

IRI State of the Nations

Snapshot of Consumer Goods Trends in Western Economies

Q1 2017



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IRI State of the Nations Q1 2017

NETHERLANDS



Key findings - Netherlands



- Sales within service supermarkets* in the Netherlands are up by 2.7% in value on moving annual total (MAT). First quarter also started out positive with 2.2% growth.
- Sales increase is driven by a positive economic outlook where the employment rate is continuously decreasing and there is a positive confidence level.
- Promotional pressure is high and still growing at 22.3% in value on MAT. Most segments within the top 20 have increased the promotional pressure and for most segments this follows with a growth in volume.
- The number of branded items is increasing more than the number of private label items, private label share is declining on MAT. Within private label there is a switch from bottom labelled items to more mainstream private label items.

* Service supermarkets = all supermarkets excluding Aldi/Lidl

Key findings - Netherlands



- The retail landscape in the Netherlands is as follows: Albert Heijn - 35.4% share, Jumbo - 18.5% share (from 11.2% in 2011 due to a take-over from C1000) and the purchasing organisation Superunie - 29.6% share.
- Discount stores 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.

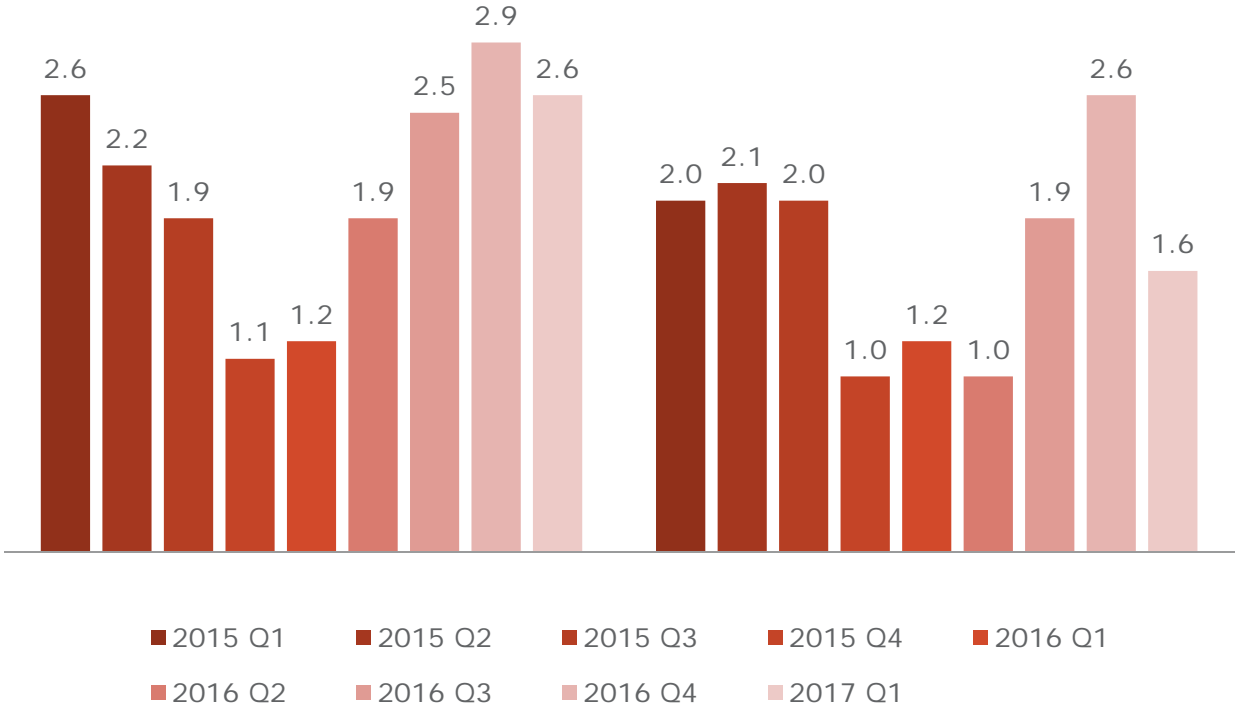
Macro-economic context - Netherlands



GDP and household expenditure evolution, in %, in the Netherlands

GDP evolution (versus year ago)

