

#### **Objectives**

- Benchmark how the Irish consumer is feeling
- Brand implications
- Changing media habits
- Deep dive into the biggest ever period for Irish Grocery
  - Changes in shopper behaviour
  - Categories most impacted
  - Role of online
- New "normal" for retailing
- Exploring possible futures
- Q&A

#### Your Experts for Today's session



**Louise Soye** Client Director Insights Division | Kantar



**Eimear Faughnan** Managing Director Ireland Media Division | Kantar



David Berry
Managing Director Ireland
Worldpanel and Insights Division | Kantar



Ray Gaul SVP European Retail Insights Division | Kantar



Charlie Warwick Head of Futures EMEA Consulting Division | Kantar

## **KANTAR**

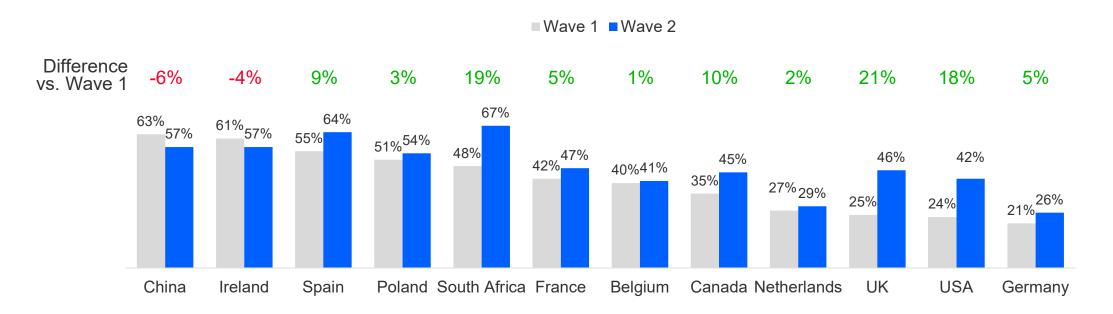
Covid-19 Monitor

Brand implications and consumer behaviour evolution

Louise Soye, Client Director, Insights Division

# Around the world, the pandemic is causing a high level of concern. In wave 2 of our COVID-19 Monitor significant increases are evident in the UK, South Africa and US

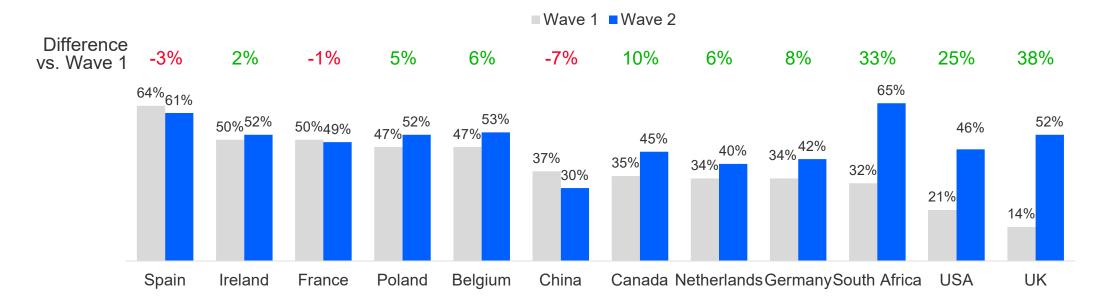
"The situation concerns me hugely"





# Social distancing, lockdowns and other disruptions are leading to daily lives being heavily impacted. Large uplifts measured from Wave 1 to Wave 2 for UK, South Africa and US

"The situation is impacting my day-to-day life"

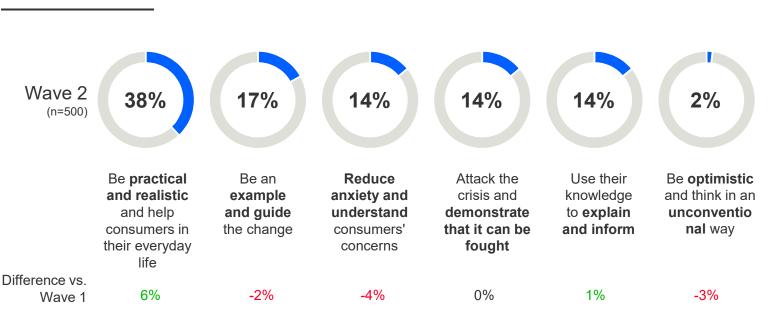




In Ireland, and internationally, consumers want brands to help and comfort them. They are also looking for brands to lead by example and understand them. Consumers also agree this is not a time for brands to be optimistic or unconventional



#### Brands should...





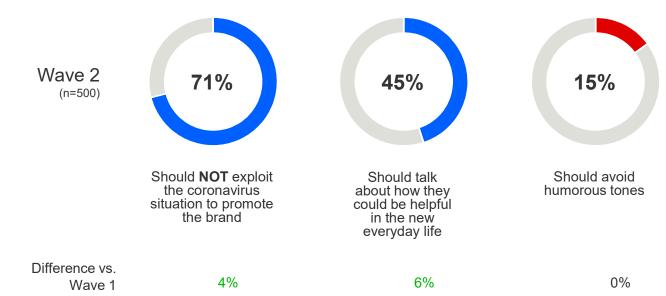


## Irish consumers don't want brands to stop advertising but it mustn't be seen as exploitative, inauthentic or inappropriate





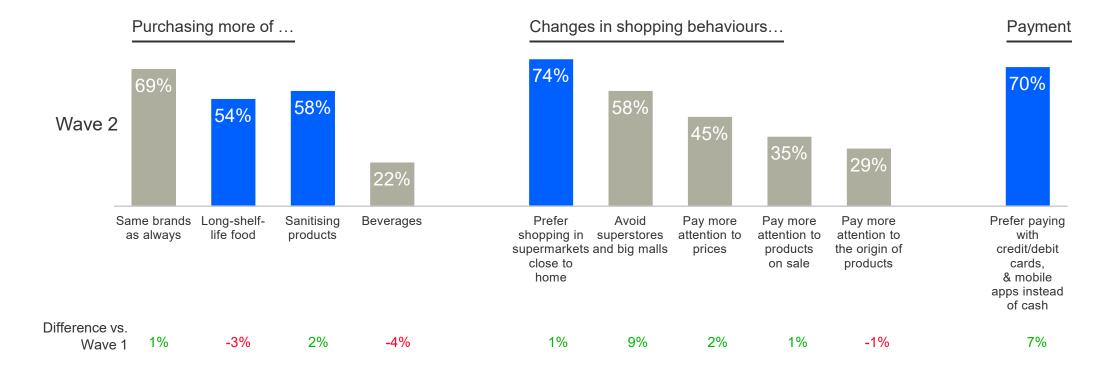
#### Advertising should...





