

Times & Trends

A Snapshot of Trends Shaping
the CPG and Retail Industries



September 2009

- 03 Executive Summary
- 05 Introduction
- 06 Private Label Share Trends
- 09 Price Discount by Department
- 10 Category Level Concentration
- 11 Private Label Purchase Segments
- 13 Category Opportunity
- 18 Conclusions
- 20 Resources

Private Label 2009 Game-Changing Economy Taking Private Label to New Heights



The Private Label Juggernaut

Last year at this time, in a Times & Trends letter titled, "The Private Label Palliative," I noted that during the 2008 economic freefall, shoppers were flocking to private brands for relief from rapidly escalating food prices. Even upper-income shoppers, those earning more than \$100,000 per year, were turning to private brands.

Today, the economy has stabilized, food prices are increasing at a much slower rate, but the growth of private brands continues, creating strong opportunities for retailers and serving as a cautionary tale for manufacturers. Among all outlets in the last 12 months, private label unit share has grown 1.2 points to 22.8 percent and dollar share has grown 0.7 points to 17.6 percent. Growth is occurring in every channel, with grocery, drug and dollar stores leading the charge.

Private brands in many categories are able to compete on quality as well as price as retailers continue to increase choices and variety. Kroger, for example, has grown its brands across three tiers: private brands (premium tier), banner brands (mid-tier) and value brands (value tier).

But despite this success, private brand sales are concentrated in the hands of a relatively small number of consumers. Fifty private label categories, representing 17 percent of CPG categories, account for 69 percent of private label sales. As a point of comparison, the top 50 national brands represent less than half of total dollar sales. Even heavy private brand buyers allocate just 22 percent of their CPG budget to store brands.

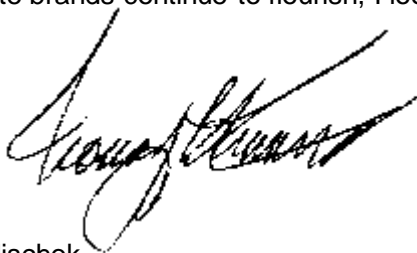
Two salient questions emerge as the economy continues to improve: will shoppers continue to purchase private brands in ever larger quantities, and how will manufacturers respond?

In IRI's view, the popularity of private brands will continue as a result of several factors. First, these products offer a very strong value proposition based on quality as well as price. In addition, shoppers will continue their frugal shopping patterns long after the current recession ends. Finally, retailers' increasingly sophisticated private brand strategies will attract a larger and more diverse shopper base. Retailers show no sign of slowing their private brand development plans.

While manufacturers have their work cut out for them, they also have significant opportunities. Manufacturers should continue to invest in identifying optimal price gaps versus private label, supporting pricing strategies with value-oriented promotions. Furthermore, product and packaging innovations targeted at key consumer segments will ensure relevance, and will drive trial/repeat purchase behavior. Together, these strategies will refine the value proposition of national brands, enabling manufacturers to successfully protect and potentially grow dollar and unit share in key categories.

As with all times of change, the ultimate successful strategy begins with a highly-detailed understanding of key shopper segments, what motivates them, and how they learn about, purchase and use products. Armed with this knowledge, manufacturers and retailers can innovate products that fit tightly with shoppers' attitudes and behaviors, price them attractively and promote them effectively.

As private brands continue to flourish, I look forward to your comments and perspectives.



Thom Blischok
President, Consulting & Innovation



EXECUTIVE SUMMARY: TURNING INSIGHTS INTO ACTION CPG MANUFACTURERS

INSIGHT

- » Private label CPG, bolstered by a turbulent economy, is increasingly being embraced as mainstream products, with the familiarity and relevance as national brands in some categories
- » Private label share of spending is highest in the grocery channel, but dollar and drug retailers are also seeing healthy share growth
- » At-home food and healthcare rituals, coupled with consumers' intense focus on low-cost CPG solutions, is driving private label share across healthcare and center store departments
- » The average private label discount versus national brand is about 30%, but the average price gap varies markedly across departments
- » Private label remains concentrated among a small segment of the population, with heavy buyers of private label accounting for 62% of private label sales

ACTION

- » Manufacturers should increase frequency of feature ad and display-based merchandising across key categories/brands with a heavy focus on affordability and unique product attributes
- » Consider partnering with retailers to provide multi-tiered- *branded and private label*-solutions with a clear value proposition across broad consumer segments
- » Evaluate partnership opportunities with key retailer partners to offer consumers solutions-based healthcare and meal solutions
- » Invest to identify optimal price gap versus private label; test price changes prior to and shortly after rollout
- » Leverage innovation and affordability-focused brand positioning strategies to mitigate private label penetration gains



EXECUTIVE SUMMARY: TURNING INSIGHTS INTO ACTION CPG RETAILERS

INSIGHT

- » Private label CPG, bolstered by a turbulent economy, is increasingly being embraced as mainstream products, with the familiarity and relevance as national brands in some categories
- » Private label share of spending is highest in the grocery channel, but dollar and drug retailers are also seeing healthy share growth
- » At-home food and healthcare rituals, coupled with consumers' intense focus on low-cost CPG solutions, is driving private label share across healthcare and center store departments
- » The average private label discount versus national brand is about 30%, but the average price gap varies markedly across departments
- » Private label remains concentrated among a small segment of the population, with heavy buyers of private label accounting for 62% of private label sales

ACTION

- » Retailers should continue to support private label initiatives with feature ads and display-based merchandising to raise awareness among prospects seeking low-cost in-category alternatives
- » Develop best-in-class marketing, pricing and promotion strategies to ensure maximum relevance and impact among fiscally weary U.S. consumers
- » Evaluate partnership opportunities with key retailer partners to offer consumers solutions-based healthcare and meal solutions
- » 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
- » Consider multi-tiered product development efforts to drive appeal across a broad segment of the stores' key consumer segments

[Times & Trends]

A Snapshot of Trends Shaping the CPG and Retail Industries



INTRODUCTION

More than the crux of consumers' money saving strategies throughout the course of the recession, private label has become truly mainstream... an integral part of consumers' CPG experience.

"The retailer halo is now foundational, and private brands are becoming as familiar and relevant as national brands in some categories."

Thom Blishock
IRI Consulting & Innovation
President

Consumer rituals have changed drastically over the past couple years, largely in response to adverse economic conditions.

The economic unrest is beginning to show signs of easing, but consumers remain steadfastly in savings mode. Deal-seeking behavior is high. Consumers are shopping across channels, redeeming coupons, adhering to pre-made shopping lists, and delaying or eliminating "non-essential" purchases. While tactics vary, the goal is the same: consumers want to save money on CPG purchases.

At the crux of many savings strategies is private label packaged goods products. For years U.S. retailers have been honing their private label arsenal in the name of differentiation. The timing of these efforts has been meticulous. Private label has been elevated to a whole new level.

Many private label brands are now viewed as similar, perhaps even superior, to brand named CPG products. Examples include Target's Archer Farms, Safeway's O Organics and Supervalu's Wild Harvest. The list goes on.

Retailers continue to invest heavily in their brands. Innovation is increasing and promotional support is growing.

Economic recovery will likely be a long and arduous process. And, indications are that recession-induced ritual changes will remain long after the recession has officially ended.

For retail brands, it is time to shine. And for national brands, it is time to step-up competitive efforts. Both are happening already. Competition for share of CPG spending is intense.

This report explores current and emerging private label trends as well as influencing factors that are reshaping the CPG industry. Manufacturers and retailers with a clear understanding of these forces will be able to develop and execute competitive strategies for their brands which meet corporate goals while simultaneously delivering against consumer needs.



