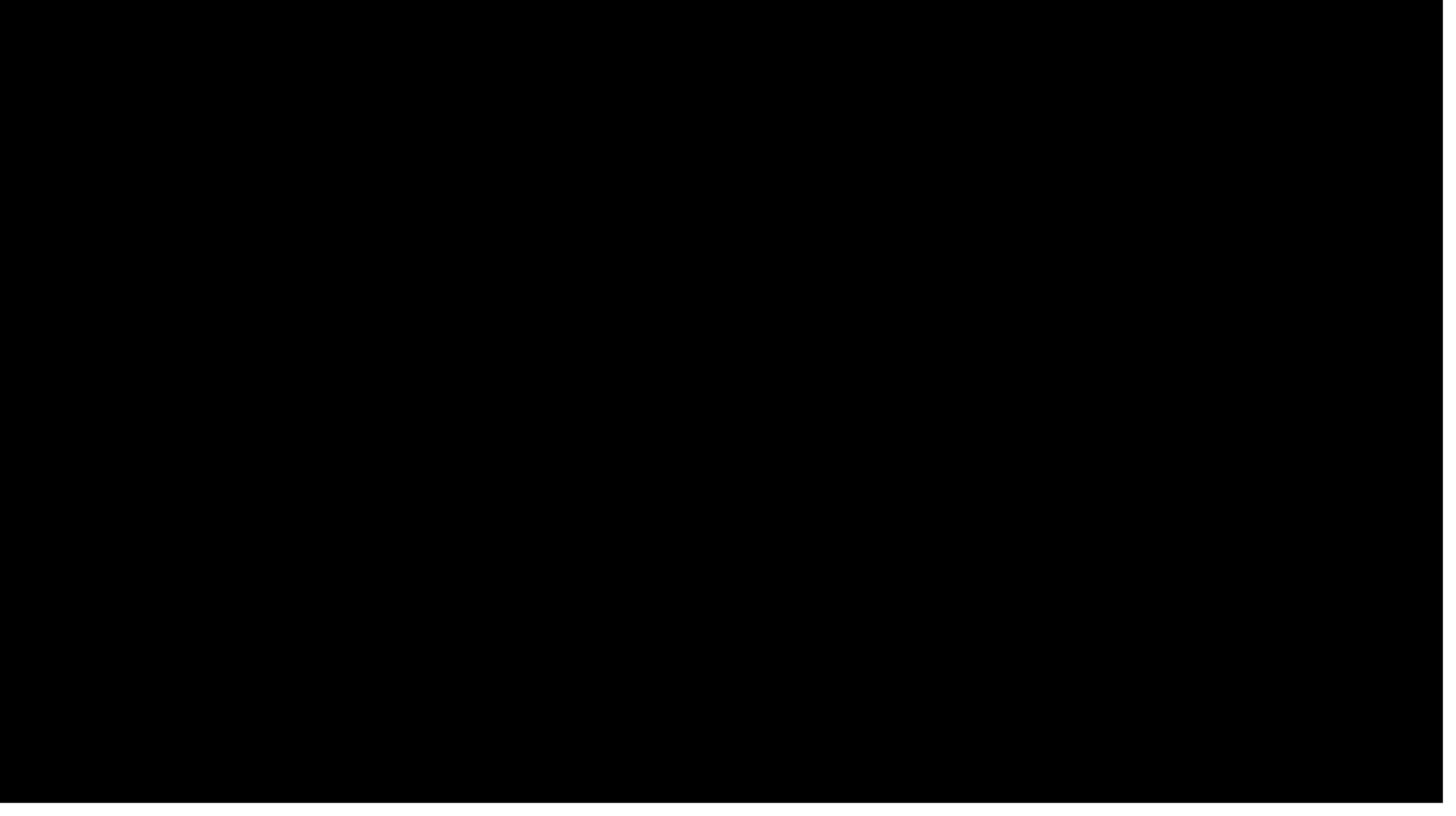


David Berry Kantar Worldpanel

23rd January 2018

Growing the success of Irish food & horticulture

Bord Bia
Irish Food Board





KANTAR **WORLD**PANEL

Overview of Retail in Ireland

– Latest developments and future predictions for Retail –

23rd January 2018

David Berry

Go Shopping



Bring it Home



Scan it In



KANTAR WORLDPANEL



.....● The Big Grocery Trends

.....● Retailer Performance

.....● Consumer drivers

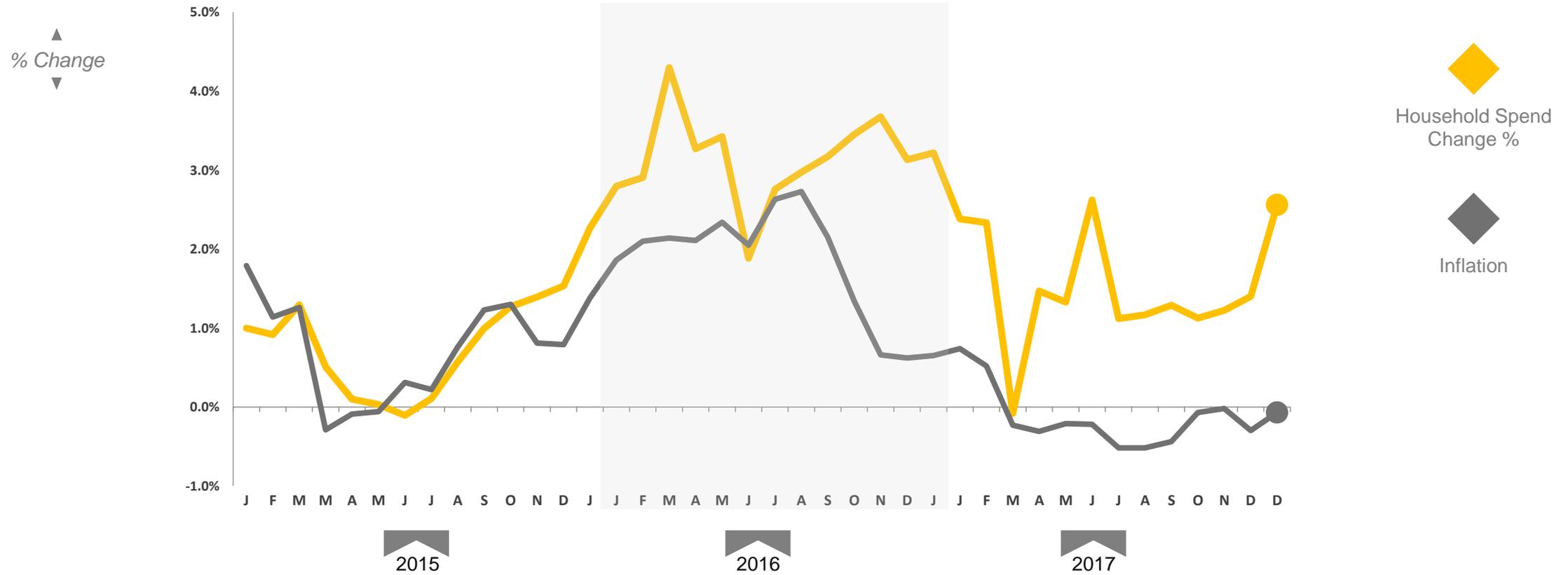
.....● Recommendations for growth

A top-down view of a person's hands working at a desk. The desk is made of dark wood. In the center