

FMCG Resilience

How to navigate through turbulent times and recover volume

Donatien Hanssens – Senior Analytical Consultant | International Customer Success Analytics

Sebastiaan Buchholtz – Senior Sales Consultant | Advanced Analytics Solutions BeNeLux

May 2024



Flashback and look forward

Inflation

10.7%

Price increase in 2023

Private Label

41.2%

Value share 2023

Promotions

19.6%

Promo pressure 2023

Resilience

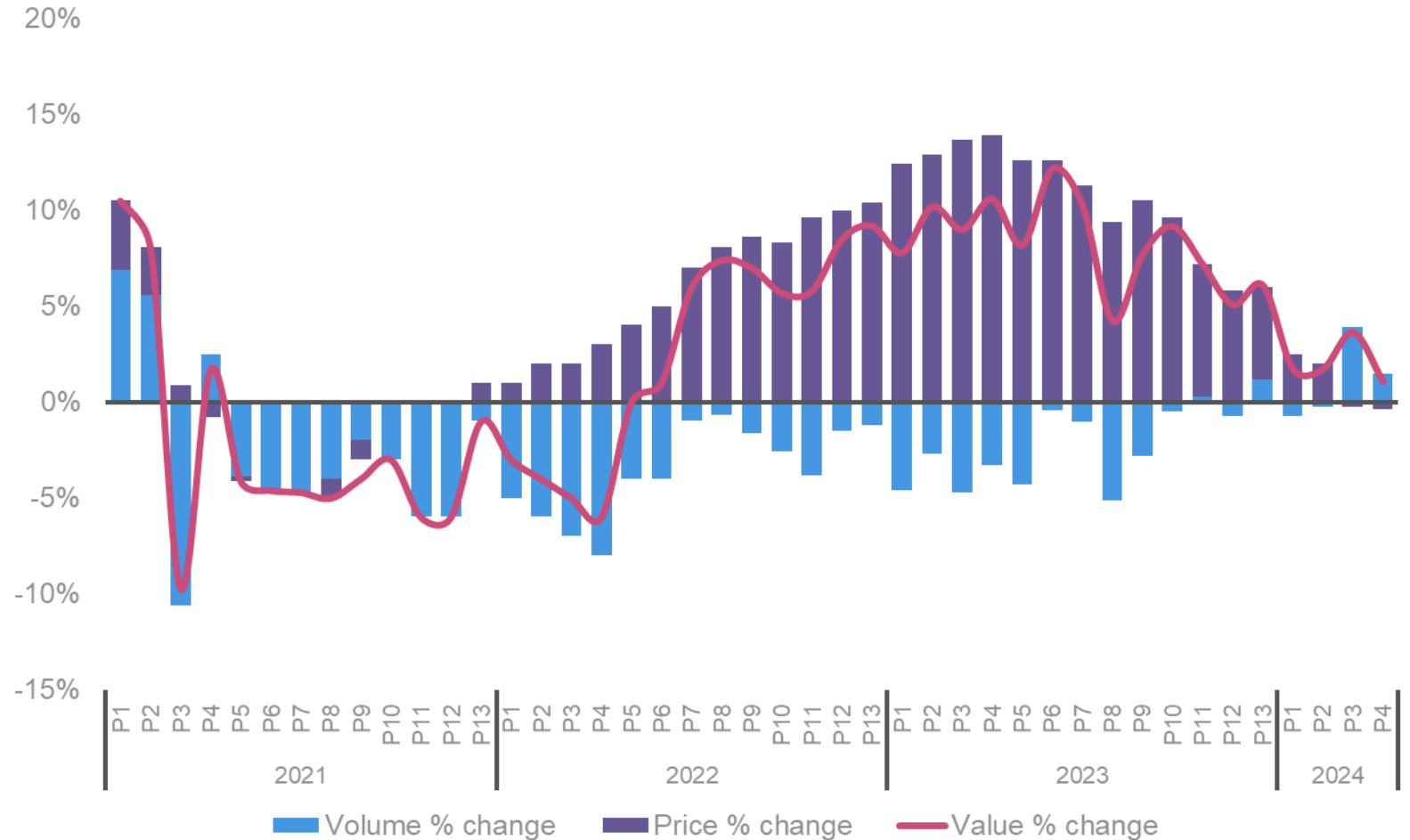
Thrive

Next normal?

FMCG grew in the last two periods

Notably driven by Easter period

Belgium – FMCG – Evolution Periods vs YA - P04 2024



Source: NIQ Belgium RMS Scantrack

+0.5%

Source: BE – RMS Scantrack

BE – Total FMCG – Volume weighted evolution - YTD W18

Remain cautious on future price increase

BE – Top 15 brands – Key KPIs- YTD W18

Rank	BRAND	Value (in M€)	Value	Volume	Price
1 (0)	JUPILER	€ 103.6	1.1%	3.0%	-1.8%
2 (0)	COKE	€ 96.0	0.5%	-3.4%	4.1%
3 (0)	COKE_ZERO	€ 93.1	-1.6%	-4.0%	2.5%
4 (0)	LAYS	€ 62.7	-3.2%	-3.2%	0.0%
5 (0)	SPA	€ 53.2	6.0%	8.5%	-2.3%
6 (1)	LOTUS	€ 41.9	6.2%	-0.3%	6.5%
7 (-1)	DOUWE_EGBERTS	€ 41.4	1.6%	1.8%	-0.1%
8 (1)	C.D'OR	€ 40.1	6.0%	-1.4%	7.5%
9 (-1)	DR.OETKER	€ 38.9	0.4%	0.5%	-0.1%
10 (1)	LIPTON	€ 32.8	-1.6%	-4.5%	3.0%
11 (4)	RED_BULL	€ 32.3	12.9%	15.1%	-2.0%
12 (0)	ALPRO	€ 31.5	-4.6%	-2.3%	-2.4%
13 (-3)	KNORR	€ 31.1	-7.2%	2.7%	-9.6%
14 (-1)	IGLO	€ 30.5	2.1%	1.7%	0.3%
15 (1)	MILKA	€ 28.4	2.9%	-4.2%	7.3%

Source: NIQ Belgium RMS Scantrack



46.3%

Of NB* increased in volume YTD

Red Bull

+15.1% in volume sales

+6.7% in volume sales in EU (YTD P4)

Functional & **energy** category continue to increase

Danone HiPRO

+26.1% in volume sales (in yoghurt, desserts & cream)

