N360 Insights Review

August 2021

Vaccine coverage and 'freedom day' didn't bring the return to normal many hoped for

2021 summer of staycations for UK

Majority of collectors will spend their summer in the UK, changing travel rules mean only 13% plan to go abroad

'On the go' food categories recovering well

Additional £22m spent in Bakery & Food services YoY +18%. Growth particularly strong in Convenience

Third wave of infections driving economic concern

First drop in economic outlook in 2021, 13% fewer people thinking the UK's situation will improve vs June

Grocery shopping habits continue steady return

Basket sizes are at their lowest since pandemic began, as shoppers revert to smaller, more frequent shops

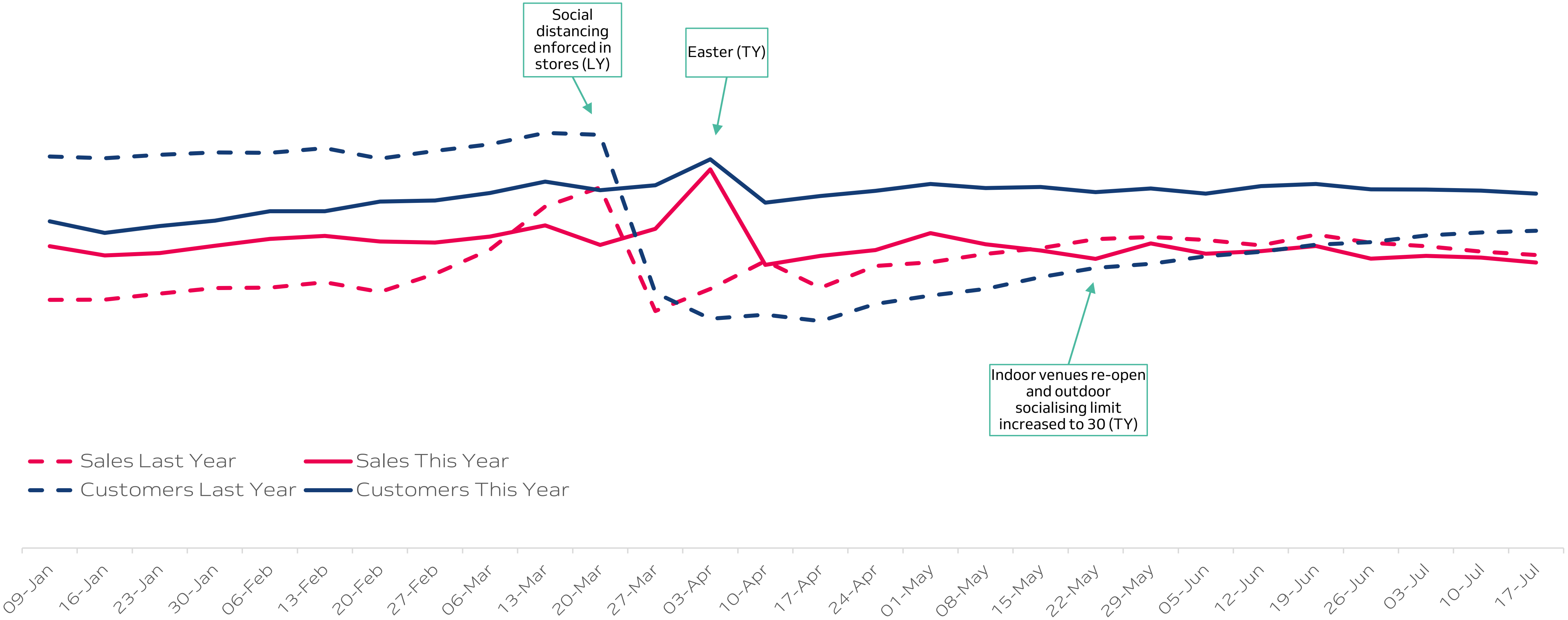
Few people are keen to return to office working

Only 1 in 3 said they were happy to go back to the office. Those feeling comfortable doing so dropped 9% in July

Shop frequency is continuing to grow and basket size continuing to decrease, but neither have yet returned to pre-COVID-19 levels

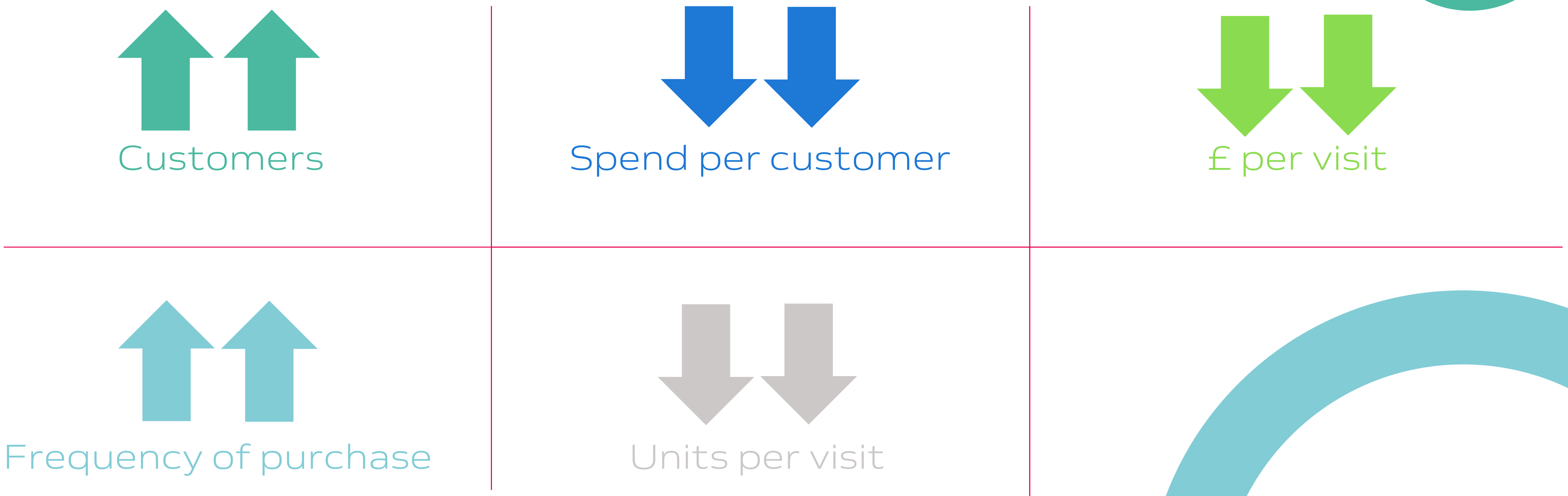
Customer volumes are improving YoY but are yet to return to pre-COVID-19 levels

In contrast, value sales are marginally lower than last year but remain higher than pre-COVID-19 levels



Total Fresh, Grocery & Value Added Food 80 weeks to 17/07/2021; Nectar Data Only

Customers are continuing their return to smaller, more frequent top-up shops



  Total Fresh and Grocery 12 weeks to 17/07/2021; Nectar Data Only

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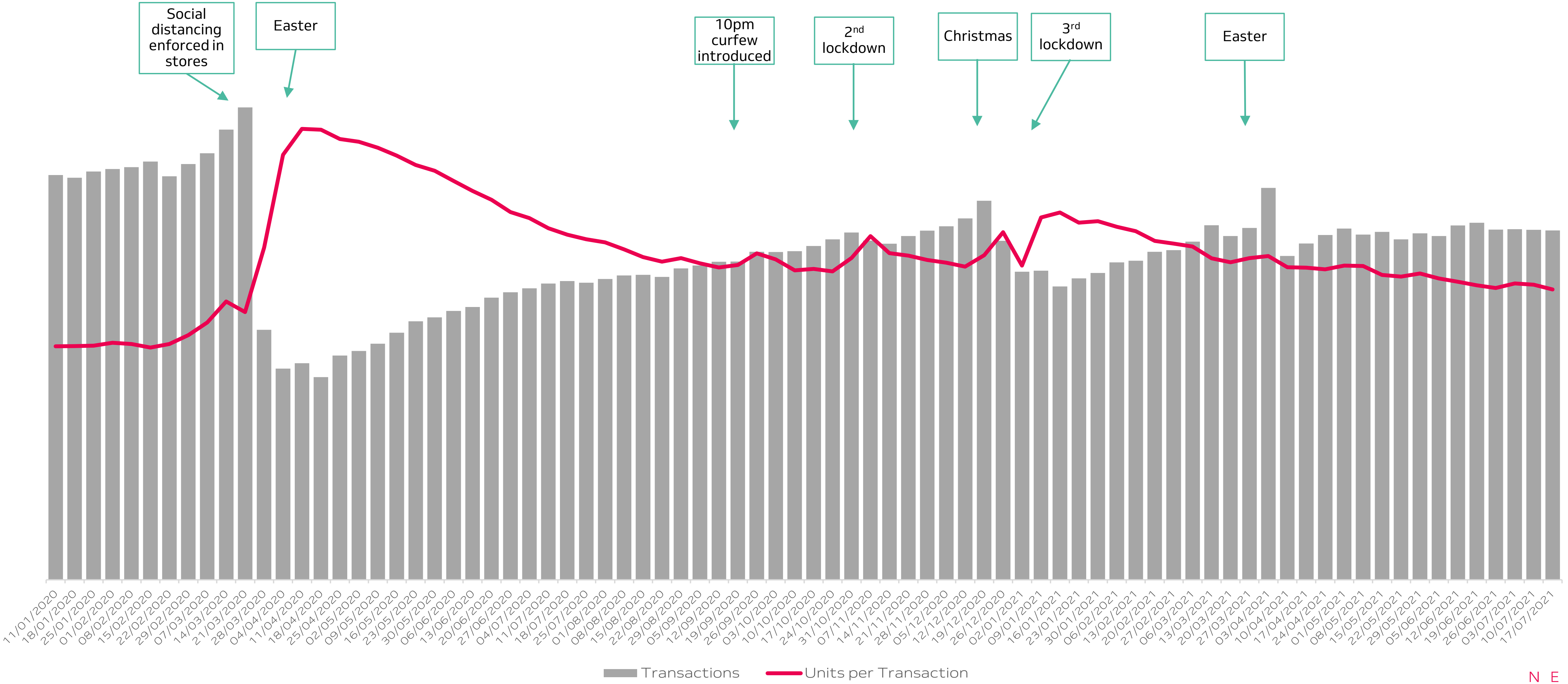
Transaction volume continues its steady recovery as customers spread their shops

