
SymphonyIRI Group

Market Overview **Brand Performance in the Downturn**

May 2012



Consumer Recession – Thoughts...

People will have been changed by the experience of this ‘consumer recession’.

It has been (and will continue to be for a while) a slow but relentless reduction of disposable income against a backdrop of higher prices in almost every area of consumer expenditure.

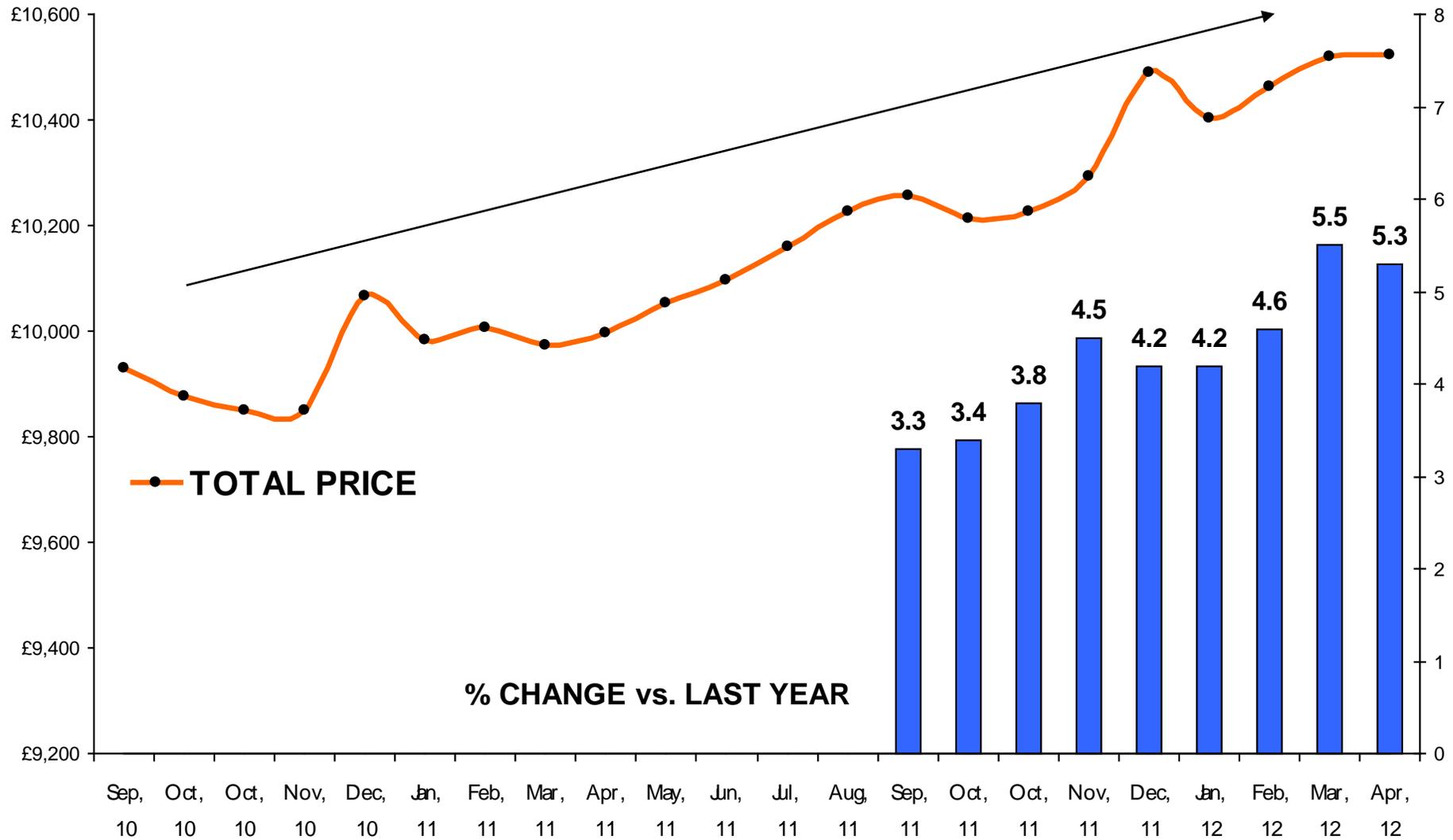
Under these conditions a lot of people have to change how they spend and save and even those that are technically immune (because they can afford the extra) are caught up in the reaction.

So, people are buying what they need when they need it, buying less each time they shop and buying more often. Just buying what they need, not wasting so much. Turning down the heating and turning off more lights.

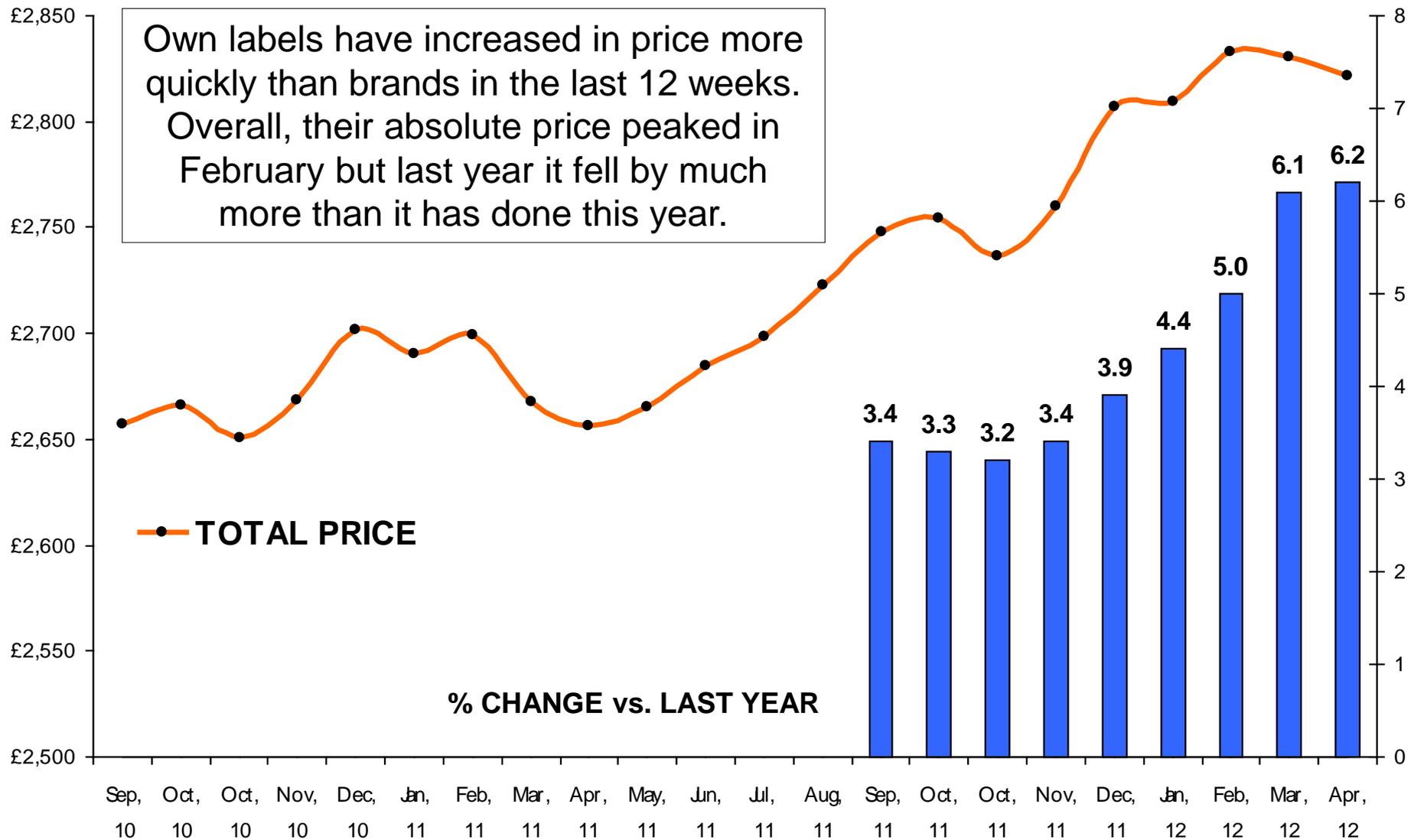
Eating out and having their hair done a bit less, baking at home and preparing more meals from scratch.

Basically a long overdue return to a few basic principles that have been forgotten during a time of rapid expansion and waste.

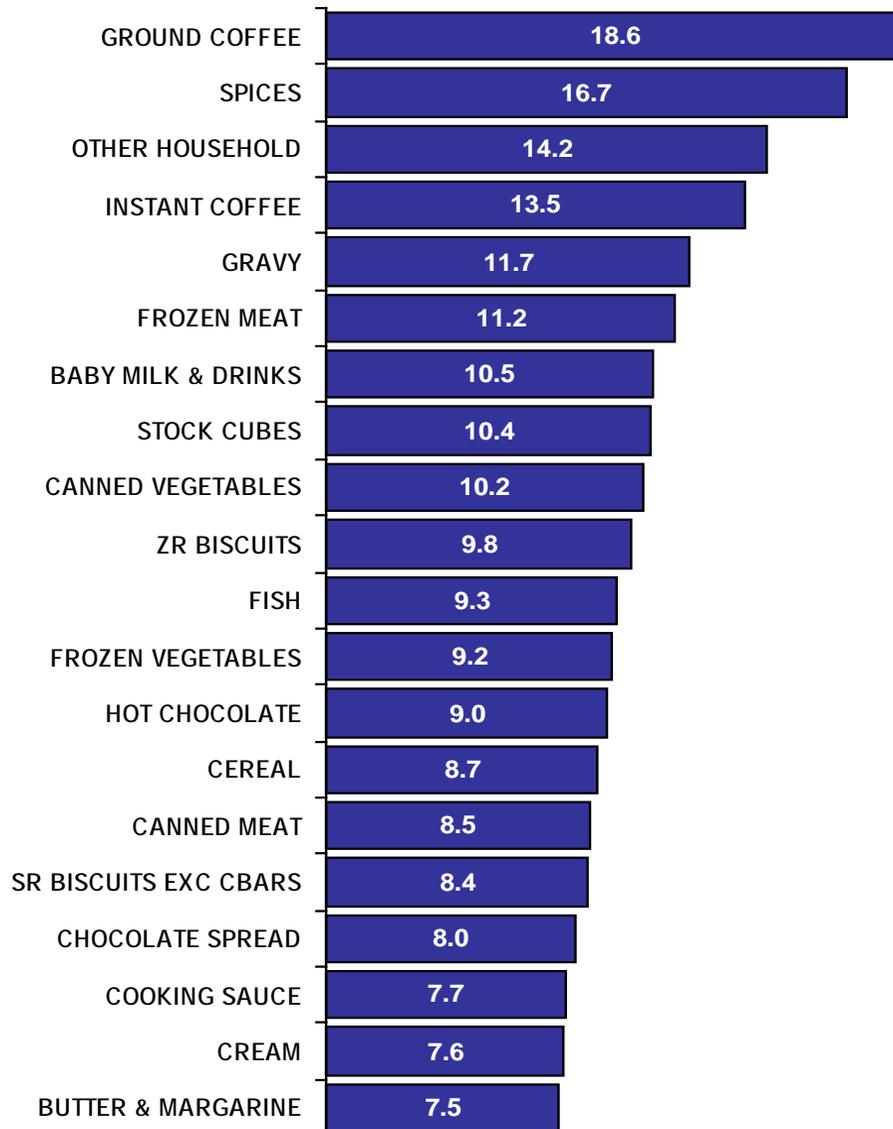
FMCG Shopping Basket – GB – All items



FMCG Shopping Basket – GB – All items – Private Labels



Severe price inflation is affecting a number of categories...



