

COVID-19 Weekly Insights Update

w/e 15th May 2020
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Key take outs

- 1) UK death toll continues to decline but tests still not at the level committed by the government.
- 2) UK economy shrank by 2% in Q1. The government is spending billions in Furlough and Self Employed Income Support Schemes. Furlough scheme has been extended by four months
- 3) Across Europe lockdown is being lifted. Different countries are trying different measures. New freedoms conditional to the virus not having a second surge of infections
- 4) Although the lockdown has driven the necessity to shift to a weekly shop, there are indications this will not continue as we come out of lockdown
- 5) With local businesses needing to adapt in the lockdown and offering deliveries, shoppers feel good about supporting their community and plan to continue this in the future
- 6) Shoppers are most interested in ready-to-eat meal delivery via apps like Deliveroo or Just Eat, but most still prefer to make food at home
- 7) Online continues to be a key focus for major retailers, with some such as Aldi venturing into online grocery delivery for the first time through partnerships with delivery providers
- 8) Foodservice operators, especially QSR and coffee shops, continue to open more sites to offer delivery, take away and drive through collection

UK and some European countries slowly easing lockdowns

The infection in the UK

246,406
lab confirmed cases

34,796 deaths*

UK daily death figure dips to lowest since day after lockdown

Long wait times for results are undermining confidence in the coronavirus testing.

Faster test turnaround is needed if testing is to be used to help control the spread of infection

Worldwide >4.9M confirmed cases / >320,000 deaths

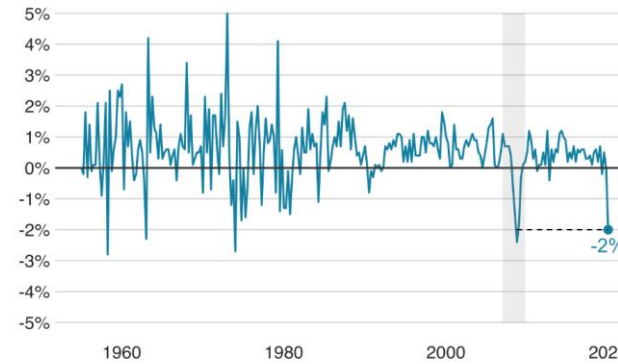
- Across Europe, people are seeing an easing of lockdown measures, as businesses reopen and children start going back to school.

Source: Gov.uk & Worldometer as per 18/5/2020; BBC news;

* Covid-19 associated deaths, not just in hospitals

UK Economy shrank by 2% in Q1

Quarter-on-quarter percentage change



Source: Office for National Statistics, Bank of England (Data from 1920 to 1938) **BBC**

- Economy shrank by 2% in the first 3 months of 2020.
- Household spending shrank at the fastest pace in more than 11 years as restaurants and high street shops remained shut.

Furlough scheme extended by four months

- Employees will continue to receive 80% of their monthly wages up to £2,500 but from August the government will ask companies to "start sharing" the cost of the scheme.
- A quarter of the workforce, some 7.5 million people, are now covered by the scheme, which has cost £14bn a month.

Self-employed grant claims top one million

- >1M self-employed with businesses affected by coronavirus have applied for government grants. The value of the claims made so far is >£3bn.
- The Self Employed Income Support Scheme supports people in a similar way to the scheme for furloughed employees.

Source: BBC News, 13/5/2020

Lockdown being lifted across Europe

Germany



- **Bundesliga football matches** resume behind closed doors on Sat 16/5
- **Shops** now allowed to reopen, with extra hygiene and social distancing measures
- **Schools** partially reopened for young children and those taking exams
- **Border controls** being eased on 15/5 with Aus, FR and Switz to be lifted on 15/6
- 2 different **households** now allowed to meet up
- Big public events **banned** until at least end of Aug

Italy



- **Travel** allowed from 3/6
- **Bars and restaurants** to fully reopen for dine-in from 1/6
- **Hairdressers** and **beauty salons** due to reopen from 1/6
- More shops will reopen on 18/5, incl **museums and libraries**
- Sports teams will be able to **train** from 18/5
- **Funerals** allowed with max 15 people attending
- **Schools** will not reopen until Sep
- **Catholic Church** allowed to hold masses from 18/5

