The structural FMCG transformations

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The structural transformation drivers in FMCG

Demographic & Cultural transformation

Centre of gravity moving to the east

Retail & Shopper transformation

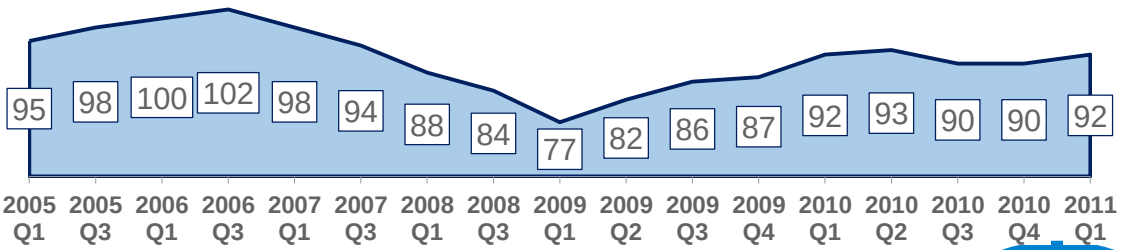
Brand structure transformation

Casino economy

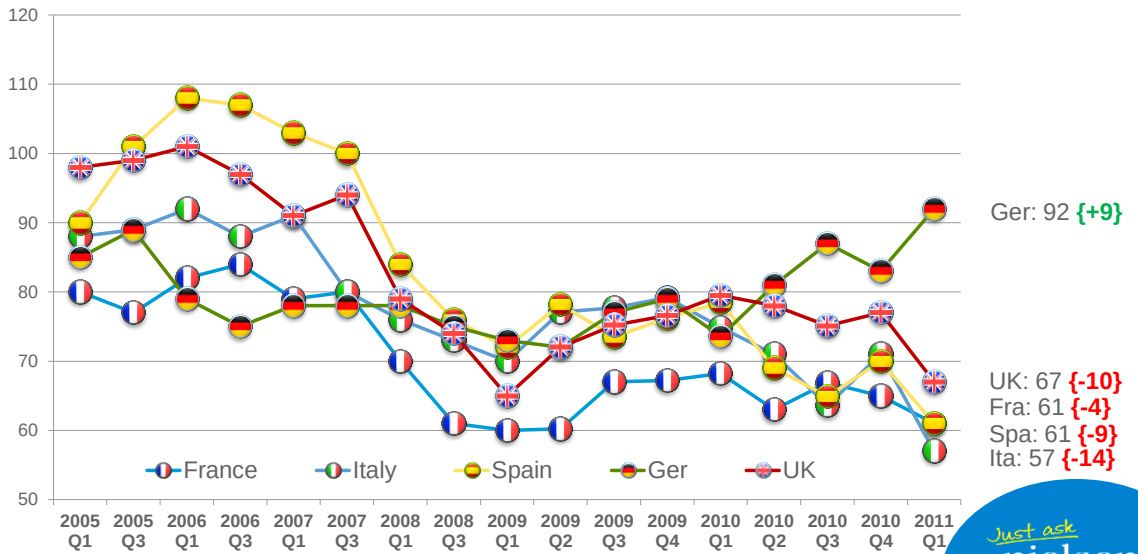
Media & communication revolution

Consumer Confidence Drives Demand





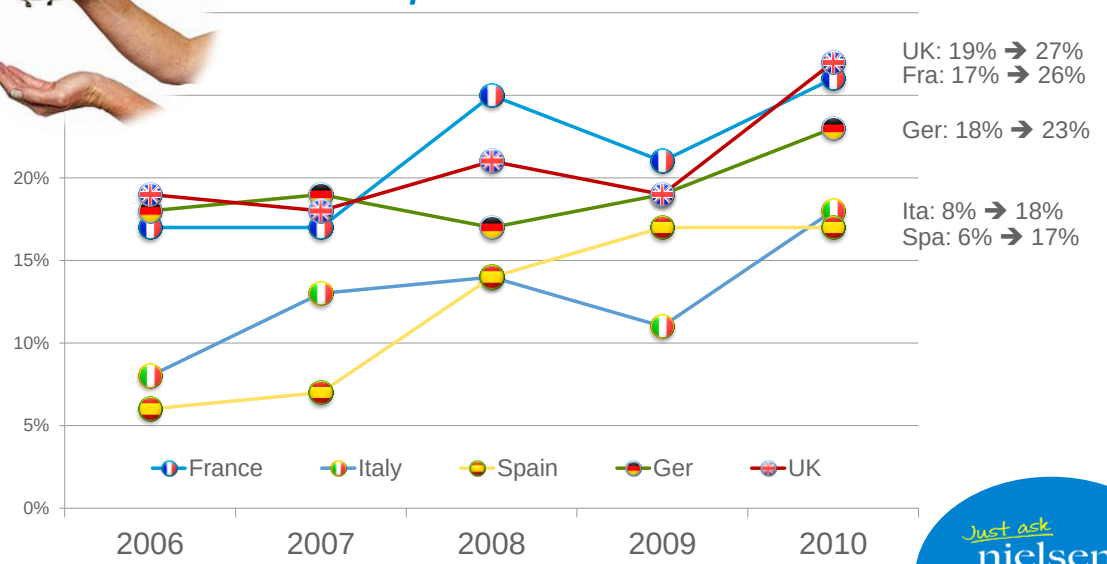
Consumer Confidence Index



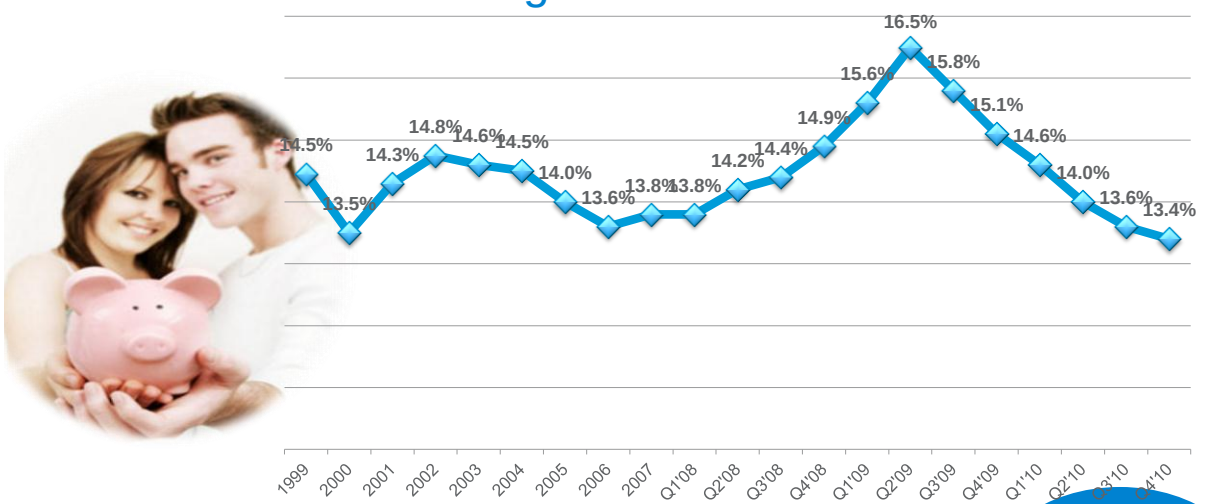
Ger: 92 **{+9}**

UK: 67 **{-10}**
Fra: 61 **{-4}**
Spa: 61 **{-9}**
Ita: 57 **{-14}**

"I have no spare cash!"



