

# COVID-19 Weekly Insight Update

W/E 12<sup>th</sup> June 2020  
**#AlwaysOpenForYou**



# Key Take Outs

- 1) The **UK economy** shrank by 20.4% in April, as the country spent its first full month in lockdown. It is the **largest monthly contraction on record**. Analysts expect April to be the worst month as the government began easing the lockdown in May.
- 2) **Sustainable packaging** remains important despite the increased prominence of hygiene and food safety, which is bringing back higher usage of single use plastic.
- 3) Retailers and manufacturers continue to improve their **online offerings**, now able to offer more creative home delivery options as a result of more developed capacity and logistics.
- 4) **Food boxes** remain a popular COVID-19 initiative, with retailers now expanding their offerings from just essential products to more variety, for example now imitating well-known takeaways.
- 5) **Hospitality sector** could start to reopen from July 4th if safety guidelines can be met however, the government is yet to announce details of what the guidelines would be. The experience in bars and restaurants will be significantly affected by rules on social distancing and heightened hygiene procedures.

# UK Economy Record Contraction in April

## The infection in the UK

295,889 lab confirmed cases

1,514 lab confirmed cases per day

41,698 deaths\*

From 15/6 anyone travelling in England by bus, coach, train, tram, Tube, ferry or plane must cover their face while on board.

More than 3,000 extra staff incl police officers are being deployed at stations to make sure people comply.

Passengers without a covering will be asked to wear one, will face being refused onboard or fined £100.

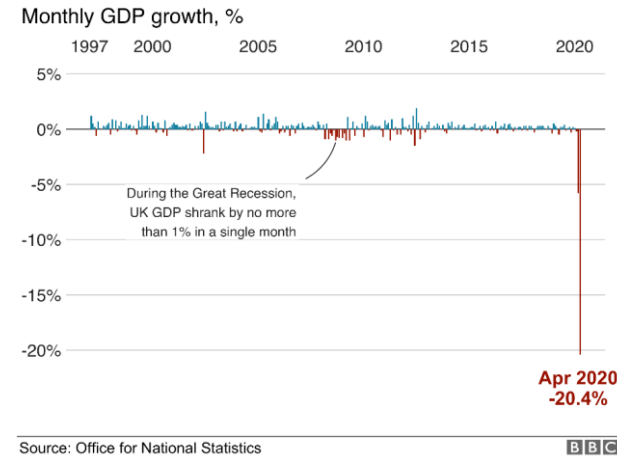
- Boris Johnson commissioned a **review into the 2m social distancing rule**, following calls to scrap it by businesses and some MPs. Large parts of the hospitality industry will not be viable with the 2m coronavirus rule in place.
- The review will be completed by 4/7 when pubs and restaurants could open at the earliest in England.

**Worldwide >8M confirmed cases / >435,000 deaths**

Source: Gov.uk & Worldometer as per 14/6/2020; BBC news

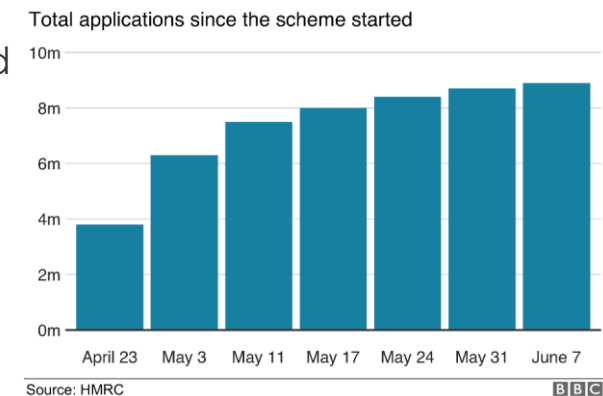
\* Covid-19 associated deaths, not just in hospitals

## UK economy shrank by 20.4% in April



- Almost 9M UK workers are having their wages paid by the government
- 7.5M people furloughed by the end of May. Another 2.5M self-employed workers applied for grants to cover their losses.
- The number of people claiming unemployment benefit rocketed to 2.1M in April.
- People under 30 the hardest hit by the fall in their income

- The largest monthly contraction on record results in the country's first full month in lockdown.
- Virtually all areas of activity affected as large parts of the economy close to battle the pandemic.
- The contraction is 3x greater than the decline seen during the whole of the 2008 to 2009 economic downturn.



