



## ROI GROCERY MARKET REVIEW

Data to 18th March 2012

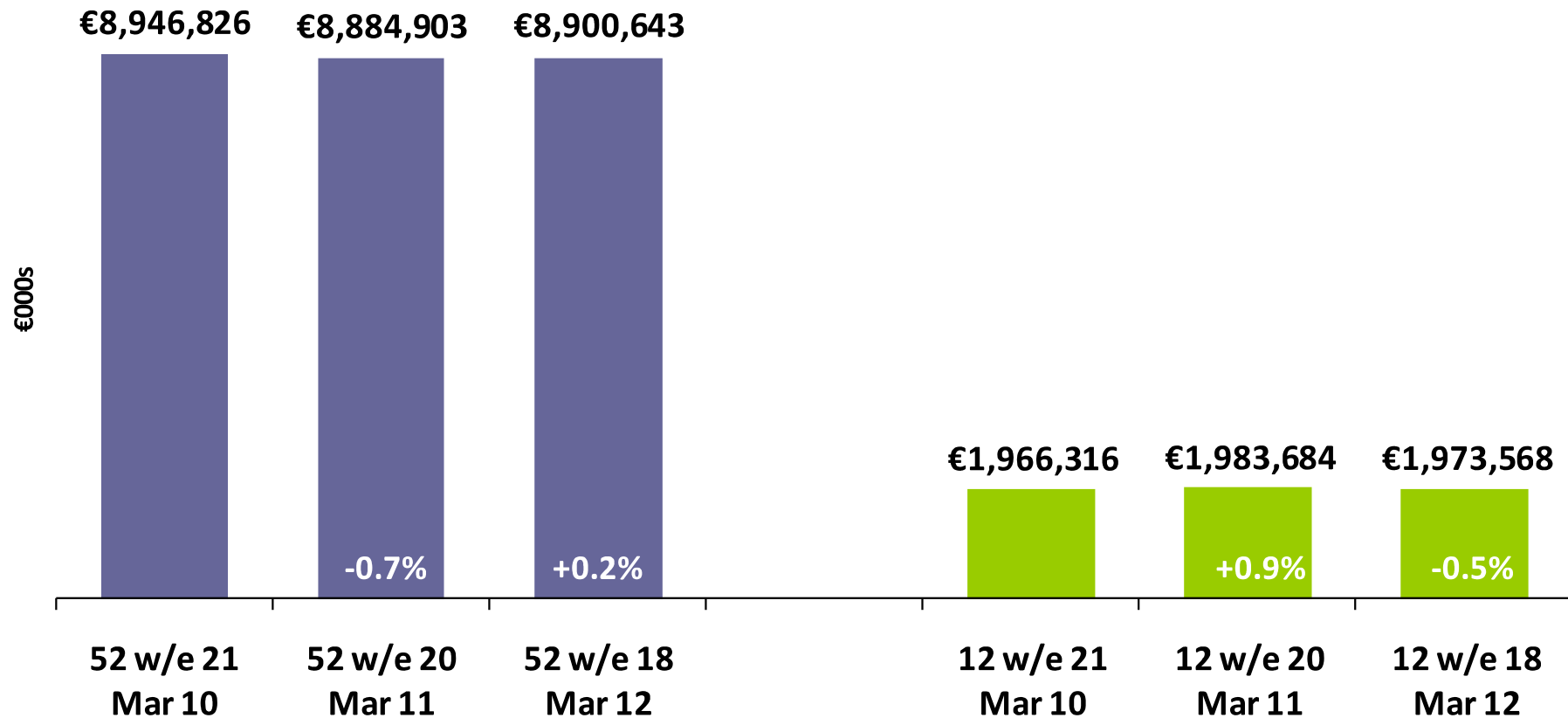
## Market Overview

- The annual market sales are ahead of last year, with growth of +0.2% year-on-year.
- Over the shorter term, market value has declined 0.5% 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 the average spend per trip has reduced by 3.7%.
- Private label continues to be important as a method of reducing spend with a market share at 35.4%.



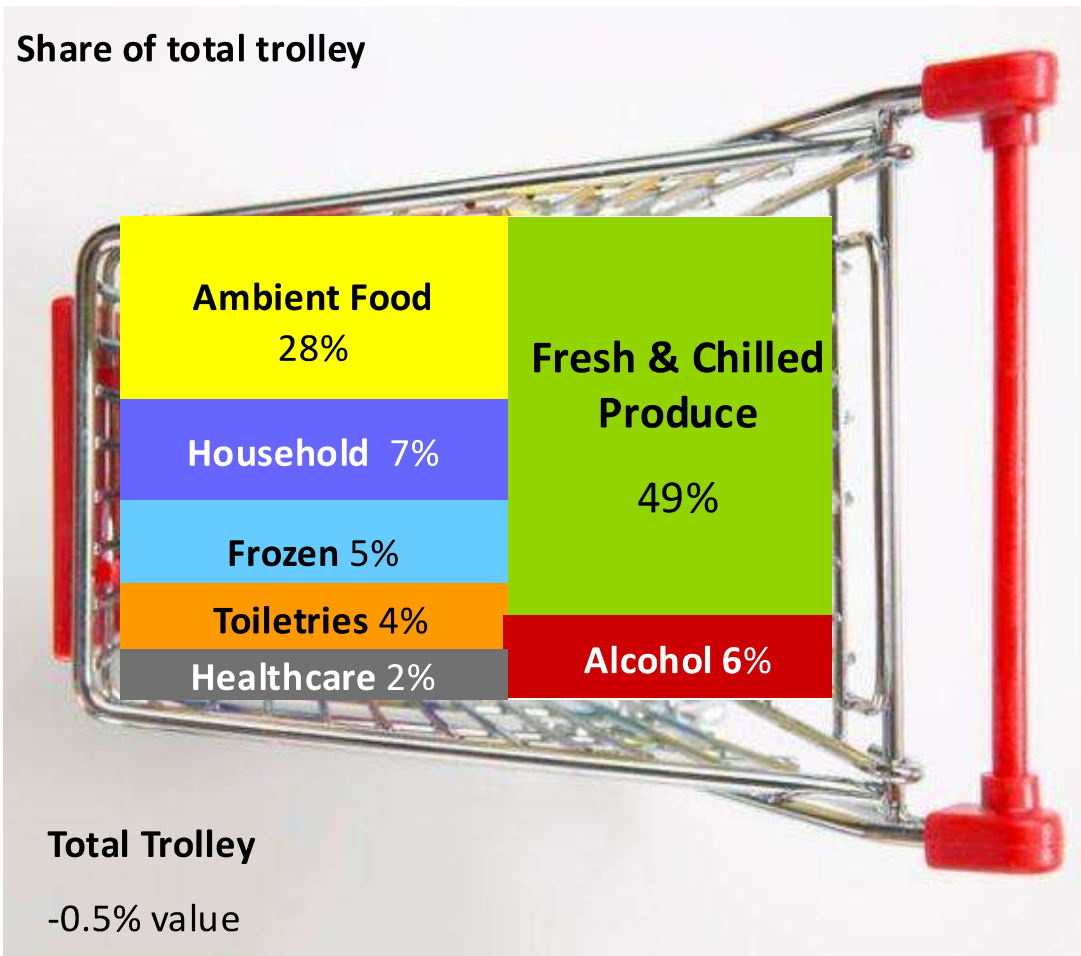
**The Irish grocery market** is in growth over 52w by just **+0.2%**. Over 12w, the grocery market is in decline of **-0.5%** in comparison to same period last year.

