

The Future of Health & Wellness

Rollback Sushi
and Discount
Organics:
What Wal-Mart's Push
to Upscale Consumers
Means to You



FEATURES:

The Private Label Playbook

Imagine...One Click. One Place. All the Answers.

The Drive to Go Local

Consumer Insight: *All about your consumers.*

In every issue...

Volume 8, No. 2

Executive Insight

Global Relevance to Local Understanding:
Placing the Consumer at the Center of Decision-Making

Trendwatch

Pampering at a Price: Affordable Luxuries

Publisher

ACNielsen

Editor

Kathy Mancini

Design & Layout

Blue Lemon Design

Editorial Board

Joe Bucherer
Mark Chesney
Tiffany Graves
Todd Hale
Nicole Infortunio
Kathy Mancini
Dennis Moore
Troy Noble
Renee O'Malley
Danell O'Neill
Tom Pirovano
Lori Tanking

For More Information



ACNielsen U.S.
150 North Martingale Road
Schaumburg, IL 60173
800.988.4ACN
www.acnielsen.com/ci



Contributing Writers

Joe Bucherer
Segmentation Analytics
ACNielsen Consumer Segmentation & Targeting

Dan Cropsey
Marketing
ACNielsen

Marc Dietz
Product Marketing
DemandTec

Laurie Demeritt
Market Research & Consulting
The Hartman Group

Todd Hale
Thought Leadership
ACNielsen Consumer Segmentation & Targeting

Kylee Hall
Marketing
ACNielsen Consumer Segmentation & Targeting

Chris Hammer
Marketing
ACNielsen

Dirk Izzo
Business Technology Solutions
ACNielsen

Steve Kapinus
Wal-Mart Analytics
ACNielsen Consumer Segmentation & Targeting

John Krohn
Information Systems
Daymon Worldwide

Libbey Paul
Marketing
ACNielsen Consumer Segmentation & Targeting

Jane Perrin
Global Services
ACNielsen

James Russo
Executive Perspective
VNU Business Media

Kevin Sternecker
Information Systems
Daymon Worldwide

Copyright © 2006 ACNielsen. Printed in USA. All rights reserved. ACNielsen, ACNielsen with globe design, ACNielsen Answers, ACNielsen Strategic Planner, Answers Interactive, CBP, DecisionSMART, Homescan, LabelTrends, LIM, Local Information Management, MyCBP, RDH, Retail ACView, Scantrack and Shopper Missions are trademarks or registered trademarks of ACNielsen (US), Inc. Spectra, the Spectra logo, Spectra HispanIQ, Spectra InfiNet and Consumer Trade Areas are trademarks or registered trademarks of Spectra Marketing Systems, Inc. Other brand, product or service names are trademarks or registered trademarks of their respective companies.

contents

6 on the cover: The Future of Health & Wellness



Rollback Sushi and Discount Organics: What Wal-Mart's Push to Upscale Consumers Means to You

22



Marketing to the Global Consumer

48



The Hispanic Consumer's Shopping List

34

6 The Future of Health & Wellness

Overall consumer interest in selecting food and activities geared toward wellness is increasing. However, not all consumers have the same level of engagement in health and wellness, so a one-size-fits-all approach will not work to change consumer behavior.

16 The Drive to Go Local

Sustaining a unique and profitable consumer value proposition for each market, neighborhood or store is no easy task considering the diverse and evolving spectrum of consumer choice that has emerged across the retail industry. Retailers are recognizing that differentiation is a key requirement to closing the gap between consumer demand potential and actual sales.

22 Rollback Sushi and Discount Organics: What Wal-Mart's Push to Upscale Consumers Means to You

The introduction of Wal-Mart's Plano, Texas, affluent supercenter marked Wal-Mart's first step toward catering to a well-heeled consumer. With a new focus come new opportunities for those manufacturers whose products appeal to the mid-to-upscale consumer.

26 The Private Label Playbook

Private label has gone mainstream in a big way. Now there's a playbook for retailers that spells out winning private label strategies designed to increase key category metrics such as revenue, volume and profit by taking an integrated look at optimizing assortment and pricing.

34 The Hispanic Consumer's Shopping List

The key to unlocking the mystery behind Hispanic consumer purchasing behavior is a simple set of five rules that outline a roadmap to driving successful Hispanic marketing strategies. The market is wide open and ripe for opportunity.

42 Imagine...One Click. One Place. All the Answers.

In the world of fast-moving consumer goods (FMCG), there's a whole lot of data getting delivered, but the time-consuming job of picking and mastering the right software to analyze this sea of information largely rested on the user—that is until now.

48 Marketing to the Global Consumer

The global population is now at 6.4 billion, and while overall population is growing, the rate of growth continues to decline. This has created a shift in population around the world. This worldwide population change has added to the diversity of our world, and signals a future where different cultures may become more prevalent than they are today. Many of today's "established" economies are aging, while new, growing economies skew younger.

52 Trendwatch—Pampering at a Price: Affordable Luxuries

Over-stressed, over-worked and out of time, people seek refuge in daily small indulgences that pay big psychological dividends. Many factors converge to spawn a true aspirational shopper, one who finds personal validation in the designer label or top-of-the-line brand. For these consumers, globalization is a two-edged sword that makes more exotic products available at a palatable price, but also makes keeping up with the Joneses an international exercise in consumerism.

Global Relevance to Local Understanding:

Placing the Consumer at the Center of Decision-Making



by: **John J. Lewis**

President and Chief Executive Officer
ACNielsen U.S.

Satellite radio. Recordable TV. Video podcasts. Movies on demand. Ad blockers. Blogs. We operate in a global society where we share knowledge, share work, collaborate and compete without regard to geography or distance.

Consumers have more choices and are becoming more powerful in every country and every demographic segment.

Product availability. Competitive pricing. Relevant promotions. Today's consumers expect everything and compromise nothing. They want a more personal shopping experience where it matters—where they shop. It takes precision and flawless execution to know a consumer's demands and experiences.

Understanding and catering to the consumer's individual needs happens when a company places the consumer at the center of all decision making. Long-term success is realized when companies capitalize on global opportunities while remaining close to consumers locally.



Consumer-centric marketing is the model which ACNielsen follows. The goal is 100% consumer consumption, which means bringing clients the insights from analytics, daily census data, segmentation, loyalty and frequent shopper data, consumer panels and RFID. Only ACNielsen has this kind of coverage and expertise in managing data in over 100 countries. We are developing products according to local tastes and spending capacity, offering clients the most comprehensive understanding of consumers around the world.

- The ACNielsen panel is in 125,000 households.
- ACNielsen's global Customized Research capabilities have brought forward insights around winning brands and shopper trends across countries and across companies.
- Loyalty cards and shopper loyalty are providing foresight into how manufacturers and retailers build brand loyalty.
- We have a primary area of expertise on in-store marketing and media promotion and measuring the effectiveness of televisions in stores to impact point of sale purchases.
- ACNielsen, partnering with BuzzMetrics, offers insight on consumer generated media—and the impact of Internet blogs/opinion sites.



Companies win with a consumer centric focus when they convert consumer trends to growth opportunities. In this issue of *Consumer Insight*, I invite you to take a closer look at ACNielsen's coverage capabilities and innovative solution offerings. From health and wellness insights and the latest in Hispanic consumer trends to understanding the global consumer and effectively applying local marketing techniques, this issue connects global relevance to local understanding. I am personally excited to share this consumer-centric view with you. [Ci](#)

by: Joe Bucherer
Segmentation Analytics
ACNielsen Consumer
Segmentation & Targeting

Libbey Paul
Marketing
ACNielsen Consumer
Segmentation & Targeting

Laurie Demeritt
Market Research and Consulting
The Hartman Group

The Future of Health & Wellness

When you take the long view, health in the U.S. continues to improve overall, in part because of the significant resources deployed to public health programs, research, health care and health education. And no country has a more bountiful food supply than the United States.

That said, consider a quote from Ralph Waldo Emerson: “The first wealth is health.” Ironically, it is our very wealth and attendant lifestyle that have contributed to a rise in obesity and the chronic diseases of coronary heart disease, cancer, stroke and diabetes. And recognize that these conditions are not equally distributed by income, race or ethnicity.

The health stakes are high

- The obesity rate has tripled since 1960, and two-thirds of the population is overweight.
- An estimated 14% of all deaths have been attributed to poor diets and/or sedentary lifestyles.
- It is estimated that healthier diets might prevent \$71 billion per year in medical costs, lost productivity and the value of premature deaths associated with these health conditions. [Source: *High Costs of Poor Eating* from USDA/ERS].

The marketplace is responding. Overall consumer interest in selecting food and activities geared towards wellness is increasing. Attitudinal and behavioral analyses indicate that consumers are becoming more selective in their product and lifestyle choices. Many manufacturers are creating new, healthier products, and retailers are creating natural and organic sections in their stores to meet this growing demand.

Not all consumers have the same level of engagement in health and wellness, so a one-size-fits-all approach will not

work to change consumer behavior. “We clearly must meet consumers on their terms in order to motivate change. An average approach to health and wellness will not appeal to all groups and types of consumers, and will yield average results,” said Libbey Paul, SVP, Marketing with ACNielsen Consumer Segmentation & Targeting.

High-opportunity consumer segments

It’s not surprising that consumers vary significantly in their commitment to exercise, dieting habits, product choices and underlying demographic characteristics. Let’s face it; an 18-year-old has a far different outlook than a 55-year-old person! These factors must be considered when identifying high-opportunity segments. Understanding and segmenting consumers are only the first two steps, however. It is equally important to activate these segments by connecting them to all drivers of key consumer activity, and then measuring results. Importantly, this active segmentation process can be used beyond just health and wellness across other business issues such as category-specific segmentations.

■ See chart 1.

Chart 1: Mine health & wellness opportunities through an active segmentation process

Gather Insights	Segment	Target & Execute	Measure
<ul style="list-style-type: none">• H&W attitudes & behaviors• Actual purchase behavior• Demographic structure	<ul style="list-style-type: none">• Create stable, projectable segments and bring them to life	<ul style="list-style-type: none">• Find the right new products• Identify best spending mix• Select the right media• Drive results at retail	<ul style="list-style-type: none">• Evaluate spending effectiveness• Track against consumer segments & total share• Fine tune





Understanding market and consumer drivers

As mentioned, consumer interest in health and wellness is growing. The Hartman Group, an expert in health and wellness, provides current consumer trends that affect consumer purchase behavior. Hartman utilizes unique, leading-edge research techniques to uncover consumer attitudes toward health and wellness.

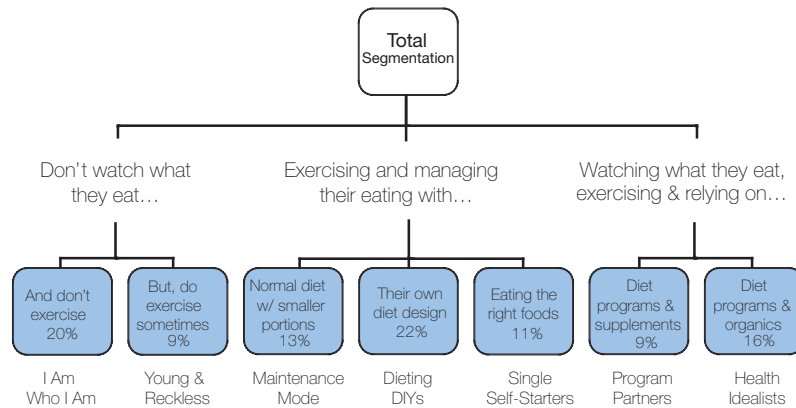
Based on The Hartman Group's work, there are ten significant consumer trends that should be of interest to retailers and manufacturers.

1. **Balance** will deepen among consumers as a dominant health and wellness ideology.
2. Consumers are exhibiting a declining reliance on external sources of **authority**.
3. Consumers will seek symbolic and practical expressions of **simplicity**.
4. **Vitality** will increase in importance as a measure of overall health and wellness.
5. **Mobility** will continue to be demanded by consumers for all eating occasions.
6. Increasingly, consumers will rely on authenticity to gauge **value**.
7. **Self-diagnosis** of health conditions and symptoms will grow, and will affect consumption behaviors.
8. Perceptions of **freshness** will grow as a primary driver of consumer behavior at grocery.
9. Consumers will work to reclaim **control** of their diets and daily food intake.
10. Consumers are seeking **customized** food and beverage solutions.

“The power of customization is that each customer feels that they have special requirements,” said Laurie Demeritt, President of The Hartman Group. Consumers are looking for manufacturers who recognize (through marketing and communications materials) that they are “special” and have diverse needs.”

Health and wellness is not a fad—it is a way of life. Most people pursue some form of health and wellness, but the extent of their interest and engagement varies considerably. Physical, emotional, mental and spiritual aspects all contribute, and consumers are willing to partner with brands and companies that help them achieve their wellness goals.

Chart 2: Health & wellness segment overview



Source: ACNielsen Analytics Consulting ShareGain

Moving to “active segmentation”

Building off Hartman’s research, ACNielsen conducted a multi-dimensional health and wellness segmentation. The basis for the analysis is the Homescan® panel of 125,000 households. A review of consumers’ product purchasing history for key health and wellness categories (fruits and vegetables, low carb, organics, low fat, vitamins and supplements), as well as survey information around their eating habits, participation in weight loss programs, exercise habits and health conditions, was conducted. Additionally, because each household is scored for Spectra’s BehaviorScape™ Framework, consumers’ life circumstance—their family composition, affluence level and the neighborhood where they live and shop—was also captured.

Seven distinct segments [see chart 2] were determined via segmentation modeling provided by ACNielsen Analytical Consulting. Those segments can be classified based on their level of engagement in health and wellness:

- The “Less Engaged”—consumers that don’t watch what they eat, do not participate in weight-loss programs and only exercise occasionally, if at all.
- The “Moderately Engaged”—consumers that are concerned about what they eat and exercise regularly, but don’t actually purchase many healthy products.

- The “Very Engaged”—consumers that are the most concerned about food ingredients and limiting their intake of certain foods with some also relying on weight loss programs; they also heavily consume key product categories such as fruits and vegetables and organics, as well as vitamins and supplements.

Overall, age and affluence play strong roles in predicting how oriented to health and wellness a consumer will be. According to Joe Bucherer, VP of ACNielsen Segmentation Analytics, “The older consumers (Program Partners) are more concerned about health because they **have** to be. More affluent consumers (Health Idealists) are more educated about and can afford healthy alternatives.” ■ See chart 2.

(See “A “Day in the Life” on page 11 for the typical day for a “Health Idealist” and “I Am Who I Am” consumer).

