

NielsenIQ Total Till Executive Summary

4 weeks ending 30th January 2021

Retailer & Business Insights Team

11th February 2021



January 2021 was more upbeat than expected as UK went into lockdown 3.0

Most retailers benefited

- Despite Christmas bills to pay, January was an unusually strong month for food retailers.
- Growths peaked during the final week.
- After 4 weeks of restricted living, some shoppers indulged with extra treats, which may also have co-incided with 'payday'.

Fewer Visits

- Frequency of visit fell sharply.
- Most retailers were impacted.
- Shoppers heeded government warnings and cut out unnecessary trips.

More trips to Discounters

- Only Aldi and Lidl did not see a decline in visits.
- 1 in 4 shoppers* are 'newly constrained' impacted by the pandemic. Increasingly households will be shopping on a fixed budget to save money when restocking their larders.

Food inflation slowing

- Despite the new trading agreement with the EU, there was no immediate impact on food inflation.
- With the ongoing price war, food price inflation~ is lower than this time last year.
- Volumes increased in essential categories such as Meat, Fish Poultry, Frozen and Packaged Grocery as well as BWS

Online broke new records

1

Online growth accelerated to **+121%** and share hit **16.2%** of fmcg peaking in the final week at 16.4%.

2

Fresh foods accounted for nearly half of the incremental spend, showing are using the channel for core essential groceries.

3

Sales at bricks and mortar stores were flat and growth in convenience stores was limited as shoppers chose larger stores and/or online.

Iceland was the fastest growing retailer

1

Iceland was well ahead of the big supermarkets. Similar to lockdown 1, shoppers **restocked freezers** and used retail parks for 'one stop' shopping.

2

Morrisons outperformed peer group ahead of Tesco and Sainsbury's with ASDA close behind.

3

Waitrose were driven by a massive increase in spend per visit compensating for the biggest fall in frequency of any retailer.

4

Lidl continue to grow market share and have been ahead of Aldi for 5 months. The Lidl Plus app has encouraged more shoppers to visit more often.

5

Both discounters continue to open new stores but it is **frequency** of visit that has supported sales growth during the last few months.

6

Both Co-operatives and M&S were impacted by the reduction of visits as the third lockdown started and shoppers reverted to bigger, weekly grocery shopping.

7

In summary, retailers with larger formats and an established online offer benefited.

8

Retailers with smaller stores and/or in high street locations and without an online offer, all lost market share in January.

Spend again shifted from hospitality, resulting in double digit sales for retailers

Headwinds

- *Online +121%
- *Discounters +10.6%
- Grocery Multiples +8.6%



Tailwinds

- Convenience +2.3%
- *Value Retailers -14.2%



+10.6%

Total Till

In total British shoppers spent £4.77 more per trip, buying 2.8 more items but made 75m fewer shopping trips than last January

+30%

Spend per visit rose from £16.09 to £20.86



+26%

Items in basket rose from 10.7 to 13.4



-16%

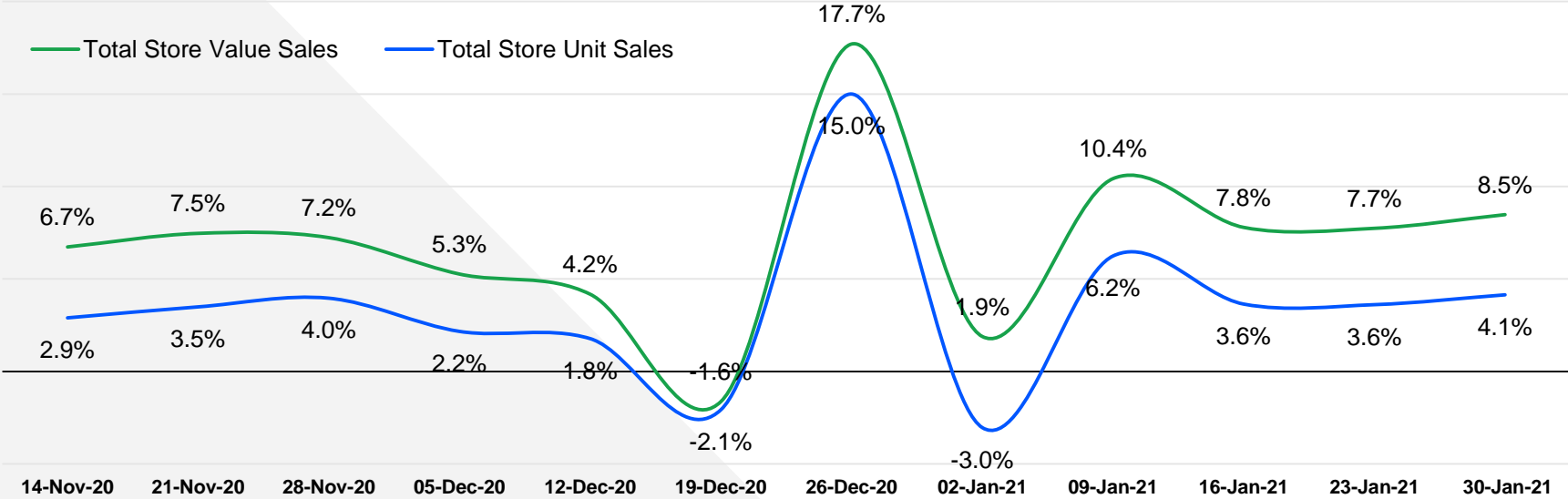
Frequency of visit fell from 17.4 trips to 14.6



