



IRI Pulse Report Confectionery

Welcome to the Pulse Q1 2014 edition for confectionery. We hope you find it useful. Please do not hesitate to contact us if you have any questions or comments at EU.Marketing@IRIworldwide.com.

Q1 2014

IRIworldwide.eu



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About the Report

- This confectionery report is one of 10 super category reports designed to show high-level comparison and analysis for retail markets across major countries in Europe.
- This report contains data gathered from around Europe. This market was consolidated into one super category.
- The report highlights key metrics, such as total sales figures, market trends, category shares, winners and losers for Europe and for individual countries.
- The data has been sourced from IRI retail databases and Eurostat – the statistical branch of administration for the European Commission.
- The countries included in the report are: France, Germany, Italy, the Netherlands, Spain and the United Kingdom (UK).
- The market channels used for each country in this report are as follows:

Country	Channels used
UK	Hypermarkets, supermarkets, drugstores and impulse outlets
ES	Hypermarkets, supermarkets, hard discounters and drugstores, including the Canary Islands
DE	Hypermarkets, supermarkets, hard discounters and drugstores
NL	Hypermarkets, supermarkets, hard discounters and drugstores
IT	Hypermarkets, supermarkets, small self service, hard discounters and drugstores
FR	Hypermarkets and supermarkets

- For analytical purposes the data sourced from available retail databases has been consolidated to provide consistent results. However, for some countries it has not been possible to source data pertaining to certain categories. When this has occurred it has been documented in the *Notes* section found at the end of the report.

On the Radar

The Easter calendar is highly influencing Q1 trends. Tablets and candies are top performers in the confectionery market.

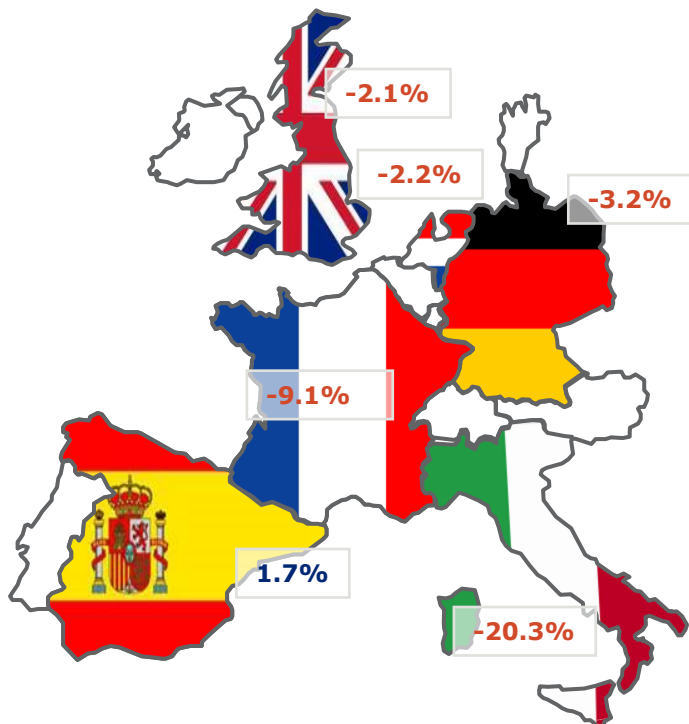
ECONOMIC FIGURES INFLUENCING CONSUMER BEHAVIOUR

	POPULATION IN MILLIONS		UNEMPLOYMENT (%)		AVERAGE 12 MONTH INFLATION RATES		GDP IN MILLIONS (€)	
	Jan. 2013	Jan. 2012	Sep. 2013	Avg. 2012	Sep. 2013	Avg. 2012	2013 (Est.)	2012
France	65.6	65.3	11.1	10.2	+1.2	+2.5	2 059 358	2 032 297
Germany	80.5	80.3	5.2	5.5	+1.8	+2.4	2 694 499	2 644 200
Italy	59.6	59.3	12.5	10.7	+1.8	+3.5	1 568 388	1 565 916
Netherlands	16.8	16.7	7.0	5.3	+3.1	+2.8	604 459	600 638
Spain	46.7	46.8	26.6	25.0	+2.3	+2.3	1 051 076	1 049 525
United Kingdom	63.8	63.4	7.5	7.9	+2.7	+3.7	1 854 920	1 901 001

