



A fork in the road

Understanding today's omnishopper

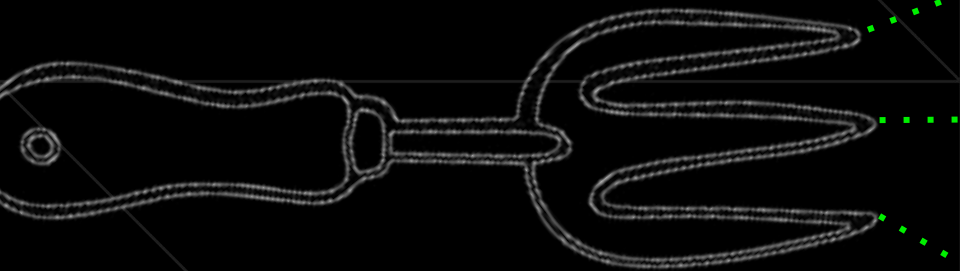
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Three themes driving the future of CPG



Category Bifurcation

Despite flat CPG growth overall, some categories gain +9% vs 2020

Income Polarization

+40% of consumers are budget conscious

Omnichannel Retailing

Online CPG is projected to grow 13-14% in 2021

Category Bifurcation

Categories that saw growth during COVID are seeing 2021 sales outpacing 2019

53% - Decliners

Categories that declined sales 2021 vs 2020

47% - Growers

Categories that grew sales in 2021 vs 2020

Total FMCG Categories

Growers/Decliners \$ % Chng vs YA

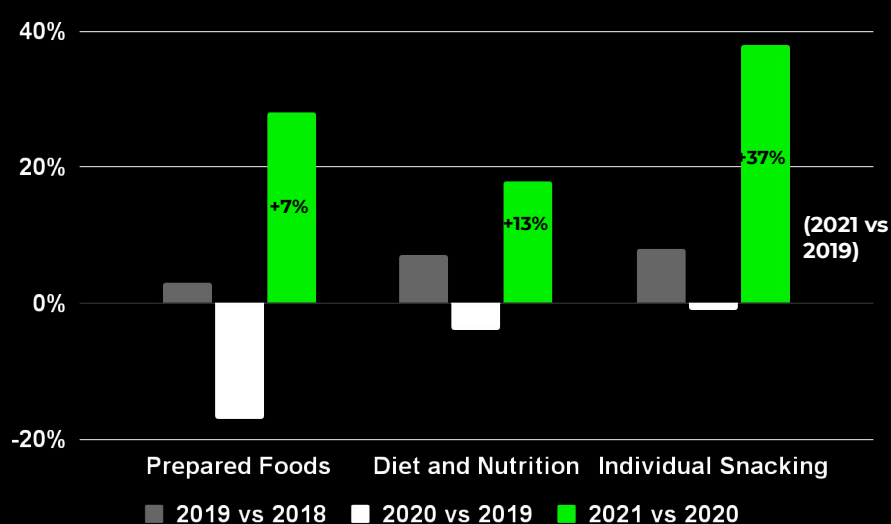


On-the-go CPG regains its relevance

On-the-go categories are seeing growth in 2021 as they lap an underperforming 2020

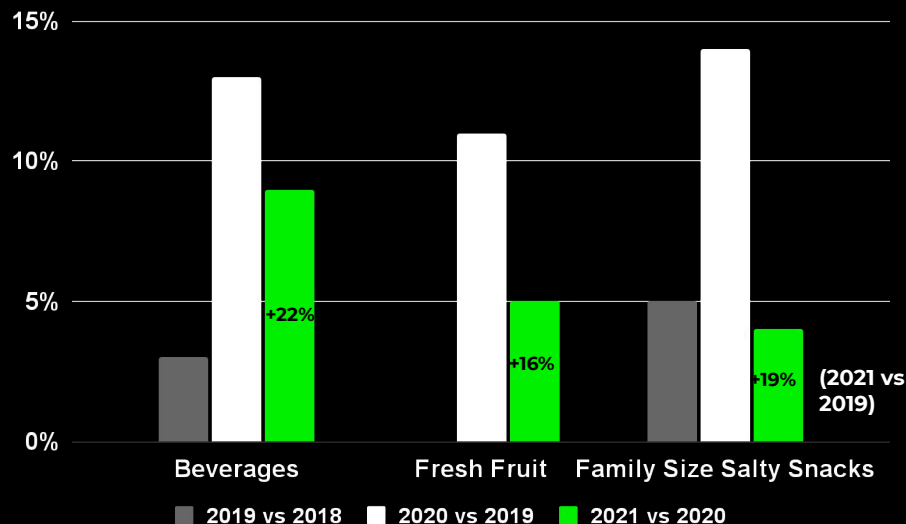
Growers comping poor COVID performance

\$ % change vs. YA



Growers continue to rise...

