



Coronavirus (COVID-19)

The Coronavirus pandemic has been transformative for society and businesses alike. Supply chains and consumer dynamics have already irrevocably changed – providing opportunities to do things differently and shape the new normal

June 2nd 2020

Concern Over the Spread of COVID-19 Follows a Downward Trend, Business Optimism Trends Upward



Poll to Assess Business Sentiment

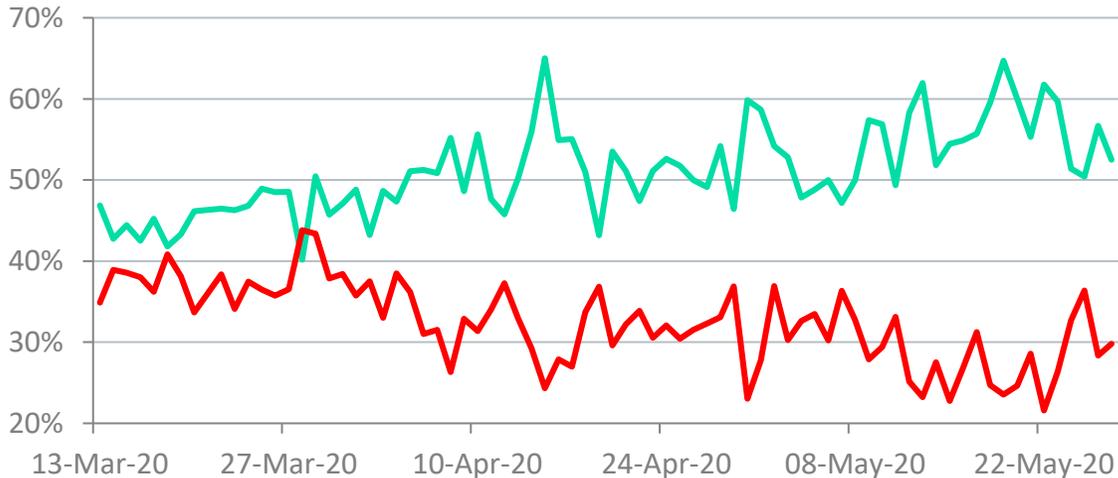
as of 27 May 2020

How optimistic are you about your company's growth prospects?

- Very optimistic
- Optimistic
- Neither optimistic or pessimistic
- Pessimistic
- Very pessimistic

Companies' View on Future Growth Prospects

— Optimistic — Pessimistic



Note: Optimistic includes respondents with response as “very optimistic” and “optimistic”. Pessimistic includes respondents with response as “pessimistic” and “very pessimistic”. Neutral respondents were discounted from the analysis. 23,004 responses were received.