is a silver laptop with a hand holding a pen over the keyboard. To the left is an open notebook with a hand on the page. To the right is a white coffee cup on a saucer. In the top right is a gold lamp. In the top left is a black VAVA speaker. A small potted plant is on the left. A large black circle with a white border is overlaid on the left side, containing the text 'The Big Grocery Trends'. A blue circle is also overlaid on the laptop screen.

The Big Grocery Trends

1

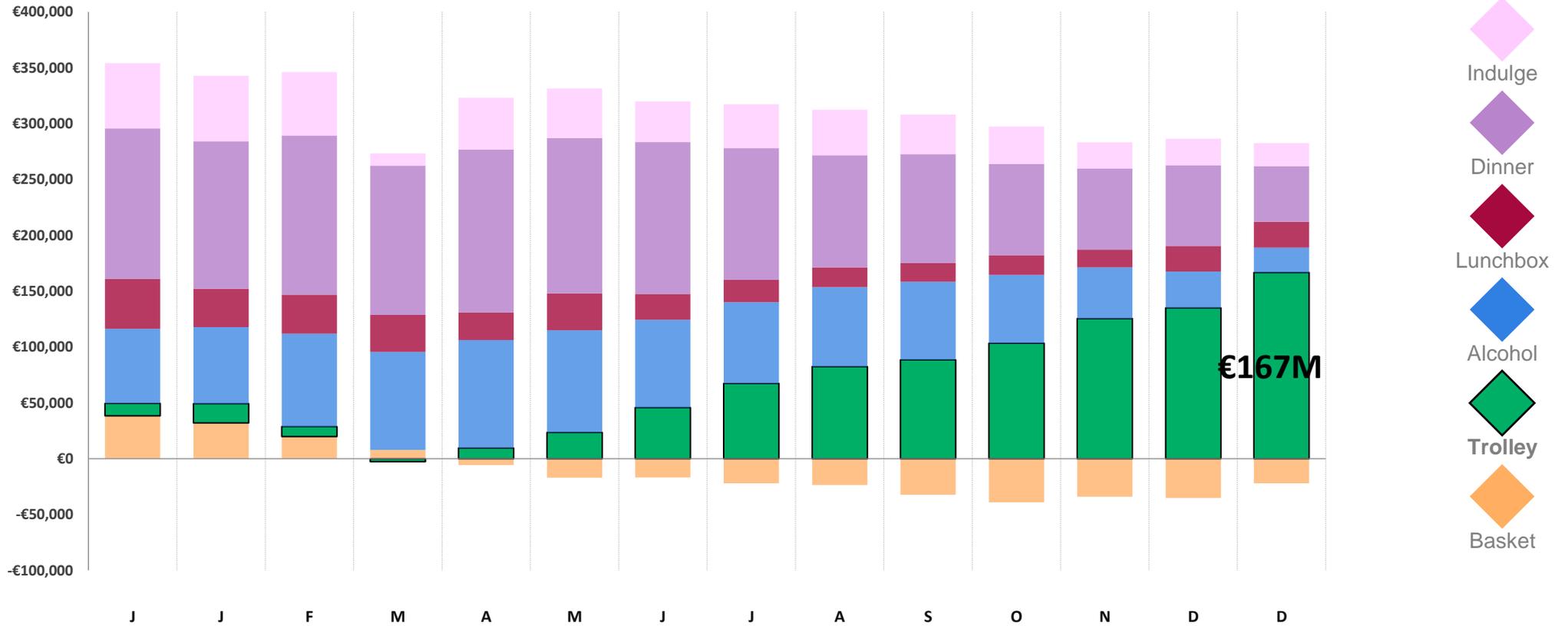
In response to deflation, shoppers have been spending more year on year, keeping market performance on an upward trajectory



