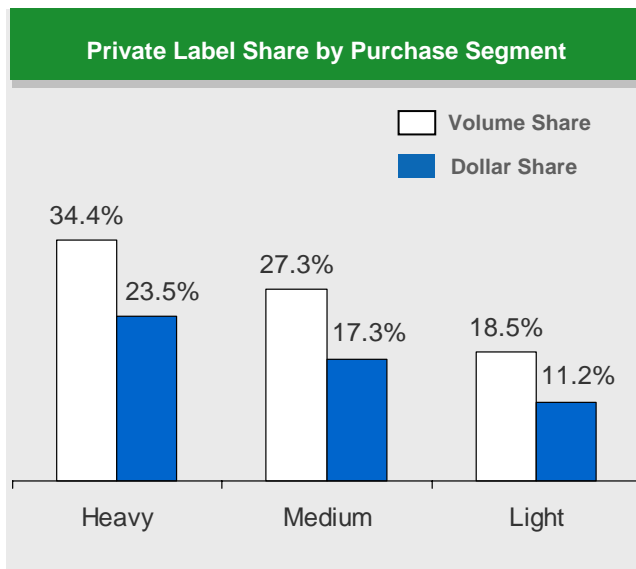
In fact, if we split the consumer universe into three groups – heavy, medium and light private label buyers, with each representing one-third of private label dollar sales, the broad range in purchase behavior is evident.

Just 14% of buyers drive one-third of sales. These consumers allocate nearly one-quarter of their CPG spending to private label products. Combining heavy and medium buyers, 40% of consumers comprise two-thirds of sales. Retailers can target these consumers within private label initiatives, and manufacturers can focus against these segments in developing competitive programs vis-à-vis private label.

A majority of consumers (60%) are light private label purchasers, who spend only 11% of their CPG dollars on private label products and focus their spending predominantly in staples, such as eggs, milk and bread. Across most categories, these consumers will not be prime private label targets.



Source: IRI Consumer Network® 52 weeks ending 9/3/2006



Source: IRI Consumer Network® 52 weeks ending 9/3/2006



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## CONSUMERS PRIVATE LABEL PENETRATION

**Even the heaviest private label buyers are selective in their purchases.**

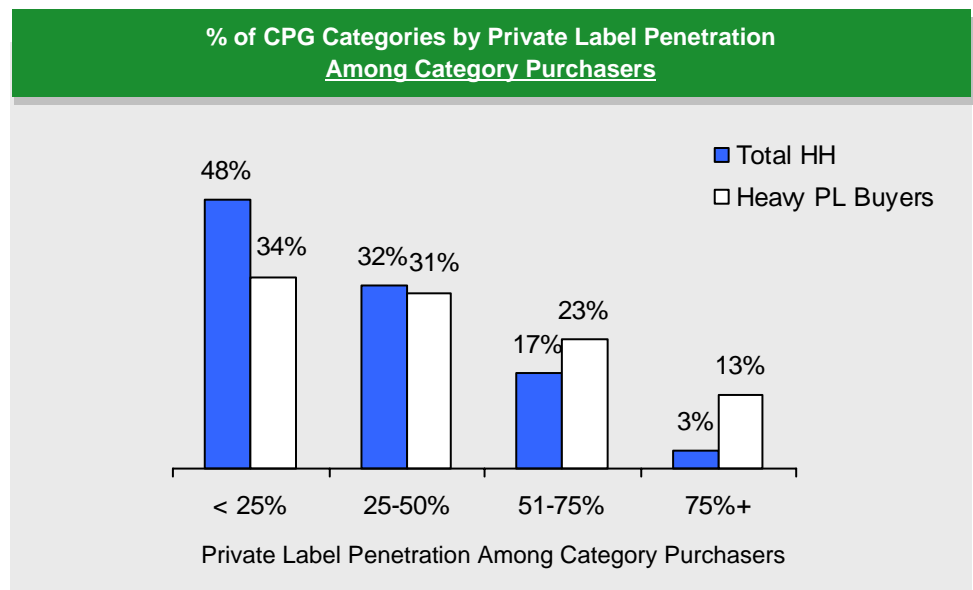
Consumers appear to follow an internal set of guidelines regarding when private label will be selected over national brands – what occasions, which end users, what price differential, etc. These rules vary by consumer.

As a result, across the vast majority of CPG categories, over half of category buyers purchased no private label products within the category over the past year. This is true of both the average household and heavy private label purchasers.

Private label captured purchases from a majority of households in only 20% of categories -- 36% when looking strictly at heavy private label purchasers.

Retailers need a highly-focused private label strategy in which categories are carefully selected for development based upon current or projected market potential. Manufacturers need to be aware that private label competition will differ substantially across categories and brands.

**Across a majority of CPG categories, less than half of consumers have purchased any private label.**



Source: IRI Consumer Network®; 52 weeks ending 9/3/06



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## CONSUMERS PRIVATE LABEL PENETRATION

**Private label penetration is highest among food and beverage staples.**

The one general area in which private label has successfully penetrated a majority of consumers is in staples. Most households rely on private label products at least some of the time for purchases of fresh eggs, milk, cheese and sugar, for instance. These are categories with low levels of brand building and differentiation.

