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NIELSEN IQ -
COVID-19 UPDATE – FMCG SECTOR
June 2021

This past week the Food Credit Industry Credit Bureau's webinar titled "Food Retailers and Food Service Trends in 2021 featured Mr. Francis Parisien – VP Eastern Canada, Nielsen IQ as one of their guest speakers. This report summarizes his presentation titled:

COVID-`19 Update – A Closer Look at the Latest Impact of the Pandemic on our Industry.

FMCG SALES

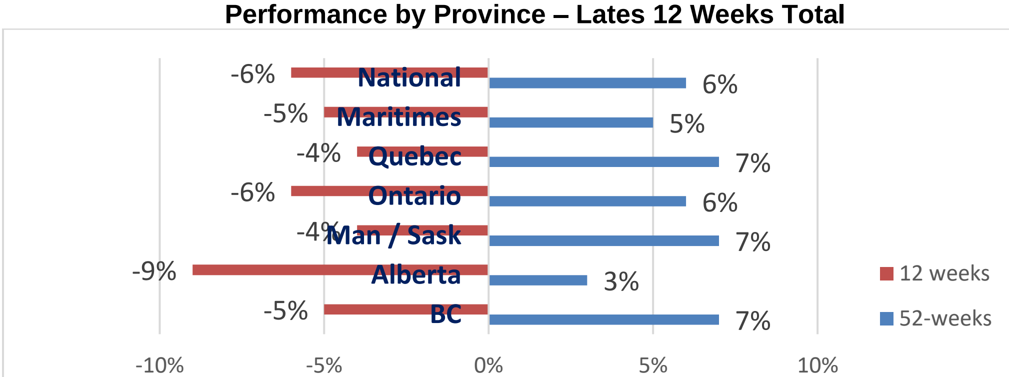
- Sales in Canada continue to break records vs. pre-pandemic levels All channels combined delivering FMCG sales over $2B weekly.
    - P/e: April 17, 2021
        - 52-week dollar volume: +6%. / 12-week dollar volume: -5%
        - 52-week unit volume: +1% / 12-week unit volume: -6%.
- During March 2020, Canadian stores registered close to $2B of additional, unplanned sales following pantry loading,
    - Pantry loading impacts on FMCG sales:
        - +$6.27B – 52-week dollar volume change YA.
        - -$1.32B – 12-week volume change YA.
- Pantry load-in examples on select food categories and the sustained growth a year later.

	3-week period March 2020	**3-week period March 2021**
In the Fridge:		
Butter:	+57%	+8%
Processed cheese slices:	+43%.	-20%
In the freezer:		
Meat patties:	+79%	-21%
Vegetables:	+81%	-40%
In the cupboard:		
Powdered milk:	+279%	-70%
Rice – regular -	+163%	-56%

PERFORMANCE BY PROVINCE

- Each province is experiencing similar levels of decline in the last 12 weeks (April 17, 2021) vs. YA.

Performance by Province – Lates 12 Weeks Total



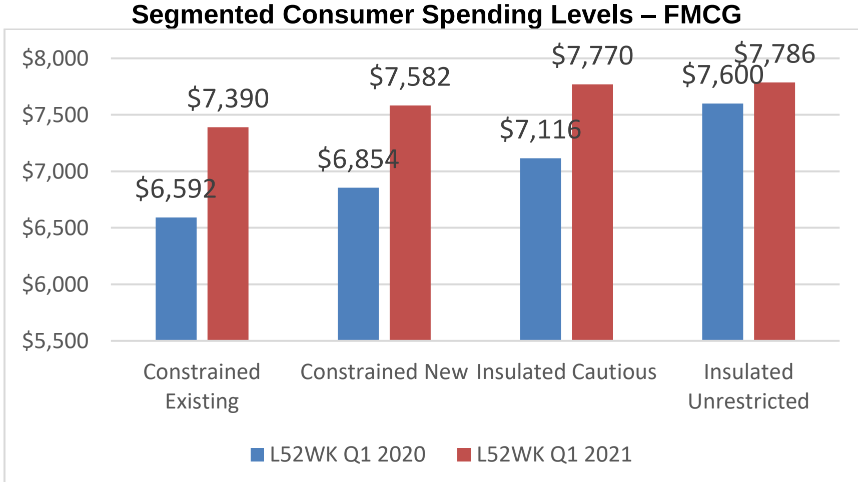
	BC	Alberta	Man / Sask	Ontario	Quebec	Maritimes	National
12 weeks	-5%	-9%	-4%	-6%	-4%	-5%	-6%
52-weeks	7%	3%	7%	6%	7%	5%	6%