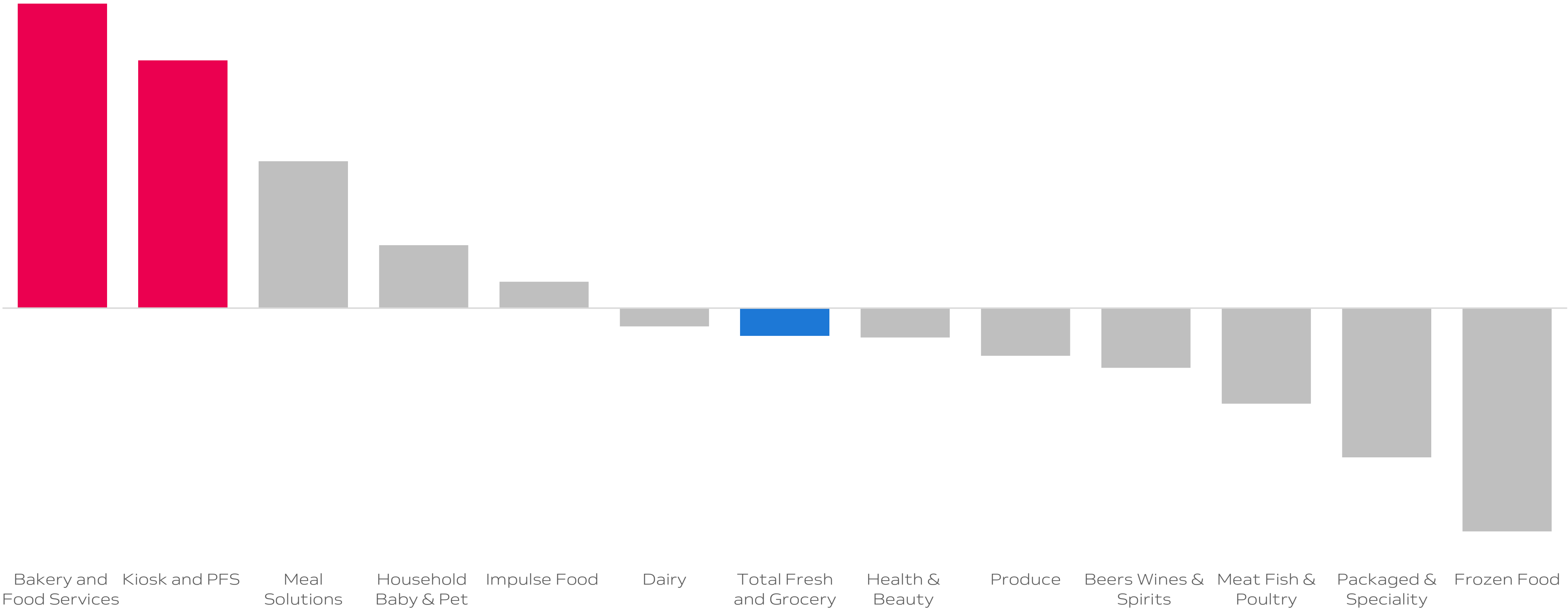


  Total Fresh, Grocery & Value Added Food 80 weeks to 17/07/2021; Nectar Data Only

Categories that had to close during the pandemic are now back in strong growth

Category performance – YoY

Bakery & Food Services and Kiosk & PFS drive overall sales growth, outperforming Total Fresh & Grocery



Total Fresh and Grocery 12 weeks to 17/07/2021; Nectar Data Only

Category performance 12 weeks YoY

Categories that were impacted by lockdown last year return to growth as restrictions ease

Most impacted categories:

Bakery and Food Services	Spending increased by 18% in Bakery and Food Services in the last quarter versus last year. Takeaway Hot Food had the highest % growth in the category as counters re-open.	£2m extra spent on Hot Chicken in the latest quarter.	Sweet Treats drive Bakery growth; +23% YoY.
Kiosk and PFS	Spending in Kiosk and PFS increased 15% in the latest quarter. Petrol Stations drive growth as shoppers become more comfortable with travel.	Tobacco contributes £6m sales growth YoY.	Tobacco growth driven by Low Value Cigarettes +33% YoY.
Meal Solutions	£15m extra has been spent on Meal Solutions in the last 12 weeks. Prepared meals drive growth contributing £7m to the category YoY.	International & Healthy Prepared Meals, and Traditional & Italian Prepared Meals are in double digit growth.	An additional £2m is spent on Oriental Meals YoY.

Total Fresh and Grocery 12 weeks to 17/07/2021; Nectar Data Only

The 'on the go' mission is returning as penetration increases within the Convenience channel

Channel Performance – 12 weeks YoY

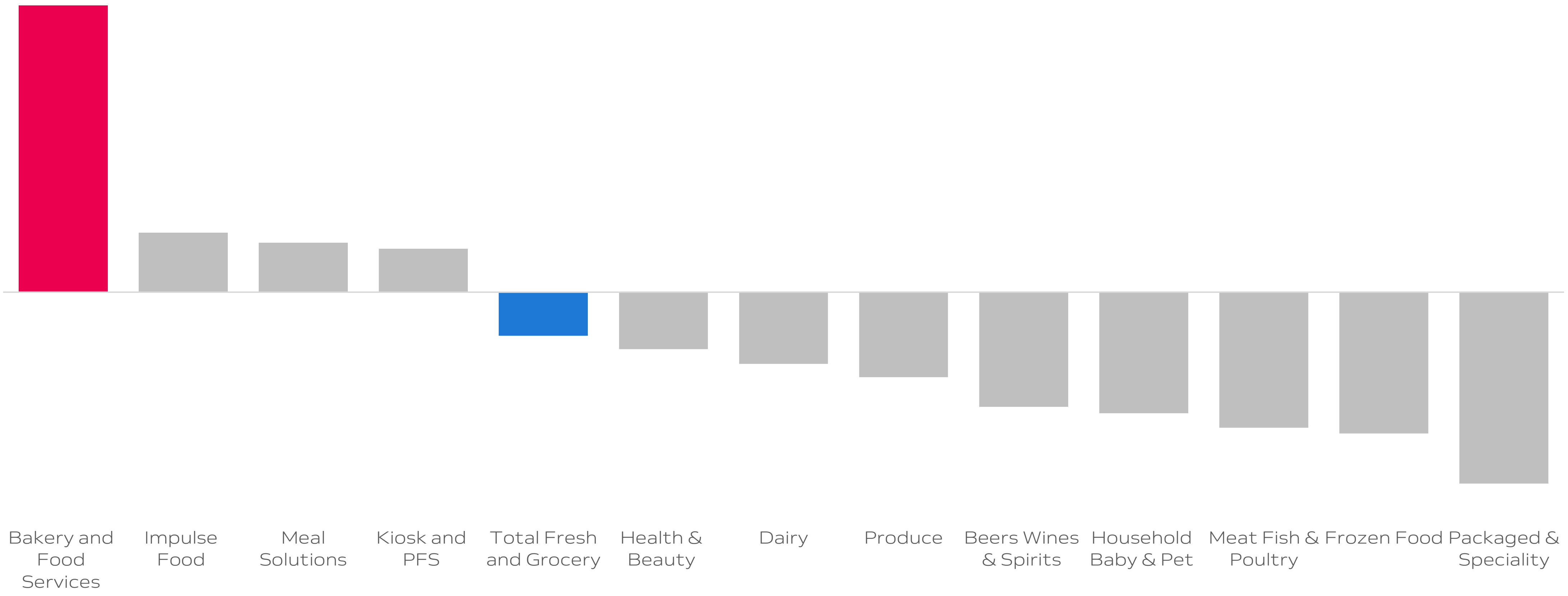
An additional 471k customers shop in Convenience as lockdown eases and shoppers are more comfortable going into store

	Nectar Customers	£ Per Visit	Frequency of Purchase	Units per Visit	£ Per Customer
Online	↑	↓↓	↑	↓↓	↓
Convenience	↑↑	↓↓	↓	↓↓	↓↓
Supers	↑↑	↓↓	↑	↓↓	↓↓

Total Fresh and Grocery 12 weeks to 17/07/2021; Nectar Data Only

Conv: Category Performance – YoY

As more customers shop in Convenience YoY, categories that have an 'on the go' element are seeing value growth



  Total Fresh and Grocery, Convenience, 12 weeks to 17/07/2021; Nectar Data Only

Conv: Category Performance 12 weeks YoY

Sandwiches drive growth within Convenience. The Meal Deal offer delivers an additional 211k shoppers to the channel

Most impacted categories:

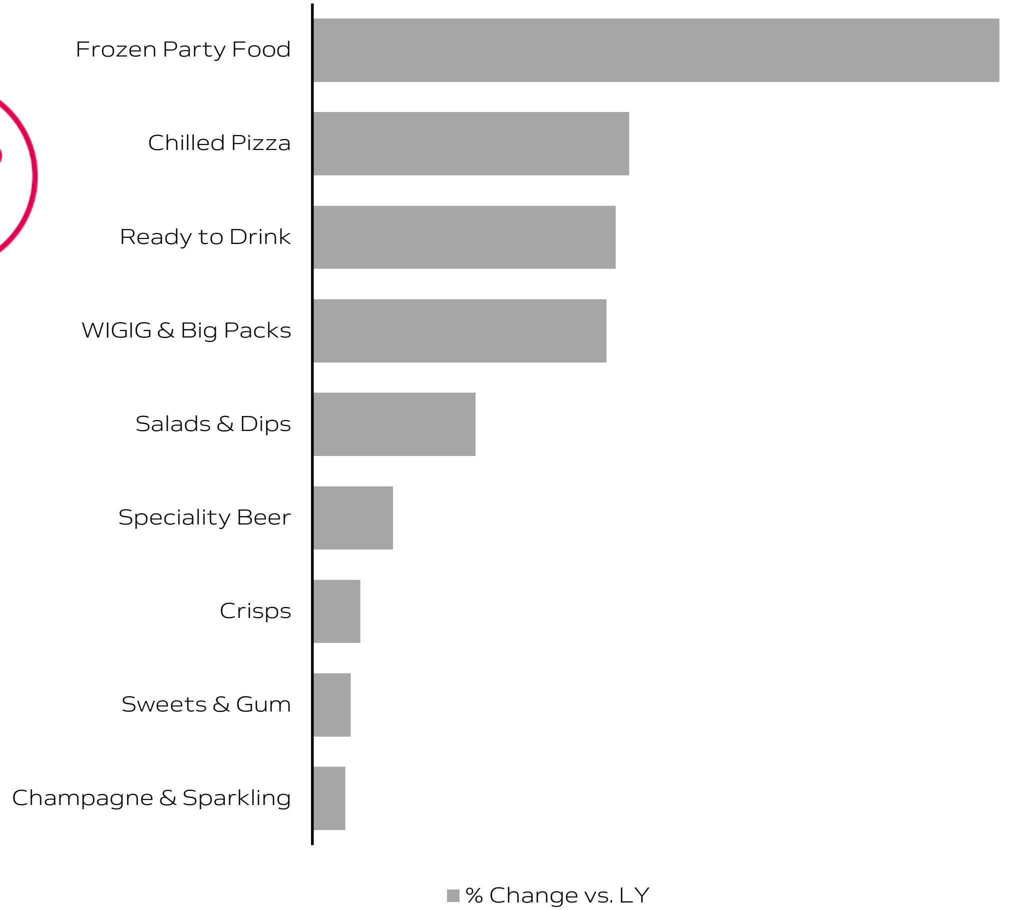
Bakery and Food Services	1.3m shoppers purchase into Bakery and Food Services in the latest quarter. Sandwiches contribute £1.2m growth	Standard Sandwiches & Wraps saw the biggest increase in value YoY.	Sandwiches in the Meal Deal offering added £239k to the category.
Impulse Food	+26% shoppers purchased Impulse YoY With Non Carbonates demonstrating the fastest growth at +31% YoY.	£877k spent extra on Soft Drinks in the latest 12 weeks.	Drinks in the Meal Deal offer added £398k to the category.
Meal Solutions	770k customers purchased Meal Solutions in the last 12 weeks; +18% YoY. International and Health Prepared Meals drive overall growth contributing £328k extra spend	£127k extra spent on Oriental Meals.	Meat Alternatives grow +32% in convenience YoY

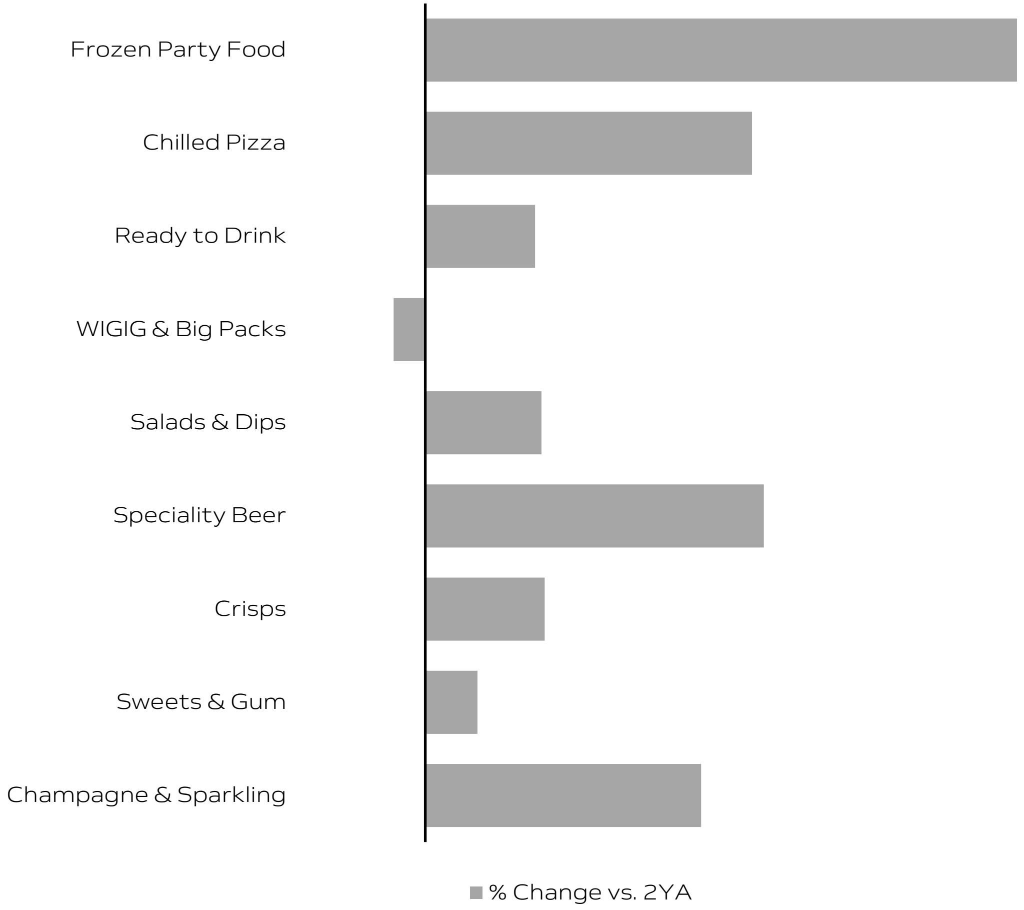
Total Fresh and Grocery, Convenience, 12 weeks to `17/07/2021; Nectar Data Only

Party & Celebration categories saw sales growth YoY as shoppers celebrate England’s performance in the Euros

Party & celebration categories grew as more socialising was allowed and Euros kicked off

With the exception of WIGIG* & Big Packs, each of these categories also show strong growth vs. pre-COVID-19 period





14/06/2019-14/07/2019 vs 12/06/2020-12/07/2020 vs 11/06/21-11/07/21; Nectar Data Only
*When it's gone, it's gone

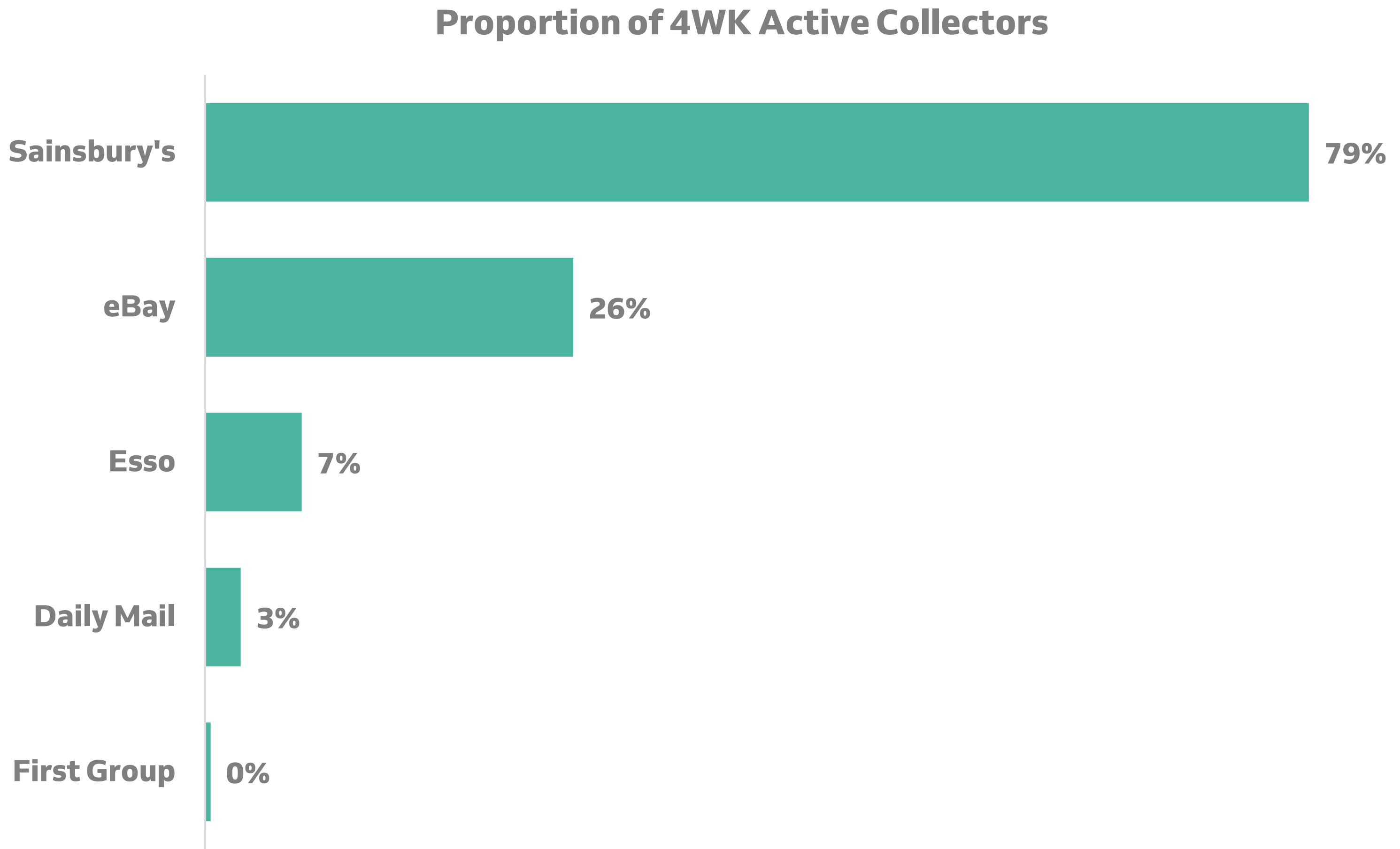
BWS sales spike at the start of the Euros as shoppers stock up ahead of the tournament

