Trade-Winds

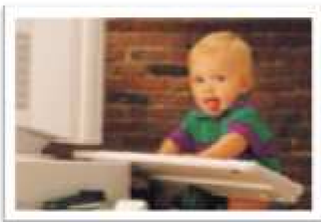
What going on in retail-land?

What is your biggest concern over the next six months?

Economy: 35%

Job Security: 18%

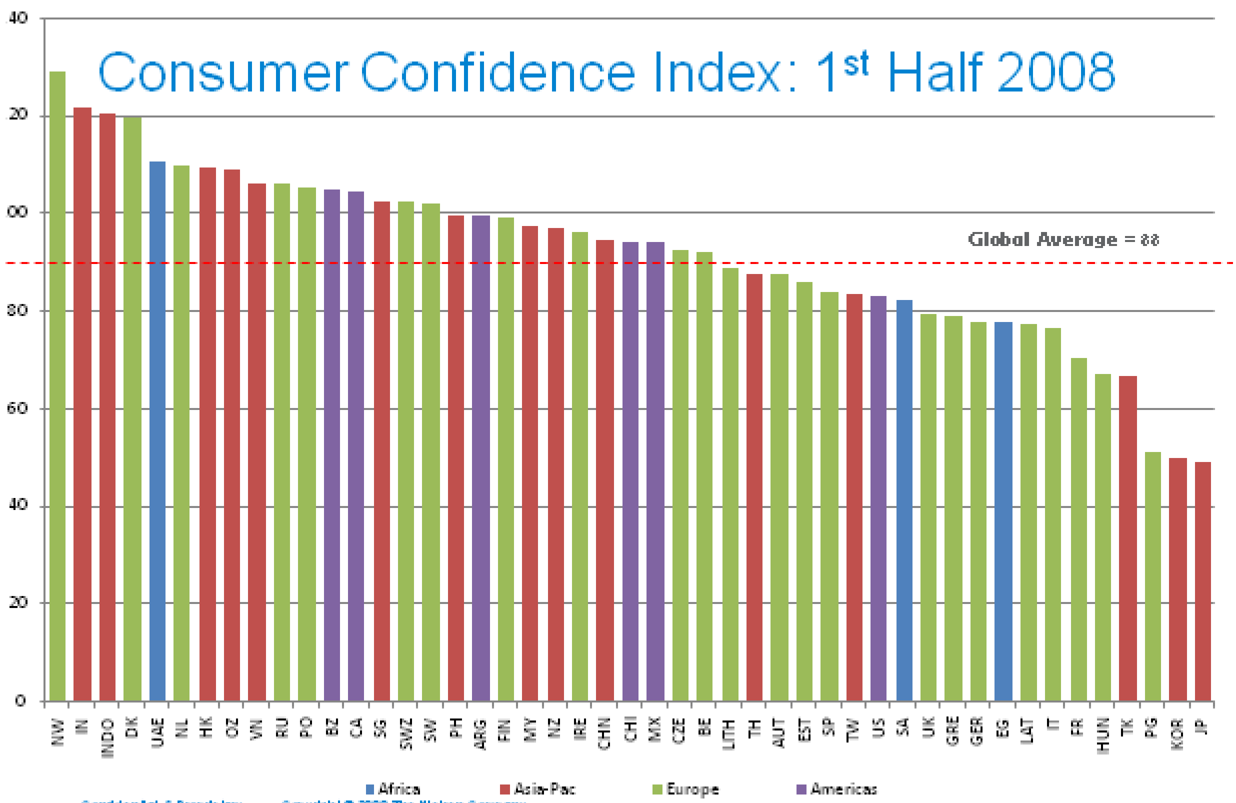
28%

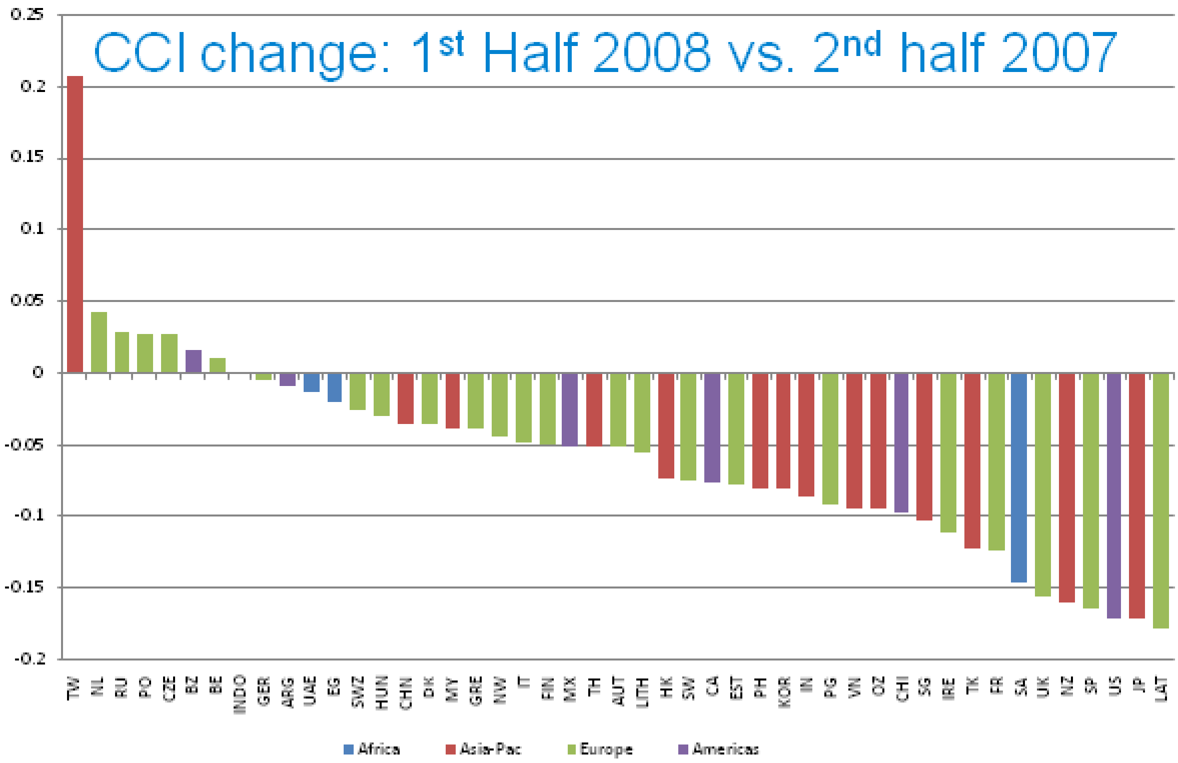


Children: 17%

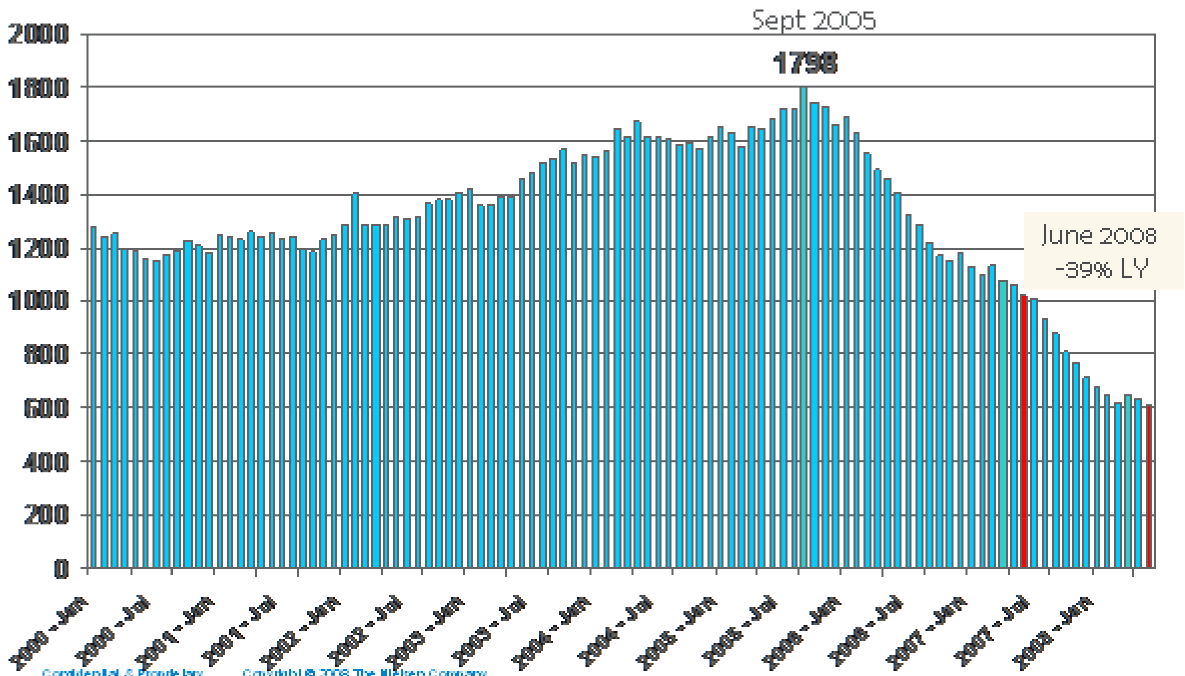
Health: 22%

Debt: 15%

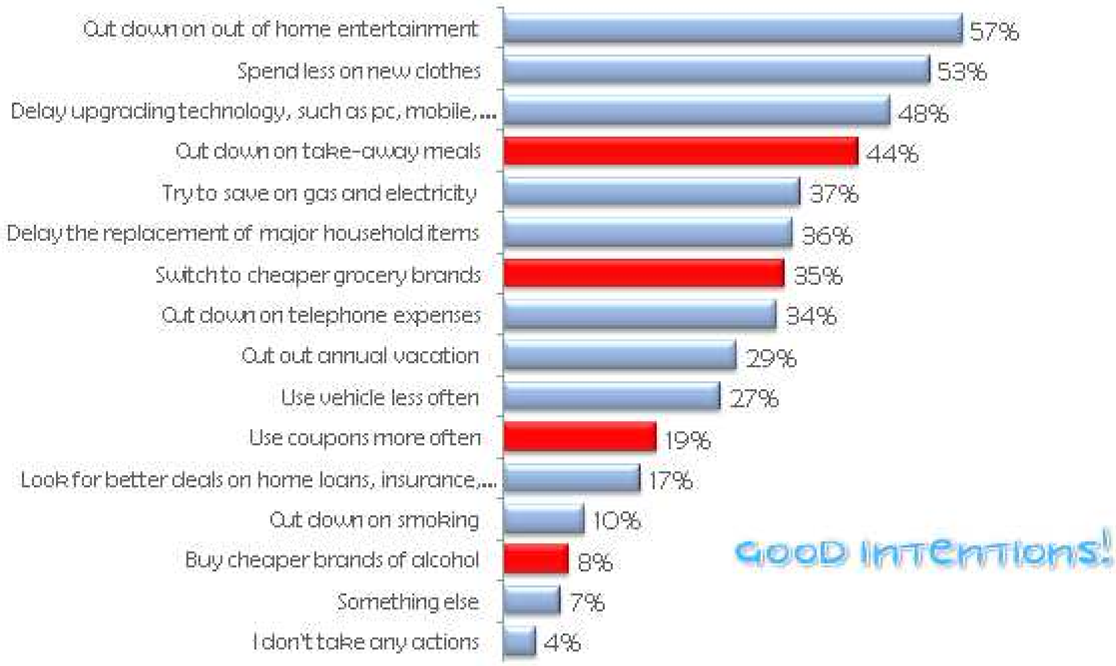

Consumer Confidence Index: 1st Half 2008
Global Average = 88
40
20
00
80
60
40
20
0
NW IN INDO DK UAE NL HK OZ VN RU PO BZ CA SG SWZ SW PH ARG FIN MY NZ IRE CHN CHI MX CZE BE LITH TH AUT EST SP TW US SA UK GRE GER EG LAT IT FR HUN TK PG KOR JP
