Client Academy Webinar
Episode 3

Shopper-Centric Portfolio Optimization:

Balancing assortment incrementality

Analytics & Activation
October 2025

NIQ

Welcome!

- The West Europe assortment trends
- Understanding the shopper and how to put it in the center?
- How can shopper preferences be translated into an optimized portfolio?
- Conclusions

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As consumer shopper strategies diversify, market understanding is critical

% of consumers in Europe

59% say they're switching to **buy more large, bulk pack sizes** of their product of choice.

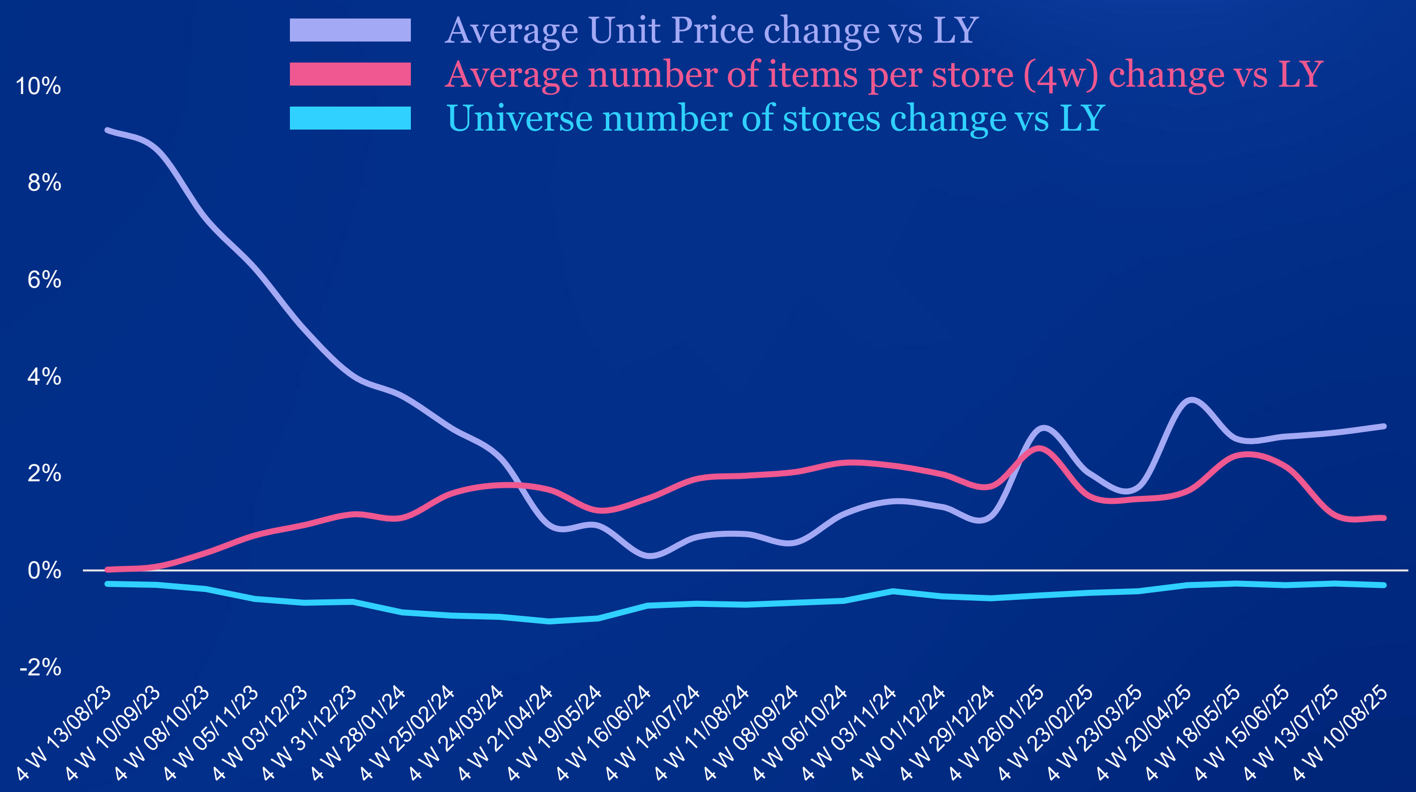
41% say they're switching to buy more of the **smaller pack sizes** of their products of choice.

54% say they're likely buying more **private label products** than ever before.

Source: NIQ Mid-Year Consumer Outlook, Jul'24, Europe, The Ultimate Guide to Merchandising and Assortment

In-store assortment growth is putting pressure on shelves across West Europe stores, especially now that inflation has stabilized

Evolution (%) of Price and FMCG store assortment in West Europe



Average number of items per store (4w)

5.383 items

2YA

+1.2% YA vs 2YA

5.449 items

YA

+1.9% TY vs YA

5.550 items

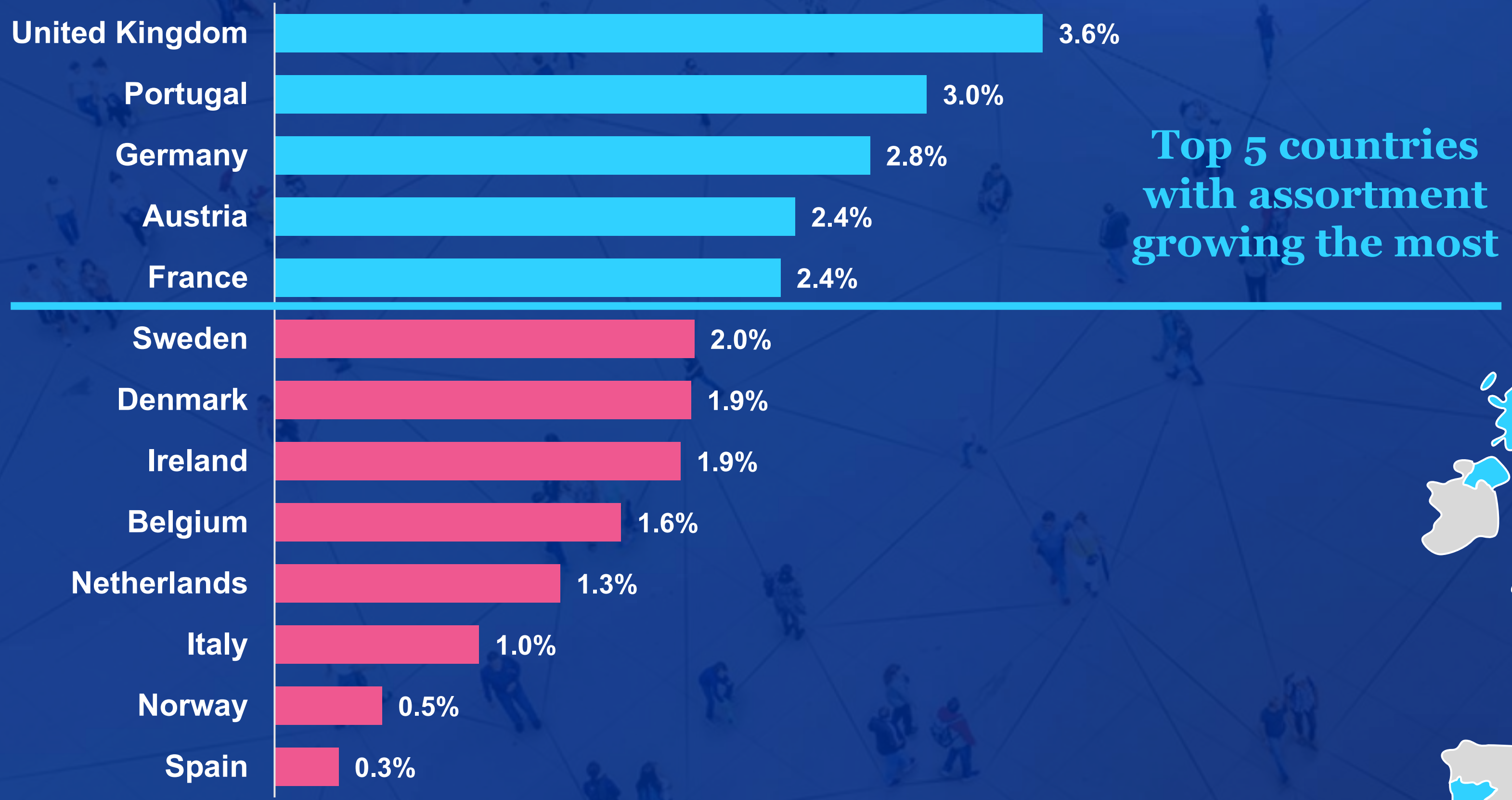
TY

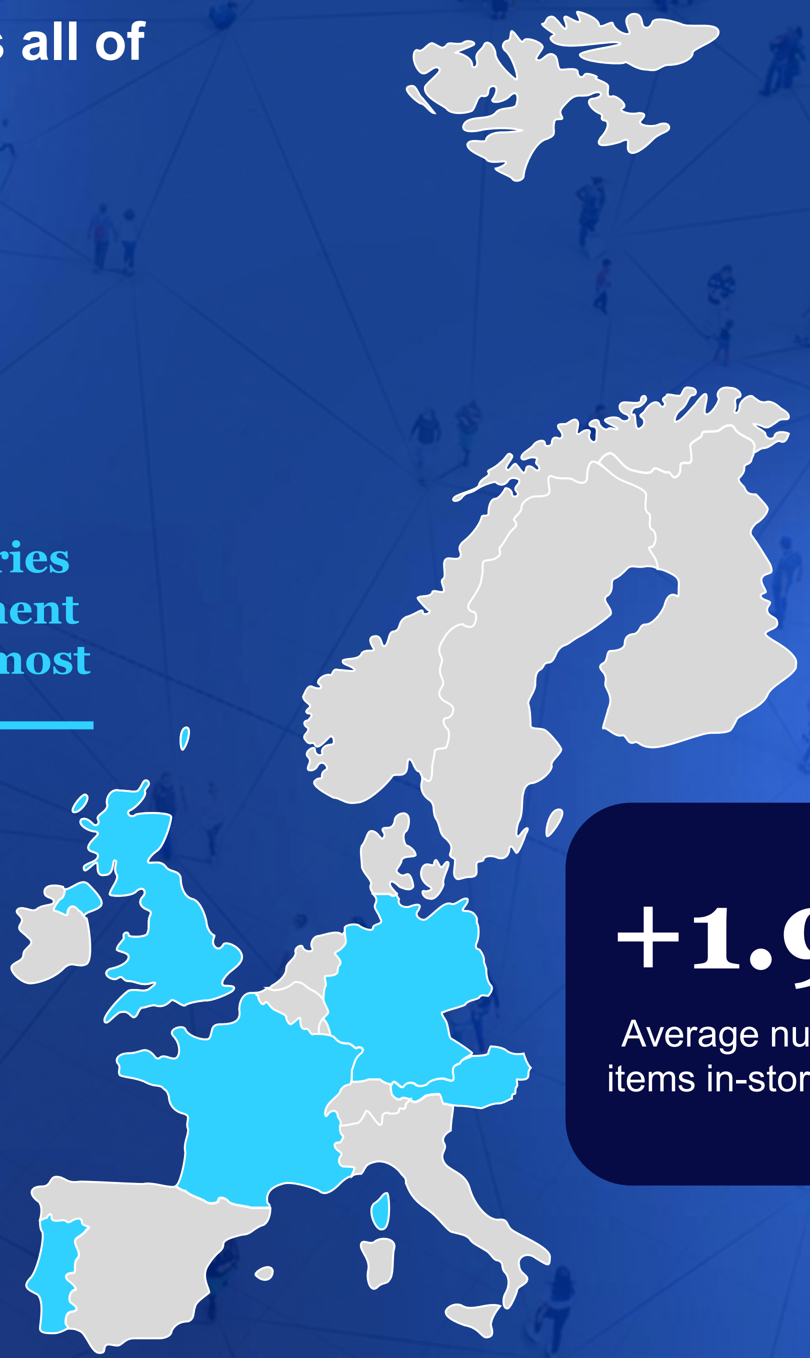
Source: NIQ Strategic planner, Europe (Austria, Belgium, Denmark, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, United Kingdom), data ending wk 10/08/2025

