Private Label in the U.S.

Tom Pirovano
The Nielsen Company
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Meet our Presenter

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Director of Industry Insights
The Nielsen Company

- 22 years of CPG sales and marketing analysis
- Joined Nielsen in 1997
- Previous account management positions at Nielsen include Walgreens, Quaker Oats, & Kraft
- Before Nielsen, managed marketing information at Dean Foods, Mid-Central Food Sales (now Advantage Sales & Marketing), and IRI
- MBA from DePaul University
- Tom's industry studies cover topics including private label, healthy eating, trade promotion, pricing, Wal-Mart, and consumer dynamics

Questions Addressed

- What's **driving** private label growth?
- How does **global development** drive up food prices?
- How are **private label categories** performing?
- Is **health & wellness** relevant for private label?
- How is the **role of private label** changing?
- What **opportunities** exist for retailers & manufacturers?

What's driving private label growth?

Private Label Dollar Sales Are **ON FIRE**

	Current 52-Wks	Yr Ago 52-Wks	Change
PL $ Sales	$80.3B	$72.9B	+10.1%
PL $ Share of Store	16.2%	15.3%	+0.9 pts

Private Label sales are **up by $7.4 BILLION**

Source: Nielsen Strategic Planner, Total U.S. Grocery/Drug/Mass Including Wal-Mart, 52 Weeks Ending 8/9/08

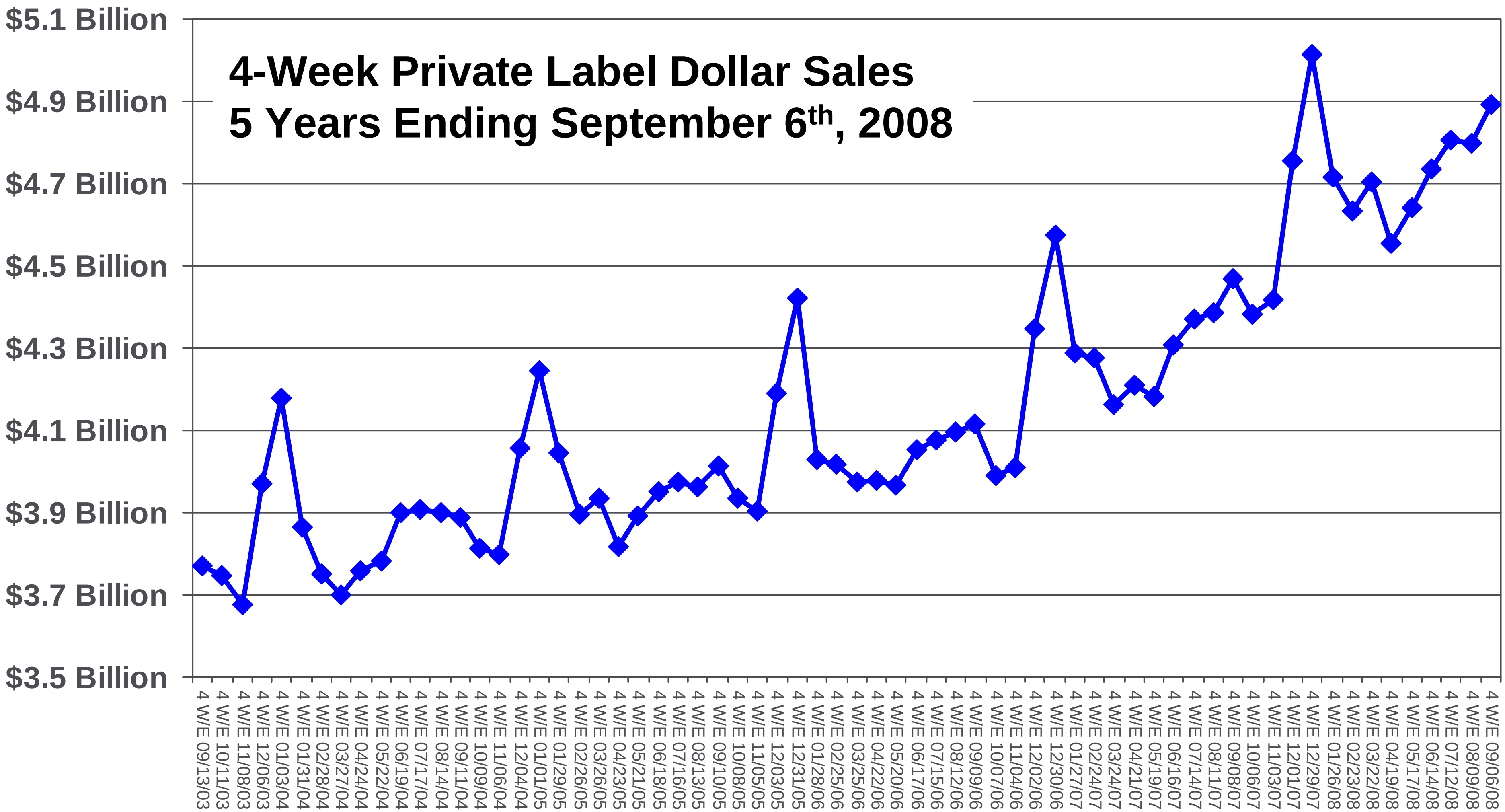
Private label is growing across all channels

Category	52-Week PL $ Sales	Chg Vs Yr Ago	$ Share of Store
Grocery Channel	$52.0 B	+9.9%	17.9%
Drug Channel	$5.3 B	+13.2%	12.9%
Wal-Mart	$19.6 B	+11.2%	15.5%

While private label growth crosses channels, share-of-store varies based on product mix.

