TIMES & TRENDS

A Snapshot of Trends Shaping the CPG Industry

PRIVATE LABEL 2007: U.S. & EUROPE
RETAIL BRANDING STRATEGIES CAPTURE MARKET POTENTIAL

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INFORMATION RESOURCES, INC.

EXECUTIVE SUMMARY

- Retail industry structure and category dynamics set the boundaries for private label development, but within those boundaries, retail branding strategies have an enormous influence, as evidenced by high private label share among U.S. and European market leaders

- In the U.S., total private label share has been flat for several years, but sizable shifts have occurred at the category level, driven in large part by changes in merchandising levels, changes in pricing, and new product introductions

- U.S. private label sales are concentrated among “heavy buyers” (roughly one-quarter drive half of sales) and within a small group of CPG categories (20% of categories drive 70% of sales); significant industry private label share growth will require penetration increases across an expanded category set

- Private label share in several European countries, including Germany, the U.K., France and Spain exceeds U.S. share by 50% or more; higher retail concentration and a strong hard discounter presence contribute to higher share in Europe

- Sub-branding, typically tied to a banner umbrella brand, is a critical success factor among European private label share leaders; in addition to multi-tiered offerings (ie value, national brand equivalent, premium), retailers offer targeted niche lines, including health & wellness, kid-focused and ethical products

INTRODUCTION

Leading U.S. and European retailers are leveraging sophisticated branding strategies to capture private label market potential.

Most major CPG retailers in the U.S. and Europe view private label as a critical element of competitive differentiation strategies, yet private label development varies dramatically by country, market, retailer and category.

These differences can be partly explained by differing retail environments. Countries with a high retail concentration, for instance, tend to have high private label share. Dominant retailers have the brand equity and consumer loyalty to extend private label across categories, and the scale to gain required operational efficiencies.

Category dynamics also play a role. Categories with dominant brands and heavy brand investment in innovation, advertising and promotion typically have low private label share – illustrating brand manufacturers' ability to impact private label opportunity.

Retail industry structure and category dynamics set the boundaries for private label development, but within those boundaries, retailer branding strategies have an enormous influence on private label share.

Leading U.S. and European retailers are leveraging sophisticated branding strategies to capture private label market potential by reaching a broader base of consumers and engendering consumer loyalty through unique, targeted product offerings.

This report explores private label trends across the U.S. and Europe and the key factors influencing private label development to lend insight into what both retailers and manufacturers can do to achieve their objectives with respect to private label while delivering against consumer needs.

UNITED STATES
PRIVATE LABEL SHARE TRENDS

Private label share in the U.S. has been flat for the past several years.

Private label has clearly become a major force within the U.S. market – consumers allocate over 15% of their total CPG spending to private label, and 41% purchase private label "frequently" today, versus only 12% fifteen years ago.[1]

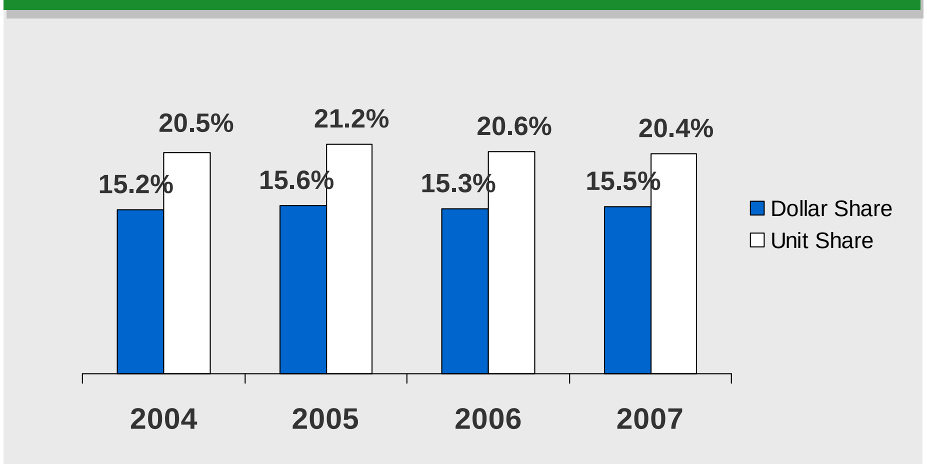
Yet, as detailed later in this report, U.S. private label share remains low relative to several European countries, and as highlighted in the chart below, total private label share has not grown significantly in several years.

It would be a serious mistake, however, to discount the current and future importance of private label based upon these facts.

Within the U.S., private label development varies widely across categories, and in several, such as pasta, gastrointestinal tablets and facial tissue, private label has secured large gains.

Further, private label development varies widely by retailer. A recent McKinsey/GMA/FPA study identified private label "share leaders," including Safeway, Wegmans and Kroger, for instance, whose average private label share is 22% -- in line with European counterparts. The competitive experience for both manufacturers and local retailers will be distinctly different in markets where these players have a presence.

U.S. Private Label Share of CPG Spending: All Outlet



Source: IRI Consumer Network® 52 weeks ending 8/5/2007; same period prior years

1. PLMA

UNITED STATES
CHANNEL SHARE

The grocery and supercenter channels lead in private label development.

Grocery and supercenter private label lines are capturing a greater share of consumer spending than private label offered across other CPG channels.

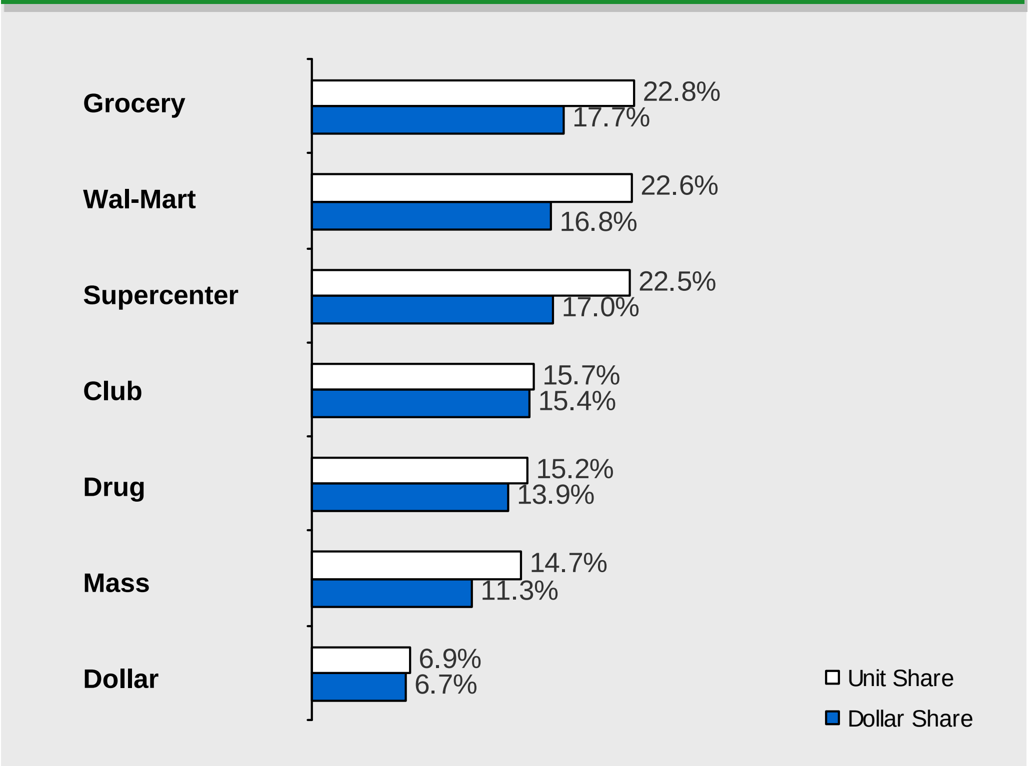
The relatively high level of private label development within these two channels is in part a reflection of a higher mix of food and beverage vs non-food products.

However, sophisticated private label strategies among leading retailers within these channels are also at work.