However, private label has not conquered all “basic necessities”; private label penetration is negligible in toothpaste, deodorant, and hair conditioner. In fact, a

recent in-depth consumer survey, whose findings are published in the IRI *Private Label Report*, found that in more personal and emotional categories, consumers are less likely to embrace a store brand.

What distinguishes these and other low-penetration private label categories, such as beer, wine, spirits and sports drinks is brand building by manufacturers, supported by ad spending and innovation. The investment required to build a private label presence across these categories would be prohibitive for many retailers.

### PRIVATE LABEL PENETRATION AMONG CATEGORY PURCHASERS\*

<u>High Penetration</u>		<u>Low Penetration</u>	
Fresh Eggs	93%	Beer	1%
Milk	91%	Toothpaste	3%
Fresh Bread & Rolls	87%	Sports Drinks	4%
Natural Cheese	84%	Deodorant	4%
Vegetables	79%	Ready-to-Drink Tea/Coffee	6%
Sugar	78%	Cigarettes	6%
Fz Plain Vegetables	78%	Hair Conditioner	6%
Butter	78%	Spirits	7%
Food & Trash Bags	74%	Wine	7%
Vitamins	70%	Air Fresheners	10%

Source: IRI Consumer Network®; 52 weeks ending 9/3/06

\*Among top 100 CPG categories



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## CONSUMERS HOUSEHOLD COMPOSITION

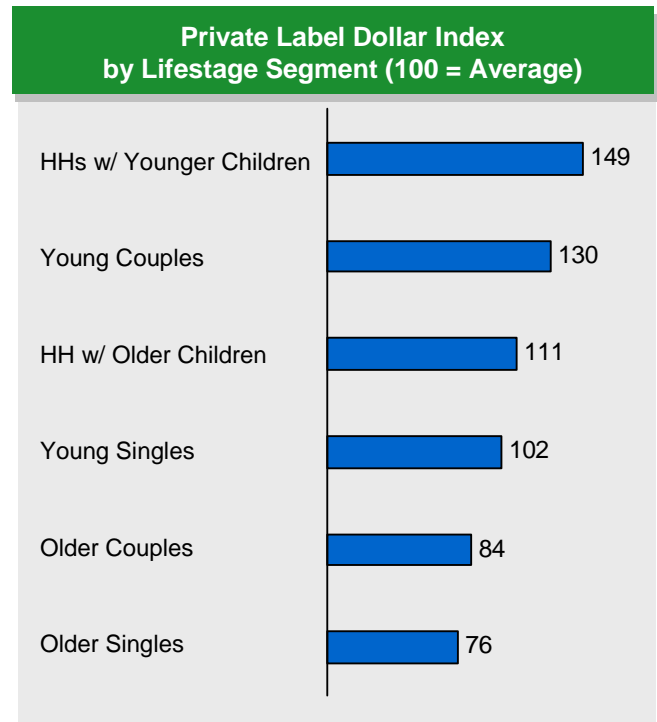
**Strong appeal to young couples and families with younger children bodes well for future private label growth.**

Household composition plays a significant role in driving private label spending.

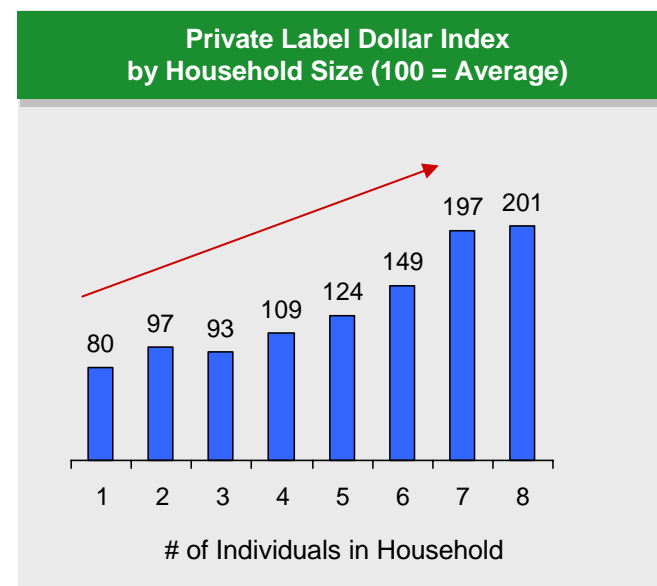
Presence of children is one primary influencing factor. As illustrated in the top chart, households with young children and, to a lesser extent, those with older children, over-index on private label spending. Further, spending indices increase steadily with household size. Families with children are strong target markets for private label, as many retailers are increasingly recognizing. Kroger, for instance, recently partnered with Disney in the development of over 100 products to be sold within Kroger's private label line targeting children.<sup>1</sup>

The high propensity to purchase private label among young couples bodes well for future private label growth, as one of the largest young adult segments in history is forming: the 75-million strong Echo Boom generation is maturing into adulthood at a rate of 4 million per year.

While the sheer number and growth of older consumers demands a focused private label effort, despite the lower spending indices, retailers will likely increasingly target younger adults and young children.



