TIMES & TRENDS

A Snapshot of Trends Shaping the CPG Industry

2006 NEW PRODUCT PACESETTERS

NEW CPG BRAND LEADERS

Feb/March 2007

INFORMATION RESOURCES, INC.

EXECUTIVE SUMMARY

- This past year was one of the most active in recent history for CPG new product introductions; success rates, however, have changed little over the past decade, with less than 5% reaching $50 million or more in year-one sales
- Healthy options offering convenience and sacrifice-free taste dominated the food and beverage top ten Pacesetters, led by Kraft South Beach Diet and Dreyer's Edy's Slow Churned ice cream
- Within non-foods, leading new brands offered enhanced performance and new varieties; Gillette Fusion topped the list, while Tide with Febreze captured the number two spot
- The proportion of Pacesetters offering new varieties increased substantially versus the historical average as consumer choice continues to multiply; market trends will drive more targeted varieties over the next several years
- Growth in the use of new recipes, new formulas and new technologies points to increased manufacturer efforts to create sustainable differentiation with new brands
- After a lull in the number of new products introduced with convenience benefits over the past two years, convenience is back and is stronger than ever with a host of successful new life-simplifying products

INTRODUCTION

IRI New Product Pacesetters celebrates the brands that beat the odds to achieve new product success.

Now in its twelfth year, the annual IRI New Product Pacesetters report celebrates the year's most successful new CPG brands. These brands truly beat the odds: less than one-quarter of new brands exceed the $7.5 million hurdle for year-one sales that is required to earn Pacesetter status.

The New Product Pacesetters illustrate that despite low historical success rates, success is attainable.

How did they do it? Leading new food and beverage brands offered convenient health and wellness solutions as well as new varieties. Within non-foods, breakthrough performance landed many of this year's Pacesetters onto the list, while others offered new scents, designs and targeted solutions that were embraced by consumers.

In nearly all cases, manufacturers leveraged the equity of well-established brands, rather than creating net-new brands.

Further, manufacturers are increasingly developing new formulas, recipes and technologies as the basis for brand differentiation, rather than single benefits, such as a more basic flavor, that would be easier to replicate.

This report provides a detailed assessment of this year's winners to reveal the product benefits that resonated with consumers, the trends to watch for future new product opportunity and sales benchmarks to consider when evaluating new product introductions.

OVERVIEW
NEW PRODUCT ACTIVITY

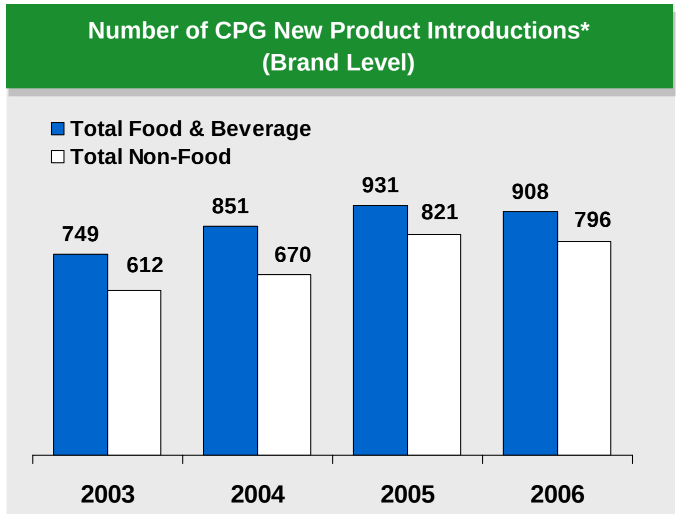
This past year was one of the most active years for new product introductions in recent history.

While down slightly from last year's record number of new product introductions, this past year was still one of the most active in recent history.

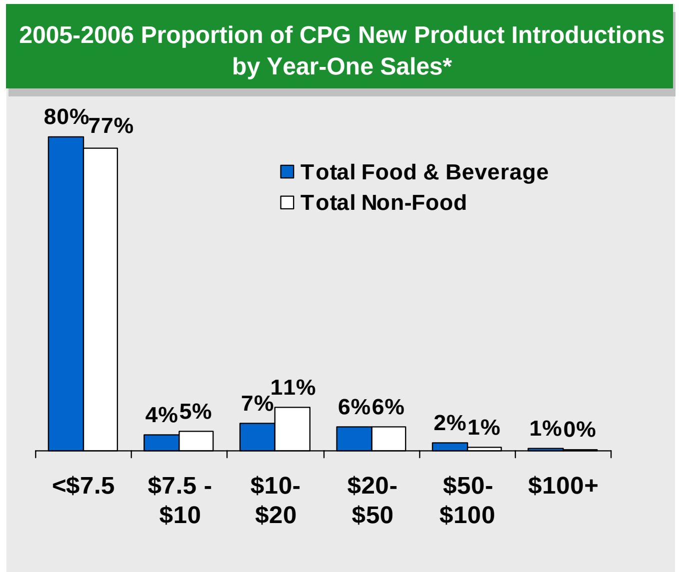
Yet, despite the high numbers, success rates remained consistent with rates over the past decade. Less than one-quarter of introductions met the New Product Pacesetters hurdle of $7.5 million or greater in year-one sales. In fact, only 3% of food and beverage introductions and 1% of non-foods exceeded $50 million in their first year.

While these numbers are disheartening and clearly point to the need for change in new product development practices, they also reflect the fact that new products are becoming more and more targeted; thus, more "successful" launches may well be below $50 million in sales.

To date, the shifting has been predominantly to the under $7.5 million group, but as new product development processes improve, we'll watch for growth in the middle ranges.



*Across Food, Drug, Mass Channels (Excluding Wal-Mart)
Source: IRI InfoScan® Reviews



*Across Food, Drug, Mass Channels (Excluding Wal-Mart)
Source: IRI InfoScan® Reviews

OVERVIEW
NEW BRANDS VS EXTENSIONS

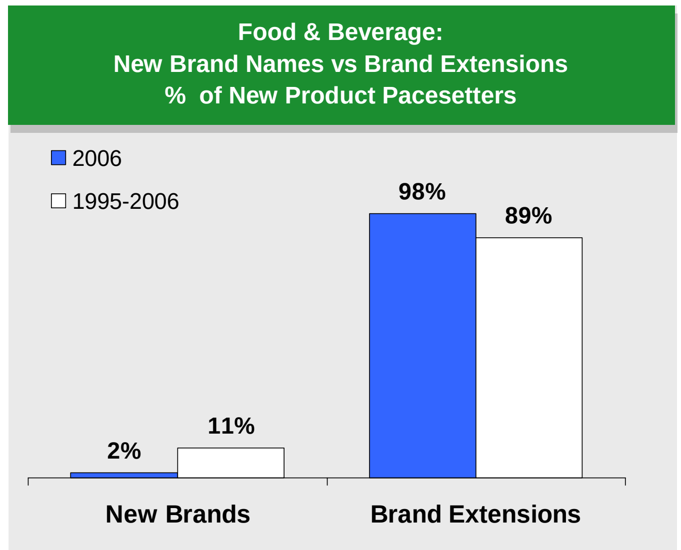
Nearly all new product launches today leverage existing brand equities.

Over the past decade, manufacturers have increasingly leveraged the equity of well-established brands to launch new products.

Today, the vast majority – 98% of food and beverage and 95% of non-food new products are brand extensions, rather than net-new brands.

There are a handful of examples of successful net-new brands in this year's list including CocoaVia dark chocolate -- heart healthy snacks and drinks from Mars Incorporated, and Sunsilk hair care products from Unilever, as well as several new beer and wine brands.

As manufacturers seek entrance into niche markets, such as organic or eco-friendly products in which major brands may be perceived as not authentic, we may see the pendulum shift a bit towards new brands, but the shift will be modest.



