WHERE HAVE ALL THE BABIES GONE?
Focusing on new parents to come in the future

September 2016
A LOOK AT THE BABY LANDSCAPE

Highlighting the importance of new moms and mom-to-be

• Birth rates decline
• Impact of the U.S. Economy
• A focus on new moms and moms-to-be
• Highlighting baby consumable items
• New mom baby consumables shopping behavior
• Top Baby Category Items Focus
• Baby categories performance at Albertsons/Safeway
• Opportunity markets at Albertsons/Safeway
• Where to Reach New Moms
• Recommendations
RECORD LOW BIRTH RATES WITH RECORD HIGH DEBT

Decline in birth rates is a result of financial instability

59.8
Births per 1,000 women is the birth rate for the 1st quarter of 2016 and the lowest level

2.3M
Fewer babies were born because of the recession

20%
of women have postponed having a baby because of the bad economy

Source: CNN.com; CDC NCHS, National Vital Statistics System; Federal Reserve Bank
THE FINANCIAL TOLL ON PARENTS

Pregnancy healthcare costs, unpaid leave, and baby’s 1st year expenses

Pregnancy Costs

42% increase in pregnancy healthcare costs since 1985

Baby’s 1st Year

$12,190 Mid-level income total spend on baby’s first year

Maternity Leave

84% The number of companies in the U.S. that do not offer paid maternity leave

Re-entering Workforce

59% Mothers who say they work because they have to, not because they want to

FIRST CHILD EXPENSES

Diapers and food only make up a small piece of what new moms must buy.

Source: USDA 2013 Annual Report - Expenditures on Children By Families

*For a middle-income family with a child born in 2012, adjusted for projected inflation
AVERAGE AGE OF MOTHERS IS INCREASING

Majority of new moms are Millennials and GenX, who could cause a “baby bounce” as economy improves

- Women 30+ birthrate percent increase since 2000: 25%
- Percent change in teen birthrate since 2000: 42%

- As young Millennials reach their late twenties and early thirties, the average age to give birth to their first child will increase and we could see a “baby bounce”

Source: CDC NCHS, National Vital Statistics System
WOMEN ARE PUTTING OFF MARRIAGE & PARENTHOOD

Millennials in their child-bearing years are waiting later to hit major life stages

Marriage

47%
Single

53%
Married/Partnered

27%
Say they’re not financially prepared

Parenthood

44%
Of Millennials are parents

67%
Of Millennials without children say they would like to be parents

Source: U.S. CDC; Mintel, Marketing to Millennials; UN DESA, World Population Prospects; CEB Millennials in 2016, Millenial Marketing
WAITING FOR FINANCES TO BE IN ORDER

Financial instability at fault for young people delaying parenthood

MORE SCHOOL, MORE DEBT

$30,000
Median Balance
Student Loan Debt

UNDER-EMPLOYMENT

44%
Of college-grads are underemployed, working in jobs requiring no degree

SAVINGS RATE

-1.8%
Personal savings rate for those under 35

Those who began their career during the recession earn 2-9% LESS A YEAR than those who did not, for at least 15 years after starting their career.

Source: Bloomberg, Pew Research, Slate.com
WOMEN ARE WAITING LONGER & HAVING FEWER CHILDREN

Smaller window of time per mom for purchasing baby category

The Effect of Age on Fertility
% chance over the course of one year

Likelihood of getting pregnant
Likelihood of infertility

Percent of Moms Ages 40-44 with 1-4+ children

Source: Infertility in America 2015 by Reproductive Medicine Association on New Jersey; Pew Research Social Trends; Gallup Survey 2013, CEB Iconoculture Parents in 2017
NEW MOMS & BABY CONSUMABLES SHOPPING BEHAVIOR
UNIQUENESS OF BABY CATEGORY

Also adding to the short timespan of baby category purchases

<table>
<thead>
<tr>
<th>NEWBORN</th>
<th>ACTIVE BABY</th>
<th>TODDLER</th>
<th>CHILD</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-6 months</td>
<td>6-24 months</td>
<td>2-5 years</td>
<td>5-12 years</td>
</tr>
</tbody>
</table>

Source: U.S. CDC
HUGEBABYUNIVERSE

So many options!
– New Mom
Consumables

So many options!
– New Mom

Durables

Purchase Frequency

Avg. Weight/Cost of Purchase

Smarter Way. Faster Growth.
Disposable Diapers 49%
Formula 18%
Wipes 12%
Baby Food, 10%
Toddler Food, 4%
Skin Care (baby), 4%

