

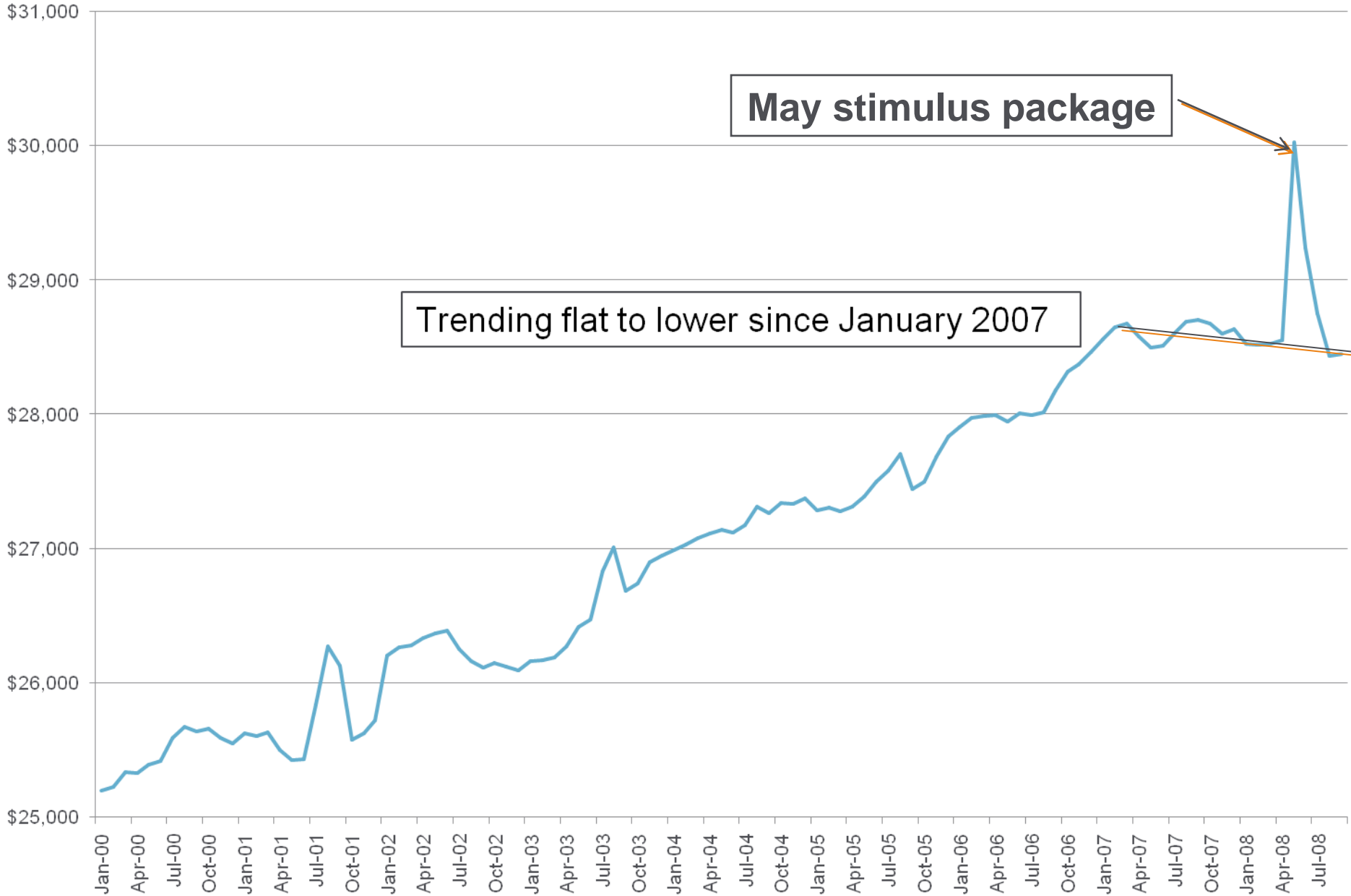
# Impact of Economic Situation on Consumer Demand

