N360 Insights Review

November 2021

Supply issues, fuel shortages and inflation media coverage influenced customers' outlook

Economic pessimism ahead of Christmas

News on product availability, fuel supply issues and inflation drove concerns on people's outlook on the economy and personal finances.

Basket size continues to fall in line with 2021 trend

Shoppers continued to revert to pre-pandemic shopping behaviours as items per grocery transaction continued to decline (-12% YOY).

Return to the office helps On-the-go categories

On-the-go lunch categories grew as shoppers returned to work outside of home and counters re-opened (+18% YOY in Bakery & Food Services).

Increased comfort in booking future holidays

More people are now comfortable booking a future holiday than uncomfortable doing so. This is driven by COVID-19 vaccinations and lifting of travel restrictions.

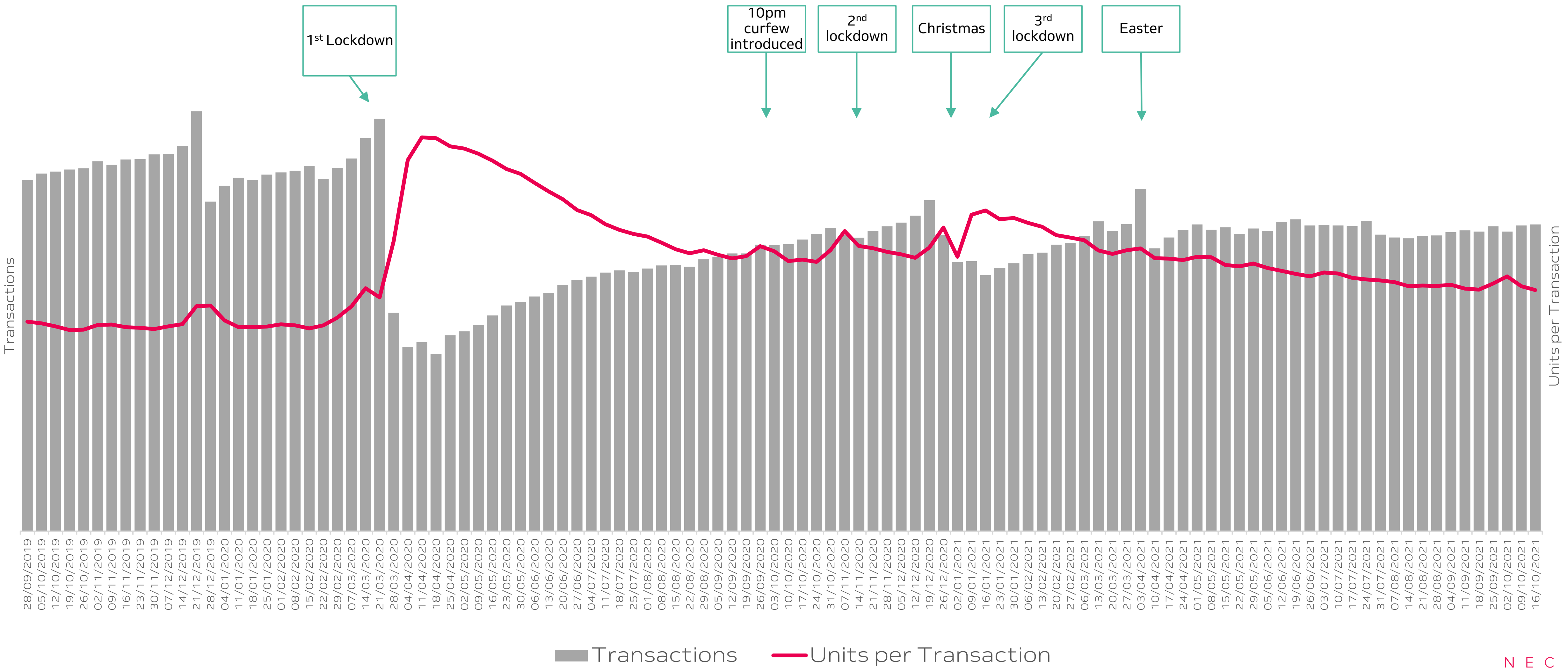
Hybrid working gains traction

More people are hybrid working, but are less confident workplaces will take appropriate measures to ensure safety than before.

Shopping behaviour hasn’t fully returned to pre COVID-19 levels and basket size continues to decrease

Nectar360
November 2021

Basket sizes continued to fall and get closer to pre-pandemic levels



Total Fresh, Grocery & Value Added Food 108 weeks to 16/10/2021; Nectar Data Only

