COVID-19 Impact on FMCG & Retail

LOOKING INTO THE FUTURE

PANAGIOTIS BORETOS
MANAGING DIRECTOR

September 16, 2020

IRi
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Agenda

- IRI Markets Dashboard FMCG in Western Europe
- Greece Overview
- Forecasting 2020 - 2021

FMCGs in Uncertain Times - Executive Summary

As we are entering into a new normal era, there are some TRENDS TO WATCH across Western European countries:

- After **unprecedented value sales growth** (+9%) due to panic stockpiling, FMCG demand remains high in the region (+4%) with the Netherlands leading the way, while Italy has slowed down.
- Despite the holiday season, social distancing and the economic crisis are **not helping out-of-home** consumption.
- This year summer holidays have been **more local than before with less travel abroad**.
- **Online growth remains high**. In Italy, it is forecast to reach 4% share by the end of 2021 and 7.7% in France by the end of this year.
- **Discounters and supermarkets performance are back to normal.**
- Supermarkets are actioning again the **promotions mechanic** to bring shoppers in store and to compete with discounters.
- **Traffic has decreased** -10% in hypermarkets and supermarkets in France since lockdown **but basket size is 11% bigger**.
- **Food & drinks price inflation** has accelerated since the beginning of the pandemic (+ 5%+) as promotional intensity dropped during the lockdown (-6%+).
- Supply chain issues and the economic crisis are bringing consumers to **prefer and expect more national and local products**

FMCGs in Uncertain Times - Executive Summary

In this shifting context these TRENDS CAN BE TURNED INTO OPPORTUNITIES:

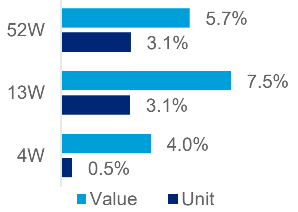
- The shrink **of out-of-home consumption remains an opportunity for FMCG retailers**.
- **Consumers eating more at home** is impacting demand in categories such as healthy food, treats, ready-to-cook and ready meals.
- Channel shifting and the growth of the Click & Collect option will require **identifying and distributing products by channel**.
- Mobility restriction has enabled **the reach of new shoppers** that retailers can turn into loyal online shoppers.
- Shoppers will choose between a **national supportive behaviour** (buying national to save jobs) and the **best price**.
- Expect **weak prices** (estimation for Italy: average 2021 -0.3%) due to increased promotions to support weak demand.
- Shoppers want to have the possibility to choose between national brands and private label national.

IRI FMCG Trends - Western Europe

Data to 26th July – 2nd August 2020. Note: Netherlands is not updated with July data

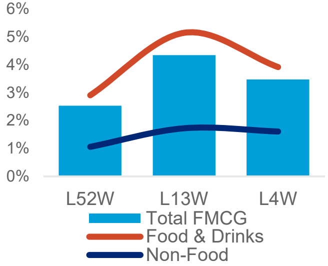
TOTAL PERFORMANCE

% Change



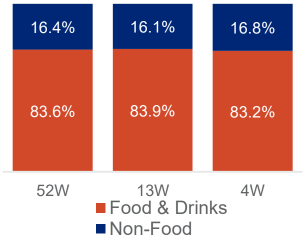
PRICE

Unit Price % Change on Last Year



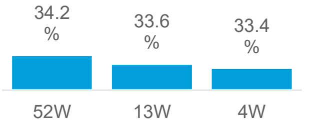
FOOD & DRINKS VS. NON-FOOD

Value Share

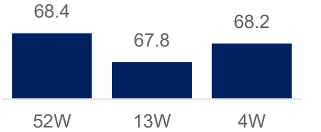


BRANDS VS. PRIVATE LABEL

Private Label Value Share



PL Price Indexed on Brand Price



PROMOTIONS

Value Sold on Deal % Change

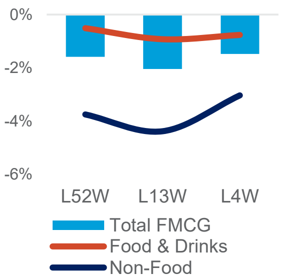
Last 4Wks
+5.3%

Last 13Wks
-1.0%

Last 52Wks
-0.7%

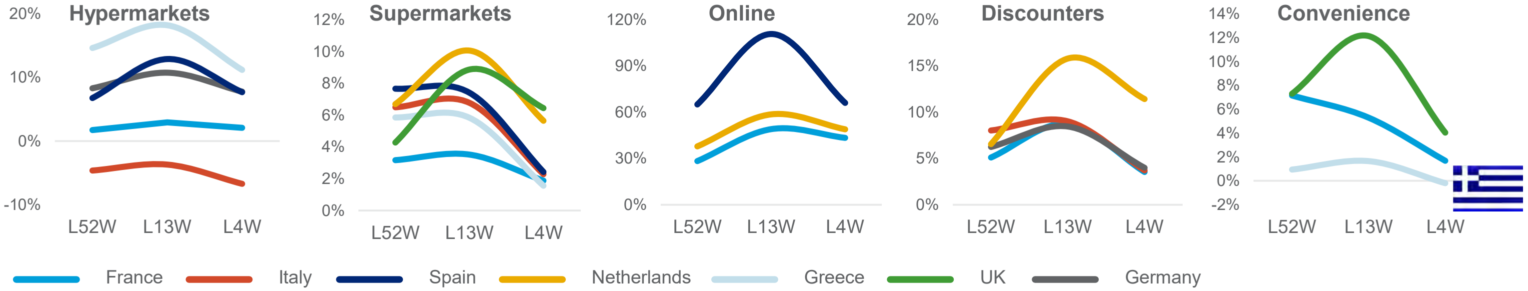
RANGE

Avg. Items Sold % Change on Last Year



CHANNELS

% Value Change vs. Last Year



Source: IRI Liquid Data® and IRI Infoscan® ● Channel: Refer last slide for channel information. ● Note: Value sales for UK converted at 1.12 per Pound to Euro to get total Europe numbers (Source – XE.com dated 31st August 2020).

