Mid-Year Reflection 2017

Where’s the (non-food) growth?
Survey Methodology

- IRI’s Consumer Connect survey provides a quarterly snapshot of shoppers’ behaviors and attitudes as they directly relate to their strategies for learning about, purchasing and utilizing CPG and health care products, as well as information regarding perceptions of economic conditions and their ability to provide for their families.

- Consumer Connect is an internet-based survey of more than 2,000 respondents from a nationally representative panel of participants.

- For more results, visit the IRI website.
Executive Summary

- **Tweet this**: Non-food CPG trends are being negatively influenced by a variety of factors, including a volatile economy and a changing marketplace.

- **Tweet this**: The non-food sector is lagging behind industry-wide trends.

- **Tweet this**: Weak growth transcends non-food departments; the health care department fared just slightly better.

- **Tweet this**: Value remains critical and is influencing store selection and private brand behaviors.

- **Tweet this**: CPGs should tap into growth opportunities around higher-end and highly targeted non-food solutions.
Tweet this: Trade-offs are most prevalent among younger and less wealthy shoppers, least prevalent across seniors and the wealthiest households.

**Consumer Buying Behaviors by Income**

- Generally buy the lowest-price item when buying groceries: $100K+ 47%, $55-$99K 52%, $35-$54K 64%, <$35K 71%, Tot. Pop. 64%
- Often buy OTC medication brands other than my preferred brand because they're on sale: $100K+ 46%, $55-$99K 53%, $35-$54K 55%, <$35K 62%, Tot. Pop. 59%
- Often buy beauty/personal care brands other than my preferred brand because they're on sale: $100K+ 33%, $55-$99K 42%, $35-$54K 53%, <$35K 44%, Tot. Pop. 44%
- Often buy food/beverage brands other than my preferred brand because I have a coupon: $100K+ 36%, $55-$99K 41%, $35-$54K 44%, <$35K 47%, Tot. Pop. 42%
- Often buy beauty/personal care brands other than my preferred brand because I have a coupon: $100K+ 32%, $55-$99K 35%, $35-$54K 40%, <$35K 42%, Tot. Pop. 37%

**Consumer Buying Behaviors by Generation**

- Generally buy the lowest-price item when buying groceries: Seniors 46%, Boomers 57%, Gen X 59%, Millennials 71%, Tot. Pop. 65%
- Often buy OTC medication brands other than my preferred brand because they're on sale: Seniors 39%, Boomers 53%, Gen X 59%, Millennials 64%, Tot. Pop. 59%
- Often buy beauty/personal care brands other than my preferred brand because they're on sale: Seniors 30%, Boomers 40%, Gen X 53%, Millennials 54%, Tot. Pop. 44%
- Often buy OTC medication brands other than my preferred brand because I have a coupon: Seniors 27%, Boomers 40%, Gen X 50%, Millennials 50%, Tot. Pop. 42%
- Often buy beauty/personal care brands other than my preferred brand because I have a coupon: Seniors 23%, Boomers 34%, Gen X 45%, Millennials 47%, Tot. Pop. 37%

Source: Consumer Connect™, Q2 2017
Tweet this: Q2 started off looking more positive than prior years, but May and June brought precipitous declines.

Source: IRI Market Advantage™, 4 weeks ended 6/11/2017, 5/14/2017, 4/16/2017 and same periods prior two years; MULOC.
Tweet this: The non-food sector slid more sharply than industry average, particularly with respect to unit sales trends.

---

**Monthly Dollar Sales Change**

**Total Non-Edible**

- April 2017: 3.9%
- May 2017: 4.7%
- June 2017: 3.3%

**Monthly Unit Sales Change**

**Total Non-Edible**

- April 2017: 1.7%
- May 2017: 0.3%
- June 2017: 1.3%

Source: IRI Market Advantage™, 4 weeks ended 6/11/2017, 5/14/2017, 4/16/2017 and same periods prior two years; MULOC.
**Tweet this:** Unit sales has been flat or negative throughout Q2 across non-food departments.

**Monthly Unit Sales Change by Department**

- **Beauty:**
  - April: -0.7%
  - May: -0.4%
  - June: -0.6%

- **General Merchandise:**
  - April: 0.9%
  - May: 1.9%
  - June: 1.0%

- **Health:**
  - April: 2.1%
  - May: 0.5%
  - June: 0.5%

- **Home Care:**
  - April: 0.4%
  - May: 0.7%
  - June: 0.9%

- **Tobacco:**
  - April: 4.0%
  - May: 3.8%
  - June: 2.5%

Source: IRI Market Advantage™, 4 weeks ended 6/11/2017, 5/14/2017, 4/16/2017 and same periods prior two years; MULOC.
Tweet this: Value is a huge influencer of store selection.

Store Selection Process by Generation

Able to fulfill my needs at the lowest possible cost
- Seniors: 94%
- Boomers: 96%
- Gen Xers: 96%
- Millennials: 95%
- Tot. Pop.: 95%

Good selection of store brand products
- Seniors: 79%
- Boomers: 80%
- Gen Xers: 84%
- Millennials: 86%
- Tot. Pop.: 82%

Strong loyalty/discount programs
- Seniors: 66%
- Boomers: 74%
- Gen Xers: 74%
- Millennials: 79%
- Tot. Pop.: 79%

Good selection of health care products
- Seniors: 60%
- Boomers: 64%
- Gen Xers: 64%
- Millennials: 62%
- Tot. Pop.: 62%

Good selection of beauty/personal care products
- Seniors: 44%
- Boomers: 53%
- Gen Xers: 49%
- Millennials: 54%
- Tot. Pop.: 51%

Source: Consumer Connect™, Q2 2017
Tweet this: The grocery channel has outperformed mass/super in non-edibles throughout 2017; non-edible spending in grocery has outpaced industry average.

Non-Edible Spending
% Chg. vs. YA, Total US, by Channel

Source: IRI Consumer Network™, CSIA – Total US – All Outlets; Quad Week Data Ending 6-11-17 and preceding; NBD Aligned to Multi-Outlet, Grocery and Mass/Super exclude Walmart.
Tweet this: Consumers view store brands as a good money-saving opportunity; millennials show a particularly strong affinity toward store brand solutions.

Store Brand Perceptions by Generation

- **Store brands are just as good in quality as national brands**
  - Seniors: 72%
  - Boomers: 78%
  - Gen Xers: 83%
  - Millennials: 75%
  - Tot. Pop.: 75%

- **Store brands are a better value than national brands**
  - Seniors: 64%
  - Boomers: 67%
  - Gen Xers: 69%
  - Millennials: 76%
  - Tot. Pop.: 69%

Source: Consumer Connect™, Q2 2017
Tweet this: Targeting against high-potential consumers is critical. For instance, millennials will pay more for online ordering with home delivery and wealthier shoppers will pay more for nutrition density and eco-friendliness.

Source: Consumer Connect™, Q2 2017
Contact

Shelley Hughes
Vice President, Media Relations
Shelley.Hughes@iriworldwide.com

Susan Viamari
Vice President, Thought Leadership
Susan.Viamari@iriworldwide.com

Tweet this: Shoppers Mid-Year Reflection for #NonFoods #IRIConsumerConnect @IRIworldwide