The growing in-store assortment trend is occuring across all of West Europe, but at different paces

Average number of items (4wk) in-store growth (%)

FMCG I West Europe | TY vs YA





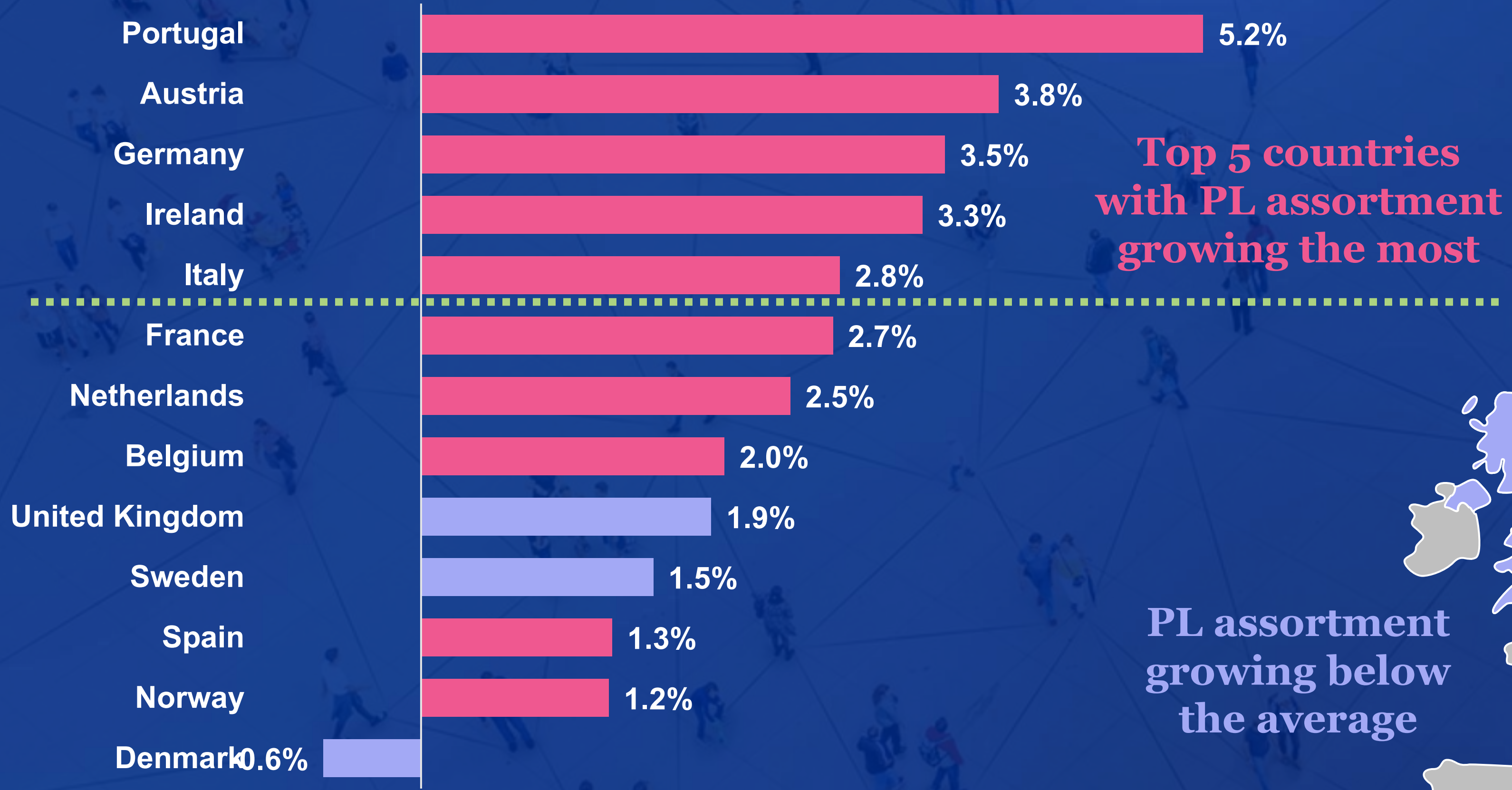
+1.9%

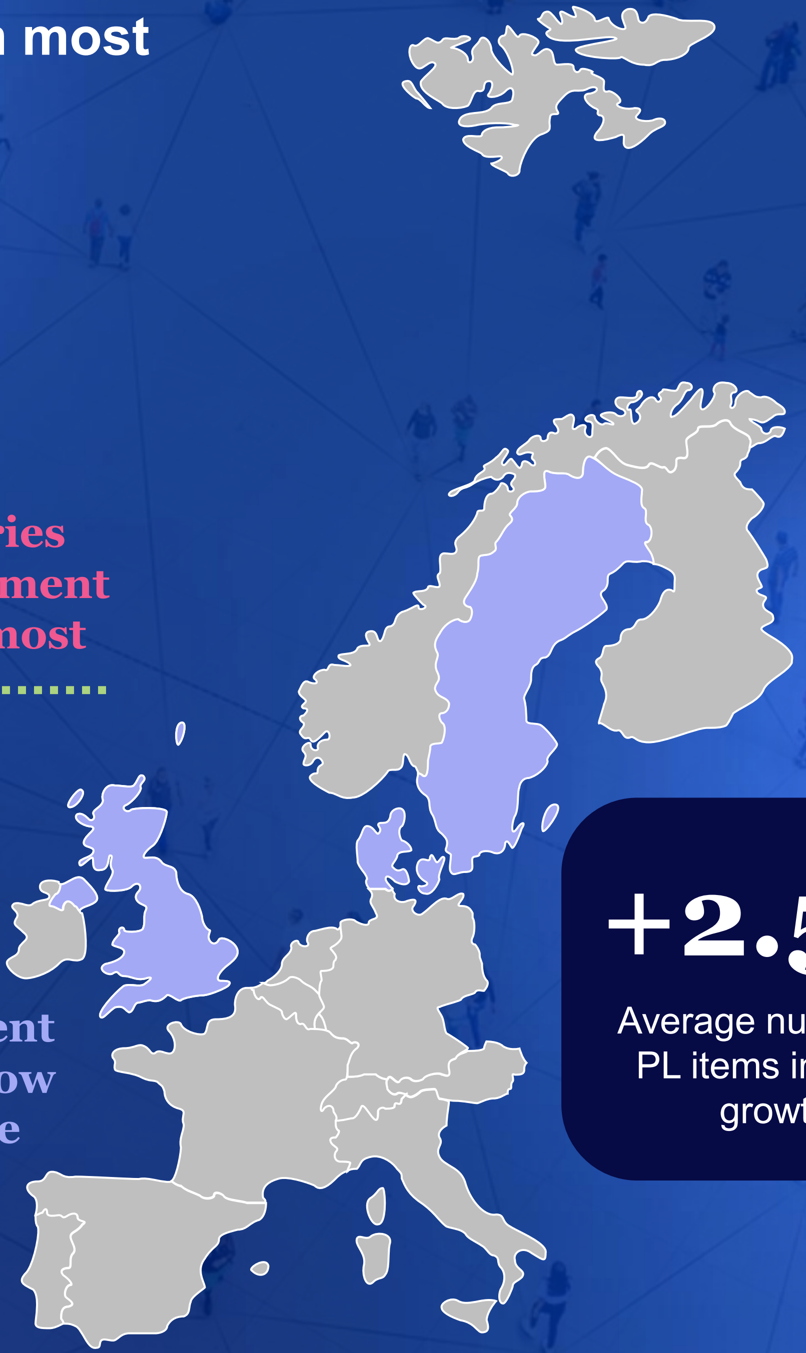
Average number of items in-store growth

Source: NIQ Strategic planner, Europe (Austria, Belgium, Denmark, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, United Kingdom), data ending wk 10/08/2025

Even as Private Label assortment grows above average in most countries

Average number of PL items (4wk) in-store growth (%)
FMCG I West Europe | TY vs YA





+2.5%
Average number of PL items in-store growth

Source: NIQ Strategic planner, Europe (Austria, Belgium, Denmark, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, United Kingdom), data ending wk 10/08/2025

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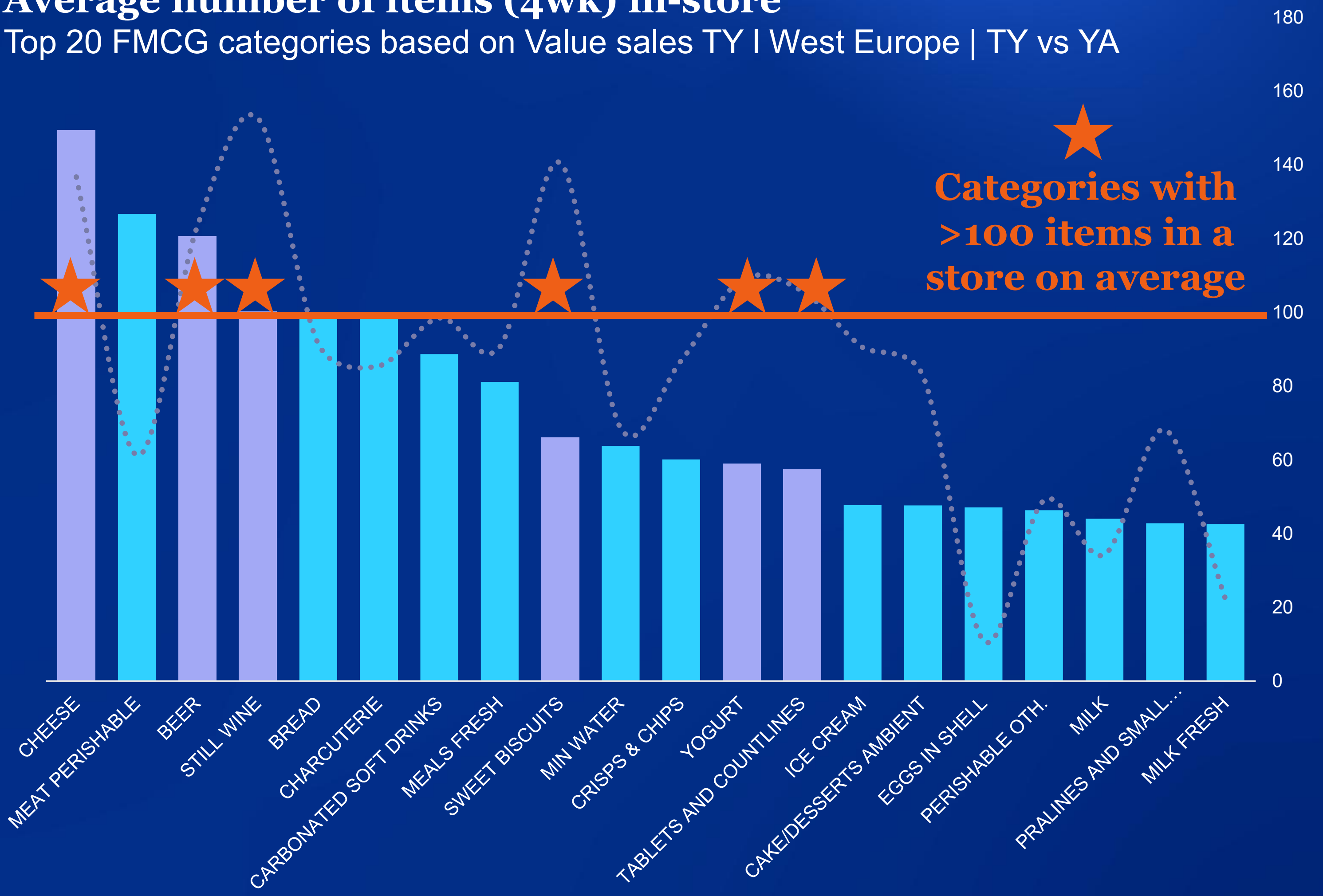
Top-selling categories are not always the categories with the widest assortment