Not surprisingly, the highly engaged Health Idealist was more disposed to purchase organic products. This was both indicated in the purchase behavior evaluated, as well as based on responses to a survey that was issued to panelists. Interestingly, consumers in each of the identified segments

Chart 3: Home & Garden TV is an excellent way to reach Program Partners

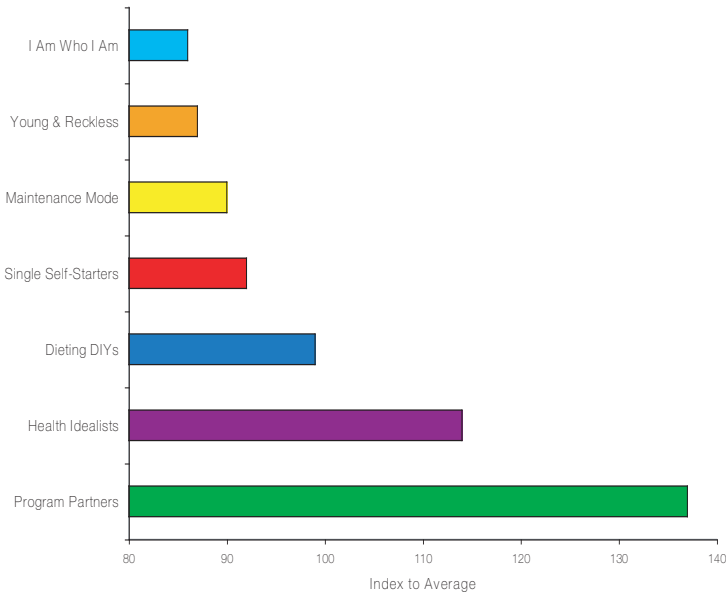
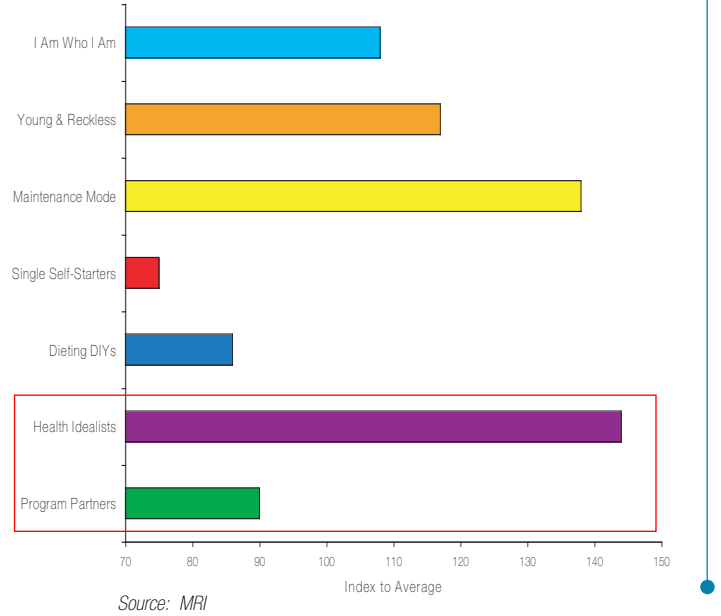


Chart 4: Maintenance Mode and Health Idealists are much heavier readers of *Real Simple*



were split on where they would like to find organic products in stores. Choices offered were:

- A “store-in-a-store” layout where all types of organic products are together.
- A separate “organics” section in the same aisle as the regular/non-organic products.
- Having organic products right next to regular/non-organic products on the shelf.

These mixed results indicate that there is still some confusion around organic placement within the store, and that manufacturers and retailers have the opportunity to educate consumers about organics.

In addition to performing segmentation modeling and evaluating consumer purchase behavior, differences were also found in the approach that consumers used in the selection of product characteristics or attributes (market structure), as well as differences in marketing mix drivers. For example, it was determined that television advertising delivered good ROI for both “very engaged” segments, though our Health Idealists were not as responsive as the Program Partners.

The importance of talking to the consumers on their terms, as demonstrated by significant differences in daypart, program type and other media preferences, should not be minimized. Targeting becomes easier when these differences are understood. ■ See charts 3 and 4.

Ultimately, the true test comes when the consumer needs to select a product from a shelf in a store. It is here that all of the advertising, consumer promotion and trade activity come to bear.

Utilizing Spectra information, a drill-down analysis was conducted for the grocery channel. The list of the top 10 accounts shopped by Health Idealists was sorted by the absolute number of Health Idealists who can be reached by each account. Because of its absolute size, Wal-Mart tops the list. But not surprisingly, its relative concentration of 80 is low. “You’ve seen the headlines. Wal-Mart is going after the affluent consumer, and is going to democratize organics—you can see why!” says Libbey Paul, of ACNielsen Consumer Segmentation & Targeting.

■ See chart 5 on page 13.

continued on page 13

A day in the life.

A Day in the Life for a “Health Idealist”



Lisa is 40 years old and lives in Fairfax, Virginia, a short 20 miles from Washington, D.C. Her typical Saturday starts early. After a morning run, she makes homemade **pancakes** for her two children. While cooking, she multi-tasks, reading the morning's **newspaper**, talking on the

cell phone, and planning a dinner party.

She makes a trip to **Bed, Bath & Beyond** to pick up new **table linens**, **Costco**, for **wine**, **shrimp** and **beef tenderloin**, **Whole Foods** for **organic veggies**. She drops the kids off at their respective activities (**soccer** for her son, **dance** lessons for her daughter).

While making her stops, she lunches on samples and an **Odwalla juice** on the run. Next she makes an unplanned visit to **Nordstrom** and a stop at **Target** for **art supplies** for a project her daughter has for school. While at Target she picks up **granola** and **breakfast bars** with no **trans fatty acids** or **high fructose corn syrup**. Buying more than intended, she fills the back of her **Toyota 4 Runner**. Her husband drives the more energy-efficient **Honda Accord** since he has the commute.

She swings by **Boston Market** to pick up some dinner for the kids. She checks the mail to find it jammed with **magazines** and **catalogs**, and a **package** by the door from **Amazon** for the **kids clothes** ordered from **Lands End** online.

A Day in the Life for an “I Am Who I Am”



Lynette is 28 years old and lives in Ludowici, Georgia.

The nearest town is Hinesville (about 10 miles away). Lynette is married with two kids, and a typical Saturday starts early as she arrives at her part-time job as a checker at the local **IGA**.

Before she leaves, she sets

her family up with **toaster pastries** for breakfast and **macaroni and cheese** with **apple juice** for lunch.

While at work, her husband watches his favorite **auto racing** on TV, while the kids do their homework or play **Frisbee** in the backyard. They're also planning a **camping** trip for next weekend, when they plan to take the **boat** out and do some **fishing**. After work, Lynette runs some errands at the **Wal-Mart Supercenter** where she does most of her shopping. Making only one stop and getting her money's worth is important to her, especially with high gas prices! They just bought their first house for **\$50,000** from her folks.

Her three favorite radio stations are **rock**, **country** and **Christian**. Lately she finds her clothes are too tight and would like to **exercise** more, but just doesn't have the energy to get around to it. She is concerned about getting **diabetes** like her mom did. Between her and the kids, she feels like she is always at the **doctor's** office. Her husband is also overweight and he smokes **cigarettes**. Lynette used the **patch** to quit smoking.

After errands, she goes through the **Sonic** drive-through in her old **Chevy** for a quick bite to eat. Dinner will be at her sister's house later where she is having a party to celebrate winning \$500 in the **instant lottery**.



Track the New Health & Wellness Trends with a Few Clicks

So what's the new trend replacing "Low Carb"? There is much activity around Superfoods, as consumers are looking for food and beverage products that enhance their active lifestyle. While these trends are small, they are certainly something to closely watch. The mainstream trends like Whole Grain and Low/No Fat are still popular as consumers are responding to a nationwide concern with obesity. Consumer food marketers are flooding the market with a plethora of food products with health & wellness claims, but which ones are most successful in capturing consumer sales? **LabelTrends™** is a new service that monitors sales trends in 27 of the hottest consumer packaged goods (CPG) product segments, such as low-carb, low-fat, organic and sugar-free.

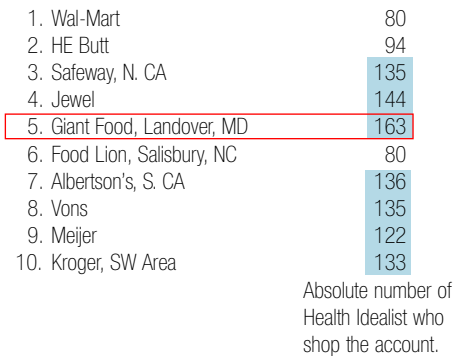
With over two-thirds of Americans dealing with obesity and many individuals on some sort of diet regimen, LabelTrends is well suited to help you evaluate new product opportunities to meet consumer demand and work with your retailer partners in optimizing assortment at the shelf for fast turnover.

LabelTrends help you to:

- Understand the latest trends in the health & wellness arena and develop marketing strategies to provide consumer solutions.
- Identify potential candidates for mergers and acquisitions.
- Understand which health & wellness claims are most successful in building brand loyalty.
- Assess competitor brand/item performance and develop counteractive strategies.

To learn more about LabelTrends, please contact your ACNielsen Client Service or Retail Services representative or visit our web site at www.acnielsen.com.

Chart 5: Top 10 grocery accounts for Health Idealists



Source: Spectra

*If you're not measuring,
you don't know when,
where or how to change
and improve.*

Understanding that different stores have different clientele, you can drill deeper to understand which individual stores within a chain have the greatest opportunity to reach the intended consumer group.

Getting to measurement

Now for one of the most neglected steps of the process—measurement. If you're not measuring, you don't know when, where or how to change and improve. This calls for creating a scorecard of panel information. Pushing even further, we can “consumerize” the store scanning information by taking Spectra store-level demographics and modeling the volume associated with key consumer segments.

This tracking provides insight to understand why certain brands are winning and others are losing. Is it the selection offered or the placement? Or is it the types of programs run?

Get on the health and wellness bandwagon

Ultimately, manufacturers and retailers have significant opportunity in the health and wellness area. Consumer interest is increasing as their waistslines continue to grow. As discussed, not all consumers have the same level of engagement in the topic, so a one-size-fits-all approach to health and wellness marketing will not work at changing behavior and driving sales.

The key is to activate, in any situation, the segmentation by connecting all of the drivers of consumer activity. **CI**

Reach the Right Consumers

BehaviorStage		LifeStyle					
		Cosmopolitan Centers	Affluent Suburban Spreads	Comfortable Country	Struggling Urban Cores	Modest Working Towns	Plain Rural Living
With Children	Start-Up Families HHs with Young Children Only < 5						
	Small Scale Families Small HHs with Older Children 6+						
	Younger Bustling Families Large HHs with Children (6+), HOH < 40						
	Older Bustling Families Large HHs with Children (6+), HOH 40+						
Without Children	Young Transitionals Any size HHs, No Children, < 35						
	Independent Singles 1 person HHs, No Children, 35 - 64						
	Senior Singles 1 person HHs, No Children, 65+						
	Established Couples 2+ person HHs, No Children, 35 - 64						
	Empty Nest Couples 2+ person HHs, No Children, 55 - 84						
	Senior Couples 2+ person HHs, No Children, 85+						

With audience, product and media fragmentation and time-restricted consumers making more in-store decisions, the pressure is on to focus time and resources against the most important consumers by creating segmentations that will drive volume.

Spectra's new behavior-based segmentation, **BehaviorScape**, provides new insight into purchasing behavior by helping you better reach the right consumers in today's ever-more-complex consumer landscape. By transforming our LifeStyle/LifeStage Grid into a 60-microsegment behavior-based framework called BehaviorScape, Spectra's behavior-based segmentation moves beyond geographic or demographic consumer targeting to:

- Explain complex purchasing behavior by providing a window into why households behave the way they do.
- Build volume-driving, actionable recommendations to focus your spending.

BehaviorStages are unique household situations that are described through a combination of demographic variables that motivate consumers' day-to-day purchasing behavior. Using the BehaviorStages in concert with six LifeStyles completes the framework by capturing the impact of affluence and urban density.

The resulting BehaviorStage/LifeStyle Framework—BehaviorScape—is a proven method of better differentiating between consumer segments leading to better targeting efficiency, more tailored marketing executions, and improved guidance for new product development.

To learn more about BehaviorScape, contact your local Client Service representative, or visit our web site at www.spectramarketing.com.

Identify and Target High Opportunity Beauty Care Consumer Segments



Look at the world of beauty care through the eyes of a consumer and what do you see? A world filled with choice. As new products and efficacy claims proliferate and the retail landscape becomes increasingly fragmented, marketers are challenged to find a complete measure of their brands' performance and identify high opportunity consumer segments and new product opportunities.

ACNielsen's **Beauty Care Panel** provides the most complete, accurate and actionable view of beauty care consumers across all categories and channels. From mass-market to high-end/prestige brands and from supermarkets to specialty beauty stores, the Homescan® Beauty Care Panel provides data at the most granular level to help you effectively target consumers and maximize sales opportunities in these channels.

The Beauty Care Panel will help you:

- Identify high opportunity distribution channels and quantify the sales opportunity of gaining distribution there.
- Identify "white space" in the marketplace and quantify new product development opportunities.
- Evaluate new product performance and quantify cannibalization.
- Target high opportunity consumers and monitor your performance across all channels.

The Beauty Care Panel gives you:

- The most comprehensive measurement of Beauty Care purchase behavior across all channels in 32 beauty care categories, including:

- Make-up/Color Cosmetics
- Facial Skin Care
- Hand & Body Skin Care
- Self-Tanning
- Bath & Shower
- Men's & Women's Fragrance
- The Spectra BehaviorScape™ Framework, which helps you increase the effectiveness of your marketing dollars.

To learn more about the Beauty Care Panel, please contact your ACNielsen Client Service or Retail Services representative or visit our web site at www.acnielsen.com.

The Drive to Go Local

by: **Dan Cropsey**
Marketing
ACNielsen

Think back to the long-gone days of mass marketing. One-size-fit-all strategies were successfully implemented to address all segments of the market as though they were the same—offering one single marketing plan to reach the entire market. The focus was on efficiency through standardization. In today's world of limitless choices, that model no longer fits. A change is needed to focus efforts on differentiation. Competition is fierce. And everyone is using food to build store traffic. The ability to “market to the individual” rather than “market to the middle” invariably requires retailers to localize their thought process in order to truly understand the consumer.

