Early View 2017

CPG Off to a Slow Start, but What's Next?

Growth delivered.

May 2017

Survey Methodology

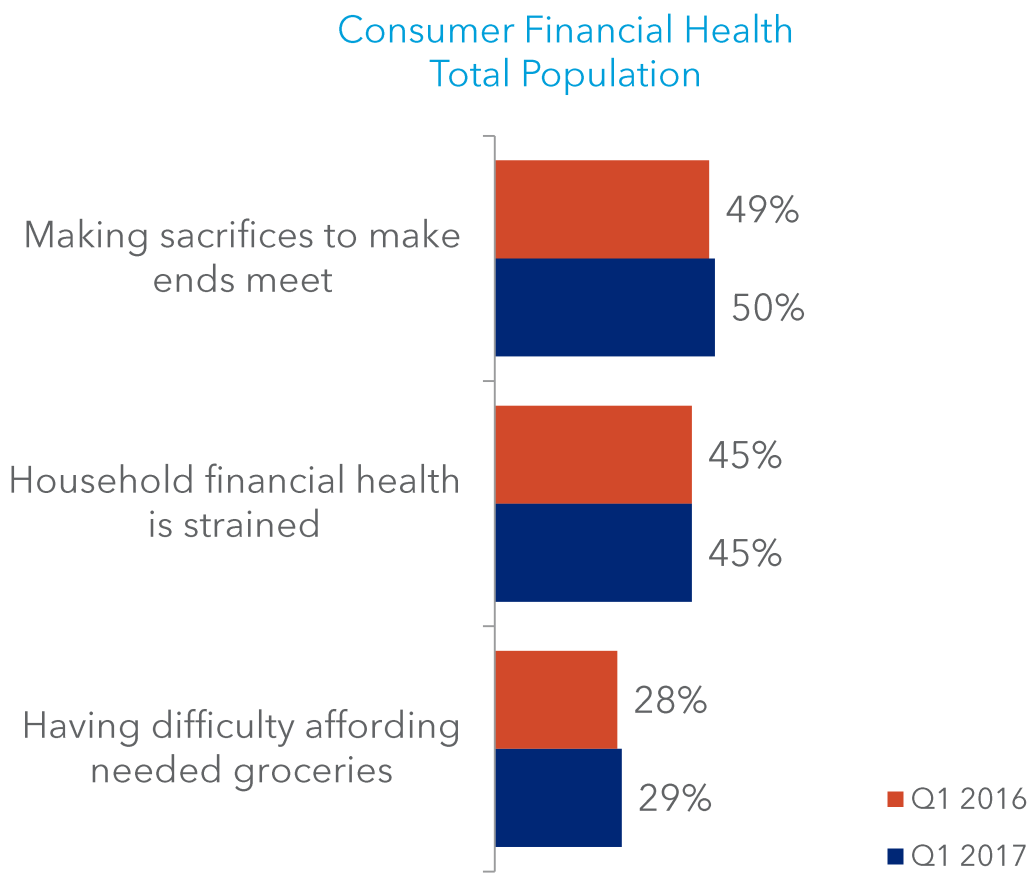
- IRI’s Consumer Connect survey provides a quarterly snapshot of shoppers’ behaviors and attitudes as they directly relate to their strategies for learning about, purchasing and utilizing CPG and health care products, as well as information regarding perceptions of economic conditions and their ability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

Tweet this: #IRI #ConsumerConnect highlights shoppers' behaviors, attitudes toward learning, purchasing, utilizing #CPG and health care products

Executive Summary

- Tweet this: January and February are typically softer months for CPG, but 2017 is showing sharper-than-normal declines.
- Tweet this: March posted improvement but not recovery.
- Tweet this: Declines are being driven by a number of complex and interwoven factors, which are negatively impacting trips and basket size.
- Tweet this: Soft trends are evidenced across consumer segments, but some groups have been more harshly impacted than others.

