



## IRISH GROCERY MARKET REVIEW

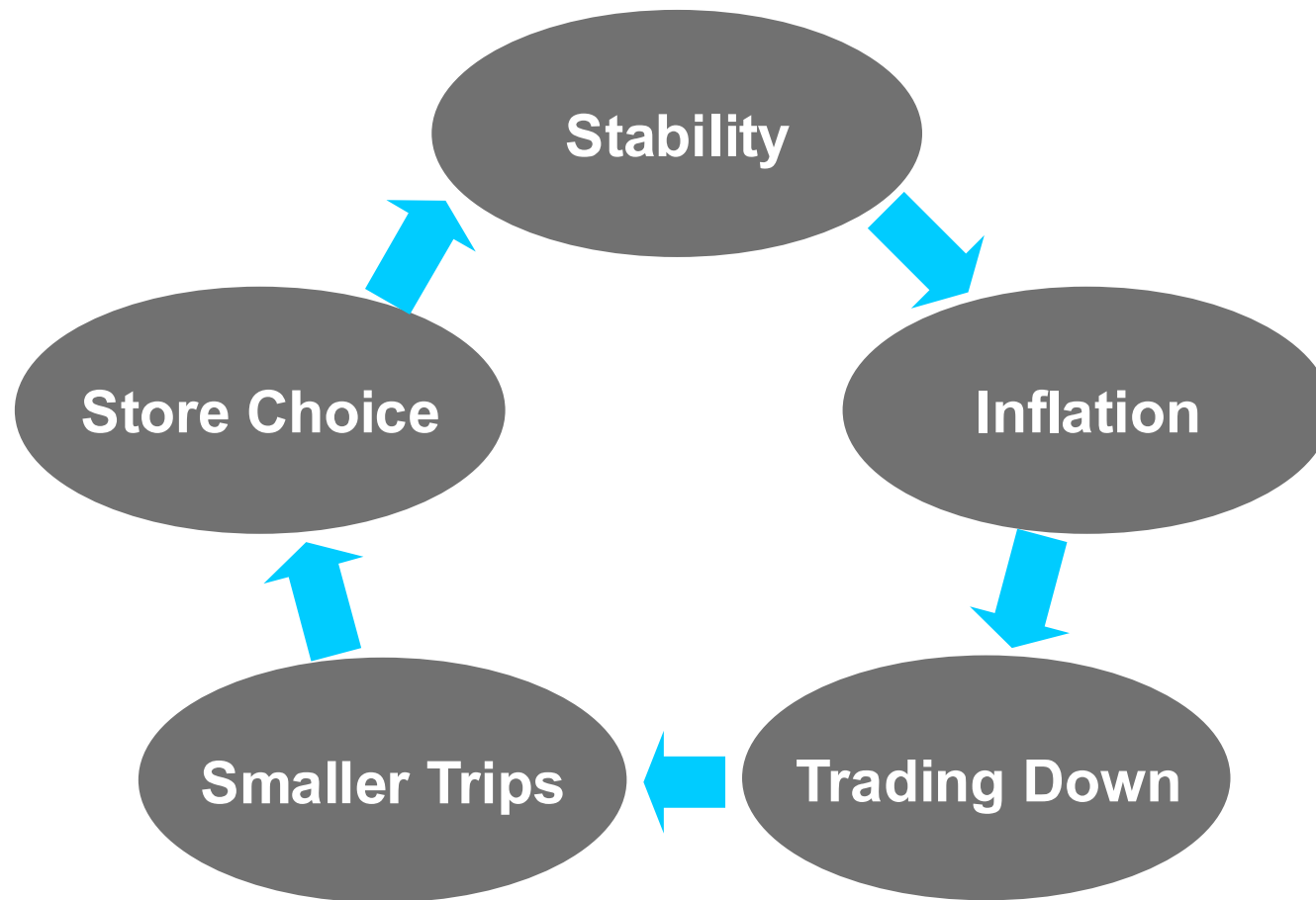
Period ending - 25<sup>th</sup> Dec 2011

## Market Overview

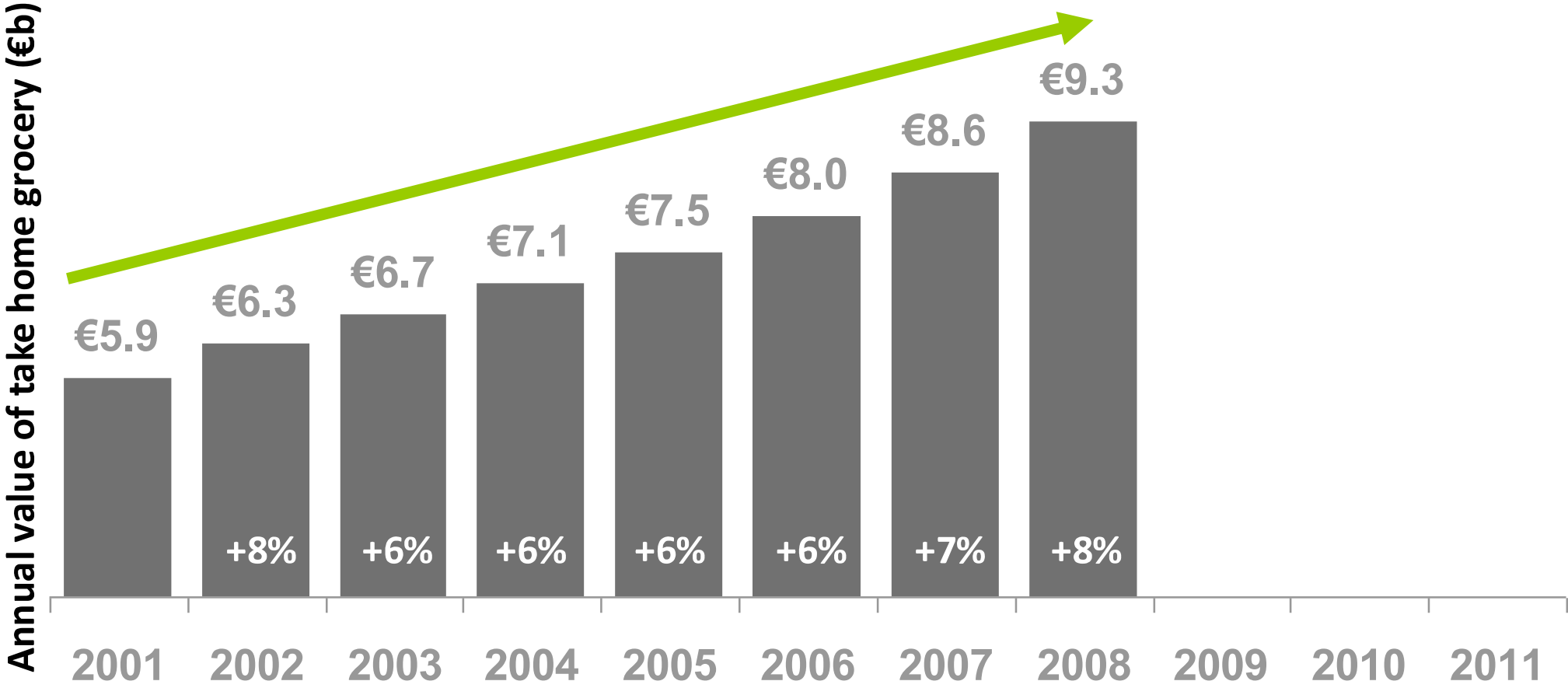
- The annual market sales are ahead of last year, with growth of +0.5% year-on-year. The food market is showing stronger growth (0.9% year on year) than the non-food market.
- Over the shorter term, market value has increased by +1% as shoppers buy more volume despite price inflation, and compensate by purchasing on offer and trading down to cheaper lines.
- Consumers are making more shopping trips, but reducing their average spend per trip.



# Key themes in the marketplace

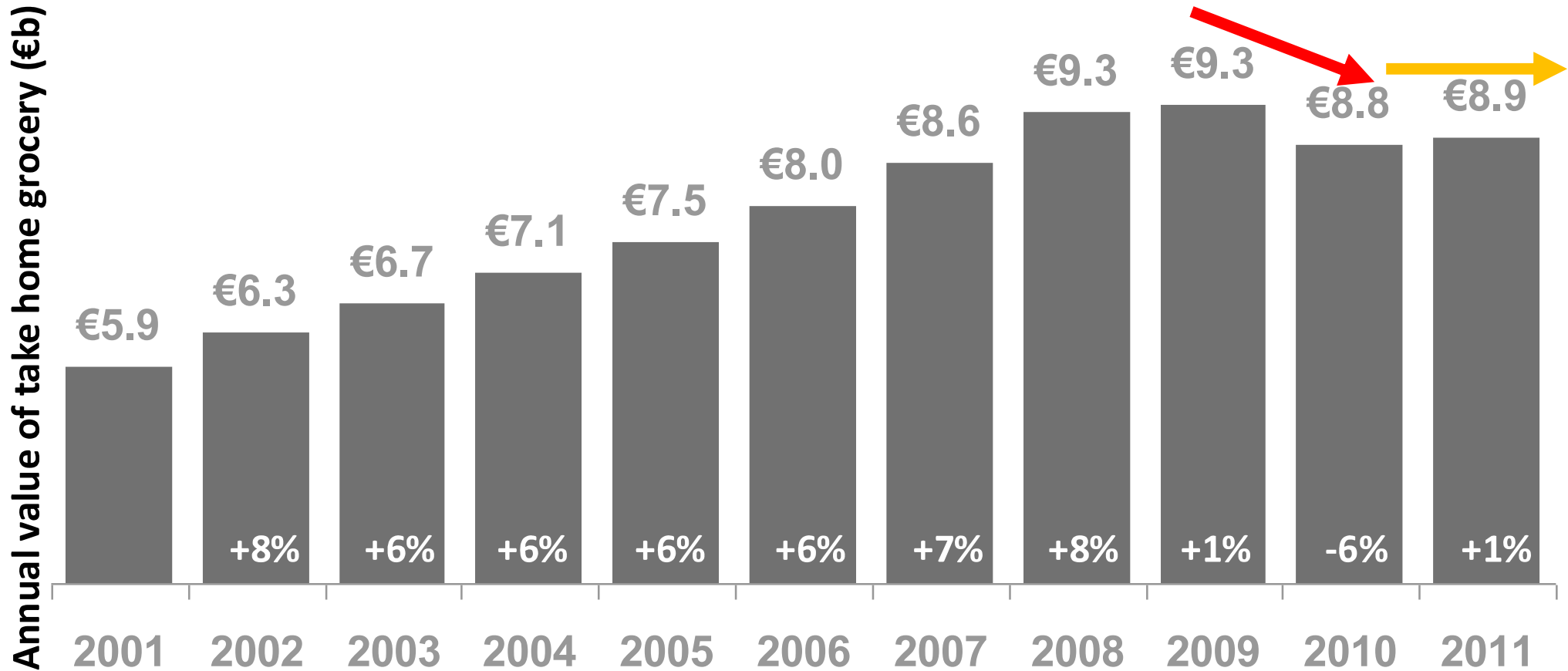


The period 2001 to 2008 saw average growth of 7% per annum and overall +58% over the whole period