~2X more expansive vs. category

Functional – **high protein** products

Dr. Oetker

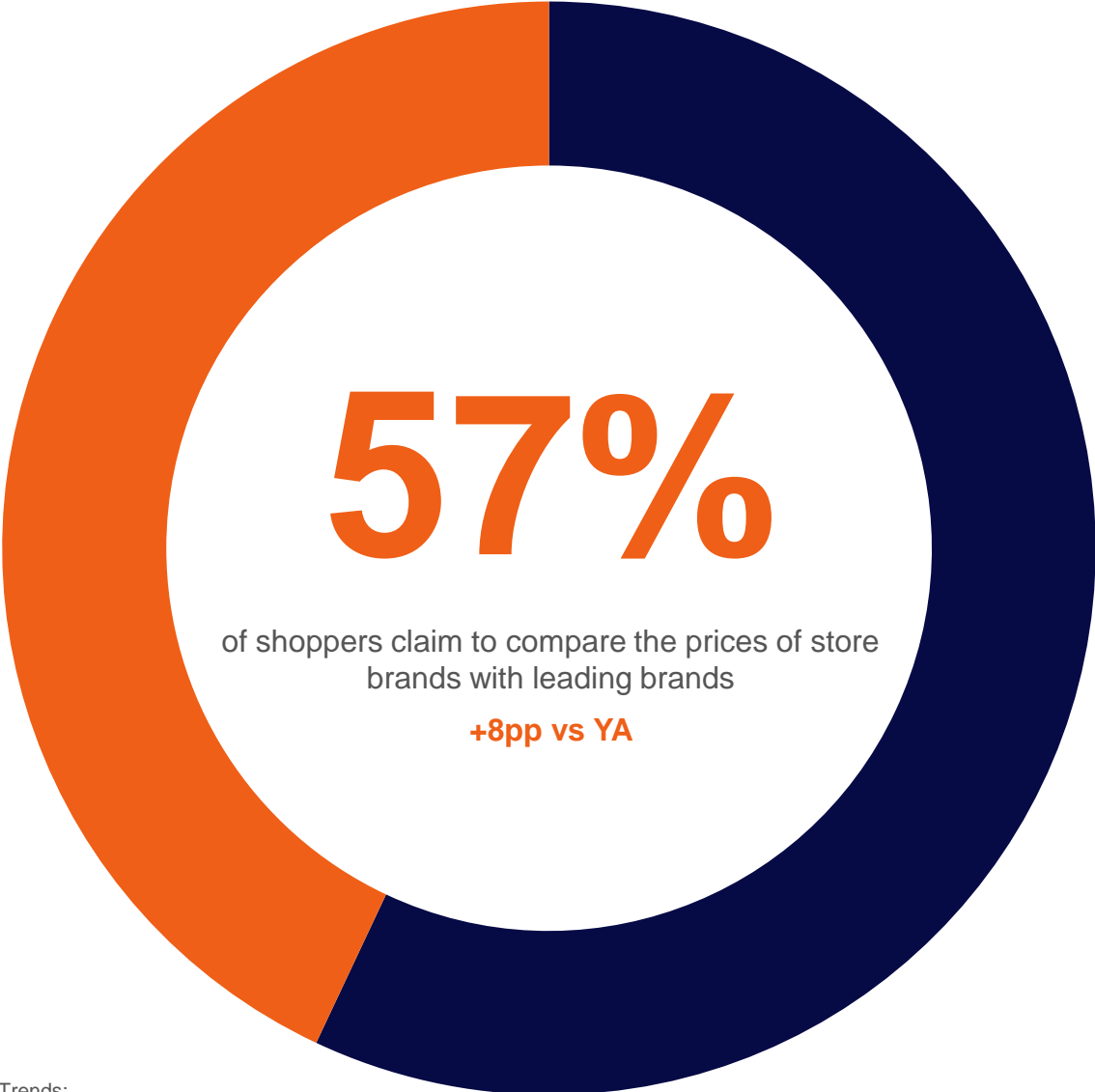
+2.0% in volume sales in pizzas

3.6€/unit (avg)

Convenience – **low out of pocket price**

*BE excl. Lidl - National brands with at least 250K€ value sales on YTD W18 (n=1725)
Source: NIQ Belgium RMS Scantrack (market: total BE) & Global Strategic Planner YTD P4

Consumers
tend to
compare the
price between
products

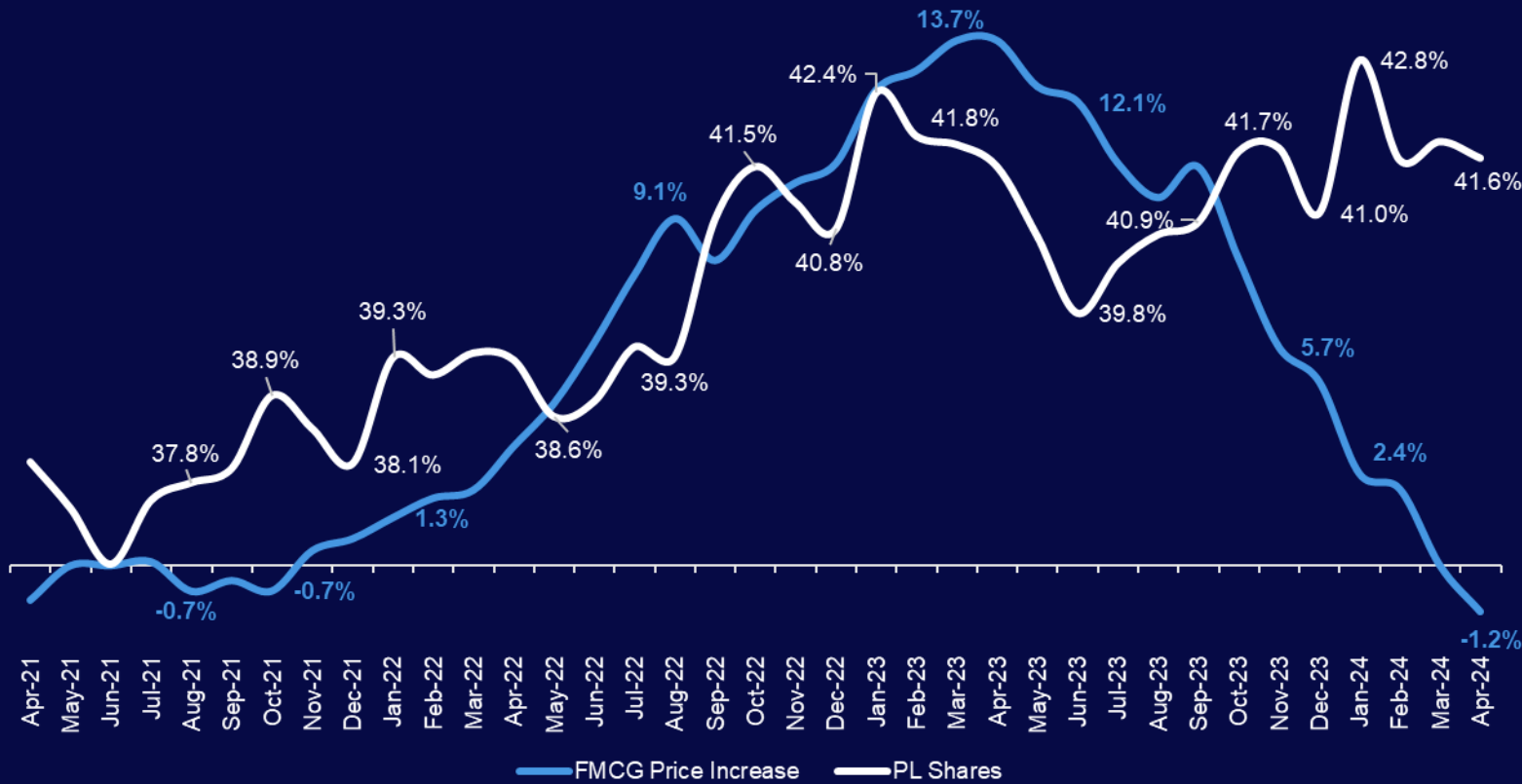


Source: Shopper Trends:
Ref. Q132 We have a few questions about your attitudes towards grocery shopping.
In general when shopping, to what extent do you agree or disagree with the following statements?
Base: All HM/SM shoppers, 2022 (n=1416), 2023 (n=1458)

Shoppers switched to PL

Reflecting upcoming challenges for National Brands

Belgium - Price increase & PL shares (vs. FMCG) – Monthly



70.2%
Of categories where PL gained volume shares on MAT w18 2024.

