

# SUPERCHARGING GROWTH THROUGH INNOVATION



## ***New Product Trends 2008***

*April 30, 2008*

*Anne Berlack*

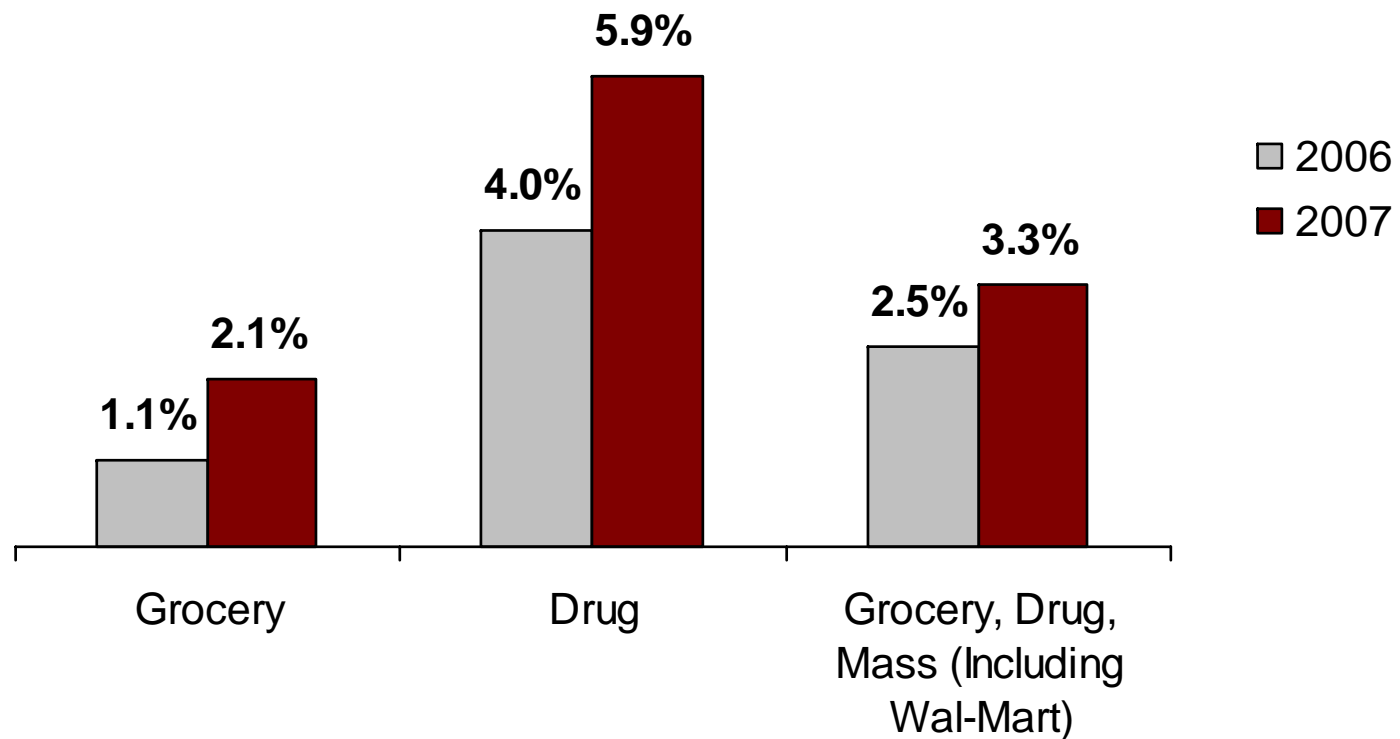
*Information Resources, Inc.*



- Impact of Price Increases
- What Makes a New Product Pacesetter?
- 2007 Top 10 Non-Foods Pacesetters
- Non-Foods Leading Trends

# Higher Prices Drove Channel Sales

CPG Industry Dollar Sales % Change vs Prior Year by Channel  
Food, Drug, Mass (Including Wal-Mart) 2006, 2007