Extracted from the shopping basket items, these are the annual % changes over the past 12 weeks of unit prices paid, for the most popular items in these categories.

These annual % price inflation rates are all above the CPI headline inflation rate in March of +3.5%

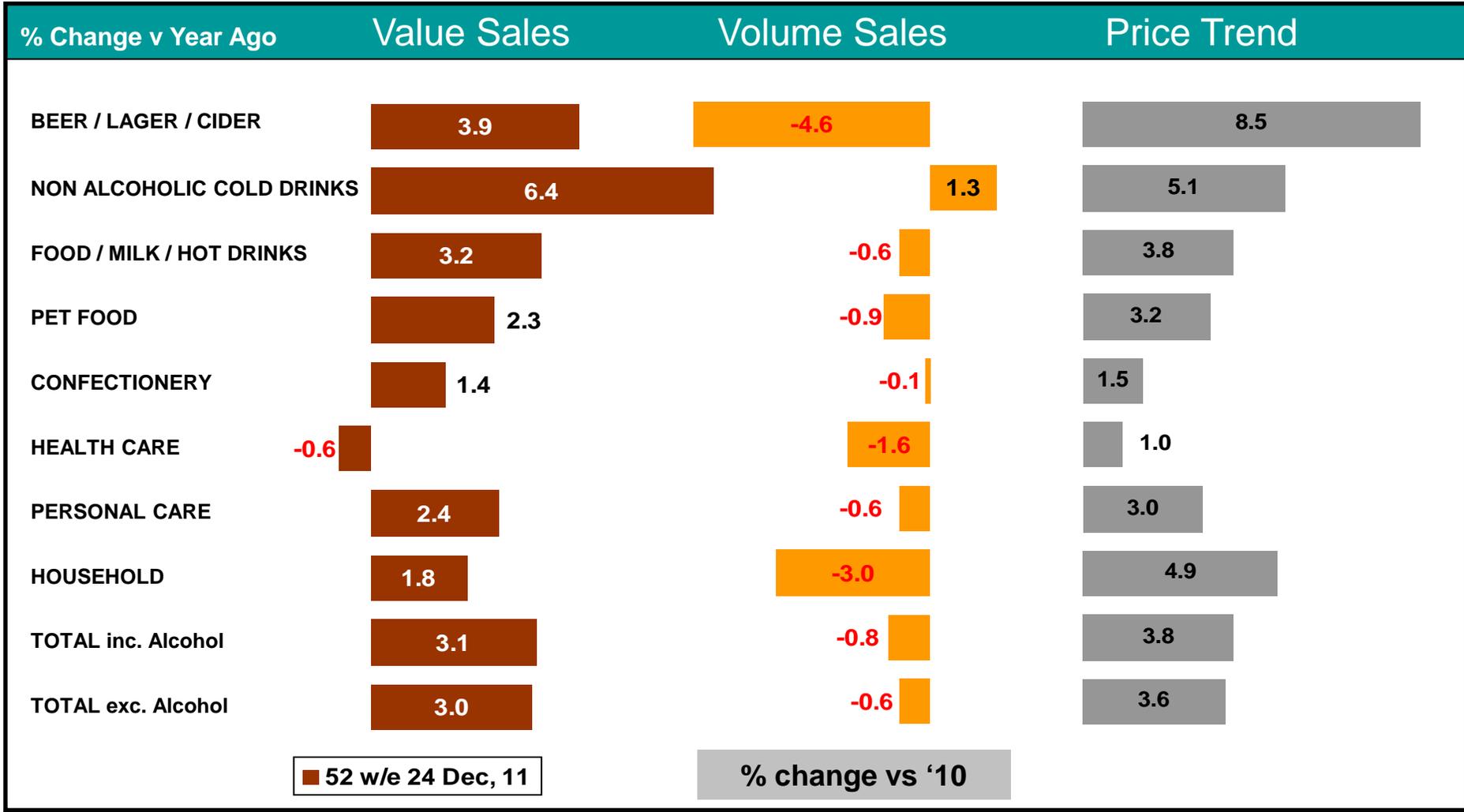
12w/e 14th
April 2012

Based on sum of average unit prices paid

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**2011
52 wks**

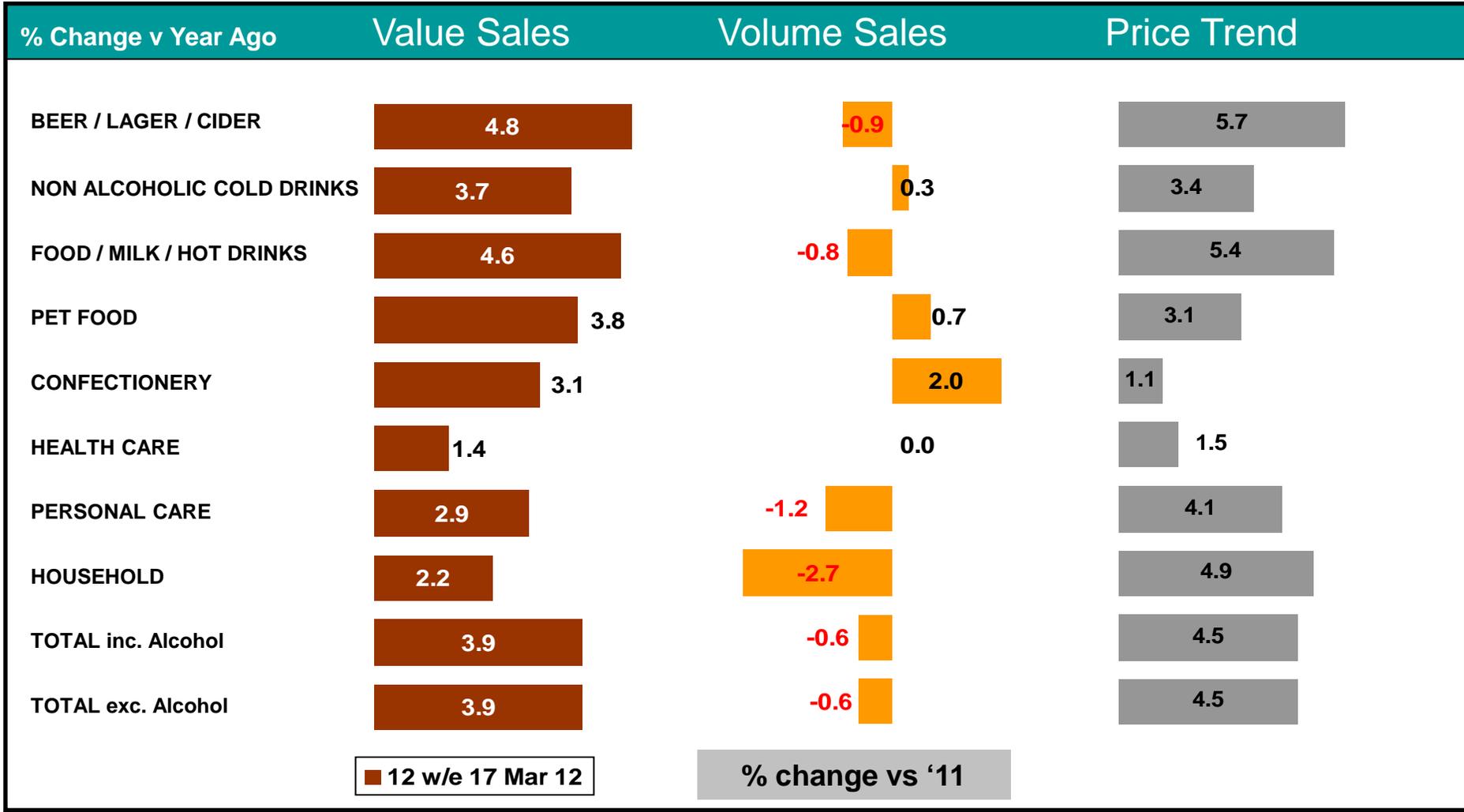
FMCG Sectors status – Volume decline is shown for most sectors with the main food sector declining again. Beer etc is compared with the World Cup sales in 2010 . Prices are up in every sector.



SOURCE: IRI All Outlets; Sales Change vs Yr ago; 52 w/e 24th December 2011

**2012
12 wks**

FMCG Sectors status – Volume decline persists but with Easter coming earlier, confectionery sales are up . Prices are up faster overall, mainly coming from the food sector.



SOURCE: IRI All Outlets; Sales Change vs Yr ago; 52 w/e 24th December 2011

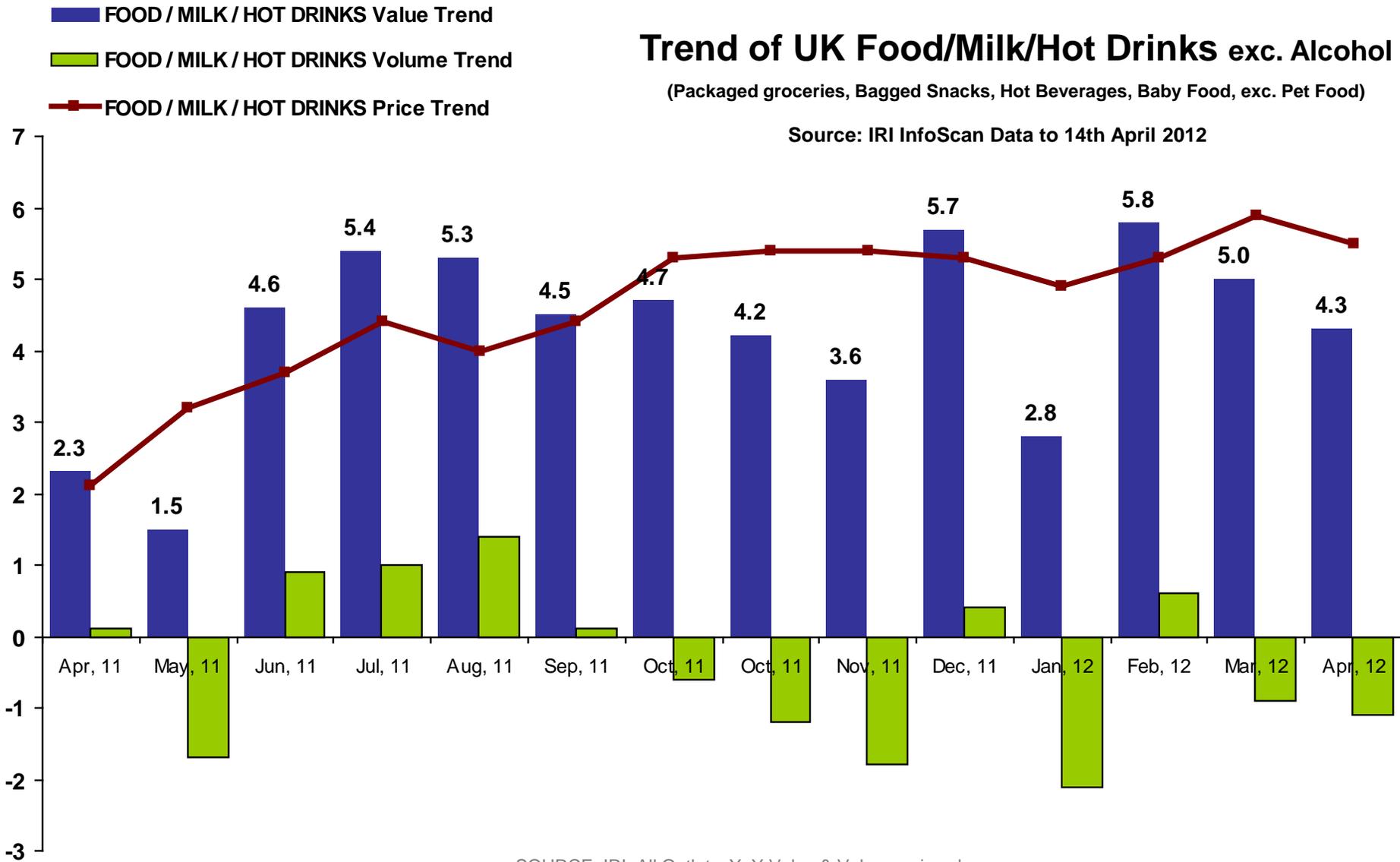
Food & Drink sales have been down for most of the last 6 months as prices rise faster.

