

# IRI Pulse Report Ambient

Welcome to the Pulse H1 2015 edition for ambient. We hope you find this report useful. Please do not hesitate to contact us if you have any questions or comments at [EU.Marketing@IRIworldwide.com](mailto:EU.Marketing@IRIworldwide.com).

**H1 2015**

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## About the Report

- This ambient report is one of 10 super-category reports designed to show a high-level comparison and analysis of retail markets across major countries in Europe.
- This report contains data gathered from around Europe. Categories include:
  - Shelf stable vegetables
  - Shelf stable fruits
  - Shelf stable meat
  - Shelf stable fish
  - Sweet and savoury biscuits
  - Crisps and snacks
  - Long life milk and dairy products
  - Bread/baked products
  - Baking ingredients
  - Sweet spreads and sauces
  - Savoury spreads
  - Dry soups
  - Wet soups
  - Rice
  - Pasta and noodles
  - Shelf stable ready-meals
  - Shelf stable desserts
  - Sugars and sweeteners
  - Seasonings
  - Condiments
  - Sauces/mixes
  - Oil/vinegar
  - Dried fruits
  - Dried beans and vegetables
- This report highlights key metrics, such as total sales figures, market trends, category share, and winners and losers for Europe and for individual countries.
- The data has been sourced from IRI retail databases and Eurostat, the statistical branch of administration for the European Commission.
- The countries included in the report are: France, Germany, Italy, the Netherlands, Spain, and the United Kingdom (UK).
- The market channels used for each country in this report are as follows:

Country	Channels used
UK	Hypermarkets, supermarkets, drugstores and impulse outlets
ES	Hypermarkets, supermarkets, hard discounters and drugstores, including the Canary Islands
DE	Hypermarkets, supermarkets, hard discounters and drugstores
NL	Hypermarkets, supermarkets, hard discounters and drugstores
IT	Hypermarkets, supermarkets, small self-service, hard discounters and drugstores
FR	Hypermarkets and supermarkets

- For analytical purposes, the data sourced from available retail databases has been consolidated to provide consistent results. However, for some countries, it has not been possible to source data pertaining to certain categories. When this is the case, it is documented in the 'Notes' section found at the end of the report.

## On the Radar

We see early signs of economic recovery in many European countries, though consumers remain price sensitive in ambient categories. Private label and promotional activities are major growth drivers. Convenience continues to emerge as a cross-country trend.

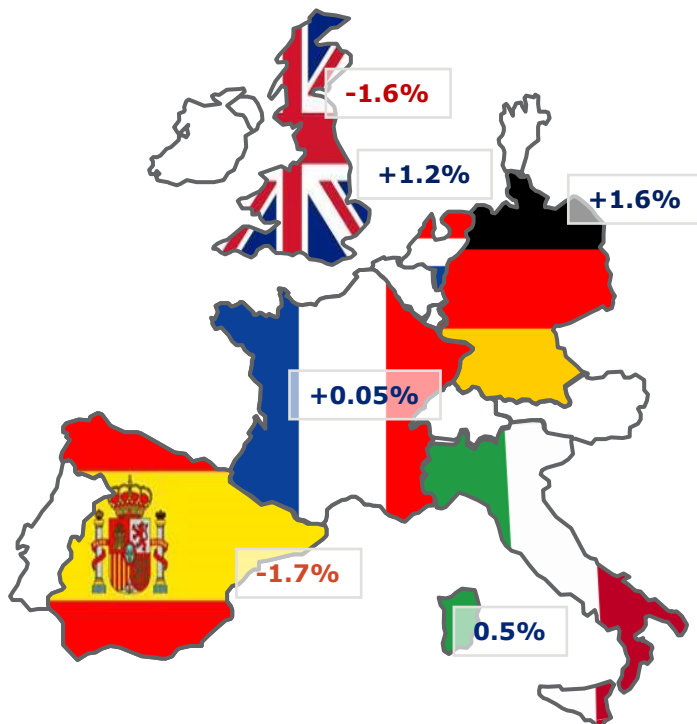
### ECONOMIC FIGURES INFLUENCING CONSUMER BEHAVIOUR

	POPULATION IN MILLIONS		UNEMPLOYMENT (%)		AVERAGE 12 MONTH INFLATION RATES		GDP IN MILLIONS (€)	
	Jan. 2014	Jan. 2015	Avg. 2014	Jun. 2015	Avg. 2014	Jun. 2015	2013	2014
France	65.8	66.3	10.3	10.2	+0.7	+0.2	2 116 565	2 132 449
Germany	80.7	81.1	5.0	4.7	+0.9	+0.4	2 820 820	2 915 650
Italy	60.7	60.7	12.7	12.7	+0.3	+0.0	1 609 462	1 616 253
Netherlands	16.8	16.9	7.4	7.0	+0.5	+0.1	650 857	662 770
Spain	46.5	46.4	24.5	26.6	+0.0	-0.6	1 049 181	1 058 469
United Kingdom	64.3	64.7	6.1	5.6	+1.7	+0.6	2 017 193	2 222 912