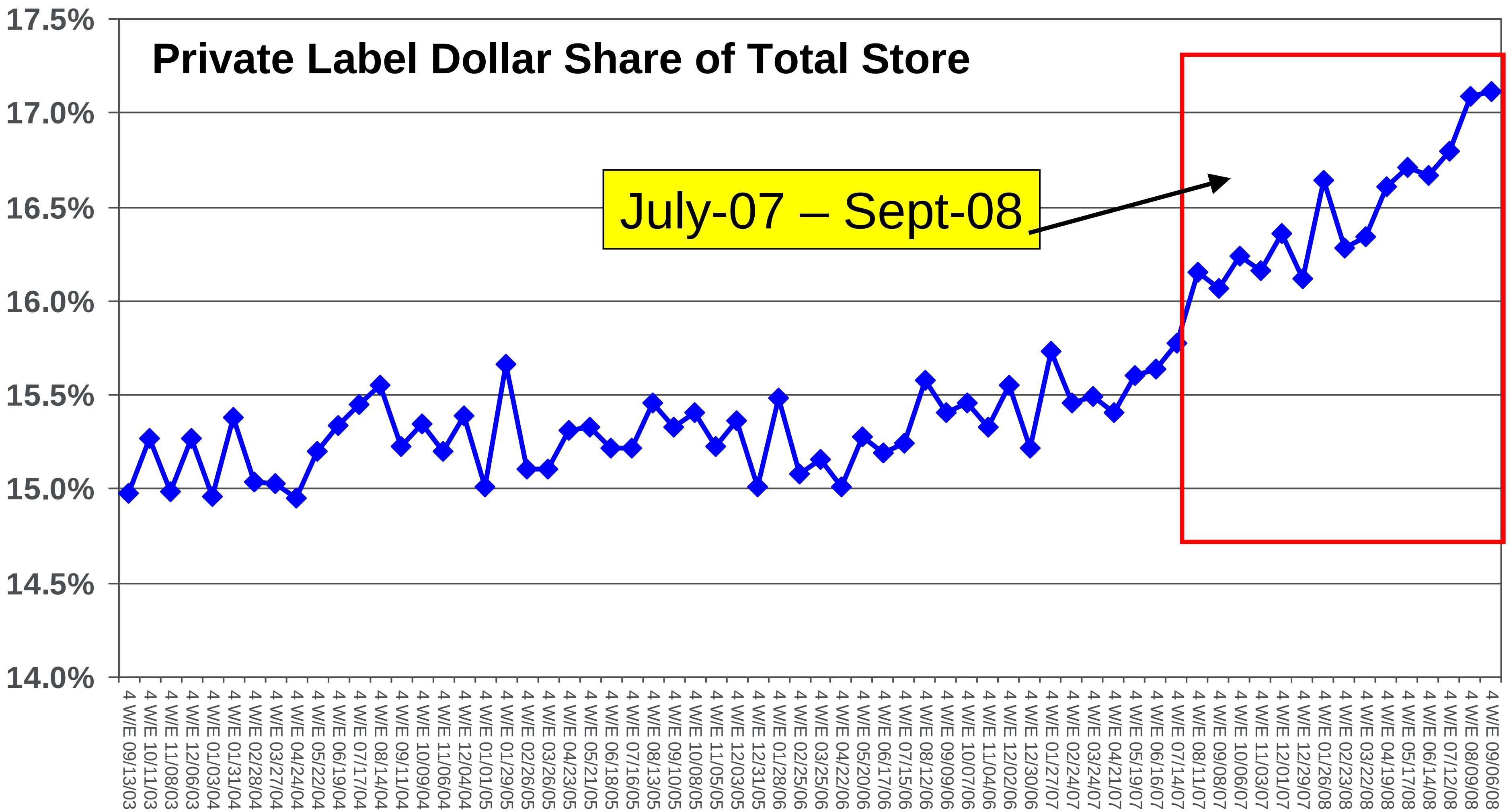
Source: Nielsen Strategic Planner, Total U.S. Grocery/Drug/Mass Including Wal-Mart, 52 Weeks Ending 8/9/08

Private label dollar sales continue to grow



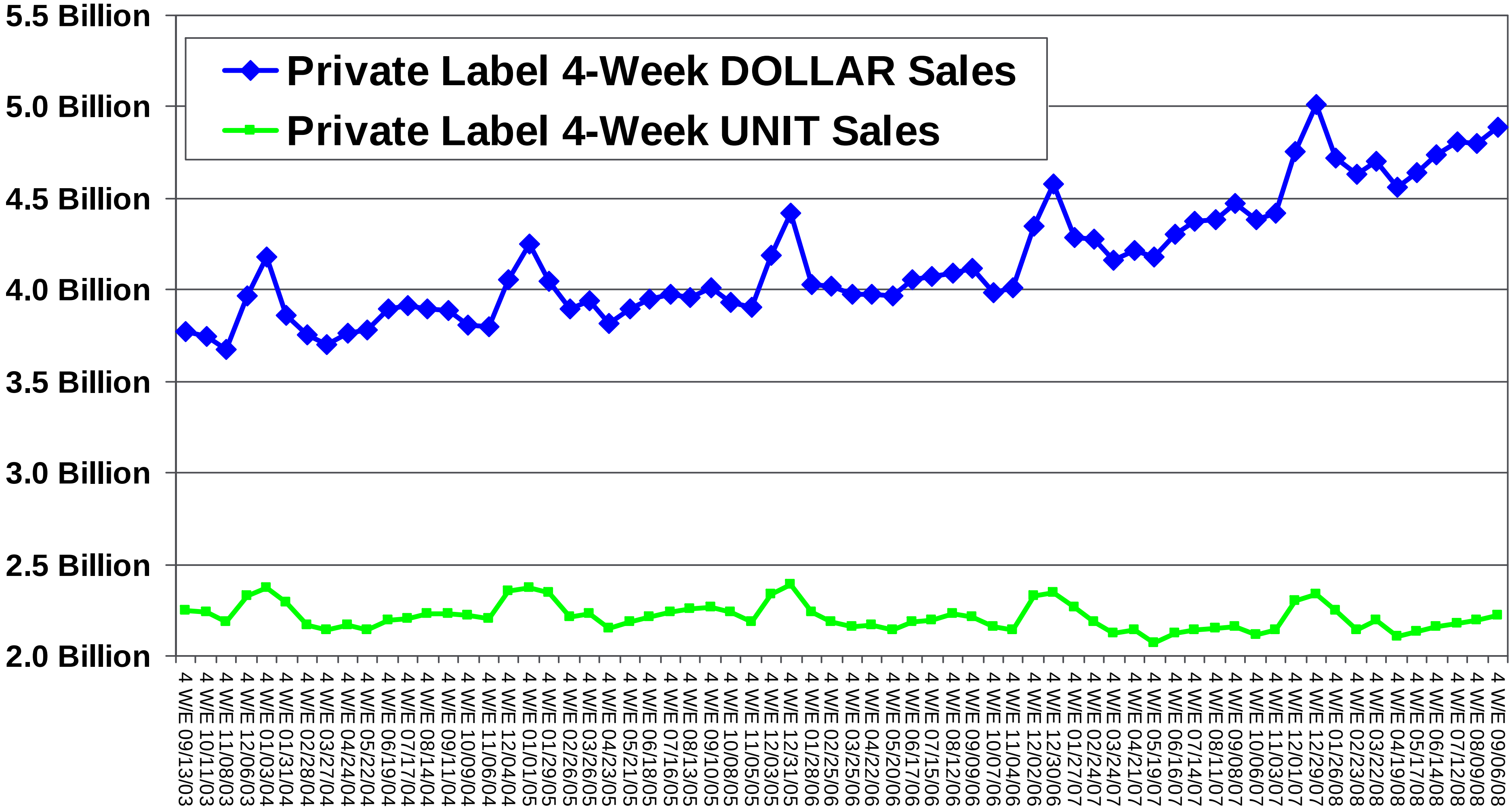
Source: Nielsen Strategic Planner, Total U.S. FDMxWM, Private Label 4-Week Dollar Sales

PL share started to grow last summer



Source: Nielsen Strategic Planner, Total U.S. FDMxWM, Private Label 4-Week Dollar Share of Store

