

Covid-19 Weekly Insight Update

w/e 1.5.2020



Key take outs

- 1) Deaths are declining and testing is increasing. The government is now getting ready to roll out its test, track and trace operation that will help ease restrictions.
- 2) The economy is paying a high price for the lockdown. The worst off groups are the lowest paid workers, women and young adults. Some business sectors are under high pressure (airlines, travel, hospitality, the high street) as the lockdown extends, announcing redundancies and some rethinking their long term location strategies (*'big, expensive city offices may be a thing of the past'*).
- 3) Economic and employment uncertainty are making people spend less and save more. Despite looking forward to meeting friends & family and going to restaurants & bars, people feel uncomfortable about doing so if lockdown ends next month.
- 4) With shoppers worried about shopping in store when restrictions are lifted, online, click & collect and delivery will play a key role in the future.
- 5) Retailers are starting to meet the soaring online grocery demand, which is expected to increase even further over the next weeks.
- 6) Following the panic-buying spree, shoppers are now making fewer trips to stores but spending more. Alcohol, ice-cream, meat and chocolate confectionery are the categories with the highest growth in the latest week as consumers settle into life under lockdown.

UK deaths down but economic concerns on the rise

The infection in the UK

945,299 people tested

190,584 confirmed positive

28,734 deaths*

The UK provided more than 122,000 coronavirus tests on the last day of April, achieving the target of 100,000 tests a day.

The Health Secretary said it should help to "unlock the lockdown".

France, Italy and Spain registered their lowest daily death tolls for weeks as they prepare to ease restrictions

Worldwide >3.6M confirmed cases / >252,000 deaths

The government's "next mission" is the roll out of **its test, track and trace operation** - a combination of contact tracers and new technology, through the new Covid-19 NHS app, will help tell where the virus is spreading and help to control new infections.

The prime minister revealed on Sunday his "**roadmap**" out of lockdown: Reduced hot-desking, alternatives to social distancing where it is not possible, minimise numbers using equipment, stagger shift times and maximise home-working

Source: Gov.uk & Worldometer as per 4/5/2020; BBC news // * not just in hospitals

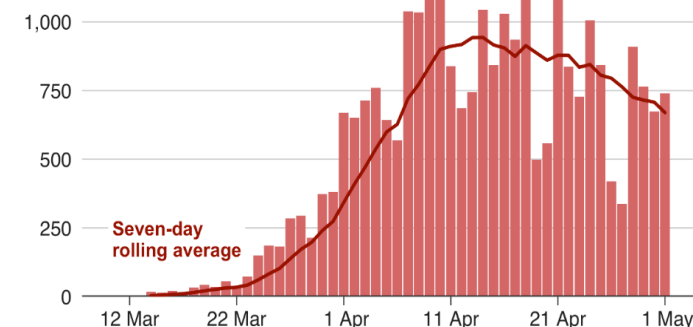
Lowest paid, women and young carry the hardest burden

- Britain's lowest-paid workers, women and young adults have jobs with the biggest health and economic risks during the lockdown
- **8.6M** key workers putting their health at risk to keep the country running
- **6.3M** people in areas of the economy that have been ordered to shut down, including in hospitality, retail, arts, travel and leisure.
- **~1.8M** people have so far signed up to claim universal credit

Source: The Guardian, 28/4/2020

UK number of deaths continues downward trend

UK daily reported deaths with coronavirus



Deaths recorded up to 30 Apr 17:00 BST

Source: Department of Health and Social Care

BBC

Less than 5% of the UK population is estimated to have been infected.
>63M are still vulnerable

Source: BBC News
1/5/2020

Businesses across sectors under high pressure

Airlines



British Airways is set to cut up to 12,000 jobs from its 42,000-strong workforce due to a collapse in business

BA said it will take several years for air travel to return to pre-virus levels
Airlines across the world are fighting for survival.

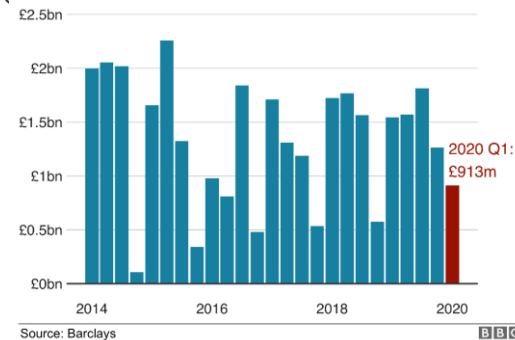
- **EasyJet** has laid off 4,000 UK-based cabin crew for two months.
- Sir Richard Branson asked the government to help bail out **Virgin Atlantic** with a loan thought to be up to £500m.
- **Qantas** put 20,000 staff on leave
- **Air Canada** has done the same for about 15,200 employees.
- **American Airlines** 4,800 pilots agreed to take short-term leave on reduced pay with more than 700 taking early retirement.

