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Key Facts 2012

Key Global Trends:
Economic, Demographic,
FMCG, Media, Retail

Little Black Book
of Shopper Behaviour

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Key Facts

For Decision Makers

Consumers are at the heart of your business. Insight into their behaviour is key to making your decisions.

Welcome to another edition of Key Facts! Many of you are perhaps encountering this publication for the first time, when in reality a similar document has been in existence for several years now. Over the past few years we have seen tremendous changes in the FMCG and market research industries and subsequently also with our Key Facts publication.

This edition celebrates the diversity of consumer and shopper behaviour, which makes the FMCG industry such a fascinating place to be in! We have named this edition the Little Black Book of Shopper Behaviour, which is a tongue-in-cheek reference to the increasing fragmentation we see in our industry and the fact that there simply is no one manual to shopper behaviour that would have global relevance.

The articles that you will find in this publication will present a vast range of scenarios that illustrate how non-conforming consumers can be and how, as much as we dislike it, they can and will continue to act 'irrationally'. We also present our annual summary of key indicators, which will be useful in drawing comparisons between the over fifty countries that our panels cover.

Even irrational behaviour contains an opportunity and I hope the variety of trends presented in this document provides encouragement to explore those opportunities. Most likely some of the material in this publication will also raise a number of questions relating to your business. As always we would like to help you answer some of those questions and help you unlock the potential for growth from any of the opportunities. Please therefore feel free to get in touch with me personally to see how we can help you navigate the path from complexity to clarity.

Kind Regards
Helen Passingham-Hughes
Managing Director
Europanel

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The Global Economy

Highlights

Although not at the 7-8% levels seen in Europe in 2008, Food inflation, driven by higher commodity prices, was again an issue for the Fast Moving Consumer Goods market in 2011. This led to lower levels of volume growth for the key markets globally, and a shift to marginal decline in Western Europe. On the other hand, inflation has meant that FMCG in value terms continues to increase.

Economic issues again hit the headlines in 2011 with debt problems and austerity measures in the eurozone taking centre stage. This impacted consumer confidence, which dropped almost to the record low levels of 2008 and unemployment, which has started to edge up again especially in Spain. Whilst the direct impact of these on overall FMCG buying has been shown to be limited, there are natural worries about their eventual effect, especially on consumer choice.

In summary, the globally representative FMCG market* in 2011 was up 6.1% in value supported by a real volume increase of 1.8%. However, these growth rates were not as high in the last three months of the year as inflationary effects became more prominent. Naturally, developing countries are driving this growth whilst in Western Europe, FMCG volume was down 0.2% compared with 2010.

By country, there were good volume increases in Russia, Brazil, Mexico and China. There was also stability or slight growth in France, Italy, Spain and UK. Increased shopping frequency and/or larger basket sizes have driven the business in these countries accompanied by up-trading to more expensive products in Brazil and China.

In contrast, shopping dynamics especially shopping frequency were not as strong in Germany, the Netherlands, Poland and the USA. This reduced the number of opportunities to buy and FMCG volumes were down in all four countries in 2011.

Down-trading to cheaper products remained a major issue especially in Europe. Private Label shares continued to develop strongly – almost 1% higher value share compared with 2010. If anything, the higher level of food inflation meant that the pace of this share growth increased again despite continued high levels of brand promotion.

The Global Economy

Highlights

As in 2010, down-trading to cheaper outlets in 2011 was less marked. Whilst some growth in Discounter shares continued in Netherlands, UK and Poland, their market shares were no better than stable in France, Germany and Spain.

Looking at the broad category groups within FMCG, the volume trends for Foods & Beverages, Household Products and Personal Care Products were very similar to FMCG as a whole. Similarly Private Label shares are also showing significant long term increases especially for Food & Beverages and Household products.

In 2011, we worked with Roland Berger Consultants for Coca-Cola Retailing Research Europe to look at European retailing over the next 5 years, especially emerging but poorly met shopper needs. We have also updated these in some countries in 2012.

Key needs can be grouped into a number of areas but as well as continued 'value' some key ones are:

- Environment initiatives such as: packaging; less waste; local produce
- Transparency such as: ingredients easily read and understood; trusted commitment to responsible sourcing
- Convenience: using technology for menu shopping; intelligent baskets; dedicated areas for certain products

2011 also saw some significant developments in the use of technology in FMCG shopping with smart phone walls and smart applications in many countries. Whilst UK and South Korea lead the way, there is significant growth in other countries such as France and China. Internet shopping also shows different behaviour with larger baskets, more brand orientation and higher loyalty. Leading to different challenges for sales and marketing.

Looking ahead, it had been expected that Food inflation would start to reduce in 2012 and that this would help FMCG to better volume levels. Whilst this is still expected in 2012, the early part of the year hasn't yet shown the reductions anticipated!

Richard Herbert
Global Business Insight Director
Europanel

* 13 major global economies: France, Germany, Italy, The Netherlands, Spain, UK, Poland, Russia, Brazil, Mexico, China, Japan and USA.

Top Trends in FMCG Retail

At the same time as manufacturers are trying to make sense of the globally complex world of consumer behaviours, we see Fast Moving Consumer Good retailing experiencing a period of equally unprecedented complexity. Players in this industry are faced with shopper behaviours that are far from universal and consistent, requiring a significant degree of local adaptation and flexibility within a global strategy.

This article summarises some of the key retailing learnings observed across a selection of countries from our vast network and thus provides us with a very comprehensive and globally representative set of trends. These are learnings that have, or will have, a significant impact on retailers that have either global or local growth ambitions. Rather than being predictions or forecasts, we call these 'retailing realities' as in some cases retailers are already attempting to capitalise on some of these opportunities or in some way addressing the threats borne out of them. The re-evaluation of global ambitions and expansion strategies by the likes of Carrefour, Tesco and Metro serves as partial evidence of the disruption caused by these realities among others.

Retailing Reality 1: Polarisation of shopping preferences – Many markets, as can be seen from this report, are reporting growth at two opposite ends of the market. Whilst low value items such as Private Label are experiencing growth, particularly in the basic staples area, we often see growth also at the more premium end of the market where consumers remain eager to invest in products that add real value to their lives. Such examples could be found in the health, wellbeing and beauty sectors, but products that offer added convenience are also seen as worthwhile investment in many cases. This naturally causes retailers to question their product offering and identify any specific biases they may have in the assortment towards only one end of the spectrum. In some markets we have already witnessed a market share decline of Discounter channel which has a very strong positioning at one extreme end of the market.

Top Trends in FMCG Retail

Retailing Reality 2: Mixed mode on frequency – One key indicator which very clearly shows the degree of local trend differential is purchase frequency. Some markets are seeing a decline in overall number of FMCG purchase occasions. This is a result of consumers focusing more on large value-for-money occasions and reducing the number of impulse occasions. On the other hand in some markets we see an increase in frequency. This in most cases corresponds with a reduction in basket size as consumers take a more short term view to their out of pocket expenditure and try to maximise cash in their pockets even if only on a day-by-day basis. Such a shift is often linked to a change in channel preferences as proximity shopping becomes more attractive for more frequent occasions, in many cases at the expense of out-of-town hypermarkets.

Retailing Reality 3: Loss of Loyalty – growth in promiscuity – Not only are we seeing changes at channel level, we also see changes at retailer and banner level with increasing store numbers driving fragmentation of purchase behaviours and natural growth in promiscuity. This deterioration in loyalty is in some markets further exaggerated by the emergence of partial substitutes to traditional FMCG one-stop-shopping. Online shopping, food box deliveries, direct-sourcing, on-the-go/vending platforms, drive & collect formats are examples of how the number of competitive alternatives is increasing. This growth in availability in some markets is outpacing any growth we can expect to see in consumers ability to expand their consumption.

Retailing Reality 4: It's a jungle out there – With declining loyalty and increasing cross channel shopping, measurement of the full trading landscape becomes increasingly critical. The expectation for developing markets is for consumers to trade up to modern trade channels and completely abandon their traditionally preferred channels. This is an unrealistic expectation in today's society where people are looking for the best means of fulfilling their purchase requirements across a wide range of convenient channels. Modern trade players who ignore the competition coming from alternative channels are missing a major trick, as are manufacturers, whose competitive strength may look entirely different when you factor in traditional trade channels.

Top Trends in FMCG Retail

Retailing Reality 5: Strengthening of 'click and mortar' – Online shopping for FMCG goods continues to grow across both developed and developing markets. The ways in which online shopping is implemented varies across markets as it aims to tap into cultural differences in purchase behaviors. Regardless of the implementation, in most cases we see the take-up of online shopping alternatives increase as people's lives become more and more digitally enhanced. This provides a platform for innovative new retailing concepts to emerge from a wide range of players, as entry barriers remain lower in the virtual world.

Retailing Reality 6: Digital Transparency – Online technologies and the adoption of smartphones is also resulting in changes in the traditional 'brick and mortar' channels. Consumers now have access to smartphone applications and websites that serve discount coupons and provide them opportunities for product and total basket price comparisons. Whilst traditional FMCG retailers are unlikely to be unaware of these threats, it is equally unlikely that the market leading ideas come from players who remain protective of the traditional brick and mortar businesses.

Retailing Reality 7: Promotional overkill – Where this all easily leads us to is a place where promotions and price become the leading mechanics to entice consumers to take preference across an ever-increasing spectrum of possibilities. Retailers investing into stronger positioning, competitive differentiation and meaningful integration of emerging channels as part of their core business will be few and far between versus those that are aggressively funding for price leadership. Whilst in some way beneficial for the consumers, this outcome is detrimental to the industry as a whole and limits the potential for the industry to reinvent itself.

Our final observation of current retailing realities leads us to conclude with the only prediction presented in this article. Should the industry remain on its current path, for many retailers the new norm will be static, only few will see real success, and many new players will have the opportunity to carve a niche out of the market for FMCG retailing as we used to know it.

Kai Virtanen
International Consumer Insight Director
Europanel

AiMark

A Network of Marketing Knowledge Innovators

AiMark, the centre for Advanced International Marketing Knowledge is dedicated to knowledge innovation within FMCG consumer marketing. It is a non-profit cooperation between leading marketing academics and consumer research practitioners with a constituency of selected trustees from leading FMCG business practitioners.

AiMark was founded in 1999 by leading marketing academics with Europanel. We have run a number of major international studies delivering game changing insights into brands, innovation, private labels, discounters, marketing-mix, consumer wellbeing, social media and e-commerce. Our academic network is based at top universities around the world, is widely published in top journals and has extensive experience working directly with major FMCG companies, both on research projects and as consultants.

AiMark is a leader in translating academic knowledge into business for major FMCG manufacturers in Europe. Our mission is to generate and share relevant consumer and market knowledge so that it can be put into practice.

Some of the finding of our recent work include:

Innovation: acting counter-cyclically (a) pays off: innovation and advertising are more efficient in downturns than upturns and (b) is needed: PL grows much more in downturns.

Consumer wellbeing: an 'organic' product claim can harm consumer perceptions of quality and willingness to pay; brands do not exploit the 'pro-social' benefits enough.

Retailing/e-tailing: brand loyalty is stronger for internet FMCG purchases especially for larger brands.

Retailing: significant increases in car fuel prices change shopper behaviour significantly in terms of frequency and brand choice.

Brand: a carefully crafted portfolio of local and global brands is a route to exploit each country's interplay between its attitudes to global vs its attitudes to local products.

Marketing mix: the emphasis on the effects of promotion and advertising spend seems unjustified. In comparison, the impact of product line changes and distribution is much bigger and longer-lasting.

Retailing: more demand-based pricing can significantly increase a retailer's gross margin within a category.

If you would like to know more on how your organisation could become involved in defining our research agenda as well as benefit from our extensive research experience within the FMCG market, please contact Richard Herbert on richard.herbert@europanel.com or visit our website www.aimark.org

Key Indicators

YEAR 2011	WESTERN EUROPE													
KEY INDICATORS	Austria	Belgium	Denmark	France	Germany	Great Britain	Greece	Ireland	Italy	Nether-lands	Norway	Portugal	Spain	Sweden
GDP Growth	3.2%	-0.1%	1.0%	1.7%	3.0%	1.0%	-3.0%	0.7%	0.4%	1.2%	1.6%	-1.6%	0.7%	3.9%
Inflation	3.3%	3.5%	2.8%	2.5%	2.3%	4.4%	2.5%	2.9%	2.8%	2.3%	1.2%	3.6%	3.2%	3.0%
Unemployment	4.2%	7.9%	6.2%	9.8%	7.1%	8.2%	14.8%	14.2%	8.6%	5.3%	3.3%	12.7%	21.6%	7.5%
Internet Access	79.0%	n/a	86.0%	76.0%	75.0%	77.0%	50.0%	78.0%	53.1%	95.0%	97.2%	58.0%	63.9%	93.0%
% 50 Years or Older	36.8%	52.0%	36.2%	50.5%	40.5%	34.7%	34.0%	26.1%	39.6%	43.5%	33.6%	33.6%	34.8%	54.0%
% 65 Years or Older	17.8%	25.5%	16.8%	25.2%	20.6%	16.6%	16.7%	11.4%	20.3%	16.2%	15.1%	20.4%	17.2%	28.0%
Population (000s)	8,420	10,984	5,561	65,001	81,752	62,260	10,788	4,581	60,197	16,383	4,920	10,562	47,190	9,500
Households (000s)	3,624	4,699	2,584	26,790	39,535	25,600	4,412	1,633	24,253	7,384	2,160	3,907	17,154	4,629
Purchase Frequency p.a.	212	177	199	102	227	229	92	239	151	182	204	62	161	132
Household Size	2.3	2.3	2.2	2.3	2.1	2.4	2.4	2.8	2.4	2.2	2.2	2.7	2.8	2.1
Average Basket Spend	€ 16.50	€ 27.10	€ 21.16	€ 29.20	€ 16.35	€ 20.47	€ 18.18	€ 22.80	€ 26.30	€ 17.40	€ 37.38	€ 33.18	€ 28.30	€ 27.75
Total FMCG Trend	0.7%	-0.2%	1.5%	2.8%	1.4%	3.9%	-0.8%	0.5%	3.0%	2.6%	3.7%	1.3%	1.6%	2.3%
Fresh Foods Trend	-0.7%	-1.1%	-2.5%	-1.0%	0.3%	3.7%	n/a	0.1%	2.0%	1.4%	-0.3%	0.2%	0.8%	-0.5%
Food/Drink Trend	2.4%	0.5%	2.6%	3.2%	1.7%	4.4%	-0.1%	0.4%	3.1%	0.0%	4.8%	1.7%	2.3%	n/a
Personal Care Trend	-1.1%	0.3%	-6.3%	-0.5%	0.7%	2.2%	-3.1%	-4.8%	0.8%	0.0%	1.9%	3.2%	2.3%	-0.6%
Super/Hyper FMCG Share	56.7%	66.2%	56.1%	73.0%	47.9%	77.4%	81.5%	88.7%	63.0%	71.0%	28.1%	68.7%	56.4%	68.6%
Discounter FMCG Share	17.2%	17.0%	6.6%	12.3%	43.4%	5.0%	13.5%	10.3%	11.1%	14.0%	0.0%	16.2%	11.2%	5.8%
Private Label FMCG Share	25.2%	36.4%	21.3%	37.3%	37.1%	46.4%	25.0%	34.1%	8.2%	38.3%	13.9%	36.7%	35.0%	19.0%

Key Indicators

YEAR 2011	EASTERN EUROPE												MID. EAST
KEY INDICATORS	Bosnia	Bulgaria	Croatia	Czech Republic	Hungary	Kazakhstan	Poland	Romania	Russia	Serbia	Slovakia	Ukraine	Saudi Arabia
GDP Growth	2.2%	1.6%	0.2%	1.7%	1.7%	7.5%	4.3%	2.5%	4.3%	1.9%	3.3%	5.2%	6.5%
Inflation	4.0%	2.0%	2.3%	1.9%	3.9%	7.4%	4.3%	5.8%	6.1%	7.0%	4.1%	8.0%	5.0%
Unemployment	27.6%	10.4%	17.9%	6.8%	11.2%	5.4%	9.7%	7.3%	6.8%	23.7%	13.5%	8.5%	10.9%
Internet Access	n/a	48.0%	63.0%	61.7%	60.0%	n/a	66.6%	46.0%	48.0%	41.2%	65.0%	42.0%	43.7%
% 50 Years or Older	n/a	39.9%	n/a	36.0%	37.1%	20.7%	53.1%	33.6%	32.6%	36.0%	32.2%	45.5%	67.0%
% 65 Years or Older	13.3%	18.5%	17.3%	15.2%	16.7%	7.1%	21.2%	14.9%	12.9%	17.0%	12.4%	15.3%	3.0%
Population (000s)	3,843	7,365	4,290	10,504	9,986	16,658	38,500	19,042	141,915	7,121	5,435	45,618	27,859
Households (000s)	1,114	3,006	1,534	4,534	4,000	4,392	13,350	7,086	52,949	2,497	1,905	18,201	4,770
Purchase Frequency p.a.	322	200	189	197	294	267	253	182	201	173	177	432	217
Household Size	3.4	2.4	2.8	2.3	2.6	3.6	2.8	2.9	2.7	2.9	2.8	2.6	5.8
Average Basket Spend	€ 9.50	€ 2.53	€ 14.00	€ 5.30	€ 7.40	€ 3.83	€ 4.94	€ 13.00	€ 6.48	€ 3.50	€ 5.82	€ 2.60	€ 5.80
Total FMCG Trend	-7.6%	2.5%	-2.0%	2.0%	1.9%	12.5%	1.1%	5.4%	9.5%	2.3%	2.4%	9.3%	9.7%
Fresh Foods Trend	-6.2%	n/a	-6.7%	n/a	1.7%	23.3%	0.4%	n/a	n/a	n/a	n/a	8.6%	n/a
Food/Drink Trend	-6.5%	3.1%	1.0%	2.7%	6.7%	16.4%	1.3%	5.2%	10.1%	3.6%	3.2%	10.6%	9.4%
Personal Care Trend	-11.4%	-1.3%	-1.4%	-2.7%	5.3%	-1.6%	-0.6%	8.0%	-0.9%	-4.5%	-4.5%	3.9%	7.8%
Super/Hyper FMCG Share	54.0%	31.3%	52.0%	55.0%	42.9%	20.4%	41.2%	37.0%	26.0%	28.7%	55.2%	12.1%	38.0%
Discounter FMCG Share	n/a	6.8%	8.0%	18.7%	17.2%	n/a	26.4%	10.0%	20.0%	0.5%	16.1%	3.7%	4.7%
Private Label FMCG Share	1.5%	10.4%	17.9%	20.0%	27.0%	n/a	20.5%	9.0%	1.6%	3.6%	28.6%	0.5%	n/a

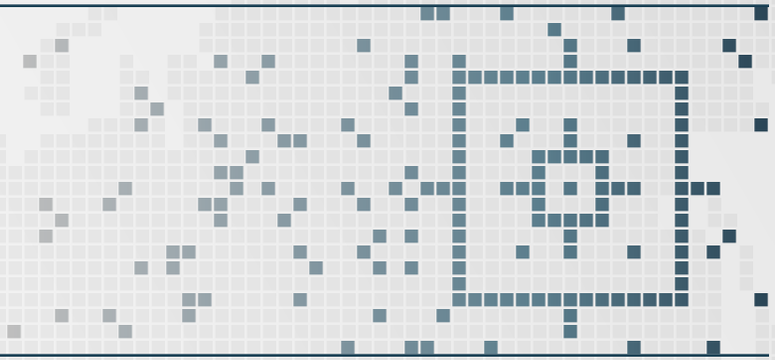
Key Indicators

YEAR 2011	NORTH AMERICA		CENTRAL AMERICA						SOUTH AMERICA							
KEY INDICATORS	Mexico	USA	Costa Rica	El Salv.	Guatem.	Honduras	Nicaragua	Panama	Argen.	Brazil	Bolivia	Chile	Colom.	Ecuador	Peru	Venez.
GDP Growth	3.9%	3.9%	3.8%	1.4%	3.3%	3.2%	4.5%	8.0%	8.0%	2.7%	5.7%	6.0%	6.1%	5.4%	6.8%	4.2%
Inflation	3.8%	3.1%	4.7%	5.1%	6.2%	5.6%	7.9%	5.9%	11.0%	6.5%	6.9%	4.4%	3.7%	5.4%	4.7%	27.6%
Unemployment	4.5%	9.0%	7.7%	7.1%	4.0%	4.3%	7.8%	4.5%	6.7%	5.9%	6.5%	6.6%	10.8%	5.1%	7.0%	7.8%
Internet Access	26.0%	76.7%	24.7%	6.6%	5.9%	5.9%	4.4%	15.3%	50.9%	37.0%	21.0%	50.4%	54.0%	30.0%	16.5%	48.4%
% 50 Years or Older	16.9%	n/a	41.1%	34.3%	25.2%	34.1%	32.7%	36.1%	49.2%	22.0%	24.0%	29.4%	19.0%	41.3%	n/a	n/a
% 65 Years or Older	6.2%	13.0%	n/a	n/a	n/a	n/a	n/a	n/a	21.8%	7.9%	n/a	15.2%	10.0%	n/a	6.4%	5.4%
Population (000s)	112,337	310,233	4,163	7,673	13,678	7,511	5,887	3,363	40,117	193,987	10,629	17,402	46,500	14,483	29,798	27,150
Households (000s)	25,915	118,682	1,128	1,945	2,679	1,578	1,420	933	11,670	57,557	1,275	3,895	12,741	3,820	6,622	7,148
Purchase Frequency p.a.	285	57	58	116	116	116	39	46	111	175	279	128	264	263	240	272
Household Size	3.9	2.6	3.7	3.9	5.1	4.8	4.1	3.6	3.4	3.3	5.0	3.5	3.9	3.8	4.1	4.0
Average Basket Spend	€ 3.99	€ 27.60	€ 8.93	€ 5.26	€ 4.72	€ 6.34	€ 15.96	€ 11.68	€ 6.98	€ 5.94	€ 3.50	€ 9.50	€ 3.70	€ 3.81	€ 5.12	€ 8.30
Total FMCG Trend	5.7%	2.3%	-12.9%	-15.0%	20.0%	-2.6%	0.9%	16.9%	19.1%	10.0%	9.0%	5.4%	5.8%	12.0%	9.0%	29.6%
Fresh Foods Trend	n/a	6.4%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Food/Drink Trend	8.0%	4.0%	-2.0%	-9.0%	6.0%	0.6%	-3.0%	10.0%	17.8%	8.2%	11.0%	4.6%	7.7%	14.0%	10.0%	30.5%
Personal Care Trend	5.5%	3.4%	-5.0%	-1.0%	1.0%	-3.0%	2.0%	7.0%	20.1%	18.3%	5.0%	1.6%	1.0%	9.0%	12.0%	25.7%
Super/Hyper FMCG Share	16.6%	48.5%	17.2%	39.8%	9.5%	16.0%	2.8%	74.9%	40.8%	59.0%	10.0%	65.4%	24.0%	37.0%	17.6%	45.8%
Discounter FMCG Share	n/a	18.4%	35.7%	11.4%	31.7%	16.7%	20.2%	0.4%	6.9%	1.2%	n/a	3.6%	n/a	n/a	n/a	n/a
Private Label FMCG Share	1.3%	18.7%	6.0%	0.6%	1.1%	0.7%	0.2%	0.7%	4.6%	0.8%	n/a	7.2%	n/a	n/a	0.9%	<1%

Key Indicators

YEAR 2011	ASIA										
KEY INDICATORS	China	India	Indonesia	Japan	Korea	Malaysia	Philippines	Sri Lanka	Taiwan	Thailand	Vietnam
GDP Growth	9.2%	8.4%	6.5%	-0.8%	3.6%	5.2%	3.7%	8.3%	5.2%	0.1%	5.9%
Inflation	5.4%	9.3%	6.3%	-0.3%	4.0%	2.2%	4.8%	6.7%	1.8%	3.8%	18.6%
Unemployment	4.1%	10.8%	6.6%	4.5%	3.4%	3.0%	7.2%	4.2%	4.3%	1.0%	2.3%
Internet Access	38.3%	3.1%	22.0%	93.8%	81.8%	61.7%	29.5%	9.0%	83.0%	10.0%	51.1%
% 50 Years or Older	28.5%	13.7%	16.0%	43.3%	30.1%	n/a	14.5%	18.7%	30.6%	23.4%	17.1%
% 65 Years or Older	9.1%	4.8%	5.1%	23.1%	11.4%	5.0%	4.4%	6.3%	10.9%	7.9%	5.5%
Population (000s)	1,371,000	1,210,193	236,000	128,056	49,779	21,268	101,834	20,653	23,225	63,878	90,549
Households (000s)	402,000	246,692	54,000	51,952	17,596	5,263	19,184	4,889	7,873	21,682	22,000
Purchase Frequency p.a.	96	123	334	177	102	77	342	132	93	206	177
Household Size	2.8	4.9	4.3	2.5	2.9	4.0	5.0	4.0	2.9	2.9	4.6
Average Basket Spend	€ 8.40	€ 0.86	€ 1.60	€ 12.47	€ 10.76	€ 8.40	€ 1.57	€ 0.38	€ 9.98	€ 1.84	€ 2.52
Total FMCG Trend	18.1%	8.0%	n/a	0.0%	5.5%	7.4%	5.4%	12.0%	5.2%	6.2%	15.7%
Fresh Foods Trend	n/a	n/a	n/a	n/a	5.2%	n/a	n/a	n/a	n/a	14.0%	n/a
Food/Drink Trend	19.5%	7.0%	n/a	0.0%	6.2%	7.7%	5.4%	14.0%	5.3%	5.4%	16.7%
Personal Care Trend	12.4%	9.0%	n/a	0.0%	4.1%	6.7%	6.9%	8.6%	5.5%	7.9%	12.1%
Super/Hyper FMCG Share	43.4%	2.0%	9.1%	62.8%	52.9%	66.7%	28.3%	8.1%	45.0%	32.0%	20.4%
Discounter FMCG Share	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Private Label FMCG Share	0.3%	n/a	n/a	n/a	2.8%	2.2%	0.1%	n/a	1.8%	1.4%	0.5%

Western Europe



THE NORDICS

Denmark 21
Norway 46
Sweden 55

UK & IRELAND

Great Britain 31
Ireland 37

CENTRAL EUROPE

Austria 15
Belgium 18
France 24
Germany 28
The Netherlands 43

SOUTHERN EUROPE

Greece 34
Italy 40
Portugal 49
Spain 52

Austria

DID YOU KNOW?

Austria now ranks among the countries with the highest level of promotion in Europe – 28%.

PANEL NEWS

As of 2012 the Austrian Consumer Panel consists of 4,000 households, an increase of 40% from 2011. The increased sample will allow for more detailed analyses and more frequent reporting on certain categories and brands. In addition the introduction of ABS – Advanced Business Solutions increases the capabilities of answering the more complex business issues for FMCG clients.

In 2011 Austria's GDP grew by 3.2%. The main driver for growth was exports, stimulating notably manufacturing and, albeit gradually, business investments. The cyclical revival helped by correcting the imbalances on the labour market and in public finances. Yet, at barely below 7% of the dependent labour force, unemployment remained high. The rate of inflation rose to 3.3% with FMCG being one of the main drivers. In 2012 Austria is expected to be affected by sluggish euro area growth. Real GDP in Austria is likely to edge up by 0.4% in 2012.

With this economic outlook and increasing prices, consumers' confidence worsened during 2011. An increasing number of consumers felt that their financial situation would deteriorate during the coming months. Wage agreements above the inflation rate will increase the net income per capita in 2012 and likely help to improve consumer sentiment.

The moderate growth of the packaged goods industry in 2011 was mainly price driven. Consumer behaviour was marked by less frequent shopping and impulse buying due to less discretionary expenditure. Some category baskets such as Sweets were hit more than others.

Grocers tried to dampen the price increases by intensifying their price promotions. As a result the share of price promotions rose to 28% of total FMCG turnover. Austria now ranks among the countries with the highest level of promotion in Europe. Promotion shares increased throughout all baskets and grocery channels.

Austria

PANEL BASICS

Operating Company
GfK Austria

Main Panel Sample Size
4,000 Households

Method of Data Collection
In-home Scanning

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Austria

Private Label continued to make moderate gains in 2011. As opposed to former years, Private Label growth is no longer driven by discounters, but the traditional grocers. All main retailers have significantly expanded their private label portfolio. Many of the new private labels introduced over the past two years offer added value to consumers focusing on organic, vegetarian or other quality aspects. Mainly affected by this development are national brands which are neither market leader nor positioned as premium or innovative. They either lose space and/or consumer preference. Hence continuous advertising and innovation are essential for national brands to secure the trust of consumers.

With expansion lacking the momentum of former years, Discounter shares remained stable in 2011. More than 50% of all Austrian households shop at a discounter at least once per week. Hypermarkets showed the best performance in 2011 with growth of 3.7%.

Austria

Key Indicators

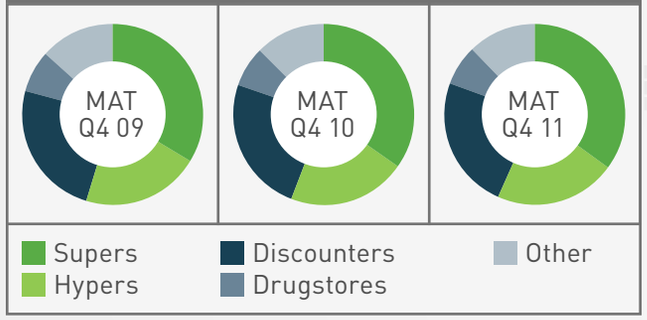
KEY INDICATORS	
GDP Growth	3.2%
Inflation	3.3%
Unemployment	4.2%
Internet Access	79.0%
% 50 Years or Older	36.8%
% 65 Years or Older	17.8%
Population (000s)	8,420
Households (000s)	3,624
Purchase Frequency p.a.	212
Household Size	2.3
Average Basket Spend	€ 16.50
Total FMCG Trend	0.7%
Fresh Foods Trend	-0.7%
Food/Drink Trend	2.4%
Personal Care Trend	-1.1%
Super/Hyper FMCG Share	56.7%
Discounter FMCG Share	17.2%
Private Label FMCG Share	25.2%

CATEGORY TRENDS				
2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	0
Fresh Foods	■	■	■	-4
Chilled Foods	■	■	■	4
Packaged Grocery	■	■	■	1
Frozen Foods	■	■	■	-3
Alcohol	■	■	■	2
Soft Drinks	■	■	■	8
Personal Care	■	■	■	-2
Home Care	■	■	■	4
Pet Foods	■	■	■	4

TRADE CHANNEL TRENDS				
2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	0
Supers	■	■	■	-2
Hypers	■	■	■	2
Discounters	■	■	■	0
Drugstores	■	■	■	-1
Other	■	■	■	-2

- ■ Increase of more than 0.5%
- ■ Increase/decrease of 0.5% or less
- ■ Decrease of more than 0.5%

TRADE CHANNEL SHARES



Belgium

DID YOU KNOW?

Mainstream Super and Hypermarkets are increasingly replacing specialist outlets in shoppers repertoire of regular stores.

PANEL NEWS

We have recently increased our sample to 5,000 households and are now able to provide a more granular view of the Belgian FMCG market.

The year 2011 in Belgium will be remembered by the new record set on the duration a country has functioned without a formal government. Heightened fears over the country's debt levels prompted rival political parties finally to agree to a coalition arrangement in November 2011.

The Belgian government published its budget reforms in December 2011, aiming to, within the limits set by the European Union rules, achieve a budget deficit reduction to 2.8% of GDP in 2012 and balancing its books by 2015. The long-term structural reforms will help to preserve the social model, face the challenge of extended life spans and boost the Belgian economy. In 2011 unemployment rate declined to 7.2% and inflation grew to 3.5%, with food inflation stabilising at 2.6%.

The economic and financial crisis hit most of the European countries driving almost a Europe-wide deterioration of consumer confidence. In Belgium private households also expressed their fear of losing their jobs, doubts about their personal financial situation and capacity to save money. Consumer confidence declined significantly during the fourth quarter, when in addition to the overall economic gloom, energy prices – already high in comparison to other countries – continued to increase, placing disposable household expenditure under further pressure. All the above factors combined had an impact on consumer purchase behaviours, particularly during the fourth quarter.

Belgium

PANEL BASICS

Operating Company
GfK Panel Services Benelux bv Belgium

Main Panel Sample Size
5,000 Households

Method of Data Collection
In-home Scanning

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Belgium

For some years the Belgian households have already replaced some of their shopping trips to the specialist channels with more one-stop-shopping at Super and Hypermarkets. Increased availability of smaller proximity supermarkets was in particular meeting this new shopper need and at the same time larger retail formats were able to benefit from the trend by increasing the value of existing baskets.

This trend has also resulted in a reduction in the number of different stores visited, subsequently providing most retailers the opportunity to increase shopper loyalty, by increasing the spending of their shoppers in their own stores. Increasing fuel prices and loyalty programs further drove shoppers to spend more at their primary or secondary stores.

Brands still represent a large part of the Belgian FMCG market – 64% in value and 50% in volume, but they remain under continuous threat from an increasing assortment of Private Label products covering both value and more premium price points. Both mainstream and hard discounter owned Private Labels are gaining share as a result.

The year 2011 has also been characterised by the entrance of Albert Heijn into Belgium with the opening of two supermarket outlets. Eight more outlets have been confirmed as part of their expansion plans for 2012. Their proposition is based on offering 'Belgian quality for Dutch prices', with Dutch pricing being generally cheaper. For retailers the key concerns for 2012 and beyond are likely to be around developing or managing their private label offer, finding the right assortment, particularly from a price point of view and covering changing shopper behaviours with new or existing store formats.

Belgium

KEY INDICATORS	
GDP Growth	-0.1%
Inflation	3.5%
Unemployment	7.9%
Internet Access	n/a
% 50 Years or Older	52.0%
% 65 Years or Older	25.5%
Population (000s)	10,984
Households (000s)	4,699
Purchase Frequency p.a.	177
Household Size	2.3
Average Basket Spend	€ 27.10
Total FMCG Trend	-0.2%
Fresh Foods Trend	-1.1%
Food/Drink Trend	0.5%
Personal Care Trend	0.3%
Super/Hyper FMCG Share	66.2%
Discounter FMCG Share	17.0%
Private Label FMCG Share	36.4%

Internet shopping of FMCG goods in Belgium is still a niche business despite the media interest in this emerging channel. Average household shopping for FMCG online would do so less than once per quarter, but spending on average 139 Euro per occasion, significantly more than the FMCG average of 27 Euro.

Denmark

DID YOU KNOW?

Value choices are increasingly relevant for the Danes with Discounters and Private Label gaining share in 2011.

