

# Aging America:

Carving Out Growth in Mature Markets

# Headlines

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- Growth in the number and proportion of older adults is unprecedented in the history of the United States.
- The boomer/senior market is already valued at more than \$200 billion and segment growth is outpacing industry average.
- Healthcare-related spending will represent more than \$18 billion in 2020 among mature shoppers, and spending will escalate as the population ages.
- Drive growth and create disequilibrium in mature markets with finely tuned customer activation strategies:
  - ✓ Engage consumers in their quest for longevity and vitality by evangelizing prevention as a first line of defense against chronic disease;
  - ✓ Crack the code on customization and 1:1 marketing in a dynamic marketplace;
  - ✓ Rely heavily, but not solely, on traditional media for shopper activation; encourage migration to new media with integrated programs that accurately reflect consumers' level of engagement with newer tools and each segment's unique path to purchase

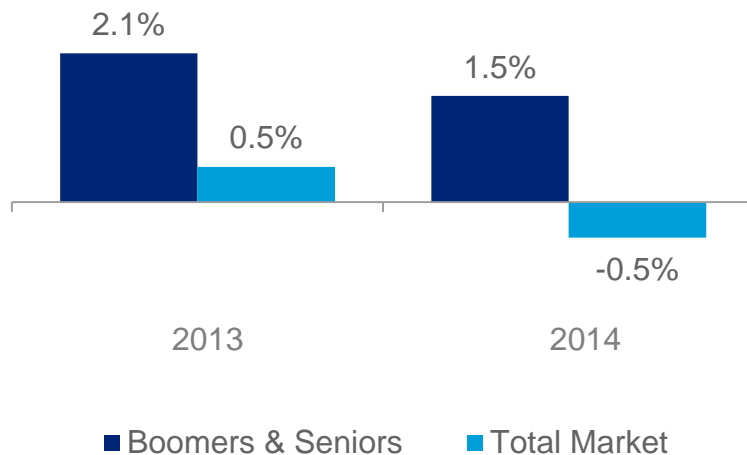
# Cohort Definitions

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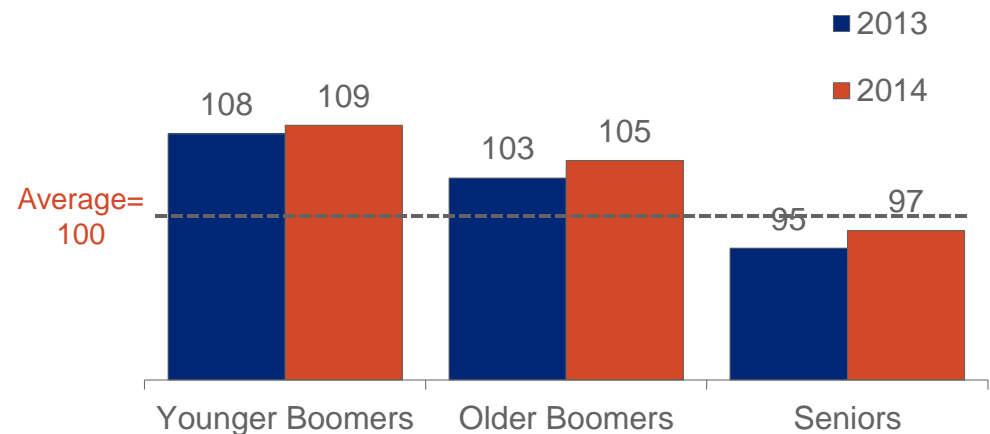
	<u>Birth Year</u>	<u>Age</u>
Younger Boomers	1956-1964	50-58
Older Boomers	1946-1955	59-68
Seniors	1925-1945	69-89

# CPG spending growth among older shoppers is outpacing industry average.

INDUSTRY GROWTH  
TOTAL INDUSTRY VERSUS BOOMERS &  
SENIORS  
2013-2014



TOTAL CPG SPENDING INDEX  
BY COHORT (AVERAGE = 100)  
2013-2014



Source: IRI Consumer Network™ 52 weeks ended 2/9/2014 and same period prior years

# Channel preferences vary across age cohorts.

## CHANNEL SHARE INDICES BASED ON SHARE OF DOLLAR SALES 2014

	Younger Boomers	Older Boomers	Seniors
Grocery	99	97	97
Drug	90	103	118
Mass/Supercenter w/ Walmart	97	93	92
Club	107	107	102
Dollar	107	104	107

Source: IRI Consumer Network™ 52 weeks ended 2/9/2014 and same period prior years

Despite an intense competitive environment, only minimal spending shifts have occurred during the past year.