Source: Eurostat, September 2013

GLOBAL TRENDS

TOTAL CONFECTIONERY VALUE SALES AND % CHANGE VERSUS PRIOR YEAR

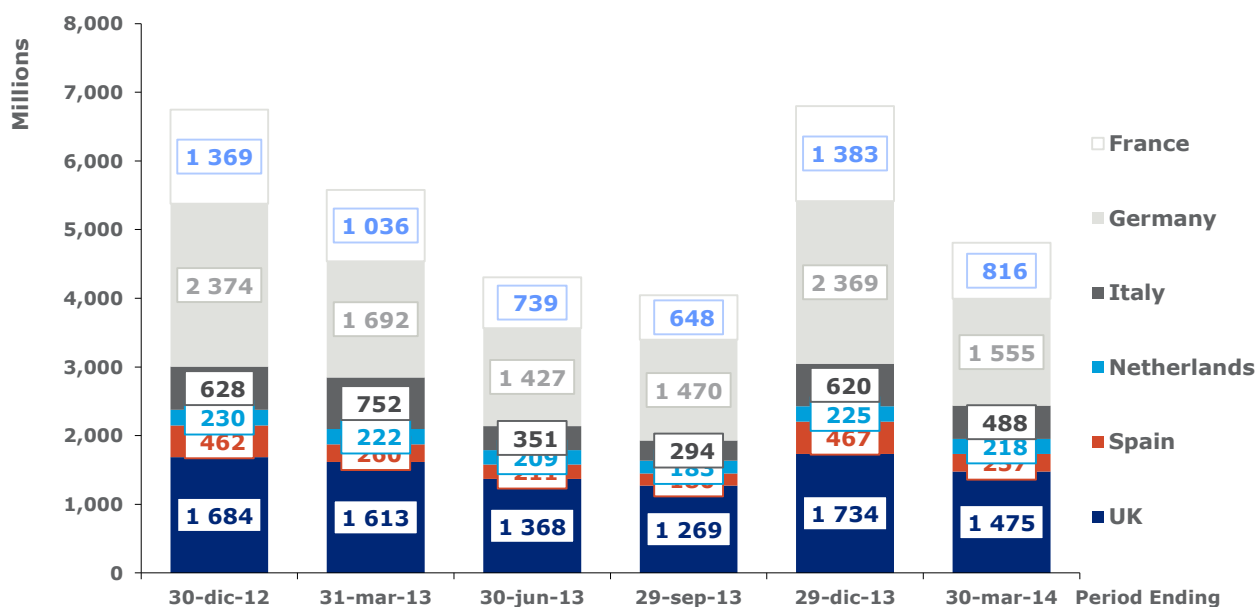


VALUE SALES IN MILLIONS (€)	
Total EU	19 955
DE	6 820
UK	5 846*
FR	3 857
IT	1 753
ES	1 115
NL	835

*based on an exchange rate of €1.150 to the pound

TOTAL EUROPE -5.5%

TOTAL CONFECTIONERY VALUE SALES FOR THE LAST SIX QUARTERS

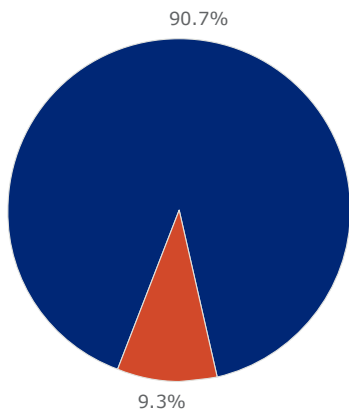


Source: IRI retail databases; period ending 30 March 2014



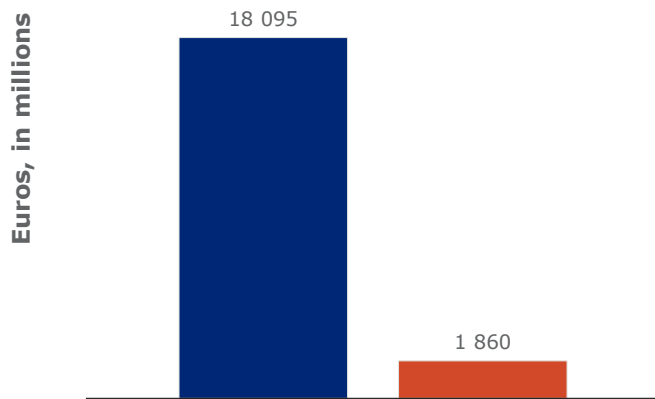
Europe

CATEGORY SHARE OF VALUE IN THE LAST YEAR



■ Non-Seasonal Confectionery

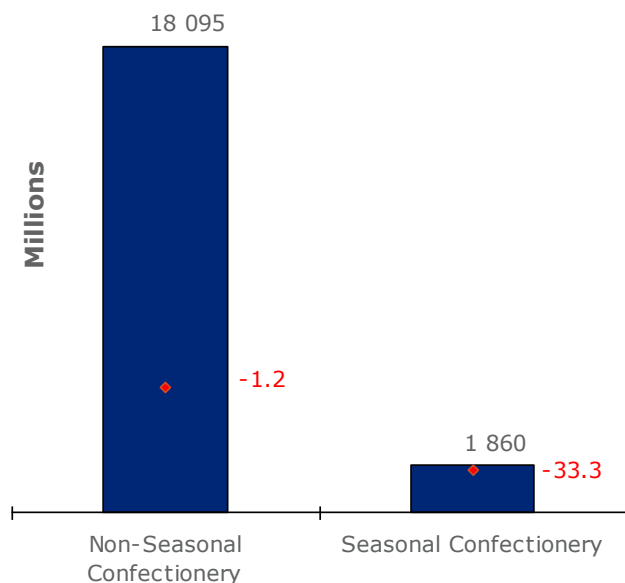
CATEGORY VALUE SALES IN THE LAST YEAR



