

IRI REINVENTING CPG & RETAIL

2008
SUMMIT



Innovation In Shopper Insights

July 2008

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Information Resources, Inc

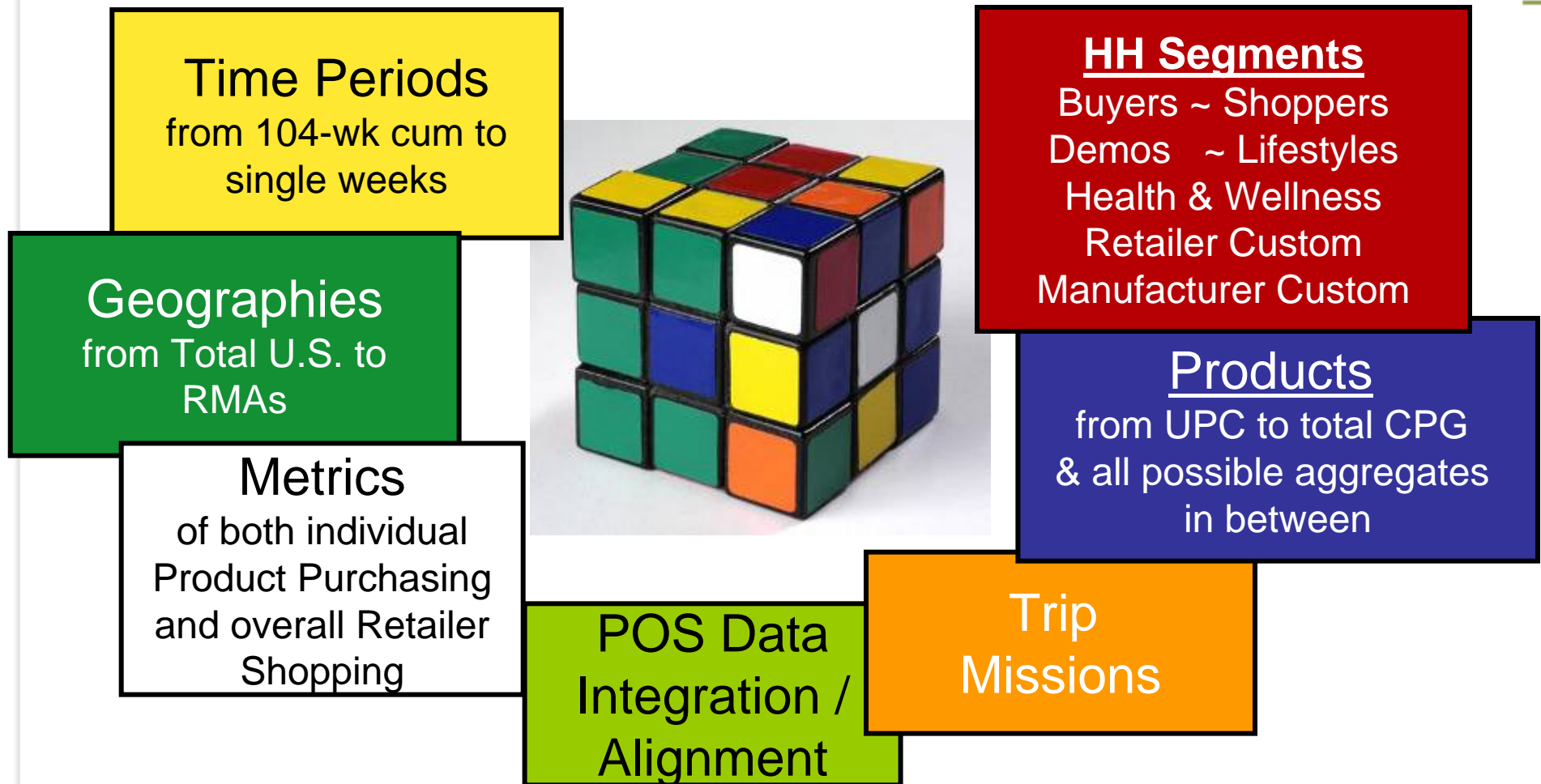
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- **Why Shopper Segmentation? – challenges, opportunities**
- Case Study 1: Using Shopper Segmentation to Drive Departments
- Case Study 2: Shopper Insights for America's Health
- Action Recommendations

