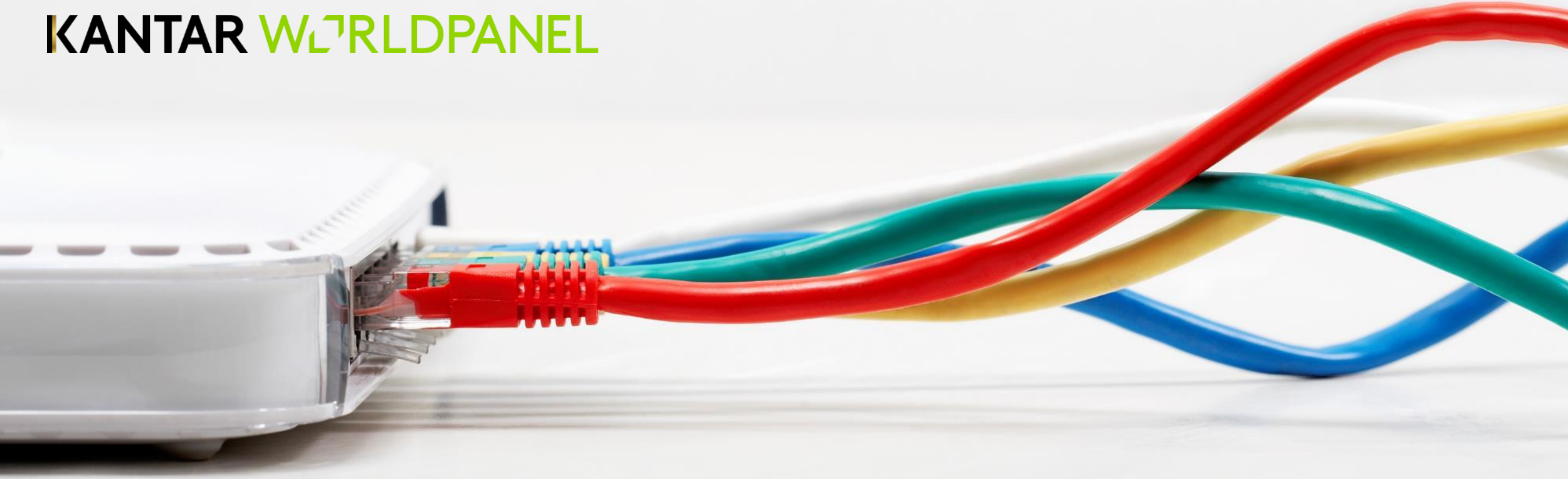
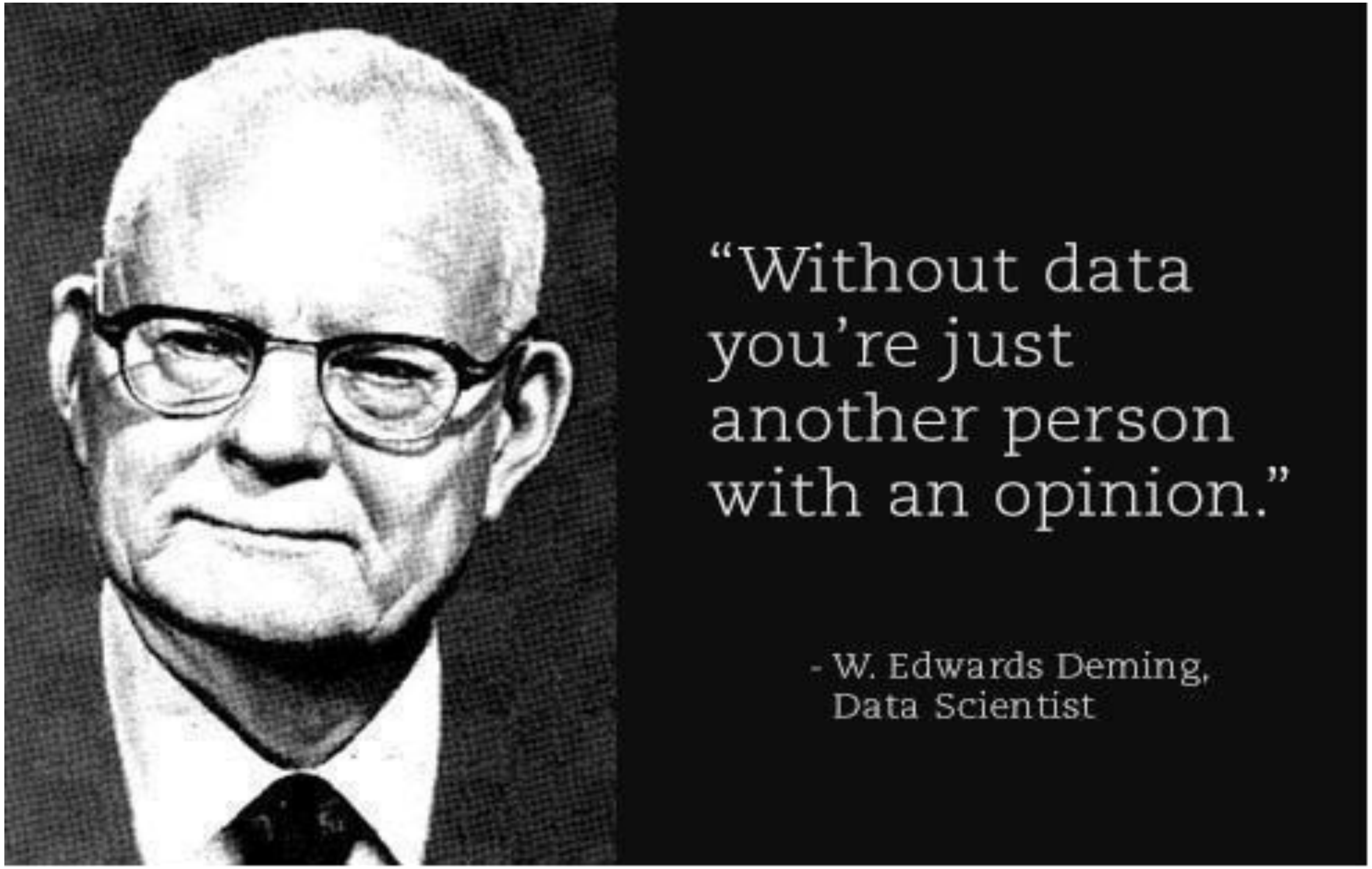


