

2012 IRI New Product Pacesetters

Pacesetters 100: The Fuel to Accelerate Growth

NEW PRODUCT
PACESETTERS



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APRIL 2013



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Growth delivered.



New Product Pacesetters: The Innovation Infusion

When I wrote this letter last year, the economy was just beginning to show a rejuvenated pulse. Today, the economy is clearly stronger than 12 months ago, but it remains fragile in many ways, partially because consumers and shoppers have adopted a new, value-oriented mindset. Countries around the world are facing mixed economic prospects for 2013, and the global economic unrest could easily tip the delicate economic balance that, at least today, exists in the United States.

Behaviors displayed by many of today's shoppers reflect the economy at large: feeling more optimistic about their prospects, but holding onto the frugal mindsets and practices left over from the recession. This year's New Product Pacesetters results bring these seemingly contradictory behaviors to life and demonstrate the power that consumer-centric innovation has in driving revenue growth for CPG marketers.



The 2012 New Product Pacesetters report brings new granularity to the trends that are supporting growth within the CPG industry. IRI's measurement of new brand launches now goes beyond the doors of traditional grocery, drug, and mass channels and paints a fuller, more complete picture by inviting dollar and club channels as well as Walmart and military commissaries to contribute their collective share of dollars. This new, broader look at the CPG landscape is called IRI's multi-outlet geography and provides a full 54 percent more coverage, reflecting total annual retail sales of more than \$1 trillion.

We are releasing this year's New Product Pacesetters report during the 2013 IRI Summit conference. This year's theme, "Activate Your Growth Engine," represents an expanded focus on the information, analytics, marketing and metrics solutions to facilitate and accelerate growth among CPG, retail and over-the-counter healthcare companies. It's a fitting environment for the release of our latest report, for many of the most powerful Pacesetters of 2012 used their launches to successfully activate growth within their own brands, categories and companies. We will illustrate this throughout our report.

IRI will continue to identify the dynamics of our industry as they shift monthly and even weekly, and report back to you. Just as collaboration is a key to maximizing revenue and growth potential, we hope you will share your thoughts, observations and successes in days and weeks ahead.

A handwritten signature in black ink that reads 'Larry Levin'.

Larry Levin
Executive, General Manager, Insights and Thought Leadership
Information Resources, Inc.



\$39.5 MILLION

Average Year-One Sales
Across 2012 IRI New
Product Pacesetters



Deliver More

Convenience, plus...

Cross-Occasion Eating

Proactive Wellness

Intelligent Indulgence

Fountain of Youth

More Results, Less Effort

Wholesome & Holistic



Average *incremental* sales achieved
by MULO distribution, versus
traditional FDMx distribution

86% Among Top 10
Non-Food
Pacesetters

62% Among Top 10
Food & Beverage
Pacesetters



2012 Top Food & Beverage
Dannon Oikos
\$283.8 million



2012 Top Convenience
Channel
Bud Light Platinum
\$224.5 million



2012 Top Non-Food
Allegra
\$342.6 million

Innovation
Delivers Growth

2012: Key Impact Areas

| Usage Group | % 2012 Pacesetter Dollars* | % 2012 Total CPG \$ Sales | Usage Group Growth 2009-2012 |
|---------------------|----------------------------|---------------------------|------------------------------|
| Coffee & Teas | 33% | 15% | +31% |
| Breakfast Solutions | 32% | 13% | +12% |
| Personal Hygiene | 26% | 16% | +7% |
| Beauty Care | 22% | 9% | +11% |
| Pet Care | 26% | 10% | +6% |

*Pacesetter \$ Sales of Usage Group / CPG \$ Sales of Food, Beverage, or Non-Food Usage Group

2012 New Product Pacesetters are
top 100 food and beverage and top
100 non-food launches of 2012



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Introduction

Throughout the past several years, the United States weathered a wide variety of storms, both literally and figuratively.

The Great Recession was followed by a long and very unsteady recovery, a recovery trekking through a minefield of potential catastrophe, including the debt-ceiling crisis and the recent sequestration. All the while, employment and underemployment continue to be a considerable challenge, and gas prices are once again inflated, leaving consumers tentative about today's economy.

Mother Nature has unleashed her own flurry of storms. Drought conditions, hurricanes and super storms around the world in recent years have dealt a sizable blow to crops, driving up cost of inputs and, ultimately, consumer prices.

It has unquestionably been a challenging environment for consumers and consumer packaged goods (CPG) marketers alike.

Today, nearly one-quarter of consumers are having difficulty paying for their regular groceries—this figure has remained largely unchanged during much of the past two years. Among some struggling consumers that figure is higher. One-third of millennials, for instance, are having difficulty making ends meet, many by virtue of not being able to find a job.

It is not surprising, then, that consumers continue on a relentless pursuit for value. They simply have no money to waste on products that do not provide value.

It's critical for CPG marketers to understand, though, that value does not necessarily mean CHEAP. In the end, value means different things to different consumers, and it means different things across different categories. But, a fair summary of value is a product that effectively meets consumers' needs at a reasonable price tag. Simply, a product that does something to enrich one's life!

Explored throughout this report, CPG marketers are successfully embracing "the new," whether it's ingredients, technologies and ideas, to deliver enhanced value to consumers and drive growth across their own brands.

Discussed in earlier New Product Pacesetter reports, success is not confined to the "big players" in the industry. Smaller companies can, and do, play a big role in driving industry change by bringing to market unique products that really identify and deliver against critical consumer needs and wants.

After all, big or small, to be successful, innovation must be built to serve and satisfy consumers' hearts and minds.

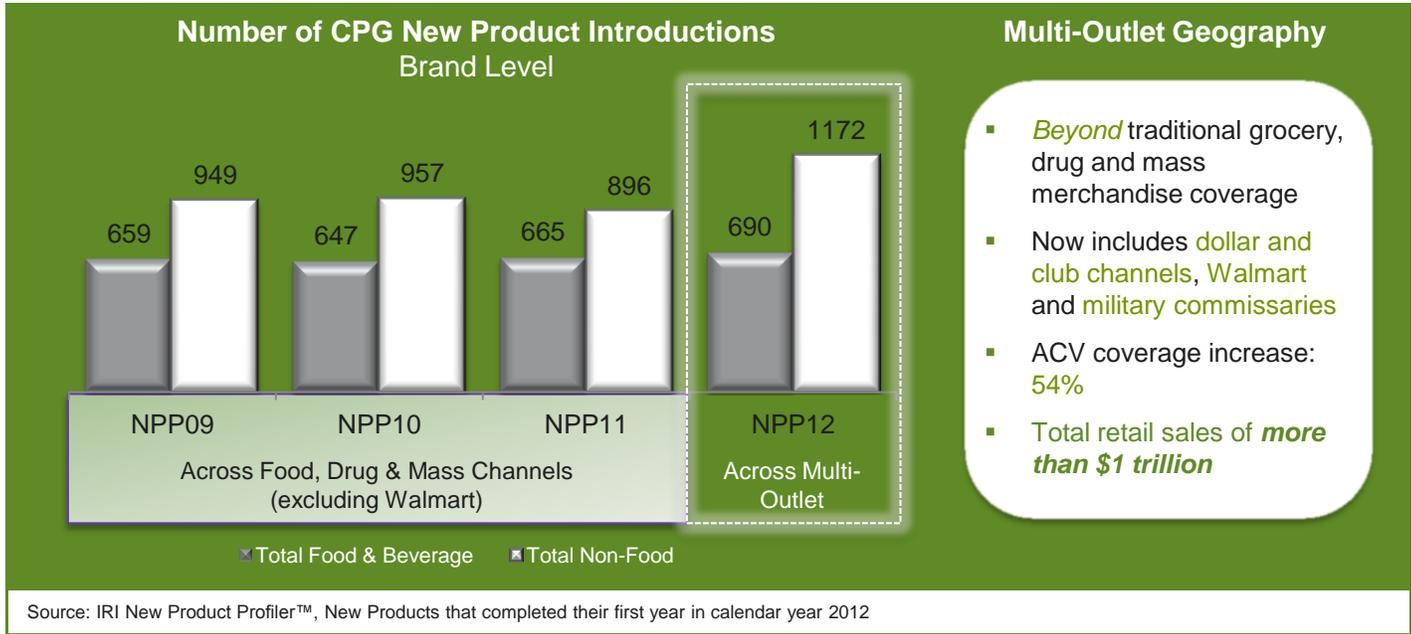
This report provides insights into the most powerful CPG product launches of 2011 and 2012, and reveals some of the key secrets that led to their successes. These products are best-in-class examples of how to beat the daunting new product odds.

IRI New Product Pacesetters Criteria

- Complete a full year of sales in calendar 2012 (brands that complete year one in 2013 qualify for Rising Star status)
- Begin tracking year-one sales after 30% ACV weighted distribution achieved across multi-outlet geography
- New Product Pacesetters are the **Top 100** new banners (food and beverage and non-food) based on year-one sales across multi-outlet geography
- Multi-Outlet = grocery, drug, mass, dollar, club and convenience channels, plus Walmart, including Sam's & BJ's Club Stores, and military commissaries



Overview



CPG marketers cranked out nearly 1,900 new products in 2012, with the non-food segment outpacing food and beverage by a wide margin.

The economy continues to heavily influence the evolution of the CPG arena and, for several years, economic forces have influenced marketers to take a more focused approach to new product innovation. But, even throughout the downturn, consumers have been hungry for new products—products that will make their lives easier, more exciting, and more rewarding.

According to IRI's 2013 New Products Survey, 20% of consumers are "always" looking for new products to try. Among some consumers, including those that are feeling confident in their financial position and millennials, the pursuit of new products is even stronger.

To serve these and other important consumer segments and, hopefully, infuse new growth in their brands, CPG marketers remain bullish on new product innovation as a catalyst to revenue acceleration.

In 2011-2012, nearly 1,900 new CPG brands hit retail shelves across the U.S. multi-outlet geography. All told, this geography represents more than \$1 trillion in packaged goods retail sales through major CPG channels, including traditional grocery, drug and mass market retailers, as well as sales from dollar and club channels, Walmart and military commissaries.

The products brought to market in 2011 and 2012 span CPG categories, and they serve consumer needs across a variety of daily rituals. The pages that follow provide insights into the 200 top-selling banners of the year—IRI's New Product Pacesetters.

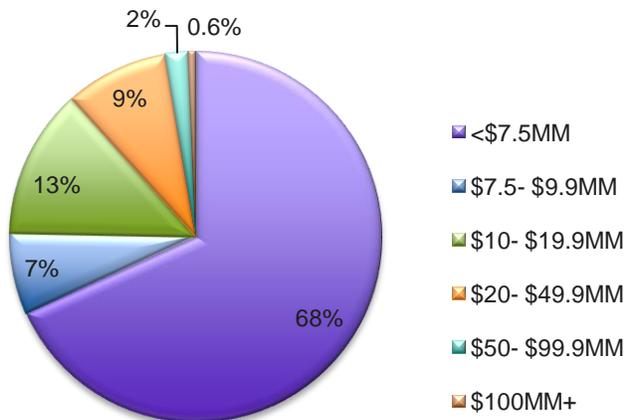
These products are clearly resonating with today's shoppers. Combined, these Pacesetters captured \$7.9 billion in year-one sales across the multi-outlet geography. The range is \$13.3 million to \$342.6 million. The average is \$39.5 million.