Data to 52 week ending August

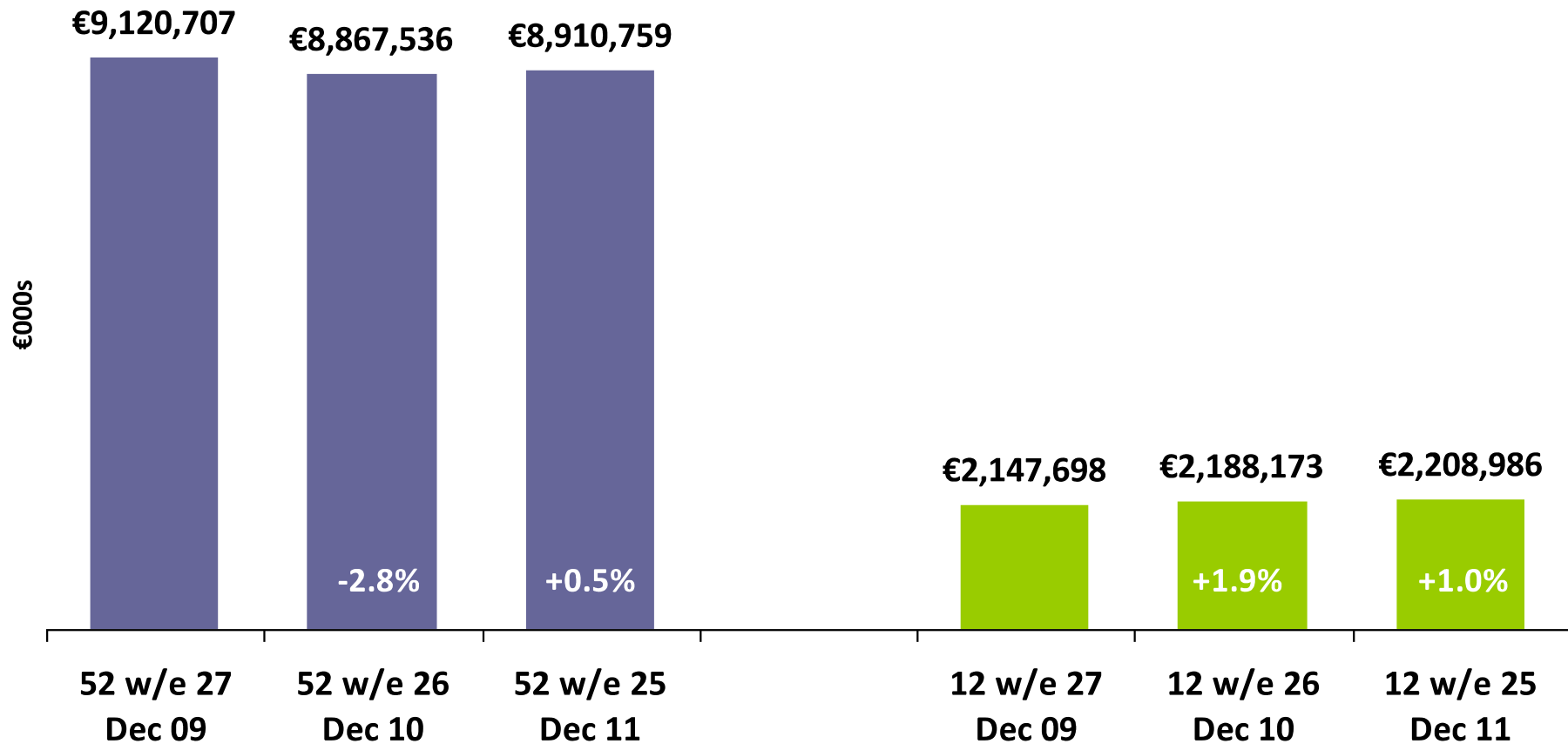
The market value declined in 2010 by 6% but has now stabilised



Data to 52 week ending August

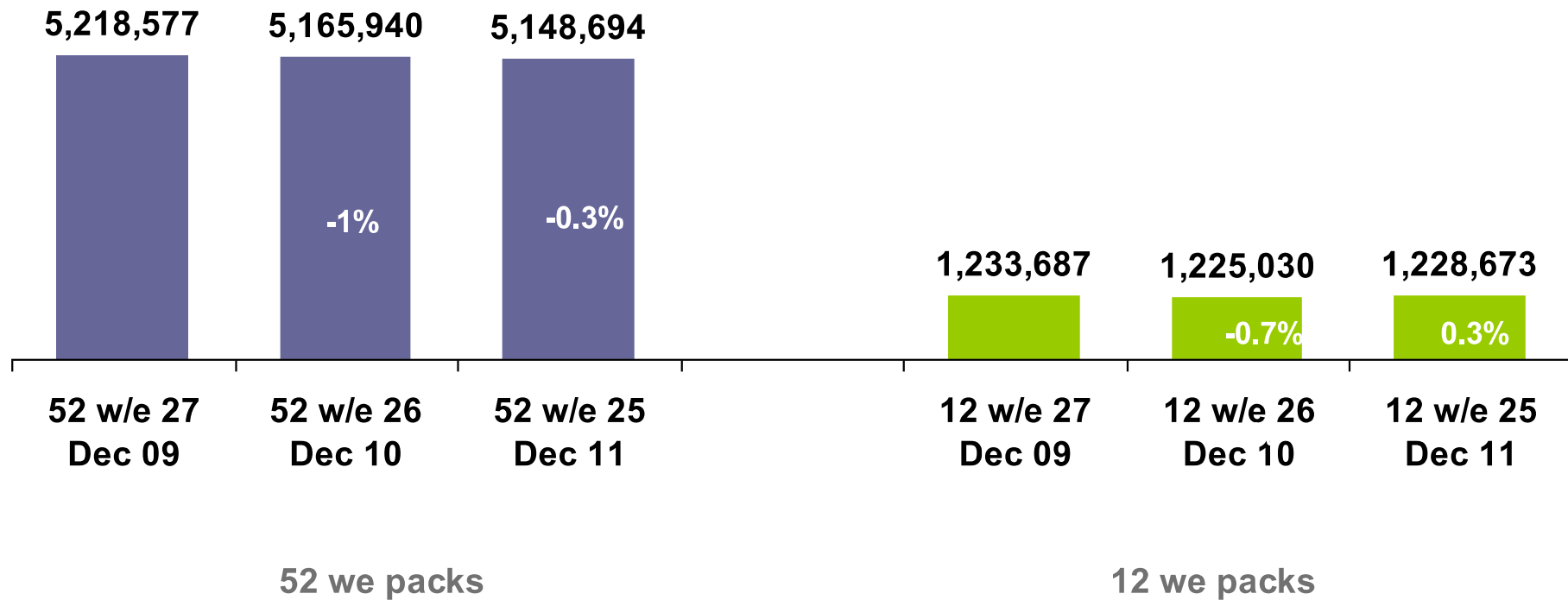
# Total Grocery Market Value Sales and YOY Growth

The Irish grocery market remains in growth this period with 12w sales up **+1%** on this period last year



# ROI Total Grocery Market Volume Sales and YOY Growth

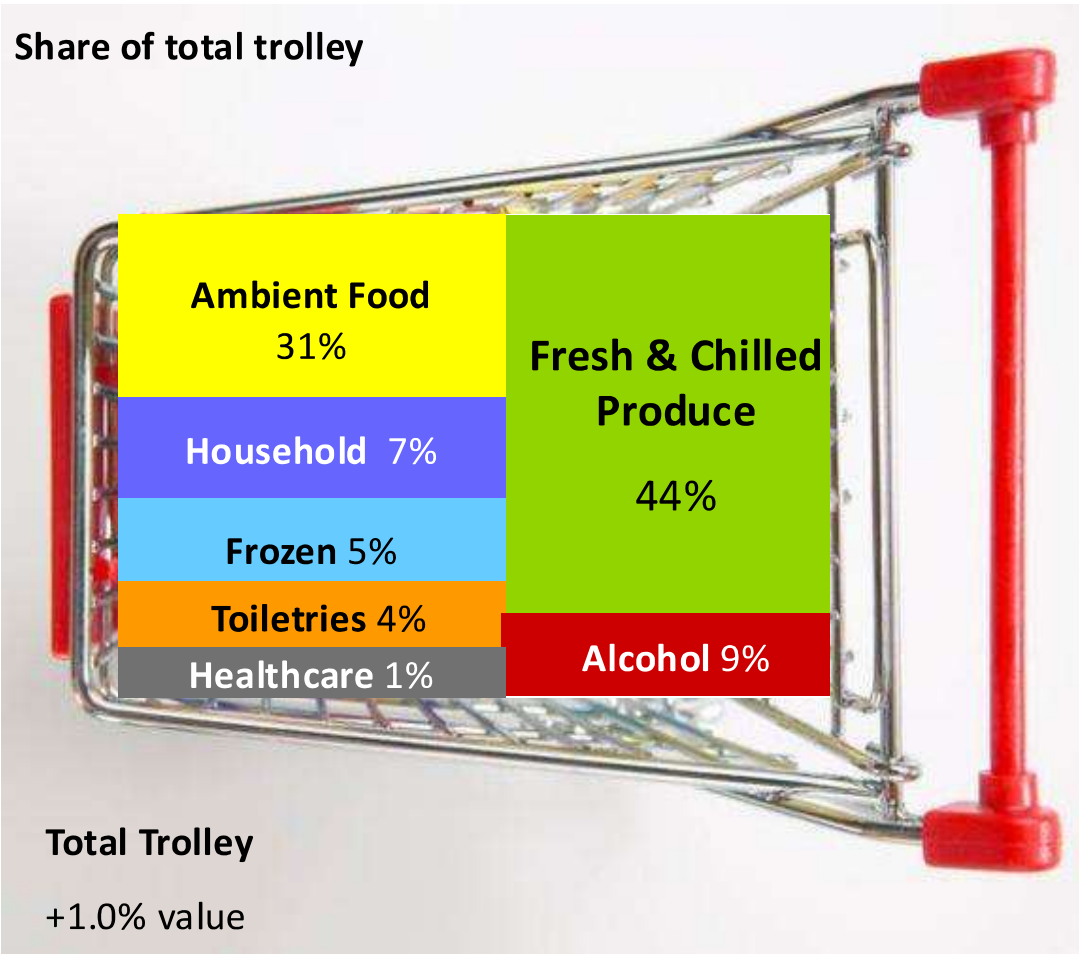
Volume sales are in decline on a yearly basis while growth remains flat over the shorter term



w/e 25 Dec 2011

# 12w Total Grocery – Sectors Value Shares & YoY % Change

Fresh Food, Ambient Food, and Toiletries sectors have driven 12w growth

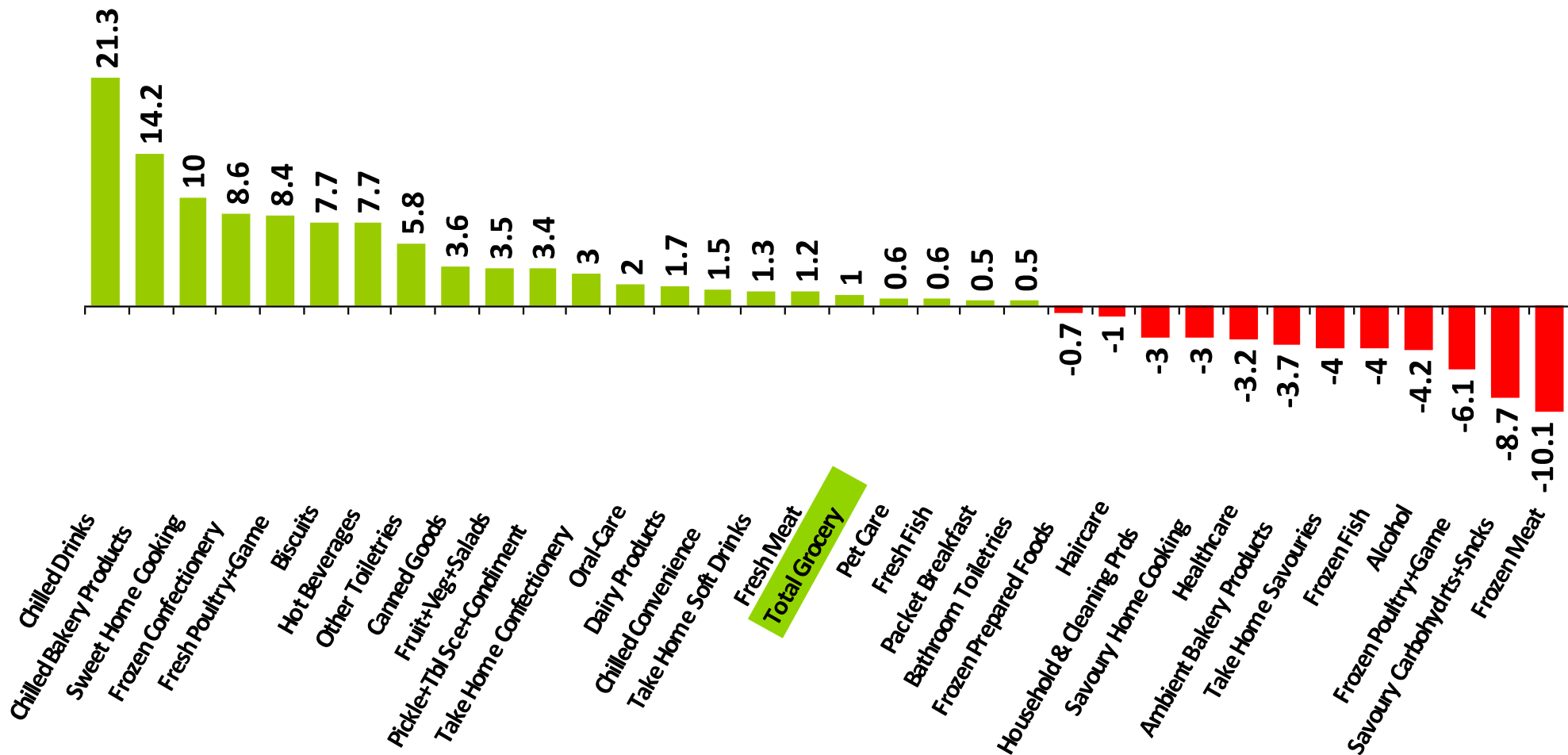


Total Grocery		1
Alcohol*	-4.2	
Healthcare	-3.2	
Household	-2.2	
Toiletries		1.4
Ambient Food		1
Fresh & Chilled		2.7
Frozen Food	-0.2	