■ Seasonal Confectionery

TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus year ago



■ Total € Sales ◆ % € vs. YA

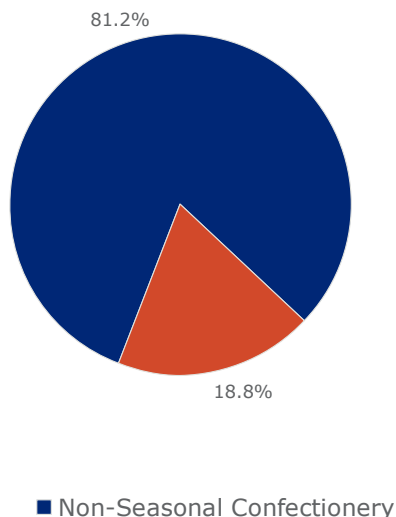
KEY TRENDS

- The Easter calendar is negatively influencing Q1 confectionery performance in Europe.
- Chocolate confectionery, tablets and bite-sized forms confirm their positive trend as well as candies.
- Chewing gums are showing negative trends across most European countries.
- Top players, such as Haribo, Lindt, Ferrero and Mondelz, are performing well across Europe.

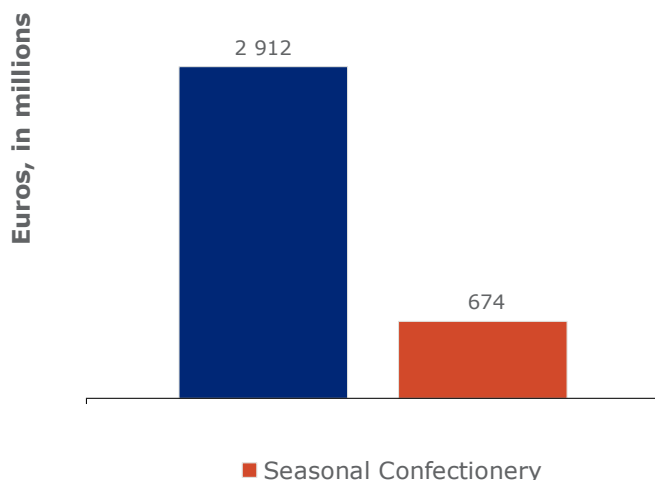
Europe includes: France, Germany, Italy, the Netherlands, Spain and the United Kingdom

