

NIELSEN'S COVID-19 UPDATE OVERVIEW OF THE CANADIAN FMCG INDUSTRY



FAST MOVING CONSUMER GOODS

PREPARED BY FOOD DISTRIBUTION GUY

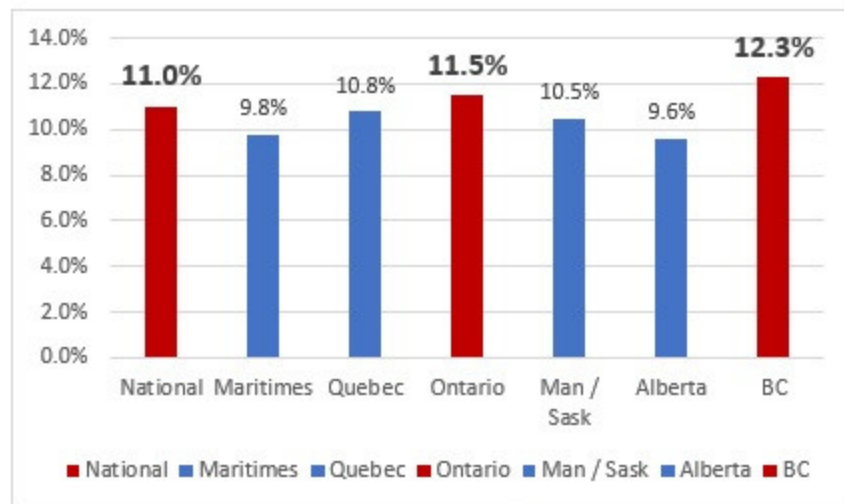
FEBRUARY 2021

This report summarizes Nielsen's COVID-19 update – their overview of the Canadian Fast Moving Consumer Goods (FMCG) Industry.[i]

A: National Overview

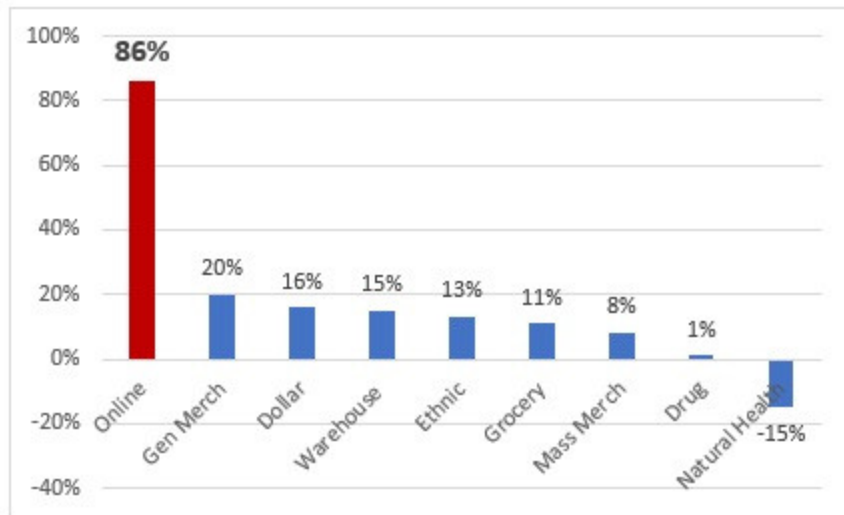
- For the 52-week period ending July 2020, 70%/30% split between retail and foodservice food sales.
- Canadian retailers registered \$117.5B in sales for the 52-week period ending December 2020. This represented a 11.0% increase over the previous year.
- Ontario and BC experienced the greatest growth in 2020:

FAST MOVING CONSUMER GOODS GROWTH – PROVINCE, 2020



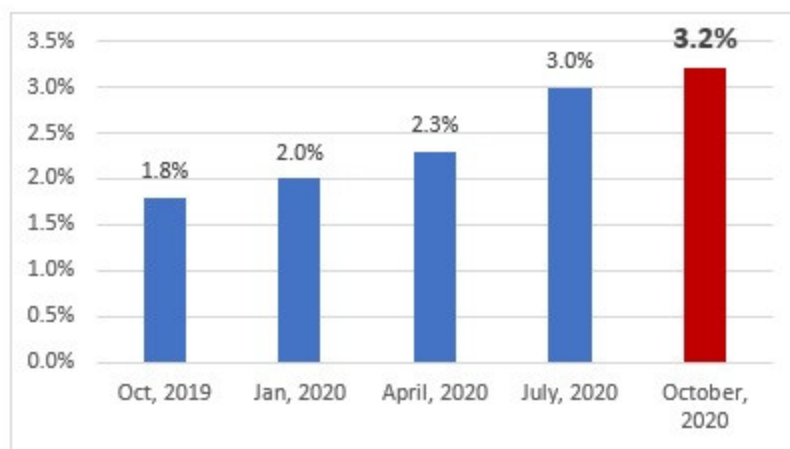
- The majority of channels experienced positive growth:

Channel Growth – P/E October 3/ 2020



- On-line market share has increased 78% over the past 12-months period ending October 2020.