Average number of items (4wk) in-store

Top 20 FMCG categories based on Value sales TY I West Europe | TY vs YA



★ Categories outside of Top 20 with >100 items in a store on average

- Eye Cosmetics
- Face Cosmetics
- Ambient Vegetables
- Skin care
- Sauces
- Candies

Source: NIQ Strategic planner, Europe (Austria, Belgium, Denmark, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, United Kingdom), data ending wk 10/08/2025

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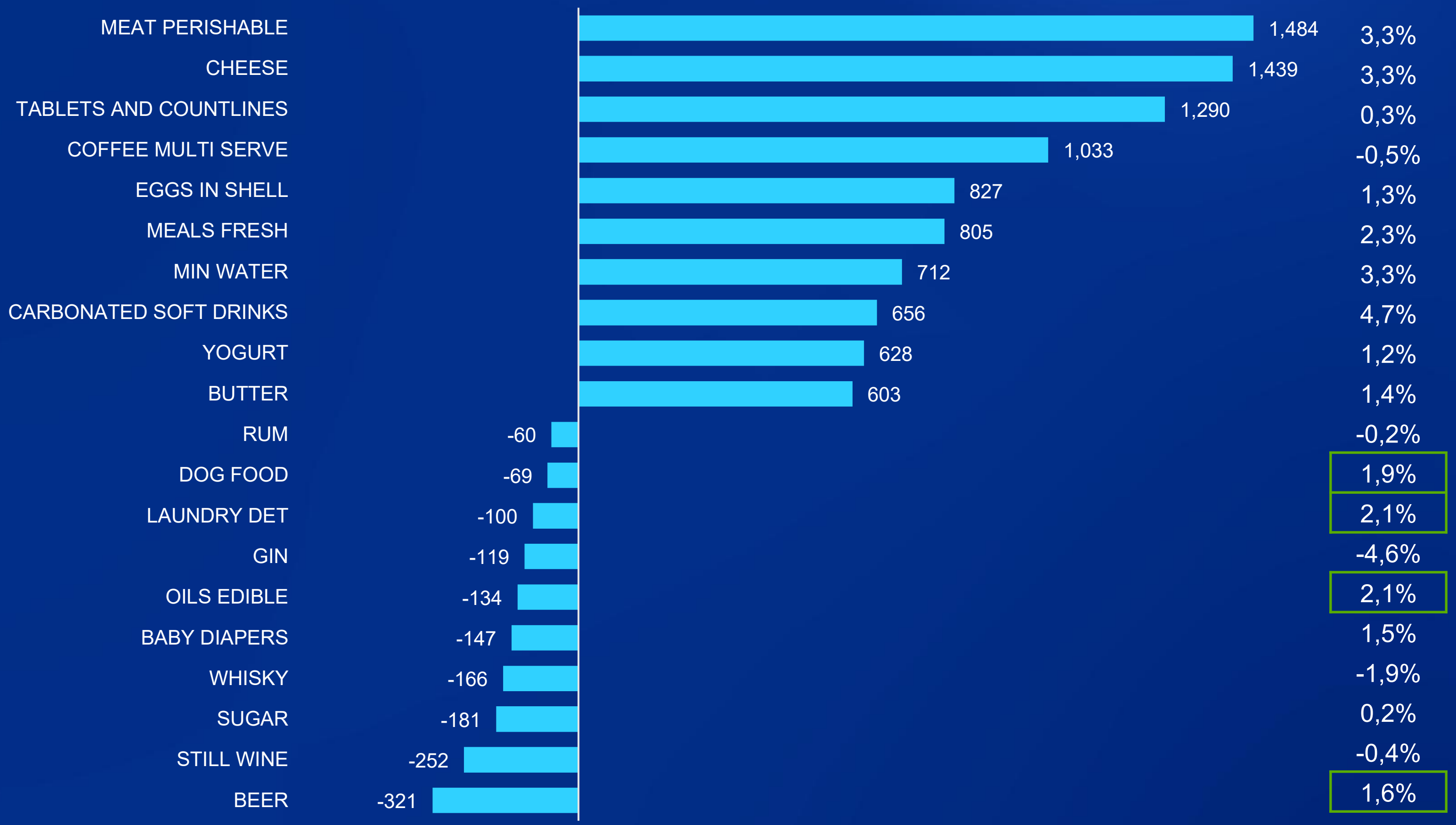
And although top growing categories tend to grow assortment rapidly, more items in-store do not automatically generate more value

Sales Value change (abs) in milions

Top 10 growing/declining FMCG categories I West Europe | TY vs YA

Average number of items (4wk) in-store growth (%)



+2.1%

Average growth of items in store for Top 10 **growing** categories

+0.2%

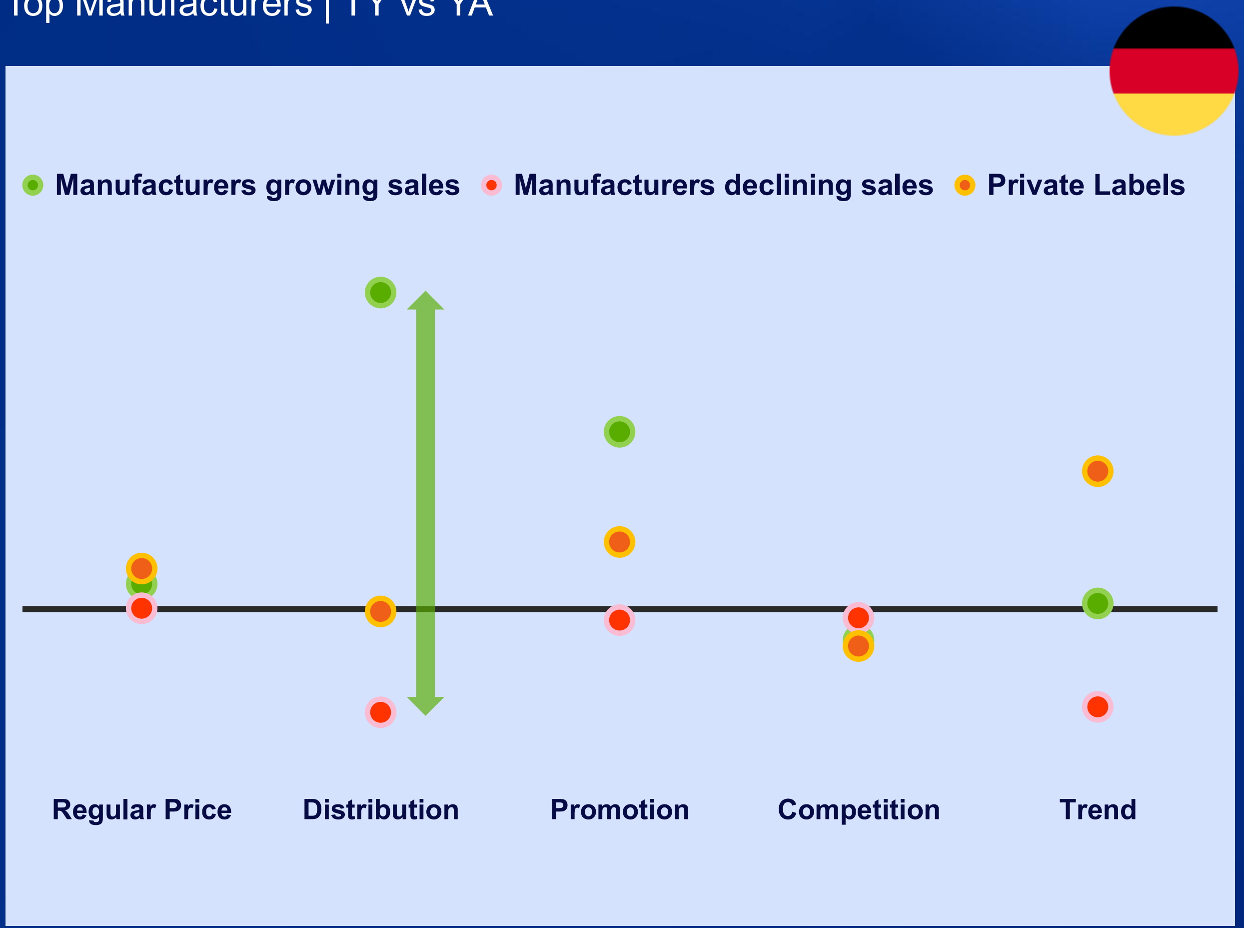
Average growth of items in store for Top 10 **declining** categories

Source: NIQ Strategic planner, Europe (Austria, Belgium, Denmark, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, United Kingdom), data ending wk 10/08/2025

When decomposing value sales trends, distribution including assortment emerges as the key growth driver – boosting sales of Branded manufacturers in Germany and PL in Spain

Sales Value change (abs) decomposition by Business drivers

Top Manufacturers | TY vs YA



Source: NIQ Business drivers, Germany (LEH+DM), data ending wk 24/08/2025

Top manufacturers: All selling >100k€ TY

Source: NIQ Business drivers, Spain (HM+SM), data ending wk 24/08/2025

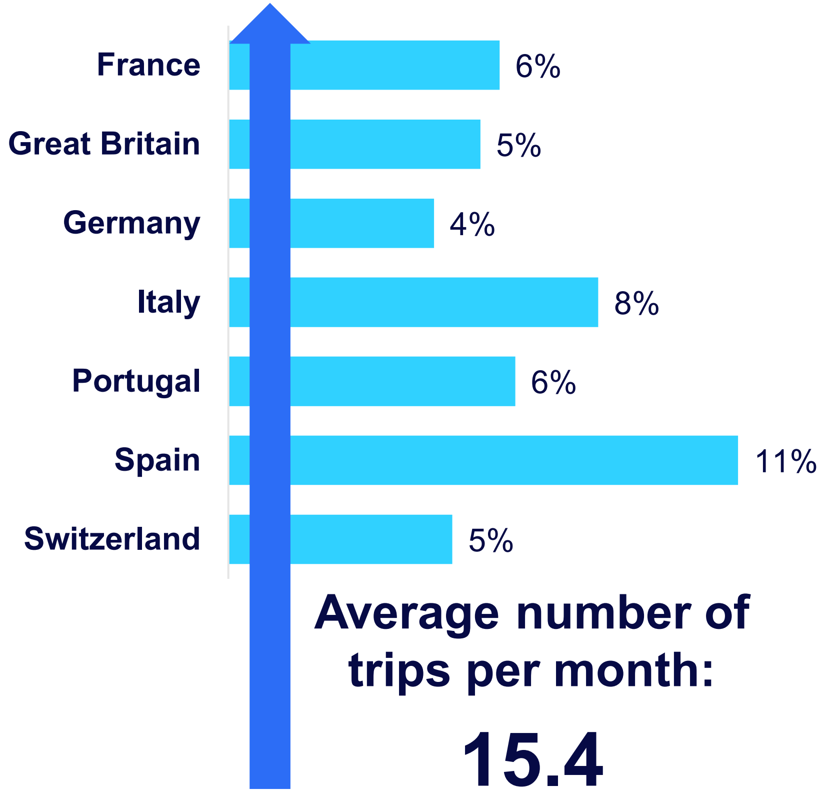
Top manufacturers: All selling >100k€ TY

The shopper decides what products to buy.

