MarketTrack

The Power of Market Intelligence

What Path to Purchase?

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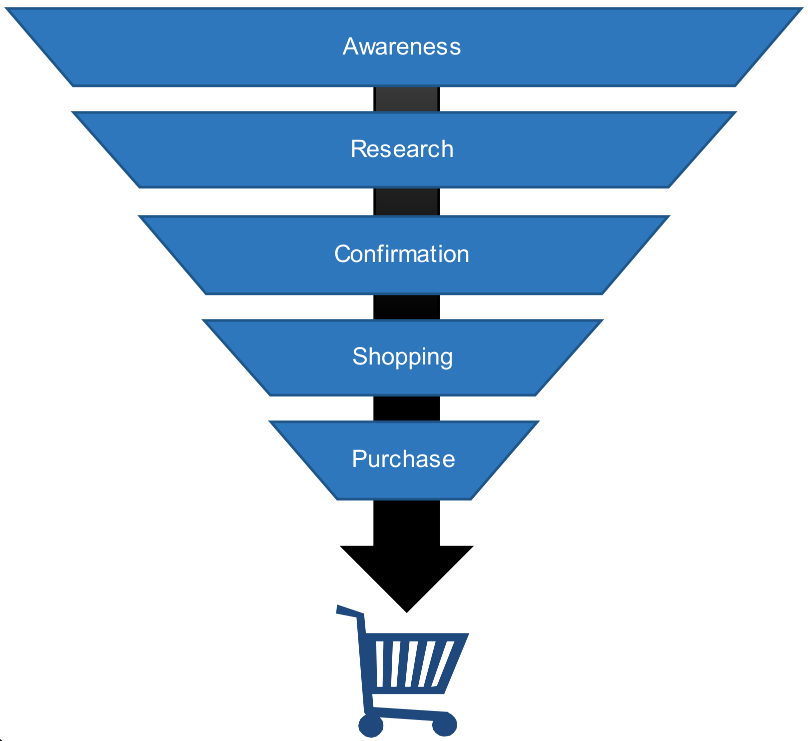
The purchase journey has gone from this….



to this.

Consumer driven industry change

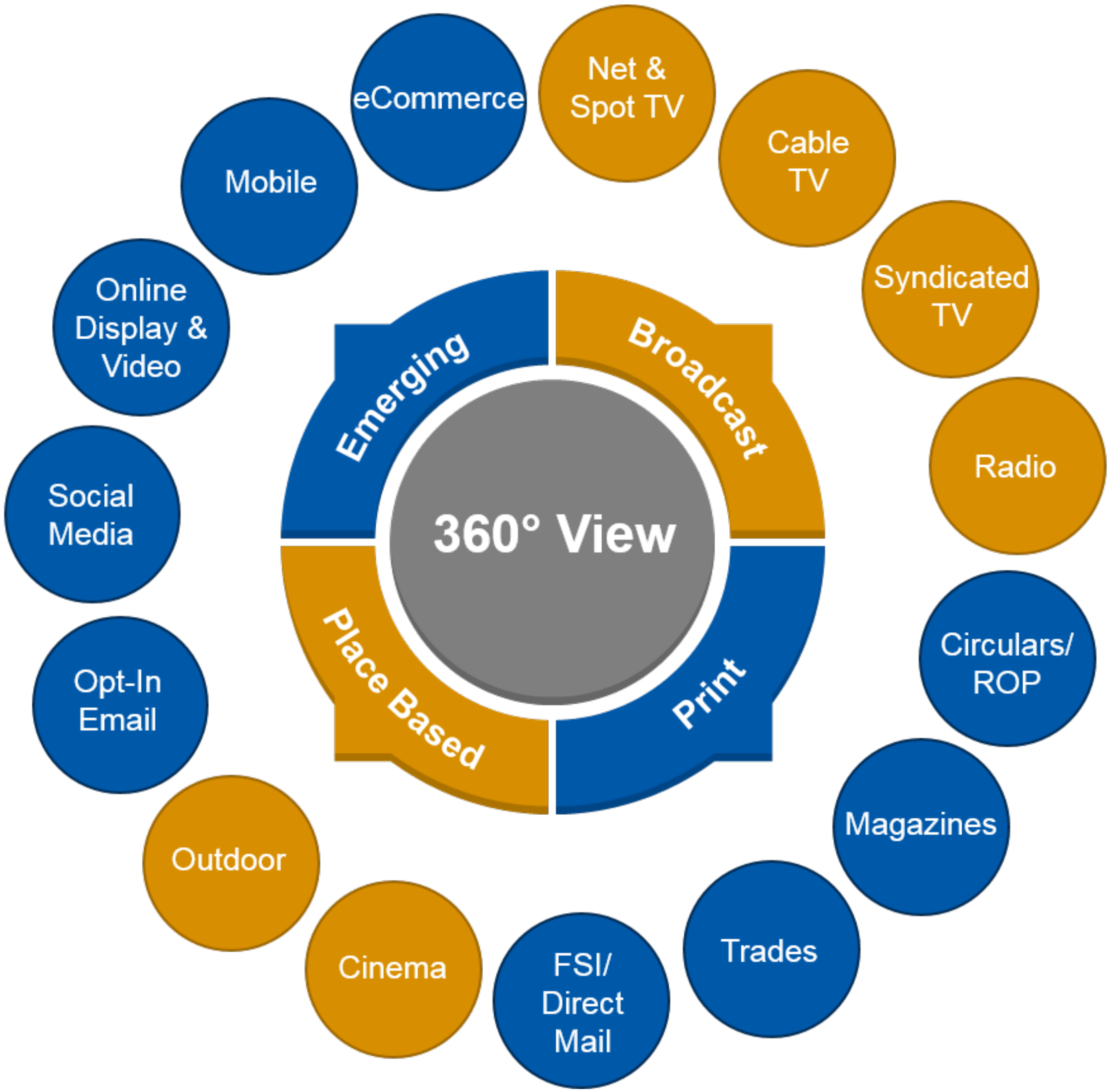
The ever connected consumer:
Looking for information and deals before AND during trips

