



10 slides to make you think about COVID-19 and its impact on purchasing and consumption in 2020 and beyond

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Worldpanel division

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Introduction

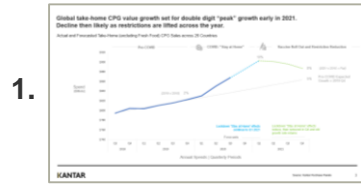
Welcome to our latest special edition of “ten slides to make you think” focusing on the impact COVID-19 had on purchase and consumption behaviour in 2020, and how we think it will impact 2021.

As we enter 2021, in some regions it feels like being back at the beginning, whilst others there are barely any restrictions. This edition of ten slides revisits some of the important trends we touched upon at the beginning of the pandemic with updated data and a more comprehensive coverage looking at the impact of FMCG growth across the world, the acceleration of eCommerce by region, which categories, manufacturers and brands did best, plus how the pandemic has impacted real purchasing behaviour.

The markets included in the following slides are Argentina, Bolivia, Brazil, Central America, Chile, Chinese Mainland, Colombia, Ecuador, France, Great Britain, Ghana, Greece, Ireland, India, Indonesia, Kenya, Malaysia, Mexico, Peru, Philippines, Portugal, Saudi Arabia, South Korea, Spain, Taiwan, Thailand, Vietnam (unless stated)



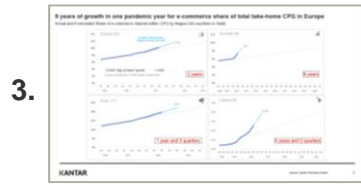
How COVID-19 impacted our behaviour in 2020 and how we think it will in 2021



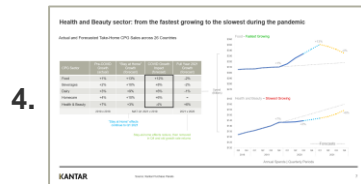
It is unlikely we are ever going to see double-digit take-home CPG growth again. A correction is inevitable. The scale and timing though is more difficult with so many unknowns, e.g. vaccine rollout plans, recessionary impact, post-pandemic working from home, and changes to restrictions. This scenario slowly takes the “staying at home” gain away, while adding the old trends.



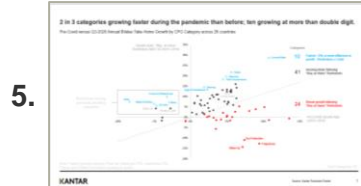
The average global growth doesn't show the whole picture, given China (the largest contributor) and four other countries saw slower take-home CPG growth during the pandemic than before. The weak sales performance during the Chinese New Year is primarily responsible for the China decline. This year, however, given restrictions are now minimal expect a bumper return in this market!



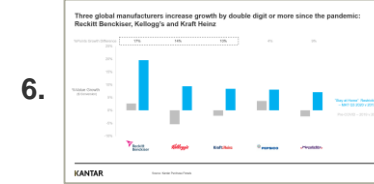
The most accelerated retail trend of the year - online grocery shopping in Europe. In Latam too, but overall share remains under 1%. Is this another signal of the West beginning to follow the trends coming from the East? Expect some decline in share this year, particularly if a recession bites. Longer-term though this is where the majority of grocery shopping – all shopping - is heading.



Health and Beauty growth looks like the China total take-home CPG trend and, in fact, global GDP trends: the pandemic has slowed growth. Our eating, drinking and cleaning all increase when we are at home more. Beauty especially, however, is more reliant on how others see us. Expect a strong recovery when we are allowed to go out again!



Many category growth and declines are obvious. Some though are less so. One of the phrases used many times has been how the pandemic has accelerated existing trends. What is particularly interesting here are the cases of how the pandemic has revived categories. However, will these categories be the most vulnerable when “normality” returns? Probably.



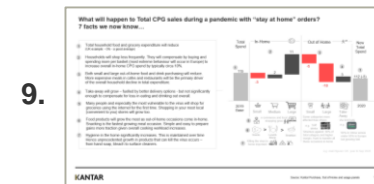
More interesting revival stories. Breakfast has always been more of an in-home occasion, but cereals had been slowly losing out to alternatives. However, this hasn't stopped Kellogg's winning big during the pandemic. Kraft-Heinz perhaps less surprising: we like easy to store and make meal solutions, which also helps condiments, like Ketchup, grow.



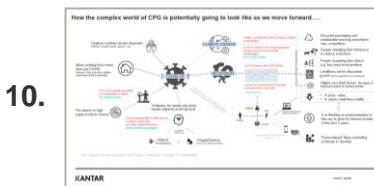
The two fastest-growing brands (both made by Reckitt) are ones unsurprisingly that are proven to kill the virus. Our hygiene routines, of course, have dramatically changed over the last year. This is likely to reduce in the future but will remain considerably higher than pre-COVID.



