IRI Pulse Report Household

Welcome to the Pulse Q1 2014 edition for household. 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

Growth delivered.

About the Report

- This household report is one of ten 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 split into the following categories: air fresheners, dishwashing, household cleaners, shoe cleaners, cleaning supplies, insecticides, fabric detergents, fabric enhancers and paper disposables.
- 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 was not possible to source data pertaining to certain categories. When this occurred, it has been documented in the notes section found at the end of the report.

On the Radar

As predicted, all household categories were in value sales decline at a total European level. Over the last year, we have seen the two largest categories shift from the main driver of growth to the main driver of decline. Although this varies by country, it shows how important it is to continue to deliver growth in the areas of the market that have the greatest share.

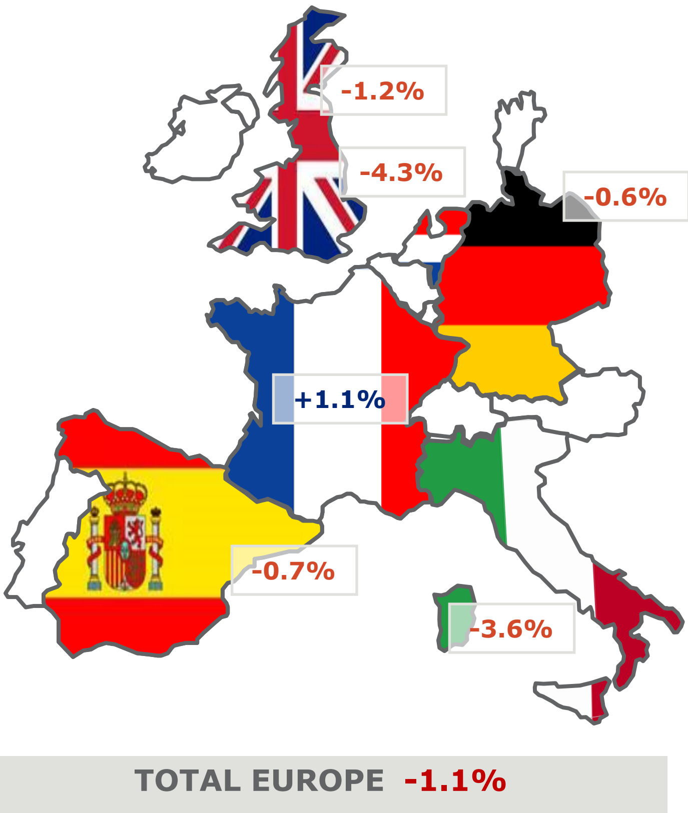
ECONOMIC FIGURES INFLUENCING CONSUMER BEHAVIOUR

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

Source: Eurostat, September 2013

Global Trends

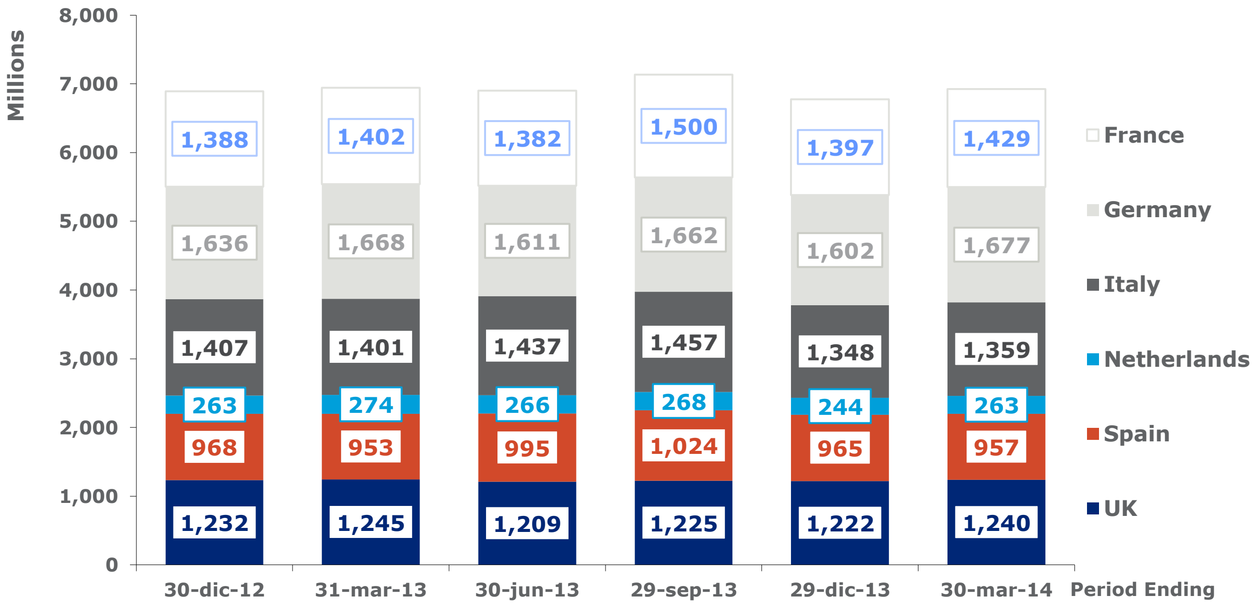
TOTAL HOUSEHOLD VALUE SALES AND % CHANGE VERSUS PRIOR YEAR



VALUE SALES IN MILLIONS (€)	
Total EU	27 740
DE	6 553
FR	5 708
IT	5 602
UK	4 896*
ES	3 941
NL	1 041

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

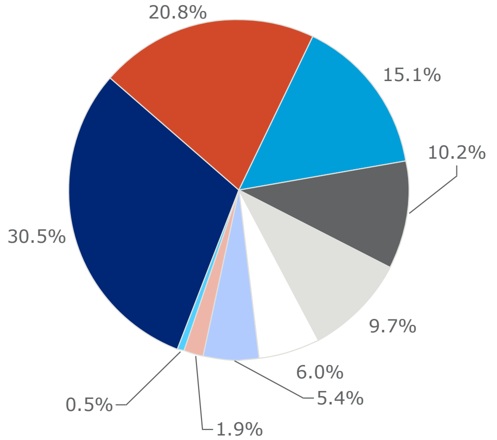
TOTAL HOUSEHOLD VALUE SALES FOR THE LAST SIX QUARTERS