Consumer/Shopper Segmentation is a one key component of a shopper insights knowledge base



Find, Bait, and Catch

- TRANSFORMATIONAL opportunities hidden by the averages
 - More is better
 - Best: points of convergence
- TRANSFORMATIONAL pay-out potential
 - Kroger: +5.6% same-store sales growth vs. no growth previously
 - IRI manufacturer clients: multi-million dollar wins at retail



It's going to help us address two key challenges in our industry today

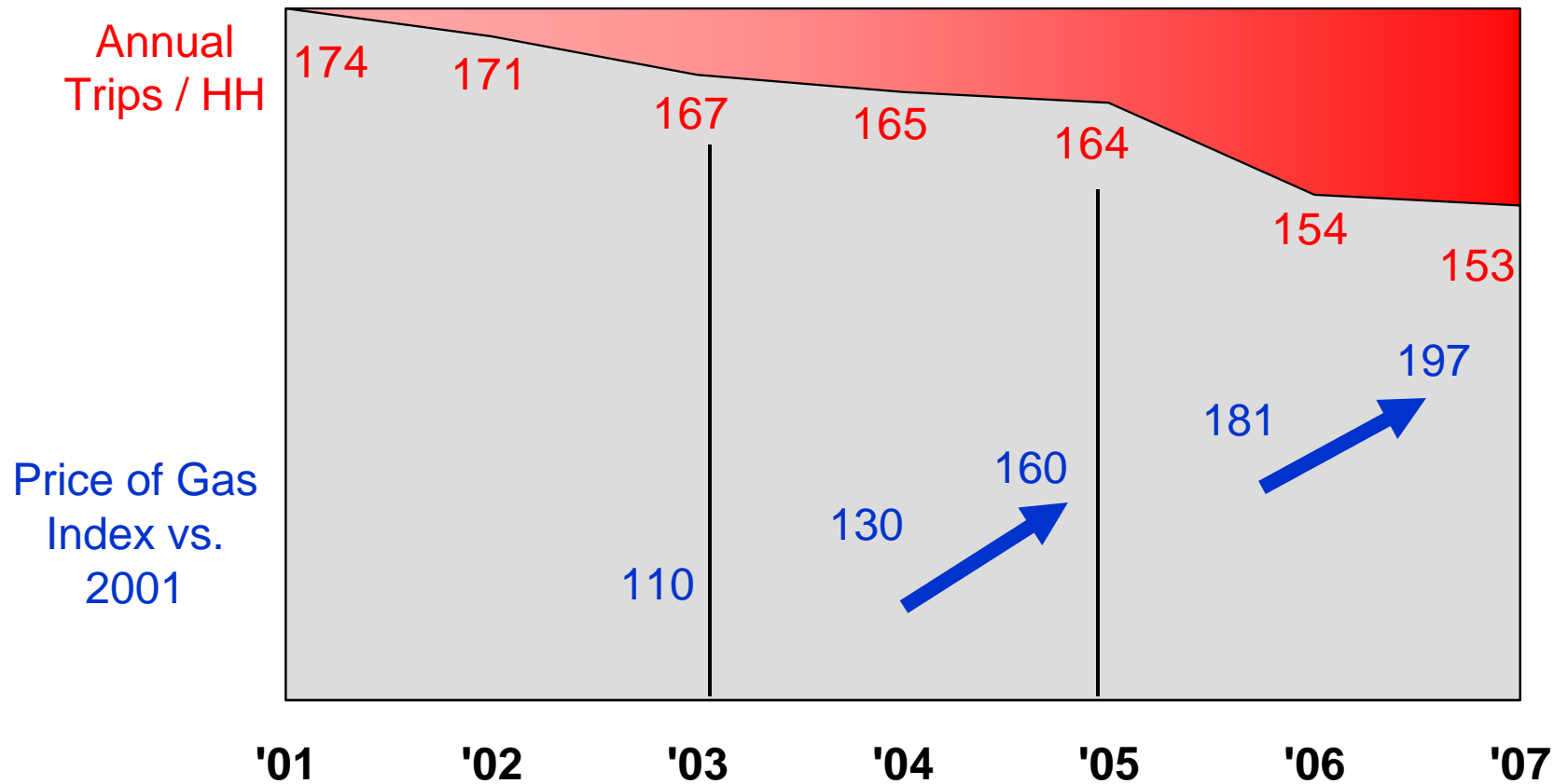
Segmentation is key to retail transformation



