



NEW PRODUCT PACESETTERS

Building Bridges to a Growth-Filled Tomorrow

APRIL 2017



IRi
Growth delivered.

The Personalization Payoff

Truly New Innovation Is Escalating, Driven Heavily by Smaller, Niche Marketers

While mass-market innovation does and always will play an important role in the consumer packaged goods (CPG) industry, recent years have seen a significant uptick in new products that address a finite—even targeted—sector of the market. As a result, more new-market-entry brands are hitting retail shelves, and market composition is shifting.

Smaller manufacturers have proved adept at developing products that hit on key consumer priorities and pairing these brands with a marketing story that brings them to life.

Tap into High-Growth Pockets with Innovation Tightly Targeted to Shopper Needs and Behaviors

By investing to understand consumers at a more intimate level and embracing new technologies and new ingredients, CPG manufacturers large and small are opening the door to new growth opportunities. Prevention has become a movement that transcends CPG aisles, but consumers still treat themselves to indulgences, as well. CPG marketers that strike the right balance across their brand portfolio will win a share of wallet and shopper loyalty.

CPG Marketers Must Rethink Innovation Goals and Expectations

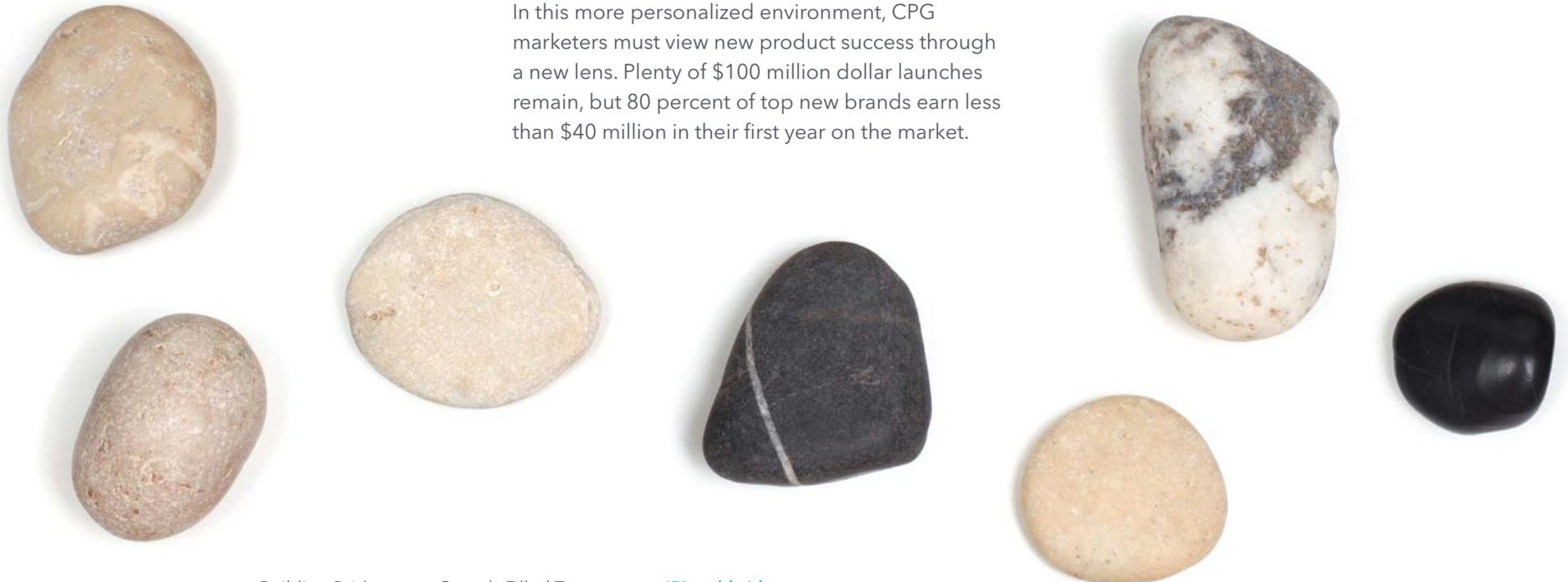
In this more personalized environment, CPG marketers must view new product success through a new lens. Plenty of \$100 million dollar launches remain, but 80 percent of top new brands earn less than \$40 million in their first year on the market.

Personalized Stories Are Engaging; Engaging Brand Stories Drive Growth

IRI's 2016 New Product Pacesetters, the industry-recognized benchmark analysis of exceptional first-year CPG sales success for newly launched products, recognizes top performers in food and beverage, non-food and convenience store sectors.

This detailed assessment will provide valuable perspective to enable accurate sales forecasts and a keen understanding of the broad impact of innovation done well.

These are IRI's 2016 New Product Pacesetters, textbook examples of innovation done right.



Many of Today's Most Powerful Launches Hail from Small CPG Companies

CPG Market Dynamics Are Evolving as Players Strive to Keep Pace with Changing Consumer Preferences

IRI has been conducting in-depth analysis of new product success for nearly a quarter of a century. The research provides a critical foundation for CPG marketers looking to launch successful brands. It allows CPG marketers to consistently meet the ever-changing needs and wants of consumers, and therefore it is critical to the ongoing success of the brand and the companies that manufacture and sell the brand.

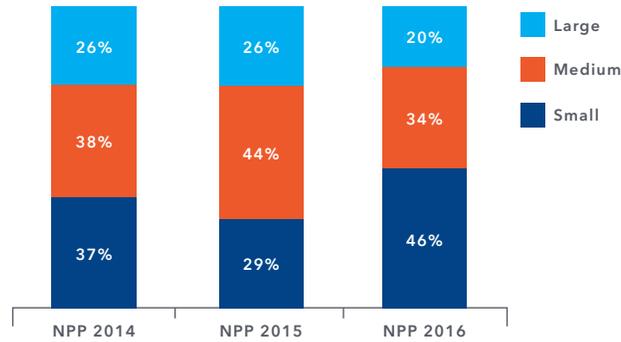
It is also an exceptionally complex process. Failure rates are painfully high, and the cost of failure is significant.

In a marketplace where consumers are in control and choices are virtually unlimited, CPG manufacturers take a cautious approach to new product innovation.