Consumers are not loyal:
80% rate of switching stores/brands

70% of shoppers say more than three different media types are used in their purchase decisions

** Market Track Shopper Insight Survey*

All media influencing consumers

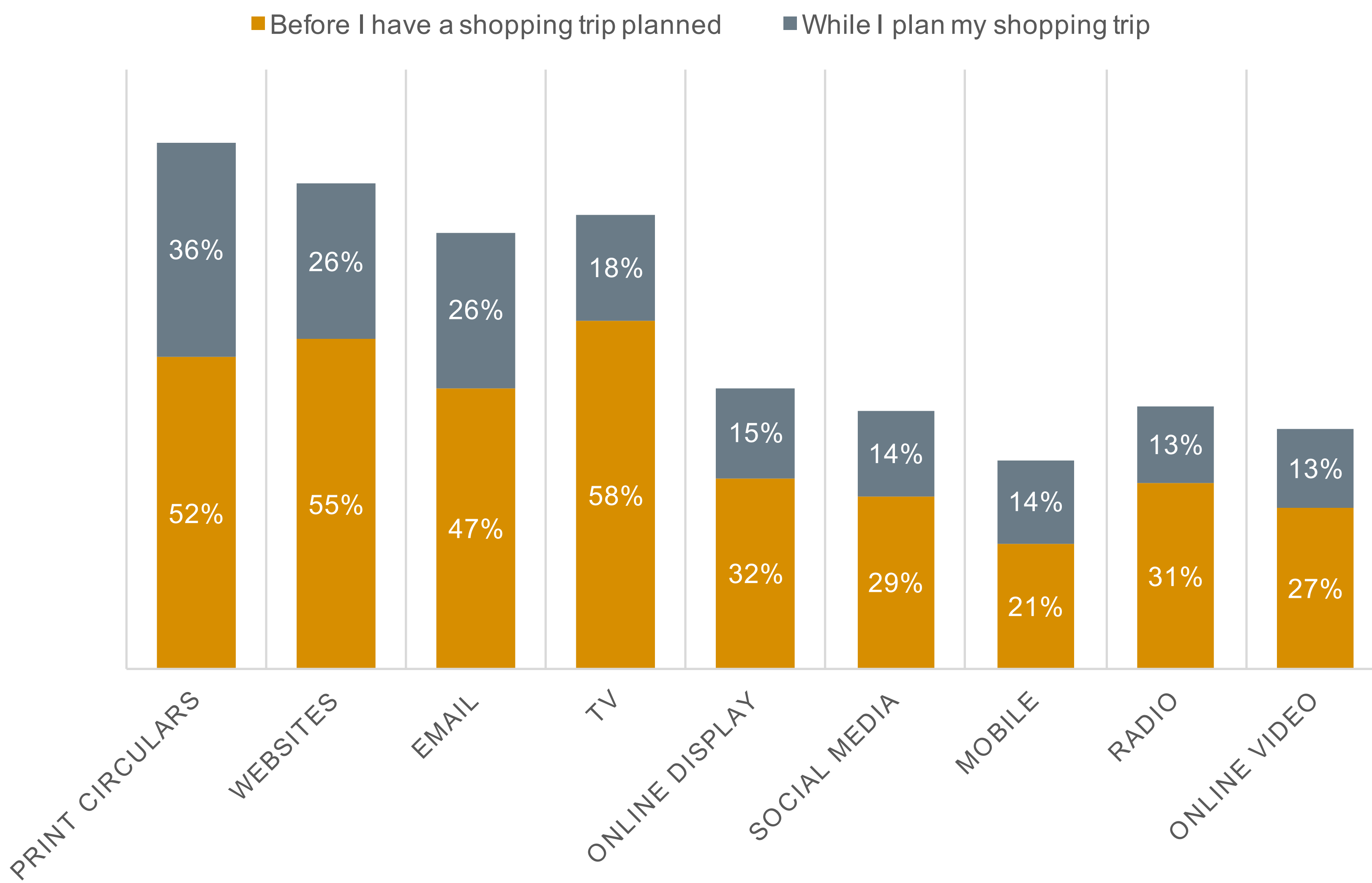


Market Track is uniquely positioned to offer our clients a 360 degree view of what is impacting the shopper—offering full visibility and insight into promotional, advertising and pricing initiatives.