Source: IRI retail databases; period ending 30 March 2014

CATEGORY SHARE OF VALUE IN THE LAST YEAR

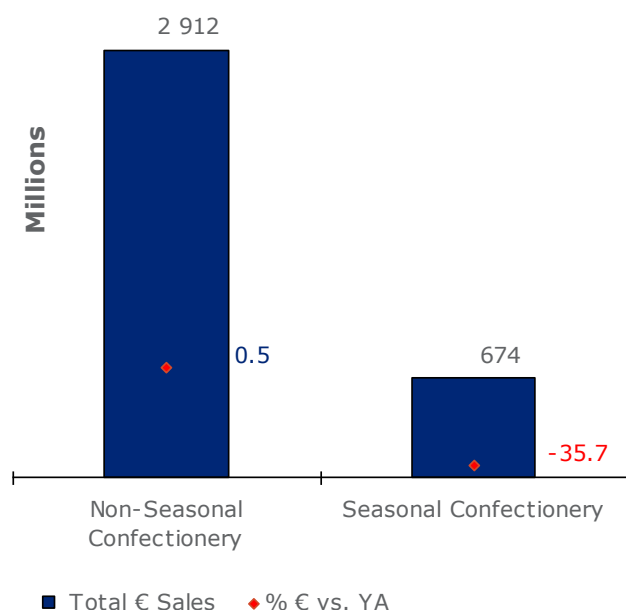


CATEGORY VALUE SALES IN THE LAST YEAR



TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



KEY TRENDS

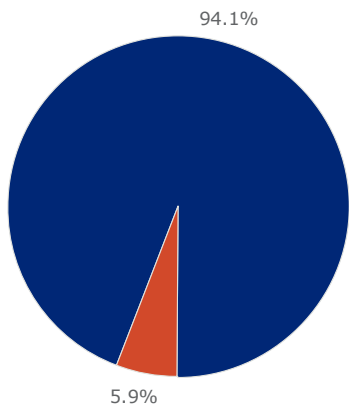
- Non-seasonal confectionery continues to grow, but the trend is slowing down compared to Q4 2013.
- Growth on non-seasonal confectionery value sales is slightly weaker than growth on ambient food or even global fast moving consumer goods (FMCG), due, in part, to significant deflation stemming from price wars between retailers.
- Candies remain well-oriented, led by Haribo (new product development) as well as chocolate tablets, through the strong performance of Lindt.
- Candies and chocolate tablets are supporting growth for the non-seasonal category; meanwhile, chewing gums are suffering from lower demand.
- Seasonal confectionery negative trends are heavily impacted by calendar effects: Easter 2013 was included measuring the year ago period, but is not part of the period ending 30 March 2014.

