IRI State of the Nations

Snapshot of Consumer Goods Trends in Western Economies

Q3 2017

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IRi Growth delivered.

December 2017

IRI State of the Nations Q3 2017

France

Germany

Greece

Holland

Italy

Spain

United Kingdom

Please attribute t to ‘IRI, the big data and technology expert for consumer industries’.

Please also note that no additional restructuring or manipulation of IRI figures is permitted.

Key findings - France

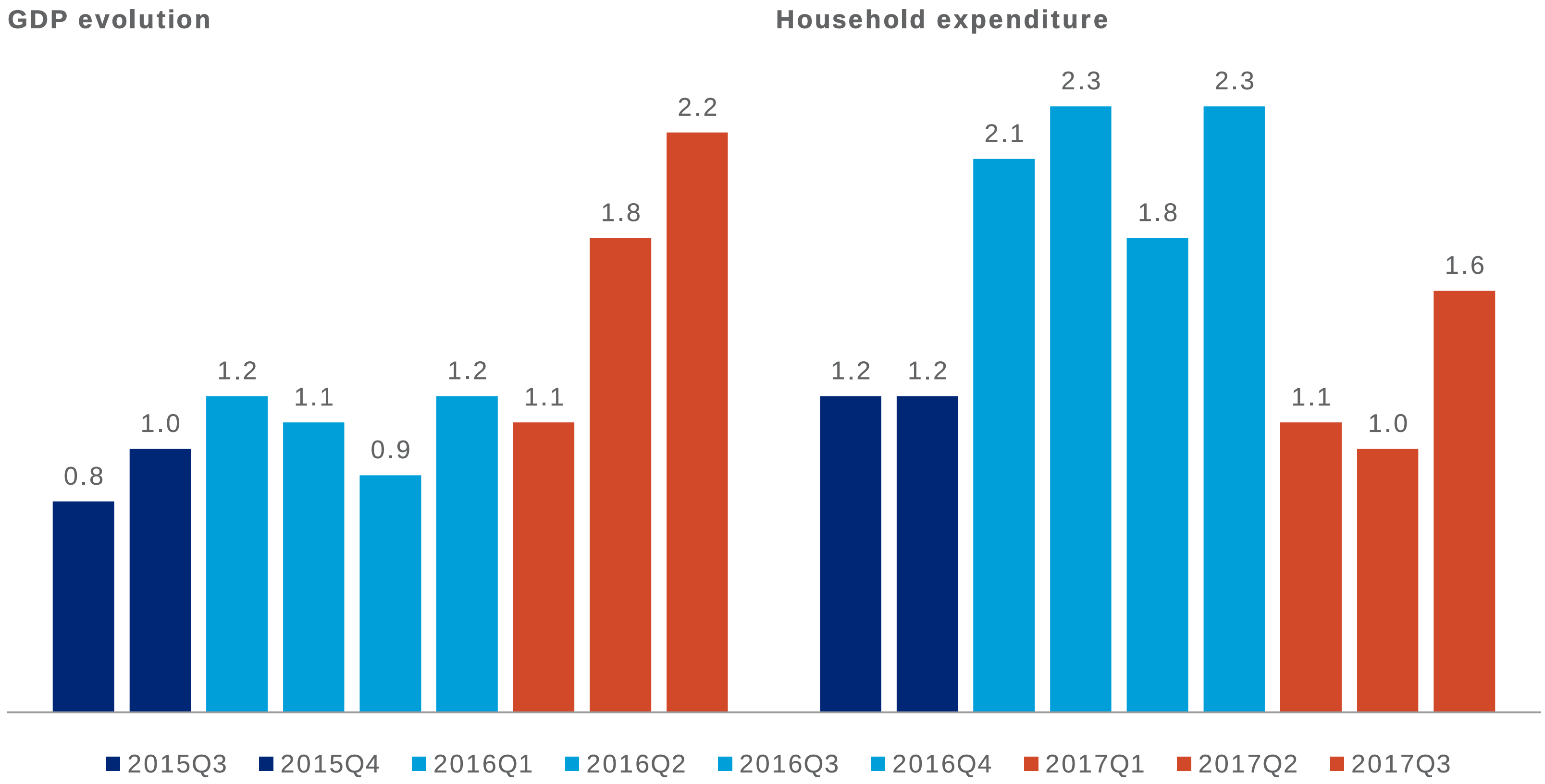
- This summer, all the KPI's were positive for the French economy: GDP growth in Q2 (+1.8%) grew to (+2.2%) in Q3. Although the Q2 household consumption results were underwhelming, an improvement is now present in Q3. Inflation remains low. The household confidence index has reached an unusual high level in the context of traditional French pessimism.
- After several quarters of stability, FMCG volume sales are now dropping (-1.8%). This fallback is partly due to the bad weather conditions (an impact of -0.5%), despite them being favourable in Q2 (+0.8%) thanks to an exceptional month in June. The weather impact aside, consumer goods sales have been badly hit for the last 6 months (-0.5%).
- Despite that, value sales are stable (+0.1%) thanks to a strong value creation (+1.9%).
- After years of price war, we notice a slight price increase in Q3 (+0.16% versus Q3 2016).

