



2010

STATE OF
THE NATION
REPORT

A review of Australian
consumer dynamics
and retailing trends
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Aussie consumers remain resilient despite global uncertainty



Chris Percy
Managing Director
– Consumer Group,
Nielsen Pacific

2010 has certainly been a year to remember! Australia elected its first ever female Prime Minister; the Australian Dollar achieved parity against the US Dollar for the first time in more than a decade; and we were treated to two AFL Grand Final bonanzas, as St Kilda and Collingwood went to battle twice to fight for victory, after a monumental draw at the MCG on the last Saturday in September.

Compared to the rest of the world – Australia is a nation of Happy Vegemites, with our continued rise in confidence stubbornly defying the trend of other developed markets. The latest 'Nielsen Global Online Consumer Survey' results for Quarter 3 (September) 2010, depicts the strongest outlook Australian consumers have had in more than two years for job prospects, personal finances and the ability to buy things that they need and want over the next 12 months.

We are the third most confident market globally boasting a Consumer Confidence Index score of 115 – behind only India (129) and Thailand (117), and tied with Indonesia, and a significant 25 points higher than the global average of 90 (refer to Chart 1.1). And, our optimistic outlook is in contrast to most other developed markets, with 20 of the 53 markets participating in the survey experiencing a decline in confidence in the latest quarter.

An overwhelming 74 per cent of Australians said their perception of local job prospects over the next 12 months was excellent or good; 70 per cent believed the state of their personal finances was positive; and 59 per cent (the highest score globally) claimed the next 12 months was an excellent or good time to buy the things they want and need.

The results are consistent with the latest RBA information, which shows a continued rise in Australia's employment growth – fuelling a strong labour market and underpinning household income. Our economy has also benefited from expansion over the first half of 2010 with Australian GDP growth forecast to be around 3¼ per cent for the year – a result of rising commodity prices, increased public investment and a growing population.

Despite the positive outlook among Australians for the year ahead, we are still seeing evidence of cautionary behaviour with almost half of all consumers channeling their spare cash into savings (47 per cent), and 40 per cent using surplus cash to pay off debts, credit cards and loans. In addition, the majority of consumers are actively curbing their household expenditure by trying to save on gas and electricity; cutting back on take-away meals, new clothes purchases and out-of-home entertainment; and making the switch to cheaper grocery brands (refer to Chart 1.2).

So while it is encouraging to see that Australia is currently the most

“The savvy shopper is continuously on the hunt for value for money.”



optimistic developed market in the world, we can't lose sight of the fact that we are still part of an uncertain and vulnerable global economy.

A strong labour market and perceived financial position may be driving up our confidence, but in reality we are still seeing a rise in the debt-to-household income ratio; there is continued focus on saving and managing our debt levels; and we are actively looking at ways to make our spare dollars go further.

And while we are also seeing a return in business confidence among grocery manufacturers – it has been tempered somewhat by the sluggish growth performance of the grocery channel overall; driven by a combination of continued deep discounting by the retailers, a five per cent fall in value for grocery baskets compared to a year ago, and the rise of the savvy shopper who is continuously on the hunt for 'value for money.'

The average shopper repertoire now includes around four different stores in a weekly period; private label penetration is at 100 per cent of Australian households; patronage of ALDI continues to rise; and it is estimated that more than 30 per cent of all Australian grocery purchases are made on promotion.

Aside from the impact of heavy retailer promotional activity, we are seeing a decline in the amount spent per shopping trip – from \$49.80 in 2009 to \$48.40 this year; and each of these trips have become more rational with

a five per cent increase in the purchase of items costing less than \$5, while the purchase of items priced between \$10-15 has declined by four per cent.

In order to drive growth, retail strategies need to be adapted to meet the needs of the changing shopper landscape. In particular, there is a clear opportunity for grocery manufacturers to match retailers' efforts in satisfying the trends associated with rising ethnic diversity. The Nielsen Retailer Barometer Survey results for June 2010 revealed that 70 per cent of retailers are manufacturing products or making ranging changes to meet Australia's changing ethnicity – compared to a meagre 16 per cent of manufacturers who claimed to be doing the same.

