

SUPERCHARGING GROWTH THROUGH INNOVATION



New Product Trends – Food 2008

April 23, 2008

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- What Makes a New Product Pacesetter?
- 2007 Top 10 Food & Beverage Pacesetters
- Food & Beverage Trends

Growth Through Innovation



**Brand
Growth**

**Market
Creating**

Innovation

- Prestige image
- Brand name leverage
- Specialty to mass market

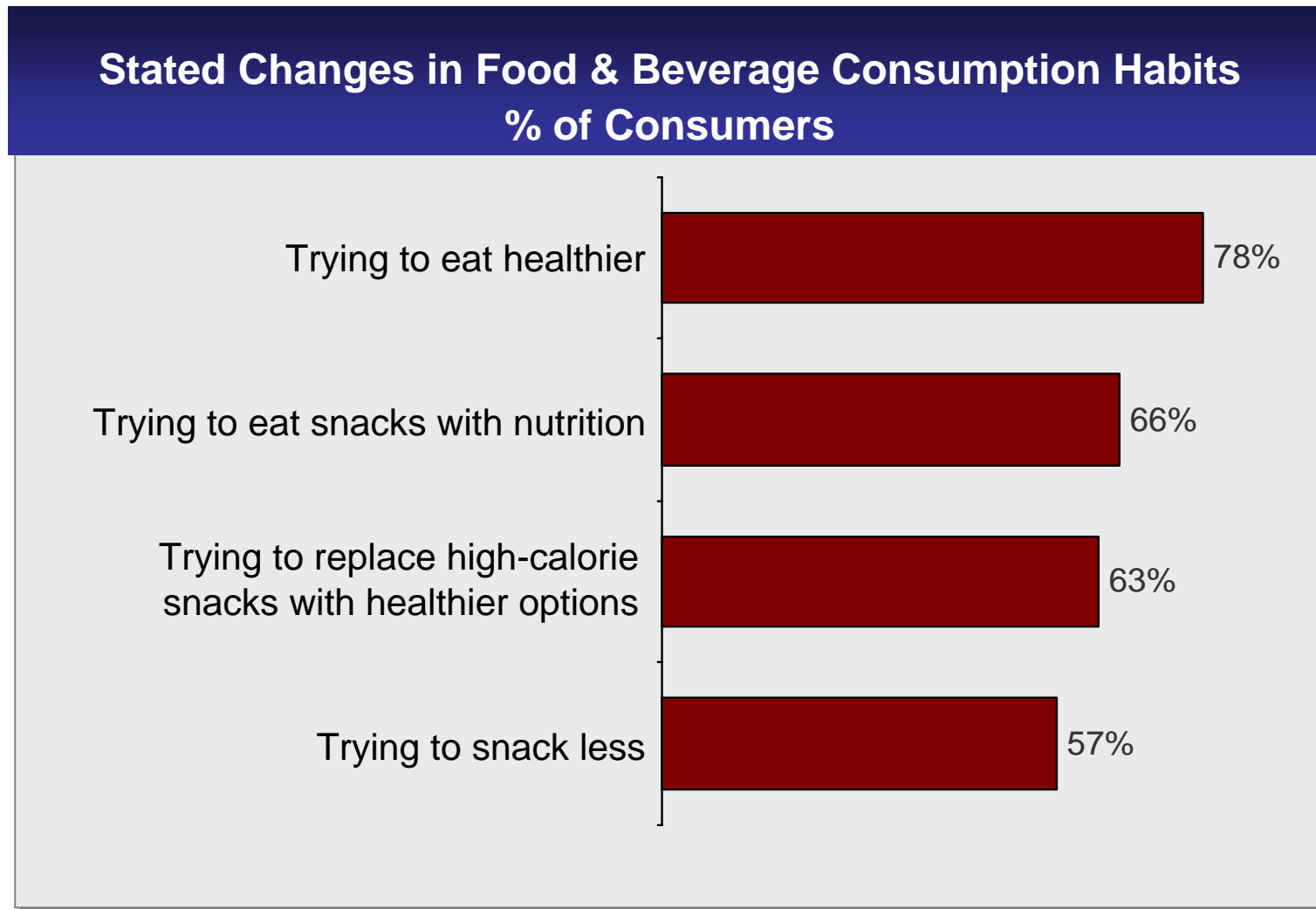
Expansion

adjacent or complementary
categories

Sustaining

- Established brand line extensions
- Keep pace with population and market growth