Africa
Asia-Pac
Europe
Americas


CCI change: 1st Half 2008 vs. 2nd half 2007
0.25
0.2
0.15
0.1
0.05
0
-0.05
-0.1
-0.15
-0.2
TW NL RU PO CZE BZ BE INDO GER ARG UAE EG SWZ HUN CHN DK MY GRE NW IT FIN MX TH AUT LITH HK SW CA EST PH KOR IN PG VN OZ CHI SG IRE TK FR SA UK NZ SP US JP LAT
Africa
Asia-Pac
Europe
Americas

Number of Building Permits in USA (In thousands)

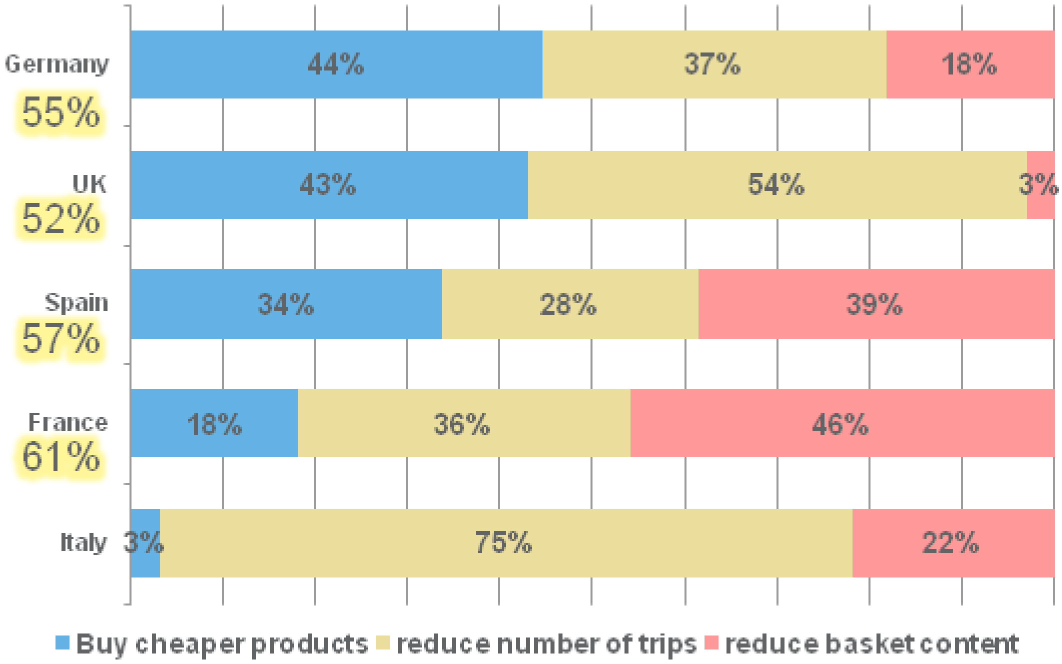


At times when the cost of living is rising rapidly, what actions do you take to stay within your budget? Global average.