# Which categories are performing well?

Chilled Drinks has performed best YoY, shoppers also spending more on Sweet Home Cooking, Frozen Confectionery and Fresh Poultry

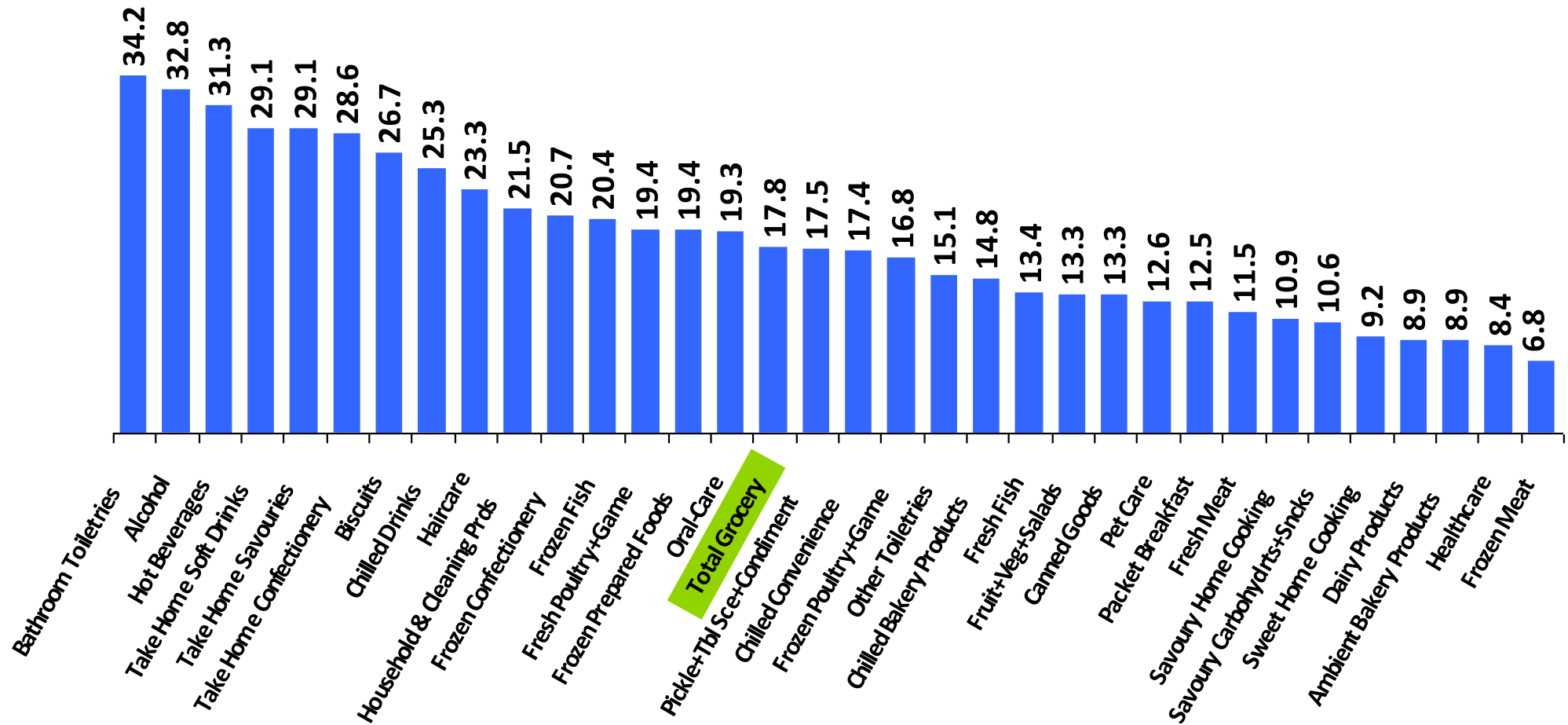
12w Total Grocery - value %chg by category



# Categories with a lot of perceived promotional activity

Toiletries, Alcohol and Drinks have the highest proportion of packs sold on deal. Staples such as Dairy and Bakery have low promotional levels

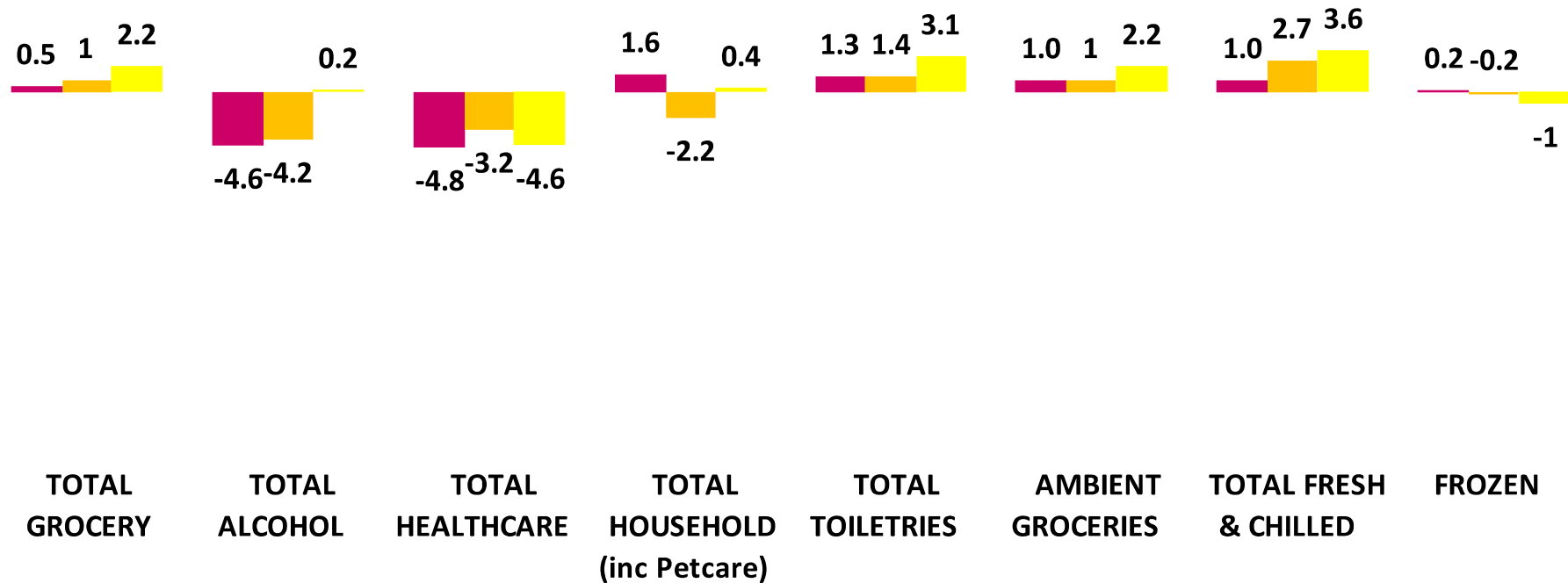
12w Total Grocery - pack % sold on deal by category