Source: GlobalData Analysis

Poll to Assess Concern Related to Spread of COVID-19

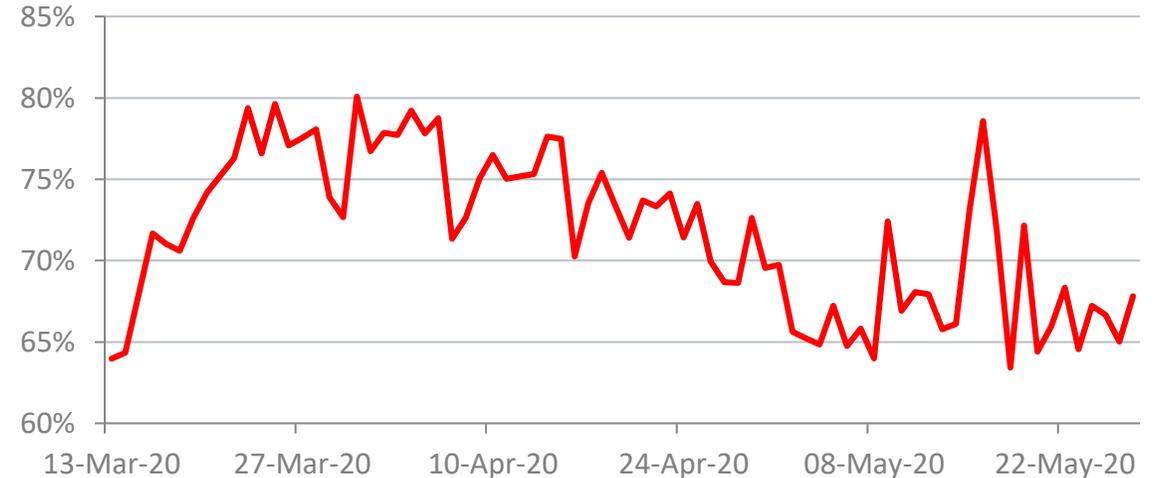
as of 27 May 2020

How concerned are you about the spread of coronavirus?

- Very concerned
- Slightly concerned
- Neither concerned nor unconcerned
- Not very concerned
- Not concerned

COVID-19 Concern Index

— Very Concerned

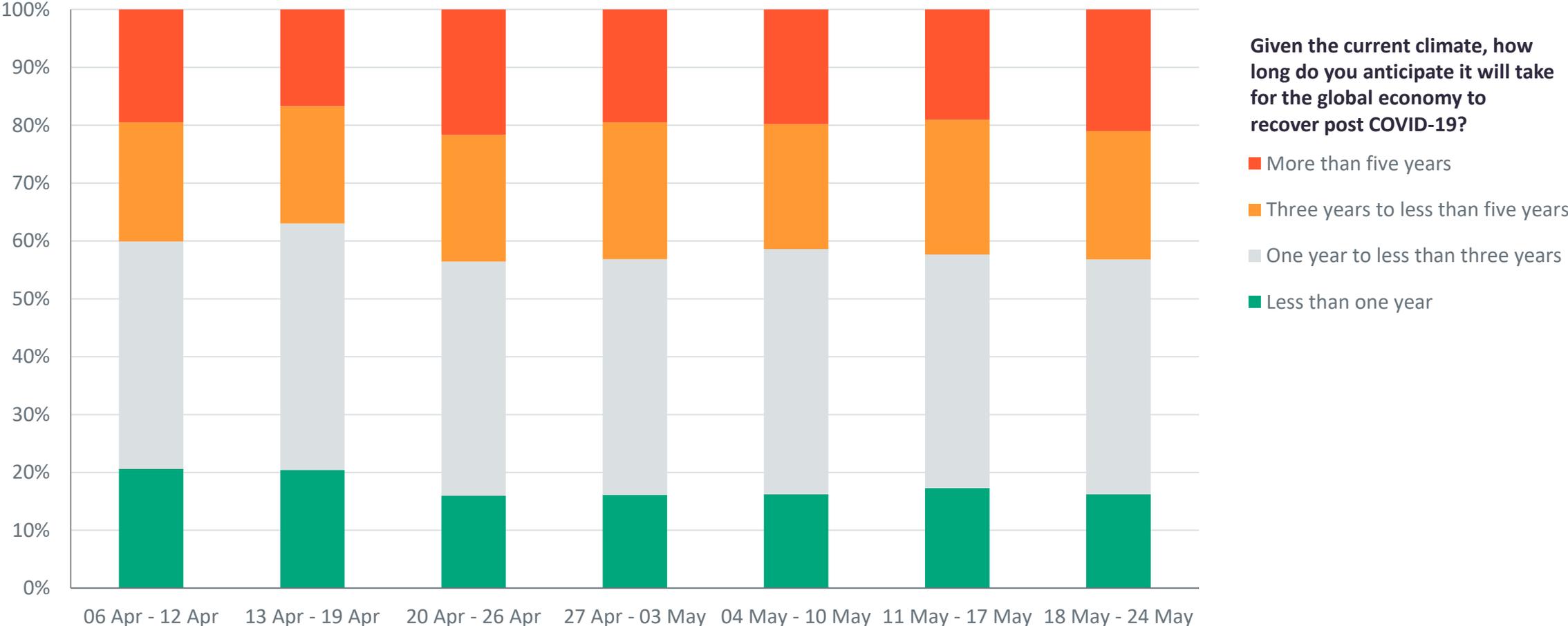


Note: Concern index is based on respondents who answered that they are “very concerned” about the spread of COVID-19. The index is based on a total of 142,127 responses.