Consumers Recognize a Need to Change Their Diets



Source: IRI Consumer Snacking Study 2007

Consumers Have Been Slow to Make Changes

OBESITY

- ▶ **2/3 of U.S. consumers are obese or overweight**
- ▶ **Compare with only 37% in Italy; 13% in Korea**

INDULGENCE

- ▶ **2/3 of snack spending is on indulgent snacks**
- ▶ **Even heaviest healthy snack buyers spend over half on indulgent snacks**

NUTRITION

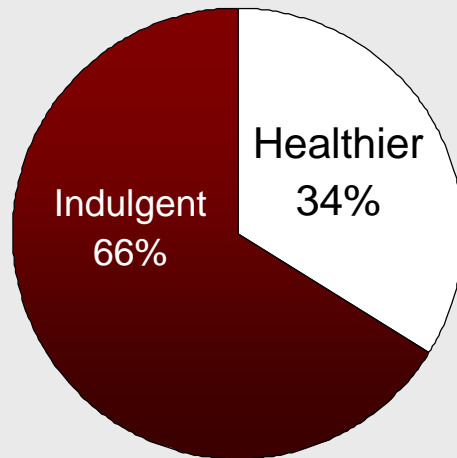
- ▶ **Only one fourth of consumers eat 5+ servings of fruit and vegetables**
- ▶ **Only 4% meet the whole grain recommendation**

Sources: The Global Obesity Report, Europanel/IRI; IRI 2007 Consumer Snacking Study, IRI MedProfiler, National Health & Nutrition Examination Survey

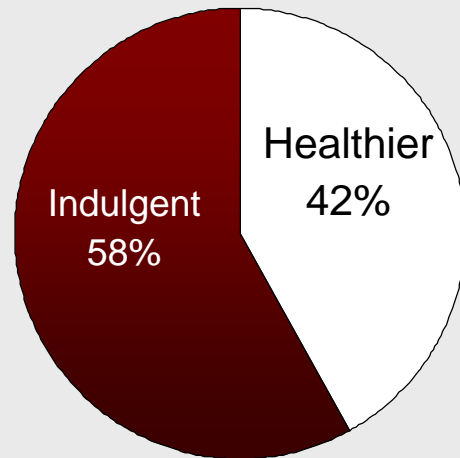
Consumers Continue to Spend Heavily on Indulgent Products