Key findings - France

- As it has been observed during Q2, categories performances are linked to weather conditions:
  - Alcohol free beverages and beers suffered from the bad weather conditions especially in September, as well as ice cream.
  - On the contrary, ambient food is the only category improving.
  - Personal and home care keep having negative trends, which are becoming dangerously structural.
- Finally the reduction of promotional activity makes things even worse.
- This disappointing summer quarter, which has driven the moving annual total (MAT) to negative volume sales (-0.4%), is a scenario that hasn't been encountered since 2008.
- Almost 60% of the categories did less well than last year and no department is spared from this negative trend.

Macro-economic context – France

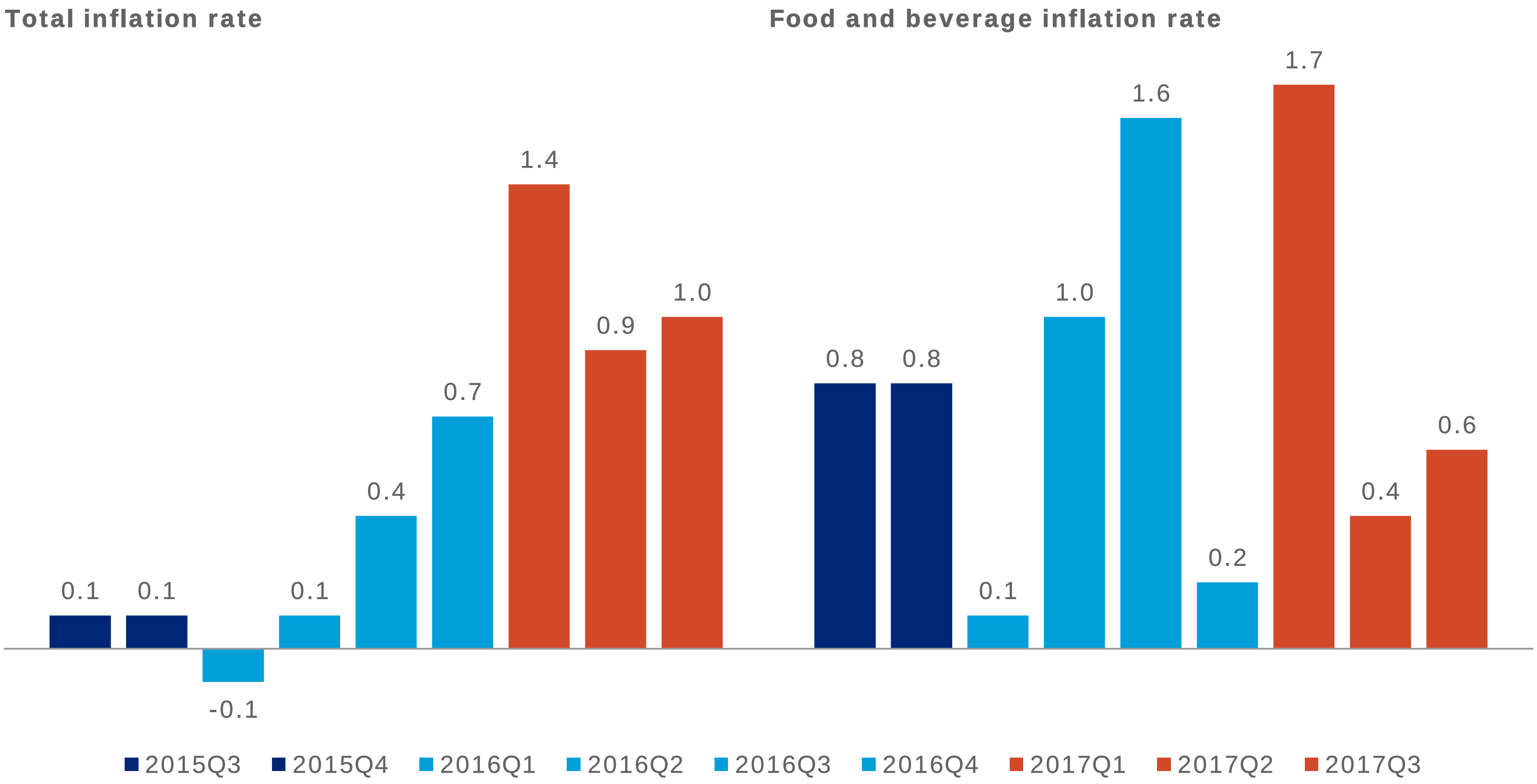
GDP and household expenditure evolution, in %, versus year ago, in France