FCC Meeting

December 17, 2008

# Real Per Capita Disposable Income

Jan 2000 - Sept 2008



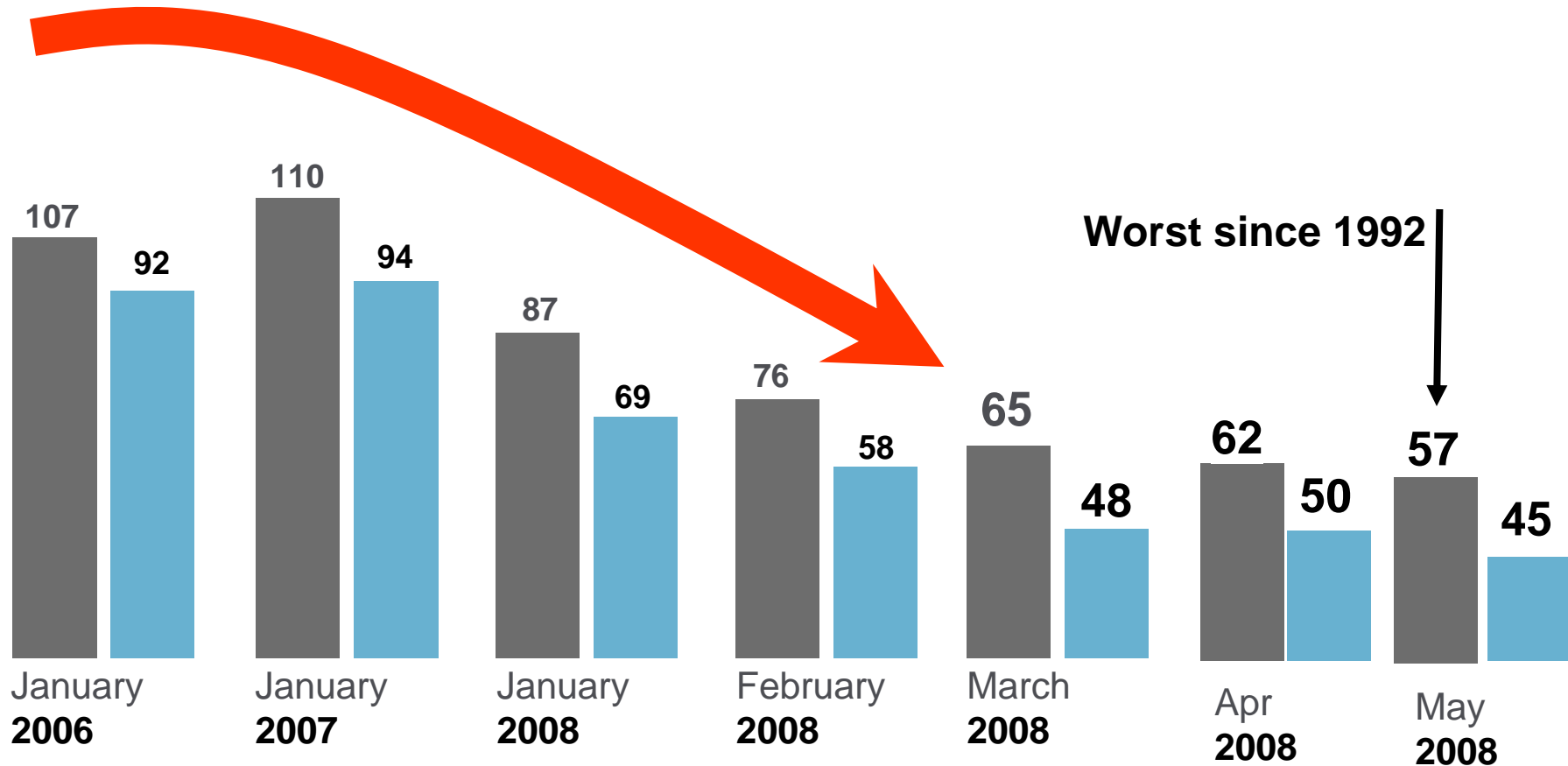
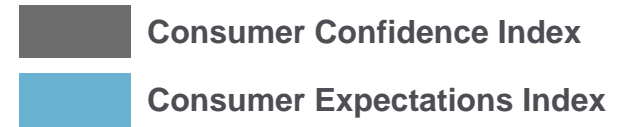
# Economic Impact Segmentation: Understanding how the economic downturn will affect your consumers

June 2008



# Declining Consumer Confidence

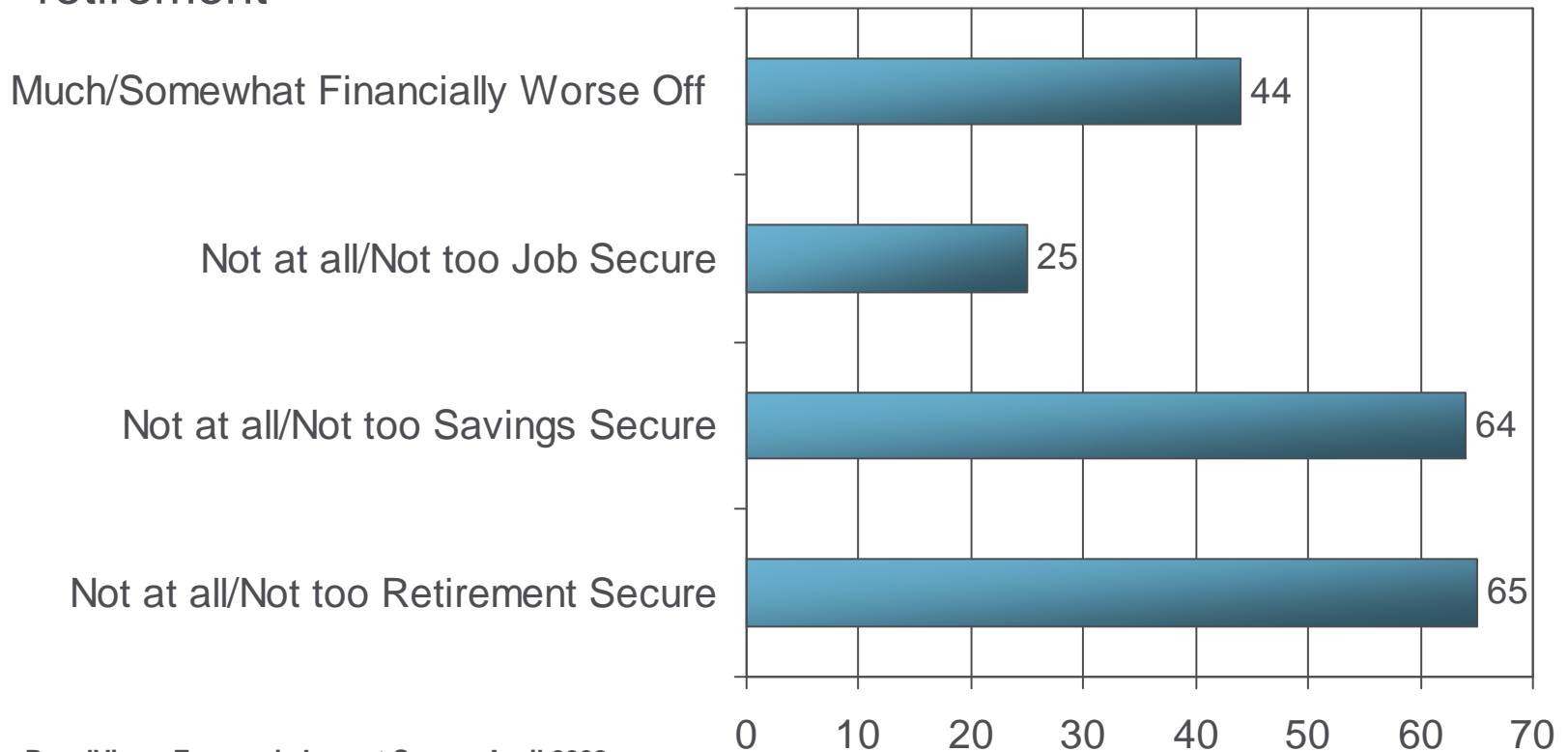
(Index 100 = 1985 Confidence Level)