Households expenditures



Comments

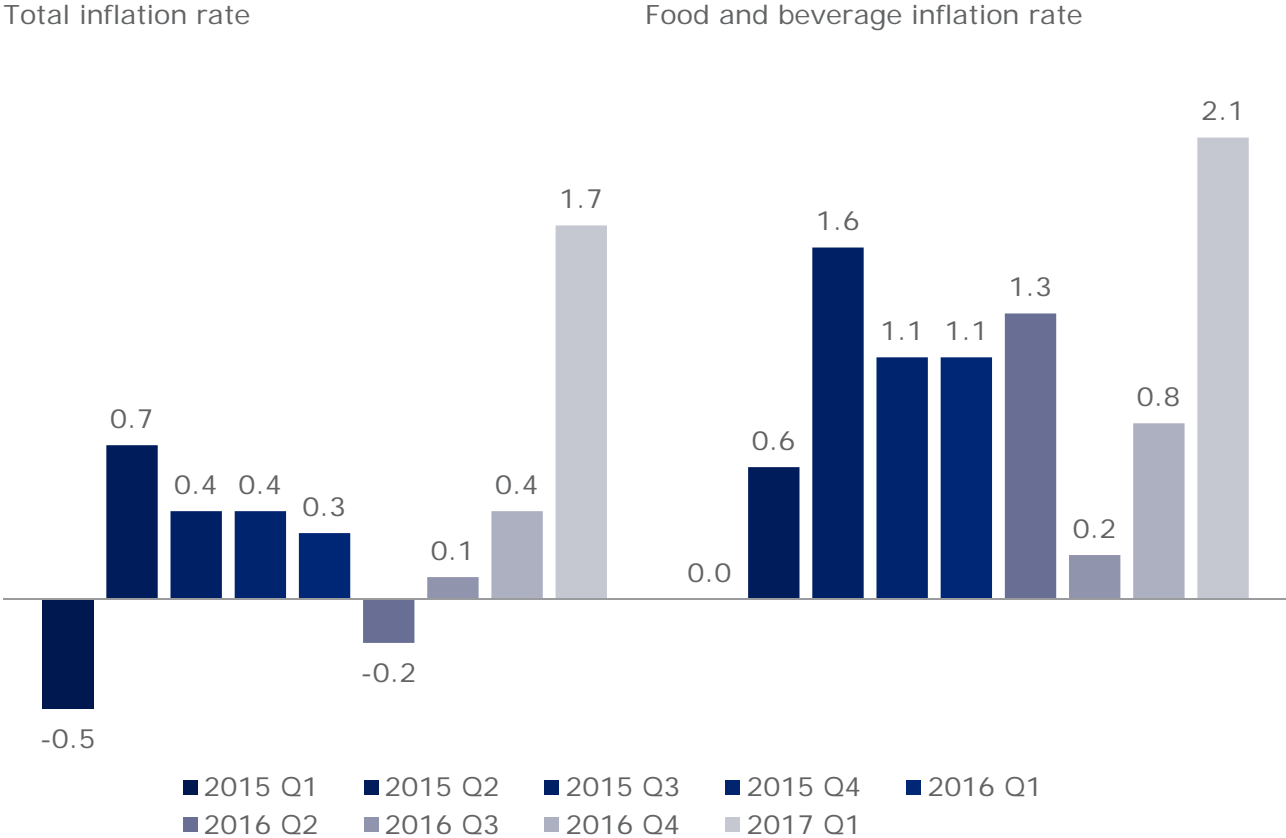
- GDP evolution is growing in the last three quarters, due to higher consumption.
- The large increase in household expenditure in Q4/Q1 is mainly due to an increase in sales for clothing, cars and electrical devices.