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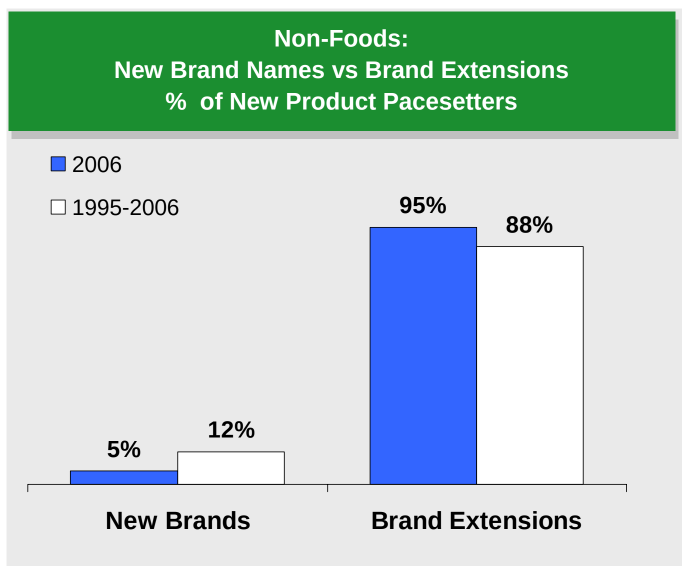
Source: IRI InfoScan® Reviews



*Across Food, Drug, Mass Channels (Excluding Wal-Mart)
Source: IRI InfoScan® Reviews

FOOD AND BEVERAGE
TOP TEN NEW PRODUCT PACESETTERS

Healthy options offering new taste and convenience benefits dominate the food and beverage top ten.

This year's leading new food and beverage brands perfectly reflect consumers' evolving focus from pure weight management to total health and wellness, with several making it easier to eat healthier without sacrificing taste or convenience.

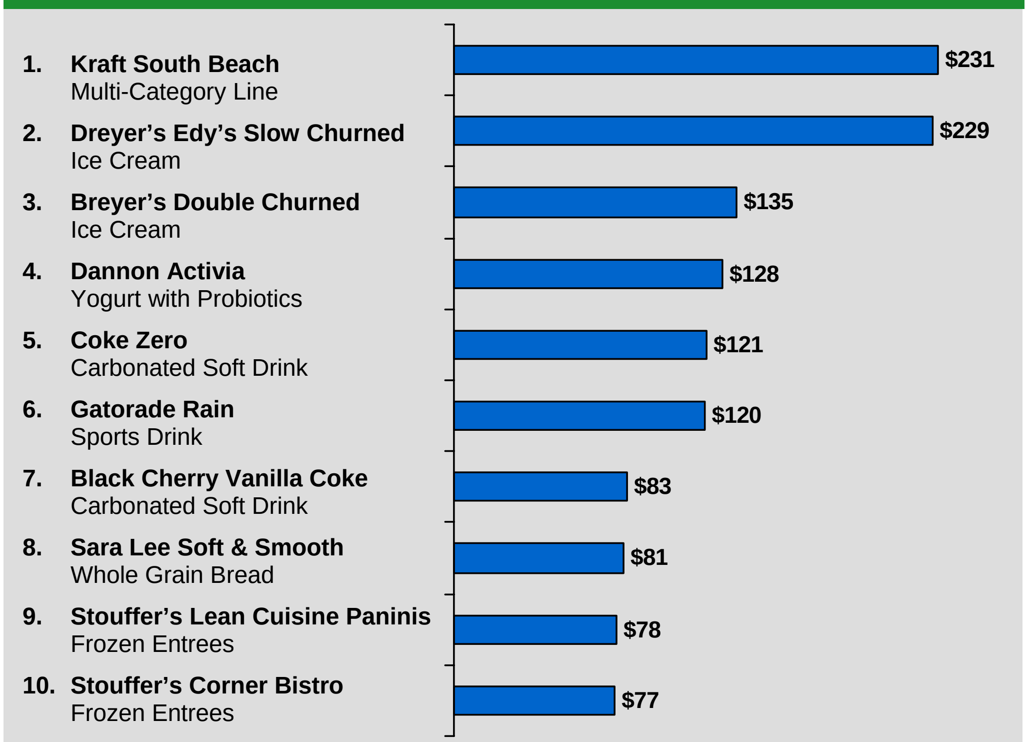
While the blockbuster Kraft South Beach diet line offers weight management benefits, there is a heavy focus on nutrition, including whole grains and "good fats" in brand marketing. Frozen entrees and snack bars make following the plan easy.

Other highly successful new brands, including Dreyer's Edy's Slow Churned Ice Cream, Coke Zero, Sara Lee Soft and Smooth bread and Stouffer's Lean Cuisine Paninis offer consumers healthier options without sacrificing familiar tastes.

The placement of Dannon Activia on this year's top ten is a sure signal that consumers are ready for functional foods and beverages offering health benefits beyond basic nutrition.

Proof that consumers continue to embrace new tastes and varieties, Gatorade Rain, Black Cherry Vanilla Coke and Stouffer's Corner Bistro also met with strong success.

2005 – 2006 New Product Pacesetters: Top 10 Food & Beverage Brands
Year One Dollar Sales (Mil$) Across Food, Drug, Mass (Excluding Wal-Mart)



Sources: IRI InfoScan® Reviews, New Products Launched February 2005 – January 2006

FOOD AND BEVERAGE
CATEGORY TRENDS

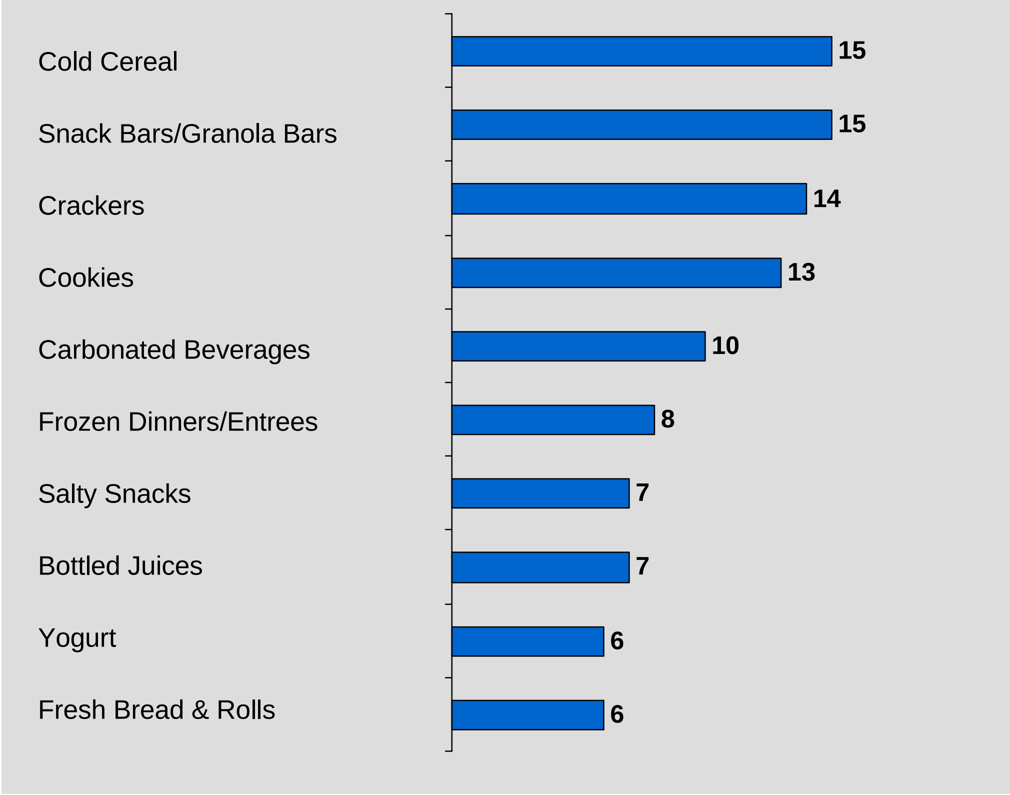
Manufacturers in mature center store categories seek growth through innovation.

Battling slow category growth, manufacturers within mature center store categories, including cereal, snacks, carbonated beverages and bottled juices have consistently turned to innovation to drive brand growth. These categories are once again among the most active in new product introductions.

After taking a beating during the low carb craze, the fresh bread and rolls category has significantly increased focus on innovation, which this year delivered whole grains and natural benefits.

Rounding out the list are frozen dinners and entrees and yogurt – two categories that continue to reinvent themselves with new varieties and healthy options to sustain both category and brand growth.