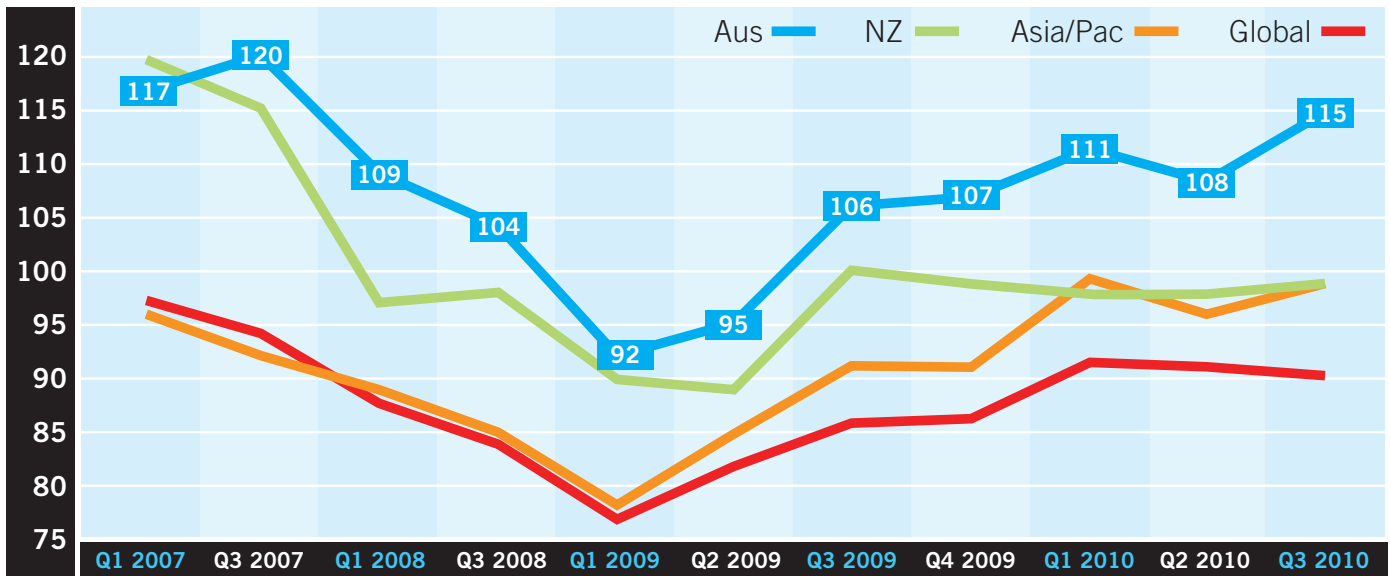
Other opportunities to maximise sales involve making smarter business decisions based on store segmentation, range and promotion targeting. Consumer insights are rapidly gaining traction at the trading desk and Nielsen research clearly shows that retailers are becoming much more receptive to consumer research.

With all major grocery retailers having a relentless focus on the shopper – reciting 'consumer-centricity' as the new mantra, and even restructuring their businesses to support this focus – manufacturers need to be armed with the right information and tools to ensure they are able to adequately collaborate with their retailer partners to help boost growth in the industry. 🛒

About the Nielsen Global Consumer Confidence Survey

The Nielsen Global Consumer Confidence Survey was conducted between September 3 and September 21, 2010 and polled more than 26,000 consumers in 53 countries throughout Asia Pacific, Europe, Latin America, the Middle East, Africa and North America about their confidence levels and economic outlook. The Nielsen Consumer Confidence Index is developed based on consumers' confidence in the job market, status of their personal finances and readiness to spend. The sample has quotas based on age and sex for each country based on their Internet users, and is weighted to be representative of Internet consumers and has a maximum margin of error of ±0.6 per cent.

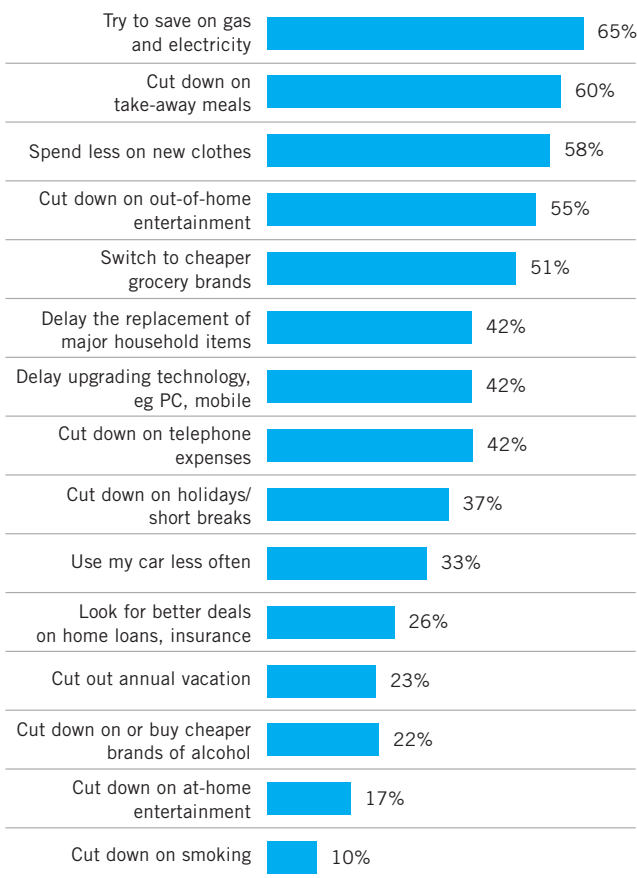
Chart 1.1: Trended Consumer Confidence Index Base: All respondents



Source: Nielsen Global Online Consumer Survey, (Q3 – Sept 2010).

Chart 1.2: Compared to this time last year, which of the following actions have you taken in order to save on household expenditure?

Base: All Australian respondents



Source: Nielsen Global Online Consumer Survey (Q3 - Sept 2010)

10 Predictions for the US retailing market in 2015

According to Todd Hale, Nielsen's Senior Vice-President for Retail and Shopper Insights in the US, American consumers have made significant shifts in what they buy and watch as they continue to manage one of the most challenging US economic downturns. Consumers have pressed the reset button and fundamentally changed their habits to include planning their shopping trips, focusing on value, trading down, and going out less and staying in more.

Predictions for the US retailing landscape in 2015:

1. Mass supercentres and e-commerce will be the big winners
2. Low and high-end grocery stores will grow share
3. Pet stores and dollar stores will grow
4. Retail consolidation: the big will get bigger
5. Smart phones will be the primary enabler of shopper engagements
6. Store formats will evolve: new formats, smaller stores, pop-up retailing will accelerate
7. Anywhere in-store checkouts will replace self-checkout and open floor space
8. In-store kiosks, digital media and holograms will interact with shoppers
9. Demise of traditional consumer age and gender targets as technology enables seamless view across languages and ethnic/generational groups with links will purchase and usage behaviour
10. Evolving US demographics will have major impacts. 🛒



Kosta Conomos
Executive Director, Retailer Services, Nielsen

How do promotions really impact the shopper?

