FMCG IN THE ‘COVID-QUARTER’ & PREPARING FOR RECESSION

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This report combines multiple sources of data and research inputs to provide a comprehensive view of the behaviour and perceptions of Australian FMCG shoppers from February to May. It therefore captures changes during an unprecedented timeframe: the ‘COVID-quarter’.

We think it is a crucial time to monitor consumers constantly changing perspectives. Much of the analysis includes the results of two waves of dedicated COVID-19 themed surveys put to IRI’s Shopper Panel. Wave 1 included 5,799 respondents surveyed between 1st and 15th April. Wave 2 included 5,566 respondents between 19th and 24th May.

Also included is select retail POS data across channels, and ongoing data collected from our shopper panellists who have been recording their elevated purchase levels throughout. Because of the mixed sources of data, the specific timeframes vary but are clearly stated on each slide.
This is a comprehensive 5 part report, covering 3 themes

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<th>THEME 3</th>
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<td>Situational analysis across the FMCG channels in the ‘COVID-quarter’</td>
<td>Recessionary macro-economics and dealing with a ‘recessionary mindset’</td>
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<td>Quarterly ‘Rest of FMCG’ Update</td>
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This document includes Parts 1-3 in our analysis
Part 1: COVID-19 Sentiment Update
Australians remain cautious as we unlock the lockdown

1. **Australia has had success in curbing COVID-19 infections**, which has helped to quell rising anxiety and restore faith in the government’s leadership. Even as Australians express slightly less anxiety about COVID-19 (compared to March and early April at least), concerns remain pervasive amid ongoing socio-economic consequences evidenced throughout this report.

2. **Australians have moved into a ‘readjustment’ phase** (in the COVID-19 lifecycle) as lockdown eases, recovery cases surge upwards, and citizens slowly begin to derive newfound enjoyment and appreciation from simple pleasures previously taken for granted (but unobtainable in lockdown). An unprecedented magnitude of change has occurred throughout the quarter as lifestyle norms (both work and leisure) continually adjust and become ‘new norms’ for the foreseeable future.

3. **Prevention, hygiene and immunity are all very much front-of-mind**. Anxiety towards the avoidance of germs and other contaminants is driving forceful demand for a safer shopping environment. Elevated expectations of safeguarding measures will drive up operating costs at a time when frugal consumers will become more price conscious. This could be a tension point for the industry.
Global COVID-19 infections have now surpassed 6.6M impacted citizens

Global cases: 6,600,692

Countries impacted: 188

Global deaths: 389,620

<table>
<thead>
<tr>
<th>Country</th>
<th>Infections</th>
<th>Deaths</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 US</td>
<td>1,872,528</td>
<td>108,120</td>
</tr>
<tr>
<td>2 Brazil</td>
<td>584,016</td>
<td>32,548</td>
</tr>
<tr>
<td>3 Russia</td>
<td>440,538</td>
<td>5,376</td>
</tr>
<tr>
<td>4 UK</td>
<td>283,079</td>
<td>39,987</td>
</tr>
<tr>
<td>5 Spain</td>
<td>240,660</td>
<td>27,133</td>
</tr>
<tr>
<td>6 Italy</td>
<td>234,013</td>
<td>33,689</td>
</tr>
<tr>
<td>7 India</td>
<td>226,713</td>
<td>6,369</td>
</tr>
<tr>
<td>8 France</td>
<td>189,569</td>
<td>29,068</td>
</tr>
<tr>
<td>9 Germany</td>
<td>184,472</td>
<td>8,635</td>
</tr>
<tr>
<td>10 Peru</td>
<td>183,198</td>
<td>5,031</td>
</tr>
<tr>
<td>64 Australia</td>
<td>7,247</td>
<td>102</td>
</tr>
</tbody>
</table>

Australia’s global ranking in the COVID-19 case count has dropped significantly since March when it was ranked #20 according to Johns Hopkins University data as of 31/03/2020, 09:39am.

Source: IRI analysis; Johns Hopkins University; Data as of 05/06/2020, 10:33am AEST
Australia has had comparative **success in curbing COVID-19 infections**...

* PM Scott Morrison, speaking w/c 25th May

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**COVID-19 cases by state:**
- **Australia:** 228
- **New South Wales:** 1,060
- **Victoria:** 3,110
- **Queensland:** 440
- **South Australia:** 107
- **Western Australia:** 1,681
- **Tasmania:** 29
- **Northern Territory:** 592

**COVID-19 recoveries:**
- **Total:** 6,681

"We're on track, and we're making progress far sooner than we could have ever imagined several months ago when National Cabinet was first formed"

The rate of new infections has declined significantly

**Early signs indicate**
- easing of restrictions
- has not created major outbreak risks
…with eased restrictions likely adding to the **positivity re: the local response**

<table>
<thead>
<tr>
<th>Wave 1 April</th>
<th>Wave 2 May</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over-reacted</td>
<td>7%</td>
</tr>
<tr>
<td>About right</td>
<td>64%</td>
</tr>
<tr>
<td>Not enough</td>
<td>30%</td>
</tr>
<tr>
<td></td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>82%</td>
</tr>
<tr>
<td></td>
<td>11%</td>
</tr>
</tbody>
</table>

The sentiment among IRI’s panellists that the level of response has been apt aligns with other research* indicating a **clear majority of Australians rating the government’s response to the COVID-19 outbreak as ‘good’**.

Regardless of political affiliations, it could be argued that **the successful suppression of the first wave of the pandemic is a source of national pride**.

Source: IRI analysis; COVID-19 Shopper Survey, April 2020, n = 5,799; May 2020, n = 5,566; health.gov.au

Question: How would you rate the current overall response in the Australia to the Coronavirus? (Select one)

* Essential Report, essentialvision.com.au

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Success in **curbing infection** has coincided with a **lower perceived risk**

**Perceived likeliness of developing Covid-19 among Australians**

At no point has a majority share of Australians deemed it likely that they would develop COVID-19. **Fear of infection peaked in late March and subsided throughout most of April.** Sentiment is stable in the latest 4 wks., which is indicative of a **cautious optimism/hope**

Source: IRI analysis of the Essential Report, essentialvision.com.au

Question: How likely do you think it is, that you will develop Covid-19?
Australians have **moved into a ‘readjustment’ phase** as lockdown eases

### The ‘China virus’
- **Sporadic clusters**

### Global pandemic
- **Uncontrolled case surge**

### Enforced containment
- **Flattening case curve**

### Deceleration of cases
- **Relaxed enforcement**

### Late epidemic
- **Mitigating resurgence**

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<table>
<thead>
<tr>
<th>Build-up</th>
<th>Survivalism</th>
<th>Lockdown</th>
<th>Readjustment</th>
<th>Revival</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calm before the storm</td>
<td>Distancing widespread</td>
<td>Cocooning/isolating</td>
<td>Exploring options</td>
<td>Adjusted rejuvenation</td>
</tr>
<tr>
<td>Someone else’s problem</td>
<td>Denial/shock/fear/anxiety</td>
<td>Coping/adjusting/solidarity</td>
<td>Embracing old pleasures</td>
<td>Navigate old &amp; new world</td>
</tr>
<tr>
<td>Environmental crisis</td>
<td>Health crisis</td>
<td>Health &amp; economic crisis</td>
<td>Recessionary wary</td>
<td>Recession</td>
</tr>
<tr>
<td>Some travel impediments</td>
<td>Isolation (or imminent)</td>
<td>Isolation &amp; leisure collapse</td>
<td>Unlocking lockdown</td>
<td>Travel restrictions lift</td>
</tr>
<tr>
<td>Cases linked to source</td>
<td>Unknown source</td>
<td>Cases peaking/flat-lining</td>
<td>Fewer cases /new systems</td>
<td>Control resurgence</td>
</tr>
<tr>
<td>Normal consumption (remain)</td>
<td>Extreme stockpiling (react)</td>
<td>Restricted shopping (recenter)</td>
<td>Restricted shopping (recalibrate)</td>
<td>Recalibration of demand (renew)</td>
</tr>
</tbody>
</table>

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**Source:** IRI analysis

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Overall COVID-19 concerns have eased, but remain pronounced

A majority are still ‘extremely concerned’. Concerns have diminished vs. March and April, but have remained consistent in May.