2006 Food & Beverage New Product Pacesetters by Category
Top 10 Most Active Categories (# of Pacesetters)



Sources: IRI InfoScan® Reviews, New Products Launched February 2005 – January 2006

FOOD AND BEVERAGE
CONSUMER BENEFITS TRENDS

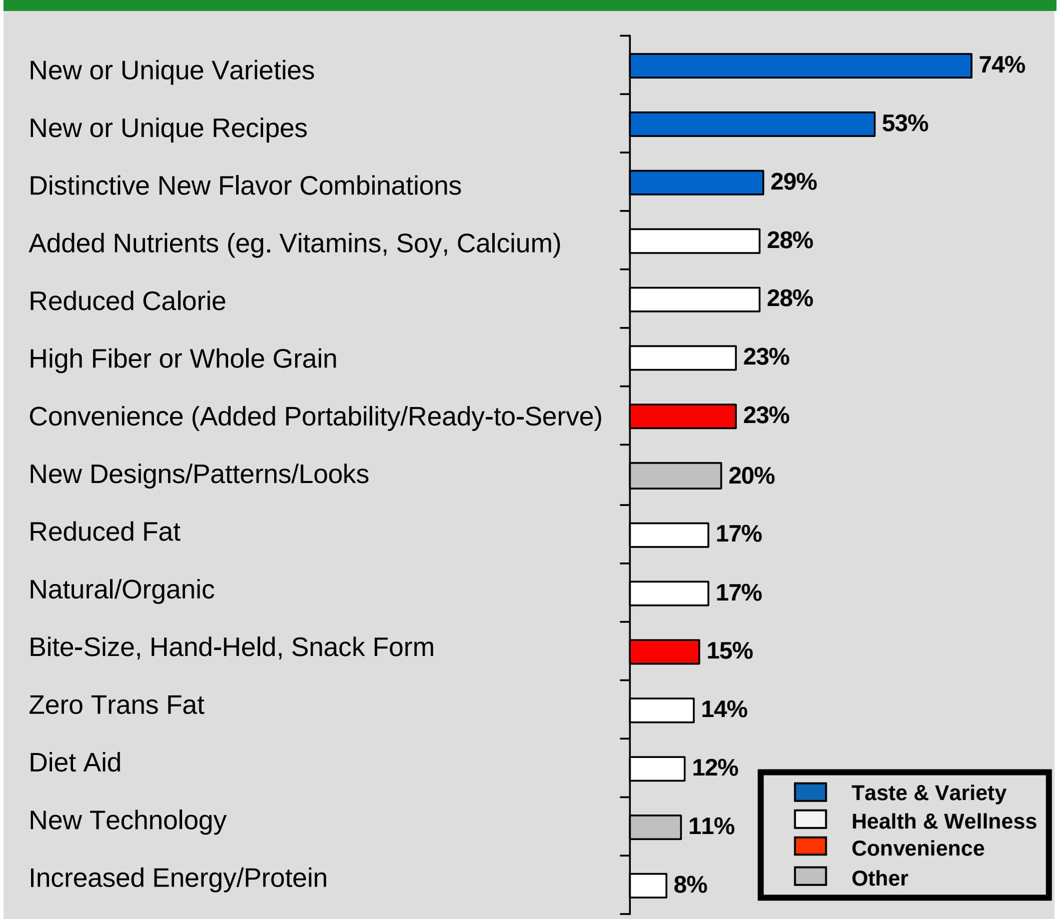
This year's food and beverage Pacesetters met consumers' multi-faceted demand for flavor, health *and* convenience.

Food and beverage manufacturers introduced a range of new flavors, flavor combinations and recipes to satisfy an increasingly sophisticated and adventurous consumer palate.

Over one-quarter of new brands delivered specific nutrition benefits or weight management benefits, with reduced calorie edging out reduced fat.

After a lull last year, manufacturers stepped up focus on convenience, with one-quarter offering take-it-with-me or easy-to-prepare benefits. The majority of these convenience products also offered health and wellness attributes.

2005 – 2006 Food & Beverage New Product Pacesetters: Top 15 Benefits
% of Total Pacesetters Offering Benefit



Sources: IRI InfoScan® Reviews, New Products Launched February 2005 – January 2006

FOOD AND BEVERAGE
CONSUMER BENEFITS - TASTE & VARIETY

The proportion of Pacesetters offering new varieties has risen dramatically.

The trend towards offering more and more options to consumers is clearly reflected in the high and growing proportion of new brands delivering new varieties – three-quarters today versus the ten-year average of 54%.

As retailers seek to streamline their shelves and simplify the consumer shopping experience, we may see a reversal of this trend. As assortments are localized, there will be greater shelf space allocated to varieties targeting specific consumer segments. Net, new varieties will become more targeted.

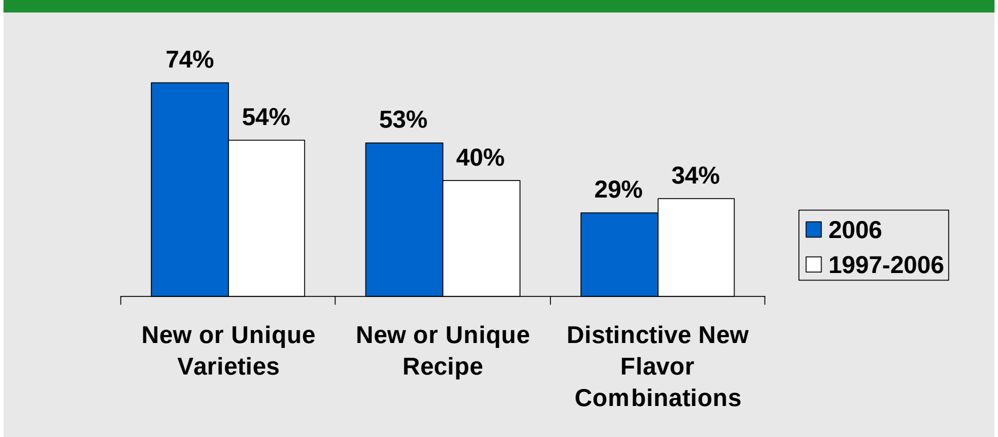
This year, there were new varieties targeting children, including healthier products such as Capri Sun Roarin Waters -- low calorie flavored water-- and Wonder Kids Fresh Bread, which offers extra nutrition for kids. There were also several new varieties targeting specific health concerns, such as Sara Lee Heart Healthy Fresh Rolls and Nature Valley Healthy Heart granola bars.

It is important to note that while there was a heavy focus on healthier foods and beverages this year, there were several highly successful new brands that are more indulgent. Consumers have by no means given up indulgence; rather, they have embraced products such as Betty Crocker Warm Delights and Mrs Smith's Frozen Pies.

While nearly one-third of Pacesetters offered new flavors, manufacturers are increasingly turning to entirely new recipes, which are typically more difficult to replicate than a flavor and will likely offer a longer period of competitive advantage.

Winning brands with new recipes include General Mills Yogurt Burst Cheerios, Gatorade Rain, Campbell's Select and Dannon Activia, among others.

Percent of Food & Beverage New Product Pacesetters Offering Taste & Variety Benefits



Sources: IRI InfoScan® Reviews, New Products Launched February 2005 – January 2006

FOOD AND BEVERAGE

CONSUMER BENEFITS – HEALTH & WELLNESS

Health and wellness benefits are far more prevalent among this year's Pacesetters.

