

KANTAR WORLD PANEL High definition inspiration

A SUMMARY UPDATE OF THE
IRISH GROCERY MARKET TO
21ST MARCH 2010

A Presentation to the National
Consumer Agency

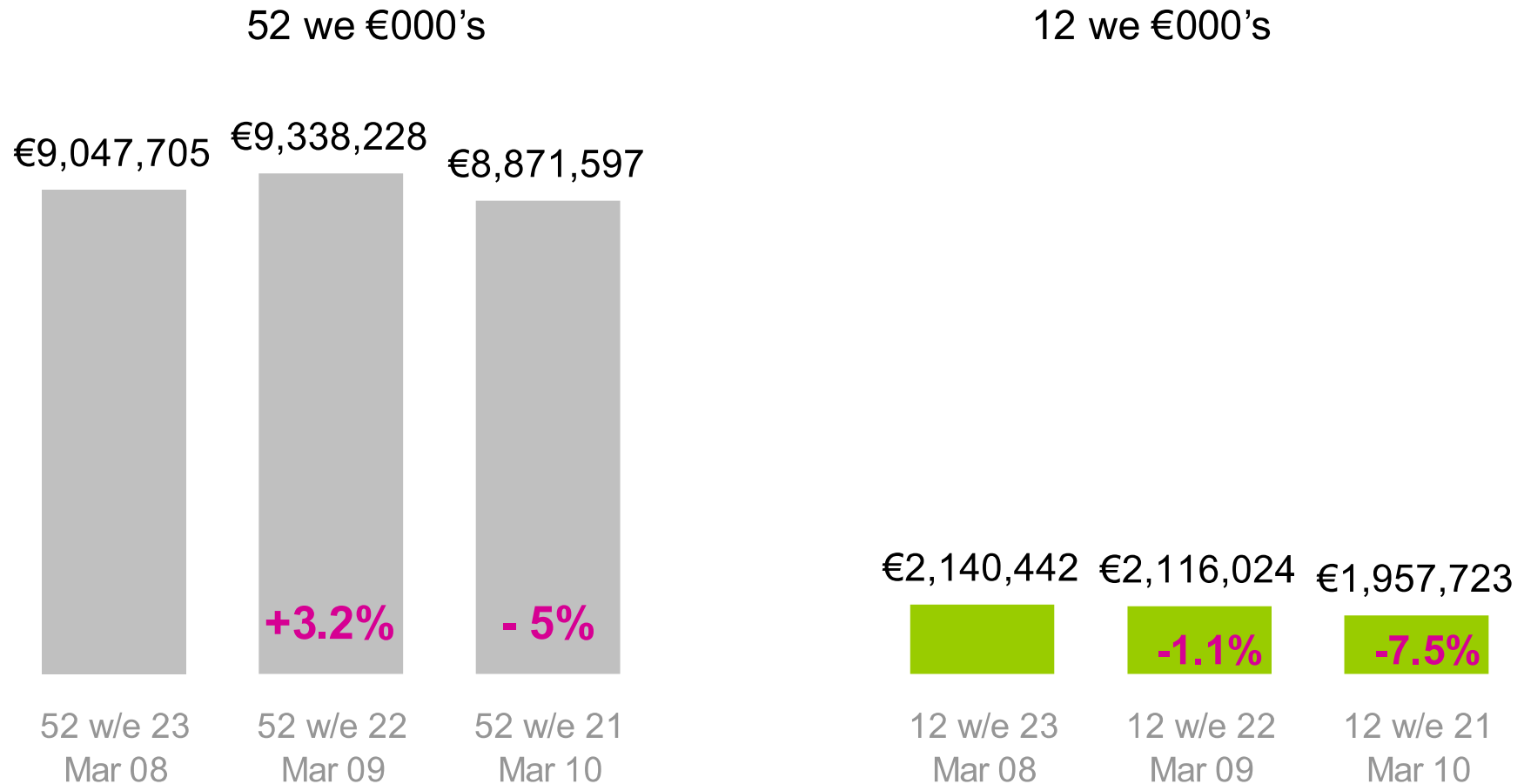
May 2010



Headlines

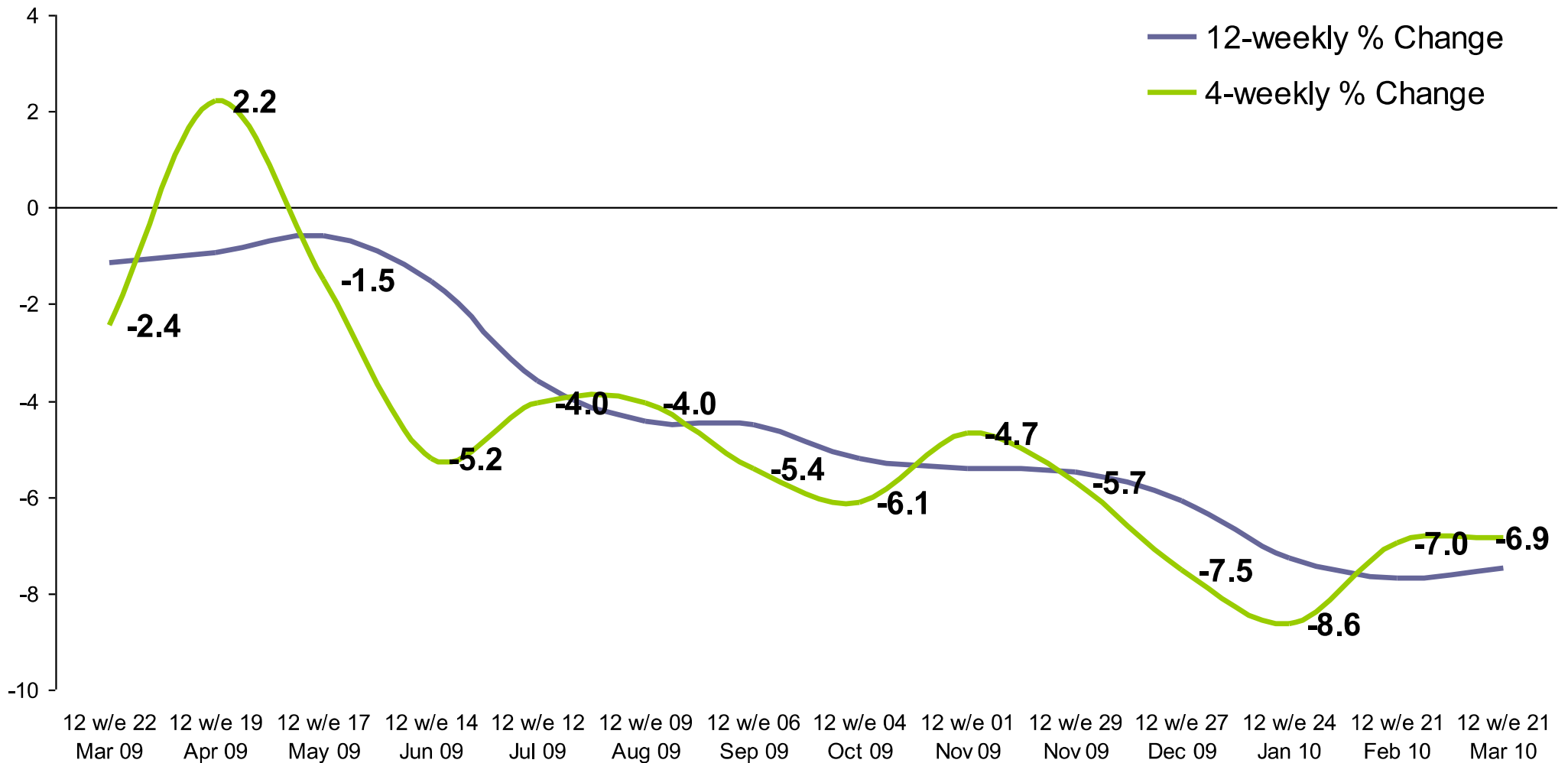
- 1 The market declined by 5% in value, losing over €460 million over 52 weeks
- 2 Household grocery spend shrunk by 7.5% in the same period
- 3 Move away from premium to budget products
- 4 Huge shift to products priced under €3
- 5 Cross Border share falling back