Everywhere people shopped less and bought more per trip. Europe again saw the most dramatic changes in shopping behaviour. However, this behaviour is unlikely to revert to previous levels. Our general shopping plans will be more flexible – less planned - again because they can be.



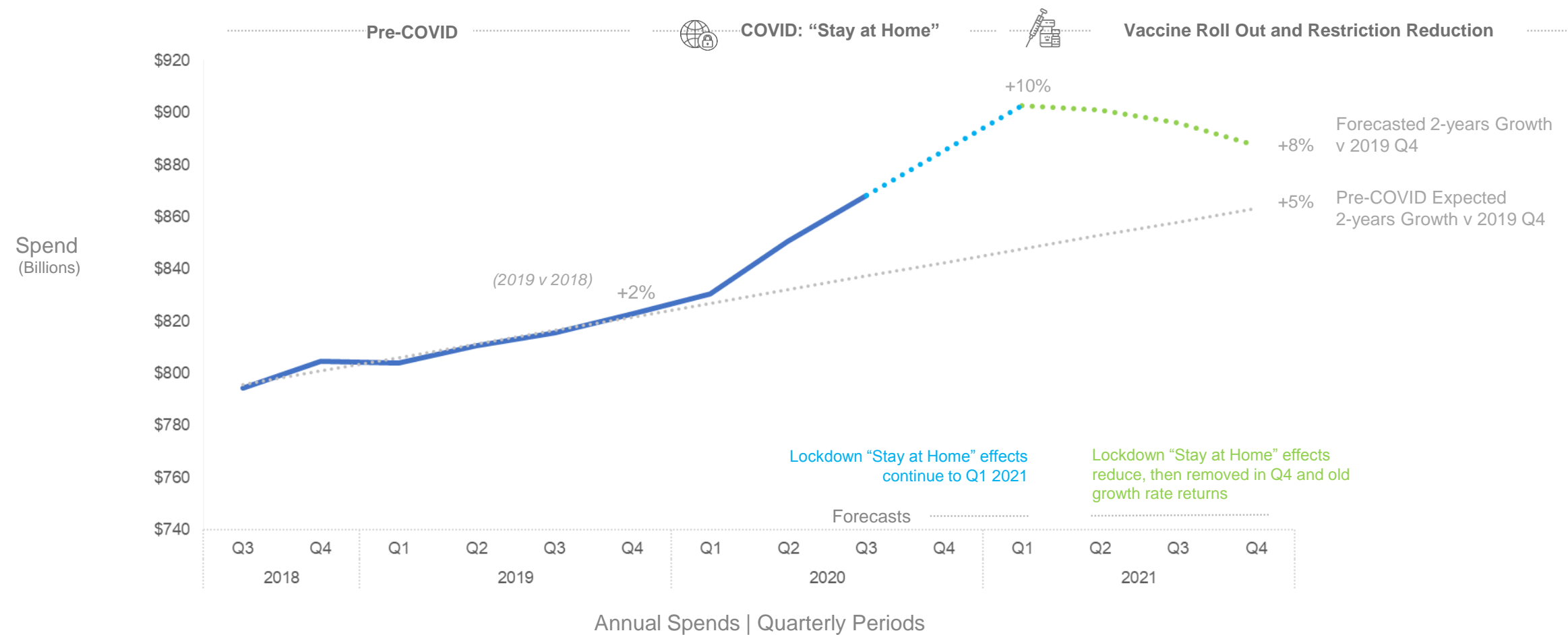
A handy summary hopefully with added context: how household spend has been less than before. In fact, many households have been saving money in general as travel – work and holiday - costs, in particular, have been reduced. Will they spend big when we are allowed? Unlikely as the unemployment and economy fears will increase caution.



The after-effects of the pandemic – how the economy recovers especially – are going to stay with us for the next few years at least. However, other important themes will come back strongly with other new lower-level ones likely to get even more bandwidth as we re-open the world again. Not an exhaustive list, of course, just the important ones? You decide...

Global take-home CPG value growth set for double digit “peak” growth early in 2021. Decline then likely as restrictions are lifted across the year.