Several major grocers, including Kroger, for instance, have broadened the appeal of private label through the introduction of multiple tiers, including value offerings, national brand equivalents and premium products.

Wal-Mart's private label branding has been so successful that the company boasts five of the top ten "likely to purchase" private label brands.[1] The company is also successfully integrating private label into its sustainability strategy, with the introduction, for example, of private label energy efficient light bulbs.

U.S. 2007 CPG Private Label Share by Channel



Source: IRI Consumer Network® 52 weeks ending 8/5/2007

1. Brandweek, 8/21/06

UNITED STATES
CHANNEL SHARE SHIFTS

Private label share has sharply increased within the club channel.

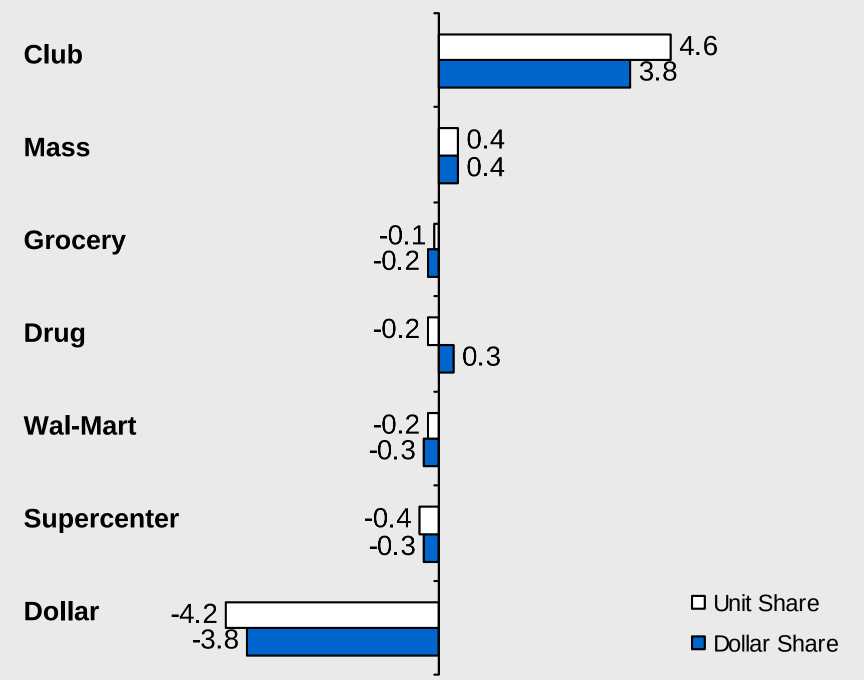
Grocery and supercenters may be the private label share leaders, but the growth award goes to the club channel.

Club channel retailers have been private label innovators. Costco has the highly successful Kirkland Signature brand, which is known for quality and unique product offerings – some of which do not have a direct national brand competitor in the store. This umbrella brand extends across a wide array of CPG and non-CPG categories, enabling the company to extend purchases among satisfied buyers to new categories.

Each of the major club players also co-brands some private label items with well-known national brands – a strategy that drives trial and favorable quality perceptions.

In addition, the number of private label SKUs in the club channel has risen significantly over the past several years. B.J's, for instance, increased from 553 private label SKUs in 2004 to 904 in 2006.[1]

2007 vs 2004 CPG Private Label Share Point Change by Channel



Source: IRI Consumer Network® 52 weeks ending 8/5/07; same period 2004

1. 2007 Warehouse Club Industry Guide

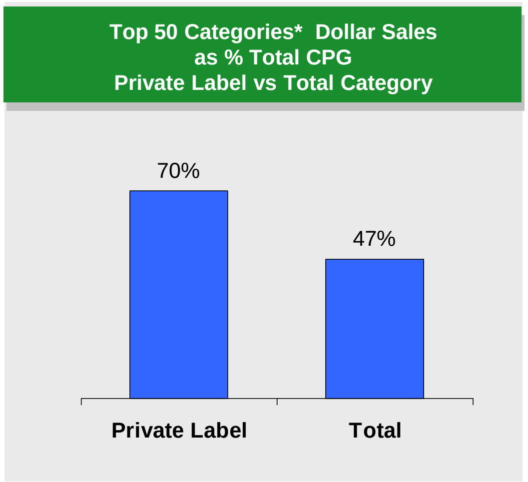
UNITED STATES
CATEGORY-LEVEL CONCENTRATION

Private label sales are concentrated in a relatively small group of categories.

While private label has a presence in virtually every CPG category, 70% of private label dollar sales are derived from only 50 categories, such as milk, cheese and bread (which represent under 20% of all CPG categories.) The same categories account for less than half of total CPG sales.

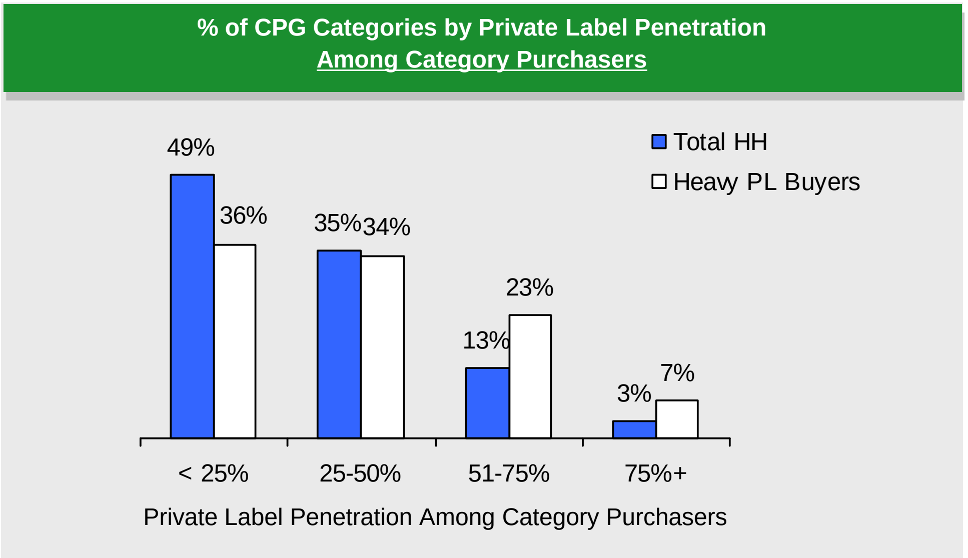
Private label sales concentration is driven to a large extent by low household penetration across most categories. Within half of all CPG categories, three-quarters of category buyers did not purchase a single private label item in the past year. Even among the heaviest private label buyers, penetration was under 50% in two-thirds of categories.

U.S. retailers are likely to follow two avenues to build private label penetration across categories: 1) invest more heavily in branding their stores and leveraging that branding as an umbrella for private label sub-brands and 2) develop multi-tiered offerings to meet the distinct quality and pricing demands of a broader mix of consumers. These strategies are common among European retailers, as detailed later in this report, and have been implemented to some extent among U.S. private label leaders.



Source: IRI Consumer Network® 52 weeks ending 8/5/07
*Top 50 categories ranked by private label sales

Within half of all CPG categories, three-quarters of category buyers did not purchase a single private label item in the past year.



Source: IRI Consumer Network®; 52 weeks ending 8/5//07

UNITED STATES
PRIVATE LABEL PURCHASE SEGMENTS

Just over one-quarter of private label buyers drive half the sales.

U.S. private label sales are not only concentrated among a relatively small group of categories, sales are also concentrated among consumers.