Boosted by hospitality and against weak comparatives, growths were higher than November, with a few extra treats at the end of January

Grocery Multiples

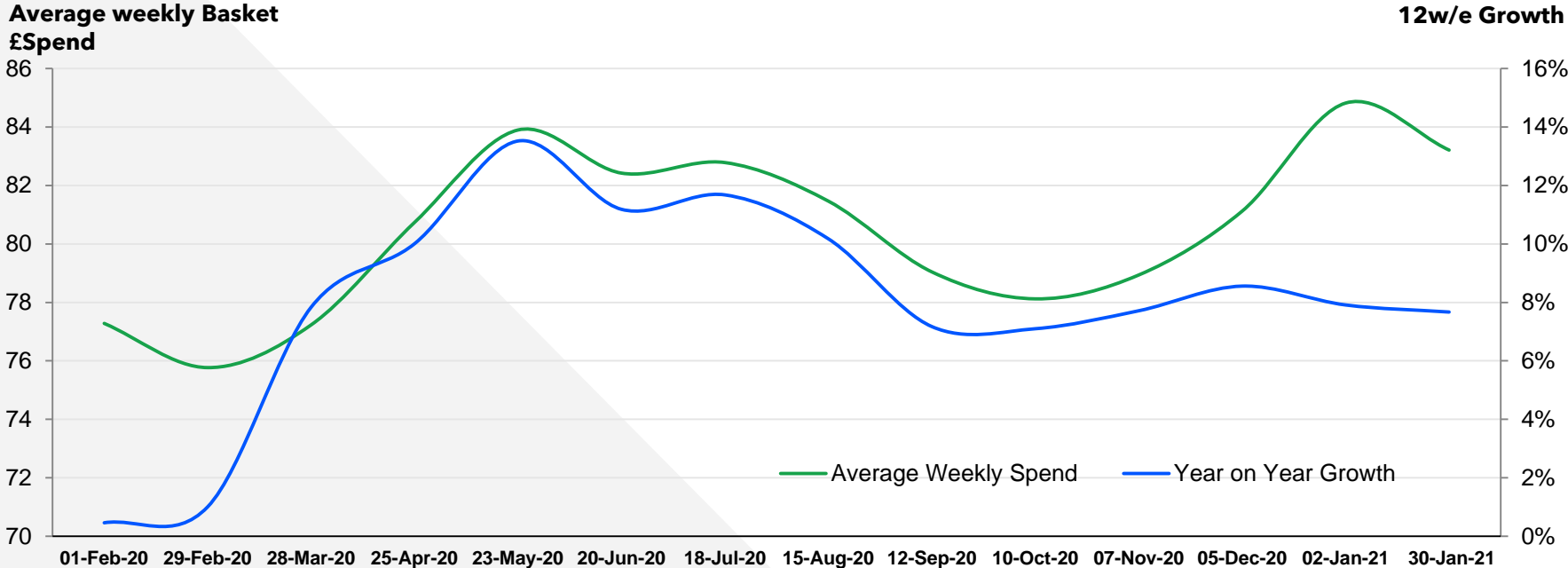
Weekly year on year value growth



Source: Nielsen Scantrack Total Store Read Grocery Multiples

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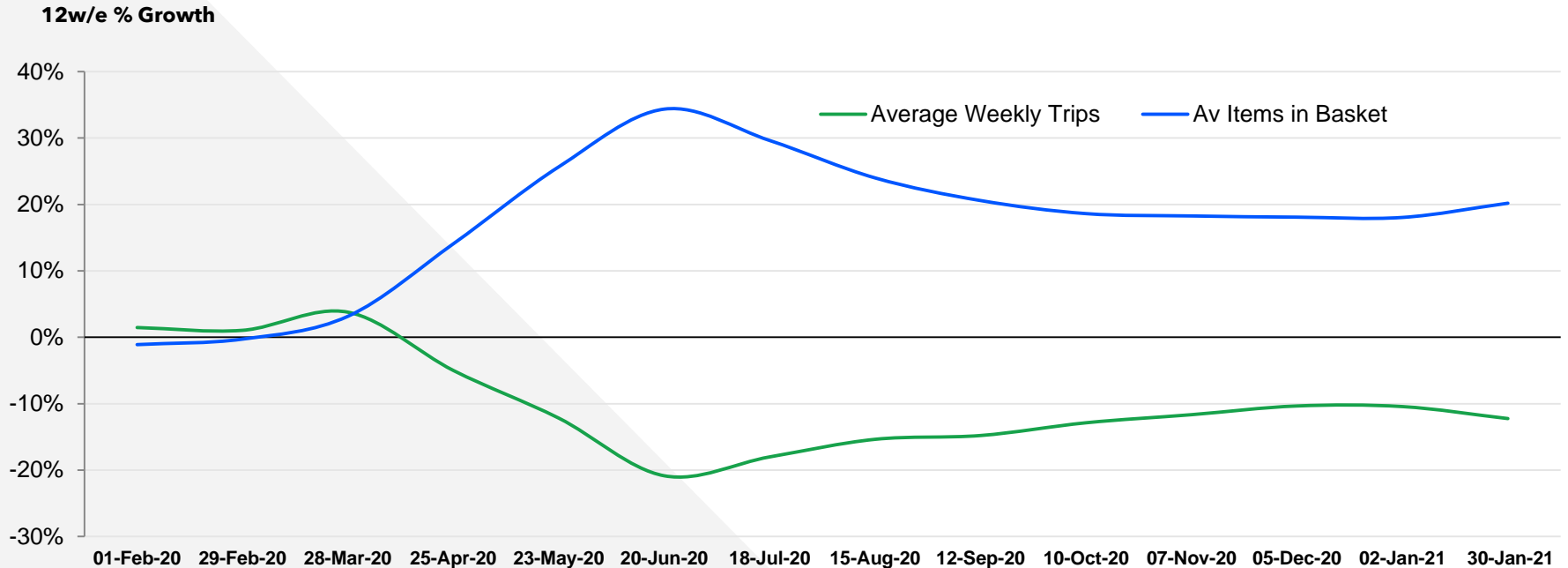
Overall, average weekly spend remained high in January and growth has been stable for the last 6 months



Source: Nielsen Homescan GB FMCG, based on rolling 12w/e

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Shoppers bought more items and shopped less often heeding government advice prohibiting unnecessary journeys



Source: Nielsen Homescan GB FMCG, based on rolling 12w/e

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Online achieved **record** growth, attracting 1 in 3 shoppers

£11.4b

(+8.2% vs last year) was spent in GB food & drink retailers, which is

Online	Basket spend	Trips	Convenience Stores*	Offer Spend
+121%	+30%	-15%	+2.3%	19%

Shoppers limited the spread of more contagious mutations of the virus and kept their distance

+4.2m new shoppers

6th highest GB spend per trip in 3 years

75m fewer GB trips than last year

38m fewer than last month

Lowest since Feb 2020