Source: Eurostat

Macro-economic context - Netherlands



Total inflation and food & beverage evolution, in %, in the Netherlands



Comments

- Inflation rate of food and beverage is continuously higher than the average inflation rate.
- With 2.1%, food and beverage shows the highest increase since Q1 2015. Prices for tobacco and alcoholic beverages are influenced by the government therefore inflation rate of food and beverage is usually higher than the average inflation rate.

Source: Eurostat

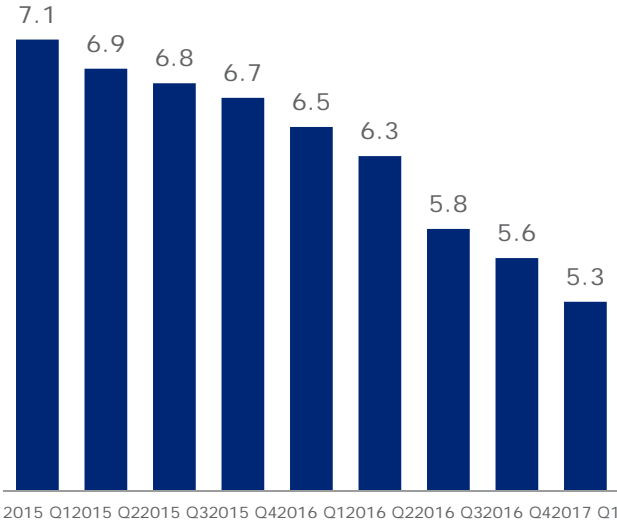


Macro-economic context - Netherlands

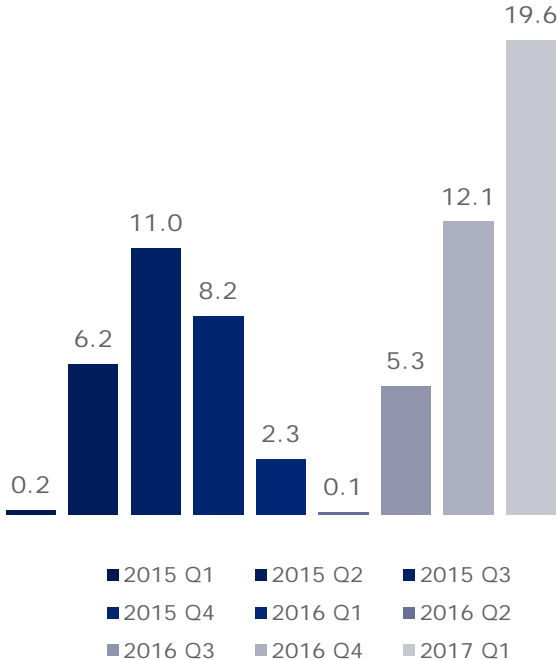


Unemployment and household confidence evolution, in %, in the Netherlands

Unemployment rate (first month of each quarter)



Household confidence level



Comments

- Unemployment rate is 5.3% - the lowest since 2015. The number of jobs increased and the young especially profited in finding a job.
- Confidence level is increasing to 19.6% in the latest quarter. Both the economic climate and the buy preparedness is positive.