Reaching consumers today is not so easy. Let me rephrase that, reaching the *right* consumers today is not so easy. In fact, while there are more choices today than ever before, technology has actually made the world smaller. The Internet has helped to create a global marketplace where access to information, goods and services from around the world can be achieved effortlessly and seamlessly from almost anywhere. The by-product of this environment is a world where consumers are discerning, knowledgeable and demanding. In order to successfully reach the right consumers with the right value proposition, start thinking local.

Differentiate or disintegrate

Sustaining a unique and profitable consumer value proposition for each market, neighborhood or store is no easy task considering the diverse and evolving spectrum of consumer choice that has emerged across the retail industry. Synchronized marketing and merchandising tactics that recognize local competitive dynamics, neighborhood diversity and tastes, and behavioral traits have been out of reach for most retailers. To make matters worse, razor thin margins have deterred retailers from merchandising individual stores to maximize their full consumer demand potential.

Despite these challenges, talk with virtually any retailer today and you will likely find a highly strategic effort underway to differentiate price, promotion, and assortment in ways far more granular than what they manage today. Retailers are recognizing that this is a key requirement to closing the gap between consumer demand potential and actual sales. The increased emphasis on closing this “consumer demand gap” is being driven by the success and publicity of competitive Store of the Community programs, continued sales stagnation, and technology advances that make managing complex and varied merchandising tactics possible.

Information gaps emerge

As retailers begin executing at more granular levels, many find that their existing category management, merchandising and marketing processes are too broad to effectively differentiate themselves at the local level. This lack of relevant differentiation reduces pricing power and invariably leads to an over-reliance on cost-cutting and price-matching measures as the key strategies to growth.

So how do retailers and their supplier partners make informed assortment, pricing or promotion decisions at the neighborhood level when much of the information they rely on is only available at the metro market level? The honest answer is that most just make the best of the market level data they have or rely on the retailer's store-level sales data. Unfortunately, despite the rich insights that retailer trade area data provides, it can mask the specific local insights that retailers need to achieve the top-line growth they are seeking. Utilizing the retailer's own store-level sales data is handy, particularly with store execution issues, but it does not adequately address market and competitive risks and opportunities. Maximizing sales potential requires a deeper understanding of the environment within which each store operates.



While planning at a relevant granularity level is critical, equal attention must be paid to execution. Brilliant plans are useless if not executed as intended. Misalignment between planning and execution information leads to “execution gaps” like distribution voids, excess inventory, display compliance, and out-of-stocks as category and promotion plans are morphed downstream to fit into the realities of feature ad zones, competitive price matching, and individual store shelf sets.

Competitive store clustering offers new potential

In a perfect world, there would be robust, individually-tailored, competitive market information to match every retailer price zone, store set and ad zone. While this may seem a bit far-fetched, more than a dozen retailers are already there with ACNielsen’s new store cluster tracking service.

ACNielsen’s Local Market Planner® service allows retailers and their manufacturer partners to cluster and analyze store and cluster sales based on TDLinX, Spectra and internally-defined store attributes. Store attributes used to define clusters include physical location, format, department presence, store size, geo-demographics, sales performance, consumer demand potential and proximity. In addition, retailers are creating store clusters to match internal price zones, planograms, feature ad zones, store expansion plans, competitive market entries and shopper segmentation strategies.

Combined with Spectra’s advanced consumer demand gapping and store interaction capabilities, retailers are also defining highly relevant competitive clusters that mirror their own store clusters leveraging ACNielsen’s 40,000+ census store universe. Their local assortment, pricing and promotion strategies are now managed and evaluated with the help of equally local competitive insights and sales trends.

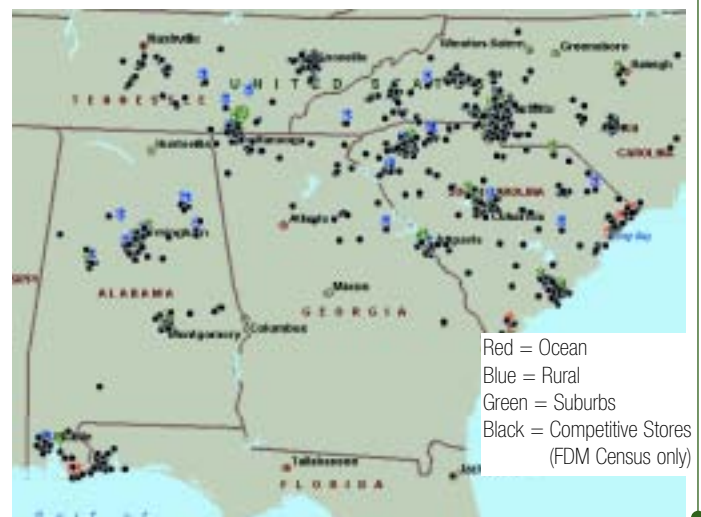
Opportunities and risks that might not have shown up in larger retailer trade views now become very apparent as trade areas are sub-divided by consumer, store, organizational or performance traits. While traditional trade areas are typically focused on a single banner within a relatively large geography, Local Market Planner allows retailers the flexibility to create dynamic clusters to match the situation at hand. Through this analysis, retailers and manufacturers are better able to understand and align product assortment and promotional activity to the local consumer. ■ See charts 1, 2 and 3.

continued on page 20

Chart 1: Retailer clusters are defined using store attributes and can be adapted as needed.



Chart 2: Each cluster has a unique competitive environment that is analyzed separately for risks and opportunities.



Think Strategic, Act Local



Retailers have come to realize they serve not only a diverse customer base, but compete against an equally diverse group of competitors. **Local Market Planner**[®] equips retailers with the means to dynamically segment their business based on consumers, competitors and geographies. Each segment's performance can be analyzed against a relevant marketplace, enabling more focused pricing, promotion and assortment decisions.

What variety is appropriate for your consumers? What pricing is required for your brands? What promotions produce the best results in neighborhood A vs. neighborhood B? How do you measure the impact of product, promotion and price decisions and make store-level adjustments as needed? Local Market Planner helps you develop effective strategies that target specific demographic groups, replicate both price and ad zones, target specific loyalty segments, and develop strategies to defend against new competitors. Now retailers can maximize opportunities by directing investments in a more focused way that results in improved performance, profits and market share.

Local Market Planner helps you:

- Drive competitive pricing structures vs. immediate competition.
- Focus promotional activity on local consumer demand.
- Identify opportunities for product and service expansion.
- Monitor the impact of competitive store openings or local events.
- Capitalize on investment in Spectra-based geo-demographic store clustering.

To learn more about Local Market Planner, contact your local ACNielsen Client Service representative or visit our web site at www.acnielsen.com.

Chart 3: Metrics like category share can differ significantly across store clusters and categories.



Think strategic, act local

Most retailers equipped with Local Market Planner focus their initial localized category management analysis with finer breaks of their existing geography-based trade area definitions. Category assortment and sales trend opportunities are among the first to be analyzed within these new micro trade areas. Many retailers also look for cross-category insights leveraging ACNielsen product reference and Spectra consumer characteristics (e.g., imported product impact on ethnic neighborhoods) in an effort to find unique local advantages.

In addition, price-zone-specific insights make it easier to maintain competitive price gap goals, particularly when category roles change across price zones. Additional ROI is available for those retailers that leverage advanced price optimization software like DemandTec due to the improved precision of competitive price input that feeds the elasticity models. Price-zone granularity also provides retailers with opportunities to forgo some expensive internal or third-party competitive price audits. For progressive supplier collaboration, this increased visibility to retailer's pricing tactics and assortment strategies can lead to the development of price-point-specific product extensions.

Many retailers are also using Local Market Planner to help implement shopper segmentation and loyalty card initiatives. Shopper segmentation strategies are extremely tough to implement at the store, given that there is not a one-to-one relationship between shopper segments and individual stores. Unlike the Internet, traditional brick and mortar retailers can-

not change their planogram for each shopper that enters the store. Analyzing store clusters and relevant competition around each store's unique shopper segmentation profile allows retailers to find a profitable balance between sales potential and operational cost efficiency.

It is easy to get enamored with the potential of store clustering and all the innovative new capabilities it brings. While this potential is exciting, the most dramatic impact can be realized by making more informed decisions within existing retailer operational structures and processes. Simple changes like optimizing pricing decisions using price-zone specific market intelligence or fine-tuning neighborhood assortments with neighborhood-specific (vs. total trade area) purchasing behavior can be significant. In most cases, existing processes and tools can remain untouched, further accelerating retailer ROI.

Collaboration is critical

Retailer and supplier collaboration will become more demanding as retailers gain a deeper understanding of who they are, who they serve and what they want out of their supplier partners. Store- or cluster-specific differentiation requires manufacturers to be more creative and flexible with their merchandising suggestions and trade promotions. Retailers are also focusing more attention on creating a unique consumer value proposition, both with their marketing message and in-store experience. Manufacturers that do not fit that message will need to scramble to adapt their products and own marketing message to maintain their place on the retailer's shelf, display or ads.

Sharing retailer execution-based cluster definitions allows manufacturers to monitor new item launches, promotion effectiveness and distribution voids directly within the context of the retailer's store merchandising environment. Proactively recommending solutions to chronic execution problems or hidden local opportunities benefit both the retailer and manufacturer. Taking collaboration beyond the macro level to include the tactical micro level further extends this mutual value.

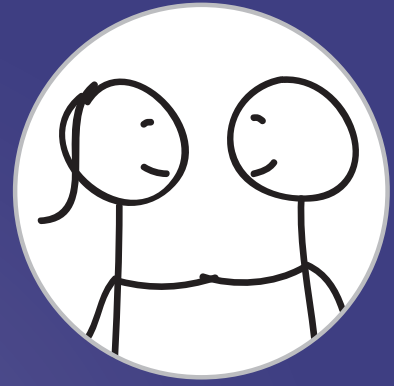
New opportunities emerge for manufacturers as retailers place more emphasis on differentiating their message and in-store experience around distinct shopper segments and trip missions. Manufacturers will find that in many



Meet Jill.



Jill didn't
have distribution
in Shop*Here.



Jill met
Spectra.



Jill gained
distribution.

Well done, Jill.

Spectra's consumer insights drive smart distribution.

Call Spectra at **866 524-2568** or visit
www.spectramarketing.com/ondemand
for a **free** sample report.



Rollback Sushi and Discount Organics

What Wal-Mart's Push to Upscale Consumers Means to You

by: **Steve Kapinus**
Wal-Mart Analytics
ACNielsen Consumer
Segmentation & Targeting

When you think of organic food, sushi and high end coffee, does Wal-Mart come to mind? Based on the new upscale strategy Wal-Mart is advancing, you may not be surprised to see yourself (or your consumer) ordering a gourmet coffee while enjoying a Spicy Tuna Roll at Wal-Mart in the near future.

The introduction of Wal-Mart's Plano, Texas, affluent supercenter marked Wal-Mart's first step toward catering to a well-heeled consumer. With a new focus comes new opportunities for those manufacturers whose products appeal to the mid-to-upscale consumer. Quantifying the opportunity and understanding the impact of this new strategy will be critical for manufacturers looking to position themselves as strategic partners with Wal-Mart on this initiative.

Can it work?

It is an interesting concept, but is Wal-Mart's Plano, Texas, store a concept that can really be rolled out to stores across the country that want to accommodate a more upscale shopper? Wal-Mart's management says it can be, and an analysis of their stores' Consumer Trade Areas™ supports their proposition. Just as consumers are not identical, neither are Wal-Mart's stores.

Through an examination of who Wal-Mart is currently reaching with their every day low price methods, and who their shopper could be based on their existing locations, it can be determined where else this format should also be successful.

Plano, Texas—Only the beginning

The new store, geared toward a higher-end shopper, highlights Wal-Mart's emphasis on tailoring stores to their shoppers. The new layout would be foreign to the core Wal-Mart shopper, as the departments are optimized to match the consumer in the affluent Plano, Texas, shopping area. For exam-

ple, where most Wal-Marts may contain either a McDonald's, Blimpie Sub, or Dunkin Donut's, the new supercenter offers Kicks, a coffee shop that reportedly looks and feels like a Starbucks. John Fleming, Chief Marketing Officer at Wal-Mart, said "This store will function as an active laboratory for testing a range of new ideas...When an innovation resonates with our customers, we will consider introducing it in other stores."

Wal-Mart's more affluent focus was directly addressed during the Emerging Trends in Retailing Conference in Fayetteville, Arkansas. Wal-Mart CEO Lee Scott said, "Consumers with less income shop a greater percent of the store. As income goes up, the percent of the store shopped decreases. This is Wal-Mart's focus for growth with better goods." The new Plano, Texas, location may serve as a delivery method for the higher-end of these better goods. While Wal-Mart is not shifting their focus from traditional every day low price, they are increasing their offerings in key departments in order to further cater to their shoppers.

Profiling Wal-Mart's shopper

So, who is this new upscale Wal-Mart shopper and how do they differ from the traditional Wal-Mart shopper? Utilizing Spectra's Consumer Trade Areas, estimated shoppers for every Wal-Mart store in the United States were profiled and then compared to the average U.S. shopper. The Consumer Trade Areas are derived from a consumer choice model that estimates how block-group-level, merchandise-line expenditures flow to nearby stores. The likelihood and extent to which households within a block group spend their dollars at a given store is based on drive time to the store, the number of cross-channel choices available to the household, chain equity, and other factors. This identifies who potentially would be drawn to a given store.





A store trade area for the Plano, Texas, location was created, and the resulting discovery was a polar opposite of the traditional Wal-Mart store in nearly every way.

Income differences

Since Wal-Mart is known for their every day low price format, it is no surprise that the typical Wal-Mart shopper's income is between \$10,000 and \$50,000, or slightly below the U.S. median income. This income range represents 54% of Wal-Mart's Store Consumer Trade Areas. However, you may be surprised to find that 26% of their stores' Consumer Trade Areas include potential shoppers with an income of \$75,000 or more. This fact alone indicates that Wal-Mart is already poised for accommodating the more affluent consumer.

Unlike the traditional Wal-Mart store, 46% of the potential shoppers in the new Plano store's Consumer Trade Area have an income greater than \$75,000. This is over 76% higher than the Wal-Mart income average. The under \$50,000 segment that has traditionally formed the core Wal-Mart shopper represents only 35%. When comparing this to the 54% concentration found in an average Wal-Mart store, you can realize the magnitude of this shift.

Education differences

When examining the education level of the traditional Wal-Mart shopper, it was found that approximately 20% of the potential shoppers for Wal-Mart do not have a high school diploma, 57% have their diploma and possibly some college, with the remaining 23% possessing a college degree. Overall, this is lower than the U.S. education average. However, a store-level analysis revealed the level for possessing a college degree ranged from 7% to 62%.