Fall only slightly ahead of April all time low 16%

With Covid now more contagious, shoppers cut out unnecessary shopping trips and shopped from home

New year, another lockdown

4w/e 30th January

A Christmas like 'no other'

4w/e 2nd January

Stores visited

- 4.9 fascia's visited
- -15% decrease in visits vs last month

- 5.7 fascia's visited
- +9% increase in visits vs last month

Online penetration

- 33% of GB shoppers
- +81%/+4.2m more shoppers vs last year

- 29% of GB shoppers
- +48%/+2.7m more shoppers vs last year

Bricks & mortar shopping trips

- 393m shopping occasions
- -18%/88m fewer than last year

- 435m shopping occasions
- -12%/57m fewer than last year

Basket Size

- £20.86
- +£3.05/+18% vs last year

- £22.37
- +£2.62/+19% vs last year

Online broke new records as retailers flexed capacity

Record online growth

- Sales **+121%**
- **16.2%** of GB

Record penetration

- **33%** of GB shoppers shopped
- +81% /+4.2m more shoppers

Record Orders/deliveries

- **19.7%** increase in average frequency of visit
- **13m** additional orders/deliveries

Basket Size

- +1.2% Spend per trip
- -1.5% units per trip
- +3.3% average price per item

Retailers without an established online offer will have seen sales slow, as online gained share week on week