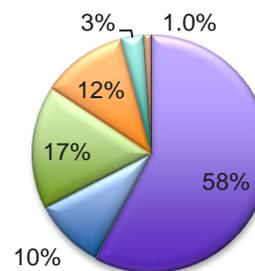
Overview

2012 Proportion of CPG New Products by Year-One Sales* (\$ Millions) Multi-Outlet

Total CPG

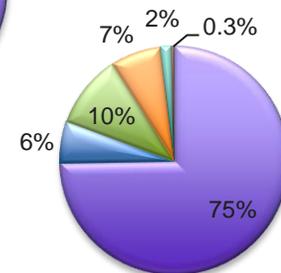


Food & Beverage



IRI's New Product Pacesetter brands captured *more than \$13 million apiece* in their first year!

Non-Food



Source: IRI New Product Profiler™, New Products that completed their first year in calendar year 2012

A majority of new products fail to surpass \$7.5 million in year-one sales; food and beverage year-one sales skewed higher versus non-foods in 2012.

In 2012, 68% of new CPG launches accrued less than \$7.5 million in year-one sales across the multi-outlet geography. This figure was slightly higher (75%) across non-food introductions, and slightly less (58%) across new food and beverage introductions.

Detailed in IRI's 2011 New Product Pacesetters analysis, the downward trend in average year-one sales by new CPG brands has been developing for several years. The shift underscores an important evolution of CPG innovation—new products are becoming more targeted.

To be explored throughout this report, powerful innovation is addressing consumers' needs at an increasingly

granular level. Beauty and personal care manufacturers are catering specifically to men, healthcare manufacturers are wrapping in ingredients that support everything from bone health to cardiovascular health, food manufacturers are delivering foods free from gluten and/or packed with antioxidants. Examples of targeted innovation span the CPG aisles.

The degree of targeted innovation available in today's market is made possible by a number of factors, including advances in technology and the discovery of new ingredients. But, the knowledge on which these innovations are based is the result of revolutionary changes in marketers' ability to harness a variety of disparate pools of data and integrate them

through rigorous analytics to cull out granular insights into different shopper behavior, criteria and attitudes.

This shift toward more targeted innovation does not spell the end of "blockbuster" or even \$20 million year-one product launches. In 2012, for instance, 16% of food and beverage introductions and 9% of non-food introductions hit the mark with a broad enough audience to surpass \$20 million dollars in their first year. A total of 40 brands captured over \$50 million in sales during their first year, and a whopping 11 brands soared right past \$100 million. These products cut a wide swath across CPG categories. Many of these hard-hitting products will be highlighted throughout this report.



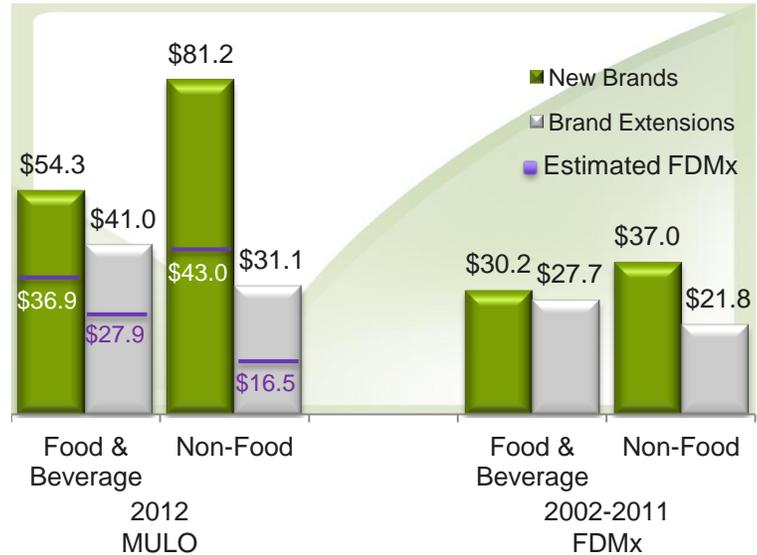
Growth Opportunities: New Brands vs. Brand Extensions

Among IRI's
2012 New Product Pacesetters...

82% of food and beverage brands & **91%** of non-food brands

are
brand extensions

New Brands vs. Brand Extensions
Average Year-One Sales (\$ Millions)



Source: IRI New Product Profiler™, New Products that completed their first year in calendar year 2012

Whether new brand or brand extension, distribution outside traditional grocery, drug and mass channels gives a significant boost to year-one sales.

In keeping with historical trends, manufacturers continue to leverage the power of their iconic brands to drive their innovation efforts. The vast majority of new product introductions in 2011-2012 were extensions of existing brands. This, after all, is a shorter, less costly path to innovation, and it is generally less risky.

But, it is also a path that typically leads to a smaller sales boost. During the past decade, net new food and beverage introductions yielded an average 9% more in year-one sales versus brand extensions. In 2012, the difference is +32%, with net new brands commanding \$54.3 million dollars across the multi-outlet geography versus \$41.0 for new brand extensions.

In the non-foods arena, trends are similar. During the past 10 years, net new brand extensions yielded average year-one sales that were 70% higher versus brand extensions.

In 2012, the difference was quite pronounced, with net new brands averaging \$81.2 million, versus brand extension average of \$31.1 million—a whopping +161% difference. This spread is exaggerated by the inclusion of Allegra, which captured \$342.6 million across the multi-outlet geography in its first year. But, even without Allegra, non-food new brand introductions captured an average of \$48.5 million in 2012, a full 56% higher versus the average brand extension.

Also of critical note is the fact that, today, new product distribution must go beyond traditional grocery, drug and mass merchandise channels.

Illustrated above, traditional food, drug and mass merchandise channels contributed an estimated \$43.0 million in year-one sales across net new non-food introductions in 2012. Channels outside that universe are responsible for an additional \$38.2 million—or 47% of year-one sales. This trend is also evidenced in the food and beverage arena. While it is not quite as marked, it will likely intensify as non-traditional channels continue to gain acceptance as viable food and beverage destinations.



Food & Beverage: Top 10 Pacesetters

The resurgence of home-based eating has been a hallmark of the economic downturn. Home-based, however, does not need to imply boring, as illustrated by the ranking of the top-selling food and beverage launches of 2012.

The ranks of IRI's 2012 Food & Beverage New Product Pacesetters reflect a dexterity among CPG marketers, an ability to harness a wide range of ingredients and technologies to bring excitement into cabinets and refrigerators across the country, pumping up their value proposition across a wide cross segment of consumers. The 2012 Food & Beverage Pacesetters hail from far and wide across the food and beverage aisles.

Beverages account for 31% of 2012's Food & Beverage Pacesetters, including six of the 10 largest launches, and they offer a wide variety of benefits, ranging from nutrition and energy to indulgence and flavor excitement.

Top food launches are also heavily peppered with on-the-go options, and many offer multiple benefits. Nature Valley Protein Bars, for instance, offer the delicious taste of nature in a handheld bar packed with 10 grams of protein.

And, the top new food launch of 2012 is Dannon Oikos, a creamy-thick Greek yogurt made with real fruit that offers indulgence, satiation and nutrition in one on-the-go package.

2012 New Product Pacesetters: Top 10 Food & Beverage Brands Year-One Dollar Sales (\$ Mil) Multi-Outlet



1. Dannon Oikos
Yogurt
\$283.8



2. Starbucks K-Cups
Coffee
\$198.9



3. Bud Light Platinum
Beer/Ale/Alcoholic Cider
\$162.2



4. TruMoo
Milk
\$158.3



5. Breyers Blasts!
Ice Cream/Sherbet
\$147.3



6. Mio
Drink Mixes, Energy
Drinks, Sports Drinks
\$127.6



7. Sparkling ICE
Bottled Water
\$122.7



8. Nature Valley Protein Bars
Snack/Granola Bars
\$95.7



9. Orville Redenbacher's Pop Up Bowl
Popcorn/Popcorn Oil
\$92.1



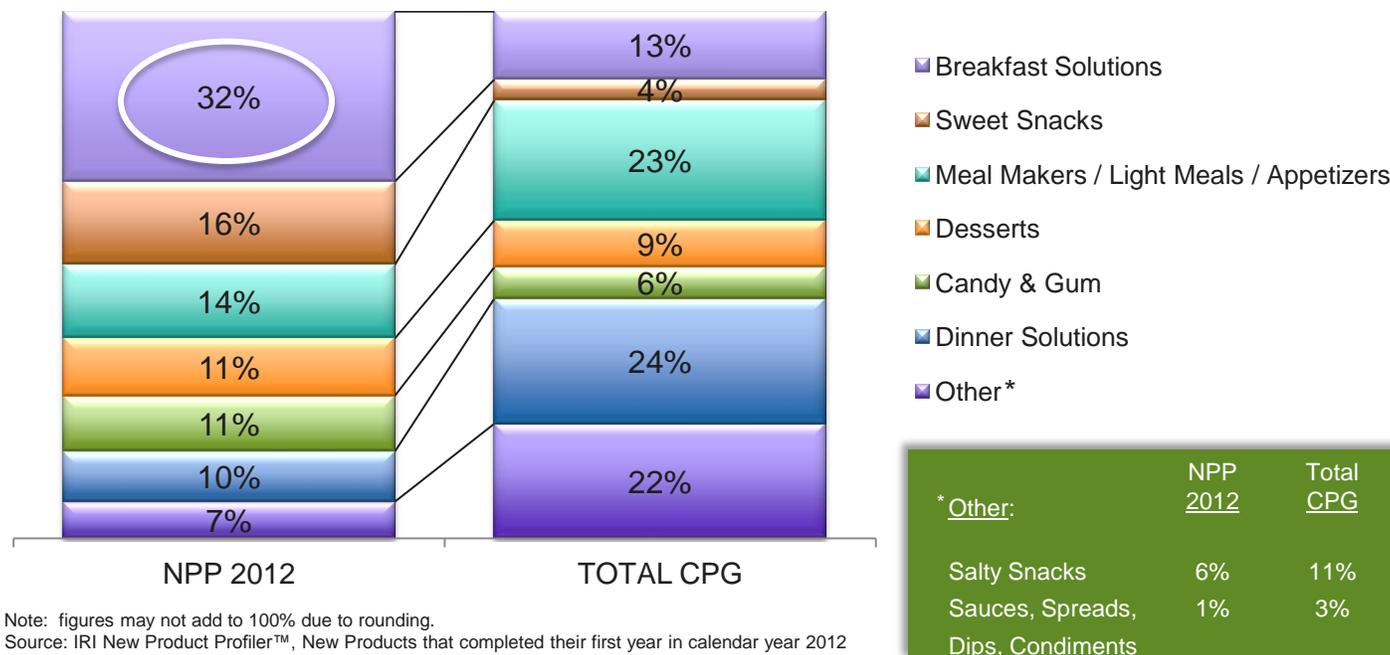
10. Daily's Frozen Pouches
Premixed Cocktails/Coolers
\$89.2

Source: IRI New Product Profiler™, New Products that completed their first year in calendar year 2012



Food & Beverage: Category Trends

Most Active Food New Product Pacesetters
Product Usage Group as % Total Food Pacesetter Dollars and Total Overall Food Dollar Sales



Innovation in the area of breakfast solutions was disproportionately strong in 2012, underscoring consumers' quests for quick and easy, and exciting food options.

