

TIMES & TRENDS

A Snapshot of Trends Shaping the CPG Industry

2006 CPG YEAR IN REVIEW



January 2007

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EXECUTIVE SUMMARY

- ▶ Total CPG industry sales increased 2.5% in 2006 - -a marked improvement over 2005's 1.6% growth rate; price increases played a major role
- ▶ Led by products offering health and wellness benefits, including ready-to-drink teas, bottled water and sports drinks, beverages continued their multi-year growth streak; home care products also stepped up growth this year through innovation in laundry care and cleaning
- ▶ Consumers' shift in priorities from pure weight management to total health management is reflected in slower growth among "light" products, while organics and functional food and beverages ride a growth wave
- ▶ The grocery channel suffered only a modest share loss this year, as the slowdown in channel migration extended into 2006
- ▶ While Wal-Mart secured only a half-point share gain in CPG dollar sales this year, there were sizable share shifts across categories, with large share increases in anti-smoking products and mouthwash, for instance, and significant share losses in baby accessories and pet supplies
- ▶ Trends to watch in 2007 include a growing environmental and social consciousness, a surge in kid-focused products and services, an increased demand for gourmet, and a heightened focus on healthcare marketing among retailers



INTRODUCTION

A combination of price increases and innovation drove industry growth rates to 2.5%.

Following a grueling 2005 that was marked by a devastating hurricane season and far-reaching new labeling regulations, the CPG industry took stock during the relative calm of 2006.

Reverberations from the events of 2005 carried over into the new year. Gas and oil prices spiked, and sugar crops took a beating. This translated into fewer shopping trips for consumers, and rising costs for manufacturers and retailers.

Eventually, these rising costs made their way to consumers. The Federal Reserve Board announced that its index of core personal consumption prices rose at its highest rate since 1994 in the second quarter of 2006¹. Though driven in part by high rents, it seems that 2006 was the year that consumer products manufacturers (from appliances to packaged goods) stopped absorbing manufacturing increases and started passing some of the burden on to the consumer in the form of higher prices. The impact of this phenomenon is detailed later in this report.

Despite the challenges, CPG marketers worked hard to create growth opportunities. Functional foods and life-simplifying products contributed to industry growth. Indicators suggest that this type of new product development is key to future success.

Beyond manufacturing, innovative retailing has also been at play. New formats and targeted marketing strategies were at the core of grocery efforts to stem channel share erosion.

Net, the industry grew 2.5% in 2006 – a significant improvement over 2005 rates.

This issue of *Times & Trends* is intended to help CPG manufacturers and retailers:

See market opportunities and risks by benchmarking performance versus the industry

Act on these insights with speed and confidence and

Win at the shelf.

1. Associated Press Financial Wire, July 31, 2006.



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INDUSTRY PERFORMANCE OVERVIEW SALES GROWTH

After a slow 2005, the CPG industry grew a solid 2.5% in 2006.

CPG industry growth returned to a more historic norm in 2006, climbing 2.5%, versus just +1.6% in 2005. In 2004, the CPG industry posted gains of 2.4%.

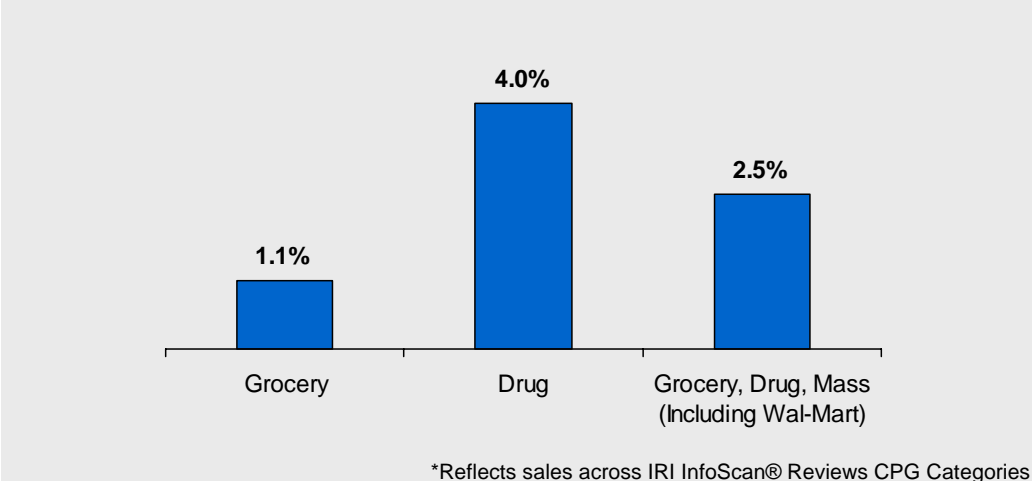
Though tempered versus last year, the drug channel continues to enjoy exceptional sales growth versus other retail channels. Analysis summarized throughout this report indicates that the drug channel has made strides in recapturing share previously lost to other channels, including Wal-Mart.

After a virtually flat 2005, the grocery channel managed a slight up-tick in growth for 2006, with sales climbing 1.1%. The struggle to stem channel migration wages on, but grocers continue to gain traction.

The balance of this report details the results of retailer and manufacturer efforts to drive industry growth and influence consumer shopping habits through innovation and smart marketing strategies.

These efforts have begun to successfully stem channel erosion and to breathe new life into stagnant CPG categories.

**CPG Industry* Dollar Sales % Change by Channel
Food, Drug, Mass (Including Wal-Mart) 2006 vs 2005**



*Reflects sales across IRI InfoScan® Reviews CPG Categories

Source: IRI MarketInsight™; IRI InfoScan® Reviews; 52 weeks ending 12/3/06 vs prior year and 12/25/05 vs prior year



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SEGMENT AND CATEGORY TRENDS ALL OUTLET

Beverage products continue to lead the way in growth, joined this year by house care.

Beverages continued to be CPG growth leaders in 2006, posting healthy gains nearly across the board.

Energy drinks and ready-to-drink coffee/tea continue to lead the beverage segment --each posting gains of more than 20% for the year.

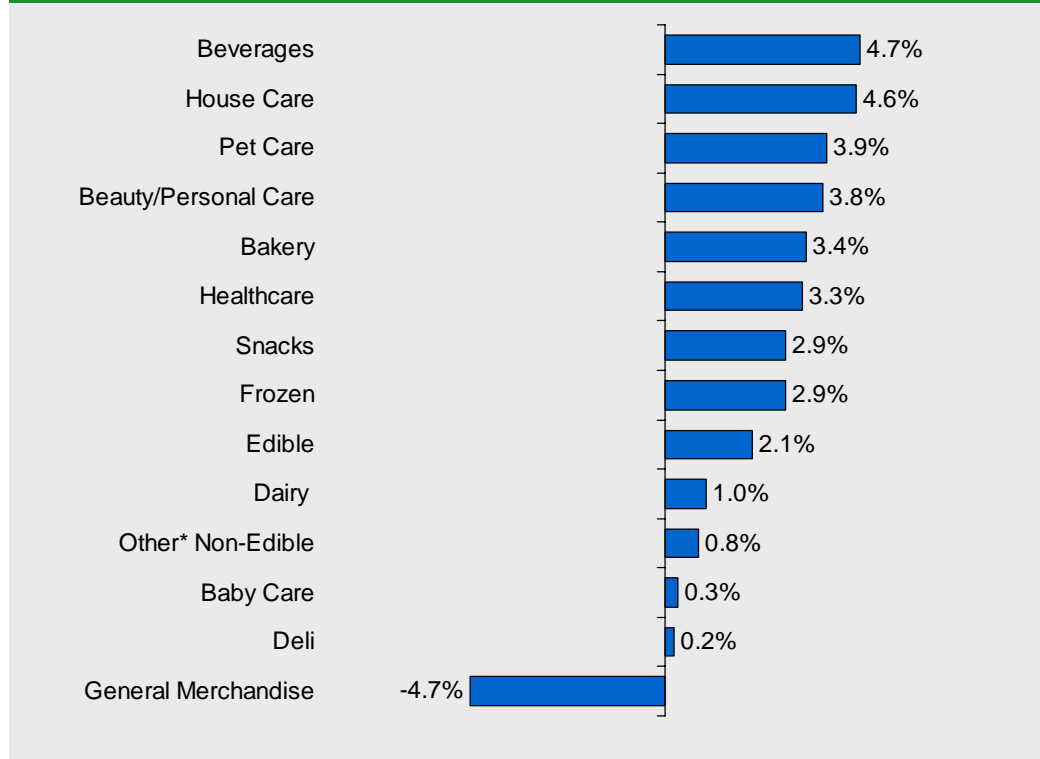
Aseptic juices and shelf-stable juice/drink concentrates are notable exceptions to the strong growth of the beverage segment. Each of these categories actually lost ground in 2006 (-4.8% and -16.1%, respectively).