The grocery market has shrunk by 5% year-on-year, falling below 2008 value

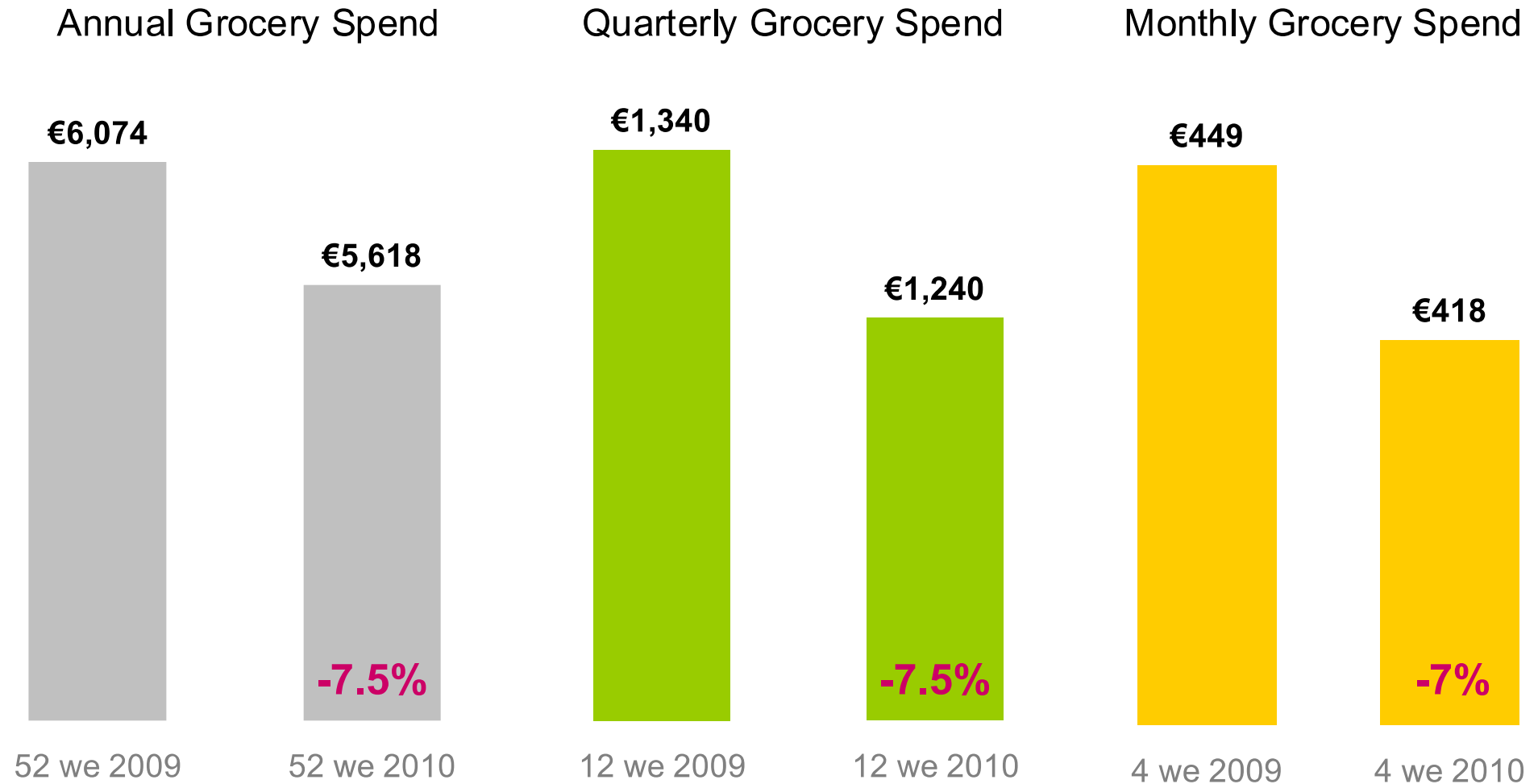


HOW IS THE MARKET PERFORMING ON TRENDED BASIS?

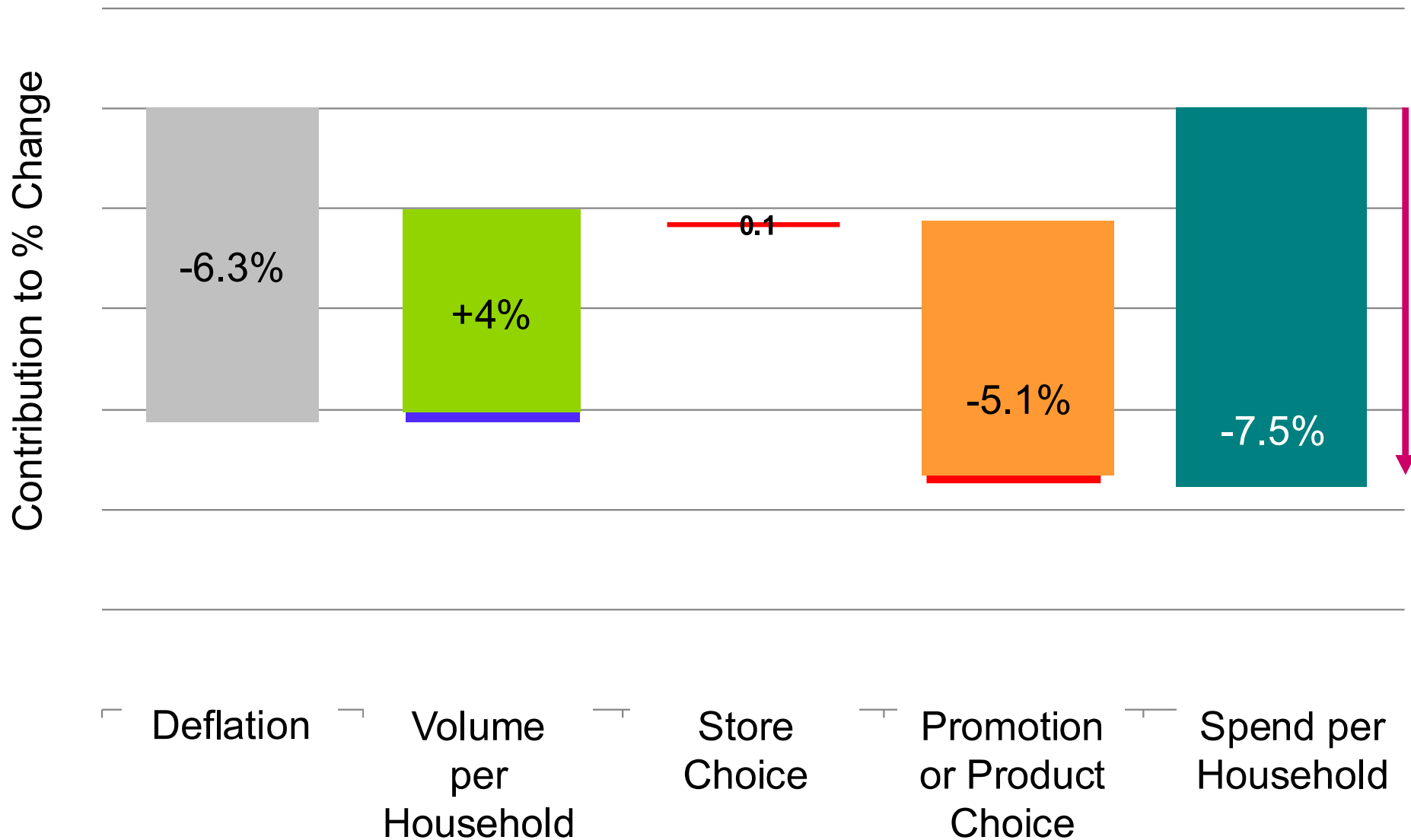
% VALUE CHANGE VS. LAST YEAR, 12 WEEKLY AND 4 WEEKLY TRENDED



