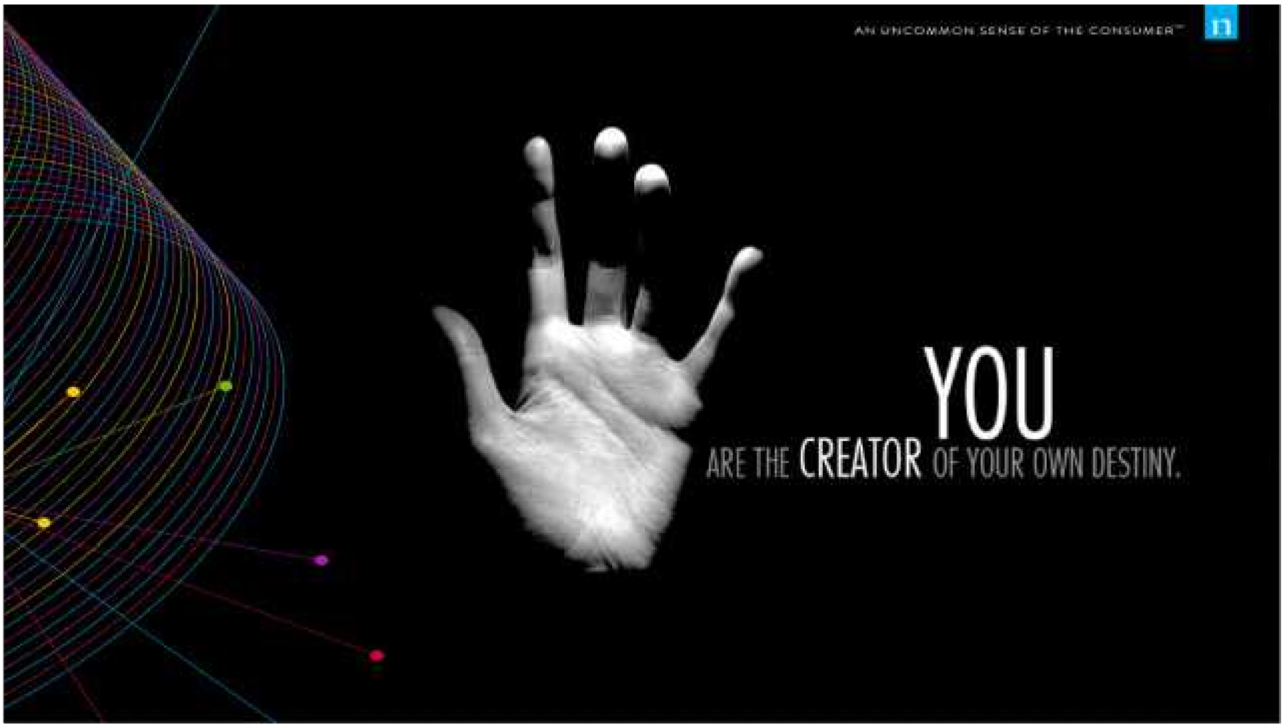



# OPEN AGENDA

1. Consumer state of mind
2. The FMCG purchase realities
3. Retail and shopper essentials



2

AN UNCOMMON SENSE OF THE CONSUMER™


AN UNCOMMON SENSE OF THE CONSUMER™

## THE RETURN OF OPTIMISM…

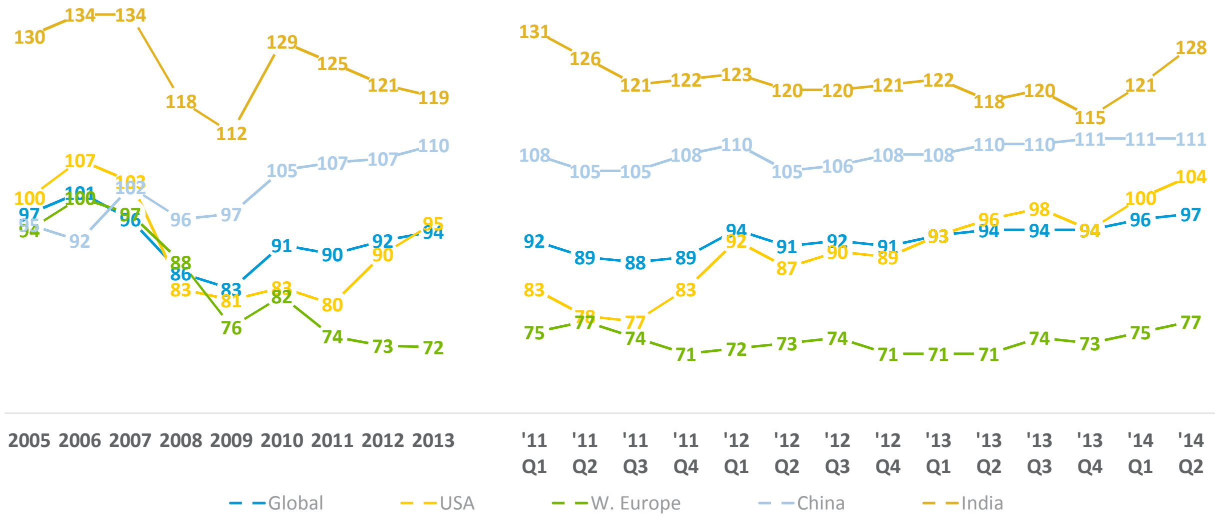
## ….IS SUPER SLOW

# CONSUMER CONFIDENCE MEASURES FEAR LEVEL

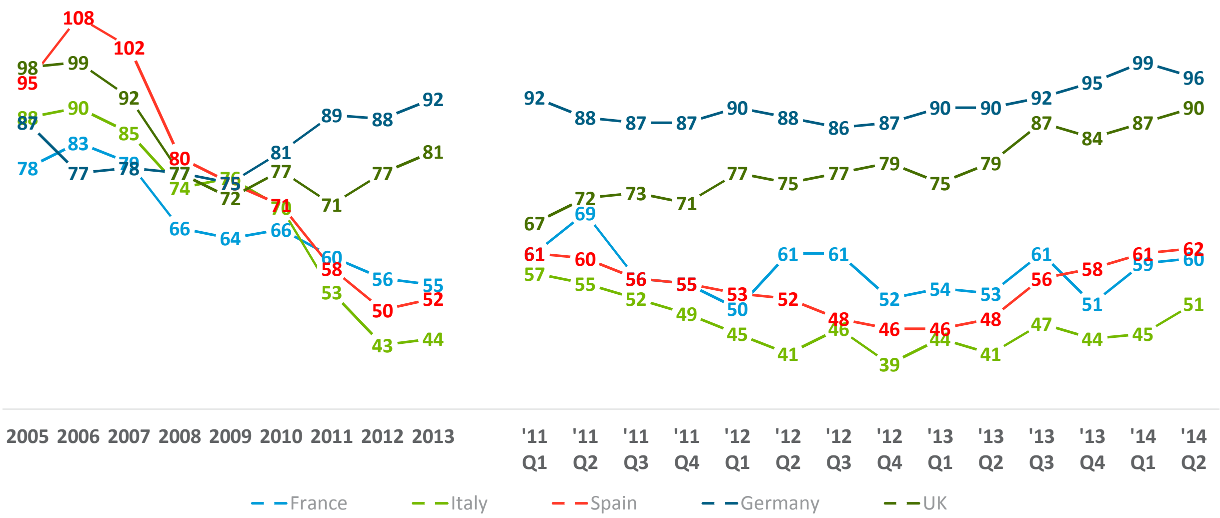



5