House care made a significant leap in 2006 (up 4.6%, versus 1.3% growth in

2005), driven by innovation in the household cleaner cloths and laundry care categories. Cleaning tools/mops/ brooms also posted sizeable growth.

The general merchandise category continued its slide in 2006, posting sales losses of (4.7%) vs (-8.2%) in 2005. Kitchen storage and batteries posted a flat year (versus a 15.3% and 6.2% loss, respectively, in 2005). Photography supplies continues to struggle with significant losses (-36.9%).

**Dollar Sales % Change by Product Segment, 2006 vs 2005
Grocery, Drug, Mass (Including Wal-Mart)**



*Other non-edible includes paper products, charcoal lighter fluid and tobacco products, among other categories.

Source: IRI MarketInsight™; 52 weeks ending 12/3/06 and prior year



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SEGMENT AND CATEGORY TRENDS DRUG CHANNEL

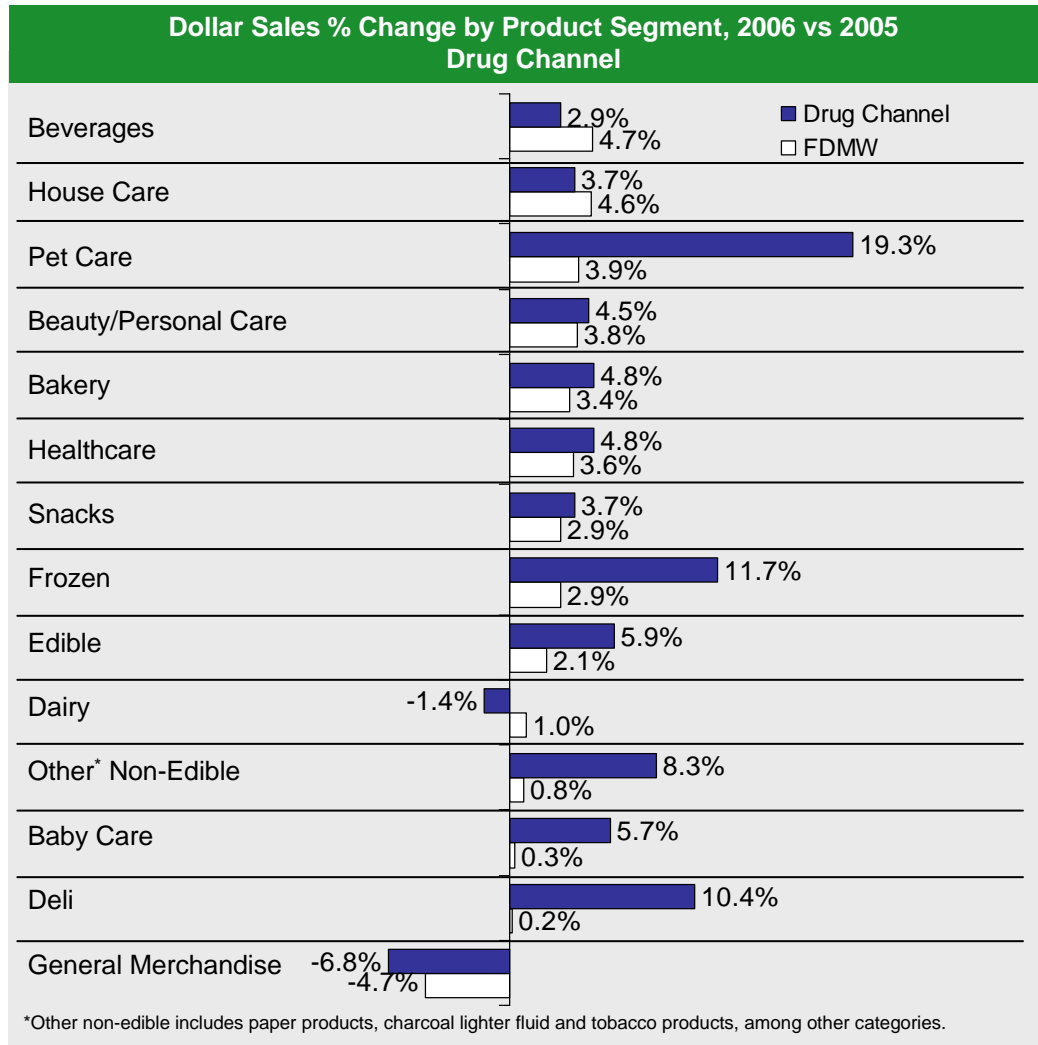
Drug channel growth was driven by strong performance in both core and food & beverage categories.

Drug channel growth continues to outpace total CPG industry growth.

Drug stores demonstrated strong performance in core categories, specifically healthcare and beauty/personal care, as well as baby care.

The drug channel also posted strong gains in food-related categories- such as deli, frozen and snacks.

Pet care was a huge win for drug stores in 2006, with phenomenal growth of 19.4%, versus total industry growth of 2.7%. This growth was driven largely by strong performance in the pet supply category, which grew 39% for the year.



Source: IRI MarketInsight™; 52 weeks ending 12/3/06 and prior year



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SEGMENT AND CATEGORY TRENDS TOP TEN CPG CATEGORIES

Bottled water growth far exceeded growth of other top CPG categories.

The top two CPG categories struggled again in 2006, posting flat-to-negative sales results. But, five of the top ten CPG categories outpaced the industry as a whole.