TOTAL CHANNEL SHARE POINT CHANGE VS. YEAR AGO  
DOLLAR SALES  
2014

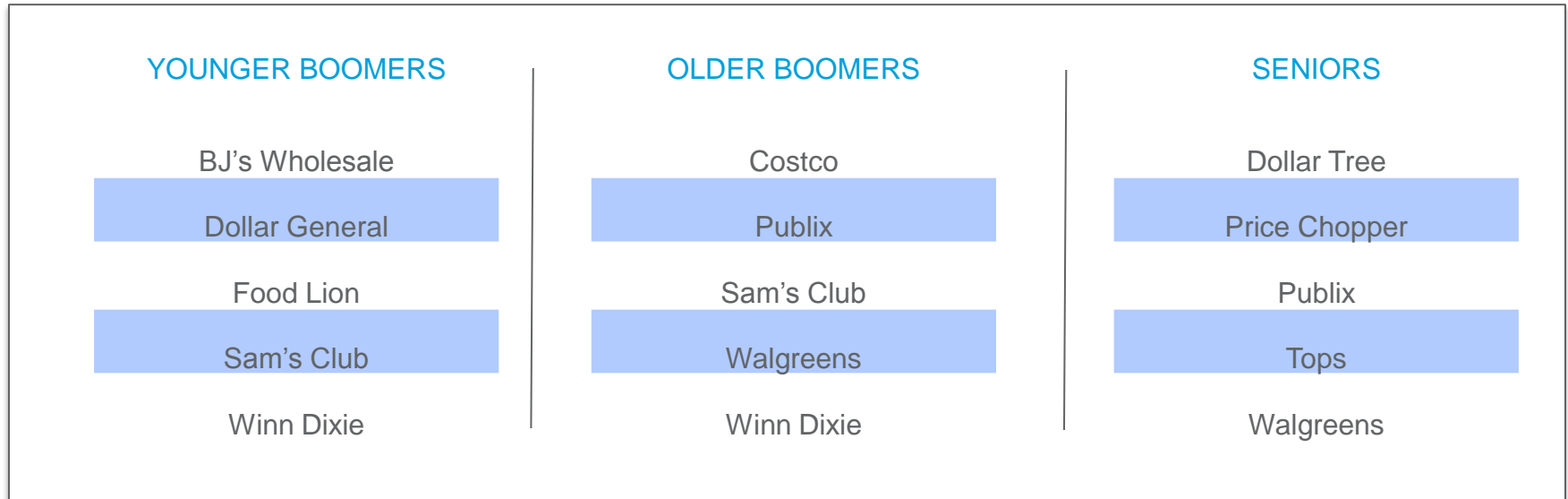
	Younger Boomers	Older Boomers	Seniors
Grocery	(0.4)	(0.4)	0.0
Drug	+0.1	+0.2	+0.3
Mass/Supercenter w/ Walmart	+0.3	+0.1	+0.1
Club	+0.3	+0.2	+0.1
Dollar	0.0	0.0	(0.1)

Note: among younger boomers, share of "other" which includes online sales and retail channels outside those displayed, slipped 0.3 points.