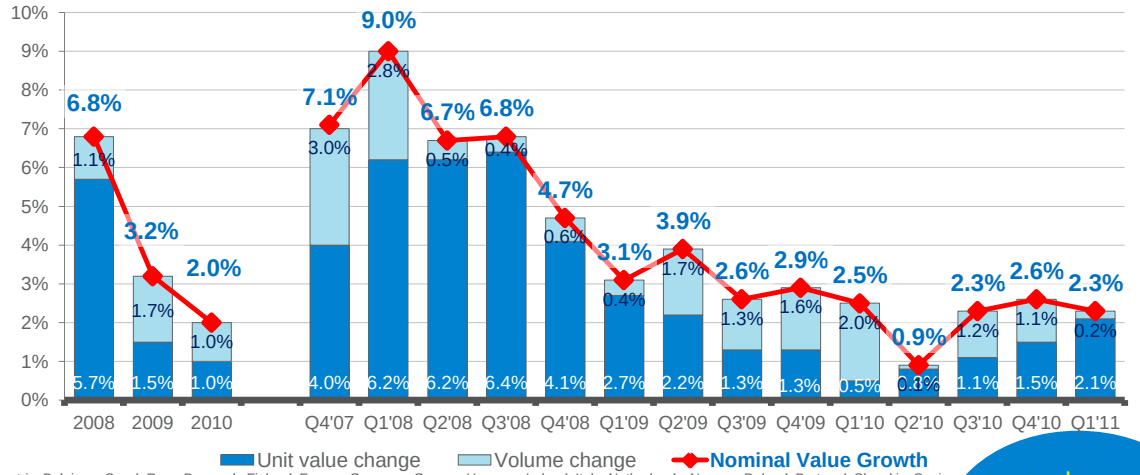
Consumer are saving less



Source: Eurostat,

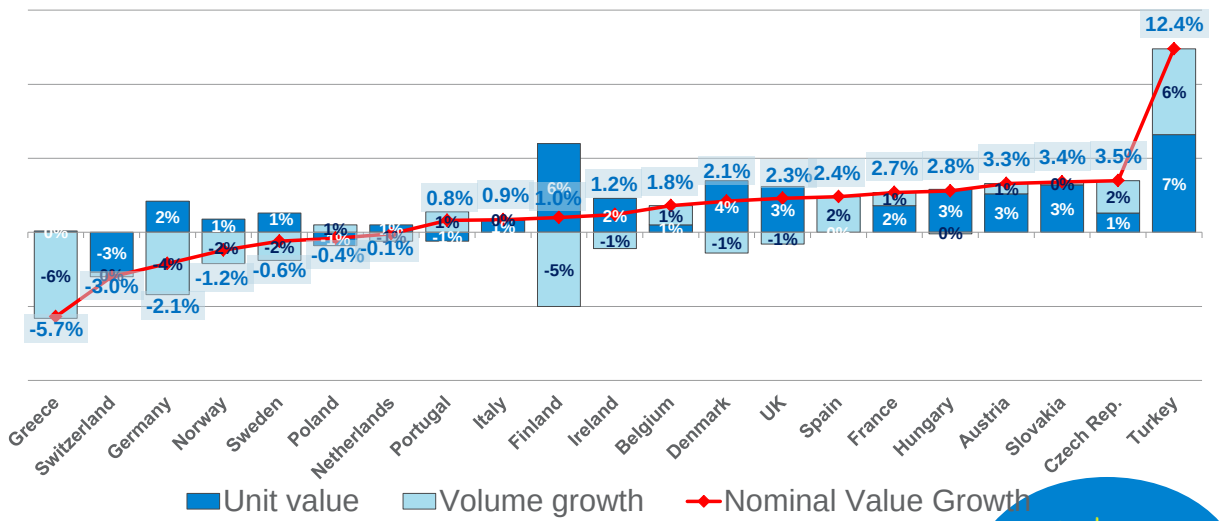
Europe overview (*)

Fast Moving Consumer Goods market dynamics



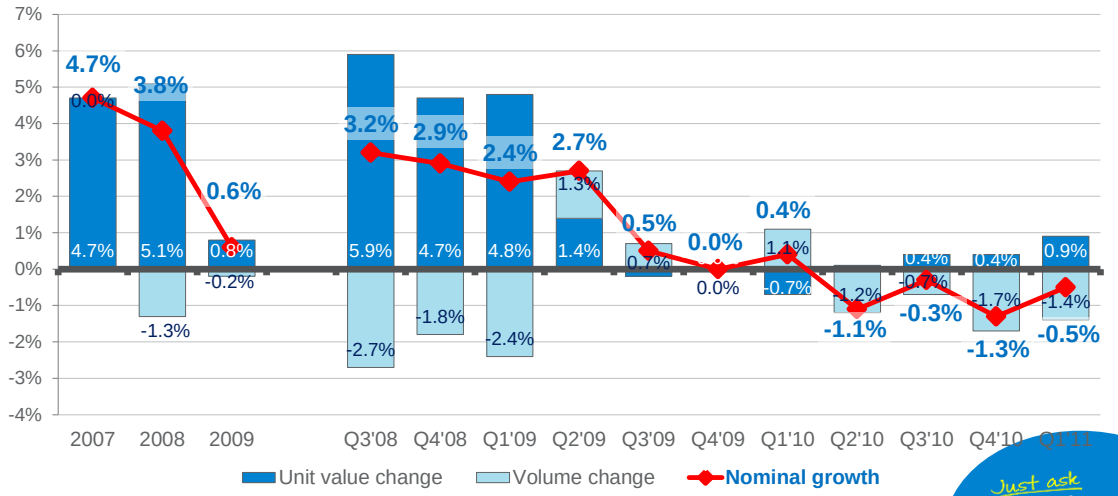
(*):Austria, Belgium, Czech Rep., Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, Turkey, UK.