As presented at the recent ECRA Conference – Promoting effectively and efficiently to the consumer (October 21-22, 2010).

Australian shopping habits have changed over the past decade and our research shows that we are now firmly in the age of the shopper who is in turn driven by information and choice in their ultimate quest for 'value for money'.

During the economic downturn, retailers reacted with aggressive promotional tactics which resulted in Aussie consumers benefiting from Hi-Lo pricing strategies across all the major supermarket chains. Even though we technically escaped a recession and the grocery channel remained fairly resilient throughout this period of uncertainty – deep discounting across all key grocery retailers has continued, and resulted in price deflation triggering only modest increases in value growth year-on-year.

In fact, according to Nielsen ScanTrack data – value sales growth for total grocery excluding tobacco has dropped from a healthy 7.8 per cent for the MAT 16/08/2009, to just 3.6 per cent for the same period this year. Looking at shorter-term trends and the situation is even more ominous with four-weekly value growth hovering between 1.5-3 per cent since February 2010 (refer to Chart 2.1).

So what impact do these promotions really have on the shopper? In an ideal world, promotional tactics should be implemented initially to: encourage the trial of new products, stimulate

additional sales, make shoppers switch brands, and drive foot traffic in-store.

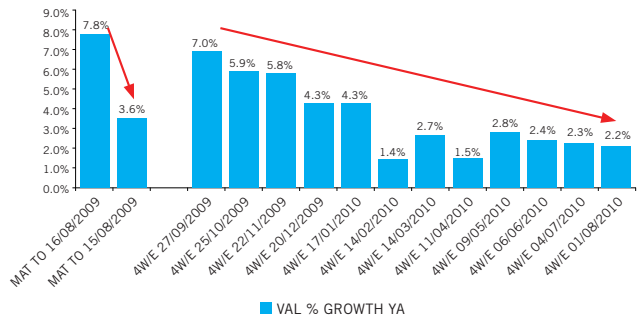
So what is happening in reality? Firstly, we know that promotions do cause short-term uplifts in volume. However, this volume 'spike' is usually just simply a result of shoppers taking advantage of the special to buy more, buy early or simply just wait for the deal to buy. If it's not on special this week it will be next week, or if it's not on special in one retailer it will be in another. Furthermore, in some cases where the majority of volume for a category or brand is sold on promotion, often what we are offering the shopper is a temporary price increase when the product is sold at full price!

Secondly, promotions encourage shoppers to change within their established repertoire of brands and stores. Take the real (masked) case example for the Brand B1 referenced in Chart 2.2. Very few households (three per cent) always buy Brand B1 at full price. If we focus on those who have bought B1 on promotion, we can see that nearly all (95 per cent) only ever buy it when it is on promotion. However, most of these households (85 per cent) who only buy B1 on promotion do buy other products in the category. But, most of these (76 per cent) are made by the manufacturer of B1. That is, shoppers are loyal to the master brand and have a repertoire of products that they move in and out of depending on what is on special.

Thirdly, promotions do not impact shopper behaviour over time. While the shopper may have evolved over the past few years – they still remain largely creatures of habit when it comes to their purchase behaviour. Across most categories, shoppers do not consistently buy on special. They are more likely to look for a specific pack size, brand or pack type.

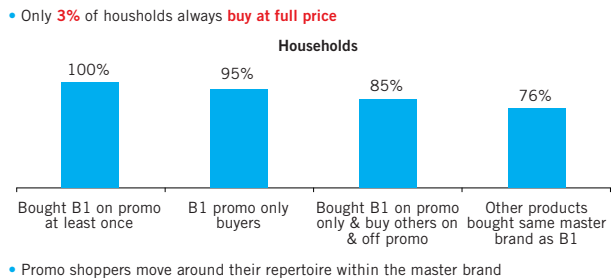
Typically shoppers shop in segments. For example, someone who wants carbonated soft drink is more likely to switch within carbonated soft drink than to buy a

Chart 2.1: Total Grocery - Trended value sales and growth (excluding Tobacco) - National



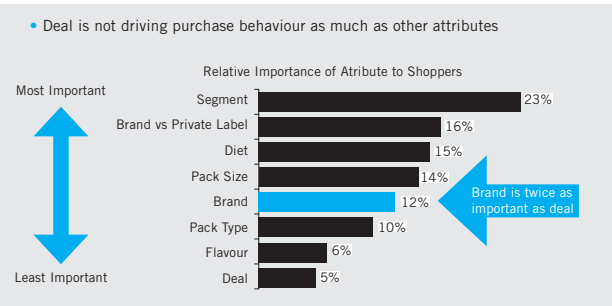
Source: Nielsen ScanTrack

Chart 2.2: Case example - Brand B1 (real data)



Source: Nielsen Homescan

Chart 2.3: Promotions don't impact behaviour over time



Source: Nielsen Market Structure Norms

bottle of still water instead. We very rarely see evidence of shopper behaviour being driven by specials. Typically 'deal' comes near the bottom of the purchase hierarchy. This tells us that the other attributes above it are relatively more important to our shoppers than consistently buying on special (refer to Chart 2.3).