Source: IRI MarketInsight™; IRI InfoScan® Reviews; 52 weeks ending 12/2/07

# Supercenters Up As Consumers Seek Lower Prices

## CPG Dollar Share by Channel

<u>Channel</u>	<u>2007 Share</u>	<u>Point Change vs 2006</u>	<u>Supercenter Dollar Share Point Change vs Prior Year</u>	
Grocery	55.6%	(0.2)		
Supercenter	14.4%	+1.2		
Mass	8.5%	(0.7)	Q1	+0.9
Club	7.9%	+0.1	Q2	+1.1
Drug	5.6%	+0.2	Q3	+1.3
Dollar	1.3%	0.0	Q4	+1.4
Other (Specialty, Convenience)	6.7%	(0.5)		
Wal-Mart	18.9%	+0.8		

Source: IRI Consumer Network™; 52 weeks ending 12/30/07 vs prior year

# Record Price Increases Drove Changes in Shopping and Purchase Behavior

CATEGORY	PRICE INCREASE
Eggs	+30%
Rfg. Juices	+15%
Milk	+12%
Bakery Snacks	+11%
Baby Formula	+10%
Coffee	+8%
Skin Care	+8%
Razor Blades	+7%
Cat Food	+7%



**CONSUMER STRATEGIES**

**Buy Less**  
(Eg. Rfg Juices, Eggs, Razor Blades)

**Shift to Wal-Mart**  
(Eg. Baby Formula, Coffee)

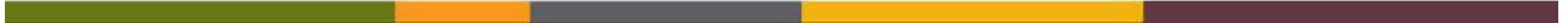
**Shift to Private Label**  
(Eg. Milk, Eggs, Rfg Juice)

Source: IRI InfoScan® Reviews; IRI MarketInsight™; 52 weeks ending 12/2/07 and prior year

## Categories with the Largest Price Increases % Change 2007 vs 2006: Price, Volume Sales, Wal-Mart Share, Private Label Share

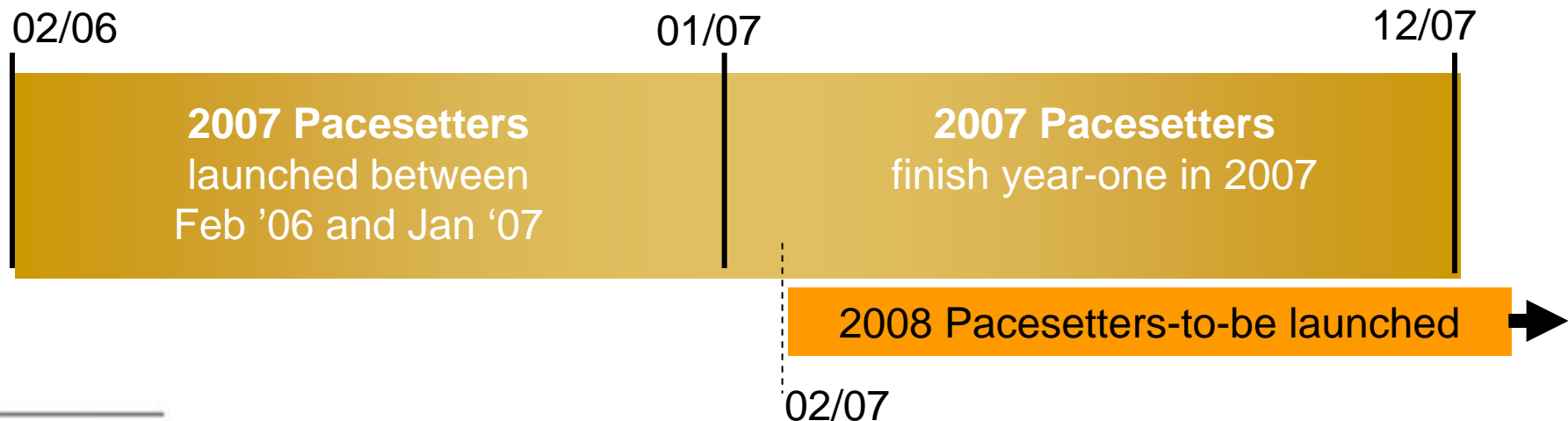
	Average Price per Volume <u>% Change</u>	Volume Sales <u>% Change</u>	Wal-Mart Share <u>Point Change</u>	Private Label Share <u>Point Change</u>
Fresh Eggs	30.3%	(3.2%)	+0.3	+2.1
Frozen Poultry	20.2%	(4.7%)	+0.2	(0.1)
Refrigerated Juices	14.5%	(6.9%)	+1.2	+0.6
Milk	12.0%	(1.5%)	+0.5	+1.3
Bakery Snacks	11.0%	+0.4%	+1.2	(0.8)
Baby Formula	10.0%	(1.7%)	+3.2	+0.3
Coffee	7.9%	+0.5%	+2.8	+0.2
Skin Care	7.6%	+0.1%	(1.3)	+1.0
Blades	7.1%	(5.8%)	(0.4)	(0.1)
Cat Food	6.5%	(6.1%)	(0.3)	(0.9)

