Early View 2017

CPG Off to a Slow Start, but What’s Next?
Survey Methodology

• IRI’s Consumer Connect survey provides a quarterly snapshot of shoppers’ behaviors and attitudes as they directly relate to their strategies for learning about, purchasing and utilizing CPG and health care products, as well as information regarding perceptions of economic conditions and their ability to provide for their families.

• Consumer Connect is an internet-based survey of more than 2,000 respondents from a nationally representative panel of participants.

• For more results, visit the IRI website.

Tweet this: #IRI #ConsumerConnect highlights shoppers' behaviors, attitudes toward learning, purchasing, utilizing #CPG and health care products
Executive Summary

- **Tweet this**: January and February are typically softer months for CPG, but 2017 is showing sharper-than-normal declines.

- **Tweet this**: March posted improvement but not recovery.

- **Tweet this**: Declines are being driven by a number of complex and interwoven factors, which are negatively impacting trips and basket size.

- **Tweet this**: Soft trends are evidenced across consumer segments, but some groups have been more harshly impacted than others.
Many consumers continue to struggle financially.

Source: Consumer Connect™, Q1 2017
Lower-income and younger shoppers are among the hardest hit.

Tweet this: Low income & young shoppers are among the hardest hit #ConsumerConnect

Source: Consumer Connect™, Q1 2017
Millennials are most likely to make brand concessions; Gen X consumers are as likely as millennials to seek digital savings opportunities.

**Shopping Journey Money-Saving Preparations**

**Top 2 Box by Income**

- Buy private label options
  - $100K+: 73%
  - $55-$99K: 82%
  - $35-$54K: 81%
  - $20-$35K: 74%
  - <$20K: 50%

- Try new, lower-priced brands
  - $100K+: 61%
  - $55-$99K: 72%
  - $35-$54K: 80%
  - $20-$35K: 74%
  - <$20K: 50%

- Visit multiple retailers
  - $100K+: 50%
  - $55-$99K: 61%
  - $35-$54K: 58%
  - $20-$35K: 50%
  - <$20K: 53%

- Download coupons from retailer/manufacturer website
  - $100K+: 51%
  - $55-$99K: 56%
  - $35-$54K: 55%
  - $20-$35K: 52%
  - <$20K: 53%

- Compare prices on area retailers’ websites
  - $100K+: 43%
  - $55-$99K: 50%
  - $35-$54K: 53%
  - $20-$35K: 50%
  - <$20K: 50%

**Shopping Journey Money-Saving Preparations**

**Top 2 Box by Generation**

- Buy private label options
  - Seniors: 78%
  - Boomers: 89%
  - Gen X: 81%

- Try new, lower-priced brands
  - Seniors: 62%
  - Boomers: 74%
  - Gen X: 74%

- Visit multiple retailers
  - Seniors: 52%
  - Boomers: 63%
  - Gen X: 59%

- Download coupons from retailer/manufacturer website
  - Seniors: 41%
  - Boomers: 53%
  - Gen X: 53%

- Compare prices on area retailers’ websites
  - Seniors: 37%
  - Boomers: 50%
  - Gen X: 55%

**Tweet this:** #Millennials are most likely to make brand concessions; #GenX are as likely as millennials to seek digital savings opps #ConsumerConnect

Source: Consumer Connect™, Q1 2017
Conservative behaviors pushed unit sales down precipitously in January of this year, negatively impacting dollar sales trends; subsequent months have seen improvements, but not growth.

**Monthly Dollar Sales Change**
- Total CPG
  - January: 3.5%
  - February: 4.1%
  - March: 3.1%

**Monthly Unit Sales Change**
- Total CPG
  - January: 0.5%
  - February: 1.3%
  - March: 0.7%

*Source: IRI Market Advantage™, 4 weeks ended 3/19/2017, 2/19/2017, 1/22/2017 and same periods prior two years; MULOC.*

**Tweet this:** Conservative behaviors pushed unit sales down precipitously in Jan. 2017, neg. impacting dollar sales trends #ConsumerConnect
Southeast and South Central regions were insulated from early 2017 edibles declines; all regions except California show positive growth in the most recent period.

**Region Trends for Total Edible**

**West**
- 13wk $ Sales ($MM): $14,053
- 4wk % Chg YA: 1.4%
- 13wk % Chg YA: 1.5%

**Plains**
- 13wk $ Sales ($MM): $9,064
- 4wk % Chg YA: 0.3%
- 13wk % Chg YA: -0.2%

**Great Lakes**
- 13wk $ Sales ($MM): $18,166
- 4wk % Chg YA: 0.4%
- 13wk % Chg YA: -0.2%

**Southeast**
- 13wk $ Sales ($MM): $20,080
- 4wk % Chg YA: 1.0%
- 13wk % Chg YA: 0.9%

**Mid South**
- 13wk $ Sales ($MM): $16,987
- 4wk % Chg YA: 1.5%
- 13wk % Chg YA: -0.2%

**Northeast**
- 13wk $ Sales ($MM): $19,814
- 4wk % Chg YA: 0.7%
- 13wk % Chg YA: -0.4%

**California**
- 13wk $ Sales ($MM): $12,271
- 4wk % Chg YA: -0.7%
- 13wk % Chg YA: -0.8%

**Southeast and South Central regions were insulated from early 2017 edibles declines; all regions except CA show + growth in most recent period**

Tweet this: #Southeast, #SouthCentral regions insulated from early 2017 edibles declines; all regions except CA show + growth in most recent period

Source: IRI ILD POS database; L13 & L4WE 3/19/17, MULO+C Regions
Q1 edibles sales dipped across generations, but seniors have struggled more than others during the past year.

Tweet this: Q1 edible sales dipped across #generations, but #seniors struggled more than others during the past year #ConsumerConnect

Source: IRI Consumer Network™, CSIA – Total US – All Outlets; Quad Week Data Ending 3-19-17 and preceding; NBD Aligned to Multi-Outlet
Still, economic expectations for 2017 are reasonable.

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<tbody>
<tr>
<td>GDP (% chg)</td>
<td>3.3%</td>
<td>4.2%</td>
<td>3.7%</td>
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<td>4.3%</td>
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<td>Unemployment (%, SA)</td>
<td>7.4%</td>
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<td>Consumer Price Inflation (% Chg)</td>
<td>1.5%</td>
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<td>0.1%</td>
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<td>Retail Sales (% Chg)</td>
<td>3.8%</td>
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<td>2.3%</td>
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<td>Residential Permits, Total (Mil)</td>
<td>3.9</td>
<td>4.2</td>
<td>4.7</td>
<td>4.7</td>
<td>5.5</td>
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Source: Moody's
CPG marketers will build margin and share with messaging that underscores the value of in-demand bells and whistles.

Tweet this: #CPG marketers can build margin and share with messaging that underscores the value of #InDemand bells and whistles #ConsumerConnect #IRI

Source: Consumer Connect™, Q1 2017 & Q1 2016
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