HOUSEHOLD SEGMENTS

1. **Constrained Existing** – Financially insecure before pandemic. Skew: Lower household incomes and young households.
2. **Constrained New** – C-19 had a significant impact on their financial and social situation. Watching their spending, Skew: Older bustling families
3. **Insulated Cautious** – Concerns about health the drivers behind change in behaviour. Still financially secure, but planning for an uncertain future. Skew: Middle class established couples and small scale family.
4. **Insulated Unrestricted –** Less concerned about C-19 and have not had to modify their spending. Financial security. Skew: Middle class established couples and small scale family.

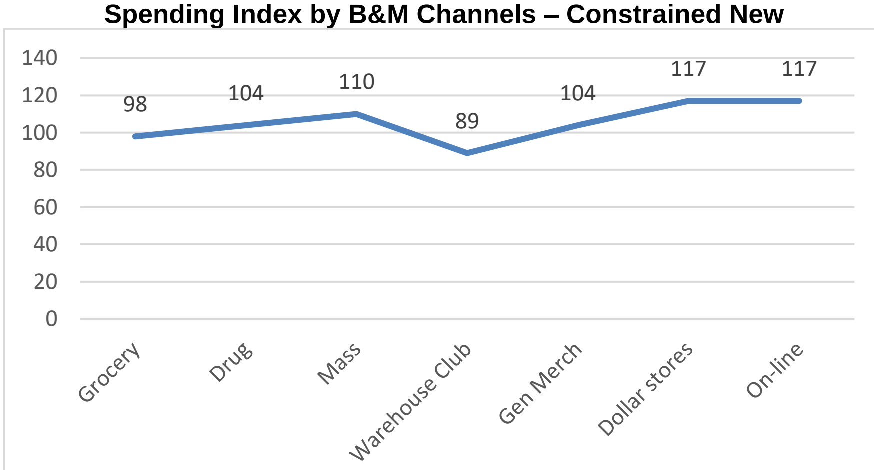
- As of March 2021, 30% of Canadian households are now being considered newly constrained:
    - Constrained Existing – Restricted spenders: 17%
    - Constrained New – Newly impacted spending due to C-19: 30%
    - Insulated Cautious – Careful spending: 23%
    - Insulated Unrestricted – unrestricted to spend: 30%
- All 4 segments of the population have spent more on FMCG categories in the past year in Canada.

Segmented Consumer Spending Levels – FMCG



- Newly constrained buyers will revert to mass merch, dollar stores and on-line options

Spending Index by B&M Channels – Constrained New



FMCG CHANNEL SALES GROWTH

- Though sales vs. YA have slowed down, the vast majority of channels keep on growing (p/e 52-week March 27, 2021). Online continues to surpass all other channels in Canada

- **Growing**
  Online +73%
  General Merch +13%
  Warehouse +12%
  Grocery +10%
  Ethnic +10%
  Dollar +9%
  Mass Merchandisers +8%
  Gas & Convenience +13%

  Stable
  Drug – 1%

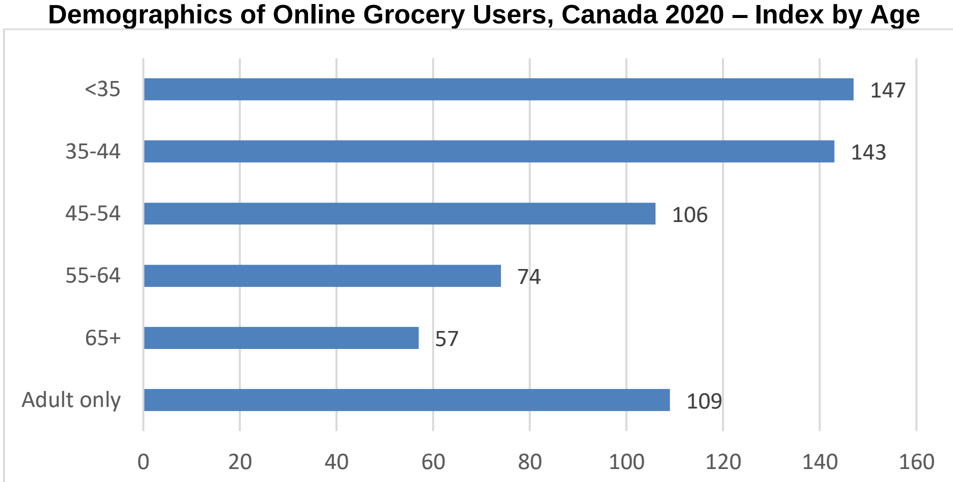
  Declining
  Pet -6%
  Natural health stores – 9%