Spain



- Restrictions to be eased in two-week blocks until 10/6
- Madrid, Barcelona, Granada, Malaga and some regions in the NE will stay under full lockdown
- **Schools** will partially reopen from 26/5. Full reopening not expected until Sept
- **Bars & rests** will not fully reopen until 10/6, adhering to strict social distancing at 50% capacity
- **Cinemas, theatres and exhibitions** to open from 26/5 at 30% capacity.
- **Churches and mosques** to reopen from 11/5 only at partial capacity

France



- **Travel certificates** no longer needed, car journeys up to 100km from home now permitted
- 4 **red zones** incl Paris keeping parks, gardens and schools for 11 to 18 y.o. shut for the time being
- **Primary schools and nurseries** open after 11/5
- **All shops** (bar Paris shopping centres) can reopen but bars and rest will remain closed
- **Gatherings** of <10 people permitted; **elderly** and **vulnerable** allowed out
- **Beaches** began reopening under tight restrictions

Netherlands



- **Libraries** now open
- **Hairdressers & nail bars** opening from 11/5
- **Primary schools** partially reopen
- **Bars and rests** to open outdoor spaces from 1/6
- **Public transport** will resume provided travelers wear face-masks
- **Theatres & cinemas** with up to 100 customers can reopen from 1/7 with social distancing
- **Larger events** and **contact sports** may resume in September

UK - As lockdown eases shoppers may return to top up shops

Until 19/4 shoppers did fewer, bigger trips as they seek to limit their visits to stores

16

Grocery trips
-5 trips
-25% YoY

£22

Trip Spend
+£6.70
+43.2% YoY

Current shopping behaviour is driven by the necessity of lockdown rather than a desire to purchase in this way

Source: Kantar, FMCG Panel, 4we
19/4/2020

However, they don't see themselves sticking to the weekly shop



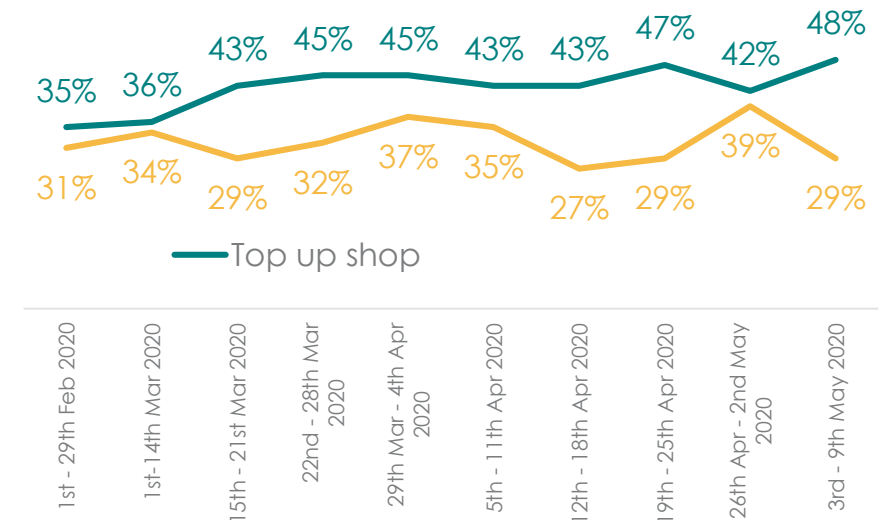
"I don't see us sticking to the once a week thing...it's nice to have the freedom if you fancy something else for dinner rather than what you have already got in the freezer"

Click on the link below to view a short video on how shoppers have coped during lockdown and their plans once the restrictions are lifted

<https://watchmethink.com/share/sharebebc3d2a-0c5f-45df-8278-2a60da3bfa91>

Source: Watchmethink.com

Early indication of more top up shops vs beginning of March



Source: Coronavirus impact on shoppers, IGD 26/4 – 9/5 2020

Morrisons is encouraging smaller shops by launching a new "speedy shopper" system to allow food-to-go customers to bypass coronavirus queues



Source: The Grocer



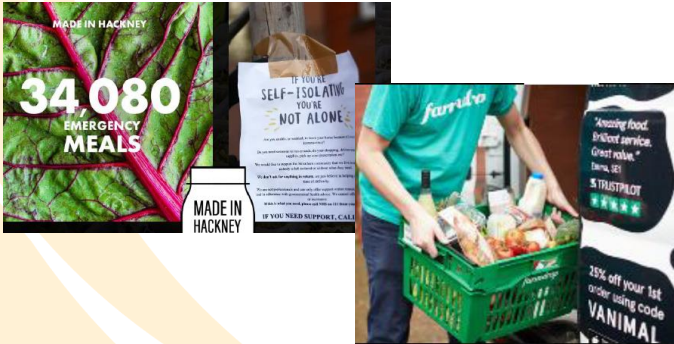
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Shoppers keen to support their local communities

Consumers are checking in with their local communities

Local, smaller stores are increasingly valued as consumers seek to avoid bigger stores.