Banking



Barclays warned the pandemic could cost it ~£2.1bn due to customers being unable to repay loans.

The bank reported a 38% fall in profit for Q1 linked to the
Quarterly profit before tax



The bank is rethinking its long term location strategy; having thousands of bank workers in big, expensive city offices "may be a thing of the past"

High Street Fashion

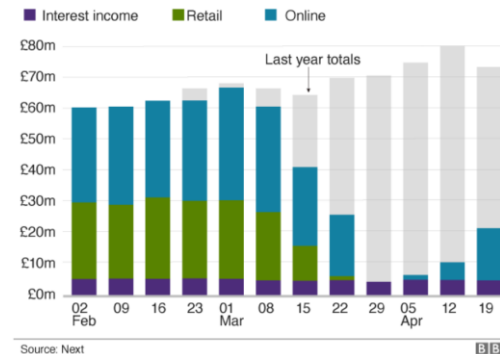


In the three days before lockdown, in-store sales plummeted by 86%

In the 13 weeks to April 25th store sales plunged 52% its first quarter,

Next sales have plunged in recent weeks

Week-by-week revenue since February 2020



Initially furloughed ~90% of staff, mainly from stores and warehouses that were closed. It has now dropped to 84% as online sales have picked up. It has put its headquarters and warehouses up for sale in a bid to secure its future



The pub chain is considering taking out a government-backed loan of up to £50m

With its 850 UK pubs out of action

Wetherspoons has furloughed 99% of its 43,000 workers through the government's Job Retention Scheme, which will pay 80% of their wages.

The company is looking at a bill of about £3m a month during the lockdown to cover employee salary payments and interest on existing loans

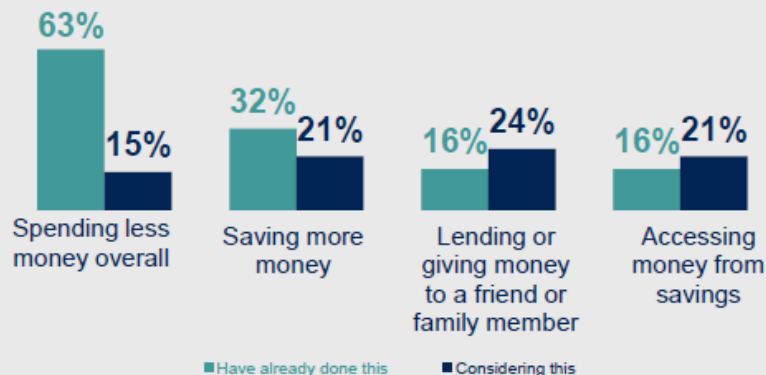
Spending less, saving more, trusting

FINANCIAL BEHAVIOURS

People are spending less and saving more



People are taking, or considering, the following actions to cope financially with the consequences of the pandemic**

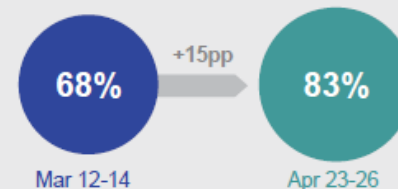


THE NHS

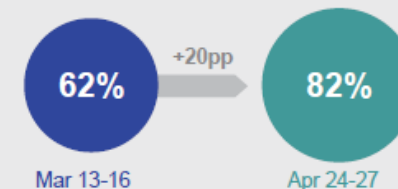
We continue to have confidence in the work the NHS is doing in response to the virus



The majority agrees UK health organisations are doing a good job



And confidence in the NHS to deal with those who are ill remains high*



GOVERNMENT SURVEILLANCE

The majority of Britons support government using mobile data for surveillance to tackle the crisis



People support the Government using people's mobile phone roaming data for the following reasons:**



Tracking people diagnosed with Coronavirus (and those who come into close contact with them) to advise them to self-isolate



Finding out if people are following social distancing/ lockdown rules to decide if more rules are needed



