

ROI GROCERY MARKET REVIEW

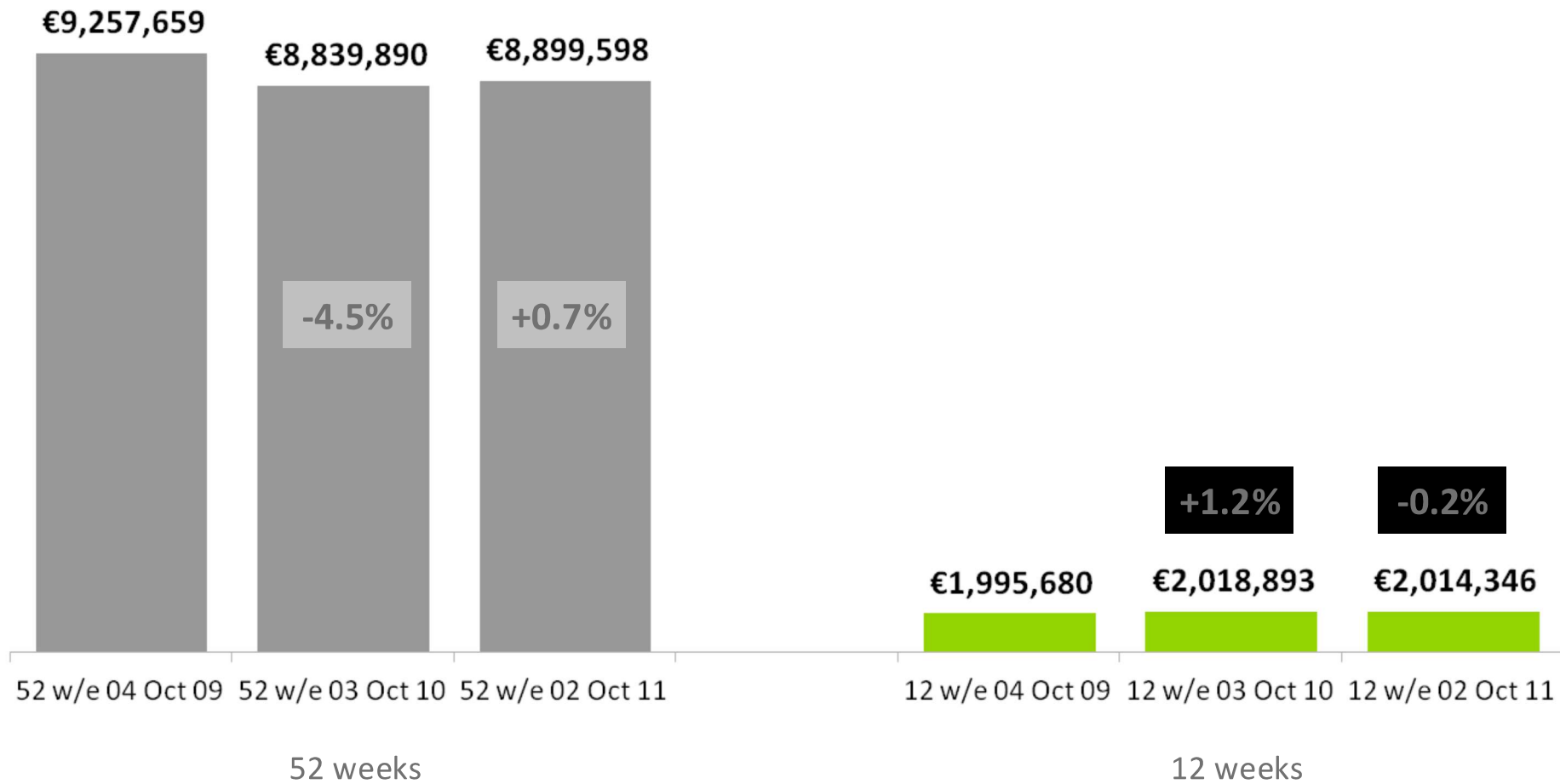
Period ending 02 October 2011

Grocery Performance Summary

- Despite prices increasing (2.3%), the overall market remains subdued with value sales falling by 0.2% compared with this time last year as shoppers are trading down to cheaper products, buying products on promotion.
- Private Label has remained consistent at around 34.5% of the grocery market since the start of the year .
- The choice of grocery products has more than doubled since 2001 to over 27,500 products.

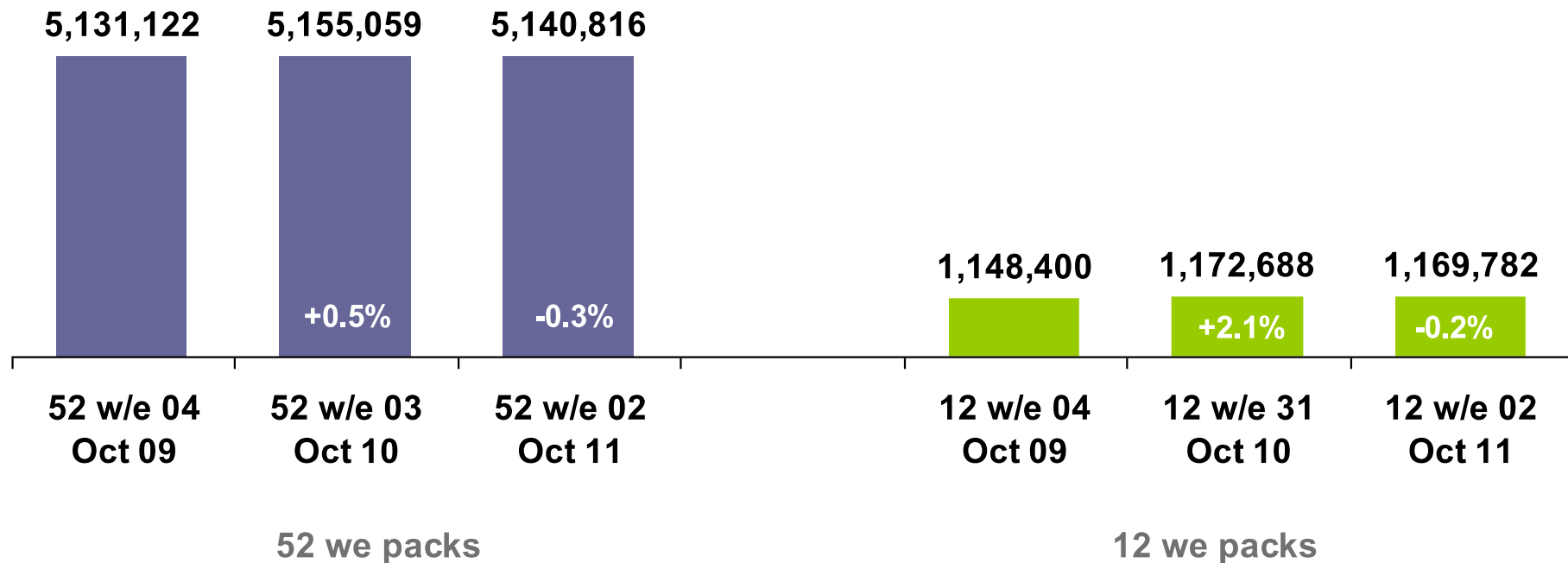
Total Grocery market value

The market has lost 0.2% in the latest 12 weeks, compared to 1.2% growth in sales for the same period last year

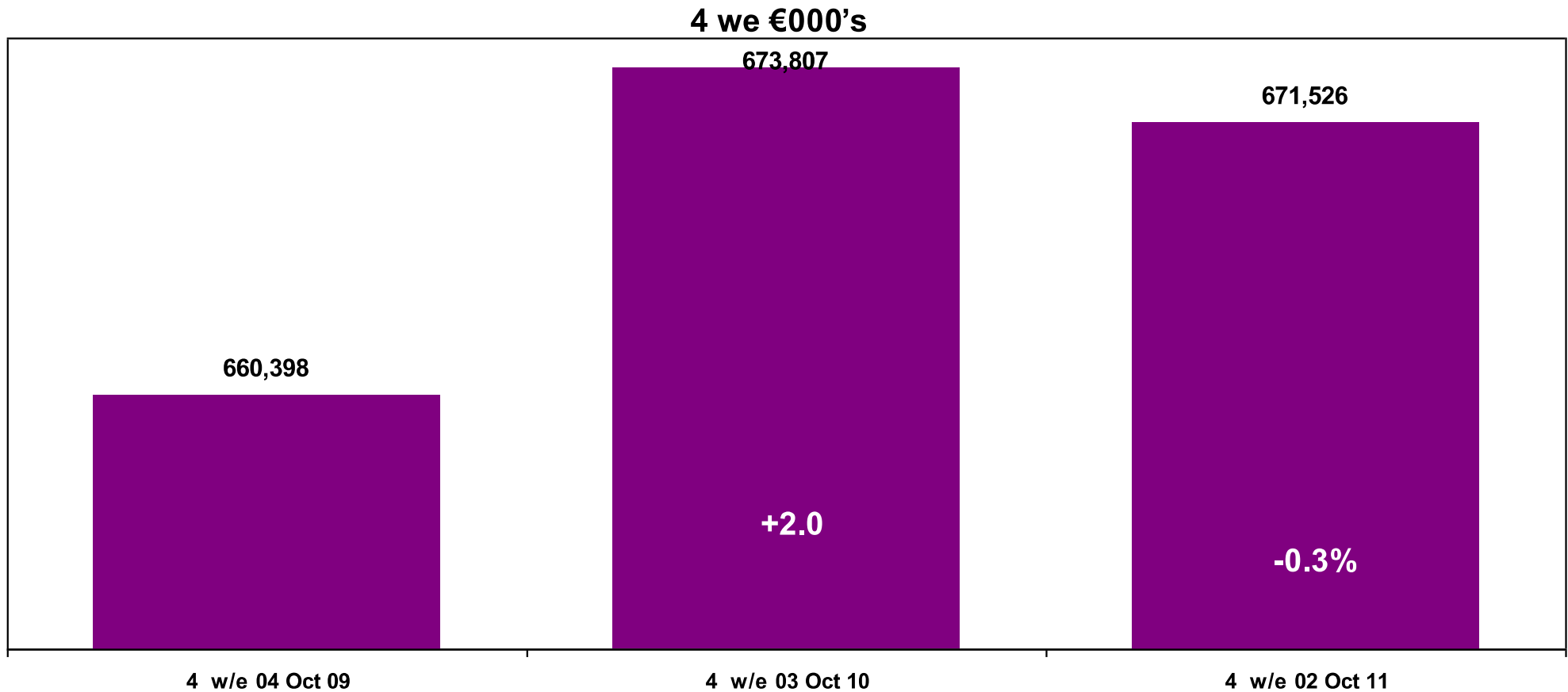


HOW IS THE TOTAL GROCERY MARKET PERFORMING (PACKS)?