2

The larger “main shop” or “trolley mission” is driving growth in the market, leading to an increase in volume and spend per trip.

▲
Actual Value Change
Year on Year
(€000s)
▼



€167M

3

Every retailer has seen a drop in shopper numbers this year as consumers move away from shopping around and spend more of their budget with their favourite retailer

45% → 46% → 47%

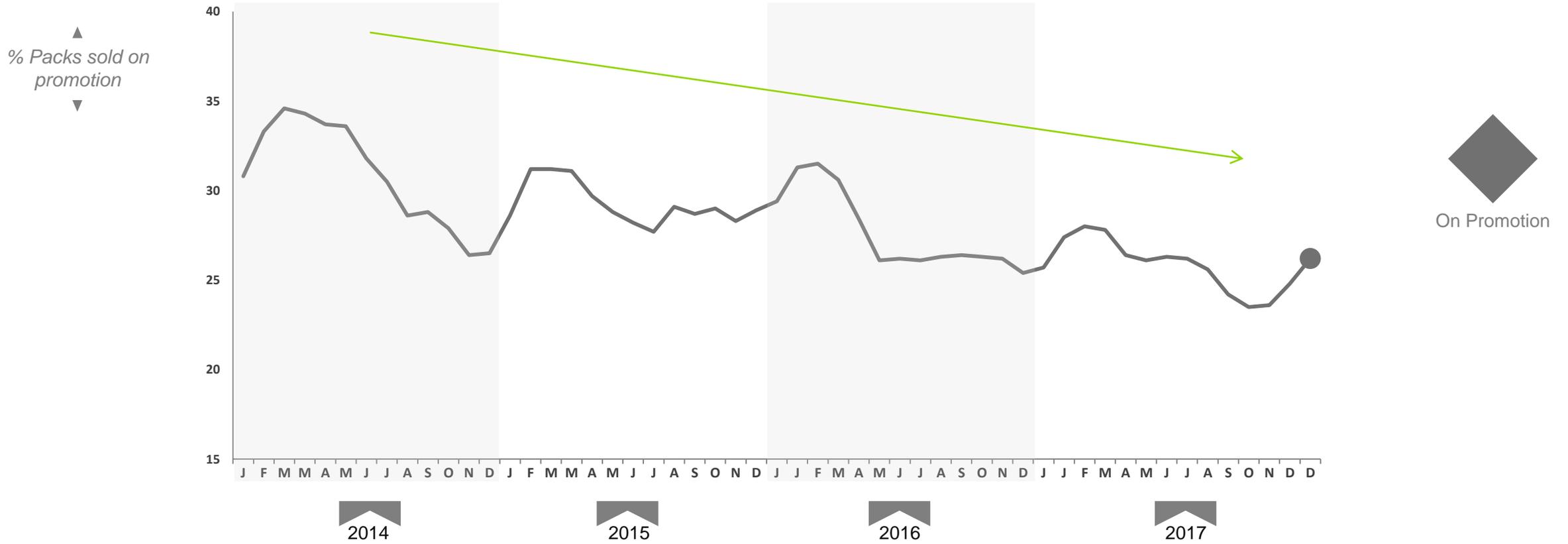
Mid loyal = €1,750

High loyal = €3,675



4

Latest four years show a decline in the level of promotions



5

Online is now 2.2% of grocery spend and will continue to grow to almost 5% in 2022



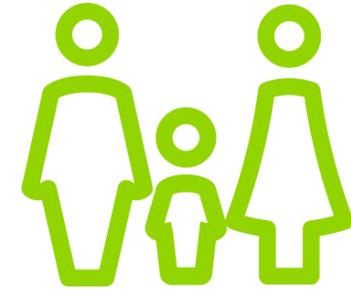
Online is growing 25.5%
YoY

Shoppers purchasing 2.5
additional trips in 2017
compared to 2016 is driving
most of the growth