# We see an increase for the purchase of 'stock up' products, such as long shelf-life food and sanitizing products. Product discounts, offers and provenance appear to be less important in this time of crisis



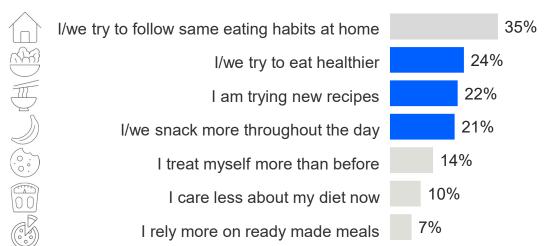




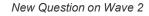
Focus is on trying to maintain eating habits. 1 in 4 trying to eat more healthier in comparison to last month, although 1 in 7 of us are treating ourselves more. Some consumers being more adventurous and trying new recipes



#### I completely agree ...



Jamie Oliver wins praise for new show 'Jamie: Keep Cooking and Carry On' in response to COVID-19





## **KANTAR**

Covid-19 is changing our media habits — and what this means for your marketing strategy



Eimear Faughnan, MD Kantar Media Ireland

#### People are watching more TV during the crisis... particularly during weekdays

We are seeing higher TV viewing levels due to greater availability to view as people practice social distancing and self-isolation.











All things being equal this represents potentially greater value for advertisers as audience delivery should drive down cost per thousand rates – particularly in weekday daytime slots.

#### The five ways Covid-19 is changing our viewing habits...

... and what they mean for advertisers in Ireland



People are watching more TV during the crisis - particularly during weekdays

This
represents potentially
greater value for
advertisers as audience
delivery should drive
down cost per
thousand
rates – particularly in
weekday daytime slots

2

Younger audiences are driving the increase in viewing

TV amongst younger viewers is increasing during this crisis, presenting an opportunity for advertisers to reach their target audiences in proven, effective ways.

3

Breaking news and breaking audience records

Advertisers can look to benefit from these large audiences but must be mindful of the environment and context within which they are advertising.



Growth in viewing shared amongst linear and non-linear platforms

The investment
in measurement
is significant, but at
times like this, we can
see the payoff in
extending measurement
across all
distribution platforms.

5

The most-impacted sectors are reducing TV advertising

Automotive and travel categories are quickly reacting to withdraw from advertising; however, packaged goods advertising is yet to see a consistent decline, but there could be an issue around advertising goods that are not in store.

#### Increases in news coverage on Covid-19 across print and online sources





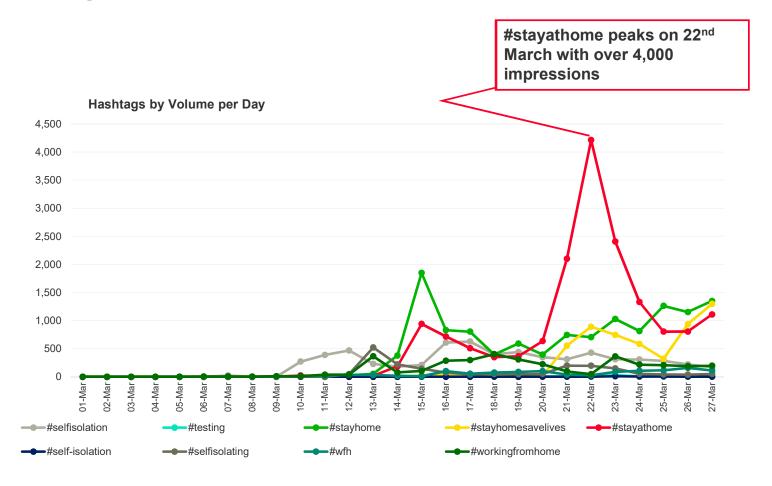
#### Print Advertising has significantly decreased in the past 4 weeks

However, grocery advertising is increasing for some retailers





#### **Social trends during March**

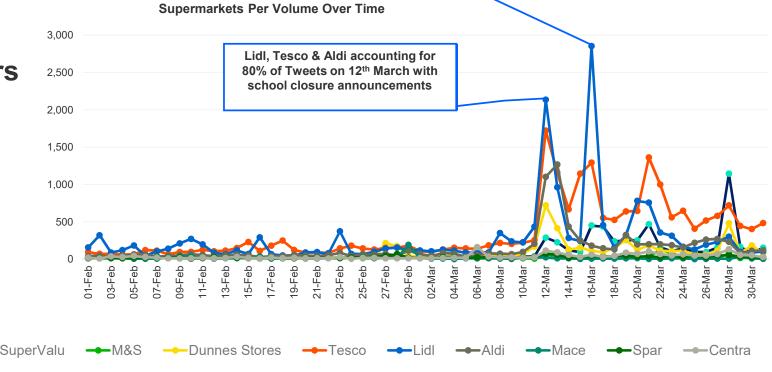




#### **Grocery social media activity**

Lidl accounting for 50% of Tweets on 16<sup>th</sup> March with their announcements for dedicated opening hours for the elderly.

# Social media offers advertisers amplified reach



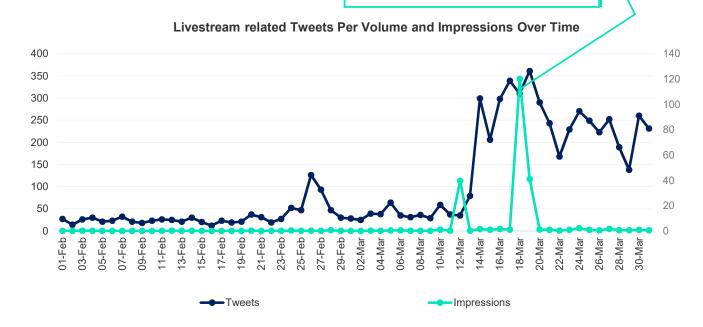




#### Staying connected and keeping busy

A new way of living...

Niall Horan's Heartbreaker listening party on Spotify generated over 39 million Impressions on 18 March via 15 tweets





zoom is the biggest winner , +800% tweet volumes from feb to march Christine Matthews, 02/04/2020CM2

#### In summary

#1

Advertisers have captive inhome audiences consuming increased hours across all dayparts

#2

Breaking news on trusted news sources offers advertisers large audiences. This should translate into better cost per thousands. #3

Social media conversations amplifies the extended reach of paid advertising

### **KANTAR**

# Deep dive into the biggest ever period for Grocery

Worldpanel data for 4we period to 22<sup>nd</sup> March



David Berry, Worldpanel & Insights MD Ireland

#### **Market & Shoppers**

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#### March 2020 – the biggest month of take-home Grocery shopping ever seen

€1.1<sub>bn</sub> **Grocery Value sales** +€228m YoY

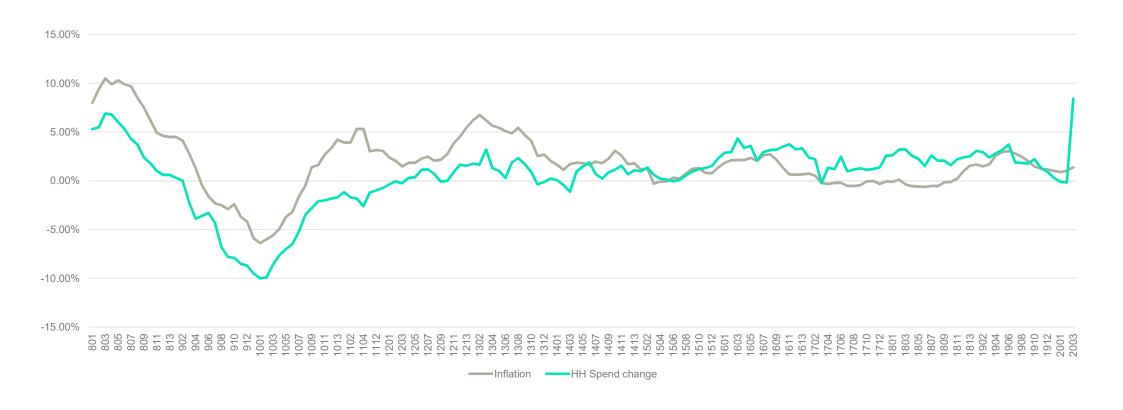
+26.9% 1.25<sub>x</sub>
Value Sales growth YoY

Larger than an average response.

