IRI State of the Nations

Snapshot of Consumer Goods Trends in Western Economies

Q2 2017

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Growth delivered.

September 2017

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- France
- Germany
- Greece
- Holland
- Italy
- Spain
- United Kingdom

Please attribute to 'IRI, a retail and FMCG market intelligence company'.

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

Key findings - Greece

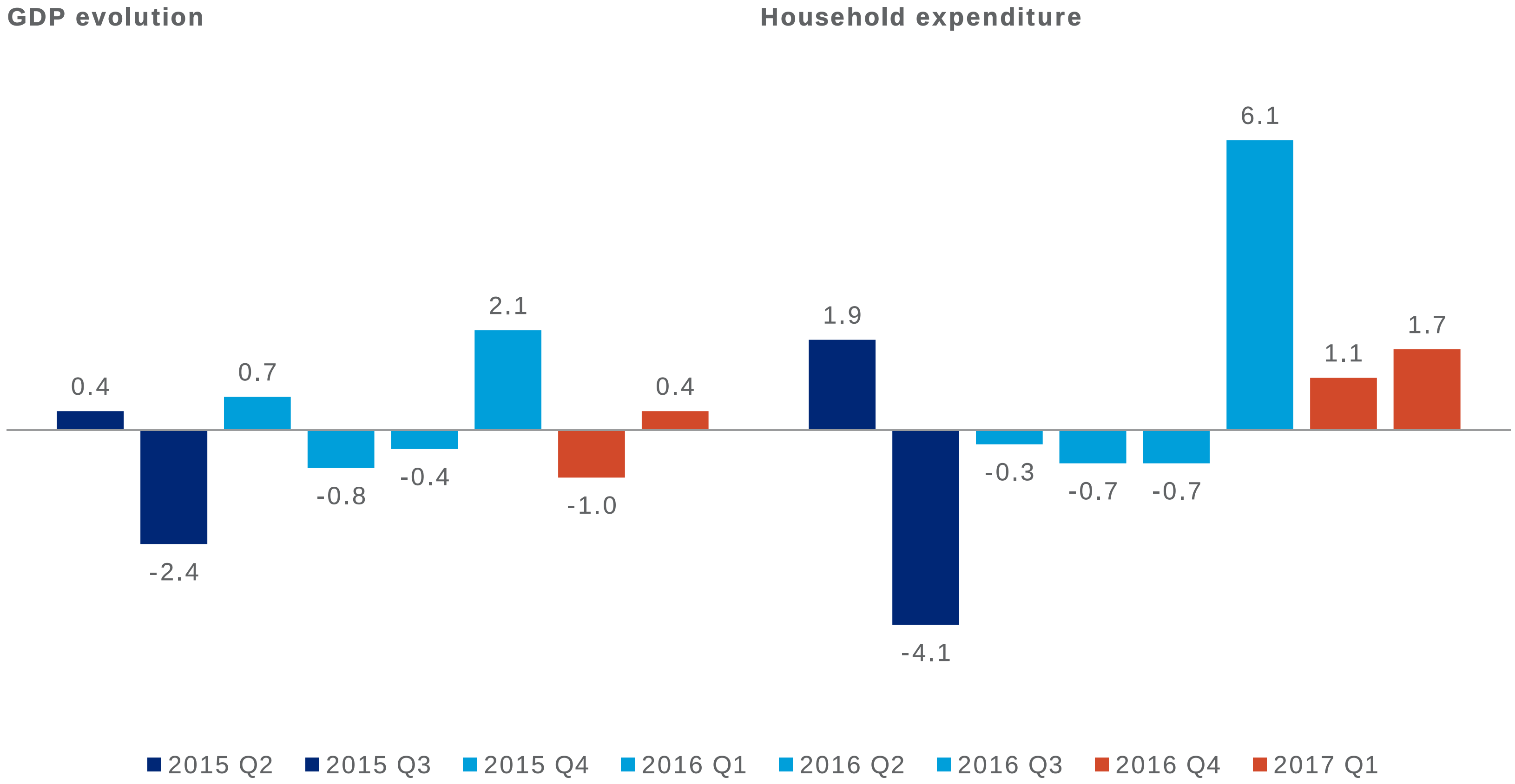
- There is gradual recovery for the Greek Fast Moving Consumer Goods (FMCG) market, despite its 8th year of depression.
- Consumption in May and June has boosted supermarket sales, improving the overall 2017 trend to -1.0% in value sales.
- Tax increases, current and forthcoming/announced, still have a significant impact on shoppers behaviour.
- The only product family that has shown growth is food, while non-food categories, like health & beauty and detergents are continuously declining. Value sales in these segments are really struggling due to heavy promotions, which have become a status quo and minimized brand differentiation.
- National brands are walking hand in hand with private labels, falling at the same pace.

