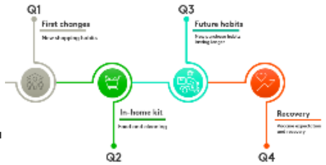
KANTAR

10 Slides to Make You Think about 2020 and what leaves us for 2021

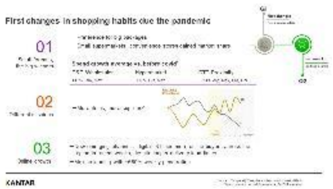
6th Edition

Latam

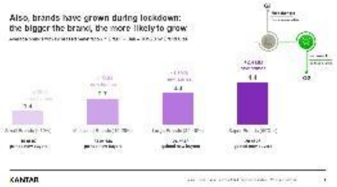
December 2020



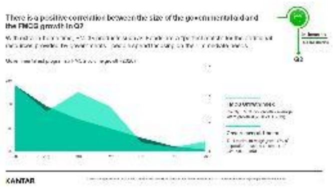
How the 10 slides make us think about 2020 and what leave us for 2021

1. 

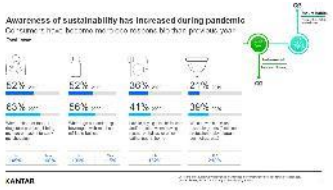
Since the first months of the pandemic, shopping habits have changed. Small formats have become the big winners, new dynamics with more items per trip, and developing channels such as e-commerce, were just the beginning of the new trends that have continued throughout 2020.

2. 

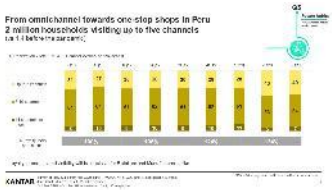
But brands also grew in this complex moment; mainly the Super Brands that have gained more shoppers.

3. 

When we “cross” the FMCG growth with government aid there is a clear correlation: countries with lower support have shown the lowest growth. Other regions have aid programmes too, but people are not spending as much time as home as in Latam, so the government resources here find their “perfect match” in FMCG products.

4. 

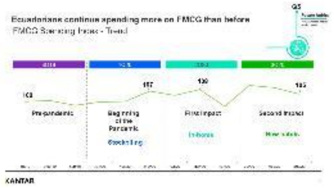
In this setting, awareness of sustainability grew in Latam: consumers have become more responsible with the planet this year.

5. 

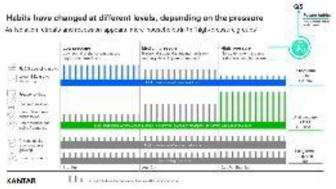
Each country has different degrees of isolation or quarantines, which influence the times people may leave home to do shopping. In a High-level country such as Peru, the omnichannel trend has dropped, moving toward the one-stop shop. This new dynamic continues.

6. 

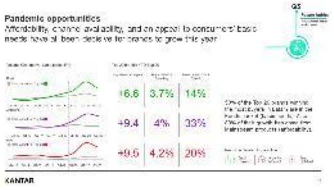
Staying home also brings changes to who does the shopping, and homemakers have reduced their visits to the retail. In the middle-age group, it is the couple who oversee shopping trips, whilst in mature household sons and daughters are taking on this role.

7. 

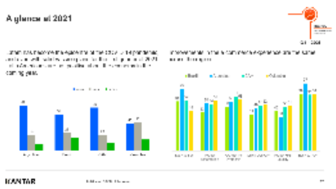
The new normal is an opportunity. For instance, in Ecuador, we noticed that the expenditure is growing more at this stage than in pre-pandemic times. Seizing this opportunity is a must.

8. 

Due to the different pressure levels according to the degree of isolation or quarantine each country has in place, we notice that, as isolation retreats and recession emerges, more households are likely to behave as High-pressure groups.

9. 

And opportunities are available right now. No matter how restrictive the quarantine, affordability, channel availability, and an appeal to consumers’ basic needs have all been decisive for brands to grow this year.

10. 