PRIVATE LABEL SHARE TRENDS

Retailer efforts to elevate private label have been bolstered by a turbulent economy, driving private label share of CPG spending to new heights.

“The private label phenomenon will continue to be a bright spot for innovative retailers that invest in providing a high-quality, convenient, affordable alternative to shoppers. It is also a call to manufacturers to ...ensure that all product development, merchandising, pricing and related strategies are closely tied to a well articulated, shopper-centric strategy.”

Thom Blishock
IRI Consulting & Innovation
President

Private label plays an integral role in retailers' differentiation strategies. As such, over the past several years, retailers have invested heavily to build the strength and relevance of their brand.

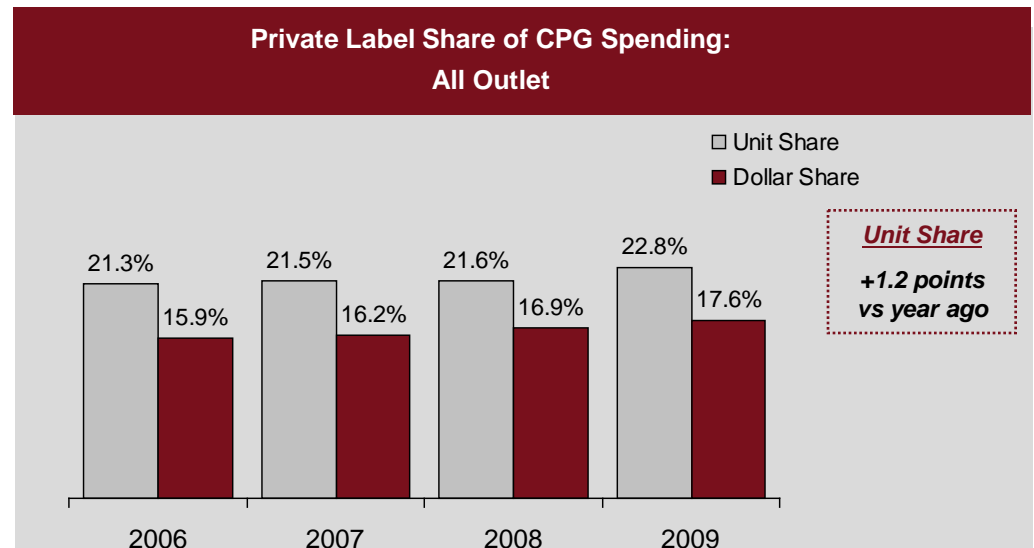
Packaging has been improved from generic black-and-white labels to colorful packages imparting a sense of quality and prestige. Ingredients have been enhanced, with store brands now regularly keying in on critical trends, such as organic ingredients, added vitamins and nutrients, new technologies (e.g. fast-melt, anti-aging, etc) and more. And, store brands are being featured in an increasingly prominent manner across promotional platforms.

In the midst of these stepped-up private label development efforts, economic turmoil hit the U.S. economy. The housing market crashed, unemployment levels rose, fuel prices soared and consumers became increasingly concerned about their fiscal well-being.

The United States has now officially been in recession for more than a year. Consumers are intently focused on saving money, but are also still fixated on quality and convenience. For many, store brand CPG products are answering this call quite nicely.

Private label CPG products now represent just over 17% of CPG spending, and more than one-fifth of CPG products purchased through retail outlets. For some retailers, though, store brands hold much higher share of sales. For example, in the first quarter of 2009, private label represented 35% of Kroger unit sales¹, and 25% of Spartan Stores unit sales².

Some indicators point to an economic brightening, but questions remain about how long it will take to fully emerge from this recession. One thing is for sure, though. Private label gains made during the recession will long outlive the downturn.



Source: IRI Consumer Network™; 52 weeks ending 7/19/2009 and same period prior years

¹ Wall Street Journal, 6/24/2009

² Supermarket News, 7/30/2009



Private label share of spending is highest in the grocery channel, and grocers remain keenly focused on driving incremental gains.

CHANNEL SHARE

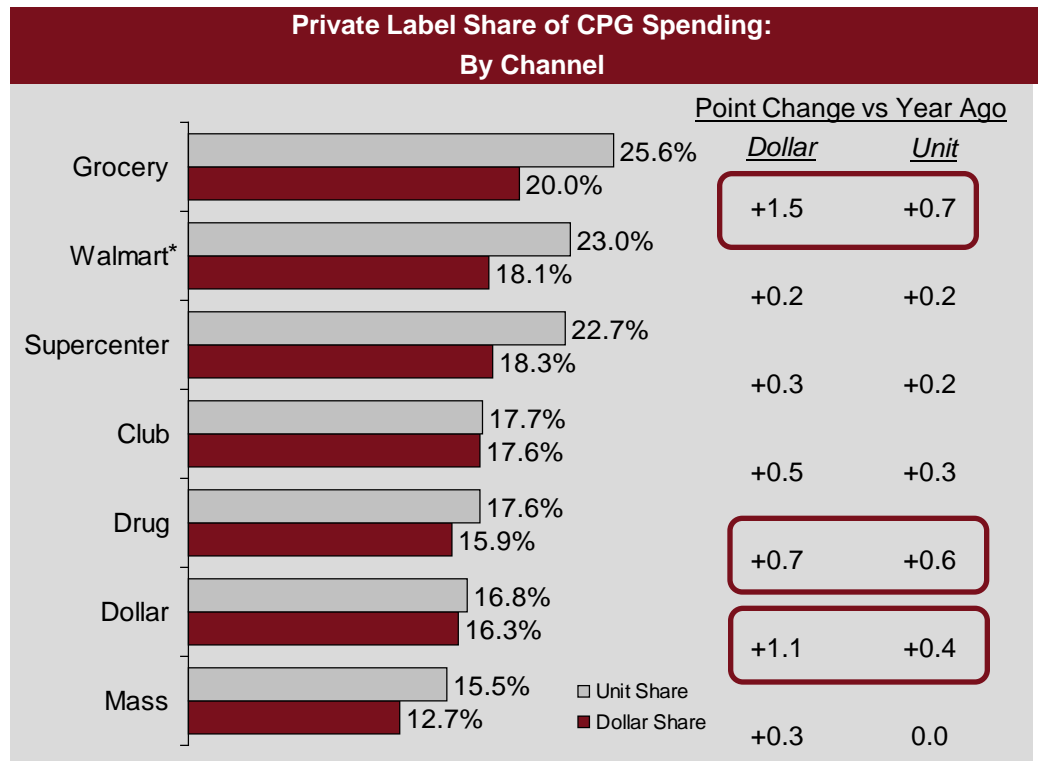
Private label share of spending varies across retail channels, and remains highest in the grocery channel.

Despite its dominant private label share position the grocery channel remains keenly focused on continuing to drive share gains, and results to date have been positive. The grocery channel gained one and one half private label dollar share points over the past year, representing 0.7 points in unit share gains.

And new promotional programs abound in the grocery channel. For example, Lowes Foods has a new “e-Offers” coupon program, a Web-based program which allows Lowes Foods Rewards card holders to download coupon offers to their card for automatic redemption at the time of purchase¹.

Fresh & Easy is working to drive trial of private label options with weekly demos of store-brand products. The retailer collects tester feedback online, drawing comments with the promise that some testers’ feedback will appear on the homepage ticker.