€66.43 is spent on average
online per trip

Compared to €22.82 per trip
on average



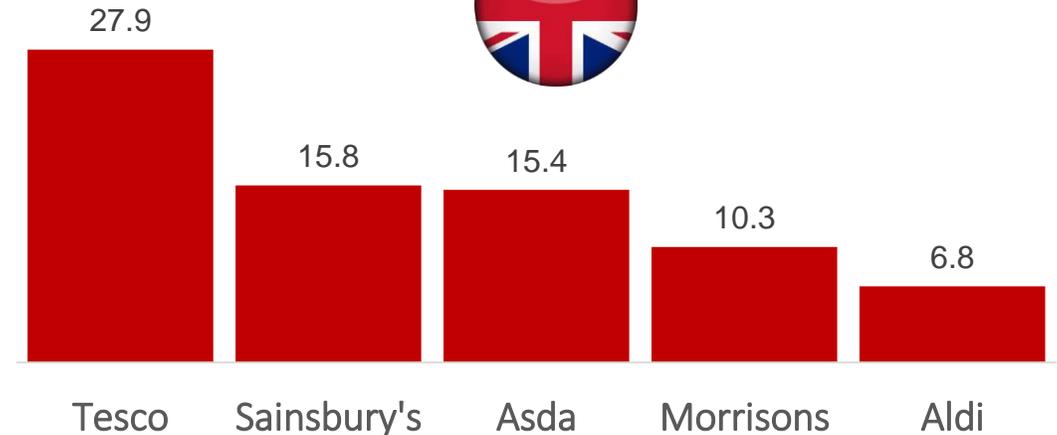
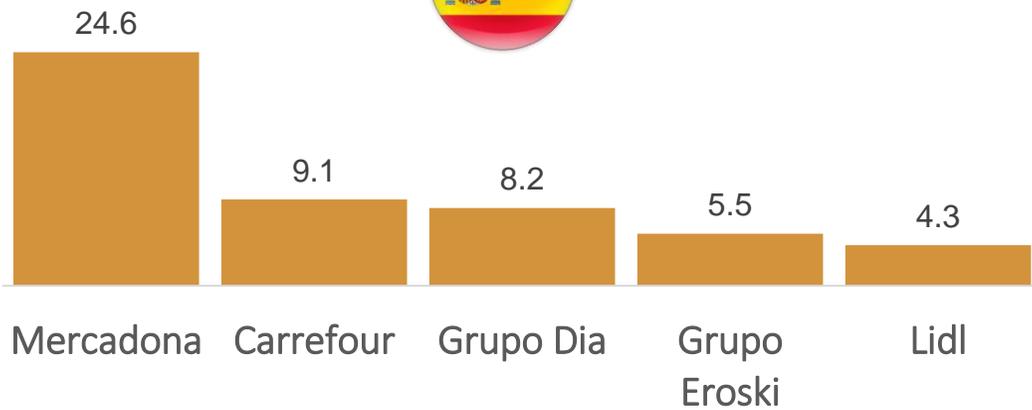
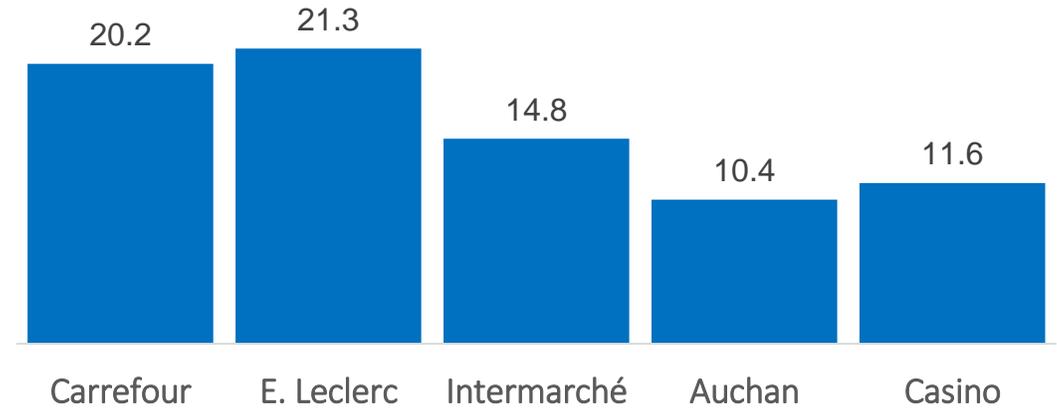
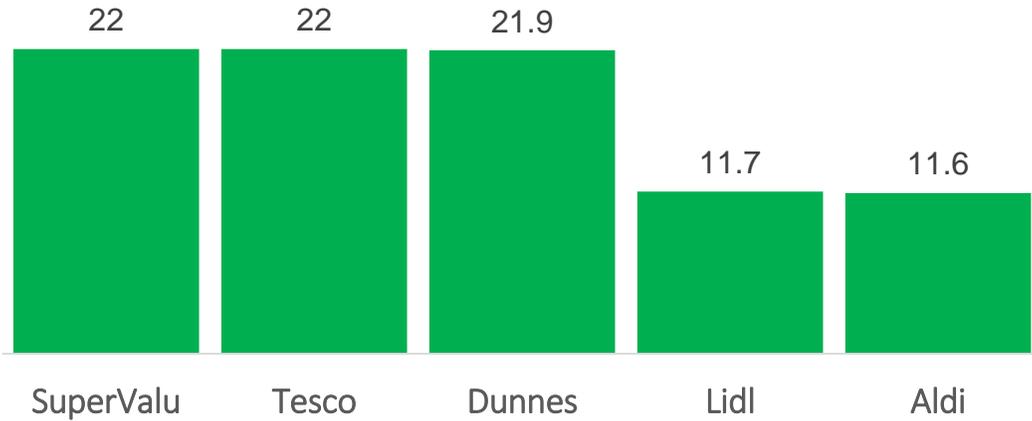
Young & Pre Families

