

IRI State of the Nations

Snapshot of Consumer Goods Trends in Western Economies

Q1 2017



www.iriworldwide.com

July 2017



IRI State of the Nations Q1 2017

GREECE





Key findings - Greece

- The Greek market is undergoing its 8th consecutive year of sales decline.
- Political uncertainty, tax increases (actual and announcements) and the unemployment rate prove to be important factors that have severely impacted fast moving consumer goods (FMCG) consumption.
- Although supermarkets withstood the economic instability pressure during the last few years, showing smoother negative trends compared to other sectors, the fall continues in Q1 2017 (-4.0%).
- Private label contribution has decelerated over the past years scoring its highest share in 2014 (19.0%) – this is still lower than the European average. Q1 2017 private label acquired a share of 17.1%, same as in Q1 2016, but sales are decreasing.
- National brands seem to “win the battle” over private label, only through heavy promotions. Across-category, brand or supplier deep discounts depict the promotional landscape.



Key findings - Greece

- Retailers are engaged in an all-year round promo chase, lacking customised and targeted promo activities.
- Non food categories are driving the loss in Q1 2017 (homecare: -6.8%; personal care: -7.2%).
- Two major FMCG categories, coffee and beers, have undergone significant special-tax increases, leading to a heavy unit sales decline.
- Marinopoulos's (former number 1 retailer) collapse led to a network development "frenzy" by most of the remaining "healthy" retailers, of all sizes and magnitudes, to reap lost sales.
- The stores of the collapsed former number 1 retailer were acquired by another retail group and were activated in March.

Macro-economic context - Greece



GDP and household expenditure evolution, in %, in Greece

GDP evolution (versus year ago)

Households expenditures



■ 2015 Q1 ■ 2015 Q2 ■ 2015 Q3 ■ 2015 Q4 ■ 2016 Q1
■ 2016 Q2 ■ 2016 Q3 ■ 2016 Q4 ■ 2017 Q1

Comments

- Economic depression continues to form Greek market figures.

