



IRI State of the Nations

Snapshot of Consumer Goods Trends in Western Economies

Q2 2017

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September 2017



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IRI State of the Nations Q2 2017



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France



Germany



Greece



Holland



Italy



Spain



United Kingdom





Key findings - Netherlands

- Sales within service supermarkets* in the Netherlands are up by 3.1% in value on moving annual total (MAT). First quarter also started out positive with 2.1% growth.
- Sales increase is driven by a positive economic outlook where the employment rate is continuously decreasing, and there is a positive confidence level, despite the Netherlands being currently without an active government.
- Promotional pressure is high with 21.5% on MAT in value. Most segments within the top 20 have increased promotional pressure but despite this segments like oil, butter, cook, wine, sauces, milk and bread platter have lost volume.
- The number of branded items is increasing versus the number of private label items. Within private labels, the biggest part is still mainstream items (80.8%) - both private label top (5.1% -0.2pt) and bottom (14.1% -0.2pt) are in decline.



Key findings - Netherlands

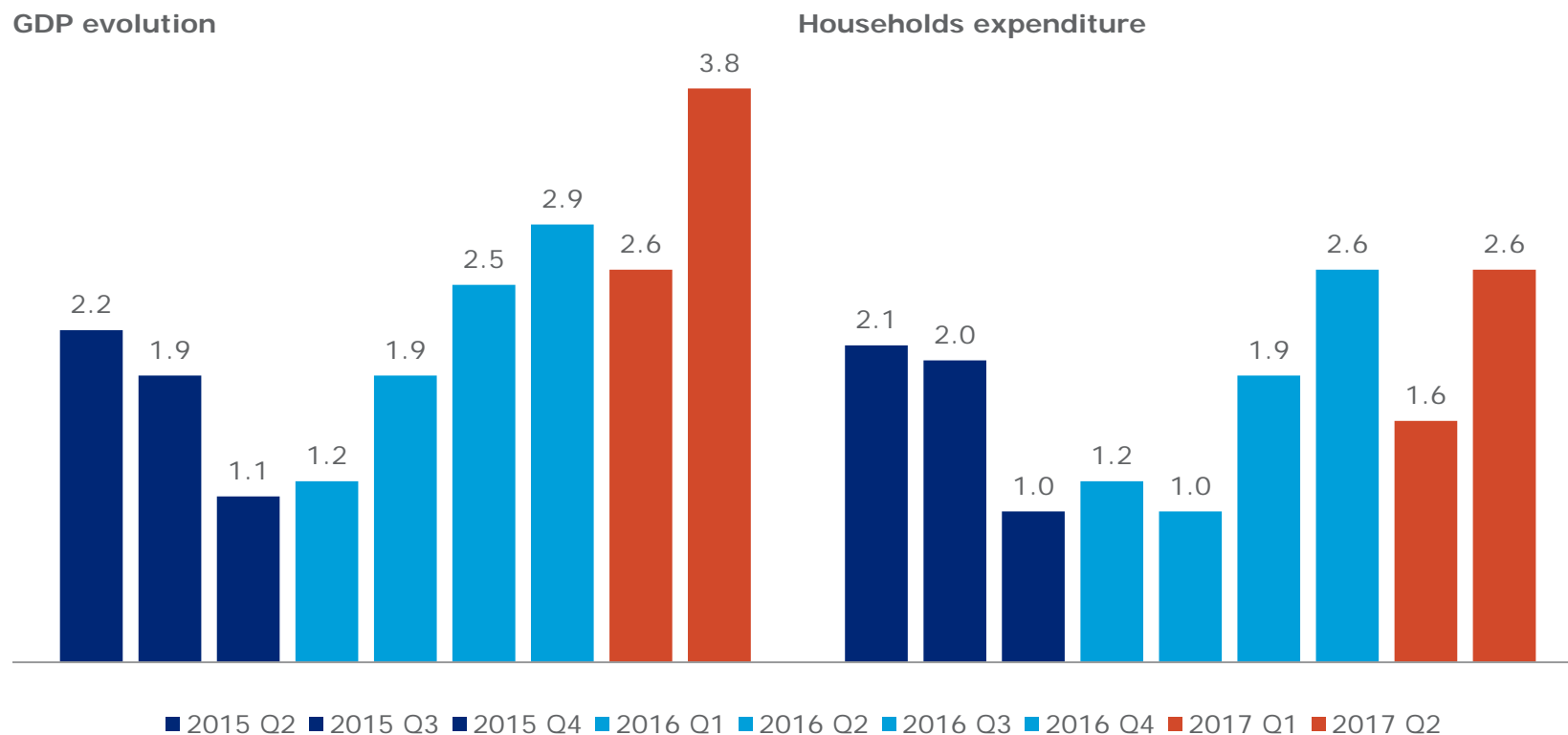
- The retail landscape in the Netherlands is currently: Albert Heijn with 35.4% share, Jumbo with 18.5% share (up from 11.2% in 2011 due to a take-over of C1000) and the purchasing organisation Superunie with 29.6% share.
- Discounts Aldi / Lidl are responsible for 15.8% of the market.
- All retailers are increasing their online sales, with Albert Heijn and Jumbo upfront.
- Next to this there is a focus on fresh and convenience with some retailers opening city stores or stores next to petrol stations.