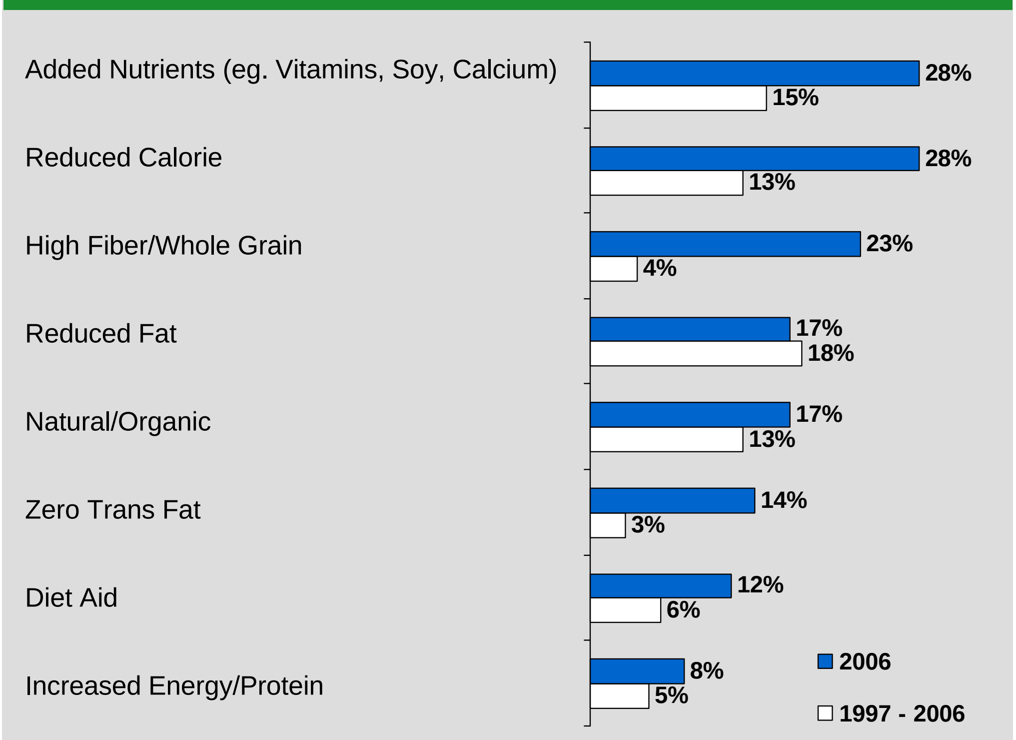
Manufacturer efforts to provide consumers with healthier options reached new heights this year, with the proportion offering several specific health benefits doubling or more versus historical averages.

The biggest increases were evident in products delivering whole grains, such as Sara Lee Soft & Smooth bread, which offers whole grain goodness with white bread taste and Wonder Bread with Whole Grain Wheat. Nearly twice as many brands offered added nutrients this year, including Propel Calcium fitness water and V8 Fusion, a juice drink loaded with antioxidants.

The proportion of new brands with reduced calories also increased substantially. Examples include Weight Watchers cereal and yogurt and Dreyer's Edy's Slow Churned Ice Cream, which leverages new technology to preserve rich taste.

The increased focus on health and wellness will continue for the foreseeable future; functional foods and beverages, which offer health benefits beyond basic nutrition, will play a larger role next year.

2006 Food & Beverage New Product Pacesetters
% Offering Health & Wellness Benefits vs Historical Trend



Sources: IRI InfoScan® Reviews, New Products Launched February 2005 – January 2006

FOOD AND BEVERAGE
CONSUMER BENEFITS – CONVENIENCE

This year's Pacesetters return to historical levels of convenience offerings after a lull last year.

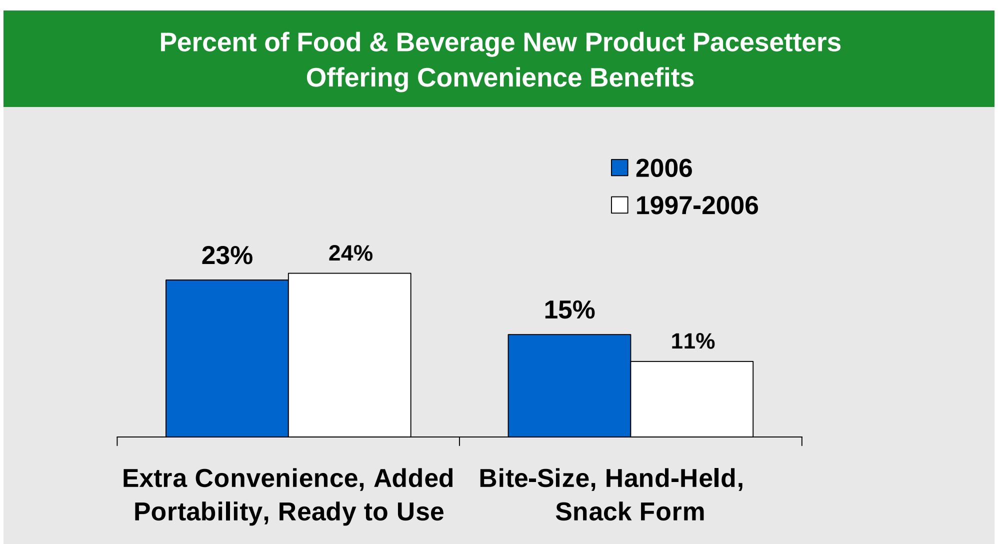
After a lull last year, the proportion of food and beverage pacesetters offering convenience was consistent with historical trends this year.

That is good news, because consumer demand for convenience never waned. It has evolved, however. Quick and easy is no longer enough. Consumers want health and wellness, taste and high quality along with convenience.

Stouffers Lean Cuisine Paninis, for instance, offer easy meal preparation with distinct tastes and reduced calories. Quaker Breakfast cookies, bars and bites and Nature Valley Sweet & Salty granola bars offer take-it-with-me nutrition.

The number one New Product Pacesetter, Kraft South Beach Diet, delivers both quick-prep frozen meals with weight management benefits and portable, nutritious snack bars.

We are back on track with convenience and expect to see this focus sustained next year.



Sources: IRI InfoScan® Reviews, New Products Launched February 2005 – January 2006

TIMES & TRENDS

A Snapshot of Trends Shaping the CPG Industry

FOOD AND BEVERAGE
TOP TEN PACESETTERS-TO-BE

The dominant themes among emerging food and beverage Pacesetters are fresh, natural and healthier.

The up-and-coming Pacesetters likely to appear on next year's top ten list offer a range of benefits, with health, natural and fresh as emerging themes.

Campbell's Reduced Sodium soups, Heineken Premium Light and Quaker Chewy 90 Calorie Bars offer healthier/reduced calorie versions of well-established brands.

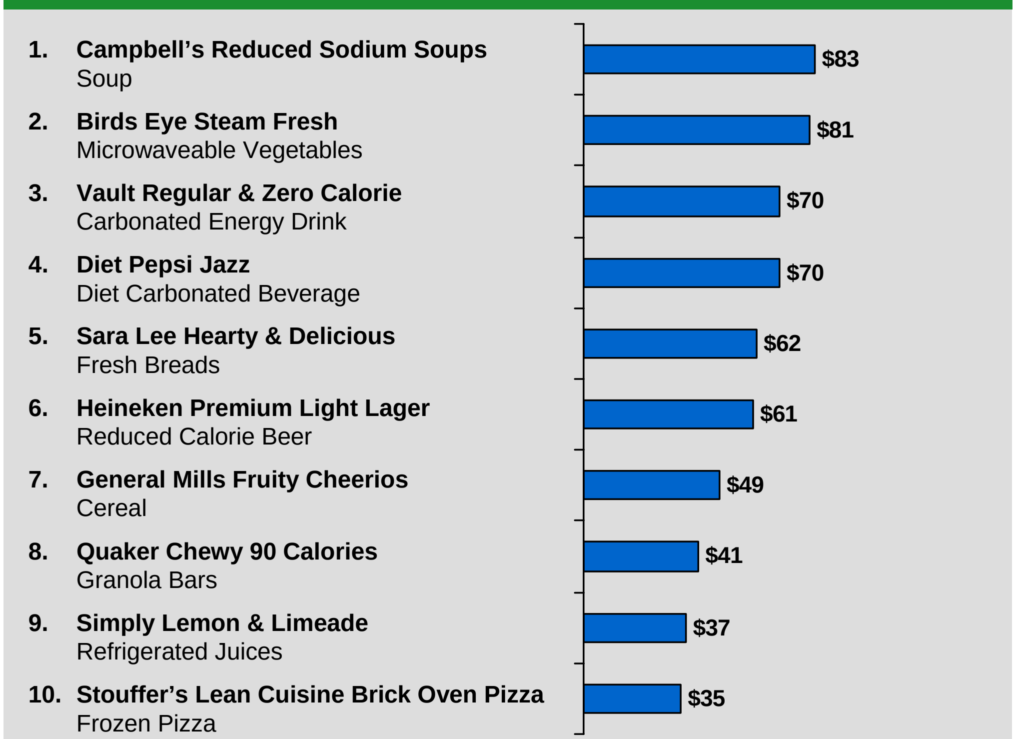
Diet Pepsi Jazz (with Strawberries and Cream and Black Cherry French Vanilla flavors), Stouffer's Lean Cuisine brick oven pizzas (including Roasted Garlic Chicken among others) and Fruity Cheerios deliver unique new tastes with reduced calories.