Source: NIQ BE RSM scantrack

PL consolidates its shares in categories with a strong presence

BE – PL – Volume shares evolution vs. categories – MAT w/e 05/05/2024 vs. YA

Cleaning Products



73.0%
+5.0 pp

Cake & Desserts Aids



50.9%
+2.1 pp

Teas & infusions



40.5%
+2.5 pp

Milk & Milk drinks

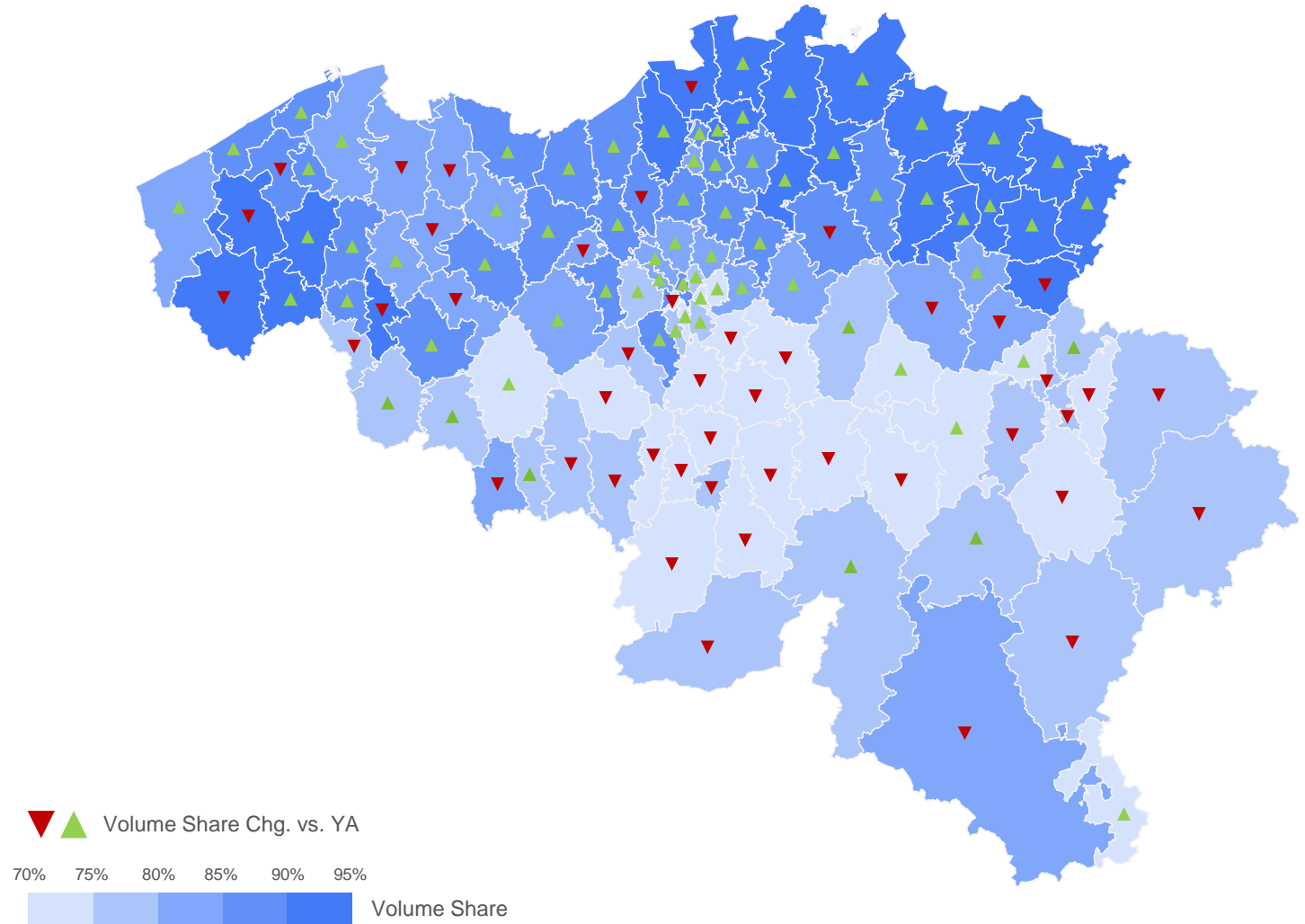


77.7%
+0.6 pp

Source: NIQ BE RMS Scantrack

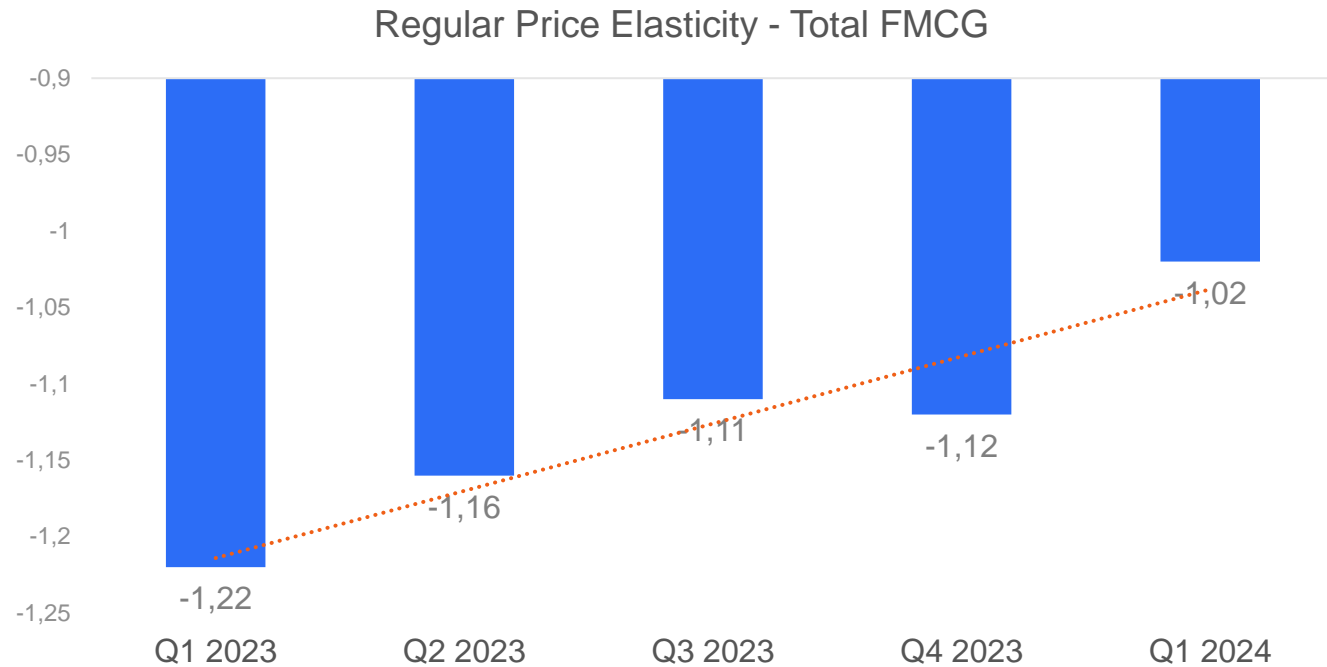
Precision Areas
can help you
understand
regional
differences
when defining
your strategy
against PL

BE – PL Volume Share (Chg. vs. YA) in Milk – FY 2023



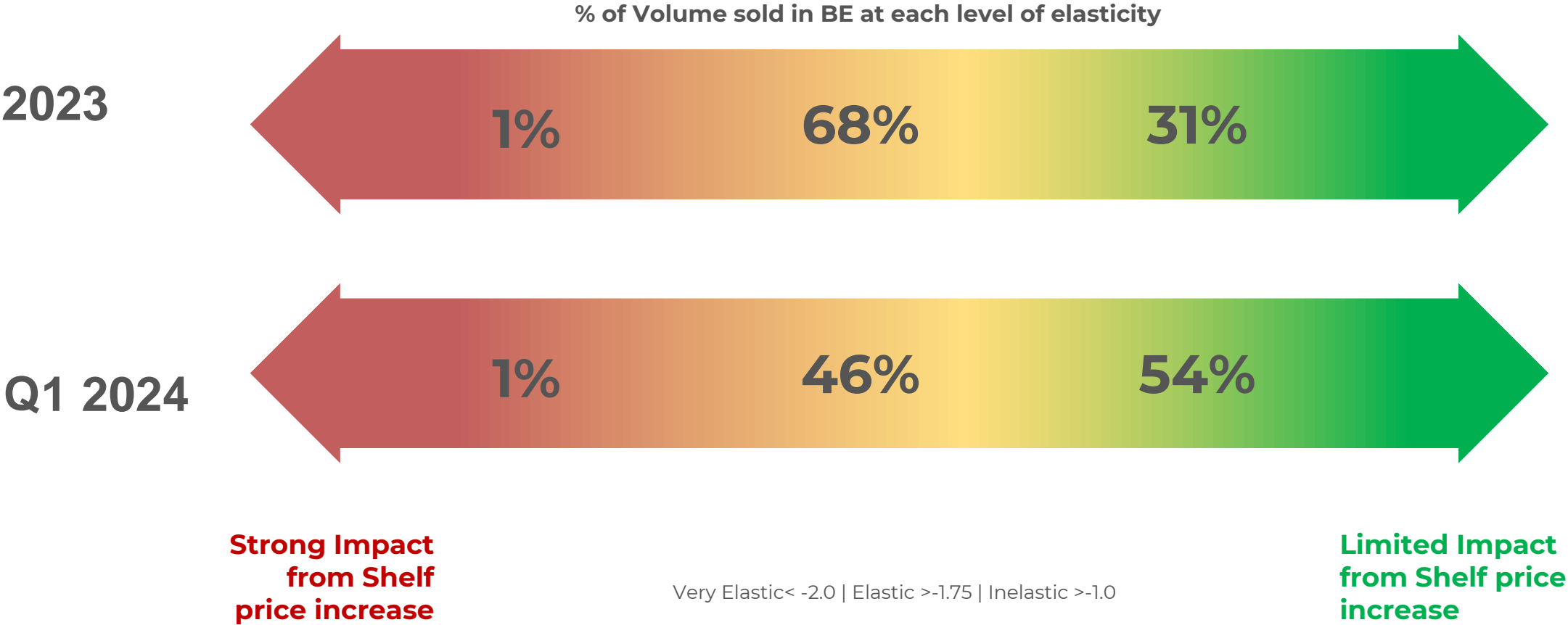
Source: NIQ Belgium RMS – Advanced Analytics – Precision Areas Solution