# Change in value sales – Total grocery sectors

## Ambient and Fresh performing well over shorter periods

% Value Change

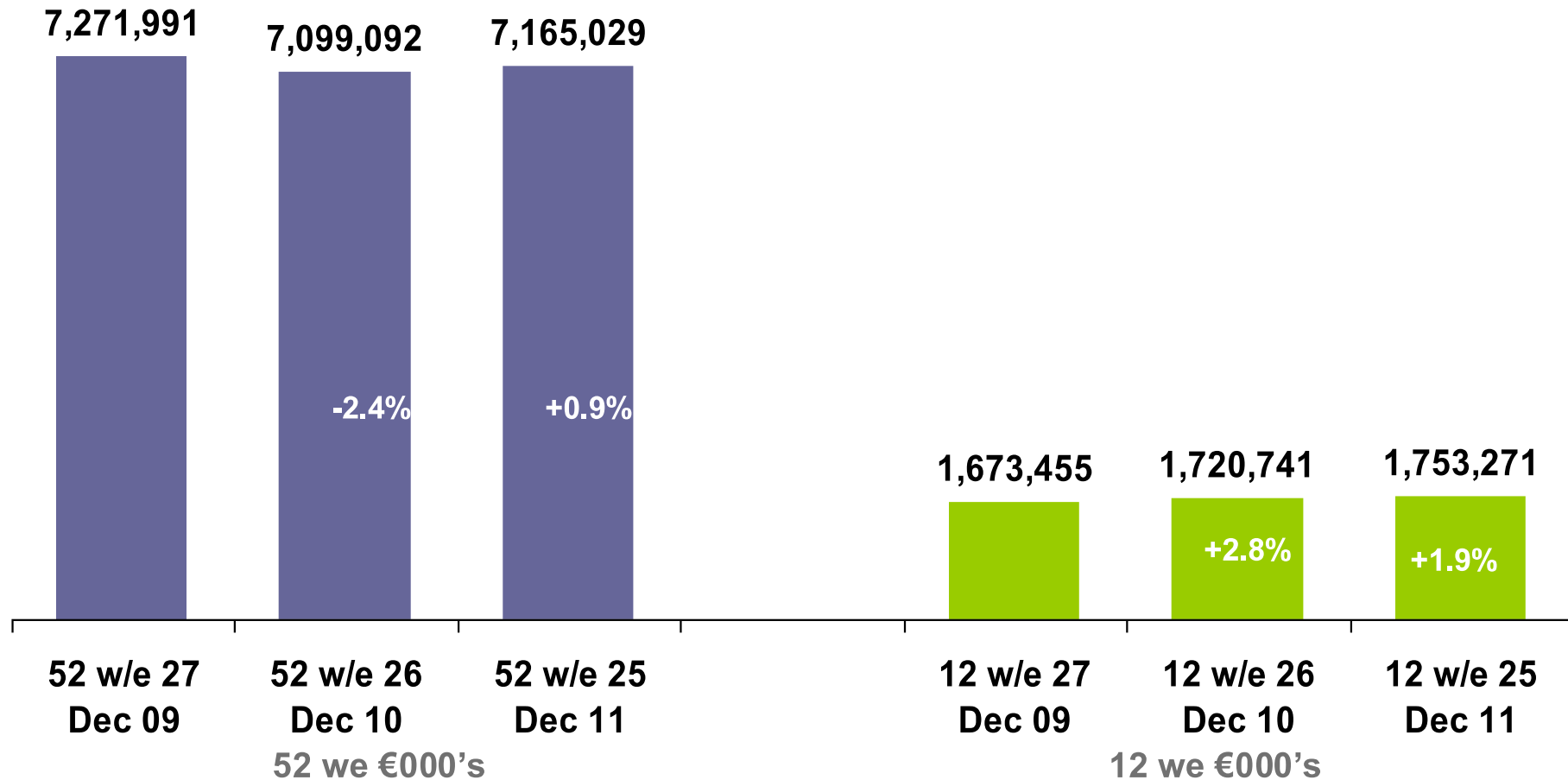


■ 52 w/e Change ■ 12 w/e Change ■ 4 w/e Change

w/e 25 Dec 2011

# What is the size of the total food market?

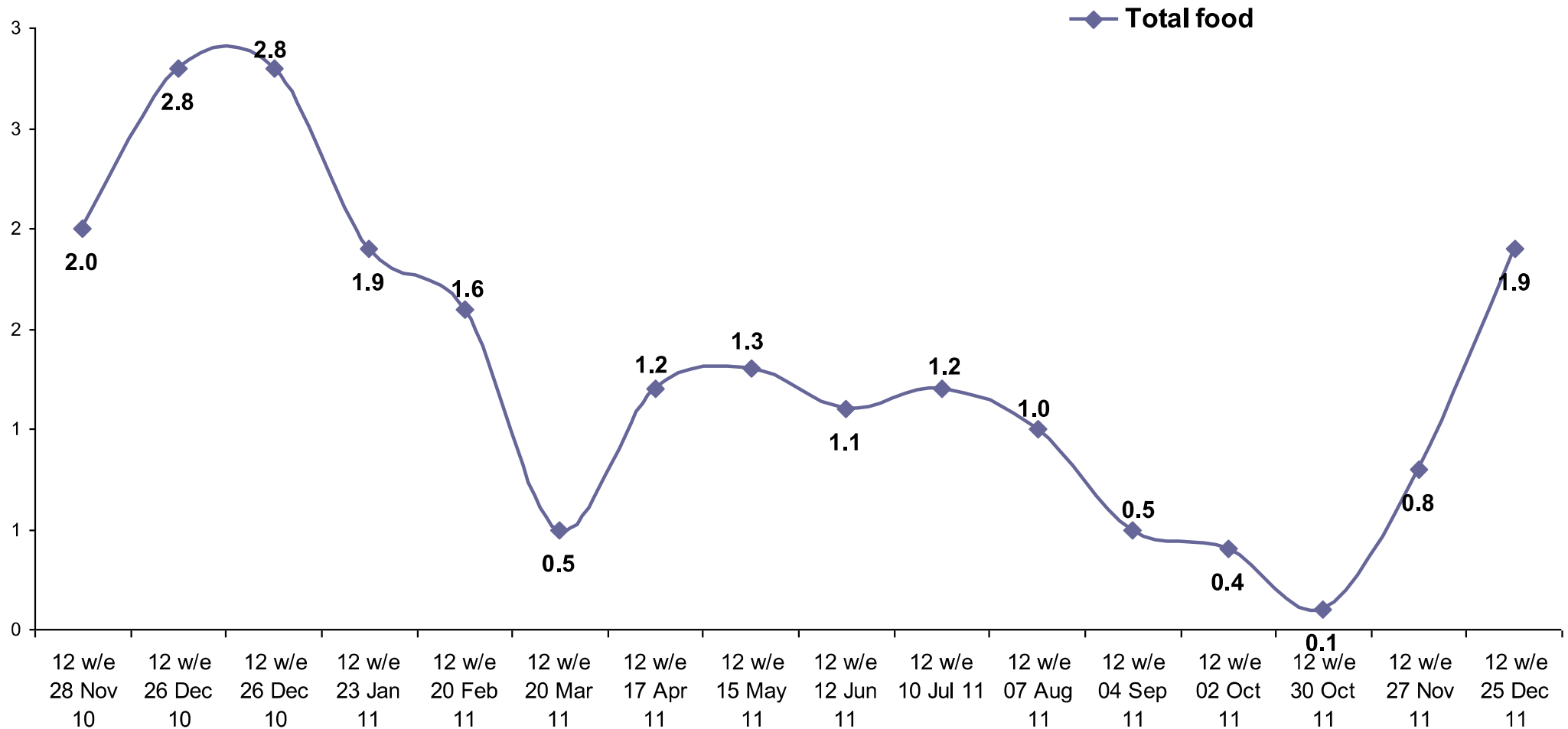
The total food market shows stronger growth than non food this period



w/e 25 Dec 2011

# Growth for the Food market – Quarterly

The food market has shown growth on the same period last year

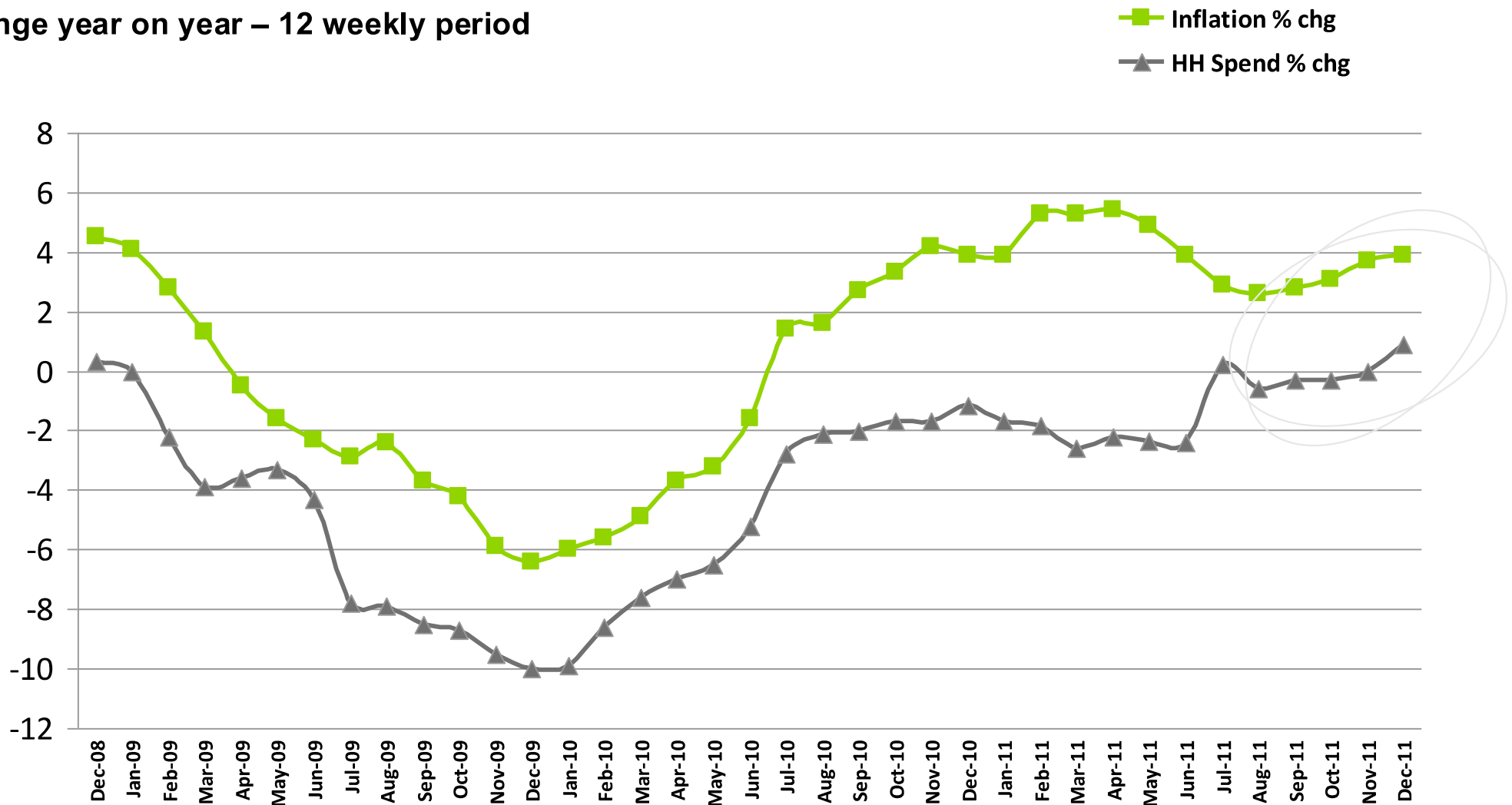


12 w/e 25 Dec 2011

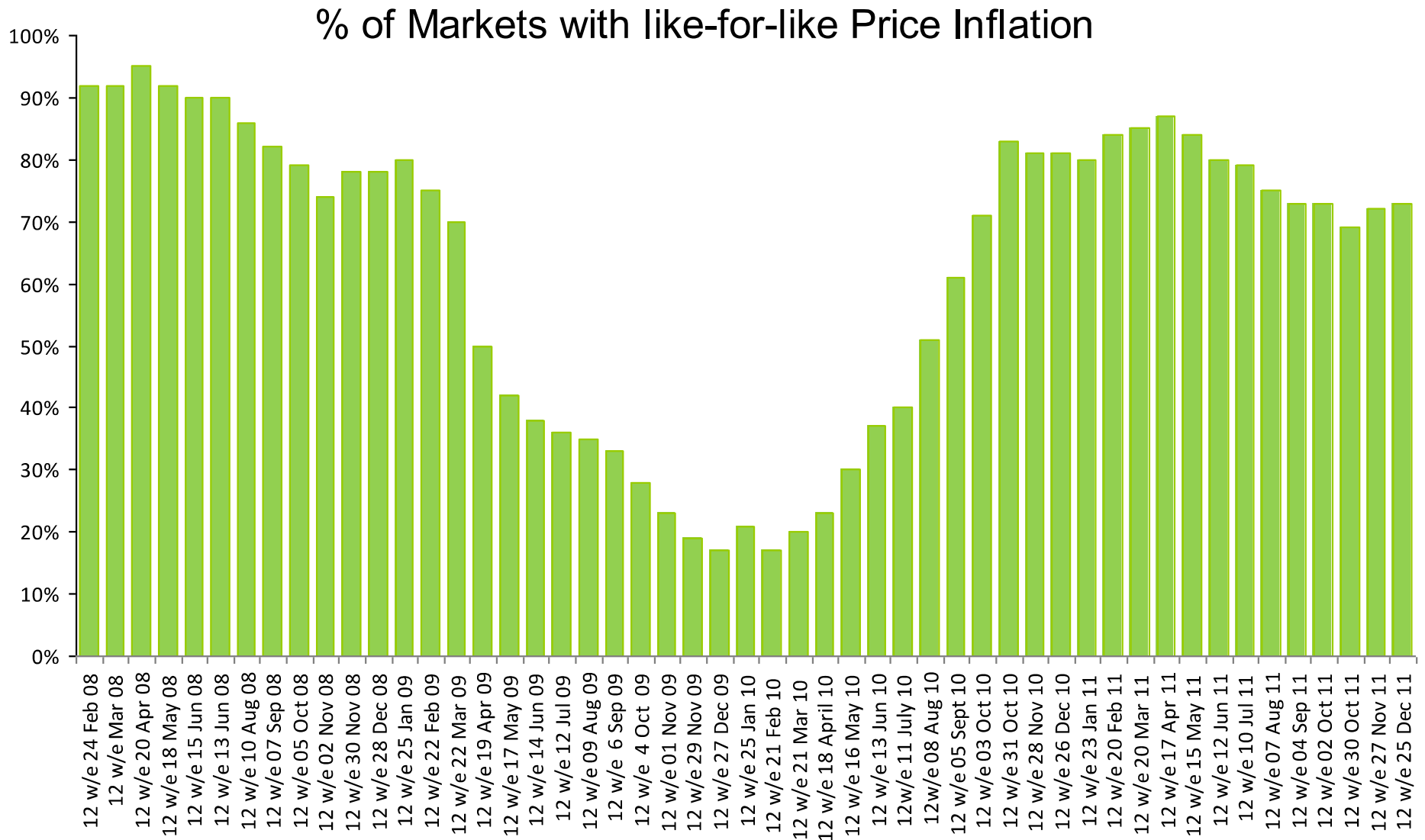
# Change in Household Spend (%) and Inflation Rate

Household Spend change is holding behind inflation, though both are now in positive growth year on year

