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the leader in consumer knowledge

Q3 2009

Consumer Index

Western and Northern Europe



Welcome to the Q3 2009 edition of Consumer Index. We hope you find it interesting. Please do not hesitate to contact us if you have any questions or comments.

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GfK

tnsTM

Western and Northern Europe

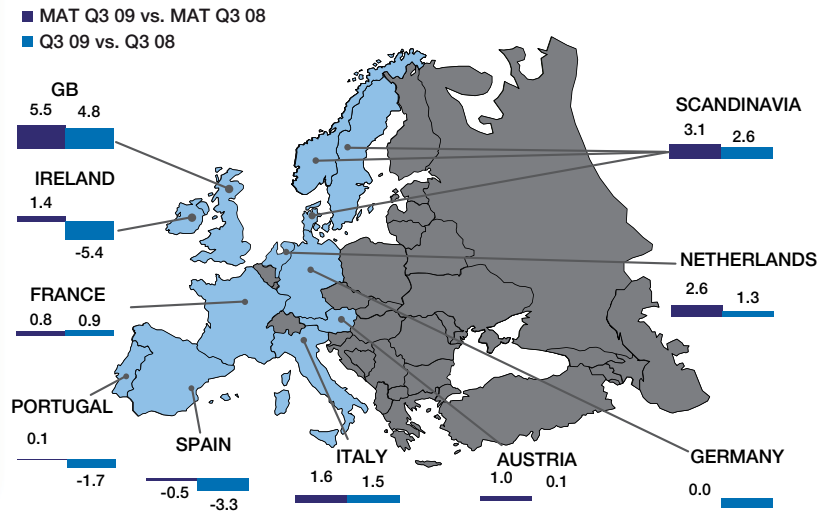
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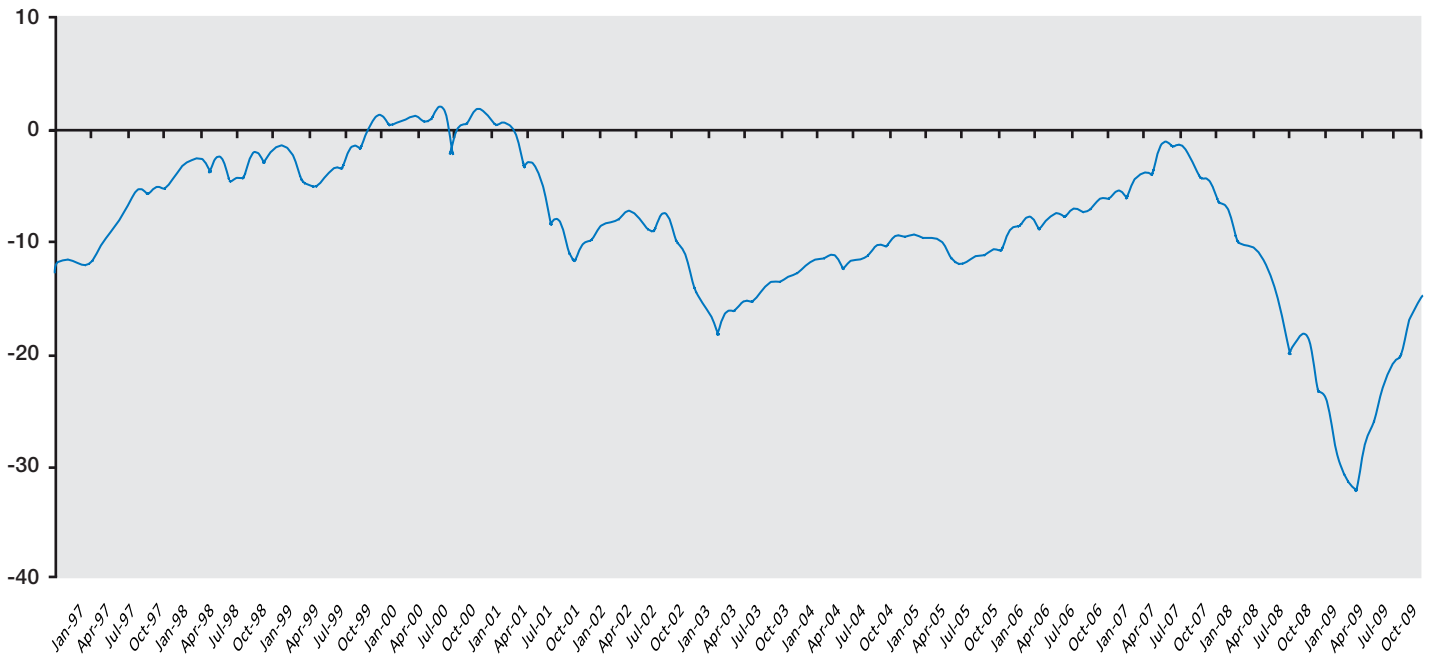
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Total FMCG Trends % value changes



Consumer Confidence



— EU (27 countries)

Overview of Trends

Whilst FMCG in volume terms continues to grow, price reductions due to deflation are impacting a number of countries and categories in terms of value - notably France, Germany and Spain as well as Fresh and Chilled Foods. Both these categories experienced significant price increases throughout 2008 but this trend is now reversed due to deflation, growth of Private Label, sales through Discounters and promotional activity.