**Feelings towards coronavirus (COVID-19)**

<table>
<thead>
<tr>
<th></th>
<th>Wave 1 April</th>
<th>Wave 2 May</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have not heard about this</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Not at all concerned</td>
<td>26%</td>
<td>42%</td>
</tr>
<tr>
<td>Somewhat concerned</td>
<td>71%</td>
<td>53%</td>
</tr>
<tr>
<td>Extremely concerned</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**1 WEEK**

Change in concern about (COVID-19) in the past week

<table>
<thead>
<tr>
<th></th>
<th>More concerned</th>
<th>No change</th>
<th>Less concerned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wave 1 April</td>
<td>39%</td>
<td>57%</td>
<td>5%</td>
</tr>
<tr>
<td>Wave 2 May</td>
<td>12%</td>
<td>65%</td>
<td>22%</td>
</tr>
</tbody>
</table>

Source: IRI analysis; COVID-19 Shopper Survey, April 2020, n = 5,799; May 2020, n = 5,566

Question: Which of the following best describes how you feel about the following?
Lifestyle choices & shopping habits continue to adjust

COVID-19 is causing Australians to adjust their behaviour in fundamental and perhaps permanent ways. Previous preferences and loyalties cultivated by prior lifestyle habits have been highly disrupted.

Have your **shopping choices** changed recently because of the Coronavirus? *(Please select all that apply among 11 listed changes)*

<table>
<thead>
<tr>
<th>Wave 1 April</th>
<th>Wave 2 May</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of respondents answering ‘none of the above’ (and thus indicating no change)</td>
<td>18%</td>
</tr>
<tr>
<td>74% still indicating a change of habits</td>
<td></td>
</tr>
</tbody>
</table>

Have you **been doing anything differently** during the past week to bring some joy into your day or reduce stress? *(Please select all that apply among 15 listed changes)*

<table>
<thead>
<tr>
<th>Wave 1 April</th>
<th>Wave 2 May</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of respondents answering ‘haven’t made any changes’ (and thus indicating no change)</td>
<td>13%</td>
</tr>
<tr>
<td>84% still indicating a change of habits</td>
<td></td>
</tr>
</tbody>
</table>

Source: IRI analysis; COVID-19 Shopper Survey, April 2020, n = 5,799; May 2020, n = 5,566

Questions as stated above
Ongoing concern has elevated expectations of safeguarding measures.

Importance of measures to choose where to shop (top 5): % saying ‘very important’

1. Hand sanitiser & wipes available upon store entry 59%
2. Limiting the number of shoppers in store 38%
3. Contact-less credit card option for payment 31%
4. Presence of plexiglass dividers for cashier 29%
5. Require customers to bag their own groceries if using a re-usable bag 25%

Anxious/wary consumers will value retailers & products that support their heightened need for safety, cleanliness and trust.

Source: IRI analysis; COVID-19 Shopper Survey; May 2020, n = 5,566

Question: Thinking ahead to your shopping plans in the next month, how important are the below in determining your level of comfort in returning to normal store shopping habits? (Please select one answer for each attribute)
Part 2: Quarterly Grocery Industry Update
Elevated grocery sales are set to continue

1. **Huge shifts seen in what, and how much, is bought via grocery stores.** Double-digit sales growth (+12.4%) over the quarter reflects sales peaking to Christmas levels. And following some softer weeks in April (when lockdown and purchasing restrictions were most stringent), Australian grocery sales have continued to grow beyond the initial panic of running out & lockdown. Grocery shopping is one of the few lifestyle activities being done with some semblance of normality.

2. **Grocery has, and will continue to, steal share of wallet from foodservice.** Stay-at-home mandates led to Australian households forming new habits, creating clear category shifts. Ultimately, grocery retail has grown its share of meal and snacking occasions. Even when restaurants and cafes reopen, Australians are likely to eat out less for both health and wealth reasons. Grocery retail will therefore steal share of wallet from foodservice for much of 2020 (at least). And the resolute focus on prevention, hygiene and immunity bodes well for non-food sales too.

3. **Lower infection rates means that Australia differs from other markets.** IRI’s shopper panel metrics suggest that Australia differs from other markets where highly planned stock ups characterise shopping habits. Average basket size grew in April, indicating some level of stocking up. But shop visits in April were up too versus YA (although down vs. March). We have observed the convenience of proximity become more important during COVID-19, which partially accounts for Metcash outperforming the other major banners over the quarter.

Source: IRI analysis
Led by the surge in March, **expenditure grew by >12%** in the QTR to late April.

COVID-19 has been the key catalyst in the quarterly sales boom recorded in grocery sales.

**TOTAL GROCERY**

**SUPERMARKET**

**QTR to 26/04/20**

Dollars % chg. vs. YA

+12.4%

Broadly in line with the Q3’ FY20 trading updates from both Coles (+13.1% lfl*) and Woolworths (+10.3% lfl*)

**Dollars % chg. vs. YA**

4wks to 01/03/20

+1.8%

4wks to 29/03/20

+24.3%

4wks to 26/04/20

+12.4%

-9.5% vs. prior period

Source: IRI analysis; IRI Shopper Panel, Total Till Receipt; dates as referenced; *like-for-like Retailer Trading Statements
Australia's headline grocery growth trajectory resembles the UK

**TOTAL GROCERY**

| SUPERMARKET | QTR to 19/04/20 | Value % chg. | +9.1% vs. YA |

The number of lunches eaten at home has nearly doubled under lockdown [but] partially offset by a fall in on-the-go food and drinks sales

On average, households shopped only 14 times for groceries over the past month, a record low...a drop in frequency was matched by a corresponding uplift in the amount spent on each trip

| Value % chg. | 4wks to 22/03/20 | +20.6% |

| Value % chg. | 4wks to 19/04/20 | +5.5% |

Source: kantarworldpanel.com; bbc.com
Quarterly spend locally was bolstered by more grocery transactions…

Transactions:

MAT to 26/04/20

Transactions:

QTR to 26/04/20

+93.0M

+35.8M

+8.6%

+13.2%

vs. YA

vs. YA

47% of shoppers stockpiling resulted in more trips across and more retailer banners visited. It amplified an existing trend of ‘little & often’ shopping: buying spontaneously for the occasion.