BABY CONSUMABLES SALES LED BY DIAPERS & FORMULA

Diapers, formula, wipes and baby food make up almost all of baby consumables dollars

- Baby Bath Items, 2%
- Baby Remedies, 1%

89%
Of total baby consumables spend by new moms

Dollars per Household
Online and Brick & Mortar FMCG Channels | Last 52 weeks

Source: InfoScout Panel Data
MASS GAINS MOST SALES BUT CLUB GAINS MORE PER HOUSEHOLD

Dollars per household means online & club surpass mass for baby consumables

**Total Item Dollars – Baby Consumables**
Online and Brick & Mortar FMCG Channels | Last 52 weeks

- Mass: 55%
- Food: 17%
- Club: 12%
- Drug: 8%
- Online: 7%
- Dollar: 1%
- Convenience: 0%

**Dollars Per Household & Household Counts – Baby Consumables**
Online and Brick & Mortar FMCG Channels | Last 52 weeks

- Online: $127
- Club: $101
- Mass: $90
- Food: $51
- Drug: $43
- Convenience: $19
- Dollar: $10

Source: InfoScout Panel Data
BABY FOOD HAS HIGHEST PURCHASE FREQUENCY

Typical child consumes an average of 600 units of baby food by 1-year-old

**Purchase Frequency**

Brick & Mortar & Online Channels | Last 52 weeks

<table>
<thead>
<tr>
<th>Product</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baby Food</td>
<td>45.2</td>
</tr>
<tr>
<td>Disposable Diapers</td>
<td>29.3</td>
</tr>
<tr>
<td>Formula</td>
<td>18.9</td>
</tr>
<tr>
<td>Toddler Food</td>
<td>16.0</td>
</tr>
<tr>
<td>Wipes</td>
<td>14.4</td>
</tr>
<tr>
<td>Skin Care (baby)</td>
<td>4.6</td>
</tr>
<tr>
<td>Baby Bath Items</td>
<td>3.8</td>
</tr>
<tr>
<td>Baby Remedies</td>
<td>2.4</td>
</tr>
</tbody>
</table>

Source: InfoScout Panel Data
DEFINING THE TOP BABY CATEGORY PLAYERS

Infant Formula, Disposable Diapers, Baby Wipes, Pureed Baby Food & Rice Cereal
A FOCUS ON DIAPERS & WIPES

Moms seek out retailers with the best prices & value on diapers

$7.2 BILLION ANNUALLY TOTAL U.S.
Moms spend an extra $4,400 a year at retailers they consider baby destinations, led by diaper sales

WIPES MEAN BIGGER BASKET
Average spend at grocery is 122% higher than when wipes are not in the basket

DIAPER PENETRATION INCREASING
Currently 79.7% for households with kids 0-4 yrs. old

33%
Of moms have decided on diaper brand before baby’s birth

DIAPER BRAND LOYALTY

70% Remain loyal to initial brand
27% Sampled brands to decide best for baby
29% Switched brands based on price

Source: Kimberly Clark Path-to-Purchase Shopper Report & Kantar Retail 2012
A FOCUS ON FORMULA

Formula represents even shorter consumption window than other categories

SHORT CONSUMPTION WINDOW
Infant: 0-12 months
Toddler: 9-36 months

BREASTFEEDING IS UNIQUE COMPETITOR
Fluctuations in breastfeeding rates have a direct impact on overall formula category consumption

~60% OF VOLUME DRIVEN BY WIC®
WIC drives volume at food & mass retailers
Brand switch occurs if baby isn’t tolerating a formula

62%
Of moms will leave the store if specific formula product is not available

Source: Lucros Partners Shopper Intelligence, Mead Johnson Molly Johnson 2015 Survey
A FOCUS ON BABY FOOD

Opportunity for new moms as they try flavors/brands their baby likes

CATEGORY WITH MOST OPTIONS
Broken down by Baby Stage with several flavors per stage

HIGHEST PURCHASE FREQUENCY
A baby consumes 600 jars of baby food in the first year

CONSUMER PREFERENCE MATTERS
New moms try different brands and flavors of baby food for their baby during child’s first year when palate is being trained

44%
Of new moms say they want organic options

Source: Mintel, 2014; Forbes; BNP Media - Brand Packaging
OF THE 30% WHO BUY ORGANIC BABY FOOD, ONLY 7% ARE LOYAL

Despite the rise of popularity in organic foods, moms are still choosing traditional foods.

