



Shades of Green: Understanding the Green Consumer

Presented September 24, 2007
FMI Sustainability Task Force

Trish Brynjolfsson, Vice President
Beth Johnson, Director



What you should be telling your company about Green Consumers

- How much do they spend in your stores?
- What is the trend of Green product purchases?
- What is our Green shopper penetration versus the region?
- What are the key demographics of Green shoppers?
- How loyal are Green shoppers?
- How can we educate and inspire our shoppers?

Agenda



- Catalina Overview
- Green Methodology
- Trends in Green
- Regional View of Green
- Green and the Organic Consumer
- Demographic & Loyalty Profile
- Shades of Green: Consumer Facts
- Call to Action: Consumer Education

Catalina Marketing Corporation



- **Eight countries and 1,150 employees globally**
- **2006 revenues \$466.8 Million**
- **Three primary business segments**
 - **Catalina Marketing Services (CMS)**
 - **Catalina Health Resource (CHR)**
 - **Catalina Marketing International (CMI)**



- **Catalina's strategy is to be the dominant behavior-based marketing solutions company wherever and whenever consumer goods and healthcare products are sold.**

Catalina Marketing Coverage



Catalina Marketing Services



Uniquely Positioned At The Only Place And Time Where Three Important Constituents Interact:

The Transaction



23,500 retail outlets
14+ billion transactions a year
100 million shopper IDs; 2 years historical data
71% of Supermarket ACV; including Drug and Mass

