NEW PRODUCT **PACESETTERS**

High-octane fuel for growth engines

IRi

Growth delivered.

The formula for high-octane fuel that drives growth engines

With long-lasting impact on the bottom line…

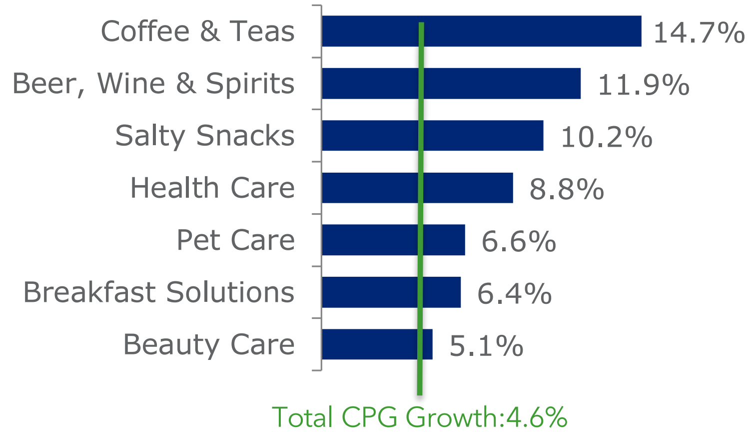
Understand Consumers

Collaboration economies

Self-treatment transformation

Nutrition management made easy

Usage Group Growth, 2011-2013



The Impact

Trial	1%
Repeat	48%

70% of year-one volume came from repeat!

Prompt Awareness, Trial, Repeat

No matter the platform…If people are sharing, it's **social media**!

Change Consumer Behavior

shopping habits

category usage

price/value expectations

Adding a new user segment

Microwave…Serve…Imagine!

Not just cleaner…Healthier!

No more measuring or spilling

Sustained energy…on the go!

Powerful, yet inexpensive!

The formula to go the distance

Because new products are catalysts for the success of CPG companies, manufacturers invest sizable sums of money, time and enthusiasm into innovation and development. In fact, 190,000 new UPCs hit CPG retail shelves in 2013, accounting for an estimated 15% of total moving UPCs in the form of more than 9,500 new brand launches. Some of these innovations accumulated sizable year-one sales dollars, while others failed to live up to expectations.

There is no question that innovation plays a number of absolutely critical roles in the growth process.

In their first year, the brands highlighted throughout IRI's 2013 New Product Pacesetters report earned an average of $35 million. The dollars, though, are just the tip of the iceberg. New products bring excitement, buzz and competitive advantage. They establish and protect category leadership. They break into entirely new categories. In short, they are game-changers for CPG companies and life-changers for consumers!

To provide guidance to CPG innovators looking to seize the full potential of successful information, IRI developed a framework that is grounded in an extensive analysis of the 190,000-plus UPCs new to CPG retail aisles during the past year.

These products hit the market at a very challenging time in CPG history. Conservative behaviors still have a stronghold on the industry. But the upside of conservation is the critical role that packaged goods play in helping consumers live well for less. This year's IRI New Product Pacesetters embody several powerful CPG opportunities:

- CPG is going healthy … everywhere and anywhere!
- Category expansion expands market potential
- Less is more, but more is more, too!
- Variety is the spice of life!
- Convenience is a cost of entry

The lessons learned from IRI's 2013 New Product Pacesetters are profuse, but they boil down to a single critical principle:

Establishing and following a disciplined new product innovation process will breed successful new products and mitigate costly mistakes.

This process involves three iterative steps:

- Understanding the deep context of consumer attitudes, usage and shopping habits
- Developing business plans to meet consumer needs in ways that are incremental, profitable, sustainable
- Fundamentally changing shopper/consumer behavior in a long-lasting way

Top 10 Pacesetters: **Food & Beverage**

Healthy variety drives sales; convenience remains critical

Seven out of the top-10 2013 food and beverage launches take a healthier-for-you approach to dominating the retail shelves.

Dannon, for the second straight year, owns the top spot. This year's leader, Light & Fit Greek, offers three new ways to be light and fit – and satisfied. This line is one of three yogurt lines among IRI's top-10 food and beverage Pacesetters, each of which boasts more than 10 flavor options that play into our passion for healthy convenience!

This is the fourth straight year that a single-cup coffee launch made the ranks of top-10 New Product Pacesetters. Green Mountain boasts two of those four launches. In 2010, Green Mountain introduced Green Mountain Coffee K-Cups. In 2013, Green Mountain found success with Eight O'Clock K-Cups, which boast aromas that spark memories, flavors that excite the senses and all-new offerings that pique the imagination.

PepsiCo has three top-10 launches, capitalizing on consumers' more home-based approach to dining and entertaining while simultaneously catering to strong better-for-you and restaurant-flair opportunities. TOSTITOS Cantina Tortilla Chips offer real restaurant taste wherever your party is; Pepsi NEXT boasts real cola taste with 60% less sugar; Müller Yogurt is a creamy yogurt with a delectable side compartment .

Dannon Light & Fit Greek
$144.9M *Yogurt*

Yoplait Greek 100
$135.1M *Yogurt*

Kellogg's Special K Pastry Crisps
$100.6M *Snack Bars/Granola Bars*

TOSTITOS Cantina Tortilla Chips
$100.3M *Salty Snacks*

Bud Light Lime Lime-A-Rita
$97.4M *Beer/Ale/Alcoholic Cider*

Müller Yogurt
$95.8M *Yogurt*

Eight O'Clock K-Cups
$89.8M *Coffee*

Pepsi NEXT
$83.2M *Carbonated Beverages*

Kellogg's Special K Flatbread Breakfast Sandwiches $77.9M *FZ Breakfast Food*

Atkins Frozen Meals
$74.0M *FZ Dinners/Entrees*

Source: IRI Market Advantage™, new products that completed their first year in calendar year 2013

Top 10 Pacesetters: **Non-Food**

Great results, great experiences and great value equal great sales

The best-selling CPG launches of 2013 truly demonstrate the power of promising healthier, worry-free expectations and experiences, and economical options.

A first in recent Pacesetter history, three home-care products achieved top-10 status for the year. At the top of the list is Tide Pods, laundry detergent that has reinvented the way you do laundry, with a multi-chamber packet that separates ingredients until they hit the water – for outstanding cleaning power.

Ajax Triple Action and Downy Infusions round out this powerful home-care trio.

Hair care marketers are also "going big" with results, experiences and value, bringing salon-quality results into the home and making it more affordable to look and feel great every day.

At the top of the hair care newcomers list is L'Oréal's Advanced Haircare, L'Oréal's most effective and transforming line ever.

Value is a theme resonating across CPG aisles. Good value is racking up great sales across several top-10 non-food launches, including Puffs Basic and Vidal Sassoon Pro Series.