Healthy vs Indulgent Snacks: Segment Share of Total Snack Spending

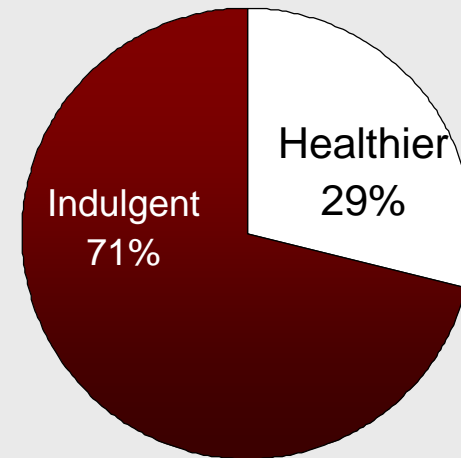
All Households



Heavy "Healthier" Snackers

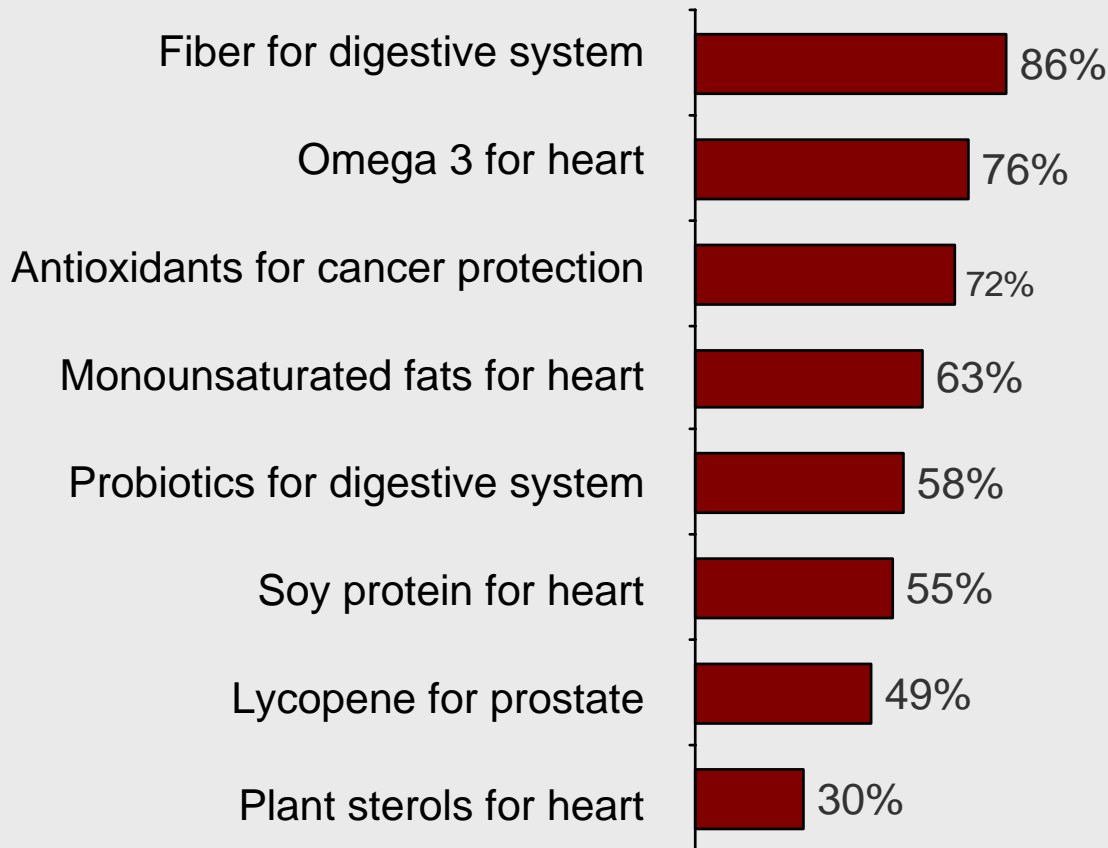