Green Methodology

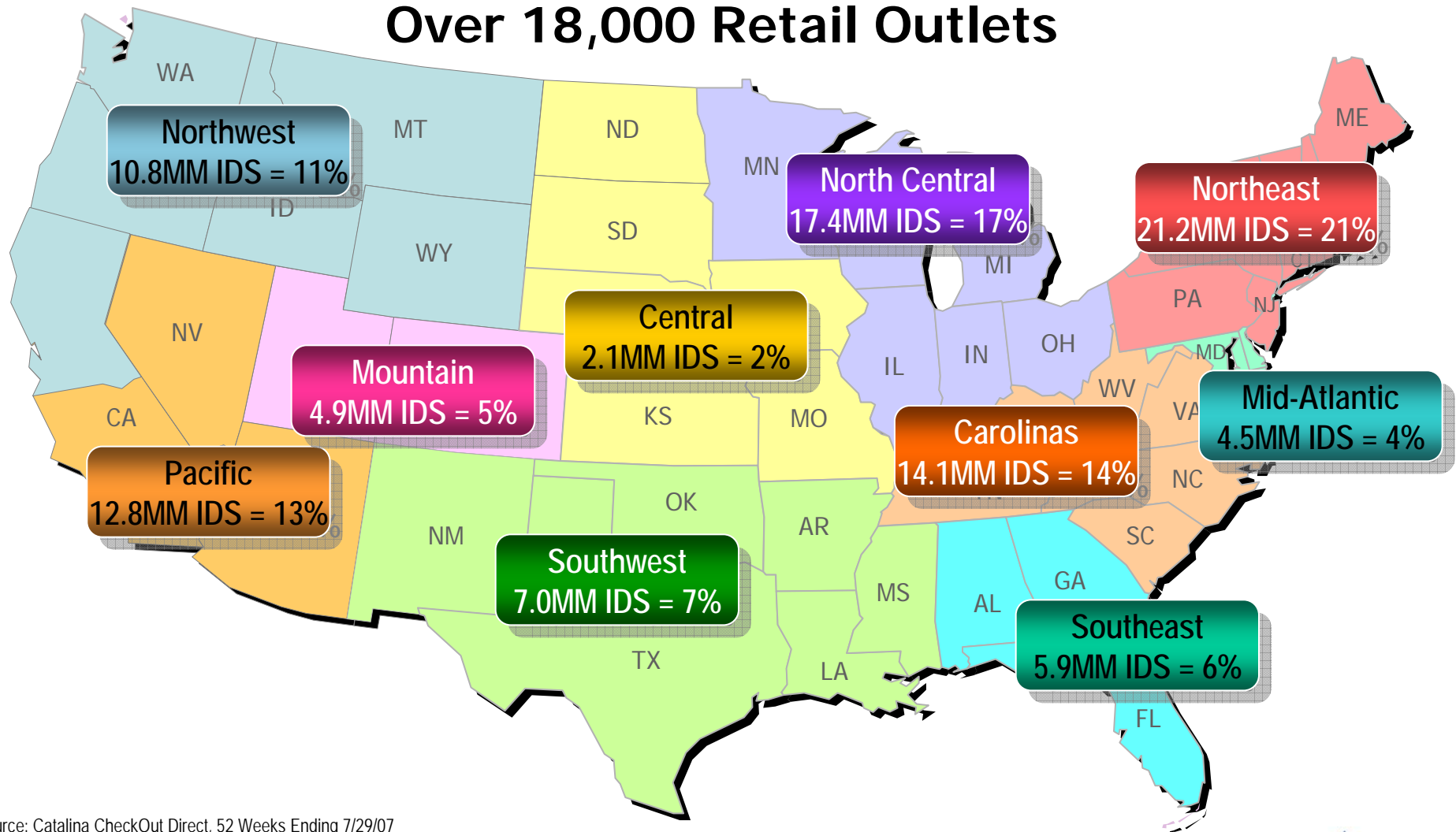


- **100 million unique shopper IDs**
- **Over 18,000 retail outlets (excludes Wal-Mart, Publix, Wegmans, Whole Foods)**
- **Historical purchase behavior of over 3,000 UPCs of green brands in 15 non-food categories**
- **Demographic attributes appended to 7.8 million unique shopper IDs**