Tide Pods
$324.6M *Laundry Detergent*

L'Oréal Advanced Haircare
$141.8M *Hair Care*

ZzzQuil
$121.1M *Sleeping Remedies*

Vidal Sassoon Pro Series
$96.0M *Hair Care*

Clear Scalp & Hair Therapy
$92.7M *Hair Care*

Downy Infusions
$90.2M *Fabric Softener Liquid*

Ajax Triple Action
$84.2M *Dish Detergent*

Always/Tampax Radiant
$83.0M *Sanitary Napkins/Tampons*

Secret Outlast
$82.4M *Deodorant*

Puffs Basic
$74.5M *Facial Tissue*

Source: IRI Market Advantage™, new products that completed their first year in calendar year 2013

Top 10 Pacesetters: **Convenience Store**

Convenience stores win with energy and relaxation, wellness and indulgence

The convenience store channel plays a vital role in delivering immediate-consumption, often indulgent CPG products to consumers. The most powerful convenience channel launches of the year clearly reveal the seemingly paradoxical trends of health and indulgence that permeate the CPG marketplace.

The power of consumers' pursuit of health and wellness is seen in this channel in neuro Drinks, a big brand brought to market by a small company, Neurobrands LLC.

Beer and liquor continue to be a dominant driving force for the success of the convenience market, and manufacturers are constantly looking for the latest product spin to appeal to the ever-changing consumer palate. Two Anheuser-Busch launches, Bud Light Lime Lime-A-Rita and Budweiser Black Crown, are helping consumers diversify their leisure experiences.

Tobacco and electronic smoking alternatives undoubtedly carve out a major niche in overall convenience store sales and growth by listening to consumer demands and adapting with new market entries. Marlboro NXT and NJOY have proven they can get ahead of the curve by appealing to consumers' quest for variety and alternatives to traditional smoking.

Monster Energy Ultra
$268.2M *Energy Drinks*

Red Bull Total Zero
$139.1M *Energy Drinks*

Marlboro NXT
$117.9M *Cigarettes*

NJOY
$115.5M *Electronic Smoking Devices*

Bud Light Lime Lime-A-Rita
$113.1M *Beer/Ale/Alcoholic Cider*

Budweiser Black Crown
$55.9M *Beer/Ale/Alcoholic Cider*

neuro Drinks $52.1M *Sports Drinks, Bottled Water, Sleep Aids, Vitamins, Weight Control*

Pepsi NEXT
$31.1M *Carbonated Beverages*

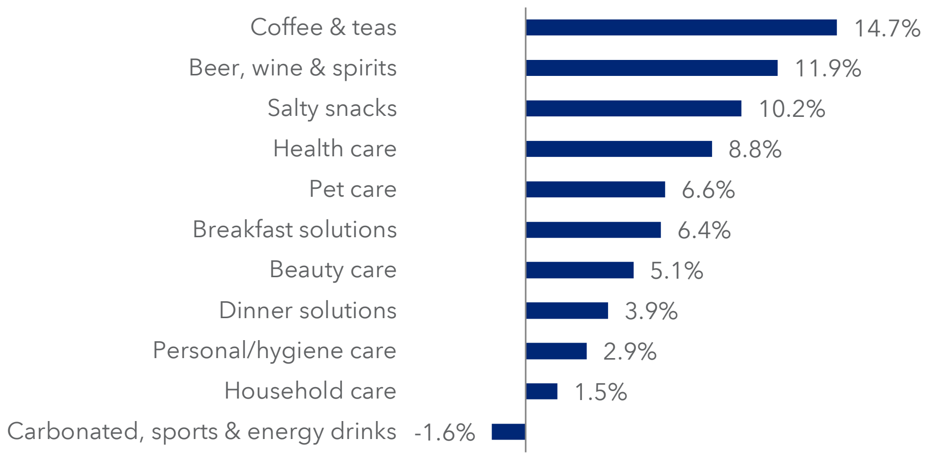
DORITOS JACKED
$25.9M *Salty Snacks*

Starbucks Refreshers
$24.1M *Energy Drinks, Coffee*

Source: IRI Market Advantage™, new products that completed their first year in calendar year 2013

Innovation is critical to the growth process

Usage Group Growth, 2011–2013



TOTAL CPG GROWTH: 4.6%

Between 2011 and 2013, an estimated 30,000 new products hit multi-outlet retail shelves. While these launches hail from diverse aisles, some sectors are demonstrating a disproportionate share of successful launches. Illustrated above, in 2013 many high-success sectors are also achieving above-average dollar sales growth.

Grow through technology

The coffee and tea sector has grown 14.7% during the past couple of years. In addition to escalating raw materials costs, this sector is being driven by the smashing success of K-Cup technology. In 2013, one-quarter of beverage Pacesetter dollars were generated by coffee and tea innovation, supported heavily by the near-$90 million launch of Eight O'Clock K-Cups.

Shake up the category

The beauty sector grew 5.1% during the past several years, despite exceptionally conservative behaviors, including reduced product usage and trading-down behaviors. Success has been achieved by expanding market potential through products that go beyond pure beauty to beauty based on enhanced health and wellness. Pantene Pro-V Ultimate provides 10 "healthier hair" solutions with just one step, including repair for rough hair and protection from damage.

Support evolving rituals

The beer/wine/spirits and breakfast sector outpaced industry-average growth by a wide margin in recent years, bolstered by phenomenal innovator support of evolving consumer rituals.

In 2013, breakfast innovation accounted for more than 40% of food Pacesetter dollars, up from 32% in 2012, as consumers embraced products that support on-the-go eating and healthier alternatives. Kellogg's Nutri-Grain Fruit Crunch bars are a crunchy way to start your day, with 20 grams of whole grains and real fruit. YoCrunch Yopa! Greek yogurt tops real fruit and authentic Greek yogurt with nine-grain granola.

Beer/wine/spirits innovators, including Budweiser with Bud Light Lime Lime-A-Rita and Boston Beer Company with Angry Orchard hard cider, grew the sector nearly 12% during the past few years by capitalizing on evolving demographic-based opportunities, such as millennial and female drinkers.

Source: IRI Market Advantage™, new products that completed their first year in calendar year 2013