Private label dollar growth is driven more by pricing than by unit volume



Source: Nielsen Strategic Planner, Total U.S. FDMxWM

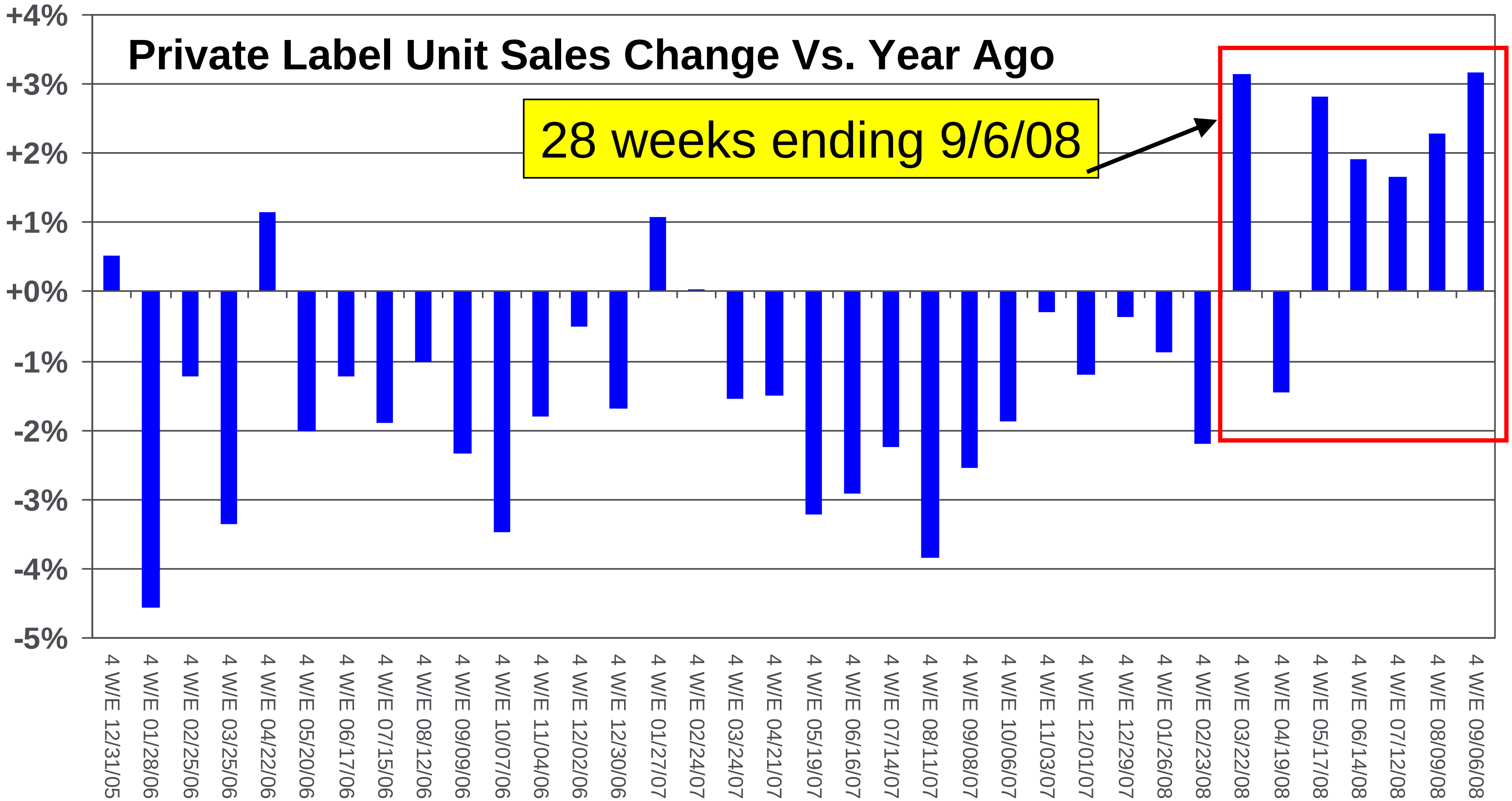
What's driving private label growth?

	Dollar Change Vs. Year Ago	**Unit** Change Vs. Year Ago
Total Store	+4.4%	-0.7%
Brands	+3.4%	-1.0%
Private Label	**+10.1%**	**+0.4%**

Private label dollar growth is driven more by higher unit prices than a shift away from brands.

Source: Nielsen Strategic Planner, Total U.S. Grocery/Drug/Mass Including Wal-Mart, 52 Weeks Ending 8/9/08

Private label units are up in recent months



Source: Nielsen Strategic Planner, Total U.S. FDMxWM, Private Label 4-Week Dollar Sales

Many growth categories are commodities

Nielsen Category	Dollar % Chg Vs. Year Ago
Flour	**+30.5%**
Eggs - Fresh	**+28.2%**
Pasta	**+16.8%**
Vegetables & Grains - Dry	**+13.5%**
Dessert/Fruit/Tops - Frozen	**+12.5%**
Yogurt	**+11.3%**
Cheese	**+11.0%**
Milk	**+10.9%**
Fresh Meat (UPC-Coded)	**+10.4%**
Shortening/Oil	**+9.1%**

Top growth categories are dominated by private label.

Source: Nielsen Strategic Planner, Total U.S. FDMxWM, 52 Weeks Ending 9/6/08
Excludes some smaller categories

For many categories with dollar growth, units are flat

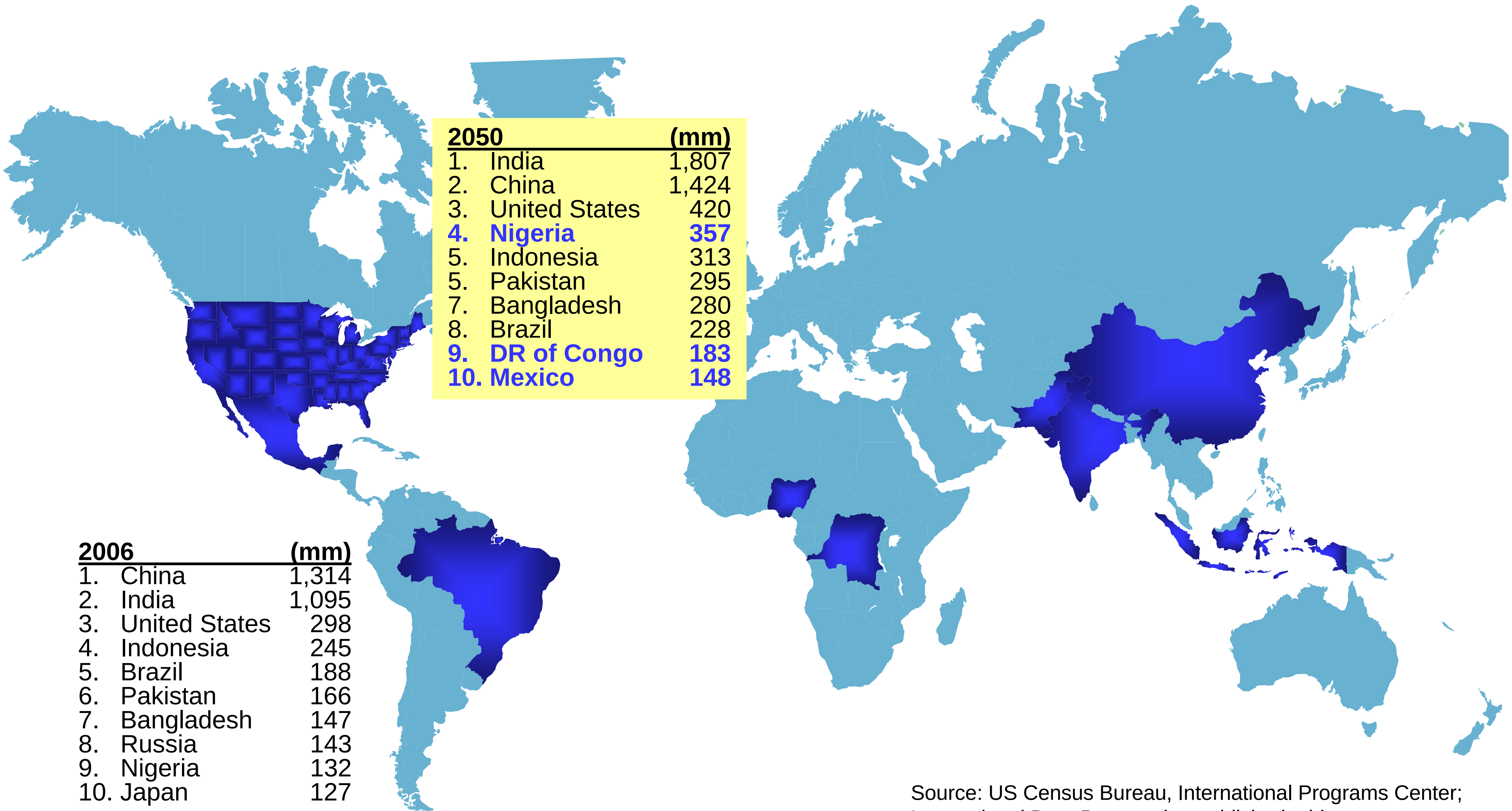
Nielsen Category	Dollar % Chg Vs. Year Ago	Unit % Chg Vs. Year Ago
Flour	**+30.5%**	**+7.2%**
Eggs - Fresh	**+28.2%**	**-0.9%**
Pasta	**+16.8%**	**+0.6%**
Vegetables & Grains - Dry	**+13.5%**	**+0.1%**
Dessert/Fruit/Tops - Frozen	**+12.5%**	**+2.9%**
Yogurt	**+11.3%**	**+1.2%**
Cheese	**+11.0%**	**-2.2%**
Milk	**+10.9%**	**-2.9%**
Fresh Meat (UPC-Coded)	**+10.4%**	**+7.3%**
Shortening/Oil	**+9.1%**	**-3.3%**