Aged **under 45**, with **3+**
Members, living in
Leinster, more likely to
Shop online



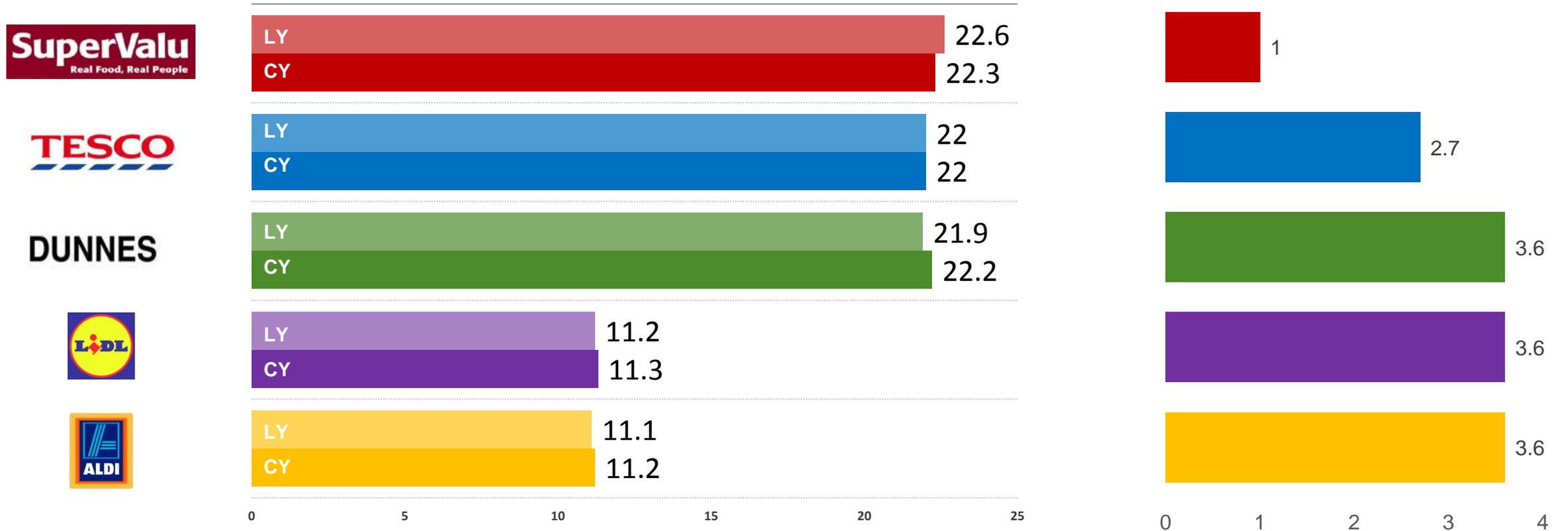
Retailer Performance

Europe's most competitive grocery landscape



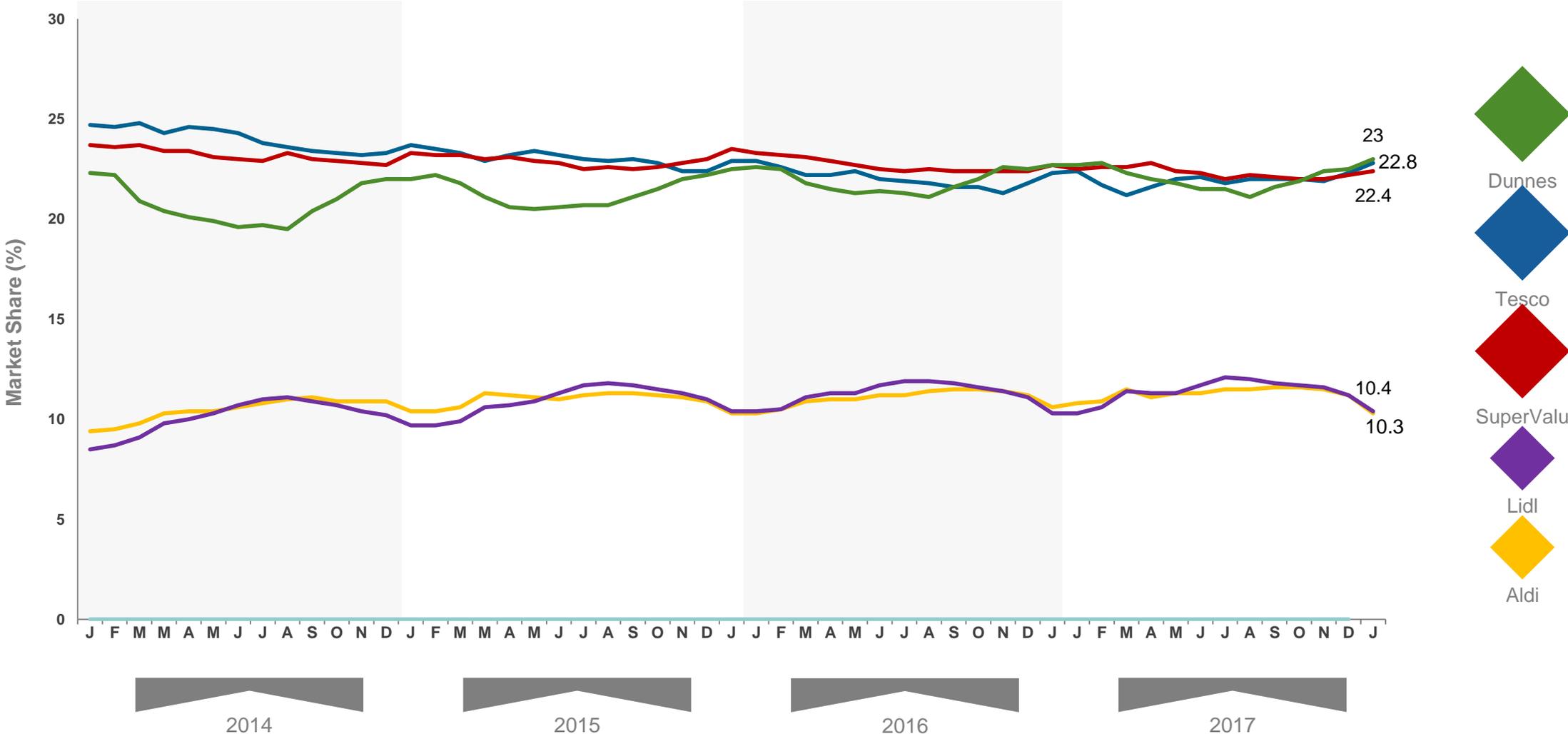
All retailers are posting sales growth, with the Dunnes, Aldi & Lidl growing at 3.6% YoY