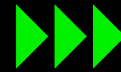
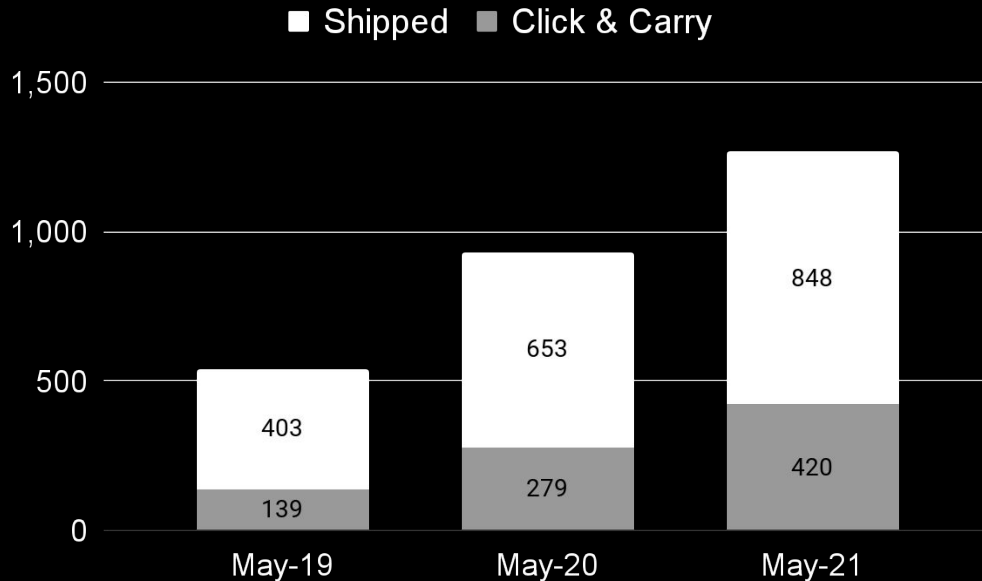
\$ % change vs. YA



Growers continue to see a tremendous boost from online sales

Growth has been fueled by Click & Collect purchases

Online Dollar Volume of Food Growers (M)



+202%

Increase in Click & Carry sales for Growers from May 2019 to May 2021



+5%

Increase in Click & Carry sales for Growers from April 2021 to May 2021

Price inflation: Income polarization



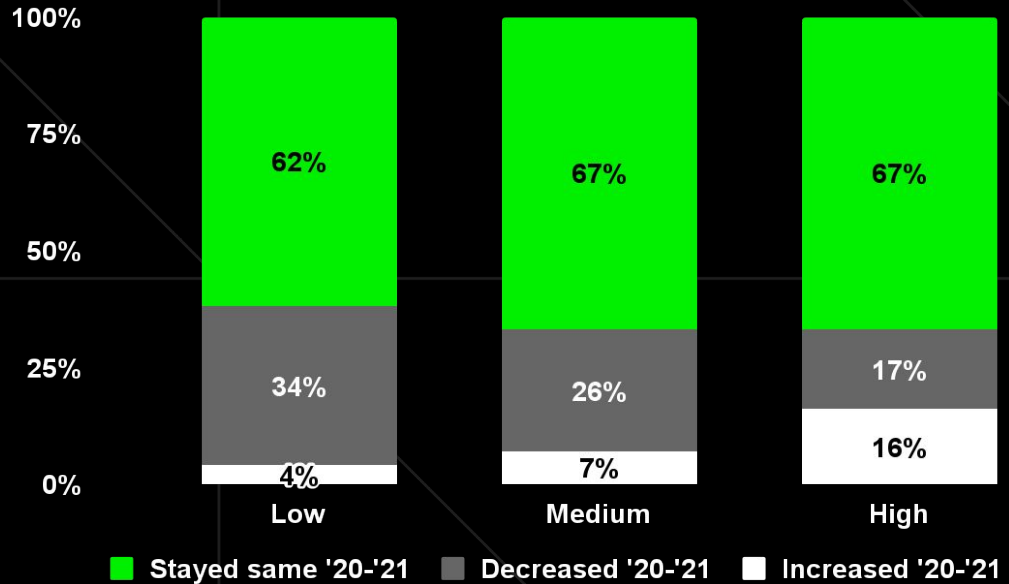
Bifurcation of income has become more pronounced

▶▶▶ Over **40%** of consumers are budget-conscious

Avg adj HH income

▶▶▶ 2021	\$44,900
2019	\$49,238
2017	\$48,902

% change in adjusted income group



Avg. adj HH Income Change

\$-3,808

\$122

\$5,671

Inflation looms!

