Consumer behaviour within German supermarket shelves

foodRegion, 18. February 2010

A presentation by GfK Panel Services Deutschland

The AGENDA

1. About us - GfK Panel Services Deutschland
2. Consumer behaviour within German supermarket shelves
3. Outlook for consumer behaviour in Germany in 2010

About us – GfK Panel Services Deutschland

At GfK Panel Services Germany we supply our clients regularly with information services that are based on continuous audits and analyses of consumer purchasing decisions and behaviour in 26 European countries. The information and consultancy services apply to almost all fast-moving consumer goods.

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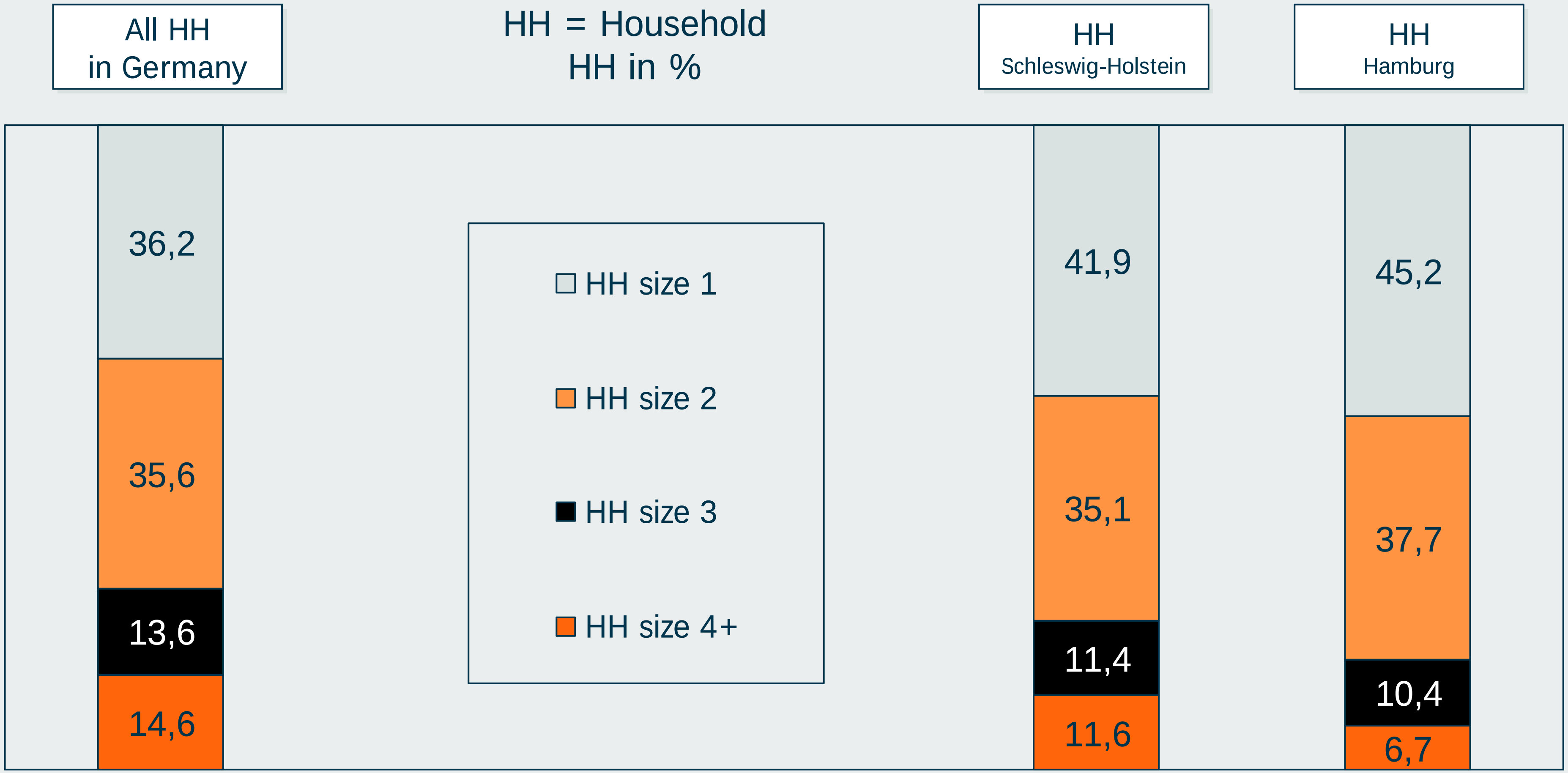
Weekly shopping of an average 4 – person HH in Germany (FMCG)

A short profile of the German Consumer

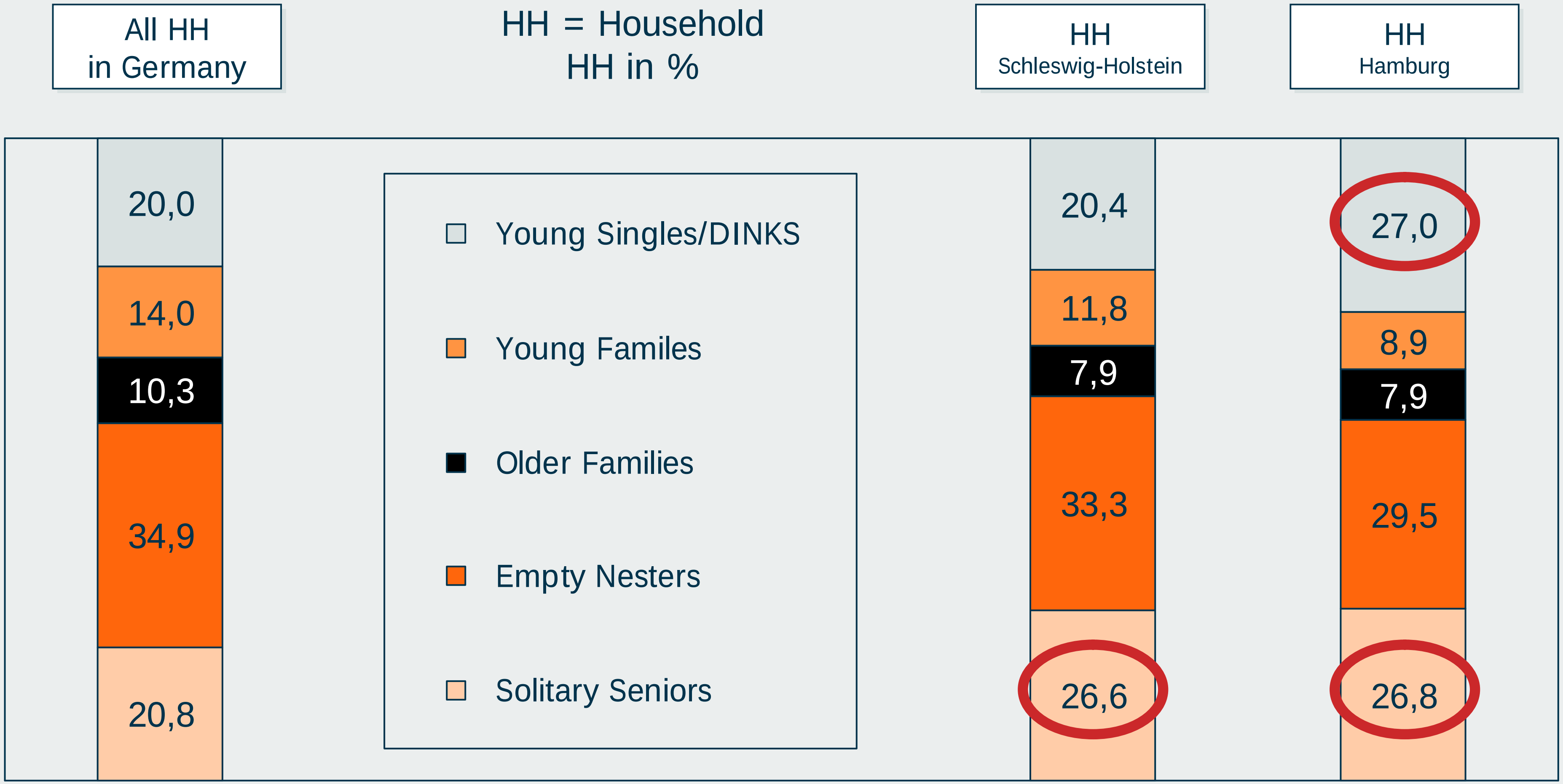
- The majority of households in Germany are smaller households.
- Over 50% of all households are „older households“.
- There is strong polarisation of the consumers.
- Discounters „dominate“ the German retailer landscape.
- In the crisis (2009) there are no further trends towards discounters.
- German consumers are very price sensitive.
- Sinking prices in 2009 had a substantially higher influence on the consumer behaviour than the actual economic situation: Consumers used in part the falling prices, to purchase higher value branded products with the saved money.