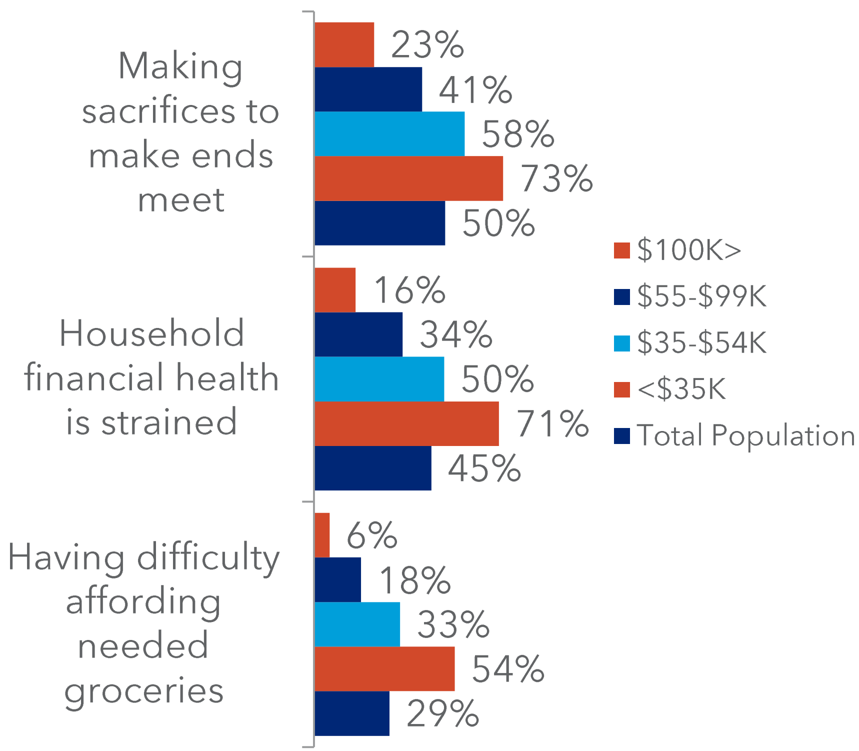
Many consumers continue to struggle financially.



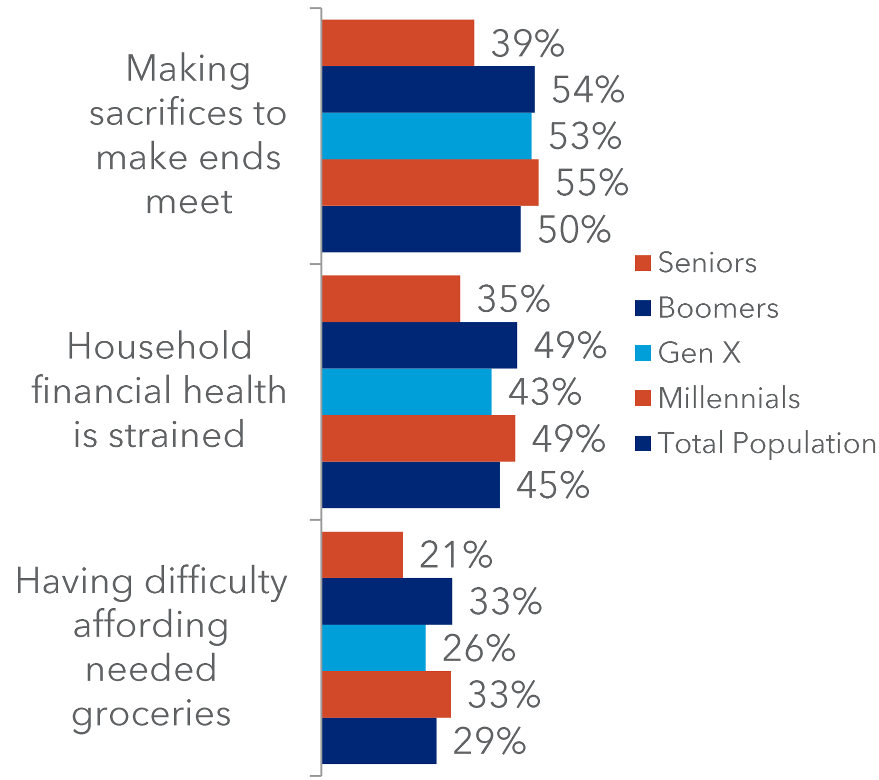
Source: Consumer Connect™, Q1 2017

Lower-income and younger shoppers are among the hardest hit.