Key findings - Greece

- The retail landscape is characterised by a peculiar paradox. While the market shrinks, most retailers (small-medium to big) are engaged in a severe store expansion competition.
- Along with the on-going promotion war, retail's operational margins remain under significant pressure.
- Ex-Marinopoulos stores are now operating under Sklavenitis banner.
- Sklavenitis enjoyed a heavy brand awareness and loyalty while its stores had a sole presence in the Attica area.
- H2 of 2017 will reveal how the market shares re-allocate among national and regional key players.
- Lidl, the only discounter operating in Greece, continues to grow, adapting a more "mainstream" supermarket image in contrast to the initial hard-discounter profile.

Macro-economic context – Greece

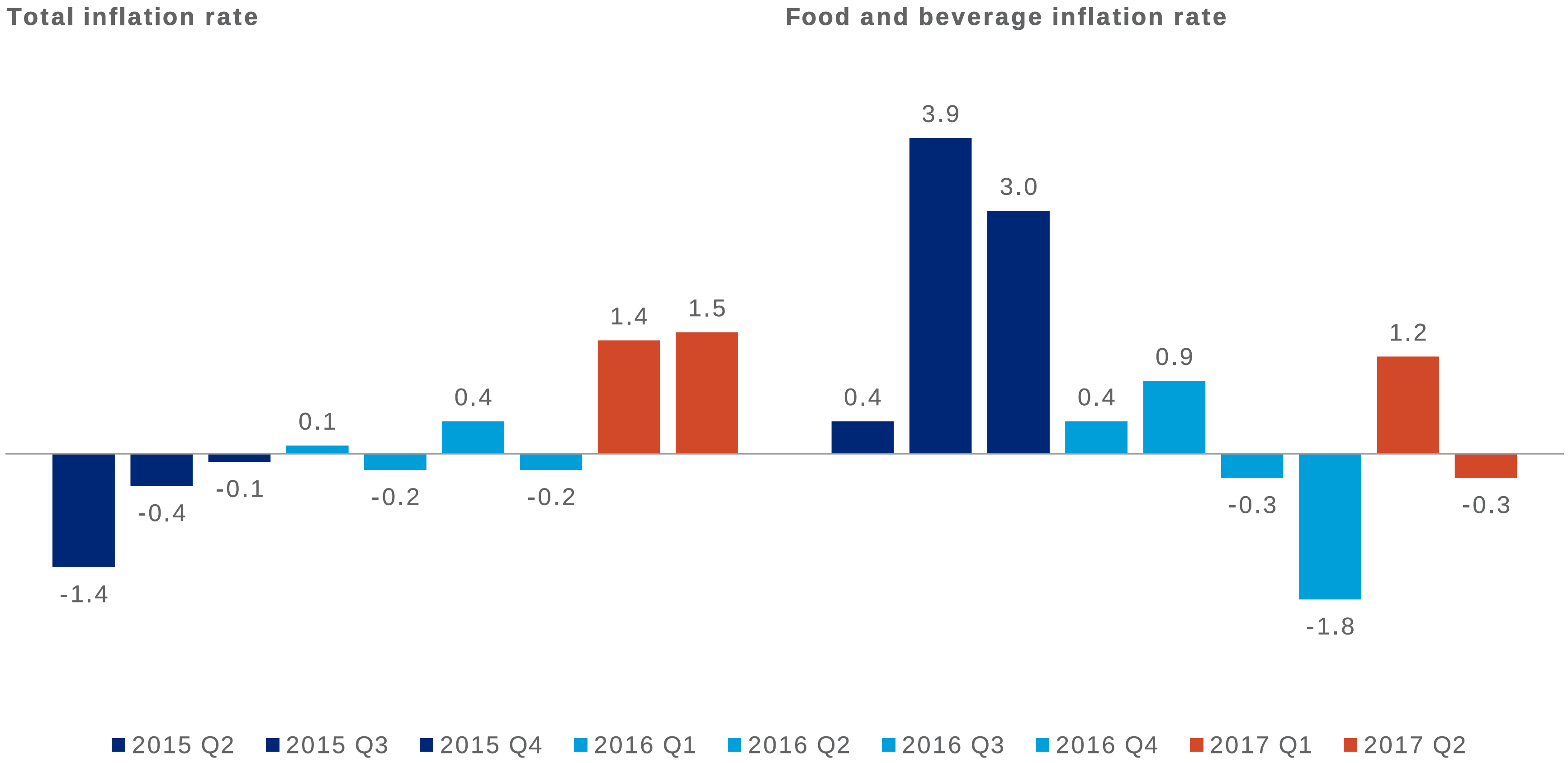
GDP and household expenditure evolution, in %, versus year ago, in Greece