Source: BBC News, 11 & 12/6/2020

# Tension between reducing single use plastic & increasing hygiene

Sustainability remains high on consumers agenda

	Jan 2020	May 2020
Parents 'somewhat concerned' about the <b>environment...</b>	96%	83%
Parents actively trying to reduce the amount of <b>single use plastic</b>	89%	84%
Parents trying to avoid <b>disposable products</b> , even if less convenient	75%	72%



**26.4%**  
of consumers boycott brands that do not share their social and political beliefs

**62.5%**  
of consumers are worried about climate change



Sources: Sustainability & Innovation, Kantar 12/6/2020; The Coronavirus era: From sustainability to purpose, Euromonitor June 2020

But health & food safety concerns mean consumers aren't always taking the actions they desire



Spend on **pre-packaged bananas** up +10% since lockdown

**63%** Prefer to **buy products with packaging** that will protect the contents from contamination

**55%** Feel it's more important to **protect food hygiene** than it is to minimise plastic packing waste

**59%** Covid-19 makes using **in-store refills** less hygienic

Sources: Kantar, FMCG panel; Mintel Global Covid-19 Tracker - UK 28 May-3 June 2020

Innovation can be used to mitigate this risk

**Ikea** compostable mushroom based packaging



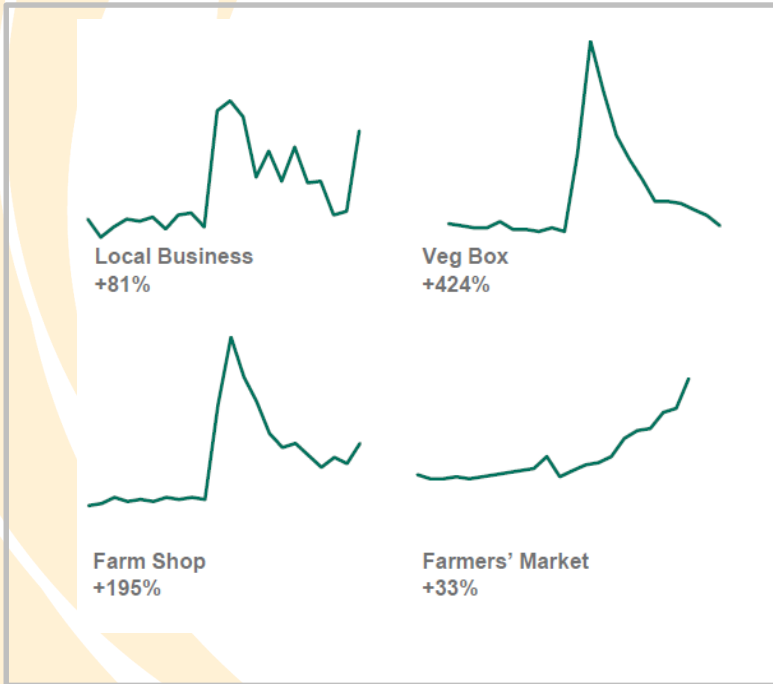
Recipe and food boxes with minimal packaging



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# Localism: A growing trend likely to stay

## Local is trusted



**78%** of shoppers **visiting specialist shops** (butchers, fishmongers, greengrocers etc) more frequently say they **will continue to do so**

Source: Life Under Lockdown part 1, IGD June 2020; Google data worldwide Jan-3rd June 2020

Driven by consumer desire for 'closer to home' products

## 3 Million

people across the UK have tried a vegetable box scheme or food from a local farm for the very first time.

More consumers seek better understanding of sourcing and supply, from ingredients origin to production methods in order to secure personal health and for wider environmental benefits, accelerating momentum for natural and locally sourced ingredients

Sources: Post-Coronavirus: how could health and wellness evolve?, IGD May 2020; How Covid-19 is boosting our predicted trends for 2030, Mintel June 2020

## Innovations to support localism

'The Sussex Peasant', a **mobile farm shop** bringing locally sourced produce into the community



Pale Green Dot adapted in days to supply **direct to consumers** its quality, fresh, local produce (previously 100% for restaurants)



# Retailer News w/e 12<sup>th</sup> June

## Supermarkets & Discounters:

**Coop's** recently launched face masks have become its best-selling products, selling faster than milk and other everyday essentials.



**Aldi** is rolling out self-checkouts to more stores, with social distancing measures including Perspex screens separating them, regular cleaning, and antibacterial gel for customers.



**Morrisons** is extending its 10% discount for NHS workers until the end of September



## New D2C:



**My Food Shop** is a new online grocery delivery service launched to support struggling foodservice industry suppliers in London. It offers a range of essentials along with specialist, restaurant-standard produce normally destined for restaurants at supermarket prices.

**Heinz** is now offering personalized versions of six products through its recently launched D2C platform Heinz to Home, in time for Father's Day but running throughout the year.



## Online:

**Morrisons** is adding to its food boxes line-up with two new 'fake-away' boxes, with each box containing eight meals offering a variety of the nation's favorite cuisines at a fraction of the cost you'd expect to pay at a popular chain



**Aldi** is extending its Deliveroo trial to London, following a successful trial from eight Midlands stores last month. This could be followed by a rollout across the UK later this year.



**Aldi** also launched non-medical grade facemasks as an online 'Specialbuy', now sold out online and available in-store.



**Ocado** has announced plans to raise capital of more than £1bn from investors to deal with the increasing demand in online grocery during the pandemic.



