Times & Trends

Store Brands: Special Report

U.S. & Europe Store Brand Trends 2010

JULY 2010

SymphonyIRI Group

Insight.
Innovation.
Impact.

Understanding the Chemistry of Store Brand Success

In last month's Times & Trends, SymphonyIRI Group provided an update on the remarkable growth of store brands in the United States. Even with this impressive growth however, store brand value share in the United States hovers at just 18 percent, paling in comparison with countries such as the United Kingdom and France, with share of 32 percent and 27 percent respectively.

Studying store brand activity across Europe provides an exceptionally rich experience for U.S. marketers. Each country features unique population, cultural, socio-economic and other national attributes that fundamentally affect store brand performance. The lessons U.S. manufacturers and retailers can learn from Europe are vast.

At first glance, one would think that the countries of Southern Europe, suffering the most from recession and unable to devalue their way to recovery, would be the most likely to embrace store brands. This is certainly true in Spain, with the highest brand value share (38%) and highest point share growth (1.7 share points) in the last 12 months of any European country surveyed by SymphonyIRI. Yet, in Greece, perhaps most impacted by the economic downturn, store brand value share teeters at 10 percent and actually decreased 0.6 share points versus last year.

Similarly, it would be fair to assume that if store brand value share is highest in Spain, then the store brands discount versus national brands sold in Spain would be quite low. In fact, at 43 percent, it is the second highest after Greece.

An intricate blend of unique local factors influences the popularity of store brands. In Spain, the retail marketplace is highly concentrated, giving retailers significant market power. This market structure, combined the depth of the recession in Spain and the strong reputation of store brands, is heavily influencing buoyant growth trends in Spain.

Among Italian shoppers, the picture is different. While Italy's economy remains weak, store brands account for just 13 percent of value share. For a long time, Italian shoppers considered store brands inferior and this reputation has proven difficult to shake. However, shoppers are giving store brands a new look, evidenced by the 0.7 point share growth since last year, the third highest after Spain and the Netherlands.

Part of store brands' success lies in understanding the trip mission. As Walmart and Costco discovered in the United States and several retailers learned in Europe, SKU rationalization strategies, designed to boost margins and simplify the shopping experience, can have negative results. Many shoppers who visited stores to buy an entire basket often switched retailers when their preferred brands were slashed in order to avoid making multiple trips.

For marketers in Europe, it is critical to understand not just the current environment shoppers live in today, but also econometric, historic and cultural dynamics. This also holds true in the United States, where immigration continues and the number of Hispanic and Asian shoppers increases.

As the story of the development of store brands continues to unfold, revealing new behaviors and preferences, I very much look forward to hearing your comments and opinions.

Nigel

Nigel Howlett
President - International
SymphonyIRI Group

SymphonyIRI Group

Executive Summary: Turning Insights into Action – FMCG Manufacturers

Insight	Action
Though store brands are well entrenched and growing across a majority of Western European countries, rate of growth has moderated during the past year	Manufacturers should protect and grow share across categories demonstrating growing store brand presence through value-oriented messaging and promotions
Store brand share varies drastically at the country level, from a low of 10% in Greece to a high of 38% in Spain	Benchmark and carefully monitor store-level shifts relative to store brands among key retail partners and work to adjust distribution and pricing strategies accordingly
Store brand pricing continues to be influenced by a wide range of factors, and average savings offered by store brands, while substantial, varies considerably across Western European countries	Monitor price point, price sensitivities and price gaps on a frequent basis to ensure that pricing strategies remain in line with corporate and partner goals, as well as with the needs of key consumer segments
Sub-branding continues to be a key driver of growth across Western European markets and has been successfully leveraged as a growth tool in the United States, too	Consider partnering with retailers to provide multi-tiered national and store brand solutions with a clear value proposition across broad consumer segments
Retailers are heavily promoting store brands across Western European countries in an effort to drive purchase behavior with messaging that emphasizes quality and value	Re-examine promotional strategies to ensure that programs are integrated and complementary, and that messaging focuses heavily on affordability and unique product attributes

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Executive Summary: Turning Insights into Action – FMCG Retailers

Insight	Action
Though store brands are well entrenched and growing across a majority of Western European countries, rate of growth has moderated during the past year	Retailers should invest to understand core needs across key consumer segments, and align new product innovation strategies accordingly
Store brand share varies drastically at the country level, from a low of 10% in Greece to a high of 38% in Spain	Benchmark and carefully monitor store-level shifts relative to national brands at the market level and work to adjust assortment and pricing strategies accordingly
Store brand pricing continues to be influenced by a wide range of factors, and average savings offered by store brands, while substantial, varies considerably across Western European countries	Monitor price point, price sensitivities and price gaps at the market and store level on a frequent basis to ensure that pricing strategies remain in line with corporate and partner goals, as well as with the needs of key consumer segments
Sub-branding continues to be a key driver of growth across Western European markets and has been successfully leveraged as a growth tool in the United States, too	Continue to invest in building store brand portfolios; examine innovation best practices across departments/categories to identify promising store brand innovation opportunities
Retailers are heavily promoting store brands across Western European countries in an effort to drive purchase behavior with messaging that emphasizes quality and value	Continue to heavily support store brand initiatives with integrated and complementary promotional and merchandising programs which raise awareness among prospects seeking low cost in-category alternatives

Introduction

Across much of Europe, the effects of a long-lasting economic downturn are still being felt. While unemployment has shown signs of stabilizing, it is expected to remain high throughout 2010 and well into 2011. Government debt levels are quite high, leading to mandated spending cuts and possible tax increases, as well. Consumers remain apprehensive and are working hard to keep their personal budgets in check.

Conservative consumer behavior is still very much a way of life. Consumers are eating at home rather than dining out. They are shopping across channels to get the best deal. And, they are using store brands in order to minimize their fast moving consumer goods (FMCG) expenditures.

Store brands are viewed quite favorably in much of Western Europe. In many countries, consumers view store brands as equal to, or even better than, nationally branded products. But, for several reasons, store brand development varies at the country, market, retailer and category level.

Market structure, for instance, varies across Western European countries. In countries where retail concentration is higher, store brand share tends to be higher.

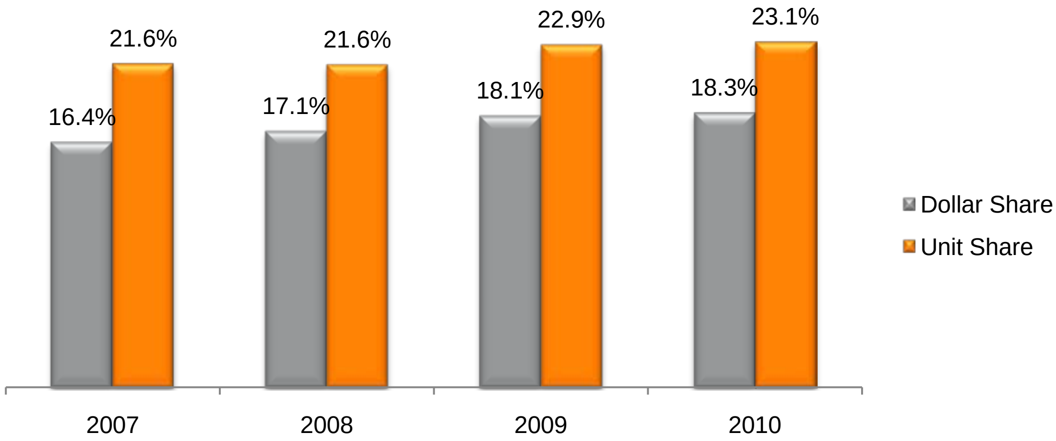
Retailer strategy also plays a key role in defining store brand development. For instance, a number of key European retailers have recently enacted SKU rationalization strategies. These retailers are reducing assortment in the name of simplifying the shopping experience. In some cases, this has served to fortify store brand share. Other times, consumers have reacted to cuts in a manner which has prompted the return of some nationally brand products.