BWS Weekly Sales – Sainsbury's Superstores

2021 to 11/07/2021; Nectar Data Only

4wk Nectar Active base is up 5% YoY, driven by increased swiping at Sainsbury’s

Lifting of travel restrictions has seen a sharp increase in swipes at Esso and First Group

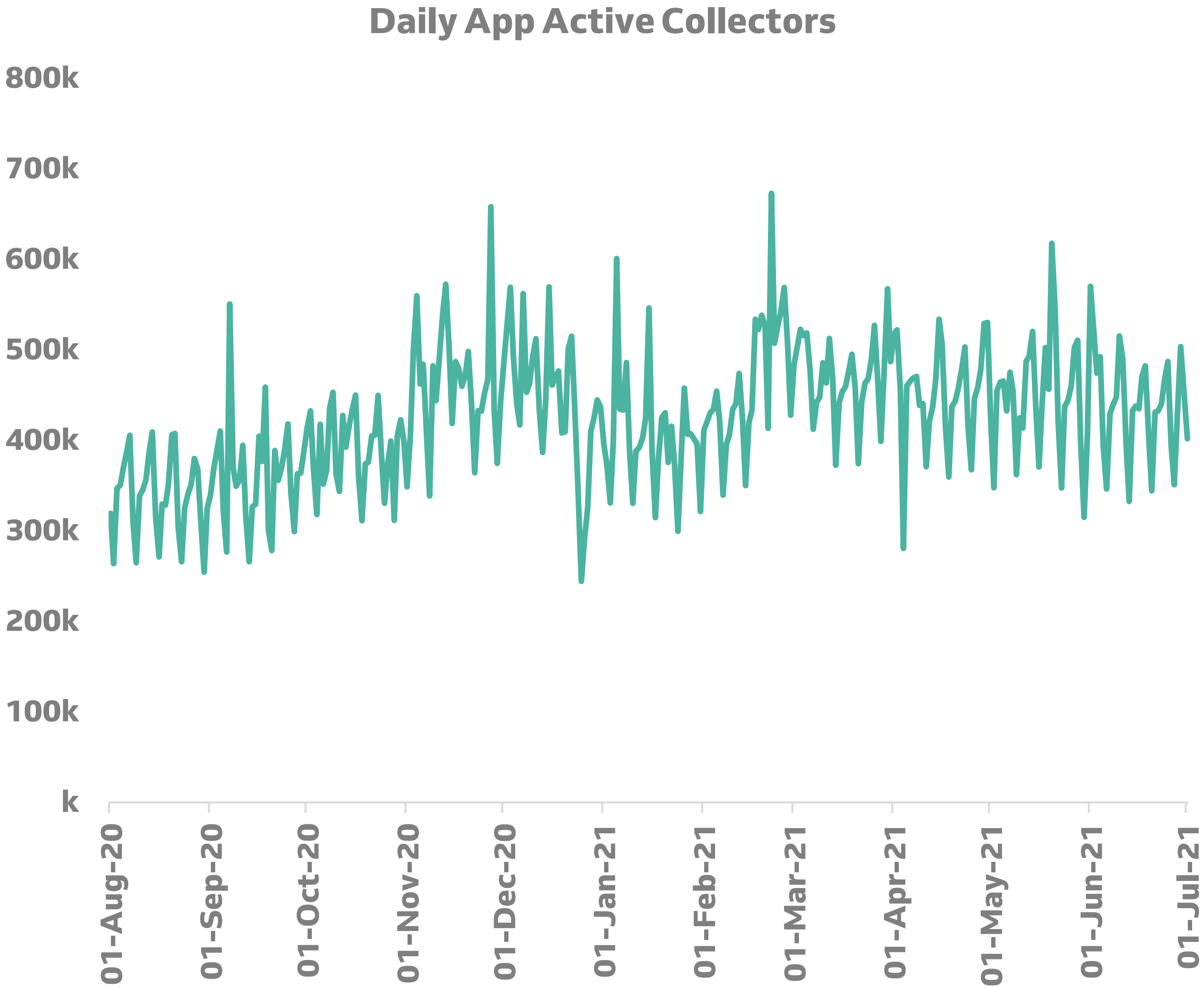


	4WK Active Collectors vs LY
Sainsbury's	+15%
eBay	-15%
Esso	+45%
Daily Mail	-2%
First Group	+115%

NB: Top 5 partners is based upon collector volume
NB: Argos data is on a 22-day lag and thus will not be included in the entire 4WK period

Last week: 22/07/2021 – 28/07/2021 / Last 4 weeks: 1/07/2021 – 28/07/2021 / Last year 4 weeks: 1/07/2020 – 28/07/2020

Supercharge and the Fruit & Veg Challenge produced spikes in app usage



+3% Digital Nectar sign-ups vs last week

 Last week: 22/07/2021 – 28/07/2021 / Last 4 weeks: 1/07/2021 – 28/07/2021 / Last year 4 weeks: 1/07/2020 – 28/07/2020

The 4WK active base and transactional frequency at Sainsbury's continue to grow post lockdown

10.8m
4WK active collectors, +5% vs LY

+15%
JS transactional frequency amongst 4WK active collectors vs LY

83%
of 4WK active collectors are CSR 1 vs 84% LY

-43%
YoY first swipes in the last 4 weeks

2.3Bn pts
redeemed in last 4 weeks, -1% YoY

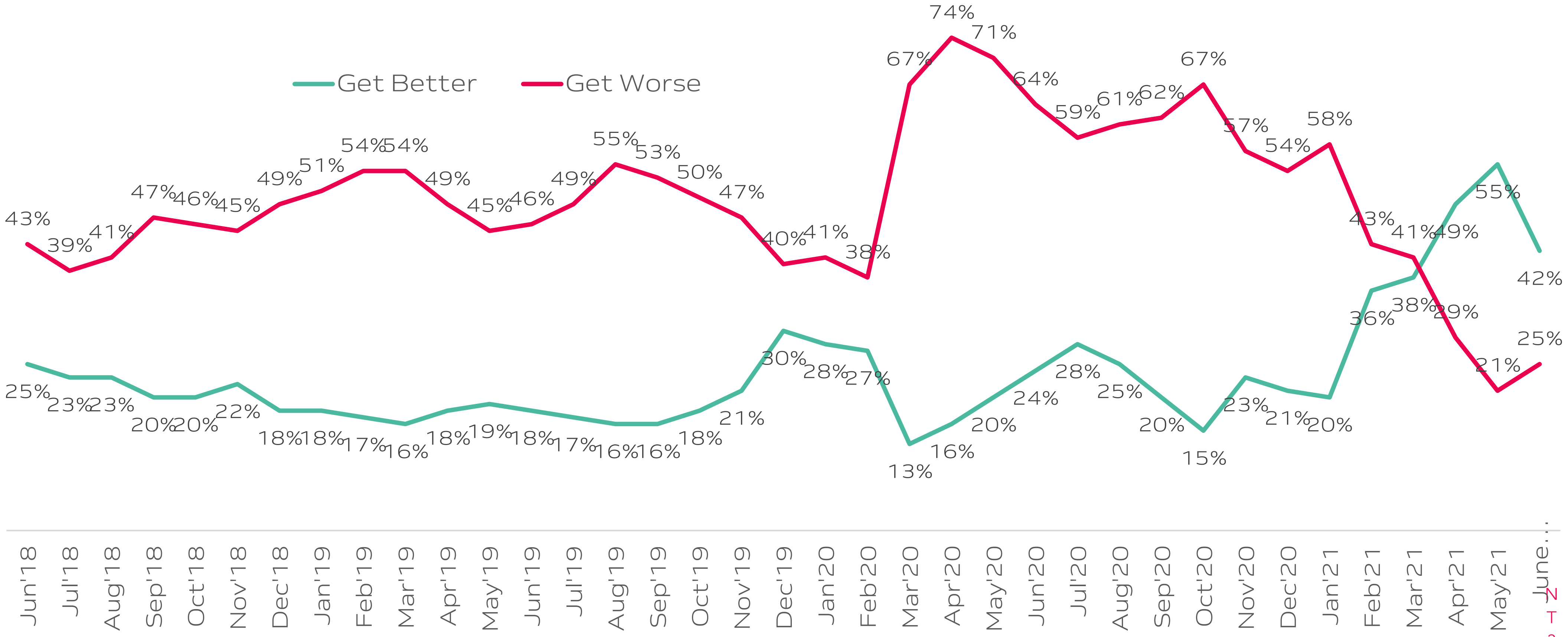
  Last week: 22/07/2021 – 28/07/2021 / Last 4 weeks: 1/07/2021 – 28/07/2021 / Last year 4 weeks: 1/07/2020 – 28/07/2020