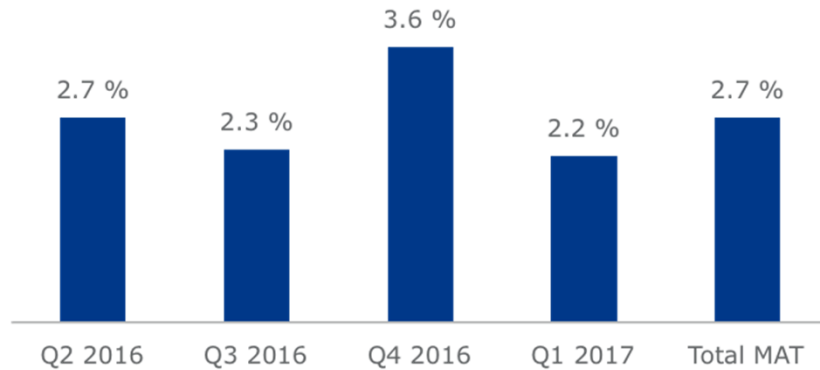
Source: Eurostat

Total FMCG, Q1 2017 - Netherlands



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

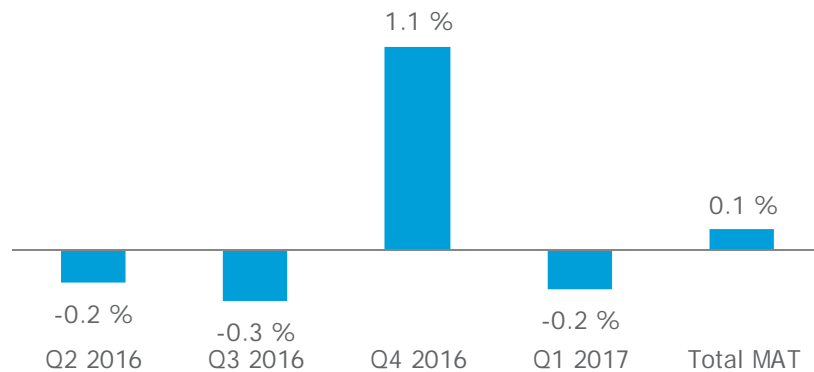
Total FMCG value



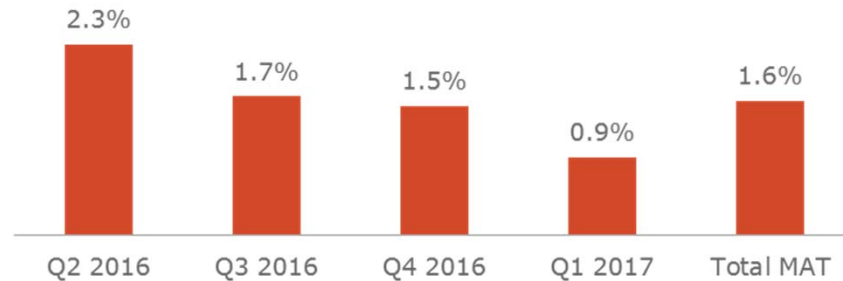
Comments

- Growth in total supermarket sales is driven by service supermarkets* where hard discounters grow but less hard. At 4% fresh food is the driver behind the value growth, mainly due to "AGF" (potatoes, vegetable and fruits).
- In recent years, non food has fallen in volume and value. This sector is now back to growth while the volume of food has fallen in a number of periods.
- Price within non food is negative while price of food is growing. The biggest influence is higher promotional pressure for personal care segments.

Total FMCG units excluding fresh segment



Total FMCG unit price excluding fresh segment



Source: IRI

Coverage: InfoScan Supermarkets (excl. discount)

