

KANTAR WORLDPANEL

A SUMMARY UPDATE OF GROCERY
AND SHOPPER TRENDS up to and
including CHRISTMAS 2009

A Presentation to the National
Consumer Agency

February 2010



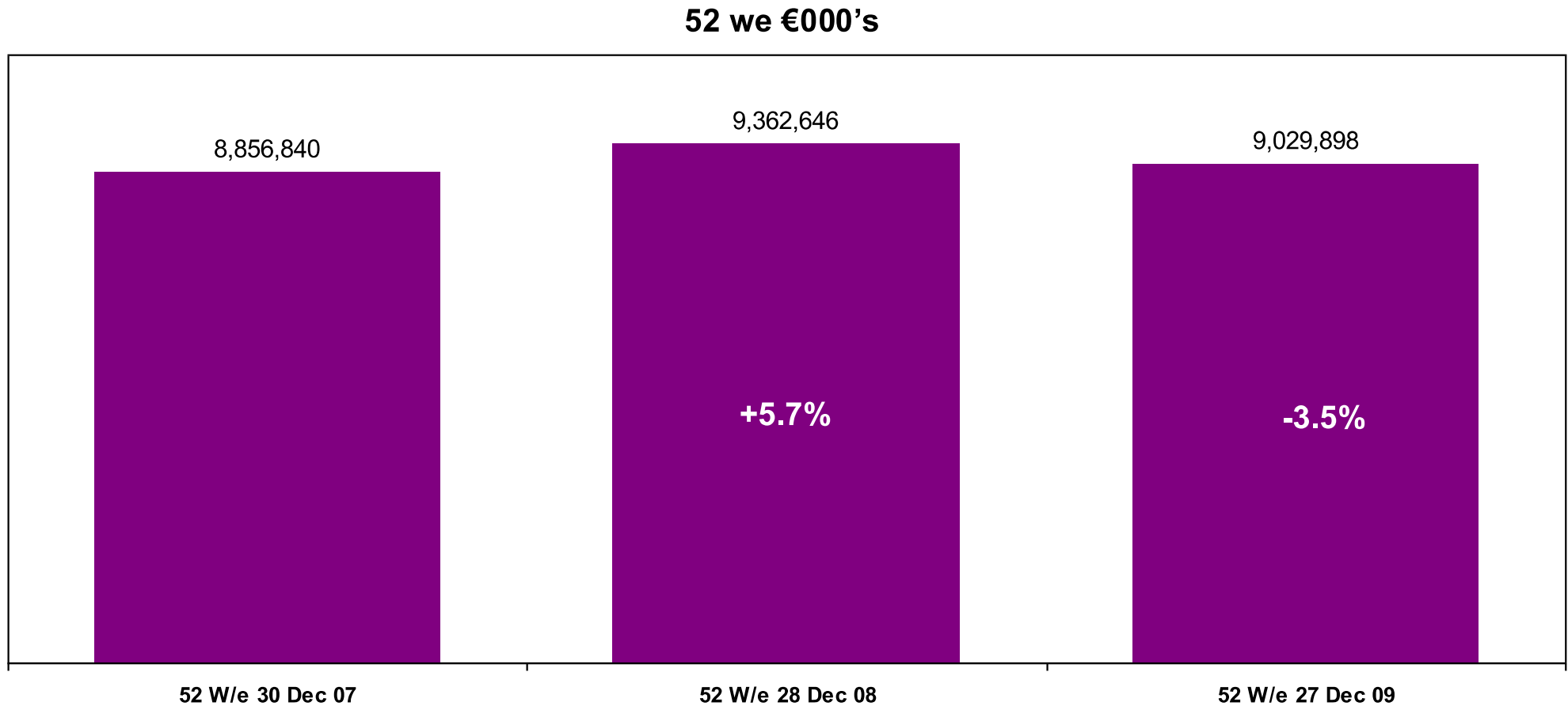


THE MAIN HEADLINES FOR THIS CHRISTMAS -2009

- 1 Deflation in the grocery market falls to -7.2% in the 12 week period as overall spend continues to decline
- 2 The value of the Irish Grocery Market in 2009 was €9 billion, down 3.5% in value terms year on year and down 6.1% in the final quarter 2009 compared with final quarter 2008.
- 3 The amount shoppers buy on promotion has increased
- 4 In general shoppers visit more stores, shopping more often with smaller trips

How is the total grocery market performing?

The market is down 3.5% in value year on year

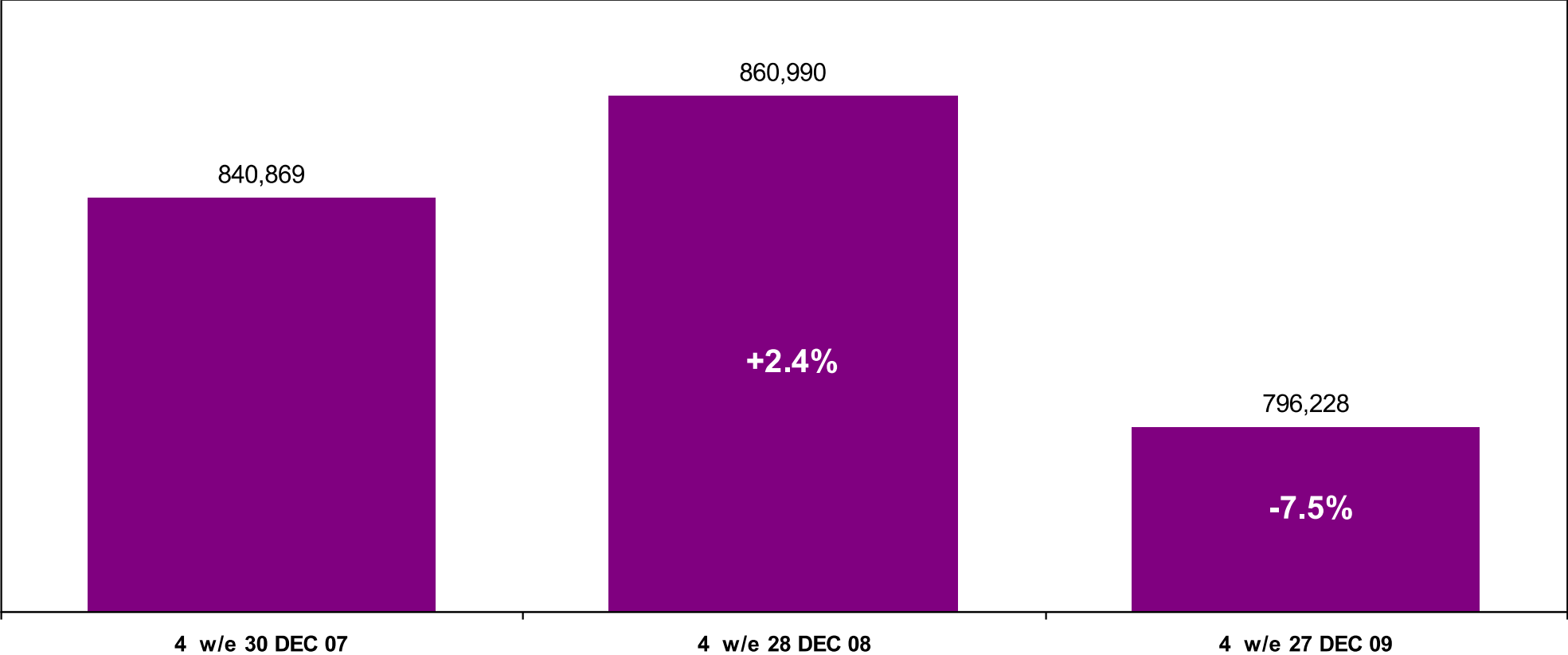


The market is down 6.1% in value terms in the latest 12 weeks.