“To a large extent, shoppers have adapted to the new price points, be it by accepting the higher prices or buying alternatives like PL”



Importance of volume sold with low price elasticity has increased

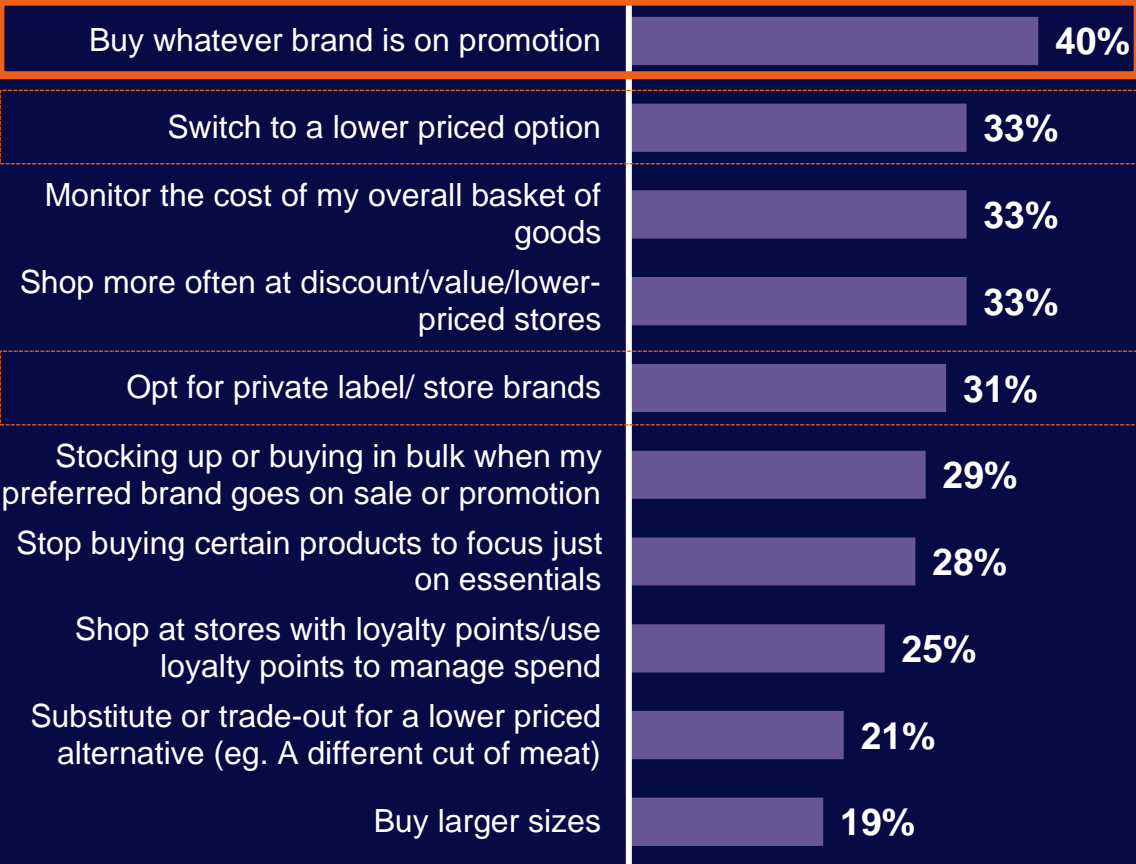
However, almost half the volume remains impacted by shopper's sensitivity to price changes



Be Excl. Lidl – EDA Benchmarks total Belgium – Price Elasticity buckets by unit sales – 2023 vs. Q1 2024



Shoppers indicate that buying brands on promotion is their #1 combat strategy against inflation



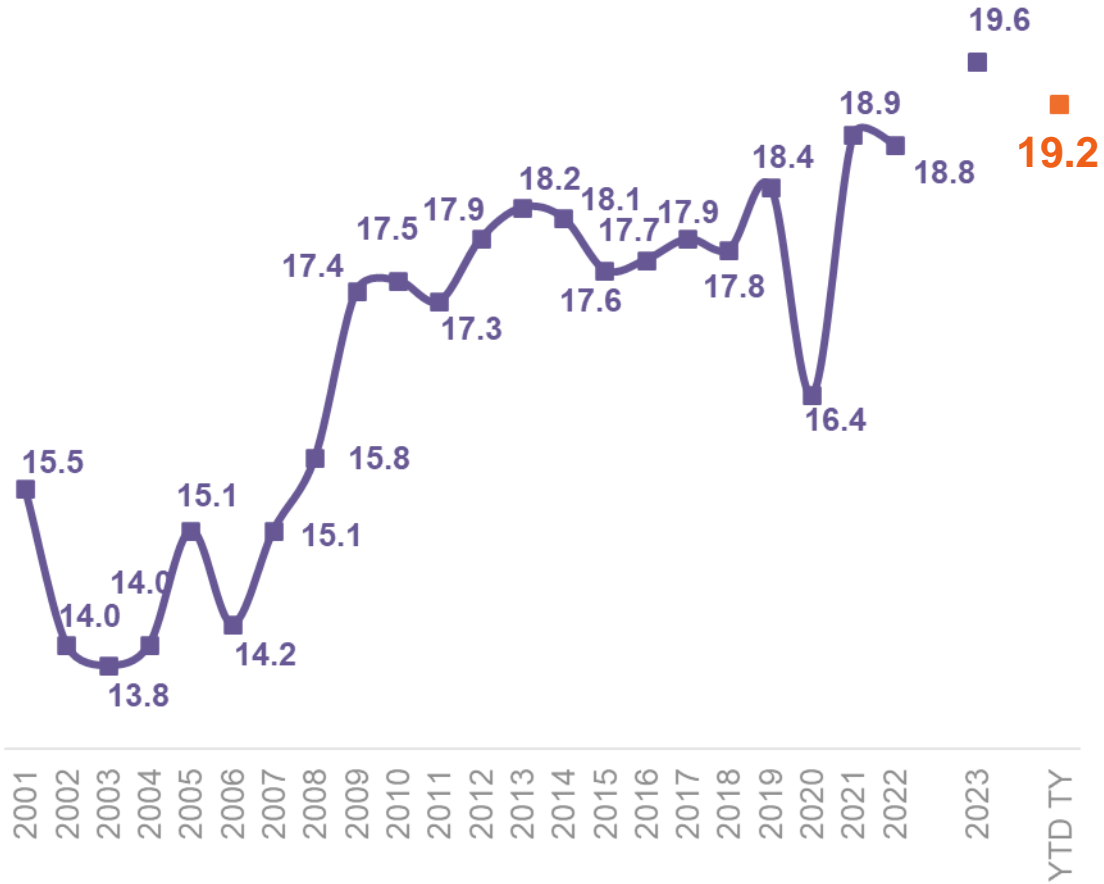
93%
of European consumers have changed how they have shopped for FMCG in order to manage expenses