Source: IRI analysis; IRI Shopper Panel, Total Till Receipt, QTR To 26/04/2020 versus QTR To 28/04/19; IRI Store Visits
...with **double-digit gains in shop visits** recorded across all banners

<table>
<thead>
<tr>
<th>Transactions growth % vs. YA</th>
<th># shop visits</th>
<th># per buyer</th>
</tr>
</thead>
<tbody>
<tr>
<td>QTR to 26/04/20</td>
<td>+11%</td>
<td>+7%</td>
</tr>
<tr>
<td>Woolworths</td>
<td>+11.8M</td>
<td>+11.8M</td>
</tr>
<tr>
<td>Coles</td>
<td>+10%</td>
<td>+7%</td>
</tr>
<tr>
<td>Aldi</td>
<td>+16%</td>
<td>+6%</td>
</tr>
<tr>
<td>Netcash</td>
<td>+19%</td>
<td>+8%</td>
</tr>
<tr>
<td>Other grocery</td>
<td>+51%</td>
<td>+18%</td>
</tr>
<tr>
<td>Source: IRI analysis; IRI Shopper Panel, Total Till Receipt, QTR To 26/04/2020 versus QTR To 28/04/19</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Food shopping has, after all, been the top reason to leave home...

Continuing to embark on FMCG shopping, especially food, offers Australians some semblance of normality during a time of unprecedented change and upheaval.

- Shop for food: 88%
- Exercise including walking pets: 73%
- Purchase items from the chemist or pharmacy: 44%
- Go to work: 40%
- Visit with family, friends or neighbours: 27%
- Go to a medical appointment: 26%
- Provide care or support to another person(b): 20%
- Other reason: 7%
- Did not leave household in last week: 3%
- Go to school: 3%

Source: ABS Household Impacts of COVID-19 Survey, 29 Apr - 4 May 2020
Respondents may have reported more than one reason for leaving the household.
...and is **one the few activities** done *with some* semblance of **normality**

**Self-reported intent to restart activities after restrictions are lifted**

- Have been doing this about the same amount as usual during the past month
- Go back to my usual way of doing this as soon as possible after restrictions are lifted
- Will wait a few extra weeks after the restrictions are lifted before doing this
- Will wait a month or more after the restrictions are lifted before doing this

Even when restaurants and cafes reopen, Australians are likely to eat out less for both health and wealth reasons. The contrast here accounts for **supermarkets being well positioned for ongoing growth as consumers adopt a cautious mindset** to returning to pre-COVID lifestyle choices. In other words, **grocery retail will capture share of wallet from foodservice.** Suppliers with a high proportion of sales in the out-of-home channel must consider alternative routes to market to recoup likely losses.
Grocery transactions normalised in April (vs. Mar.) amid stricter restrictions...

Transactions: +15.2M vs. prior period

Transactions: -14.2M vs. prior period

Source: IRI analysis; IRI Shopper Panel, Total Till Receipt, 4 Wks To 29/03/20 vs. 4 Wks To 01/03/20; and 4 Wks To 26/04/20 vs. 4 Wks To 29/03/20

IRI Store Visits
...with **trip normalisation** also evident across all grocery banners

<table>
<thead>
<tr>
<th>Shop visits</th>
<th>Transactions growth vs. prior period</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4 wks to 29/03/20</strong></td>
<td>+14%</td>
</tr>
<tr>
<td><strong>4 wks to 26/04/20</strong></td>
<td>-14%</td>
</tr>
</tbody>
</table>

*Source: IRI analysis; IRI Shopper Panel, Total Till Receipt, 4 WKS To 29/03/20 vs. 4 WKS To 01/03/20; and 4 WKS To 26/04/20 vs. 4 WKS To 29/03/20*
Nevertheless, **April transactions were up versus last year**…

- **Transactions:**
  - +5.7M
  - +7.0%
  - vs. YA

<table>
<thead>
<tr>
<th>Transactions growth vs. YA</th>
<th>+4%</th>
<th>+4%</th>
<th>+8%</th>
<th>+19%</th>
<th>+57%</th>
</tr>
</thead>
</table>

The time period with which April’s grocery data is benchmarked against is important. When compared to the unprecedented prior period (March), IRI’s key shopper measures are notably down (including shop visits). But compared to April 2019, the metrics are strong because stay-at-home mandates, and the enrichment sought from at-home cooking, have simply compelled Australians to buy more FMCG products for at-home consumption. And given that we are still going into stores with high regularity (see next slide too), it suggests Australian shoppers are still in a position to be influenced by promotions, and retain a sense of a discovery mindset in store. This is contrary to our expectations 4-6 weeks ago.

Source: IRI analysis; IRI Shopper Panel, Total Till Receipt, 4 WKS To 26/04/20 vs. 4 WKS To 28/04/19
…which suggests **Australia differs from other developed markets**

In developed FMCG markets shoppers want to “load up and get out”

**Shopping trips are bigger, less frequent, and more efficient/quicker**

> What we find is that **people come to the store less frequently**, and they **spend significantly more per trip**, where in the past somebody would stop at the store to pick up dinner tonight…that behaviour is the same for loyal households as it is for people that we would call non-loyal

> Social distancing measures mean consumers are shopping less frequently…**the number of transactions in April nearly halved**, but the **size of the average basket had doubled**

**Source:** IRI analysis; Retailer Trading Statements

**WHY ARE TRIPS LESS IMPACTED HERE?**
- Much lower infection rate in Australia vs. other nations
- Prompt safeguarding measures introduced by retailers
- Antidote to boredom from stay-at-home mandates
Basket size (as well as trips) growth exceeded +5% in April…

- Basket spend: 4 wks to 29/03/20
  - +2.5% vs. prior period
  - -1.9% vs. YA

- Basket spend: 4 wks to 26/04/20
  - +5.1% vs. prior period
  - +5.1% vs. YA

Source: IRI analysis; IRI Shopper Panel, Total Till Receipt, 4 WKS To 29/03/20 vs. 4 WKS To 01/03/20; and 4 WKS To 26/04/20 vs. 4 WKS To 29/03/20; 4 WKS To 29/03/20 vs. 4 WKS To 31/03/19; and 4 WKS To 26/04/20 vs. 4 WKS To 26/04/20
...bucking a trend of smaller baskets amid ‘little & often’ shopping patterns

Basket spend vs. YA

<table>
<thead>
<tr>
<th>Period</th>
<th>MAT To 26/04/20</th>
<th>QTR To 26/04/20</th>
<th>4 WKS To 26/04/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAT To 26/04/20</td>
<td>-2.8%</td>
<td>-0.7%</td>
<td>+5.1%</td>
</tr>
<tr>
<td>QTR To 26/04/20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 WKS To 26/04/20</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: IRI analysis; IRI Shopper Panel, Total Till Receipt, MAT, QTR and 4 WKS To 26/04/19
We do not expect fewer larger baskets to gather momentum locally…especially as there has been a significant tailing off in the self-reported propensity to shop in such a way in May vs. April. It reflects shoppers returning to supermarkets as lockdown measures continue to ease.

“Making fewer, larger trips to buy groceries in order to limit my trips to the store”

Wave 1 April: 56%
Wave 2 May: 45%

11 pp

Source: IRI analysis; COVID-19 Shopper Survey, April 2020, n = 5,799; May 2020, n = 5,566.
Question: Have your shopping choices changed recently because of the Coronavirus? (Please select all that apply)
Price inflation helped to propel quarterly basket value gains...

Fewer promotions, larger baskets, and buying different from different brands/retailers can all fuel consumer perceptions of higher prices.