The challenge moving forward for the grocery channel, will be to balance consumers' demand for value, with the impact that frequent and deep promotional activity can have on topline dollar growth both for the trade and by category.

We know shoppers are

looking for value, or at least value among their preferred brands, so communicating the promotion and using the best triggers is vital to maximise its impact. Given the importance of promotions, it is vital to treat them with the respect they deserve, as their correct use can drive a brand and profitability. Conversely, ill-considered promotions can weaken a brand and undermine a company's bottom line. Identifying and understanding what purpose your promotion is serving and its impact on the brand and the category is instrumental in ensuring the optimum balance is achieved. 🛒

Household spending on private label products continues to climb

Private label – or retailer brands as it is more recently referred, continues to steadily gain traction in Australia with its representation in all of the major grocery retailers recording an increase in value share for the Quarter to 02/10/2010, and accounting for just less than a quarter (23.9 per cent) of total supermarket sales. Nielsen Homescan research tells us that everybody buys private label products (100 per cent household penetration), and the average amount spent on these products continues to rise. In fact, average household spend reached more than \$200 for the first time ever in the latest quarter – up \$3.48 on the previous quarter (refer to Chart 3.1).

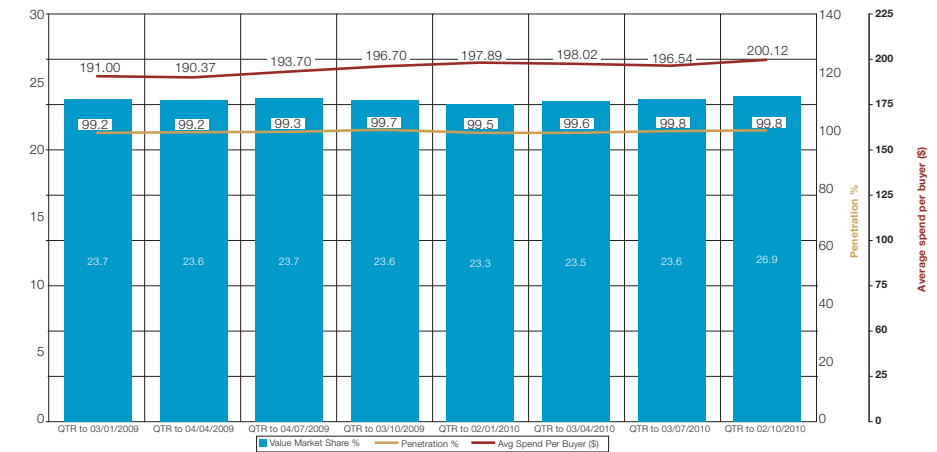
‘Bustling families’ and ‘start-up families’ are the household life stage groups who allocate the largest proportion of their grocery spend to private label (26.2 per cent and 25.6 per cent respectively for the Quarter to 02/10/2010), and these groups have now overtaken ‘small scale families’ who up until April this year had the largest private label share of spend. ‘Independent singles’ and ‘young transitionals’ have traditionally allocated the smallest amount of their grocery spend to private label products, but this share has climbed significantly over the past few months (refer to Chart 3.2).

Private label perception in the eyes of the shopper has come a long way over the past five years, with many now seeing the benefits it can offer in terms of value-for-money, and as a good quality alternative to name brands.

The latest ‘Nielsen Global Online Consumer Survey’ results for Quarter 3 (September) 2010, show that when it comes to perception of private label brand quality, 46 per cent of Aussie consumers say that private label are a good alternative to name brands; and 42 per cent say the quality of most private label brands is as good as name brands – 13 points higher than the global average (refer to Chart 3.3).

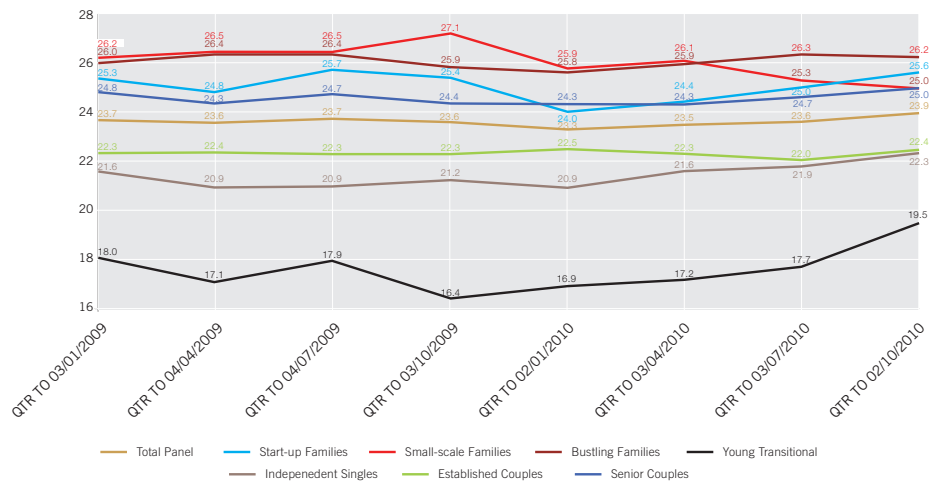
During the economic downturn, half of all Australian consumers said they purchased more private label products – and 92 per cent of these consumers said they would continue purchasing them even when the economy improves. Furthermore, around two-in-five (41 per cent) Aussie consumers said they purchased private label in up to five categories, while more than one-third (35 per cent) said they purchased private label in at least six to 10 categories. 🛒