NBC News

Get ready for higher grocery bills for the rest of the year

CNBC

Clorox weighs price increases on products in response to inflationary costs

Food Navigator

Nestlé warns of price increases, against 'excessive' growth expectations after best quarter in decade

Wall Street Journal

Supermarkets Say Goodbye to Pantry Loading, Hello to Inflation

CNBC

Procter & Gamble will raise prices in September to fight higher commodity costs

Delish.com

Hershey's Is Already Planning To Raise Prices On Its 2021 Seasonal Holiday Candy

It will be the first time since 2014.

Consumers' price sensitivity manifests in different ways

Examples of how price sensitivity is manifested during financial hardship

Price Elasticity



Consumers didn't respond differently to price changes during COVID-19 and the Great Recession

Brands & Private Label



Brand share has grown, driven by affluent consumers. Less affluent buying more PL

Where they shop



Dollar and convenience appeal to less affluent. Club and Grocery appeal to affluent consumers. Online appeals to all

Consumers will continue to make strategic shifts, not tactical tweaks, if needed

- Some consumers will:
 - Buy private brands
 - Eat out less
 - Trade down in categories
 - Make a shopping lists to limit waste and excess
 - Use coupons and e-bates
 - Shift channels - shop for the best value (either price/promo or convenience)
- Ensure spend in right trade promotion as there will be competition
- Focus on Omnishopping to capture consumers looking for convenience and manage spend



Omnichannel retailing



NielsenIQ forecasts online sales will continue to grow in 2021

Online purchasing habits established during the pandemic are expected to stay

Food & bev online snapshot

	Online sales	% of total sales
2019	\$32 BN	5.1%
2020	\$69 BN	9.3%
2021 Low forecast	\$95 BN	13.2%
2021 Average forecast	\$103 BN	14.1%
2021 High forecast	\$109 BN	14.6%



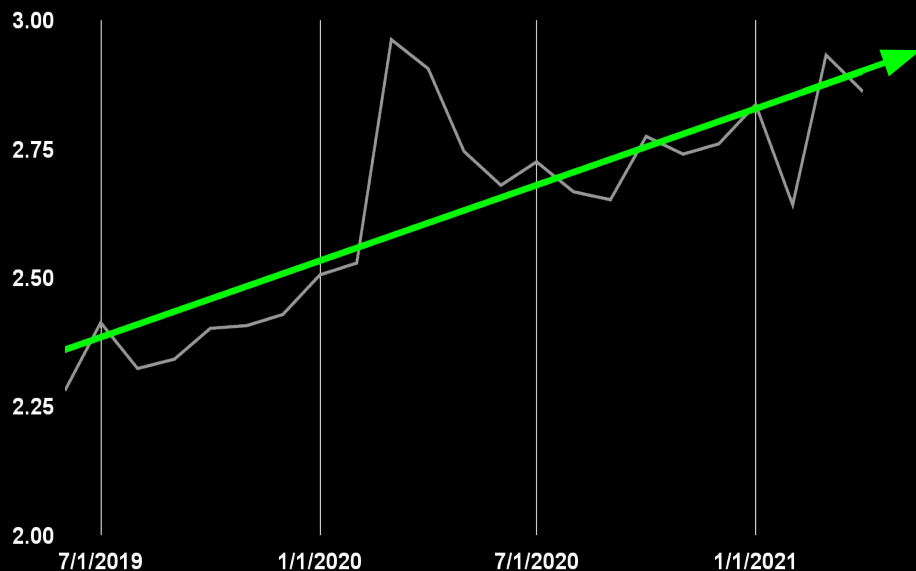
Ecommerce penetration
will continue to grow
post-COVID

**Monthly rates calculated after looking at pre-COVID and COVID data, capping due to elevated base.*

Shopping will remain online even as restrictions ease

Consumers will not revert to pre-pandemic online habits

Order per buyer for Online



Omni Importance Sustains

22 Million

New Online CPG Shoppers in 2020

40%

Of CPG Shoppers are Omnishoppers

\$160 Billion

Online CPG sales in the last year

44%

Of e-commerce dollar share is CPG Food and Beverage

Online preferences will continue to evolve

Who Considers:

32% of Millennials (+8 pts) ▲

22% of Boomers (+5 pts) ▲

Fulfillment method:

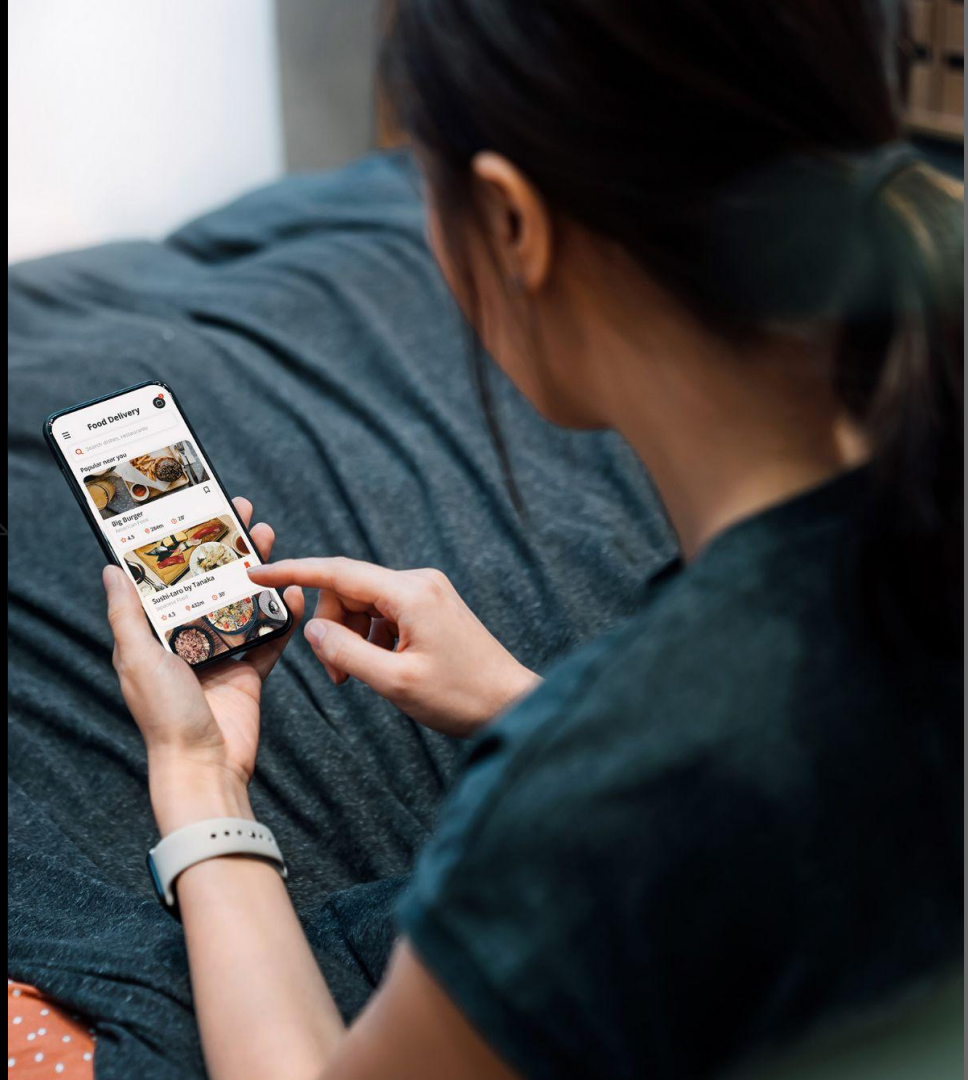
Next/Same Day Delivery (+7 pts) ▲

2+ Day Delivery (-11 pts) ▼

Reason for shopping online:

Easy Delivery Scheduling (27% , -2pts) ▼

Order History (26%, +8pts) ▲



Recommendations for future growth



Key theme

Manufacturer

Retailer

Category Bifurcation

Some categories are flying high despite steep growth experienced last year

Manage the portfolio of Grower/Decliner categories, reallocating production space for Growers and mitigating declines

Ensure space allocation and merchandising strategies for categories that return to full strength

Income Polarization

Over 40% of consumers are budget conscious

Target pricing measures to brands which appeal to those more insulated from economic impacts. Invest in value brands' pipeline and prominence in store and online

Remain competitive on KVLs (particularly lower income consumers) to retain shoppers, opportunity to develop Private Label as shoppers downshift.

Omnichannel Retailing

Online CPG is projected to grow 13-14% in 2021

Invest in SEO/SEM and understanding of highly searched keywords/attributes to associate with your products

Build infrastructure to manage increased demand, create robust purchase history capture to ease shoppers' ability to build baskets



Thank you.

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