Pack sales are in decline over the full year and in the latest 12 weeks also

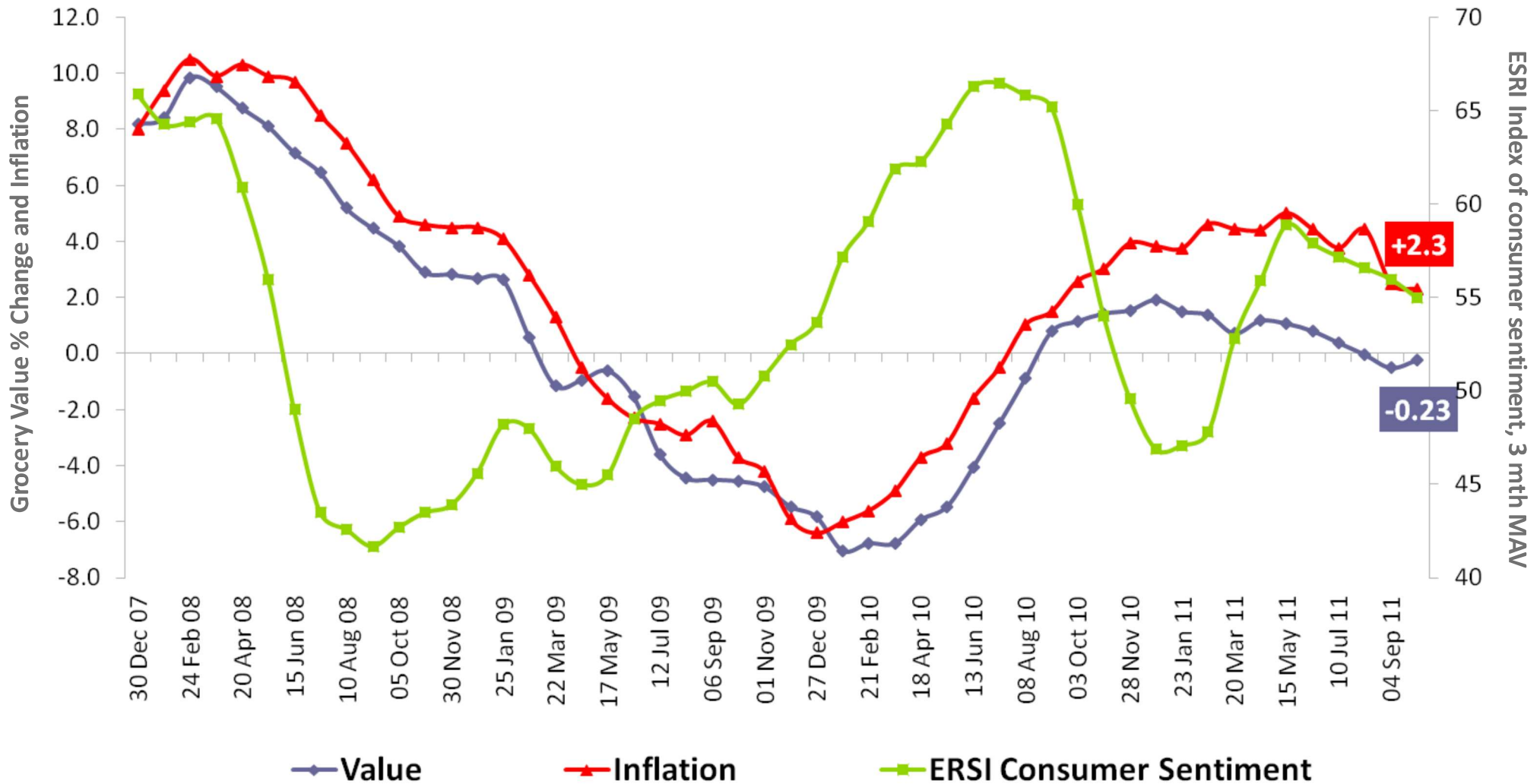


HOW IS THE TOTAL GROCERY MARKET PERFORMING? 4 W/E



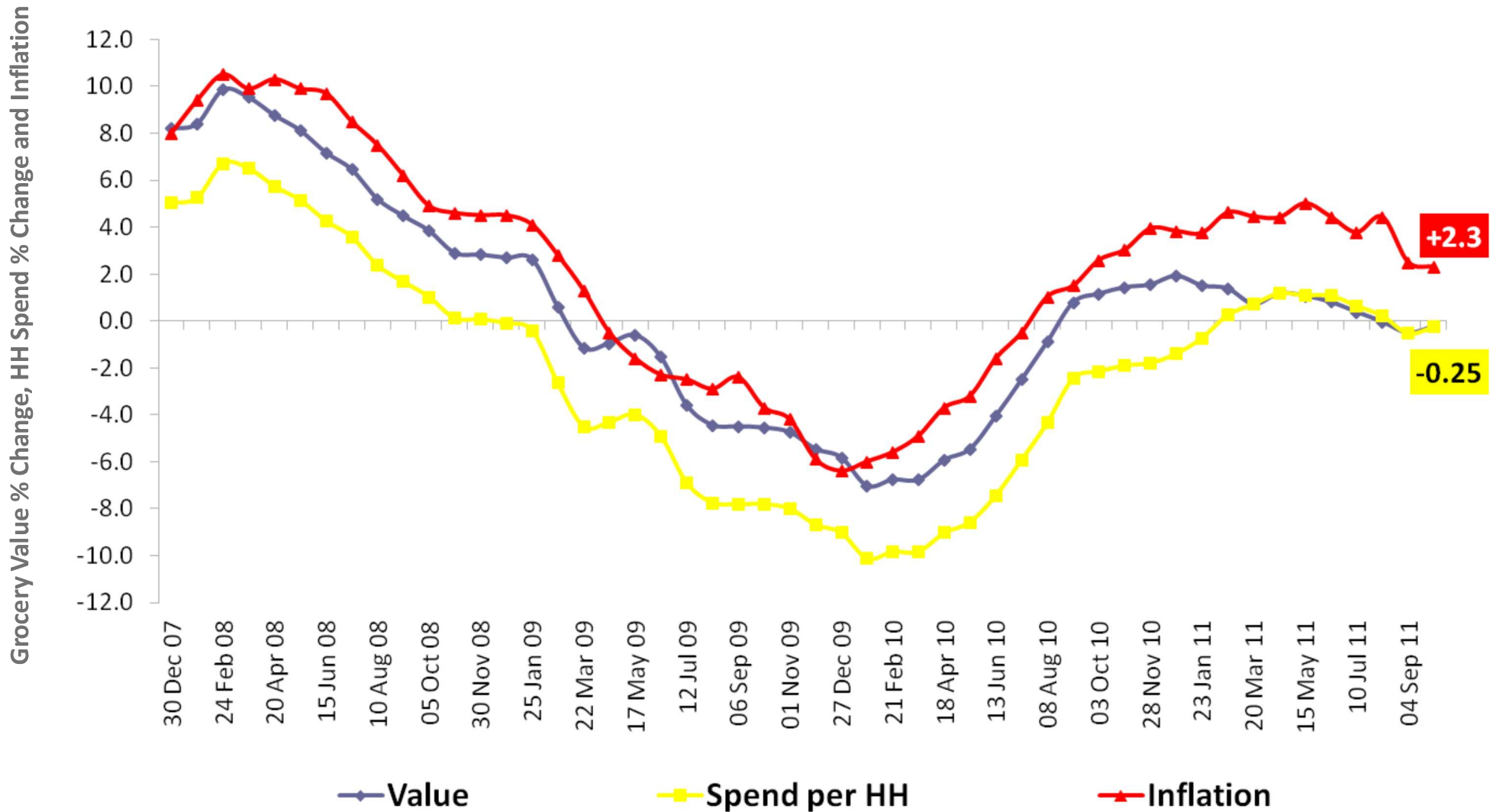
Market value, inflation and consumer sentiment

Inflation in grocery is running at +2.3% but has no positive effect on value as consumer sentiment dips further



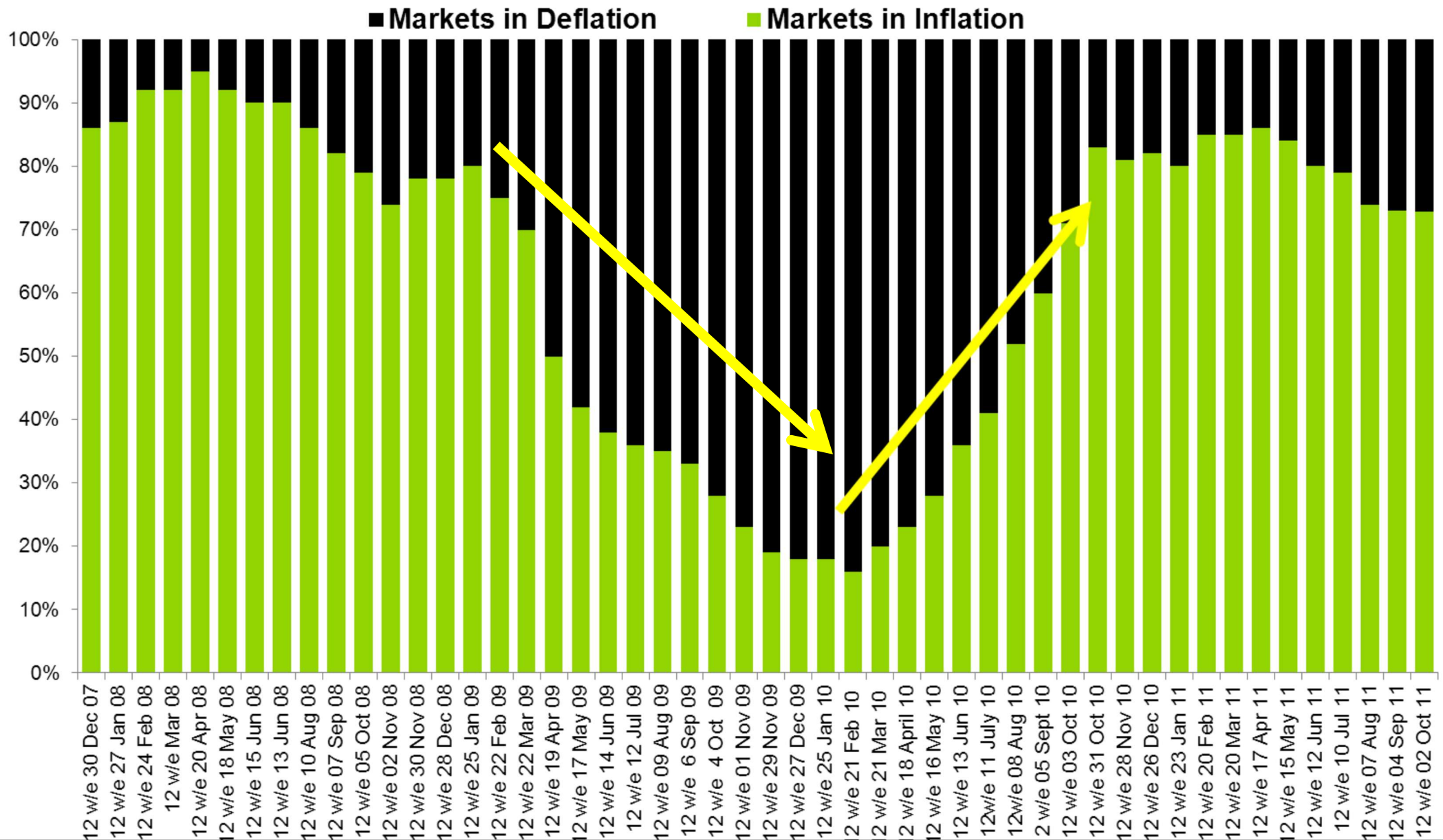
Market value, inflation and household spend

