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News Release

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FOR IMMEDIATE RELEASE

AUSSIE CONSUMERS SPENDING MORE OF THEIR GROCERY BILL ON HOUSE BRANDS

Younger generation represents the biggest future growth opportunity for Private Label

Sydney, 11 August 2009: According to latest research from Nielsen, sales for Private Label (House Brand) products now account for almost a quarter of all grocery sales, and the amount spent by the average Aussie household on these products reached its highest level yet of $172.80 for the latest quarter (QTR to June 2009) – an increase of five percent or eight dollars compared to the same quarter last year *(Refer to Chart 1).*

The Nielsen Report, entitled *'Smart shopping in challenging times,'* was presented by Kosta Conomos – Nielsen's head of Retailer Services for the Pacific – at the Australia and New Zealand PLMA (Private Label Manufacturers Association) forum on Store Brands on 4 August 2009 at the Star City Casino in Sydney.

According to the Nielsen report, the number of households buying Private Label products across all the major chains has grown, driven in part, by its appeal as an attractive alternative to the price sensitive shopper in the wake of the Global Financial Crisis (GFC). In a Nielsen online survey conducted in June 2009, 57 percent of consumers said they had been switching to cheaper grocery brands to save on household expenditure over the past year, and over a third (34%) said they would continue to purchase cheaper grocery brands even when economic conditions improve.

"While Private Label was still performing strongly prior to the onset of the GFC – what the economic downturn has done is reinforced the positioning of Private Label as an attractive, cheaper alternative to branded goods; and this proposition has driven awareness, consideration and trial of these products across various demographic groups."

“As consolidation continues within the grocery channel, retailers will increasingly look at the positioning of their Private Label strategy as a means of differentiating their store offer from that of their competitors, with the objective of driving loyalty to their retailer banner,” noted Kosta Conomos, Executive Director – Retailer Services, Nielsen Pacific.

Another factor contributing to strong performance is the underlying changing perception and growing acceptance of Private Label in the minds of consumers; and evidence of this is particularly strong among the younger demographic groups.

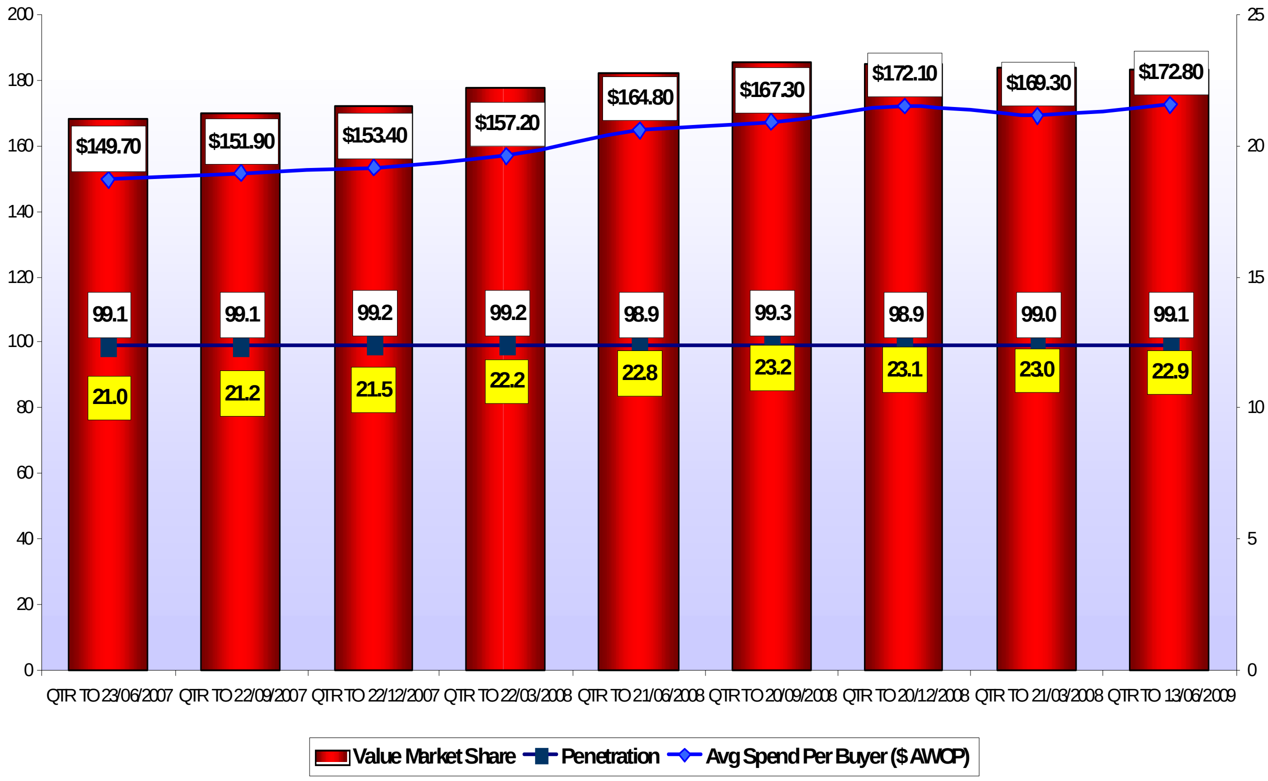
In a Nielsen Homescan PanelViews Survey undertaken in September 2008, sixty percent of households agreed that ‘today’s Private Label products are much better than those available five years ago’, – among 16-34 year olds, this score was seven points higher at 67 percent *(Refer to Chart 2).* Looking at Australian households by life stage, Nielsen Homescan data showed that ‘Young Families’ allocate the highest proportion of their grocery spend to Private Label (25.8% compared to total households at 22.9% – QTR to June 2009).

