

## Consumers Continue Turn To Store Brands, But Brands Showing Improvement

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Over the latest six (4-week) periods ending 5/16/2009, store brand unit sales averaged a 5.7% increase in consumer-packaged-goods departments tracked by Nielsen in food, drug and mass-merchandisers (including Walmart). Most of this growth is from edible departments (i.e., fresh meat, fresh produce, packaged meat, dairy, dry grocery, frozen and deli). While branded unit sales declined, on average by 3.1%, unit sales in the last two periods were up 2.2% and off 1%, respectively. While this is not a definitive sign that brands are turning the tide in our down economy, it is definitely a positive sign for brand marketers. Departments contributing to the largest declines in branded unit sales are mostly non-edibles (i.e., health & beauty, non-food and general merchandise), but the dry grocery department is having growth challenges too.

### Consumers Turn to Store Brands In Down Economy - Improved Brand Performance in Recent Periods

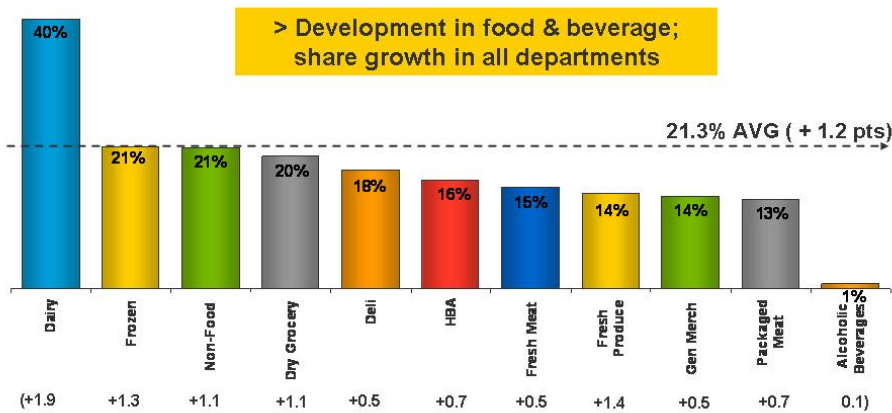


Source: Nielsen Scantrack, a service of The Nielsen Company, (FDM w/ Walmart) 52 weeks ending 05/16/09 (versus prior year)

For the latest annual period, store brand unit sales reach a 21.3% share and we see share gains in all departments. However, this means that branded products still drive the vast majority (79%) of unit sales. Store brand unit shares range from a high of 40% in the dairy department to a low of 1% in alcoholic beverages.

# Retailer Brand Unit Share Varies by Department

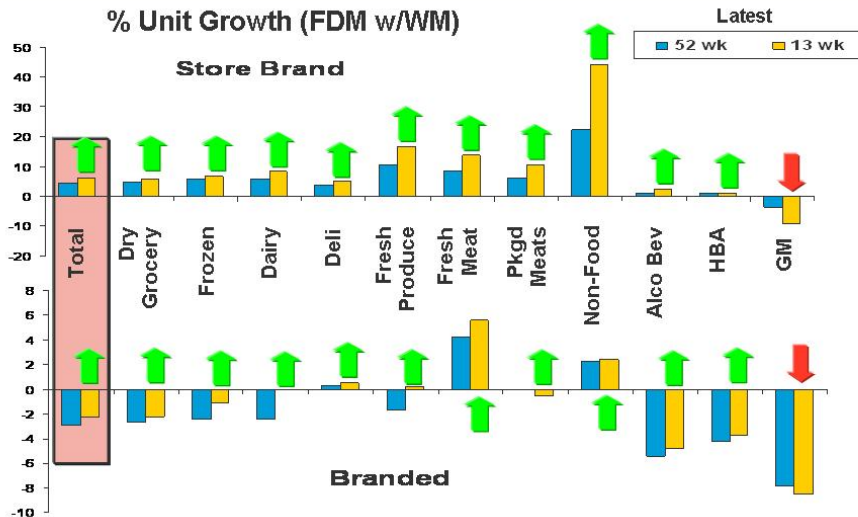
% of Unit Sales (FDM w/WM)



Source: Scantrack, a service of The Nielsen Company; (FDM w/ Walmart) 52 weeks ending 05/16/09 (versus prior year)

As we look at the last quarter within the latest annual period, we see unit growth improvements for both store brands and branded departments, but branded sales are negative in most departments. But the fact that branded unit sales trends are improving is a sign that manufacturer actions in the areas of new products, promotions and advertising are impacting consumer purchase decisions.