Source: The Conference Board

# Consumers Are Not Secure

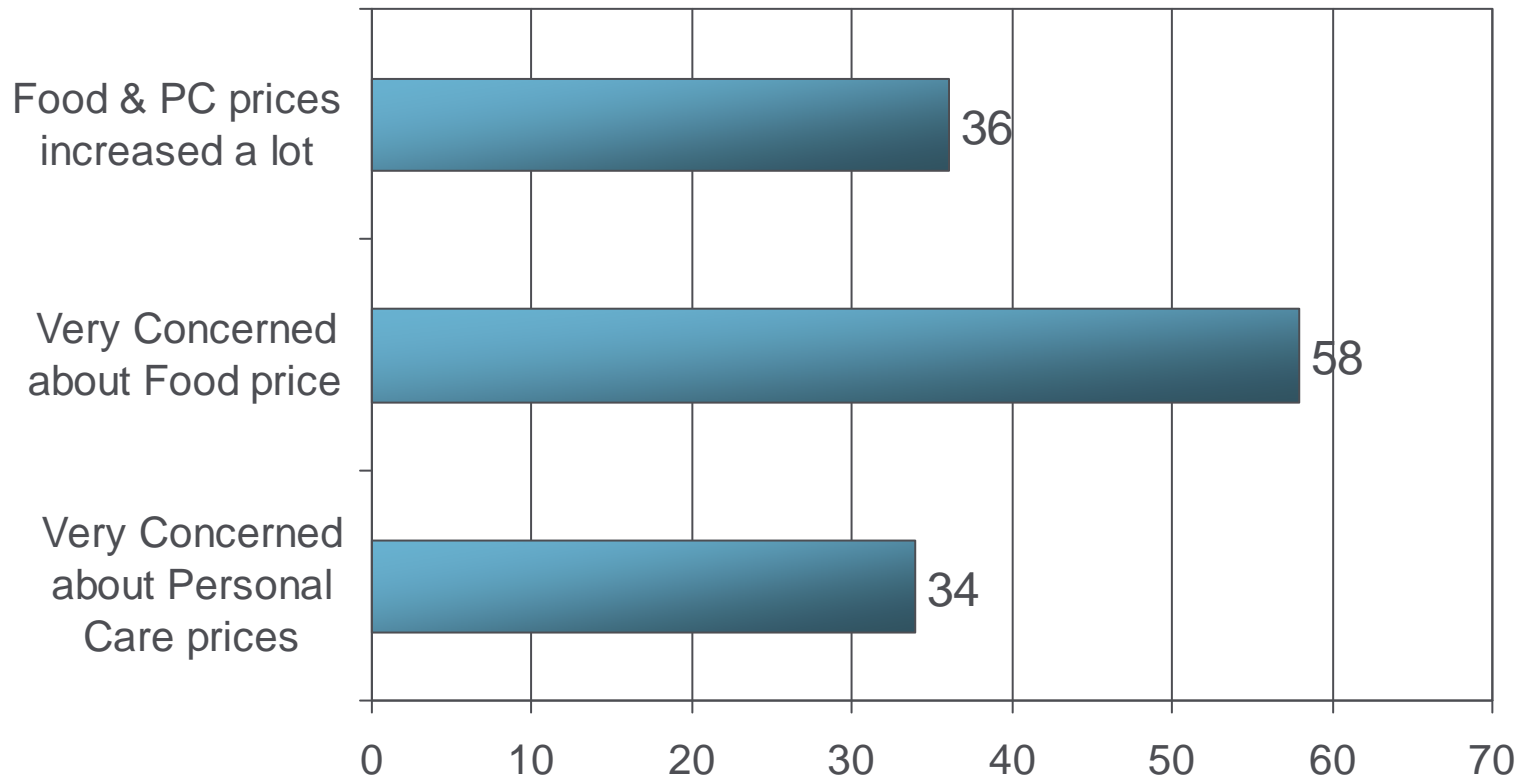
- Almost half of consumers feel at least somewhat worse off financially than a year ago
- A quarter of the consumers don't feel secure they'll keep their job and two thirds don't have enough savings for potential disasters or retirement