Connecting data with insight

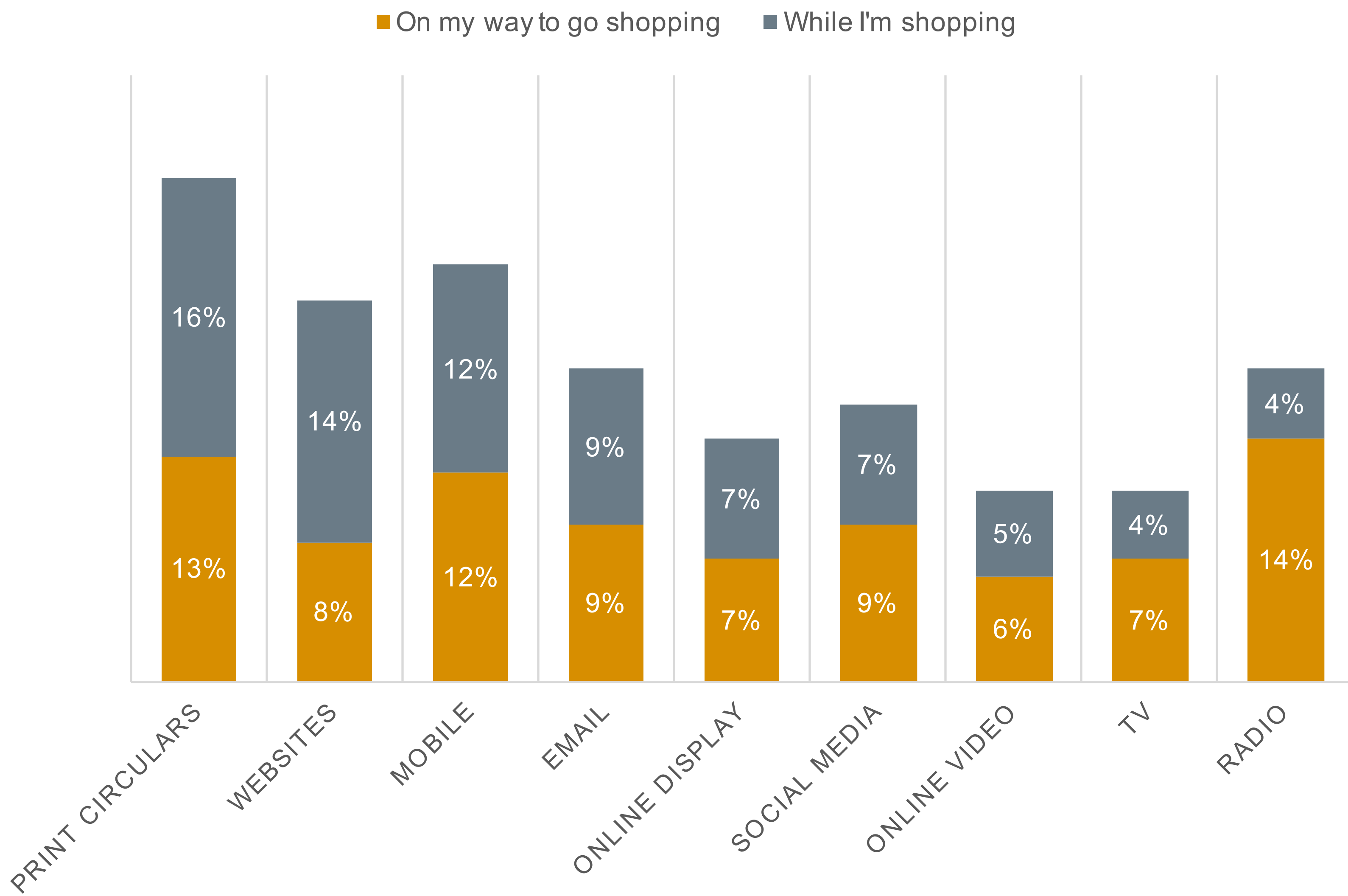
Market Track combines granular data with deep industry expertise to shed light on macro trends through our MT360 Research Reports and Shopper Insight Surveys.

What do consumers use for planning?



Source: Market Track 2015 Shopper Insight Series Survey

What is impactful in the moment?



Source: Market Track 2015 Shopper Insight Series Survey

Market Track's Advertising Influence Model

Traditionally, TV and electronic media were used to develop brand equity and awareness.

	Awareness Brand Equity-Focused Messaging	Consideration Includes Brands/Products But No Offer Information	Preference Promotes Specific Product Attributes	Purchase Offer Specified
Television	★★★★★	★★★★	★★	★
Online Video	★★	★★★★	★★★	★
Magazine Ads	★★★	★★	★★★★	
Radio	★★	★★★	★★	★
Social Media	★★★★	★★★	★★	★
Web Promos	★★	★★★	★★★★	★★
Opt-In Email	★★★	[illegible]	[illegible]	★★
Mobile Ads	★★★	[illegible]	[illegible]	★★
FSIs/Coupons	★★	[illegible]	[illegible]	★★★★★
Print Circulars	★	★★	★★★★	★★★★★

While other media types were seen as more tactical, driving purchase decisions.