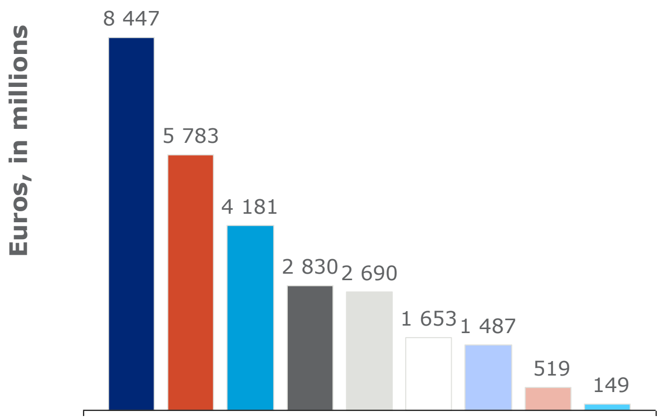
Source: IRI retail databases; period ending 30 March 2014

Europe

CATEGORY SHARE OF VALUE IN THE LAST YEAR



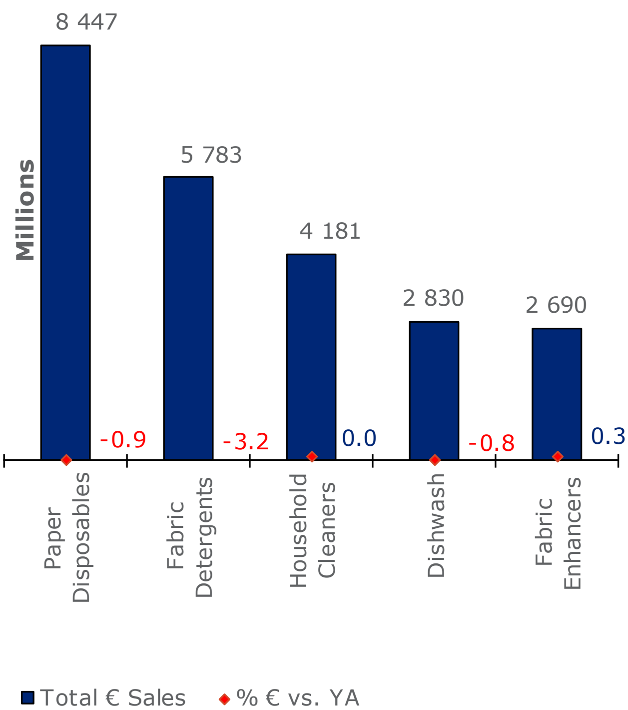
CATEGORY VALUE SALES IN THE LAST YEAR



Paper Disposables | Fabric Detergents | Household Cleaners
Dishwash | Fabric Enhancers | Air Fresheners
Cleaning Supplies | Insecticides | Shoe Cleaners

TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus year ago



KEY TRENDS

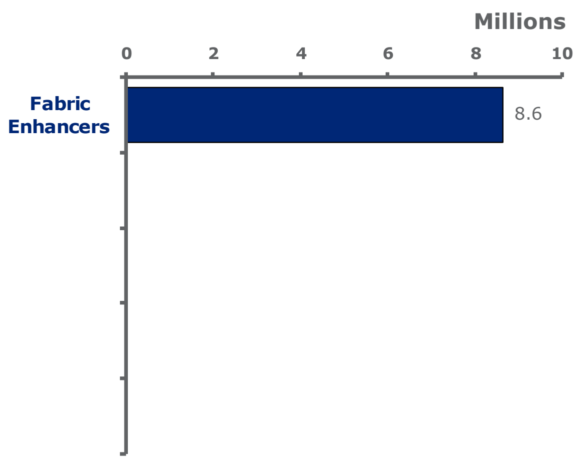
- France was the only country in Europe to grow household sales, although Germany and the UK declined at a slower rate than the European total. However, all countries grew versus the previous quarter.
- Sales were down -1.3% versus the prior year with none of the household categories in growth at a total European level. Fabric detergents was previously one of the main growth areas, but this has had a dramatic turnaround and is now the category with the largest decline. This is followed by paper disposables, again a category which historically drove the growth of the household market.
- These two categories should act as a warning to any category – within the space of a few months, the largest area of growth can become the largest area of decline.

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

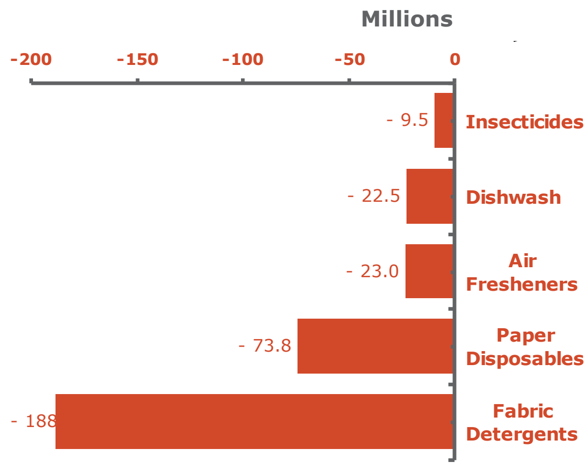
Source: IRI retail databases; period ending 30 March 2014

Europe

TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



CATEGORY INSIGHTS

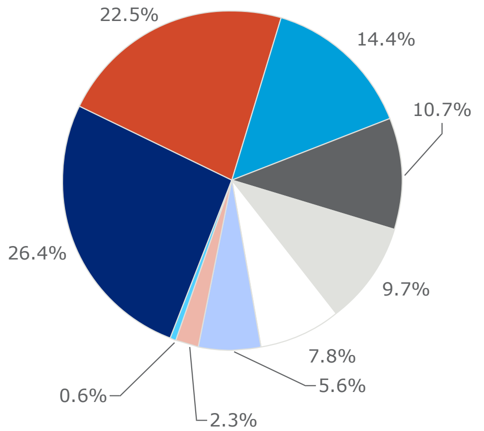
- Fabric detergents became the largest area of decline at a European level. Although France, Germany and the UK grew, there were significant declines in Italy and Spain which have driven this trend. Powder, which saw significant decline in Spain and the UK, seemed to drive this. Other formats were unable to achieve the levels of growth needed to offset this decline.
- Paper disposables continued to decline as France and Spain were unable to cover for the losses seen in the UK and Italy. The UK decline was driven by private label in the soft sector, whilst Italy declined across all sectors except napkins and wipes.
- Household cleaners were in decline in all countries with the exception of Germany. The majority of the decline was seen in Italy, where all sectors are now in decline.
- Air fresheners were in decline across every European country. Although this was not the top five in terms of share of household, this wide decline brings it into the bottom 5 performing categories.