Source: PanelViews Economic Impact Survey April 2008

# Consumer Concerned about Rising Prices

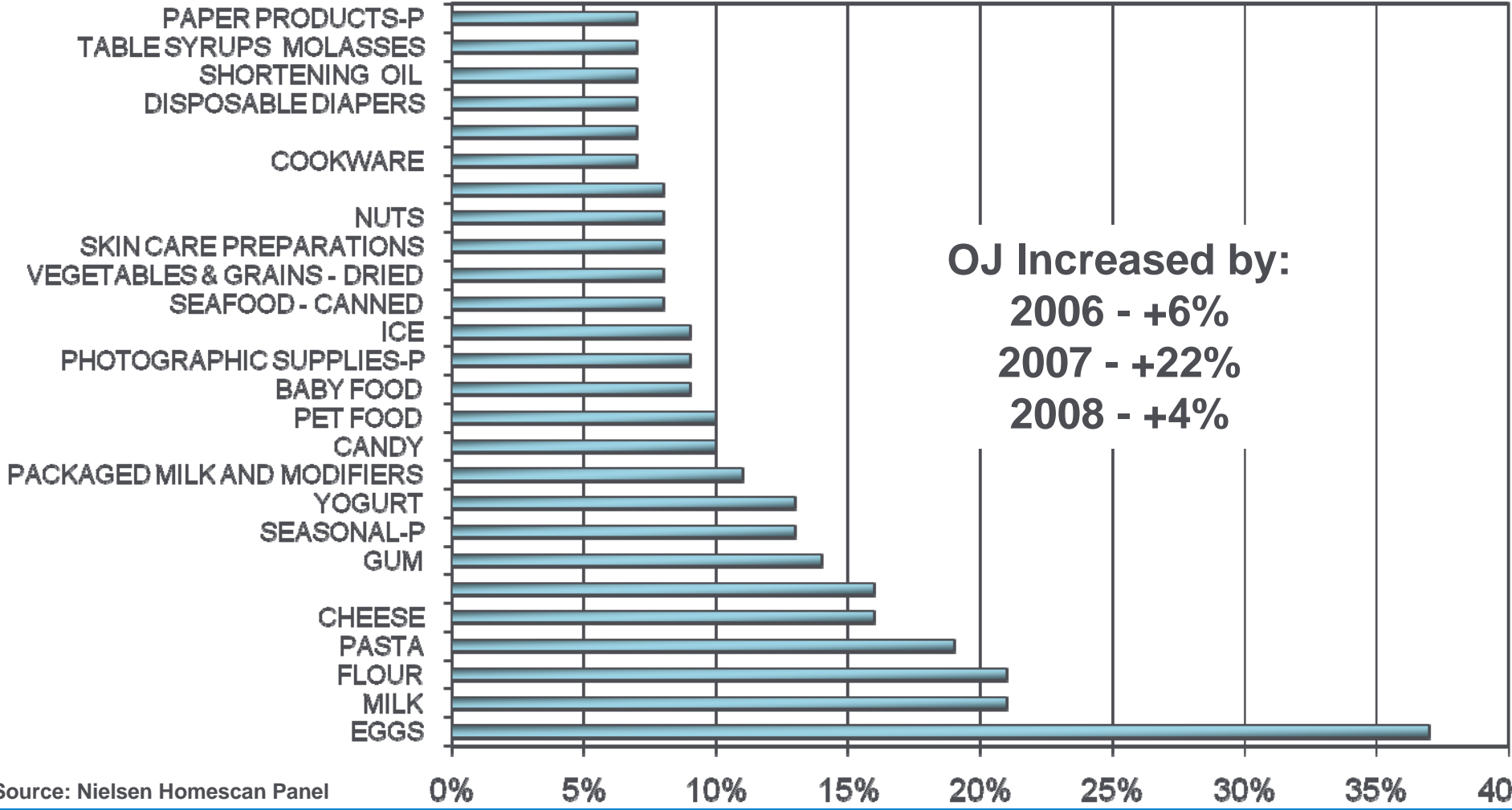
- Over one third of consumers say food & personal care prices have increased a lot over the past 3 months
- And many are very concerned about rising food (58%) and (34%) personal care product prices



Source: PanelViews Economic Impact Survey April 2008

# Pricing: Record levels of price changes across key consumer categories

% Price Increase Q1'08 from Q1 '07



Source: Nielsen Homescan Panel

# ...as they are being squeezed between lower spending power and rising costs of living



**Lower Spending Power**  
Falling Wealth,  
Income & Credit

- **Home and stock portfolios losing value**
- **Tighter credit** (banks freezing home equity lines, raising mortgage qualifications, higher credit card rates)
- **Flat income in existing jobs**
- **Unemployment rate increasing**
- **Weak dollar** = less buying power

**Average U.S. Consumers  
Getting Squeezed**



**Rising Costs**  
Rising Living,  
Household Expenses

- **Personal debt servicing** (mortgage, credit cards)
- **Home energy** (oil, electricity)
- **Transportation** (gasoline)
- **Food** (milk, meat, vegetables)
- **Healthcare**
- **Education**