Source: IRI Consumer Network® 52 weeks ending 9/3/2006



Source: IRI Consumer Network® 52 weeks ending 9/3/2006

1. Brandweek, 7/24/06



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## CONSUMERS INCOME

**Income is a major driver of private label spending.**

Total private label spending is heavily driven by household income, with spending indices declining as income increases.

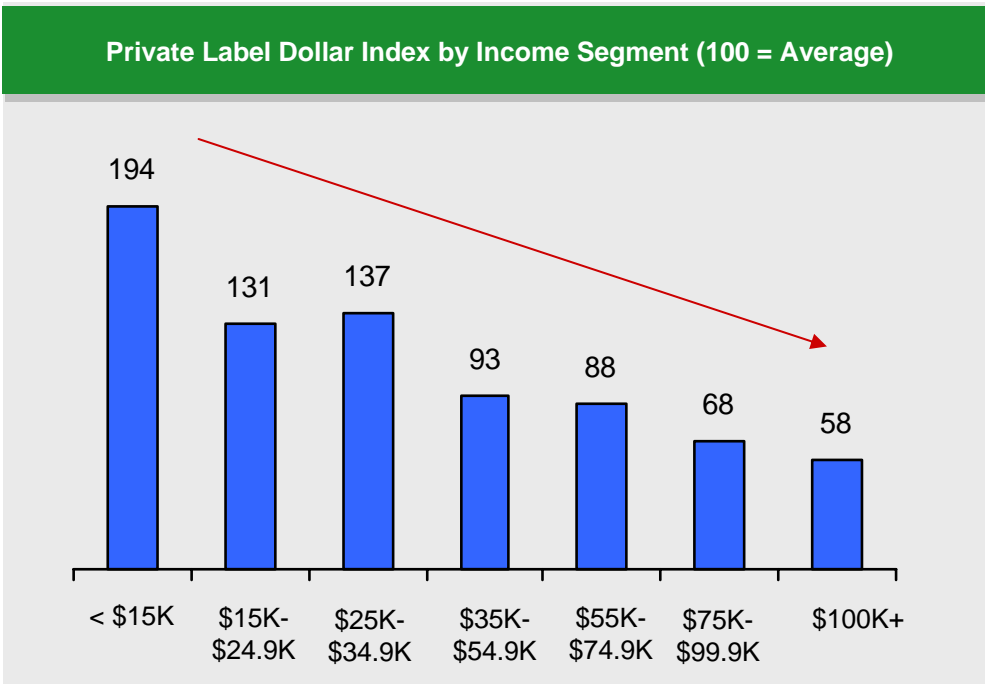
As the bulk of spending is derived from lower-income, highly budget-conscious consumers, retailers will likely continue to place primary private label focus against this segment.

However, there will also be continued efforts to further penetrate the middle- and upper-income segments with premium private label and niche offerings, including organics. For instance, Safeway launched the O organics line, and

Target just announced plans to introduce an organics line under the Archer Farms private label brand.

In addition, as specialty supermarkets with a heavy private label focus continue to grow, private label purchasing is likely to grow among upper-income consumers.

*"Wild Oats, Whole Foods, Wegmans and Trader Joe's have created distinct store brands that consumers perceive as upscale, all-natural and culinarily sophisticated."* - Brandweek, 5/8/06



Source: IRI Consumer Network® 52 weeks ending 9/3/2006



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## CATEGORY OPPORTUNITY SHARE TRENDS

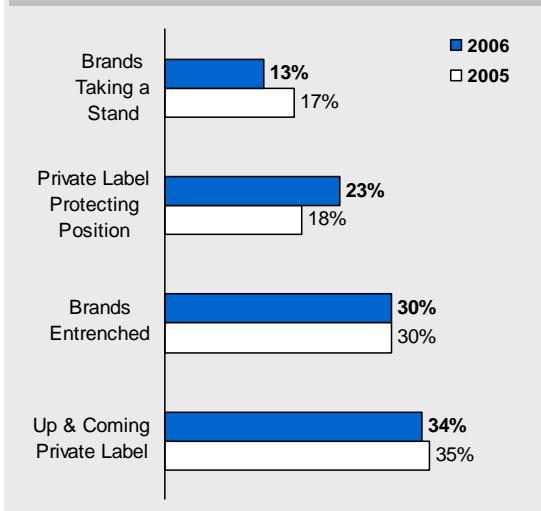
**Private label opportunity varies significantly by category.**

As discussed throughout this report, private label opportunity varies significantly across categories, as does retailer investment in private label development.