They check in to their **local community for support and safety**



A rise of new innovative routes to consumer with new partnerships may well become the new normal

Source: Covid-19 Critical capabilities for Marketing and Sales to get right, right now, Kantar May 2020

Are seeking solutions closer to home



"I started to buy things locally, our local newsagents is now delivering milk. I've had a couple of fruit & vegetable boxes delivered.....I really like the feeling of supporting local businesses, so I will definitely plan to this this after it finishes"

Source:
Watchmethink.com

And want to continue to support local businesses

41%

Have been shopping at their local independent stores **more regularly than they did before**

36%

Plan to use their local stores **more** after lockdown

46%

Who say they plan to use their local store more, is because they **want to support local businesses**

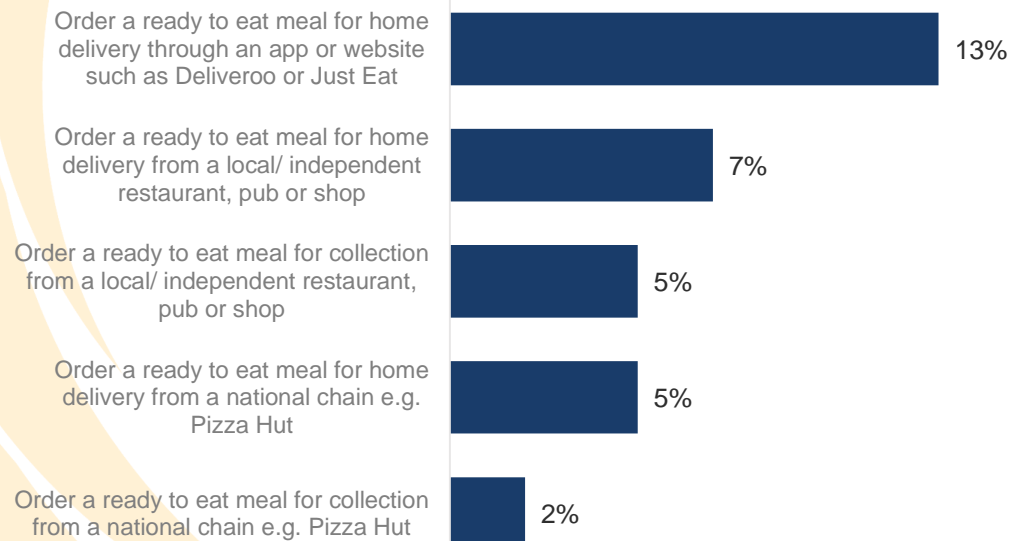
Source: ACS weekly round-up 6/5/2020. Shopping in a Coronavirus world. How retail is evolving.



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Interest is highest for ready-to-eat meal delivery via apps like Deliveroo or Just Eat, but most shoppers still prefer to make food at home

Which of the following do you plan to do in the next week

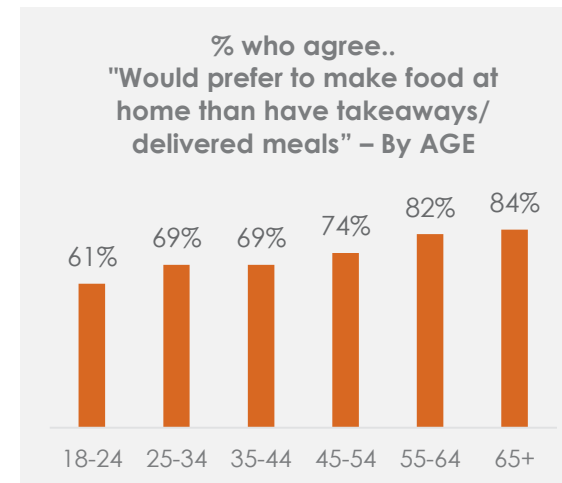


Younger shoppers and those living in London are more likely to use a delivery service and be more experimental with takeaway services