** Service supermarkets = all supermarkets excluding Aldi/Lidl*



Macro-economic context – Netherlands

GDP and household expenditure evolution, in %, versus year ago, in the Netherlands



Source: Eurostat

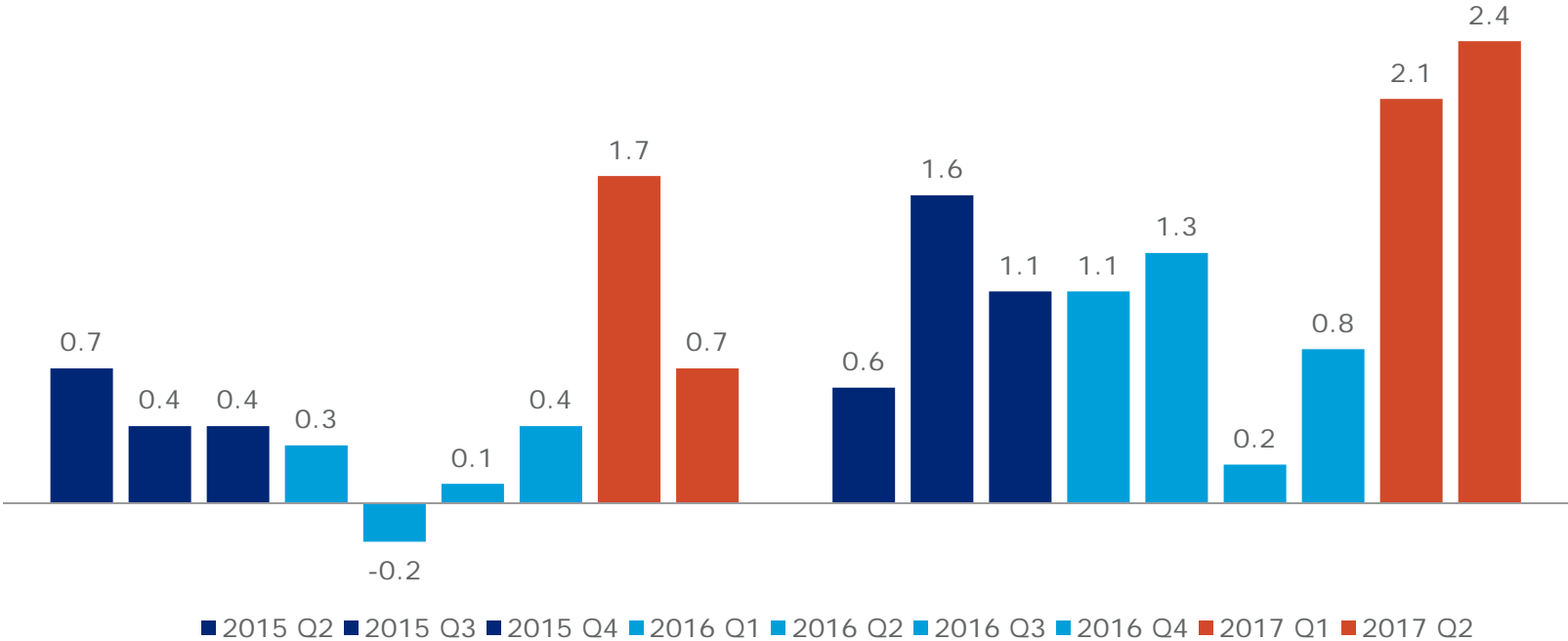
Macro-economic context – Netherlands



Total inflation and food and beverage evolution, in %, versus year ago, in the Netherlands