Base: All respondents

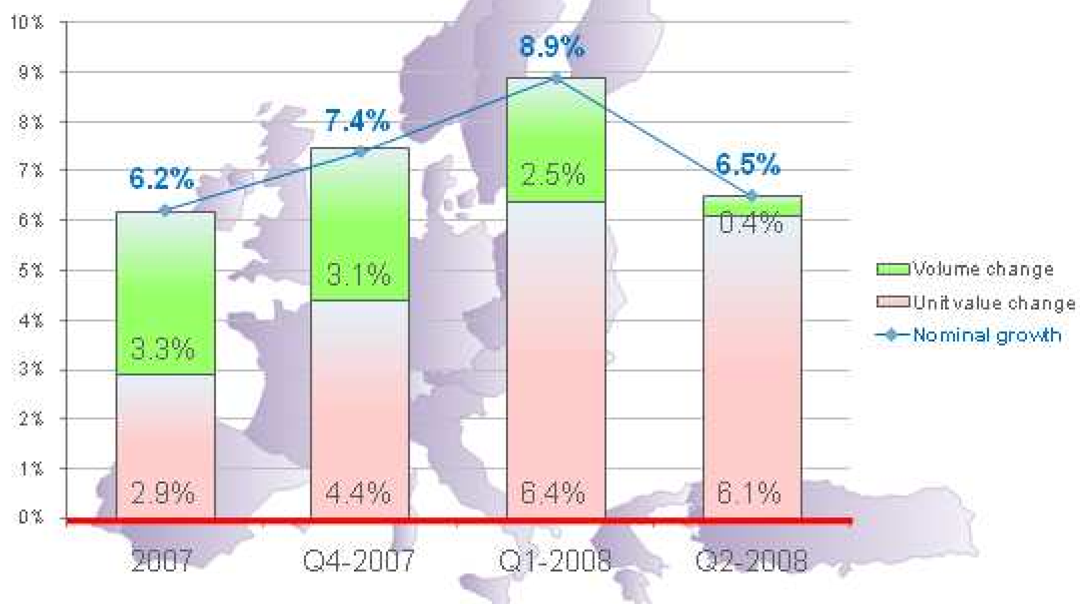
How do Shoppers **Actually** react to inflation ?



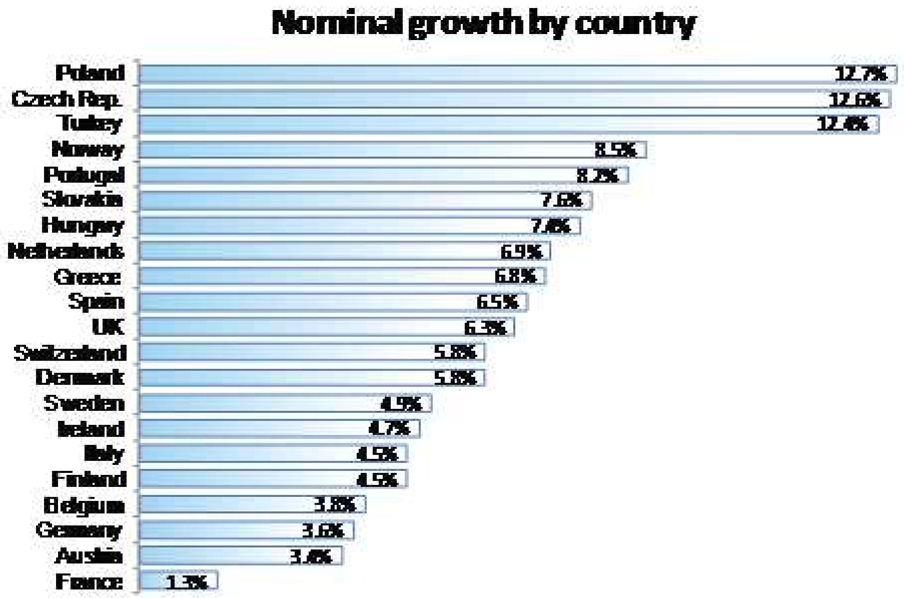
Homescan January to May 2008

Total Europe view

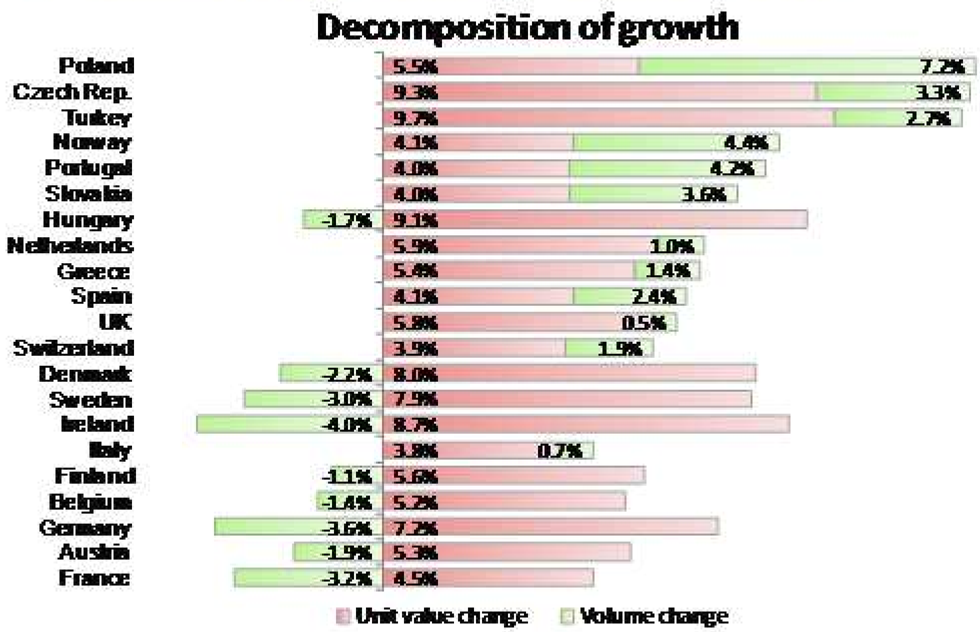
Fast Moving Consumer Goods market dynamics



The Nielsen growth reporter by country
2nd quarter of 2008 versus 2nd Quarter of 2007