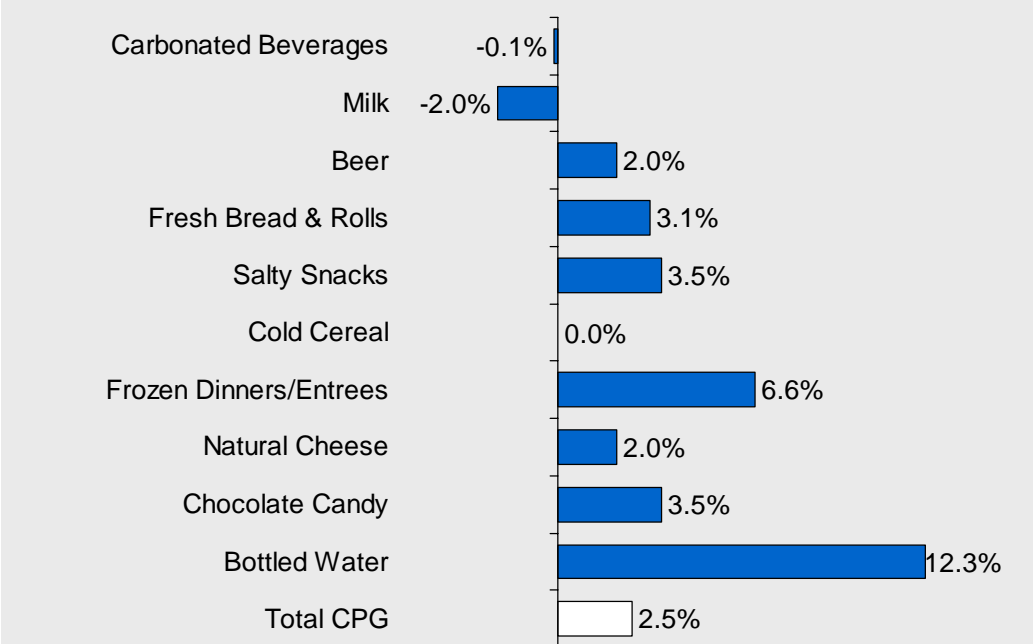
Carbonated beverages saw another flat year in 2006, as consumers continue to gravitate towards non-carbonated options.

Performance within the milk category was dampened by a sharp decline in whole milk sales (-6.5%) and flat sales for skim/lowfat milk. Kefir/ milk substitutes/soy milk and milkshakes/non-dairy drinks, on the other hand, performed remarkably well, with sales growth of 7.7% and 6.3%, respectively.

The beer category reaped growth from import (+10.9%) and micro-brew (+16.9%) products, while suffering losses across domestic and non-alcoholic varieties.

Frozen dinners/entrees and bottled water lead the top ten CPG categories in growth. Innovation among convenience-oriented products within these categories (such as new hand-held dinner options and new flavored water product lines) paved the way for phenomenal growth.

**Top 10 Categories* Dollar Sales % Change, 2006 vs 2005
Grocery, Drug, Mass (Including Wal-Mart)**



*Based on dollar sales; excludes cigarettes; beer reflects grocery and drug sales only.

Source: IRI MarketInsight™; 52 weeks ending 12/3/06 and prior year



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SEGMENT AND CATEGORY TRENDS TOP TEN GROWTH CATEGORIES

Health & wellness, convenience and pricing drove top-performing categories.

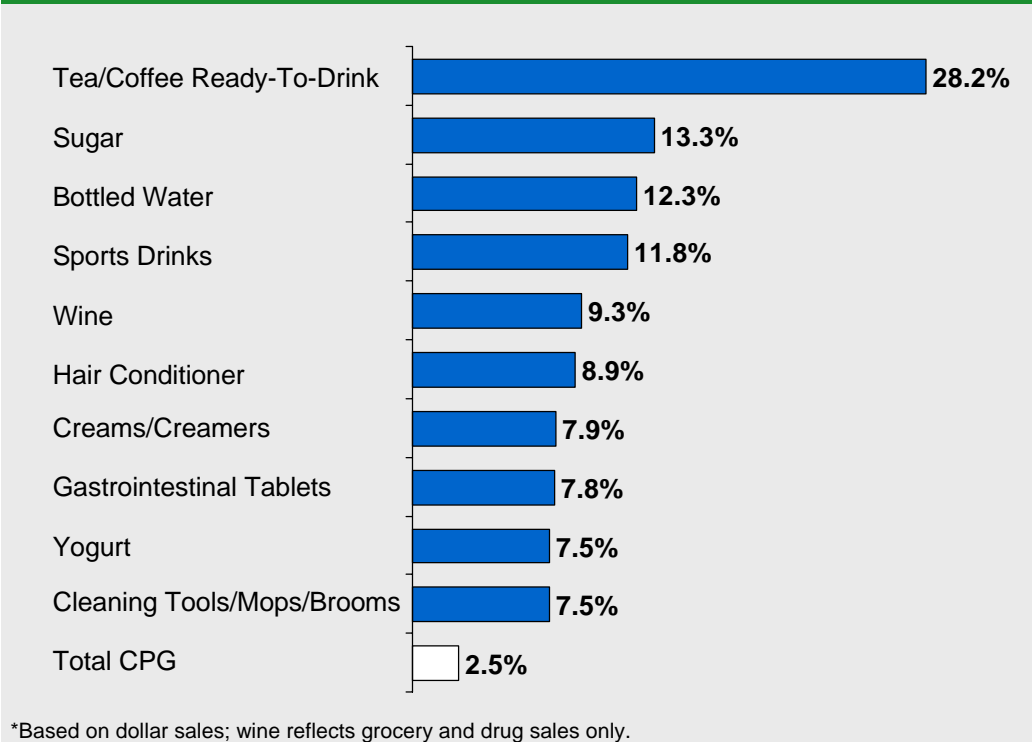
Like 2005, last year was marked by consumer demand for products delivering health and wellness and convenience.

Ready-to-drink coffee/tea, sports drinks and bottled water continue to thrive on positive consumer perception of health benefits, including functional ingredients such as ginseng, green tea, white tea, and others. Product innovation around these types of attributes is high, and will likely gain momentum in 2007.

Convenience is the force behind much product innovation, and is resulting in strong growth in on-the-go products such as bottled water and yogurt, as well as products which simplify routine tasks (as demonstrated by the cleaning tools/mops/brooms category).

The sugar category was marked by significant price increases in 2006, driven by a number of factors detailed later in this report. These increases were large enough to offset an 8.9% drop in volume, and result in a 13.3% increase in sugar sales for the year.

**Top 10 Growth Categories* Dollar Sales % Change, 2006 vs 2005
Grocery, Drug, Mass (Including Wal-Mart)**



*Based on dollar sales; wine reflects grocery and drug sales only.
Source: IRI MarketInsight™; 52 weeks ending 12/3/06 and prior year



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SEGMENT AND CATEGORY TRENDS LIGHT PRODUCTS

“Light” product growth trails total food and beverage growth.

Despite concerns regarding obesity and a long-standing fixation on weight among American consumers, “light” food and beverage products posted slow growth in 2006.

