



# IRI State of the Nations

Snapshot of Consumer Goods Trends in Western Economies

Q3 2017

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December 2017



**IRI**

Growth delivered.

# IRI State of the Nations Q2 2017



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Growth delivered.



France



Germany



Greece



Holland



Italy



Spain



United  
Kingdom



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





# Key findings - Spain

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- Macroeconomic indicators confirm recovery for the Spanish economy with a Gross Domestic Product (GDP) growth of 0.8% in the third quarter 2017. Compared with the same quarter of the previous year, growth stands at 3.1%.
- Unemployment decreased in the third quarter of 2017 by -2.5%, and for the last 12 months, employment has grown by 521,700 people (+2.8%). However in Q3 2017 the unemployment rate in Spain remains very high at 16.4% (it was at 18.9% in Q3 2016).
- The Fast Moving Consumer Goods (FMCG) market grew in value by 3.1% in the third quarter 2017, driven by pricing (+1.6%) more than volume evolution (+1.5%).
- The growth of FMCG is provided by the supermarket channel (+3.0% value sales). The hypermarkets contribution is also positive (+1.0% value sales).



# Key findings - Spain

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- All categories grew in Q3 2017 in value and volume except for non alcoholic beverages. Chilled and fresh is the one that grew the most, in value (+4.8%) and in volume (+2.4%).
- Looking at the product family level, families that contribute negatively to growth in Q3 are child care, baby food and nappies. For baby food and nappies, the decrease is due to a smaller number of births, -2.8% births in 2016 versus the previous year.
- In the first half of 2017 the percentage of sales in promotion has decreased versus a year ago, which is in contrast with the last half of the year 2016 during which sales in promotion grew.
- Private label gains market share.