Source: Eurostat, June 2015

# GLOBAL TRENDS

## TOTAL AMBIENT VALUE SALES AND % CHANGE VERSUS PRIOR YEAR

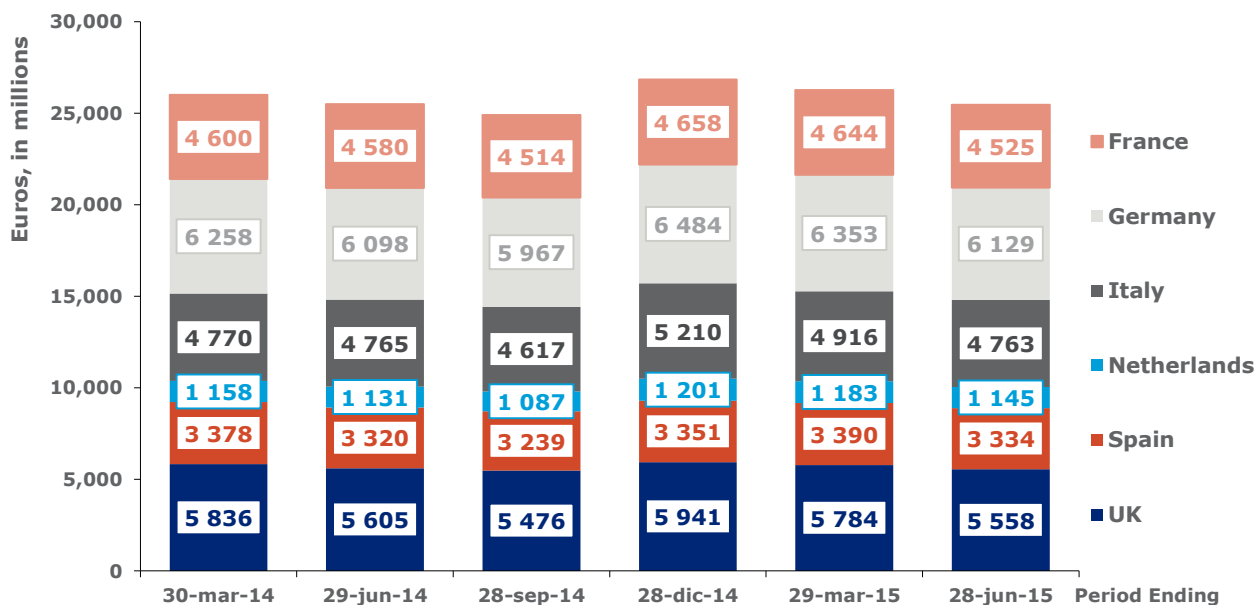


VALUE SALES IN MILLIONS (€)	
Total EU	10 3467
DE	24 933
UK	22 759*
IT	19 506
FR	18 341
ES	13 313
NL	4 616

\*based on an exchange rate of €1.27 to the pound

**TOTAL EUROPE -0.1%**

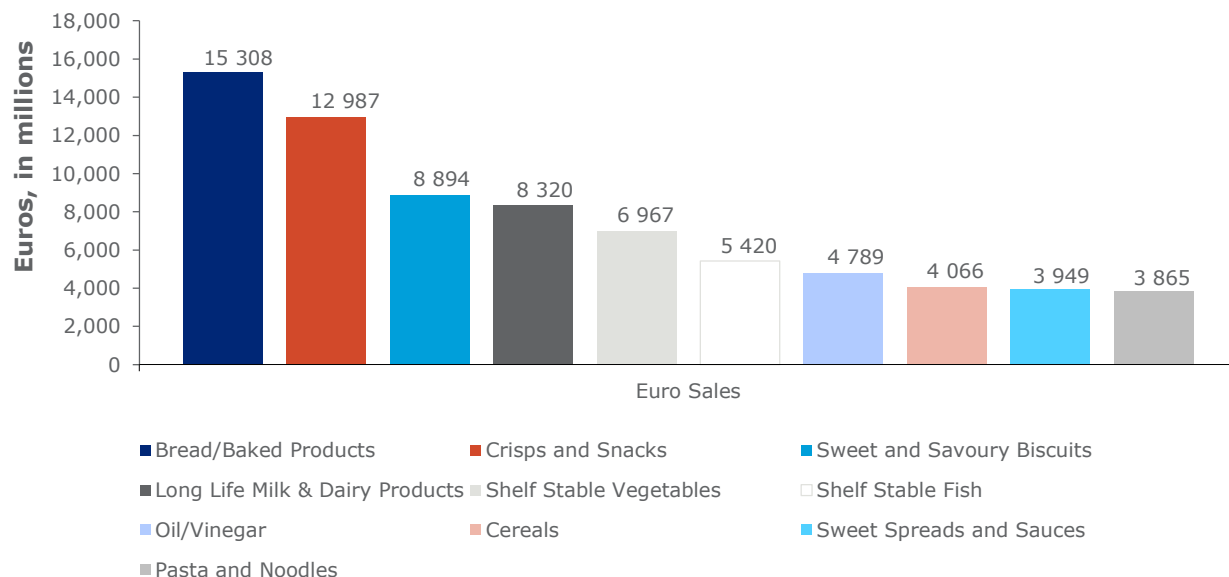
## TOTAL AMBIENT VALUE SALES FOR THE LAST SIX QUARTERS



Source: IRI retail databases; period ending 28 June 2015

## CATEGORY VALUE SALES IN THE LAST YEAR

TOP 10



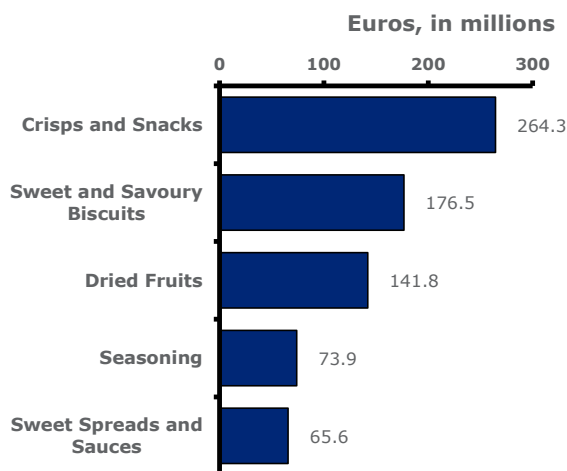
SHARE OF VALUE IN THE YEAR	
Bread/Baked Products	14.8%
Crisps and Snacks	12.6%
Sweet and Savoury Biscuits	8.6%
Long Life Milk & Dairy Products	8.0%
Shelf Stable Vegetables	6.7%
Shelf Stable Fish	5.2%
Oil/Vinegar	4.6%
Cereals	3.9%
Sweet Spreads and Sauces	3.8%
Pasta and Noodles	3.7%
Sauces/Mixes	3.7%
Baking Ingredients	3.5%
Condiments	2.6%
Shelf Stable Ready Meals	2.5%
Seasoning	2.3%
Wet Soups	2.3%

### KEY TRENDS

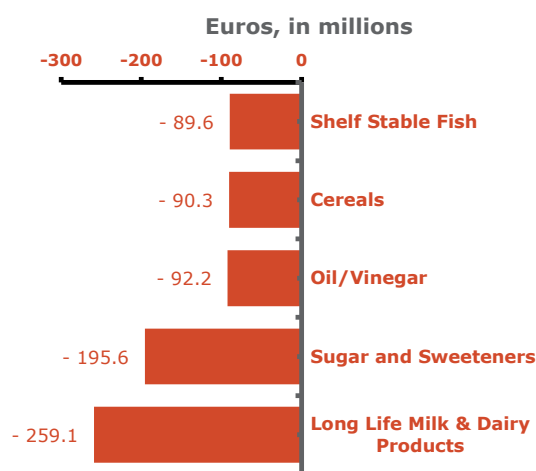
- The ambient category is almost stable, -0.1%, in value sales across Europe, for the first half of the year. The slight decline was mainly driven by UK, Italian and Spanish markets. The German, French and Dutch ambient category has grown during the same period.
- Declines are mainly driven by lower prices and an increase in promotional activities.
- In Germany and the Netherlands, value growth in ambient is boosted by higher prices.

Europe includes: France, Germany, Italy, the Netherlands, Spain and the United Kingdom  
 Source: IRI retail databases; period ending 28 June 2015

## TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)

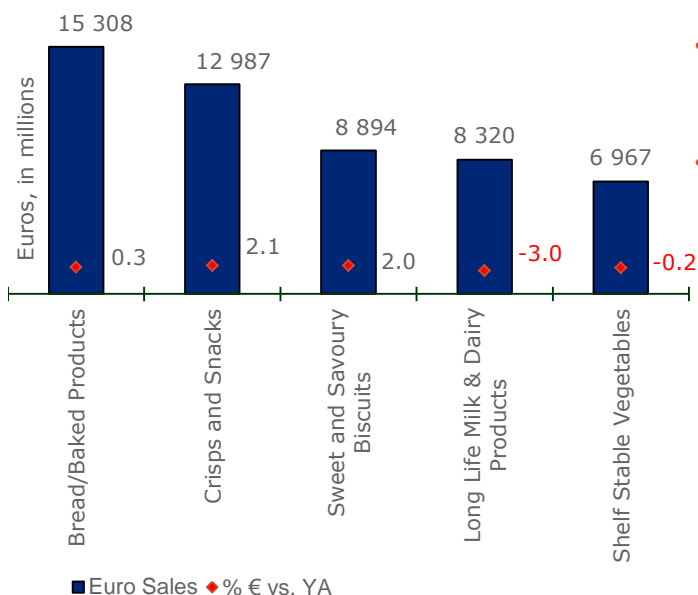


## TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



## CATEGORY INSIGHTS

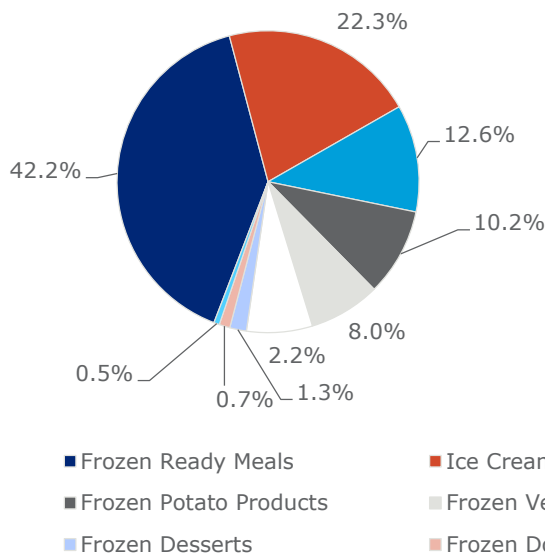
- Crisps and snacks continues to be the fastest growing ambient segment, as it has been for successive quarters. Germany, France, the Netherlands and the UK are the main contributors to the growth of crisps and snacks.
- The growth for sweet & savoury biscuits is mainly supported by growth within Germany and the UK.
- The decline in long life milk across Europe came after several periods of growth. The only countries seeing growth in these sectors are dairy countries, the UK and the Netherlands.