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

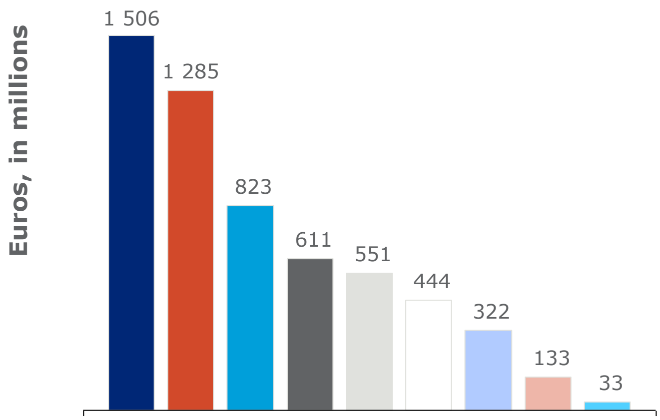
Source: IRI retail databases; period ending 30 March 2014

France

CATEGORY SHARE OF VALUE IN THE LAST YEAR

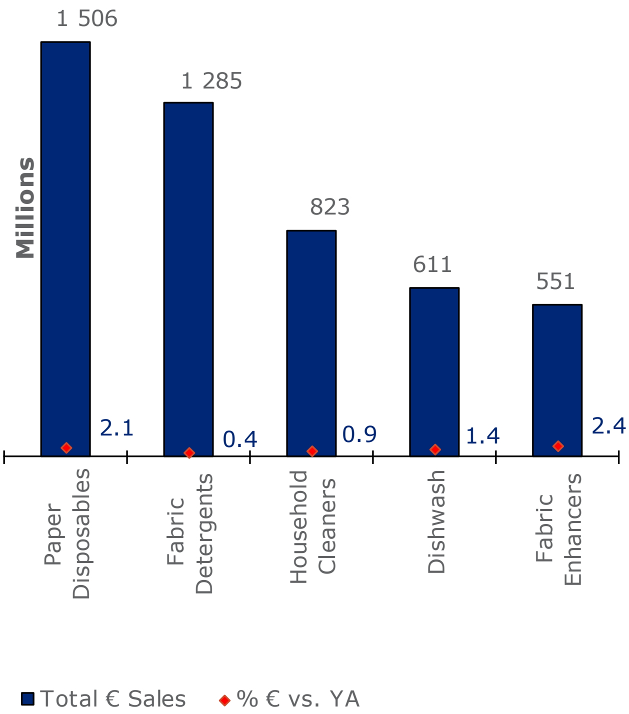


CATEGORY VALUE SALES IN THE LAST YEAR



TOP 5 CATEGORIES: EVOLUTION

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



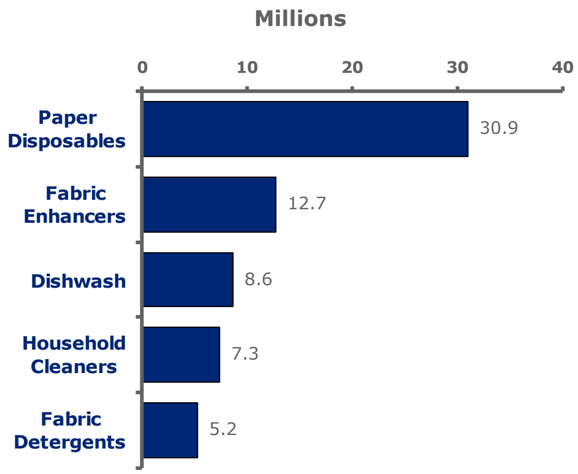
KEY TRENDS

- France was the only country in Europe to register growth on household products and grew 1.1% in value sales versus a decline of 1.1% for Europe.
- Moreover, France's growth rate increased since last quarter.
- Also, fast moving consumer goods (FMCG) as a whole were far more dynamic than household products, with 1.6% growth in Q4 2013.
- Household growth mainly came from 'essential' categories, which include paper disposables, fabric detergents and dishwashing.

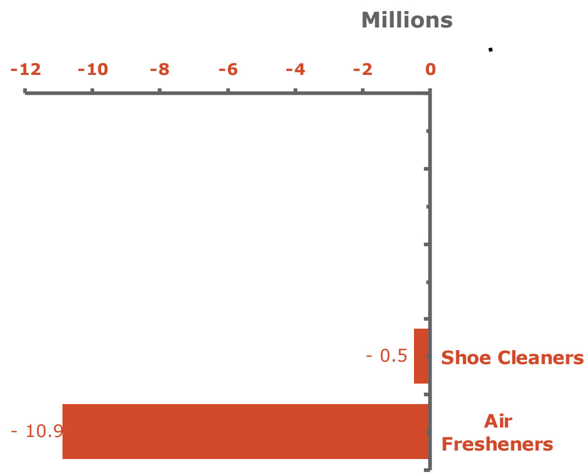
Source: IRI retail databases; period ending 30 March 2014

France

TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



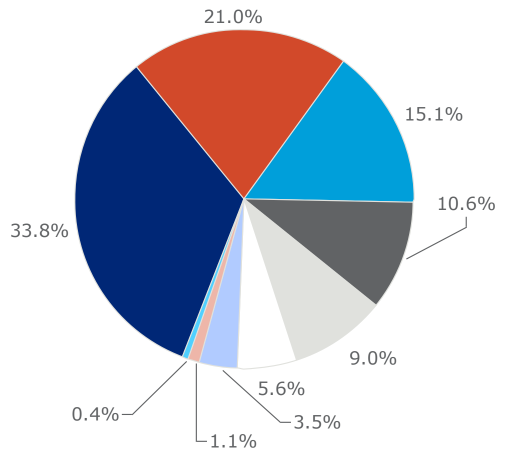
CATEGORY INSIGHTS

- Fabric detergents, the second largest category in household products, was only the fifth contributor to growth. Value sales only grew by 0.4% versus around 5% in 2012. The strong increase of the capsules segment was not sufficient to offset regression of all other product forms. The economic context seemed to be weighing on the category's health. Moreover, during the last two or three years, fabric was benefiting from liquid compaction, but it seems that now consumers are using the correct dose. Promotional activity still had an important role in value sales.
- Fabric enhancers, the smaller category in household products, was the second contributor to growth this quarter. The category was driven by a liquid compaction as in fabric detergents. Many launches also contributed to the growth.
- Paper disposables and dishwashing grew mainly through promotional sales increases.
- Household cleaners still suffered from the structural decline of categories such as floor care and bleach.