Source: Eurostat

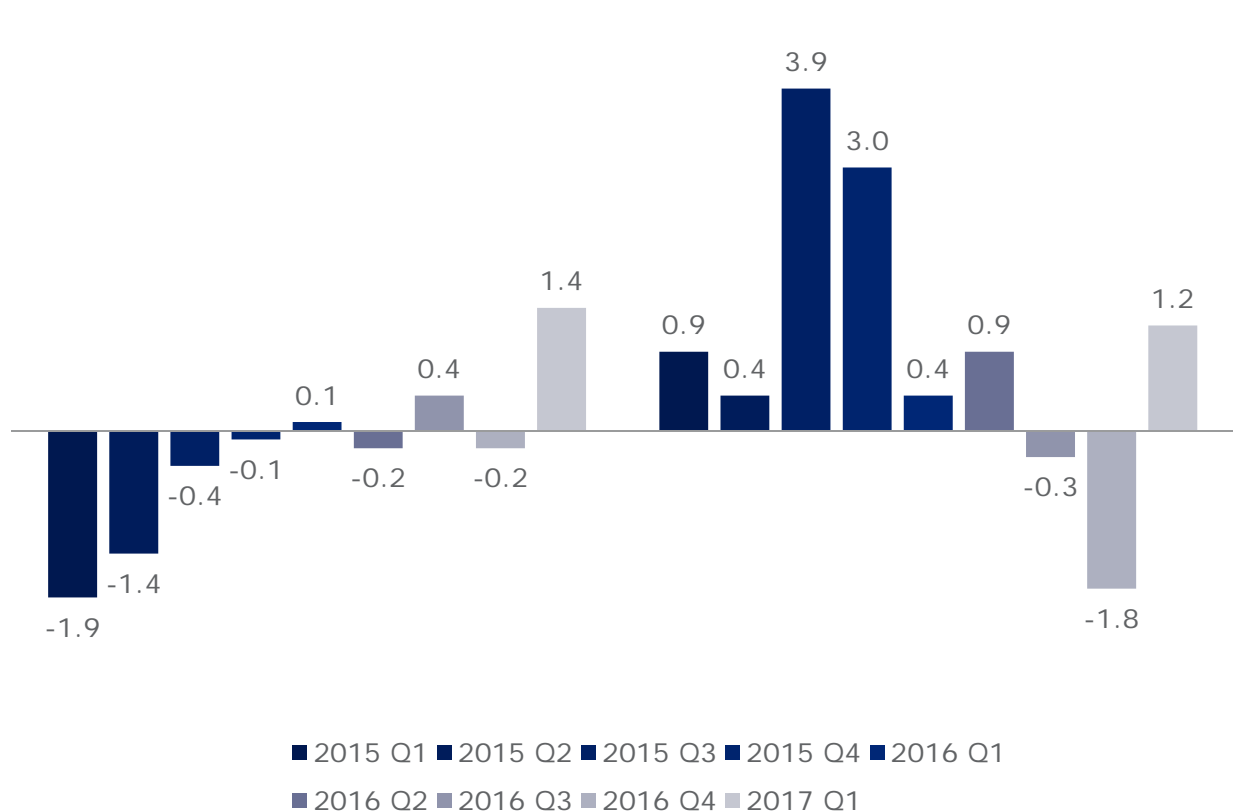
Macro-economic context - Greece



Total inflation and food & beverage evolution, in %, in Greece

Total inflation rate

Food and beverage inflation rate



Comments

- Despite deflation over the last two years (lower gas prices have contributed), there was an upwards pressure in food price levels, that has only reversed through H2 2016.

Source: Eurostat

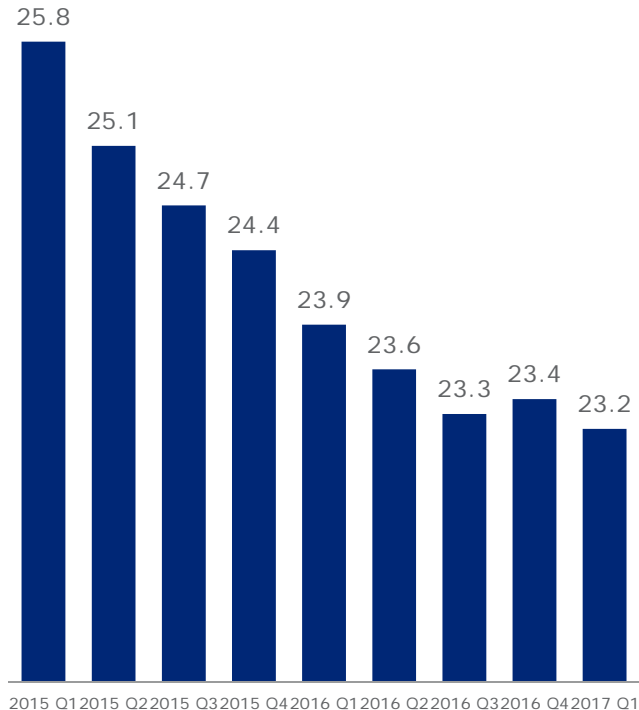


Macro-economic context - Greece

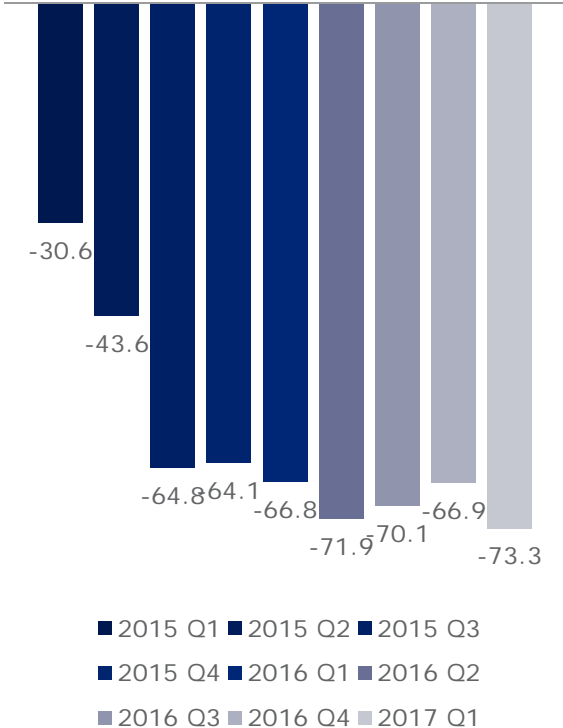


Unemployment and household confidence evolution, in %, in Greece

Unemployment rate (first month of each quarter)



Household confidence level



Comments

- Unemployment continues to be a major issue for the Greek economy.