### Total Grocery - market value & YoY %chg



Quarterly, the majority of markets falls back while Alcohol has a strong performance this quarter

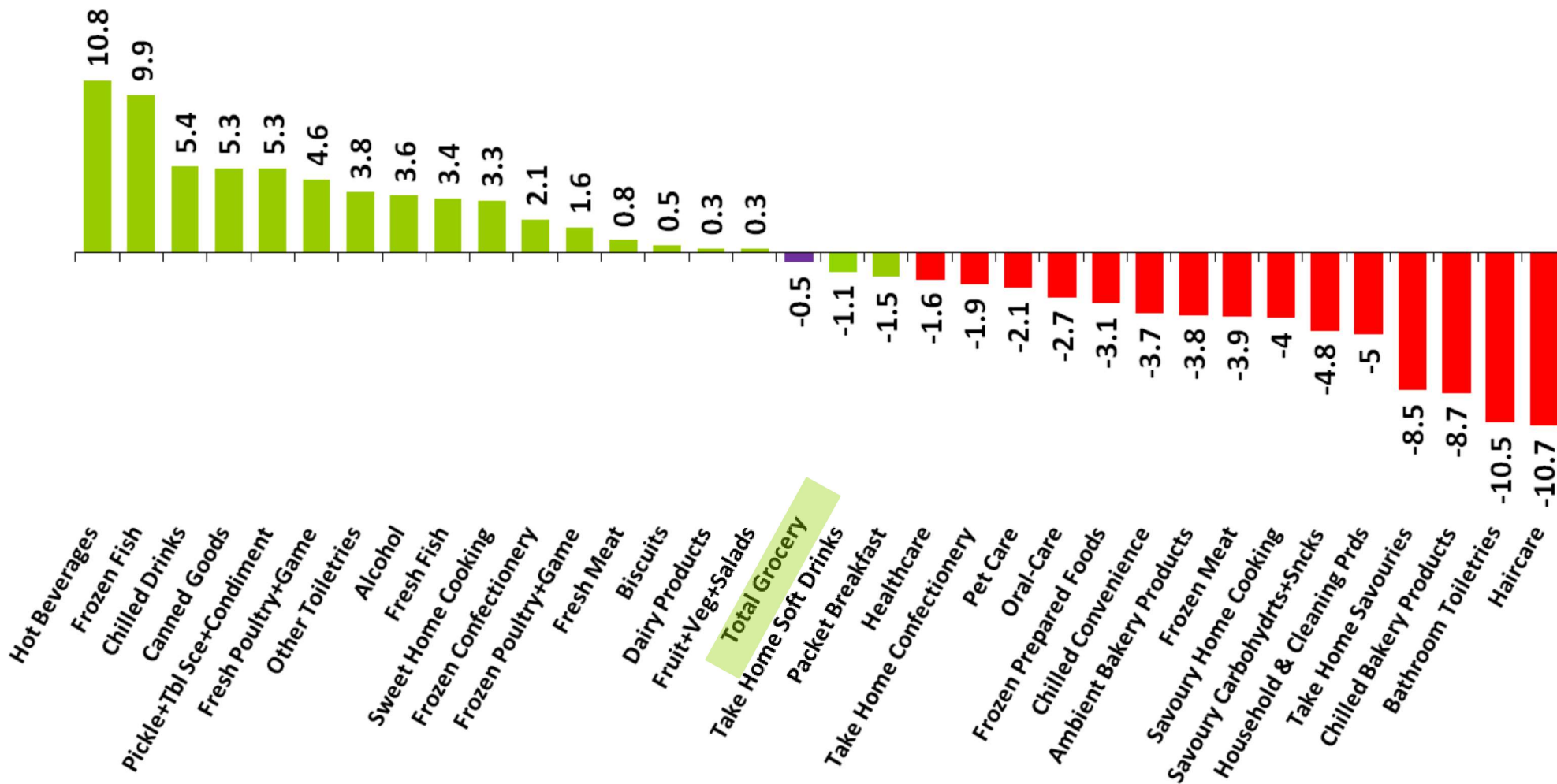
12w Total Grocery - sectors value shares & YoY %chg



Total Grocery	-0.5
Alcohol*	3.6
Healthcare	-1.6
Household	-4.4
Toiletries	-6.5
Ambient Food	-0.9
Fresh & Chilled	0.3
Frozen Food	0.0

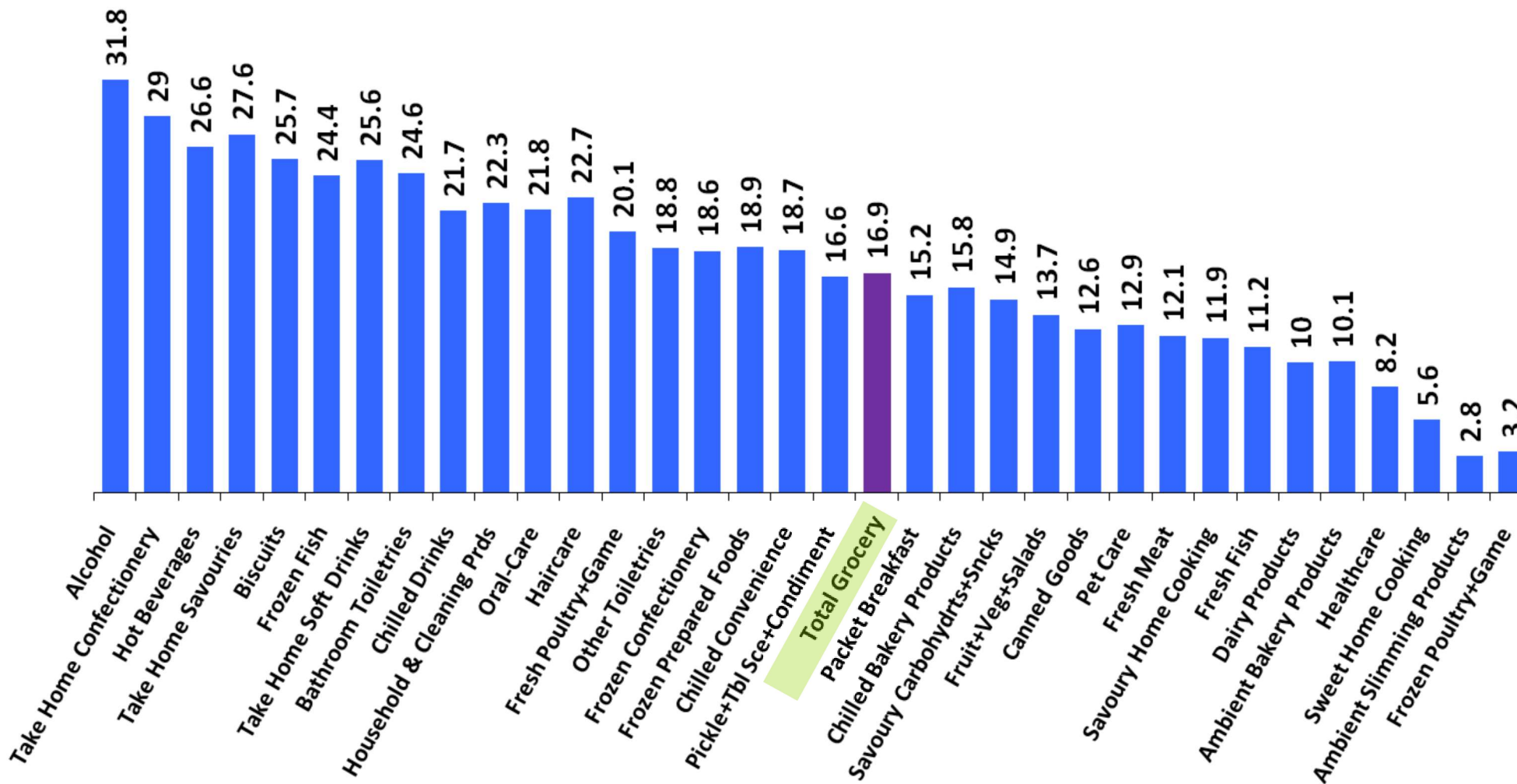
Hot Beverages, Fresh Fish and Chilled Drinks have performed best year on year.