# CONSUMER CONFIDENCE INDEX



## CONSUMER CONFIDENCE INDEX




## WHAT IS YOUR BIGGEST + 2ND BIGGEST CONCERN?


*Source: Q1, 2014 Global Consumer Confidence, Concerns & Spending TOTAL EUROPE*

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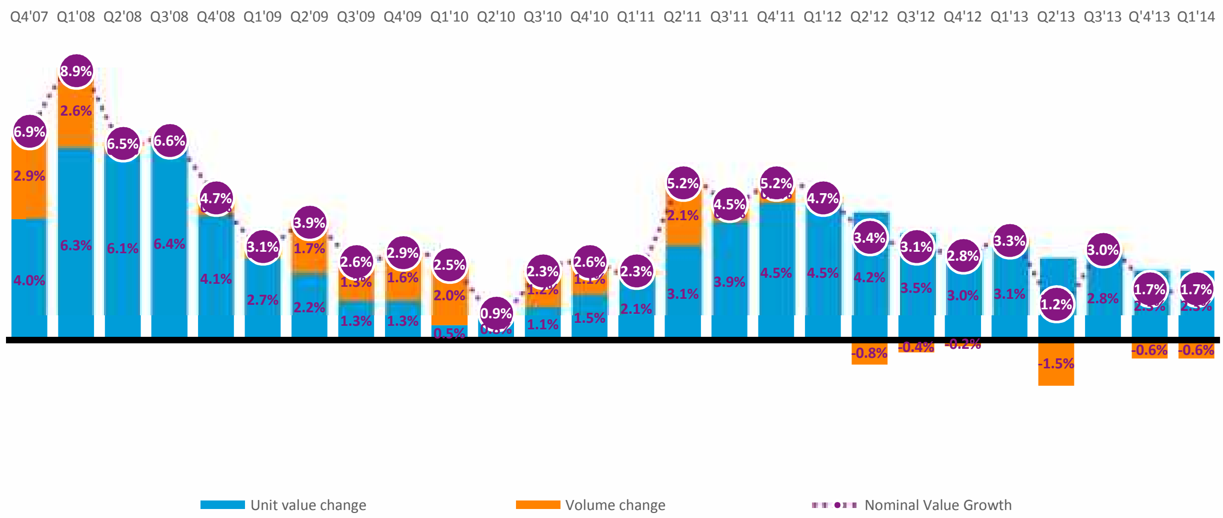
# EUROPE OVERVIEW

Fast Moving Consumer Goods market dynamics (Weighted average)

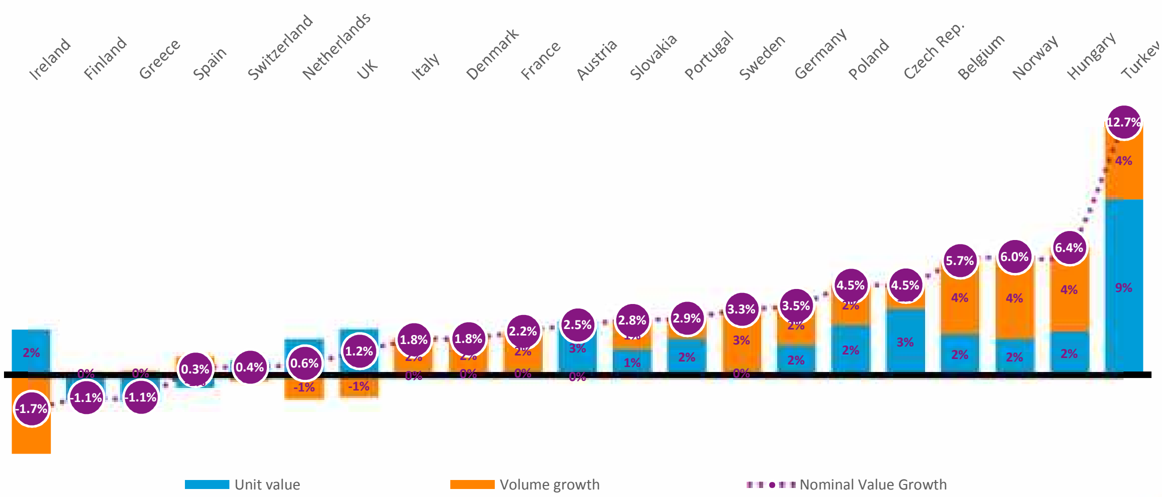



(*):Austria, Belgium, Czech Rep., Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, Turkey, UK.



