UPPER RESPIRATORY & PAIN RELIEF

February 2017

AGENDA

- U.S. Retail Hot Buttons
- Driving Growth
- The Increasing Importance of Health & Wellness
- Health & Wellness Drivers
- Category Performance
  - Pain Relief
  - Cough & Cold
  - Allergy
  - Other Upper Respiratory & Pain Relief
- Key Takeaways

U.S. RETAIL HOT BUTTONS

Bricks & Mortar
- Student debt crushes potential for retail growth
- Price wars grip major US players
- Sprouts confirms expansion to FL & NC
- Target to open hundreds of small flex-format stores
- Walgreens launches club for Beauty Enthusiasts
- Bass Pro Shops will acquire Cabela's
- Toys 'R' Us Tests New, Smaller, Experiential Format
- Whole Foods will launch a rewards program
- Dollar General unveils smaller, convenient urban format

Store Brands
- Save-A-Lot relaunches America's Choice line

Health & Wellness
- Raley's launches new health initiative
- What you should know about SmartLabel
- Could SmartLabel help restore consumer loyalty?

Mergers, Acquisitions, Store Closings
- Couche-Tard agrees to buy CST Brands for almost $4 billion
- Walgreens (WBA) to divest 500 to 1000 stores to close Rite Aid deal & won't be finalized until 2017
- Unilever in talks to acquire Honest Company
- Unilever CEO discloses how the Seventh Generation deal went down
- Kmart is closing another 64 stores
- SUPERVALU announces sale of SAVE-A-LOT

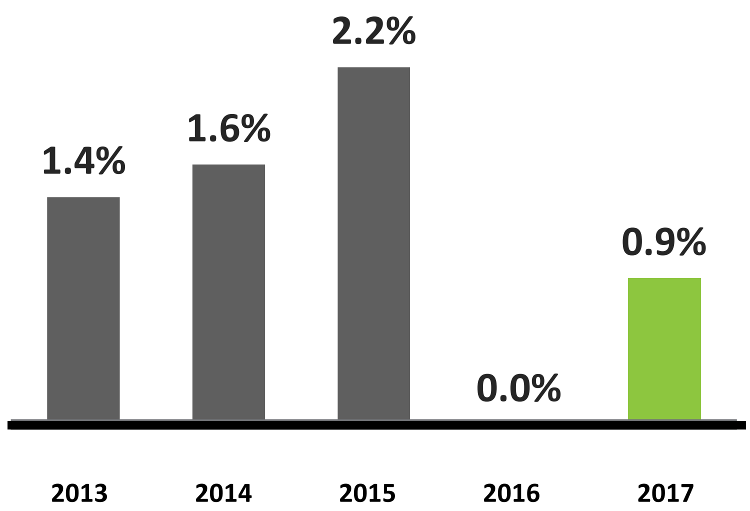
Digital Retailing
- Domino's will be delivering pizza using drones by the end of the year
- Meijer partnered with Shipt to provide 1-hour delivery in SE Michigan
- E-commerce is a boon for rural America, but it comes with a price
- P&G experimenting with loyalty programs & delivery:
  Tide Wash Club in Atlanta & Tide Spin in Chicago
- IGA rolled out an online grocery shopping site called *IGA GO*
- CVS Health delays curbside service launch
- FreshDirect to expand one-hour grocery delivery service
- Wal-Mart's next move against Amazon: More warehouses, faster shipping
- Walmart tests dispensing machine for in-store pickup
- PetSmart.com, Deliv bring same-day, scheduled delivery to 17 U.S. Metro Areas
- Amazon:
  - debuts a hub for researching & reviewing cars
  - to deliver tailgate supplies to San Francisco 49ers parking lot spots
  - will add 30 pop-up stores by end of 2016; expand to 100 in 2017
  - Echo owners spend more on Amazon
  - Prime's membership is eating into Costco and Sam's Club's territory
  - grabs 55 percent of consumers' first product search
  - will give you $1M if your AI can chitchat for 20 minutes
  - Prime Lockers popping up in 7-Elevens, Circle Ks & Safeways
  - bans most incentivized reviews from site
  - wants to launch 1-hour beer & wine deliveries in Cincinnati
  - expands Dash ordering wand to entire catalog
  - believes groceries will continue to play an important role going forward

NEWS

Source: various sources (see notes page); updated for Nielsen's U.S. Retail Hot Buttons – Q3 2016 (released on November 11, 2016)

SLOW GROWTH IS EXPECTED TO CONTINUE

total store sales growth
by year



U.S. Federal Reserve GDP forecast

2017	**+1.9% to +2.2%**
2018	**+1.8% to +2.1%**

Source: Nielsen Scantrack syndicated data across 5 departments with sales over $500 billion annually: Alcohol, Dairy, Dry Grocery, Health and Beauty and Non-Food Grocery
Economic Projections of Federal Reserve Board Members and Federal Reserve Bank Presidents, Change in Real GDP - Central Tendency released on 6/15/2016;

DRIVING GROWTH IN DYNAMIC TIMES

Staying connected with winning retailers & categories

Engaging in digital retailing & digital shopping

Winning the trip through precision marketing & sales focused against shoppers that matter

Driving the health & wellness growth wave

Winning the occasion

FINDING GROWTH IN CHALLENGING TIMES: THE INCREASING IMPORTANCE OF H&W

AMERICANS ARE MORE FOCUSED ON HEALTH & WELLNESS

U.S. consumers:

49% are consciously eating more fruits and vegetables

85% have seen a doctor at least once

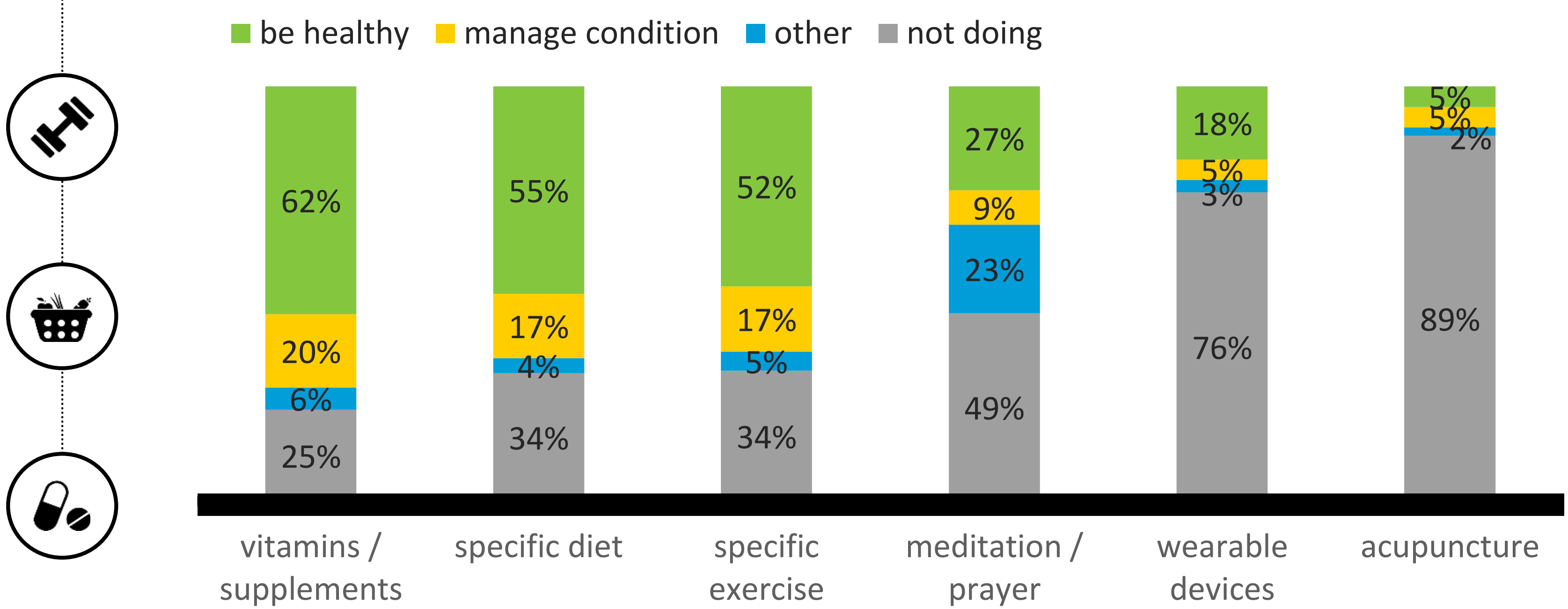
63% are trying to eat healthier

Exercise, on average, 3 days a week

Source: Nielsen Strategic Health Perspectives

CONSUMERS ARE PROACTIVELY MANAGING THEIR HEALTH, AS WELL AS ADDRESSING EXISTING HEALTH ISSUES

Actions taken to manage health



Source: Nielsen Strategic Health Perspectives, 2016

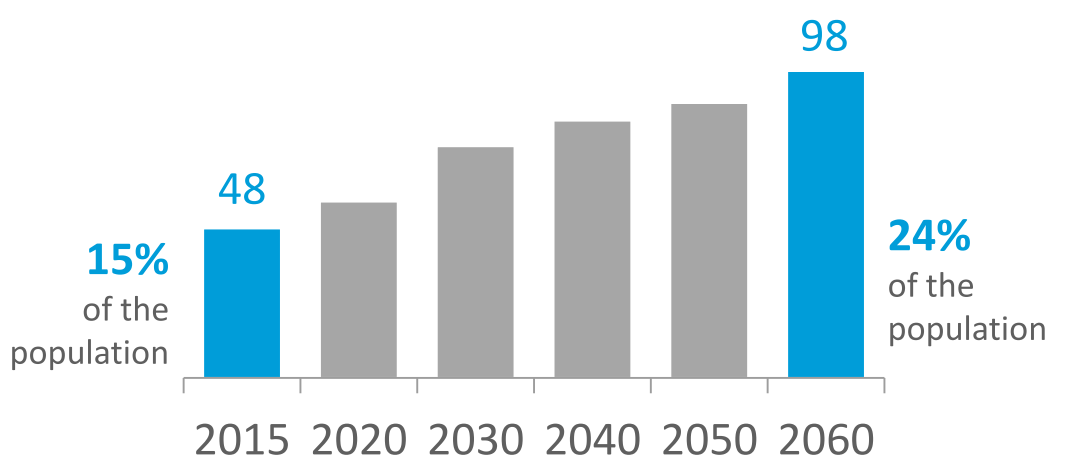
HEALTH & WELLNESS DRIVERS

AGING POPULATION

THE U.S. POPULATION IS AGING

Americans over 65 will make up almost a quarter of the population by 2060

Americans > 65 years old (millions)



19 million American over the age of 85 by 2050, up from 6.3 million in 2015

This is a global trend.

