

to IRI. Meanwhile, spending on non-food CPG products is more sensitive to relatively minor changes in GDP. In 2007, growth slowed similarly in both food and non-foods as GDP growth softened. As a result, manufacturers and retailers will need to identify the relationship between general economic trends and spending within their categories, brands and stores. Furthermore, in 2007, as a result of price increase the U.S. CPI reached 4.1% though December versus 2.5% in 2006. Increased demand for crops used for biofuel and feeding

livestock, along with rising energy costs drove up production and distribution costs. IRI found that price increase not only inflated CPG dollar growth but also impacted consumer shopping and purchasing behavior. Specifically, as prices increased consumers followed one or more of the following strategies: purchased less, allocated more spending to Wal-Mart and increased private label purchases. The only exception was among frozen poultry

### Top 25 Food Processing Companies 2007

(Source: Food Processing)

Company Name	2007 Food Sales (in millions)	2006 Food Sales (in millions)	% Change	2007 Total Company Sales (in millions)
1 Tyson Foods Inc. (9/29/07)*	\$25,246	\$23,059	9.5%	\$26,900
2 PepsiCo Inc.	\$24,474	\$22,178	10.4%	\$39,474
3 Kraft Foods Inc.	\$23,939	\$23,118	3.6%	\$37,241
4 Nestle (U.S. & Canada)	\$23,300 <sup>o</sup>	\$20,688	12.6%	\$95,546
5 Anheuser-Busch Cos. Inc.	\$14,159	\$13,394 <sup>r</sup>	5.7%	\$18,989
6 Dean Foods Co.	\$11,821	\$10,099	17.1%	\$11,821
7 General Mills Inc. (05/25/08)*	\$11,093	\$10,318	7.5%	\$13,652
8 Smithfield Foods Inc. (04/30/08)*	\$9,749	\$9,942	-1.9%	\$11,351
9 ConAgra Foods Inc. (05/25/08)*	\$8,864	\$8,226	7.8%	\$11,606
10 Kellogg Co.	\$7,786	\$7,349	5.9%	\$11,776
11 JBS Swift & Co.	\$7,616 <sup>e</sup>	\$7,605 <sup>e</sup>	0.1%	\$11,900
12 Pilgrim's Pride	\$7,599	\$5,236	45.1%	\$7,599
13 Coca-Cola Co.	\$7,226	\$7,029	2.8%	\$28,857
14 Mars Inc.	\$7,000	\$7,000	0.0%	\$22,000
15 Unilever North America	\$6,958 <sup>e</sup>	\$7,202 <sup>e</sup>	-3.4%	\$58,673
16 Dole Food Co. Inc.	\$6,931	\$6,151 <sup>r</sup>	12.7%	\$6,931
17 Sara Lee Corp. (6/30/07)*	\$6,753	\$7,326	-7.8%	\$12,278
18 Hormel Foods Corp.	\$6,007	\$5,745 <sup>e</sup>	4.6%	\$6,193
19 Dr Pepper Snapple Group	\$5,700 <sup>e</sup>	\$7,633	-25.3%	\$15,893
20 Cargill Inc. (5/31/07)*	\$5,500 <sup>e</sup>	\$5,500 <sup>e</sup>	0.0%	\$88,300
21 Campbell Soup Co. (07/29/07)*	\$5,336	\$5,004	6.6%	\$7,867
22 Maple Leaf Foods	\$5,210	\$5,058	3.0%	\$5,210
23 SABMiller Plc. (03/31/08)*	\$5,120	\$4,887	4.8%	\$21,410
24 Hershey Co.	\$4,819	\$4,944	-2.5%	\$4,947
25 Chiquita	\$4,663	\$4,499	3.6%	\$4,663

\*fiscal year, if different than calendar year

<sup>e</sup> = estimate <sup>r</sup> = figure restated from last year <sup>a</sup> = subjective adjustments made to company financial statements

products where prices increased as well as consumer demand.

However, in 2008 a major slowdown in CPG spending is unlikely, according to IRI. The first and second quarters of the year are expected to deliver slow growth, followed by an acceleration in the second half of the year, which will likely result in increased consumer spending. Although price will continue to be a factor, inflation is expected to subside in 2008. As market conditions improve and retailers focus on growing private label brands, competitive pressures in many categories and markets will rise. Consumer trends that will influence demand and shopping behavior over the next few years include: functional foods and beverages; increased sustainability awareness; unique sensory experiences; fresh foods of all types; cosmetic and skin care products with natural ingredients; informed purchases; products that fill multiple needs; and products that provide an energy boost. Industry trends that will drive growth in 2008 include: retail format innovations, specifically small format stores will increasingly appeal to consumers. Product innovation will also continue to drive growth in