Finding out if individuals are following social distancing/ lockdown rules to penalise those who are not

ENDING LOCKDOWN

Majority say they'll feel uncomfortable going to bars, restaurants and large events if lockdown ends in the next month*



Meeting friends and family



Going to bars and restaurants



Using public transport



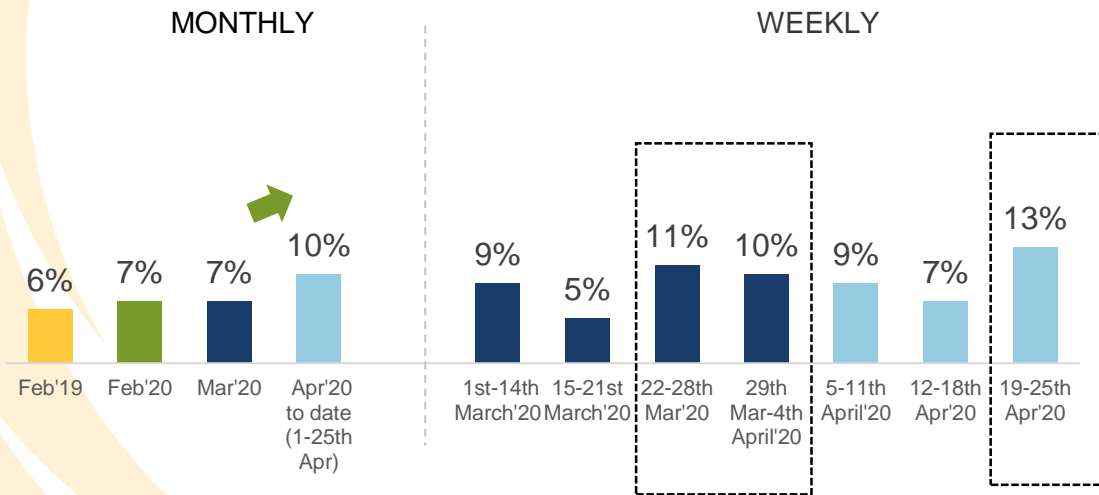
Going to large events



Comfortable Not comfortable

Shoppers continue to turn to online to buy food & groceries, and are open to sharing personal data to be prioritised

% of shoppers claiming to use online for the majority of food and grocery shopping in last month



13% have tried shopping online for the first time in the last month

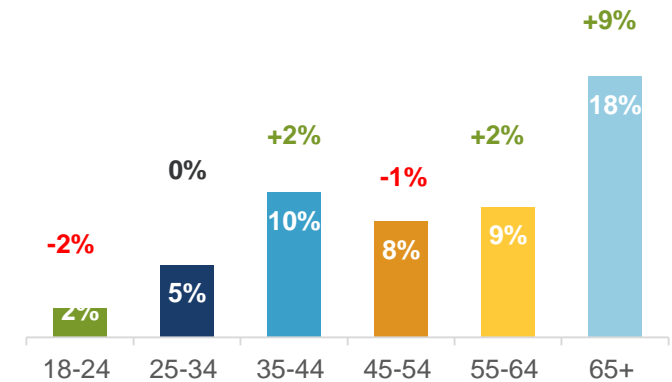
There is openness towards increase sharing of personal information at this time

47% of UK grocery shoppers stated that they would be happy to share personal and medical information during this time if it enabled them to be prioritised for online food and grocery deliveries compared to 26% who would not.

Older shoppers over-index on trying out online shopping

Online shopper profile changing as online retailers prioritise delivery slots for the elderly and vulnerable and many online retailers are unable to cope with taking on any new registrations. Most notable difference is age - the proportion of over 65's now mainly shopping online increased from 9% in Feb'20 to 18% in 1st to 18th April'20. This is something also recorded in China.

% of shoppers claiming to mainly use online by AGE



Retailer news w/e 1st May

Multiples:

Tesco says weekly big shop is back in fashion; and number of transactions in April nearly halved, but the size of the average basket doubled

Sainsbury's warns of £500m COVID-19 cost impact but expects this to be offset by higher grocery sales



Morrisons extends support for farmers & fishermen by opening new half price summer Steak & Seafood bars at stores

Convenience & Wholesale:

- **Blakemore extends home delivery to 60% of its company stores:** Blakemore has been trialing 3rd party Snappy Shopper convenience ordering app with plans to roll out to 250 SPAR stores by end of April.
- **Bestway fast-tracking its retailers on to the Uber Eats programme:** it now has more than 150 stores signed up and aiming for more than 200 by end of May
- **Many wholesalers have gone from B2B to DTC:** including Brakes' new Food Shop allowing shoppers to call through orders for collection the following day
- **Average weekly footfall in independent convenience stores has started to pick up:** from -10% in the first week of the lockdown to just -2% in week commencing 20 April compared with the pre-pandemic weekly average (10 February – 8 March 2020), according to The Retail Data Partnership

Online:

Tesco becomes the first retailer in the UK to fulfil 1m online grocery orders in a week: Tesco aims to reach 1.2m weekly delivery slots in the coming weeks.