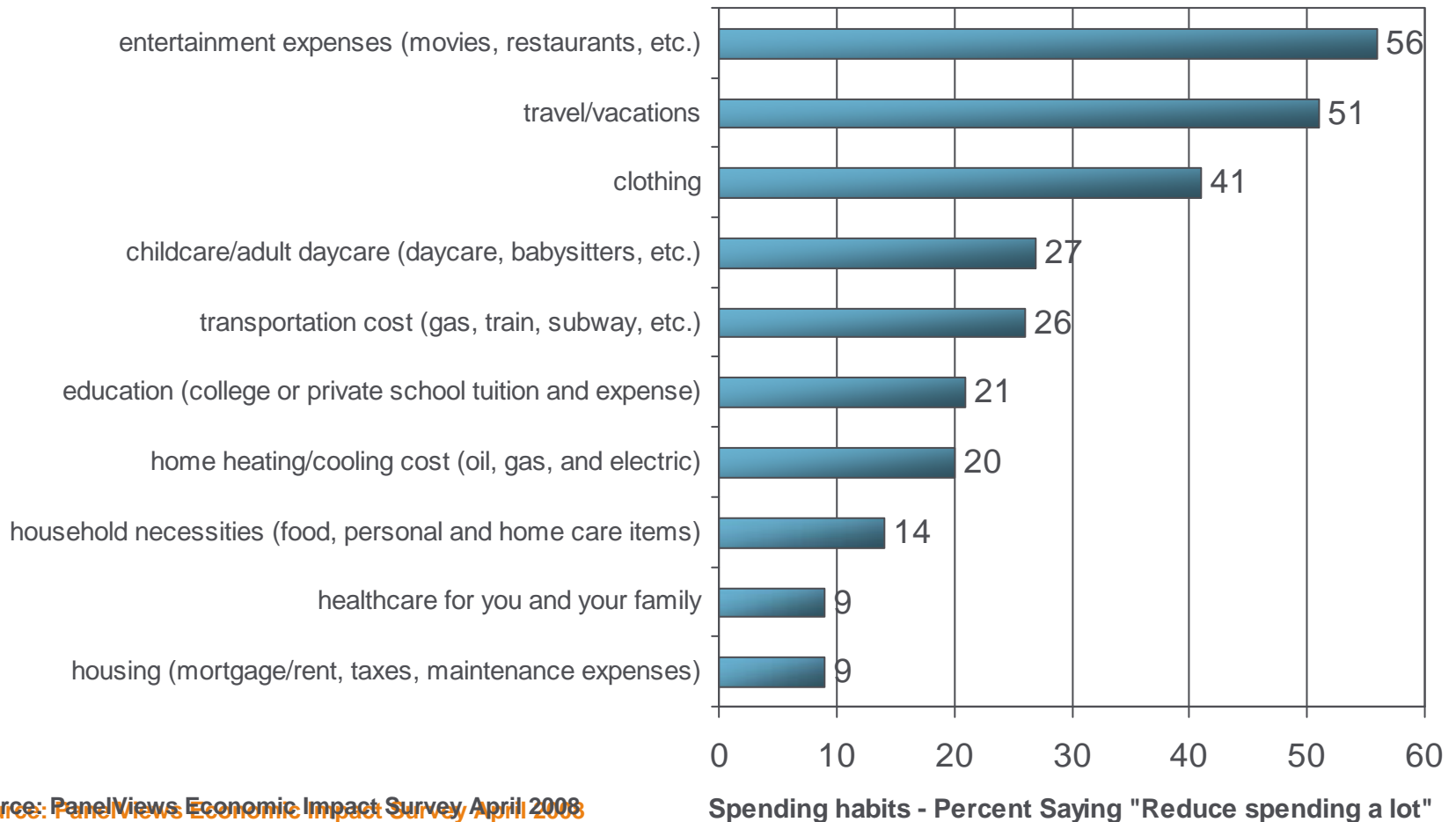


# How Will Consumers React?



# Reported Reductions in Spending

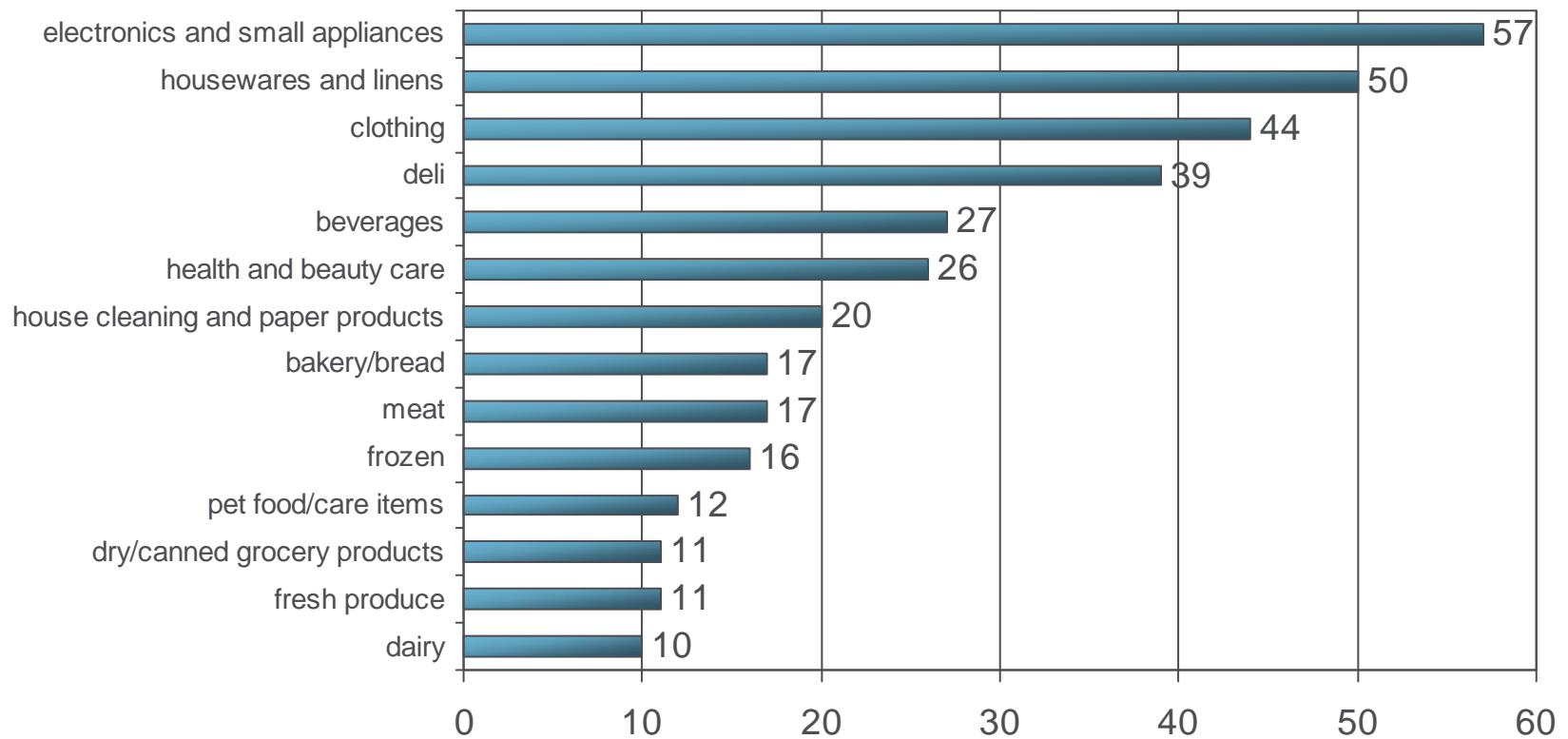
- Entertainment, travel and clothing are the areas where consumer say they will reduce spending a lot, but consumers can't reduce spending on necessities



