

Seafish Market Insight Webinar: Role of Seafood Under COVID-19's Uncertainties

22nd September 2021



Here to give the UK seafood sector
the support it needs to thrive.

Welcome to our Market Insight webinar

- **Everyone will be muted by default**
- **Q&A session at the end of the presentation**
- **Webinar is being recorded**
- **Link to the presentation will be sent**

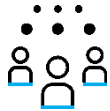
UK Retail State of the Nation

Role of Seafood under Covid's uncertainties

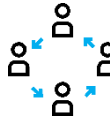
Presented by Stephen Bough & Erica Ng



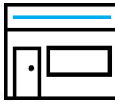
Agenda & Summary



1. How COVID-19 is still impacting overall shopping behaviour
 - 90% of the way to our new normal, On-The-Go is starting to recover
 - 4 distinct shopper groups, with different behaviours



2. Top Line Seafood vs wider FMCG performance
 - Fish hit harder than FMCG by basket size losses, but consumption is still in 10%+ growth vs 2YA
 - Discounters the big drivers of increased penetration in Fish recently



3. Different Seafood Sectors
 - Fresh & Frozen continued growth from last year, but Ambient declined lapping stockpiling
 - Species growth fairly consistent, though Tuna suffered with Ambient losses



4. Demographics of Seafood Shoppers and the Role of Online
 - Online Fish Shopper has gotten significantly older and more valuable
 - Younger shopper Covid bounce has not been sustained



5. Challenges/Opportunities for Seafood in Retail and Broader Protein Picture
 - HFSS ban from October 2022 will shake up retail stores, think about how Fish can capitalise
 - EDLP is a potential threat to the category, work on how to manage for your brands
 - Flexitarians offer big opportunities for growth, important to position fish correctly as sustainable, local and healthy



COVID-19

Continuing Impact on Shopper Behaviour

Adult vaccination closes in on 90%+

Vaccinations

People vaccinated

Up to and including 11 September 2021

[All vaccination data](#)

Daily — 1st dose

27,229

Total — 1st dose

48,422,588

Daily — 2nd dose

96,435

Total — 2nd dose

43,991,875

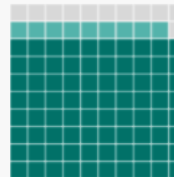
Percentage of population aged 16+

89.1%

■ 1st dose

80.9%

■ 2nd dose



Cases

People tested positive

Latest data provided on 12 September 2021

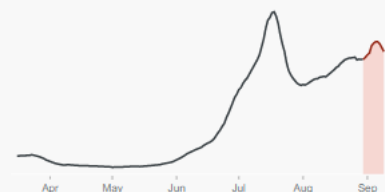
Daily

29,173

Last 7 days

252,011 ↑ 2,842 (1.1%)

▶ Rate per 100,000 people: 397.4



[All cases data](#)

Deaths

Deaths within 28 days of positive test

Latest data provided on 12 September 2021

Daily

56

Last 7 days

971 ↑ 179 (22.6%)

▶ Rate per 100,000 people: 1.3



[All deaths data](#)

Healthcare

Patients admitted

Latest data provided on 7 September 2021

Daily

1,073

Last 7 days

6,916 ↑ 314 (4.8%)

▶ Rate per 100,000 people: 1.3



[All healthcare data](#)

Testing

Virus tests conducted

Latest data provided on 9 September 2021

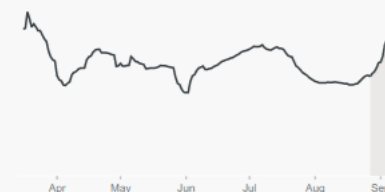
Daily

1,241,334

Last 7 days

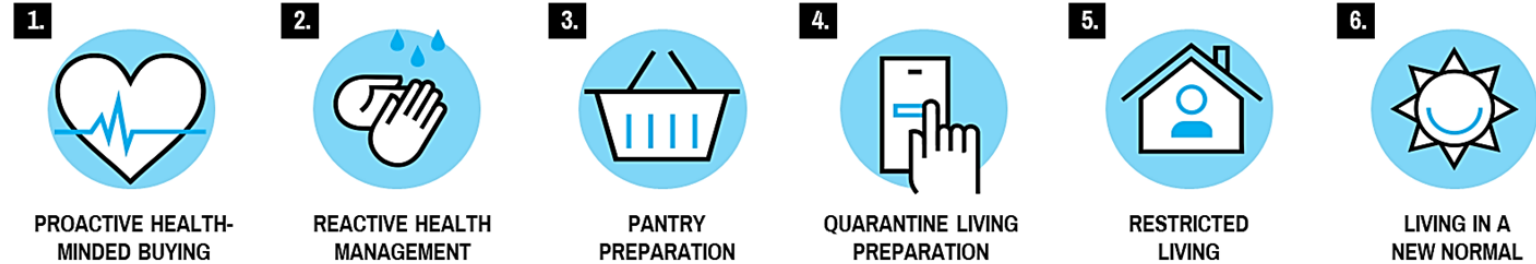
7,999,761 ↑ 1,905,520 (31.3%)

▶ Rate per 100,000 people: 1.3



[All testing data](#)

And we are perhaps 90% of the way to our new normal

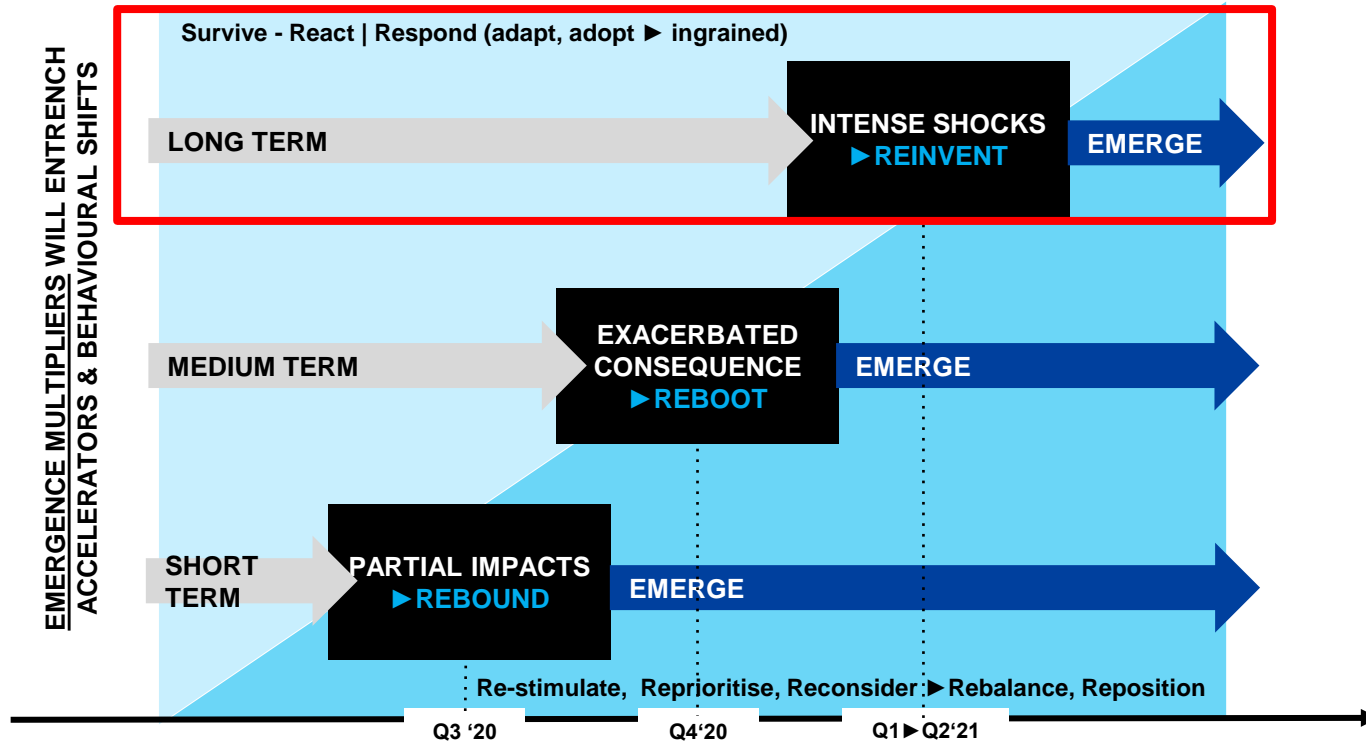


CONSUMER BEHAVIOR SHIFTS					
Interest rises in products that support overall maintenance of health and wellness.	Prioritize products essential to virus containment, health and public safety. e.g. face masks	Pantry stockpiling of shelf-stable foods and a broader assortment of health-safety products; spike in store visits; growing basket sizes.	Increased online shopping, a decline in store visits, rising out-of-stocks, strains on the supply chain.	Severely restricted shopping trips, online fulfillment is limited, price concerns rise as limited stock availability impacts pricing in some cases.	People return to daily routines (work, school, etc.) but operate with a renewed cautiousness about health. Permanent shifts in supply chain, the use of e-commerce and hygiene practices.
COMMON COVID-19 EVENT MARKERS					
Minimal localized cases of COVID-19 generally linked to an arrival from another infected country.	Government launches health and safety campaign. Local transmission and / or first COVID-19 related death(s).	Small quarantines begin, borders close more broadly. Often represented by accelerating cases of COVID-19, but not necessarily by deaths.	Localized COVID-19 emergency actions. Restrictions against large gatherings; schools and public places close down. Percentage of people diagnosed rises.	Mass cases of COVID-19. Communities ordered into lockdown. Restaurant closures, restrictions on gatherings.	COVID-19 quarantines lift beyond region/ country's most-affected hotspots and life starts to return to normal.
JANUARY 2020 @ CNY CONCERNS ARE LOW, WITH ONLY 7 CASES OF CHINESE NATIONALS REPORTED.		FEBRUARY 2020 CONSUMER STARTED TO THINK BEYOND EMERGENCY ITEM.		UK - MARCH 2020	
					REINVENT

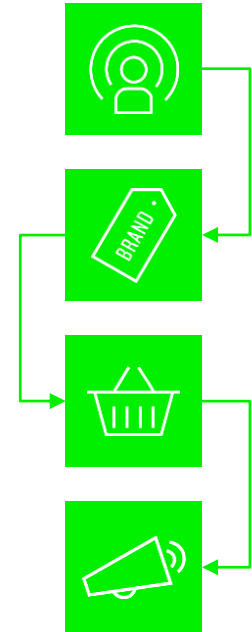
NOTE: These represent TYPICAL markers of these stages, but are not always consistent, especially with the number of cases or deaths.

Reinventions are beginning to be adopted and ingrained

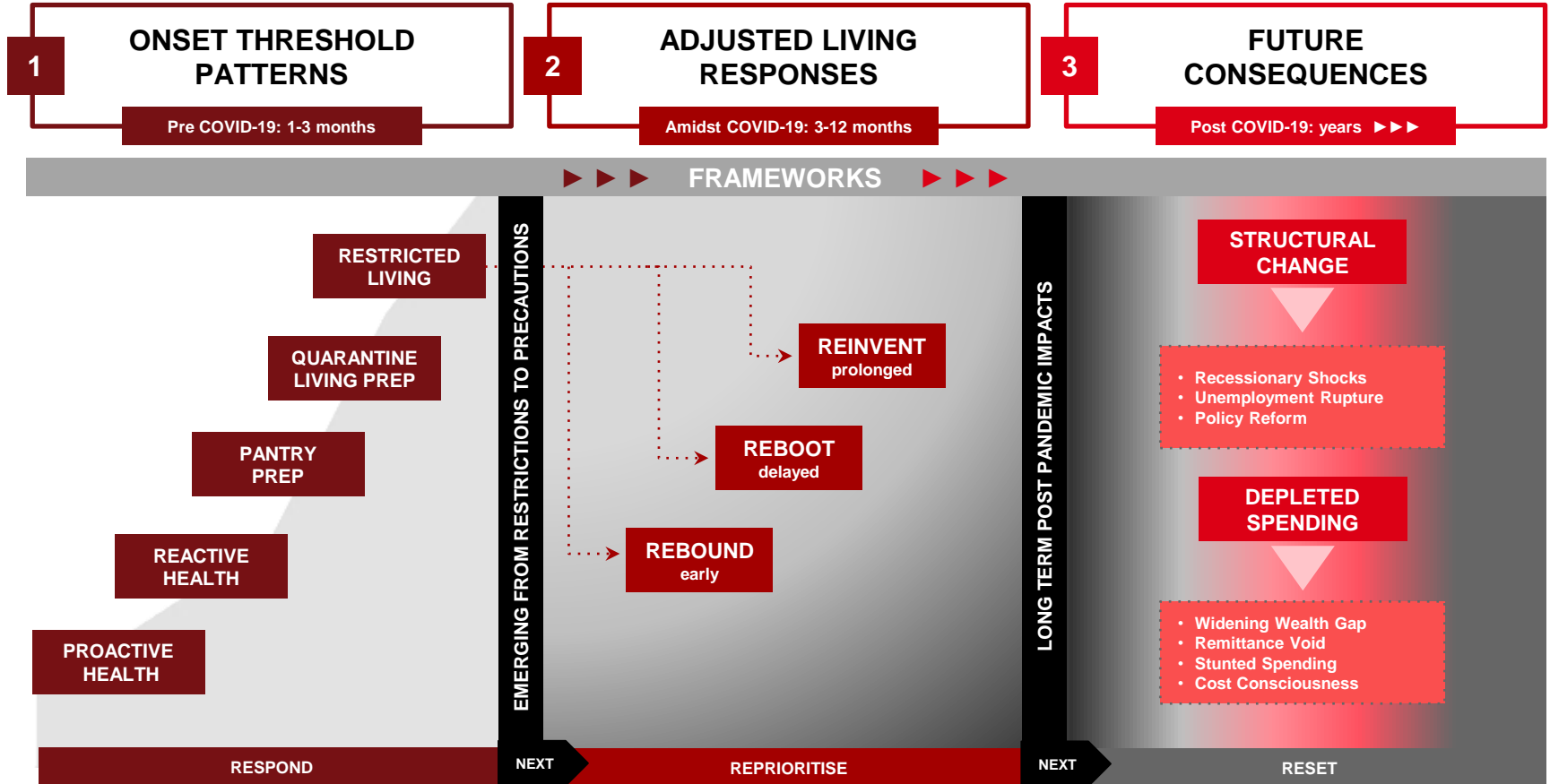
Shift from restrictions to precautions



determined by common, typical event markers (political, economic, environmental, social, legal/governance)