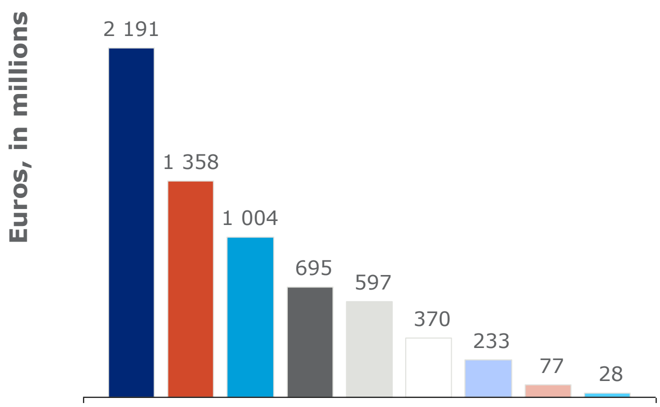
Source: IRI retail databases; period ending 30 March 2014

Germany

CATEGORY SHARE OF VALUE IN THE LAST YEAR



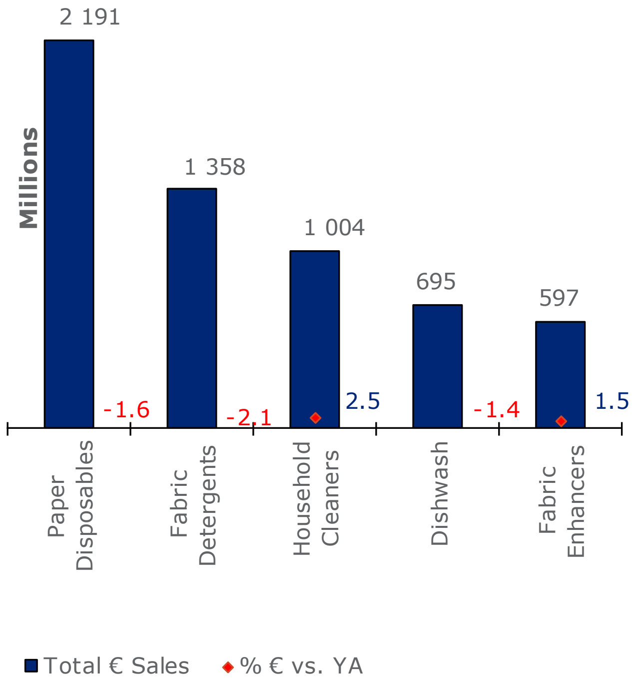
CATEGORY VALUE SALES IN THE LAST YEAR



Paper Disposables | Fabric Detergents | Household Cleaners
Dishwash | Fabric Enhancers | Air Fresheners
Cleaning Supplies | Insecticides | Shoe Cleaners

TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus year ago



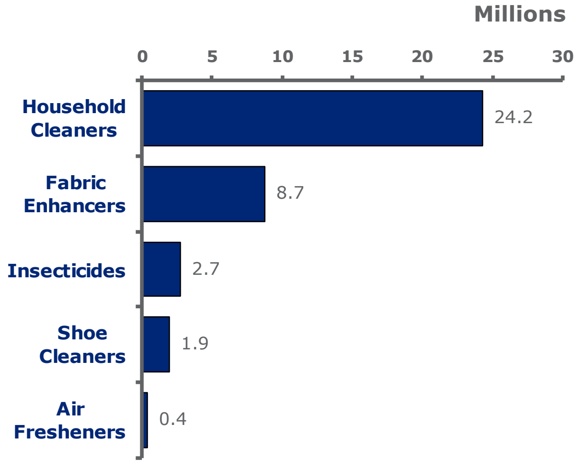
KEY TRENDS

- The household market experienced a slight decline, driven by losses in the paper disposable and fabric detergent categories.
- Hypermarkets, one of the major channels, incurred losses and was the major reason for the category decline. Losses were majorly contributed by sub-channels, such as 800-1499 square meter (sqm) and >5000 sqm.
- Promotions contributed to around 21% of total sales, however, there has been dip in promotions which was one of the reasons for category decline.
- Discounters showed positive development with growth from both hard and soft discounters. Growth in fabric detergents and household cleaners categories led to the sales boost.

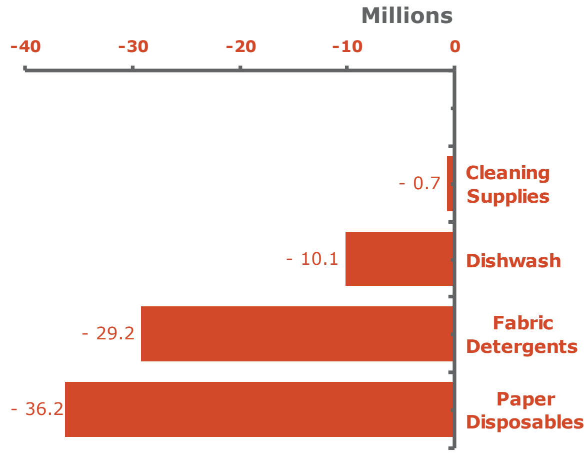
Source: IRI retail databases; period ending 30 March 2014

Germany

TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



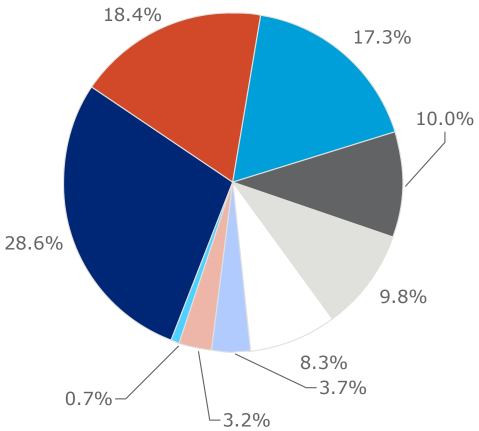
CATEGORY INSIGHTS

- Household cleaners led the category driven by value growth of toilet bowl cleaner/stones in all channels. Major channels with positive development were discounters (hard discounters) and drug stores, together contributing to approximately 52% of market share fueled by higher promotions. Hypermarkets, the major channel, showed a flat growth rate. Private label held around 30% of share with a flat growth rate.
- Fabric enhancers development was driven by positive growth in the laundry additives category. Discounters, especially hard discounters, were driving the growth. Although hypermarkets are the major channel, they are declined in value. Private label had around 19% share and grew with a pump in sales in hard discounters.
- Insecticides also showed development, with a pump in sales from hypermarkets and hard discounters. Private label had around 20% of the market share and showed flat growth.
- Due to heavy losses in the major categories toilet paper and paper napkins, paper disposables showed a huge decline. Losses in hard discounters pulled down overall sales growth. Drug stores also declined, adding to the losses.
- Fabric detergents showed decline mainly driven by the dip in sales in all purpose washing detergents. Hypermarket (40% of market share) was the major declining channel with a dip in promotions and led to the overall decline. Hard discounters played a major role in pumping up sales, but were unable to mask the losses from hypermarkets and drug stores. Private label held around 22% of market share, but showed a slight decline, mainly driven by losses in hypermarkets.
- The dishwash category declined, mainly driven by losses in the hand dishwashing sector. Losses in hypermarkets led to overall decline. Although discounters and drug stores showed slight positive growth, they were unable to offset the losses. Private label was one of the major manufacturers with approximately 40% market share, but showed a slight decline driven by losses in hypermarkets and soft discounters.

