



MILLENNIAL WOMEN SHOPPERS: **PREPARING FOR THE UPCOMING SURGE IN** **MILLENNIAL SHOPPER SPENDING**

Thought Leadership Report
Executive Summary / Sample Slides
November 2009



MILLENNIAL WOMEN REPORT

TOPLINE OVERVIEW

Millennials represent one of the largest demographics in the country and will soon be entering a strong growth period in both income and spending. However, they are not a typical consumer group and only micro-segmentation will enable retailers and manufacturers to take advantage of this emerging \$54.3 billion opportunity.

Benefits of the Syndicated Report*:

- Benchmarks to anticipate **Millennial-driven spending trends** across retail channels and a 46 food, beverage, and nonfoods categories.
- Shopper insights based on an extensive online survey to benchmark **Millennial women shopper lifestyles and attitudes** - uncovering new opportunities in serving these shoppers.
- **Best-in-class case examples** describing what successful CPG retailers and manufacturers are doing to profitably serve Millennial women shoppers.
- Insights needed to guide the development of **innovative private label products**.

Case Example – Miller Genuine Draft Light “64”

MillerCoors revives the languishing MGD Light brand by reducing its calories and successfully targeting young women consumers.

The Miller Genuine Draft “64” Strategy

Prior to 2008, Miller Genuine Draft (MGD) Light was languishing as a light beer brand with no clear differentiating feature competing in a mature segment of the U.S. beer market.

Sensing a new opportunity to reposition the brand, MillerCoors reduced the calorie content and relaunched the brand as “MGD 64.” The new strategy increased sales by 234% over the next 12 months*. With MGD 64, MillerCoors:

- ▶ has positioned MGD 64 as a low-calorie alternative to other alcohol beverages (see advertisement at right).
- ▶ is clearly targeting young women with television advertising that features on-premise consumption of MGD 64 as a smart, ultra low-calorie choice.
- ▶ has developed print advertising in young women’s magazines that reinforce the low-calorie message of MGD 64 to women who want to restrict their calorie intake as part of a healthy and active lifestyle.
- ▶ minimizes cannibalization of existing light beer brands, e.g. Miller Lite by focusing on bringing new consumers into the beer category rather than prompting Miller Lite drinkers to switch.

* 52-weeks ending August 9, 2009.



In this television ad, a young woman and her friend get a strange surprise when she orders a 64-calorie glass of chardonnay.

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* Benefits apply to the full 100+ page report. The following slides are sample insights from the report.



REPORT MYTHBUSTERS

This report disposes many conventional views on U.S. Millennial women shoppers.

Conventional View

1. Because Millennials are at an early lifestage with lower home ownership rates and little or no retirement savings, the recession impact on these shoppers has been smaller than for others...**FALSE.**
2. It will be a long time before Millennials become a major economic opportunity for CPG retailers and manufacturers...**...FALSE.**
3. Retiring Baby Boomers will dominate regional migration over the next decade creating several key “hot spot” markets...**FALSE.**
4. Private label acceptance and spending is low for Millennials but builds over time as shoppers gain more experience...**FALSE.**

What the Data Tells Us

1. Based on a review of consumption across all CPG categories and channels, Millennials have pulled back spending even more than older groups – and survey results show that Millennials are very pessimistic about the economic recovery.
2. Millions of Millennial households will be established in the next few years and over the next ten years, an estimated \$54.3 Billion in CPG growth will be generated by Millennial households.
3. In a given year, a Millennial-led household is 8-times more likely to move from one U.S. region to another. Millennials will be a driving force in several key U.S. growth markets in the next decade.
4. Many major CPG manufacturers are struggling in building their brands with Millennials, many of whom are actively reaching for private label.

Conclusion

Much of what retailers and manufacturers believe to be true about Millennial shoppers, their lifestyles, their attitudes, and their spending patterns is **WRONG.**



MILLENNIAL SHOPPERS

HOUSEHOLD PROFILES

Compared with older households, Millennials are in the early stages of developing their own careers and families. They are more likely to be single, less likely to have children, and have not yet reached their peak earning years.

