



Nominal Growth Outpaces Volume Growth in Q4 2009

Nielsen European Growth Reporter

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SUMMARY: Drawing on Nielsen's unique data assets and geographical footprint this report compares overall market dynamics (value and unit growth) in the Fast Moving Consumer Goods sector across Europe.

Based on the widest possible basket of product categories that are continuously tracked by Nielsen in each of these countries and channels, the fourth quarter 2009 shows nominal growth, which has remained stable since the prior quarter, and around 3% for four consecutive quarters.

Executive Summary

The fourth quarter of 2009 has shown nominal growth at 2.9%, a stable growth rate hovering around 3% for the year, once again outperforming the United States which ended the year with a 0.6% nominal growth rate. European inflation remained low at 1.3% in the fourth quarter. Deflation held at the -5% level in Slovakia, Finland and Portugal.

Europe experienced higher volume increases in 2009 than the prior year, increasing by 0.6% to 1.6% in the fourth quarter. Volume growth is accelerating in Austria, Finland, France, Ireland, Norway, Spain and Turkey.

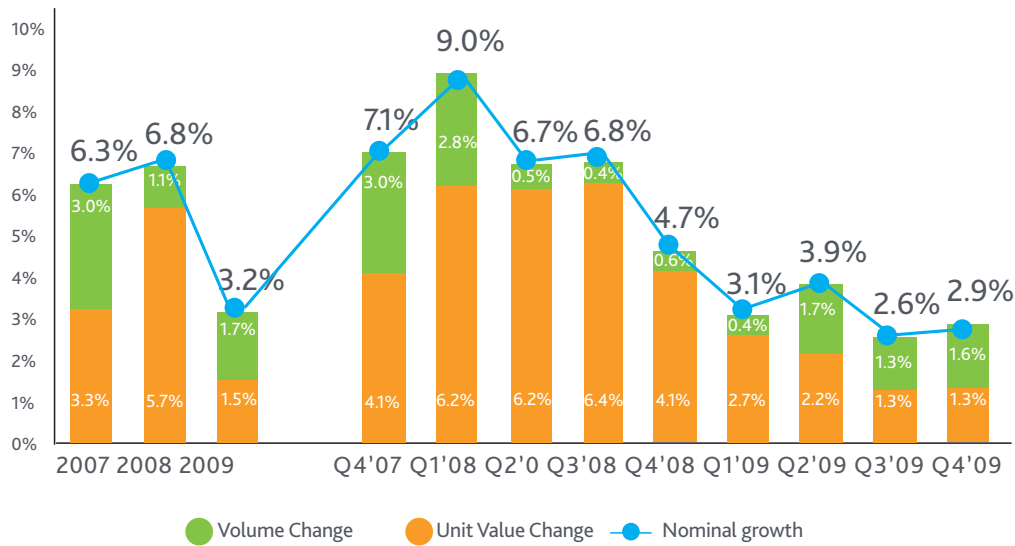
The Big 5 European economies (France, Germany, Italy, Spain, United Kingdom) ended the year at various stages of recovery. France and Spain recorded solid volume improvements while Germany and Italy stayed close to the zero line. Value growth in the United Kingdom reached the 5% mark with 3% points of this coming from volume increases.

By year end, 2009 performance delivered better volume growth than 2008. The best volume improvements came from the United Kingdom, Sweden, France, Austria and Germany. Offsetting those gains were volume losses recorded in Switzerland, Slovakia, the Czech Republic and Poland.

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Total European View

Fast Moving Consumer Goods market dynamics



Nominal Volume Growth

Across Europe, nominal volume growth inched up to 2.9% in the final quarter of 2009, gaining 0.3% point over the third quarter. This small gain in volume places European volume growth ahead of the United States which saw volume drop by -1.2% in the fourth quarter.

The volume growth rate is accelerating in the following countries: Austria, Finland, France, Germany, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Turkey and the United Kingdom.

The Big 5 European economies are showing a mixed picture. While France, Germany, Spain and the United Kingdom recorded volume gains over 2008, Italy lost ground.

Ireland, Slovakia, Hungary and the Czech Republic recorded the greatest volume declines in 2009.