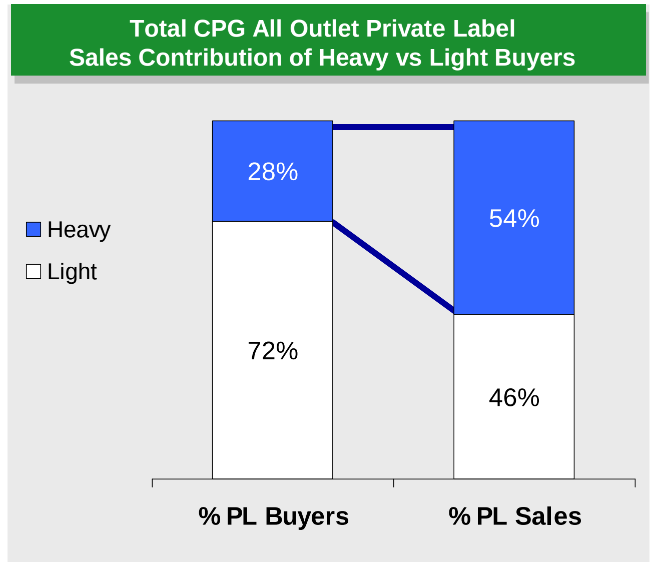
It is important to note that all U.S. consumers are private label buyers to some extent – household penetration for total private label is 100%; however, most consumers spend only a fraction of their category dollars on private label and across a fairly limited group of categories.

Just over one-quarter of consumers, "heavy private label buyers", drive over 50% of private label sales. These heavier shoppers allocate one-fifth of their spending to private label, compared with only 12% among light buyers.

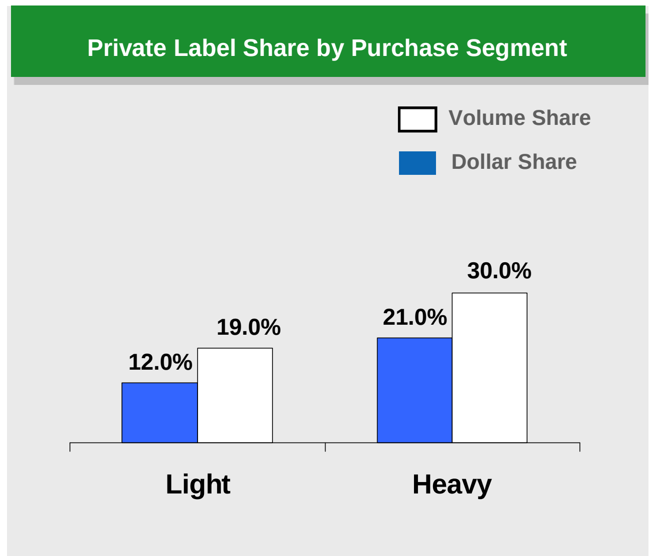
Heavy private label spending skews towards lower income consumers and larger households.

Retailers seeking to grow their private label business will of course need to ensure that the needs of heavy private label shoppers are met, but should also explore opportunities to penetrate lighter shoppers across a broader range of categories.

Today, the largest threat for manufacturers is among the heavy private label segment, but competitive pressure will increase across other consumer segments as U.S. retailers broaden private label lines and marketing.



Source: IRI Consumer Network® 52 weeks ending 8/5/07



Source: IRI Consumer Network® 52 weeks ending 8/5/07

UNITED STATES
CONSUMER SPENDING BY SEGMENT

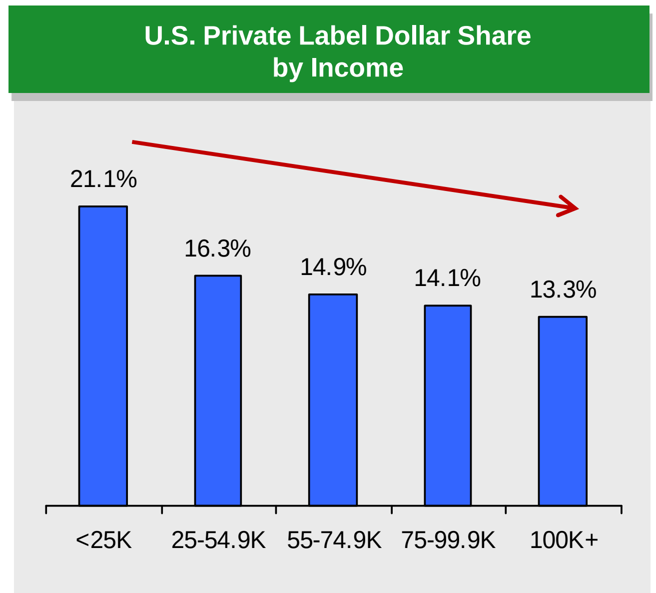
Income and household size are the biggest predictors of private label spending.

Private label spending in the U.S. decreases with income and increases with household size.

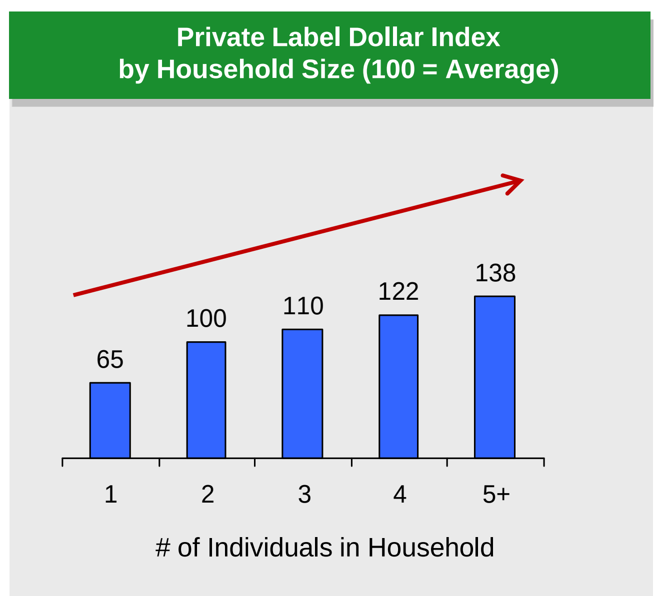
As a result, the "appropriate" level of private level versus branded products will vary by store, depending upon income and household composition within a given trading area. And by category, as category dynamics, such as presence of a dominant brand, level of innovation and advertising spending all heavily influence private label development and opportunity. So, too, will the competitive strategies for branded manufacturers, who will face higher levels of private label competition in some categories and markets versus others.

The optimal level of private label vs branded products will vary by category and by store.

As leading U.S. retailers continue to adopt segmented private label strategies, expect to see some movement in share across consumer segments – and not only in relatively undeveloped segments. We may see sizable share increases among lower-income segments, as well, if more U.S. retailers follow in the footsteps of European retail leaders and offer a low-priced "value" private label sub-brand.



Source: IRI Consumer Network® 52 weeks ending 8/5/07



Source: IRI Consumer Network® 52 weeks ending 8/5/07

UNITED STATES
CATEGORY OPPORTUNITY

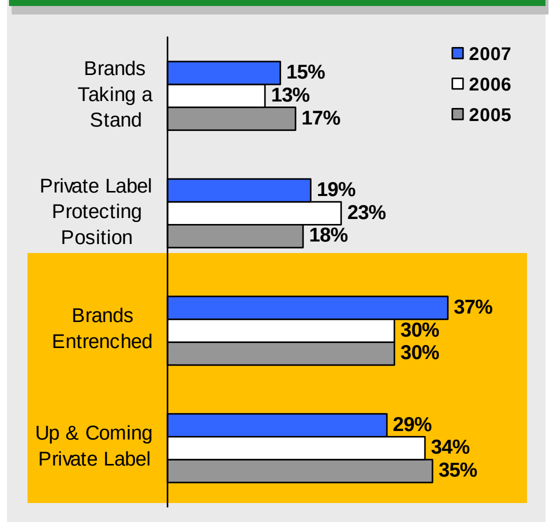
Private label development varies widely across categories.

The matrix below, which plots current private label volume share and share shifts vs 2004 among top 100 CPG categories, illustrates the extent to which private label development and opportunity vary by category.

As highlighted in the top chart, there was significant change among less-developed private label categories, with brands taking back share in more categories this year versus the prior two years. Overall, private label lost share in 52% of top 100 categories this year, versus only 43% last year.