Price inflation vs. YA:
- 4wks to 01/03/20: -0.2%
- 4wks to 29/03/20: +1.4%
- 4wks to 26/04/20: +4.9%

“*I have seen prices increase because of the coronavirus*”

Wave 1: April 84%
Wave 2: May 80%

- Source: IRI analysis; IRI Shopper Panel, Total Supermarket, timeframes as referenced; COVID-19 Shopper Survey, April 2020; n = 5,796
- Likely had a broader impact on consumer confidence given the sizeable portion of Australians who have either seen their work hours condensed or completely eliminated (see part 3 of this report for specifics)
…with Woolworths & Metcash pushing through larger price hikes

Price per unit, by retailer, 26 weeks to 26/04/2020

Source: IRI analysis; IRI Shopper Panel, Total Supermarket, 26 weekly periods to 26/04/20
WW and Metcash price growth drove strong gains in basket spend

<table>
<thead>
<tr>
<th>Demographic Cohort</th>
<th>4 weekly YOY spend per occasion growth, by demographic cohort</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pre Family</td>
</tr>
<tr>
<td>Total grocery</td>
<td></td>
</tr>
<tr>
<td>AWOP value per occasion</td>
<td>-4%</td>
</tr>
<tr>
<td>Total grocery</td>
<td>+7%</td>
</tr>
</tbody>
</table>

Source: IRI analysis; IRI Shopper Panel, Total Till Receipt, 4 weeks To 26/04/2020 vs. 26/04/2020
Higher prices have been more palatable when proximity matters

Convenience (location & list fulfilment) has been driving decisions about where to shop

- Most conveniently located near my home: 59%
- Where I can get most things I want to buy in one store, so I don’t have to visit multiple stores: 51%
- Has the lowest prices or best deals: 26%
- Least crowded or limits customers who can enter: 25%
- Offers self-checkout (scan items myself): 23%
- Had plexi-glass dividers in front of the cashier: 22%
- Contact-less credit card payment option: 20%
- Special hours for seniors and those with health conditions: 15%
- Online ordering with click & collect / curbside pickup: 8%
- Store is helping the community (donating food, etc.): 6%

Source: IRI analysis; COVID-19 Shopper Survey; May 2020, n = 5,566
Question: Which of the following describes how you’ve been choosing where to shop for groceries and other household essentials during the past month? (Please Select all that apply)
Metcash has been the standout performer in the ‘COVID quarter’

### QTR to 26/04/20

**Value growth**

- **+11%** (Woolworths)
- **+11%** (Coles)
- **+9%** (ALDI)
- **+28%** (Metcash)
- **+53%** (Other grocery)

**Share change**

- **-0.6pp** (Woolworths)
- **-0.4pp** (Coles)
- **-0.4pp** (ALDI)
- **+0.9pp** (Metcash)
- **+0.4pp** (Other grocery)

**Share of trips**

- **-0.7pp** (Woolworths)
- **-0.9pp** (Coles)
- **+0.3pp** (ALDI)
- **+0.5pp** (Metcash)
- **+0.6pp** (Other grocery)

Source: IRI analysis; IRI Shopper Panel, Total Till Receipt, QTR To 28/04/19 vs. 28/04/2019
…as shoppers of other banners have embraced ‘proximity shopping’

<table>
<thead>
<tr>
<th>Share of grocery spend given to retailer among banner buyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>43.3%</td>
</tr>
<tr>
<td>-1.7pp</td>
</tr>
<tr>
<td>$ migration to:</td>
</tr>
<tr>
<td>Metcash (1.1pp)</td>
</tr>
<tr>
<td>Coles (0.4pp)</td>
</tr>
<tr>
<td>Other Grocery (0.4pp)</td>
</tr>
</tbody>
</table>

Source: IRI analysis; IRI Shopper Panel, Total Till Receipt, QTR To 26/04/2020 vs. 28/04/2019

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But **key shopper metrics stabilised in April**…

Transactions & spend have stabilised as consumers settle in for the long haul and start to develop a pattern of behaviour of elevated at-home consumption of supermarket purchases groceries.

*Source: IRI analysis; IRI Shopper Panel, Total Till Receipt, 13 weeks To 28/04/19; *WoW = week on week % change*
...as far fewer Australians stocked up on grocery & pharmaceutical items

<table>
<thead>
<tr>
<th>Activity</th>
<th>Early April</th>
<th>Early May</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keeping distance from people outside the household</td>
<td>98%</td>
<td>n/a</td>
</tr>
<tr>
<td>Avoiding public spaces</td>
<td>n/a</td>
<td>85%</td>
</tr>
<tr>
<td>Disinfecting surfaces before using them</td>
<td>n/a</td>
<td>65%</td>
</tr>
<tr>
<td>Purchasing additional household supplies</td>
<td>47%</td>
<td>21%</td>
</tr>
<tr>
<td>Wearing a facemask</td>
<td>17%</td>
<td>15%</td>
</tr>
<tr>
<td>Purchasing additional medical supplies</td>
<td>29%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source: ABS Household Impacts of COVID-19 Survey, 29 Apr - 4 May 2020
Although **25%** of IRI panellists were **still stockpiling in mid-to-late May**

| Stocking up on pantry staples/ essentials more than usual (i.e. canned foods, frozen foods, toilet paper, etc.) | 41% | 25% |
| Buying more sanitising products (i.e. hand sanitiser, sanitising wipes) | 31% | 28% |
| Stocked up on over-the-counter medications (cough/cold remedies, pain relievers, etc.) even though not ill at the time | 14% | 10% |
| Buying more immune boosting products, such as vitamins and probiotics, in case they help protect me from COVID-19 | 15% | 11% |

**Source:** IRI analysis; COVID-19 Shopper Survey, April 2020, n = 5,799; May 2020, n = 5,566; IRI Store Visits Question: Have your shopping choices changed recently because of the Coronavirus? (Please select all that apply)
Out of stocks continued to occur in May, albeit less pronounced

% of Australian shoppers reporting no availability issues

<table>
<thead>
<tr>
<th>Category</th>
<th>Wave 1 April</th>
<th>Wave 2 May</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toilet paper</td>
<td>82%</td>
<td>60%</td>
</tr>
<tr>
<td>Hand sanitiser liquid / gel</td>
<td>70%</td>
<td>53%</td>
</tr>
<tr>
<td>Rice, pasta, lentils</td>
<td>65%</td>
<td>49%</td>
</tr>
<tr>
<td>Sanitising wipes</td>
<td>52%</td>
<td>41%</td>
</tr>
<tr>
<td>Paper towels</td>
<td>50%</td>
<td>40%</td>
</tr>
<tr>
<td>Hand soap</td>
<td>44%</td>
<td>35%</td>
</tr>
<tr>
<td>Facial tissue</td>
<td>45%</td>
<td>31%</td>
</tr>
<tr>
<td>Eggs</td>
<td>27%</td>
<td>27%</td>
</tr>
<tr>
<td>Canned goods</td>
<td>33%</td>
<td>26%</td>
</tr>
<tr>
<td>Fresh Meats / Produce</td>
<td>42%</td>
<td>23%</td>
</tr>
</tbody>
</table>

Source: IRI analysis; COVID-19 Shopper Survey, April 2020, n = 5,799; May 2020, n = 5,566; IRI Store Visits
Question: Have you personally experienced issues with out-of-stocks or items being unavailable during the past week when you tried to buy any of the following types of products? (Select all that were unavailable to buy)
And related retailer imposed products limits dampened demand

There was a purchase limit on certain items so I bought fewer than I wanted

I was always able to choose the amount I wanted from the available stock

<table>
<thead>
<tr>
<th>Wave 1 April</th>
<th>Wave 2 May</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>40%</strong></td>
<td><strong>34%</strong></td>
</tr>
</tbody>
</table>

**Limit of 4 per customer, per shop**

- Hand Sanitiser
- Toilet Paper

**Limit of 2 per customer, per shop**

- Antibacterial Wipes
- Disinfectants
- Flour
- Hand Wash

Source: IRI analysis; COVID-19 Shopper Survey, April 2020, n = 5,799; May 2020, n = 5,566; IRI Store Visits

Question: For items that were in-stock to buy, did you reduce the number of items you bought on any recent shopping occasion due to a retailer limiting the amount per shopper for certain items? (Select one)
But IRI still recorded **strong grocery sales in late April and into May**...