12w Total Grocery - value % chg by category



**Alcohol, Drinks and Snacks** have the highest proportion of packs sold on deal. Staples such as Dairy, Bakery and Canned Goods have lower promotional levels

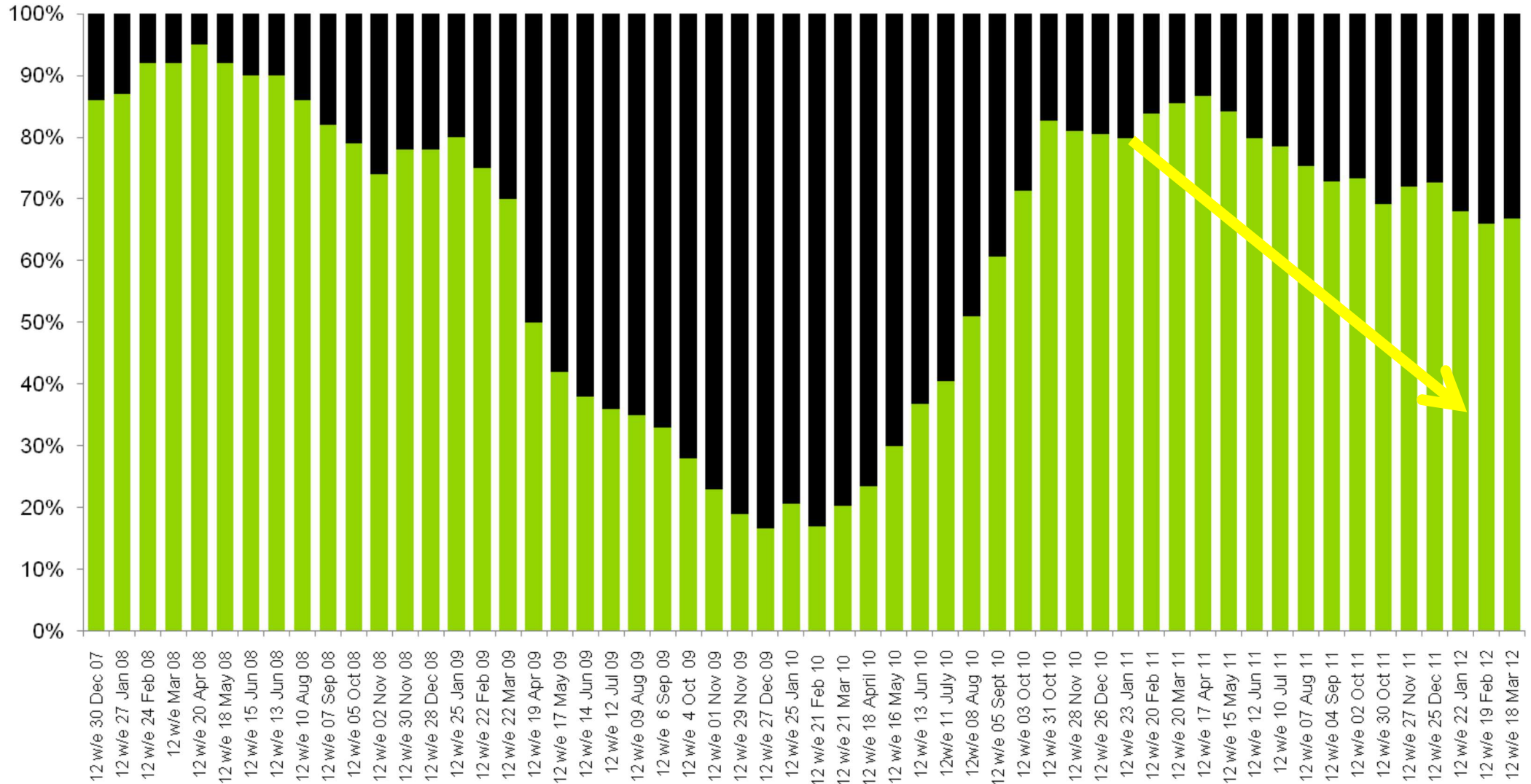
12w Total Grocery - pack % sold on deal by category



# While inflation is still very evident, it begins to fall back slightly, impacting on consumer spend

12w Total Grocery – proportion of markets in growth & decline

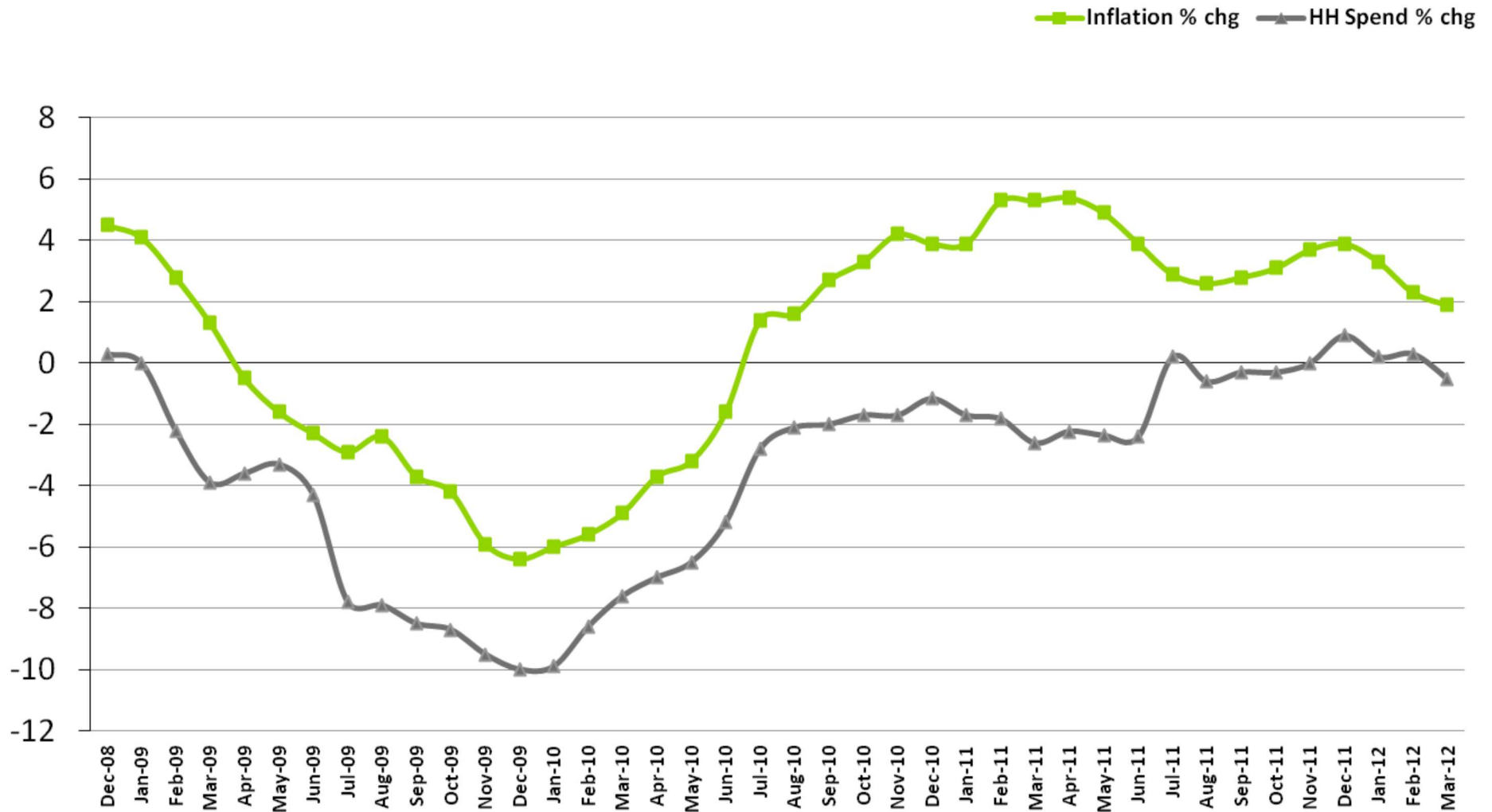
■ Markets in Deflation ■ Markets in Inflation