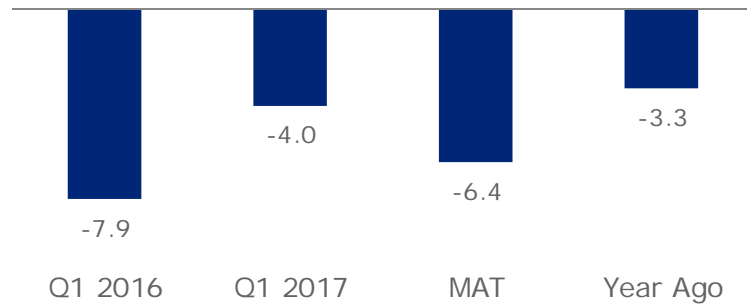
Source: Eurostat

Total FMCG, Q1 2017 - Greece



FMCG evolution in value, units and unit price, in %, in Greece

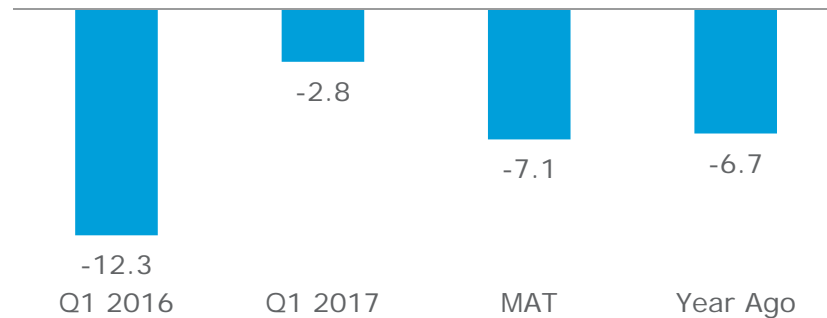
Total FMCG value



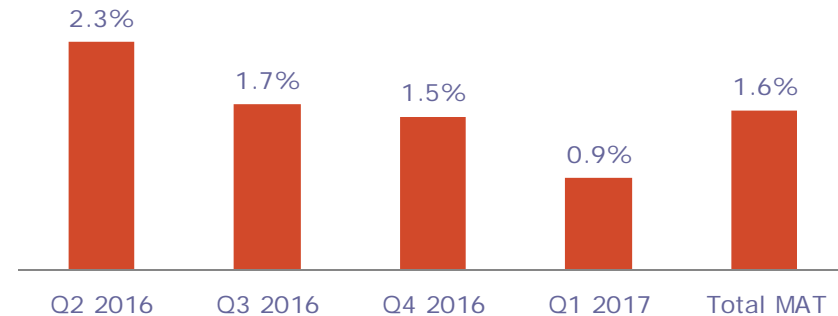
Comments

- Value and unit sales decline for the 8th consecutive year.
- 2016 was the first year of an uplift in price levels.

Total FMCG unit



Total FMCG unit price



Source: IRI

Coverage: total channels



Private label, Q1 2017 - Greece



Private label market share for total FMCG excluding fresh segments, in %, in Greece

Private label market share



Comments

- During 2016, the collapse of the former number 1 retailer negatively affected private label sales.
- In Q1 2017, private label sales followed the total market fall.
- Private label share is still lower than the European market average.