As a result of the lowering of global growth forecast, the expectations also for the Danish economy have been lowered. The uncertainties surrounding the European debt crisis and overseas financial politics are the biggest outside influences on the Danish economy, which Danish consumers can only hope to improve.

Private consumption in Denmark hasn't increased since early 2010 and private investment spending is still subdued. As such Danes continue to wait patiently for a brighter economic future.

Experts estimate that private consumption will increase in 2012 and 2013. In fourth quarter of 2011 private consumption rose but there is still little to suggest that Denmark is on the verge of a significant increase in consumption even though many have chosen to pay out their pension prematurely.

In this climate, unsurprisingly, the growth in the discounter channel has been significant. Driven by growth in basket size and increased planning in general Discounters have taken even further share of the Danish market. In 2011 Discounters accounted for more than 33% of the total FMCG consumption in Denmark. This is an increase from 2010 of almost 2%.

The increased planning has been driven primarily by increased advance planning for categories that can be characterized by being part of the evening meal solution. This means that for instance categories like fresh meat has experienced an increase in the share of sales planned in home.

Denmark

PANEL BASICS

Operating Company
GfK Danmark A/S

Main Panel Sample Size
3,000 Households

Method of Data Collection
In-home Scanning / Paper & Pencil

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Denmark

As a consequence of increased planning the share of turnover bought on impulse has decreased in 2011. The share of FMCG turnover purchased based on a brand decision made in store has gone down.

In general the financial climate in Denmark has driven a trend of 'common sense' in the Danes shopping behaviour. This trend has fuelled Private Label growth leaving 2011 with a PL share of 21.3% of total FMCG consumption.

Interestingly the discussion of retailer strategies on PL lately focuses on whether PL will increase shopper loyalty towards retailers. This of course has always been one of the main pillars of any PL strategy, but recent studies reveals that brand lovers in Denmark are actually more loyal towards retailers than PL lovers.

On top of this we have the issue of down trading among stores own shoppers which seems to support the notion that if money is to be made with Private Label, budget PL is not the silver bullet to the problem.

Denmark

Key Indicators

KEY INDICATORS	
GDP Growth	1.0%
Inflation	2.8%
Unemployment	6.2%
Internet Access	86.0%
% 50 Years or Older	36.2%
% 65 Years or Older	16.8%
Population (000s)	5,561
Households (000s)	2,584
Purchase Frequency p.a.	199
Household Size	2.2
Average Basket Spend	€ 21.16
Total FMCG Trend	1.5%
Fresh Foods Trend	-2.5%
Food/Drink Trend	2.6%
Personal Care Trend	-6.3%
Super/Hyper FMCG Share	56.1%
Discounter FMCG Share	6.6%
Private Label FMCG Share	21.3%

Total Scandinavia (Denmark, Norway & Sweden)

CATEGORY TRENDS

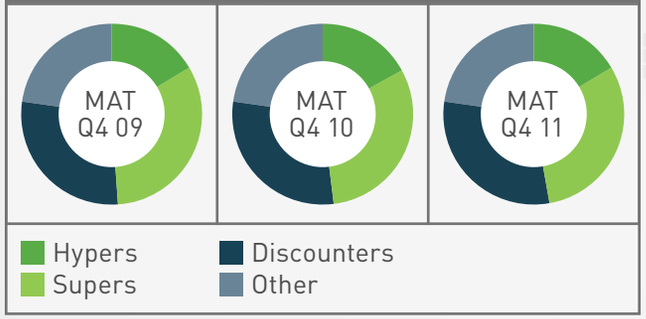
2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	2
Fresh Foods	■	■	■	3
Chilled Foods	■	■	■	7
Packaged Grocery	■	■	■	8
Frozen Foods	■	■	■	-8
Soft Drinks	■	■	■	13
Personal Care	■	■	■	-2
Home Care	■	■	■	-2
Pet Foods	■	■	■	6

TRADE CHANNEL TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	2
Hypers	■	■	■	-2
Supers	■	■	■	1
Discounters	■	■	■	5
Other	■	■	■	-4

- ■ Increase of more than 0.5%
- ■ Increase/decrease of 0.5% or less
- ■ Decrease of more than 0.5%

TRADE CHANNEL SHARES



France

DID YOU KNOW?

French people are concerned about their buying power and 67% of households surveyed envisage limiting their spending over the months to come.

2011 cast a shadow on the French economy with the deterioration of the economic climate against a backdrop of concern for sovereign debt and rising unemployment. These challenging times emphasised the feeling of concern among French households, although indications show that in general attitudes towards consumption did not drastically change, as was the case back in 2008.

In 2011, the announcement of the probable return of the financial crisis was made before the effects became visible, giving French consumers time to prepare for the uncertain future. Volume sales of staple items and fresh self-service remained constant throughout the year with the exception of a strong seasonal decline brought on by a particularly bleak summer season.

Unlike 2008, 2011 saw more moderate inflation (<3%) which also helps to explain the relative stability of the market when compared to 2008.

French consumers moved towards responsible consumption in 2011 – not necessarily looking to consume radically less, but rather to better control consumption. Whilst the number of trips remained stable, households had a tendency to purchase fewer items per visit (-0.1 articles, a 1% decline compared to 2010). More and more households made shopping lists and set themselves a strict budget and, as in 2008, French households seem to have downsized (purchased smaller sizes) across some, but not all, of the categories with the highest inflation.

Furthermore, French households hunted for the best prices, though surprisingly perhaps not in discount stores. Discounters did not benefit from the gloomy economy in 2011 and lost 0.3

France

PANEL BASICS

Operating Company
Kantar Worldpanel France

Main Panel Sample Size
20,000 Households

Method of Data Collection
In-home Scanning

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France

points in market share value. Conversely, Leclerc was the year's biggest winner with +0.7 share points gained followed by Système U gaining +0.3 points. Intermarché remained stable over the entire year and came back strongly over the last two months of the year.

2011 saw a definite trend towards distribution channels that enable the consumer to save time, such as the drive-through service, which reached 1.9% share in December 2011. Recruitment of buyers to these channels was very fast as a result of the opening of several warehouse stores by Auchan and Leclerc. The opening of these drive-through stores did result in some cannibalization for both Auchan and Leclerc, but also wins from competitors, Carrefour being the biggest victim of this. Loyalty to the drive-through has already reached 47%.

Over the first quarter of 2011 convenience stores saw their upward trend continue on from 2010 but were caught up in the second quarter by supermarkets.

Consumers hunted for the best prices but not the lowest prices! National brands only lost 0.3 points in market share to own brands, compared to 2.3 points in 2008. Private label only gained via core products and not across all markets. The future looks better for National Brands than in 2008 with new channels in which to develop, such as drive and convenience stores.

France

What are the prospects for 2012?

In comparison to 2011 the situation at the beginning of 2012 is even gloomier with the loss of the triple A rating in France, an announced recovery plan and the increase in gas and electricity prices. French people are concerned about their buying power and 67% of households surveyed envisage limiting their spending over the months to come.

We expect own brands to remain dynamic – though not to the same extent as 2008 – but they show significant opportunities for growth in terms of categories, target consumers (seniors) and brands. Therefore, at the very least, they will continue in this current trend of growth.

Discount stores should benefit from the difficult economic climate – but not as much as in 2008. Drive format has a promising future if it manages to resolve its economic equation. The expansion of the sector will enable it to continue recruiting young people and reaching seniors by word of mouth. The introduction of National Brands and fresh products should optimise average spending and site improvement should increase the frequency of visits.

For 2012 and the years to come, the challenge for brands and retailers will be to demonstrate their capacity to adapt to new distributions channels, to consumers' desire to consume better rather than to consume more. It will also be necessary for them to differentiate themselves and to meet the expectations of consumers looking for more natural products, their need to eat healthily (relationship between nutrition and health) and produce goods themselves, their search for products containing less sugar, less fat, less allergens, the demand for more ecological products, their search for products 'Made in France' as well as locally produced products. But brands and retailers also need to create brand loyalty, a continuous long-term undertaking, particularly at a time of economic crisis. Brands that remain in the hearts of the French people are those that have been able to regularly, constantly and consistently connect.

France

Key Indicators

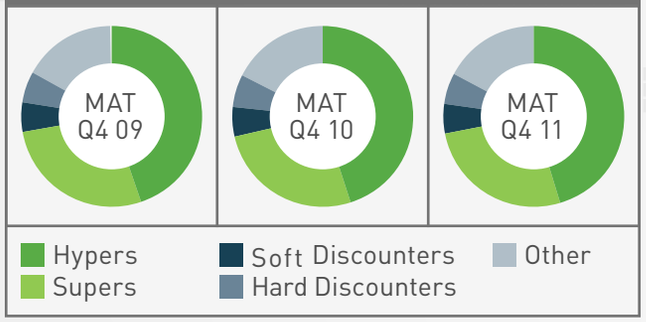
KEY INDICATORS	
GDP Growth	1.7%
Inflation	2.5%
Unemployment	9.8%
Internet Access	76.0%
% 50 Years or Older	50.5%
% 65 Years or Older	25.2%
Population (000s)	65,001
Households (000s)	26,790
Purchase Frequency p.a.	102
Household Size	2.3
Average Basket Spend	€ 29.20
Total FMCG Trend	2.8%
Fresh Foods Trend	-1.0%
Food/Drink Trend	3.2%
Personal Care Trend	-0.5%
Super/Hyper FMCG Share	73.0%
Discounter FMCG Share	12.3%
Private Label FMCG Share	37.3%

CATEGORY TRENDS				
2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	3
Fresh Foods	■	■	■	-1
Chilled Foods	■	■	■	4
Packaged Grocery	■	■	■	4
Frozen Foods	■	■	■	1
Alcohol	■	■	■	2
Soft Drinks	■	■	■	10
Personal Care	■	■	■	0
Home Care	■	■	■	4
Pet Foods	■	■	■	6

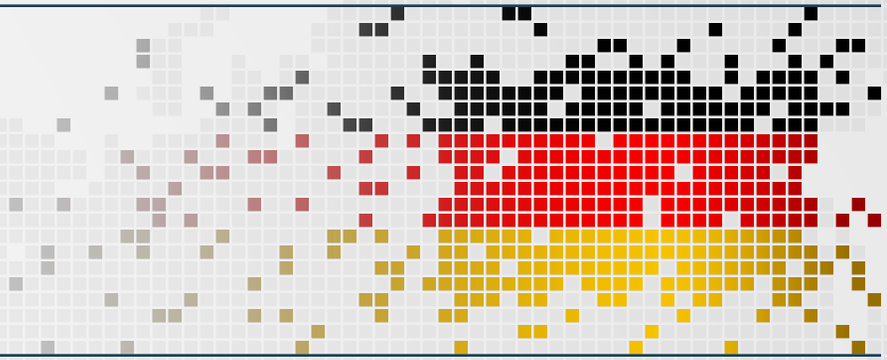
TRADE CHANNEL TRENDS				
2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	3
Hypers	■	■	■	3
Supers	■	■	■	4
Soft Discounters	■	■	■	-1
Hard Discounters	■	■	■	5
Other	■	■	■	-1

- ■ Increase of more than 0.5%
- ■ Increase/decrease of 0.5% or less
- ■ Decrease of more than 0.5%

TRADE CHANNEL SHARES



Germany



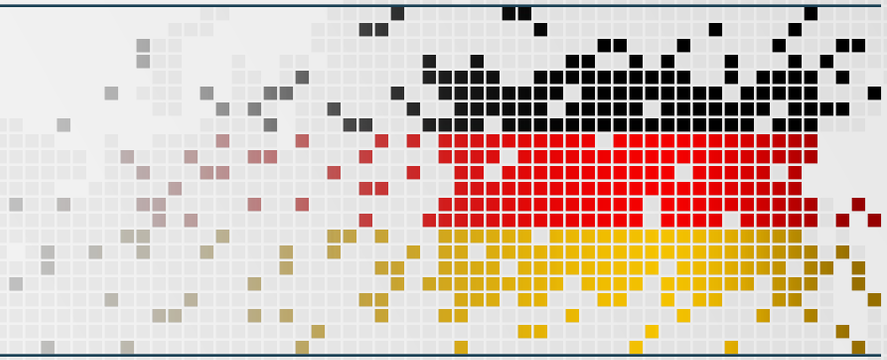
DID YOU KNOW?

Price increases were stronger in Discounters on average, which has resulted in several discounters losing market share during 2011.

In 2011 the German economy has developed very well. GDP increased by 3% and also private consumption rose significantly, which can mainly be contributed to a positive development on the labour market. The number of people in employment rose in Germany and this trend will also continue in 2012. For that reason the German consumer confidence remains positive. In spite of the debt crisis, GDP growth is expected for 2012 as well, even though it will only amount to about 0.6%.

FMCG market also grew by 1.4% in 2011. However, this growth was caused by increasing prices only, mainly due to increases in raw material and ingredient costs. Overall volume demand was negative, particularly for food and beverages where in-home consumption has declined for a longer period of time whereas personal care and home care have grown in volume. Social trends towards more flexible working hours, higher number of working women or full-time schools will also lead to a volume reduction for in-home consumption in the future. Based on that, a decline in the number of shopping trips has to be expected, which means that consumers can be found at the point of sale less and less often. Nevertheless the promotional level continued to grow in 2011 as well. Almost 20% of FMCG turnover is generated with special price offers. With such increased promotional activities retailers are trying to maintain their price image in times of increasing prices.

Germany



PANEL BASICS

Operating Company
GfK Panel Services Deutschland

Main Panel Sample Size
30,000 Households

Method of Data Collection
In-home Scanning

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Supermarkets seem to be doing well in such circumstances as they again won market share in 2011, suggesting that the renaissance of supermarkets may not yet be over. On the other hand discounters continue to lose market shares – however from a very high level – despite a further increase in space. This is also due to the fact that prices increased most strongly at the discounters in 2011.

In contrast to the relatively flat development of discounters, private labels increased their market share in 2011 and won 37.1% of the FMCG demand. This growth does not come from the budget segment but is created by the added-value private labels where mainly gourmet, organic and light products dominate, but also regional concepts serve the increased quality consciousness of consumers. This added-value private label growth is especially strong in supermarkets, hypermarkets and drugstores. Drugstores grew most in 2011, even though Schlecker, the drug store with the most outlets, had to accept another double-digit decline in turnover in 2011 and went bankrupt in January 2012. Particularly on the drug store market heavy share battle and consumer switching can be expected to take place in 2012. It is very likely that private labels will benefit as far as drug store articles are concerned.

Germany

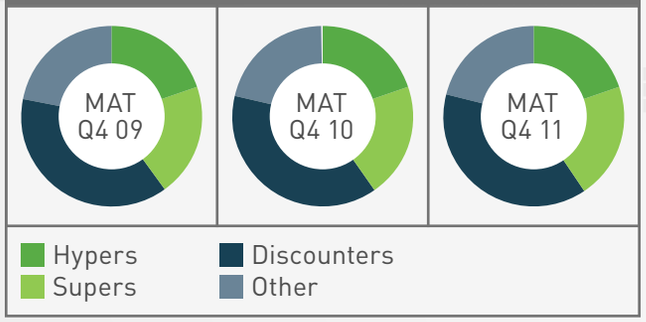
Key Indicators

KEY INDICATORS	
GDP Growth	3.0%
Inflation	2.3%
Unemployment	7.1%
Internet Access	75.0%
% 50 Years or Older	40.5%
% 65 Years or Older	20.6%
Population (000s)	81,752
Households (000s)	39,535
Purchase Frequency p.a.	227
Household Size	2.1
Average Basket Spend	€ 16.35
Total FMCG Trend	1.4%
Fresh Foods Trend	0.3%
Food/Drink Trend	1.7%
Personal Care Trend	0.7%
Super/Hyper FMCG Share	47.9%
Discounter FMCG Share	43.4%
Private Label FMCG Share	37.1%

CATEGORY TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	1
Fresh Foods	■	■	■	2
Chilled Foods	■	■	■	1
Packaged Grocery	■	■	■	2
Frozen Foods	■	■	■	1
Alcohol	■	■	■	-4
Soft Drinks	■	■	■	6
Personal Care	■	■	■	0
Home Care	■	■	■	-1
Pet Foods	■	■	■	-1

TRADE CHANNEL SHARES



TRADE CHANNEL TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	1
Hypers	■	■	■	1
Supers	■	■	■	2
Discounters	■	■	■	1
Other	■	■	■	-1

■ Increase of more than 0.5%
■ Increase/decrease of 0.5% or less
■ Decrease of more than 0.5%

Great Britain

DID YOU KNOW?

The average British household goes grocery shopping 4.4 times a week and uses around 3.3 unique retailers in a 4-week period. 33% of grocery spending is done on some kind of promotion, 18% on price cuts & 15% using multiple purchase offers such as '2 for £1', although 'Buy One Get One Free' seems to be reducing.

PANEL NEWS

Kantar Worldpanel GB main Household Panel in 2011 was increased from 25,000 to 30,000 homes, client databases now contain 5 years of purchasing records.

The economic climate in Britain remained depressed in 2011, although GDP remained positive and personal interest rates were very low. Unemployment increased slightly, while Inflation increased but then started to fall back towards the end of the year. Prospects for 2012 remain gloomy, though inflation is dropping.

Consumer confidence in 2011 was briefly boosted by the Royal Wedding in May before falling back to record lows. However, it should improve in 2012 with the Queen's Jubilee (60 years on the throne) and the Olympic Games in London.

The FMCG trade grew by 4%, largely driven by increasing prices, with volumes only up by 1%. Grocery price inflation – as measured by tracking the price of over 75,000 items – reached 6% in the autumn but then started to fall. We saw increasing evidence of shoppers trading down, mirroring the patterns prevalent with the onset of the recession in 2008/9 and the previous bout of inflation. This is strongly correlated with price increases so there are grounds for hoping trading down will recede during 2012.

Private Label grew during 2011, with value up by 6% by the year-end compared to just 3% for brands. The cheapest price brands enjoyed the strongest growth, however, premium Private Label still managed to grow.

Grocery shopping frequency continued to increase, partly driven by higher fuel prices that were discouraging shoppers from driving to larger out-of-town stores and instead trying to manage their budgets by shopping more often, closer to home, but in smaller baskets. This is allied to retailers concentrating store development on smaller convenience formats as planning restrictions inhibit larger store openings.

Great Britain

PANEL BASICS

Operating Company
Kantar Worldpanel UK

Main Panel Sample Size
30,000 Households

Method of Data Collection
In-home Scanning

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We continued to see a 'Two Nations' effect as Waitrose enjoyed strong growth at the more premium end of the market, with Discounters Aldi & Lidl growing in the discount sector. Leader Tesco saw its share erode as Walmart owned ASDA acquired discounter Netto, and rapidly converted the stores to a smaller 'ASDA Supermarket' format with more staff and a wider merchandise range. Sainsburys & Morrisons enjoyed marginal growth too.

Grocery product promotions stabilised in 2011, although we saw a drift away from multiple purchasing deals towards simpler price cuts, reinforced by Tesco's 'Big Price Drop' initiative in the autumn. However a newer type of promotion emerged during the year, with several retailers introducing 'Blanket Basket Discounts' such as 'Spend £40+, get a voucher for £5 off your next £40+ shop' aimed at reinforcing shopper loyalty – but not linked to specific products.

In addition 'Round Pound' pricing grew to account for over 25% of grocery spending, as the major grocery retailers responded to the growing challenge posed by 'Pound Stores'. Both these trends look set to continue in 2012.

Great Britain

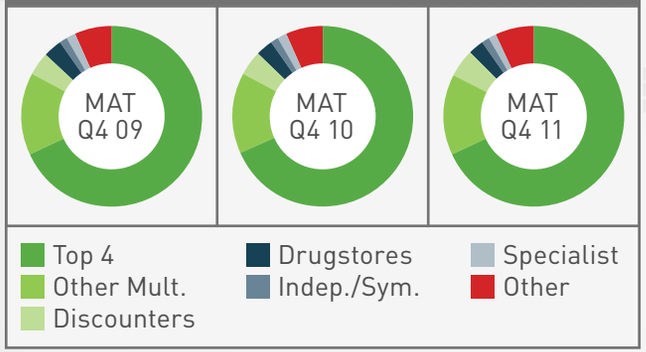
Key Indicators

KEY INDICATORS	
GDP Growth	1.0%
Inflation	4.4%
Unemployment	8.2%
Internet Access	77.0%
% 50 Years or Older	34.7%
% 65 Years or Older	16.6%
Population (000s)	62,260
Households (000s)	25,600
Purchase Frequency p.a.	229
Household Size	2.4
Average Basket Spend	€ 20.47
Total FMCG Trend	3.9%
Fresh Foods Trend	3.7%
Food/Drink Trend	4.4%
Personal Care Trend	2.2%
Super/Hyper FMCG Share	77.4%
Discounter FMCG Share	5.0%
Private Label FMCG Share	46.4%

CATEGORY TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	5
Fresh Foods	■	■	■	3
Chilled Foods	■	■	■	6
Packaged Grocery	■	■	■	5
Frozen Foods	■	■	■	8
Alcohol	■	■	■	4
Soft Drinks	■	■	■	12
Personal Care	■	■	■	3
Home Care	■	■	■	1
Pet Foods	■	■	■	1

TRADE CHANNEL SHARES



TRADE CHANNEL TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	5
Top 4 Retailers	■	■	■	4
Other Multiples	■	■	■	4
Discounters	■	■	■	14
Drugstores	■	■	■	1
Independents/Symbols	■	■	■	1
Specialist	■	■	■	-1
Other	■	■	■	7

■ Increase of more than 0.5%
■ Increase/decrease of 0.5% or less
■ Decrease of more than 0.5%

Greece

DID YOU KNOW?

In order to save on food expenses consumers are increasingly sourcing basic agricultural products (potatoes, rice, vegetables, olive oil, honey etc) directly from the producers via the internet.

The Greek economy continues to struggle for its survival. Throughout 2011 all economic indicators presented a negative outlook: GDP was down (-3%) for the third consecutive year, unemployment reached 14.8% (an increase from 12.5% in 2010) and even rocketed during the last two months of 2011 to 20%. Inflation also grew.

In an attempt to save the economy, several harsh austerity measures have been imposed during the past years. Higher taxes (direct & indirect) and higher prices (fuel, heating oil, utility services, FMCG goods have all risen) on one hand, lower wages & pensions on the other hand have put significant pressure on disposable incomes making it unbearable in many cases.

The Greeks' financial hardship and fear about an uncertain future is clearly reflected in consumer confidence level, which dropped to its lowest ever level. With more austerity measures already announced for June 2012, consumer sentiment will continue to decline and even more Greeks will shift towards the bottom of the pyramid.

As a result, Greeks have changed significantly their way of living; they are spending more time in home and have reduced entertainment and travelling. Consumers have also reduced non-essential purchases affecting non food sectors heavily, especially personal care categories. Recently households have started to reduce their purchasing of food categories as well.

Greece

PANEL BASICS

Operating Company
Kantar Worldpanel Greece

Main Panel Sample Size
1,250 Households

Method of Data Collection
In-home Scanning

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Greece

This translates into smaller baskets, less items & lighter spending and the avoidance of big stock-up baskets. The majority of shoppers claim that they shop with a shopping list and stick to it, affecting the time spent in store and reducing opportunities of spontaneous, unplanned purchases. As a result, frequency of purchase grows but does not compensate the decline in basket size.

However, inflation means that despite lower purchasing, shoppers' spending is not proportionally reduced. To fight back price growth, a growing trend in Greece is the purchasing of basic agricultural products (potatoes, rice, vegetables, olive oil, honey etc) directly from producers via the internet. Shift to cheaper options within key channels is also evident mainly via down-trading towards private labels and cheaper brands.

Supermarket is the main growth channel benefitting at the expense of the traditional channel and discounters that is affected by the departure of Dia and Aldi, leaving Lidl as their sole representative. Lidl however presented strong gains in 2011.

Greece

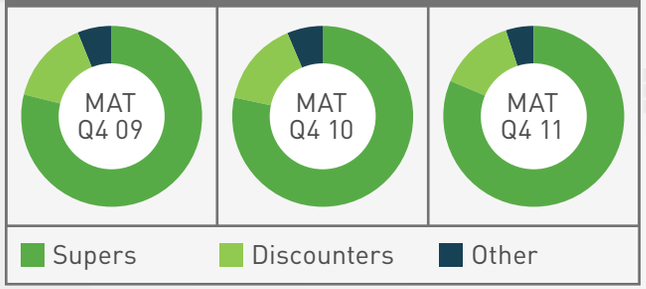
Key Indicators

KEY INDICATORS	
GDP Growth	-3.0%
Inflation	2.5%
Unemployment	14.8%
Internet Access	50.0%
% 50 Years or Older	34.0%
% 65 Years or Older	16.7%
Population (000s)	10,788
Households (000s)	4,412
Purchase Frequency p.a.	92
Household Size	2.4
Average Basket Spend	€ 18.18
Total FMCG Trend	-0.8%
Fresh Foods Trend	n/a
Food/Drink Trend	-0.1%
Personal Care Trend	-3.1%
Super/Hyper FMCG Share	81.5%
Discounter FMCG Share	13.5%
Private Label FMCG Share	25.0%

CATEGORY TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	-3
Fresh Foods	–	–	–	–
Chilled Foods	■	■	■	-3
Packaged Grocery	■	■	■	-3
Frozen Foods	■	■	■	-7
Alcohol	■	■	■	-5
Soft Drinks	■	■	■	-11
Personal Care	■	■	■	-3
Home Care	■	■	■	-7
Pet Foods	–	–	–	–

TRADE CHANNEL SHARES

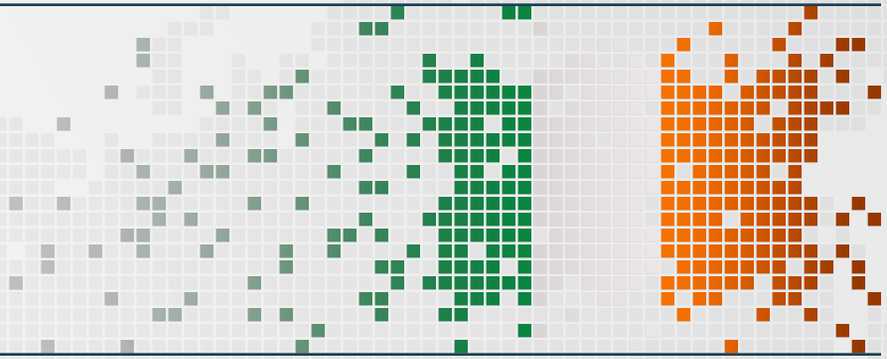


TRADE CHANNEL TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	-3
Supers	■	■	■	5
Discounters	■	■	■	-27
Other	■	■	■	-36

■ Increase of more than 0.5%
■ Increase/decrease of 0.5% or less
■ Decrease of more than 0.5%

Ireland



DID YOU KNOW?

One in every ten euro spent by Irish shoppers is now benefiting the discount sector.

The sluggish performance of the Irish economy continued in 2011 following the intervention of the IMF, ECB & EC at the end of 2010. Despite strong export sales, anticipated to be 9% higher than in 2010, domestic demand remains a drain on the economy. This has been impacted by the austerity measures which continue to be implemented by the government, with average disposable income reducing by €1,150 compared to 2010.

Despite short term improvements linked to sporting successes and the general election, consumer sentiment has remained low throughout 2011. Consumers have seen house prices halve, unemployment remains consistently above 14% and emigration reached levels last seen in 1987. Great Britain, Canada, America and Australia were all popular destinations for the 75,000 who left Ireland in 2011. In addition, the terms of the 2010 economic bailout committed the government to further spending cuts and tax increases as they seek to reduce the €19bn gap between government tax revenue and spending. This is likely to result in continued low consumer sentiment & retail spending during 2012.

Following a difficult year in 2010 where sales fell by -2.8% the Grocery market posted improved performance in 2011 with sales increasing by 0.5%. Value remained firmly at the top of shoppers' agenda as they attempted to offset the 3% inflation in the sector. The most prominent way of achieving this is a higher propensity to buy retailer Own Brand products, leading to sales growth of +5.5%. This is at the expense of Branded goods, which have seen a drop in sales of -2.3% and market share falling to 54.5%.

Ireland

PANEL BASICS

Operating Company
Kantar Worldpanel Ireland

Main Panel Sample Size
3,650 Households

Method of Data Collection
In-home Scanning

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As shoppers have become more value conscious the major grocery retailers have increased their dominance of the sector at the expense of smaller, independent retailers. The strongest growth has been seen by the Discount channel, composing of Aldi & Lidl. New stores and growing shopper loyalty have helped the retailers to grow sales by 14% with more than 1 in every €10 spent by Irish shoppers now benefitting the discount sector.

Another response to the recession is a 'little and often' approach to shopping for groceries, particularly during quarter four. The number of trips made by each household increased by 5%, with the amount spent per trip dropping by 4%. This is an attempt by shoppers to reduce food wastage, only buying what they need when they need it.

In the short term the economic climate in Ireland will remain challenged, leading to a relatively flat performance for the grocery industry. In the longer term there are some more positive signs. Ireland has the youngest population in the EU, with a median age of 34, and the highest fertility rate, with births reaching the highest level since records began. Both of these factors will help to boost longer term domestic demand.

Ireland

Key Indicators

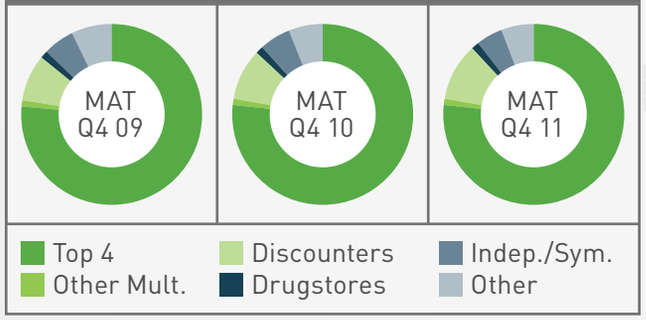
KEY INDICATORS	
GDP Growth	0.7%
Inflation	2.9%
Unemployment	14.2%
Internet Access	78.0%
% 50 Years or Older	26.1%
% 65 Years or Older	11.4%
Population (000s)	4,581
Households (000s)	1,633
Purchase Frequency p.a.	239
Household Size	2.8
Average Basket Spend	€ 22.80
Total FMCG Trend	0.5%
Fresh Foods Trend	0.1%
Food/Drink Trend	0.4%
Personal Care Trend	-4.8%
Super/Hyper FMCG Share	88.7%
Discounter FMCG Share	10.3%
Private Label FMCG Share	34.1%

CATEGORY TRENDS				
2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	1
Fresh Foods	■	■	■	3
Chilled Foods	■	■	■	2
Packaged Grocery	■	■	■	1
Frozen Foods	■	■	■	0
Alcohol	■	■	■	-4
Soft Drinks	■	■	■	1
Personal Care	■	■	■	0
Home Care	■	■	■	-3
Pet Foods	■	■	■	1

TRADE CHANNEL TRENDS				
2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	1
Top 4 Retailers	■	■	■	1
Other Multiples	■	■	■	3
Discounters	■	■	■	12
Chemists/Drugstores	■	■	■	0
Independents/Symbols	■	■	■	-12
Other	■	■	■	-9

- ■ Increase of more than 0.5%
- ■ Increase/decrease of 0.5% or less
- ■ Decrease of more than 0.5%

TRADE CHANNEL SHARES



Italy

DID YOU KNOW?

The average number of stores and channels visited by an Italian household has decreased by 6%. This leads to fewer opportunities to engage consumers at Point of Sale.

After a slight recovery phase, GDP growth slowed down to 0.4% in 2011 and is now experiencing a decline of -0.8% in the first quarter of 2012. The inflation rate was on average 2.8% during the course of the year and peaked at 3.3% in October – December. Equally, unemployment increased by the end of 2011, reaching a high of 9.2% in January 2012. The Euro has been the target of massive speculative attacks during the summer, which negatively affects stock markets and the reputation of the Italian government debt.

The average annual expenditure in FMCG showed a positive trend (+3.0%) mainly due to inflation. Personal Care products are growing behind the market average (+0.8%), although these figures do not represent real consumption trends, because of the effect of inflation. The frequency of purchase continues to fall as consumers tend to concentrate purchases in fewer occasions, increasing their average spend. In 2011 28% of FMCG volume was purchased on promotion; this trend shows that consumers are relying more on special offers than they did in the past.

The Italian consumer's preference of channels has not changed significantly from 2010. Supermarkets are slightly expanding their share, along with Discounters in the second half of the year. Hypermarkets are stable. Carrefour started tests of their new formula "Carrefour Planet" based on an innovative shopping experience. The average number of visited shops/channels is falling (-6%) as people rationalize their spending behaviour. After a steady year, Private Label has started growing again in 2011 reaching a share of 8.2% in the total FMCG market (17.3% FMCG excluding fresh products).

Italy

PANEL BASICS

Operating Company
GfK Eurisko (Panel Services Division)

Main Panel Sample Size
8,000 Households

Method of Data Collection
In-home Scanning

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Italy

Italy has almost completed the transition to digital TV, this change has generated an increase in number of TV channels and, consequently, it is driving important changes in media consumption. People are changing their media mix and this in turn is increasing the difficulty of media planning activities. Internet penetration increased to 53.1% of households; consequently Italian companies have continued the trend of increasing their investment in online advertising. The crisis has strongly impacted on investments in communication, which saw a remarkable decline of -20% in the first months of 2012.

Italy

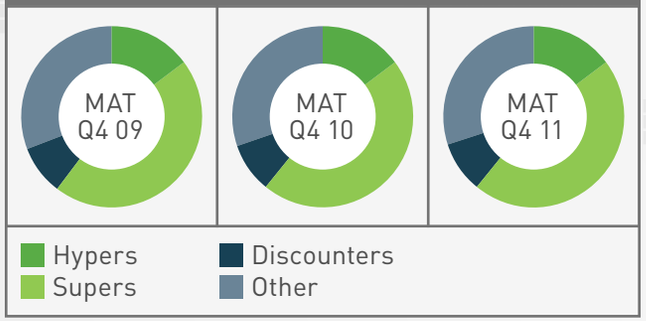
Key Indicators

KEY INDICATORS	
GDP Growth	0.4%
Inflation	2.8%
Unemployment	8.6%
Internet Access	53.1%
% 50 Years or Older	39.6%
% 65 Years or Older	20.3%
Population (000s)	60,197
Households (000s)	24,253
Purchase Frequency p.a.	151
Household Size	2.4
Average Basket Spend	€ 26.30
Total FMCG Trend	3.0%
Fresh Foods Trend	2.0%
Food/Drink Trend	3.1%
Personal Care Trend	0.8%
Super/Hyper FMCG Share	63.0%
Discounter FMCG Share	11.1%
Private Label FMCG Share	8.2%

CATEGORY TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	4
Fresh Foods	■	■	■	3
Chilled Foods	■	■	■	4
Packaged Grocery	■	■	■	5
Frozen Foods	■	■	■	4
Soft Drinks	■	■	■	4
Personal Care	■	■	■	3
Home Care	■	■	■	2
Pet Foods	■	■	■	0

TRADE CHANNEL SHARES



TRADE CHANNEL TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	4
Hypers	■	■	■	1
Supers	■	■	■	4
Discounters	■	■	■	9
Other	■	■	■	3

■ Increase of more than 0.5%
■ Increase/decrease of 0.5% or less
■ Decrease of more than 0.5%

The Netherlands

DID YOU KNOW?