* Service supermarkets = all supermarkets excluding Aldi/Lidl

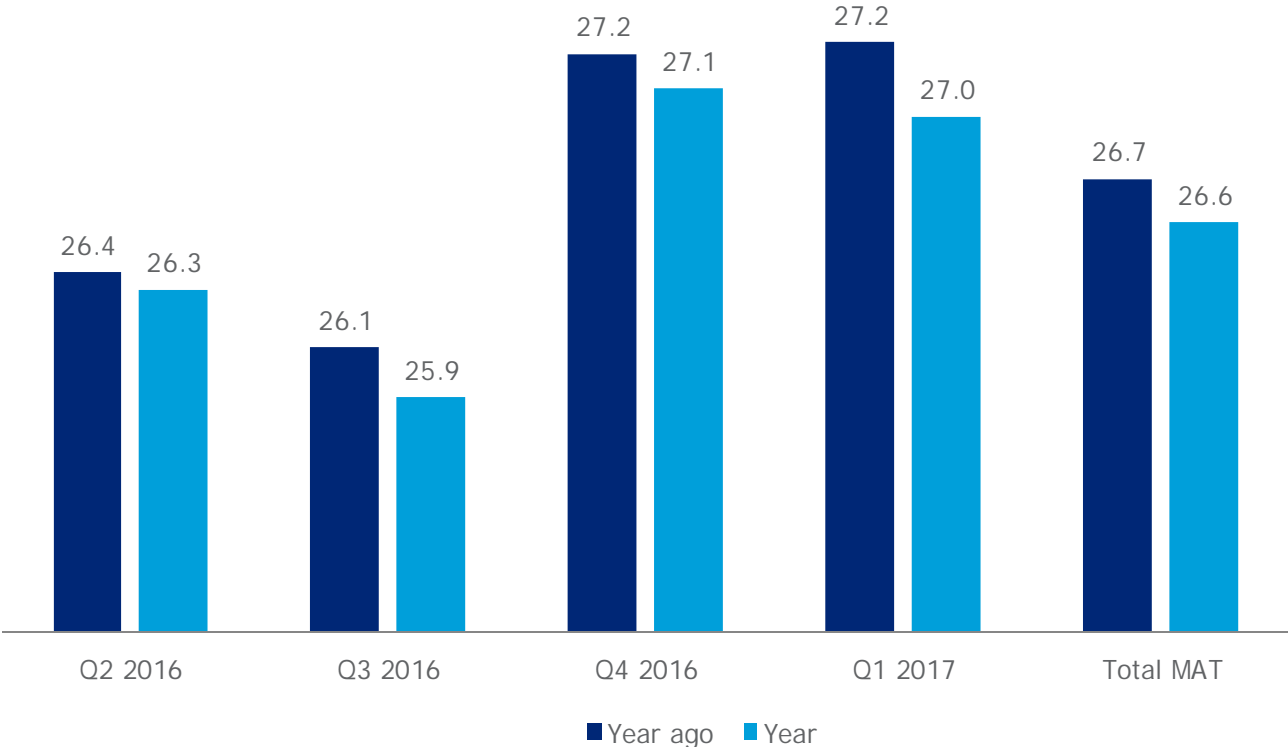


Private labels, Q1 2017 - Netherlands



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

Private label market share



Comments

- Between 2001 and 2012, the private label share grew from 19.2% to 27.3%. Since then the share remains stable.
- During seasonal periods like Christmas, private label share hits almost 28% due to bigger offers on premium products.
- In Q1 2017, bottom and premium private label share were in decline whereas standard private label obtained a bigger share (80%).

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

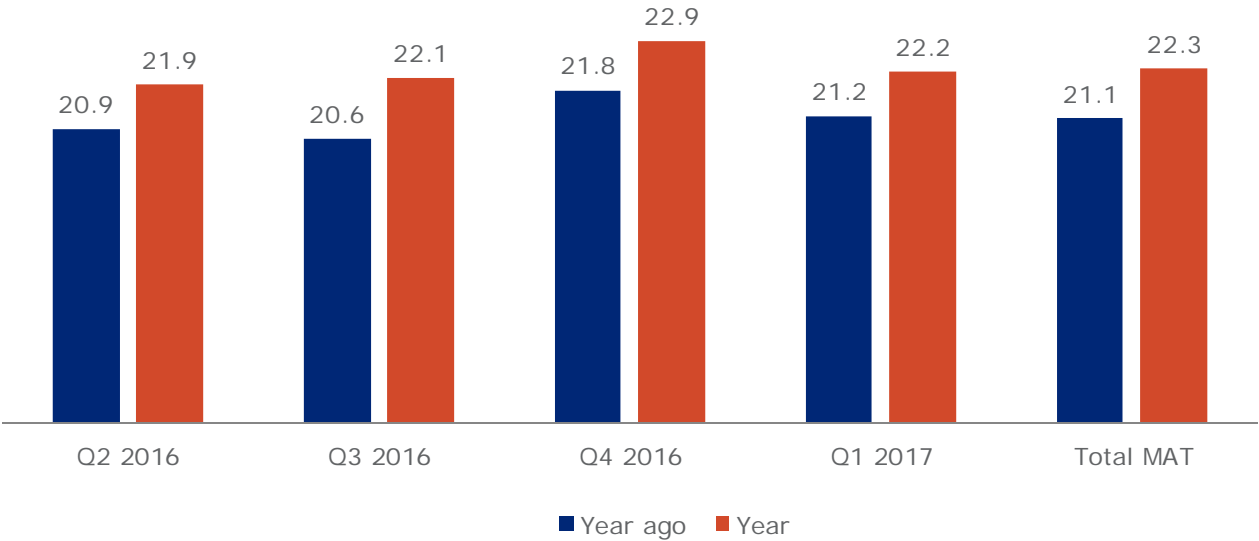


Promotion, Q1 2017 - Netherlands



Total FMCG excluding fresh segments, value on promotion, in %, in the Netherlands