Segment Household Profiles – 2009

Household Data	Millennials	Gen X	Late Boomers
Age of household female	20-30	31-40	41-50
% with kids at home	38%	58%	55%
% who are married	36%	66%	70%
% who own their home	28%	58%	70%
HH income over \$45K	42%	55%	58%
% own a cat or dog	64%	61%	66%

Conclusions

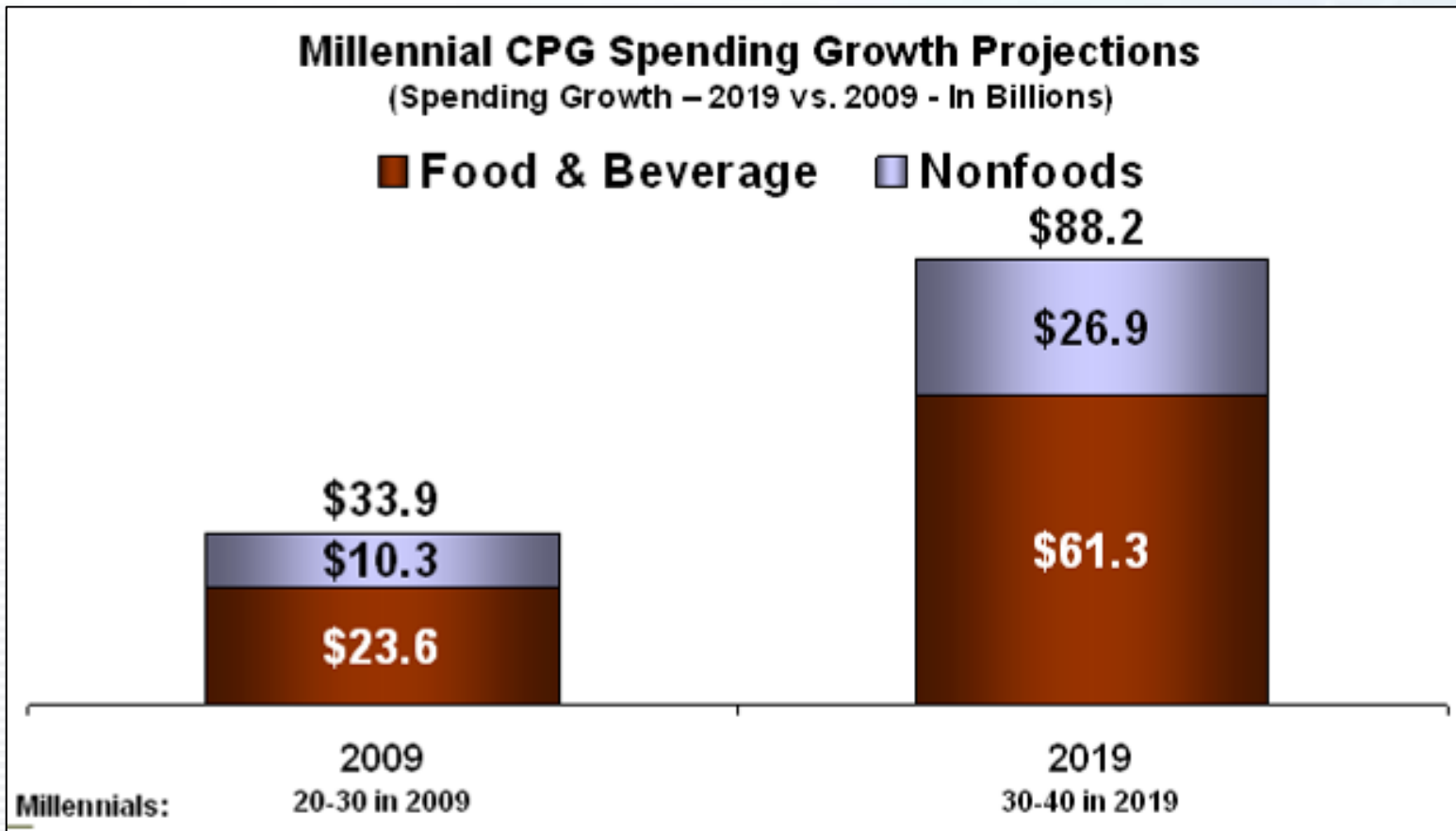
Younger Americans should not be viewed as homogeneous group or as a single type of shopper. To win more than their fair share of shopper spending, progressive retailers and manufacturers will need multiple, tailored strategies for each unique segment.