Europe includes: France, Germany, Italy, the Netherlands, Spain and the United Kingdom  
 Source: IRI retail databases; period ending 28 June 2015

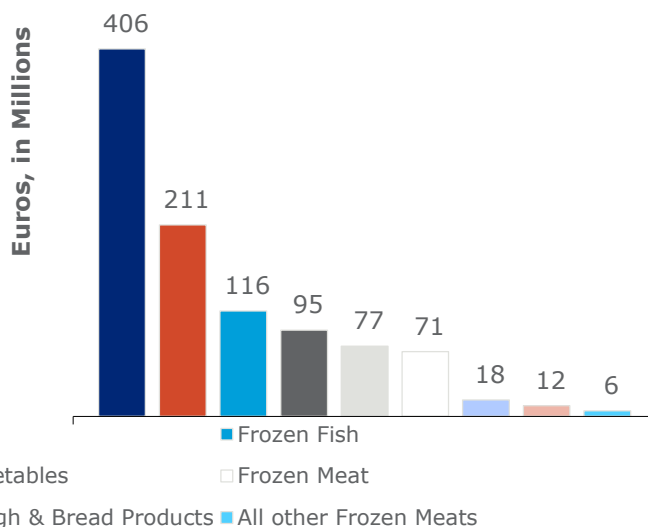


# The Netherlands

## CATEGORY SHARE OF VALUE IN THE LAST YEAR

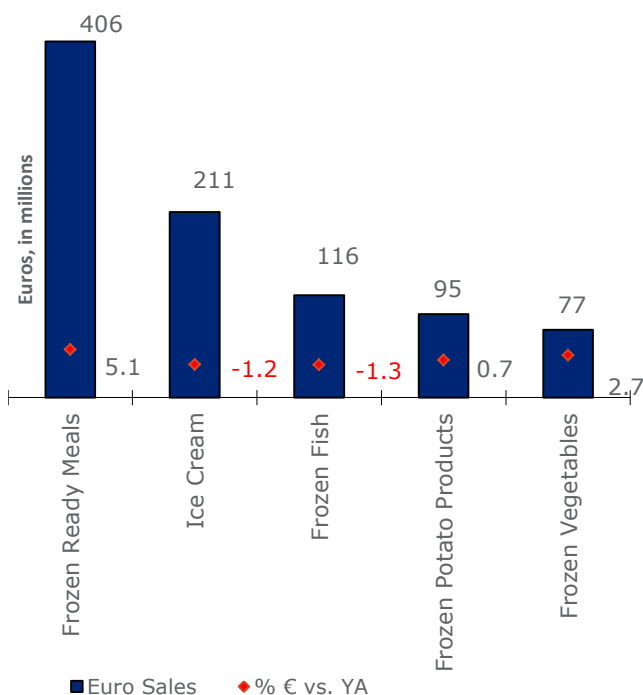


## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



## KEY TRENDS

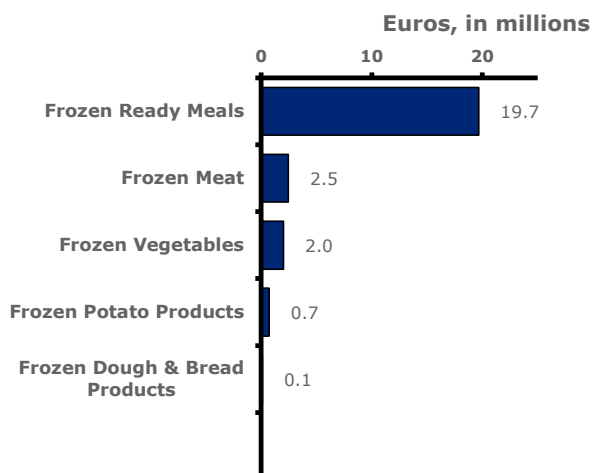
- Annual trends for frozen foods in the Netherlands show value growth (+1.3%). Frozen food this quarter compared to the same period in 2014 is slightly under pressure, due to declining sales on ice cream.
- In volume terms, the total category is performing below performance last year (-2.0%).
- In volume terms, the largest growth came from frozen vegetables. Frozen fish volume sales are declining versus a year ago (-3.8%).
- Supermarkets account for most of the frozen food growth (+2.5%), whereas sales within discounters fell by 0.3% versus a year ago, driven by meat and potato products.

Source: IRI retail databases; period ending 28 June 2015

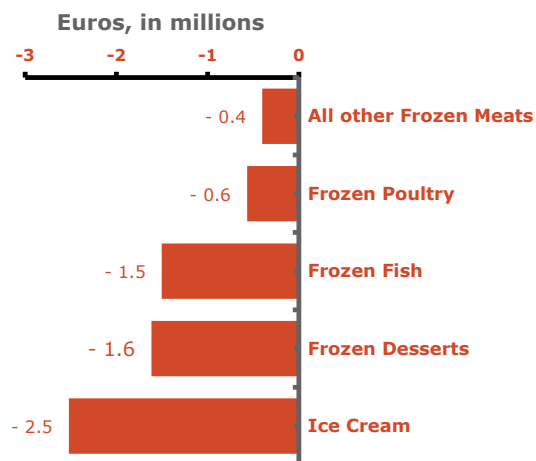


# The Netherlands

## TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



## TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### CATEGORY INSIGHTS

- The top winning categories value a growth of €25.0 million versus last year moving annual total (MAT).
- The top losing categories lost €6.6million versus last year moving annual total (MAT).
- Frozen ready-meals has performed well mainly due to the growth of meat snacks (+3.4% versus a year ago). Value sales in Q2 2015 are growing even stronger versus Q1 2015 (+6.4%). Also easy/quick meal solutions such as pizza had a high performance (+3.3% versus a year ago).