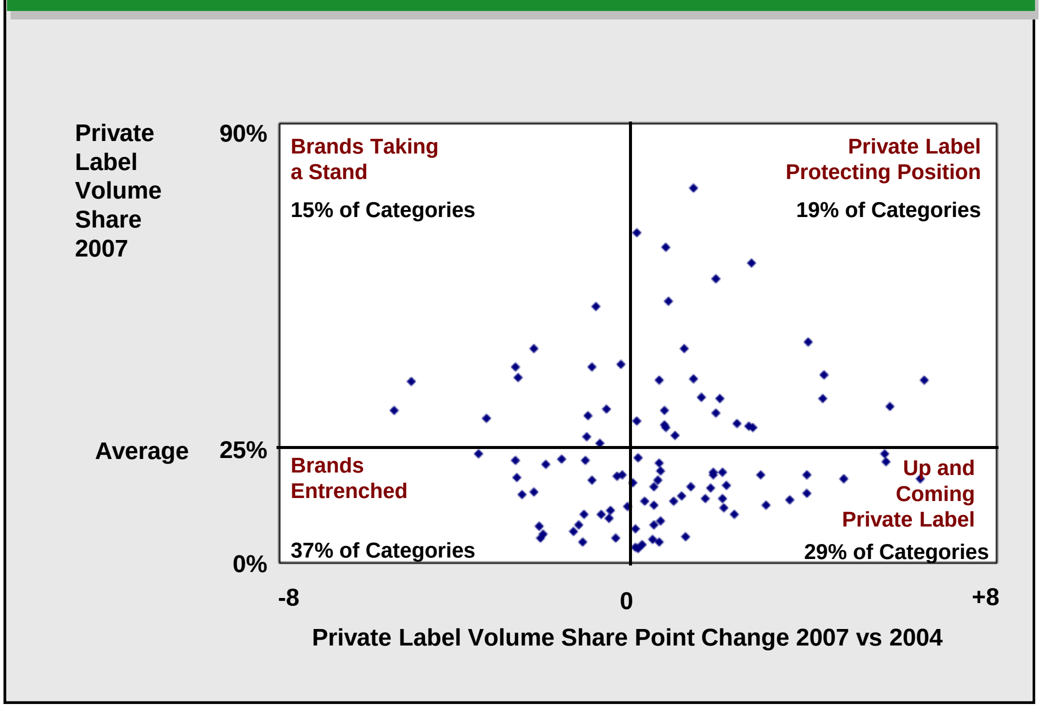
The section that follows details key developments within each quadrant.

CPG Category Distribution by Private Label Development Quadrant, 2005 - 2007



Among less-developed private label categories, brands took back share in significantly more categories this year than in the prior two years.

U.S. Top 100 CPG Categories
All Outlet 2007 Private Label Share/Share Change vs 2004



Source: IRI Consumer Network®; 52 weeks ending 8/5/07; same period 2004

UNITED STATES
BRANDS TAKING A STAND

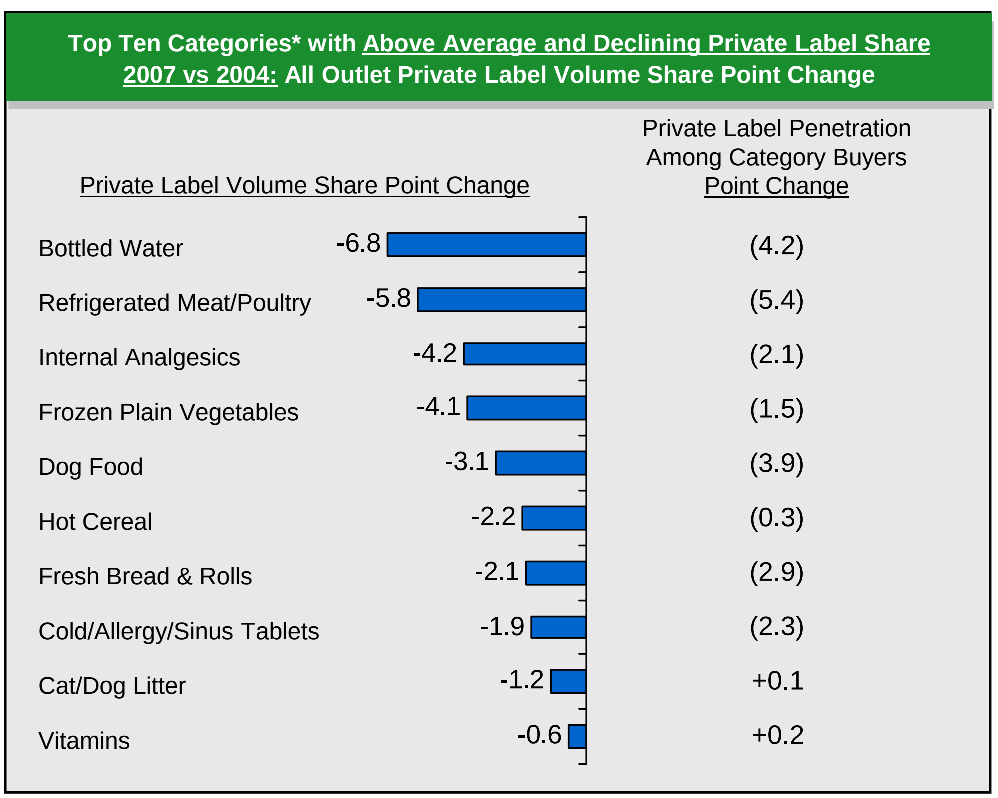
Private label is vulnerable in even well-established categories in the face of manufacturer innovation.

In 15% of categories, private label holds above-average share, but is losing share to national brands.

The chart below features categories with the largest private label share declines. In eight of the ten categories, private label lost penetration among category buyers – consumers who previously bought private label switched over completely to national brands.

Brand investment among manufacturers is clearly playing a role here. Highly successful new product introductions in several of these categories contributed to national brand growth, including, for instance, SoBe Life Water bottled water, Advil PM internal analgesics, and Pedigree Large and Small Breed dog food.

Private label vulnerability among even well-established categories illustrates the critical importance of engendering loyalty, and ensuring that product offerings can hold up to manufacturer innovation. These examples are also evidence of manufacturers' ability to make inroads in private label strongholds.



Source: IRI Consumer Network®; 52 weeks ending 8/5/07 same period 2004
*Among top 100 CPG categories

UNITED STATES
PRIVATE LABEL PROTECTING POSITION

Private label protected a high-share position in several major categories through increased penetration.

Private label successfully defended high share within roughly one-fifth of CPG categories.

Categories with the largest private label share gains are summarized below. In seven of these ten categories, retailers successfully increased household penetration, illustrating the importance of extending penetration to drive share growth.

Diapers represent an interesting anomaly: penetration declined five points, but share growth occurred due to a 7% increase in average private label volume purchased per buyer.

Category price increases were a contributing factor to private label growth in several of these categories, including milk, cream, pasta and peanut butter, as consumers sought less-expensive alternatives.

Declining merchandising activity among branded manufacturers opened the door for private label growth in several categories, such as butter and frozen poultry.

Top Ten Categories* with Above Average and Increasing Private Label Share 2007 vs 2004: All Outlet Private Label Volume Share Point Change

	Private Label Volume Share Point Change	Private Label Penetration Among Category Buyers Point Change
Butter	6.7	+3.4
Gastrointestinal Tablets	5.7	+2.2
Pasta	5.4	+2.7
Cups & Plates	5.0	+1.9
Creams/Creamers	3.0	+1.2
Frozen Poultry	2.2	(1.0)
Peanut Butter	2.0	+2.6
Snack Nuts/Seeds	1.7	+0.2
Diapers	1.4	(5.0)
Milk	1.4	(0.1)

Source: IRI Consumer Network®; 52 weeks ending 8/5/07 same period 2004
*Among top 100 CPG categories

UNITED STATES
BRANDS ENTRENCHED

Strong national brands, high SKU counts and heavy manufacturer promotion have kept private label at bay in over one-third of categories.

Private label has been unsuccessful in gaining traction in just over one-third of CPG categories. Within these categories, private label share is below average and declining.