# Change in Household Spend and Inflation rate

Household Spend has dropped back by -0.5% YoY as inflation rate slows

% change year on year – 12 weekly period



With **less disposable income**, shoppers are looking for ways to cut back in any way they can and grocery is no exception

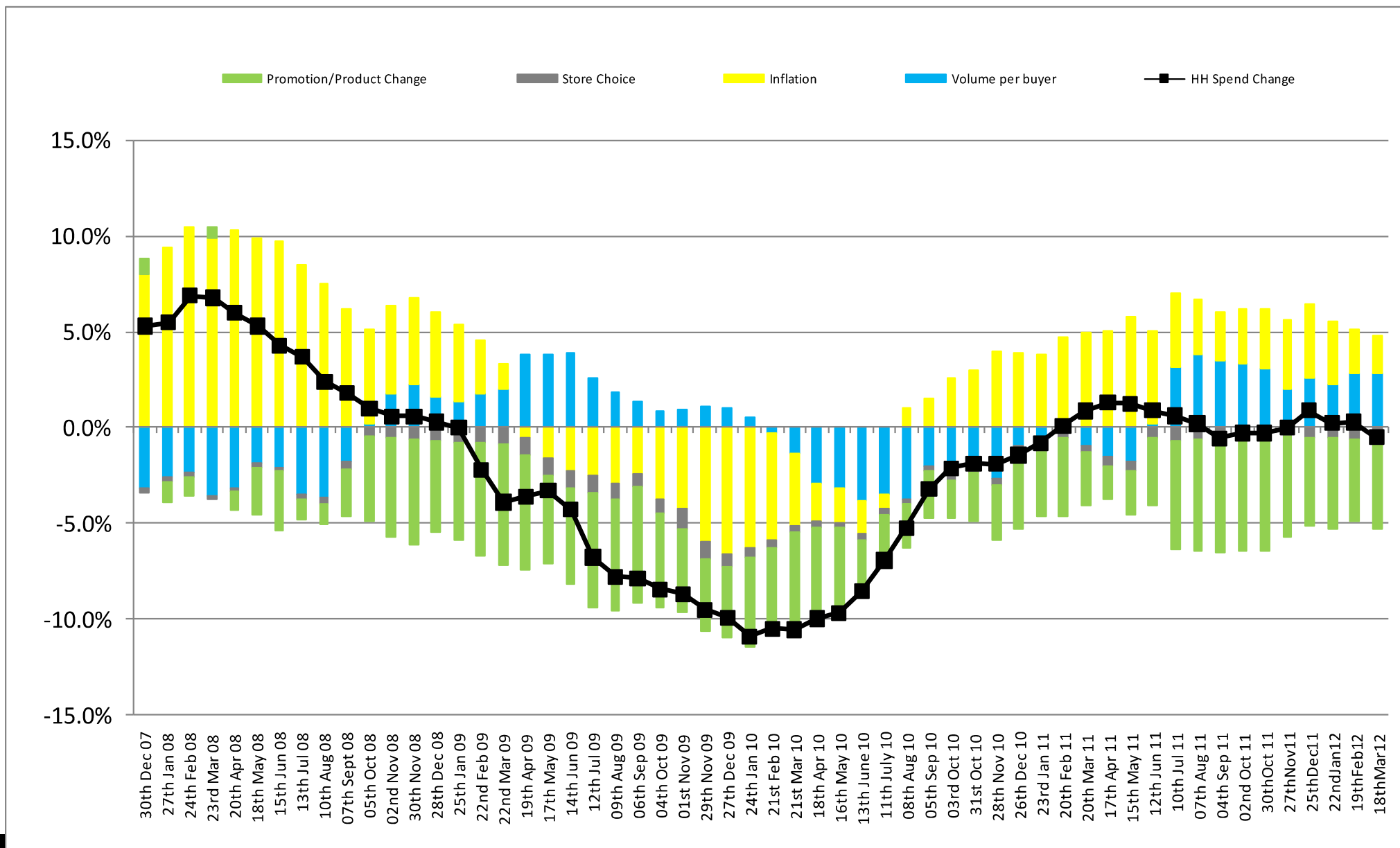
---

**The average individual disposable income is €21,010 as we enter 2012.**

€3,370 less than in 2008,  
and €1,150 less than last year (2010).

Source: CSO Household Budget Survey

# Shoppers are **buying more volume** this year, in order to reduce spend, they are **purchasing on offer and trading down** product lines