Consumers' growing demand for fresh and natural products is evident in the strong performance of Sara Lee's Hearty & Delicious breads, which are 100% natural and Simply Lemonade and Simply Limeade, which offer "close to fresh-squeezed" taste.

Bird's Eye Steam Fresh vegetables address consumers' desire to eat healthier on limited time through packaging that lets consumers microwave right in the package.

Finally, Vault from Coca-Cola taps into the continued strong growth among energy drinks with a carbonated version.

2006 – 2007 New Product Pacesetters-to-Be: Top 10 Food & Beverage Brands
Projected Year One Dollar Sales (Mil$)
Across Food, Drug, Mass (Excluding Wal-Mart)



Sources: IRI InfoScan® Reviews, New Products Launched February 2006 – December 2006

FOOD AND BEVERAGE
TRENDS TO WATCH

Clearly, a number of trends will impact new product development focus and opportunity next year, ranging from a rising number of gourmet consumers to a growing demand for eco-friendly packaging. Several of these trends were detailed in the January 2006 *Times & Trends*. However, consumers' drive to incorporate more nutritious food and beverages into their diets will be the dominant force by far.

Below is a look at the multiple dimensions of nutrition that are likely to drive significant opportunity for the next several years.

Convenient Nutrition

Foods that can be easily prepared or are ready-to-eat, such as frozen and refrigerated prepared meals and side dishes, that are also rich sources of essential vitamins and minerals will be well-received by anxiously-awaiting consumers. Similarly, take-it-with-me snacks and beverages that are not only satisfying but also offer nutrition, will soar. Granola bars address this need well, but we will see the trend extend across several other categories. Fruit and vegetable chips are promising new options.

Kids' Nutrition

A handful of successful new products this year, such as Wonder Kids bread, offer nutritious products specifically targeting kids, but this market is set to boom. IRI's Healthy Kids report highlighted an incremental $20 billion in sales potential in better-for-you products for kids. Both retailers and manufacturers are increasingly recognizing that opportunity and will deliver the products, marketing and in-store initiatives to capture it.

Functional Nutrition

As highlighted in the January 2006 *Times & Trends*, foods and beverages offering specific health benefits beyond basic nutrition, such as products containing antioxidants for cancer protection or soy and flavonoids for heart health, are set to soar. Consumers increasingly recognize the link between consumption and health and are seeking preventative nutrients.

Nutrition for Beauty

According to a recent Datamonitor study, roughly half of consumers believe that what they eat affects their beauty. Consumers are also turning to superfruits such as acai for their reported anti-aging benefits. Expect to see new foods and beverages with specific ingredients promoting a healthy -- and younger looking -- glow and beauty from the inside out.

NON-FOODS
TOP TEN NEW PRODUCT PACESETTERS

Top ten non-food Pacesetters offered enhanced performance and targeted solutions.

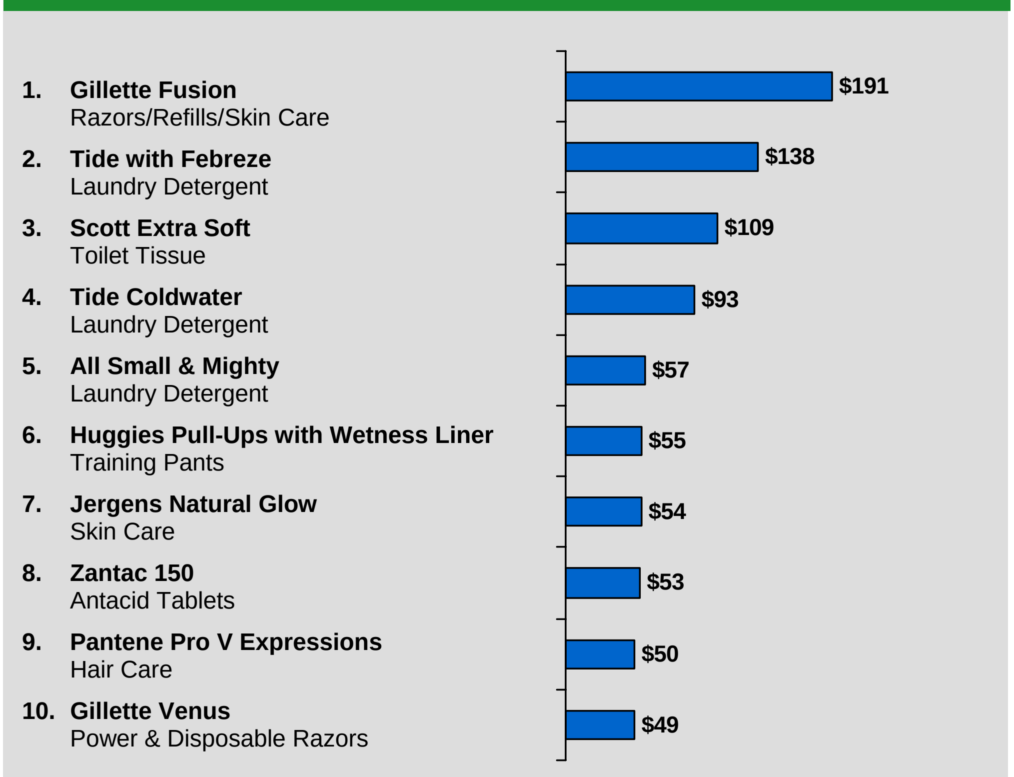
Enhanced performance landed several of this year's top ten onto the list, including two new Gillette razors: Gillette Fusion and Gillette Venus. Zantac 150 offers faster relief of heartburn. Huggies Pull-Ups with wetness liners ease the potty training process. Tide with Febreze offers the performance benefits of two mega-brands in one to deliver a whole new scent experience.

Number three Scott Extra Soft appeals to the growing consumer demand for premium products across categories -- even those categories often considered to be commodity products.

Targeted solutions drove the success of Tide Coldwater, which appeals to consumers seeking energy savings, All Small & Mighty, providing 3X concentrated cleaning power in small packages and Pantene Pro V Expressions, which offers products for specific hair shades.

Finally, Jergens Natural Glow broke new ground by offering a moisturizer that gradually tints skin to appear tanned.

2005 – 2006 New Product Pacesetters: Top 10 Non-Food Brands
Year One Dollar Sales (Mil$) Across Food, Drug, Mass (Excluding Wal-Mart)



Sources: IRI InfoScan® Reviews, New Products Launched February 2005 – January 2006

NON-FOODS
CATEGORY TRENDS

Beauty and personal care products dominated the top ten non-food categories.