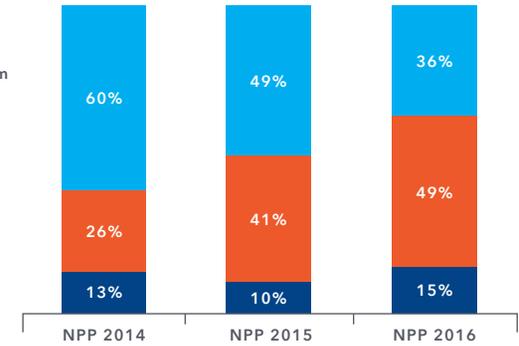
Gone are the days of fast and furious new product innovation. Here to stay is a more measured approach to new product development and launch.

The industry is being shaped by another important trend, too. Small and medium-sized players, many of whom are new to the CPG industry, are increasingly launching brands that rise to the ranks of IRI New Product Pacesetter. In 2016, small and medium manufacturers accounted for more than three-quarters of all New Product Pacesetter (NPP) companies and 64 percent of NPP dollars.

Composition of NPP Ranking by Company Size



Total NPP Dollars by Company Size



Source: IRI Market Advantage™, new products that completed their first year in calendar year 2016

The rise of the small to midsize manufacturers is having a profound impact on the CPG industry. Explored in detail in IRI/BCG's recent **Growth Leaders 2016** report, large and midsize players are actively pursuing mergers and acquisitions with smaller players to more deftly compete within key growth pockets.

The Clorox Company acquired Renew Life, a dietary health brand, and Burt's Bees, a personal care company. Campbell Soup Company acquired Garden Fresh Gourmet, Plum Organics, Kelsen Group and Bolthouse Farms. More recently, Unilever acquired Seventh Generation and Dollar Shave Club.

These acquisitions mark the evolution of an industry. While mass-market brands remain important, the industry is finding that sustainable growth and differentiation are found in a more personalized, niche-market approach to doing business.



Small and medium-sized manufacturers are increasingly rising to the ranks of IRI New Product Pacesetters.

CPGs Must Temper Year-One Sales Expectations

Personalization and Targeting Are Driving Down Year-One Sales Potential

The past several years have seen an escalation of empowerment, and digital media has been the catalyst.

Digital has made it easy to get and share information and experiences, anywhere and anytime. Out of necessity, consumers have become experts at filtering out information and experiences that don't resonate.

Today, consumers expect—even demand—information and experiences that are relevant to their personal needs and wants.

Through insights and expertise, CPG marketers have become adept at delivering targeted products and messages to consumers.

As a result, average year-one dollar sales from even the most impactful product launches are declining. This is not to say that \$100 million launches do not occur. Throughout the past decade of IRI New Product Pacesetters, a consistent core of 4 to 5 percent of NPP winners surpasses that significant milestone.

The brands in the middle of the pack are getting the squeeze as smaller, more targeted brands capture a growing share of Pacesetter dollar sales. Across top-selling 2014 brands, 58 percent of top launches earned \$20 to \$79 million in year-one sales. By 2016, that figure had fallen sharply, to just 28 percent of brands.

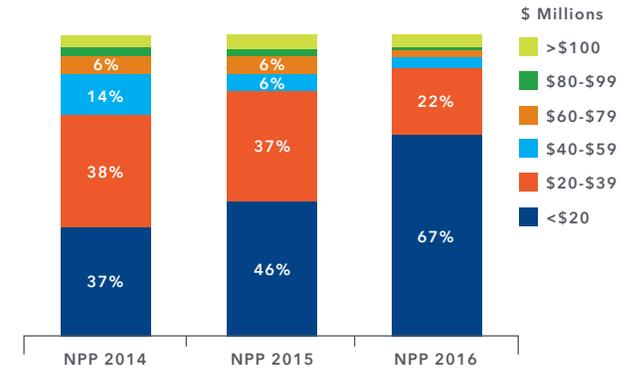
Meanwhile, the number of Pacesetters earning less than \$20 million in year-one sales nearly doubled between 2014 and 2016. This year, two-thirds of NPP 2016 brands earned less than \$20 million in their first full year on retail shelves.

From beverages to vitamins, CPG manufacturers are doing a phenomenal job delivering small and powerfully targeted solutions.

On the food and beverage side, customization is often about creating unexpected or novel—even local or artisan—experiences. Not Your Father's Root Beer, for instance, is a unique root beer-flavored beer. Snickers Crisper bars, meanwhile, offer flavor and texture experiences, delivering on the Snickers satisfaction pledge with the chew of caramel and the crunchy crispiness of rice and peanuts.

In non-food aisles, targeted solutions often address niche health and personal care goals. Top-launching skin care brand Garnier SkinActive, for instance, offers a range of products developed to simplify skin care and actively make skin look fresh and healthy, no matter the skin type. The brand's website offers a quick search feature that helps consumers pinpoint the right product and guidance on developing the ideal personalized skin care routine.

Year-One Sales Distribution



Source: IRI Market Advantage™, new products that completed their first year in calendar year 2016; Note: food and beverage median year-one sales excludes DairyPure milk.

Note: numbers may not add to 100% due to rounding.

Median Year-One Sales

Food & Beverage: **\$11.4M**

Non-Food: **\$17.6M**

Convenience Store: **\$21.9M**

Customization is often about creating unexpected or novel experiences.



Not Your Father's Root Beer is a unique root beer-flavored beer.

Personalization Is Driving Engagement

When It Resonates, Consumers Engage

Targeted solutions have a powerful impact on consumers. In addition to driving sales behavior, products that hit the mark increase the odds that shoppers will share their product experiences.

Garnier SkinActive had positive results from its interactive website and skin care tutorial. During the past year, social media mentions for the brand increased an average of 22 percent per quarter. Social media has a very powerful impact on brands. A recent study by Convince & Convert reveals that 53 percent of Americans who follow brands in social are more loyal to those brands.

Garnier SkinActive has benefited from brand loyalty. While only 5 percent of category buyers have tried the brand, one-third of triers became repeat purchasers. This loyalty helped propel the brand to the number three non-food launch in 2016.



Increased Loyalty
5% Trial
32% Repeat

Higher Brand Affinity
80% Positive Sentiment

Deeper Engagement
22% Avg. Quarterly Growth

Dial in on More Targeted Benefits to Intensify Impact

Technology-Enabled Personalization Is Powerful

Personalization is a huge theme across 2016's top-selling launches. Consumers want products that fit their everyday lifestyles and goals, and CPG manufacturers are delivering in spades.

The non-food sector saw a jump in powerful innovation that makes personal and hygiene solutions more personal with plenty of pizzazz along the way. Solutions that bring discretion to more personal issues are also making an impact.

Nine soap brands made the list, running on platforms of moisture-rich and sensory experiences. Old Spice Hardest Working Collection includes body washes for men that tout more cleansers, a thicker formula and more scent. For those struggling against dry skin issues, Dove Dry Oil beauty bar combines signature mild cleansers with a blend of one-quarter moisturizing cream and Moroccan argan oil to gently cleanse and care for the skin.