There is little to make us think this will change in the near future.

Trend of UK Food/Milk/Hot Drinks exc. Alcohol

(Packaged groceries, Bagged Snacks, Hot Beverages, Baby Food, exc. Pet Food)

Source: IRI InfoScan Data to 14th April 2012

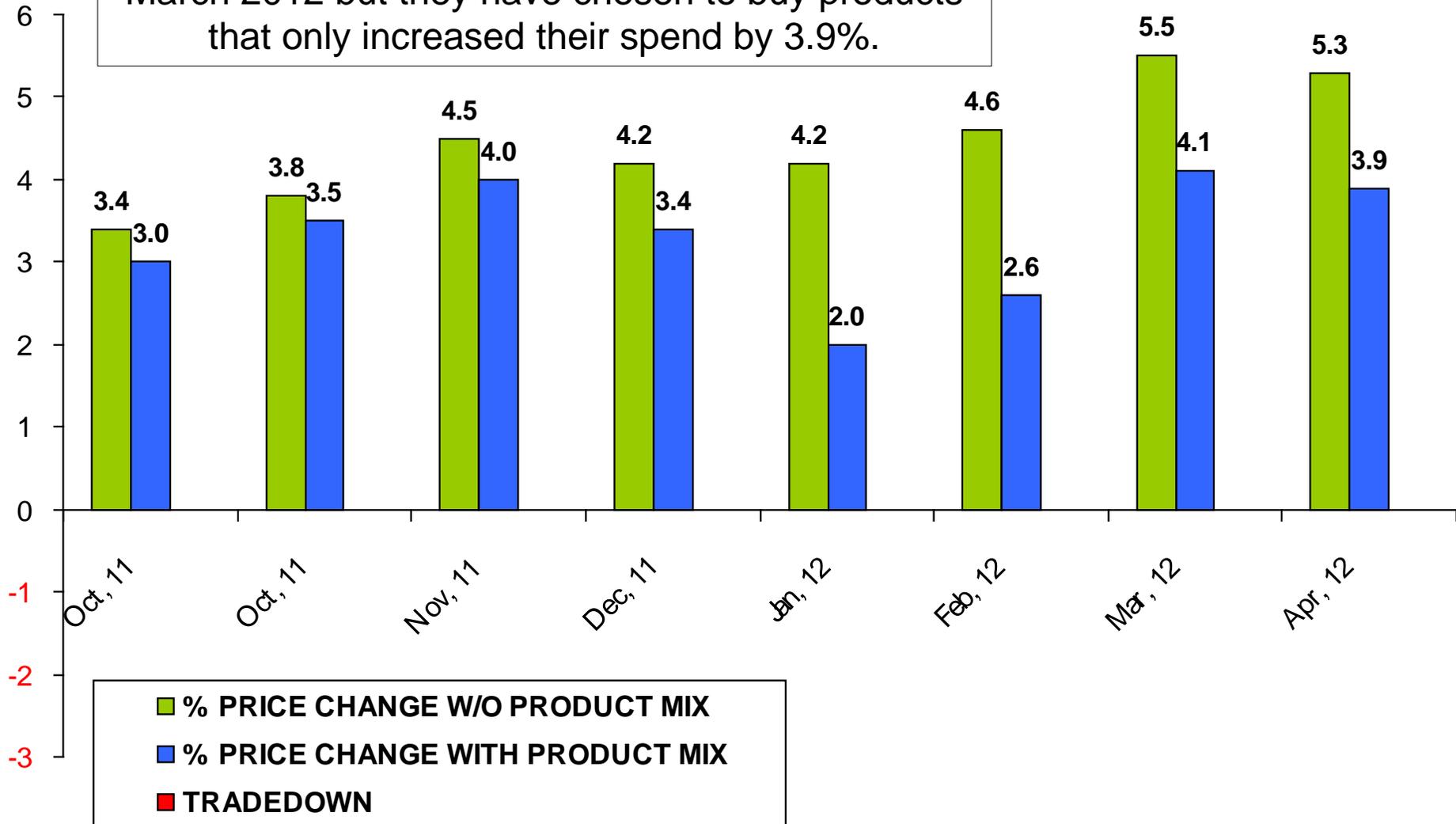


SOURCE: IRI, All Outlets, YoY Value & Volume price change

FMCG Shopping Basket – GB – All items

Prices to the consumer have risen by 5.3% yoy in March 2012 but they have chosen to buy products that only increased their spend by 3.9%.

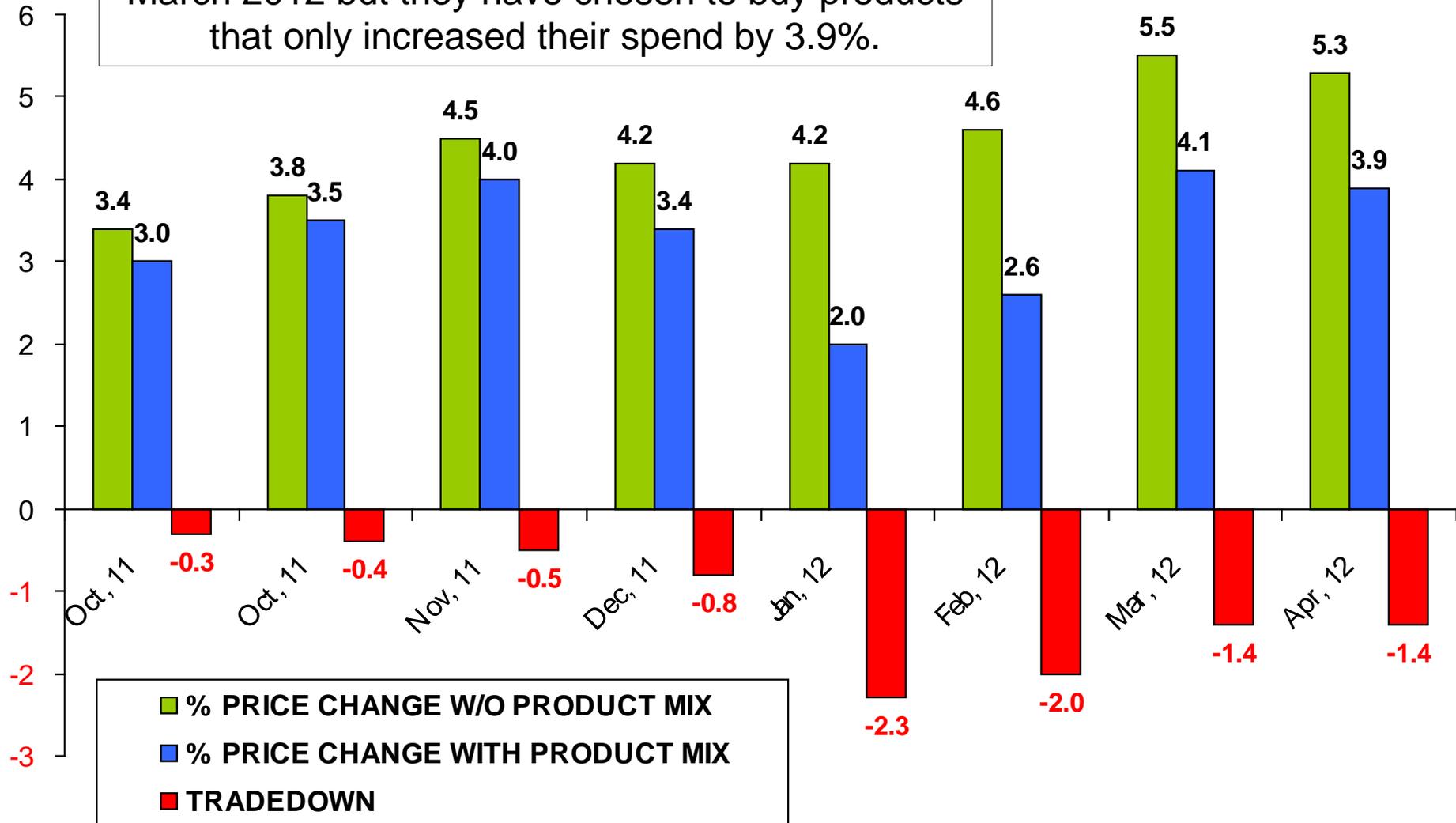
% CHANGE vs. LAST YEAR



FMCG Shopping Basket – GB – All items

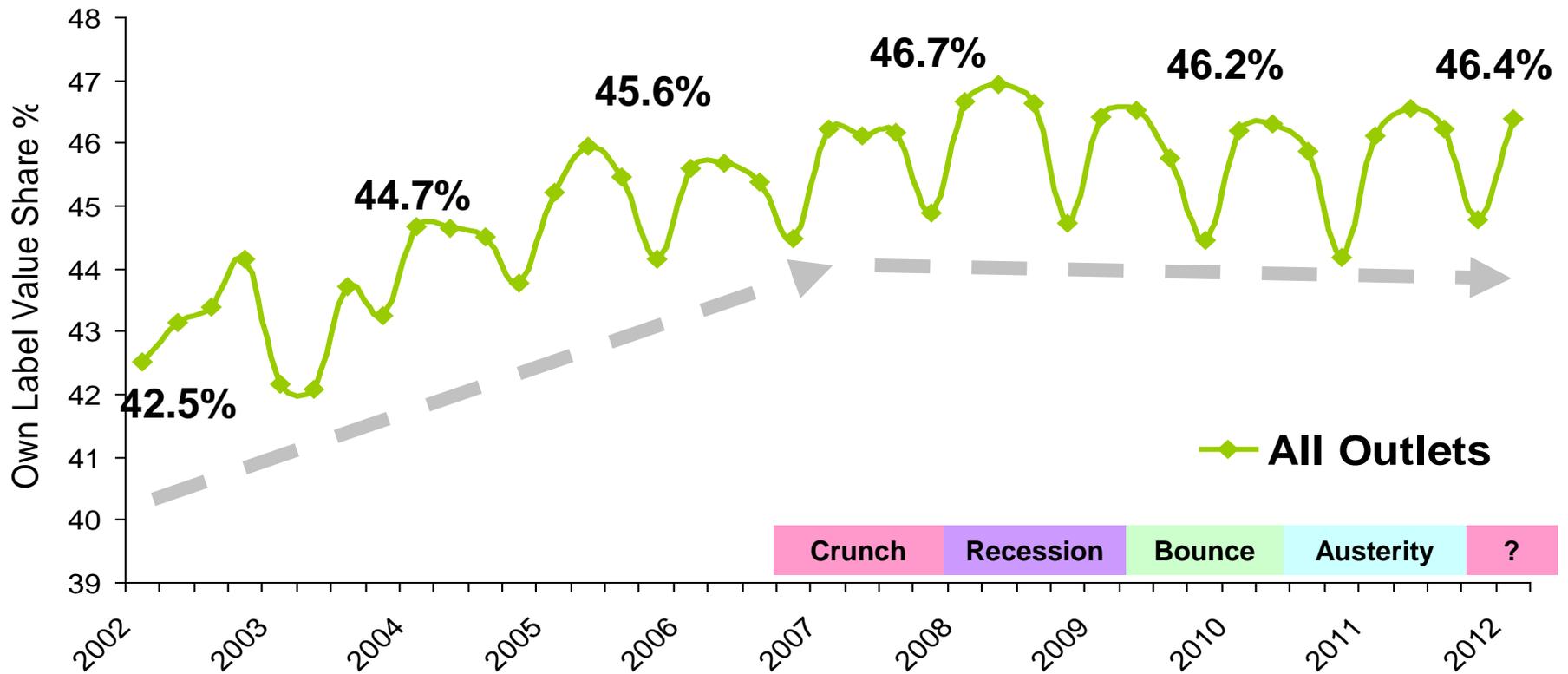
Prices to the consumer have risen by 5.3% yoy in March 2012 but they have chosen to buy products that only increased their spend by 3.9%.