Frequency of purchase is increasing across a number of countries, supporting FMCG volume growth, although this is not universal and Germany is showing an opposite trend. Downtrading has reduced considerably and the growth in Private Label and Discounters has slowed.

Home Care and Personal Care categories are performing well across most countries. Personal Care in particular has been positively impacted by consumers staying at home and buying personal care products for home use rather than going to salons. Ireland is an exception because of the economic situation there and by high prices impacting discretionary purchases.

A better summer in 2009 has led to a better performance in Soft drinks and Ice Cream but has been to the detriment of confectionery in Germany!

Richard Herbert

Europanel Global Business Development and Insight Director

FMCG Consumer Dashboard

% Value Change Q3 2009 vs Q3 2008

	Austria	France	GB	Germany	Ireland	Italy	Netherlands	Portugal	Scandinavia	Spain
Fresh Food	●	●	●	●	●	●	●	●	●	●
Chilled Food	●	●	●	●	●	●	●	●	●	●
Packaged Grocery	●	●	●	●	●	●	●	●	●	●
Frozen Food	●	●	●	●	●	●	●	●	●	●
Alcohol	●	●	●	●	●	-	●	●	-	●
Soft Drinks	●	●	●	●	●	●	●	●	●	●
Personal Care	●	●	●	●	●	●	●	●	●	●
Home Care	●	●	●	●	●	●	●	●	●	●
Pet Food	●	●	●	●	●	●	●	●	●	-

● Grow by more than 0.5%

● Decrease by more than 0.5%

● Grow / decrease by 0.5% or less

- Category not covered

Austria Q3 2009



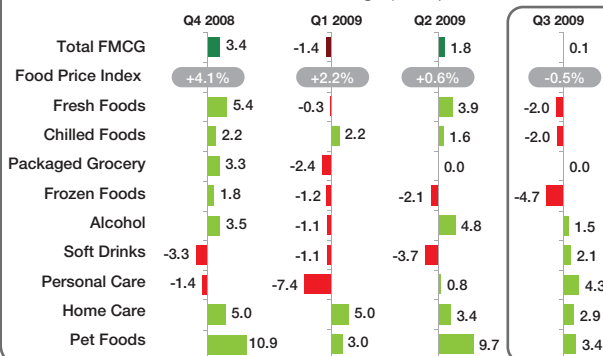
Q3 2009 Key Indicators

Year-on-Year % Change

GDP (Value)	-2.4%
Rate of Food Inflation (Value)	-0.5%
Rate of Unemployment	+24.6%
Frequency of FMCG Purchase	-2.8%
Average FMCG Basket Size (Value)	+2.1%

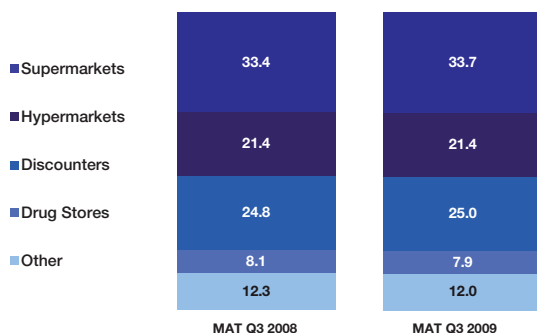
Austria – Category Trends

Year-on-Year % Change (Value)



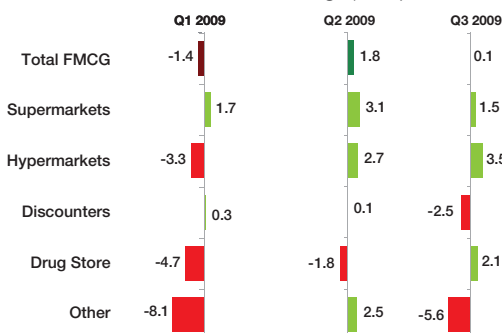
Austria – Trade Channels

FMCG Value Share



Austria – Trade Channels

Year-on-Year % Change (Value)



• In Q3 Supermarkets and Hypermarkets were again able to win back some terrain from discounters. Their continued focus on price promotions and increasing assortment of low tier private labels helped to secure the loyalty of the more price sensitive households. They also managed to attract shoppers of the recovering organic food segment as well as premium products in general.

• The discounters could not profit as much from the crisis as was expected at the beginning of the year. The stagnation in the first half of 2009 has led to a new wave of price wars. In August Hard Discounter Hofer cut prices by 10% on a number of products which was quickly followed by the other discounters Lidl, Penny and Zielpunkt. However, price decreases did not cause shoppers to increase their consumption. The result was not only a drop in market share but a negative value development for discounters in Q3.

• The only exception to this trend in Q3 was Lidl. Lidl grew above average in the basket of fresh bread & pastry which can be linked to the continuing introduction of baking stations in its outlets.

• Besides discounters specialized food stores were also hit severely in Q3 2009 due to consumers shifting their spend to the cheaper traditional grocery trade.

