



Touchstones mid-year poll

Below is our Touchstones mid-year poll for 2009. This is a focused version of our January poll, concentrating on the critical drivers of your business. With the launch of Costco, we have a new entrant in the field, with its impact still to be measured. The next six months will be very interesting, with some analysts predicting a return to strong growth, while others tipping that another dip is coming, and therefore a "W" recovery.

Survey Results

1. What is your overall outlook for 2009 for your business?

Extremely positive	15%	Positive	65%
Neutral	5%	Concerned	10%
Extremely concerned	5%		

2. What do you think is your greatest opportunity for 2009?

Market consolidation	3%
NPD	32%
Reducing costs	7%
Relationship with the major retailers	30%
Help from the government	1%
Costco's entry to the market	1%
Brand momentum	23%
Export	1%
Relationship with independents	2%

3. What concerns you most in 2009?

Global economic outlook	16%
Domestic market	24%
Getting funding / financing	0%
Government regulation	10%
Keeping talent in tough times	11%
Exchange rate issues	26%
General market conditions	5%
Coles	8%

4. Will you be increasing or decreasing staff numbers in 2009 or remaining static?

Increasing	10%	Decreasing	15%
Static	75%		

5. Will you be concentrating on investing in your business or reducing costs in 2009 or a hybrid of both?

Investing in business	25%	Reducing costs	0%
Hybrid of both	75%		

6. If you are a multinational, have you been asked to reduce costs in line with the local market or above what is necessary/helpful locally?

Global market	43%	Local market	57%
---------------	-----	--------------	-----

7. How would you rate that Government's relationship with FMCG manufacturing

Strong	0%	Encouraging	5%
Neutral	25%	Concerning	10%
Weak	60%		

8. How would you rate your relationship with:

Woolworths?

Strong	65%	Encouraging	10%
Neutral	20%	Discouraging	5%
Weak	0%		

Coles?

Strong	25%	Encouraging	30%
Neutral	5%	Discouraging	20%
Weak	20%		

Independents?

Strong	60%	Encouraging	30%
Neutral	5%	Discouraging	0%
Weak	5%		

Costco?

Strong	16%	Encouraging	32%
Neutral	21%	Discouraging	5%
Weak	0%	N/A	26%

Aldi?

Strong	27%	Encouraging	0%
Neutral	53%	Discouraging	7%
Weak	0%	N/A	13%

Route?

Strong	17%	Encouraging	17%
Neutral	25%	Discouraging	8%
Weak	25%	N/A	8%

Touchstone Consulting Australia Pty Ltd.

Melbourne: 4 / 412 Collins Street Melbourne VIC 3000 **T:** +61 3 8615 9888 **F:** +61 3 8615 9899 **E:** admin@tces.com.au

Sydney: 5 / 25 Bligh Street Sydney NSW 2000 **T:** +61 2 9238 0374 **F:** +61 2 9238 0375 **E:** admin@tces.com.au



Comparing this poll to our January poll, has highlighted some interesting shifts:

- The number of CEOs who are either positive or extremely positive has grown from 60% to 80%.
- The greatest opportunities for the industry in January were market consolidation and NPD, now the opportunities are NPD and customer relationships.
- 40% of CEOs were decreasing staff in January, whereas in August, only 15% are.
- The FMCG industry's relationship with Woolworths is stronger than in January, however it's relationship with Coles is weaker.
- In January 20% of CEOs said their relationship with Coles was discouraging or weak. In August that number has doubled to 40%.
- The industry remains concerned about private label and its impact on brands.
- Similarly, the ETS is worrying for CEOs, especially those in more exposed categories.
- Exchange rate issues continue to hamper export growth, and the industry's relationship with the government continues to rankle.

Broadly, CEOs are concerned about further job losses, and the impact of rising interest rates on consumer spending. Having said that, the industry is guardedly optimistic, and it is clear there are a number of opportunities, particularly in innovation/NPD, as well as growing existing brands.

The industry is well placed to take advantage of the return to growth medium term, and most businesses feel that they have strengthened their balance sheets and their businesses are 'fit'.

Touchstone specialises in senior executive search for the FMCG industry, in the top three tiers of leadership, for example:

Chief Executive Officer, Managing Director, Head of Sales; National Business Managers, Head Of Marketing; Group Marketing Managers, Head of Finance/CFO; Financial Controller, Head of Risk, Head of Audit, Head of Human Resources; Head of IR, Head of Remuneration, Head of Operations Chief Operating Officer, Manufacturing Director, Quality Director, Engineering Director.

Touchstone wishes you all the best for the run up to the end of the year, it should be an interesting ride.

Kind regards,

Chris Klingbeil
Managing Director