ORGANIC vs. NON-ORGANIC vs. BOTH

**Percent of New Mom Households**
Brick & Mortar & Online Channels | Last 52 weeks

- Bought Non-Organic Only 70%
- Bought Organic & Non-Organic 23%
- Bought Organic Only 7%

**Dollars Per New Mom Household**
Brick & Mortar & Online Channels | Last 52 weeks

- Organic Only: $53
- Non-Organic Only: $71
- Both: $118

**New Moms % of Spend**
Brick & Mortar & Online Channels | Last 52 weeks
Based on Dollars Per Household

- Organic: 31%
- Non-Organic: 69%

Source: InfoScout Panel Data
MOMS BUY THESE TOP BABY CATEGORY PLAYERS IN THE MASS & FOOD CHANNEL

And diaper sales show more competition across channels

• Food & Mass channels receive most baby sales, but diapers are more likely to be purchased across other channels
MOMS BUY OTHER BABY ITEMS ON SAME SHOPPING TRIP

Moms tend to buy 3-4 baby categories within the same shopping trip

**Basket Affinity – Diapers**

- Wipes & Wipe Holders: 48x
- Toddler Food: 24x
- Baby Food: 17x
- Formula: 17x
- Skin Care (Baby): 15x

**Basket Affinity – Formula**

- Baby Food: 24x
- Toddler Food: 19x
- Wipes & Wipe Holders: 17x
- Disposable Diapers: 17x
- Skin Care (Baby): 16x

Source: InfoScout Panel Data

Brick & Mortar FMCG Channels | Last 52 weeks

Smarter Way. Faster Growth.
## Diapers are fueling baby category sales at Target

Brick & Mortar & online retailers ranked by total sales

<table>
<thead>
<tr>
<th>All Baby Consumables</th>
<th>Diapers</th>
<th>Formula</th>
<th>Wipes</th>
<th>Baby Food</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Target</td>
<td>Walmart</td>
<td>Walmart</td>
<td>Walmart</td>
</tr>
<tr>
<td>2</td>
<td>Walmart</td>
<td>Target</td>
<td>Target</td>
<td>Target</td>
</tr>
<tr>
<td>3</td>
<td>Amazon.com</td>
<td>Kroger</td>
<td>Costco</td>
<td>Kroger</td>
</tr>
<tr>
<td>4</td>
<td>Costco</td>
<td>CostCo</td>
<td>Amazon.com</td>
<td>Kroger</td>
</tr>
<tr>
<td>5</td>
<td>CVS</td>
<td>Meijer</td>
<td>Meijer</td>
<td>Walgreens</td>
</tr>
<tr>
<td>6</td>
<td>Kroger</td>
<td>Publix</td>
<td>Walgreens</td>
<td>Meijer</td>
</tr>
<tr>
<td>7</td>
<td>Sam’s Club</td>
<td>Albertsons</td>
<td>Sam’s Club</td>
<td>Meijer</td>
</tr>
<tr>
<td>8</td>
<td>Walgreens</td>
<td>Ahold</td>
<td>CVS</td>
<td>Publix</td>
</tr>
<tr>
<td>9</td>
<td>BJ’s</td>
<td>Walgreens</td>
<td>BJ’s</td>
<td>Amazon.com</td>
</tr>
<tr>
<td>10</td>
<td>Meijer</td>
<td>Sam’s Club</td>
<td>Publix</td>
<td>Southeastern Grocers</td>
</tr>
</tbody>
</table>

### Retailers ranked by total sales

Brick & Mortar and Online FMCG Channels  | Last 52 weeks

Source: InfoScout Panel Data
BUT WHEN RANKED BY DOLLARS PER HOUSEHOLD, ONLINE & CLUB TAKE THE LEAD