Categories in which private label has experienced the most significant share declines are noted below. In all of these categories, private label lost penetration among category buyers.

The refrigerated case has particularly strong representation, with four of the ten categories.

These categories are characterized by strong national brands, a high number of SKUs and/or heavy levels of manufacturer promotion. In paper towels, batteries and frankfurters, for instance, over 50% of volume is sold with merchandising support, on average.

Top Ten Categories* with Below Average and Declining Private Label Share 2007 vs 2004: All Outlet Private Label Volume Share Point Change

Category	Private Label Volume Share Point Change	Private Label Penetration Among Category Buyers Point Change
Paper Towels	-4.8	(5.0)
Margarine/Spreads	-3.6	(6.5)
Frozen Meat	-3.1	(5.3)
Batteries	-3.0	(6.0)
Dinner Sausage	-2.9	(4.6)
Cigarettes	-2.7	(1.9)
Luncheon Meats	-2.7	(6.7)
Cat Food	-2.6	(2.7)
Rice	-2.4	(0.2)
Frankfurters	-2.3	(4.8)

Source: IRI Consumer Network®; 52 weeks ending 8/5/07 same period 2004
*Among top 100 CPG categories

UNITED STATES
UP-AND-COMING PRIVATE LABEL

Private label made sizable gains in several under-developed categories.

Up-and-coming private label categories, in which private label share is low but increasing, represent just over one-quarter of CPG categories.

Categories with the largest private label share gains are highlighted in the chart below.

In each of these categories, private label penetration increased among category buyers – underscoring the importance of gaining trial in less-developed private label categories.

Private label gains in refrigerated entrees reflect a greater focus among leading retailers in delivering convenient, healthy prepared foods.

The bump in skin care private label can be attributed to drug stores, who have introduced a number of major new lines over the past two years–nearly tripling private label share.

In other categories, such as baby formula/electrolytes, large category price increases encouraged private label trial.

Top Ten Categories* with Below Average and Increasing Private Label Share 2007 vs 2004: All Outlet Private Label Volume Share Point Change

	Private Label Volume Share Point Change	Private Label Penetration Among Category Buyers Point Change
Refrigerated Entrees	6.8	+5.5
Skin Care	4.9	+5.2
Facial Tissue	4.8	+5.7
Baby Formula/Electrolytes	4.5	+6.5
Toilet Tissue	3.8	+0.1
Non-Chocolate Candy	3.8	+3.5
Shelf-Stable Seafood	3.7	+1.2
Weight Control Liquid/Pwdr	3.4	+3.9
Laundry Detergent	3.2	+3.4
Salad Dressing	2.7	+3.3

Source: IRI Consumer Network®; 52 weeks ending 8/5/07; same period 2004

*Among top 100 CPG categories

U.S. VS EUROPE
KEY MARKET DIFFERENCES

U.S. private label share may break out of its holding pattern if European strategies are more widely adopted.

Key market differences between the U.S. and Europe have led to substantial differences in the level of private label development and growth. While some of these differences are structural and will not diminish in the near future, others are strategic, and can be replicated by major U.S. retailers.

It is not likely that the private label share gap between the U.S. and high-share countries such as Germany, the U.K and Spain will close completely, but if European strategies take hold in the U.S. on a broader scale, we will almost definitely see U.S. private label share break out of the current holding pattern.

Below is an overview of relative private label development, key market differences, and lessons from Europe that may be implemented by U.S. retailers. The section that follows provides a more detailed look at European private label trends.

Private Label Development

An analysis of 35 leading CPG categories within the grocery channel across countries places U.S. private label share at 18% -- nearly half the level of private label share in Germany and nearly ten points below share in Spain, France and the UK.

Key Market Differences

Structural differences between the U.S. and high-share European countries are contributing heavily to the share discrepancies. First, retail concentration is much higher, providing leading European retailers with the scale to drive operational efficiencies and the brand equity to gain trial and loyalty. Second, a far greater presence of hard discounters has created an urgent competitive need for value brands.

In addition, European retailers have implemented sophisticated private label strategies that have broadened appeal across consumer segments and across a broader range of categories than in the U.S.

Lessons from Europe

Sub-branding, under high-equity umbrella brands (which are typically the retailer's name), has been critical to European private label success. Sub-brands include both tiered offerings and niche market lines.

We are beginning to see major U.S. retailers adopting similar strategies. Kroger, for instance, offers a multi-tiered line and is expanding organic private label offerings. Food Lion has recently announced plans for a three-tiered strategy. Safeway has followed the highly successful O Organics line with a promising new Eating Right brand of healthy products.

EUROPE
PRIVATE LABEL DEVELOPMENT BY COUNTRY

Industry structure and retailer sub-branding strategies contribute to high private label share in Europe.

Private label is significantly more developed across several European countries than it is in the U.S, as highlighted in the chart below. While private label share is essentially flat in the mature Spain and U.K. markets, there was sizable share growth in the Netherlands and France, despite an already high share, and modest share gains in the remaining markets.

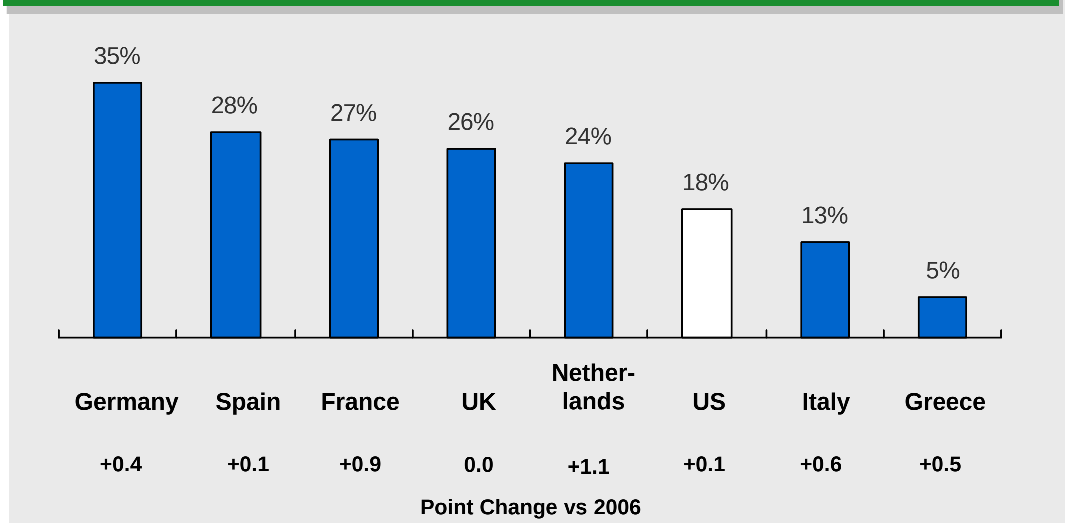
Three major factors are contributing to an exceptionally strong private label presence in these markets:

Retailer Concentration: The top five retailers hold over 50% of the market in Spain, the Netherlands, France and the U.K., but only 25% in Italy, where private label is not yet well-developed.[1] Dominant retailers in these markets leverage strong brand equities to gain consumer acceptance, and have the scale required to gain operational efficiencies.

Presence of Hard Discounters: “Hard discounters” such as Aldi and Lidl not only help to drive broader acceptance of private label, given their strong private label focus, but also put pressure on competing retailers to offer entry price point brands. Hard discounters hold a significant market share in Germany, the Netherlands and France.[2]

Sub-Branding: Leading European retailers have extended their private label offerings through sub-brands, which are targeted to distinct consumer segments.[3] This strategy has resulted in multi-tiered offerings and niche products that enable the retailer to reach a much wider base of consumers. The most common sub-brand segments are outlined on the following page.

Leading CPG Categories*
2007 Grocery Channel Private Label Dollar Share by Country



Sources: IRI InfoScan® Reviews; 52 weeks ending September 2, 2007

Note: Represents sales among 35 of the largest consumer packaged goods categories across the countries studied.