Latam has become the epicentre of the COVID-19 pandemic, and even with solid vaccine plans for the first quarter of 2021, Latin Americans are not positive about the economy in the coming year.

First changes in shopping habits due to the pandemic

01
Small formats, the big winners

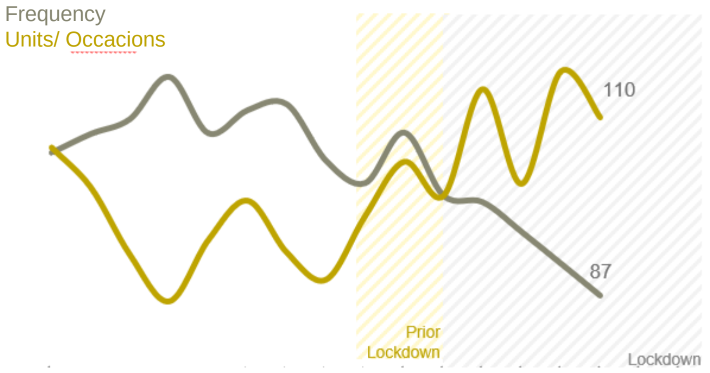
- Preference for larger packages
- Small supermarkets and convenience stores gained market share

Spending growth average vs. before COVID-19[1]

C&C Wholesaler	Hypermarket	DTT Proximity
+12% Bra, Mex	+10% Bra, Mex	+14% Arg, Mex, Bra, Col

02
Different missions

- More items, more supplies[2]



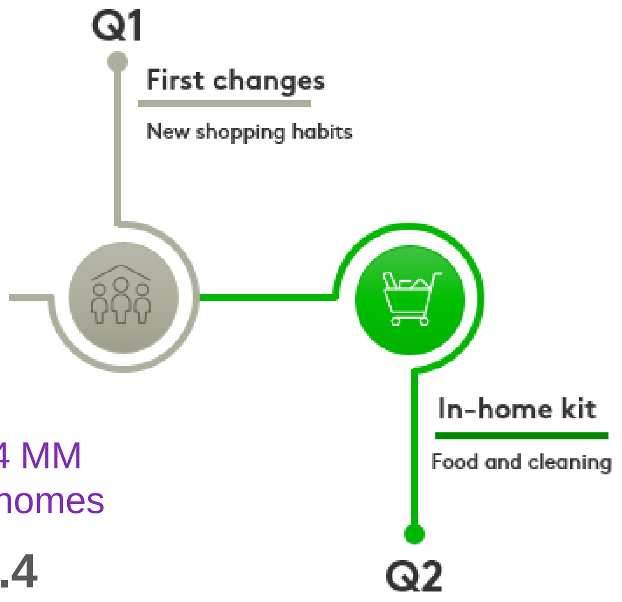
03
Online growth

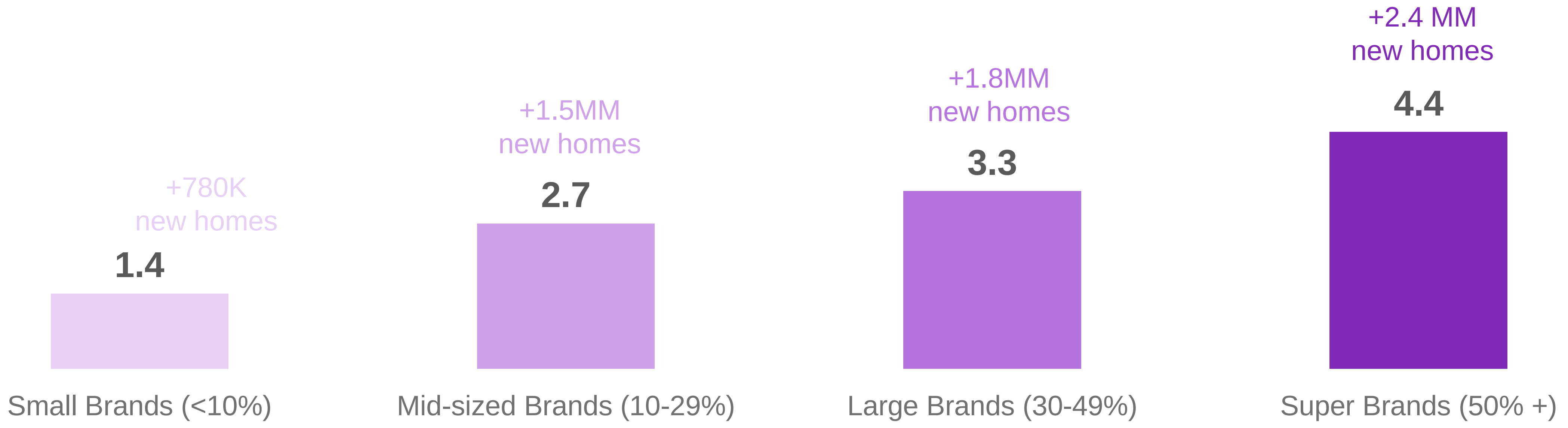
- New emerging channels: digital - 3 times more online buyers across the region in recent weeks, despite longer delivery lead times.
- Mexico: leading with +680% weekly penetration