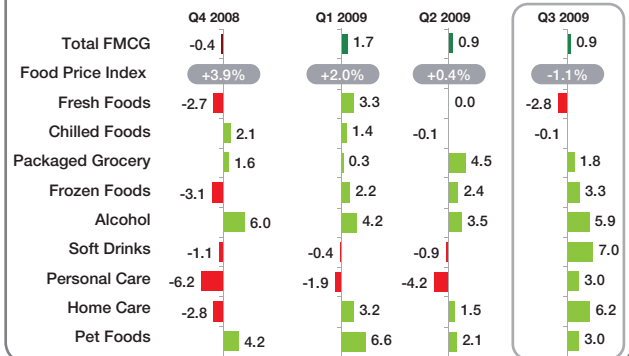
France Q3 2009



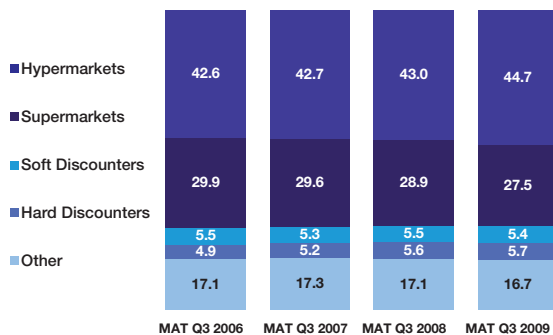
Q3 2009 Key Indicators Year-on-Year % Change

GDP (Value)	-2.1%
Rate of Food Inflation (Value)	-1.1%
Rate of Unemployment	+26.1%
Frequency of FMCG Purchase	+0.7%
Average FMCG Basket Size (Value)	+1.2%

France - Category Trade Year-on-Year % Change (Value)



France - Trade Channels FMCG Value Share



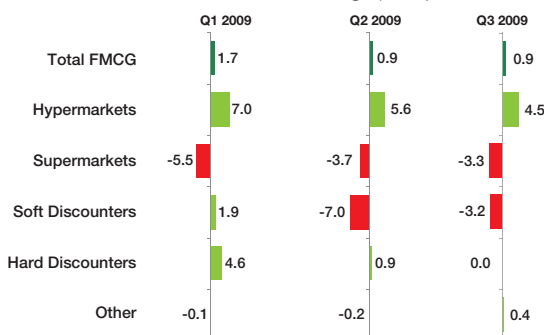
- The difficulties for Discounters have been confirmed this quarter : Soft Discounters such as Ed, Leader Price, Netto are decreasing by 3.9% while Hard Discounters (Lidl, Aldi) have totally stopped growing in value (0%)

- Hypermarkets are still the most dynamic channel (+4.5%) thanks to a larger number of stores (conversion of big supermarkets into hypermarkets) and to the dynamism of small/medium-sized hypermarkets.

- On the contrary, the big hypermarkets (Carrefour, Auchan, Géant, Cora) seem not to have taken advantage of their big "back to school" promotional operations and still register a negative trend in market share.

- The 3 winners in terms of market shares still are : Leclerc (+0.5pt vs. Q3 2008), Système U (+0.5pt) and Champion/ Carrefour Market (+0.2pt)

France - Trade Channels Year-on-Year % Change (Value)



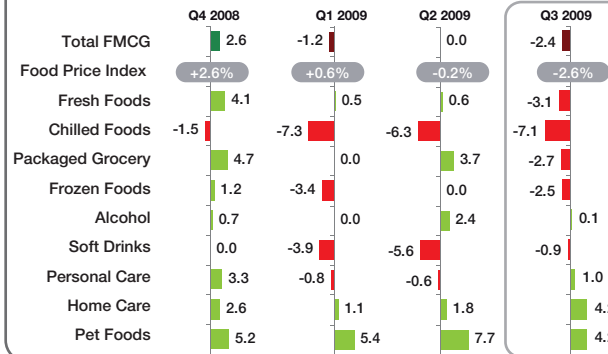
Germany Q3 2009



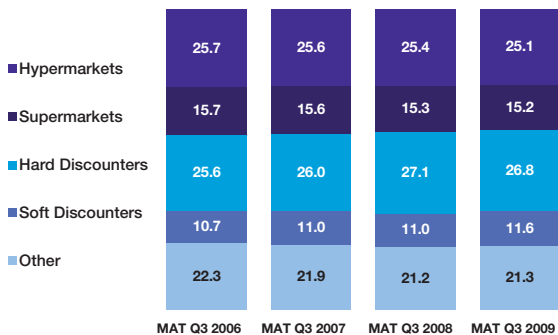
Q3 2009 Key Indicators Year-on-Year % Change

GDP (Value)	-4.7%
Rate of Food Inflation (Value)	-2.6%
Rate of Unemployment	+6.0%
Frequency of FMCG Purchase	-3.0%
Average FMCG Basket Size (Value)	+2.6%

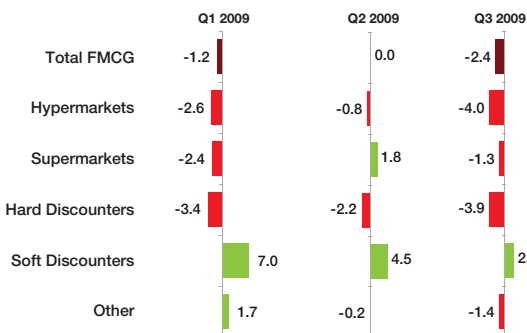
Germany - Category Trade Year-on-Year % Change (Value)



Germany - Trade Channels FMCG Value Share



Germany - Trade Channels Year-on-Year % Change (Value)



• Amongst all main channels we see again that only Soft Discounters (Netto, Penny) are growing in value terms, although this growth is slowing down.

• Drugstores (here incorporated into "Others") are also showing a positive trend and are the only channel where prices have remained stable.

• Soft Discounters are growing due to new store openings, new concepts (fresh food) and introductory offers by Netto following the re-labelling of the former Plus stores.