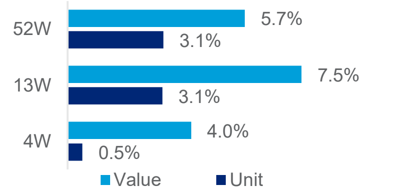
FMCG Demand Trends Overview - Western Europe

Data to 26th July – 2nd August 2020

France | Italy | Spain | Netherlands | Greece | UK | Germany

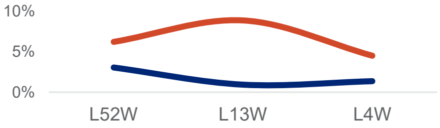
TOTAL PERFORMANCE

% Change



FOOD & DRINKS VS. NON-FOOD

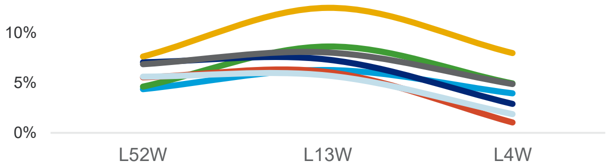
Value Sales % Change on Last Year



Unit Sales % Change on Last Year

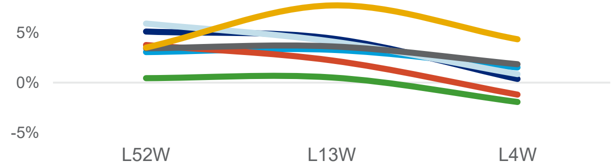
FMCG

Value Sales % Change on Last Year



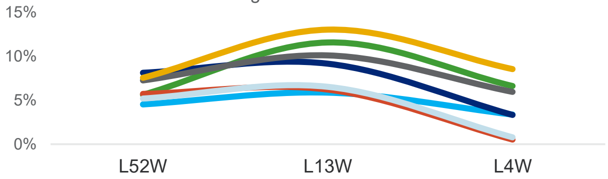
FMCG

Unit Sales % Change on Last Year



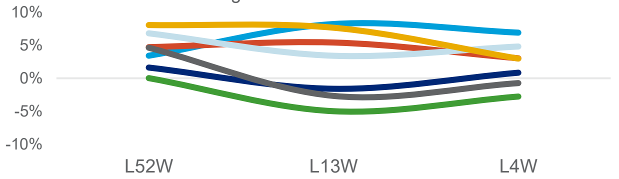
FOOD & DRINKS

Value Sales % Change on Last Year

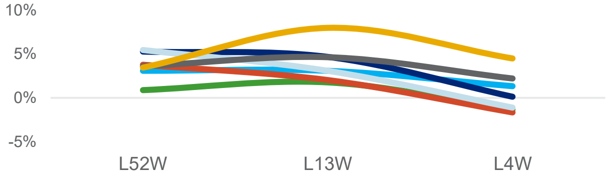


NON-FOOD

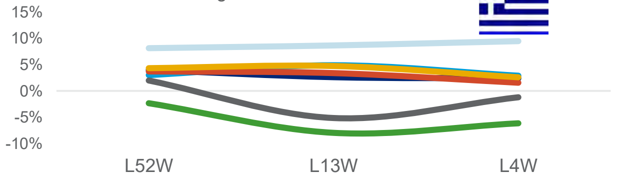
Value Sales % Change on Last Year



Unit Sales % Change on Last Year



Unit Sales % Change on Last Year



Source: IRI Liquid Data® and IRI Infoscan® ● Channel: Refer last slide for channel information ● Note: Value sales for UK converted at 1.12 per Pound to Euro to get total Europe numbers (Source – XE.com dated 31st August 2020)
Note: Netherlands is not updated with July data.

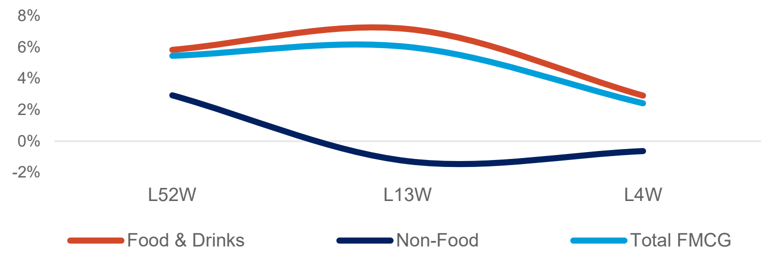
FMCG Brands & Private Label Demand Trends Overview - Western Europe