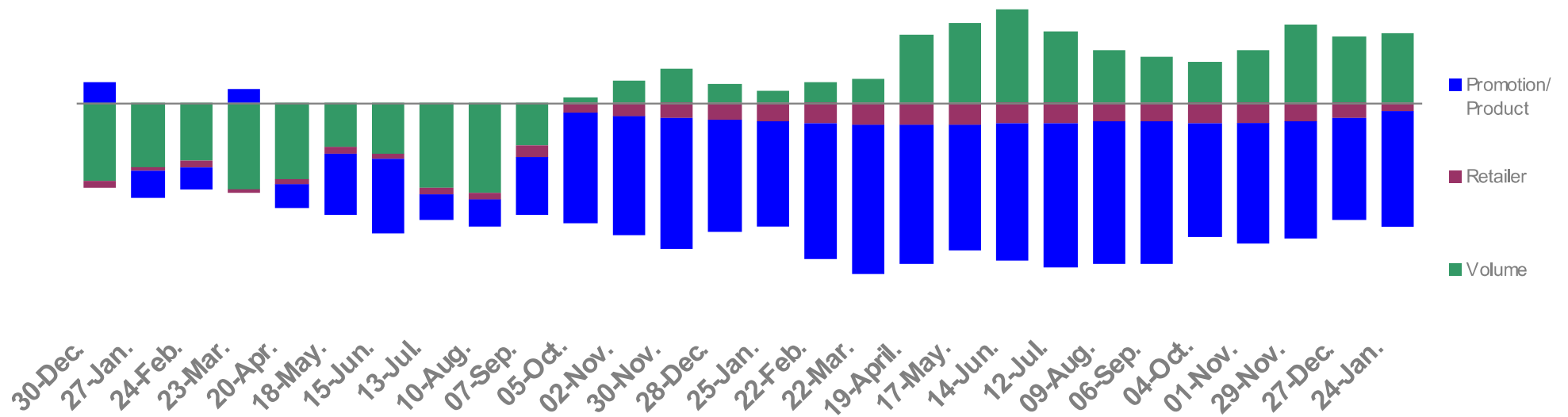
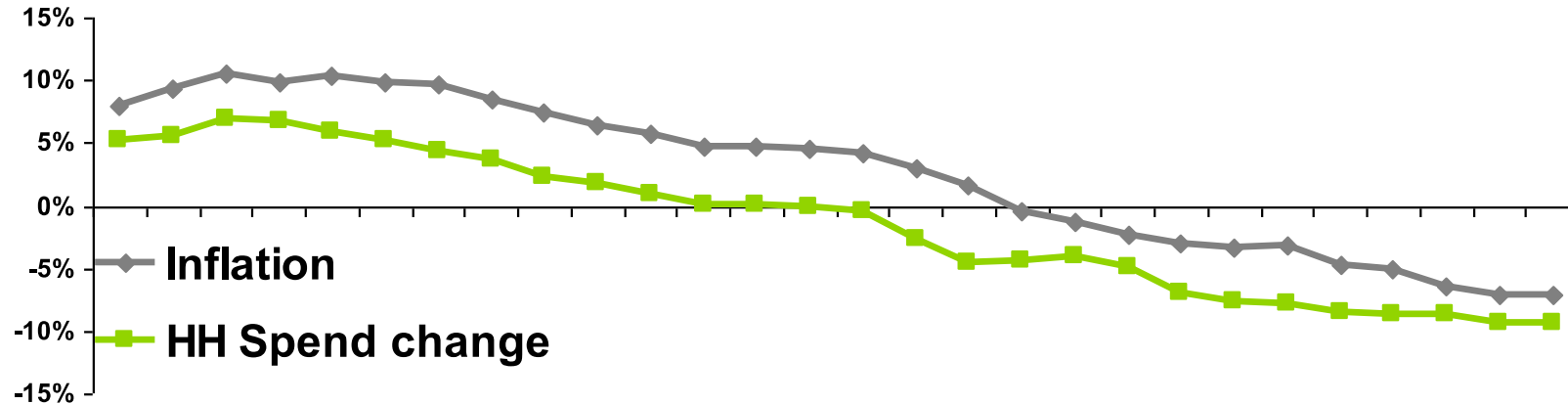


The market is down 7.5% in value this Christmas versus last.

4 we €000's



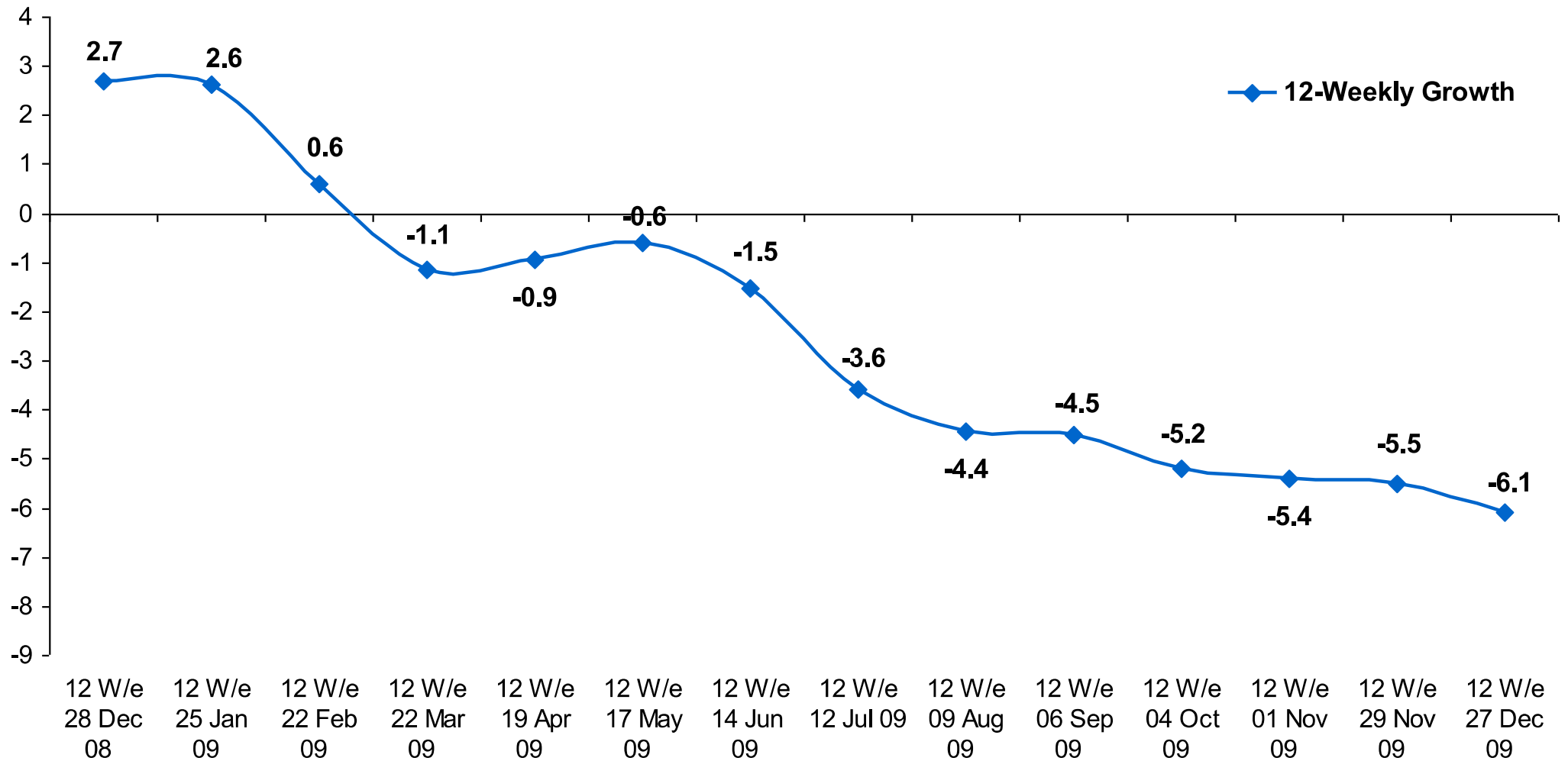
Inflation and shopper reaction: As inflation moved into negative figures (deflation), household spend decreased at a faster rate but the volume of goods purchased by households actually increased.



