Europe's FMCG Market Remains Sluggish

Nielsen European Growth Reporter Q1 2011

By: Jean-Jacques Vandenheede, European Business Insight Director

**SUMMARY:** Drawing on Nielsen's unique data assets and geographical footprint, this report compares overall market dynamics (value and unit growth) in the fast moving consumer goods sector across Europe.

Based on the widest possible basket of product categories continuously tracked by Nielsen, first quarter 2011 data shows results in line with the overall growth rate for much of the past year. Volume growth grew minimally in some markets and contracted in most others. Meanwhile, inflation accounted for much of the value growth. The European consumer remains uncertain about where things are headed, but appears to have adjusted to the “new normal.”

**Executive Summary**

The first quarter of 2011 started off slowly, with nominal value rising 2.3 percent across Europe, a slight decrease from the fourth quarter of 2010. Volume contracted in several countries – most notably Greece, which saw a six percent decline, followed by Finland (-5%) and Germany (-4%). Switzerland posted the largest drop in unit value, declining five percent during the quarter. Turkey continued to lead Europe in nominal growth, with a 12.4 percent rise, followed by the Czech Republic (+3.5%) and Slovakia (+3.4%).

Once again, inflation accounted for much of the growth in unit value sales. The results posted in Q1 were consistent with those from the past two quarters, and are in-line with consumer confidence levels in the region. Europeans continue to feel extremely tentative about the economies in their countries and are reluctant to spend their extra Euros, Kroners and Pounds.
Country Analysis

Twelve of the twenty-one nations Nielsen tracks recorded growth, although it ranged from 0.9 percent in Finland to 12.4 percent in Turkey. Among the big five economies, France topped the group with 2.7 percent nominal growth, followed by Spain (+2.4%) and the UK (+2.3%). Italy recorded zero growth, while Germany declined four percent.

The Czech Republic and Slovakia continued to recover after several challenging quarters. Ireland, however, which had shown new signs of life at the end of 2010, posted nominal growth of just 1.2 percent due primarily to rising value growth. Irish consumers continue to be quite pessimistic about the economy, the state of their personal finances and job prospects.

Q4 2010 Growth Rates Per Country
(versus Q4 2009)
About the Nielsen European Growth Reporter

This report compares overall market dynamics (value and unit growth) in the fast moving consumer goods sector across Europe. It is based on the sales tracking Nielsen performs in every European market, and covers sales in grocery, hypermarket, supermarket, discount and convenience channels.

The report is based on the widest possible basket of product categories that are continuously tracked by Nielsen in each of these countries and channels, and this edition reports on week 1 of 2011 through to week 13 of 2011.

Glossary

Nominal value growth: Percentage change in value sales (expenditures) as measured by the total basket of reported product categories i.e., overall value growth.

Unit value growth (price change): Percentage change in the average retail price per unit in the total basket of reported product categories i.e., price inflation/ deflation.

The unit of volume in the basket varies by category (e.g., litres, kilograms, tons, etc.).

The change in average price per unit may result from:

• Price changes of individual products

• Change in the mix of purchased products; more or less expensive products, more or less promotions, etc.

• Channel switching; more or less purchases in discount stores, or hypermarkets, or convenience outlets, etc.

• Product or channel mix changes may be induced by price change or may just be the result of market dynamics

The unit value growth reflects how consumers experience 'cost of living' in their actual grocery shopping behaviour. The volume growth is the percentage change in purchased volume (quantity) of products.

About Nielsen

Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and related properties. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands. For more information, please visit www.nielsen.com.