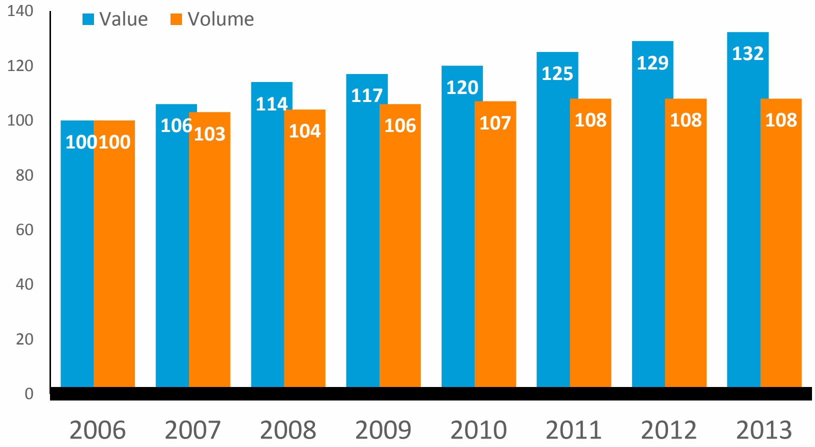
# Q2 2014 GROWTH RATES PER COUNTRY (VERSUS Q2 2013)

Fast Moving Consumer Goods market dynamics



# DEVELOPMENT INDEX TOTAL EUROPE

Base 100 = 2006



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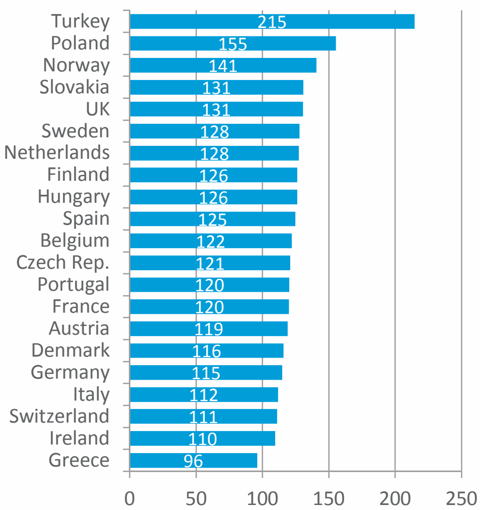
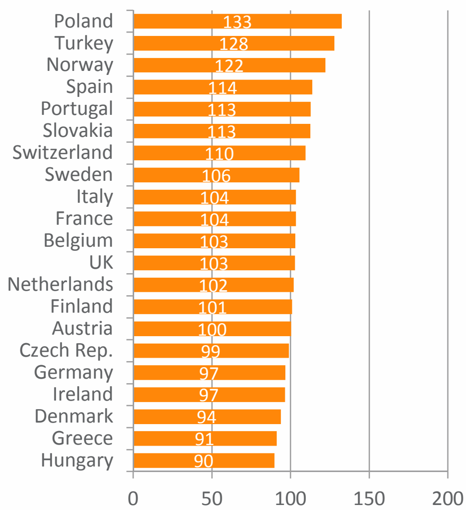
# DEVELOPMENT INDEX BY COUNTRY

VALUE INDEX 2013 (base 100 = 2006)

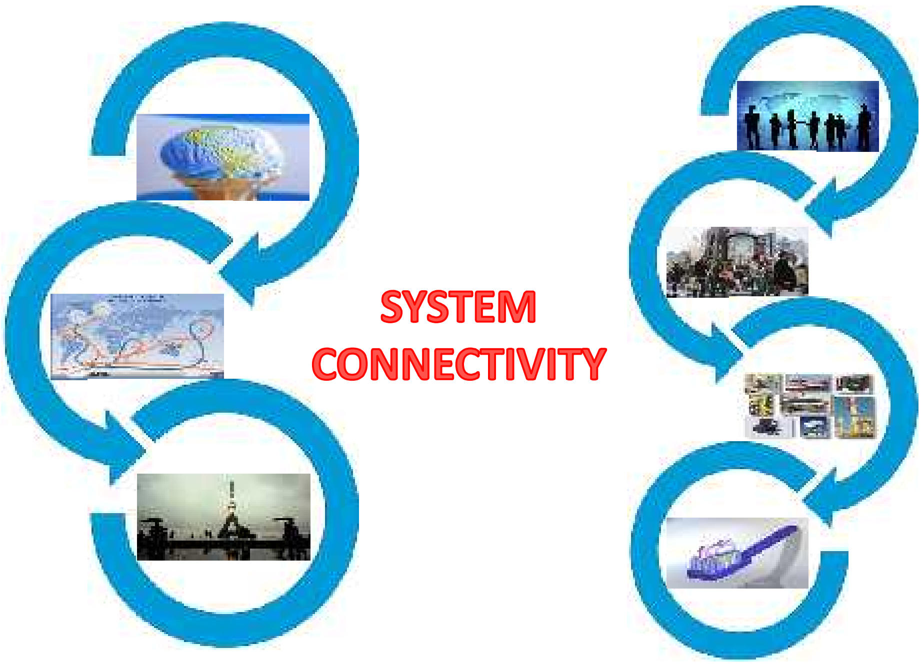



VOLUME INDEX 2013 (base 100 = 2006)






12


SYSTEM
CONNECTIVITY


AN UNCOMMON SENSE OF THE CONSUMER™
THE SHOPPER TRANS-MUTATION!
FAST… FASTER… FASTEST…

# THE EUROPEAN RETAIL SCENE IN A NUTSHELL

- The format game is not working any more.
  Despite all the testing/piloting efforts nothing is moving
- The decline of the hypermarket is a myth (For FMCG)
- Modern convenience grows at the expense of traditional convenience
- Discount is the not the winning juggernaut
- Short term tactics employed by retailers have a diminishing ROI.
- E-grocery remains a midget
- Retailers have not yet discovered the digital connection
- The local agenda defines the market, global retailing has failed
- Battle of formats → battle of banners

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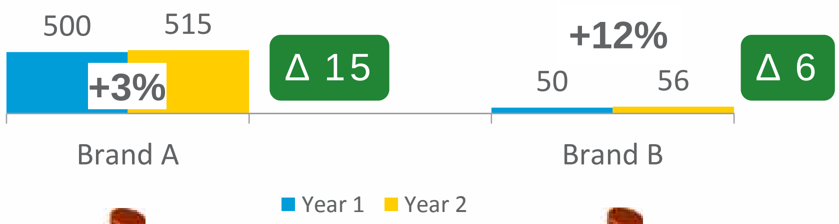
## E-COMMERCE HAS GROWN AN ANNUAL AVERAGE OF 15% FOR 15 YEARS…

## SO WHY DOES IT ACCOUNT FOR LESS THAN 6% OF TOTAL RETAIL?

# THE RELATIVITY OF % GROWTH




After how many years will the Δ volume of brand B exceed the Δ volume of brand A?