IRI's newly released "2012 State of the Snack Industry" report provides deep insights into the minds and stomachs of today's consumers. The report affirms the ongoing development of several long-standing trends, including the quest for dining excitement and a focus on eating and drinking that supports nutritional goals. It also details an escalation of on-the-go eating which, in turn, is amplifying trends around the blurring of eating occasions.

The breakfast solutions arena is definitely getting a boost from innovation that targets these trends. This area is seeing a disproportionate share of successful

innovation which, in turn, supported breakfast solutions' dollar sales growth of 12.1% between 2009 and 2012. Dannon Oikos Greek yogurt, which targets essentially all of the aforementioned trends, is the top-selling new launch in the breakfast solutions group.

A trait common to many successful launches in the breakfast solutions arena is portability. Eggo's Wafflers, for instance, are handheld waffles, packed with brown sugar cinnamon roll or strawberry strudel flavor. No fork, plate or syrup needed—because sometimes you just can't eat breakfast at the table. And, for those

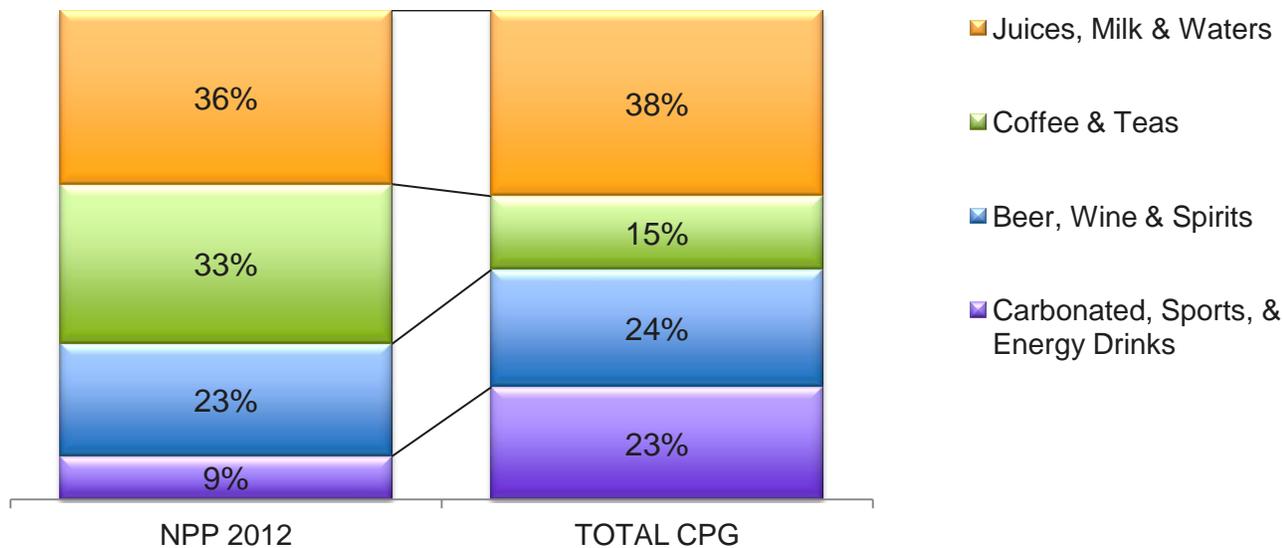
looking for a healthy start while on the run, KIND Plus snack bars are hand-made with natural nut and fruit plus added nutrients, such as protein, anti-oxidants and select vitamins and minerals.

Cross-occasion and on-the-go options certainly go beyond the breakfast solutions group. Tyson Mini Chicken Sandwiches, for instance, are warm, wholesome and made with 100% all-white meat chicken. They are microwave ready in minutes, so you can fill up without slowing down. And, Hot Pockets Snackers is a line of bite-sized "pockets" that take your snack attack and body slam it with a big bite of awesome.



Food & Beverage: Category Trends

Most Active Beverage New Product Pacesetters
Product Usage Group as % Total Beverage Pacesetter Dollars and Total Overall Beverage Dollar Sales



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

Source: IRI New Product Profiler™, New Products that completed their first year in calendar year 2012

Innovations in the coffee and teas segment of the beverage aisles were quite strong in 2012, accounting for 33% of beverage Pacesetter dollar sales.

One-third of beverage Pacesetter dollars (36%) were generated by the juices, milks and waters group in 2012, which aligns nicely with the fact that these groups account for 38% of overall CPG dollar sales.

New juice, milk and water banners brought to market during the past year made a splash, helping to boost dollar sales in this area by 8.4% between 2009 and 2012.

TruMoo is the top-selling new brand in this area. But, two other brands, MiO and Sparkling ICE, round out the group of beverages that achieved more than \$100 million across the multi-outlet geography during their first full year.

The coffee and teas sector boasts eight IRI Pacesetter launches in 2012, giving this segment 33% of Pacesetter dollars for the year and helping to bolster overall usage group dollar sales by a whopping 31% during the past three years.

Fourth quarter 2012 MarketPulse survey results indicate that home-based treats, such as “coffeehouse” coffee, are still very much a part of consumers’ smart indulgent behaviors. This trend is helping to build the single-cup coffee wave that has been swelling for several years now. Starbucks K-Cups delivered the highest first-year sales of a k-cup launch in 2012, proof that there is still life left in this trend.

Pacesetters from the carbonated, sports and energy drinks segment represented only 9% of 2012 Pacesetter dollars despite the fact that the segment accounts for 23% of overall CPG sales. Part of this discrepancy is attributable to the sheer quantity of products in this group, which numbered at three in 2012 versus a yearly average of six in the 2002-2011 time period. The other major difference is a lack of \$100 million-plus launches for 2012. Dr Pepper TEN, offering 10 bold tasting calories with the same authentic flavors of traditional Dr Pepper, is the largest launch in this segment at \$68 million. Monster Rehab, a close second at \$67 million, will be detailed later in this report.



Food & Beverage: Consumer Benefit Trends

Food & Beverage Pacesetters celebrate variety that provides... *convenience*



indulgence



wellness

2012 Food & Beverage New Product Pacesetters: Top Benefits % of Pacesetters Offering Benefit

| | |
|--|-----|
| Distinctive/New Flavor or Flavor Combination | 65% |
| Improved/Authentic Flavor | 47% |
| New Product Design/Look | 29% |
| Bite-Sized/Handheld | 27% |
| New Use/Approach in Existing Category | 24% |
| Added Convenience/Easy Prep | 23% |
| Ready-to-Use/Serve, On-the-Go Ready | 21% |
| Good Source Vitamins, Natural Good Nutrition | 20% |
| Added/High Fiber, Whole/Multi-Grain | 20% |
| Improved/Superior Preparation | 20% |

Source: IRI New Product Profiler™, New Products that completed their first year in calendar year 2012

Variety innovation across the food and beverage arena is clearly playing to the blurring of eating occasions, while simultaneously reflecting numerous long-standing trends, including flavor excitement and on-the-go eating.

The top-selling new products of the food and beverage arena clearly communicate the story of the blurring of eating occasions. At the same time, long-standing trends around flavor excitement, wellness and indulgence and on-the-go eating continue to shine through.

Nearly two-thirds of IRI's 2012 food and beverage Pacesetters bring new flavors or flavor combinations to the marketplace. Many of these brands also position their marketing around more motivating attributes, such as healthier-for-you, handheld, good source of vitamins, etc.

The cookie category, for instance, boasts eight brands within the ranks of IRI 2012

New Product Pacesetters, catering to both indulgent and healthier ends of the product spectrum. OREO Fudge Cremes give consumers a new way to enjoy an OREO cookie—covered in chocolate! And, Nabisco Newtons Fruit Thins are thin, crispy cookies baked with real fruit and eight grams of whole grains per serving.

Many food and beverage Pacesetters cater to consumers looking for indulgence on a budget. For instance, 14 Hands is a fruit-forward wine, easily enjoyable with any meal or on any occasion, and delivering a superb value for the price. And, Breyers Blasts! brings the ice cream shop into the home with a new line that pairs Breyers creaminess with chunky and gooey treats.

Illustrated in IRI's 2012 "State of the Snack Industry," meals and snacks have become blurred, as many consumers are frequently eating on the go. As such, it is logical that convenience remains a key driver among successful food and beverage launches.

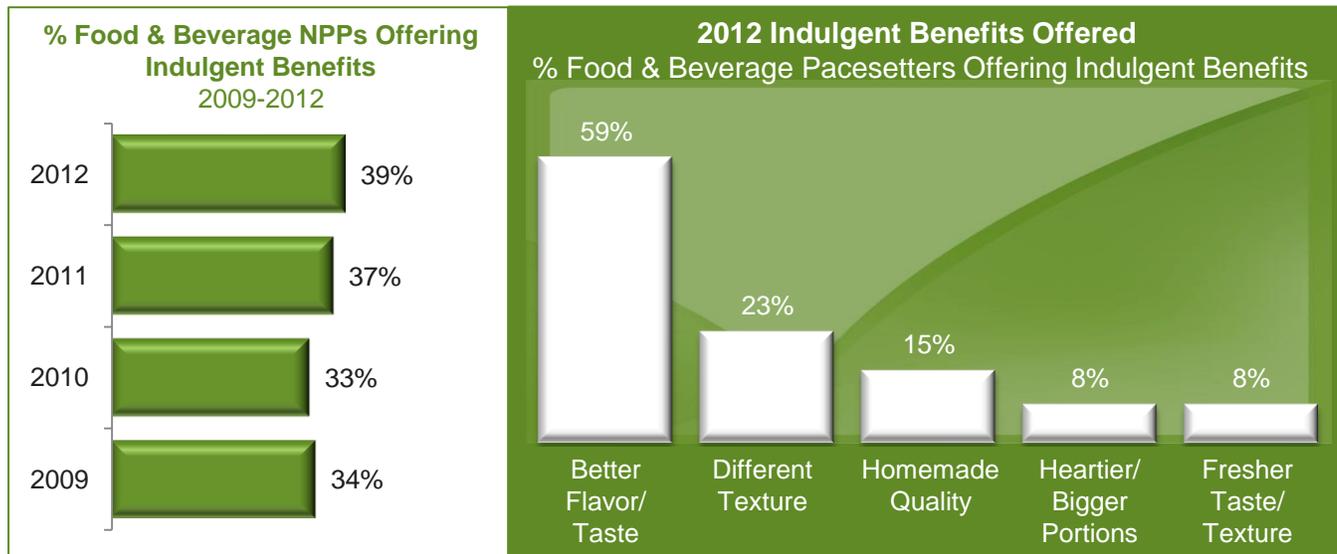
Several Nestle S.A. products achieved Pacesetter status with convenience positioning in 2012, including Gerber Graduates Grabbers, HOT POCKETS SNACKERS and Skinny Cow chocolate candy.