>70% of all HH in Germany are small households (1 + 2 person HH) with low requirements



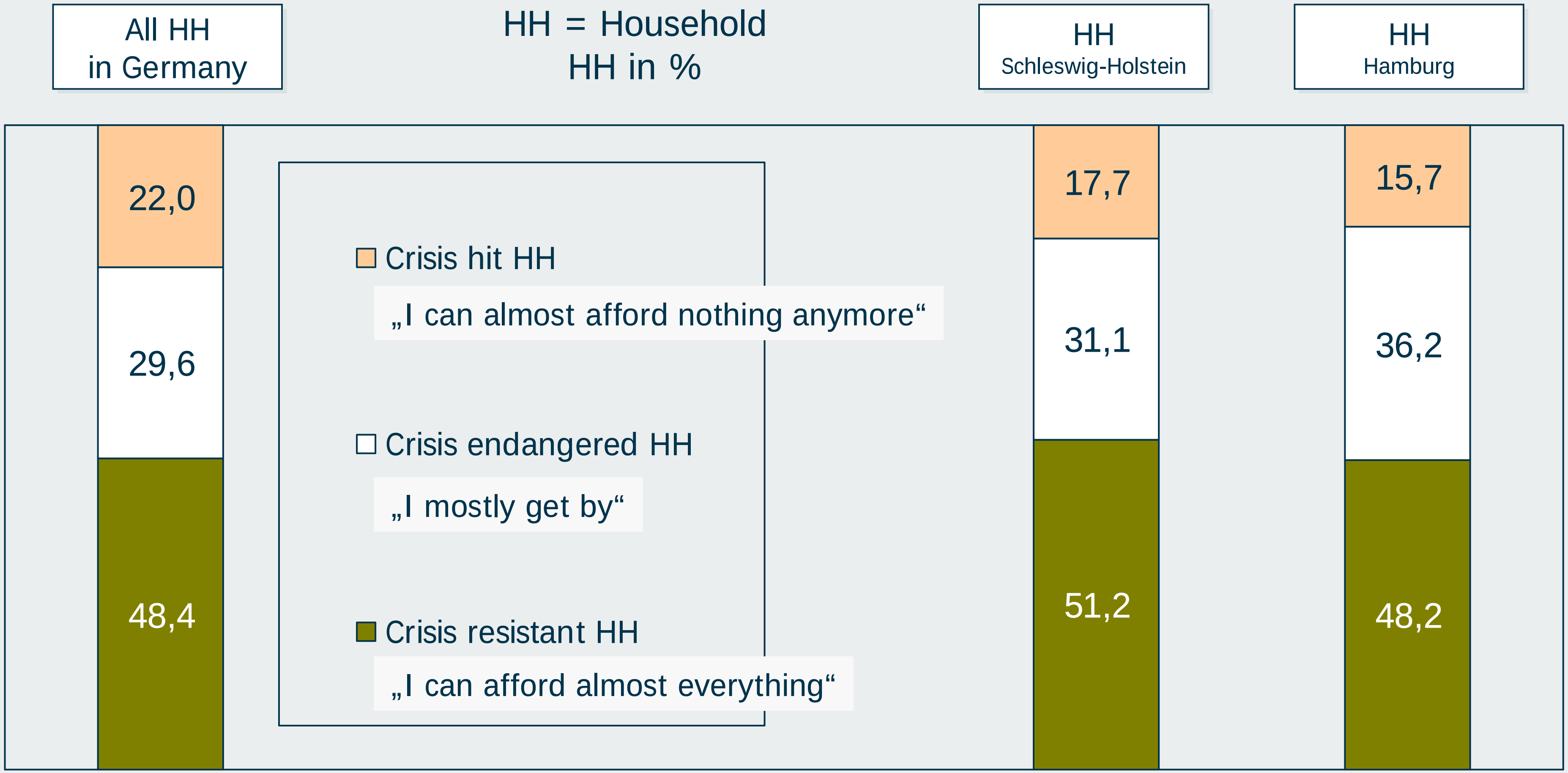
Source: GfK ConsumerScan_30.000 / Year 2009 / HH in %

Over 50% of all households are "older households" with different consumer needs



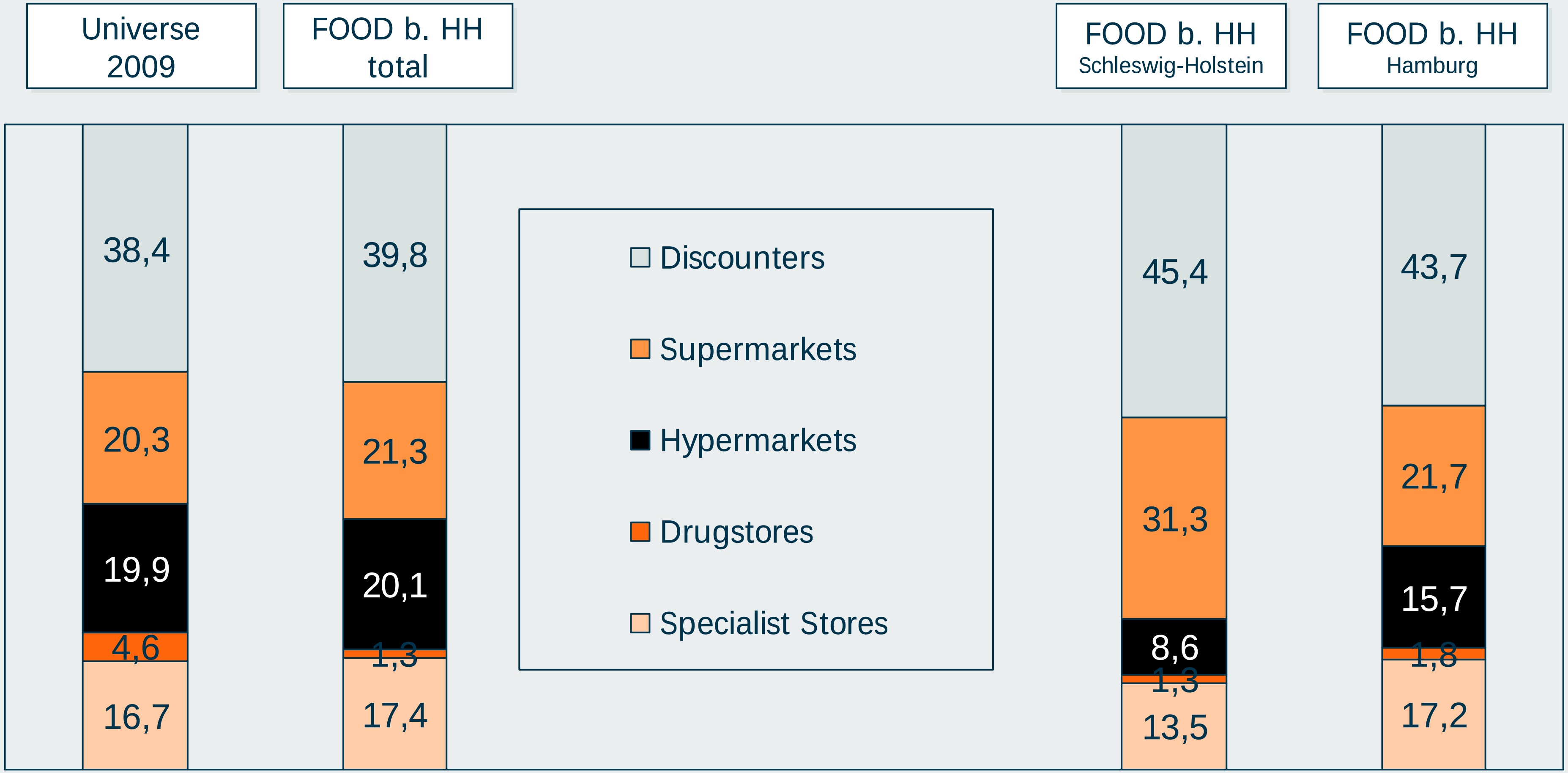
Source: GfK ConsumerScan_30.000 / Year 2009 / HH in %