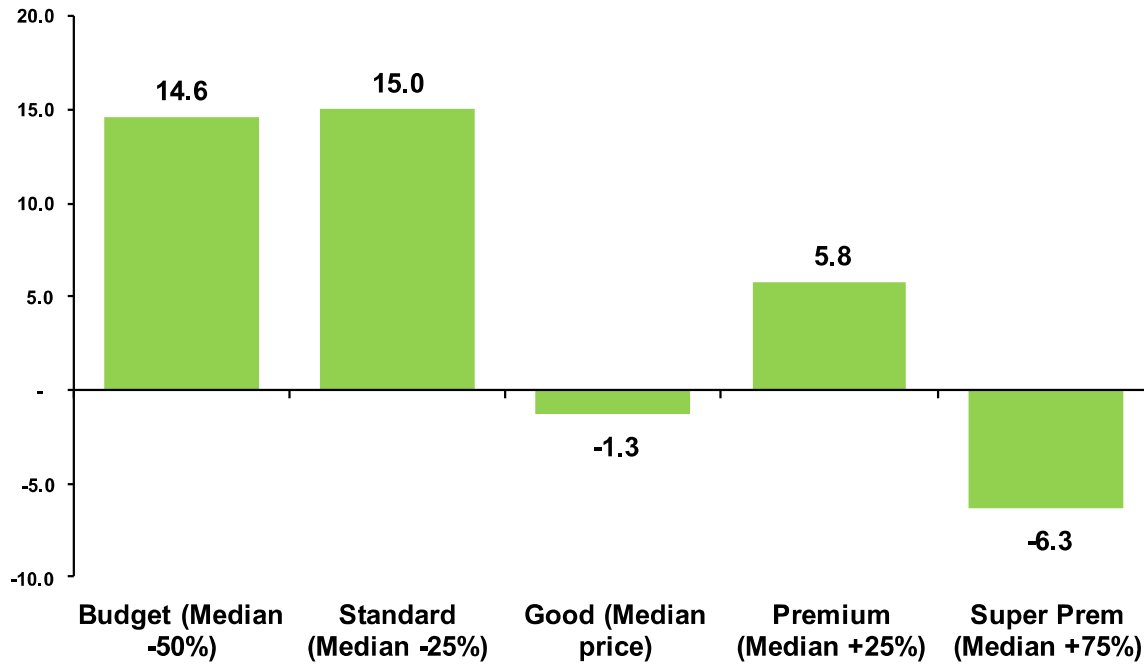


# Strong growth in budget products as shoppers trade down price tier

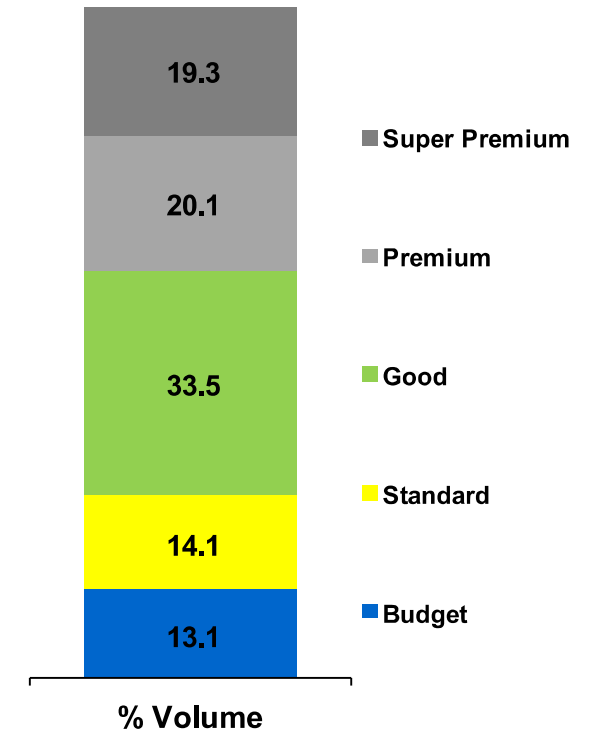
## Grocery Volume Growth by Price Brand

Growth in Grocery sales (Volume)

### Change in sales



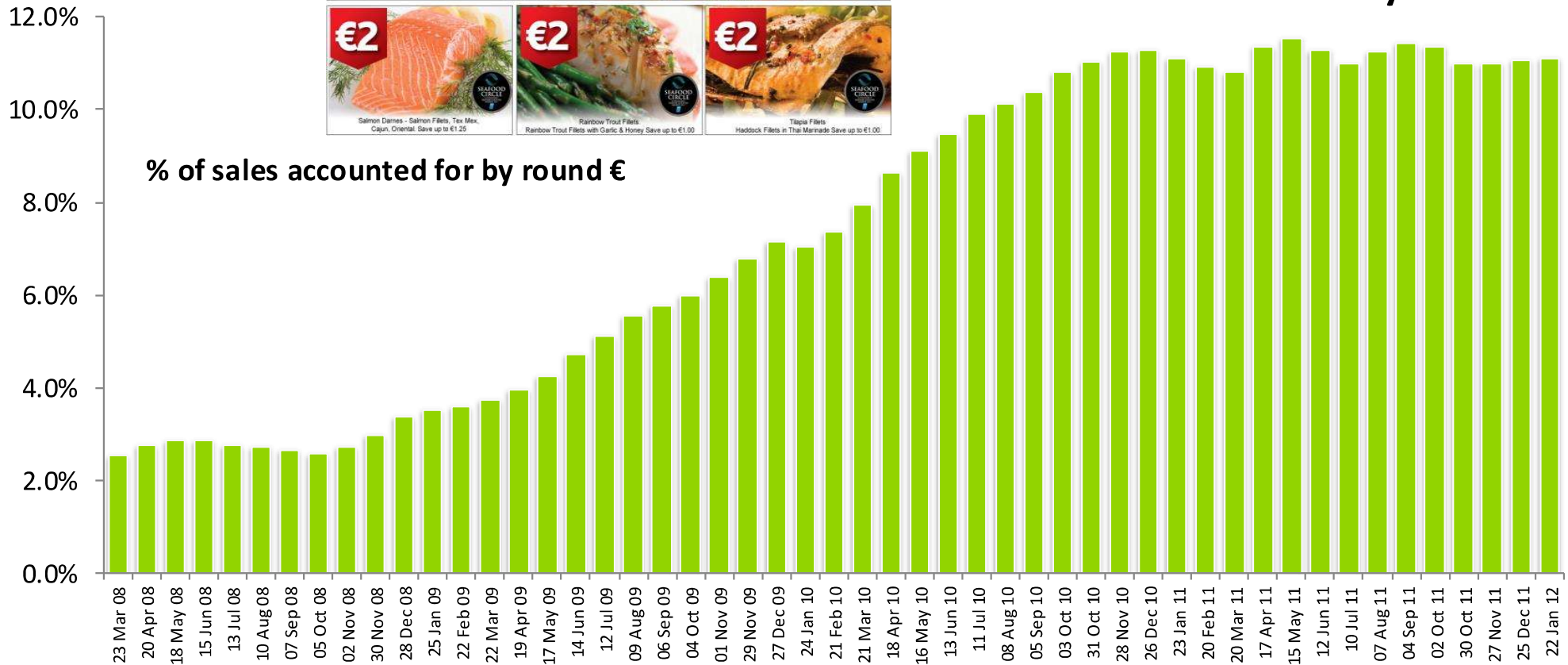
### Share of sales



# The prevalence of mechanics such as **round euro pricing** shows the importance of deals to the Irish grocery market



Share of sales has stabilised over the last year averaging at **11% of Total Grocery**

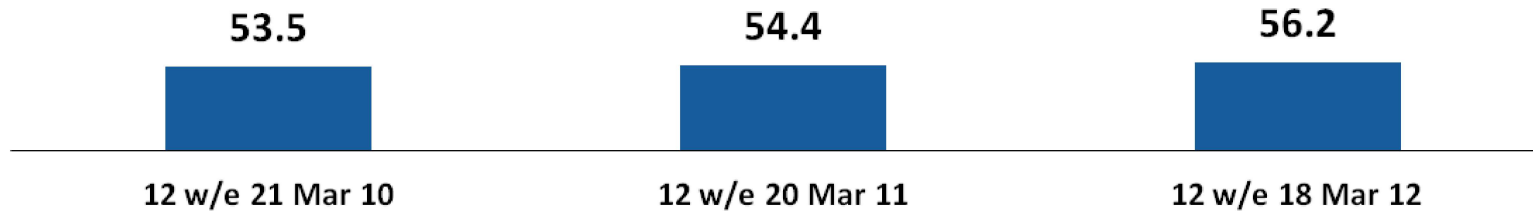


12 w/e to 22<sup>nd</sup> Jan 2012

Irish households are **shopping more often** this year, but spending an average of **€0.80 less per trip** as a result of promotions and trading down

### 12w Total Grocery - changes in consumer shopping behaviour

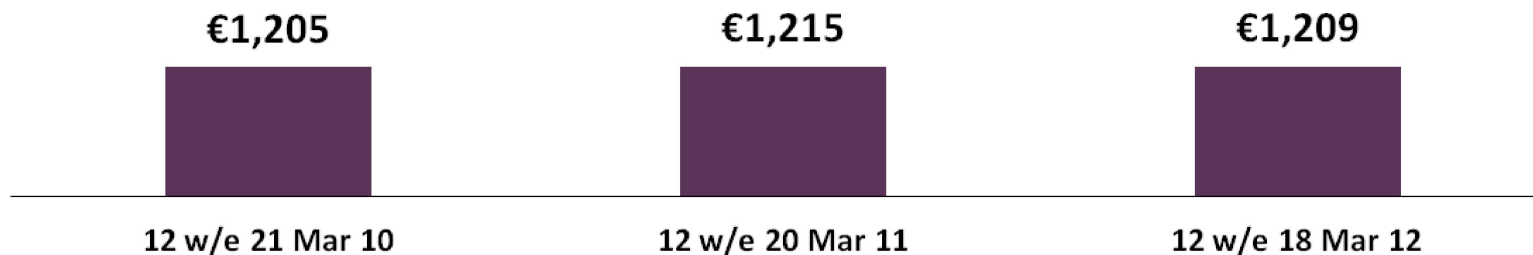
#### ■ Trips per Household



Average frequency increased by +3.3%



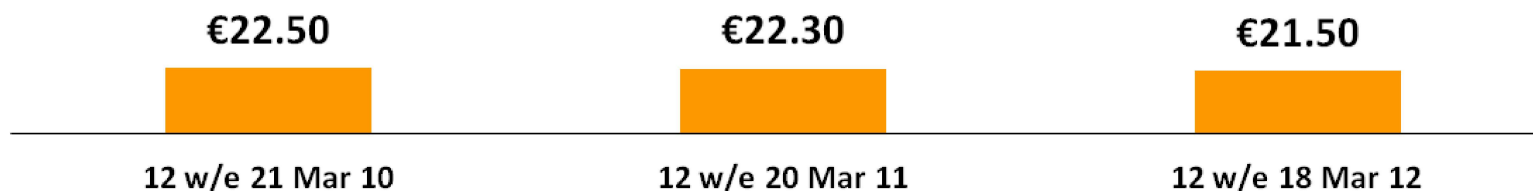
#### ■ Avg Spend per Household



€6 decrease in 12w spend per HH (-0.5%)