Containing over 48% college-educated individuals, the education level within the new Plano Consumer Trade Area is high by most education standards. Furthermore, there are an additional 42% of shoppers that have at least a high school diploma or some college. The one-in-five ratio of core Wal-Mart shoppers that do not have a high school education is now reduced to one in 11.

Neighborhood differences

Wal-Mart's predominant lifestyle is, not surprisingly, rural. Closer analysis revealed that Wal-Mart has locations that range from Affluent Country Living to Mid-Scale Fringe Towns to Moderate Blue Collar Towns to Backroad Living—all within rural areas. The vast majority of these households have two or more people in the household (75%) and they are more likely to own their home (72%).

The Plano store boasts a very non-rural, suburban lifestyle. This is far removed from the backcountry road or working town rural neighborhoods. Wal-Mart has situated this store in neighborhoods that may sound foreign to the traditional Wal-Mart banner: Cosmopolitan Suburbs (24%), Prosperous Suburbs (13%), Affluent Minipolitan Sprawl (17%) and Suburban Aristocrats (15%). Unlike the core Wal-Mart shopper, this consumer is more likely than average to live alone (29%) and more likely to rent their dwelling (44%).

Brand preferences

How do these differing lifestyles translate into product preferences? To determine the brand preference of the core Wal-Mart shopper, the estimated shoppers were compared to ACNielsen Homescan panel respondents. The pairing of the Spectra Consumer Trade Areas and ACNielsen's Homescan panel allows us to determine the fit of items based on demographic similarity and also enables us to have a view into the purchasing behaviors of the shoppers in the focus account.

Upon analysis, the traditional Wal-Mart consumer's preference for cereal is Private Label or Malt-O-Meal bagged; Folgers and Maxwell House for coffee; Tony's Frozen Pizzas and Patio frozen entrees for prepared frozen food. Wal-Mart has been incredibly successful catering to this consumer's needs, and now is looking to expand their scope.

Conversely, the Plano Wal-Mart consumer's product preferences are different. They skew high for cereal that is health-oriented, like Kashi or branded grain cereals; Starbucks and Millstone for coffee; California Pizza Kitchen Frozen Pizzas and Amys Organic frozen entrees for prepared frozen food. As Wal-Mart caters to the more affluent consumer, the shelves will look different as well, especially with their organic focus—which will greatly appeal to this consumer. And in case you are wondering, sushi is also a strong match.

Leisure—lifestyle differences

The behavior and activities of the focus stores were analyzed and compared to MRI's survey panel. This provided a more detailed consumer picture of their daily life events. It also outlined what potential categories may be included and omitted when catering to the more affluent consumer.

The leisure activities of the traditional Wal-Mart consumer were analyzed. Country music is king here with almost 30% penetration. This is followed by watching auto racing (17%), fishing (17%), tending their garden (43%), camping (19%) and driving versus flying when traveling (40%).

The more affluent Wal-Mart consumer is more prone to listening to talk or news radio (34% aggregated), followed by adult contemporary hits (25%). Thirty-six percent possess a passport and 34% took a foreign trip with it. Their travel is focused on destinations—trips to the zoo (18%), visiting a museum (21%), and visiting theme parks (32%). Also noteworthy, 46% claim to recycle and 20% attended live theatre in the last year.

Retail impact

Wal-Mart is catering to a more affluent consumer, and if you believe you will have to wait until they build more upscale stores before the shift occurs, think again. A store level match found that 238 current Wal-Mart stores share a similar income match to the Plano, Texas, location, and within that group, there were 60 supercenters. In fact, there are stores with Consumer Trade Areas that are more affluent than the


area the Plano store currently serves. Interestingly, there is a current Wal-Mart location that boasts 54% of the Consumer Trade Area with an income greater than \$100,000. It is currently operating under the traditional format, but Wal-Mart is already positioned to revamp the store's format to potentially draw a more affluent consumer without a lease or real estate purchase.

The retail impact was further measured utilizing Spectra's Relative Threat Index, and the impact of Wal-Mart's new format was quantified. The measurement identified which stores are likely to have the highest competition due to overlapping merchandising lines and the similarity of stores' Consumer Trade Areas. Not surprisingly, due to their affluent positioning, Target Stores would feel the majority of the impact, with 28% of the contested dollars if just the Wal-Mart supercenters were converted to a more affluent format. A very surprisingly close second would be the Costco club chain with 27% of the contested dollars, with Kroger (6%) and Meijer (5%) rounding out the top four.

What this means to you

Wal-Mart has demonstrated they understand their consumer base and they appear to be concentrating on the correct strategy to cater to their more affluent shoppers. They have picked the right initial location and are accenting their core format with products that more affluent consumers purchase.

Therefore, now more than ever, manufacturers are in a unique position to offer valuable insights to Wal-Mart. Both manufacturers with upscale products and those without can:

1. Maximize product and category sales by focusing distribution and merchandising in the “right stores.”
2. Improve the effectiveness of your meeting with the Wal-Mart buyer by leveraging consumer-centric insights against Wal-Mart's Upscale Shopper objectives.
3. Deliver extraordinary ROI by promoting distribution in the right retail stores. 

by: **Todd Hale**
Thought Leadership
ACNielsen Consumer
Segmentation & Targeting

Marc Dietz
Product Marketing
DemandTec

Kevin Sternecker
Information Systems
Daymon Worldwide

John Krohn
Information Systems
Daymon Worldwide

The Private Label Playbook

Less Stock, More Profit

Private label has gone mainstream in a big way, graduating from lower shelf placements and questionable quality to bona fide contender for consumer dollars, duking it out with branded products in the retail ring. While private label category sales have leaped forward, private label category strategies have lagged behind. Now there's a playbook for retailers that spells out winning private label strategies designed to increase key category metrics such as revenue, volume and profit by taking an integrated look at optimizing assortment and pricing.

In an industry first, ACNielsen, Daymon Worldwide and DemandTec teamed up to conduct a comprehensive review of private label market dynamics, including consumer attitudes and purchase behavior, as well as in-store tests that explored the interaction between assortment and price in optimizing category performance. The study's goal: establish a repeatable methodology that will enable retailers to objectively evaluate alternative pricing and assortment scenarios, taking into account the interplay between those two variables for branded and private label goods.

Valued consumers

To paraphrase a quote from the movie *Field of Dreams*, Kevin Costner's character is told, "If you build it, they will come." Turns out, that theory applies to private label as well. Retailers who proactively build their private label business cultivate a customer base predisposed both to buy more private label goods and hold those products in high regard on important attributes like quality.

Skyrocketing gas prices have underscored the fact that, when consumers feel a pinch at the pump, they pinch their pennies and pump more money into private label purchases. In general, heavier private label shoppers shop more often, buying more branded and more private label products. The net take

here: shoppers reward stores that recognize their value orientation and enable them to save by carrying both private label and branded offerings. ■ See chart 1.

For a good-news/bad-news twist, findings also showed that, unfortunately, the top spending consumer segment has a weaker private label commitment than less wealthy counterparts. Savvy retailers can convert this into a good news scenario, capitalizing on the opportunity to ring up higher sales by offering premium private label goods with more appeal to upscale shoppers. Boosting the private label advertising budget, in-store features and displays and scheduling in-store sampling occasions can stimulate private label trials and convert skeptical shoppers.

Quality now (at least) at parity

In the early years of private label, buyers were forced to sacrifice product quality to realize needed savings. That is no longer true. In fact, one-third of consumers polled by ACNielsen emphatically asserted that some private label goods are even "higher quality" than brands. Almost six in

Chart 1: Most heavier PL buyers make more PL trips & brand trips—consistent across channels



Retailers with strong private label commitment have opportunities to drive store trips and store loyalty.



10 consumers rated private label products “just as good” as the branded competition.

When quality really matters, 80% of shoppers still believed that private label products were acceptable. Perhaps the ultimate testament to private label quality gains resides in the fact that 90% of study respondents said they “felt comfortable” serving private label foods to their guests.

Gone are the days of the generic, stenciled black type on white background packages. Private label lines now feature attractive, colorful labels with appetite appeal and high-quality graphics every bit as stylish as national brands.

Points about price

The fundamental appeal of private label goods has never changed—they’re a great value. Two out of three survey respondents described private label as “an extremely good value.” Once shunned as the exclusive purview of lower income, blue collar families, private label has broken through the income barrier. Today, the numbers show a high buyer development index for households with incomes of \$70,000 or more per year.

Me-too branded products with few or no meaningful points of difference have left consumers hungry for offerings in the right price/value range, and with a bad taste for many branded goods. Simply put, almost three-quarters of shoppers don’t think brands are worth the extra price. And it’s not about the money. Thirty-six percent of respondents noted that they would be willing to pay the same, or *more*, for private label items that they really like.



A word of advice about private label pricing strategy—retailers should stop thinking in terms of price gaps and start aligning private label pricing with the product’s value proposition—including quality, packaging, etc. Deploying this approach allows the price itself to act as a consumer cue, accurately communicating value.

Best product, best price model

ACNielsen, Daymon, and DemandTec developed a six step process for rationalizing product assortment and optimizing price on a category basis. To test the model, a number of categories were analyzed using the systematic optimization process. We’ll explore the case of bottled-up demand in the salad dressing sector to illustrate how the process works in the real world. ■ See chart 2.

Step 1: Identify SKU Proliferation. The analysis begins with an evaluation of the number of SKUs in the pourable salad dressings category. Over time, in an effort to satisfy consumer demand and accommodate new entries, retailers continue adding SKUs. Often, this happens without an understanding of the incremental gain from listing each product, or how adding one item impacts overall category profitability.

Although consumers desire choice, too many choices prove confusing and counterproductive, frustrating shoppers. Not only do similar products confuse the selection process, they also steal volume from private label goods and negatively impact profitability. Plotting the percent of category sales against the number of items in the category yields a sales curve that reveals the points of diminishing, and marginal, return.

Chart 2: Process for item rationalization, including price optimization





This becomes the first marker in the process, one that factors in sales velocity and contribution to category sales to determine the optimal number of SKUs for a category.

Step 2: Consumer Decision Tree. Once we've identified that SKU proliferation exists, we need to gain insight into how people shop the category to begin to understand which items are duplicative and which are not. What does the consumer decision process look like? What factors come into play when a shopper compares products? How do those factors rank in terms of order of importance? Do shoppers apply the same factors to branded and private label products?

In the pourable salad dressing example, the overwhelming number of consumers first choose between a light and regular version of the product. When listing selection attributes, shoppers assigned the light vs. regular variable an importance weight of 47. Next in line, but only about half as important to shoppers, is the brand vs. brand vs. private label decision. A close third in the purchase selection ladder is the matter of product size. Perhaps surprisingly, running fourth in the shopper decision hierarchy by a very wide margin, comes the flavor attribute.

What this tells us is that for this particular case study, brand is more important than flavor when creating variety in the pourables category. Therefore, it is important to carry a variety of brands, but not important to carry every line extension and flavor of each brand.

Chart 3: What brands drive incremental consumers to the category?

	Exclusivity Index	Loyalty Index	PL Interaction
Brand A Regular	117	137	105
Brand B Ranch	117	138	88
Private Label	128	106	N/A
Brand C	72	97	106
Brand D	92	81	178
Brand E	100	149	57
Brand F	72	102	N/A

Step 3: Consumer Brand Loyalty. Having quantified the number of available options and how shoppers choose among them, the study turns to the issue of consumer brand loyalty. In order to make informed de/listing decisions, retailers will require a method for understanding how unique or exclusive consumers consider each SKU to be, how loyal they are to that particular SKU, and finally, how that SKU interacts with private label offerings.

Among the SKUs under the microscope, Brand D dressing registers below the expected index of 100 on the exclusivity scale, well below the norm on the brand loyalty scale, and extremely high on the private label interaction measurement.

In summary, this Brand D product was viewed as a me-too entry with no unique appeal and no point of difference on which to build repeat purchase among loyal customers, but a tendency to pull sales away from the private label ranks.

■ See chart 3.

To identify low contributing or vulnerable items, products were “fit” statistically into a quadrant analysis that assigned each SKU to either the niche, power, weak or mid-tier quadrant based on its ability to attract exclusive buyers and the associated dollar sales rate. An identified poor performer based on lower exclusivity and higher switching rates with PL was Brand D products.

Step 4: Brand Substitutability. Some brands offer such a unique consumer experience that they have no substitutes. Most brands encounter some degree of substitutability, from low (consumers may switch retailers before they switch

continued on page 31

Category Management—Simplified!

ACNielsen's CBP[®], Category Business Planner, simplifies category management by enabling efficient and flexible access to RDH™ (retailer-endorsed definition of the category hierarchy) data. CBP features a powerful interface with issue-driven analytics, interactive charting and graphing capabilities, as well as custom views to address a retailer's specific category management process. A single view into many data sources, CBP is a sophisticated tool that delivers intuitive information in a decision-ready format.

Accessible from any Internet connection via the ACNielsen Answers[®] portal, CBP allows you to quickly assess a specific retailer's performance in comparison with its competition, using that retailer's view of the marketplace. Focused reporting in CBP provides quick answers to top-line questions and offers drill-down flexibility for more in-depth analysis. With high-level "scorecards" and issue-driven reports, CBP presents both snapshots and detailed perspectives on overall sales, market share, assortment, distribution, pricing, and promotion information. CBP also provides views focused on Wal-Mart, new item and private label performance.

CBP helps you:

- Regain lost market share and reverse negative growth trends by uncovering opportunities by category and trade area.
- Identify optimal promotional mix and improve promotional effectiveness and efficiency.
- Quantify new opportunities in the marketplace (i.e., private label, new items, etc.).
- Understand top categories at Wal-Mart and establish ways to compete.
- Identify key item voids and the associated dollar sales gap.
- Compare price and distribution against the remaining market.
- Improve productivity and strengthen business partnerships.



CBP is an invaluable tool also used to address questions at key industry conferences such as The Food Marketing Institute (FMI) Show, The National Association of Chain Drug Stores (NACDS), and The Efficient Program Planning Sessions (EPPS) hosted by Efficient Collaborative Retail Marketing (ECRM).

"ACNielsen's Category Business Planner reports, particularly the Manufacturer Overview scorecard, provided me with valuable insight on how manufacturers and the categories pertaining to those manufacturers have been performing in the remaining market. This helped me a great deal in conversations surrounding assortment and decision making."

– Keith Ludwig
Corporate HBC Category Manager
The Kroger Corporation

To learn more about CBP, contact your local ACNielsen representative, call 800.988.4ACN or visit our web site at www.acnielsen.com.

brands) to high (consumers will readily switch and are virtually indifferent between brands).

When seeking to optimize category performance, determining the degree of substitutability is imperative, along with the direction of the substitution, whether buyer volume shifts to other brands or transfers to the private label alternative.