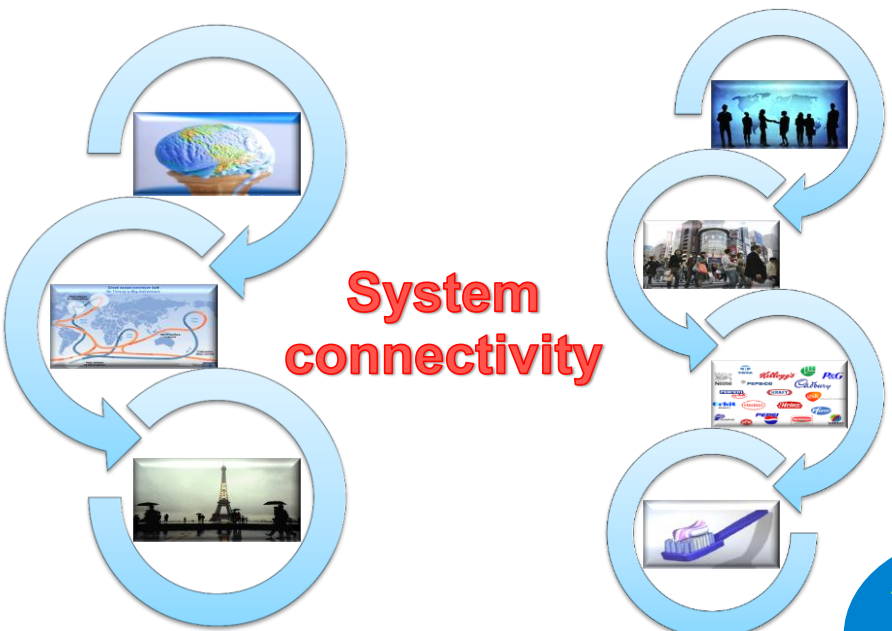
Q1 2011 growth rates per country (versus Q1 2010)



USA

Fast Moving Consumer Goods Dynamics



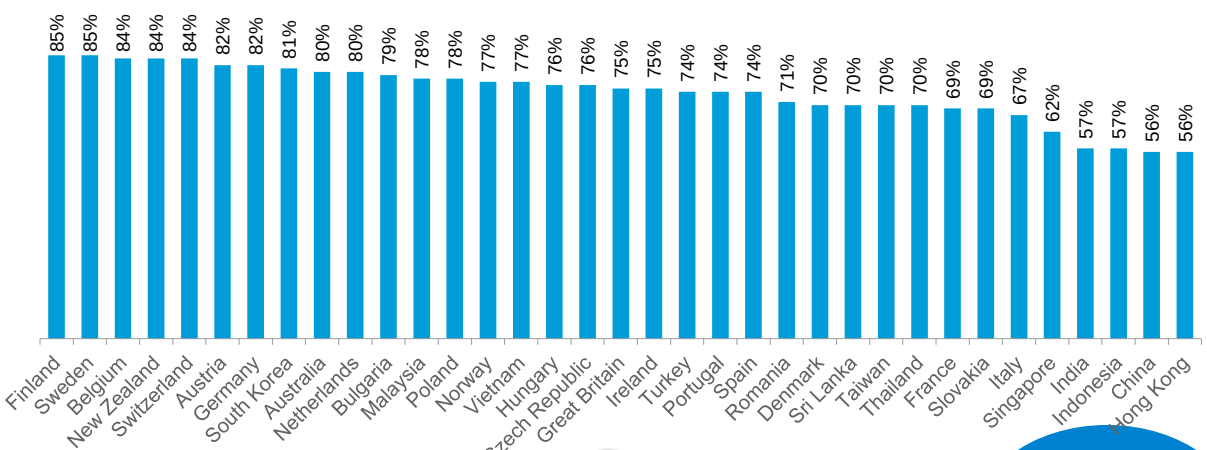


Are shoppers changing?

Fast, Faster, Fastest, …

Store visit Triggers

"I shopped at the same store I always do"



The power of habit

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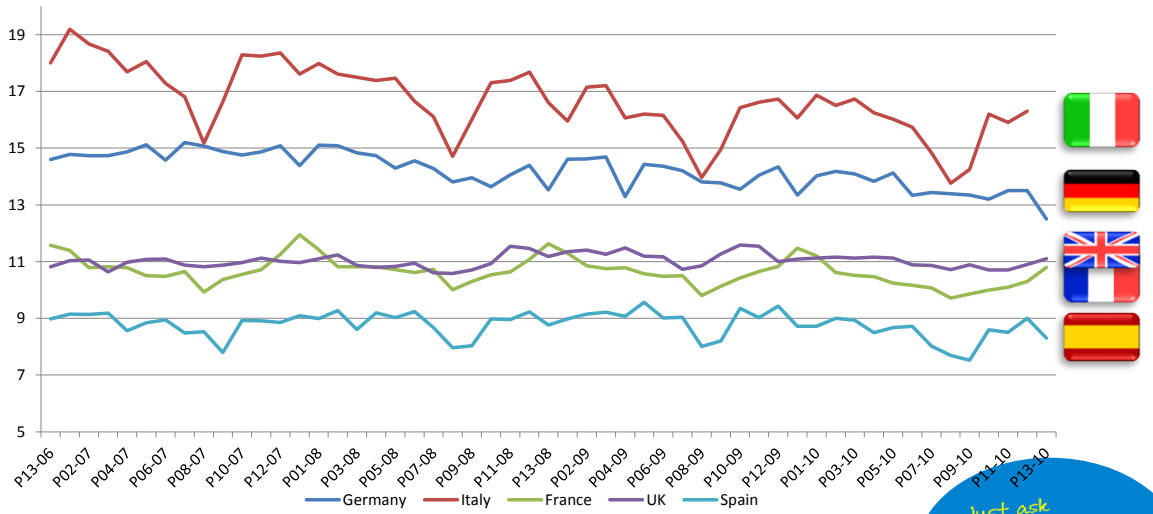
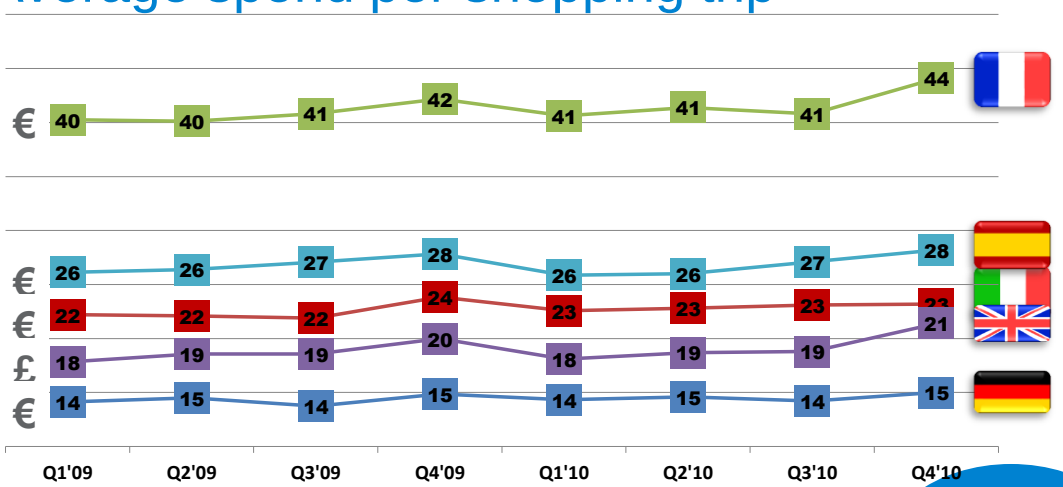
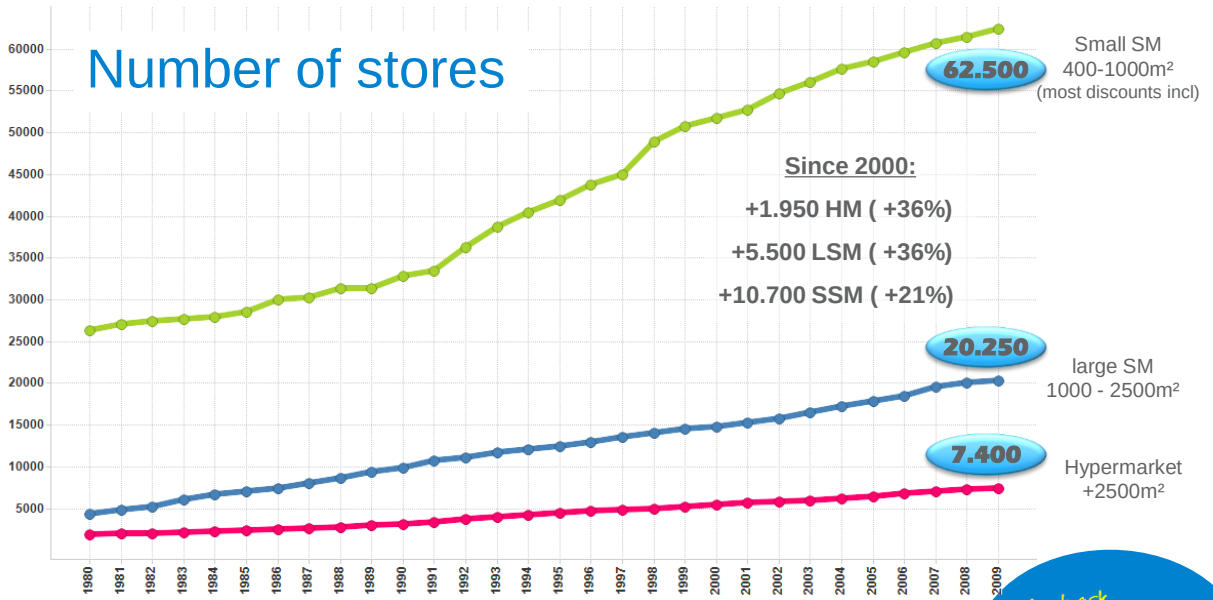
Number of shopping trips per 4 weeks