#### ■ Avg Spend per Trip



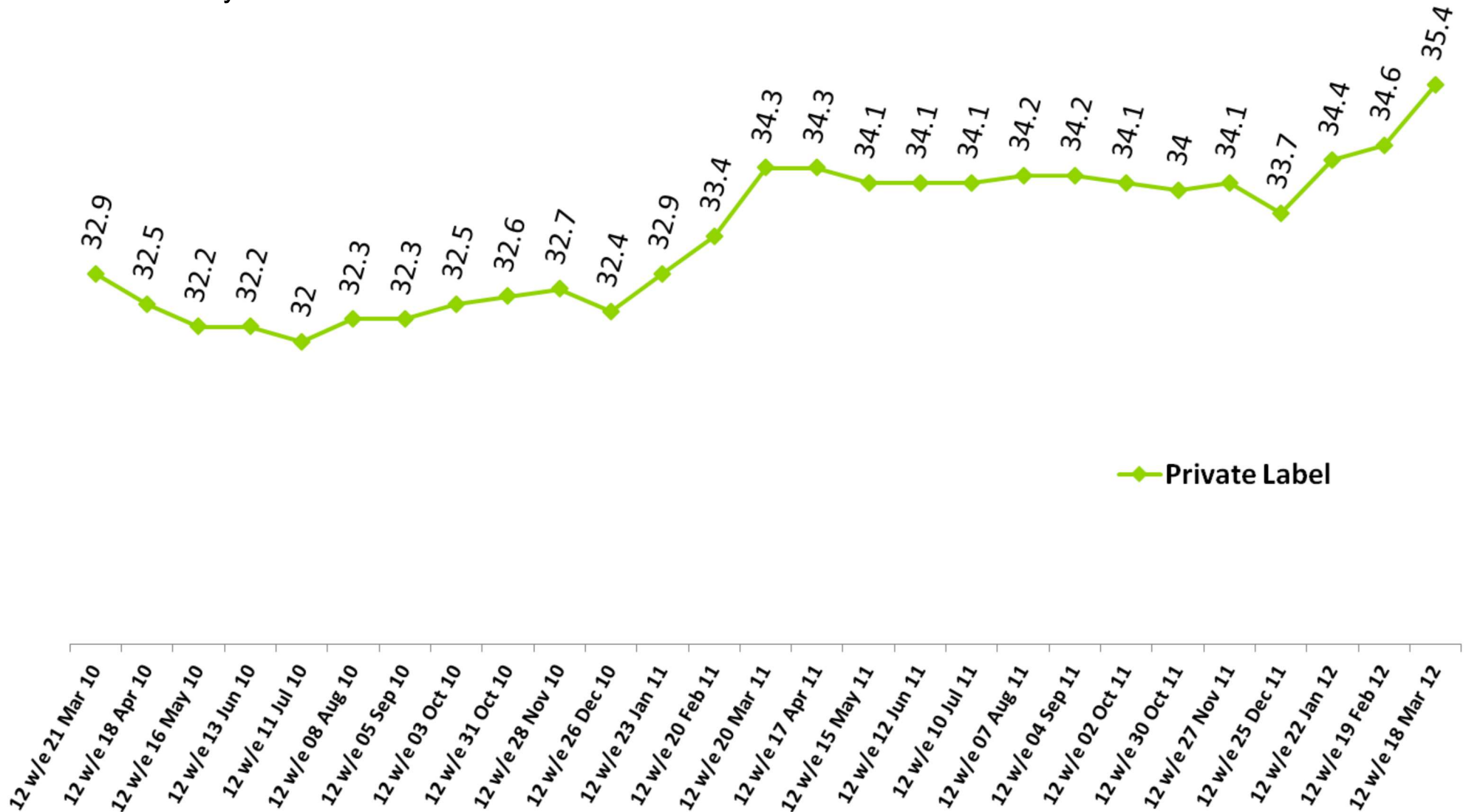
Average basket spend reduced by -3.7%

# Growth in the number of shopping trips across Ireland continues to put more emphasis on smaller basket shops

		2010	2011
	Trolley 10+ items	58.7%	58.5%
	Basket 4-9 items	36.9%	37.3%
	Destination 1-3 items	4.4%	4.2%

# Private label continues to be important as a method of reducing spend and now sees the **highest share in two years** of Irish grocery

12w Total Grocery – PL value%

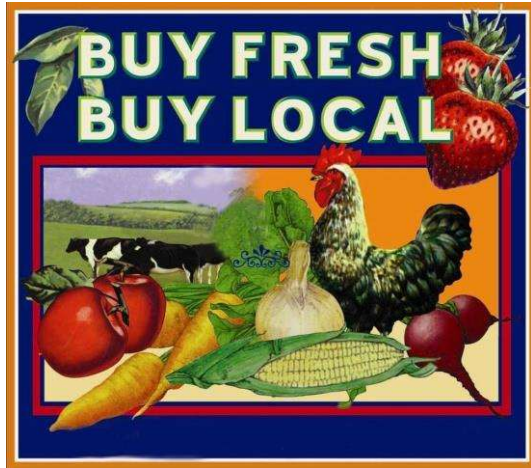


---

---

What kind of consumer  
trends are we seeing  
evidence of?

In the current climate, more emphasis is placed on traditional values



62% agree: I try to buy local

More emphasis on doing our bit for the economy and buying local

Health is becoming more important in the minds of consumers



61%: nutrition impacts



49%: family breakfast (32%)  
87%: sunday lunch (72%)  
76%: Saturday meal (60%)