Declines in financial confidence mean households are not planning on spending more on takeaways/delivered meals than they normally would, but a quarter agree they would order more as a treat



Three quarters would prefer food made at home; older shoppers over-index

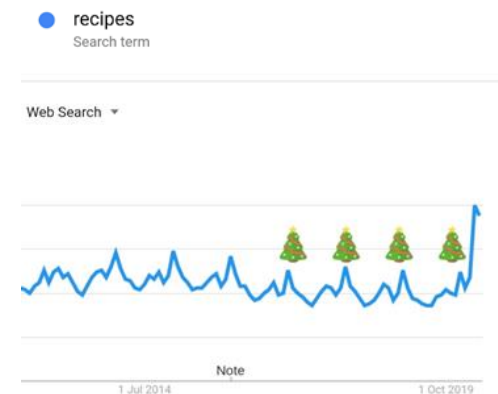


Sources: Google; IGD Shoppers' attitude to meal delivery services, May 2020.



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UK recipe searches on Google are also rising past holiday volume levels

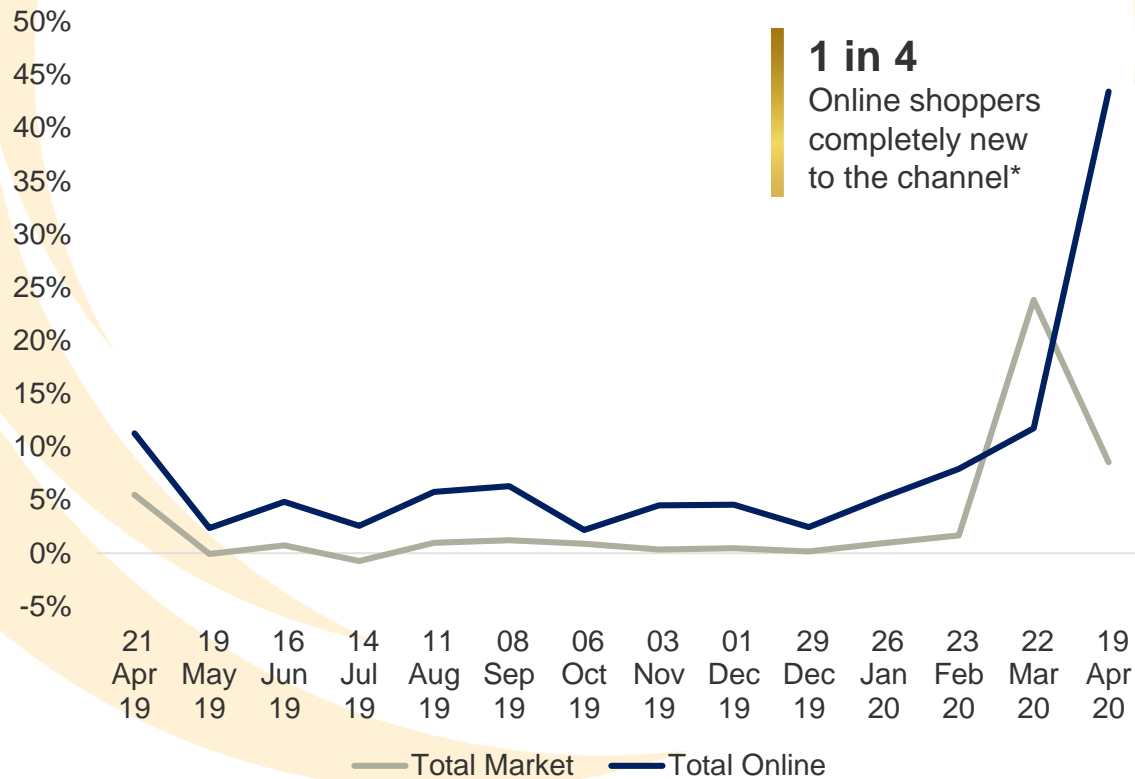


Retailers maintain online focus

An acceleration in growth through continued shopper demand, and retailers finding extra capacity to meet it, resulted in an extra 1.8m additional deliveries in the 4 weeks ending 19/4