In 2050, >65 will be 16% of the global population. Compared to 8% in 2010.

Sources: U.S. Census Bureau, Population Division, Table 3. Projections of the Population by Selected Age Groups for the United States: 2015 to 2060 (NP2014-T3) and Table 6. Percent Distribution of the Projected Population by Selected Age Groups for the United States: 2015 to 2060, Release Date: Dec 2014
National Institute on Aging

THE AGING SHOPPER PRESENTS AN OPPORTUNITY FOR CPG AND RETAIL

Through OTC products or through the right food ingredients, there is opportunity

HEALTHCARE CATEGORIES

BOOMERS
NUTRITIONAL DIET AIDS
PAIN REMEDIES
DIURETIC REMEDIES
SLEEPING AIDS
THROAT LOZENGES

KEY INGREDIENTS

BOOMERS SEEKING MORE:

- FIBER
- HEART HEALTHY
- VITAMINS / MINERALS
- ANTIOXIDANTS

INNOVATION

- Functional foods
- Easier to open packaging
- Easier to read labels
- Age specific formulations
- Senior focused healthcare services

Source: Nielsen Homescan Panel, NMI

HEALTH & WELLNESS DRIVERS

- AGING POPULATION
- INCREASE IN CHRONIC DISEASES

AILMENTS WILL CONTINUE TO RISE AS THE POPULATION AGES

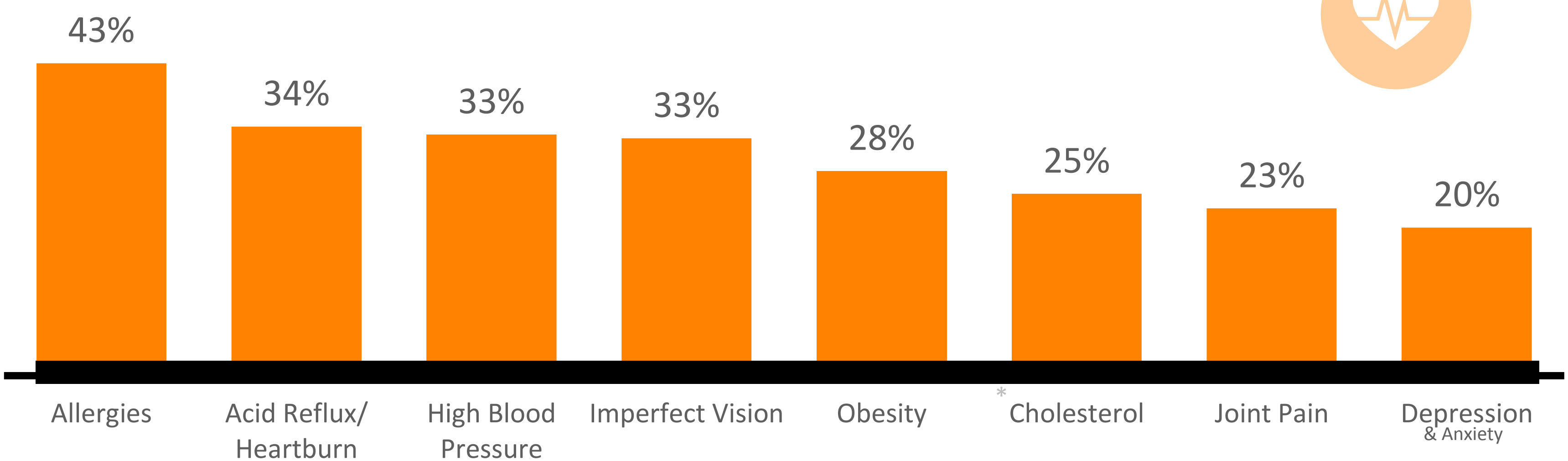
2001		2020
60%	→	73%

PERCENTAGE OF DEATHS DUE TO CHRONIC DISEASES

Source: World Health Organization

TODAY, ALMOST 4 IN 10 HOUSEHOLDS SUFFER FROM AN AILMEN

% of households with an ailment sufferer (by condition)

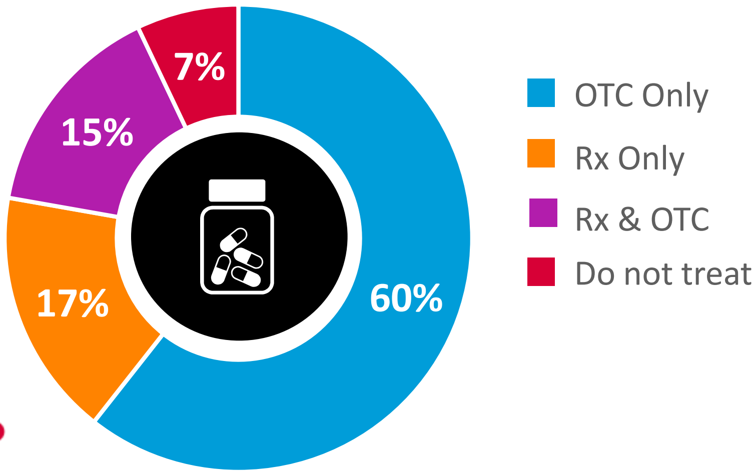


Source: Nielsen Homescan Shopper Ailment Panel and TSV Panel, Data 52 Weeks Ending 06/11/2016

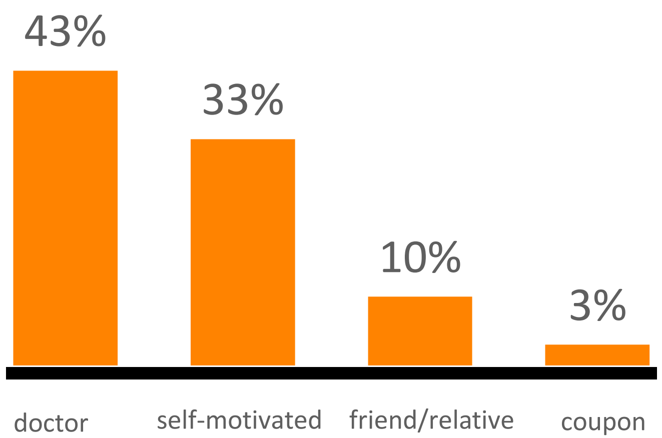
UNDERSTAND HOW CONSUMERS USE MEDICINE AND WHAT INFLUENCES THEIR BEHAVIOR

Three-quarters of allergy sufferers purchase OTC for their allergies, but doctor has influence on the process

Allergy sufferer treatment method



Influencer of allergy treatment method



* Not additive

Source: Nielsen Ailment Survey

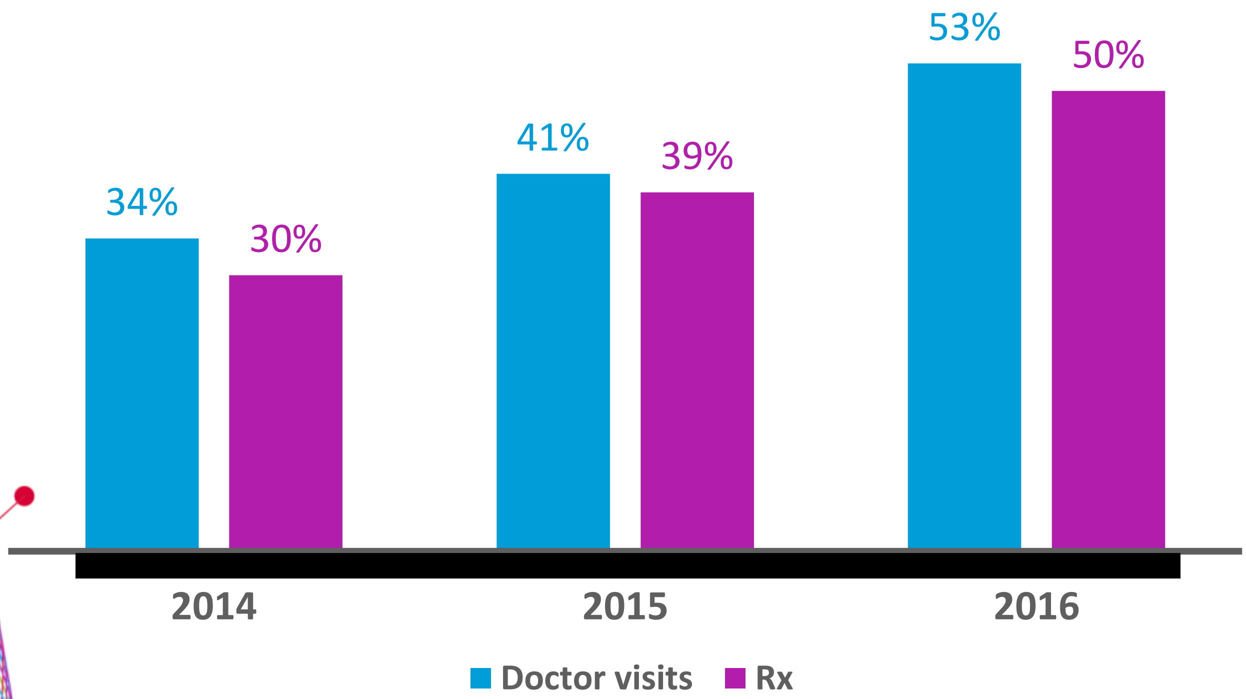
HEALTH & WELLNESS DRIVERS

- AGING POPULATION
- INCREASE IN CHRONIC DISEASES
- RISING HEALTHCARE COSTS

CONSUMERS INCREASINGLY FEELING THE PINCH OF RISING HEALTHCARE COSTS

In 2016, at least half say that their out-of-pocket costs for doctor visits and Rx have gone up vs last year