MILLENNIAL SHOPPERS

THE ECONOMIC OPPORTUNITY

Over the next decade as more Millennial households are established, their families grow, their incomes rise, and their consumption increases, an estimated \$54.3 Billion of CPG spending growth will be driven by Millennials.



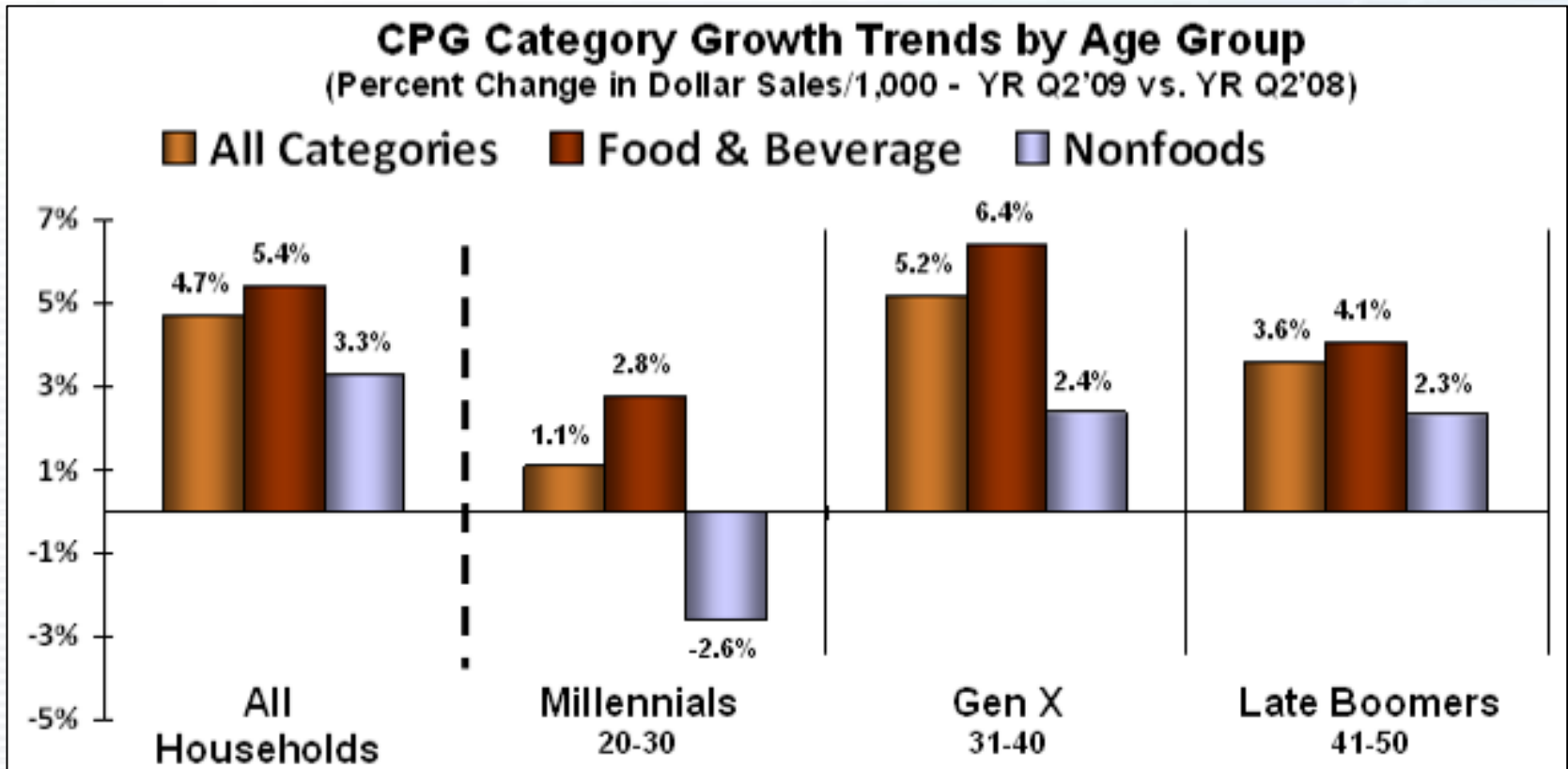
Note: All Channels - Based on Shopper Scanned Purchases in YR ending Q2 2009 and projected based on census population projections and Bureau of Labor Statistics projected 3% inflation to 2019.