Source: Nielsen Strategic Planner, Total U.S. FDMxWM, 52 Weeks Ending 9/6/08
Excludes some smaller categories

How does global development drive up food prices?

nielsen

Global populations are shifting



2050		(mm)
1.	India	1,807
2.	China	1,424
3.	United States	420
4.	**Nigeria**	**357**
5.	Indonesia	313
5.	Pakistan	295
7.	Bangladesh	280
8.	Brazil	228
9.	**DR of Congo**	**183**
10.	**Mexico**	**148**

2006		(mm)
1.	China	1,314
2.	India	1,095
3.	United States	298
4.	Indonesia	245
5.	Brazil	188
6.	Pakistan	166
7.	Bangladesh	147
8.	Russia	143
9.	Nigeria	132
10.	Japan	127

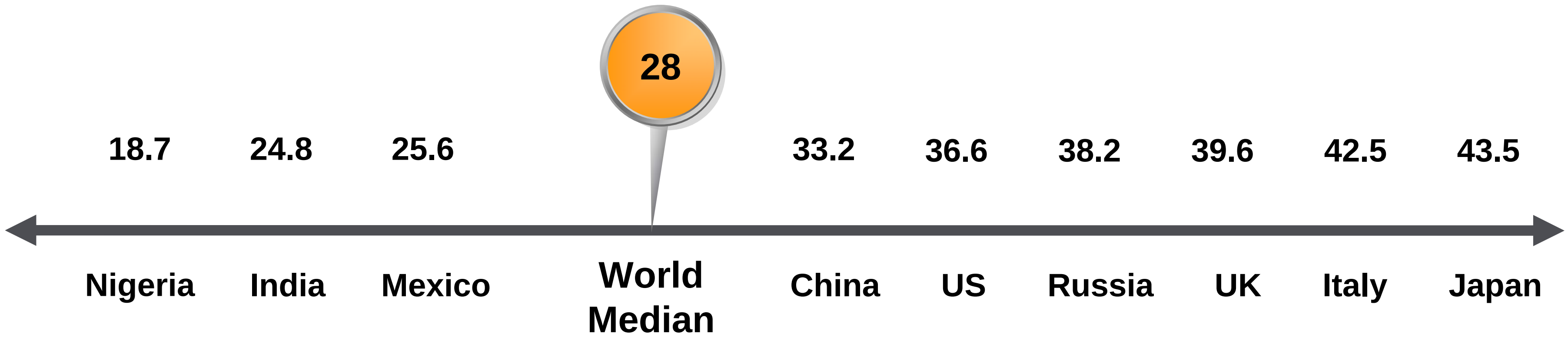
Source: US Census Bureau, International Programs Center; International Data Base and unpublished tables

How will this car affect U.S. food prices?

How do more cars lead to higher food prices?

Higher Prices for…
- Corn Sweeteners
- Livestock Feed
- Wheat/Soy/Rice as farmers shift to corn

In a number of countries, older consumers already have a significant presence



Source: CIA World Fact Book; Commission of the European Community

Categories Skewing to Older Households

Category	$ Index Vs. 65+ HH's
Vitamins	153
Medications/Remedies	144
Fruit - Canned	140
Flour	135
Pain Remedies	130
Canning, Freezing Supplies	125
Floral, Gardening	120
Coffee	120
Butter & Margarine	118
Desserts/Fruits/Toppings-Frzn	117
Nuts	117

Source: Homescan® Consumer Facts, CY'07

Excludes smaller or "misc." categories.

Categories Skewing to High-Income Households

Category	$ Index Vs. >$100k HH's
Wine	216
Liquor	162
Floral, Gardening	151
Family Planning	150
Baby Needs	149
Spreads/Dips, Dairy	146
Skin Care Preparations	146
Fresh Produce (UPC-Coded)	145
Yogurt	144
Juices, Drinks - Refrigerated	144
Diet Aids	142

Source: Homescan® Consumer Facts, CY'07

Excludes smaller or "misc." categories.

Categories Skewing to Large Households

Category	$ Index Vs. 5+ Member HH's
Disposable Diapers	243
Baby Food	223
Prepared Food-Dry Mixes	188
Sanitary Protection	179
Fruit - Dried	176
Breakfast Food	173
Soft Drinks-Non-Carbonated	169
Juices, Drinks-Frozen	168
Cereal	168
Ethnic HBC	166
Table Syrups, Molasses	166

Source: Homescan® Consumer Facts, CY'07

Excludes smaller or "misc." categories.

Categories Skewing to Households With Teenagers

Category	$ Index Vs. HH's w/Kids 13-17
Sanitary Protection	192
Ethnic HBC	175
Gum	174
Breakfast Food	173
Pizza/Snacks/Hors d'oeuvres-Frzn	164
Prepared Food-Dry Mixes	163
Deodorant	159
Dough Products	154
Stationery, School Supplies	153
Hair Care	150
Unprep Meat/Poultry/Seafood-Frzn	150

Source: Homescan® Consumer Facts, CY'07

Excludes smaller or "misc." categories.

Categories Skewing to Households With Young Children

Category	$ Index Vs. HH's w/Kids <6
Disposable Diapers	584
Baby Food	506
Baby Needs	354
Family Planning	281
Fruit - Dried	182
Prepared Food-Dry Mixes	168
Juices, Drinks-Frozen	166
Yogurt	153
Breakfast Food	153
Juices, Drinks - Shelf Stable	150
Dough Products	150

Source: Homescan® Consumer Facts, CY'07

Excludes smaller or "misc." categories.

Categories Skewing to Acculturated Hispanics

Category	$ Index Vs. Acculturated Hispanics
Baby Food	190
Vegetables & Grains - Dried	187
Disposable Diapers	164
Baby Needs	160
Hair Care	145
Ice	136
Fragrances - Women	136
Grooming Aids	133
Cosmetics	133
Men's Toiletries	133
Juices, Drinks - Shelf Stable	131

Source: Homescan® Consumer Facts, CY'07

Excludes smaller or "misc." categories.

Categories Skewing to African Americans

Category	$ Index Vs. African American HH's
Ethnic HBC	765
Feminine Hygiene	167
Fragrances - Women	155
Vegetables & Grains - Dried	141
Fresheners & Deodorizers	140
Personal Soap & Bath Additives	139
Juices, Drinks - Shelf Stable	131
Unprep Meat/Poultry/Seafood-Frzn	131
Spices, Seasoning, Extracts	129
Juices, Drinks - Refrigerated	123
Flour	123

Source: Homescan® Consumer Facts, CY'07

Excludes smaller or "misc." categories.