Morrisons expands choice of meal boxes: A new gluten-free essentials box has been added to the range; Morrisons expects to produce over 200,000 of the £35 meal boxes over the coming weeks

Co-op speeds up plans for online expansion: Co-op announced plans to roll out its Deliveroo partnership to 770 stores by H1 vs. a previously announced 400

Vulnerable people to be redirected from online deliveries to volunteer shoppers: A major change in direction from the government, coming after supermarkets warned delivery networks and click & collect services could not cope with the demand from households in isolation. A universal script is to be posted on all supermarket websites, putting vulnerable customers in touch with local volunteers who will shop in-store for them.

Sources: IGD 30.04.2020; The Grocer; HIM; BBC News; Various Retailers



E-Commerce and digital – Learnings from China

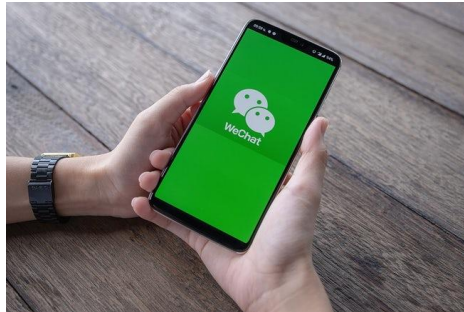


Live commerce

Allows consumers to **tune into livestreams and directly buy the goods featured in them**
Has taken on a new importance with millions of Chinese consumers confined to their homes and searching for entertainment and convenient ways to shop while brands are searching for new ways to bring their products to consumers.



Group chats and private domain traffic



WeChat, the omnipresent Chinese **'super-app'**, combines **messaging features with games, ecommerce, payments** and a host of other features. It has become synonymous with digital life and daily life in China. During the coronavirus pandemic, it has also become a creative way for brands to sustain their businesses and reach consumers.

On-demand grocery delivery

China's new retail grocery stores, owned by Alibaba and JD.com were already well equipped with the delivery infrastructure to handle the surge in online demand. All orders and payment are carried out by app and stores offer guaranteed delivery within a certain time frame – usually 30 minutes to an hour – to customers living in a certain radius.

However, they did have to get creative at getting packages to people - like installing deposit boxes for contact-free delivery and using drones and smart vehicles to access hard-to-reach areas.



Autonomous delivery vehicles



Driverless delivery start-ups saw an unexpected surge in demand as the virus took hold and ecommerce companies, including giants like Alibaba and JD.com, increasingly turned to autonomous vehicles as a way to reduce risk and prevent the spread of infection.

Food-to-go – Learnings from China

Reopening after lockdown - Key learnings

Stores reopened quickly, but footfall is down

Mobile and delivery orders are up as consumers remain nervous about returning to normal habits and patterns

Instore environments have changed, at least mid-term

Temporary safety measures introduced during lockdown have evolved but are not likely to be removed until a long term solution is found. The look and feel of stores will not return to normal for some time.

Safety of staff and customers remains a priority

Very important to ensure staff want to come to work and understand the new safety procedures, and that customers feel safe buying from stores.

Reassurance is a focus of communications

Customer communications centre around reassurance the company is doing the right things to keep staff and customers safe.

Brands with established mobile and delivery tech more resilient

With advances in white label apps and delivery consolidators, operators who do not have these services can get them up and running quickly. However, they will lack the efficient processes and customer awareness of more established players.