Source: Eurostat

Macro-economic context – Greece

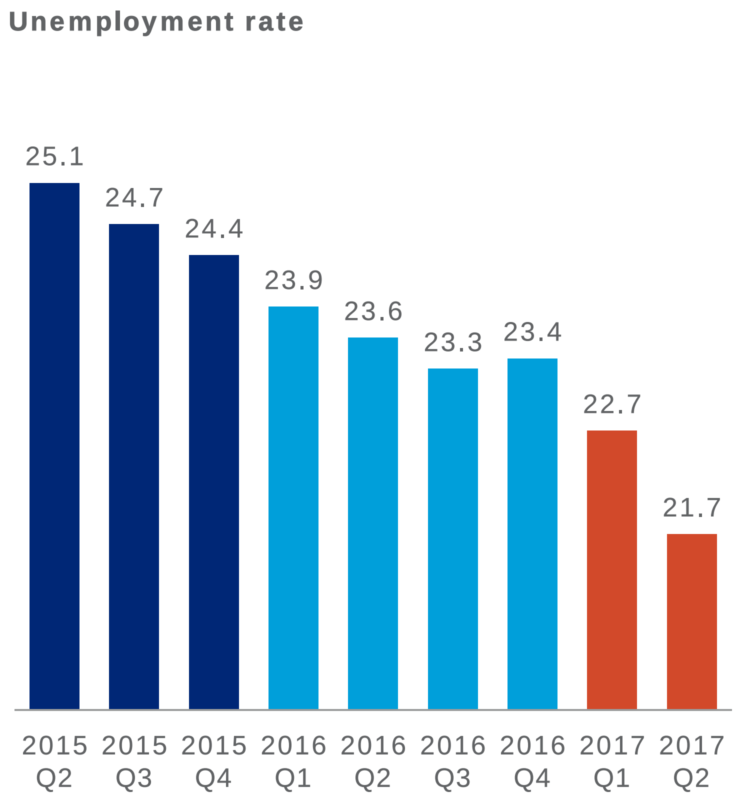
Total inflation and food & beverage evolution, in %, versus year ago, in Greece