Brick & Mortar & online retailers ranked dollars per household

<table>
<thead>
<tr>
<th>All Baby Consumables</th>
<th>Diapers</th>
<th>Formula</th>
<th>Wipes</th>
<th>Baby Food</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Amazon.com</td>
<td>BJ’s</td>
<td>Costco</td>
<td>Amazon.com</td>
</tr>
<tr>
<td>2</td>
<td>BJ’s</td>
<td>Target</td>
<td>Meijer</td>
<td>BJ’s</td>
</tr>
<tr>
<td>3</td>
<td>Costco</td>
<td>Meijer</td>
<td>Sam’s Club</td>
<td>Kroger</td>
</tr>
<tr>
<td>4</td>
<td>Target</td>
<td>Costco</td>
<td>Sam’s Club</td>
<td>Meijer</td>
</tr>
<tr>
<td>5</td>
<td>Sam’s Club</td>
<td>Southeastern Grocers</td>
<td>Wegmans</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Meijer</td>
<td>Wakefern</td>
<td>Wegmans</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>CVS</td>
<td>Publix</td>
<td>Wakefern</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Wakefern</td>
<td>HEB</td>
<td>Kroger</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Publix</td>
<td>Ahold</td>
<td>Publix</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Jet.com</td>
<td>Sam’s Club</td>
<td>Meijer</td>
<td></td>
</tr>
</tbody>
</table>

Retailers ranked by dollars per HH
Brick & Mortar and Online FMCG Channels | Last 52 weeks

Source: InfoScout Panel Data
SATISFACTION BY RETAILER CHANGES DEPENDING ON THE BABY ITEM IN THE CATEGORY

Online and Club channels have the highest satisfaction ratings

### All Baby Consumables

<table>
<thead>
<tr>
<th>Top Retailers</th>
<th>Net Recommended</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Costco Wholesale</td>
</tr>
<tr>
<td>2</td>
<td>Sams Club</td>
</tr>
<tr>
<td>3</td>
<td>Target</td>
</tr>
<tr>
<td>4</td>
<td>Walmart</td>
</tr>
<tr>
<td>5</td>
<td>Babies R Us</td>
</tr>
<tr>
<td>6</td>
<td>Publix</td>
</tr>
<tr>
<td>7</td>
<td>Kroger</td>
</tr>
<tr>
<td>8</td>
<td>Meijer</td>
</tr>
<tr>
<td>9</td>
<td>CVS/pharmacy</td>
</tr>
<tr>
<td>10</td>
<td>COSTCO WAREHOUSE</td>
</tr>
</tbody>
</table>

### Diapers

<table>
<thead>
<tr>
<th>Top Retailers</th>
<th>Net Recommended</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Amazon</td>
</tr>
<tr>
<td>2</td>
<td>BJs</td>
</tr>
<tr>
<td>3</td>
<td>Sams Club</td>
</tr>
<tr>
<td>4</td>
<td>Target</td>
</tr>
<tr>
<td>5</td>
<td>Costco Wholesale</td>
</tr>
<tr>
<td>6</td>
<td>Family Dollar</td>
</tr>
<tr>
<td>7</td>
<td>Costco Wholesale</td>
</tr>
<tr>
<td>8</td>
<td>Babies R Us</td>
</tr>
<tr>
<td>9</td>
<td>Walmart</td>
</tr>
<tr>
<td>10</td>
<td>DOLLAR GENERAL</td>
</tr>
</tbody>
</table>

### Formula

<table>
<thead>
<tr>
<th>Top Retailers</th>
<th>Net Recommended</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sams Club</td>
</tr>
<tr>
<td>2</td>
<td>Target</td>
</tr>
<tr>
<td>3</td>
<td>Babies R Us</td>
</tr>
<tr>
<td>4</td>
<td>Costco Wholesale</td>
</tr>
<tr>
<td>5</td>
<td>Kroger</td>
</tr>
<tr>
<td>6</td>
<td>Publix</td>
</tr>
<tr>
<td>7</td>
<td>Walmart</td>
</tr>
</tbody>
</table>

### Wipes

<table>
<thead>
<tr>
<th>Top Retailers</th>
<th>Net Recommended</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Costco Wholesale</td>
</tr>
<tr>
<td>2</td>
<td>BJs</td>
</tr>
<tr>
<td>3</td>
<td>Sams Club</td>
</tr>
<tr>
<td>4</td>
<td>Target</td>
</tr>
<tr>
<td>5</td>
<td>Babies R Us</td>
</tr>
<tr>
<td>6</td>
<td>DOLLAR GENERAL</td>
</tr>
<tr>
<td>7</td>
<td>Family Dollar</td>
</tr>
<tr>
<td>8</td>
<td>BJs</td>
</tr>
<tr>
<td>9</td>
<td>Publix</td>
</tr>
<tr>
<td>10</td>
<td>Walmart</td>
</tr>
</tbody>
</table>