As discussed in our August issue of *Times & Trends*, dollar stores and drug stores are capturing an increased share of CPG spending as consumers seek low-cost meal and healthcare solutions. These overall share gains are translating to increased share of private label sales. Drug stores and dollar stores captured 0.6 and 0.4 private label unit share points, respectively, over the past year.



¹ Supermarket News, 8/5/2009

Source: IRI Consumer Network™; 52 weeks ending 7/19/2009 and same period prior year
*Total Wal-Mart with Neighborhood Markets

Times & Trends

A Snapshot of Trends Shaping the CPG and Retail Industries



DEPARTMENT SHARE

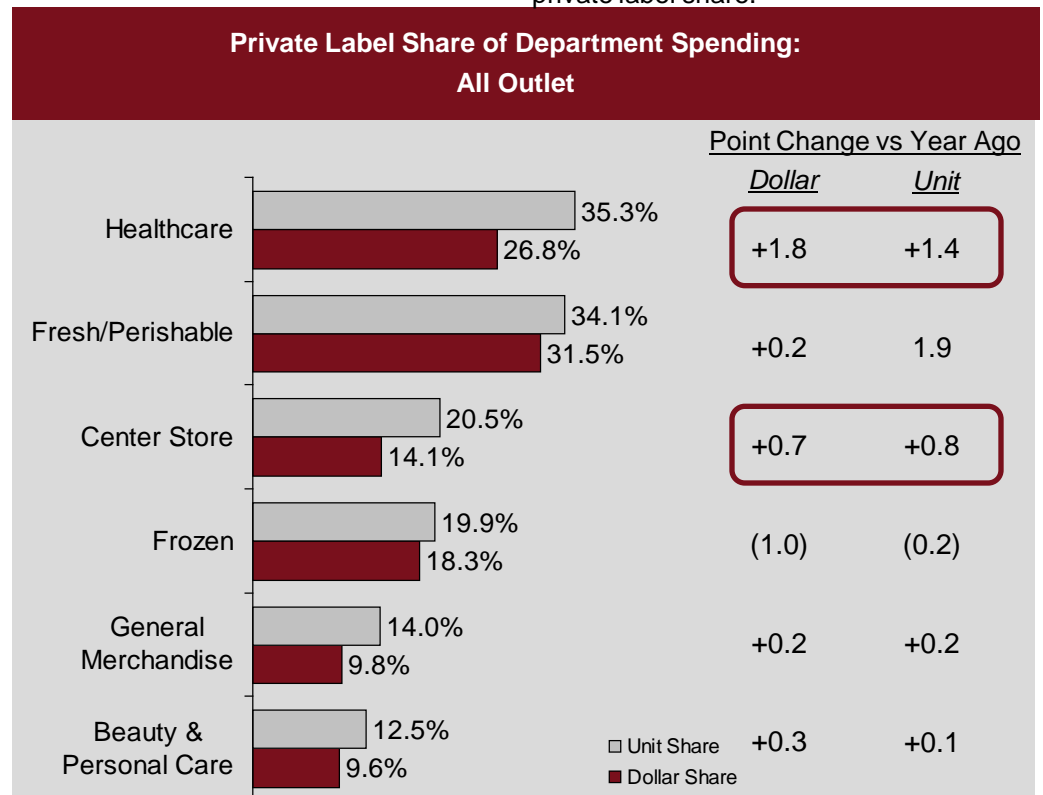
Private label has been embraced by shoppers on a quest for low-cost meal and healthcare solutions.

Consumers have turned to self-care in order to reduce healthcare expenditures during difficult economic times. Though the recession is easing, a recent IRI *National Association of Chain Drug Stores (NACDS)* survey reveals that nearly one-quarter of health shoppers plan to go to the doctor less frequently and self-treat more frequently over the next year in order to save money.

Private label healthcare offerings have been embraced by U.S. shoppers on a quest for cost-effective healthcare solutions. Store brands now account for more than one-quarter of healthcare department dollar sales, reflecting share gains of nearly two points over the past year.

High levels of private label development activity, stemming from Rx-to-OTC switches, technologically-enhanced formulations and new discoveries, leaves the healthcare department poised for continued growth. Innovative retailers will capitalize on this growth through aggressive research and development actions and heavy promotional spending.

Private label within center store aisles has also performed well over the past year. At-home food behaviors remain strong. From increased promotions, such as Walmart's online cooking videos to line extensions, such as Supervalu's recent Wild Harvest efforts, retailers are looking to capitalize on opportunities to grow center store private label share.



Source: IRI Consumer Network™; 52 weeks ending 7/19/2009 and same period prior year



PRIVATE LABEL PRICE DISCOUNT BY DEPARTMENT

Average discount offered by private label varies markedly at the department level, and may change drastically as private label innovation evolves.

CPG prices increased significantly in 2008, climbing an average 4.9% over 2007 levels. But, as reported in the January issue of *Times & Trends*, 46 of the top 100 categories experienced above-average increases. In fact, several staple CPG categories saw prices rise at double-digit rates.

The July issue of *Times & Trends* provides a detailed analysis of private label pricing trends over a two year period. For much of that time, store brand prices climbed at nearly twice the rate of industry average. This trend eased in the fourth quarter of 2008, and private label prices are now occurring at a rate well below the industry average.

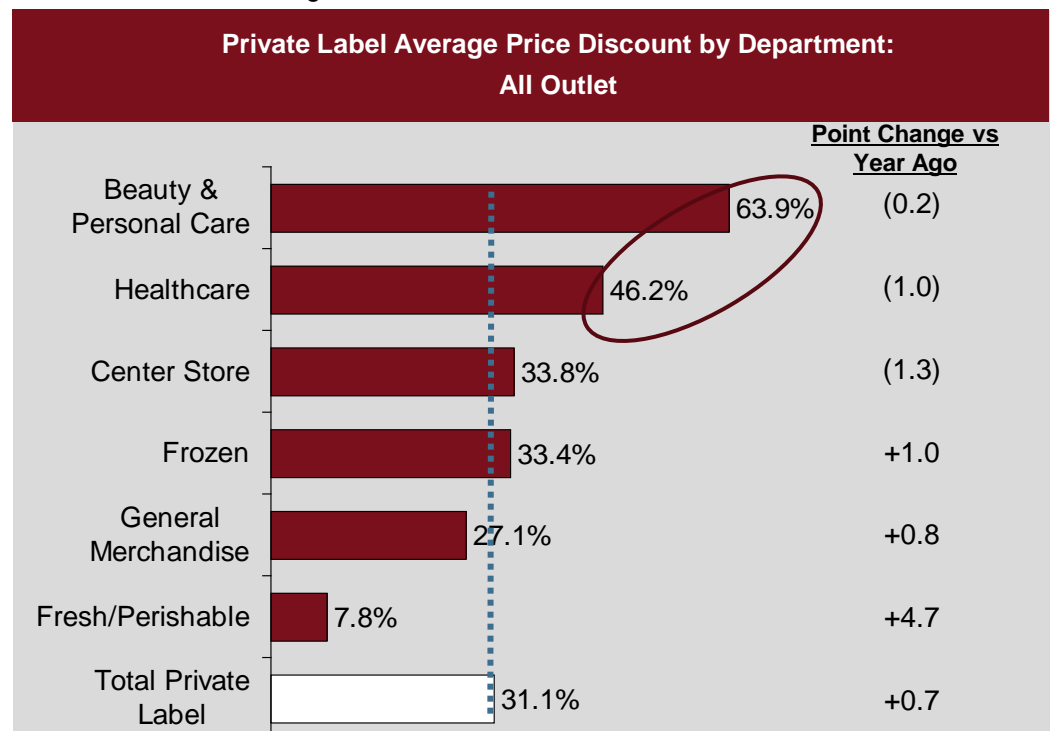
Despite this rollercoaster ride, store brands still offer shoppers considerable savings over national brands. Discounts average 31.1%,

slightly more versus last year's average of 30.3%. The rate of savings varies markedly at the department level.

