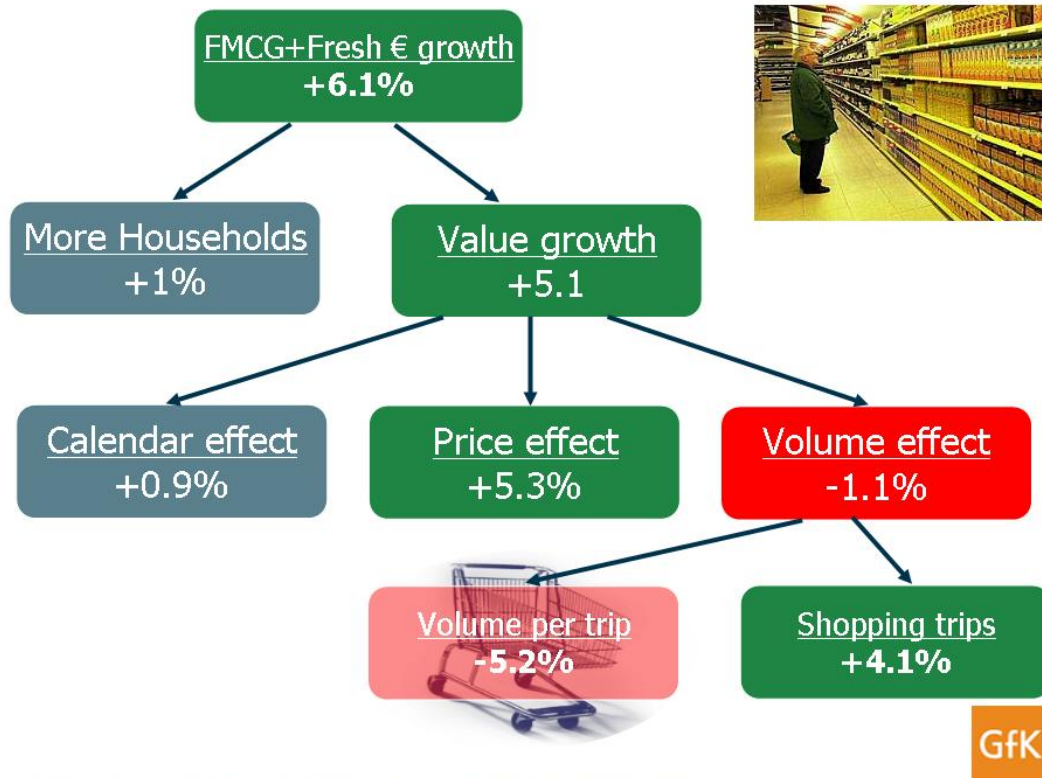


What is the net effect of price increases (and other factors) on the growth of FMCG?

Over the last year (MAT Aug08) the Belgian FMCG market grew by 6.1%. So Belgian households spend significantly more money in supermarkets, at the bakery, on the market... How can we explain this growth?



A first factor is the **organic growth**: a higher number of households results in an increased spending. This population growth contributes for **1%** of the 6.1% FMCG growth.

Next we can decompose the remaining **value growth** of **+5.1%**. This growth can be divided in a calendar effect, a price effect and a volume effect.

The **calendar effect** takes into account e.g. the number of Fridays and Saturdays in a specific month versus same month last year, and also the occurrence of official holidays on particular days. Over the last year there was a positive calendar effect of **+0.9%**. And of course there is the (much talked about) effect of **price increases**. Due to price increases of FMCG products families have to pay **5.3%** more for their products.

Finally the **volume effect** indicates whether households buy more or less goods. Here we learn that Belgian households have decreased their consumption (in volume) by **-1.1%**. So price increases have a negative impact on the consumption of Belgian households.

Although households buy less, they go shopping more often. So consequently they buy less per shopping trip (-5.2%). And the discounters win in this situation of increased prices and decreased purchases: families do more often their shopping at discounters: the number of shopping trips increases from 45 to 48 times per year. On the other hand the traditional supermarkets and hypermarkets lose: they are less often visited (respectively 52 to 49 times per year and 17 to 16 times per year).