How are private label food categories performing?

Food categories that generate the most private label dollars

Nielsen Category	52-Week Dollar Sales	Chg Vs Yr Ago	Share of Category
PL Milk	$8.1 Billion	+15%	60%
PL Bread & Baked Goods	$3.8 Billion	+9%	27%
PL Cheese	$3.6 Billion	+20%	35%
PL Eggs-Fresh	$2.5 Billion	+32%	72%
PL Fresh Produce (UPC-Coded)	$2.2 Billion	+17%	16%
PL Deli (UPC-Coded)	$1.5 Billion	+12%	26%
PL Packaged Meat	$1.4 Billion	+2%	13%
PL Unprep Meat/Seafd-Frz	$1.3 Billion	+7%	43%
PL Bottled Water	$1.2 Billion	+6%	22%
PL Vegetables-Frozen	$1.2 Billion	+5%	33%

Source: Nielsen Strategic Planner, Total U.S. FDMxWM, 52 Weeks Ending 9/6/08

Food categories with high private label share

Nielsen Category	52-Week Dollar Sales	Chg Vs Yr Ago	Share of Category
PL Eggs-Fresh	$2.5 Billion	+32%	72%
PL Milk	$8.1 Billion	+15%	60%
PL Unprep Meat/Seafd-Frz	$1.3 Billion	+7%	43%
PL Sugar/Sugar Substitutes	$0.6 Billion	-4%	43%
PL Cot Chs/Sr Crm/Topping	$0.8 Billion	+11%	36%
PL Cheese	$3.6 Billion	+20%	35%
PL Fruit-Canned	$0.5 Billion	+6%	34%
PL Juices/Drinks-Frozen	$0.1 Billion	+2%	34%
PL Vegetables-Frozen	$1.2 Billion	+5%	33%
PL Dessert/Fruit/Tops-Froz	$0.4 Billion	+4%	33%

Source: Nielsen Strategic Planner, Total U.S. FDMxWM, 52 Weeks Ending 9/6/08

Food categories with strong PL growth

Nielsen Category	52-Week Dollar Sales	Chg Vs Yr Ago	Share of Category
PL Flour	$103 MM	+35%	20%
PL Baby Food	$65 MM	+33%	2%
PL Eggs-Fresh	$2,501 MM	+32%	72%
PL Pasta	$334 MM	+24%	23%
PL Shortening/Oil	$680 MM	+23%	32%
PL Breakfast Foods-Frozen	$192 MM	+21%	14%
PL Cheese	$3,587 MM	+20%	35%
PL Vegetables & Grains-Dry	$278 MM	+18%	30%
PL Coffee	$345 MM	+17%	9%
PL Fresh Produce (UPC-Coded)	$2,219 MM	+17%	16%

Source: Nielsen Strategic Planner, Total U.S. FDMxWM, 52 Weeks Ending 9/6/08
Excludes some smaller categories

Very few food categories show declining private label dollar sales

Nielsen Category	52-Week Dollar Sales	Chg Vs Yr Ago	Share of Category
PL Sugar/Sugar Substitutes	$602 MM	-4%	43%
PL Juices & Drinks-Ref	$429 MM	-1%	11%
PL Carbonated Beverages	$804 MM	-0.2%	6%

Source: Nielsen Strategic Planner, Total U.S. FDMxWM, 52 Weeks Ending 9/6/08
Excludes some smaller categories

Top-selling private label food items

Item Description	52-Week Dollar Sales
PL 2% Milk, 1 Gallon	$2,099 MM
PL Whole Milk, 1 Gallon	$1,727 MM
PL 1% Milk, 1 Gallon	$764 MM
PL Skim Milk, 1 Gallon	$609 MM
PL Eggs, Grade A Lrg, 12-Ct	$576 MM
PL Whole Milk, 64 oz.	$311 MM
PL Eggs, Grade AA Lrg, 12-Ct	$299 MM
PL Eggs, Grade A Lrg, 18-Ct	$297 MM
PL Eggs, Grade AA Lrg, 18-Ct	$286 MM
PL 2% Milk, 64 oz.	$172 MM

The top private label items are all milk and egg products.

Source: Nielsen Strategic Planner, Total U.S. FDMxWM, 52 Weeks Ending 9/6/08

How are private label non-food categories performing?

NON-FOOD categories that generate the most private label dollars

Nielsen Category	52-Week Dollar Sales	Chg Vs Yr Ago	Share of Category
PL Paper Products	$2,530 MM	+6%	24%
PL Medications/Remedies	$1,592 MM	+13%	21%
PL Wrapping Materials, Bags	$925 MM	+3%	36%
PL Cough & Cold Remedies	$800 MM	+18%	20%
PL Vitamins	$754 MM	+3%	20%
PL First Aid	$566 MM	+11%	33%
PL Pain Remedies	$541 MM	+7%	22%
PL Kitchen Gadgets	$409 MM	+0%	24%
PL Laundry Supplies	$345 MM	-2%	16%
PL Disposable Diapers	$344 MM	-5%	14%

Source: Nielsen Strategic Planner, Total U.S. FDMxWM, 52 Weeks Ending 9/6/08

NON-FOOD categories with high PL share

Nielsen Category	52-Week Dollar Sales	Chg Vs Yr Ago	Share of Category
PL Wrapping Materials Bags	$925 MM	+3%	36%
PL First Aid	$566 MM	+11%	33%
PL Buckets/Bins/Bath Acc	$284 MM	-18%	27%
PL Charcoal/Logs/Accessories	$174 MM	+4%	25%
PL Paper Products	$2,530 MM	+6%	24%
PL Kitchen Gadgets	$409 MM	+0%	24%
PL Pain Remedies	$541 MM	+7%	22%
PL Medications/Remedies	$1,592 MM	+13%	21%
PL Vitamins	$754 MM	+3%	20%
PL Cough & Cold Remedies	$800 MM	+18%	20%

Source: Nielsen Strategic Planner, Total U.S. FDMxWM, 52 Weeks Ending 9/6/08

NON-FOOD categories with high PL growth

Nielsen Category	52-Week Dollar Sales	Chg Vs Yr Ago	Share of Category
PL Personal Soap/Bath Needs	$168 MM	+23%	9%
PL Cough And Cold Remedies	$800 MM	+18%	20%
PL Hair Care	$95 MM	+18%	2%
PL Sanitary Protection	$155 MM	+16%	11%
PL Skin Care Preparations	$182 MM	+16%	6%
PL Medications/Remedies	$1,592 MM	+13%	21%
PL Detergents	$189 MM	+12%	4%
PL First Aid	$566 MM	+11%	33%
PL Shaving Needs	$101 MM	+10%	5%
PL Oral Hygiene	$254 MM	+10%	7%

Source: Nielsen Strategic Planner, Total U.S. FDMxWM, 52 Weeks Ending 9/6/08

What are the top-selling NON-FOOD private label items?

Item Description	52-Week Dollar Sales
Paper Towels, 2-Ply, 8-Ct	$66 MM
Aluminum Foil, Standard, 75 SqFt	$54 MM
Paper Plates, White, 9-Inch, 100-Ct	$42 MM
Liquid Bleach, 96 oz.	$39 MM
Toilet Tissue, 2-Ply, 352-Sheet, 12-Ct	$37 MM
Aluminum Foil, Standard, 200 SqFt	$34 MM
Toilet Tissue, 2-Ply, 200-Sheet, 12-Ct	$33 MM
Aluminum Foil, Standard, 25 SqFt	
Toilet Tissue, 1-Ply, 1000-Sheet, 12-	
Aluminum Foil, Hvy Duty, 50 SqFt	

The top Non-Food PL items are dominated by paper & foil products.