Several of the largest National Brands have increased their promotions significantly. This has not however helped to attract new buyers for many of these brands.

Although the Dutch economy declined by 0.7 percent in the fourth quarter of 2011 relative to the same period in 2010, the average economic growth rate over 2011 was +1.2 percent and a decline of -0.75% is expected for 2012.

Inflation rate averaged 2.3% over 2011 and was significantly higher than the average rate of 1.3 percent over 2010. Higher prices for food products and coffee contributed to inflation in 2011.

Purchasing power of the Dutch households declined by 1% in 2011 and is expected to decline again in 2012 by 1.7%.

The overall unemployment rate in the Netherlands started to grow again in the course of 2011 after a decline at the end of 2010. As a result, the annual averages over 2010 and 2011 are still close together. According to the latest figures released by Statistics Netherlands, 418 000 individuals (5.3%) were seeking employment last year.

The mood among Dutch consumers deteriorated further in December 2011. Consumers were particularly negative about their own financial situation for 2012. Consumer confidence and willingness to buy are at a low level, elderly people are the most negative. This is unfavourable for household consumption as Dutch consumers turn to a more cautious spending pattern. The number of crisis-prone households increased with 10%. Unlocking their wallet is critical and for achieving this only cheap matters. Nowhere in Europe has consumer confidence fallen by so much as in the Netherlands.

The Netherlands

PANEL BASICS

Operating Company
GfK Panel Services Benelux bv Nederland

Main Panel Sample Size
10,000 Households

Method of Data Collection
In-home Scanning

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The Netherlands

Major change in the Dutch FMCG retail market was the acquisition of C1000 (market share 12.1%) by Jumbo (market share 8.9%). Market power of the leading companies Albert Heijn and Jumbo, with a combined market share of more than 54%, is huge. Lidl is developing rather well, surpassing Aldi on number of visitors and together with Albert Heijn the only retailer increasing loyalty. In such an environment retailers continue to compete for customer loyalty but are not very much differentiated in their approach. Most efforts to differentiate consist of TV advertisements, increased promotional pressure and private label offer. All shopper profiles contribute to the growth in promo turnover, the largest increase can be found within the single households – both older and younger. As for Private Label, its value share increased by 5.8% in 2011. Developments of Private label are of course also influenced by down trading effects. Price distance between PL and national brands is constant, but the gap between Discounter and private label prices is diminishing.

National brands have increased their promo share significantly over the past years without a large effect on penetration. In general national brands seem to depend more and more on promotion addicted shoppers. Compared to PL, national brands are over-represented by promo addicts. The top 10 National Brands have increased their promotional pressure significantly however it does not help to attract new buyers for many of these brands.

The Netherlands

Key Indicators

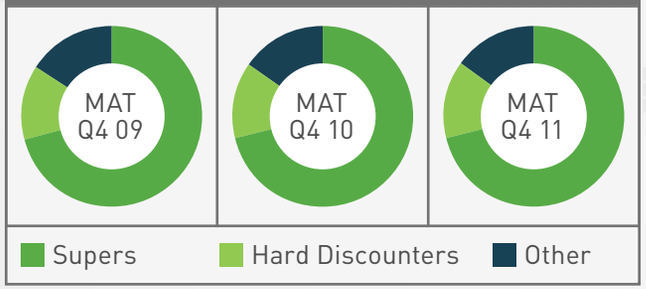
KEY INDICATORS	
GDP Growth	1.2%
Inflation	2.3%
Unemployment	5.3%
Internet Access	95.0%
% 50 Years or Older	43.5%
% 65 Years or Older	16.2%
Population (000s)	16,383
Households (000s)	7,384
Purchase Frequency p.a.	182
Household Size	2.2
Average Basket Spend	€ 17.40
Total FMCG Trend	2.6%
Fresh Foods Trend	1.4%
Food/Drink Trend	0.0%
Personal Care Trend	0.0%
Super/Hyper FMCG Share	71.0%
Discounter FMCG Share	14.0%
Private Label FMCG Share	38.3%

CATEGORY TRENDS				
2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	2
Fresh Foods	■	■	■	0
Chilled Foods	■	■	■	3
Packaged Grocery	■	■	■	3
Frozen Foods	■	■	■	3
Alcohol	■	■	■	-1
Soft Drinks	■	■	■	5
Personal Care	■	■	■	1
Home Care	■	■	■	5
Pet Foods	■	■	■	-4

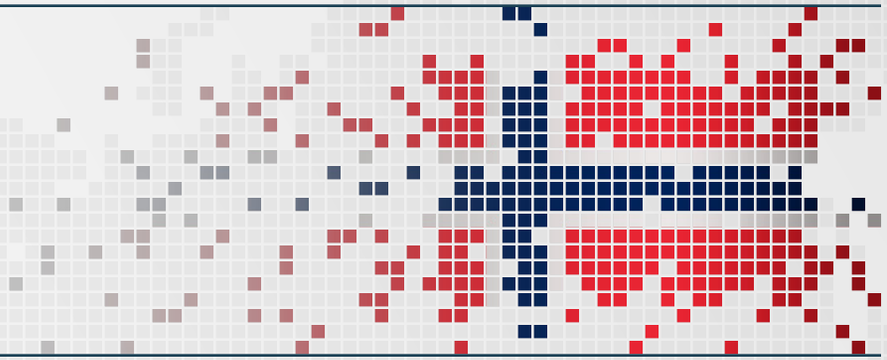
TRADE CHANNEL TRENDS				
2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	2
Supers	■	■	■	1
Hard Discounters	■	■	■	5
Other	■	■	■	-1

■ Increase of more than 0.5%
■ Increase/decrease of 0.5% or less
■ Decrease of more than 0.5%

TRADE CHANNEL SHARES



Norway



DID YOU KNOW?

Within Europe, Norway has among the lowest Private Label shares, currently at approximately 14% of FMCG sales.

The Norwegian economy performed very well in 2011 due to income derived from the oil industry. As a result Norway was not heavily influenced by the continuing European financial crisis. The strong national economy has resulted in a very low unemployment rate, rising house prices and high population growth because of high immigration, especially from Sweden and the Baltic states. Norway passed 5 million inhabitants in the beginning of 2012.

As a result of the European financial crisis the Norwegian kroner (NOK) has strengthened compared to the EURO and other currencies. The strengthening of the kroner has created difficult trading conditions for the Norwegian export industry. Due to the political and financial problems in the euro-zone there is now a prevailing negative attitude in Norway with regards to joining the European Union, despite the fact that Norway has very high food prices and that Norwegian consumers continue to increase their cross border purchases.

The local production of agricultural products is protected by special custom barriers. One negative effect of this in 2011 was that for one month in 2011 Norwegian shops were out of stock on butter. This was due to the fact that Norwegian butter consumption increased by nearly 30% because of high take up of low carbohydrate diets combined with the highly restricted imports of the commodity.

The share of PL products in Norway is still very low compared to other European countries (approx. 14%) despite that fact the Norwegian FMCG market is controlled by only four retailer groups. In place of a very high share of PL, these four groups have increased their control of the manufacturer supply chain by means of exclusive distribution agreements and part

Norway

PANEL BASICS

Operating Company
GfK Norge AS

Main Panel Sample Size
1,500 Households

Method of Data Collection
In-home Scanning / Paper & Pencil

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ownership. In Norway there are no hard discount retailers since Lidl withdrew from the market in 2008. The increasing grocery shop type is soft discount. These shops compete on having the best prices on manufacturer brands. The share of soft discount has now passed 50% of all grocery trade in Norway. Supermarkets have lost sales as they have been unable to compete with soft discounters on price of branded products and Norwegian consumers are not willing to pay more for the better assortment supermarkets offer.

In 2011 the best performing retailers have been the soft discount retailers Kiwi in Norges-gruppen and Rema 1000. The leading retailer group is Norgesgruppen with approximately 40% share but from 2012 the share of this group has been in decline since the independent retailer Bunnpris cancelled their wholesale cooperation and started to cooperate with Rema 1000. Ica Norge, now owned by Ica/Ahold has lost significant market share over the last years and continues to see a decline in value sales in 2011.

Norway

Key Indicators

KEY INDICATORS	
GDP Growth	1.6%
Inflation	1.2%
Unemployment	3.3%
Internet Access	97.2%
% 50 Years or Older	33.6%
% 65 Years or Older	15.1%
Population (000s)	4,920
Households (000s)	2,160
Purchase Frequency p.a.	204
Household Size	2.2
Average Basket Spend	€ 37.38
Total FMCG Trend	3.7%
Fresh Foods Trend	-0.3%
Food/Drink Trend	4.8%
Personal Care Trend	1.9%
Super/Hyper FMCG Share	28.1%
Discounter FMCG Share	0.0%
Private Label FMCG Share	13.9%

Total Scandinavia (Denmark, Norway & Sweden)

CATEGORY TRENDS

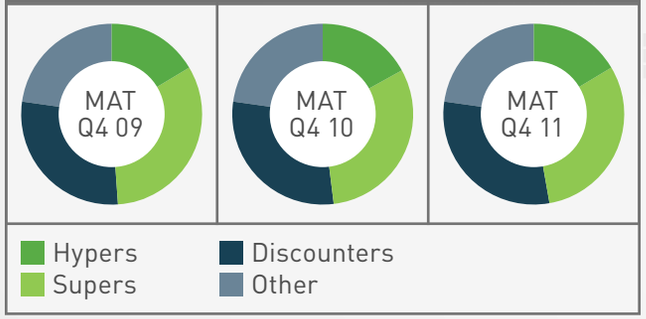
2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	2
Fresh Foods	■	■	■	3
Chilled Foods	■	■	■	7
Packaged Grocery	■	■	■	8
Frozen Foods	■	■	■	-8
Soft Drinks	■	■	■	13
Personal Care	■	■	■	-2
Home Care	■	■	■	-2
Pet Foods	■	■	■	6

TRADE CHANNEL TRENDS

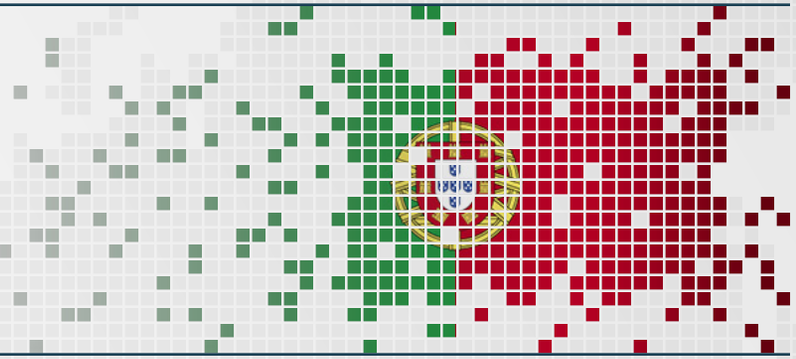
2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	2
Hypers	■	■	■	-2
Supers	■	■	■	1
Discounters	■	■	■	5
Other	■	■	■	-4

■ Increase of more than 0.5%
■ Increase/decrease of 0.5% or less
■ Decrease of more than 0.5%

TRADE CHANNEL SHARES



Portugal



DID YOU KNOW?

'Take away' was the category that grew the most in volume (5.4%), comparing to total FMCG which fell 0.4%.

The Portuguese are 'Worried about the environment', but they are not willing to pay more for their products.

Despite the crisis that Portugal is living, 'Health' is still the main driver when consumers shop.

PANEL NEWS

New Baby Panel starting in 2012.

New Media Digital single source solution, which merges panel data with TV and Online audiences.

2011 was a difficult year for Portugal. In March, Portugal was forced to ask for financial assistance from the IMF/BCE/EU and the socialist government resigned. As a result of the new elections, a new government led by the central-right liberal Pedro Passos Coelho took office and implemented strong austerity measures according to the EU contract and in some cases even more ambitious. Unemployment rate continued to climb in 2011 with an average rate of 12.7% and reached 14% in the last quarter of the year – the highest ever. The Portuguese government estimates that by the end of 2012 this rate will reach 14.5%.

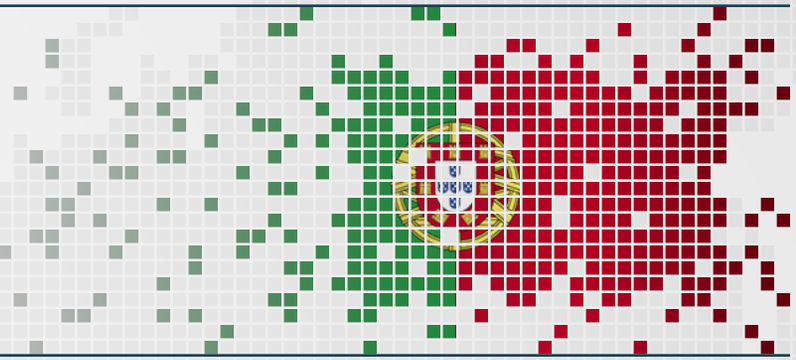
GDP decreased by -1.6% and the only positive news regarding the macro-economic situation was exports that grew throughout the year, but were not high enough to prevent the GDP decrease.

State expenditure cuts and additional taxes on taxpayers impacted on consumer's expectations and on the general economic performance. However, the FMCG market grew by 1.4% due to the average price increase and the change in shopper habits. The Portuguese shopper is becoming a "smart down-trading shopper", which means she is buying more frequently and spending less in each trip, with a systematic price and out-of-pocket concern.

This shopper tends to buy cheaper or to choose the products that give him the best price/function balance, choosing premium brands only when it is seen to deliver clear value in return. FMCG products will resist in the next years, despite the crisis situation. In the next year, Kantar Worldpanel predicts that FMCG will grow by 0.3% in value and will have zero growth in volume.

The consumption of more premium categories fell, such as Sparkling Water, Health Yoghurts (Bifidus, L. casei, etc), Wine, Fresh Bread, Fresh Meat, Fresh Fish and Seafood and Dried Codfish.

Portugal



PANEL BASICS

Operating Company
Kantar Worldpanel Portugal

Main Panel Sample Size
4,000 Households

Method of Data Collection
In-home Scanning

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Portugal

On the other hand, basic categories grew, such as Still water, Basic Traditional Yoghurts, Iced Tea, Packaged Bread, Frozen Meat, Canned Tuna and Sausages and Frozen Codfish.

The trend of making more meals at home, which started in 2009, continued this year and perhaps will be reinforced in 2012, due to the increase of VAT for Hotels, Restaurants and Cafes.

Retail sector was very dynamic in 2011. Continente and Pingo Doce strengthened their position as the two main retailers operating in Portugal, creating distance from the competition. Continente reinforced its market leadership, after the change of all Modelo stores into Continente stores.

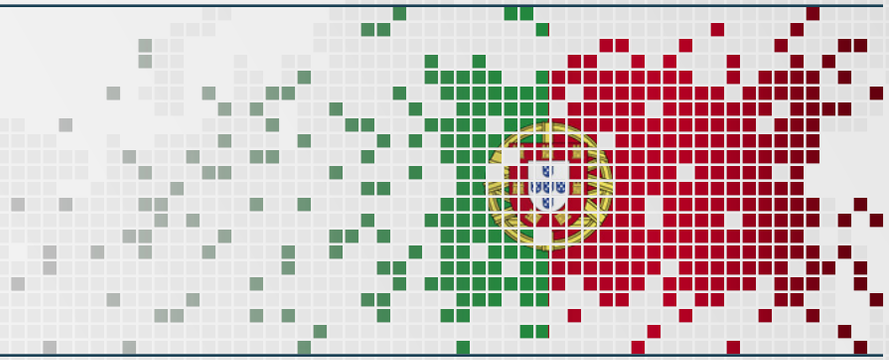
Overall, retailers made a strong investment promoting their Brand Equity and the National Products offer, highlighting the quality of the Portuguese product offer.

Another important development was the opening of hypermarkets on Sunday afternoons. This change actually changed the Portuguese shopping habits. Until now, Fridays and Saturdays were the preferred days for shopping, but with this new scenario many households are also choosing Sundays to shop. There is an expenditure transfer from Fridays to Saturdays and Sundays.

Private Labels continued to grow, reaching almost 37% of the market. There were important PL developments in categories where consumers traditionally prefer manufacturer's brands. Pingo Doce launched Baby Yoghurts and Continente launched Transition Powder Milk and also re-launched its own beauty brand – MyLabel – in the feminine segment and widened the range within the male segment. This development allowed a great growth of some beauty PL's.

Portugal

Key Indicators



KEY INDICATORS	
GDP Growth	-1.6%
Inflation	3.6%
Unemployment	12.7%
Internet Access	58.0%
% 50 Years or Older	33.6%
% 65 Years or Older	20.4%
Population (000s)	10,562
Households (000s)	3,907
Purchase Frequency p.a.	62
Household Size	2.7
Average Basket Spend	€ 33.18
Total FMCG Trend	1.3%
Fresh Foods Trend	0.2%
Food/Drink Trend	1.7%
Personal Care Trend	3.2%
Super/Hyper FMCG Share	68.7%
Discounter FMCG Share	16.2%
Private Label FMCG Share	36.7%

CATEGORY TRENDS

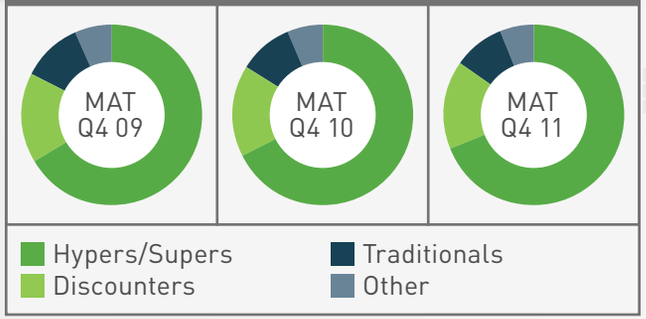
2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	4
Fresh Foods	■	■	■	3
Chilled Foods	■	■	■	3
Packaged Grocery	■	■	■	7
Frozen Foods	■	■	■	6
Alcohol	■	■	■	5
Soft Drinks	■	■	■	4
Personal Care	■	■	■	1
Home Care	■	■	■	1
Pet Foods	■	■	■	0

TRADE CHANNEL TRENDS

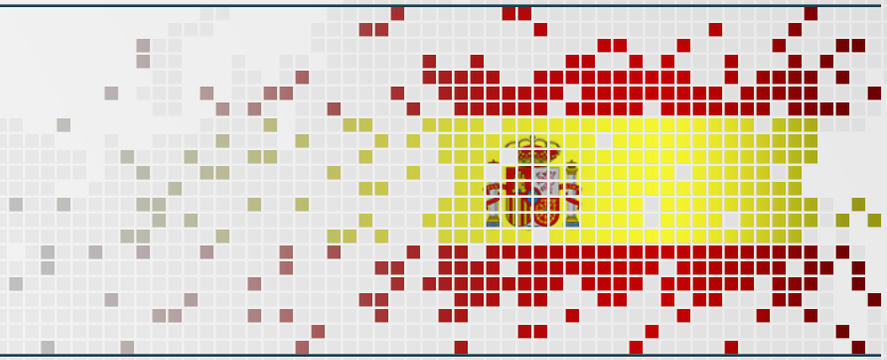
2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	4
Hypers/Supers	■	■	■	7
Discounters	■	■	■	-2
Traditionals	■	■	■	-3
Other	■	■	■	-3

- ■ Increase of more than 0.5%
- ■ Increase/decrease of 0.5% or less
- ■ Decrease of more than 0.5%

TRADE CHANNEL SHARES



Spain



DID YOU KNOW?

Mercadona's policy to alter the balance of brands versus private labels had little impact on the retailers overall success, which is more linked to store availability.

PANEL NEWS

We now provide a single source measurement of our panel members digital media consumption and actual FMCG purchase behaviour.

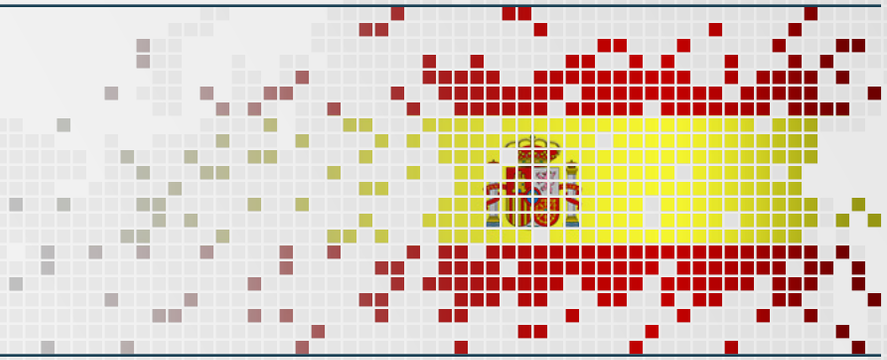
2011 was expected to be an uninspiring year, but in reality became chaotic. The opposition party, Conservatives, swept into power in late November. Unemployment rate reached 21.6% – the highest ever seen. GDP, which had shrunk 3.7% in 2010, grew 0.7% in 2011. Inflation rate decreased 0.6% though food prices pushed up from 0.7 to 2.1%. With this scenario, Spaniards continue to fear about an uncertain future and consumer confidence remains low.

With regards to the FMCG sector, the uncertainty has discouraged consumption and as a result, the sector remained stable in volume and only grew in value mainly pushed by inflation. As it is expected to be a harder 2012 in terms of economic indicators, consumption rate is likely to remain low through all this year.

As a result of economic conditions and price increases, consumers have become even more sensitive to prices and down-trading has been strongly used during all of the year to manage households' budget. As a result, low-price retailers have grown steadily and private labels achieved new records, partly because of the quality of the products but also because of the huge price gap with premium brands.

So again, in 2012, everything seems to remain the same. Low-price channels are expected to lead the sector over specialist channels, which historically have been the most important channel with one third of the total FMCG sector and mainly focused on fresh foods. Now, with

Spain



PANEL BASICS

Operating Company
Kantar Worldpanel Spain

Main Panel Sample Size
12,000 Households

Method of Data Collection
In-home Scanning

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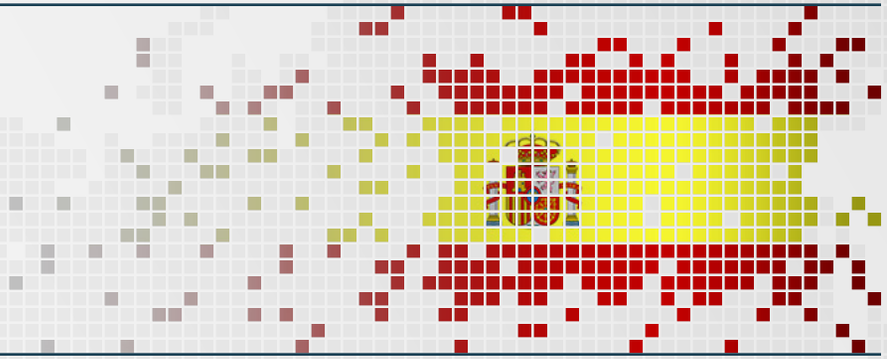
Spain

a more price sensitive consumer, there has been an important transfer of business from the specialists to the modern trade channels where one can find fresh foods at more competitive prices.

However, many categories like Pizzas, Coffee and Teas, Breads, Breakfast cereals, Chocolates and Pasta have grown, and not only in the last year but also over the last decade. The key driver for the development of those categories has been innovation. Innovation, driven mainly by premium brands, has strongly contributed to the value generation but it has also pushed consumption in terms of volume and it is becoming the only way for brands to ensure future growth.

Spain

Key Indicators

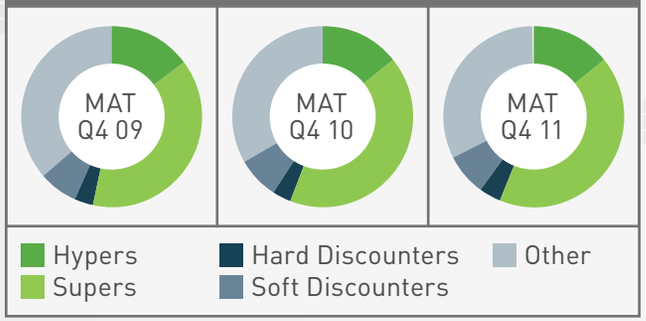


KEY INDICATORS	
GDP Growth	0.7%
Inflation	3.2%
Unemployment	21.6%
Internet Access	63.9%
% 50 Years or Older	34.8%
% 65 Years or Older	17.2%
Population (000s)	47,190
Households (000s)	17,154
Purchase Frequency p.a.	161
Household Size	2.8
Average Basket Spend	€ 28.30
Total FMCG Trend	1.6%
Fresh Foods Trend	0.8%
Food/Drink Trend	2.3%
Personal Care Trend	2.3%
Super/Hyper FMCG Share	56.4%
Discounter FMCG Share	11.2%
Private Label FMCG Share	35.0%

CATEGORY TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	2
Fresh Foods	■	■	■	1
Chilled Foods	■	■	■	3
Packaged Grocery	■	■	■	6
Frozen Foods	■	■	■	1
Alcohol	■	■	■	0
Soft Drinks	■	■	■	3
Personal Care	■	■	■	-2
Home Care	■	■	■	3

TRADE CHANNEL SHARES



TRADE CHANNEL TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	2
Hypers	■	■	■	2
Supers	■	■	■	3
Hard Discounters	■	■	■	7
Soft Discounters	■	■	■	8
Other	■	■	■	0

■ Increase of more than 0.5%
■ Increase/decrease of 0.5% or less
■ Decrease of more than 0.5%

Sweden

DID YOU KNOW?

Private Label share is expected to grow even further over the course of the next few years from its current 18.9% value share of the Swedish FMCG market.

PANEL BASICS

Operating Company
GfK Sverige AB

Main Panel Sample Size
3,000 Households

Method of Data Collection
In-home Scanning / Paper & Pencil

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Sweden is changing; the population is growing, and with time becoming more diverse. The income gap is widening and those with a lower level of education are increasingly finding themselves stuck in long term unemployment. A notable number of households are choosing to move to more populated areas and major cities in search of jobs. Population growth over the past year has been strongest in the West of Sweden with an increasing number of single households (occupying almost 44% of the total population) becoming more and more important. To win in the Swedish market in 2012, it is even more important than ever to know where the market is both geographically and demographically.

Compared to other European countries, economic performance in Sweden over the last two years has been very positive, GDP having grown by 5.6% in 2010 and 3.9% in 2011. Though GDP has demonstrated strong growth, this is in the knowledge of GDP having declined -5% in 2009. Such strong decline has never before occurred in the Sweden we know today. Projections for 2012 in Sweden predict the continued growth of GDP. One should bear in mind when considering the Swedish economy its strong reliance on the export industry, approximately 2/3 of which are to Europe. Unemployment is currently very much in the political spotlight having hit 7.5% in 2011, and can be expected to remain high on the agenda in the run up to the 2014 election.

2011 proved a good year for private households with disposable income increasing by 3.3% on previous year. On average 90% of disposable income is used up, however this latest year has seen an increasing tendency for households to save – no doubt as a reaction to the uncertain economic times. Despite the increase in disposable income, inflation has remained in line with the target set by the national bank (2%).

Sweden

Communications now represents 3.4% share of disposable income expenditure with an increasing amount spent on new technology and services every year.

Household panel data indicates growth of the total FMCG market (+2.3% year on year). Food manufacturers and retailers are facing increased competition from restaurants and cafes attracting more of consumer spending. Households spend 12.3% of their disposable income on food – whilst this is a large proportion, this share is decreasing, not only as a result of increased out-of-home dining, but also due to food prices declining.

This decline is driven by increased focus on price by retailers. The highly competitive retail environment in Sweden has proved prosperous for Hard Discounters over the past few years. Over 50% of Swedish households shop in Hard Discounters and loyalty to the channel is growing over time. Furthermore, price competition is being driven by the falling prices of imports.

Additionally, those categories or subcategories showing the best performance in terms of growing their number of buyers and spend are those which constitute value added categories. Those categories where cheaper alternatives are available have shown particularly poor performance.

As a result of the focus on price, traditional retailers are putting more emphasis on Private Label, and with new strategies generating wider brand portfolios, Private Label share has continued to grow year on year and now accounts for 18.9% of total value. It is expected for this growth to continue to accelerate over coming years.

Grocery stores are facing even fiercer competition. The new initiative of subscribing to home delivery of "a basket with all the products you need for the weeks dinner menu" has been backed by a string of marketing campaigns. Traditional retailers are following suit with their own solutions.

Increasing competition amongst retailers has resulted in decreased loyalty, with households tending to shop around a lot more than before – a trend we should expect to continue into the coming years.

Sweden

Key Indicators

KEY INDICATORS	
GDP Growth	3.9%
Inflation	3.0%
Unemployment	7.5%
Internet Access	93.0%
% 50 Years or Older	54.0%
% 65 Years or Older	28.0%
Population (000s)	9,500
Households (000s)	4,629
Purchase Frequency p.a.	132
Household Size	2.1
Average Basket Spend	€ 27.75
Total FMCG Trend	2.3%
Fresh Foods Trend	-0.5%
Food/Drink Trend	n/a
Personal Care Trend	-0.6%
Super/Hyper FMCG Share	68.6%
Discounter FMCG Share	5.8%
Private Label FMCG Share	19.0%

Total Scandinavia (Denmark, Norway & Sweden)

CATEGORY TRENDS

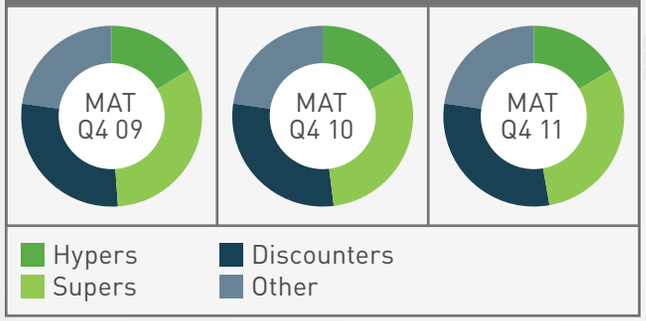
2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	2
Fresh Foods	■	■	■	3
Chilled Foods	■	■	■	7
Packaged Grocery	■	■	■	8
Frozen Foods	■	■	■	-8
Soft Drinks	■	■	■	13
Personal Care	■	■	■	-2
Home Care	■	■	■	-2
Pet Foods	■	■	■	6

TRADE CHANNEL TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	2
Hypers	■	■	■	-2
Supers	■	■	■	1
Discounters	■	■	■	5
Other	■	■	■	-4

■ Increase of more than 0.5%
■ Increase/decrease of 0.5% or less
■ Decrease of more than 0.5%

TRADE CHANNEL SHARES



Eastern Europe & The Middle East

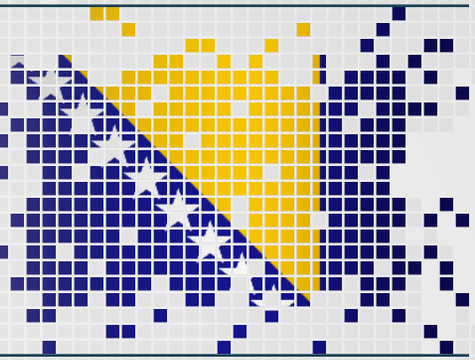
EASTERN EUROPE

Bosnia	59
Bulgaria	62
Croatia	65
Czech Republic	68
Hungary	71
Kazakhstan	74
Poland	76
Romania	79
Russia	82
Serbia	85
Slovakia	88
Ukraine	91

THE MIDDLE EAST

Saudi Arabia	94

Bosnia



DID YOU KNOW?

Large store formats are increasing their share across the country, but their share varies depending on the region with small grocery stores still holding majority of the market in some regions.

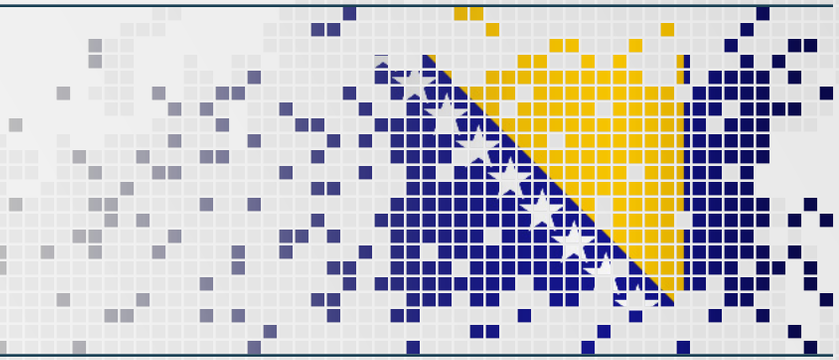
Main macroeconomic indicators for 2011 show that the economy of Bosnia & Herzegovina has stagnated and is still in recession. Primarily this is a result of the increase in the cost of living, budget deficit, rising inflation and increased number of unemployed. Negative trend is also present in the field of foreign direct investments. GDP grew by 2.2% in 2011. Further growth of GDP by 0.7% is predicted for 2012. Unemployment, which increased during the crisis, remained very high (27.6% in 2011) without any substantial improvement in sight. The unemployment rate in Bosnia & Herzegovina is one of the highest in CEE region.

Average net wage and salary payments for 2011 amounted to 417 euros, which shows nominal growth of 2% comparing to previous year, but if we take into consideration the rise of the cost of living, it is evident that the average salary in Bosnia & Herzegovina in 2011 is lower than in 2010. Inflation rate in 2011 was 4%.

2011 was marked with political instability and strikes. Central government wasn't established more than a year after the October 2010 election. Integration into the European Union is one of the most important political goals, but Bosnian authorities will have to implement numerous reforms to win EU candidate status.

In 2011 large format stores, hypermarkets and supermarkets, had a combined share of the market of 54%. Expansion and increasing share of large retail formats at the expense of small formats is evident within regions Republika Srpska North (supermarkets and hypermarkets), Federation B&H North-East (supermarkets and hypermarkets) and Federation B&H South-West (hypermarkets). In Republika Srpska East small grocery shops are firmly holding their position with more than 50% of market share.