Larger than an average month

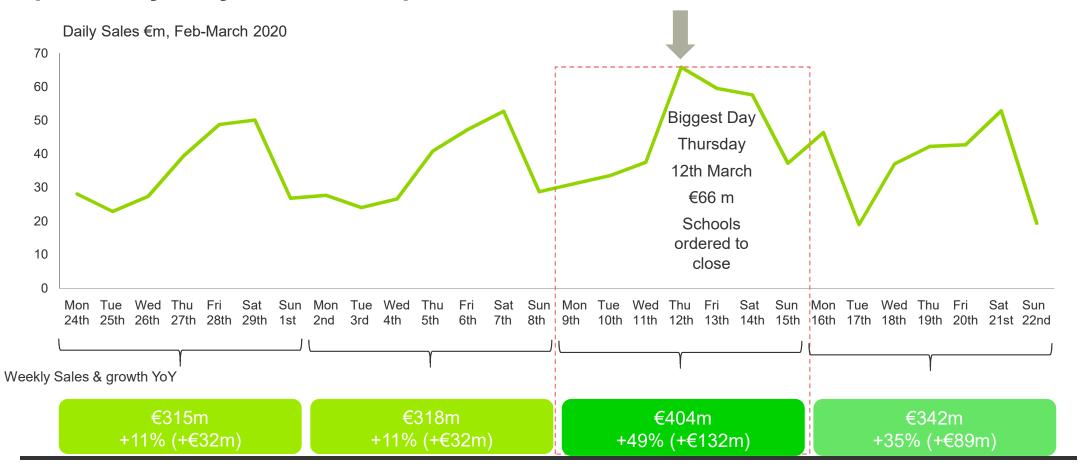
#### Monthly inflation stands 1.4% - growth is volume driven rather than inflationary

Rolling 12we Grocery value growth and inflation



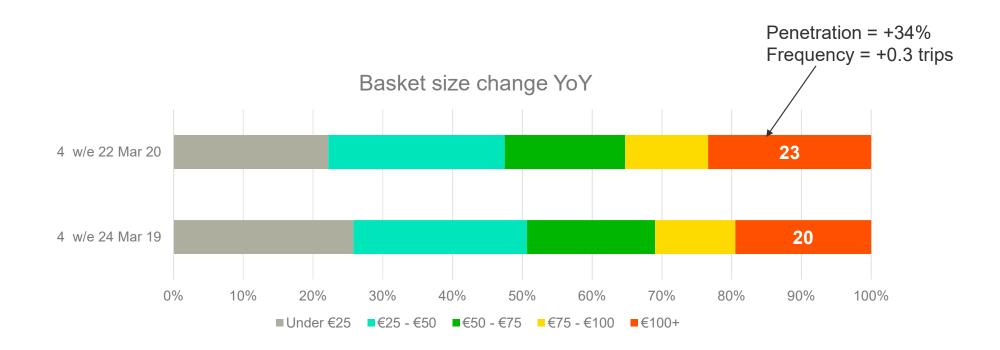


## Thursday 12<sup>th</sup> March, the day school closures were announced was the biggest "panic buy" day with €66m spent in stores



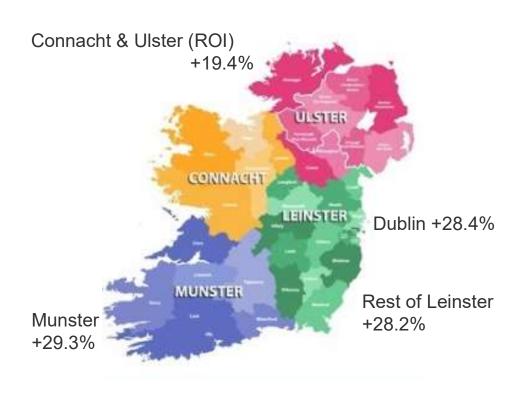


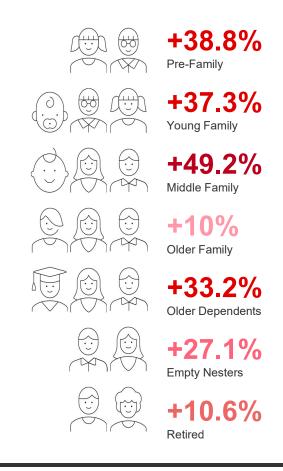
# Trolley shops increased in importance. 23% of market spend was through €100+ Trolley shops this year



#### Strongest growth seen in Munster, and amongst Middle Families

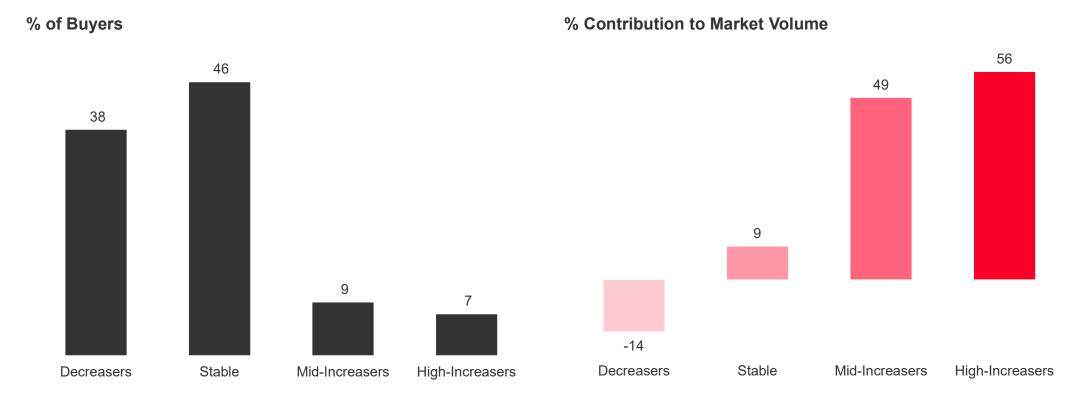
4we Value growth €%





# The 7% of HHs who increased volume by >100% account for 56% of March's volume growth

'Stocking up' spectrum





#### More about our stock ups shoppers

- More likely to be Rest of Leinster (ex Dublin) and Connacht/Ulster based than the average shopper
- All three major multiples are over performing with these shoppers
  - Tesco has 24.1% of their volume vs 22.8% av shopper
  - SuperValu has 20.2% vs 18.6%
  - Dunnes has 19.1% vs 17.7%
- Picking up more of long life items Ambient & Frozen Foods, Healthcare, Toiletries,