Polarisation of the consumer



Source: GfK ConsumerScan_30.000 / Year 2009 / HH in %

The majority of all German consumers regularly shop in Discounters



FOOD = all FOOD items incl. beverages w/o Personal and Home Care Products

Source: GfK ConsumerScan_30.000 / Year 2009 / Value in %

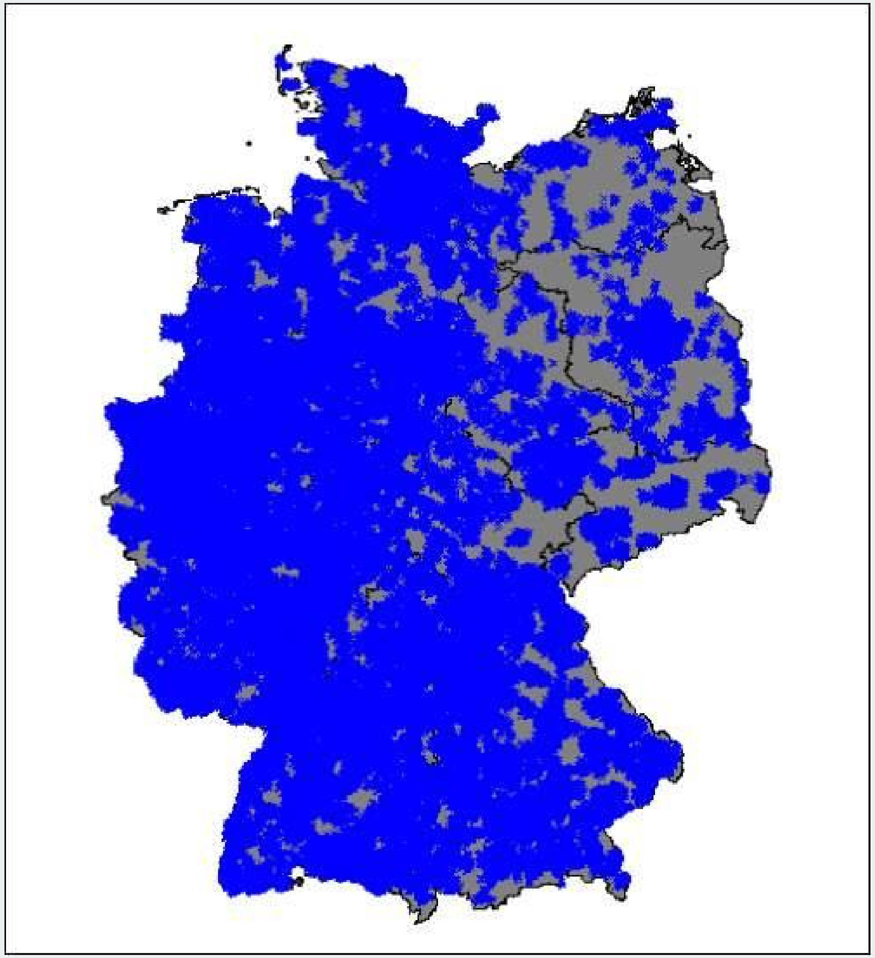
ALDI and Lidl are the first preferred retailers in Germany

	HH FOOD* total	HH FOOD Schleswig-Holstein	HH FOOD Hamburg
# 1	ALDI (15,0%)	ALDI (22,4%)	ALDI (18,3%)
2	LIDL (11,2%)	LIDL (12,8%)	LIDL (11,6%)
3	EDEKA EH (9,4%)	EDEKA EH (10,8%)	EDEKA EH (11,5%)
4	KAUFLAND (9,2%)	FAMILA (7,3%)	PENNY (10,6%)
5	REWE (6,6%)	PENNY (6,0%)	REWE (6,5%)
6	REAL (6,4%)	REAL (4,6%)	REAL (5,6%)
7	NETTO MD (4,5%)	REWE (2,9%)	TOOM (4,1%)
8	PENNY (4%)	PLUS (2,1%)	KAUFLAND (3,6%)
9	PLUS (2,3%)	MARKTKAUF (1,5%)	MARKTKAUF (2,4%)
10	MARKTKAUF (2,0%)	NETTO MD (1,0%)	FAMILA (2,0%)

*FOOD = all FOOD items incl. Beverages w/o Personal and Home Care Products

Source: GfK ConsumerScan_30.000 / Year 2009 / Market Share Value %

High accessibility of ALDI / good value for money in the eye of the consumer

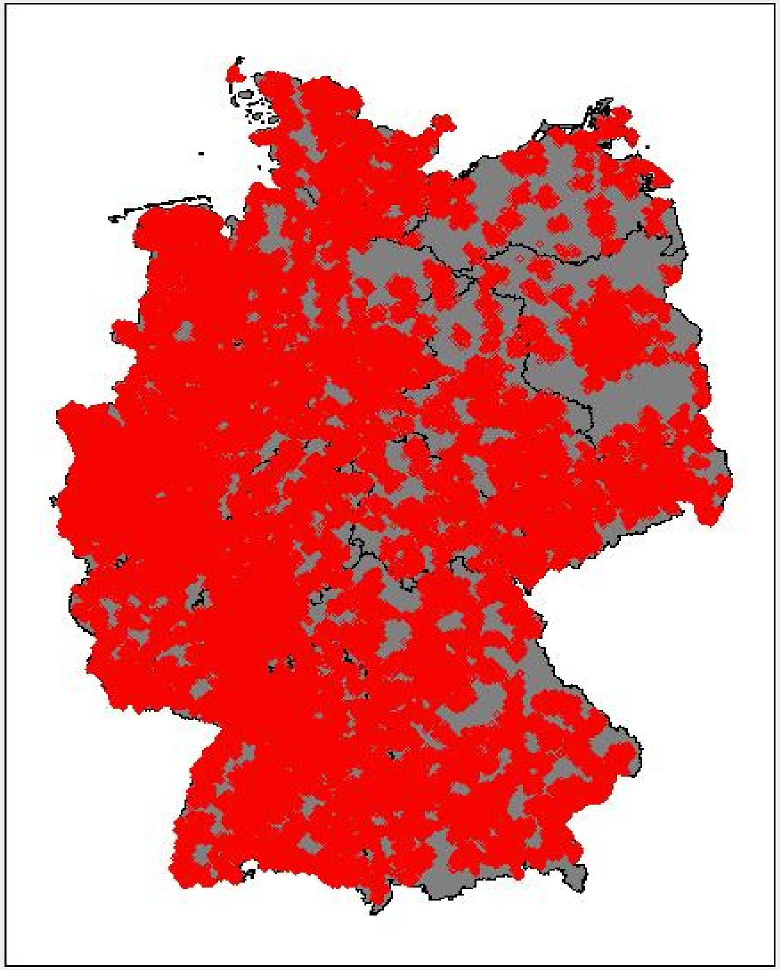


ALDI catchment area whereby 15min or less travel time to ALDI:

Households: 34,2 Mio (91,2%)

Source: GfK ConsumerScan / GENI

Lidl is getting nearer . . .