MILLENNIAL SHOPPERS

SPENDING TRENDS

Over the past year, Millennial shopper households have not kept pace with “older” households, in terms of food, beverage, and nonfoods category spending – indicating that this group has pulled back on CPG spending during the recession.



In the current economy, not all consumer groups are acting alike. Spending patterns vary significantly by age, suggesting that CPG marketers need to look closely at each buyer group.



MILLENNIAL SHOPPERS

FOOD CATEGORY INSIGHTS

During the recession, Millennial shoppers – under budget-constraints – have pulled back spending in many indulgent/convenience food categories including frozen poultry, chewing gum, salty snacks, and frozen pizza.

Food Categories	Category \$ Growth	Category Dollar Growth vs. 2007			Difference
		Millennials 20s	Gen X 30s	Late Boomers 40s	Gen X vs. Millennials
Processed Fz / Rfg Poultry	5.3%	-10.6%	14.9%	2.3%	25.5%
Gum	10.3%	-14.5%	9.9%	6.2%	24.4%
Toaster Pastries/Tarts	17.9%	1.6%	21.5%	3.5%	19.8%
Snack Bars/Granola Bars	9.0%	-3.8%	14.4%	0.2%	18.2%
Fz Appetizers/Snack Rolls	14.2%	-0.4%	16.2%	7.8%	16.6%
Salty Snacks	12.9%	-1.7%	13.5%	6.3%	15.2%
Crackers	12.2%	2.5%	15.4%	6.7%	12.9%
Cold Cereal	9.6%	1.3%	13.9%	2.2%	12.7%
Soup	7.9%	-1.7%	10.8%	3.0%	12.5%
Fresh Bread & Rolls	13.4%	4.7%	16.7%	8.0%	11.9%
Natural Cheese	22.1%	13.2%	23.8%	16.0%	10.6%
Pasta	34.3%	31.4%	41.8%	29.7%	10.4%
Spaghetti/Italian Sauce	13.9%	6.6%	15.9%	11.4%	9.3%
Fz Pizza	5.3%	-1.2%	3.1%	2.9%	4.3%
Dry Fruit Snacks	-1.1%	1.1%	4.4%	-14.9%	3.4%
Yogurt	18.4%	14.6%	16.7%	5.1%	2.0%
Lunches - Refrigerated	-9.1%	-1.8%	-6.6%	-17.8%	-4.8%
Total Food	10.0%	1.2%	12.0%	4.5%	10.8%

Implications

Due to their early lifestage and early career development, Millennials are more likely to be under budget-constraints vs. other segments. For food marketers, affordability-driven products and messaging is key.



MILLENNIAL SHOPPERS

FOOD CATEGORY INSIGHTS

The source of major food category opportunities (and risks) can be uncovered by comparing the shifts in category spending as Millennial shoppers age into their 30s.

Food Categories	Category Size (MM)	Spending Indices vs. Total Households			10-Yr. Future Prospects	
		Millennials 20s	Gen X 30s	Late Boomers 40s	Gen X vs. Millennials	Red Hot to Caution
Lunches - Refrigerated	\$722.3	119	172	147	+54	
Dry Fruit Snacks	\$657.8	133	180	148	+48	
Yogurt	\$4,141.4	92	120	114	+28	
Toaster Pastries/Tarts	\$735.1	118	143	173	+25	
Snack Bars/Granola Bars	\$3,048.9	100	121	134	+21	
Processed Fz / Rfg Poultry	\$2,107.5	113	133	140	+21	
Gum	\$900.4	96	107	141	+11	
Cold Cereal	\$7,450.2	109	120	122	+10	
Spaghetti/Italian Sauce	\$1,445.9	114	121	128	+8	
Fz Pizza	\$3,035.6	115	122	128	+7	
Natural Cheese	\$7,457.3	109	114	122	+5	
Crackers	\$4,135.6	97	102	118	+5	
Fz Appetizers/Snack Rolls	\$1,492.2	120	124	145	+4	
Salty Snacks	\$8,024.5	105	105	127	0	
Pasta	\$1,476.3	115	114	129	-1	
Fresh Bread & Rolls	\$7,670.2	99	97	115	-2	
Soup	\$4,391.8	96	94	109	-2	
Total Food	\$180,006.8	103	105	116	2	