Total visits

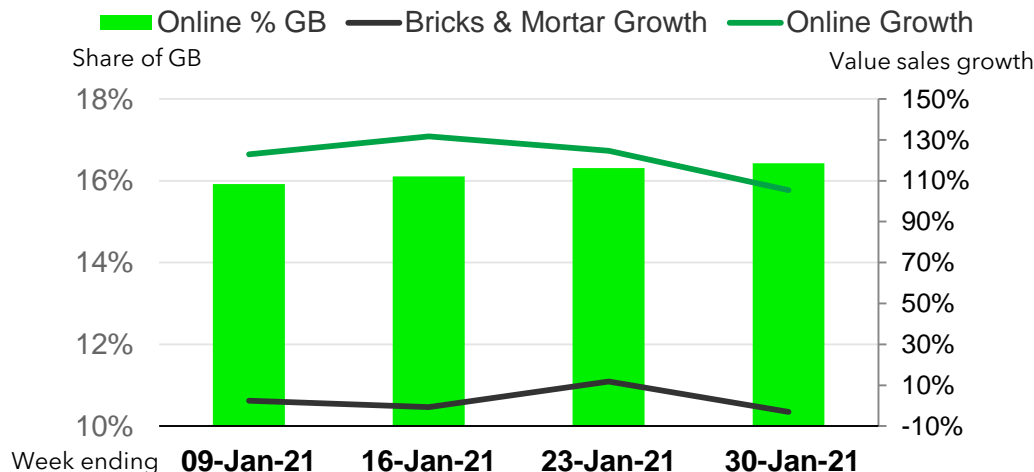
-16%

-18%

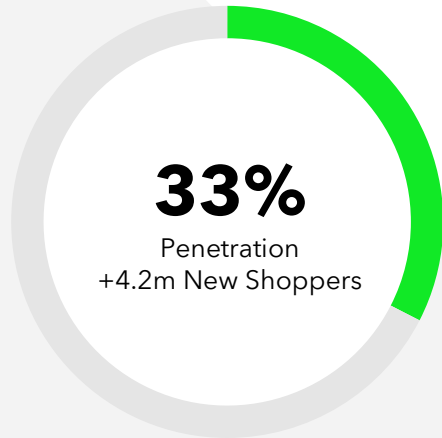
Bricks & mortar -88m visits

+117%

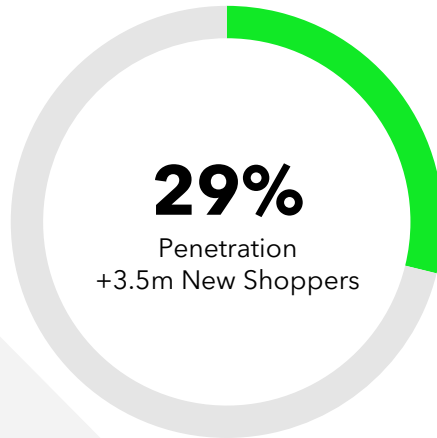
Online +13m deliveries/slots



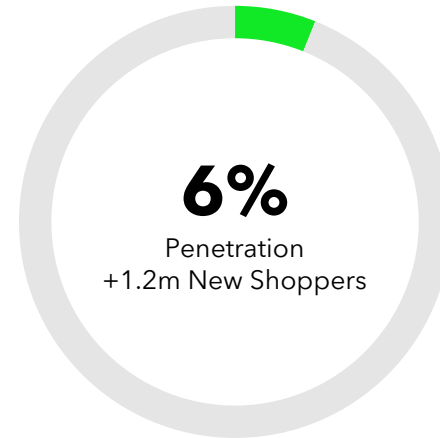
Whilst shoppers prefer Home Delivery, over 1m additional shoppers used Click & collect in January



Total Online



Home Delivery



Click & Collect

It was a tough month for Convenience stores who saw weak fmcg growth turn negative in the final weeks of January

+£739m on fmcg

+8.8% more than last year

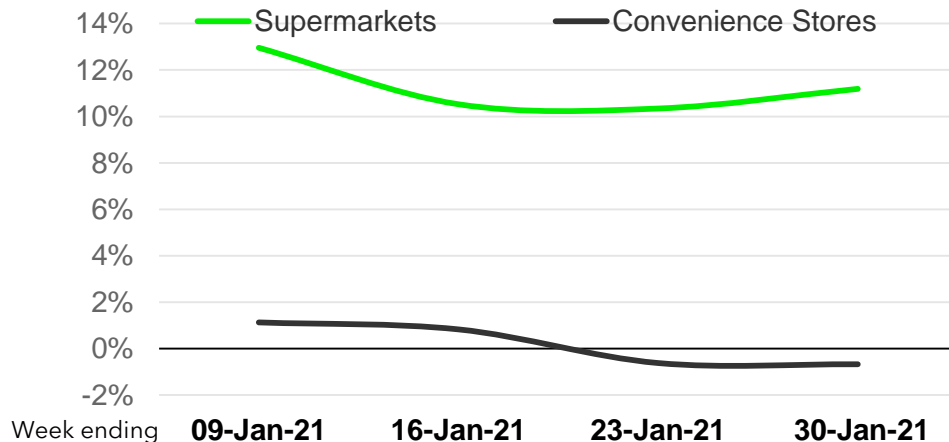
0.3%

of incremental sales was spent in
convenience stores
(**<3,000sqft**)





+99.7%

of incremental sales was spent in
***Supermarkets**

Value sales growth



Retailers continue to benefit from off trade BWS sales, whilst frozen straddles a number of shopper needs