In other words…the key to growth is understanding your shopper

Shoppers are visiting stores more often, but spending less per trip

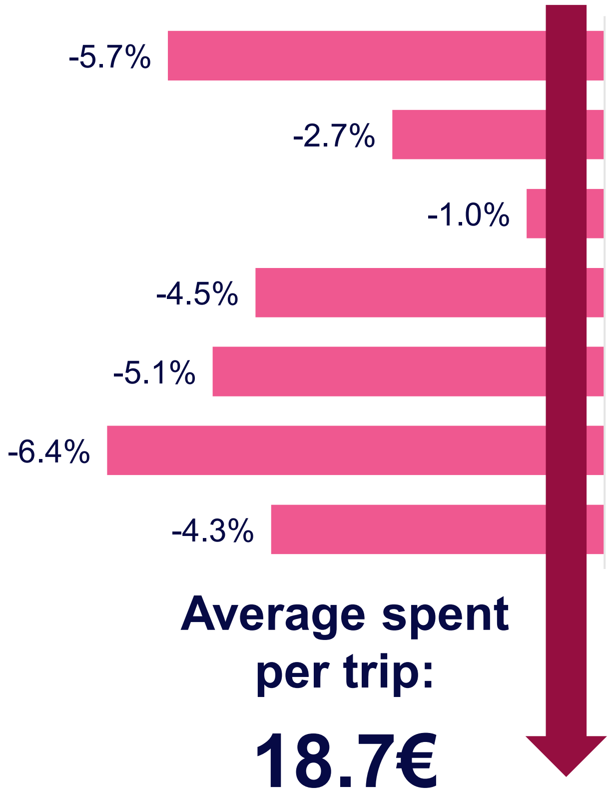
Occasions per Buyer
TY vs YA



Average number of trips per month:

15.4

Value per Occasion
TY vs YA



Average spent per trip:

18.7€

% of EU shoppers *changing stores and brands* influenced by Promo

44%

(+6% vs 2019)

Promo: I change stores based on which one I think has the best promotions that trip; I regularly buy different brands because of promotions

Source: NIQ Panel On demand, multi-country, data ending wk 32 2025

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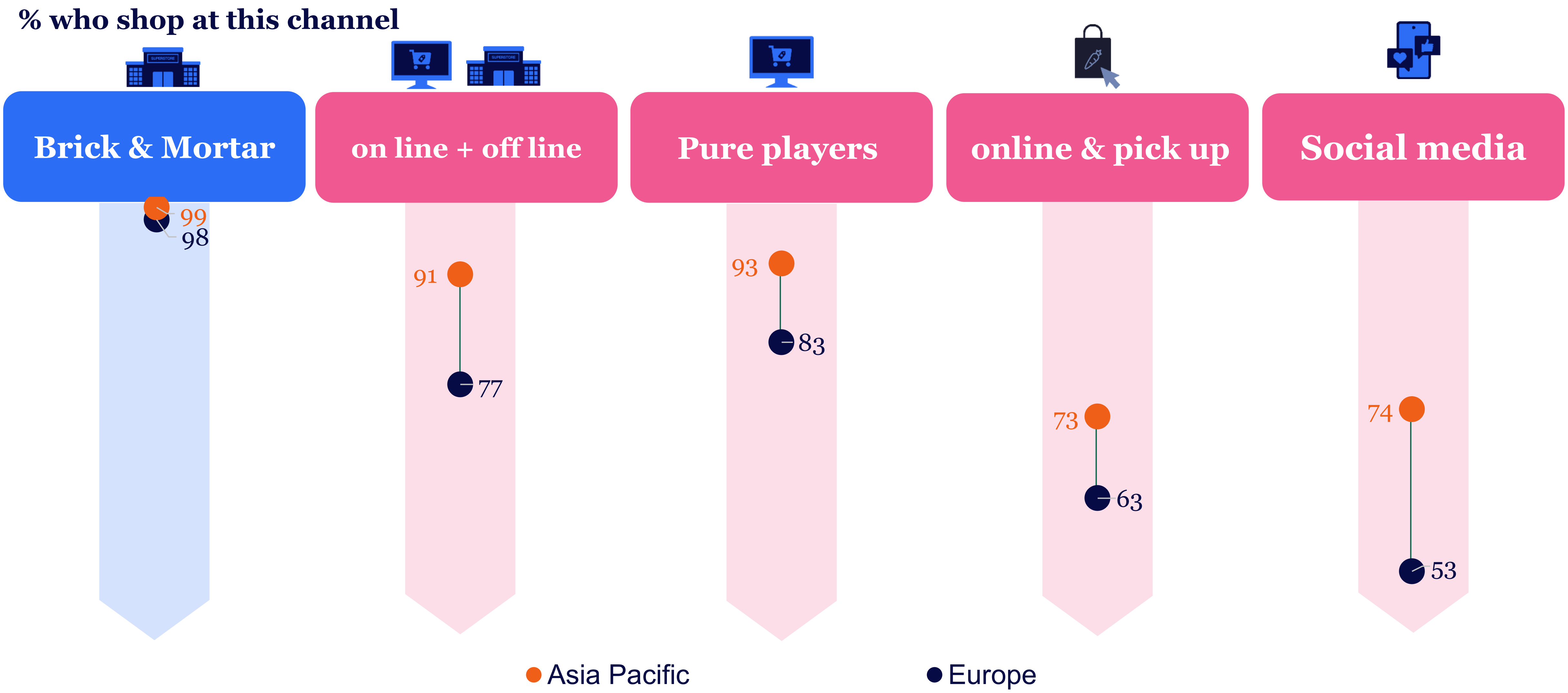
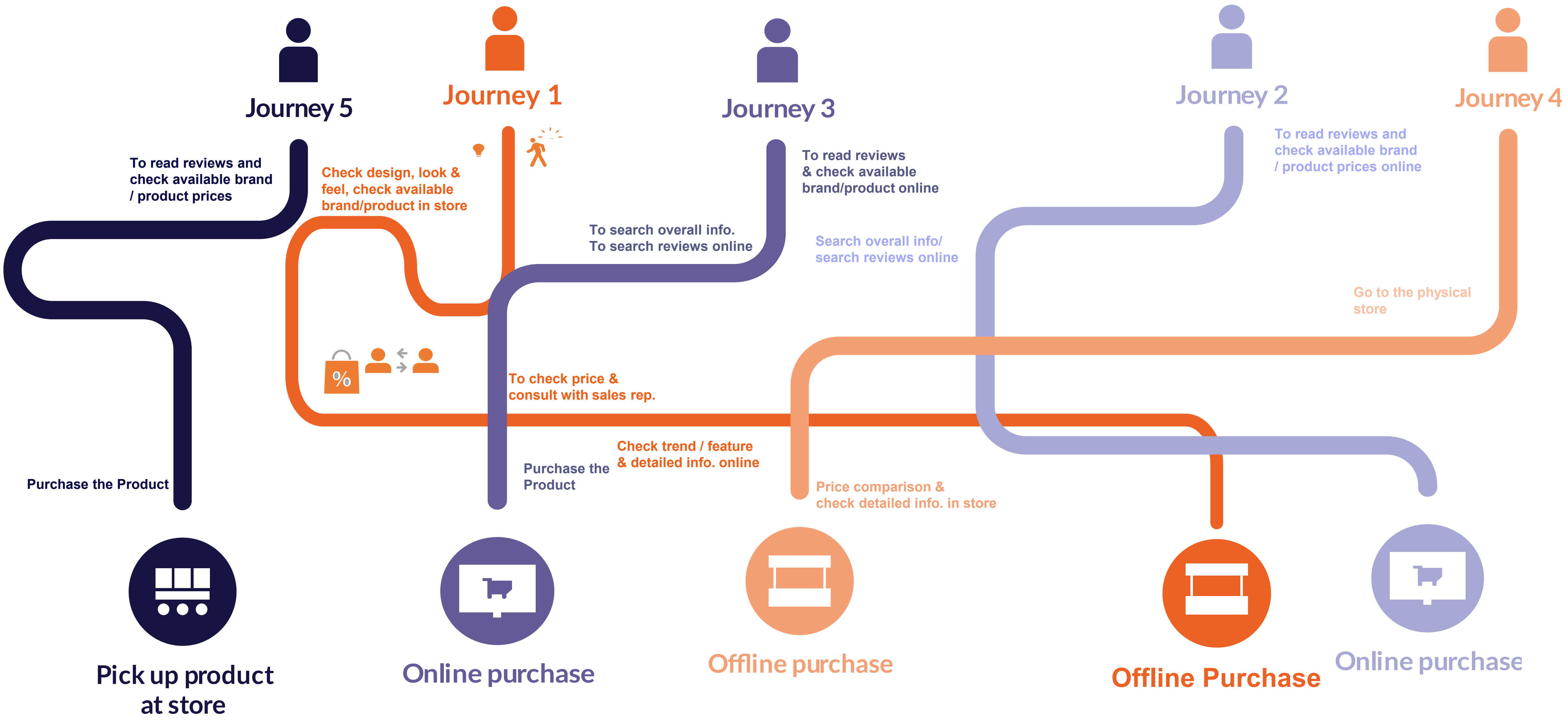
While everyone still visits physical stores, the majority of consumers also use online purchasing channels with still open opportunity for growth in Europe



Source: NielsenIQ Consumer Outlook 2024

With different channels of purchases, shopper journeys have become fragmented and more difficult to decode



In Europe the top brand choice driver is affordability, but shoppers expect named brands to be available on shelf online and offline, to have a wide product range, and to innovate

Drivers of brand choice: WEU average
% respondents, stated importance

Source: NIQ 2025 Private Label & Branded Products report global survey;
Q. How important are the following things to you generally when choosing a brand?

Association to large brands: WEU average
% respondents, stated importance

Source: *NIQ 2025 Private Label & Branded Products report global survey;* Q. Thinking about what factors influence your purchases of everyday food or household items. What brand benefits/offerings do you associate with Large brands in particular?

What consumer trends are shaping assortment development and give us opportunity for long-term impact?

Nutrition and gut health

40% plan to buy more High-fiber foods and **30%** plan to buy more High-protein plant-based foods

+17% assortment growth of Weight/Muscle gain

Wellness

50% say they plan to spend more time on physical exercise

+14% assortment growth of Sport drinks

Premiumisation

¼ of FMCG in WE is sold on Premium+and growing.