The development of store brands will continue across Western Europe. In some areas, the battle for share has been and will continue to be quite intense. In others, the battle is just heating up.

Ongoing difficult economic conditions in many of the countries featured in this report will undoubtedly continue to influence consumer attitudes and behaviors. Price will continue to be a central struggle in the battle for share, but it is certainly not the only consideration. Store brands will continue to play a key role in consumers' money saving strategies. And, national brand manufacturers will continue to fight to protect and grow share across key FMCG categories.

This report explores current and emerging store brand trends and influencing factors across key Western European countries. Retailers and manufacturers with a clear understanding of these trends will forge relationships with consumers that will transcend the economic downturn and fortify their position in the FMCG world of tomorrow.

U.S. Store Brand Market: Share Trends



Source: SymphonyIRI MarketInsight™; 52 weeks ending 4/18/2010 versus same period prior year

Store Brand Share of FMCG Spending: All Outlet

Much has been written about store brand packaged goods during the past several years. No doubt, store brand products have been playing several important roles during this timeframe.

For many consumers, store brands are playing a central role in money saving strategies. To be explored later in this report, store brands offer considerable savings over regularly priced national brand products. For the more than 25% of consumers struggling to afford weekly groceries, these savings have been like a lifeline in stormy seas.

For retailers, these products offer an opportunity to differentiate themselves from competitors while simultaneously enjoying a larger margin versus nationally branded products. Logically then, retailers have been, and will continue to be, heavily focused on growing the depth and breadth of their store brand offerings.

For example, Safeway is working to build an organizational framework that will allow them to completely manage their store brands in house. Meanwhile, Supervalu plans to accelerate the growth of their store brands with improved distribution, pricing optimization and shelf placement[1].

Efforts such as these have been quite successful at building store brand positioning. Today, store brands hold 18.3% share of FMCG dollar sales, representing 23.1% of units sold.

These shares represent a 1.9 point and 1.5 point increase versus 2007, respectively, but are nearly flat versus year ago. This marks a rather noteworthy change, as store brand share jumped considerably between 2008 and 2009.

With history as an indicator, it is likely that store brand share gains made during this latest economic downturn will not be lost completely. Nonetheless, name-brand FMCG manufacturers have turned up the heat on private brands. Tactics vary, but the goal is the same: to protect and build share.

Results to date vary across and even within departments. The pages that follow provide a more granular look at store brand share shifts.

[1] Store Brands Decisions, May 11, 2010

U.S. Store Brand Market: Price Discount by Department

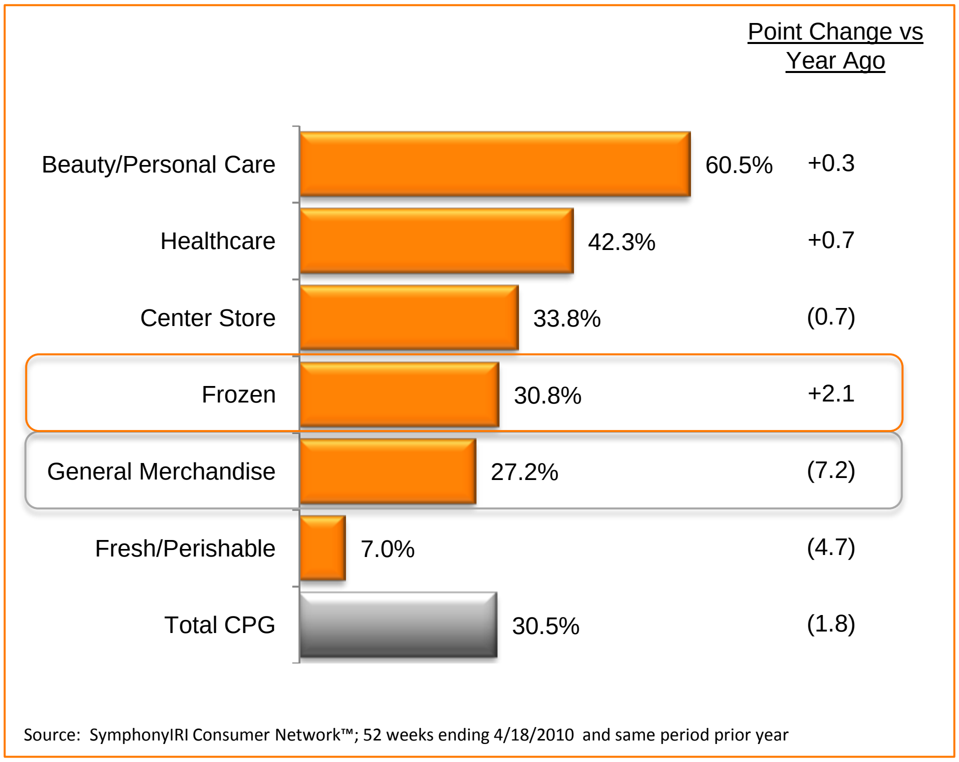
As detailed in the January issue of Times & Trends, which provides a detailed analysis of store brand and total FMCG prices over a multi-year period, FMCG prices have fluctuated rather significantly. Across store brands, price swings have been even more pronounced versus the industry as a whole.

Still, on average, store brands offer consumers a savings of 30.5% versus nationally branded FMCG products. Savings vary rather drastically across FMCG departments, ranging from 7% in the fresh/perishable department to nearly 61% in beauty/personal care.

As prices have vacillated during the past couple of years, so has the average price gap between store and nationally branded FMCG products. Though price gap swings have been nowhere near as drastic as actual FMCG price swings, they are notable nonetheless.

In frozen foods, for example, store brands offer consumers an average savings of 30.8%. This marks an increased savings versus year ago of just over two points.

Beyond industry-wide price trends, store brand price gap in the frozen foods aisle has been impacted by innovation. During the past year, much innovation has occurred at the premium end of the frozen food spectrum, driving the department's average price in a northward direction.



Store Brand Average Price Discount by Department
All Outlet

Examples of this high-end innovation include SymphonyIRI New Product Pacesetters products Birds Eye Steamfresh Meals and Bertolli Oven Bake Meals. These products are positioned as high-quality, quick-and-easy mealtime solutions that command a premium over more basic frozen meal options.

On the other hand, store brands' average price gap in the general merchandise department slipped seven points versus year ago. This department has struggled over the course of the recession as consumers trimmed non-essential spending in an effort to reign in FMCG budgets.

Today, national brand marketers within general merchandise and across retail stores are rethinking pricing strategies in an effort to drive purchase behavior. For example, average price per volume within the kitchen storage category is down 1% versus year ago. In private label kitchen storage, prices have increased 8%. Likewise, the light bulb category is seeing price per volume down 1.3% versus year ago, while private label price per volume is up 12.1%.