Each household is spending 0.25% less than they did last year



% Markets in Inflation vs Deflation

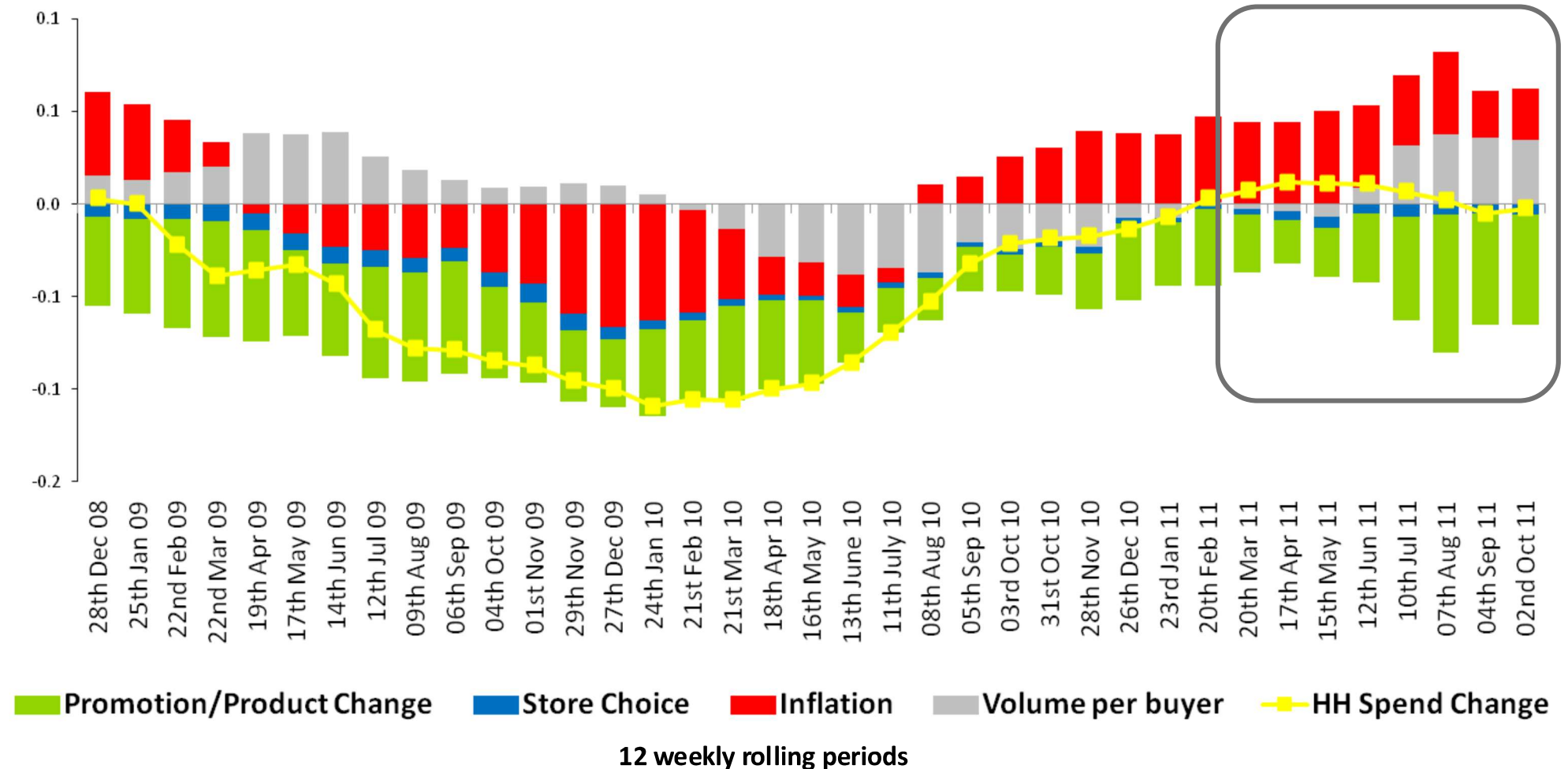
Inflation has slowed slightly vs the same time last year, but the majority of markets still see inflation



Consumer coping strategies

How are we adjusting spend when faced with inflation?

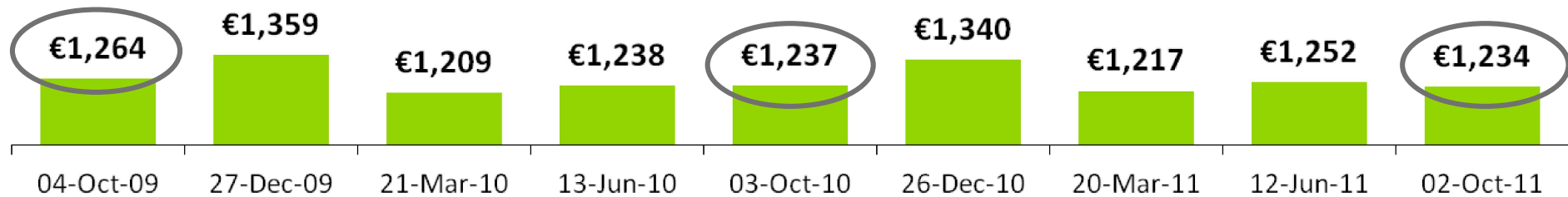
Promotional purchasing and trading down product tiers drives consumer spend down but volume continues to increase following a period of adjustment



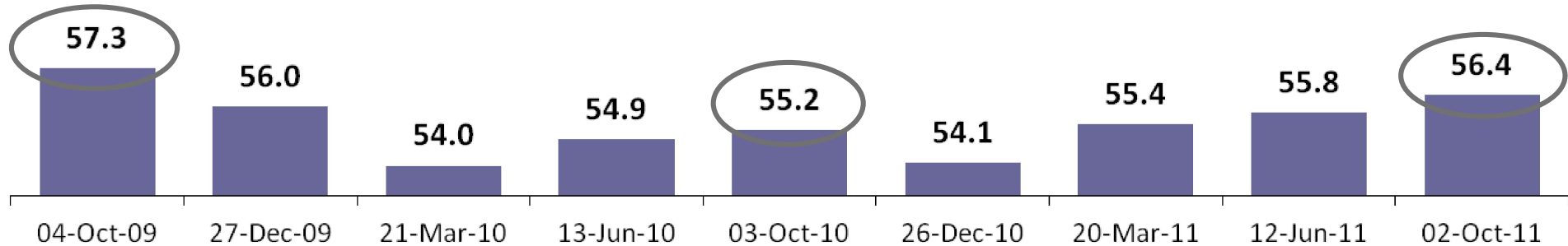
Shopper behaviour drivers

The number of shopping trips per household has been increasing since the start of 2011 but spend continues to be eroded with average basket now worth 2.3% less than last year

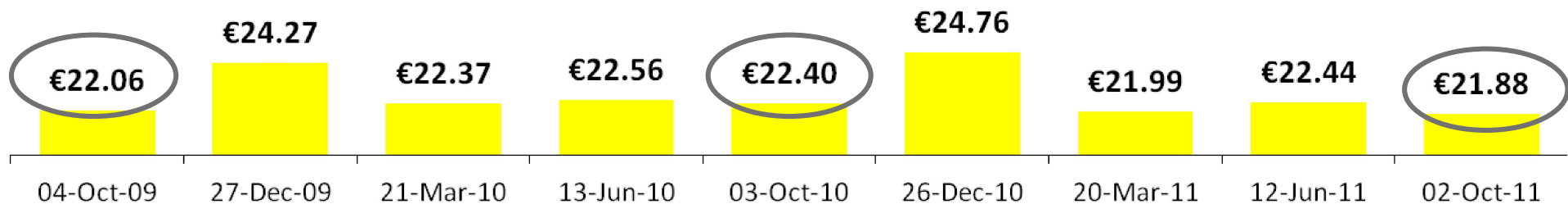
Average Spend per Household



No of Trips per Household



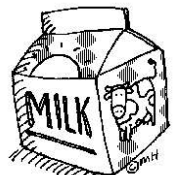


Spend per Trip



Shopper missions

The importance of full trolley trips has not changed. Instead, shoppers have switched some of their Destination trips to Baskets as Multiples continue to overperform vs. the convenience channel

	% Grocery Spend	% Grocery Trips	€ per trip
Total Grocery	-€4.5 million	+2 million	€21.88 -2.3%
	58% NC	22% NC	€58.27 -2.4%
	38% +0.4pt	62% +1.4pt	€13.26 -3.4%
	4% -0.4pt	16% -1.4pt	€5.58 -3%