12 w/e 24 January 2010

How is the market performing on trended basis?

% value growth vs last year, 12 weekly trended. Market has been declining since Dec 2008.



SO HOW DID THE GROCERY SECTOR PERFORM?

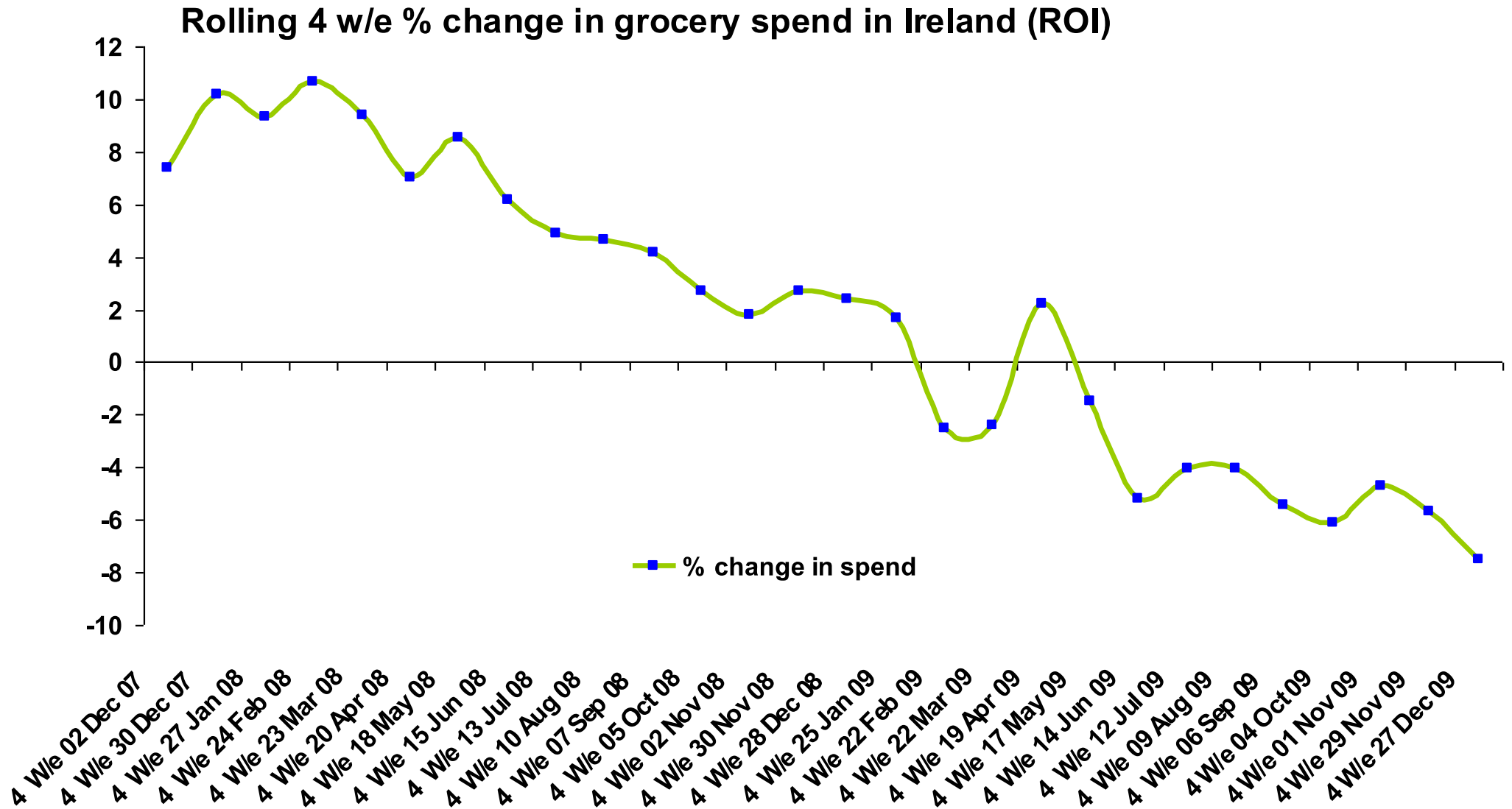
STEADY DECLINE IN SPEND DUE TO PRICE DEFLATION



The size of Ireland's grocery market in 2009 was €9 Billion and down -3.5% versus 2008. this decline accelerated to -6.1% in the final quarter and -7.5% in the final 4 weeks of 2009.