Source: IRI retail databases; period ending 30 March 2014



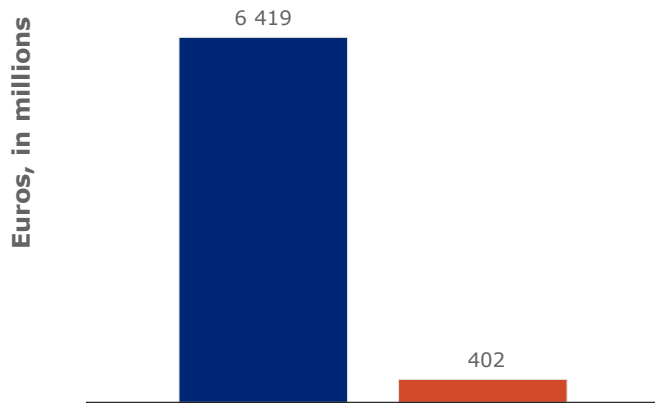
Germany

CATEGORY SHARE OF VALUE IN THE LAST YEAR



■ Non-Seasonal Confectionery

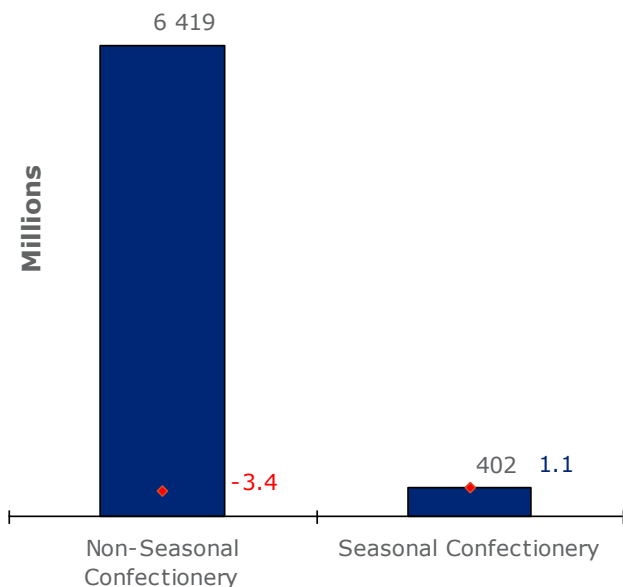
CATEGORY VALUE SALES IN THE LAST YEAR



■ Seasonal Confectionery

TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



■ Total € Sales ◆ % € vs. YA

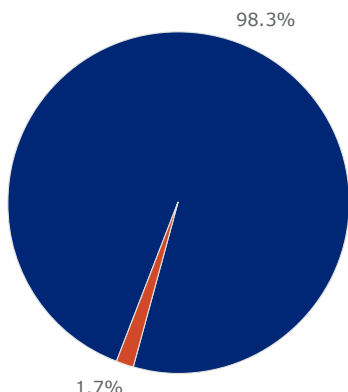
KEY TRENDS

- In Germany, confectionery volume is declining due to the Easter shift (2013 March; 2014 April).
- Non-seasonal confectionery is effected by this effect as well. But there are other trends that we do see.
- Nuts are a trend in small bites and bars as well.
- Another trend is white chocolate. Manufacturers keep pushing and launching especially bars and pralines with white chocolate.
- Downsizing is pervasive, particularly across large confectionery players. As a result, prices are on the rise.