Data to 26th July – 2nd August 2020

France | Italy | Spain | Netherlands | Greece | UK | Germany

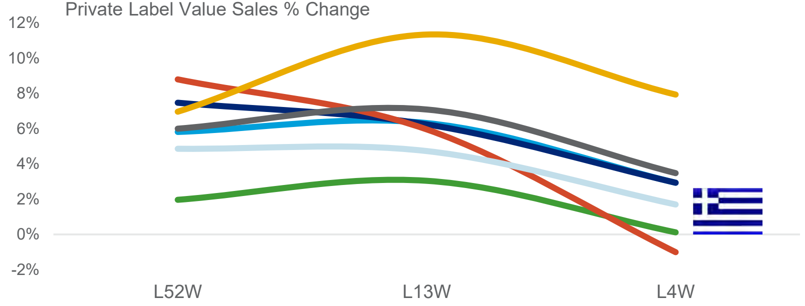
PRIVATE LABEL

Value Sales % Change



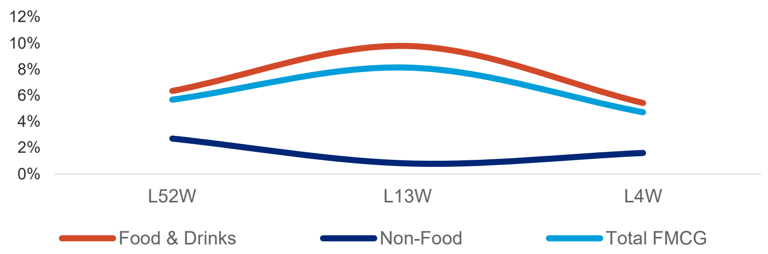
FMCG

Private Label Value Sales % Change



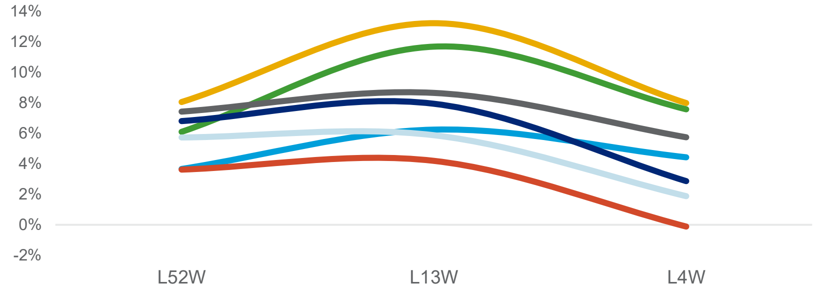
BRANDS

Value Sales % Change



FMCG

Brand Value Sales % Change



Source: IRI Liquid Data® and IRI Infoscan® ● Channel: Refer last slide for channel information ● Note: Value sales for UK converted at 1.12 per Pound to Euro to get total Europe numbers (Source – XE.com dated 31st August 2020).
Note: Netherlands is not updated with July data.

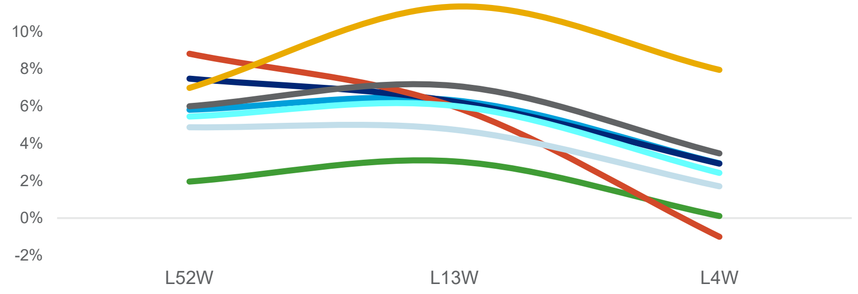
Manufacturers performance based on size - Western Europe

