The Power of GM & HBC in Grocery
GM/HBC “2.0”: Digging Deeper into Drivers, Winning Tactics

Questions to answer:
• How big is the opportunity?
• Where are mega trend impacts greatest?
• How severe is the ecommerce threat?
• Who is winning and how?
The Opportunity Is Already In Your Stores... 3-4X more than other channels

$50B
Spent on HBC in B&M
80%
Shop for HBC in Grocery...
...but 77% of HBC spend in other channels

$31B
Spent on GM in B&M
71%
Shop for GM in Grocery...
...but 88% of GM spend in other channels

SOURCE: Nielsen Homescan 52 weeks ending 07.15.17
These Are Really Valuable Shoppers!

- **GM in Basket**: $85
- **HBC in Basket**: $82
- **Meat in Basket**: $77
- **Produce in Basket**: $67
- **Dairy in Basket**: $59
- **Dry Grocery in Basket**: $51

*Source: Nielsen Homescan 52 weeks ending 07.15.17*
Some Retailers Are Winning In HBC or GM - Key Categories Lead The Way

### HBC

<table>
<thead>
<tr>
<th>Category</th>
<th>Top Retailers</th>
<th>All Retailers</th>
</tr>
</thead>
<tbody>
<tr>
<td>COLD/ALLERGY/SINUS TABLETS</td>
<td>11.0</td>
<td></td>
</tr>
<tr>
<td>VITAMINS</td>
<td>9.8</td>
<td></td>
</tr>
<tr>
<td>TOOTHPASTE</td>
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<tr>
<td>SHAMPOO</td>
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### GM

<table>
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<tr>
<th>Category</th>
<th>Top Retailers</th>
<th>All Retailers</th>
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<tbody>
<tr>
<td>CULINARY</td>
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</tr>
<tr>
<td>OFFICE PRODUCTS</td>
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<tr>
<td>FOIL PANS</td>
<td>12.5</td>
<td></td>
</tr>
<tr>
<td>BOTTLES</td>
<td>9.5</td>
<td></td>
</tr>
<tr>
<td>KITCHEN STORAGE</td>
<td>7.2</td>
<td></td>
</tr>
</tbody>
</table>

SOURCE: Acosta Strategic Advisors
E-Commerce Will Continue to Be a Challenge

**E-commerce Dollar Share of Total Sales**

- General Merchandise: 43%
- Beauty Care: 27%
- Pet Care: 26%
- Health Care: 13%
- Personal Care: 11%
- Household Care: 9%
- Grocery: 3%
- Meat: 2%
- Dairy: 1%
- Bakery: 1%

*SOURCE: Nielsen e-commerce measurement, 52 weeks ending 7/1/17*
Solving The Challenge Requires A Deeper Understanding of Shoppers

Where Women Purchase Beauty Products

- **Department Store**
  - 18-34: 21%
  - 35-44: 28%
  - 45-54: 20%

- **Grocery Store**
  - 18-34: 29%
  - 35-44: 18%
  - 45-54: 17%

- **Online Beauty Store**
  - 18-34: 35%
  - 35-44: 21%
  - 45-54: 12%

**SOURCE:** The Harris Poll 2016
Understand Ecommerce Strengths, Weaknesses

**Why Buy In Store?**
1. Immediacy
2. Coupon/deal
3. Convenience
4. Better prices
5. Check out new products

**Why Buy Online?**
1. Free shipping
2. Convenience
3. Shopping ease
4. Easy ordering
5. Product reviews

SOURCE: Acosta Strategic Advisors
Speakers

- Ashley Taylor
  Chief Customer Officer, Acosta

- Lisa Paley
  Chief Customer Officer, Pfizer Consumer Healthcare

- Julie Jones
  Managing Director, The Procter & Gamble Company

- John Clevenger
  Managing Director, Strategic Advisors