Meanwhile, retailers are turning to store brands to improve margin performance. Combined, these moves are impacting store versus national brand price gap.

U.S. versus Europe: Market Comparison

Western Europe has been heavily leveraged by U.S. retailers as a model of effective store brand development. It is certainly an effective model, for store brand development in Europe is strong.

Even after achieving sizable share gains over the course of the economic downturn, store brand share in the United States is 18%, less than half of that seen in Spain, and well below that of Germany, the Netherlands, the United Kingdom and France.

While lessons learned from Europe have helped U.S. retailers to hasten their own store brand development efforts, differences in market structure may well prevent U.S. retailers from ever closing the gap entirely. Still, the lessons are valuable.

A more detailed discussion on market structure and European store brand development strategies follows. The remainder of this report provides additional insights into store brand development and trends across key Western European countries.

Market Structure

Across the Western European countries studied for this report, the retail environment is quite concentrated. Detailed later in this report, for instance, Mercadona and Carrefour Group hold a combined share of more than 40% of the Spanish FMCG marketplace.

This type of concentration serves to give retailers significant power in defining the “rules of the game” and clearly provides advantages in the area of scale and efficiency.

Some European markets also have a strong discounter presence. The high levels of price competition brought about by these competitors has created a dire need for non-discount retailers to come to market with particularly low-cost solutions to everyday FMCG needs in order to compete effectively.

The U.S. retail landscape is much less concentrated in nature. While a handful of the country’s larger retailers do have the power to exert some control over the store brand marketplace, that level of control is much less than levels seen in Europe. Because of the U.S. market structure, market concentration is not likely to change in the near future.

Price competition has certainly become more heated over the course of the downturn in Europe and the United States. Consumers are more price driven today than they have been in the past. Even as economies improve on both sides of the ocean, consumer perception of price and value will continue to be different versus pre-recession times in the foreseeable future.

Store Brand Strategies

Sub-branding strategies continue to gain steam in Europe and in the United States. Sub-branding, the creation of high-equity umbrella brands under which multi-tiered products are offered, has long been practiced in Western Europe. This focus on assortment expansion across the value spectrum continues to flourish today.

Even in countries like Germany, where the store brand market has historically had a very strong economy-tiered focus, growth is being driven by expansion of store brand lines across the value spectrum.

Sub-branding is now commonplace in the United States, too. Kroger, for instance, continues to do well with its three-tiered store brand lines, and 7-Eleven recently expanded its store brand at both ends of the spectrum.

Assortment expansion across the value spectrum is likely to continue in Europe and the United States over the next several years as retailers seek to protect and grow share of FMCG sales among long-standing and new-coming store brand consumers alike.

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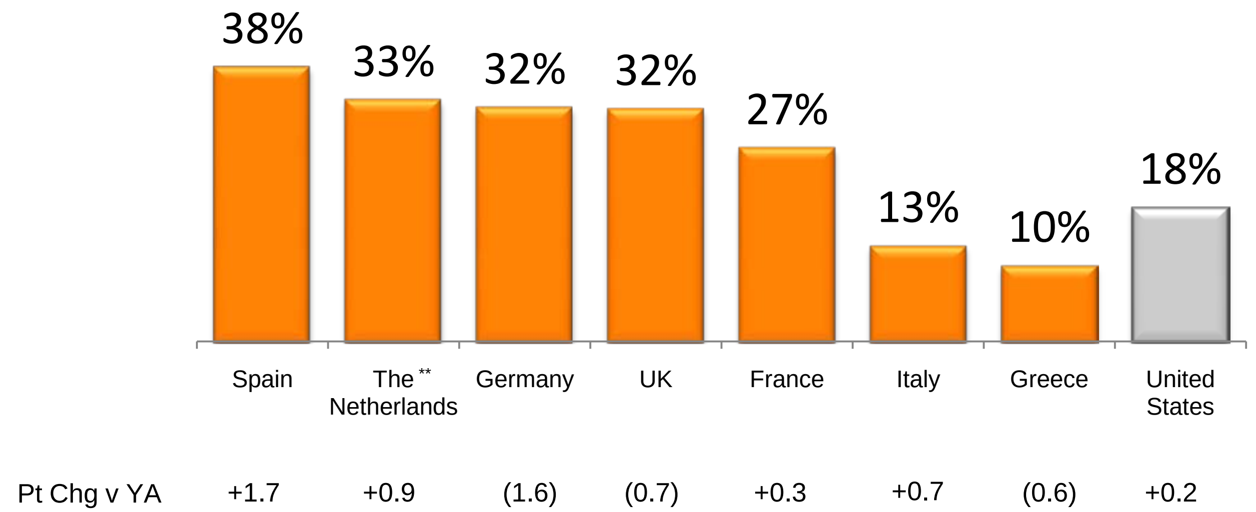
Store Brand Development by Country



Source: SymphonyIRI; 52 weeks ending 4/18/2010 versus same period prior year

*Based on 36 of the largest FMCG categories across the countries studied. ** Dutch data excludes discounters.

2010 Grocery Channel Store Brand Value Share by Country**
Across Leading FMCG Categories*

Though development varies at the country level, store brands hold a well entrenched position across each of the Western European countries studied for this report. And, store brands continue to gain share across a majority of these countries today.

Continued store brand momentum is attributable to several factors. First, though the economies are improving, the road to recovery will be long and rocky. Consumers understand this, and are actively looking to save money on FMCG products wherever possible.

Throughout much of the recession, consumers have turned to value tiered store brand offerings to drive spending down. As the economies stabilize, though, trends are showing signs of change. This shift will be explored in detail later in this report.

Across Western European countries, the retail landscape also supports strong growth of store brands. The retail marketplace is quite concentrated, giving retailers great power to influence the competitive arena.

When retailers, such as Waitrose in the UK or Albert Heijn in the Netherlands, undertake sizable store brand initiatives, the impact of those efforts is sure to be felt across the market. These and other sizeable European retailers are working to capitalize on opportunity brought about by less than favorable economic conditions.

Assortment continues to expand at all levels of the value spectrum, and promotional efforts have intensified. The goal is to drive current store brand buyers to spend more heavily and more broadly, and to entice trial across non-buyers. If successful, these initiatives will be a key driver of store brand growth in years to come.

Store Brand Price Discount

Store brands offer considerable savings to consumers across Western European countries. At the country level, though, depth of discount varies. As illustrated in SymphonyIRI's June issue of Times & Trends, which reported on store brand trends within the United States, discount also varies at the department and even category level.

Country	SB $ Share	SB Discount vs Branded
Italy	13%	(25%)
UK	32%	(34%)
France	27%	(35%)
The Netherlands	33%	(26%)
Germany	32%	(24%)
Spain	38%	(43%)
Greece	10%	(62%)
United States	18%	(31%)

Source: SymphonyIRI; 52 weeks ending 4/18/2010 versus same period prior year
Note: Price gap analysis based on price per volume among select key FMCG categories

Store Brand Pricing
Among Leading FMCG Channels
Grocery Channel

Store brand pricing is influenced in varying degrees by a number of factors. Commodity pricing, for instance, plays a significant role in determining the price of store brand products. Commodity prices have been on a bit of a rollercoaster ride over the past two years. Though some moderation has been seen, these prices will continue to be heavily influenced by a number of factors, including, but not limited to, consumer demand and ongoing speculation about the impact of the Greek debt crisis on Europe's economic recovery.