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#### **Retailers**

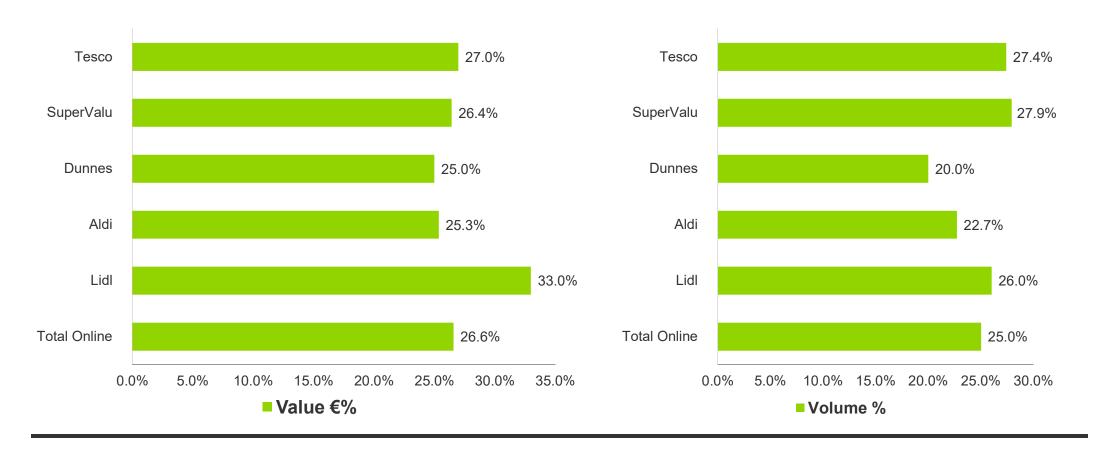
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#### All retailers in double digit growth, in both Value and Volume

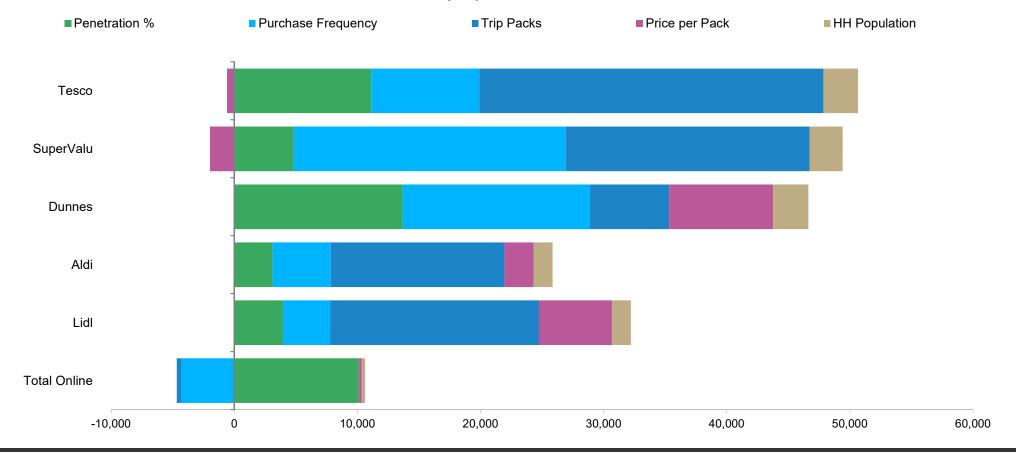
Retailer Grocery Sales Growth 4we YoY €%





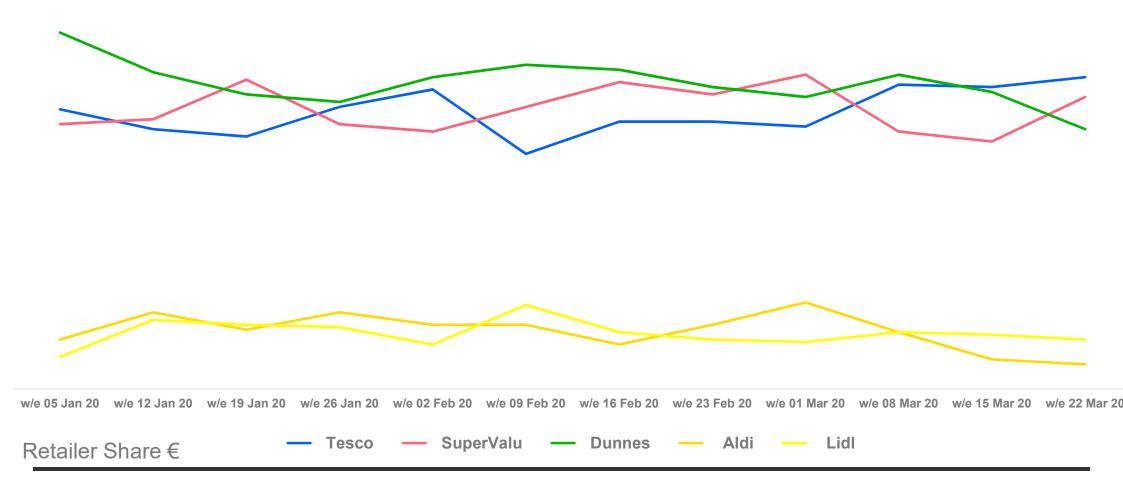
#### Penetration growth everywhere as people shop around in isolation preparation

4we Contribution to Growth KPI Drivers (%)



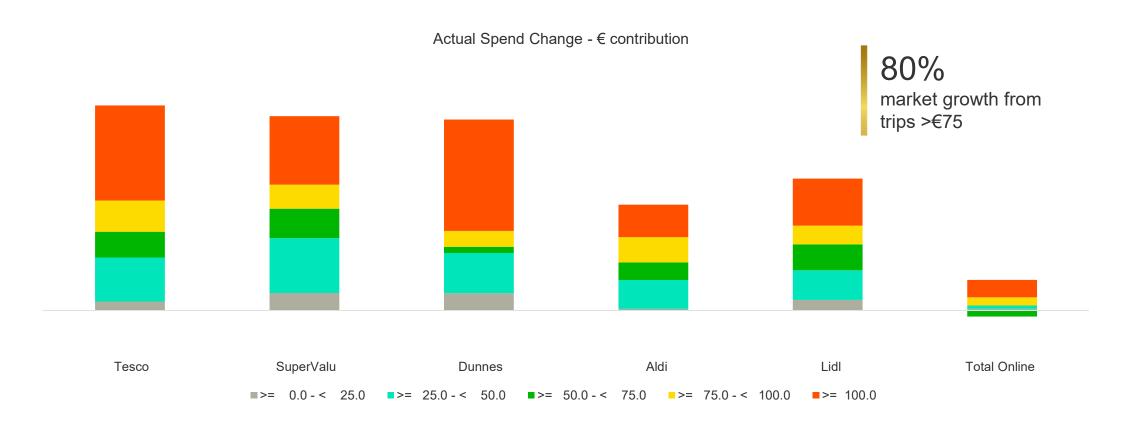


The week ending March 1<sup>st</sup> saw the beginning of share changing amongst the retailers, as consumer confidence fluctuates, so to does share of the market