More emphasis on in home occasions

% of shoppers agreeing to the statements

Source: KWP lifestyle and attitudes survey 2011

# UK Market Overview



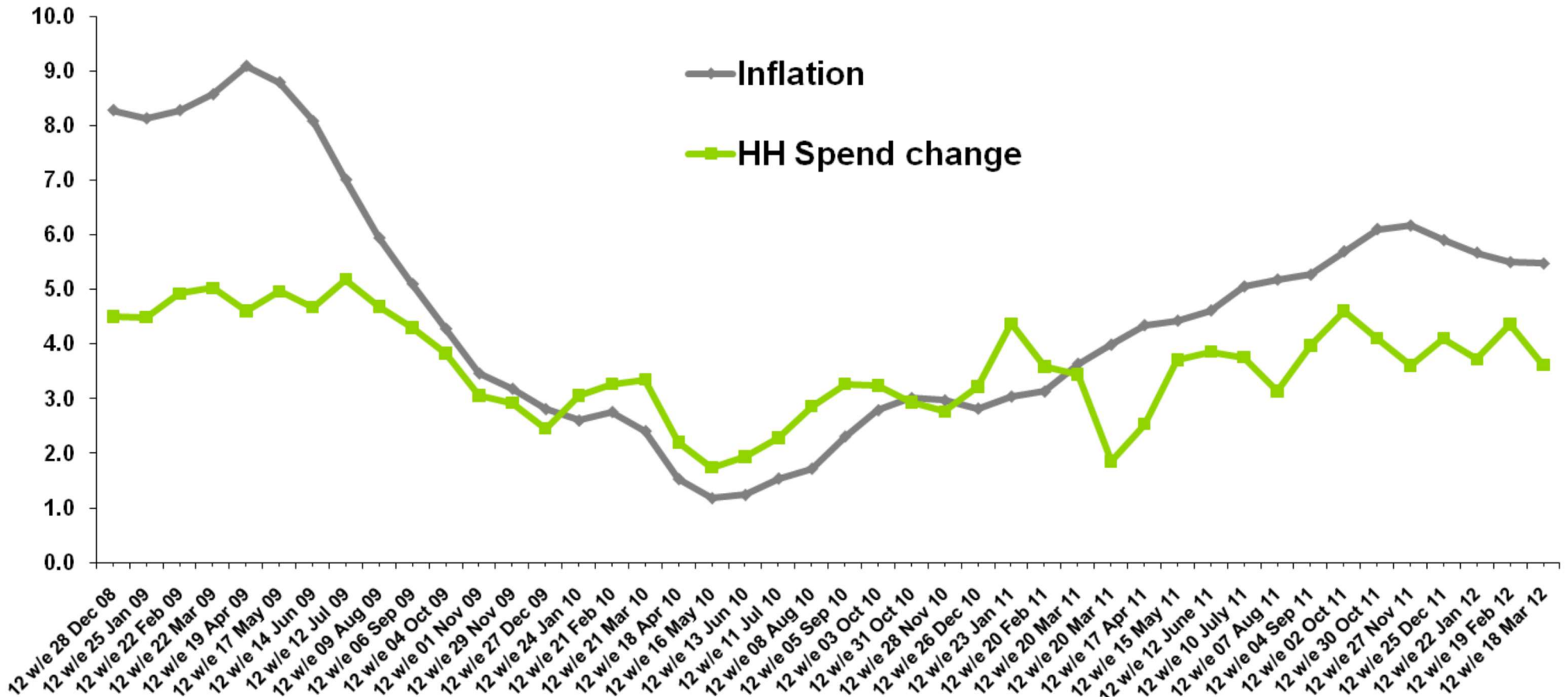
# UK CURRENT THEMES

---

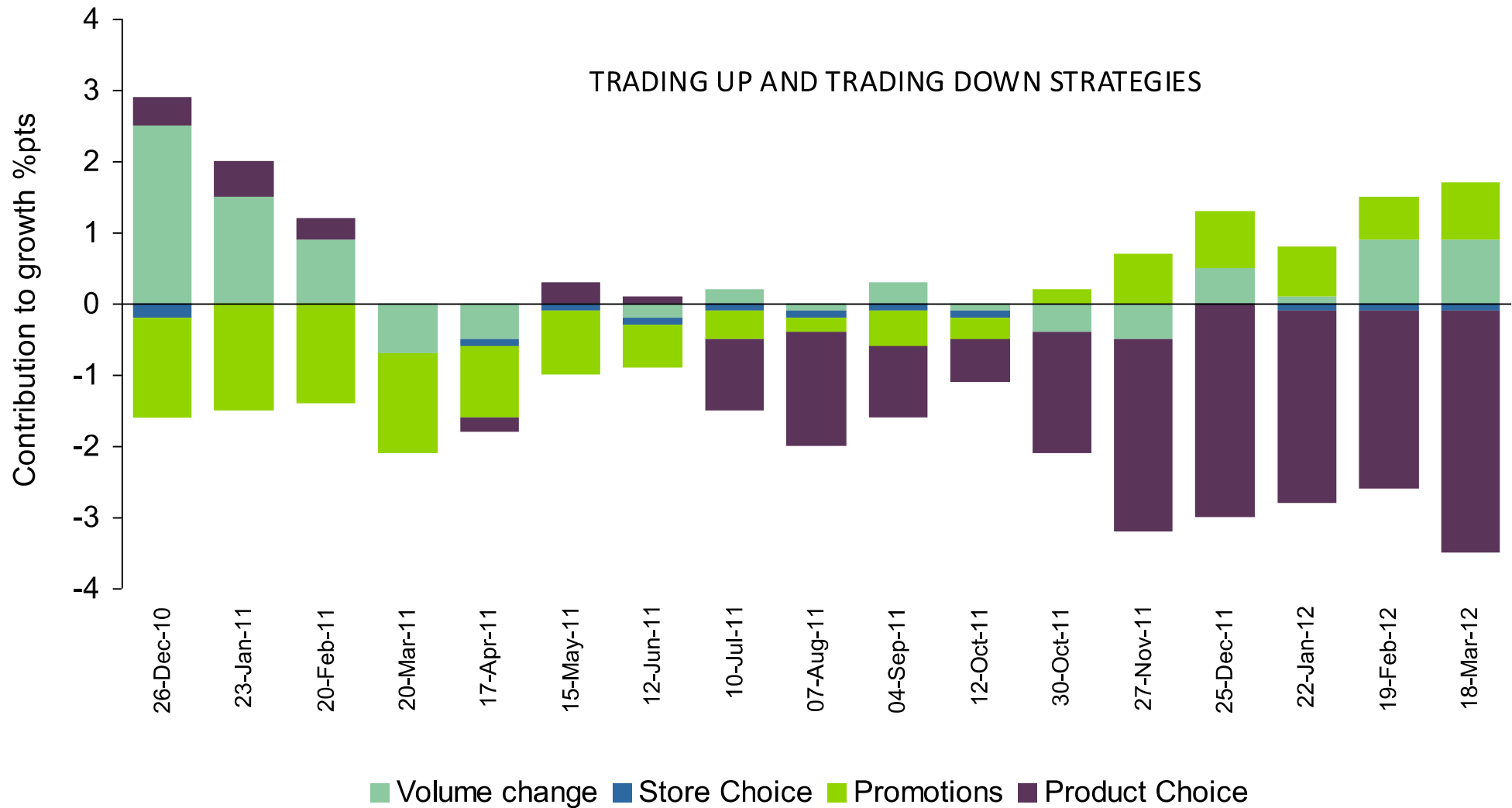
- Product choice is still the main strategy for trading down
- Inflation still evident in UK grocery and average spend per household is in growth
- Value Own Label is now gaining from all other tiers
- Own label still remains strong in UK