Store brand pricing trends will also be heavily influenced by rapidly-evolving store brand development strategies. Particularly over the course of the past several years, retailers and store brand manufacturers have been heavily focused on development at the value end of the product spectrum in attempt to provide consumers with low cost solutions to their everyday FMCG needs.

But, in more recent months, development is focusing much more heavily on the mid-to-premium end of the spectrum. Germany is just one example of a country seeing store brand growth shifting away from the value tier.

Development of mid- and upper-end store brands is likely to continue in the foreseeable future as retailers seek to drive margin growth and enhance differentiation in a highly competitive environment.

The value end of the store brand spectrum also remains a focus. In the UK, Waitrose launched the Essentials value line. In Germany, Rewe's Ja! value lines are being heavily promoted. And, in Spain and France, Carrefour Group recently launched the Carrefour Discount line, aimed at competing with hard discounters.

While store brands will likely always offer consumers savings over nationally branded products, average savings will certainly continue to be impacted by assortment and promotional strategy changes.

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Cross Country Development: Staple Categories

	France	Germany*	The Netherlands	Italy	Spain	UK	Greece	US
Bread & Rolls	36%	36%	43%	18%	47%	15%	16%	28%
Frozen Vegetables	70%	48%	57%	30%	74%	73%	19%	45%
Milk	42%	63%	61%	15%	41%	83%	7%	64%
Cheese	39%	49%	47%	18%	36%	51%	10%	44%
Paper Towels	61%	81%	61%	35%	79%	64%	50%	26%
Toilet Paper	62%	80%	56%	28%	80%	48%	38%	18%
Total Top FMCG	27%	32%	33%	13%	38%	32%	10%	18%

Source: SymphonyIRI; 52 weeks ending 4/18/2010 versus same period prior year

* In Italy, Greece & The Netherlands, the Natural Cheese category includes both Natural and Processed Cheese categories

Grocery Channel 2010: Store Brand Value Share by Country: "Staple" Categories

In the Western European countries studied, store brands hold a sizable share of sales across a range of staple FMCG categories. In fact, across most countries, share across these staple categories is well above average. And, in most instances, retailers have posted share in these categories over a multi-year period.

These trends are not particularly surprising, for store brands have played a key role in helping consumers control spending in the midst of difficult economic conditions. For instance, detailed in the June 2010 issue of Times & Trends, SymphonyIRI's recent FMI Economic Update Survey reveals that 54% of U.S. consumers are purchasing more store brand products today than they have in the past. And, more than three-quarters of these consumers plan to continue to do so even after the economy improves.

Across European countries, consumers also show an affinity for store brands, in many instances perceiving the quality of store brand products to be equal or better versus nationally branded counterparts.

The battle for share, however, is far from over. National brand manufacturers are notching up their marketing efforts. Pricing and promotion strategies are being re-evaluated and redeployed with the goal of stemming, and even reversing, share losses.

Detailed later in this report, in the Netherlands, for instance, national brand manufacturers of diapers and laundry detergent have successfully captured increased share over the past year through heavy promotion and aggressive pricing strategies. Likewise, SymphonyIRI's June 2010 issue of Times & Trends shows similar trends playing out across a range of key categories within the United States.

With economies showing signs of stabilization, the battle for share is likely to heat up as retailers and national brand manufacturers vie for share in the newly emerging world of FMCG.

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Cross Country Development: Low Share Categories

	France	Germany	The Netherlands	Italy	Spain	UK	Greece	US
Carbonated Beverages	8%	15%	15%	5%	9%	13%	3%	8%
Cereal	20%	40%	24%	11%	37%	21%	8%	11%
Coffee	17%	27%	27%	6%	30%	15%	N/A	14%
Laundry Detergent	11%	24%	14%	6%	33%	14%	4%*	7%
Total Top FMCG	27%	32%	33%	13%	38%	32%	10%	18%

Source: SymphonyIRI; 52 weeks ending 4/18/2010 versus same period prior year
* Greece laundry detergent is low suds only.

Grocery Channel 2010: Store Brand Value Share by Country: Low Share Categories

National brands have a strong foothold across a handful of FMCG categories. These categories are generally dominated by large, multinational corporations that consistently make significant investment in their brands.

As has been the case for the past several years, Spain is an exception to this trend. In Spain, store brand share in some major categories, including cereal, coffee and laundry detergent, is well above that seen in other countries studied for this report.

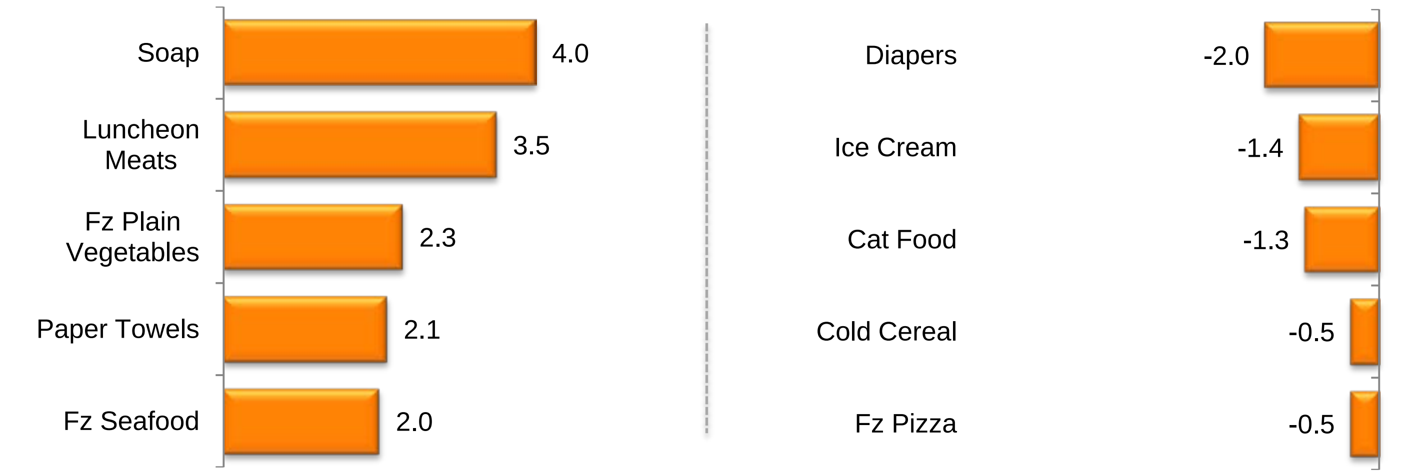
This trend may be poised for significant change. In many countries, including Spain and the United States, SKU rationalization has been occurring.

In the United States, major retailers including CVS, Walmart and Costco, announced SKU rationalization efforts over the past year. Major brand names were cut from the ranks of their assortment, touted as a way to make the shopping experience simpler.

Similarly, in Spain, Mercadona cut a number of major national brands from their assortment in an effort to offer their shoppers lower prices. Carrefour, in France, has announced plans to slash assortment by up to 10% and is also planning assortment reduction in Italy.

However, caution is critical. Among retailers that have enacted SKU rationalization policies, some of the results were not as anticipated: customers were not pleased. Mercadona, Walmart and Costco have since began restocking some of the previously cut national brands.