Watch outs are for future shocks and stunted spends for affected groups



Changes will be multi-dimensional, sometimes with confounding effects – be aware of these 4 separate consumption responses

Key consumer behavior shifts driving future consumption patterns

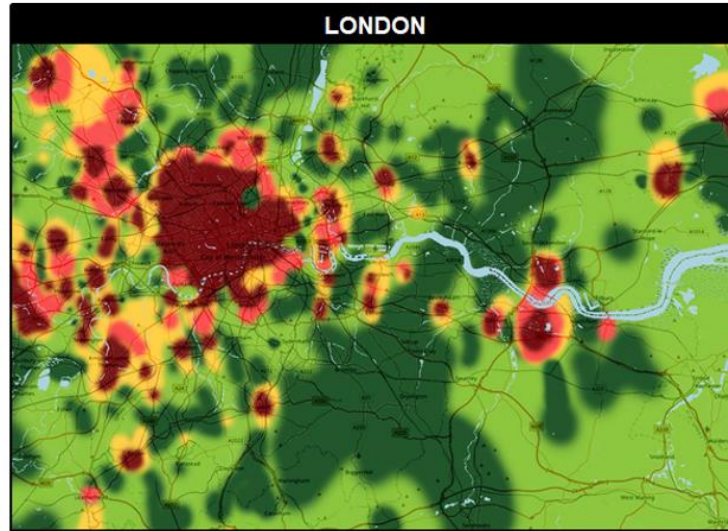
PREDICTED BEHAVIORAL RESPONSES FOLLOWING PROLONGED COVID-19 IMPACT			
Basket Reset	Homebody Reset	Rationale Reset	Affordability Reset
What consumers will buy	Where consumption will happen	Why consumers will make purchases	How much consumers will spend
COMMON COVID-19 IMPACTS			
New regulation and governance influence everyday decisions. Health measures become integrated in all walks of life.	Business closures / restrictions persist or re-emerge. Shelter-at-home recommendations continue or become re-instituted.	Travel bans and restrictions continue. Willingness to spend on luxuries and entertainment is limited by financial and safety factors	Massive spikes in unemployment. Economic uncertainty. Declining consumer confidence.
CONSUMER BEHAVIOR RESPONSES			
Consumers need to account for emerging basket essentials, stretching their dollars further to merge old and new needs.	Consumers prioritize in-home spending over discretionary out-of-home expenses.	New priorities shift how and why consumers spend spare cash.	Consumers become more risk averse, seeking products/services that deliver value, quality and peace of mind.

Restrictions and health concerns changed the FMCG location and mission – some changes (e.g. away from OTG) likely positive for Fish, some more uncertain (e.g. online)



- On The Go
- Commuting
- Meal for tonight
- Working Lunch

- Top Up Shop
- Home Office
- Weekly Shops
- Online





3.8%

FMCG sales accounted for by OTG categories. Down from 4.8% pre-Covid



£6bn

-5.5% vs YA

-£356m vs YA

Thought Leadership

On The Go:

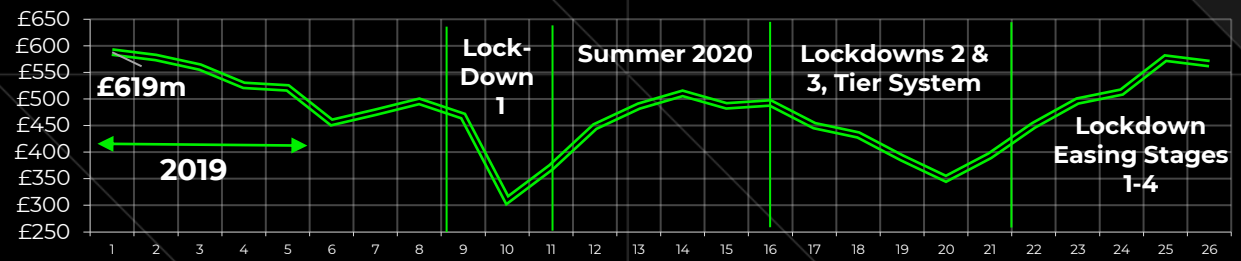
August update

In February 2021, defined OTG categories declined -19.4%, fast forward 5 months with restrictions easing, this has changed to just -5.5%

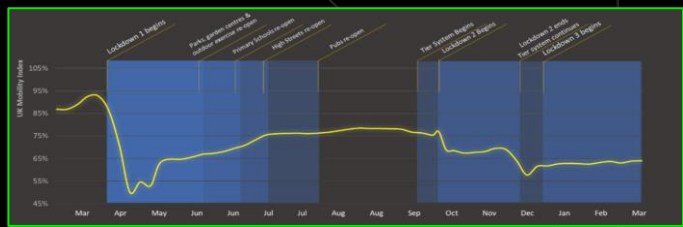


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Defined OTG Category | Value Sales | 4w Rolling | Total Coverage



After peaking in Summer 2019, trended OTG sales have mimicked the UK's mobility index since Lockdown 1



Nearly **1.4bn additional meal occasions** came in home due to working from home during covid (accounting for one meal per day)

28% will stay in home

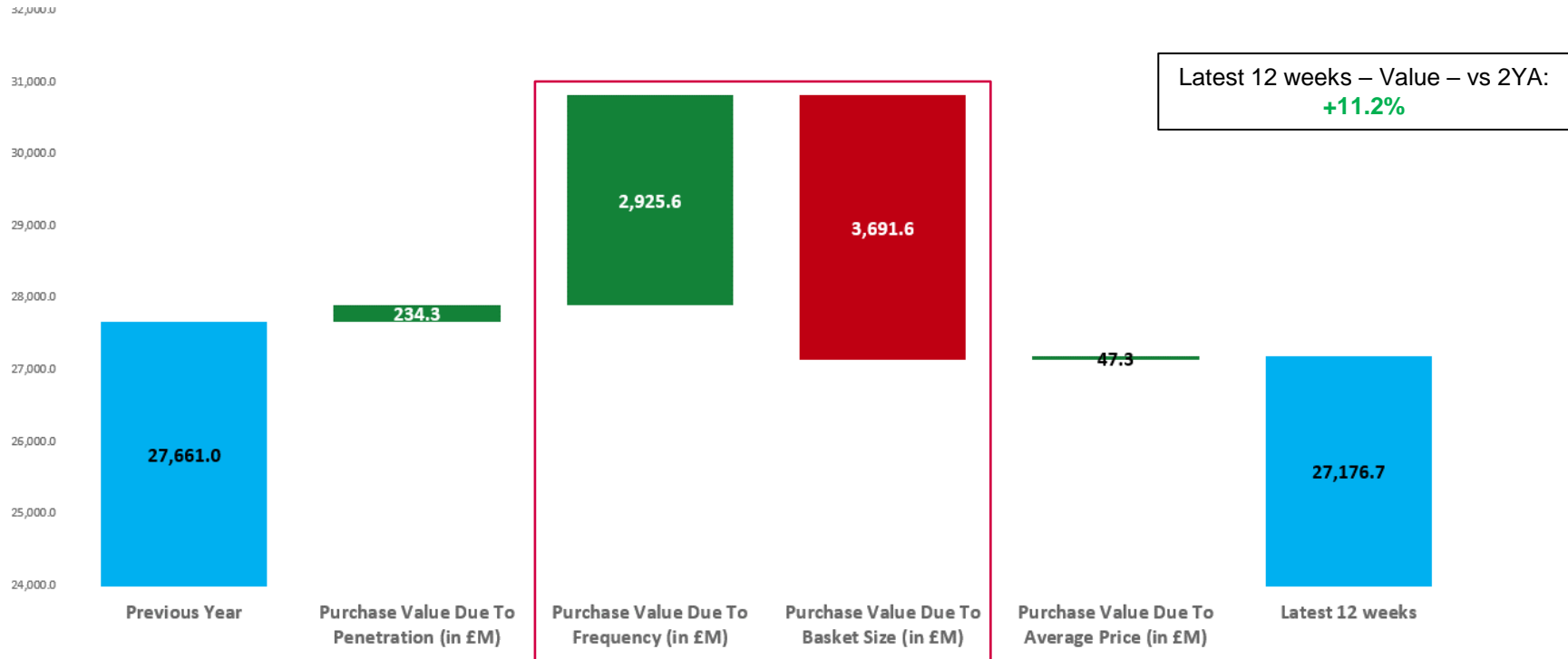
72% will go back OTG

Brands that have lost out due to lack of OTG can expect to recover at least 72% of sales from people going back to offices.

Source: NielsenIQ Scantrack, defined OTG categories, Total Coverage exc Discounters, data to 17.07.21 and NielsenIQ Homescan Survey, January 2021

With the easing of lockdown restrictions, people have started to shop more frequently, but with a smaller basket size for every trip, leading to a total FMCG decline vs YA

Total FMCG – Total GB – Purchase Value (in £M) – 12 weeks to WE 14.08.21

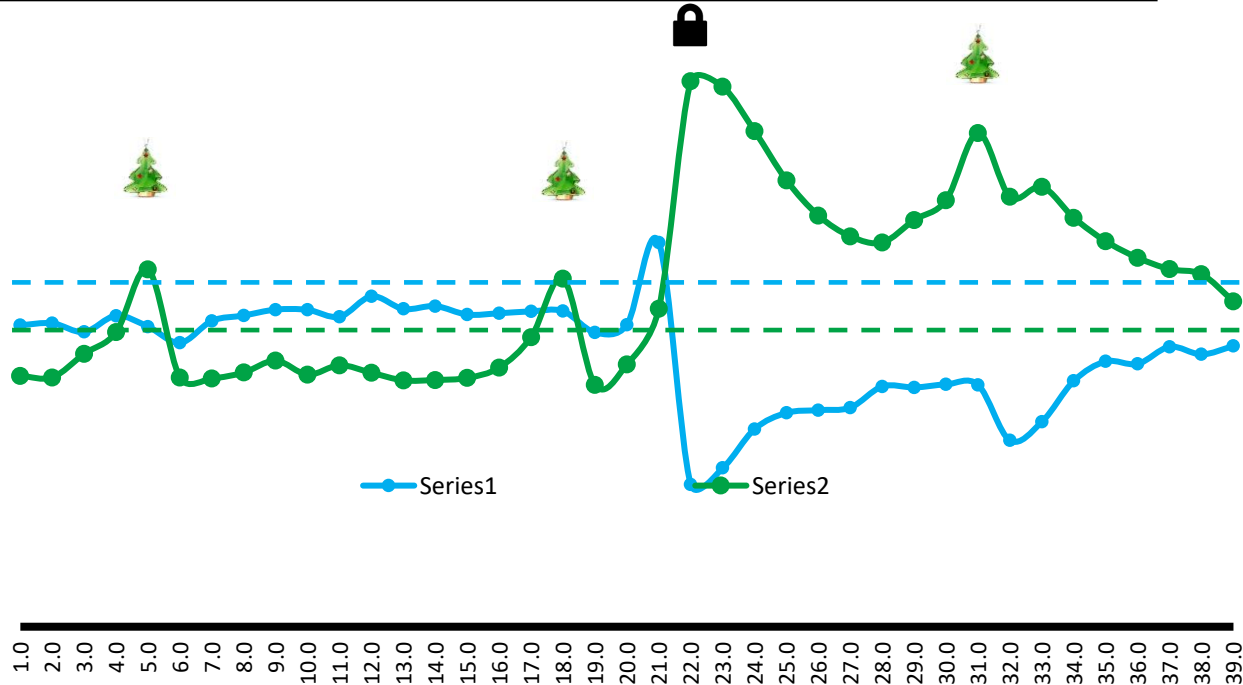


Source: Nielsen Homescan data to: 14.08.21

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Shopping behaviour is moving towards pre-pandemic times, but expect this to never fully return due to the permanent shift to online

Total FMCG – Total GB – 4 weeks (rolling) – 39 Latest 4 Weeks – WE 14.08.21



New normal is buyers doing fewer shopping trips, but spending more in each trip

Defining the groups

Constrained Existing

Shoppers claiming already watching their spend prior to Covid-19 and Covid-19 has not changed how they watch their spend.

Constrained New

They have started watching their household spend because either their household income and/or their financial security have got worse.

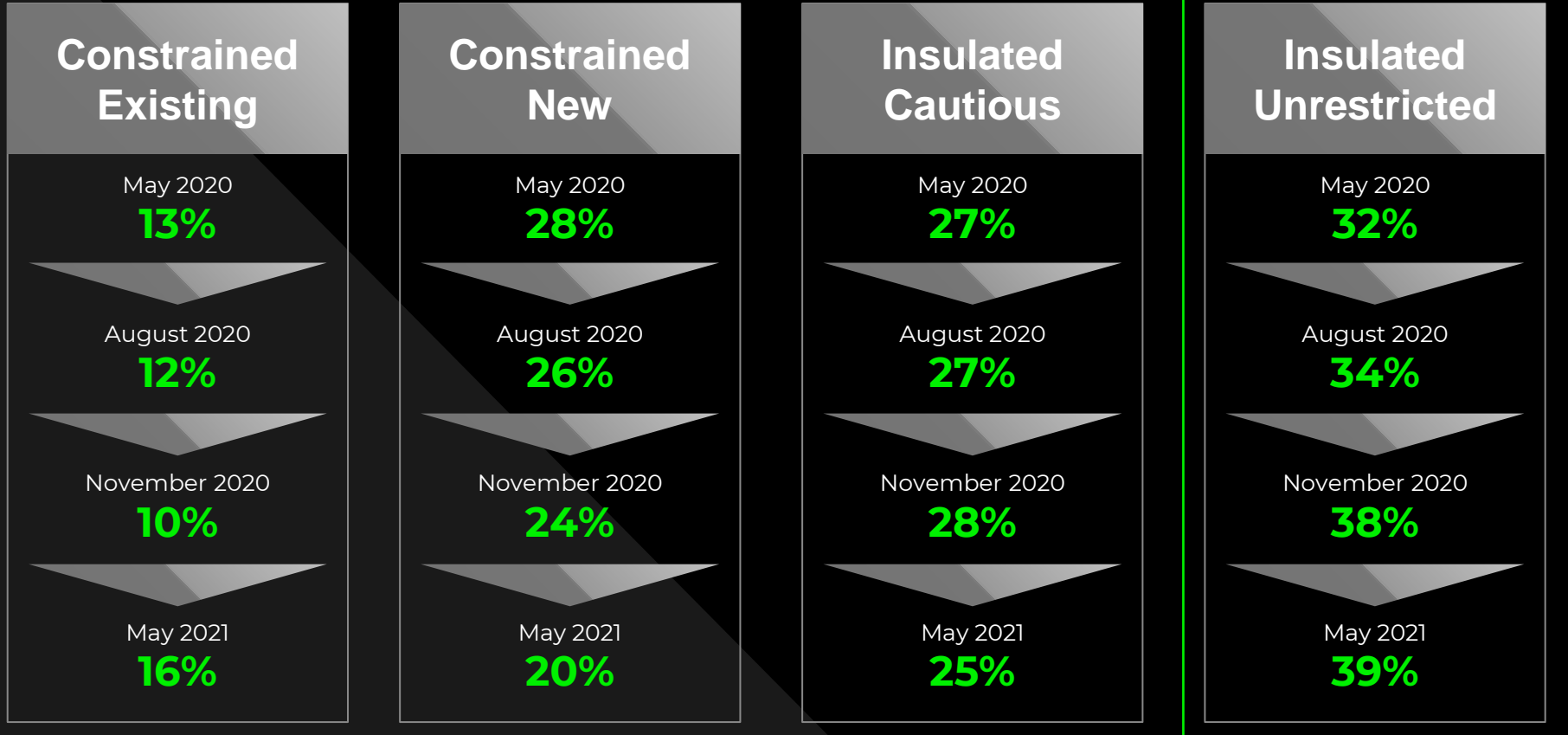
Insulated Cautious

***Mainly made up from households that either:** have not seen a negative impact on their income or financial situation but have still started watching their household spend as a result of Covid-19. **Or:** these shoppers have seen a negative financial impact but are claiming this has not influenced their spending habits.*

Insulated Unrestricted

Covid-19 has had no impact (as yet) on their income, financial security or household spending habits.