The following pages provide additional insights into key trends in food and beverage innovation.



Food & Beverage: Consumer Benefits – Indulgence

Food & Beverage New Product Pacesetters Offering Indulgent Benefits



Source: IRI New Product Profiler™, New Products that completed their first year in calendar year 2012

Successful innovation is combining experiential tastes and textures, homemade quality and/or heartier portions to bring indulgence into the food and beverage aisles.

According to IRI's MarketPulse Survey, 43% of consumers are buying treats to enjoy in the home in order to save money versus dine-out options, and one-third (36%) of consumers are entertaining in the home more often. Indulgent foods and beverages have an opportunity at many of these types of eating occasions, as well as during the "typical" day.

Given long-standing trends around home-based eating/drinking and the quest for exciting options, it is logical that improved taste and different texture are common attributes across 2012 Pacesetter brands. Many brands successfully embraced these attributes to bring a little bit of the unexpected to occasions across the day.

For instance, IHOP at Home brings the delicious goodness of IHOP, the restaurant, into the home with a line of breakfast products, including pastries, handheld breakfast sandwiches and maple syrup. For afternoon and evening eating occasions, Michelina's Zap'em's Gourmet is a broad line of great-tasting, wholesome family favorites, including pastas and pizza snacks—all at an exceptional value.

Beverages, too, are offering indulgence in the homes of consumers. From the alluring aroma that greets your nose as you open the package to each cup's full-bodied flavor, Gevalia marketers are confident you'll agree that Gevalia is a genuine premium coffee lover's delight.

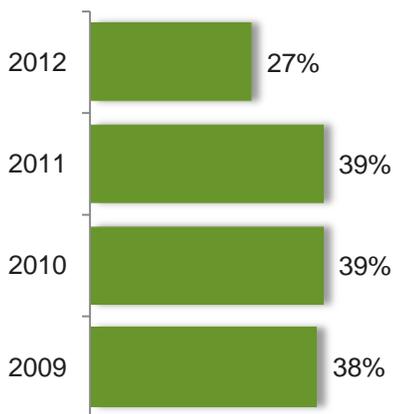
And, for consumption at any time of day, V8 V-Fusion is a breakthrough juice that gives you a full serving of vegetables plus a full serving of fruit in each 8-ounce serving for a nutrition-packed beverage that is also delicious and refreshing.



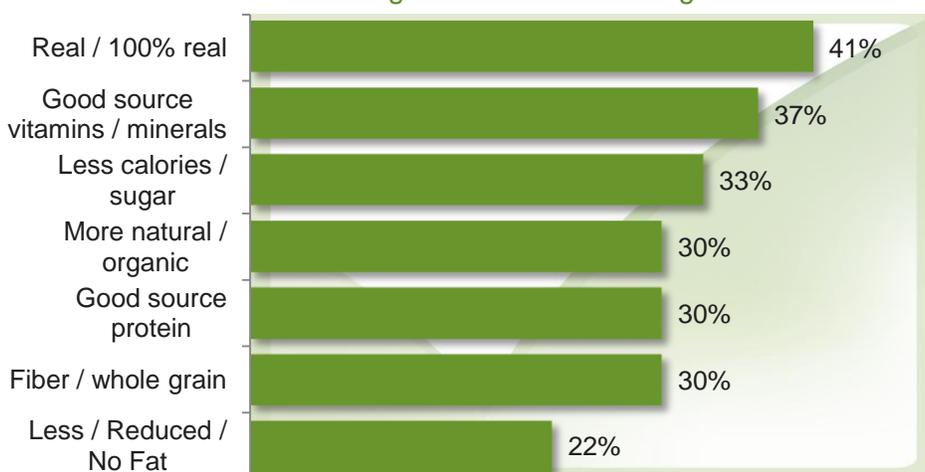
Food & Beverage: Consumer Benefits – Healthier-for-You

Food & Beverage New Product Pacesetters Offering Healthier-for-You Benefits

% Food & Beverage NPPs Offering Healthier Benefits 2009-2012



2012 Healthier-for-You Benefits Offered % Food & Beverage Pacesetters Offering Healthier Benefits



Source: IRI New Product Profiler™, New Products that completed their first year in calendar year 2012

Innovation that supports consumers' efforts to eat healthier remains strong, evidenced by the fact that 27% of 2012 IRI Pacesetters tout healthier attributes.

Consumers' focus on healthier eating has been fairly pervasive for several years. IRI's 2013 Consumer Snacking survey indicates that this trend remains strong: 64% of consumers indicate that they are trying to eat healthier.

Consumers approach healthy eating from many, and varied, angles. Some consumers take a "purist" approach to healthy eating—eliminating all processed foods, for instance. Others are looking for healthier ways to enjoy more indulgent options. In between, there are many shades of grey. Through the years, it seems that innovation has brought to market options for nearly everyone.

In 2012, one-quarter (27%) of IRI Pacesetter food and beverage brands offered healthier-for-you benefits. Some of these brands are taking out less desirable attributes, such as thinkThin, protein bars that are sugar free. Others are adding attributes that boost nutritional value and/or satiation power. For instance, South Beach Diet Bars are packed with protein and fiber to stave off hunger and leave you feeling energized and satisfied when you're eating on the run. And, a number of Pacesetters, including Fiber One Brownies and Coffee-mate Natural Bliss, put a healthier spin on indulgence.

Some lines offer variety that allows consumers to "tailor" their own experience.

MiO, for instance, helps water work for you at your command. Varieties offer a range of choices, including flavor, energy boost and nutritional enhancement.

Foods touting protein attributes have continued to gain steam during the past several years, as consumers look for quick and easy ways to fuel up without slowing down.

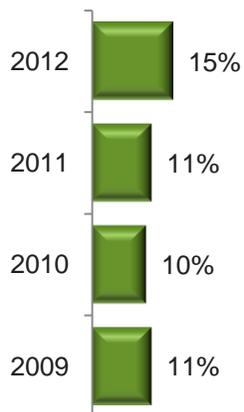
In 2012, 30% of healthier Pacesetter brands were highlighted as a good source of protein, including top 10 brands, such as Dannon Oikos and Nature Valley Protein Bars. Beverages, too, are adding and emphasizing protein attributes. Silk Fruit & Protein and Monster Rehab are two examples of this trend.



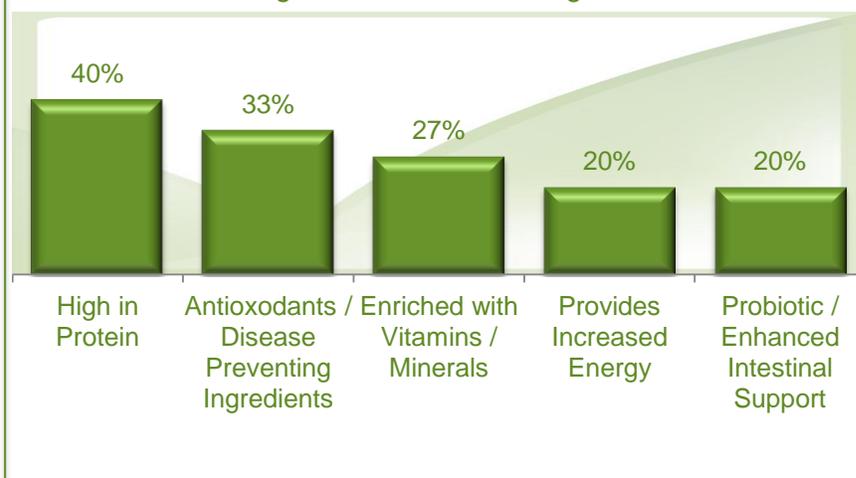
Food & Beverage: Consumer Benefits – Functionally Enhanced

Food & Beverage New Product Pacesetters Offering Functional Benefits

% Food & Beverage NPPs Offering Functional Benefits 2009-2012



2012 Functional Benefits Offered % Food & Beverage Pacesetters Offering Functional Benefits



Source: IRI New Product Profiler™, New Products that completed their first year in calendar year 2012

Marketers are effectively “adding more” across a variety of food and beverage products to create Pacesetter brands that measure up to consumers’ quests for healthier and more exciting options.

Another type of healthier-for-you innovation that is resonating with consumers today is innovation that builds in functionally enhancing ingredients. In 2012, 15% of food and beverage Pacesetter brands were marketed as being enriched with vitamins, minerals, antioxidants and/or other health-boosting/disease-fighting agents.

Functional innovation spans food and beverage aisles, as technology enables marketers to build more nutritional power into traditional categories and brands without negatively impacting taste, texture or flavor.

Marzetti’s Simply Dressed salad dressings, for instance, are made with extra virgin olive oil, sea salt and canola oil, which provides omega-3. For breakfast, or in between, consumers can grab Emerald Breakfast on-the-go!, a pouch packed with the natural energy of Emerald nuts plus other wholesome ingredients, such as dried fruit and crunchy granola clusters or yogurt-covered raisins and dried fruit.

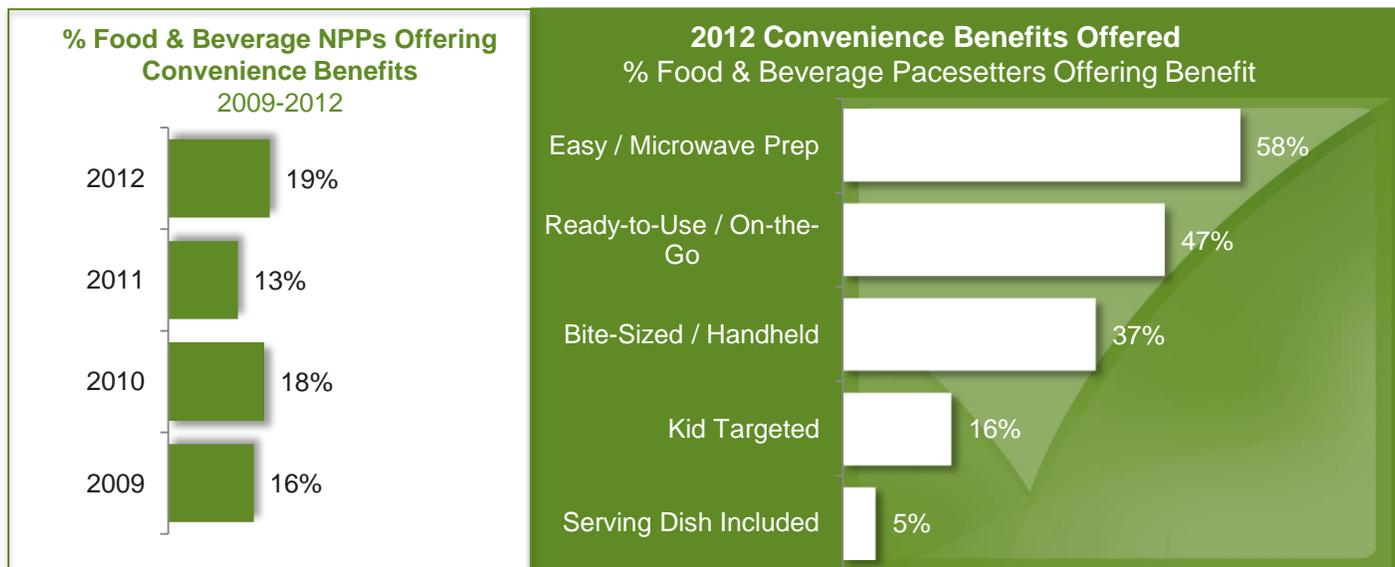
Several 2012 food and beverage Pacesetters use added, functional ingredients to bring consumers an energy and/or alertness boost. Stride Spark, for instance is a maverick sugarless gum that

contains vitamins B6 and B12 for extra oomph. The cookie category also received a nutritional boost in 2012, from WhoNu? cookies, a line of classic cookie flavors—only these are rich with calcium, iron and vitamins A, B, C, D and E. They also have 3 grams of fiber and a total of 17 essential vitamins and minerals.