Consumer Financial Health by Income



Consumer Financial Health by Generation

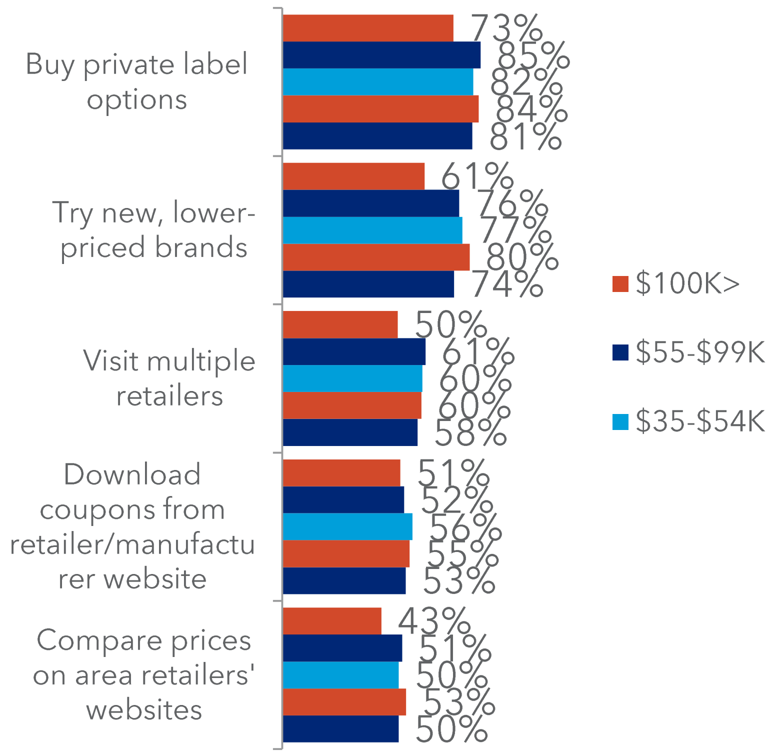


Tweet this: Low income & young shoppers are among the hardest hit #ConsumerConnect

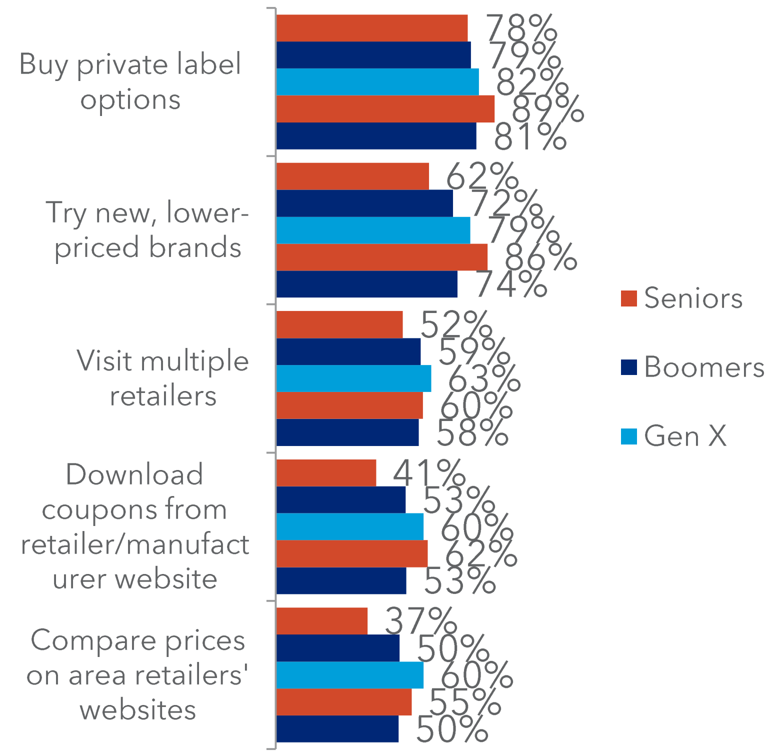
Source: Consumer Connect™, Q1 2017

Millennials are most likely to make brand concessions; Gen X consumers are as likely as millennials to seek digital savings opportunities.