Almost two fifths of shoppers are now in the insulated unrestricted group



Fish shoppers will over-index in the insulated unrestricted group

Constrained Existing

Household size tends to be 1 member

Over index for East of England

Head of household tends to be Female

Constrained New

Over indexes on class C2

Tend to be in London / Lancashire borders

Tend to have Children

Insulated Cautious

Tend to have larger households

Tend to be less than 44+ years of age

Over index for Central England

Insulated Unrestricted

Over index on Class AB

Over index on Household of 2 Members

Over index on 65+ years

Over index on older couples

Capitalise on flexed spend on British/local products and 'free' fish

Engaging with Value Seekers

- Use **price promotions** and **basket discounts** to attract savvy shoppers
- **Promotions & recommendations** key for to drive awareness and trial of NPD
- Shoppers seek **value proposition** when trying new products

Where shoppers will flex spend

Top **attributes** shoppers are prepared to pay more for:


- Free range meats/eggs/Freedom foods
- Locally made (craft- artisan) products
- Products made/produced in Britain

Branded growing ahead of OL → **Trust**

▶▶▶ **Provenance, Local & Unique**




What does the future look like?




90% of the way to our
new normal.

On-The-Go is starting
to recover.



4 distinct shopper
groups, with different
behaviour.

Tailor your behaviour
accordingly.

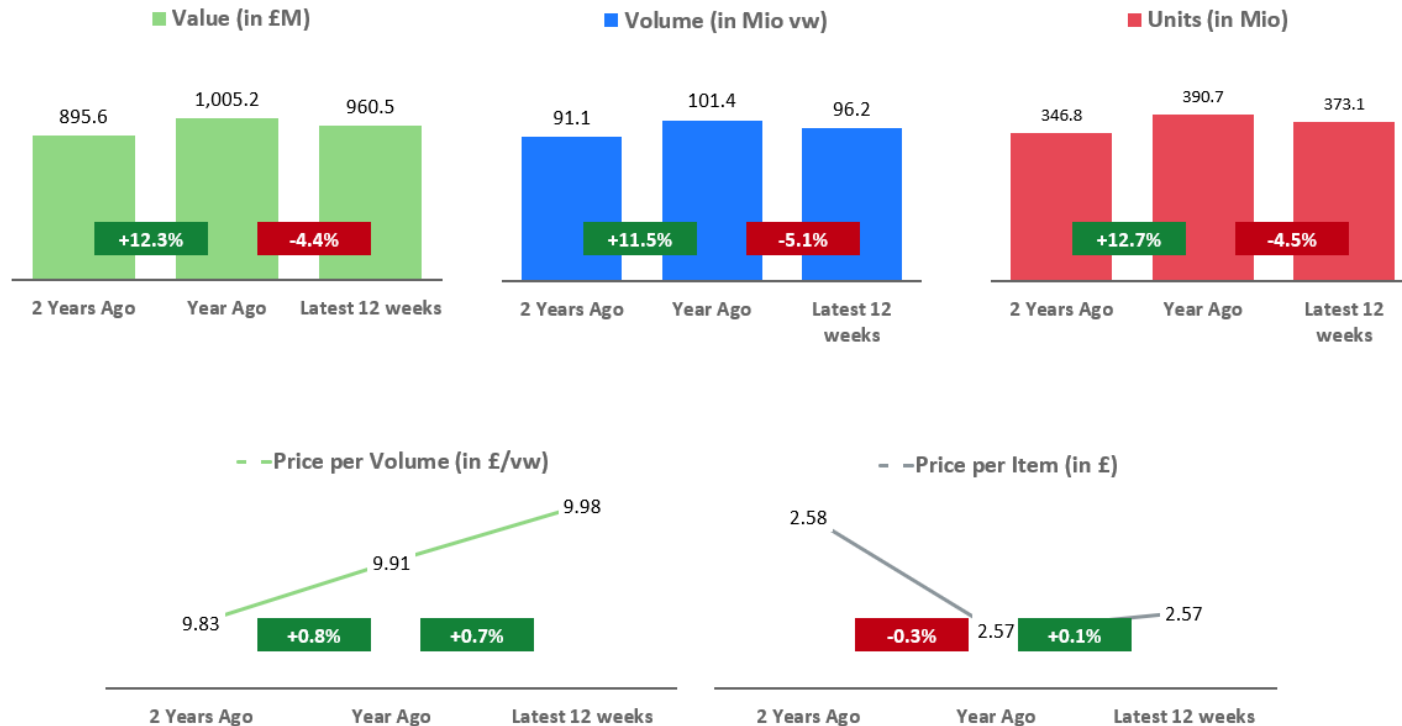


Top Line Seafood performance



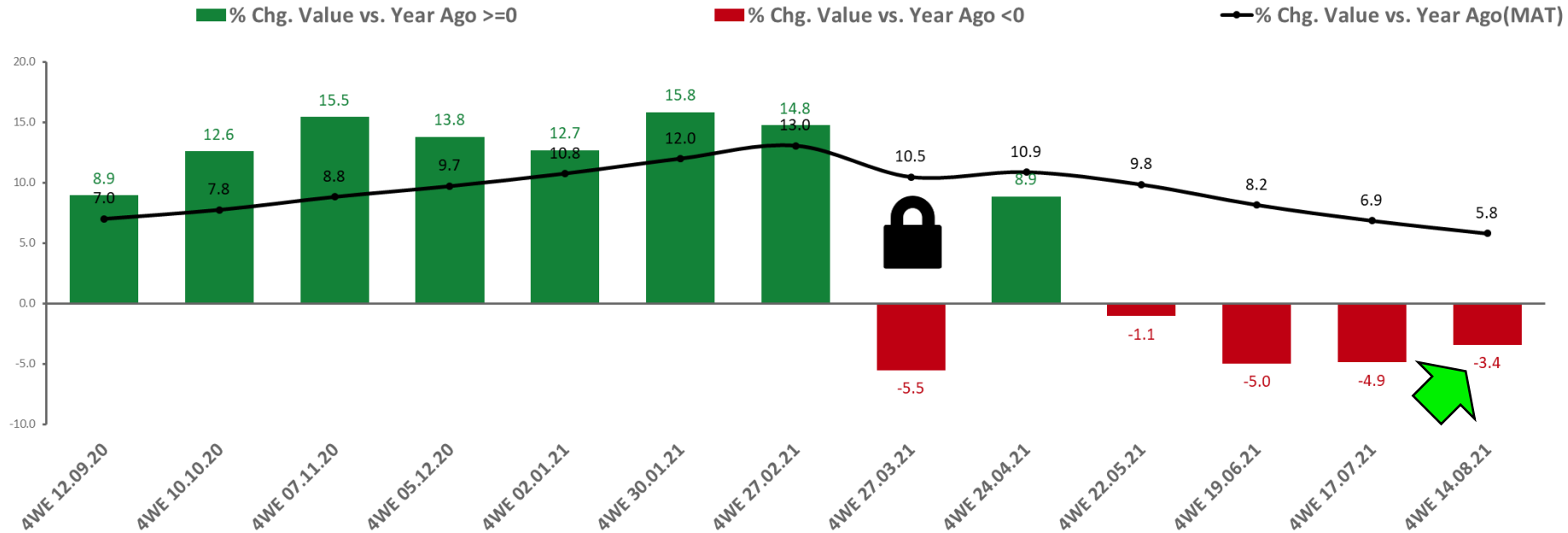
Fish seeing decline from lapping Covid last year as well as easing of lockdown restrictions, but still saw 7% value growth vs 2YA

Total Fish - TOTAL UK inc Discounters – Purchase Value (in £M) - 12 weeks to WE 14.08.21



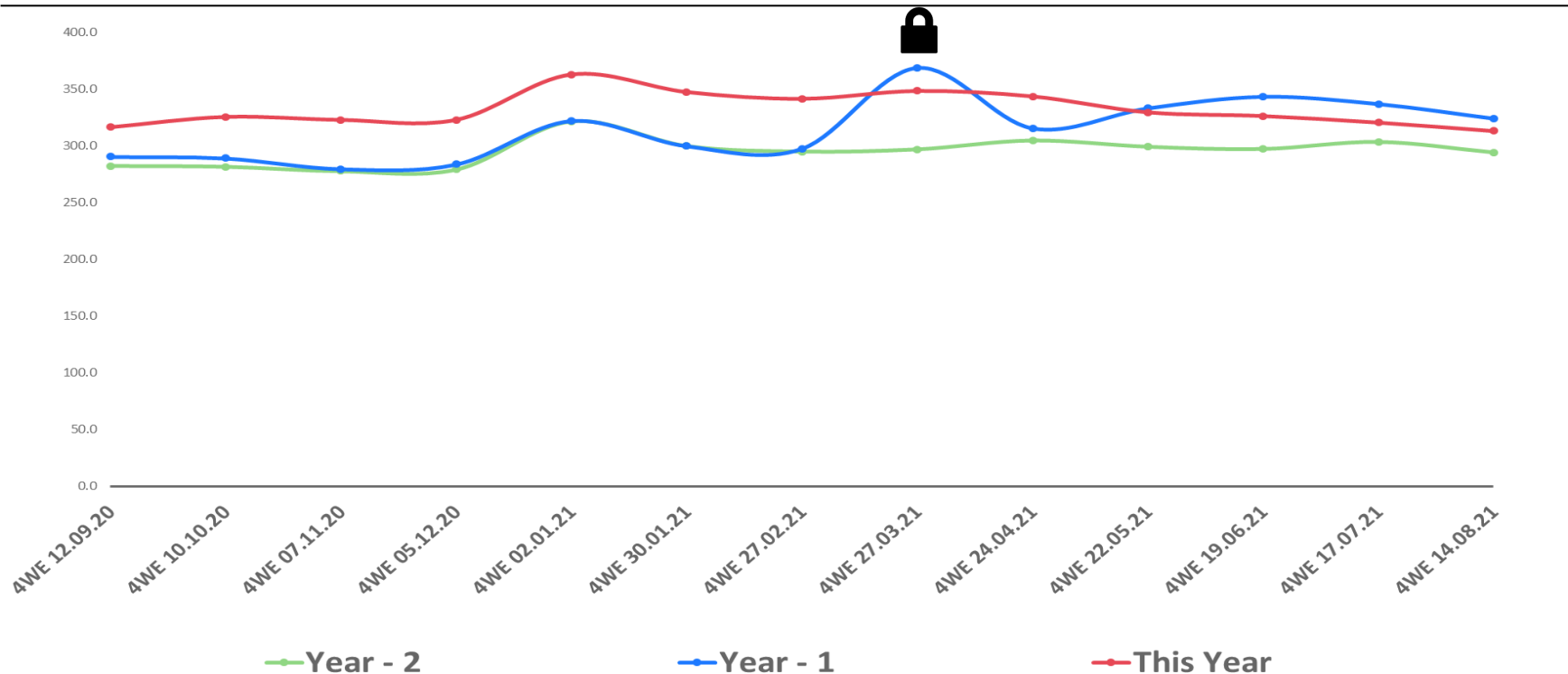
The ease of lockdown restrictions and stockpiling last year have led to the decline of fish household purchases in the recent months

Total Fish - TOTAL UK inc Discounters – Purchase Value (in £M) – 4-week rolling 52 weeks to WE 14.08.21



Fish is now broadly in line with its historic seasonal pattern, but at a higher level vs 2YA

Total Fish - TOTAL UK inc Discounters – Purchase Value (in £M) – 4-week rolling 52 weeks to WE 14.08.21 vs YA & 2YA