As private label innovation increasingly expands beyond "me-too" products, the cost of store brand research and development has the potential to rise significantly. This may erode some of the savings offered by private store brands, and/or retailer margin on these items.

The private label price gap has shrunk across some departments, including center store and healthcare.

Savvy retailers will creatively leverage innovation from across CPG, and perhaps beyond, to offer consumers truly unique products that reinforce differentiation, yet still provide savings over national brand offerings without eroding margin.



Source: IRI Consumer Network™; 52 weeks ending 7/19/2009



CATEGORY LEVEL CONCENTRATION

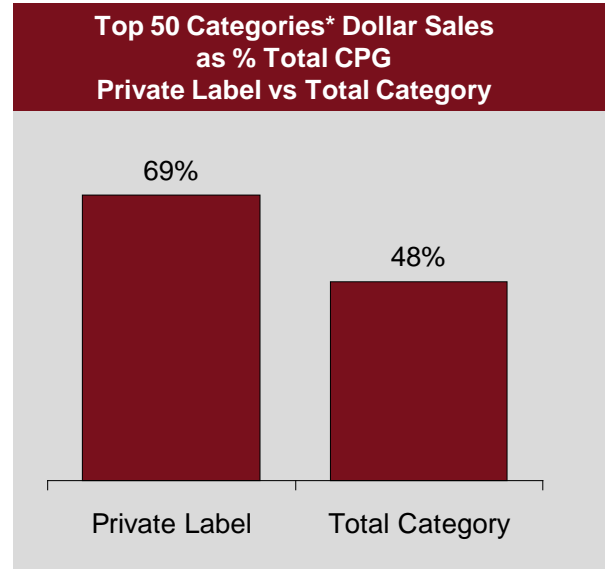
Private label remains quite concentrated among a small segment of the U.S. population, but retailers are leveraging multi-tiered programs in an effort to drive penetration gains.

Retailer focus on expanding private label lines is strong. Retailers across channels, including Supervalu, Walmart and 7-Eleven have announced newly expanded and/or enhanced private label offerings. Nonetheless, private label penetration remains quite low. Only 6% of shoppers reflect private label penetration of greater than 50%. Even among heavy buyers of private label goods, penetration is less than 25% among nearly two-thirds of the market.

Due to low penetration, sales of private label goods are quite concentrated. The top 50 private label categories (17% of categories) represent 69% of total private label sales. By contrast, the top 50 branded categories represent less than half of total dollar sales.

Retailers are working hard to change this trend. Mentioned above, 7-Eleven plans to add 100 new items to its private label lines this year. Additions will be made at both ends of the spectrum, adding breadth to 7-Eleven and 7-Select lines.

Kroger corporate brands are broken down into three tiers: private brands, banner brands and value brands. Thanks to recent private label efforts such as the re-launch of its Comforts baby/toddler line, the retailer announced that 27% of its fourth-

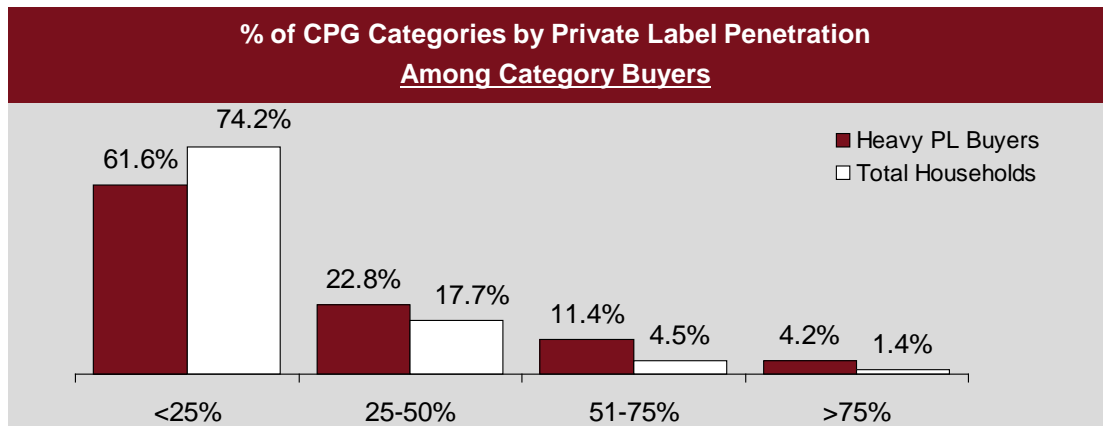


Source: IRI Consumer Network™; 52 weeks ending 7/19/2009. *Top 50 Categories Based on Private Label Dollar Sales.

quarter grocery growth stems from store brands, with increases coming from both general Kroger and premium/organic Private Selection products¹.

U.S. consumers are firmly entrenched in savings mode. In a recessionary economy, implementation of multi-tiered strategies such as this are well-advised.

A detailed analysis of category-level performance follows later in this report.



¹ Annual Report; Marketing News 5/30/2009

Source: IRI Consumer Network™; 52 weeks ending 7/19/2009



PRIVATE LABEL PURCHASE SEGMENTS

Heavy private label buyers represent 62% of private label sales; however, upward potential is huge across consumer segments.

According to IRI's recent *Americanism Study*, 44% of shoppers seek out and purchase store brands in order to save money, and 52% expect to do so in the coming year. In fact, nearly everyone purchases some private label CPG products; penetration is 100%.

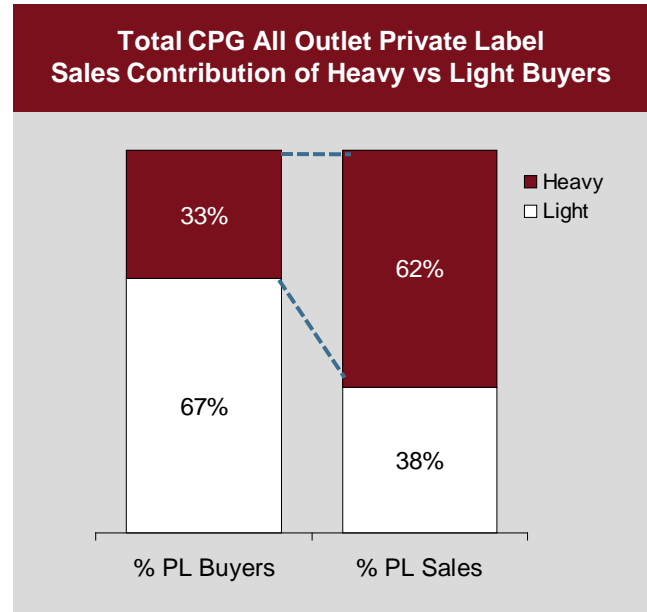
But, only 33% of purchasers are considered heavy buyers of private label goods. These shoppers represent nearly two-thirds of private label sales.

Over the course of the recession, the appeal of private label has grown rather sharply. In *Dissecting the Downturn Generation* IRI revealed that 46% of shoppers are purchasing more private label today than they have in the past.