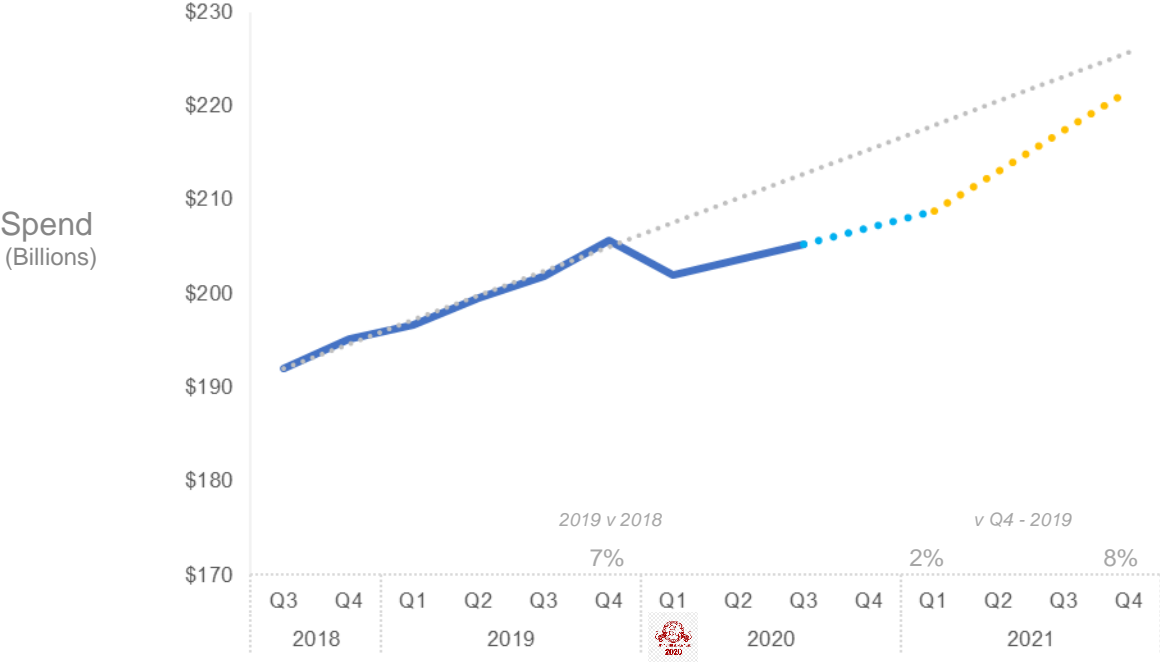
Actual and Forecasted Take-Home (excluding Fresh Food) CPG Sales across 27 Countries



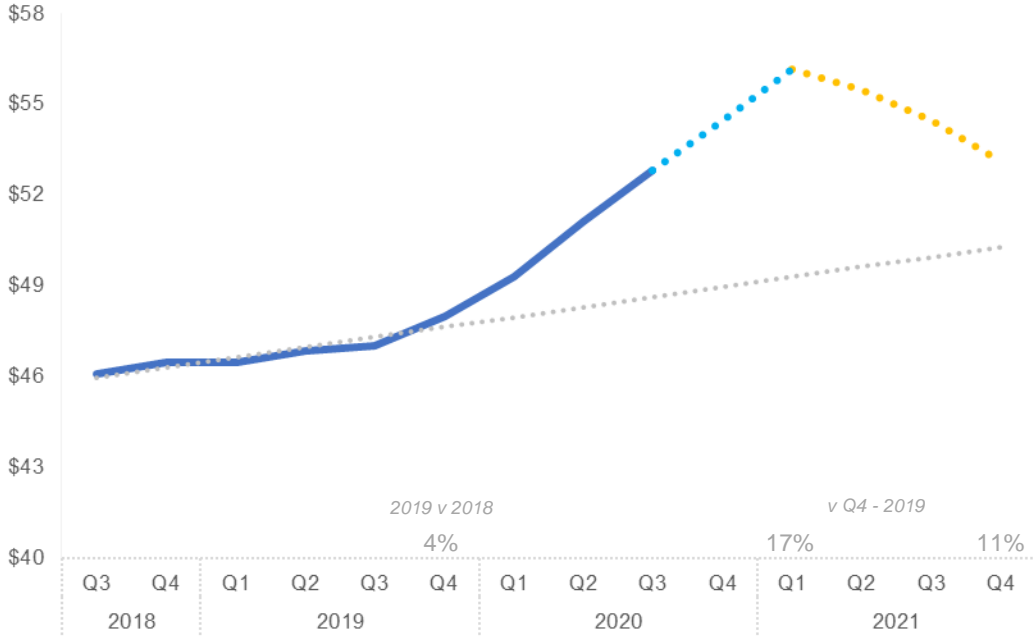
The slowing of CPG growth in China was different to the majority of countries

Actual and Forecasted Take-Home (excluding Fresh Food) CPG Sales across 27 Countries