Global Economic Recovery Post COVID-19



40.6% of respondents report one year to less than three years for the global economic recovery
as of 24 May 2020



Note: Analysis based on 41,958 responses received till 24 May 2020. Data represents weekly average responses.

Source: GlobalData Analysis

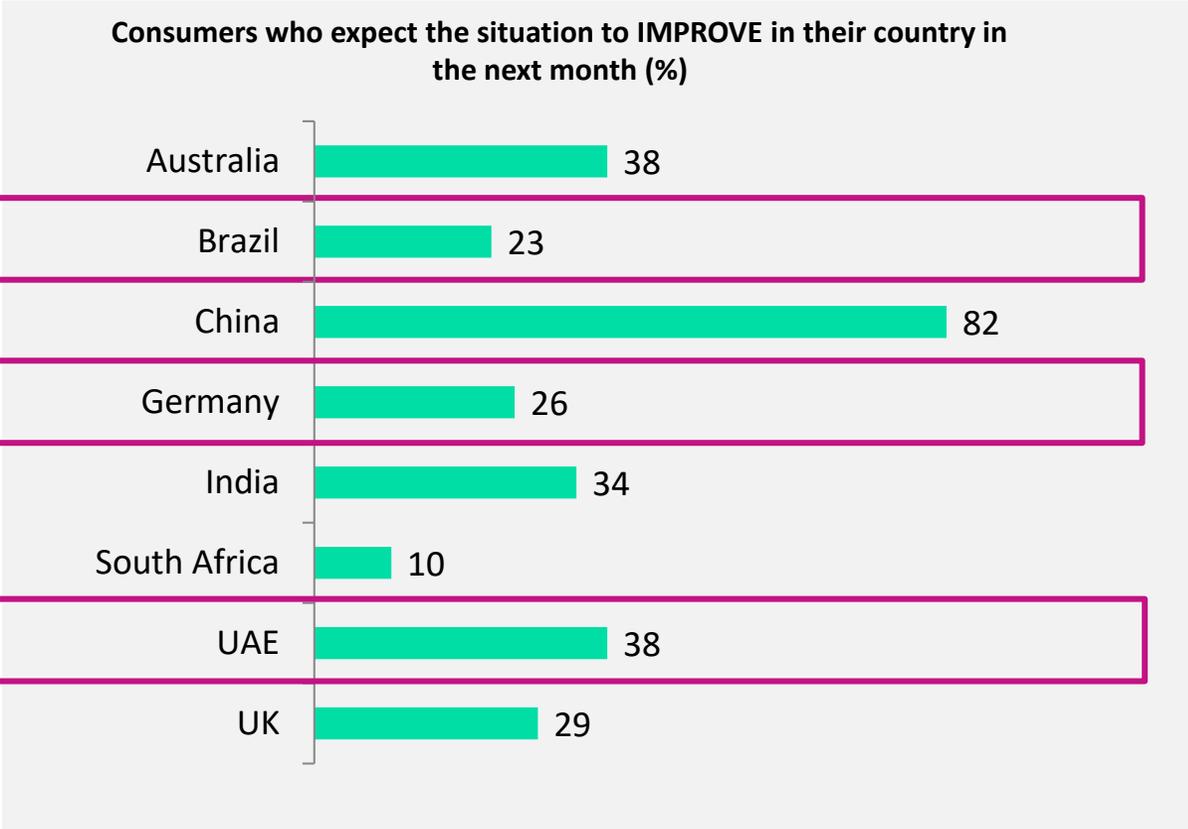
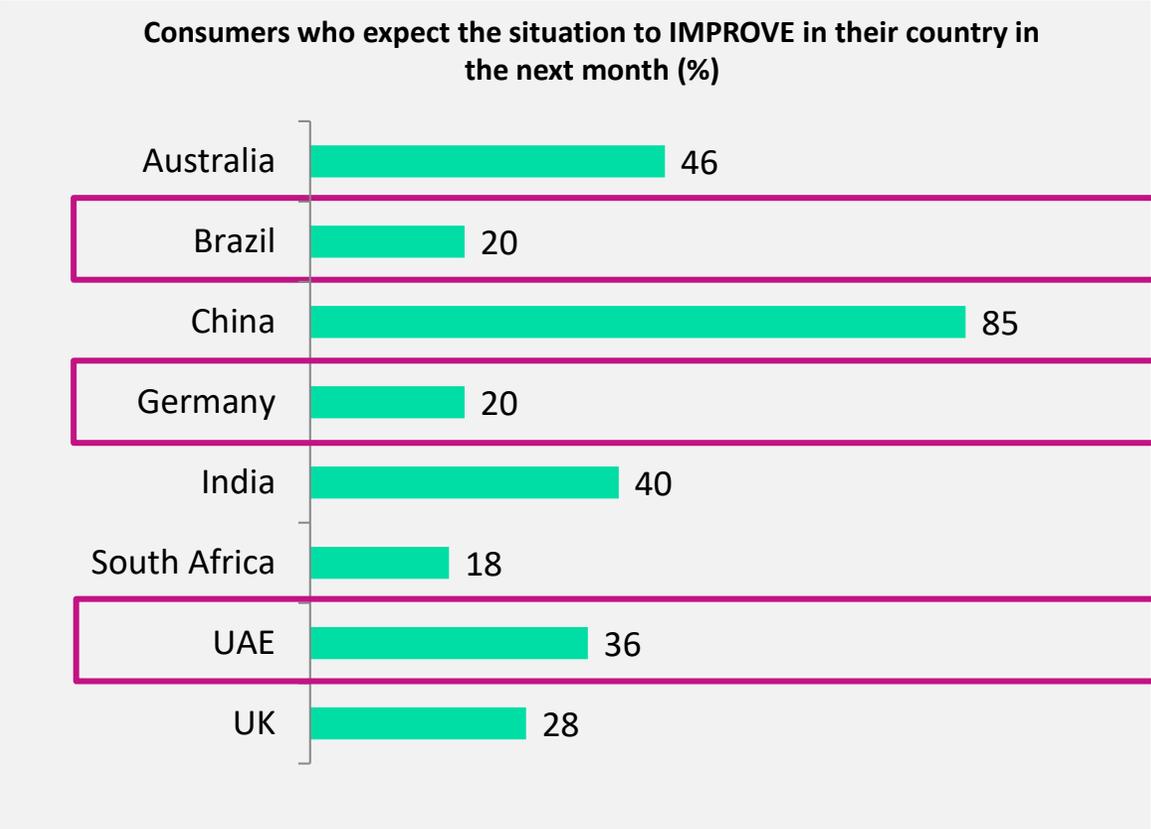
Consumer Behavior