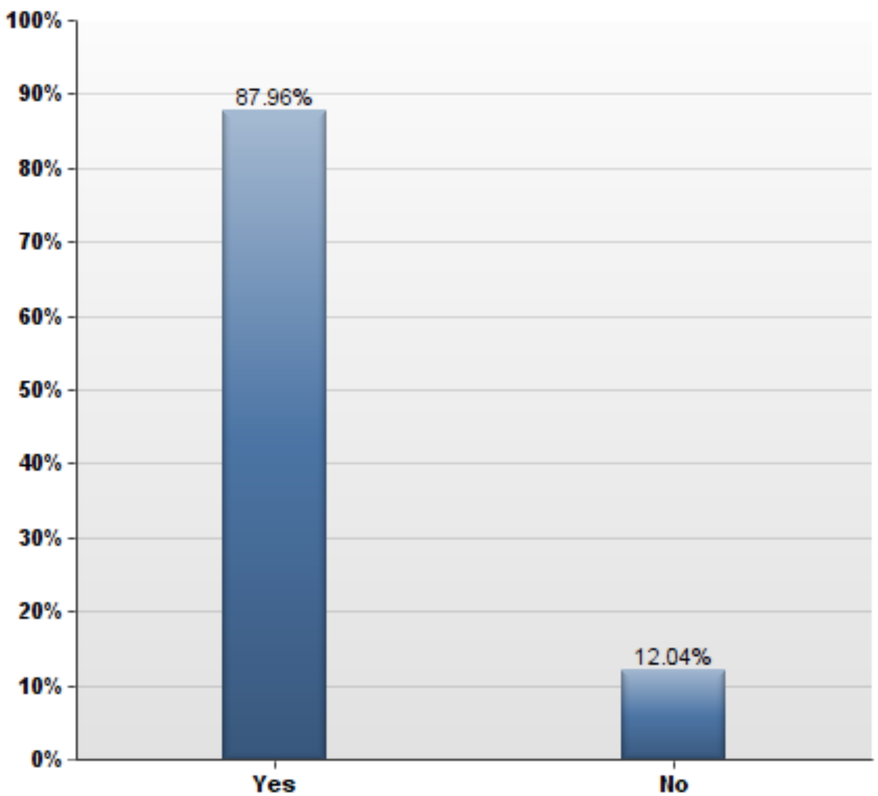
But these roles continue to evolve and vary by category.

Consumer’s Perspective on Private Label

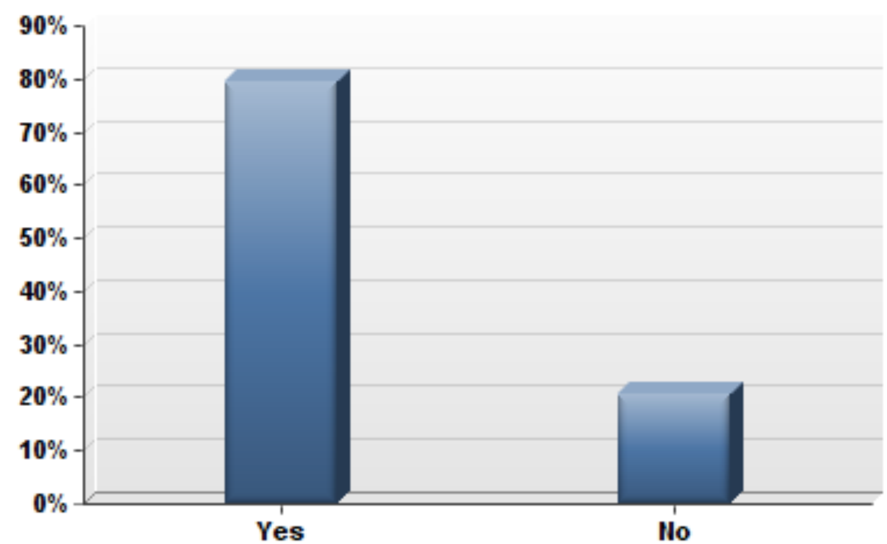
Market Track Shopper Insights Series

Private Label products are regular purchases for shoppers, regardless of demographic

Do you buy private label or store brand products?