Data to 26th July – 2nd August 2020

France | Italy | Spain | Netherlands | Greece | UK | Germany | Total FMCG

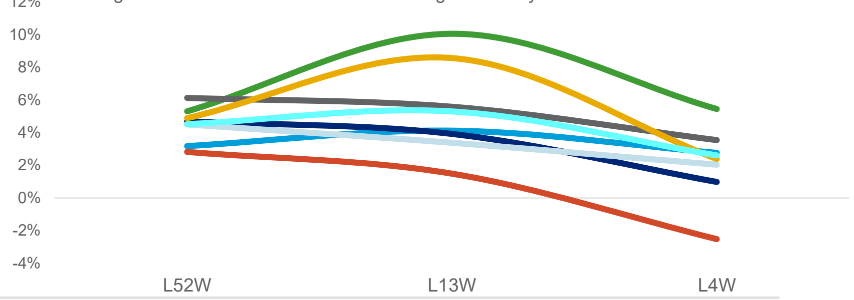
PRIVATE LABEL

Private Label Value Sales % Change on Last year



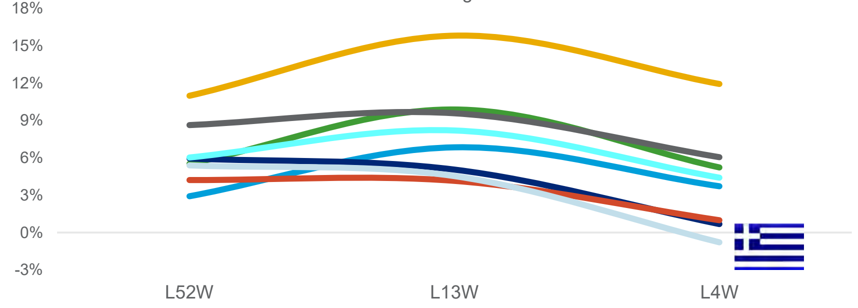
LARGE

Large manufacturers Value Sales % Change on Last year



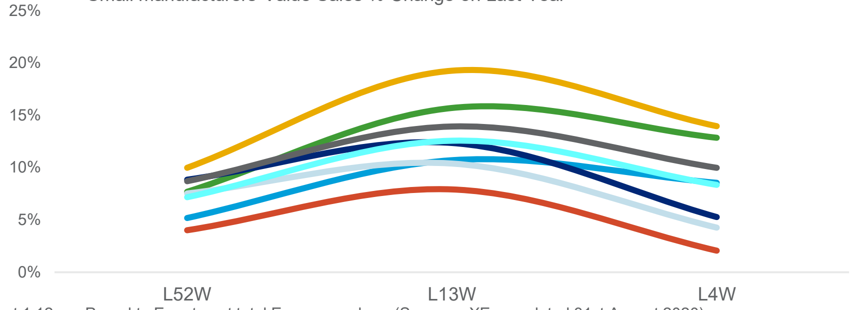
MID-SIZE

Mid-Size manufacturers Value Sales % Change on Last Year



SMALL

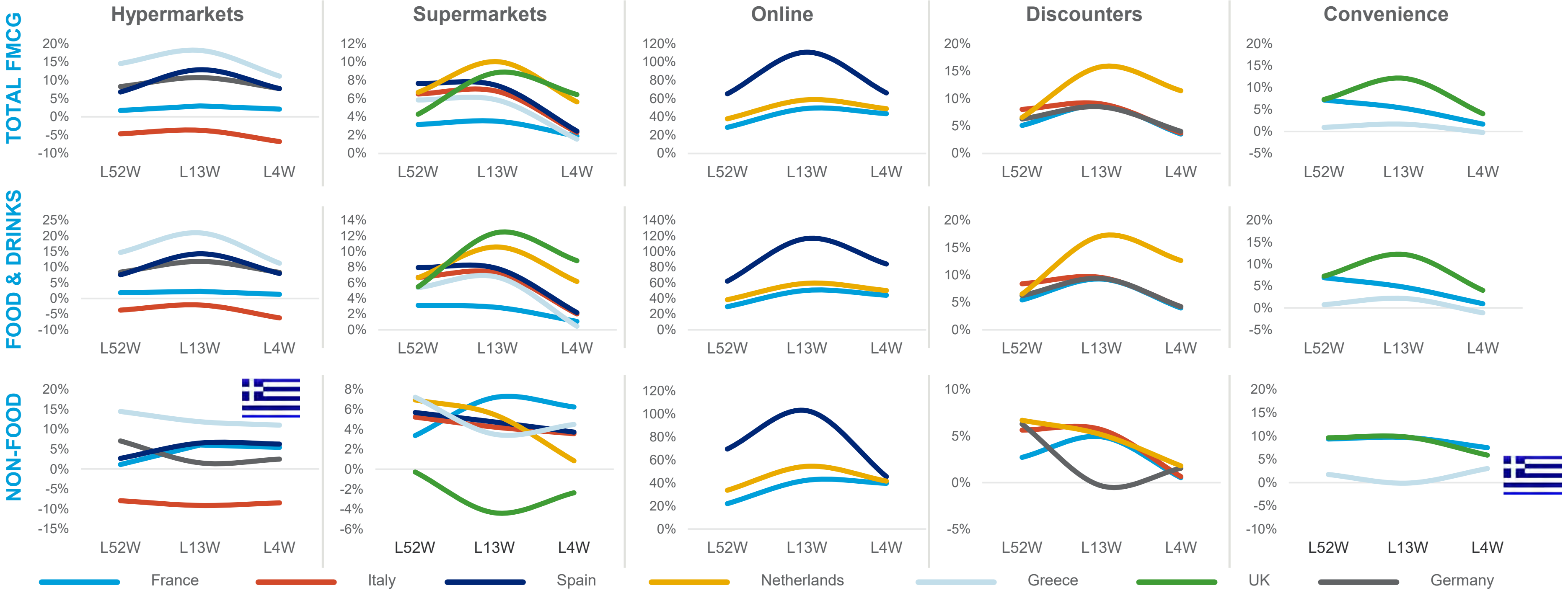
Small manufacturers Value Sales % Change on Last Year



Source: IRI Liquid Data® and IRI Infoscan® • Channel: Refer last slide for channel information • Note: Value sales for UK converted at 1.12 per Pound to Euro to get total Europe numbers (Source – XE.com dated 31st August 2020). Please refer last slides for the criteria used to split manufacturers into the 4 groups for each country. Note: Netherlands is not updated with July data.

Channels Performance Overview - Western Europe

Data to 26th July – 2nd August 2020 ● Channels % Value Change vs. Last Year



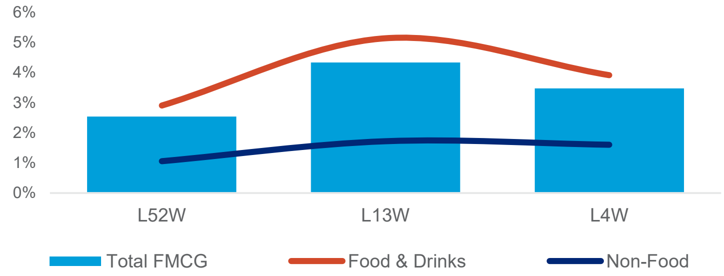
Source: IRI Liquid Data® and IRI Infoscan® ● Channel: Refer last slide for channel information. ● Note: Value sales for UK converted at 1.12 per Pound to Euro to get total Europe numbers (Source – XE.com dated 31st August 2020).
Note: Netherlands is not updated with July data.