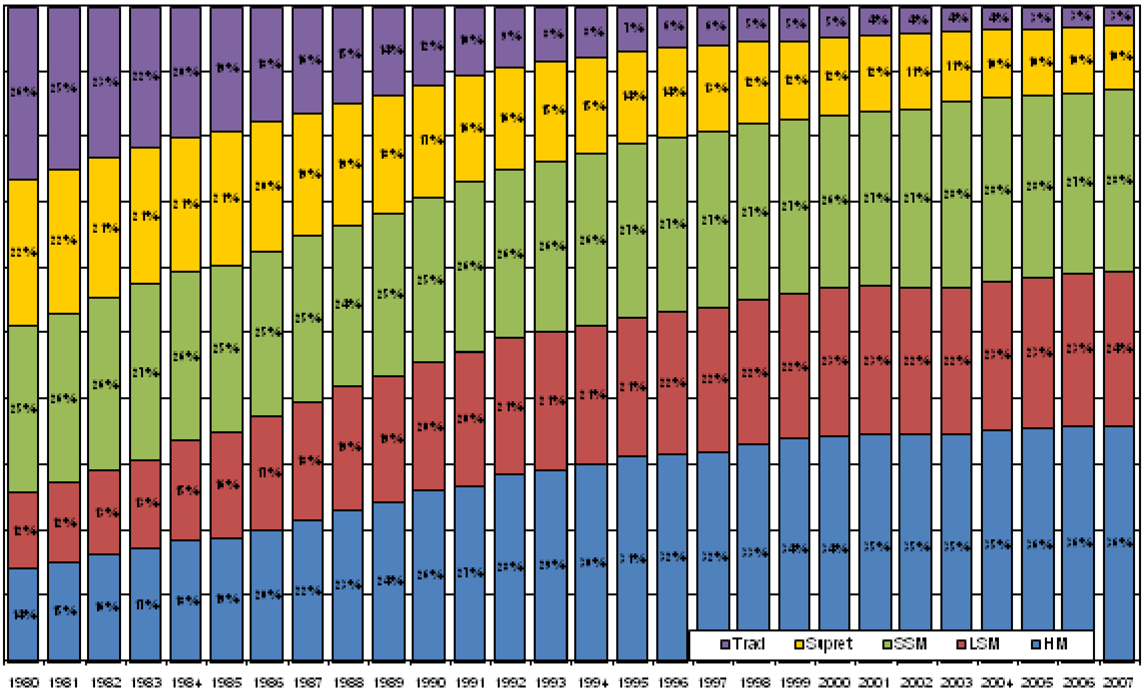


The Nielsen growth reporter by country
2nd quarter of 2008 versus 2nd Quarter of 2007

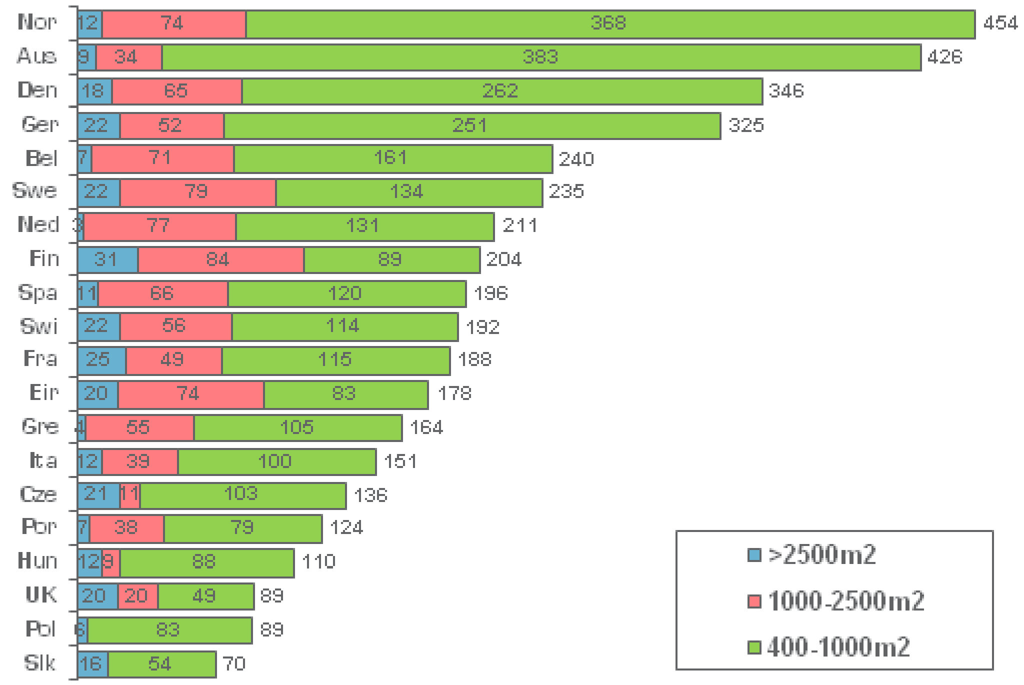


IDEAL FORMAT?