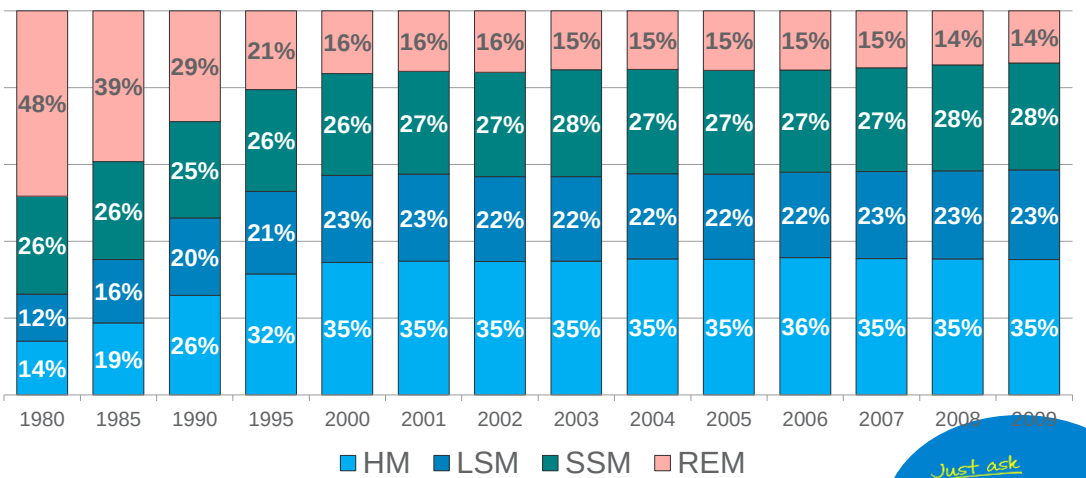
Average spend per shopping trip

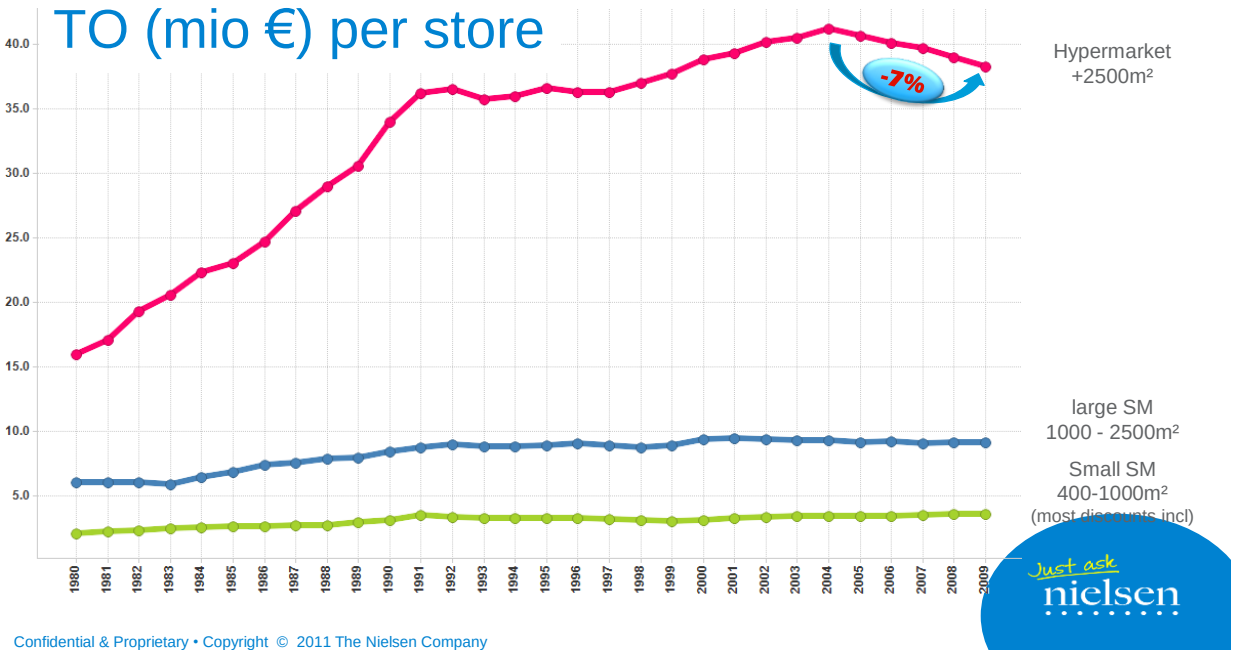


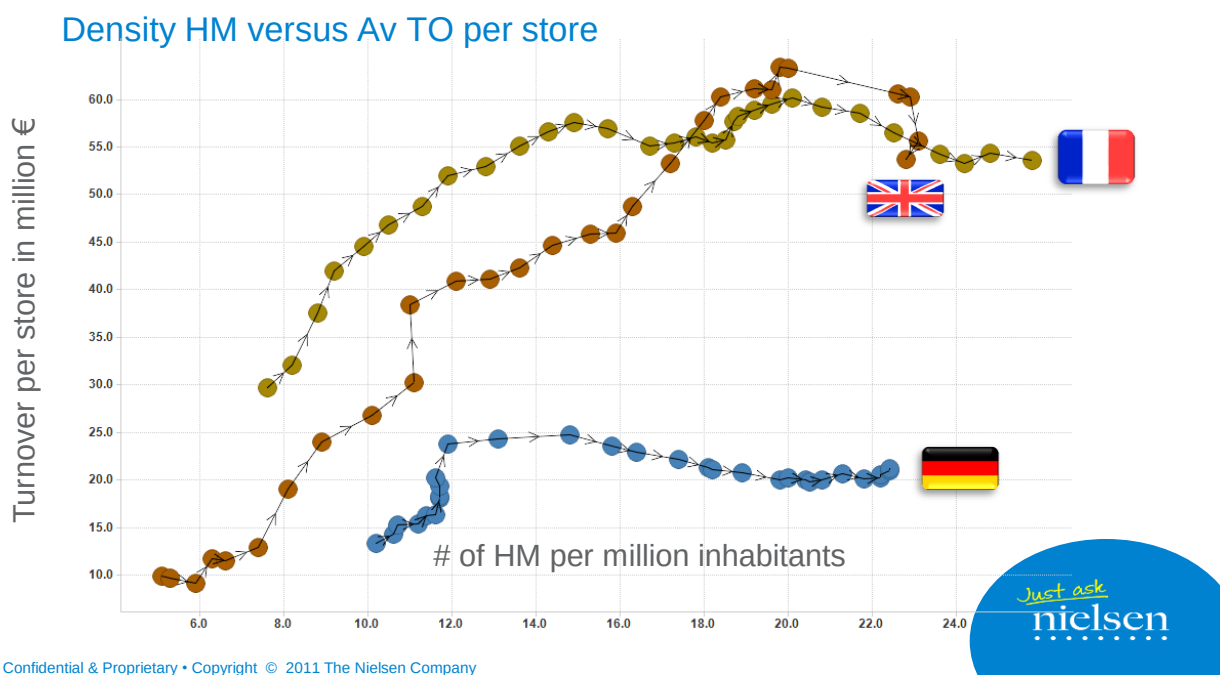
Number of stores



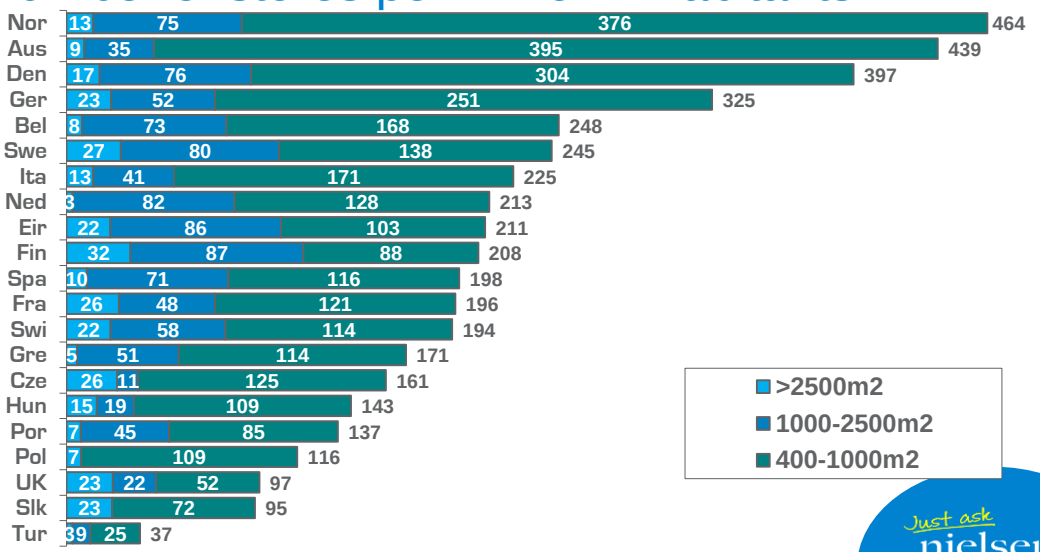
Format structure Europe



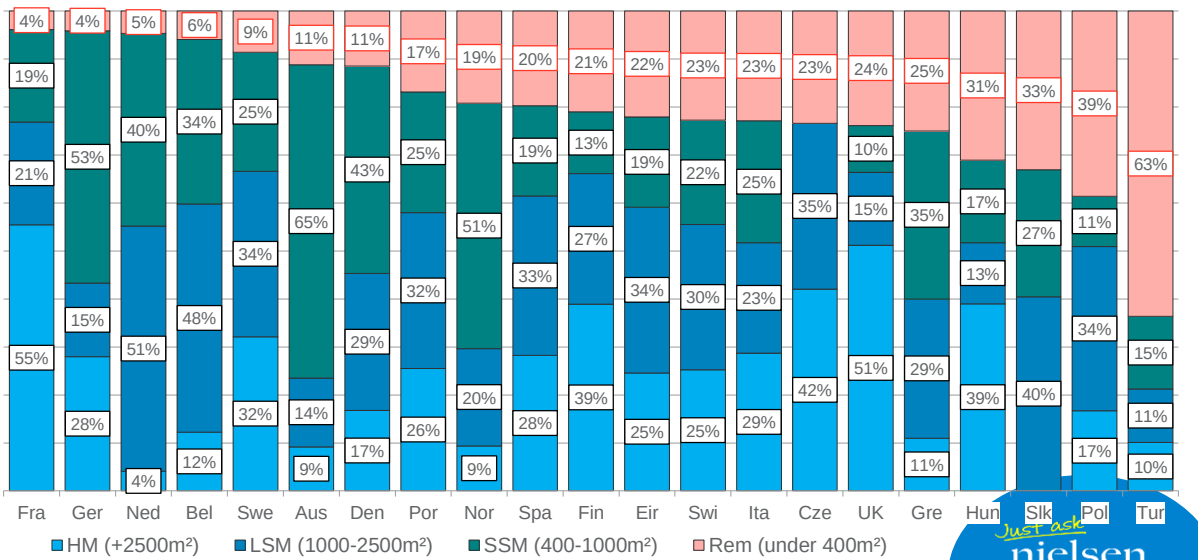