CHANGE IN VALUE SALES – TOTAL GROCERY SECTORS

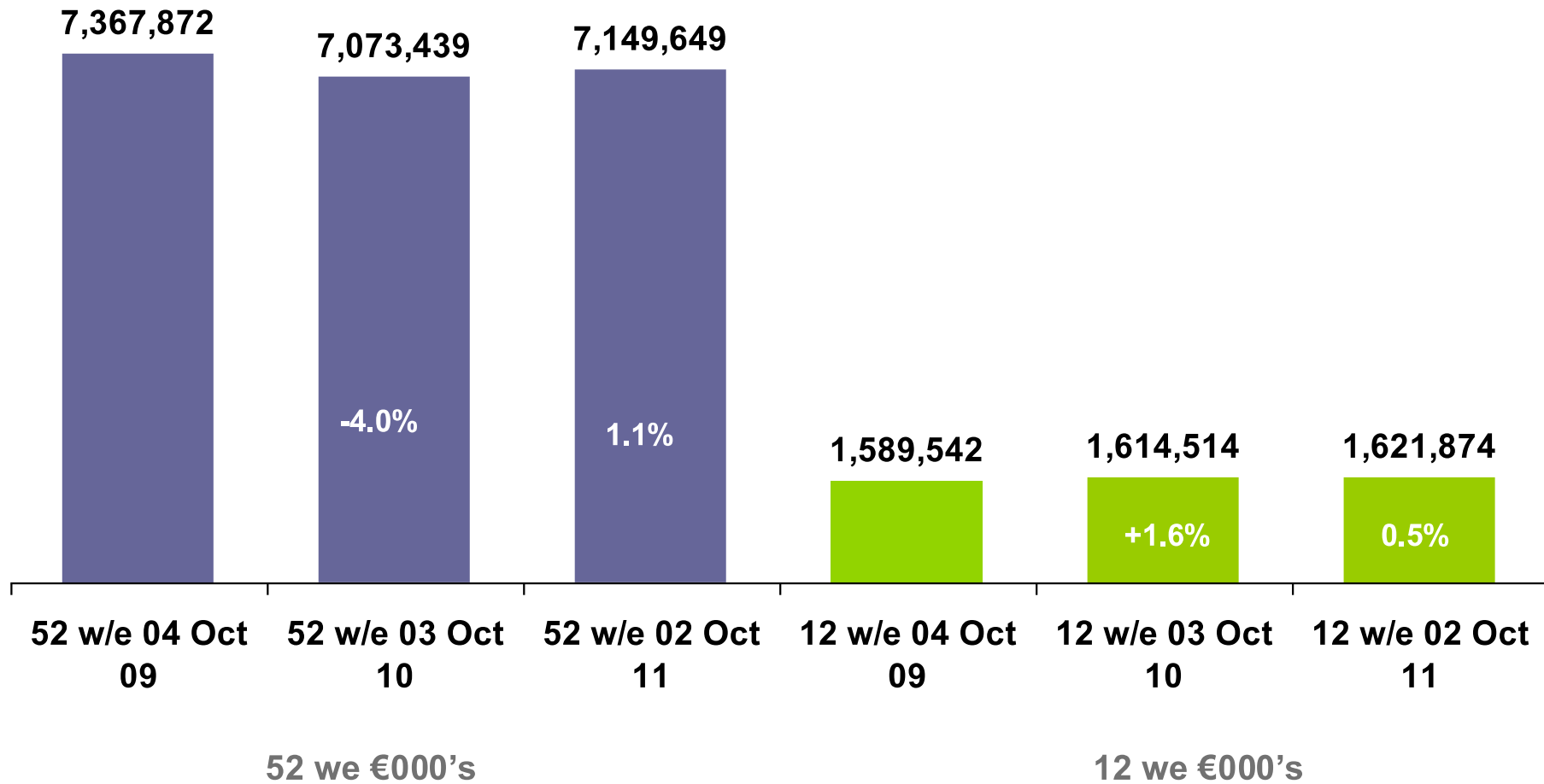
Food sectors growth is flat this period

% Value Change



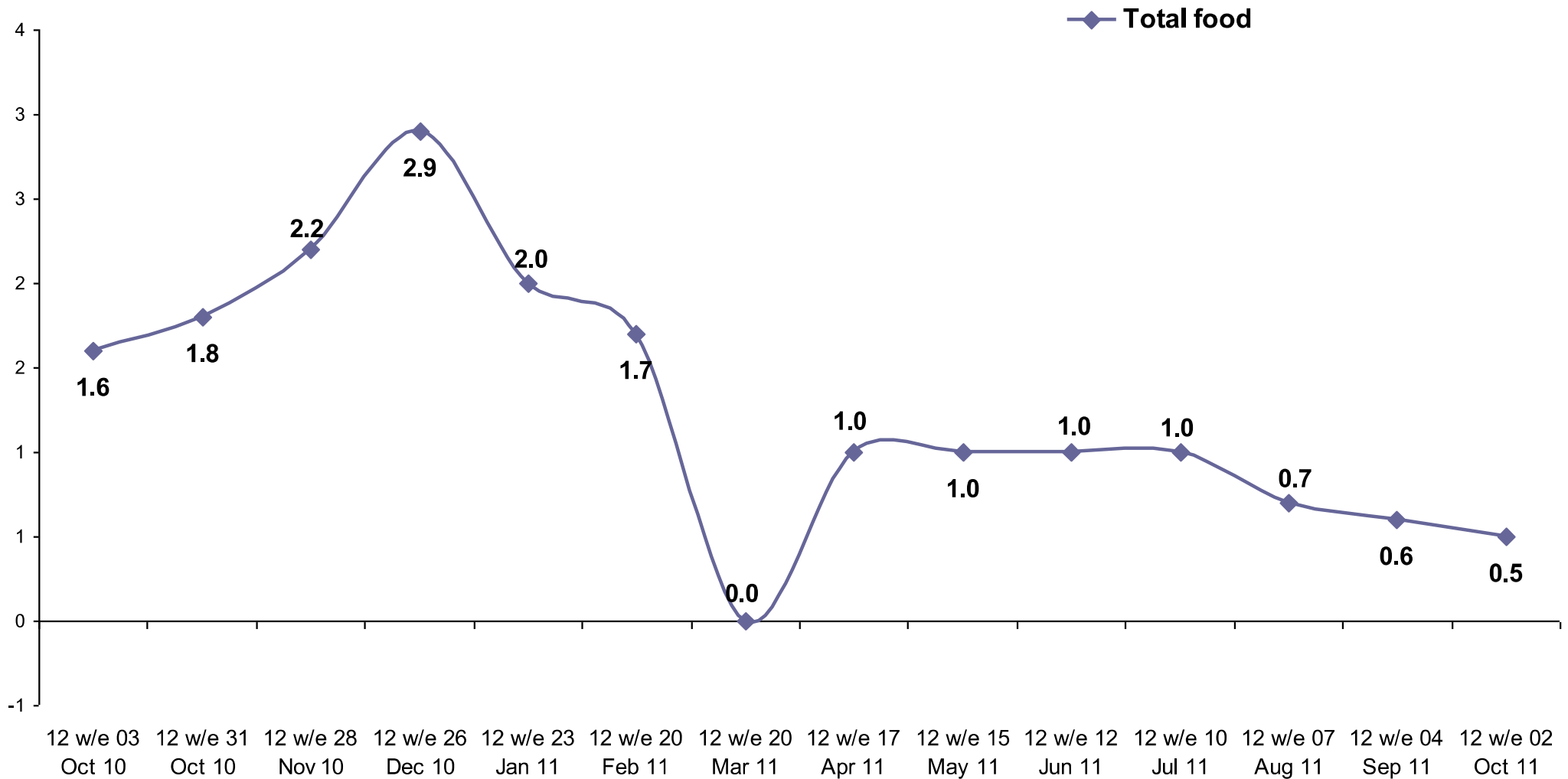
■ 52 w/e Change ■ 12 w/e Change ■ 4 w/e Change

TOTAL FOOD YEARLY AND QUARTERLY SALES



HOW IS THE FOOD MARKET PERFORMING ON TRENDED BASIS?

% VALUE GROWTH VS LAST YEAR, 12 WEEKLY TRENDED

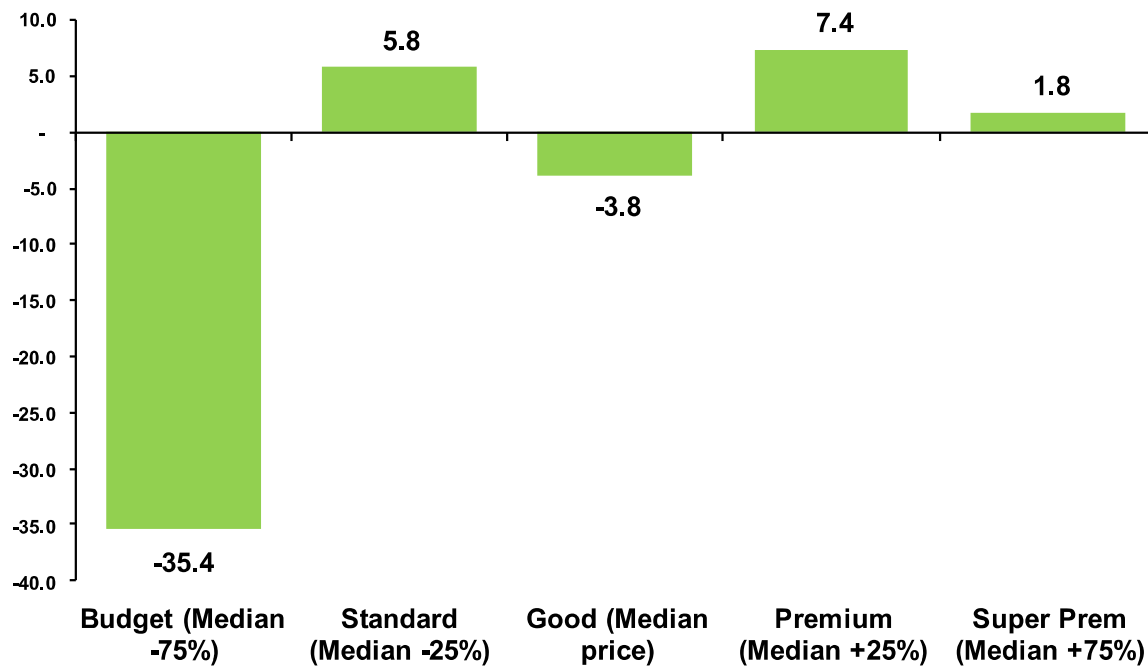


Grocery Packs Growth by Price Brand

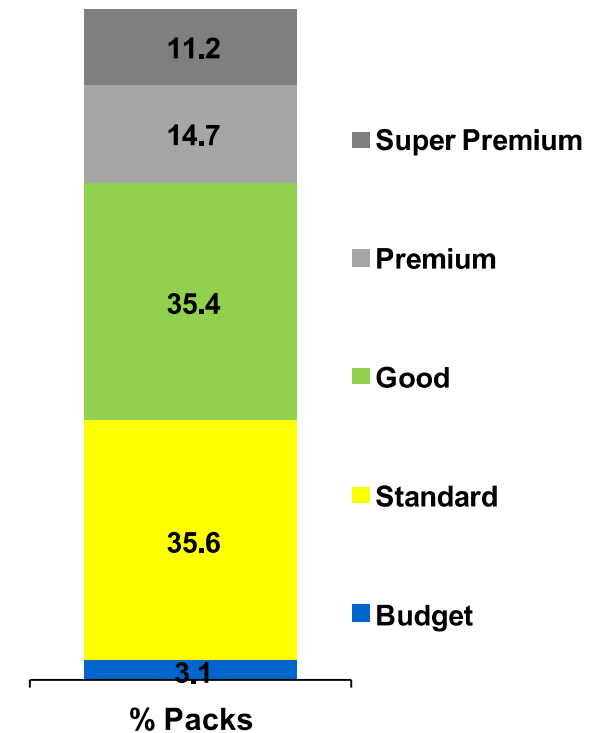
Shoppers trading to standard from good and down from Super premium also