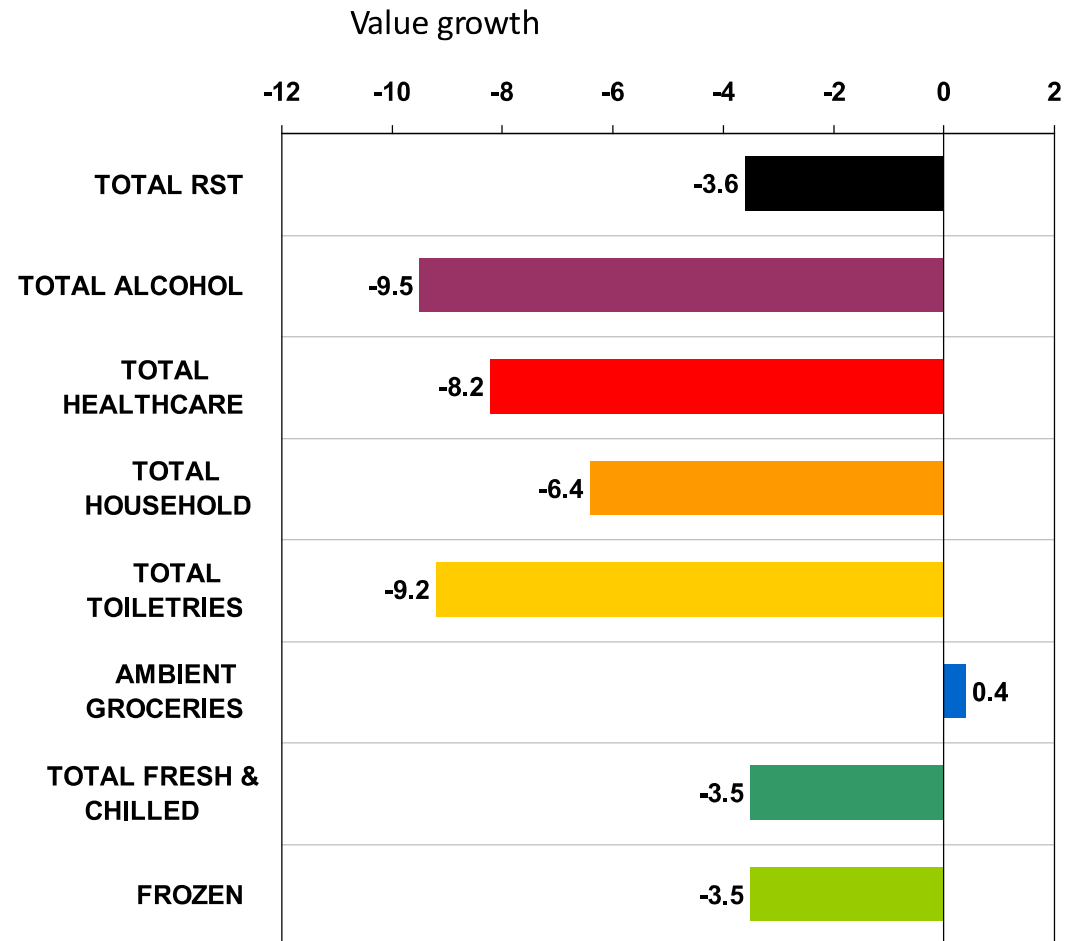
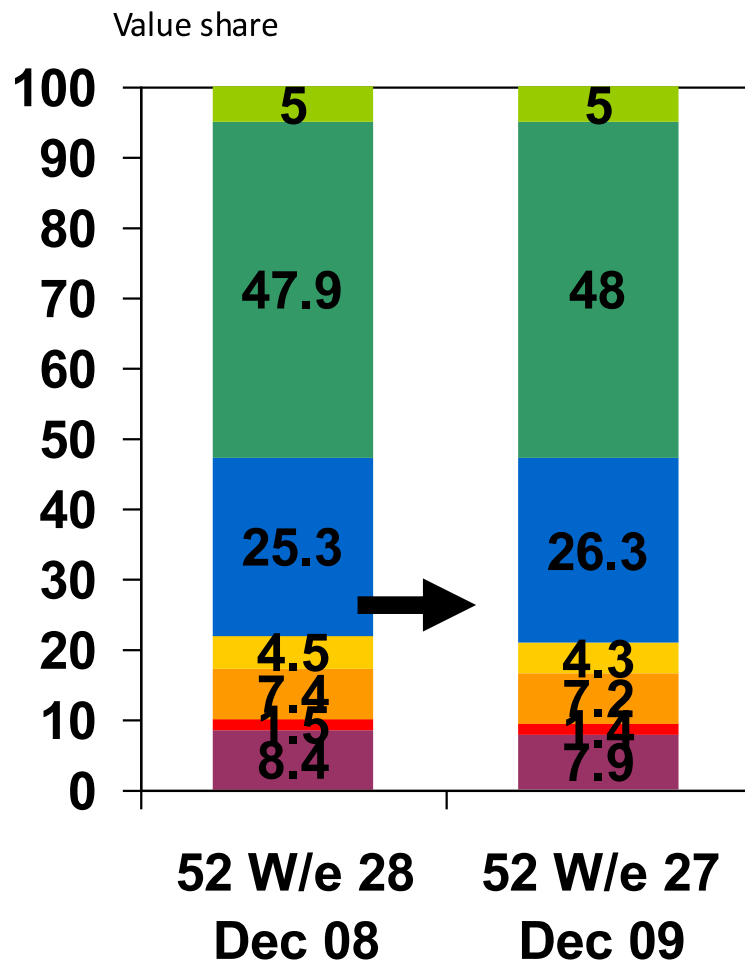
Although countries such as mainland UK experienced shoppers trading up again at Christmas, there was no significant impact of this trend in Ireland during this time.