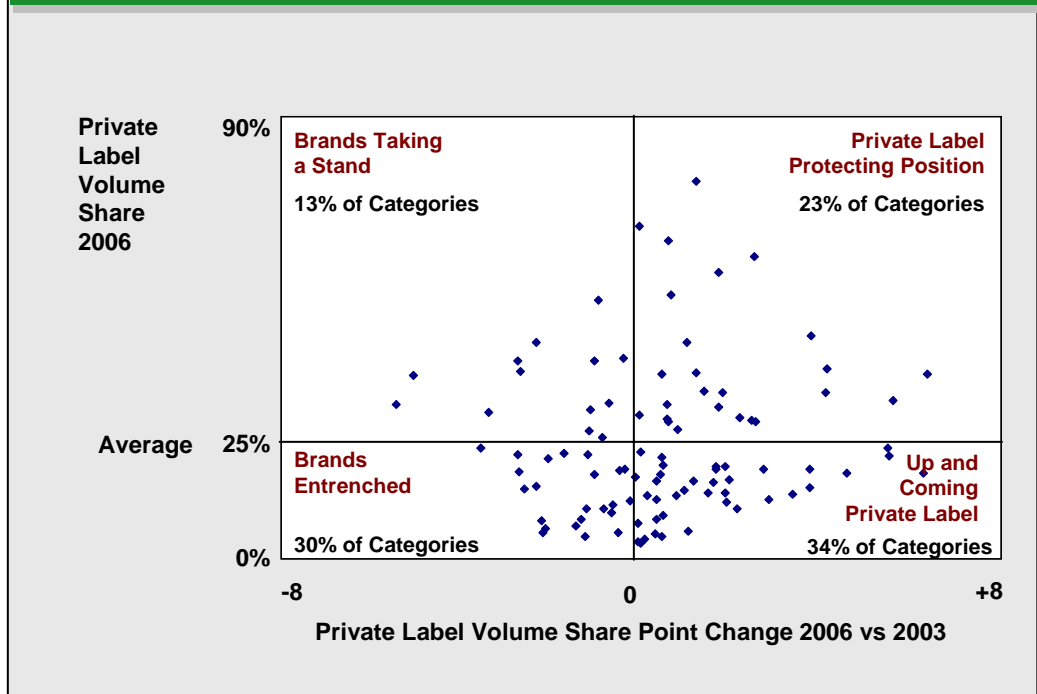
The chart below summarizes the distribution of CPG categories by 2006 private label volume share and share change since 2003. As highlighted in the top chart, there have been changes versus last year. Specifically, private label is retaining and growing share in a greater proportion of high-share categories.

The pages that follow provide a detailed assessment of each quadrant.

**2006 vs 2005 CPG Category Distribution by Private Label Development Quadrant**



**Top 100 CPG Categories All Outlet 2006 Private Label Share/Share Change vs 2003**



Source: IRI Consumer Network®; 52 weeks ending 9/3/06; same period 2003



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## CATEGORY OPPORTUNITY BRANDS TAKING A STAND

**Manufacturer innovation contributed to share declines across several well-developed private label categories.**

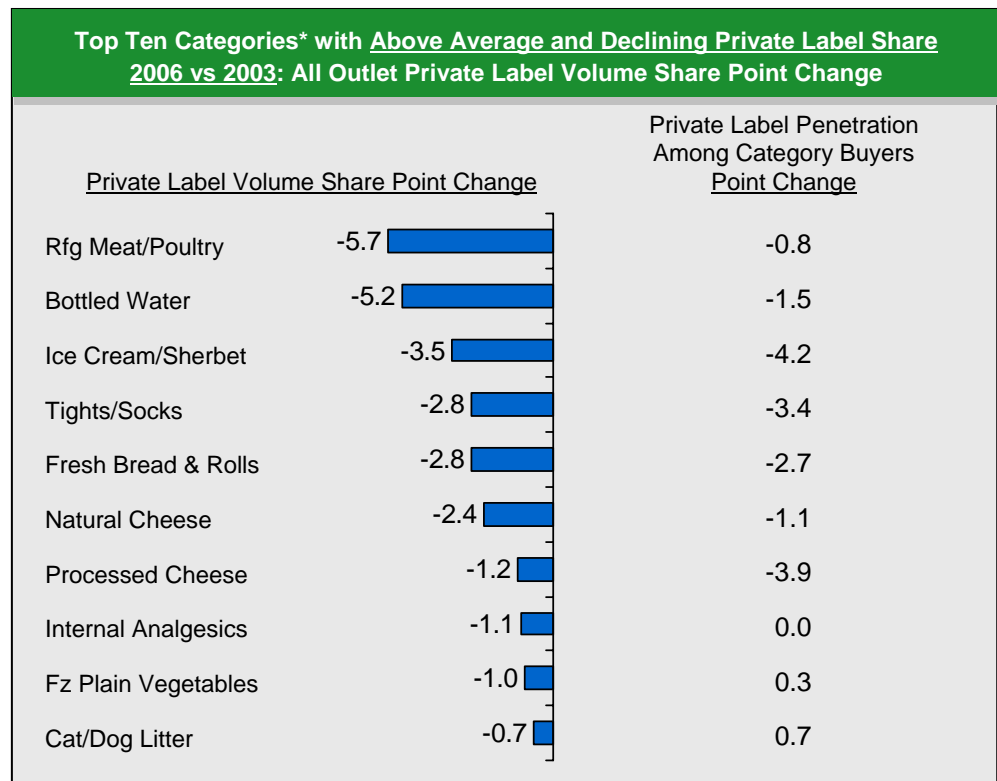
Representing 13% of CPG categories, this quadrant contains categories in which private label is well-developed but is losing share to national brands.