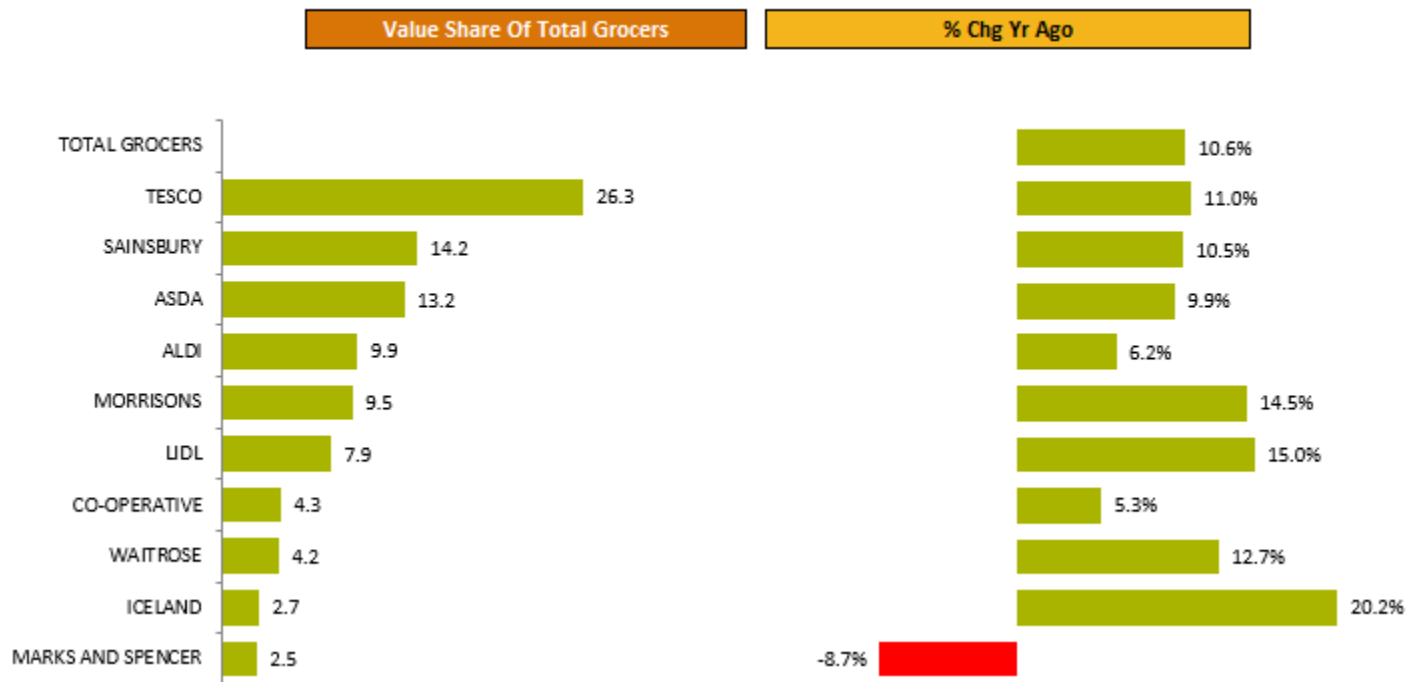
Comfort Food	BWS	Convenience	Cooking from scratch
 <p>Frozen dough/pastry +122% Frozen bakery prod +60% Hot choc/malt drinks +39% Ice-cream +28% Frozen chips +26% Cream & custard +25%</p>	 <p>Stout +65% Sherry +36% Lager +32% Still wine +23% Sparkling wine +22% Spirits +22%</p>	 <p>Savoury baking mixes +38% Frozen fruit +34% Frozen savoury prod +25% Canned fruit +25% Dry noodles +21% Fresh gravy +16%</p>	 <p>Frozen meat +45% Fresh meat subs +41% Herbs & spices +37% Ckg vinegar/alcohols +33% Frozen fish +29% Oil +27%</p>

With less opportunity to shop around and fearful of out of stocks, shoppers also purchased early for Valentine's Day, greeting card sales topped 30% for the 4 week period.

4-digit/3-digit growth remains for categories containing face masks and hand sanitiser.