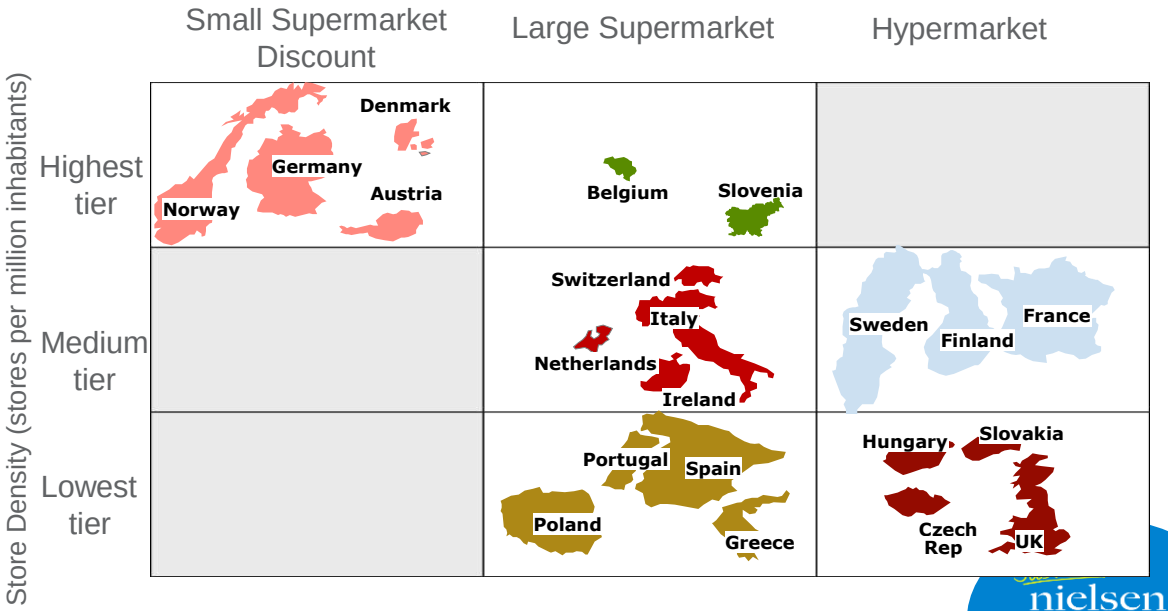


Number of stores per million inhabitants

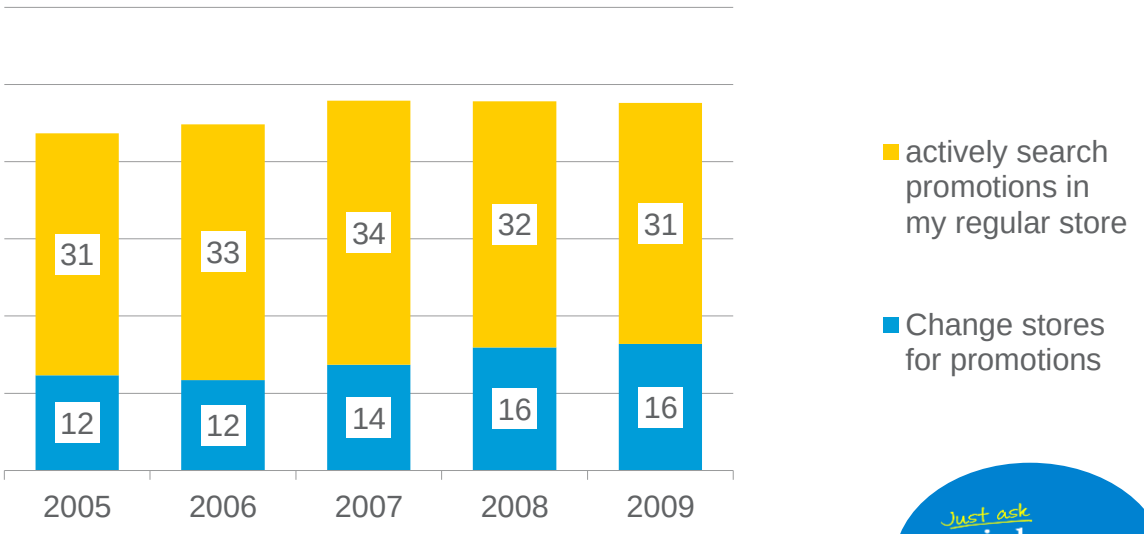


Format structure by country

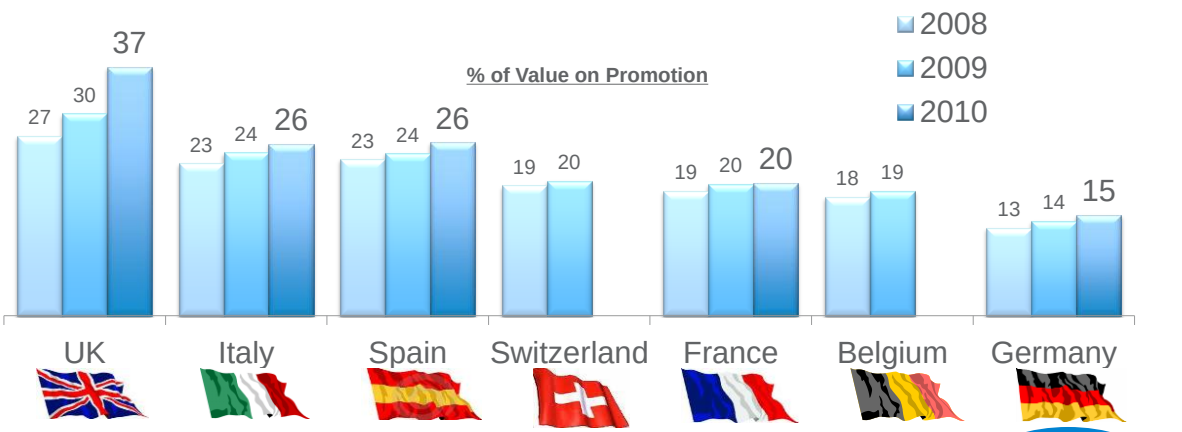




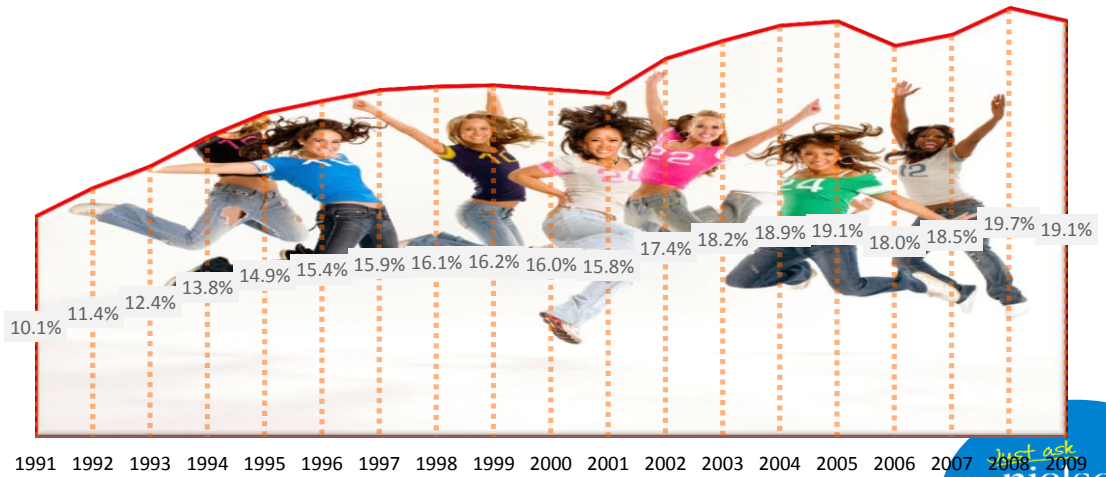