Bosnia



PANEL BASICS

Operating Company
GfK BH

Main Panel Sample Size
1,000 Households

Method of Data Collection
Self-completion Pencil & Paper Diary

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Bosnian retail market is slowly but surely becoming more concentrated. In 2011 leading retailer on Bosnian market managed to increase its market share and strengthen its position. Second and third chains have replaced their positions in comparison with last year.

Market share of private labels in 2011 was somewhat higher compared to previous year, but is still negligible. In terms of private label development, the Bosnian retail market is not following global retail trends.

Bosnian households decreased the average number of their monthly occasions compared to previous year. Average purchase amount and average monthly FMCG spending per household were also lower. Decreased consumption appears as a response to the economic crisis. In this situation consumers are turning to the retailers that are able to lower prices or offer their own products at affordable prices.

Bosnia

Key Indicators

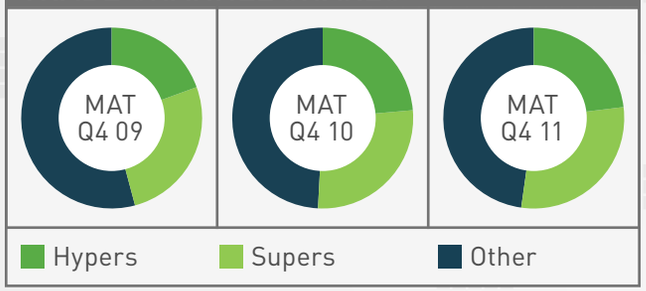
KEY INDICATORS	
GDP Growth	2.2%
Inflation	4.0%
Unemployment	27.6%
Internet Access	n/a
% 50 Years or Older	n/a
% 65 Years or Older	13.3%
Population (000s)	3,843
Households (000s)	1,114
Purchase Frequency p.a.	322
Household Size	3.4
Average Basket Spend	€ 9.50
Total FMCG Trend	-7.6%
Fresh Foods Trend	-6.2%
Food/Drink Trend	-6.5%
Personal Care Trend	-11.4%
Super/Hyper FMCG Share	54.0%
Discounter FMCG Share	n/a
Private Label FMCG Share	1.5%

CATEGORY TRENDS				
2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	-10
Chilled Foods	■	■	■	-9
Packaged Grocery	■	■	■	-12
Alcohol	■	■	■	-27
Soft Drinks	■	■	■	-7
Personal Care	■	■	■	-6
Home Care	■	■	■	-8

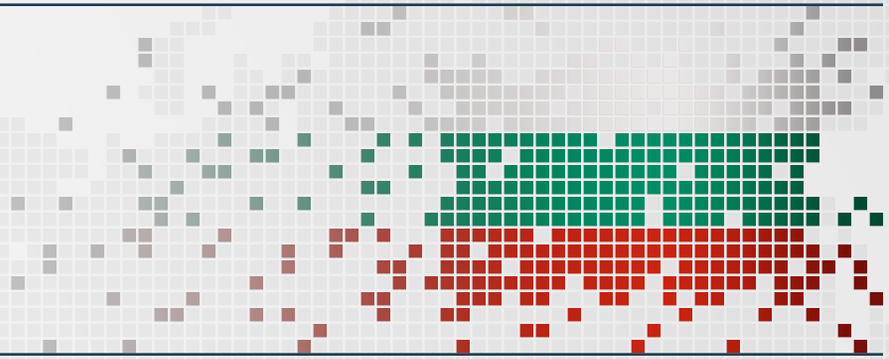
TRADE CHANNEL TRENDS				
2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	-10
Hypers	■	■	■	-18
Supers	■	■	■	0
Other	■	■	■	-12

- ■ Increase of more than 0.5%
- ■ Increase/decrease of 0.5% or less
- ■ Decrease of more than 0.5%

TRADE CHANNEL SHARES



Bulgaria



DID YOU KNOW?

Private label purchasing in Bulgaria increased by nearly 77%, which led to a significant increase in share of approximately 4.5% from 6% to 10.4%.

PANEL BASICS

Operating Company
GfK Bulgaria

Main Panel Sample Size
2,500 Households

Method of Data Collection
Self-completion Pencil & Paper Diary

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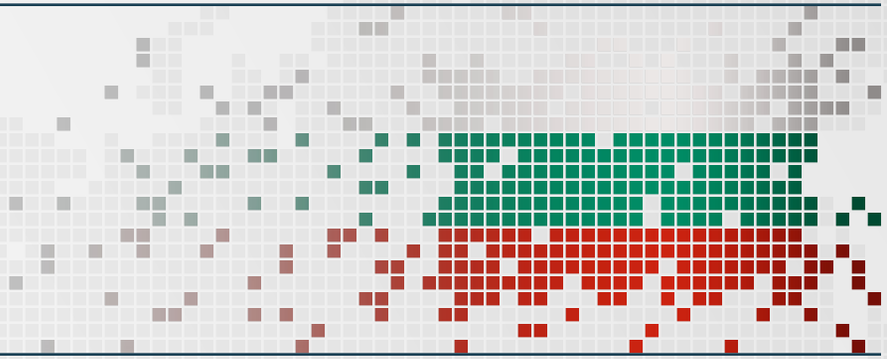
In 2011 the Bulgarian economy experienced a 1.6% increase in GDP that was below previous forecasts, but which is understandable given the turmoil experienced throughout the European region. The largest sector in the Bulgarian economy is the services industry, which accounts for nearly 62% of total GDP. However the most significant increase, approximately 3%, was observed in the agricultural sector.

Despite a small surge in prices in the beginning of 2011, year on year inflation was 2%, which was considerably lower than the 4.5% observed in 2010. The stability in consumer prices was mainly due to static incomes as well as high unemployment and the shrinkage in consumption, all of which prevented manufacturers and retailers from significantly increasing overall prices.

Consumer confidence index continued to fall, the main reason for which was the constantly increasing unemployment. Year on year unemployment reached 10.4% from 9.2% the previous year despite the occasional seasonal decrease. Another contributing factor affecting the index is the nearly 10% surge in fuel and energy prices that further diminished the purchasing power of Bulgarian households.

Overall FMCG consumption has increased by approximately 2.5% however that increase is not observed throughout all sectors. Food, the biggest sector, was relatively stable (-0.8% based on value), however keeping in mind the inflation of 2.0% during the year we can assume that households either decreased their overall consumption or switched to more value oriented alternatives. Other categories outside FMCG, such as communication, fuel and power, as well as beverages and tobacco experienced a slight increase but it was rather insignificant (0.7%, 0.2% and 0.1% respectively). For a second year in a row Bulgarian households considerably decreased their consumption on non-basic categories such as clothing and footwear as well as education, entertainment, sport and recreation (-5.9% and -1.9% respectively).

Bulgaria



The most important development in the FMCG sector is the continuous growth of private label market share. Year on year private label increased total value by nearly 77%, which led to a significant increase in share of approximately 4.5% (from 6% to 10.4%). Total FMCG value increased by 2.5% and the categories enjoying significant growth are chilled foods and packaged groceries, both increasing by roughly 4.5%. The worst performing categories are again the non-basic categories such as alcoholic beverages (-3.6%) and soft drinks (-2.8%). The average basket is still small, the traditional grocery still holds the biggest share and is most attractive to Bulgarian households. In terms of purchasing habits, there is no significant change; value per trip increased by 0.3lv yet volume per trip and purchase frequency remained the same suggesting that the increase is mainly due to inflation.

While in 2010 supermarkets experienced their first loss in market share, the trend was reinforced by an even higher loss in 2011. Hypermarkets and hard discounters continued their surge and increased their penetration significantly. The biggest story on the retail landscape is the growth of Lidl to fourth place in terms of market share in less than 18 months which underlines the changing habits of Bulgarian households and their demand for discounts and affordable private label.

Billa's attempt to gain market share by opening smaller stores and cutting into the minimarkets share was unsuccessful. Not only did Billa fail to increase market share but it also lost its long held second position among retailers. Metro Cash and Carry, the first representative of modern trade in Bulgaria, continued to lose ground as it now represents only 1.3% of total in home FMCG consumption. Delhaize Group's offer to buy the Delta Maxi Group was finally accepted and it immediately started to rebrand Piccadilly stores and to reposition them as more mainstream rather than high end stores. CBA, with approximately 250 stores all over the country, was the only supermarket enjoying market share gains and occupied second place among retailers. Kaufland not only maintained its leading position but also increased market share, despite the introduction of the hard discounter format. The most successful minimarket in Bulgaria for 2011 was T-market but it still holds only 1.4% of the total market.

Bulgaria

Key Indicators

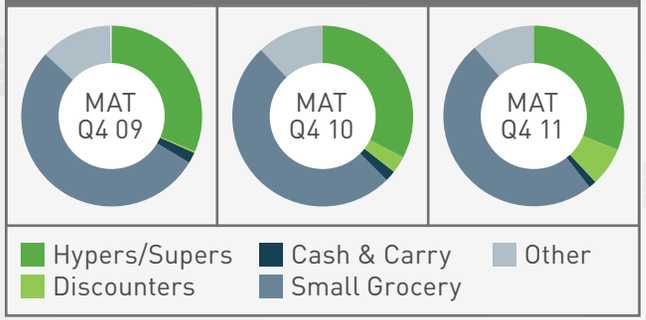
KEY INDICATORS	
GDP Growth	1.6%
Inflation	2.0%
Unemployment	10.4%
Internet Access	48.0%
% 50 Years or Older	39.9%
% 65 Years or Older	18.5%
Population (000s)	7,365
Households (000s)	3,006
Purchase Frequency p.a.	200
Household Size	2.4
Average Basket Spend	€ 2.53
Total FMCG Trend	2.5%
Fresh Foods Trend	n/a
Food/Drink Trend	3.1%
Personal Care Trend	-1.3%
Super/Hyper FMCG Share	31.3%
Discounter FMCG Share	6.8%
Private Label FMCG Share	10.4%

CATEGORY TRENDS				
2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	3
Chilled Foods	■	■	■	5
Packaged Grocery	■	■	■	2
Alcohol	■	■	■	-4
Soft Drinks	■	■	■	1
Personal Care	■	■	■	2
Home Care	■	■	■	-2

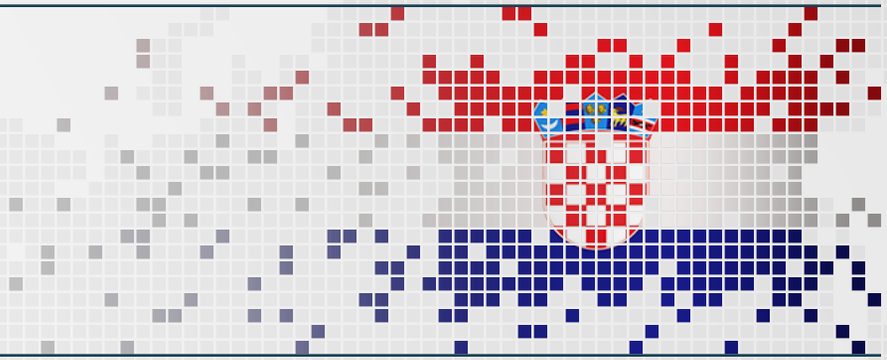
TRADE CHANNEL TRENDS				
2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	3
Hypers/Supers	■	■	■	0
Discounters	■	■	■	59
Cash & Carry	■	■	■	-33
Small Grocery	■	■	■	-1
Other	■	■	■	8

■ Increase of more than 0.5%
■ Increase/decrease of 0.5% or less
■ Decrease of more than 0.5%

TRADE CHANNEL SHARES



Croatia



DID YOU KNOW?

Trade in the Croatian FMCG market is becoming more and more concentrated and as a consequence, more modern. The share of the top-ten retailers grew even during 2011.

During 2011 Croatia failed to recover from the effects of the global crisis. GDP increased 0.2% which is far from indicating a recovery, especially considering negative predictions for 2012. Average rate of inflation in Croatia for 2011 is 2.3%. This growth derives from higher prices of oil and food products in the general market. At the end of year 2011, 315 000 of Croatian citizens were unemployed, resulting in an unemployment rate of 17.9%. Average number of unemployed rose by 1% in comparison to the previous year. Average net earning for 2011 was 5.441 HRK, which represented a nominal increase of 1.8% as compared to 2010, but a real decrease of 0.5%, due to 2.3% inflation.

Due to the difficult situation in the labour market, personal consumption is unlikely to grow in 2012. Recovery in the labour market is not expected in 2012. Growth in VAT and the announced increases in the prices of utilities will further reduce available income. Due to general pessimism and citizens indebtedness, retail trade is expected to decline in 2012 and any recovery in not expected to take place before 2013.

In Croatia, big retail formats hold more than 50% of the market. Hypermarkets grew significantly in 2011 in terms of value share. When analyzing purchasing habits on total market this is not surprising. Households shop less frequently, but purchase more per single shopping occasion, which is the opposite scenario compared to 2010, when households purchased more frequently, but spent less per each trip. Another format showing growth is the discounter channel, whose growth derives from increased spending for Food and Household care products. Supermarkets and Small grocery stores are losing in terms of value share, as well as Cash & Carry outlets that no longer attract buyers.

Croatia

PANEL BASICS

Operating Company
GfK Croatia

Main Panel Sample Size
1,500 Households

Method of Data Collection
Self-completion Pencil & Paper Diary

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Croatia

Share of Top 10 Retailers in Croatia is growing continuously and this is a sign of modern, concentrating market. In time of great selection of retailers and big competition, retailers have to fight for buyers more than ever. Global crisis, low purchasing power and high awareness of the prices forced buyers to become more critical and rational, but also forced retailers to adjust their offer to consumer's needs. Most of the retailers reacted to such pressures with constant promotional offers and plenty of price-based-advertising. Growth of Private Label is hardly unexpected in such a scenario and as such Private Label share reached 18% in 2011.

Croatia is scheduled to become the 28th European Union Member State on 1st of July 2013. By joining the EU as a full member Croatia will have access to financial resources that can support its developmental goals and speed up growth and development of Croatian economy. Regained stability in the eurozone and structural reforms on the domestic front should bring a mild recovery in 2013 with GDP growth estimated at 1%.

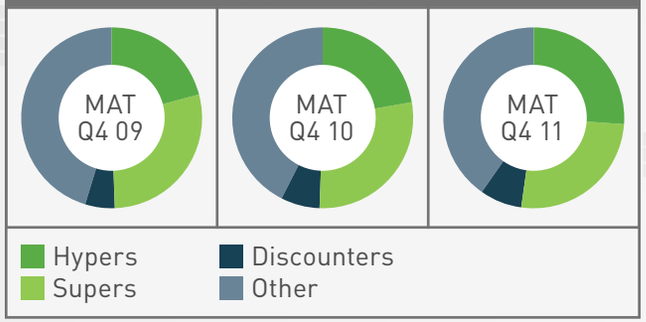
Croatia

Key Indicators

KEY INDICATORS	
GDP Growth	0.2%
Inflation	2.3%
Unemployment	17.9%
Internet Access	63.0%
% 50 Years or Older	n/a
% 65 Years or Older	17.3%
Population (000s)	4,290
Households (000s)	1,534
Purchase Frequency p.a.	189
Household Size	2.8
Average Basket Spend	€ 14.00
Total FMCG Trend	-2.0%
Fresh Foods Trend	-6.7%
Food/Drink Trend	1.0%
Personal Care Trend	-1.4%
Super/Hyper FMCG Share	52.0%
Discounter FMCG Share	8.0%
Private Label FMCG Share	17.9%

CATEGORY TRENDS				
2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	-8
Chilled Foods	■	■	■	-17
Packaged Grocery	■	■	■	-7
Alcohol	■	■	■	0
Soft Drinks	■	■	■	1
Personal Care	■	■	■	2
Home Care	■	■	■	0
Pet Foods	■	■	■	0

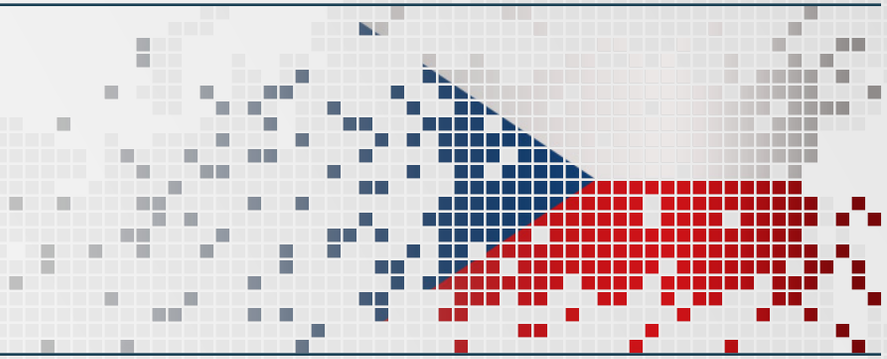
TRADE CHANNEL SHARES



TRADE CHANNEL TRENDS				
2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	-8
Hypers	■	■	■	10
Supers	■	■	■	-17
Discounters	■	■	■	-7
Other	■	■	■	-12

■ Increase of more than 0.5%
■ Increase/decrease of 0.5% or less
■ Decrease of more than 0.5%

Czech Republic



DID YOU KNOW?

Czech households are not afraid of PL products and almost each one of them purchased a PL product at least once in the past year.

The share of promotional purchases reached 48% in 2011 and this figure continues to grow.

Instant coffee, detergents and sparkling wine are categories with the highest share of promotion.

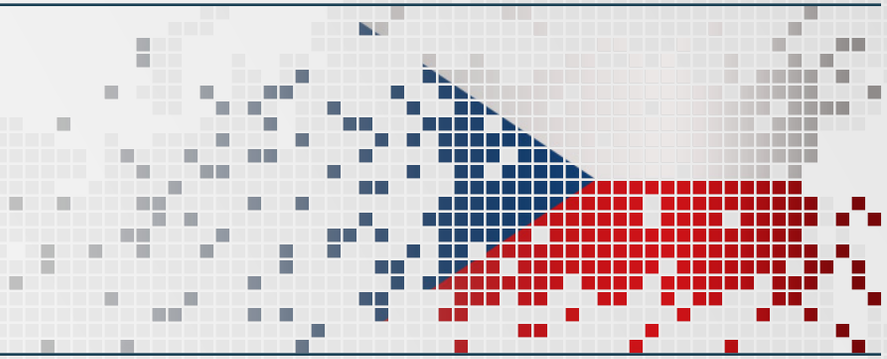
In Czech Republic, GDP increased by 1.7% during 2011 driven by foreign trade and manufacturing, while final consumption expenditure of households affected GDP negatively. Retail sales are showing positive values again as a result of increasing sales of non-food goods.

The national unemployment level reached 6.8%, however amongst people with basic education this figure is much higher at 24.3%. The growth in consumer prices (inflation) reached 1.9%. The growth in salaries has decreased following a 0.3% growth. In 2011 the average wage reached CZK 24 319, an increase of CZK 522 (2.2%) compared to 2010.

The largest share of all household expenditures is housing (incl. utilities), accounting for almost one third of the income. Share of spending on food and soft drinks represent 19% of total consumption. The income to costs ratio in Q4 2011 is similar to the previous year. Households are still trying to save money in case the situation does not improve. After quite a positive atmosphere at the beginning of 2010, consumer confidence index decreased again in 2011. Unemployment and the expected country economic situation seem to be the biggest threats.

In 2011, the frequency of household purchases was the same as in 2010, but the spending per shopping trip has slightly increased. The concentration of Top-10 retailers in Czech Republic is one of the highest in CEE (81%). This is influenced by a fast expansion of retail chains and alliances. Modern shopping channels are preferred by Czech households and are increasing their share of household expenditures. Almost ¾ of purchases in terms of value take place in modern distribution channels (hypermarkets, supermarket chains and discounters). Both frequency and spend per trip show that Czech households prefer modern trade. Households spend nearly half as much per trip in traditional trade compared to modern.

Czech Republic



PANEL BASICS

Operating Company
GfK Czech, Czech Republic

Main Panel Sample Size
2,000 Households

Method of Data Collection
In-home Scanning

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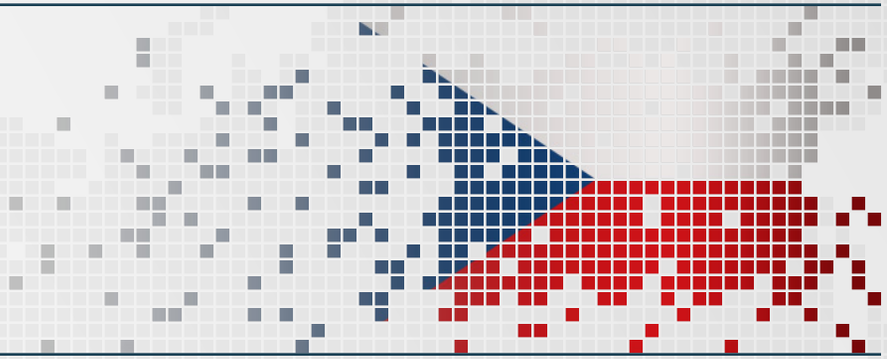
Czech Republic

Hypermarkets, the key distribution channels for FMCG purchases, are gaining market share over a long period at the expense of small food self-services. Coop is a retailer operating the highest number of outlets (395). Tesco, with 60 new stores opened (mainly Tesco Express), was the retailer with the largest expansion in 2010. The position of market leader is still kept by Kaufland (17%), followed by Tesco (12%), Penny Market (11%) and Lidl (8%). Year on year comparison of the share of these retailers increased. Although spend per trip was lower for the Top-5 retailers (except Penny), all performed positively mainly due to more frequent purchases.

Czech Republic

Key Indicators



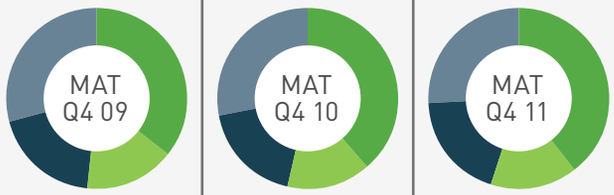
KEY INDICATORS	
GDP Growth	1.7%
Inflation	1.9%
Unemployment	6.8%
Internet Access	61.7%
% 50 Years or Older	36.0%
% 65 Years or Older	15.2%
Population (000s)	10,504
Households (000s)	4,534
Purchase Frequency p.a.	197
Household Size	2.3
Average Basket Spend	€ 5.30
Total FMCG Trend	2.0%
Fresh Foods Trend	n/a
Food/Drink Trend	2.7%
Personal Care Trend	-2.7%
Super/Hyper FMCG Share	55.0%
Discounter FMCG Share	18.7%
Private Label FMCG Share	20.0%

CATEGORY TRENDS 2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	-2
Fresh Foods	■	■	■	-14
Chilled Foods	■	■	■	0
Packaged Grocery	■	■	■	1
Frozen Foods	■	■	■	5
Alcohol	■	■	■	-2
Soft Drinks	■	■	■	-6
Personal Care	■	■	■	-11
Home Care	■	■	■	-8
Pet Foods	■	■	■	6

TRADE CHANNEL TRENDS 2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	-2
Hypers	■	■	■	2
Supers	■	■	■	-3
Discounters	■	■	■	7
Other	■	■	■	-12

■ Increase of more than 0.5%
■ Increase/decrease of 0.5% or less
■ Decrease of more than 0.5%

TRADE CHANNEL SHARES



■ Hypers ■ Discounters
■ Supers ■ Other

Hungary

DID YOU KNOW?

Value is of importance to the Hungarian consumer, with both promotions and discounters seeing growing importance in the FMCG market.

Following the financial crisis, the Hungarian economy had started to slowly recover in 2010 and this recovery was expected to continue in 2011. Unfortunately the Hungarian economy failed to fully live up to this expectation. Inflation and unemployment have both decreased, but this progress falls short of expectations.

The increase in real wages of more than 6% was due to the changes in personal income taxation. Despite this increase, household consumption did not yet benefit significantly. This is partly due to unequal distribution of surplus income as well as the cautious consumer sentiment and subsequent accumulation of savings. At the same time the significant burden of loan payments negatively affected purchasing of fast moving consumer goods. Considering household purchases, the nominal value of fast moving consumer goods has slightly increased, but with nearly 7% annual food inflation the real turnover has decreased.

The unpromising market conditions also impact on consumer expectations. The consumer confidence index reached its lowest point since 2008. As a result of this consumers' purchase habits are changing. In general households visit fewer stores and the penetration of retail chains and retail channels decreased in almost all cases. Product preferences are changing and while previously households reduced the quantity of purchased products, now they are shifting towards purchasing cheaper products. Fewer families purchase "indulgent" products and discounts remain popular, with 26 out of every 100 Forints being spent on discounted products.

The winners of 2011 are discount chains. Although penetration in this channel did not increase significantly, buying intensity did, which means that discounters are seen as a reasonable alternative for daily shopping. Shoppers buy more and more product categories in this channel.

Hungary

PANEL BASICS

Operating Company
GfK Hungary

Main Panel Sample Size
2,000 Households

Method of Data Collection
In-home Scanning

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Hungary

Share of private label products is stable compared to the previous year, holding a 27% share of the FMCG market. Confidence in branded products is strengthening, and even in hard discounters, which promote their own labels intensively, branded products are available in more and more product categories.

Recent years have been characterized by the deteriorating position of independent small shops, and this trend has continued in 2011. It is partly explained by fewer households shopping in this channel. In addition the remaining households are finding it difficult to absorb the increase in prices brought about by inflation.

Hungary

Key Indicators

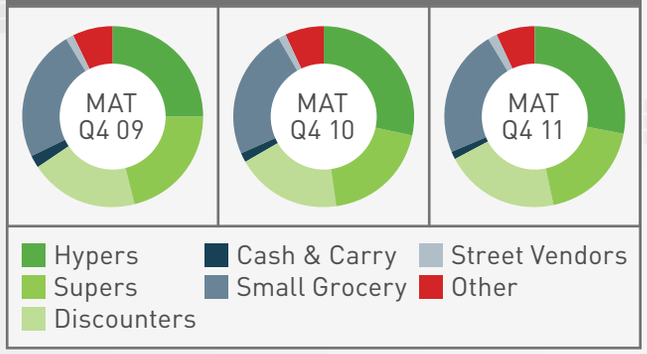
KEY INDICATORS	
GDP Growth	1.7%
Inflation	3.9%
Unemployment	11.2%
Internet Access	60.0%
% 50 Years or Older	37.1%
% 65 Years or Older	16.7%
Population (000s)	9,986
Households (000s)	4,000
Purchase Frequency p.a.	294
Household Size	2.6
Average Basket Spend	€ 7.40
Total FMCG Trend	1.9%
Fresh Foods Trend	1.7%
Food/Drink Trend	6.7%
Personal Care Trend	5.3%
Super/Hyper FMCG Share	42.9%
Discounter FMCG Share	17.2%
Private Label FMCG Share	27.0%

CATEGORY TRENDS				
2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	6
Chilled Foods	■	■	■	7
Packaged Grocery	■	■	■	6
Frozen Foods	■	■	■	13
Alcohol	■	■	■	14
Soft Drinks	■	■	■	10
Personal Care	■	■	■	6
Home Care	■	■	■	-1
Pet Foods	■	■	■	-4

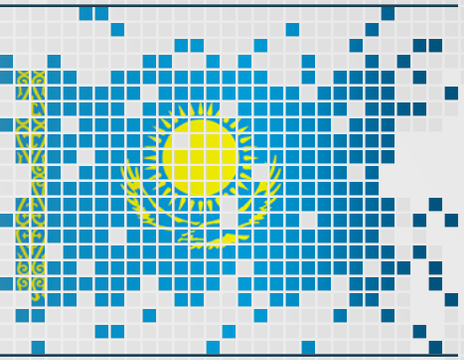
TRADE CHANNEL TRENDS				
2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	6
Hypers	■	■	■	4
Supers	■	■	■	7
Discounters	■	■	■	11
Cash & Carry	■	■	■	5
Small Grocery	■	■	■	3
Street Vendors	■	■	■	8
Other	■	■	■	15

■ Increase of more than 0.5%
■ Increase/decrease of 0.5% or less
■ Decrease of more than 0.5%

TRADE CHANNEL SHARES



Kazakhstan



PANEL BASICS

Operating Company
GfK Kazakhstan

Main Panel Sample Size
1,000 Households

Method of Data Collection
Self-completion Pencil & Paper Diary

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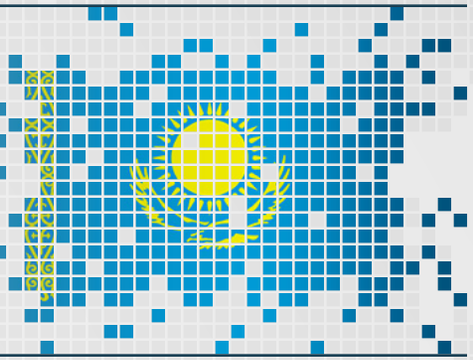
The economic environment in Kazakhstan has changed for the better over the past year. GDP for example grew by 7.5% during 2011 whilst the inflation remained high at 7.4%. Over the latest calendar year Food prices increased by 9.1%, non-food goods by 5.3% and services by 7.3%. The unemployment rate however decreased and reached 5.4% of the economically active population during 2011.

Looking at the basket composition of the panel households in Kazakhstan, we can see that in 2011 Kazakh households spent 76.3% of their overall FMCG expenditure on food, 11.6% on personal care and household goods, 11.6% on beverages (non alcoholic/alcoholic/hot drinks) and 0.5% on pet food. In the year 2011 on average, a Kazakh household spent 12.5% more on their food basket than in 2010.

Kazakhstan



Key Indicators

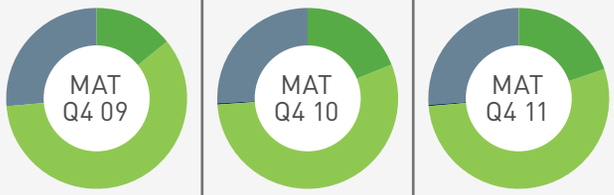
KEY INDICATORS	
GDP Growth	7.5%
Inflation	7.4%
Unemployment	5.4%
Internet Access	n/a
% 50 Years or Older	20.7%
% 65 Years or Older	7.1%
Population (000s)	16,658
Households (000s)	4,392
Purchase Frequency p.a.	267
Household Size	3.6
Average Basket Spend	€ 3.83
Total FMCG Trend	12.5%
Fresh Foods Trend	23.3%
Food/Drink Trend	16.4%
Personal Care Trend	-1.6%
Super/Hyper FMCG Share	20.4%
Discounter FMCG Share	n/a
Private Label FMCG Share	n/a

CATEGORY TRENDS 2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	10
Fresh Foods	■	■	■	19
Chilled Foods	■	■	■	14
Packaged Grocery	■	■	■	18
Frozen Foods	■	■	■	-3
Alcohol	■	■	■	-46
Soft Drinks	■	■	■	-7
Personal Care	■	■	■	2
Home Care	■	■	■	-8
Pet Foods	■	■	■	28

TRADE CHANNEL TRENDS 2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	10
Supers	■	■	■	16
Other	■	■	■	1
Drugstores	■	■	■	19
Street Vendors	■	■	■	27

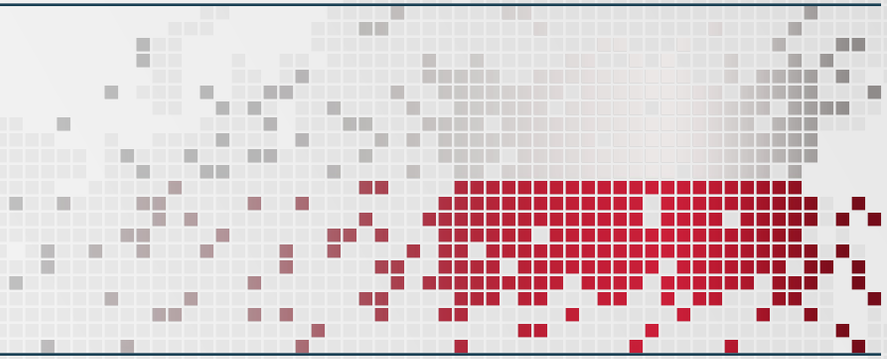
■ Increase of more than 0.5%
■ Increase/decrease of 0.5% or less
■ Decrease of more than 0.5%

TRADE CHANNEL SHARES



Supers
Other
Drugstores
Street Vendors

Poland



DID YOU KNOW?

Biedronka Private Label has entered new categories and their PL products were previously sold in the retailer as brands, although now they are positioned as private label and carry a cheaper price.

In 2011 Poland achieved significant GDP growth of +4.3% mainly due to growth in exports, increasing total household consumption and a surge in investment mostly related to Euro 2012 games. The rates of growth versus previous year were 7.3% for exports and 10% for investments. Only the total household consumption showed a weaker trend. In the following years the growth of GDP is expected to be slower than in 2011 – around 3%.

The unemployment rate reached 12.5% in the last quarter of 2012 and it was at the same level as a year ago. It's worth mentioning that unemployment rate is quite high among the university graduates – above 20%. There are also major differences across geographical regions in terms of employment levels.

According to demographic trends it is expected for the population in Poland to experience a steady decrease with a significant drop after 2015. This trend is mainly affecting urban areas due to lower birth rate.

The value of all FMCG products bought by households was up by +4.3% matching exactly the value of the annual inflation. The prices for alcohol and tobacco rocketed in the latter half of 2011 versus the same period year before.

Poland

PANEL BASICS

Operating Company
GfK Polonia

Main Panel Sample Size
5,000 Households

Method of Data Collection
In-home Scanning

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Poland

As a result of economic conditions, the FMCG market struggled with downtrading and increasing importance of Private Label, which continued to grow. In 2011 PL achieved more than 20% value share of the measured FMCG market. Private Label products have stronger than average position in Frozen Foods, Soft Drinks category (incl. Water), Pet Foods, followed by Packaged Grocery. However, in Non-food categories and Fresh Food, branded products are stronger. The highest value market share of Private Label in any category was recorded for UHT-Milk category where the share was above 60%.

The most successful retailer, discount chain Biedronka – owned by Portugese Jeronimo Martins group – has continued to enter new categories with their own Private Label brand. It is interesting that the provider of the new Private Label brand used to sell their branded products in Bierdonka year ago. The products look almost the same, only Biedronka Private Label is now cheaper.