Heavy "Indulgent" Snackers



Consumers Are Ready for Functional Foods

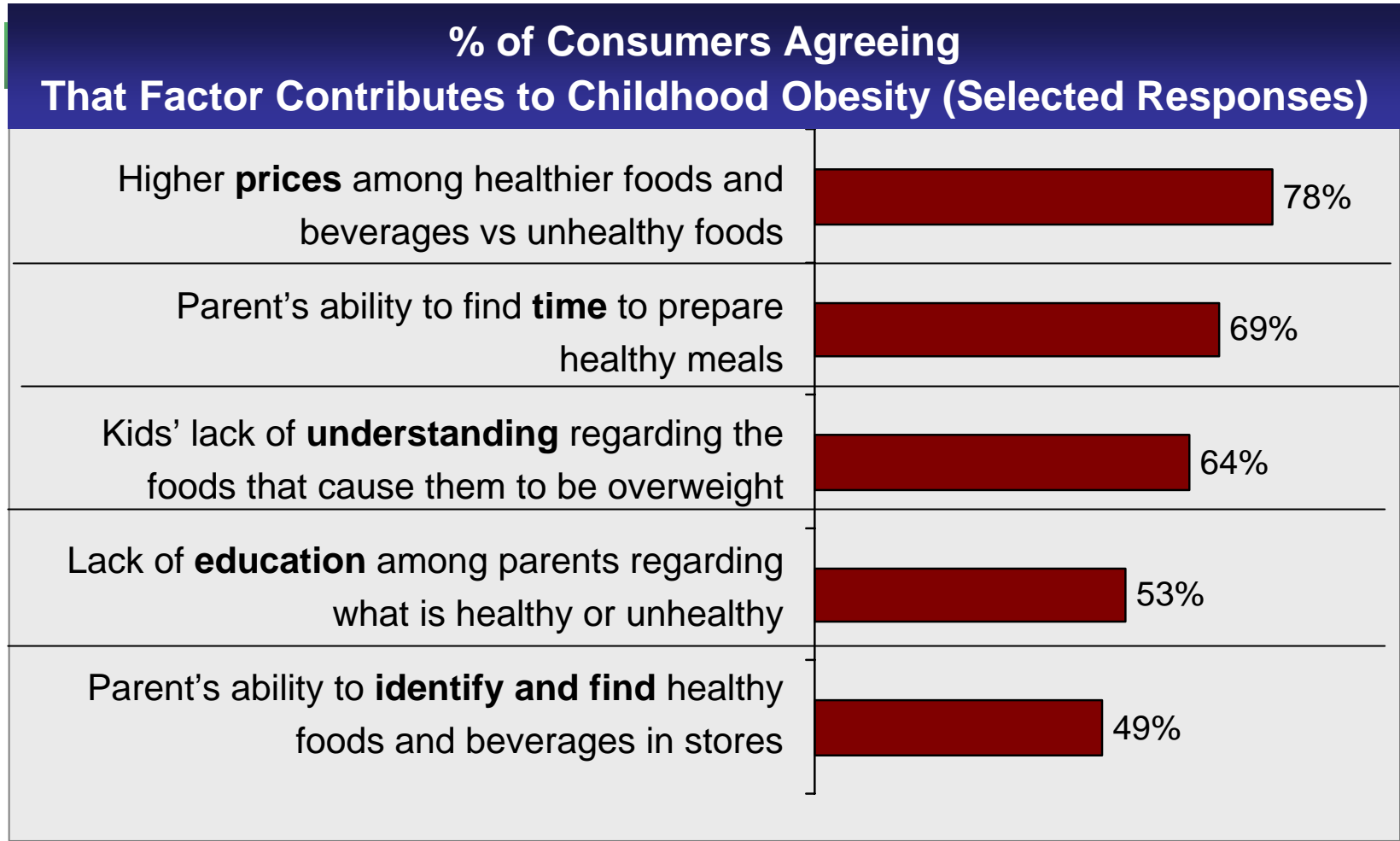
Awareness of Nutrient Health Benefits % of Consumers