**Amazon** pushing ahead with Ultra Fast Fresh grocery delivery in the UK; currently overhauling several depots so that it can fulfil more fresh produce orders.



**Brakes** is now offering a home grocery delivery service to help people with sight loss who have difficulties maintaining social distancing in stores and accessing online delivery slots. This features a range of 150 core products similar to those found in a supermarket, but in larger pack sizes.



# Re-Opening Hospitality Sector

A trip to a local bar or restaurant will be a different experience.  
67% expect it will be "months" before they will visit a restaurant

## SITUATION

- **Many** restaurants and cafes already **struggling before the Covid-19** outbreak due to rising rents and falling consumer spending.
- Since lockdown, job **cuts and closures have been announced** by some chains (Frankie & Benny's, Carluccio's).
- **Thousands of workers** in the industry have been **furloughed** under the government's job retention scheme

## EXISTING RULES

- On 20/3 **all pubs, bars, restaurants and cafes shut** to stop the spread of coronavirus
- Only exceptions: cafes and canteens at selected places such as schools, hospitals and prisons.
  - Since then, many restaurants started offering **food delivery and takeaways** to generate income while their doors are closed.
- **Drive throughs** started operating in early June
  - Some pubs have started to provide takeaway beers

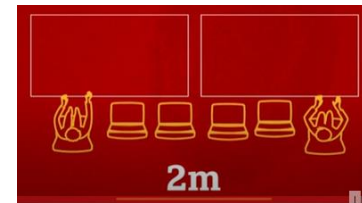
## RE-OPENING

- Hospitality sector could start to **reopen on 4/7** if safety guidelines could be met.
  - **Government yet to announce details of what the guidelines** would be.
- It's expected to include rules on social distancing, heightened hygiene procedures and protection of bar and restaurant staff.



## ISSUES

- Main issue is **social distancing** - the 2m rule makes it almost impossible for bars, cafes and restaurants to make a profit.
  - With a 2m rule, outlets would be only able to make about 30% of normal revenues, whereas 1m would increase that to 60-75%.



## UK hospitality industry

- 3<sup>rd</sup> largest UK employer in 2018
- **3.2 million** workers in the sector
- **99%** of businesses are SMEs
- **£130bn** annual turnover in 2018



**Wahaca** is considering giving customers the option of ordering food on apps, while staff will be encouraged to wash their hands every 20 minutes.

**Wetherspoons** pubs will provide staff with face masks and protective eyewear and it will run a reduced food menu. Bottles of ketchup and mayonnaise will be replaced by individual sachets. Customers will be encouraged to sit outside in pub gardens, while some indoor seating areas will be separated by Perspex screens.

# 3 Winning Marketing Strategies for Brands

1 in 3

say they have recently started using a new brand because of the innovative or compassionate way they have responded to the pandemic

## 1. Be present (don't go dark)

It can take up to 5 years to recover from going dark, while brands that increase marketing investment through challenging times can create a lasting advantage

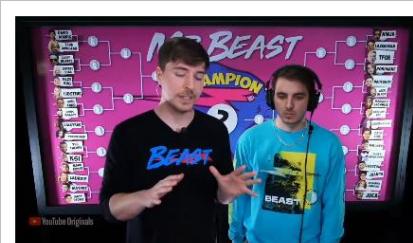
## 2. Support & entertain with relevant messaging

Make your comms stand out by highlighting the brands' unique value proposition

## 3. Cater to the new way of life

Share brand solutions for the stay at home lifestyle & shift focus from SKUs to growing media & sales channels

### Entertain: Rise of at home entertainment



Mr. Beast | 34M Fans  
\$250,000 Influencer Rock, Paper, Scissors Tournament



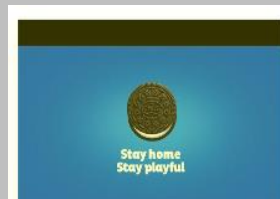
Binging with Babish | 6.7M Fans  
Pantry Recipes: Chickpeas | Basics with Babish



LauraDIY | 8.9M Fans  
DIY Ideas for when you are bored AF at home

Educate: YouTube used for self education – from everyday activities to schooling

Connect: People looking to connect with creators, brands and each other



**Emotion**

Oreo has stayed true to its brand identity lightening the emotional load of lockdown by injecting a little fun into it  
<https://www.youtube.com/watch?v=4wOaqOpDxNQ>



**Reward**

Nike has made their Premium Training Club free. The app reinforces continued behavior by celebrating achievements of milestones via badges and trophies.



**Ease**

To ease consumers' worries about health and hygiene Chipotle mentions on its website that it has begun to apply tamper-evident seals on every delivery bag.



# 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.

Please get in touch by phone: UK: 0800 745 845, ROI: 00800 6378 5385 (9am - 5pm Mon-Fri) or email us at: [learn.more@uk.nestle.com](mailto:learn.more@uk.nestle.com)



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