Measures implemented by chain operators



- 80% stores closed at peak (early Feb.) Now 95% open (a few delivery only). Reduced hours due to lower footfall
- Launched contactless takeaway and delivery via Starbucks app
- Limited lobby service, minimal seating with safe distances, enhanced sanitisation protocols
- Daily temperature checks for staff; masks at all times
- Customers' temperatures checked at stores' entrance "safety stations"
- Complete close down and sanitisation for stores where staff tests positive



- Of the 9,000 stores, 35% closed at the peak (Feb), 95% now open but with reduced hours and delivery/takeaway only
- Contactless delivery with staff maintaining at least 10 feet (3m) between customers
- Testing a contactless in-store pickup service using pickup racks to hold orders for collection
- Temperature checks, masks worn at all time, disinfecting all food packaging
- Implemented measures to control costs, such as managing inventory down



- At its peak (early-Feb) approx. 25% of restaurants were fully closed; all 300 restaurants in Hubei were closed. Across the country 98% have now reopened, however with reduced demand
- Free meals provided for health workers
- Contactless pickup and delivery services. Orders are accompanied by a "Delivery reassurance card"
- Daily temperature checks, masks worn at all times and hand washing protocols strengthened
- Enhanced sanitisation procedures in-store

Source: Post-coronavirus: reopening after lockdown: what food-to-go operators can learn from China, IGD 29/4/2020



Foodservice in the UK trying to go back to business



Announced it will offer delivery and click and collect from six open stores on a trial basis, with the possibility of opening more sites when it is safe to do so. It has also partner with Deliveroo at a selected number of stores.



Will start offering deliveries from four dark kitchens. It has devised a schedule that will allow staff to "slowly return to delivery-only work at their own discretion" as part of a "test and learn" approach. It will open sites in its delivery kitchens based in Peckham, Hackney, Bow and Leeds.



Reopened 10 shops close to hospitals and restarted food donations to charity partners. Reopened a further 20 shops in London for takeaway and delivery, and extending delivery service to Just Eat & Uber Eats. It is extending 50% discount for NHS workers until 15th May.



Announced that the business is gradually reopening for Delivery, takeaway and click and collect orders.



Announced a 'slow but safe' gradual return to operations, without breakfast menu. On May 13 it will reopen 15 of its 1,350 UK restaurants on a delivery only basis, working with Uber Eats and Just Eat and offering a limited menus.



Healthy eating food to go concept Pure has reopened for deliveries and is offering consumers £10 off their next order to celebrate



Announced it will be re-opening eight stores on a trial basis for takeaway. All NHS staff will be offered free coffee and hot drinks until the end of May.



Will expand its delivery services. After reopening 20 restaurants it will open another 80 but will offer a reduced menu.



Announced that it will open 20 shops in the Newcastle area (of its 2,050 UK wide) as part of a controlled trial to test new operational safety measures. It won't allow customers in.

Brand initiatives

Living the values and supporting the community



Social good is at the heart of the **Brewgooder** brand. Helping to recognise NHS champions, they are asking people to buy them #OneOnUs. So far, 5,456 rounds have been donated, complete with messages of support and appreciation.

This is our chance.
Play for the world.



New ad aimed to get people to take social distancing seriously. LeBron James, Cristiano Ronaldo, Carli Lloyd and Michael Jordan, all spread the message by posting the ad to Instagram.

Nike leaders and its foundation are donating \$15M to various response efforts.

Virtual venture 'The Living Room Cup' is a digital series, offering a space to compete against Nike pro athletes through weekly fitness challenges.

McDonald's UK has released a Happy Meal Template as part of their home 'Family Fun hub'. Parents need to take the Dieline of the box, fold it up and throw a tiny toy in.



#LoveConquersAll



Global bridalwear brand **Pronovias** are on a mission to show that #loveconquersall. They have decided to be a force for good, donating wedding dresses from a range called "The Heroes Collection," to hospital-employed brides to be, working on the frontlines of the COVID-19 to celebrate their extraordinary and selfless dedication.

crocs



Crocs is offering healthcare workers, in the US & UK, a free pair of shoes to thank them for their efforts in the fight against Covid-19. They are also donating an additional 100,000 pairs of shoes to be distributed across a number of select healthcare facilities and organisations.



Wagamama launched an online cooking channel so viewers can 'wok from home'.

Videos release on Weds and Frids presented by the restaurant's executive chef streaming on the chain's Instagram, Facebook and YouTube channels, taking viewers through how to create some of the group's most iconic dishes from scratch.



Always open for you

Our food, beverage and nutrition experts and the entire Nestlé Professional team are available to help and support you during this extraordinarily difficult time.

You can contact us by phone: UK: 0800 745 845, ROI: 00800 6378 5385
(9am - 5pm Monday – Friday) or email us at: learn.more@uk.nestle.com