“The younger generation would probably not have experienced the old world of Private Label with questionable quality, limited range and bland packaging. Instead, they have been rewarded with a very compelling alternative to proprietary branded goods. This group and their children represent the largest future growth potential for Private Label over the coming decades. In the Pacific, Private Label products are yet to realize the gains as experienced in Europe,” said Conomos.

“The strong acceptance of Private Label among young households effectively exposes the future opportunity for retailers and conversely, the challenge for proprietary branded manufacturers. However, it is important to remember that this is not a zero-sum game. When strong manufacturer brands meet strong retailer brands – the one that always wins is the one that has the strongest focus on the consumer.”

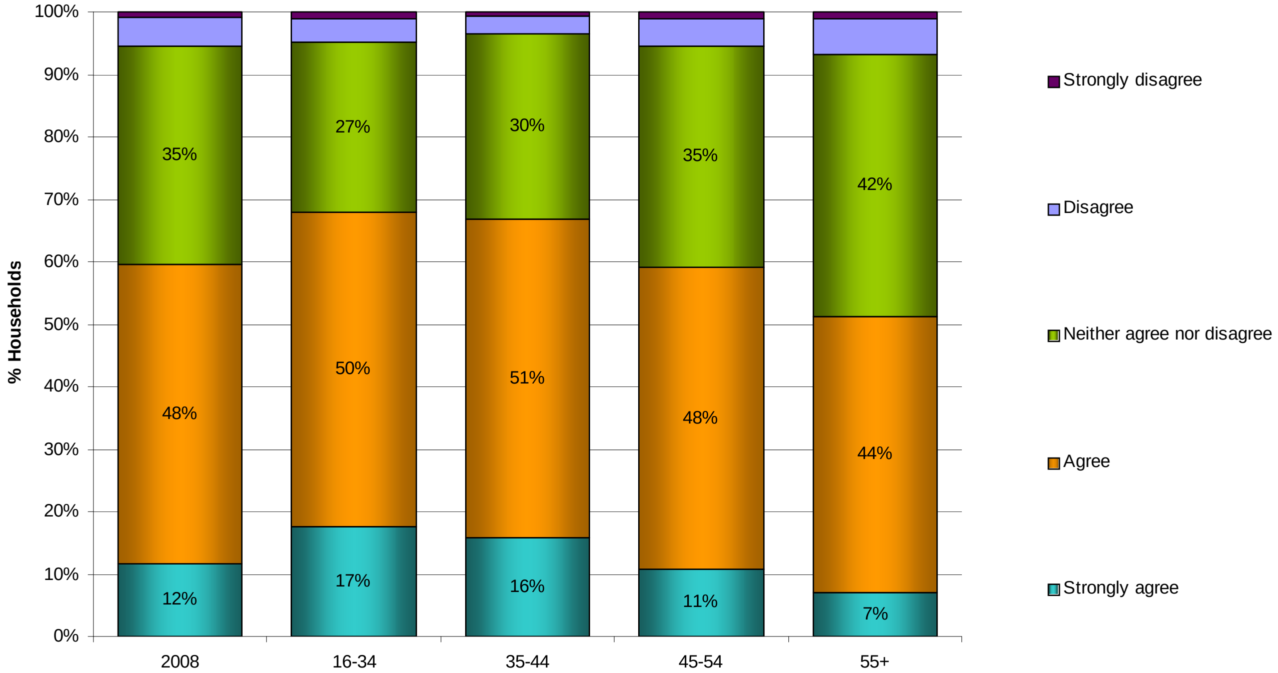
“To engage the younger consumer, manufacturers and retailers should adopt an integrated media strategy across three screens (TV, online and mobile) to provide a combination of maximum reach and frequency of your brand communication,” added Conomos.

***Chart 1:** Total Private Label – Penetration, $ average spend ($AWOP) and market share trend*



Source: Nielsen Homescan Australia

***Chart 2:** Today's house brand/generic products (those made specifically for a certain store) are much better than those available five years ago*



Source: Homescan PanelViews Australia, September 2008

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