**12 year**

After how many years will Brand B be bigger than Brand A ?

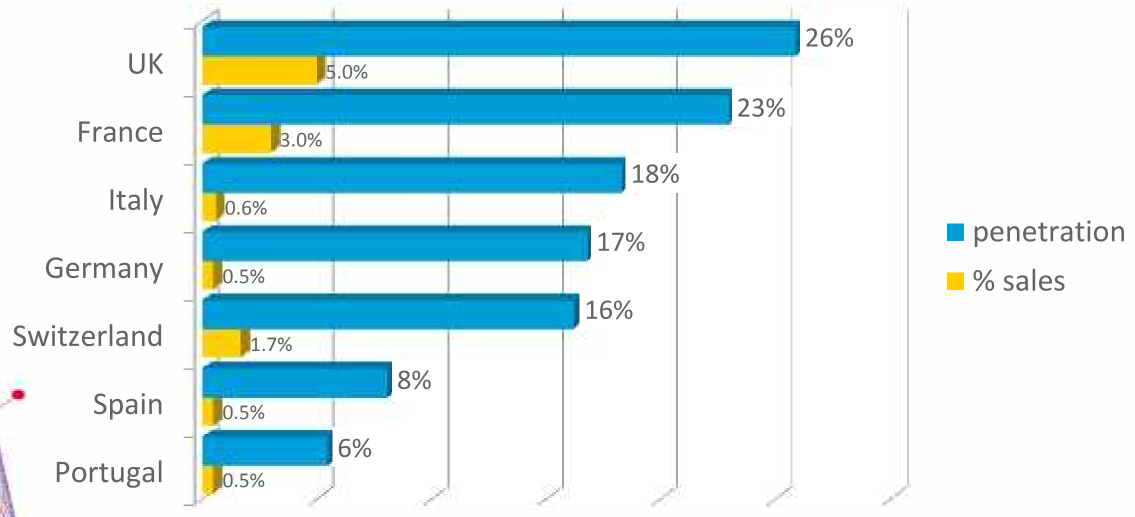
**28 year**

@ constant growth rate 17



# PENETRATION AND SHARE OF E-COMMERCE PURCHASES

## (= % OF HOUSEHOLDS BUYING AT LEAST ONCE A FMCG-ITEM)




Source: Homescan

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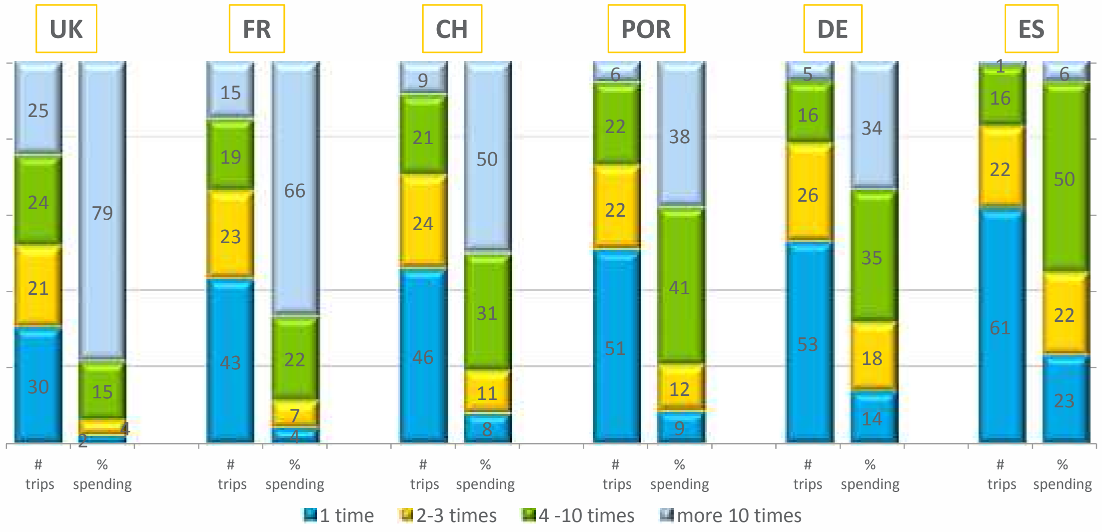
## DISTRIBUTION OF SHOPPING TRIPS




Source: Homescan

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AN UNCOMMON SENSE OF THE CONSUMER™

FAST MOVING CONSUMER GOODS INDUSTRY

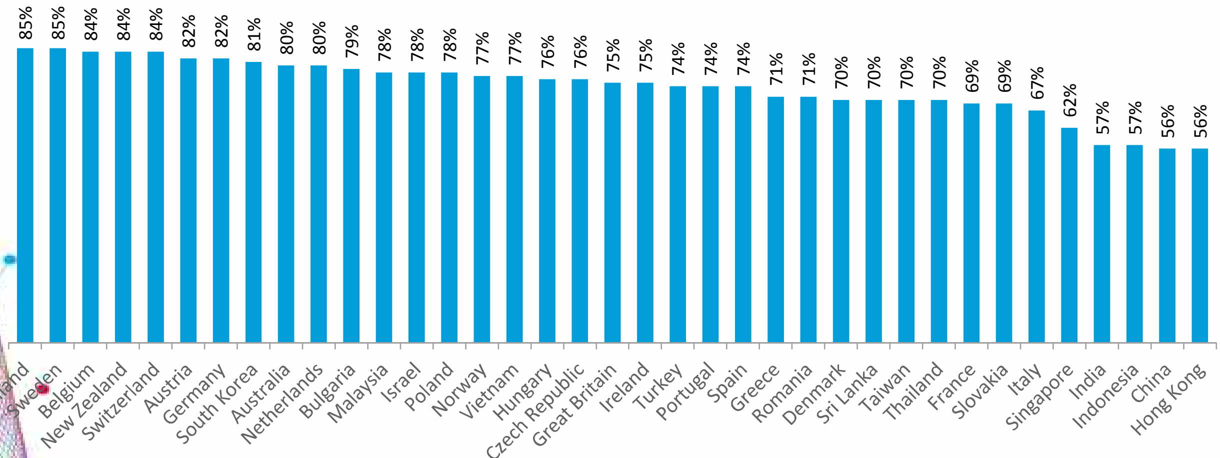
***The slowly adaptive consumer industry***