Dollar Sales Growth vs Prior Year

- Enhanced Water +42%
- Refrigerated Tea +33%
- Energy Drinks +26%
- Soy Milk +7%

Parents Want Your Help to Battle Childhood Obesity

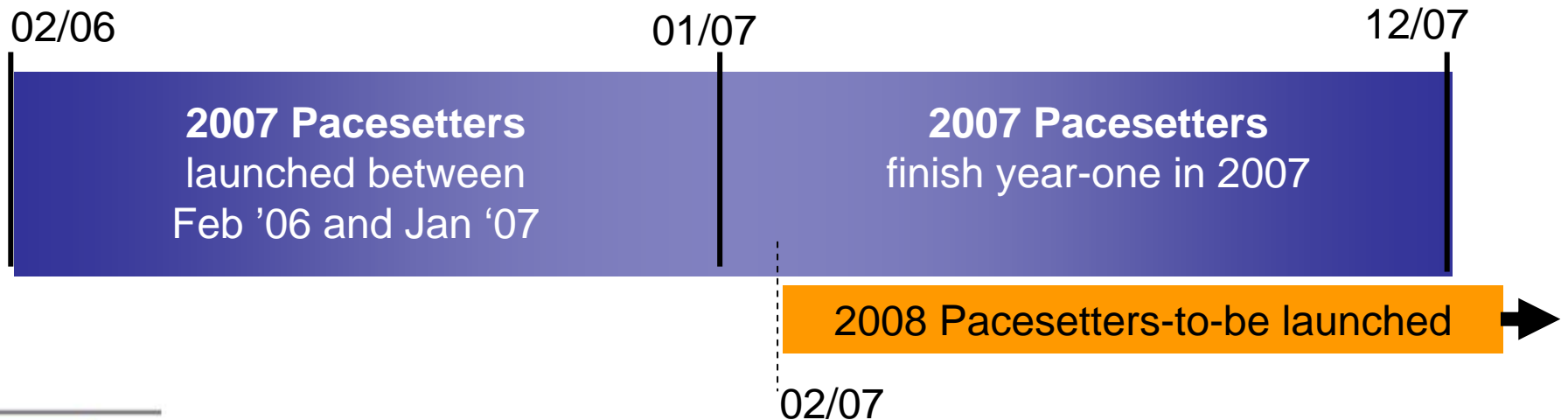


Food & Beverage Pacesetters

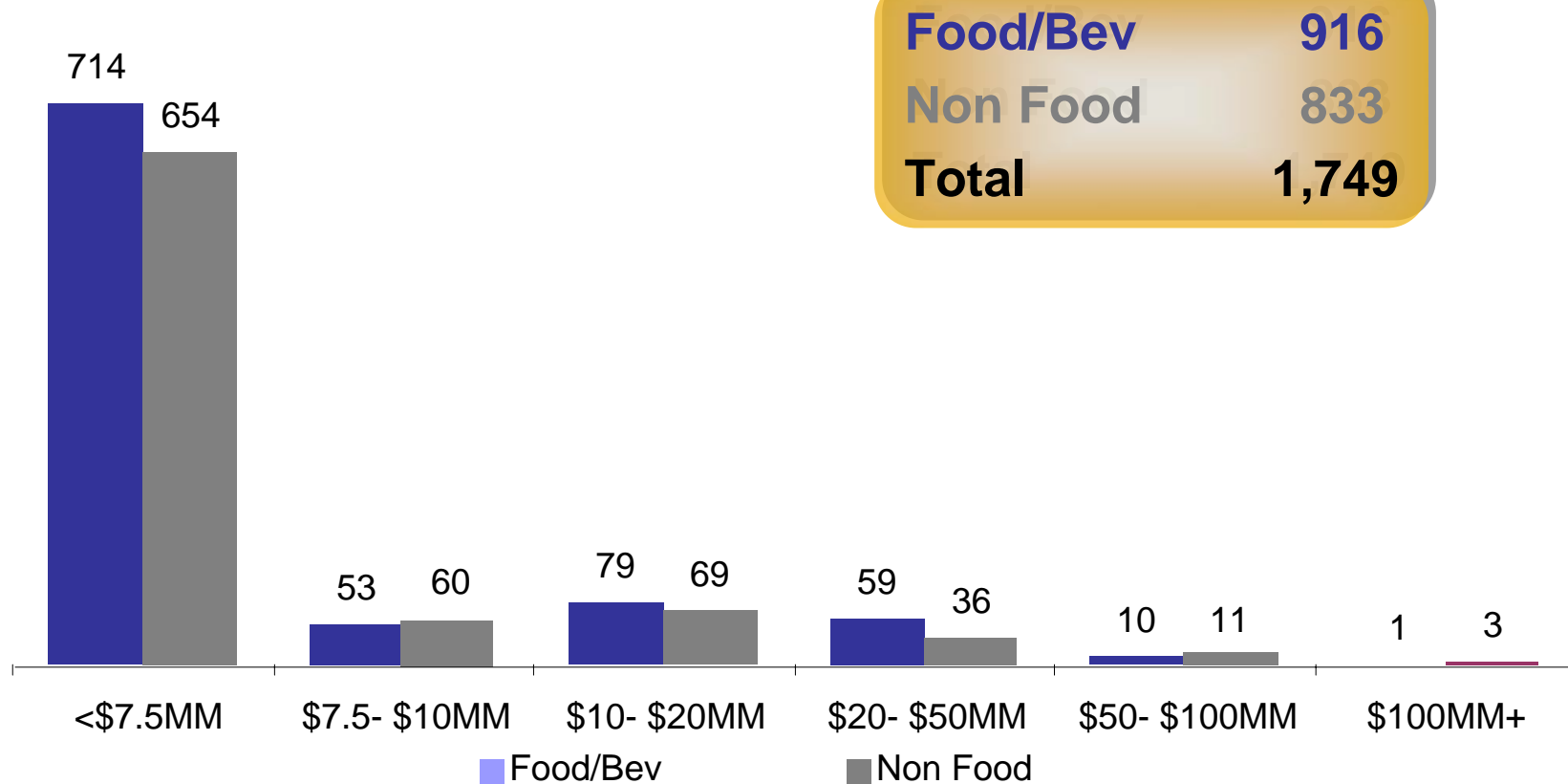


What is a New Product Pacesetter?

- Pacesetter = new brand with at least \$7.5 million in year-one FDMx sales and more than 30% national distribution
 - Brand includes existing brand name entering a new category (e.g., Oreos cereal) and new “sub brand” names (e.g., Tide Coldwater)
 - FDMx = food, drug, and mass stores, excluding Wal-Mart)
 - Year-one starts when brand passes 30% national distribution