Source: NIQ 2024 Consumer Outlook, Europe

The business increasingly relies upon promo

With an increase of 0.7pp vs. YTD YA

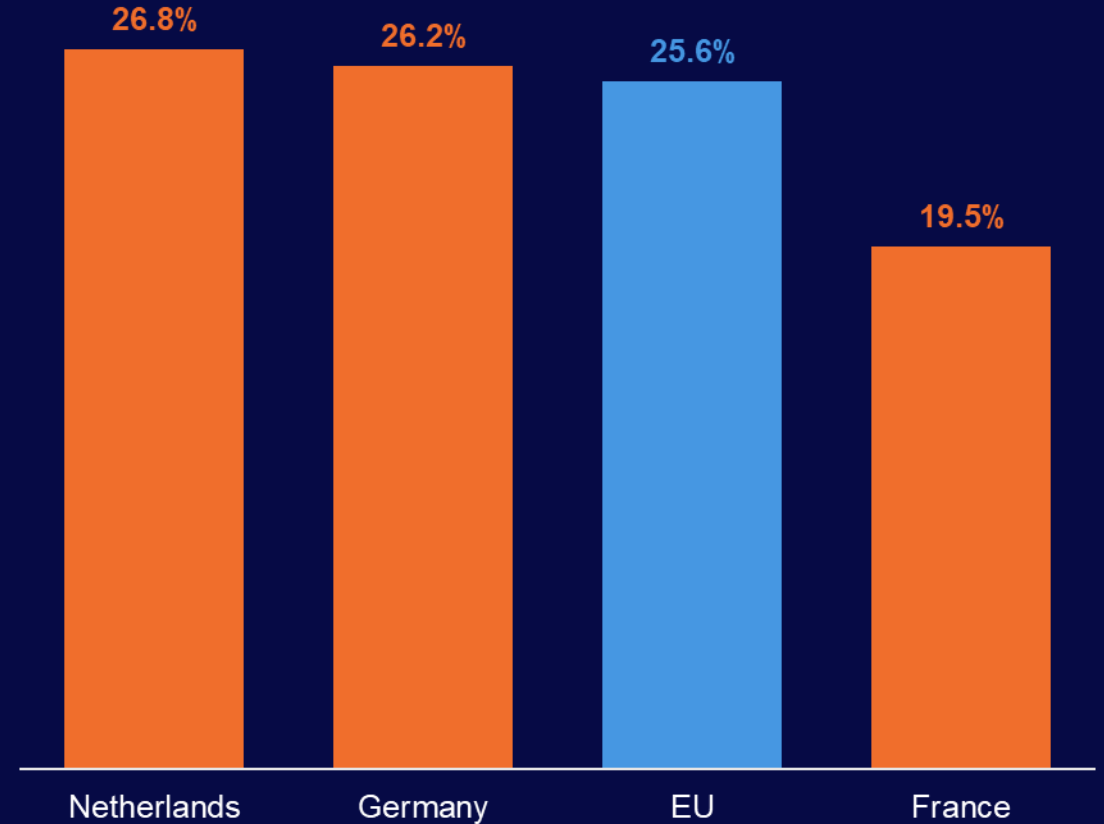
BE - Importance of sales under promo (value) – Yearly & YTD W18



Source: NIQ BE RMS Scantrack



But less compared to our neighbours



Source: Global Strategic Planner – YTD P3 – Importance of sales under promo (in value).
EU (excl. Belarus – Sweden & UK)

Brands leverage promotion to grow volumes

BE excl. Lidl – Brands – Volume shares evolution & promo weight – YTD W18

D.E

Investment notably in **feature**

+0.9% in volume shares in torrefied coffee

54.6% of activities under feature

Colgate

Investment notably in **feature**

+0.5% in volume shares in toothpaste

69.8% of activities under feature

Barilla

Investment in **feature & display**

+0.6% in volume shares in pasta

46.1% of activities under feature

Danone Oikos

Investment in **price reduction** and **more aggressive**

+0.7% in volume shares in yoghurt/fermented milk non drink

(avg) discount **15.7%** to **22.8%**

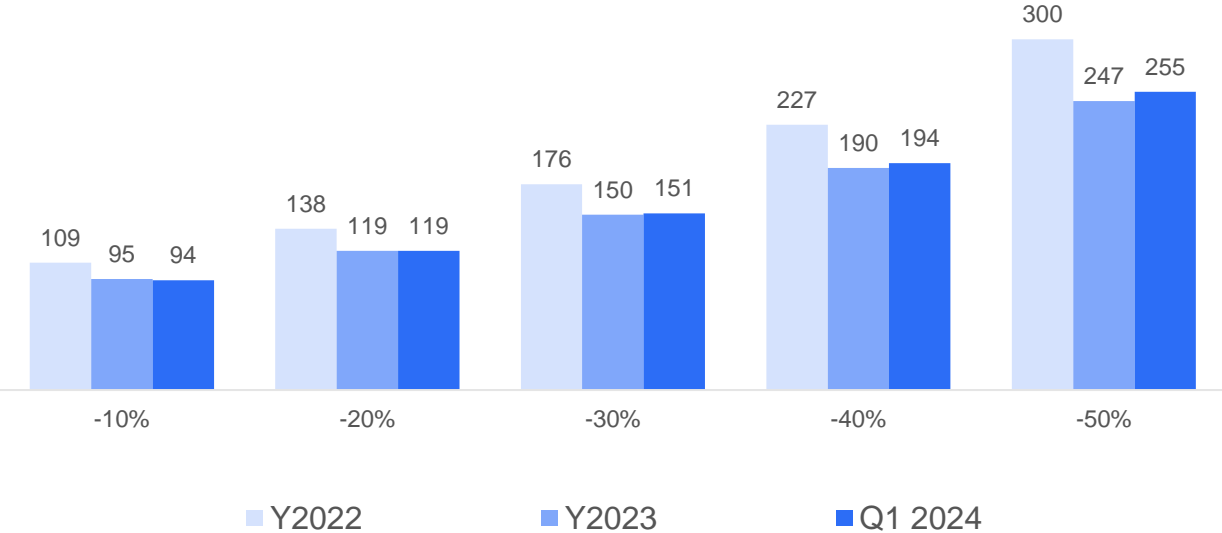
28.9%

Of National Brands* had an increase in promo volume and TDP promo, and volume shares

*BE excl. Lidl - National brands with at least 250K€ (n=1725) value sales on YTD W18
Source: NIQ Belgium RMS Scantrack