As highlighted in the chart below, within some of these categories, such as refrigerated meat/poultry and bottled water, the share shifts have been sizable. Further, among the seven categories with the most significant share losses, private label actually lost consumers, not only share of their purchases.

The specific factors driving the share shifts differ by category, but branded manufacturer innovation appears to have played a prominent role.

For instance, there have been a number of major successful new product introductions over the past few years within bottled water (eg. Nestle Pure Life), ice cream (eg. Edy's Slow Churned) and fresh bread and rolls (eg. Bakers Inn fresh bread.)

**Detailed listing in Appendix I**



Source: IRI Consumer Network®; 52 weeks ending 9/3/06; same period 2003

\*Among top 100 CPG categories



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## CATEGORY OPPORTUNITY PRIVATE LABEL PROTECTING POSITION

**Private label won over new consumers across a number of high-share categories.**

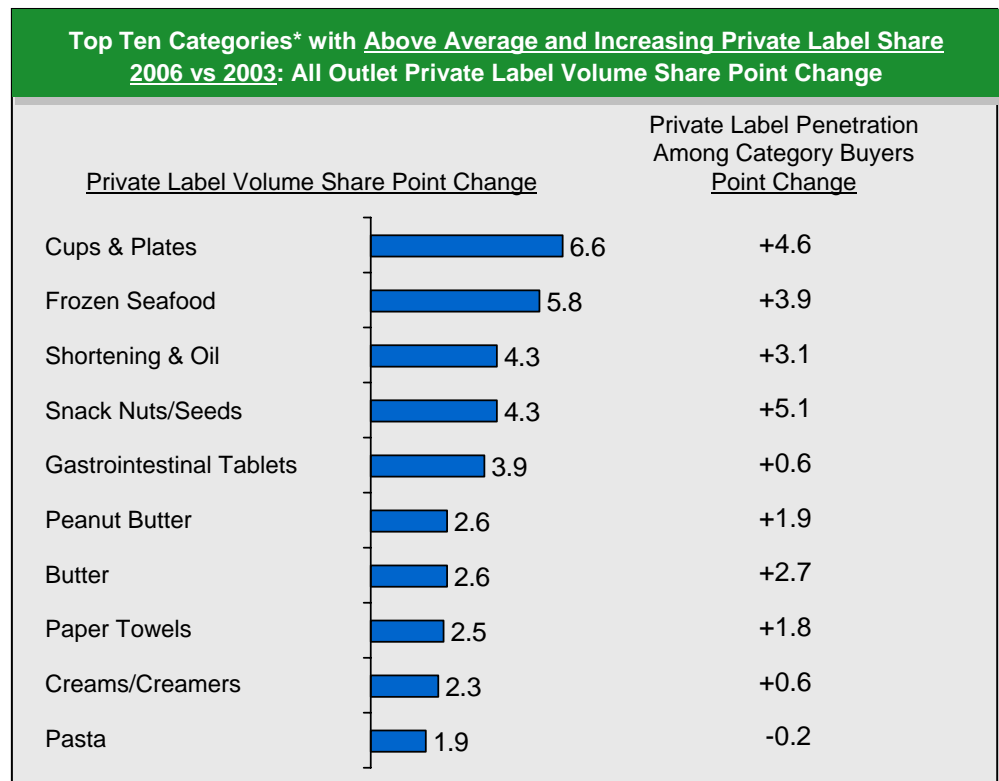
Nearly one-quarter of CPG categories have high and increasing private label share. Retailers appear to be investing to grow within these categories, and that investment is paying off not only with share increases, but also with increases in private label penetration.

Across many of these categories, category price increases have also influenced purchase behavior, encouraging more consumers to try private label. Average unit prices

increased by 6% or greater versus prior year within shortening & oil, gastrointestinal tablets, paper towels and creams/creamers.

In other categories, including frozen seafood, peanut butter and butter, private label merchandising levels outpaced national brands.

**Detailed category listing in Appendix II**



Source: IRI Consumer Network®; 52 weeks ending 9/3/06; same period 2003  
\*Among top 100 CPG categories



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## CATEGORY OPPORTUNITY BRANDS ENTRENCHED