Growth in Grocery sales (Packs)

Change in sales



Share of sales

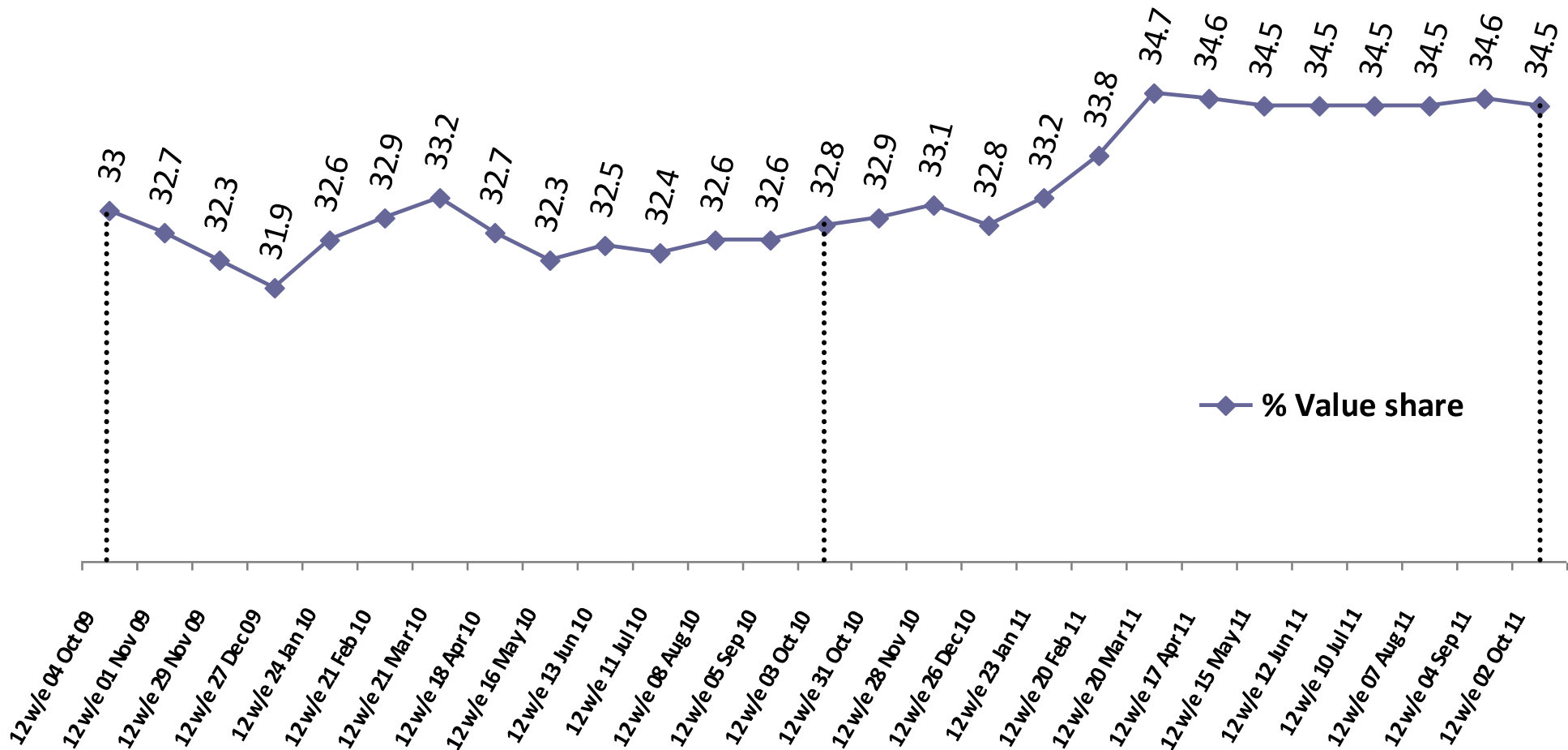


Private label still remains an important part of a consumers grocery shop

12w PL VALUE SHARE OF TOTAL GROCERY MARKET

PL value share is holding above 34% of market value, and has not dropped back after the new year pickup

Private Label Value Share of Grocery

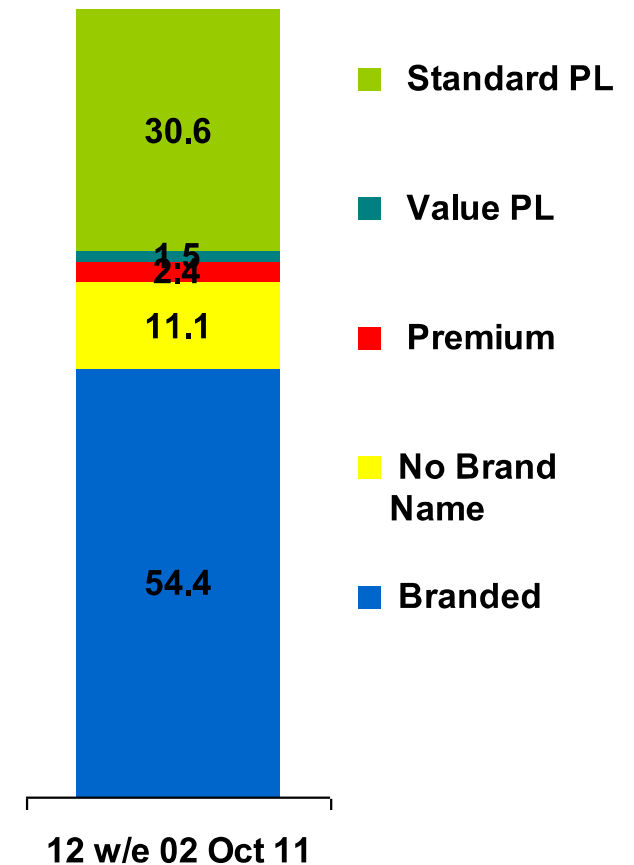
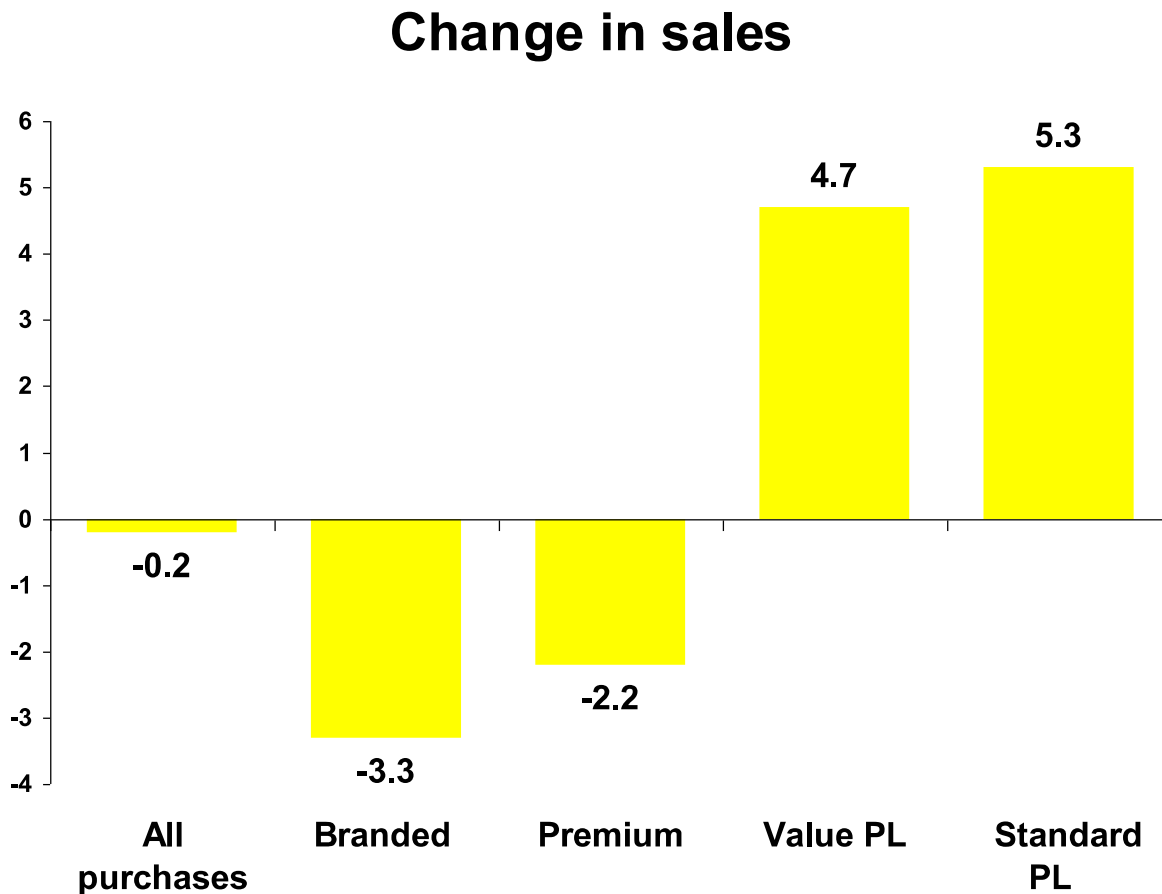


Grocery Packs Growth by PL Tier

Budget & Standard Private label products see an increase in Pack sales

Growth in Grocery sales (Packs)