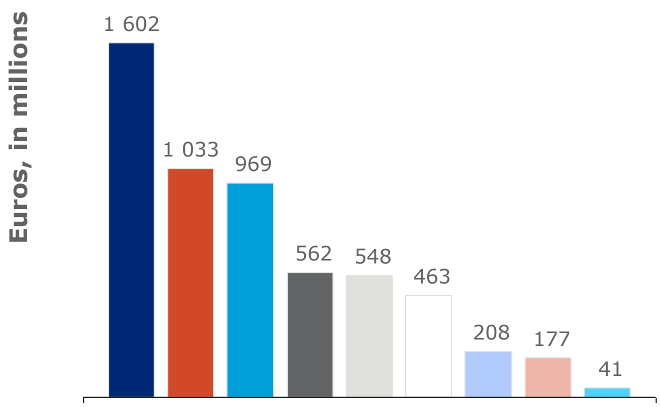
Source: IRI retail databases; period ending 30 March 2014

Italy

CATEGORY SHARE OF VALUE IN THE LAST YEAR



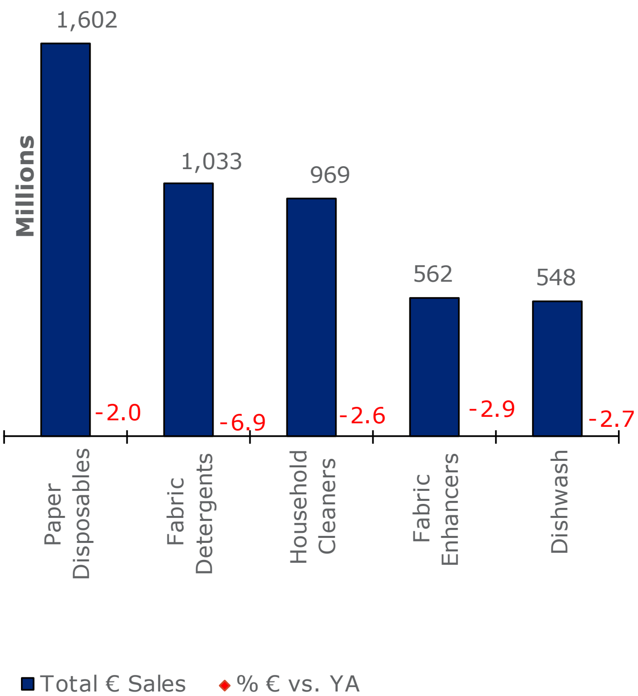
CATEGORY VALUE SALES IN THE LAST YEAR



Paper Disposables · Fabric Detergents · Household Cleaners · Fabric Enhancers · Dishwash · Cleaning Supplies · Air Fresheners · Insecticides · Shoe Cleaners

TOP 5 CATEGORIES: EVOLUTION

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



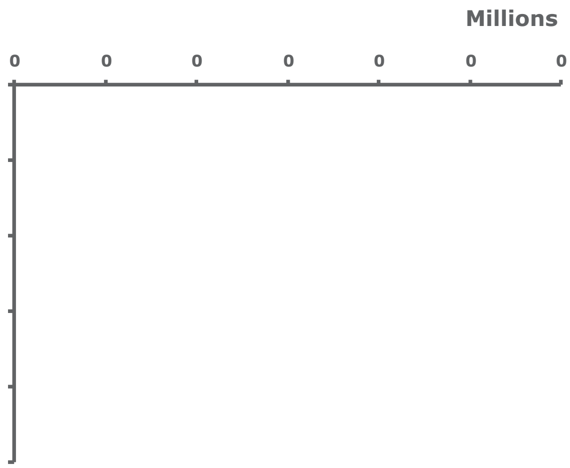
KEY TRENDS

- The Italian macro economical scenario is still in recession, but the recovery is slowly consolidating. There are some weak signals: decrease of the spread, decrease of non-performing loans, increase of industrial orders, increase of bank deposits and increase of highway traffic and business trips.
- Hopefully, this weak signal will help consumption, the labor market and the confidence of households.
- FMCG showed negative trends, but food and beverage markets became quite positive in value. Home and personal care markets were still very negative beside the positive trend of the drugstore channel that is smoothing this strong negative trend.
- The general downturn affected both private labels and branded products. Branded products were strong, increasing promotional pressure while private label slowed their share increase.

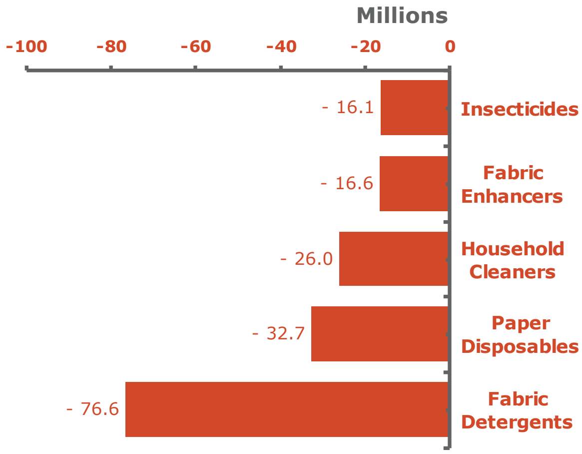
Source: IRI retail databases; period ending 30 March 2014

Italy

TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



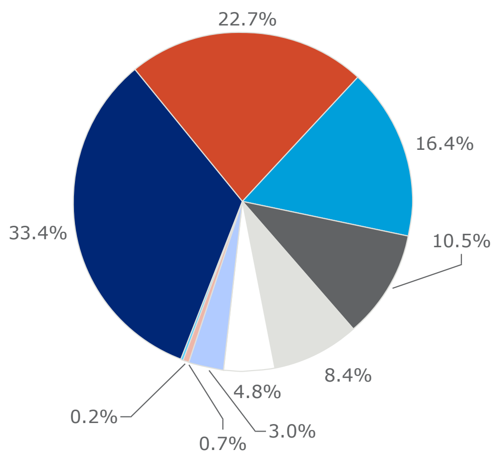
CATEGORY INSIGHTS

- Compared to food and beverage, household categories were even more negative both in volume and in value.
- Every important market of household cleaning was very negative and there were still no positive categories. There were only some exceptions regarding smaller “base and low cost” markets such as muriatic acid, turpentine, dry cleaners, bleach or soaps.
- Among the top 5 household categories, every one is deeply decreasing. Only paper disposable had a decrease of around 2.0%, thanks to napkins and wipes.
- Dishwashing decreased by 2.7%, thanks to the lower drop of auto dishwashing, helped by some good launches.
- In fabric detergents, the top negative market, only machine washing decreased less than average in value and was quite stable in volume, thanks to the higher and higher promotions in terms of price reduction and special packaging with special offers.
- In fabric enhancers, softeners (the biggest market of the segment) decreased less than 3.0%, supported by higher promotions, while the second big market, laundry additives, decreased by 7.0%, due to the premium price of the products.
- Only machine descalers increased thanks to new comers in this category.
- Private label market share was over 20%, but for the first time has settled.