Delay of ‘freedom day’ and increase in COVID-19 cases contributed to a dip in consumers’ economic outlook

Financial Situation - UK

Optimism around the UK economy fell in June for the first time in 2021, as easing of restrictions was delayed to July

I expect the general economic situation to get better/worse in the next 6 months

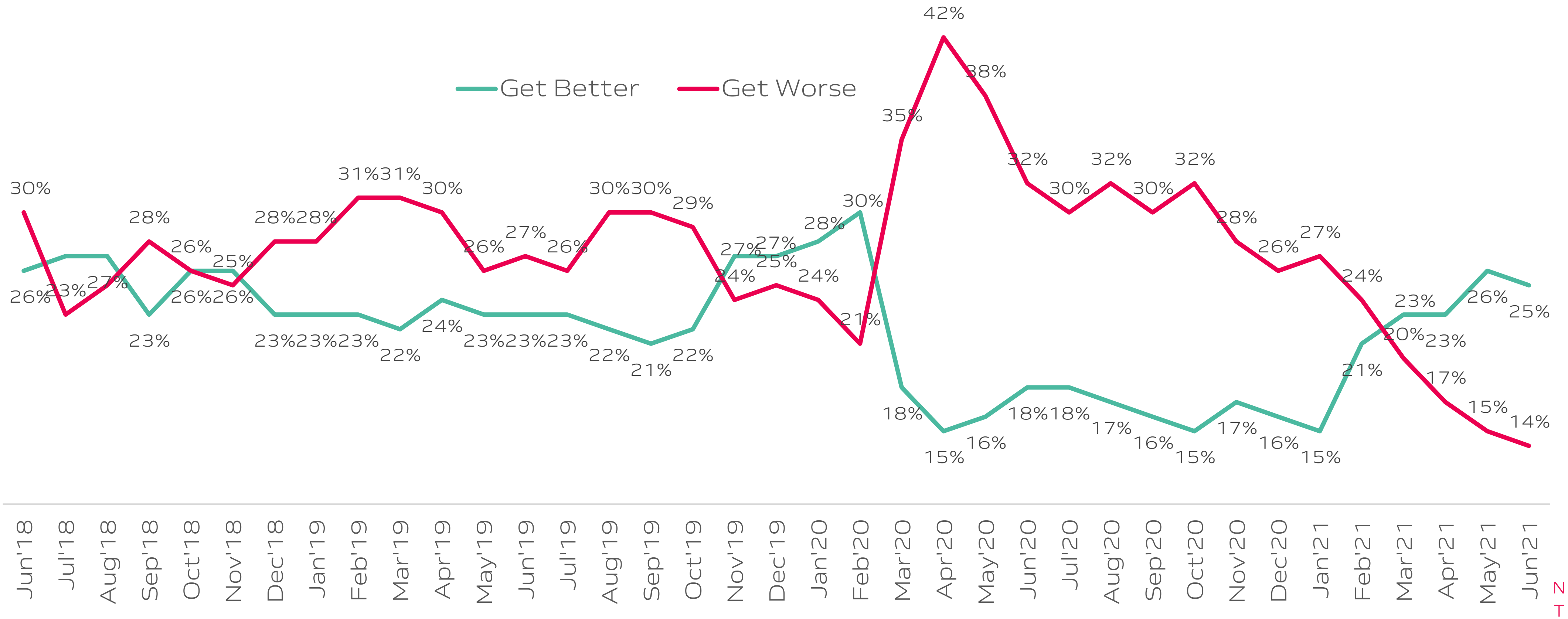


Source: Grocery tracker, base ~2000 interviews / month

Financial Situation - Personal

This dip in outlook is less severe for personal finances, which won't have been as impacted by the delay

How I expect the financial position of my household to change over the next 6 months



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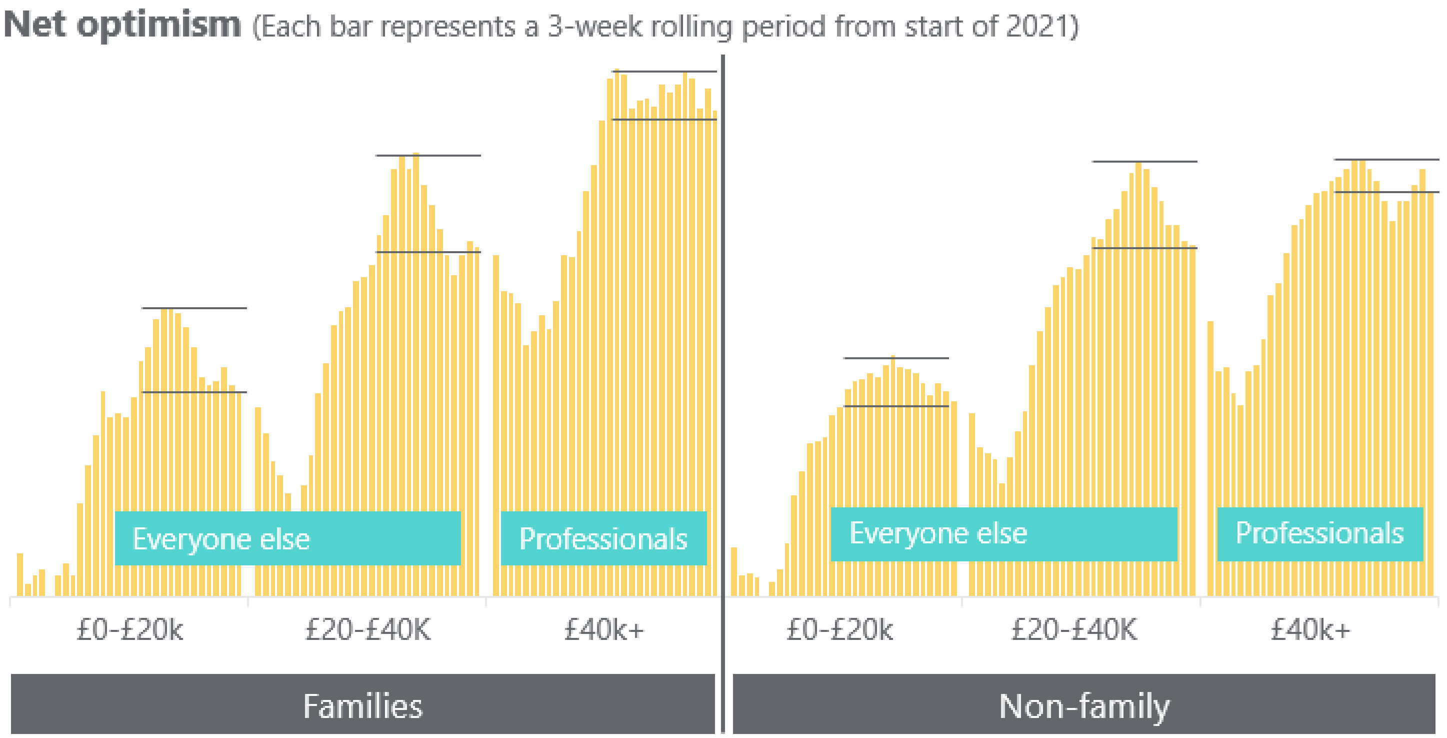
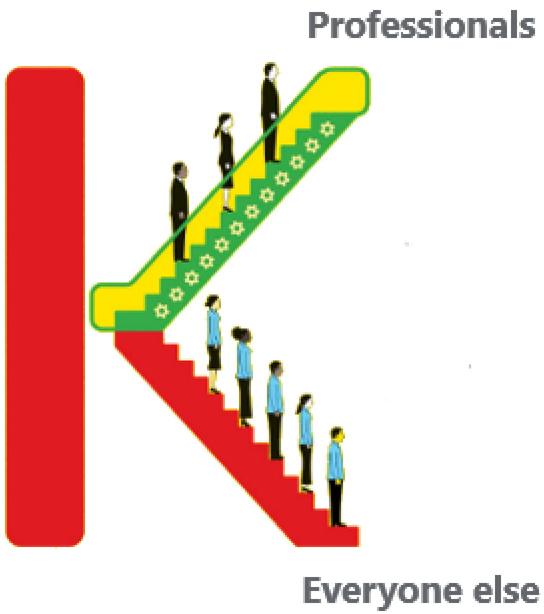
Kokoro: Economic optimism by income

Significant differences in optimism levels between income bands indicate a 'K-shaped' recovery is likely in the UK