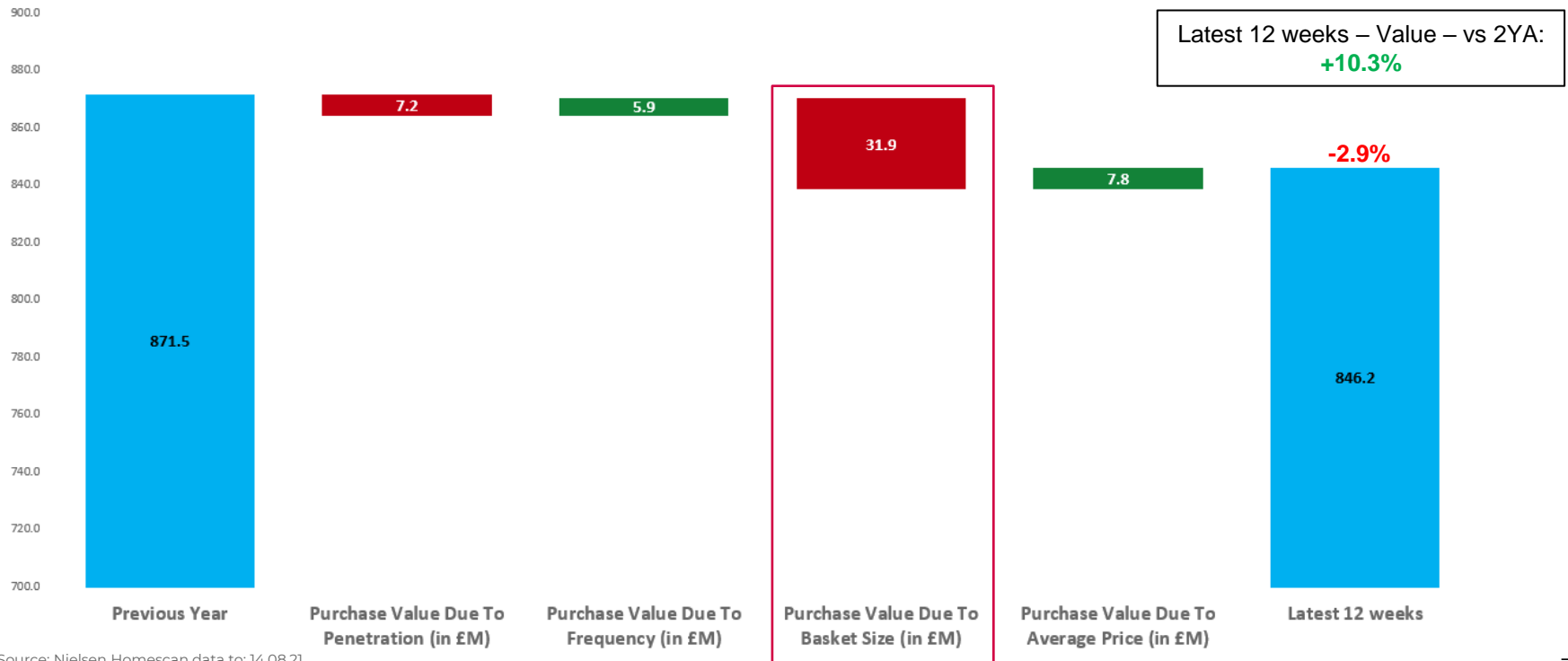


Source: Nielsen Scantrack data to: 14.08.21

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Fish has been hit much harder relatively than total FMCG by basket size losses, but consumption is still in 10%+ growth vs 2YA

Total Fish – Total GB – Purchase Value (in £M) – 12 weeks to WE 14.08.21



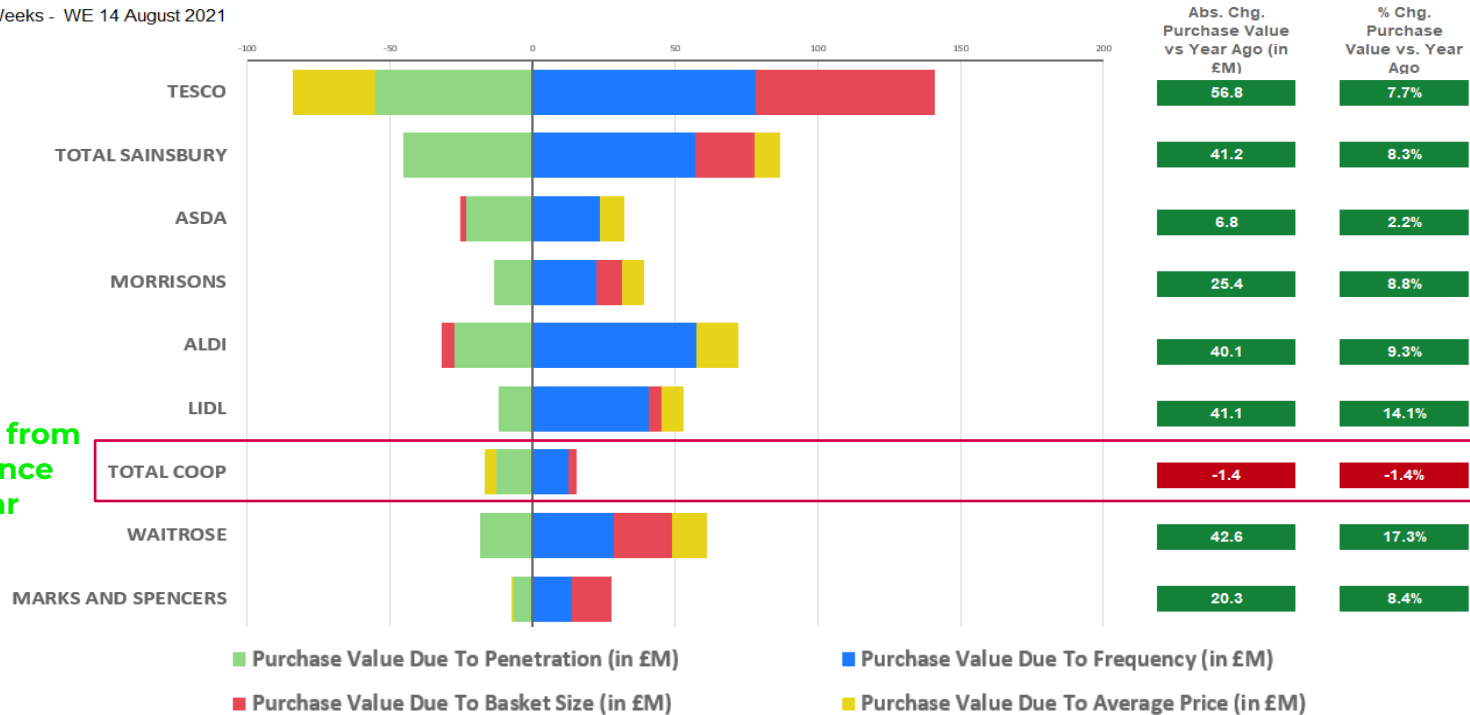
Source: Nielsen Homescan data to: 14.08.21

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Fish growing sales happened across most retailers through more frequent purchases as well as a larger basket, despite penetration losses

Total Fish – Total GB – Purchase Value (in £M) Development by Drivers by Retailers – 52 weeks to WE 14.08.21

FW FISH - 52 Weeks - WE 14 August 2021

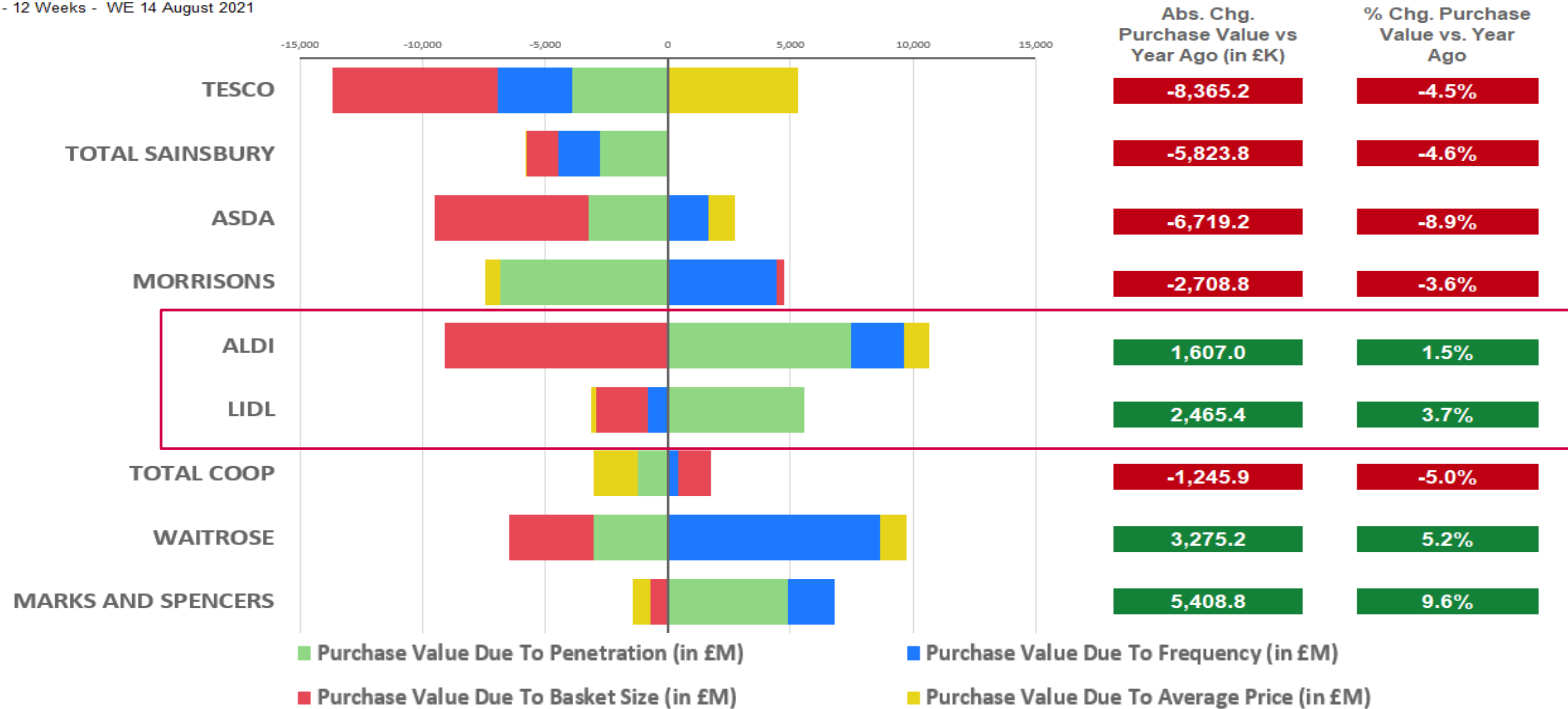


Move away from Convenience this year

Smaller basket size after restrictions eased observed in most retailers, discounters the big drivers of increased penetration in Fish recently


Total Fish – Total GB – Purchase Value (in £M) Development by Drivers by Retailers – 12 weeks to WE 14.08.21 vs PP

FW FISH - 12 Weeks - WE 14 August 2021






What does the future look like?



Fish is in line with historic seasonal pattern, but at higher level vs 2YA.

Expect this new normal to be sustained.



Discounters the big drivers of increased penetration in Fish recently.

Expect discounters to continue gaining market share

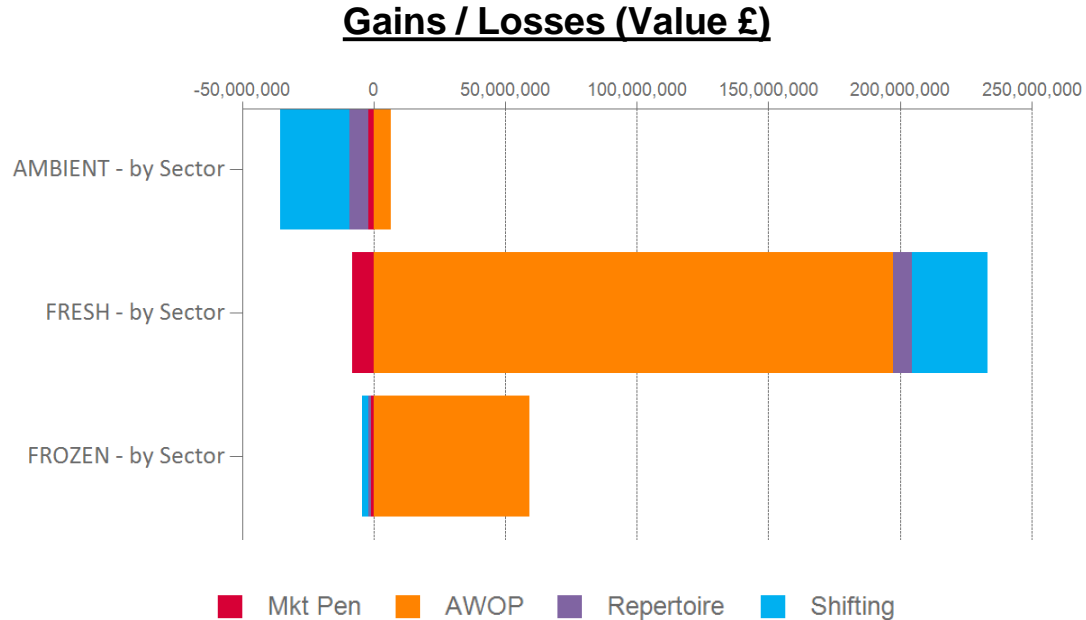


Different Seafood Sectors



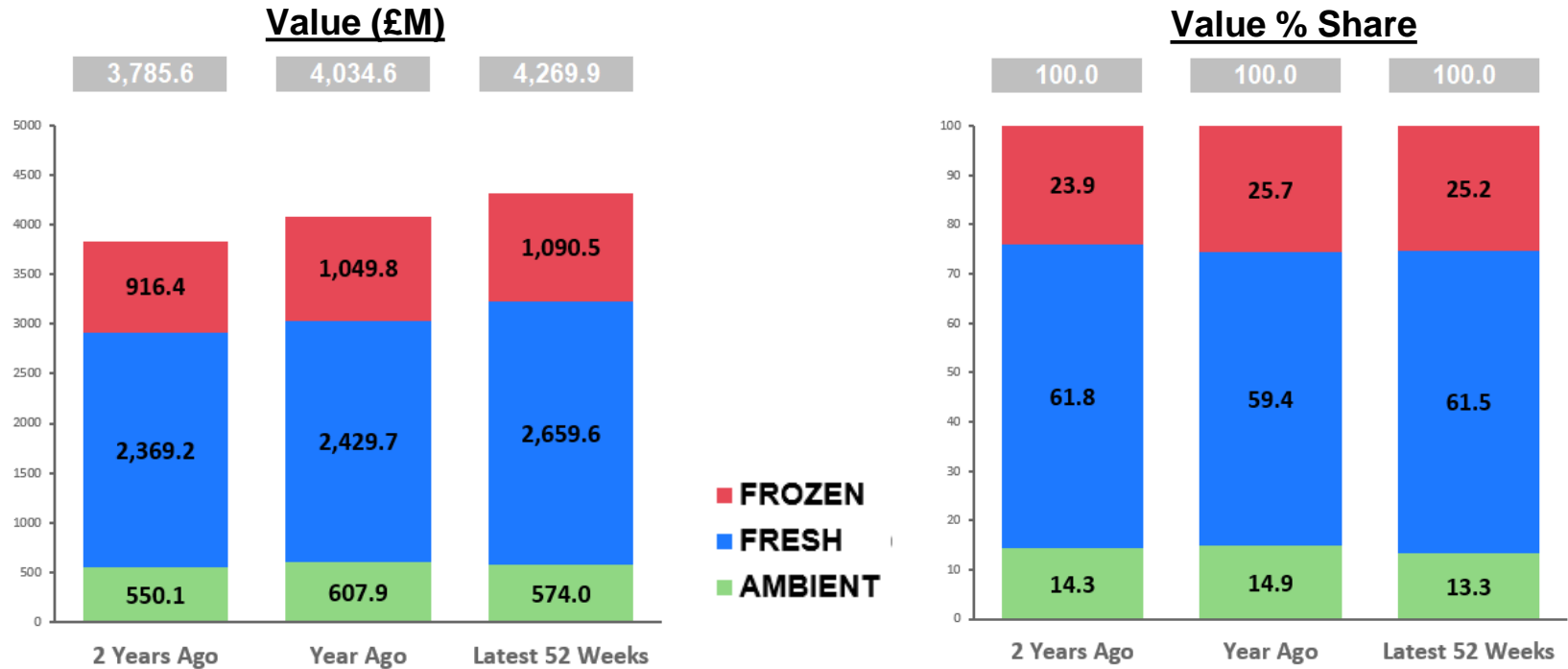
Fresh sector continued its growth from last year, driven by more purchases by existing buyers and spending shifting from ambient