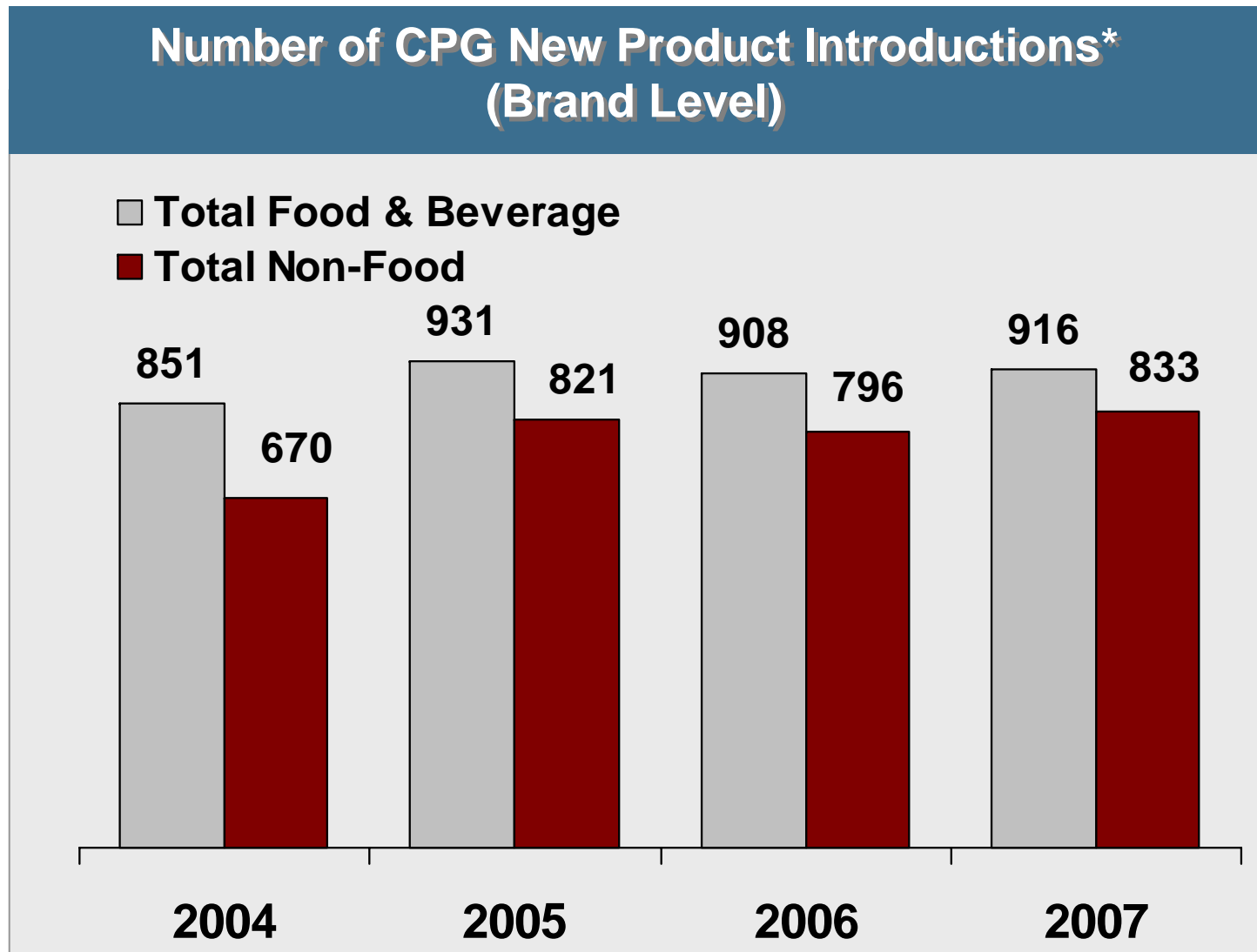
Source: IRI InfoScan® Reviews; IRI MarketInsight™; 52 weeks ending 12/2/07 and prior year