- **Data sourced through Catalina proprietary databases**
- **Analysis performed for 52 weeks ending July 29, 2007**

Regional Representation



**100 Million Unique Shopper IDs
Over 18,000 Retail Outlets**



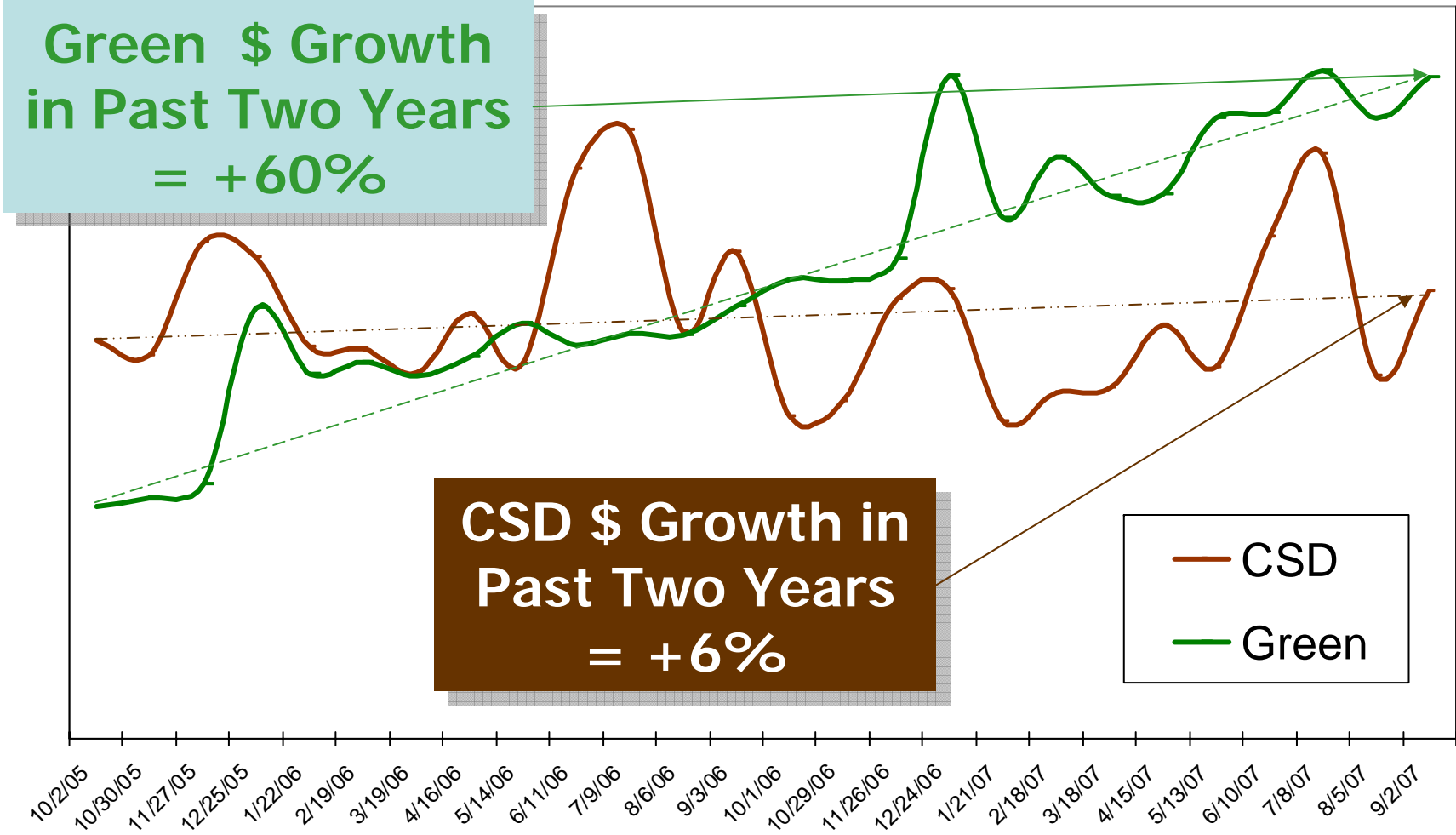
Source: Catalina CheckOut Direct, 52 Weeks Ending 7/29/07