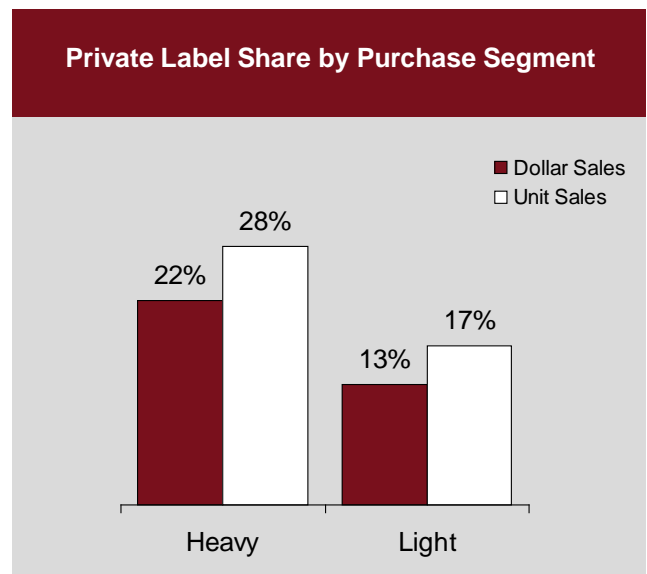
Nonetheless, heavy private label buyers allocate only 22% of their CPG budget to store brand offerings. Among light shoppers, share is significantly lower. Across both segments, upward potential is huge.

As discussed earlier in this report, marketing of store brands has intensified over the past year. And, a recessionary economy is also helping to bolster private label share gains.

Private brands are here to stay. Brand manufacturers must embrace private label. Collaborate with retailers to offer consumers a range of CPG solutions. Meanwhile, create consumer-centric, value-oriented marketing programs to manage private label gains and fortify relationships with key consumer segments.



Source: IRI Consumer Network™; 52 weeks ending 7/19/2009



Source: IRI Consumer Network™; 52 weeks ending 7/19/2009



Private label strategies based on an intimate knowledge of key target markets will resonate well among value-conscious shoppers.

CONSUMER SPENDING BY SEGMENT

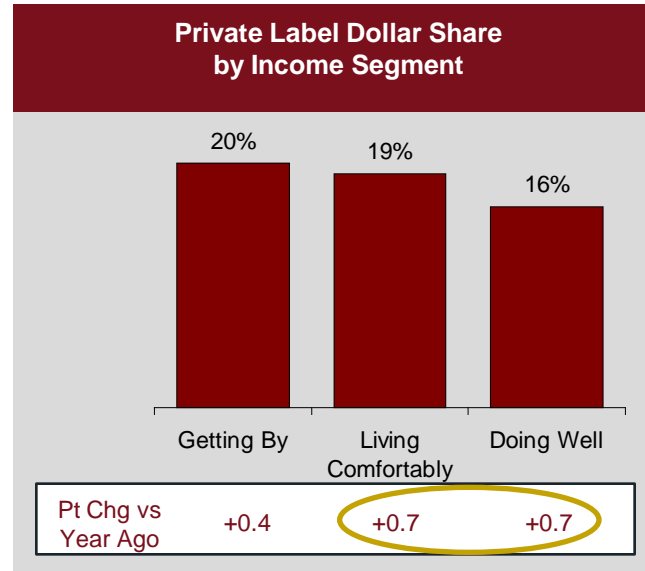
Demographics have a solid impact on private label purchase behavior. For example, lower-earning and larger households are heavier buyers of store brands versus wealthier and smaller households, respectively.

Not surprisingly, the economy is heavily influencing private label trends. Trading down has become commonplace. Instead of dining out, more folks are cooking at home. Salon visits have given way to at-home beauty care. Doctor visits are being limited and self-care is on the rise. And, shoppers are trading name brand purchases for lower-cost store brands.

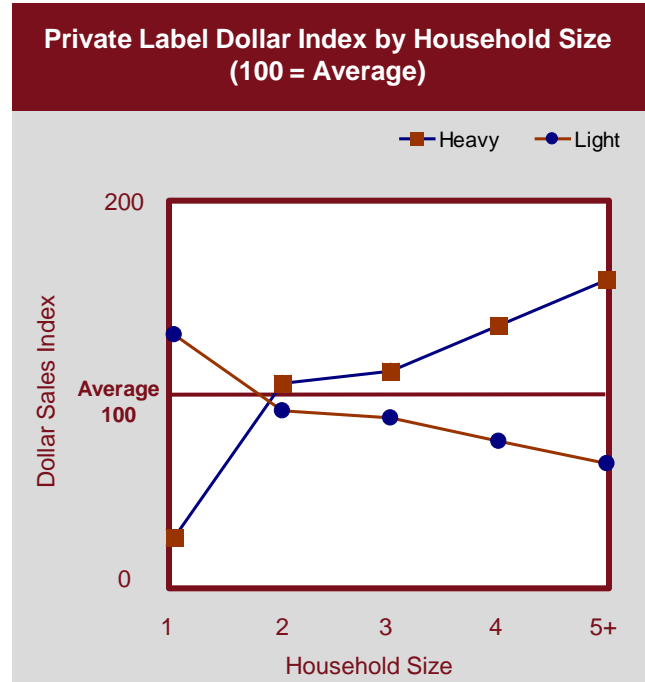
Private label dollar share is climbing across income segments. The strongest share growth is coming from middle and upper-income shoppers.

Multi-tiered private label strategies are very effective. Tiered offerings bring appeal to a broader segment of the marketplace. In developing such offerings, effective pricing strategies are critical. It is difficult to balance value with perceptions of gourmet and/or indulgence. The key is to have an intimate understanding of key consumer segments, and develop programs that meet the needs of those markets.

Brand-name manufacturers, too, must stringently adhere to targeted strategies to compete effectively in a recessionary market. Product innovation and distribution, pricing, and promotional strategies based soundly on the needs of key consumer segments will ensure relevance and drive purchase behavior.



Source: IRI Consumer Network™; 52 weeks ending 7/19/2009



Source: IRI Consumer Network™; 52 weeks ending 7/19/2009

Times & Trends

A Snapshot of Trends Shaping the CPG and Retail Industries



CATEGORY OPPORTUNITY

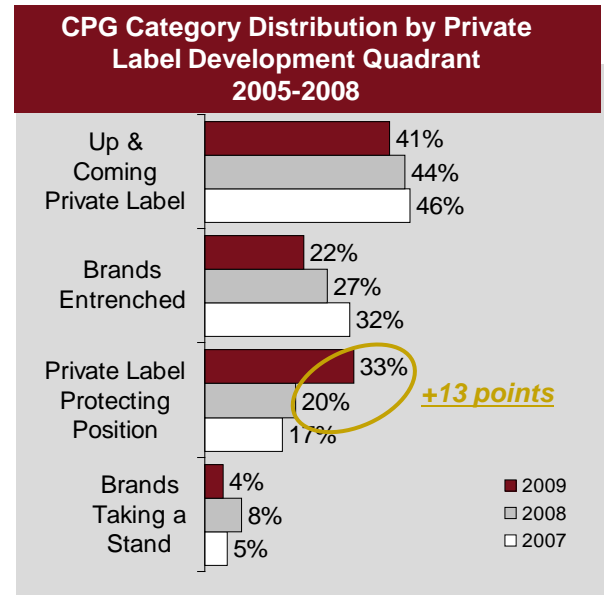
Private label is protecting or growing share in three-quarters of top CPG categories.

Consumers' growing affinity for private label brands runs deep. Over the past year, store brands have protected or grown share in three-quarters (74%) of the top 100 CPG categories.

In the remaining 26% of top categories, brand-name products are holding strong. But, this marks a nine point decline versus year ago.