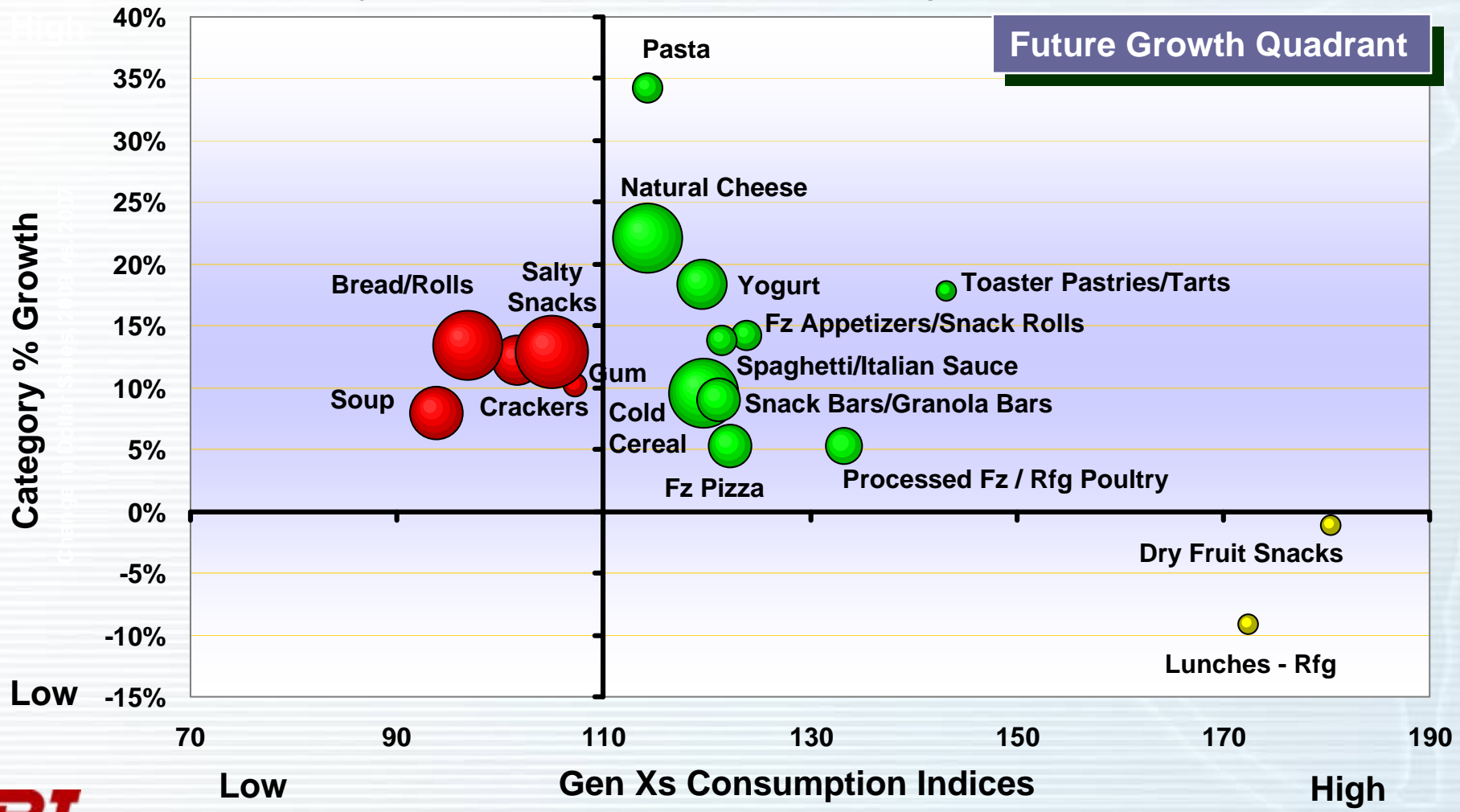
In order to build lifetime loyalty with Millennial shoppers today, retailers and manufacturers need to develop clear, targeted marketing initiatives designed to take full advantage of future spending in key categories where Millennials will be driving future category growth as their families grow.



FOOD CATEGORIES

FUTURE GROWTH OPPORTUNITIES

High category consumption indices for Gen X as well as recent total category growth highlight where retailers have major opportunities for Millennial-driven growth in the next decade.