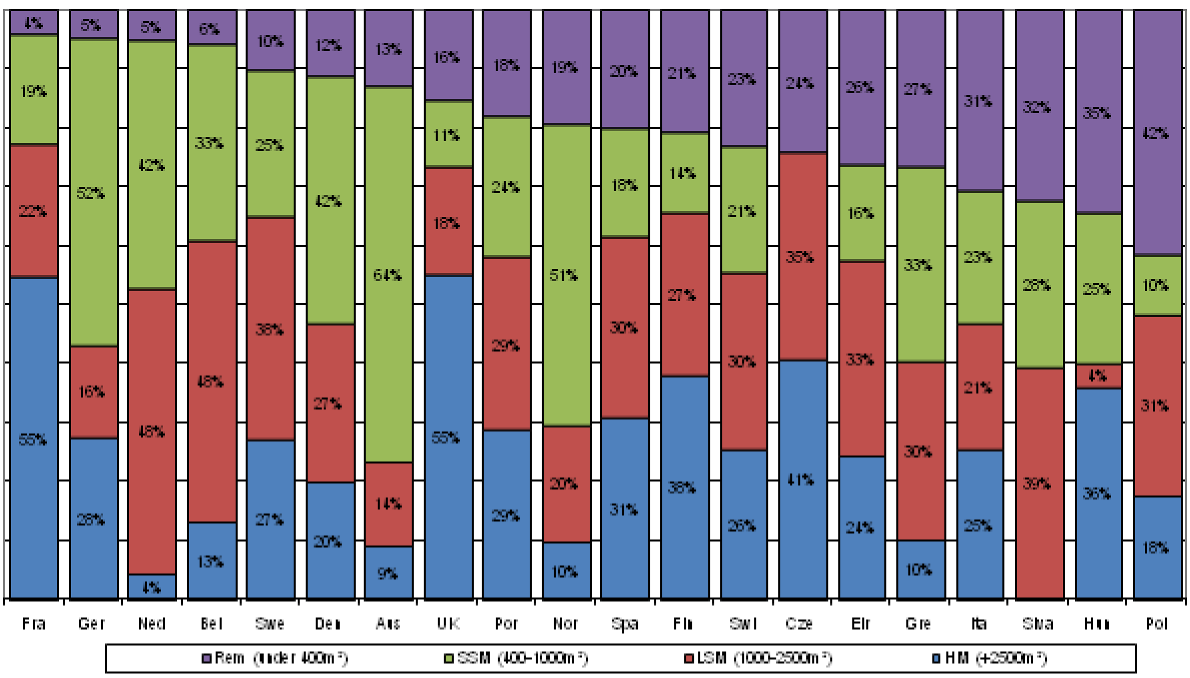
Evolution of formats in Europe



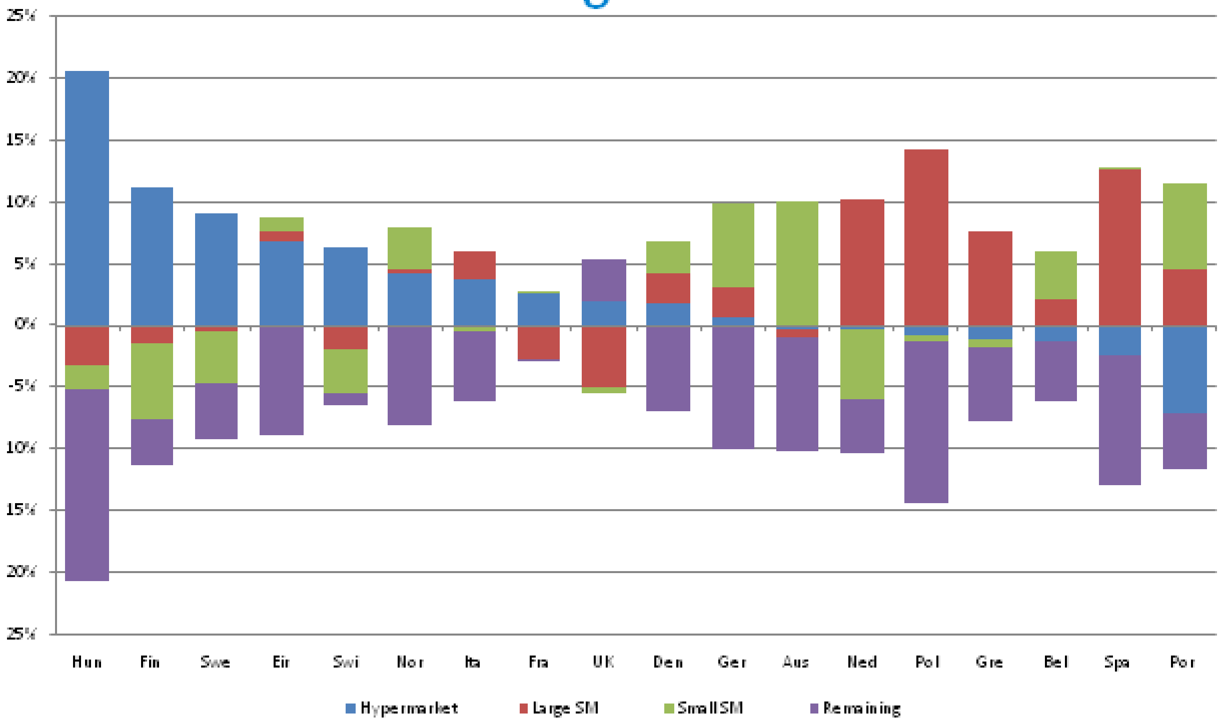
Number of stores per million inhabitants