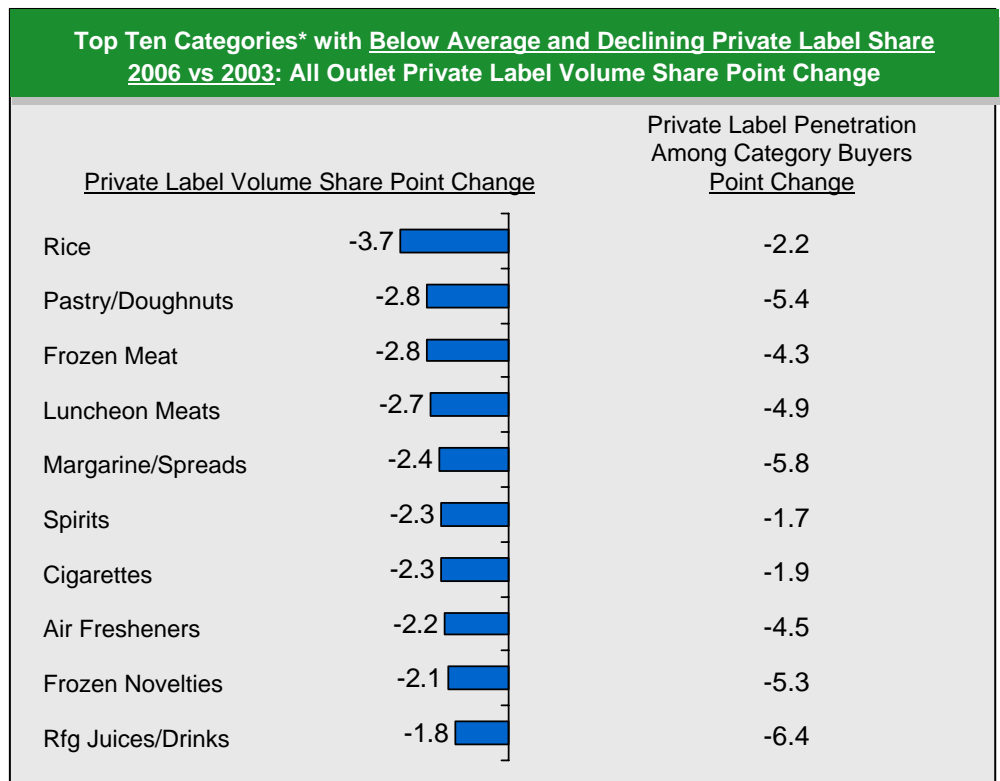
**Private label has been unsuccessful in gaining a foothold within roughly one-third of categories.**

In just under one-third of CPG categories, private label has been unsuccessful in establishing a foothold. Within these categories, not only is private label share below average, but it is declining.

Strong national brands, a high number of SKUs and/or high levels of innovation have hindered private label development across these categories.

As detailed below, private label lost penetration in each of the ten categories with the largest private label share declines as consumers moved all purchases to national brands.

**Detailed category listing in Appendix III**



Source: IRI Consumer Network®; 52 weeks ending 9/3/06; same period 2003

\*Among top 100 CPG categories



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## CATEGORY OPPORTUNITY UP AND COMING PRIVATE LABEL

**Manufacturer price increases opened the door for private label in under-developed categories.**

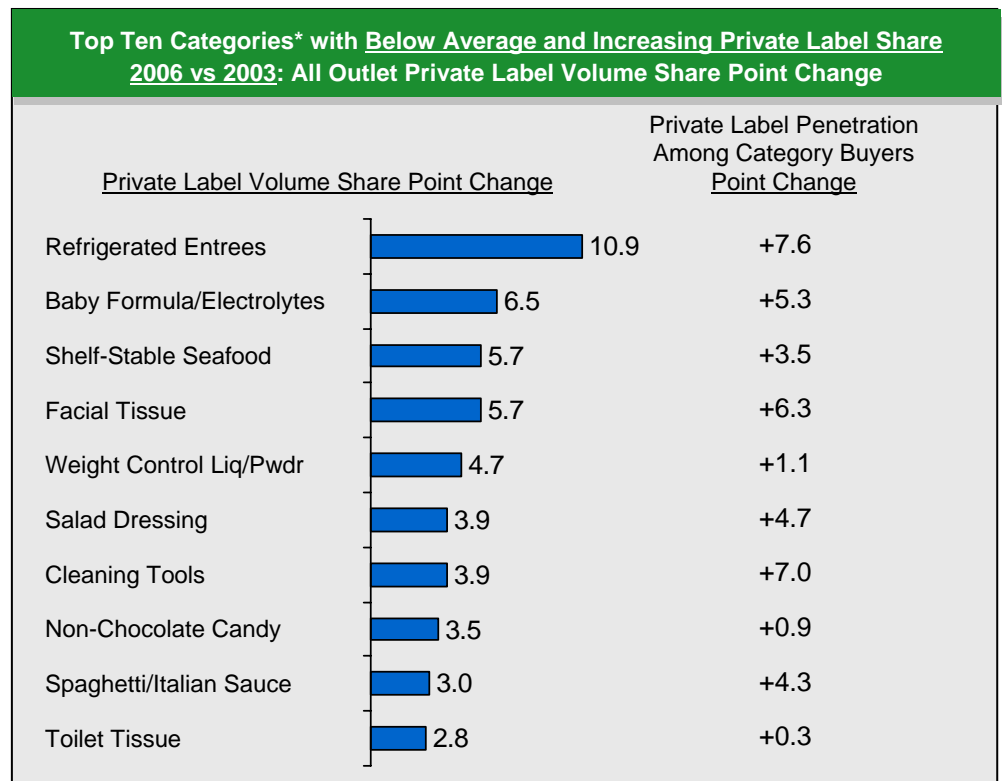
Private label secured sizable share gains and brought in new consumers in one-third of CPG categories in which private label share has historically been low.