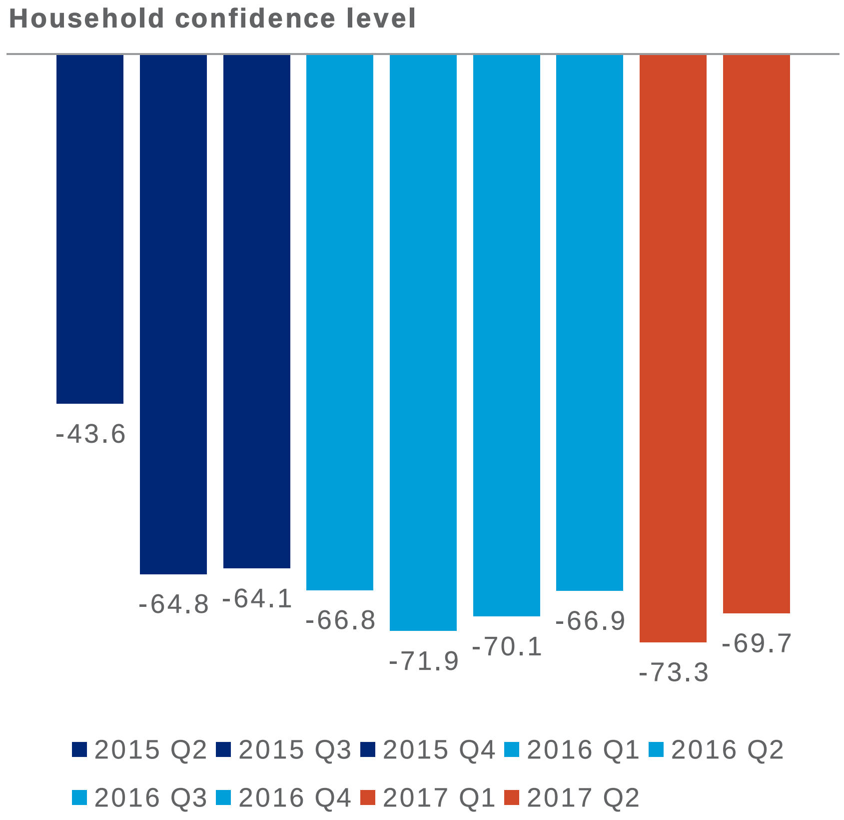


Source: Eurostat

Macro-economic context - Greece

Unemployment and household confidence evolution, in %, in Greece

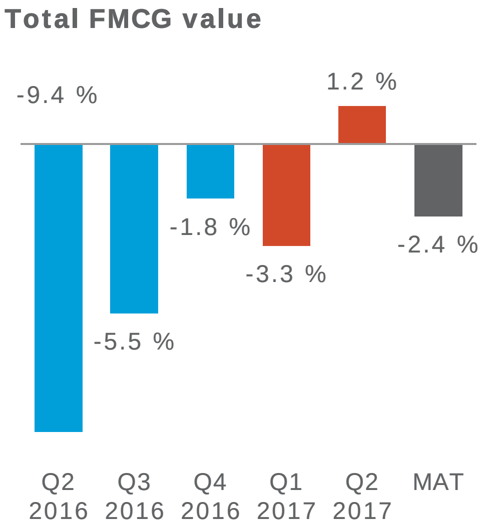


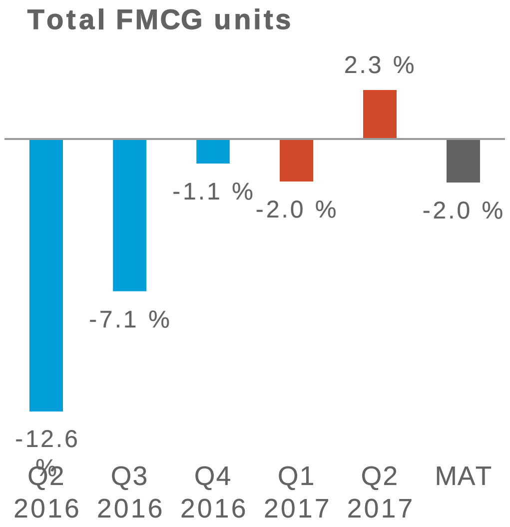


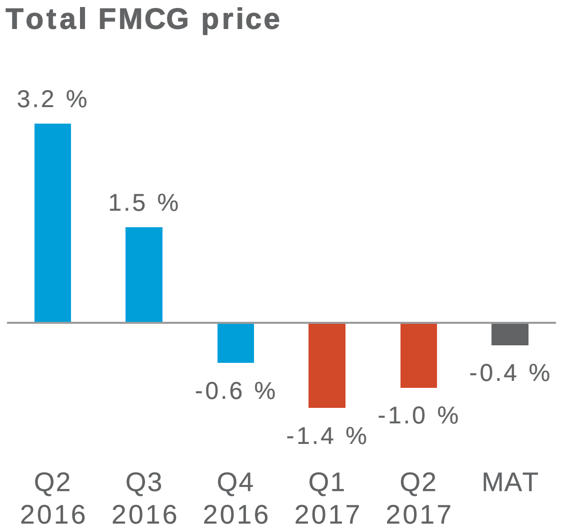