Source: IRI Consumer Network™ 52 weeks ended 2/9/2014 and same period prior years

# Sam's Club & Winn Dixie are winning in mature markets.

TOP RETAILERS\*  
BASED ON INDEX OF DOLLARS PER 1000 HH FOR COHORT  
VERSUS TOTAL PANEL  
LISTED IN ALPHABETICAL ORDER



Source: IRI Consumer Network™ 52 weeks ended 2/9/2014 and same period prior years

# CPG spending varies across age cohorts; healthcare spending increases significantly with age.

## DOLLAR SHARE OF CPG SPENDING BY DEPARTMENT 2014

	Total Panel	Younger Boomers	Older Boomers	Seniors
Beauty/Personal Care	8.1%	7.1%	6.7%	6.7%
Center Store	56.7%	58.3%	58.5%	57.1%
Fresh/Perishable	16.4%	16.0%	15.4%	15.4%
Frozen	10.2%	10.2%	9.3%	9.2%
General Merchandise	3.0%	3.0%	3.3%	3.5%
Healthcare	5.6%	5.4%	6.8%	8.0%

Source: IRI Consumer Network™ 52 weeks ended 2/9/2014 and same period prior years



Older consumers tend to be light spenders in private label beauty and personal care, but over-index in the health care department.

PRIVATE LABEL SHARE INDICES  
 BASED ON SHARE OF DOLLAR SALES, BY DEPARTMENT  
 INDEX: AVERAGE = 100

	Younger Boomers	Older Boomers	Seniors
Beauty/Personal Care	83	86	95
Center Store	102	102	101
Fresh/Perishable	99	93	89
Frozen	100	91	87
General Merchandise	99	105	102
Healthcare	101	130	147

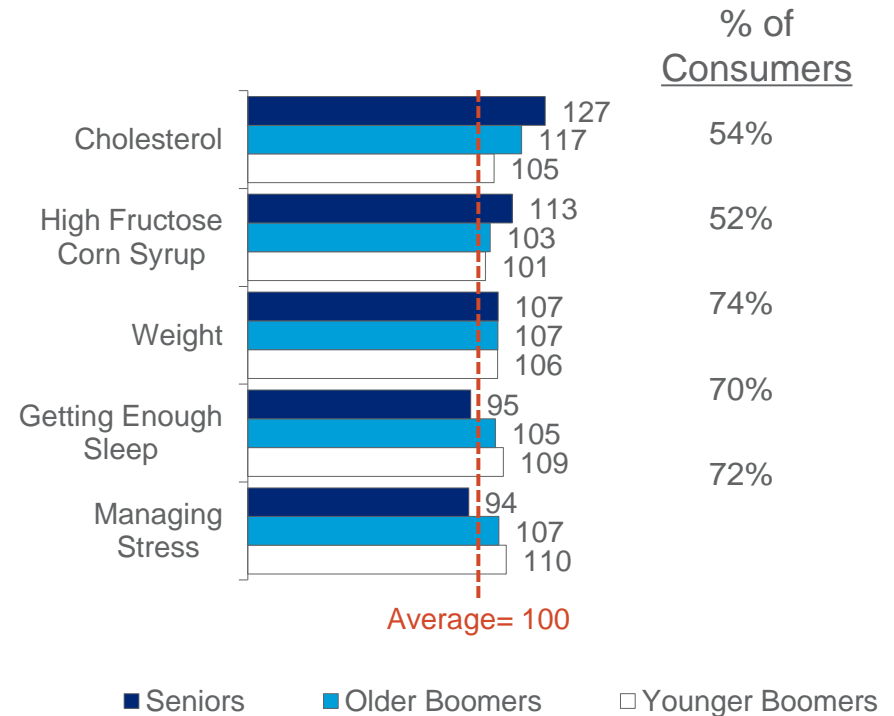
Source: IRI Consumer Network™ 52 weeks ended 2/9/2014 and same period prior years

# Educate consumers about common health-related issues and the benefits of products/ingredients found in healthcare aisles.