% CHANGE vs. LAST YEAR



Total Grocery – Own Label share in last 10 years

OL share increasing up to 2007 just before the recession started..



Grocery includes: Alcohol, Ambient Groceries, Fresh+Chilled, Frozen, Healthcare, Household, Toiletries

Source: Kantar Worldpanel – Total Groceries – quarterly share 18 Mar 2012

Tesco

- Value
- Tesco
- Finest
- Tesco Organic
- Light Choices
- Free From



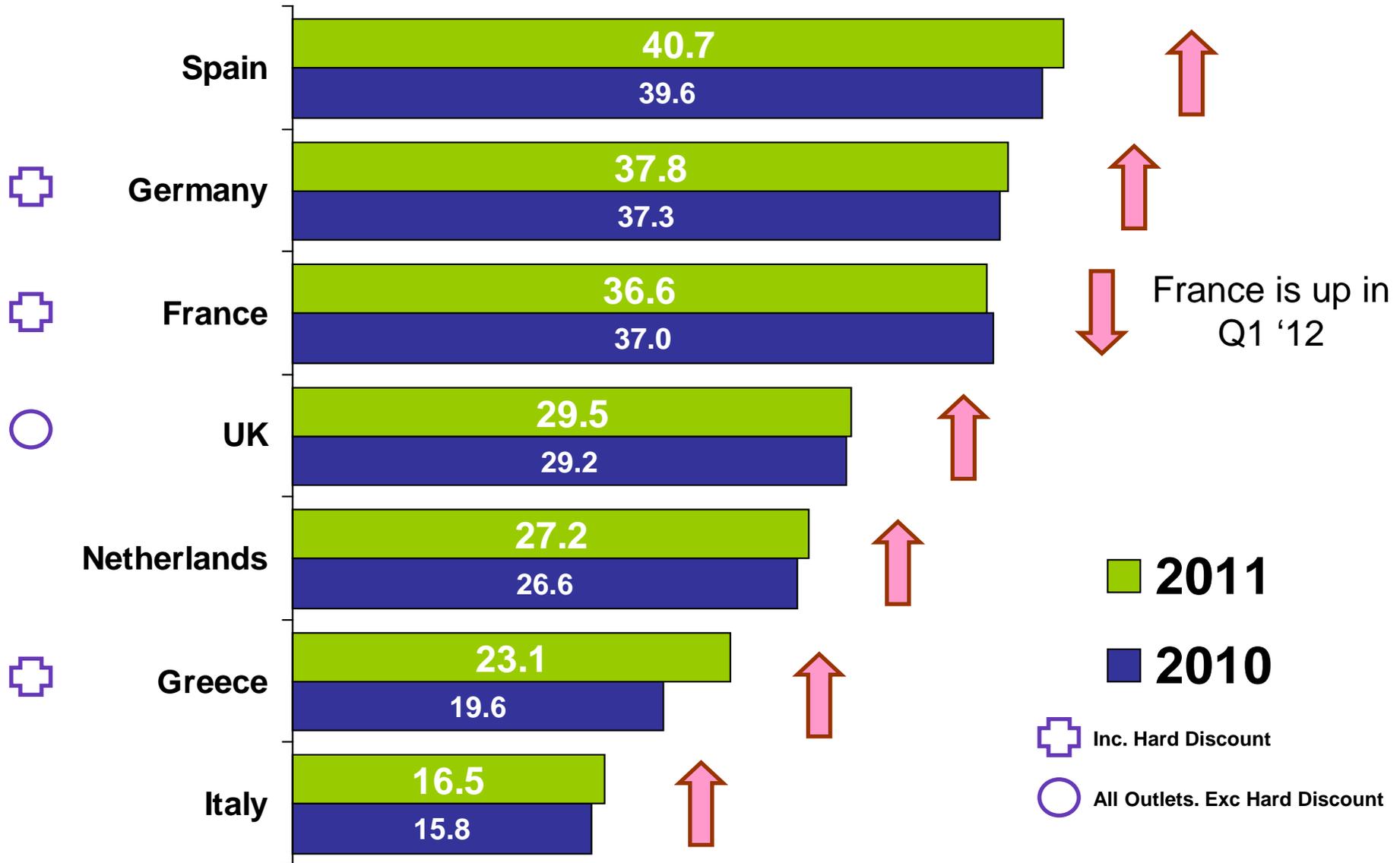
Tesco Venture Brands

- Parioli
- Chokablok
- Yoo
- Lathams
- Halo
- Naturally Powered
- Nutricat



Private Label Value Shares – Hypermarkets/Supermarkets

Growth has been seen across Europe



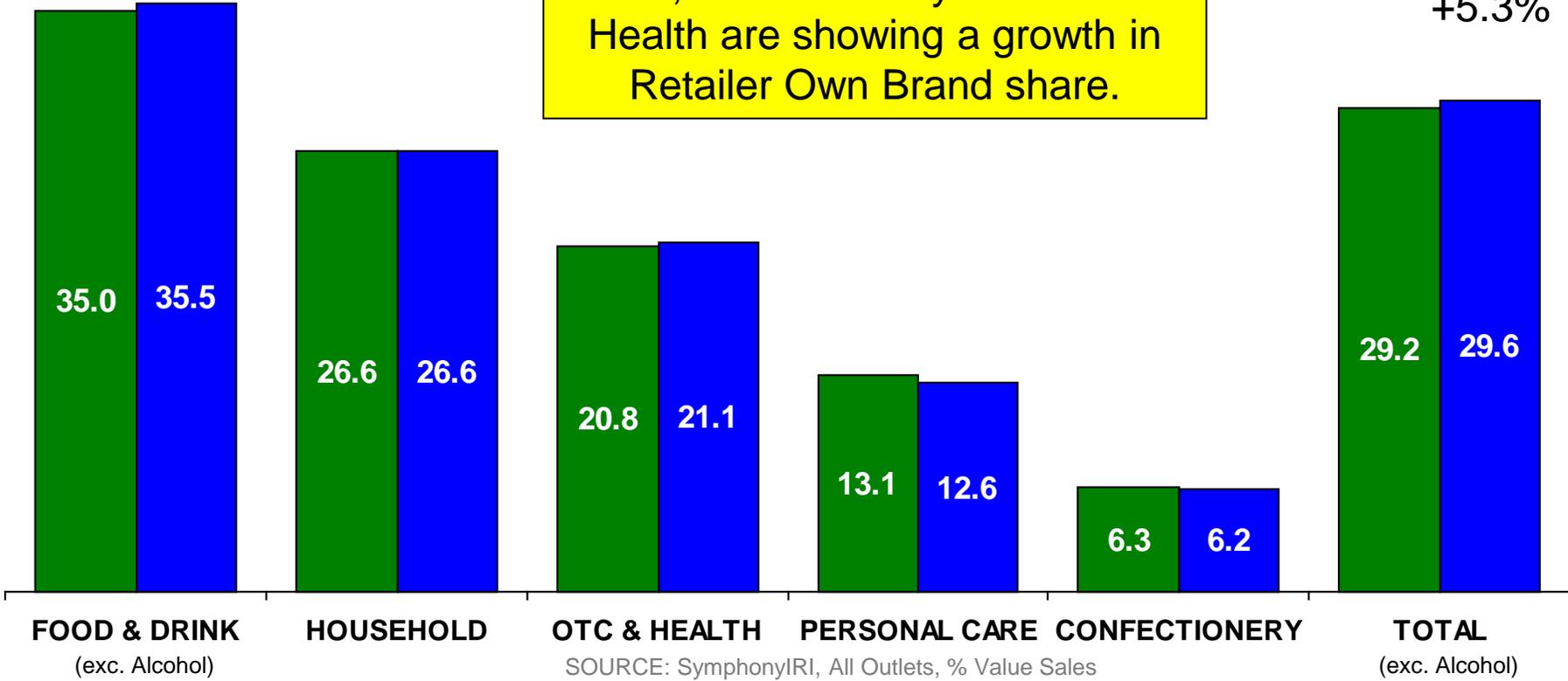
Retailer Own Brand value share is slightly up overall coming mainly from Food & Drink and OTC & Health - All Outlets

■ 52 w/e 16 Apr, 11 ■ 52 w/e 14 Apr, 12

VALUE share

Food, Confectionery and OTC & Health are showing a growth in Retailer Own Brand share.