Each household spent €456 less on groceries in the year to 21ST March 2010 versus same period last year

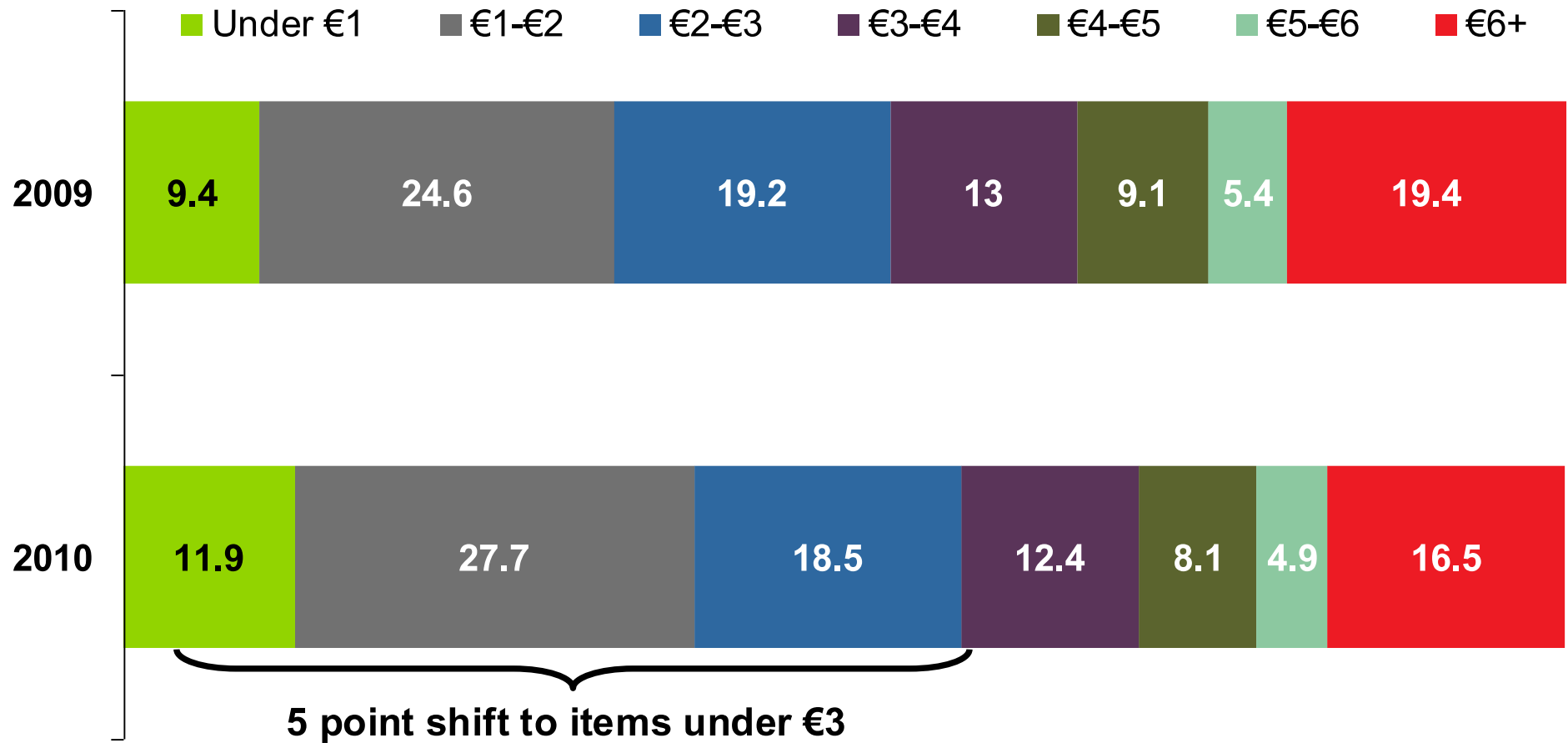


Why are households spending less?