Europe: France



Source: SymphonyIRI; 52 weeks ending 4/18/2010 versus same period prior year

FRANCE: Grocery Channel Store Brand Value Share Point Change

Leading FMCG Categories with Largest Store Brand Gains/Losses

Through much of 2008 and into 2009, store brands in France gained share in 87% of food categories monitored by SymphonyIRI. This was no surprise, as exceptionally difficult economic conditions led to a strong drive to save money on everyday FMCG needs. Retailers responded to this trend by expanding their store brand product lines.

During the past year, as the difficult economy has continued and consumers remained intent on minimizing FMCG expenditures, store brands maintained strong but tempered performance, posting gains in 74% of SymphonyIRI categories.

The economy in France has stabilized somewhat, and national brand manufacturers have stepped up their marketing game, touting the quality, innovation, and trustworthiness of national brands. As a result, store brand traction has slowed considerably.

During the first quarter of 2010, in fact, store brand share gains cut across 54% of SymphonyIRI categories, a marked slowdown versus the pace seen earlier in the downturn.

The store brands market in France is dominated by Carrefour. During the past year, Carrefour has been working to convert its Champion banner to the Carrefour name. With the transition complete, Carrefour's position as market leader has been reinforced.

As the market leader, Carrefour is well-positioned to influence the future of France's store brand marketplace. Mentioned earlier in this report, Carrefour has recently announced plans to reduce SKU assortment, cutting its national brand selection by up to 10%.

This strategy, which has been implemented by a number of retailers in the U.S. and Europe, has been met with mixed reviews, but it does have the potential to have a significant impact on shoppers' attitudes and behaviors.

In general, value-tiered store brand products are well entrenched in France, while premium-tier products, such as organics, are comfortably established as niche market products.

Whether store brand development will continue to yield share gains at either end of the spectrum (or somewhere in between) is presently the subject of debate. Some speculation exists that perhaps store brands have reached a plateau point in France for the present time.

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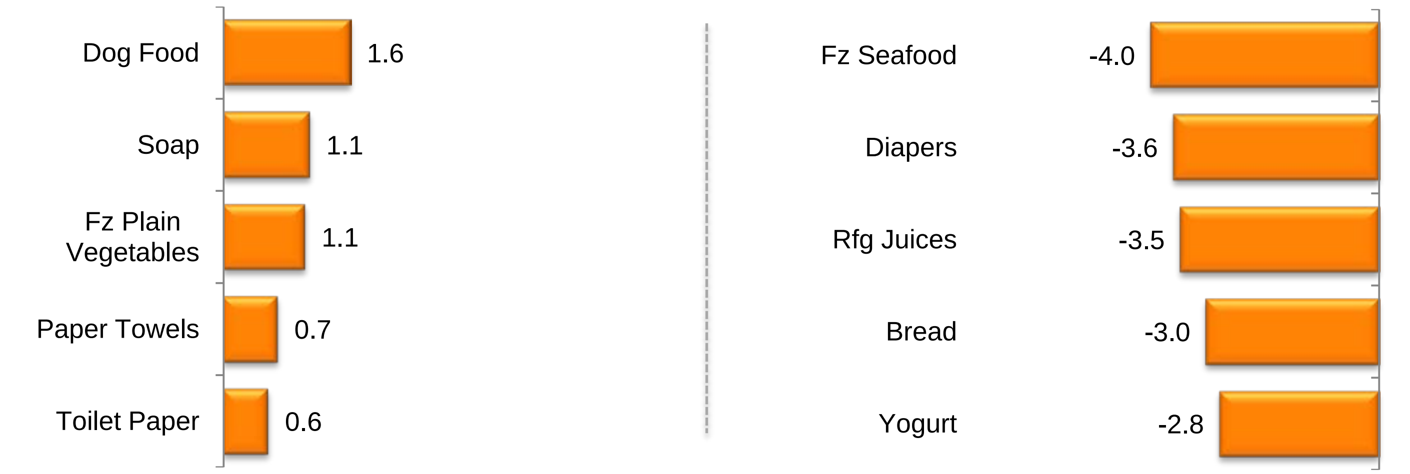
Europe: Germany



Source: SymphonyIRI; 52 weeks ending 4/18/2010 versus same period prior year

GERMANY: Grocery Channel Store Brand Value Share Point Change

Leading FMCG Categories with Largest Store Brand Gains/Losses

Store brands continue to play an important role in saving money for frugal German shoppers. In Germany, store brands represent an estimated 32% of FMCG sales. Share is down slightly versus year ago, driven by price reduction strategies implemented by major discount retailers, but remains quite respectable.

Gains are seen across a range of key categories, and growth is permeating beyond food and beverages and into "near food" departments such as household and health and beauty care.

Germany's store brand sales are dominated by a handful of retailers, including Edeka, Rewe, Aldi and Lidl. The market is fairly concentrated, and concentration has increased during the past year as retailers, such as Edeka, acquire smaller retailers as part of their growth strategy.

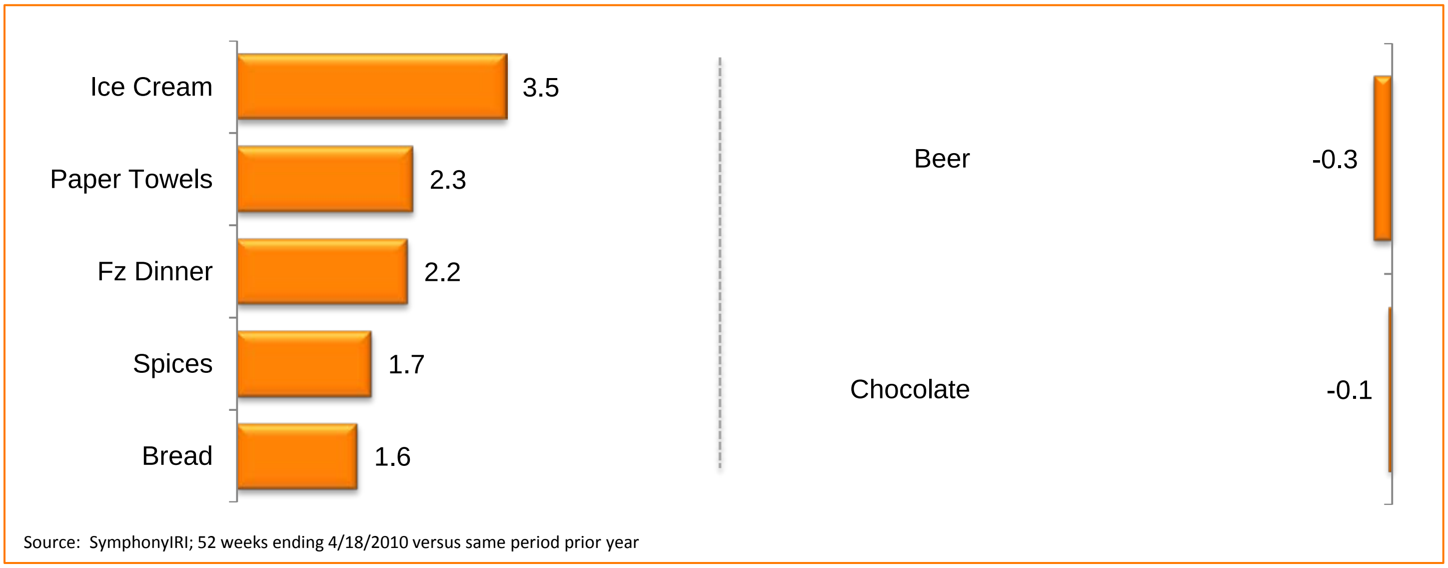
Detailed in SymphonyIRI's June 2009 Special Report on European store brands, the German store brand market has historically been heavily focused on economy-tiered product offerings.