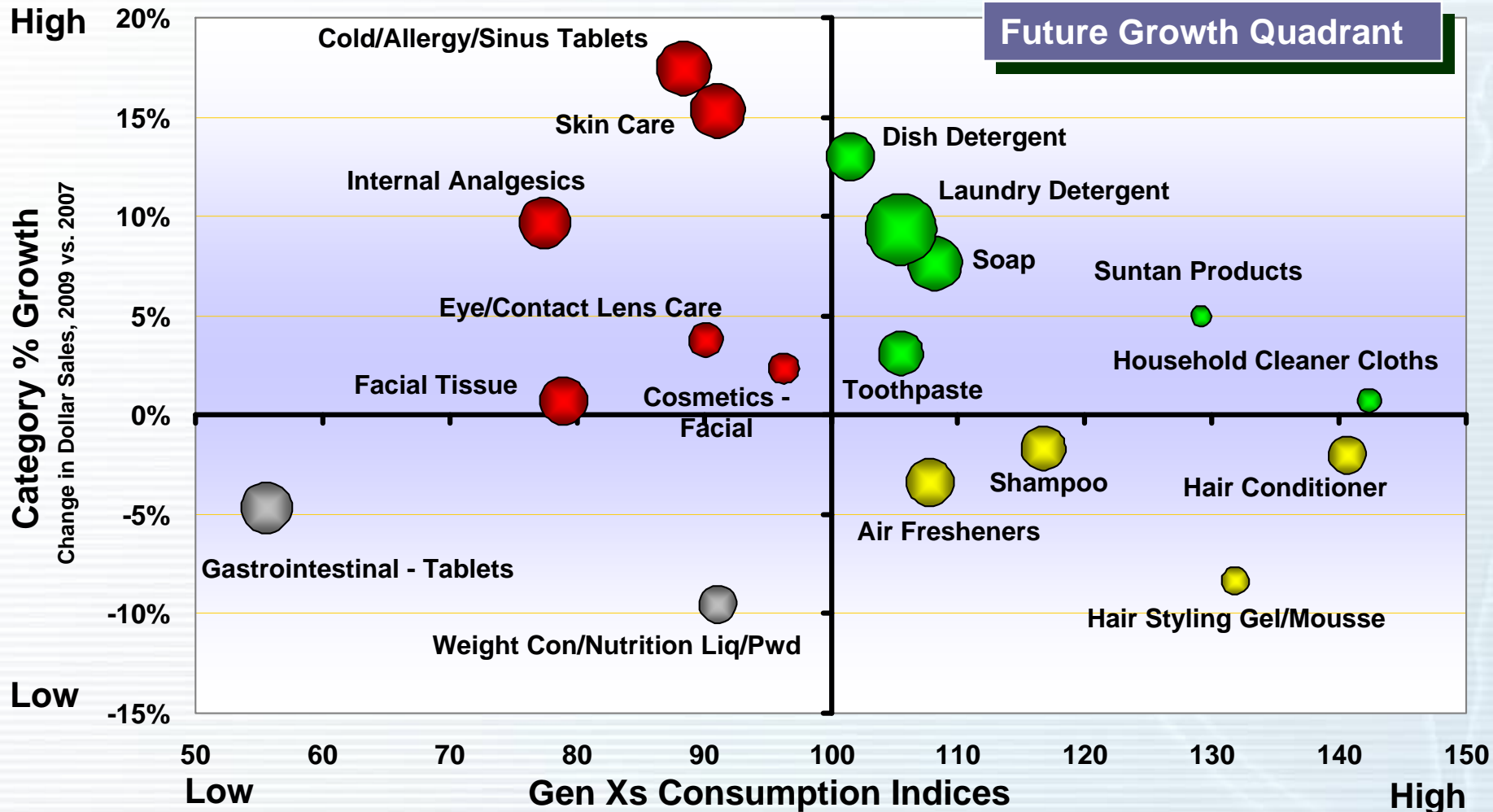


Note: Index = dollars per 1000 households for age segment/dollars per 1000 households for total panel; 100 = average. Size of bubbles = category size in 2009 sales across all channels. Source: IRI Consumer Network®, 52 weeks ending Q2 2009.