Source: Nielsen Strategic Planner, Total U.S. FDMxWM, 52 Weeks Ending 9/6/08

Is health & wellness relevant for private label?

Many health & wellness claims show strong growth vs. year ago

Health and Wellness Claim	52-Week Dollar Sales	Chg Vs Year Ago
Natural	$21.8 Billion	**+11.4%**
Low Fat	$14.9 Billion	+3.9%
Absence of Specific Fat (Trans Fat or Saturated Fat)	$13.3 Billion	**+30.5%**
Reduced Calories	$11.3 Billion	+9.7%
Cholesterol Free	$10.6 Billion	+8.6%
Fat Free	$10.0 Billion	+5.2%
Reduced Fat	$8.5 Billion	+9.6%
No Calories	$5.8 Billion	-0.6%
Caffeine Free	$5.5 Billion	-2.2%
Organic	$4.7 Billion	**+22.5%**
Multi-Grain	$2.1 Billion	**+16.6%**
Antioxidants	$1.9 Billion	**+15.8%**
Good Source of Fiber	$1.6 Billion	+1.8%

Source: Nielsen LabelTrends, Total U.S. FDMxWM, 52 Weeks Ending 9/6/08

Private label sales are underdeveloped for some key health & wellness claims

Health and Wellness Claim	Share of Food & Beverage Sales Private Label	Branded
Natural	8.1%	9.0%
Low Fat	6.7%	5.9%
Absence Of Specific Fat (Trans Fat or Saturated Fat)	**0.6%**	**6.6%**
Reduced Calories	**1.3%**	**5.4%**
Cholesterol Free	**1.0%**	**5.1%**
Fat Free	4.7%	3.9%
Reduced Fat	6.7%	2.6%
No Calories	**0.7%**	**2.7%**
Caffeine Free	**0.7%**	**2.6%**
Organic	1.9%	1.9%
Multigrain	**0.4%**	**0.9%**
Antioxidants	**0.2%**	**0.9%**
Good Source Of Fiber	**0.1%**	**0.8%**

Example: Cholesterol Free products generate only 1% of private label food & beverage sales, but represent 5.1% of branded sales.

Source: Nielsen LabelTrends, FDMxWM, 52 Weeks Ending 9/6/08
Share of Food & Beverage Categories Excluding Alcohol

Private label organics are under-developed for some categories and over-developed for others

Category	52-Week Dollar Sales	Organic Share of Total Food & Bev PL	Organic Share of Total Food & Bev Branded
Organic Milk	$1,020 Million	1.9%	**16.0%**
Organic Fresh Produce	$882 Million	**13.1%**	5.1%
Organic Snacks	$204 Million	**4.0%**	1.7%
Organic Cereal	$186 Million	2.6%	2.5%
Organic Yogurt	$182 Million	2.7%	**5.3%**
Organic Baby Food	$170 Million	**9.5%**	4.3%
Organic Prep'd Frz Foods	$155 Million	2.3%	1.8%
Organic Eggs	$143 Million	2.0%	**9.6%**
Organic Soup	$140 Million	3.1%	3.4%
Organic Bread/Bkd Goods	$105 Million	0.4%	0.9%
Total Organic Food/Bev	**$4,727 Million**	**1.9%**	**1.9%**

Source: Nielsen LabelTrends, FDM, 52 Weeks Ending 9/6/08, All Categories

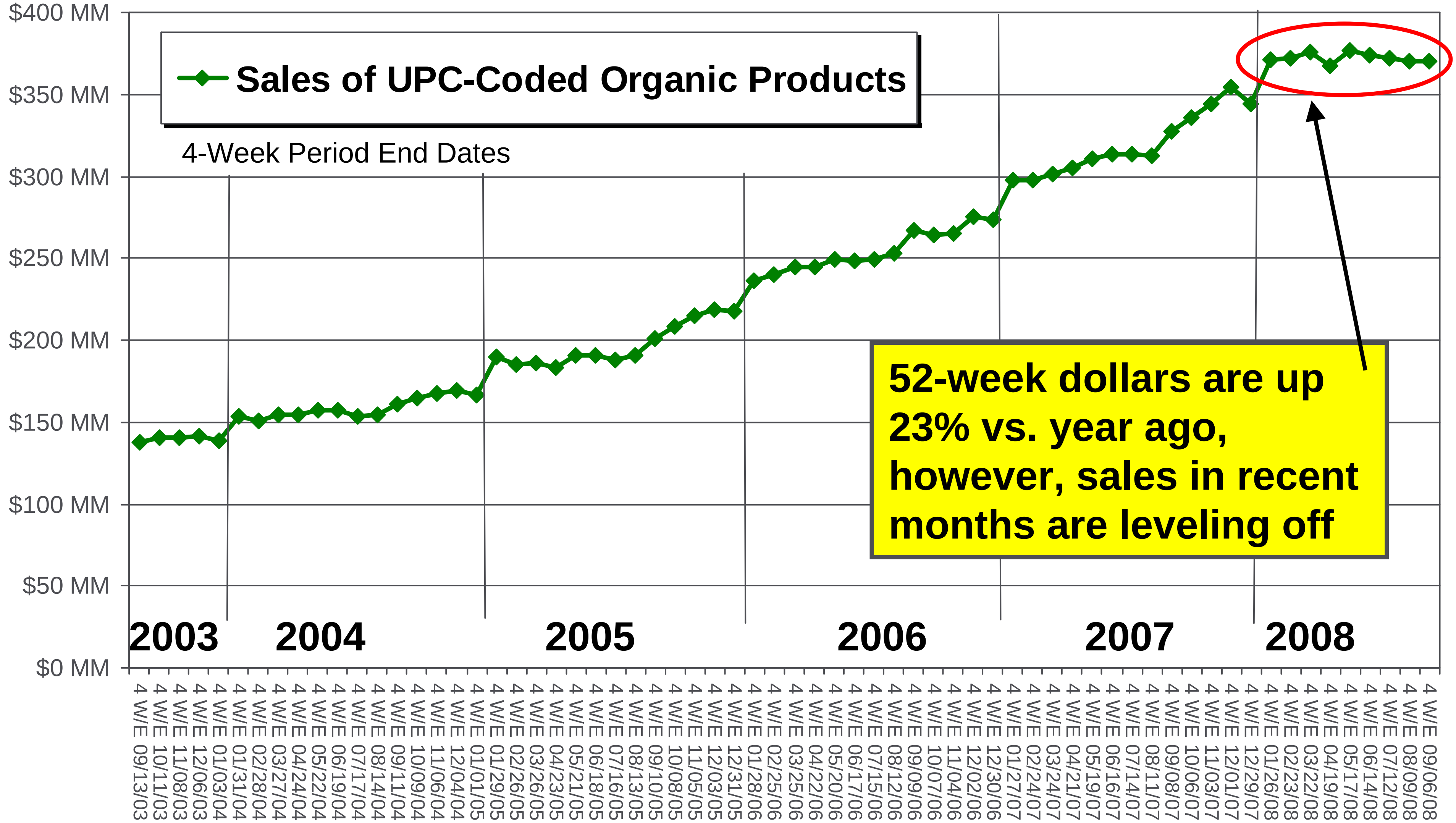
Top-selling private label organic items (UPC-Coded)

Item Description	52-Week Dollar Sales
PL Organic 2% Milk, 64 oz	$41.4 MM
PL Organic Skim Milk, 64 oz	$38.1 MM
PL Organic Brown Eggs, 12-ct	$31.7 MM
PL Organic Mini Carrots, 16 oz	$20.3 MM
PL Organic Romaine Hearts, 3-ct	$15.7 MM
PL Organic Spring Salad Mix, 16 oz	$15.6 MM
PL Organic Baby Spinach, 5 oz	$12.7 MM
PL Organic Tomatoes, 16 oz.	$9.1 MM
PL Organic Baby Spring Salad Mix, 16 oz	$8.8 MM
PL Organic Spinach Blend Sa	

Top ten PL organics are all dairy & produce items.

