

New Product Trends



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- » **Consumers Seek Affordability**
- » **IRI Pacesetters & Consumer Trends**
 - Food & Beverages
 - Non Foods



Affordability Defines Value



“Consumers are not buying based on price alone. Instead, they are relying more on their perception of value when deciding which brands to stay loyal to during the recession”.

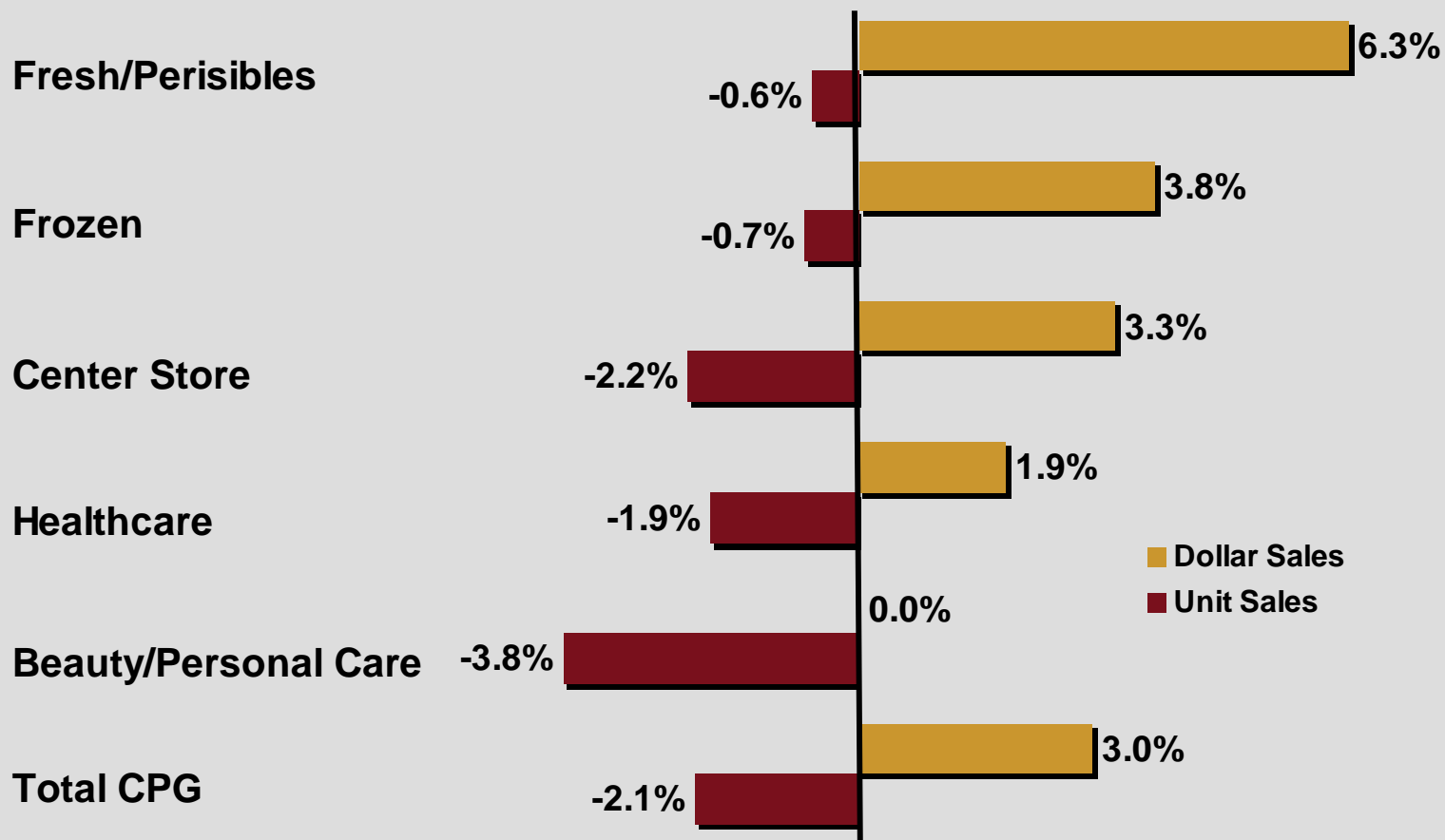
Brand Week, “Brand Keys Loyalty Report”



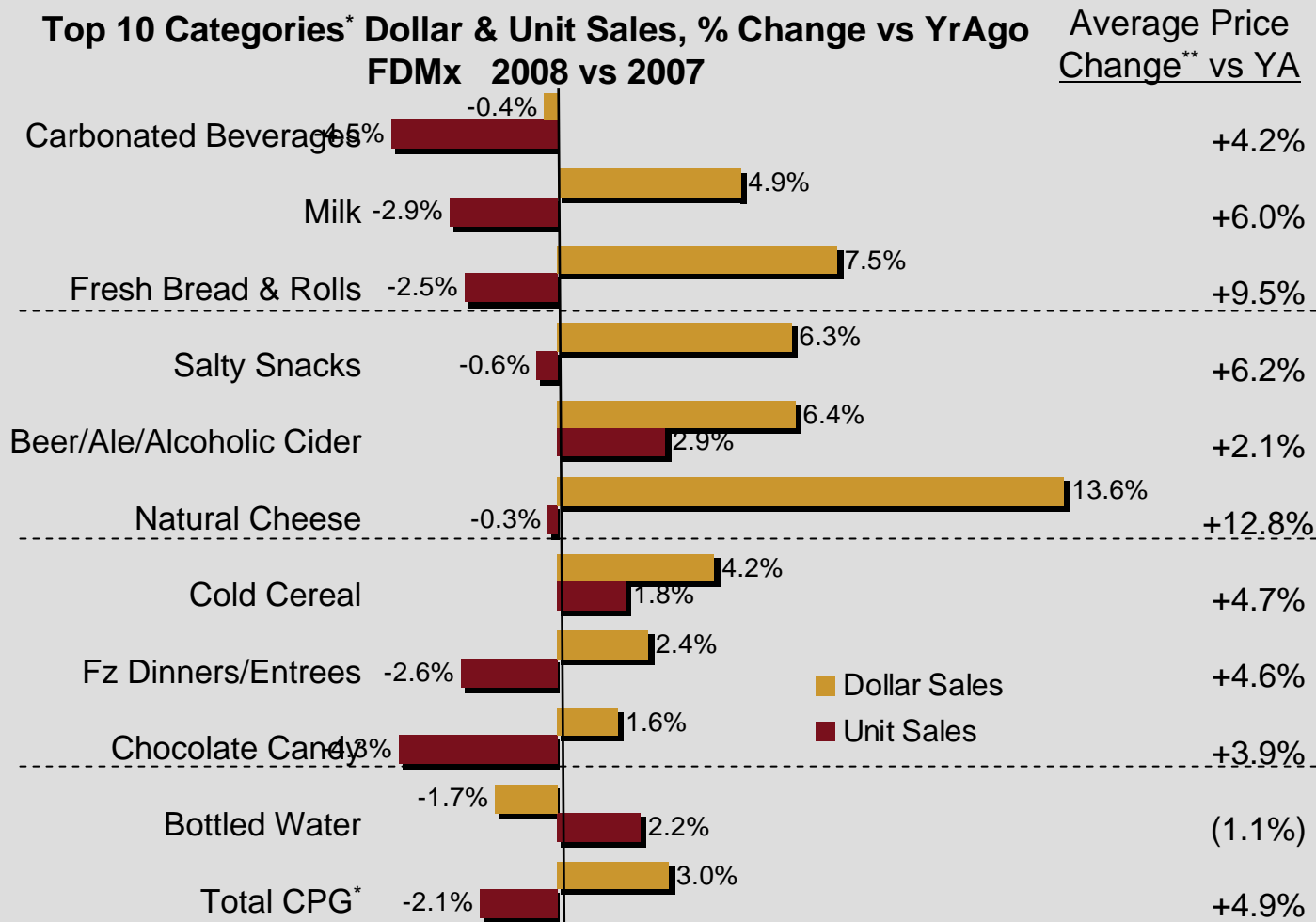
Consumers Redefine the Term “Essential” and Prioritize Spending