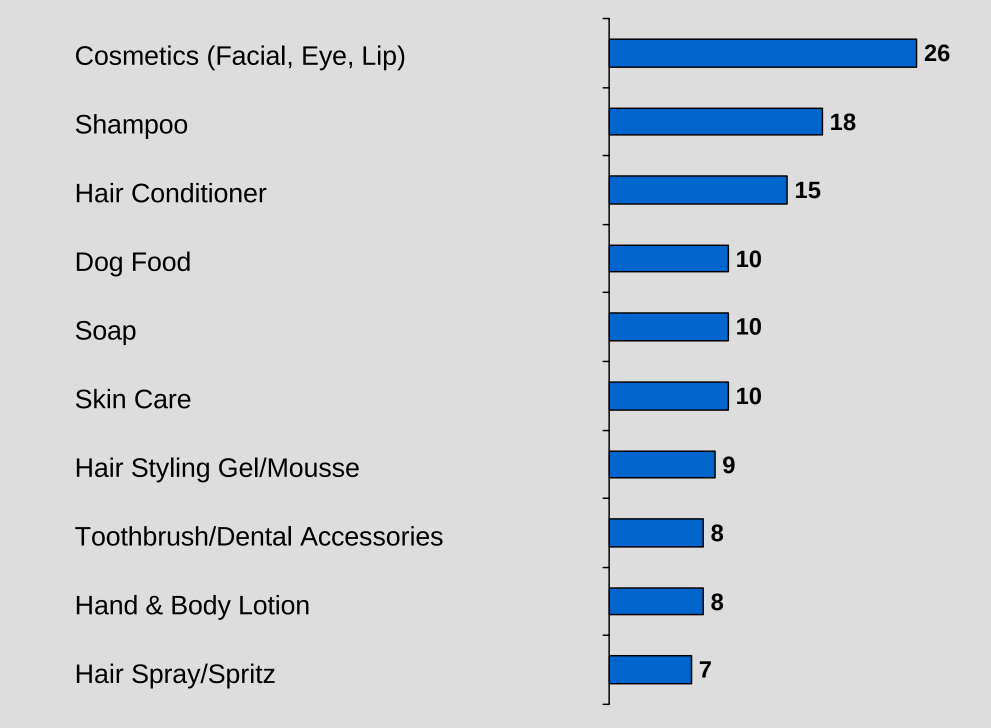
Customized beauty and personal care was a big theme this year, with products such as L'Oreal True Match sustaining cosmetics as the most active category. There was a huge surge in the number of new hair care products, with several, such as Pantene Pro V Expressions delivering answers to specific hair care needs.

Successful new dog food brands introduced new varieties, such as Pedigree Large and Small Breed.

In skin care, this was a big year for innovative new anti-aging products, including L'Oreal Dermo Expertise and L'Oreal Collagen Filler.

Only 6% of non-food new product Pacesetters offered enhanced healthcare solutions this year, versus an historical average of 14%.

2006 Non-Food New Product Pacesetters by Category
Top 10 Most Active Categories (# of Pacesetters)



Sources: IRI InfoScan® Reviews, New Products Launched February 2005– January 2006

NON-FOODS
CONSUMER BENEFITS TRENDS

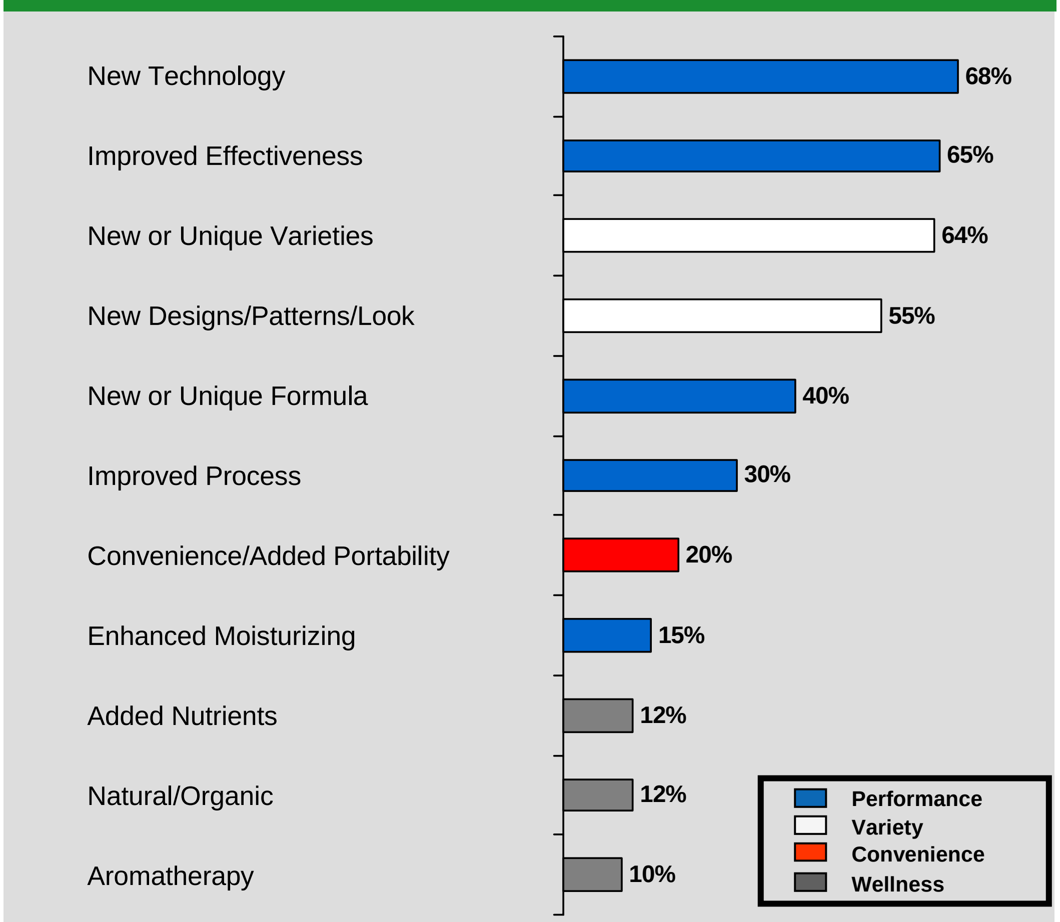
Consumers rallied around non-food products offering new and enhanced experiences.

This year's non-foods Pacesetters continued to raise the performance bar, with two-thirds offering enhanced consumer experiences through new technologies or improved effectiveness. Number one Pacesetter Gillette Fusion is a prime example.

New varieties once again met success with brands delivering new scents, and targeted benefits for specific consumer segments, such as kids or individuals with specific skin tones and hair color.

A leading benefit for the past several years, convenience became even more prevalent this year, particularly in home cleaning.

2005 – 2006 Non-Food New Product Pacesetters: Top Benefits
% of Total Pacesetters Offering Benefit



The wellness trend is extending beyond food, beverage and healthcare into other non-food categories.

Sources: IRI InfoScan® Reviews, New Products Launched February 2005– January 2006

NON-FOODS

CONSUMER BENEFITS - PERFORMANCE

New technologies, formulas and processes give manufacturers an edge.

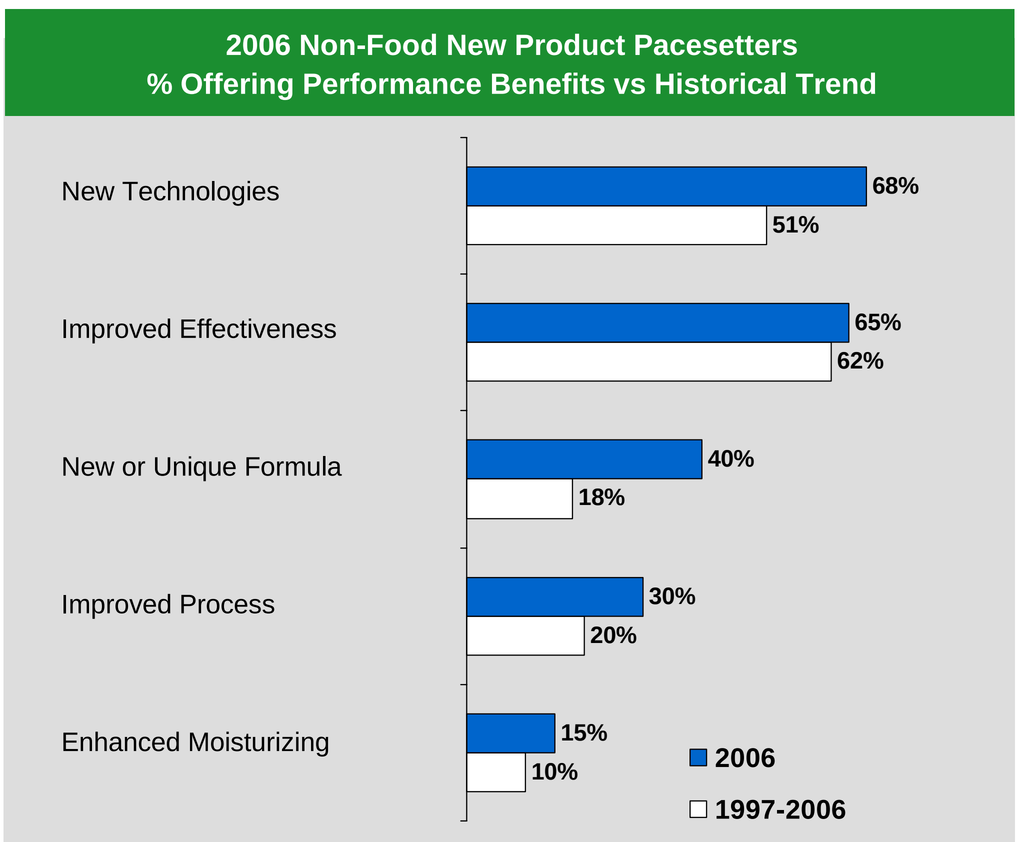
Non-food manufacturers appear to be increasingly investing in product features and benefits that are difficult to replicate, as is evident in the growth of new technologies, formulas and processes.

