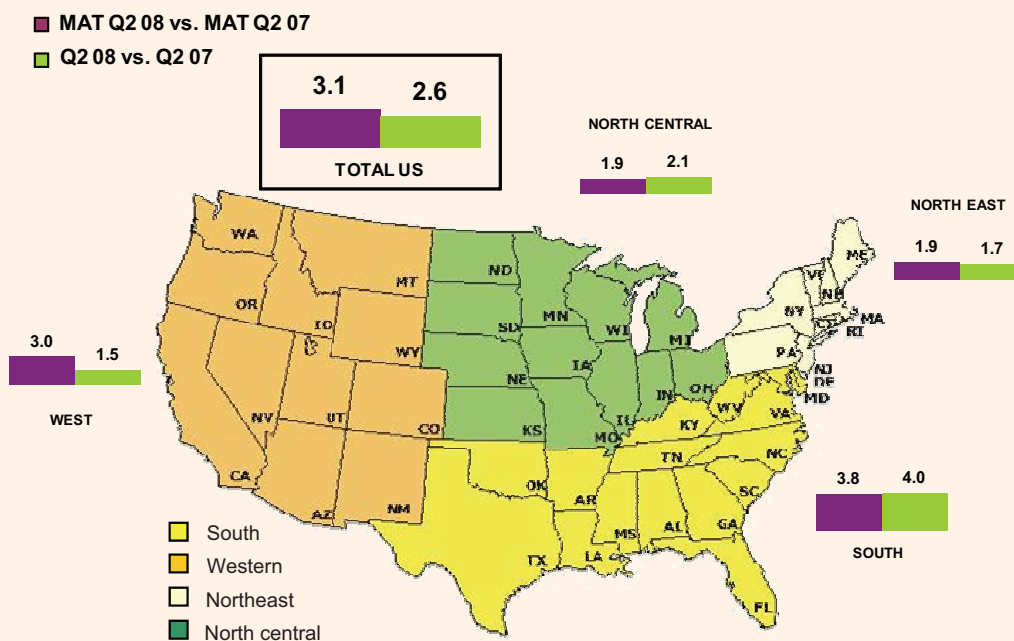


## Total FMCG Trends % value changes



“ Welcome to the Q2 2008 Consumer Index, tracking the quarterly movements on the FMCG markets, including category and trade channel trends. Consumer Index is also available for Western and Eastern Europe, covering more than twenty countries.

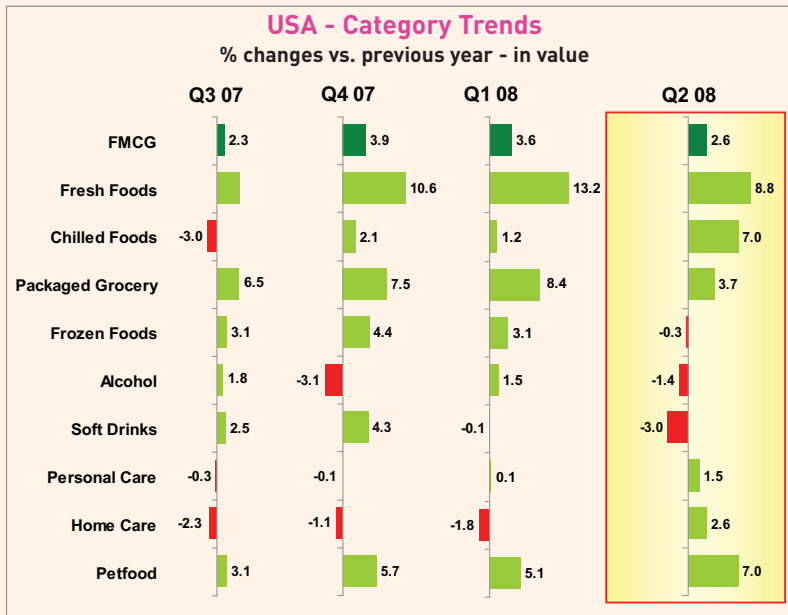
Please do not hesitate to contact us if you have any questions or comments. ”



# USA – Quarter 2 2008



# Consumer Index



Increasing prices of materials such as plastic, wheat and oil remains at the origin of price increases amongst FMCG categories and explains the growth in value.