Grocery 4w/e

Spend Growth YoY%



Source: Kantar, FMCG Panel, 4we 19/4/2020

*4we April Online shoppers, not shopping Online in previous 44 weeks to Feb

Latest Online News:

Sainsbury's is rolling out its rapid bike delivery service Chop Chop to cities outside London for the first time. Once the 50-store rollout to 20 cities is completed, 3.2 million households will be able to have groceries delivered within an hour



Lidl has launched a WhatsApp chatbot that customers can converse with to find out the quietest times to shop at their local store

Lidl has installed click & collect lockers in stores, which can be used to collect online orders from a range of retailers including Holland & Barrett, and can also be used to return purchases or send parcels through carriers.



Morrisons has more than doubled the number of stores serving its online partner Amazon Prime Now. It will have been extended nationwide to over 40 stores by end of May

Holland & Barrett has opened a new distribution centre and taken on hundreds of new staff after failing to cope with online demand



Tesco has now launched a volunteer e-gift card to help elderly, vulnerable and self-isolating customers allow others to pay for and collect their food.

Aldi has partnered with Deliveroo to launch rapid grocery for the first time in the UK. The initial range consists of 150 'essentials'



Sources: The Grocer, various retailers

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Foodservice news – Chains continue to expand their service



- Will re-open all of its drive-through outlets in the UK&I by early June.
- Re-opening 30 drive-throughs this week
- Offers delivery only from 15 restaurants, customers order via the Uber Eats app
- Offers a limited menu with a max spend of £25 per order or per car, and is encouraging contactless payments



- Reopened 600 stores for delivery



- Has been reopening its outlets in phases since 16/5
- Will offer delivery or drive-through service from 350 restaurants by 30/6 (3/4 of its outlets)
- Also serving a limited menu
- Orders via Just Eat and Deliveroo apps, even when visiting drive-through restaurants
- Motorway service operator Moto is set to launch a click & collect trial for Burger King at 48 sites in June



- Opened three of its UK sites for delivery, including its delivery-only kitchen in Battersea.



- Opened last week 49 of its cafes across the UK for takeaway
- It is operating social distancing and putting extra hygiene measures in its stores
- Re-openings came after a trial at five locations



- Last week began a phased reopening of 150 of its drive-through locations and some takeaway-only stores



- Opened 70 more outlets outside London for takeaway and delivery
- Follows the recent reopening of 30 outlets in London
- Will offer a limited menu of its most popular sandwiches and salad and a new 'Heat Me At Home' macaroni cheese range



- Also reopening sites for takeaway customers



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Impact of Covid-19 on sales & marketing

Brave new reality

Business:

- New **ways of working**, drastic limits to travel
- Increasing investment in **digital collaboration platforms**
- Industries reliant on large crowds become more seasonal or adapt their assets & business model to other things

Retail:

- Clear **shift to e-commerce** delivery model
- Emergence of thriving **local community marketplaces**
- Seasonal spikes in demand for key cleaning and food products

Booming digital commerce

New shoppers are embracing online & building new shopping habits that are likely to stick

+22%

Increase in FMCG digital commerce since lockdown



+97%

New digital commerce FMCG shoppers since lockdown

+65%

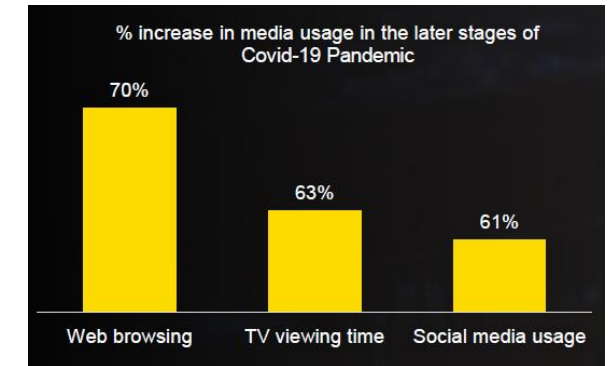
Of first-time online grocery shoppers will become repeat online shoppers



The biggest challenge to digital commerce is the speed at which it can scale operations

Consumers more available to brands

With a significant surge in media usage across the web and on social media platforms, it's evident that people both have the time and mental availability to hear from brands



Creativity, content and connection are key

Brands need to show up with a strong sense of purpose



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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



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