While these products continue to play an important role in serving consumers' need for low-cost FMCG solutions, retailers are increasingly looking to drive revenue and margin growth through the addition of mid- and premium-tiered store brand offerings.

For instance, Rewe, which has posted very respectable sales growth during the past year despite difficult economic conditions, attributes much of its momentum to the successful fall 2009
launch of Feine Welt (Fine World). Feine Welt is a line of more than 100 SKUs which offers consumers savings of about 15% of comparable national brand offerings.

Store brand growth is also being driven by heavy promotional activity. Competition in the German FMCG market is fierce and consumers are very price focused. Retailers are relying heavily on promotions to solidify their position as price leaders in attempt to attract and retain shoppers.

Europe: Italy



ITALY: Grocery Channel Store Brand Value Share Point Change

Leading FMCG Categories with Largest Store Brand Gains/Losses

Store brands continued to post respectable share gains in Italy during the past year, with share climbing just under one point to 13% of sales.

Share growth is attributable to not only a difficult economy in which consumers are looking to save money, but also to a stark change in mindset among Italian shoppers.

Historically, these shoppers have been skeptical of store brands and apprehensive about spending money on products which were perceived for a time to be inferior. In the face of a difficult economy, though, store brand trial is up significantly. According to Marca By Bologna Fiere, 90% of Italian consumers tried store brand products during the past year.

Share growth is evidenced across a range of food and beverage categories, and retailers seek to continue this growth by expanding their store brand offerings. Categories experiencing store brand share loss are quite rare; only two of the 36 categories studied for this analysis reflected sliding store brand share.

Historically, store brands in Italy were confined to a limited number of major FMC categories. As assortment flourishes, national brand manufacturers are facing competition in a growing number of categories.

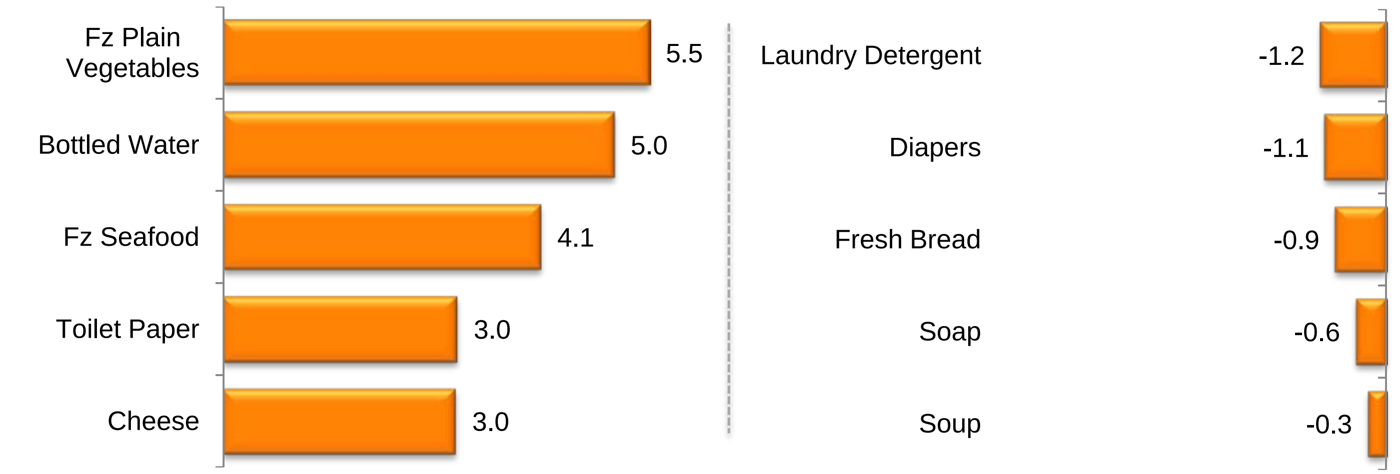
Retailers are working hard to promote their brands. Promotions and discounts tout the cost-savings offered by store brands, and the strategy is resonating well with fiscally weary shoppers.

The country's major retailer, Carrefour, is heavily focused on growing its store brand presence in Italy. With the new "Carrefour Brand" of store brand products, the retailer is looking to spark loyalty through consistency and broad availability.

Further, mentioned earlier in this report, Carrefour has announced plans to slash national brand assortment in the coming months with the hope of further enticing shoppers to convert to their store brand offerings.

Another major retailer, Rewe Italia, is also stepping up its store brand efforts. The retailer is no longer selling multiple store brand lines, instead promoting consistency across all Rewe Italia outlets with a 1,500 SKU line under the Billa brand. To address the premium end of the store brand spectrum, Billa will soon offer a full gourmet selection of products.

Europe: The Netherlands



Source: SymphonyIRI Retail Panel™; 52 weeks ending 4/18/2010 versus same period prior year

THE NETHERLANDS: Grocery Channel Store Brand Value Share Point Change

Leading FMCG Categories with Largest Store Brand Gains/Losses

Store brands continue to post rather sizable market share gains in the Netherlands. During the past year, store brands gained nearly one full share point and now account for 33% of FMCG sales.

The concentrated nature of the retail marketplace is a key driver of store brand growth in the Netherlands. Albert Heijn, the clear market leader in this country, is also a dominant player in the world of store brand FMCG. Detailed in the September 2009 Special Edition report of Times & Trends, Albert Heijn is very focused on growing its private label presence.

Besides the recently launched AH Puur en Eerlijk (AH Pure & Fresh) line of environmentally friendly products, the retailer also recently launched a 1,200 SKU line of non-food store brand goods, ranging from clothing to kitchenware.

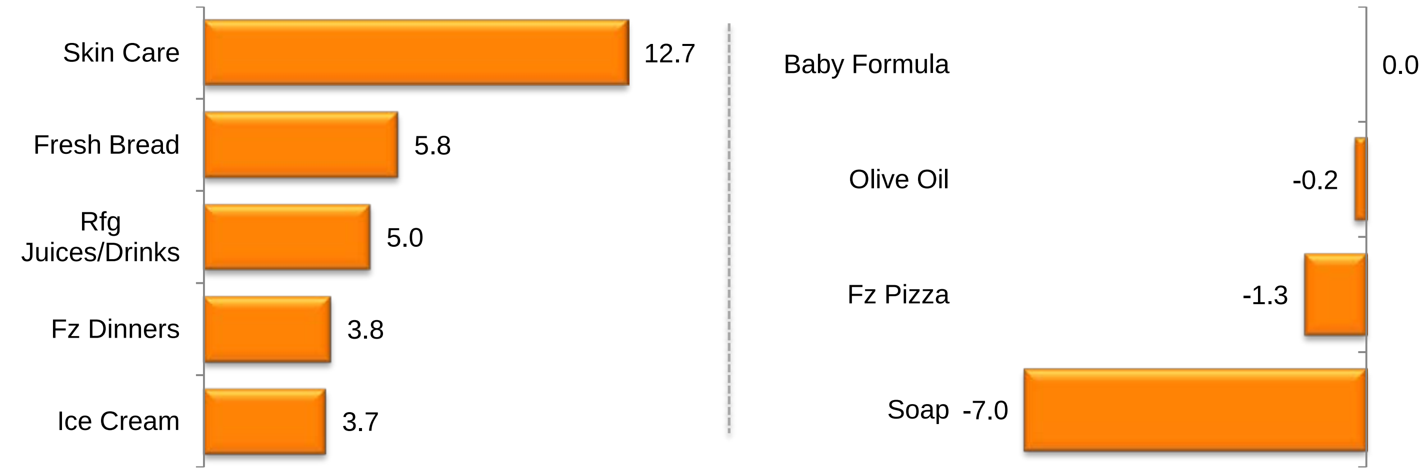
C1000, Super de Boer, and Jumbo en Superunie are also contributing to the increasingly concentrated nature of the Dutch store brands marketplace. In fact, Super de Boer was bought out, in large part, by Jumbo and C1000 during the course of the past year.