## 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

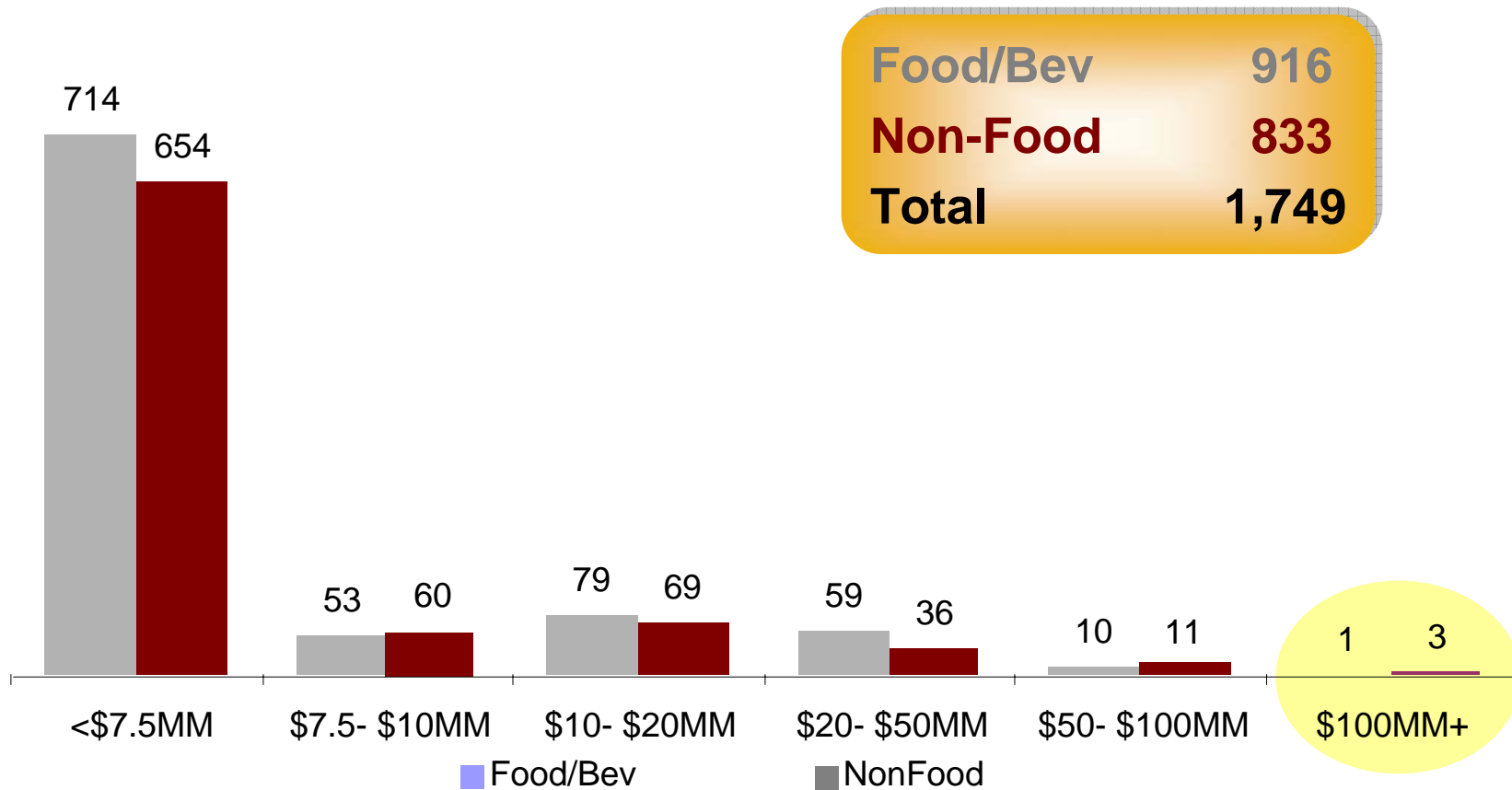




\*Across Food, Drug, Mass Channels (Excluding Wal-Mart)