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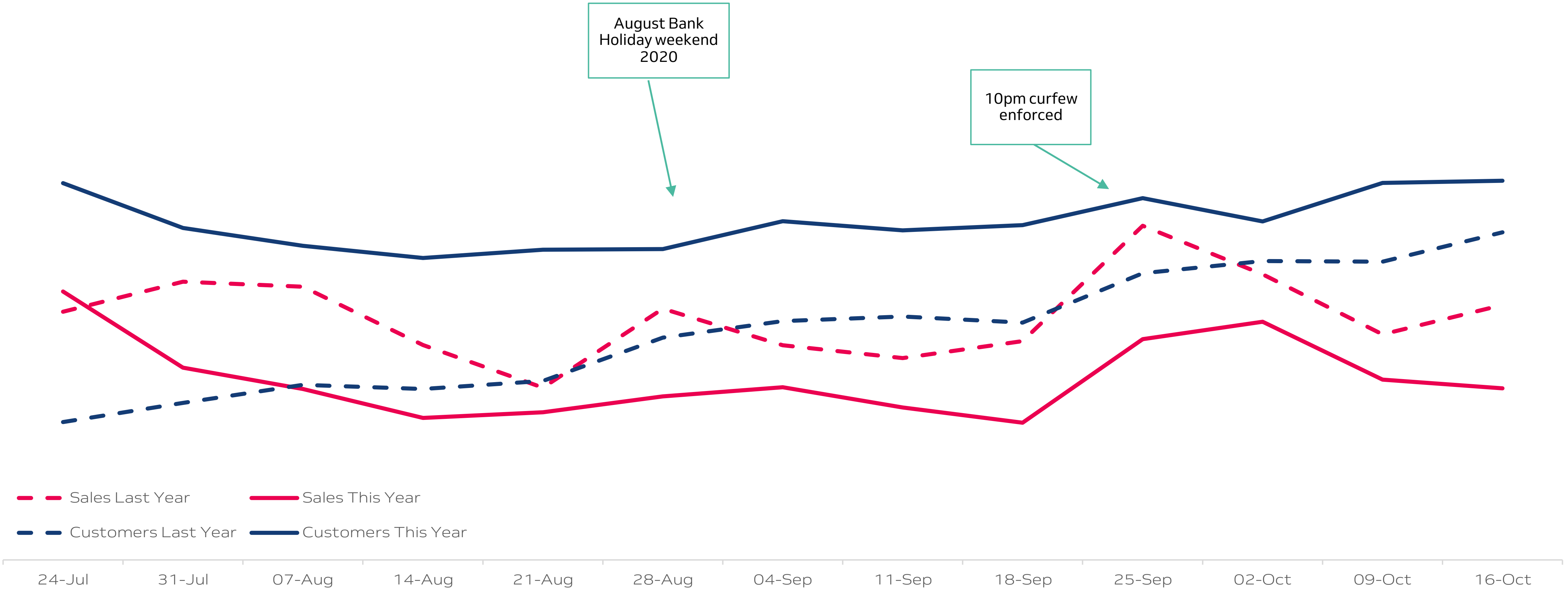
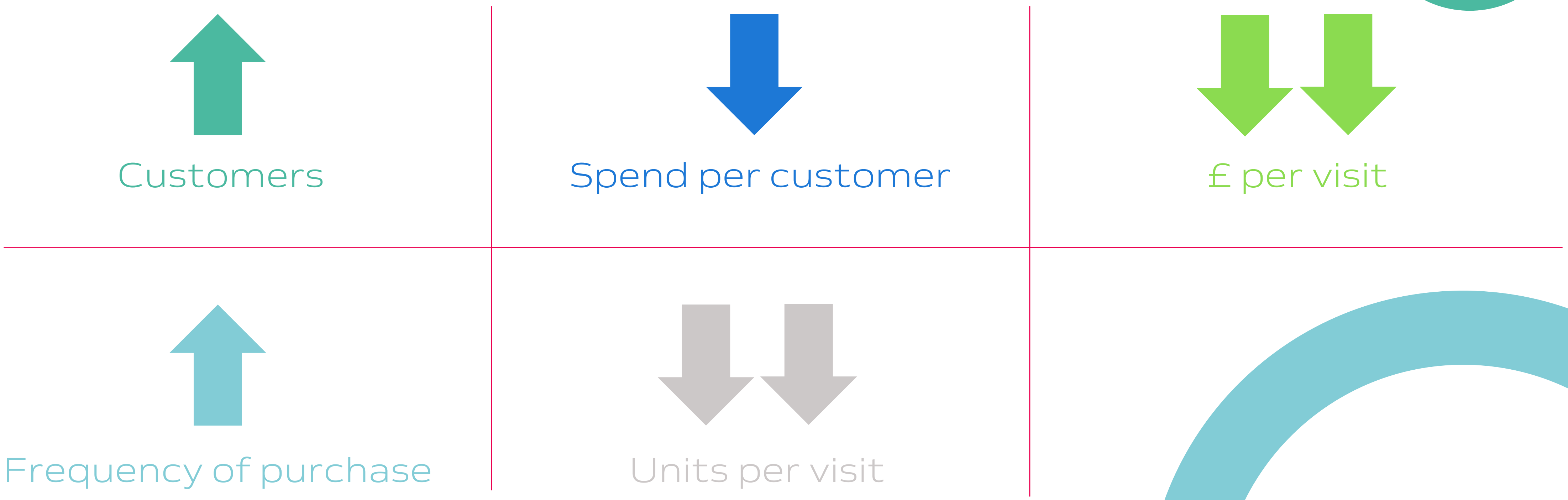
Customer volumes have improved YoY but sales sat lower than last year

As restrictions were still in place this time last year, shoppers spent more in grocery