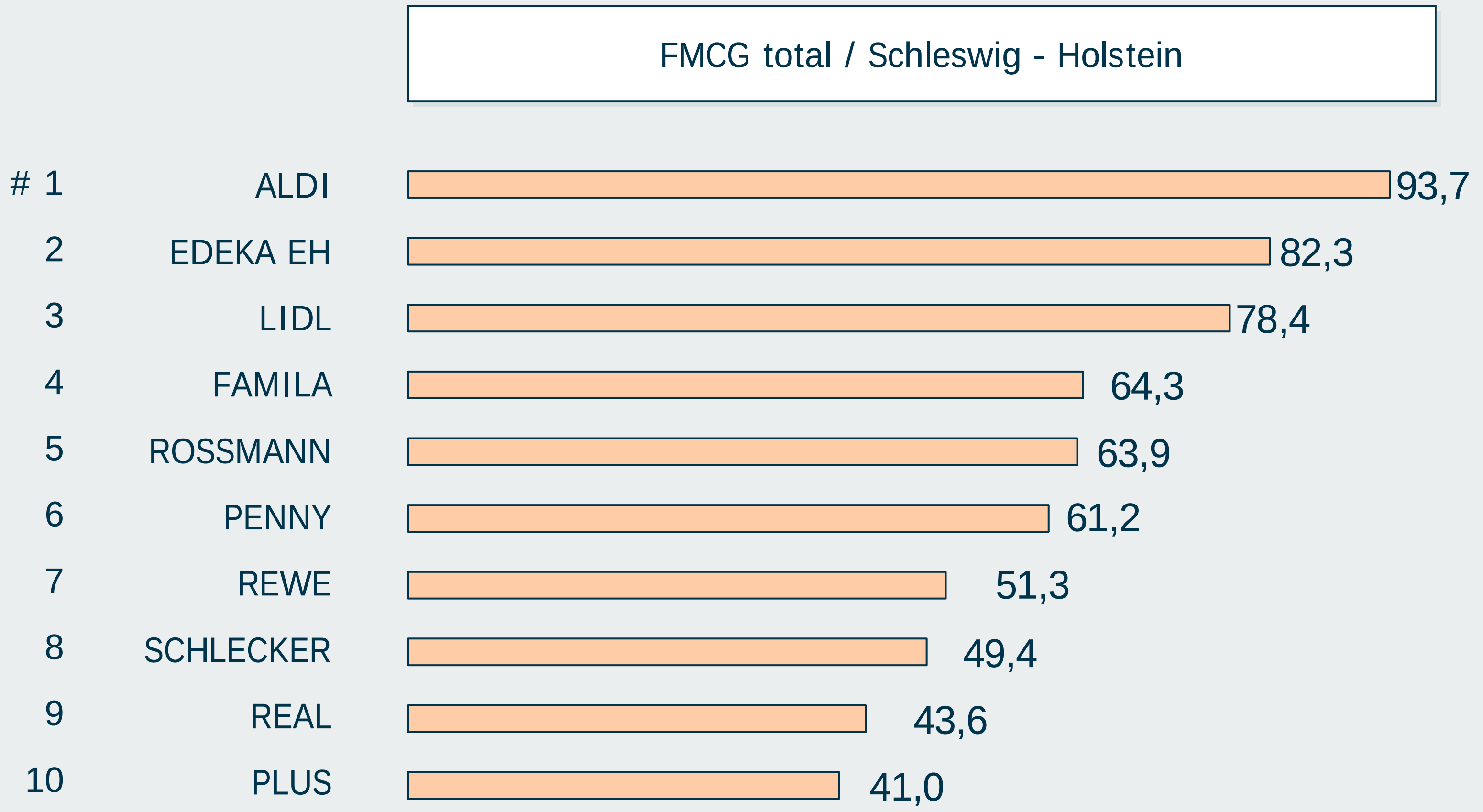


Lidl catchment area whereby 15min or less travel time to Lidl:

Households: 32,7 Mio (87,2%)

Source: GfK ConsumerScan / GENI

Penetration Ranking (FMCG total) by shop type: ALDI reaches 94%, Edeka 82% of all households in Schleswig-Holstein



Source: GfK ConsumerScan_30.000 / Year 2009 / % Penetration

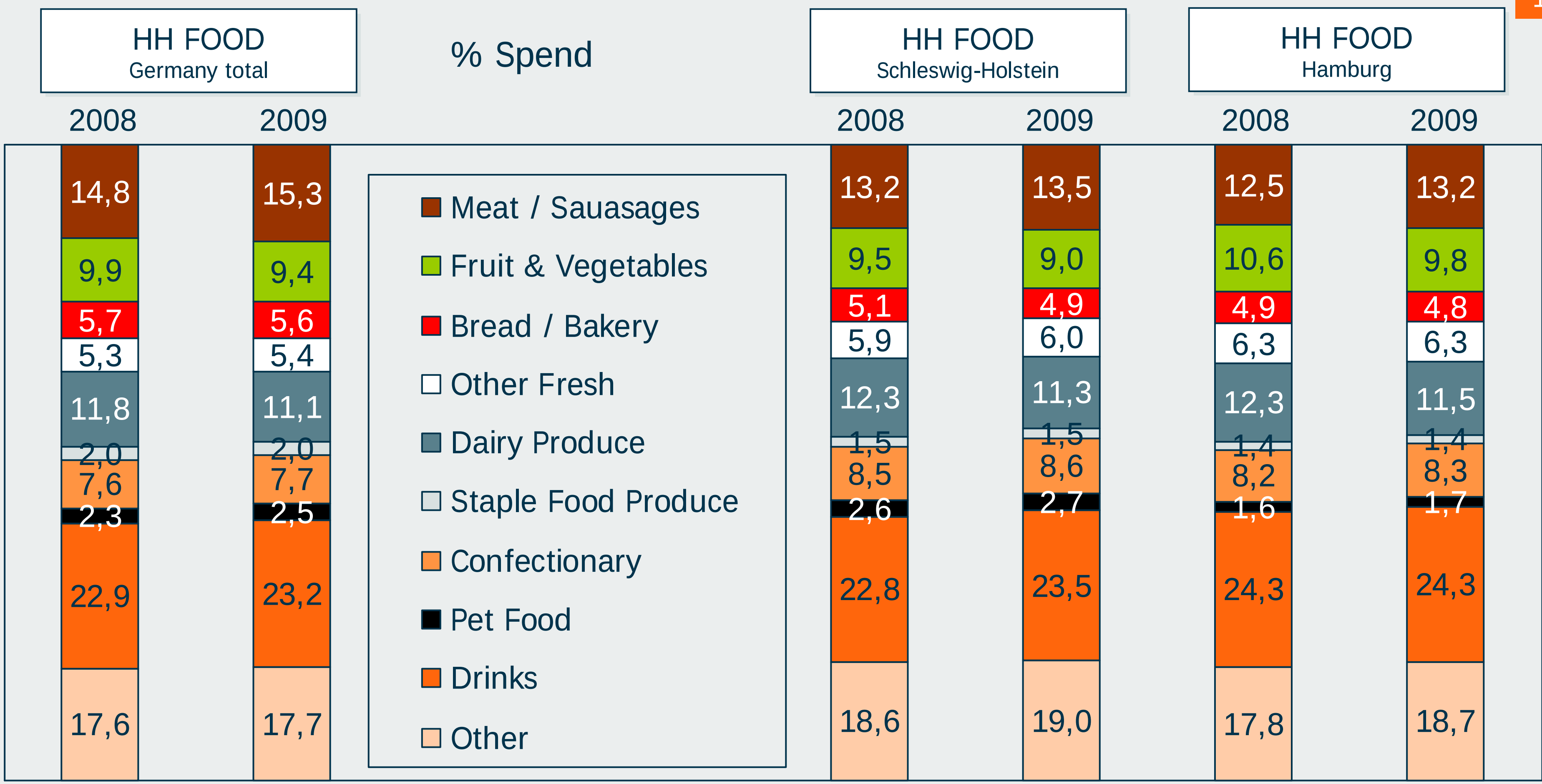
Key Facts – Shopping behaviour for Food products*