Poland

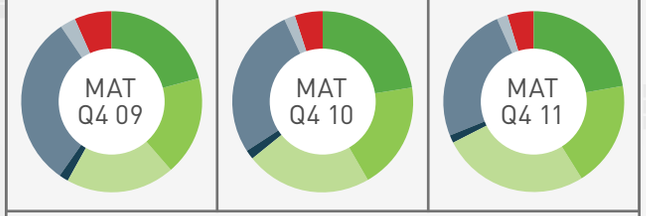
Key Indicators

KEY INDICATORS	
GDP Growth	4.3%
Inflation	4.3%
Unemployment	9.7%
Internet Access	66.6%
% 50 Years or Older	53.1%
% 65 Years or Older	21.2%
Population (000s)	38,500
Households (000s)	13,350
Purchase Frequency p.a.	253
Household Size	2.8
Average Basket Spend	€ 4.94
Total FMCG Trend	1.1%
Fresh Foods Trend	0.4%
Food/Drink Trend	1.3%
Personal Care Trend	-0.6%
Super/Hyper FMCG Share	41.2%
Discounter FMCG Share	26.4%
Private Label FMCG Share	20.5%

CATEGORY TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	5
Fresh Foods	■	■	■	-5
Chilled Foods	■	■	■	6
Packaged Grocery	■	■	■	5
Frozen Foods	■	■	■	-1
Soft Drinks	■	■	■	6
Personal Care	■	■	■	2
Home Care	■	■	■	7
Pet Foods	■	■	■	10

TRADE CHANNEL SHARES



Hypers, Supers, Discounters, Cash & Carry, Small Grocery, Street Vendors, Other

TRADE CHANNEL TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	5
Hypers	■	■	■	2
Supers	■	■	■	4
Discounters	■	■	■	14
Cash & Carry	■	■	■	-9
Small Grocery	■	■	■	-1
Street Vendors	■	■	■	9
Other	■	■	■	12

- Increase of more than 0.5%
- Increase/decrease of 0.5% or less
- Decrease of more than 0.5%

Romania

DID YOU KNOW?

Nationally, modern trade is gaining ground faster than traditional trade, being responsible for 48% of the total household expenditure on consumer goods (in 2010 the weight was 45%). The most dynamic channels were the hypermarkets and supermarkets which registered a rapid increase of 16% and 14% in total value respectively. The main driver of this was the increased number of buyers.

Romanian GDP grew by 2.5% in 2011. The year's positive performance was supported largely by agricultural evolution and related activities. Over the year, consumer confidence in Romania has grown – reflected in increasing levels of consumption and demand. In 2010 consumers were giving up certain products, whilst in 2011 worries eased and the majority of FMCG categories experienced increased purchase levels. Nevertheless confidence remains very vulnerable.

INS has reported an average increase of 4.8% GDP up to 1.475RON. Meanwhile unemployment levels remained constant and low compared to the rest of the region. The end of the year saw inflation reach 5.8%, with the most noticeable impact being felt on food products.

The total FMCG basket grew +5.4% in 2011 versus 2010, but this growth was largely as a result of increased inflation, with volume sales shrinking by 1%.

The segment which was most influenced by the price growth and displays the biggest value growth is food (+12% year on year). Romanian households are increasingly purchasing in the personal care and household care categories (+7% and +6% respectively).

In contrast to the positive performance of the FMCG market, the beverages category (CSD, coffee, beer and water) declined -2% in 2011. Despite households purchasing in the category more frequently in 2011 than in 2010 – especially mineral water – the decline of the total category was driven by a decreased spend per trip (-6% year on year).

Romania

PANEL BASICS

Operating Company
GfK Romania

Main Panel Sample Size
2,200 Households

Method of Data Collection
Self-completion Pencil & Paper Diary

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Romania

Across all food and beverages, the most notable decline in 2011 was in sales of carbonated soft drinks (with a volume decline of -9%), followed by chocolate tablets (-8%) and roasted coffee (-6%). Yoghurt maintained a high growth rate (4-6%), though growth was not as strong as for the home care category which has reached two-figure growth rates (universal cleaners +10%, window cleaners +13%).

Private Label has grown considerably over the latest year, now holding 9% value share of the total market compared to 7% in the previous year. Though market share is growing for Private Label in Romania, share is still well below the average for the rest of Eastern Europe, which is currently at approximately 20%.

95% of Romanian households have bought at least one Private Label product over the past year. The most important categories for Private Label in 2011 continue to be edible oils and paper products (handkerchief, napkins, and kitchen towels). An interesting observation we can see in the penetration of private labels in traditional trade channels is that over 60% of the households which shopped in this channel in 2011, bought at least once a private label.

Romania

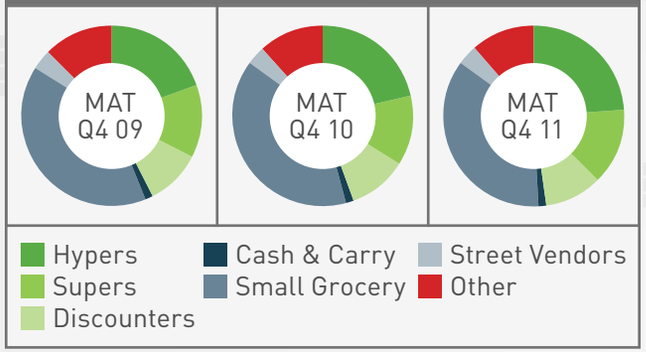
Key Indicators

KEY INDICATORS	
GDP Growth	2.5%
Inflation	5.8%
Unemployment	7.3%
Internet Access	46.0%
% 50 Years or Older	33.6%
% 65 Years or Older	14.9%
Population (000s)	19,042
Households (000s)	7,086
Purchase Frequency p.a.	182
Household Size	2.9
Average Basket Spend	€ 13.00
Total FMCG Trend	5.4%
Fresh Foods Trend	n/a
Food/Drink Trend	5.2%
Personal Care Trend	8.0%
Super/Hyper FMCG Share	37.0%
Discounter FMCG Share	10.0%
Private Label FMCG Share	9.0%

CATEGORY TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	3
Chilled Foods	■	■	■	3
Packaged Grocery	■	■	■	6
Alcohol	■	■	■	-14
Soft Drinks	■	■	■	3
Personal Care	■	■	■	14
Home Care	■	■	■	8

TRADE CHANNEL SHARES

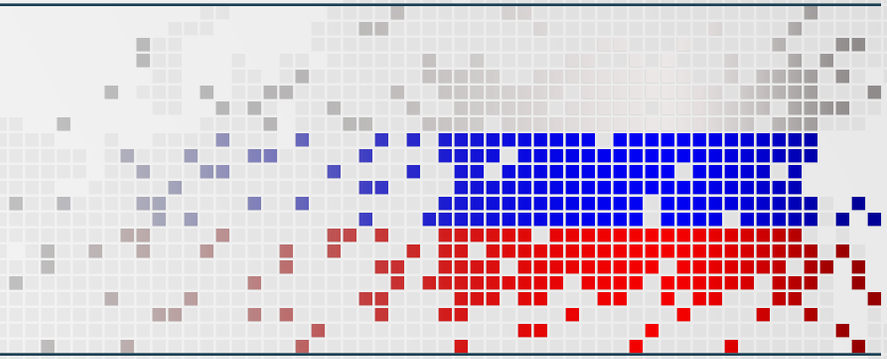


TRADE CHANNEL TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	3
Hypers	■	■	■	16
Supers	■	■	■	14
Discounters	■	■	■	1
Cash & Carry	■	■	■	-6
Small Grocery	■	■	■	-5
Street Vendors	■	■	■	11
Other	■	■	■	0

■ Increase of more than 0.5%
■ Increase/decrease of 0.5% or less
■ Decrease of more than 0.5%

Russia



DID YOU KNOW?

More than 50% of total FMCG spending of Russian households is spent on fresh food.

Most popular Ready-to-eat/cook category in Russia is frozen pastry products, such as dumplings and pancakes, where penetration is more than 90%.

PANEL NEWS

In 2011 Russian household panel was switched to scanners. Since January 2012 the scanning panel is fully National. During 2012 the panel sample will be increased from 7,000 to 10,000 households. Switching to scanners allows us to track all FMCG categories including fresh food.

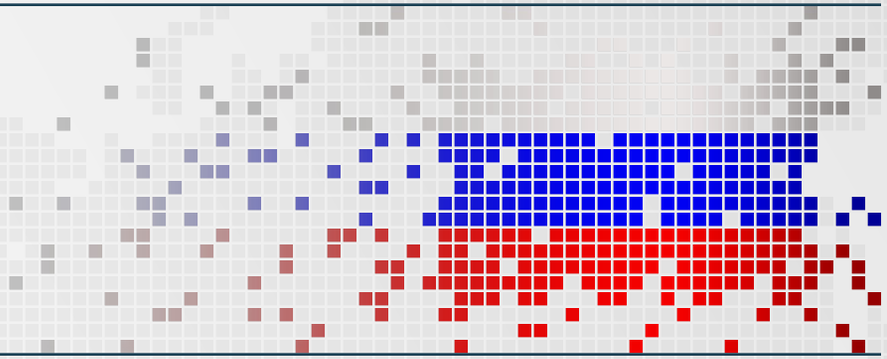
2011 year was quite successful for the Russian economy as it continued to grow faster than total world economy with GDP growth of 4.3%. Also, in 2011 the economy saw the lowest level of inflation since Russia became an independent country, 6.1%. Unemployment reduced from 7.5% in 2010 to 5% in 2011. Meanwhile, real income of the population remained stable with a marginal 0.8% growth. In the background of such a stable economic situation, the Russian consumer sentiment increased during 2011. Russian consumers are on average fairly confident in their personal financial position and Russian economy in the nearest future.

Key trends in the Russian economy are expected to remain similarly positive in the next year. Price growth and unemployment will reduce in 2012. GDP growth will be slightly less in 2012 than in the previous year. Real income will start to increase faster, mainly because of government programmes aimed at state employees.

FMCG market increased in 2011 by 9.5%. Growth was less than in 2010 and it is expected to slow down in the next year. Market grew mainly because of food categories, while personal care and cleaning categories slightly decreased in 2011. Main drivers of market value increase were meat products.

Growth of FMCG market in Russia is caused by modern trade channel development. Share of modern trade continued to increase and reached 46% in 2011. Main source of growth for Russian retailers is regional expansion, because share of modern trade differs significantly by regions. Largest Russian retailer Magnit opened more than 1000 new stores in 2011.

Russia



PANEL BASICS

Operating Company
GfK RUS

Main Panel Sample Size
7,000 Households

Method of Data Collection
In-home Scanning

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Russia

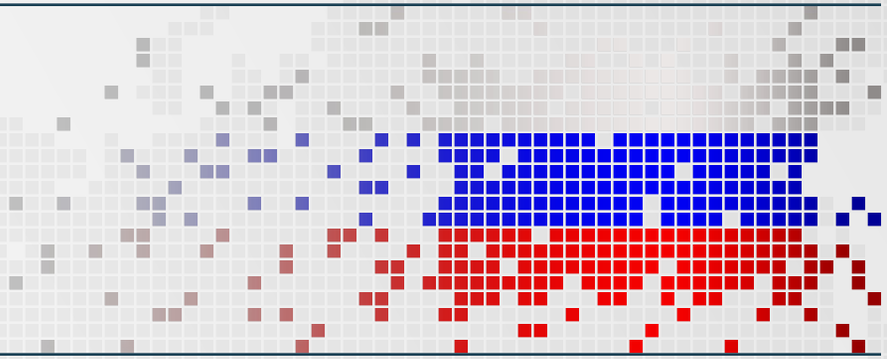
At this moment consolidation of the modern trade market in Russia is low. There are a lot of regional retailers, but share of top national retailer groups is growing. In 2011 share of top three retail groups reached 38%. Latest consolidation development was the acquisition of Kopeyka by X5 retailer group and acquisition of Viktoria group by Dixi group. Share of international retailers in Russia was 13% in 2011.

Due to the modern trade expansion, private label share is also growing. However it is still much lower than in most of Eastern European countries. In 2011 it increased to 1.6% from 1.2%. Highest share of private label in Russia is in paper categories. Promo activity is also increasing, particularly in Cosmetics, Chocolate, Juice and Alcohol, where promo purchases accounted for more than 10% of total category value in 2011.

In 2012 growth of modern trade will continue, mainly in the regions. Share of modern trade should exceed 50% and the retail market consolidation is expected to continue as well.

Russia

Key Indicators

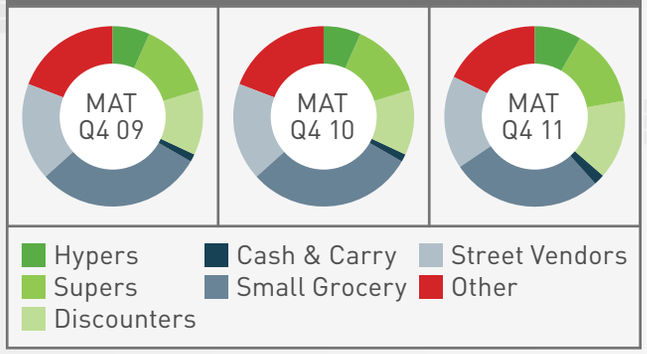


KEY INDICATORS	
GDP Growth	4.3%
Inflation	6.1%
Unemployment	6.8%
Internet Access	48.0%
% 50 Years or Older	32.6%
% 65 Years or Older	12.9%
Population (000s)	141,915
Households (000s)	52,949
Purchase Frequency p.a.	201
Household Size	2.7
Average Basket Spend	€ 6.48
Total FMCG Trend	9.5%
Fresh Foods Trend	n/a
Food/Drink Trend	10.1%
Personal Care Trend	-0.9%
Super/Hyper FMCG Share	26.0%
Discounter FMCG Share	20.0%
Private Label FMCG Share	1.6%

CATEGORY TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	11
Fresh Foods	■	■	■	17
Chilled Foods	■	■	■	11
Packaged Grocery	■	■	■	12
Frozen Foods	■	■	■	7
Alcohol	■	■	■	3
Soft Drinks	■	■	■	-5
Personal Care	■	■	■	9
Home Care	■	■	■	4

TRADE CHANNEL SHARES

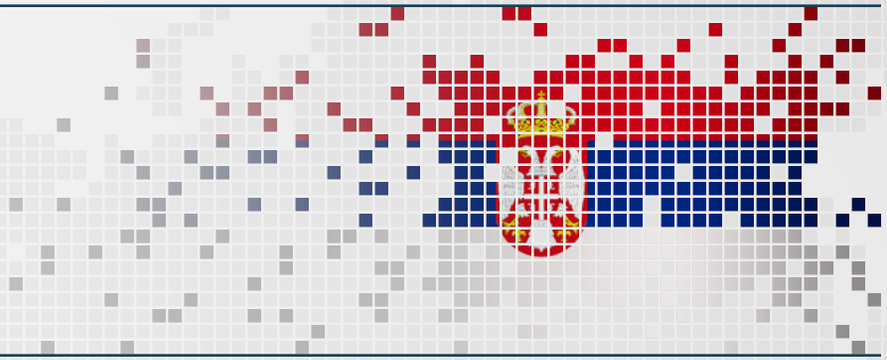


TRADE CHANNEL TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	11
Hypers	■	■	■	33
Supers	■	■	■	21
Discounters	■	■	■	13
Cash & Carry	■	■	■	28
Small Grocery	■	■	■	2
Street Vendors	■	■	■	10
Other	■	■	■	6

■ Increase of more than 0.5%
■ Increase/decrease of 0.5% or less
■ Decrease of more than 0.5%

Serbia



DID YOU KNOW?

Reduced shopping frequency is a significant trend in the Serbian FMCG market, with one in every fifth purchase occasion being skipped.

Although GDP growth rate in 2011 reached 1.9%, it doesn't mean that Serbs lived any better than before. Initial forecasts for 2012 were predicting 2% growth, but the current expectations are for a mere 0.5% growth, as revised by the IMF mission in Serbia. The national economy is very reliant on foreign direct investments, the level of which has been reduced as a result of the EU debt crisis, much to the disappointment of the local officials.

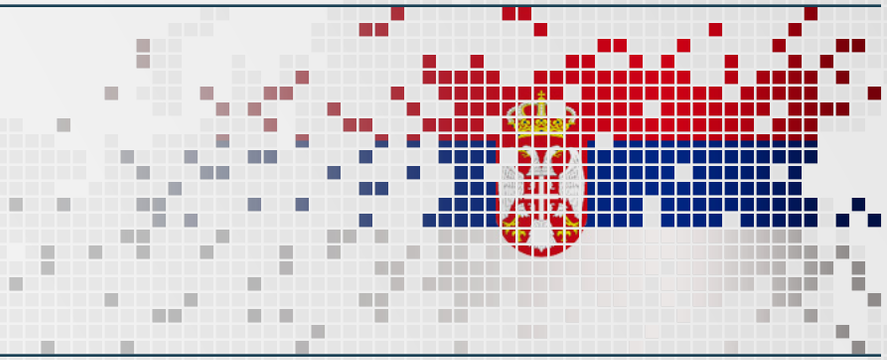
During the year 2011, the Serbian economy recorded an increase in unemployment from 19.2% to 23.7% in only 12 months. Unemployment is expected to continue to grow in the short term.

Although average nominal net wages grew in 2011 compared to the year before, the real growth rate was practically invisible. The growing rate of unemployment, and thus missed salaries, will consequently influence the already reduced private consumption and further deteriorate the standard of living. Similarly to previous years, around 42% of household budget is spent on food and beverages.

After a few years of volatility, the inflation rate in 2011 was finally closer to the forecasted figure – 7% instead of 6%. The Governor assured that the inflation rate will stay within the planned band throughout 2012, not exceeding 5.5% annually.

Squeezed by constant price increases on one hand and limited income on the other, Serbs are trying to control their spending by reducing shopping frequency. Compared with the period prior to the crisis, every fifth purchase trip is skipped. Shopping habits practiced over the past few years have now became the new norm. This new routine is based on the proximity of the outlet to household domicile being the number one criteria for choosing a shopping outlet. Shoppers also plan what to buy very carefully, they go to large shops less often, use shopping lists and spend only on products when they need to.

Serbia



PANEL BASICS

Operating Company
GfK Belgrade

Main Panel Sample Size
1,500 Households

Method of Data Collection
Self-completion Pencil & Paper Diary

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Serbia

Faced with a reduced turnover, the retail structure in Serbia seems frozen in time, as hardly any development could be noticed over the past few years. Each format firmly kept its position, with the marginal exception to this rule being the Cash & Carry channel, which showed some share loss. In addition, traditional trade kept its share, but some changes occurred within that channel, notably small traditional stores lost in favour of superettes.

Nevertheless, Serbian key account trends remained unchanged, with leading retailers continuing to increase their power. In 2011, Top 10 accounts generated 41% of FMCG turnover, which represents an increase of more than two percentage points compared to the year before.

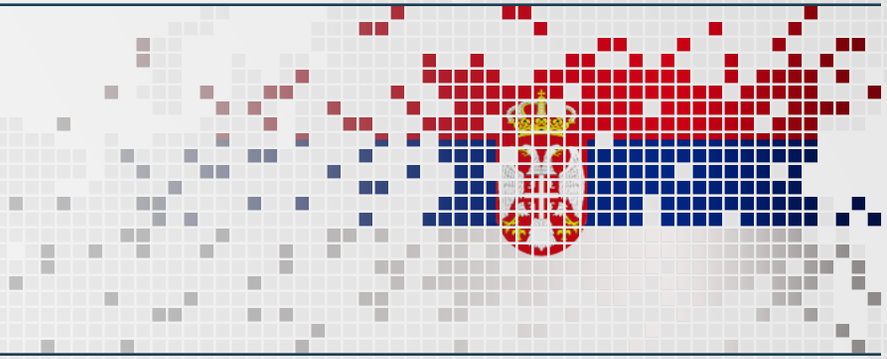
Even though the living standard is low, price is more and more important and trade is concentrating, private labels did not grow as much as expected. The benefits of private labels were perhaps not communicated clearly enough or these benefits are not perceived as a competitive advantage versus branded products. Stronger share of private label is once again recorded in the food basket.

Awareness of the overall difficult situation and reducing turnover drove leading accounts to search for ways to keep their growth dynamic. Both producers and retailers are making an effort to serve consumers, adjusting their offer and organizing more promotions. Similarly to previous years, importance of promotions is slowly growing and in 2011, 9.1% of FMCG turnover was generated by different kinds of promotions.

To conclude, it seems that after so many years of uncertainty and turbulence, we can finally say that the near future in Serbia is quite predictable but unfortunately stagnation is the most plausible scenario.

Serbia

Key Indicators

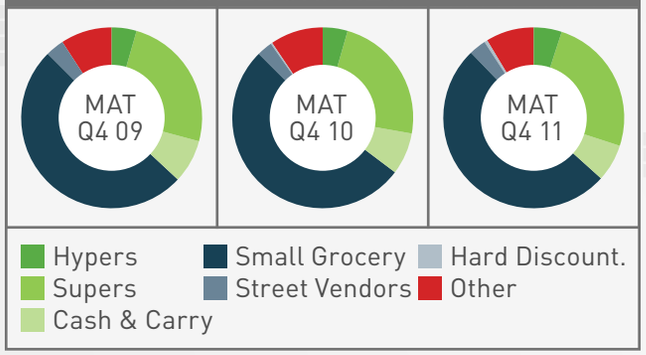


KEY INDICATORS	
GDP Growth	1.9%
Inflation	7.0%
Unemployment	23.7%
Internet Access	41.2%
% 50 Years or Older	36.0%
% 65 Years or Older	17.0%
Population (000s)	7,121
Households (000s)	2,497
Purchase Frequency p.a.	173
Household Size	2.9
Average Basket Spend	€ 3.50
Total FMCG Trend	2.3%
Fresh Foods Trend	n/a
Food/Drink Trend	3.6%
Personal Care Trend	-4.5%
Super/Hyper FMCG Share	28.7%
Discounter FMCG Share	0.5%
Private Label FMCG Share	3.6%

CATEGORY TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	0
Chilled Foods	■	■	■	1
Packaged Grocery	■	■	■	0
Alcohol	■	■	■	-1
Soft Drinks	■	■	■	-3
Personal Care	■	■	■	0
Home Care	■	■	■	6
Pet Foods	■	■	■	-26

TRADE CHANNEL SHARES

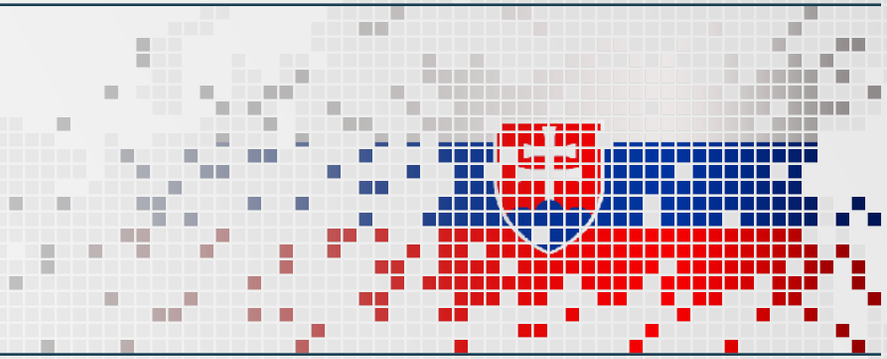


TRADE CHANNEL TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	0
Hypers	■	■	■	7
Supers	■	■	■	7
Cash & Carry	■	■	■	-9
Small Grocery	■	■	■	-2
Street Vendors	■	■	■	6
Hard Discounters	■	■	■	125
Other	■	■	■	-8

- ■ Increase of more than 0.5%
- ■ Increase/decrease of 0.5% or less
- ■ Decrease of more than 0.5%

Slovakia



DID YOU KNOW?

Private Label accounts for just under a third of total household expenditure on FMCG in Slovakia, one of the highest across the CEE region.

PANEL NEWS

In 2012 Slovakia changed the methodology of data collection to In-Home Scanning. The key benefits of this change include a comprehensive view on household shopping behaviour, virtually unlimited portfolio of tracked categories (including fresh food categories), easier household reporting, faster data collection and processing, enabling faster decision making.

Positive figures at the end of the last year were a surprise to economists as Slovakia's main trading partners experienced a significant slowdown in Q4 2011. Although foreign demand fell, GDP grew by 3.3%. Net export continued to be the main source of growth, whilst automotive and electronics exports also grew strongly. In contrast, domestic demand remains stagnant.

Despite exceeding expectations in terms of growth, GDP development of labourers was less positive. Unemployment levels fell 0.9pt to 13.5% in 2011. A third of all those currently out of employment have been jobless for over two years.

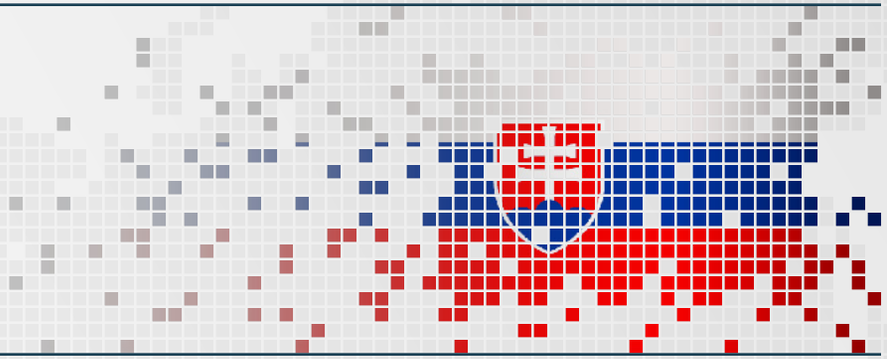
Inflation reached 4.1% and growth of consumer prices was the fastest seen for three years. The fastest growth was registered in transportation prices, food and non-alcoholic beverages, and housing, including utilities.

As a result of the high inflation rate, high unemployment rate and a decrease in real wages, private consumption showed a negative trend.

After an expected weaker first quarter of 2012 we are awaiting a faster growth of the Slovak economy throughout the rest of the year, though at a slower rate than 2011. 2012 will continue to be challenging for Slovaks in terms of unemployment. This is expected to have an effect on private consumption which remains stable in 2012.

As a result of increased prices, purchase frequency of certain categories has decreased – specifically within dairy, fats and pasta. The fastest growing categories included dressings, kephir, wet sauces, pralines and cottage cheese. While dressings, kephir and pralines were mainly driven by an increased trip size, it was new buyers that drove wet sauces and the frequency of purchase driving cottage cheese.

Slovakia



PANEL BASICS

Operating Company
GfK Slovakia

Main Panel Sample Size
1,500 Households

Method of Data Collection
In-home Scanning

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Longer term, salad cheese, soft cheese, chocolate tablets, dishwasher products and pet food are continuing to grow in volume terms. The growth of petfood is owing to an increased number of households owning pets – similarly for dishwasher products, more households are investing in dishwashers. Private Label contributed considerably to the growth of salad cheese, soft cheese and chocolate tablets.

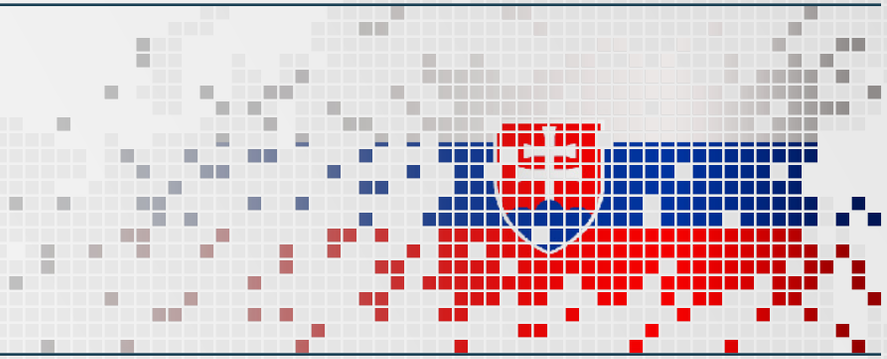
Overall, Private Label accounts for just under a third of total household expenditure on FMCG (29%) having grown share versus last year. Private Label share in Slovakia continues to be one of the highest across CEE. UHT milk, kephir and butter milk are the top three categories in terms of Private Label. At the same time it is mainly personal and household care products where Private Label is under-represented whilst the importance of promotions in these categories grows.

Despite the fact that households in Slovakia are shopping less frequently, they are buying more per trip. In 2007 households shopped every 1.5 days, whilst in 2011 this is now once every 2.1 days. Average expenditure on FMCG categories has increased by almost 50%.

Modern trade channel share is continuing to strengthen into 2012. Although national retail chains are winning in terms of store numbers, international retailers are dominating in terms of value share. Coop Jednota fell behind Tesco for the first time in many years towards the end of 2011. Tesco has opened 22 new stores over the past year across the country and is the fastest growing retailer in terms of new outlets. Tesco's new Express formats, hope to attract new buyers for their everyday shopping. Hypermarkets and supermarkets dominate channel shares, whilst discounters also hold a strong position. Hypermarkets have been growing over the long-term at the expense of small self-service outlets.

Slovakia

Key Indicators



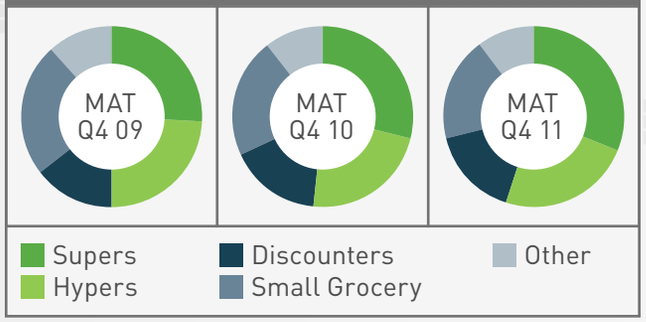
KEY INDICATORS	
GDP Growth	3.3%
Inflation	4.1%
Unemployment	13.5%
Internet Access	65.0%
% 50 Years or Older	32.2%
% 65 Years or Older	12.4%
Population (000s)	5,435
Households (000s)	1,905
Purchase Frequency p.a.	177
Household Size	2.8
Average Basket Spend	€ 5.82
Total FMCG Trend	2.4%
Fresh Foods Trend	n/a
Food/Drink Trend	3.2%
Personal Care Trend	-4.5%
Super/Hyper FMCG Share	55.2%
Discounter FMCG Share	16.1%
Private Label FMCG Share	28.6%

CATEGORY TRENDS 2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	-1
Chilled Foods	■	■	■	3
Packaged Grocery	■	■	■	-1
Frozen Foods	■	■	■	-9
Alcohol	■	■	■	-3
Soft Drinks	■	■	■	1
Personal Care	■	■	■	-11
Home Care	■	■	■	-8
Pet Foods	■	■	■	4

TRADE CHANNEL TRENDS 2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	-1
Hypers	■	■	■	3
Supers	■	■	■	12
Discounters	■	■	■	-1
Small Grocery	■	■	■	-13
Other	■	■	■	-12

■ Increase of more than 0.5%
■ Increase/decrease of 0.5% or less
■ Decrease of more than 0.5%

TRADE CHANNEL SHARES



Ukraine

DID YOU KNOW?

About 50% of Ukrainian households make juices themselves and 15% do it regularly. The volume of Juice purchases decreased by 10% compared to 2010 as a result of price increases and lowering of the "real" value for consumers.

Ukraine's economy continued its recovery from the global crisis in 2011. GDP growth rate increased (from 4.2% in 2010 to 5.2% in 2012), benefiting from the increasing political stability. Unemployment has remained relatively constant at 8%. The economic growth has primarily been driven by domestic demand, with a 13.7% increase in retail trade turnover in 2011. Private consumption performed strongly, fuelled by rapidly growing real wages. Relatively good budget performance and favourable financing conditions have reduced the need for austerity measures, resulting in a suspension of the IMF standby program. Inflation decreased significantly compared to the previous year (8% vs. 9.1%) as a result of very good vegetable and grain harvests. The local currency, Grivna, remains stable.

In 2012, the GDP growth is expected to slow to 3.8%, with inflation possibly accelerating, in response to significant increases in social spending with the Parliament election in autumn 2012.

Consumer expectations have become less confident, with behaviour remaining cautious and rational. The majority of consumers are choosing to save money, although not in bank deposits, where trust remains low. Durables and the automotive industry will most likely benefit from this behaviour.

An increase in price of utilities and transport services forced consumers to optimise their expenditures for FMCG. FMCG markets reflected inflation, and as a result the growth of FMCG slowed down throughout 2011 (+9% in 2011 compared to +10% in 2010). General trend favouring "traditional products" and "home cooking" are still the main drivers. The share of regular, traditional products in baskets continued to strengthen while "secondary groups" decreased.

Ukraine

PANEL BASICS

Operating Company
GfK Ukraine

Main Panel Sample Size
5,000 Households

Method of Data Collection
Self-completion Pencil & Paper Diary

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The position of most Premium brands has weakened, except the most established, which have improved. PL share has increased, although it remains at less than 1% in Ukraine.

Almost all categories increased in value terms, but declined in volume. The best performing Food categories were Frozen Meat, Frozen Fruits & Vegetables, Dry Breakfast, Hard cheese, Traditional Curd, Pasta, Floured Confectionery and Fresh Vegetables. The main losers are still Cold drinks, Beer, CSDs, and Wafers & Boxed Pralines.

When deciding where to buy, consumers also have become more rational, preferring to spend more time to find real "value for money", than simply choosing convenience. Hypermarkets and discounters continued to grow at a fast pace, but their share is still small. The main problem of modern trade was and is low household loyalty to a particular chain. Among the most successful chains are Auchan & ATB – local discounter and the market leader among all chains. Traditional small grocery shops continued to show rapid year on year growth.

Ukraine

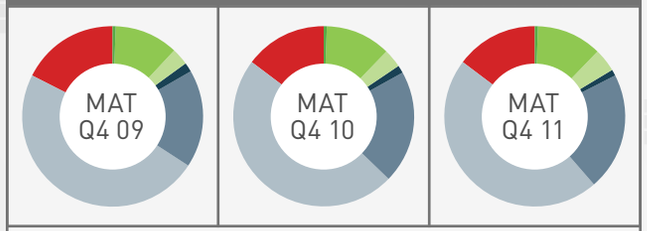
Key Indicators

KEY INDICATORS	
GDP Growth	5.2%
Inflation	8.0%
Unemployment	8.5%
Internet Access	42.0%
% 50 Years or Older	45.5%
% 65 Years or Older	15.3%
Population (000s)	45,618
Households (000s)	18,201
Purchase Frequency p.a.	432
Household Size	2.6
Average Basket Spend	€ 2.60
Total FMCG Trend	9.3%
Fresh Foods Trend	8.6%
Food/Drink Trend	10.6%
Personal Care Trend	3.9%
Super/Hyper FMCG Share	12.1%
Discounter FMCG Share	3.7%
Private Label FMCG Share	0.5%

CATEGORY TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	8
Fresh Foods	■	■	■	4
Chilled Foods	■	■	■	15
Packaged Grocery	■	■	■	12
Frozen Foods	■	■	■	15
Alcohol	■	■	■	0
Soft Drinks	■	■	■	2
Personal Care	■	■	■	9
Home Care	■	■	■	-1

TRADE CHANNEL SHARES



Hypers, Supers, Discounters, Cash & Carry, Small Grocery, Street Vendors, Other

TRADE CHANNEL TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	8
Hypers	■	■	■	36
Supers	■	■	■	8
Discounters	■	■	■	34
Cash & Carry	■	■	■	-1
Small Grocery	■	■	■	13
Street Vendors	■	■	■	5
Other	■	■	■	8

■ Increase of more than 0.5%
■ Increase/decrease of 0.5% or less
■ Decrease of more than 0.5%

Saudi Arabia

DID YOU KNOW?