Powerhouse retailers, Lidl and Aldi, also play a very important role in the Dutch store brands marketplace. Each of these retailers sell only store brand products. Already among the country's largest retailers of store brands, both of these players are in the midst of increasing their store count in the Netherlands.

Despite these factors, store brands are not growing across all FMCG categories in the Netherlands. In some categories, including diapers and laundry detergent, name brand manufacturers are heavily focused on protecting and growing share.

Manufacturers, such as P&G and Unilever, have intensified their marketing efforts. Promotional activity has increased significantly, and assortment has been expanded. The results of these efforts have been positive for these manufacturers, with store brands losing just over one share point in each of these two categories.

Europe: Spain



Source: SymphonyIRI; 52 weeks ending 4/18/2010 versus same period prior year

SPAIN: Grocery Channel Store Brand Value Share Point Change

Leading FMCG Categories with Largest Store Brand Gains/Losses

In Spain, the retail marketplace is highly concentrated. The two largest retailers in the country are Mercadona and Carrefour Group, together holding market share of more than 40%.

Both of these retailers, and others in Spain, have a sizable store brand presence, and these brands have strong reputation for quality and value in the market. In fact, store brands are very much a part of Spanish consumers' day-to-day shopping experience. According to Datamonitor, 54% of Spanish shoppers buy store brands all or most of the time[1].

During the past year, store brand share of FMCG sales climbed 1.7 points, to 38%. Growth is being heavily driven by difficult economic conditions, which appear to be lingering in Spain even while stabilization is occurring elsewhere in Western Europe.

Store brands are seeing growth across a wide range of categories.

Growth across food and beverage categories is strong and cuts a wide swath, ranging from staple categories, such as bread and more indulgent categories, such as ice cream. The breadth of these categories serves to underscore the focus Spanish consumers are putting on low-cost living.

Skin care, typically viewed as a luxury category in the Spanish marketplace, is seeing particularly strong growth from store brands. A number of retailers are expanding their own brand skin care lines, and these product introductions are being well received by consumers.

Top retailer Mercadona has been heavily focused on growing its store brand presence during the past couple of years. Mentioned earlier in this report, the company reduced assortment greatly at the end of 2008, and, due to favorable results, continues to selectively reduce SKUs.

Though some previously eliminated products have returned to the shelves, discussions between Mercadona and national brand manufacturers about how best to address assortment concerns continue, and several large national brands are no longer selling through this retailer.

Store brands are a formidable force in Spain. With high levels of consumer acceptance, they are sure to remain strong throughout the downturn.

[1] Datamonitor CommentWire, June 14, 2010

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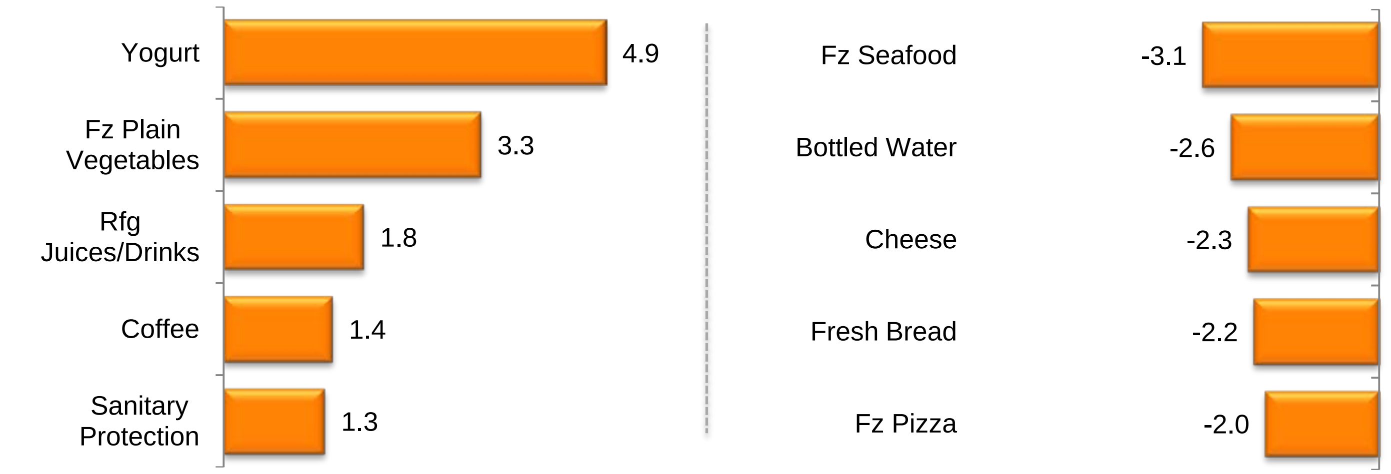
Europe: United Kingdom



Source: SymphonyIRI; 52 weeks ending 4/18/2010 versus same period prior year

UNITED KINGDOM: Grocery Channel Store Brand Value Share Point Change

Leading FMCG Categories with Largest Store Brand Gains/Losses

Key store brand players, including Tesco, Asda, Sainsbury's and Morrisons, continue to play a major role in the UK store brand marketplace.

However, competition continues to intensify as retailers battle for share in this important FMCG arena. Detailed in the June 2009 issue of Times & Trends, both Tesco and Waitrose have launched extensive value-tier store brand lines during the past two years, each backed with substantial promotional support.

Retailers have also stepped up efforts to increase trial of existing store brand lines. These programs seek to ensure consumers that store brand products offer quality that is comparable to national brands, but at a lower price tag.