Total Fresh and Grocery 12 weeks YoY to 16/10/2021; Nectar Data Only

Shoppers increased their frequency of purchase as COVID-19 eased

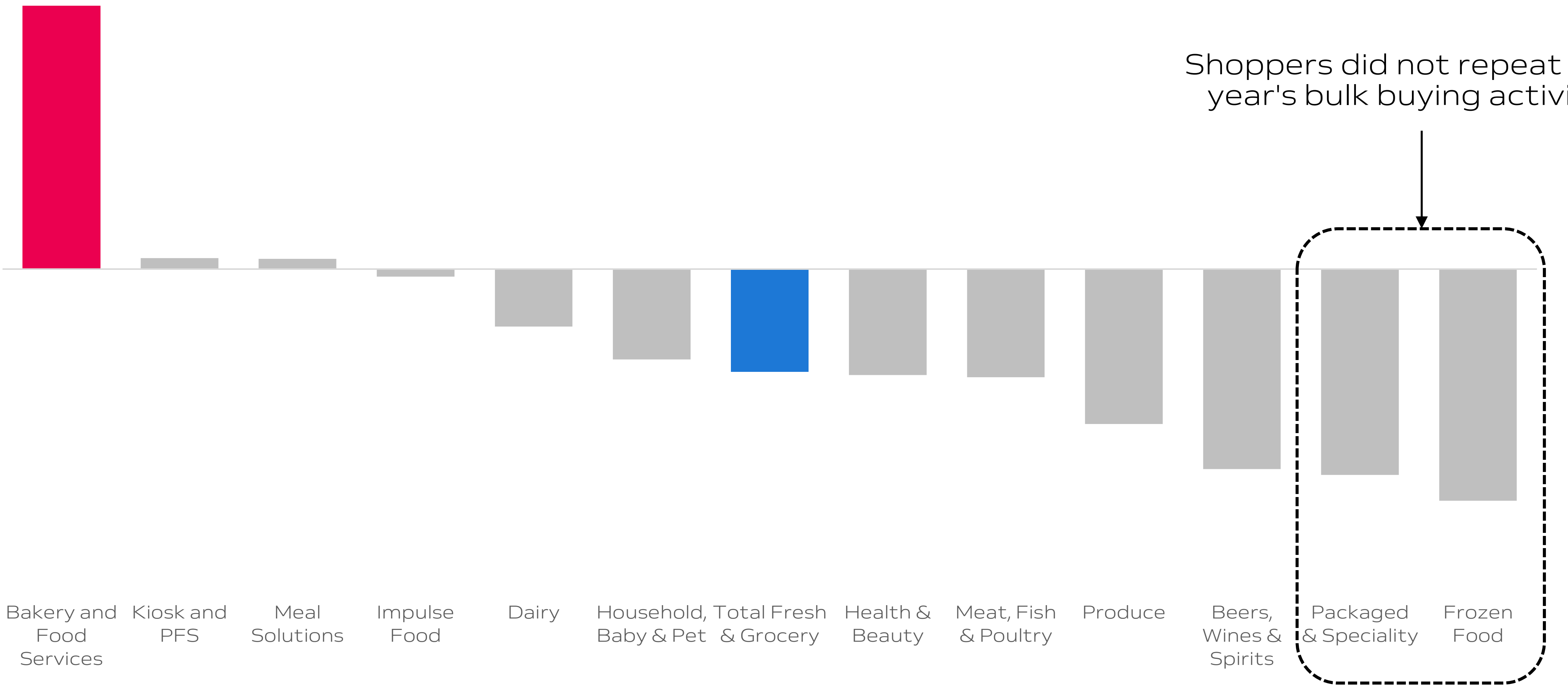


Total Fresh and Grocery 12 weeks YoY to 16/10/2021; Nectar Data Only

Occasion-led categories grew as shoppers began to socialise more often

Category performance – YoY

Bakery and Food Services demonstrated strong growth ahead of Total Fresh and Grocery as counters re-opened



Total Fresh and Grocery 12 weeks to 16/10/2021; Nectar Data Only

Category performance 12 weeks YoY

Growth in Kiosk and PFS spend as shoppers increased their spend on fuel amid shortages

Most impacted categories:

Bakery and Food Services	Spending increased in Bakery and Food Services in the last quarter versus last year. The Café sales saw particularly high year on year growth.	Cake & Patisserie grew due to closure last year.	Sandwiches saw strong growth.
Kiosk and PFS	Spending in Kiosk and PFS increased in the latest quarter. Petrol Stations drove growth as shoppers spent more on fuel during fuel shortages.	Tobacco contributed the largest actual sales growth YoY.	Smoking Alternatives also drove growth.
Meal Solutions	Increasing customer numbers into Meal Solutions drove growth for this category. International & Health Prepared Meals contributed the largest actual sales growth.	Meat Alternatives drove growth.	Increasing customer numbers in Meat Alternatives drove sales.

Total Fresh and Grocery 12 weeks to 16/10/2021; Nectar Data Only

Customers returned to shopping On-the-go as Convenience customer numbers rose

Channel Performance – 12 weeks YoY

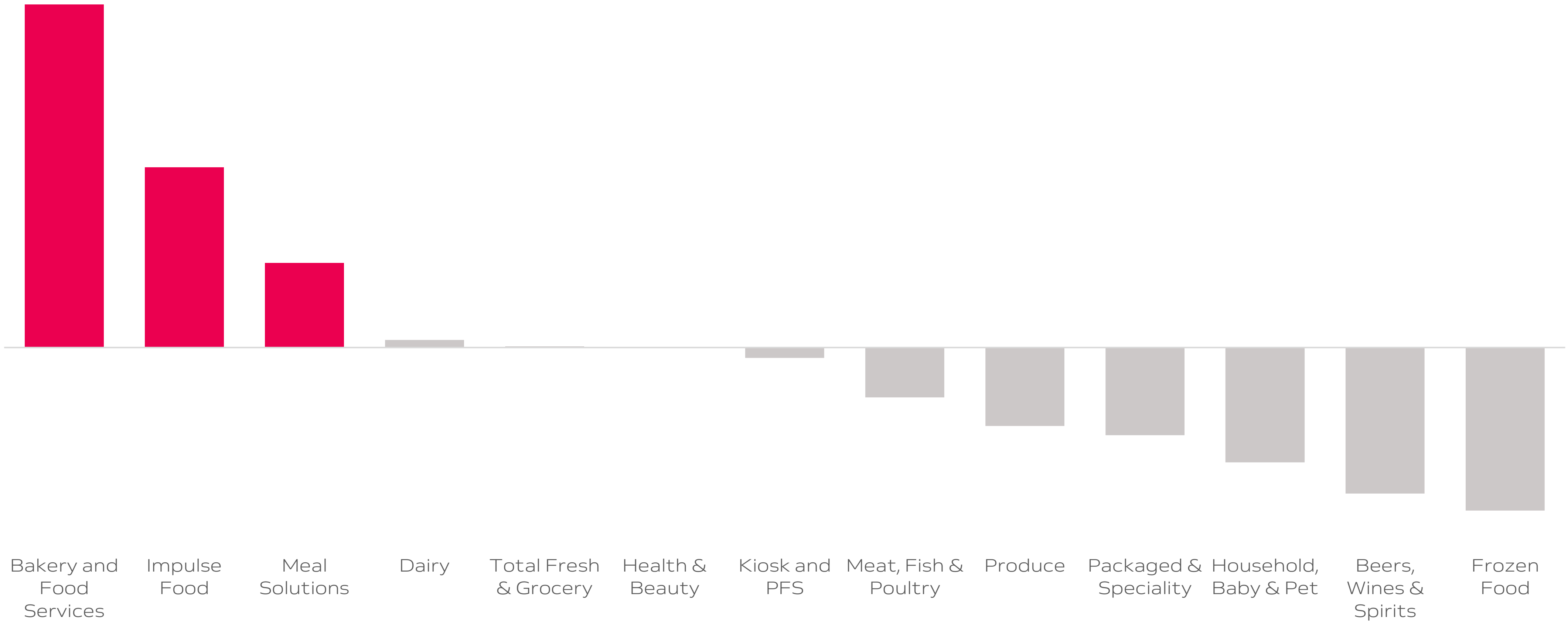
Customer numbers in convenience grew as shoppers returned to On-the-go missions