For instance, the Airwick Freshmatic Ultra air freshener leverages a new technology to deliver an automatic spray via a battery-powered timer.

Crest Pro Health mouthwash's unique formula freshens breath and kills germs without the burn of alcohol.

Two-thirds of the non-food Pacesetters bring improved effectiveness to consumers, delivering benefits faster (eg. Zantac 150 provides faster relief of heartburn), longer (eg. Cover Girl Outlast cosmetics last up to 10 hours) and with better results (eg. Dawn Direct Foam dishwash liquid absorbs up to 10 times more grease.)

The pace of performance improvements is truly impressive and is not likely to let down any time soon.



Sources: IRI InfoScan® Reviews, New Products Launched February 2005 – January 2006

NON-FOODS
CONSUMER BENEFITS - VARIETY

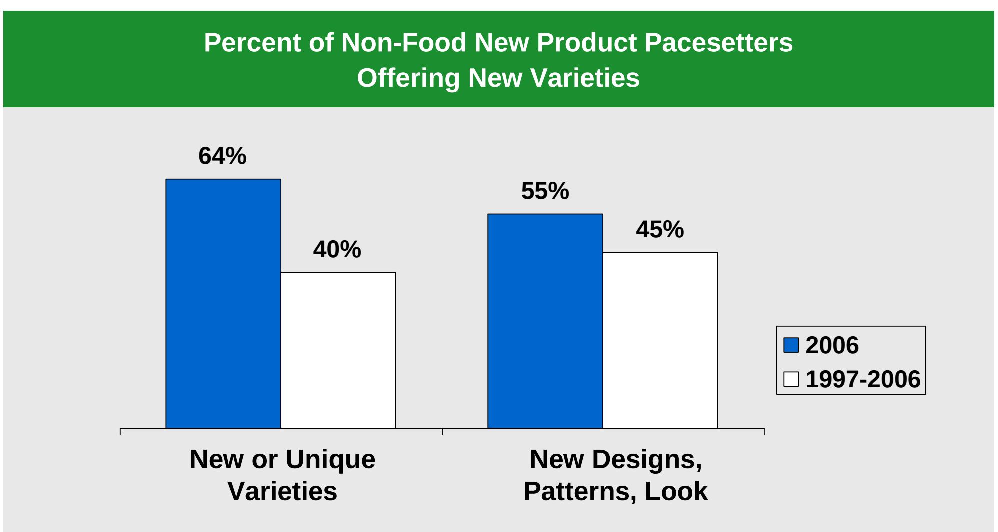
Consumers have more options than ever before as this year's Pacesetters deliver substantially greater variety.

There was a substantial increase in the number of non-food Pacesetters offering new varieties this year versus historical trends.

Many of these new varieties successfully tapped into emerging consumer trends. For instance, within household paper products, introductions at both the value (Charmin Basic and Bounty Basic) and premium (Scott Extra Soft) ends of the spectrum hit the mark with consumers as income trends continue to drive a value-premium dichotomy in the marketplace.

The growth among the children under age 12 segment has sparked innovation among non-food products specifically for children, including Colgate Kids Heroes tooth care and Johnson's Buddies bath care products.

Over half of the non-food Pacesetters featured new designs. For instance, Glade Glass Scents air fresheners offer a new decorative, etched glass look.



Sources: IRI InfoScan® Reviews, New Products Launched February 2005 – January 2006

NON-FOODS
CONSUMER BENEFITS - CONVENIENCE

The proportion of non-food Pacesetters offering added convenience nearly doubled this year versus historical trends.

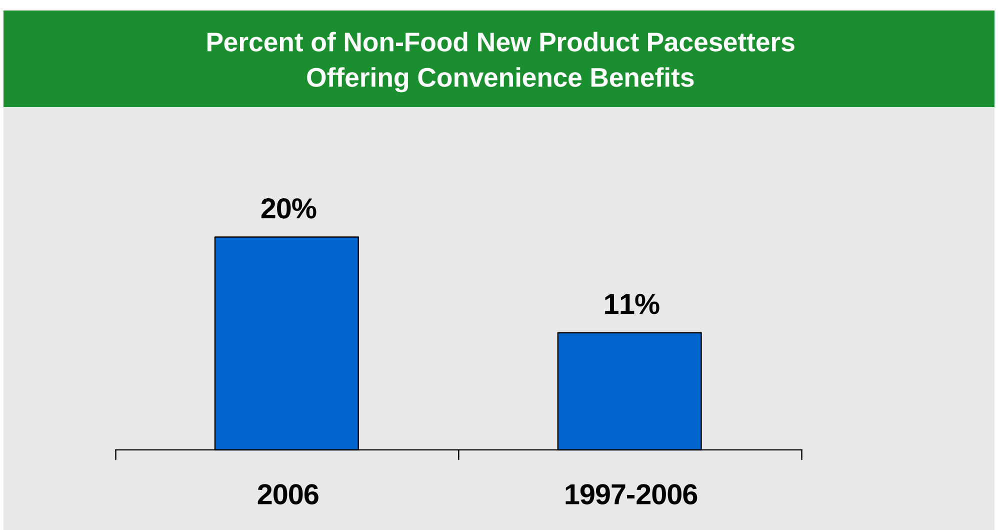
One-in-five non-food Pacesetters focused on making consumers' lives a little easier – nearly double the percentage seen historically. Convenience benefits were most pronounced among household cleaning products and storage.

Among cleaning products, for example, the Clorox BathWand cleaning system for the shower and tub is pre-loaded with cleaner, and cleaning heads are disposable. Swiffer added to their arsenal of convenient household cleaning tools with the CarpetFlick, which cleans small messes without the hassle of having to pull out a heavy vacuum cleaner.

Tide to Go empowers consumers to fight stains on the spot when they occur with a take-it-with me prewash.

Combining the convenience benefits of disposable tableware and disposable storage, Hefty Serve and Store plates with interlocking rims form a storage container when two plates are used together. Ziploc Big Bags entered a whole new realm of storage with disposable bags for large items, including clothing, toys and other household items.

We expect sustained strong focus on convenience benefits among new household products for the next several years.



Sources: IRI InfoScan® Reviews, New Products Launched February 2005 – January 2006

NON-FOODS
CONSUMER BENEFITS - WELLNESS

Wellness benefits are emerging as a source of differentiation among personal and home care products.

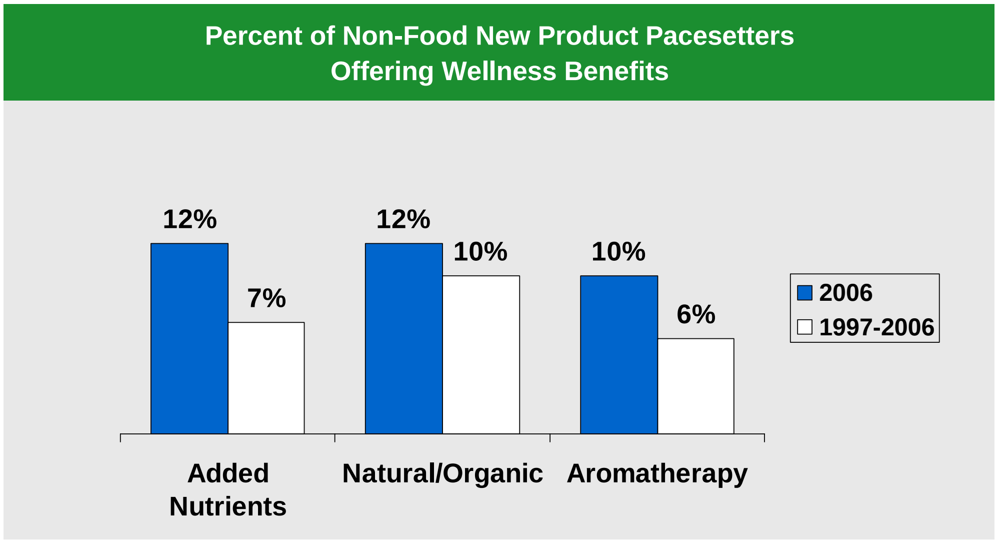
Historically limited primarily to food, beverages and healthcare, wellness is emerging as a sought-after benefit among personal care and home care products.