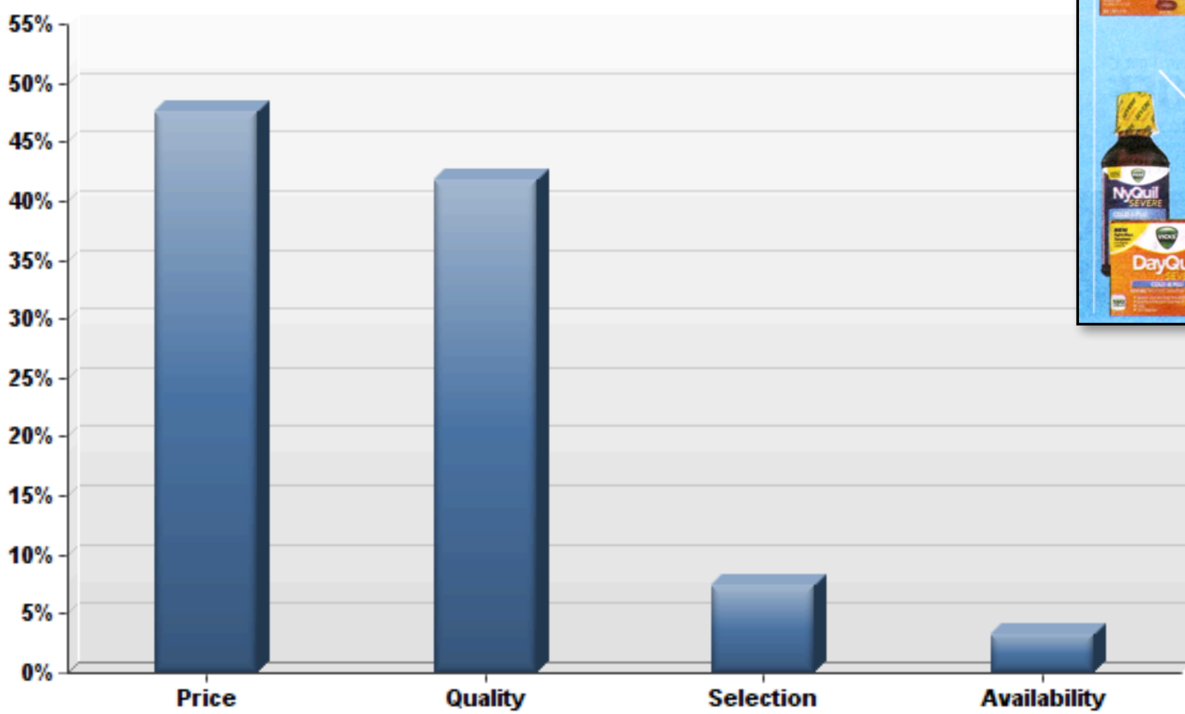


If you are deciding on a product and a private label/store brand is less expensive than the national brand, will you buy the store brand?



Savings motivates consumers to buy Private Label, and certain retailers seize that opportunity

What would make you consider buying private label/store brands more frequently?



CVS
Print Circular
12/20/15

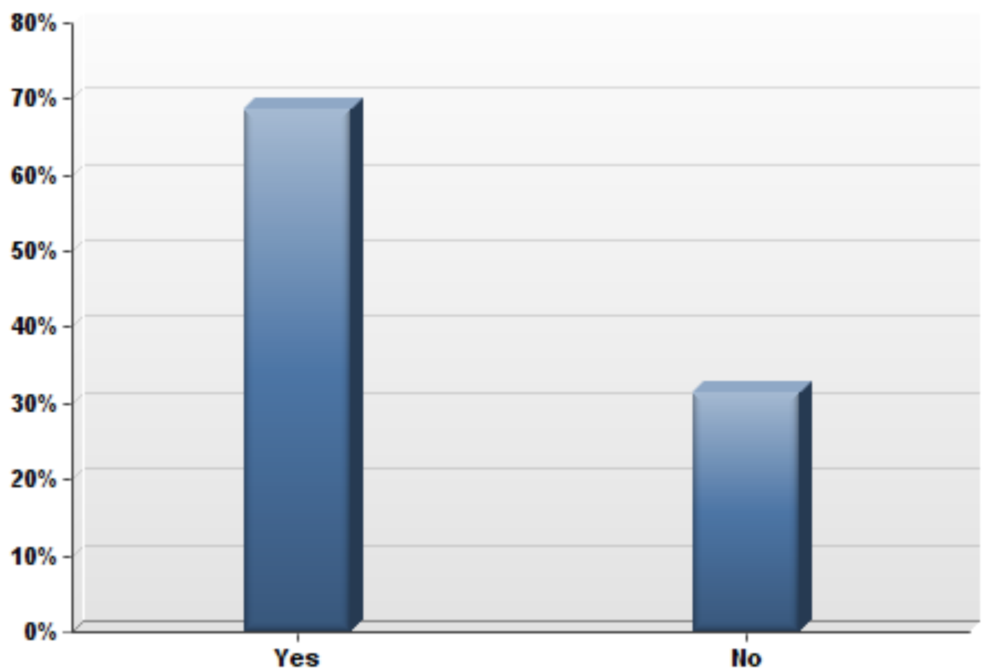
Target
Print Circular
1/3/16

*Market Track's Shopper Insight Series Survey

The majority of consumers have no concern about the quality of private label vs. national brands

CVS, 3/20/16, Print Circular

Do you think private label/store brand products are of the same quality of national brands?



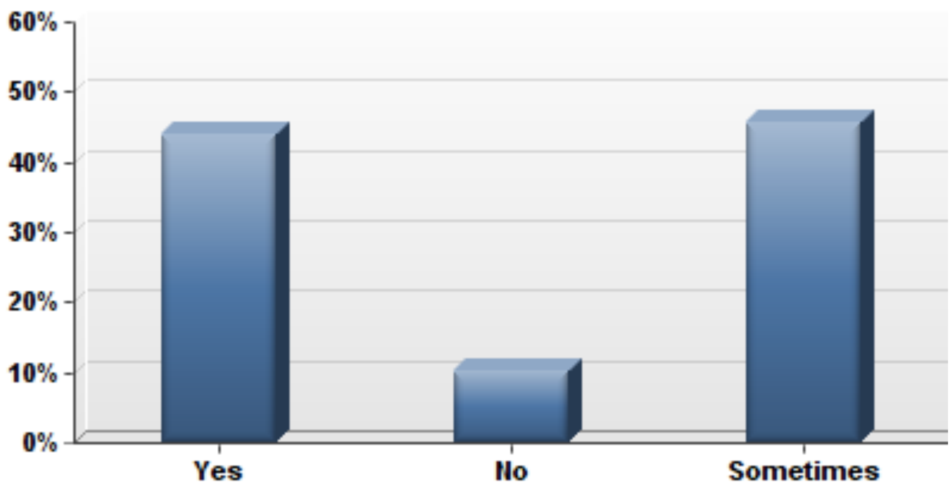
Retailers have segmented and tiered their PL brands to meet the needs of different consumers

CVS Private Labels

- Total Home
- Just the Basics
- Makeup Academy
- Essence of Beauty
- Nuance Salma Hayek
- Gold Emblem
- Gold Emblem Abound
- Radiance Platinum
- Caliber

PL versus national brands

Can you tell the difference between a national brand and a store brand?