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

Total Fresh and Grocery 12 weeks to 16/10/2021; Nectar Data Only

Convenience Category Performance – YoY

On-the-go based categories saw the strongest growth in convenience



Total Fresh and Grocery, Convenience, 12 weeks to 16/10/2021; Nectar Data Only

Convenience Category Performance 12 weeks YoY

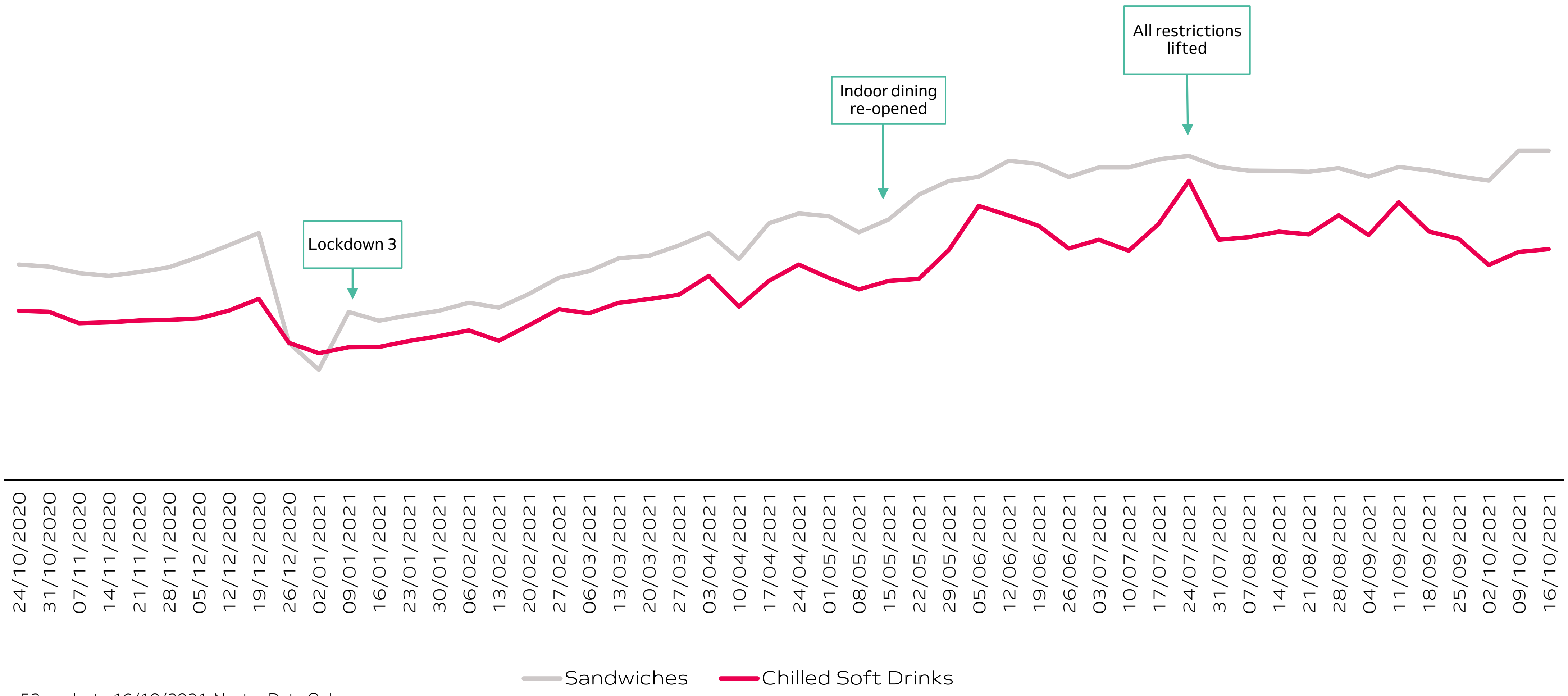
Sandwiches and Non-Carbonates drove sales growth in Convenience

Most impacted categories:

Bakery and Food Services	Sales grew in Bakery and Food Services in the latest quarter. Sandwiches contributed the largest actual sales growth.	Wraps drove the sales growth in Sandwiches.	Sales growth in Wraps were largely driven by customer numbers.
Impulse Food	Impulse saw an increase in sales YoY. Non Carbonates demonstrated the fastest growth.	The largest sales growth was driven by the Soft Drinks Chiller category.	Still Water also saw large growth.
Meal Solutions	Meal Solutions saw an increase in sales YoY. Meat Alternatives drove growth.	Plant Based Burgers drove the largest sales growth for the category.	Plant Based Chicken & Beef saw the largest percentage growth.