Brazil, Germany and UAE appear more optimistic than last week about the outlook for the next month. However consumer confidence in other countries has declined sharply

Key consumer statistics: GlobalData's Covid-19 Consumer Survey

Last Week –w/e 11th May 2020

This Week - w/e 18th May 2020



Industry Implications

All major industries are facing setbacks, as they deal with Covid-19 challenges

Agriculture



- Low availability of animal feed for livestock and labour shortages may result in low supply or price hikes in future. In the US farmers are “panic-buying” animal feed as they are worried their feed mills could close as employees fall ill or that their slaughterhouses could slow production, forcing them to keep animals for longer.
- Farmers have tried to branch out and sell produce boxes directly to customers, an approach taken in many places as the pandemic slams the restaurant and catering industries worldwide. Wholesalers in UK who usually sell fruits and vegetables to restaurants have pivoted to home deliveries.

Foodservice



- Companies are likely to experience staffing shortages as the recovery begins.
- The ONS reported that the accommodation and foodservice sector in the UK had the second-highest closure of all sectors, with 82% of respondents claiming that they had temporarily closed
- Starbucks has announced that it will be providing all its employees with catastrophe pay. Employees choosing to work will receive an additional \$3 per hour.
- As lockdown restrictions are eased, food chains are opening for takeaways, deliveries and drive-throughs and trialling new measures for in-house dining services.