Leading Green Brands

15 Categories – 3,000 UPCs

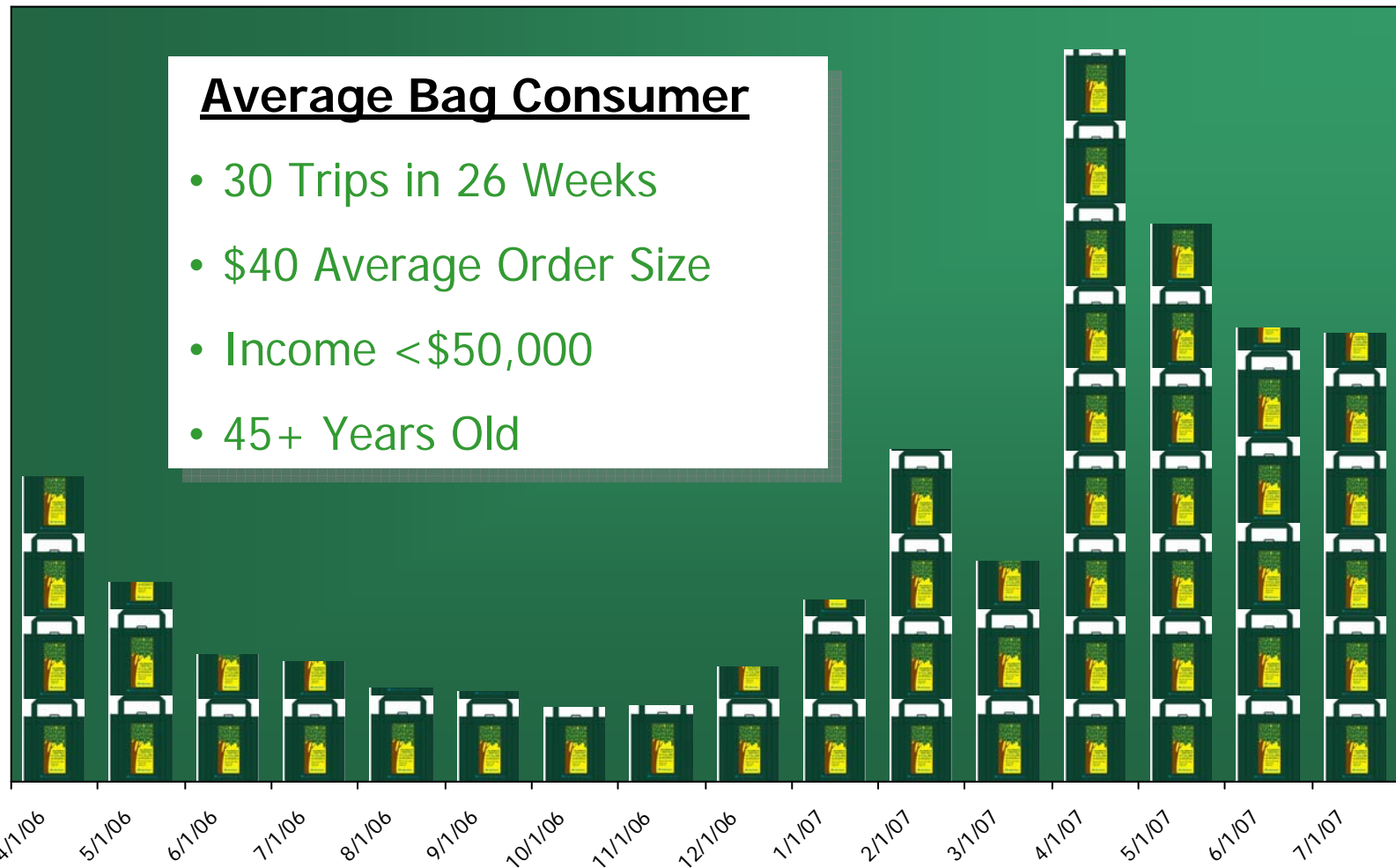


Trends in Sustainable Products



Source: Catalina PACES, 108 Weeks Ending 7/22/07

Eco-Friendly Bags Also Showing Growth

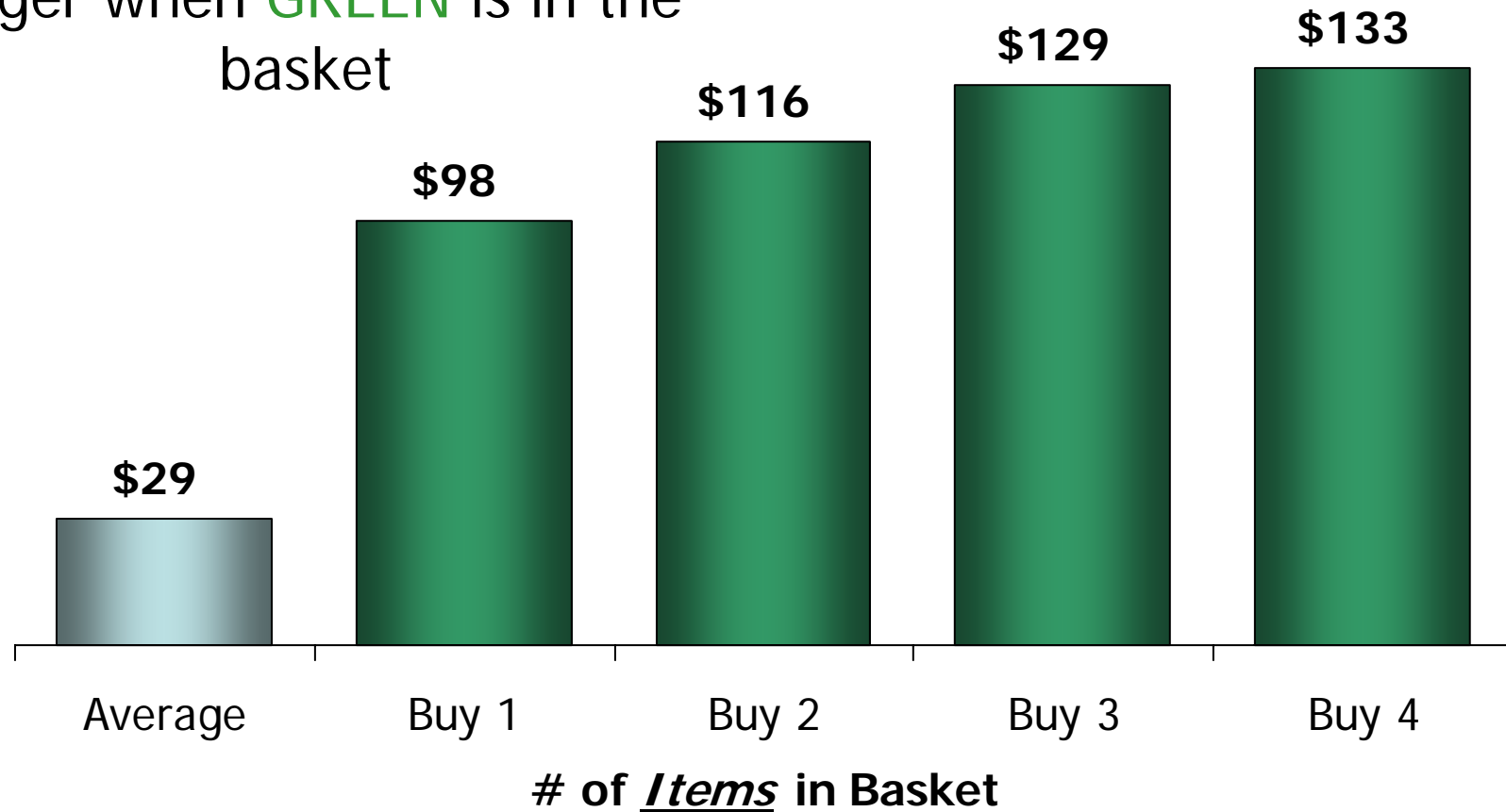


Source: Catalina Connection Builder, Period Ending 7/29/07; Sample size 1million ID