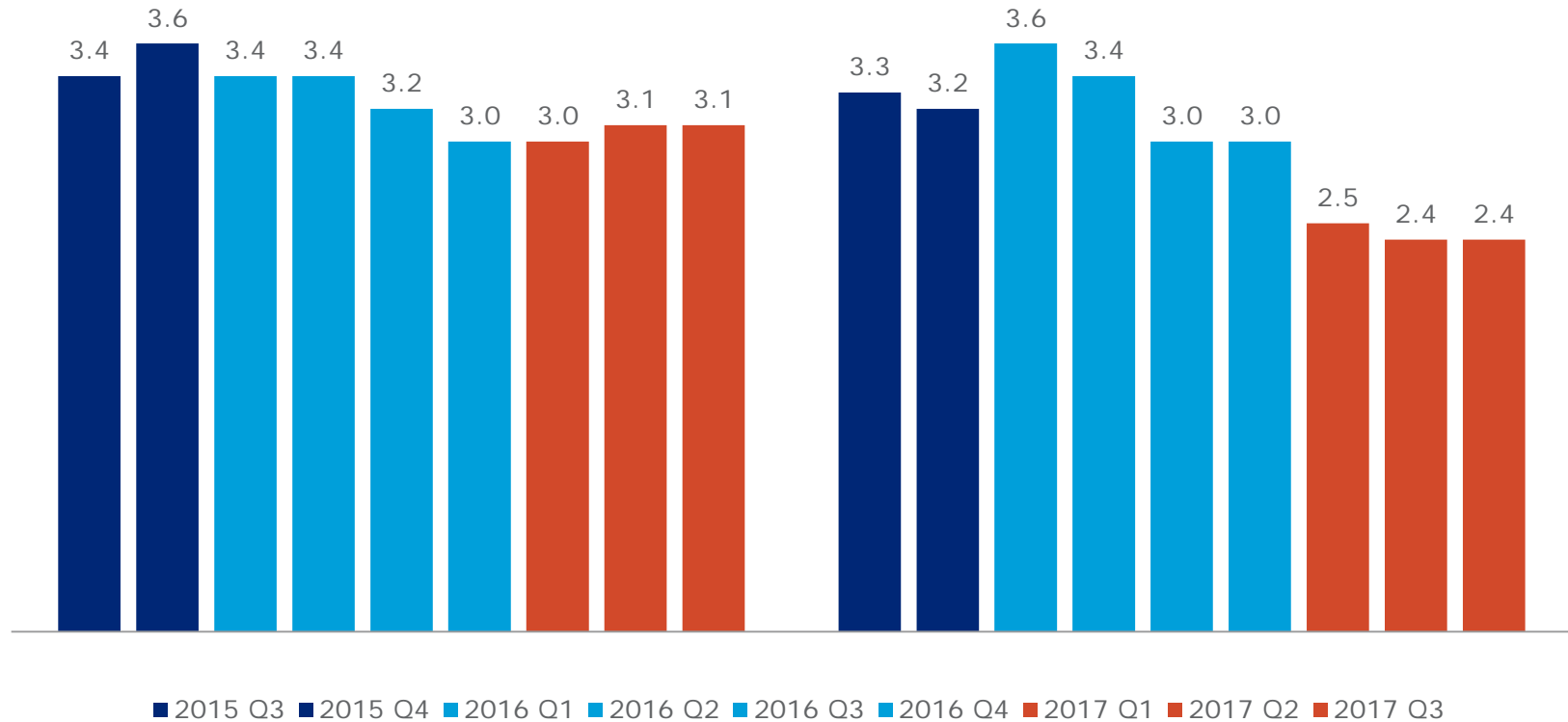
# Macro-economic context - Spain



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

GDP evolution

Household expenditure



Source: Eurostat

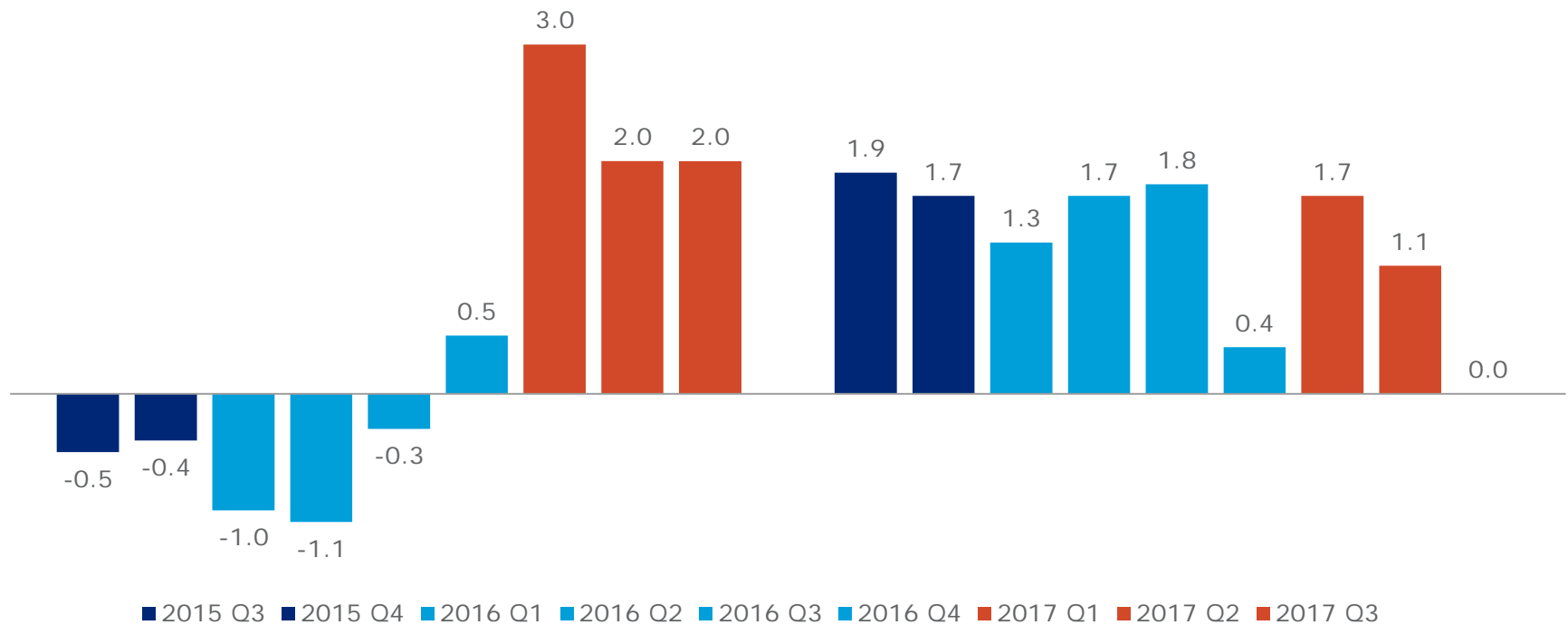


# Macro-economic context – Spain

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

Total inflation rate

Food and beverage inflation rate



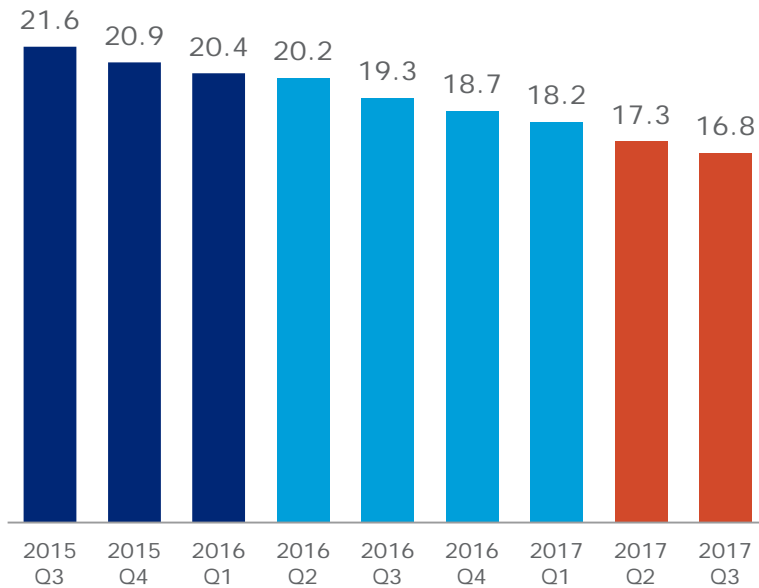
Source: Eurostat