Promotion Sensitivity: Average Europe



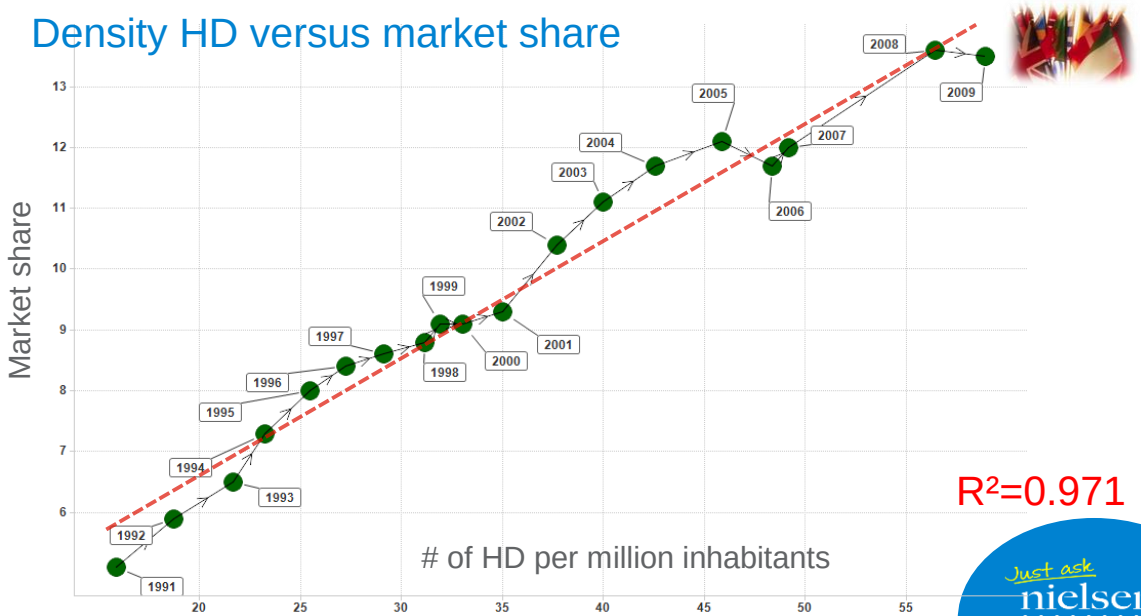
Promotional pressure has increased across Europe…



Market share discount in Europe



Density HD versus market share



Retail Brands Transformation

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