Source: [1] Worldpanel | Weekly Data – Raw Index vs. week of Mar 9
[2] Latam Frequency vs. units/occasion(Jan-Apr 2020 in weeks)

Also, brands have grown during lockdown: the bigger the brand, the more likely to grow

Average brands with increased penetration in Brazil - Jan – Jun/20 by Brand Size





Small Brands (<10%)	Mid-sized Brands (10-29%)	Large Brands (30-49%)	Super Brands (50% +)
16 of 97 gained new buyers	**81 of 144 gained new buyers**	**24 of 42 gained new buyers**	**20 of 26 gained new buyers**

Source: Kantar, Brand Footprint 2020 - analysis based on +320 brands in Brazil

There is a positive correlation between the size of the government aid and the FMCG growth in Q2

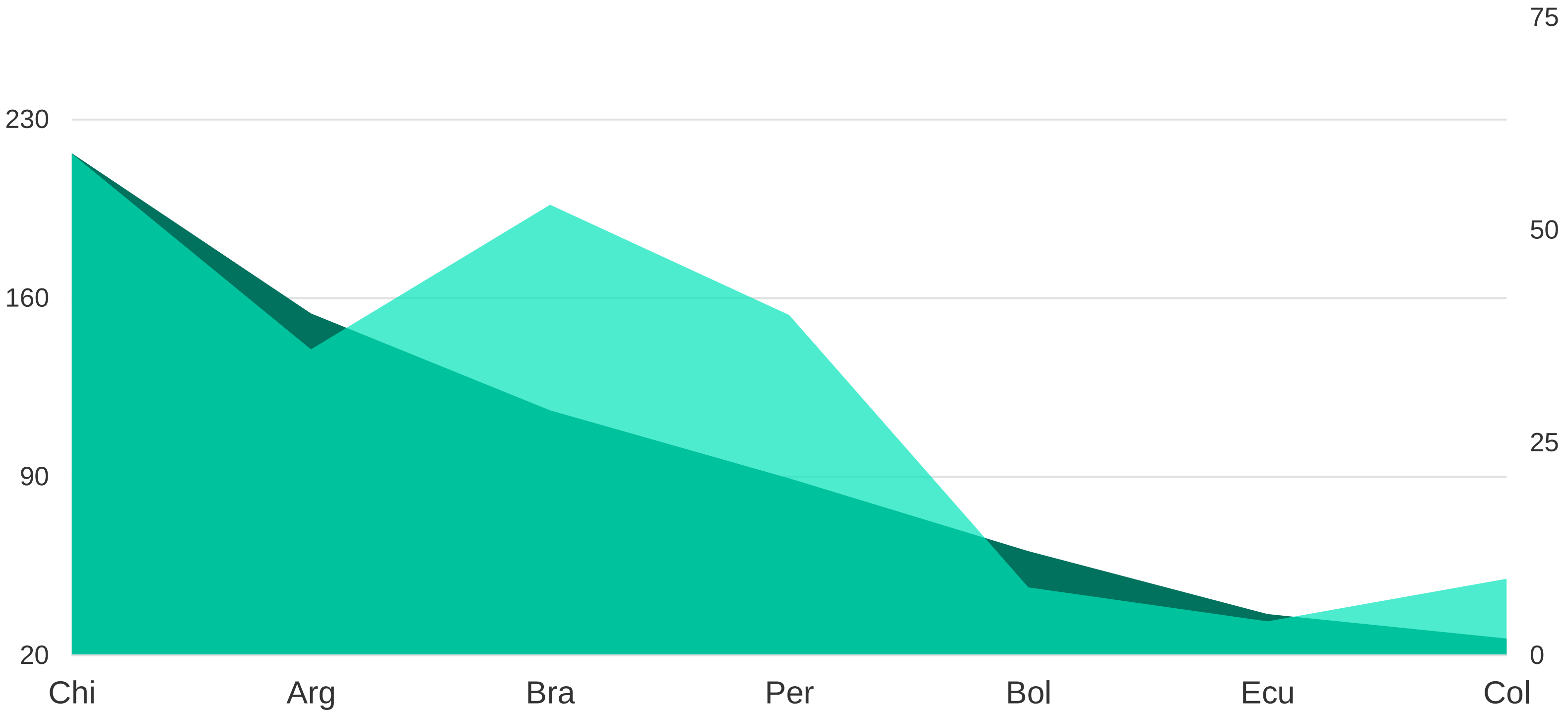
In-home kit

Food and cleaning

Q2

With extra in-home time, FMCG products such as Foods are a “perfect match” for the additional resources provided by governments - people spend focusing on their immediate needs