 **Abnormal Reaction**
+Taiwan, Philippines, Colombia, Ecuador



 **Most Common Reaction**
+ All Europe (6), Rest (15)



Forecast rules applied consistently across all countries

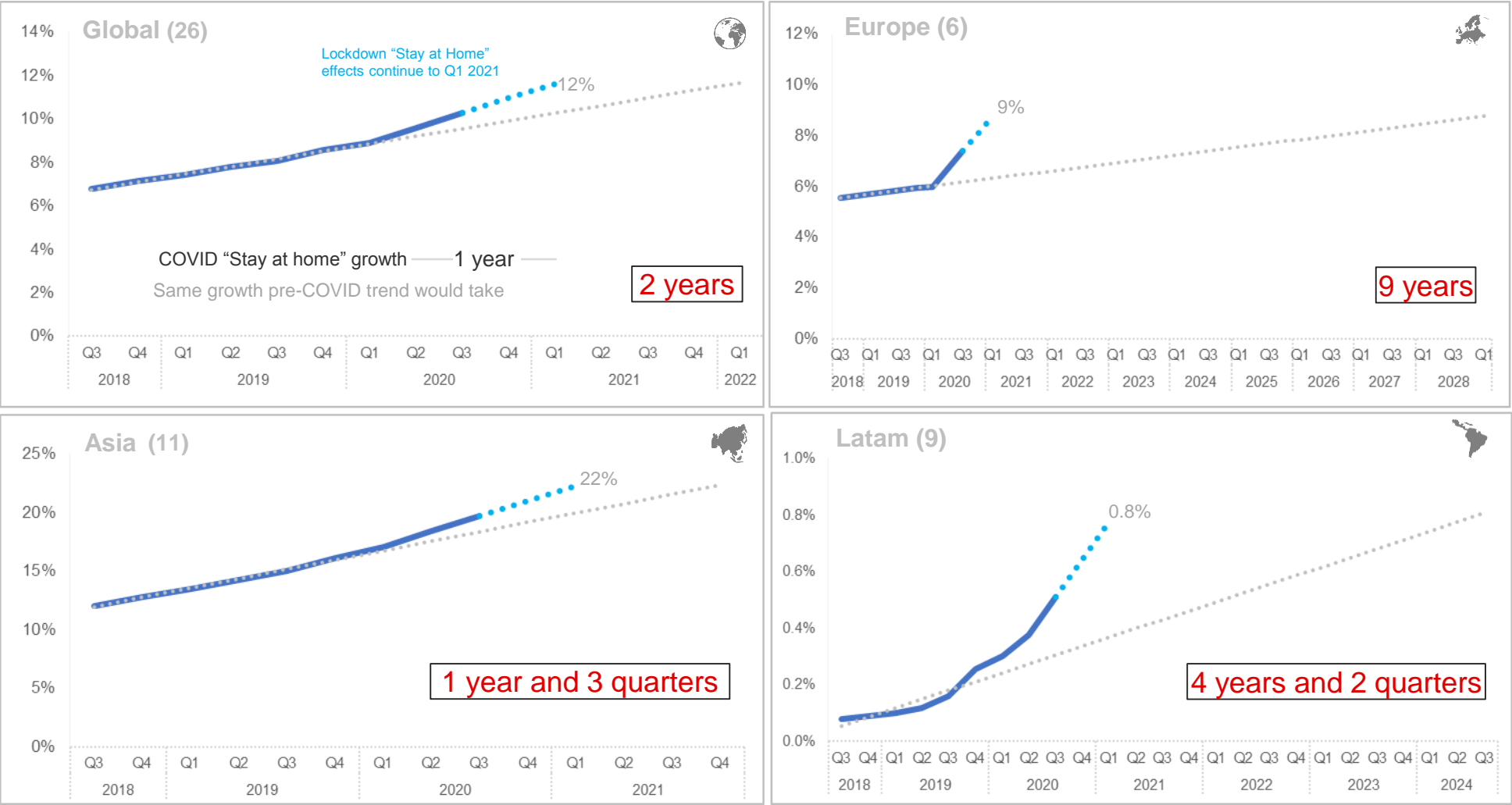
Lockdown "Stay at Home" effects continue to Q1 2021 (new trends during pandemic in Q2-Q3 2020 continue)

Annual Spends | Quarterly Periods

Lockdown "Stay at Home" effects reduce or increase in abnormal reaction countries then removed in Q4 and old growth rate returns,

In Europe, Ecommerce gained in 2020 the equivalent of 9 years of share growth

Actual and Forecasted Share of e-commerce channel within Total CPG by Region (across 26 countries)