• Hard discounters is the channel to suffer the most. Aldi has seen a reduced purchase frequency due to a poor performance of their non food business whilst Lidl has reduced the number of brands sold and is driving again its own labels. Both have significantly reduced their prices.

• Hypermarkets have again increased their efforts in promotions, which is impacting on profitability.

Great Britain Q3 2009



Q3 2009 Key Indicators Year-on-Year % Change

GDP (Value)	-6.0% (Q2 09)
Rate of Food Inflation (Value)	+2.6%
Rate of Unemployment	+33.7%
Frequency of FMCG Purchase	+0.9%
Average FMCG Basket Size (Value)	+2.9%

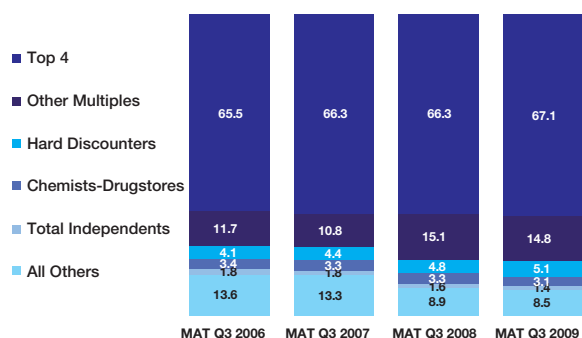
Great-Britain - Category Trade

Year-on-Year % Change (Value)

	Q4 2008	Q1 2009	Q2 2009	Q3 2009
Total FMCG	5.5	5.5	6.1	4.8
Food Price Index	+10.4%	+10.7%	+6.1%	+2.6%
Fresh Foods	4.9	5.1	5.5	2.6
Chilled Foods	7.0	7.0	5.7	4.4
Packaged Grocery	7.7	7.1	10.7	5.5
Frozen Foods	7.4	6.6	3.7	3.4
Alcohol	3.3	3.4	7.6	8.4
Soft Drinks	0.6	0.2	-1.5	5.3
Personal Care	2.1	2.8	1.5	3.6
Home Care	3.5	5.3	3.2	5.5
Pet Foods	8.5	6.0	8.1	9.1

Great-Britain - Trade Channels

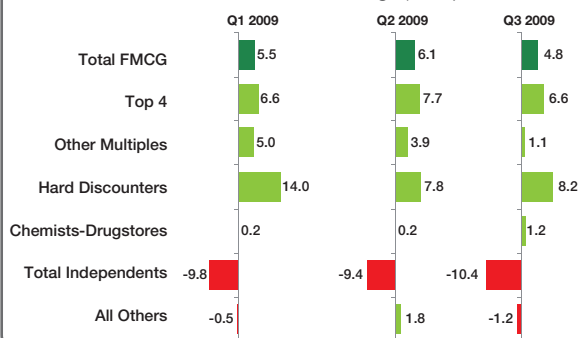
FMCG Value Share



• The “recession panic” seems to be ebbing away as far as the grocery market is concerned. This is not to imply that all sectors of the High Street will instantly return to pre-recession growth. Rather that food remains a manageable proportion of most household budgets by historical standards and, it could be argued, the grocery sector suffered from an over-reaction at the end of 2008 when Aldi posted year-on-year sales growth of 26% and Waitrose saw a sales decline.

Great-Britain - Trade Channels

Year-on-Year % Change (Value)



• Fast-forward to today and Waitrose is the top performer with a growth rate of 11.2% - the highest since August 2006. Admittedly this will be boosted by the stores acquired from the Co-operative / Somerfield combination but it is hardly a sign of a rush downmarket.

Growth for Aldi and Lidl continues to fall back from 2008 levels with Aldi growing ahead of the market at 8.0% and Lidl just keeping pace with the market growth of 5.2%.

• Asda, Sainsbury’s and Morrisons all continue to grow share and have added 1.1 share points between them. It is too early yet to assess the impact of Tesco’s Clubcard 2 within this 12 week period and the Tesco share continues under pressure.

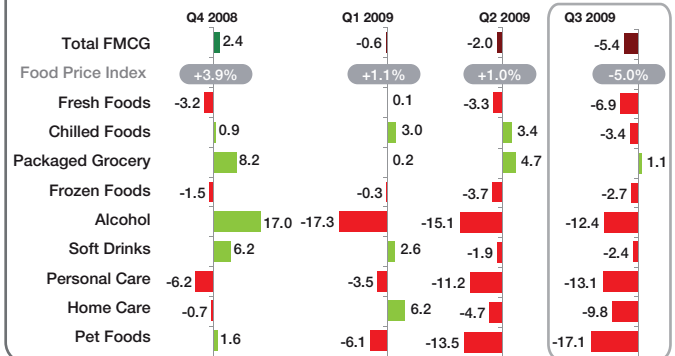
• It is worth noting that there is challenge to the sector coming from the falling grocery inflation rate (see below) – this will restrict value growth for the industry going forward.