Department Level Dollar & Unit Sales, % Change vs Year Ago
FDMx 2008 vs 2007



Most CPG Categories Saw Unit Sales Declines in 2008



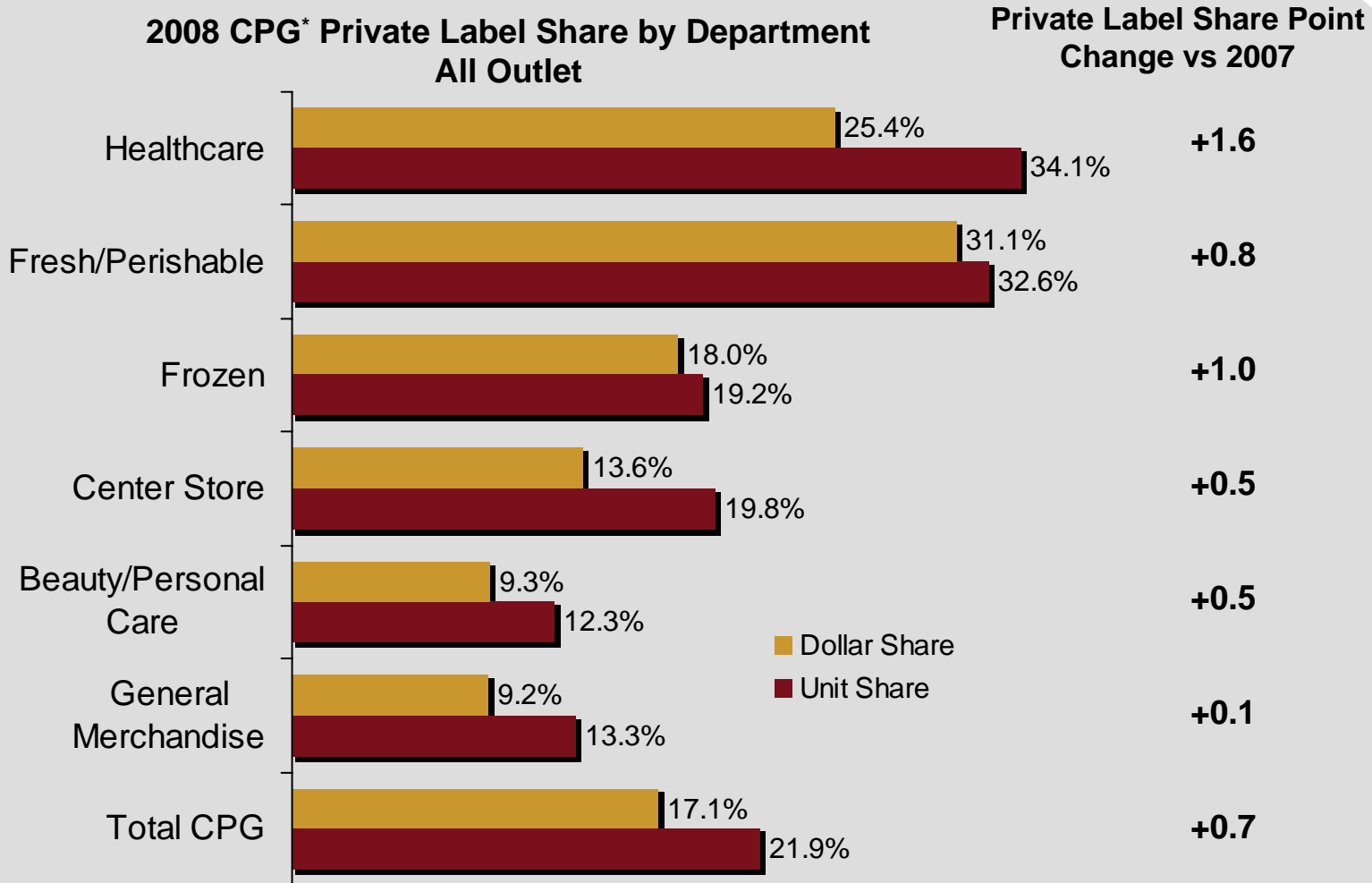
Source: IRI MarketInsight™, 52 wks ending 12/7/2008 vs same period prior year

*Among top 100 IRI categories based on dollar sales, excludes cigarettes; beer and wine reflect grocery and drug sales only.