Recent manufacturer price increases across many of these categories opened the door for private label development. For instance, over the past year, average unit pricing was up 10.1% on both toilet tissue and facial tissue, and 8.5% on baby formula/electrolytes. It is perhaps not surprising that more consumers tried

private label and increased their overall private label spending within these categories.

This quadrant illustrates the potential for private label gain as category dynamics shift. Retailers have a difficult decision regarding development among lower private label share categories, as the opportunity to gain trial may not materialize without major category change, such as price increases.

**Detailed category listing in Appendix IV**



Source: IRI Consumer Network®; 52 weeks ending 9/3/06; same period 2003  
\*Among top 100 CPG categories



## CONCLUSIONS

### CPG MANUFACTURERS

Manufacturers seeking to develop effective brand strategies vis-à-vis private label should consider the following action items:

- ▶ Identify brand-specific opportunities and risks vis-à-vis private label
  - Private label share and development potential vary significantly by category and consumer segment
  - Closely track emerging private label trends, including growth in value channels and expansion of specialty stores and European retailers
  
- ▶ Develop brand-specific private label competitive strategies
  - Explore the market potential for value flanker brands to appeal to heavy and medium private label buyers within high-purchase categories for these segments (ie young couples, families with young children, lower-to-middle income, larger households)
  - Invest in innovation and brand building in categories with increasing private label competition to create sustainable differentiation versus private label
  - Assess the potential impact of brand pricing decisions on private label sales before implementation; large price increases may open the door for private label trial
  
- ▶ Integrate private label into the category management process
  - Work with retail partners to demonstrate the role that private label, leading brands and mid-tier brands have in driving total category sales and margin and consumer satisfaction
  - Assess total category impact of both branded and private label shelf, display and feature ad space allocation
  - Tailor assortment to local markets



## CONCLUSIONS CPG RETAILERS

Retailers seeking to develop effective private label growth strategies should consider the following action items:

- ▶ Implement a rigorous category development selection process for private label
  - Private label share and development potential vary significantly by category
  - Benchmark current share and growth trends versus total industry to identify areas in which private label is under/over-developed
  - Identify unmet needs and distinct purchase propensities among core and target private label buyers
  
- ▶ Develop category-specific private label strategies
  - Explore the development of multi-tiered private label offerings in categories with high private label purchase potential across multiple consumer segments
  - Evaluate the market potential for niche private label offerings, including organic, kid-focused, health ailment-targeted (eg. heart health, diabetes), ethnic, etc. across high-purchase categories within each segment
  - Traditional retailers should assess the potential need for low-priced value private label brands among categories in which value retailers are staking a claim with new private label offerings
  
- ▶ Integrate private label into the category management process
  - Work with manufacturer partners to demonstrate the role that private label, leading brands and mid-tier brands have in driving total category sales and margin and consumer satisfaction
  - Tailor assortment to local markets
  - Assess total category impact of both branded and private label shelf, display and feature ad space allocation
  - Evaluate current private label pricing practices by category to ensure that the price gap versus branded products is optimal for driving total category sales and margin



## RESOURCES

### **The IRI Private Label Report: Understanding Emerging Trends and Key Success Factors in Private Label**

A study created on the understanding that progressive retailers and manufacturers want to better understand consumer attitudes towards private label products today and to gain better insight into how best-in-class retailers are succeeding within private label.

This study is a forward-looking, thought-provoking analysis that incorporates current viewpoints from consumers, retailers, and both private label and branded manufacturers.

The study includes a retailer benchmarking tool to compare performance vs. channel average and best-in-class to enable companies to see where they're getting their fair share, where they're behind, and to determine the size of the opportunity.

#### **Additional Information**

To order the report or for additional information, please contact:

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## APPENDIX I BRANDS TAKING A STAND

### PRIVATE LABEL ALL OUTLET 2006 VOLUME SHARE

CATEGORY	SHARE	POINT CHANGE VS 2003
Rfg Meat/Poultry	30.3%	-5.7
Bottled Water	36.8%	-5.3
Ice Cream/Sherbet	28.6%	-3.5
Tights/Socks	39.8%	-2.8
Fresh Bread & Rolls	37.5%	-2.8
Natural Cheese	44.0%	-2.4
Processed Cheese	29.1%	-1.2
Internal Analgesics	39.8%	-1.1
Fz Plain Vegetables	53.0%	-1.0
Cat/Dog Litter	30.5%	-0.7
Fz Potatoes/Onions	40.3%	-0.4
Milk	69.1%	-.03
Diapers	28.1%	-.03