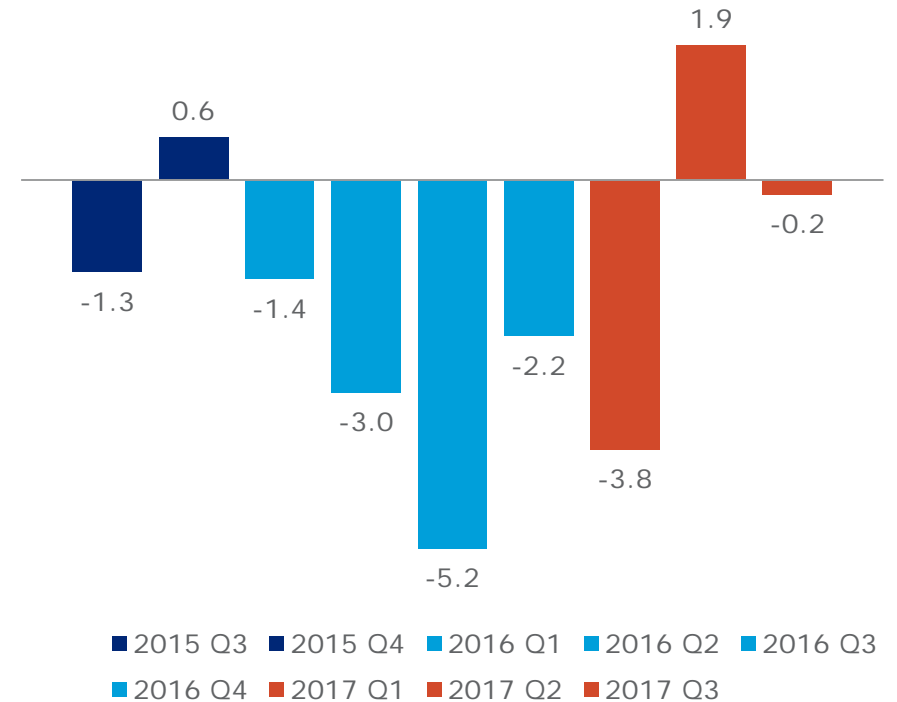
# Macro-economic context – Spain

## Unemployment and household confidence evolution, in %, in Spain

### Unemployment rate



### Household confidence level



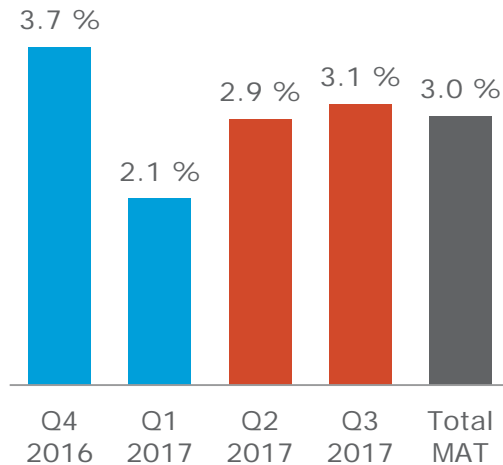
Source: Eurostat



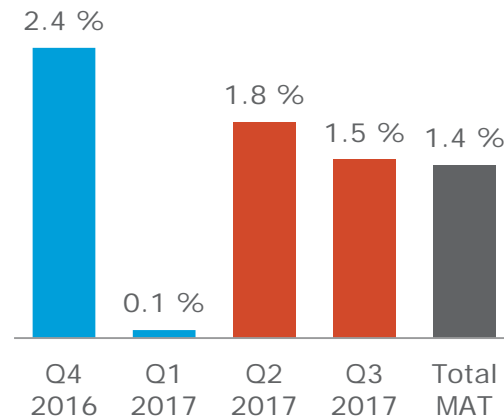
# Total FMCG, Q3 2017 – Spain

## FMCG evolution in value, volume and volume price, in %, in Spain

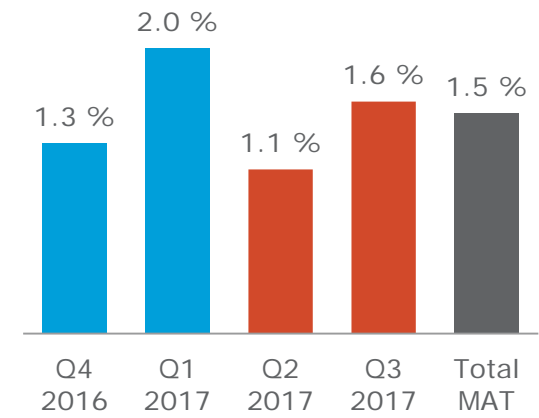
Total FMCG value (%)



Total FMCG volume (%)



Total FMCG volume price (%)



### Comments

- FMCG grows in value +3.0% in moving annual total (MAT).
- This growth is driven by both price and volume. Both have been on a positive trend over the past quarters. But price remains the main driver for the sales value growth.

Source: IRI

Coverage: hypermarkets, supermarkets and modern perfumeries and modern drugstores (PDM)