Chart 3.1: Private label trended share, penetration and average spend – Aus Supermarkets



Source: Nielsen Homescan

Chart 3.2: Private label share trend by demographic life stage group – Aus Supermarkets



Source: Nielsen Homescan

Chart 3.3: What is your perception of private label (retailer/store) brand quality? Base: All Australian respondents



Source: Nielsen Global Online Consumer Survey (Q3 - Sept 2010)



Peter Cornelius
Managing Director, Nielsen
Media – Pacific

Media spend review

Supermarkets/food retailer sectors record 18 per cent increase YOY

In the 12 months to September 2010, Australia's supermarkets/food retailers shook off the last vestiges of the media recession to surge well ahead year-on-year, posting an impressive 18 per cent lift in estimated ad spending. This \$233 million sector of retail advertising demonstrates just how resilient food advertising has been in 2010; with the exception of the fruit/vegetable and confectionery/ice cream categories, advertising spend growth was evident across all main supermarket/food retailer sectors.

The overall lift in advertising activity was driven by the dominant supermarkets category (+18 per

cent YOY), which represented 86 per cent of all estimated media spending. Other substantial double-digit increases in activity were recorded for bakeries (+39 per cent), butchers (+43 per cent) and health food (+36 per cent).

Among the Top 10 Advertisers, not surprisingly the major contributors were Woolworths and Coles; despite both supermarket rivals recording modest cutbacks in advertising YOY, finishing -5 per cent and -1 per cent respectively. However, major growth was noted for fourth ranked ALDI Stores (+72 per cent) and Franklins (+22 per cent), which at the time of reporting was still advertising as a separate identity following Metcash Trading's purchase of the chain in July this year. 🛒

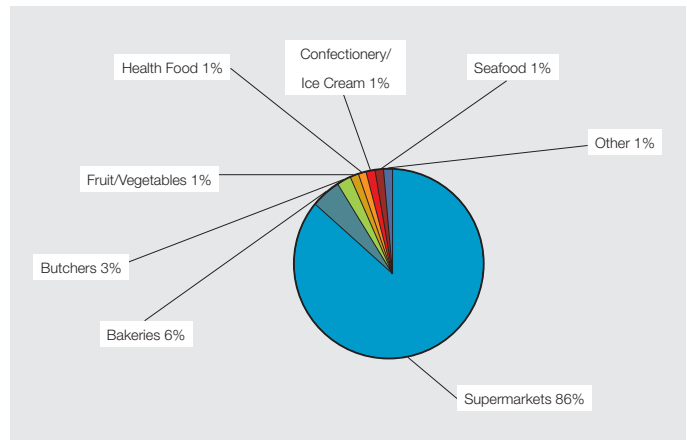
Supermarkets & Retail Food Sectors Ad Spend (\$M)	Oct 2009 - Sep 2010	% Diff YOY
Supermarkets	199.8	18
Bakeries	13.5	39
Butchers	6.8	43
Fruit/Vegetable	3.0	-14
Health Food	2.8	36
Confectionery/Ice Cream	2.7	-33
Seafood	1.6	8
Other	2.8	13
TOTAL ALL SECTORS	233.0	18

Source: Nielsen - excludes D.Mail

Supermarket Food Retail Top 10 Advertisers (\$M)	Oct 2009 - Sep 2010	% Diff YOY
Woolworths Supermarkets	71.4	-5
Coles Supermarkets	65.7	-1
Metcash Trading	19.0	4
Aldi Stores	11.7	72
Bi-Lo Supermarkets	4.9	-11
Franklins Supermarkets	2.9	22
7 Eleven Stores	2.2	10
FoodWorks Supermarkets	2.0	-3
Foodland Supermarkets (SA)	1.5	4
Ritchies Stores	1.4	-5

Source: Nielsen - excludes D.Mail

Share of Est. Media Spend by Supermarkets/Food Retail Sectors.



Source: Nielsen Oct '09 - Sep '10

Food category ad spend remains strong with five per cent growth YOY

The food category, which is the seventh largest ad spend category in Australian main media, maintained its growth momentum in the 12 months to September 2010, posting a healthy five per cent increase YOY.

Across most of the Top 10 Ad Spend sectors, double-digit increases were noted for eight with only meals (-22 per cent) and vegetables (-1 per cent) against this trend. Confectionery increased by 18 per cent YOY and remained the category's top ad spender, with 17 per cent total share followed by breakfast foods (+15 per cent YOY) and third ranked dairy products and substitutes, which saw a robust 36 per cent increase in media activity over the previous 12 months.

Among the Top 10 Food Advertisers, seven recorded strong increases in ad spend activity YOY. The overall growth was led by top ranked Kellogg (+2 per cent), with heavy support for Special K (\$4.8 million), Nutri-Grain-Adult (\$4.3 million) and Just Right (\$3.9 million). Double digit increases YOY

for Unilever Foods (+18 per cent), with heavy support for Magnum Ice Cream (\$3.5 million +85 per cent) and Nestle Australia (+17 per cent), also for The Uncle Tobys Co (+12 per cent), Kraft Foods (+33 per cent) and Simplot (+27 per cent). Although 10th ranked Ferrero Australia lifted their visibility by an impressive 20 per cent YOY, against this trend and offsetting some of the major increases in confectionery ad spending were decreases for 4th ranked Cadbury Confectionery (-29 per cent) and Fonterra Brands (-23 per cent). 🛒

“Eight of the Top 10 food sectors recorded double-digit growth YOY.”

