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## News Release

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**FOR IMMEDIATE RELEASE**

**COOK-IT-FROM-SCRATCH GROCERY PRODUCTS ENJOY STRONG GAINS AS CONSUMERS  
TIGHTEN THEIR BELTS: NIELSEN 2008 GROCERY REPORT FINDINGS**

*In-home cooking drives packaged grocery growth in 2008*

*Private Label share reaches all time high, and Aldi still gaining momentum*

*Consistency at the top of the food chain with leading 10 FMCG suppliers unchanged in 2008*

**SYDNEY, 21 January 2009:** As consumers feel the pinch of rising costs, more are opting to entertain friends and family at home rather than dining out, which has seen the share of food spend in Australia channelled into supermarkets and away from cafes, restaurants and take-aways, a report released today by research company Nielsen has revealed.

Nielsen's annual Grocery Report indicates that as consumers are looking for ways to reduce their household spend, many are entertaining at home more, cutting back on non-essential grocery items and looking for cheaper grocery alternatives such as Private Label brands.

As a result, DIY cooking categories enjoyed strong growth in 2008, with many of the fastest growing grocery categories indicative of the move for more in-home cooking including flour, cream, baking aids, butter, bread mixes and baking additives. Other products to make the fastest growing categories list reflected consumers' search for convenient and healthy meal solutions including hot cereals, sports and energy drinks and frozen meals. (See chart 1).

Other trends driving category growth in grocery retailing included consumers' continued search for 'fresh', 'natural' and 'convenient' offerings – a penchant which has seen further growth for specialist retailers. Fifty percent of Australian consumers shopped in a fruit and vegetable shop in the last seven days, which is up from just 43 percent in 2005. This figure is about one third for butchers/fish shops, while it was down around 29 percent in 2005. Gourmet specialty stores are also becoming increasingly popular with over half of Australian consumers occasionally frequenting these stores.

Of those consumers opting to buy from specialist food retailers, the majority are motivated by a perception of better quality.

Although supermarkets gained an increased 'share of stomach' in 2008 away from other food retailers, the Nielsen Grocery Report shows that overall packaged grocery sales trended downwards for the year, with just 5.5 percent growth in 2008 compared to six percent in 2007, due to the prevailing tough economic conditions and consumers tightening their belts.

"The Australian FMCG retail landscape entered new territory in 2008 with a number of factors impacting on the industry's growth," states Rob Clark, Executive Director, Retail Client Service, The Nielsen Company. "The market is still settling after the impact of the global financial crisis and the true extent of the downturn remains to be seen. Similarly, high interest rates and petrol prices throughout the year definitely had an effect on consumers' spending intentions. Now that interest rates and fuel prices have pulled back somewhat, we may see a lift in spending as we head into 2009."

The key industry trends noted in the Grocery Report have benefited discount retailer Aldi, which enjoyed strong share gains in the busy festive season lead-up. Aldi's share rocketed to 5.8 percent nationally to September 2008. Major grocery retailers also saw sales of own brand or Private Label products escalate in the past year thanks to consumers searching for cheaper alternatives to branded products. (See Chart 2).

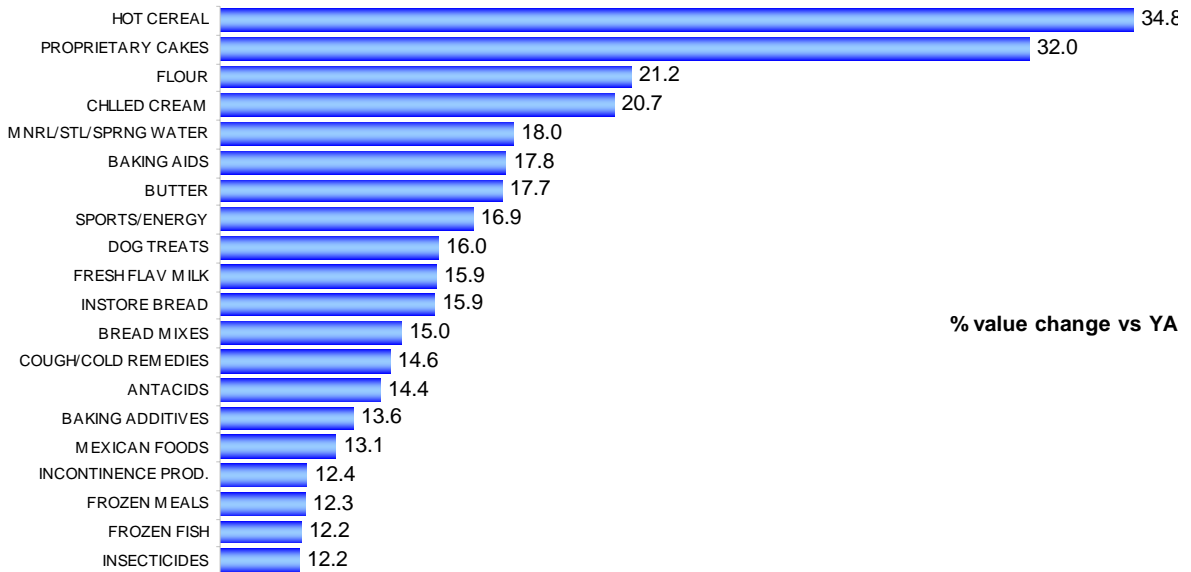
After a number of changes between 2006 and 2007, the Nielsen Grocery Report Top 100 Suppliers list in 2008 saw few, if any, alterations to last year's rankings. The top 10 suppliers remain the same, although Nestle and BAT have switched places with BAT once again taking the lead as Australia's number one grocery supplier and Nestle dropping back to second position. Looking at the top 20 suppliers there was only one new entrant – Heinz Wattie's – which jumped from 22 in 2007 up to 19 in 2008, pushing Kraft out of the top 20.