% change year on year – 12 weekly period

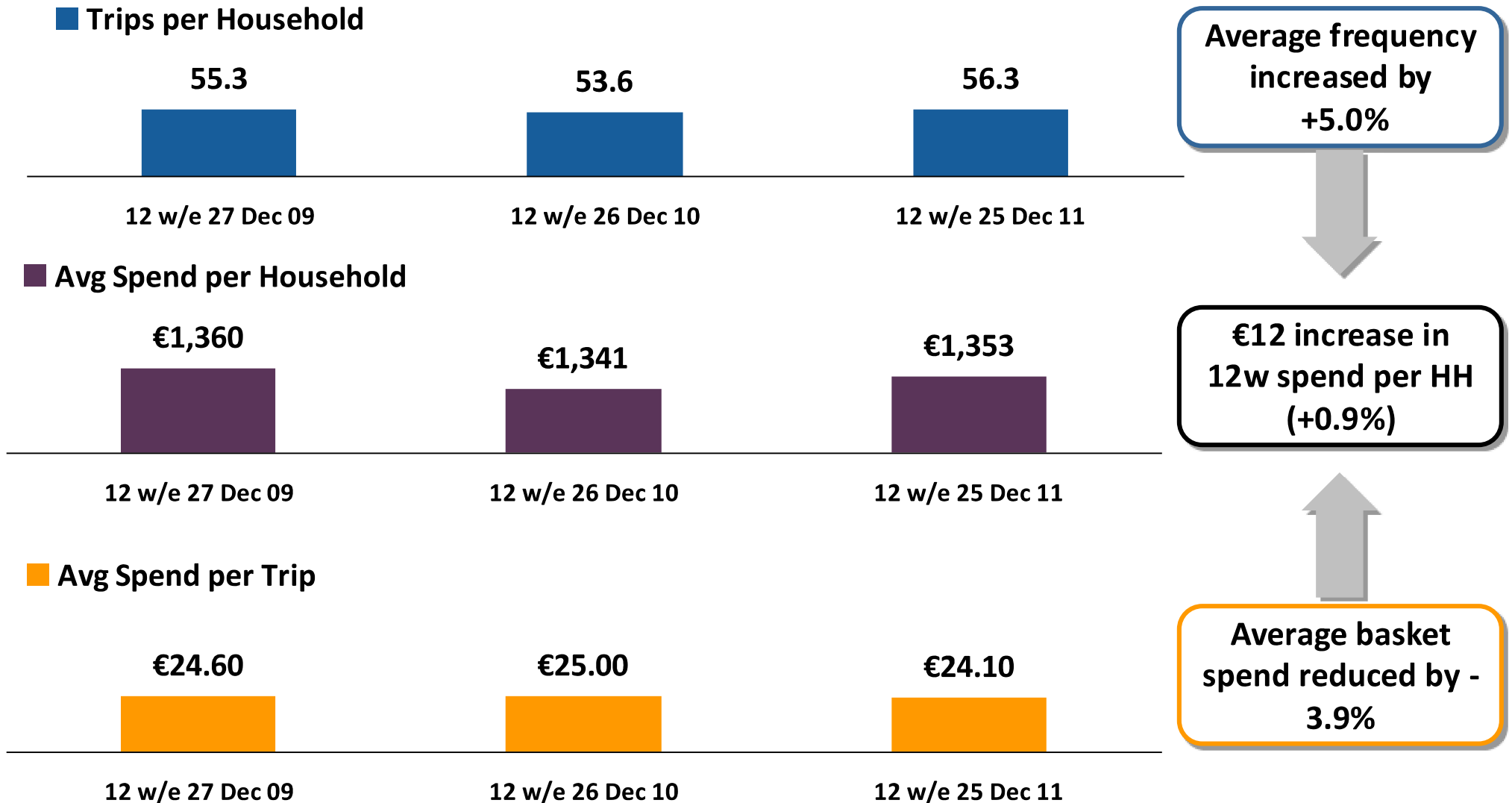


# Inflation is evident in over 70% of the markets



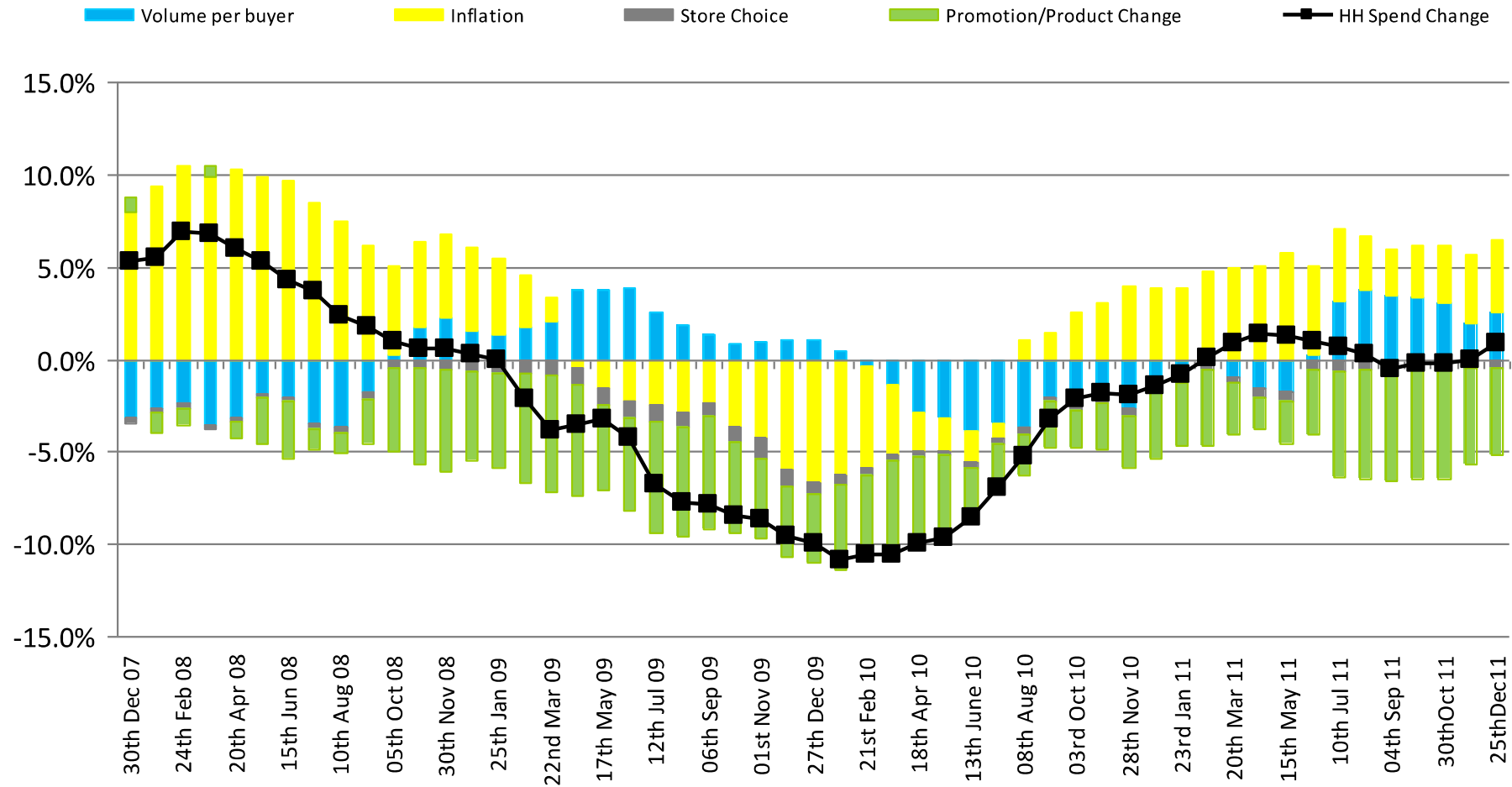
# 12w Total Grocery - changes in consumer shopping behaviour

Irish households are shopping more often this year, but spending less per trip

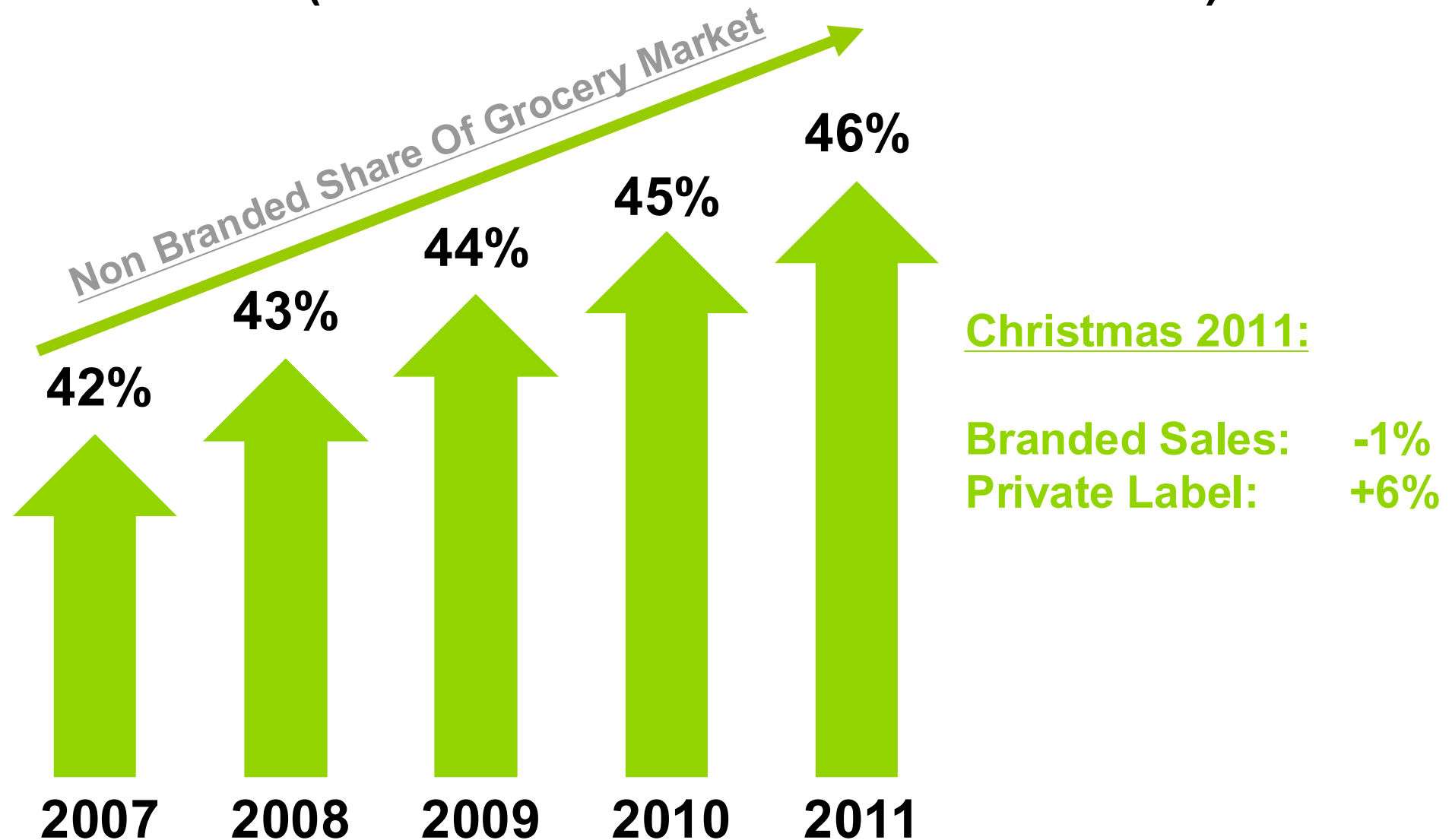


# 12w Total Grocery - Consumer Coping Strategies Trended

Trading down and buying on offer has been a key theme for shoppers since the start of 2008



# Shoppers are increasingly turning to Non Branded Products – (Private Label and No Brand Name\*)

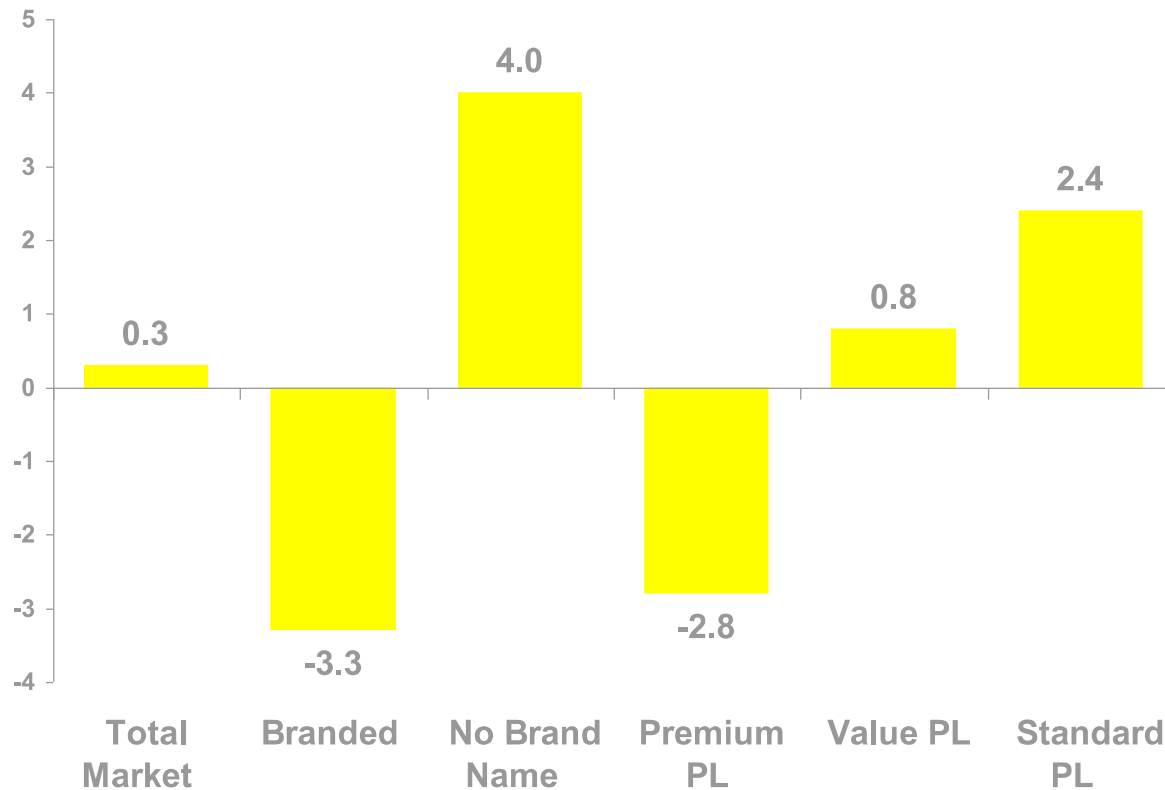


\*No brand name includes loose fruit & Veg, loose meat etc.