Source: IRI

Coverage: total channels

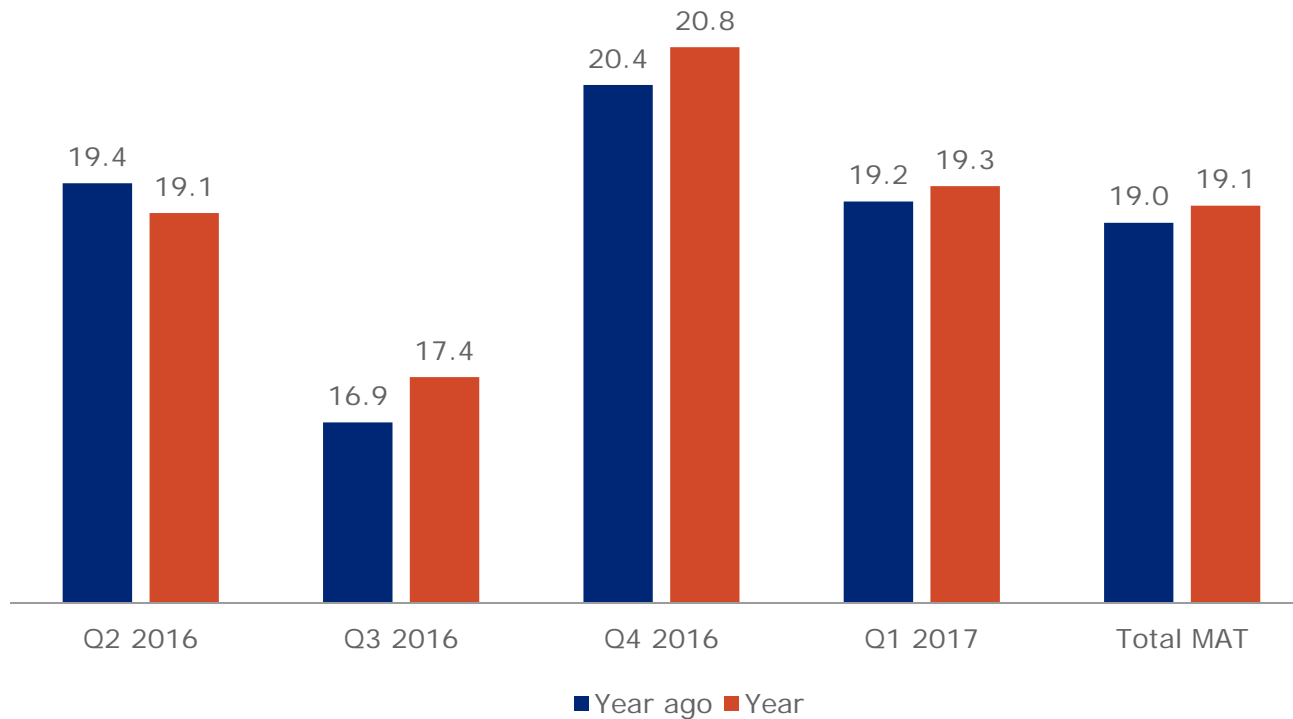


Promotion, Q1 2017 - Greece



Total FMCG excluding fresh segments, value on promotion, in %, in Greece

Total FMCG excluding fresh segments value on promotion



Comments

- A promotion war among retailers lead to a promo sales increase during Q1 2017.
- Supermarket groups follow the competition for across-category/brands/supplier price discounts.
- Lack of customised, consumer/cluster targeted activities.

Source: IRI

Coverage: total channels





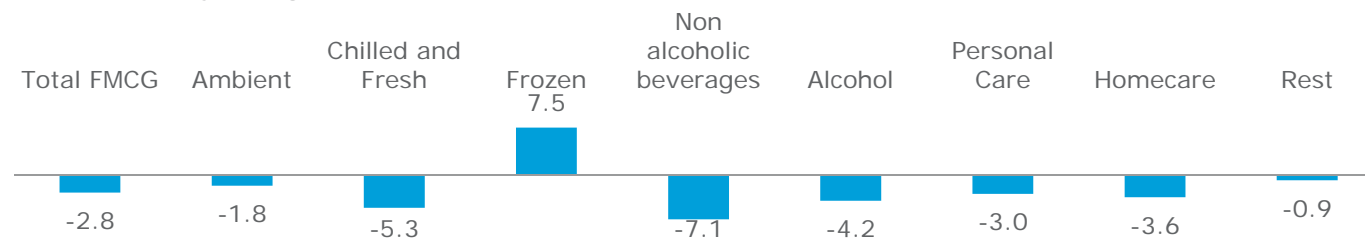
Categories short term sales, Q1 2017 - Greece

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

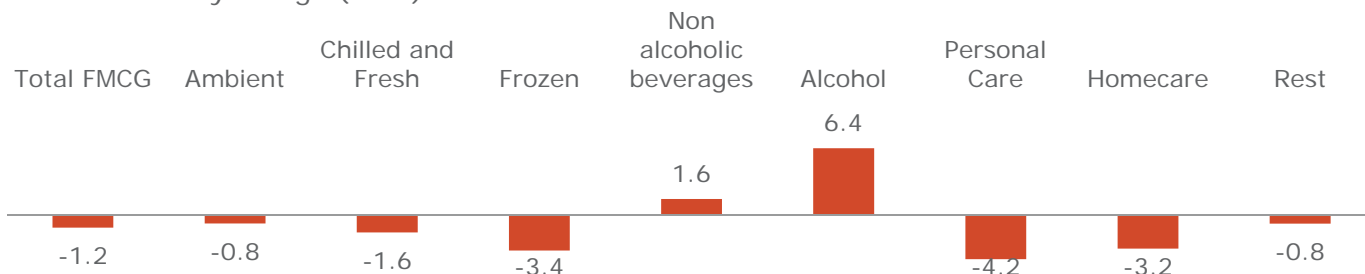
Value versus a year ago (in %)