Source: IRI retail databases; period ending 30 March 2014

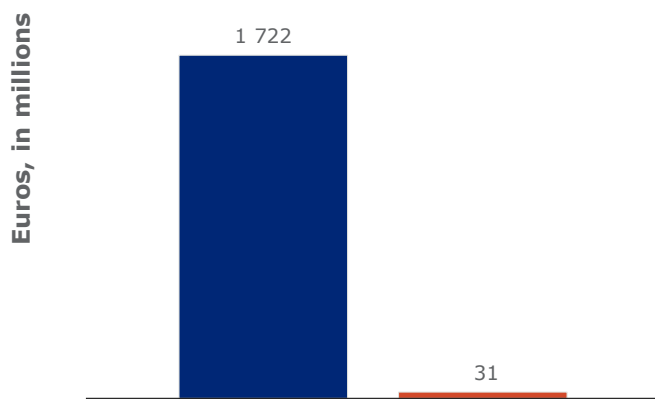


CATEGORY SHARE OF VALUE IN THE LAST YEAR



■ Non-Seasonal Confectionery

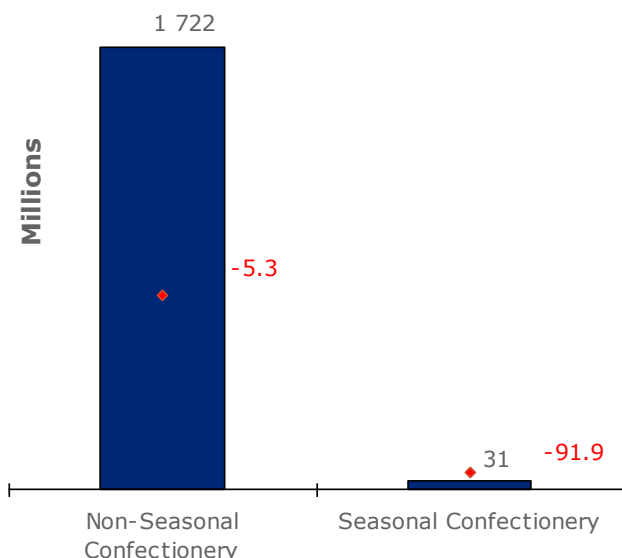
CATEGORY VALUE SALES IN THE LAST YEAR



■ Seasonal Confectionery

TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



■ Total € Sales ◆ % € vs. YA

KEY TRENDS

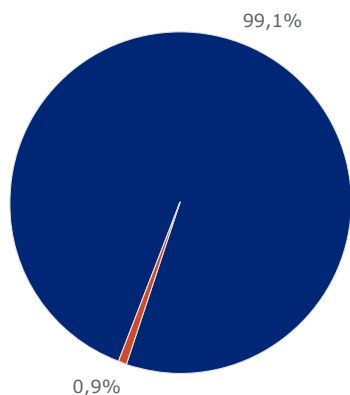
- Confectionery value trends are sharply negative, driven by conservative purchase behaviours.
- The Easter holiday shift is having a major negative impact on seasonal confectionery.
- Among non-seasonal confectionery, tablets and candies are enjoying value growth.
- After negative performances in 2013, chocolate snacks are growing both in value and volume, driven by segment leaders, including Ferrero, Mondelez and Barilla.
- Chewing gums stands out as the sharpest decliner in non-seasonal confectionery, as measured by both value and volume.

Source: IRI retail databases; period ending 30 March 2014



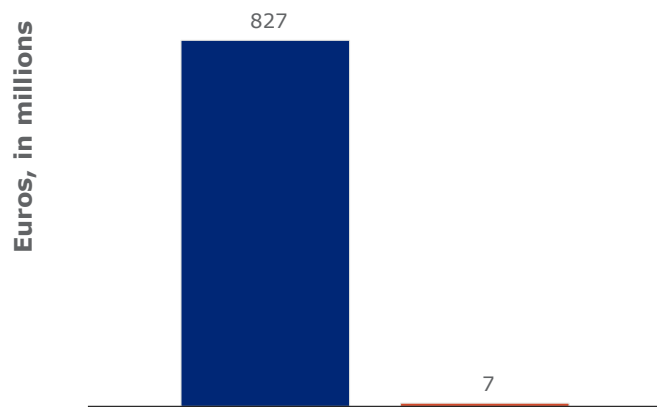
The Netherlands

CATEGORY SHARE OF VALUE IN THE LAST YEAR



■ Non-Seasonal Confectionery

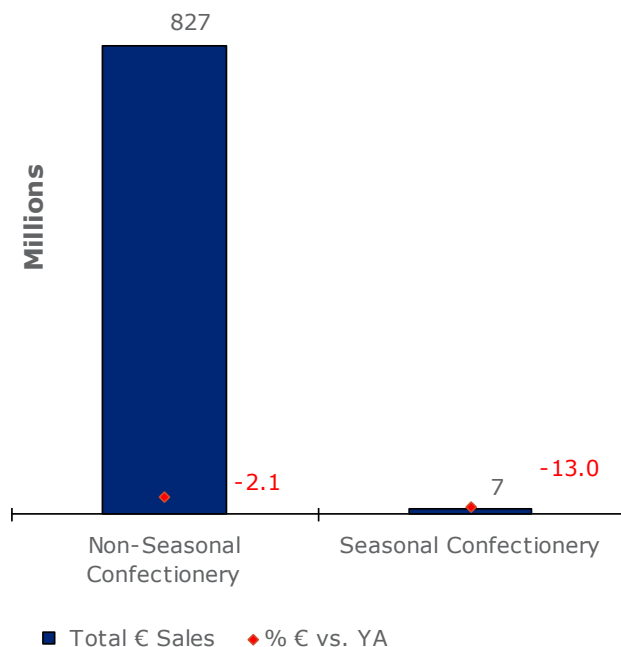
CATEGORY VALUE SALES IN THE LAST YEAR



■ Seasonal Confectionery

TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



KEY TRENDS

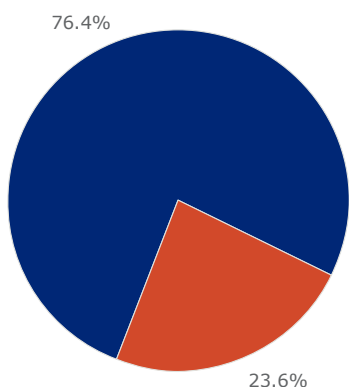
- The economy in the Netherlands declined 0.5% during the first quarter versus Q1 in 2013.
- The economic downturn has an effect on the consumption of confectionery products, since it is largely an impulse category.
- Chewing gums and throat carers (down 6.7% and 3.2%, respectively, on MAT bases), are the segments most heavily impacted by conservative purchase behaviours.
- Within the chewing gums segment, Stimorol and Wrigley’s brands saw the sharpest declines for this quarter. Meanwhile, category leader, Mentos, grew 6.0%.
- In the traditional Dutch liquorice segment the national brand Haribo managed to grow in Q1 2014 versus the same period last year.
- Dark chocolate is a growing trend in the Netherlands, mainly due to the fact that pure chocolate is preferred than milk chocolate.