At this stage of the process, a simulation model iteratively removes each item from the category as if it was de-listed, and measures the percentage change in SKU unit volume. When Brand D was de-listed, private label volume increased.

■ See chart 4.

Step 5: Scenario Design with Buyers. Armed with a wealth of information that defines how the category operates and how consumers view and interact with individual SKUs, the process turns to the issue of de-listing. Poor performers from the first four steps get placed into a candidate product de-listing pool.

The process then couples this quantitative information with qualitative input from buyers, drafting three alternative scenarios for optimizing assortment (a scenario being a variation of the assortment). Qualitative input includes factors such as local preferences, relationships with important suppliers, trade fund availability and the competitive dynamics of the marketplace.

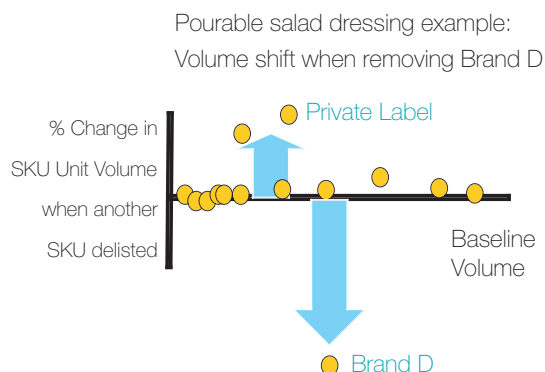
Step 6: Optimize Prices/Deploy Best Scenario. A major finding of the study is this: pricing and assortment decisions are inseparable and interdependent. Long-held beliefs about private label pricing relative to national brand pricing are simply wrong. There is no such thing as a single, acceptable price gap that should separate the two.

Testing this hypothesis, we selected a primary goal for the pourable salad dressing category (category profit) and secondary goal (drive volume to private label/maintain competitiveness) to direct required trade-off decisions. We then optimized pricing for the three candidate scenarios, per category. For example, in pourable salad dressing, we simulated the following alternative scenarios:

- Scenario 1—remove nine SKUs comprising 3% of the category, targeting under-performers only;
- Scenario 2—remove 24 SKUs comprising 10% of the category, including under-performers and mid-tier SKUs with low exclusivity and high private label interaction; or
- Scenario 3—remove 37 SKUs comprising 15% of the category, including under-performers, mid-tier SKUs with low exclusivity and high private label interaction plus additional mid-tier SKUs.

The optimal solution proved to be Scenario 2, and the results speak for themselves. Overall category profit (the primary goal) increased by five percentage points, with both unit volume and sales revenues up 0.5%. Private label volume (a secondary goal) bumped up even more, growing by 7.4%, a beneficiary of the product pruning process along with a variety

Chart 4: How will volume shift if certain SKUs are delisted?



When seeking to optimize category performance, determining the degree of substitutability is imperative.



Private label products are currently undervalued—and underpriced—in the marketplace.

Chart 5: Results: Pourable salad dressing example

	Change in Private Label	Change in Overall Category
Gross Profit \$	-2.2%	+5.0%
Unit Volume	+7.4%	+0.5%
Sales \$	+0.1%	+0.5%

Note: Results represent change over prior performance.


Results depend on strategy; in other categories, private label profit was higher and volume was lower, but with similarly increased category metrics.

of unique brands. Further, category increases did not come at the expense of competitiveness or price image. ■ See chart 5.

While results varied by strategy and category, the general outcome never changed—all category metrics improved when prices were optimized and improved more so when both assortment and pricing were factored into the demand equation.

Shifts in consumer acceptance, the maturation of brand presentation and the dramatic increase in product quality have combined to elevate private label to contender status. This study demonstrates that private label products are currently undervalued—and underpriced—in the marketplace.

To remedy that situation, retailers should adopt best practices that include:

- Treating pricing as an integral part of the category management process;
- Instituting a more granular or zoned approach to pricing;
- Emphasizing the right mix and number of image items;
- Using a fact-based, scientific approach to optimize category performance. 

Survey methodology

More than a year in development, the 2006 Private Label Pricing & Proliferation Study represents a first-ever partnership between ACNielsen, Daymon Worldwide and DemandTec. The companies fielded research reaching across more than 200 stores representing multiple retail banners in order to develop two comprehensive private label case studies—one on pricing, one on proliferation. The scope of the study called for expertise spanning disciplines ranging from consumer research to demand science, pricing, statistics, operations and private label manufacturing.

Consumer segmentation data was drawn from more than 50,000 ACNielsen Homescan panelists, segmented into four groups based on their private label spending habits:

1. Low-spend private label buyers comprised 8% of private label dollars;
2. Medium spenders accounted for a 16% share;
3. High-spend shoppers weighed in at 26% of the private label spend;
4. Top-spending private label consumers represented fully half of all purchases.

In addition to the private label spending segmentation, respondents were further divided into low, medium, high and top spending segments based on their all-outlet buying patterns.

Shopper purchasing behavior between private label and branded goods was evaluated, along with consumer attitudes toward private label on three critical dimensions—quality, the price/value relationship and assortment perceptions.

Retailer segmentation adopted a multi-outlet perspective covering grocery, drug, mass and club stores, deep discounters, specialty and dollar stores. As with consumers, retailers were clustered into three groups based on private label share of store sales. The three groups comprised:

1. Low-share retailers, with an average private label share of 10%;
2. Medium-share retailers, with an average private label share of 17%;
3. High-share retailers, with an average private label share of 27%.

For more information on this landmark private label product pricing and proliferation model, contact:

Todd Hale, Senior Vice President, ACNielsen Consumer Segmentation & Targeting, at thale@acnielsen.com

Kevin Sternecker, Senior Director, Daymon Worldwide, at ksternecker@daymon.com

Marc Dietz, Senior Director, DemandTec, at marc.dietz@demandtec.com

About ACNielsen

ACNielsen, a VNU business, is the world's leading marketing information provider. Offering services in more than 100 countries, ACNielsen provides measurement and analysis of marketplace dynamics and consumer attitudes and behavior. Clients rely on ACNielsen's market research, proprietary products, analytical tools and professional service to understand competitive performance, to uncover new opportunities and to raise the profitability of their marketing and sales campaigns.

About Daymon Worldwide

Daymon Worldwide is a privately held, employee-owned international company specializing in the sales and marketing of private-label consumer products. Daymon Worldwide works with some of the leading retail, wholesale, and food service companies across the U.S. and around the world. Daymon serves more than 3,500 manufacturers of all types of private-label products. The company employs over 11,000 associates in 18 countries. For more information, please visit www.daymon.com.

About DemandTec

DemandTec's Consumer-Centric Merchandising, Sales and Marketing software helps retailers and consumer products manufacturers strategically plan, optimize, and execute Consumer-Centric Merchandising, Sales and Marketing programs based on a quantified understanding of consumer demand. DemandTec customers include B&Q, Best Buy, Brookshire Grocery Company, Delhaize America, Duane Reade, Giant-Carlisle, Giant Eagle, H-E-B Grocery Co., Longs Drugs, Monoprix, Piggly Wiggly Carolina Company, RadioShack and Safeway. For more information, please visit www.demandtec.com.

The Hispanic Consumer's Shopping List

by: **Kylee Hall**

Marketing
ACNielsen Consumer
Segmentation & Targeting

Chris Hammer

Marketing
ACNielsen

The Hispanic market, one of the fastest growing population segments within the U.S., is finally gaining some needed attention. And the reason is clear. Hispanic disposable income is up 29% since 2001—over two times the growth among the general U.S. consumer. The younger generations of Hispanic consumers are driving this growth and are leaving behind a distinct cultural mark. Sixty percent of the Hispanic market is below the age of 30 and almost twice as likely to live in households of four or more people. All in all, those product categories that cater to big families with children, and/or younger consumers, should take note and pay particular attention to the Hispanic consumer.

While statistics point to the need for more marketing attention directed toward understanding the Hispanic consumer, ethnic marketing budgets tend to be the first sacrifice made in order to make revenue numbers for the year. However, the Hispanic market should not be so quickly overlooked. They are an extremely important group of consumers that should be targeted and consulted for future product ideas and marketing campaigns.

Using the *clave*

The English translation of the Spanish word *clave* is *key*. The key to unlocking the mystery behind Hispanic consumer purchasing behavior is a simple set of five rules (C-L-A-V-E) that outline a roadmap to driving successful Hispanic marketing strategies:

Commit to the initiative

Learn about the consumer

Act on insights and drive execution

Verify results to justify investment

Expand efforts to additional markets

Commit to the initiative

Before pursuing Hispanic marketing initiatives, it is important to secure a firm commitment both strategically and financially in order to go the distance with this effort. The days of putting a bilingual label on packaging or dedicating half of a store aisle to Hispanic brands no longer qualifies as Hispanic marketing. The commitment must be long-term and supported throughout the organization.

What separates those manufacturers that are having success with the Hispanic consumer from those that are struggling to gain an identity with this consumer? Those that are winning have made a decision and a commitment for some time now to embrace the Hispanic community to understand what drives consumption behavior. They have a true commitment and investment in Hispanic marketing and have put forth an effort to involve this consumer in their brands (hiring, agencies, marketing materials, focus groups, etc.). They have undertaken some dramatic changes in their stores that draw a Hispanic dominant shopper base, including hiring Hispanic employees, displaying bilingual signage, distributing bilingual coupons, and differentiating their overall product assortment to appeal to Hispanic consumers.

Learn about the consumer

As is common practice in the industry, many marketers tend to believe that a singular approach to targeting the Hispanic consumer is an effective way to begin their initiative. However, there are much deeper insights to be gained, and therefore, it is important to learn about the subtle and not-so subtle nuances that make up the Hispanic consumer before taking action.

So who are your Hispanic consumers? It is important to realize that a Hispanic individual can hail from one of over 20 different countries, including Colombia, Venezuela, the

continued on page 37



Optimize your Hispanic Marketing Dollars

Hispanics represent an enormous growth opportunity for many consumer packaged goods brands. Marketers vying for the spending dollars of this increasingly important consumer group need to understand what drives Hispanic purchasing decisions in order to achieve new sales opportunities and a more focused strategy.



The **Spectra HispanIQ®** solution uses ground-breaking acculturation research to help segment Hispanic consumers. Linking insights to action, Spectra HispanIQ integrates Scarborough local market databases, Simmons National Consumer Hispanic survey, Trade Dimensions channel databases with acculturation-based trade areas and census demographics. This linkage allows you to execute marketing, media, merchandising and trade programs at the national, local and store level.

Spectra HispanIQ helps you:

- Identify the Hispanic consumers that contribute the most to your volume.
- Execute your marketing plan at the national, local and store level.
- Identify geographies, accounts and stores with the highest sales potential.
- Allocate your Hispanic marketing funds efficiently and effectively.
- Understand your Hispanic consumers' local media and leisure activity preferences.

Uncover the answers to your most pressing Hispanic business issues:

- How important are Hispanic consumers to my business?
- What are the acculturation levels of my Hispanic consumers?
- What is the most effective media for reaching my Hispanic consumers?
- How do I allocate my Hispanic marketing funds across accounts and/or stores?
- Which brands could be an opportunity tie-in partnership or secondary display?
- What stores should have Spanish POS?

To learn more about Spectra HispanIQ, contact your local Client Service representative or call 800.378.7667 or visit www.spectramarketing.com.

Hispanic continued from page 34

Dominican Republic, Uruguay and Guatemala. However, the majority of U.S. Hispanics are Mexicans, comprising almost 60% of the population. The Hispanic population on average is at the lower end of the socioeconomic scale, with only 15% of the population earning more than \$75,000 per year compared to almost a third of the total U.S. population.

Learning about current consumption habits among Hispanic consumers is critical. Across total U.S. grocery, the Hispanic market (representative of the Hispanic contribution to total category sales) is outpacing the general market across several mainstream categories. ■ See chart 1.

As we look into the high-growth Hispanic food and beverage categories where various flavor assortments are available, several key flavor preferences emerge. Berries, lemon, lime, orange and berry/lime combinations are most popular with Hispanics when comparing the Hispanic consumption growth of products with these attributes to the growth within the general market. For salty and other snacks, hot and spicy flavors, various cheeses (dominated by cheddar), honey, and cinnamon skew much higher to the Hispanic consumer.

Scents in non-food categories are another strong attribute with the Hispanic consumer. For scents, Hispanics appear to prefer citrus and berry scents. In addition, fresh, cinnamon and vanilla skew highly to the Hispanic consumer versus the general market. These attributes should be accounted for when deciding which products to market to the Hispanic community or before developing new products. ■ See chart 2.

Within the perishables categories, the same trends are witnessed again, with lemon, lime, peppers and a spike in pork and seasoned meats when compared to the non-Hispanic consumer. ■ See chart 3.

Act on insights and drive execution

Reaching the Hispanic consumer goes beyond category preferences and top-line demographics. In order to build and execute an effective marketing strategy, further insights on acculturation and geographic differences are necessary. As chart 4 indicates, differences in category preferences among the least and most acculturated Hispanic segments should not be overlooked. ■ See chart 4, page 38.

Chart 1: Hispanic contribution to total category sales—food and beverage

Food & Beverage	Hispanic Market	Non-Hispanic Market
Beer	+3.9%	+1.0%
Carbonated Soft Drinks	+2.3%	+1.4%
Energy Drinks	+53.7%	+62.2%
Bottled Water	+16.9%	+18.8%
Sports Drinks	+22.8%	+22.8%
RTE Cereal	+2.4%	+0.6%
Granola Bars	+13.7%	+9.9%
Salty Snacks	+5.2%	+3.5%
Marinades	+9.7%	+5.1%

Source: ACNielsen Target Track, 2005 Grocery Dollar Percent Change vs. YAG

Chart 2: Hispanic contribution to total category sales—non-food

Non-Food	Hispanic Market	Non-Hispanic Market
Household Cleaners	+3.5%	-0.7%
Deodorant	+8.2%	+5.1%
Toothpaste	+0.7%	-1.3%
Body Wash Soap	+14.4%	+9.7%
Cosmetics	+5.5%	+1.7%
Air Care	+9.3%	+3.8%
Laundry Detergent	+4.0%	+1.5%
Fabric Softener	+1.5%	-2.2%
Paper Towels	+5.2%	+4.5%

Source: ACNielsen Target Track, 2005 Grocery/Drug/Mass Dollar Percent Change vs. YAG

Chart 3: Hispanic contribution to total category sales—perishables

Perishables	Hispanic Market	Non-Hispanic Market
Lemon	+14.4%	+5.0%
Lime	+6.6%	+4.2%
Peppers	+14.7%	+5.8%
Ground Beef	+5.5%	+3.5%
Pork	+8.8%	+0.2%
Seasoned Meats	+22.5%	+5.4%

Source: The Perishables Group, 2005 Grocery Dollar Percent Change vs. YAG

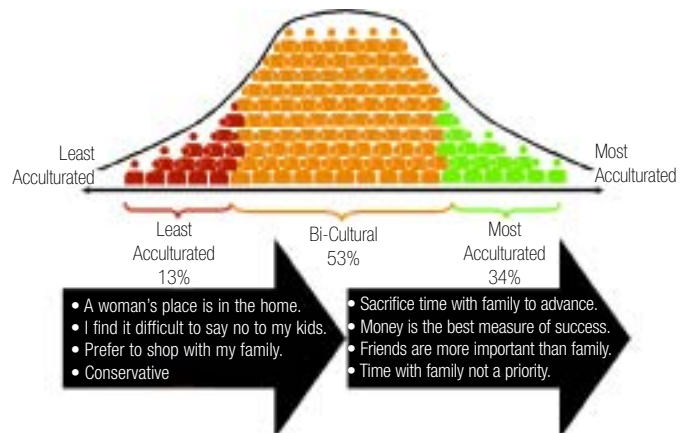
Consumption differences become more apparent when segmenting Hispanic consumers by acculturation. ACNielsen has built the Culture Point Model to measure consumers' degree of product purchase acculturation. The more alike a consumer is to the mainstream population, the more acculturated they are. The less alike a consumer is to the mainstream, the more they retain their unique purchasing behaviors, the less acculturated they are. ■ See chart 5, page 38.