Some commonly seen PL segments today…

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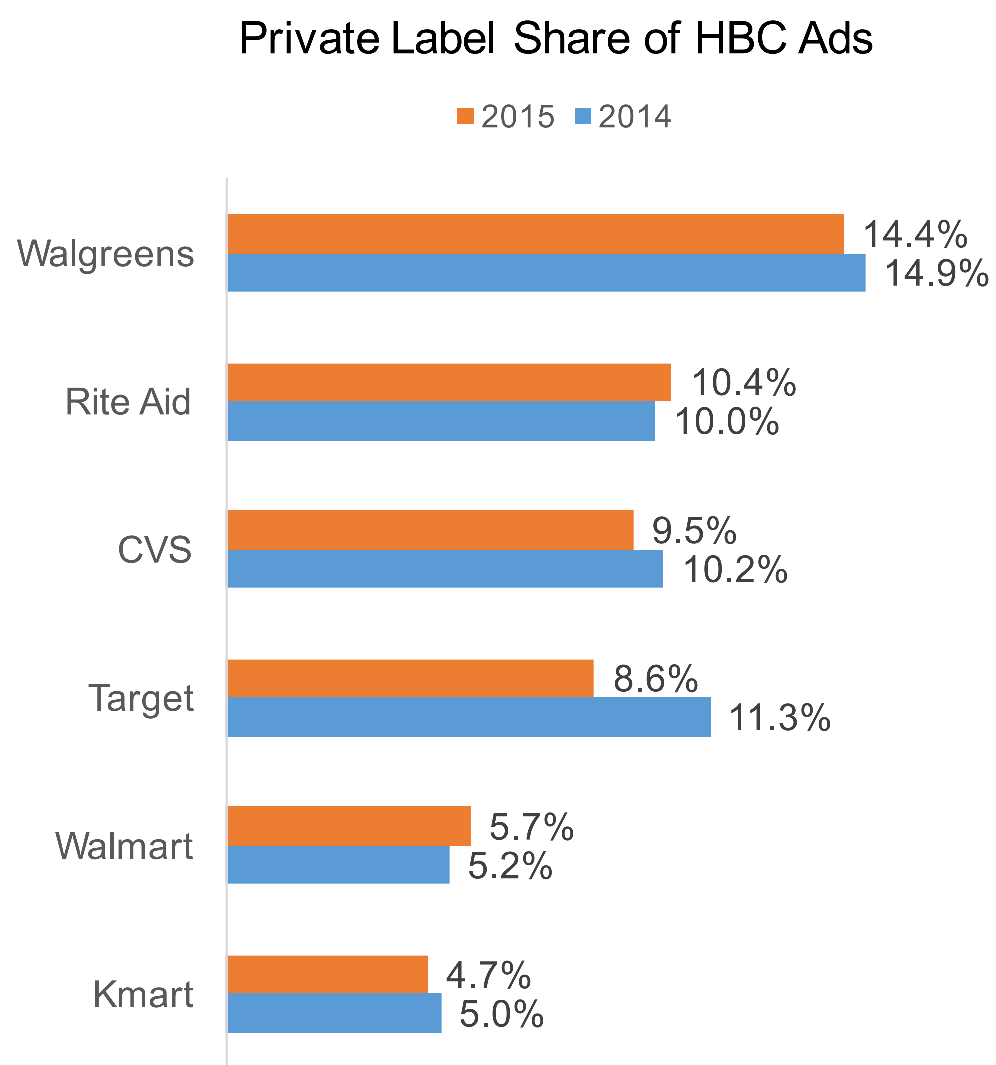
- **Gourmet / Premium**
  - Sam's Choice (Walmart)
  - Marketside (Walmart)
  - Gold Emblem (CVS)
  - Archer Farms (Target)
- **Organic / Healthy Eating**
  - O Organics (Safeway)
  - Eating Right (Safeway)
  - Simple Truth (Kroger)
  - Simply Balanced (Target)
  - Central Market (H-E-B)
- **Value**
  - P$$T (Kroger)
  - Shoppers Value (SUPERVALU)

- **Environmentally Conscious**
  - Bright Green (Safeway)
  - Earth Essentials (CVS)
  - Greenwise (Publix)
- **Pet**
  - 'Ol Roy (Walmart)
  - Pet Pride (Kroger)
  - Pet Central (CVS)
- **Exclusive/Licensed**
  - Urbini (Walmart)
  - Better Homes & Gardens (Walmart)
  - Persil (Walmart/Henkel)
  - Circa (Walgreens/Eva Mendes)
  - Nuance (CVS/Salma Hayek)
  - C9 (Target/Champion)

Private Label Advertising

How retailers support their store brands through promotion

Drug stores lend more promotional support to their PL brands in HBC than do Mass stores



From 2014 to 2015, print circular support of PL brands in the HBC department either decreased or remained flat year over year.