Iceland was again the fastest growing retailer, as shoppers restocked their freezers and used retail parks for 'one-stop' shopping

4 Weeks 30 JAN 2021



Trade was slower in Aldi, Co-op and M&S

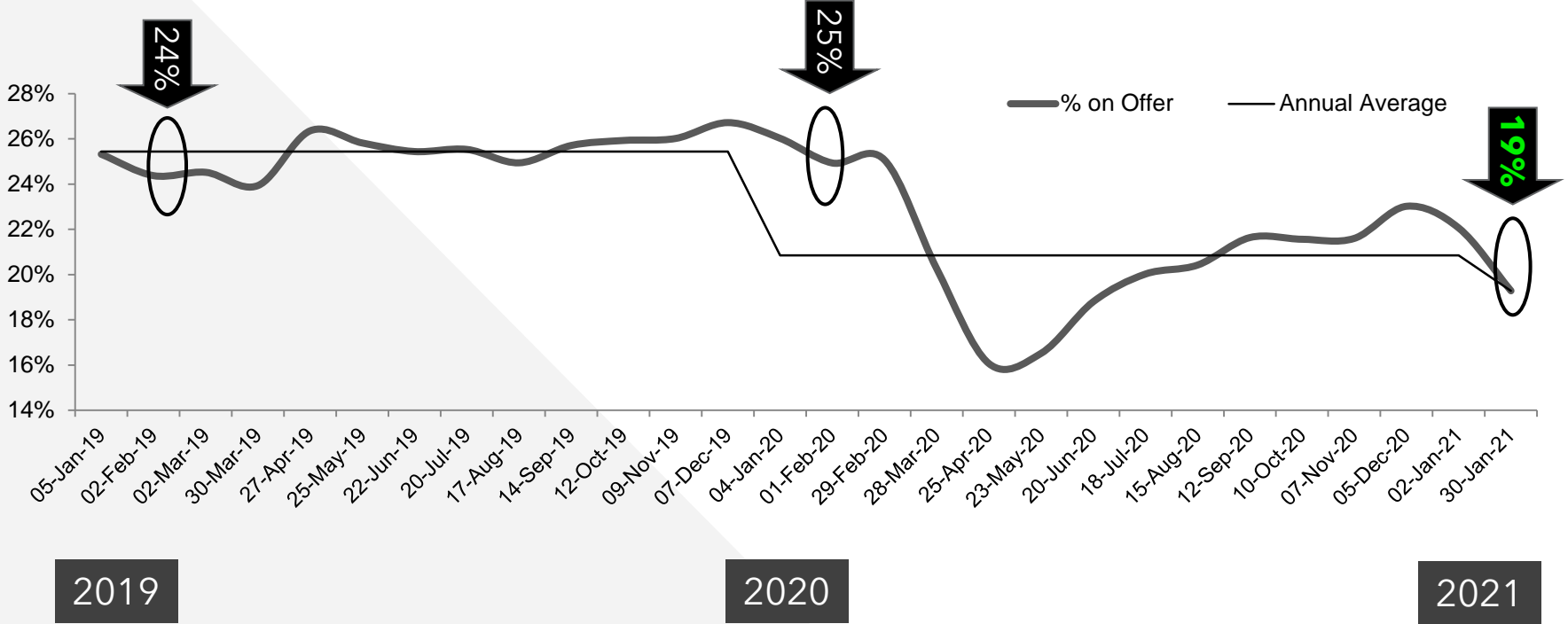
4w/e 30Jan21 vs year ago	Total Till Growth	Penetration	Frequency	Value Per Visit
TOTAL GROCERS	Green	Yellow	Red	Green
Tesco	Green	Red	Red	Green
Sainsburys	Green	Red	Red	Green
ASDA	Green	Red	Red	Green
Morrisons	Green	Red	Red	Green
Waitrose	Green	Red	Red	Green
Marks and Spencer	Red	Red	Red	Green
Co-op	Yellow	Red	Red	Green
Iceland	Green	Red	Red	Green
Aldi	Yellow	Red	Yellow	Green
Lidl	Green	Red	Yellow	Green

Year on Year Growth

Green	>10%
Yellow	0% < >10%
Red	<0%

Spend bought on offer dipped as retailers focussed more on low price and with less browsing time in store shoppers bought less on impulse

% Exp On Offer: FMCG



2019

2020

2021

Source: Nielsen Homescan Grocery Multiples 4w/e

Retailers continue to invest less in promotions, Lidl is the exception and is pushing more coupons to users of their Lidl Plus App