Chart 4: Hispanic differences in category preferences

Categories	Least Acculturated	Most Acculturated
Beer	Corona, Modelo Especial	Micro-brewed & Import
RTE Cereal	Corn Flakes, Trix, Kix, Cheerios	Cap'n Crunch, Grape Nuts, Raisin Bran
Granola Bars	Fruit	Chewy
Marinades	Goya, Horseradish, Chili	Mrs. Dash, Lawry's, BBQ, Ketchup, Soy
Toothpaste	Colgate	Aquafresh
Body Wash Soap	Zest, Shower to Shower	Bath & Body Works
Cosmetics	Avon, Mary Kay	Lancôme
Fabric Softener	Liquid	Sheets

Source: Spectra HispanIQ, 2004 Simmons Hispanic Survey Data

Chart 5: Hispanic consumers by acculturation



Source: Spectra HispanIQ, 2004 Simmons Hispanic Survey Data

In addition to purchase behavior, it is evident that, culturally, the acculturated Hispanic is quite different from the least acculturated Hispanic. The adoption of American values, for better or worse, appear as Hispanics become more acculturated. Behavioral and attitudinal changes are taking place—some of which explain the reason behind trends toward convenient meals, such as sacrificing time with family to advance; thinking that money is the best measure of success; etc.

Aside from acculturation, it is important to pay attention to local market demographics and distinctions. As the U.S. Hispanic population grows, Hispanic communities are emerging beyond the traditional magnet markets.

In reference to Chart 6, Atlanta has a much smaller Hispanic population; however, the growth rate of the Hispanic market was 33% between 2000 and 2004. Geographically, Atlanta and Miami are fairly close in proximity, but the demographic differences between the Hispanic consumers in each city are important factors to consider when developing and executing a marketing strategy.

As differences among Hispanic consumers are uncovered, the following marketing questions should emerge:

- Should the message to the Hispanic community differ from the message to the general market?
- How much of the marketing campaign should be in the Spanish language?

- To what extent do general market initiatives sufficiently address the Hispanic population—what's working and what's not?
- How should my distribution and assortment differ among major Hispanic markets?
- How do I measure results?

In order to answer these critical questions, a consideration into the development among three acculturation levels (least acculturated, bicultural and most acculturated) must be addressed.

Verify results to justify investment

Once the marketing plan has been implemented, efforts must be authenticated using measurement tools in order to validate performance. Demonstrating a successful ROI is an important part of justifying a commitment to the initiative and securing ongoing funding.

Expand efforts to additional markets

Beyond looking nationally at the Hispanic consumer, understanding trends from other Hispanic countries, such as Mexico, will lead to important insights for product expansion opportunities. Several food and beverage categories are showing significant growth over the last year in Mexico. Of note in these categories is how many of the top three brands for these categories in Mexico are U.S. brands. This can be a strong indicator of how well a brand will perform in these categories with Hispanics as they immigrate to the U.S. ■ See chart 7.

continued on page 40

Understand the Hispanic Consumer

Hispanics today represent the largest minority group in the United States and their influence and purchasing power continue to grow. According to U.S. Census estimates, Hispanics will represent more than one-fourth of the U.S. population by the year 2050.

The ACNielsen **Hispanic Consumer Panel** represents the full buying-behavior spectrum of Hispanic households—both acculturated and non-acculturated. The panel encompasses all language segments including Spanish-only/preferred; bilingual; and English-only/preferred.

Available for the Los Angeles market, this service reports UPC purchases from 1,500 households across all outlets including large supermarkets, discount stores and small bodegas. This service allows marketers to compare purchasing behavior between Hispanic and non-Hispanic households.

The Hispanic Consumer Panel helps you:

- Identify competitive opportunities to more effectively satisfy Hispanic consumer needs.
- Improve marketing efforts with better understanding of the differences between Hispanic and Non-Hispanic purchasing habits.
- Maximize sales by assessing the underlying behavior and demographic composition within the Hispanic market.
- Enhance micro-marketing efforts by comparing and contrasting category and brand development across language segments, length of time in the country, country of origin and more.
- Execute more effective merchandising programs by more precise targeting of the Hispanic consumer.

To learn more about the Hispanic Consumer Panel, contact your local ACNielsen Client Service representative or visit our web site at www.acnielsen.com.



Chart 6: Hispanic population demographic differences

Fact	Miami	Atlanta
% Hispanic	45%	8%
Acculturation	40% Most Acculturated	24% Most Acculturated
Language	46% English Dominant	28% Spanish Dominant
Country of Origin	47% Cuban	63% Mexican
Education	16% Grade School Only	28% Grade School Only
Children	56% No Children	21% Children <6 & 6-17

Source: Spectra HispanIQ

U.S. compared to 227% in Mexico. Could the U.S. see a boom in this category over the next few years? Which U.S. brands will be prepared? ■ See chart 8.

Maruchan Soups is a prime case study example to look at how trends in Mexico translate to the U.S. With over 70% market share within the dry soup category in Mexico; Maruchan Soups has a stronghold on the marketplace. In the U.S, Maruchan Soups index highly not only toward least acculturated Hispanics, but also to those Hispanics of Mexican origin.

Another example of a Mexican brand entering the U.S. is Grupo's LALA. LALA, the largest dairy product company in Mexico, recently embarked on a marketing campaign to bring their products to key U.S. markets. Even though dairy is a very developed category, LALA gained regional distribution for its fresh milk, yogurt and other items in early 2005 in some key U.S. cities with a heavy Mexican population. The release of these brands was a success as many Hispanic consumers were given a taste of a brand they grew up with in Mexico and had not had access to in the U.S. until now. LALA is an example of how the Hispanic consumer can have a distinct impact on a category and how important it is for manufacturers and retailers to position themselves for success with the Hispanic consumer so they are not as vulnerable when brands like LALA come into a market.

Chart 7: Mexico's strong U.S. brand presence—food and beverage

Food & Beverage	Mexico Market	U.S. Brands in Mexico's Top 3
Bottled Water	+29.5%	None
RTE Cereal	+0.7%	2
Carbonated Beverages	+6.2%	3
Yogurt	+12.1%	1
Tomato Sauce/Ketchup	+5.7%	1
Flavored Milk	+73.1%	1
Sour Cream	+3.4%	None
Fresh Milk	+15.1%	None
Canned Vegetables	+10.1%	1


Source: ACNielsen Mexico Panel Data, 2005 Grocery EQU Percent Change vs. YAG

Chart 8: Mexico's strong U.S. brand presence—non-food

Non-Food	Mexico Market	U.S. Brands in Mexico's Top 3
Conditioners	+10.9%	1
Mouthwashes	+14.6%	2
Bleaches	+100.4%	1
Toothpaste	+2.7%	3
Deodorants	+4.9%	1
Detergents	+4.1%	None
Liquid Cleaners	+11.6%	None
Paper Towels	+227.4%	1
Fabric Softeners	+16.9%	2

Source: ACNielsen Mexico Panel Data, 2005 Grocery EQU Percent Change vs. YAG

Insights to action

Clearly, Hispanics are influencing consumer markets today with how and why they buy. To effectively reach and ultimately be embraced by the Hispanic consumer, a firm commitment to a strategic initiative aimed at learning about this consumer and embracing the livelihood of the Hispanic community must be made. The marketplace is advancing in measurement and analytics tools that assist in understanding the importance of this consumer to local markets, but these tools are only useful when a commitment to Hispanic marketing initiatives is made. The market is wide open and ripe for opportunity. Economists are predicting that the Hispanic population boom of the first 20 years of the 2000s will have the same magnitude of impact to the U.S. consumer marketplace as the Baby Boom of the 1950s and '60s. Low-hanging fruits are available for the picking—take advantage today! 

Similar to the food and beverage categories, but on an even larger growth scale, some non-food brands were booming in Mexico over the last year. This supports the earlier point that non-food growth is coming from existing U.S. brands and not Hispanic line-extensions, because there is already U.S. brand awareness across many of these categories in their country of origin. Take the paper towel category, for instance, where a growth rate of 4.6% was achieved in the

Measure Ethnic Marketing Return on Investment



The explosive growth of the ethnic population, specifically Hispanics and African Americans, has initiated one of the biggest opportunities for expansion within the Consumer Packaged Goods industry. With increased purchasing power and evolving product needs and preferences, ethnic consumer groups are an essential target market for manufacturers. Current estimates predict that by 2050, the Hispanic and African-American populations will grow in the U.S. by 53% and 34%, respectively. In addition, the purchasing power of all minority groups is expected to reach over \$4 trillion by this time.

ACNielsen's **Target Track** measures total ethnic sales by statistically decomposing sales by store and by ethnic group. Utilizing Spectra's Full Time Equivalent (FTE) model and ACNielsen's innovative modeling expertise to weight UPC sales based on their development among ethnic consumers, Target Track can provide CPG marketers with the power to analyze key performance indicators among both ethnic and non-ethnic consumers.

Target Track helps you:

- Understand total Hispanic and African-American sales in food, drug and mass (excluding Wal-Mart) channels for superior coverage and data analysis opportunity.
- Evaluate volumetric, baseline and full causal data to measure promotion and distribution effectiveness at both the market and account level. Hispanic and African-American sales performance is tracked across all markets.
- Completely integrate with existing Scantrack® databases and Nitro for easy cross-market comparison.

For additional information on the benefits of Target Track, please contact your local ACNielsen Client Service representative or visit our web site at www.acnielsen.com.

Imagine...One Click. One Place. All the Answers.

Dirk Izzo
Business Technology Solutions
ACNielsen

Case sales. Revenues. Profits. Volume to plan. Key performance metrics. Promotional execution. Pricing. Distribution. Competitive benchmarking. Seasonality. New item performance. Category dynamics. Trade planning. Demographics. Core consumer behavior.

In the world of fast-moving consumer goods (FMCG), there's a whole lot of data getting delivered, but the time-consuming job of picking and mastering the right software to analyze this sea of information largely rested on the user—that is until now. Recognizing the FMCG industry's business need for more users to access more granular data from more sources with greater frequency to drive fact-based decisions, ACNielsen assembled a global team of more than 60 experts who created the definitive industry platform in breathtaking time.

The challenge: simplicity

The genesis of ACNielsen Answers® began with a challenge: develop a software platform that would recognize who you are and understand your business processes, targets, tools and objectives. Provide a single interface that serves as the point of entry into data and information diagnosis within a company which is relevant to a particular role. Enable access through single log-on, across sources and applications, and maintain a consistent screen design and navigation approach to increase user productivity.

Additionally, the system would need to do more than provide insights—it should literally lead the user to the right solutions, explaining the **why** and **how** of a business issue along with the tactical way of **addressing** it, through a series of “smart text” suggestions and visual alerts. The system would use an array of graphs, charts, and text to summarize data visually and provide at-a-glance insights to problem areas. This intuitive interface would make analysis simple to understand and use.



Guide to a profitable destination

One harried brand manager compared the overwhelming amount of data and number of software options to being parachuted into an uncharted foreign country without a map. They knew what they wanted to see was somewhere, but they didn't know how to get there and didn't know who to ask for directions.

The user needs more than a map and a strategic plan. Imagine getting a personal tour guide who speaks the language, knows the topography of the land, the best routes, all the short cuts, the must-see attractions, danger zones, safe havens and unique destinations and who has the resources to pull it all together in an efficient, enjoyable, custom-tailored trip. Imagine no more. With ACNielsen Answers, intuitive solutions has arrived.

The parallax view

Insights are only insightful if they have enabled the user to dynamically change their course of action to drive volume, profit and share. ACNielsen Answers makes sure that data is germane to the user by providing role-based views that reflect specific operational interests. At log-on, the system recognizes the user's role in the organization—such as general management, sales executive, brand manager, category manager—





and answers the three fundamental questions for a successful enterprise:

- What happened?
- Why did it happen?
- How do I address it?

To deliver answers that drive efficiency and bottom-line profit, you need a platform that enables one point of access. ACNielsen's global platform uses exclusive characteristic modeling to harmonize information from around the world, delivering a consistent view of the business, systematically integrating data from multiple sources and deploying appropriate applications to present an insightful, enterprise-wide perspective. From a world-wide vista, the user can narrow the aperture down to a micro-view of a single account or a store-specific observation level.

Technology alone cannot deliver the *what*, *why* and *how* that businesses need to drive incremental value. You need the fuel to power the solution. ACNielsen provides world-class content that allows you to understand sales, promotion, consumer, brand trends and consumer behavior. Leveraging content from multiple sources—ACNielsen Scantrack and Store Level Data, Spectra, ACNielsen Homescan Consumer Panel, TDLinx, Market Decisions, ACNielsen Modeling and Buzz Metrics, as well as proprietary client content and third-party data—the fuel is in the tank.

Solutions for the bottom line

The easiest way to understand the scope and power of ACNielsen Answers is to role play and see how the system solves a problem. Let's follow the hypothetical case of a national sales manager for a multi-billion-dollar company who wants to examine their category performance at a specific account. The instant the sales executive logs on, the system recognizes their functional area and presents a dashboard summarizing relevant key performance indicators (KPIs).

Data stored in divergent sources are unified to provide insight around each KPI. The dashboard identifies "*what*" data and information are relevant and provides easy access and appropriate presentation of the information.