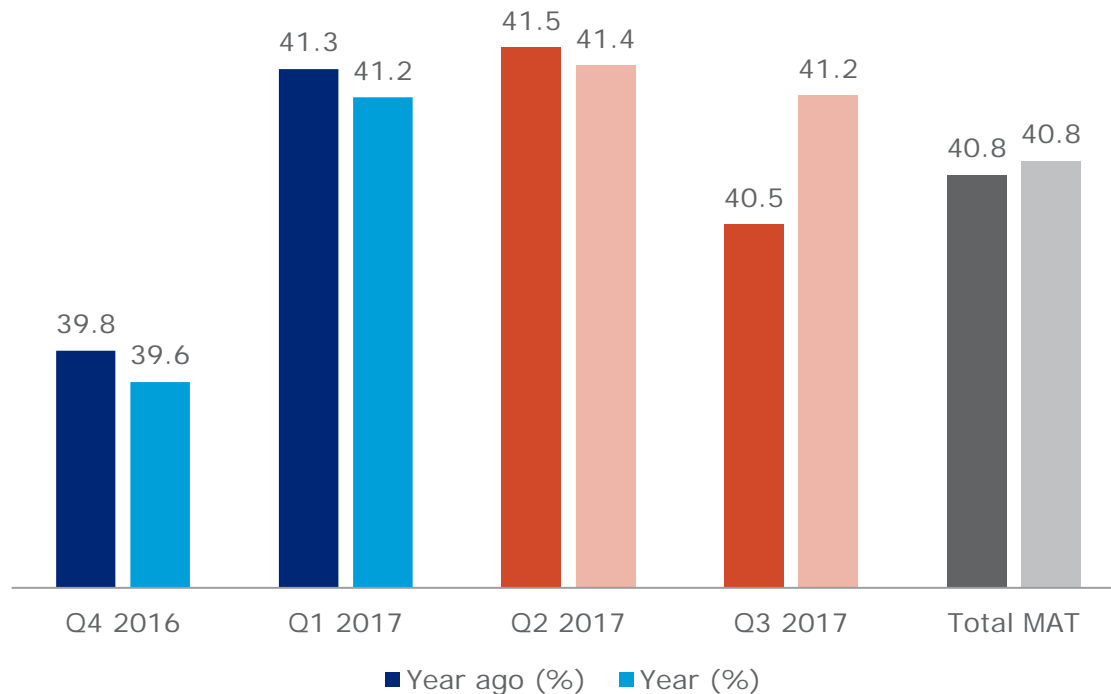




# Private labels, Q3 2017 – Spain

## Total FMCG private label market share, in %, in Spain

Total FMCG private label market share



### Comments

- In Q3, the private labels' tendency changed; they are back to growth versus national brands.

Source: IRI

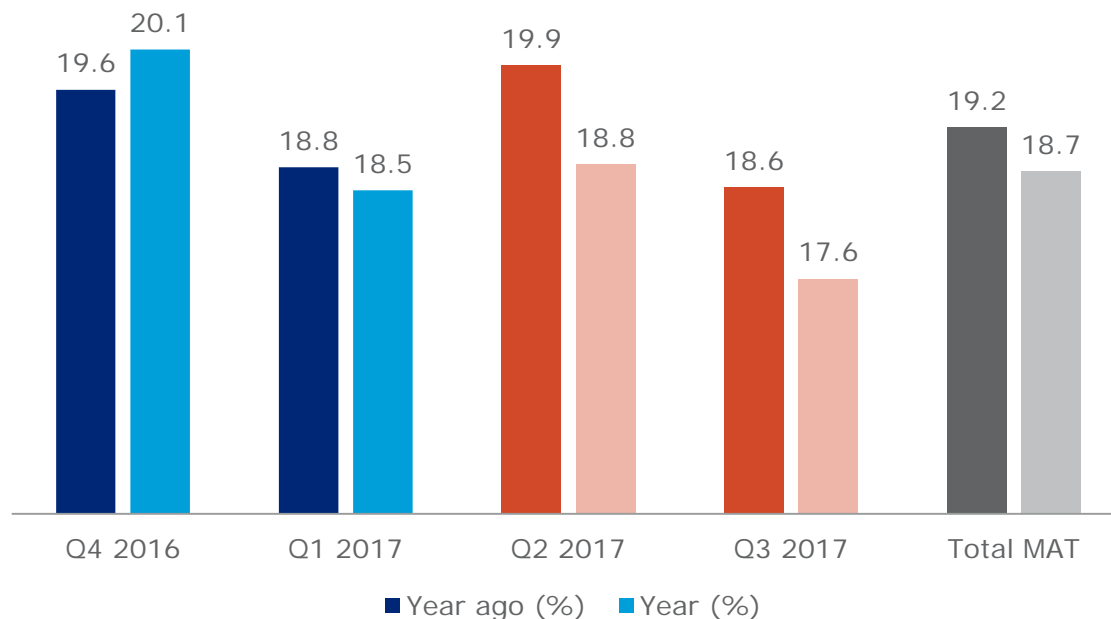
Coverage: hypermarkets, supermarkets and PDM



# Promotion, Q3 2017 - Spain

## Total FMCG value on promotion, versus year ago, in %, in Spain

Total FMCG value on promotion



### Comments

- In the last half of the year, promotional pressure has started to decrease.
- Promotions in Q3 2017 are at 17.6%, decreasing 1 point versus MAT Q3 2016.
- In a market where supermarkets are dominated by Mercadona and its no-promotion policy, hypermarkets look like the only channel for promotional pressure for national brands, which is impacting the promotional rates.

Source: IRI

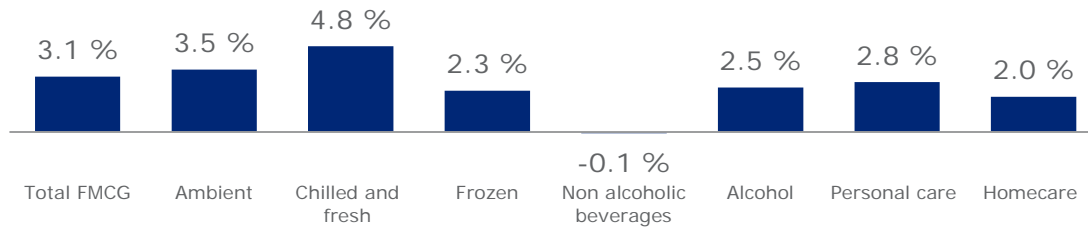
Coverage: hypermarkets, supermarkets and PDM