	All HH in Germany	HH Schleswig-Holstein	HH Hamburg
Penetration in %	100,0	100,0	100,0
# of HH abs. (Mio.)	39,1	1,3	1,0
Frequency of Purchase p.a.	175,0	173,6	171,7
Average spend (€) p. HH p.a.	2.556,70	2.580,26	2.389,34

*FOOD = all FOOD items incl. Beverages w/o Personal and Home Care Products

Source: GfK ConsumerScan_30.000 / Year 2009 / Key Facts

Shopping spend by food category*:



	Germany 2008	Germany 2009		Schleswig-Holstein 2008	Schleswig-Holstein 2009	Hamburg 2008	Hamburg 2009
	103.434	102.181	Total in Mio. €	3.561	3.523	2.346	2.329
		-1,4%	% change		-1,1%		-0,7%

*FOOD = all FOOD items incl. Beverages w/o Personal and Home Care Products

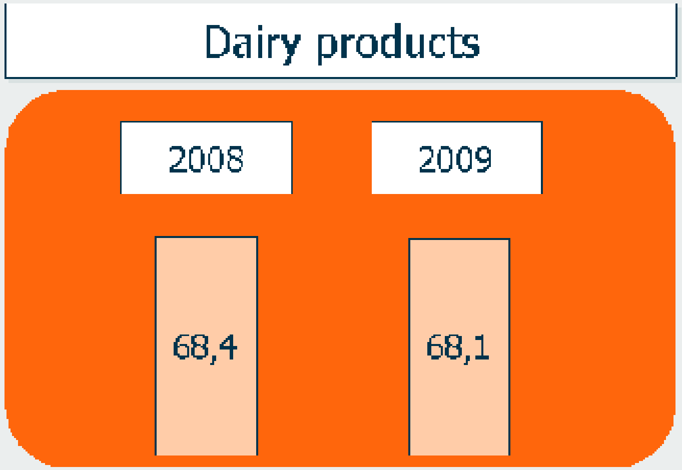
Source: GfK ConsumerScan_30.000 / Year 2009 / % Value / Value in Mio. €

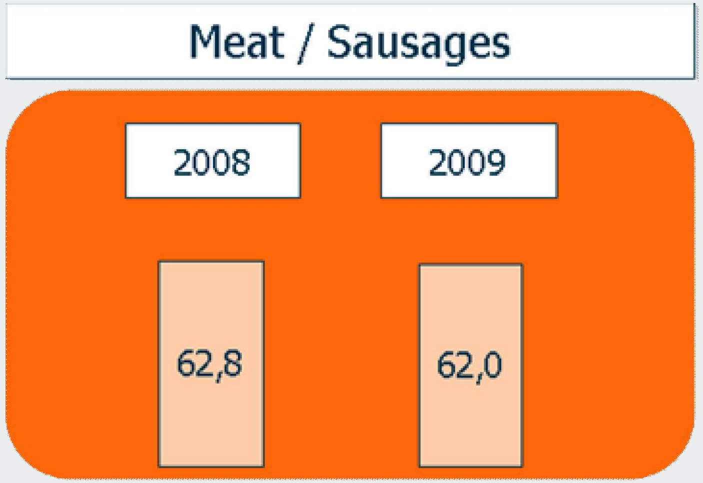
Price wars in food retailers have hindered growth

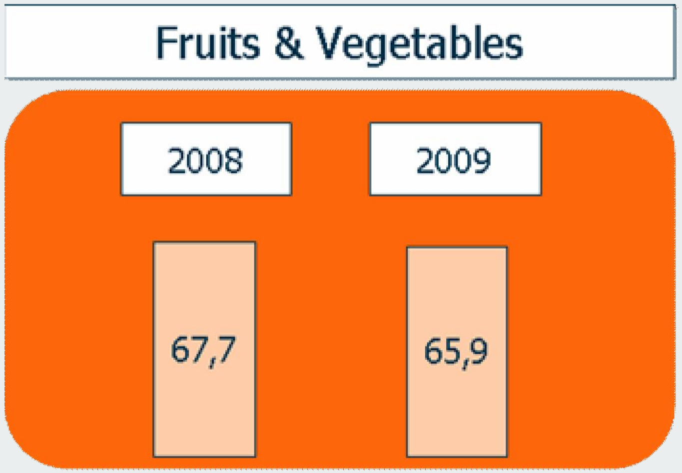
*FOOD = all FOOD items incl. Beverages w/o Personal and Home Care Products

Source: GfK ConsumerScan_30.000 / GfK ConsumerScan Individual_35.000 / % change (value) 2009:2008

I pay attention to the price when buying products from the category . . . .