... and do it all with the same or fewer people,
and prove the ROI . . .

Segmentation can help you counter the effects of declining shopping trip frequency

15% fewer trips per year in '07 vs. '01 – a loss of over 3 million trips!



Sources: Average Trips per Household per Year - All Outlets (all trips, not just trips including a CPG item) from IRI Household Panel, TUS Household count by year from US Census, Gas prices
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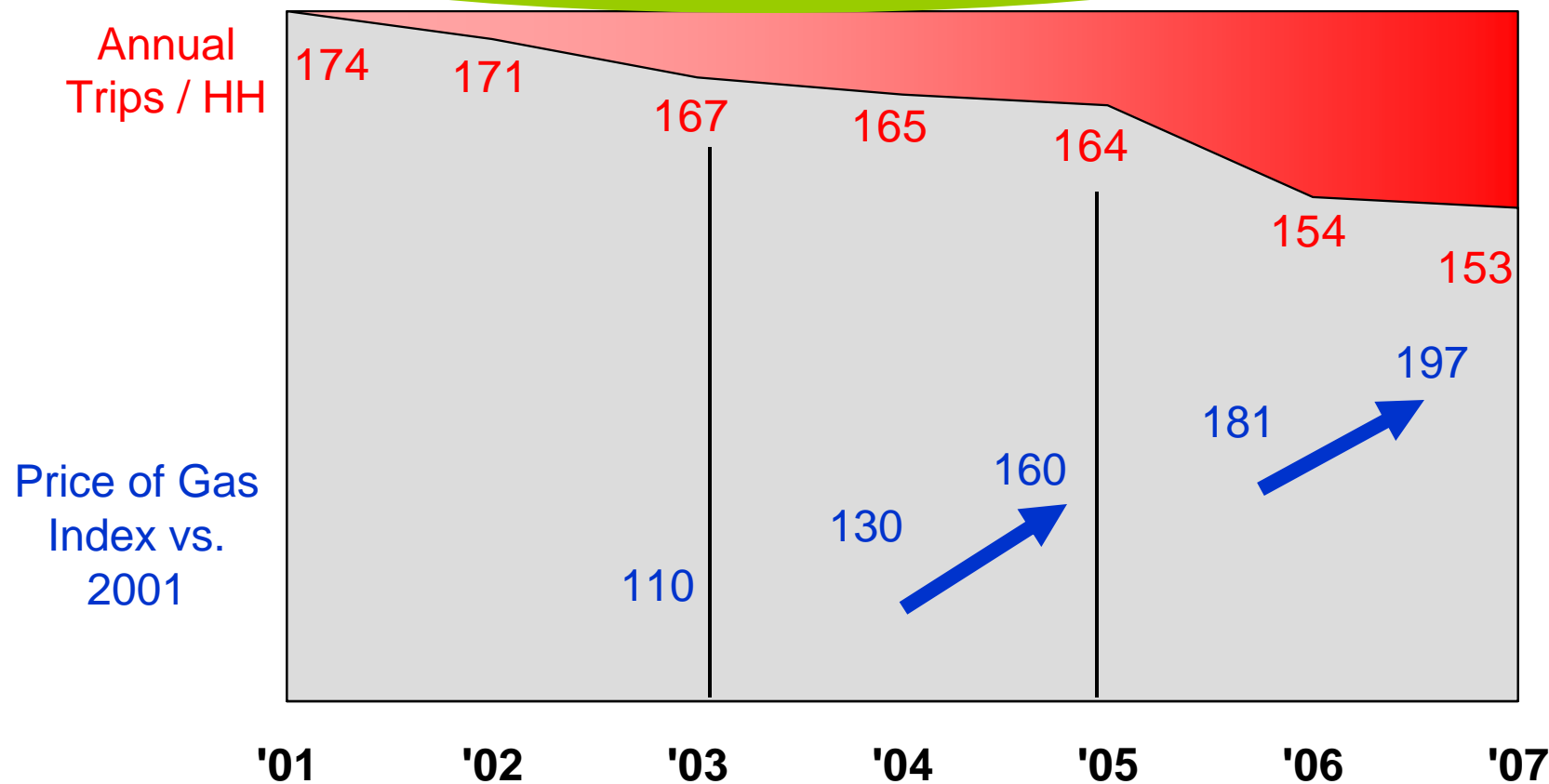