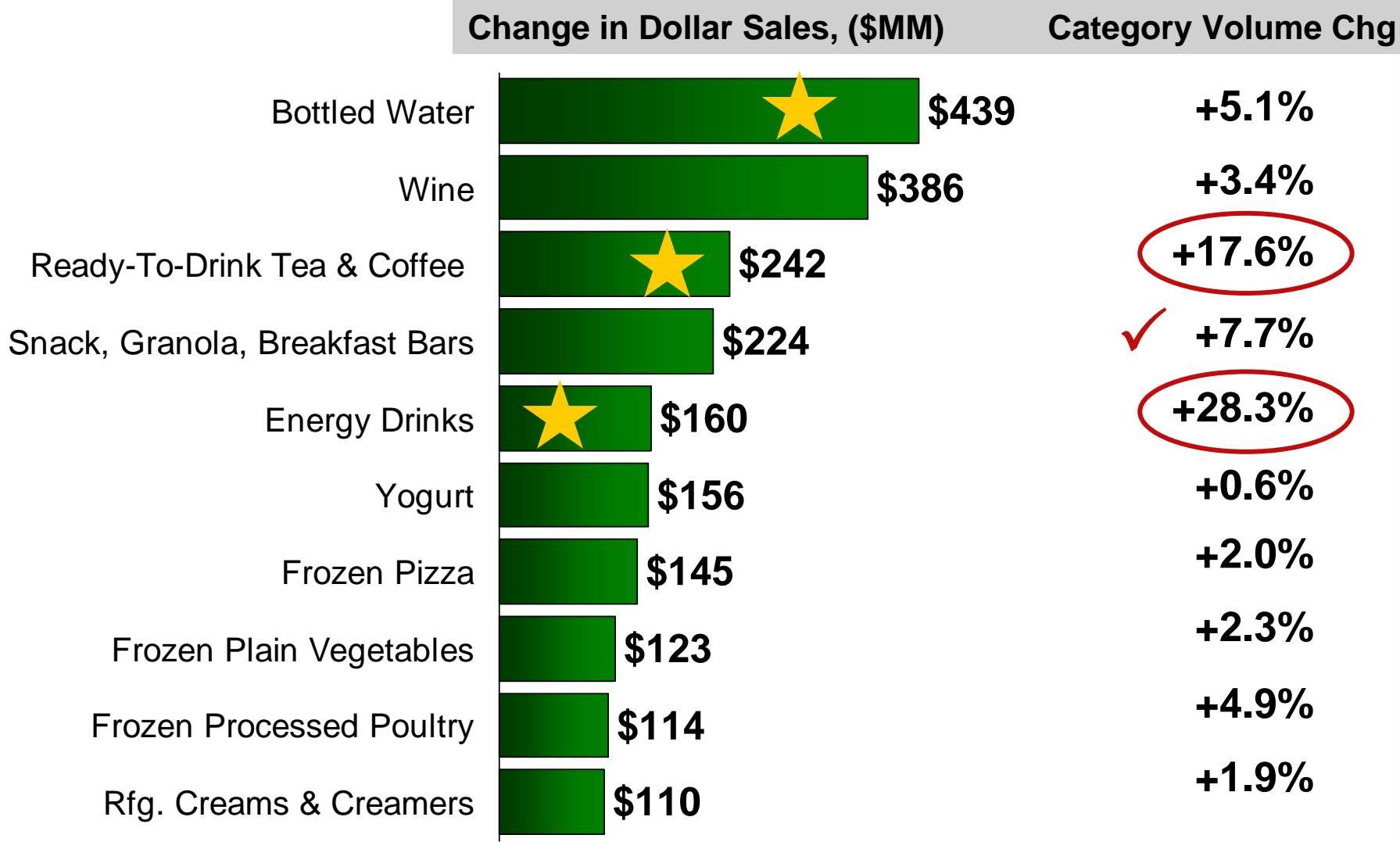


New Product Launches



New launches: February 2006 – December 2007

Food & Beverage Category Growth Heroes



Source: InfoScan Reviews, Total U.S. FDMx, CY2007 vs. prior year
 Criteria: Positive Volume Growth and +\$100 mil CY2007 or more vs. YAG

And the #1 Pacesetter Food/Beverage Product is...



Top 10 Food/Beverage Pacesetters 2007

Year-One FDMx Sales (\$MM)

Ad \$MM*

	Year-One FDMx Sales (\$MM)	Ad \$MM*
Campbell's Reduced Sodium soup	\$101	\$15.22
Birds Eye Steamfresh frz veg	\$87	\$9.53
Vault / Vault Zero reg/diet soft drink	\$70	\$22.38
Gatorade A.M. sports drinks	\$70	\$17.90
General Mills Fiber One Chewy snack bars	\$64	\$0.32
Heineken Premium Light Lager beer	\$63	\$58.24
Dannon DanActive yogurt drinks	\$63	\$40.38
Sara Lee Hearty & Delicious breads	\$63	\$3.70
Dannon Activia Light yogurt	\$62	\$0.02
Jazz Diet Pepsi soft drink	\$56	\$20.64



Source: New Product Profiler

*FDMx year-one \$ sales for new brands launched 2/06– 1/07. Total measured media spend, Nielson Media Research