Price and Promotion Trends Overview - Western Europe

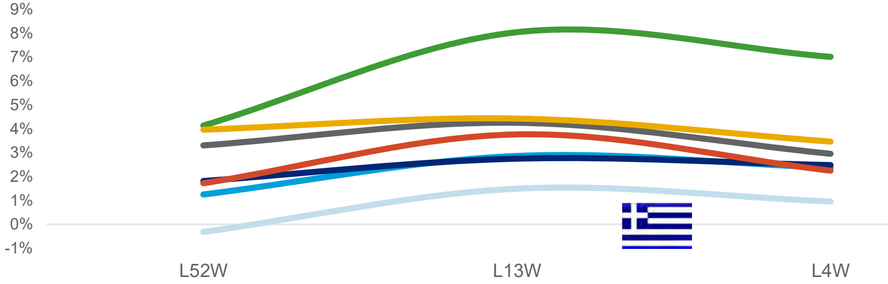
Data to 26th July – 2nd August 2020

France Italy Spain Netherlands Greece UK Germany

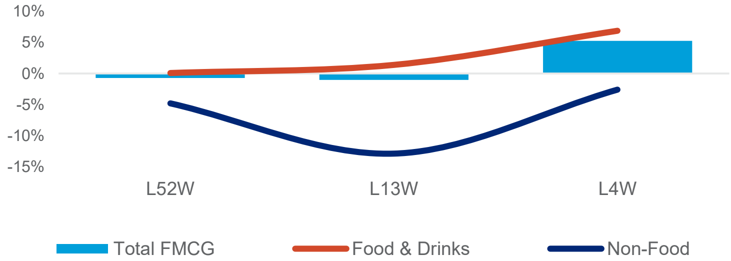
PRICE
Unit Price % Change on Last Year



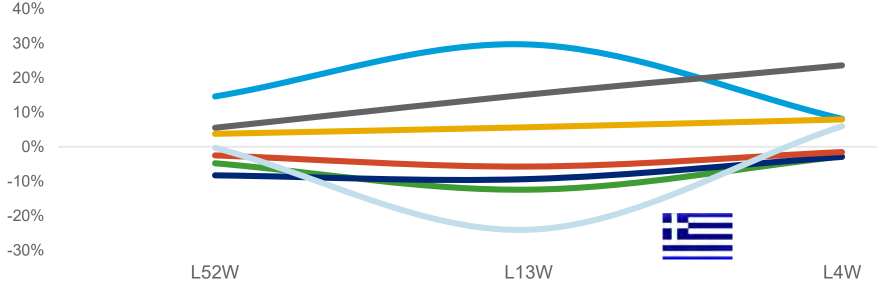
FMCG
Unit Price % Change on Last Year



PROMOTION
Value sold on deal % Change



FMCG
Value sold on deal % Change



Source: IRI Liquid Data® and IRI Infoscan® ● Channel: Refer last slide for channel information ● Note: Value sales for UK converted at 1.12 per Pound to Euro to get total Europe numbers (Source – XE.com dated 31st August 2020).
Note: Netherlands is not updated with July data.

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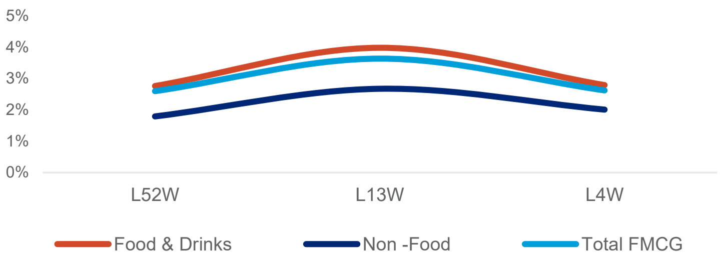
Brands & Private Label Price Trends - Western Europe