Innovation is critical to the growth process

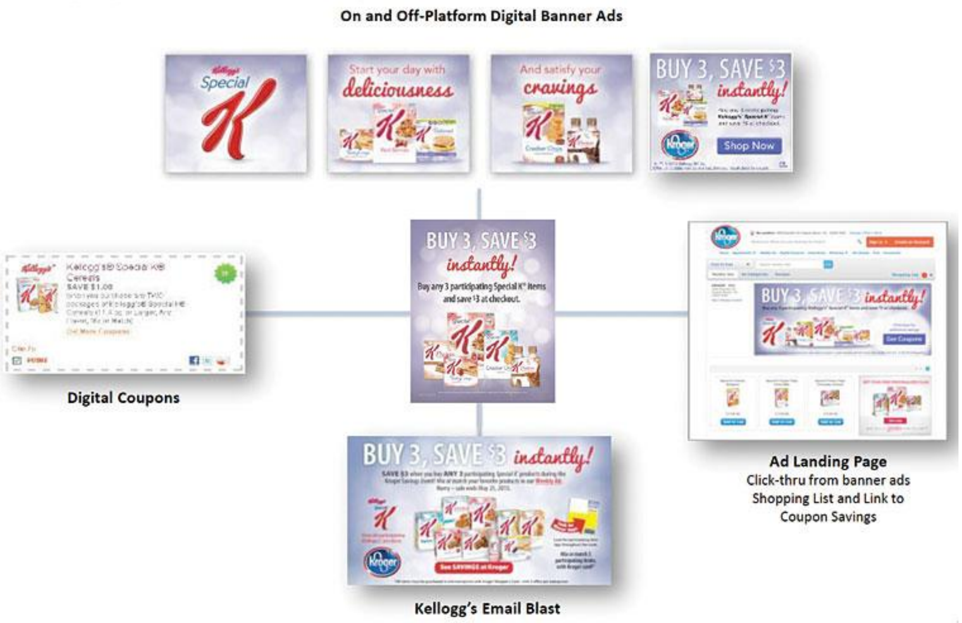
Bring it home with messaging

Consumers must have a clear understanding of the benefits offered by new products and how those benefits support their needs and wants. Innovative CPG marketers are embracing a wide variety of media to communicate this type of information. Kellogg's 2013 Spring Challenge campaign drove shoppers to Kroger stores with an email blast that carried a message to purchase Special K: buy three items, save $3 instantly at checkout. The campaign also included digital coupons for two weeks in May and was promoted through a series of banner ads along with recipes and a shopping list on Kroger.com.

Reinforce the value proposition

A critical benefit today is value. Explored throughout this report, brands across CPG aisles have raised the bar on value in many innovative ways.

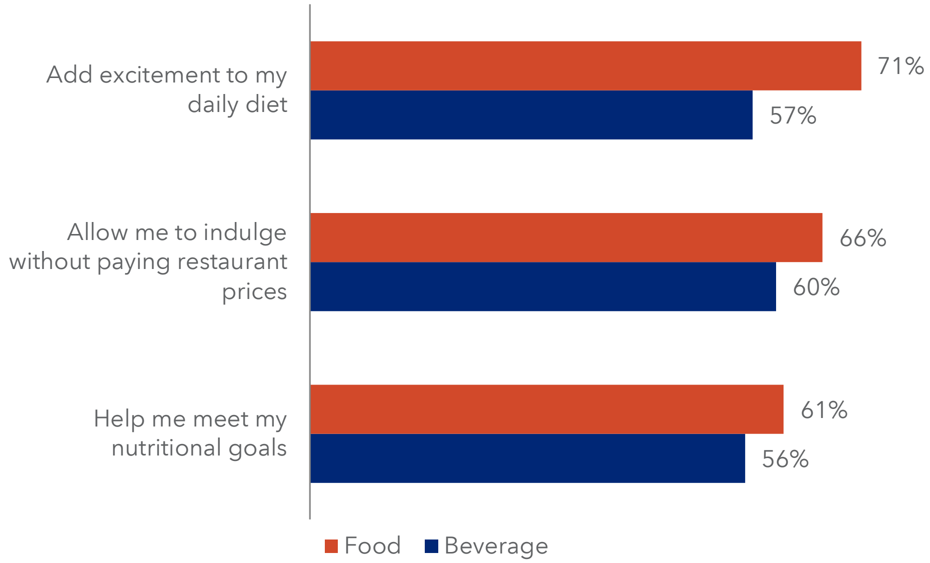
Value has become a central message in marketing communications. Vidal Sassoon Pro Series and Sally Hansen are bringing the salon into the home and emphasizing the sizable cost savings. Bud Light Lime Lime-A-Rita is reinforcing value with imagery of a tropical vacation at home.



Source: Path to Purchase Institute/Shopper Marketing

Key drivers of new product purchases

Motivators of purchase among early adopters of food and beverage products



81%
of early adopters are always looking for new food products to try

74%
of early adopters are always looking for new beverage products to try

The September 2013 edition of *Times & Trends* provided deep insights into the way consumers are thinking about, buying and consuming food and beverage products today. Explored throughout the report, the blurring of eating occasions and the country's challenging economy have combined to profoundly impact the food and beverage competitive landscape.

Nutrition, indulgence and excitement

What hasn't been changed by these forces is consumers' appetite for indulgence, excitement and nutrition. These benefits are the trifecta of new product trial, particularly among early adopters of new food and beverage products.

> Consumers seek new food and beverage products that offer a trifecta of benefits.

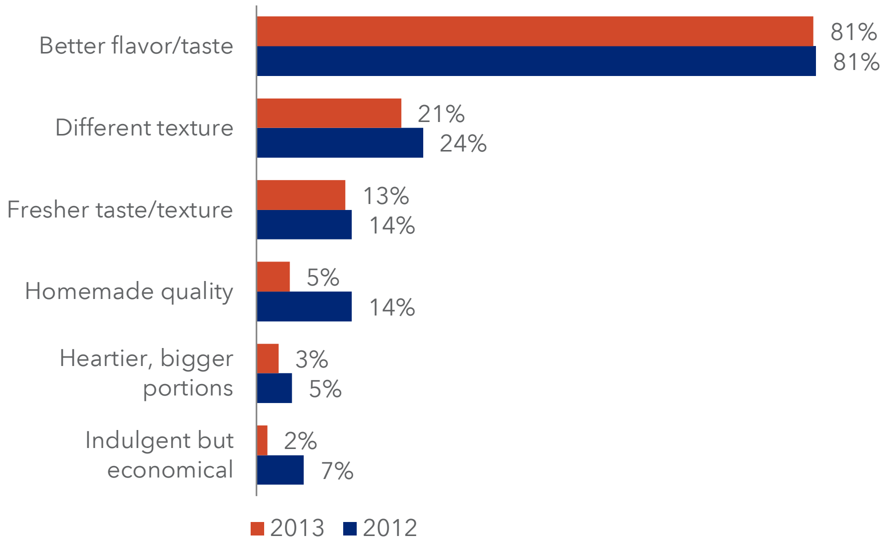
Nearly three-quarters of early adopters of new food products are continually on the prowl for launches that add excitement to the daily diet. Most beverage triers (57%) seek the same.

New nutritional benefits and novel dining adventures are also heavily sought. Two-thirds of early new food and beverage product adopters are on the lookout for new "restaurant in the home" options. Only slightly fewer are focused on new options for enhancing their diet's nutritional profile.

Source: IRI 2014 New Products Survey

Satisfy consumers' appetite for options and excitement

Food and beverage Pacesetters' indulgent benefits



> Flavor satisfaction is the cost of entry; excitement has many faces across indulgent launches.

There is no shortage of variety on food and beverage shelves today. The ranks of IRI's 2013 food and beverage Pacesetters demonstrate how innovators are finding success in casting their nets even wider.

Ben & Jerry's helped Greek yogurt leap into the freezer with Ben & Jerry's Greek frozen yogurt – it's smooth and creamy, plus you'll find the same sensational swirls and colossal chunks, which perfectly complement the tangy taste of Greek yogurt. Kellogg's Special K continues to expand its position as a "24-hour" partner by adding Kellogg's Special K Flatbread breakfast sandwiches to its line of wholesome breakfast foods, snacks and shakes.