Source: Eurostat

Total FMCG, Q2 2017 - Greece

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







Comments

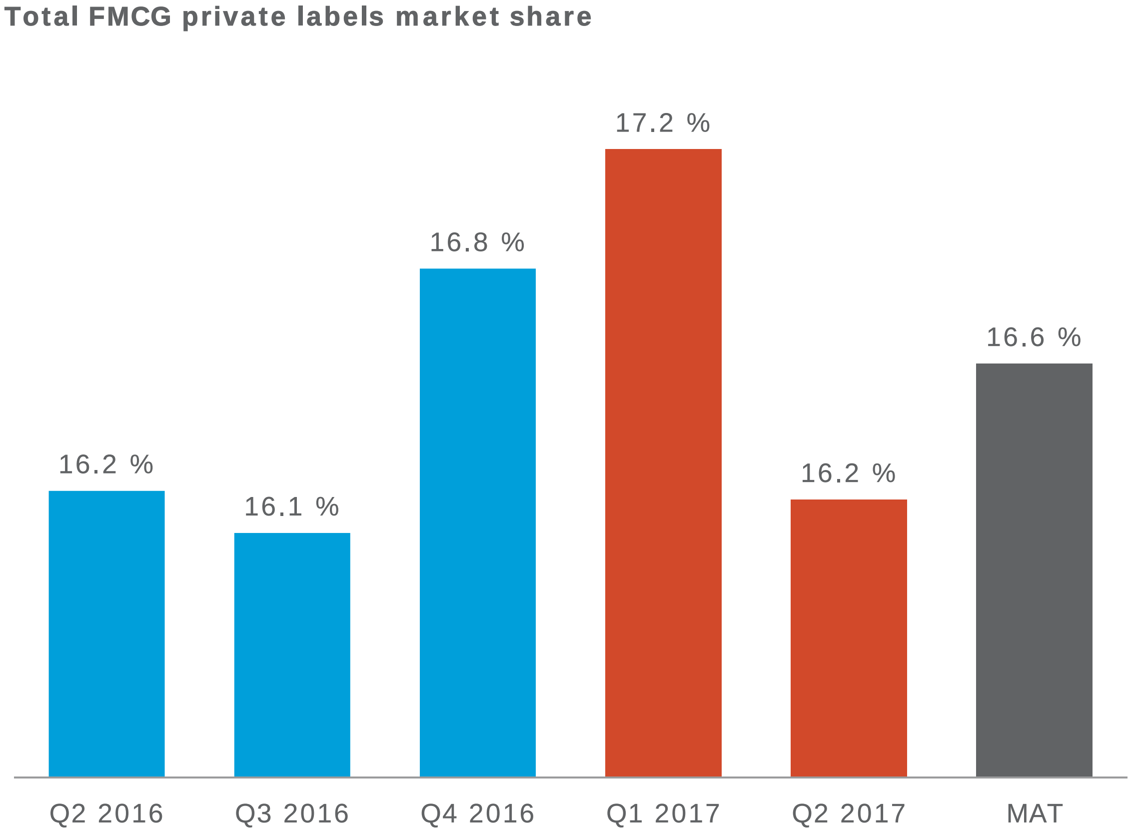
- FMCG level of prices has dropped during 2017.
- On-going promo war among all-scale retailers.