Share of sales

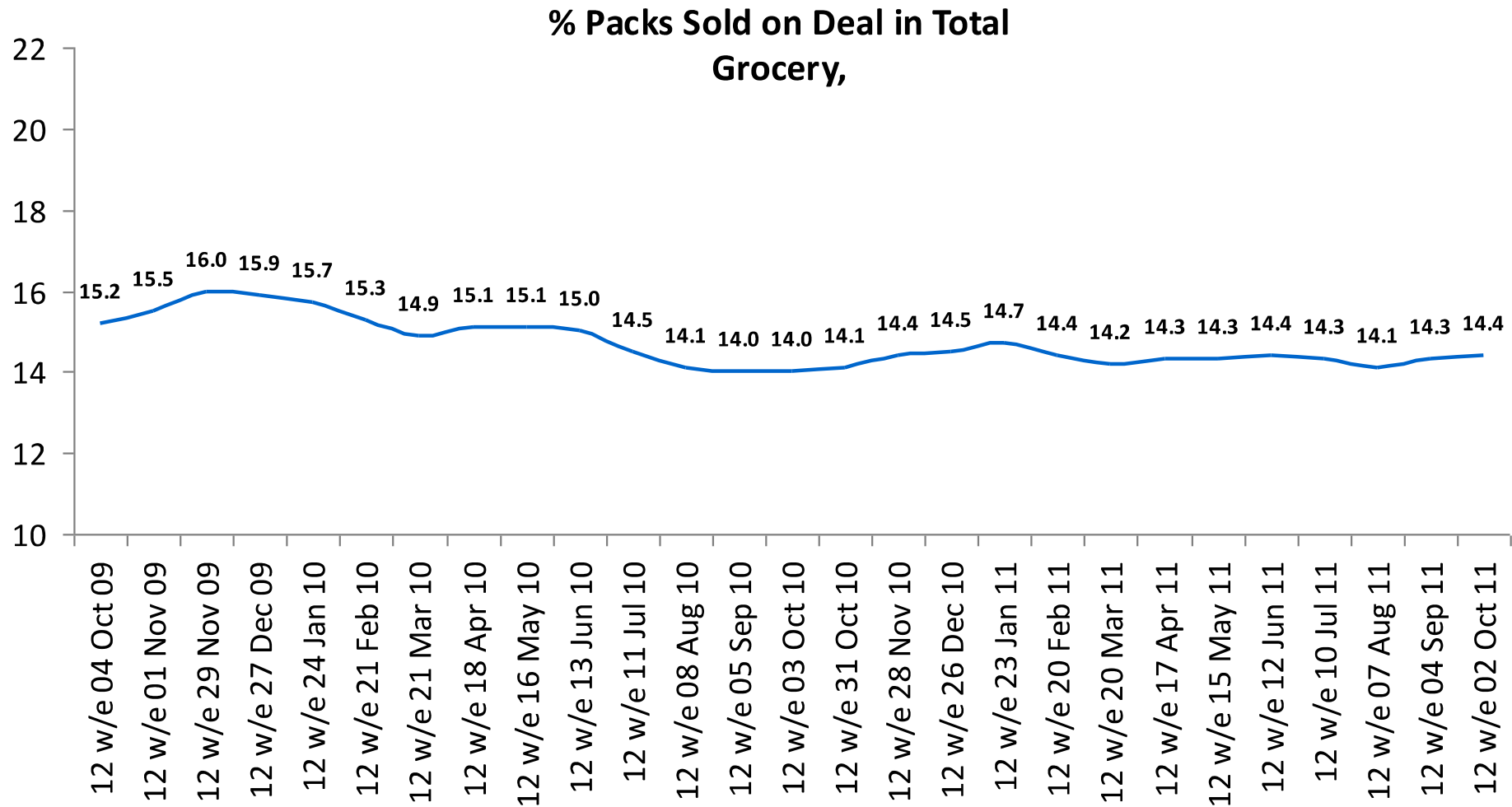




Consumers are taking
advantage of promotions

PROMOTIONAL ACTIVITY IN THE TOTAL GROCERY SECTOR

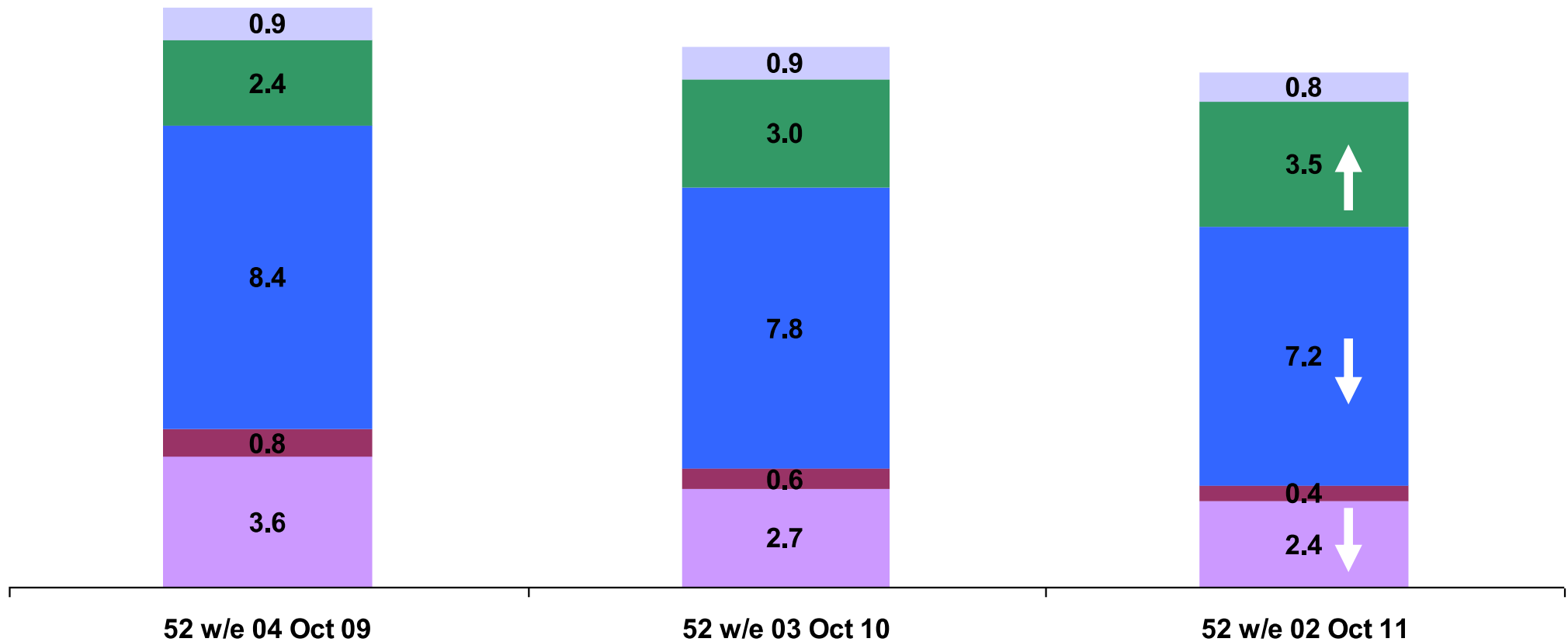
A more consistent level of promotion since the new year



52w % PACKS SOLD ON DEAL – PROMO TYPE

Pickup in MultiBuy packs this year, but less Money off and Extra Free promotions

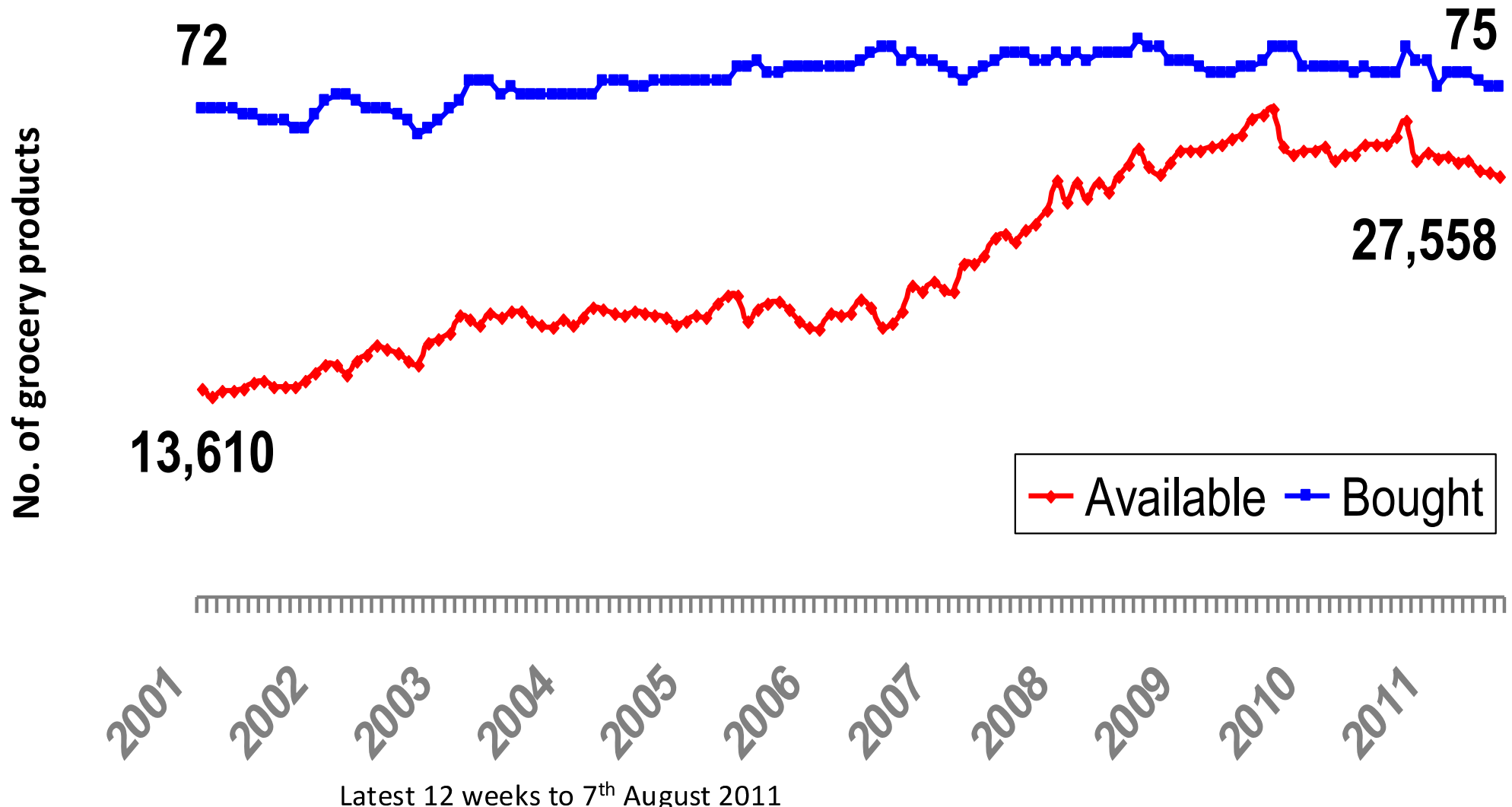
■ Extra Free ■ Banded/Special Pack ■ Money Off ■ Multi-Buy ■ Other Offer