1.Europanel
2.Ibid
3.Private Labels in Europe; de Jong, 2007

EUROPE
SUB-BRANDING STRATEGIES

Sub-branding strategies have significantly extended private label reach within European markets.

EUROPEAN PRIVATE LABEL SUB-BRANDS: KEY SEGMENTS

I. QUALITY

Value: Entry price points; appeal to consumers with low disposable income; examples include Tesco's 'Value' brand (U.K.), Carrefour's '1' (France, Spain), and Rewe's 'Ja!' (Germany)

Regular: Positioned as comparable to leading national brands; packaging typically refers to the name of the retailer

Premium: Gourmet and regional products; exclusive packaging; examples include Sainsbury's 'Taste the Difference' (U.K.), Albert Heijn's "Excellent' brands (Netherlands) and Plus 'Viva Vital' (Germany)

II. HEALTH AND WELLNESS

Health Claims: Offer specific health benefits, such as low fat, low salt, etc.; front-of-packaging nutritional labels common; examples include Albert Heijn's four-leaf clover system (Netherlands), Waitrose's traffic-light labeling (U.K.), and Lidl's 'Linessa' line (Germany)

Free From: Products targeting consumers with food intolerances to ingredients such as gluten, wheat and milk; examples include Tesco's 'Free From' line and Coop Italy's 'Senza Glutine'

Functional Foods: Products offering health and wellness benefits beyond basic nutrition; examples include Tesco (U.K.) and Champion (France) products with cholesterol-lowering benefits

Children's Healthy Products: Products low in fat, sugar and salt designed to provide a balanced diet for children; examples include Tesco 'Kids' and ASDA's 'Great Stuff' (both U.K.), and Lidl's 'Piratinos' (Germany)

III. ETHICAL

Organic: Organic products addressing both health and environmental concerns; examples include Sainsbury's 'So Organic' (U.K.) and Aldi's 'Bio' (Germany)

Fair Trade: Products guaranteeing that a fair price was paid to producers; Examples include Tesco's 'Fair Trade' (U.K.) and Lidl's 'Fairglobe' (Germany)

Source: Adapted from *Private Labels in Europe*, by Koen A.M. de Jong, 2007

EUROPE
PRIVATE LABEL PRICE DISCOUNT

In Europe, the pricing gap between branded and private label products is smaller where private label is most developed.

Across the board, private label continues to be priced at a substantial discount to branded products. Among the countries studied, that discount ranged from a low of 29% in Spain to a high of 53% in Italy.

Within Europe, the pricing gap was smaller in countries where private label is most heavily-developed. In these countries, premium private label lines are well-established, driving up average private label pricing. In the U.K., for instance, Tesco's 'Finest' line includes nearly 2,000 products. In Italy, by contrast, the Coop's premium line consists of only 133 products.[1]

In the U.S., private label price discounts are in line with discounts in countries with a much higher private label share. Smaller discounts relative to level of private label development could be an inhibiting factor to further private label share development in the U.S., although retailers need to determine the optimal private label discount at the category level.

PRIVATE LABEL PRICING
LEADING CPG CATEGORIES *
GROCERY CHANNEL

Country	PL $ Share	PL Discount vs Branded**
Italy	13%	(53%)
Greece	5%	(50%)
UK	26%	(36%)
US	18%	(35%)
France	27%	(35%)
Netherlands	27%	(33%)
Spain	28%	(29%)

**Note: Represents sales among 35 of the largest consumer packaged goods categories across the countries studied.*

**Note: Analysis based on average price per volume

Sources: IRI InfoScan® Reviews; 52 weeks ending September 2, 2007

1. Private Labels in Europe; de Jong, 2007

EUROPE
CROSS-COUNTRY DEVELOPMENT: STAPLES

Consumers allocate a high share of spending on household staples to private label.

Private label holds a strong position in household staples, such as milk, eggs and cheese across countries. Private label has broad acceptance among consumers within these categories – most of which offer limited brand differentiation opportunities.

There are some exceptions, however. In the bread category, innovation has played a much greater role over the past few years, with new varieties and healthier products, such as heart-healthy breads and whole grain products that taste like white bread hitting the shelves. Manufacturer innovation typically stems private label share gains. Further, in some countries, including the U.K., heavy manufacturer promotion has inhibited private label development in bread.

Similarly, in the U.S., innovation in toilet paper has impacted private label share development. Though historically a commodity category, toilet paper has undergone somewhat of a transformation in the U.S., with new, highly successful offerings at both the premium and value ends of the spectrum. Similar innovation may well make its way to Europe.

Grocery Channel 2007 Private Label Value Share by Country: "Staples" Categories

	FRANCE	GERMANY*	ITALY	SPAIN	UK	US
Bread & Rolls	**N/A**	**8%**	**17%**	**30%**	**14%**	**27%**
Eggs	**46%**	**43%**	**33%**	**69%**	**N/A**	**65%**
Frozen Vegetables	**65%**	**33%**	**31%**	**68%**	**46%**	**44%**
Milk	**41%**	**56%**	**14%**	**30%**	**70%**	**60%**
Natural Cheese	**36%**	**N/A**	**16%**	**32%**	**55%**	**36%**
Toilet Paper	**59%**	**50%**	**28%**	**68%**	**42%**	**15%**
Total Top CPG	**27%**	**35%**	**13%**	**28%**	**26%**	**18%**

Source: IRI InfoScan Reviews, 52 weeks ending September 2, 2007
*Note: Category-level analysis for Germany excludes Aldi.

EUROPE
CROSS-COUNTRY DEVELOPMENT: LOW-SHARE CATEGORIES

Heavy brand investment has dissuaded private label development in key categories across countries.

Strong multi-national and regional brands, supported by heavy investment in advertising, marketing and innovation have inhibited private label development among several large consumer packaged goods categories across countries.

Categories with these characteristics include beer, carbonated beverages, cereal, coffee and laundry detergent.

The Spanish market represents an interesting exception. Within Spain, private label holds a high share of consumer spending across these categories, excluding carbonated beverages.

Unique characteristics of the Spanish market support this high level of private label development even where private label share is low in other countries. Two players in the market -- market leader Mercadona and discounter Dia -- have enormous influence in the market and their private label programs have wide acceptance among consumers.

Grocery Channel 2007 Private Label Value Share by Country: Low Share Categories

	FRANCE	GERMANY*	ITALY	SPAIN	UK	US
Beer	**7%**	**N/A**	**4%**	**20%**	**4%**	**0%**
Carbonated Beverages	**8%**	**2%**	**4%**	**10%**	**9%**	**7%**
Cereal	**20%**	**12%**	**9%**	**27%**	**18%**	**10%**
Coffee	**17%**	**8%**	**5%**	**25%**	**11%**	**9%**
Laundry Detergent	**11%**	**11%**	**6%**	**28%**	**15%**	**3%**
Total Top CPG	**27%**	**35%**	**13%**	**28%**	**26%**	**18%**

Source: IRI InfoScan Reviews, 52 weeks ending September 2, 2007

*Note: Category-level analysis for Germany excludes Aldi.

EUROPE
FRANCE

In France, private label gained in several slow-growth categories but lost ground in several high-growth categories.