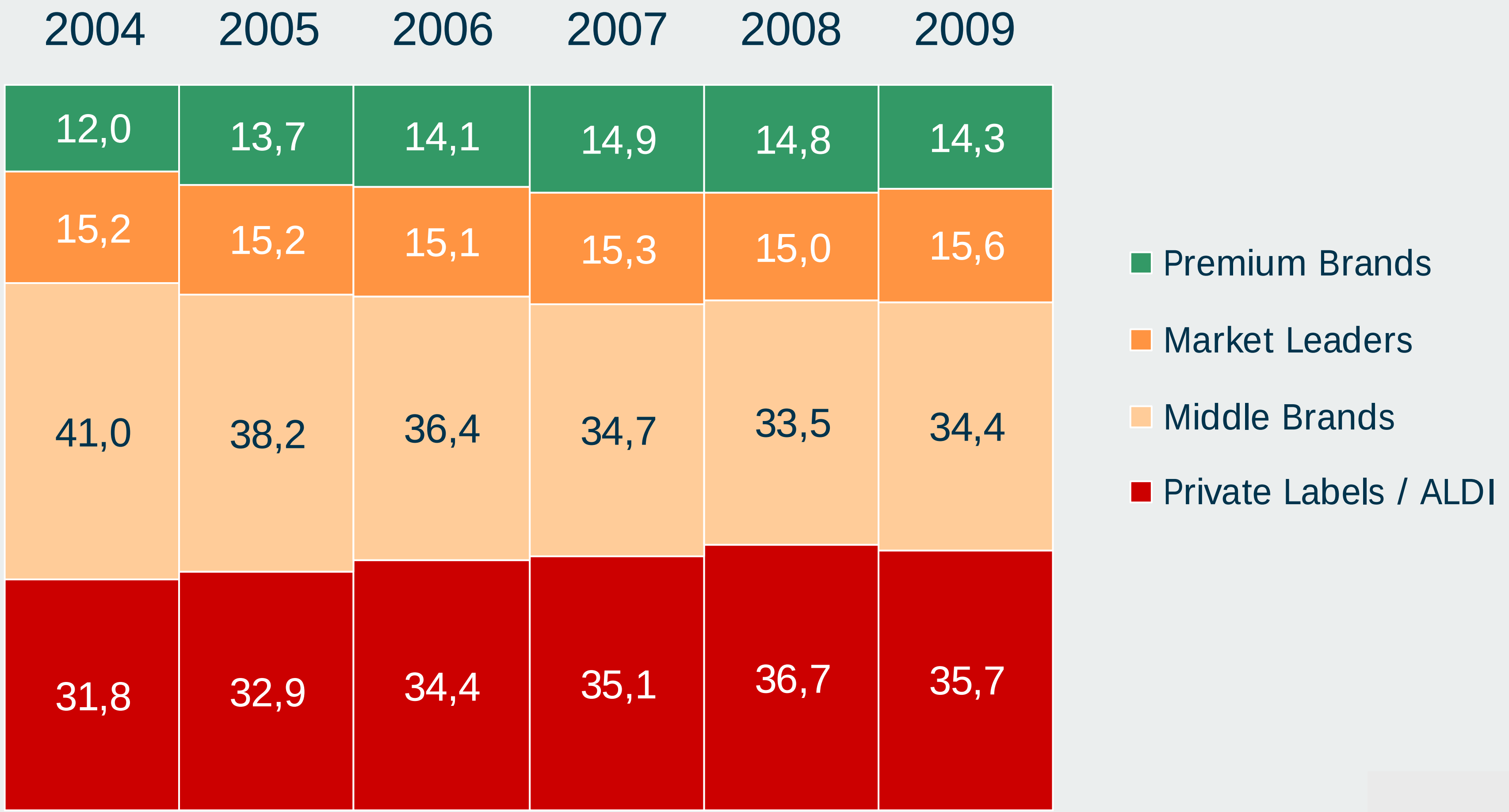


% Top Box = always + mostly

Source: GfK ConsumerScan_30.000 / Year 2009 / % responses

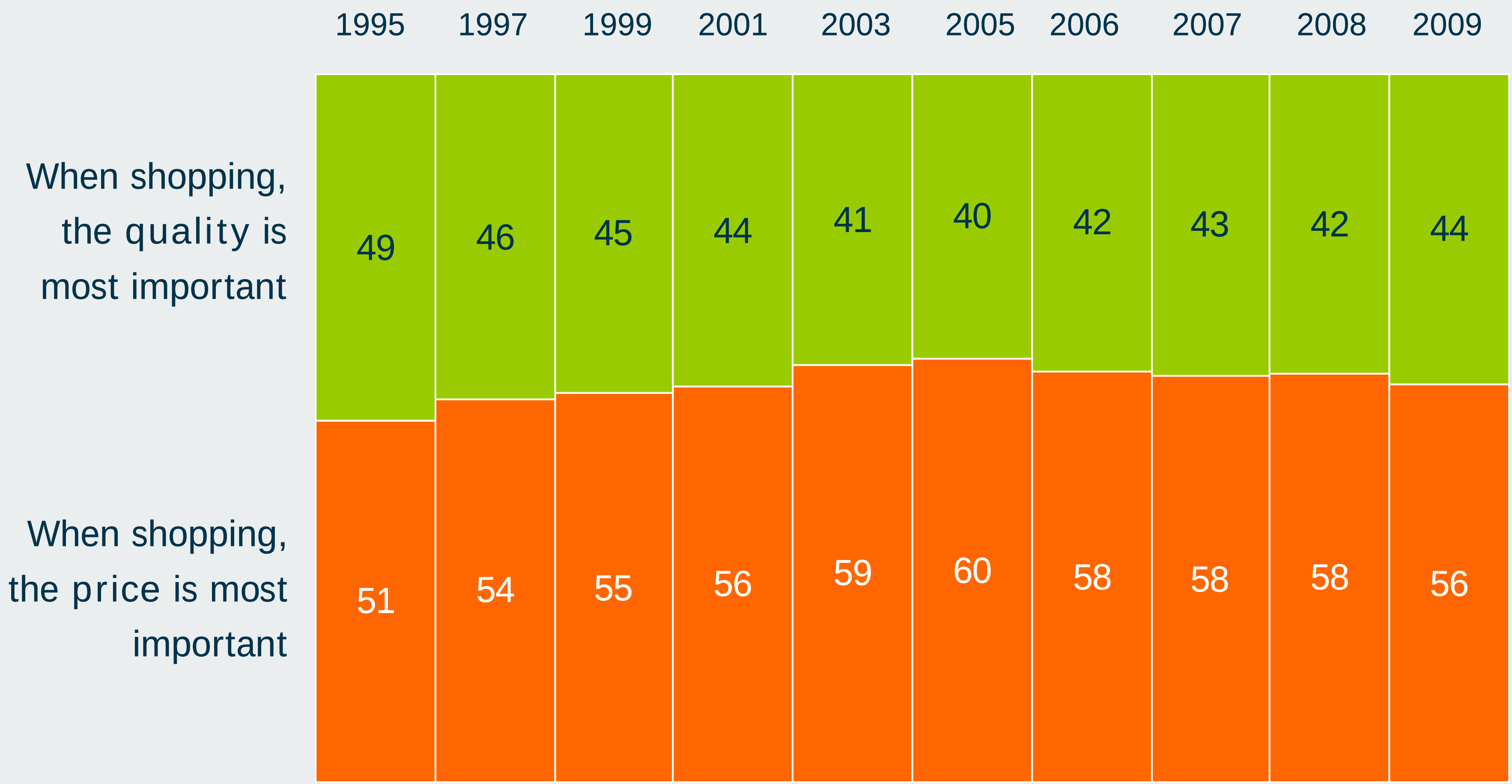
Renaissance of the middle brand – they profit from a downturn within Premium and the weakness of private labels

Market share development (Value in %)



Source: GfK ConsumerScan_30.000 / Year 2008 - 2009 / % value spend / basis: 100 categories

Quality orientation of the consumers



Source: up to 2004 GfK Trendsensor Konsum, from 2005 GfK ConsumerScan / % Responses