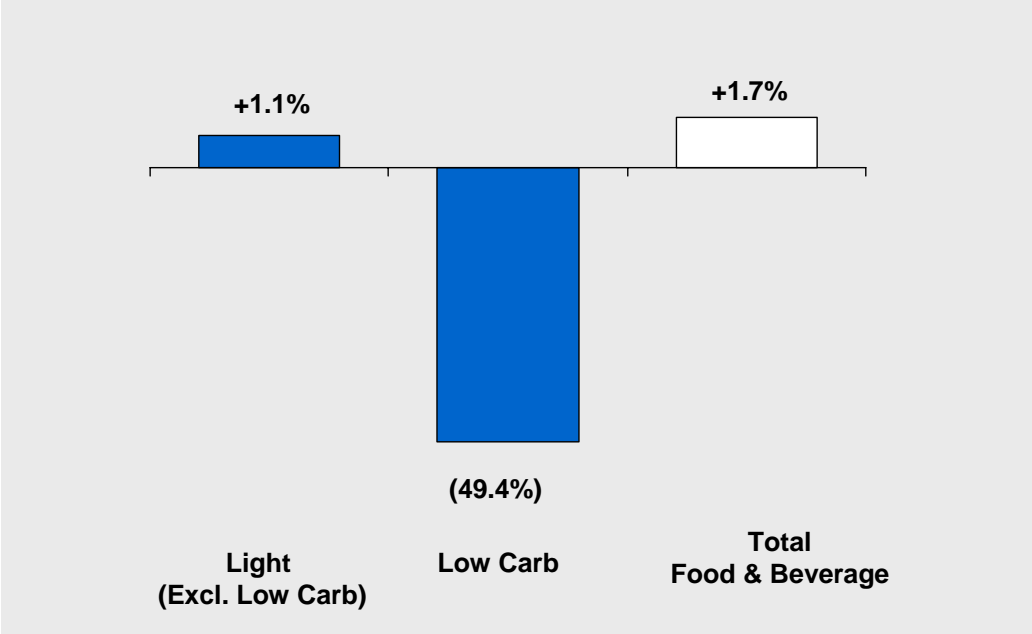
This trend highlights an overall shift in consumers’ orientation away from weight management and towards total health management.

It is important to note, however, that there is still significant upside potential for lower calorie and lower fat products among select categories – particularly among more indulgent snack and dessert categories, where light products are relatively un-developed and several light brands are enjoying strong growth.

Low carb products continue on their downward spiral as an increasing number of low carb dieters abandon this approach.

Future growth potential in the better-for-you space will likely be strongest among organics, products offering specific health benefits (ie heart health, antioxidants), convenient nutrition (ie a full or multiple servings of fruits or vegetables in one portable package), and healthy products targeting kids.

**Dollar Sales % Change 2006 vs Prior Year
Among Light/Low Carb* Products
Food, Drug, Mass (Excluding Wal-Mart)**



*Based upon an analysis of brands referencing specific dietary benefits in the brand name and/or are known light or low carb brands across CPG departments.

Source: IRI MarketInsight™; 52 weeks ending 12/31/06 and prior year



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SEGMENT AND CATEGORY TRENDS NATURAL AND ORGANIC PRODUCTS

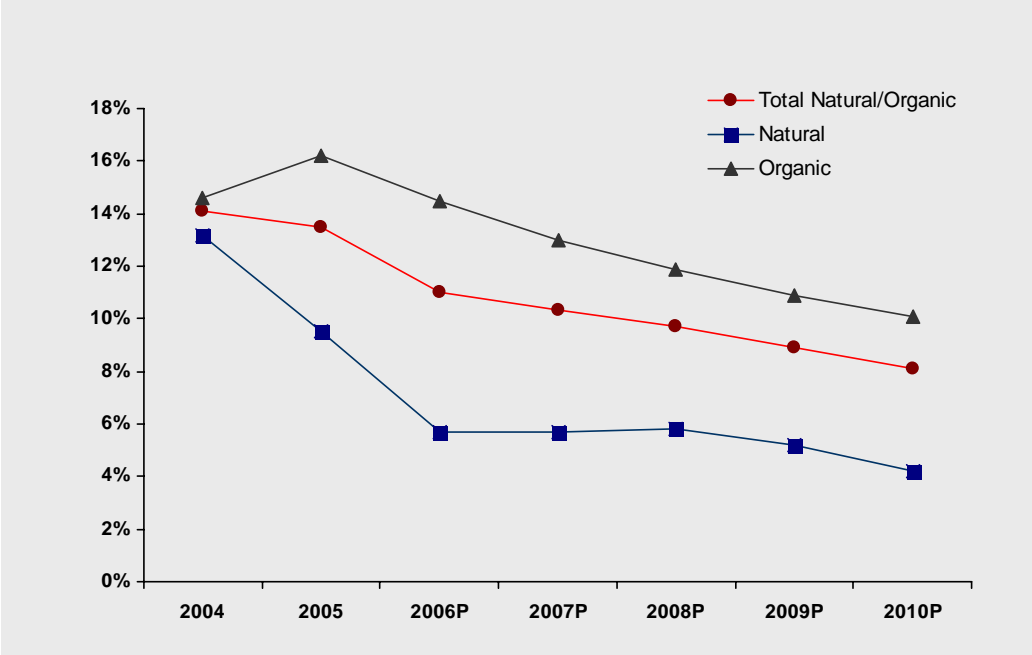
Natural and organic products are enjoying remarkable growth, with high single-digit gains expected through 2010.

Sales of natural and organic products have been quite strong over the past several years, and the segment is expected to continue to enjoy double-digit to high single-digit growth through the end of the decade.

Organic acreage in the United States has actually doubled since 2002¹. Organic milk production is also on the rise. Over the past year, USDA certified organic milk consumption increased 25%, while consumption of regular milk fell 10%².

The growth of natural and organic products will continue as manufacturers and retailers place increased focus on providing natural/organic products to consumers of all income-levels, including budget-conscious consumers seeking private label brands.

Natural/Organic* Product Actual and Projected Dollar Sales % Change vs. Prior Year



*Note: "Natural" products include products made with all natural ingredients, no preservatives, no artificial flavors or coloring. "Organic" products are at least 70% organic, per FDA definition

Source: Nutrition Business Journal

¹ Lincoln Journal Star, January 2, 2007
² PR Newswire, September 2006



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SEGMENT AND CATEGORY TRENDS HEALTHCARE PRODUCTS

Healthcare product sales significantly outpaced total CPG industry growth.

Healthcare products outpaced total CPG growth in 2006, posting sales gains of 3.6%.

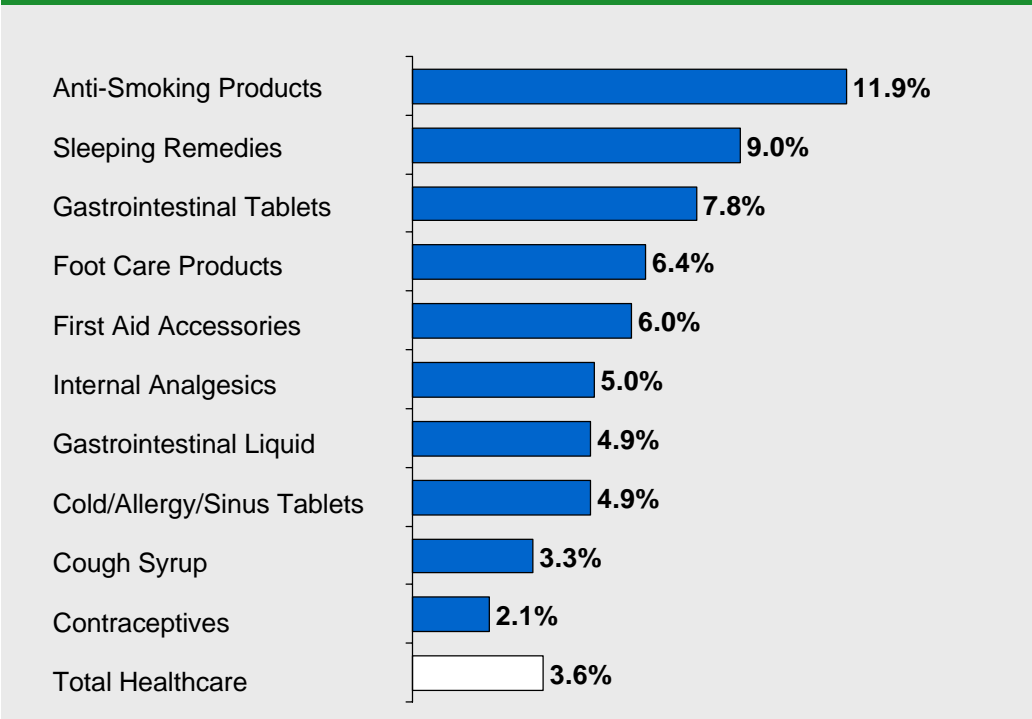
Anti-smoking tablets (+24.8%) and anti-smoking gum (+17.3%) led the anti-smoking products category to a year of phenomenal growth.