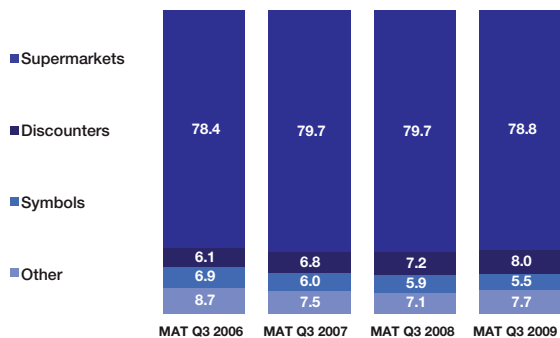
Q3 2009 Key Indicators Year-on-Year % Change

GDP (Value)	-7.4%(Q2 09)
Rate of Food Inflation (Value)	-5.0%
Rate of Unemployment	+89.0%
Frequency of FMCG Purchase	+3.9%
Average FMCG Basket Size (Value)	-12.3%

Ireland – Category Trends Year-on-Year % Change (Value)



Ireland – Trade Channels FMCG Value Share



Ireland – Trade Channels Year-on-Year % Change (Value)



•Due to their lower price points and new store openings, the Discounters continue to experience the highest growth rates of the retailers situated in the Republic of Ireland.

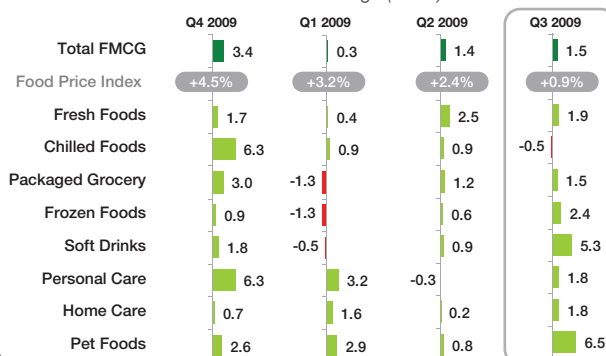
•Loss of trade to retailers in Northern Ireland remains a key problem for retailers in the Republic as favourable currency exchange rates and the lower VAT rate in the North make it a more attractive market for consumers from the Republic to shop in. To combat this loss the major multiples in the Republic, led by Tesco, have launched an EDLP strategy to try and curb the number of consumers who are travelling North of the border. Early analysis showed that these strategies have had an initial impact, however a further decline in the value of Sterling against the Euro since the change in strategy seems to have negated much of this initial success.



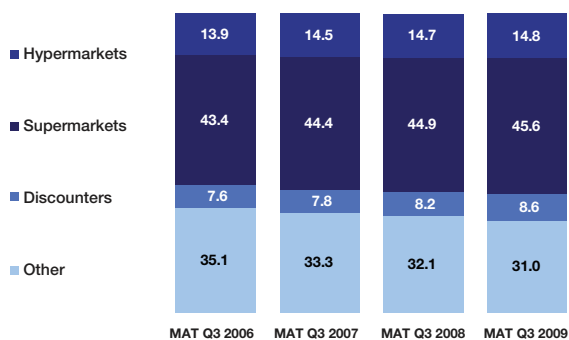
Q3 2009 Key Indicators Year-on-Year % Change

GDP (Value)	-6.2% (Q2 09)
Rate of Food Inflation (Value)	+0.9%
Rate of Unemployment	+8.8% (Q2 09)
Frequency of FMCG Purchase	-2.6%
Average FMCG Basket Size (Value)	+0.5%

Italy - Category Trade Year-on-Year % Change (Value)



Italy - Trade Channels FMCG Value Share

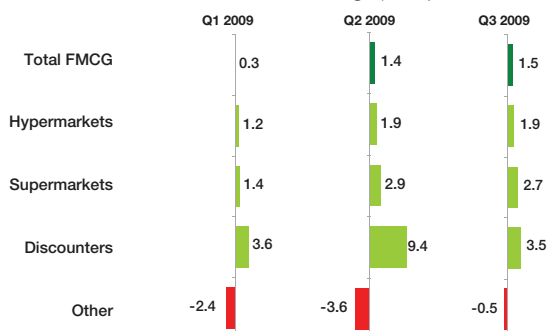


• Supermarkets continue to outperform Hypermarkets; Discounters are slowing down after having gained market share for a couple of years thanks to economic downturns and households being worried about their budgets.

• While in Q3 07 households were increasing their frequency of purchase, this is no longer the case. Compared with last year, households are shopping less often for FMCG products, suggesting that they are less concerned about reducing the size of their baskets and keeping their expenditure under strict control (average spend per trip has remained stable).

• Summer sales have been somewhat boosted by the weather which has been better than last year (particularly benefiting the Beverages and Ice Cream categories).

Italy - Trade Channels Year-on-Year % Change (Value)



Netherlands Q3 2009

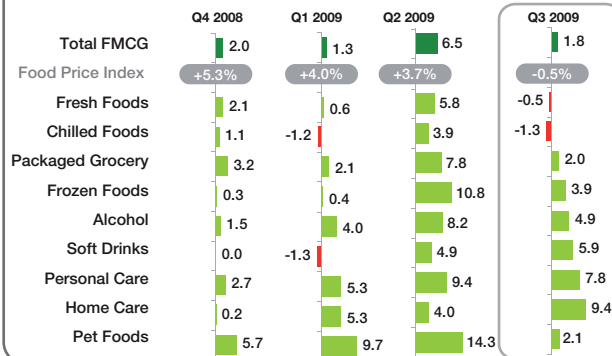


Q3 2009 Key Indicators Year-on-Year % Change

GDP (Value)	-3.7%
Rate of Food Inflation (Value)	-0.5%
Rate of Unemployment	+29.6%
Frequency of FMCG Purchase	+0.6%
Average FMCG Basket Size (Value)	+0.5%