% of consumers who said that their out-of-pocket costs for healthcare increased vs the previous year

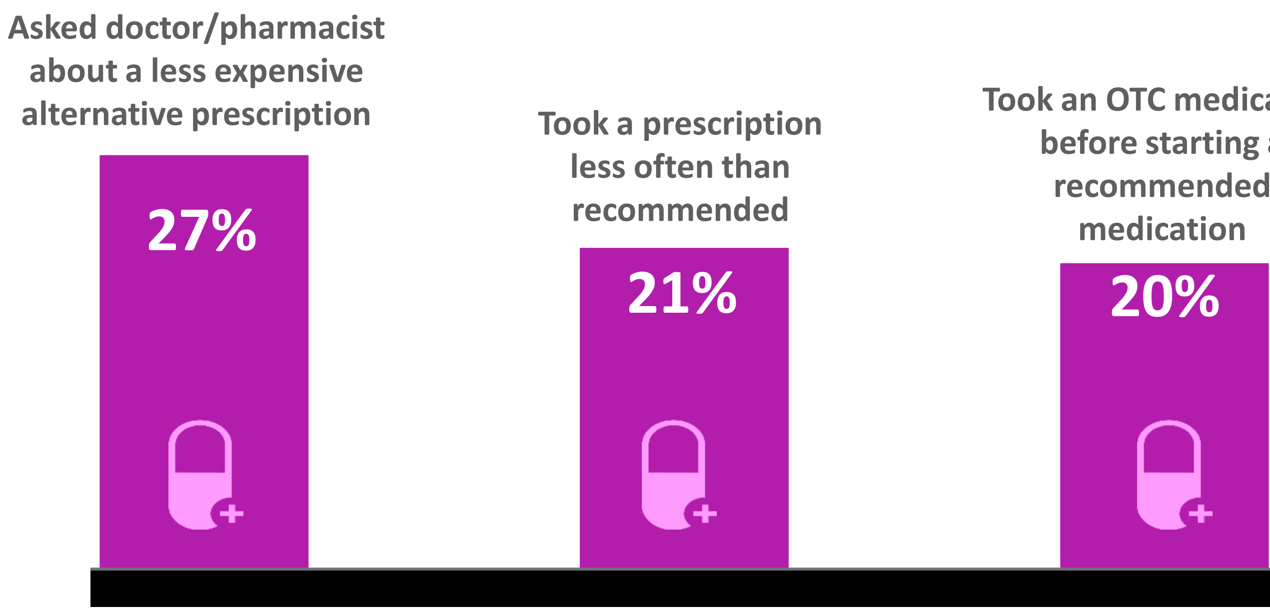


43% of US Adults
said that if they could fix one thing, it would be to reduce their out-of-pocket healthcare costs

Source: Strategic Health Perspectives
Base: Currently Insured (2010 n=2237, 2012 n=1703, 2013 n=2258, 2014 n=2216, 2015 n=4664, 2016 n=27775)
Source: Q615 In the past year has the amount you pay each time you see a doctor . . .?
Source: Q620 In the past year has the amount you pay each time you fill a prescription . . .?
Source Q60. If you could improve one, which would you choose

CONSUMERS ARE MAKING HEALTHCARE RELATED TRADEOFFS

Looking for alternative medications, stretching doses are some of the ways that consumers are looking to offset costs



Source: Nielsen Strategic Health Perspectives, 2016
Q:What are you doing to help your customers make the right health decisions when their dollars are stretched?

OVER THE NEXT DECADE THERE IS PROJECTED TO BE A SHORTAGE OF PRIMARY CARE PRACTITIONERS

+11 to 17%

demand for physicians

\+

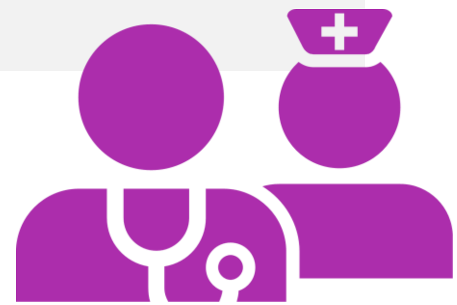
+4 to 12%

supply of physicians

=

62K to 95K

additional physicians needed



Sources: Association of American Medical Colleges

INCREASING HEALTHCARE COSTS AND FEWER DOCTORS… THE SOLUTION?

SELF-CARE

Consumers taking a more proactive interest in their own health & wellness

HEALTHCARE PROFESSIONALS

Telemedicine & Changing outcomes by prescribing lifestyle change

RETAILERS

Retailers providing a path to Health & Wellness

RETAILERS ACROSS ALL CHANNELS ARE USING H&W AS A GROWTH STRATEGY

Examples of strategic initiatives in retail:

- Prioritizing healthy foods and better-for-you brands in center store
- Emphasizing fresh and perishable foods around the perimeter of the store
- Training associates and using dieticians to be more knowledgeable on healthy products
- Identifying key health categories to win in (i.e. Allergy, Vitamins)
- Focusing on a specific ailment sufferer (i.e. Diabetics) or older shoppers
- Increasing healthcare related services like retail clinics and pharmacies

HEALTH & WELLNESS DRIVERS

- AGING POPULATION
- INCREASE IN CHRONIC DISEASES
- RISING HEALTHCARE COSTS
- DEMAND FOR TRANSPARENCY

SHOPPERS ARE SEEKING SIMPLICITY, LESS IS MORE

Percent of North American Respondent Who Strongly Or Somewhat Agree With The Following Statements

71% — I'M CONCERNED ABOUT THE LONG TERM HEALTH IMPACT OF ARTIFICIAL INGREDIENTS

67% — I WANT TO KNOW EVERYTHING THAT IS GOING INTO MY FOOD

61% — THE SHORTER THE INGREDIENT LIST, THE MORE HEALTHFUL THE FOOD OR BEVERAGE

53% — THE ABSENCE OF UNDESIRERABLE INGREDIENTS IS MORE IMPORTANT THAN THE INCLUSION OF BENEFICIAL ONES

Source: The Nielsen Global Health and Ingredient-Sentiment Survey, Q1 2016

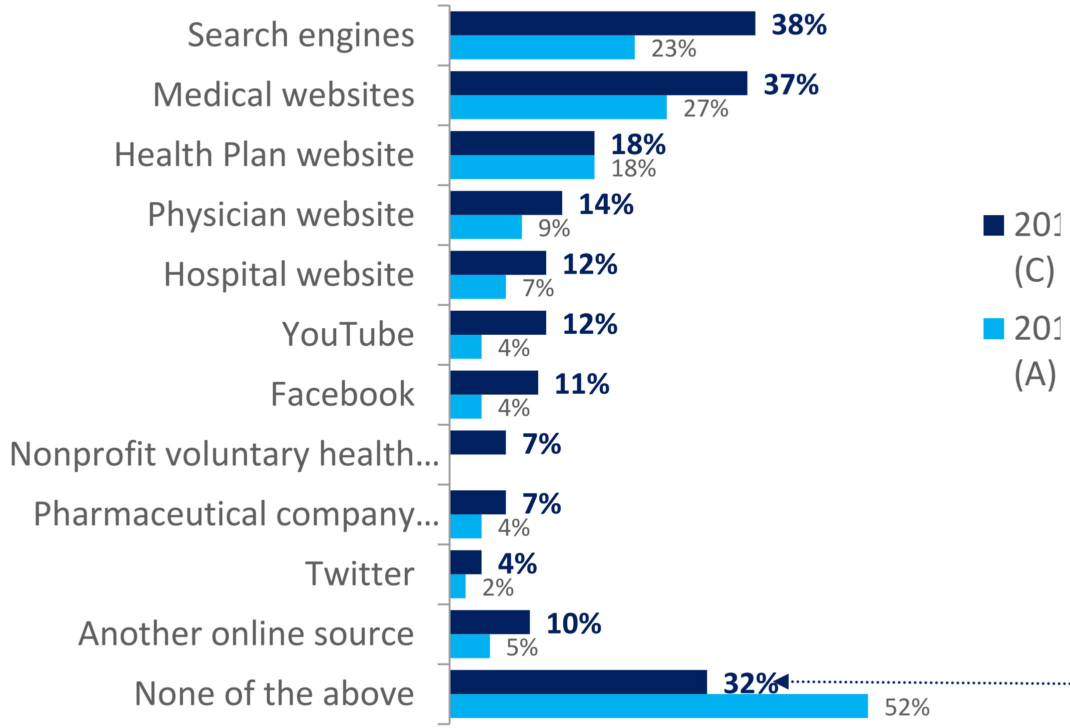
HEALTH & WELLNESS DRIVERS

- AGING POPULATION
- INCREASE IN CHRONIC DISEASES
- RISING HEALTHCARE COSTS
- DEMAND FOR TRANSPARENCY
- TECHNOLOGY ACCESS

DR. GOOGLE, DR. YOUTUBE, NURSE FACEBOOK

Consumers are quickly updating their healthcare information sources, in response to innovations in technology.

Sources of Healthcare Information



In 2016, 68% of consumers used an online source to find health related information. Compared to 48% in 2014.

Source: Strategic Health Perspectives
Base: All US Adults (2014 n=2501, 2015 n=5014, 2016 n=10013 split sampled)
Source: Q805 In the past 12 months, have you used any of the following to gather information about your healthcare?