Sales in Sandwiches and Soft Drinks Chillers gradually rose as restrictions eased

Weekly Sales



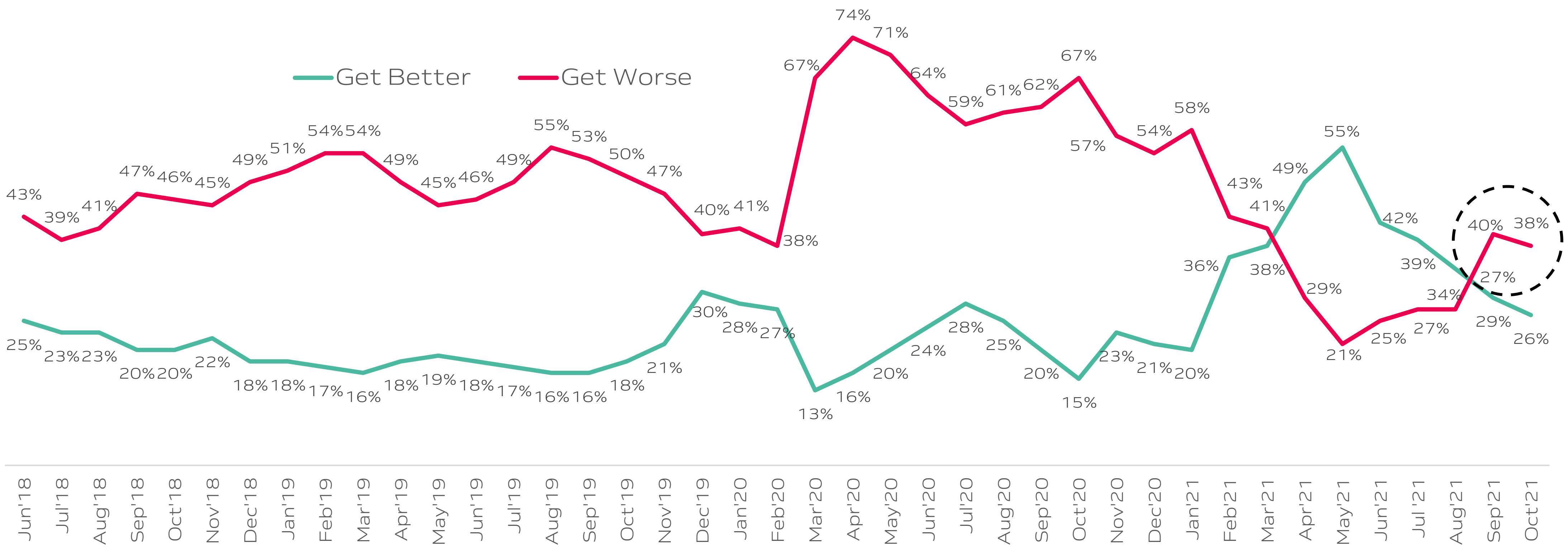
52 weeks to 16/10/2021; Nectar Data Only

Anxiety around the UK economy and financial well-being rose with news on fuel and product shortages, as well as inflation

Financial Situation – UK

News around inflation and supply issues resulted in 4 in 10 customers expecting the UK economy to get worse

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



Source: Grocery Tracker, ~2,000 interviews per month

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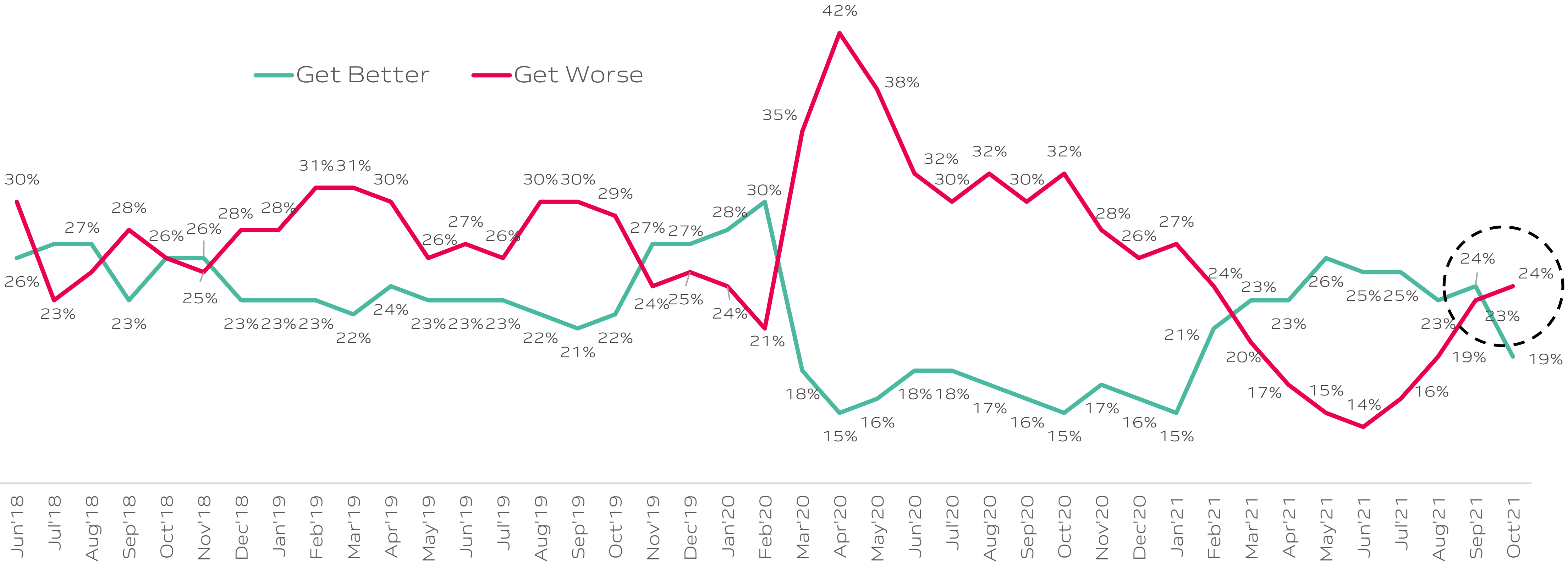
Financial Situation - Personal

More customers expected their personal finances to get worse than better for the first time since February