Source: PanelViews Economic Impact Survey April 2008

# Reported Reductions in Spending

- Mass Merchandisers need to watch for reduced spending on small appliances, housewares and clothing
- Within the grocery store consumers indicate they will reduce spending most on deli items and least on pet food and fresh produce & dairy



Source: PanelViews Economic Impact Survey April 2008

Spending habits - Percent Saying "Reduce spending a lot"

# What Are Consumers Actually Doing?



# Consumers Combining Trips, Eating Out Less, Staying Home, Cutting Spending @ Alarming Levels!

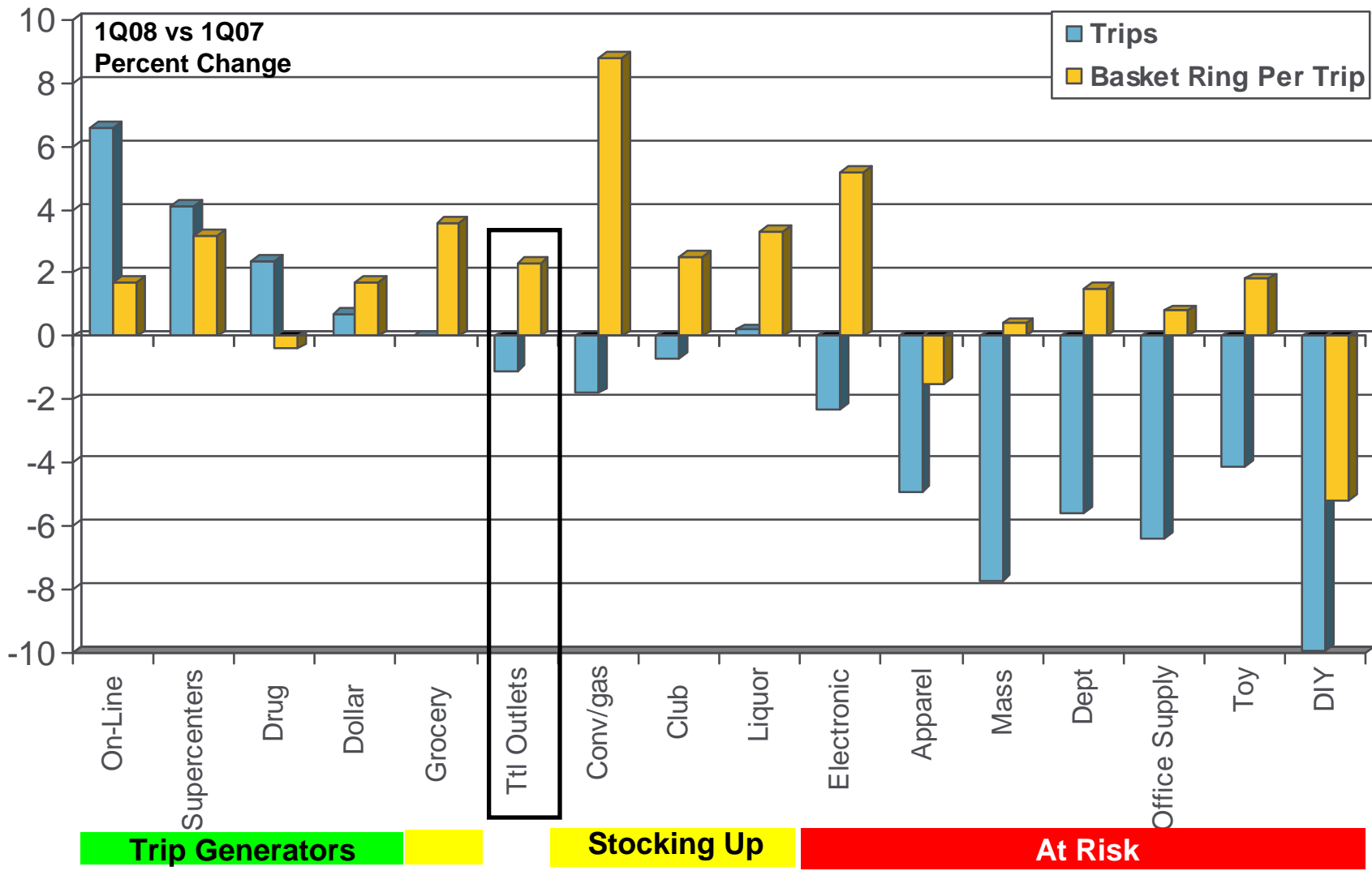
78% combining shopping trips & errands (+ 10 pts from YAGG)  
 52% eating out less (+ 14 pts),  
 51% staying home more often (+ 12 pts) &  
 63% of U.S. consumers are reducing spending (+ 18 pts)



## Saving money in what and how they buy and where they shop

Impact higher gas prices had on driving & spending habits? Check all	Jun/Jul '05	Jun/Jul '06	Jun '07	Jun '08
Buy less expensive grocery brands	17%	22%	19%	35%
Use more coupons	20%	24%	21%	32%
Shop more @ Supercenters	22%	26%	23%	28%
Buy Larger, Economy Size	10%	11%	10%	16%