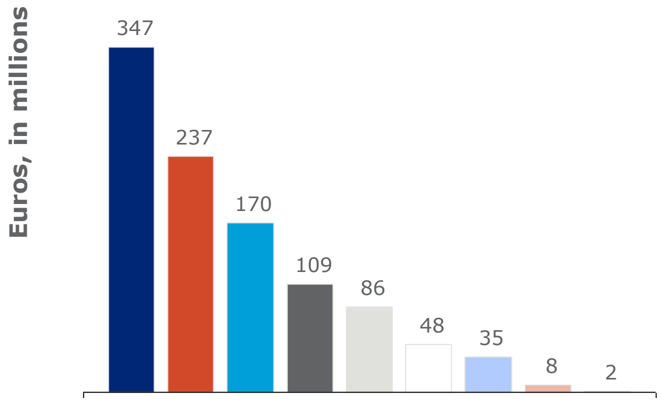
Source: IRI retail databases; period ending 30 March 2014

The Netherlands

CATEGORY SHARE OF VALUE IN THE LAST YEAR



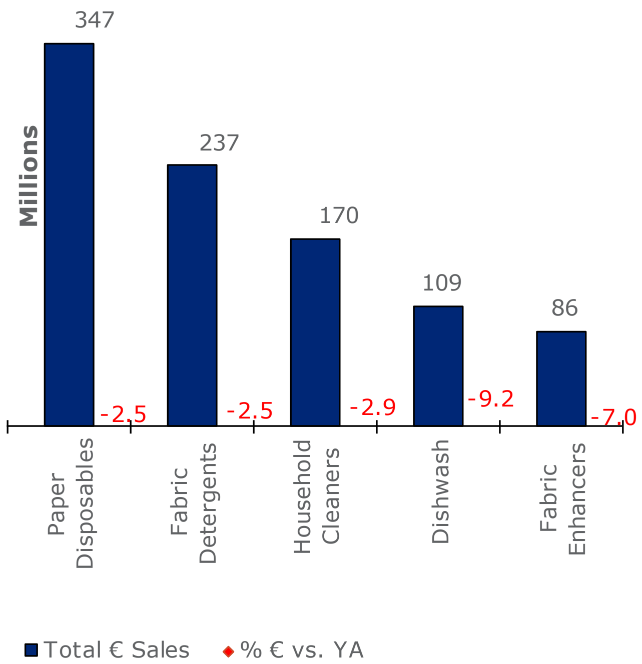
CATEGORY VALUE SALES IN THE LAST YEAR



- Paper Disposables
- Fabric Detergents
- Household Cleaners
- Dishwash
- Fabric Enhancers
- Air Fresheners
- Cleaning Supplies
- Insecticides
- Shoe Cleaners

TOP 5 CATEGORIES: EVOLUTION

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



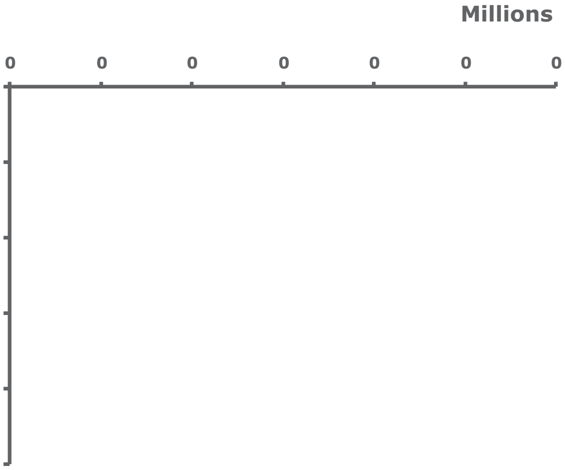
KEY TRENDS

- Although we still saw a little value growth in total FMCG, household categories remained in decline. Loss in volume increased.
- Both service supermarkets and hard discounts stores showed loss in value and volume. Drug stores did show growth for total household due to extra promotional value sales.
- The biggest growth within drug stores was out of laundry detergent segment. Both hard discount and service supermarkets showed huge declines in this segment.

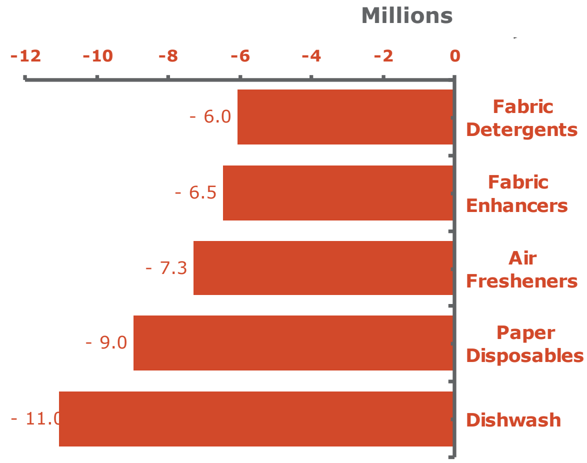
Source: IRI retail databases; period ending 30 March 2014

The Netherlands

TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



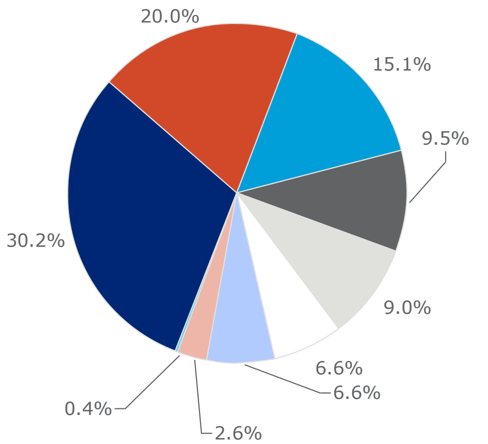
CATEGORY INSIGHTS

- Paper disposables had slight growth in Euro sales within both drug stores and hard discount. Supermarkets tried to get share back with high promotional pressure. Until now, this has not been successful. Supermarkets were the only group in decline. The only volume growth for paper disposables was in hard discount, mainly due to the introduction of the latest moving annual total (MAT) within moist toilet paper and moist tissues.
- Total detergents were under pressure, but showed a high increase within drug stores both in value and volume. Promotional sales are driving the positive drug stores' sales. The growth in drug stores has had a negative impact on sales in supermarkets.
- Dishwashing products declined in growth again. After a long period of high promotional sales, promotional pressure is declining within both drug stores and supermarkets. Also, hard discount gained territory from supermarkets and drug stores.
- Air freshener volume declined within supermarkets, drug stores and hard discount. Although hard discount showed an increase in value, this was by far not enough for total market growth.