Food & Beverage: Consumer Benefits – Convenience

Food & Beverage New Product Pacesetters Offering Convenience Benefits



Source: IRI New Product Profiler™, New Products that completed their first year in calendar year 2012

In 2012, 19% of Pacesetter food and beverage brands touted convenience-related benefits.

Convenience is a long-standing, often secondary and expected, benefit across successful CPG food and beverage launches. In 2012, nearly one out of five (19%) food and beverage Pacesetter brands were aimed at improving or enhancing convenience offered within the food and beverage aisles.

For the year, one-third (37%) of convenience-positioned food and beverage Pacesetters came to the aisles in bite-sized or handheld form. Quaker Chewy Yogurt Granola Bars, for instance, allow consumers to enjoy reaching into the cupboard knowing they are getting 12 grams of whole grains and a delicious layer of yogurt-flavored coating.

And, Pillsbury Grands! Biscuit Sandwiches, a line of handheld breakfast sandwiches, are weekend favorites made fast enough for the weekday.

The handheld, squeezable form is becoming more prevalent. Buddy Fruits, for instance, has dramatically changed the shelf-stable fruit aisle and the baby category with its line of pure blended fruit—an on-the-go alternative to whole fruit.

Confections manufacturers, too, are boosting the level of convenience. REESE'S Minis are bite-sized and unwrapped—perfectly tiny. And, Skinny Cow Dreamy Clusters are unbelievably

rich, bite-sized chewy clusters of creamy caramel and crispy pieces, covered in dreamy milk chocolate.

Ease of preparation, including microwave preparation, is also resonating with today's busy consumers. Several examples, including HOT POCKETS SNACKERS and Starbucks K-Cups, have been detailed elsewhere in this report. Other examples, including Kraft Fresh Take and Knorr Homestyle Stock, are easier-prep meals that bring a restaurant feel to the kitchen table.



Food & Beverage: Rising Stars

A snapshot of IRI's 2013 Rising Stars, the most promising products of 2012-2013, avow the notion that the blurring of eating occasions will only intensify. These products also demonstrate that consumers will continue to turn to CPG products to bring a combination of excitement, wellness and indulgence into their homes.

Campbell's Soup on the Go are delicious sippable soups in heat-and-go cups that let you enjoy—anywhere, anytime. And, beVita Breakfast Biscuits are lightly sweet, crunchy biscuits that have been specially baked to release sustained energy all morning long.

The country's youngest consumers will continue to enjoy solid nutrition in an on-the-go world. Plum Organics, a line of unique recipes made with minimal processing and the purest ingredients, retain the highest nutrition and all the natural yumminess little foodies deserve.

Coffee-shop coffee from the home will continue to be strong in single-cup and standard brewed forms, evidenced by solid entry into the market by Starbucks Blonde Roast coffee and Eight O'Clock K-Cups.

And, even indulgence is healthier with: Pepsi NEXT, a true cola experience with 60% less sugar; Skinnygirl ready-to-serve cocktails, just open, pour, and serve; Bud Light Lime Lime-A-Rita, the refreshing ready-to-drink margarita with a twist of Bud Light Lime; and Special K Pastry Crisps, bars that allow you to satisfy your sweet tooth and stay on track at the same time.

2012 New Product Pacesetters Rising Stars Projected Top 10 Food & Beverage Brands (No Particular Order)



Skinnygirl
Premixed Cocktails



Starbucks Blonde Roast
Coffee



Pepsi NEXT
Carbonated Beverages



Campbell's Soup on the Go
Soup



Plum Organics
Baby Food



DORITOS JACKED
Salty Snacks



Bud Light Lime Lime-A-Rita
Beer/Ale/Alcoholic Cider



Eight O'Clock K-Cups
Coffee



Special K Pastry Crisps
Snack/Granola Bars



beVita Breakfast Biscuits
Cookies

Source: IRI New Product Profiler™, New Products that completed their first year in calendar year 2012



Food & Beverage: Trends to Watch

Illustrated throughout this report, several trends have been pervasive across the food and beverage arena during the past several years. The pursuit for value is intense and convenience is a must. All the while, consumers are looking for options to feed their desires for health and wellness and indulgence, sometimes simultaneously.

Consumers will look to food and beverage offerings to provide all of these things, and more, in the foreseeable future. To capitalize on emerging opportunities in a way that will continue to drive loyalty, excitement and growth, savvy marketers must continue to raise the bar on the products they deliver.

Tomorrow's food and beverage innovation pipeline will deliver:

PREVENTION FIRST

According to IRI's 2013 Consumer Snacking survey, 53% try to eat foods that help to prevent and/or manage chronic disease. It's part of a "less diet, more lifestyle" approach to living that aims to delay or, ideally, completely eliminate, a wide range of chronic diseases that have historically been commonplace in the second half of life.

CPG marketers, both better-for-you and indulgent brands, have the opportunity to be a partner with consumers in these efforts.

New ingredients and technologies are emerging on a seemingly daily basis. Many of these get their start outside the food and beverage aisles—say in vitamins or supplements—and some emerge completely outside of the CPG arena—perhaps in the medical laboratories.

BROADEN YOUR HORIZONS

To a large degree, marketers define their own destiny—the future is limited only by their own imaginations. Evidence suggests that imaginations have been broadening, changing the competitive landscape and opening the door to new opportunities for CPG marketers willing to step outside the box.

Illustrated in IRI's 2012 "State of the Snack Industry" report, for instance, chocolate has stepped outside the snack aisles. It has found a home in 16% of CPG categories, accounting for 15% of dollars sold across these categories. Its presence has emerged in a wide cross-section of "non-snack" categories, including coffee creamer, weight-control and nutritional support drinks, and cereals.

Opportunities to broaden the reach of categories and products exists across many CPG categories—getting there means changing your mindset.

THINK OUTSIDE THE PLATE

Gone are the days of sitting at the kitchen table surrounded by family for each and every meal. Today, one-in-four (24%) consumers often eat snacks instead of meals because they're on the go.

This report illustrated great success by handheld products (Pillsbury Grands! Biscuit Sandwiches) and other on-the-go innovations (Buddy Fruits), including beverages that provide protein and other key nutritional attributes (V8 V-Fusion).

It's up to CPG marketers to stay abreast of new developments and to constantly be looking for ways to integrate new ideas into existing—or even completely new—offerings. These ideas may come from within the CPG industry, or even from completely unrelated areas.

"Consumers are looking for options to feed their desire for health and wellness and indulgence, sometimes simultaneously."

„simultaneamente,
someimes



Non-Food: Top 10 Pacesetters

The most powerful non-food innovations of 2012 represent the veritable potpourri of needs and wants being addressed by CPG marketers—professional results in the home and at a lower cost, more powerful formulas, more protection with less bulk and olfactory experiences.

Consumers' love for their dogs and cats continues to shine through, supporting the successful launch of 15 new banners in 2012, including two new category names that achieved top-10 status.

Milo's Kitchen, by DeMonte Foods, is one of six pet food Pacesetter brands that offer more natural ingredients. This line of 100% real home-style dog treats is made with the same quality of ingredients and care that you want with your food.

Fidopharm's PetArmor is a flea and tick treatment that offers the same safe and effective protection as veterinarian-dispensed Frontline at a fraction of the cost. It's a pet-focused version of the going-pro phenomenon witnessed in the health and beauty care departments.

Three of the top non-food Pacesetter brands bring professional-quality treatment into the home. Allegra offers fast, non-drowsy, 24-hour relief in just one dose. And, for a cleaner, whiter, fresher mouth, Colgate Optic White and Crest Complete Multi-Benefit toothpaste each offer benefits beyond traditional tooth cleaning.

2012 New Product Pacesetters: Top 10 Non-Food Brands Year-One Dollar Sales (\$ Mil)

Multi-Outlet



1. Allegra
Cold/Allergy/Sinus
Liquids; First Aid
Treatment
\$342.6



2. Colgate Optic White
Mouthwash, Toothbrush/Dental
Accessories, Toothpaste
\$141.1



3. PetArmor
Pet Supplies
\$126.4



4. Mucinex Fast-Max
Cold/Allergy/Sinus
Liquids/Tablets, Cough Syrup
\$84.6



5. Crest Complete Multi-Benefit
Toothpaste
\$82.9



6. HUGGIES Little Movers Slip-On
Diapers
\$82.2



7. Milo's Kitchen
Dog Food
\$79.3



8. Febreze CAR Vent Clips
Air Fresheners
\$69.5



9. Olay Body Collections
Soap, Hand & Body Lotion,
Women's Fragrances
\$64.5



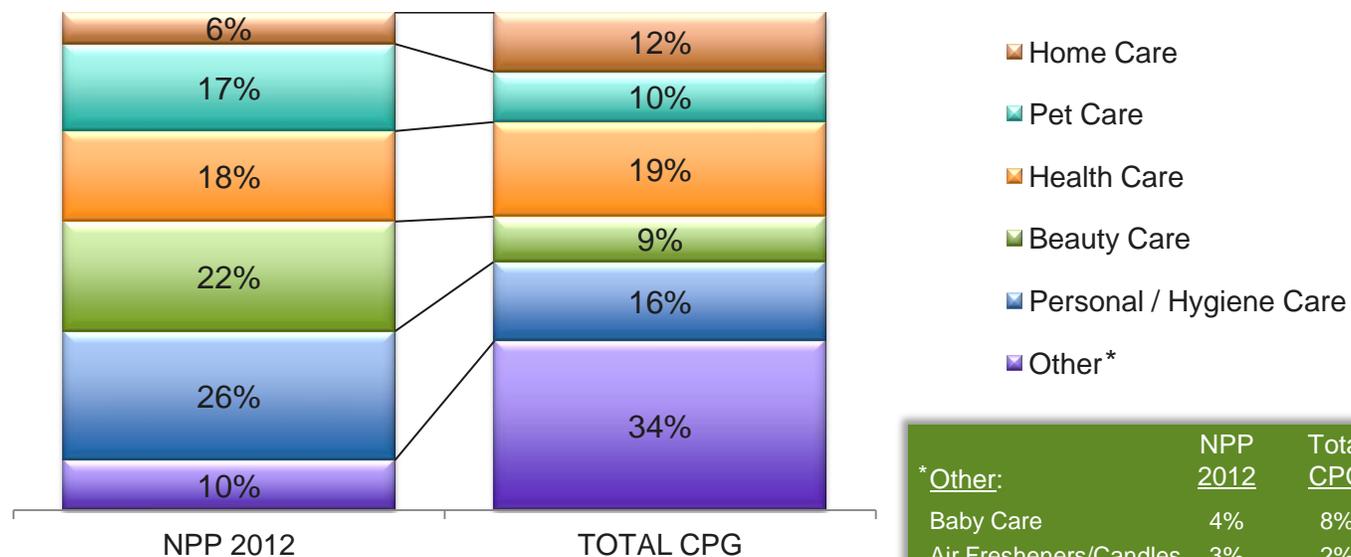
10. CAREFREE ACTI-FRESH
Sanitary Napkins/Tampons
\$61.1