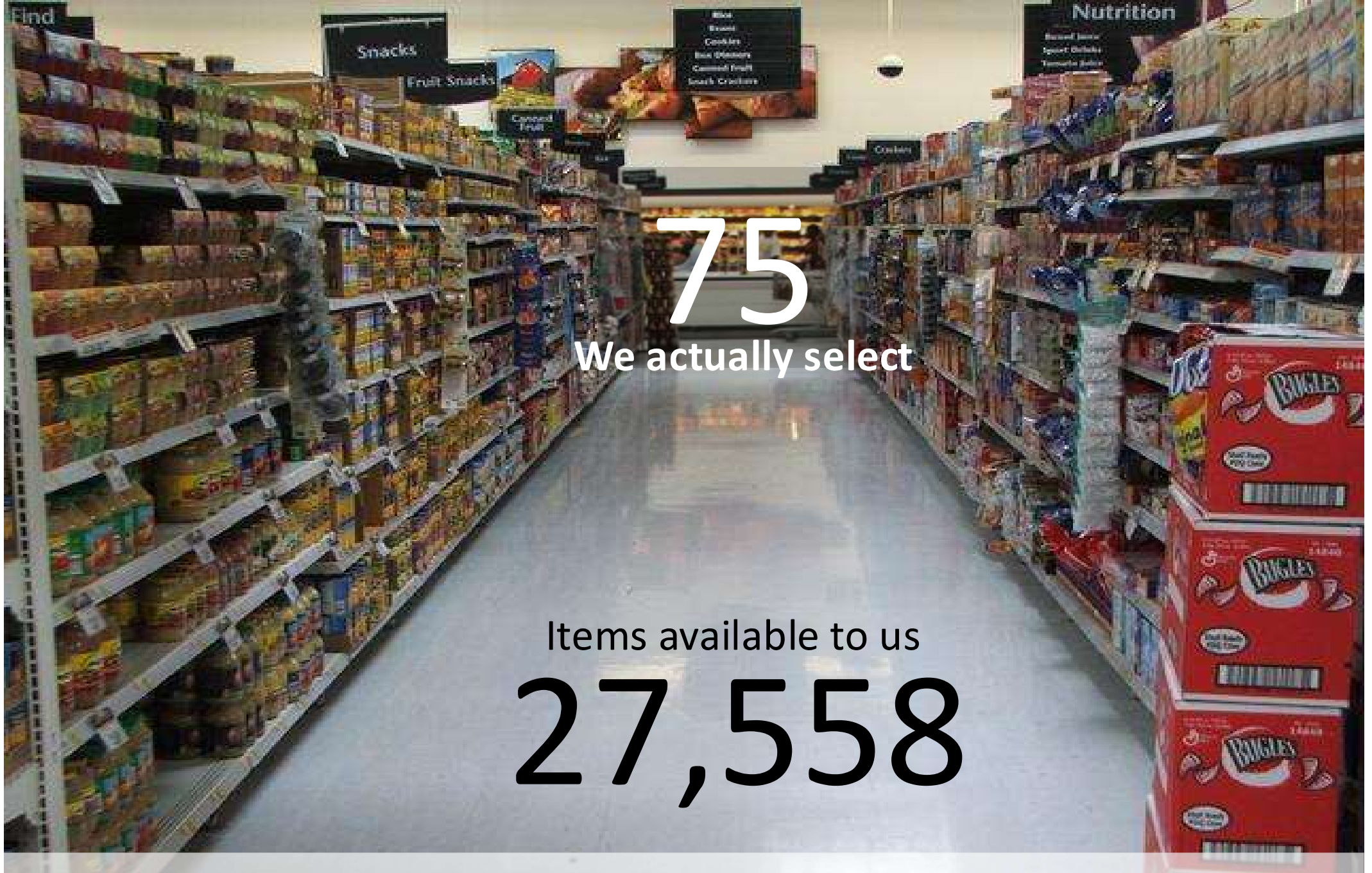




Shoppers also
have more choice

We now have double the choice we had in 2001





75

We actually select

Items available to us

27,558

Latest 12 weeks to 7th August 2011

Round pricing helps to catch the consumers eye



Round Euro Price Points – helping shoppers budget

As shoppers look for value, Round Pricing becomes more popular



2011 **19% of Branded Sales**

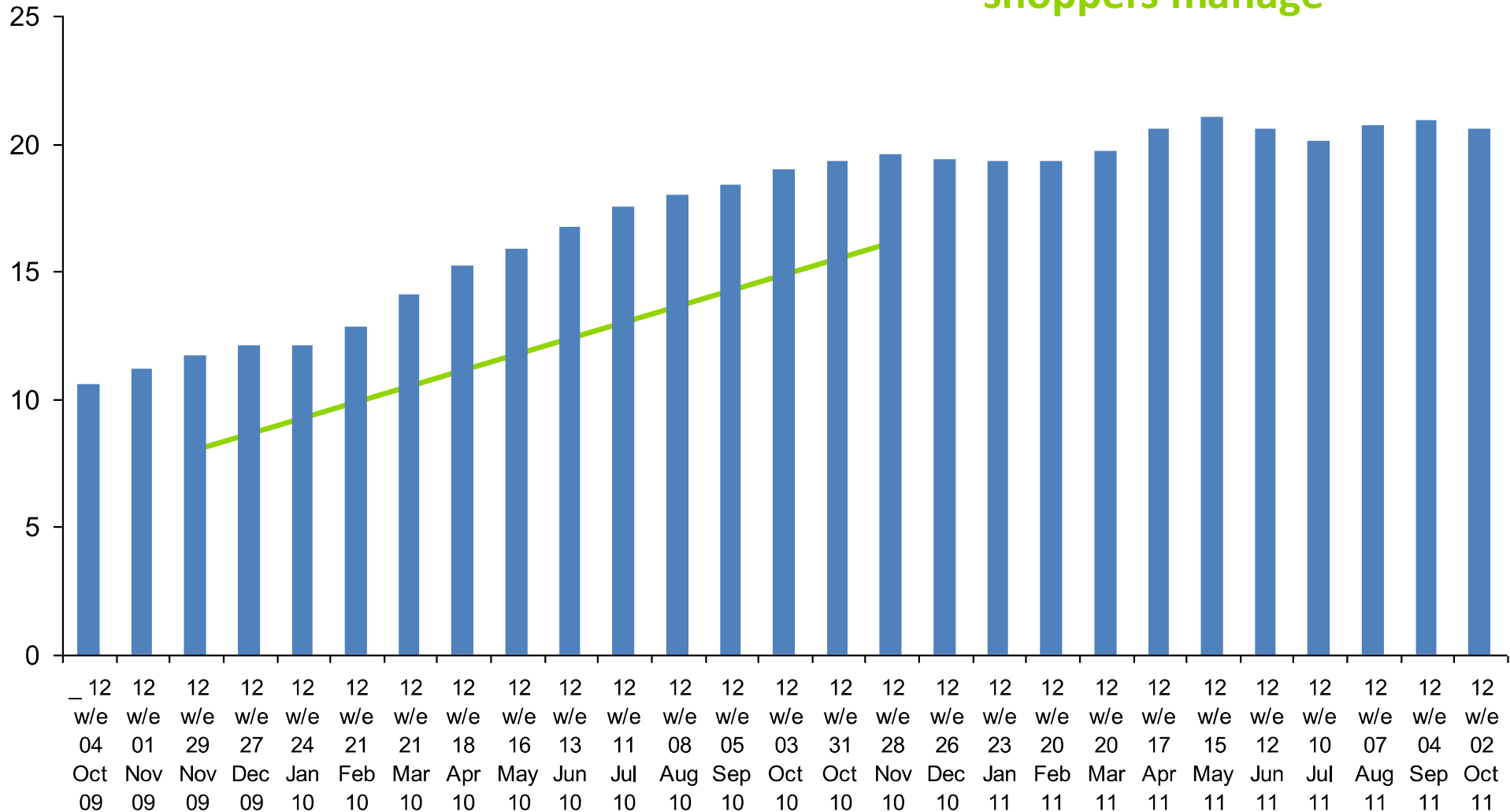
2010 **15% of Branded Sales**

2009 **8% of Branded Sales**

PRICE MATTERS

'ROUND €' prices have more than doubled since 09

Price Points – helping shoppers manage



UK Overview

MARKET TRENDS SUMMARY



MARKET TRENDS

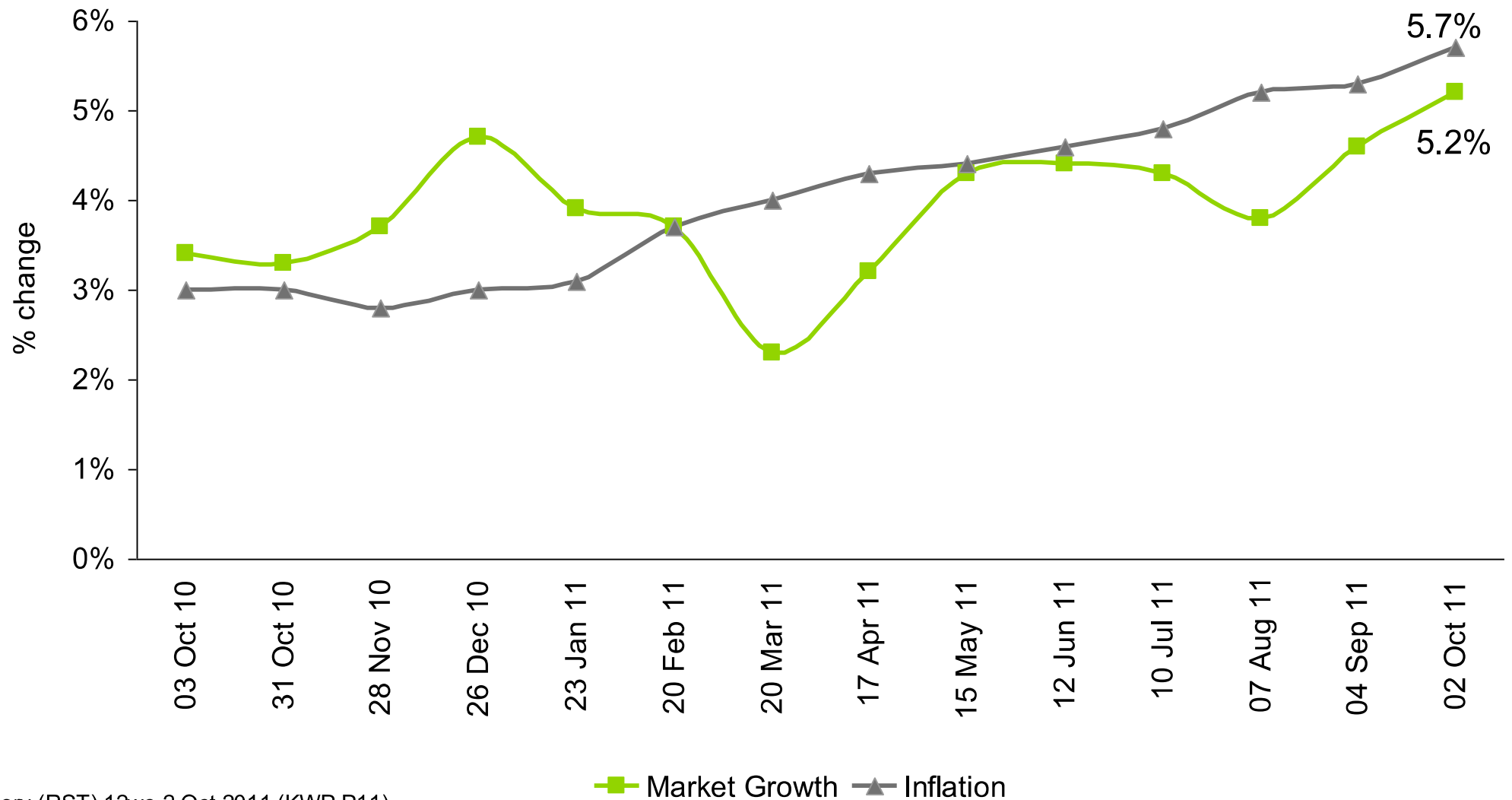
- Gap between inflation and market growth narrows to 0.5%
 - Inflation steps up to 5.7%
 - Market growth now up to 5.2%, from 4.6% last period
- Versus last year, trading down to cheaper products becomes more important.