Source: IRI retail databases; period ending 28 June 2015

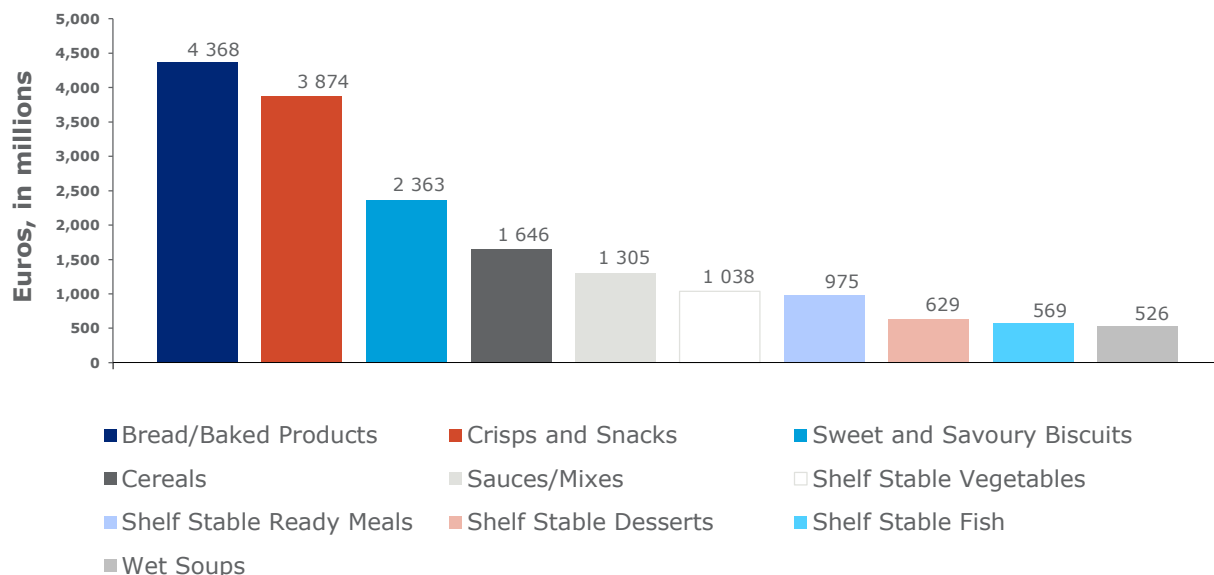




# The United Kingdom

## CATEGORY VALUE SALES IN THE LAST YEAR

TOP 10



SHARE OF VALUE IN THE YEAR	
Crisps and Snacks	15.7%
Sweet and Savoury Biscuits	14.6%
Sauces/Mixes	8.8%
Bread/Baked Products	7.9%
Long Life Milk & Dairy Products	7.4%
Shelf Stable Vegetables	7.2%
Sweet Spreads and Sauces	6.9%
Seasoning	3.6%
Wet Soups	3.5%
Shelf Stable Meat	3.3%
Cereals	3.2%
Pasta and Noodles	2.4%
Shelf Stable Ready Meals	2.2%
Oil/Vinegar	2.1%
Baking Ingredients	1.8%
Dry Soups	1.7%

### KEY TRENDS

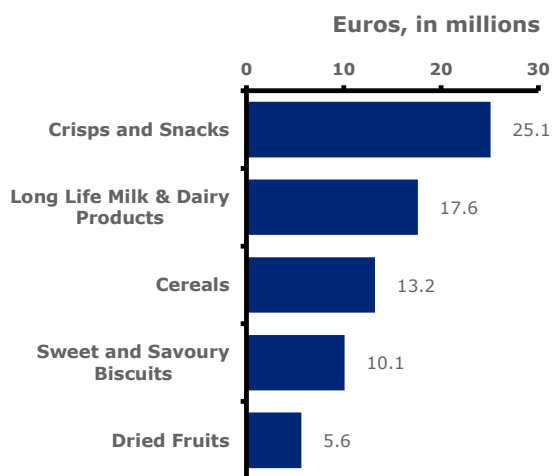
- In the UK, strong growth from discounters (not included in the IRI universe) is increasing competitive pressure for major retailers, who are reacting with lower prices to stave off loss of footfall to discounters.
- Wet weather in May helped to drive growth of ambient food, but prices remain down year on year. Deepening price cuts in ambient food since the start of 2015 have improved the volume trend, but not enough to offset the impact of price declines.
- In ambient food, deal levels have been falling since January. In May/June give-away dropped off to the lowest level since January.
- Private label share in ambient food dropped slightly during the year, from 25.3% to 24.8%, with this trend affecting most ambient food categories. Only cooking sauces and sugar/sweeteners have seen an increase in private label share, as retailers extend their private label ranges.

Source: IRI retail databases; period ending 28 June 2015

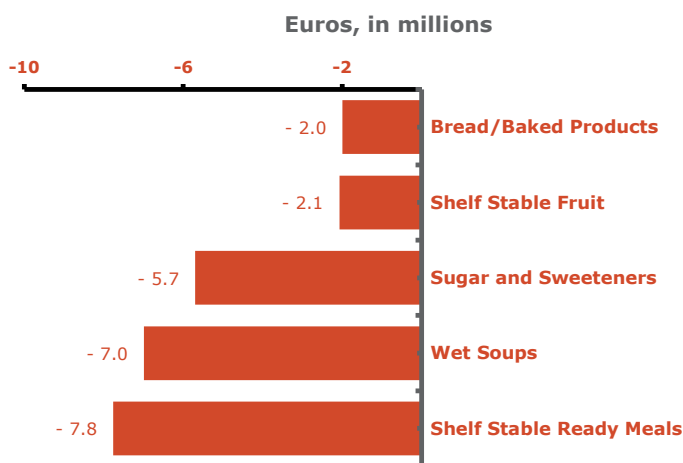


# The United Kingdom

## TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)

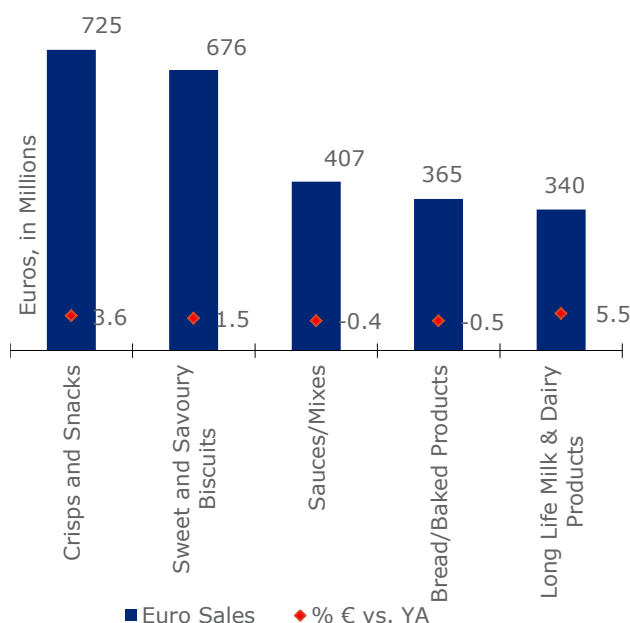


## TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



## CATEGORY INSIGHTS

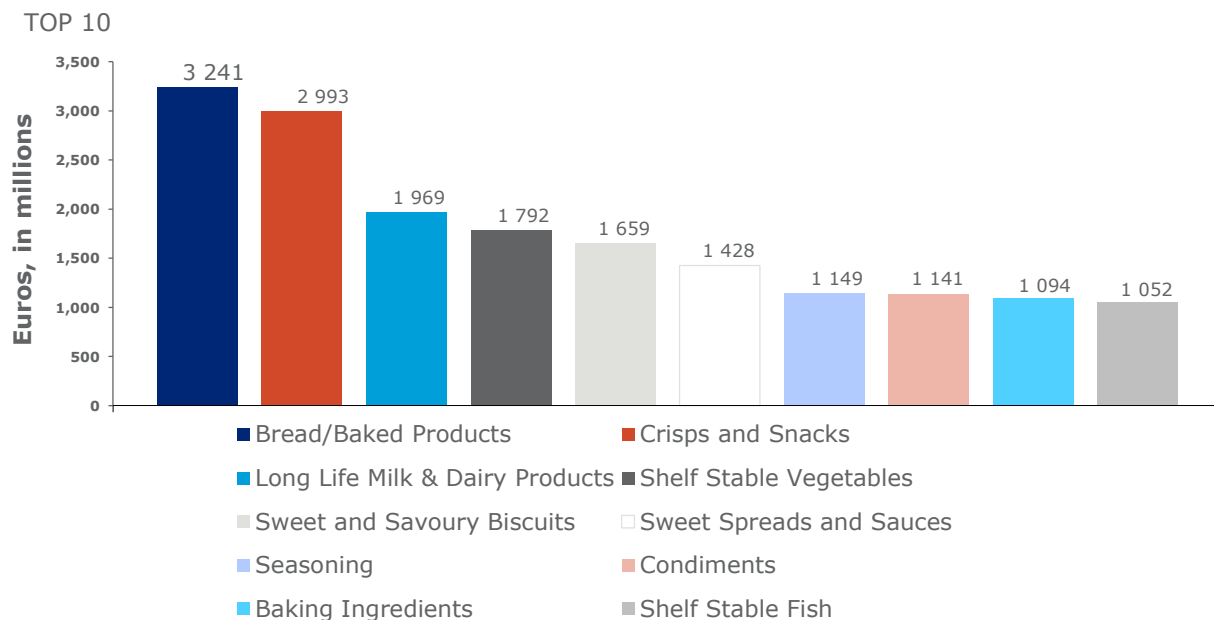
- The swing in trade towards convenience has favoured impulsive categories, such as sweet and savoury biscuits and crisps and snacks. Increased promotional activity and feature in-store across major retailers have also helped drive sales for these categories.
- Conversely, bread and bakery and wet soup are seeing a decline in value and volume sales due to reduced promotional activity at deeper discounts.
- The sugar and sweeteners category is becoming more commoditised, with lower levels of promotional activity, but more aggressive price cuts and a move towards private label.
- Price and promotions are currently the main levers being used by retailers to compete with discounters and convenience outlets. Retailers and manufacturers could consider other ways of driving profitable growth, such as looking at differentiated ranges, innovation and the growth of added-value service in the store.