Pack a punch

Innovators are really capturing the attention of consumers' taste buds with unique and exciting textures.

One in ten of the 2013 top-selling food and beverage launches offer texture experiences. With the rich, irresistible taste of popcorn, Kellogg's Special K Popcorn Chips have a unique crunch and texture all their own.

In a dazzling departure from the ordinary, Campbell's Gourmet Bisques make it easier to create a captivating evening meal.

Keep it fresh

Fresh flavors are also winning in the marketplace, and beverages are showing just as much strength as food launches. For a natural oomph from coconuts plus natural flavor essences, there's Zico Pure Premium Coconut Water. Tropicana Farmstand, a deliciously chilled 100% juice, also notches up the wellness factor with one serving of fruit plus one serving of vegetables in every glass.

Make indulgence affordable

Innovators captured an average year-one **$33 million** with Pacesetters offering smart splurges, such as restaurant-quality food and beverages in the home. From the first course (Lean Cuisine Salad Additions) to the last (Orville Redenbacher's Ready-To-Eat Gourmet Popcorn), consumers are welcoming the opportunity to eat gourmet without paying gourmet prices.

Regardless of the path taken to get there, delivering indulgence – which is often pumped up by variety – remains a sizable opportunity for CPG marketers. For the year, Pacesetting innovators captured more than **$2.5 billion** with indulgent-product introductions.

Source: IRI Market Advantage™, new products that completed their first year in calendar year 2013

Reap sizable year-one sales with healthy ingredients

Food and beverage Pacesetters that enhance consumers' health with more of sought-after ingredients earned an average **$35 million** in their first year, underscoring the power that delivering wellness has in today's CPG marketplace.

Fill 'em with fiber

The most prevalent add in this year's Pacesetter brands, found in 42% of launches, is fiber and/or whole grains, which not only provide aid for the digestive tract but also provide a sustained feeling of fullness – perfect for today's on-the-go style of eating and living.

BelVita Breakfast Biscuits are a perfect source of nutritious sustained energy provided through a combination of grains that are carefully baked to release energy regularly and continuously, to fuel your body throughout the morning. General Mills launched four Pacesetter Fiber One brands, each offering up to 40% of the daily value of fiber.

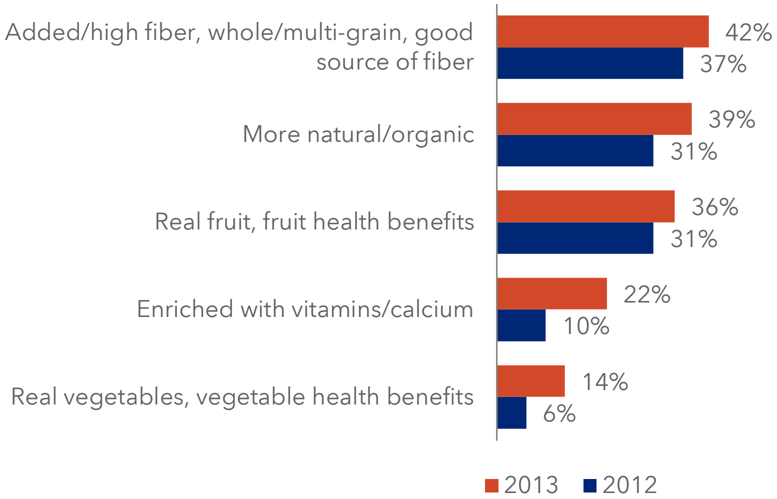
Keep it natural (or organic)

During the past few years, growth of the natural/organic sector has outpaced the industry as a whole, exceeding 10% annually, supported by a steady flow of powerful natural/organic launches targeting all ages.[1]

Plum Organics baby food, made from the freshest organic ingredients and packaged for on-the-go enjoyment, satisfies the youngest consumers. Juicy Juice Fruitifuls, all-natural juice beverages that are an easy way to reduce sugar intake, provide kids the nutrition they need in the delicious flavors they love. And Newman's Own Skillet Meals, a line of all-natural, obscenely delicious and super-easy restaurant-quality meals, are ready in just 10 minutes.

Reach new heights with innovation that packs powerful nutritional advantages.

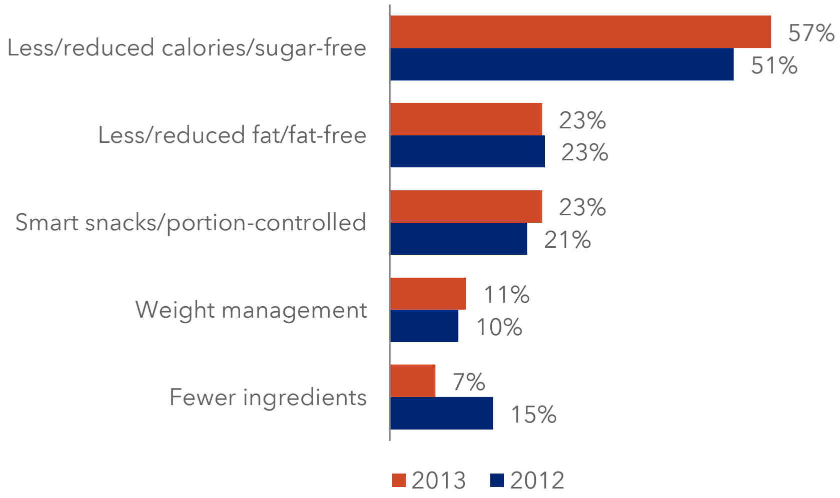
Food and beverage Pacesetters offering better-for-you nutrition with more desirable ingredients



Source: IRI Market Advantage™, new products that completed their first year in calendar year 2013; [1]SPINS

Guide nutritional management efforts

Food and beverage Pacesetters offering better-for-you nutrition with fewer less-desirable ingredients



REMEMBER:
Less is really more!

Dieting has clearly given way to "nutritional management." Launches that provide better-for-you nutrition by removing/limiting less-desirable attributes racked up more than **$1.6 billion** during their collective year-one.

Cut calories and sugar

Well over half of Pacesetting food and beverages brought lower-calorie and/or lower-sugar options to retail shelves. Several of the 10 largest Pacesetter foods and beverages highlighted earlier in this report demonstrate the opportunity available to innovators that address this trend.

Even traditionally indulgent categories are bringing a healthier spin to the grocery aisles. Blue Bunny Sweet Freedom is a line of ice cream treats with less sugar and fat, and Skinnygirl Cocktails are low-calorie alcoholic drinks. And a healthier-for-you beverage option, water, is being made more exciting, with brands such as DASANI DROPS, Crystal Light Liquid and MiO Fit.

Identify lower-calorie options

Consumers are embracing low-calorie options, such as The Laughing Cow Smooth Sensations and Kellogg's Special K Popcorn Chips, as they look to simplify nutritional management efforts. But innovators are also finding success in adjusting portion sizes, as illustrated by Marie Callender's Single-Serve Cream Pie and Chobani bites.