Source: Eurostat

Macro-economic context – France

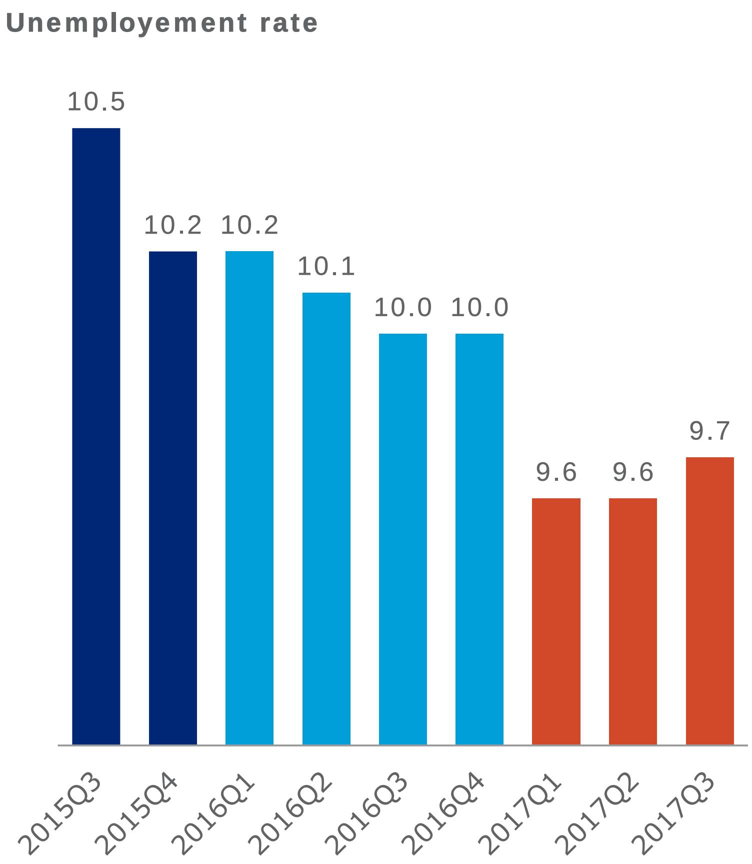
Total inflation and food & beverage evolution, in %, versus year ago, in France