**Average price change based on price per volume analysis.



Private Label Growth Across Departments

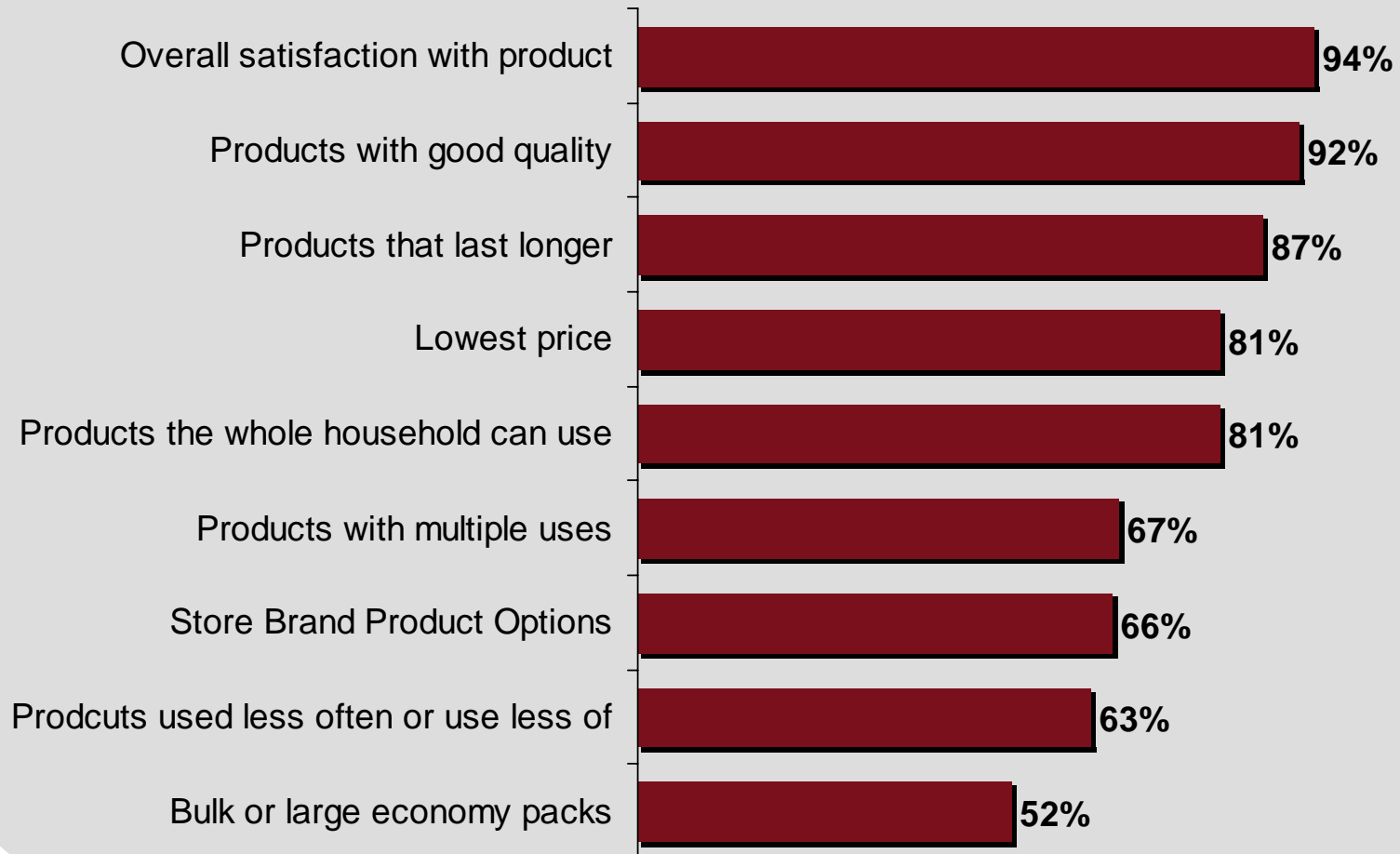


Source: IRI Consumer Network™ 52 weeks ended 12/7/2008 and same period prior year

Affordability is Price and Quality



Q. When shopping for groceries, how do you determine how affordable a product is? (% important or very important)



SOURCE: IRI Affordability Report Q1 2009



Affordability - A New Mantra

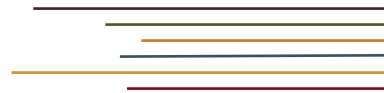


- » **The Value of Breakfast**
Kellogg's, nutrition for less than 50 cents a bowl
- » **A New Day**
Target, focused on the at-home experience
- » **That "Like New" Feeling**
Tide, keeping clothes looking newer, longer





New Product Pacesetters



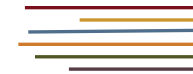
What is a New Product Pacesetter?



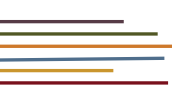
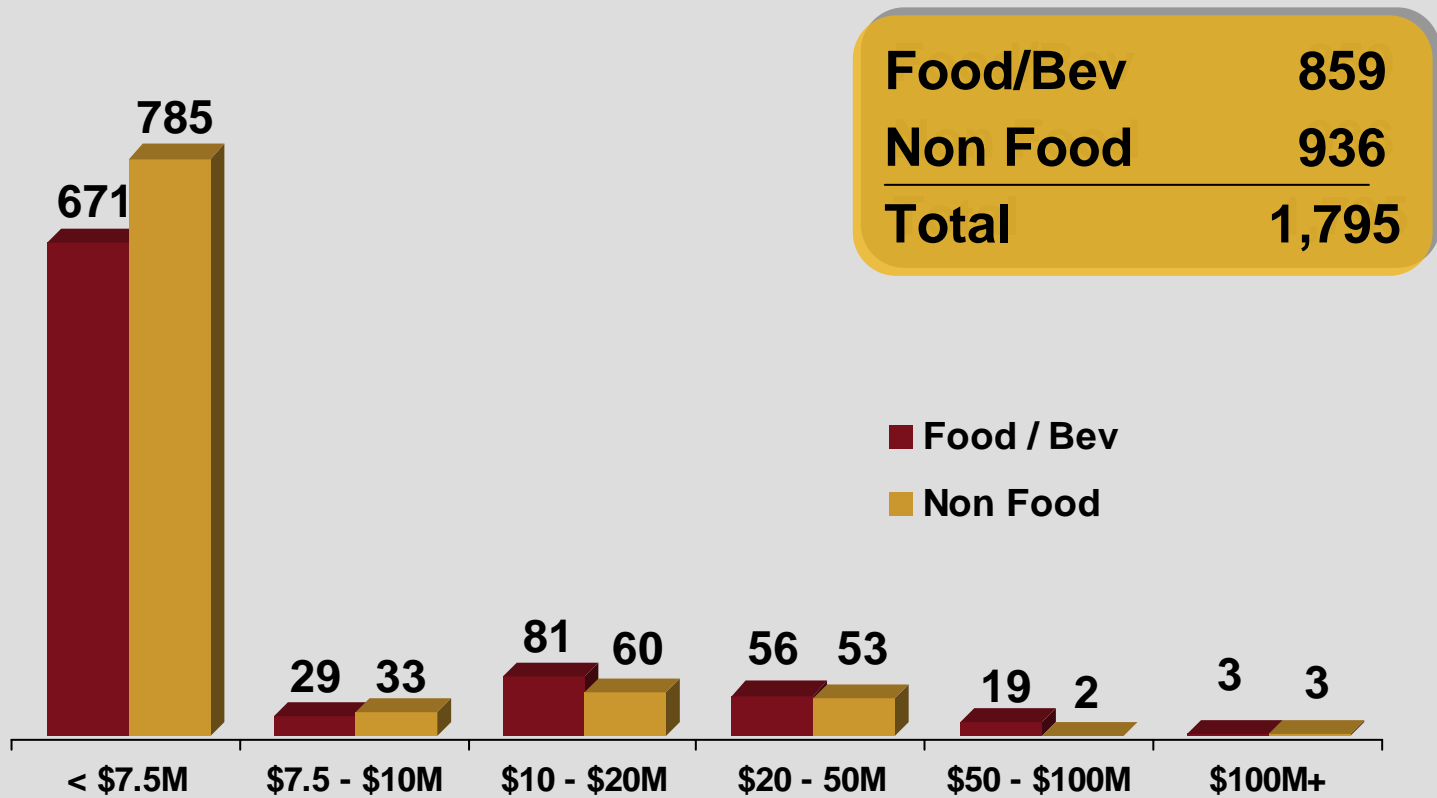
- » A new brand
- » At least \$7.5 million in year-one FDMx dollar sales
- » More than 30% national distribution
- » “Brand” can include an existing brand name entering a new category or a new “sub brand” (e.g., Tide Simple Pleasures)
- » FDMx = Food, Drug, and Mass stores, excluding Walmart
- » Year-one starts when brand passes 30% national distribution and runs for 12 months