Value Growth

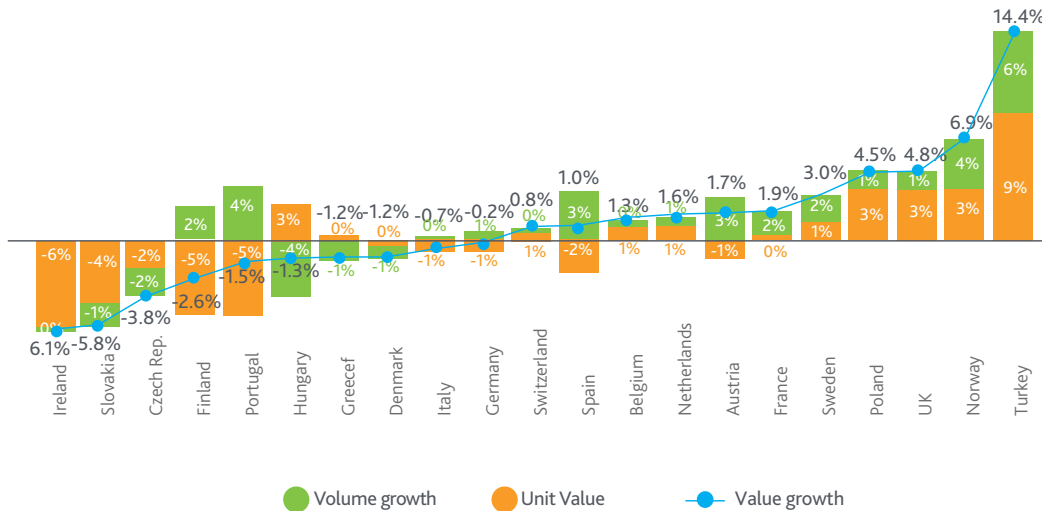
Unit value growth fell precipitously from 5.7% in 2008 to 1.5% in 2009, underperforming the prior year in every single quarter of 2009, reflecting slowing inflation and price compression implemented at retailers as a result of economic pressures.

Country Analysis—Western Europe

The latest quarterly Europe Growth Reporter measuring volume and value sales in the fast moving consumer goods industry across markets in Europe is showing encouraging signs of improvement with more than half the countries measured recording positive volume trends. 2009 volumes increased to +1.7% in 2009 from 1.1% growth in 2008. This is still some way from 2007's 3% growth rates; a slow but steady improvement.

Q4 2009 Growth Rates Per Country

versus Q4 2008



As the chart above demonstrates, the leading Western European growth countries in fourth quarter 2009 were Turkey, Norway, the United Kingdom, Poland, Sweden, France, Austria, the Netherlands, Belgium, Spain and Switzerland.

Western Europe



Austria, Belgium, Czech Rep, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, Turkey, UK

About the Nielsen European Growth Reporter

This report compares overall market dynamics (value and unit growth) in the Fast Moving Consumer Goods sector across Europe. It is based on the sales tracking Nielsen performs in every European market, and covers sales in grocery, hypermarket, supermarket, discount and convenience channels.

The report is based on the widest possible basket of product categories that are continuously tracked by Nielsen in each of these countries and channels, and this edition reports on week 41 of 2009 through to week 52 of 2009.

Glossary

Nominal value growth: Percentage change in value sales (expenditures) as measured by the total basket of reported product categories i.e. overall value growth

Unit value growth (\approx 'price' change): Percentage change in the average retail price per unit in the total basket of reported product categories i.e. price inflation/ deflation

The unit of volume in the basket varies by category (e.g. litres, kilograms, tonnes etc)

The change in average price per unit may result from:

Price changes of individual products

Change in the mix of purchased products; more or less expensive products, more or less promotions, etc.

Channel switching; more or less purchases in discount stores, or hypermarkets, or convenience outlets, etc.

Product or channel mix changes may be induced by price change or may just be the result of market dynamics.

The unit value growth reflects how consumers experience 'cost of living' in their actual grocery shopping behavior.

Volume growth: Percentage change in purchased volume (quantity) of products

The three components are related:

Value Growth = Unit Value Growth

* Volume Growth

About The Nielsen Company

The Nielsen Company is a global information and media company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and business publications. The privately held company is active in approximately 100 countries, with headquarters in New York, USA.

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