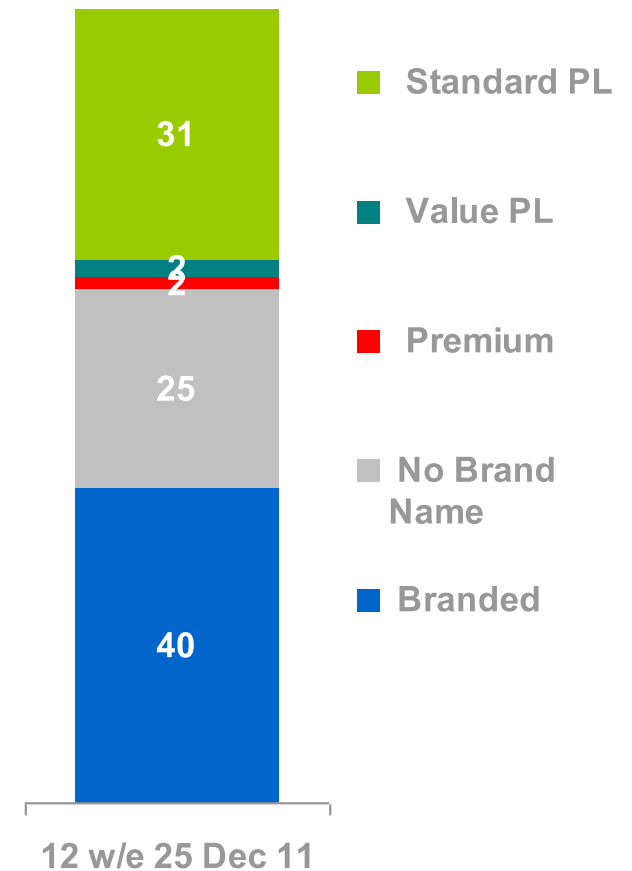
# Grocery Packs Growth by branded, no brand name\* and Private label tier.

Standard and value PL in growth and also non branded products

Growth in Grocery sales (Packs)



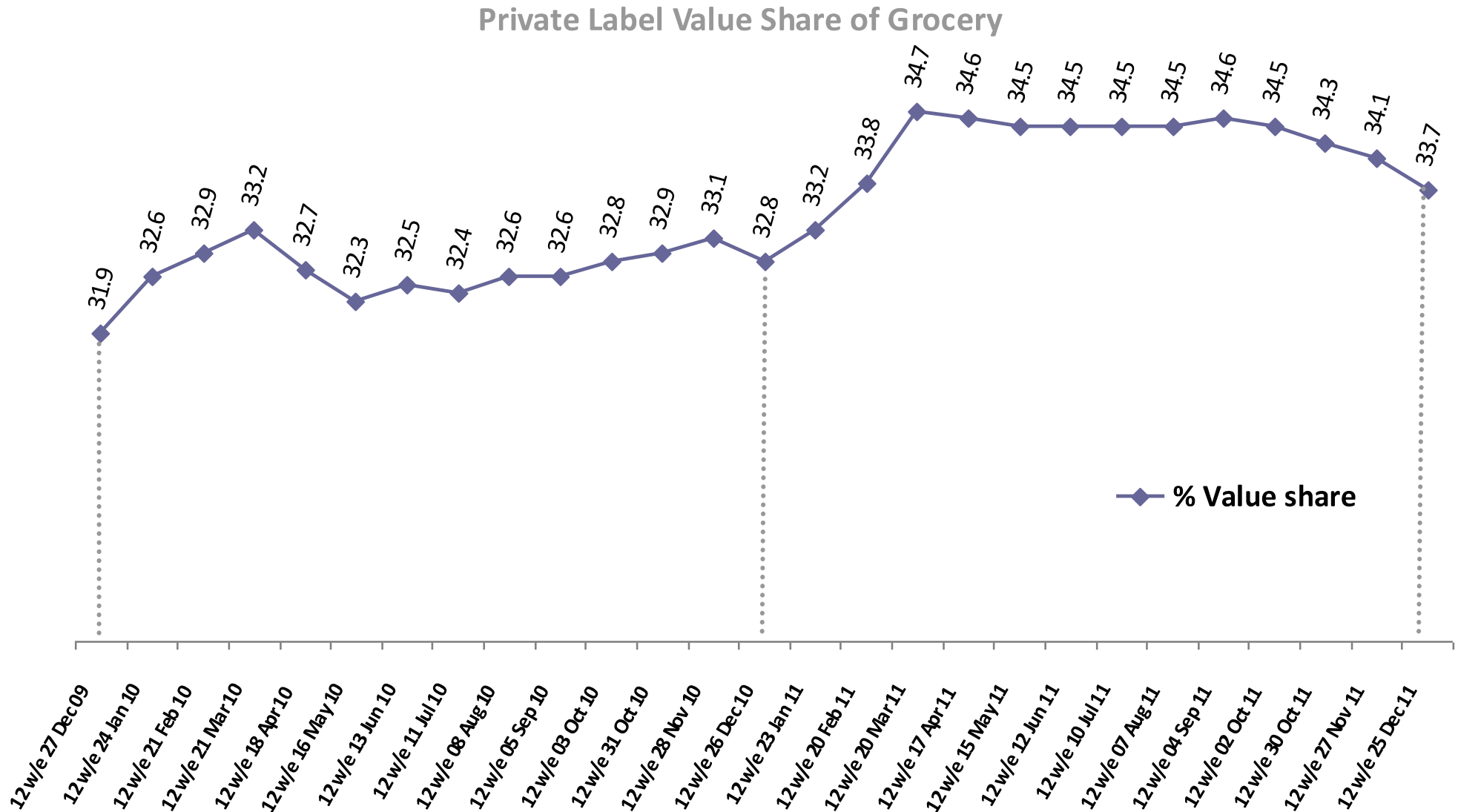
Share of sales



\*No brand name includes loose fruit & Veg, loose meat etc.

# 12w Private Label Value Share of Total Grocery Market

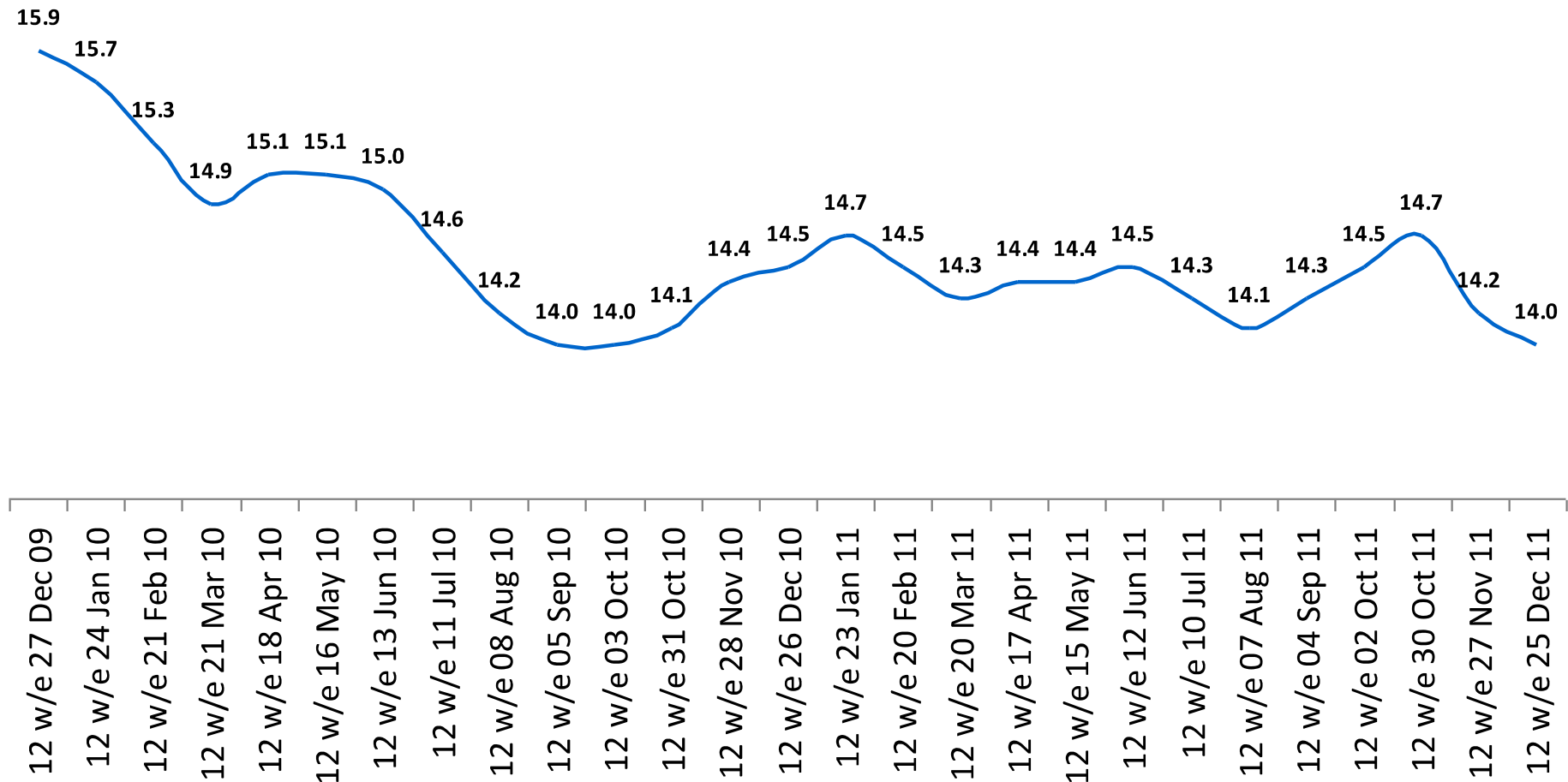
Private label value share has dropped back in the run up to Christmas when consumers tend to prefer brands