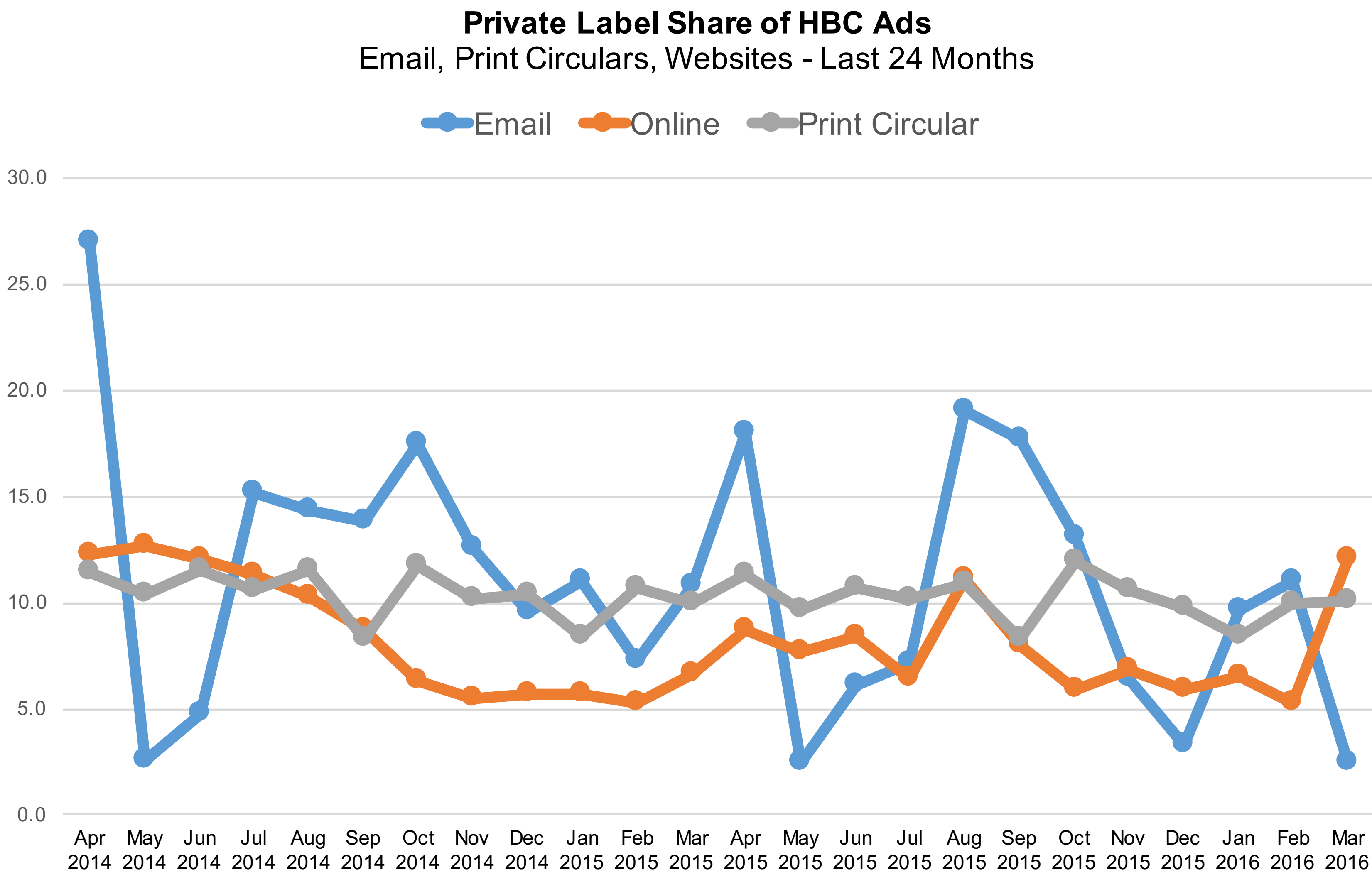
Target decreased their support of PL in HBC most notably, from 11.3% share in 2014, to 8.6% in 2015.

Loyalty card offers and BOGO50's among the most-used offer types when Drug stores promote their PL brands

	Loyalty Card Required	BOGO 50% Off	BOGO	Other Buy/Get	In Ad Retailer Coupon	Minimum Purchase Required	Retailer Points
CVS	40%	18%	5%	13%	1%	8%	0%
Rite Aid	43%	23%	5%	8%	0%	4%	8%
Walgreens	36%	11%	5%	2%	11%	2%	3%