### Baby Food

<table>
<thead>
<tr>
<th>Top Retailers</th>
<th>Net Recommended</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Costco Wholesale</td>
</tr>
<tr>
<td>2</td>
<td>Target</td>
</tr>
<tr>
<td>3</td>
<td>Babies R Us</td>
</tr>
<tr>
<td>4</td>
<td>Publix</td>
</tr>
<tr>
<td>5</td>
<td>BJs</td>
</tr>
<tr>
<td>6</td>
<td>Albertsons</td>
</tr>
<tr>
<td>7</td>
<td>Meijer</td>
</tr>
<tr>
<td>8</td>
<td>HEB</td>
</tr>
<tr>
<td>9</td>
<td>Target</td>
</tr>
<tr>
<td>10</td>
<td>Walmart</td>
</tr>
</tbody>
</table>

---

Overall, thinking about your purchase of XXX, how likely would you be to recommend shopping at RETAILER for XXX to a friend? (SR)

Source: Lucros Partners Shopper Intelligence
ONLINE SALES FOR THE BABY CATEGORY

Driven by diapers and wipes
ONLINE BABY CATEGORY SALES REACH $240M IN 1ST HALF OF 2016

Diapers driving online baby category sales

Top CPG Categories Ranked by Online Sales
First Half 2016 | Numbers in millions (Health Supplements = 1 billion)

Source: 1010data

Top CPG Brands Ranked By Online Sales
First Half 2016

Optimum Nutrition
Blue Buffalo
Pampers
Royal Canin
Wellness
Now Foods
Huggies
Clinique
Hill’s Science Diet
Garden of Life
**BUSY MOMS SEEK THE CONVENIENCE OF ONLINE SHOPPING**

Busy, on-the-go moms look for ways to maximize time with child

"Why would you choose to go to the store when you literally have 2 hours to spend with your kid after work, when you could have what you need on your porch at home for the same or lower price. It's honestly a life saver! I don't know how working moms survived before Amazon."

-Hedish A., New Mom

Parents said that shopping with apps on their mobile phone or tablet is less stressful than going to a physical store for reasons that include:

- Don’t have to wait in line: 50%
- Don’t have to worry about out of stock items: 34%
- Don’t have to deal with other shoppers: 34%
- Don’t have to look for parking: 34%
- Don’t have to leave their sofa with baby in tow: 21%

56% Of Google searches related to maternity are done on mobile devices

2.7x New & expecting parents more likely than non-parents to use a smartphone as primary device

Source: Soasta Survey, 2013, Google Consumer Survey April 2015
DESPITE FEAR OF ECOMMERCE, BRICK & MORTAR HAS A LEG UP

A look at ecommerce data tells us new parents shop in-store

<table>
<thead>
<tr>
<th>Category</th>
<th>Instore</th>
<th>Online Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disposable Diapers</td>
<td>90%</td>
<td>10%</td>
</tr>
<tr>
<td>Wipes &amp; Wipe Holders</td>
<td>91%</td>
<td>9%</td>
</tr>
<tr>
<td>Formula</td>
<td>96%</td>
<td>4%</td>
</tr>
<tr>
<td>Skin Care (baby)</td>
<td>96%</td>
<td>4%</td>
</tr>
<tr>
<td>Baby Bath Items</td>
<td>97%</td>
<td>3%</td>
</tr>
<tr>
<td>Baby Food</td>
<td>98%</td>
<td>2%</td>
</tr>
<tr>
<td>Solid Food</td>
<td>98%</td>
<td>2%</td>
</tr>
<tr>
<td>Baby Remedies</td>
<td>99%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Baby Category
Online sales: $240M

Baby Category YOY growth online sales Q1 2015-Q1 2016: 11%

Source: InfoScout Panel Data, 1010 Data Market Insights
Baby Consumables Category at Albertsons/Safeway
Albertsons/Safeway shoppers are spending more in the mass channel for baby items. Here are the shares of the wallet for various baby items:

- **Baby Food**: 24%
- **Baby Remedies**: 20%
- **Solid Food**: 20%
- **Formula**: 15%
- **Skin Care (baby)**: 9%
- **Wipes & Wipe Holders**: 7%
- **Disposable Diapers**: 7%
- **Baby Bath Items**: 7%

**Last 52 weeks**

Albertsons/Safeway has an opportunity to gain dollars from the mass channel.