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

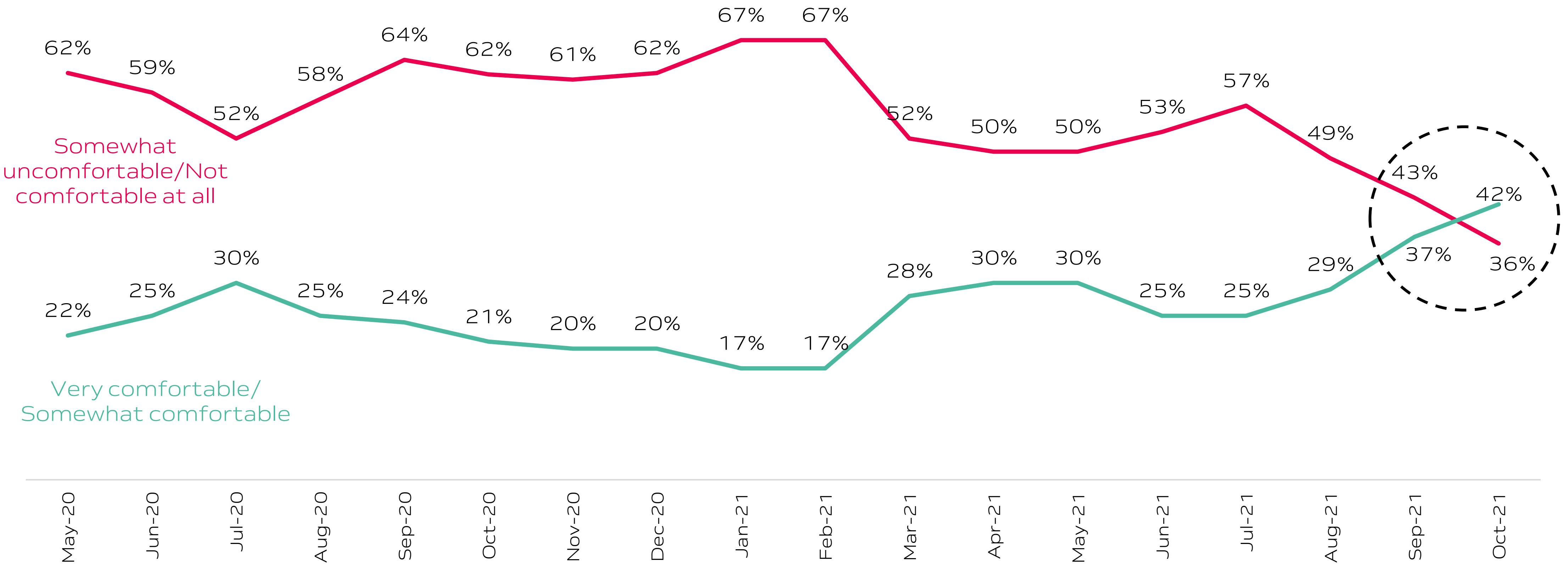


Source: Grocery Tracker, ~2,000 interviews per month

Despite pessimism around finances, more customers feel comfortable planning future holidays than don’t, for the first time since the pandemic began

More customers felt comfortable than uncomfortable in making future holiday bookings

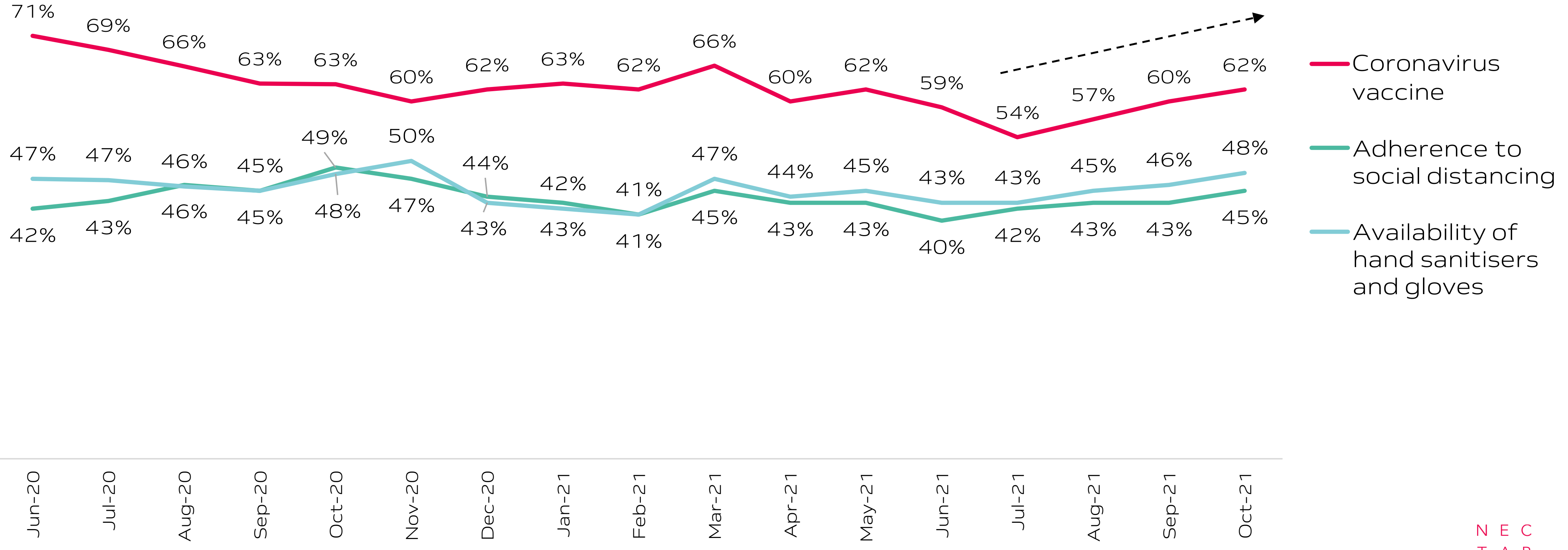
How comfortable do you feel as of now to make your future holiday bookings?