Source: IRI retail databases; period ending 30 March 2014



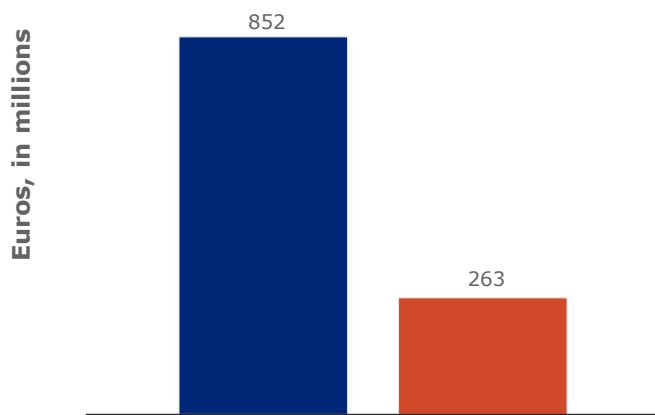
Spain

CATEGORY SHARE OF VALUE IN THE LAST YEAR



■ Non-Seasonal Confectionery

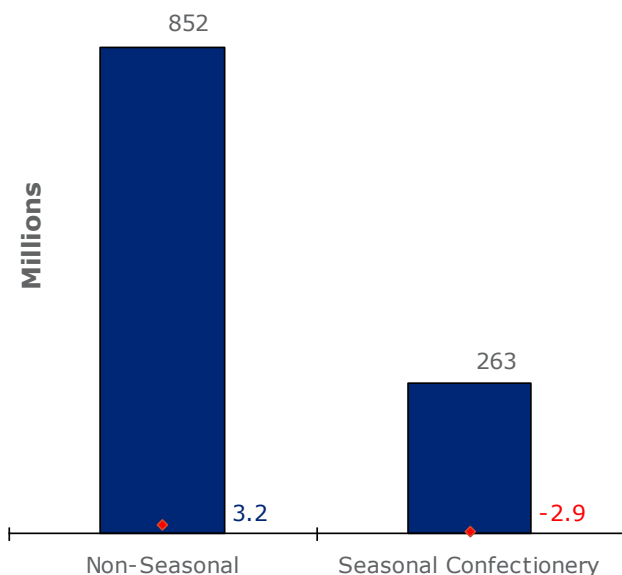
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■ Seasonal Confectionery

TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



■ Total € Sales ◆ % € vs. YA

KEY TRENDS

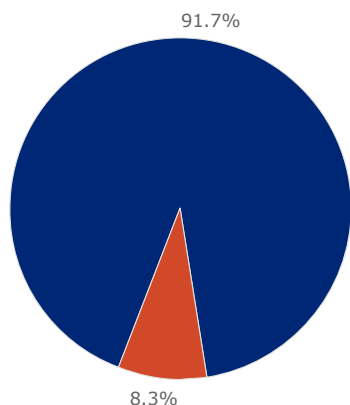
- In Spain, the confectionery market is in a good shape despite five years economic crisis. Growth (0.6%) is outpacing FMCG industry average.
- This positive trend in value is driven by chocolate tablets and candies, the two biggest categories. All leading manufacturers are experiencing value sales growth. Chewing gums and chocolates experienced value sales declines for the quarter.