Source: IRI New Product Profiler™, New Products that completed their first year in calendar year 2012



Non-Food: Category Trends

Most Active Non-Food New Product Pacesetters
Product Usage Group as % Total Non-Food Pacesetter Dollars and Total Overall Non-Food Dollar Sales



| * Other: | NPP 2012 | Total CPG |
|------------------------|----------|-----------|
| Baby Care | 4% | 8% |
| Air Fresheners/Candles | 3% | 2% |
| Paper, Plastic & Foils | 2% | 15% |
| Gen. Merch. | 1% | 9% |

Note: figures may not add to 100% due to rounding.
Source: IRI New Product Profiler™, New Products that completed their first year in calendar year 2012

Pet, personal hygiene and beauty care innovation captured a disproportionate share of Pacesetter dollars in 2012, ultimately supporting strong growth in these segments during the 2009-2012 timeframe.

Pet care innovation captured 17% of non-food Pacesetter dollars in 2012, supporting solid dollar sales growth for the segment during the 2009-2012 timeframe (6.3%).

In 2012, 15 new pet care banners achieved IRI New Product Pacesetter status. This is a significant shift from 2011, when six launches were named Pacesetters and from the 2002-2011 yearly average of nine brands.

By far, the largest of the 2012 pet care launches was PetArmor, mentioned earlier. Six new pet care brands were pet foods, generally focused on better taste and improved nutrition. The other products

in this usage group were targeted more toward pet owners, delivering fresher homes and better odor control.

The personal hygiene segment also captured sizable share of Pacesetter dollars for the year, at 26%, helping to drive segment growth of 7.4% between 2009 and 2012.

These products raised the bar on self care. Anti-aging is a big focus in personal care, with skin care brands, including Garnier Skin Renew BB Cream and RoC MULTI CORREXION, combating the skin's natural aging process from various angles.

Anti-aging focus goes well beyond simple skin care. Seven mouth-care lines, including Crest Pro-Health Clinical and Colgate Max Clean SmartFoam, help keep a younger look with whiter teeth, fresher breath and better overall oral hygiene.

The year's most successful healthcare launches tell a story of proactive healthcare and the power of nature and new technologies. For instance, Centrum ProNutrients are specially formulated to complement the support provided by Centrum vitamin lines, and Vicks Nature Fusion line uses real honey in place of artificial flavors and dyes to provide powerful, gluten-free cold symptom relief.



Non-Food: Consumer Benefit Trends

Non-Food Pacesetters raise the bar on performance to provide...

sensory appeal

health & wellness

healthier, happier pets

cleaner homes...faster

2012 Non-Food New Product Pacesetters: Top Benefits % of Pacesetters Offering Benefit

| | |
|--|-----|
| New/Unique Ingredients/Formula | 63% |
| Expanded Effectiveness | 55% |
| New/Unique Technology | 53% |
| Improved Process | 47% |
| New Look/Design/Pattern | 28% |
| High Impact/More Pleasing Look | 24% |
| Enhanced Physical Quality (e.g. softer, natural, etc.) | 22% |
| Longer-Lasting Results | 21% |
| Does More (e.g. attacks tartar, reduces odor, etc.) | 18% |
| Enhanced Moisturizing | 17% |

Source: IRI New Product Profiler™, New Products that completed their first year in calendar year 2012

Non-food Pacesetters are harnessing technology and design in a way that raises the bar on performance across a wide array of categories, ultimately making consumers' lives easier and more enjoyable.

Technology has opened new doors to opportunity for non-food CPG marketers. Recent IRI New Product Pacesetter reports have illustrated many advances, including thinner but more absorbent diapers, longer-lasting cosmetics, faster and stronger medications, and healthier and tastier pet foods. Many of these innovations have the added benefit of being infused with new scents and new textures that make life just a bit more enjoyable along the way.

The ranks of IRI's 2012 non-food Pacesetters are clearly no exception, illustrated by the fact that 93% of these products bring stronger-performing options to the retail shelves.

Across nearly two-thirds of non-food Pacesetters, new ingredients and/or formulations were at the heart of the innovation.

Neutrogena's Wet Skin sun-care line, for instance, is the first line of sunscreen specially formulated to be applied to wet skin. And, Head & Shoulders Itchy Scalp line of shampoo and conditioner with eucalyptus leverages Head & Shoulders' proven HydraZinc formula to immediately soothe and help protect against itchy scalp for all-day itch relief.

About one-quarter of non-foods innovations wrap in a new look, new

design or new pattern. In many instances, it's the new design that helps boost performance.

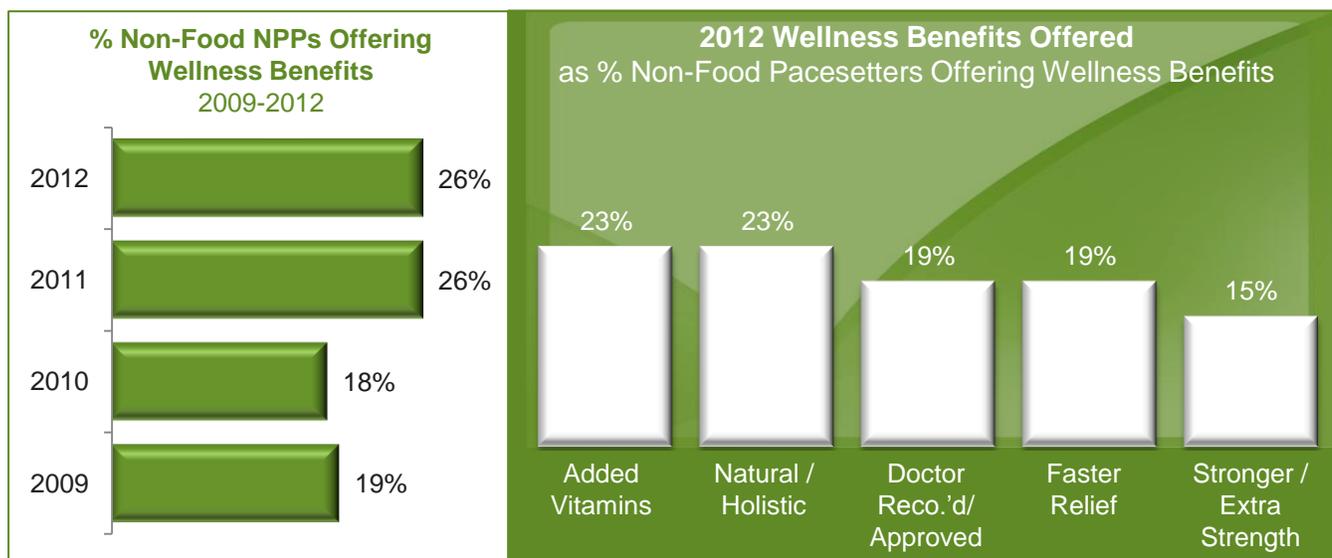
For instance, Schick's Hydro Silk line of razors are uniquely designed to go beyond an incredibly close shave to actually care for your skin. And, Glad Expressions is a line of true-to-life fragrance combinations that are inspired by art and designed to open up note by note, filling your home and inviting life in.

The following pages provide more insight into the attributes that power IRI's 2012 non-food New Product Pacesetters.



Non-Food: Consumer Benefits – Wellness

Non-Food New Product Pacesetters Offering Wellness Benefits



Source: IRI New Product Profiler™, New Products that completed their first year in calendar year 2012

Across the non-foods arena, products aimed at supporting consumers' wellness and longevity efforts are gaining momentum.

Non-food marketers have stepped up their focus on supporting consumers' wellness efforts during the past several years. In 2012, 26% of non-food Pacesetters touted wellness-supporting attributes, versus 18% in 2010 and 19% in 2009.

Fifteen percent of 2012 non-food Pacesetters help consumers look and feel younger. Clairol's Nice 'N Easy Color Blend Foam and John Frieda's Precision Foam Colour, for instance, provide drip-free tones and highlights and 100% grey coverage.

In several instances, anti-aging support is in addition to, or as a result of, other wellness-related attributes. For instance, Simple skin care is free from dyes and

perfumes, and has added vitamins, such as pro-vitamin B5 and E, to moisturize, restore and soften skin. And, Neutrogena's Rapid Wrinkle Repair provides accelerated results with an exclusive Retinol SA with glucose complex and Hyaluronic Acid.

Given consumers' tight budgets, it is no surprise that a physicians' seal of approval is also helping to drive interest and momentum across health-related CPG product introductions. After all, the ultimate endorsement comes from a doctor, for it reassures consumers that their money is being well spent—it's a natural boost to the value equation.

Pampers' Sensitive Wipes, for instance, are dermatologist tested, and they help to restore babies' natural skin balance while gently cleaning. And, L'Oreal's Voluminous False Fiber Lashes mascara is ophthalmologist-tested and allergy-tested to ensure that it is suitable for sensitive eyes and contact lens wearers.

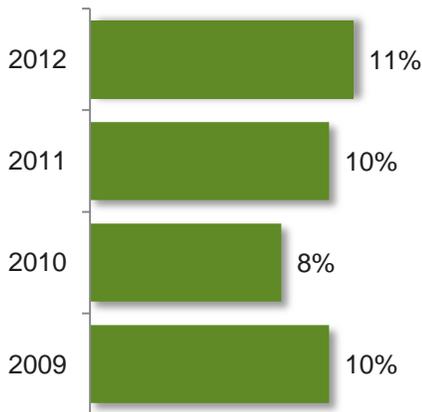
And, of course, Rx-to-OTC switch products continue to make a huge splash in the non-food arena. This past year saw two products cross over the counter and make the ranks of New Product Pacesetters—Allegra and PetArmor. The categories may differ, but the theme is the same—professional strength in the hands of the consumer, without the prescription-strength price tag.