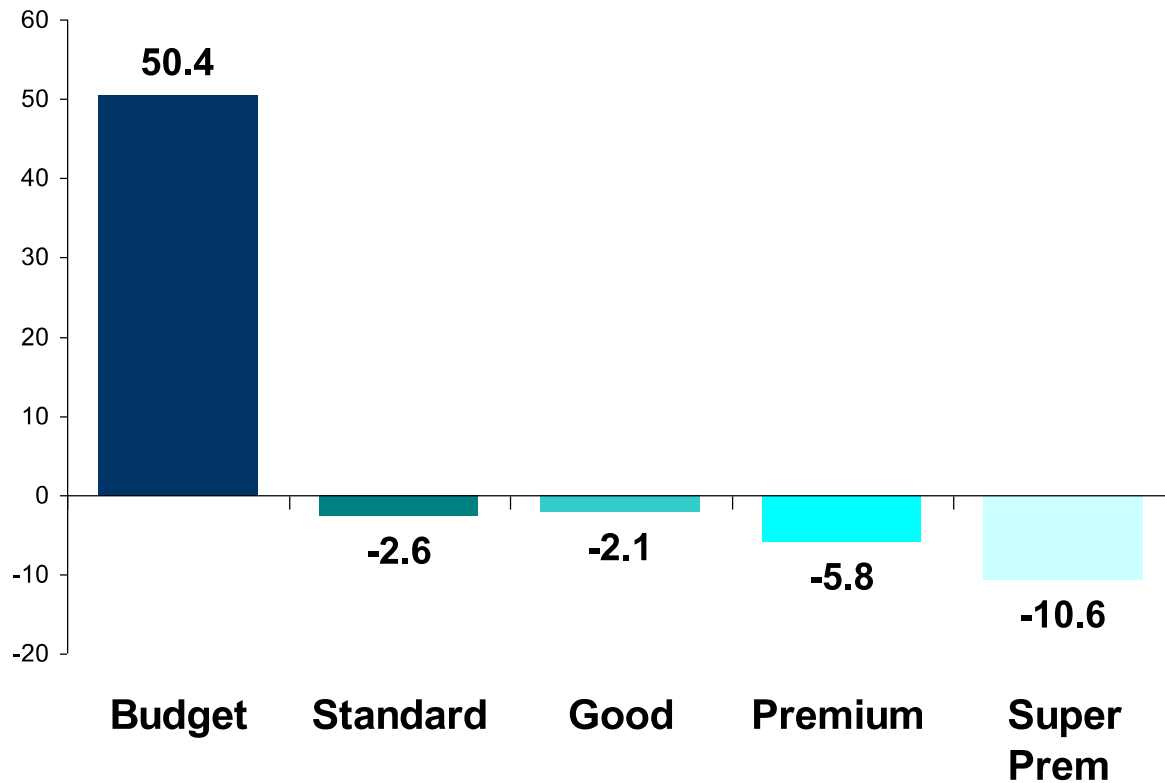
58.1% of basket spend now on items priced under €3 – an increase of 5 points on last year

Average grocery basket price bands



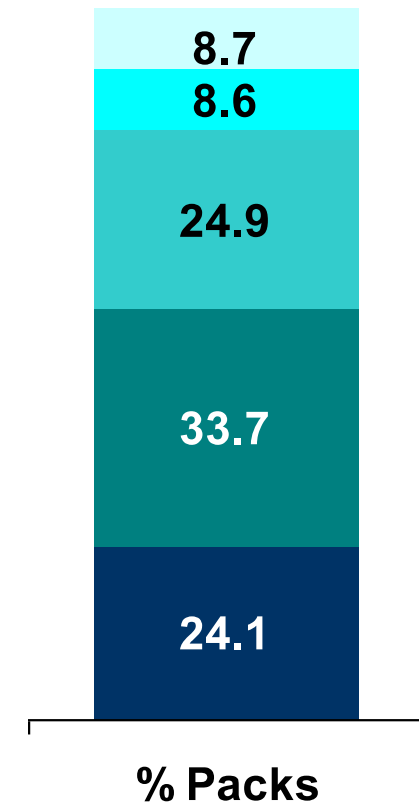
Budget products are the only ones showing sales growth within total grocery

% Change in sales



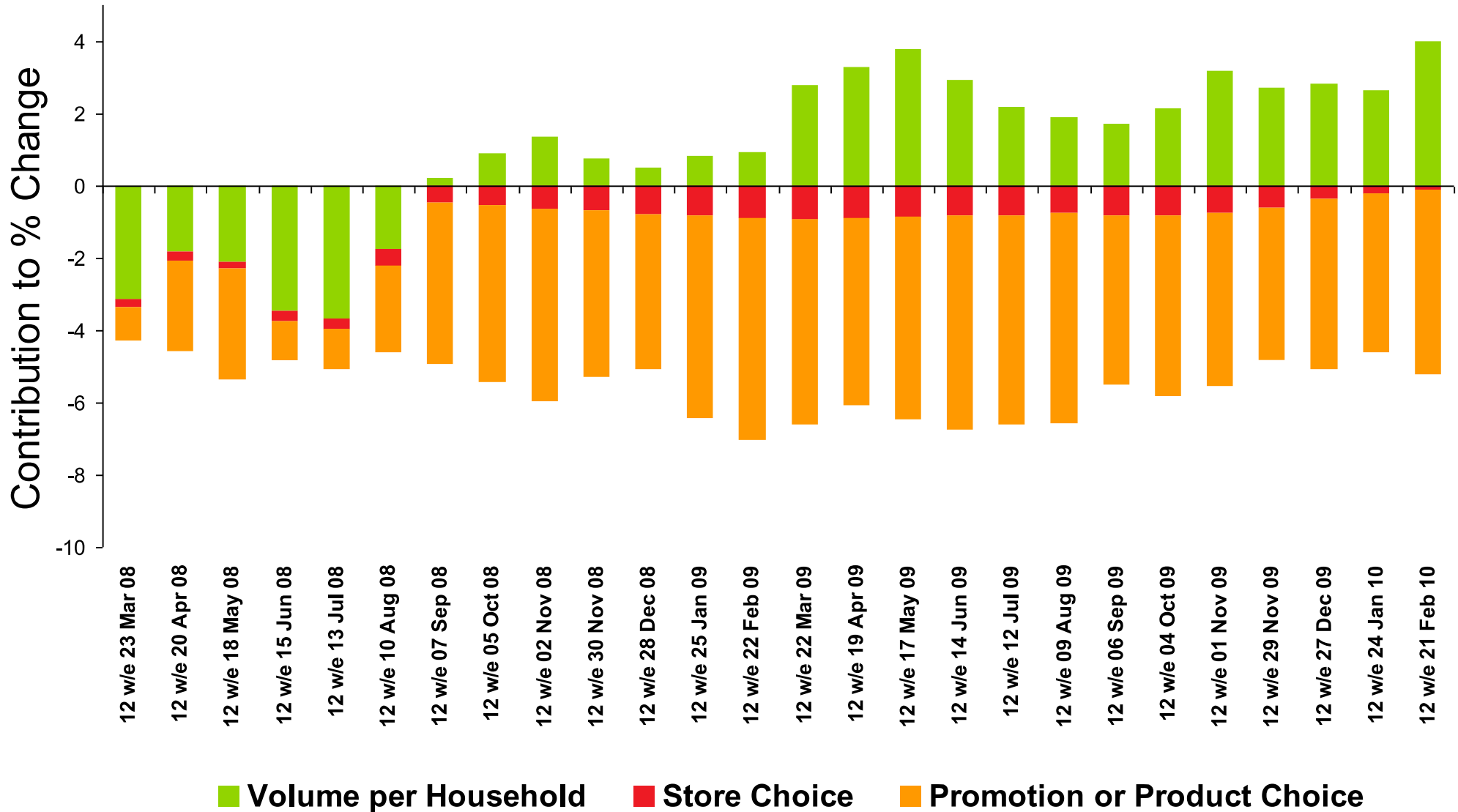
Median -75% Median -25% Median Price Median +25% Median +75%