The % change in household spend was negative for the second half of 2009

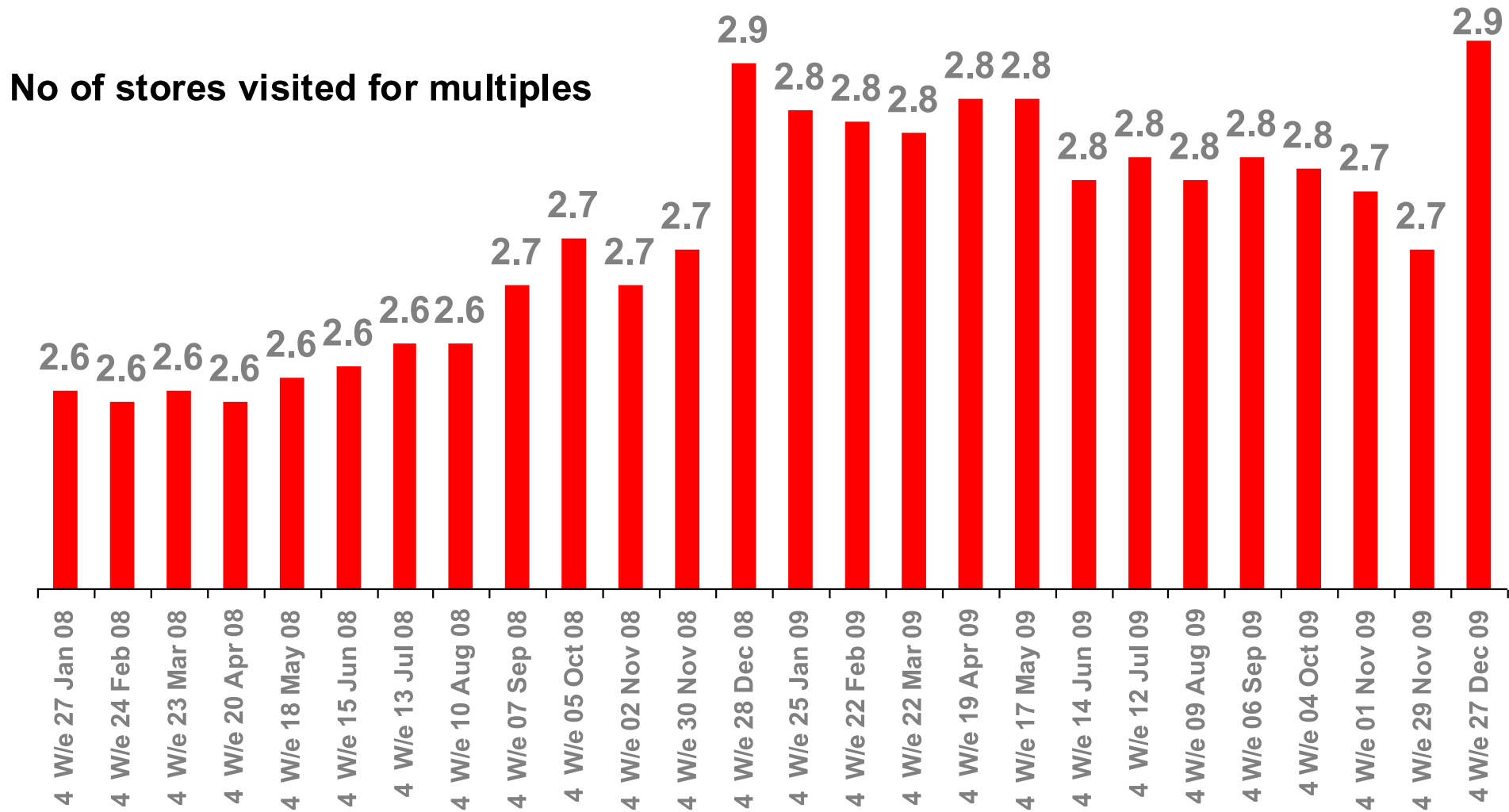


Which sector is driving market change annually? Total Outlets

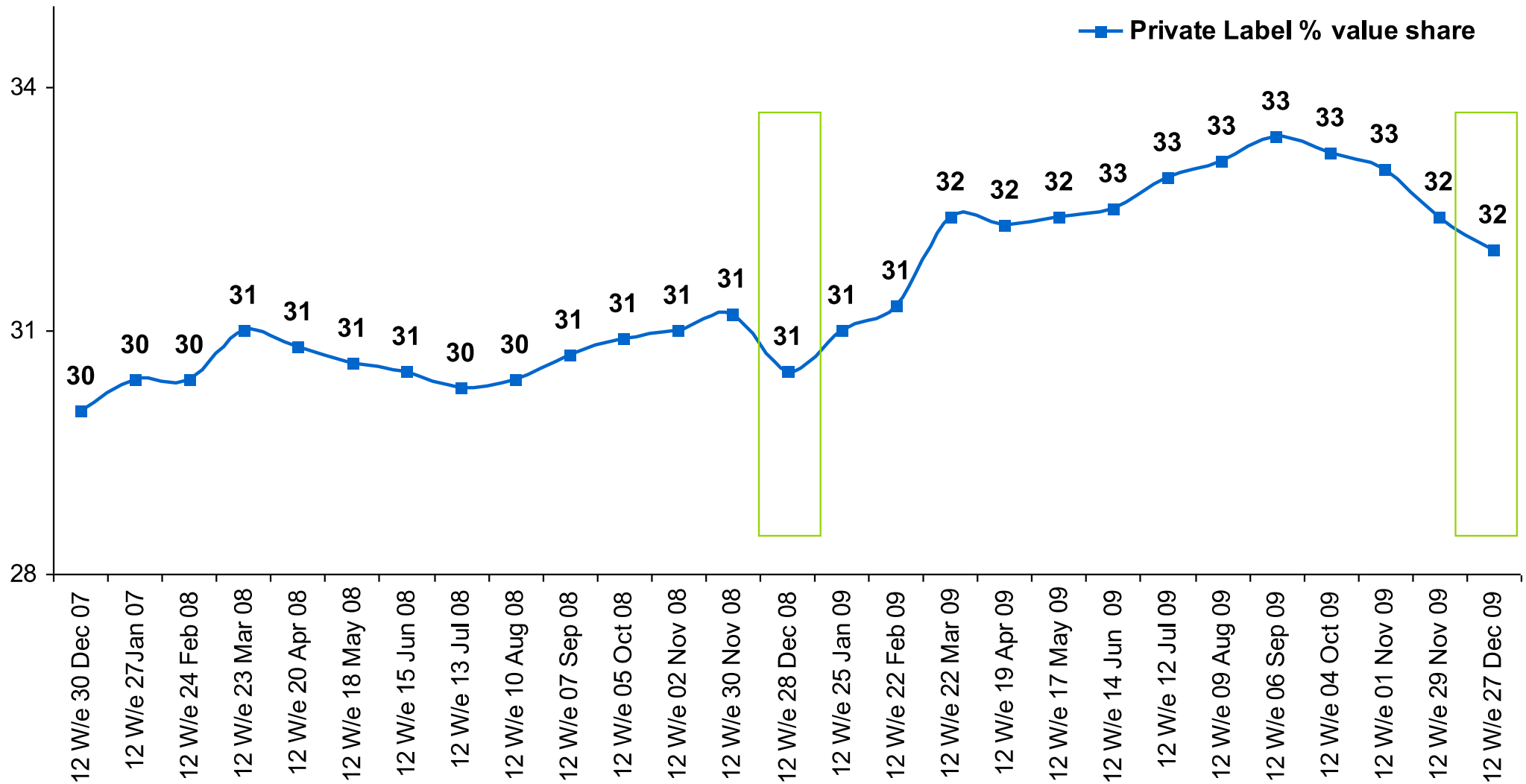
52 w/e 27 Dec 2009... general grocery is the only market that is not declining year on year.