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# €100 plus baskets have contributed over €85M more than the same period last year



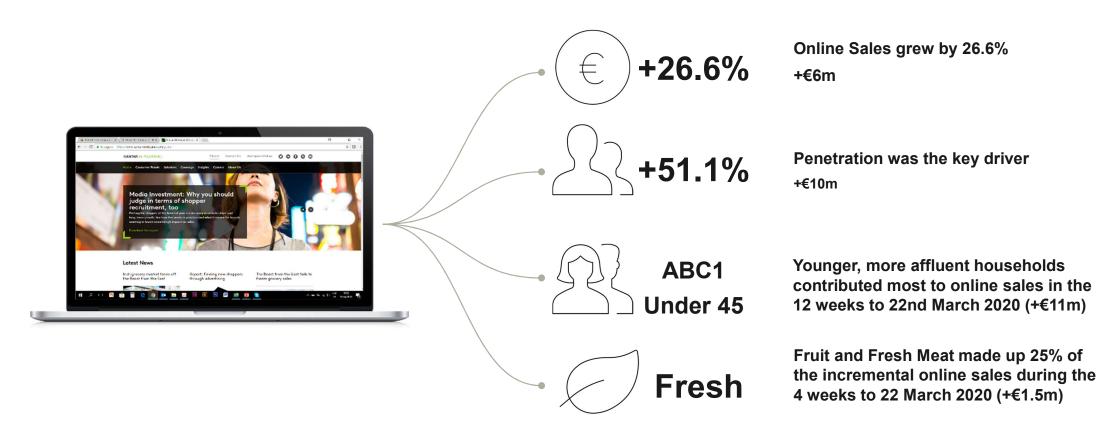
#### **Channels**

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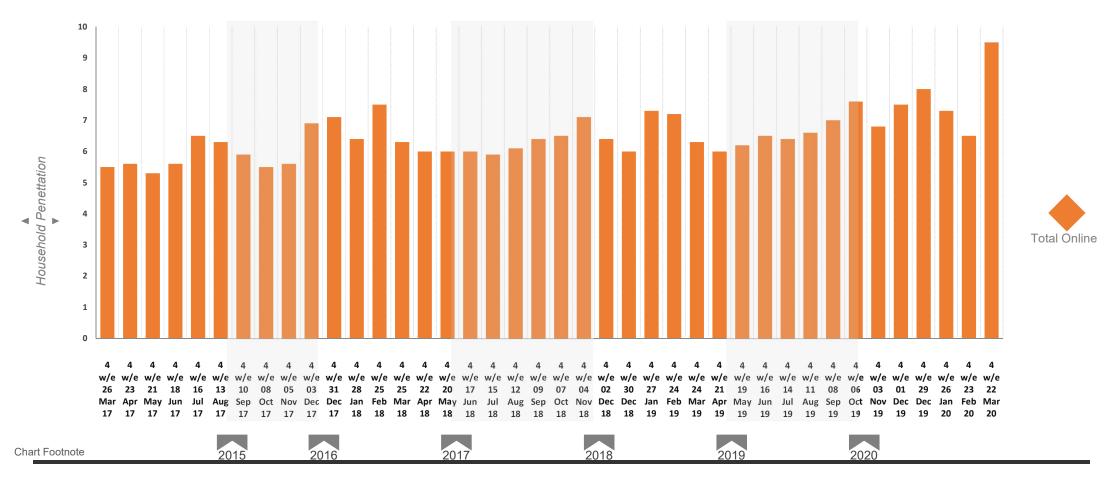


# As restrictions came into play during March, consumers turned to online shopping, with an additional €6Million being spent in comparison to last March.

Despite retailers urging the public to leave the online slots for the elderly, younger shoppers were most active online

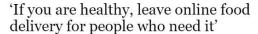


Penetration for online groceries has increased by 3 penetration points in march versus feb, and 3.2 penetration points versus the same period last year





Retailers come under pressure with the move to online shopping, however they are urging consumers not to take up the slots unless the need it to ensure the elderly and the vulnerable can get their groceries delivered



Coronavirus has led to waiting times of 10 days for some supermarket home delivery services

O Mon, Mar 16, 2020, 15:50 Updated: Mon, Mar 16, 2020, 16:46

Lisa Cop



Coronavirus: Grocery delivery firm pitches help to Government

Buymie says its tech could help stem spread of Covid-19 as Deliveroo goes contactless

O Mon, Mar 16, 2020, 03:15

Simon Carswell, Charlie Taylor



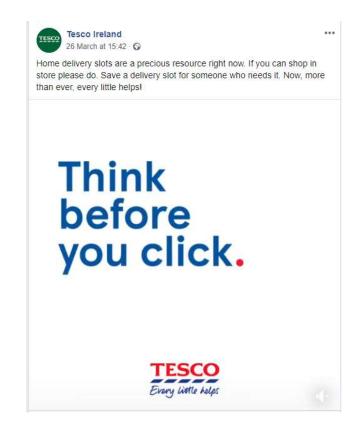
Source: Irish Times

# We are experiencing high levels of demand for our service and to our helpdesk



We are working hard to open slots while looking after our communities. Our FAQs answer many of the most common questions about placing and amending Orders.

Read FAQs



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Kantar, FMCG Panel, 4we 22<sup>nd</sup> March 2020

# **Categories**

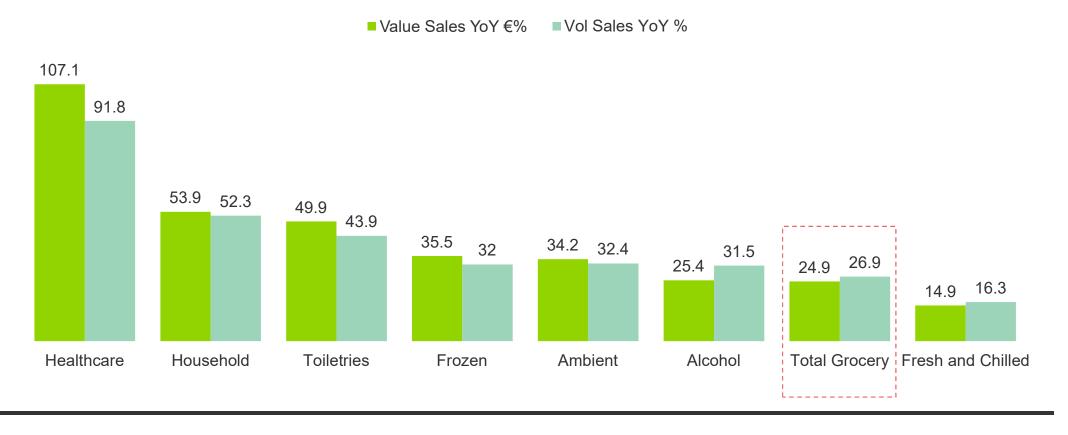
Contents

1. 2. 3. 4. 5.