Shopping Journey Money-Saving Preparations Top 2 Box by Income



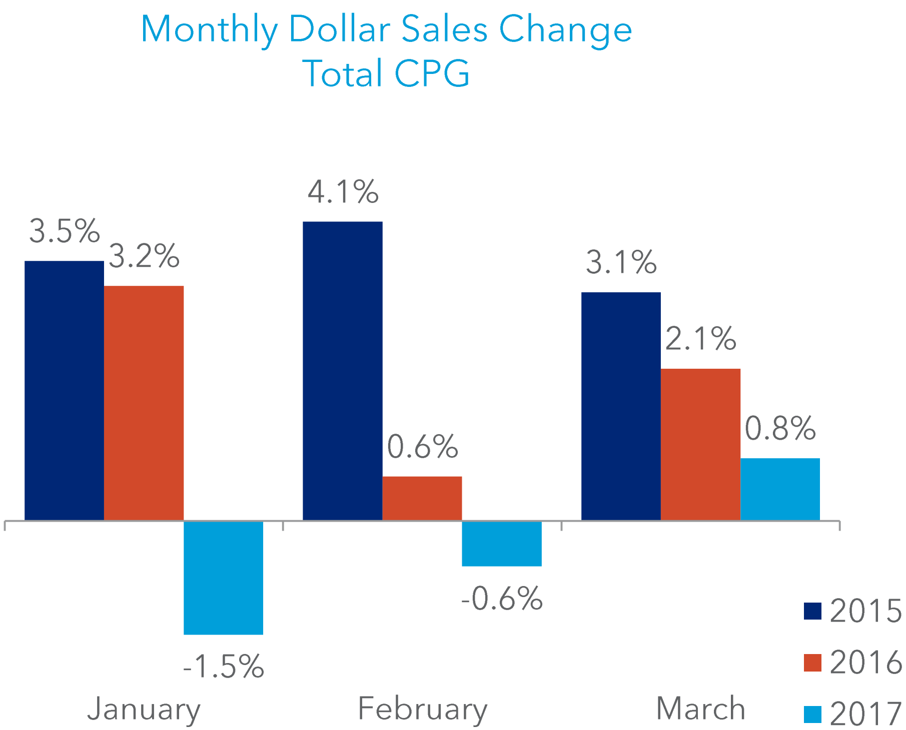
Shopping Journey Money-Saving Preparations Top 2 Box by Generation

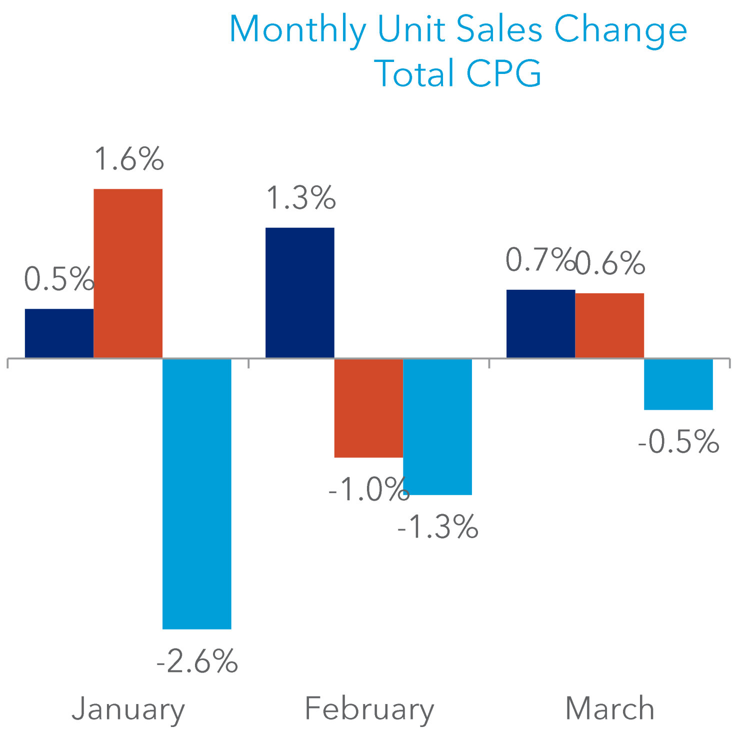


Tweet this: #Millennials are most likely to make brand concessions; #GenX are as likely as millennials to seek digital savings opps #ConsumerConnect

Source: Consumer Connect™, Q1 2017

Conservative behaviors pushed unit sales down precipitously in January of this year, negatively impacting dollar sales trends; subsequent months have seen improvements, but not growth.