The sleeping remedies category grew at nearly three times the rate of other healthcare categories, driven largely by strong performance of sleeping aid tablets (+12.3%). Sleeping aid liquids declined 22.1% for the year.

Several healthcare categories experienced sales declines in 2006. The largest decline came from the hair growth products category (-17.0%).

Cold/allergy/sinus liquids also fell rather sharply, at -6.9%, while the tablet form of cold/allergy/sinus products grew at a healthy rate of 4.9%.

Top 10 Healthcare Categories based on Dollar Sales % Change, 2006 vs 2005 Grocery, Drug, Mass (Including Wal-Mart)



Source: IRI MarketInsight™; 52 weeks ending 12/3/06 and prior year



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SEGMENT AND CATEGORY TRENDS PRICING

The price of consumer goods is increasing at the fastest rate in more than a decade.

As projected in 2005, 2006 was marked by significant price increases across many product categories. For years, cautious CPG marketers absorbed increasing costs in plant and equipment, raw materials and packaging. Everything changed in 2006.

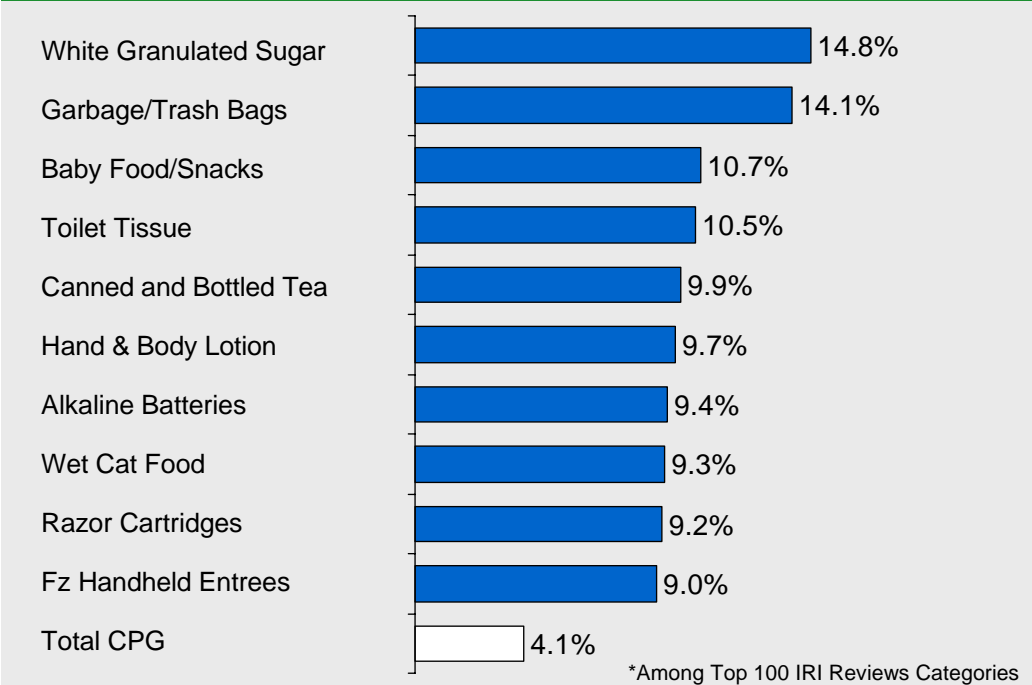
For the second quarter of 2006, the index of core personal consumption prices, a gauge heavily watched by the Federal Reserve, rose at an annualized rate of 2.9%, it's sharpest increase since 1994. While much of this increase stems from rising rents, the balance results from increased prices on a range of consumer products from appliances to CPG¹.

The price of sugar increased sharply in 2006, driven by a number of global struggles ranging from hurricanes in the Gulf of Mexico that damaged refineries and crops to the global increase in gasoline prices². Between September 2005 and February 2006, world-wide sugar prices actually doubled³.

For the packaged goods industry, that meant it was more difficult and costly to access sugar as a raw ingredient, and for consumers that meant increases in sugar that far out-paced average industry price increases.

"[Sugar] prices have just skyrocketed this year, and in some cases it has even been difficult to secure the supplies."
~Cal Dooley, president of the Food Products Association

Categories with Largest Price Increases 2006 vs 2005* Across Grocery, Drug and Mass (Excluding Wal-Mart)



*Among Top 100 IRI Reviews Categories

Source: IRI InfoScan® Reviews 52 weeks ending 12/3/06 and prior year

1. The Associated Press, July 2006
2. The Houston Chronicle, April 2006
3. Wall Street Journal, February 2006



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CONSUMER SHOPPING BEHAVIOR CHANNEL MIGRATION

Channel shifts closely mimicked 2005 patterns.

Channel migration rates continued to moderate in 2006, following the pattern first established in 2005.

Supercenters continue to capture increased share, though at rates slightly below 2005. Mass merchandise store conversions continue to contribute to this share growth, and to explain the continued decline of mass merchandise share.

Wal-Mart represented 18.5% of CPG dollar expenditures, up 0.5 points versus 2005. For 2007 (Wal-Mart's FY08), company focus will shift slightly, seeking not only to add more units, but to maximize growth within existing Wal-Mart locations¹. Investments in existing locations, coupled with a continued focus on superstore formats, will likely have a negative impact on mass merchandise share in the foreseeable future.

Grocers continue to fight hard against channel erosion, limiting losses to just 0.2 share points in 2006 after a flat 2005. Watch for continued targeted format innovation, such as Giant Eagle's Market District (targeting upscale markets with features such as theatrical presentations, in-house culinary specialists and organics) and HEB's Mi Tienda (targeting niche Hispanic markets through store-within-a-store type departments and bilingual employees).

The drug channel continues to gain positive momentum, increasing CPG dollar share 0.3 points in 2006, following 0.1 point increase in 2005 and a flat 2004.

"Supercenters will continue to be our primary driver for expansion in the United States."

~Tom Schoewe, executive vice president and CFO Wal-Mart Stores

All Outlet CPG* Dollar Share Shifts

	Channel Share	Share Point Change	
	2006	2006 vs 2005	2005 vs 2004
Grocery	56.7%	(0.2)	+0.0
Drug Store	5.4%	+0.3	+0.1
Mass Merchandise	9.0%	(0.4)	(0.5)
Supercenter	13.7%	+0.6	+0.8
Club	6.7%	(0.1)	(0.2)
Dollar	1.4%	+0.1	0.0
Wal-Mart*	18.5%	+0.5	+0.3

*Across IRI InfoScan® Reviews CPG Categories

Source: IRI Consumer Network® 52 weeks ending 12/10/2006 and prior year; 12/25/05 and prior year

¹ Wal-Mart press release, October 2006.