Understanding "*why*" a particular issue happens requires advanced logic and breadth of content. Thanks to exhaustive user studies, ACNielsen was able to create logic pathways that simulate the steps and sequencing of a typical user analysis. As a result, ACNielsen Answers mirrors this process, following a typical workflow in an intuitive fashion. Other by-products of intuitive navigation include more rapid system acclimation, shorter training times, quicker deployment and faster results.

To explain "*why*" a variance happened, ACNielsen employs advanced smart text to explain results in a straightforward manner, selecting only relevant information winnowed by an

analytical engine that mines data sources, finds root causes and reveals business drivers.

Guiding you to “how” to address the issue

Linking the user to powerful applications with advanced analytics enables the user to quickly modify price, promotion, launch plans and the like. This can be activated by just one click, with no need to enter any data or change any context parameters. The smart system recognizes that this is a continuation of the same analysis, transfers the necessary data sets and employs the appropriate applications.

Power presentations

Presentation Builder represents an added feature appreciated by any executive who has ever slaved over a PowerPoint deck, tediously filling in or importing data tables to create charts and graphs. The ACNielsen Answers system will automatically populate a pre-set template with standardized data, using rules and calculations of your choosing.

Accessible via the Internet from any location, the automated solutions module creates a core presentation that can be customized to specific accounts. Less time designing presentations means more time with the customer.



Linking Web-based technology with powerful desktop tools

ACNielsen Answers leverages best-in-breed desktop tools with the web-based platform. ACNielsen applications (NITRO [Nielsen Interface to Office] and Price Evaluator) have been consistently chosen by clients for performing detailed ad-hoc analyses across their various business functions. These analytical tools as well as the new solution set are now accessible through the ACNielsen Answers platform.



Solutions purposed for our clients' diverse businesses

The new global platform enables both web-based business users and desktop power users, putting the potential of intuitive technologies at their fingertips. No matter what the business question, no matter where the entry point, ACNielsen Answers automatically yields a single, integrated look-and-feel across solutions.

With ACNielsen Answers, the technology team proved to be more than up to the simplicity challenge, crafting a platform that delivers all the answers, in one place, with one click, from one log-on. All with the goal of helping customers drive volume, profit and share for their enterprise and for their customers. **C1**

Open your window to collaborative business intelligence



One Click, One Place, All the Answers. Spend less time searching for and organizing information and make fact-based decisions on category business planning, forecasting, item assortment, pricing, promotional programs, space management and replenishment. **ACNielsen Answers** revolutionizes the way you make business decisions by addressing your most pressing business issues in a user-friendly, intuitive web-based environment.

Review personalized market information reports, headlines, alerts and presentations over the Internet. Gain access to ACNielsen Answers business-oriented solutions, such as Category Business Planner, Sales Management Planner, and Homescan & Spectra content. ACNielsen Answers enables you to access and analyze mission-critical information to make educated, timely decisions offering you the right information, in the right format, at the right time, so that the right decision can be made in a repeatable manner.

ACNielsen Answers helps you:

- Address critical business issues relating to Brand/Sales Management, Category Management, Consumer Management and Retail Management.
- Make better decisions, faster, by collaborating with your service team and using best demonstrated practices.

- Direct marketing and merchandising activities with on-the-fly, fact-based solutions.
- Grow revenue, reduce costs of business and improve your competitive position by converting all types of consumer information into valued intelligence.
- Drive consumer-focused actions anytime and anywhere.
- Access business-critical information in a web-based environment to make educated, timely decisions.

ACNielsen Answers gives you:

- Personalized “news” headlines answering key questions on your category’s performance.
- Hyperlinks giving you drill-down, detailed information on your category.
- Access to categories defined by a specific retailer—both in terms of the category itself and the retailer’s trading areas.
- Access to personalized, proprietary internal content and links to other third party content.
- Streamlined delivery of information and insights in a timely manner.

To learn more about ACNielsen Answers, please contact your ACNielsen Client Service or Retail Services representative or visit our web site at www.acnielsen.com.


Local continued from page 20

cases these targeted activities will align very closely to their own brand segmentation strategy. This synergy can open the door to richer information-sharing, resulting in more predominant product placement and promotions. To get the most out of this deeper collaboration, manufacturers must learn to work within the retailer's definition of category, shopper segment and store clusters to make sure their ideas are relevant and can be seamlessly executed in this more complex operational environment.

As retailers become more savvy, granular and particular in their information needs, manufacturers will need to follow suit to maintain their influence. It is clear that those retailers who do this well should grow. Also likely is that those who do not will disappear. Manufacturers that help retailers connect with their local shoppers will also differentiate themselves with the retailer.

A final note

Clearly, the retail landscape and corresponding manufacturer collaboration requirements are changing rapidly. While the 1990s and early 2000s were all about cost reduction through efficiency and standardization, the future requires effectiveness through differentiation. While tremendous benefits have been realized with efficiency improvements, it is becoming increasingly evident that retailers can not save their way to prosperity. To fully meet the demands of stakeholders, profitable top-line growth is a must. While this mandate is intuitively understood throughout the industry, generating such growth has proven elusive to all but a handful of information-savvy industry leaders.

These industry leaders have one thing in common: a fanatical focus on winning consumer loyalty by providing relevant pricing, promotion, product and placement for the specific consumers they serve. Increasingly, solutions such as Local Market Planner are becoming broadly available to both retailers and manufacturers, providing them with the granularity of insight needed to effectively win against these early adopters. Like politics, all consumers are local. 

Instant Consumer Feedback on Your New Products



Wouldn't it be nice to know why a customer purchased your product—just after they made the purchase? ACNielsen Homescan's **New Product Alert** provides unique insights to understand the motivation behind purchases of new products. For the first time, you can reliably quantify the factors influencing the purchase of your new products almost instantly after trial. Knowing who uses the product, how satisfied they were and whether they would buy it again give you the insight necessary to ensure new product success.

Instant Surveys

Homescan® panelists with online access transmit their purchases via the Internet. Purchase data is instantly interrogated for defined UPCs of interest. If any of these products are purchased, a brief online survey pops up asking the panelist to respond immediately. No other research method allows you to survey early adopters of specific UPCs. Since households transmit purchases the same week they shop, recall effect is virtually eliminated. The standard "reasons for trial" question provides normative benchmarks to evaluate the effectiveness of your marketing plan. Custom questions can be used to address specific marketing issues.

To learn more about New Product Alert, please contact your ACNielsen Client Service or Retail Services representative or visit our web site at www.acnielsen.com.

Marketing to the Global Consumer:

Understanding the Complexities of a Diverse Population

by: Jane Perrin
Global Services
ACNielsen

These days, marketers looking for a solid foundation of future growth are talking about BRIC. An acronym for Brazil, Russia, India and China, these markets represent areas of the world with growing populations and large Gross Domestic Product [GDP]. Understanding the nuances of each of these markets is no small task. The way the BRIC countries—and the rest of the world—are changing is important to understand. There are many opportunities for the smart marketer—in most all developing countries around the world.

Taking a look at some basic country information such as GDP, population and average age, we can see an evolution of a global “consumer”. And while we can chart overall trends, we must realize each country, market and shopper has their own particular make-up and needs.

The global population is now at 6.4 billion, and while overall population is growing, the rate of growth continues to decline. This has created a shift in population around the world. For example, by 2050, Europe will have 70 million fewer people than today, while Africa will have almost a billion more. ■ See charts 1 and 2.

This worldwide population change has added to the diversity of our world, and signals a future where different cultures may become more prevalent than they are today. Many of today’s “established” economies are aging, while new, growing economies skew younger.

First world becoming rest of world

In a number of countries, the older market already has a significant presence. Many of these are “first-world” countries, with a relatively high GDP and participation in global

Chart 1: Population growth rate continues to decline.

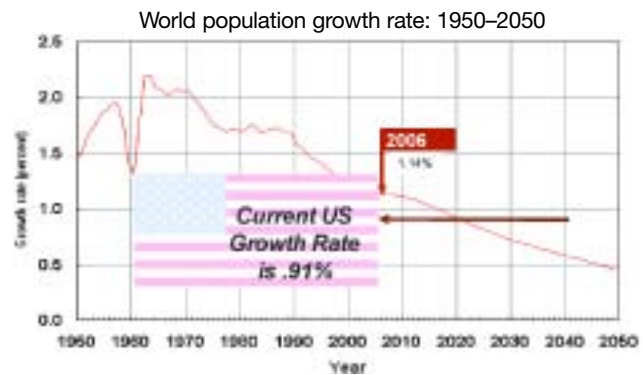


Chart 2: Population change around the globe 2002–2050

In 2050, Europe will have 70 million fewer people...Africa will have almost a billion more people.

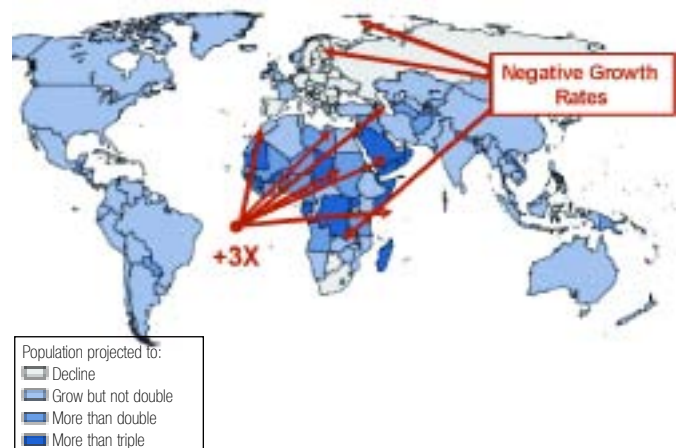




Chart 3: Older markets already have a significant presence

Countries with higher percent of population 65 and older



Source: U.S. Census Bureau, International Population Report 2005

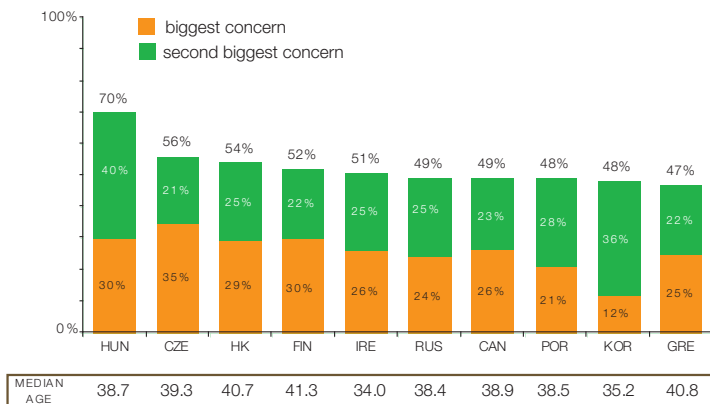
Chart 4: Looking to the future... India will overtake China in population

2005—Population in millions 2050—Population in millions

1. China	1,304	1. India	1,628
2. India	1,104	2. China	1,437
3. United States	296	3. United States	420
4. Indonesia	222	4. Indonesia	308
5. Brazil	184	5. Pakistan	295
6. Pakistan	162	6. Brazil	260
7. Bangladesh	144	7. Nigeria	258
8. Russia	143	8. Bangladesh	231
9. Nigeria	132	9. D.R. of Congo	183
10. Japan	128	10. Ethiopia	170

Source: U.S. Census Bureau

Chart 5: Looking at the focus on health in the top ten markets



Source: ACNielsen Global Online Consumer Survey, November 2005

financial planning. The United States and Japan are examples of these. ■ See chart 3.

The opposite holds true in other countries, though. Many growing economies have young workforces—Mexico and India come to mind. China is also relatively young, and is one country that many think of when discussing population. However, looking to the future, India will overtake China in population by 2050. ■ See chart 4.

With a worldwide population growth rate of between 4 and 5 percent, retailers are rapidly entering these markets that are outpacing the average growth and that have a strong GDP. We will be looking at the BRIC countries as leading indicators for retail expansion in the next five years.

Finding a common thread

Marketers looking to develop in new countries understand these challenges. The goal is to uncover and understand the common threads that carry through different countries. Through our research, ACNielsen has noted some key themes that are fairly constant throughout all countries.

Most important, not surprisingly, is consumer confidence in their country's economy. ACNielsen has performed its own consumer confidence research around the world, and in the countries surveyed, consumers had some major concerns going into 2006. Many of these concerns were common across countries. For marketers, these common themes represent opportunities for reaching consumers and addressing their needs.

After worries about the economy and job security, the first major consumer concern around the world is related to health and wellness, which ranked high across the top 10 global markets. ■ See chart 5.

Interestingly, while consumer needs are different based on life stage, health and wellness is still a common theme. Those with aging populations have more significant concerns around age-related issues such as osteoporosis, diabetes and heart disease, while younger populations may have a bigger interest in staying fit. This plays out in the product categories showing growth—across the world, many of the fastest-growing categories can be considered “healthy.”

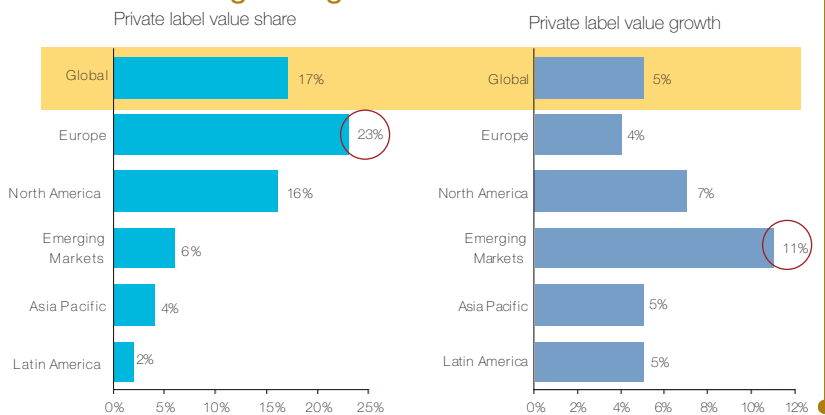
■ See chart 6.