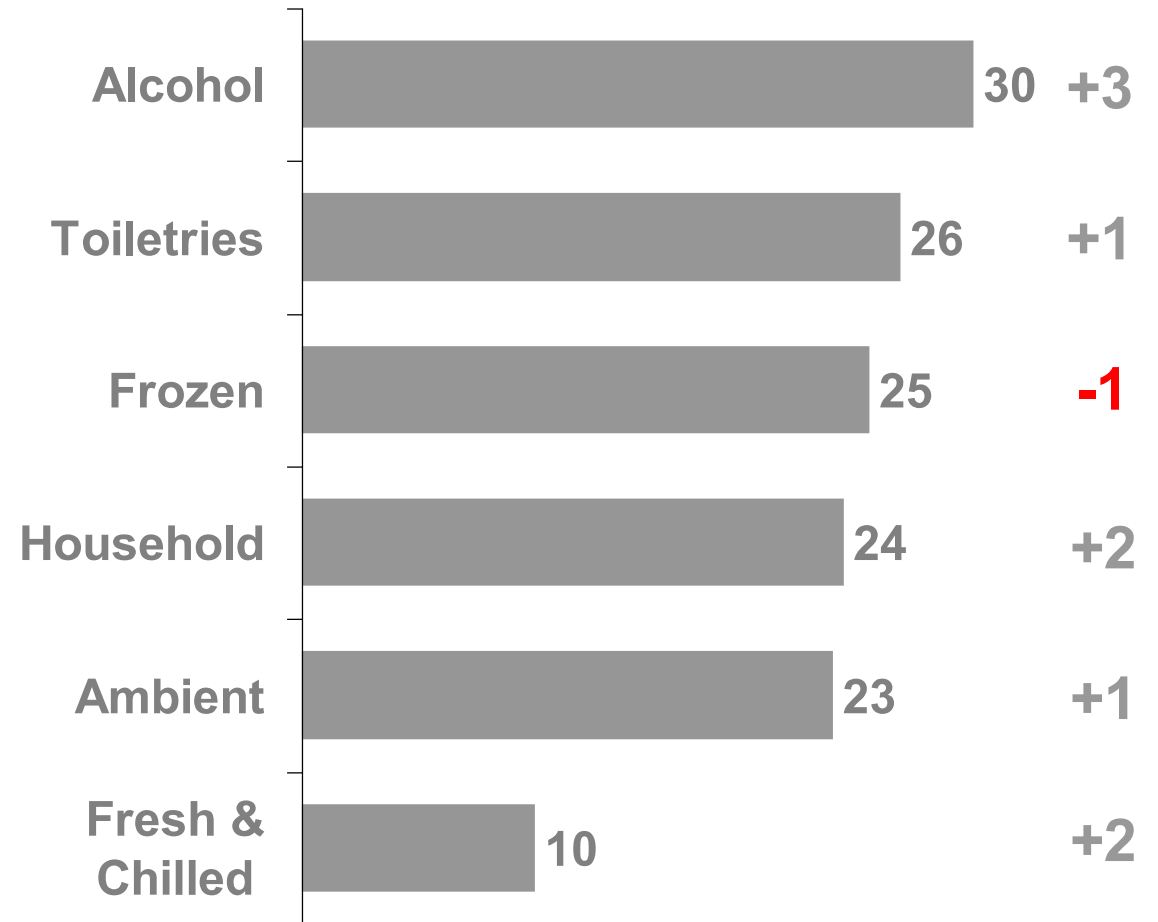
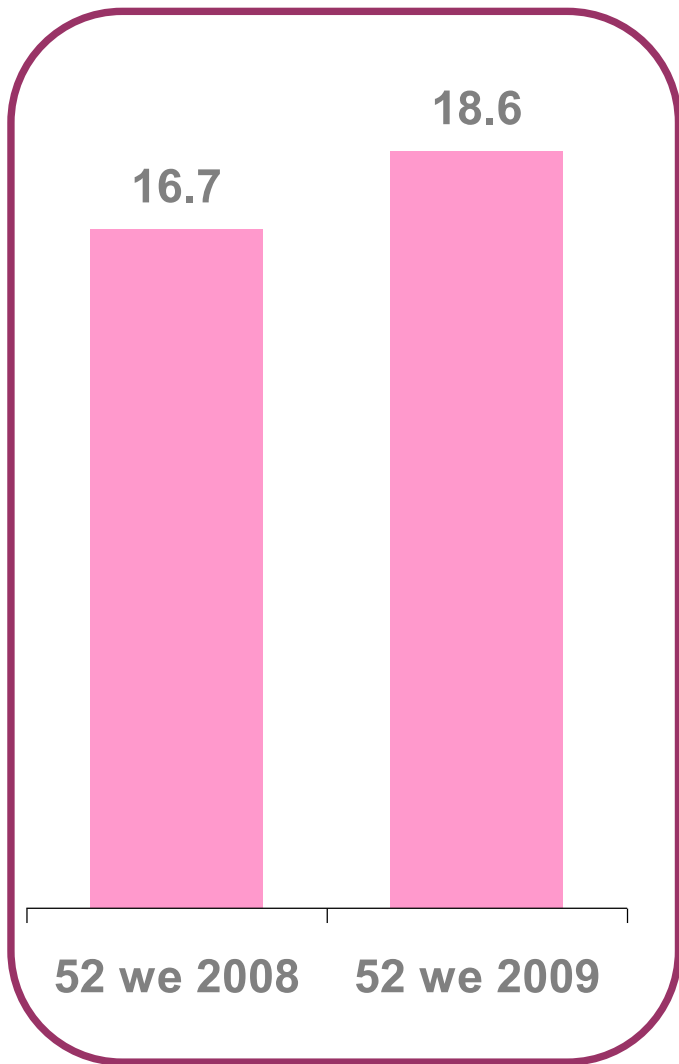
The Christmas period has seen an increase in the number of multiples visited which has bucked the recent decline that has been happening



Private label took a higher share of the market **although many households did switch back to brands during the holiday season.**