# Inflation is also a factor in UK grocery while average spend per household is in growth

## UK Inflation and household spend change



# Cheaper products remain the main way for shoppers to manage their spend



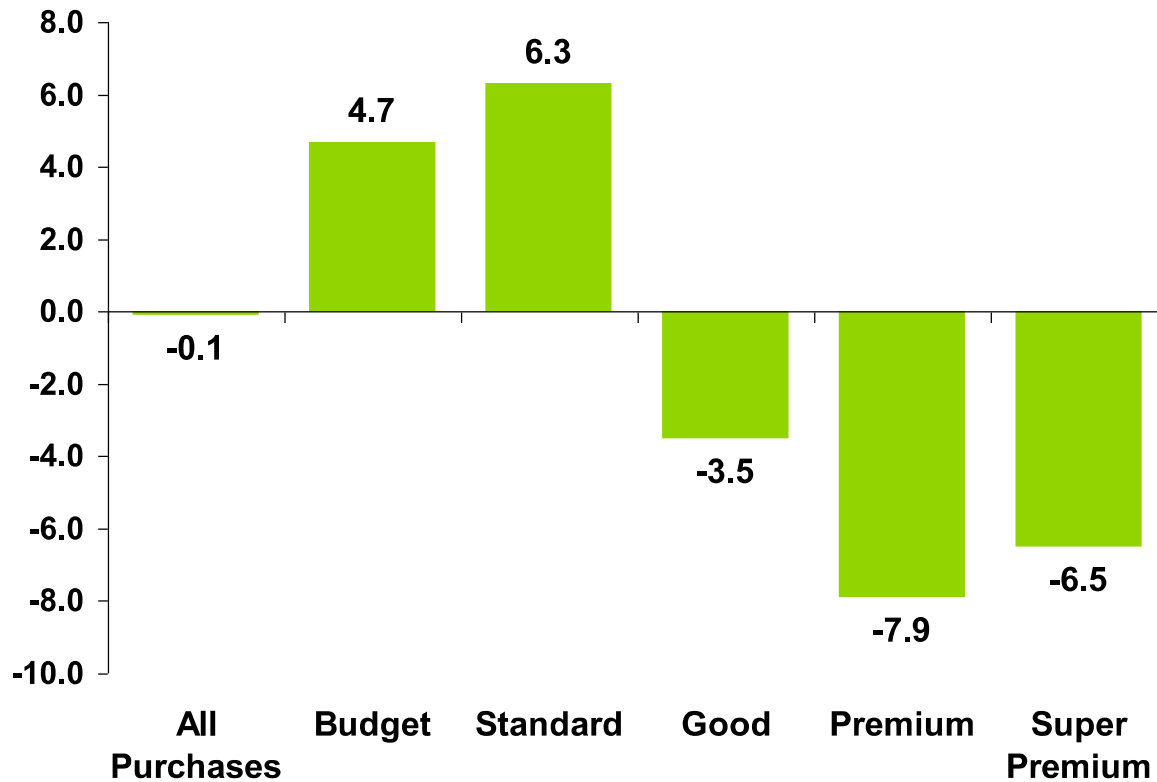
Total Grocery 12 we 18 Mar 2012 (KWP P04)

# Cheaper price tiers also seeing growth in UK

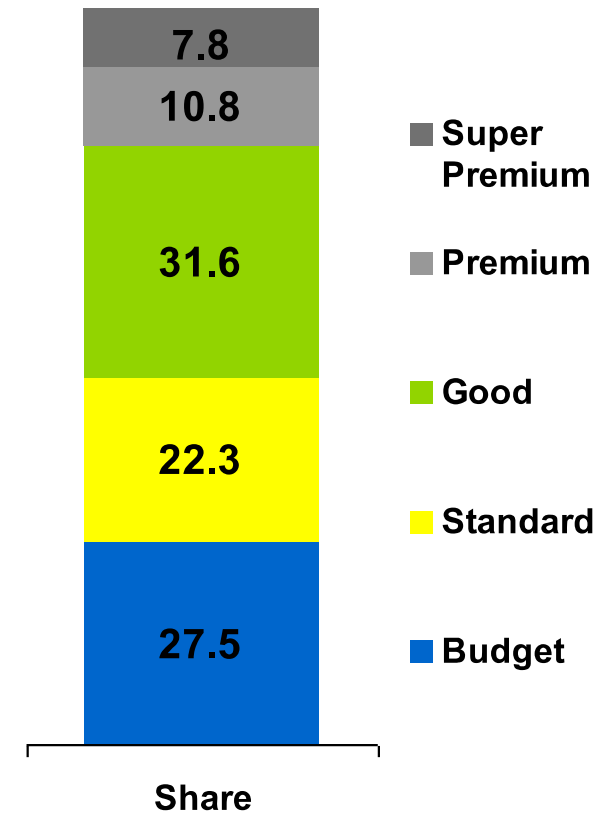
## Grocery Packs Growth by Price Band

Growth in Grocery sales (Packs)

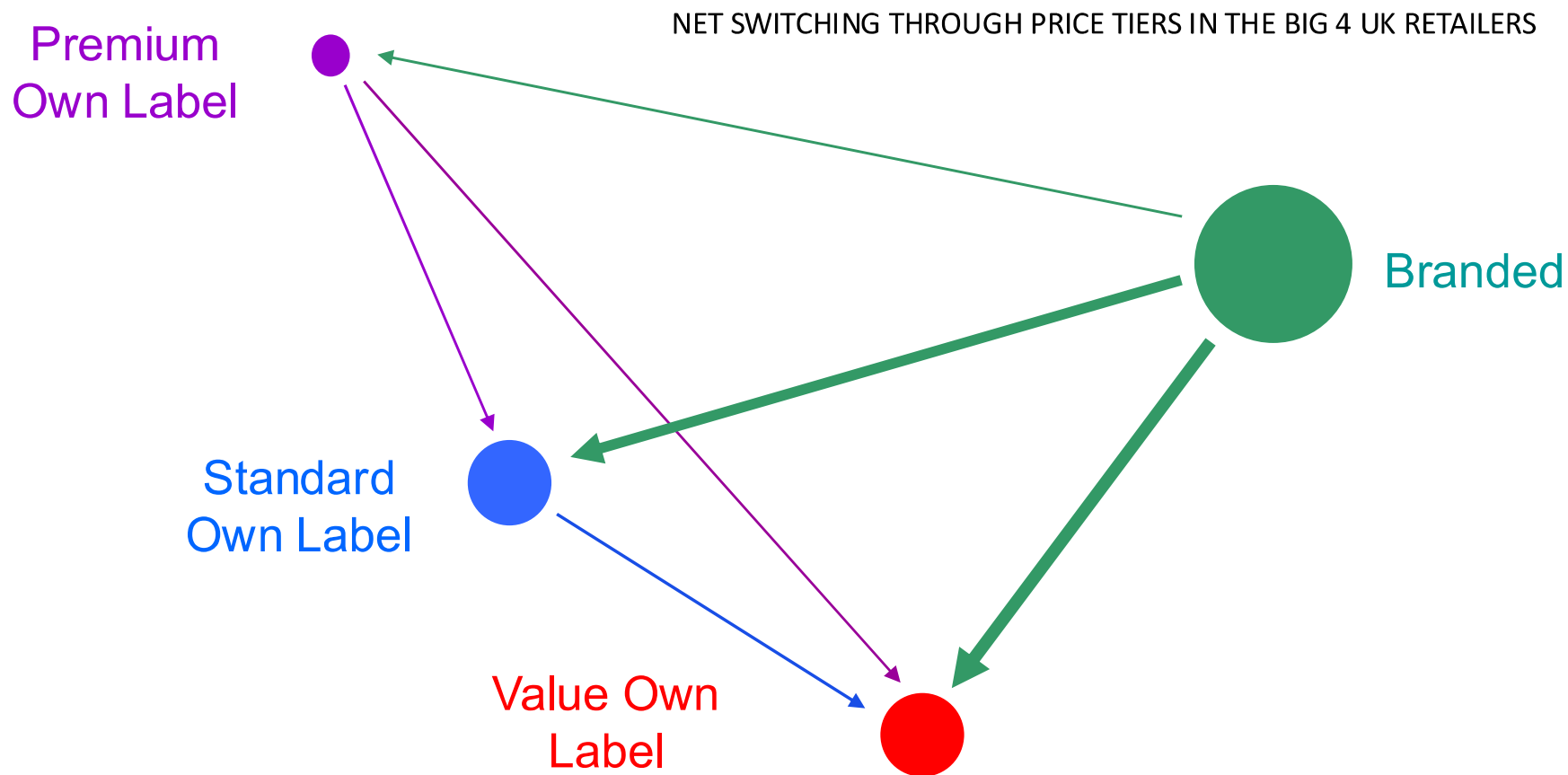
### Change in sales



### Share of sales



# Shoppers trading down from brands and down the Own Label tiers



Switching limited to Big 4 retailers and 4 tiers

Total Grocery 12 we 18 Mar 2012 (KWP P04)