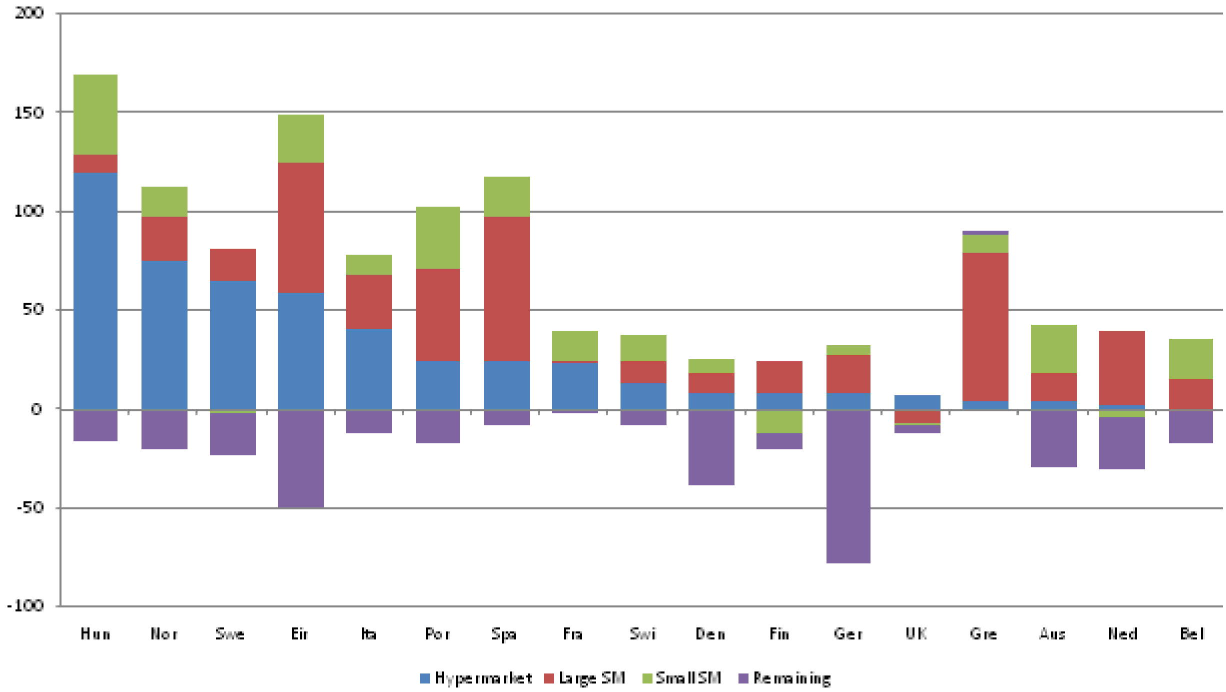
Format structure by country

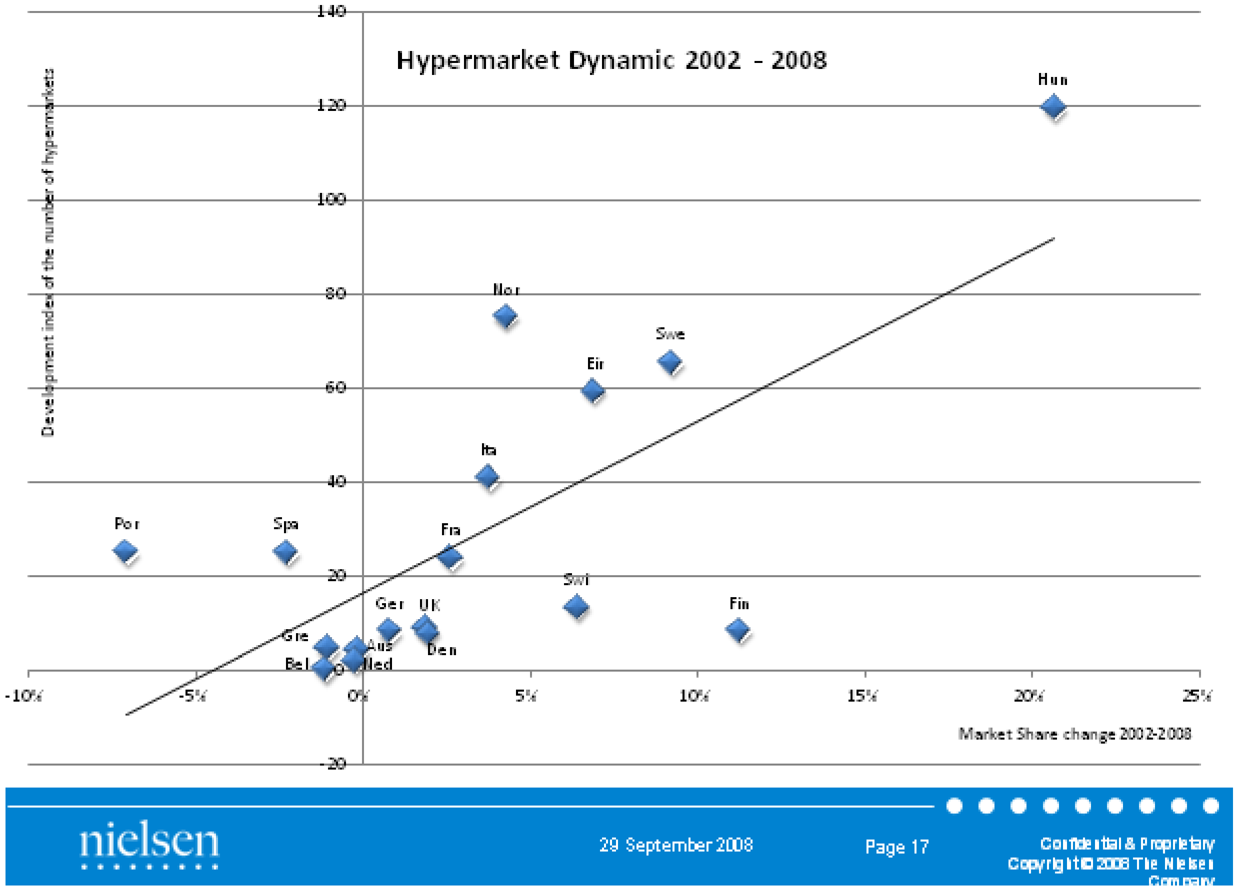


Format share change 2002 - 2008



Development index of the number of stores 2002 - 2008




Hypermarket Dynamic 2002 - 2008
Development index of the number of hypermarkets
Market Share change 2002-2008
Hun
Nor
Swe
Eir
Ita
Por
Spa
Fra
Swi
Fin
Ger
UK
Gre
Aus
Bel
Ned
Den
nielsen
29 September 2008
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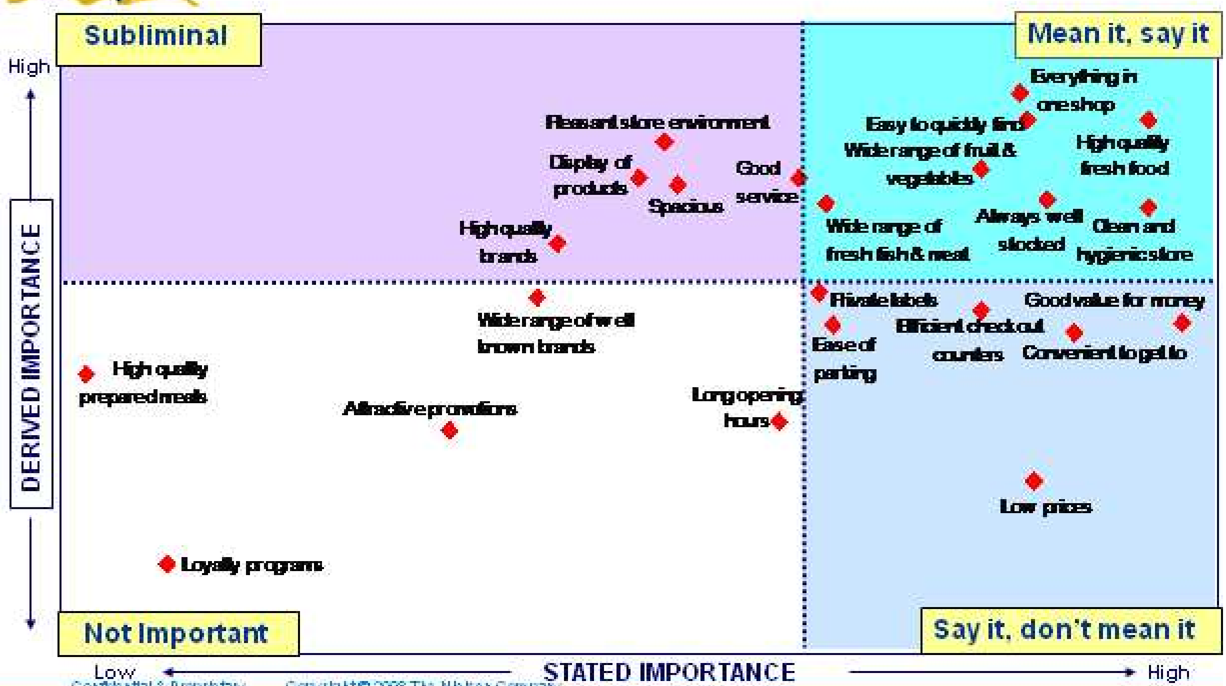
Who they are!
What they say!
What they do!
n°1 job: find out what people want!
ShopperTrends
n°2 job: give it to them!

Ranking of store selection attributes

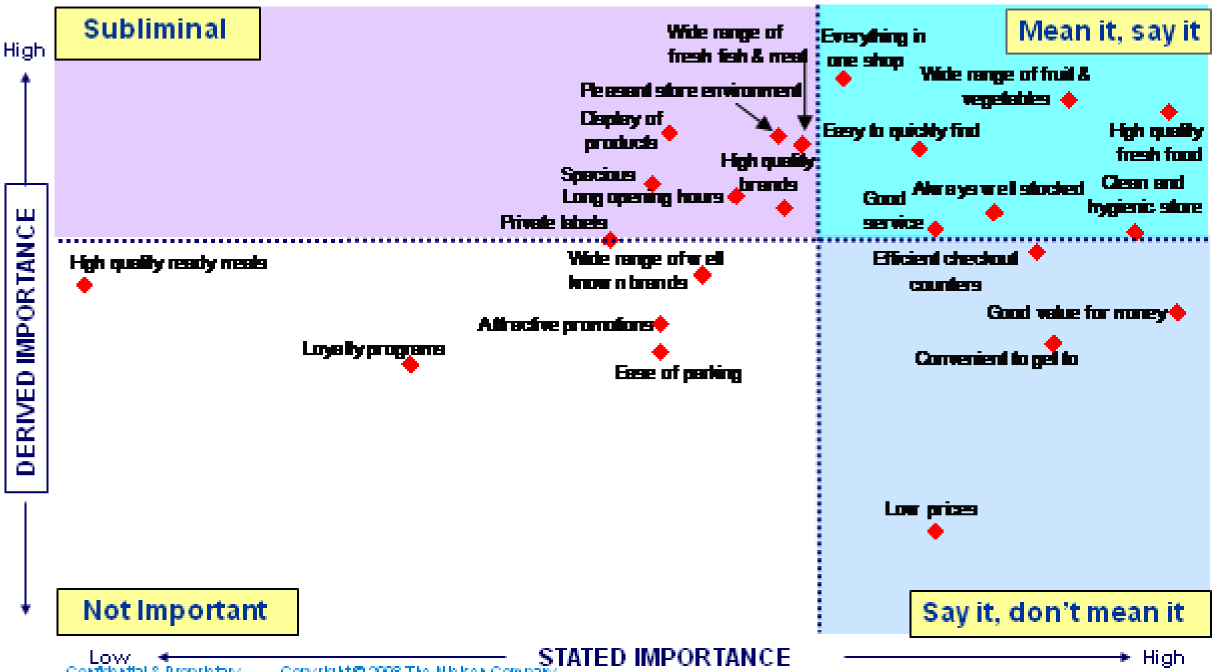
1	A place where its easy to quickly find what I need
2	Everything I need in the one shop
3	Pleasant store environment
4	High quality fresh food
5	Always have what I want in stock
9	Spacious
10	Food and Groceries are good value for money
11	Wide range of fresh fish and meat
12	Staff provide good service
13	Clean and hygienic store
14	Convenient to get to
15	Has wide range of well known brands
	Provides their own brands of groceries which is a good alternative to the main
19	Efficient checkout counters
20	High quality prepared meals
21	Has programs that reward regular purchase of food, groceries and petrol
22	Ease of parking
23	Low prices for most items