Taking care of life's more personal sanitary issues is becoming more manageable thanks to technological advances and new ingredients. Poise Impressa, for instance, is an innovative over-the-counter internal solution designed to help stop leaks before they happen, allowing women more confidence that their personal issue will stay personal.

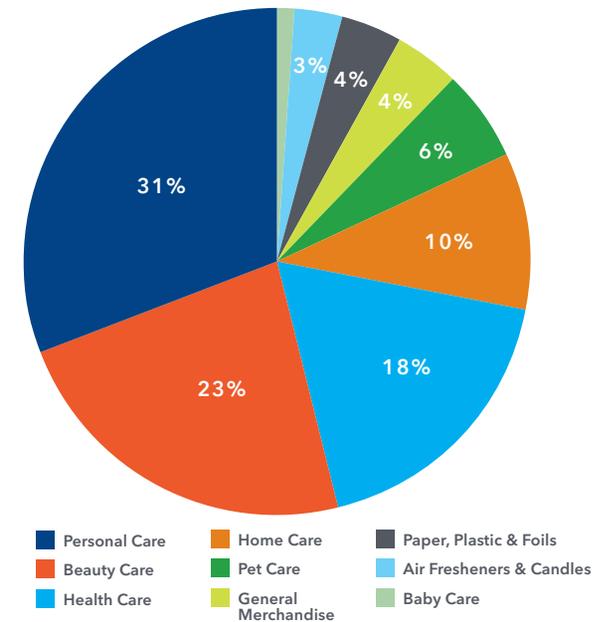
The beauty care sector, which consists of hair care, cosmetics and fragrances, accounted for nearly one-quarter of non-food Pacesetter dollar sales in 2016—a decline from 2015 despite the fact that more beauty products made the ranking this year, again demonstrating the increasingly targeted nature of many of today's most successful launches and the changing face of the U.S. population.

Among the largest launches in this sector is TRESemmé Botanique, a line of three different hair styling systems to help consumers tailor the perfect detoxing package to get hair back into balance.

The health care sector saw a decline in the number of Pacesetter-earning brands in 2016, but average launch size increased. The jump in average dollars earned in year one was attributable to the powerful over-the-counter transition of FLONASE, which earned \$317 million in its first over-the-counter year. Excluding FLONASE, average year-one dollar sales fell by nearly 60 percent, again due to the presence of more targeted product launches.

Theraflu ExpressMax, for instance, offers symptom-specific daytime and/or nighttime cold relief in a choice of caplet, syrup or powder form. For those with dry eyes, CLEAR CARE PLUS Plus offers powerful contact lens cleaning plus an exclusive HydraGlyde Moisture Matrix technology to keep lenses hydrated and feeling loved.

New CPG Product Launch by Non-Food Consumption Group



FLONASE made a powerful over-the-counter transition in 2016,

earning \$317 million in its first over-the-counter year.



Source: IRI Market Advantage™, new products that completed their first year in calendar year 2016

Prevention Has Become a Major Growth Lever

Helping Consumers Get Ahead Pays Off

Another significant change within the industry is the escalating integration of food and beverage into consumers’ overall healthy living plans.

CPG products have long played an important role in helping consumers treat and manage simple ailments and chronic conditions. Internal analgesics alleviate aches and pains to the tune of \$4.3 million in annual sales across IRI’s multi-outlet geography. Gastrointestinal products capture more than \$4 million annually for their role in easing digestive distress.

Prevention has always been on the radar screen, particularly in categories like sun care, flea and tick treatments, odor control, etc.

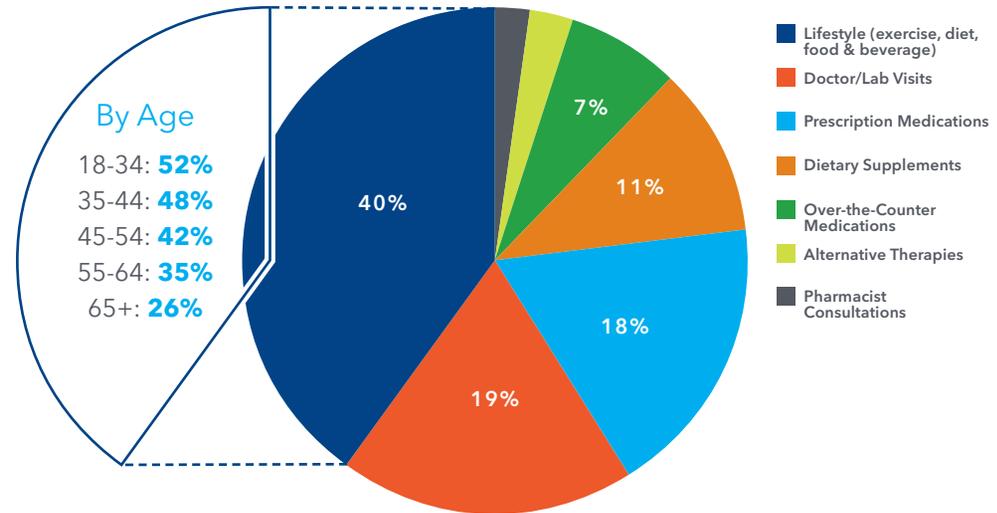
In recent years, though, new technologies and ingredients have helped to take prevention to a whole new level.

The anti-aging skin care market is worth about \$2 billion annually.¹ While this figure has declined during the past few years, the fall is thought to be the result of blurring between “pure” anti-aging products and skin care products that offer anti-aging properties.

Illustrated by the powerful entrance of 17 non-food brands with anti-aging properties, including Crest Pro-Health Advanced, AVEENO Absolutely Ageless and JERGENS Wet Skin, products that help consumers stay ahead of the aging curve are still very much on trend.

¹Source: Mintel, Facial Skincare and Anti-Aging, May 2016.

Most Critical to Taking Care of Overall Health



Source: Harnessing the Power of Self-Care to Drive Sustainable Growth, March 2017

Vitamins have always played a role in keeping consumers healthy. Innovation in this area is strong, bringing targeted solutions and exciting and/or convenient consumption options. Nature’s Bounty Optimal Solutions line, for instance, is now available in conventional tablets and capsules, as well as sticks, oils, gummies and liquids. This line combines the latest breakthroughs in nutritional science using pure and potent ingredients to provide consumers supplement options for an array of wellness goals, including ageless eyes, menopause support and healthy hair and nails.