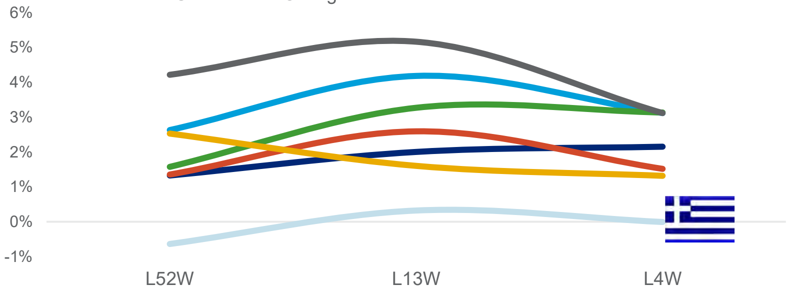
Data to 26th July – 2nd August 2020

France · Italy · Spain · Netherlands · Greece · UK · Germany

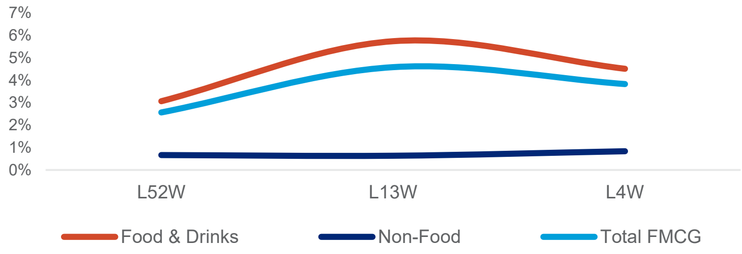
PRIVATE LABEL
Unit Price % Change



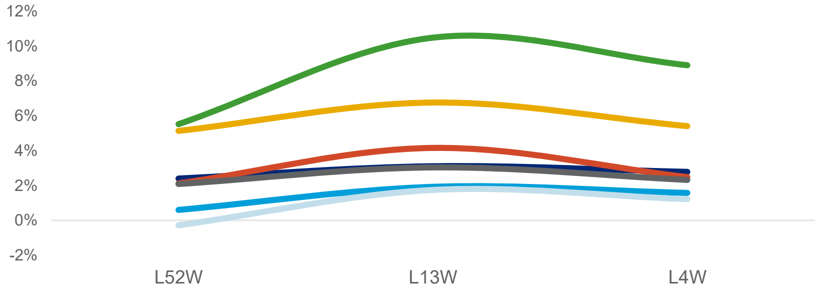
FMCG
Private Label Unit Price % Change



BRANDS
Unit Price % Change



FMCG
Brands Unit Price % Change



Source: IRI Liquid Data® and IRI Infoscan® ● Channel: Refer last slide for channel information ● Note: Value sales for UK converted at 1.12 per Pound to Euro to get total Europe numbers (Source – XE.com dated 31st August 2020).
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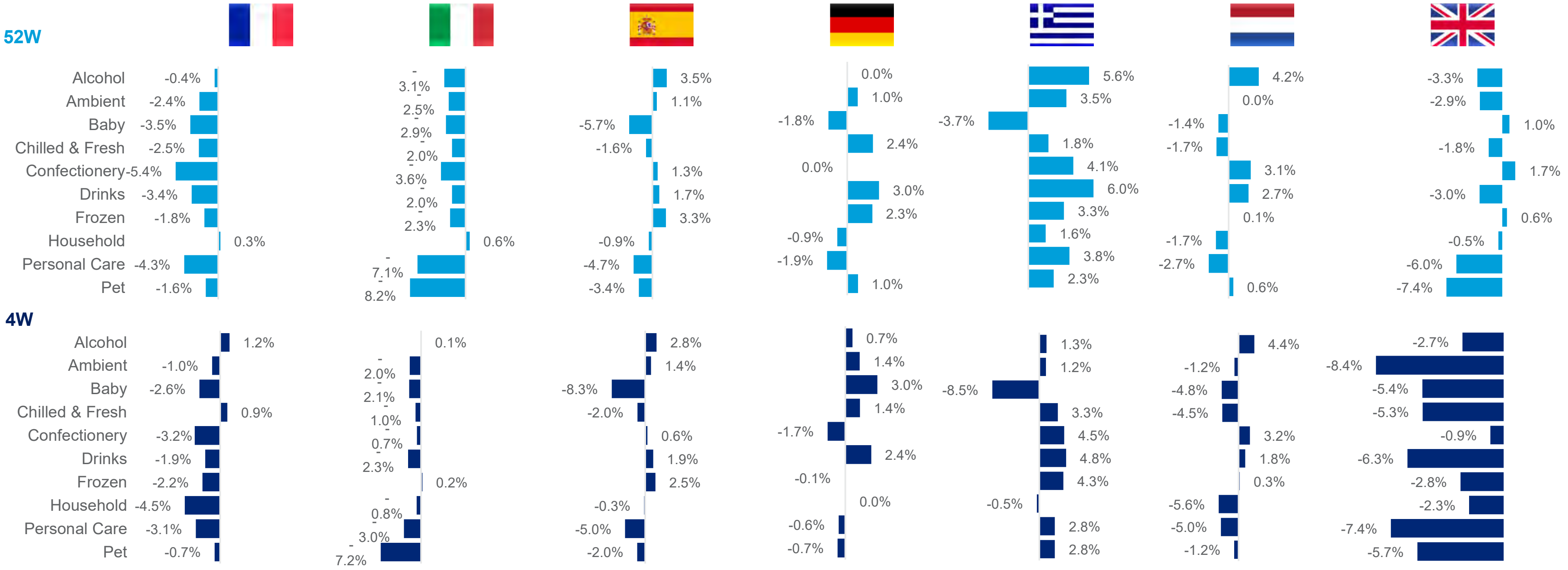
Range Macro Category View - Western Europe

Data to 26th July – 2nd August 2020 ● Avg. Items Sold % Change on Last Year

MACRO CATEGORIES RANGE CHANGE



Source: IRI Liquid Data® and IRI Infoscan® ● Channel: Refer last slide for channel information
Note: Netherlands is not updated with July data.

Key Questions

FMCG TRENDS

- How can you anticipate category and segment trends in the next 6-12 months?

CHANNEL PERFORMANCE

- How prepared are you to deal with e-commerce? Do you have the right range, pricing and structure to deliver the right experience to retain your shoppers?
- What is your strategy in terms of hard discount?
- How will you protect your pricing structure from direct comparison with grocery supermarkets? With discounters? With pure players?
- What is the expected growth by channel and how do you capture your fair share?