Declining Shopping Trip Frequency *continued*

15%

CPG expenditure per trip rose just 2%
 -- while avg CPG prices rose 4%.

s!



Sources: Average Trips per Household per Year - All Outlets (all trips, not just trips including a CPG item) from IRI Household Panel. TUS Household count by year from US Census. Gas prices

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Case Study 1: Shopper Insights to Grow a Department



- **What did we set out to learn?**
 - Who buys the most Beer in supermarkets?
 - How is that segment different from the best Wine and the best Spirits buyer?
 - How can we leverage those differences to drive total department and total trip expenditures
 - Co-merchandising of specific product-types and brands within the BWS department
 - Co-merchandising of BWS with other products / departments

Best Beer Buyers: GenX “Cash & Careers”



PersonicX® > Best Buyers of >	Cash and Careers Beer	Golden Years Wine	Leisure Buffs Spirits
Segment Description	Avg Age: 37 (GenX) Income: \$60-\$125K Lifestage: Single or Married	Age: 46-65 (Boomers) Income: > \$60K Lifestage: Single or Married Outer Suburbs & Towns	Age: 66+ (Retirees) Income: < \$35K Lifestage: Single or Married
% of IRI Panel HHs	4%	10%	9%
% of Total Retailer Dollars	4%	10%	9%
% of Category Dollars	7%	19%	14%
\$ Index: $\frac{\text{Segment \% of Cat \\$}}{\text{Segment \% of Ret \\$}}$	150	190	150
Estimated Category Dollar Sales (POS) to this Segment	\$567 mil	\$890mil	\$321mil

Sources: IRI Shopper Insights Explorer, Total US-Food, CY2006 and InfoScan Reviews, Total US-Food, CY2006.
 PersonicX® is a trademark of Acxiom and this segmentation is licensed by IRI from Acxiom. Attitudinal insights into each segment from from MRI.