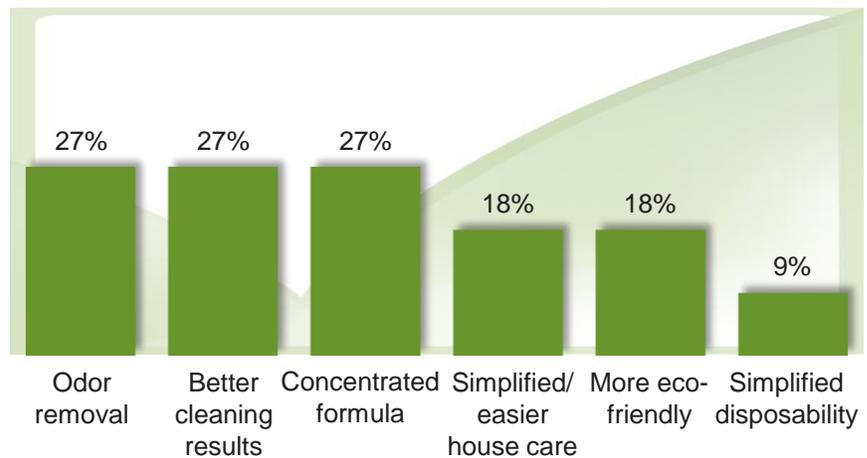
Non-Food: Consumer Benefits – Home

Non-Food New Product Pacesetters Offering Home Benefits

% Non-Food NPPs Offering Home Benefits 2009-2012



2012 Home Benefits Offered as % Non-Food Pacesetters Offering Home Benefits



Source: IRI New Product Profiler™, New Products that completed their first year in calendar year 2012

More powerful and less difficult home care remains a key driver of new product success in the non-food arena.

The home is another area where consumers are looking for more power. From stronger odor removal to getting the job done with less effort, CPG marketers are finding great success in bringing more power to common household tasks.

In the spirit of today's on-the-go lifestyles, the largest "home care" launch of 2012 is putting odor elimination in the drivers' seat with Febreze CAR Vent Clips. With a small, discrete size and a unique membrane that allows the product to slowly release scented oils, Febreze CAR Vent Clips provide odor elimination and freshness while on the road.

Twenty-seven percent of 2012's top home-care launches provide more power by concentrating their formulas. Downy UNSTOPABLES, an IRI Rising Star in 2011, became a New Product Pacesetter brand in 2012, by providing consumers an in-wash means of satisfying cravings for an amped-up laundry scent experience.

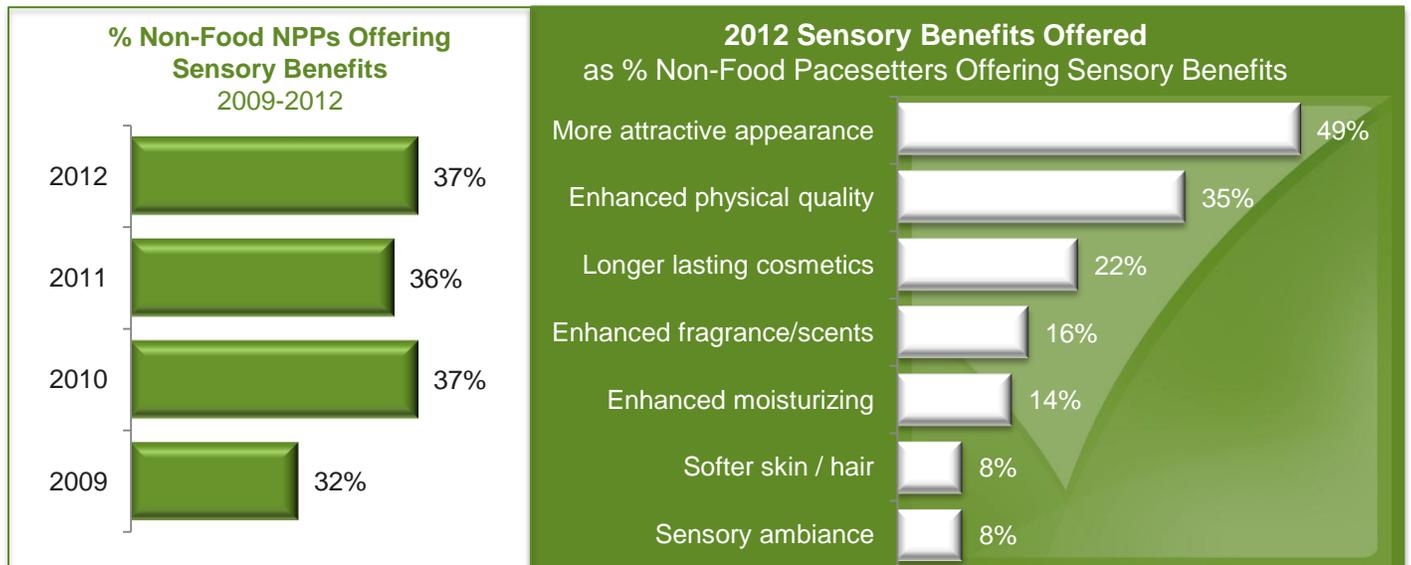
And, for pet lovers, a concentrated formula makes odor elimination easier in ARM & HAMMER Ultra Last and Fresh Step Extreme Odor Control dog and cat litter.

Of course, consumers are looking for better overall cleaning, not just fresher smells. Two laundry products, Sun Plus OXI and XTRA Plus OxiClean, help consumers fight stains more easily with the extra cleaning with the power of OxiClean.



Non-Food: Consumer Benefits – Sensory

Non-Food New Product Pacesetters Offering Sensory Benefits



Source: IRI New Product Profiler™, New Products that completed their first year in calendar year 2012

Attributes that appeal to consumers' senses have been quite prevalent among top-selling new brands in recent years; in 2012, brands that support appearance were particularly common.

During the past several years, new product introductions that play to consumers' senses have been well received. In 2012, 37% of successful non-food launches provided sensory stimulation.

Nearly half (49%) of these sensory-positioned non-food launches support consumer efforts around looking great. Not surprisingly, cosmetics are quite well-represented in this "benefits" bucket. Five nail brands achieved the ranks of New Product Pacesetter for 2012. These brands harnessed new technologies and new formulas to put the look of a salon manicure into the hands of consumers in a way that is more affordable versus salon

treatments, but just as pleasing to the eye. L'Oreal Colour Riche line, for instance, is a wardrobe of 41 gel-based colors and built-in top coat LiquiGel technology applied with a precision paddle brush. And, Sally Hansen Crackle Overcoat comes in eight different shades that can be paired with any nail color to create a unique mosaic design that's modern, sophisticated and fun.

Hair care, too, is getting more sensual through new ingredients and technologies. Pantene's Aqua Light line, for instance, is free from dyes, parabens and silicone, so it cleans hair gently and conditions without adding weight.

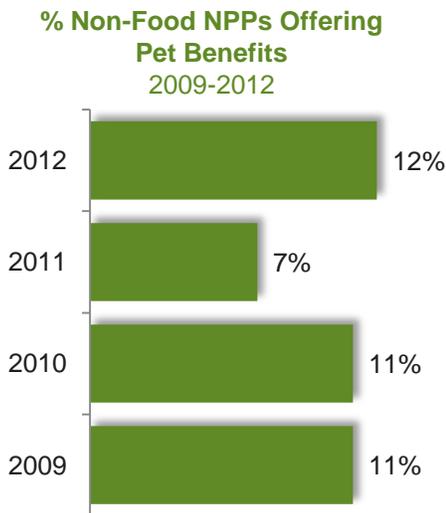
And, to prevent and treat damaged hair, Nexxus ProMend is a revolutionary daily hair-care system that targets split ends at the source, binding up to 92% of split ends back together in one use.

Even outside the beauty aisles, consumers want products that make them more comfortable. NEOSPORIN ESSENTIALS, for instance, is a line of products, including body wash, body cream and hydrocortisone, made with RELIPID formulas that contain a blend of ingredients to help retain moisture for healthy-looking skin.

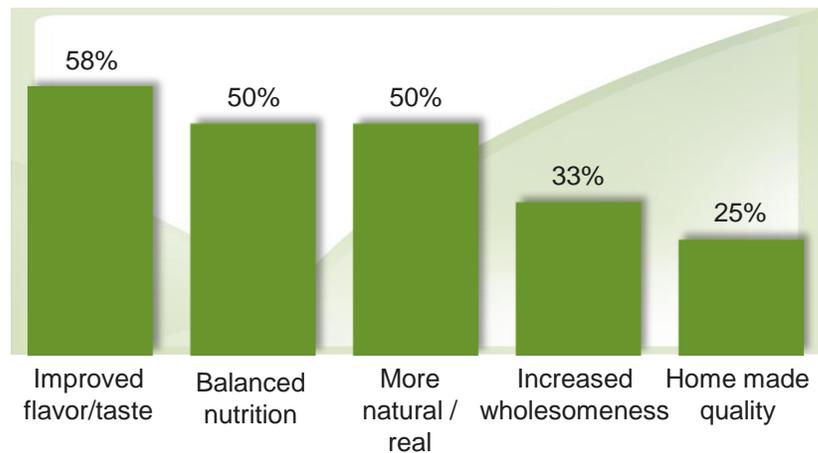


Non-Food: Consumer Benefits – Pet

Non-Food New Product Pacesetters Offering Pet Benefits



2012 Pet Benefits Offered
% Non-Food Pacesetters Offering Pet Benefits



Source: IRI New Product Profiler™, New Products that completed their first year in calendar year 2012

CPG launches supporting healthier, happier pets have accounted for about one-in-10 successful new CPG launches in recent years.

Pets have long held a special place in the hearts of consumers, and 2012 was no exception. For the year, 12% of successful new brand launches were aimed at helping to support healthier and/or happier pets.

For the year, 58% of pet-focused Pacesetter banners offered household pets more health and happiness through improved flavors, 50% offered more balanced nutrition and 50% offered more natural ingredients.

Del Monte Foods brought to market four Pacesetter brands for the year, each bringing improved taste and quality into pets' bowls. Meow Mix Tender Centers, for instance, have a crunchy outside and a

meaty center, and combine the flavors of meat and fish for a taste your cat can't resist.

Dogs can also enjoy a crunchy outside and tender, meaty inside with Kibbles 'n Bits Bistro Meals. This line brings bistro-inspired flavors, with oven-roasted beef, spring vegetables and baked apple flavors, and 100% balanced nutrition in each serving, playing into the "go pro" positioning discussed earlier in this report.

Successful innovation is also making pets—not to mention pet owners—happier by keeping litter boxes more odor free. Consumers can go to "extremes" with

Clorox's Fresh Step Extreme Odor Control Litter, which features CarbonPLUS to tame the funkier litter box odors.

Life got a bit easier for cat owners in 2012. Taking some of the work out of keeping the litter box clean is Cat's Pride Fresh & Light. Cats will love how hard it works and consumers will love how little it weighs.