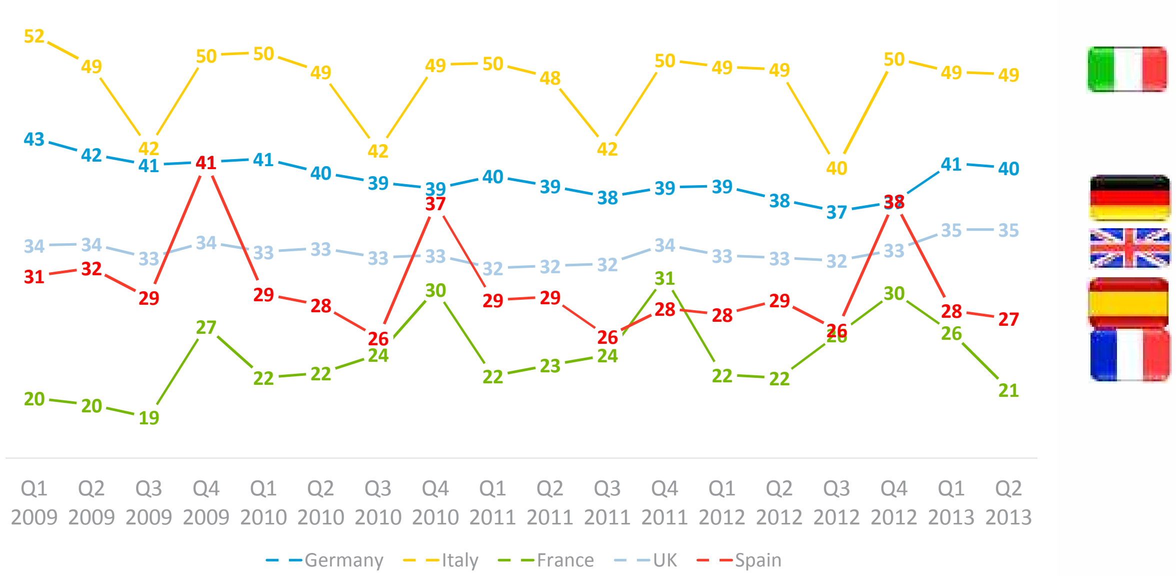

## WHERE WAS YOUR LAST SHOPPING TRIP?

*"I shopped at the same store I always do"*




**AUTO PILOT SHOPPING**

# NUMBER OF SHOPPING TRIPS PER QUARTER



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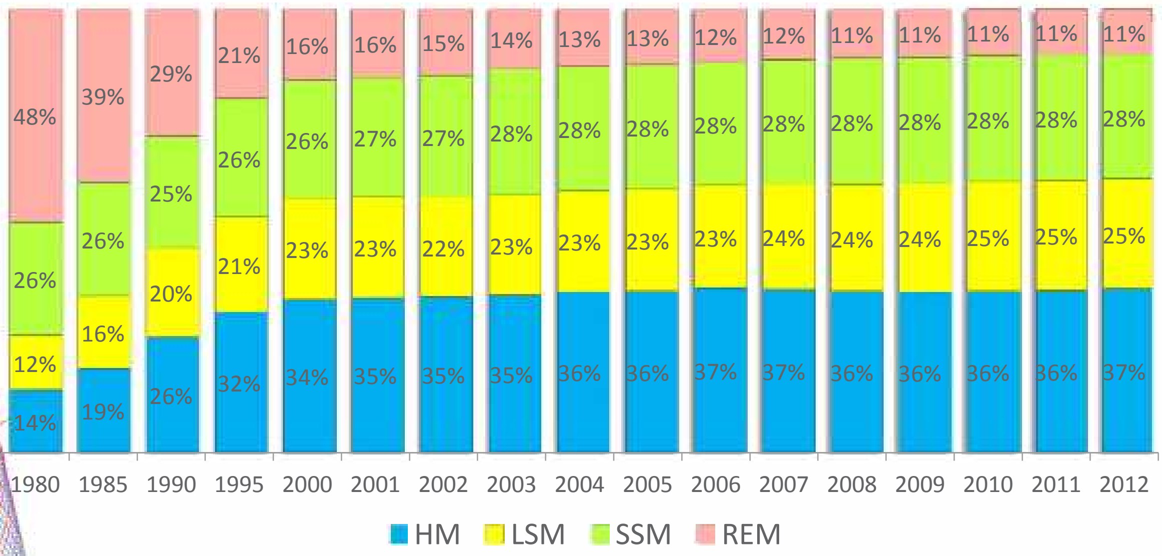
# FORMAT STRUCTURE EUROPE