**Cash & Careers buy the most beer in supermarkets
 AND buy an above-average amount of wine and spirits**

BEER

152



326



253



170



162



135

WINE

139



130



125

SPIRITS

138

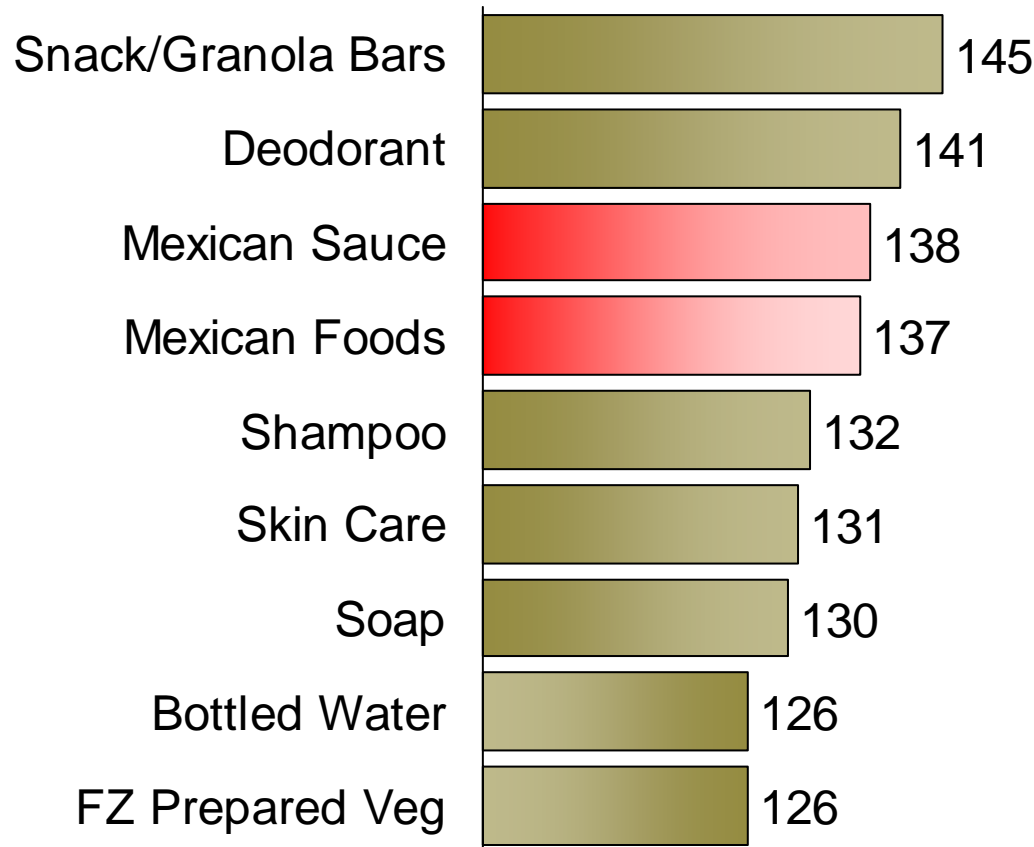


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Sources: IRI Shopper Insights Explorer, Total US-Food, CY2006 and InfoScan Reviews, Total US-Food, CY2006. PersoniX® is a trademark of Acxiom and this segmentation is licensed by IRI from Acxiom. Attitudinal insights into each segment from from MRI.

Product Development Index (Cash & Careers)



Sources: IRI Shopper Insights Explorer, Total US-Food, CY2006 and InfoScan Reviews, Total US-Food, CY2006.

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Marketing to Cash & Careers Shoppers

- Get in line with Latest health & fitness trends
- Gear up for outdoor activities
- Support their “quick trip” shopping habits



Remind

Display



Overview

- Why Shopper Segmentation? – challenges, opportunities
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Case Study 2: Shopper Insights for America's Health

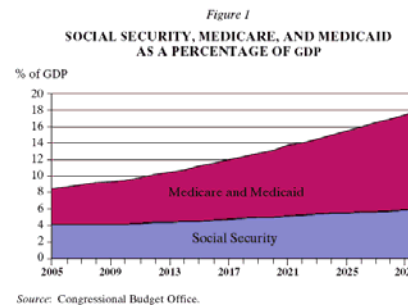
One of the most pressing issues for the CPG industry!



Help America live more healthfully



Fight obesity and



Rising healthcare costs

Solution: Study consumer segments with an **INTEREST** and help them take **ACTION**



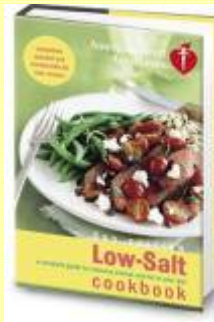
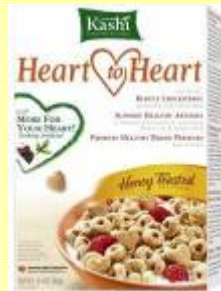
1. Aging Health and Wellness Managers

75% over age 45

Over Half Exercise Daily
(2x nat'l avg)



Diet: 2x nat'l
avg on ...