Source: InfoScout Panel Data
WHERE CAN ALBERTSONS/SAFEWAY GET THE BIGGEST BANG FOR THEIR BUCK?
Demand Index & Sales Data
STORES WITH HIGH DEMAND, BUT LOW SALES ON DIAPERS

Using demand and sales data to strategically activate insights

Source: Nielsen Spectra Demand Index; Nielsen RMS Data
STORES WITH HIGH DEMAND, BUT LOW SALES ON FORMULA

Using demand and sales data to strategically activate insights

Stores with low sales but high demand create opportunity area for Albertsons/Safeway

Source: Nielsen Spectra Demand Index; Nielsen RMS Data
STORES WITH HIGH DEMAND, BUT LOW SALES ON J&J BATH

Using demand and sales data to strategically activate insights

- High Sales - High Demand
- High Sales - Low Demand
- Low Sales - High Demand
- Low Sales - Low Demand

Stores with low sales but high demand create opportunity area for Target

Source: Nielsen Spectra Demand Index; Nielsen RMS Data
WHERE TO REACH NEW MOMS
Personal recommendations, Mommy Blogs & Social Media
PERSONAL RECOMMENDATIONS HAVE GREATEST IMPACT ON NEW MOM

New moms look for advice from grandma, family & friends

36%
Of new moms say they are influenced by their own mom

47%
Of new moms say they are influenced by other mom’s recommendations

66%
Of moms say they will try a product if someone they know recommends it, despite bad online reviews

With our first child we really depended on the help of my mom and our family.
- Ivy, 38, married mom of three

With my first child, I relied on advice from my friends who had babies recently.
- Amy, 30, married mom of two

Source: Mintel - Marketing to Moms 2015
NEW PARENTS ALSO LOOK ONLINE FOR ADVICE

New parents search online 54% more than experienced parents

REGULARLY USED SOURCES

<table>
<thead>
<tr>
<th>Source</th>
<th>New Moms</th>
<th>Experienced Moms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mom Blogs</td>
<td>42%</td>
<td>19%</td>
</tr>
<tr>
<td>Online Reviews</td>
<td>41%</td>
<td>28%</td>
</tr>
<tr>
<td>Magazines</td>
<td>40%</td>
<td>30%</td>
</tr>
<tr>
<td>Books</td>
<td>36%</td>
<td>25%</td>
</tr>
<tr>
<td>YouTube</td>
<td>35%</td>
<td>16%</td>
</tr>
<tr>
<td>Brand Websites</td>
<td>33%</td>
<td>18%</td>
</tr>
<tr>
<td>Mobile Apps</td>
<td>30%</td>
<td>12%</td>
</tr>
<tr>
<td>Branded Social Media</td>
<td>28%</td>
<td>11%</td>
</tr>
</tbody>
</table>

WHY THESE SOURCES?

35% Of moms say Mom Blogs offer useful advice & are informative

90% Of moms say online reviews influence purchase decision

THE PREVALENCE OF MOMMY BLOGS

Moms trust other moms & read their blogs, social media posts & brand recommendations

3.9M
Mommy Blogs in the U.S.

20,000
Monthly audience views of established mommy bloggers

90%
Of consumers trust mommy bloggers

61%
Of online consumers buy based on recommendations from a blog

The Pioneer Woman
3,920,755 followers

Dooce
1,749,287 followers

Scary Mommy
1,639,000 followers

Money Saving Mom
1,048,84 followers

The Bloggess
638,971 followers

Source: Mashable - The Rise of the Mommy Blogger; Alexa Rank
“Influencer” marketing agencies specializing in connecting brands to mom bloggers

“Our bloggers cover a wide range of topics, which allows us to curate our network to connect right influencers with each brand we work with for maximum success.”

“Harness our network of powerful bloggers and social influencers to spread your message across popular blogs and social media accounts.”

“CLEVER represents thousands of real people telling brand stories. We match brands with the right influencers to reach millions of the right consumers.”

