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GLOBAL FOOD LEADERS PUT CSR ON BACK BURNER

Decision makers in food and consumer goods industries across 54 countries reveal key concerns in the second 'Top of Mind Survey' of the year from CIES

CIES – The Food Business Forum today released a mid-year update to its annual Top of Mind report, which was published in January. This latest survey shows that corporate social responsibility (CSR) is dropping down the list of priorities for the international food business sector, as the global economic crisis calls for changes to pricing, assortment and store formats.

The Top of Mind Survey shows 'corporate social responsibility' – including sustainable development, social standards and corporate governance – progressively falling from the industry's number one priority in January 2008 to third place in January and now fifth in June 2009 as recession bites across the world.

By contrast, 'the retail/brand offer' – which includes pricing, assortment and format – climbed to third place, up from fifth in January. Another mover was 'consumer marketing' (such as loyalty programmes, promotions, advertising) which rose one place to rank seventh.

Pre-eminent food industry body CIES, canvassed the top ten business priorities of its members, the CEOs and senior executives of international food retailers and manufacturers in the run-up to the World Food Business Summit, which takes place in New York June 17-19th.

Commenting on the results, CIES Summit Committee Chairman Gareth Ackerman, Pick n Pay Holdings, said, "While the fall of CSR may initially look troubling, I personally don't feel there is cause for concern. Between January 2008, when leaders gave it top priority, and now, retailers and manufacturers alike have completely rebuilt their business models to incorporate environmental and social sustainability into the DNA of their companies. Going forward, all business decisions must pass through the sustainability filter, or be rejected."

The Industry Response

"This shift demonstrated in our survey is timely and to be expected. With the current sharp decline in consumer demand, the consumer goods industry needs

to concentrate on keeping its customers satisfied and its employees in work. The industry must make adjustments to its core offers, reviewing prices to support those hardest hit by the downturn and ensuring assortments remain relevant," said CIES CEO, Alan McClay. "We have seen our retail members respond by enlarging their low-price store brands ranges and tweaking formats to help shoppers find the best deals quickly. The industry has for years worked hard on sustainability. Now that the systems are in place to learn how to minimise the environmental and social impact of doing business, the industry must turn its attention to supporting consumers through the current downturn."

See over for complete survey results

CIES TOP OF MIND – JUNE 2009

	ISSUE	% choosing issue	RANKING JUNE 2009	RANKING JAN 2009	RANKING JAN 2008
1	The economy and consumer demand (eg energy costs, demographic change, consumer trends)	56.9	1	1	4
2	Food safety (eg standards, traceability, consumer confidence)	33.6	2	2	2
3	The retail/brand offer (eg price-points, assortment, format)	32.8	3	=5	8
4	The competitive landscape (eg consolidation, discount, new channels)	31.6	4	4	9
5	Corporate social responsibility (eg sustainable development, social standards, corporate governance)	28.9	5	3	1
6	Retailer-supplier relations (eg trade costs, pricing collaboration)	25.7	6	=5	5
7	Consumer marketing (eg loyalty programmes, promotions, advertising)	22.1	7	8	11
8	Consumer health & nutrition (eg product development, labelling, education)	18.6	8	7	3
9	Technology and supply chain (eg in-store technology, RFID, out-of-stocks, logistics)	16.2	9	9	7
10	Human resources (eg staff recruitment and retention, operational performance)	11.5	10	10	6
11	Internationalisation (eg international expansion, global sourcing)	11.1	11	11	10
12	Regulations (eg store openings, pricing, labelling)	8.3	12	12	12

NOTES TO EDITORS

The CIES Top of Mind survey aims to track the changes in priority of key decision makers in the global food and consumer goods industry.

METHODOLOGY

This survey reflects the responses of 256 food business leaders at CEO and senior management level. Members are shown 12 issues and asked to rank the top three most pressing for their business and the industry. Percentages are therefore calculated on a basis of 256. CIES has, over 56 years, built a unique relationship of trust with its members. The organisation is able to tap the business intelligence of its membership by assuring respect and anonymity. By asking open questions CIES attracts rich data, opinion and experience. Our commentary synthesises these responses. **Please cite "CIES –The Food Business Forum, Top of Mind Survey, June 2009" when quoting.**

FOR FURTHER INFORMATION PLEASE CONTACT:

Jane Fordham GolinHarris for CIES Mobile: + 44 (0) 7770 401 436 jfordham@golinharris.com	Marc van der Liet CIES France Phone: (+33) 1 44 69 99 30 m.vanderliet@ciesnet.com
Liddy Chillcott GolinHarris for CIES Mobile: +44 (0) 770 905 4510 lchillcott@golinharris.com	Anne Malbrancq CIES France Phone : (+33) 1 44 69 99 20 a.malbrancq@ciesnet.com