Source: IRI

Coverage: hypermarkets and supermarkets

Private labels, Q2 2017 – Greece

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



Source: IRI

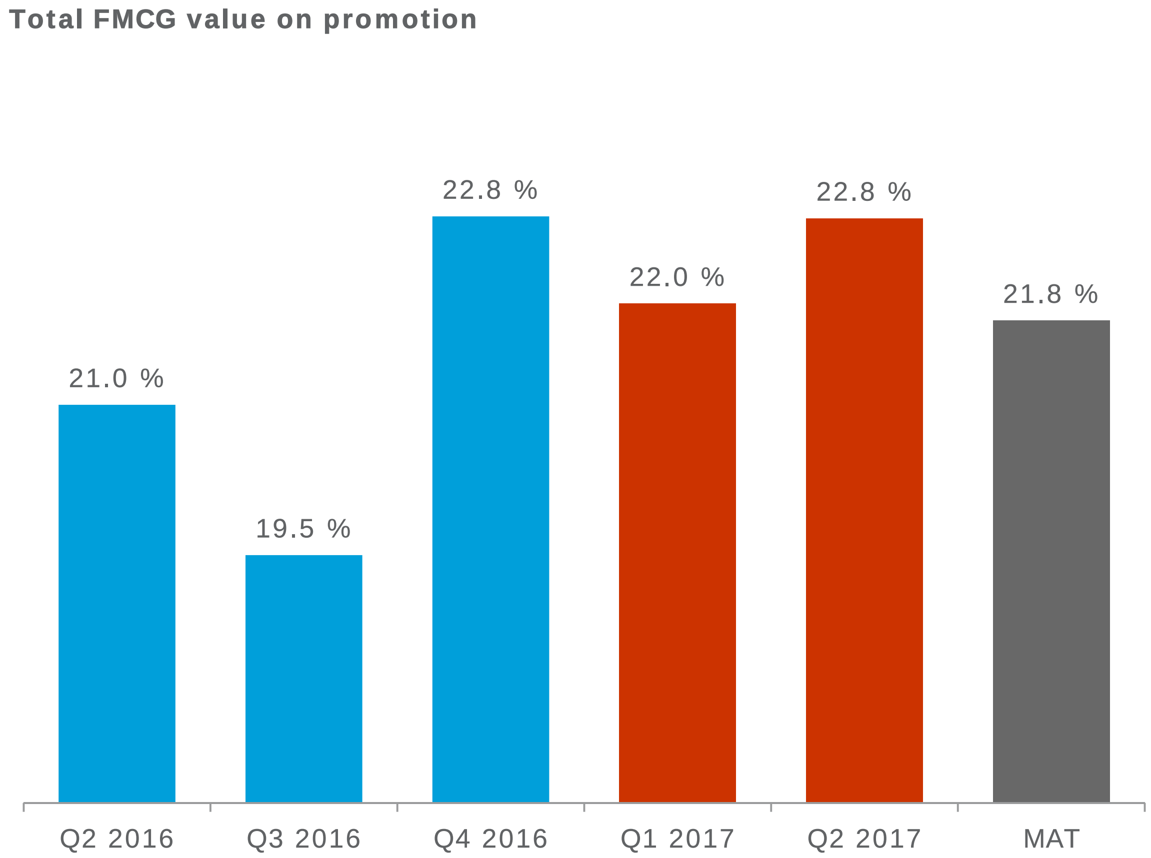
Coverage: hypermarkets and supermarkets

Comments

- National brands and private label walking hand in hand during 2017, falling at the same pace.