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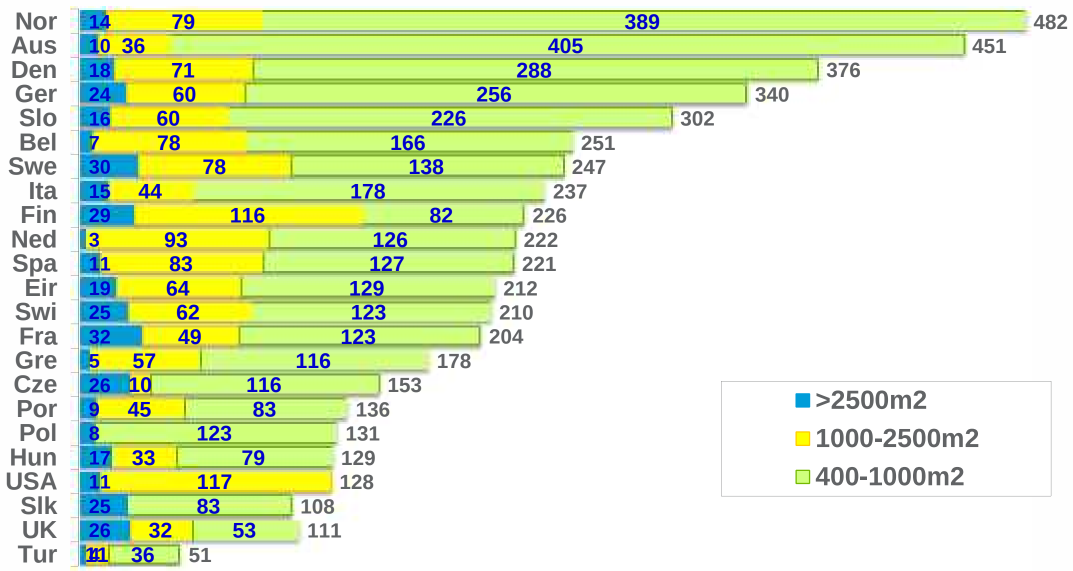
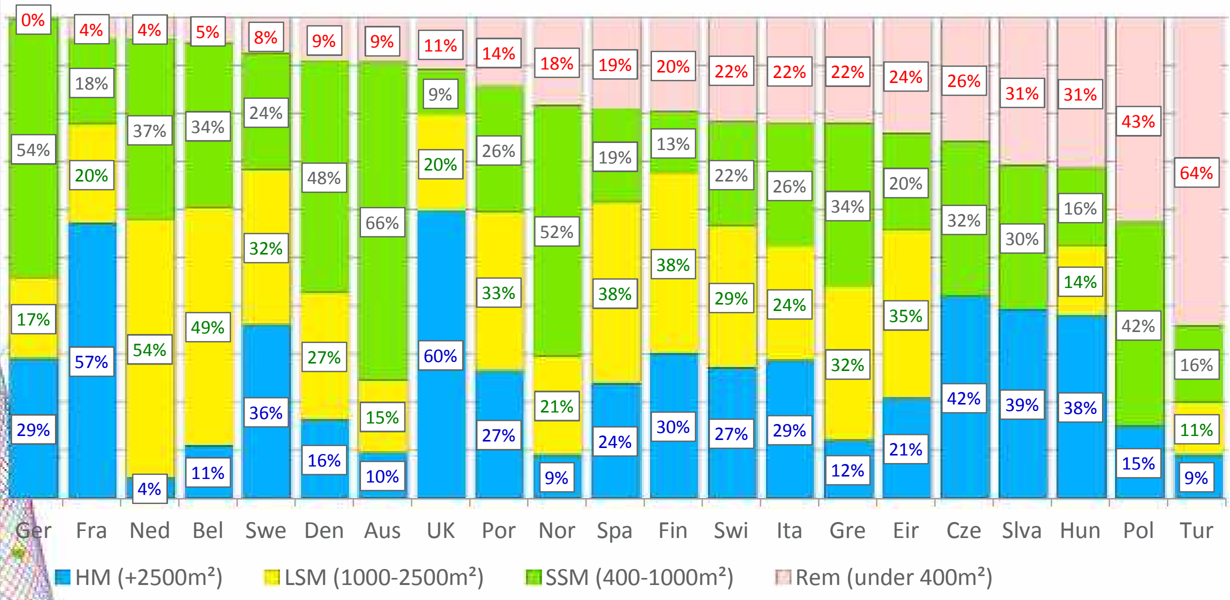
## NUMBER OF STORES PER MILLION INHABITANTS