Total inflation rate

Food and beverage inflation rate



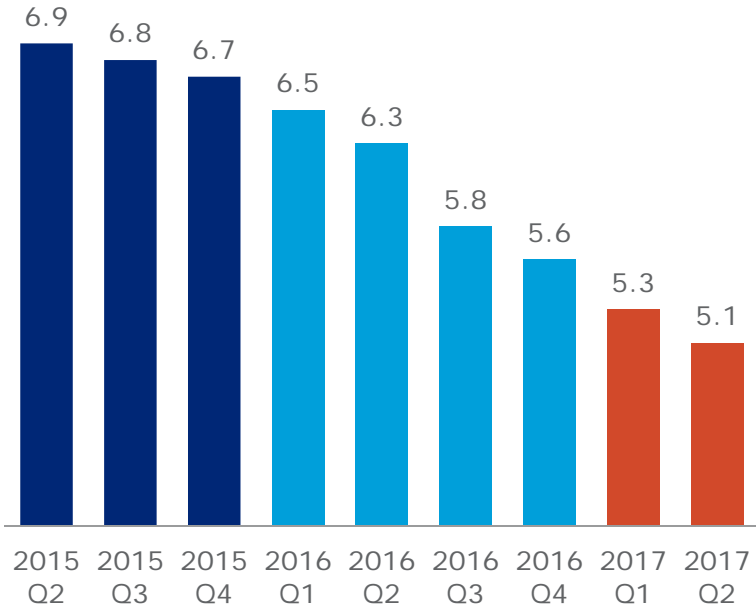
Source: Eurostat

Macro-economic context – Netherlands

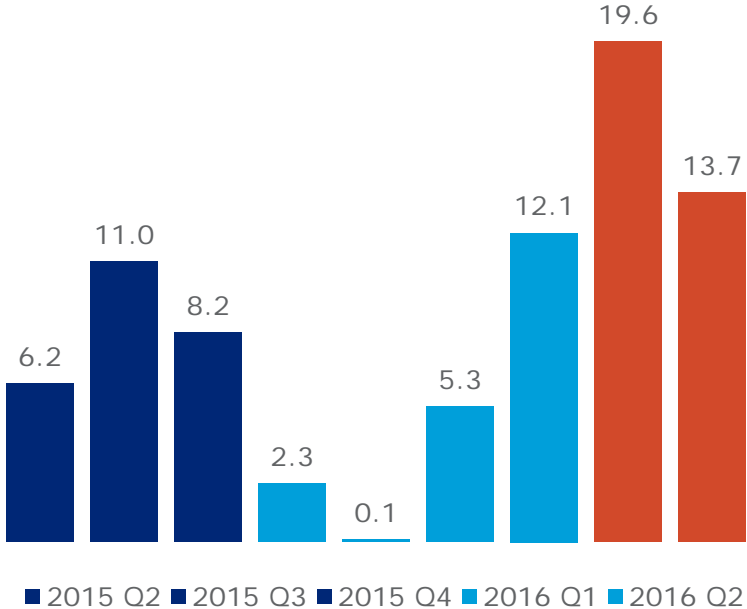


Unemployment and household confidence evolution, in %, in the Netherlands

Unemployment rate



Household confidence level



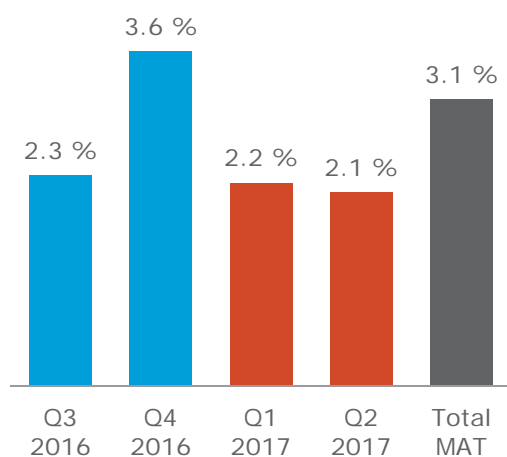
Source: Eurostat



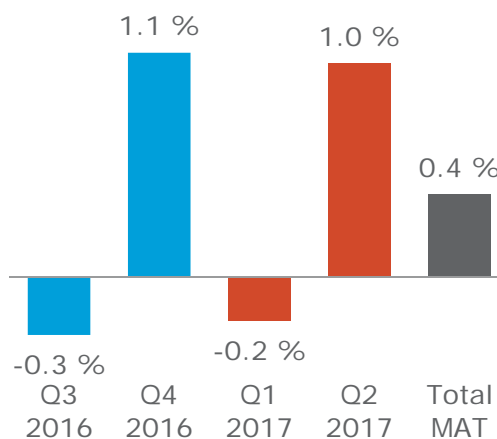
Total FMCG, Q2 2017 - Netherlands

FMCG evolution in value, units and unit price, in %, in the Netherlands

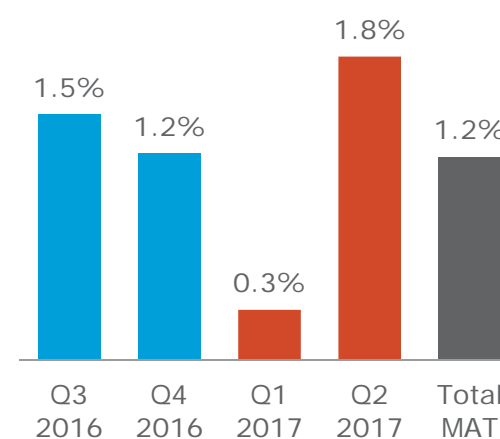
Total FMCG value



Total FMCG excluding fresh units



Total FMCG unit price excl. fresh



Comments

- Revenue growth of service supermarkets* is 4.0% higher than total with the discounters included.
- Growth of supermarkets is mainly driven by fresh food. Within fresh food AGF (potatoes, vegetables, fruits) and fresh meals have the highest growth rate.
- Within non-food, tobacco revenue is growing because of higher prices per unit.

Source: IRI

Coverage: InfoScan Supermarkets (excl. discount)