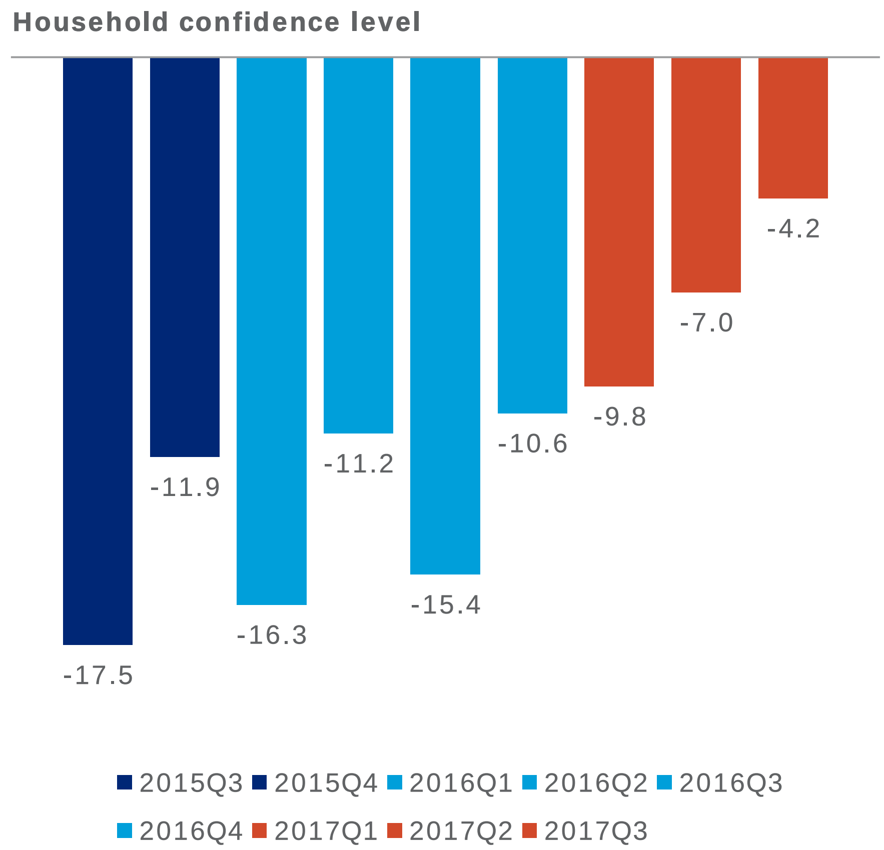


Source: Eurostat

Macro-economic context – France

Unemployment and household confidence evolution, in %, in France



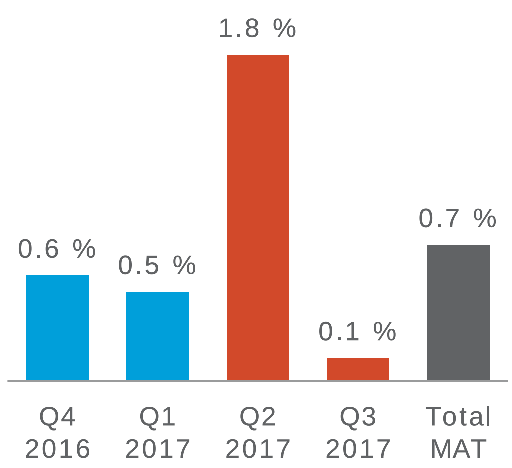


Source: Eurostat

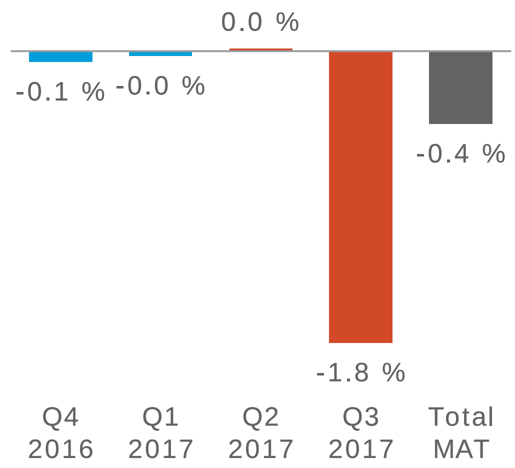
Total FMCG, Q3 2017 - France

FMCG evolution in value, volume and volume price, in %, in France

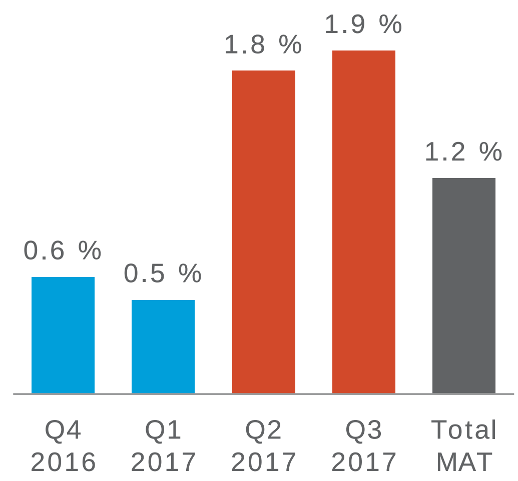
Total FMCG value



Total FMCG volume



Total FMCG volume price



Comments

- See slides 3 and 4.