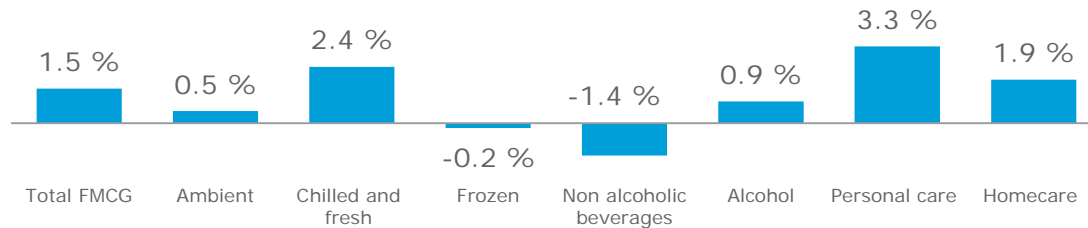
# Categories short term sales, Q3 2017 - Spain

## FMCG categories value, volume and price evolution, in %, in Spain

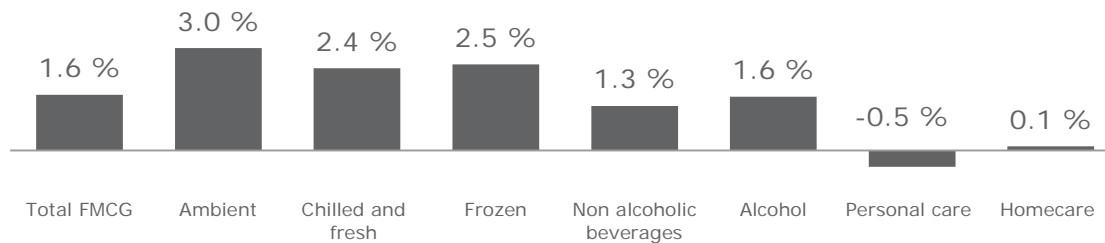
### Value (%)



### Volume (%)



### Price (%)



### Comments

- Chilled and fresh is the FMCG category that grows the most in both value and volume along with ambient and personal care.
- The growth in chilled and fresh comes from ready-cooked food, due to time constraints on today's consumer.
- Homecare and non alcoholic beverages are the ones that have the worst results.
- Ambient has grown based on price.

Source: IRI

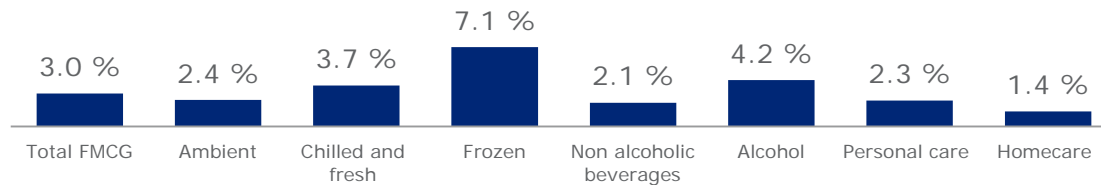
Coverage: hypermarkets, supermarkets and PDM



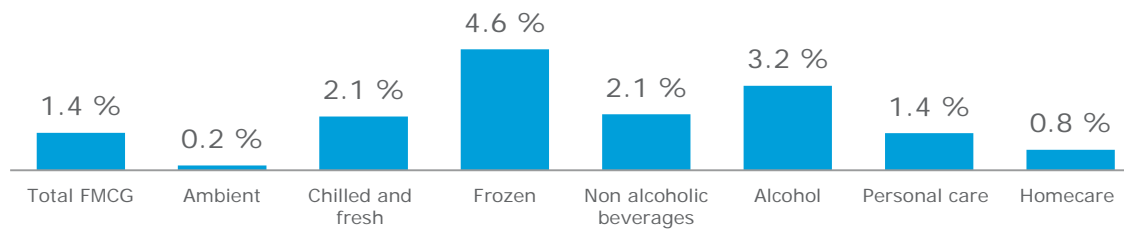
# Categories sales, moving annual total, Q3 2017 - Spain