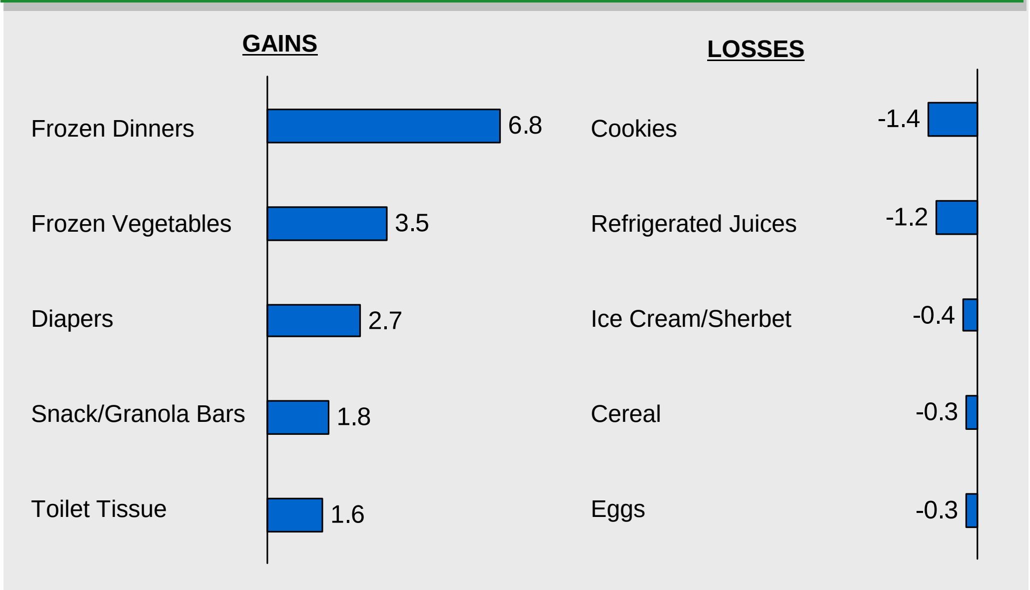
Within the French market, grocery channel private label gained nearly a full share point last year in total, and, as highlighted in the chart below, at the category level, there were sizable share swings.

Major private label share increases are occurring largely in categories with flat or declining total volume sales within the grocery channel. (See left chart below). With 2% volume sales growth last year, frozen dinners/entrees are an exception. Within this growing category, private label secured a seven-point share gain.

Among private label share losses, the most significant was in a well-established private label category -- cookies, where private label value share in France is 67%. Within this category, stepped-up manufacturer promotion appears to have negatively impacted private label. Refrigerated juices/drinks also lost over a share point, but private label is less developed in this category (16% value share), due to the presence of strong brands.

The largest private label share losses, noted in the right chart below, occurred in high-growth categories, where pricing and a shift to premium products appear to be at play, as value growth significantly outpaced volume growth.

FRANCE: Grocery Channel Private Label Value Share Point Change
Leading CPG Categories with Largest Private Label Gains/Losses



Sources: IRI InfoScan® Reviews; 52 weeks ending September 2, 2007

EUROPE
GERMANY

Category-level private label share swings were relatively modest in Germany.

The German market saw relatively modest share swings at the category level this past year, with a few exceptions.

Private label secured significant gains in both dog food and refrigerated juices/drinks, which are already well-developed private label categories.

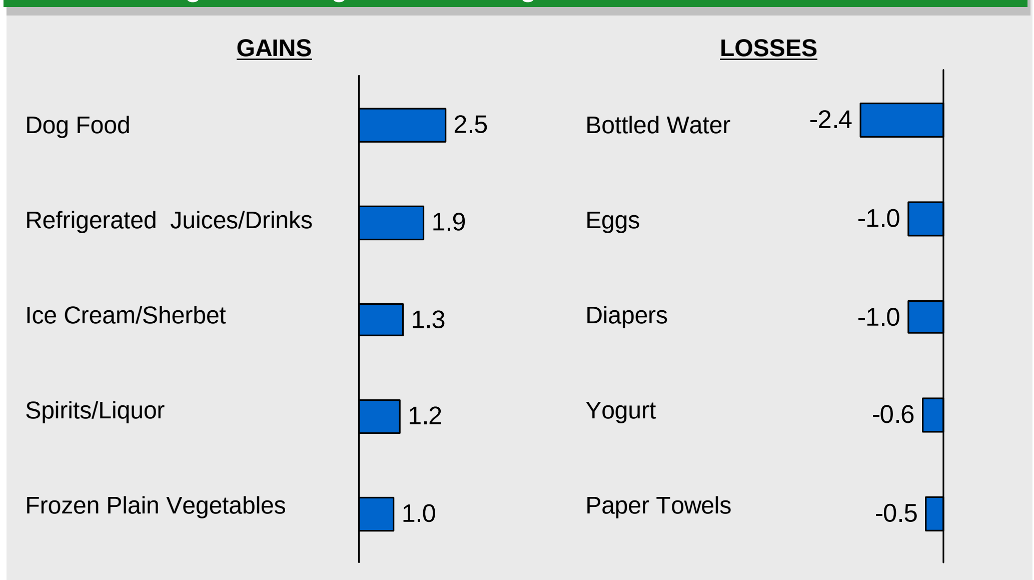
The sizable private label gain in ice cream may mark an important new trend, as private label has been historically lower in this category.

Each of the categories below with the largest private label gains, however, are experiencing declining volume sales overall within the grocery channel.

Private label has been unsuccessful in gaining traction in the high-growth bottled water market, losing substantial share this year on a low share base. And, private label lost ground in the high-share egg category.

A major trend to watch in the German market is retailer innovation. Historically, private label has been an innovation follower, but that is changing as retailers invest in bringing new products to market faster. For instance, major retailers have recently introduced organic lines, including Rewe's Fuellhorn and Plus's Viva Vital.

GERMANY: Grocery Channel Private Label Value Share Point Change
Leading CPG Categories with Largest Private Label Gains/Losses



Sources: IRI InfoScan® Reviews; 52 weeks ending September 2, 2007

EUROPE
GREECE

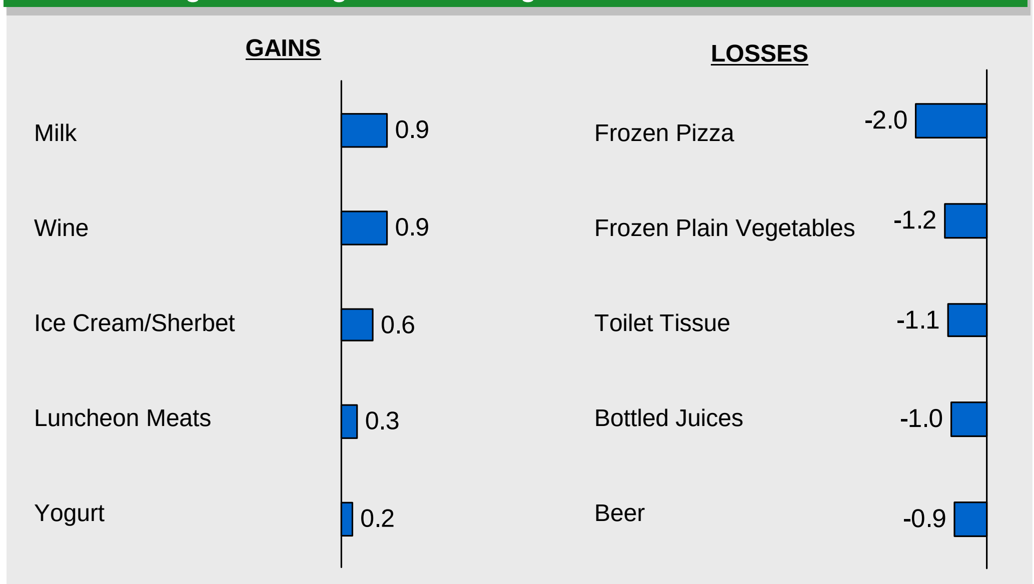
In Greece, heavy promotion and innovation among branded manufacturers have limited private label development.

Grocery channel private label secured modest share gains in Greece across several major categories including milk, wine and ice cream; however, across most CPG categories, private label has struggled to gain a foothold.

In fact, even relatively well-established private label categories, such as frozen pizza, frozen vegetables and toilet tissue, where private label value share is 13%, 17% and 28% respectively, are having difficulty holding onto share, as highlighted in the right chart, as branded manufacturer initiatives limit further private label development.

Within toilet tissues, for instance, branded manufacturers rely heavily on promotion to grow share. Within frozen vegetables, branded manufacturer innovation has deterred private label growth, with new varieties and new organic options driving share gains for leading manufacturers.

GREECE: Grocery Channel Private Label Value Share Point Change
Leading CPG Categories with Largest Private Label Gains/Losses



Sources: IRI InfoScan® Reviews; 52 weeks ending September 2, 2007

EUROPE
ITALY

The Italian market is experiencing sizable private label share shifts across key categories.