The market for inside-out prevention and management of wellness-related issues is escalating. Today, 40 percent of consumers recognize that lifestyle—including diet and exercise—plays a key role in achieving health and wellness goals. As a result, solutions that embrace healthier ingredients, such as superfoods and protein, and eliminate less desirable and/or not-easily-understood ingredients, are really hitting the mark with shoppers.

Healthier Innovation Is Supporting Category Growth

Healthier-for-You Plus Is Driving Categories to New Levels

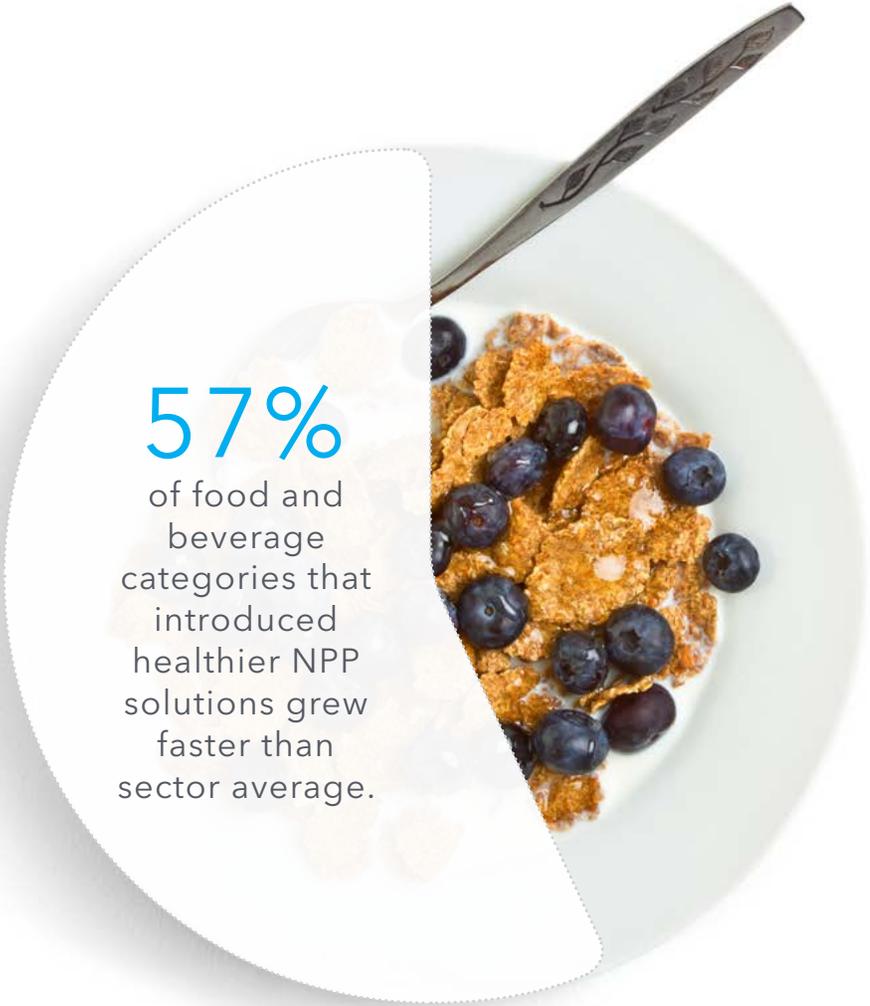
With the focus on supporting wellness through proactive measures, it's no surprise that categories that are innovating healthier-for-you solutions, particularly those that combine healthier with another sought-after benefit, such as convenience or taste experiences, are seeing solid growth.

Of the 100 food and beverage brands that achieved Pacesetter status, 47 touted healthier-for-you attributes. Including DairyPure milk, these brands accounted for 67 percent of food and beverage Pacesetter dollars (48 percent, excluding DairyPure).

Categories that are focused on healthier-for-you innovation are enjoying outsized growth. In calendar year 2016, the food and beverage sector saw dollar sales increase 0.6 percent. Fifty-seven percent of food and beverage categories that introduced healthier NPP solutions grew faster than sector average, with some outperforming by a wide margin.

Refrigerated lunches saw dollar sales increase 12.6 percent in 2016, supported by the success of Sargento Balanced Breaks, a grab-and-go, single-serve portion of cheese, fruit and nuts to give you up to eight grams of protein and some really happy taste buds.

The Path of Life line of frozen vegetable side dishes supported 11 percent growth for its category as a quick and easy gourmet side dish that is sure to elevate any meal.



57%
of food and beverage categories that introduced healthier NPP solutions grew faster than sector average.

Dollar Sales Change vs. Year Ago

12.6%
Refrigerated Lunches

11.0%
Frozen Side Dishes

8.1%
Bottled Water

7.9%
RTD Coffee /Tea

7.9%
Refrigerated Pickles/Relish

CPGs Must Invest to Understand the "Why Behind the Buy"

Dietary Mindset Determines New Product Consideration Set

In the spirit of living long and well, four out of 10 U.S. consumers follow what they consider to be healthy eating plans. Some follow the 80/20 rule, eating healthy 80 percent of the time and allowing 20 percent for indulgences, while others follow a strict healthy-eating diet. Another 37 percent of consumers follow a 50/50 split of healthy eating and indulging. The rest of Americans generally make dietary decisions with little or no consideration to nutritional value or caloric intake.

While value is a critical consideration for nearly everyone, other new product considerations are heavily impacted by dietary mindset.

Free eaters, for instance, seek convenience and ease above most other considerations. Healthy eaters, in contrast, are looking for solutions that help them achieve their nutritional goals. They want fresh, unprocessed foods that are filling and nutritious. They have an eye for key "watch out" ingredients, such as sugar.