high fiber, low fat, low salt (38-59%)

5 a day (45%)

Health
Problems/
Concerns

60% admit overweight, common ailments are high blood pressure and cholesterol



2. Healthy Moderates

about half over age 45

Exercise



Diet



Health Problems/
Concerns

- Mild concern about weight, refined/processed foods, and trans fats
- Take vitamins, limit fast food and snacking
- Aware of health warnings but not very proactive, will do what's easy

3. Fit and Healthy Lifestyle

over half under 45

Exercise



Diet

Proactive



Health
Problems/
Concerns



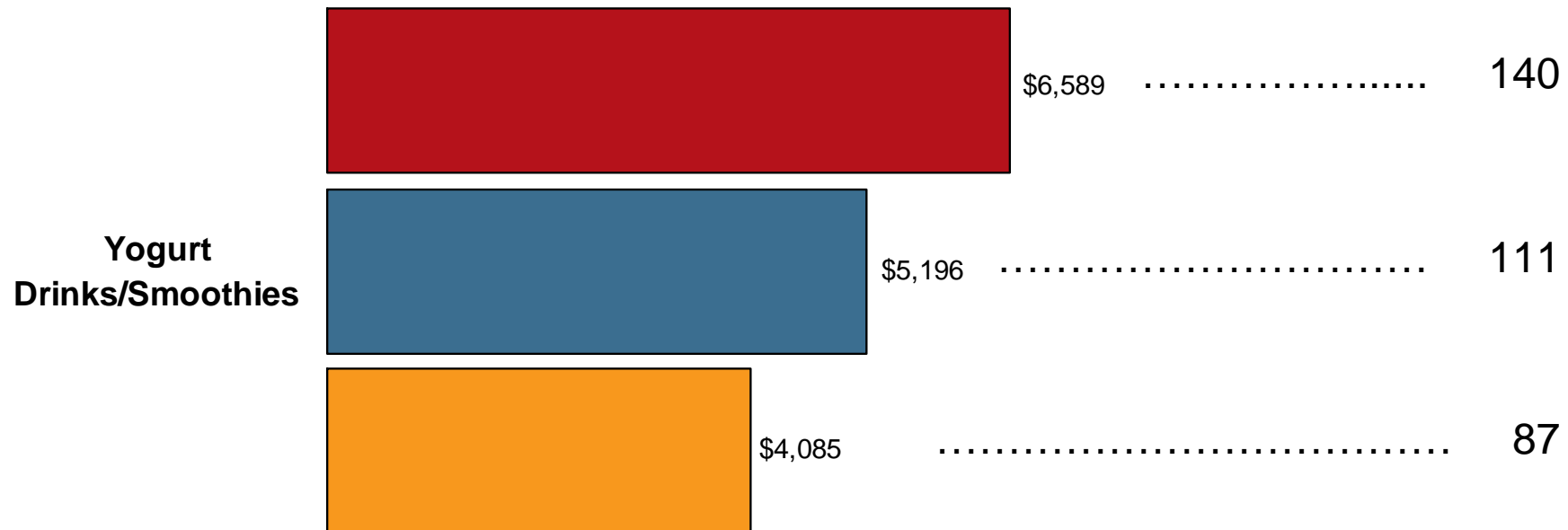
Biggest concern is being physically fit

- Look at how each segment shops retailers and buys products
 - Yogurt
 - Nutritional snack bars
 - Caffeine-free diet soda

Yogurt Drinks/Smoothies

- **Goal 1:** Yogurt purchasing is strong among Fit & Healthy consumers; focus on building their volume/trip to avoid out-of-stocks in the fridge.
- **Goal 2:** Close the 25% gap on Healthy Moderates – drive both penetration & purchase frequency.