2008 Food Rising Stars.....



New Beverages Launch in C-Store

C Store: Top 10 new beverages, \$ sales 30 wks end 12/30/07

Item Description	\$\$ Sales (MM)	ACV Wtd Dist
LIPTON PURE LEAF NATURAL ICED TEA	34	64%
AMP OVERDRIVE ENERGY DRINK	31	71%
VAULT RED BLITZ	30	80%
JAVA MONSTER ENERGY DRINK LC MC	27	54%
MILLER CHILL LAGER BEER	26	50%
DIET PEPSI MAX COLA	25	79%
BUD LIGHT CHELADA LAGER BEER	24	24%
MOUNTAIN DEW GAME FUEL	24	76%
JAVA MONSTER ENERGY DRINK MEAN BEAN	21	48%
MONSTER M80 ENERGY DRINK	17	43%

#2 – Mountain Dew Amp Overdrive energy drink



#5 Miller Chill is a chelada-style light beer with a hint of lime and salt –



#8 - Bud Light & #17 Budweiser Chelada beer



#3 - Vault Red Blitz

#7 Mountain Dew Game Fuel

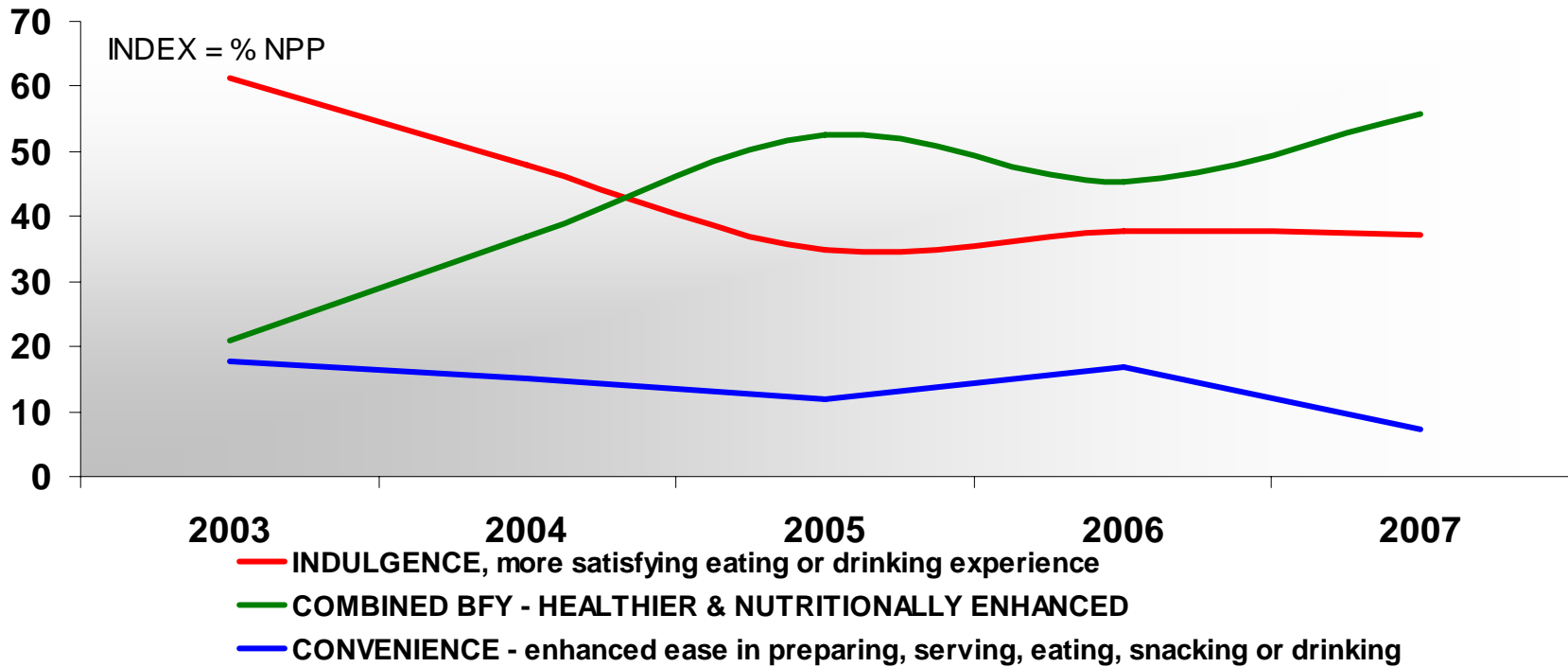


Benefit Trends

- Health benefits and attributes are driving innovation
- Taste and satisfaction attributes critical, but in
 - More nutrition, enhanced functionality (antioxidants, omega 3, etc.)
 - Less fat &/or sugar & calories for a more balanced benefit profile
- Convenience is part every launch as a secondary attribute and part of the price of entry

Benefit Focus

% of Annual F&B Pacesetters:
2003 - 2007



Portion Control Limits our Per-Serving Calories



Kraft/Nabisco 100 Calorie Packs over \$150 MM



\$14 MM YR1



\$8 MM YR1



\$29 MM YR1



\$16 mil YR1

Just launched!