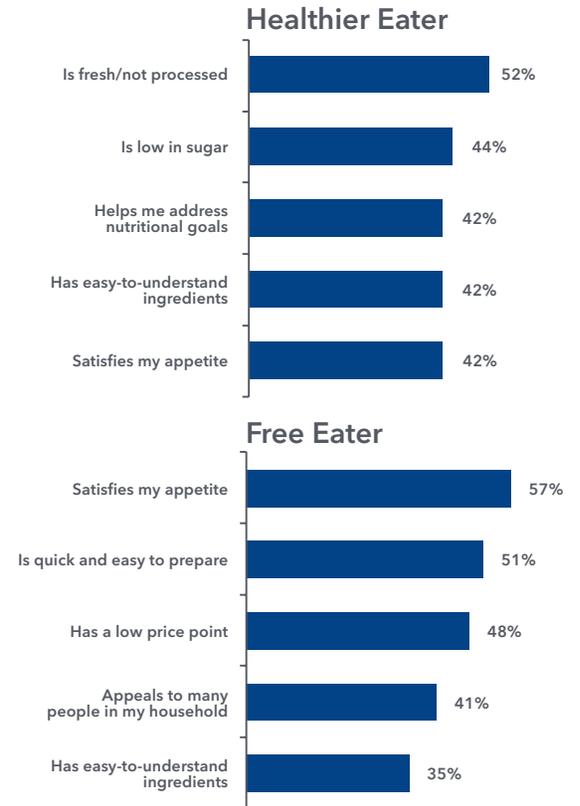
A pervasive trend across healthy and free eaters alike is the desire for transparency. Throughout this report, it is evident that simple is better. Consumers want to understand what they are putting in their bodies and feeding their loved ones. The responsibility for explaining where ingredients come from and why they are important stands with CPG marketers. Communicating these things in a way that is easy for target consumers to understand is essential.

The quest for simplicity transcends CPG aisles. Thirty-three percent of consumers want health care products with easy-to-understand ingredients. One-quarter want to be able to understand what goes into their beauty care products.

The quest for simplicity includes a desire for products that are natural and/or organic, too. One in five consumers look for new home care products that are formulated with natural ingredients. Twenty-two percent of pet owners seek new pet foods that are natural or organic.

Simplicity and transparency are explored in more detail later in this report.

Factors Influencing New Product Consideration Set – % of Consumers



Note: healthy eater follows a strict diet or is conscientious about eating behaviors 80 percent of the time and allows for indulgences the other 20 percent; free eater eats with little consideration of nutritional or caloric intake.



Simple and nature-derived ingredients are in demand.

Delivery Against Personal Priorities Is Essential

Products That Reflect Personal Preferences Are Meaningful and Engaging

Marketers have long talked of the importance of the “four P’s of marketing”—product, promotion, price and place (distribution). Innovation, of course, spans each of these, as it is up to marketers to continually adjust several or all of the elements to stay in lock-step with consumer wants and behaviors.

The top launches of 2016 highlight three P’s of successful innovation—prevention, personalization and pizzazz. These elements are highlighted throughout this report, as each plays an essential role in driving awareness and engagement.

Personalization is perhaps one of the most talked-about phenomena in marketing today. It is critical because of the sheer volume of information in front of people at any time.

Consumers have become experts at ignoring that which does not resonate with them. This tendency applies to consumer goods as much as it does to information.

Pizzazz is tightly tied to personalization. Consumers want products with pizzazz—solutions that engage their attention and enrich their lives. They want a moment of relaxation and/or excitement in an all-too-often tumultuous world—flavors and textures that excite, lotions that soothe or stimulate the senses, hair care solutions that calm, curl and cure. The list goes on, and each person has a uniquely personal definition of pizzazz.

Prevention is also tied to personalization. Illustrated earlier, consumers want to look and feel great, and many realize that lifestyle plays an important role in making this happen.

Wellness goals and challenges are very personal—no two people are alike.

Thankfully, technology and know-how are allowing CPG marketers to not only understand consumer needs and wants, but also respond to them more effectively than ever before.

The pages that follow provide insight into the products that are bringing consumers exactly what they want: prevention, personalization and pizzazz.

2016 was all about **3 P's** of successful innovation.

PREVENTION
PERSONALIZATION
PIZZAZZ!



Transparency Is Highly Sought After

Consumers Want to Understand What’s “Under the Hood”

Mentioned earlier in this report, many consumers recognize the importance diet and exercise play in ensuring overall wellness. In fact, healthfulness rates among the highest influencers in driving interest in new food and beverage products for 70 percent of the population, topped only by taste (93 percent) and price (83 percent).

CPG manufacturers are doing a phenomenal job in providing healthier-for-you options that address a wide array of goals and preferences.

Antibiotic-free (ABF) foods are becoming increasingly popular, particular in meat, poultry and dairy products. DairyPure, this year’s top beverage launch, is an example of an ABF solution that’s hitting the mark.

Simpler ingredients, including natural, organic and non-GMO, are also quite sought-after in grocery aisles today.

Good2grow juice and Orchard Valley Harvest tap into these high-growth sectors. And pet food manufacturers are introducing more natural solutions for furry household members, too. Purely Fancy Feast and CESAR HOME DELIGHTS use real meats and vegetables to create irresistible options for even the pickiest pet palates.

CPG marketers are also wrapping more healthful ingredients into solutions across food and beverage and non-food aisles. Omega-3s, superfoods, fruits and vegetables and more are boosting nutritional punch across the board.

In hair care, for instance, the Suave Professionals Coconut Oil Infusion line is infused with pure coconut oil to visibly repair damage without weighing hair down. To nourish from the inside, out, Centrum MultiGummies is a great-tasting, easy-to-take multivitamin supplement designed to provide key nutrients that help support energy, immunity and metabolism.

In beverage aisles, Bai Bubbles are flavor-infused with antioxidants for a carbonated twist and are free from artificial sweeteners, to bring your taste buds right to flavor heaven. And in bars, KIND breakfast bars are made with a unique blend of ingredients, including five super grains, and packed with at least 19 grams of protein to start your day right.



Better-for-You

- Removal of Less Desirable Ingredients
- Simpler Ingredients



Natural & Organic

- Non-GMO
- Antibiotic-Free



Healthful Ingredients

- Omega-3s
- Fiber & Protein
- Fruits & Vegetables
- Superfoods



The Only National Fresh Dairy Brand Backed by an Exclusive 5-Point Purity Promise

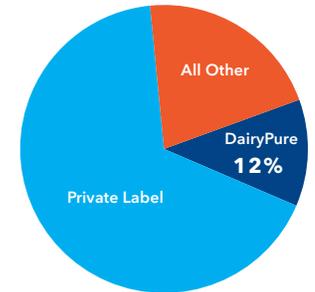
DairyPure® Breaks IRI New Product Pacesetter Year-One Sales Record
 In May 2015, Dean Foods Company introduced the country's first national branded fresh white milk, DairyPure. The brand is the result of a consolidation of a number of regional brands. To ensure consistency and purity, regional dairies are required to meet stringent sourcing, processing and testing procedures, consistent with DairyPure's Five-Point Purity Promise. DairyPure is currently consumed by 42 percent of U.S. households and is the leading national white milk brand across IRI's multi-outlet and convenience store geographies.