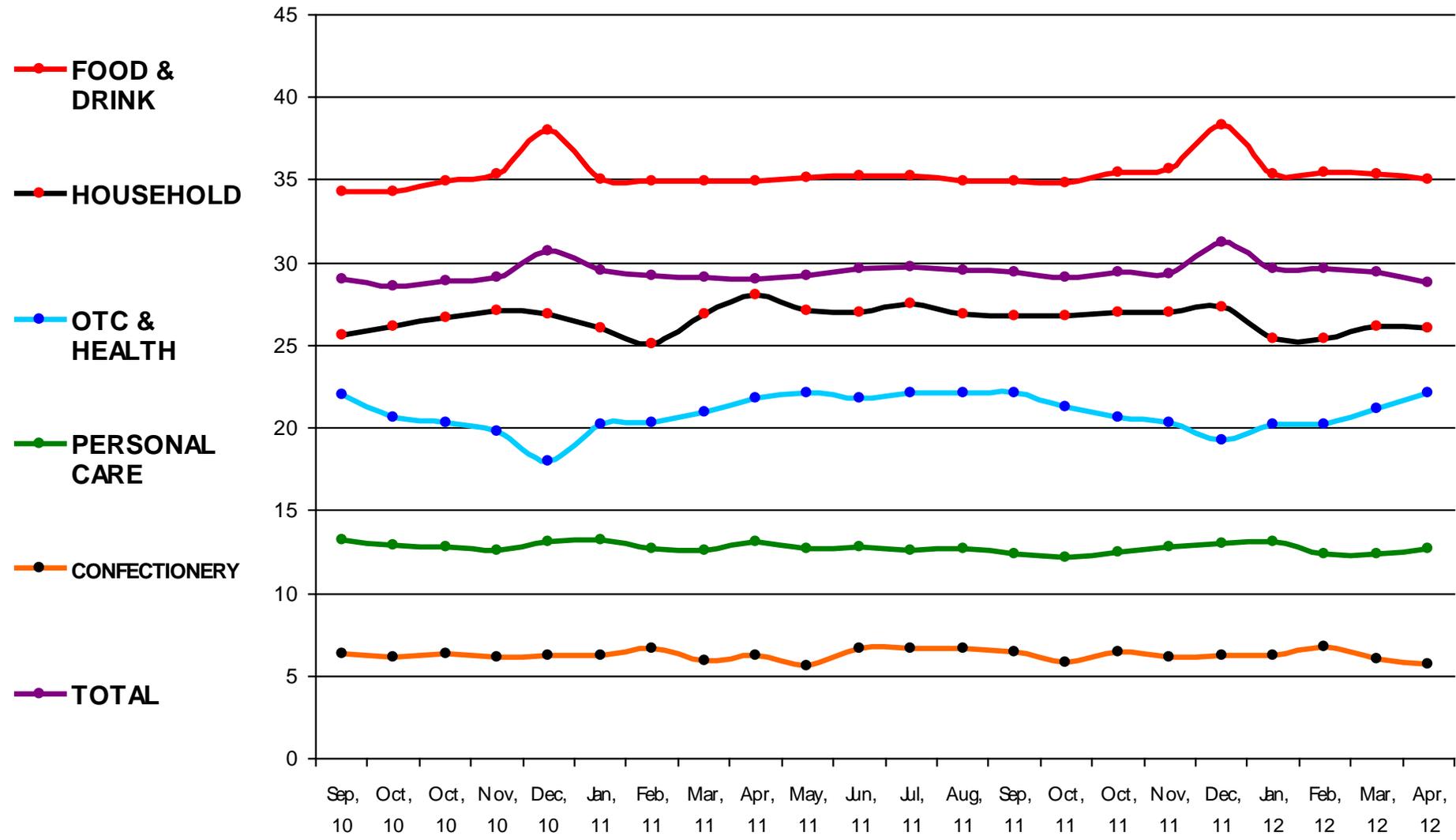
Value sales +5.3%



SOURCE: SymphonyIRI, All Outlets, % Value Sales

The brands are now growing in the OTC & Health season. It's the trend in Food & Drink and partly in Personal Care providing any growth recently.

VALUE share



SOURCE: SymphonyIRI, All Outlets, % Value Sales – 4 weekly

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Retailer Own Brand unit share is up slightly more however – All Outlets

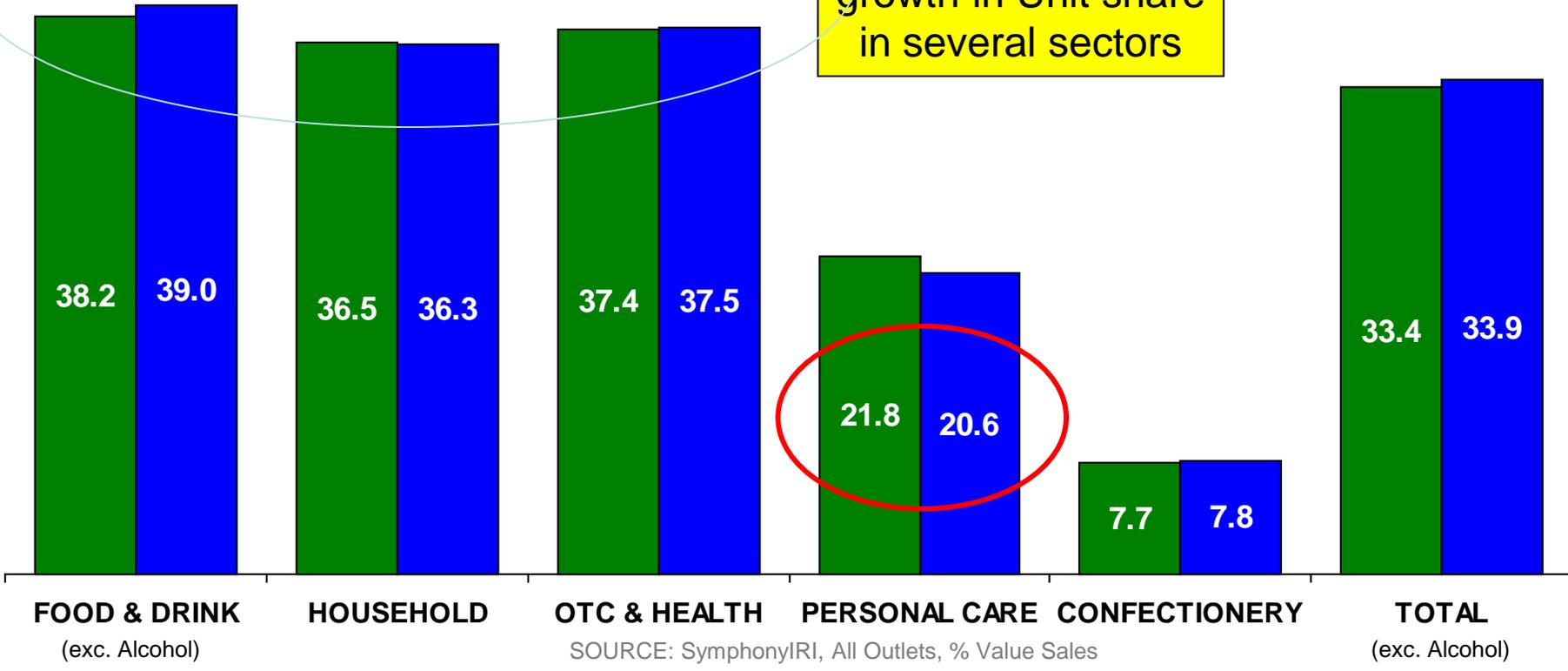
■ 52 w/e 16 Apr, 11 ■ 52 w/e 14 Apr, 12

UNIT share

These sectors have very similar unit share for Retailer Own Brand but vary hugely in Value share, caused by the difference in relative pricing levels.

There is a small growth in Unit share in several sectors

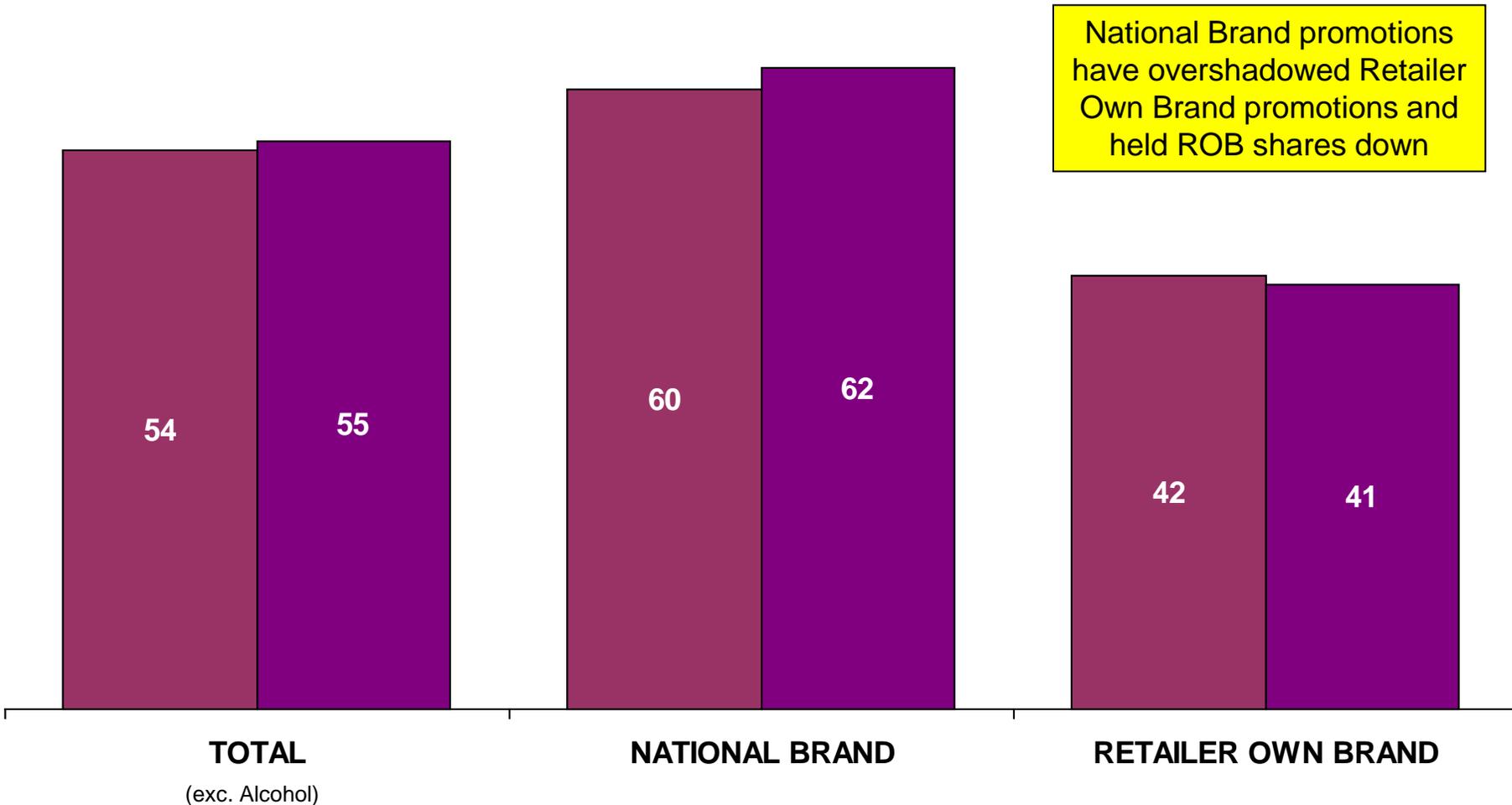
Unit sales +0.9%



SOURCE: SymphonyIRI, All Outlets, % Value Sales

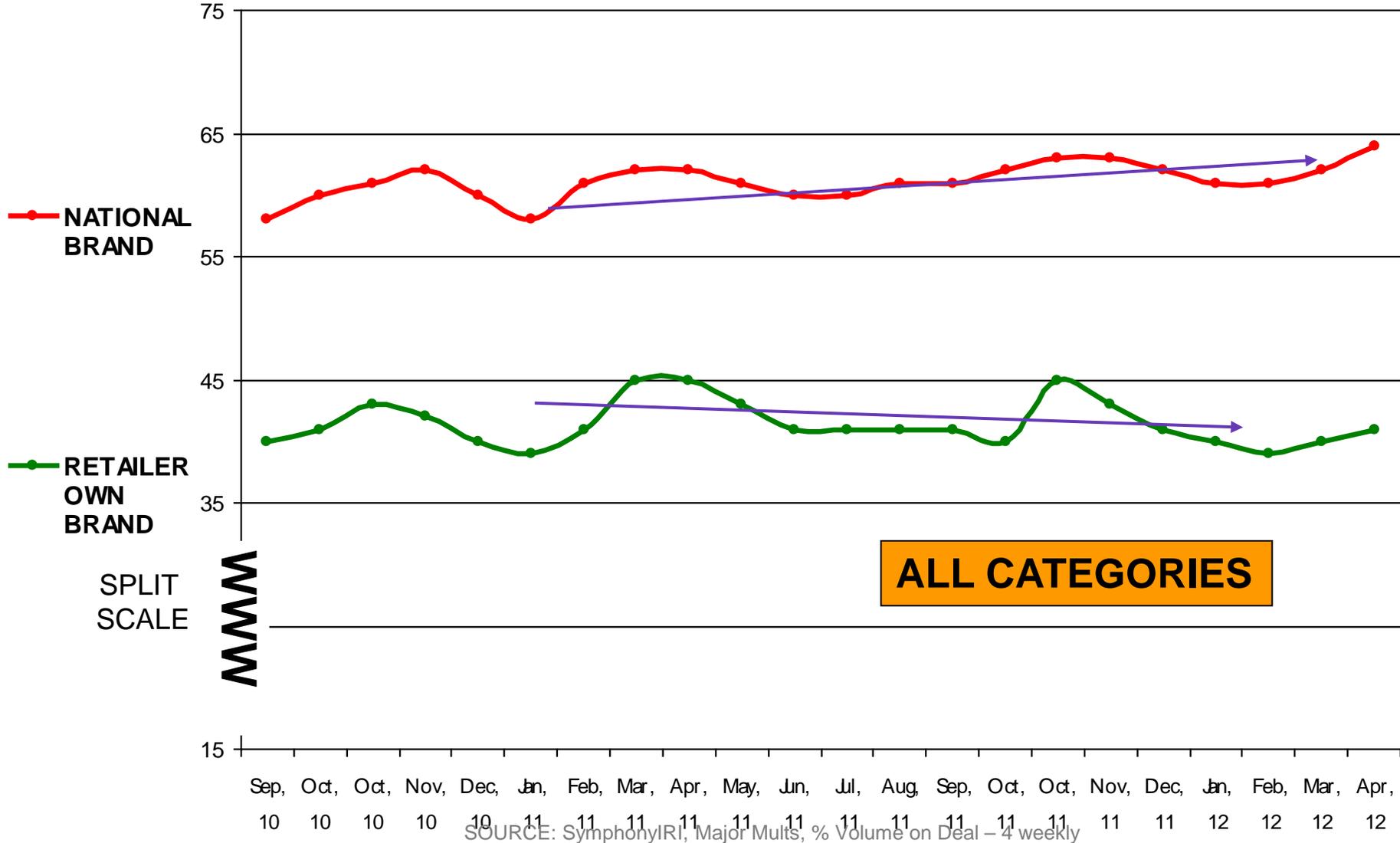
Trade Promotion Levels – National Brands are promoted more than Retailer Own Brands, Own Brand has reduced a little.