Market & Shoppers Retailers Channels Categories Brands & Promotions

# Growth rates are strong across all sectors with Healthcare and Household seeing the strongest growth rates in response to the pandemic.

4we YoY Growth %





# Growth right across the store...

24/25

**Store areas** in growth vs. the same period a year ago.

226/250

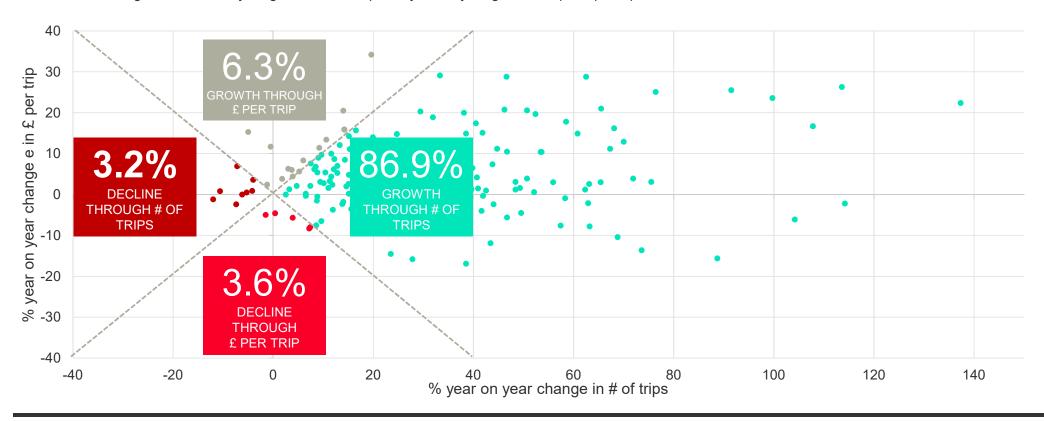
**Categories** in growth vs. the same period a year ago.



# 87% of our growth categories were driven by featuring in more baskets

Basket size also grew in the majority of cases but the impact was substantially smaller.

Total FMCG - Categories - Year on year growth in # of trips vs. year on year growth in spend per trip

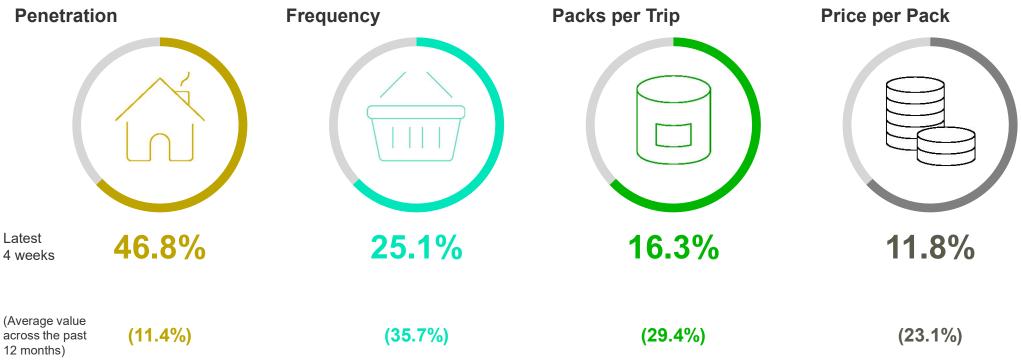




# The story was one of more people buying in the majority of categories

## Extra trips meant more opportunities buy.

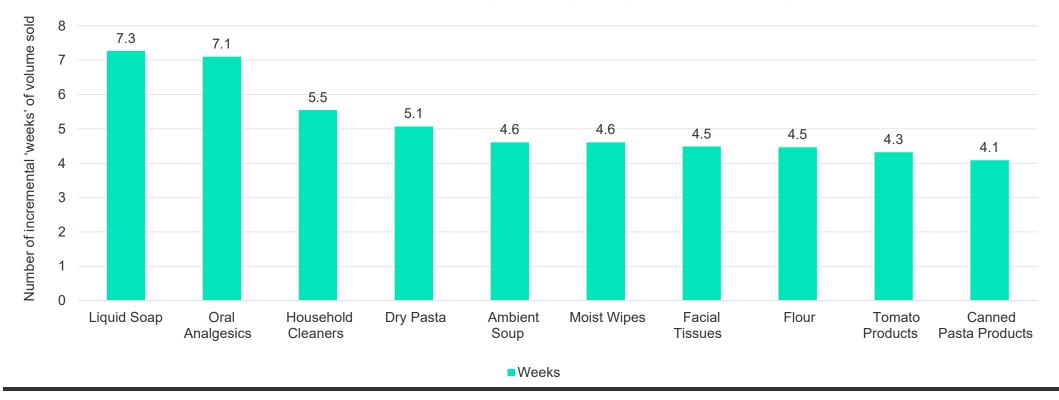
Total FMCG – Growing Categories – % for which each measure is the primary driver of growth



# What does all of this mean for demand in the coming months?

Many categories have sold almost a month's worth of incremental volume – extra stock or extra consumption?

Total FMCG –Top 10 in terms of number of weeks of incremental volume sold (where average weekly sales are based on 2019)





# Despite being in the media, Toilet Paper wasn't one of the Top 10 categories that shoppers bought more of.

Shoppers opted for larger packs rather than buying more individual packs.

#### **Toilet Paper**



+€8.3m sales +86.1%



+279k shoppers +24.8%



+20.9m kgs +83.1%



+1.5m trips +67.3%





Coronavirus: Toilet paper manufacturer struggles to meet 'unprecedented demand'

Ireland's leading producer is at capacity despite producing 50,000 rolls an hour

# Flour shelves were emptied as people take up baking as a new hobby while in isolation.

Shoppers make their own bread as retailers sell out.

#### **Flour**



+€942k sales +80.9%



+279k shoppers +56.5%



+999k kgs +91.2%



+443k trips +75.5%



# Quarantine Baking in Times of Crisis

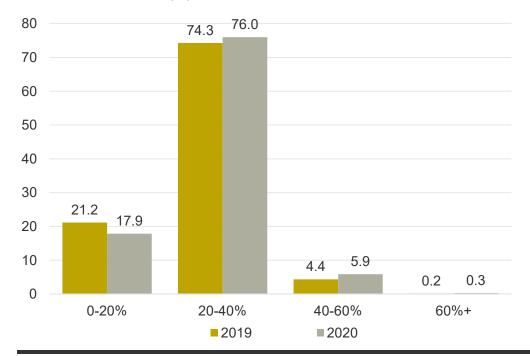
As many self-quarantine to prevent the spread of COVID-19, people turn to making desserts for comfort

# How much stock is in cupboards and how far can consumption be expanded?

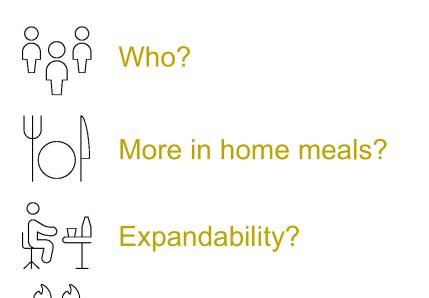
3 in 4 buyers have already bought almost 40% of their 2019 pasta volume in 2020

### **#1 Cupboard Stock?**

Dry Pasta - % buyers split by the % of their 2019 volume purchased in the first 12 weeks of 2020.