- ✓ no artificial growth hormones
- ✓ tested for antibiotics
- ✓ continually quality tested to ensure purity
- ✓ only from cows fed a nutritious diet
- ✓ cold shipped fresh



Dollar Share of White Milk Sales MULO



Dollar share of white milk sales in convenience is 34 percent.

The Power of Promotion

\$18 million in total marketing spend
\$15 million in media

Reach = more than 80%
 of core dairy consumers

Frequency = 22 times in 2016

Equity: 31 trusted regional brands and an exclusive 5-point purity promise

“Our exclusive 5-Point Purity Promise gives consumers confidence they are giving their family the purest and most wholesome milk possible.”

– John Scandrett, Director of Marketing, DairyPure®

MULO Year-One Sales:

\$1,163.1M

Convenience Year-One Sales:

\$385.9M

All Outlet Trial: **33%** | All Outlet Repeat: **73%** | MULO ACV: **59%**

Transparency and Simplicity...

- **Efficiency:** Reduce number of UPCs in distribution by more than 65 percent
 - » Focus spending on one brand and one message
- **Messaging:** clear and concise positioning; singular message
- **Economy of Scale:** springboard for Dean Foods to expand to other dairy categories

...Yield Results

Increase Customer Value: It's Quality, Not Just Quantity.

- Retained buyers increased volume purchased, driving first volume-per-buyer increase in two years
- Retained buyers bought more units
- Buyer turnover declined

Balancing Healthier and Indulgent Desires Is Essential

CPGs Must Bring a Solution-Oriented Mindset to Food and Beverage Innovation

As witnessed in recent history, convenience has become table stakes for competing successfully in the CPG arena. This holds true today, as successful brands look across aisles and even to the restaurant world for inspirations for convenient new product launches.

It was a strong year for dinner solutions, which boasts 14 Pacesetter brands in this year's ranking, versus 9 in 2015.

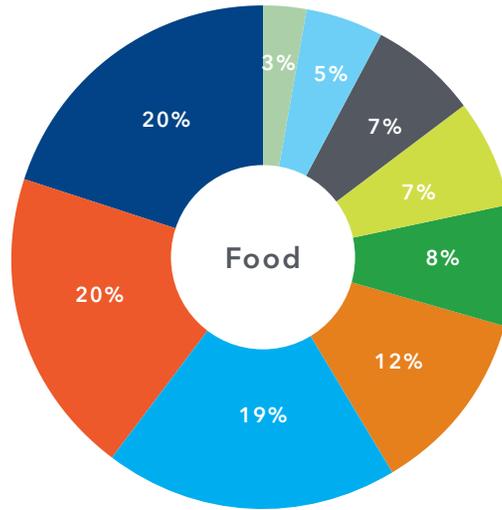
Many dinner solutions manufacturers are taking advantage of new technologies and ingredients that make healthy eating fast, easy and delicious.

The largest nutrition-focused launch in this sector is Stouffer's Fit Kitchen, a line of freshly made frozen meals that is packed with protein and ready in minutes. With flavors like bourbon steak and roasted chicken, these heat-and-eat meals are overflowing with bold flavor and are ready in a flash.

Even though wellness is a key focus for many Americans these days, the desire for indulgences—at least occasionally—remains strong.

Indulgence, too, is allowing for powerful restaurant-feel dinner solutions launches. Screamin' Sicilian Pizza offers a fast and delicious taste bud-assaulting stomach party. For those looking for instant comfort food, VELVEETA Cheesy Bowls require 60 seconds to heat, add "Liquid Gold" and enjoy.

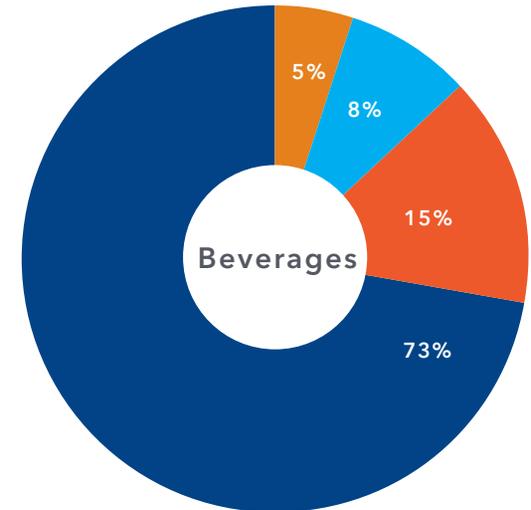
New CPG Product Launch by Food & Beverage Consumption Group



- Light Meals, Appetizers
- Sweet Snacks
- Candy & Gum
- Breakfast Solutions
- Sauces, Dressings, Condiments
- Salty Snacks
- Desserts
- Baby Food

The sweet snacks sector is also providing powerful new options in indulgence. While there were only four sweet snack Pacesetter brands this year, down from seven in 2015, some of these brands made a really big splash in the market by offering indulgence with a healthier-for-you twist.

Nabisco introduced OREO Thins, the number three launch for the year, capturing more than \$110 million in year-one sales. Though OREO Thins are indulgent, this launch offers a light new twist on a classic favorite, packing traditional OREO flavors into a delicate new cookie with a crispier texture, fewer crumbs and fewer calories.



- Carbonated, Sports & Energy Drinks
- Beer, Wine & Spirits
- Juice, Milk & Water
- Coffee & Tea

Meanwhile, from a smaller player, Lenny & Larry's, comes the Complete Cookie, a line of cookies that is free from high-fructose corn syrup, artificial flavors and more. The line is vegan, kosher and soy-free, and coupled with incredible taste and texture.

42% of consumers say statements regarding sustainability favorably impact their interest new food and beverage products.



Enrich and Excite Consumers with Solutions that Surprise and Pamper

Indulgence



Sensory Stimulation



Excitement



Pampering



Glamour

When it comes to eating and drinking...

37%

of consumers splurge about half the time

26%

of consumers make room in their diet for occasional treats

22%

of consumers eat with little or no consideration of nutritional or caloric intake

In non-food aisles...

17%

of consumers seek new beauty products that help them save on trips to the spa/salon

8%

of consumers seek new home products that help them relax

Simple Indulgences Allow Consumers to Live Well for Less

The quest for indulgence takes many forms, posing opportunities across CPG aisles. In many instances, CPG-based indulgences allow consumers smart splurges—a little coddling at a cost-effective price point.

In non-food aisles, indulgences take the form of pampering and added glam (17 percent of consumers are on the lookout for new beauty products that help them save on a salon price tag) and relaxation (8 percent of consumers want home products that help them relax).