Promotion incrementality is yet to further recover

Display & Feature Trade Lift - by price discount



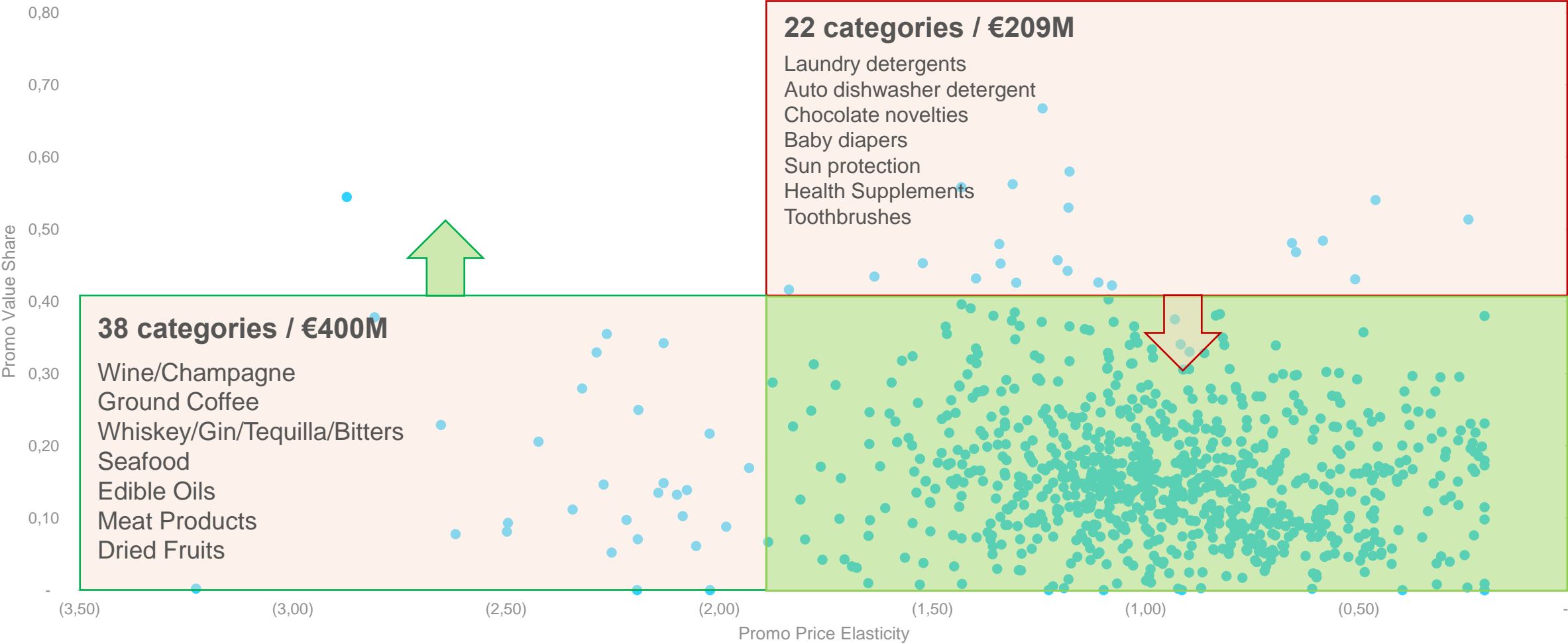
-14.3%
decline in promotion efficiency vs 2022



Efficiency
(net promo incrementality, ROI)

Belgium Total Food excl. Lidl - Trade Uplift by price discount for Feature & Display promotions – EDA Model Promo Uplift

Promo price sensitive categories are not always promoted in the most efficient manner



Belgium Excl. Aldi/Lidl – Product Segments – Promoted Price Elasticity vs. Promo Value Share – YTD Q1 2024

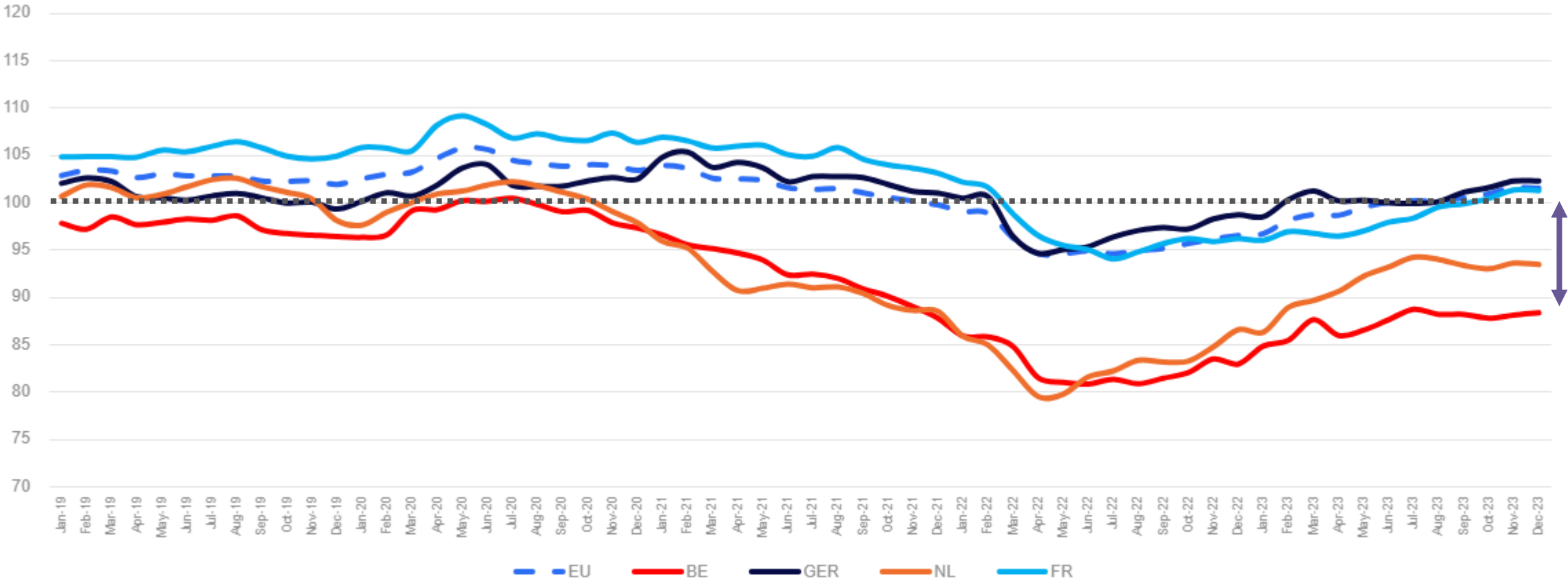


What can we expect?