Source: IRI retail databases; period ending 30 March 2014



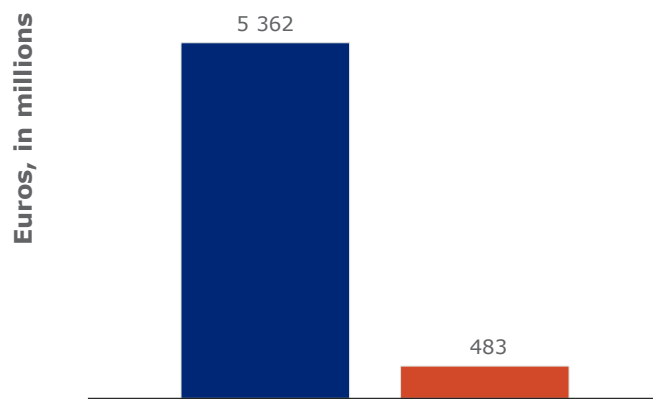
The United Kingdom

CATEGORY SHARE OF VALUE IN THE LAST YEAR



■ Non-Seasonal Confectionery

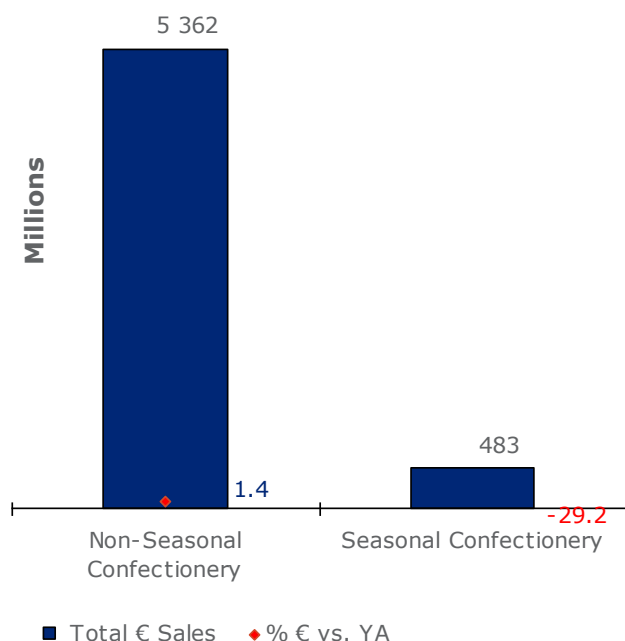
CATEGORY VALUE SALES IN THE LAST YEAR



■ Seasonal Confectionery

TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus year ago



■ Total € Sales ◆ % € vs. YA

KEY TRENDS

- Confectionery continues to show growth in the UK, due to strong performance of the non-seasonal sector.
- Growth within non-seasonal confectionery is mainly driven by the take home formats, where promotions with display have dominated, but the level of promotions is starting to decline. The Office of Fair Trading promotional guidelines is starting to have an effect, leading retailers, such as Sainsbury's and Tesco, to reduce promotional activity to ensure that products are not on promotion for longer than their everyday price.
- New product development (NPD) remains a major driver for non-seasonal confectionery growth, particularly through chocolate. Notable examples include, Cadbury's Marvelous Creations, Maltesers Teasers and Kit Kat Chunky Limited Editions.
- Seasonal confectionery is in marginal decline but this is likely to stabilize by end of Q4. Seasonal sales are becoming increasing back-weighted, with the majority of sales being generated at the end of the season.

Source: IRI retail databases; period ending 30 March 2014

Final Notes

Notes on category definitions for countries

Due to the diverse products found in individual countries across this market it was necessary to consolidate the available data into the categories in this report. In some cases it wasn't always possible to align products across all 6 countries, hence the need to highlight any anomalies in the report. Those exceptions are listed below:

Confectionery

- The Netherlands and Italy data in this report include toffee products, whereas the other countries do not.

Resources

To gain insight into opportunities across specific categories, segments, channels or retailers, contact your IRI client service representative regarding custom analyses leveraging the following resources:

- **InfoScan Census®** is a syndicated retail tracking service that enables manufacturers and retailers to acquire industry insights used to make better business decisions. InfoScan Census utilises the data that IRI collects from grocery, drug, and mass merchandise retailers to provide the most comprehensive and accurate syndicated data offering in the FMCG sector. With access to accurate, granular detail by category, geography, measure, and time period, clients have the tools needed to develop marketing and sales strategies based on product performance, distribution, and promotion responsiveness. All data about confectionery comes from **InfoScan Census**.
- **IRI Consulting** provides strategic insights and advice leveraging a variety of data sources, predictive analytics, enabling technologies, and business analyses to help FMCG manufacturers and retailers address significant sales and marketing issues effectively.

FOR MORE INFORMATION

Please contact Cristina Lazzaroni, Consultant, IRI at **Cristina.Lazzaroni@IRIworldwide.com** or + 39 02 52579 333 with questions or comments about this report.

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