Retail



- Retailers must make the physical shopping experience safe and easy to navigate – and use new merchandising methods to encourage higher volumes.
- Retailers must accommodate fast-changing shifts in behaviour, away from experience and indulgence to convenience, safety, and necessities. They also need to speed up online capacity to cater for demand.
- High unemployment and a global recession will hit household budgets over the next couple of years and a recovery in retail to 2019 spending levels is likely to take at least two years.

Industry Implications: Food & Beverage Industry

Food and Beverage industry facing disruptions and new challenges



In the UK, Carlsberg is launching a digital platform called 'Love My Local' that aims to enable pubs, bars, restaurants and cafes to safely sell food and drink to their local community for either take-out or delivery.



UK brewer & pub owner Greene King has started a meal delivery service from a small number of London venues to help restart sales.



In the UK, Morrisons and Pret are leveraging partnerships with Amazon for same day deliveries with Prime as they step up their respective responses.



US food and beverage giant PepsiCo has launched two direct-to-consumer websites to meet consumer demand during the coronavirus pandemic.



Aldi plans to deliver groceries to homes in the UK for the first time through a partnership with Deliveroo for more than 150 Aldi products to be delivered "in as little as 30 minutes".



Johnnie Walker launches Online Tutorials. The brand has invited five celebrated Hong Kong bartenders to share their original recipes and tips for cocktail making at home.

Consumption Development

Areas to watch in consumption development: competing consumer trends; health, comfort, social needs, community

| ISSUE | EXAMPLES | INSIGHT | | |
|--|--|---|--|--|
| <p>E-commerce is the key focus area for industry stakeholders</p> | <ul style="list-style-type: none"> PepsiCo has launched two direct-to-consumer websites, PantryShop.com and Snacks.com where shoppers can order an assortment of the company's products direct to their home. Morrison has partnered with Amazon and Deliveroo to enhance its grocery delivery capabilities. | <ul style="list-style-type: none"> With consumers quarantined or reluctant to leave their homes amid the pandemic, e-commerce has become an increasingly popular way for them to buy their groceries. Even if lockdown restriction is completely lifted, e-commerce is expected to remain a bigger part of buying habits as it offers ease, flexibility, access to wider options, and above all, less exposure to infection. | <ul style="list-style-type: none"> Given the shift in consumers' shopping habits from physical retail to e-commerce, manufacturers and distributors are enhancing their e-commerce capabilities to make their products more accessible to the wider consumer base, deliver at a faster pace at doorstep and meet growing demand. | <ul style="list-style-type: none"> To capitalize on the growing demand via online channels, large CPG companies are expanding their direct-to-consumer online capabilities, cutting down competition from other brands or retailers' promotional offers. Retail companies are partnering with leading e-commerce players to enhance their online presence beyond their website, expand their consumer base as well as delivery capabilities. |
| <p>Foodservice presents an opportunity for temporary retail</p> | <ul style="list-style-type: none"> In the UK, Leon Restaurants converted outlets to retail stores with click-and-collect and delivery options. This can appeal to consumers who need essentials, ingredients and meal kits but who don't want to visit a supermarket or who can't get deliveries. | <ul style="list-style-type: none"> With stay-at-home orders in place, the foodservice industry is facing significant setback. Some restaurants are temporarily turning to selling and delivering groceries as they effectively have a separate supply chain from large retailers like supermarkets. This keeps suppliers and foodservice outlets productive and valuable. | <ul style="list-style-type: none"> Amid the COVID-19 outbreak, consumers remain price-conscious. The global economy is likely to fall into recession following the lockdown period, meaning large numbers of layoffs and lower disposable income. As such, consumers are more likely to trade down over time to mid- and value-price point items. | <ul style="list-style-type: none"> Though lockdown restrictions have started to ease, consumers are still likely to be eating more at home for the foreseeable future, and will be seeking bulk and value-focused food and beverage consumption experiences to enjoy time at home while watching their budgets. |

Future Outlook

Aseptic single-use packaging is back in vogue, and perhaps society will emerge from the pandemic with a renewed appreciation of the crucial role packaging plays in maintaining the safety and integrity of products.