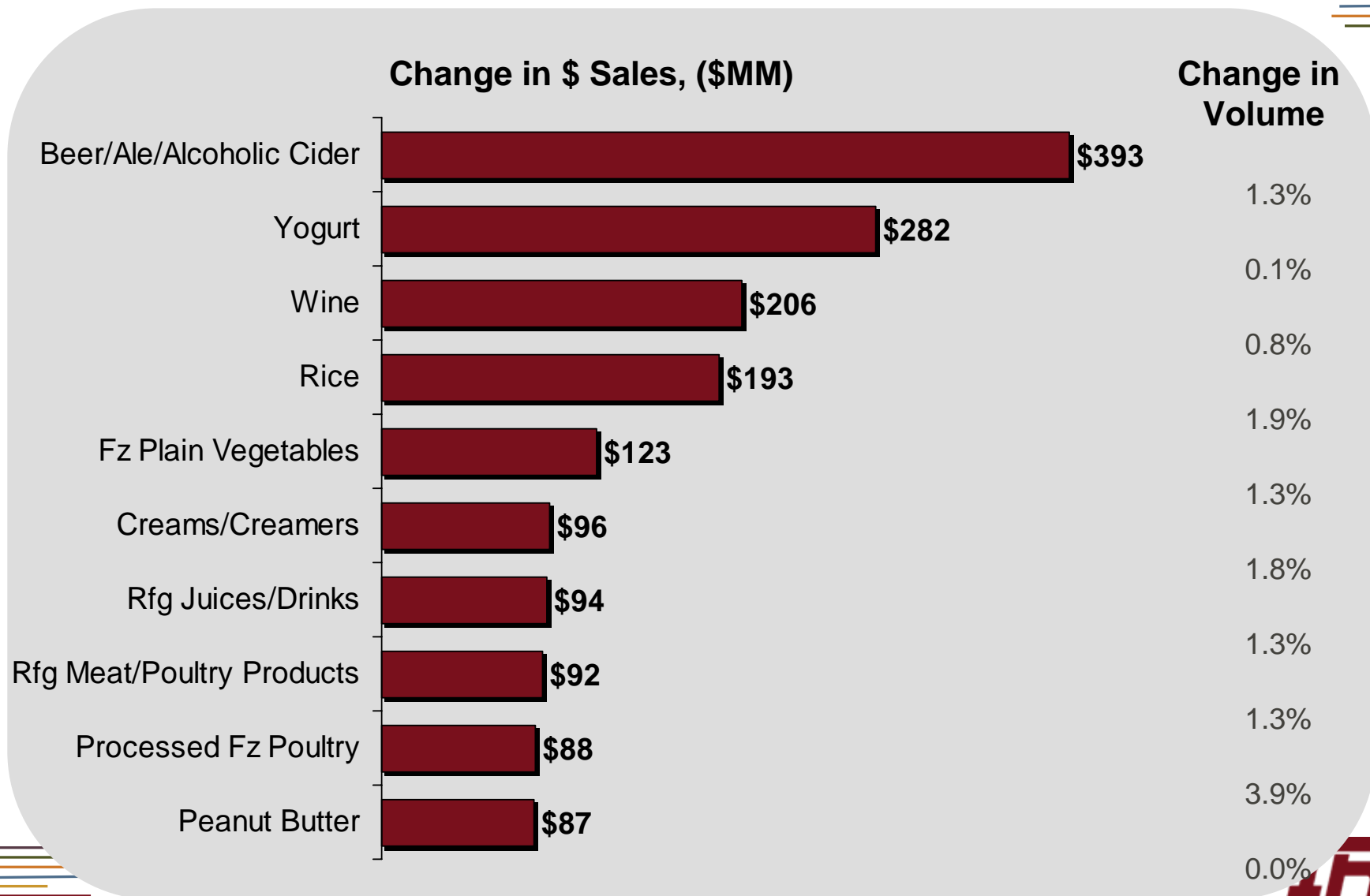
New CPG Items Launched - 2008



New Product Launches FDMx: February 2007 – December 2008



Category Growth Heroes – Food & Beverage



Top Ten Pacesetters – Food & Beverage



Top Ten Pacesetters - Food



Year 1 Dollar Sales, FDMx



SOURCE: New Product Pacesetters 2009 or FDMx, new banners launched between Feb'07 and Jan'08

Pacesetters Rising Stars - Food

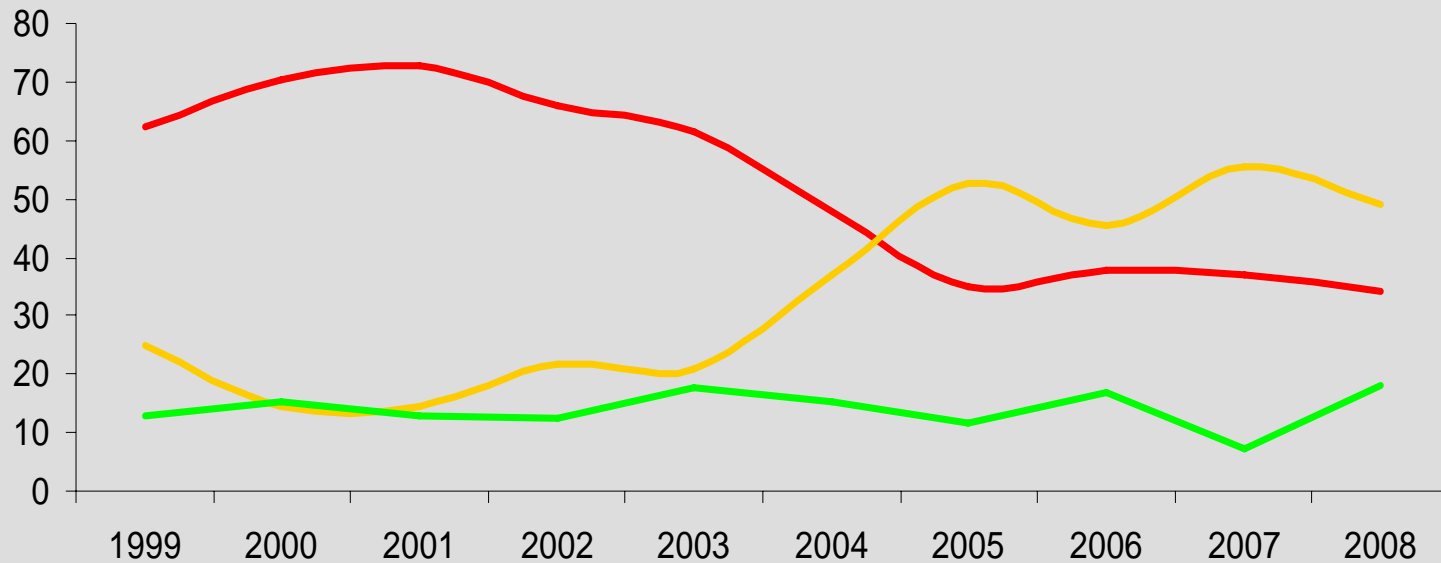


Pacesetters Benefits – Food & Beverages



- **INDULGENCE**, more satisfying eating or drinking experience
- **COMBINED BFY - HEALTHIER & NUTRITIONALLY ENHANCED**
- **CONVENIENCE** - enhanced ease in preparing, serving, eating, snacking or drinking