Mobile phones are fast becoming the preferred method of accessing the internet, with 70% of users having a social media application on their phone.

PANEL BASICS

Operating Company
Kantar Worldpanel

Main Panel Sample Size
2,000 Households

Method of Data Collection
Self-completion Diary & Bin Method

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The combined threat of re-entering global recession, twinned with reduced oil production is likely to hamper growth for KSA in 2012. Growth is estimated to drop to 3.1% in 2012 from 6.8% in 2011. The government's willingness and ability however to honour its spending with budgeted current account surplus of SR 12 billion should lubricate the non-oil economy, which is expected to grow by 4.7%. Construction, the main beneficiary of government spending is likely to be the fastest growing sector.

Inflation is expected to fall to an average of 4.4% as a result of easing of price pressure from outside of the kingdom. Current predictions highlight the threat of some local inflationary pressure due to increased consumer and government spending, but this is likely to be mitigated by a reduction in rental inflation (main source of inflation in KSA) and food inflation. Unemployment is expected to decline in 2012 to 10.5% from 11% in 2011.

2011 proved to be a good year for total FMCG, with an overall increase of 9.7% in spend. This growth was felt across all sectors, but is primarily driven by household care which grew 14.2% in value. Household care items are beginning to occupy a larger share of wallet, to the detriment of beverages. Interestingly the growth is driven by more contemporary categories such as breakfast cereals in food, whiteners (evaporated milk) in beverages, body grooming in personal care, and stain removal in household care.

Average price paid has increased across the total FMCG sector by 2.5%. The biggest price increases are apparent for household care, seeing a price increase of as high as 6.2%, whilst the beverage category demonstrates falling prices. The majority of value growth in the FMCG market in KSA is organic growth, and not just inflation.

Saudi Arabia

KEY INDICATORS	
GDP Growth	6.5%
Inflation	5.0%
Unemployment	10.9%
Internet Access	43.7%
% 50 Years or Older	67.0%
% 65 Years or Older	3.0%
Population (000s)	27,859
Households (000s)	4,770
Purchase Frequency p.a.	217
Household Size	5.8
Average Basket Spend	€ 5.80
Total FMCG Trend	9.7%
Fresh Foods Trend	n/a
Food/Drink Trend	9.4%
Personal Care Trend	7.8%
Super/Hyper FMCG Share	38.0%
Discounter FMCG Share	4.7%
Private Label FMCG Share	n/a

Modern trade has increased its market share in KSA (+1.5pt) to 38.4% and continues to occupy the largest proportion of the market followed by Baqalas (convenience stores), which represent 29% of trade, but are in decline. This trend is apparent across four key sectors, led by personal care. The growth of modern trade is as a result of the opening of more Panda and Hyper Panda stores, whose value share in modern trade grew from 41.7% to 45.9%. Both formats have experienced an increase in penetration, loyalty and frequency of purchase, driven by the non-food categories which are being increasingly purchased in Panda Group stores.

The Kingdom of Saudi Arabia invests significantly in media and advertising, with expenditure growing to previously-unknown levels. KSA and UAE are the only two regions to have demonstrated positive trends in this area with KSA advertising expenditure up 9% year on year, reaching $1,282 million. It is now ranked as second leading advertising market, and spent the most on media in Q2. Newspaper media represents 75% of expenditure.

Three in every seven internet users in the Arab world are on social media. In Saudi Arabia and the UAE, logging on to Facebook is the first action most users confess to when going online, before email (even at work!). Facebook users in the region have doubled in number over the past year – when surveyed, 87% people said that they feel that it is an irreplaceable feature of their daily life. Mobile phones are fast becoming the preferred method of accessing the internet, with 70% of users having a social media application on their phone – almost half of whom have the Facebook app on their phone.

The Americas

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CENTRAL AMERICA	
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Ecuador	115
Peru	117
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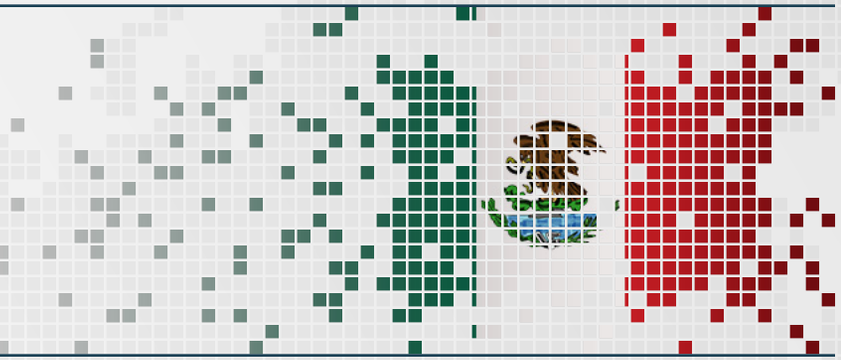
Mexico



DID YOU KNOW?

Traditional trade still controls a significant share of the market with 37% of value sales going through this channel.

Price is not the only driver of store choice. Mexicans are also searching for a better shopping experience, with 77% of Mexicans preferring stores where they can find everything they need, while 45% select stores and channels that offer better promotions.

PANEL NEWS

For 2013 the household panel sample in Mexico will increase from 6,500 households to 8,500 which will enable more detailed and accurate analysis of the FMCG market.

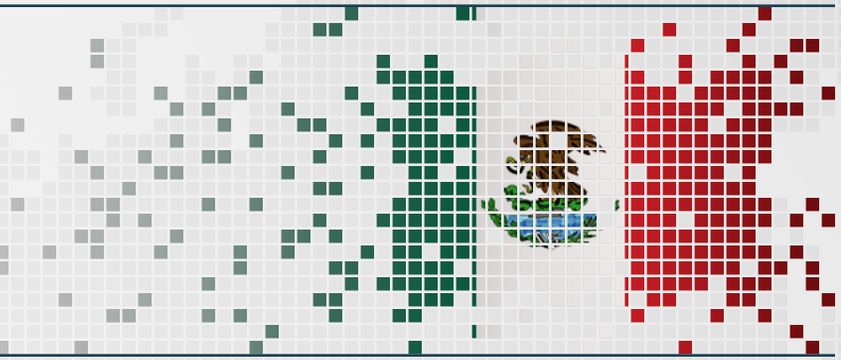
In 2009 Mexico was hit hard by the global crisis, mainly because of the proximity to and the relationship with USA. However a strong foundation of defensive economic policies have helped maintain overall stability and supported a rebound in economic activity. In 2011 the economic growth was moderate reaching 3.9% and it is forecast to remain at similar levels, around 3.3%, in 2012.

Manufactured goods exported to the USA made a particularly significant contribution to Mexico's economic recovery. The main macroeconomic risks for Mexico's future are linked to economic development of USA and the subsequent impact on the manufacturing sector as well as on remittances and tourism revenue.

The inflation rate has remained relatively neutral, more so than expected, reaching 3.8% in 2011 with an expectation for it to remain around 3.8% during 2012. Unemployment rate declined from 5.4% to 5.2% and is expected to improve further by declining to 4.8% during the course of the year. Mexico already has one of the lowest rates of unemployment across the Americas.

The Mexican banking system is profitable, liquid, and well capitalized, and stress tests suggest that it is able to withstand severe shocks providing further reassurance on the health and potential of the overall economy. The upcoming presidential elections may result in some further changes in the Mexican economy, but the impact is not expected to be felt until 2013 when the president's term officially begins.

Mexico



PANEL BASICS

Operating Company
Kantar Worldpanel

Main Panel Sample Size
6,500 Households

Method of Data Collection
Interview Based Scanners

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In the near term a recovery of trade and industrial activity is expected to occur. However prerequisites for this recovery are a significant increase in private consumption and increase in overall investment levels. This will drive the improvement in employment levels as well as in consumer confidence.

After the worst of the crisis a return to past habits was expected but it hasn't happened so far. In Mexico we continue to see an increasing number of visits to stores with a lower spend per occasion. Of all countries in Latin America Mexico already has the highest average purchase frequency, 24 visits per month. Proximity is a key driver for some channels such as traditional trade, convenience stores, pharmacies and door-to-door. These channels have all seen their positions strengthen in the last year.

Also, outlets such as Bodegas have grown during the past few years. These retailers have lower prices and are growing their business by opening more stores, leading to higher numbers of shoppers overall. This format also introduced a new type of smaller store called Bodega Aurrerá Express, an innovative format that aims to exploit the latest trend for proximity shopping.

Mexico

Key Indicators

KEY INDICATORS	
GDP Growth	3.9%
Inflation	3.8%
Unemployment	4.5%
Internet Access	26.0%
% 50 Years or Older	16.9%
% 65 Years or Older	6.2%
Population (000s)	112,337
Households (000s)	25,915
Purchase Frequency p.a.	285
Household Size	3.9
Average Basket Spend	€ 3.99
Total FMCG Trend	5.7%
Fresh Foods Trend	n/a
Food/Drink Trend	8.0%
Personal Care Trend	5.5%
Super/Hyper FMCG Share	16.6%
Discounter FMCG Share	n/a
Private Label FMCG Share	1.3%

Promotions have also increased over the past two years and in 2011 almost 14% of Personal Care value sales were on promotions. This leads to some categories showing a stronger volume growth, but less impressive value trends thanks to the increasing use of promotions as a sales trigger.

USA

DID YOU KNOW?

Substitution of some of the main stock-up trips with more frequent and smaller trips, with lower basket spend has helped the Drugstore channel grow over the past year.

PANEL BASICS

Operating Company
SymphonyIRI

Main Panel Sample Size
85,000 Households

Method of Data Collection
In-home Scanning

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In 2011, the economic landscape remained challenging, yet improved slightly versus the prior year. Inflation reached a rate of 3.2%, up significantly versus 2009 and 2010 levels, but still below levels seen early in the economic downturn.

Retail sales climbed 8.3% for the year, with growth driven heavily by price increases. Average FMCG (CPG) industry prices increased just over 2%, but some categories saw much higher – even double-digit-inflation.

Employment improved slightly, but unemployment still remains quite high. Unemployment and underemployment are likely to remain quite high in the foreseeable future.

Analyses of consumer sentiment around the evolving economic evolution during the coming year paint a picture of opportunity and challenge. For instance, SymphonyIRI's MarketPulse survey reveals that 27% of consumers expect that their personal financial position will improve in the coming year. An equal share, though, are braced for a stagnant or deteriorating financial future.

Among those expecting improvements in the coming year, there is opportunity to drive sales growth and market expansion, for these consumers are beginning to open their purses just a bit, splurging on finer foods and personal pampering, and, perhaps, becoming more open to trying new products.

However, among optimistic and pessimistic shoppers alike, all indications point to a continued frugality and conservatism.

USA

In 2011, CPG unit sales slid and dollar growth was small and spurred on largely by inflationary pricing trends. In the grocery channel, unit sales declines were sharper, reflective of the intensity of consumers' appetite for value, and their willingness to shop across multiple CPG channels in order to attain that value.

The drug channel demonstrated standout growth for 2011, with unit sales climbing more than 2% and dollar sales up just over 4%. The drug channel has benefitted from a number of economic and environmental factors during the past year, including a decreased prevalence of pantry stock-up trips, replaced by more frequent quick trips, with lower basket spend that make cash flow swings less volatile.

For the year, the beauty/personal care department was a standout. Innovation is a key driver of strong growth in this area. During the past year, beauty marketers have used innovation to deftly address consumers' quest for smart, cost-effective products that allow them to indulge on a budget.

Within the drug channel, center store, fresh/perishable and frozen departments are seeing unit sales grow at a pace that is well above industry average, albeit that growth is occurring on a relatively small base. But, some drug retailers are intently focused on expanding their presence across food and beverage categories, so growth may continue to be quite strong.

Private label accounts for about 23% of unit sales and just under 19% of dollar sales across CPG channels. This is an increase versus 2008, but a slight decline versus 2010. Private label growth was strong in the mass merchandise and supercenter channels during 2011, where several of the private label brands are sizable and are perceived positively by consumers. And, within these channels, growth of private label lines continues to be a strong focus.

In the foreseeable future, the CPG industry will be marked by exceptionally conservative consumer behaviors. For instance, nearly three-quarters of consumers are making a shopping list before entering the retail environment. Digital media are playing an integral role in the pre-planning process and in helping consumers find new ways to save. The Internet is also being leveraged by consumers as a coupon delivery mechanism.

USA

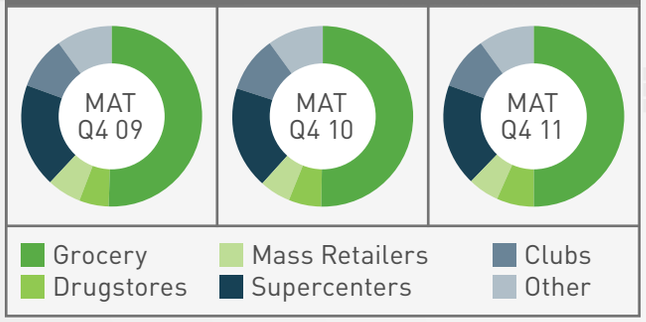
Key Indicators

KEY INDICATORS	
GDP Growth	3.9%
Inflation	3.1%
Unemployment	9.0%
Internet Access	76.7%
% 50 Years or Older	n/a
% 65 Years or Older	13.0%
Population (000s)	310,233
Households (000s)	118,682
Purchase Frequency p.a.	57
Household Size	2.6
Average Basket Spend	€ 27.60
Total FMCG Trend	2.3%
Fresh Foods Trend	6.4%
Food/Drink Trend	4.0%
Personal Care Trend	3.4%
Super/Hyper FMCG Share	48.5%
Discounter FMCG Share	18.4%
Private Label FMCG Share	18.7%

CATEGORY TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	1
Fresh Foods	■	■	■	3
Chilled Foods	■	■	■	5
Packaged Grocery	■	■	■	2
Frozen Foods	■	■	■	-1
Alcohol	■	■	■	-4
Soft Drinks	■	■	■	-2
Personal Care	■	■	■	2
Home Care	■	■	■	-2
Pet Foods	■	■	■	-2

TRADE CHANNEL SHARES

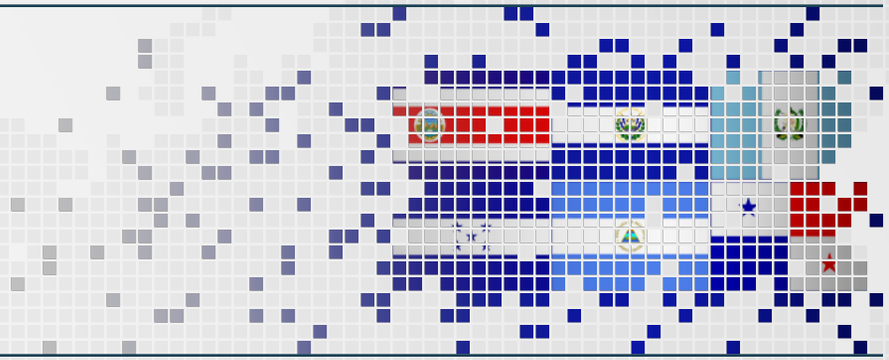


TRADE CHANNEL TRENDS

2011	Q1	Q2	Q3	Q4
FMCG	■	■	■	1
Grocery	■	■	■	1
Drugstores	■	■	■	13
Mass Retailers	■	■	■	-1
Supercenters	■	■	■	1
Clubs	■	■	■	-3
Other	■	■	■	1

■ Increase of more than 0.5%
■ Increase/decrease of 0.5% or less
■ Decrease of more than 0.5%

Central America



PANEL BASICS

Operating Company
Kantar Worldpanel

Main Panel Sample Size
3,300 Households Total – Includes: 550 Households (Costa Rica), 550 Households (El Salvador), 550 Households (Guatemala), 550 Households (Honduras), 550 Households (Nicaragua), 550 Households (Panama)

Method of Data Collection
Biweekly Interviewers Visits – Interview Based Scanning (IBS)

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In 2011 the overall economy grew versus 2010 mainly in Panama, Nicaragua and Costa Rica. Panama´s Canal construction has contributed to the higher growth, whilst El Salvador remains the more stable country economically in the area.

Exports show 15% growth, a higher percentage than imports, although in absolute terms each countries imports value is larger than exports.

Nicaragua had a local currency devaluation, while Guatemala showed a recovery from 2010 versus the US Dollar. Honduras and Costa Rica maintained currency stability versus the US Dollar.

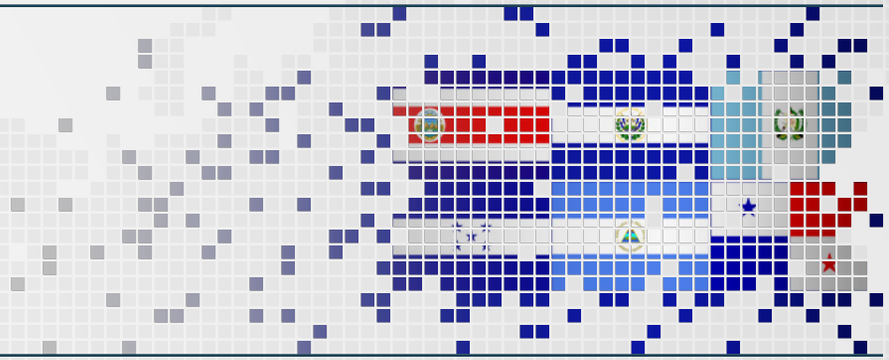
The consumption behaviour for Central American households remained stable. Total basket didn't show great variations, but some countries such as Guatemala and Panama showed increases. Guatemalan consumption has recovered from previous years, particularly in dairy products. More generally across the region, households bought low price brands in their search for cheaper options. As a result, value has seen a slower increase than volume.

Modern Trade channel is reaching more households, as a result of a Walmart's strategy of opening new discount stores. This is one of the channels displaying greater growth in most Central American countries, such as Guatemala, El Salvador and Costa Rica. Despite this, Traditional Trade remains the more important channel for FMCG home purchases, except in Panama, where modern trade is the most developed.

For 2012, economic growth is again expected, between 2% and 7%, with a greater expectation from Guatemala following governmental change. A higher income is expected from remittances, similar to the 2011 growth, and lower inflation levels, especially for Guatemala, Panama, El Salvador and Costa Rica.

Central America

Key Indicators



KEY INDICATORS	Costa Rica	El Salvador	Guatemala	Honduras	Nicaragua	Panama
GDP Growth	3.8%	1.4%	3.3%	3.2%	4.5%	8.0%
Inflation	4.7%	5.1%	6.2%	5.6%	7.9%	5.9%
Unemployment	7.7%	7.1%	4.0%	4.3%	7.8%	4.5%
Internet Access	24.7%	6.6%	5.9%	5.9%	4.4%	15.3%
% 50 Years or Older	41.1%	34.3%	25.2%	34.1%	32.7%	36.1%
% 65 Years or Older	n/a	n/a	n/a	n/a	n/a	n/a
Population (000s)	4,163	7,673	13,678	7,511	5,887	3,363
Households (000s)	1,128	1,945	2,679	1,578	1,420	933
Purchase Frequency p.a.	58	116	116	116	39	46
Household Size	3.7	3.9	5.1	4.8	4.1	3.6
Average Basket Spend	€ 8.93	€ 5.26	€ 4.72	€ 6.34	€ 15.96	€ 11.68
Total FMCG Trend	-12.9%	-15.0%	20.0%	-2.6%	0.9%	16.9%
Fresh Foods Trend	n/a	n/a	n/a	n/a	n/a	n/a
Food/Drink Trend	-2.0%	-9.0%	6.0%	0.6%	-3.0%	10.0%
Personal Care Trend	-5.0%	-1.0%	1.0%	-3.0%	2.0%	7.0%
Super/Hyper FMCG Share	17.2%	39.8%	9.5%	16.0%	2.8%	74.9%
Discounter FMCG Share	35.7%	11.4%	31.7%	16.7%	20.2%	0.4%
Private Label FMCG Share	6.0%	0.6%	1.1%	0.7%	0.2%	0.7%

Argentina

DID YOU KNOW?

Argentineans renew their cell phone every 15 months. At the bottom of the pyramid it is done more frequently: once a year.

80% of shopping trips are valued for less than USD 16 each.

PANEL BASICS

Operating Company
Kantar Worldpanel Argentina

Main Panel Sample Size
3,500 Households

Method of Data Collection
In-home Scanning

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In 2011 the economy continued to grow steadily. Macroeconomic indicators such as GDP (+8%) as well as exports and imports were quite positive. Local economy benefitted in the global context, as the price of raw materials reached historical levels. The government developed several plans for sustaining a low level of unemployment combined with a high level of internal consumption.

The inflation rate in Argentina remains one of the country's biggest concerns. According to official numbers 2011 inflation was 11%, however private estimations are much higher at 25%. In fact, the price of FMCG baskets grew by 24%.

While other goods and services consumption such as telecommunications, clothes, home appliances and restaurants grew significantly, the FMCG basket remained almost stable during this year (+1% in volume). Nevertheless, some changes inside the basket are evident.

As their economic situation improved, the lower income consumers expanded their spend by 4%. Contrary to this, the middle classes reduced their consumption as a result of the effects of price increases in other goods and services such as private education and insurance policies.

The key trend last year was the positive correlation between marketing activities and sales results. The FMCG basket presents countless examples of manufacturers taking an active approach to communicating, developing new varieties and innovating, most of which resulted in consistent sales growth.

Argentina

KEY INDICATORS	
GDP Growth	8.0%
Inflation	11.0%
Unemployment	6.7%
Internet Access	50.9%
% 50 Years or Older	49.2%
% 65 Years or Older	21.8%
Population (000s)	40,117
Households (000s)	11,670
Purchase Frequency p.a.	111
Household Size	3.4
Average Basket Spend	€ 6.98
Total FMCG Trend	19.1%
Fresh Foods Trend	n/a
Food/Drink Trend	17.8%
Personal Care Trend	20.1%
Super/Hyper FMCG Share	40.8%
Discounter FMCG Share	6.9%
Private Label FMCG Share	4.6%

This trend was particularly evident in home care products which, as a whole grew, by 3.8%. Some brands expanded to new markets, several delivered more premium products and others turned to value for money proposals. In each case, when the strategy was clear and well communicated, results were solid.

As a result of strong discounts offered by key accounts, the start of 2011 promised a positive outlook for the rest of the year. However towards the end of the year promotions were less attractive and consumers made fewer visits to retailers. In fact, in the last quarter, traditional channels gained market share reverting back previous trends.

Argentina faces several challenges in 2012: global context will remain complicated, generating uncertainty and making it difficult to gain access to international financing; inflation continues to rise; imports are limited to sustain a healthy trade balance; investment is highly concentrated in construction and public spend. In spite of these alarming developments, it is expected that both the economy and consumption will continue grow, possibly at lower rates.

Bolivia

DID YOU KNOW?

Located between Bolivia and Peru, Lake Titicaca is one of the most fascinating lakes in the world. It is situated at a very high altitude, at over 3800 meters above sea level.

PANEL BASICS

Operating Company
Kantar Worldpanel Bolivia, S.A.

Main Panel Sample Size
950 Households

Method of Data Collection
Self-completion Diary

Contact
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Bolivia's economy, primarily based on the export of precious minerals and gas, saw a stable year during 2011, largely due to the significant growth in the value of key export items. This growth was linked to the price increases in the international marketplace. These developments along with other factors, such as the improvement in international reserves, greater GDP and redistributing policies, have allowed the World Bank to improve Bolivia's rating from a poor country to a country of medium income.

The year was marked to a great extent by an increase in fuel prices (+73%), which was enacted and removed in December 2010. This had a direct effect on the mechanics of 2011 causing inflation to reach 6.9%, three points above the projected figure for the year.

Despite the export driven growth and overall good macroeconomic indicators, the growth in inflation and the increase in prices of basic products during 2011 forced the economy to adjust. The Bolivian shopping basket grew by 9% in value and 2% in volume during the year. Hot beverages and cleaning products were the best performers in volume, growing by 4% and 5% respectively. A change in coffee consumption habits, an upgrade from ground roasted to soluble, contributed to the growth. Moreover, new in-home cleaning habits generated an expansion of the basket.

Cold beverages performed well in comparison to last year with a 13% increase in value. The shopping basket grows also thanks to the juice category which in turn is driven by a tendency to follow healthy concepts. As a result tetra pack soy drinks are also well received by the consumer.

Bolivia

KEY INDICATORS	
GDP Growth	5.7%
Inflation	6.9%
Unemployment	6.5%
Internet Access	21.0%
% 50 Years or Older	24.0%
% 65 Years or Older	n/a
Population (000s)	10,629
Households (000s)	1,275
Purchase Frequency p.a.	279
Household Size	5.0
Average Basket Spend	€ 3.50
Total FMCG Trend	9.0%
Fresh Foods Trend	n/a
Food/Drink Trend	11.0%
Personal Care Trend	5.0%
Super/Hyper FMCG Share	10.0%
Discounter FMCG Share	n/a
Private Label FMCG Share	n/a

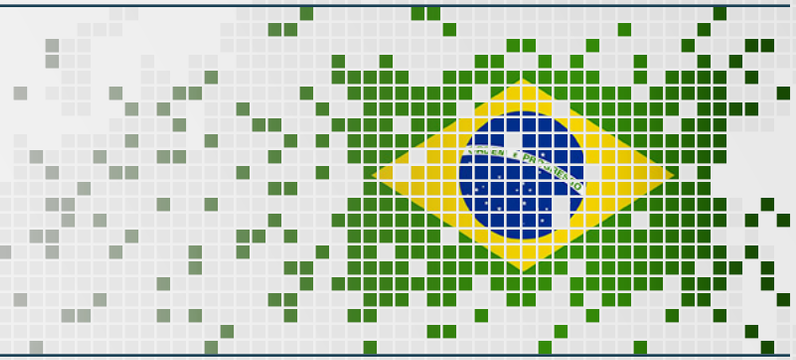
Promotional efforts in the Door-to-door trade and among more traditional companies have pushed the growth of personal care baskets, especially in deodorant, make-up and fragrance categories.

Cereals reported a 35% growth in volume benefitting from a variety of new and traditional brands mainly in modern channels. A variety of formats and new brands also supported the growth of cold sauces.

It's important to note that the regions that support much of this growth are Santa Cruz and EL Alto. Santa Cruz is a productive region with a large population migration, greater presence of modern channels and a highly sophisticated consumer. EL Alto, a new city, has very complex consumer base, but it has shown good development as a result of promotional strategies specifically aimed at new generations.

The increase of social bonuses benefits the poorest households and generates an increase in purchasing power among the low and marginal socio-economic levels improving their quality of life and providing plenty of opportunities for all brands for 2012.

Brazil



DID YOU KNOW?

80% of Brazilian´s population is Middle & Lower income classes.

Lower income class is driving the consumption recovery in 2012.

PANEL BASICS

Operating Company
Kantar Worldpanel Brazil

Main Panel Sample Size
8,200 Households

Method of Data Collection
Interview Based Scanners

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After two years of significant growth, in 2011, Brazil's GDP grew only 2.7%. Although modest, this growth was very significant considering the international economic turmoil. This result took Brazil to sixth place in the world's economy. Despite the slowdown in 2010, more than two million new formal jobs were created in 2011, which guarantees further progress by ensuring more balanced income distribution and social inclusion.

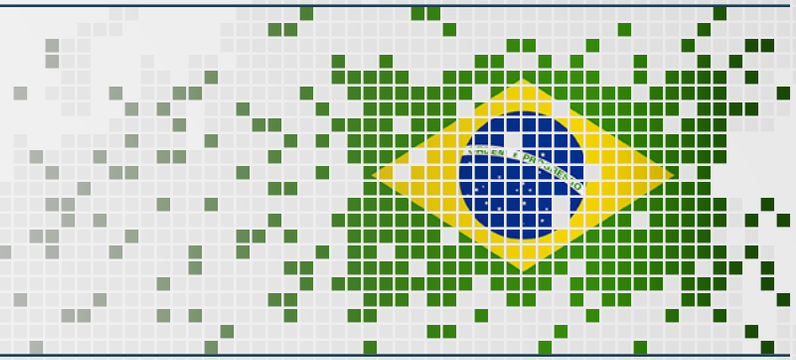
Employment and income sustained the 2011 consumption levels. However, growth in FMCG purchases remained stable (1% in units), although increased 10% in value. Price is a strong issue in Brazil. When prices are up, volume is immediately down, especially when it comes to FMCG, commodities and basic products. In 2011, prices were up 9% against 5% in 2010.

Home Care and Personal Care grew the most in 2011, 4% and 3% in units respectively, supported by a positive trend for premium products. In general, "Non Basics" were the highlights of the market and grew 3% in units in 2011.

Since 2008 the Modern Trade in Brazil has been losing importance: from 65% to 58% in 2011. While hypermarkets suffered major negative impacts, C-stores grew significantly.

The channels that increased their sales the most were Cash & Carry, Door to Door and Drugstores, due to new Shoppers, increased frequency and higher spend. This phenomenon is a result of the Brazilian household now visiting more and different channels to purchase their FMCG requirements. On average, 60% of the Brazilians go to 6 to 9 channels to shop.

Brazil



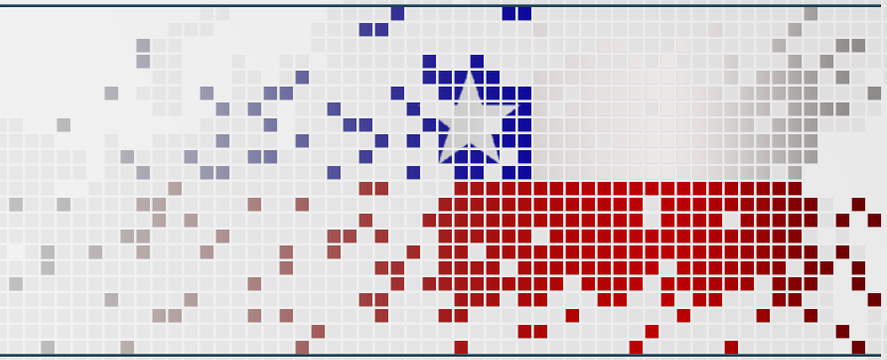
KEY INDICATORS	
GDP Growth	2.7%
Inflation	6.5%
Unemployment	5.9%
Internet Access	37.0%
% 50 Years or Older	22.0%
% 65 Years or Older	7.9%
Population (000s)	193,987
Households (000s)	57,557
Purchase Frequency p.a.	175
Household Size	3.3
Average Basket Spend	€ 5.94
Total FMCG Trend	10.0%
Fresh Foods Trend	n/a
Food/Drink Trend	8.2%
Personal Care Trend	18.3%
Super/Hyper FMCG Share	59.0%
Discounter FMCG Share	1.2%
Private Label FMCG Share	0.8%

Although 2011 was a year with lower level of consumption, Brazilians are optimistic about the future. The vast majority of the population (86%), states that it feels optimistic about the country's performance in 2012 according to Kantar Worldpanel Consumer Watch 2012.

There is also a good reason for such a positive outlook. The high level of employment in the country demonstrates the emergence of this improved economic phase. Unemployment rate is stable at 6%, one of the lowest ever. Furthermore, the government has implemented several initiatives to stimulate consumption and the effects are already being felt in the first quarter of 2012. The Brazilian population is already looking forward to becoming the fifth largest economy in 2012.

Finally, to set aside the overall underdevelopment in relation to consumption, the big challenges for FMCG in the future are access and intensity; Intensity of purchase, intensity of consumption and intensity of use.

Chile



DID YOU KNOW?

Walmart is the number one retailer in the Chilean market with a market share of 36% of household FMCG expenditure.

PANEL BASICS

Operating Company
Kantar Worldpanel

Main Panel Sample Size
2,000 Households

Method of Data Collection
Weekly Visits from Interviewer

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During 2011 Chile showed in general positive economic development, which is reflected in several macro-economic indicators. The leading indicator, GDP, grew by 6%, a result of a number of economic activities.

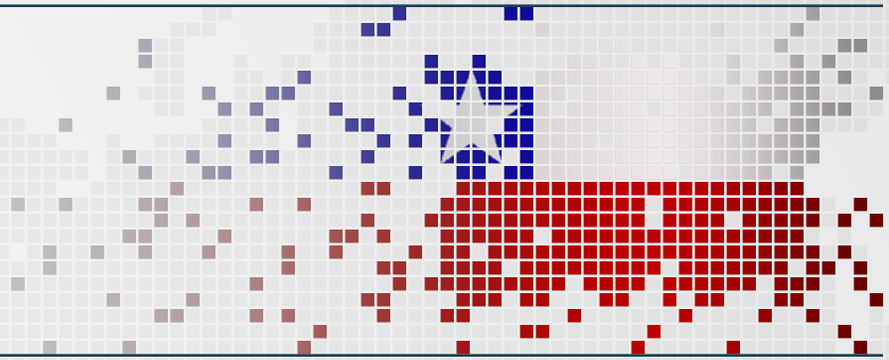
Inflation rate continues to be under control, reaching 4.4% at end of the year. This was very positive as nominal wages grew by 6.3%, increasing the purchasing power of Chileans, especially those with lower incomes. This was accompanied by the lowest unemployment rate in recent years (6.6%)

Other performance indicators were also positive: exports (+13.5%), imports (+26.8%) and growth in the construction industry (+9%).

However any FMCG categories showed little or no growth. This can be explained by growth in other expenditure areas such as restaurants (+6%), travel (+11%), clothing (+14%), footwear (+20%), cars (+21%). This means that Chileans are allocating more of their earnings to non essential items.

Although FMCG did not grow, there were several interesting things that happened during 2011. Some years ago, households began to make more efficient shopping trips, namely purchasing less frequently but buying a greater volume each trip. In 2011 the annual frequency of purchase decreased by 4.4% accumulating a fall of 13% in the last four years, whilst volume per trip increased by 3.7% reaching a cumulative growth of 13% since 2008. We believe that this trend will continue during 2012.