Sales Index vs. Total Population



- Fit & Healthy Lifestyle
- Healthy Moderates
- Aging Health & Wellness Managers

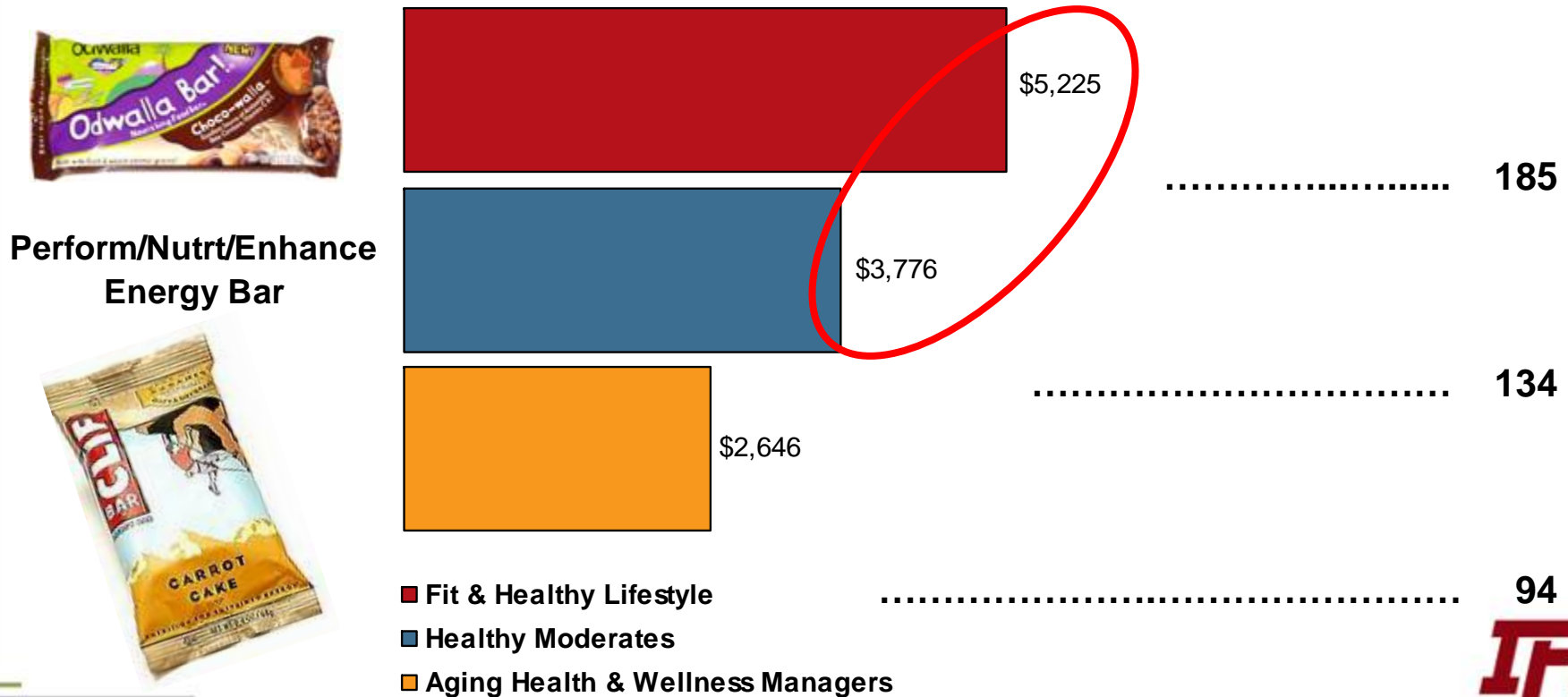
Sources: IRI Shopper Insights Explorer, Total US-All Outlet, CY2006



Nutrition Bars

- **Goal 1:** Nutrition bar purchasing is strong and growing among Fit & Healthy consumers; focus on building their volume/trip to encourage regular consumption of these snacks.
- **Goal 2:** Close the 38% gap on Healthy Moderates.