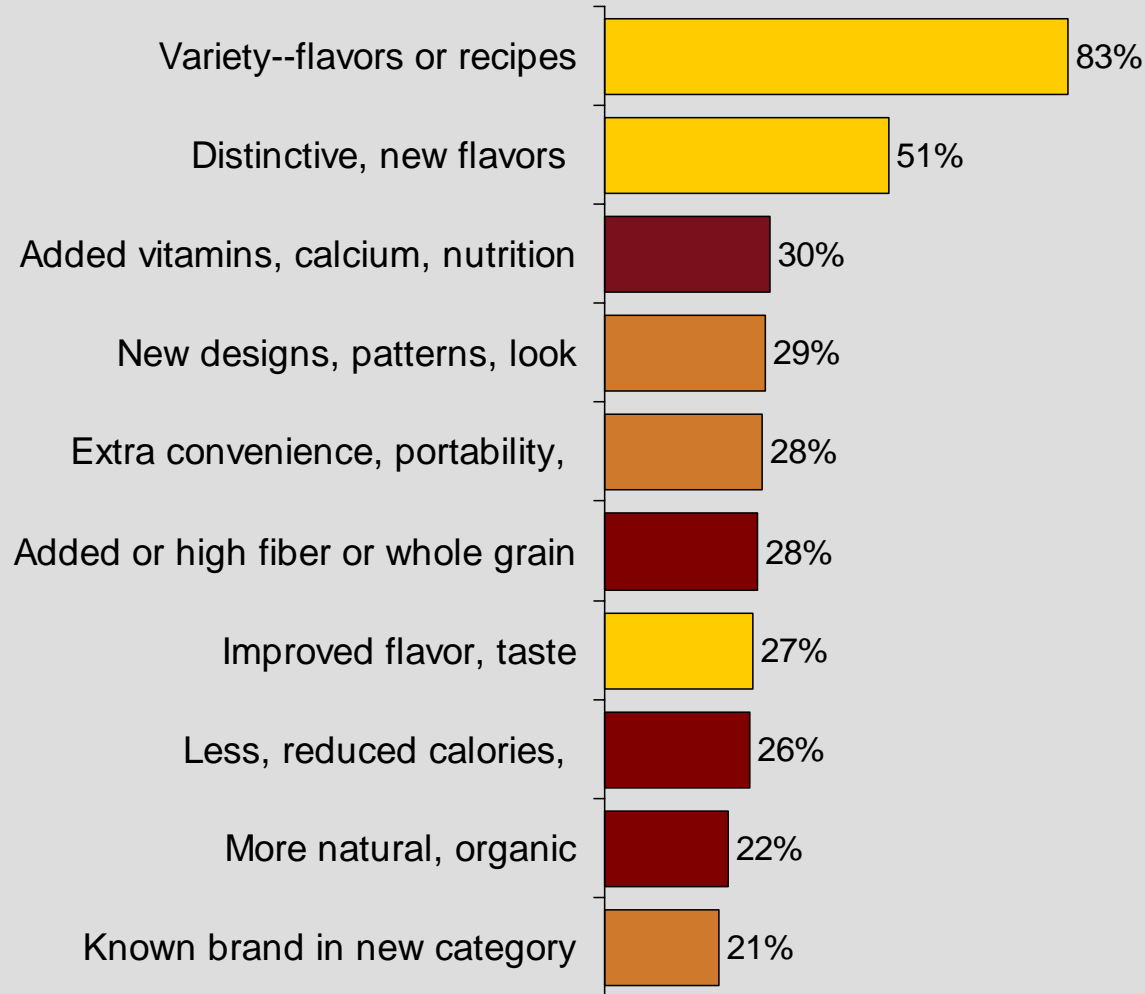
INDEX = % NPP



Source:: New Product Pacesetters 2009



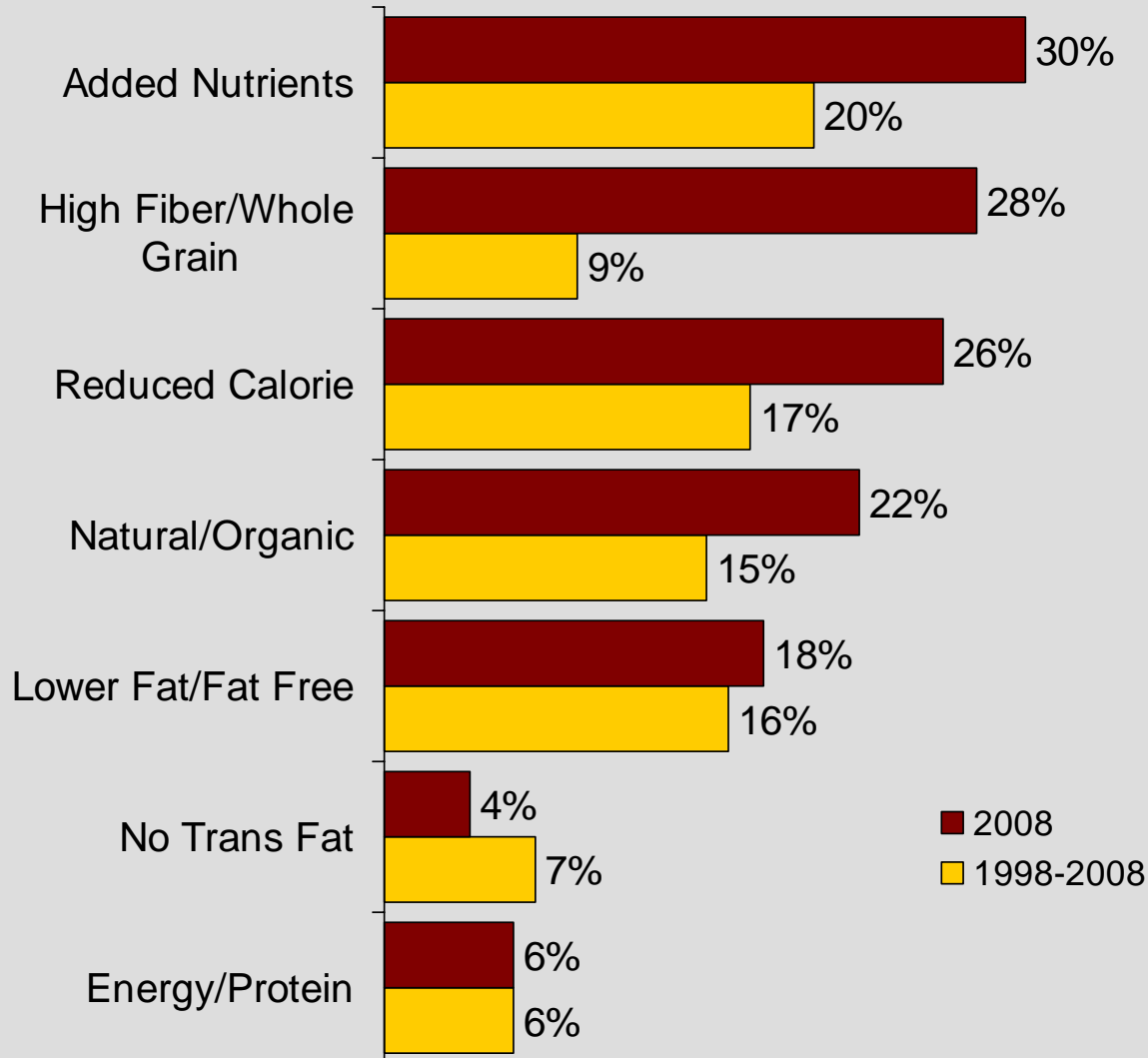
Top 10 Pacesetter Benefits - Food & Beverage