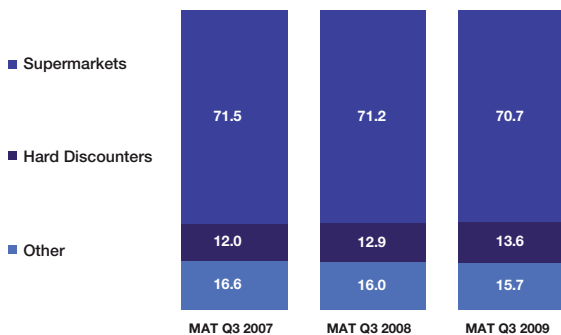
Netherlands - Category Trade

Year-on-Year % Change (Value)



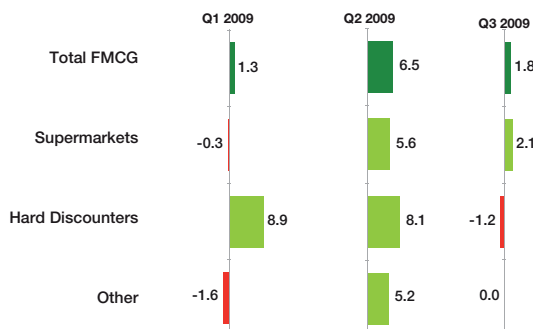
Netherlands - Trade Channels

FMCG Value Share



Netherlands - Trade Channels

Year-on-Year % Change (Value)



- The hard discounters (Aldi and Lidl) are still showing a large growth from last year and this can be explained by an increase in the number of customers they have had recently. These discounters have also extended their attention to fresh foods to increase sales.

- Another reason for this growth is due to the decrease in confidence in the economy which has encouraged consumers to switch to these hard discounters.

- This decrease in confidence in the economy has put the "other channels", also known as specialist shops under pressure. The number of shoppers going to traditional stores (e.g. bakers, butchers, green grocers and florists) is falling due to this rise in hard discounters.

- Within Supermarkets, Albert Heijn is still expanding due to the acquisition of 59 C1000 shops and because of a very loyal group of customers. It is especially the medium price supermarkets that are suffering from the growth of the hard discounters falling from 38.9% to 37.6% of market share.

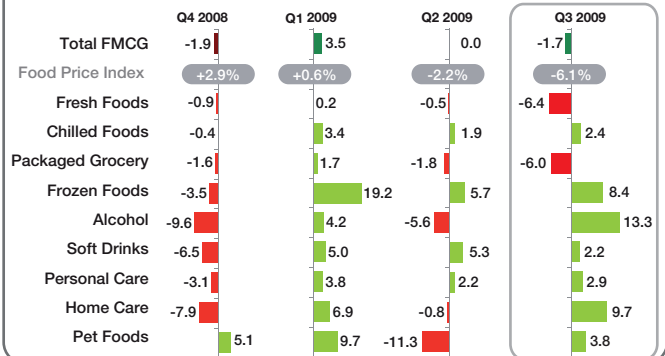
Portugal Q3 2009



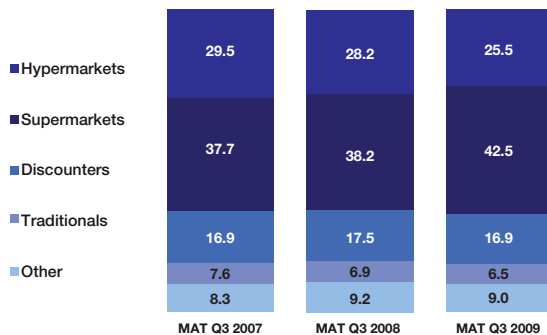
Q3 2009 Key Indicators Year-on-Year % Change

GDP (Value)	-4.1% (Q2 09)
Rate of Food Inflation (Value)	-6.1%
Rate of Unemployment	+18.0%
Frequency of FMCG Purchase	-2.0%
Average FMCG Basket Size (Value)	+2.6%

Portugal – Category Trends Year-on-Year % Change (Value)



Portugal – Trade Channels FMCG Value Share



Portugal – Trade Channels Year-on-Year % Change (Value)



• Supermarkets have shown the strongest performance due to the success of “Pingo Doce” (Jeronimo Martins Group) and its new stores.

• Among Hypermarkets, Continente is showing a very strong evolution, thanks to a very successful marketing strategy. This good performance has mainly been achieved through the recruitment of buyers. Continente has a strong and efficient TV advertising campaign matching consumers’ needs (“Continente will help you in these difficult times”; “Basic food products at very low prices”). Additionally Continente have 4 more marketing practices: a strong loyalty card, a varied fresh products assortment, a solid Private Label portfolio and constant manufacturers’ brand promotions.

• Discounters and Traditional stores are now seeing their market share decrease. These two channels are losing shoppers because of a less attractive fresh food assortment and consumers’ perception of a less competitive price offer. For the first time ever LIDL is now investing in traditional mass media advertising on its “quality but low price products”.