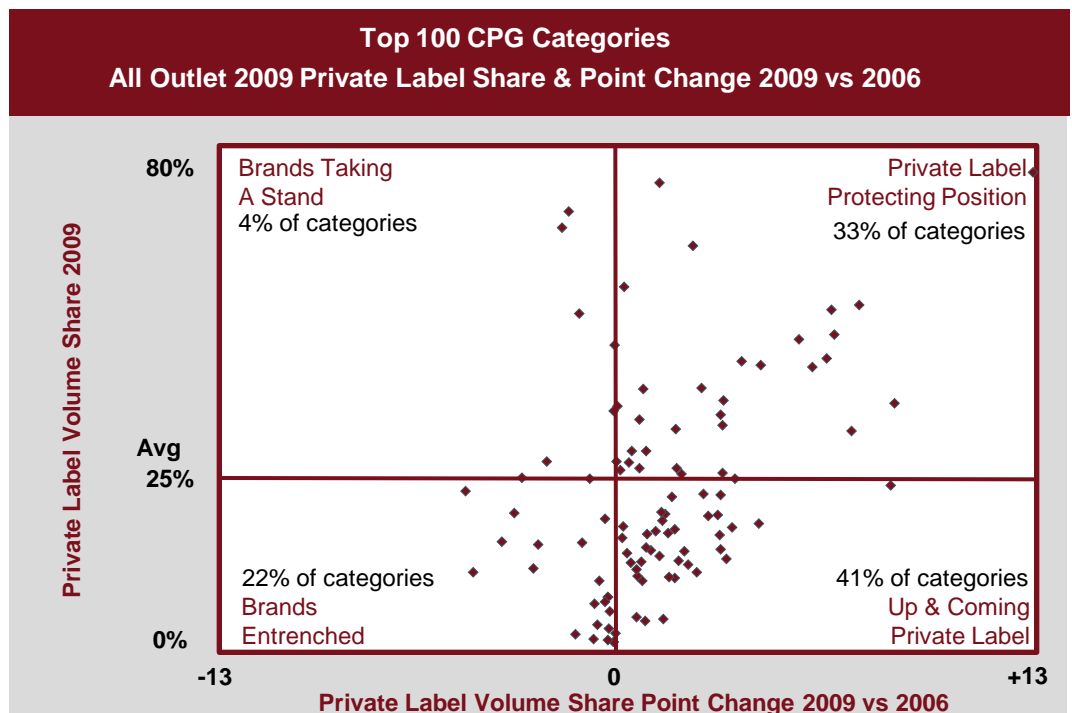
Store brands have established a foothold in today's CPG marketplace, and their quest for dominance is strong. Nonetheless, private label opportunity varies rather starkly at the category level.

The pages that follow provide a more in-depth look at each quadrant.



Source: IRI Consumer Network™; 52 weeks ending 7/19/2009 and same period prior years.

*Top 100 categories based on dollar sales



Source: IRI Consumer Network™; 52 weeks ending 7/19/2009 and same period prior years



PRIVATE LABEL PROTECTING POSITION

To maintain momentum, retailers must not only ensure relevance among current buyers, but also demonstrate the ability to understand and deliver against the needs and wants of non-buyers.

While private label is gaining ground across a majority of top CPG categories, its position and traction is particularly strong across 33 of the top 100 categories. In these categories, private label is “protecting position,” meaning store brands hold an above average and increasing share of sales.

A majority of these categories are key staple goods, and some, such as tomato products and natural cheese, incurred substantial price increases last year.

Several of these categories are also low differentiation categories. It is these commodity-like categories that are most susceptible to private label domain.

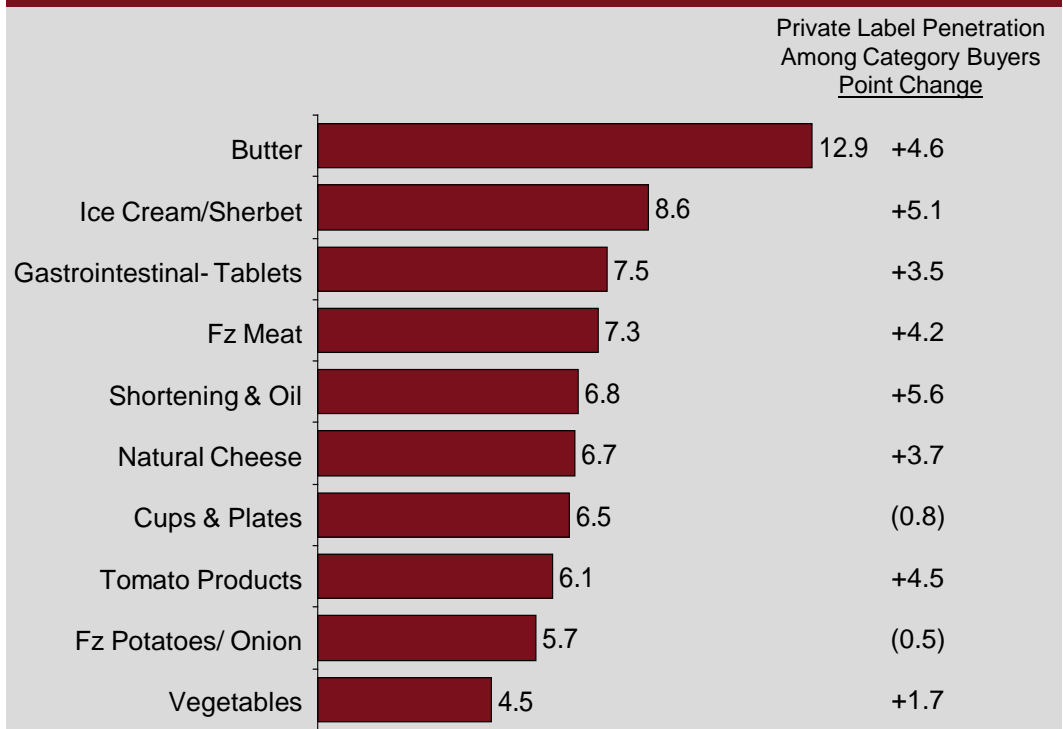
Illustrated by near across-the board

penetration gains, these “protecting position” categories have seen a growing number of shoppers turn to low-cost private label product offerings.

For brand manufacturers, the need to protect and grow share is high. Innovation must seek to provide differentiation. Pricing and promotional strategies must emphasize value and quality.

For retailers, continued penetration gains will drive increased share. In addition to ensuring relevance among current buyers, the ability to understand and deliver against the needs/wants of non-buyers is critical to conversion efforts.

**Top Categories with Above Average and Increasing Private Label Share
2009 vs 2006: All Outlet Private Label Volume Share Point Change**



Source: IRI Consumer Network™; 52 weeks ending 7/19/2009 and same period prior years
Among top 100 categories



UP & COMING PRIVATE LABEL

Private label gains cut across categories, leading some brand marketers to make stark changes to their competitive strategies in order to protect and grow share.

Private label share is below average but on the rise across 41 of the top 100 CPG categories. The categories with the highest private label share gains are highlighted in the chart below.