While grocery channel private label share is low in the Italian market (13% value share), relative to other European countries, and total private label share increased only six-tenths of a point, major changes are occurring at a category level, as detailed in the chart below.

Among categories with large private label share gains, private label already holds an above-average share in three -- wine, dog food and frozen vegetables -- illustrating the fact that private label is truly beginning to gain traction in this market.

Snack/granola/cereal bars are a category to watch. Private label holds a very small position currently (only 2.8% value share), but this category is experiencing exceptionally high growth (+22% value sales increase), offering significant upside potential for private label.

All of the categories with the largest private label share losses, except toilet tissue, are experiencing demand growth for the total category within the grocery channel. Branded manufacturers are benefiting from this growth more so than private label. While toilet tissue is not growing, it is an important private label category, with private label share that is over twice the Italian average.

ITALY: Grocery Channel Private Label Value Share Point Change
Leading CPG Categories with Largest Private Label Gains/Losses

Sources: IRI InfoScan® Reviews; 52 weeks ending September 2, 2007

EUROPE
NETHERLANDS

In the Netherlands, private label secured substantial share gains among "stronghold" categories.

In the Netherlands, where private label secured the largest total share gain of all of the European countries included in this assessment (+1.1 point gain in value share), favorable private label trends are evident across a number of major categories.

Private label is gaining share in well-established private label categories, including eggs, frozen seafood, toilet paper and shortening/oils – categories that are also enjoying solid growth, offering further potential for gain.

Private label share also increased substantially in snack/granola bars ("nutritional cookies"), where share is currently relatively undeveloped.

Among categories studied, the largest private label share losses were evident in categories in which private label share is already below average. In addition, total category volume growth is modest in these categories and is actually declining in spirits.

Retailers in the Netherlands appear to be focusing private label development efforts on existing private label strongholds with the greatest upside potential.

NETHERLANDS: Grocery Channel Private Label Value Share Point Change
Leading CPG Categories with Largest Private Label Gains/Losses

Sources: IRI InfoScan® Reviews; 52 weeks ending September 2, 2007

EUROPE
SPAIN

There are wide swings in private label share at the category level within Spain.

In Spain, despite flat private label share overall, there were large share shifts at the category level, as changes within the market leader, Mercadona or discounter Dia, who has an exceptionally high private label share, have a dramatic impact on the overall market.

The largest private label gains occurred in highly-developed private label categories – eggs and ice cream. A lack of well-established branded players in these categories enables strong private label growth.

Private label share losses occurred in categories with average private label development.

The sizable private label share loss in frozen pizza illustrates the power of manufacturer innovation in stemming private label growth. Manufacturers have invested heavily in new product development in frozen pizza, which has not been countered with similar innovation within private label.

SPAIN: Grocery Channel Private Label Value Share Point Change
Leading CPG Categories with Largest Private Label Gains/Losses

Sources: IRI InfoScan® Reviews; 52 weeks ending September 2, 2007

EUROPE

UNITED KINGDOM

In the mature U.K. private label market, category price increases and innovation resulted in category share shifts.

The private label market in the U.K. is one of the most sophisticated in the world, with several major players offering not only tiered private label lines but also multiple lines targeting niche segments.

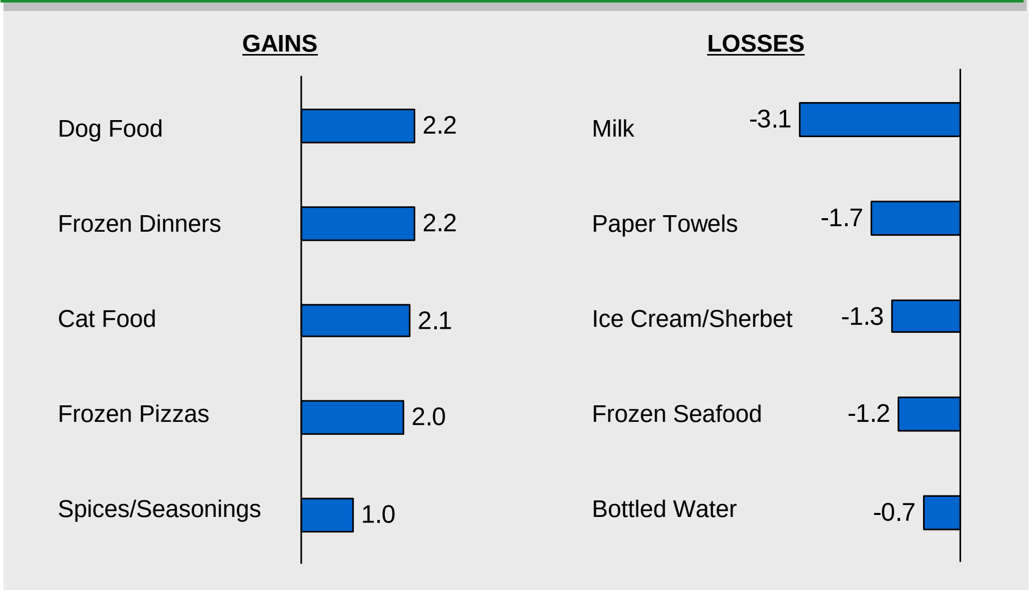
As private label is already well-established in the U.K .market, total share growth has been modest over the past few years, and was flat this year.

At the category level, however, retailer initiatives, such as new private label lines, and market events, such as price increases, create significant share swings, as highlighted in the chart below.

Category price increases within dog food, cat food and spices/seasonings contributed to large private label share gains as consumers turned to lower-priced alternatives. In frozen dinners and frozen pizzas, new private label varieties resonated with consumers.

Private label did endure share losses in several well-established categories, including frozen seafood, paper towels and milk as manufacturers stepped up promotion across these categories. Private label development in bottled water and ice cream has been hindered by manufacturer innovation.

UK: Grocery Channel Private Label Value Share Point Change
Leading CPG Categories with Largest Private Label Gains/Losses



Sources: IRI InfoScan® Reviews; 52 weeks ending September 2, 2007

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
  - Evaluate private label threats and competitive opportunities at the account and store-level
  - Carefully assess potential share loss to private label prior to instituting price increases
  - Explore expanded distribution opportunities across channels and accounts with low private label development
- Refine competitive strategies vis-à-vis private label
  - Invest in product, merchandising and packaging innovation and ramp up advertising among categories with a growing private label presence
  - Leverage strong company umbrella brands in product brand marketing
  - Evaluate the expansion of existing brands into multi-tiered offerings; adding a value and/or premium sub-brand, for instance
  - Tailor private label competitive strategies by account
  - Work with retail partners to identify the optimal level of private label and manufacturer brands to address consumer needs and maximize category sales and profits
- Continually measure and monitor share shifts
  - Track share shifts relative to private label at the store level at multiple points throughout the year and before and after major changes in advertising, pricing, promotion and new product introductions

CONCLUSIONS
CPG RETAILERS

Retailers seeking to expand private label share should consider the following action items:

- Identify private label development opportunities
  - Evaluate private label growth potential at the category and store level
  - Assess fit of current private label offerings with core and target consumer segments
  - Identify market gaps within high-priority categories (eg. flavors, sizes, healthier alternatives, premium, value, etc.)
- Refine private label development strategies
  - Invest in store branding; leverage high-equity banner brands as umbrella brands in private label marketing and packaging
  - Broaden private label penetration across categories and consumer segments through multi-tiered offerings (ie. value, national brand equivalent, premium) and niche lines (eg. kids, green, organic, etc.)
  - Tailor private label assortment by market
  - Work with manufacturer partners to identify the optimal level of private label and manufacturer brands to address consumer needs and maximize category sales and profits
- Continually measure and monitor share shifts
  - Track private label share trends by category at the store level at multiple points throughout the year and before and after major category changes in advertising, pricing, promotion and new product introductions

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 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.

MORE INFORMATION

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

ABOUT IRI

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

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