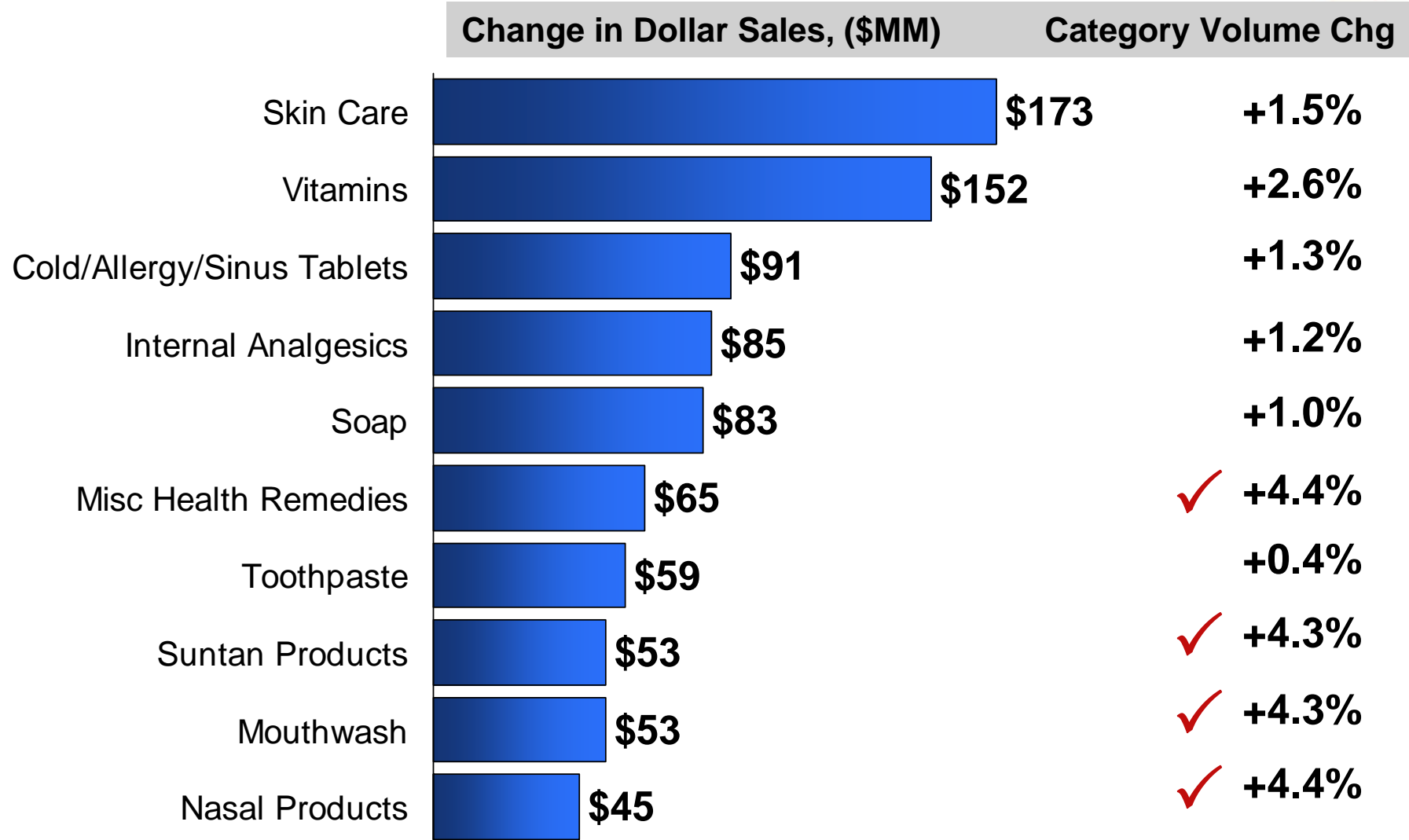
Source: IRI New Product Profiler™

# New Product Launches



**New launches: February 2006 – December 2007**

# Non-Food 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 Non-Food Product is.....



## Top 10 Non-Food Pacesetters 2007

### Year-One FDMx Sales (\$MM)

### Ad \$MM\*

Huggies Supreme Natural Fit diapers



\$171

\$17.46

Herbal Essences hair care solutions



\$154

\$47.90

L'Oreal Vive Pro hair care products



\$83

\$33.17

Nexus Salon hair care products



\$76