# PROMOTIONAL ACTIVITY IN THE TOTAL GROCERY SECTOR

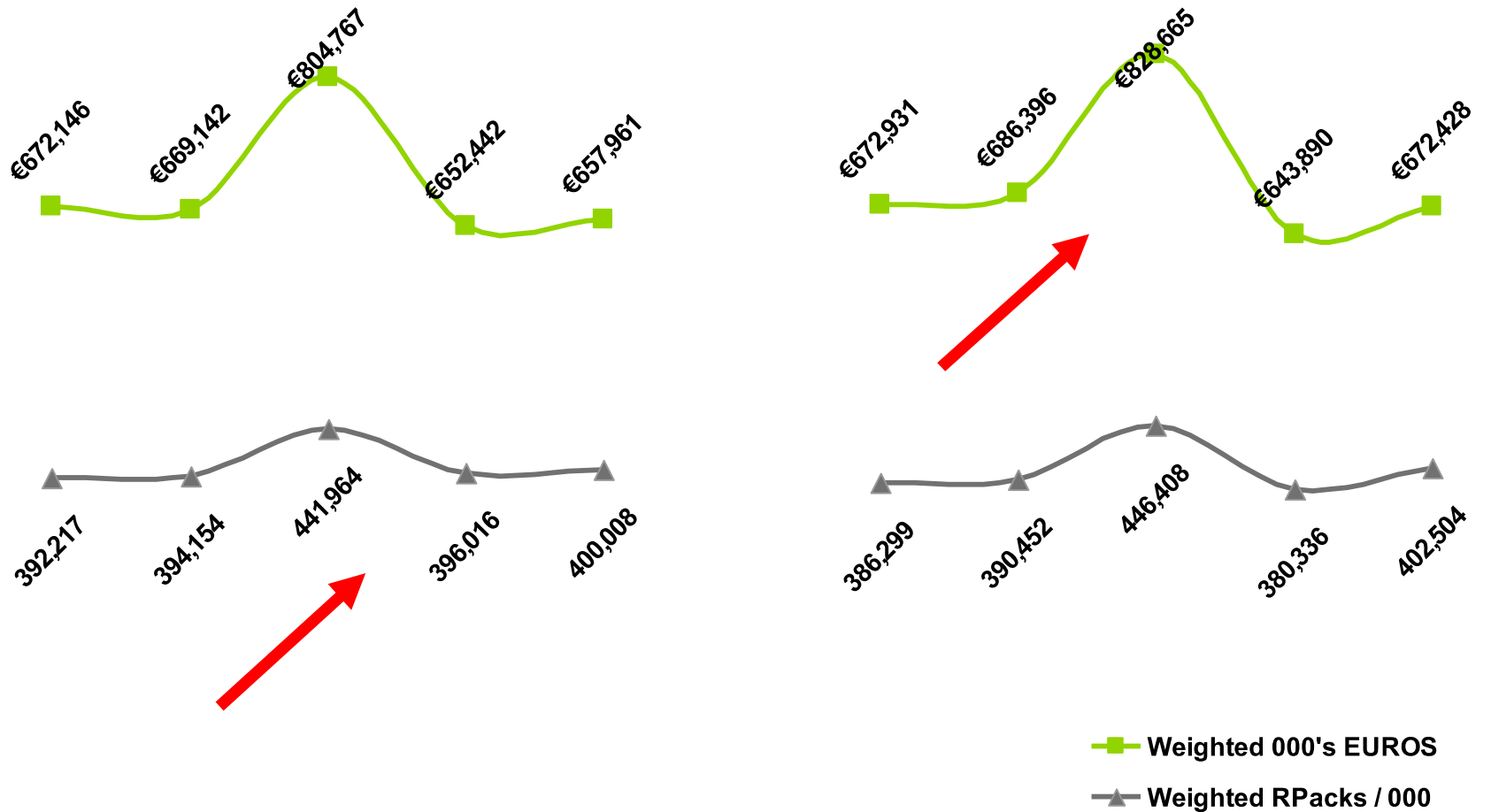
Promotions still remain an important part of the grocery sector – however compared to 2009 Promotions are back

% Packs Sold on Deal in Total Grocery,



# SHOPPING BEHAVIOUR THROUGH CHRISTMAS: SALES (4 week sales)

Shoppers cut back spend in Jan as they buy fewer packs, but purchasing picks up again in Feb



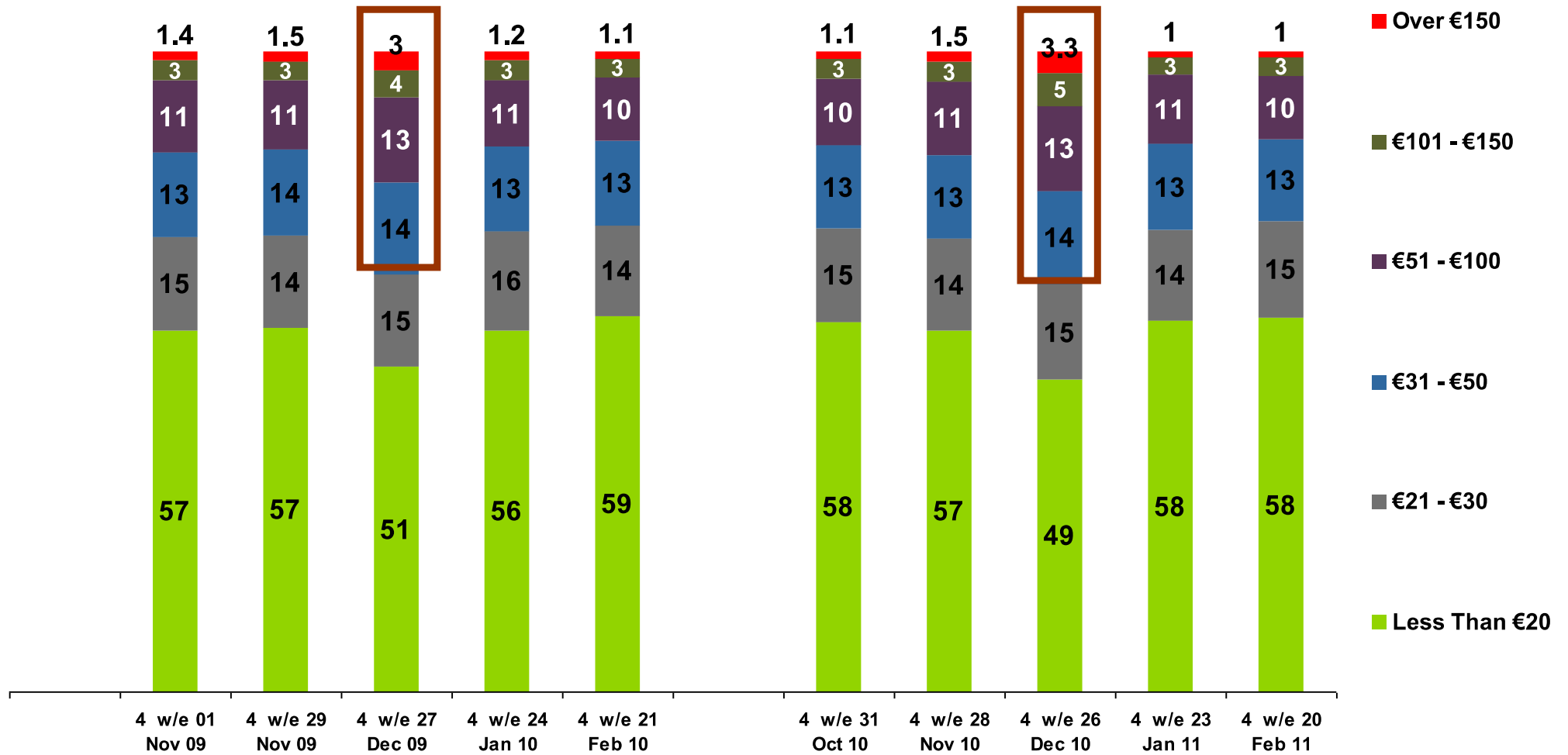
4 w/e 01 Nov 09    4 w/e 29 Nov 09    4 w/e 27 Dec 09    4 w/e 24 Jan 10    4 w/e 21 Feb 10

4 w/e 31 Oct 10    4 w/e 28 Nov 10    4 w/e 26 Dec 10    4 w/e 23 Jan 11    4 w/e 20 Feb 11

# SHOPPING BEHAVIOUR THROUGH CHRISTMAS: BASKET SIZE

## 4w share of purchase occasions by trip type

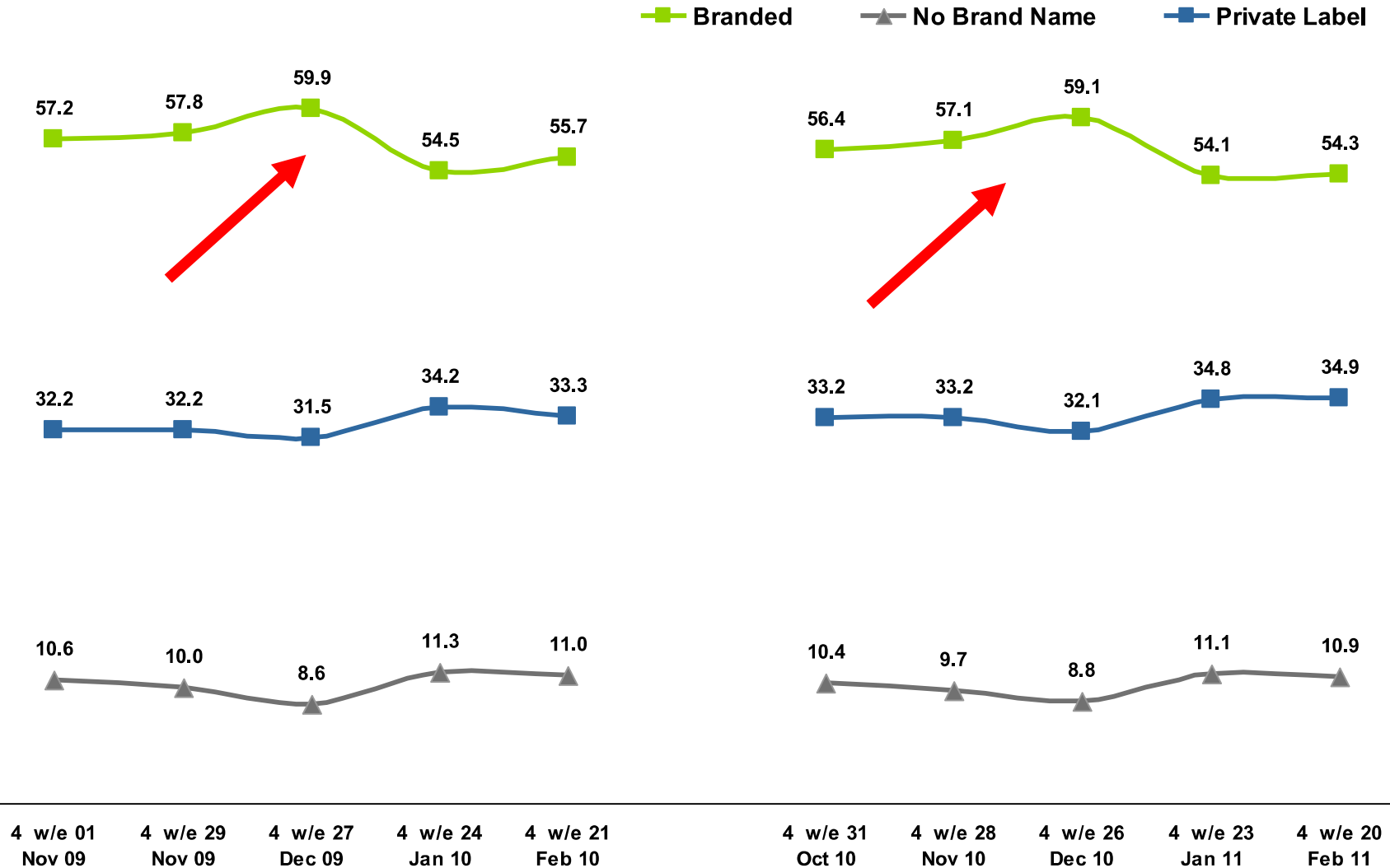
Increase in big shops in Dec, but normal habits are quickly resumed after Christmas



# SHOPPING BEHAVIOUR THROUGH CHRISTMAS: BRANDED

## 4w value sales

Branded goods have a higher share at Christmas, but this drops back in the new year as shoppers look to reduce expenditure





# UK OVERVIEW

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## UK Grocery Update to 25 Dec 2011 – Market Trends Summary