PedEgg Power allows users to say goodbye to rough, dry, callused feet, leaving smooth and beautiful skin. Febreze brought to market two NPP brands, each focusing on making the home guest-ready, even in small spaces.

In food and beverage aisles, consumers want restaurant flavors at home prices and excitement that adds pizzazz to everyday eating experiences. BON APPÉTIT pizzas are gourmet pizzas made with the finest ingredients, including a thin, made-from-scratch crust.

And for consumers looking to get nutty and get snacking, HERSHEY'S Snack Mix offers flavor and texture excitement in a sweet-and-salty mix with HERSHEY'S milk chocolate bar minis, pretzels and almonds.

Another important type of indulgence is found in olfactory experiences, which found a great following across IRI's 2016 New Product Pacesetters.

And Entice with Sensory Experiences

Bringing Experiences Without Sacrificing Performance Is Key

Sixteen of the 100 largest non-food launches offer consumers an olfactory experience. These brands cut across non-food departments, bringing stimulation and relaxation to everyday tasks.

As evidenced in the recent past, CPG manufacturers continue to find success with solutions that allow consumers to express their individuality.

Old Spice Fresher Collection “has guys smelling better and manlier than the great outdoors” with inspiration from the freshest ingredients in nature, including timber, amber and citron.

American Home by Yankee Candle offers different ways to put just the right scent into the home with a variety of forms and sizes to ensure a perfect fit. From large-jar candles to fragranced wax cubes, consumers have the opportunity to find just the right match for their personal style.

Earlier in this report, the call for natural ingredients across food and beverage aisles was explored. This trend holds true in the non-food sector as well, including nature-inspired scents and remedies.

Nature’s Bounty Earthly Elements is an exotic array of botanical oils that can be diffused, inhaled or applied topically. In addition to use in a traditional infuser, they can be used in the bath, for massage and as a beauty or household cleaning ingredient.

In personal care, Caress Forever Collection line features floral, fruity and woody scents that are released through fragrance touch technology that emits bursts of perfume with every touch of your skin, leaving you unforgettably fragrant for up to 12 hours.

Of course, sensory experiences do not negate the need for performance, so tying scent to other important benefits is really hitting the mark.

Tide PODS Plus Febreze provide four benefits—clean, brighten, fight stains and freshen—in one packet, providing a wonderfully convenient scent experience that lasts all day.

OGX Quenching + Coconut Curls uses exotic and sustainable ingredients to nourish strands, boost spirals and reduce flyaways for perfect frizz-free curls that smell as great as they look.

Sixteen of the 100 largest non-food launches offer consumers an olfactory experience.



Top 10 Pacesetters: Food & Beverage

Food and beverage solutions that tap into more targeted consumer preferences are hitting the mark.

1 DairyPure



Milk
\$1,163.1_M

TRIAL: 33%
REPEAT: 73%
ACV: 59%

2 Dunkin' Donuts K-Cups



Coffee
\$204.1_M

TRIAL: 8%
REPEAT: 51%
ACV: 91%

3 Not Your Father's Root Beer



Beer/Ale/Alcoholic Cider
\$114.6_M

TRIAL: 9%
REPEAT: 38%
ACV: 71%

4 OREO Thins



Cookies
\$110.2_M

TRIAL: 14%
REPEAT: 38%
ACV: 94%

5 Artesano



Fresh Bread & Rolls
\$102.4_M

TRIAL: 11%
REPEAT: 43%
ACV: 91%

6 Screamin' Sicilian



Fz. Pizza
\$73.2_M

TRIAL: 5%
REPEAT: 34%
ACV: 71%

7 Oscar Mayer Natural



Luncheon Meats
\$61.8_M

TRIAL: 5%
REPEAT: 39%
ACV: 78%

8 DairyPure Creamers



Creams/Creamers
\$54.9_M

TRIAL: 8%
REPEAT: 48%
ACV: 33%

9 Sargento Balanced Breaks



Rfg. Lunches
\$54.2_M

TRIAL: 11%
REPEAT: 42%
ACV: 74%

10 Henry's Hard Soda



Beer/Ale/Alcoholic Cider
\$50.3_M

TRIAL: 5%
REPEAT: 29%
ACV: 67%

Source: IRI Market Advantage™, new products that completed their first year in calendar year 2016. Note: All outlet ACV; MULO trial and repeat.

Top 10 Pacesetters: Non-Food

Tapping into new technology and ingredients to dial in on personal needs and preferences is key to new product success across non-food aisles.

1

FLONASE



Nasal Products

\$316.5_M

TRIAL: 22%

REPEAT: 45%

ACV: 94%

2

Gillette Fusion ProShield



Razors, Blades

\$144.9_M

TRIAL: 5%

REPEAT: 31%

ACV: 89%

3

Garnier SkinActive



Skin Care, Facial Cosmetics

\$117.5_M

TRIAL: 5%

REPEAT: 32%

ACV: 88%

4

Tide PODS Plus Febreze



Laundry Detergent

\$87.3_M

TRIAL: 3%

REPEAT: 43%

ACV: 84%

5

Crest Pro-Health Advanced

Mouthwash, Toothpaste

\$80.1_M

TRIAL: 8%

REPEAT: 35%

ACV: 85%



6

The Pioneer Woman Collection

Culinary

\$79.1_M

TRIAL: 0.2%

REPEAT: 2%

ACV: 47%



7

Persil ProClean

Laundry Detergent

\$63.2_M

TRIAL: 3%

REPEAT: 33%

ACV: 66%



8

CESAR HOME DELIGHTS



Pet Food

\$45.2_M

TRIAL: 4%

REPEAT: 58%

ACV: 85%

9

Tampax Pocket Pearl



Sanitary Napkins/Tampons

\$41.9_M

TRIAL: 5%

REPEAT: 39%

ACV: 81%

10

Old Spice Fresher Collection



Deodorant, Soap, Shampoo

\$39.0_M

TRIAL: 3%

REPEAT: 43%

ACV: 77%

Source: IRI Market Advantage™, new products that completed their first year in calendar year 2016. Note: All outlet ACV; MULO trial and repeat.

Top 10 Pacesetters: Convenience Store Brands

Successful convenience store innovation continues to feed the quest for indulgence, but solutions are becoming more personal and healthful.