- Potentially, 50% of Canadians would buy groceries online

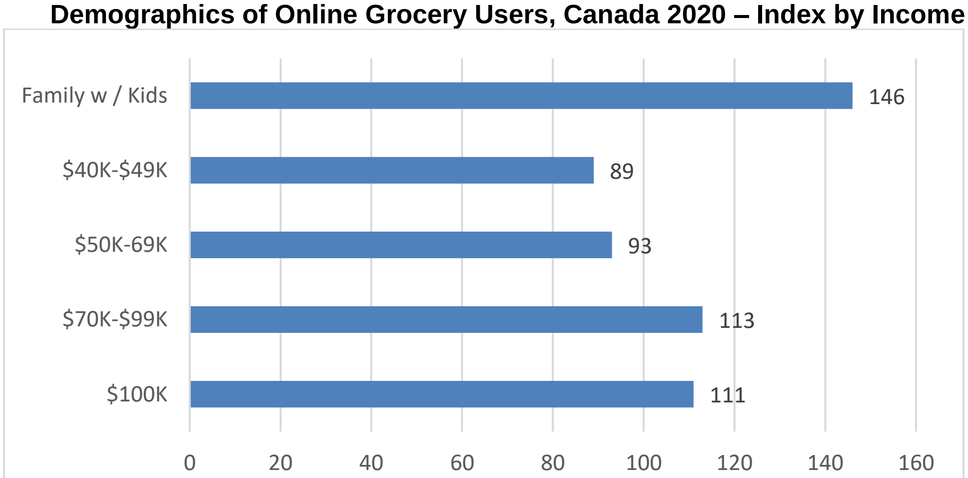
  25% - % of Canadians are current online shoppers and have ordered groceries in the past 6 months,

  25% - % of Canadians are online grocery considerers in the future.

Demographics of Online Grocery Users, Canada 2020 – Index by Age

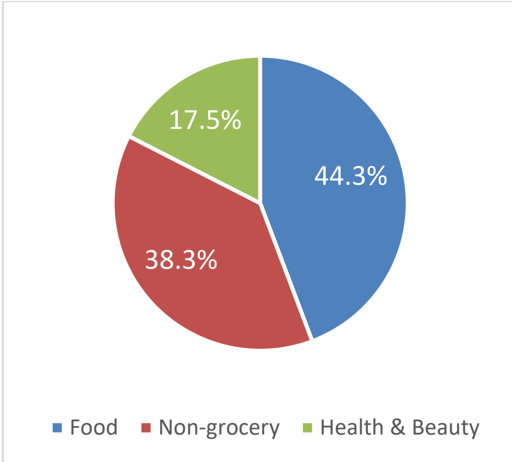


Demographics of Online Grocery Users, Canada 2020 – Index by Income

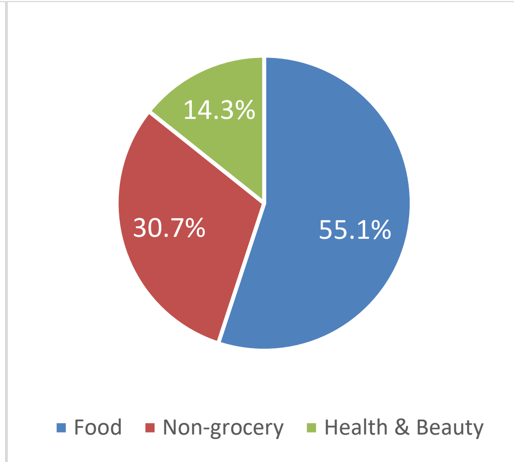


- Grocery categories remain underdeveloped in e-comm sales in Canada, but are growing the fastest.

2019 Online Share



2020 Online Share



Volume $% Chg – P/e December 26, 2020

Food +148%

Non-grocery +60%

Health & Beauty +63%

FOOD DISTRIBUTION GUY PROFILE

Food Distribution Guy provides industry expertise and “Go-To” market strategy for emerging and established food businesses that assist them in breaking through the competitive landscape and “Getting and Staying” listed in the grocery sector.

Richard Baker is CEO and Founder of Food Distribution Guy. He is a skilled strategic branding and award-winning marketing expert who assists food and beverage manufacturers to break through the competitive landscape in the grocery sector and achieve distribution.

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