More Green = More *\$Green\$*



Average Basket Size is 3x larger when **GREEN** is in the basket



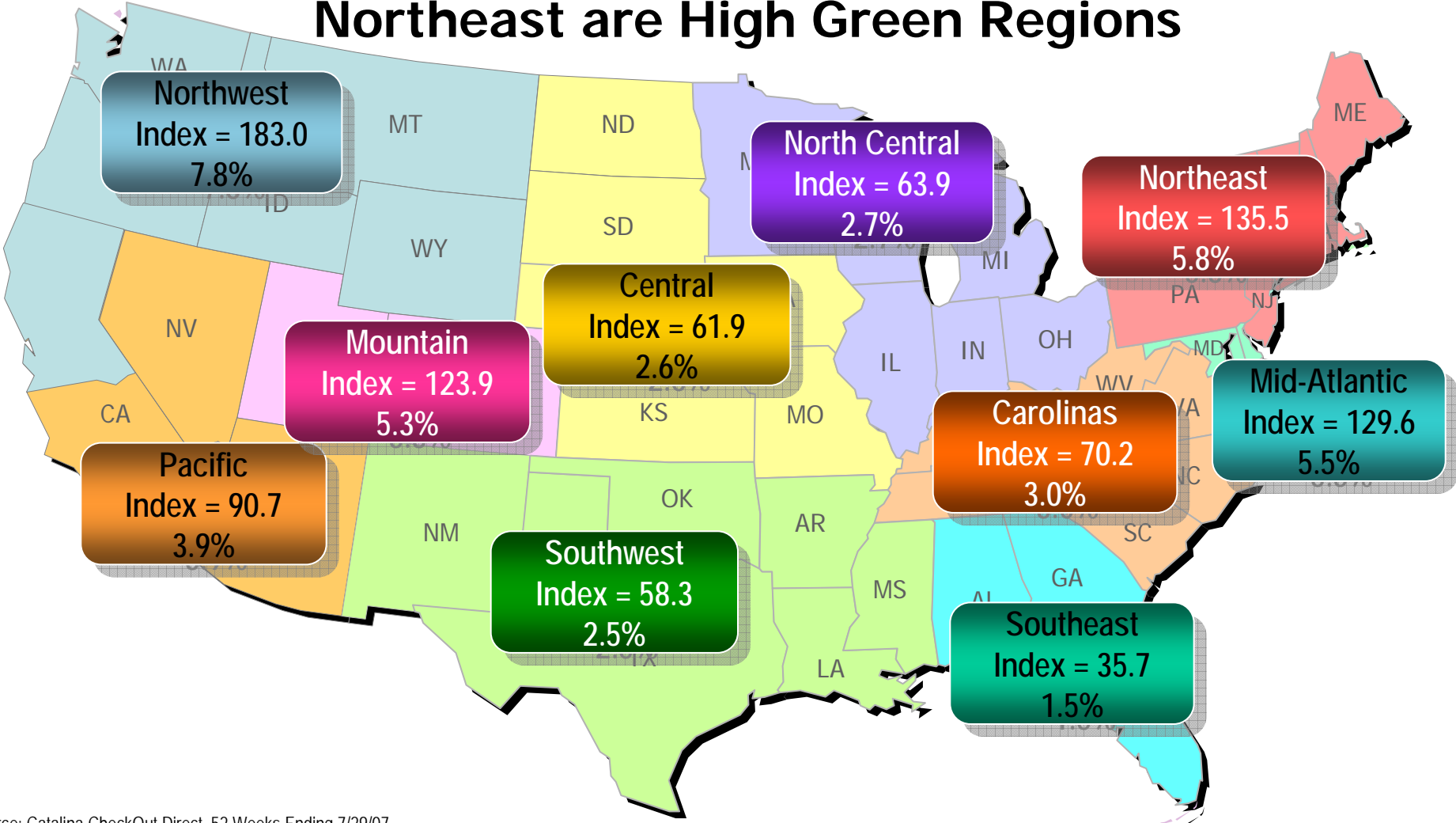
Opportunity exists to expand customer penetration →

Source: Catalina PACES, 12 Weeks Ending 7/29/07

Customer Penetration is Less than 5%



Northwest, Mountain, Mid-Atlantic and Northeast are High Green Regions



Source: Catalina CheckOut Direct, 52 Weeks Ending 7/29/07

And ... Most Consumers are Still in “Trial” Mode



Brand Switching is Prevalent Between Green and Mainstream Brands

Consumers most likely to buy green cleaning products ...