1	DairyPure		Milk \$385.9 _M
4	Nut Harvest		Snack Nuts \$60.2 _M
7	Rockstar Freeze		Energy Drinks \$51.7 _M
10	AMP Energy Zero		Energy Drinks \$25.0 _M

2	Red Bull The Summer Edition		Energy Drinks \$149.0 _M
---	-----------------------------	---	---------------------------------------

3	Quest Bar		Snack/Granola Bars \$78.4 _M
---	-----------	---	---

5	BODYARMOR		Sports Drinks \$55.0 _M
---	-----------	--	--------------------------------------

6	Rockstar BOOM!		Energy Drinks \$53.3 _M
---	----------------	--	--------------------------------------

8	Not Your Father's Root Beer		Beer/Ale/Alcoholic Cider \$44.2 _M
---	-----------------------------	---	---

9	Monster Energy Ultra Black		Energy Drinks \$39.5 _M
---	----------------------------	---	--------------------------------------

Source: IRI Market Advantage™, new products that completed their first year in calendar year 2016.

Rising Stars: Food & Beverage

Food and beverage manufacturers are turning up the pizzazz with quick and easy, full-flavor solutions.

★ Cracker Barrel Macaroni & Cheese
 Dry Packaged Dinners



★ GOOD THINS
 Crackers



★ Mountain Dew Pitch Black
 Carbonated Beverages



★ SmartMade Frozen Meals
 Fz. Dinners/Entrees



★ DEVOUR
 Fz. Dinners/Entrees



★ Drink Chobani
 Yogurt



★ Hillshire Snacking
 Rfg. Lunches, Processed Poultry



★ Jimmy Dean Delights Frittatas
 Fz. Breakfast Food



★ NATURE'S OWN LIFE
 Fresh Bread & Rolls



★ Nestlé Splash
 Bottled Water



Source: IRI Market Advantage™, new products that will complete their first year in calendar year 2017.

Rising Stars: Non-Food

Empowerment is a key driver of non-food CPG success.

<p>★ Copper Chef</p> <p>Culinary</p> 	<p>★ Garnier Whole Blends</p> <p>Shampoo, Hair Conditioner</p> 	<p>★ all POWERCORE Pacs</p> <p>Laundry Detergent</p> 
<p>★ Mucinex Fast-Max/Sinus-Max Clear & Cool</p> <p>Cold/Allergy/Sinus Liquids</p> 	<p>★ Olay Eyes</p> <p>Skin Care</p> 	<p>★ Gotham Steel</p> <p>Culinary</p> 
<p>★ Red Copper</p> <p>Culinary</p> 	<p>★ Select by Calphalon</p> <p>Culinary</p> 	<p>★ Rachael Ray Nutrish DISH</p> <p>Pet Food</p> 
		<p>★ Simply Straight</p> <p>Hair Appliances</p> 

Source: IRI Market Advantage™, new products that will complete their first year in calendar year 2017.

IRI TOOLS

Quicken Your Pace

Robust and people-smart: this describes our powerful suite of analytical and decision-making tools for consumer marketers and their brands. Learn about our breadth; don't hesitate to contact Tom Juetten in IRI's New Product Innovation Practice: Thomas.Juetten@IRIworldwide.com or +1 312.662.2616.

IRI NEW PRODUCT PROFILER™

Employs a database of the strongest new product introductions since 2002 to help you identify and analyze critical success factors, plan product launches and set realistic goals with confidence.

IRI CONCEPT TESTING

Screens and accurately forecasts new product ideas in two days or less, at a fraction of industry-standard costs.

ADVANCED SEGMENTATION

These solutions help you segment efficiently and target powerfully by identifying, quantifying and tracking distinct consumer/shopper groups who share attitudes—and purchase behaviors.

IRI SHOPPERSIGHTS™

Innovatively segments and targets for unmatched optimization of promotion, media and retail-specific marketing programs at the household and store levels.

HENDRY MARKET STRUCTURES™

Helps you forecast innovation opportunities in existing categories and white-space segments. Synthesize shopper behavior, attitudes and usage data to innovate early and accurately. You increase overall success and avoid expensive failure.

IRI ATTITUDELINK™

Generates powerful attitudinal surveys within the IRI Consumer Network™ panel, linking longitudinal purchasing behavior to underlying consumer needs and attitudes—something general market surveys can't do.

IRI INNOVATION SOLUTIONS TEAM

Increases the odds of new product success and mitigates the risk of bad decisions by leveraging IRI's shopper behavior-based innovation and new product solutions, which support the entire innovation process from white-space identification to post-launch assessment.

ABOUT NEW PRODUCT PACESETTERS

IRI has a long history of celebrating the consumer packaged goods (CPG) industry's most powerful brand launches. It's a celebration that is rich with iconic brands and game-changing innovations, brought to market by behemoths, such as Procter & Gamble and PepsiCo, and new market entrants, including TruRx and Chobani. It's a celebration that gives innovators inside and outside the CPG industry an opportunity to learn from the best of the best in new product innovation.

IRI's New Product Pacesetters is a celebration of harvesting the fruits of innovation done right.

ABOUT THE AUTHORS

Larry Levin is the executive vice president of business development in the Chicago office of IRI. You may contact him by email at Larry.Levin@iriworldwide.com.

Susan Viamari is the vice president of thought leadership in the Chicago office of IRI. You may contact her by email at Susan.Viamari@iriworldwide.com.

ACKNOWLEDGEMENTS

Contributors to the development and analysis of this report include Claudia Burgos, Ryan Stredney and Erica Yu, new product specialists in the Chicago office of IRI.

IRI NEW PRODUCT PACESETTERS CRITERIA

- Complete a full year of sales in calendar year 2016 (brands that complete year one in 2017 qualify for Rising Star status)
- Begin tracking year-one sales after 30% ACV weighted distribution achieved across multi-outlet geography; product must maintain 30%+ ACV at completion of year one
- New Product Pacesetters are the Top 100 new banners (for each, food and beverage and non-food) based on year-one sales across multi-outlet geography
- Multi-outlet = supermarkets, drugstores, mass-market retailers, military commissaries and select club and dollar retail chains



IRi

Growth delivered.

About IRI

IRI is a leading provider of big data, predictive analytics and forward-looking insights that help CPG, OTC health care, retail and media companies to grow. With the largest repository of purchase, media, social, causal and loyalty data, all integrated on an on-demand cloud-based technology platform, IRI guides over 5,000 clients globally in their quests to remain relentlessly relevant, capture market share, connect with consumers and deliver growth. www.IRIworldwide.com

Corporate Headquarters: 150 North Clinton St., Chicago, IL 60661, USA, (312) 726-1221

Copyright ©2017 Information Resources, Inc. (IRI). All rights reserved. IRI, the IRI logo and the names of IRI products and services referenced herein are either trademarks or registered trademarks of IRI. All other trademarks are the property of their respective owners.