49% are likely to treat themselves by upgrading to a premium brand product.

Demographics:Gen X as target consumers

By 2030, Gen X will be the most dominant generation in WE in terms of absolute consumer spending

→Overindexed share of Gen X households in **Pet food** and underindexed for Paper products

Convenience

Assortment growth:

+6.9% Ambient Meals

+5.8% RTD Coffee

Source: Multiple NIQ internal data sources: NIQ Global Health and Wellness Survey, NIQ Strategic planner, BASES Quick question Survey on Premium, Gen X

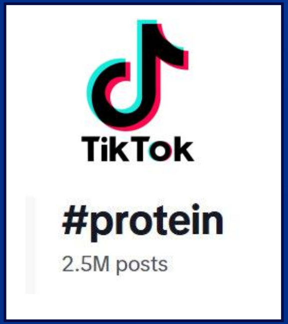
How can shopper preferences be translated into an optimized portfolio?

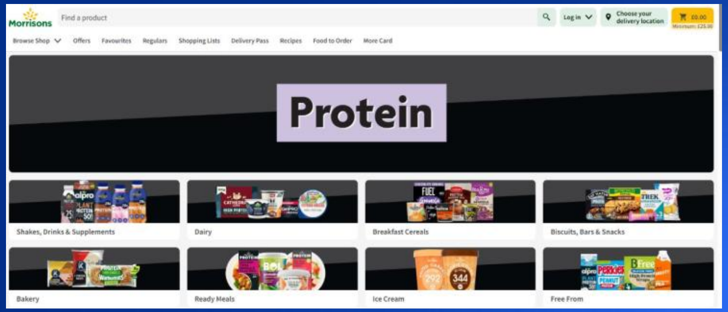
The growth of health-conscious consumers is leading to the expansion of the Protein shelf

57%

of shoppers follow a **high-protein** diet to some extent

highlighting the importance of protein in consumers' shopping decisions





Retailers are helping to direct engaged shoppers to a protein bay while attracting new shoppers to protein products

This is a perfect example of how mental and physical availability work together. Retailers remained aware of what people online were discussing and improved in-store positioning to reflect consumer interests.

Source: Health and Wellness Spotlight: Protein, UK Thought Leadership

We observe more and more shelves embracing innovations targeting niche shoppers

Huge consumer demand:

- ✓ Almost sold out everywhere: High sales figures in the first few months
- ✓ Retailers reorder the innovative caffeine & colour shampoo in large quantities
- ✓ Bestseller on Amazon (in beauty & hair shampoo categories)

"I have never experienced a launch like this in 25 years," says Eduard R. Dörrenberg, Managing Partner of the Dr. Wolff Group, describing the start in the trade. The extraordinarily successful sales figures underpin the relevance of the issue of unwanted gray hair for many men. The product was sold out in more than 600 drugstores across Germany within a very short time. Online, the shampoo was temporarily no longer available.

Alpecin Grey Attack Shampoo DE

Launched Jan 2023

1%

Year 1 penetration

#2 most sold shampoo SKU in Germany by value

Source: NIQ Innovation Measurement, Europe (France, Germany, Italy, Spain, UK); Latest 52 weeks - w/e 08-10-2025 vs year ago

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And innovations that are driving incremental category sales

179k

New products launched in Top 5 WE markets in last 52 weeks

Lillet Ready To Drink DE

Launched April 2023

41% of product's volume sales were incremental to the category due to NEW BUYERS in the RTD category!

Kinder choco ice cream FR

Launched Mar 2023

8% of product's volume sales were incremental to the category because ice cream shoppers were BUYING MORE!

Source: NIQ Innovation Measurement, Europe (France, Germany, Italy, Spain, UK); Latest 52 weeks - w/e 08-10-2025 vs year ago, Breakthrough innovation report 2025

To win, you need to build the right portfolio strategy to grow your brand…

…and launch winning in-market initiatives

1

Look beyond your category!

Identify the ***channels and macro-categories*** with the greatest development potential.

2

Ensure brand and category growth!

Identify the portfolio combination that generates the ***greatest incremental*** value for both the brand and the category.

3

Analize where to nurture and where to squeeze!

Identify ***segments, sizes*** *or* ***price ranges*** within the category with opportunities to expand, squeeze or rationalize assortment.

4

Create the perfect store!

Integrate the optimized portfolio into each store's space, taking the saturation point into account.

Identify elements to focus on to build up efficiency.

1 Look beyond your category!

2 Ensure Brand and Category Growth!

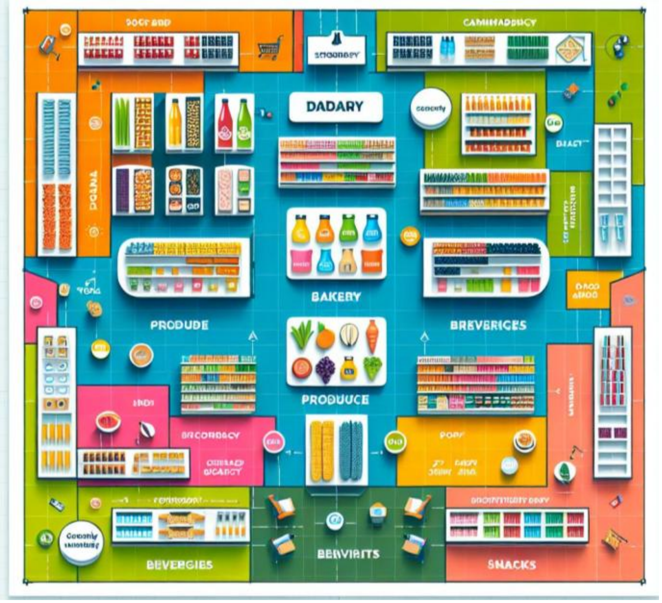
3 Analize where to nurture and where to Squeeze!

4 Create the Perfect Store!

What are the benefits of looking beyond your category?

Aisle leadership

Understand department, aisle, super-category and category **dynamics**



Identify opportunity areas

Determine **expandability and saturation** within adjacent categories to identify **white space opportunities** and risks

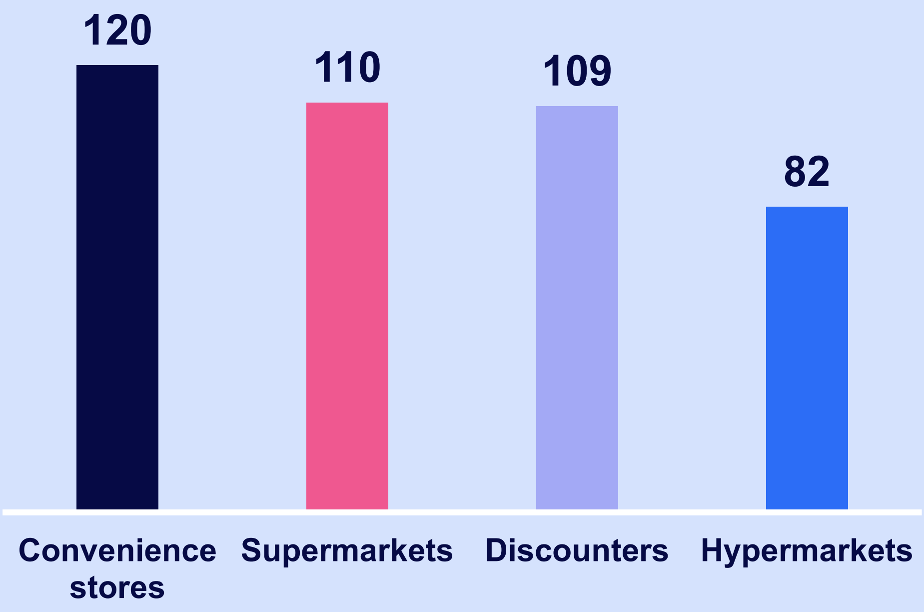
Understand the value of the opportunity

Benchmark categories against the channel to help understand the value of opportunities

In France, 55% of FMCG FLS categories require assortment expansion, with Convenience being small but highly dynamic

→Based on a syndicated Total Store Assortment study

Channel contribution to gains vs sales share



Categories to expand	Top channel by growth (%) and assortment gains:
Sweet grocery	Convenience stores
Chilled non-dairy	Convenience stores
Alcohol	Convenience stores
Frozen sweet	Hypermarkets
Paper	Hypermarkets
Personal Care	Supermarkets

Source: Syndicated Total Store Assortment, France, 2025

1 Look beyond your category!

2 Ensure Brand and Category Growth!

3 Analize where to nurture and where to Squeeze!

4 Create the Perfect Store!

Different brands require different assortment strategies

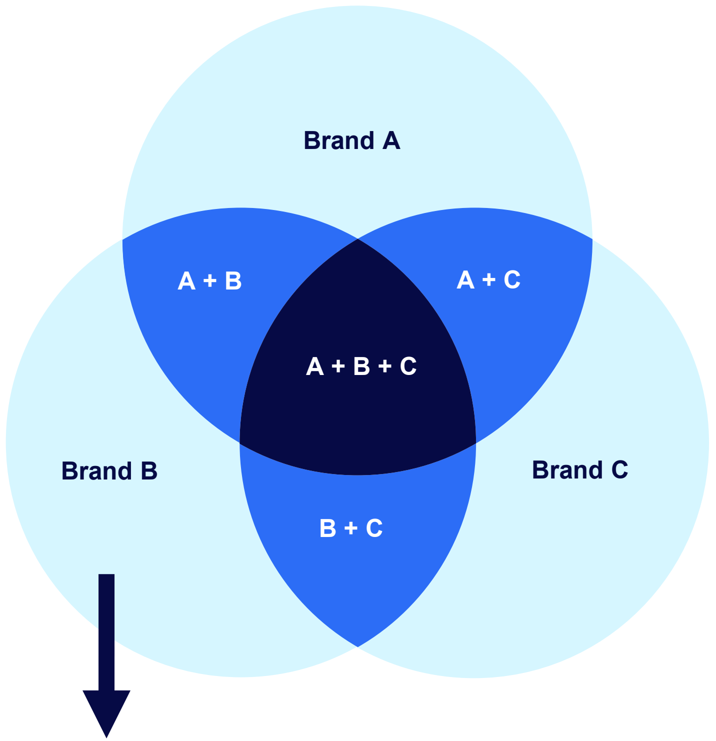
In France, strengthening the offer from both large and very small businesses are recommended across all channels.