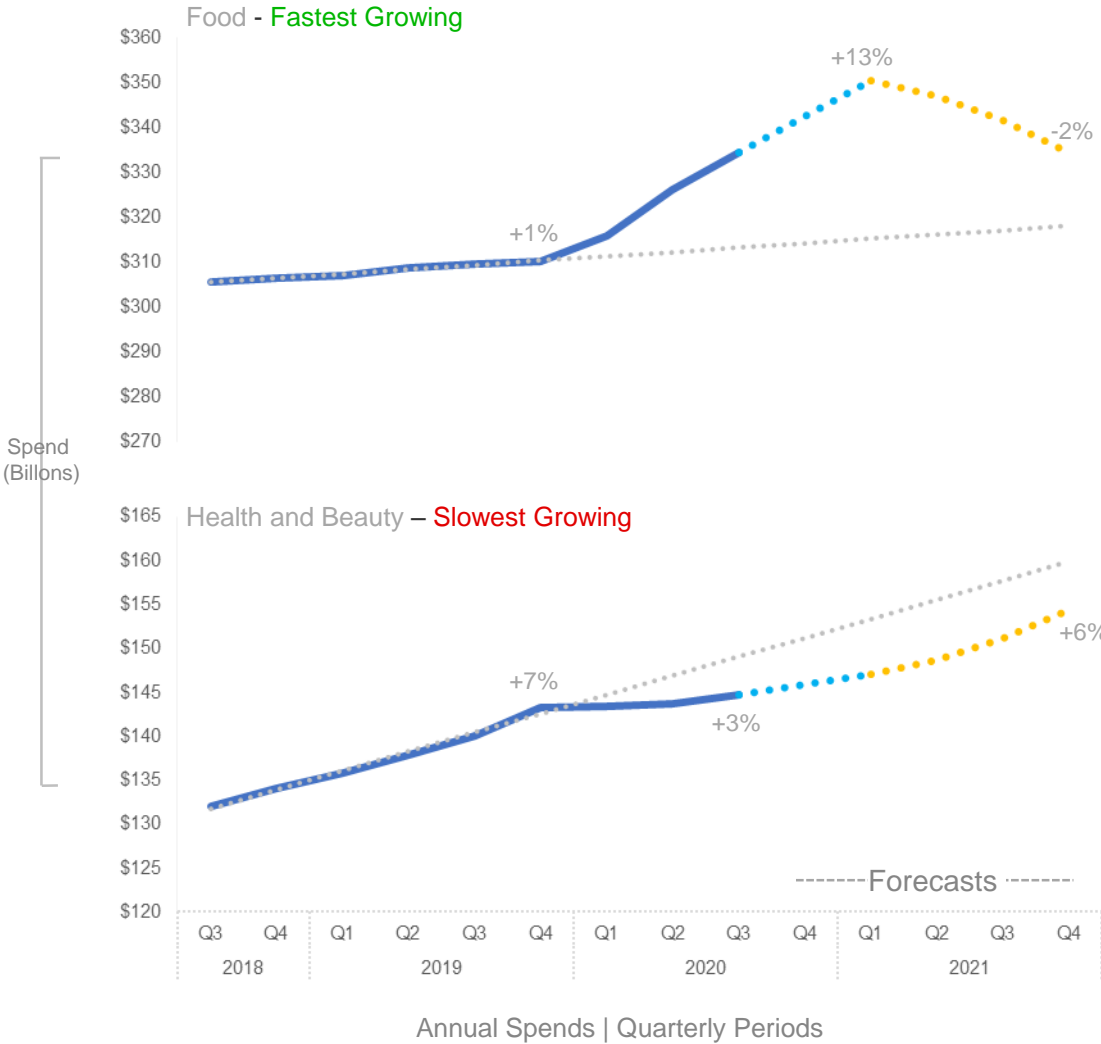
Health and Beauty sector: from the fastest growing to the slowest during the pandemic

Actual and Forecasted Take-Home CPG Sales across 27 Countries

CPG Sector	Pre-COVID Growth (actual)	"Stay at Home" Growth (forecast)	COVID Growth Impact (forecast)	Full Year 2021 Growth (forecast)
Food	+1%	+13%	+12%	-2%
Beverages	+2%	+10%	+8%	-2%
Dairy	+3%	+9%	+6%	-1%
Homecare	+4%	+10%	+6%	=
Health & Beauty	+7%	+3%	-4%	+6%
	2019 v 2018	MAT Q1 2021 v 2019		2021 v 2020