FMCG PRICE & PROMOTION

- Is your pricing architecture working vis-à-vis the new situation?
- Which are the mechanics that are most effective?
- Which categories are more price elastic?
- Which product attributes will keep your shopper loyal and at which level of price?

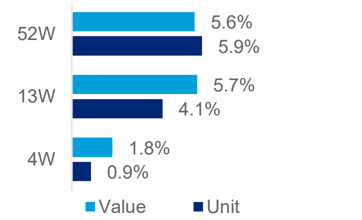
GREECE OVERVIEW

Growth delivered.

IRI FMCG Market Dashboard

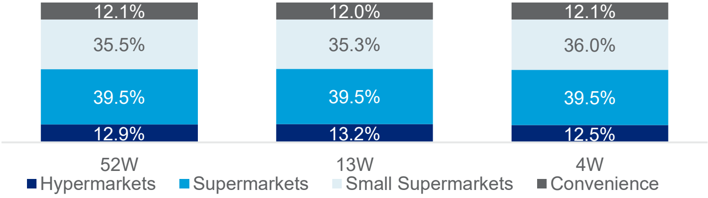
Data to 26th July 2020

TOTAL PERFORMANCE



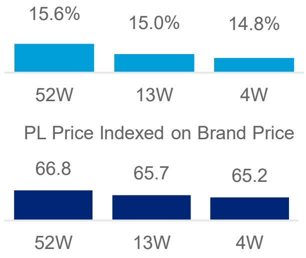
CHANNELS

Value Share of IRI Universe



BRANDS VS. PRIVATE LABEL

Private Label Value Share



PROMOTIONS

Value Sold on Deal % Change

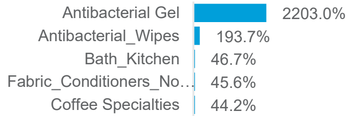
Last 4Wks **+6.0%**

Last 13Wks **-24.0%**

Last 52Wks **-0.3%**

TOP 5 Categories > 500K € in L4W

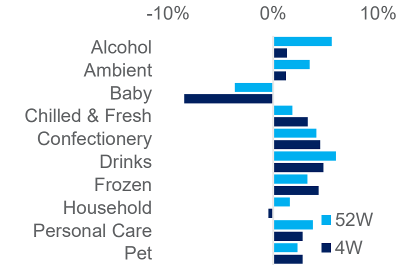
% Value Change – Last 4Wks



BOTTOM 5 Categories > 500K € in L4W

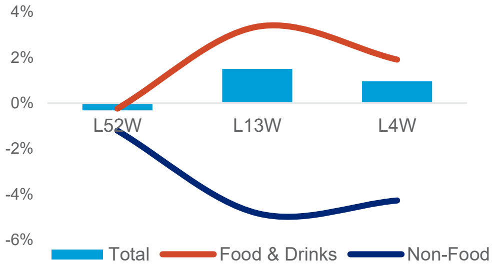
RANGE

ACV Avg. Items Sold % Change on Last Year



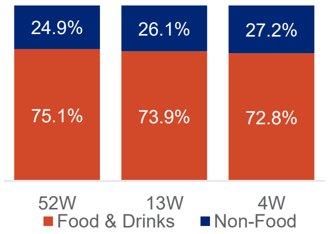
PRICE

Unit Price % Change on Last Year



FOOD & DRINKS VS. NON-FOOD

Value Share

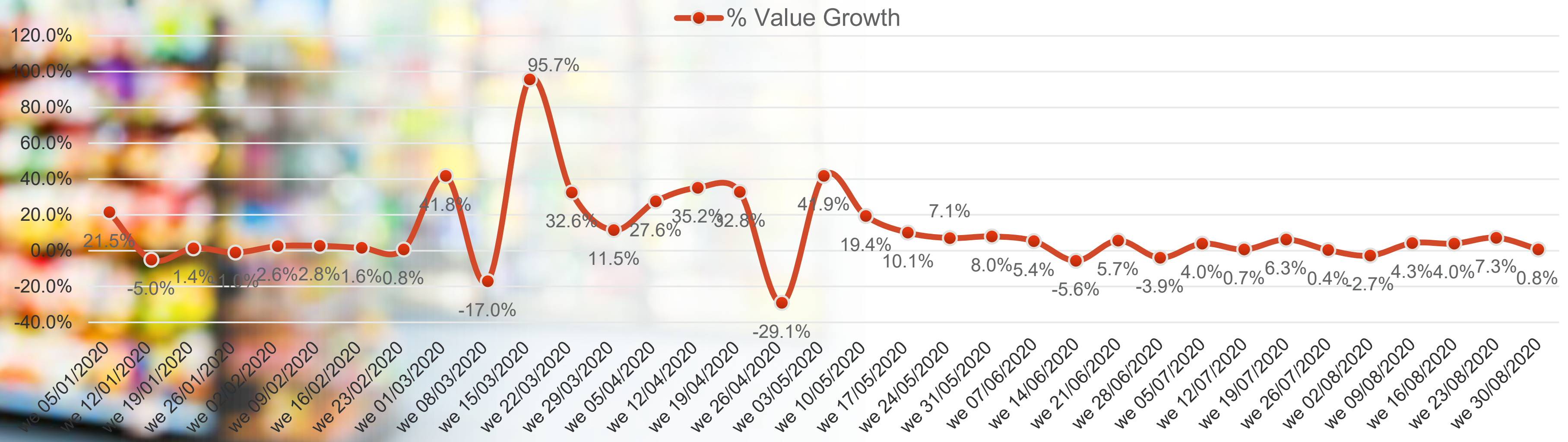


Source: IRI Infoscan® • Channel: Hypermarkets, supermarkets, small supermarkets and convenience. Top categories filtered by categories > 500K Euro sales in the last 4 weeks. Other countries have larger threshold due to the size of category sales.