52w Total Grocery – Retailer Shares and YoY contribution



Dunnes have performed best in the run up to Christmas while Tesco have followed close behind, overtaking SuperValu.

12w Total Grocery – retailer value % trended



Larger trips with more expensive items

Contribution to sales growth YoY:



Shoppers:
83.1% -1.1ppt



Price per item:
€1.95 +€0.04



Items per trip:
11.2pcks +1.2%



Frequency:
75 trips -1.7%



Growth



Market Share

What's Winning for SuperValu



FROZEN FOOD



CUPBOARD FILL



HOUSEHOLD



SOFT DRINKS

What's Next for SuperValu

SuperValu to create 40 jobs at new store in Dundalk



TESCO



Growth



Market Share

Bigger More Frequent Trips

Contribution to sales growth YoY:



Shoppers:
89.5% -1.2ppt



Items per trip:
15.2pcks +4.8%



Price per item:
€1.70 -€0.07



Frequency:
58.4 trips +2.6%

What's Winning for Tesco



DAIRY



PROTEIN



CH. CONVENIENCE



PRODUCE



BAKERY

What's Next for Tesco



85 jobs created at new Swords Tesco store



DUNNES STORES



Growth



Market Share

Growth through Bigger trips

Contribution to sales growth YoY:



Shoppers:
77.3% -3.5ppt



Items per trip:
19.8pcks +5.5%



Price per item:
€2.04 +€0.01



Frequency:
43.5 trips +1.4%

What's Winning for Dunnes



DAIRY



PROTEIN



SOFT DRINKS



PRODUCE



BAKERY

What's Next for Dunnes

Dunnes tweaks new layout at flagship store after shopper unrest

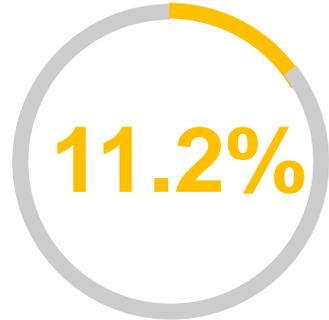


Dunnes Stores to buy Whelan Food and Meat Processors





Growth



Market Share

Shoppers returning more often

Contribution to sales growth YoY:



Shoppers:
82.5% -1.4ppt



Items per trip:
19.5pcks +0.4%



Price per item:
€1.31 +€0.01



Frequency:
32.5 trips +3.8%

What's Winning for Aldi



DAIRY



CONFECTIONERY



CH. CONVENIENCE



PRODUCE



T.H. SAVOURIES

What's Next for Aldi

Aldi invests €60m in 'Project Fresh' revamp

Grocer to expand its selection of fresh foods by increasing chiller space by up to 40%

© Fri, Jun 30, 2017, 05:35

Mark Paul



a "broad church" retailer - serving shoppers seeking value as well as those who want to indulge.



Growth through frequency

Contribution to sales growth YoY:



Shoppers:
85.2% -0.7ppt



Price per item:
€1.24 +€0.01



Items per trip:
16pcks -2.4%



Frequency:
41 trips +5.1%



Growth



Market Share

What's Winning for Lidl



FROZEN FOOD



CUPBOARD FILL



CH. CONVENIENCE



ALCOHOL



CONFECTIONERY

What's Next for Lidl

Lidl boss targets 200 Irish shops in €700m expansion



Our Full Shop Campaign - What's it all about?