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CONSUMER SHOPPING BEHAVIOR SHOPPING TRIPS

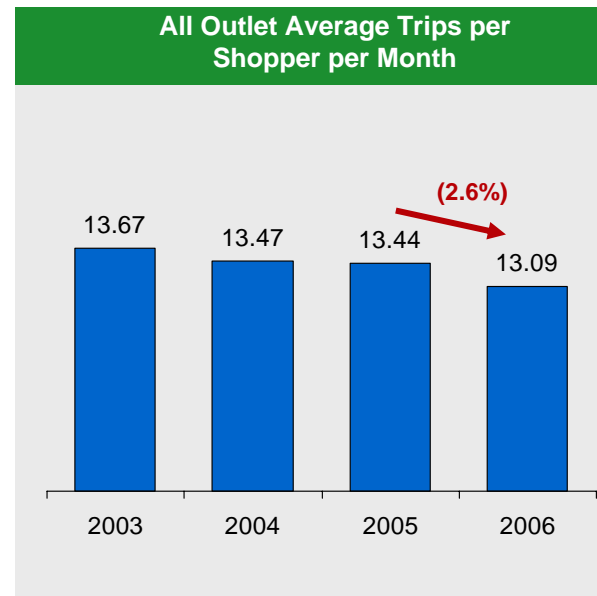
The decline in shopping trip frequency was the largest in several years.

The long-standing decline in consumer shopping trips accelerated in 2006. Average number of monthly trips fell (2.6%) to just over 13 in 2006, as higher gas prices in spring and summer months led consumers to conserve gas.

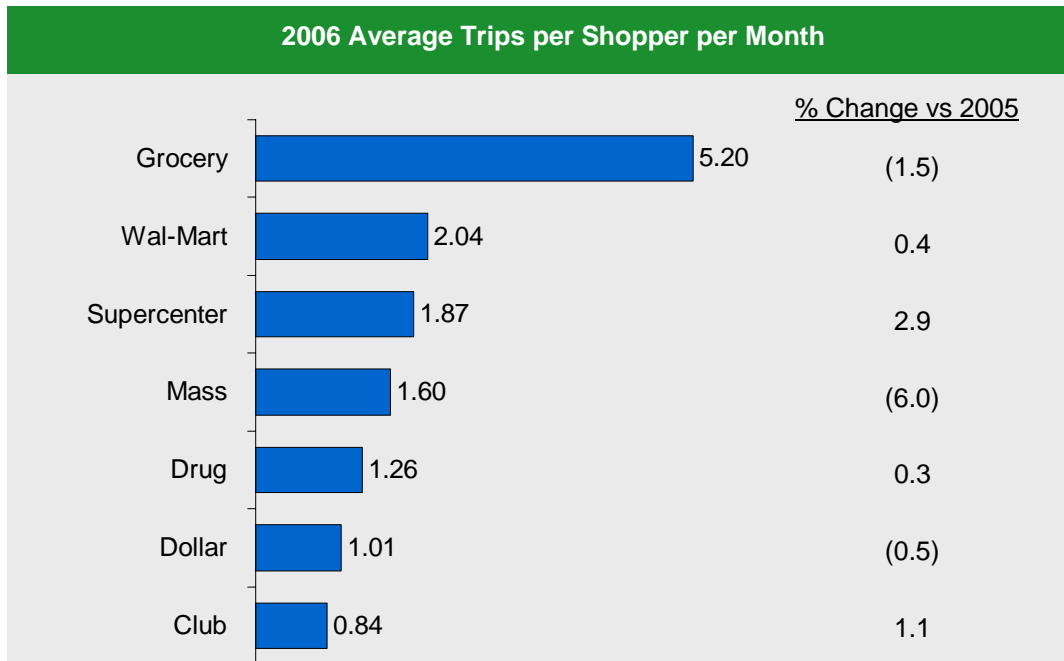
The continued slide in shopping frequency brings increased urgency to efforts to build relationships and influence shopping habits.

The pressure is especially strong among mass, grocery and dollar retailers, each of whom bear the brunt of this decline.

While supercenter trips were negatively impacted during the gas price spikes, overall, the channel has demonstrated a remarkable resistance to the trend. Trips to drug stores increased only slightly in 2006, after a strong 3.3% growth in 2005.



Source: IRI Consumer Network® 52 weeks ending 12/10/2006 and prior year



Source: IRI Consumer Network® 52 weeks ending 12/10/2006 and prior year



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WAL-MART OVERVIEW CATEGORY TRENDS- DECLINING SHARE

Wal-Mart lost share to grocery and drug across several categories.

Grocers and drug stores have long fought for share versus Wal-Mart, and their efforts are beginning to pay off.

Though some of Wal-Mart's share losses were in declining categories, drug and grocery have made important strides.

In bottled water (+12.3% sales increase), for example, Wal-Mart lost 1.19 share points while grocery gained 1.0 point.

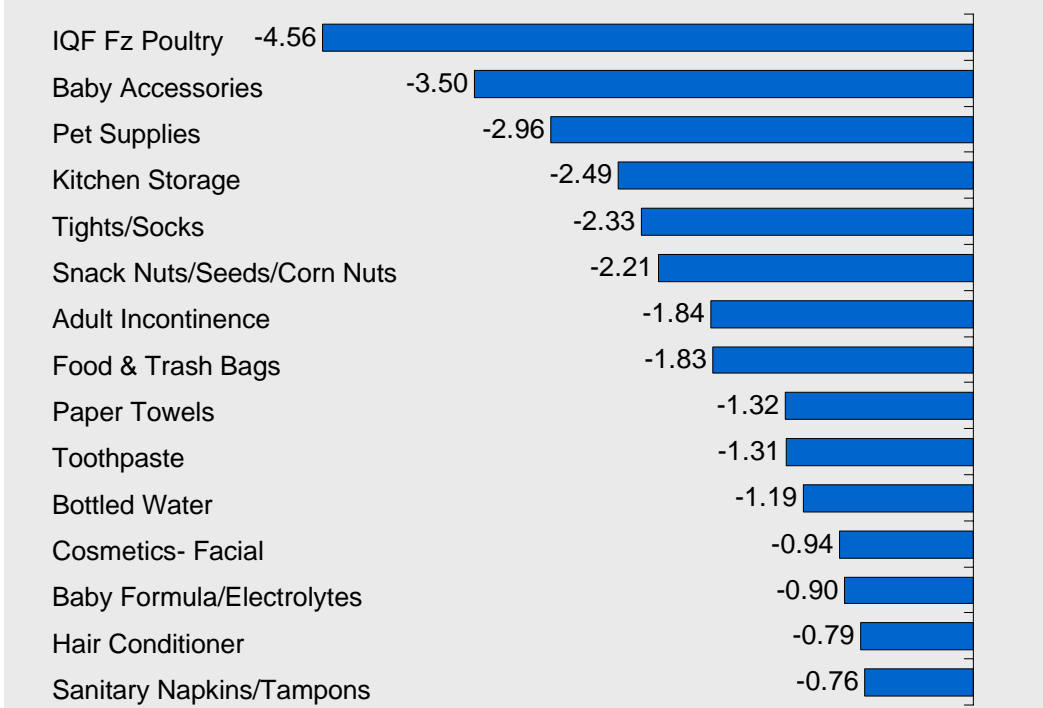
Grocers also boast increasing share in the growing food & trash bag category (+6.0% sales) and in kitchen storage (flat at +0.6% sales) categories as Wal-Mart share fell.