PRICE & PROMOTIONS

- Full price sales continue to drive Market growth,
- Nearly all retailers increase promotional discounts year on year.

GROWTH AND INFLATION

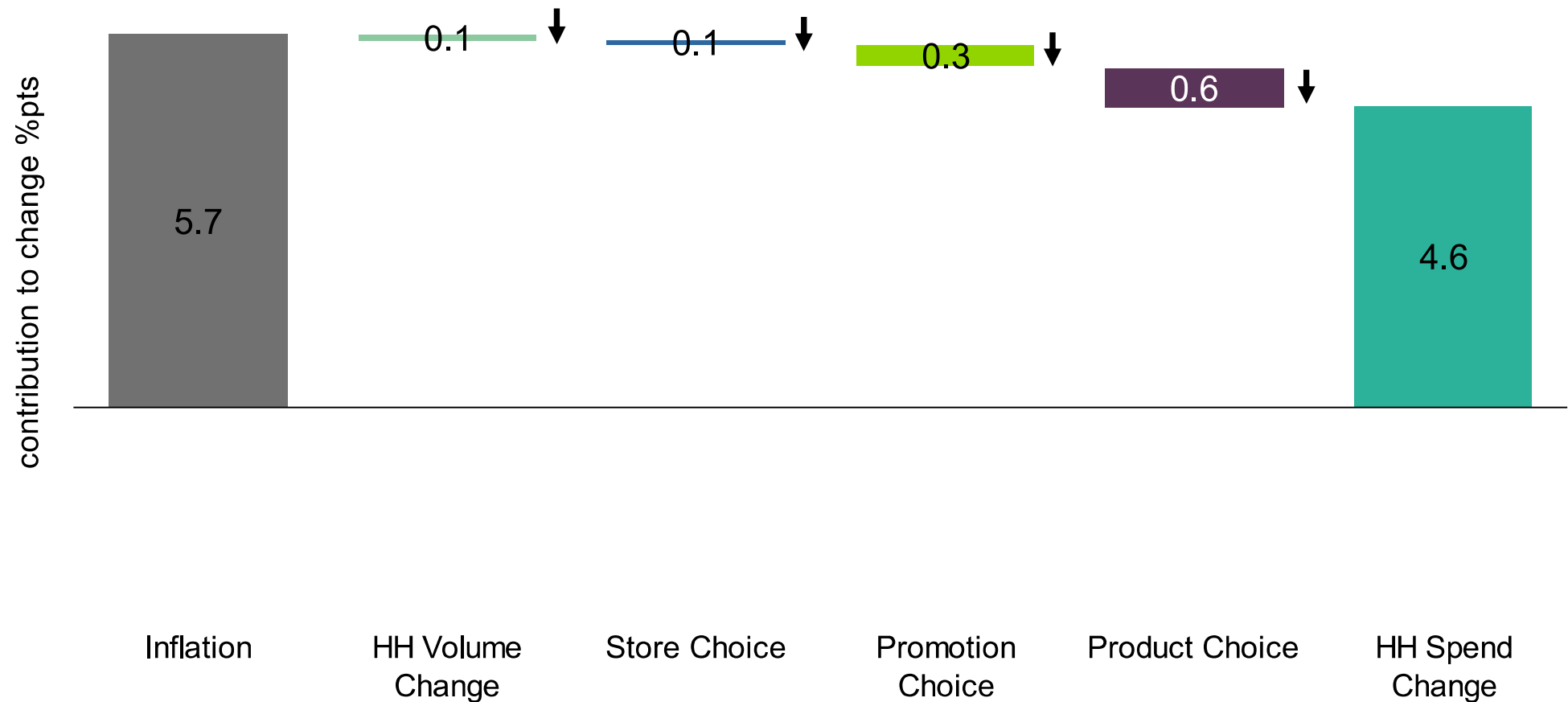
Customers continue to trade down...



Grocery (RST) 12we 2 Oct 2011 (KWP P11)

TRADING-UP AND TRADING-DOWN STRATEGIES

...mainly through Promotions & Product Choice



Grocery (RST) 12we 2 Oct 2011 (KWP P11)

Grocery Packs Growth by Price Brand

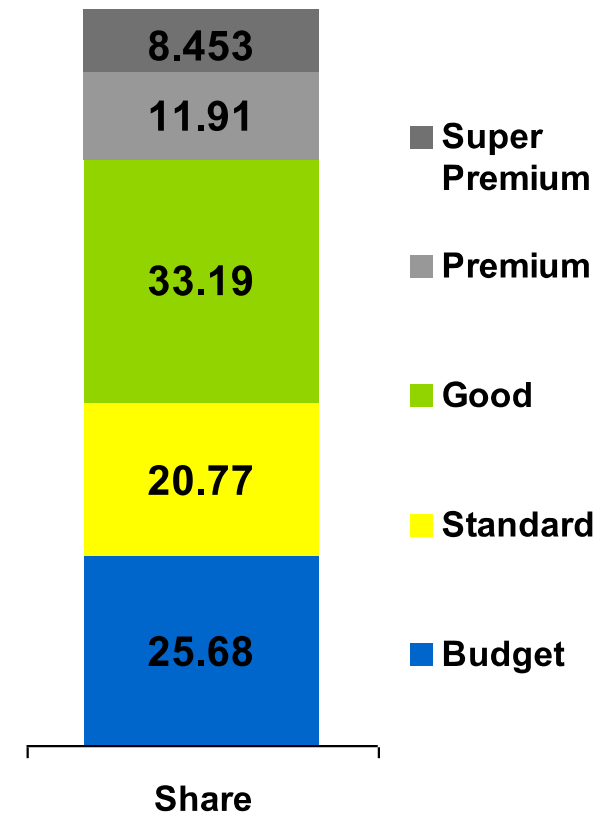
Shoppers trading down to Budget and Standard

Growth in Grocery sales (Packs)

Change in sales



Share of sales

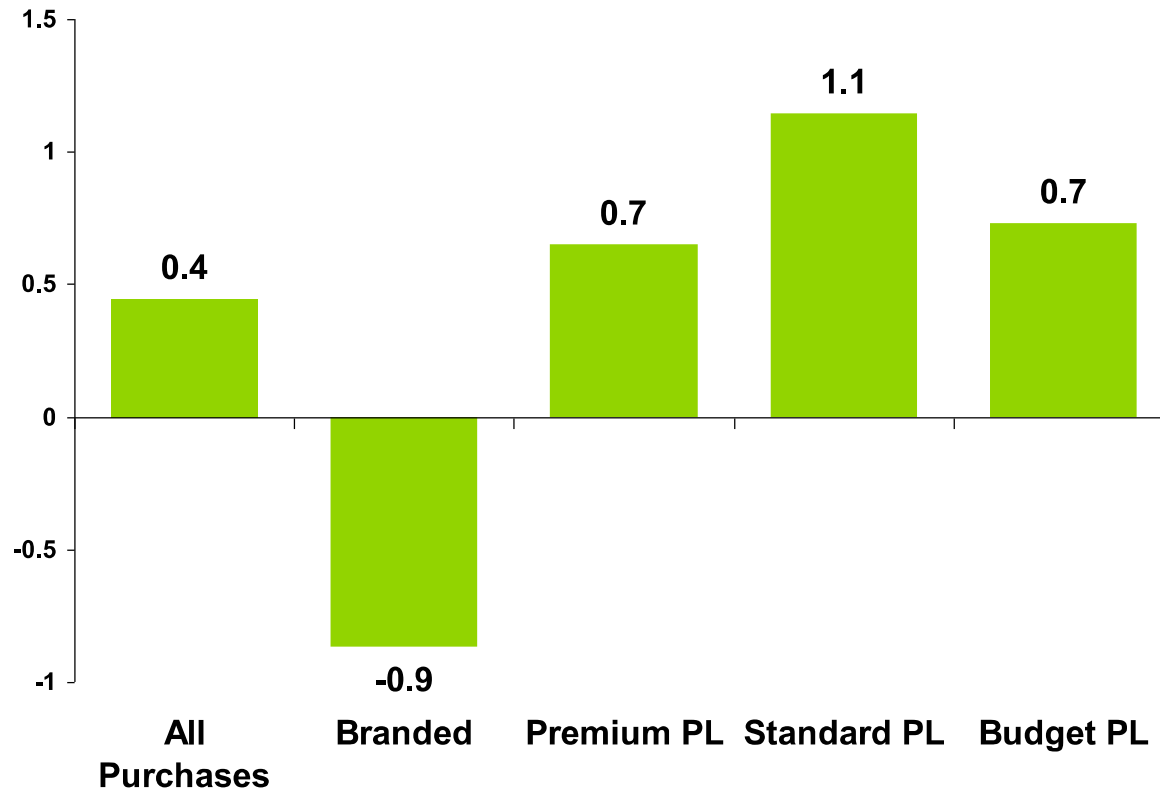


Grocery Packs Growth by PL Tier

In terms of Private label, all tiers perform well as shoppers trade down from branded goods

Growth in Grocery sales (Packs)

Change in sales



Share of sales