■ 52 w/e 16 Apr, 11 ■ 52 w/e 14 Apr, 12



SOURCE: SymphonyIRI, Major Mults, % VOLUME ON DEAL

Deal levels have continued to increase for National Brands whilst Retailer Own Brands are being promoted a little less.

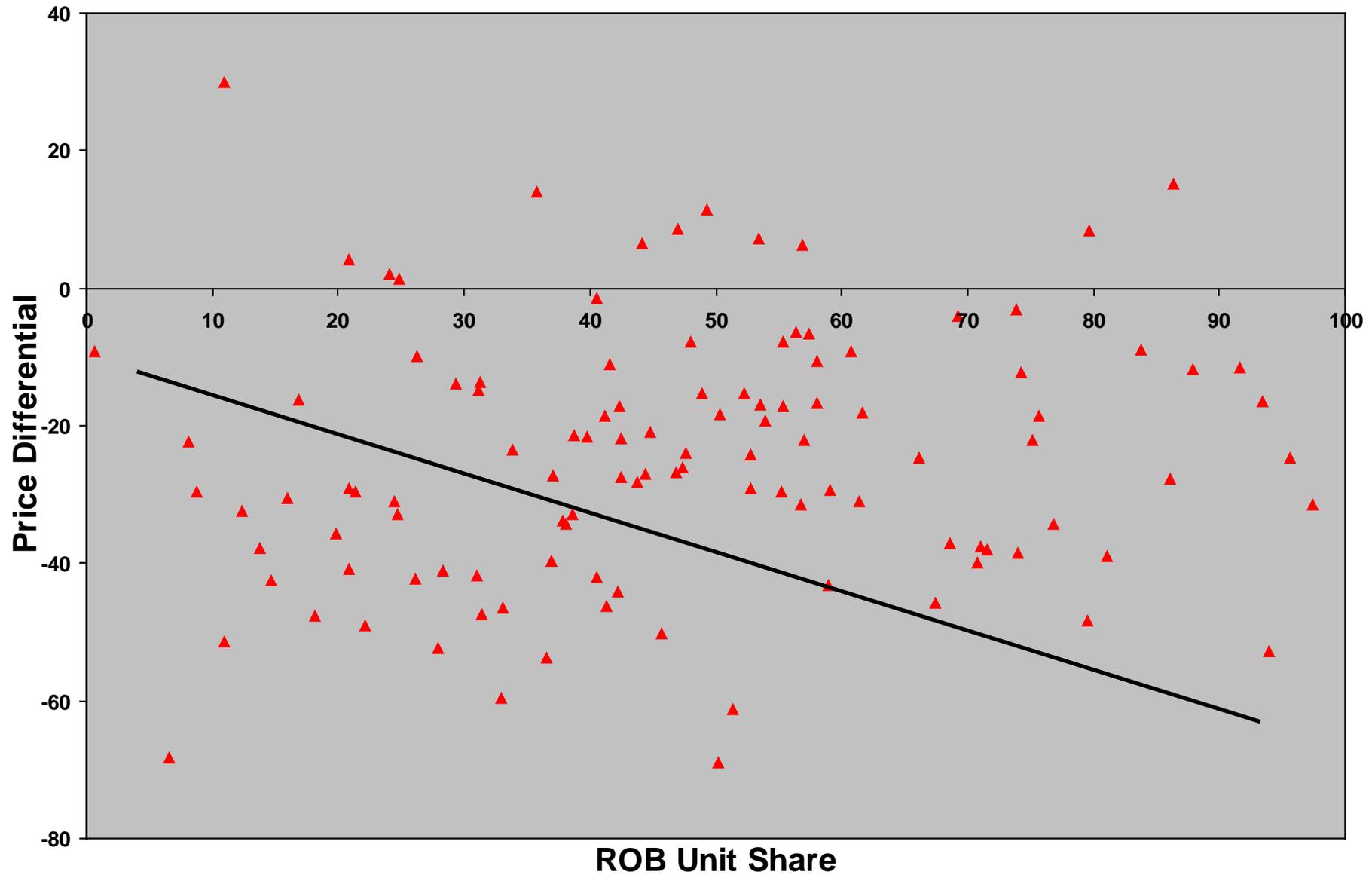


SOURCE: SymphonyIRI, Major Mults, % Volume on Deal - 4 weekly

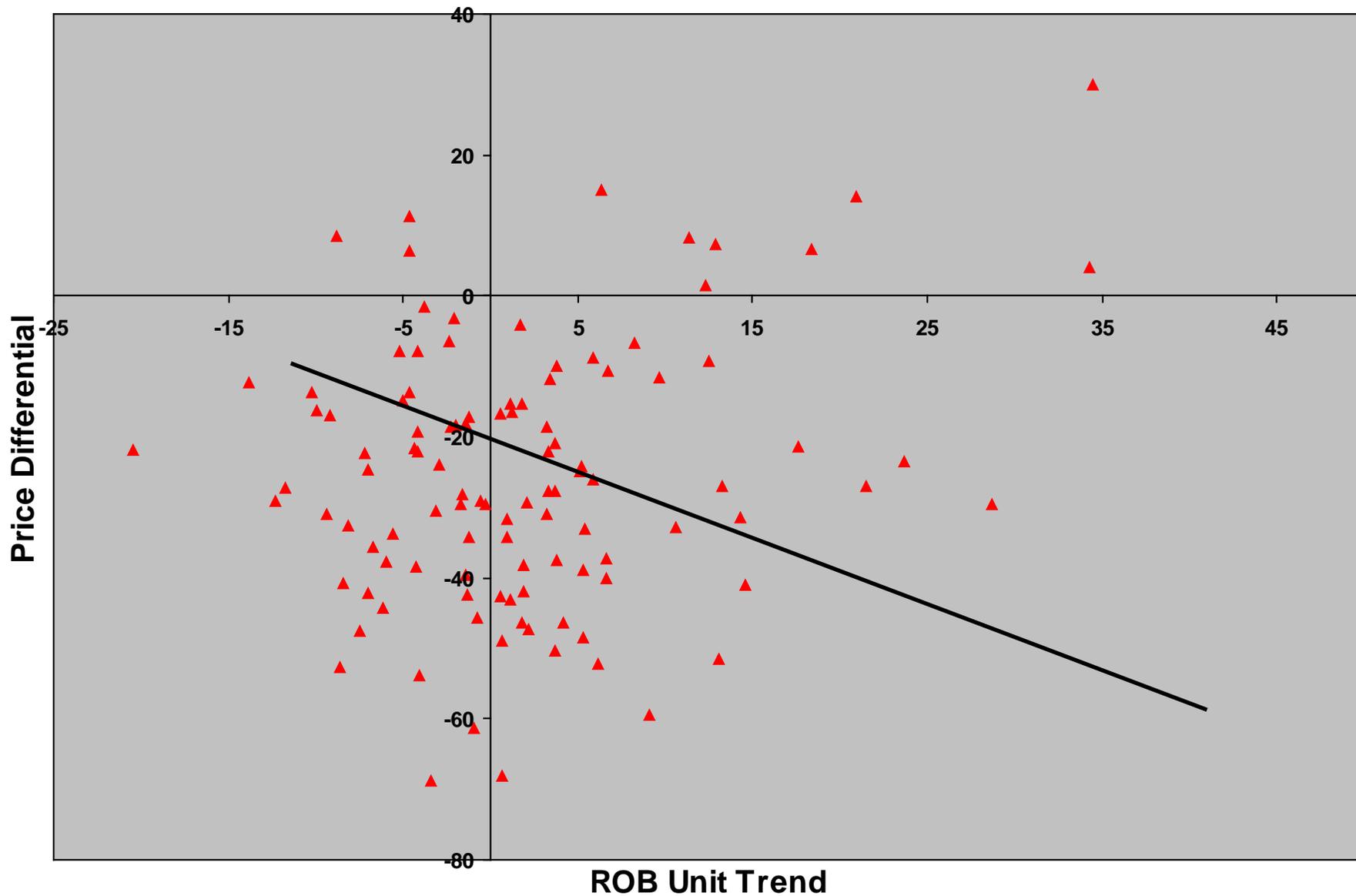
Does price drive own label choice?