Streamline ingredients

Only 7% of this year's Pacesetting food and beverage launches touted fewer ingredients and removing artificial or chemical additives, including PERDUE SIMPLY SMART Chicken and Oscar Mayer Selects. Though this figure is behind 2012 trends, simplifying the manufacturing process remains a very important opportunity and a trend that will continue in the foreseeable future.

Source: IRI Market Advantage™, new products that completed their first year in calendar year 2013

Make it easy to fuel up without slowing down

Half of consumers graze their way through the day, either by eating four to five mini-meals or just grabbing food/drink when the opportunity arises rather than on a set schedule. This has had profound impacts on the CPG industry and raised the bar on the need for fast, easy, and portable food and beverage solutions.

As has been the case in recent years, convenience alone does not equal product success. Today's innovators must deliver convenience plus!

Satisfy with speed

Nutella & Go! delivers convenient satiation in the form of a delicious hazelnut spread packaged in a go-pack with crisp breadsticks. Ball Park Flame Grilled Patties made with 100% pure beef come in three varieties. Plus, they are microwave-ready in about a minute, because Americans should never have to wait for delicious burgers.

Excite with ease

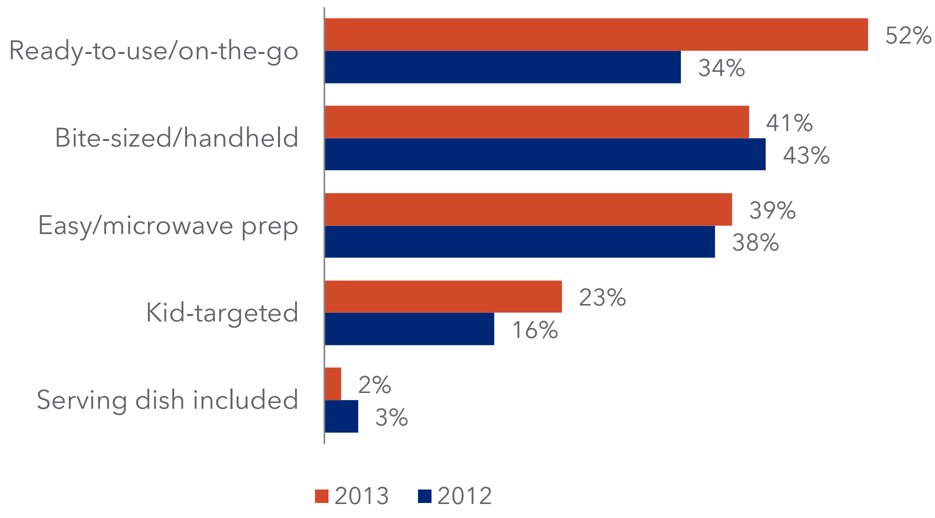
Convenient excitement is also making a lot of noise in the food and beverage aisles. P.F. Chang's Home Appetizers turn every gathering into a party with a line that offers zing and zest with handheld snacks that are too good to just have one. Land O'Lakes Sauté Express combines butter, olive oil, and a variety of herbs and spices into a convenient square that cooks and flavors chicken, fish or pork in one easy step!

Cater to kids

Food and beverage innovators can also make a big splash by appealing to the market's smallest consumers – the kids of the household. Products that offer convenient indulgence, such as Snack Pack Pudding Bakery Shop Pudding and Kellogg's Cinnamon Jacks, are quick, kid-friendly indulgences that are being rewarded with sizable year-one sales.

Make fueling up quick and easy, and don't overlook opportunities to satisfy youth appetites.

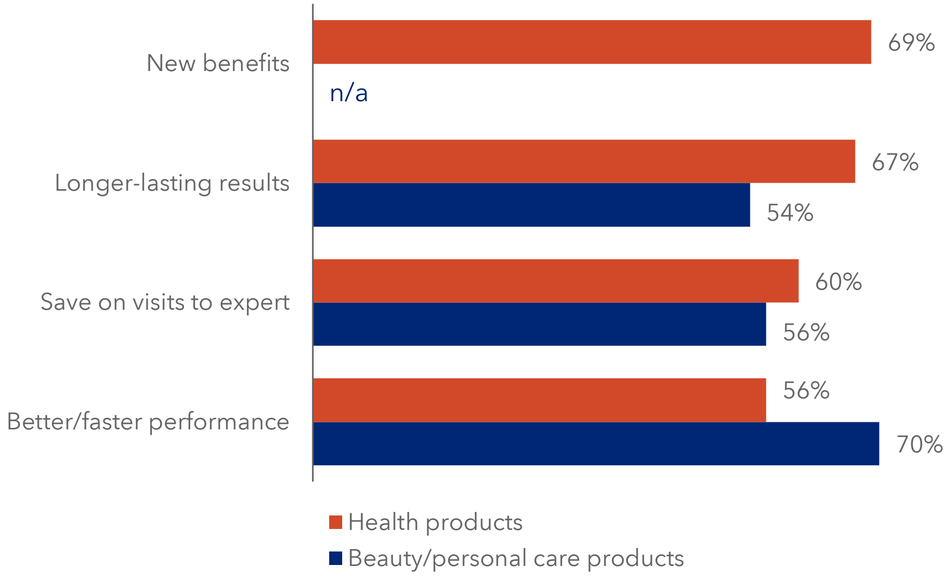
Food and beverage Pacesetters offering convenience



Source: IRI Market Advantage™, new products that completed their first year in calendar year 2013

Key drivers of new product purchases

Motivators of purchase among early adopters of health and beauty care products



More than half of early adopters try new home-based treatments to save on professional services.

In today's marketplace, consumers are conservative. But the health and beauty/personal care segments are powerhouses. Together they accounted for 14% of American shoppers' multi-outlet CPG spending in 2013 – $86 billion in all.

A key question for marketers is, what motivates consumers to step outside their comfort zones and buy newly introduced health and beauty care products?

Across the board, IRI survey results show that early adopters in health and beauty/personal care are more heavily influenced than the general population by certain well-defined, concrete benefits.

Save money

For instance, among the general population, one-quarter of shoppers seek out health care products that allow them to save money on doctor's visits, and one in ten buys beauty/personal care products to save on salon visits. But more than half of early adopters in both categories try new home-based treatments as a money-saving tool.

Get results

While saving money overall is key, these shoppers are intently focused on raising the bar on performance.

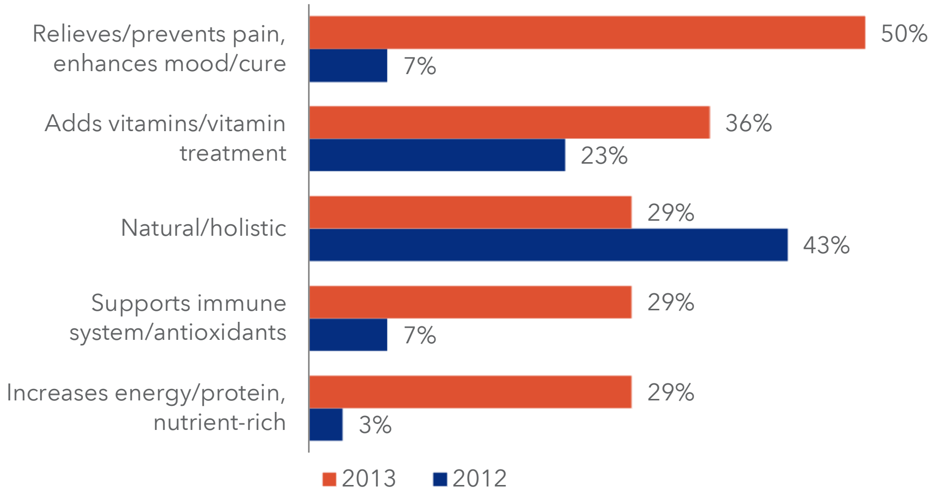
More than two-thirds (69%) of health care product early adopters are "always on the lookout" for new benefits. Longer-lasting results rate nearly as high (67%).