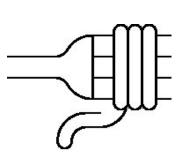
## **#2** Consumption growth?



Changing habits & priorities?

## Lets take Dry Pasta as an example

3 potential scenarios – which would drive very different plans for the balance of the year



**#1** No uplift annual in volumes sold

Volume demand will decline for the remainder of the year

Category volume growth in 2020: +0%

**#2** Annual volume grows by 7.6%

Volume demand will match 2019 for the remainder of the year

Category volume growth in 2020: +7.6%

#3 Annual volume grows by 49%

Volume growth in the first 12 weeks of the year is sustained for the remainder of the year.

Category volume growth in 2020: +49%

A variance of 12.8 million packs by year end



Kantar, 12 w/e 22-Mar-20 vs. yr ago

# **Brands, Private Label, Promotions**

Contents



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## **Brands**

+33.1% +€129m

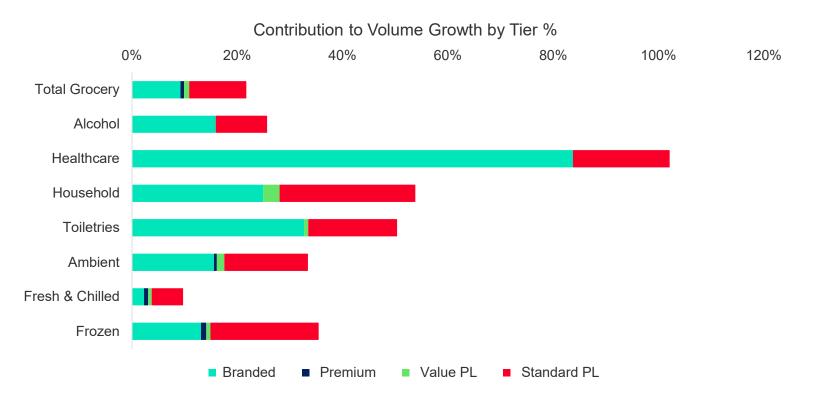
(compared to 27.8% growth in UK)

**Own Label** 

+21% +€85m

# PL contributes more to pack growth than Brands at a total level – Standard PL dominates across all categories.

4 w/e



% Branded Volume	
Total Grocery	32%
Alcohol	71%
Healthcare	76%
Household	46%
Toiletries	70%
Ambient	48%
Fresh & Chilled	15%
Frozen	40%



## **Stand out brand performance from Odlums**

4we Sales Growth YoY



+€1.1M

**Newly Listed in Aldi** 

**Doubled Presence in Lidl** 

More than ½ of YOY growth coming through SuperValu

1kg and 2kg most popular sizes



### Not long ago...

Consumers were behaving badly and retailers were running promotions







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Sources: Twitter March 2020

## Now, we are all adjusting to the 'new normal'

Consumers are no longer misbehaving and retailers are no longer running promotions





**KANTAR** 

Sources: Twitter March 2020

## The first piece of the new normal: Rationing

The problem – consumers are stockpiling irrationally

#### **Customer Notice**

#### **CARD/PHONE PAYMENTS**

In the interest of public health, our staff and customers, we recommend that customers use our Card/Google Pay/Apple Pay facilities over cash transactions where possible.

#### PRODUCT AVAILABILITY

Due to current events, we have a limit of four units of each product per customer.

Please be assured we are replenishing our store stocks constantly and have comprehensive plans in place to minimize any disruption.

We apologise for any inconvenience caused.







# The second piece of the new normal: Charity spend

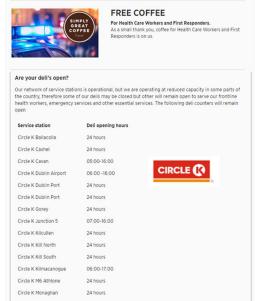
The problem – some consumers and lots of frontliners need help











# The third piece of the new normal: Supply chain

The problem – small suppliers need money and retailers need more staff





Musgrave To Hire Hundreds of New Staff To Boost Supply Chain Capacity



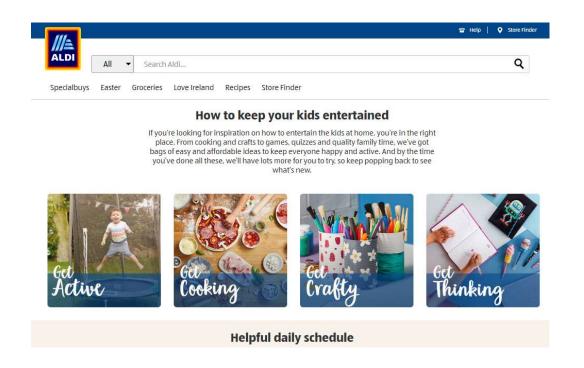
Posted on 25th March 2020 | Group

Musgrave, Ireland's leading food retail, wholesale and foodservice company, has announced that it will hire hundreds of new staff on a temporary basis in response to increased demand it is seeing across the company's retail stores around the country. Musgrave is primarily recruiting people with experience in retail, fresh food, hospitality, driving and warehousing, and has reached out to representative groups of businesses who have been impacted by COVID-19 such as the Restaurants Association of Ireland and the Irish Hotels

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Sources: Twitter March 2020 57

## The fourth piece of the new normal: 'Trying to feel normal"





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## Conclusions on what comes next for grocery & medicine retail

The financial model

#### Weekly gross margin

Staffing, warehousing, and delivery costs

Weekly operating profit

# shoppers x transactions x # items x margin % per item

(# staff x hours worked x hourly pay) + equipment & energy costs + charity

From profit to loss

From wants to needs





From easy to hard





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#### 30 Day Timeline

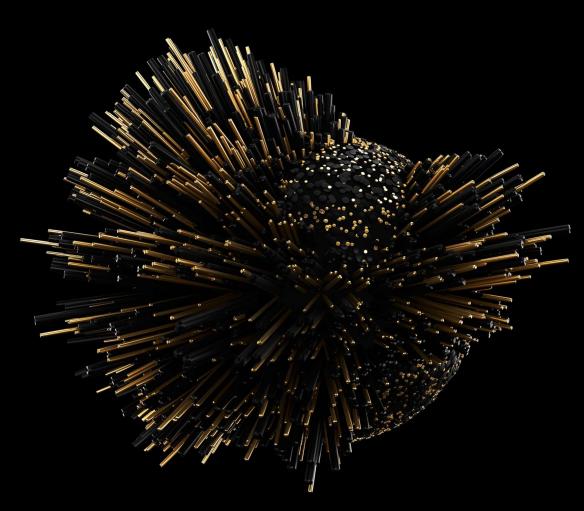
- Easter buying staff rises Stockpiling ends Retailers begin to economize 6-Apr 13-Apr **20-Apr**
- Global supply-chain strain 27-Apr **Profit warnings** ▶ 11-May Local supply-chain strain 4-May