\$32.13

Sunsilk hair care products



\$70

\$70.02



Tide Simple Pleasures detergent



\$66

\$53.58

Gain Joyful Expressions detergent



\$66

\$26.12

Plan B female contraceptives



\$61

\$ 6.78

Febreze Noticeables air freshener



\$61

\$46.88

Crest Pro-Health toothpaste



\$61

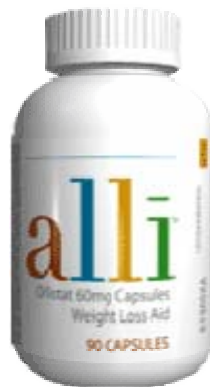
\$74.57

Source: New Product Profiler

-FDMx year-one \$ sales for new brands launched 2/06– 1/07

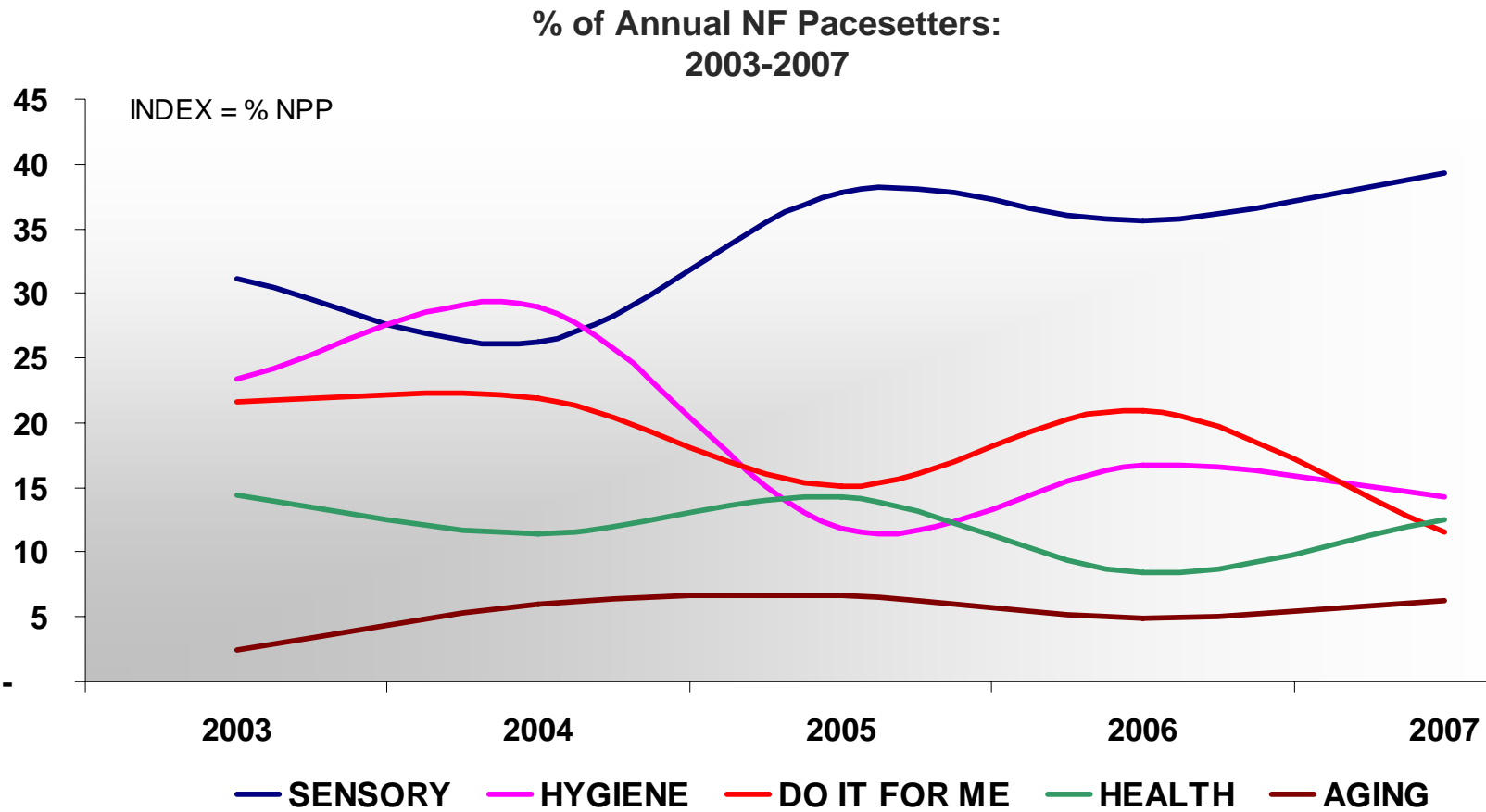
-Total measured media spend, Nielsen Media Research