* Service supermarkets = all supermarkets excluding Aldi/Lidl

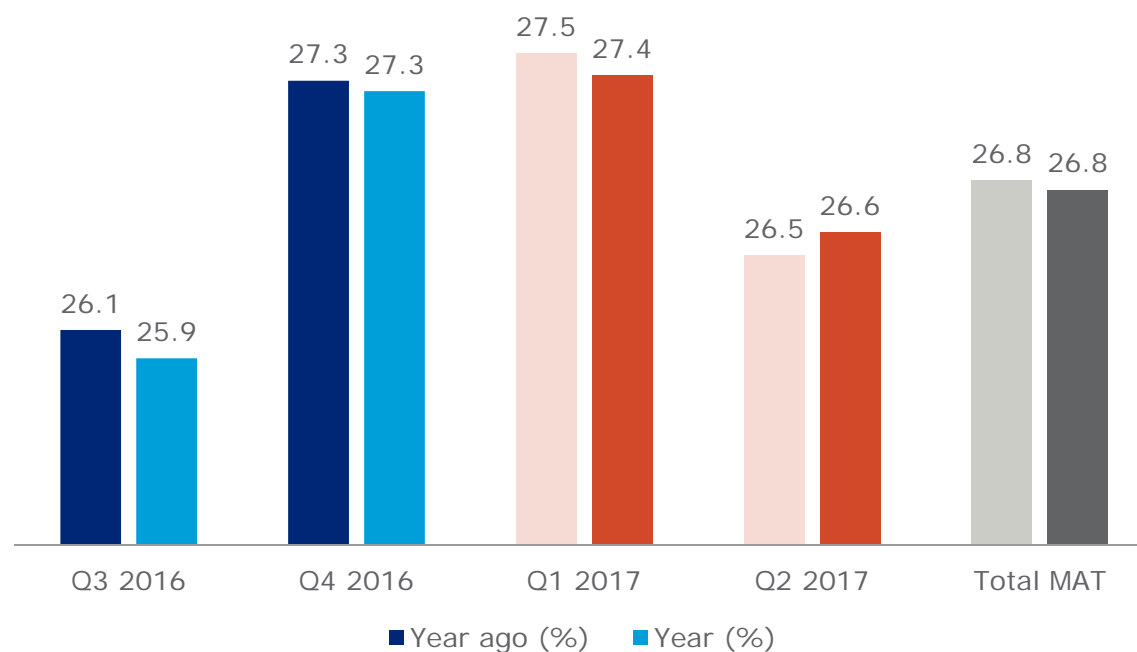




Private labels, Q2 2017 – Netherlands

Total FMCG private label market share, in %, in the Netherlands

Total FMCG Private label market share



Comments

- Between 2001 and 2012, the private label share grew from 19.2% to 27.3%. Since then the share is declining slowly.
- During seasonal periods like Christmas, private label share hits almost 28% due to bigger offers on premium products.
- Private labels mainstream is the winning share with a share of almost 81%. Private labels bottom has a share of 14% and private labels top 5%.

Source: IRI

Coverage: InfoScan Supermarkets (excl. discount)