Sources: IRI New Product Profiler™, New Products Launched February 2007- January 2008



Pacesetters Health & Wellness Benefits



Source: IRI New Product Profiler™, New Products Launched February 2007- January 2008



Trends to Watch – Health & Beverages



- » **Color me Purple**
Purple is packed with powerful anti-oxidants - açai, black cherry, pomegranate, black currant, purple plum, cranberry and blueberry

- » **“Green” Tea**
Tea’s Tea has catechins and theanine for heart health and antioxidant benefit

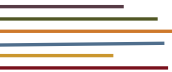


- » **Pomegranate Power**
POMx Iced Coffee is power boost of pomegranate juice and other polyphenol antioxidants blended with coffee or chocolate

Trends to Watch – Healthy Convenience



- » **A Snack is a Meal**
Go Appetit satisfies the need for fresh fruit and vegetables for consumers lacking time to “shop and chop”
- » **Brain Power**
Kellogg’s Live Bright bars with DHA Omega–3, a vital nutrient for brain health



Trends to Watch – Healthy Foods



- » Semi-home made
Ore Ida Steam & Mash, potatoes that are already scrubbed, peeled, and chopped – you steam and mash
- » Veggies get fresh
Green Giant Steamers deliver fresh from the garden goodness from your microwave
- » All-in-one
Birdseye Steamfresh meals, Healthy Choice Café Steamers provide meals full of nutrients



Trends to Watch – Health & Convenience



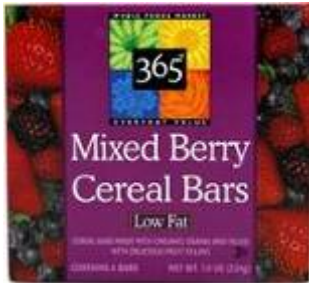
- » **Digestive Health**
Yakult is a fermented milk drink with Probiotic bacteria to aid digestion, build immunity and prevent infections
- » **Yoplait Yoplus+** with a special combination of probiotic cultures and fiber, plus vitamins A and D
- » **Food is Fun**
Danimals Crush Cups, engaging and fun – no spoon needed!

Trends to Watch – Less is More



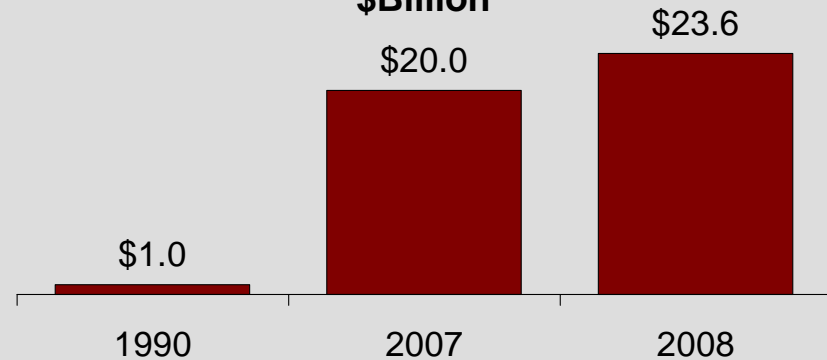
- » **More zip with zero**
Pepsi Max, more caffeine
PowerAde Zero,
- » **Healthy lunch options**
Café Steamers Fresh Mixers, off the shelf ready to cook & strain
Campbell's Select Harvest soups, all natural goodness and heart healthy
Progresso Lite soups, 60 calories and zero points
- » **Less guilt**
Hostess 100 calorie packs

Trends to Watch – Organic Foods



- » Organic and fair trade products are gaining momentum
- » Retailers' private label offerings have established a solid base in CPG

U.S. Organic Food & Beverage Sales
\$Billion



Source: Organic Trade Association's 2007 Manufacturer Survey



Food Trends – What's Next?