	HM	SM	CVS	DISC
NB Large	+	+	+	+
NB Mid-size	✓	✓	✓	+
NB SME	✓	✓	+	+
NB VSB	+	+	+	+
PL STD	−	−	−	−
PL FP	−	−	+	+
PL Premium	−	−	✓	+
PL Organic	−	−	−	✓

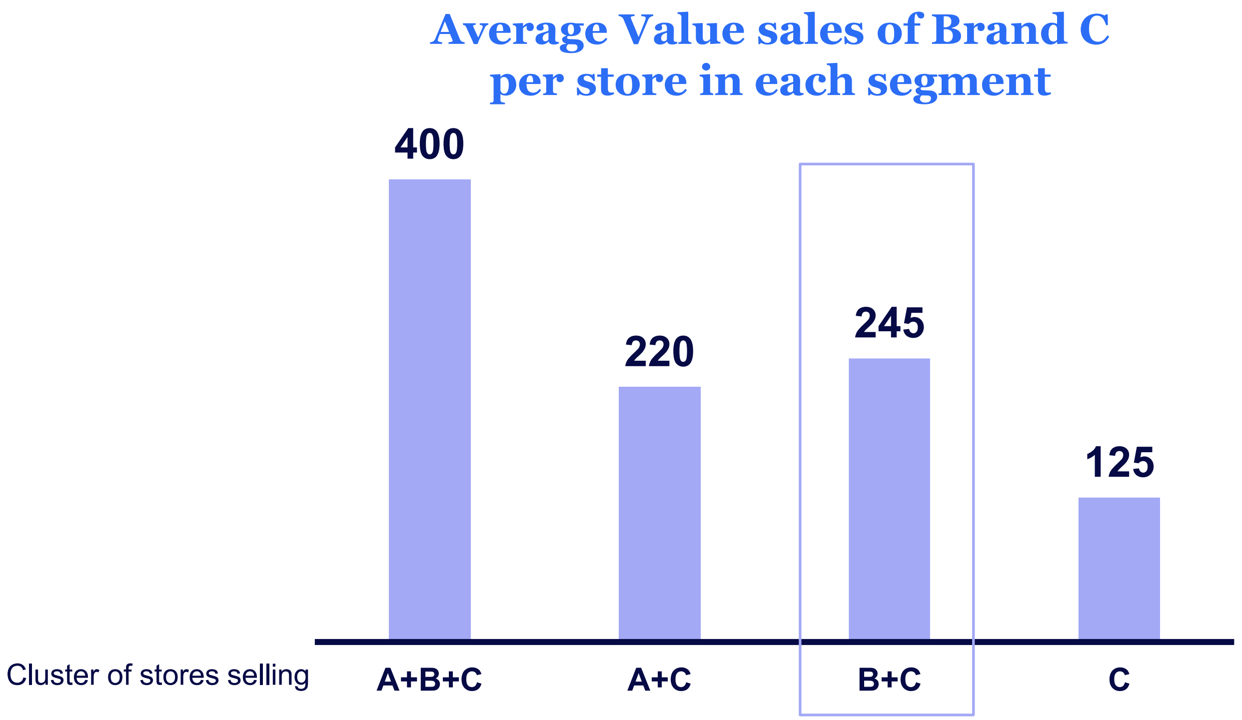
+ Assortment to expand ✓ Optimal pack size − Assortment to reduce

Source: Syndicated Total Store Assortment, France, 2025

Coexisting brands on the same shelf can cannibalize each other, but also bring benefits



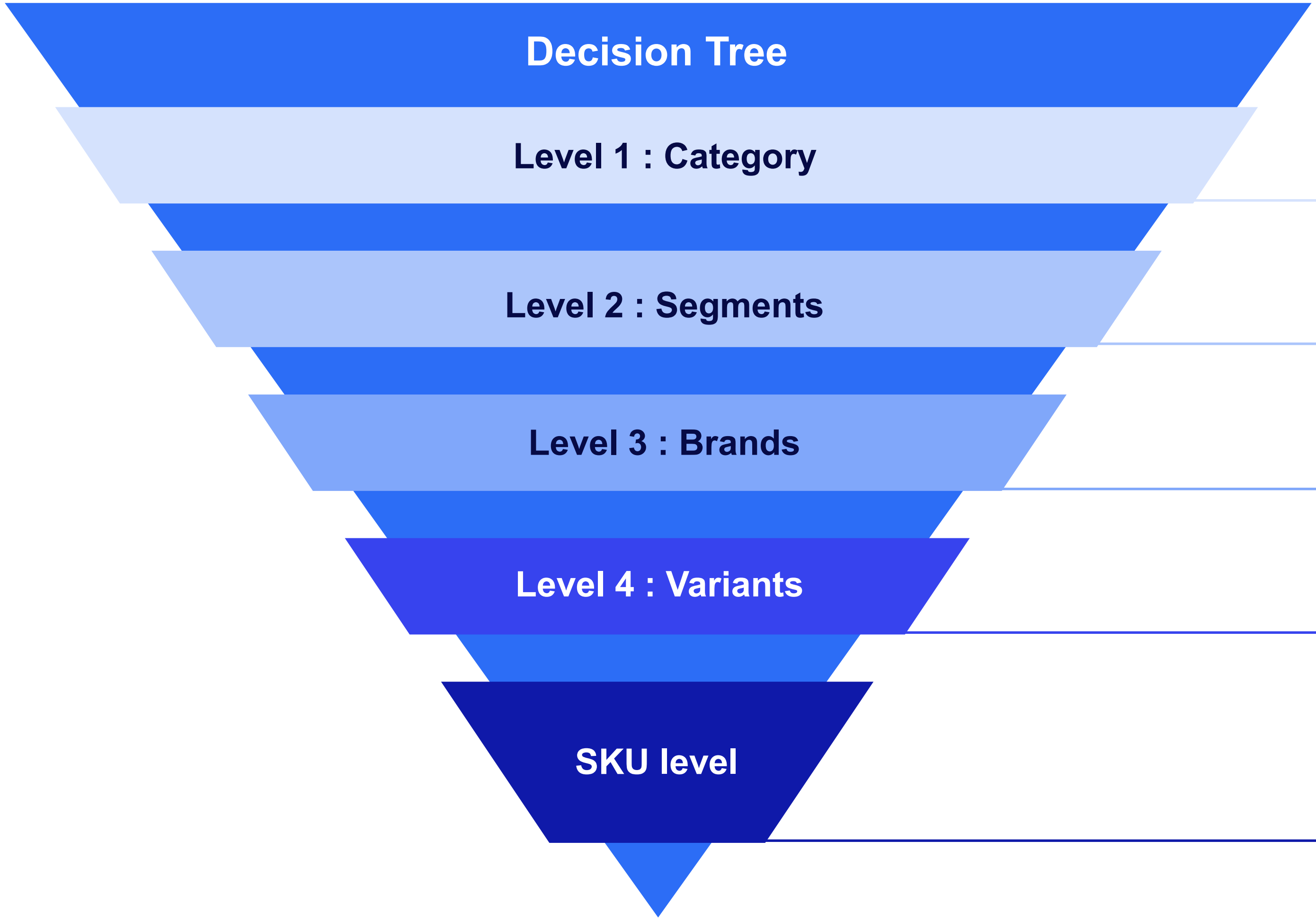
Opportunity: Brand C listing in 29% of Brand B exclusive stores to maximise sales



The incrementality framework identifies winning products that can grow both brand and category sales

Expandable products	Tactical products	Excessive products
+ Manufacturer + Category	+ Manufacturer − Category	− Manufacturer − Category
Incremental for the category and for the manufacturer. Prioritise and retain these references	From the manufacturer's point of view, these references should be pushed, but will not benefit the category. Keep if you need to.	Cannibalistic for the category and for the manufacturer. To be delisted as a priority.

NIQ defines the right assortment through a nuanced decision tree, working down from category to SKU level



The size of the category ***remains stable***

Defining each segment's optimal share of offer
Based on: incrementality to the category and rate of sales

Defining each brand's optimal share of offer
Based on: incrementality to the segment and rate of sales

Defining each variant's optimal share of offer
Based on: incrementality to the brand and rate of sales

Defining the right SKU combination
Based on: incrementality of each item to the category, rate of sales and Numerical Distribution.
→ ***full assortment recommendation***

Supported by best-in-class incrementality calculations

Simulation 1

Situation where item A is in ***100% of the stores***

Calculate the category turnover

–

Simulation 2

Situation where item A is in ***0% of the stores***

Calculate the category turnover

If the category is doing better when item A is delisted, it means that it is cannibalistic.

On the other way around, if the category is less performant when item A is absent, it means the item is incremental.

Positive → **Item A is incremental**

Negative → **Item A is cannibalistic**

We calculate ***100% incrementality to level 1*** for every item from 2 theoretical simulations in which only one item's distribution is moving and all the rest of the assortment remains stable as observed

1 Look beyond your category!

2 **Ensure Brand and Category Growth!**

3 Analize where to nurture and where to Squeeze!

4 Create the Perfect Store!

NIQ Shelf Architect optimized a manufacturer's category portfolio, delivering opportunities for growth of BOTH...

Category...

+19M€

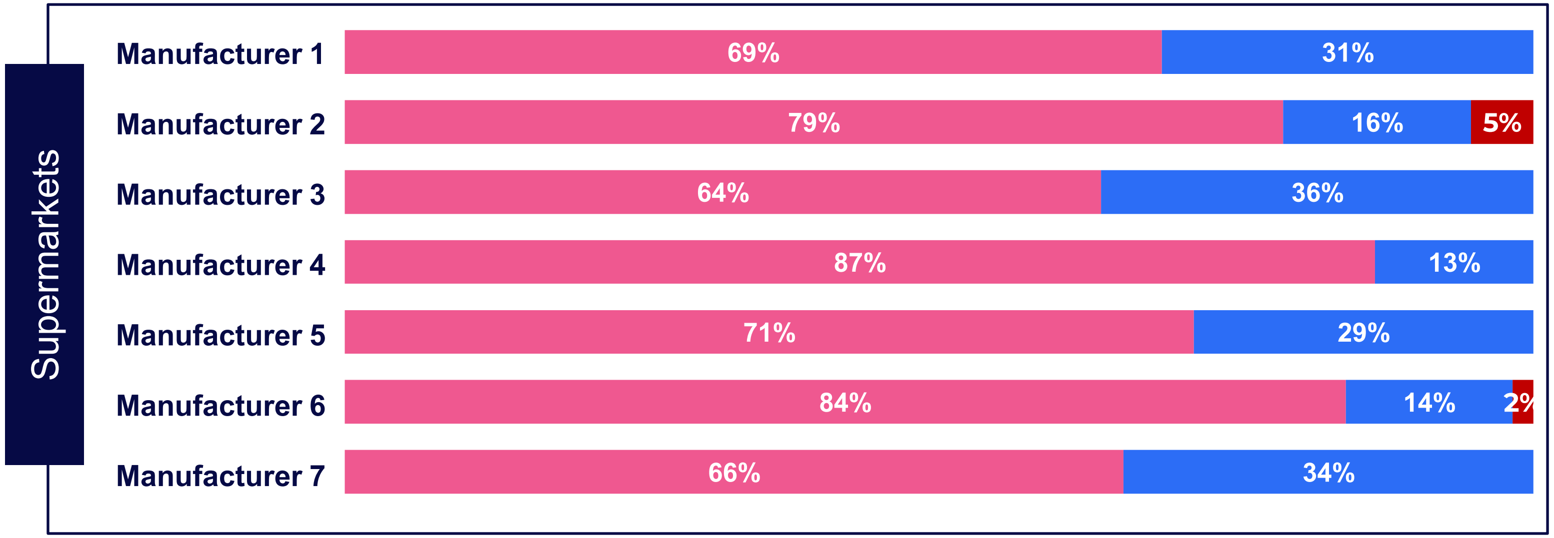
+2%

...and Manufacturer 1

+21M€

+13%

Simulations are available to adjust opportunity quantification by model.