Share of sales

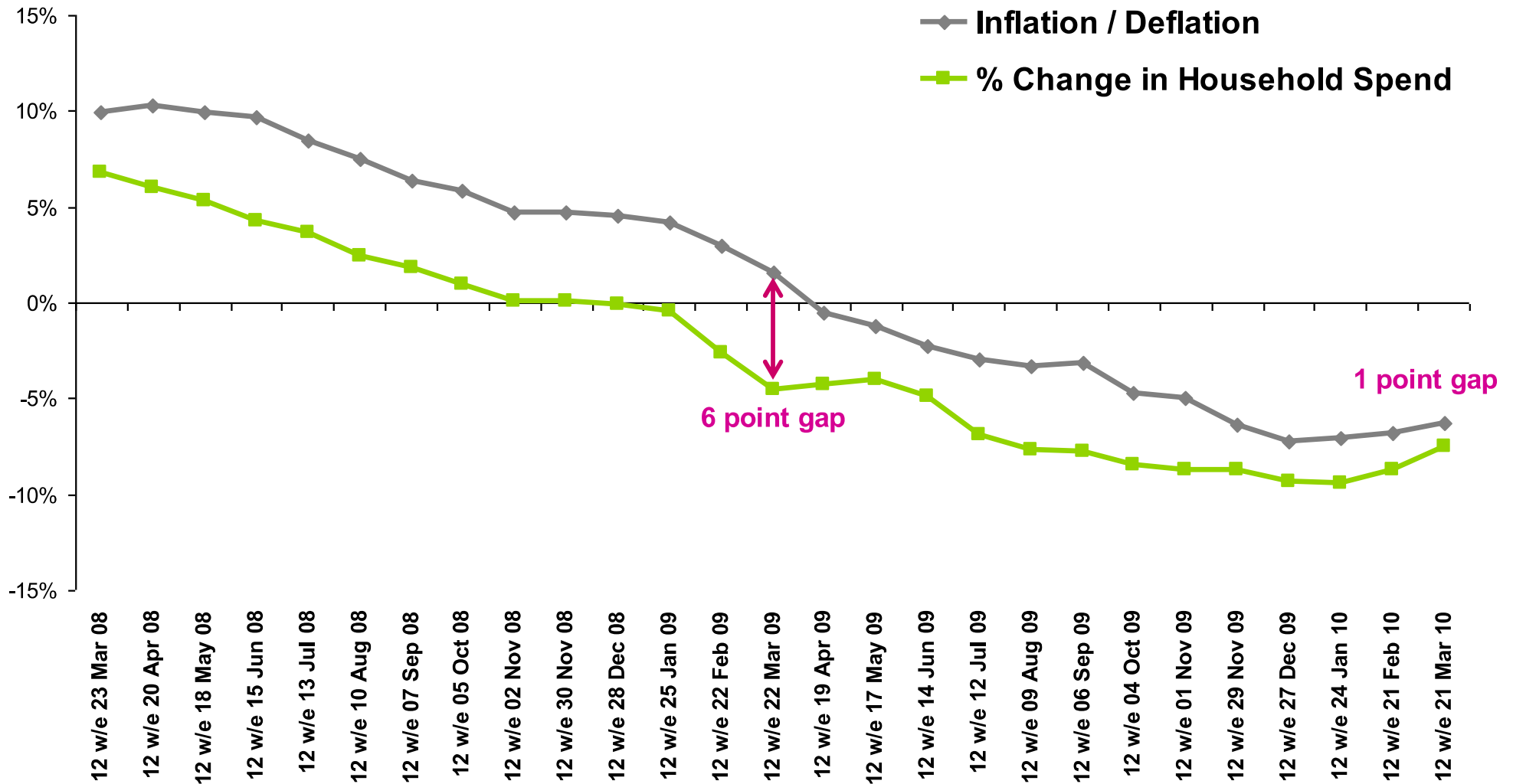


Trading down retailer is becoming less important in driving down household spend

How are shopper coping strategies changing over time?



So the gap between deflation and household spend is reducing



Why are shoppers staying down South?

1 They stocked up over the Christmas period

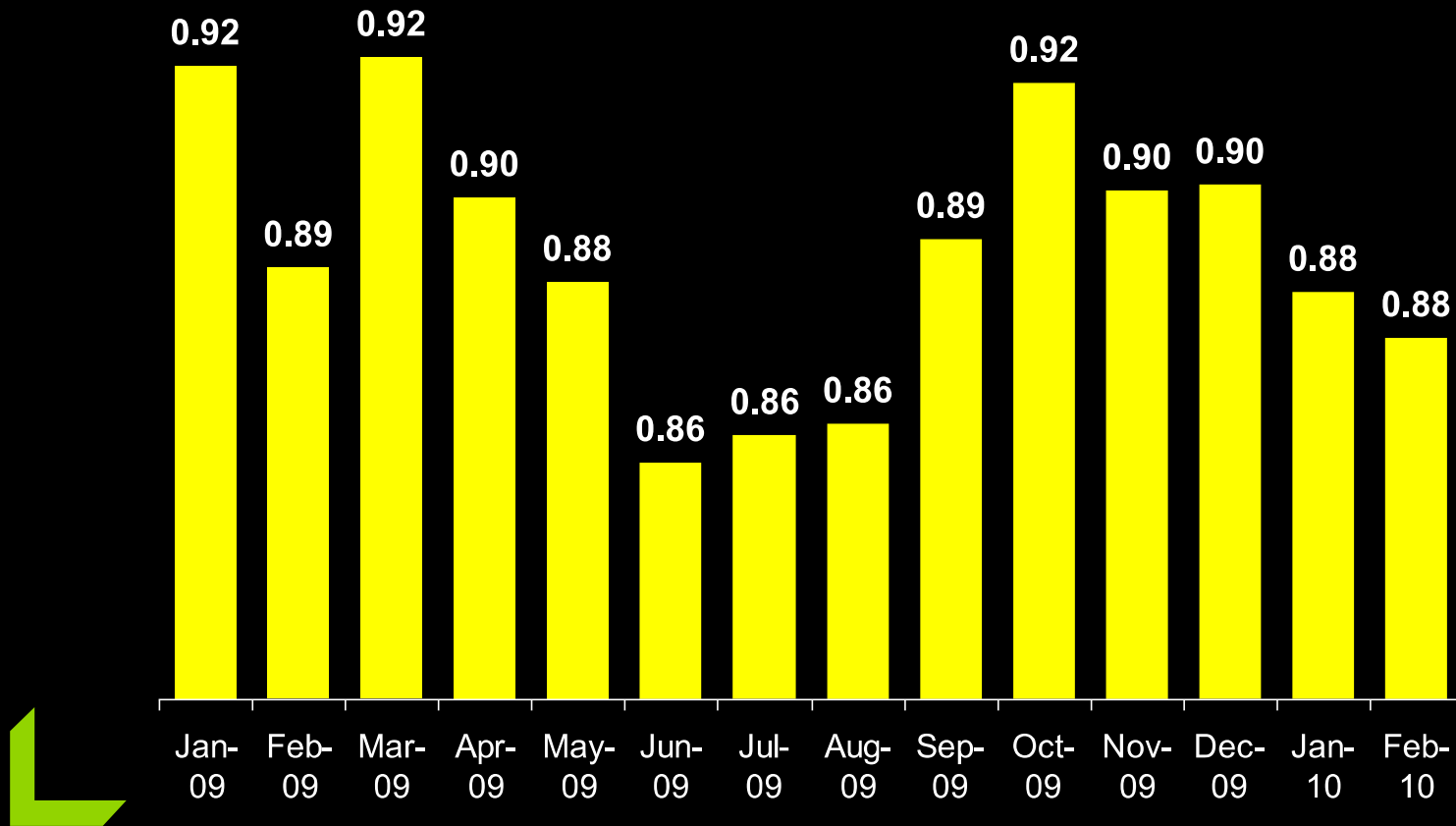
Spend per Trip in December €60

Spend per Trip in March €53



Why are shoppers staying down South?