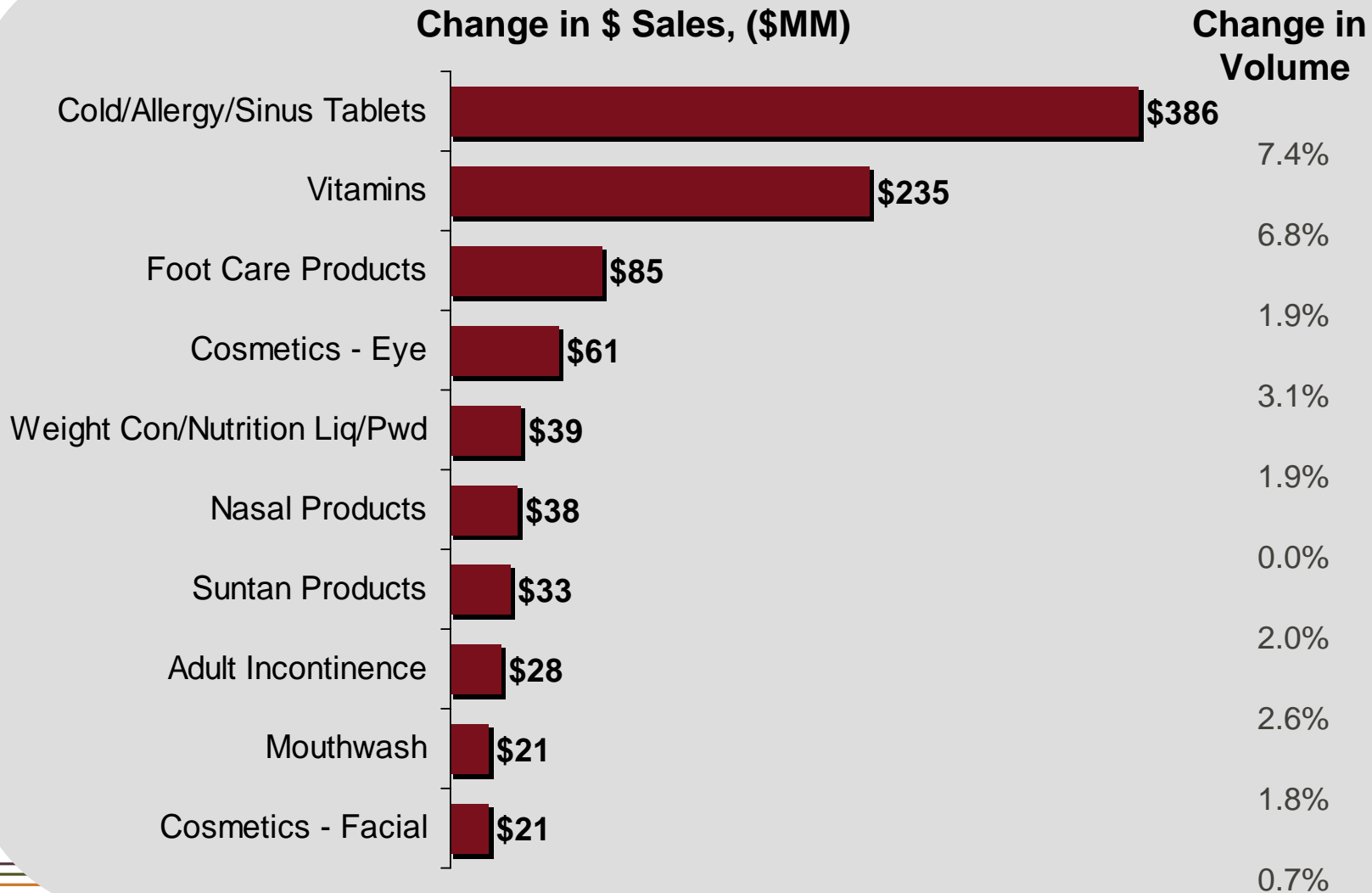


- » **Kids Rule: Over 4 million babies born in 2008, we have a new baby boom.**
 - Healthier products, services, marketing and merchandising targeting younger children
 - Manufacturer and retailer initiatives that will help parents and children select the right products to maintain a healthy diet

- » **Packaging Innovation: Capturing consumer attention with bold colors, unique shapes and a consistent look and feel across the extended brand**
 - Manufacturers will use packaging as a mini-billboard for marketing messages



Category Growth Heroes – Non Food



Top Ten Pacesetters - NonFood



Top Ten Pacesetters - NonFood



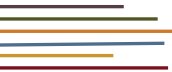
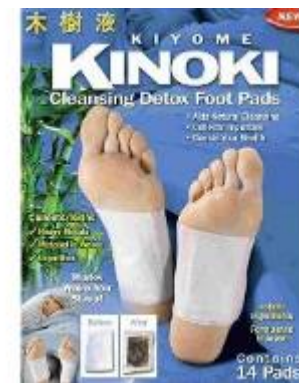
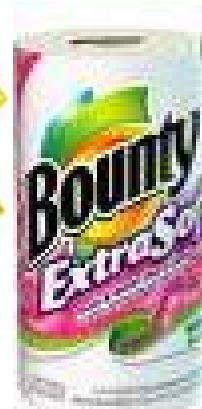
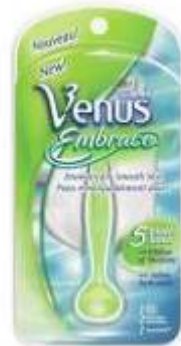
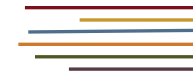
Year 1 Dollar Sales, FDMx

Media Spend (MM)

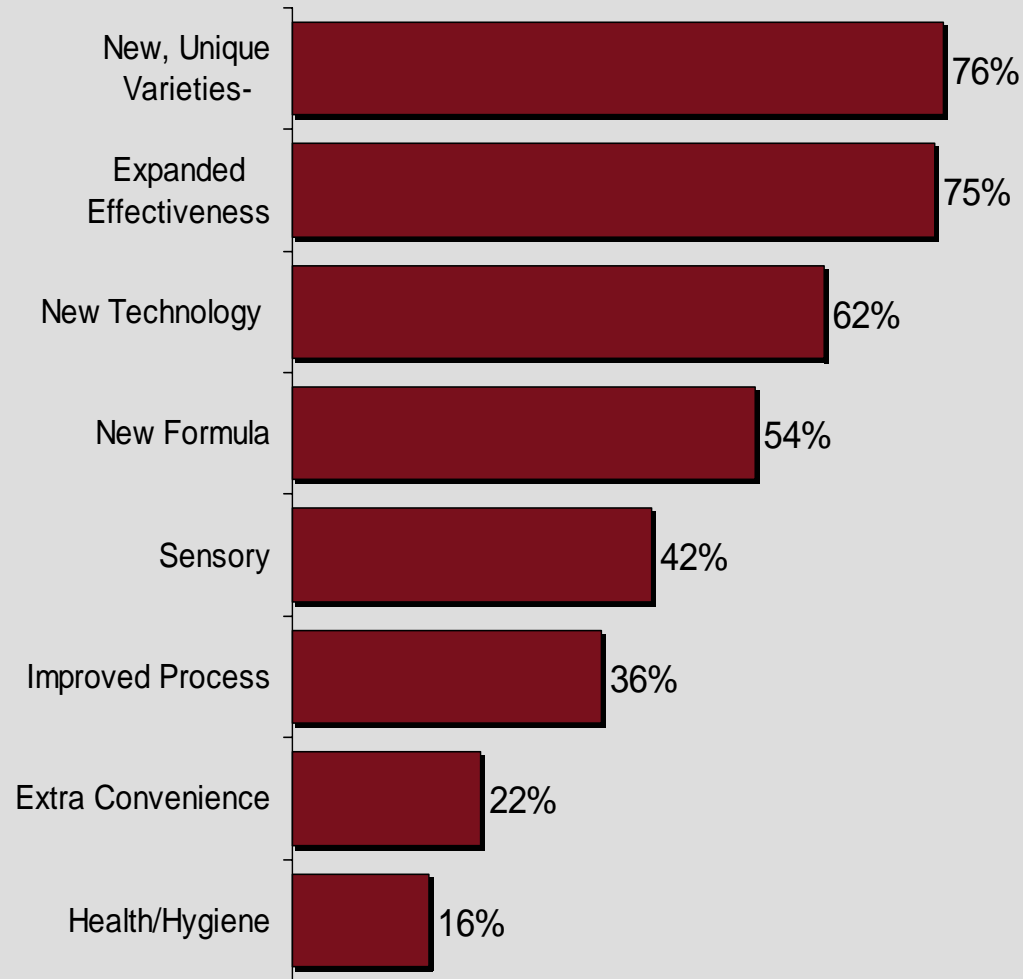


Source: New Product Pacesetters 2009 or FDMx, new banners launched between Feb'07 and Jan'08