% represent the number of skus (EAN codes) belonging to each group

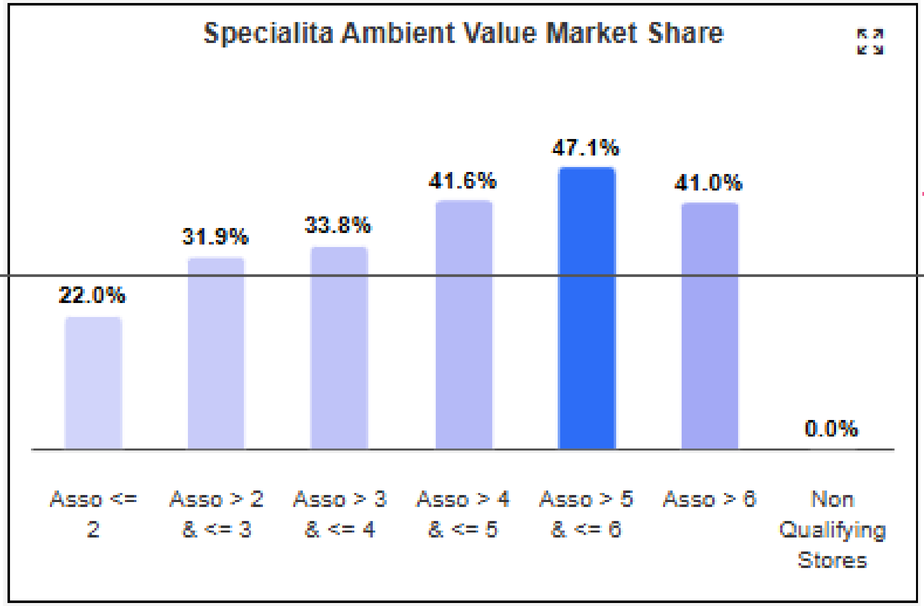
Expandable
Incremental for the category and for the manufacturer. Prioritise and retain these references.

Tactical
From the manufacturer's point of view, these references should be pushed, but will not benefit the category. Keep if you need to.

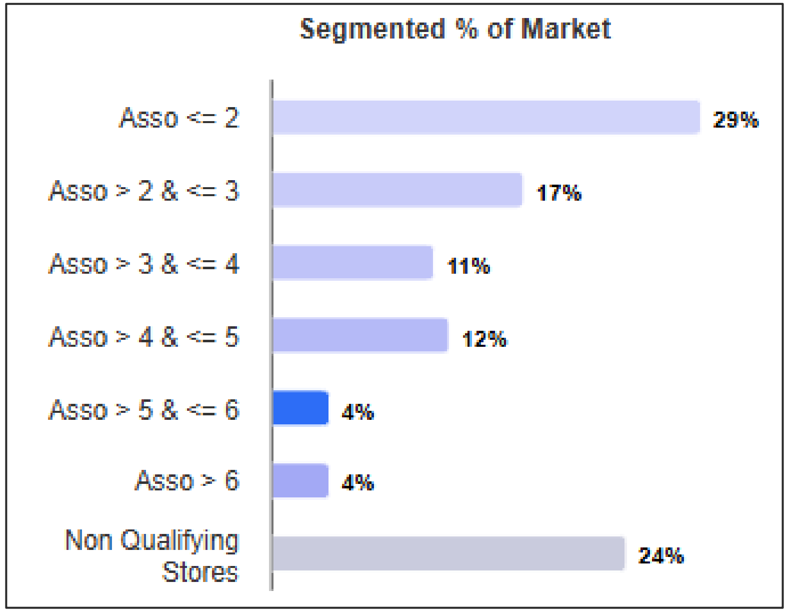
Excessive
Cannibalistic for the category and for the manufacturer. To be delisted as a priority.

Source: NIQ internal, Sales opportunities if all offer recommendations are implemented in Supermarkets

Diving deep into store-week clusters of data unlocks hidden potential – What number of items in your portfolio brings the highest market share?



31.3% Total Market share

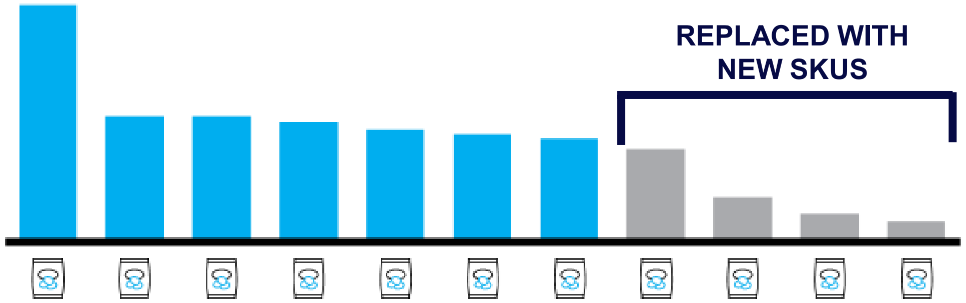


→ Brand share maximizes in stores where it is present with 6 items

→ Stores with 6 items represent only 4% of all selling showing opportunities for distribution growth

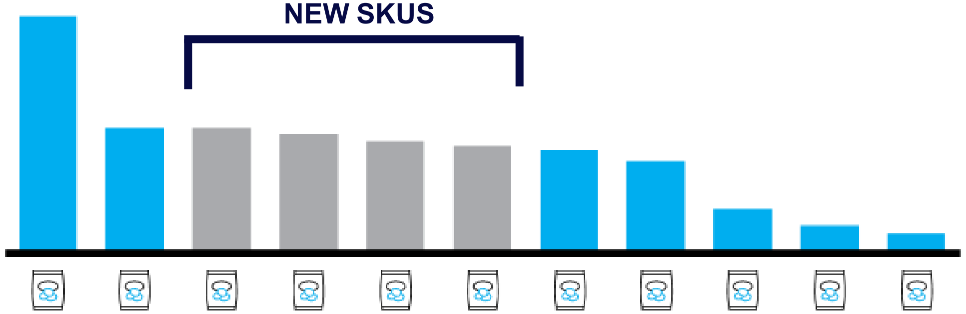
Source: Store Execution Segmentation study, Italy

Did you know that **2/3rds** of the time, the ***slowest-moving SKUs are not the least incremental?***



+0%
Increase in unit sales when the lowest velocity SKUs are replaced

VS



+8.4%
Increase in unit sales when the least incremental SKUs are replaced

And by combining ROS and incrementality measures, you can craft a winning portfolio strategy

Average ROS

	Negative	Positive
High ROS	**Rationalize** • Saturation — New items to be added will restrict growth • Ensure the best items have strong distribution	**Develop** • Key category driver • Invest, innovate, drive forward, continue with best practices
Low ROS	**Squeeze** • Adding items will be detrimental to the category Rethink, delist, stop investing	**Nurture** • Helps maximize category sales • Nurture, integrate into the portfolio

Negative — **Incrementality (Impact of adding a new SKU)** — Positive

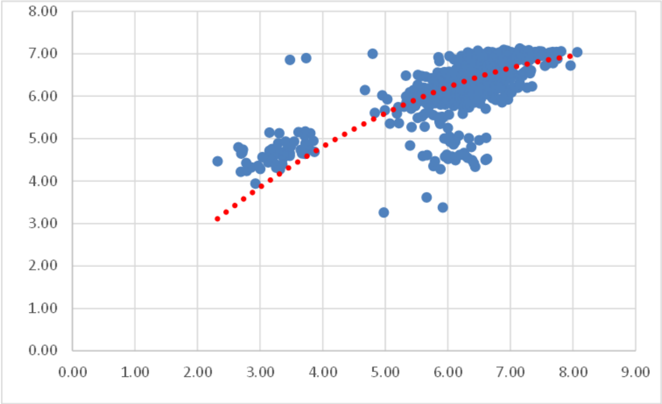
An aggregated assortment analysis would lead to *the wrong conclusion* that more items always generate more sales.

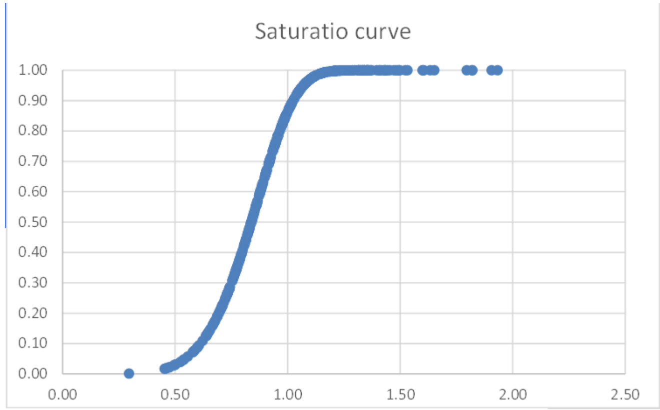
Store-level analysis ensures a large number of observations and therefore *robust and accurate results.*

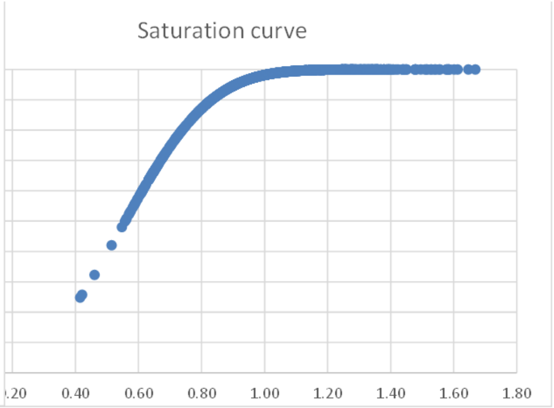
With category sales being elastic to the total size of the assortment, the goal is to find the optimal size based on the store's size

I.e. the number of shelf modules

Modeling category sales as function of total category range size

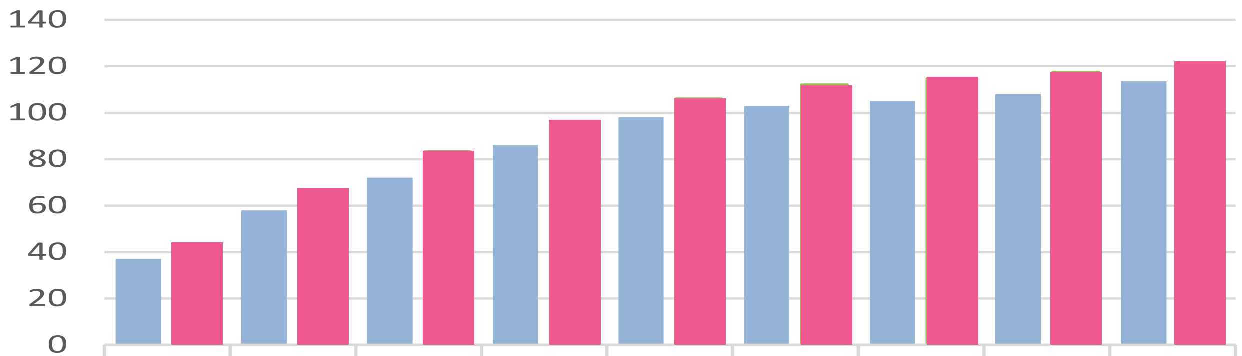






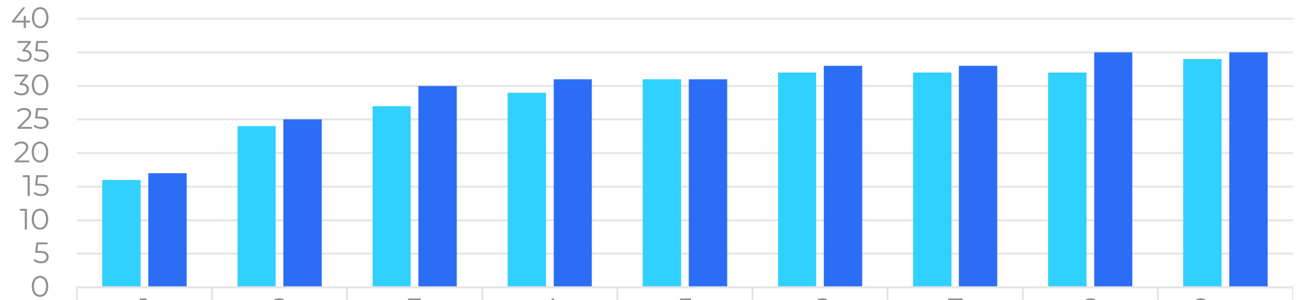
Once you know the ***optimal number of SKUs*** for both category and brand performance - considering the store size - it's critical to place your SKUs in the ***right shelf spot in-store***