Better/faster results are a key motivator of new product trial for 70% of early adopters of beauty/personal care products. Longer-lasting results are key to more than half (54%).

Source: IRI 2014 New Products Survey

Deliver wellness, PLUS

Non-food Pacesetters with wellness benefits



Drive sales with innovation that supports wellness and vitality.

The sheer number of 2013 non-food Pacesetters offering wellness benefits is about half versus 2012, but these 14 brands are providing consumers new ways to be healthier, more comfortable and/or more energetic. And this remains a significant opportunity for non-food innovators. On average, these launches earned **$31 million** in year-one sales across IRI's multi-outlet geography.

Deliver wellness, PLUS

The best-selling non-food launches of 2013 offered wellness as a means of achieving something more. Clear Scalp & Hair Therapy is made with Nutrium 10™, which nourishes the scalp and creates the right foundation for strong, beautiful hair. LISTERINE ULTRACLEAN uses EVERFRESH technology to provide a dentist-clean feeling that lasts for hours and an anti-tartar ingredient for cleaner, brighter teeth.

Amp it up

As seen in food and beverage aisles, solutions that provide a boost of energy are also capturing attention and sales in non-food aisles.

Four of the wellness-supporting non-food Pacesetters, 29%, offer increased energy. Three of those products, Ensure Complete, Ensure Clear and Pure Health Naturally, made a big splash providing nutritional support with a boost of energy. Estroven offers relief from the symptoms of menopause, including fatigue.

Make it better

Half of wellness-touting Pacesetters reaped sizable year-one sales by relieving or preventing pain, or enhancing cure or mood. Building wellness from the inside out, TruBiotics, from the makers of One A Day, supports health by replenishing the body's good bacteria in the digestive tract to strengthen the immune system.

ZzzQuil, the top-selling launch in this area for the year, earned more than **$121 million**, finding success in offering consumers a one-dose, non-habit-forming sleep aid that helps them get exactly what they need – a beautiful night's rest so they can wake up feeling refreshed.

Source: IRI Market Advantage™, new products that completed their first year in calendar year 2013

Provide smart splurges and sensory stimulation

IRI's MarketPulse survey found that shopper sentiment dropped in Q4 2013, and this gloomy attitude is spilling over into 2014. As pervasive as this outlook is, it is particularly evident among millennials, who have consistently struggled since the economic downturn began.

Why has sentiment declined? One-third (39%) of consumers feel their financial situation is worse today than it was one year ago. Nearly half of consumers indicate that they have had to make numerous cutbacks during the past six months to save money.

Make pampering affordable

Demonstrate to consumers that living frugally does not mean sacrificing small indulgences in life. Consumers are receptive to CPG products that provide smart splurges, particularly products that appeal to the senses.

In 2013, two-thirds of non-food New Product Pacesetters offered sensory benefits. Hair care and cosmetics brands, including L'Oréal Advanced Haircare and Maybelline Volum' Express the Mega Plush, dominate the sensory field, but the trend transcends non-food aisles.

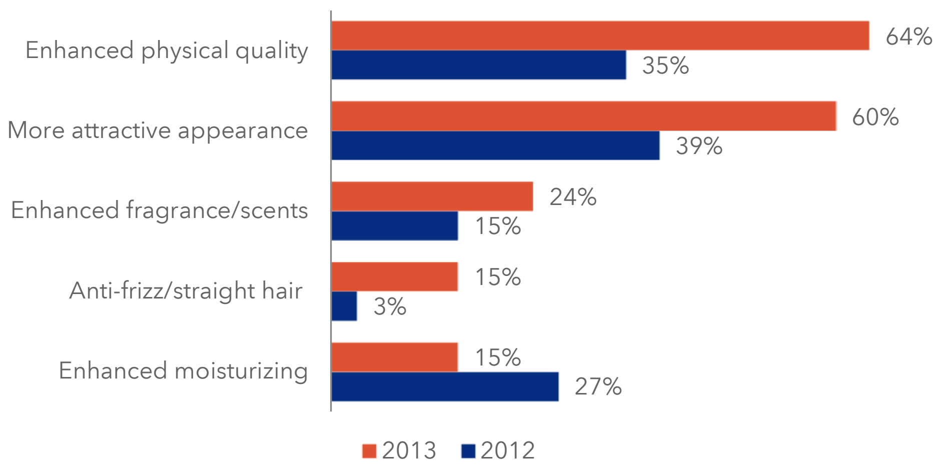
Procter & Gamble, manufacturer of Downy Infusions and Febreze Stick&Refresh home air fresheners, is capturing sales by bringing sensory experiences into the laundry room and anywhere air fresheners are used. Reckitt Benckiser's Lysol Power & Free cleaning products use hydrogen peroxide for a powerful clean without the harshness of bleach.

The impact

Across IRI's multi-outlet geography, sensory-providing non-food launches combined to earn more than **$2.4 billion** in year-one sales.

Capture attention with innovation that helps consumers look, feel and/or smell more alluring and pampered.

Non-food Pacesetters with sensory benefits



Source: IRI Market Advantage™, new products that completed their first year in calendar year 2013

Key drivers of new product purchases

Motivators of purchase among early adopters of home care products

> Consumers are actively seeking home care products that make household chores quicker and easier without sacrificing great results.

A growing prevalence of dual-income and single-parent households and the hectic ways of American living have drastically changed the approach consumers take to household chores during the past decade. According to the U.S. Census Bureau, Americans spend an average of 1.7 hours per day on household chores. While this is comparable to a decade ago, the way consumers clean has changed.

Quick and easy

A recent Mintel report highlights that most consumers take a piecemeal approach to household care rather than giving a single, prolonged effort.

To get a lot done in a little time, one-third of U.S. consumers are always on the lookout for products that help them get their housework done faster. Among early adopters of new home care products, nearly three-quarters are on the lookout for new products that will save time, and two-thirds want products that make the job easier.