# Unit Growth Improvements For Store Brands & Branded, but Brand Sales Negative in Most Departments



Source: Scantrack, a service of The Nielsen Company; (FDM w/ Walmart) 52 weeks ending 05/16/09 (versus prior year)

It is also interesting to see how the categories driving the greatest unit brand growth are food and beverage categories, the same pattern as noted for store brands. The categories struggling the most are mostly discretionary categories.

# Stronger Unit Growth from Store Brands & No Duplication in Categories

Top 15 Fastest Growing Categories  
(% Unit Change)

Categories on both lists

Non-edible Categories

Edibles dominate

Branded*		Store Brands*	
Canning & Freezing Supplies	14%	Baby Food	45%
Seasonal Gen'l Merchandise	8%	Candles & Incense	24%
Wine	6%	Flour	20%
Fresh Meat	4%	Frozen Pizza & Snacks	17%
Dry Mix Prepared Foods	4%	Cheese	15%
Vitamins	4%	Detergents	14%
Puddings, Desserts - Dairy	3%	Crackers	13%
Baking Mixes	3%	RTS Prepared Foods	13%
Pasta	3%	Salad Dressing & Mayo	13%
Packaged Milk & Modifiers	3%	Shortening & Oil	13%
Refrigerated Juices & Drinks	3%	Ice Cream	12%
Fzn Unprep Meat & Seafood	2%	Snacks	12%
Frozen Novelties	2%	Coffee	11%
Baking Supplies	2%	Fresh Produce	11%
Non-Carb Soft Drinks	2%	Canned Seafood	10%

Source: Scantrack, a service of The Nielsen Company; (FDM w/ Walmart) 52 weeks ending 05/16/09 (versus prior year) - \*minimum \$100 million in sales

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# Non-Edibles Top the List of Categories Driving Fastest Unit Declines

Top 15 Declining Categories  
(% Unit Change)

Categories on both lists

Non-edible Categories

Some Large Edible Categories on List

Branded*		Store Brands*	
Film & Cameras	-33%	Light Bulbs & Telephone Acc	-21%
Sport & Novelty Cards	-18%	Motor/Car Accessories	-21%
Light Bulbs & Telephone Acc	-16%	Housewares & Appliances	-17%
Diet Aids	-15%	Buckets, Bins & Bath Acc	-13%
Feminine Hygiene	-14%	Baby Needs	-11%
Buckets, Bins & Bath Acc	-12%	Grooming Aids	-9%
Canned Fruit	-11%	Pet Care	-9%
Women's Fragrances	-11%	Bottled Water	-5%
Canned Vegetables	-9%	Packaged Milk & Modifiers	-4%
Wrapping Materials & Bags	-9%	Disposable Diapers	-4%
Batteries & Flashlights	-9%	Household Cleaners	-4%
Yeast	-9%	Kitchen Gadgets	-3%
Men's Toiletries	-9%	FZN Unprep Meat & Seafood	-3%
Laundry Supplies	-8%	Laundry Supplies	-3%
Canned Seafood	-8%	Personal Soap & Bath Add	-3%

Source: Scantrack, a service of The Nielsen Company; (FDM w/ Walmart) 52 weeks ending 05/16/09 (versus prior year) - \*minimum \$100 million in sales

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Successful manufacturers will be those who dig deeper into these data and collaborate with their retail partners to drive both brand and store brand sales which yield stronger overall category sales.

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