NONFOODS CATEGORIES

FUTURE GROWTH OPPORTUNITIES



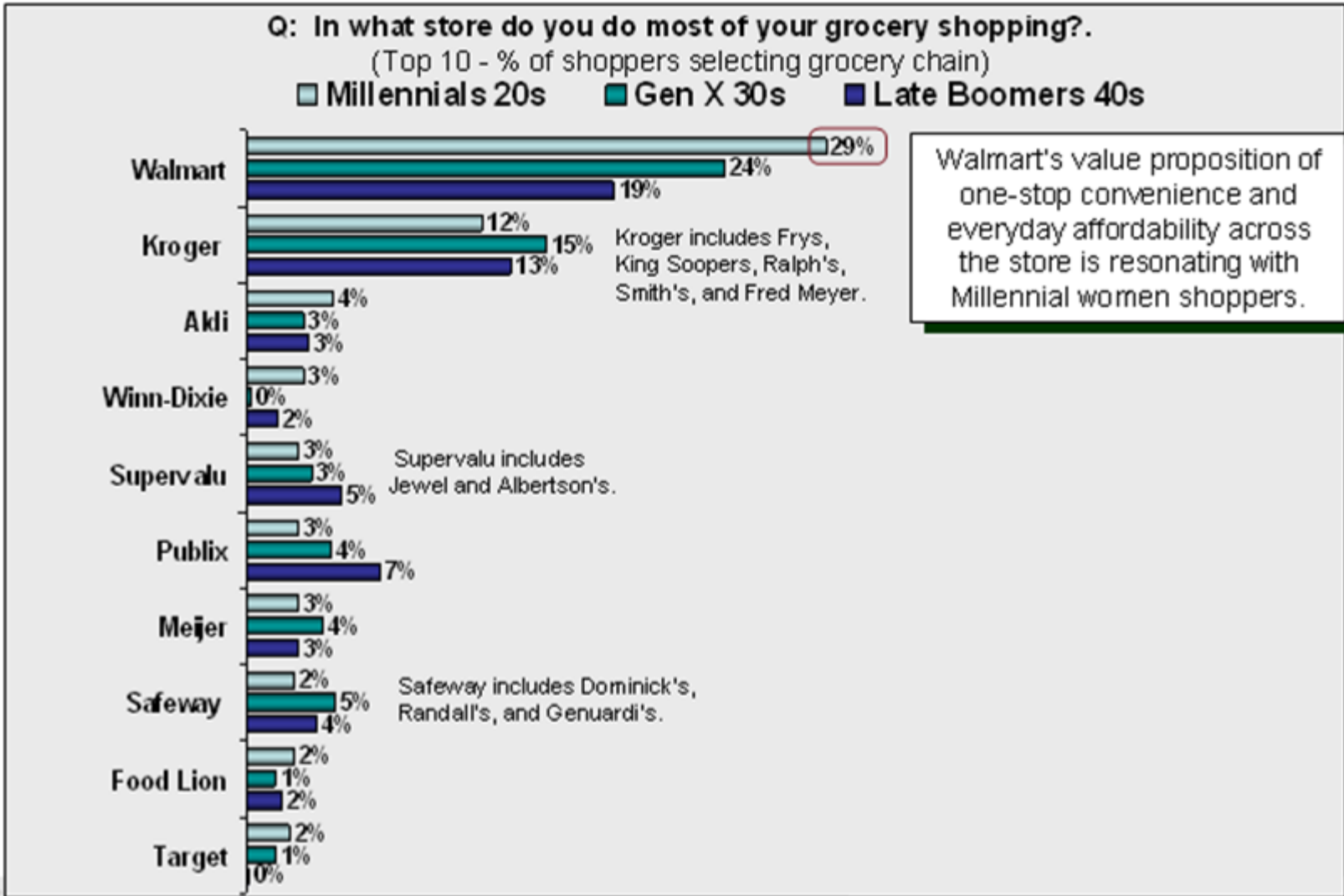
Note: Index = dollars per 1000 households for age segment/dollars per 1000 households for total panel; 100 = average. Size of bubbles indicate category size in 2009 sales across all channels. Source: IRI Consumer Network®, 52 weeks ending Q2 2009.