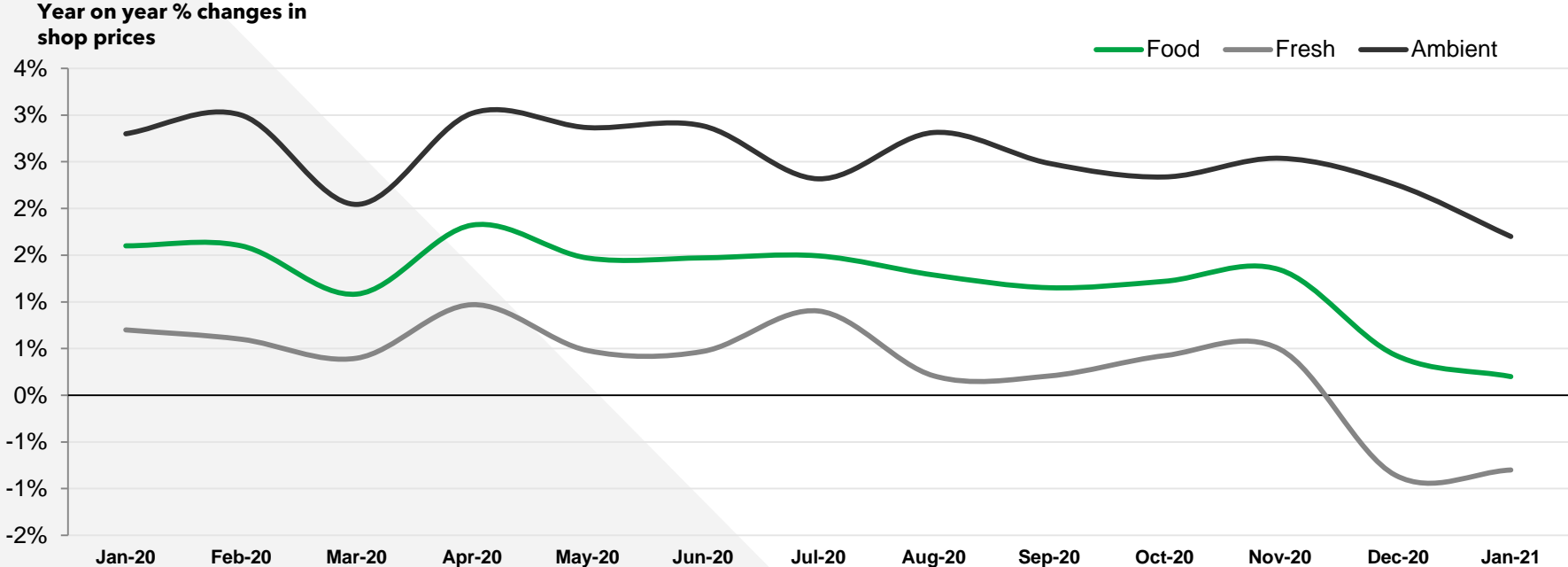
% Value sales bought on offer



Grocery Multiples
19% (-6% points)

	% Value sales bought on offer	+/- % pts vs last year
Waitrose	▪ 33%	▪ -5%
Ocado	▪ 31%	▪ -15%
Co-op	▪ 29%	▪ -6%
M&S	▪ 27%	▪ -4%
Morrisons	▪ 26%	▪ -6%
Iceland	▪ 23%	▪ -3%
Tesco	▪ 20%	▪ -12%
ASDA	▪ 19%	▪ -4%
Sainsbury's	▪ 18%	▪ -2%
Lidl	▪ 11%	▪ 0%
Aldi	▪ 4%	▪ -1%

Food inflation continues to slow, despite Brexit, reflecting the continued focus on everyday low price by retailers



Source: BRC-Nielsen Shop Price Index
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Messages focussed on price, veganuary, online and healthy eating

January advertising

Veganuary

Aldi go vegan for a season

Tesco plant based real family food love stories.

Healthy eating

Aldi Super 6

M&S sustainability, Responsibly sourced.

Online

ASDA online supermarket of the year. Big shop online and click & collect.

Iceland over 100,000 delivery slots everyday.

Price

Aldi: Good Swap, Super 6 and Low Price

ASDA Price, Roll back

Co-op Brands half price

Iceland 50% off Jan Sale, low prices never far away

Lidl, Always Lidl on Price, Swap, Save on Big Brands

M&S Remarkable Value

Sainsbury's 8wk Price Loc

Tesco Aldi Price Match, Clubcard Exclusive Deals

Q1, 2021 will be challenging

1

Whilst February will be boosted by events such as Valentine's Day, comparatives will **toughen** towards the end of the month.

Facial Tissues and Toilet Paper, will be amongst the first categories to see growths slow, as we compare against last years unprecedented comparatives.

2

Easter is **early** at the start of April.

The line of sight is that the current lockdown continues for the foreseeable future with the hospitality industry remaining closed until after Easter.

Fewer hosting events, will dampen 'trading up' opportunities and incremental spend.

3

The surge of sales in mid March last year, will make year on year growth very challenging for Supermarkets.

Q1 industry growths are anticipated to be around just 1%.

Total Till growths are expected to be a little higher at circa 3%, as the vaccine rollout widens and more shoppers are willing to shop in Discounters and High Street Value stores.