A clean home is a healthy home

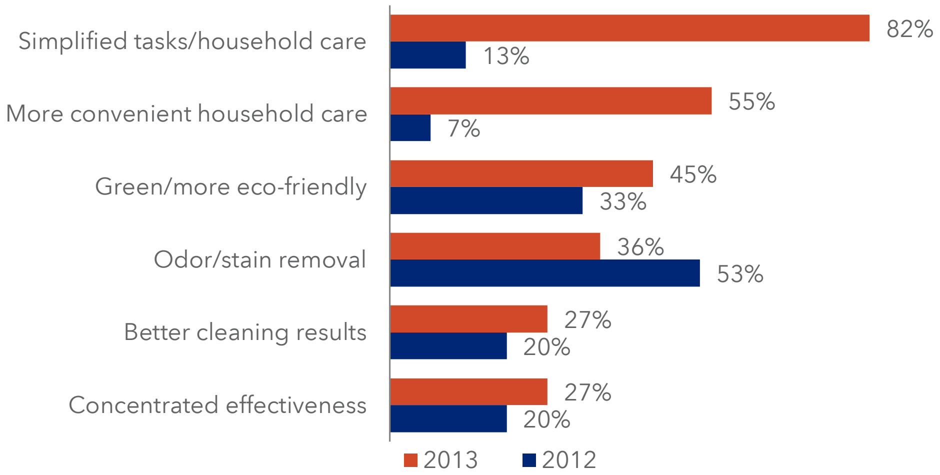
Despite being time-starved, Americans still generally view a clean house as a source of pride and accomplishment and an important part of healthy living. Half of consumers (50%) feel that maintaining a clean home is a good way to stay healthy, and 42% get a sense of accomplishment from cleaning their homes.[1]

Among early adopters of home care products, innovation that supports these goals is very top-of-mind. Two-thirds of early adopters of home care products seek new ways to get their homes cleaner.

Source: IRI 2014 New Products Survey; [1] Mintel

Deliver simple clean, PLUS

Non-food Pacesetters with home care benefits



Deliver simplicity with powerful and easy-to-use products that are kind to Mother Nature.

The overall number of New Product Pacesetters offering home care slipped between 2012 and 2013 (from 15 to 11), but this year's winners clearly demonstrate that innovation that allows consumers to work smarter, not harder, will ring up sizable sales dollars.

Home care Pacesetters earned a combined **$770 million** across IRI's multi-outlet geography in their first full year, a figure boosted handsomely by the year-one sales of Tide Pods ($324 million).

Make it simple

A strong majority of 2013 home care innovation winners, 82%, make it easier to get household chores done. Fifty-five percent of winners make home care more convenient.

Pre-dosed capsules of concentrated detergent that make it easier to get clothes clean and fresh are making a huge splash in washing machines! Four laundry capsule brands achieved Pacesetter status this year: Tide Pods, all mighty pacs, ARM & HAMMER Power Paks andPurex UltraPacks.

Do more with less

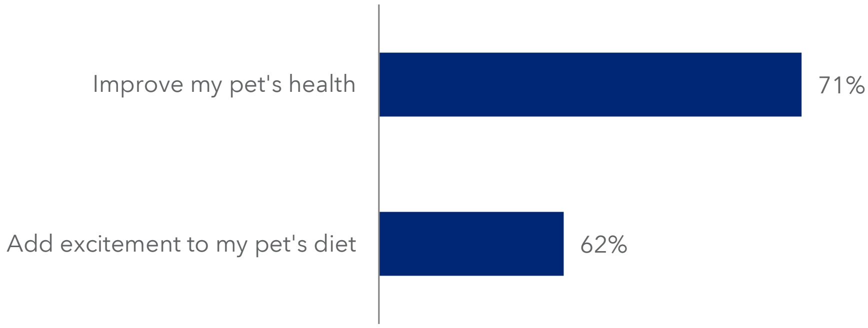
Simplicity in home care does not mean just easy. Innovators continue to have significant opportunity to do more with less. Concentrated laundry capsules are one example.

This trend cuts across non-food aisles. Simple Solution Pet Care products brings simplicity to pet care with earth friendly products that make Mother Nature proud.

Source: IRI Market Advantage™, new products that completed their first year in calendar year 2013

Key drivers of new product purchases

Motivators of purchase among early adopters of pet care products



74%
of early adopters are always looking for new pet products to try.

According to the American Veterinary Medical Association, an estimated 37% of U.S. households own at least one dog and 30% of households own at least one cat. Some of these animals are pets, while others are service animals. All are part of the family.

Pet health is critical

Because pet health is critical to pet owners, the pursuit of new pet foods that improve pet health is widespread. More than 20% of pet owners and three-quarters of early new-pet-food adopters are seeking new foods that will improve their pet's health.

These foods may have more of "the good stuff" – vitamins and minerals that support health. Or they may have fewer less-desirable ingredients, such as artificial ingredients or by-products.

Excitement sells

As evidenced in the food and beverage aisles, excitement is exciting. Two-thirds of pet owners want new pet foods that bring excitement to their pet's diet, such as savory gravies, juices and bacon.

Pet owners put health first, but nutritional excitement is a close second.

Source: IRI 2014 New Products Survey

Woo consumers with fun and targeted wellness

This year's top pet food launches earned an average year-one **$25 million** across the multi-outlet geography.

Pump up the flavor

Pure indulgence certainly has its place in the pet food aisles. Nearly two-thirds offer improved flavor satisfaction, including Pup-Peroni Mix Sticks and Cesar Savory Delights.

Put wellness at the forefront

Innovations that provide happiness through balanced and/or enhanced health and wellness are found in half of the top pet food launches, including Purina Friskies Rise & Shine – a sunny and delicious way to awaken your cat's senses while simultaneously providing balanced nutrition, vitamin and antioxidant fortification, and high-quality proteins.

Provide targeted nutrition

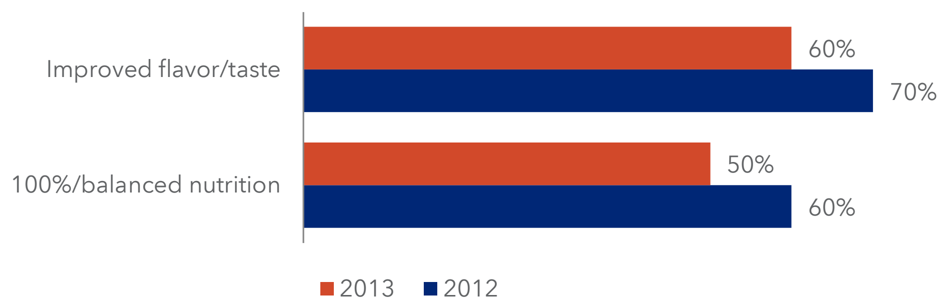
Successful pet food that takes a more targeted approach to health and wellness is also picking up steam. PEDIGREE PUPPY helps your puppy keep up with the big dogs with the extra nutrients it needs, including DHA for healthy brain development, and calcium and phosphorus for healthy teeth and strong bones. And in this year's Rising Stars, Iams is making a splash with brands such as Iams So Good, for tail-waggin', tummy lovin' nutrition.

Targeted health care for pets

- Healthy immune system
- High-quality protein
- More natural
- Oral care
- Skin/coat care
- Therapeutic
- Weight control

> Provide happiness that finds its roots in wellness.