\$60 MM YR1
2.7% of total snack bars

Reduced Calorie Beverages Deliver More Sweet Satisfaction per Calorie



Aquafina Alive
\$15 MM YR1



Sobe Life Water
\$19 MM YR1



Just Launched!
Tava

IZZE
\$11 MM YR1



Gold Peak Tea
\$9 MM YR1



Diet Pepsi Jazz
\$56 mil YR1

Reduced Calorie / Less Fat Brands Deliver More Satisfaction per Calorie



Kashi Go Lean
Honey Almond Crunch!
\$16 MM YR1



Heineken Premium Light
\$63 MM YR1



Progresso Light
Est. \$90 MM YR1
(\$32 MM thru YR07)



Dreyers Slow Churned American Idol
Est. \$27 MM YR 1
(\$19 MM thru YR07)

Innovative Vegetable & Fruit Brands Help Us to Get Five a Day



Diet Ocean Spray
\$18 MM YR1



Del Monte Fruit Chillers
\$18 MM YR1



V8 Fusion Light
Est \$15 MM YR1
(\$9 MM thru YR07)

Total Fusion Brand
\$58 MM



Flat Earth Snacks
\$28 MM YR1

BFY Brands Deliver More Whole Grains & Fiber



Kashi Single Serve Frozen Entrees:
\$30 MM YR1



Sara Lee Hearty & Delicious
\$63 MM YR1



General Mills Fiber One bars
\$64 MM YR1



Tostitos Multi-Grain Tortilla Chips
\$32 MM YR1

Steam Innovative Increases Convenience & BFY Expectations

Green Giant Simply Steam
\$31 MM YR 1



Birds Eye Steamfresh
\$87 MM YR1

Healthy Choice Café Steamers
Est. \$100 MM YR1
(\$47 MM thru YR07)



Functional and Fun Foods Delivering Immunity Support / Defense thru Antioxidants, Probiotics, Prebiotics, Flavanols



Dannon DanActive
\$63 MM YR1



CocoaVia
\$13 MM YR1



M&Ms Dark
\$26 MM YR1



Dannon Activia
\$62 MM YR1



Kraft LiveActive
(\$15 MM thru YR07)



Odwalla PomaGrand
\$9 MM YR1

Natural/Organic Brands Deliver Authenticity



Simply Limeade / Lemonade
\$55 MM YR1



Kellogg's Organic
\$18 MM YR1



Gerber Organic:
\$37 MM YR1



Hormel Natural Choice Deli
Meats, Bacon & Ham
\$30 MM YR1

Weight Management Through Lifestyle Diets, Functional Drinks, Pills



Energy & Health
Just Launched!
Cranberry Energy Drink
Green Tea and Vitamin B



South Beach Diet (11 cats)
> \$230 MM YR1



alli weight control tablets
Est. >100 MM YR1



Envigo
Est. \$40 MM YR1



Lipton Pure Leaf Black & Green Tea
Est. > \$40 MM YR1

“Less of” Brands Help Boomers to Healthier Hearts and Cholesterol Ratios



Progresso Healthy Favorites/
Reduced Salt Heart Bars
\$10 MM YR1



Smart Start Healthy Heart
Bars
\$10 MM YR1



Campbell's Reduced Sodium
Condensed Soups & Soup at Hand
\$100 MM YR1
2007 +186% vs. YAG

Pacesetter Packaging That Educates BFY

Sun Chips “Live Brightly” Campaign: care for your body and the environment

OLD



NEW



ON FRONT:

- 18g whole grains per serving
- Diets rich in whole grains and other plant foods, and low in saturated fat and cholesterol, may help reduce the risk of heart disease
- We buy Green energy Credits

ON BACK:

- Whole grain seal on back -- more than 1/3 of your recommended daily intake
- 30% less fat than potato chips, 0mg trans fat, 0mg cholesterol
- Smart Choice logo
- No artificial ingredients

What to watch for

- **Deliver more nutrition *and* satisfaction per calorie**
- **Make BFY easy to understand**
- **Put equal emphasis on BFY and a positive experience**
- **Build a relationship with the consumer through healthier living education**
- **Sell it at the shelf!**

Thank you for attending this session!

For more information, please contact:

info@infores.com

Please join us next week for the

New Product Pacesetters Non-Food Trends

Wednesday April 30, 2008