## PROJECTED ANNUAL GROWTH: KEY HEALTHCARE CATEGORIES DOLLAR SALES 2014-2016(P)

	<u>Average</u>	<u>Seniors</u>
<b>Gastrointestinal Liquid</b>	0% to 2%	6% to 8%
<b>Home Healthcare/Kits</b>	-1% to 1%	4% to 6%
<b>Vitamins</b>	3% to 5%	2% to 4%
<b>Gastrointestinal Tablets</b>	0% to 2%	0% to 2%
<b>Internal Analgesics</b>	-2% to 0%	1% to 3%

## PERCENT OF CONSUMERS VERY OR SOMEWHAT CONCERNED WITH THE ISSUE BY COHORT

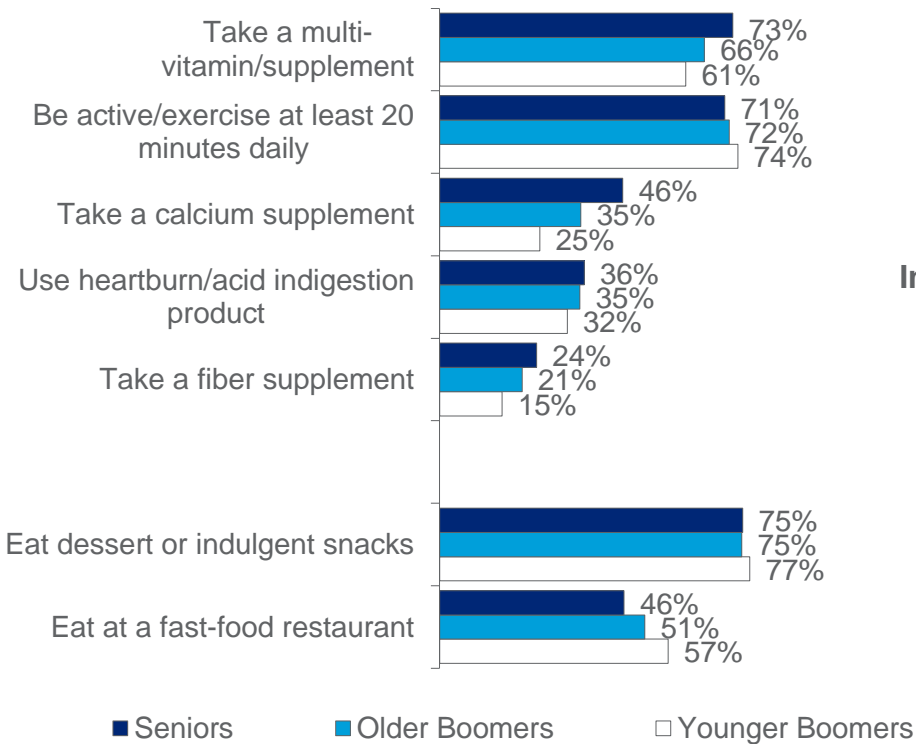


Source: IRI Consumer Network™ 52 weeks ended 2/9/2014; IRI Market Advantage™ 52 weeks ended 5/18/2014 and same periods prior years

Source: IRI MedProfiler

# Emphasize the importance role nutrition and prevention play in healthier living.

PERCENT OF CONSUMERS DOING THE FOLLOWING ON MOST DAYS BY COHORT



Source: IRI MedProfiler

PROJECTED ANNUAL GROWTH: FUNCTIONAL FOOD CATEGORIES DOLLAR SALES 2014-2016(P)

	<u>Average</u>	<u>Seniors</u>
<b>Wheat Germ</b>	-6% to -4%	-4% to -2%
<b>Intrinsic Health Value Bars</b>	10% to 12%	17% to 19%
<b>Refrigerated Tea</b>	6% to 8%	3% to 5%
<b>Sports Drinks</b>	3% to 5%	3% to 5%
<b>Energy Drinks</b>	9% to 11%	7% to 9%

Source: IRI Consumer Network™ 52 weeks ended 2/9/2014; IRI Market Advantage™ 52 weeks ended 5/18/2014 and same periods prior years

# Drive growth in a stagnant anti-aging skin care market with customized products and highly targeted marketing programs.