Consumers underwent a lower inflation than producers

And consumers can expect further price increase in the near future

HCIP Food vs. Producer Price Food index – Monthly

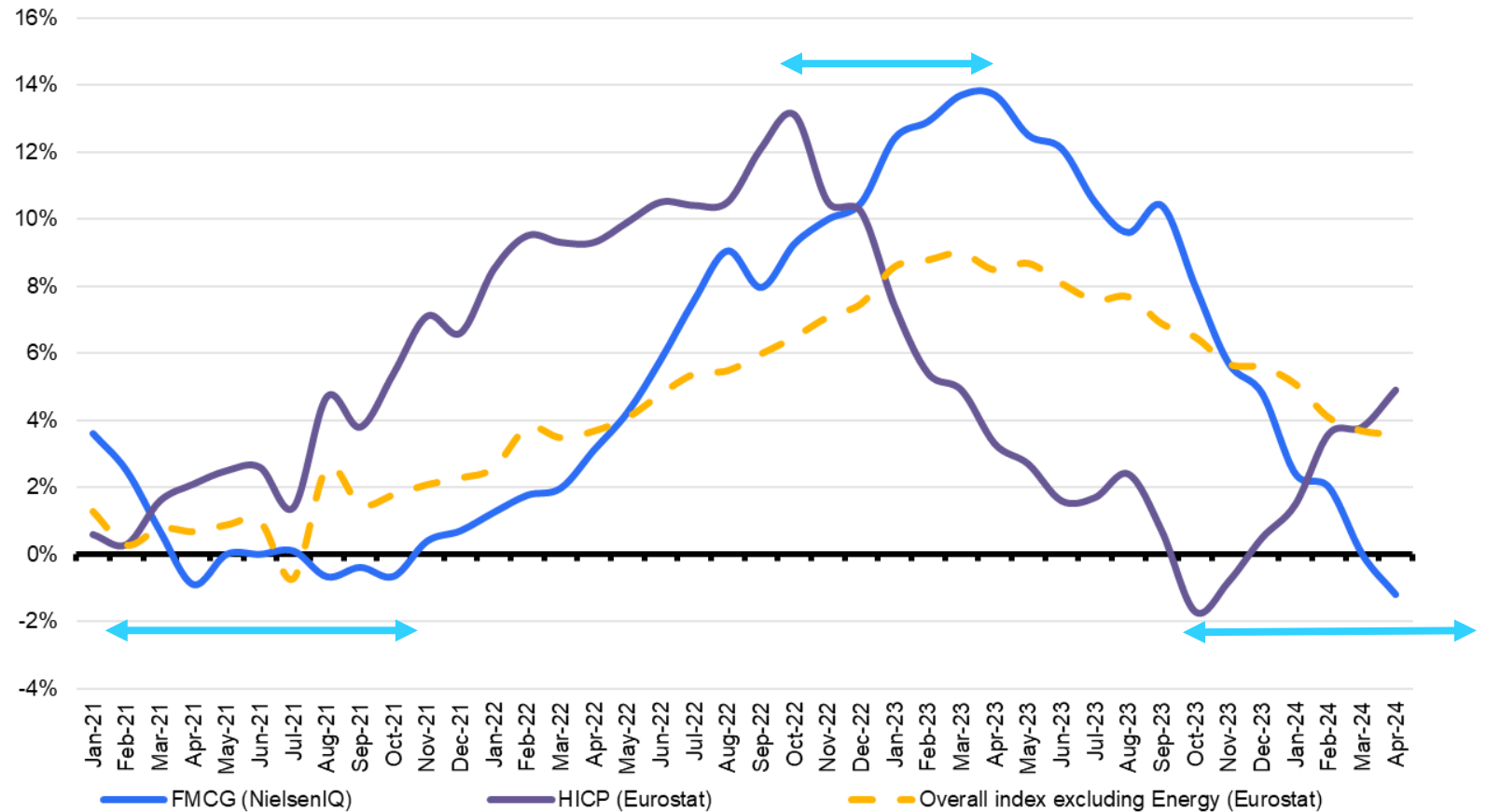


Source: Eurostat – HICP Food vs. Producer price in food index – some months are estimated and/or provisional data.

Expect a markup in the near future

As the inflation is usually delayed

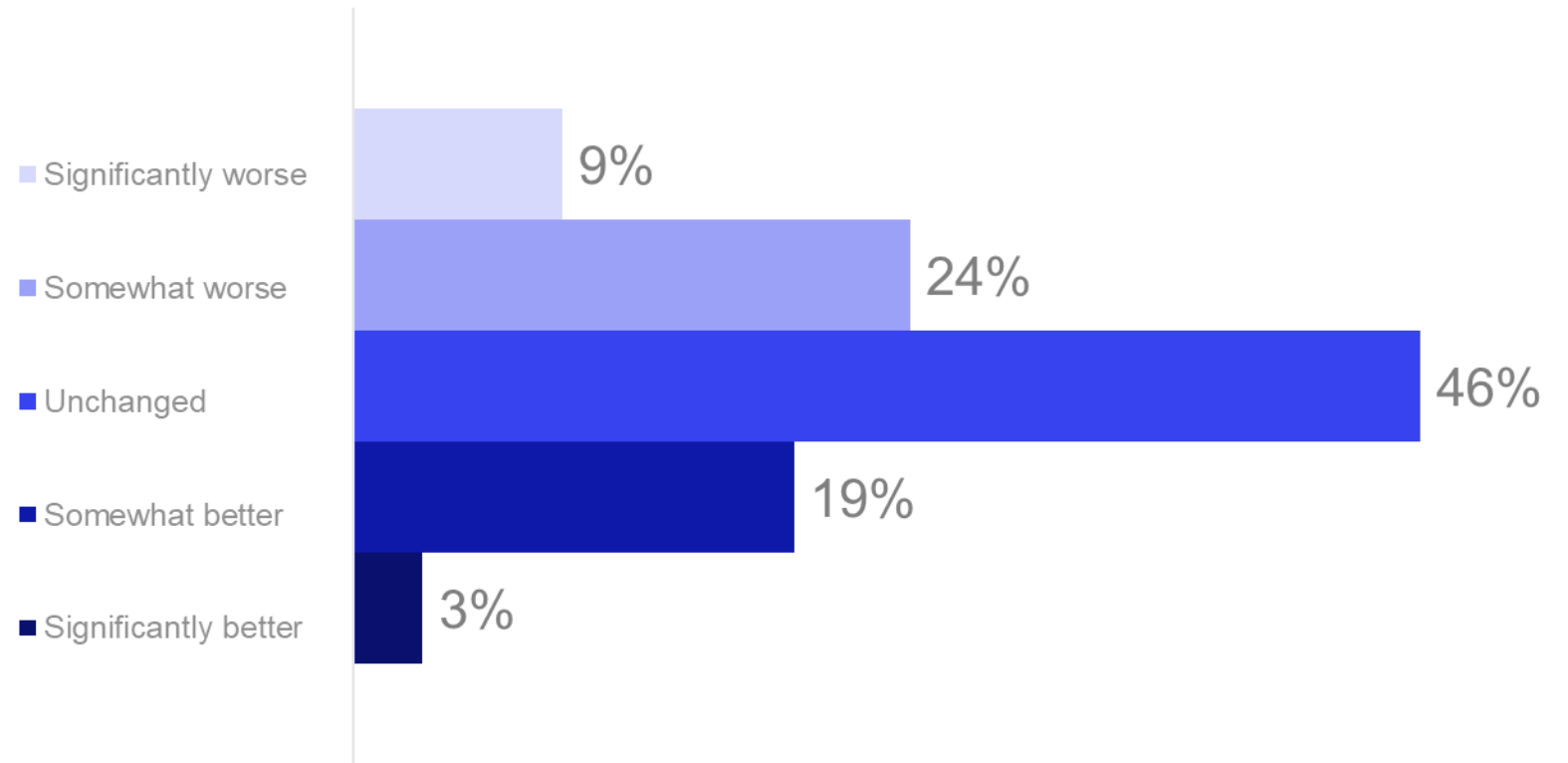
HICP & FMCG price – Annual rate of change – Monthly



Source: NIQ & Eurostat (HICP estimated for April 2024)

33%
of European consumers believe their household situation will be worse

Where do you believe your household finance situation will be by the end of 2024 compared to today?



Source: NIQ Consumer Outlook 2024, Europe

Prices remain top of mind for consumers

And geo-political issues start to take a pre-dominant position


Top 10 concerns among consumers

		Ranking change vs. Mid 2023	
1	Rising food prices	37%	== same
2	Increasing utilities	25%	== same
3	Global conflict / crisis escalation	18%	↑ Was #4
4	Economic downturn	14%	↓ was #3
5	Global warming / environment	11%	== same
6	Rising fuel / transportation costs	10%	↓ was #5
7	Increased housing costs	10%	↑ was #10
8	Personal welfare / happiness	10%	↓ was #6
9	Immigration	10%	== was #9
10	Political unrest	8%	↑ was #11

Source: NIQ Consumer Outlook 2024




With the NIQ & GfK combination, we deliver *The Full View*™



Consumer Insights

Know the consumer

Put people at the heart of your strategy. Target and position to drive growth.



Brand and Customer Experience

Build an irresistible brand

Develop and track brand strategies that drive purchase & premium pricing and deliver powerful experiences.



Advertising

Enhance marketing effectiveness

Capture and retain audience attention with impactful campaigns. Pair your creative with an optimal media-mix to reach your sales or brand objectives.



Shopper and Retail Insights

Win in retail

Drive sales at the point of purchase by understanding shoppers. Optimize your retail strategy.



Innovation

Maximize return on innovation

Accelerate success by testing and refining your product innovations. Forecast and activate your innovations.



Pricing and Revenue Management

Price strategically with confidence

Leverage granular data to ensure the right pricing and promotional strategies.

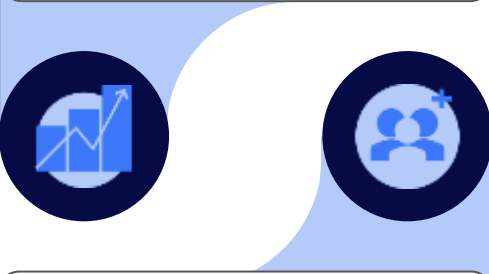
Foundation: NIQ proprietary retail measurement and consumer panel data assets

NIQ solutions portfolio

Delivering value to key retailer and manufacturer needs

Market performance measurement

Track **sales and share** performance and understand drivers across in-store, e-commerce, and omnichannel to identify trends and understand competitive and category performance.