Source: Kantar Consulting April 2020

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# Anticipating the Balance of 2020



GLOBAL Scenarios exploring COVID-19
Charlie Warwick, Europe Lead Futures & Foresight Practice



# Scenarios are ideal when you are trying to plan in the face of:

- A high degree of uncertainty that can lead to radically different outcomes
- Several conflicting signals and complex interactions that lead to a lack of confidence around which actions to take
- An urgent need to take action and move forward, not delay or be paralyzed

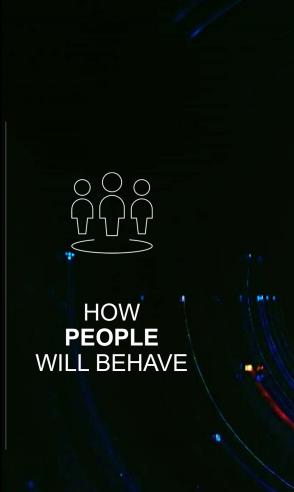
# The key uncertainties



HOW **THE DISEASE** WILL BEHAVE



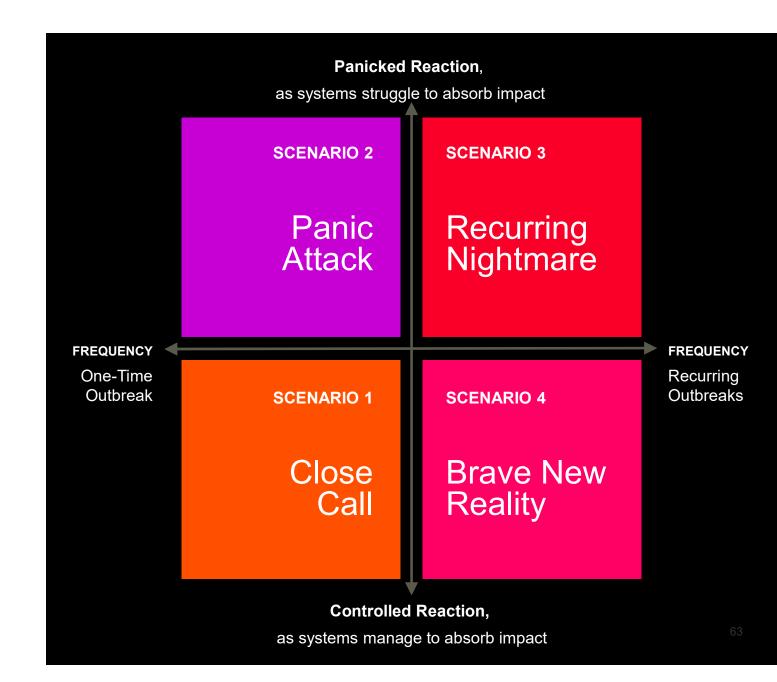
HOW INSTITUTIONS WILL BEHAVE





# 2 CRITICAL UNCERTAINTIES

4 POSSIBLE FUTURES





# **One-Time Outbreak, Controlled Reaction**

- The public health system is strained by COVID-19 but doesn't break
- · Lockdown measures heeded by public
- Public / Private sector partnership and innovation allow healthcare and food systems to largely cope
- · Moderate recession takes hold but worst avoided by intense Govt action
- Consumer confidence rebounds relatively quickly with splurging once worst of outbreak is over in late summer due to pent up demand
- This is particularly the case where Governments intervened quickly devised plans that allowed the majority of workers to get paid and keep their source of income during the peak of the crisis.





# One-Time Outbreak, Panicked Reaction

- National and municipal authorities are unequipped to handle public hysteria caused by the pandemic.
- Health systems around the world are not resilient enough to withstand the worst of the outbreak.
- · Consumer panic and societal fear are the dominant feelings
- Those must vulnerable and without a safety net suffer most and there are sparks of social unrest in some countries.
- A global recession ensues as fear overpowers attempts to shore up the economy.
- Many SMEs, including the self-employed struggle to survive the crisis. Big businesses and those at the opposite end of the social spectrum appear to be relatively less impacted.





# Recurring Outbreaks, Panicked Reaction

- The initial 2020 pandemic causes a substantial economic downturn
- Before the economy & healthcare systems can fully recover, the next wave of outbreaks begin & consumers' anxiety levels spike
- Health systems & supply chains come under extreme pressure as each new outbreak overloads systems that are far too slow to adapt.
- Markets & consumers lose confidence as there is little sign of an effective vaccine.
   Society begins to tire of controls & failing systems
- Businesses have to adjust to cycles that oscillate between consumers socializing & splurging, with consumers distancing & hibernating.
- Governments in some markets face mass social unrest. Parts of society are increasingly feeling like they are left to fend for themselves with no social safety net to fall back on.





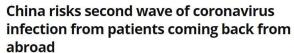
#### Recurring Outbreaks, Controlled Reaction

- · Absence of an effective vaccine means that outbreaks continue to occur in many markets
- Society recognizes that the best way to contain the impact of the disease is to comply with a series of measures & widespread testing
- We develop new habits for work, travel & socialising, increasingly embedded as new norms.
- Public & private sector come together to make systematic changes to adapt to the recurring pattern of outbreaks.
- New regulations focus on sanitation & cleanliness as well as greater control of movement & travel, particularly in peak periods.
- In most markets each outbreak is smaller than the previous one, so people see the benefit of observing these new behaviors.
- Economic downturn during the initial 2020 outbreak is severe. Demand in many sectors not getting back to pre-2020 levels.



# Which scenario seems most likely for Ireland today?





*In the last seven days, China has reported 313 imported cases of coronavirus but only 6 confirmed cases of domestic transmission.* 



#### "Coronavirus Vaccine Still 12 To 18 Months Away," Says WHO As Covid-19 Global Count Soars

**GENERAL NEWS** 

In a massive and worrying statement, the World Health Organisation (WHO) on Saturday has said that the vaccine for coronavirus will still take at least 12 to 18

Written By Navashree Nandini | Mumbai | Updated On: March 28, 2020 10:08 IST



# What can we say with any certainty at this relatively early stage?

Which business imperatives apply to many, or all, of the scenarios?

- The shift to a public role for businesses & brands is likely to accelerate
- At home moments are going to be more important than OOH occasions & channels for some time compared to pre-Covid period
- The focus on health & hygiene, community action & self sufficiency will continue for some time yet
- The optimisation of on-line experiences will be required to build desire. E-comm challenge will quickly move from penetration to retention

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Q&A



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Thank you