2 Exchange rate advantage continued to erode



Source: www.x-rates.com

Why are shoppers staying down South?

3 Shopping in the Republic is becoming cheaper still



Cost of basket of 85 commonly purchased branded goods and fresh produce fell by 7% last year

Why are shoppers staying down South?

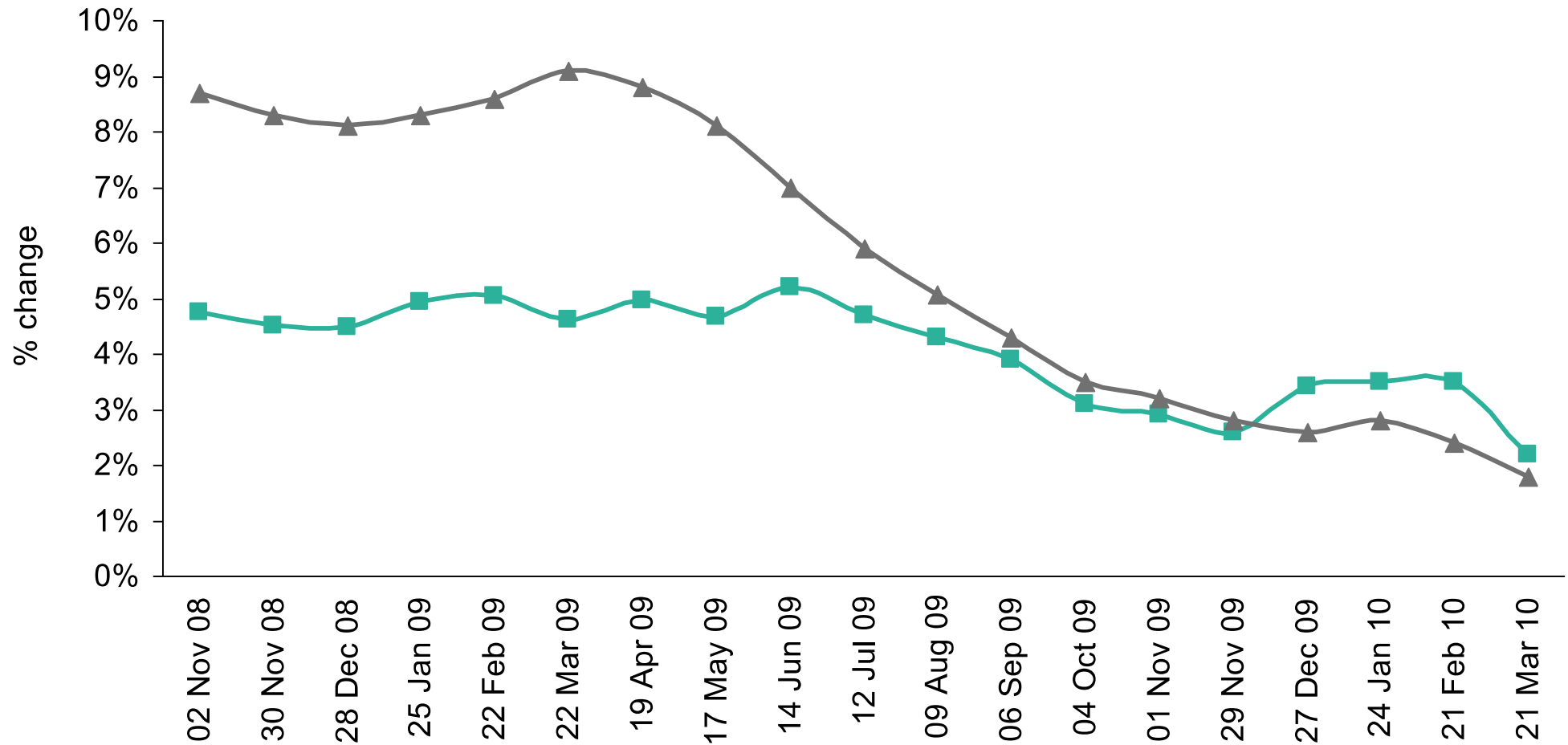
4 The Big Freeze



Brief Overview of UK Market

Inflation And Household Spend Growth

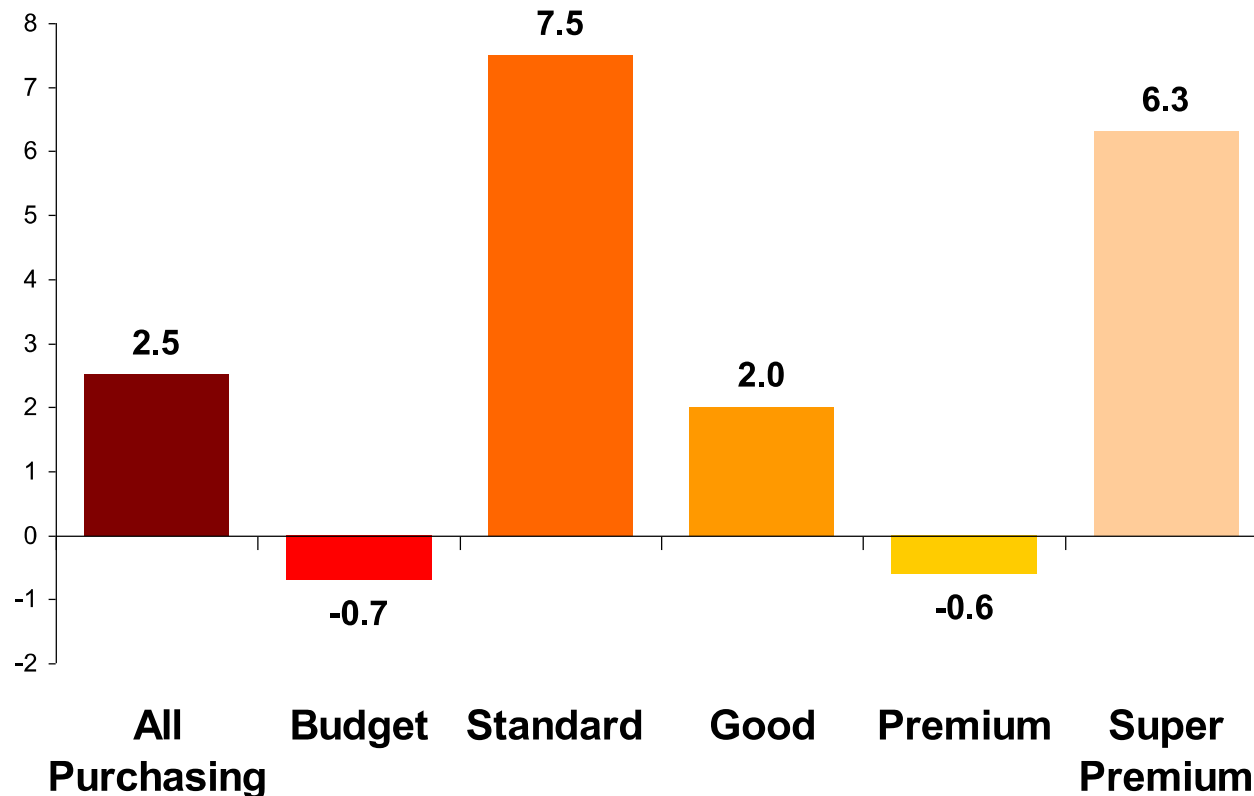
Trading up not as high as in previous months