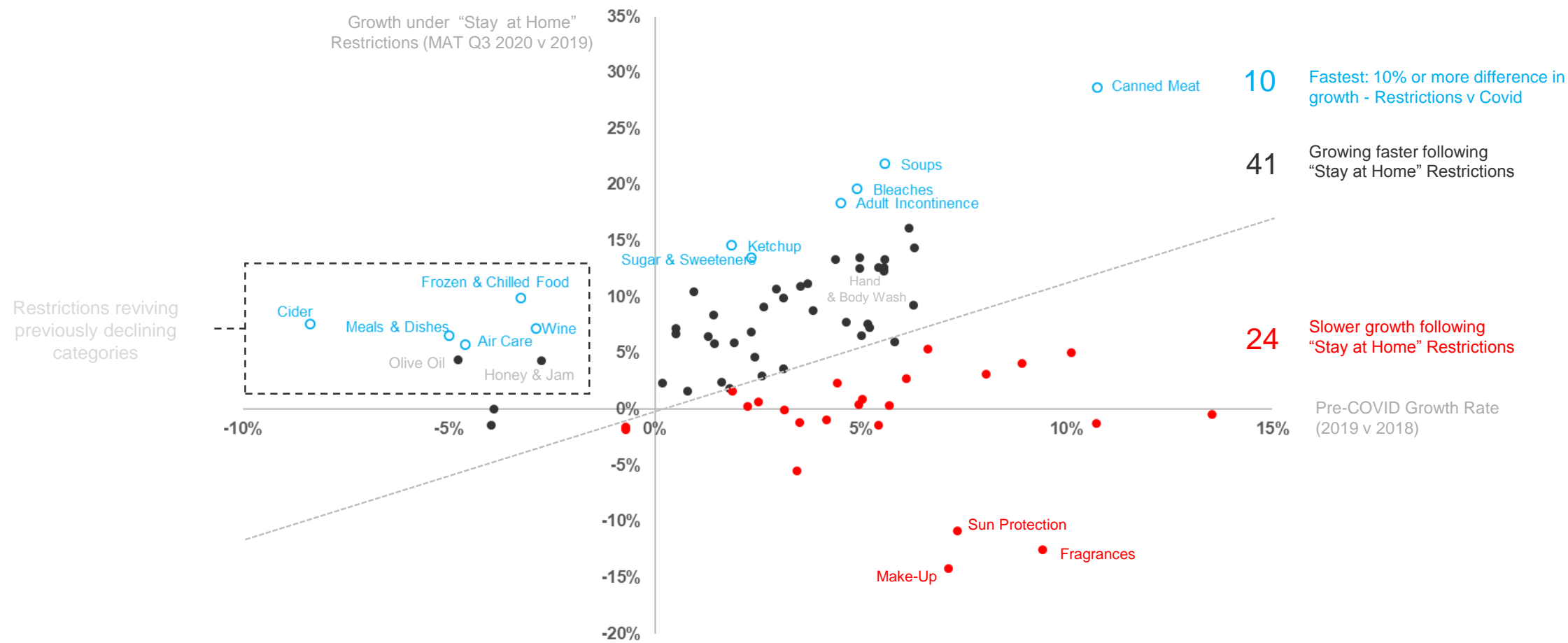
"Stay at Home" effects continue to Q1 2021

Stay-at-home effects reduce, then removed in Q4 and old growth rate returns



2 in 3 categories growing faster during the pandemic than before; ten growing double digit

Stay at Home v Pre-COVID Annual \$Value Take-Home Growth by CPG Category across 26 countries

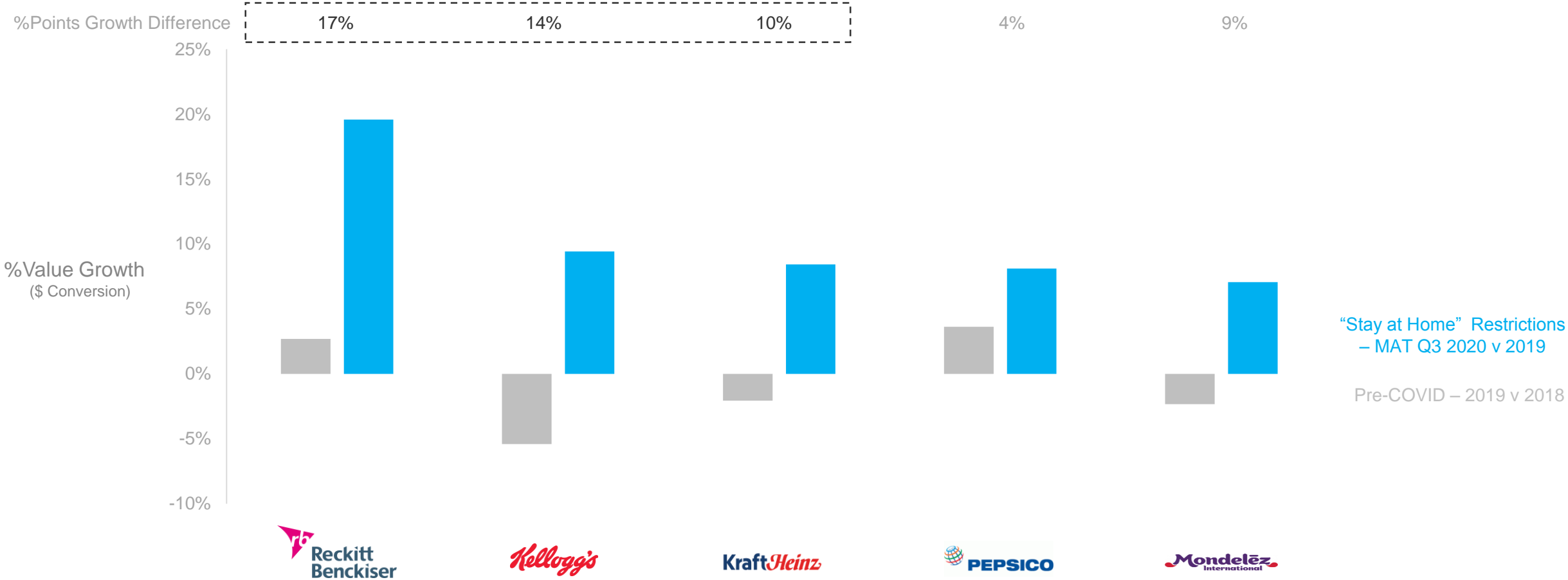


Note: Fastest growing category Flour not shown pre-COVID growth 27%, 'Stay at Home' growth 33%
Frozen and Chilled Food fastest growing category in terms of actual spend.