Australian grocery sales have continued to grow beyond the initial panic of running out & lockdown.

IRI recorded **accelerating grocery sales growth amid the slight easing of restrictions in some states and territories**. The overall 4-weekly period performance (+7%) represents an impressive uplift given that >40% shoppers who stockpiled will have had excess product on hand and would not have needed to purchase it again for the foreseeable future.

It is an indication of **certain category’s volume gains being ‘genuine’ category expansion** derived from changes in consumer lifestyles – most notably the associated rise usage occasions occurring at home.

Source: IRI analysis; IRI Australia MarketEdge Grocery, 2-weekly data per timeframe specified and total 4 wk. period
…including the continuation of elevated FMCG growth internationally.

Globally, FMCG retail sales continued to track ahead of the old baselines in most developed markets going into early May.

Future shifts will likely be driven by changing regulations in response to mitigating health/infection risks versus the need to stimulate economic activity.
...because COVID-19 means ‘eating in has become the new eating out’

### Consumption changes in last 4 weeks due to COVID-19: cooking or baking

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
<th>18-64</th>
<th>65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decreased</td>
<td>2%</td>
<td>5%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Increased</td>
<td>38%</td>
<td>48%</td>
<td>42%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Separate IRI research in April revealed that the self-reported propensity to “cook from home more often” was higher among higher income HHs and those with kids. It was also more pronounced in SA and NSW.

### Consumption changes in last 4 weeks due to COVID-19: takeaway/delivered meals

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
<th>18-64</th>
<th>65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decreased</td>
<td>24%</td>
<td>34%</td>
<td>34%</td>
<td>29%</td>
</tr>
<tr>
<td>Increased</td>
<td>14%</td>
<td>16%</td>
<td>16%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Separate IRI research in April revealed just 10% of our shopper panellists reported “ordering more restaurant take-away / delivery meals”, rising to 12% in the second wave of research in May.

Source: IRI analysis; COVID-19 Shopper Survey, April 2020, n = 5,799; May 2020, n = 5,566
Australian Bureau of Statistics Household Impacts of COVID-19 Survey, 29 Apr - 4 May 2020
Approaching half of employed Australians are working from home

% Australians with working from home arrangements

46.0%

37.5% Male

55.6% Female

COVID-19 has significantly propelled a gender gap in WFH

- Working same amount of hours from home since COVID-19
  - Male: 24.3%
  - Female: 25.6%

- Working more hours from home since COVID-19
  - Male: 9.4%
  - Female: 26.0%

- Working less hours from home since COVID-19
  - Male: 3.9%
  - Female: 4.0%

Source: IRI analysis; Australian Bureau of Statistics Household Impacts of COVID-19 Survey, 29 Apr - 4 May 2020
…which is propelling categories aligned to at-home occasions

Top 20 growth driving food fixtures

1) Meat
2) Vegetables
3) Chilled Cheese
4) Confectionery
5) Ice Cream
6) Dairy Smallgoods
7) Soft Drinks
8) Dairy Milk
9) Snacks
10) Eggs
11) Chilled Desserts
12) Cooking Components
13) Coffee
14) Chilled Spreads
15) Frozen Desserts
16) Meals
17) Spices
18) Fruit snacks
19) Deli seafood
20) Asian/Indian foods

Performance of these categories – and others beyond these rankings – show that Australians have not yet fully retuned to so-called ‘normal’ levels of buying

Top 10 growth driving non-food fixtures

1) Cleaning
2) Giftcards
3) Soap & Body Wash
4) Kitchenware
5) Dishwashing
6) Electrical
7) Audio & video
8) Ent. Accessories
9) Haircare
10) Laundry Accessories

Source: IRI analysis; IRI Australia MarketEdge Grocery, 4 WKS To 19/05/20; Categories ranked by absolute dollar gains
Fresh categories support meal preparation, which is currently thriving

Doing differently during the past week to bring some joy, or reduce stress: Buying more fresh foods

Wave 1 April 26%  Wave 2 May 25%

Doing differently during the past week to bring some joy, or reduce stress: Buying fewer fresh foods

Wave 1 April 15%  Wave 2 May 7%

The increase in fresh foods like meat and vegetables is evident in both self-reported consumption and actual sales data. It indicates that Australians’ shopping trips, especially store choice, will be driven by what is perceived as having the best meat and fresh food selection (quality, value & variety). The strength of performance is also evident in other global markets like the US (see below).

The chart shows US fresh meat sales growth vs. comparable wk. YA*.

Source: IRI analysis; COVID-19 Shopper Survey, April 2020, n = 5,799; May 2020, n = 5,566

Question: Have your shopping choices changed recently because of the Coronavirus? (Please select all that apply)

*IRI, Total U.S., MULO, 1 week % change vs. YA

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Strong performance of ‘comfort treats’ reflects elevated in-home snacking

Doing differently during the past week to bring some joy, or reduce stress: Eating more treats

<table>
<thead>
<tr>
<th>Wave 1</th>
<th>Wave 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>April</td>
<td>May</td>
</tr>
<tr>
<td>28% Increased</td>
<td>22.3% Increased</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income</th>
<th>Gen Z</th>
<th>Millennials</th>
<th>Gen X</th>
<th>Boomers</th>
<th>Retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$50K</td>
<td>10%</td>
<td>12%</td>
<td>16%</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>$50-70K</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$70-130K</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;$130K</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Decreased 9.1% | 10.5% | 7.7% | 10.5% | 3.9% |

An additional 2% of our shopper panellists (30% in total) also told us that they were eating more treats in the May wave of shopper research.

Source: IRI analysis; COVID-19 Shopper Survey, April 2020, n = 5,799; May 2020, n = 5,566

Australian Bureau of Statistics Household Impacts of COVID-19 Survey, 29 Apr - 4 May 2020

The ABS research shows a gender skew towards females for increased self-reported intake of snack foods. Like IRI, a higher % of younger Australians reported elevate snacking.
Meanwhile, many high performers during the stockpile are in decline

Some of the categories that saw large spikes in sales during the earlier “panic phase”, such as pet care, have begun to decline year on year as Australians work through the excess stocks taking up space at home…

...and other categories have lost momentum throughout

Source: IRI analysis; IRI Australia MarketEdge Grocery, 4 WKS To 19/05/20; categories are not ranked and do not represent exhaustive list of categories in decline
WFH will persist, but will NOT become the dominant place of work

WFH was not the most common form of working in pre COVID-19 times. Based on self-reported intent from IRI’s shopper panellists nor will it be after, with 66% saying they are unlikely to WFH.

