

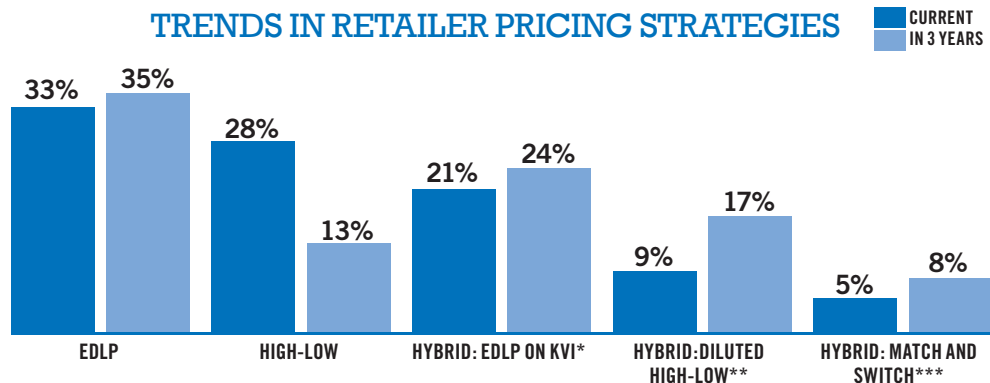
DATAPOINTS

Suppliers Trim Trade Spending

Manufacturers have decreased their trade-promotion spending with retailers as both a percentage of their sales and as a percentage of their overall marketing budgets, according to the 2012 Trade Promotion Industry Benchmarking Study from Kantar Retail. Traditional trade spending accounted for 44% of manufacturers' total marketing spend in 2011, compared with 56% in 2009, the study revealed. As a percent of sales, trade spending is now about 15.9%, lower than any time since 1999, when it totaled 14%

of sales. One of the key findings of the study was that manufacturers expect to better align and integrate trade spending with shopper marketing activities. In the next three years, they expect to focus on digital marketing, a shift to shopper marketing, closer measurement of trade promotion and a shift toward a pay-for-performance model. Retailers, meanwhile, continue to move toward more EDLP and hybrid pricing models with less emphasis on promotion. **SOURCE: Kantar Retail**

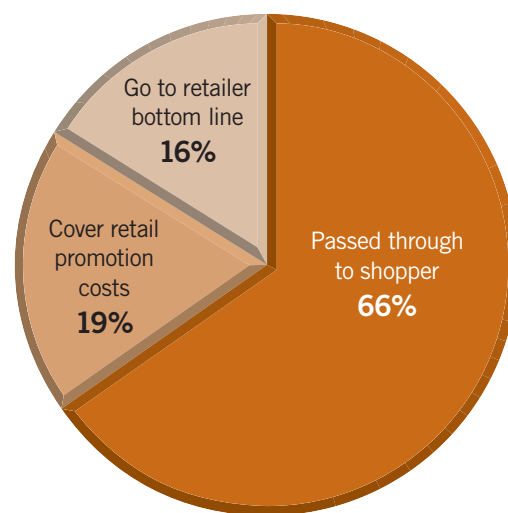
TRENDS IN RETAILER PRICING STRATEGIES



* EDLP for known value items, high-low for rest ** More EDLP, fewer discounted items
*** EDLP for widely available SKUs, higher prices for unique products

Use of Trade Funds

(for food and beverage products)



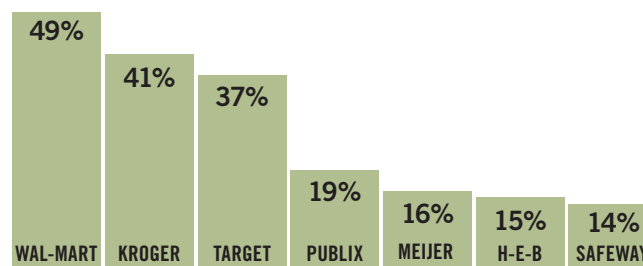
26%
of trade funds will go toward merchandising display in 3 years (up from 21% now)

88%

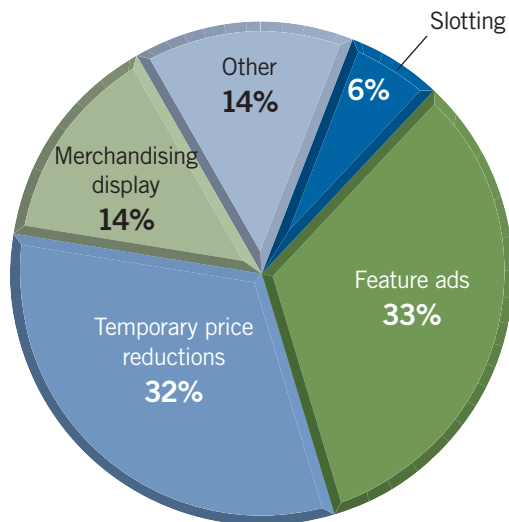
of retailers say digital trade promotion is an area of growing importance

Top Retailers Using Trade Promotions

(% of manufacturers ranking in top 3)



Retailer Allocation of Trade Funds



“Trade promotion as a share of marketing expenses is lower than any other year in the past decade.”
— KANTAR RETAIL

Trade Spending Down

(average trade spending as a % of gross manufacturer sales)