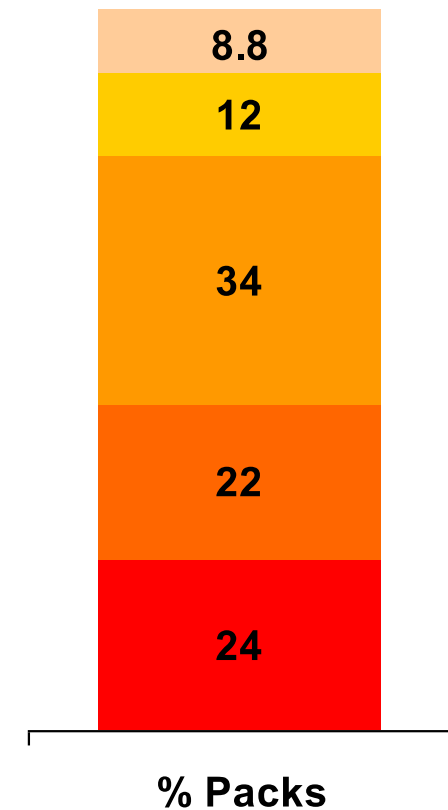
Grocery (RST) 12we 21 Mar 2010 (KWP P04) ■ 12 we Household Spend Growth ▲ 12 we Inflation

While in the UK Standard and Super-Premium offerings are showing strongest growth as shoppers are beginning to trade back up into brands