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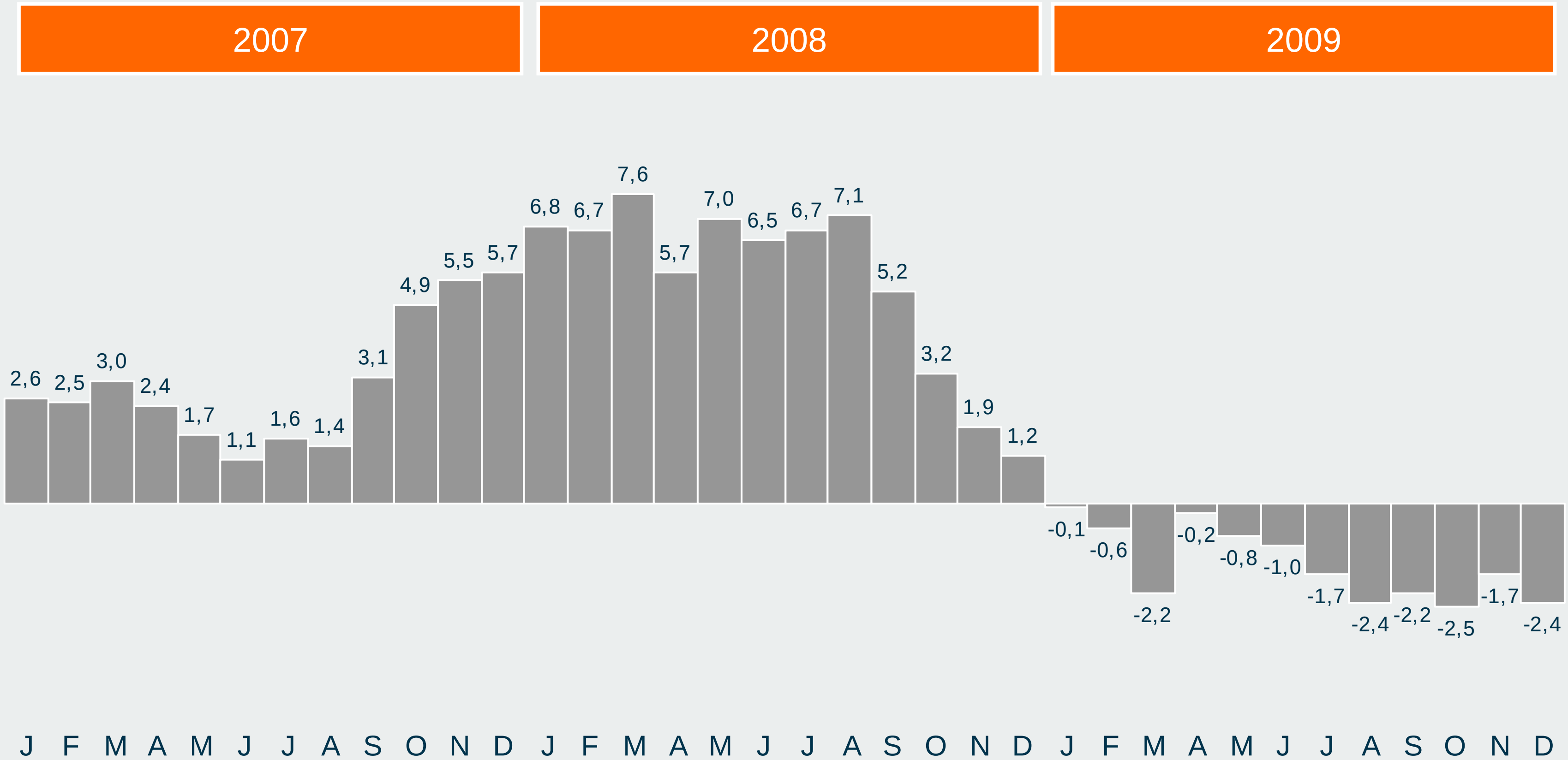
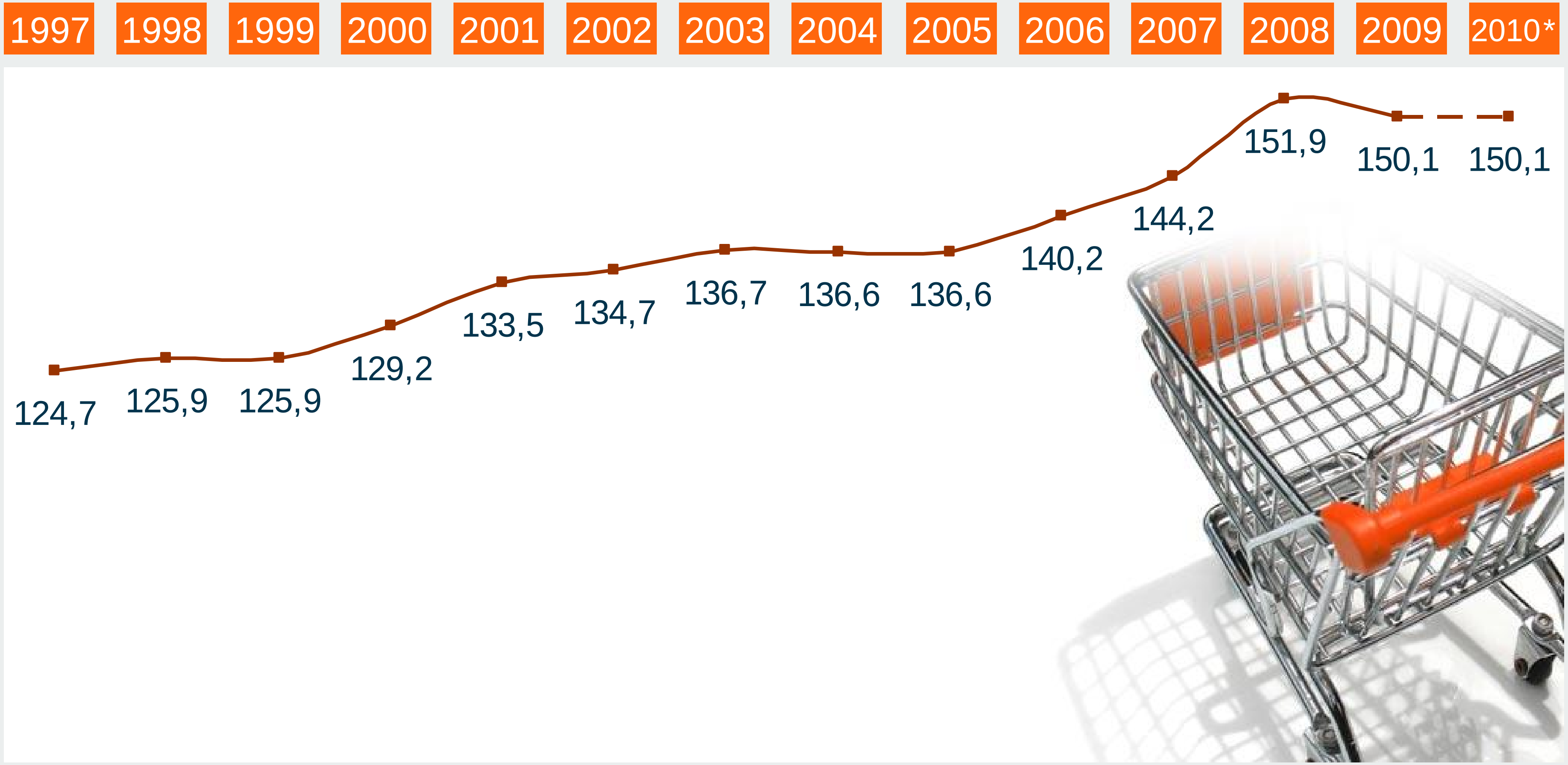
In 2009, a large proportion of the German population did not experience any negative effects on their personal living conditions

% price changes (FMCG against previous year month)



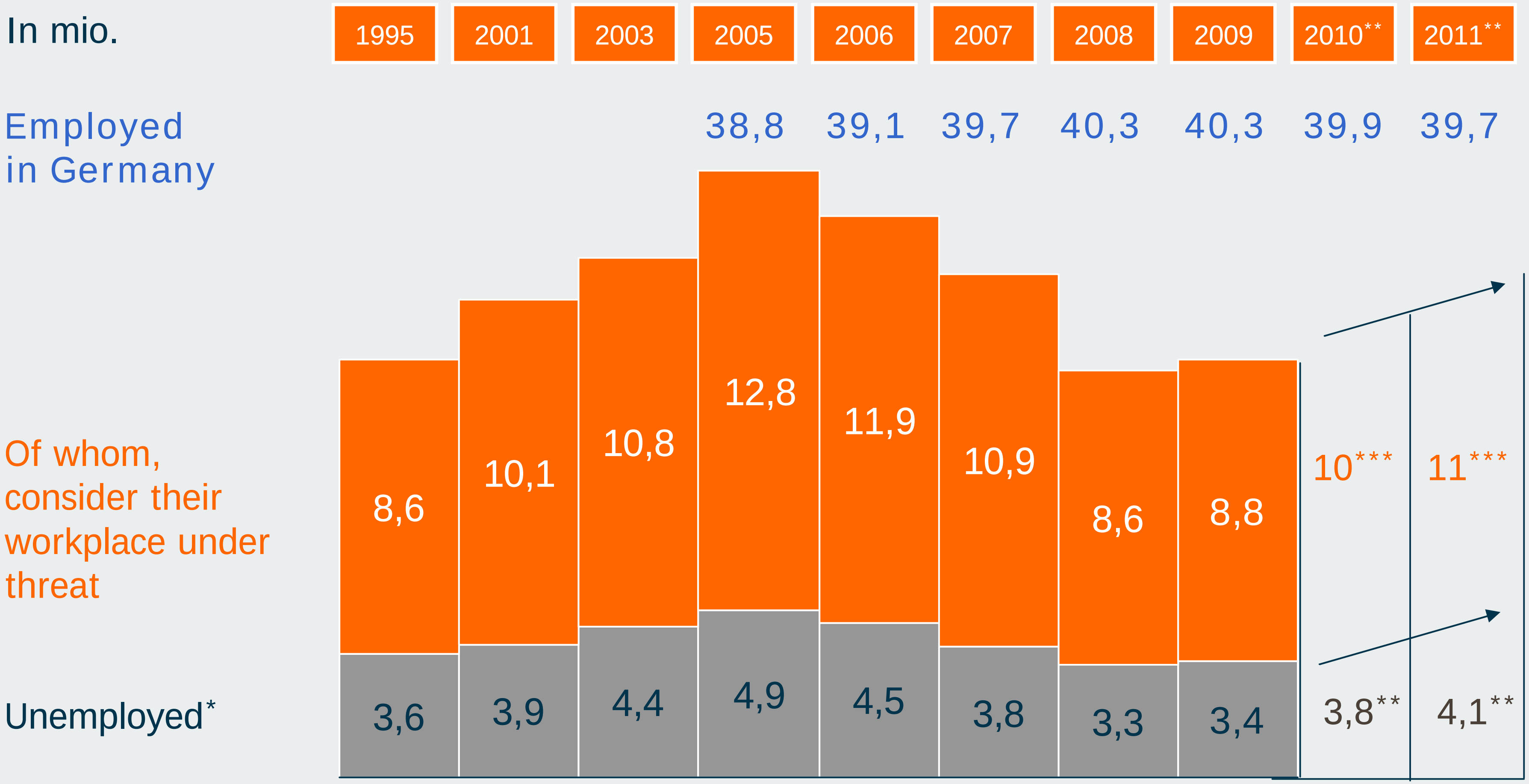
Source: GfK ConsumerScan_30.000 / price changes (FMCG against previous year month in %)