Total Fish - TOTAL UK inc Discounters – Switching Gains/Losses & Value % Share - 52 weeks to WE 14.08.21



Fresh & Frozen continued growth from last year, but Ambient had been more reliant on stockpiling & saw a decline (still up from 2YA)

Total Fish - TOTAL UK inc Discounters – Purchase Value (in £M) & Value % Share - 52 weeks to WE 14.08.21

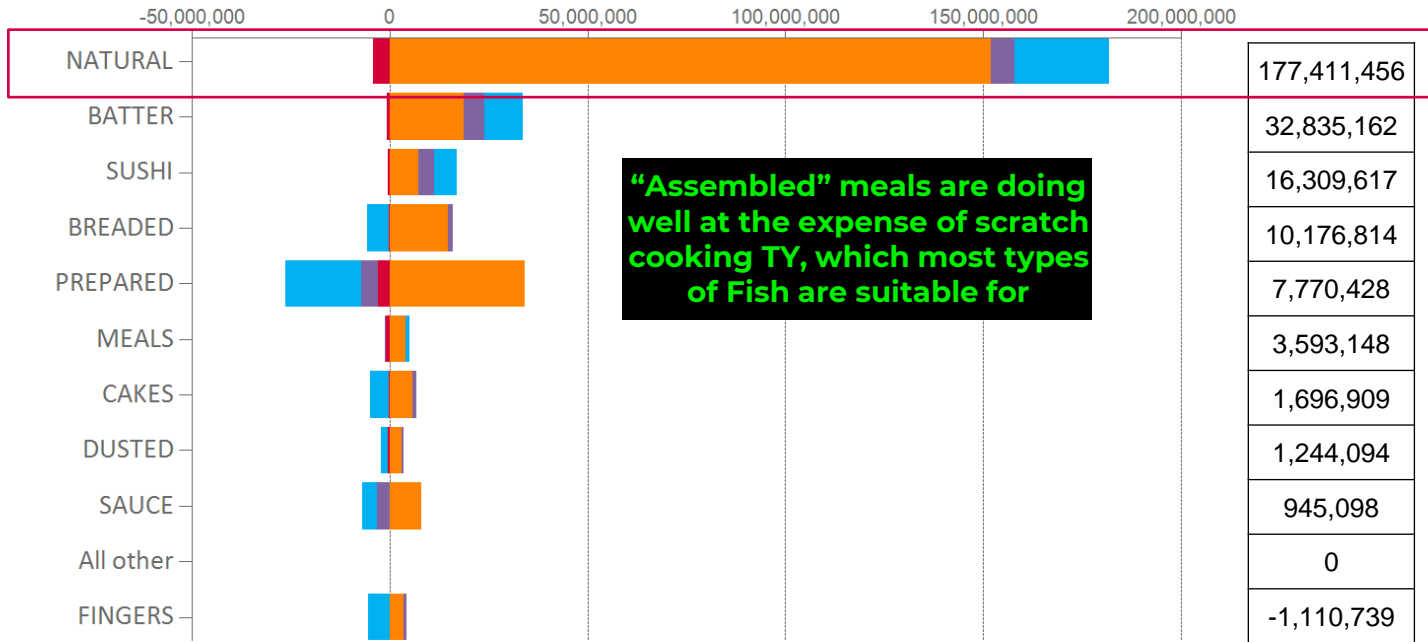


Source: Nielsen Homescan & Scantrack data to: 14.08.21

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Natural fish continued to be the main growth driver, largely from an expanded basket size as well as some shifting away from prepared fish

Total FMCG – Total GB – Purchase Value (in £M) – Gains/Losses by Drivers by Segments – 52 weeks to WE 14.08.21



“Assembled” meals are doing well at the expense of scratch cooking TY, which most types of Fish are suitable for



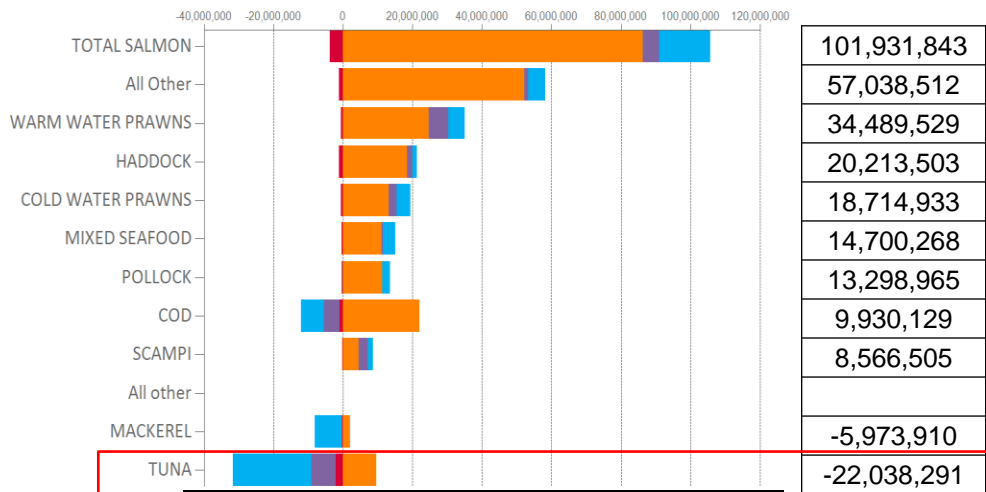
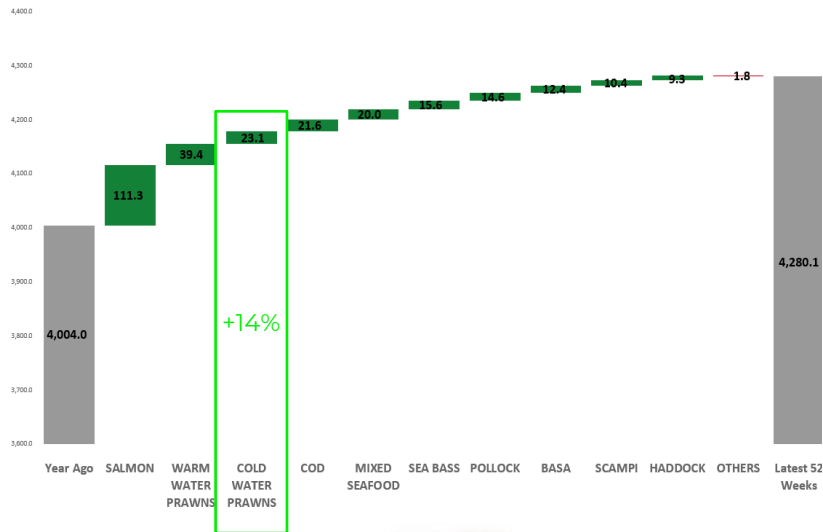
■ Mkt Pen
 ■ AWOP
 ■ Repertoire
 ■ Shifting

Source: Nielsen Homescan data to: 14.08.21

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Species growth was fairly consistent, with Cod and Haddock struggling slightly and Cold Water Prawns growing quickest

Total Fish – Total GB – Purchase Value (in £M) – RMS Growth / Decline by Species & Gains/Losses by Drivers by Species – 52 weeks to WE 17.07.21




Tuna suffered due to Ambient losses

■ Mkt Pen
 ■ AWOP
 ■ Repertoire
 ■ Shifting




What does the future look like?



“Assembled” meals are doing well at the expense of scratch cooking TY.

Expect this to sustain fish growth.



Longer term trend for ambient to be smaller part of the market.

Covid disruption gains already disappearing and likely to continue

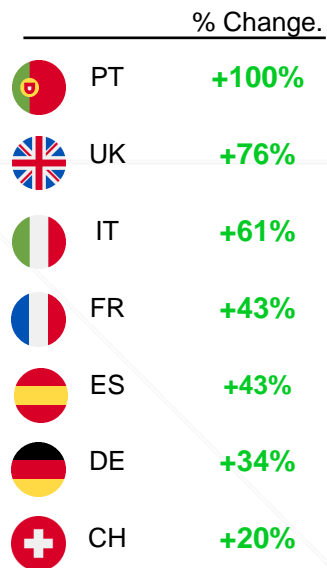


Demographics of Seafood Shoppers and the Role of Online

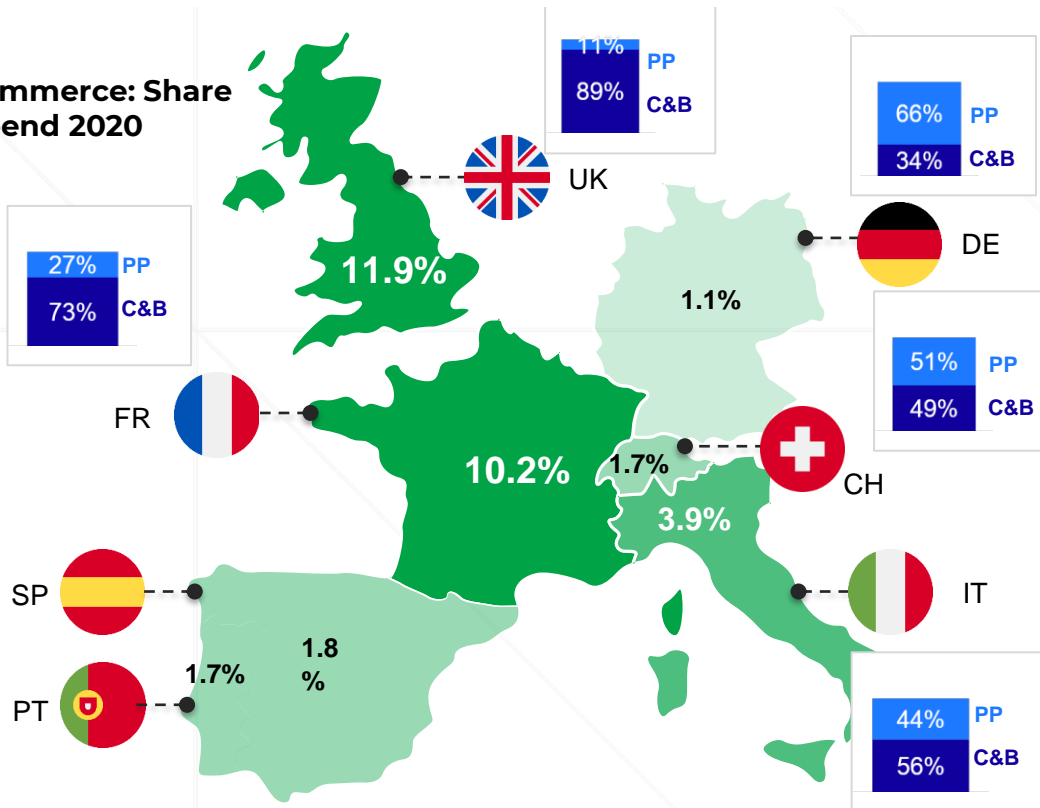
Pure online players account for a much greater share in many EU countries – UK still very reliant on “clicks and bricks”

In the UK Pure Only Players currently account for only about 1 in 10 £ spent

E-Commerce Development



E-Commerce: Share of spend 2020

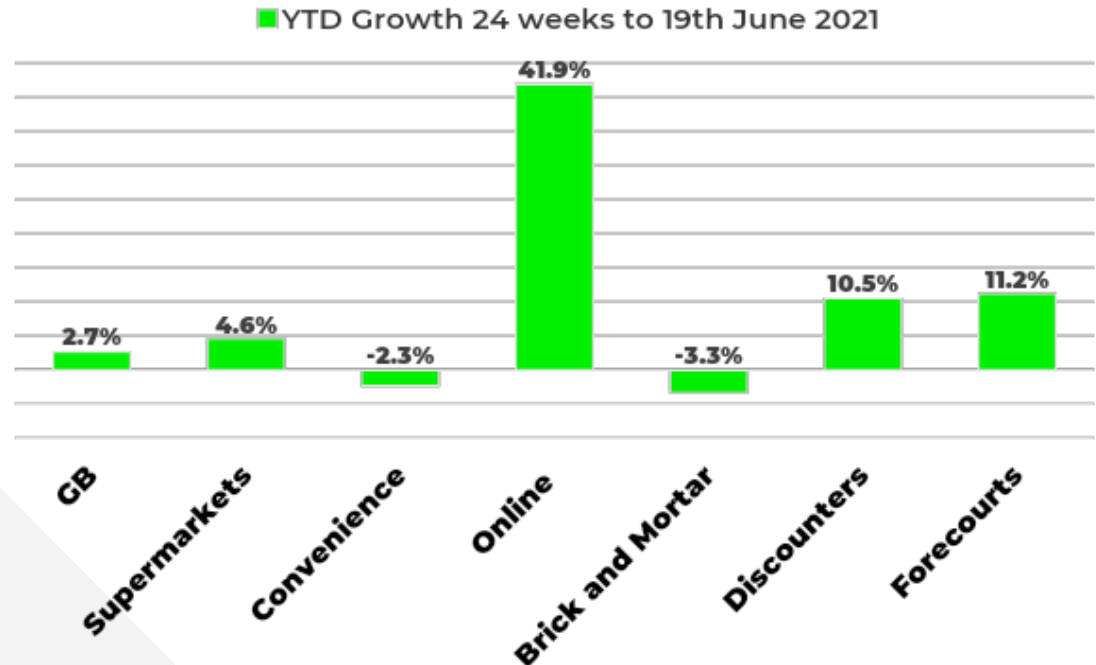


PP= Pure online players C&B = Click and Bricks

FMCG growth in 2021 shows a channel shift away from stores to online

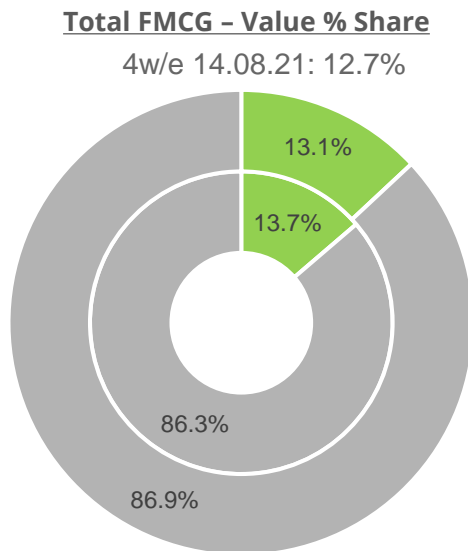
+9.5% growth v 2019

Over £1b every 4 weeks shifting to food retailers



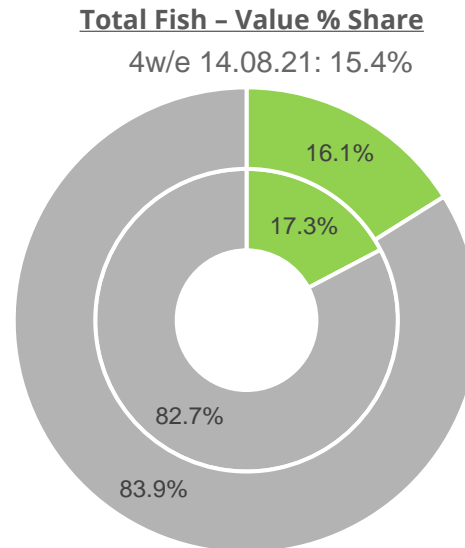
*Supermarkets include Online Dark Stores, Depots and Picking stores