An increasing number of products are offering added nutrients; for instance, Johnson & Johnson's Clean and Clear oxygenating line of skin care products is infused with oxygen for a healthier glow.

There were also a number of successful new natural and organic lines introduced, including Aveeno Baby, made with natural oatmeal.

The aromatherapy trend continues to be strong, with scents increasingly leveraged as a way to make household chores more enjoyable. Lysol introduced a new lemon and orange breeze scented product, for instance, and the Hefty Kitchen Fresh Cinch garbage bags not only neutralize odors but are also lightly scented.

This trend is still in its infancy, but it is experiencing significant growth and appears to have staying power.



Sources: IRI InfoScan® Reviews, New Products Launched February 2005 – January 2006

NON-FOODS
TOP TEN PACESETTERS-TO-BE

Leading non-food "Pacesetters-to-Be" deliver targeted and customized solutions.

Two new Huggies diapers targeting the specific needs of babies of different ages are on the Pacesetters-to-Be list for next year. Expect to see more innovation around baby and toddler care as the country is in the midst of a new baby boom.

This is a big year for hair care. For the first time in over five years, four of the top ten Pacesetters-to-Be are hair care products. Proof that consumers increasingly value customization, these brands offer customized solutions to various hair care problems.

In home care, fragrance is taking center stage with the goal of transforming home care tasks into a more enjoyable experience. Gain Joyful Expressions delivers unique new scents, while Tide Simple Pleasures offers a "relaxing, refreshing or romantic scent experience." Two complementary scents in one unit distinguish Febreze Noticeables air fresheners.

Oral care will make a return to the top ten list after an unusual absence this past year. Crest Pro Health toothpaste raises the bar on performance with ingredients addressing a host of dental issues.

2006 – 2007 New Product Pacesetters-to-Be: Top 10 Non-Food Brands
Projected Year One Dollar Sales (Mil$)
Across Food, Drug, Mass (Excluding Wal-Mart)

1.	**Huggies Supreme Natural Fit** Toddler Diapers	$151
2.	**Clairol Herbal Essences** Hair Care	$99
3.	**L'Oreal Vive Pro** Hair Care	$77
4.	**Nexxus** Hair Care (Salon to CPG)	$76
5.	**Gain Joyful Expressions** Laundry Detergent	$67
6.	**Sunsilk** Hair Care	$60
7.	**Febreze Noticeables** Air Fresheners	$58
8.	**Tide Simple Pleasures** Laundry Detergent	$58
9.	**Crest Pro Health** Toothpaste	$47
10.	**Huggies Supreme Gentle Care** Newborn Diapers	$47

Sources: IRI InfoScan® Reviews, New Products Launched February 2006 – December 2006

NON-FOODS
TRENDS TO WATCH

The following trends are likely to influence new non-food product development opportunity and focus over the next few years:

Customization

While the potential for customized beauty and personal care products has been recognized for several years, the strong success of several new hair care products offering consumers the ability to solve specific hair issues provides proof of concept. We may not be far away from offering a base product with add ins for specific hair conditions that consumers can mix in themselves, a la syrups at coffee shops. As scents become even more important in home care, we will likely see increased focus on offering a full range of aromatherapy scents in cleaning products, for example, to elicit specific moods.

Anti-Aging from the Inside Out

While external anti-aging products such as moisturizers and line-smoothing makeup are expected to continue to post solid growth, products promoting anti-aging from the inside out – a relatively new segment -- are poised for exceptional growth. Both anti-aging supplements and food and beverages with anti-aging benefits, such as acai and Vitamin C have the potential to soar, but manufacturers and retailers will need to educate consumers regarding these benefits and will need to support these products with in-store displays and signage.

Eco-Friendly Products and Packaging

As highlighted in the January 2006 *Times & Trends*, a growing number of consumers are seeking environmentally friendly products (biodegradable, non-toxic, chlorine-free and petroleum-free) and packaging (biodegradable, reusable or made from recycled materials). While this has had a relatively small impact on the market to date – eco-friendly cleaning products comprise only 1% of the total market, for instance – the impact will grow significantly over the next few years, particularly as large companies, such as Wal-Mart place a greater emphasis on environmental concerns.

Premium

With Baby Boomers in their prime years of discretionary income, we are seeing solid growth in premium products across a number of food and beverage categories, from chocolates to beer, but there is less activity and manufacturer and retailer focus on premium non-food products, with the exception of beauty care. Expect that to change as categories from healthcare to cleaning products get in on the premium opportunity.

CONCLUSIONS
CPG MANUFACTURERS

Manufacturers seeking to improve the new product development and launch process should consider the following action items:

- Enhance the new product development planning process
  - Establish a system to identify early indicators of emerging consumer trends, based on trend drivers (demographic, social, economic, lifestyle)
  - Identify high-potential consumer markets (niche and high-growth segments)
  - Benchmark new product concepts, marketing and media plans versus historical new CPG or healthcare new product successes and failures
  - Conduct in-market tests prior to full roll-out

- Develop targeted distribution and marketing strategies
  - Identify stores with a consumer base that most closely aligns with the new product consumer target; reflect optimal store mix in distribution strategy
  - Highlight multiple product benefits in marketing messages
  - Develop a fully-integrated merchandising strategy, including multi-location displays and cross-merchandising tie-ins with other products and categories that have high purchase indices within the target consumer segment

- Identify course correction opportunities throughout the product launch
  - Continually monitor actual and projected sales growth in the aggregate, across consumer segments and by store
  - Identify and implement course correction opportunities (ie marketing, distribution, merchandising) within the first several weeks of launch and at multiple checkpoints throughout the first year

CONCLUSIONS
RETAILERS

Retailers seeking to more effectively leverage new products as a source of growth within their stores should consider the following action items:

- Enhance the new product selection and new private label product development process
  - Establish a system to identify early indicators of emerging consumer trends, based on trend drivers (demographic, social, economic, lifestyle)
  - Identify high-potential consumer markets (niche and high-growth segments) and shopping experiences (ie trip missions)
  - Evaluate fit between new products and your targeted consumer segments or targeted shopping experiences and heavily support those that are best aligned
  - Benchmark new product concepts versus historical new product successes and failures
  - Identify unique sourcing opportunities to bring in new products that will truly differentiate your stores
- Develop customized in-store marketing and merchandising strategies for high-potential new products
  - Identify stores with a consumer base that most closely aligns with the new product consumer target; integrate the product into localized assortment strategies
  - Support with store signage clearly highlighting new product availability; cross merchandise with other high-purchase products within the target consumer segment; consider multiple displays and sampling
- Measure and monitor new product success
  - Current and projected sales by store, across target consumer segments and across target consumer shopping experiences
  - Impact on total category sales

RESOURCES

To gain insight into new product development opportunities, contact your IRI client service representative regarding leveraging the following resources:

IRI New Product Profiler™

An interactive solution drawing upon an historical database of new product introductions that empowers CPG marketers to analyze the critical success factors for new product launches. This solution integrates sales, consumer and media metrics with automated analytics and scenario planning to help marketers set realistic goals and determine optimal marketing support.

IRI BehaviorScan®

Industry-recognized in-market testing that determines if your new product and its launch strategy are on target. In-market testing helps you manage new product risk by quantifying consumer response to your new products under real world conditions.

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.

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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