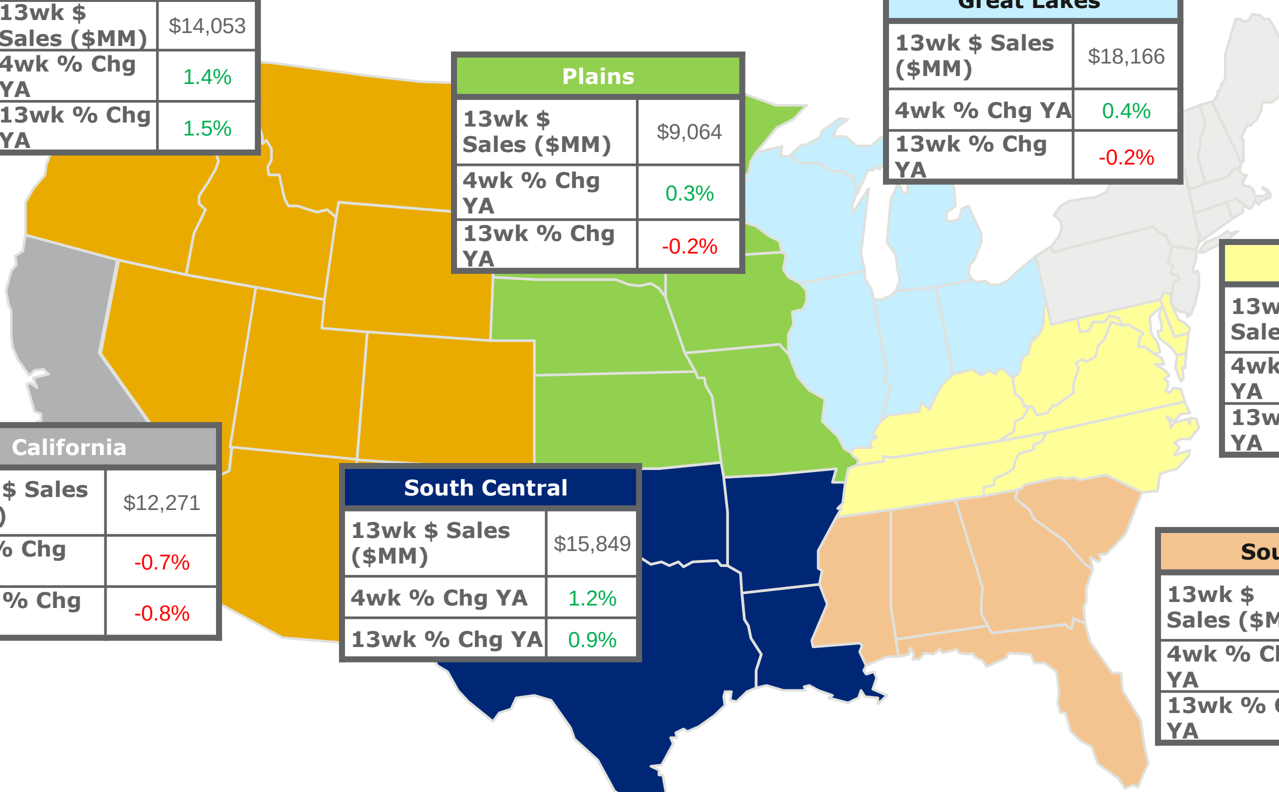


[Tweet this](): Conservative behaviors pushed unit sales down precipitously in Jan. 2017, neg. impacting dollar sales trends #ConsumerConnect

Source: IRI Market Advantage™, 4 weeks ended 3/19/2017, 2/19/2017, 1/22/2017 and same periods prior two years; MULOC.

Southeast and South Central regions were insulated from early 2017 edibles declines; all regions except California show positive growth in the most recent period.