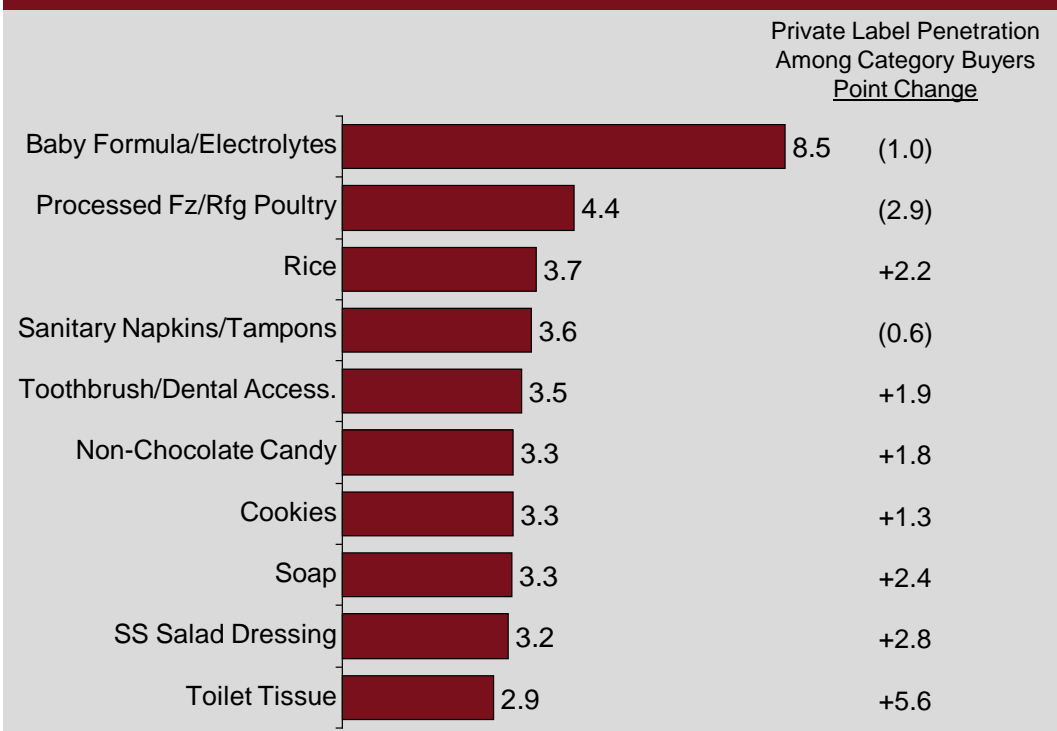
Once again, increasing penetration is a key enabler of private label share growth. In most of the “up and coming” categories, private label penetration increased over the past year. In several instances, such as toilet tissue, penetration increases have been rather substantial.

Brand manufacturers are aggressively working to stem share

losses brought about by trading down to store brands over the course of the recession. For example, after years of adding features to products to encourage consumers to pay more for their brands, Procter & Gamble has recently begun offering lower-priced variations of key brands aimed at frugal shoppers. Charmin, Tide and Bounty are all examples of brands seeing development at the value end of the product spectrum¹.

As the recession wears on, and even beyond, consumers will look at affordability through a new lens. To succeed, CPG marketers must understand what that lens entails, and deliver against it consistently.

Top Categories with Below Average and Increasing Private Label Share 2009 vs 2006: All Outlet Private Label Volume Share Point Change



¹ Wall Street Journal, 8/6/2009

Source: IRI Consumer Network™; 52 weeks ending 7/19/2009 and same period prior years Among top 100 categories



Manufactures are still successfully thwarting private label through innovation, but store brands are rapidly becoming a breeding ground of novel CPG offerings.

BRANDS ENTRENCHED

Private label is losing share in 22% of the top 100 CPG categories. In these categories, brands hold an entrenched position. Brand success in these categories is largely attributable to successful new product innovation.

For example, store brands lost more than four points of volume share in the weight control category. The huge success of alli, garnering \$160 million in year one sales, was pivotal to this share shift.

Similarly, the cat food category boasted three IRI Pacesetter Product introductions in 2008. Mars Inc. rolled out Sheba Premium Cuts and Whiska's Purrfectly lines of cat foods, while P&G achieved great success with the Iams ProActive Health Digestive Care brand.

Innovation is more difficult for retailers, as focus must span several categories/brands/products. Nonetheless, store brand innovation is heating up.

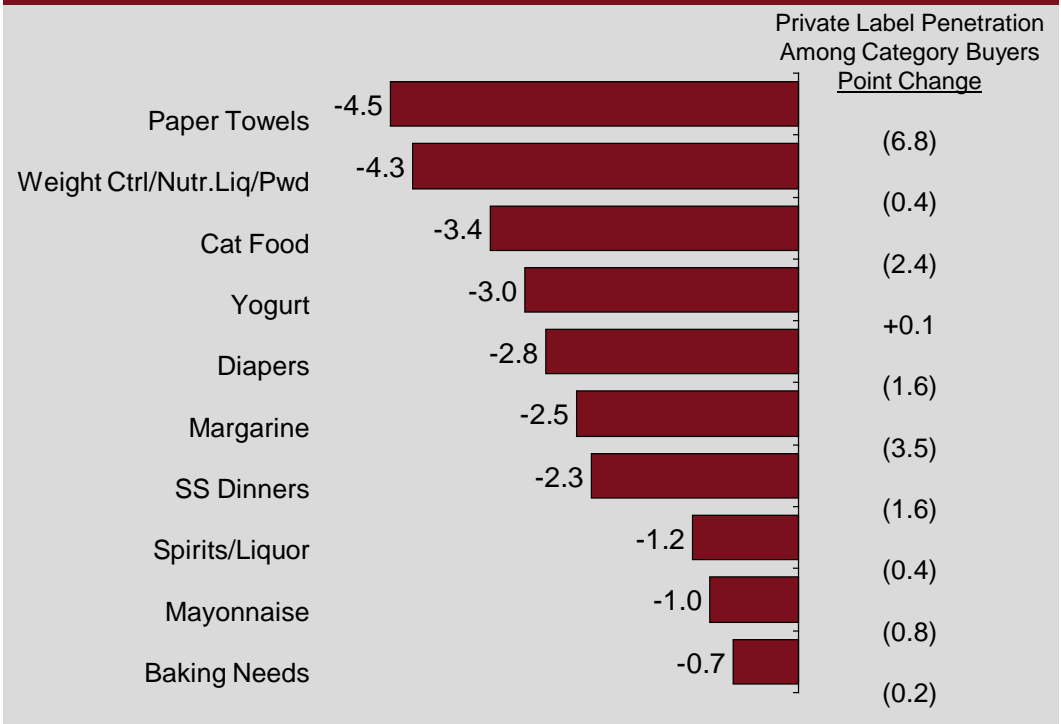
Retail stores are prime territory for studying consumer shopping behaviors. Armed with intimate knowledge of consumer needs and wants, retailers are striking hard. Product, packaging, pricing and promotional strategies are being designed to communicate quality and value. Sustainability is being tackled head-on. Retailers are playing to win.

Retailers and brand manufacturers are working toward the same goal: satisfying consumer needs. In the end those with the most compelling "story" will win share of wallet.

"Private label lines are hotbeds of creativity, driving markets and establishing themselves as trend leaders."

Krista Faron, *Mintel*, as stated in *QSR*, 7/23/2009

Top Categories with Below Average and Declining Private Label Share 2009 vs 2006: All Outlet Private Label Volume Share Point Change



Source: IRI Consumer Network™; 52 weeks ending 7/19/2009 and same period prior years
Among top 100 categories



Manufacturers have won share from store brands across several key meal preparation categories.

BRANDS TAKING A STAND

Brands are taking a stand in 4% of top CPG categories; these are key wins, cutting across several staple meal preparation categories. Within these categories, private label holds an above average share of volume sales, but national brands are gaining ground.