CONSUMER PLATFORMS INCREASING AND EXPANDING INFLUENC

indexed platform usage by organic snack buyers

PINTEREST	TWITTER	INSTAGRAM	YOUTUBE	FACEBOOK
144	142	139	129	113

Source: Nielsen Scarborough USA+ 2016 Release 1 (Feb 2015 – Apr 2016)

CATEGORY PERFORMANCE FRAMEWORK

Upper Respiratory & Pain Relief Size and Growth

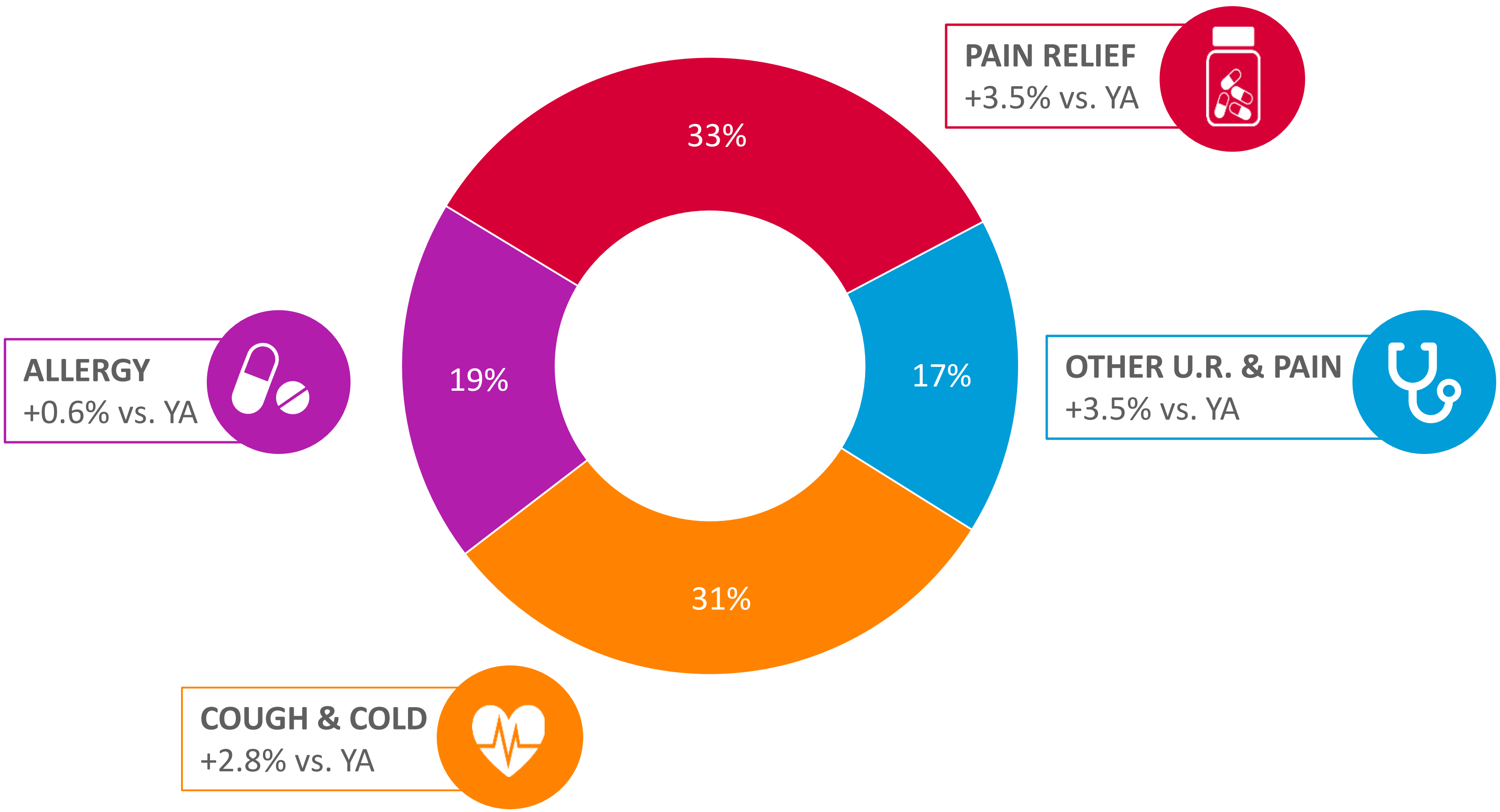
Segment Trends Over Time

Private Label Performance

Understanding the Consumer

PAIN RELIEF LEADS WITH THE FASTEST GROWTH

UPPER RESPIRATORY AND PAIN RELIEF IS A $13.7B BUSINESS (↑2.7%)



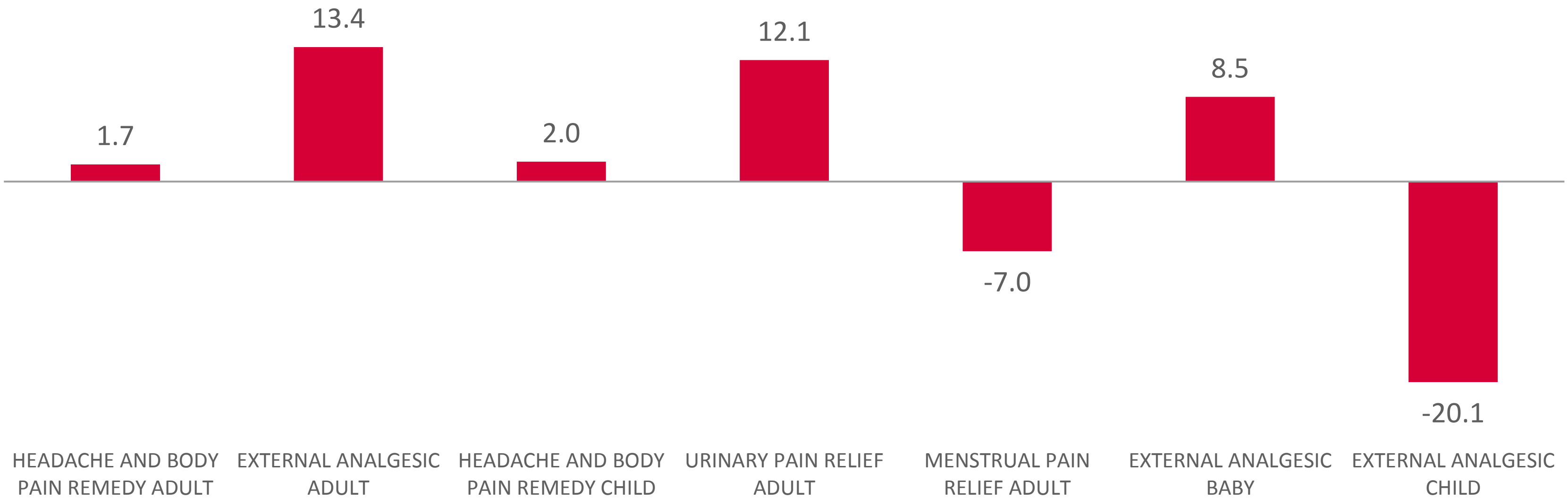
Source: Answers on Demand Core, Total US xAOC Latest 52 Weeks Ending 12/31/2016;, syndicated hierarchy

PAIN RELIEF

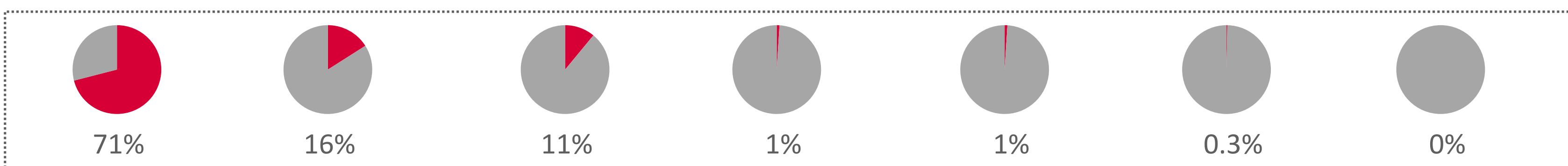
ADULT EXTERNAL ANALGESICS LEAD GROWTH

While Headache Remedy is the largest, the segment is flat vs YA

PAIN RELIEF GROWTH & SHARE ($4.6B, +3.5%)

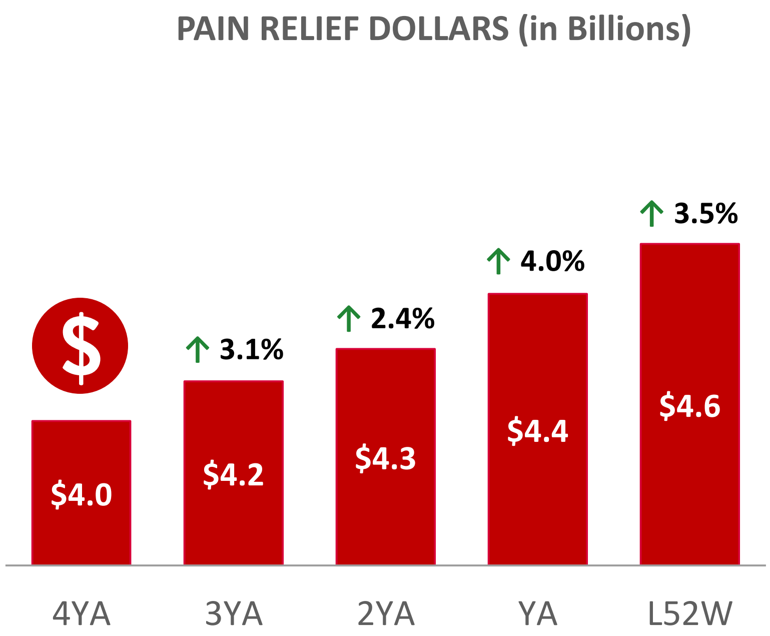


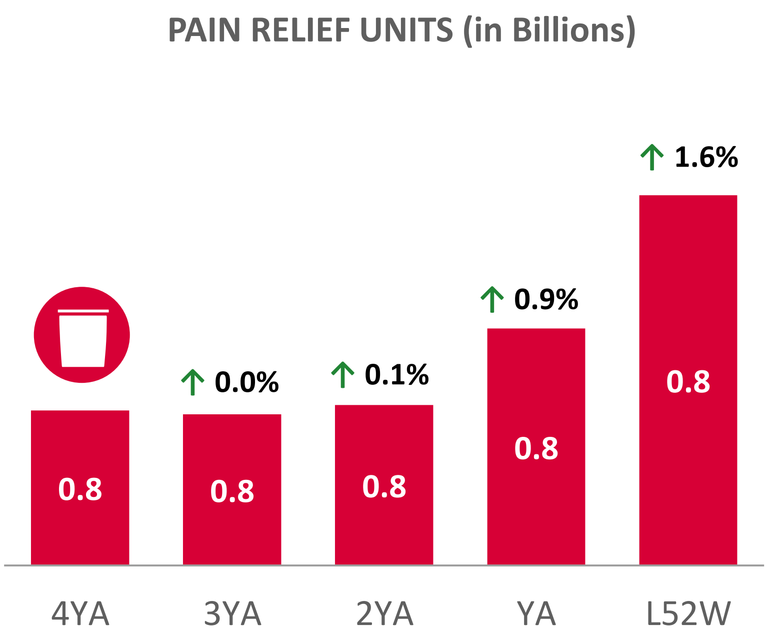
DOLLAR SHARE OF PAIN RELIEF:



Source: Answers on Demand Core, Total US xAOC Latest 52 Weeks Ending 12/31/2016;, syndicated hierarchy

DOLLARS TREND UP FOR THE LAST FOUR YEARS



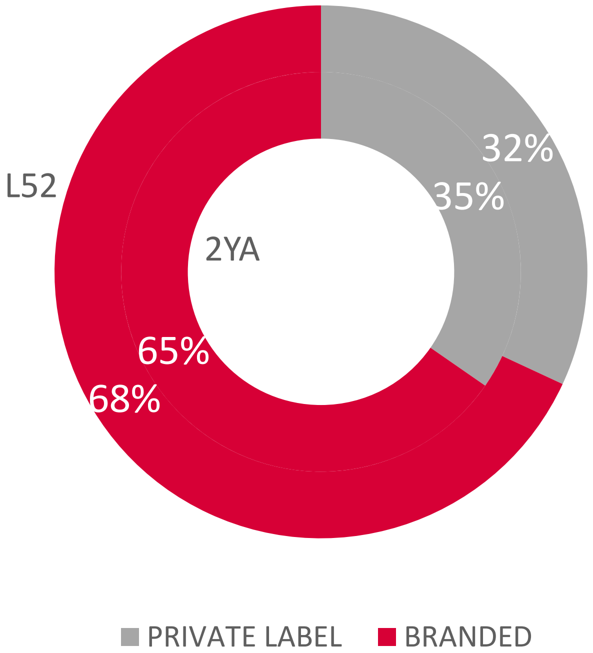


Note: "L52W" is Latest 52 Weeks of scanning sales

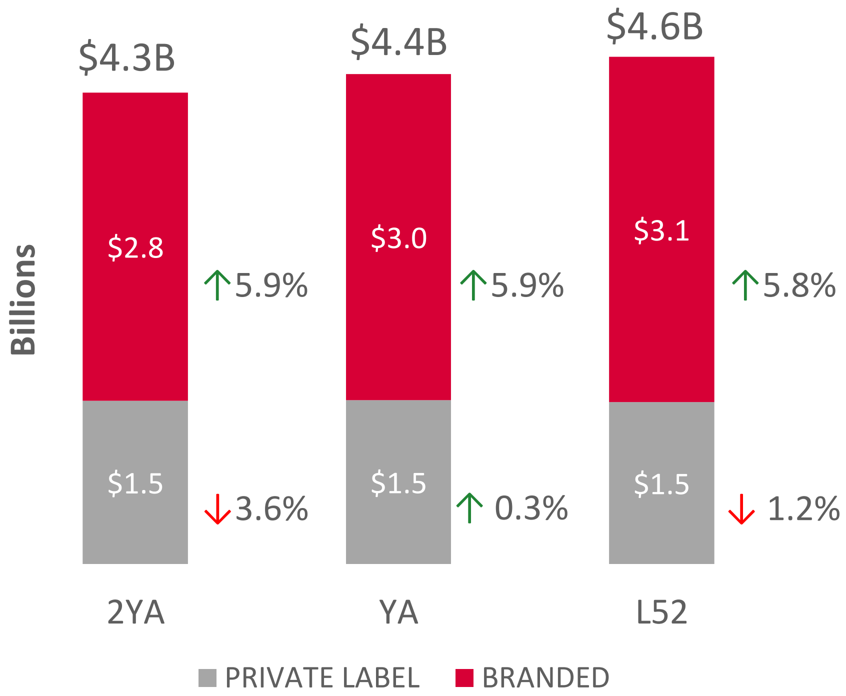
Source: Nielsen Scantrak - Answers on Demand Core, Latest 52 Weeks Ending 12/31/16, syndicated hierarchy

BRANDED ITEMS GROW YEAR OVER YEAR AND GAIN SHARE FROM PRIVATE LABEL

PAIN RELIEF DOLLAR SHARE



PAIN RELIEF DOLLAR SALES TRENDS



Source: Nielsen Scantrak - Answers on Demand Core, Latest 52 Weeks Ending 12/31/2016, syndicated hierarchy

PAIN RELIEF CONSUMERS ARE MARRIED COUPLES WITH HIGHER INCOME

PAIN RELIEF CONSUMER DEMOGRAPHIC INDICES

INCOME:
- $75,000 +(125)
- 45% of Volume

HOUSEHOLD COMPOSITION:
- Married w/o kids(123)
- 35% of Volume

SIZE OF HH:
- 2 Person HH (112)
- 36% of Volume

OCCUPATION:
- Non Civilian (90)
- 40% of Volume

NUMBER OF VEHICLES:
- Two (112)
- 42% of Volume

Nielsen Spectra, 2017 Jan, Consumer Profile

1.5MM NEW HOUSEHOLDS BUY PAIN RELIEF

Yet, buying habits haven't changes compared to YA

PAIN RELIEF - CONSUMER PURCHASING BEHAVIOR

PENETRATION

72.0% [+0.6%]
88M HHs* [+1.5M HHs]

BUYING RATE

$25.40 [+$0.78]
4.7 UNITS [0.0 UNITS]

PURCHASE FREQUENCY

3.5 TRIPS [+0.1 TRIPS]

PURCHASE SIZE

$7.23 [+$0.10]
1.3 UNITS [0.0 UNITS]

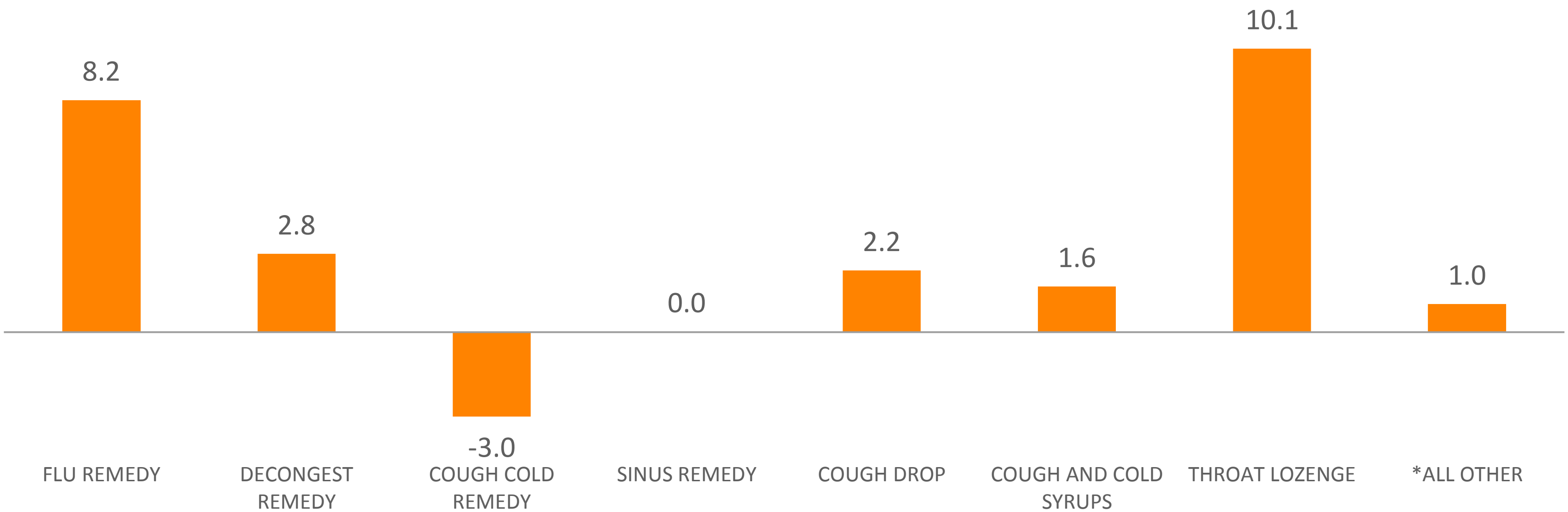
Source: Nielsen Scantrak - Answers on Demand Integrated, Latest 52 Weeks Ending 12/31/16; syndicated hierarchy

COUGH AND COLD

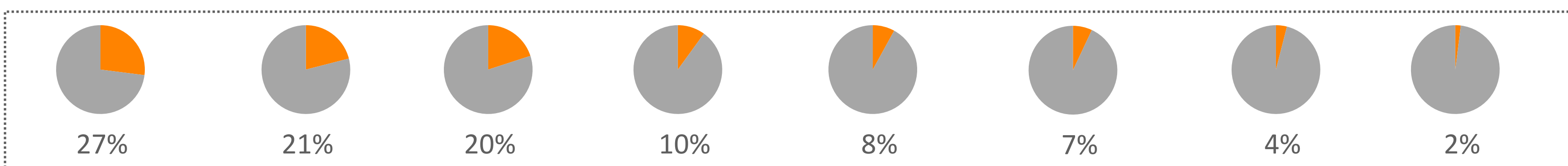
FLU REMEDY LEADS THE CATEGORY

Almost all segments are growing vs YA

COUGH & COLD GROWTH & SHARE ($4.2B, +2.8%)



DOLLAR SHARE OF COUGH & COLD:



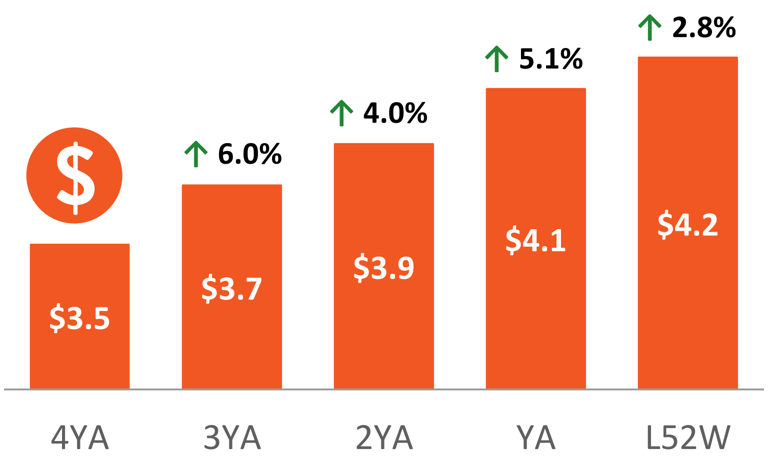
*All Other- Sore Throat, Cold Sinus Allergy Remedy Diabetic, and Diabetic Cough and Cold Syrup

Source: Answers on Demand Core, Total US xAOC Latest 52 Weeks Ending 12/31/2016;, syndicated hierarchy

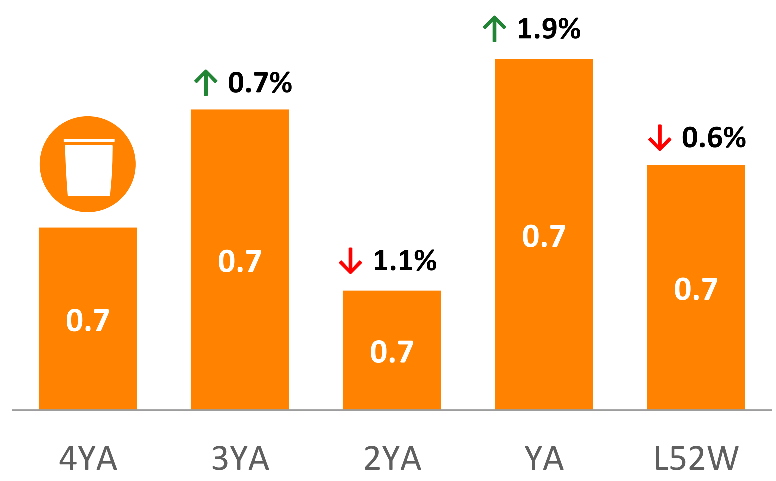
DOLLARS TRENDING UP FOR LAST 4 YEARS…

…while Unit volume is relatively flat

COUGH & COLD DOLLARS (in Billions)



COUGH & COLD UNITS (in Billions)



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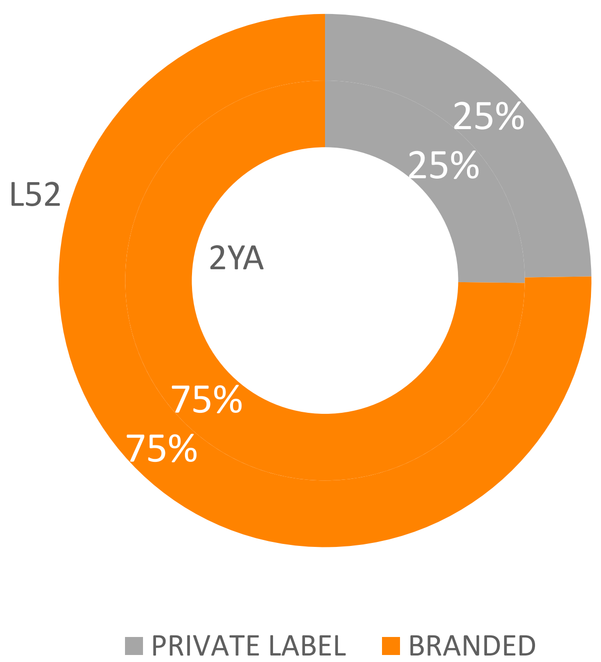
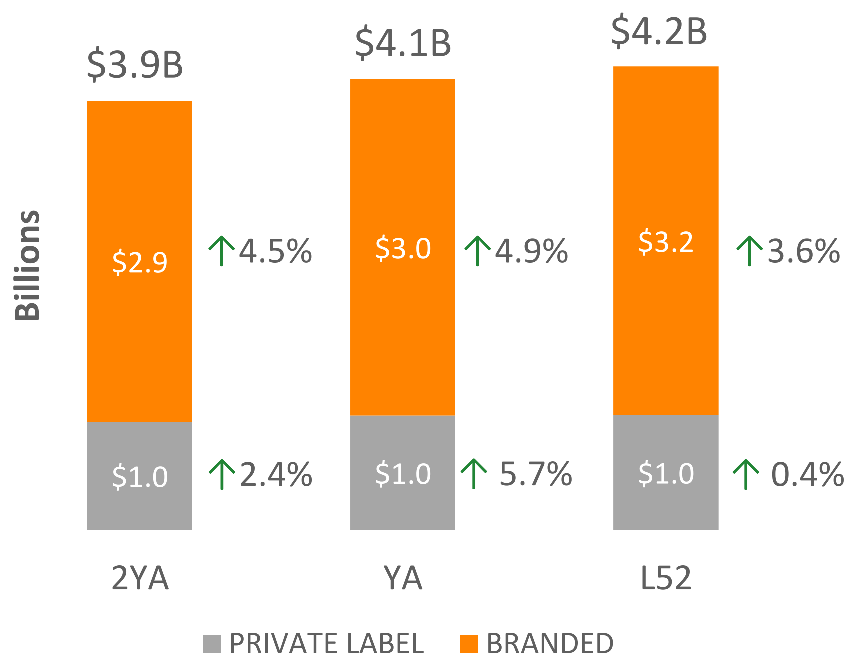
Source: Nielsen Scantrak - Answers on Demand Core, Latest 52 Weeks Ending 12/31/16, syndicated hierarchy

BRANDED ITEMS GROW YEAR OVER YEAR AND HOLD SHARE AGAINST PRIVATE LABEL

COUGH & COLD DOLLAR SHARE



COUGH & COLD DOLLAR SALES TRENDS



Source: Nielsen Scantrak - Answers on Demand Core, Latest 52 Weeks Ending 12/31/2016, syndicated hierarchy

COUGH & COLD CONSUMERS ARE OLDER MARRIED COUPLES

COUGH & COLD CONSUMER DEMOGRAPHIC INDICES

AGE:
- 45-74 Years Old (115)
- 60% of Volume

HOUSEHOLD COMPOSITION:
- Married w/o kids(129)
- 36% of Volume

SIZE OF HH:
- 2 Person HH (117)
- 37% of Volume

RACE:
- White (109)
- 75% of Volume

NUMBER OF VEHICLES:
- Two (110)
- 40% of Volume

Nielsen Spectra, 2017 Jan, Consumer Profile

904K NEW HOUSEHOLDS BUY COUGH & COLD

Yet, buying habits haven't changed compared to YA

COUGH & COLD- CONSUMER PURCHASING BEHAVIOR

PENETRATION

62.4% [+0.2%]
76M HHs* [+904K HHs]

BUYING RATE

$26.58 [+$1.45]
5.0 UNITS [0.0 UNITS]

PURCHASE FREQUENCY

3.3 TRIPS [0.0 TRIPS]

PURCHASE SIZE

$7.96 [+$0.36]
1.5 UNITS [0.0 UNITS]

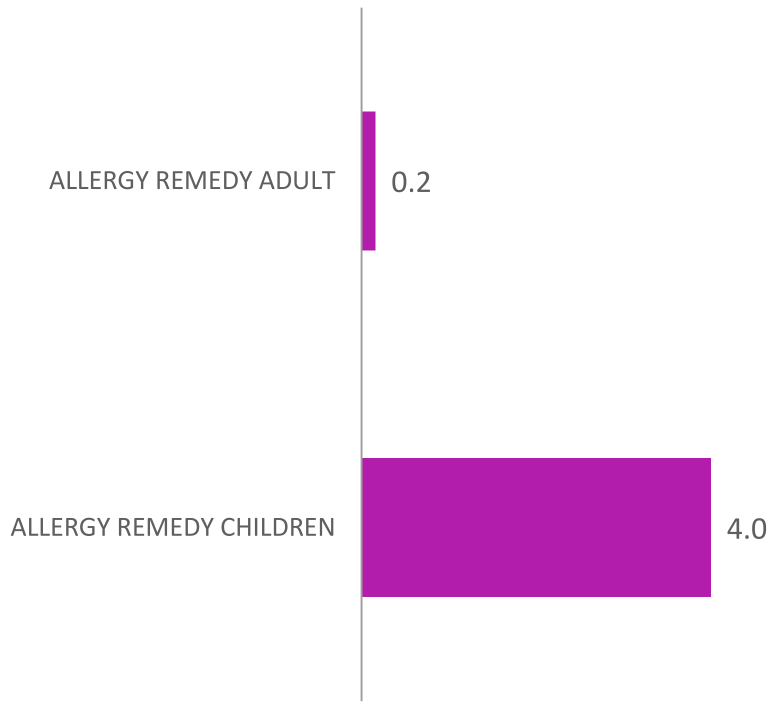
Source: Nielsen Scantrak - Answers on Demand Integrated, Latest 52 Weeks Ending 12/31/16; syndicated hierarchy

ALLERGY

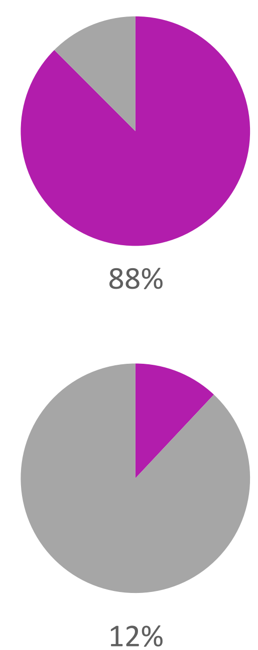
ADULT ALLERGY LEADS THE CATEGORY

Yet, Children's Allergy grows at the fastest rate

ALLERGY GROWTH & SHARE ($2.6B, +0.6%)