Promotion, Q2 2017 - Greece

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



Source: IRI

Coverage: hypermarkets and supermarkets

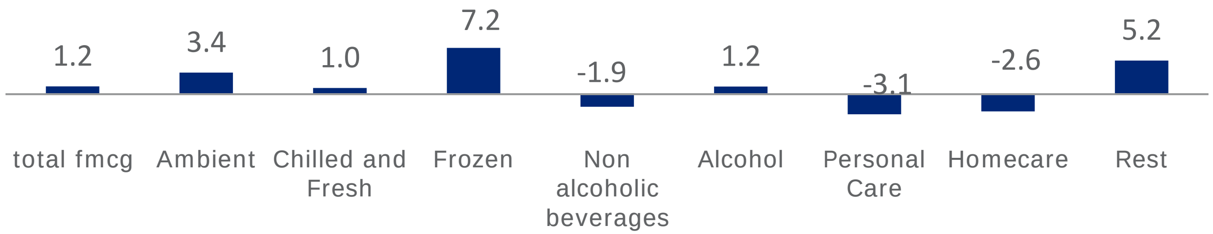
Comments

- Cross category promotions, especially in non-food segments, are the established status quo in modern retail.

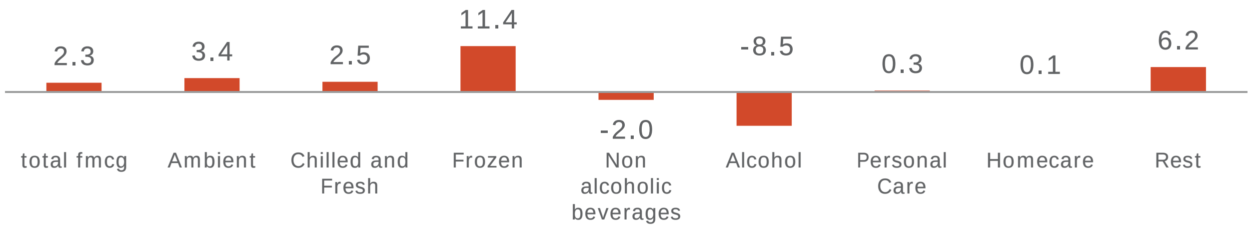
Categories short term sales, Q2 2017 - Greece

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

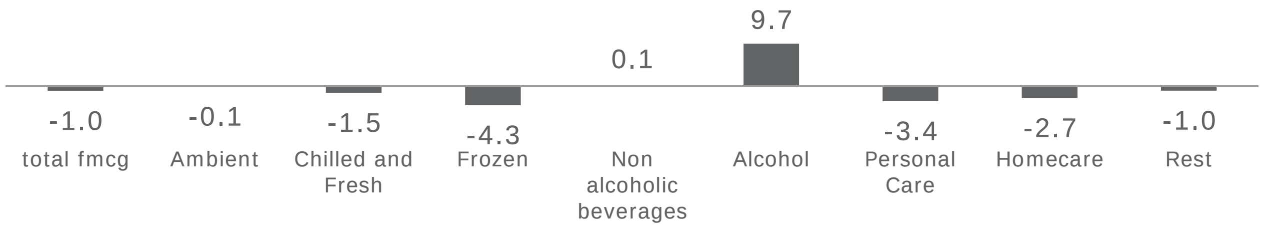
Value(%)



Unit (%)



Price (%)



Comments

- Frozen goods are the champion in FMCG.
- Alcoholic drinks show an increase in value sales, mainly due to the tax increase on beers.
- Personal care and homecare categories are struggling due to heavy promotions.