U.S. ANTI-AGING SKIN CARE SALES  
RETAIL SALES, \$ BILLION  
2011-2015F



PROJECTED ANNUAL GROWTH: ANTI-AGING SKIN CARE CATEGORIES  
DOLLAR SALES 2014-2016(P)

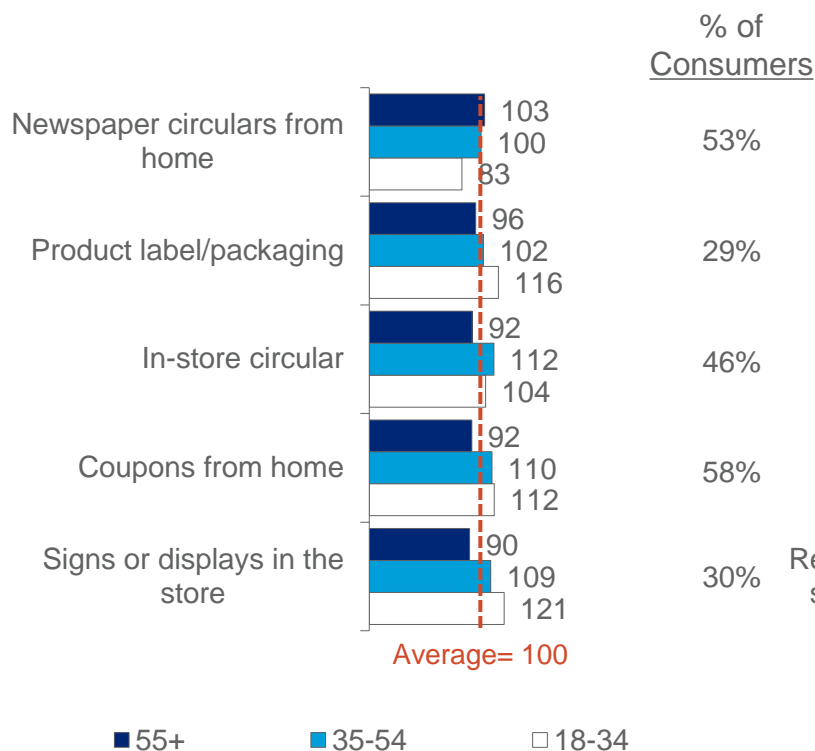
	<u>Average</u>	<u>Seniors</u>
<b>Body Anti-Aging</b>	-6% to -4%	-7% to -5%
<b>Facial Anti-Aging</b>	-2% to 0%	2% to 4%
<b>Facial Cleanser</b>	2% to 4%	4% to 6%
<b>Facial Moisturizer</b>	1% to 3%	2% to 4%

Source: Mintel, Anti-Aging Skin Care, February 2014

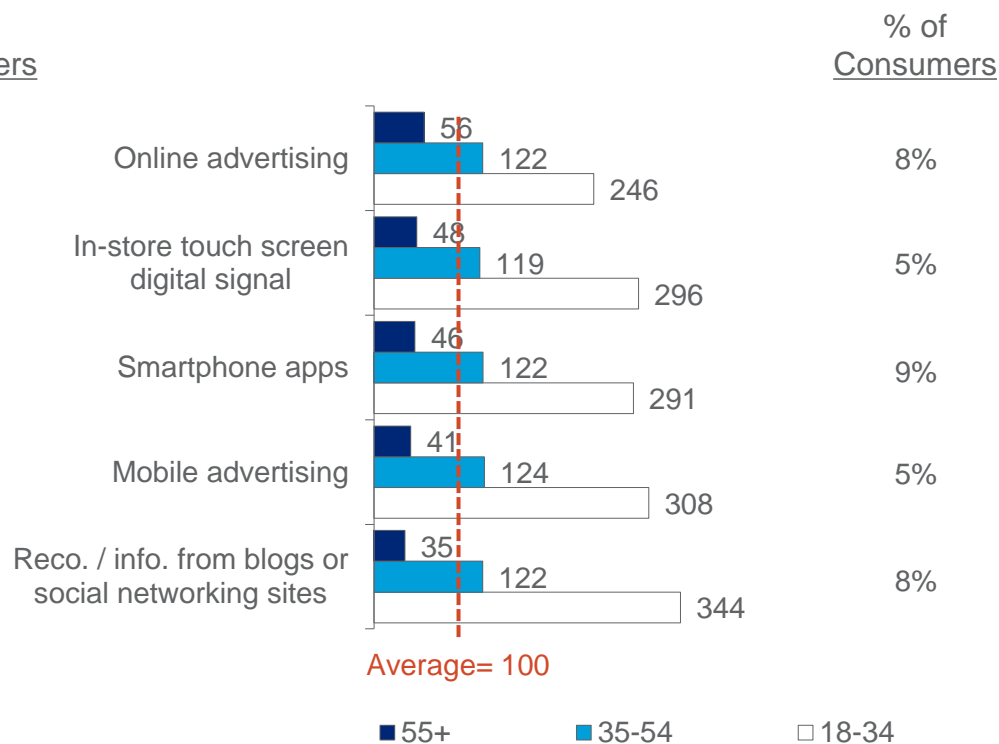
Source: IRI Consumer Network™ 52 weeks ended 2/9/2014; IRI Market Advantage™ 52 weeks ended 5/18/2014 and same periods prior years