Total FMCG excluding fresh segments value on promotion



Comments

- Promotion pressure has grown from 14.8% in 2006 to more than 21% in early 2017.
- In Q4s, promotional pressure is always high due to the seasonal impact.
- From the top 20 segments within FMCG, 17 segments increased their promotional pressure but segments like coffee, sauces, biscuits and milk lost in volume despite this increase.

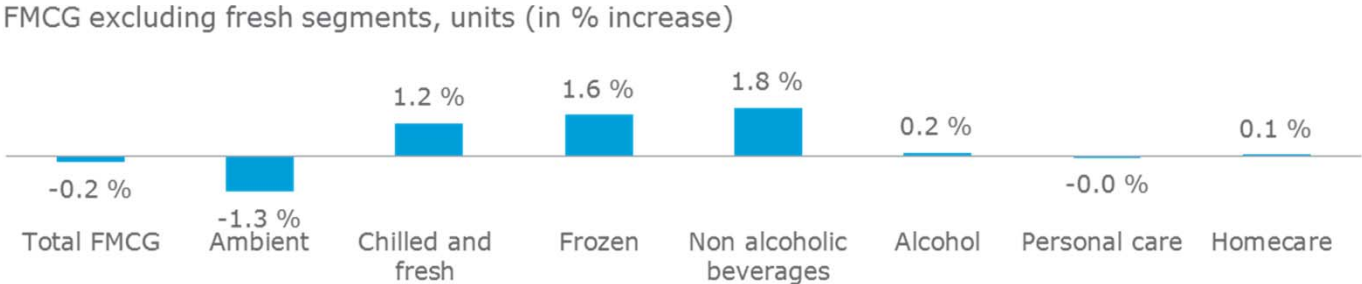
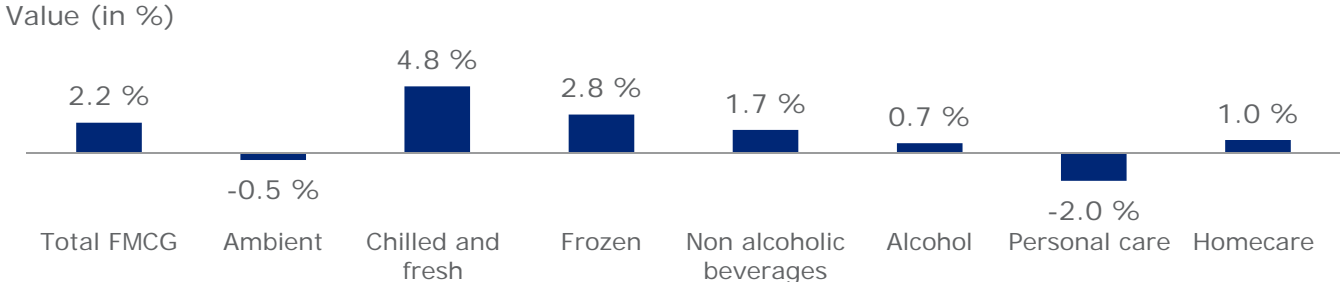
Source: IRI
Coverage: InfoScan Supermarkets (excl. discounters)



Categories sales, Q1 2017 versus year ago - Netherlands



FMCG categories value, unit and price evolution, Q1 2017 versus year ago, in %, in the Netherlands



Comments

- The biggest growth within the chilled and fresh segment is due to an 88 million euros growth in vegetables and fruits. Growth within this segment is both driven by base sales and incremental sales.
- Loss in personal care is due to a base value decline. Promotional pressure increased again versus last quarter.
- Number of items and total sales rate are in decline. Both result in a value and unit loss for total ambient.
- High price increase within chilled is driven by an increase in the average unit price for the fresh milk segment.