Unit versus a year ago (in %)



Price versus a year ago (in %)



Source: IRI

Coverage: total channels

Comments

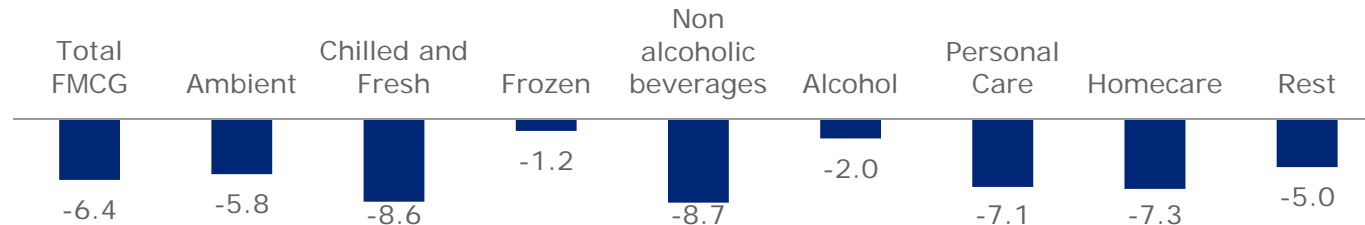
- Dairy categories heavily decline since last year and Q1 2017, affecting chilled and fresh segment.
- Pre-Easter seasonality partially boosts (or preserves) alcohol sales through beer consumption, while unit sales drop due to a tax increase.
- Seasonality also favors frozen categories (fish and vegetables).
- Personal care and homecare sharply decline due to the "deceleration" of promotional activity.

Categories sales, moving annual total - Greece

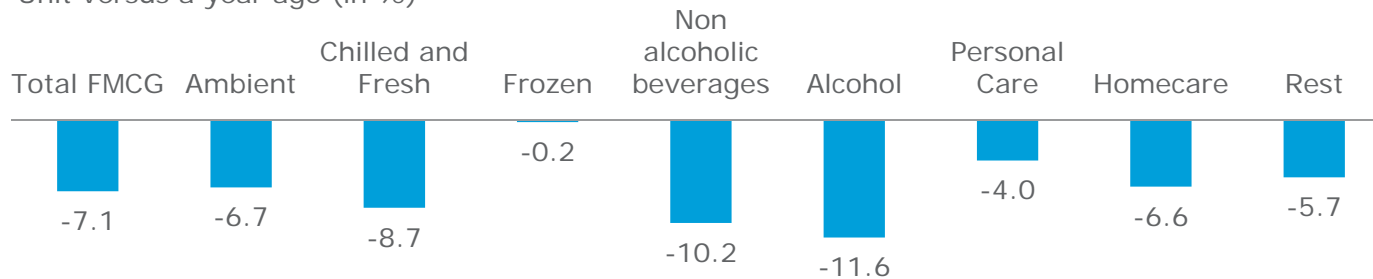


FMCG categories value, unit and price evolution, Q1 2017 MAT, in %, in Greece

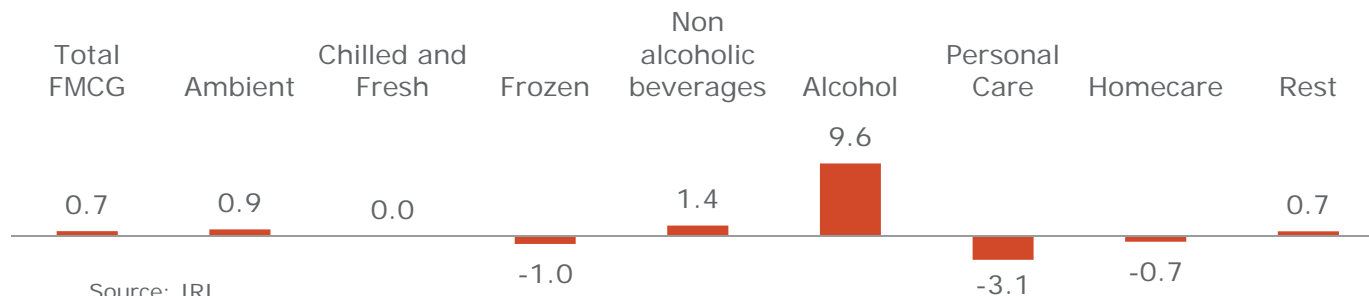
Value versus a year ago (in %)