Drug captured share in several categories at the expense of Wal-Mart as well. For example, in pet supplies (+1.2% sales for 2006), drug share climbed one point while Wal-Mart share fell three points.

Drug also gained one share point in categories such as adult incontinence, facial cosmetics and hair conditioner, each at the expense of Wal-Mart.

Wal-Mart's biggest share loss is from the IQF frozen poultry category, which experienced a sales decrease of 5% in 2006. Grocery, however, gained four share points in the category.

Wal-Mart Dollar Share Point Change 2006 vs 2005 Top Fifteen Categories with Declining Dollar Share*



*Among Top 100 IRI Reviews Categories



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WAL-MART OVERVIEW CATEGORY TRENDS- INCREASING SHARE

Wal-Mart's focus on food and beverage products remains strong, to the detriment of grocery.

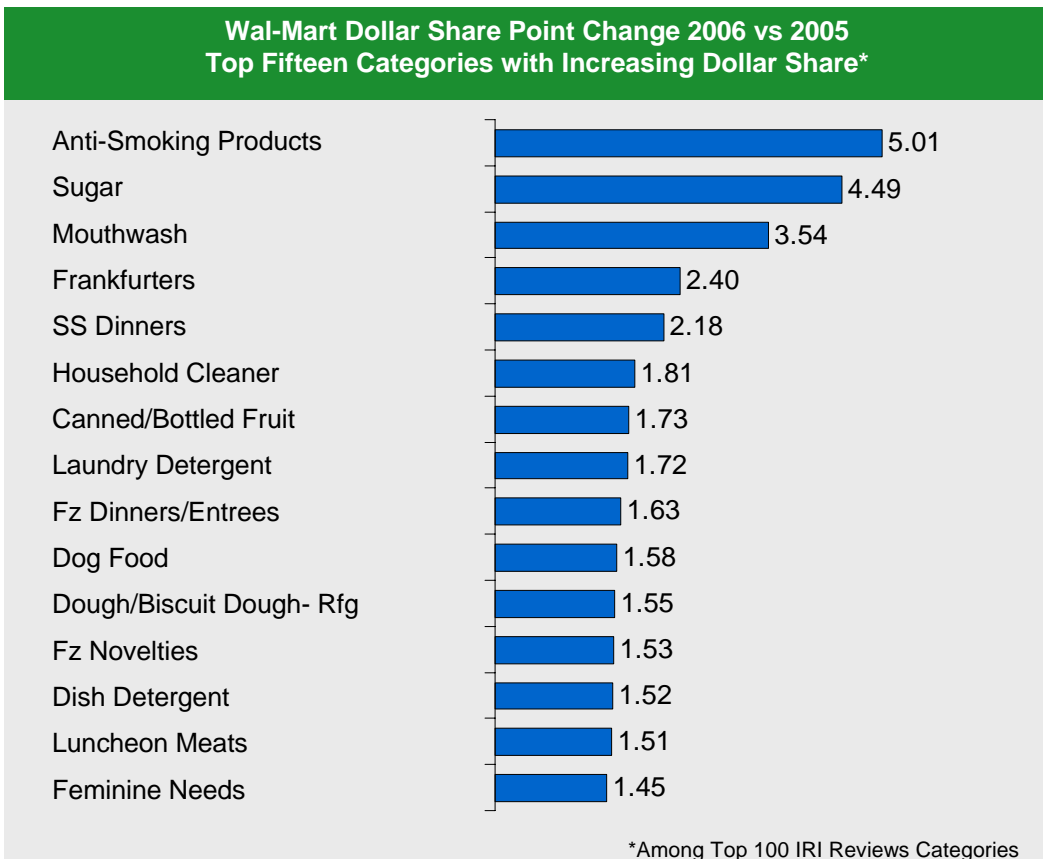
Wal-Mart continues to make significant headway into the food and beverage arena, as demonstrated by the below chart detailing top growing categories.

Grocery was hit rather hard by Wal-Mart in the sugar category, where Wal-Mart captured more than four share points, nearly all at the expense of grocery. The grocery channel also lost three share points each in the frankfurter and household cleaner categories, while Wal-Mart share climbed 2.4 and 1.8 points, respectively.

Unfortunately for grocery, this is not the end of the shifts. In each of the food categories below grocery share fell two points while Wal-Mart share climbed.

The drug channel also lost share to Wal-Mart, most notably in anti-smoking products (-4.0) and mouthwash (-1.0).

Across the other thirteen categories detailed below, drug channel share remained unchanged versus 2005.



Source: IRI MarketInsight™; 52 weeks ending 12/3/06 and prior year
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PRIVATE LABEL SHARE BY CHANNEL

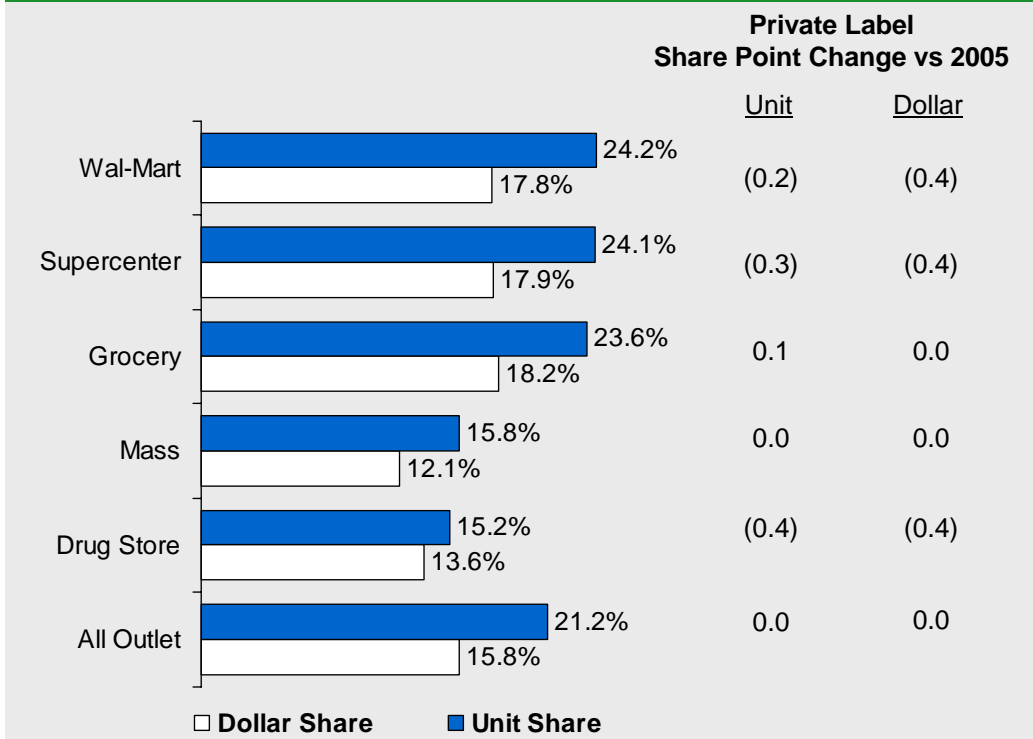
Private label gains have leveled off across channels.

Private label share gains have leveled off, and even slipped slightly, across retail channels.

Despite flat performance in 2006, private label merits close monitoring. As detailed in November Times & Trends, retailers are increasingly turning to private label as a point of differentiation.

Look for more targeted private label introductions. No longer is private label a tool for attracting the budget-conscious shopper—premium private label products, such as organics and natural foods, are increasingly prevalent, and will play a major role in the future of private label.