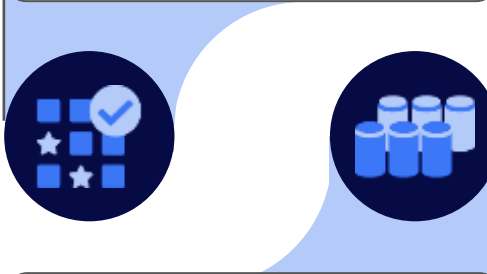


Route-to-market

Evaluate opportunities to increase sales and quantify the impact of potential outputs, media, and in-store actions at the **local level**, based on geographic and demographic composition.

Consumer and shopper insights

Understand **consumer and shopper behavior**, demographics, and loyalty with modern, managed consumer panels and custom survey capabilities.



Marketing, media, and personalized offers

Create the best shopping experiences for your consumers through **personalization and digitization** while increasing discoverability.

Revenue growth management

Maximize profitability, eliminate wasteful trade spend, and ensure the right **price and promotion** strategy with more granular data and precise recommendations.

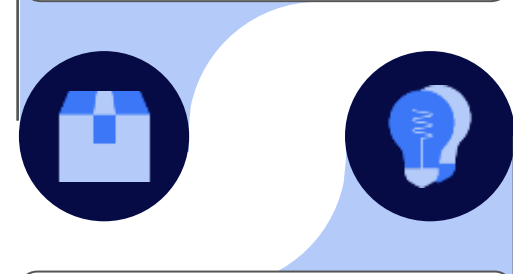


Operations and supply chain

Maintain sales by quickly identifying **out-of-stock risks** and reducing supply chain disruptions.

Assortment and merchandising

Simplify planning, drive better performance, and create sustainable growth by improving the way you **characterize, organize, and visualize your shelf**.



BASES product offer management

Fuel growth and accelerate time-to-market by **testing, refining, and reinventing** with highly predictive, market-tested consumer insights.

Key insights and what can you expect?



Consumers adaptation

Shoppers **changed** their **habits** and will *most likely* not come back to their pre-covid behaviour



FMCG Resilience

Volume: **+0.5%**
#NB increasing in volume: **46.3%**



Looking forward

Expect **price markup** in the coming months and adapt your strategy accordingly



Price

Price is the **main concern** for shoppers. Constrain price increase, and consider the price elasticity



Promotion

Promo volume: **+6.3%** (YTD W18)
Mechanisms & aggressiveness should be well balanced



Adapt strategy

Attract shoppers by adapting your strategy & ensure to have **the Full View™** on what is happening on the market

We believe 2024-25 opens a unique opportunity for FMCGs to double down on RGM to boost performance

PRICE: new price tiers and new price points have emerged in every category



Adapt a nimble **pricing strategy** - faster quicker strategy development for brands and pack-sizes to meet emerging price tiers and price points

PROMOTION: shoppers look to buy on deal to save money, promotion volume have increased accordingly



Evaluate and invest in **trade events** that drive most **incremental** sales growth and ROI for the retailer and manufacturers.

ASSORTMENT: product mix simplification has been streamlined, retailers have retaliated with delisting against price rises



Constantly defend **how each item attracts** a need state, use case, and grows the category



We deliver understanding and insights that make up *the Full View*.

WHAT IS HAPPENING

What consumers do and buy

WHY IT'S HAPPENING

What consumers think and feel

WHAT TO DO ABOUT IT

How to capitalize on opportunities & mitigate risks

The Full View™ on non-alcoholic beverages in Belgium

NIQ Discover

+0.6%

in volume sales vs. YA (YTDW18)

NIQ Advanced Analytics

-1.3

Average elasticity for non-alc. beverages Q1
2024 EDA benchmarks

foxintelligence
by NielsenIQ

45.0%

Of e-commerce value shares for non-alc.
beverages at Colruyt in March 2024

NIQ BASES

3.0%

Contribution of innovation to non-alcoholic
beverages



+39%

Weekly drinks penetration in HoReCa Belgium



A
NielsenIQ
Company

25.1%

Of respondents indicated that they take a snack or
something to drink/eat when leaving home

Sources

AAC:EDA Benchmark – Q1 2024

FoxIntelligence: exported 03/05/2024 – non-alcoholic beverages - Q1 2024 – n=2672

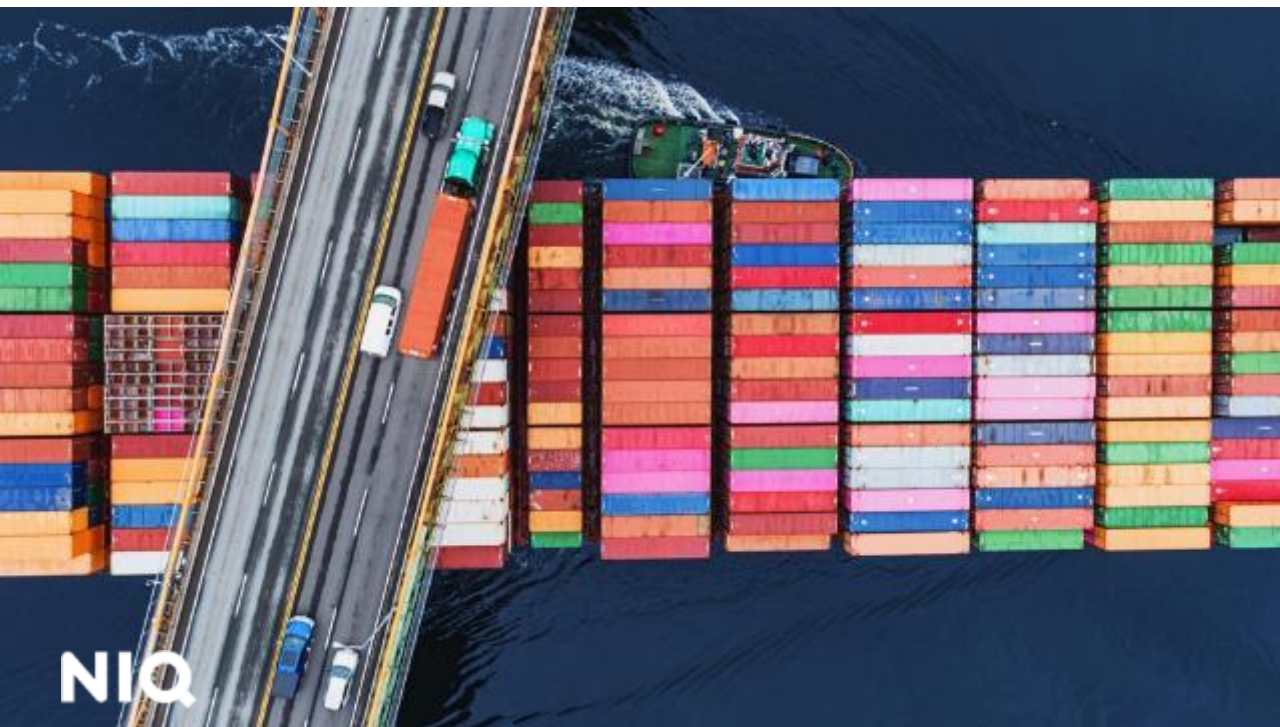
NIQ Bases: NIQ BASES Innovation Management - Flavoured drinks – carbonated juice & drink, non-carbonated, sports & energy, water – Latest 52weeks w/e 24/03/2024 vs. YA

CGA by NIQ: Belgium OPUS Lite (n=491) – "How often do you visit the on-premise for drinks?"

GfK – A NielsenIQ Company: Consumer Life (BE, 2023)



NIQ



*We are the world's
consumer intelligence
company.*

Thank you



Donatien Hanssens
donatien.hanssens@nielseniq.com



Sebastiaan Buchholtz
Sebastiaan.Buchholtz@nielseniq.com