Finding growth in reinvented retail

10 elements to win omnichannel

Stéphane Roger, Global Shopper & Retail Director



500 000 continuous panelists

Shopping behaviour

Fast Moving Consumer Good (FMCG)

Fresh Food focus

All channels

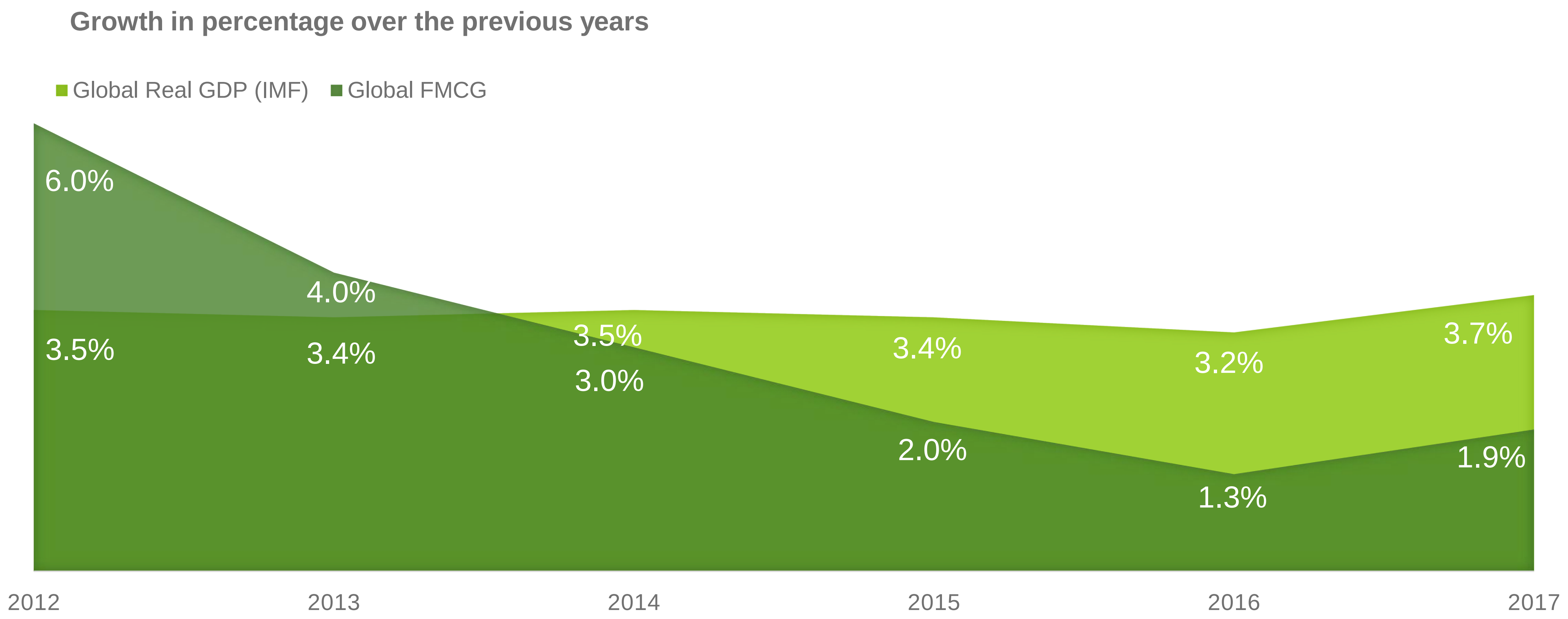
27 countries

3 years back data and forecast 2020

01

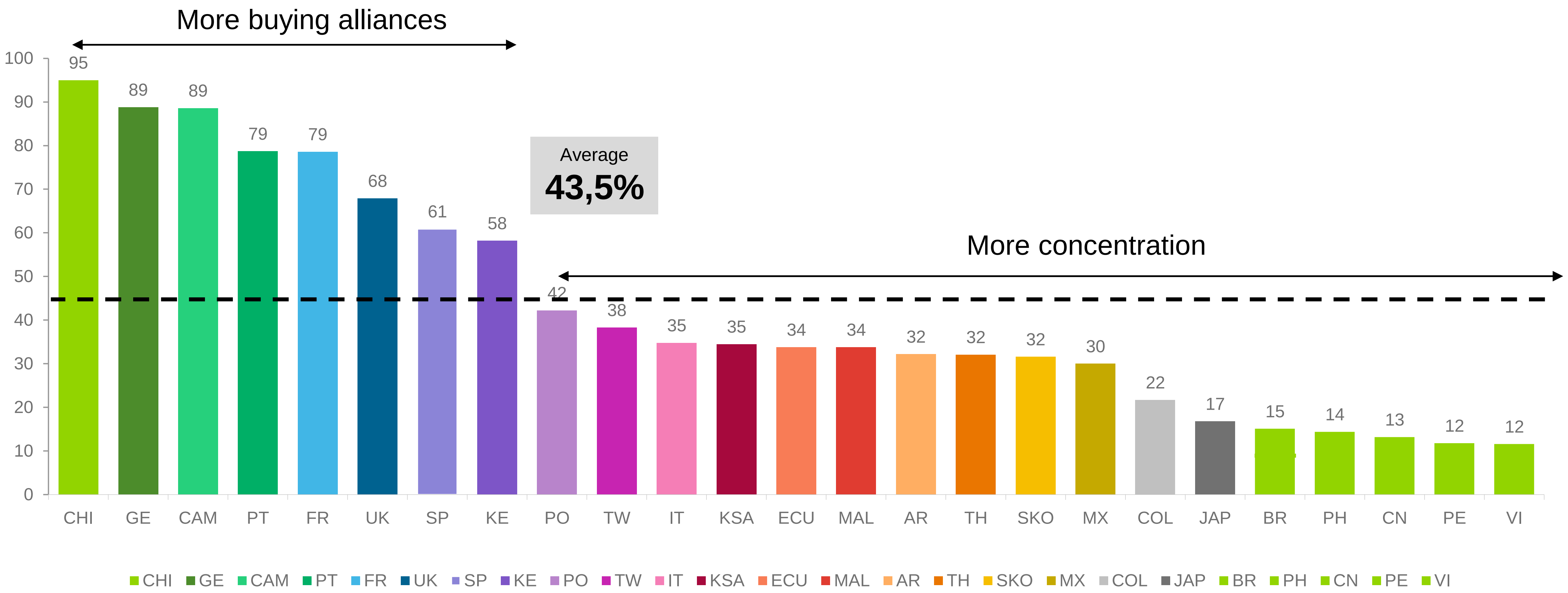
Big growth is over

Growth in FMCG is harder than ever, 2017 is slightly better



Retailers would have more appetite to generate more alliances & be price competitive.

% value Share of market of TOP 5 Retailers in 2016 -



Source Kantar Worldpanel

More movements of concentration in Europe / Asia

Tesco and Carrefour plan 'strategic alliance' to buy products

While link-up could lead to more choice, analysts say it will squeeze suppliers further

▲ Tesco and Carrefour are under pressure from cut-price rivals such as Lidl, as well as Amazon. Photograph: Wild Places Photography/Alamy