Scandinavia Q3 2009



Q3 2009 Key Indicators Year-on-Year % Change

GDP (Value) - Sweden & Norway only +2.9%

Rate of Food Inflation (Value) +1.5%

Rate of Unemployment +50.8%

Frequency of FMCG Purchase +4.2%

Average FMCG Basket Size (Value) -1.8%

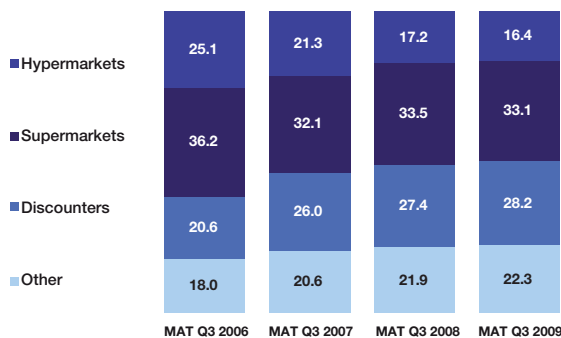
Scandinavia – Category Trends

Year-on-Year % Change (Value)



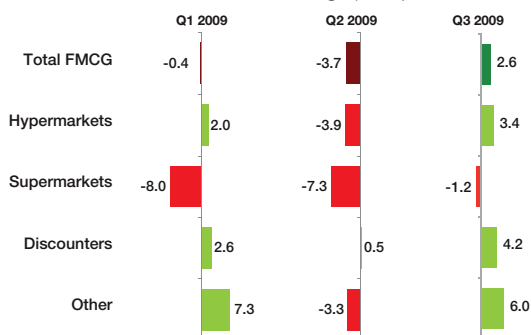
Scandinavia – Trade Channels

FMCG Value Share



Scandinavia – Trade Channels

Year-on-Year % Change (Value)



•Discounters continue to grow in Scandinavia. Scandinavian consumers are still affected by the recession and the economic climate is playing a key role in the consumer's choice of retailer and products. This has led to a more conscious behaviour towards special offers and more shopping trips in discounters.

•In Denmark discounters have expanded their assortment with more fresh foods such as meat, bread, dairy products and fruit & vegetables. This makes it easier for the consumer to limit the number of retailers being visited. Furthermore Danish consumers seem to have changed their view on discounters and today they think that it is easy to find branded quality goods in soft discounters.

•In spite of more price conscious Scandinavian consumers, there are indications that FMCG consumption will increase next year. In Norway the interest rates are lower, there is an upswing in the housing market and the labour market has improved. In Denmark lower taxes and lower interest rates may affect consumers towards more FMCG consumption and finally in Sweden the latest numbers show a continuing volume growth in Total FMCG market.

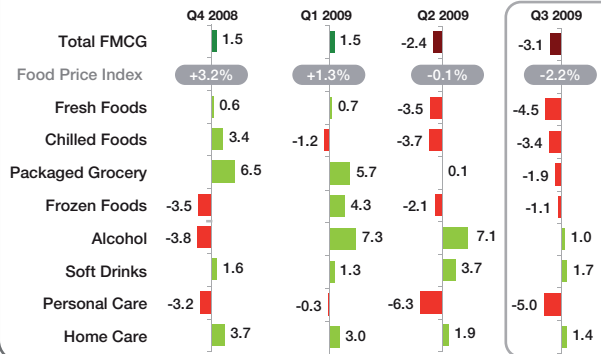
Please note: All value indicators are based on Euro currency.



Q3 2009 Key Indicators Year-on-Year % Change

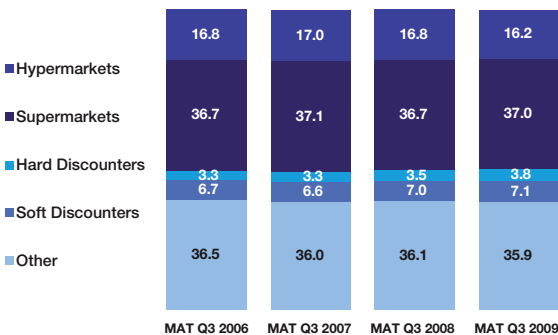
GDP (Value)	-3.4%
Rate of Food Inflation (Value)	-2.2%
Rate of Unemployment	+59.0%
Frequency of FMCG Purchase	+1.1%
Average FMCG Basket Size (Value)	-6.0%

Spain - Category Trade Year-on-Year % Change (Value)



Spain - Trade Channels

FMCG Value Share

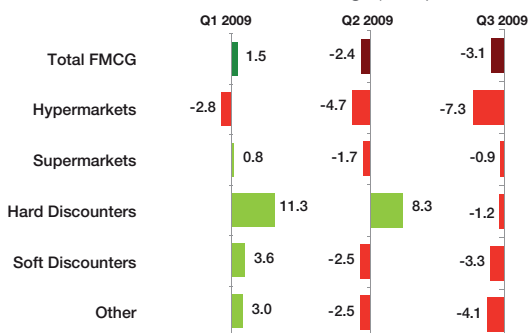


- Private Label continues to become increasingly important, now accounting for more than 34% of value share.

- Despite retailers' significant efforts to increase the loyalty of their customers, the constant search for good prices and good value result in shoppers being less loyal to specific retailers.

Spain - Trade Channels

Year-on-Year % Change (Value)



- Consumers tend to shop more often than last year, albeit spending less each time, and it seems that this is causing difficulties for Hypermarkets. In contrast, it seems that Supermarkets are benefiting from this, performing better than the market average.

Definitions

CATEGORIES UNIVERSE:

FMCG: Fast Moving Consumer Goods (includes foods, personal care and home care; excludes clothes, white goods etc...)