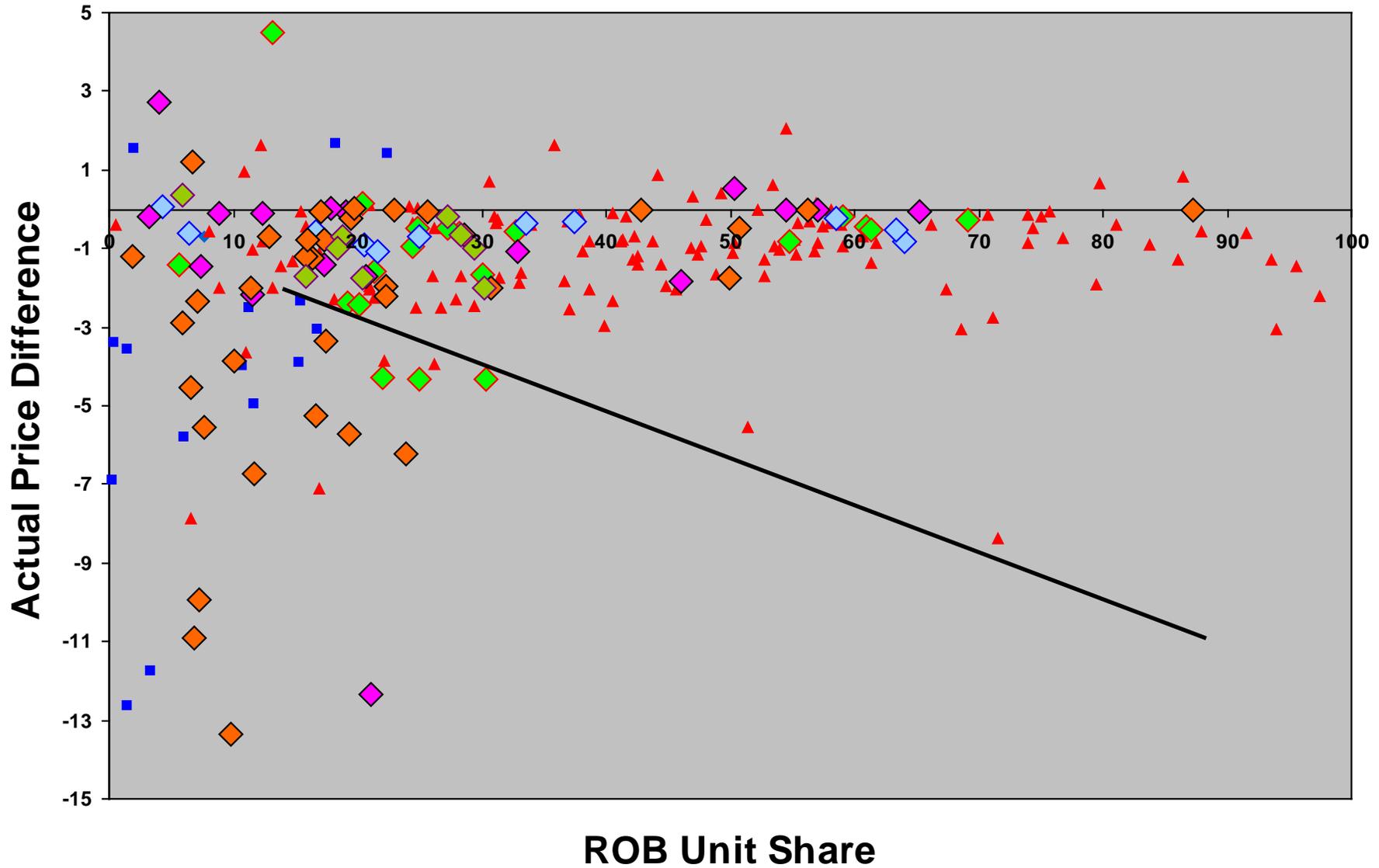
Food/Milk/Hot Drinks – Unit Share vs. Price Differential



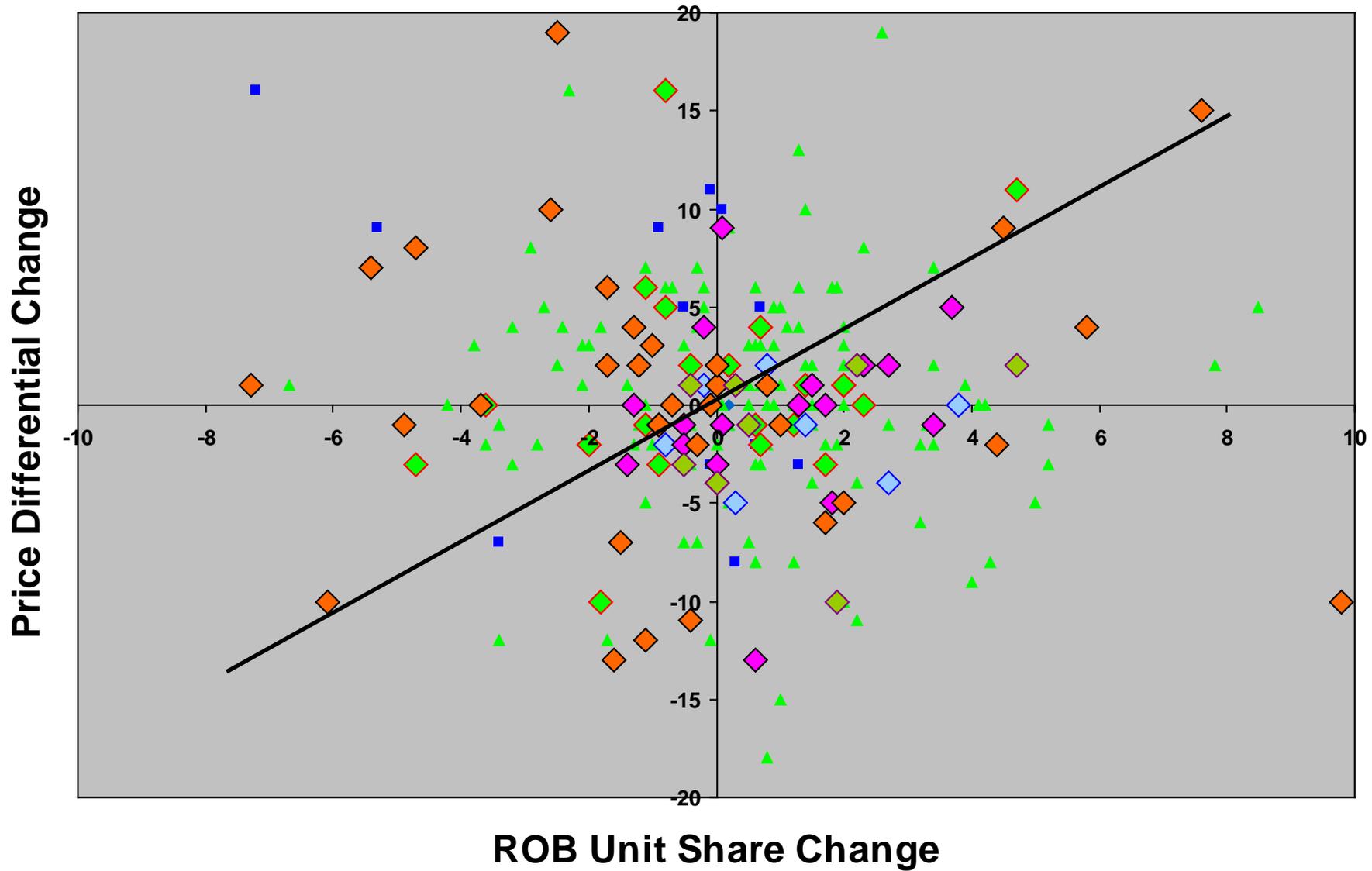
Food/Milk/Hot Drinks – Unit Trend vs. Price Differential



ROB Unit Share vs. Actual Price Difference



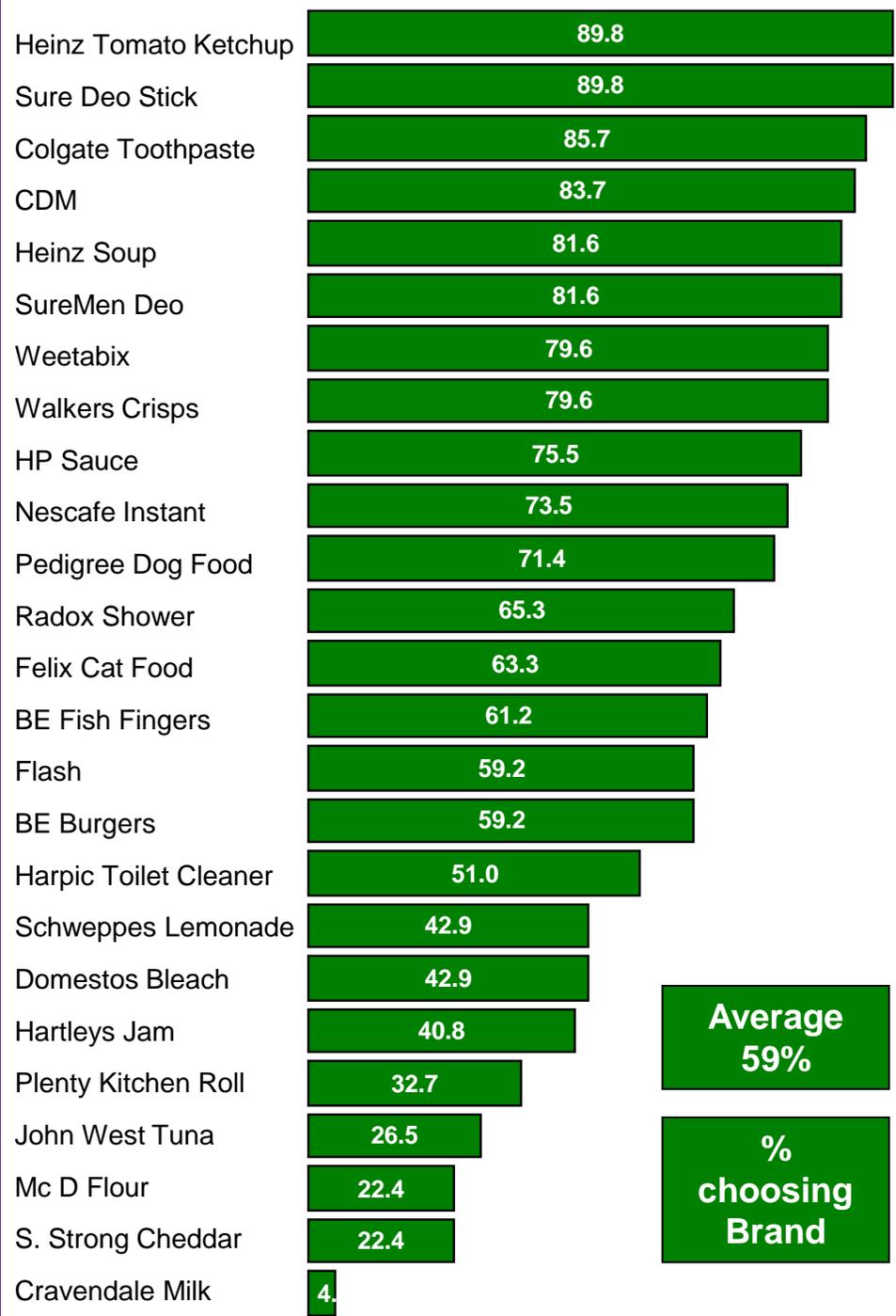
ROB Unit Share Change vs. Price Differential Change



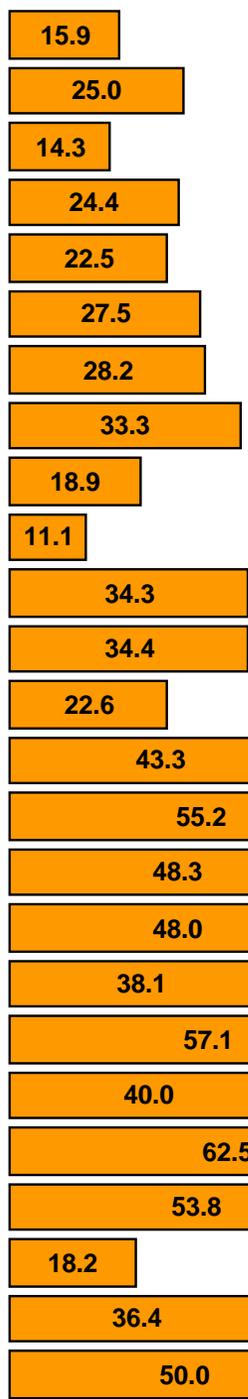
SIG
team

What did we choose?