Online Market Share

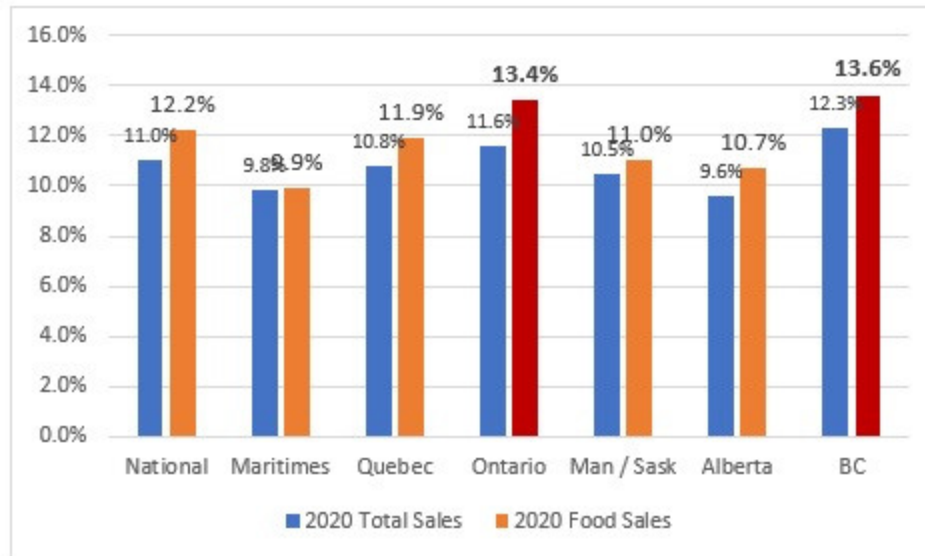


- Over the 12-week period Oct 3, 2020 online has experienced:
 - 23% more buyers.
 - 53% more transactions.
 - 52% more spending. Average basket of \$53.

B: Category Overview

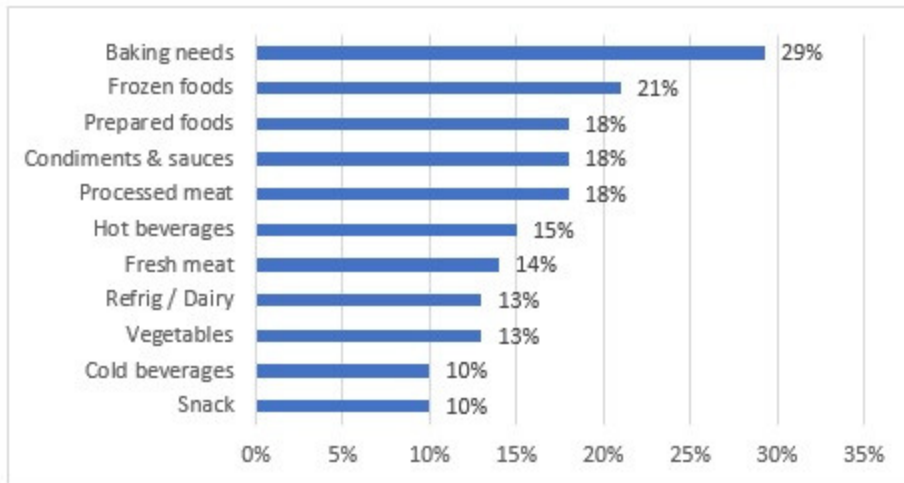
- Food categories experienced faster growth than the average growth rate:
 - National: +11.0%
 - Food: +12.2%
- Food categories are growing faster than the national average. Ontario and BC lead the way.

Provincial Food Categories Growth Vs. National Average – P/E Dec 26, 2020



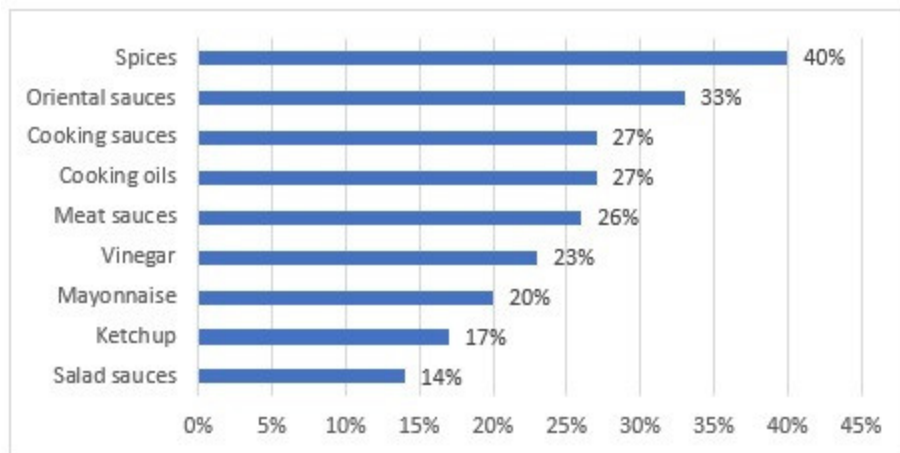
- Majority of food departments growing faster than total tracked sales.