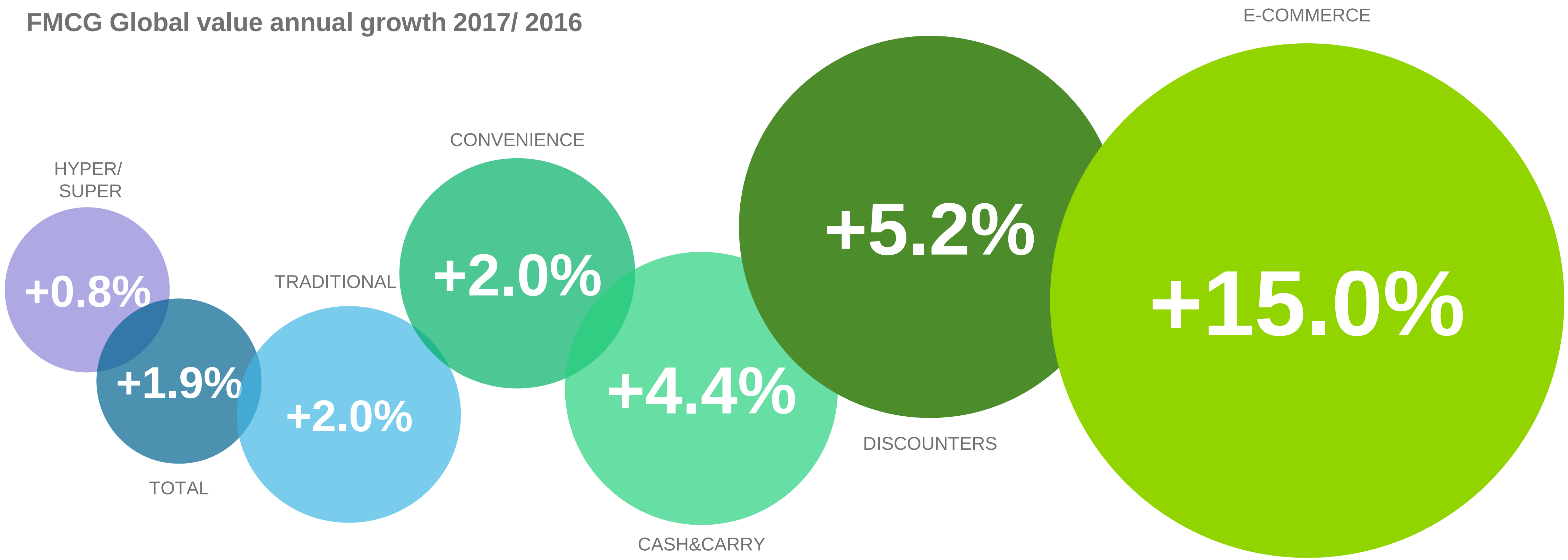
02

Invest on convenience and value for money models

Understanding what shoppers need

E-COMMERCE	DISCOUNT – C&C	CONVENIENCE