Source: IRI retail databases; period ending 28 June 2015



# Germany

## CATEGORY VALUE SALES IN THE LAST YEAR



### KEY TRENDS

- In Germany, the total ambient sector outpaced average Europe growth (+1.6%; € +369.3 Million), boosted by increased average price (+1.7%) which offset the slight decline in volume sales (-0.1%).
- Growth was driven by promotional activity. In terms of value, sales supported by promotions grew 9.6% (€ +340.6 Million), while volume on promotion volume grew 22.3%. Base sales volume registered a decline of 0.1%.
- National brands performed well (+2.4%; € +323.2 Million), leading to positive value development and volume gains of 0.2%. Private label incurred slight volume losses (-0.3%) and had marginal value growth (+0.4%; € +46.0 Million).
- Private label holds about 43% value share in the total ambient market, down 0.5 points versus year ago.
- Ambient showed positive development across all channels except for hard discounters (-1.7%; € -107.5 Million). Positive value development was mainly driven by hypermarkets (+3.6%; € +375.6 Million). Hypermarkets contributed most of the gain.
- The crisps and snacks sector was the strongest performing ambient sector in Germany during this latest period, followed by bread/ baked products.

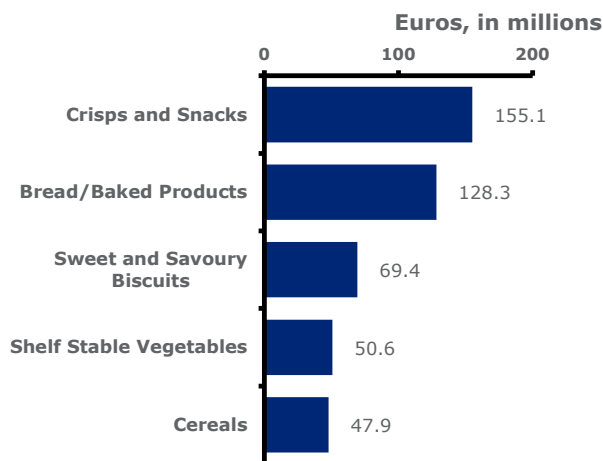
SHARE OF VALUE IN THE YEAR	
Bread/Baked Products	13.0%
Crisps and Snacks	12.0%
Long Life Milk & Dairy Products	7.9%
Shelf Stable Vegetables	7.2%
Sweet and Savoury Biscuits	6.7%
Sweet Spreads and Sauces	5.7%
Seasoning	4.6%
Condiments	4.6%
Baking Ingredients	4.4%
Shelf Stable Fish	4.2%
Oil/Vinegar	4.1%
Sauces/Mixes	3.9%
Wet Soups	3.5%
Pasta and Noodles	3.4%
Cereals	3.4%
Shelf Stable Fruit	2.3%