Source: Nectar 360 Omnibus/ Travel Pack, ~2,000 interviews per month

The roll out of the COVID-19 vaccine was the biggest driver of comfort

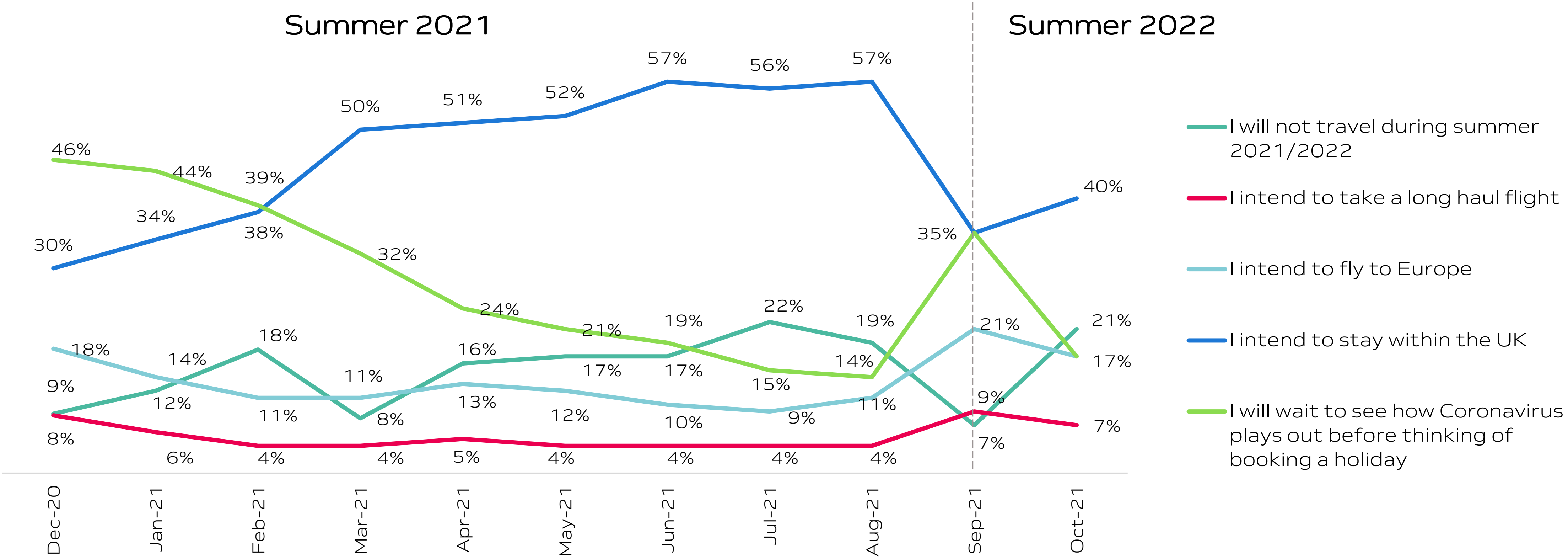
How much would any of the below make you feel more comfortable to travel in future?



Source: Nectar 360 Omnibus/ Travel Pack, ~2,000 interviews per month

By September, increasing numbers were considering travelling abroad but willingness to leave the UK dipped again in October

And thinking ahead to summer 2022, what are your current holiday plans?