Government aid programs vs. FMCG volume growth (2020)



FMCG Growth Index

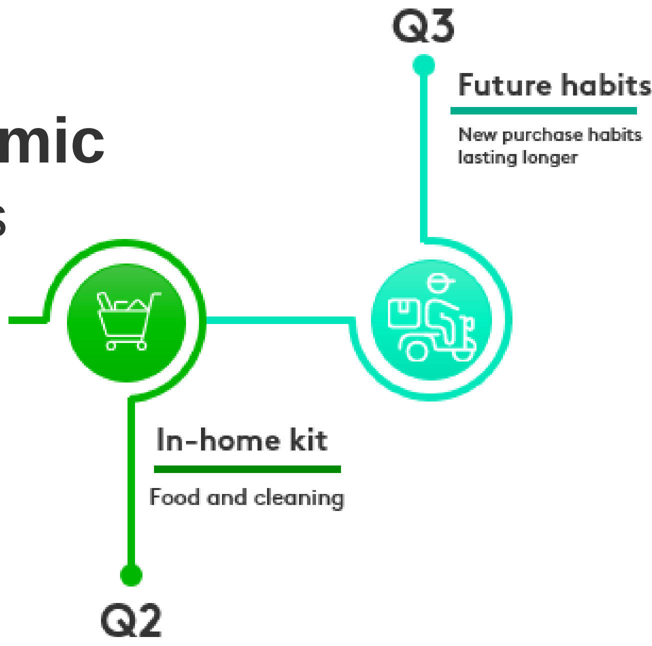
Country FMCG vol growth / average Latam growth (Q2.20 vs. Q2.19)

Government aid Index

% of minimum wage given vs. % of population reached vs. number of payments made

Awareness of sustainability has increased during the pandemic

Consumers have become more eco-responsible than in previous years



Total Latam

52% 2019
63% 2020

When I shop for food or drugstore products, I bring my bag or basket to carry my shopping

Chi	Mex
145%	108%

52% 2019
56% 2020

When I go out and bring beverages with me, I use refillable bottles

CR	Mex
106%	115%

36% 2019
41% 2020

I avoid buying plastic flatware and/or plates when having meals, birthdays or other gatherings at home

Chi
132%

21% 2019
39% 2020

We use washable and reusable goods (feminine protection, baby diapers, cosmetics, etc.)