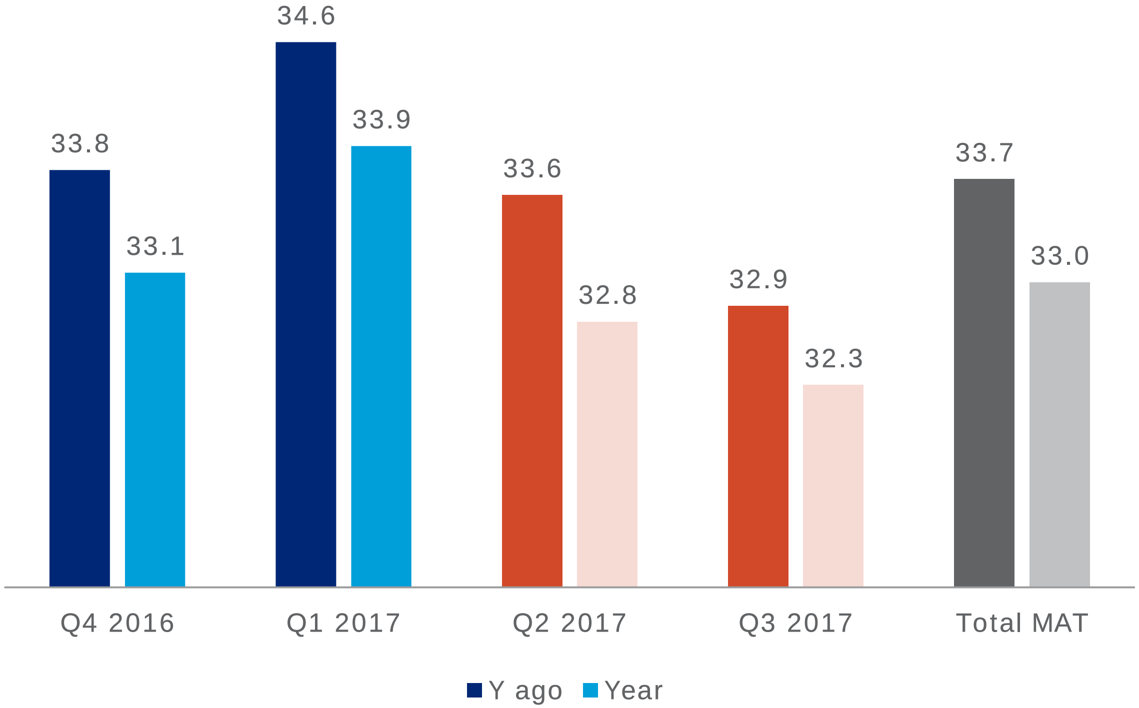
Source: IRI

Coverage: hypermarkets, supermarkets, click and collect, convenience stores and EDMP (hard discounters)

Private label, Q3 2017 – France

Total FMCG private label market share, in %, in France

Total FMCG private label market share



Comments

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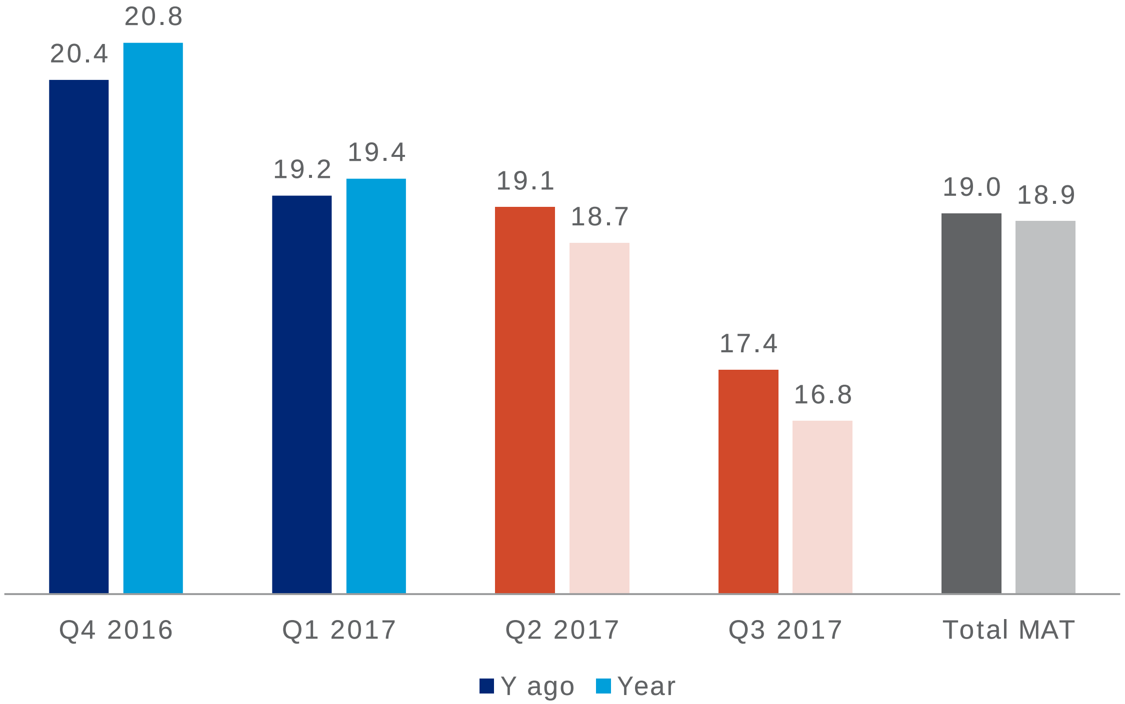
Source: IRI