Are less likely to use to stronger brands ...



... but may switch with other perceived friendlier brands.



Source: Catalina CheckOut Direct, 52 Weeks Ending 7/29/07

Green Consumers Also Heavy Buyers of Organics



TOP SELLING ITEMS IN BASKET WITH GREEN PRODUCT PURCHASE

1. Horizon Organic Cheese
2. Cascadian Farm Frozen Vegetables
3. Horizon Organic Butter
4. Applegate Farms Refrigerated Meats
5. Newmans Own Organic Cookies
6. Muir Glen Canned Tomatoes
7. Cascadian Farm Cereal
8. Organic Valley Milk
9. Annies Macaroni & Cheese Mix
10. Horizon Organic Milk
11. O-Cello Sponges
12. Amys Soups
13. Horizon Organic Yogurt
14. Vans Frozen Waffles

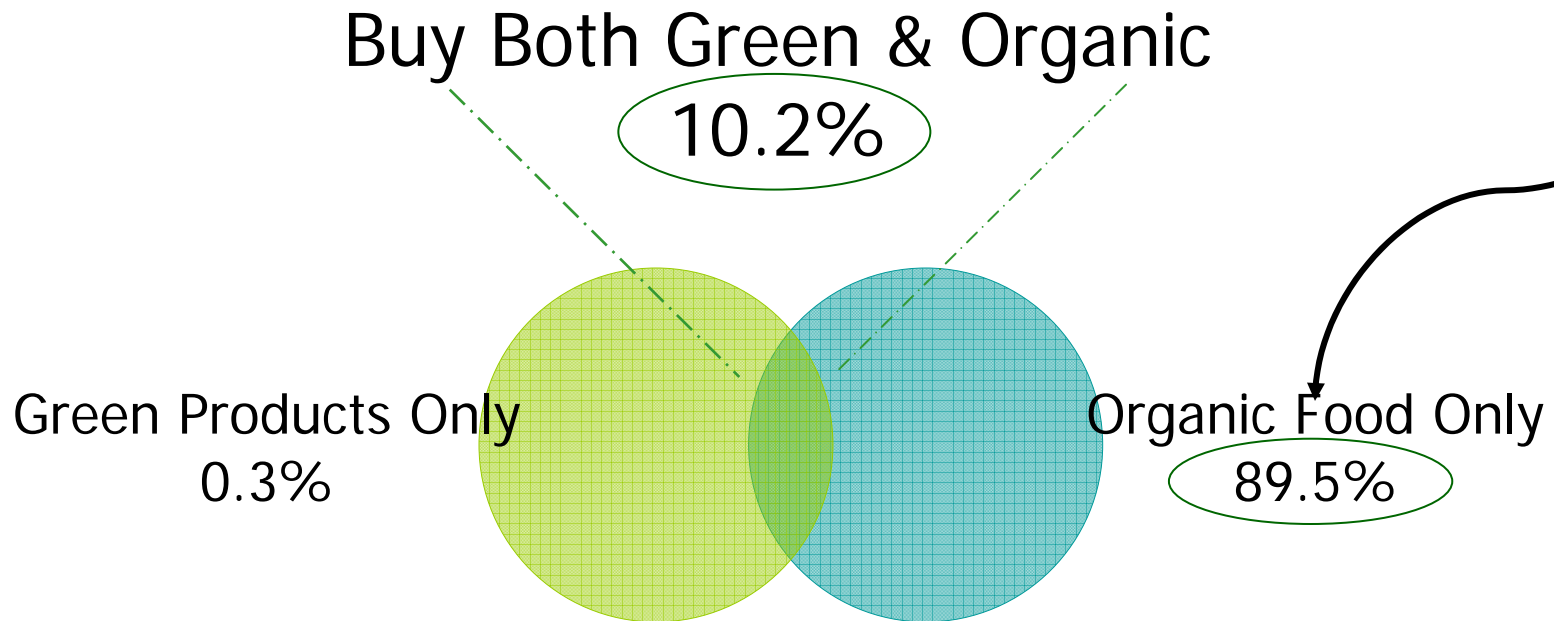


Source: Catalina CheckOut Direct, 52 Weeks Ending 5/20/07

Not All Organic Consumers Buy Green Products



90% of Organic Consumers Have Not Purchased a Green Brand During the Past 52 Weeks