Implications Now



Shopping habits are set to change - there will be a reliance on online solutions and businesses will need to adapt to this. Applications on smartphones will be set up to support local business.



Essentials and longer life products are more popular - this includes both dairy and alternative dairy products such as UHT milk as well as longer life food items.



There is more trust in paperboard products as this packaging is perceived to be safer by consumers globally due to lower virus life, and for single-serve packaging which eliminates the extensive exposure of the product to consumers.



Some countries are now slowly lifting lockdown restrictions as Covid-19 cases start to fall. This will boost consumer confidence in these countries and may help boost the economy.

Future Implications



Consumers will now come to expect all businesses to have multi platform options and delivery solutions. Local shops will also become more accessible online as consumers shift toward more localized buying habits.



Consumers will go back to basics with their ingredient selection, and on-the-go products will lose some traction. As trust is lost for international foods, consumers will keep stocking up on longer life products as these will feel safer.



As consumers become more concerned, they will ensure that they choose the safest packaging that also facilitates reducing spoilage and waste. This will continue to be the case after lockdown and into the future as consumers will be more aware of safety when choosing products.



These countries may have more robust economic performance as a result of easing restrictions and more and more consumers are allowed some freedom. However, as bars and restaurants will be the last to open, many consumers may still prefer to stay at home.

Foodservice COVID-19 mitigation strategies



The immediate recession will be moderate, the bottom will last for a couple of years, the recovery will also be moderate

However, within different sectors and countries the performance will vary; the average industry curve consists of winners and losers

Short-term strategies 6-12 months

- Restaurants need to focus on promoting sales through their takeaway and drive-through channels.
- Full-service restaurants should develop a relationship with third-party delivery partners.
- Companies should cut down on non-essential spending such as advertising and new restaurant openings.
- Generate long term reputational gains by supporting staff and local communities.
- Restaurants have been engaging customers by sharing recipes from their menus.
- Securing PPE for appropriate sites.

Mid-term strategies 1-3 years

- Advance developments in drone and contact-free delivery options, dealing with partners as appropriate.
- Divert capital expenditure to ensure business recovery.
- Adopt expanded food safety and sanitization practices and ensuring customers with greater supply chain transparency and tracking.

Long-term strategies 3-5 years

- Companies operating in the foodservice sector should look to automating processes.
- Brands will need to be innovative, developing new ranges and products to suit customers' changing preferences and price points.
- Exploring new sales channels.
- Remodelling businesses and selling experiences for customers e.g. cooking experiences.
- Create more robust supply chains by sourcing locally and with chosen suppliers to ensure safety of ingredients.

Conclusions



Technology is incredibly important during the fight to combat Covid-19

Many companies are relying on online platforms to keep their businesses going with new delivery and pick up solutions. Social media is as vital as ever to engage consumers and keep them informed. Mobile technology is being utilised as never seen before, to trace and allow movement amongst countries. Technology and online solutions will become the new norm for consumers.



Sustainability to be just as vital as Food Safety as Covid-19 situation improves

Even after the pandemic starts to follow a downward curve, consumers will continue to opt for food products with packaging that ensures additional safety along with reducing waste and spoilage. At the same time, sustainability/ and eco-friendly features will hold equal importance. To gain a competitive edge, globally, companies have started to focus on improving packaging and incorporating both these features in food and beverage packaging.



Covid-19 boosts veganism, offering opportunities to plant-based food producers

Consumers' concerns about a growing number of animal-borne illnesses such as COVID-19, meat shortages, and rising awareness regarding nutritional benefits provided by plant-based food will continue to drive the growth of such food products. Companies are investing in upscaling their production capacity and expanding their retail reach. New players are entering the market and investing in R&D and improved technologies that mimic meat to flourish during the pandemic.

For any questions or further enquiries please contact us at:
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