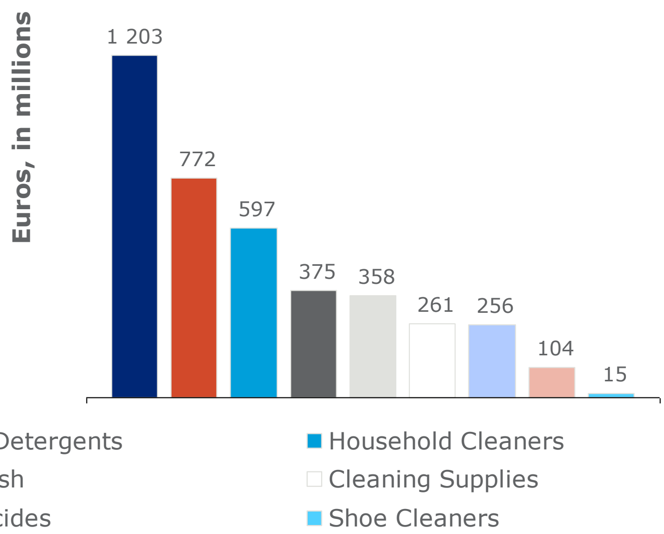
Source: IRI retail databases; period ending 30 March 2014

Spain

CATEGORY SHARE OF VALUE IN THE LAST YEAR

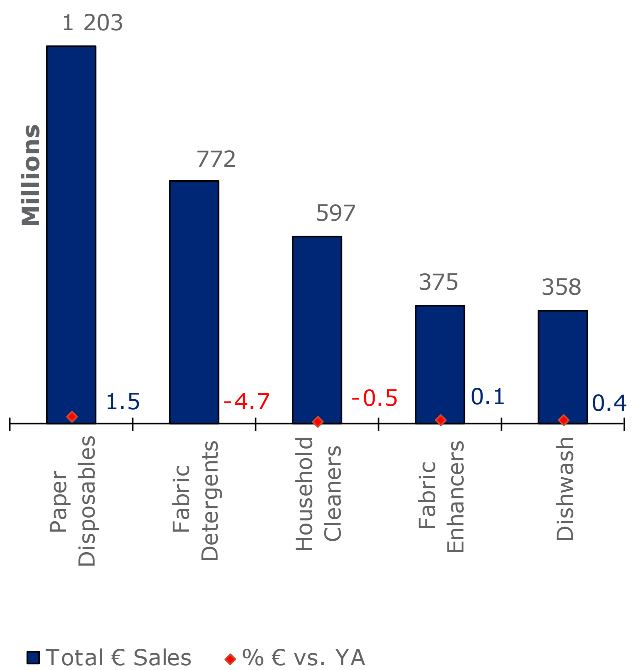


CATEGORY VALUE SALES IN THE LAST YEAR



TOP 5 CATEGORIES: EVOLUTION

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



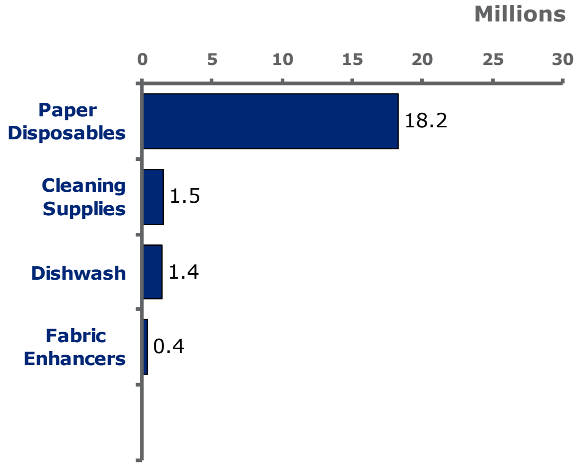
KEY TRENDS

- The FMCG market had a positive trend in 2013 with 0.5% growth, but demand was still negative. Only fresh products had a flat demand. The rest of the sectors, including food, beverages, household, perfumeries and baby, declined, with household declining at the fastest rate.
- Even though the household sector fell in demand and value in total this year, there are still channels where the trend was positive. Not only big supermarkets, but small supermarkets, saw a flat trend. Proximity stores over performed.
- In an unusual trend, private label performed worse than the household market and only grew in medium supermarkets. Manufacturer brands decreased too, but less than private label.

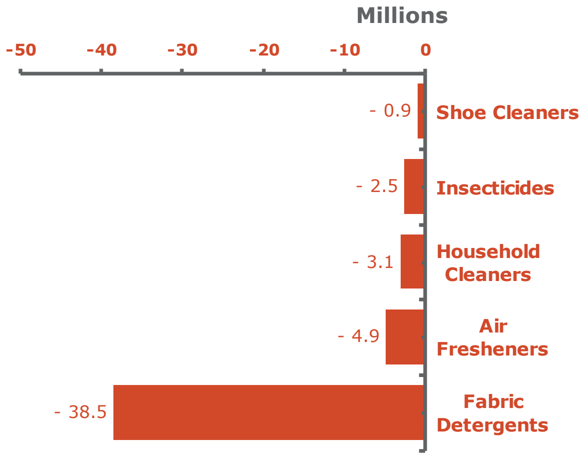
Source: IRI retail databases; period ending 30 March 2014

Spain

TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



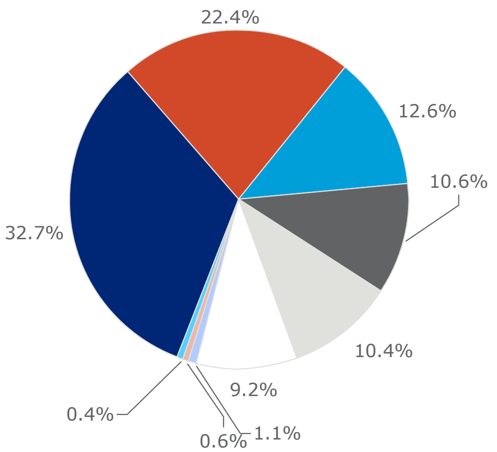
CATEGORY INSIGHTS

- All segments grew in paper disposable. However, the tendency in volume was negative, so the price increase would explain the value growth. In the toilet paper sector, the growth of big packs drove up the category.
- Dishwashing grew because of hand dishwashing products. Within this sector, the concentrated products grew ahead of the category, particularly for private label in big supermarkets.
- Powder decreased in the detergent category and hand detergents and delicate detergents pulled down the category as well. Also, promotional levels have decreased slightly.
- Air fresheners decreased due to lost sales in all of the segments, except automatic air fresheners. This is one of the most injured categories in household. Even private label decreased and only the new launches in automatic air fresheners grew.
- Household cleaners decreased in specific cleaners and private label. Manufacturer brands decreased, but less. No segment saw a positive trend, only a few small segments remained flat.