# 2008 Non-Food Rising Stars.....



1. New Technology – manufacturing, packaging and usage
2. Improved Processes – can revolutionize the way a category is used, delivered or thought of
3. New Formulas – enhanced quality, image or perception for brand and category
4. Convenience is required –
  - “do it for me” has driven many core brands and categories to think outside of the box and innovate to simplify our tasks.

# Pacesetters Non-Food Benefit Trends



# Pacesetters Non-Food Trends

Benefit	# of Pacesetters		
	2003	2005	2007
<b>New or Unique Formula</b>	<b>20</b>	<b>31</b>	<b>46</b>
Variety - Scents, Designs, Colors, Applications	56	68	71
Improved Process, Superior Process	27	24	33
Convenience, Portability, Ready-to-use or serve	6	19	15
More Natural, Organic	10	7	14
<b>New Technology</b>	<b>56</b>	<b>59</b>	<b>79</b>
<b>Expand Effectiveness, Improve Effectiveness</b>	<b>68</b>	<b>65</b>	<b>74</b>
Aroma Therapy, Stress Mgmt., Therapeutic	5	11	13

# New Ways to Clean and Stay Clean Doing It!



\$53 MM YR1



## New Technologies Raise Consumer Category Expectations



Gillette Fusion Power  
\$190 MM YR1



Secret Clinical Strength  
Est. \$60 MM YR1  
(\$43 MM thru YR07)



Aquafresh White Trays  
Est. \$33 MM YR1  
(\$30 MM thru YR07)



Crest Pro Health  
\$60 MM YR1



Listerine Whitening  
Est. \$50 MM YR1  
(\$19 MM thru YR07)

# Pacesetters Non-Food Trends – Anti Aging



Nexus Salon  
\$76 MM YR1



Olay Definity  
\$36 MM YR1



Pantene Pro V Expressions  
\$50 MM YR1

L'Oreal Vive pro  
\$82 MM YR1



## Sensory Values

Clairol Herbal Essences  
\$154 MM YR1

# Pacesetters Non-Food Trends – BFY Pets

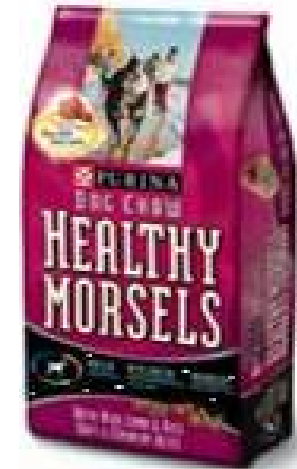
- Premium foods that promise to keep pets healthier longer, claims similar to natural “people food”



The Goodlife Recipe  
\$55 mil YR1



Purina One Natural Blends  
\$19 MM YR'07



Purina Dog Chow  
Healthy Morsels  
\$16 MM YR1

**Just launched!**



Beneful Meals  
\$25 MM YR1



- Glamorized scent-blends and longer-lasting effects, designed to create a specific mood or atmosphere



# Pacesetters Non-Food Trends – Moods



Source: IRI InfoScan Reviews retail sales data, Total U.S. FDMx, 52 weeks 2007

1. Extended Performance: more patentable ideas, significant new technologies, formulas, and processes.
2. Broader Range of Category Solutions: a variety of scents, remedies, applications, levels of quality
3. Anti-Aging: not just for women (or vanity) any more
4. Wellness: across all categories... physically and emotionally, people and pets. Less stress, less pain.
5. Power of Scent: expanding to more categories, with glamorized scent-blends and longer-lasting effects, designed to create a specific mood or atmosphere.
6. Openness: everything is fair game!

# Q & A

*Thank you for attending this session!*

Please watch our website for a copy of this  
presentation

[www.infores.com](http://www.infores.com)

For more information, please contact:

[info@infores.com](mailto:info@infores.com)