Weekly Value Sales Trends for SM/HM 2020

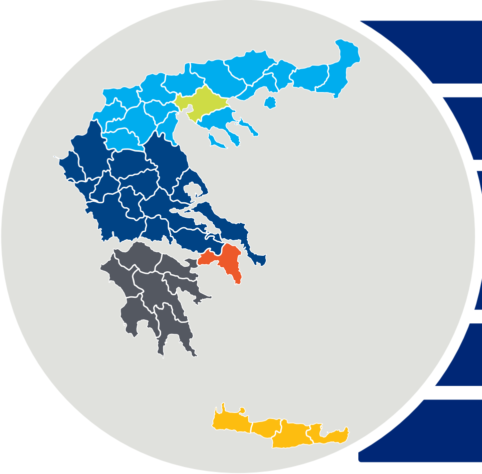
HM/SM Weekly Value Sales Trends (calendar weeks comparison)

YTD vs YTD,YA: +9.8%



Areas value growths and contributions

w.e. 30.08.20 vs w.e. 01.09.19



Attica	49.8%	+0.9%
Salonika	9.7%	-0.3 %
Center	14.3%	+3.7%
North	10.0%	-3.9 %
Pel/sos	9.0%	+7.9%
Crete	7.2%	-4.7 %

Shop Types value growths and contributions

w.e. 30.08.20 vs w.e. 01.09.19

2500+ sqm	13.7%	+4.5%
1000-2500 sqm	39.8%	+1.7%
400-1000 sqm	35.1%	-0.6 %
0-400 sqm	11.4%	-1.9 %

FORECASTING 2020 - 2021

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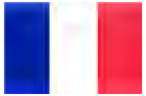
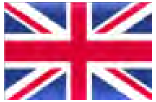
IRI COVID-19 Forecasting Solution

IRI developed a custom to COVID dynamics forecasting approach to tackle with these unprecedented challenges

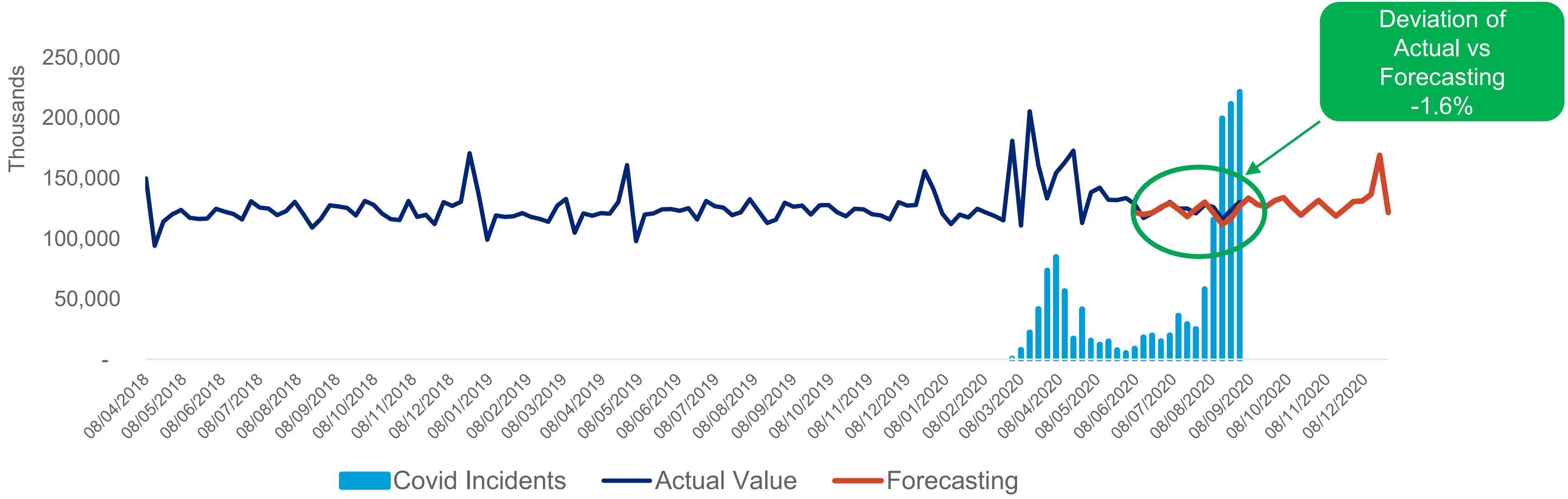
Forecast of the Revenue Growth of FMCG

Total FMCG per country

	2019	2020p	2021p
	-	+4.2%	-2 - -4%
	+2.4%	+4.6%	-3.6%
	-0.3%	+4.9%	-3.5%

Trend of total FMCG value sales and Forecasting

	March to August (COVID – 19 period)	YTD Actual	Rest Year	Total Year 2020	2021
2020 vs 2019	+10.9%	+9.1%	+2.7%	7.0%	-5.8%



questions & answers

thank you!