Fish over-indexes online vs FMCG, though this has shrunk slightly in recent weeks



■ 1 ■ 2

Inner = 52 w/e 14.08.21
Outer = 12 w/e 14.08.21



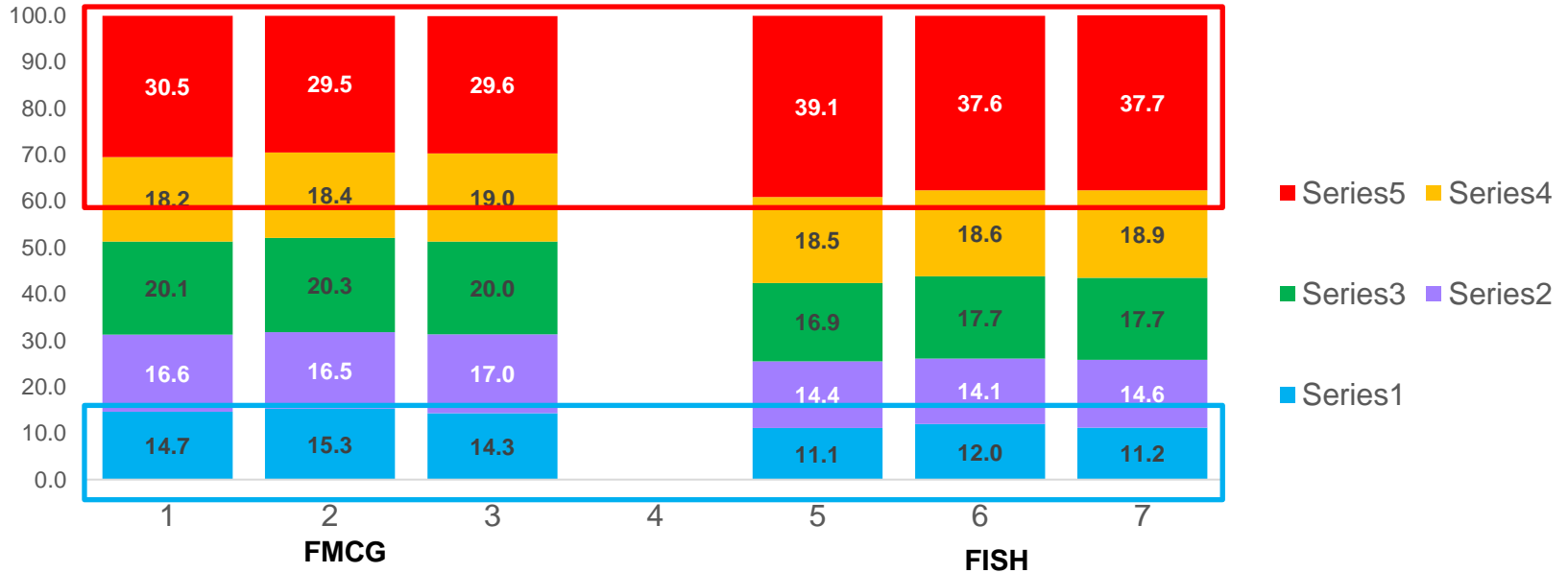
■ 1 ■ 2

Inner = 52 w/e 14.08.21
Outer = 12 w/e 14.08.21

Older families age 65+ are highly overindexed in Fish consumption, while they're also the biggest spenders. Younger shopper Covid bounce has not been sustained

Total FMCG & Fish – Total GB – Value % share by Demographics – Data period to WE 14.08.21

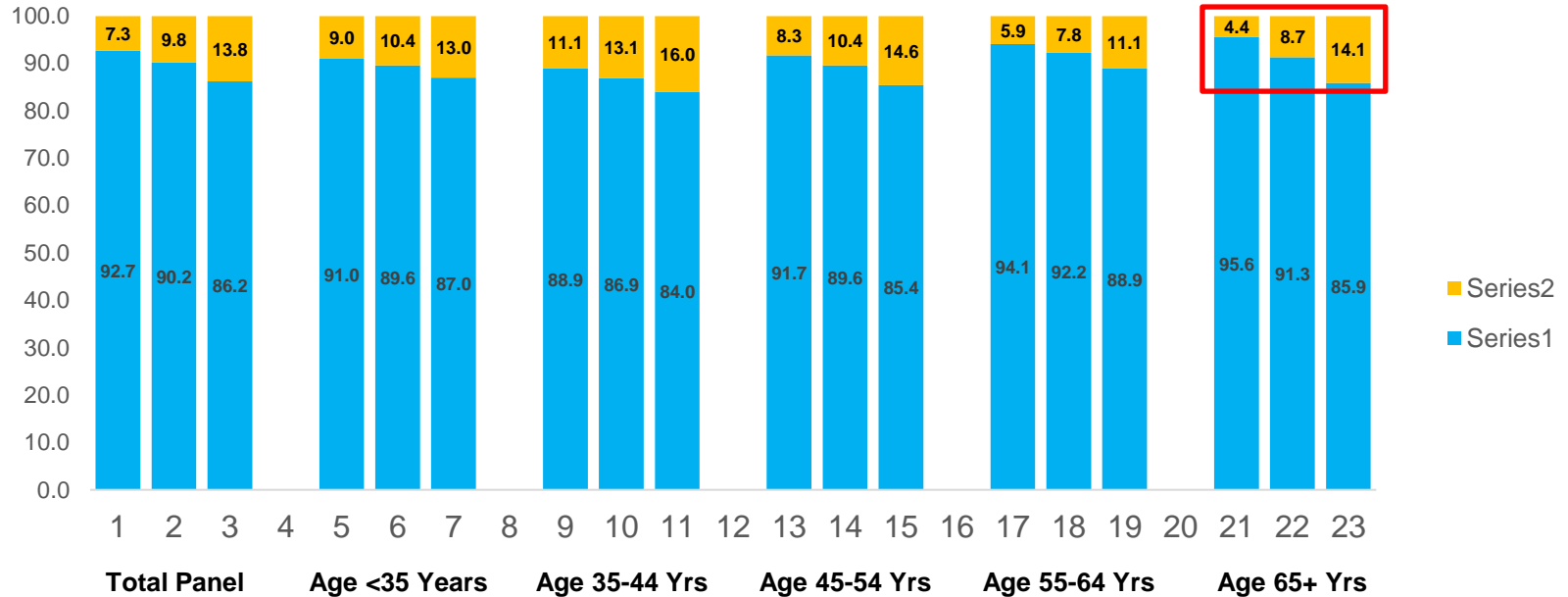
Total GB – Value % Share by Age Demographics



Older families age 65+ are also now over-indexed in online spending, after being under-indexed 2YA

Total FMCG & Fish – Total GB – Value % share by channels – Data period to WE 14.08.21

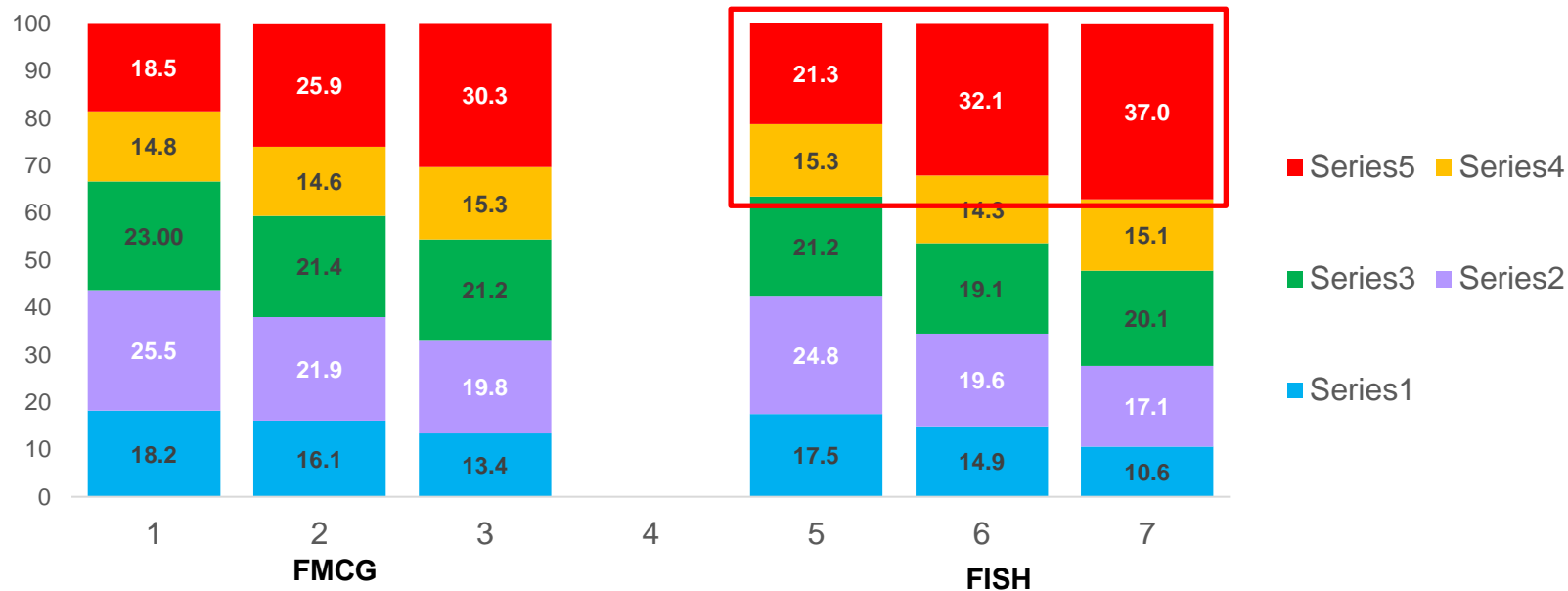
FMCG – Value % Share by Markets



The Online Fish Shopper has gotten significantly older, from ~ one in five pounds spent online 2YA, to almost two in five TY

Total FMCG & Fish – Total Internet – Value % share by Demographics – Data period to WE 14.08.21

Total Internet – Value % Share by Age Demographics






What does the future look like?



Older shoppers now buying online and unlikely to fully switch back.

Tailor to these customers to drive growth.



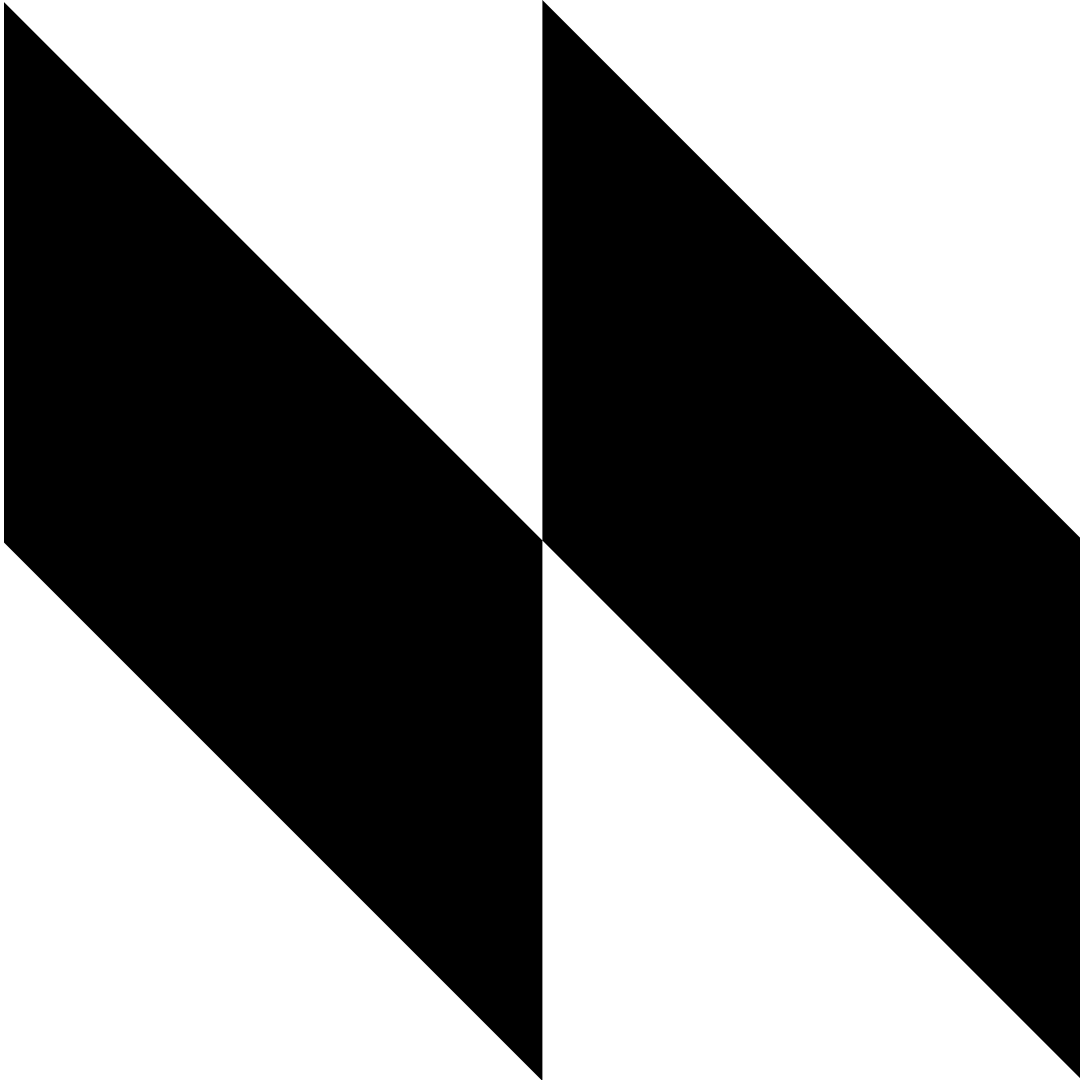
Younger shoppers increase in Fish purchase last year was Covid bounce.