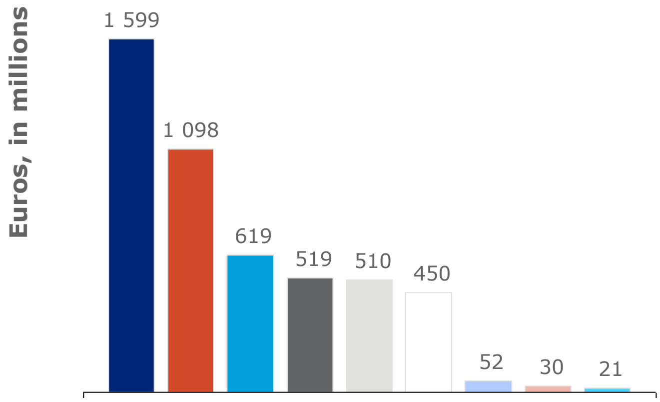
Source: IRI retail databases; period ending 30 March 2014

The United Kingdom

CATEGORY SHARE OF VALUE IN THE LAST YEAR



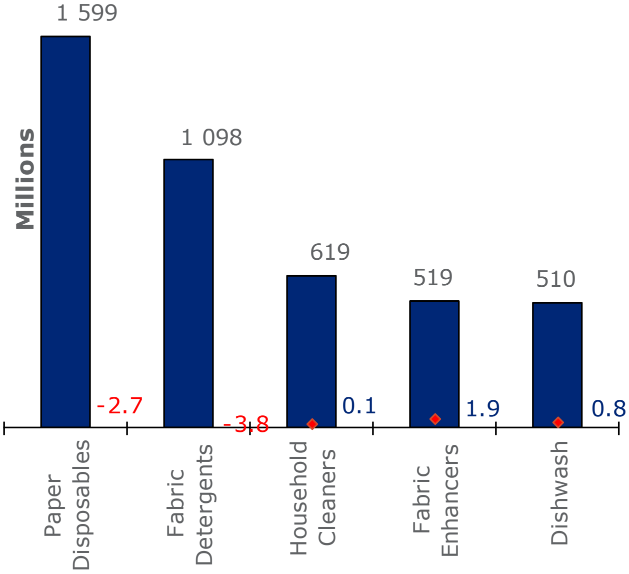
CATEGORY VALUE SALES IN THE LAST YEAR



- Paper Disposables
- Fabric Detergents
- Household Cleaners
- Fabric Enhancers
- Dishwash
- Air Fresheners
- Cleaning Supplies
- Shoe Cleaners
- Insecticides

TOP 5 CATEGORIES: EVOLUTION

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



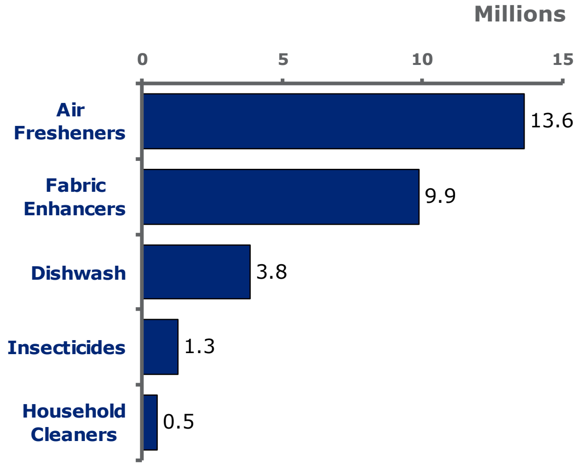
KEY TRENDS

- The UK was just behind the European market growth rate for household value sales (-1.2% versus -1.1%) with the sales growth rate falling behind France, Germany and Spain.
- A poor Q2 2013 impacted growth, but over the latest quarter value sales increased.
- Paper disposables, followed by fabric detergents, drove the decline whilst other categories saw marginal growth – notably fabric enhancers and dishwash.

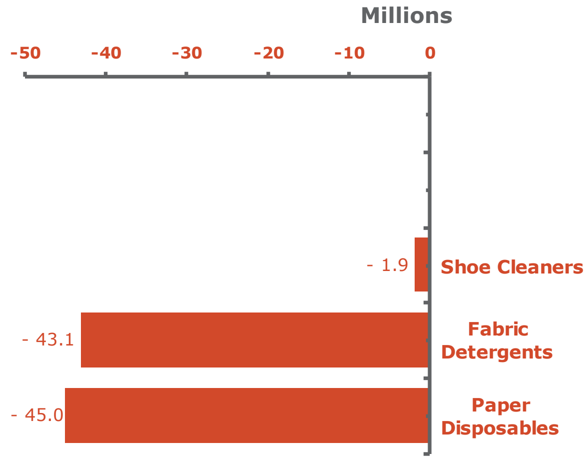
Source: IRI retail databases; period ending 30 March 2014

The United Kingdom

TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



CATEGORY INSIGHTS

- Fabric enhancers drove growth this quarter more than the other categories combined. Concentrated conditioners were the largest part of the market and the source of growth with Unilever and Procter & Gamble driving this at the expense of private label.
- Dishwashing product growth was driven by the machine sector, with hand now in decline after a long period of growth. Machine growth came from private label, which was also the area of decline for the hand sector. Overall, category growth came from more effective promotions and at higher promoted prices.
- Fabric detergents were still positive, but no longer driving household growth. Main wash declined, driven by Procter & Gamble powder, but there was some growth in liquid formats following new product development. Growth came from the wash treatment sector, where, again, powder was the source of decline whilst capsules grew.
- Household cleaners declined after a lengthy period of growth. This was driven by toilet rim blocks across most manufacturers, whilst bleach saw value growth from price increases.
- Paper disposables declined heavily and were the key reason for the overall household decline in the UK. This was driven by price declines in the soft sector, as this has not driven sufficient volume to cover for the loss in value. The soft sector decline was driven by private label and Kimberly Clark.

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:

Shoe cleaners

- The Germany and France data in this report includes leather cleaning products.

Tools

- The UK data in this report only contains rubber gloves for this category.
- The Germany data in this report does not include mops, brushes or rubber gloves.

Fabric enhancers

- The UK data in this report does not include stain remover or fabric bleach products.
- The Italy data in this report does not include tumble dry enhancers.
- The Spain data in this report does not include anti-lime scale for laundry, tumble dry enhancer or fabric storage products.

Paper disposables

- The France data in this report does not include wet wipes.
- The UK data in this report does not include paper napkins.

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:

- **IRI InfoScan Census®** is a syndicated retail tracking service that enables manufacturers and retailers to acquire industry insights used to make better business decisions. IRI 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 household comes from **IRI 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

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