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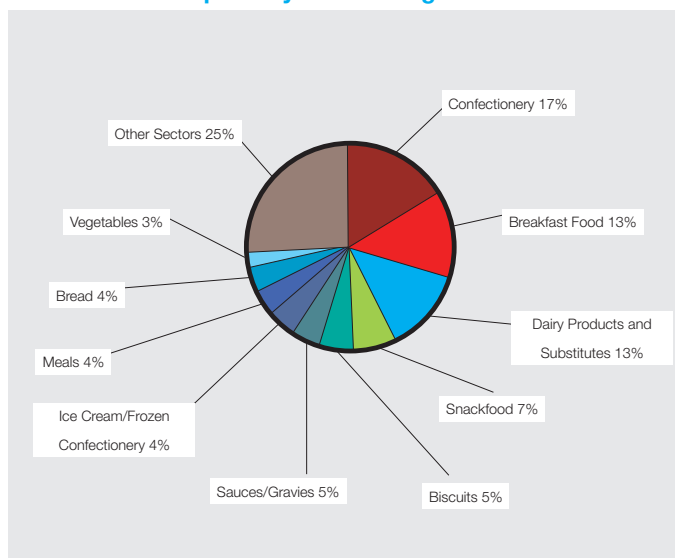
Top Food Categories by Share of Media Spend (\$M)	Oct 2009 - Sep 2010	% Diff YOY
Total Food category ad Spend	391.2	5
Confectionery	70.8	18
Breakfast Food	56.2	15
Dairy Products & Substitutes	55.4	36
Snackfood	28.9	62
Biscuits	21.7	53
Sauces/Gravies	21.3	54
Ice Cream/Frozen Confectionery	19.2	64
Meals	18.2	-22
Bread	15.3	129
Vegetable	11.2	-1
Other Sectors	110.8	23

Source: Nielsen - excludes D.Mail

Top 10 Food Advertisers in main Media (\$M)	Oct 2009 - Sep 2010	% Diff YOY
Kellogg (Aust) P/L	32.6	2
Unilever Foods	26.2	18
Nestle Australia Ltd	19.2	17
Cadbury Confectionery	15.9	-29
Uncle Tobys Co The	14.8	12
Kraft Foods Ltd	14.3	33
Simplot Australia P/L	13.7	27
Fonterra Brands (Australia)	12.9	-23
Mars Snackfoods	11.7	-9
Ferrero Australia P/L	11.5	20

Source: Nielsen - excludes D.Mail

Share of Media Spend by Food Categories



Source: Nielsen Oct '09 - Sep '10

Non-alcoholic beverages major upward trend - increasing 23 per cent YOY

This substantial increase YOY for the 18th ranked advertising category can be attributed to major activity across the top three sectors, which combined represented more than three-quarters of all ad spending in main media. These were top ranked aerated soft drinks (+28 per cent), other drinks (+13 per cent) and milk (+76 per cent), with also strong growth noted for fruit drinks (+44 per cent).

Seven of the Top 10 Advertisers increased spending YOY, led by the dominant Coca-Cola (+39 per cent), with increasing support for Coke (\$8.7 million +17 per cent) and Coke Zero (\$6.4 million +240 per cent). Rival PepsiCo cutback with a -16 per cent reduction for Pepsi Max, however, 3rd ranked National Foods Milk Division heavily supported their Pura Light Start Milk with an estimated \$6.9 million after only minimal activity the previous 12 months. Parmalat Australia also saw a major increase (+50 per cent) in the 12 months to September 2010, with major advertising support for Pauls Smarter White Milk (\$3.9 million + 172 per cent).

Against the growth trend there were noticeable cutbacks across a range of products supported in the previous 12 months including Nescafe Greenblend Instant Coffee (-85 per cent), Powerade Energy Drinks (-25 per cent), Gatorade Sports Drink (-12 per cent), Schweppes Lemon Solo (-55 per cent) and Sanitarium So Good Regular (no activity after an estimated \$1.9 million the previous 12 months).

Non-Alcoholic Beverages Sectors Advertising Spend (\$M)	Oct 2009 - Sep 2010	% Diff YOY
Aerated Soft Drinks	47.7	28
Other Drinks	44.9	13
Milk	35.0	76
Coffee	14.6	-3
Fruit	12.7	44
Tea	10.6	-18
Cordial	1.3	-56
TOTAL ALL SECTORS	166.8	23

Source: Nielsen - excludes D.Mail

Non-Alcoholic Beverages Top 10 Advertisers (\$M)	Oct 2009 - Sep 2010	% Diff YOY
Coca-Cola South Pacific	38.1	39
PepsiCo Australia	14.1	-3
National Foods Milk Division	11.0	466
Unilever Foods	10.5	5
Nestlé Australia	9.4	-31
Schweppes Australia	9.3	-20
Dairy Farmers	9.1	16
Parmalat Australia	8.3	50
Frucor Beverages	5.8	8
Douwe Egberts	4.9	74
Others	46.3	