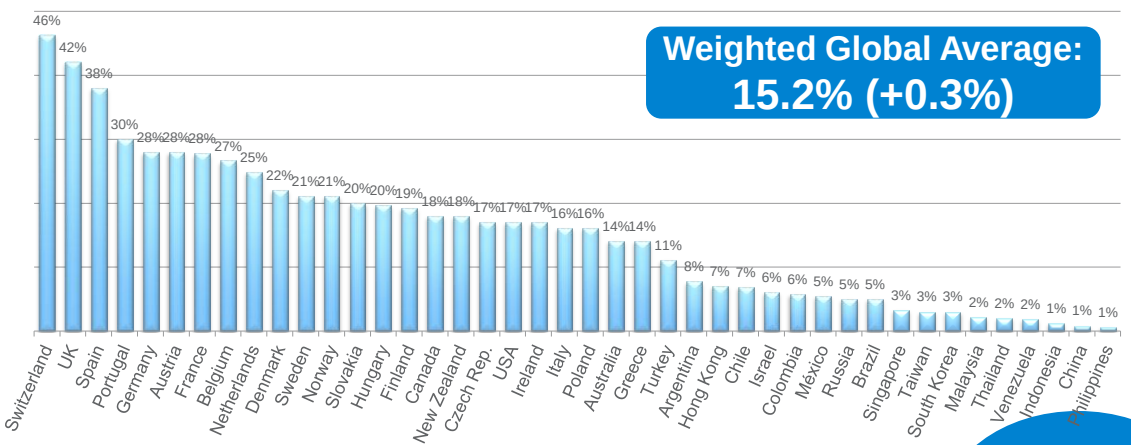
The Retail Brands reality is significant, mostly growing, but very diverse

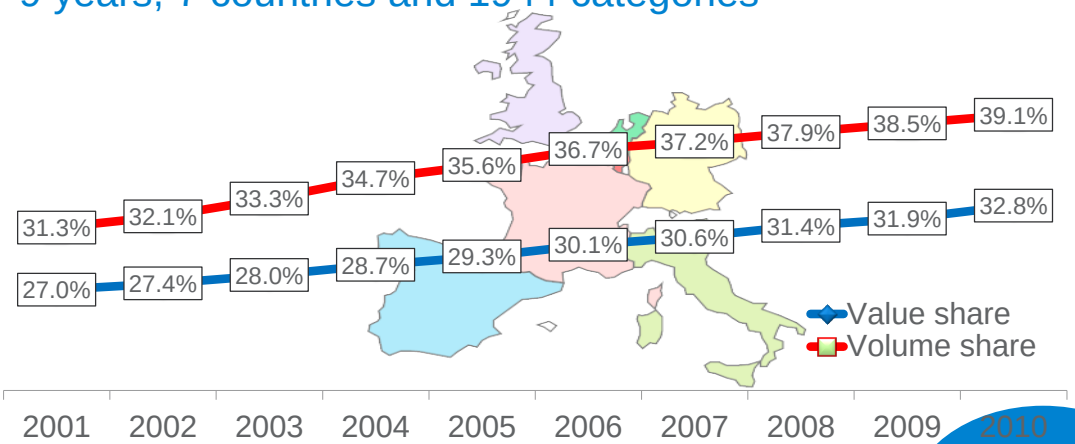


2010 for most countries (some of the smaller markets is 2009 data)

Just ask nielsen

Retail Brands share:

9 years, 7 countries and 1944 categories



Summary by country

ALL Categories	2009	2010	
Switzerland	46.2%	46.3%	0.1%
UK	42.5%	42.2%	-0.3%
Spain	36.4%	38.2%	1.8%
Portugal	28.8%	29.9%	1.1%
Germany	27.7%	28.1%	0.4%
France	27.7%	28.1%	0.4%
Austria	28.0%	27.8%	-0.2%
Belgium	26.8%	27.5%	0.7%
Netherlands	25.0%	25.5%	0.5%
Denmark	21.5%	21.7%	0.2%
Sweden	20.7%	20.7%	0.0%
Norway	19.8%	20.6%	0.8%
Slovakia	18.5%	20.1%	1.6%
Hungary	19.6%	20.1%	0.5%
Czech rep	15.6%	17.3%	1.7%
Poland	13.9%	16.4%	2.5%
Italy	14.6%	16.1%	1.5%
Greece	12.2%	13.7%	1.5%
Turkey	9.6%	10.7%	1.1%

Who buys Retail Brands vs. Manufacturer Brands?

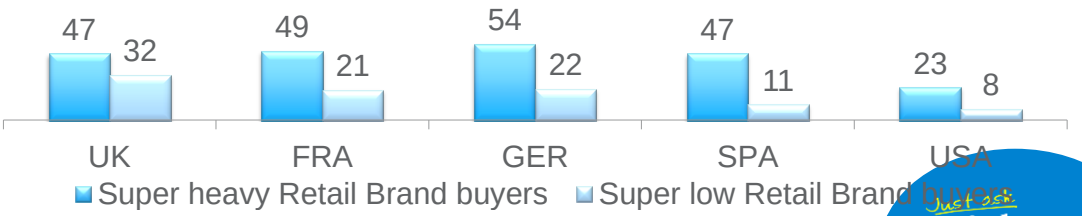
SUPER HEAVY Retail Brand Buyers

- Shop more often
- Spend more per trip
- Larger HH size
- More Affluent

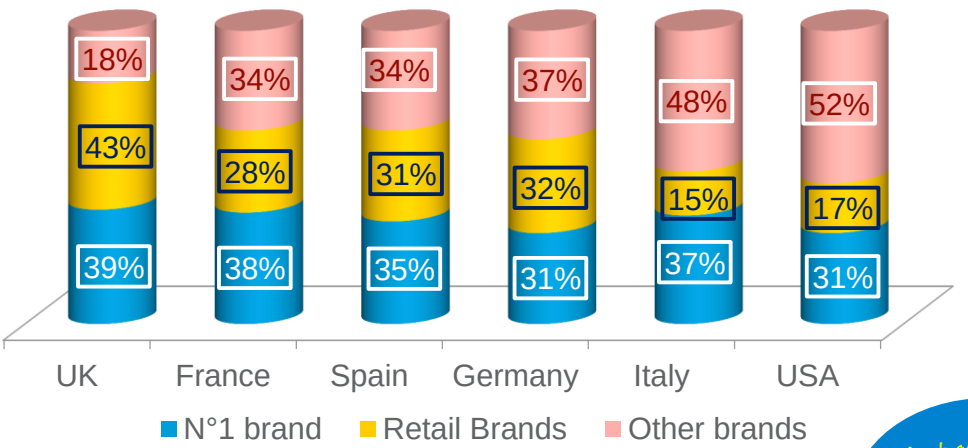
SUPER LOW Retail Brand Buyers

- Smaller HH size
- Most purchases on Manufacturer Brands
- Less Affluent

Share of Retail Brands in total purchases



Retail brands essentially gain at the expense of secondary and small brands



(*): Based upon a sample of frequently purchased categories

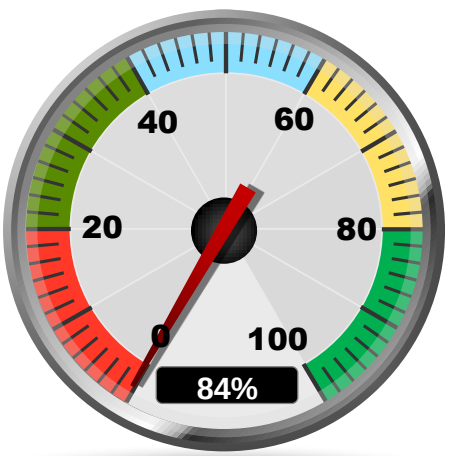
How big will they get?

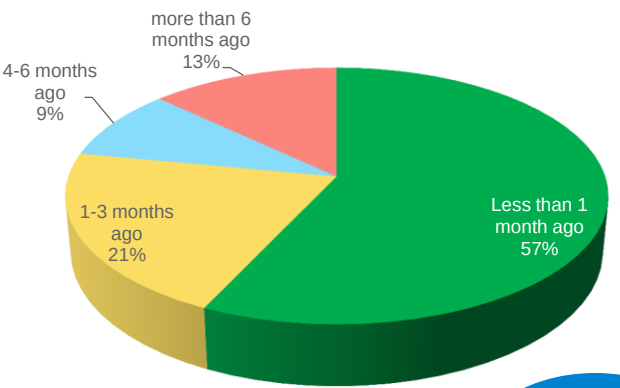
Indications towards the saturation point of ±45% value share
- Switzerland and UK plateau at that level for several years
- Super Heavy PL buyers max out around the 50% level

PL gain structurally 0.3%-0.5% points per year
- 2010 ➔ 15%
- 2015 ➔ 17.5%
- 2020 ➔ 20%

Retail brands have space to expand:
- USA
- Catching up European markets
- Developing markets

@Question: *Have you ever made a purchase over the Internet?*





% of online population

The grocery online shopper

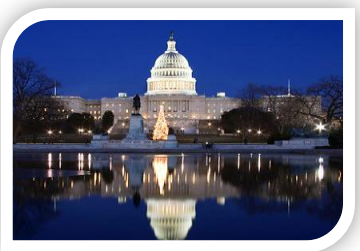
22%

4%

Penetration

Source: Homescan 2010

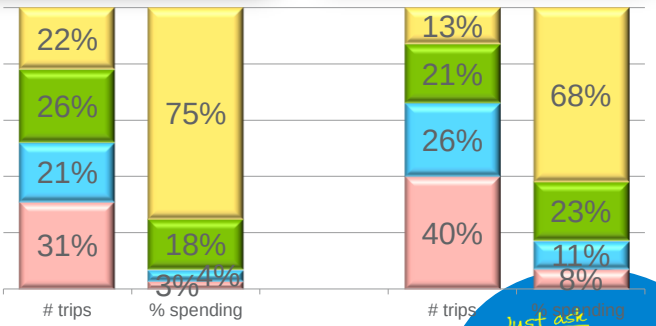
The grocery online shopper



# shopping trips per year	8.0	5.2
Average spend per trip	63£	39$

Source: Homescan 2010

Distribution of shopping trips



Source: Homescan 2010