Source: Nielsen Strategic Planner, Total U.S. FDMxWM, 52 Weeks Ending 9/6/08

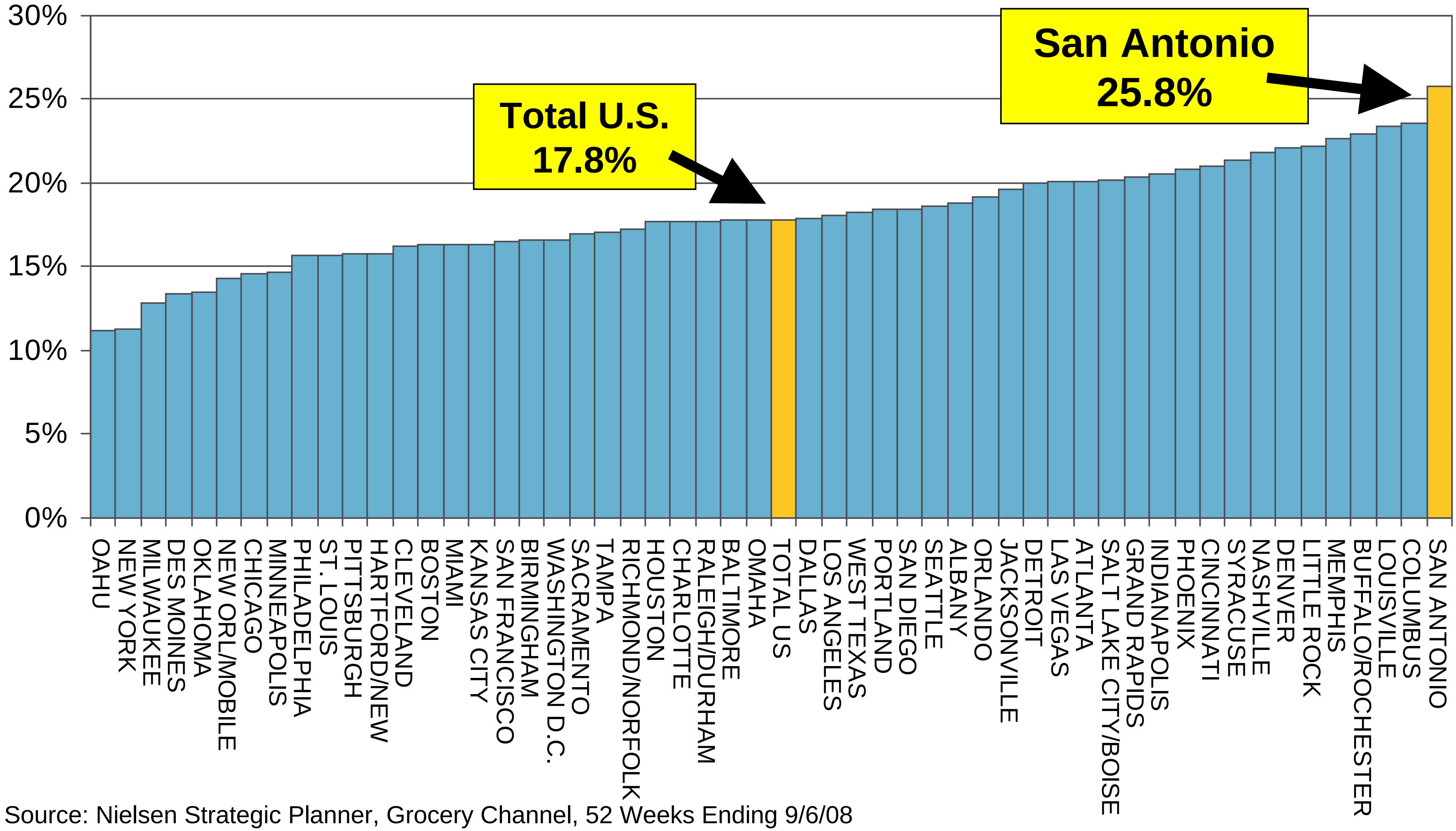
Sales of organics have continued to grow, but…