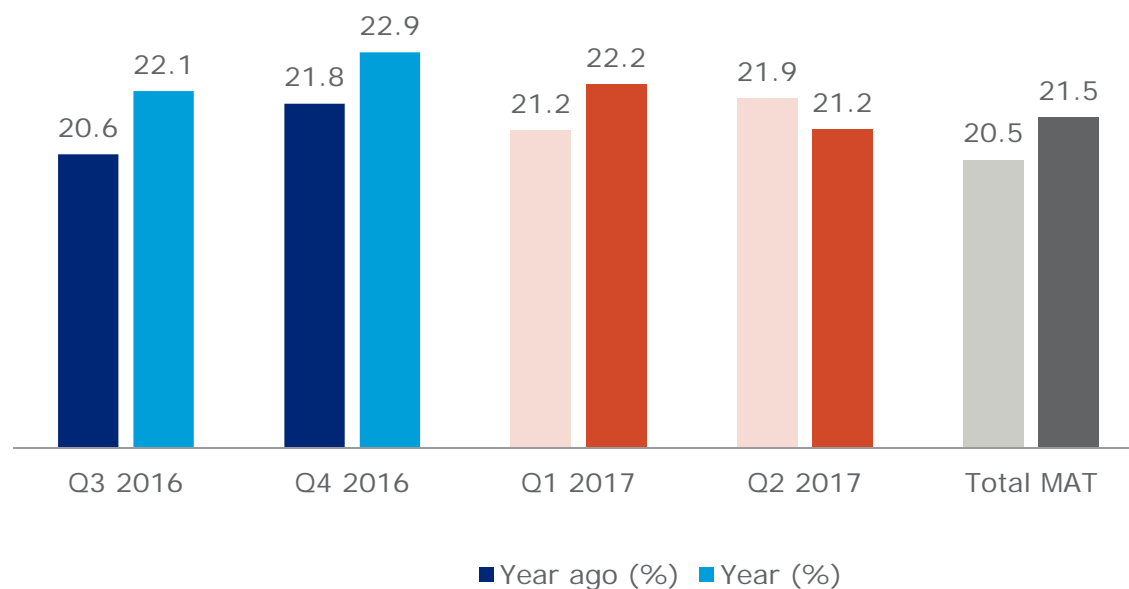




Promotion, Q2 2017 – Netherlands

Total FMCG value on promotion, versus year ago, in %, in the Netherlands

Total FMCG value on promotion



Comments

- Promotion pressure has grown from 14.8% in 2006 to more than 21% in MAT in 2017.
- In Q4, promotional pressure is always high due to the seasonal impact.
- From the top 20 segments within FMCG, beer, fresh meals and nuts increased the promo pressure while the promo pressure of cola, eggs and fruit drinks is declining.

Source: IRI

Coverage: InfoScan Supermarkets (excl. discount)

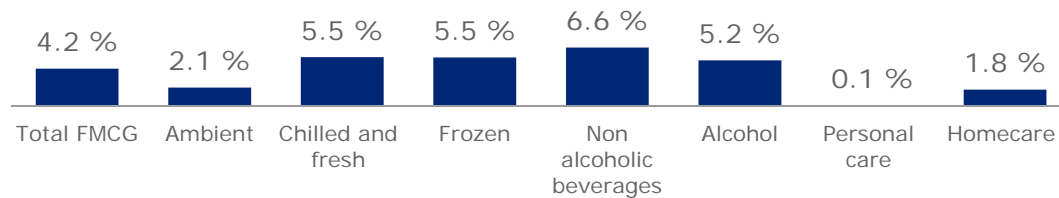


Categories short term sales, Q2 2017 - Netherlands

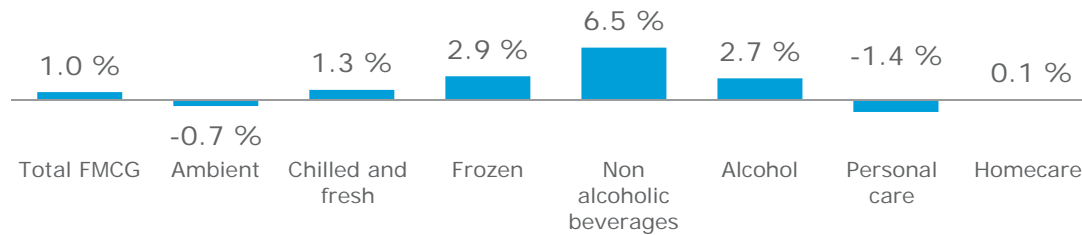


FMCG categories value, volume and price evolution, in %, in the Netherlands

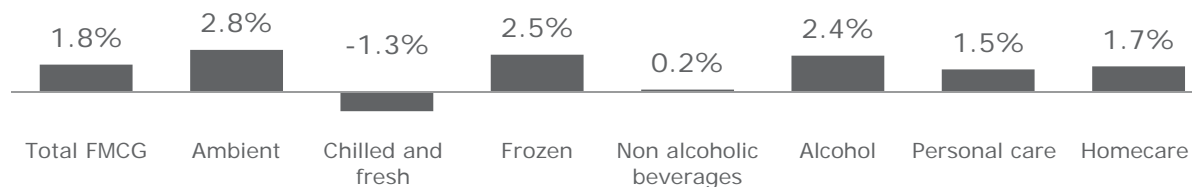
Value (%)



Units excluding fresh (%)



Unit price excluding fresh (%)



Source: IRI

Coverage: InfoScan Supermarkets (excl. discount)