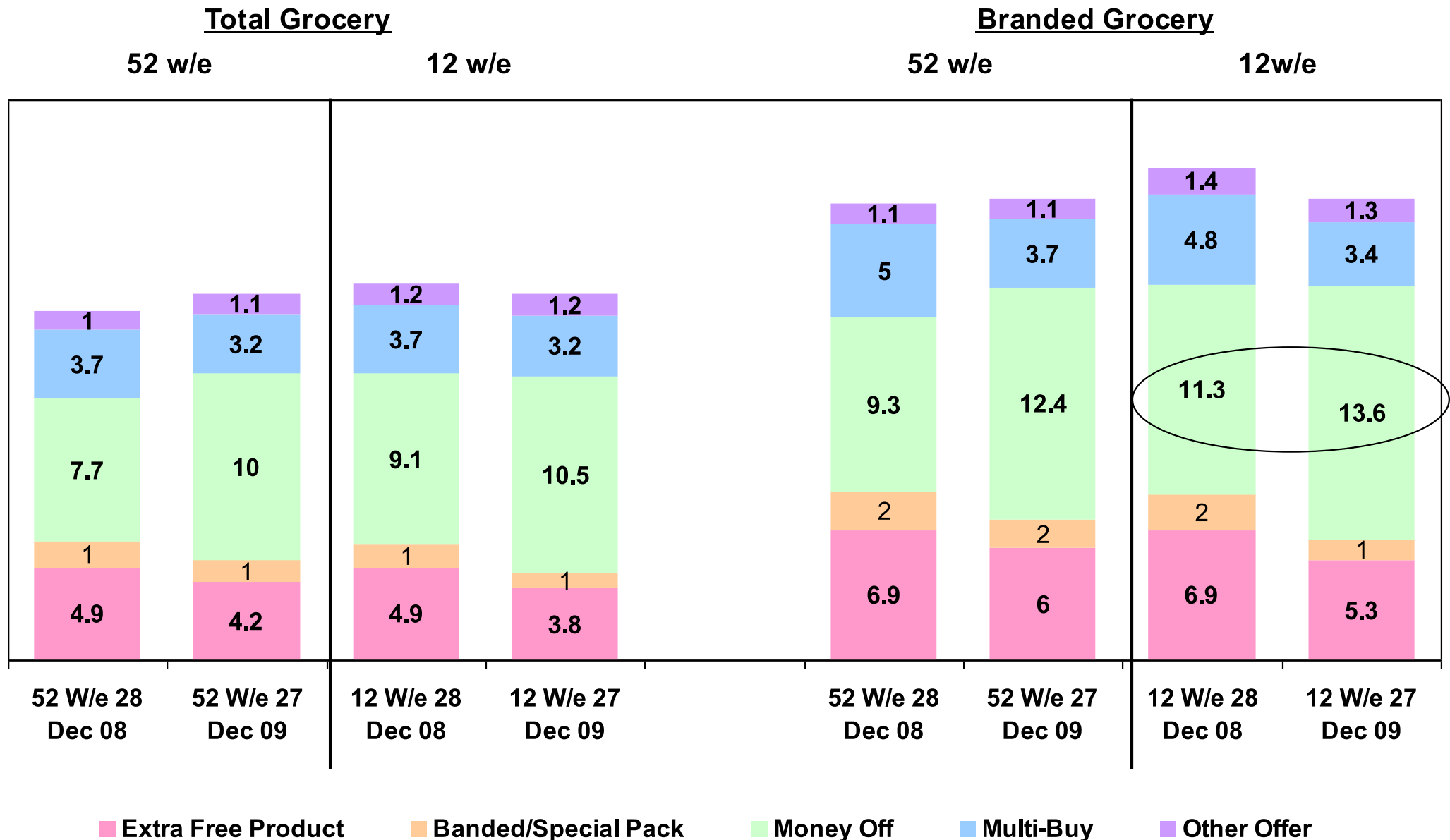


The amount shoppers buy on promotion has increased



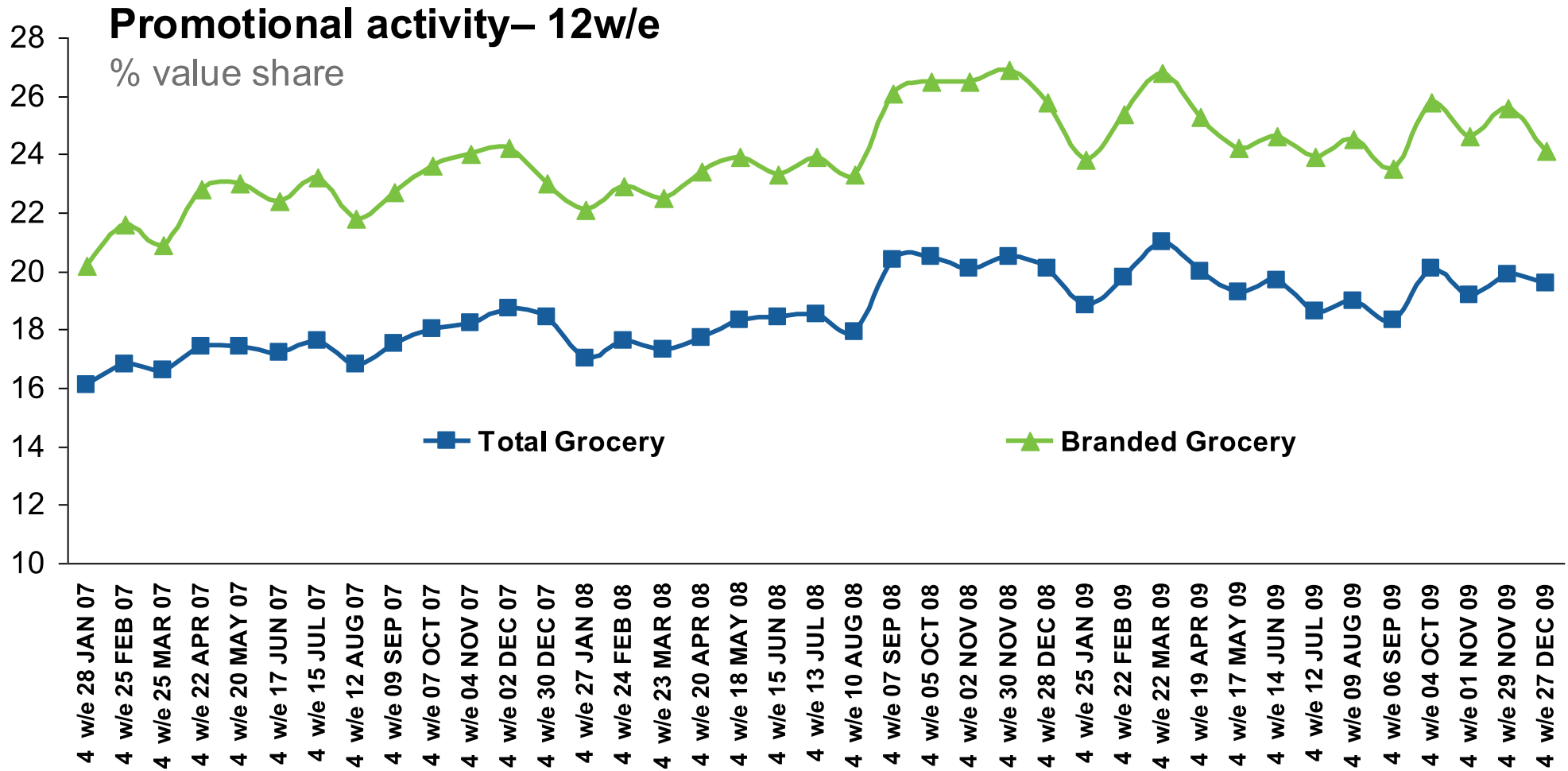
More price promotions in the market run alongside long term price cuts

Promotional activity by type – % value



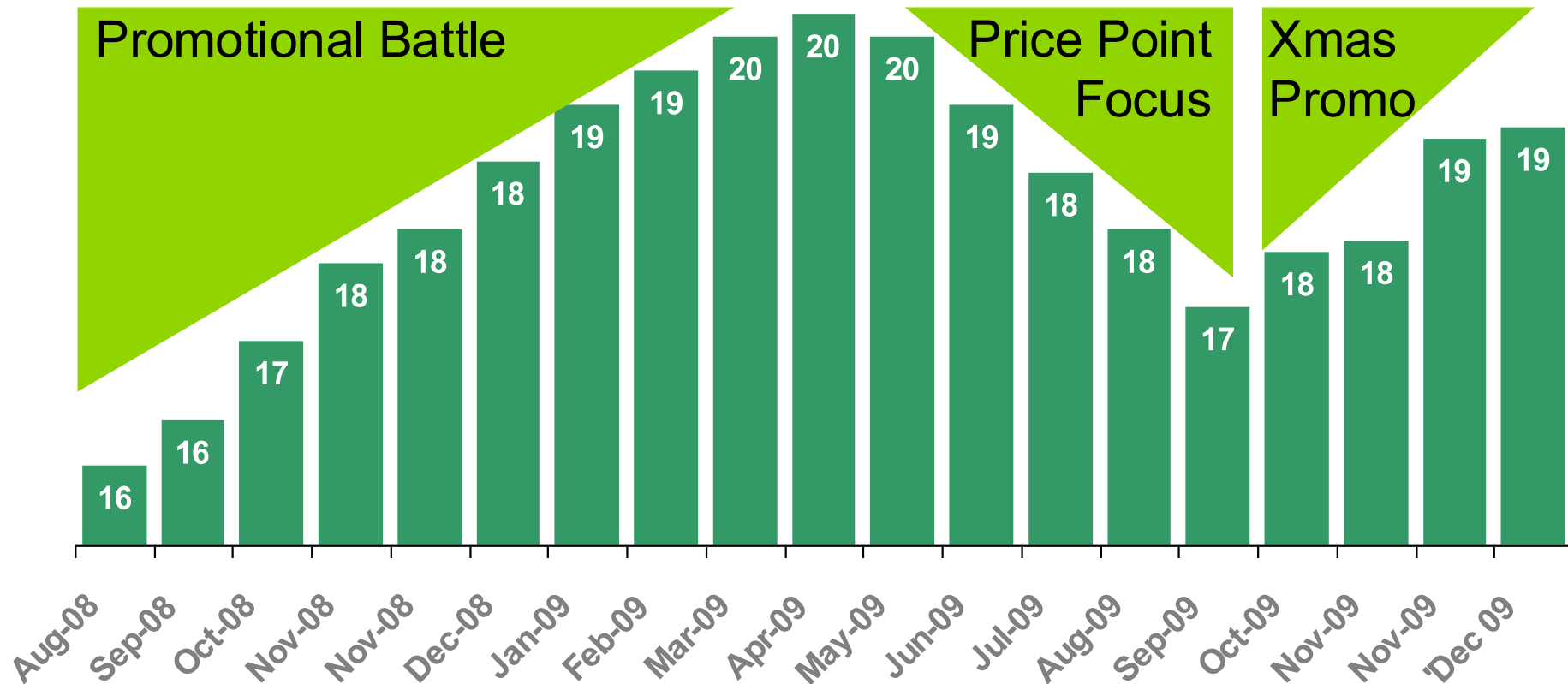
WHAT ABOUT BRANDED VERSUS PRIVATE LABEL ACTIVITY?