# Changing Behaviors as Economy Weakens



Source: Homescan®, a service of The Nielsen Company

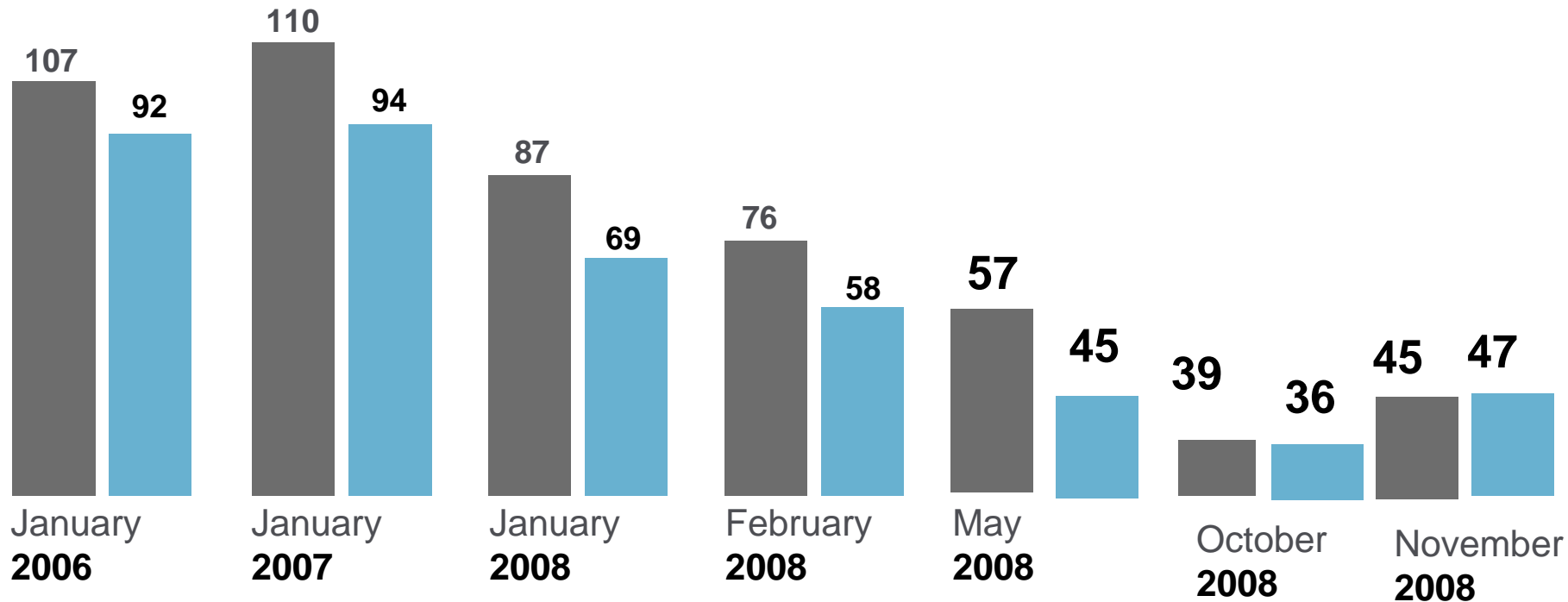
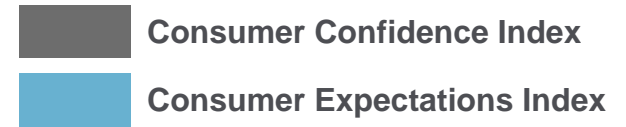
# Economic Impact New Target Opportunities

More Recent Data



# Rebounding Consumer Confidence

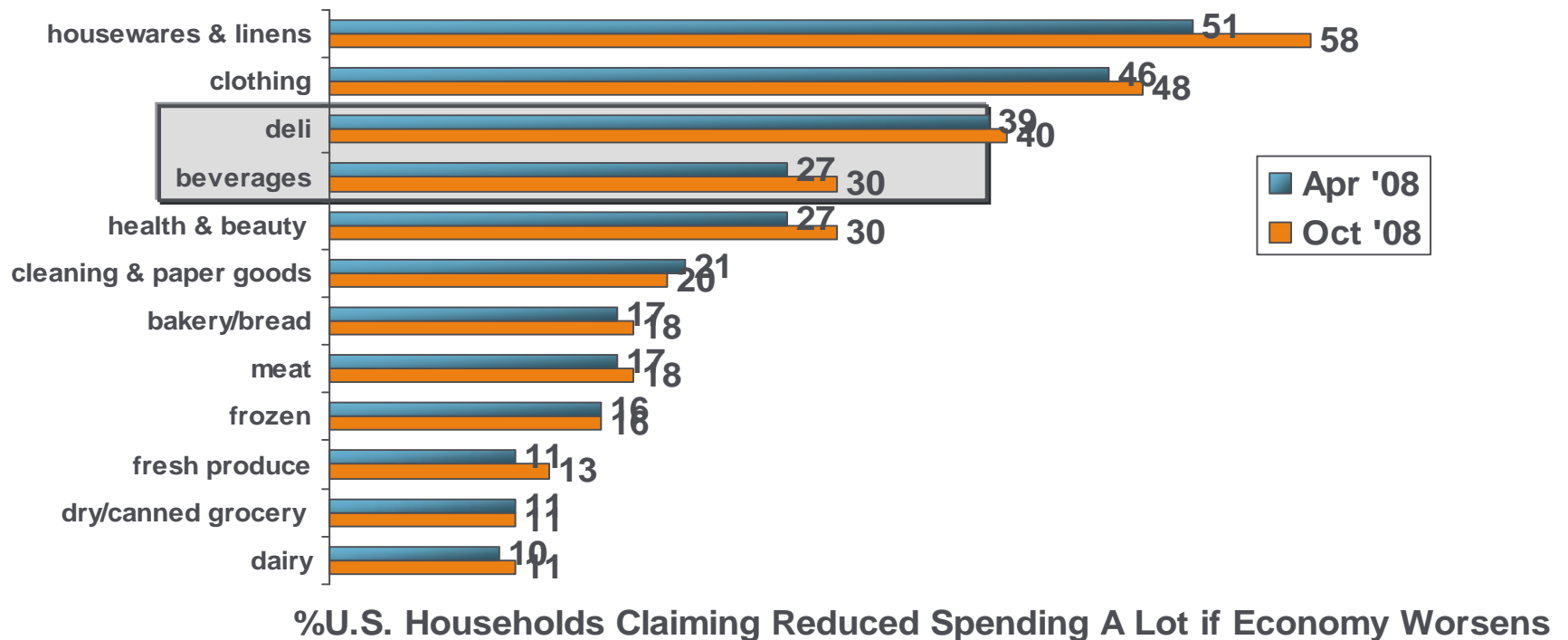
(Index 100 = 1985 Confidence Level)