Importance of Attributes in Germany
Stated vs. Derived Importance



Importance of Attributes: UK 2007

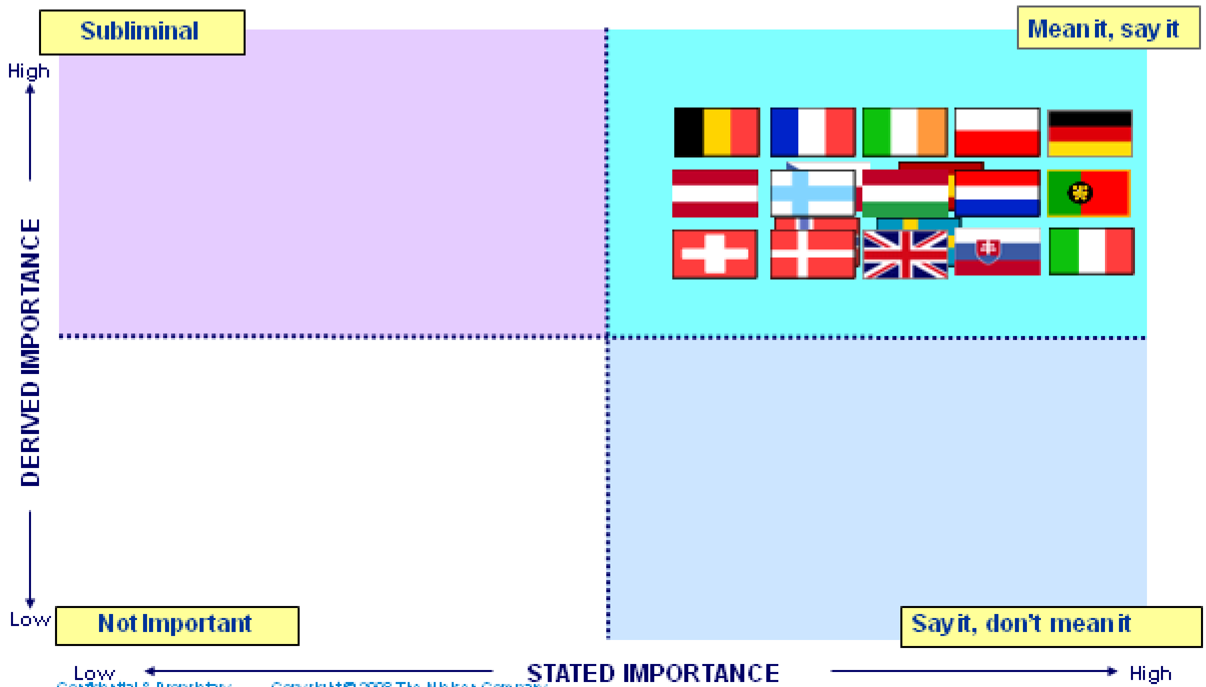
Stated vs. Derived Importance



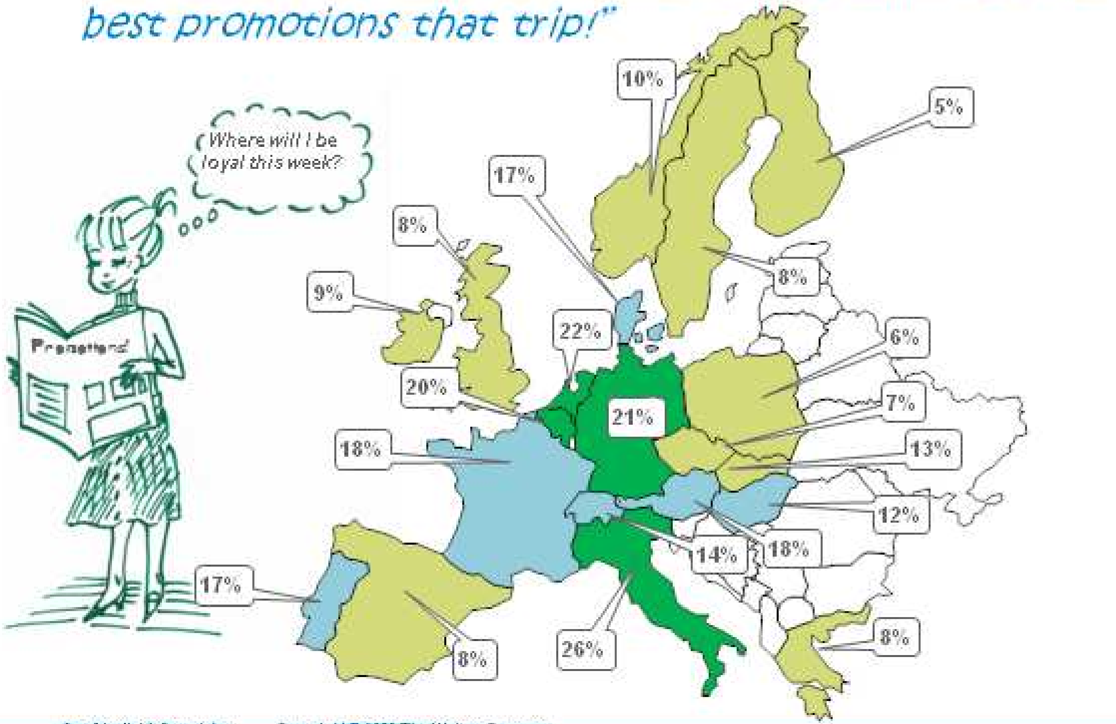
Similar expectations !!!!

Are shoppers more and more price sensitive?
Are shoppers more and more promotion sensitive?

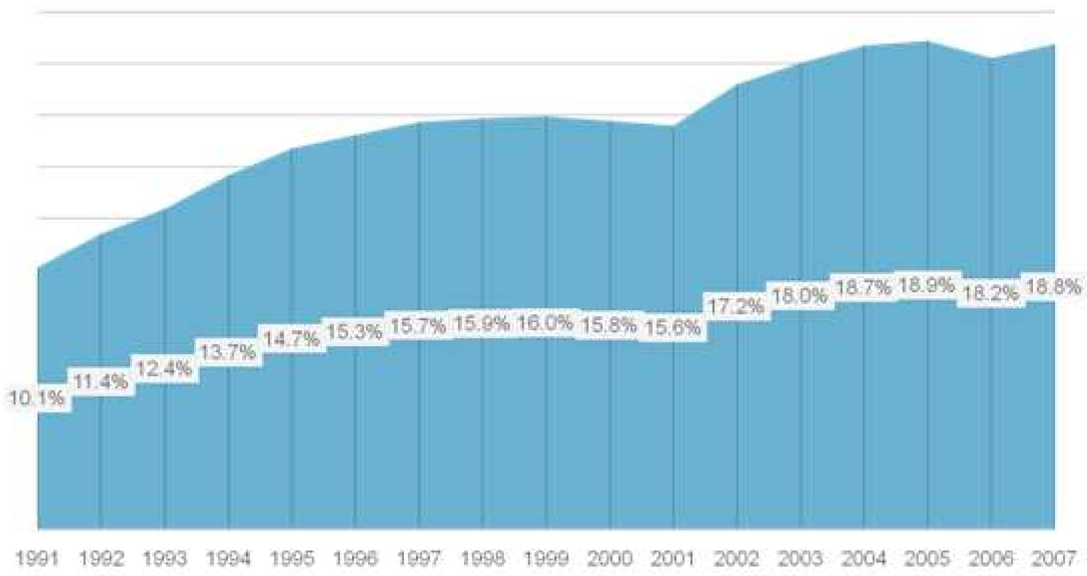
Low prices for most items



"I change stores based on which one I think has the best promotions that trip!"