Region Trends for Total Edible



West	
13wk $ Sales ($MM)	$14,053
4wk % Chg YA	1.4%
13wk % Chg YA	1.5%

California	
13wk $ Sales ($MM)	$12,271
4wk % Chg YA	-0.7%
13wk % Chg YA	-0.8%

Plains	
13wk $ Sales ($MM)	$9,064
4wk % Chg YA	0.3%
13wk % Chg YA	-0.2%

South Central	
13wk $ Sales ($MM)	$15,849
4wk % Chg YA	1.2%
13wk % Chg YA	0.9%

Great Lakes	
13wk $ Sales ($MM)	$18,166
4wk % Chg YA	0.4%
13wk % Chg YA	-0.2%

Northeast	
13wk $ Sales ($MM)	$19,814
4wk % Chg YA	0.7%
13wk % Chg YA	-0.4%

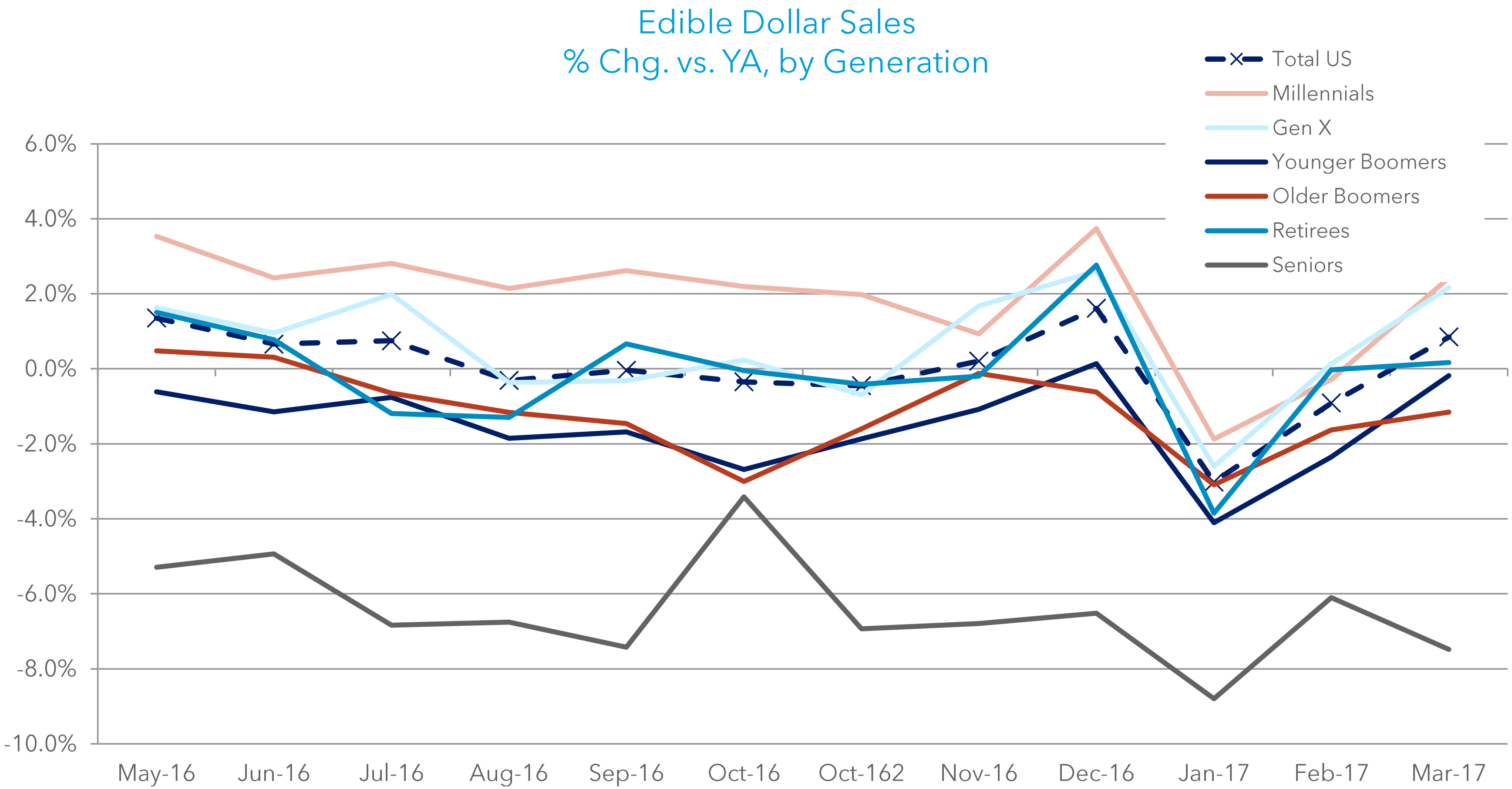
Mid South	
13wk $ Sales ($MM)	$16,987
4wk % Chg YA	1.5%
13wk % Chg YA	-0.2%

Southeast	
13wk $ Sales ($MM)	$20,080
4wk % Chg YA	1.0%
13wk % Chg YA	0.9%

Tweet this: #Southeast, #SouthCentral regions insulated from early 2017 edibles declines; all regions except CA show + growth in most recent period

Source: IRI ILD POS database; L13 & L4WE 3/19/17, MULO+C Regions

Q1 edibles sales dipped across generations, but seniors have struggled more than others during the past year.