“After restrictions are lifted, I will likely work from home…”*  

<table>
<thead>
<tr>
<th>Days</th>
<th>5+ days</th>
<th>4 days</th>
<th>3 days</th>
<th>2 days</th>
<th>1 day</th>
</tr>
</thead>
<tbody>
<tr>
<td>26%</td>
<td>10%</td>
<td>21%</td>
<td>24%</td>
<td>19%</td>
<td></td>
</tr>
</tbody>
</table>

As we begin to emerge from lockdown, Australians are intent on returning to their usual workplace environment, but also intend to WFH with more regularity where the opportunity presents itself.

So, while WFH will remain higher that pre-crisis levels, the overall situation does not imply the “great lifestyle reset” that some are suggesting. Many households, especially now kids are back at school, will nevertheless be a little more ‘time-rich’ than in pre-COVID times.

Source: IRI analysis; COVID-19 Shopper Survey; May 2020, n = 3,374

Question: When the stay-at-home restrictions are lifted, which of the following best describes how often you will likely work from home versus work at another location? (Select one)  
*Includes the 34% of respondents likely to WFH after coronavirus
Part 3:
Quarterly ‘Rest of FMCG’ Update
Convenience is the only underperforming FMCG channel

The comparative strength of FMCG retail is again apparent. The overall resilience of FMCG sales is acutely apparent when compared with provisional ABS data showing that overall Australian retail sales plunged by nearly -10% in April vs. YA. In contrast, both OTC pharmacy (+7.3%) and retail liquor (+5.8%) recorded mid single-digit growth in the QTR to late April/early May vs. YA.

Both liquor and pharmacy reflect the dynamism of the COVID-quarter. Quarterly pharmacy growth has been underpinned by health essentials, many of which sustained growth in April despite the profound levels of stockpiling driving the March sales surge. Liquor’s quarterly gains (+6%) were primarily propelled once again by glass spirits (+$113M), as well as beer (+$78M) and wine (+$52M). But only a net of around 4-5% of Australians have increased liquor consumption, which suggests at-home stocks are high and that a softer period lies ahead in spite of a restricted on premise trade.

COVID-19 has had a detrimental impact on P&C retail sales. Revenues have largely been in decline since late March. A similar situation exists in the US market. BUT, we anticipate a resurgence in P&C because Australians will hit the roads again due to stay at home mandates dissipating and a reluctance to use public transport. A surge in domestic tourism (without air travel) will also propel sales as record numbers forego international travel. The July school hols could be a key catalyst.

Source: IRI analysis
Overall Australian retail sales plunged by nearly -10% in April vs. YA

April seasonally adjusted estimate:
-9.4% vs. YA

April seasonally adjusted estimate:
-17.9% vs. prior month

Majority of products which grew substantially in March recorded falls in April 2020; however they remained at higher levels than April 2019

Strongest seasonally adjusted month-on-month fall in the history of the series

Source: IRI analysis; Australian Bureau of Statistics; *Preliminary and therefore subject to revision
Despite declines in April, quarterly OTC pharmacy sales were up +7.3%
HH penetration & transaction growth has been especially strong

<table>
<thead>
<tr>
<th>Penetration:</th>
<th>Transactions:</th>
<th>Basket size:</th>
</tr>
</thead>
<tbody>
<tr>
<td>+12.3% vs. YA</td>
<td>+9.1% vs. YA</td>
<td>+3.4% vs. YA</td>
</tr>
<tr>
<td>HHs: +665K</td>
<td>Transactions:</td>
<td>Basket size:</td>
</tr>
<tr>
<td></td>
<td>+4.5M</td>
<td>+$1.10</td>
</tr>
</tbody>
</table>

Source: IRI analysis; IRI Shopper Panel, Total Till Receipt, QTR To 26/04/2020 versus QTR To 28/04/19
OTC channel **growth** has been **underpinned by health essentials**

**Health**
- QTR: +11.4%
- 4 WKS: -0.6%

**Beauty**
- QTR: +0.2%
- 4 WKS: -14.1%

**Baby Care**
- QTR: +0.2%
- 4 WKS: -17.8%

*Source: IRI OTC Pharmacy MarketEdge, QTR & 4 WKS To 19/04/19*
April’s decline reflects reduced stockpiling & using prior bought items

Purchasing additional medical supplies

<table>
<thead>
<tr>
<th></th>
<th>Early April</th>
<th></th>
<th>Early May</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male 18-64</td>
<td>30%</td>
<td>Male 18-64</td>
<td>7%</td>
</tr>
<tr>
<td>Male 65+</td>
<td>27%</td>
<td>Female 18-64</td>
<td>10%</td>
</tr>
<tr>
<td>Female 65+</td>
<td>10%</td>
<td>Female 65+</td>
<td>10%</td>
</tr>
</tbody>
</table>

Priceline sales reflect reduced stockpiling & isolation

“Priceline Pharmacy store network like-for-like sales for March were up on the pcp, however self isolation has slowed sales in April. The results vary by store and depend on its location.”

API Trading Statement; IRI Store Visits

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5 of the top 8 OTC growth categories* sustained sales growth into Apr.

<table>
<thead>
<tr>
<th>Category</th>
<th>QTR to 21/04/20</th>
<th>4wks to 21/04/20</th>
<th>4wks to 22/03/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analgesics</td>
<td>+28%</td>
<td>-6%</td>
<td>+92%</td>
</tr>
<tr>
<td>Personal Care</td>
<td>+52%</td>
<td>+62%</td>
<td>+86%</td>
</tr>
<tr>
<td>Cough &amp; Cold</td>
<td>+29%</td>
<td>-12%</td>
<td>+102%</td>
</tr>
<tr>
<td>Home self care</td>
<td>+65%</td>
<td>+69%</td>
<td>+97%</td>
</tr>
<tr>
<td>Vitamins &amp; minerals</td>
<td>+5%</td>
<td>+3%</td>
<td>+11%</td>
</tr>
<tr>
<td>Allergy</td>
<td>+25%</td>
<td>+18%</td>
<td>+63%</td>
</tr>
<tr>
<td>Eye &amp; Ear Care</td>
<td>+9%</td>
<td>+1%</td>
<td>23%</td>
</tr>
<tr>
<td>First Aid &amp; Sports</td>
<td>+5%</td>
<td>-13%</td>
<td>+27%</td>
</tr>
</tbody>
</table>

Source: IRI OTC Pharmacy MarketEdge, QTR & 4 WKS To 19/04/19
The industry must tap into a (diminishing?) **self-care mindset among Aussies**

Self care habits, by socio-demographics*

<table>
<thead>
<tr>
<th>Wave 1 April</th>
<th>Doing more</th>
<th>No change</th>
<th>Doing less</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gen Z</td>
<td>49%</td>
<td>54%</td>
<td>6%</td>
</tr>
<tr>
<td>Millennials</td>
<td>41%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gen X</td>
<td>39%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boomers</td>
<td>43%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirees</td>
<td>35%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Wave 2 May</th>
<th>Doing more</th>
<th>No change</th>
<th>Doing less</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$50K</td>
<td>40%</td>
<td>63%</td>
<td>6%</td>
</tr>
<tr>
<td>$50-70K</td>
<td>41%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$70-130K</td>
<td>42%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;$130K</td>
<td>40%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Comparison with wave 1 is a sign of Australians letting self-care focus drop

### Consumption changes in last 4 weeks due to COVID-19**

- **Exercise/physical activity**: 25.4%
- **Fruit & vegetables**: 19.5%
- **Vitamins/supplements**: 13.2%
- **Other**: 10.0%

** Source: IRI analysis; *IRI COVID-19 Shopper Survey, April 2020, n = 5,799; May 2020, n = 5,566**

…focusing on the many dimensions of physical & emotional wellbeing

‘Holistic Health’ is a proactive approach to addressing physical and emotional health by managing the multiple dimensions of wellness lifestyle

Everybody has their own definition of healthy. But the more of these aspects that a brand can connect to, the deeper the relationship it can potentially establish

Source: IRI analysis

Diet & Nutrition
Physical Activity
Beauty & Personal Care
(Less) Tobacco & Alcohol
Sleep & Rest

Increasingly measured by detailed personal wellness technology

Social Wellbeing
Financial Wellbeing
Ethics & Sustainability
Indulgence & Experiences
Cognitive Function
Quarterly liquor growth neared +6% following the March and April boom

Marginal YOY volume growth, even in spite of recent stockpiling, reflects the broader influences of moderation and abstention on overall drinking culture.