Chile



KEY INDICATORS	
GDP Growth	6.0%
Inflation	4.4%
Unemployment	6.6%
Internet Access	50.4%
% 50 Years or Older	29.4%
% 65 Years or Older	15.2%
Population (000s)	17,402
Households (000s)	3,895
Purchase Frequency p.a.	128
Household Size	3.5
Average Basket Spend	€ 9.50
Total FMCG Trend	5.4%
Fresh Foods Trend	n/a
Food/Drink Trend	4.6%
Personal Care Trend	1.6%
Super/Hyper FMCG Share	65.4%
Discounter FMCG Share	3.6%
Private Label FMCG Share	7.2%

In FMCG the categories that grew the most in 2011 were non essential products like breakfast cereals, RTD juices, ketchup, bottled water, household cleaners and beer. In terms of innovation the Homecare category was the most dynamic. Several Homecare brands have expanded their product range to other adjacent categories.

Bottled water was also a successful category in 2012, increasing the number of variants in order to reach more consumers.

The most dynamic channel has been wholesalers, reaching 11% of market share, becoming the second most important channel and dropping neighbourhood stores to third place. This trend has impacted on the previously mentioned evolution of frequency of purchase and volume per trip.

Walmart is still the leader in the Chilean market, receiving 36% of household FMCG expenditure. This retailer, like the wholesalers, has increased its frequency of purchase and this factor has been the main driver behind its growth.

All indications are that Chile will continue on the path of growth. The Central Bank expects that GDP will be 4.5% by the end of 2012. Similarly, we do not expect big changes in FMCG in 2012. Growth of non essential products is likely to continue whilst channels that encourage larger purchases are also likely to continue to do well.

Colombia

DID YOU KNOW?

Spending in FMCG categories has increased most among the lower socio-economic classes due to their increased purchasing of mainly basic food categories.

PANEL BASICS

Operating Company
Kantar Worldpanel Colombia, S.A.

Main Panel Sample Size
4,140 Households

Method of Data Collection
Weekly Interviewer Visits

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In 2011 the Colombian economy showed promising development with a 6.1% growth in the GDP, foreign investment also increased, as well as exports (43%). This positive environment is further reinforced by a higher consumer confidence index, showing superior household investments on FMCG categories.

In the 72 categories audited in Colombia, households have generated greater expenditure (6%) especially in food and beverage baskets. Households in the low socio-economic levels demonstrate the greatest rise in spending within the FMCG market, a 9% increase in comparison to 2010. Their higher investment is as a result of purchases in categories such as milk, artisan bread and rice.

The modern trade is being impacted by less frequent visits form households because they are investing more in alternative channels, such as convenience stores.

86% of the measured basket growth in 2011 was driven by foods and beverage categories such as sausages (21%), rice (5%) and artisan Bread (7%). Regardless of price increases, milk increased by 11% and yogurt by 15% as a result of higher purchase frequency.

Despite this good performance, there are some categories that declined in 2011. Households consumed less beer (-11%) due to lower volumes purchased per trip, while the decline of pasta and RTD juices, both down by 5%, was driven by fewer purchase occasions.

Colombia

KEY INDICATORS	
GDP Growth	6.1%
Inflation	3.7%
Unemployment	10.8%
Internet Access	54.0%
% 50 Years or Older	19.0%
% 65 Years or Older	10.0%
Population (000s)	46,500
Households (000s)	12,741
Purchase Frequency p.a.	264
Household Size	3.9
Average Basket Spend	€ 3.70
Total FMCG Trend	5.8%
Fresh Foods Trend	n/a
Food/Drink Trend	7.7%
Personal Care Trend	1.0%
Super/Hyper FMCG Share	24.0%
Discounter FMCG Share	n/a
Private Label FMCG Share	n/a

In 2011, 45% of households expressed their concern about their health and 65% stated that they have changed their nutritional habits through healthy and well-balanced meals. This could be one of the reasons for the higher consumption of milk products. 74% of households claimed they would change their brand for a healthier alternative.

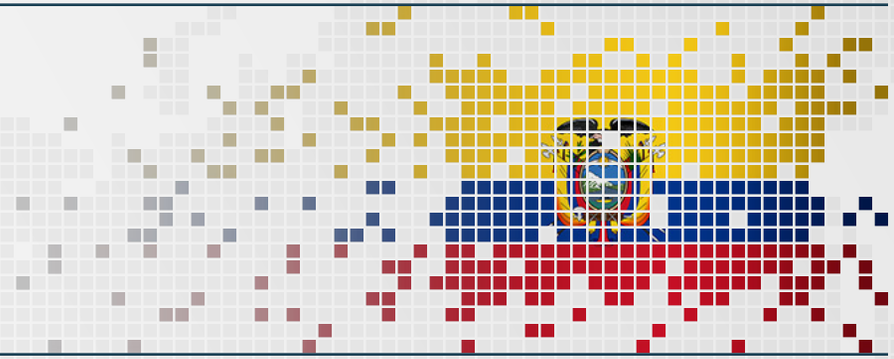
These habitual changes are affecting households' purchasing behaviour when selecting brands. Households are investing more in national brands within the beverage basket, while in the foods basket international brands have a stronger presence.

In Colombia private labels represent 7% of households' investment for all categories. Private labels are particularly strong in the beverage category, recording the highest growth and achieving 12% of households' expenditure in this category in 2011.

The Colombian economy is improving and consumer confidence is strengthening year on year. The variety of channels presents a multichannel shopper with a lot of choices, expectations and needs. Shoppers are becoming more demanding, leading to a more complex and competitive market. The key to success is getting a deep understanding of buyers, which will provide manufacturers with greater knowledge of consumer needs.

In 2011, 74% of Latin American household's state that they view their personal economic situation to be better than the last year, but in Colombia the figure is a higher 81%. For 2012 this expectation increases to 86% for LatAm and 91% for Colombia, presenting major opportunities for expenditure growth in 2012.

Ecuador



DID YOU KNOW?

Modern trade has a 37% market share in value terms and compared to the rest of Latin America has experienced moderate growth over the past year.

PANEL BASICS

Operating Company
Kantar Worldpanel Ecuador S.A.

Main Panel Sample Size
1,000 Households

Method of Data Collection
Weekly Interviewer Visits

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2011 was a year of growth for Ecuador's economy. GDP increased +6.5% on 2010 and is expected to continue to grow throughout 2012 (+ 5.4%). Average expenditure has increased within every social grade, particularly among the lower levels. Increased consumption has been driven by the falling unemployment rate (5%in 2011). Both local produce and imports have benefitted from this growth.

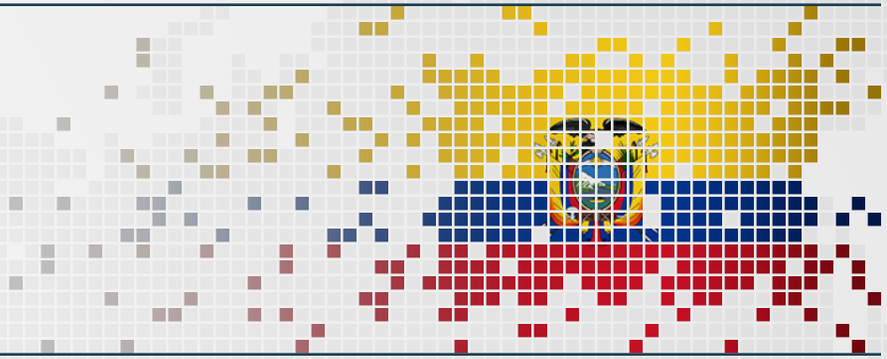
Average FMCG expenditure has increased year on year as a result of increased prices as well as rising inflation, which has reached 5.4% – the highest level for 3 years.

Ecuadorian households have chosen not to save money, preferring to spend the majority of disposable income, as well as turning to credit cards. Increasing use of credit cards over the past few years has also contributed to increasing levels of consumption. These credit cards are mostly use in modern trade outlets and often used to purchase electrical domestic goods.

Both modern and traditional trade channels have demonstrated growth, with the growth of FMCG driven largely by the performance of traditional trade outlets. Traditional trade is prospering in the positive economic climate. Meanwhile modern trade occupies a 37% market share in value terms and compared to the rest of Latin America has experienced moderate growth over the past year.

In terms of cities, both Quito and Guayaquil developed versus 2010 – Guayaquil out-growing Quito as a result of an increasing purchase frequency. When comparing penetration of the top ten categories across the two cities for 2011, findings suggest that households in Quito and Guayaquil behave very differently in terms of their purchasing. Similarities do however exist – detergent and noodles rank in the top five categories in both cities.

Ecuador



KEY INDICATORS	
GDP Growth	5.4%
Inflation	5.4%
Unemployment	5.1%
Internet Access	30.0%
% 50 Years or Older	41.3%
% 65 Years or Older	n/a
Population (000s)	14,483
Households (000s)	3,820
Purchase Frequency p.a.	263
Household Size	3.8
Average Basket Spend	€ 3.81
Total FMCG Trend	12.0%
Fresh Foods Trend	n/a
Food/Drink Trend	14.0%
Personal Care Trend	9.0%
Super/Hyper FMCG Share	37.0%
Discounter FMCG Share	n/a
Private Label FMCG Share	n/a

In terms of beverages, dairy occupies a quarter of value sales, with milk driving the beverage basket development. Sodas also continue to grow. Food however is outgrowing beverages – particularly those categories for which shoppers pay more yet form part of the basic food basket of most Ecuadorian households e.g. breakfast cereals, margarine and butter.

Households spend on average the most on personal care; with spend on the category increasing as a result of growing prices, particularly for fragrances. Household care is also in growth thanks to added value categories such as fabric softeners and paper towels. The increased purchasing of such products shows the growing demands of consumers in Ecuador.

Peru

DID YOU KNOW?

Personal wellbeing is high on the agenda for consumers in Peru and this has translated to positive development within Personal Care and other Personal Health categories.

PANEL BASICS

Operating Company
Kantar Worldpanel Perú, S.A.

Main Panel Sample Size
3,800 Households

Method of Data Collection
Weekly Interview Scanning & Pantry Check

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The year 2011 in Peru was marked by unprecedented volatility in short-term expectations. However, the country's macro-economic situation has not changed much in comparison to the previous year. The increase in GDP was 6.8% and although this was weaker than past performance, considering the global situation this is an enviable rate of growth. On the other hand, exports increased 30% more than in 2010. Rising commodity prices impacted on inflation, which at the end of the year reached 4.64%.

A good year for private investment is expected for 2012. Mining activity is expected to recover and GDP will grow by approximately 5.5%. Against such forecasts 2012 can be seen as a year of cautious optimism. As such Peru has the right economic environment to remain an attractive investment destination.

Consumer expectations remained at high level throughout the year. Consumers remained optimistic during all of the year, regardless of elections and the decline in economic confidence by employers during the months of April to July, months in which the elections took place.

Consumption continued to grow this year (+3%) benefitting from the overall economic conditions. The provinces are leading the growth due to increased purchasing power from households that generate more specialized and higher consumer spending. Outside the capital, the average personal and home care categories are growing at over 7%. Within such overall performance we have seen the emergence of more planned purchases and an evaluation of price and perceived benefits.

Peru

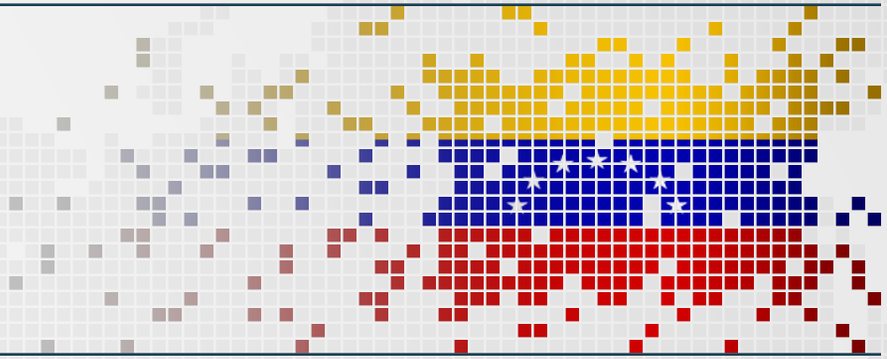
KEY INDICATORS	
GDP Growth	6.8%
Inflation	4.7%
Unemployment	7.0%
Internet Access	16.5%
% 50 Years or Older	n/a
% 65 Years or Older	6.4%
Population (000s)	29,798
Households (000s)	6,622
Purchase Frequency p.a.	240
Household Size	4.1
Average Basket Spend	€ 5.12
Total FMCG Trend	9.0%
Fresh Foods Trend	n/a
Food/Drink Trend	10.0%
Personal Care Trend	12.0%
Super/Hyper FMCG Share	17.6%
Discounter FMCG Share	n/a
Private Label FMCG Share	0.9%

In addition to the observed growth in personal care categories, other personal health related categories have fared well during 2011, suggesting that consumers are paying more and more attention to their personal wellbeing.

The modern trade channel and food markets continued to gain ground. Modern trade saw an increase in average basket value and penetration in the last month of the year was 51%. Opening of new stores encouraged spending on the channel as well as penetration development, especially in the provinces, where spending on the channel was 28% higher than last year.

The retail impact of the increase in planning has resulted in a decrease in purchase frequency of 5% compared to 2010.

Venezuela



DID YOU KNOW?

The government enacted a price controlling legislation in 2011 covering specific FMCG categories to try to reduce the high inflation levels.

PANEL BASICS

Operating Company
Kantar Worldpanel Venezuela

Main Panel Sample Size
2,300 Households

Method of Data Collection
Self-completion Diary

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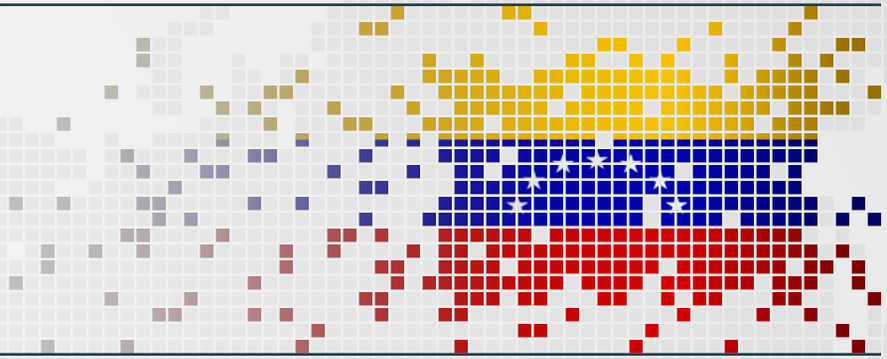
In 2011, Venezuela's GDP (4th in Latin America) managed to recover against the previous year's contraction (+4.3% in 2011 against -1.9% in 2010). This growth was mainly driven by the international price of the petroleum barrel. Venezuela indeed remains highly dependent on oil revenues, which account for approximately 95% of export earnings, 55% of the federal budget revenues and 30% of GDP.

President Hugo Chavez's continuous efforts to increase the government's control of the economy by nationalizing firms in the agricultural, financial, construction, oil and steel sectors have hurt private investment, reduced productive capacity and slowed non-petroleum exports. In this context, Venezuela faced macroeconomic imbalances in 2011 resulting from the government's unorthodox economic policies, housing and electricity crises.

Despite the government's efforts to control prices on some necessity products (milk, flour, sugar, etc.) they haven't been able to defeat inflation. In 2011, the official inflation was set at 27.6%, slightly higher than in 2010. As in previous years, these price regulations linked to government's control of the currency, have greatly affected manufacturers. This is due to the fact that most FMCG products are imported and face several restrictions leading to supply issues in several categories.

As a result of constant price increases, speculation and scarcity of products, Venezuela's consumers continue to change their consumption habits. Their intention is to maximise the spending power of their income, which hardly covers their basic living expenses. This is mainly reflected in a declining purchase frequency for the majority of products and the reduced purchasing of some non-essential products.

Venezuela



KEY INDICATORS	
GDP Growth	4.2%
Inflation	27.6%
Unemployment	7.8%
Internet Access	48.4%
% 50 Years or Older	n/a
% 65 Years or Older	5.4%
Population (000s)	27,150
Households (000s)	7,148
Purchase Frequency p.a.	272
Household Size	4.0
Average Basket Spend	€ 8.30
Total FMCG Trend	29.6%
Fresh Foods Trend	n/a
Food/Drink Trend	30.5%
Personal Care Trend	25.7%
Super/Hyper FMCG Share	45.8%
Discounter FMCG Share	n/a
Private Label FMCG Share	<1%

By the second half of 2011, President Hugo Chavez enacted the "Law for Costs and Fair Prices", a new price control mechanism aimed at putting an end to speculation and hoarding. According to the government, this law intends to protect and defend people's economic rights to access goods and services. The law allows the government to limit prices across broad sectors of goods and services, including the FMCG industry. The first phase of the application of this law affects a total of 19 home care and personal care categories* which have had to reduce their prices between 4% and 25% since April 1st.

The implementation of this law will definitely bring a whole new dimension to FMCG consumption in Venezuela for 2012. Also, as 2012 will see a presidential election, an increase of the liquidity promoted by the government is expected. This will increase the inflation rate for this year (over 30%). Scarcity and out-of-stocks for many products are likely to continue to affect Venezuela.

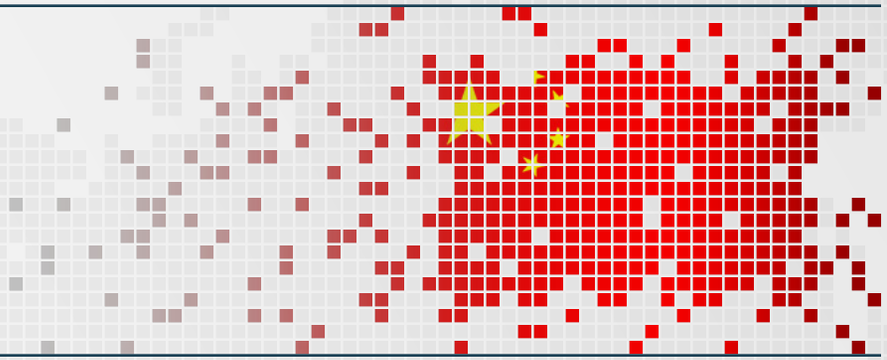
* Floor waxes, chlorine, detergents, fabric conditioners, hand dishwashing detergents, disinfectant cleaners, shampoo, hair conditioners, deodorants, toilette soap, razors, toilette paper, pads, diapers, toothpaste, mouth wash, mineral water and pasteurized juices are the 19 articles that the "Law for Costs and Fair prices" began to control as of April 1st 2012.

Asia

THE FAR EAST

China	122
India	125
Indonesia	127
Japan	129
Korea	131
Malaysia	134
Philippines	137
Taiwan	140
Thailand	143
Vietnam	146

China



DID YOU KNOW?

Central and Western regions of China are particularly buoyant when it comes to FMCG development, something in the past associated more with key cities such as Shanghai and Beijing.

PANEL NEWS

We now provide a measurement of our panel members media consumption linked with their actual FMCG purchase behaviour.

While the rest of the world continued to suffer from stagnant economic growth, China continued to enjoy relatively strong GDP growth of 9.2% in 2011 and relatively low unemployment, which remains fairly stable at around 4%.

The reported value growth for the FMCG market in 2011 was 18%, almost double the GDP growth rate. This growth is partly driven by inflation, and at the same time, many consumers are upgrading to more premium products.

The historically more affluent areas such as Shanghai and Beijing continue to be important, but in terms of growth opportunities, we are starting to see stronger growth coming from the central and western regions which were previously untapped. For example, 21% value growth in Sichuan and Chongqing region, 33% value growth in southwest region (Yunnan, Guizhou and Guangxi provinces), and 26% value growth in Anhui and Henan region.

Online shopping is another strong growth trend we have observed in China as internet penetration approaches 40% and continues to grow rapidly. Online shopping is presenting an opportunity for businesses that are prepared to explore channels other than the traditional "bricks and mortar" outlets. The growth was initially driven by non-FMCG products, such as clothing, but with the development of logistics and professional FMCG e-commerce retailers, FMCG online shopping has started to take off. In 2011, 20% of households have shopped for FMCG products online with each household spending an average of 386 RMB in total.

Consumers used to purchase mainly non-food FMCG categories such as cosmetics and personal care products online, but they are gradually getting used to buying food categories

China

PANEL BASICS

Operating Company
Kantar Worldpanel China

Main Panel Sample Size
40,000 Households

Method of Data Collection
In-home Scanning

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China

online as well. Non-food online value growth rate was 39% in 2011, while food online value growth reached 54%, especially for snack foods, such as candy, coffee, chocolate and biscuit, where the buyer growth of these food categories exceeds 50%.

Another trend we expect to see continue in 2012 is the increased level of product sophistication as consumers demand increasingly more specific and individual products. For example, 10 years ago, toothpaste was a very simple product category. Now it is significantly more fragmented with a wide array of products on offer, boasting a variety of benefits.

Similarly, when international players such as L'Oreal and P&G first entered China, they mainly pushed face cream and face cleaning. Now, we can find eye cleaning oil/liquid. The degree of product segmentation is rising. From a consumer growth point of view, face cream and face cleaning only increased 3%, whereas the growth of eye cleansing products reached 16%. As demand grows, consumers are increasingly unsatisfied with those basic products and rapidly expanding their usage repertoires.

Similar trends have been observed in male grooming as well as food categories, where health concerns have also helped to drive the growth of some emerging category segments.

Chinese consumers are becoming more sophisticated and demanding in terms of their repertoire as incomes continue to rise in 2012. This trend could be further supported by an increasing number of households, as many younger people now have the means to live apart from their parents and choose their own products more freely. Businesses looking to accelerate their growth are well advised to pay attention to the emerging opportunities for capturing the growing appetite for regime usage and product upgrades.

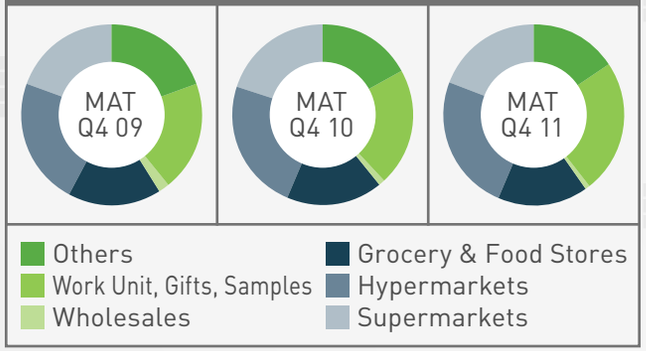
China

Key Indicators

KEY INDICATORS	
GDP Growth	9.2%
Inflation	5.4%
Unemployment	4.1%
Internet Access	38.3%
% 50 Years or Older	28.5%
% 65 Years or Older	9.1%
Population (000s)	1,371,000
Households (000s)	402,000
Purchase Frequency p.a.	96
Household Size	2.8
Average Basket Spend	€ 8.40
Total FMCG Trend	18.1%
Fresh Foods Trend	n/a
Food/Drink Trend	19.5%
Personal Care Trend	12.4%
Super/Hyper FMCG Share	43.4%
Discounter FMCG Share	n/a
Private Label FMCG Share	0.3%

CATEGORY TRENDS			
2011	Q2	Q3	Q4
Total FMCG	■	■	18.1
Household Products	■	■	18.4
Personal Care	■	■	12.4
Dairy	■	■	12.3
Packaged Groceries	■	■	19.5
Beverages	■	■	22.5

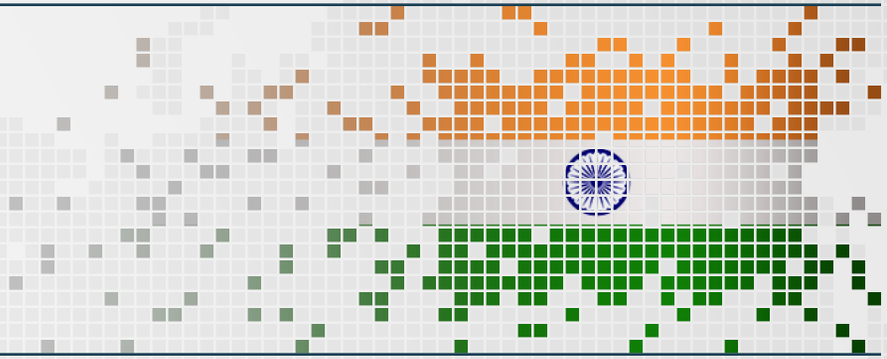
TRADE CHANNEL SHARES



TRADE CHANNEL TRENDS – MAT			
2011	Q4/09	Q4/10	Q4/11
Work Unit, Gifts, Samples	–	■	32.6
Wholesales	–	■	-10.8
Grocery & Food Stores	–	■	11.5
Hypermarkets	–	■	21.7
Supermarkets	–	■	13.3

- ■ Increase of more than 0.5%
- ■ Increase/decrease of 0.5% or less
- ■ Decrease of more than 0.5%

India



DID YOU KNOW?

Some consumers are dropping non-essential product categories from their baskets, a coping behaviour which is supported by less frequent store visits in an attempt to help curb impulse purchases.

PANEL BASICS

Operating Company
Kantar Worldpanel India (IMRB)

Main Panel Sample Size
70,000 Households

Method of Data Collection
Diary & Interview

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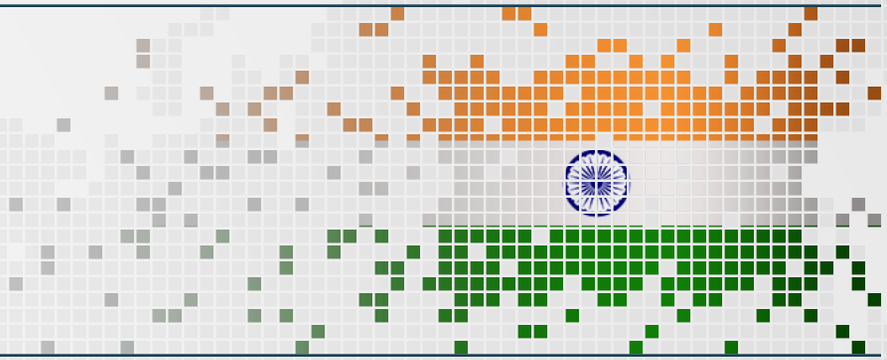
For the last few years, India has been one of the fastest growing economies in the world with GDP growth of around 8%. This phenomenon has led to rapidly growing incomes from Rs 30411 per capita in 2006 to Rs 61054 per capita in 2011. However, this year has seen a drop in the estimated GDP growth rates from 8.3% in 2010-11 to 6.9% in 2011-12. This is largely due to the decline in the agricultural and manufacturing sectors.

The economic downturn has been further aggravated by the fall in the value of the Rupee vis-à-vis the US Dollar, rising unemployment and falling investment rate. Inflation rate has been falling over the last few months mainly due to the measures taken by the Reserve Bank of India such as increasing the Cash Reserve Ratio (CRR), however, prices remain above the comfort zone in essentials like food, fuel etc.

The impact of the slowdown has resulted in a decline in consumer confidence with the consumer becoming more cautious. FMCG consumption in urban India is considerably hit with marginal growth in volume and in value. The Household and Personal care categories have increased, mainly due to increasing prices. On the other hand, the rural consumer's basket has remained insulated – there could be various reasons for that – the NREGA scheme providing employment, farm loan write-offs, higher prices of farm produce, etc.

India



KEY INDICATORS	
GDP Growth	8.4%
Inflation	9.3%
Unemployment	10.8%
Internet Access	3.1%
% 50 Years or Older	13.7%
% 65 Years or Older	4.8%
Population (000s)	1,210,193
Households (000s)	246,692
Purchase Frequency p.a.	123
Household Size	4.9
Average Basket Spend	€ 0.86
Total FMCG Trend	8.0%
Fresh Foods Trend	n/a
Food/Drink Trend	7.0%
Personal Care Trend	9.0%
Super/Hyper FMCG Share	2.0%
Discounter FMCG Share	n/a
Private Label FMCG Share	n/a

Even in India we see some of the fairly common coping behaviours among FMCG shoppers. Some consumers are dropping the non-essentials from their purchase basket, a behaviour which is supported by less frequent store visits in an attempt to curb such impulse and non-essential purchases. Some households are cutting down their overall consumption by purchasing smaller quantities as well as stretching the pack. Finding alternatives in cheaper products or buying economy packs, thus getting more for less, is a saving mechanism favoured by some of the Indian households.

When one looks at the overall share of wallet, it can be observed that non-FMCG share is growing faster than that of FMCG. Non FMCG categories that show the highest growth are Telecommunication, Travel, Education, Utilities. FMCG categories that are growing in share are Personal Grooming, Convenience Foods and Health foods.

Key trends in Indian lifestyles that have led to the growth in the above categories are for example the growing body consciousness both in terms of personal appearance and health and well-being, as well as the evolving role of women in the Indian society. Also an overall openness and willing to experiment with new food products is benefitting certain product categories.

Indonesia

DID YOU KNOW?

Reliance on Traditional Trade channel translates to one of the highest number of purchase occasions annually across Asia.

GDP in Indonesia grew by 6.5% in 2011, the strongest growth rate for the country in a decade. At the same time, inflation was also high at 6%. This year, the economy is expected to remain strong with GDP growth forecast at 6.3%. Inflation is expected to be around 5% but still subject to the government's decision on fuel prices. The original intention of the government to raise subsidized fuel prices by 33% on 1 April 2012 is now on hold after demonstrations from citizens. Consequently, the government has decided to postpone increasing fuel prices for six months.

Indonesia is heavily dependent on domestic consumption and this remains strong for 2012. Over the years Indonesia's economy has proven resilient with little adverse impact from the world's economy because of its strong reliance on domestic trade.

Consumers in Indonesia continue to shop very frequently, purchasing relatively small baskets on each shopping occasion. The annual frequency of shopping for packaged goods excluding fresh foods is 344 times per year. This is related to the predominant nature of consumers in Indonesia still relying on the traditional trade to purchase their daily necessities.

Modern Trade share is dominated by flourishing Mini Markets all across the country, providing convenience to consumers in their neighbourhood and beyond. Other Modern Trade formats such as Hypermarkets and Supermarkets are being challenged by the emergence of Mini Markets.

It will be interesting to see how 2012 will unfold. As of now, the signs remain very strong.

Indonesia

Key Indicators

KEY INDICATORS	
GDP Growth	6.5%
Inflation	6.3%
Unemployment	6.6%
Internet Access	22.0%
% 50 Years or Older	16.0%
% 65 Years or Older	5.1%
Population (000s)	236,000
Households (000s)	54,000
Purchase Frequency p.a.	334
Household Size	4.3
Average Basket Spend	€ 1.60
Total FMCG Trend	n/a
Fresh Foods Trend	n/a
Food/Drink Trend	n/a
Personal Care Trend	n/a
Super/Hyper FMCG Share	9.1%
Discounter FMCG Share	n/a
Private Label FMCG Share	n/a

PANEL BASICS

Operating Company
Kantar Worldpanel Indonesia

Main Panel Sample Size
7,100 Households

Method of Data Collection
Weekly Interviewer Based Scanning

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Japan

DID YOU KNOW?

Online shopping continues to grow in Japan and this is resulting in share declines for more usual trade channels.

PANEL BASICS

Operating Company
INTAGE Inc.

Main Panel Sample Size
50,000 Households

Method of Data Collection
Out-of-Home & In-Home Scanning & Online

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Japan

The natural disaster on the 11th of March 2011 had an immense impact on the Japanese economy. As a result GDP contracted by 0.75% on an annualised basis in 2011 and current account deficit expanded to a record low of 437.3 billion yen in January 2012. This phenomenon was a result of the strong yen hurting Japanese exports and rising energy imports used to offset the declining use of nuclear power. In spite of these negative economic indicators, the unemployment rate remained stable at approximately 5%.

Although consumer confidence has yet to return to pre-quake levels, it has gradually recovered – evident in the diminishing impact of "self-restraint" consumption. The level of consumption is expected to be relatively positive as the nation enters 2012, as the Japanese population puts the great disaster behind them.

In the aftermath of the earthquake, demand for "quake-related" goods soared due to the increased interest in disaster preparedness. Apart from dosimeters (to measure radiation), these goods included batteries, storable foods, bottled water, disposable heating pads, single-use cleaning products and protective masks etc. However, the demand for these goods proved to be temporary, as sales dropped a few months later after the disaster-induced anxiety subsided. In contrast, demand for products such as bottled drinks and mineral water remained significantly high throughout the year due to concerns over radioactive contamination in drinking water. The Japanese media also reported prominent changes in consumption behaviour e.g. many households, especially those with infants, switched to using mineral water for home cooking.

Japan

KEY INDICATORS	
GDP Growth	-0.8%
Inflation	-0.3%
Unemployment	4.5%
Internet Access	93.8%
% 50 Years or Older	43.3%
% 65 Years or Older	23.1%
Population (000s)	128,056
Households (000s)	51,952
Purchase Frequency p.a.	177
Household Size	2.5
Average Basket Spend	€ 12.47
Total FMCG Trend	0.0%
Fresh Foods Trend	n/a
Food/Drink Trend	0.0%
Personal Care Trend	0.0%
Super/Hyper FMCG Share	62.8%
Discounter FMCG Share	n/a
Private Label FMCG Share	n/a

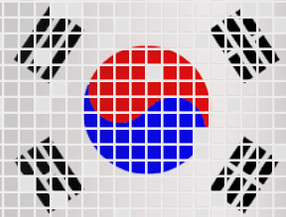
Besides the categories mentioned earlier, there were others with increased seasonal demand. These categories were hay fever products – masks and over-the-counter allergy medicine – during spring and "cooling products" during the summer. Last spring, Japan experienced a heavy pollen season which led to surging sales of hay fever products. In the summer, sales of "cooling" products rose as many companies limited the usage of air-conditioning when the nation entered an "energy-saving" mode. Most of the nuclear plants accounting for a significant proportion of energy were closed for stress tests and could not generate electricity.

As for intangible products and services, there was a sizeable increase in Japanese tourists who leveraged the strong yen by travelling abroad – especially to nearby countries such as Korea and Taiwan. In contrast, the number of foreigners visiting Japan plummeted due to concerns over radioactivity.

With regards to retailers, the usage rate of all four pre-existing retail channels – general merchandising stores, supermarkets, drugstores and home centres – saw declines. Conversely, there was a striking movement of market share from pre-existing channels to home-delivery ones, in the form of mail order and online supermarkets.

The probable reasons for the considerable shift to "online" could be due to convenience, and also the perception that goods sold online are of negligible difference from those bought at physical retail stores.

Korea



DID YOU KNOW?