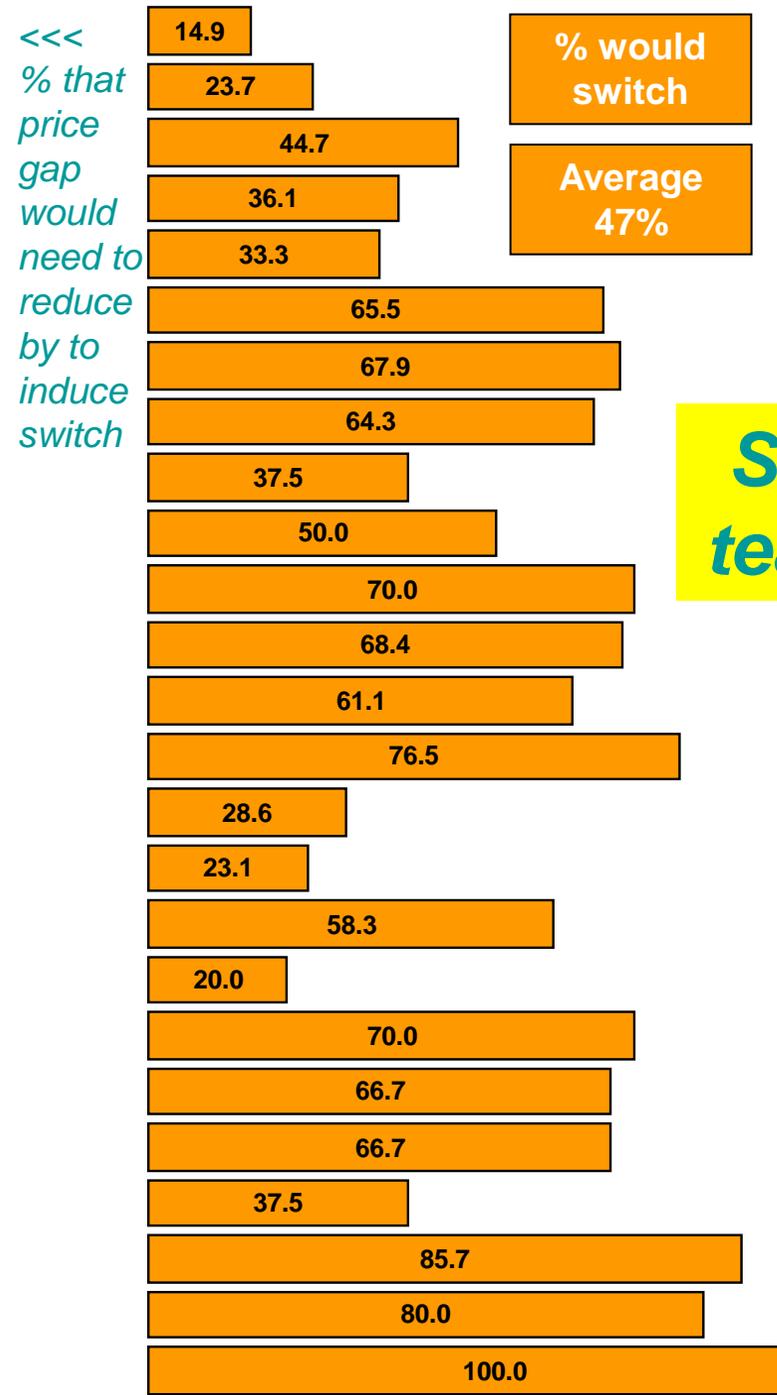
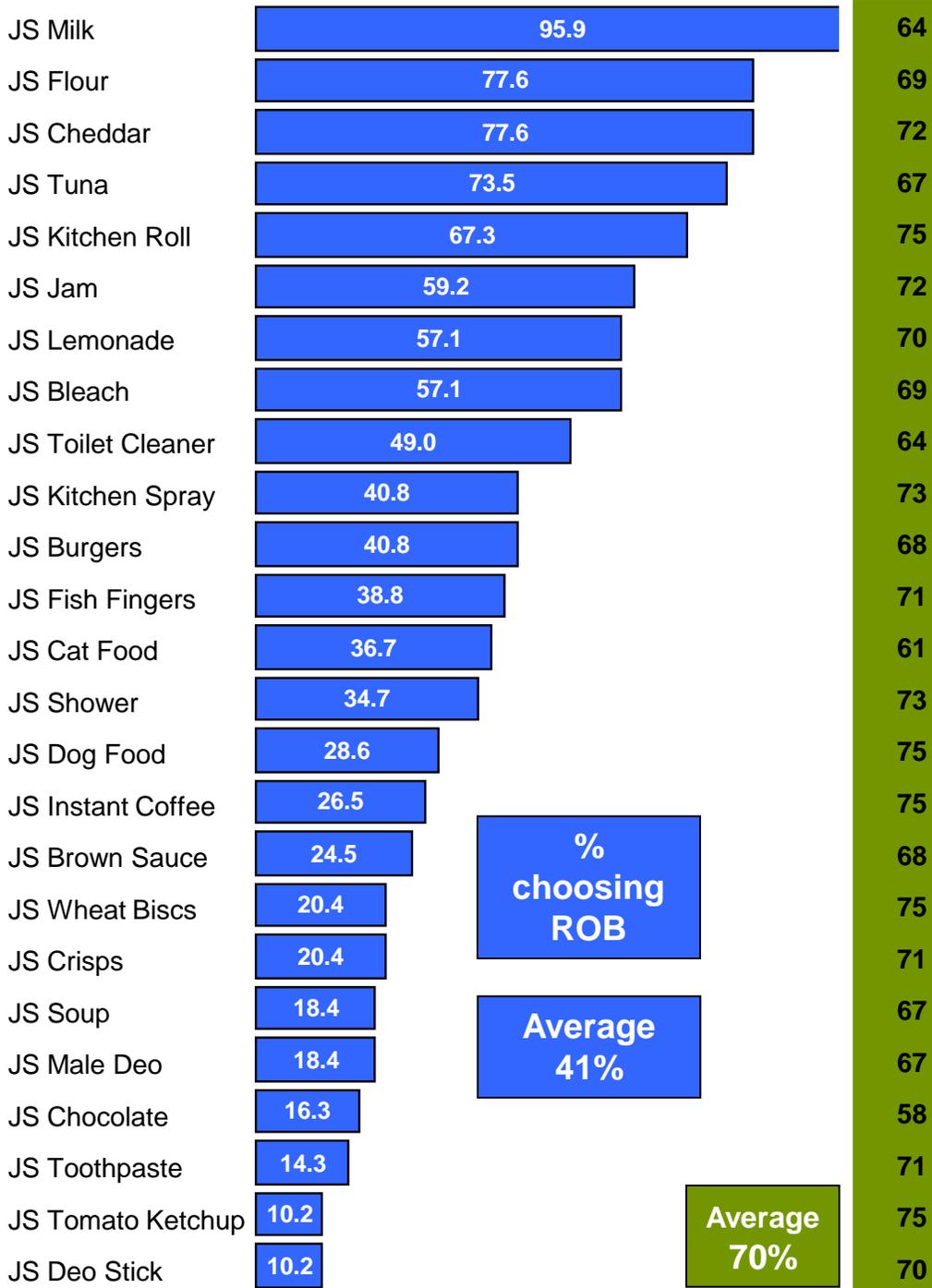
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% that price gap would need to widen by to induce switch



% would switch

Average 31%

SIG team



Key Findings

Those choosing own brand clearly felt committed to their choice. Only 30% would switch and it would take a further widening of the price gap by c.20% for them to consider it.

Having chosen own brand over national brand, with price being the key motivation, the price level that the national brand has to attain to reverse that decision has to get very close to own brand price indeed. **Almost 50% would consider the switch but the price gap has to close by 70% to induce that.**

'Snapshot' highlights

- One third of the packaged goods sector is represented by own label
- Own label is showing signs of growth after a decline in recent years
- Own label has on average, a 30% price advantage vs. national brands. However, price is not the main driver, it is much more of an emotional choice.
- Brands have been fighting back with bigger and better promotions
- The top five products that we buy as own label are: milk, ready meals, fruit juice, canned vegetables, and yoghurts and desserts

Emotional leaps ... some switches harder than others?

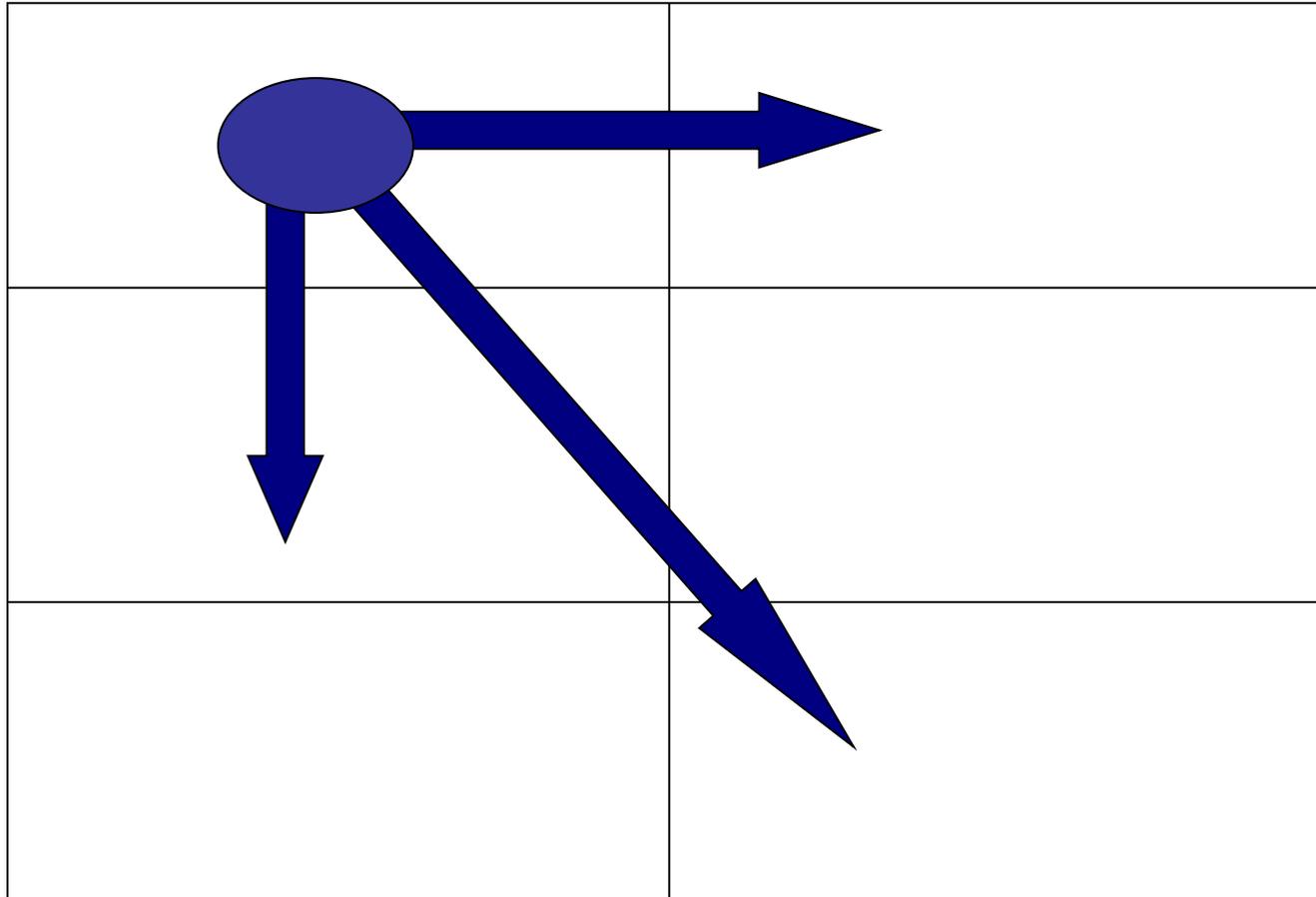
NATIONAL BRAND

OWN BRAND

PREMIUM

REGULAR

ECONOMY



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