Modest consumption prospects for 2010



Source: GfK ConsumerScan_30.000; * estimated without considerations for inflation

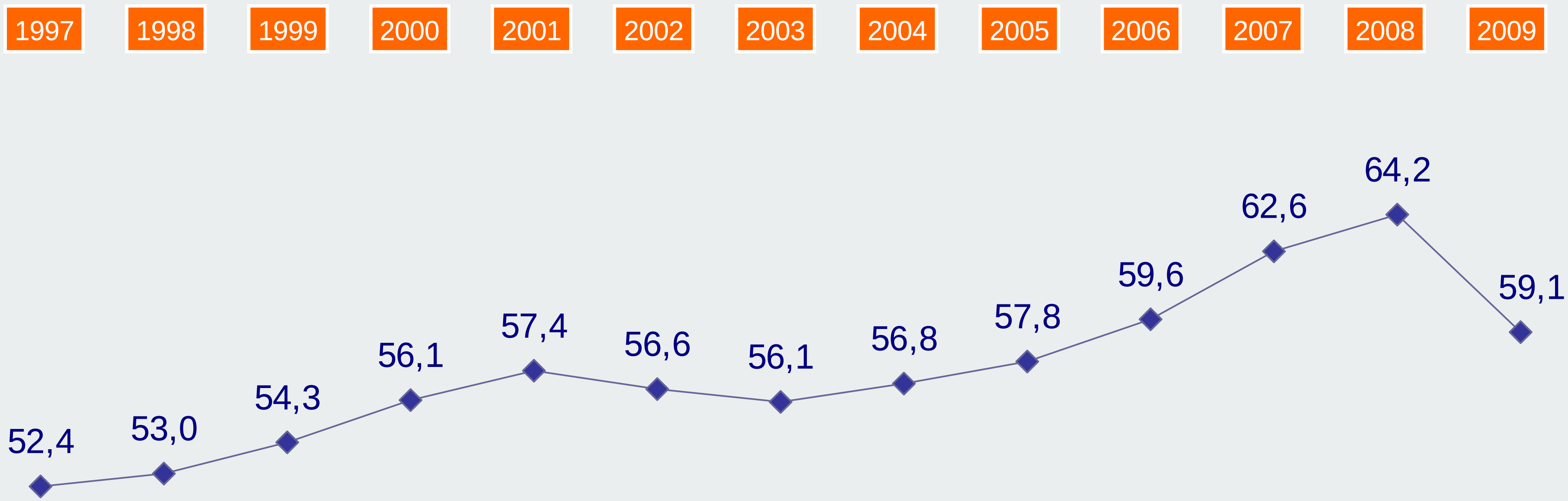
Fear of unemployment is weighing on consumption



Source: bis 2005 GfK Trendsensor Konsum. ab 2006 GfK Haushaltspanel ConsumerScan
* Bundesagentur für Arbeit ** 2010-2011: Prognose DIW (07.01.2010) *** GfK-Prognose

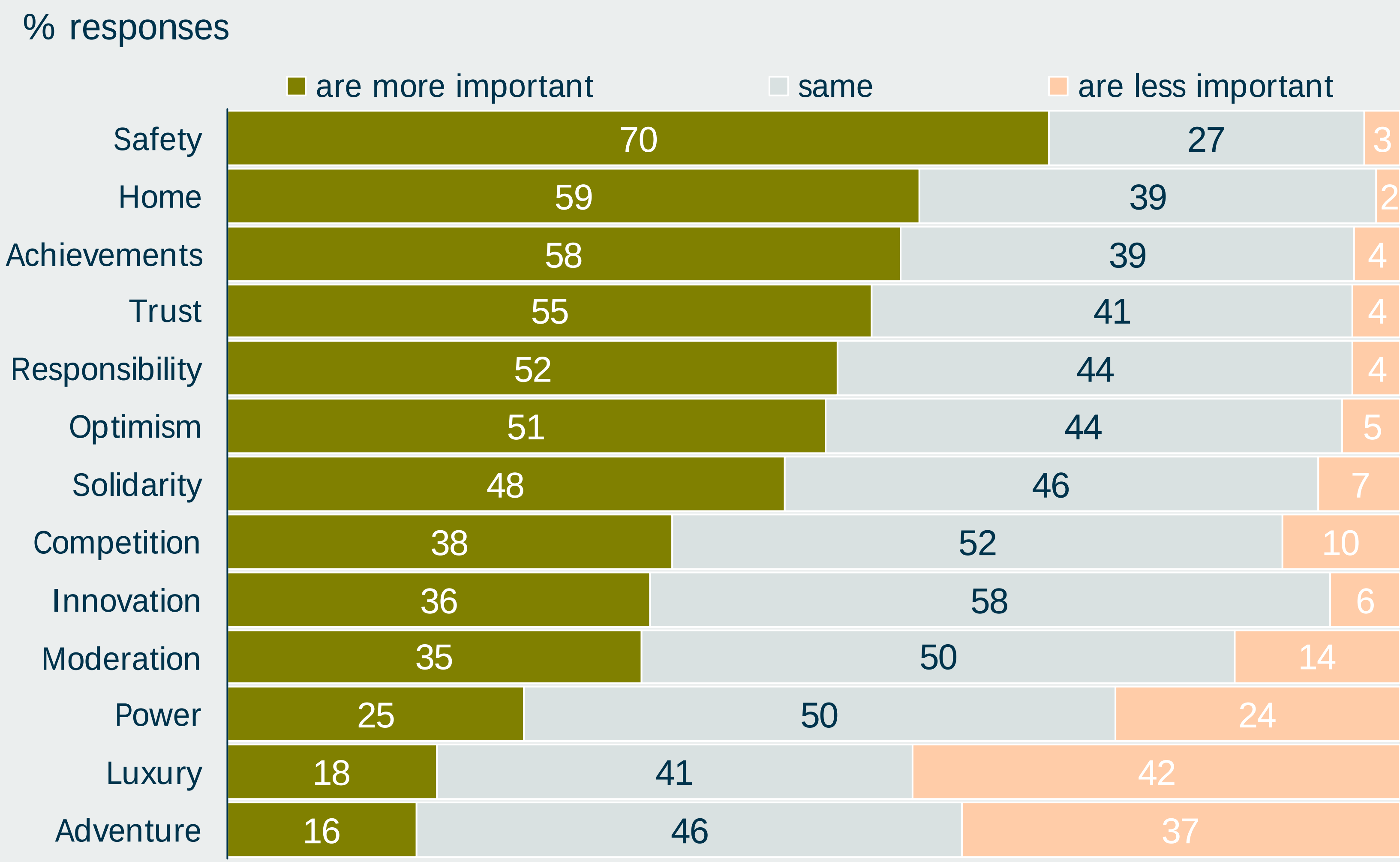
Winners and losers of the crisis: OOH consumption will further decline

Out – of – Home consumption (in billion €)



Source: Focus Groups im Auftrag des GfK Vereins. (Mai 2009), Statistisches Bundesamt
* 2009: eigene Schätzung anhand DEHOGA-Publikationen und GfK TrinkTrends

Crisis changes the value orientation perspective of consumers



Question: „The meaning of certain values can change with time. With the following values please state whether the meaning for you in the current time period has increased or decreased“

Quelle: repräsentative Omnibusumfrage im Auftrag des GfK Vereins (Januar 2010, 1080 Befragte)

Outlook for consumer behaviour in Germany in 2010

- GfK is expecting a stagnation in consumption among private households, but not a decline.
- The reductions in consumption are likely to become apparent in the second half of the year.
- Trend towards homing; GfK is anticipating out-of-home consumption to decline further.
- In addition to its monetary effects, the crisis is also changing the value orientation of consumers: More thoughtful consumption.
- Socially responsible companies, traditional brands and local products have a particularly good chance of recording qualitative growth in 2010.

Thank you for listening !

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