Total Categories=76

Three global manufacturers increase growth by double digit or more since the pandemic: Reckitt Benckiser, Kellogg's and Kraft Heinz

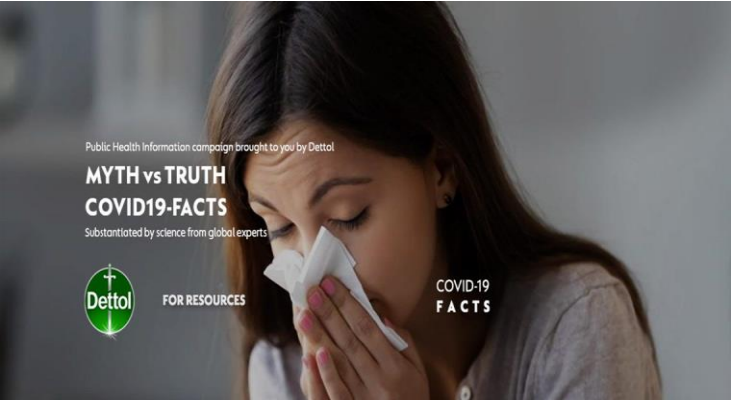
Fastest Growing CPG Manufacturers (Take-Home) across 24 countries (MAT Q3 2020 v 2019)



The two fastest growing brands in the world are proven killers of the COVID-19 virus

Fastest Growing CPG Brands (Take-Home) across 25 countries (MAT Q3 2020 v 2019)

.....#1 Dettol: Fastest Growing+52%.....
.....Basis: "Stay at Home" Restrictions v Pre-COVID
.....MAT Q3 2020 v 2019



...#2 Harpic.....+29% ..



...#3 Royal.....+27% ..



...#4 Hellmans.....+17% ..

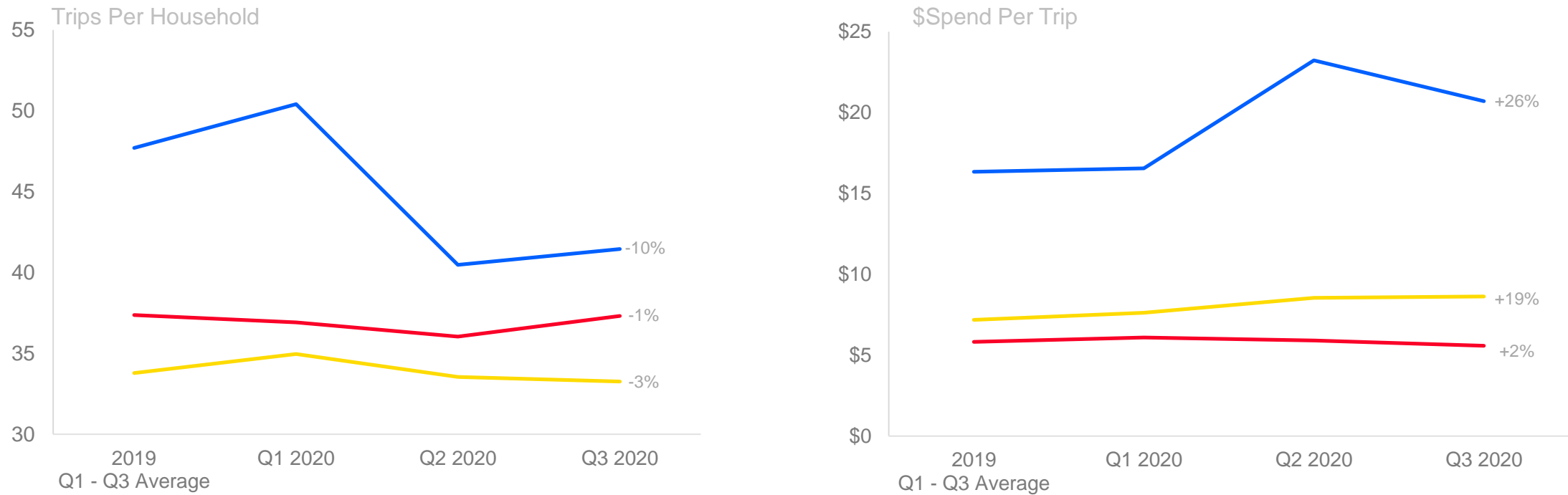


...#5 Nutella.....+17% ..



Frequency of shopping down in every region; spend per basket to compensate and grow overall except in Asia; Europe with most extreme shopping behavioural changes.