Source: IRI retail databases; period ending 28 June 2015

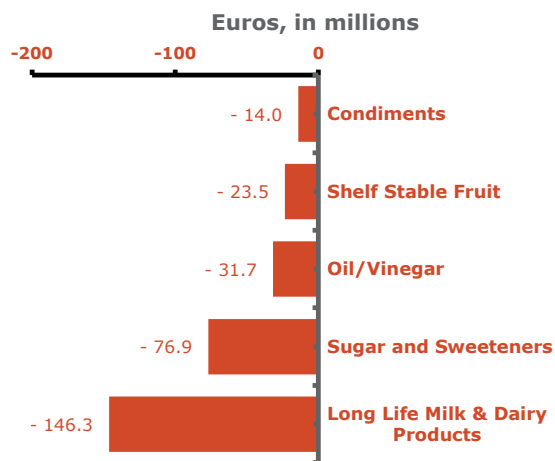


# Germany

## TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)

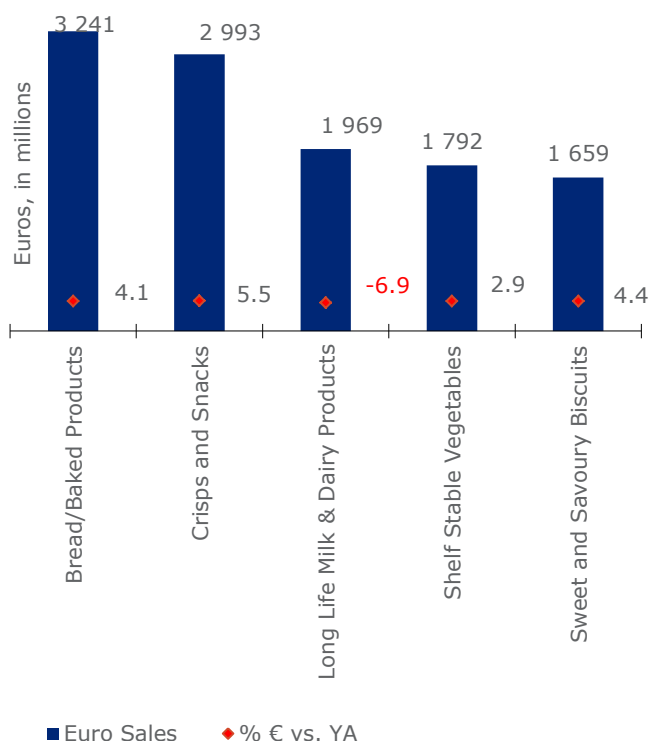


## TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago

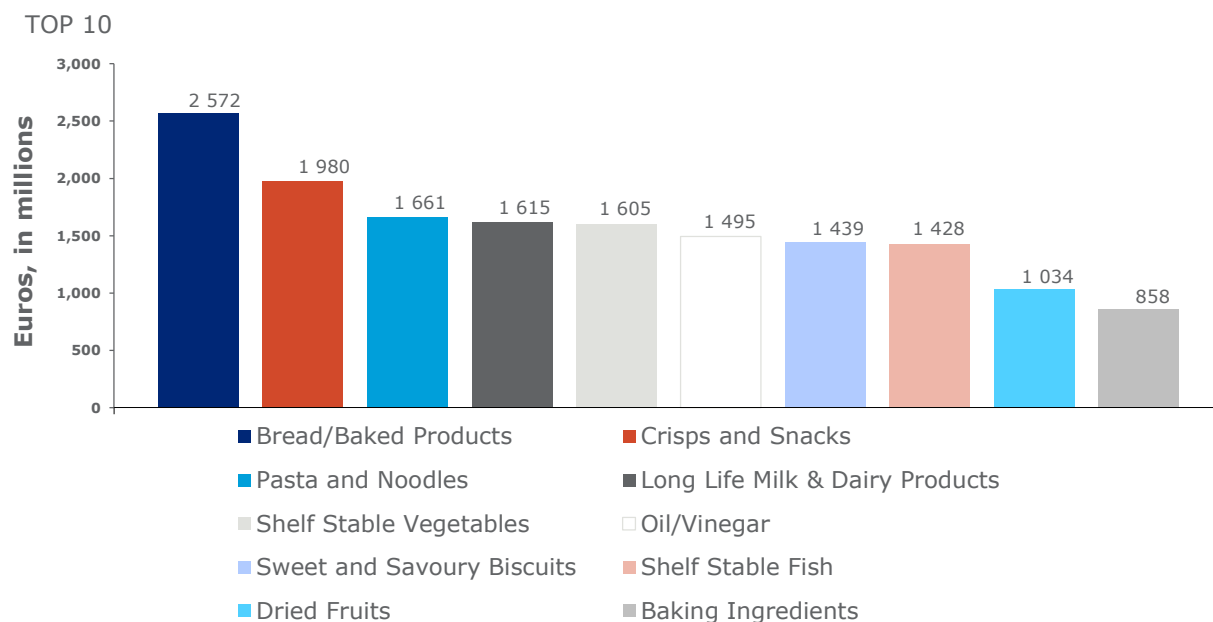


## CATEGORY INSIGHTS

- More than half of the growth in crisps and snacks category was contributed by nuts/ seeds/ nuts & raisins segment, followed by the salty snacks segment, which accounted for more than 32% of value growth. The category gained sales across all channels, but growth was strongest in hypermarkets.
- Growth in nuts/ seeds/nuts & raisins snacks was driven mostly by price hikes (+7.1%), while salty snacks products gained more due to promotions versus base value growth.
- Pre-baked drove 54.4% growth within bread/ baked products, followed by bread products, which accounted for around 35% of growth. Value gain in both pre-baked and bread products was base driven, however pre-baked gained considerably in promotions as well.
- Bread/ baked products gained nearly 70% of their value growth from hard discounters, while the sector suffered losses in the supermarket channel.
- Significant volume loss (-2.2%) coupled with price decline in UHT milk led to negative development in long life milk & dairy products. Despite heavy promotional growth, the UHT milk sector could not offset its base decline. Sales of long life milk & dairy products fell most sharply in hard discounters.

Source: IRI retail databases; period ending 28 June 2015

## CATEGORY VALUE SALES IN THE LAST YEAR



SHARE OF VALUE IN THE YEAR	
Bread/Baked Products	13.2%
Crisps and Snacks	10.2%
Pasta and Noodles	8.5%
Long Life Milk & Dairy Products	8.3%
Shelf Stable Vegetables	8.2%
Oil/Vinegar	7.7%
Sweet and Savoury Biscuits	7.4%
Shelf Stable Fish	7.3%
Dried Fruits	5.3%
Baking Ingredients	4.4%
Sweet Spreads and Sauces	4.2%
Cereals	2.0%
Sugar and Sweeteners	1.9%
Rice	1.8%
Seasoning	1.7%
Sauces/Mixes	1.4%

## KEY TRENDS

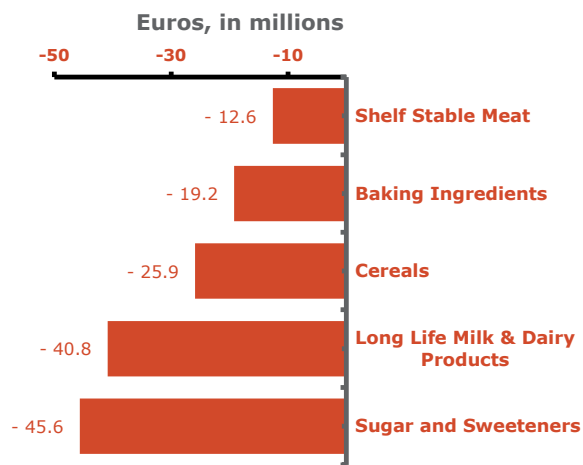
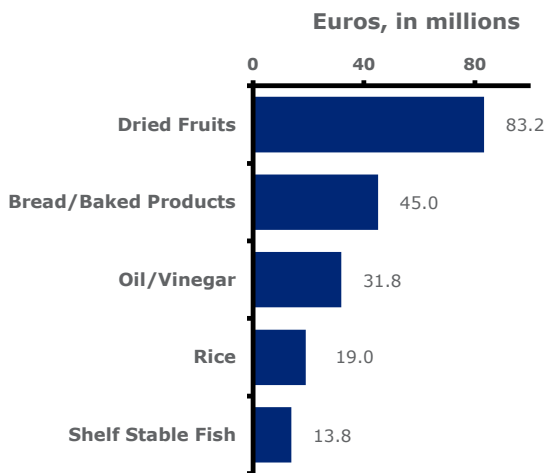
- In Italy, ambient value sales trends closely align with total fast moving consumer goods (FMCG) sales (+2.2%, versus FMCG growth of +2.1%). Ambient is lower than total food growth of 2.4%.
- In the first half of 2015, nearly all ambient segments showed a great recovery with few negative exceptions (e.g., sugar, flour, long life milk).
- Private label accounts for 23.3% of total ambient turnover. Private label growth (+2.3%) was driven by the discount channel. In hypermarkets, supermarkets and small self service stores, private label is fairly static, at +0.2%.
- Trade promotions are high, with promotion supporting 24.3% of value sales, an increase of 0.3 point versus previous year.
- On average, FMCG promotional pressure is around 28% of total value, and declining.

Source: IRI retail databases; period ending 28 June 2015



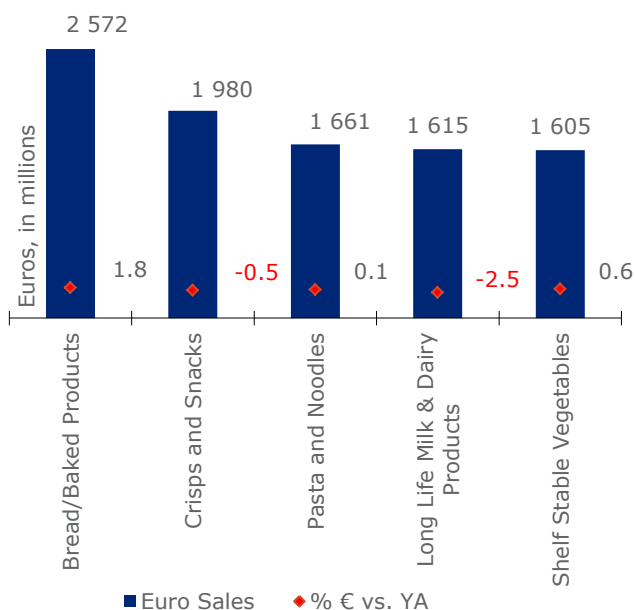
### TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)

### TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



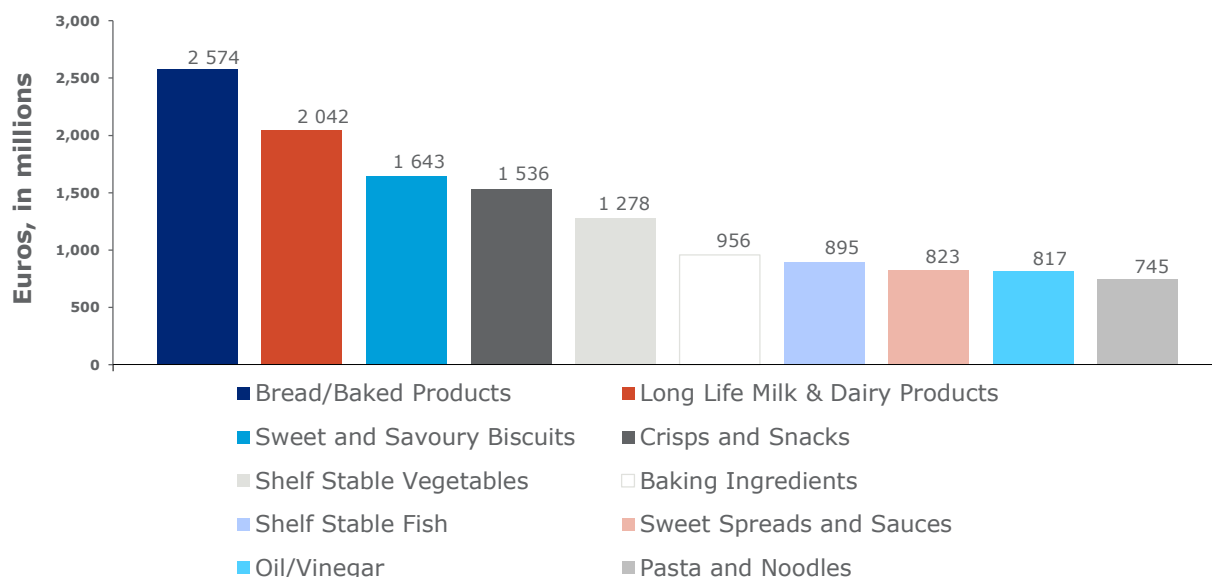
### CATEGORY INSIGHTS

- Some ambient categories, such as sugar (which saw value sales slide 4.6% and volume sales slip 8.0% during H1 2015) are experiencing significant deflationary trends.
- Long life milk is struggling. Following on the heels of fresh milk decline, UHT products are losing ground, mainly due to an increase in lactose intolerance among Italians. A media campaign against the consumption of milk, is supporting growth of alternative beverage solutions, such as soy and rice milk and herbal tea.
- Dried fruits is growing, thanks to a range expansion and a health trend.
- In the bread/baked segment, the new Nutella's bread products drove growth of 37 Million € in H1 2015.

Source: IRI retail databases; period ending 28 June 2015

## CATEGORY VALUE SALES IN THE LAST YEAR

TOP 10



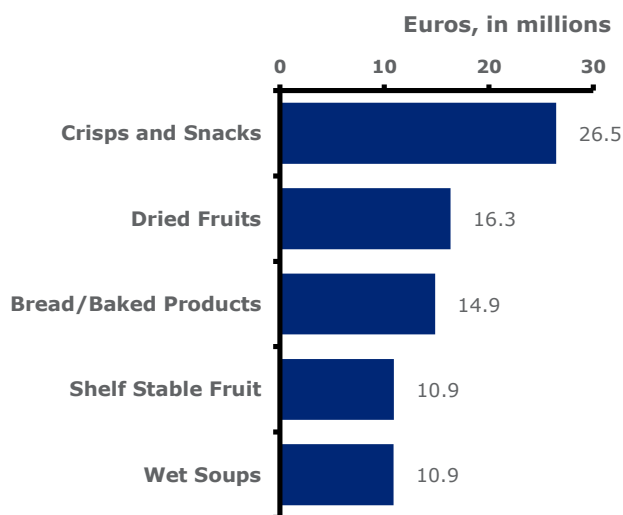
SHARE OF VALUE IN THE YEAR	
Bread/Baked Products	14.0%
Long Life Milk & Dairy Products	11.1%
Sweet and Savoury Biscuits	9.0%
Crisps and Snacks	8.4%
Shelf Stable Vegetables	7.0%
Baking Ingredients	5.2%
Shelf Stable Fish	4.9%
Sweet Spreads and Sauces	4.5%
Oil/Vinegar	4.5%
Pasta and Noodles	4.1%
Shelf Stable Ready Meals	3.8%
Sauces/Mixes	3.5%
Shelf Stable Fruit	3.3%
Cereals	3.2%
Condiments	2.5%
Sugar and Sweeteners	2.4%

### KEY TRENDS

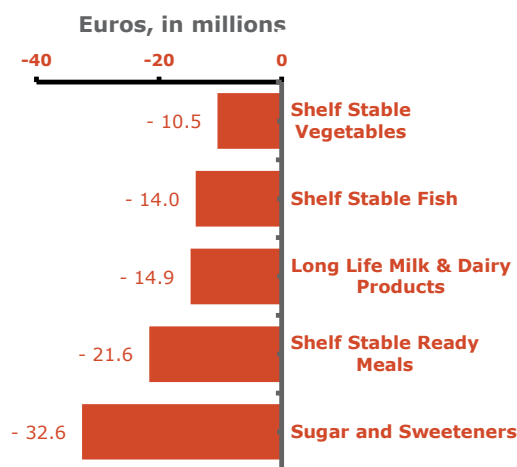
- Ambient product sales are on a continued slide, with a 1.4% decrease in value sales a 2.2% slide in units during Q2 2015.
- Ambient private label is struggling, as is the case with FMCG overall. Private label lost 0.9 value share point in the ambient category during the past year, resulting in a 2.9% decline in value sales.
- National brands benefited from an assortment that grew up more quickly than private labels, as well as from an increasingly favourable price ratio (which is improving because deflation was high in 2015, especially across national brand solutions).
- Promotion increased slightly in Q2 2015 on ambient (+0.1 point), mainly for national brands.

Source: IRI retail databases; period ending 28 June 2015

## TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)

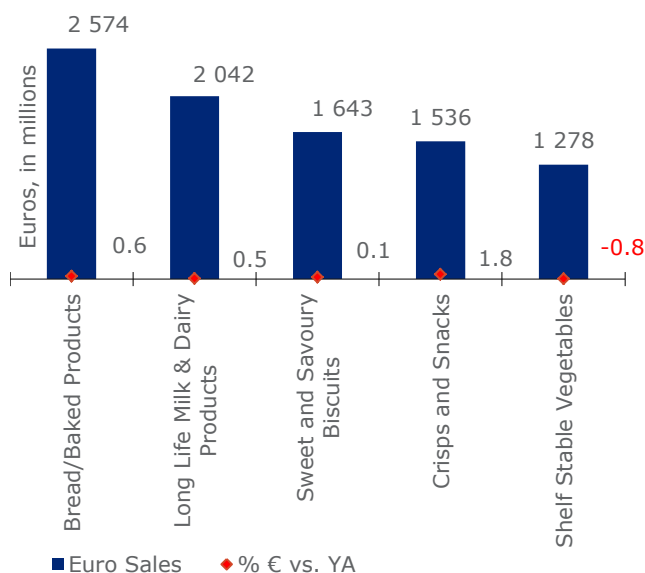


## TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



## CATEGORY INSIGHTS

- Deflation was strong across several ambient segments, including sugar (which shows 4.3% deflation, including a decrease of 6.3% in unit sales during Q2 2015) and cereals (3.7% deflation, decline of 2.1% in unit sales).
- Warm weather had a positive impact on vinegars (+3.1% in units during Q2), shelf stable corn (+6.6%), crisps (+2.9%), shelf stable fish (+1.7%). However, it negatively impacted other categories, such as soups (-6.9%).
- Lower promotional activity contributed to a difficult Q2 for ready meals (-6.3% in units).
- In the breakfast segment, bread without crust remained dynamic (+1.3%), whereas breakfast biscuits had a challenging Q2 (-3.1% in unit, but +2.5% in value). Milk and cereals continued to see unit sales decline in Q2 (down 7.2% and 2.1%, respectively).