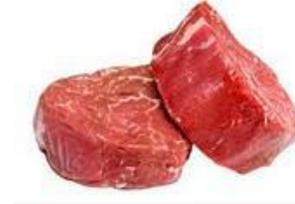
SuperValu

Real Food, Real People



Opportunity
€84m

TESCO



Opportunity
€83m

DUNNES STORES



Opportunity
€124m



Opportunity
€75m



Opportunity
€53m



**Consumer
Drivers**

HEALTH is still front of mind for Irish Shoppers



82% say they try to lead a healthy lifestyle



73% say that diet is important to them



72% say they are aware if a food is good for them



This trend is clear when looking at the top 5 growth & declining markets over the last 5 years



Avocado ¹
 +239%
 +€12.7m



Granola ²
 +192%
 +€5m



Peanut Butter ³
 +173%
 +€5.7m



Prepared Fruit ⁴
 +122%
 +€8.5m



Soya/Dairy Free ⁵
 +119%
 +€3.3m



Ambient Pure Juice [↓]
 -42.7%
 -€14.9m



Margarine Spread [↓]
 -36.5%
 -€5.5m



Instant Soup [↓]
 -31.3%
 -€4.3m



White Granulated Sugar [↓]
 -29.8%
 -€6.8m



Yoghurt Drinks & Juices [↓]
 -28.2%
 -€16.4m

We also see trends towards consumers seeking 'healthier' alternatives

Chilled Ready Meals



+8.4%

Crisps



+6.9%

Tea



-2.1%

Biscuits



NC%

Chilled Vegetarian



+37.9%

Chilled Olives



+21.2%

Herbal Tea



+12.8%

Healthier Biscuits



+3%

Supporting **LOCAL** business remains a top priority for many Irish shoppers



And these shoppers are more valuable...



Spend per year
€117
more than the average
shopper

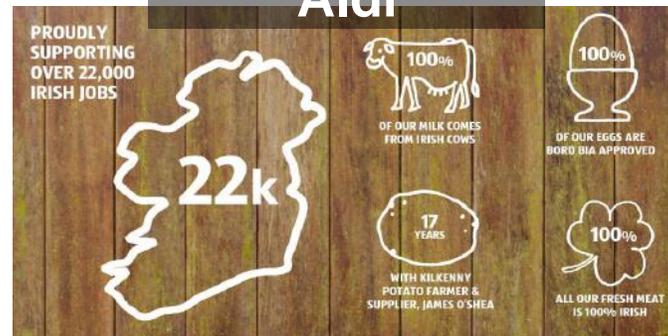
Spend per year
€152
more than the average
shopper



SuperValu's Food Academy has been championing local producers



And other retailers are emphasising their Irishness & promoting local causes...



This is also a trend we see at a global level...

VALUE GROWTH % - 2016 V 2015



2.6%

GROWTH OF
GLOBAL BRANDS



3%

BRANDED FMCG
GROWTH
IN 2016



3.9%

GROWTH OF
LOCAL BRANDS

Source: Kantar Worldpanel FMCG – Global

CONVENIENCE is more important than ever for the time-strapped Irish shopper

“I have little time to myself”



Offering convenient solutions is crucial for getting into key meal occasions.



9/10 Irish Families eat dinner at home 4+ times a week

But only

4/10

Spend over 40 minutes preparing dinner during the week



Packed Lunches are popular among Irish shoppers, with 1/5 lunches eaten on the go

The NO.1 barrier against shoppers choosing a packed lunch is “lack of time”



+76%



+24%



+21%



+14%



+14%

% Change in volume sales 2012-2017

Some success stories of NPD that tapped into the **convenience** trend last year...



CRP growing by **+20%** Spend growing by **+17%**



CRP growing by **+4%**



CRP growing by **+14%**





Recommendations for Growth

Food & Drinks sales will continue to grow...

2017

€10.5b

2022

€11.7b

Over the next five years our population will change...



Under 20s
+5%
1.35 – 1.42m

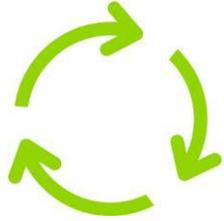
20 – 49 Year Olds
+1%
1.93 – 1.95m

50+ Year Olds
+13%
1.43 – 1.62m

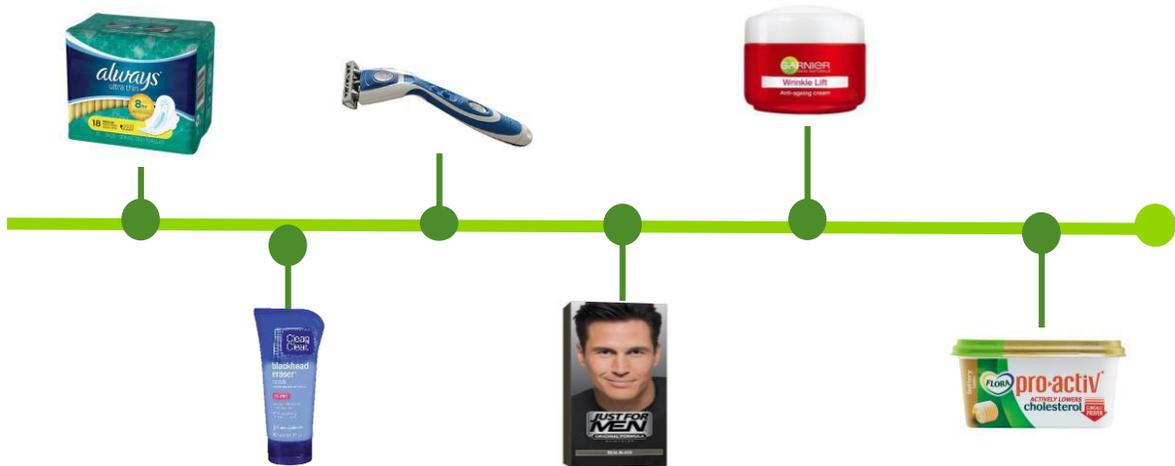
You need to make sure to remain relevant

There are two factors that influence our purchasing...