2006 CPG Private Label Share by Channel



*Across IRI InfoScan® Reviews CPG Categories; Total Wal-Mart, including Neighborhood Markets
 Source: IRI Consumer Network® 52 weeks ending 12/10/2006 and prior year



TRENDS TO WATCH

We expect the following trends to impact the CPG market throughout 2007 and into the next few years:

Functional Foods & Beverages Hit Their Stride

With increased availability and greater consumer demand, functional foods and beverages -- which offer health and disease prevention benefits beyond basic nutrition -- are at the cusp of a major growth wave in the U.S.

The market was estimated at \$36 billion in the U.S in 2006, with projected sales of \$60 billion by 2009.¹

Products delivering the following benefits are poised for growth:

Antioxidants: found in tea, dark chocolate, coffee, wine, superfruits (eg. pomegranate, acai berries)

Heart Protection: found in plant sterols, soy, whole grain, omega-3

Digestive Aids: found in prebiotic and probiotic foods -- primarily dairy currently but will increasingly be available in non-dairy

Weight Loss: found in green tea extracts, chromium

Growing Number of Gourmets

Take the immense popularity of the Food Network and its broad range of cooking shows, add increased availability of more exotic spices and ingredients, and add the newfound time (and high disposable income) among aging Boomers whose lives have become less hectic, and you have all the right ingredients for a boom in gourmet products.

In fact, the market for gourmet food and beverage products is expected to grow 11% per year to \$62 billion by 2009.²

Opportunity will extend to gourmet ingredients, as more consumers cook their own gourmet meals, prepared gourmet meals and desserts as tastes evolve, and high-end wines.

Marketers will have increased access to these consumers through online networks of "foodies", which are becoming much more prevalent.

1. Institute of Food Technologists

2. Packaged Facts



TRENDS TO WATCH

Kids Rule

As outlined in the June 2006 *Times & Trends*, consumers over age 55 will drive growth across numerous categories over the next decade. We are also seeing growth potential at the other end of the age spectrum.

Just over 4 million babies were born in the U.S. last year. This is comparable to the number of births at the highest point of the Baby Boom in the late 1950's. We are officially in the midst of a new baby boom. Over the next decade, kids under the age of five will increase in number by 10%, kids age 6-12 will increase by 4%, and the number of teens will actually shrink.

We will see a huge focus on products, services, marketing and merchandising targeting younger children.

It is important to note that the population of young children will be the most ethnically diverse segment in U.S. history. The one-size-fits-all approach to youth marketing will not work, as distinct cultural differences must be considered.

Further, today's kids will grow up in an era of intensified focus on health, nutrition, physical activity and weight management – opening up significant new opportunities. Expect to see an explosion of healthier products targeting kids and both manufacturer and retail initiatives helping kids and parents select the right products to maintain a healthy diet.

Environmental and Social Consciousness Increasingly Influential

Concern about the environment and fair treatment of employees and food producers has become a much more significant consideration in product and store selection over the past few years, and this trend will grow stronger.

We will see increased focus among consumers, manufacturers and retailers on the following:

Fair trade products (ie produced through fair wages to farmers) across a number of categories, including coffee, chocolate and produce.

Eco-friendly, sustainable packaging that is recyclable, reusable, and/or made of biodegradable materials

Local sourcing: In addition to a perception that local equals fresh, environmentally-aware consumers seek products requiring less fuel to reach the stores.

Organic products Two-thirds of consumers who buy organic products do so in an effort to help the environment.¹

1. Natural Marketing Institute



TRENDS TO WATCH

Healthcare Emerges As The New Retail Battleground

Aging Baby Boomers facing rising incidence of chronic disease will drive demand for Rx and OTC remedies, foods and beverages offering specific health benefits, and healthcare education and services.

Recognizing this enormous market potential, retailers significantly increased focus on healthcare initiatives over the past year, including the following:

- Onsite health clinics
- Online and in-store educational materials
- Pharmacy marketing and promotion (eg. \$4-\$5 generic drugs; major marketing push behind Medicare Part D)

We expect competition for healthcare dollars and loyalty to intensify throughout the next few years, driving innovative new services and enhanced collaboration between retailers and manufacturers.

Packaging Becomes a Powerful In-Store Marketing Vehicle

As mass media has become increasingly fragmented and less effective in reaching consumers, marketers have increasingly turned to in-store marketing and merchandising to drive sales.

Companies are finding, however, that the in-store environment is also fraught with challenges: The number of grocery displays is steadily declining as grocers “unclutter” stores, and the influx of roughly 100,000 new UPCs per year has resulted in over-crowded shelves.

The need to capture consumer attention and help them find the products they want within this environment will drive new packaging innovation aimed at standing out on the shelves. Expect bold colors, unique shapes and a consistent look and feel across products within a brand. In addition, packaging will be more fully-leveraged as a mini-billboard for marketing messages.



CONCLUSIONS

CPG MANUFACTURERS

To identify and capture growth opportunities within the current slow-growth environment, manufacturers should consider the following action items:

Product Development

- ▶ Explore new product development opportunities across high-growth niche markets (eg. kids, organics, gourmet, green, functional food and beverages)
- ▶ Identify packaging enhancement opportunities to drive greater shelf visibility and communicate marketing messages

Collaborative Marketing

- ▶ Identify leading retail partners engaged in total store marketing around themes closely aligned with your brand positioning and strategic marketing platforms (eg. healthcare, healthy kids, eco-friendly)
- ▶ Participate in the development of integrated marketing and merchandising initiatives around these themes that prominently feature your brands
- ▶ Tap into online communities of consumers with related interests

Distribution Strategies

- ▶ Continually monitor channel migration trends by category and brand to identify potential missed distribution opportunities
- ▶ Work with leading retail partners to identify the optimal brand role in cross-channel competitive strategies



CONCLUSIONS

RETAILERS

To identify and capture growth opportunities within the current slow-growth environment, retailers should consider the following action items:

Category/Product Development

- ▶ Explore private label new product and category development opportunities across high-growth niche segments (eg. kids, organics, gourmet, green, functional)
- ▶ Identify packaging enhancement opportunities across private label products to drive greater shelf visibility and clearly communicate marketing messages

Collaborative Marketing

- ▶ Identify total store marketing opportunities around specific growing consumer concerns (eg. healthcare, healthy kids, eco-friendly)
- ▶ Develop integrated marketing and merchandising initiatives around these themes in partnership with leading manufacturers whose brands and marketing platforms are aligned with your positioning
- ▶ Tap into online communities of consumers with related interests

Competitive Strategies

- ▶ Continually monitor cross-channel share shifts at the store and category level
- ▶ Develop cross-channel competitive strategies vis-à-vis specific channels and retailers



TIMES & TRENDS

A Snapshot of Trends Shaping the CPG Industry

RESOURCES

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

IRI MarketInsight™

Proprietary model-based sales tracking service providing superior coverage of channels, including Wal-Mart, for which point-of-sale data are not available. Reflects sales across IRI InfoScan® Reviews CPG categories. Wal-Mart data include traditional outlets and supercenters.

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 Price Drivers

Price elasticity analysis that helps CPG marketers make more profitable pricing decisions by quantifying the sales response to base-, promoted-, and cross-price variation of their products. The proprietary methodology is based on store- level data.

IRI AttitudeLink

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



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MORE INFORMATION

Please contact Sheila McCusker at sheila.mccusker@infores.com with questions or comments about this report.

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.



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