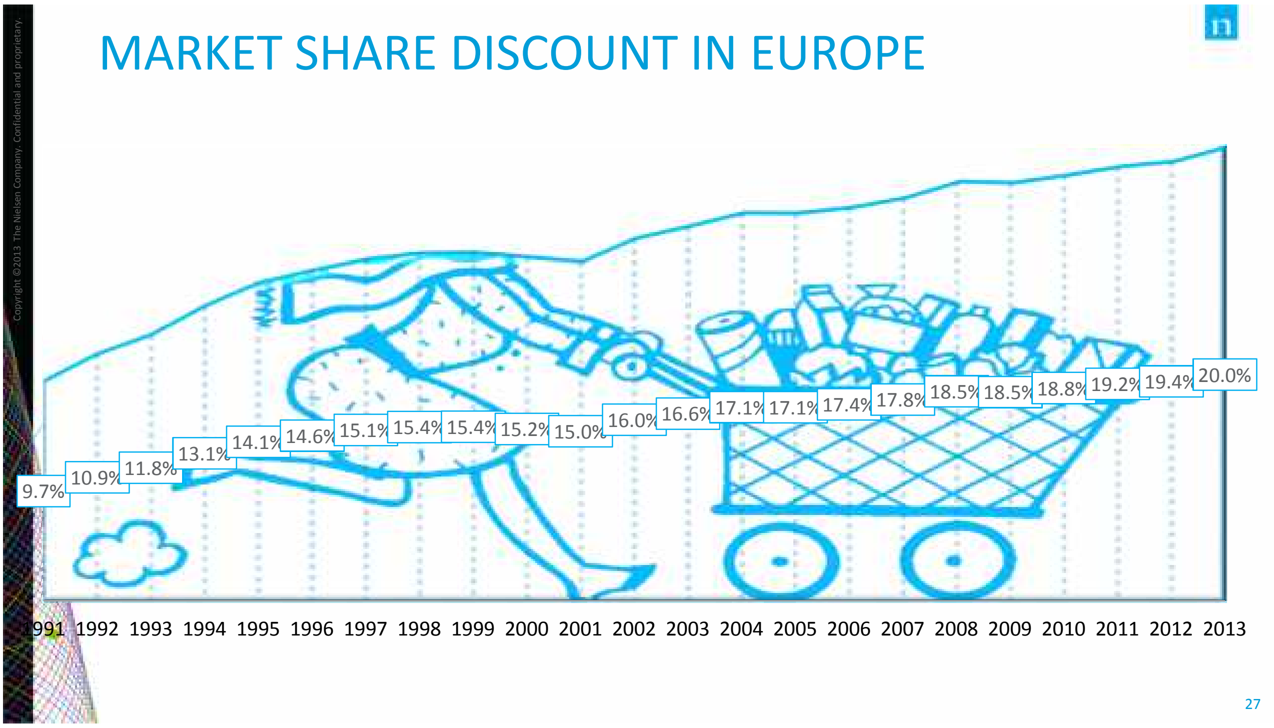




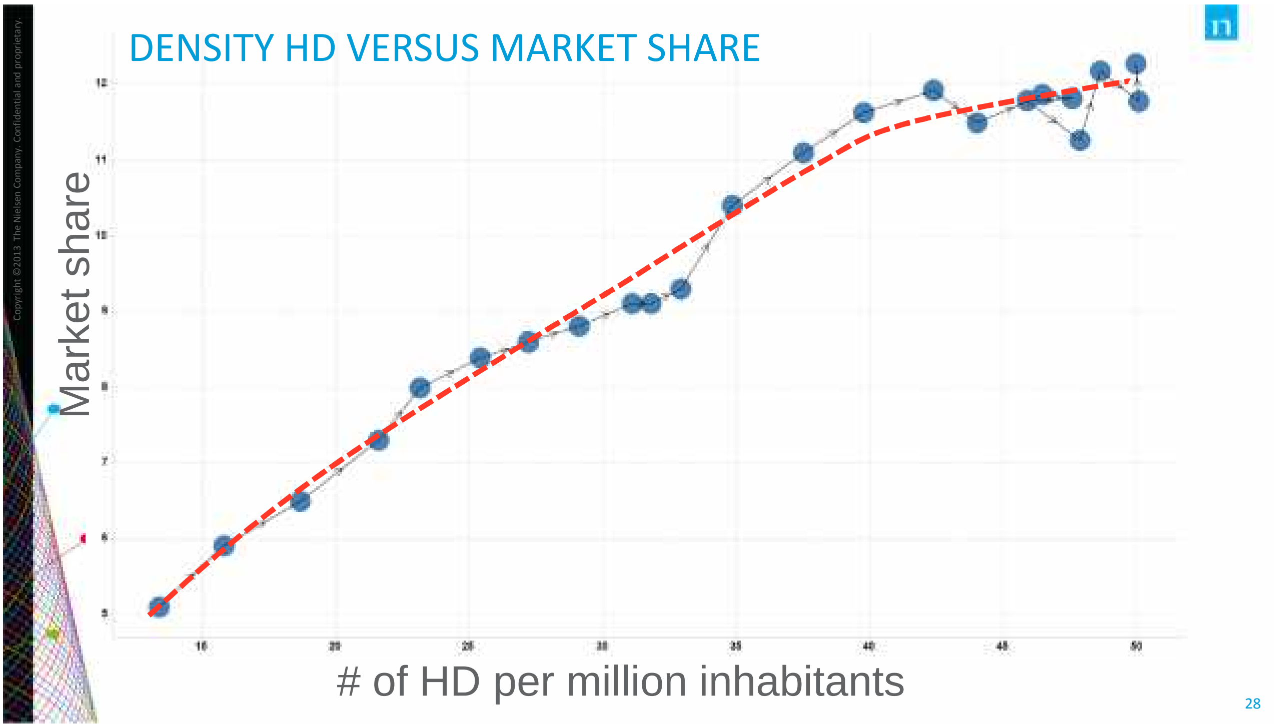



## FORMAT STRUCTURE BY COUNTRY



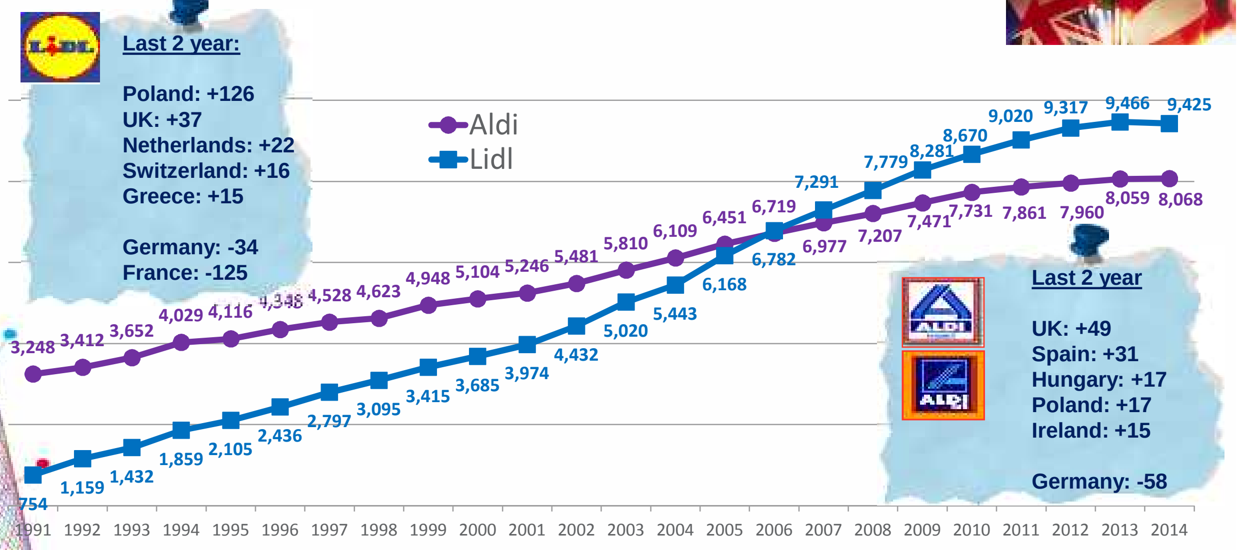


MARKET SHARE DISCOUNT IN EUROPE
9.7% 10.9% 11.8% 13.1% 14.1% 14.6% 15.1% 15.4% 15.4% 15.2% 15.0% 16.0% 16.6% 17.1% 17.1% 17.4% 17.8% 18.5% 18.5% 18.8% 19.2% 19.4% 20.0%
991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013
27