Once again, innovation is driving brand-name success. For example, private label share of dog food slipped 2.1 points over the past year. During this period, five new dog food introductions achieved IRI New Product Pacesetter status, each touting gourmet and/or all natural ingredients.

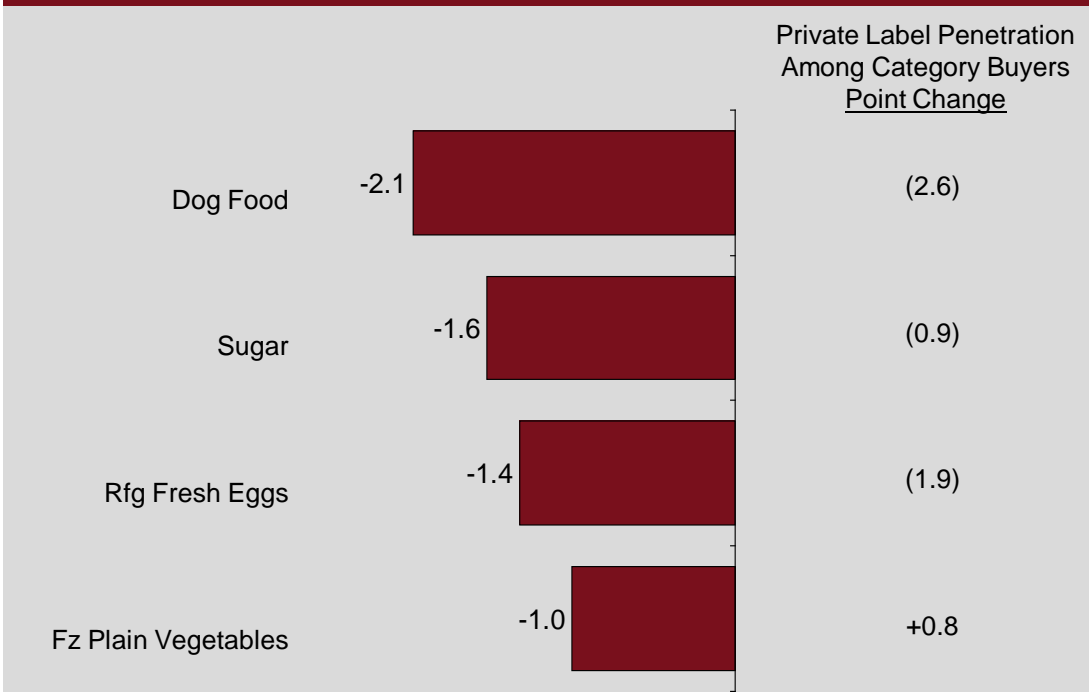
Name-brand vegetables, such as Pictsweet Deluxe Steamers and

Green Giant Healthy Vision lines, have captured share of category sales with technological advances allowing for quick-and-easy, but healthy at-home meal options.

But retailers are also stepping up health-conscious offerings. For example, Supervalu has doubled its Wild Harvest organic brand to 312 items, from 150 last spring. And, Safeway began selling its organic food brands to other retailers last fall.

With at-home meal and self-care behaviors expected to remain high throughout this year and beyond, products centered around healthy and at-home living are likely to be a key battle ground for retailers and manufacturers in the coming year.

Categories with Above Average and Declining Private Label Share 2009 vs 2006: All Outlet Private Label Volume Share Point Change



Source: IRI Consumer Network™; 52 weeks ending 7/19/2009 and same period prior years
Among top 100 categories



CONCLUSIONS CPG MANUFACTURERS

Manufacturers seeking to develop effective private label mitigation strategies should consider the following action items:

- » Continually identify and assess brand-specific opportunities and risks with respect to private label
 - Invest to identify optimal price gaps versus private label
 - Stem share loss across categories demonstrating growing private label presence through value-oriented promotions, such as BOGO and multi-unit programs
 - Explore the feasibility of value-tier product line expansion to thwart trade-down private label

- » Continually refine competitive strategies vis-à-vis private label
 - Re-evaluate pricing strategies to ensure alignment against needs of key consumer segments
 - Invest in product and packaging innovation within categories that demonstrate growing private label presence
 - Leverage highly-targeted and affordability-oriented marketing campaigns, including feature ads and in-store efforts, across categories with highest private label threat

- » Measure and monitor actual versus planned impact of private label-related initiatives
 - Test-market product, pricing and promotion changes prior to and immediately after roll-out
 - Track and benchmark store-level shifts relative to private label among key retail partners



CONCLUSIONS CPG RETAILERS

Retailers seeking to grow private label share should consider the following action items:

- » Continually identify and assess private label opportunities and threats
 - Invest to understand core private label needs across key consumer segments
 - Tailor private label offerings at the market level
 - Support private label with highly targeted marketing campaigns, including in-store display and feature ad initiatives

- » Continually refine private label 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 private label innovation opportunities

- » Measure and monitor actual versus planned impact of private label-related initiatives
 - Test-market product, pricing and promotion changes prior to and immediately following roll-out
 - Track and benchmark store-level private label share shifts relative to national brands



RESOURCES

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

IRI Consumer Network™

Nationally representative panel of households tracking purchases with hand-held barcode scanners; extensive demographic profiles enable in-depth analysis of purchase behavior across standard or custom-defined consumer segments across channels.

IRI AttitudeLink™

IRI's custom survey capability that can be executed via email, telephone or Internet; the ability to link attitudes with actual purchase behavior enables clients to track sales across custom attitudinal segments.

IRI Total Store Advantage™

Total Store Advantage™ Powered by IRI Liquid Data™ helps you to make better decisions by providing the fastest, most direct path to operational and strategic insights across the entire store. The solution delivers on-line access for complex ad hoc analysis along with standard dashboards that address a wide variety of cross-category business issues.

IRI Advantage on Demand™

Advantage On Demand™ Powered by IRI Liquid Data™ delivers speed to new insights with on-demand, best practice reporting, leveraging unique capabilities across the ILD Advantage solutions not available anywhere else to answer your top business questions.

IRI's The 2009 Private Label Report: Emerging Trends & Key Success Factors In Private Label

Updated through Q2 2009... IRI's Consulting & Innovation team has just released a new private label thought leadership report that uncovers emerging private label strategies and tactics of best in class retailers. This report is a forward-looking, thought-provoking analysis that provides a multi-faceted review of how effectively private label is serving U.S. shoppers during the current recession. The report analyzes the factors that are driving private label performance today, the opportunities that still exist for retailers and how branded manufactures can more effectively compete against private label in a tough economy.

*For more information, contact Sean Seitzinger at
sean.seitzinger@infores.com*

[Times & Trends]

A Snapshot of Trends Shaping the CPG and Retail Industries



>>> MORE INFORMATION

Please contact Susan Viamari at susan.viamari@infores.com with questions or comments about this report.

About IRI

IRI is the world's leading provider of consumer, shopper, and retail market intelligence and insights supporting 95 percent of the FORTUNE Global 500 consumer packaged goods (CPG), retail and healthcare companies. Only IRI offers the unique combination of integrated market information, automated and predictive analytics, innovative enabling technologies, and domain expertise. With IRI, leading retailers and manufacturers are able to quickly discover breakthrough insights driving smarter decisions and actions across the enterprise for breakthrough results. Companies around the world depend on IRI for improved productivity, stronger brands, and dramatic revenue growth. For more information, visit <http://us.infores.com>

CORPORATE HEADQUARTERS:
150 NORTH CLINTON STREET
CHICAGO, IL 60661
Telephone: +1 312 726 1221
WWW.INFORES.COM