CR
218%

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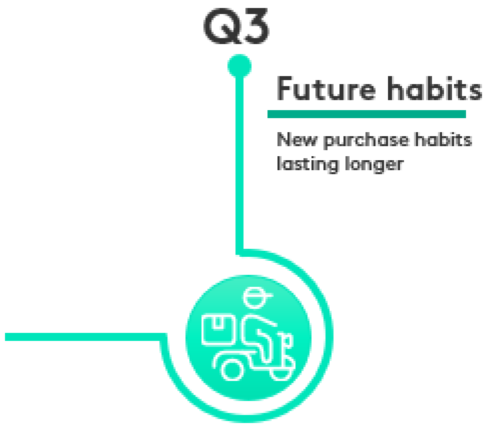
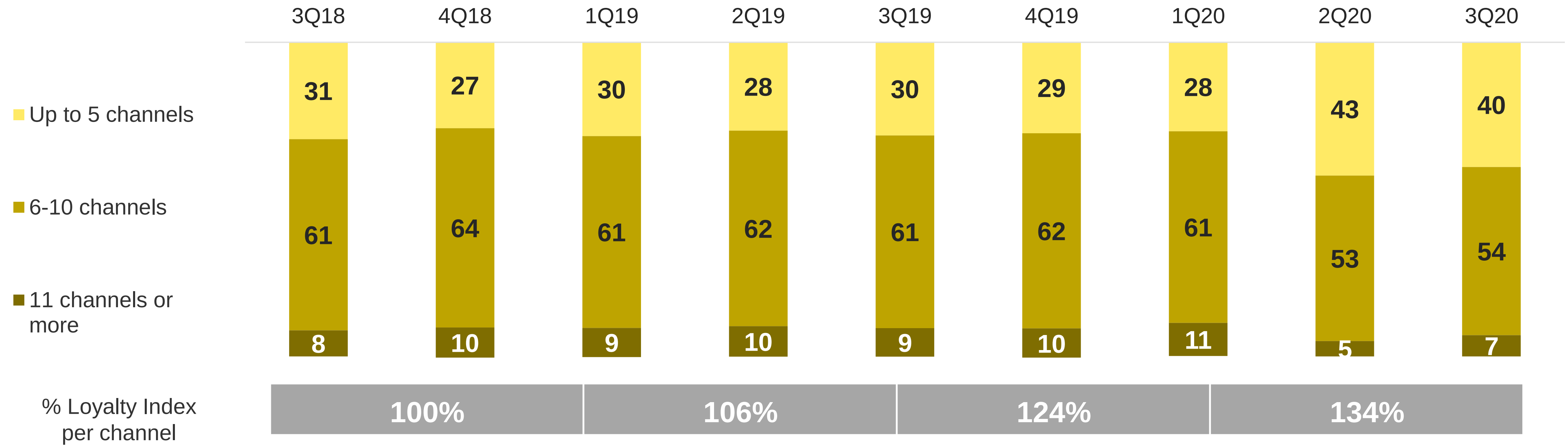
Q6 There are several ways individuals may reduce the contamination by plastic waste in their daily routine. Please, tell us if you do any of the following actions.



From omnichannel towards one-stop shops in Peru
2 million households visiting up to five channels

(vs. 1.4 before the pandemic)

% Penetration - Total FMCG – Channel overlap per household| Peru



Loyalty, presence and visibility will be decisive for Retailers and Manufacturers alike

What channels do you usually shop at?