Source: Nielsen LabelTrends, Total U.S. Grocery/Drug/Mass Excluding Wal-Mart

Private Label Execution and Opportunities

Private label share varies across markets



Source: Nielsen Strategic Planner, Grocery Channel, 52 Weeks Ending 9/6/08

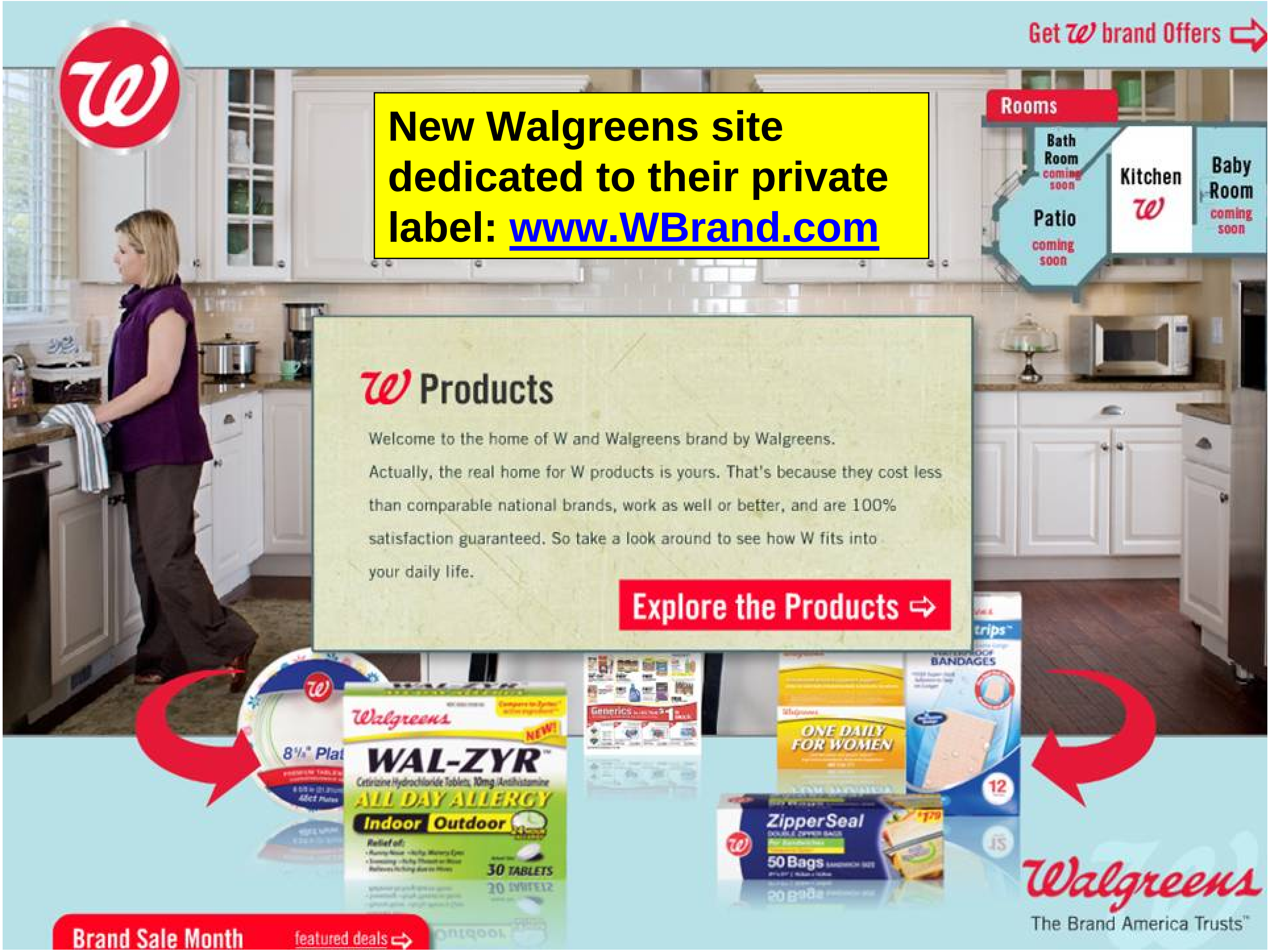
Topco's "Full Circle" Line

- Private Label Brand Focused on Organic & Natural
- Available at Several Major Retailers
- 500 Products in 50 Categories
- Includes Vitamins, Mineral & Supplements

Tesco's Fresh & Easy (2.0)

- **70% of sales** from private label
- On 9/10, announced **200 new PL products** by the end of 2008
- "All Fresh & Easy own-brand products contain **no artificial colors or flavors, no added trans fats**, and only use preservatives when absolutely necessary."
- Survey: "Over **80% of customers** cite Fresh & Easy's own-brand products as one of the main reasons they shop at the stores"
- **83 Stores** in Southern California, Arizona, & Nevada
- Average **3,000 SKU's** Per Store
- Average Store Size: **10,000 Square Feet**
- New **"warmer" format** rolled out in July

New Walgreens site dedicated to their private label: www.WBrand.com



New Milk Containers

- At Costco and Sam's Club
- Flat Tops
- No Crates or Racks
- Uses Less Space
- Hard to Pour???

How many of Wal-Mart's own private label brands can you name?

Wal-Mart has many private label brands across a wide range of categories

This list will continue to expand with new Wal-Mart formats.

Food/Bev/ HBC Brands
(not available online)

- Great Value – Food & Beverage
- Sam's Choice – Premium Grocery
- Equate – HBC
- Ol' Roy – Dog Food
- Special Kitty – Cat Food
- Sunny Meadow – Eggs
- Spring Valley – Vitamins
- Maxximum Nutrition – Premium Pet Food

Non-Food

- Ever Active – Batteries
- Durabrand – Electronics
- HomeTrends – Furniture & Appliances
- Kid Connection – Toys
- Mainstays – Home Fashion
- Ozark Trail – Outdoor Equipment
- Popular Mechanics – Tools
- SuperTech - Automotive
- White Cloud – Toilet Tissue & Diapers

- Canopy - Furniture
- Get it Together – Furniture
- Hometrends – Home Products
- Everstart – Car Batteries
- Holiday Time – Seasonal Items
- ilo – Electronics
- ReliOn – Medical Test Kits
- SuperTech – Motor Oil

Apparel

- George
- Faded Glory
- White Stag
- Mary Kate & Ashley

- Metro 7
- No Boundaries (or NoBo)
- Simply Basic
- Athletic Works

- Life – Underwear
- Puritan
- Simply Basic

In which categories does Wal-Mart private label out-perform the grocery channel?

Wal-Mart PL share can be a benchmark for other retailers.

	Share of Category: Wal-Mart	Share of Category: Grocery Channel	**Share Gap**
PL Sugar/Sugar Substitutes	64.7%	43.6%	21%
PL Vitamins	34.4%	16.0%	18%
PL Soft Drinks-Non Carb	25.8%	8.5%	17%
PL Snacks/Spreads/Dip-Dairy	28.3%	14.4%	14%
PL Unprep Meat/Seafood-Frz	56.2%	43.4%	13%
PL Pasta	34.2%	22.1%	12%
PL Pain Remedies	31.1%	19.9%	11%
PL Seafood-Canned	21.6%	10.6%	11%
PL Shortening/Oil	41.5%	31.2%	10%
PL Vegetables & Grains-Dry	40.2%	30.1%	10%
PL Milk	71.5%	61.6%	10%

Source: Nielsen Wal-Mart Channel and Strategic Planner, 52 Weeks Ending 8/9/08

Marketside – Wal-Mart's Newest Banner

- Scheduled to open soon
- First 4 Locations Near Phoenix, AZ
  - 7561 E. Baseline Road, Mesa
  - 910 E. Elliott Road, Gilbert
  - 950 N. McQueen Road, Chandler
  - 838 W. Elliott Road, Tempe
- 15,000-20,000 Square Feet of Selling Space
  - Half the Size of a Neighborhood Market

This new banner allows Wal-Mart to attract upscale shoppers without the Wal-Mart name or "Big Box" image.

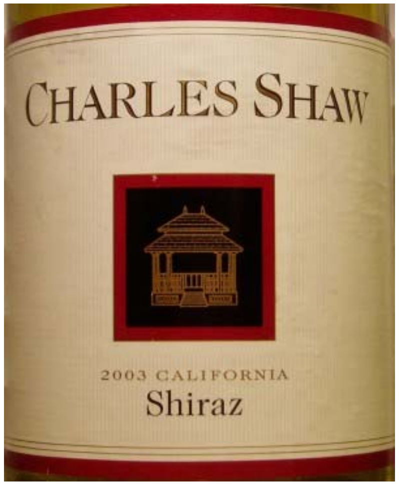
http://www.marketside.com

In the convenience channel private label is under-developed in several key categories

	PL $ Share of Category	
Category	**C-Store**	FDMxWM
PL Carbonated Beverages	0.5%	5.7%
PL Snacks	1.0%	7.2%
PL Juices Drinks-Shelf Stable	0.5%	12.2%
PL Candy	0.8%	4.7%
PL Bottled Water	6.6%	22.4%
PL Milk	15.9%	59.9%
PL Tea	6.2%	5.3%
PL Coffee	0.2%	1.2%
PL Frozen Novelties	0.8%	15.9%
PL Nuts	1.4%	30.5%

Source: Nielsen Convenience Track and Strategic Planner, Total US, 52 Weeks Ending 9/6/08

Private Label as an Exclusive Destination



How can traditional brands compete?

- **New Sizes / Packaging**
  - Example: Dean Milk Chugs
  - Avoid direct price comparison
    - Odd ounces or metric sizes
    - Value sizes are environmentally friendly
- **New Perceived Value / Labeling**
  - "New and Improved" - 1970's strategy
  - Bonus Packs – for price transitions
  - Health & wellness claims
  - Local ties (packing, farms, offices)
- **Avoid "Cheapening" Your Brands**
  - Reducing package size may be risky
  - Cheaper ingredients may degrade brand equity

Nielsen Store Brand Solutions

A new solution for retailers to develop their store brands using a wide range of Nielsen tools

For more information, talk with your Nielsen representative or contact Lisa Rider at 847-605-5976

Some Key Take-Aways:

- Private label dollar sales are on fire
  - Up $7.4 Billion
- PL dollar growth is driven more by higher prices than switching from brands
  - Although recent months show higher PL units too
- Explosive growth of organics is leveling off
  - Organics are still up 23% vs. previous 52 weeks
  - PL is under-developed for many health & wellness claims
- The role of private label is changing
  - No longer just a cheap alternative to brands
- Opportunities exist for those who understand where private label is large, growing, or under-developed

Thank You

Any Questions?