Chart 6: Fastest growth categories by region—many are “healthy”

Top Five Growth Categories Globally	North America	Europe	Asia Pacific	Latin America	Emerging Markets
Soy Milk Flavored/Unflavored	Sports Energy Drinks	Soy Based Drinks	Complete Ready Meals (Fresh)	Ready Soy Based Drinks	Meat/Poultry/Game (Fresh)
Drinkable Yogurt	Drinkable Yogurt	Drinkable Yogurt	Soy Based Drinks	Cereal/Fruit/Muesli Bars	Baby Formula
Sports Energy Drinks	Complete Ready Meals (Fresh)	Cereal/Fruit/Muesli Bars	Sports Energy Drinks	Drinkable Yogurt	Cereal/Fruit/Muesli Bars
Complete Ready Meals (Fresh)	Butter/Margarine	Vodka	Flavored Milk Drinks	Potato Fries (Frozen)	Sports Energy Drinks
Cereal/Fruit/Muesli Bars	Bottled Water	Flavored Milk Drinks	Cereal/Fruit/Muesli Bars	Yogurt	Sugar Substitutes
	Chewing Gum	Complete Ready Meals (Fresh)	Sugar Substitutes	Meat/Poultry/Game (Frozen)	Baby Food
	Sugar Substitutes	Sports Energy Drinks	Ice Cream/Frozen Yogurt	Bottled Water	Vegetables (Frozen)

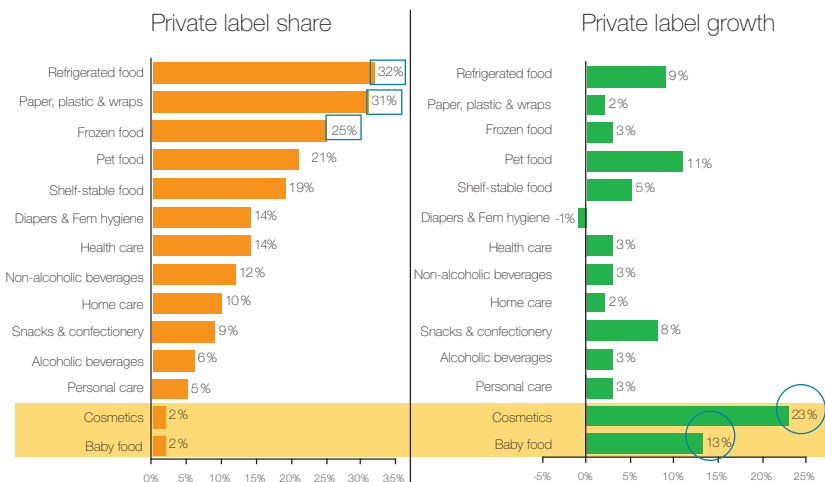
Source: Value Sales 2005 Executive News Report

Chart 7: Europe had the most developed private label market. Emerging Markets—the fastest growing



Source: ACNielsen The Power of Private Label 2005 Report

Chart 8: Across product areas...Refrigerated foods and paper, plastic and wraps rank on top



Source: ACNielsen The Power of Private Label 2005 Report

Items such as vitamins, antioxidants and new diet solutions are but some of the products consumers desire. In the U.S., where as many as one in four Americans view themselves as being on a diet, manufacturers have responded. One example is the “100 Calorie Pack”—calorie- and portion-controlled snack packs launched by both Nabisco and Procter & Gamble to help U.S. consumers control their calorie intake.

Value: The other driver

Value is another concept that is universal. Consumers around the world—not just in North America—are concerned with the economy and are looking for the combination of price, quality and convenience that adds up to “value.”

By looking at the worldwide growth in private label brands, we can see not only that consumers are demonstrating their desire for value every day, but also that retailers have begun to see the value of differentiating themselves, positioning their private label brands as the premier products in the category.

Around the world, private label growth has outpaced that of manufacturer brands. In two-thirds of the countries studied in 2005, overall private label sales were stronger than manufacturer brands. Private label sales grew by 5% overall, while manufacturer brands grew by only 2%. And Europe, the most developed private label market, saw the greatest gain in share points with private label. ■ See chart 7.

Anywhere there is a high retailer concentration with strong retailer private label programs, there is going to be a high private label share. Not surprisingly, in many cases, private label products have begun entering new categories and segments. While refrigerated foods and paper and plastic still rank highest in terms of share, categories like cosmetics and baby food are showing explosive growth. ■ See chart 8.

continued on page 55

Pampering at a Price:

Affordable Luxuries

by: James Russo
Executive Perspective
VNU Business Media

What do you do when you want to feel like a million bucks without spending big bucks? Millions of Americans opt for their favorite affordable luxury. For some, it's a made-to-order Starbucks latte. For others, it's a silver champagne bucket. Or a Maine lobster dinner. Or a crocodile credit card holder. Or a premium cut of Kobe beef. Or a set of cocktail glasses from Tiffany. Or a slice of Gorau Glas cheese. Or cashmere socks. Or a box of cognac truffles. Or an iPod speaker system.

The me moment

Over-stressed, over-worked and out of time, people seek refuge in daily small indulgences that pay big psychological dividends. The irrational exuberance that characterized the dotcom stock market has subsided. The new Fed head has let the word *inflation* slip into conversation. Real estate prices are on the skids. The always-connected, always-on consumer wants to turn off the external stimuli and experience a "me" moment that confirms their achievements, their merit, their sense of self-worth.

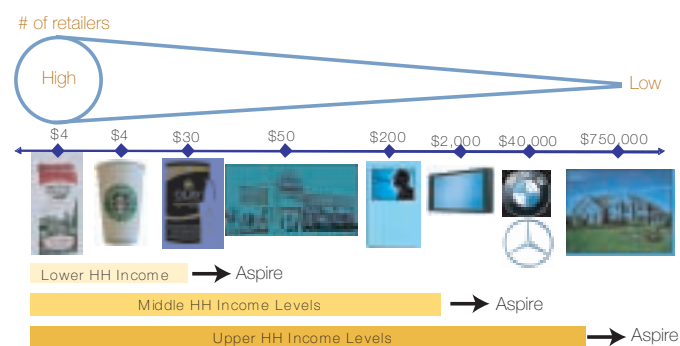
Many factors converge to spawn a true aspirational shopper, one who finds personal validation in the designer label or top-of-the-line brand. For these consumers, globalization is a two-edged sword that makes more exotic products available at a palatable price, but also makes keeping up with the Joneses an international exercise in consumerism. The events of September 11 have transformed our world view, complicated travel and compromised the national ethos with a sense of vulnerability. To compensate for this pervasive sense of unease, many shoppers give themselves permission to live for the moment, covering their concern with the balm of consumption and immediate gratification.

Tempus fugit

Time flies. Technology re-invents itself at warp speed, contributing to the proliferation of unedited information streaming past a consumer's field of vision. Innovation can go mainstream in a blink, as hot trends sweep the nation in a matter of days, like this summer's blockbuster item—Croc shoes. Once the exclusive purview of the commercial kitchen, popularized by Chef Mario Batali, Crocs represent that unique item that bridges the unspoken age crevasse, equally popular with teenage girls, boaters, gardeners and weekenders.

What makes affordable luxury such a ubiquitous phenomenon is the fact that it spans all demographic variables. Everyone aspires, regardless of income, age, race, education or geographic location. What differs is the *level* of aspiration. For lower income households, a splurge might be a dozen fresh roses from Costco to decorate a dinner table. For middle class consumers, a treat might be trading up to the Outback from McDonald's on a family Friday night. ■ See chart 1.

Chart 1: Behavior cuts across all income levels and produces off-shoot opportunities





For upper income brackets, an indulgence might be a Dacor dishwasher or season tickets to the symphony. For all income brackets, it's the idea of realizing a dream—that of reaching higher—that keeps aspirational shoppers coming back for more.

Is a trend brewing?

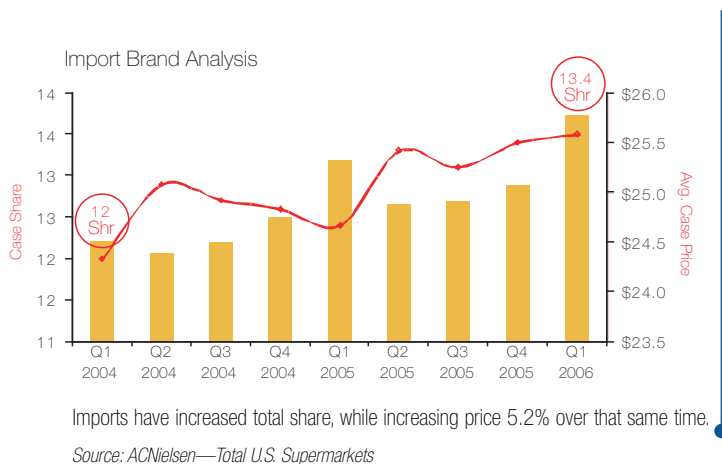
A case in point illustrating the appeal of upscale goods in an accessible category is beer. According to *Beer Marketer's Insight*, domestic beer sales have dropped 22% since 2002, 7% of that downward spiral in 2005 alone. Meanwhile, more expensive imported beers have been on a sales binge, moving from a 12 to 13.4 case share in the Q1 2004–2006 period, despite increasing prices more than 5% during that time. ■ See chart 2.

The heady performance of imports vs. domestic beers can be chalked up to their more exclusive image, a positioning reinforced by the premium price point, packaging/label design, as well as advertising campaigns that create an elite aura around the product. The hope is: drink the beer and realize the implied promise of sophisticated living.

Context is everything

There has been a rich discussion in economics literature about the functional vs. social utility of products and services since Thorstein Veblen first posed the “conspicuous consumption” theory in 1899. Many catchphrases attached to this research peppers marketing discussions today: *bandwagon effects*, *snob effects*, *positional goods*, *diamond goods*, *status games*, *visible goods*, *fashion cycles* and *Veblen effects*.

Chart 2: Behavior evident within the Beer
Category: Increasing share while increasing price



Robert H. Frank identified some of the most visible [high social utility] categories in his book *Luxury Fever*, where the act of consumption itself telegraphed a cultural message: cars, clothing, furniture, wine, jewelry and sports equipment. If you think about it, the very word consumer derives from the consumption concept, and it is bedrock for the fast-moving consumer packaged goods industry.

And everything is relative

Functional utility is all that matters if you live in isolation, whereas social utility implies a relational context. Consuming upscale products feels good because people believe it elevates their status in the opinion of external observers. In our society, social utility trumps functional utility across the board.

A classic example comes from the annals of the coffee wars—Starbucks vs. Dunkin’ Donuts. A consumer-based national poll conducted by ePinions.com showed Dunkin’ Donuts Original Blend rated at 4.5 stars, while the much pricier Starbucks House Blend rated 3.0 stars. On the face of it, one would think that consumers would opt for the more palatable option in terms of taste and price. But that’s not the case. The Starbucks logo has become ubiquitous in the hallways of corporate America, and already has made inroads at retail as one of the more successful co-marketing programs.

Retail roadmap

Tapping into the affordable luxury trend is no luxury—it’s a profitable necessity. To capitalize on the movement, begin by evaluating high visibility categories and identifying targets of opportunity. Deploy consumer intelligence to inform an integrated marketing, merchandising and communications strategy that appeals to image-conscious prospects and meets their experiential needs. Align those activities with the corporate mission, objectives and trip behavior.

Manufacturers can contribute by identifying high potential brands that support an affordable luxury positioning and exploring the natural progression and development of consumer segments that purchase the brand. Portfolios may need to be refreshed or expanded through new entries or acquisitions, or even through a major re-branding.

The sweet spot for sales in the affordable luxury sector lies at E2—the intersection of consumer experience and emotion. **CI**

What Goes, When the Going Gets Tough?

Consumers will look to their social lives and personal image first when it comes to cutting back, according to *Money-Saving Measures: A Global Consumer Report* by ACNielsen. When the cost of living is rising faster than salaries can keep pace with, the world's consumers are fairly unanimous about what they'd cut back on to avoid blowing their budget. The survey, which was conducted in November 2005 and polled



over 23,500 respondents of regular Internet users in 42 markets, lists out-of-home entertainment, spending on new clothes and upgrading technology as the top three belt-tightening strategies worldwide, that consumers would use.

Across the five regions surveyed, consumer priorities varied, most notably in North America. While out-of-home entertainment was the first thing consumers would cut down on in Latin America (61%), Asia Pacific (58%) and Europe (54%), in North America, the first thing to go for 70% of Canadians and 66% of Americans would be the takeaway meal, ahead of out-of-home entertainment, which ranked second.

Moreover, North Americans cited “trying to save on gas and electricity” as their third preferred cost-saving measure. To a degree, the strategies reflect lifestyles in each region, and the potential for where the biggest saving can be made. It also reflects priorities—where consumers will look first to cut back, and also where they are not prepared to make concessions. Clearly for most consumers, out-of-home entertainment is an area of discretionary spending and where savings can be readily made.

The full executive summary can be found online at http://acnielsen.com/reports/index_consumer.shtml.

Global continued from page 51

In some cases, retailers are taking a page from manufacturers' line extension book and are segmenting their private label line to address specific consumer needs and categories—such as a value brand, a kid's brand, a healthy brand, an organic brand—all in addition to the “traditional” private label brand.

Markets differ significantly—Even when we don't expect it

So, how do we as marketers adapt to meet these global needs? In many cases, it's a situation of getting “back to the basics.” In your current marketplace, you may be familiar with the makeup of consumers and all the nuances of what and how they buy. On a global scale, there is this same need to understand your consumers, but also that they differ from market to market.

Some general themes are good to remember: older populations (in more developed economies) will have the health concerns related to this kind of demographic and will tend to be smaller families or empty nesters, with higher disposable income and planning for retirement. The younger populations (in more developing economies) may have more quality of life concerns around infant healthcare and nutrition and improving education, and will tend to be larger families. All will be looking for a perceived value.

However, to execute successfully, it is critically important to operate from the premise that there is no “one solution.” One must understand consumers, market by market. Do your homework. Markets differ—even cities within markets differ. There is no one Russia...China...or India.

Next, it is crucial to understand the local consumer needs and tastes before finishing the product. Don't underestimate the unique needs of local shoppers. You will need to adjust your concept, products and marketing to meet local needs in order to be a success.

Finally, think like a global marketer, but adapt to the local consumer. Invest in your brand to shine around the world, but also understand that demographic and cultural differences can make a huge difference in the way you market to your consumers. **CI**



One Click. One Place. **All the Answers.**

Time is money. And you don't need to spend it looking at more data. You need an integrated solution that understands your business processes and objectives, delivering insights where—and when—you need them.

ACNielsen Answers® gives you the information to make fact-based decisions on category planning, item assortment, pricing, and promotional programs. It will change the way you make business decisions by addressing your most pressing issues in an intuitive web-based environment.

Spend less time searching and organizing. Quickly understand what happened, why it happened, and how to fix it. Use personalized dashboards to give you immediate feedback on the health of your business. Dive into workflow solutions dialed into your daily business processes. Review customized market information, headlines, alerts and presentations, compiled automatically to your specifications.

With Answers, you have everything you need to manage your business. With ACNielsen, you have the experience, global reach and depth of information to make profitable decisions. To learn more, contact your ACNielsen client representative or visit our web site at www.acnielsen.com.