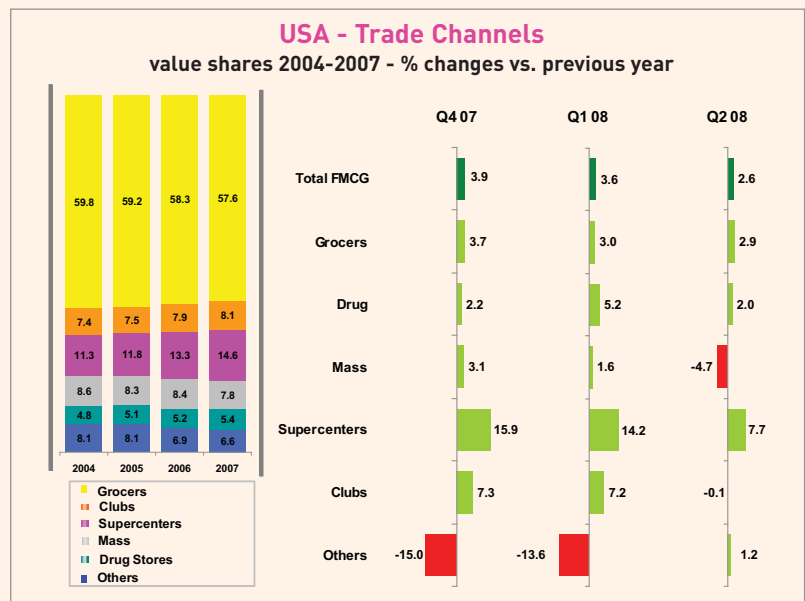
The healthy and organic trends are still opportunity areas, growing despite the difficult economic context. Within the Fresh Foods, portion control is a growing trend, seen in new products like Thomas' 100-calorie. New products with 'better-for-you' claims including "whole grains," "natural" and "organic," and "no/low trans fat" are still attracting buyers, as are pre-cooked and peeled eggs which recently appeared on the market.

The U.S. pet food market experienced healthy growth as marketers continue to convert pet owners to better quality, higher priced, more upscale products like organic, fortified, weight control pet food products.

The healthy trend is discouraging consumers from purchasing Soft Drinks, hence the decrease this quarter in this category. For the same reasons sports drinks, energy drinks, RTD teas, bottled/flavoured water and vitamin-enhanced still beverages are stealing market share from carbonated drinks.

With budgets strained to breaking point, consumers have been forced to re-evaluate what they buy, foregoing non-essentials and ultra-convenient items and where they shop, with trips shifting to Supercenters, Drug Stores and Dollar stores (Mass). We are even seeing major changes in how consumers eat, with a rise in at-home meal preparation, driving sales in meal ingredients and components.

Supercenters are the big winners, growing total trips and earning share gains across all departments, as consumers step up pantry stocking within the channel.



While total trips are down, Drug Stores are expanding their role as a 'top up' trip destination, securing major share gains across healthcare categories.

Grocers' dominance in the Fresh, Frozen and Packaged Food and Beverage categories should leave the channel well-positioned as consumers eat in more but low prices at Supercenters are inhibiting Grocers from capitalizing on this potential.

**Trade Channel Definitions: see Page 2**

## Source & Definitions

### Methodology

- A consumer panel is a permanent, syndicated and representative sample of consumers, who provide ongoing details of the fast moving consumer goods they purchase. Using the scanning methodology, each panel member records the details of every item they purchase.
- NB: Q2 2008 – changes to the quality control techniques in the latest quarter means the historical data has been re-worked from previous editions of the newsletter
- Sample sizes: 100,000 Households (from 2007)

### Categories Universe:

- FMCG: Fast Moving Consumer Goods (includes foods, personal care and home care; excludes clothes, white goods etc...)
- Categories:
  - Fresh Foods: fresh eggs, fresh bread & rolls.  
*random weight fresh foods are excluded (fresh fish, meat, fruit, or vegetables)*
  - Chilled Foods: chilled deli products, chilled dairy products, chilled bakery products
  - Packaged Grocery: bread, biscuits, canned goods, hot beverages, packet breakfast, pickles, sauces, condiments, savoury carbohydrates and snacks, home cooking ingredients, take home confectionery and savouries
  - Soft Drinks: carbonated soft drinks, chilled drinks, mineral water and Juices of all types (refrigerated, bottled, canned, frozen)
  - Home Care: softeners, detergents and rinse conditioners
  - Personal Care: bathroom toiletries, hair care, healthcare, oral care, other toiletries
  - Petfood: cat food and dog food

### Trade Channels:

- **Grocers:** This government-defined term encompasses any retail store selling food items including not only supermarkets but also convenience stores, supermarkets, and specialty stores such as delis but excluding wholesale club
- **Drug:** Those stores that carry Health & Beauty items in addition to prescription medicines, along with larger units that sell consumer packaged goods, limited lines of food, paper, and seasonal items
- **Mass:** Defined as discount stores, general merchandise stores, and variety stores or "dollar" stores
- **Supercenters:** A retail unit with a full line supermarket and a full line discount merchandiser under one roof; the store may have separate or combined checkouts
- **Clubs:** These membership club stores are characterized by high volume on a restricted line of popular merchandise in a no-frills environment. The average club stocks 4,000 SKU's, 40% which are grocery items.

### Country Key Facts

Country	Individual Population (in 000's) 2007	Number of Households (in 000's) 2007	GDP per capita (2007 est.)
USA	303,343	115,560	\$46,000
North Central	61,468	26,455	
Northeast	64,718	21,452	
South	109,262	42,946	
West	68,256	24,705	