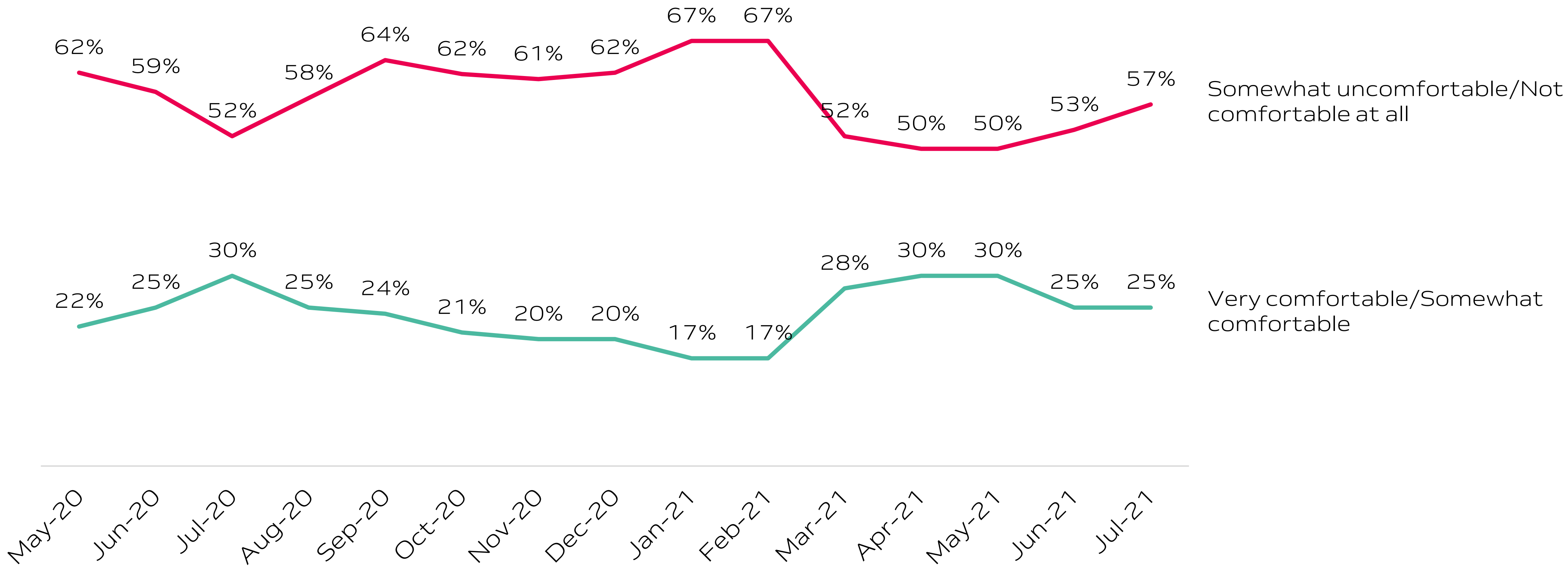
Source:
Kokoro - The Score Survey and Qualitative Interviews
Base: 23 Jul (2,010)
Q9

Shifting travel advice has cemented plans for summer 2021 staycations

Comfort making future travel plans

July sees a slight increase in discomfort with making future bookings, driven by uncertainty around changing travel rules

How comfortable do you feel as of now to make your future holiday bookings?

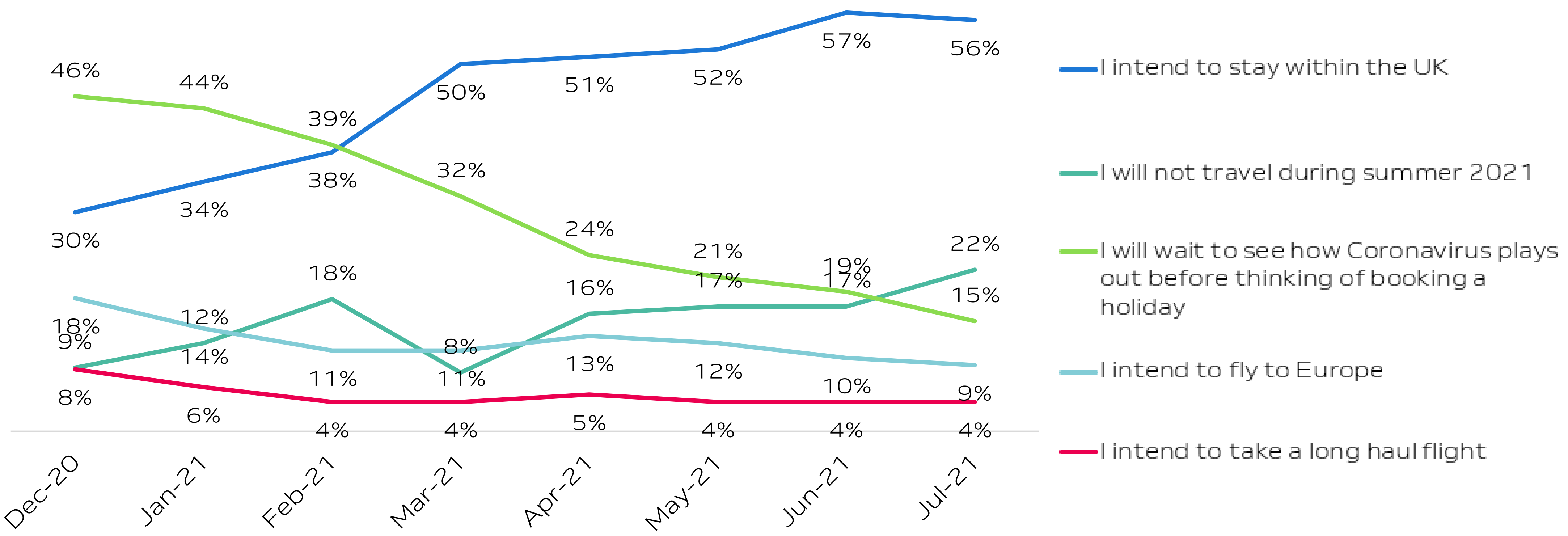


Source: Nectar360 Omnibus/Travel Tracker ~ 2,000 per month. Q. Now thinking about your future holiday plans, how comfortable do you feel as of now to make your future holiday bookings?

Summer travel plans

As we hit summer time, decisions for travel plans are being finalised with only 13% planning to leave the UK

What are your current travel plans for summer 2021?



Source: Nectar360 Omnibus/Travel Tracker ~ 2,000 per month. Q. And thinking ahead to summer 2021, what are your current holiday plans?

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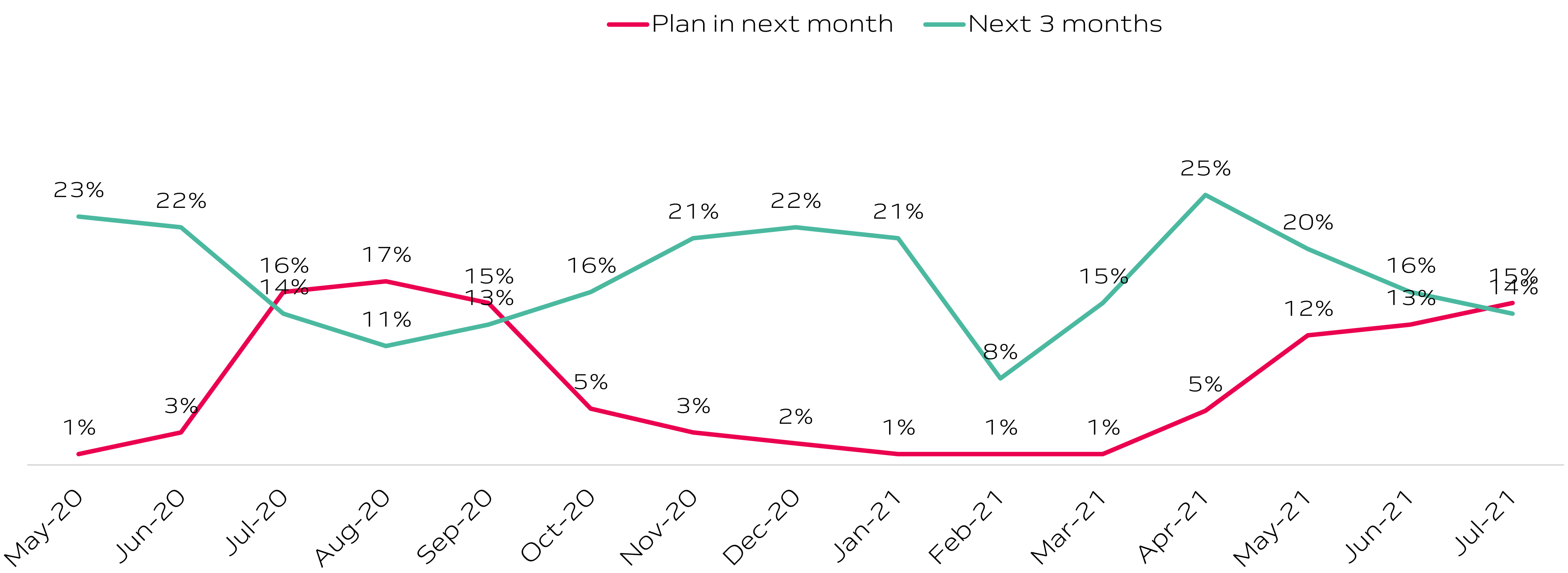
Short term travel plans

Collectors are making more short term travel plans, but overall intention remains low