Coverage: hypermarkets, supermarkets, click and collect, convenience stores and EDMP (hard discounters)

Promotion, Q3 2017 - France

Total FMCG value on promotion, versus year ago, in %, in France

FMCG value on promotion



Comments

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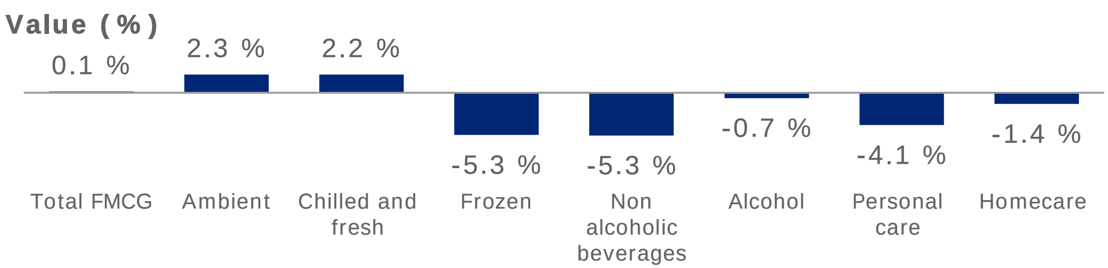
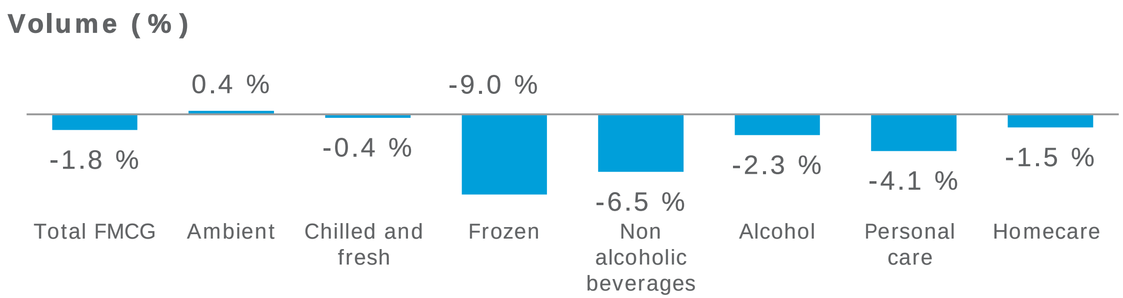
Source: IRI