Of the top 10 best performing FMCG suppliers in 2008, there were only three additions from 2007, including Poseidon Tarama, Bundaberg Brewed Drinks and McCain Foods. Three of the top 10 fastest growing manufacturers were also new to the top 100 suppliers list this year, including Poseidon Tarama, Bundaberg Brewed Drinks and Harvey Fresh. (See Chart 3).

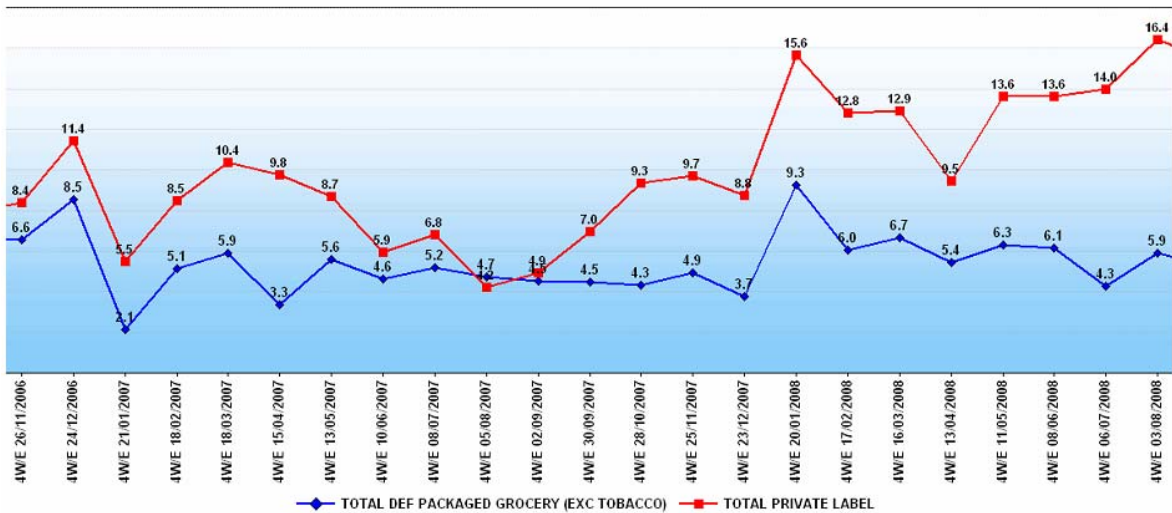
"Reflecting broader trends in the industry, all of the top 10 fastest movers in 2008 were food and beverage companies, specifically those offering 'cook-it-from-scratch' meal solutions, in-home entertainment products or health and convenience offerings," observes Clark.

**Chart 1: Top 20 fastest growing grocery categories**

Australia MAT to 29/06/2008 vs YA, based on % value growth.



**Chart 2: Private Label growth rate versus total grocery (% change vs year ago)**



**Chart 3: Top 10 fastest moving FMCG suppliers**

<b>Manufacturer</b>
Conga Foods
Frucor Beverages
Sunny Queen
Weight Watchers
Poseidon Tarama
Bundaberg Brewed Drinks
Mccain Foods
Oriental Merchant
Harvey Fresh
Menora Foods

**About the Nielsen Grocery Report**

The Nielsen Grocery Report is produced annually and provides unique insight into trends affecting the Australian grocery sector. The report draws from various Nielsen data sources and covers the economy; retail spending; packaged grocery inflation; packaged grocery growth; Private Label trends; and top 100 grocery suppliers. To download Nielsen's 2008 Grocery Report, including the Top 100 Suppliers listing, go to <http://www.au.nielsen.com/reports/index.shtml>.

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