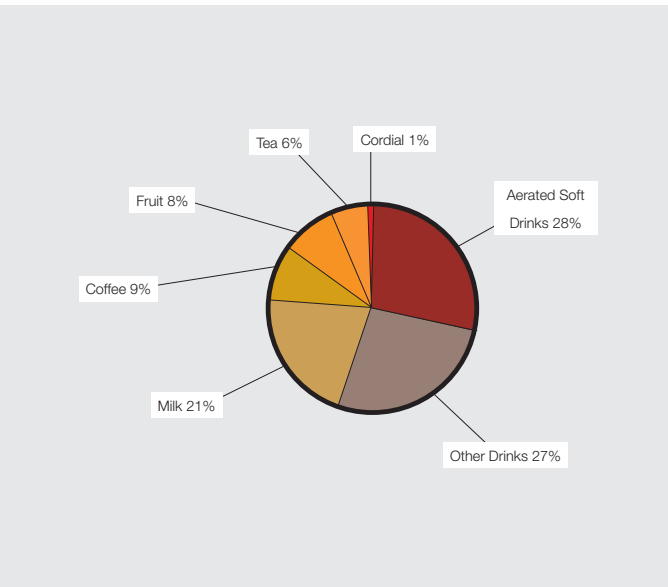
Source: Nielsen - excludes D.Mail

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Non-Alcoholic Beverages Top 10 Advertised Products (\$M)	Oct 2009 - Sep 2010	% Diff YOY
Coca-Cola Soft Drink	8.7	17
Pura Light Start Milk	6.9	3640
Coca-Cola Zero Soft Drink	6.4	241
Pepsi Max Soft Drink	6.3	-16
Lipton Ice Tea Drink	5.5	21
Pauls Smarter White Milk	3.9	172
Mother Energy Drink	3.8	83
Red Bull Energy Drink	3.6	-19
Glaceau VitaminWater	3.5	321
V Energy Drink	3.3	-2

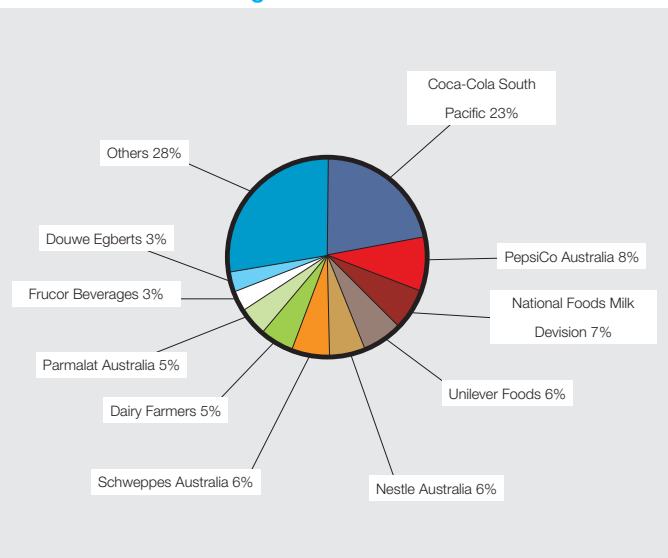
Source: Nielsen - excludes D.Mail

Share of Est. Spend by Non-Alcoholic Beverages Sectors



Source: Nielsen Oct '09 - Sep '10

Share of Est. Spend by Top 10 Advertisers Non-Alcoholic Beverages Sectors



Source: Nielsen Oct '09 - Sep '10



“Seven of the Top 10 non-alcoholic beverage advertisers increased spending YOY.”

Toiletries and cosmetics lifts an impressive 18 per cent YOY

An impressive 18 per cent year-on-year increase in advertising spend in main media, saw toiletries and cosmetics – Australia’s 12th largest advertising category – reach \$256 million in the 12 months to September 2010. This major lift was driven by double-digit increases YOY across five of the seven main sectors, led by top ranking skin care (+19 per cent) with 34 per cent share of total spend. Others to attract major support were deodorants/body sprays (+28 per cent), sanitary protection (+43 per cent) and personal washes/bath additives (+63 per cent).

Among the Top 10 Advertisers, which represented more than 55 per cent of all toiletries and cosmetics ad spending, increases were noted for seven, which were led by second ranked L’Oréal Australia (+43 per cent), with strong support for L’Oréal Youth Code Anti-Wrinkle Cream (\$2.1 million) and L’Oreal Dermo Expertise UV Perfect Lotion (\$1.9 million). Kimberly-Clark

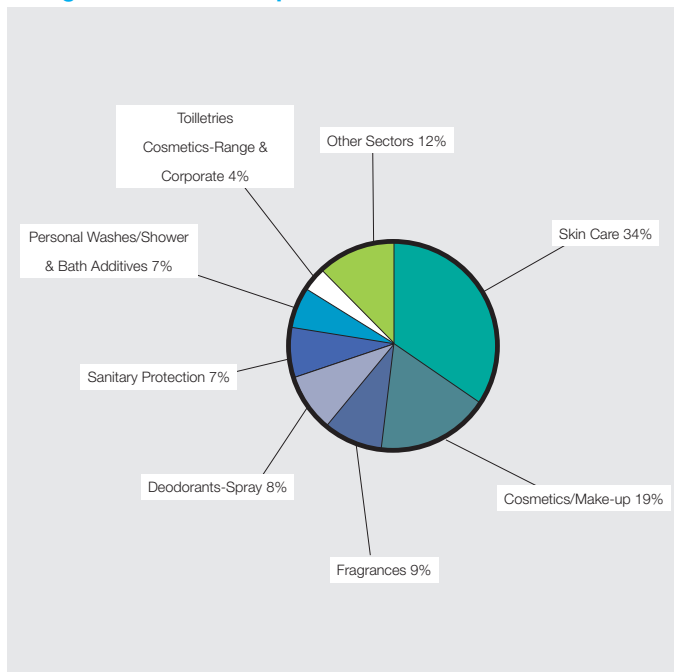
also boosted their media activity substantially (+55 per cent), including heavily promoting Huggies Nappies (\$4.0 million) and Huggies Baby Wipes (\$2.0 million). Procter & Gamble increased their media spending by an estimated 16 per cent YOY, with major support for Olay Regenerist Micro-Sculpting Cream-Face (\$2.1 million) and Olay Professional Pro-X Skincare Range (\$2.0 million). Against this growth in advertising trend, the largest cosmetics and toiletries advertiser, Lever Rexona, recorded a minimal one per cent decrease YOY.