Source: IRI

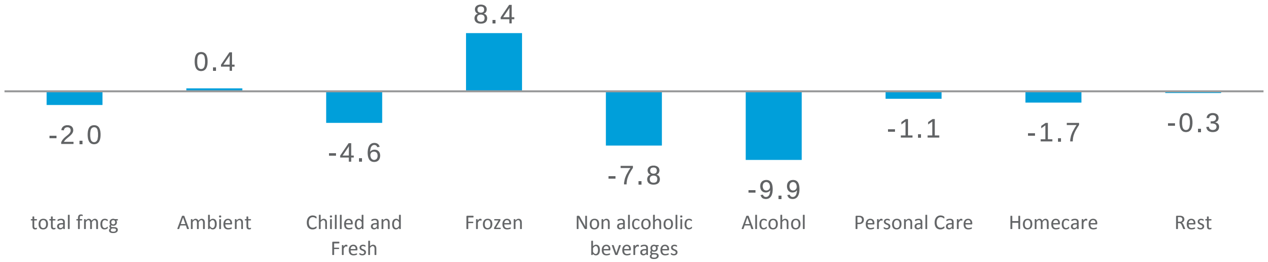
Coverage: hypermarkets and supermarkets

Categories sales, moving annual total, Q2 2017 - Greece

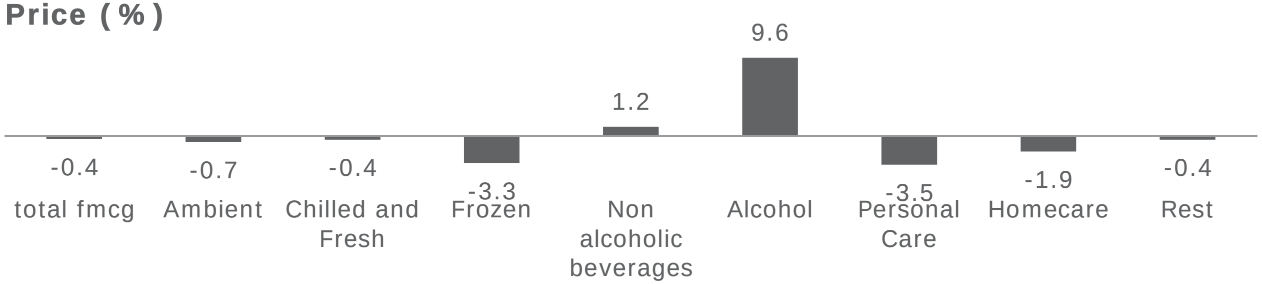
FMCG categories value, volume and price evolution, in %, in Greece

Value (%)

Unit (%)



Price (%)



Source: IRI

Coverage: hypermarkets and supermarkets

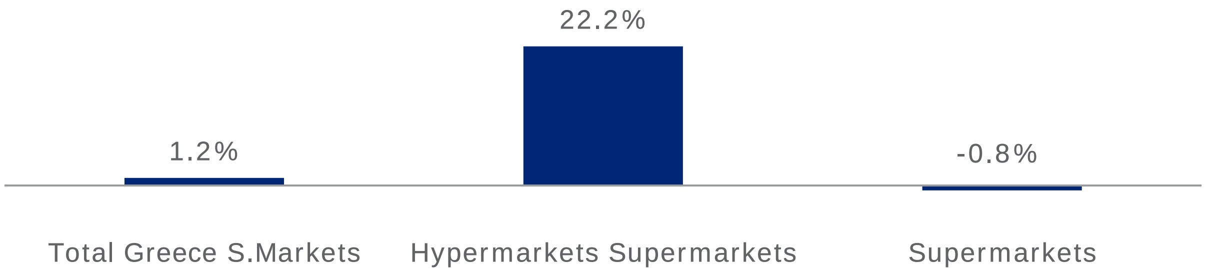
Comments

- 2017 performance strongly impacts MAT figures.
- Personal care and homecare, where major multinational players compete, have undergone significant price level decreases.

Channels landscape, Q2 2017 - Greece

FMCG channels weight evolution, in %, in Greece

Channels short term results



Channels MAT results

Comments

- The activation of ex-Marinopoulos stores reverse the trend for hypermarket stores.

Source: IRI

Coverage: hypermarkets and supermarkets

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.

IRi

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.

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FINAL NOTES

- **Source**: IRI InfoScan, syndicated retail tracking service.
- **Methodology**: Quarterly review, year-on-year data for fast moving consumer goods.
- **Channel coverage**: Hypermarkets and supermarkets

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:
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Growth delivered.

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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