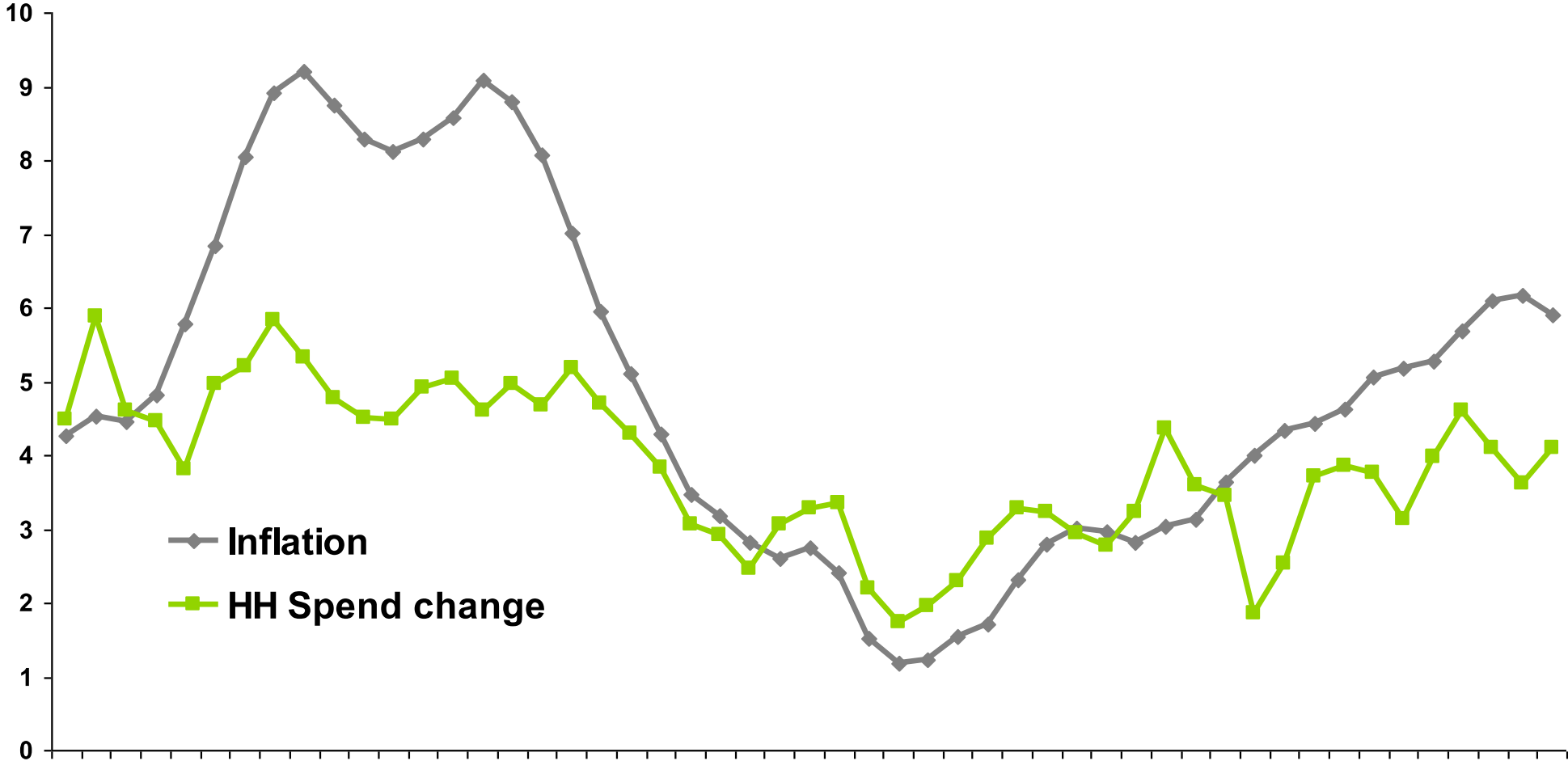
- Inflation rate has started to fall this period. Although prices are still rising, the annual rate at which they are rising has fallen for the first time since late 2010.
- The level of trading down has reduced to 1.8% due to the fall in inflation and less promotional discount on offer.
- Retailers have changed their focus to concentrate their efforts on price competitiveness and away from pushing promotions this period.
- With fewer promotions to turn to, consumers are seeking other ways to trade down. The marked increase in frequency & decline in basket size is indicative of consumer shopping around for the best deals. We have also seen the rise in private label sales and decline in branded and also the continued growth in Budget sales.
- Conversely we see a different tranche of consumers wanting to indulge, possibly at the expense of eating out, as demonstrated by the Premium growth, both in brands and retailers.

# Grocery Market Sales Performance

	10 yrs	3 yrs	1 yr
	+51%	-4%	+1%
	+58%	+15%	+4%

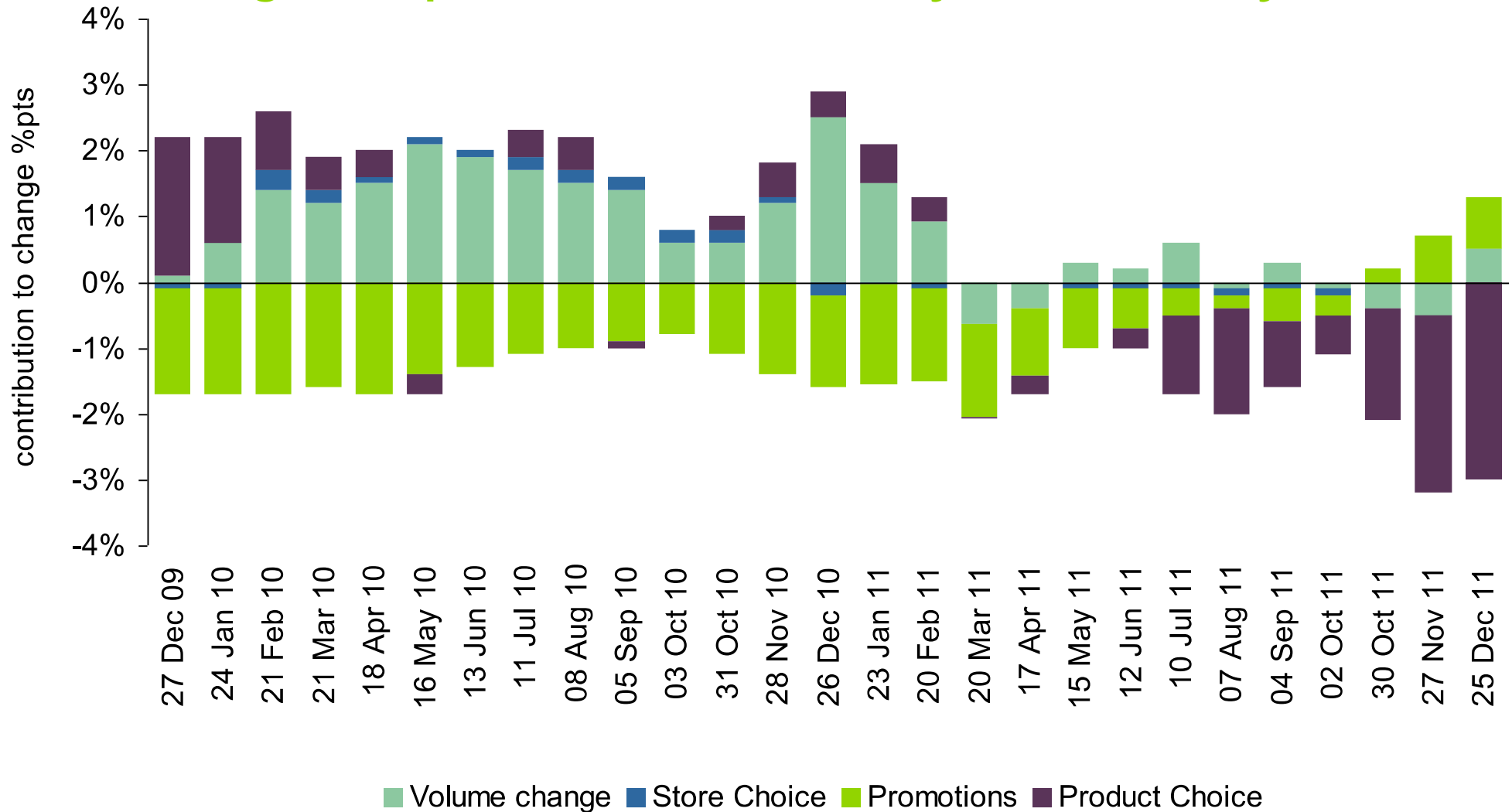
# UK Total Grocery - Value & Household Spend % Change Year on Year

Shoppers in the UK also manage to keep spend below rising inflation



# Trading-Up and Trading-Down Strategies

Shoppers no longer able to save through buying promotions but use trading down product as the main way to save money



Grocery (RST) 12we 25 Dec 2011 (KWP P1)

# UK Grocery Volume (Packs) Growth by Price Band

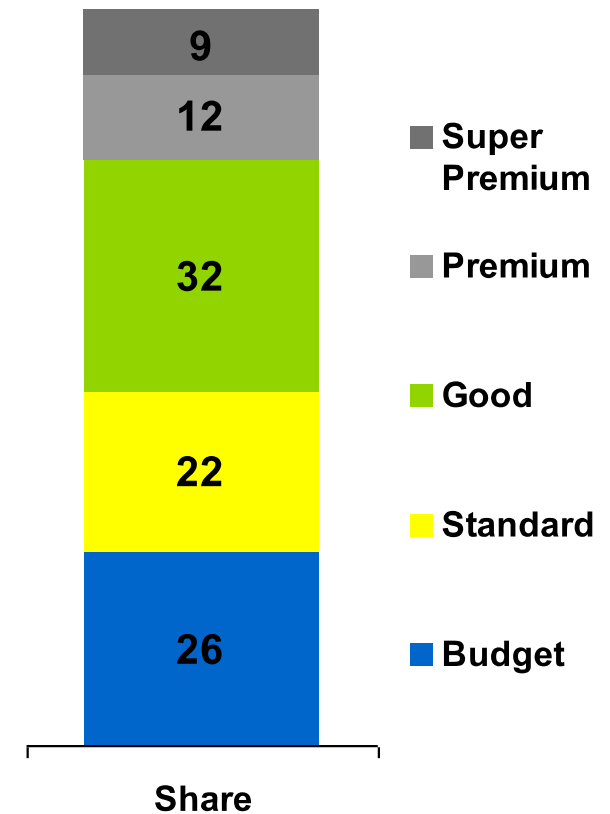
Consumers in the UK continue to trade down to cheaper products. We see an increase in budget products this year which accounts for over a quarter of UK grocery sales

Growth in Grocery sales (Packs)

### Change in sales



### Share of sales

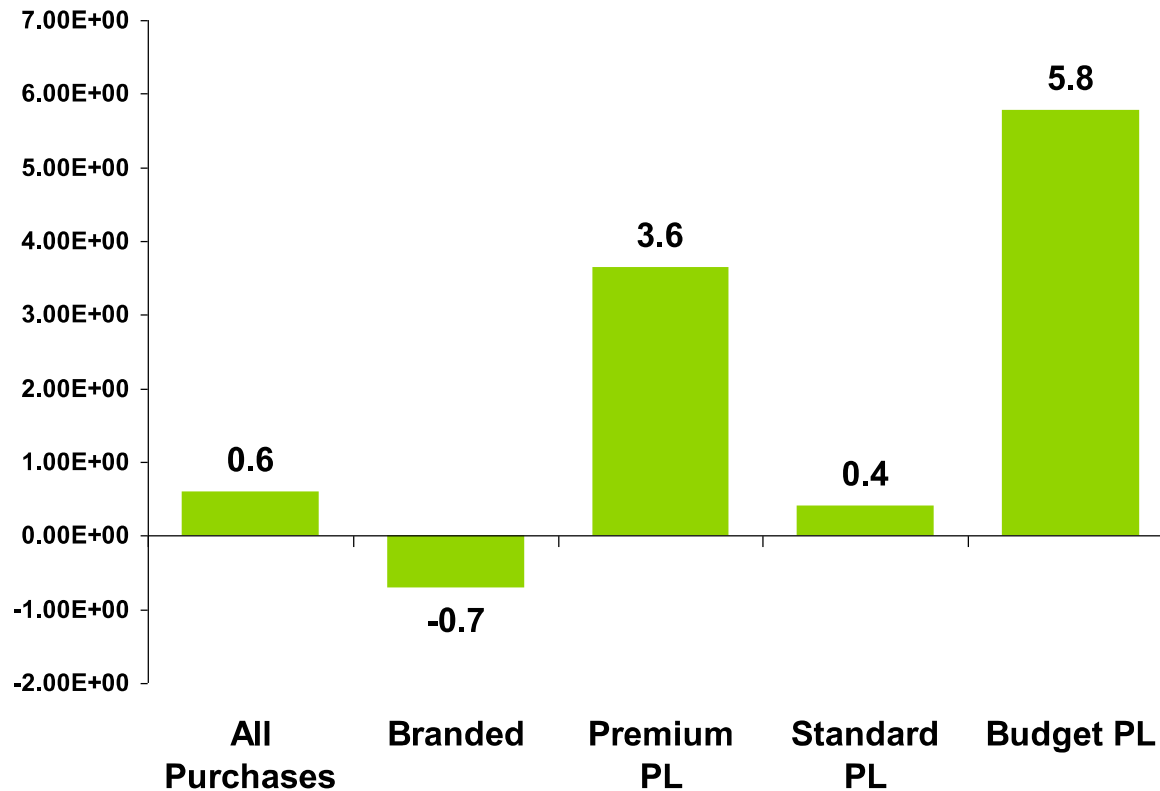


# Grocery Volume (Packs) Growth by Private Label Tier

Budget Private label also shows growth while branded products fall back

Growth in Grocery sales (Packs)

## Change in sales



## Share of sales