DOLLAR SHARE OF ALLERGY:

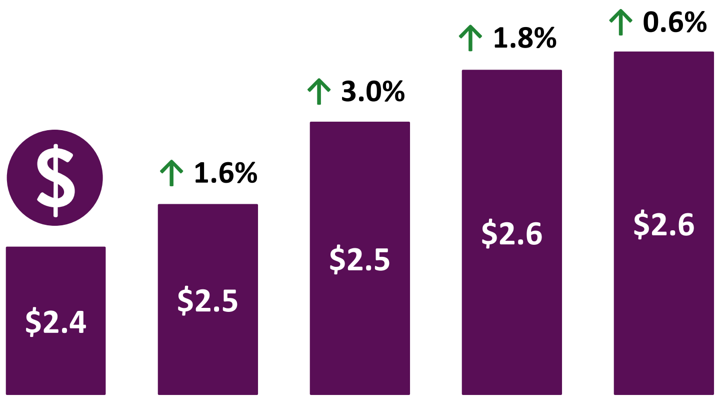


Source: Answers on Demand Core, Total US xAOC Latest 52 Weeks Ending 12/31/2016;, syndicated hierarchy

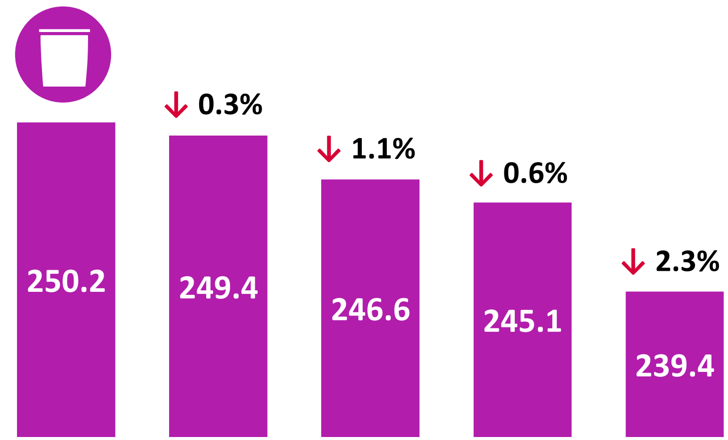
DOLLAR SALES CLIMB OVER TIME

Unit sales experience opposite trends over the last five years

DOLLARS (in Billions)



UNITS (in Millions)



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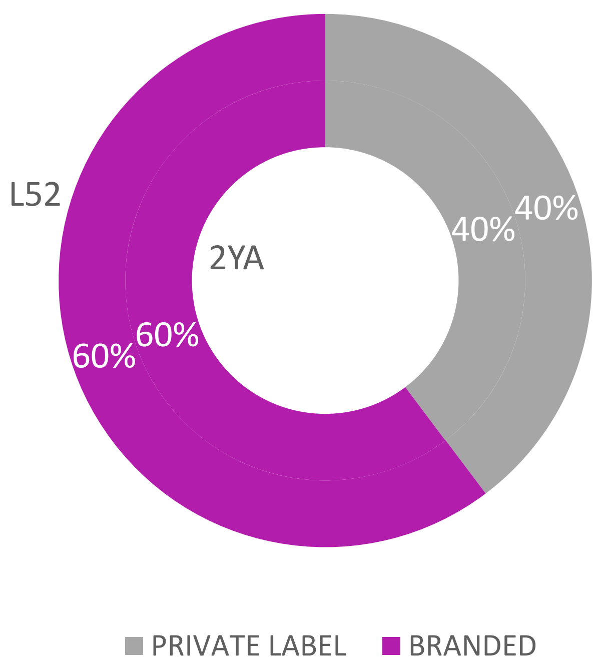
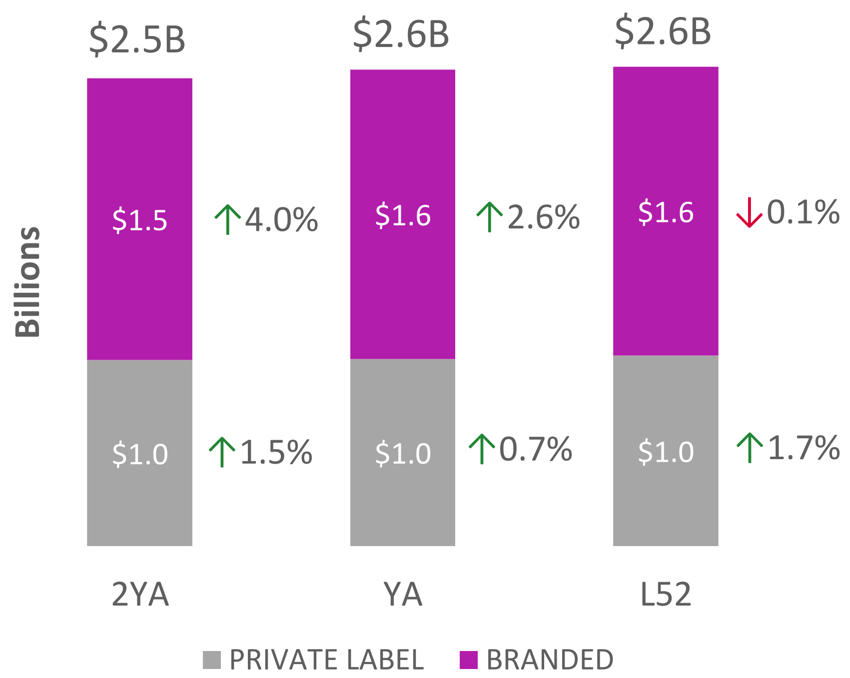
PRIVATE LABEL & BRANDED REMAIN RELATIVELY FLAT IN THE LATEST YEAR

ALLERGY DOLLAR SHARE



ALLERGY DOLLAR SALES TRENDS



Source: Answers on Demand Core, Total US xAOC Latest 52 Weeks Ending 12/31/2016;, syndicated hierarchy

ALLERGY CONSUMERS ARE MARRIED, HOME OWNERS WITH HIGH INCOME

ALLERGY CONSUMER DEMOGRAPHIC INDICES

INCOME:
- $75,000+ (146)
- 53% of Volume

HOUSEHOLD COMPOSITION:
- Married Couples (127)
- 62% of Volume

HOUSING TENURE:
- Own (118)
- 77% of Volume

AGE OF HEAD OF HOUSEHOLD:
- Age 45+ (111)
- 71% of Volume

NUMBER OF PERSONS:
- 3-4 Person HH (115)
- 34% of Volume

Nielsen Spectra, 2017 Jan, Consumer Profile

103K NEW HOUSEHOLDS BY ALLERGY

Buying households spend more per buying occasion

ALLERGY- CONSUMER PURCHASING BEHAVIOR

PENETRATION

39.2% [-0.3%]
48,031 HHs* [+103 HHs]

BUYING RATE

$34.93 [+$0.72]
3.5 UNITS [+0.0 UNITS]

PURCHASE FREQUENCY

2.7 TRIPS [+0.0 TRIPS]

PURCHASE SIZE

$12.97 [+$0.25]
1.3 UNITS [+0.0 UNITS]

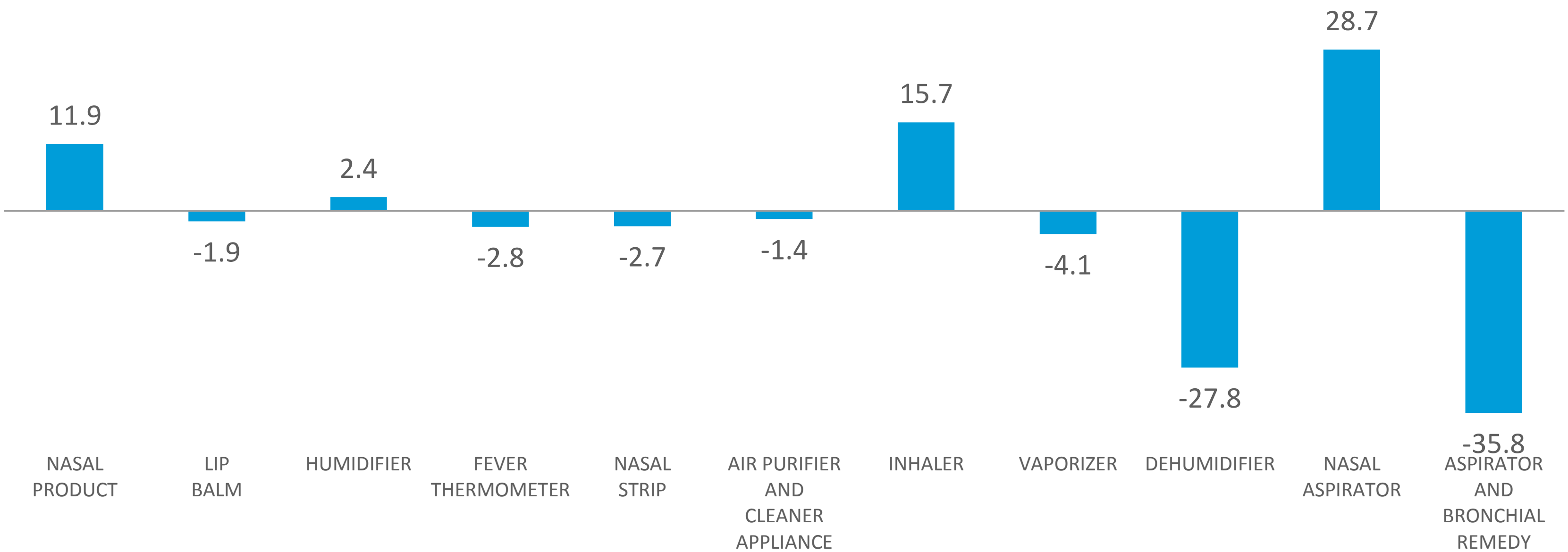
Source: Nielsen Scantrak - Answers on Demand Integrated, Latest 52 Weeks Ending 12/31/16; syndicated hierarchy