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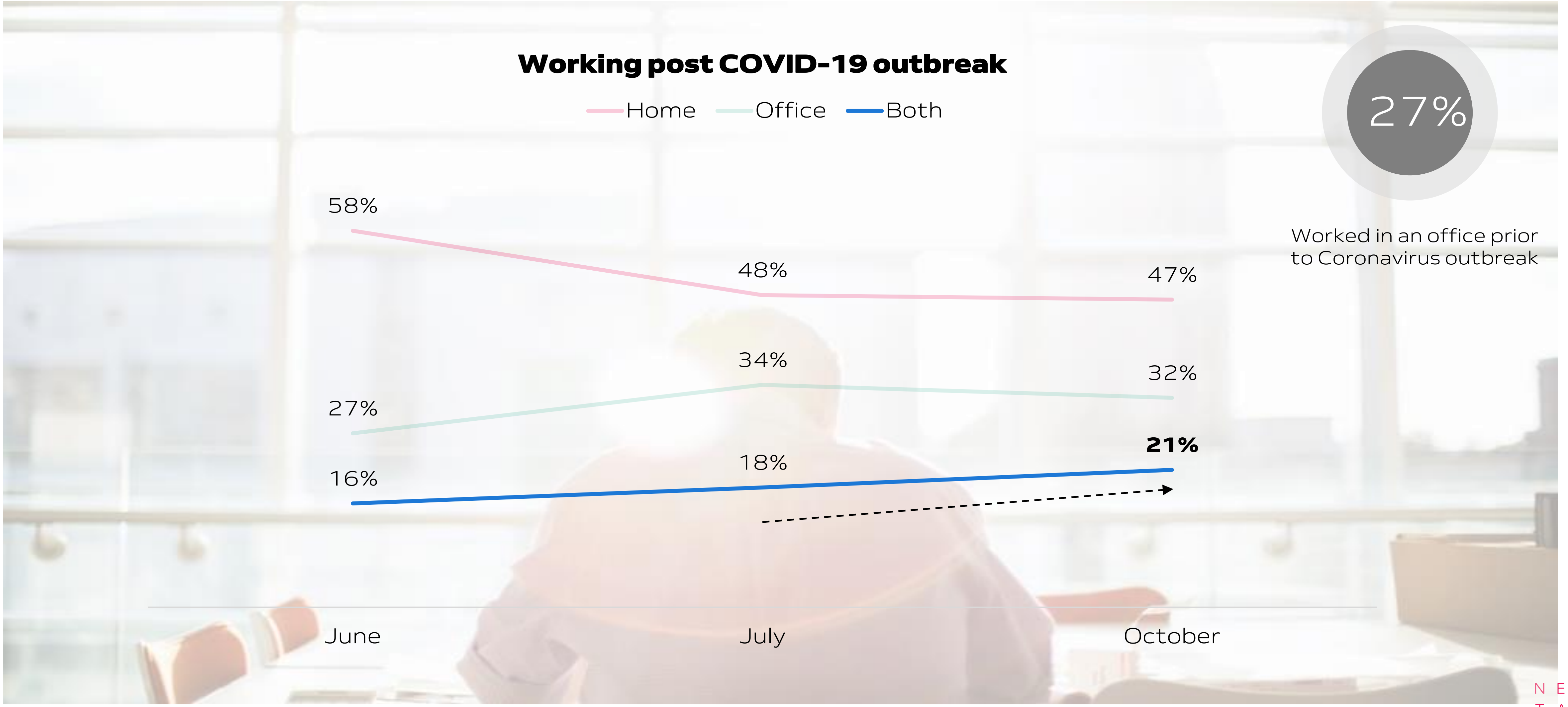
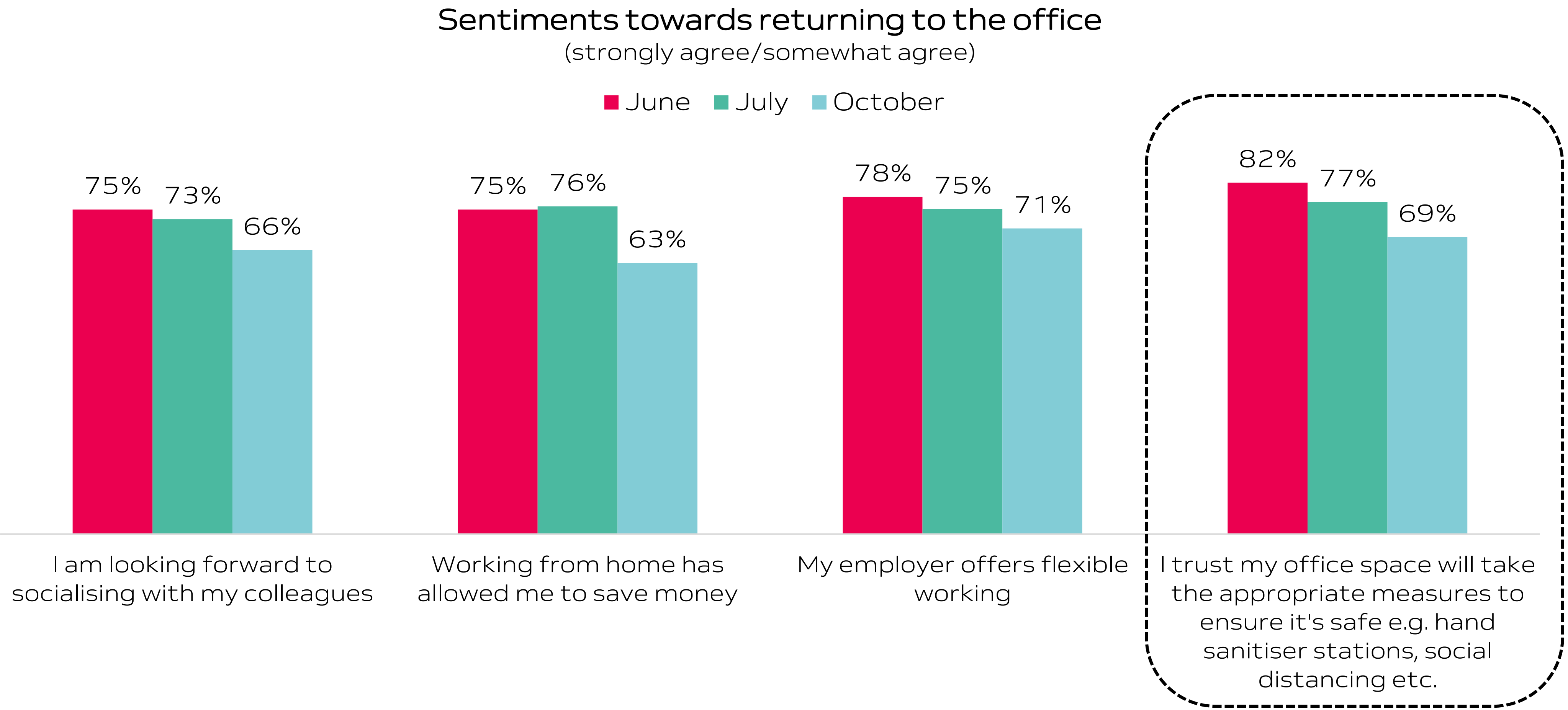
As more people opted for hybrid working, trust in office safety measures declined

In October more people adopted hybrid working than previously



Before the Coronavirus outbreak, did you mainly work in an office? / And now, do you work mainly from home or in an office?

With hybrid working increasing, workers are feeling less positive towards office benefits and more concerned about safety measures



 Below are a few statements about returning to the office. How much do you agree with the following statements?

Issues to consider

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Basket size continues to fall in line with 2021 trend

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Return to the office helps On-the-go categories

On-the-go lunch categories grew as shoppers returned to work outside of home and counters re-opened (+18% YOY in Bakery & Food Services).

Increased comfort in booking future holidays

More people are now comfortable booking a future holiday than uncomfortable doing so. Is this solely down to the vaccine roll-out and restrictions being lifted, or does it hint at a polarisation in disposable income across customers?

Hybrid working gains traction

More people are hybrid working, but are less confident workplaces will take appropriate measures to ensure safety than before.

Why not check out the latest articles on the Nectar360 site?

National vaccine coverage and 'freedom day' didn't bring the return to normal that many hoped for. We look at the shape of shopper attitudes back in August. Read more here.

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

Thank you

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