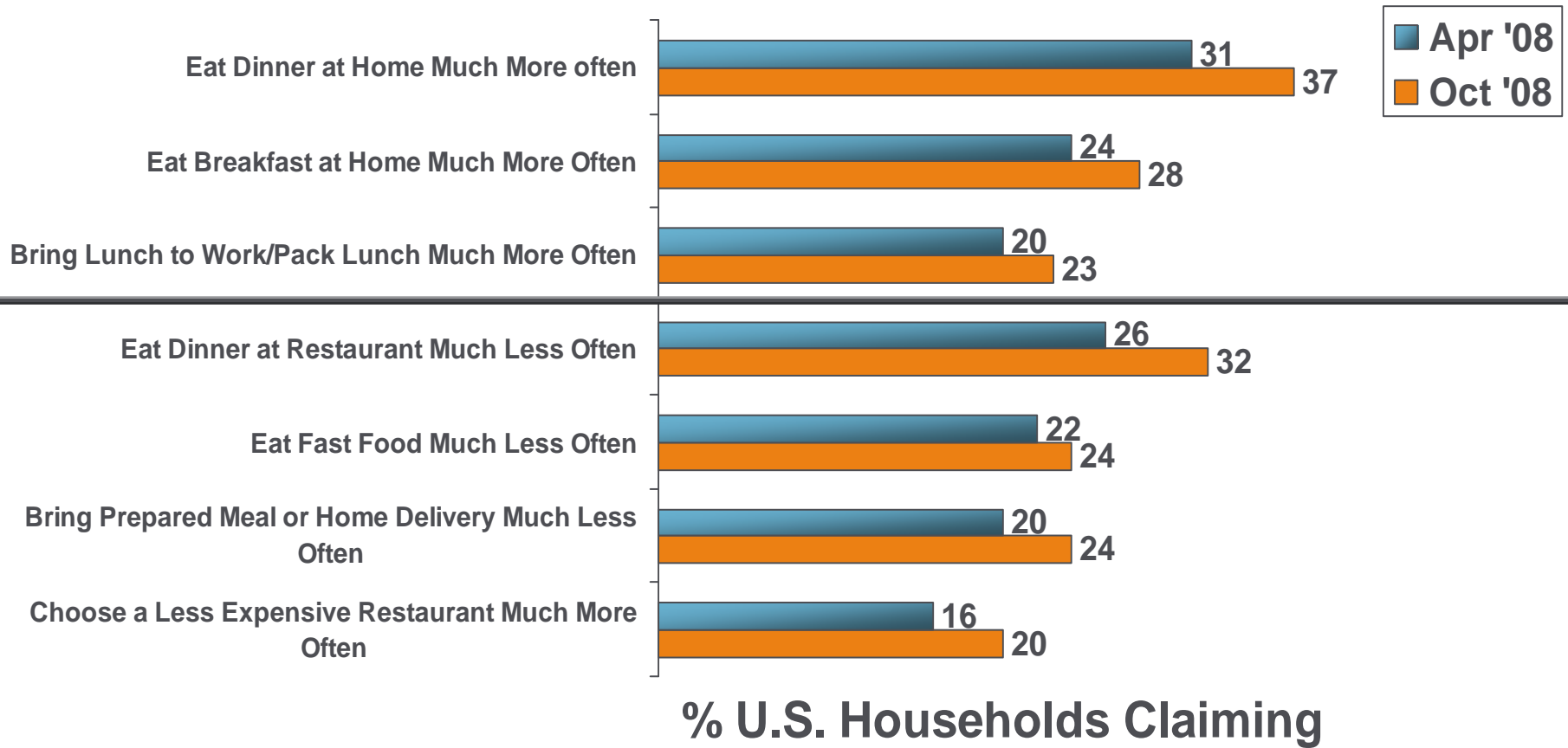
Source: The Conference Board

# Reported reductions in spending

- Not all food and beverages safe



# More at-home meal preferences



Source: Homescan®, a service of The Nielsen Company – PanelViews Survey



**I. Economic  
&  
Market  
Research**

**II. Scientific  
&  
Nutritional  
Research**



## I. Economic & Market Research

### Consumer Opinion Research

**Objective:**  
Measure impact of economy on purchase behavior and gauge the value perception of orange juice.

**Methodology:**  
Quantitative; online

**Timing:**  
January 2009

## II. Scientific & Nutritional Research

### Message Testing Research

**Objective:**  
Evaluate importance, believability and motivation of statements related to Florida orange juice.

**Methodology:**  
Quantitative; online

**Timing:**  
January 2009



## I. Economic & Market Research

**Consumer Opinion Research**

**Objective:**  
Measure impact of economy on purchase behavior and gauge the value perception of orange juice.

**Methodology:**  
Quantitative; online

**Timing:**  
January 2009

**Program Planning**

**Objective:**  
Utilize consumer and market research intelligence to inform programs moving forward and determine the best way to reach consumers through marketing efforts.

**Timing:**  
Q1 & Q2 2009

**Creative Development**

## II. Scientific & Nutritional Research

**Message Testing Research**

**Objective:**  
Evaluate importance, believability and motivation of statements related to Florida orange juice.

**Methodology:**  
Quantitative; online

**Timing:**  
January 2009

**Copytesting**

**Objective:**  
Measure interest level and performance of creative concepts compared to historical normative measures.

**Methodology:**  
Quantitative; online

**Timing:**  
February 2009

# Creative Development Timeline

- Development of Additional Message Statements December 2008
- Consumer Opinion Research January 2009
- Quantitative Message Testing January 2009
- Quantitative Copytesting (Millward Brown) February 2009