OVERALL, 2009 WAS STILL A STEP UP IN TERMS OF PROMOTIONAL ACTIVITY AND BRANDED PROMOTIONS DROVE THIS



The long-term trend shows how important promotions have become

■ Total % On Promotion (Volume)





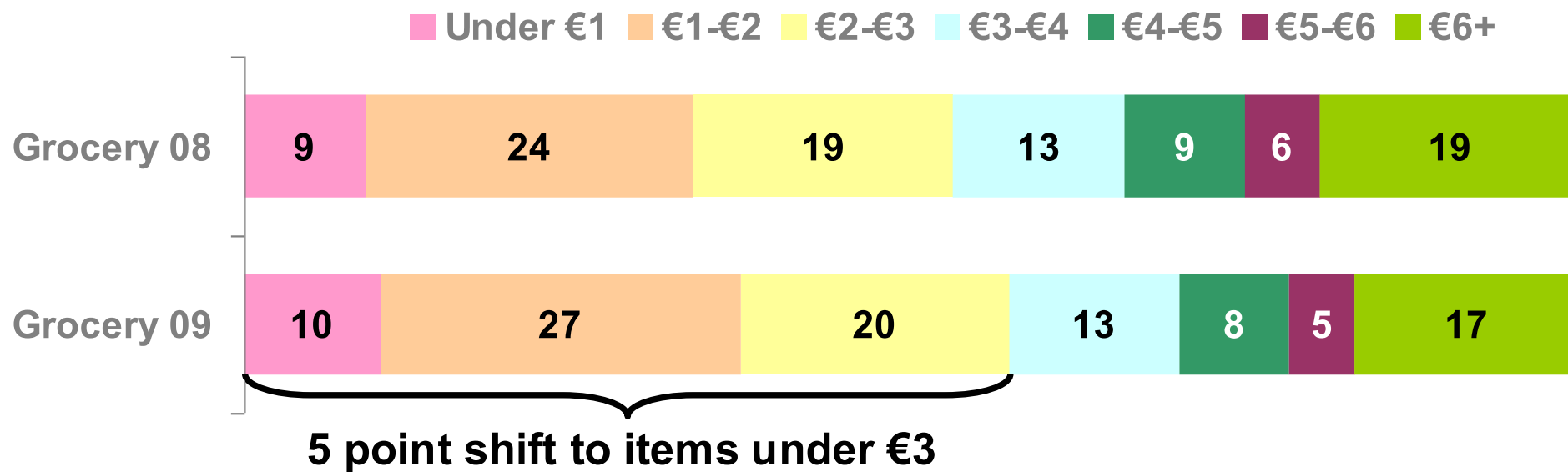
We have seen more **shopping around** for the **best deals**. Shoppers visit **more stores**, shopping more often with **smaller trips**

Each shopping trip has become more rational and 57% of goods purchased cost less than €3, a 5 percentage point increase on 2008.



2008 = €26.30

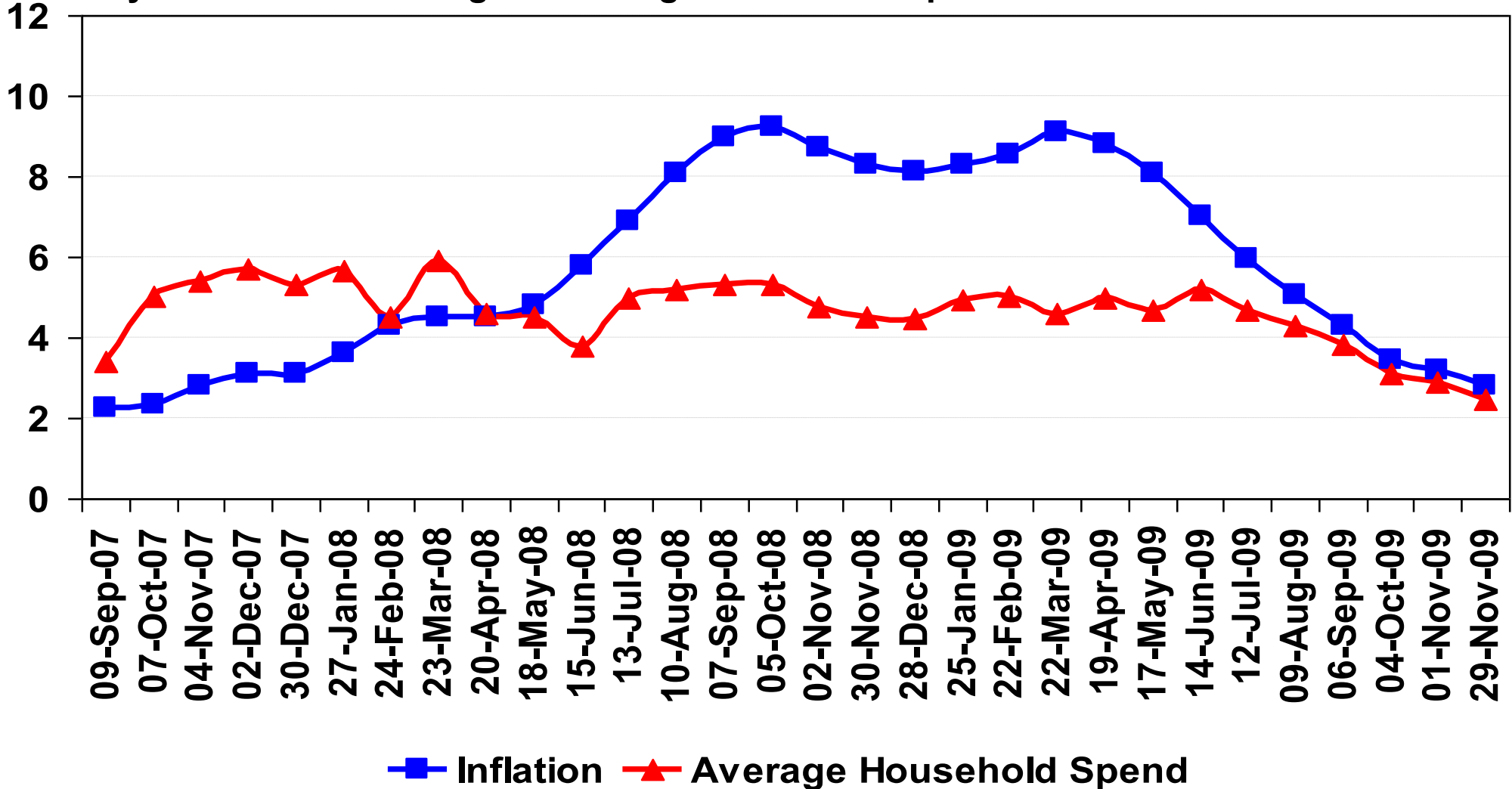
2009 = €23.50



Brief Overview of UK Market

UK Shoppers have continued to manage their spend as inflation falls. Also interesting is the fact that when inflation was around 8% and higher, the % change in household spend remained constant at around 5%.

Grocery Inflation and Change in Average Household Spend 12we %



**Promotions are becoming
even more important to the
main players in the UK.**

% of UK sales on deal (Big 4 only)

2008 – 31%

2009 – 34%