Pacesetters Rising Stars – Non Food



Non-Foods Pacesetters - Benefits



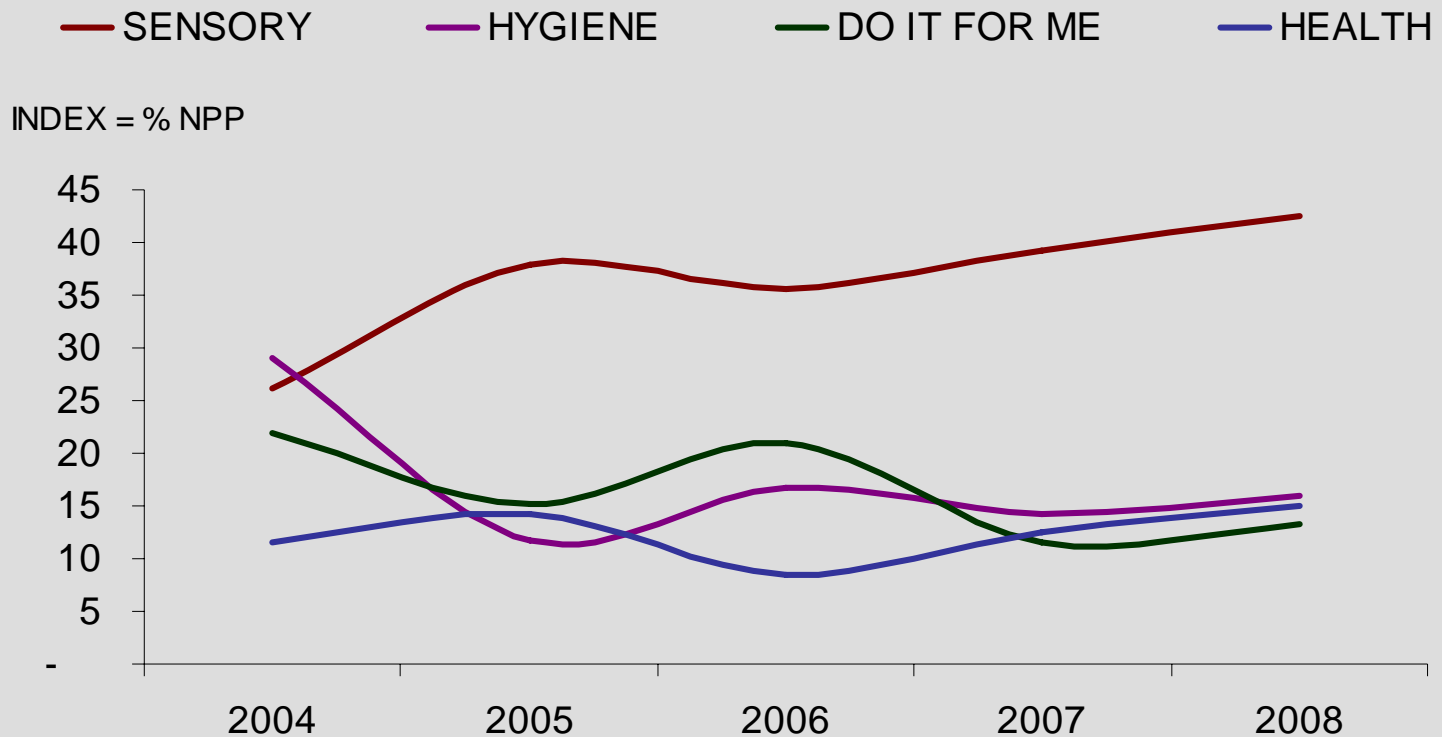
Source: IRI New Product Profiler™, New Products Launched February 2007- January 2008



Pacesetters Benefits – Non Food



TREND IN FOCUS OF NON-FOOD BENEFITS PER PACESETTER



Source: New Product Pacesetters 2009

Trends to Watch – Greener Clean



- » **More clean, less water**
P&G 2X detergents, the same great clean with less water and less plastic

Trends to Watch – Natural Clean



- » Seventh Generation cleaning products, completely free and clear of dyes and fragrances
- » Clorox Green Works, natural all-purpose cleaner, dermatologist-tested, with plant and mineral-based ingredients,
- » Natures Source from SC Johnson has plant-based cleaners and natural, biodegradable ingredients, to take on tough jobs without breaking a sweat.
- » Arm & Hammer Essentials – add your own water to liquid concentrate

Trends to Watch – Fresh at Home



- » **Stay Fresh**
Debbie Meyers Green Bags prolong the life of fruits and vegetables without chemicals
- » **Get Steamed**
Ziploc Zip & Steam with patented vents that allow food to be steamed under pressure so that it is cooked thoroughly and evenly for healthy meals in minutes!
- » **Glad Simply Cooking**
steaming bags are uniquely designed to stand-up making them easier to fill, season and serve

Trends to Watch – Oral Care



- » **Go bright**
Aquafresh White & Shine, toothpaste to complement White Trays



- » **Go blue**
Listerine Smart Rinse, anti-cavity rinse for kids with self fill cap



- » **Go Fresh**
Colgate Wisp, a bead of freshener, built in brush and soft pick, no water needed

Trends to Watch – Skin Care for Boomers



- » **Spa at Home**
Olay Regenerist Derma Pod and Micro Sculpting smooths wrinkles and tightens the skin on neck & jaw
- » **Neutrogena Age Reverse Eye Cream** with anti oxidants neutralizes skin-damaging free radicals, crow's feet, puffiness, and dark circles

Trends to Watch – Spa At Home



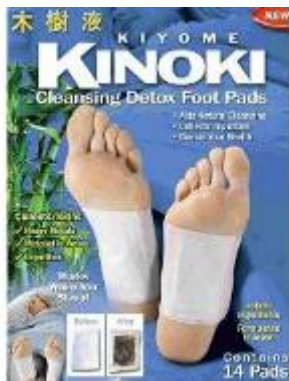
» **Pomegranate!**
Organix Shampoo, sensual and exotic antioxidant rich organic pomegranate extracts and green tea



» **Pampered Feet**
PedEgg, as seen on TV, pampers tired feet

» **Home Salon**
L'Oreal Excellence to-Go, 10 Minute Color Crème & Developer No grays, no drips, no mess

Trends to Watch - Health



- » **Clinical strength**
Zyrtec (McNeil) powerful help for allergies, Rx to OTC switch

MiraLAX, Rx to OTC, non-stimulant works with the body's natural rhythms

- » **Cleansing power**
Kinoki Pads, detoxify your body overnight

- » **Healthy routines**
Sundown Naturals by Rexall, expanded line of vitamin and nutritional supplements, many are vegetarian and gluten free



Non Food Trends – What's Next?



- » **Healthcare will be the new retail battleground: The original Baby Boom generation is facing the reality of age and rising incidence of chronic disease**
 - Drive demand for prescription and over-the counter remedies, foods and beverages offering specific health benefits and healthcare education and benefits
 - Retailers will increase focus on onsite health clinics, on-line and in-store health education and pharmacy marketing
- » **Packaging as a In-store Marketing Vehicle: The need to capture consumer attention and help them find the products they want inside the store will drive new packaging innovation aimed at standing out on the shelves**



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