% Change in sales



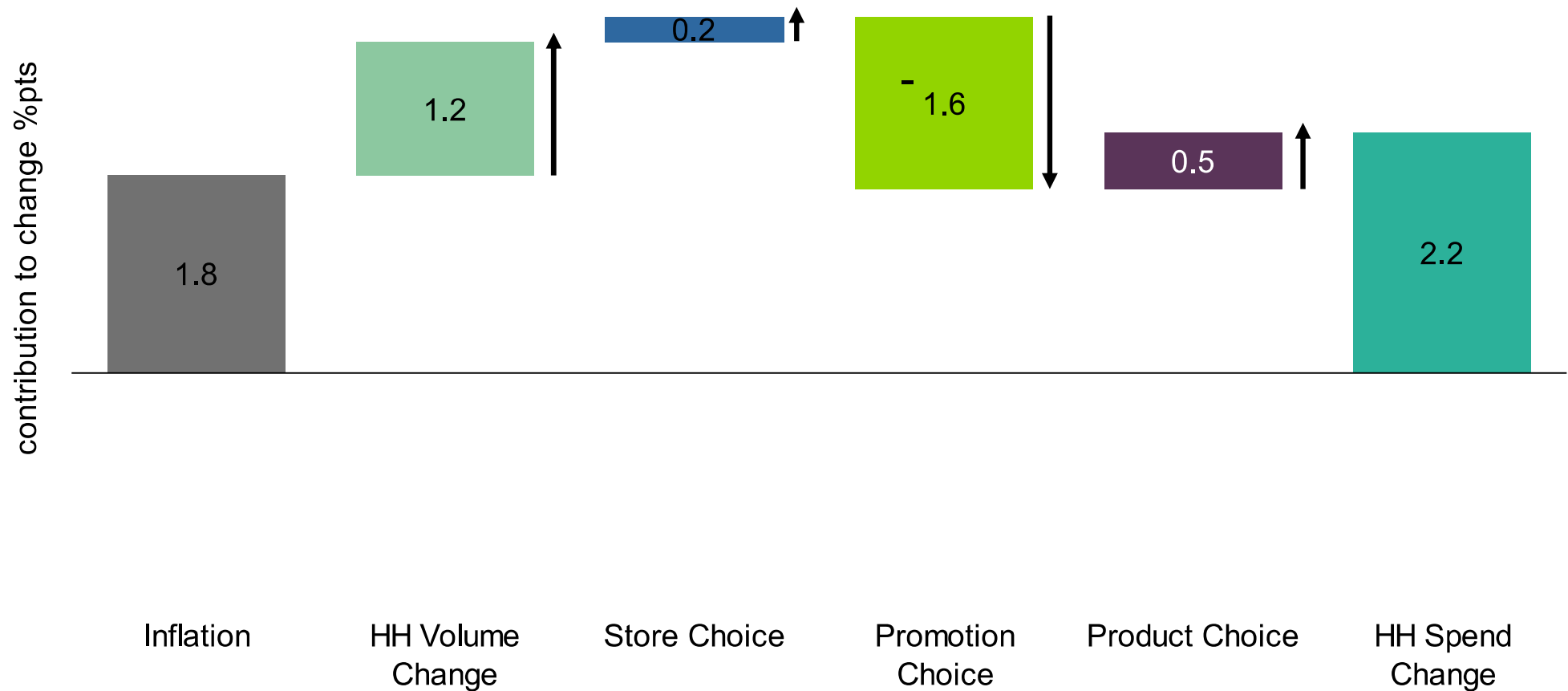
Share of sales



Median -75% Median -25% Median Price Median +25% Median +75%

Grocery Coping Strategies

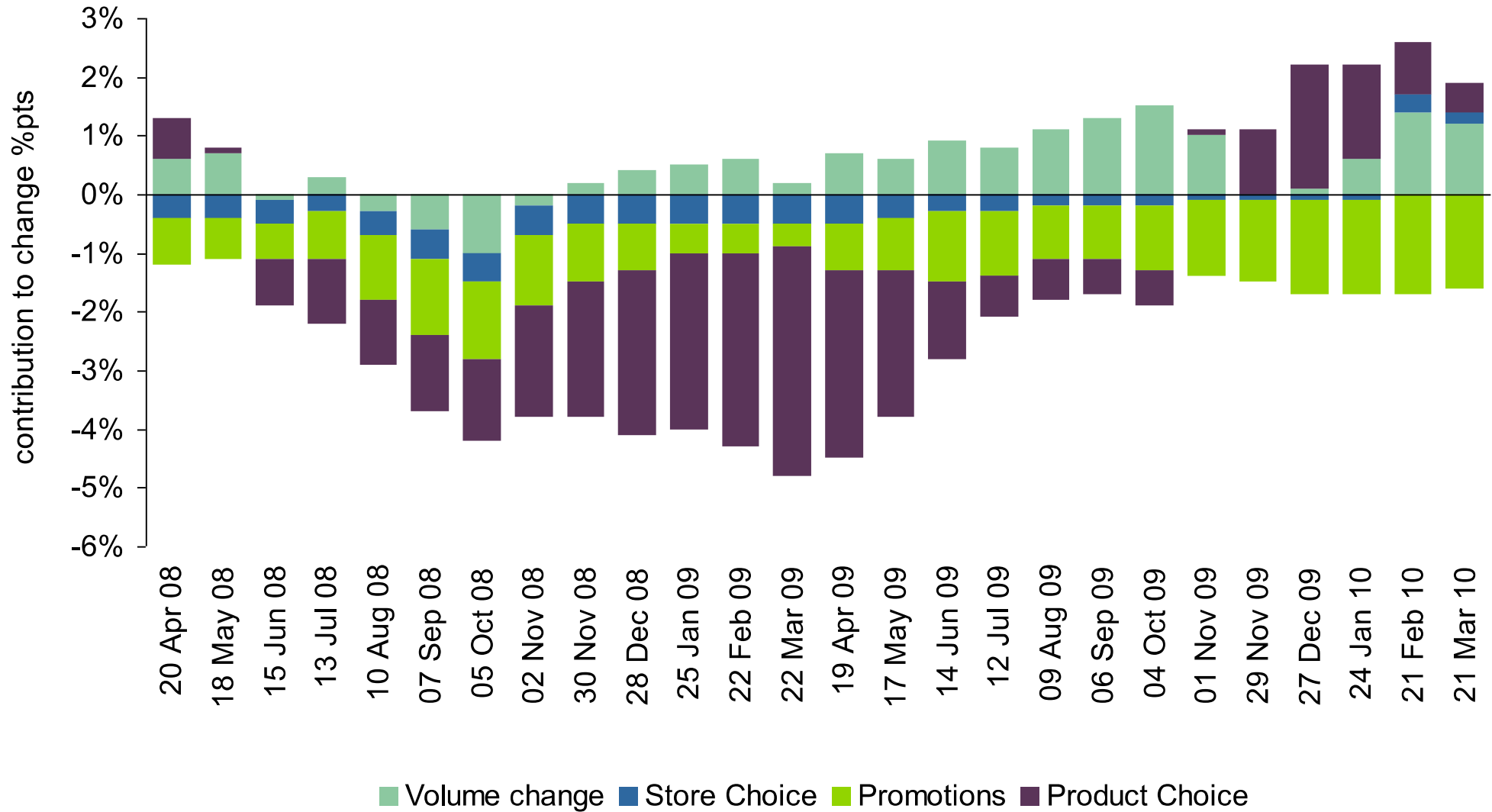
Consumers using promotions to trade up in volume and quality



Grocery (RST) 12we 21 Mar 2010 (KWP P04)

Grocery Coping Strategies

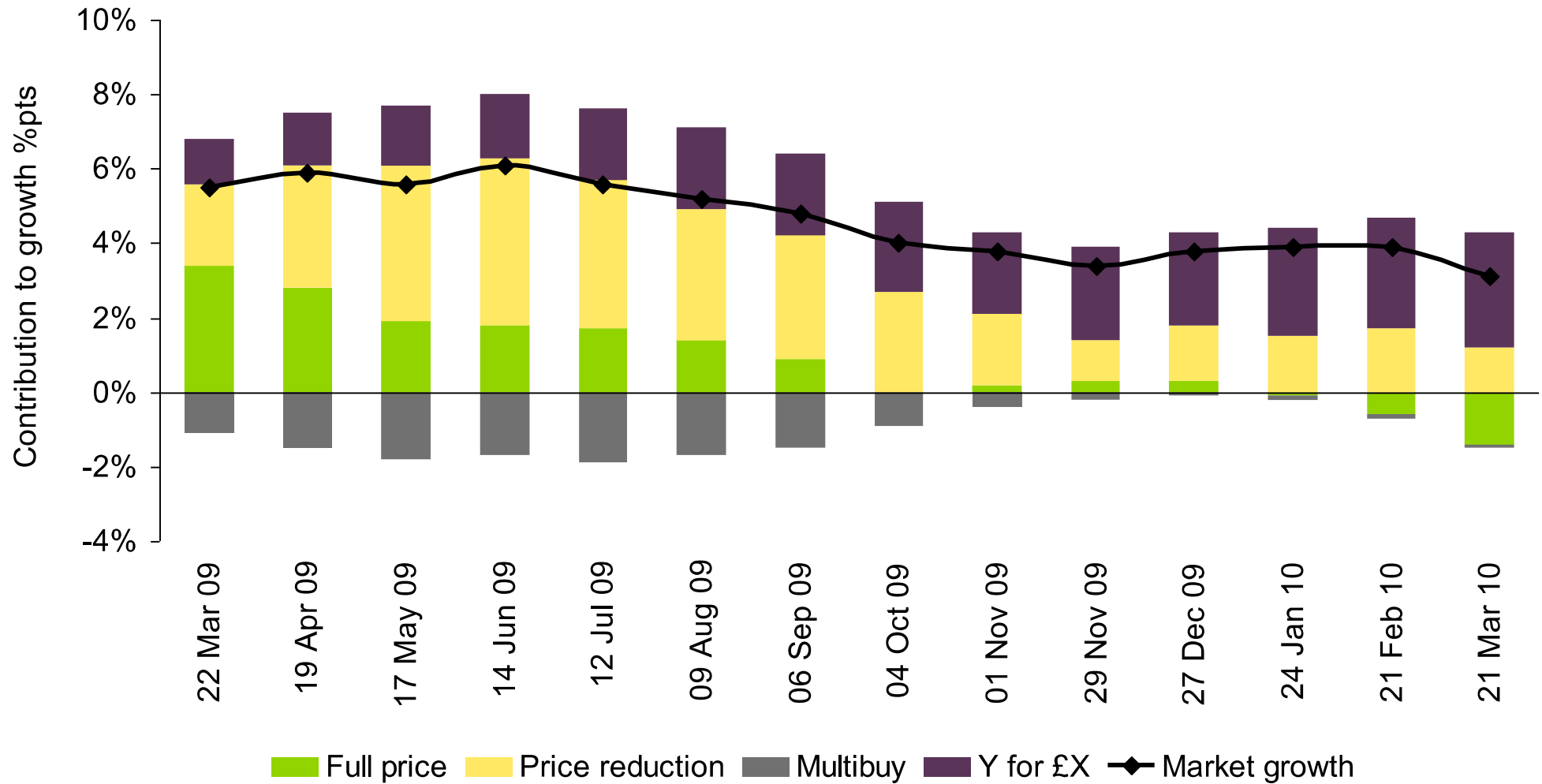
Trading up increasingly driven by volume and less about quality



Grocery (RST) 12we 21 Mar 2010 (KWP P04)

Promotional Mechanics Contribution To Growth

% extra free and price cuts drive growth, as full price sales continue to fall



Grocery (RST) 12we 21 Mar 2010 (KWP P04)