Total FMCG is not necessarily the sum of the categories shown below it.

Categories:

- **Fresh Foods:** fresh fish, fresh meat, fresh poultry/game, fresh fruit, vegetables, salads
- **Chilled Foods:** chilled deli products, chilled dairy products, chilled bakery products
- **Packaged Grocery:** bread, biscuits, canned goods, hot beverages, packet breakfast, pickles, sauces, condiments, savoury carbohydrates and snacks, home cooking ingredients, take home confectionery and savouries
- **Soft Drinks:** carbonated soft drinks, chilled drinks and mineral water
- **Home Care:** softeners, detergents and rinse conditioners
- **Personal Care:** bathroom toiletries, hair care, healthcare, oral care, other toiletries

TRADE CHANNEL DEFINITIONS:

	Hypermarkets	Supermarkets	Hard Discounters	Soft Discounters	Others
Austria	Selling area > 2000m2 (excluding hard discounters)	Selling area from 400m2 to 2000m2	Hofer, Lidl	Penny, Plus, Zielpunkt	
France	Selling area > 2500m2	Selling area : 400m2 to 2500m2 (excluding hard discounters)	Lidl, Aldi, Norma, Colruyt	Ed, Leader Price, Netto, Le Mutant	
Great Britain	Top 4 multiples: Tesco, Asda, Sainsbury's, Morrison		Lidl, Aldi, Netto	no soft discounters	
Germany	Small hypermarkets: 800m2 - 1500m2 Medium hypermarkets: 1500m2 - 5000m2 Large hypermarkets: > 5000m2	Selling area from 400m2 to 800m2	Aldi, Lidl, Norma	Penny, Plus, Netto	
Republic of Ireland	no hypermarkets	Typical multiple (no hypermarkets in this country)	Aldi, Lidl	no soft discounters	Specialists such as pharmacies, butchers, bakeries, fishmongers, etc.
Italy	Selling area > 2500m2 Assortment must include Grocery, white and brown Domestic Appliances, Clothing and Footwear.	Selling area : 400m2 to 2500m2 (excluding hard discounters)	Lidl, Eurospar, Dico, Penny		
Netherlands	no hypermarkets	All retailers excluding hard discounters	Aldi, Lidl	no soft discounters	
Portugal	Selling area > 2500m2	Selling area < 2500m2	Lidl, Minipreco	no soft discounters	
Scandinavia	Selling area > 2500m3	Sellin area from 450m2 to 2550m2	Aldi, Lidl	Netto, Willys, Rema 1000, Coma, Alta, Kiwi, Coop Prix	
Spain	Selling area > 2500m4	Selling area : 400m2 to 2500m2 (excluding hard discounters)	Aldi, Lidl, Plus, Familia (Eroski group)	Dia, Maxi Dia, Dia Market	

Source & Methodology

METHODOLOGY:

• A consumer panel is a permanent, syndicated and representative sample of consumers, who provide ongoing details of the fast moving consumer goods they purchase. Using the scanning methodology, each panel member records the details of every item they purchase.

• Sample sizes in number of households: Austria: 2,800; GB: 25,000; Germany: 30,000; France: 20,000; Ireland: 2,650 (2,000 Republic + 650 N.I); Italy: 8,000; Portugal: 2,500; Spain: 8,000; Netherlands: 6,000; Sweden: 3,000; Denmark: 3,000.

• Category, channel data and Average Basket size data are based on local currency (except Scandinavia which is provided in Euro).

Other value indicators are based on Euro.

KEY INDICATORS :

Panel data indicators

• **Frequency of FMCG purchase:** Frequency of FMCG purchase during the quarter compared with the same quarter the previous year.

• **FMCG Average Basket Size:** Average amount spent per trip in FMCG during the quarter compared with the same quarter the previous year.

Eurostat data indicators:

• **Food price index :** Harmonized Indices of Consumer Prices (HICPs) are produced and published using a common index reference period (2005=100).

• **Unemployment :** Unemployed persons comprise persons aged 15 to 74 who were without work during the reference week, were currently available for work and were either actively seeking work in the past four weeks or had already found a job to start within the next three months.

• **Constant Price GDP (based on Euro currency):** Gross domestic product (GDP) at market prices is the final result of the production activity of resident producer units (ESA 1995, 8.89). It is defined as the value of all goods and services produced less the value of any goods or services used in their creation. Data are calculated as chain-linked volumes (i.e. data at previous year's prices, linked over the years via appropriate growth rates). Growth rates with respect to the previous quarter (Q/Q-1) are calculated from calendar and seasonally adjusted figures while growth rates with respect to the same quarter of the previous year (Q/Q-4) are calculated from raw data.

KEY COUNTRY FACTS:

Source: CIA World Fact Book

Country	Individual Population (in 000's)	Number Of Households (in 000's)	GDP per Capita (2008 est.)
Austria	8,312	3,538	\$39,200
Denmark	5,476	2,532	\$38,900
France	60,470	26,130	\$32,700
Germany	82,315	38,477	\$34,800
Great Britain	60,600	25,000	\$37,400
Ireland	4,240	1,484	\$47,800
Italy	57,993	21,686	\$31,000
Netherlands	16,358	7,190	\$41,300
Portugal	10,599	3,772	\$22,000
Spain	44,474	16,340	\$36,500
Sweden	9,000	4,300	\$36,900

The Europanel Consumer Index is part of the Consumer Index series

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