Although the range of male skin care products is diversifying, overall there appeared to be minimal male products advertising activity in the past 12 months, with the top two advertised products being L’Oréal Men Expert Hydra Energetic Lotion (\$0.7 million) and Nivea For Men Revitalising Double Action Balm & Eye Roll On (\$0.6 million). 

Top Cosmetics & Toiletries Categories by Share of Media Spend (\$M)	Oct 2009 - Sep 2010	% Diff YOY
Total Category spend	255.8	18
Skin Care	87.1	19
Cosmetics/Make-up	47.1	9
Fragrances	24.0	12
Deodorants-Spray	21.6	28
Sanitary Protection	18.6	43
Personal Washes/Shower & Bath Additives	15.8	26
Toiletries/Cosmetics-Range & Corporate	10.6	-1
Other Sectors	31.0	17

Source: Nielsen - excludes D.Mail

Share of media spend by Toiletries & Cosmetics Categories Oct '09 – Sep 2010



Source: Nielsen



Top 10 Toiletries & Cosmetics Advertisers in main Media (\$M)	Oct 2009 - Sep 2010	% Diff YOY
Lever Rexona	29.7	-1
L’Oreal Australia	28.7	43
Kimberly-Clark	15.1	55
Procter & Gamble	13.6	16
Johnson & Johnson	13.4	-3
Revlon Manufacturing	9.5	42
Coty Australia	9.4	34
Beiersdorf Aust	8.2	-8
Estee Lauder	8.1	19
Gillette (Australia)	8.0	13

Source: Nielsen - excludes D.Mail

How Companies Win

How *Companies Win*, a new book from Nielsen CEO, David Calhoun, and The Cambridge Group CEO, Rick Kash, is a compelling call to action to engage every level within a company, small or large, local or global.

Profiting from demand-driven business models, no matter what business you're in

- How did Bud Light Lime become one of the fastest-growing new beer introductions in the last thirty years?
- What gave the CEO of Hershey's the confidence to share his competitive strategy with the entire food industry?

The answers to these questions reflect a fundamental shift in the relationship between supply and demand in the global economy. It is a shift from a supply-driven economy to a demand-driven economy. It is a shift that requires a new set of strategies and tools.

The centuries old definition of demand is a simple one: quantity sought at a given price. But experience has taught us that demand is much more complex: Demand is what customers possess in terms of their needs and desires – emotional, psychological, and physical. For companies, demand is ultimately about profit. At the end of the day, whoever satisfies demand the best, profits the most.

We have before us a great opportunity. Supply wildly outpaces demand right now. The global economy has become

unbalanced. And we are going to find the path to win in this new environment. We have the chance to carve out high profit and defensible markets, and enjoy first mover advantage.

It has always been true that the biggest success stories emerge from times of change. Where weak leaders see uncertainty, the confident leader – armed with a smart and differentiated strategy – creates new opportunities to win. This is such a time. And the winning companies will be defined by leaders who fully understand that the time for change is now, and that the opportunity to win has never been bigger or better.

The goal of this book is to explain and illustrate the dynamics of demand more thoroughly, with particular reference to three key goals:

- 1) To help you understand the forces behind the shift from a supply-driven to a demand-driven economy
- 2) To help you develop the business strategies required by that shift
- 3) To provide you with the tools for executing that shift.

Using case studies drawn from our consulting work with clients and other demand-driven companies, we will show you how companies are winning in the demand economy and how you too can win, no matter what sector or part of the world your business operates in. 🛒

Global business leaders praise *How Companies Win*.

“A persuasive case that winning in today’s market requires an understanding that supply-driven business models of the past will not keep pace with fundamental changes in our global economy and its digitally enabled consumer.”

Jack Welch, former chairman of General Electric

“The rise of social networks has amplified the individual’s voice and this has sparked a revolution in demand. *How Companies Win* offers real-world solutions that you can implement right now to take advantage of these changes.”

Sheryl Sandberg, COO, Facebook

“The authors’ got it right. Profitable growth is the real driver of value creation. Showing how companies will (can) grow is the book’s real contribution.”

Jim Jenness, chairman and former CEO of the Kellogg Company

How Companies Win was published by Harper Business and released on October 12, 2010. It is available to purchase online, for more information visit www.howcompanieswin.com.



Eight smart questions every company must ask itself

1. What technology is driving consumer change?
2. Do you know how to reach today’s digitally connected consumer?
3. Do you know how to profit from untapped demand?
4. Is your vision built around rapidly changing consumers?
5. Are you committed to acting on the increased amount of virtual communication between consumers?
6. How committed are you to your demand chain?
7. Are you only appealing to your consumers’ obvious needs?
8. How effective is your media spend in reaching your target consumers?

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The Nielsen Company is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and related assets. The privately held company has a presence in approximately 100 countries, with headquarters in New York, USA. For more information, please visit www.nielsen.com.

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