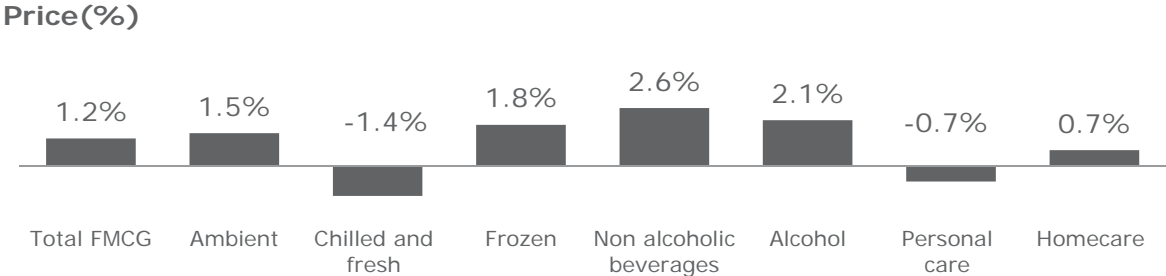
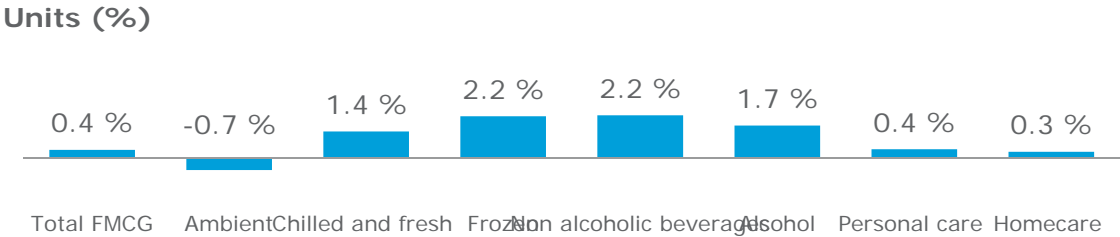
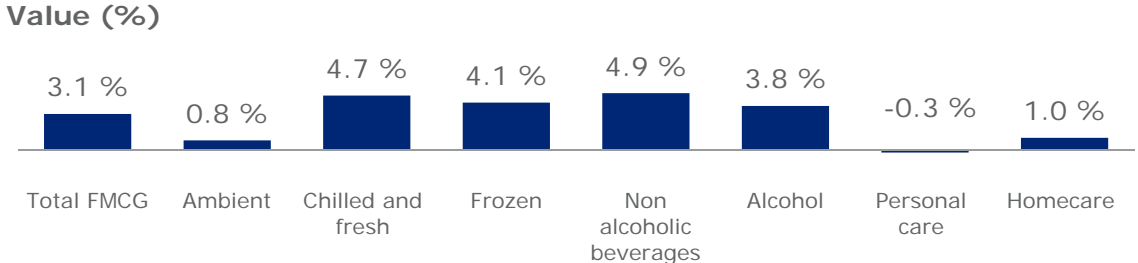
Comments

- Total growth FMCG is mainly driven by higher prices but the unit sales are growing too.
- Biggest growth in non alcoholic beverages is due to price increase.
- Biggest growth within ambient is chocolate with a growth of 9% in value and 4% in units.
- Personal care is under pressure in units where the hair care category lost 9% of the unit sales.

Categories sales, moving annual total, Q2 2017 - Netherlands



FMCG categories value, volume and price evolution, in %, in the Netherlands



Comments

- Base for non alcoholic beverages is growing at 6% value sales.
- Growth within the frozen segment is mainly down to a 14% growth in ice, due to an increase in base sales.
- Alcoholic segment is growing thanks to an increase in base sales. The number of items has stabilised.
- The price increase in frozen has occurred in all segments except frozen vegetables.

Source: IRI
 Coverage: InfoScan Supermarkets (excl. discount)



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.

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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:** InfoScan Supermarkets (excluding 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: Ancel.Dost@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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