Tweet this: Q1 edible sales dipped across #generations, but #seniors struggled more than others during the past year #ConsumerConnect

Source: IRI Consumer Network™, CSIA – Total US – All Outlets; Quad Week Data Ending 3-19-17 and preceding; NBD Aligned to Multi-Outlet

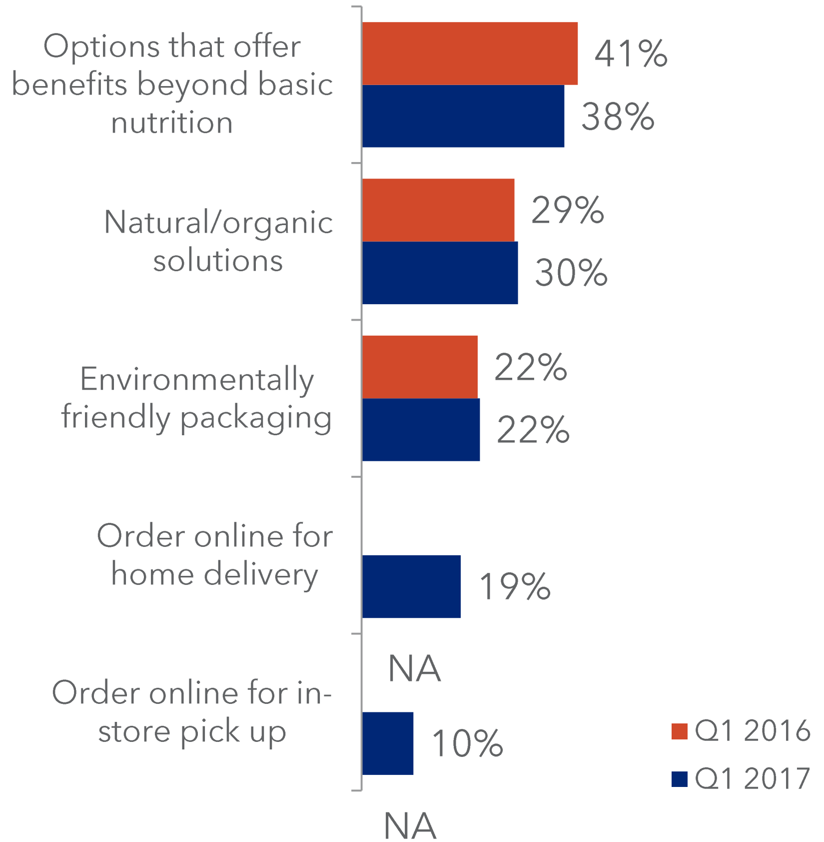
Still, economic expectations for 2017 are reasonable.

Economic Measure	2013	2014	2015	2016	2017P
GDP (% chg)	3.3%	4.2%	3.7%	3.0%	4.3%
Unemployment (%, SA)	7.4%	6.2%	5.3%	4.9%	4.6%
Consumer Price Inflation (% Chg)	1.5%	1.6%	0.1%	1.3%	2.7%
Retail Sales (% Chg)	3.8%	4.1%	2.3%	3.0%	5.5%
Residential Permits, Total (Mil)	3.9	4.2	4.7	4.7	5.5

Source: Moody's

CPG marketers will build margin and share with messaging that underscores the value of in-demand bells and whistles.

Consumer Willingness to Pay a Premium for… Total Population



Tweet this: #CPG marketers can build margin and share with messaging that underscores the value of #InDemand bells and whistles #ConsumerConnect #IRI

Source: Consumer Connect™, Q1 2017 & Q1 2016

Contact

Shelley Hughes

Vice President, Media Relations

Shelley.Hughes@iriworldwide.com

Susan Viamari

Vice President, Thought Leadership

Susan.Viamari@iriworldwide.com

Tweet this: Shoppers' Financial Outlooks and Purchasing Behaviors 2017 #ConsumerConnect @IRIworldwide – Read the full report here