## FMCG categories value, volume and price evolution, in %, in Spain

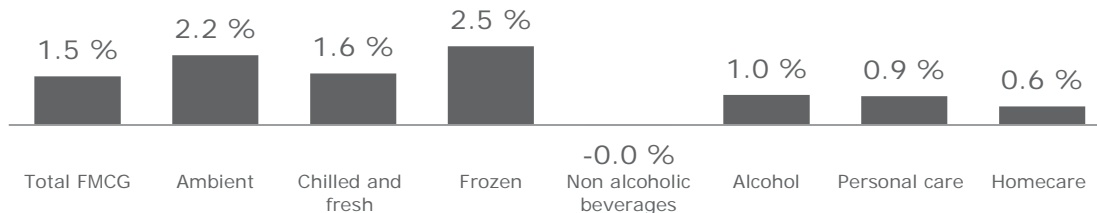
### Value (%)



### Volume (%)



### Price (%)



### Comments

- Frozen food is the FMCG category with the most growth in both value and volume along with alcohol and non alcoholic beverages.
- Unprepared frozen fish from national brands is pulling up the frozen market.
- Homecare has the worst result.
- The growing trend of personal grooming sees this segment increase every year – due to the “selfie effect”.

Source: IRI

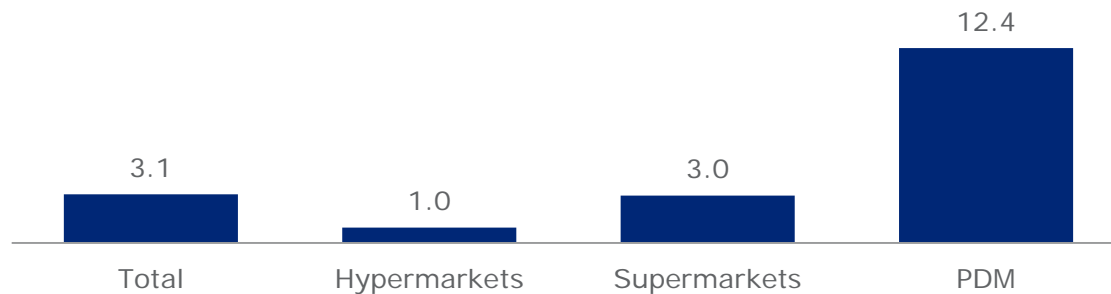
Coverage: hypermarkets, supermarkets and PDM



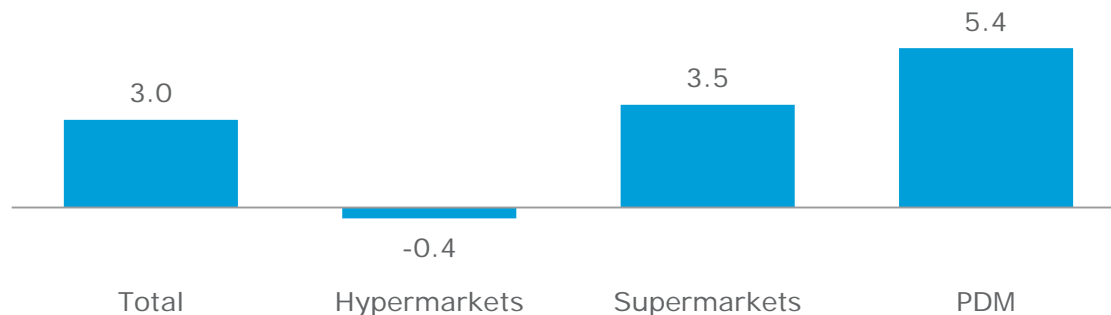
# Channels landscape, Q2 2017 - Spain

## FMCG channels weight evolution, in %, in Spain

### Channels short term results



### Channels MAT results



### Comments

- In Q3 2017 supermarkets have the best results while hypermarkets grows by just 1pt.
- In MAT supermarkets reach the highest increase and hypermarkets fall.
- Note that the weight of the channels in the last MAT for FMCG are as follows:
  - Hypermarkets: 14.6%
  - Supermarket: 80.8%
  - PDM: 4.5%

Source: IRI

Coverage: hypermarkets, supermarkets and PDM

# 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 and PDM (modern perfumeries and modern drugstores)



# Contact

## FOR MORE INFORMATION

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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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## ABOUT IRI

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**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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