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Other household members in shopper roles in Central America

% Buyer

New Roles

	Female Homemakers	Husband or couple	Daughter	Son
Before	86%	26%	13%	6%
After	79%	27%	15%	8%

Husbands as shoppers have grown in households whose female homemakers are between 35 and 49 years old

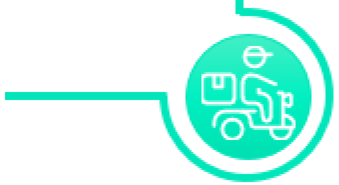
Sons and Daughters now help with shopping trips, mainly in families where the mother is over 50 years old (at-risk group)

LinkQ: Before the pandemic, who was the person who did the shopping at home? And currently, who is the person who does the shopping at home? Central America

Q3

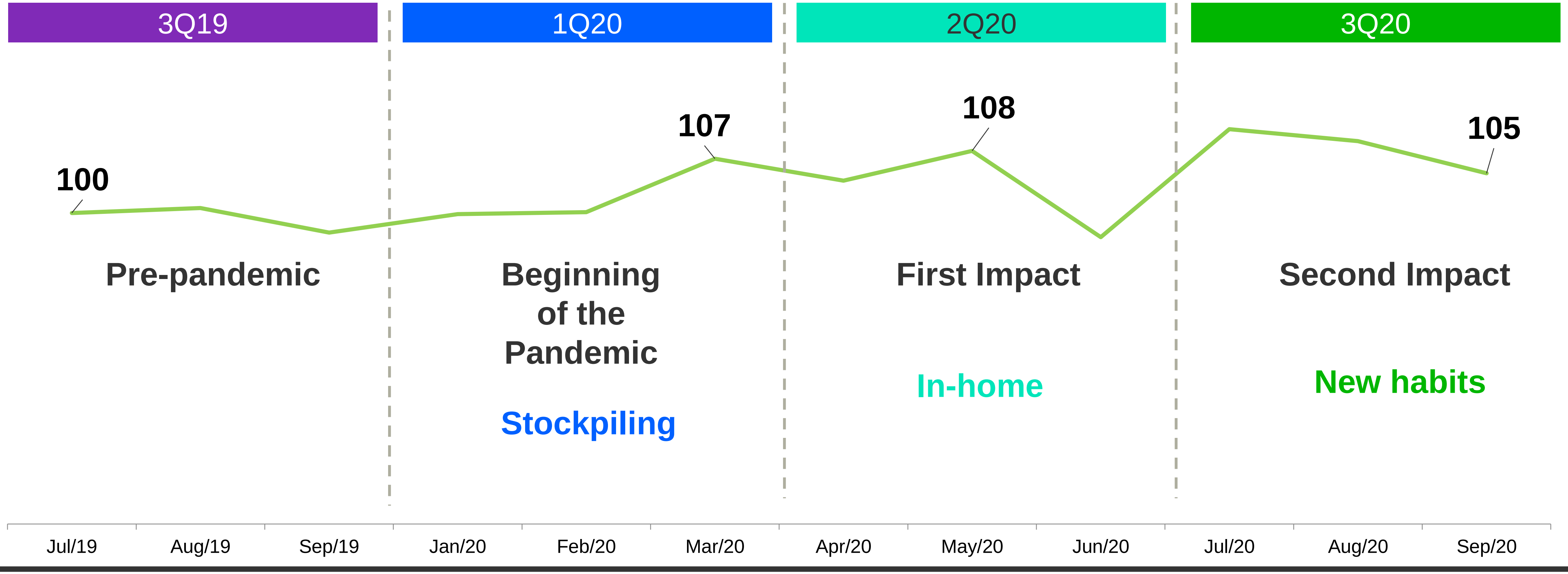
Future habits

New purchase habits lasting longer



Ecuadorians continue spending more on FMCG than before

FMCG Spending Index - Trend



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Habits have changed at different levels, depending on the pressure

As isolation retreats and recession appears, more households in “high-pressure groups”

	Low pressure Low social distancing/isolation, high government aid	**Medium pressure** Regional social distancing/ isolation and significant government aid	**High pressure** No government aid and restrictive circulation measures	
FMCG spending growth Lower-SEL growth above High SEL	High correlation w/ government aid			Short-term +3M LATAM
Frequency drop Stock-up mission Basic Categories prioritisation Non-essential cat losing frequency	High correlation w/ time spent in-home, so they will gradually disappear as normal circulation resumes			Until vaccine +12M GLOBAL
Private labels/ Economy tiers growing	High correlation w/ income reduction			Long-term, acquired habit
E-com growing	Higher in high isolation			
	Bra, Mex	Arg, Chi	Col, Pe, Ecu, Bol	