Need to give them a reason to enter category.



Challenges / Opportunities for Seafood in Retail

And the Broader Protein Picture



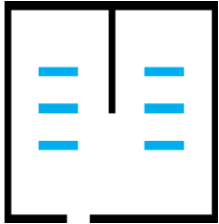
HFSS ban from October 2022 will have effects on premium space and promotions, a complete reworking of stores

Think about how Fish could capitalise as a healthy alternative as well as second order impacts

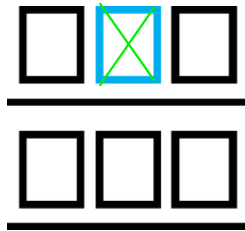
HFSS: Products high in fat, sugar or salt



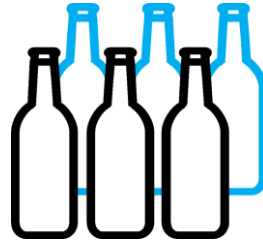
Prominent places
in store



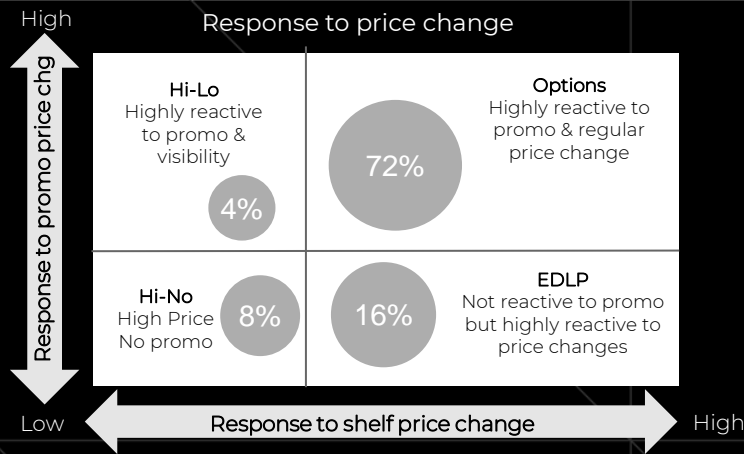
Secondary space



Multibuy activity



“ HFSS categories have higher levels of promotion and off-shelf display ”



EDLP is not good for Fish market, resist change if possible or work with Nielsen to identify SKUs to prioritise

Thought Leadership

EDLP: Threat or Opportunity?

84% Of categories may not suit an EDLP approach



Lesson 1

Consider these factors when reviewing EDLP strategies:

- Category dynamics** e.g. maturity, expandability, penetration headroom
- Brand strength** e.g. share, position
- Price** sensitivity & key price points
- Promo** sensitivity & incrementality



Stay tuned for **more exciting insights...**

Lesson 2

Your strategy should be dynamic, based on your brands' positioning

The Leader: Opportunity to build dominance & loyalty - focus on addressing key price points

Followers and smaller brands

The Upstart: EDLP less suited since promos are key to growing penetration

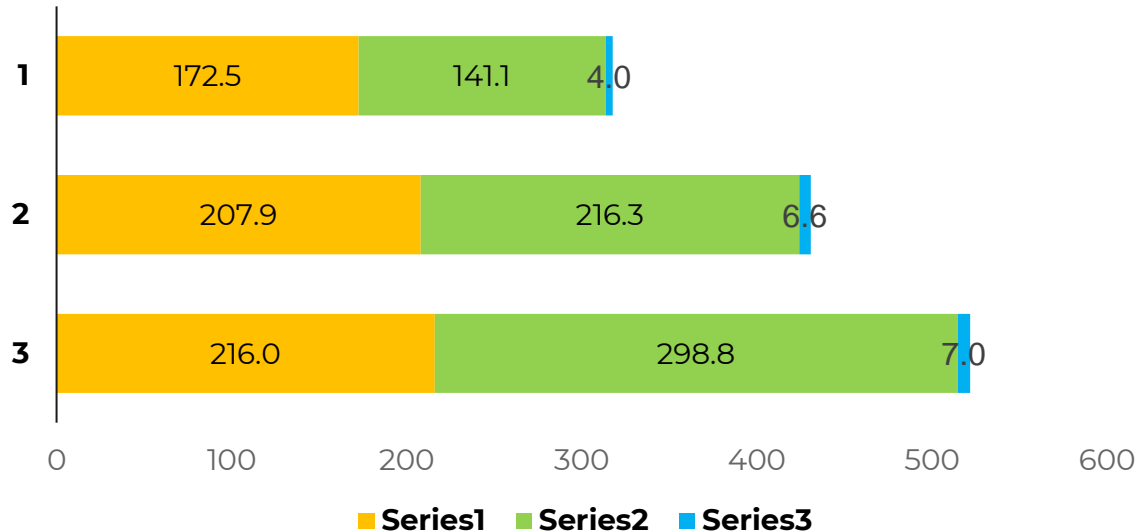


Importance of Meat Substitute products continued to grow in the past 3 years

All segments are growing while Fresh meat substitute products grew the quickest

Total Meat Substitute by Segment – Total Coverage UK (Full TSR) – Sales Value – Latest 52 weeks ending 14.08.21

Sales Value (£ Million)



3.9%

Value % Share of
Meat Substitute in
Total Meat & Fish

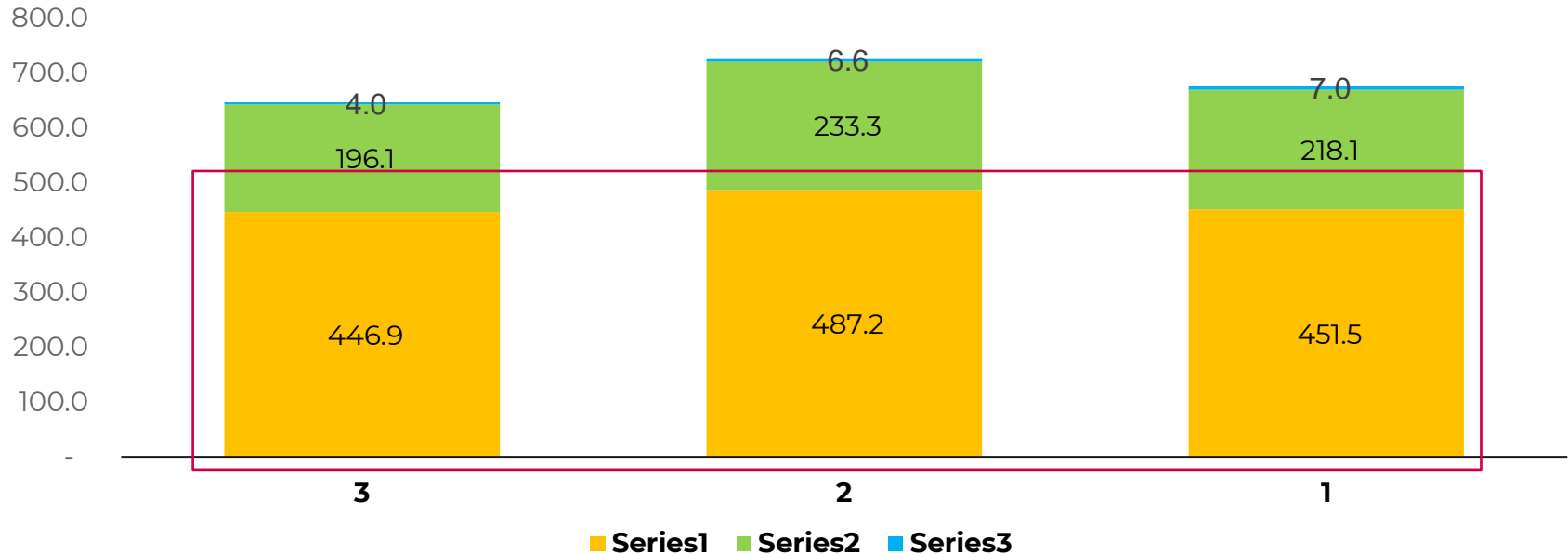
*Continued to grow
in the last 2 years:*

2.6% → 3.3% → 3.9%

Canned fish slowly losing share of ambient sales, down from 69% 2YA to 66%

Ambient Meat & Fish by Subcat – Total Coverage UK (Full TSR) – Value % Share – Latest 52 wks ending 14.08.21

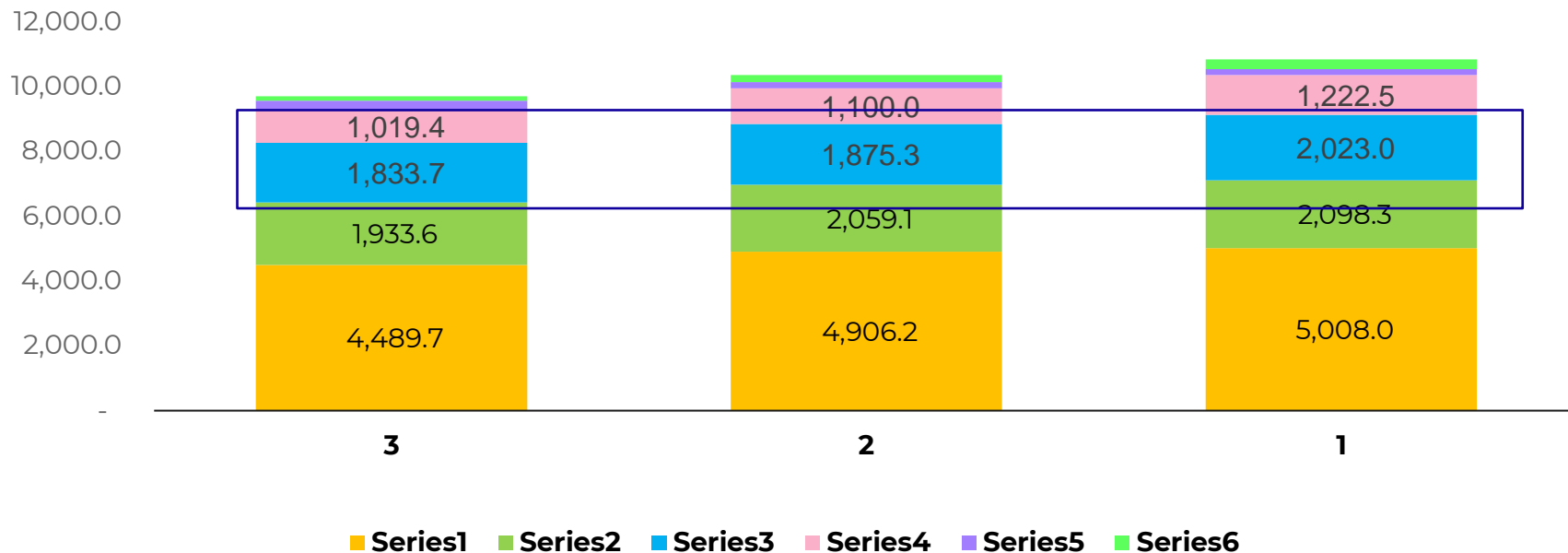
Ambient Meat & Fish – Sales Value (£'M)



Despite absolute value growth, fresh fish has maintained a consistent share of sales ~19%

Fresh Meat & Fish by Subcat – Total Coverage UK (Full TSR) – Value % Share – Latest 52 wks ending 14.08.21

Fresh Meat & Fish – Sales Value (£'M)

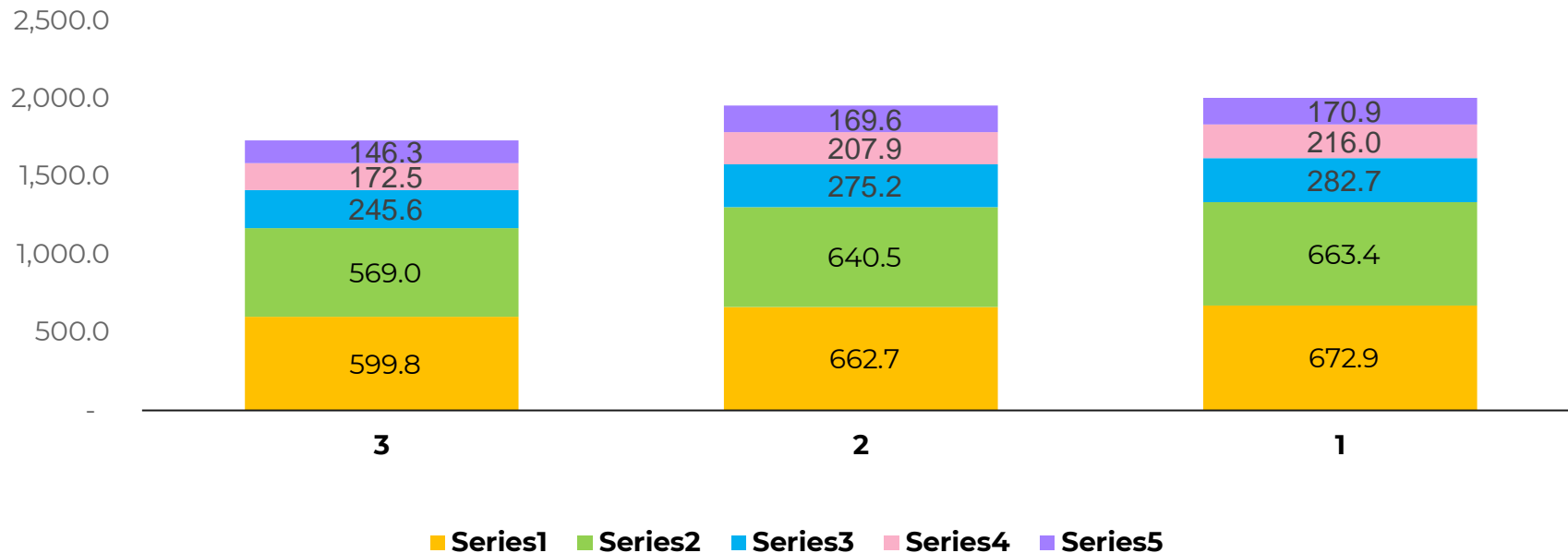


Frozen meat substitutes are growing, however they still only make up 11% of the market (up from 10% 2YA) – threat may be overstated