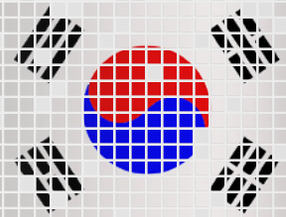
Consumer preferences are becoming more polarised in Korea, with strong growth both in lower value Private Label as well as in value-add health and premium product categories.

In 2011, the Korean economy showed a lacklustre movement with its real GDP growth at 3.4%. This is in clear contrast to 6.2% growth from the previous year when the nation led the global economic recovery from the recession in 2009. This weaker performance is in part related with the private spending growth slowdown from 2.9% to 1.2%. This was not offset by the government spending remaining relatively stable with an election coming up in 2012. There is no surprise that the consumer sentiment index recorded mere 99 points in December 2011, most people holding a rather grim view of the economic conditions in the future.

Driving the development of a more pessimistic opinion on the future state of the economy was high inflation, with the CPI measure reaching 4.9% as of the 4th quarter in 2011. On top of the ever-increasing price of food and oil, concerns about a further increase in the overall cost of living materialized with the public transportation and utility price hikes, as well as that of clothes and home consumables. The Bank of Korea forecasted, however, that the inflation will slow down to 3.3% in 2012 with many manufacturers taking necessary response measures to raw materials price increases and consumers making product/brand choices accordingly. Economic growth for the year ahead was forecasted at 3.7%.

Amid the overall price increase across FMCG markets, consumer behaviour has become more sophisticated. Firstly, private label products soared with growth of 41.7%, led mostly by food-related categories such as candy, cereal, and milk. However, price was not the only factor affecting purchase behaviours. Households did not seem concerned about making bold investment choices in categories where they saw an appropriate value. Growing awareness

Korea



PANEL BASICS

Operating Company
Kantar Worldpanel Korea

Main Panel Sample Size
3,000 Households

Method of Data Collection
Self-completion Diary

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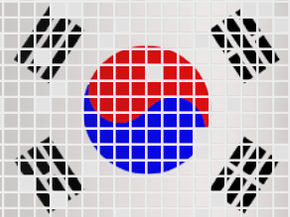
of the importance of healthy eating was reflected in the rise of organic and/or diet-related segments in many categories. Premium segments in personal care and cosmetics categories surpassed the total category in their growth rates. Such a combination of value and added-value trends suggests a polarisation in consumer preferences.

Also a universal trend in consumer behaviour across a wide variety of categories was the growth of bulk-purchasing. Supporting such a change came from several pack-size increases in household products and packaged grocery, increases in promotions especially in personal care, and the rise of volume-friendly home-delivery channels such as TV Home Shopping and Internet. This overall phenomenon resulted in a decrease in frequency, a change most noticeable in household goods category.

In the overall retail environment, hypermarkets posted growth of 7.9% in 2011, strongest in three years, after a particularly stagnant previous year. Support for this overall trend came from the 'comeback' of Emart as well as the continuously bullish growth of Costco. However, hypermarkets may have a hard time ahead in 2012 with a new legislation limiting business hours of hypermarkets. This legislation is intended to help Mom & Pops and other small-size local grocers defend their business within their local communities.

Korea

Key Indicators

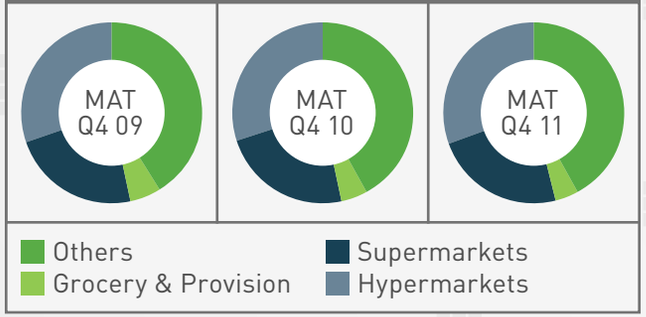


KEY INDICATORS	
GDP Growth	3.6%
Inflation	4.0%
Unemployment	3.4%
Internet Access	81.8%
% 50 Years or Older	30.1%
% 65 Years or Older	11.4%
Population (000s)	49,779
Households (000s)	17,596
Purchase Frequency p.a.	102
Household Size	2.9
Average Basket Spend	€ 10.76
Total FMCG Trend	5.5%
Fresh Foods Trend	5.2%
Food/Drink Trend	6.2%
Personal Care Trend	4.1%
Super/Hyper FMCG Share	52.9%
Discounter FMCG Share	n/a
Private Label FMCG Share	2.8%

CATEGORY TRENDS

2011	Q2	Q3	Q4
Total FMCG	■	■	5.7
Household Products	■	■	9.6
Personal Care	■	■	3.6
Dairy	■	■	-0.9
Packaged Groceries	■	■	6.8
Beverages	■	■	18.5

TRADE CHANNEL SHARES



TRADE CHANNEL TRENDS – MAT

2011	Q4/09	Q4/10	Q4/11
Others	■	■	6.1
Grocery & Provision	■	■	-6.7
Supermarkets	■	■	5.5
Hypermarkets	■	■	7.3

- ■ Increase of more than 0.5%
- ■ Increase/decrease of 0.5% or less
- ■ Decrease of more than 0.5%

Malaysia

DID YOU KNOW?

More than 70% of the household population in Peninsular Malaysia are already exposed to Private Label... yet buyers are still not very committed to Private Label as it only contributes 2% of value share in FMCG!

Malaysian economy remains buoyant with GDP growth of approximately 5% in 2011. Although this is slightly weaker than performance in 2010 this is still a great result amidst a less than benign global economy. Malaysia is less dependent on Europe for exports and a contraction in the region posed a less serious threat to the more domestically driven Malaysian economy. Economic conditions are likely to remain unchanged for 2012, with a forecasted GDP growth of 5%.

The CPI for the year 2011 rose by 3.0 to 3.5% as food prices remained high, even as non-food prices gradually dropped, reflecting the rising trend in global commodity prices. Despite such an increase, Malaysia's inflation rate remains modest in comparison with other countries in the region.

On the other hand, unemployment rate has improved from 3.2% to 3% in 2011. This is reflecting the government's plan to build a high-income economy through better job opportunities and imposing a higher minimum wage at RM900 to create higher standard of living and productivity within Malaysia.

Growth in FMCG purchases remains stable at a constant 7% growth in the past three years. This is because of the growth in promotions within FMCG and shoppers increasing awareness of promotions in stores. This has resulted in an increase in bargain hunters across all ethnic groups.

Food sector continues to grow at 8% year-on-year, mainly driven by staples such as rice, instant noodles, cooking oil, cooking aids and also the developing frozen food category. In fact, tea and coffee categories also posted stronger performance compared to cold beverages.

Malaysia

PANEL BASICS

Operating Company
Kantar Worldpanel Malaysia

Main Panel Sample Size
2,500 Households

Method of Data Collection
Self-completion Diary

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The non-food categories also experienced a similar growth rate (7%) supported by the trend for premium products in categories such as Personal Wash, Detergent, Toothbrush and Toothpaste.

Modern trade is growing faster than general trade, mainly helped by Supermarkets with 10% growth compared to Hypermarkets at 8%. This trend is driven by local supermarkets such as Mydin and Econsave, with a strategy of store expansion at key housing areas, increase in promotions as wells focusing on select commodity or fast moving categories such as Baby Milk Powder all in aid of attracting more shoppers! As a result more households prefer to shop in Supermarkets instead of Hypermarkets and general trade.

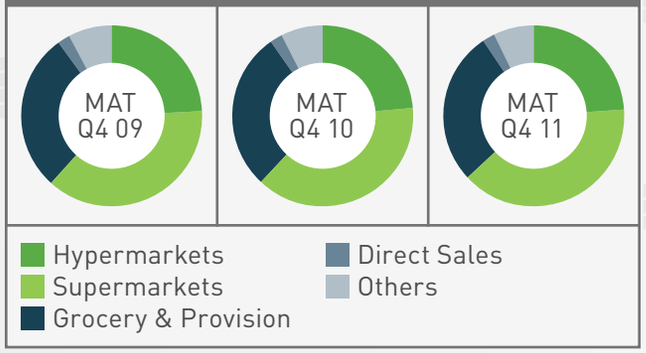
Malaysia

Key Indicators

KEY INDICATORS	
GDP Growth	5.2%
Inflation	2.2%
Unemployment	3.0%
Internet Access	61.7%
% 50 Years or Older	n/a
% 65 Years or Older	5.0%
Population (000s)	21,268
Households (000s)	5,263
Purchase Frequency p.a.	77
Household Size	4.0
Average Basket Spend	€ 8.40
Total FMCG Trend	7.4%
Fresh Foods Trend	n/a
Food/Drink Trend	7.7%
Personal Care Trend	6.7%
Super/Hyper FMCG Share	66.7%
Discounter FMCG Share	n/a
Private Label FMCG Share	2.2%

CATEGORY TRENDS			
2011	Q2	Q3	Q4
Total FMCG	■	■	7.4
Toiletries	■	■	6.7
Household	■	■	6.2
Dairy	■	■	11.5
Beverages	■	■	3.9
Package Groceries	■	■	7.3

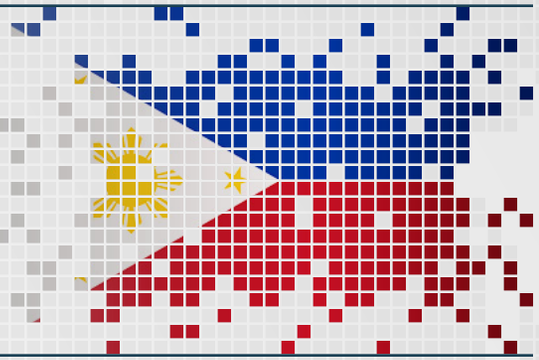
TRADE CHANNEL SHARES



TRADE CHANNEL TRENDS – MAT			
2011	Q4/09	Q4/10	Q4/11
Others	■	■	4
Direct Sales	■	■	0.3
Grocery & Provision	■	■	4.8
Supermarkets	■	■	9.7
Hypermarkets	■	■	8.3

■ Increase of more than 0.5%
■ Increase/decrease of 0.5% or less
■ Decrease of more than 0.5%

Philippines



DID YOU KNOW?

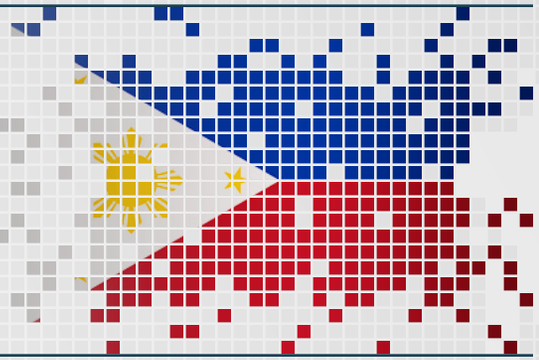
Grocery Store channel, previously in growth, has now declined especially because of Home Care product categories as households have switched mainly to other channels for these products.

Overall the Philippine GDP grew by 3.7% year-on-year in 2011, which is relatively weak compared to the 7.6% growth in 2010. Growth stimuli that aided the local economy were improved household consumption by 6.7%, an upsurge in construction at 11.4%, a surge in government spending in the last quarter and dollar remittances coming from overseas Filipino workers.

Total FMCG market registered a 5.4% growth in 2011, a slower pace than last year's performance of 8.7%. Packaged groceries, the highest contributing category, outpaced the growth of other macro-categories at 9.3%. However, these growth rates were mostly due to inflationary increases. Cooking oil led the development of packaged groceries with 28.4% price-driven growth, followed by household care at 5.9% mainly driven by fabric cleaning products. Personal care's 5% improvement came from increased in-home purchases of feminine care and hair care products. Dairy products and beverages slowed by 1.3% and 2%, respectively. Powdered milk triggered flat sales in the dairy category. As for beverages, only bottled water and coffee made gains while purchases for other major beverages like carbonated soft drinks, juices and tea dropped. Meanwhile, sales from private label products continue to flourish as food and beverage prices constantly rise.

Filipinos continue to source the bulk of their in-home FMCG purchases from provision stores that strengthened by 7.8% year-on-year. Supermarkets, which account for a quarter of FMCG purchases, grew by nearly the same rate at 8.4%, and benefitted from buyer base expansion. This stemmed from key retailers' efforts to extend their businesses outside the National Capital Region. On the contrary, grocery store sales, which used to be one of the channel growth drivers two years ago, declined by 8.6% especially due to home care products. Households re-allocated their budget to other channels like supermarkets and provision stores.

Philippines



PANEL BASICS

Operating Company
Kantar Worldpanel Philippines

Main Panel Sample Size
3,000 Households

Method of Data Collection
Self-completion Diary

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Philippines' top 5 key retailers now take 11% of Filipinos' FMCG spending. Puregold and Robinsons experienced the fastest gains as they established branches throughout the country in the latest year. SM remains on a positive rate at 9.6% driven by stronger spending on food and household products.

Despite challenges, the government expressed optimism that the Philippine economy will post a faster recovery in 2012. Also, Filipinos are still seen to have a positive outlook on the following economic factors: more jobs, increased investments, higher salary and stable prices*.

* Source: Consumer Expectations Survey, Q4 2011 by Bangkok Sentral ng Pilipinas

Philippines

Key Indicators

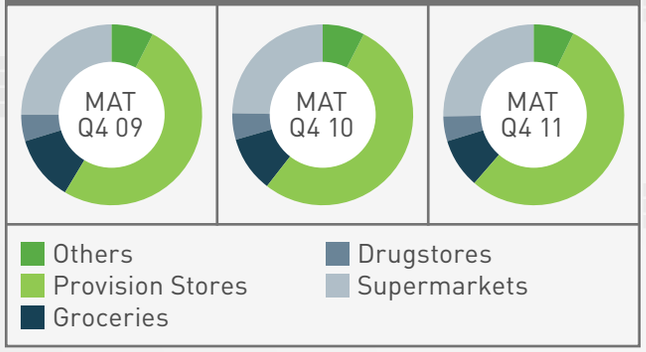
KEY INDICATORS	
GDP Growth	3.7%
Inflation	4.8%
Unemployment	7.2%
Internet Access	29.5%
% 50 Years or Older	14.5%
% 65 Years or Older	4.4%
Population (000s)	101,834
Households (000s)	19,184
Purchase Frequency p.a.	342
Household Size	5.0
Average Basket Spend	€ 1.57
Total FMCG Trend	5.4%
Fresh Foods Trend	n/a
Food/Drink Trend	5.4%
Personal Care Trend	6.9%
Super/Hyper FMCG Share	28.3%
Discounter FMCG Share	n/a
Private Label FMCG Share	0.1%

CATEGORY TRENDS			
2011	Q2	Q3	Q4
Total FMCG	■	■	5.4
Household Products	■	■	5.9
Personal Care	■	■	5.0
Dairy	■	■	1.3
Package Groceries	■	■	9.3
Beverages	■	■	2.0

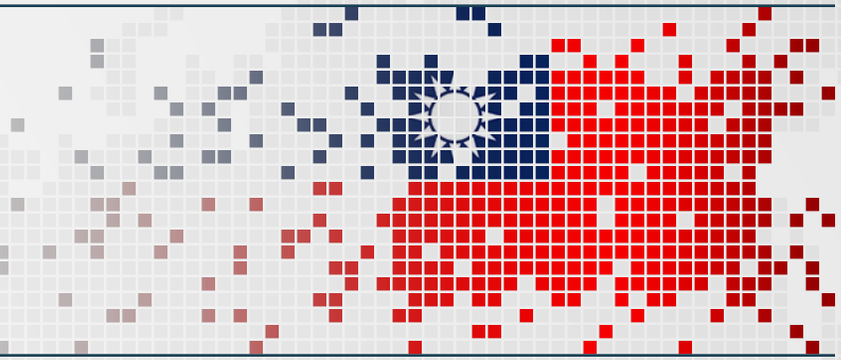
TRADE CHANNEL TRENDS – MAT			
2011	Q4/09	Q4/10	Q4/11
Provision Stores	■	■	7.8
Groceries	■	■	-8.6
Drugstores	■	■	-2.0
Supermarkets	■	■	8.4

■ Increase of more than 0.5%
■ Increase/decrease of 0.5% or less
■ Decrease of more than 0.5%

TRADE CHANNEL SHARES



Taiwan



DID YOU KNOW?

Brand is the priority – Taiwanese shoppers prefer Branded product to the retailer private label which only held 0.2% value share in the total FMCG.

PANEL NEWS

Male panel for skincare has been built up and will be launched in 2012 to monitor the booming male skincare market.

The Launch of the LinkQ service will enable a deeper understanding of the target shoppers attitudes towards their purchase behaviour.

After recovering from recession in 2010, the Taiwanese economy grew by 5.2% in GDP 2011. This is slightly lower than the earlier forecast due to weaker export demand resulting from the EU debt crisis resulting in some economic uncertainty in the second half of the year. Domestic private consumption showed a more positive outlook, thanks to the improved unemployment rate down from 5.2% in 2010 to 4.3% in 2011, as well as the prosperous business contributed by China tourists. GDP is anticipated to grow by around 5% in 2012 because of the improved employment market and the higher export demand from China, particularly for the smartphone and tablet PC industries.

The CPI grew moderately by 1.8% in 2011, higher than in 2010 (1.0%) due to the price increases in petroleum/gas, tourism/flights, restaurant, Chinese medicine, pork, flour and automobiles. 2012 CPI is also forecasted to increase by 1.8% due to petroleum and related products.

Overall FMCG market has grown 5.2% in 2011. Premiumisation (e.g. laundry, hair care/beauty) and demand creation (e.g. 3-folds toilet tissue in bulk packs) are the key drivers for the non-food growth.

In the Foods market, the Beverage category achieved the best growth (8.3%). Within it, the RTD coffee and instant/grounded coffee have achieved excellent performance by growing 18% and 16% respectively. The desire for health also brought the growth of tea and infusions. Although Total Dairy performance is relatively flat at +2%, the biggest product in this category, Fresh Milk, grew significantly by around 10% because of the strong demand and price rises,

Taiwan

PANEL BASICS

Operating Company
Kantar Worldpanel Taiwan

Main Panel Sample Size
2,500 Households

Method of Data Collection
Self-completion Diary

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which also forced some shoppers to switch to soya milk for cost and health reasons, in turn generating 23% growth. Convenience is still a priority given the decreasing average family size (2.88) and busy lifestyle, so frozen foods grew by 9%. However, the DEHP (Plasticity) incident in May gave a serious hit to the Health Foods category and resulted in stagnant performance after double digit growth in the past 3 years. In 2012 FMCG is expected to grow moderately as the employment market is optimistic. The opportunities for more significant growth could come from innovation, meeting shopper needs on health, beauty and convenience.

The retail environment remains highly competitive. Hypermarket's value share has decreased in the past three years from 27% to 24%. The main player Carrefour suffered from losing buyers, traffic and basket size, and dropped to second place for the first time since 2006. The only exception within hypermarkets is Costco whose strong performance was aided by offering membership, developing their product offering strategy, and opening two more stores. Supermarkets keep shrinking; however, National Co-op enjoyed 12% growth. Its key player PXmart, the number one key account in Taiwan, further increased the value share to 13.5% by the "money saving" positioning and continuous expansion in store numbers and fresh foods offering.

FMCG e-commerce kept growing, but the value share is still small at 2.5%. With the popularity of the smartphone and tablet PC, as well as the growth of internet penetration and government's investment on Wi-Fi infrastructure, e-commerce is expected to gain more share in the following years.

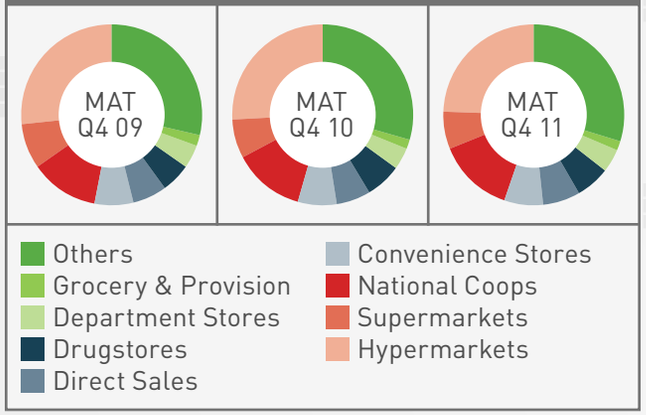
Taiwan

Key Indicators

KEY INDICATORS	
GDP Growth	5.2%
Inflation	1.8%
Unemployment	4.3%
Internet Access	83.0%
% 50 Years or Older	30.6%
% 65 Years or Older	10.9%
Population (000s)	23,225
Households (000s)	7,873
Purchase Frequency p.a.	93
Household Size	2.9
Average Basket Spend	€ 9.98
Total FMCG Trend	5.2%
Fresh Foods Trend	n/a
Food/Drink Trend	5.3%
Personal Care Trend	5.5%
Super/Hyper FMCG Share	45.0%
Discounter FMCG Share	n/a
Private Label FMCG Share	1.8%

CATEGORY TRENDS			
2011	Q2	Q3	Q4
Total FMCG	■	■	5.6
Household Products	■	■	5.6
Personal Care	■	■	5.6
Dairy	■	■	3.8
Package Grocery	■	■	5.3
Beverage	■	■	8.3

TRADE CHANNEL SHARES



TRADE CHANNEL TRENDS – MAT			
2011	Q4/09	Q4/10	Q4/11
Grocery & Provision	■	■	0.4
Department Stores	■	■	17.3
Drugstores	■	■	-1.1
Direct Sales	■	■	14.9
Convenience Stores	■	■	7.6
Nat. Coop	■	■	11.9
Supermarkets	■	■	-1.1
Hypermarkets	■	■	0.3

- ■ Increase of more than 0.5%
- ■ Increase/decrease of 0.5% or less
- ■ Decrease of more than 0.5%

Thailand

DID YOU KNOW?

63% of Thai families purchased at least one private label product in 2011, but the total share of all private label still remains less than 2% of total packaged goods.

From as early as August 2011 to January 2012, different parts of Thailand were hit by the worst floods in 70 years. It is estimated that 65 out of 76 provinces were flooded at some point during this period, resulting in 728 deceased and almost everyone living in the country affected in some way. The most significant impact was around Q4 2011 when the flood hit many industrial parks near the central region and capital of Bangkok. According to National Economic and Social Development Board, Thailand GDP during Q4 2011 contracted by 9% and drove the 2011 GDP to almost negative trend at 0.1%. Many of the manufacturers' factories are expected to resume operation as late as end of Q2 2012.

2012 GDP is expected to grow higher than original forecast of 5.5% as the base was lowered. However, there are barriers and risks such as the potential slowing down of export trade and tourism as the European debt crisis further deteriorates. Secondly, implementation of flood prevention management system could be slower than anticipated, which could drive manufacturers to move to another country. The minimum daily wage increase at around 30% from April 1st also put many businesses under additional cost pressure. Together with the recent sharp increase of global petrol prices, it can be expected that inflation could be higher than the original forecast at 3.5%.

During the flood period, many manufacturers in the packaged goods industry struggled with production and distribution. Many retailers were also forced to close some of their outlets as the flood made trading impossible. For the first time in 10 years, growth from non-modern trade was observed during quarter four as consumers could not commute to locations other than stores close by. We've also observed panic buying in certain categories such as bottled water, canned food, and instant noodles. The in-home stock situation is expected to get back to normal in a few months time.

Thailand

PANEL BASICS

Operating Company
Kantar Worldpanel Thailand

Main Panel Sample Size
4,000 Households

Method of Data Collection
Self-completion Diary

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Thailand

The biggest news in 2011 in the retail industry was the purchase of Carrefour stores by Big C, the second biggest hypermarket player behind Tesco Lotus. Until the end of 2011 Big C struggled to retain original Carrefour shoppers while Tesco hypermarkets won a significant share of switching spend during this banner change. Almost all modern trade retailers suffered from the flood, except for Marko, which targets large families, small retailers, and hotel, restaurants and catering (HORECA) customers. The most frequent retailer that Thai families shopped at was 7 Eleven, which benefits from a store expansion programme that is set to continue for the next few years.

During 2011, 63% of Thai families purchased at least one private label product. Consumer spend on private label increased 12%, although the total share of all private label is less than 2% of total packaged goods. We expect private label products to continue growing as key retailers further increase their private label offer and ranges.

Thailand

Key Indicators

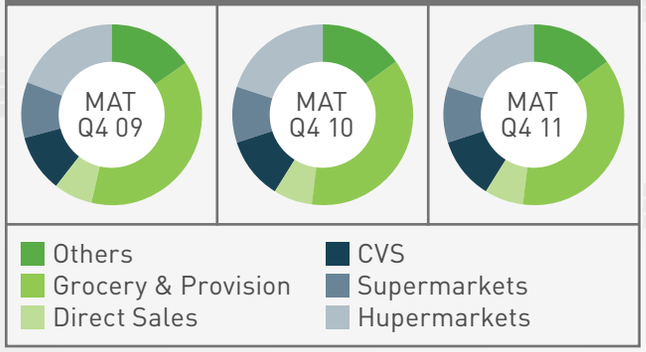
KEY INDICATORS	
GDP Growth	0.1%
Inflation	3.8%
Unemployment	1.0%
Internet Access	10.0%
% 50 Years or Older	23.4%
% 65 Years or Older	7.9%
Population (000s)	63,878
Households (000s)	21,682
Purchase Frequency p.a.	206
Household Size	2.9
Average Basket Spend	€ 1.84
Total FMCG Trend	6.2%
Fresh Foods Trend	14.0%
Food/Drink Trend	5.4%
Personal Care Trend	7.9%
Super/Hyper FMCG Share	32.0%
Discounter FMCG Share	n/a
Private Label FMCG Share	1.4%

CATEGORY TRENDS			
2011	Q2	Q3	Q4
Total FMCG	■	■	6.2
Household Products	■	■	7.1
Personal Care	■	■	7.9
Dairy	■	■	6.4
Package Grocery	■	■	8.6
Beverage	■	■	0.8

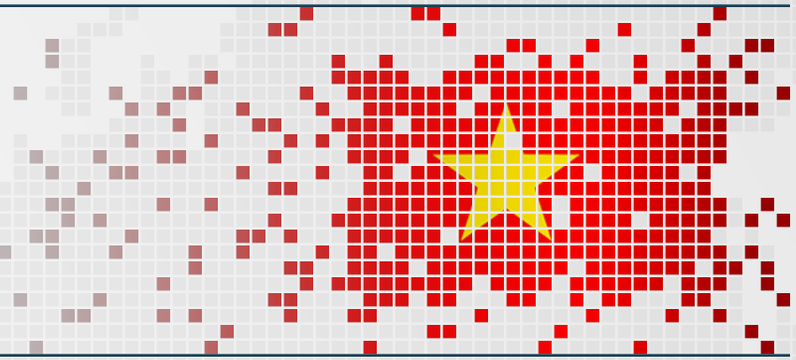
TRADE CHANNEL TRENDS – MAT			
2011	Q4/09	Q4/10	Q4/11
Others	■	■	1.3
Grocery & Provision	■	■	2.3
Direct Sales	■	■	4.2
CVS	■	■	15.4
Supermarket	■	■	13.5
Hypermarket	■	■	9.2

■ Increase of more than 0.5%
■ Increase/decrease of 0.5% or less
■ Decrease of more than 0.5%

TRADE CHANNEL SHARES



Vietnam



DID YOU KNOW?

An average Vietnamese family spends one quarter of their monthly expenditure on FMCG & fresh food.

Half of the urban population have internet access in their homes.

PANEL NEWS

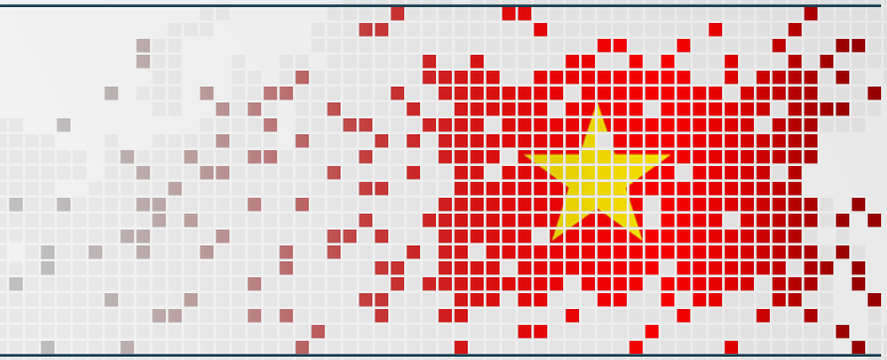
In 2012, Kantar Worldpanel Vietnam has undertaken a sample expansion in Hanoi and Cantho with an additional 200 households, extending the total sample size of the Urban household panel to 2,350 households.

Fostered by several macro-economic factors such as the devaluation of the Vietnam dong, a prolonged trade deficit, unsuccessful public investment and a series of price increases in foodstuffs, energy, electricity and petroleum, 2011 saw a negative outlook for the Vietnamese economy. Furthermore, despite a range of measures being adopted by the government to apply the brakes, the CPI in Vietnam continued to grow reaching 18.6% by year-end, while GDP fell to 5.9%, versus 6.8% in 2010. High inflation remains a persistent problem for the country and its control is a key priority for the government in 2012.

Despite a slowdown from last year's growth and a clear shift in the price and volume equation, the FMCG market in Vietnam was still flourishing compared with other sectors such as entertainment and dining out. FMCG maintained double-digit value growth of 16% in urban areas and 31% in rural; hence Vietnam was still one of the fastest growing FMCG markets in Asia.

Purchase rationalisation remained one of the leading trends of urban consumers in Vietnam in 2011. Confronting recurrent price hikes, urban consumers have once again reorganised their FMCG shopping behaviour by rationalising their spending on bare necessities in order to afford the soaring prices of packaged groceries such as cooking oil, sauces, and instant noodles. Hence, less basic categories for in-home consumption such as carbonated soft drinks, fruit juices, loose leaf tea, instant tea, beer, liquor, paper products, air freshener and insecticides have been sacrificed either by delaying the next purchase or by removing the item from their shopping list altogether.

Vietnam



PANEL BASICS

Operating Company
Kantar Worldpanel Vietnam

Main Panel Sample Size
2,350 Households

Method of Data Collection
Self-completion Diary

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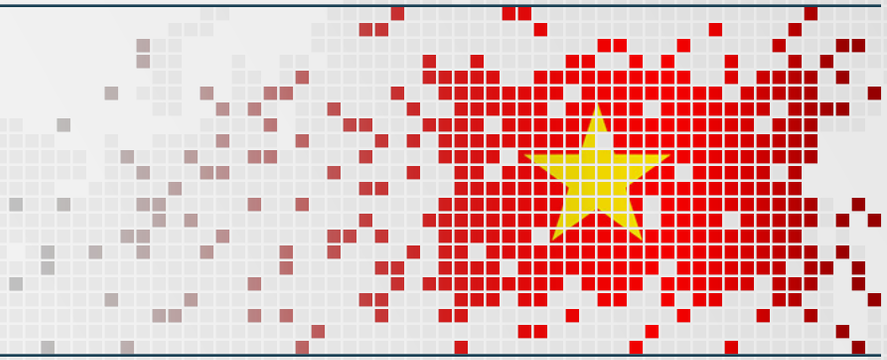
Vietnam

At the same time it was interesting to note that milk products such as liquid milk, soya milk and tonic food drinks continued to gain more acceptance among urban households, driving the growth of the total FMCG market. It reflected the healthy lifestyle trend of Vietnamese consumers, who were prepared to pay higher prices for health-related products, especially among the middle and high income earners.

Urban consumers continued to shift their shopping from traditional trade (both street shops and wet markets) to modern trade channels where they can find a better range of products at more competitive prices, in particular via larger pack sizes and promotions, while enjoying a safe and convenient shopping experience. In 2011, modern trade recorded dramatic sales growth of 17% compared with last year. Together with the fast development of modern trade, the emerging growth of private label products was expected to be stronger in 2012. In 2011, one out of three urban households purchased private labels at least once in a year. Private label offers were more diversified; yet household care private labels revived the greatest acceptance from consumers, lead by detergent and dishwashing liquid categories.

Vietnam

Key Indicators



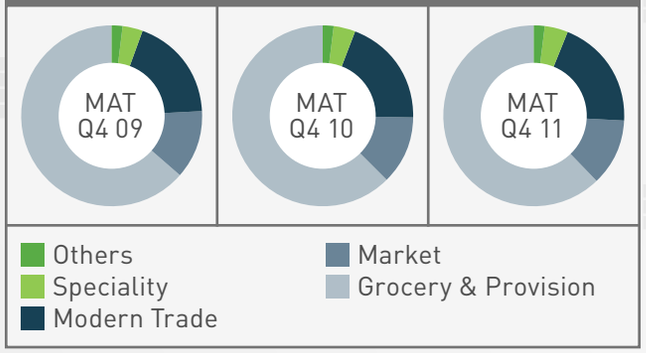
KEY INDICATORS	
GDP Growth	5.9%
Inflation	18.6%
Unemployment	2.3%
Internet Access	51.1%
% 50 Years or Older	17.1%
% 65 Years or Older	5.5%
Population (000s)	90,549
Households (000s)	22,000
Purchase Frequency p.a.	177
Household Size	4.6
Average Basket Spend	€ 2.52
Total FMCG Trend	15.7%
Fresh Foods Trend	n/a
Food/Drink Trend	16.7%
Personal Care Trend	12.1%
Super/Hyper FMCG Share	20.4%
Discounter FMCG Share	n/a
Private Label FMCG Share	0.5%

CATEGORY TRENDS			
2011	Q2	Q3	Q4
Total FMCG	■	■	15.7
Household Products	■	■	12.7
Personal Care	■	■	12.1
Dairy	■	■	16.5
Package Grocery	■	■	23.8
Beverage	■	■	10.0

TRADE CHANNEL TRENDS – MAT			
2011	Q4/09	Q4/10	Q4/11
Speciality	■	■	31.7
Modern Trade	■	■	17.0
Market	■	■	12.7
Grocery & Provision	■	■	15.2

- ■ Increase of more than 0.5%
- ■ Increase/decrease of 0.5% or less
- ■ Decrease of more than 0.5%

TRADE CHANNEL SHARES



Europanel™ measures consumer behaviour to understand market movements and their implications. Our primary sources are high quality syndicated continuous consumer panels, run in more than 50 countries by our parent companies, GfK and Kantar Worldpanel – two of the top marketing information companies in the world – and our other partners. From these, we deliver actionable and creative insights to enable better business decisions.

Europanel are the eyes and ears of the international FMCG industry. Europanel sets their focus on providing harmonized data and insights, balancing international and local requirements.

Europanel provides context/benchmarks/big picture/global trends through value-add directly supporting our clients' global strategic direction.