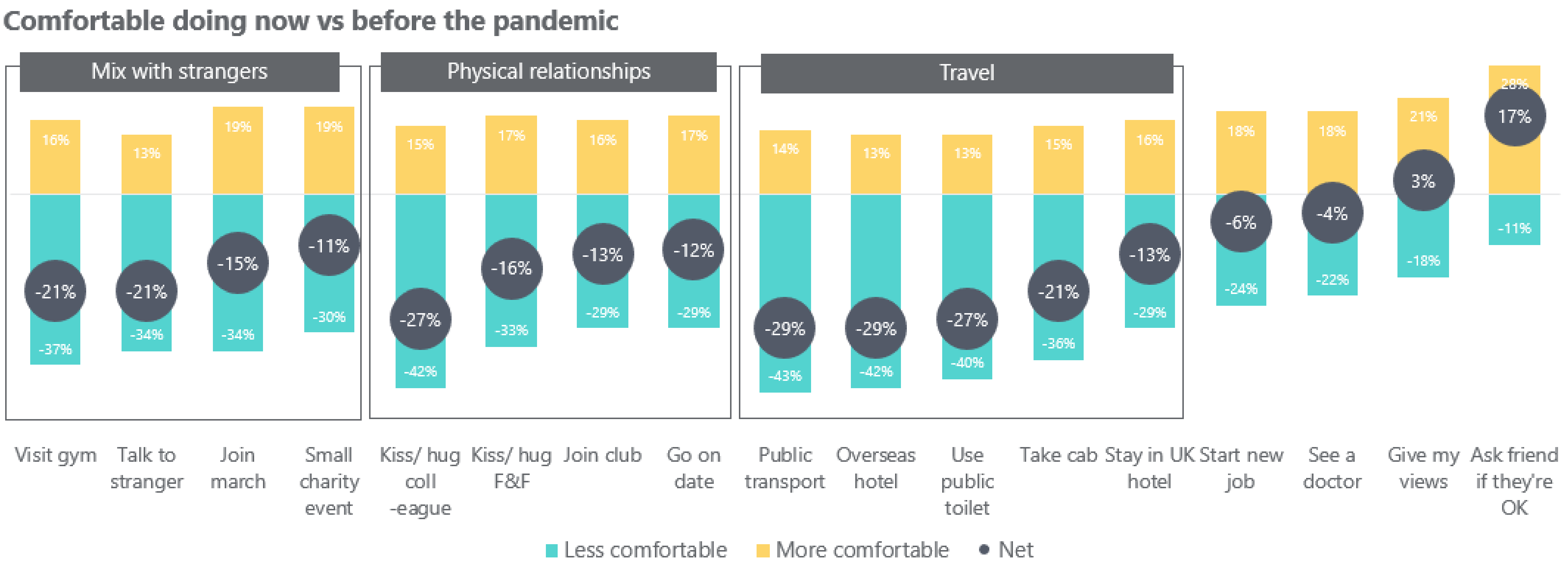
What do you next plan on traveling for holiday away from home?



Source: Nectar360 Omnibus/Travel Tracker ~ 2,000 per month. Q . When do you next plan to travel for a holiday that will include at least one night stay away from home?

Kokoro: Comfort in activities

UK population has become far less comfortable conducting travel related activities since the onset of COVID-19



Source:
Kokoro - The Score Survey and Qualitative Interviews
Base: 23 Jul (2,010)
Q153b

KOKORO NECTAR360

Working from home looks set to remain beyond relaxation of restrictions, only a third of collectors are happy to return to the office

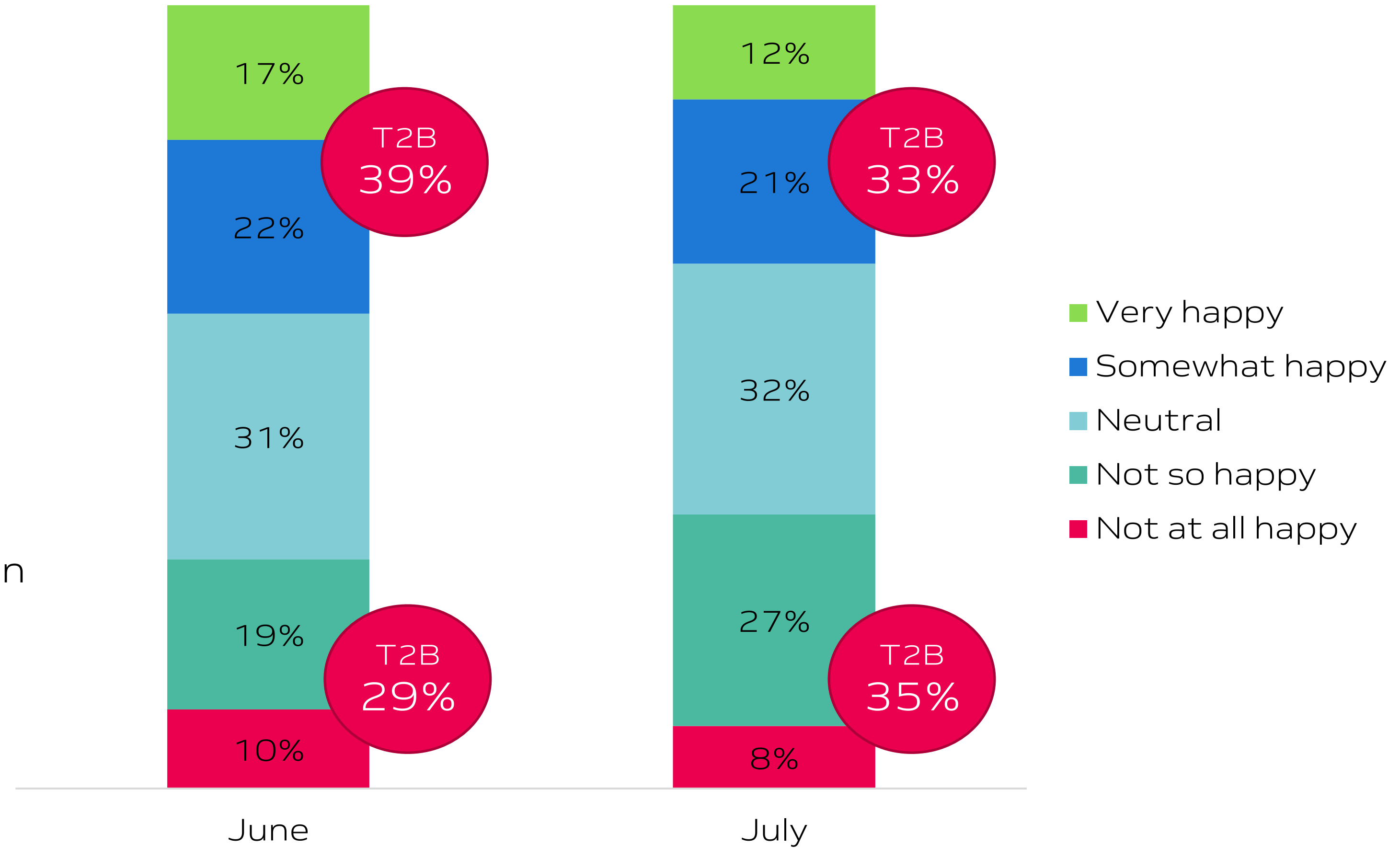
Going back into the office

A fifth are claiming that they will not return to the office in future and only around a third are happy to do so

21%

Will not be returning to the office in future

Happiness going back into the office

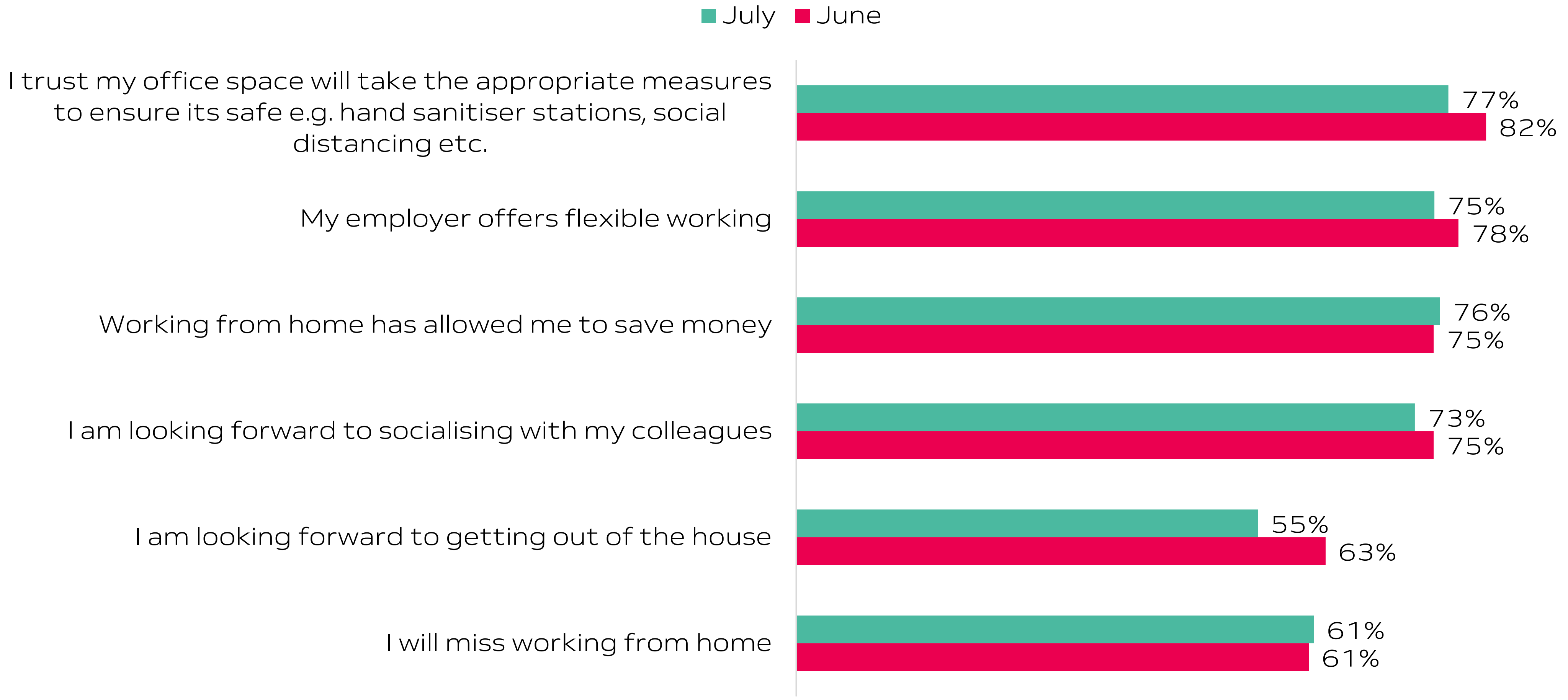


With the last of the Coronavirus restrictions lifting this month, how do you feel about returning to the office in future?