Fish / Fish Fingers up from 41% to 42% vs 2YA

Frozen Meat & Fish by Subcat – Total Coverage UK (Full TSR) – Value % Share – Latest 52 wks ending 14.08.21

Frozen Meat & Fish – Sales Value (£'M)



Some big plant-based fish alternatives launches highlights



Plant-based Tuna alternative
1st launch stop: Switzerland



Fishless Fingers
Launched in the UK
At RSP £2.50 in multiple key
grocery multiples



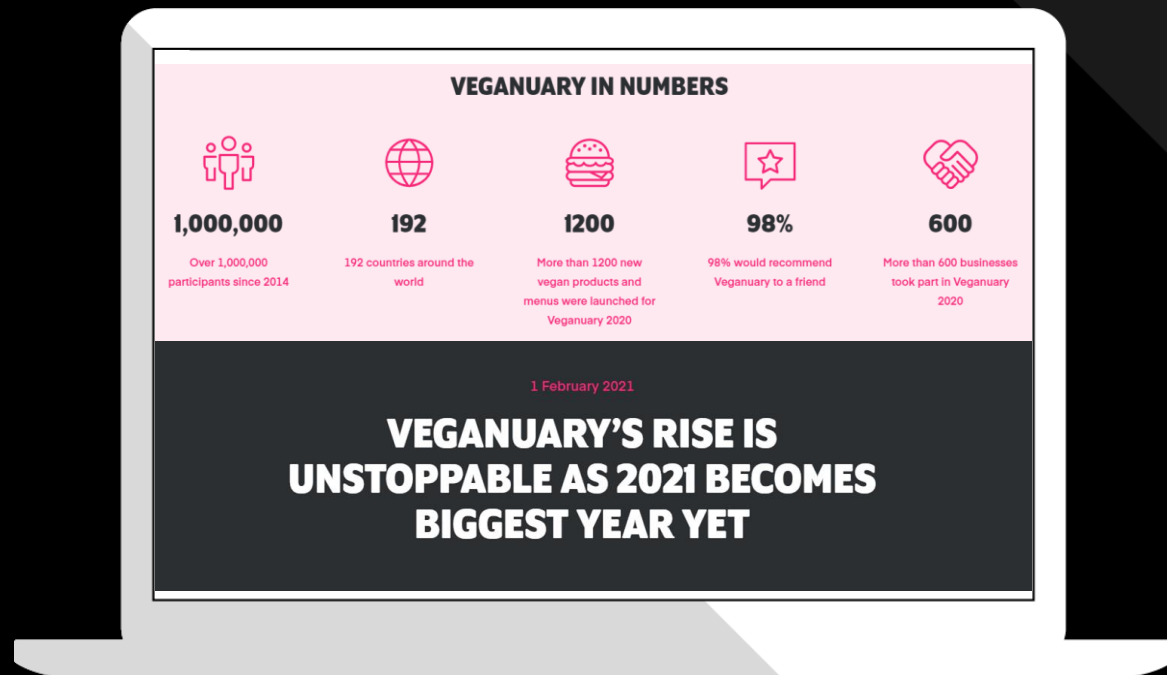
Fish Fingers
Launched in the UK in
late 2020 at RSP £3.60
with Waitrose



Fish Fillets
Launched in the UK
this year at RSP £3.99
with Ocado

Source:
<https://www.kamcity.com/namnews/international/europe/nestle-moves-into-plant-based-seafood-alternative-market/>
<https://www.foodnavigator.com/Article/2020/08/20/Nestle-launches-plant-based-Vuna-with-rich-flavour-and-flaky-texture-of-tuna#>
<https://www.kamcity.com/namnews/products-promotions/birds-eye-adds-fishless-fingers-to-green-cuisine-range/>
<https://www.kamcity.com/namnews/products-promotions/moving-mountains-extends-plant-based-fish-range/>
<https://www.kamcity.com/namnews/products-promotions/moving-mountains-launching-plant-based-fish-fingers-in-waitrose/>
<https://www.birdseye.co.uk/range/meat-free-mealtimes/veg-foods/veggie-fingers>

2021: the biggest Veganuary to date



People taking part in Veganuary worldwide

3,300

January 2014



582,538

January 2021

(**25%** of those taking up the challenge are in UK)



	Value Chg %	Penetration
Meat Alternatives	+33.3%	12.6% ↑
<i>Meat</i>	+19.1%	83.2% ↑
Milk Plant Based	+17.6%	16.5% ↑
<i>Milk</i>	+9.6%	90.6% ↓

Green Cuisine +112%

Birds Eye

+23.8%



Gü Free From +95.9%

Gü

+46.3%



Astonish Spray +77.9%

Anti Bacterial Spray

+51.5%



Thought Leadership

Veganuary

9% of GB HHs have a **vegetarian** or **vegan** in them



Lesson 1

Veganuary is catching on very quickly - **1 out of 8** Household bought **Meat Alternatives** in January 2021.

Vegan also means **sustainable**. Opportunity to reach new customers: **Vegan, Environmental Friendly & Flexitarian**.

Lesson 2

Veganuary is a **springboard** for brands, retailers and restaurants to launch new and exciting NPDs or turn existing product into vegan.

Don't get caught unprepared, shoppers are seeking plant based alternatives.



Stay tuned for **more exciting insights...**

Shopper base is wider than vegans & vegetarians



2.4m (9%)

**GB households
have a vegan or
vegetarian**

63%

Of these state that not all of the households is vegan/vegetarian: important to **cater for mixture of needs**

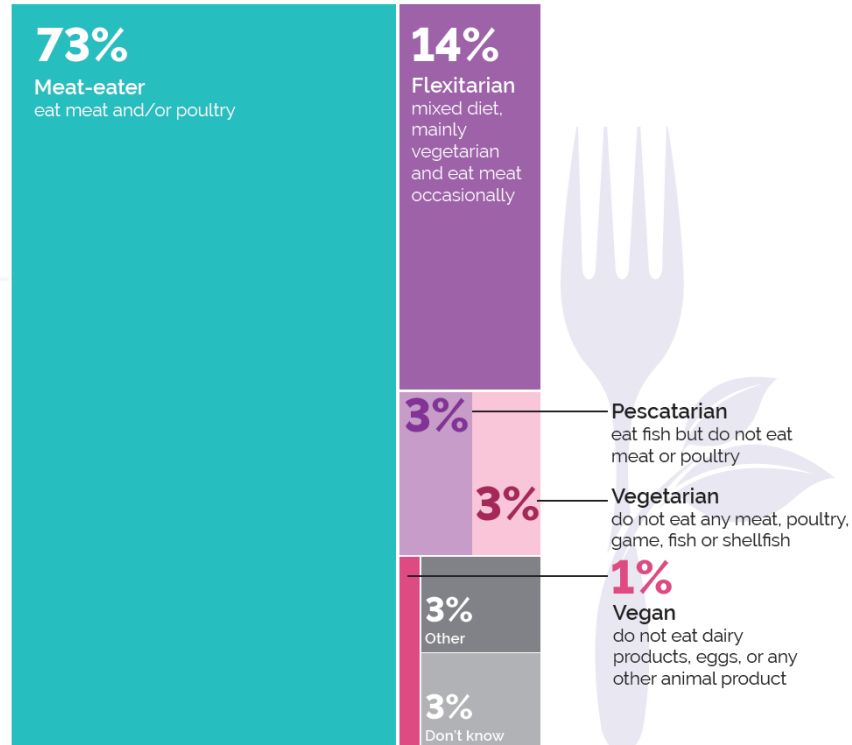
27%

GB population **replacing meals** containing meat with vegan or vegetarian alternatives **at least once a week**

There are as many individual Pescatarians as there are Vegetarians

Flexitarian is the big growing area to focus on

Which, if any, of these best describes your usual eating habits?

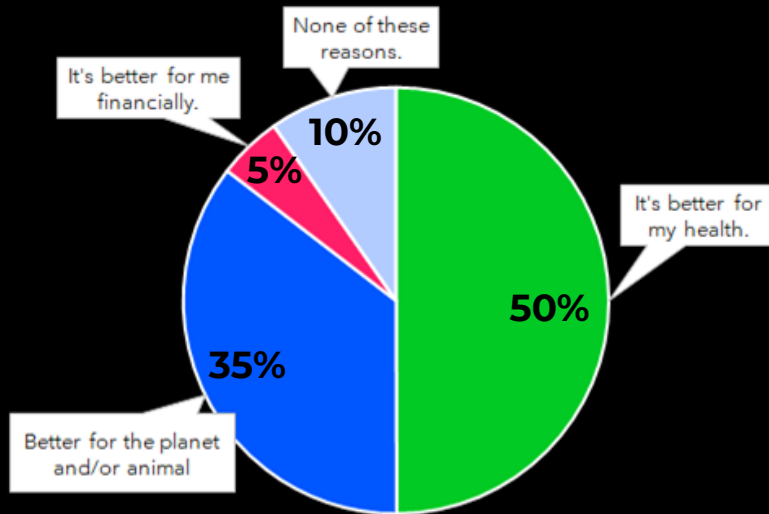


Source
: YouGov – is the future of food flexitarian?

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Reasons for plant based diet can be applied to Pescatarian diet too

Most important reason for having a fully or more plant-based diet



Minority of shoppers are **specifically looking** for new Vegetarian or Vegan food & drink products, and **not many** are **willing to pay more** for them



% GB HHs specifically looking for new Vegetarian or Vegan food & drink products:

10% Vegetarian | **7%** Vegan



% GB HHs willing to pay more for Vegetarian or Vegan food & drink products:

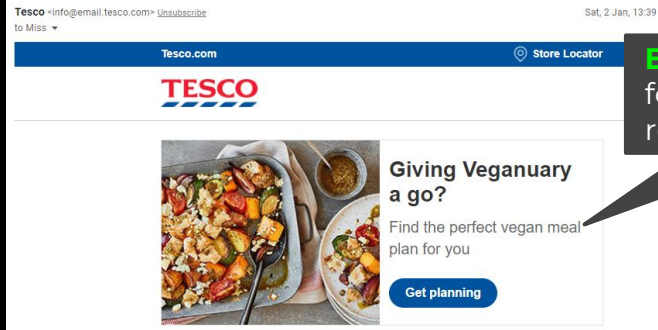
7% Vegetarian | **6%** Vegan



However, **22%** HHs say they will pay more for products not tested on animals/cruelty free products

Retailers make going meat-free easy to shop and plan – need something similar like Fishbruary!

Kick off the new year with some meat-free marvels [Inbox x](#)

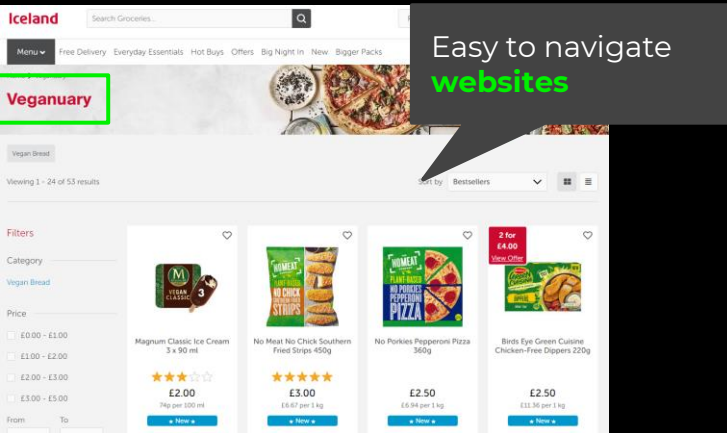
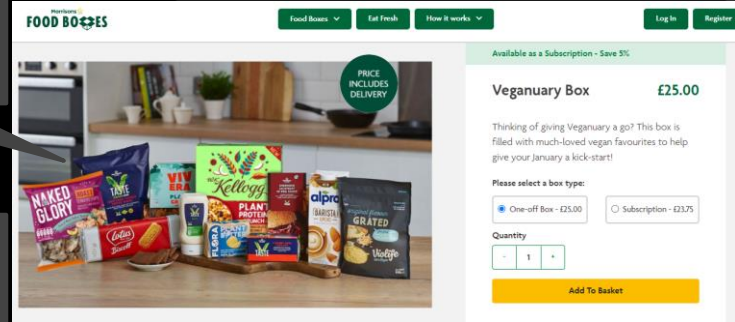


Emails as a reminder for Veganuary, with recipe ideas

M&S **calendar** provides inspiration



Morrisons **food boxes** to help get shoppers started




Easy to navigate **websites**

Aldi **food swaps** is consistent with other campaigns



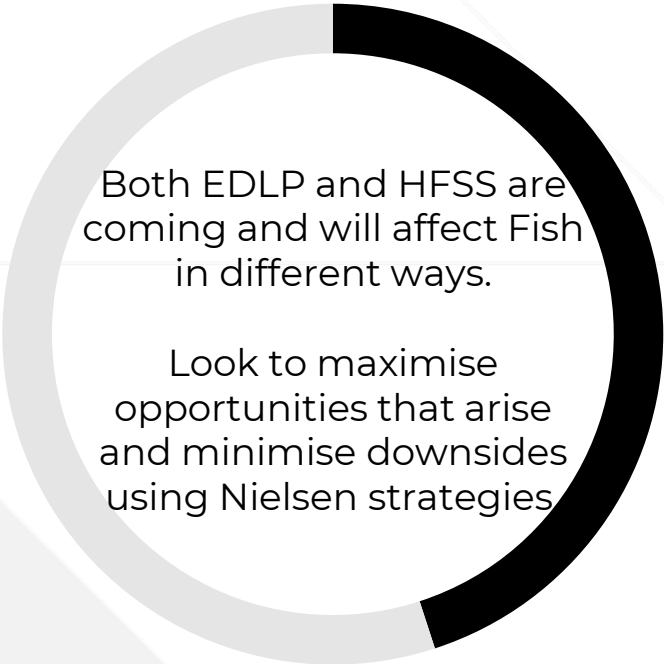


What does the future look like?



While vegetarianism and veganism are growing, flexitarianism is the real driver of growth.

Push retailers to support fish as part of sustainable eating



Both EDLP and HFSS are coming and will affect Fish in different ways.

Look to maximise opportunities that arise and minimise downsides using Nielsen strategies

Thank you

For more details contact Richard.Watson@seafish.co.uk



Here to give the UK seafood sector
the support it needs to thrive.