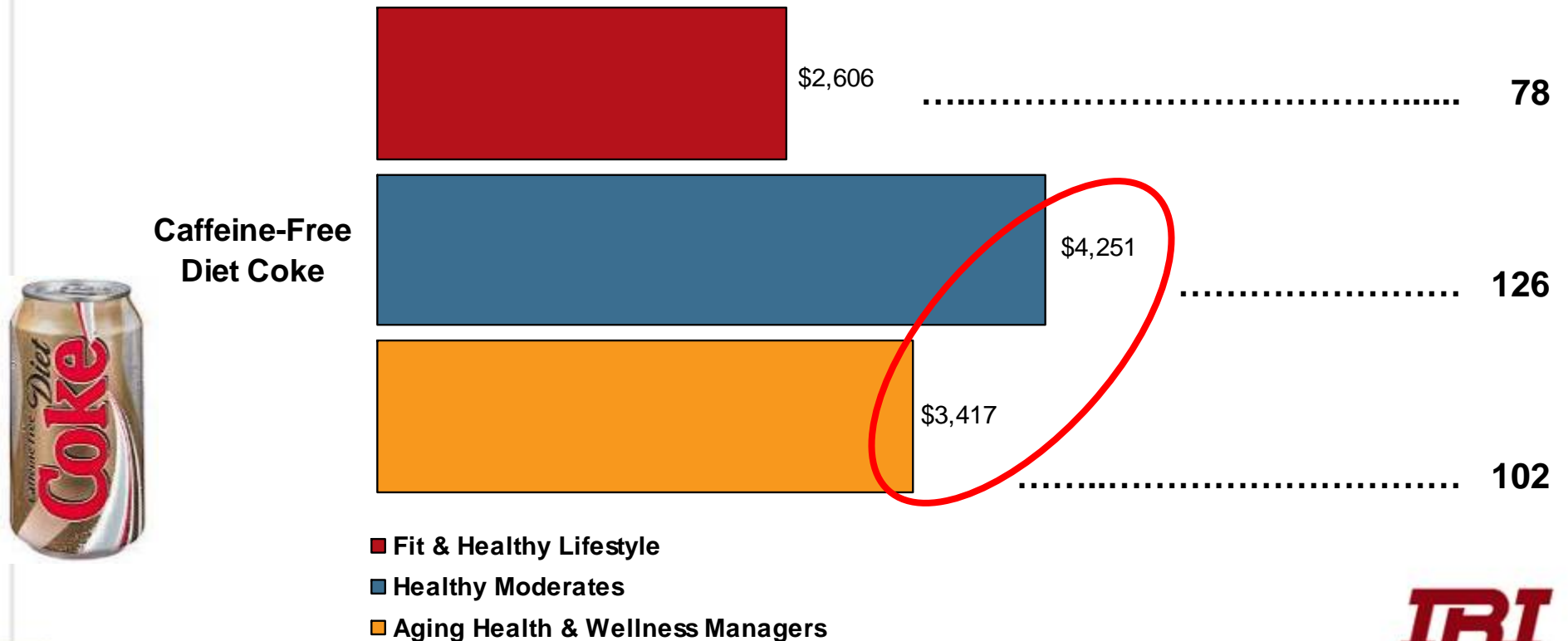
Sales Index vs. Total Population



Caffeine-Free Diet Coke

- **Goal 1:** Healthy Moderates are spending the most on this category, but are experiencing slight declines in the number of HH's purchasing and \$ sales/buyer. Revitalize sales – caffeine-free Diet Coke Plus?
- **Goal 2:** Remind Aging Health and Wellness Managers of a well-loved brand, without the calories and caffeine they're trying to avoid.

Pen X Buying Rate Index



Sources: IRI Shopper Insights Explorer, Total US-All Outlet, CY2006



Take-aways

- Use multiple segmentation approaches to identify opportunities that are hidden in the averages and which lie at “points of convergence” – design specific events to target specific segments, rotating events to reach each target
- It’s not hard!
 - Tools for doing it are improving every day – check out IRI’s Shopper Insights Explorer demo in the Exhibit Mall – it only took me a few minutes (not days or weeks!) to obtain the data and build these examples
 - Many segmentations are readily available for your use, including retailer-specific segmentations for Wal-Mart and Food Lion
- Big pay-out potential