DENSITY HD VERSUS MARKET SHARE
Market share
# of HD per million inhabitants
28

# DEVELOPMENT OF ALDI AND LIDL STORES

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AN UNCOMMON SENSE OF THE CONSUMER™

# FROM FORMATS TO WINNING RETAIL BRANDS/BANNERS

## EUROPE TOP 10 STRONGEST SM BRANDS VS LAST YEAR – 2013

| | | | |
|---|---|---|---|
| ICA | Sweden: 4.6 (4.6) | Kaufland | Romania: 3.5 (1.9) ▲ |
| MERCADONA | Spain: 4.3 (4.2) ▲ | TESCO | Slovakia: 3.4 (3.4) |
| MIGROS | Switzerland : 4.2 (4.5) ▼ | pingo doce | Portugal: 3.4 (3.3) ▲ |
| Kaufland | Bulgaria: 3.6 (3.5) ▲ | TESCO | Ireland: 3.2 (3.4) ▼ |
| Albert Heijn | Netherlands: 3.5 (3.6) ▼ | coop | Switzerland: 3.2 (3.0) ▲ |

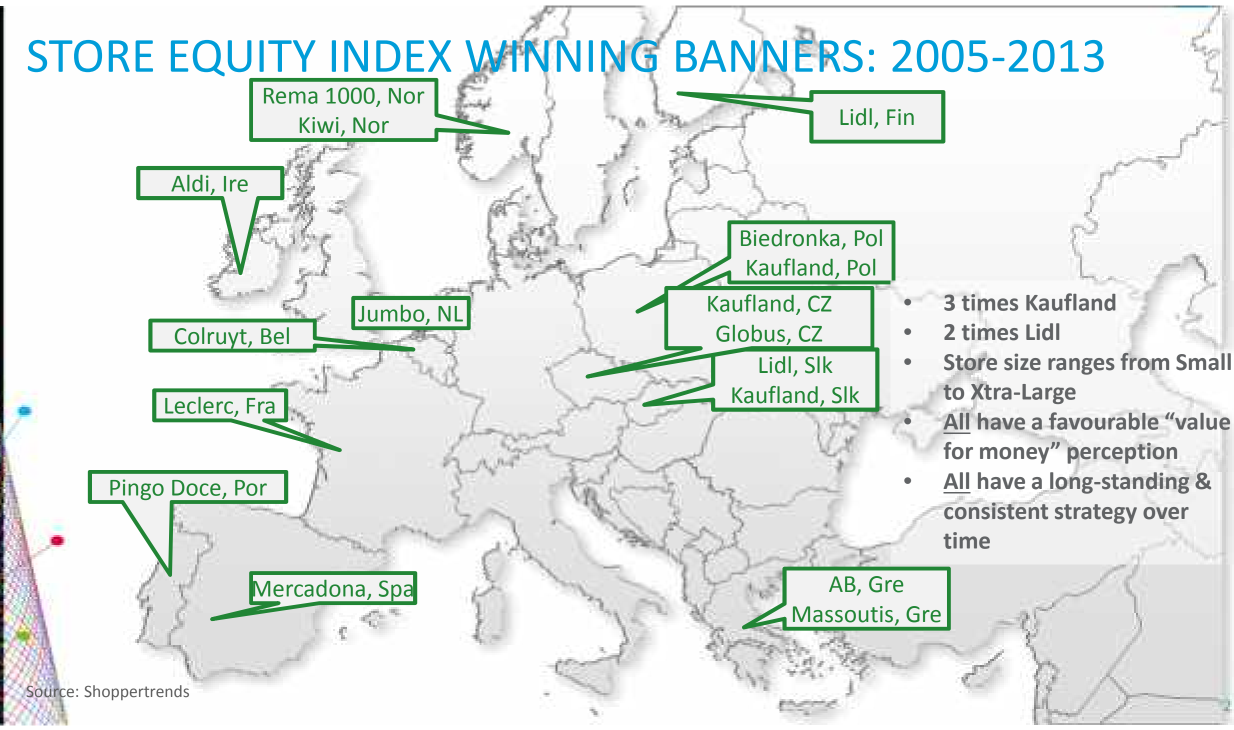
Source: Shopper Trends 2012-2013

Distribution based on SEI from: Austria, Belgium, Bulgaria, Czech Rep., Denmark, France, Germany, Hungary, Ireland, Israel, Italy, NL, Norway, Poland, Portugal, Romania, Slovakia, Spain, Sweden, Switzerland, UK





## STORE EQUITY INDEX WINNING BANNERS: 2005-2013




- 3 times Kaufland
- 2 times Lidl
- Store size ranges from Small to Xtra-Large
- All have a favourable "value for money" perception
- All have a long-standing & consistent strategy over time

Source: Shoppertrends

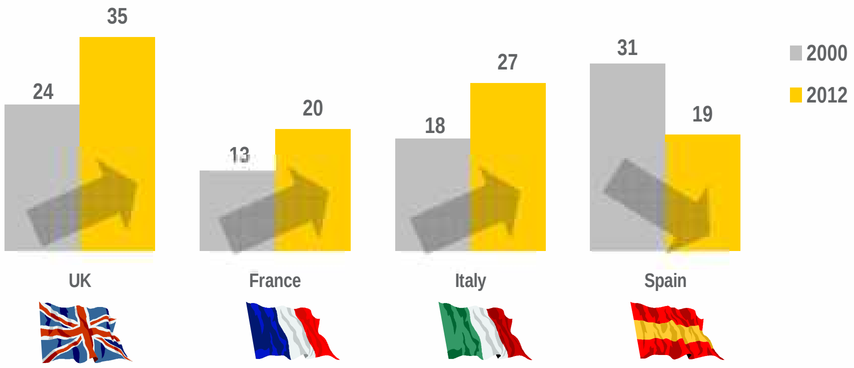
# Promotion frenzy or addiction?






# INCREASING PROMOTIONAL PRESSURE IN EUROPE OVER THE DECADE

% FMCG Value Sold on Deal




Source: Nielsen Scantrack / Homescan

# TURBULENCE ≠ TREND

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