MILLENNIAL SHOPPER ATTITUDES

RETAILER LOYALTY

Consistent with its national presence and value proposition, Walmart is the preferred grocery retailer among all respondents – with strong loyalty from Millennials.

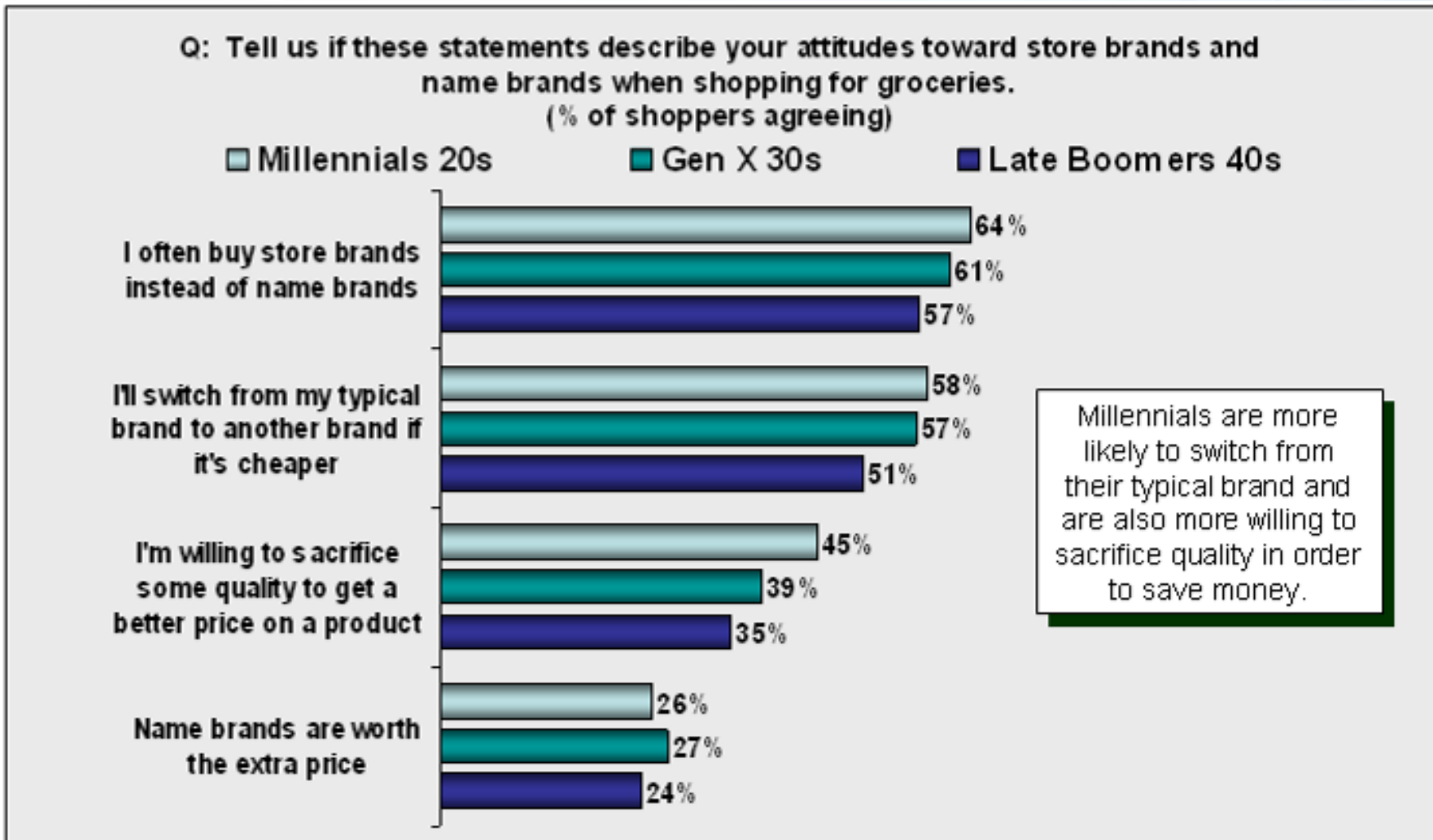




PRIVATE LABEL ATTITUDES

PROPENSITY TO BUY

Most shoppers demonstrate a strong propensity to buy private label products. Further, Millennials appear to be more price sensitive and less brand loyal.





FOR MORE INFORMATION

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