Appendix

Back in lockdown, shoppers spent more on food essentials: frozen, meat, fish & poultry and packaged grocery as well as BWS

Grocery Multiples Value Sales Growth	y/e 30JAN21	12w/e 30JAN21	4w/e 01FEB20	4w/e 03OCT20	4w/e 31OCT20	4w/e 28NOV20	4w/e 26DEC20	4w/e 30JAN21
Bakery	-2.2%	-0.8%	-0.8%	-2.7%	-1.4%	-1.9%	-0.6%	0.4%
BWS	19.5%	19.3%	-0.4%	17.4%	18.6%	19.9%	16.0%	25.1%
Confectionery	0.0%	2.5%	2.2%	-0.3%	4.1%	4.3%	0.4%	3.2%
Crisps & Snacks	6.0%	5.5%	2.0%	4.5%	6.6%	4.9%	5.7%	6.0%
Dairy	9.5%	10.1%	-1.2%	6.8%	9.2%	8.6%	8.6%	13.3%
Delicatessen	-5.0%	-4.3%	2.2%	-2.4%	-2.9%	-5.3%	-1.7%	-6.1%
Frozen	18.4%	16.3%	-0.3%	15.4%	18.7%	15.5%	11.9%	22.3%
General Merchandise	-6.1%	1.9%	-4.4%	-7.5%	-8.9%	6.0%	-2.7%	3.6%
Health & Beauty inc Baby	-5.5%	-9.5%	0.3%	-1.1%	0.1%	-9.5%	-9.2%	-9.8%
Household	11.1%	4.9%	-0.4%	15.8%	12.1%	2.9%	4.3%	7.7%
Meat Fish & Poultry	12.5%	13.3%	-3.8%	10.5%	12.6%	11.9%	10.2%	18.8%
Packaged Grocery	15.9%	11.2%	-1.3%	10.9%	14.1%	9.5%	10.1%	14.1%
Pet & Petcare	1.2%	2.6%	0.5%	1.7%	3.5%	-0.9%	3.4%	5.5%
Produce	5.7%	6.2%	-0.3%	5.6%	6.9%	8.3%	4.9%	5.5%
Soft Drinks	5.0%	6.6%	2.9%	8.4%	8.8%	6.9%	4.9%	8.3%
Tobacco	8.1%	13.4%	0.3%	14.3%	14.2%	12.6%	13.6%	13.9%
Total Store Read	6.5%	6.7%	-0.6%	6.2%	7.2%	6.6%	5.4%	8.6%
TSR excluding General Merchandise & Tobacco	7.7%	7.0%	-0.3%	7.2%	8.7%	6.4%	6.1%	8.7%

Buying fewer health & beauty, impulse categories and general merchandise items

Grocery Multiples Units Sales Growth	y/e 30JAN21	12w/e 30JAN21	4w/e 01FEB20	4w/e 03OCT20	4w/e 31OCT20	4w/e 28NOV20	4w/e 26DEC20	4w/e 30JAN21
Bakery	-4.8%	-3.2%	-1.5%	-5.0%	-4.3%	-4.0%	-3.0%	-2.5%
BWS	13.7%	15.5%	-0.5%	12.6%	13.7%	16.6%	12.5%	19.5%
Confectionery	-3.7%	-2.4%	-0.6%	-4.1%	-0.3%	0.0%	-3.1%	-4.9%
Crisps & Snacks	-0.3%	0.2%	1.2%	-0.7%	0.6%	0.2%	1.6%	-1.7%
Dairy	4.8%	6.1%	-0.5%	2.9%	5.0%	5.1%	5.4%	7.8%
Delicatessen	-5.8%	-4.2%	0.8%	-3.4%	-4.0%	-5.3%	-2.0%	-5.3%
Frozen	13.0%	13.4%	-1.7%	10.7%	13.1%	11.6%	10.8%	17.8%
General Merchandise	-10.8%	-5.9%	2.1%	-11.2%	-11.6%	0.3%	-10.5%	-6.9%
Health & Beauty inc Baby	-5.8%	-10.0%	-4.0%	-1.5%	-2.0%	-10.9%	-9.6%	-9.6%
Household	7.7%	3.3%	-3.3%	11.7%	9.1%	1.9%	2.2%	5.8%
Meat Fish & Poultry	10.7%	13.3%	-3.4%	8.1%	10.2%	11.4%	11.1%	17.5%
Packaged Grocery	13.2%	11.0%	-3.3%	9.8%	13.9%	8.8%	11.4%	12.7%
Pet & Petcare	-5.4%	-3.4%	-2.2%	-4.7%	-3.6%	-6.0%	-2.6%	-1.5%
Produce	5.3%	6.5%	0.2%	4.7%	5.5%	7.5%	5.6%	6.4%
Soft Drinks	-5.8%	-3.8%	-0.7%	-2.1%	-1.7%	-2.8%	-4.3%	-4.1%
Tobacco	1.9%	3.1%	0.3%	5.7%	5.3%	3.6%	3.2%	2.3%
Total Store Read	2.9%	3.4%	-1.2%	2.6%	3.9%	3.1%	2.8%	4.4%
TSR excluding General Merchandise & Tobacco	3.6%	3.9%	-1.3%	3.3%	4.7%	3.3%	3.6%	4.9%

Source: Nielsen Scantrack Total Store Read Grocery Multiples



Thank you.