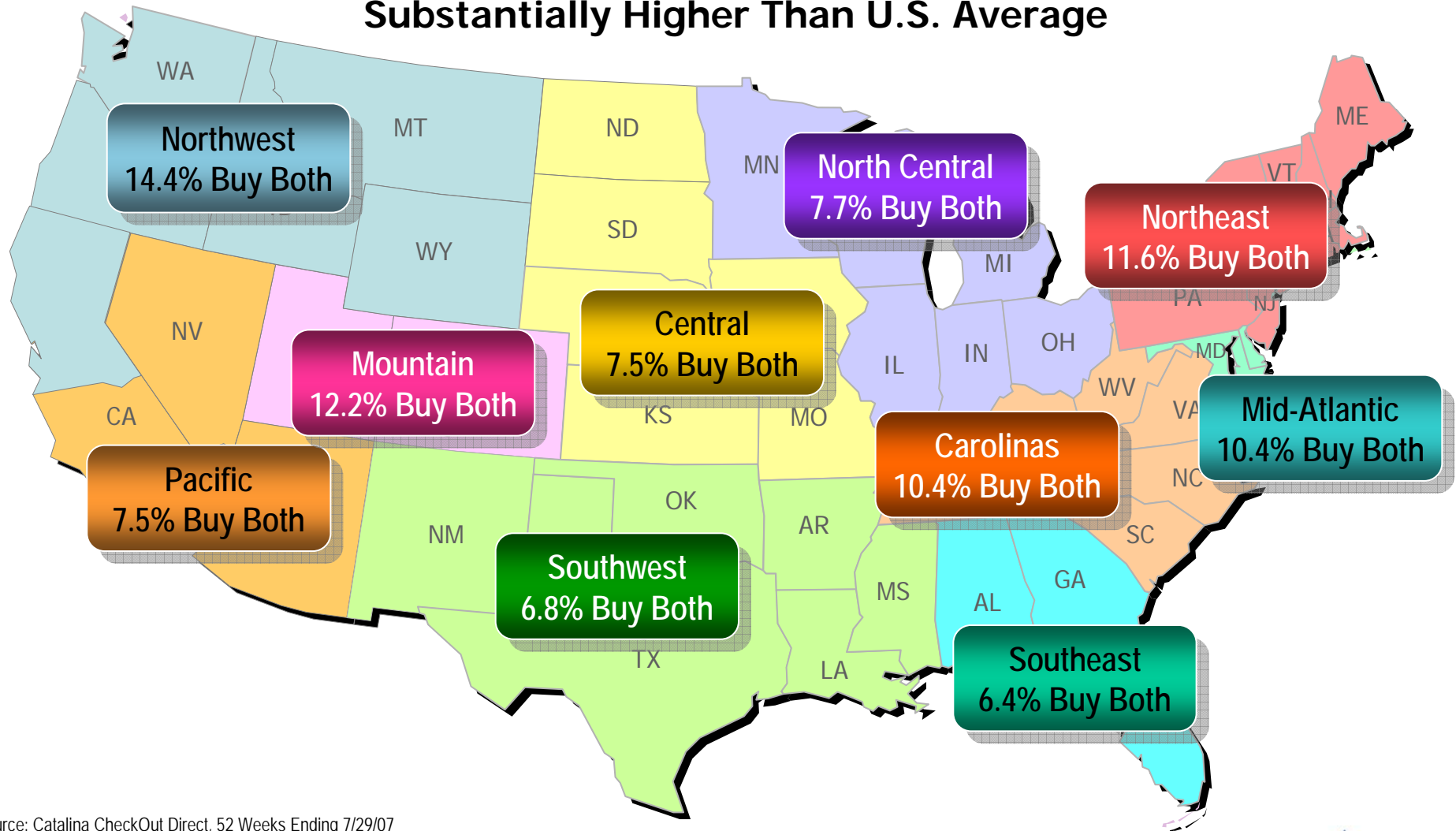
Over 31 Million Unique Shopper IDs Had Purchased at Least One Green or Organic Item

Source: Catalina CheckOut Direct, 52 Weeks Ending 7/29/07

10% of Consumers Purchase Both Organic and Green Brands



Northwest, Mountain, and Northeast Regions Index Substantially Higher Than U.S. Average



Source: Catalina CheckOut Direct, 52 Weeks Ending 7/29/07

Demographic Profile of Organic and Green Consumers



Buys Organic Food Only

Key Demographic Traits

HH Size: **2 Person**

HH Age: **45-64**

HH Income: **\$100,000 +**

Average % of Sales Spent on Organic:
8.0% of Total Basket \$



Buys Green Brands and Organic Foods

Key Demographic Traits

HH Size: **3+ Persons**

HH Age: **35-64**




HH Income: **\$75,000 +**

Average % of Sales Spent on
Green/Organic: **9.1% of Total Basket \$**

Sample size: 7.8 million households
52 Weeks Ending 6/30/07
Static of 2 Shopping Trips in 13 Weeks