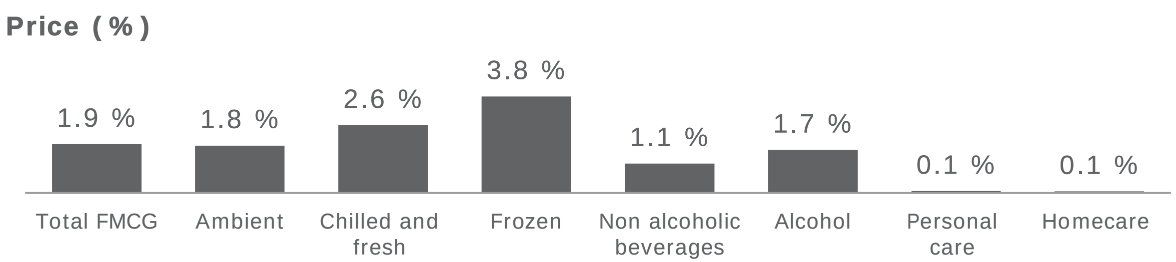
Coverage: hypermarkets, supermarkets

Categories short term sales, Q3 2017 - France

FMCG categories value, volume and price evolution, in %, in France







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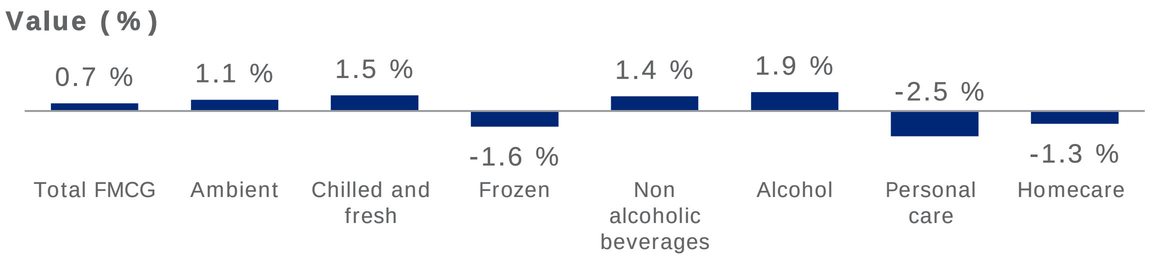
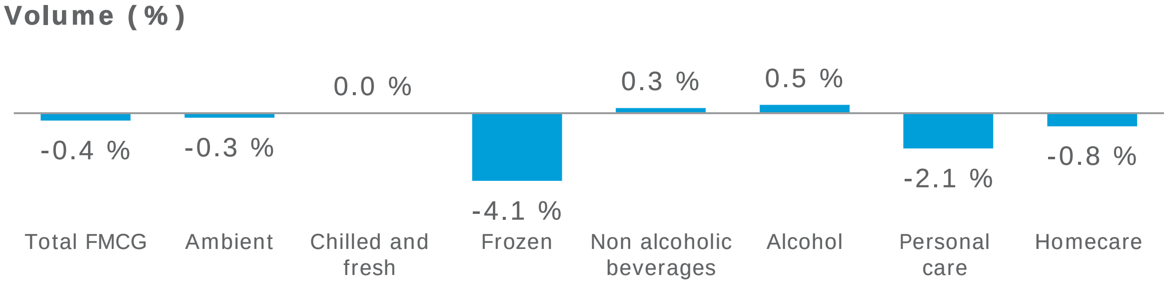
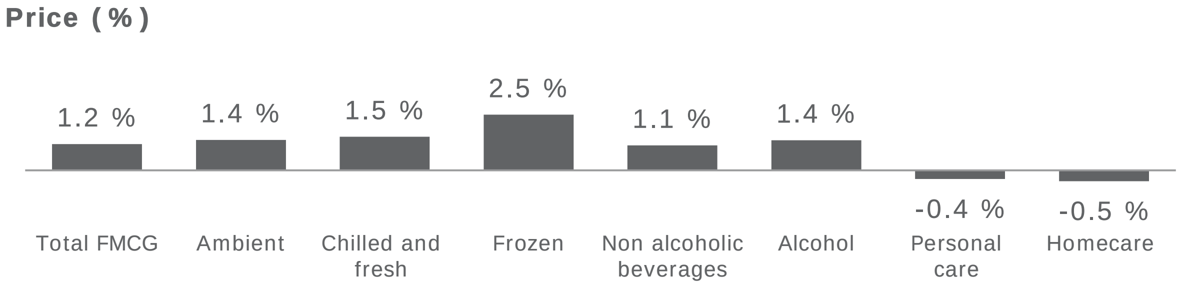
Categories sales, moving annual total, Q3 2017 - France

FMCG categories value, volume and price evolution, in %, in France







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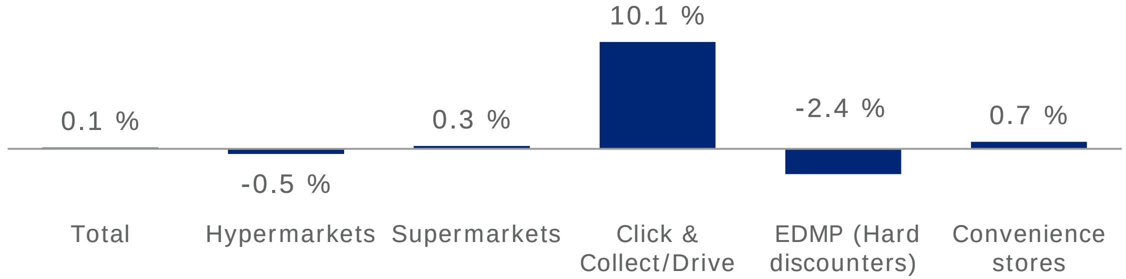
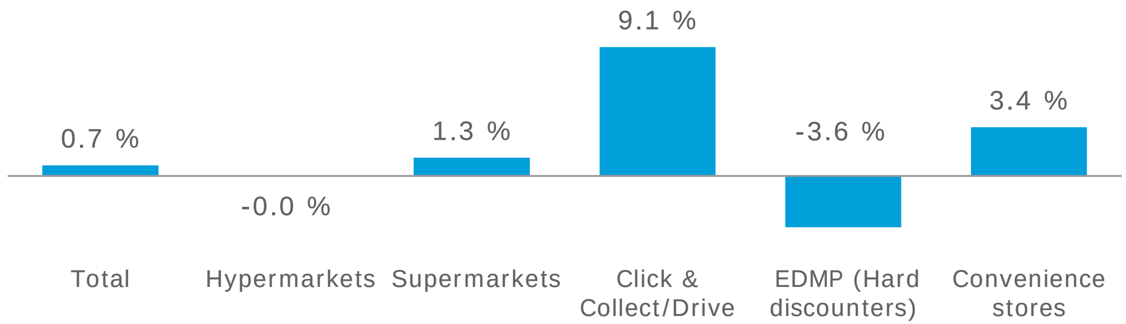
Channels landscape, Q3 2017 - France