Non-food Pacesetters with pet care benefits



Source: IRI Market Advantage™, new products that completed their first year in calendar year 2013

Trends to watch

In 2014 and beyond, consumers will take a very deliberate approach to grocery shopping. “Extras” will be greatly limited. CPG innovators have significant opportunity in helping consumers live well for less. Brands that provide powerful results and exciting experiences are sure to capture attention and share of spending.

Make wellness the foundation

Consumers are looking across CPG aisles for opportunities to make their homes, menus, bodies and minds healthier. Even Fluffy and Fido are part of the quest for wellness, demonstrated by the solid entry of Iams So Good during 2013. CPG marketers across aisles are focused on revving up nutritional profiles, balancing the mind and spirit with sensory stimulation and eliminating germs in the household environment.

Power up the return on investment

Long-lasting results, like those provided by Colgate’s Total Advanced Pro-Shield mouthwash, demonstrate the intersection of trends around health and wellness and more power.

Sheer power, too, is moving the needle. Cascade Platinum brings the power of capsules, seen this year in laundry, into the dishwasher.

Maybelline Volum’ Express the Falsies Big Eyes gives consumers three times more visible lashes and eight times more volume without clumping.

Bringing more power into the hands and homes of packaged goods consumers, allowing them to get the job done faster, easier and with better results, is a direct route to boosting the value equation.

Energy is power

Energy is power for the body and soul. Food and beverage marketers are adding protein, fiber, caffeine and other power-generating ingredients to existing and new product lines. Dannon Activia Greek and Mountain Dew Kickstart are just two examples of powerful entries into the food and beverage aisles.

Excite with experiences

Sensory benefits can also boost the excitement profile of packaged goods products. Unexpected flavors and/or textures, such as those found in Kellogg’s Pop-Tarts Gone Nutty!, or fresh and mysterious scents offered by Old Spice Wild Collection, have the ability to pamper and indulge on a budget.

Don’t overlook changing demographics

Serve the consumer of today, but plan to serve the consumer of tomorrow.

Around the globe, the over-65 population is quickly growing, and marketers looking for continued growth must keep pace with the changes. PEW Research estimates that around the world, 65-and-older consumers will outnumber the under-15 consumers before 2030. And by 2050, more than one in five consumers will be over the age of 65.

Ethnic diversification is also escalating. The Hispanic population, for instance, will represent 29% of the U.S. population by 2050. But to assume this huge and important group is homogeneous would be a serious miscalculation. Mexicans, Puerto Ricans and Dominicans are just a sampling of Hispanic ethnicity. Each of these groups has a unique culture of food and family, and all of these factors influence how consumers think about, purchase and consume packaged goods.

Likewise, the Asian and African-American populations within the United States are also growing.

2013 Rising Stars

Bounty DuraTowel
Paper Towels

Dannon Activia Greek
Yogurt

Kleenex Cottonelle Ultra Comfort Care *Toilet Tissue*

Old Spice Wild Collection
Deodorant, Shaving Lotion, Men's Frag., Shampoo, Soap

Bud Light Lime Straw-Ber-Rita
Beer/Ale/Alcoholic Cider

Duracell Quantum
Batteries

Lunchables UPLOADED
Refrigerated Lunches

pizzeria! By DiGiorno
FZ Pizza

Cascade Platinum
Dish Detergent

Febreze Sleep Serenity
Air Fresh., Rug/Uphol./ Fabric Treatment

Maybelline Volum' Express the Falsies Big Eyes
Eye Cosmetics

Purina Tidy Cats with Glade
Cat/Dog Litter

Chobani Flip
Yogurt

Iams So Good
Dog Food

Mountain Dew Kickstart
Carbonated Beverage

Red Bull Editions
Energy Drinks

Colgate Total Advanced Pro-Shield *Mouthwash*

Kellogg's Pop-Tarts Gone Nutty! *Toaster Pastries/Tarts*

Old El Paso Meals for Two
FZ Dinners/Entrees

Redd's Apple Ale
Beer/Ale/Alcoholic Cider

Framework to win

Understand the deep context of consumer attitudes, usage and shopping habits

Key business issues

- What are consumers unmet needs?
- Where do consumers look for solutions?
- What are the potential solutions?
- What macroeconomic trends influence consumer spending?

The diversity of consumer needs

- Consumers with children seek foods with broad appeal
- Early adopters of new beverage products often recommend them to family/friends
- Older consumers are less interested in new health care products that bring new benefits and more interested in options from trusted brands
- African-American consumers try new beauty care products that are recommended by their physician/dermatologist

Develop business plans to meet consumer needs incrementally, profitably, sustainably

Key business issues

- Which consumer segments are most attractive based on volume and potential return on investment?
- What product attributes/brand positions will meet consumer needs?
- What is the most effective way to engage and communicate with key consumers to drive awareness, trial, repeat?

L'Oréal Advanced Haircare

Change the life of your hair!

Prompting awareness, trial and repeat

- 43% of triers become repeat buyers
- 54% of volume is driven by repeat purchases

Fundamentally change shopper/consumer behavior in a long-lasting way

Key business issues

- Where should I sell my products?
- What is the ideal assortment/ number of items per store?
- What is the best price?
- What is the ideal promotion/merchandising strategy?

Repeat accounts for two-thirds of Ajax volume!

Price versus brand positioning

DISH DETERGENT BRAND	AVG. PRICE PER UNIT	PRICE INDEX VS. CATEGORY AVG. PRICE PER UNIT
Ivory	$3.04	131
Dawn	$2.67	115
Palmolive	$2.30	99
Palmolive Soft Touch	$2.25	97
All other brands	$2.23	96
Palmolive Oxy Plus	$2.16	93
Joy	$2.04	88
Gain	$1.98	85
Private label	$1.93	83
Ajax Triple Action	$1.83	79

Quicken your pace

Robust and people-smart: This explains our powerful suite of analytical and decision-making tools for consumer marketers and their brands. Learn about our breadth below; then don't hesitate to contact Tom Juetten in IRI's Innovation Center of Excellence: 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 Marketing ForeSight™	Maximizes ROI through iterative modeling and planning. Analyze, simulate, plan and execute programs, tracking results continually. Your media strategies become action plans, driving improvements throughout the process.
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 Virtual Shopping™	A web-based experience that lets shoppers pick up, rotate, put back and "purchase" products. It's a flexible, economical and efficient way to analyze in-store behavior.
IRI ShopperSights™	Innovatively segments and targets for unmatched optimization of promotion, media and retail-specific marketing programs at the household and store levels.
Opportunity Assessment	Leverages our Hendry Market Structures to help 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 Market Advantage™	Drives POS insights and efficiencies not possible with traditional measurement solutions. Leverages the IRI Liquid Data platform with flexible customization, cross-category segmentation and modules for launch intelligence, retailer custom-hierarchy alignment, econometric-indicator relationships and more.

FOR MORE INFORMATION

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

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 L'Oréal, and new market entrants, including neuroBrands 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 innovation that is truly high-octane fuel for CPG growth engines.

IRI New Product Pacesetters Criteria

- Complete a full year of sales in calendar year 2013 (brands that complete year-one in 2014 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 (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

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. Move your business forward at **IRIworldwide.com**.

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