Trip Frequency and Spend Per Trip by Quarter Take-Home Total CPG by Region



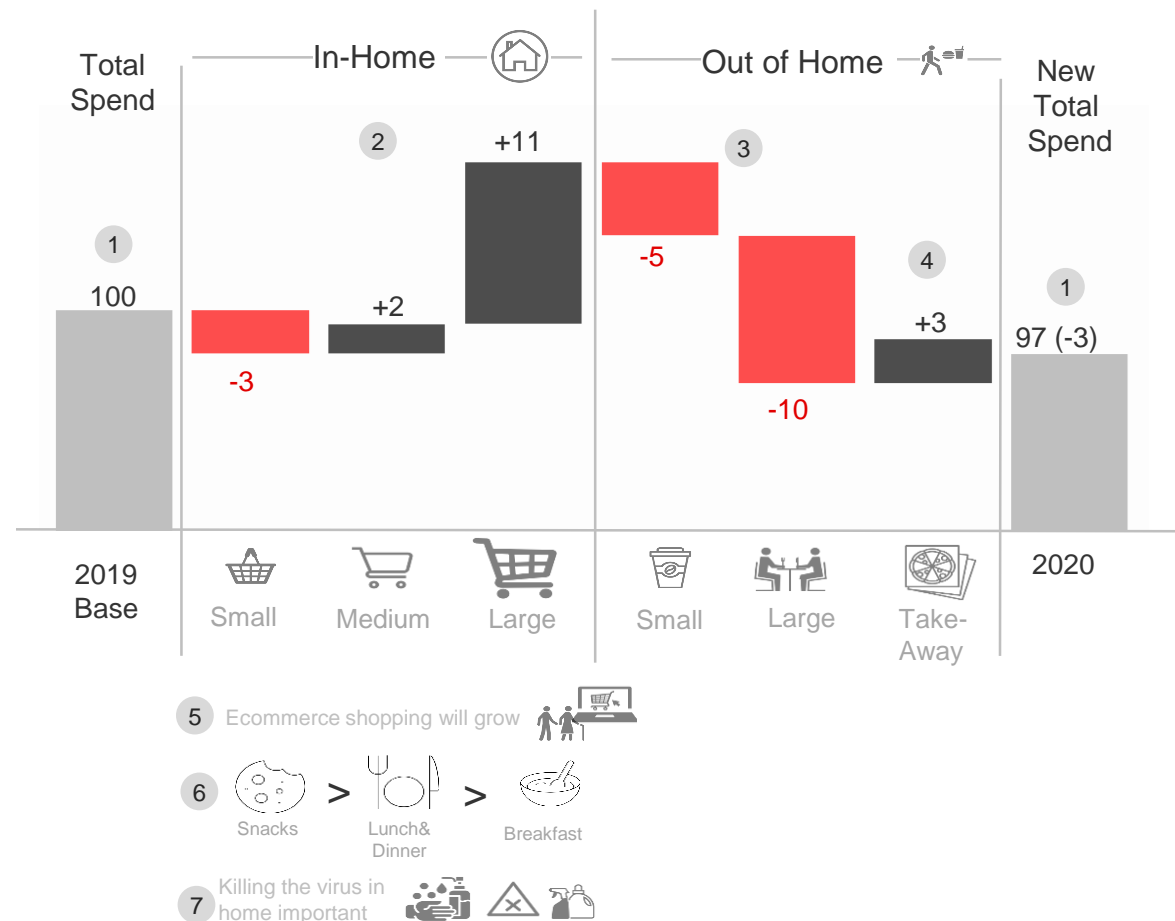
Europe: most trips per HH, highest spend per trip
Latam: lowest trips per HH, medium spend per trip
Asia: medium trips per HH, lowest spend per trip

%, Q3-2020 v 2019 Average

What will happen to Total CPG sales during a pandemic with “stay at home” orders?

7 facts we now know...

- 1 Total household food and grocery expenditure will reduce (UK example: ~3% - a good average)
- 2 Households will shop less frequently. They will compensate by buying and spending more per basket (most extreme behaviour will occur in Europe) to increase overall in-home CPG spend by typically circa 10%.
- 3 Both small and large out-of-home food and drink purchasing will reduce. More expensive meals in cafes and restaurants will be the primary driver of the overall household decline in total expenditure.
- 4 Take-away will grow – fuelled by better delivery options - but not significantly enough to compensate for loss in eating and drinking out overall.
- 5 Many people and especially the most vulnerable to the virus will shop for groceries using the internet for the first time.
- 6 Food products will grow the most as out-of-home occasions come in-home. Snacking is the fastest growing meal occasion. Simple and easy to prepare gains more traction given overall cooking workload increases.
- 7 Hygiene in the home significantly increases. This is maintained over time Hence unprecedented growth in products that can kill the virus occurs – particularly hand soap and sanitizers, bleach and surface cleaners.



e.g. main figures: UK year to Sep 2020
Numbers rounded

How the complex world of CPG is potentially going to look like as we move forward.....