Sentiments on returning to work

In July, fewer Nectar customers are looking forward to getting out of the house or trust their office to take appropriate safety measures

Do you agree with these statements about returning to the office?

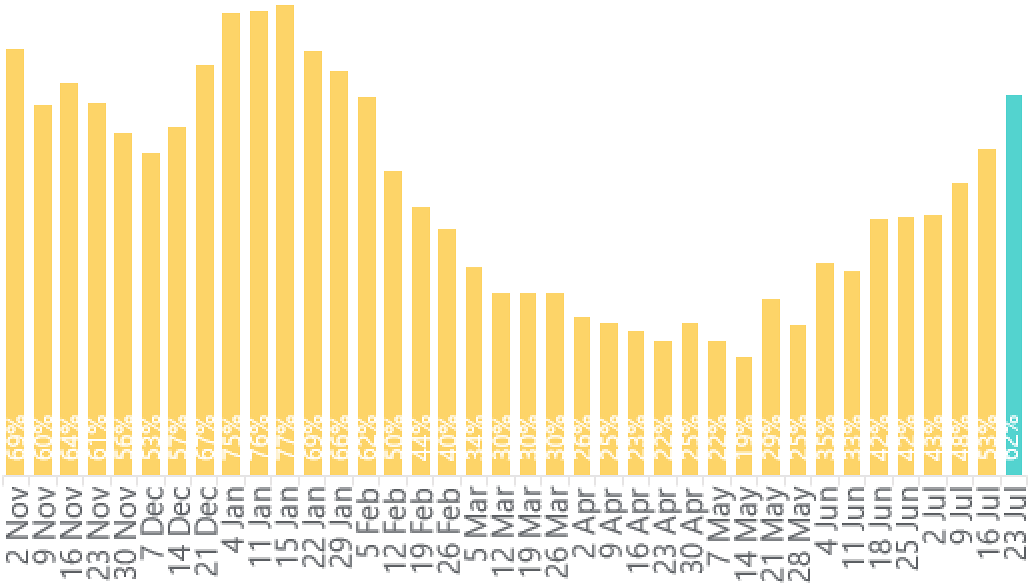


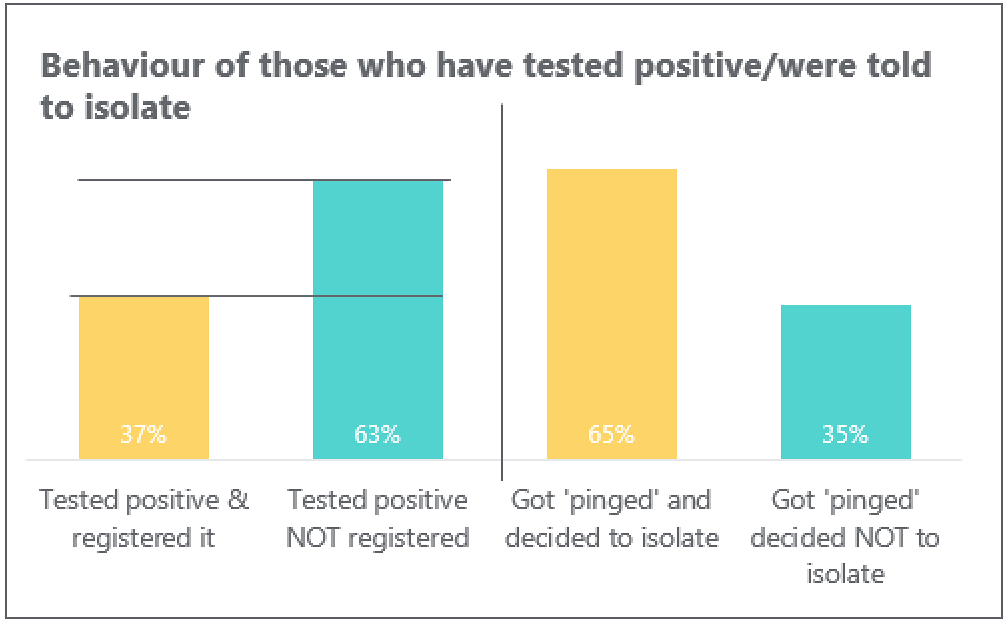
Below are a few statements about returning to the office. How much do you agree with the following statements? Proportion responding strongly agree/somewhat agree

Kokoro: Opinions on COVID-19 cases

Surveys say under 2 in 5 people who test positive for COVID-19 register results, true case rate likely to be higher than reported

Do you think cases are out of control?

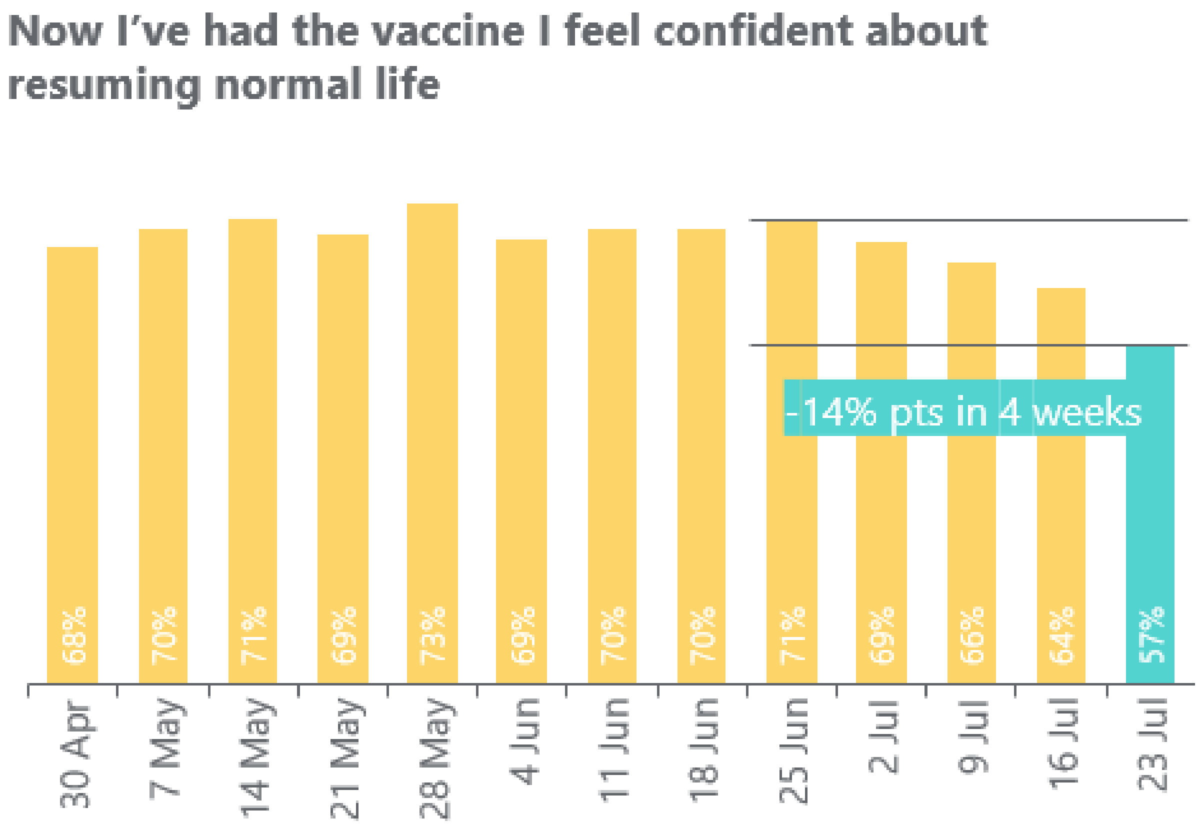




Source:
Kokoro - The Score Survey and Qualitative Interviews
Base: 23 Jul (2,010)
Q20, Q154

Kokoro: Opinions on return to normal life

The proportion of vaccinated people confident of a return to normal life has dropped sharply since the end of June



Source:
Kokoro - The Score Survey and Qualitative Interviews
Base: 23 Jul (2,010)
Q22, Q76e

Issues to consider

Vaccine coverage and 'freedom day' didn't bring the return to normal many hoped for

2021 summer of staycations for UK

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'On the go' food categories recovering well

Additional £22m spent in Bakery & Food services YoY +18%. Growth particularly strong in Convenience

Third wave of infections driving economic concern

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Grocery shopping habits continue steady return

Basket sizes are at their lowest since pandemic began, as shoppers revert to smaller, more frequent shops

Few people are keen to return to office working

Only 1 in 3 said they were happy to go back to the office. Those feeling comfortable doing so dropped 9% in July

Why not check out the latest articles on the Nectar 360 site?

As our new Nectar Connect propositions is made available to customers, Dom Winchester from the Customer Strategy Team explains how Open Banking is powering it. Read more here.

Customers' health goals shifted throughout a year like no other, with exercise booming through the summer of 2020 and dropping off in the winter. Other health goals also changed, with consumers focusing on both physical and mental health. Read more here.

Thank you

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