Lifestage



'I change what I consume over time'



Cohort



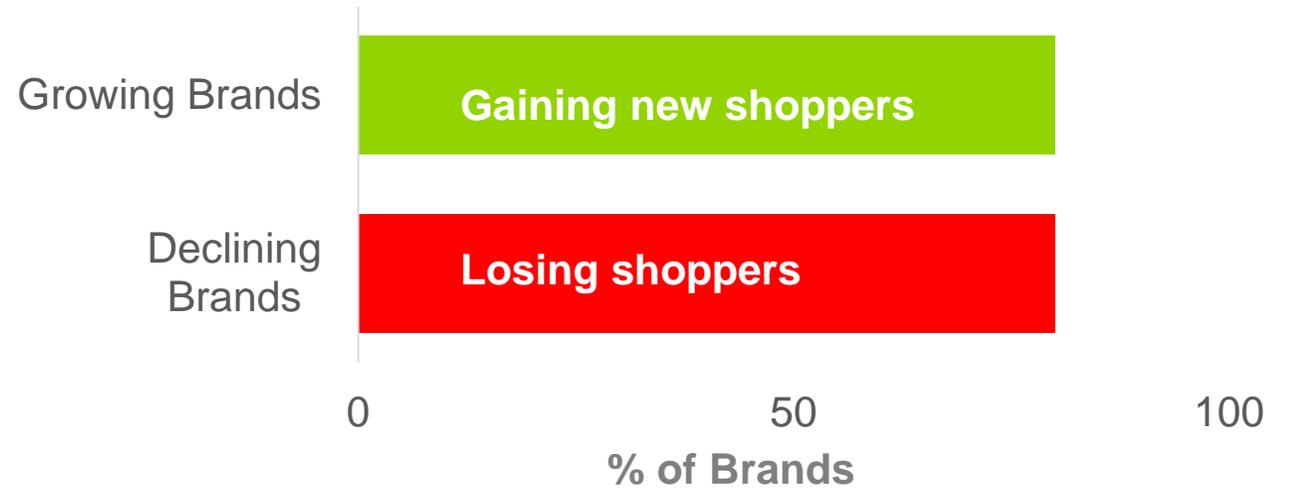
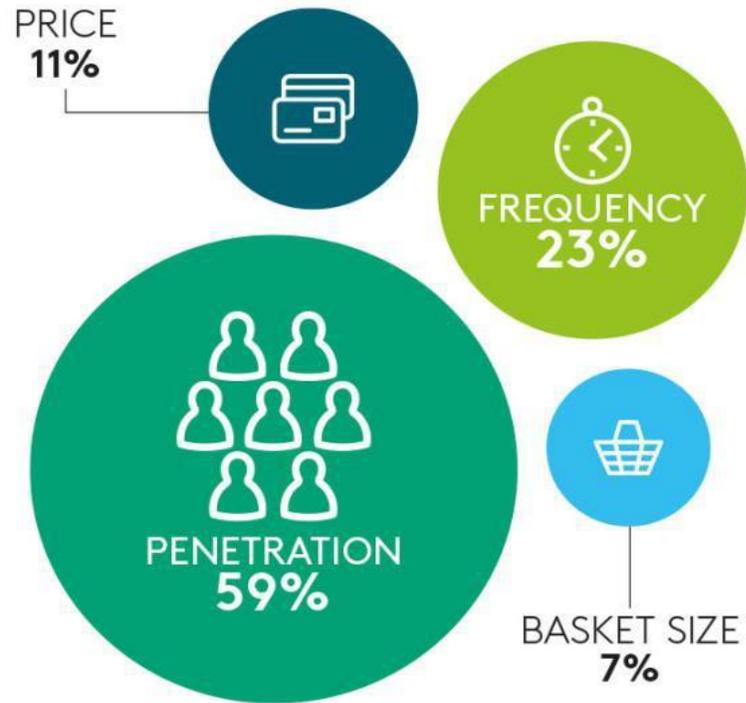
'I carry this behaviour with me'



Which one influences your brand's purchasing?

Penetration (New Shoppers) is the key metric for brand growth

Primary driver of brand performance





Coffee on the go

NEW NEEDS



MORE CATEGORIES



Dairy free stretches into deserts



On The Go Fruit Snackpots

MORE MOMENTS

(New formats)



Levers for Brand Growth



MORE PRESENCE



Wine physical availability and promotional presence



Low Calorie Bread



MORE TARGETS



KANTAR WORLDPANEL

Thank You

23rd January 2018

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