Market share discount in Europe



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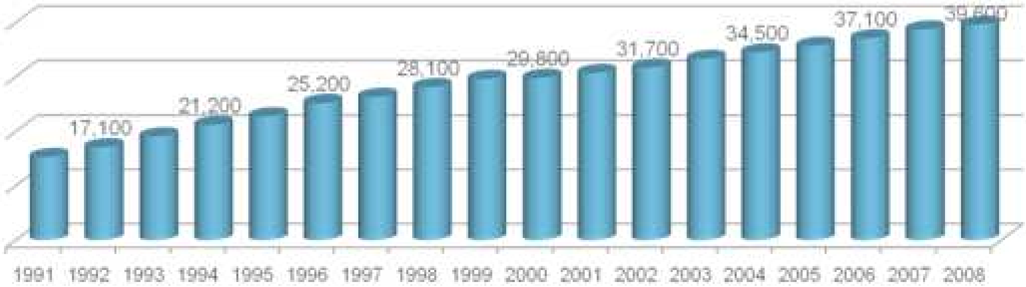
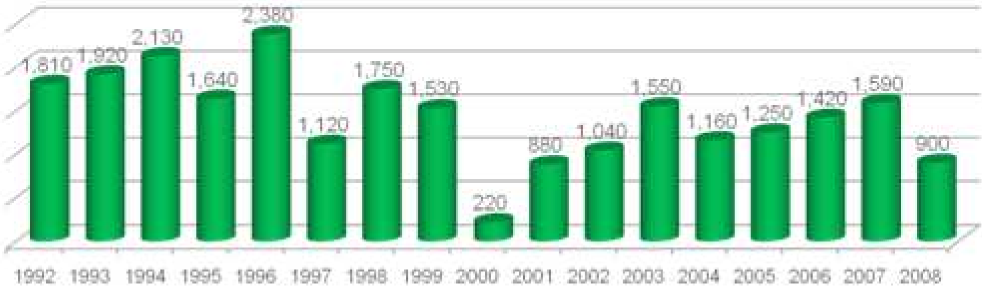
Number of discount stores





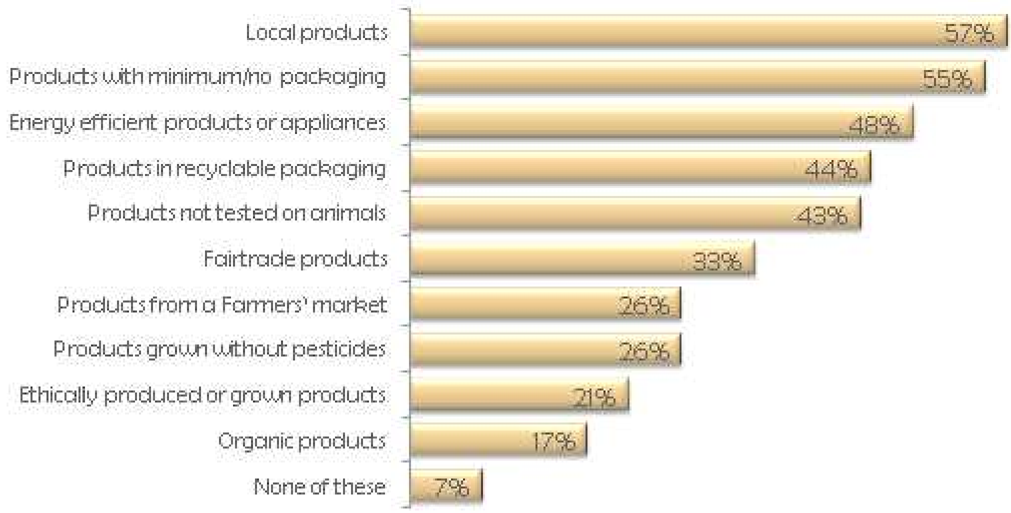
Number of store openings

Development of Aldi and Lidl stores


STORE A
I ALSO SHOP AT STORE "C"
STORE B
STORE C


price!
All the rest!!

"Which of these types of products do you actively try to buy?



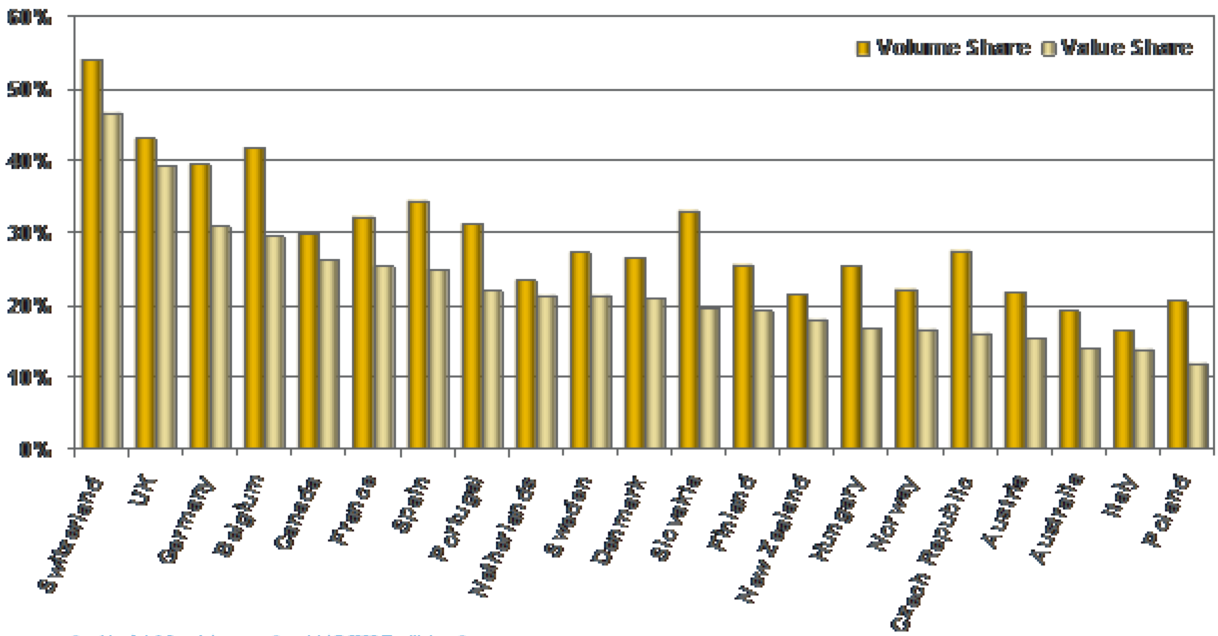
Private Label?

automatic win?

... or ...

fatality?

Private Label Category Share by Country



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nielsen September 29, 2008

Where do Private labels thrive?

- **In categories where brand manufacturers have lost the art in creating added value. (real or perceived)**
- **In categories where price has become the only true differentiator.**
  - **Brand price premium is perceived excessive**
  - **Too much short term price tactics**
- **In categories where true innovation is scarce.**
- **In categories with excess production capacity available**
- **With retailers/ countries where there is scale big retailers and/or big countries**

Closing comments

- Are we getting what we want or do we want what we get?
- Are we trying enough to connect with the consumer?
  - Positioning and differentiation
    - Perception in terms of quality, price and choice
    - Ease of access
  - Create true shopper preference and distinctiveness
    - Get the basics right
    - We need to dare challenging conventional beliefs and viewpoints
    - Consumers reward difference, courage and against the tide swimming
    - Excite and surprise the shopper
  - Develop the "Magnetism" of stores, categories and brands!
- Foresight:
  - More and more equity building initiatives to be expected
  - More and more consolidation of equity to be expected