And, of course, the largest pet launch for the year, mentioned earlier in this report, was PetArmor, for better flea and tick protection.



Non-Food: Rising Stars

The ranks of the newest non-food launches making a splash in the CPG industry convey a continued trend of easier, longer, stronger and more sensory-stimulating home, beauty and healthcare offerings.

Procter & Gamble boasts five of IRI's 2013 Rising Stars that span non-food departments. Secret Outlast, for instance, provides 48-hour protection with no white stains. Tide Pods are one of two new brands that make getting out laundry stains quicker and easier. For everyday softness at an everyday value, Puffs Basic has 40% more cushiony thickness that allows you to put your best face forward. ZzzQuil also helps consumer shine, as an over-the-counter sleep-aid that provides relief from occasional sleeplessness. And, to help consumers with more discrete needs, Always/Tampax Radiant is one of two Rising Star brands that provide solid protection without the bulk.

Other manufacturers, too, are embracing new technologies to serve key consumer desires. Johnson & Johnson's LISTERINE ULTRACLEAN raises the bar on oral care with a long-lasting, dentist-clean feeling. L'Oreal's Maybelline is bringing eyelashes from mega volume to mega plush with its Volum' Express the Mega Plush brand. And, Unilever's Clear Scalp & Hair Therapy line, made with Nutrium 10, nourishes the scalp, creating the right foundation for strong, beautiful hair.

2012 New Product Pacesetters Rising Stars Projected Top 10 Non-Food Brands (No Particular Order)



Secret Outlast
Deodorant



Maybelline Volum' Express
the Mega Plush
Eye Cosmetics



LISTERINE ULTRACLEAN
Mouthwash



Clear Scalp & Hair Therapy
Shampoo & Hair Conditioner



ZzzQuil
Sleep Remedies



Puffs Basic
Facial Tissue



all mighty pacs
Laundry Detergent



Always/Tampax Radiant
Sanitary Napkins/Tampons



Tide Pods
Laundry Detergent



Depend Silhouette/Real Fit Briefs
Adult Incontinence

Source: IRI New Product Profiler™, New Products that completed their first year in calendar year 2012



Non-Food: Trends to Watch

As evidenced in the food and beverage arena, consumers are turning to CPG marketers to provide solutions that meet their needs without breaking the bank. The value equation is essential now and will continue to be critical in the future. While price is part of that equation, performance and experience are also critical.

Those marketers that strike and/or maintain this balance are well positioned to compete and grow as the economy percolates back to life. The following trends will play a critical role in defining the value proposition in the months and years ahead.

FOUNTAIN OF YOUTH

Illustrated throughout this report, the availability of CPG products that enable more consumers, across age and income segments, to get closer to the fountain of youth without incurring the cost of professional services has been well received. The evolution of these products, it seems, has served to reinforce consumers' desires to look and feel younger regardless of their true age.

This is a trend that will intensify in the coming months and years, as baby boomers age and millennials adopt an increasingly proactive approach to wellness.

BETTER PERFORMANCE, LESS EFFORT

In the area of anti-aging and across many other non-food categories, technology has also enabled CPG marketers to raise the bar on performance during the past several years. By embracing technology, CPG marketers have been able to bring to market products that perform better *and* require less time and effort—a bonus for the time-starved existence that marks today's society and a real boost to the value proposition.

DOING DOUBLE DUTY

Along a similar vein, launches across the non-food arena are finding success with doing double duty. In other words, they are going beyond the category's traditional purpose and offering one or two unexpected benefits that expand interest and generate new trial of the brand.

For instance, shampoos can clean without relying on environmentally harsh chemicals (Garnier Fructis Pure Clean). Eye lashes can get a volume boost that is waterproof (Cover Girl LashBlast Volume). Razors can hydrate the skin while simultaneously providing an incredibly close shave (Gillette Venus ProSkin Razor). This is a handful of examples of non-food launches that over-deliver, thus, raising their value proposition.

For innovation that will drive growth across the non-food marketplace in coming months and years, the theory is simple: doing more is better!

“Those marketers that strike and/or maintain the balance between price, performance and experience are well positioned to compete and grow as the economy percolates back to life.”

to life. „
economy percolates back
and grow as the



Convenience Stores: Top 10 Pacesetters

The inclination toward immediate consumption of products purchased in the convenience store channel is evidenced in the ranks of the 10 most powerful convenience store launches for 2012. But, even in this channel, where indulgence is often toward the top of consumers' minds, healthier-for-you innovation is being well received.

For instance, mentioned earlier in this report, TruMoo is flavored milk that is packed with nutrition and sweetened with just enough sugar to ensure that you love it at the first sip. And, Lipton 100% Natural ready-to-drink tea is clean and pure, made from the finest tea leaves in the world.

Pure on-the-go indulgence is also clearly still resonating with convenience store shoppers. Magnum frozen novelties, for instance, are gourmet ice cream bars made with vanilla bean or chocolate ice cream dipped in thick Belgian chocolate. And, REESE'S Minis are the bite-sized and unwrapped version of classic REESE'S.

Energy drinks continued to "rock" the convenience store channel in 2012, and they captured positions as two of the top 10 brand launches within the channel for the year. Monster Rehab helps consumers refresh, rehydrate and revive by combining traditional Monster with tea and juice, and Rockstar 2X offers double the caffeine of original Rockstar in a low-carbohydrate formulation.

2012 New Product Pacesetters: Top 10 Convenience Store Brands Year-One Dollar Sales (\$ Mil) Multi-Outlet



1. Bud Light Platinum Beer/Ale/Alcoholic Cider
\$224.5



2. Monster Rehab Energy Drinks
\$161.4



3. Skoal X-tra Smokeless Tobacco
\$118.2



4. TruMoo Milk
\$95.7



5. Lipton 100% Natural Tea/Coffee Ready-to-Drink
\$60.1



6. REESE'S Minis Chocolate Candy
\$39.8



7. Mio Drink Mixes, Energy Drinks
\$30.0



8. Dr Pepper TEN Carbonated Beverages
\$28.9



9. Rockstar 2X Energy Drinks
\$20.9



10. Magnum Frozen Novelties
\$19.8

Source: IRI New Product Profiler™, New Products that completed their first year in calendar year 2012



Conclusions & Implications

Innovation Drives Growth

Open your mind to out-of-the-box innovation—including ideas from both inside and outside the traditional CPG marketplace—that will help consumers do it faster, better, easier and less expensively, while having fun along the way.

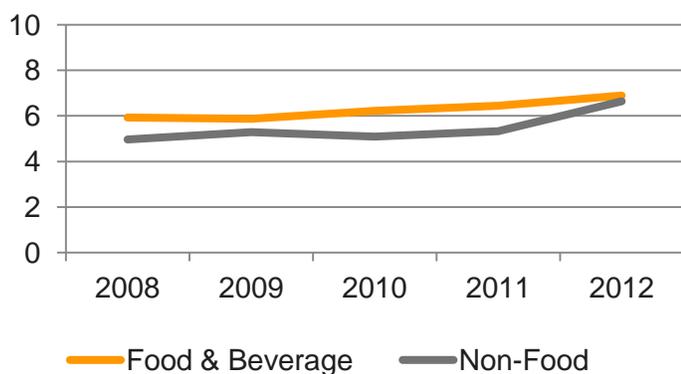
Among the 2012 Top 10 Food & Beverage Pacesetters...

- ❑ **Seven** brought their manufacturers **incremental share of category dollar sales** during their launch year
- ❑ **Nine supported** incremental **category dollar sales growth** during their launch year
- ❑ **Two** were brought to market by **small manufacturers** making their **debut** in the CPG marketplace

Among the 2012 Top 10 Non-Food Pacesetters...

- ❑ **Six** brought their manufacturers **incremental share of category dollar sales** during their launch year
- ❑ **Nine supported** incremental **category dollar sales growth** during their launch year
- ❑ **Two** were brought to market by **small manufacturers** making their **debut** in the CPG marketplace

Average Number of Benefits per Year



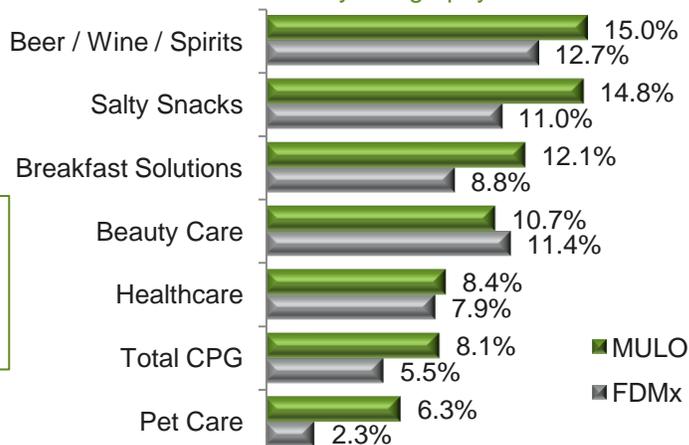
Deliver More

Continually experiment with new ingredients and technologies that have the potential to strengthen your value proposition.

Distribution Matters

Align distribution strategies within the new, broader retailer environment and your key consumers' 360-degree shopping behaviors.

Dollar Sales % Growth 2009-2012 By Geography





Resources

Contact your IRI client service representative regarding custom analyses leveraging the following resources, or to get more information on these and other new product support products and services available from IRI:

AttitudeLink™ Trier- Repeater/ Non-Repeater Surveys

This survey-based service is designed to provide an understanding of how consumer perceptions of a new product differ among known trier repeaters versus trier non-repeaters.

Hendry Innovation

For more than 50 years, Hendry Services has been using consumer behavior to help clients find and forecast growth and innovation opportunities, both in totally new “white space” segments and in existing categories.

IntroCast™ Launch Forecasting

This model provides accurate year-one and year-two forecasts using initial in-market results, providing performance insights and tools that enable informed decisions about alternative marketing strategies.

Launch Commander™

IRI’s launch management service delivers an accurate year-one sales forecast based on as little as eight weeks of data and provides alerts as to whether or not the new brand is on track to meet its goals early in the launch process.

Market Advantage™

Market Advantage is IRI's POS market intelligence solution on the Liquid Data platform. This solution offers unique capabilities and enables insights and efficiencies not possible with traditional market measurement solutions. Varying levels of customization, cross-category segmentation/filtering, and business issues models, such as New Item Intelligence, H&W, Retailer Custom Hierarchies, and Store Level, are some of the unique offerings of Market Advantage.

New Product Profiler™

New Product Profiler is an interactive tool that draws upon a new product database to help end users analyze critical success factors in the strongest new product introductions since January 2002, plan product launches, and set realistic goals for success.



FOR MORE INFORMATION

Please contact Susan Viamari at Susan.Viamari@IRIworldwide.com with questions or comments about this report.

About IRI

IRI is a leader in delivering powerful market and shopper information, predictive analysis and the foresight that leads to action. We go beyond the data to ignite extraordinary growth for our clients in the CPG, retail and over-the-counter healthcare industries by pinpointing what matters and illuminating how it can impact their businesses across sales and marketing.

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