FMCG channels weight evolution, in %, in France

Channels short term results



Channels MAT results



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Growth Opportunities

- **Price and promotion can't be the only levers**. Retailers need to find differentiations in the shopping experience (e.g. assortment, services, channels).
- **As margins are shrinking** for retailers and manufacturers, they need **to focus on collaboration** and work as partners with one common objective: to enhance the shopper experience. Big data technology and collaborative portals will enable both parties to better understand the path to purchase.
- Manufacturers and retailers can use the same **assortment optimisation** solution that assesses the true value of each item, based on its attributes (such as pack size, format, function, price band, etc.), to identify and understand crucial elements that influence shopper decisions and the drivers of growth for individual brands and a category as a whole.
- Brand teams need **a clear view of what impacts each trip mission** for each shopper segment if they are to gain market share and/or develop margins.

- **Systematic promotion analysis must become normal practice.** With set goals, appropriate analytics solutions will simulate price and promotion tactics to improve margins, revenue, brand and category performance as well as competitive advantage.

Resources

HOW WE CAN HELP YOU DRIVE GROWTH?

- **IRI Global Executive Market Reviews (IRI GEMs)** give Fast Moving Consumer Goods (FMCG) manufacturers and retailers access to POS-based information outside of their home country. This solution is ideal for exploring new market opportunities, to understand the players and products in countries where you don't yet have a presence. This is also valuable for understanding new or adjacent categories in foreign markets. IRI GEMs are based on the retail census data IRI collects from grocery, drug and other available FMCG retailers across countries. Information is available from the United States, the UK, France, Germany, Spain, Italy, the Netherlands, Greece, Puerto Rico, Australia, New Zealand and Japan.

- **IRI Price & Promo models** provide a global analytical solution for all revenue management needs. They enable both retailers and manufacturers to get fast and in-depth category insights on key price and promotional levers, to understand their respective impacts on the portfolio, allowing full return on investment analyses, identifying growth opportunities, and enhancing overall bottom line.

WHY ONLY WITH IRI?

- **Faster:** IRI's unique Liquid Modeling™ technology, leverages WhiteBox in-memory database-farm to ensure integrated workflows with high responsiveness and unprecedented speed across the what, so what and now what.
- **More Accurate**: Proprietary IRI algorithms and advanced prescriptive analytic methodologies identify opportunities, quantify the revenue potential and recommend specific actions.
- **Proven**: A never before used integrated and expanded causal dataset, built on the basis of three decades of unique IRI expertise.
- **Trusted**: Working with 95% of CPG, retail and health & beauty companies in the Fortune 100.
- **Certified**: The biggest and fastest growing marketing analytics centre in the world, located in Europe and ISO certified.

IRI State of the Nations

FINAL NOTES

- **Source**: IRI InfoScan, syndicated retail tracking service.
- **Methodology**: Quarterly review, year-on-year data for fast moving consumer goods.
- **Channel coverage**: Hypermarkets, supermarkets, click and collect, convenience stores and EDMP (hard discounters).

Contact

FOR MORE INFORMATION

To gain deeper insights, predictive analysis and recommendations on specific products, categories, segments, channels or retailers contact your IRI Consultant or email:
jacques.dupre@iriworldwide.com

ABOUT IRI

About IRI. IRI is a leading provider of big data, predictive analytics and forward-looking insights that help CPG, OTC health care, retailers and media companies to grow. With the largest repository of purchase, media, social, causal and loyalty data, all integrated on an on-demand cloud-based technology platform, IRI guides over 5,000 clients globally in their quests to remain relentlessly relevant, capture market share, connect with consumers and deliver growth.
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