Much of the quarterly sales uplift was accounted for by a concentrated surge in stockpiling during the week Australians were concerned bottleshop closures were imminent.

The 4 wk. period declines in April align with Alcohol Beverages Australia’s recent statement that April has been the “worst month on record for sales of beer, wine and spirits.”
The **glass spirits** category has further strengthened its **growth superiority**

### Dollar Growth
- **Beer**: Share: 36.6%
- **Wine**: Share: 24.6%
- **Spirits**: Share 22.3%
- **Wine**: Share: 24.6%

### Litre Growth
- **Beer**: Share: 36.6%
- **Wine**: Share: 24.6%
- **Spirits**: Share 22.3%

### Source:
IRI MarketEdge Liquor Weighted, MAT and QTR To 03/05/20; NB: share data reflects MAT value

+$78M  
+$52M  
+$113M  
$78M  
$52M  
$113M
Led by gin & vodka, spirits momentum was evident throughout 2019-20

Dollar growth change and share of total glass spirits growth

<table>
<thead>
<tr>
<th></th>
<th>Gin</th>
<th>Vodka</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dollar change</td>
<td>Growth share</td>
</tr>
<tr>
<td></td>
<td>$%</td>
<td></td>
</tr>
<tr>
<td>MAT</td>
<td>+33%</td>
<td>28%</td>
</tr>
<tr>
<td>QTR</td>
<td>+38%</td>
<td>29%</td>
</tr>
</tbody>
</table>

Last 4 quarters:

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>+9%</td>
<td>+10%</td>
<td>+8%</td>
<td>+12%</td>
</tr>
</tbody>
</table>

With no commute involved, home bound spirit drinkers arguably have more time to make themselves a spirit-cocktail, rather than just opening a beer or wine.

Source: IRI MarketEdge Liquor Weighted. *=MAT To 05/05/19; ** = MAT To 03/05/20; Q1 = Qtr To 04/08/19; Q2 = Qtr To 03/11/19; Q3 = Qtr To 02/02/20; Q4 = Qtr To 03/05/20

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Pinot Noir, Shiraz & Cab Sauv. have propelled quarterly still wine sales

**STILL**
(80.9% share)

**Dollar change**

<table>
<thead>
<tr>
<th></th>
<th>MAT</th>
<th>QTR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pinot Noir</td>
<td>+14%</td>
<td>+32%</td>
</tr>
<tr>
<td>Shiraz</td>
<td>+4%</td>
<td>+17%</td>
</tr>
<tr>
<td>Cab Sauv.</td>
<td>+1%</td>
<td>+19%</td>
</tr>
</tbody>
</table>

**Growth share**

|       | 83%   | 111% |

**SPARKLING**
(19.1% share)

**Dollar change**

<table>
<thead>
<tr>
<th></th>
<th>MAT</th>
<th>QTR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pinot Noir</td>
<td>+17%</td>
<td>+19%</td>
</tr>
<tr>
<td>Shiraz</td>
<td>+1%</td>
<td>+19%</td>
</tr>
</tbody>
</table>

**Growth share**

|       | +19%  | +11% |

Source: IRI MarketEdge Liquor Weighted, MAT and QTR To 03/05/20; NB: share data reflects MAT value
Quarterly sales only reflect a slight self-reported increase in consumption.

Doing differently during the past week to bring some joy, or reduce stress: Consuming more alcohol

The same proportion (13%) of our shopper panellists also told us that they were consuming more alcohol in the May wave of the research.

Consumption changes in last 4 weeks due to COVID-19:
Consumption of alcohol

<table>
<thead>
<tr>
<th>Income</th>
<th>Male</th>
<th>Female</th>
<th>18-64</th>
<th>65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$50K</td>
<td>10%</td>
<td>10.8%</td>
<td>5%</td>
<td>10.2%</td>
</tr>
<tr>
<td>$50-70K</td>
<td>12%</td>
<td>18.0%</td>
<td>15%</td>
<td>8.8%</td>
</tr>
<tr>
<td>$70-130K</td>
<td>16%</td>
<td>17.1%</td>
<td>15%</td>
<td>10.4%</td>
</tr>
<tr>
<td>&gt;$130K</td>
<td>20%</td>
<td>4.8%</td>
<td>5%</td>
<td>6.5%</td>
</tr>
</tbody>
</table>

Wave 1: April

13% Increased

Gen Z

13% Increased

<$50K        | 15%  | 15%     | 5%    | 10.2%|
| $50-70K      | 15%  | 10.8%   | 15%   | 8.8% |
| $70-130K     | 12%  | 17.1%   | 15%   | 10.4%|
| >$130K       | 5%   | 4.8%    | 5%    | 6.5% |

Wave 2: May

5% Decreased

Gen X

12% Increased

<$50K        | 5%    | 10.2%   | 5%    | 10.2%|
| $50-70K      | 15%   | 8.8%    | 15%   | 8.8% |
| $70-130K     | 12%   | 10.4%   | 15%   | 10.4%|
| >$130K       | 5%    | 6.5%    | 5%    | 6.5% |

Australian Bureau of Statistics Household Impacts of COVID-19 Survey, 29 Apr - 4 May 2020

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Overall liquor sales will be impeded by social gathering angst...

Lower tempo drinking occasions involving immediate family and friends are most likely to resume with some normality/regularity. Products suited to low tempo drinking should take priority in portfolio management and support.

STIMULATE

Celebrate Reward

Distraction Pick-me-up

ALCOHOL

Connect Belong

Relax Switch off

UNWIND

Select visit and travel plans

- Have been doing this about the same amount as usual during the past month
- Go back to my usual way of doing this as soon as possible after restrictions are lifted
- Will wait a few extra weeks after the restrictions are over before doing this
- Will wait a month or more after the restrictions are over before doing this
- Does not apply, don’t typically do this

Visit family members who don’t live in my household
- 12%
- 16%
- 12%
- 8%

Visit friends
- 6%
- 24%
- 14%
- 6%

Attend social events or gatherings
- 2%
- 34%
- 24%
- 29%
- 11%

Source: IRI analysis; adapted from Drinkwise; COVID-19 Shopper Survey, April 2020, n = 5,799; May 2020, n = 5,566

Question: When there are not any government stay-at-home mandates that impact you, when will you start visiting others and traveling? (Select one for each activity)
…because messages about that (and hand hygiene) have landed

The overwhelming majority of Australians deem social distancing (and hand hygiene) as being ‘very important’

- Wash their hands regularly: 90%
- Avoid social gatherings/work/public when sick: 86%
- Follow government guidelines on the size of social gatherings: 84%
- Ensure social distancing in public spaces/parks: 82%
- Download & use the COVIDSafe App on their phone: 42%
- Bag their own groceries if using a reusable bag (so staff don’t have to touch them): 37%
- Wear face masks in public: 13%

Liquor consumption is primarily driven by peaks in socialising due to its central role in enriching get-togethers, celebrations and food enjoyment.
COVID-19 has had a detrimental impact on P&C retail sales

- **MAT**: -0.1%
- **QTR**: -3.5%
- **4 WKS**: -7.7%

**Source:** IRI analysis; IRI Australia MarketEdge Petrol & Convenience, MAT, QTR & 4WKS To 03/05/2020; IRI Store Visits
P&C value and unit sales have largely been in decline since late March.
We continue to observe the same channel dynamics in the US

Grocery continues to outpace ‘MULO’* since peak stockpiling, while convenience sales are slowly returning to growth following 4 weeks of declines through late March and into April.