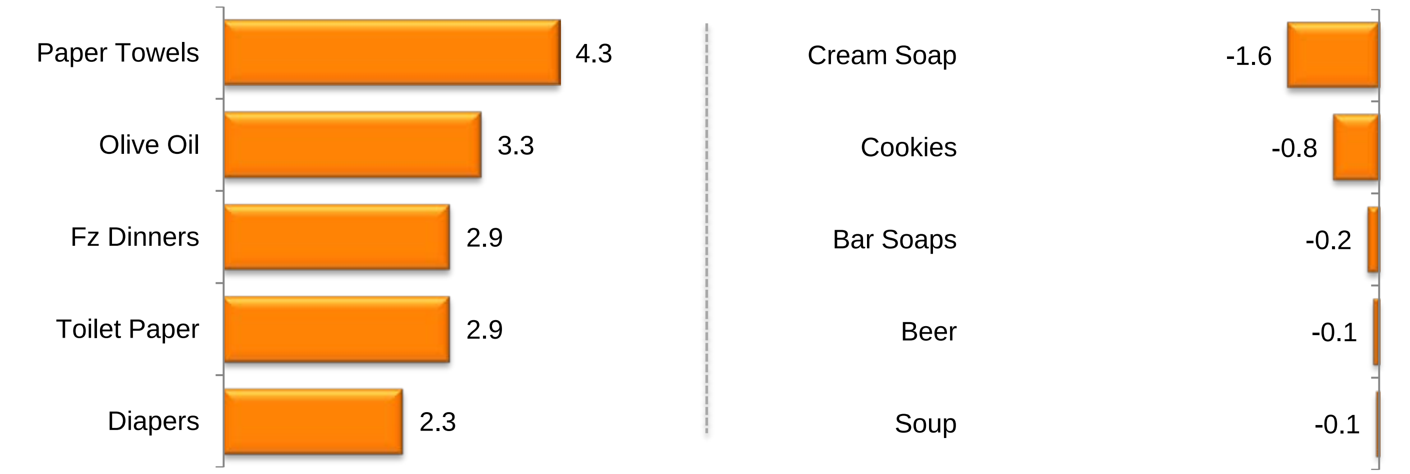
In 2008, Sainsbury's introduced a "Switch and Save" program, which has been very successful. More recently, Tesco launched a comparable initiative and also offered double club card points for purchases.

Despite stepped-up promotional efforts, store brand lines, on average, have lost some share during the past year. Illustrated earlier in this report, store brands hold 32% share of sales in the UK, marking a decline of just under one share point.

Some of the largest share losses occurred in key meal ingredient and component categories, including frozen seafood and cheese.

In contrast, store brands have gained rather sizable share in other meal-related categories. For instance, store brand share of yogurt sales climbed nearly five points during the past year.

Europe: Greece



Source: SymphonyIRI; 52 weeks ending 4/18/2010 versus same period prior year

GREECE: Grocery Channel Store Brand Value Share Point Change
Leading FMCG Categories with Largest Store Brand Gains/Losses

Across a wide range of FMCG categories, store brands are rapidly capturing increased market share in Greece. In general, store brand development in Greece is well behind that of other countries studied for this analysis, but a difficult economy and heavy retailer focus on growth are serving to hasten development across a range of categories.

The two largest retailers in Greece, AB Delhaize and Carrefour, play heavily in the store brand sector. Mentioned elsewhere in this report, Carrefour is working to grow its store brand presence through innovation as well as SKU rationalization.

AB Delhaize is also focused on building its store brand lines. A retailer with a reputation for selling quality products, AB Delhaize's offerings are viewed by consumers to be of good quality as well as value. The retailer seeks to reinforce this image in promotional materials.

On the whole, store brand market share in Greece has been fairly flat during the past year, slipping less than one point. Store brands currently represent about 10% of FMCG sales.

With assortment flourishing and promotional activity intently focused on quality and value, store brands in Greece are expected to continue to gain market share in the coming years.

Conclusions: FMCG Manufacturers

Manufacturers seeking to develop effective store brand mitigation strategies should consider the following action items:

- Continually identify and assess brand-specific opportunities and risks with respect to store brands
    - Invest to identify optimal price gaps versus store brands
    - Protect and grow share across categories demonstrating growing store brand presence through value-oriented promotions, such as BOGO and multi-unit programs
    - Reinforce messaging vis-à-vis quality and affordability with extensive corporate and brand-level marketing communications
    - Explore partnerships with key retailers to create co-branded products and/or multi-tiered solutions that appeal to a broad consumer base
- Continually refine competitive strategies vis-à-vis store brands
    - Re-evaluate pricing strategies to ensure alignment against needs of key consumer segments
    - Invest in product and packaging innovation across key categories and brands
    - Leverage highly-targeted and affordability-oriented marketing campaigns, including feature ads and in-store efforts, across categories with highest store brands threat
- Measure and monitor actual versus planned impact of store brand related initiatives
    - Test-market product, pricing and promotion changes prior to and immediately after roll out
    - Track and benchmark store-level shifts relative to store brands among key retail partners

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Conclusions: FMCG Retailers

Retailers seeking to grow store brand share should consider the following action items:

- Continually identify and assess store brand opportunities and threats
  - Invest to understand core needs across key consumer segments, and align new product innovation strategies accordingly
  - Tailor store brand offerings at the market level to ensure relevancy across key consumer segments
  - Support store brand lines with consumer-centric and highly integrated marketing campaigns, including in-store display and feature ad support
- Continually refine store brand development strategies
  - Evaluate feasibility of multi-tier offerings across key categories/product lines, either alone or in partnership with brand manufacturer partners
  - Continually re-evaluate pricing strategies at the market and store level to assure alignment with store goals and to maximize value proposition among key consumer segments
  - Analyze product development best-practices across departments and categories to identify low-cost innovation opportunities
- Measure and monitor actual versus planned impact of store brand-related initiatives
  - Test-market product, pricing and promotion changes prior to and immediately following roll out
  - Track and benchmark store-level store brand share shifts relative to national brands

Resources

To gain insight into opportunities across specific categories, consumer segments, channels or retailers, contact your SymphonyIRI client service representative regarding custom analyses leveraging the following resources:

SymphonyIRI InfoScan Census®	InfoScan Census® is a syndicated retail tracking service that enables manufacturers and retailers to acquire industry insights used to make better business decisions. InfoScan Census utilizes the data that SymphonyIRI Group collects from grocery, drug, and mass merchandise retailers to provide the most comprehensive and accurate syndicated data offering in the Fast Moving Consumer Goods (FMCG) sector. With access to accurate, granular detail by category, geography, measure, and time period, clients have the tools needed to develop marketing and sales strategies based on product performance, distribution, and promotion responsiveness.
SymphonyIRI Consumer Network™	Consumer Network is a consumer panel that provides a clear picture of consumer behavior so that sales and marketing professionals can continually adjust strategies to focus on the consumer dynamics that drive brand and category performance.
SymphonyIRI AttitudeLink™	SymphonyIRI AttitudeLink is a service that empowers marketers to conduct attitudinal surveys among the SymphonyIRI Consumer Network panel. AttitudeLink provides a direct link between longitudinal purchasing behavior and the consumer needs and attitudes underlying that behavior, something not available from general market surveys.

FOR MORE INFORMATION

Please contact Susan Viamari at Susan.Viamari@SymphonyIRI.com with questions or comments about this report.

About SymphonyIRI Group
SymphonyIRI Group, formerly named Information Resources, Inc. ("IRI"), is the global leader in innovative solutions and services for driving revenue and profit growth in CPG, retail and healthcare companies. SymphonyIRI offers two families of solutions: Core IRI solutions for market measurement and Symphony Advantage solutions for enabling new growth opportunities in marketing, sales, shopper marketing and category management. SymphonyIRI solutions uniquely combine content, analytics and technology to deliver maximum impact. SymphonyIRI helps companies create, plan and execute forward-looking, shopper-centric strategies across every level of the organization. For more information, visit www.SymphonyIRI.com.

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