Snacks optimal catg. range size



	1	2	3	4	5	6	7	8	9
Current Nº items	37	58	72	86	98	103	105	108	114
Optimal Nº items	43	67	83	96	106	112	115	118	122

Manufacturer Optimal range size



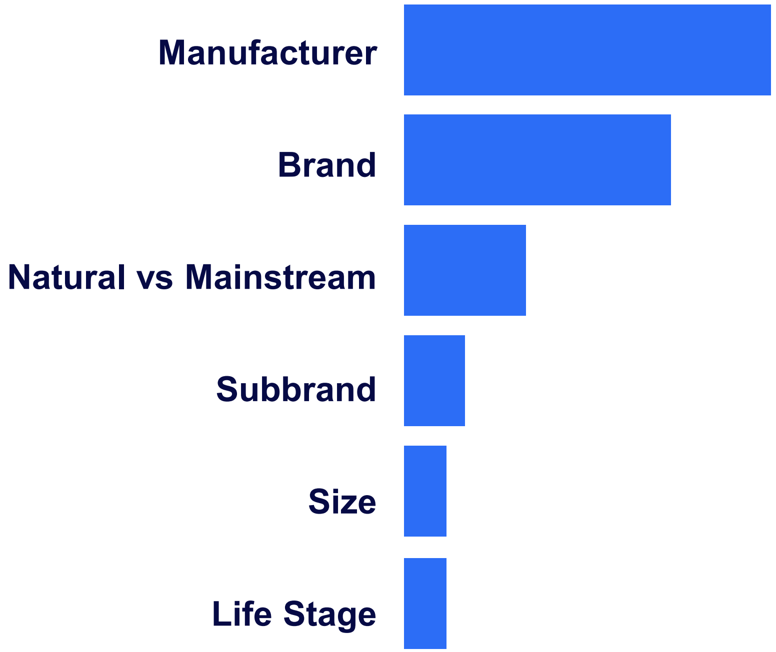
	1	2	3	4	5	6	7	8	9 o +
Current N° Items	16	24	27	29	31	32	32	32	34
Optimal N° Items	17	25	30	31	31	33	33	35	35

Are you creating the shelf your shopper wants?

In other words, a shelf that will grow both your category and your brand

Shoppers prioritize different attributes for different categories

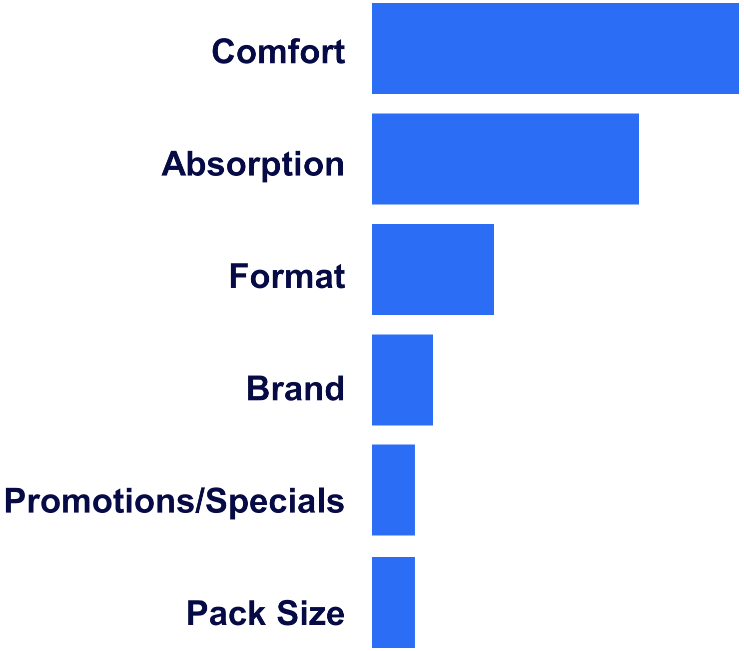
Pet Food example



Most important attribute in decision

Least important attribute in decision

Feminine care example

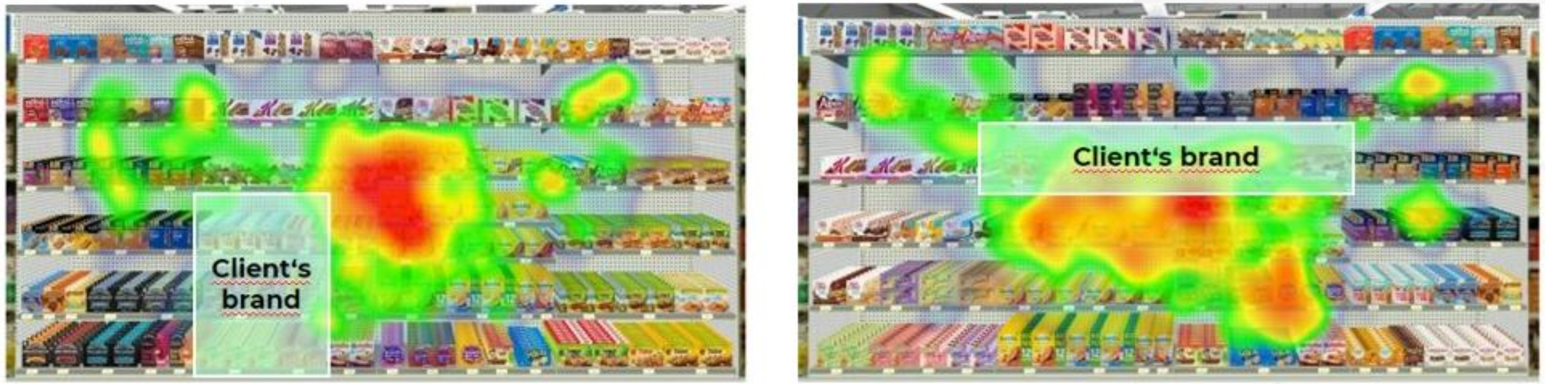


And what products shoppers look at does depend on the pack design…but *also* on their shelf placement

Static image heat-maps (Attention)

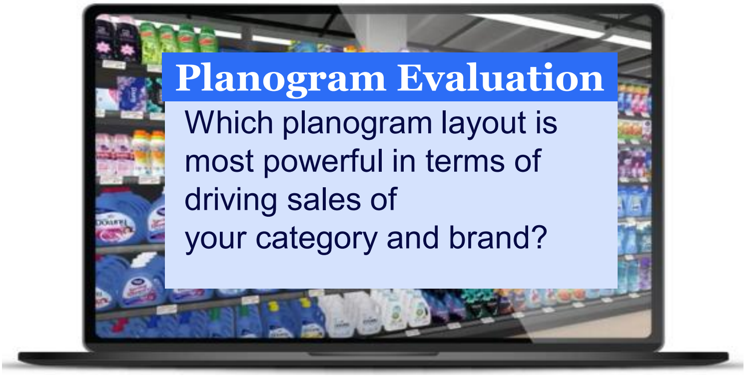
SOURCE: Webcam eye-tracking

Control Vertical (n=40) | Test Horizontal (n=40)



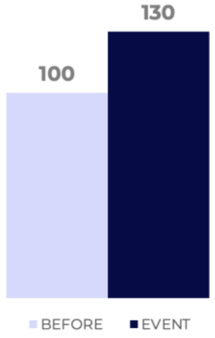
Client's brand metrics	Control vertical	Test horizontal
Seen by	77%	100%
Seen First by	14%	45%
Revisited by	67%	97%
Average Time Viewed	0.7 s	5.5 s

Leverage data-driven analytics to analyze in-store shelf sets and planograms, and learn the layouts delivering uplift



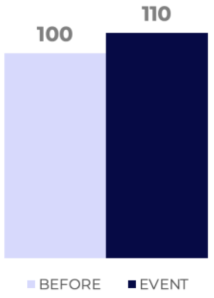
Test group sales evolution
Weekly Value ROS

x1.30



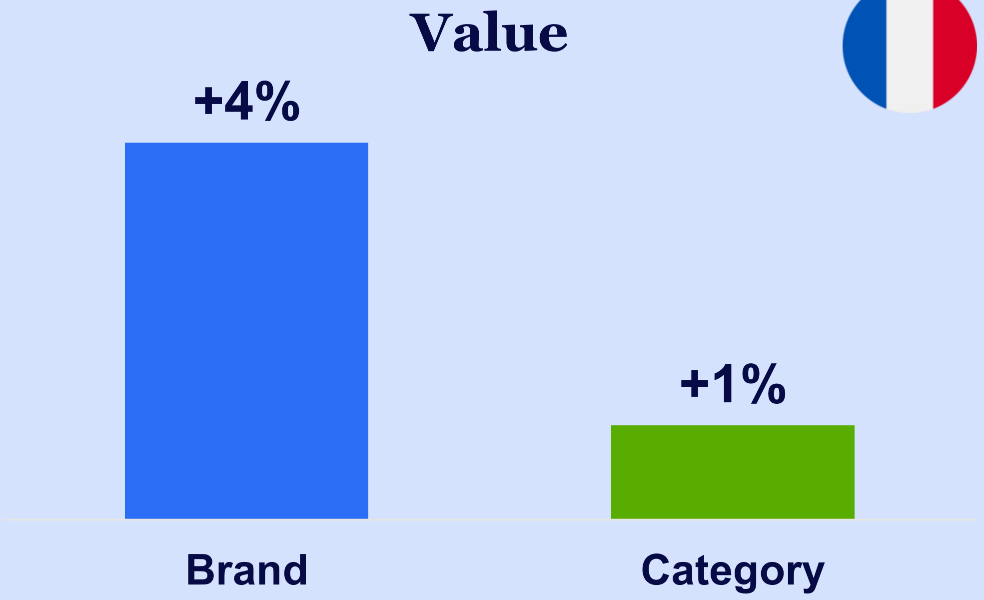
Control group sales evolution
Weekly Value ROS

x1.10



Impact of an aisle/shelf reorganization

% impact per store/week – FMCG Median – Hyper&Super in France



Benchmark from French Events studies

Brand = brand from the manufacturer initiating the reorganization

How are you optimizing assortment and growing the shelf?

NIQ can support you…

….from strategy…

- Where to play
- Item incrementality
- Retail opportunity
- Portfolio optimization

…to execution!

- Prove ROI
- Develop category-first narratives
- Leverage the latest data
- Promote accuracy
- Create store-level recommendations

Thank you!

Q&A