Loyalty Profile of Organic and Green Consumers



	Average Customer	Buys Organic Only	Buys Green and Organic
			
Average Loyalty Rating	33.2	45.6	58.9
Average # of Annual Trips	32.0	44.2	61.0
Average Order Size	\$44.04	\$48.71	\$59.76
Annual Consumer Value	\$1,420	\$2,142	\$3,641

- Green/organic consumers spend 23% more per order than an 'organic only' consumer
- Total consumer value of a Green/Organic customer is 2.5x more than the average shopper

Sample size: 7.8 million households; 52 Weeks Ending 6/30/07
 Loyalty Rating calculation: Chain \$ as % of estimated TGE
 Static of 2 Shopping Trips in 13 Weeks

Determining Shades of Green



Light

Minimal spending in green brands

Household products are 'entry' into green

Age: 65+

Income: Over \$75,000

Medium

Minimal spending in green brands

Household cleaning is leading category

Age: 55+

Income: Over \$100,000

Heavy

Spend 7x more than light spenders; 3x more than medium spenders

Oral hygiene products are of high importance

Age: 45+

Income: Over \$125,000

- The number of categories purchased by each group is equal
- Segment differentiation based on dollars spent on green products

Opportunity to Educate Consumers



"Smart companies tell the stories of their environmental goals, successes, and lessons learned to nearly anyone who will listen."

Green to Gold by Daniel C. Esty and Andrew S. Winston

- **Target your brand message to the *right* audience who cares.**
- **Increase brand loyalty by sharing a common cause with your consumer.**
- **Reach high potential or future Green consumers to share your message.**

Educating Consumers How They Can Help



**100,000
REASONS**

Plastic bags do more than destroy the environment, they kill over 100,000 marine animals a year.

**DO YOUR
PART**

Use re-usable bags and make this a better world.



Did you know by switching out just one 60 watt bulb to a new energy efficient bulb you can make a difference.



Over the life of your new bulbs, you'll save:

\$37.37
energy bill savings

176
pounds of CO2 prevented

Better for you... Better for Earth... A Better Way.

Make the switch today

**Checkout
Markets**





Get the scoop on Global Warming

A global consensus now exists among scientists & environmental experts that the world's well-being is significantly at risk from the effects of global warming & that immediate action must be taken to begin reducing emissions of greenhouse gases. Learn how you can help at lickglobalwarming.org

BUYING LOCAL JUST MAKES SENSE.

....BUY POLAND SPRING

Now with 15% lighter bottles!
If the other water companies followed our lead we could pull enough plastic from landfills to circle the earth.



Better For You... Better For Earth... A Better Way.

Our offices are 100% powered by wind energy.



Visit our web site to get tips on how you can save energy

**Checkout
Markets**

Educating Consumers National Brand Campaign



Week 1

Green caps for green energy.

Our Mission

At Silk®, we exist to make this world a better and healthier place. We keep our mission in mind with every decision we make, like offsetting our energy consumption with wind power or using natural soy beans in our products.

Let them know what you stand for

Week 2

Making A Difference

The amount of wind power Silk Soy milk is purchasing will prevent 16,000 tons of greenhouse gasses from entering our atmosphere.

Learn how you can make a difference at silksoymilk.com

Let them know what you are doing about the problem

Week 3

Green caps for green energy. Sweepstakes

Win the Ultimate Green Home Makeover

with energy-efficient appliances; plus \$5,000 gift certificate for Gaiam eco-friendly lifestyle products; plus enough green Green Tags to offset approximately three years worth of electricity.

Go to silksoymilk.com/greencaps

Increase their involvement with the brand by inviting them to participate

Executive Summary



- **Average Basket Size is three times larger when Green products are in the basket. The more items purchased, the higher the average basket size.**
- **Green product sales are increasing – 60% increase in two years.**
- **Average of 4.3% of consumers have purchased Green products.**
 - Highest indexing regions are Northwest, Northeast, Mid-Atlantic and Mountain.
 - Lowest indexing regions are Southeast, Southwest, and Central.
- **Green buyers are also heavy consumers of organic food brands.**
- **Potential Green consumers are current organic food buyers.**
- **Green and organic shoppers are 59% loyal to their chain – nearly 2x more loyal than the average consumer.**



Thank you!