The higher the bars, the more intense the effect of the factor in the group

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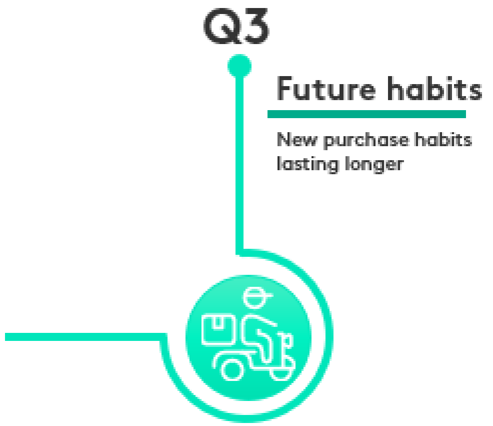

Pandemic opportunities

Affordability, channel availability, and an appeal to consumers' basic needs have all been decisive for brands to grow this year

Volume Change (vs. same period PY)

Top 20 brands: YTD Sep.20

Avg. Penetration gain	Share of FMCG Spending	Share of FMCG Vol. Growth
+6.6	3.7%	14%
+9.4	4%	33%
+9.5	4.2%	20%

50% of the Top 20 brands winning the most buyers in Latam are in the Foods basket (basic needs). Also, 80% of their growth has come from Mainstream products (affordability).

Isolation/quarantine degree

Brazil Low-level | Argentina Mid-level | Peru High-level

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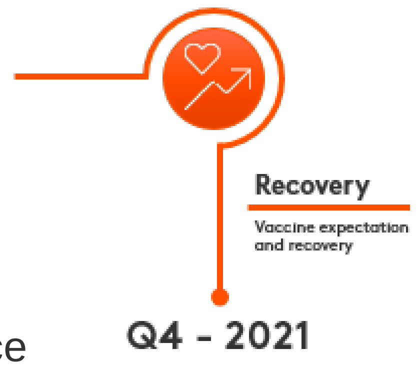
A glance at 2021



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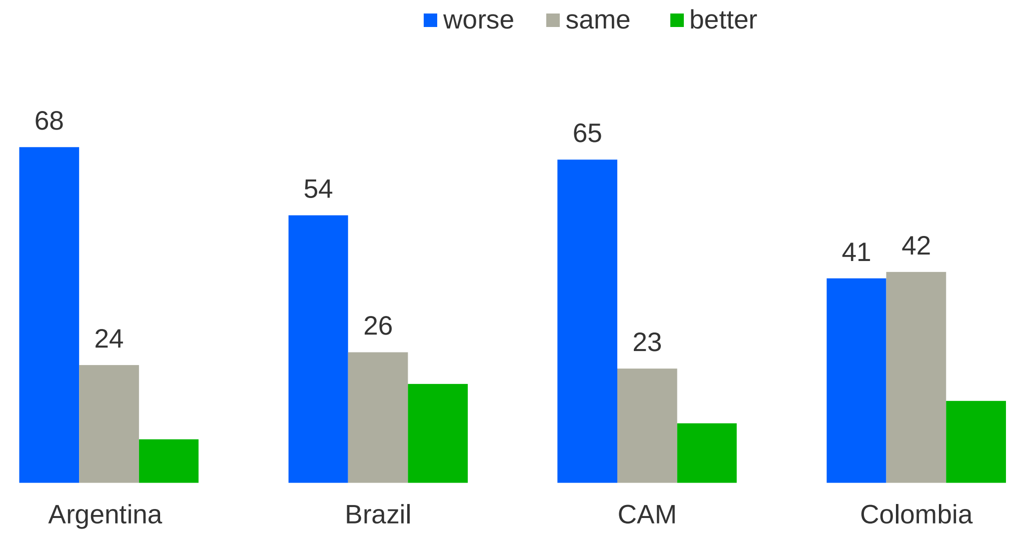

Improvements in the e-commerce experience are the same across the region