Source: IRI Consumer Network®; 52 weeks ending 9/3/06; same period 2003



## APPENDIX II

### PRIVATE LABEL PROTECTING POSITION

#### PRIVATE LABEL ALL OUTLET 2006 VOLUME SHARE

CATEGORY	SHARE	POINT CHANGE VS 2003
Cups & Plates	37.0%	6.6
Fz Seafood	31.3%	5.8
Shortening & Oil	38.0%	4.3
Snack Nuts/Seeds/Corn Nuts	32.8%	4.3
Gastrointestinal Tablets	45.3%	3.9
Peanut Butter	26.8%	2.6
Butter	62.6%	2.6
Paper Towels	27.0%	2.5
Creams/Creamers	27.4%	2.3
Pasta	32.9%	1.9
Cold/Allergy/Sinus Tablets	59.1%	1.8
Pickles/Relish/Olives	29.9%	1.8
Canned/Bottled Fruit	33.3%	1.4
Vegetables	37.3%	1.3
Fresh Eggs	78.7%	1.3
Food & Trash Bags	43.7%	1.1
Baking Needs	25.0%	0.8
Vitamins	54.1%	0.7
Sugar	65.8%	0.6
Fz Poultry	26.7%	0.6
Dog Food	30.3%	0.6
Bottled Juices	27.2%	0.6
Hot Cereal	37.0%	0.5

Source: IRI Consumer Network®; 52 weeks ending 9/3/06; same period 2003



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## APPENDIX III

### BRANDS ENTRENCHED

#### PRIVATE LABEL ALL OUTLET 2006 VOLUME SHARE

CATEGORY	SHARE	POINT CHANGE VS 2003
Rice	20.9%	-3.7
Pastry/Doughnuts	19.4%	-2.9
Fz Meat	15.9%	-2.8
Luncheon Meats	12.1%	-2.7
Margarine/Spreads	12.7%	-2.4
Spirits	5.0%	-2.3
Cigarettes	2.6%	-2.3
Air Fresheners	3.3%	-2.2
Fz Novelties	18.6%	-2.1
Rfg Juices/Drinks	19.7%	-1.8
Ready-to-Drink Tea/Coffee	4.1%	-1.5
Frankfurters	5.3%	-1.4
Sports Drinks	1.6%	-1.3
Pet Supplies	7.7%	-1.3
Cat Food	19.5%	-1.2
Dough/Biscuit Dough	24.6%	-1.2
Batteries	15.1%	-1.1
Yogurt	23.1%	-0.9
Dinner Sausage	7.7%	-0.9
Rfg Salad/Coleslaw	6.8%	-0.7
Toothbrush/Dental Accessories	8.7%	-0.7
Fz Dinners/Entrees	2.7%	-0.5
Crackers	16.2%	-0.5
Shelf-Stable Dinners	16.3%	-0.4
Household Cleaner	9.6%	-0.3
Sanitary Napkins/Tampons	14.7%	-0.1
Fz Appetizers/Snack Rolls	4.6%	-0.09
Toothpaste	0.6%	-0.08
Beer	0.1%	-0.01
Spices/Seasonings	20.1%	-0.01

Source: IRI Consumer Network®; 52 weeks ending 9/3/06; same period 2003

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## APPENDIX IV

### UP AND COMING PRIVATE LABEL

#### PRIVATE LABEL ALL OUTLET 2006 VOLUME SHARE

CATEGORY	SHARE	POINT CHANGE VS 2003
Rfg Entrees	19.9%	10.9
Baby Formula/Electrolytes	15.5%	6.5
Shelf-Stable Seafood	19.1%	5.7
Facial Tissue	20.8%	5.7
Weight Control/Nutrition Liq/Pwdr	15.5%	4.7
Salad Dressing	16.3%	3.9
Cleaning Tools/Mops/Brooms	12.4%	3.9
Non-Chocolate Candy	10.8%	3.5
Spaghetti/Italian Sauce	9.9%	3.0
Toilet Tissue	16.4%	2.8
Laundry Detergent	7.7%	2.2
Soap	14.0%	2.0
Snack Bars/Granola Bars	9.1%	2.0
Soup	16.8%	1.9
Blades	11.3%	1.9
Dry Packaged Dinners	16.4%	1.7
Coffee	16.8%	1.7
Fz Breakfast Food	13.4%	1.7
Dish Detergent	11.2%	1.5
Cold Cereal	13.8%	1.2
Hair Conditioner	2.9%	1.1
Skin Care	11.7%	1.0
Processed Fz Poultry	10.5%	0.8
Mayonnaise	17.2%	0.5
Shampoo	6.3%	0.5
Cookies	19.0%	0.5
Chocolate Candy	1.8%	0.5
Breakfast Meats	15.3%	0.4
Baking Mixes	5.6%	0.4
Fz Pizza	9.7%	0.4
Carbonated Beverages	13.9%	0.3
Wine	2.3%	0.3
Salty Snacks	10.5%	0.2
Deodorant	1.2%	0.1

Source: IRI Consumer Network®; 52 weeks ending 9/3/06; same period 2003

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## MORE INFORMATION

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### ABOUT IRI

Information Resources, Inc. (IRI) is the world's leading provider of enterprise market information solutions and services, empowering its clients to grow their business profitably in a complex marketplace. Driving the transformation of the consumer packaged goods (CPG), retail and healthcare industries, only IRI provides a unique combination of real-time market content, advanced analytics, enterprise performance management software and professional services. The company's portfolio of services, solutions and technology enable leading retailers and their suppliers around the globe to see what they are missing, act faster and with greater confidence and win at the shelf. Ninety-five percent of the FORTUNE Global 500 in CPG and retail leverage IRI to power their business. For more information, visit [www.infores.com](http://www.infores.com).



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