OTHER UPPER RESPIRATORY & PAIN RELIEF

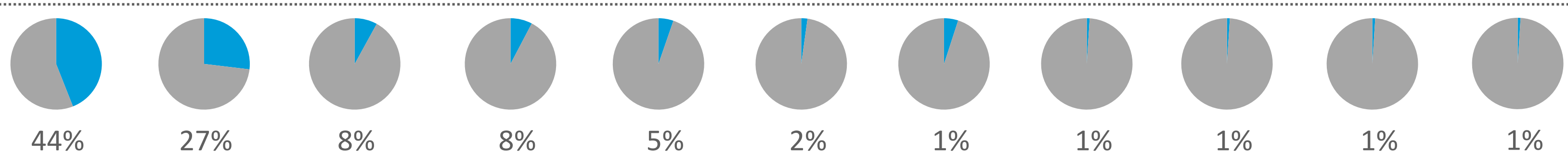
ALMOST ALL SEGMENTS TREND DOWNWARD

Nasal Product is the largest, Nasal Aspirator is the fastest growing

OTHER UPPER RESPIRATORY & PAIN RELIEF GROWTH & SHARE ($2.3B, +3.5%)

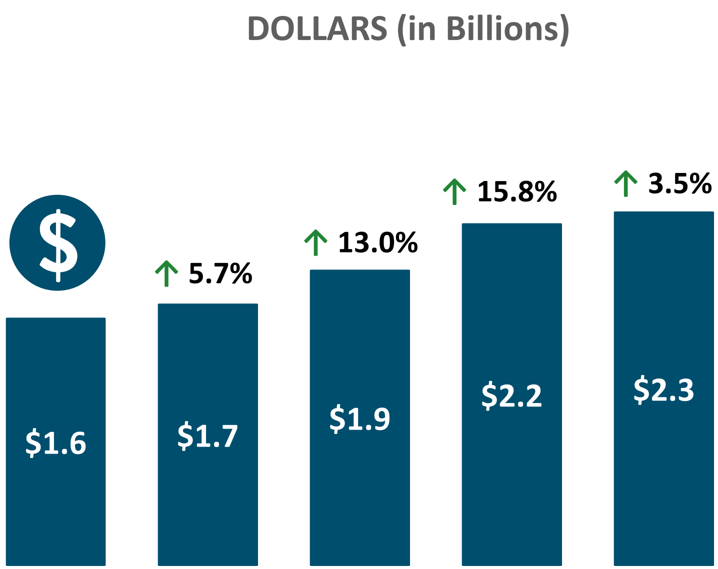


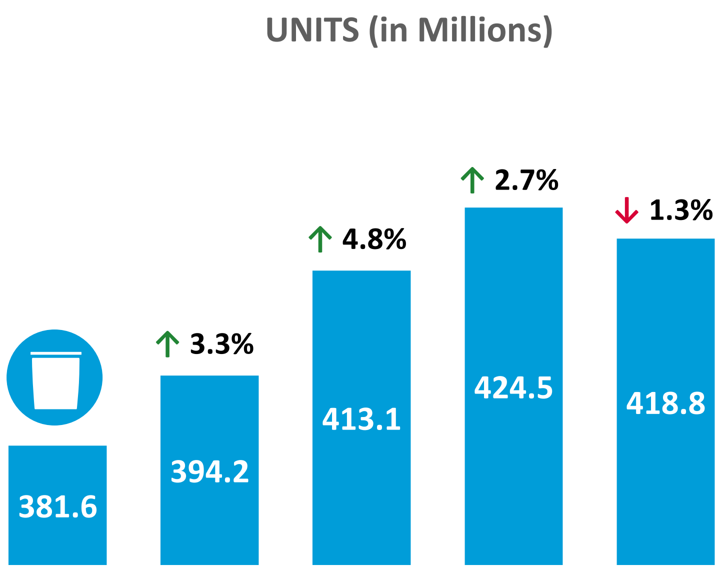
DOLLAR SHARE OF OTHER UPPER RESPIRATORY & PAIN RELIEF:



Source: Answers on Demand Core, Total US xAOC Latest 52 Weeks Ending 12/31/2016;, syndicated hierarchy

UNIT TRENDS SOFTEN IN THE LATEST YEAR



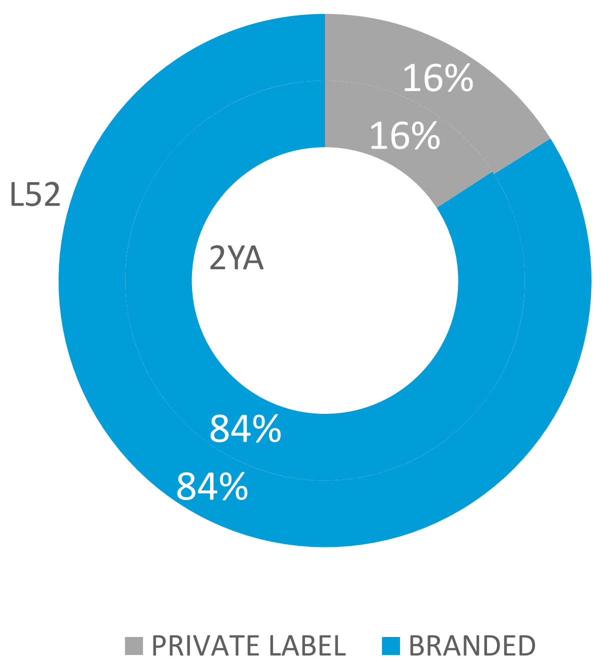


Note: “L52W” is Latest 52 Weeks of scanning sales

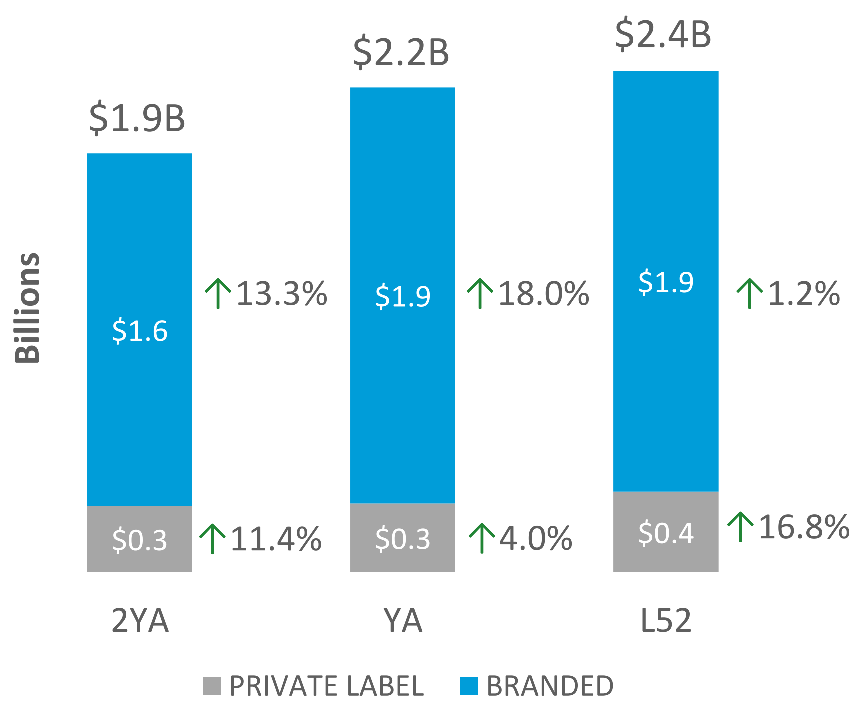
Source: Answers on Demand Core, Total US xAOC Latest 52 Weeks Ending 12/31/2016;, syndicated hierarchy

PRIVATE LABEL PICKS UP IN THE LATEST YEAR, WHILE BRANDED GROWTH SLOWS

OTHER U.R. & PAIN RELIEF DOLLAR SHARE



OTHER U.R. & PAIN RELIEF DOLLAR SALES TRENDS



Source: Answers on Demand Core, Total US xAOC Latest 52 Weeks Ending 12/31/2016;, syndicated hierarchy

CONSUMERS ARE PROFESSIONALS WITH HIGH INCOME

OTHER UPPER RESPIRATORY & PAIN RELIEF CONSUMER DEMOGRAPHIC INDICES

HOUSEHOLD COMPOSITION:
- Married Couples (121)
- 58% of Volume

INCOME:
- $75,000+ (125)
- 45% of Volume

NUMBER OF PERSONS:
- 2-4 Person HH (112)
- 69% of Volume

NUMBER OF VEHICLES:
- 2-3+ (115)
- 66% of Volume

OCCUPATION:
- Professional/Admin/ Management (120)
- 26% of Volume

Nielsen Spectra, 2017 Jan, Consumer Profile

507K NEW HOUSEHOLDS BUY OTHER U.R. & PAIN

Buying households spend more per trip when compared to year ago

OTHER UPPER RESPIRATORY & PAIN RELIEF - CONSUMER PURCHASING BEHAVIOR

PENETRATION

37.0% [+0.1%]
45,354 HHs* [+507 HHs]

BUYING RATE

$12.16 [+$0.10]
2.8 UNITS [-0.2 UNITS]

PURCHASE FREQUENCY

1.8 TRIPS [+0.0 TRIPS]

PURCHASE SIZE

$6.63 [+$0.18]
1.5 UNITS [-0.1 UNITS]

Source: Nielsen Scantrak - Answers on Demand Integrated, Latest 52 Weeks Ending 12/31/16; syndicated hierarchy

KEY TAKEAWAYS

DRIVING GROWTH IN DYNAMIC TIMES

Stay connected with winning retailers & categories

Determine your role in digital retailing & digital shopping engagements & act

Win the trip through precision marketing & sales focused against shoppers that matter

Drive the health & wellness growth wave

Win the occasion

HEALTH & WELLNESS ____________:

- IS AN IMPORTANT GROWTH DRIVER
- MATTERS ACROSS THE ENTIRE STORE
- IS NOT A ONE-SIZE-FITS ALL
- IS A TREND THAT IS HERE TO STAY

nielsen

AN UNCOMMON SENSE
OF THE CONSUMER™