* MULO includes large format (Grocery, Mass, WM, Club xCostco, Dollar, DeCA); Convenience stores includes both chains and independents.

Source: IRI POS Data Ending May 3, 2020; Week Ending February 9 – May 3, 2020, Value Sales % Change vs. Year Ago

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Food & beverage sales have suffered from stay-at-home mandates

Tobacco/Smoking:

$578,000
(40% share)

Food & Beverage:

$684,000
(47% share)

Non-food:

$189,000
(13% share)

Reflects changing customer behaviour, e.g. buying less food-to-go vs. increased dinner for tonight

Source: IRI analysis; IRI Australia MarketEdge Petrol & Convenience, MAT & QTR To 03/05/2020; IRI Store Visits

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Diminishing hot drinks (coffee) & sandwich sales have hit performance

<table>
<thead>
<tr>
<th>Categories</th>
<th>MAT 12M</th>
<th>QTR 12M</th>
</tr>
</thead>
<tbody>
<tr>
<td>On The Go Food</td>
<td>+7.9%</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Ready To Drink</td>
<td>+1.9%</td>
<td>-7.8%</td>
</tr>
<tr>
<td>Household</td>
<td>+34.9%</td>
<td></td>
</tr>
<tr>
<td>Take Home Food</td>
<td>+6.4%</td>
<td>+11.6%</td>
</tr>
<tr>
<td>Grocery</td>
<td>+7.6%</td>
<td>+11.7%</td>
</tr>
</tbody>
</table>

**Hot Drinks:**
- MAT 12M: +10.6%
- QTR 12M: -3.4%

**Sandwiches:**
- MAT 12M: +5.6%
- QTR 12M: -5.5%

Food-to-go products in both supermarkets and convenience stores have recorded continued declines amid reduced demand for these predominately out-of-home conveniences. The loss of high-margin out-of-home impulse sales has hit P&C hard, especially in light of weakening tobacco sales.
Consumers’ coffee spend has migrated to at-home consumption

Home = coffee shop
Making coffee at home rather than coffee shops was the 4th most commonly cited Coronavirus induced lifestyle change cited by IRI panelists in April. It was consistent across income groups and (mostly) lifestage cohorts. In May, 20% of our panelists expressed an intent to make coffee at home more often than before the Coronavirus (12% ‘much more’, 8% ‘slightly more’)

Packaged coffee sales, dollars % chg. vs. YA

ALDI Lazzio coffee range, dollars % chg. vs. YA, mid-Feb to mid-May, 2020*

"We’ve also seen some growth in coffee accessory sales which is testament to consumer demand to replicate the cafe experience at home**"
Top performing categories reflect **focus on value and at-home lifestyles**

<table>
<thead>
<tr>
<th>TOP* 1-10</th>
<th>Dollars % chg. vs. YA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roll Your Own Tobacco</td>
<td>+16%</td>
</tr>
<tr>
<td>Paper Products Household</td>
<td>+138%</td>
</tr>
<tr>
<td>Fire Needs General Merchandise</td>
<td>+14%</td>
</tr>
<tr>
<td>Cig Value Tobacco</td>
<td>+4%</td>
</tr>
<tr>
<td>Gift Card General Merchandise</td>
<td>+7%</td>
</tr>
<tr>
<td>Cordials Grocery</td>
<td>+51%</td>
</tr>
<tr>
<td>Take Home Ice Cream</td>
<td>+24%</td>
</tr>
<tr>
<td>Cola Take Home Beverage</td>
<td>+7%</td>
</tr>
<tr>
<td>Produce Take Home Food</td>
<td>+211%</td>
</tr>
<tr>
<td>Coffee Ready To Drink</td>
<td>+1717%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOP* 11-20</th>
<th>Dollars % chg. vs. YA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Wash</td>
<td>+275%</td>
</tr>
<tr>
<td>Block Confectionery</td>
<td>+16%</td>
</tr>
<tr>
<td>Fresh Meals Take Home Food</td>
<td>+10%</td>
</tr>
<tr>
<td>Hot Pastry On The Go Food</td>
<td>+2%</td>
</tr>
<tr>
<td>Frozen Meat Take Home Food</td>
<td>+207%</td>
</tr>
<tr>
<td>Choc Hang Sell Confectionery</td>
<td>+8%</td>
</tr>
<tr>
<td>Frozen Snacks Take Home Food</td>
<td>+114%</td>
</tr>
<tr>
<td>Choc Bar Medium Confectionery</td>
<td>+4%</td>
</tr>
<tr>
<td>Smallgoods Take Home Food</td>
<td>+35%</td>
</tr>
<tr>
<td>Biscuits Grocery</td>
<td>+15%</td>
</tr>
</tbody>
</table>

*Categories ranked by actual growth.

Source: IRI analysis; IRI Australia MarketEdge Petrol & Convenience, QTR To 03/05/2020; *Categories ranked by actual growth.
Remain **focused on the P&C’s channel’s long term importance**

Coronavirus fears have subsided from the highs of late March and early April. **Anxiety about going outside**, away from the safety of home, and returning to normal life **will further diminish in time**

We anticipate a resurgence in **convenience channel growth** as Australians hit the roads more due to:

- Stay at home mandates dissipating
- A reluctance to use public transport
- A surge in domestic tourism without air travel as record numbers forego international travel

Consumers will likely to fuel their cars and bodies with the improved food and drinks range apparent in the channel

The shape and timing of the country’s economic recovery, and that of the P&C channel, depends heavily on when restrictions are lifted

But COVID-19 has also amplified the existing need to adapt product range in favour of products that meet the ‘meal for tonight’ mission

**Source:** IRI analysis
Please refer to the other parts of this overarching report

### THEME 1
A headline view of COVID-19

### THEME 2
Situational analysis across the FMCG channels in the ‘COVID-quarter’

### THEME 3
Recessionary macro-economics and dealing with a ‘recessionary mindset’

<table>
<thead>
<tr>
<th>PART 1</th>
<th>PART 2</th>
<th>PART 3</th>
<th>PART 4</th>
<th>PART 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>COVID-19 Sentiment Update</td>
<td>Quarterly Grocery Update</td>
<td>Quarterly ‘Rest of FMCG’ Update</td>
<td>A ‘Recessionary Mindset’ &amp; Looming Recession</td>
<td>What To Do To Survive &amp; Win In A Recession</td>
</tr>
</tbody>
</table>

Source: IRI analysis