# Engage through traditional media; supplement with new media programs that are tailored to target consumers' place on the technology adoption curve.

INFLUENCERS OF BRAND DECISIONS BY COHORT, INDEX: AVERAGE = 100



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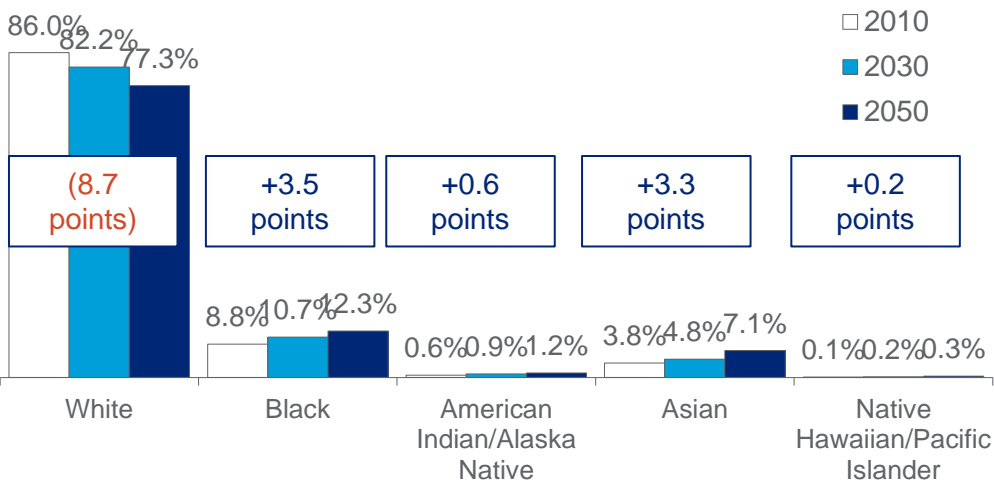


Source: IRI MarketPulse Survey, Q1 2014

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# Stay on top of evolving population trends, and anticipate and deliver against associated impacts on chronic disease and disease state management.

## U.S. POPULATION AGED 65+ AND DIVERSITY 2010-2050



Source: U.S. Census Bureau

## PREVALENCE OF CHRONIC CONDITIONS LEADING TO DEATH AMONG AMERICANS 65+, 2007-2009

	All Races/ Ethnicities	White, non-Hispanic	Black, non-Hispanic	Hispanic
Heart Disease	27.7%	27.6%	28.2%	27.6%
Cancer	22.1%	21.9%	23.1%	21.6%
Chronic Lower Respiratory Diseases	6.5%	7.0%	3.7%	4.2%
Stroke	6.4%	6.3%	7.0%	6.6%
Alzheimer's Disease	4.4%	4.6%	3.1%	2.9%
Diabetes	2.8%	2.5%	4.7%	5.6%
Influenza/Pneumonia	2.6%	2.6%	2.3%	3.0%

Source: CDC, National Center for Health Statistics. National Vital Statistics System, 2007-2009

# Framework to Win

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- Engage consumers in their quest for longevity and vitality by evangelizing prevention as a first line of defense against chronic disease.
- Carve pockets of growth with a portfolio of marketing strategies that reflects a full appreciation of the diversity and individuality across the boomer and senior marketplace.
- Protect and grow loyalty among current best shoppers and expand activation of key growth segments with integrated media programs that reflect an understanding of each consumers' unique path to purchase.