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

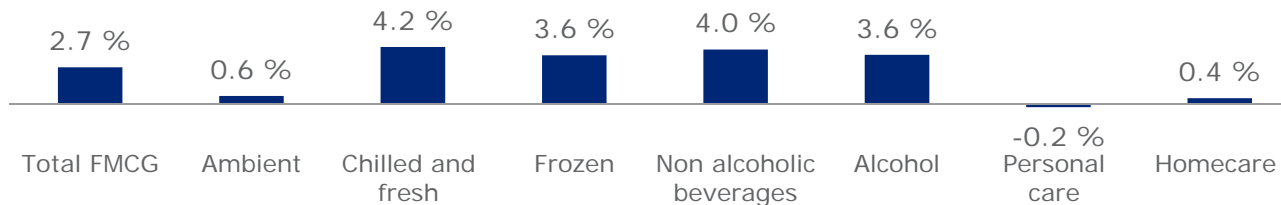


Categories sales, Q1 2017, moving annual total (MAT) - Netherlands

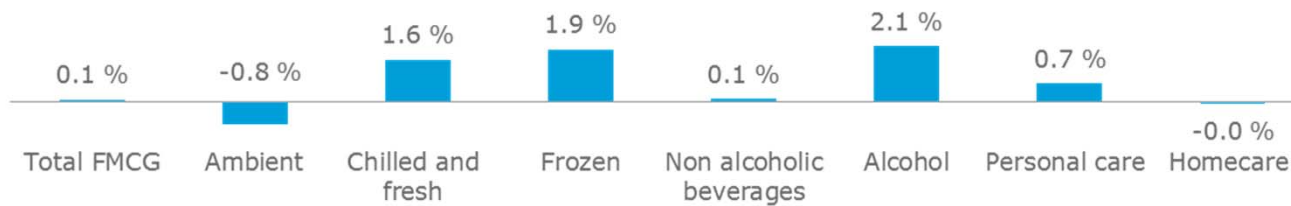


FMCG categories value, unit and price evolution, Q1 2017 MAT, in %, in the Netherlands

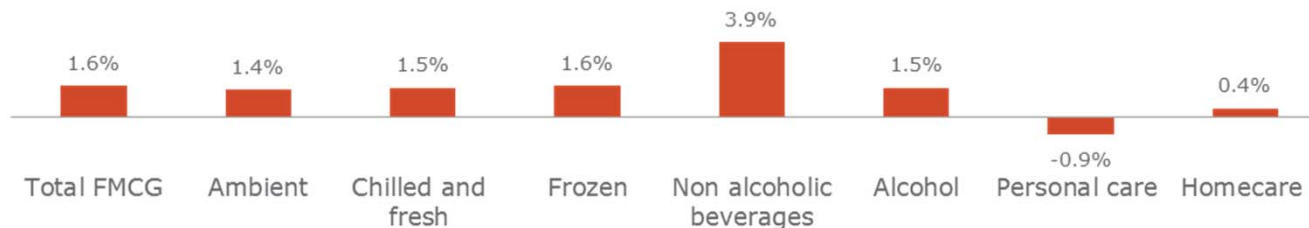
Value (in %)



FMCG excluding fresh segment, units (% increase)



FMCG excluding fresh segment, unit price (% increase)



Comments

- Base for non alcoholic beverages is growing at 4.0%.
- Ambient segment increase of 0.6% is due to a larger promotional pressure.
- Growth driver in the alcoholic segment is the increase in the number of items both within beer and wine segments.
- Price increase within non alcoholic beverages are mainly on sports and energy drinks, water and fruit based drinks.

Source: IRI

Coverage: InfoScan Supermarkets (excl. discounters)



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: Ancel.Dost@IRIworldwide.com



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