Department Sales – P/E Dec 26, 2020



- Home cooking is having a positive effect on a variety of categories:

Home Cooking Impact on Categories – 35 Wk. P/E October, 2020



C. Consumer Overview

- Canadians average basket size increased 20.4% for the 13-week period ending Dec 26, 2020 compared to the same period 1 year ago. (\$42.18 vs. \$35.03).
- Consumers are driving the rise and expansion of "DIY" categories. i.e.
 - Bake-it-yourself: Yeast: +107%, Cookie mixes: +54%.
 - Pre-prepare-it-yourself: Caning accessories: +32%, Fajitas kits: +30%.
- Canadians working from home eating breakfast more.

(Volume % Change – 35-week P/E October 2020)

Pancake mix	+25%
Eggs	+23%
Hot cereal	+21%
Bacon & substitute	+19%
Frozen breakfasts	+11%
RTE cereals	+10%

- Canadians turning to frozen foods.

(Volume % Change – 35-week P/E October 2020)

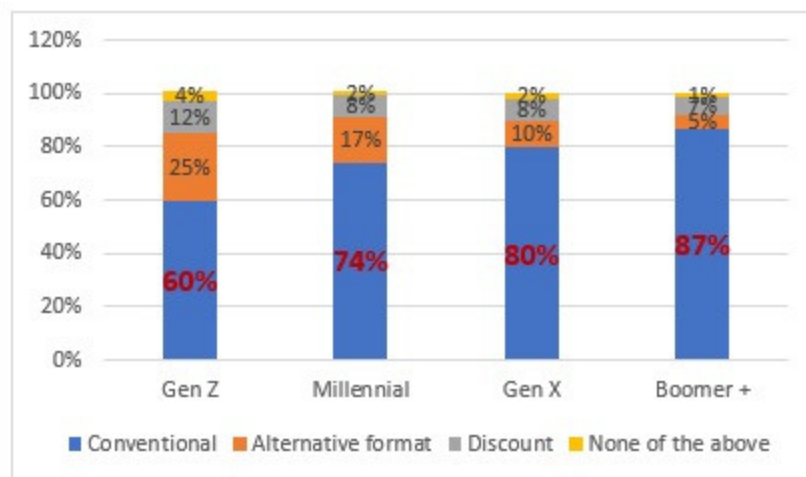
Frozen patties	+31%
Frozen seafood	+29%
Frozen potatoes	+27%
Frozen pizza	+25%
Dinners & entrees	+25%
Frozen pizza snacks	+21%

- The last section of this special report provides an overview of the food and grocery Canadian shopper with insights into:
 - A. Micro-trips.
 - B. Online food purchasing.

A. Consumers Micro Shopping Trips

- Canadians are moving away from the once-a-week grocery shop, and making more frequent micro-trips (store visits 5 minutes or less).[ii]
 - 66% make micro-trips up from 59% in 2019.
 - 71% of millennials report making micro-trips vs. 56% of Boomers.
 - 76% of work from home consumers make micro-trips vs. 52% who do not work from home.
- Factors contributing to micro-trips:
 - The need to purchase fresh produce (58%) for meal prep and prepared meals.
 - Convenience.
 - Reduction in food waste achieved through making micro-trips.

Formats Predominantly Used for Micro-Trips



B. Consumers - Online Shopping

- Consumers who most frequently use online channels to purchase food are most likely to agree with the following statements:
 - “I don’t have time to prepare meals”
 - “I outsource household tasks”
- Canadians purchasing food online:
 - 47% of Gen Z use online grocery delivery vs. only 14% of Boomers+
 - 49% of Gen Z purchased online meal kits in 2020 vs. 9% of Boomers+
 - 78% of Gen Z purchased online food
- Factors leading to Online Grocery Demand:
 - C-19 and enforced social distancing.
 - Online experience issues a concern amongst consumers:
 - With experience lagging, only 7% of online grocery shoppers agree that shopping online for groceries is easy (perceived “ease of use” is a leading indicator of future use)
 - 51% of online grocery users expected to retain their online grocery behaviours post-Covid.

[i] Nielsen’s COVID-19 Update, Overview of the Canadian FMCG Industry, Francis Parisien, January 14, 2021

[ii] Consumer Insights 2020, Price Waterhouse Cooper, July 2020