Source: IRI retail databases; period ending 28 June 2015

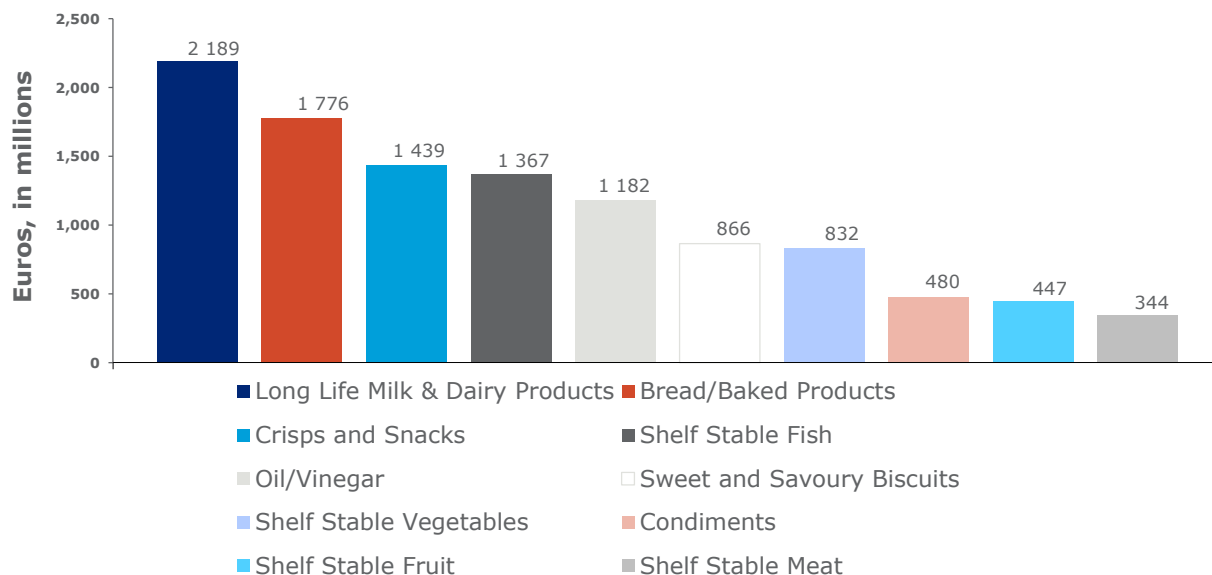




# Spain

## CATEGORY VALUE SALES IN THE LAST YEAR

TOP 10



SHARE OF VALUE IN THE YEAR	
Long Life Milk & Dairy Products	16.4%
Bread/Baked Products	13.3%
Crisps and Snacks	10.8%
Shelf Stable Fish	10.3%
Oil/Vinegar	8.9%
Sweet and Savoury Biscuits	6.5%
Shelf Stable Vegetables	6.2%
Condiments	3.6%
Shelf Stable Fruit	3.4%
Shelf Stable Meat	2.6%
Shelf Stable Desserts	2.4%
Cereals	2.4%
Sweet Spreads and Sauces	2.3%
Wet Soups	1.9%
Rice	1.6%
Sugar and Sweeteners	1.5%

### KEY TRENDS

- In Spain, ambient sales are increasing, both for branded and private labels.
- Consumption is growing, but prices remained unchanged versus the prior year.
- Value sales of canned and milk products fell due to price declines.

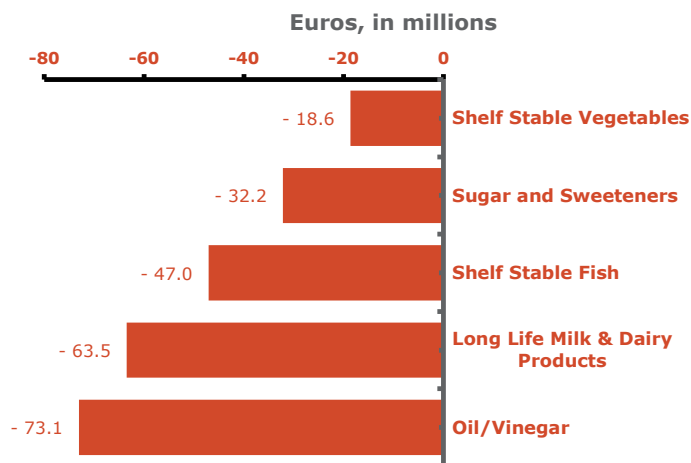
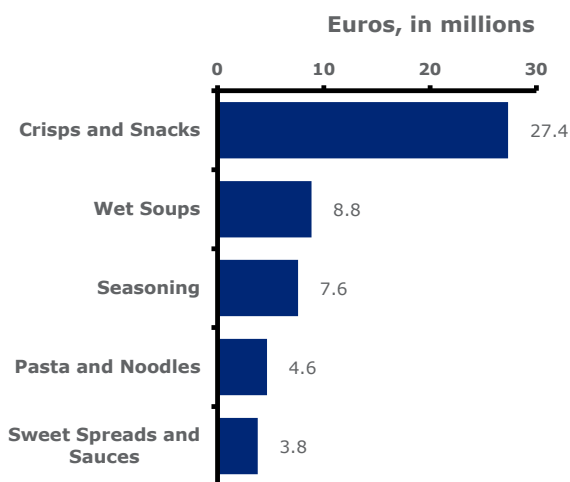
Source: IRI retail databases; period ending 28 June 2015



# Spain

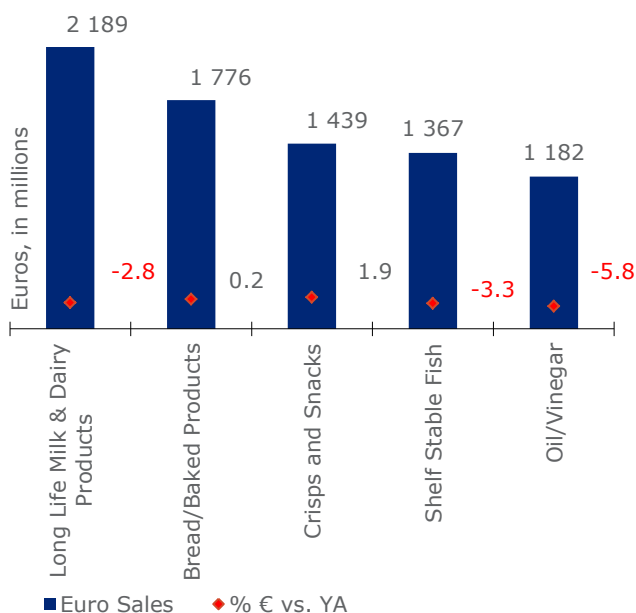
## TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)

## TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



## CATEGORY INSIGHTS

- Olive oil sales have been impacted by the strong price increases, due to inflation across raw materials.
- Consumption of vegetable milks is on the rise, at the expense of basic milk solutions.
- There were successful launches in ready meals category; more specifically the CUP noodles.

Source: IRI retail databases; period ending 28 June 2015

# Final Notes

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## Notes on category definitions for countries

Due to the diverse products found in individual countries across this market, it was necessary to consolidate the available data into the categories in this report. In some cases, it wasn't possible to align products across all six countries. Those exceptions are listed below:

### Shelf stable fruits

- The UK data in this report only includes mincemeat for this category.

### Sweet and savoury biscuits

- The UK data in this report only includes biscuits and does not include crackers or wafers for this category.

### Bread/baked products

- The Netherlands data in this report only includes shelf-stable bread and no other baked goods.

### Sweet spreads and sauces

- The German and the Netherlands data in this report both include peanut butter and other nut spreads; the other countries do not.

### Savoury spreads

- The France data in this report does not include this category.

### Dry soups

- The Italy data in this report also includes some risotto and pasta products.

### Sugar and sweeteners

- The UK data in this report does not include sugar, whereas the other countries do.

# Resources

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

- **IRI InfoScan Census®** is a syndicated retail tracking service that enables manufacturers and retailers to acquire industry insights used to make better business decisions. IRI InfoScan Census utilises the data that IRI collects from grocery, drug, and mass merchandise retailers to provide the most comprehensive and accurate syndicated data offering in the FMCG sector. With access to accurate, granular detail by category, geography, measure and time period, clients have the tools needed to develop marketing and sales strategies based on product performance, distribution and promotion responsiveness. All data about ambient comes from IRI InfoScan Census.
- **IRI Consulting** provides strategic insights and advice leveraging a variety of data sources, predictive analytics, enabling technologies, and business analyses to help FMCG manufacturers and retailers address significant sales and marketing issues effectively.

## FOR MORE INFORMATION

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