Unit versus a year ago (in %)



Price versus a year ago (in %)



Source: IRI

Coverage: total channels

Comments

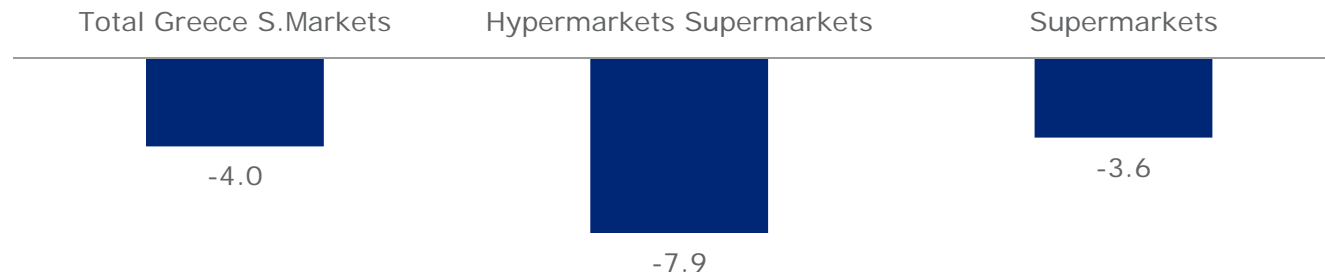
- Similar situation in MAT, where dairy (chilled and fresh), alcohol beverages and non food categories lead the market decline.
- An uplift in price levels is due to VAT and specific category taxes increases, while particular categories (personal), are «overcome» by continuous promotional activities.

Channels landscape, Q1 2017 - Greece



FMCG channels weight evolution, in %, in Greece

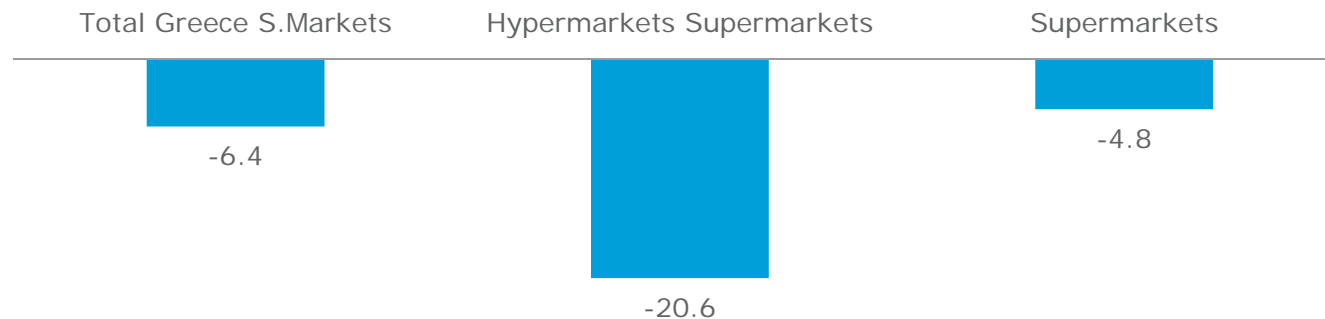
Channels short term results Q1 2017 versus year ago



Comments

- Marinopoulos's collapse and hypermarkets sales decline in MAT.
- An increase in store network development by «healthy» retailers during 2016 and Q1 2017 leads to a smoother decline by smaller store types.

Channels, moving annual total (MAT) results



Source: IRI

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.





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.



FINAL NOTES

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

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:

Evangelos.Danomaras@IRIWorldwide.com or
Evangelos.Foskolos@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.

IRIworldwide.com

Copyright © 2017 Information Resources, Inc. (IRI). All rights reserved. IRI, the IRI logo and the names of IRI products and services referenced herein are either trademarks or registered trademarks of IRI. All other trademarks are the property of their respective owners.