**Market Track Promotional Data 24 months ending March 2016*

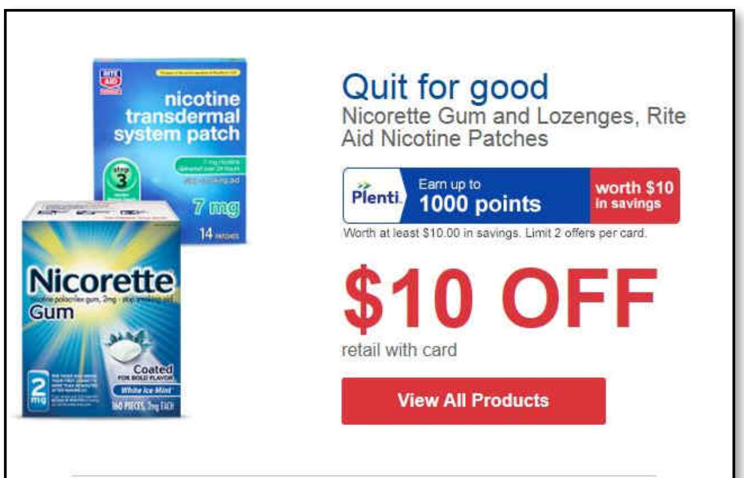
PL share of HBC circular ads steady for past 24 months; digital more volatile



Retailers use promotional emails for more outcome-based strategies for PL products

Private Label solves your ailment

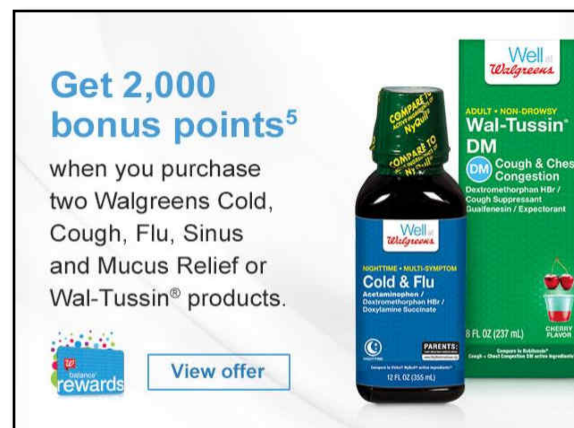
Rite-Aid, 1/10/16



Rite-Aid, 11/19/15

Private Label earns you points

Rite-Aid, 3/10/16



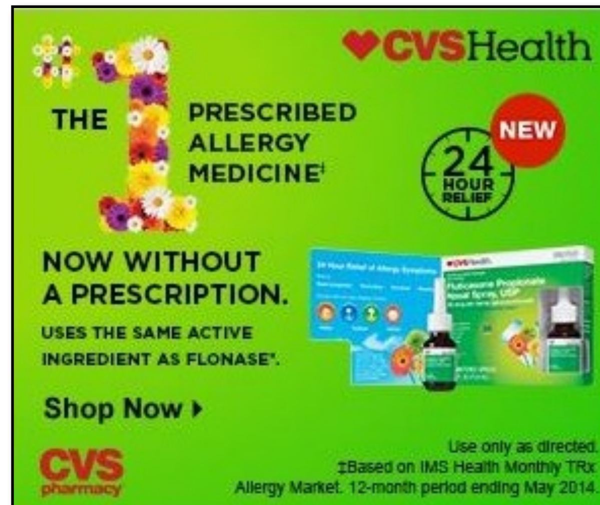
Walgreens, 1/15/16

CVS, 10/11/15, Mobile

"Fall is in the air"

CVS, 3/3/16, Online Display

"Now without a prescription"



Walgreens, 3/5/16, Online Display

"Find allergy relief fast"

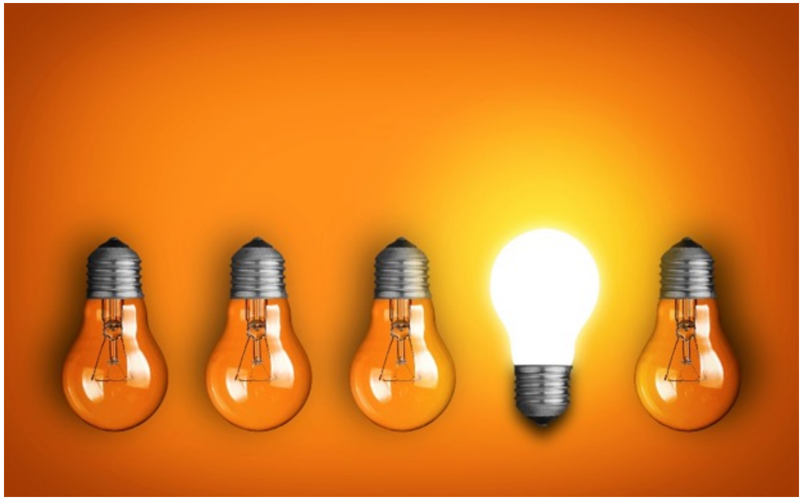
Private Label rarely featured in TV commercials, but when featured, unique message delivered

Walgreens, 2/28/16, TV Commercial, ***"You can help prevent blindness"***

Why Does This Matter?

How can companies optimize their strategy and maximize results?

- Better alignment and fidelity of marketing messaging to the buyer leads to higher sales and stronger long-term brand identity and preference
- Leveraged marketing investment across brand/promotion results in a greater return on investment (ROI)
- A stronger brand leads to a stronger position with retail channels



1 **Targeting the same consumer/shopper**
Advertising, whether Brand or Promotion, is intended to increase preference for, and sale of, products and services

2 **Disjointed efforts lack efficacy**
In most companies today, the organizations, budgets and initiatives of these two critical advertising initiatives are only loosely connected

3 **Costly opportunity loss**
For an expense that typically represents the 2nd largest expense on the P&L, more can and should be achieved (Total US Advertising Spend: Brand - $155B / Promotion $165B)