Source: The Motherhood; Socialix; Real Clever
BRAND PARTNERED MOMMY BLOG EXAMPLES

Leveraging influential bloggers by utilizing them for blog contributions

Source: Various Mom Blogs
IT TAKES A VILLAGE TO RAISE A CHILD… AND SOCIAL MEDIA

Social media creates a community & provides information to moms

73%
Of moms use social media for brand recommendations

36%
Of moms have made a purchase based on a sponsored ad on social media

67%
Of moms believe they can influence a company by voicing their opinion on social networks

HOW SOCIAL MEDIA PLATFORMS CAN WORK FOR BRANDS

- Chance to connect emotionally & personally
- Platform for convenient & useful content
- Content that appeals to diversity of new mom’s roles
- Opportunity for authentic conversation

Source: Pew Research - Parents & Social Media July 2015; Salesforce - Social Engagement Benchmark Report; Punchbowl - The World of Digital Moms
FACEBOOK LEADS WITH MOMS

Mom's have a large network & brands have an opportunity to capitalize on their propensity to share

Moms Use a Range of Social Media Platforms

- Facebook: 81%
- Pinterest: 40%
- Instagram: 30%
- LinkedIn: 24%
- Twitter: 19%

Moms have a large network of Facebook friends

- 501+ friends: 11%
- 251-500 friends: 23%
- 101-250 friends: 20%
- 0-100 friends: 42%

Source: Pew Research - Parents & Social Media July 2015; Salesforce - Social Engagement Benchmark Report

76%
- Of moms share, post or comment on Facebook regularly

25%
- Of all social referral traffic is driven by Facebook

44%
- Of new moms said their Facebook use increased after birth
NEW MOMS CAN LOOK TO THE INSTORE EXPERIENCE FOR HELP WITH BABY

New moms are deciding which products are best for baby

### Mom's Influencers of Brand Decisions In-store

Index, moms vs total population, average = 100

<table>
<thead>
<tr>
<th>Influencer</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-store Kiosk</td>
<td>235</td>
</tr>
<tr>
<td>Signs or displays in the store</td>
<td>168</td>
</tr>
<tr>
<td>Coupons from Home</td>
<td>142</td>
</tr>
<tr>
<td>In-store circular</td>
<td>130</td>
</tr>
<tr>
<td>Requested by HH member</td>
<td>127</td>
</tr>
<tr>
<td>Item Price</td>
<td>126</td>
</tr>
<tr>
<td>Shopper Loyalty Card discounts</td>
<td>122</td>
</tr>
<tr>
<td>Newspaper circulars from home</td>
<td>110</td>
</tr>
<tr>
<td>Product label/packaging</td>
<td>102</td>
</tr>
<tr>
<td>Previous usage and trust of the brand</td>
<td>98</td>
</tr>
</tbody>
</table>

Source: SymphonyIRI, MarketPulse Survey 2012
NEW MOMS LESS SWAYED BY PRICE THAN EXPERIENCED MOMS

Look for large pack sizes, organic and convenient packaging

<table>
<thead>
<tr>
<th></th>
<th>New Mom</th>
<th>Experienced Mom</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am influenced by on sale items.</td>
<td>61%</td>
<td>73%</td>
</tr>
<tr>
<td>I am influenced by larger bulk size offerings.</td>
<td>34%</td>
<td>26%</td>
</tr>
<tr>
<td>Being organic or all-natural is an influencing factor.</td>
<td>41%</td>
<td>30%</td>
</tr>
<tr>
<td>I am influenced by convenient on-the-go packaging.</td>
<td>34%</td>
<td>21%</td>
</tr>
</tbody>
</table>

Source: CEB Iconculture - Marketing to Moms 2015
RECOMMENDATIONS
WHAT WE KNOW ABOUT THE BABY LANDSCAPE

New moms are vital to the baby category

Women are waiting longer to have children to be able to afford baby expenses.

Although women are waiting, most within child-bearing age say they do want children in the future.

New moms are looking for what’s best for baby, so price is not as important.

New moms trust brands who seem authentic and find ways to help mom cope with mommy-hood.

New moms look everywhere from their own parents, to online blogs, and the in-store experience for guidance when shopping for baby.

Although new moms say they want organic items, they tend to purchase more traditional items.
RECOMMENDATIONS

Catering to new parents who are looking for support to give baby the best

- Capitalize on new parents who want the best for baby, and are looking for information from trusted sources.
- Build a baby solution center that gives parents a sense of caring and personalization.
- Create a Baby Rewards program, with digital coupons, in addition to membership discounts in-store.

- Communicate to new moms via their most trusted sources, in a way that feels authentic and personal.
- Gain new mom loyalty and pique the interest of possible moms-to-be, to maintain loyalty after having a baby.
- Cater to busy, cash-strapped parents by making their shopping trip as convenient as possible.
CROSSMARK BABY CLIENTS

Unifying the Baby Category at CROSSMARK