SAVE TIME & STRESS FREE	VALUE FOR MONEY	PROXIMITY

Growth is fragmented and new drivers have emerged

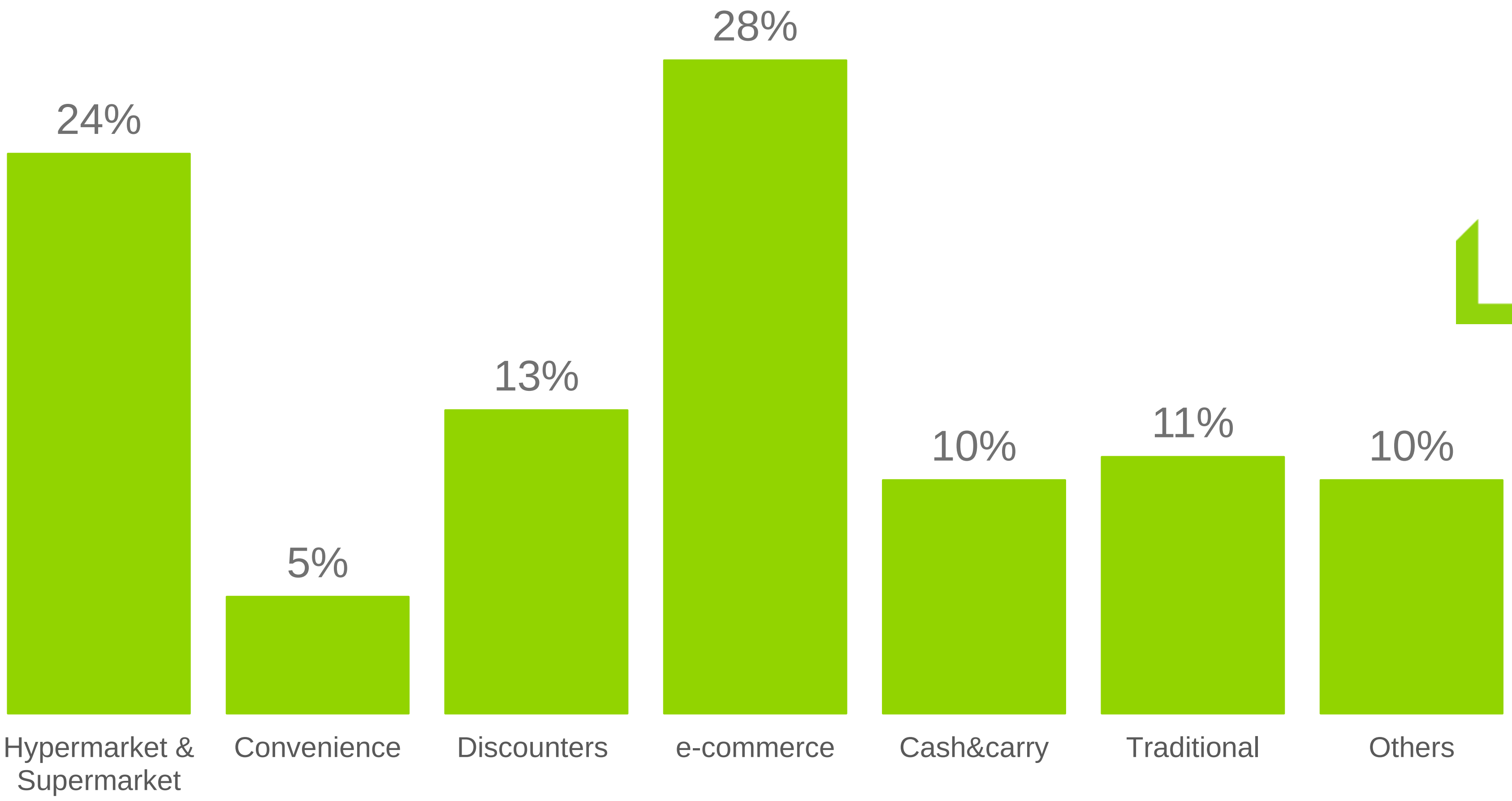


03

Change the way you observe your performance

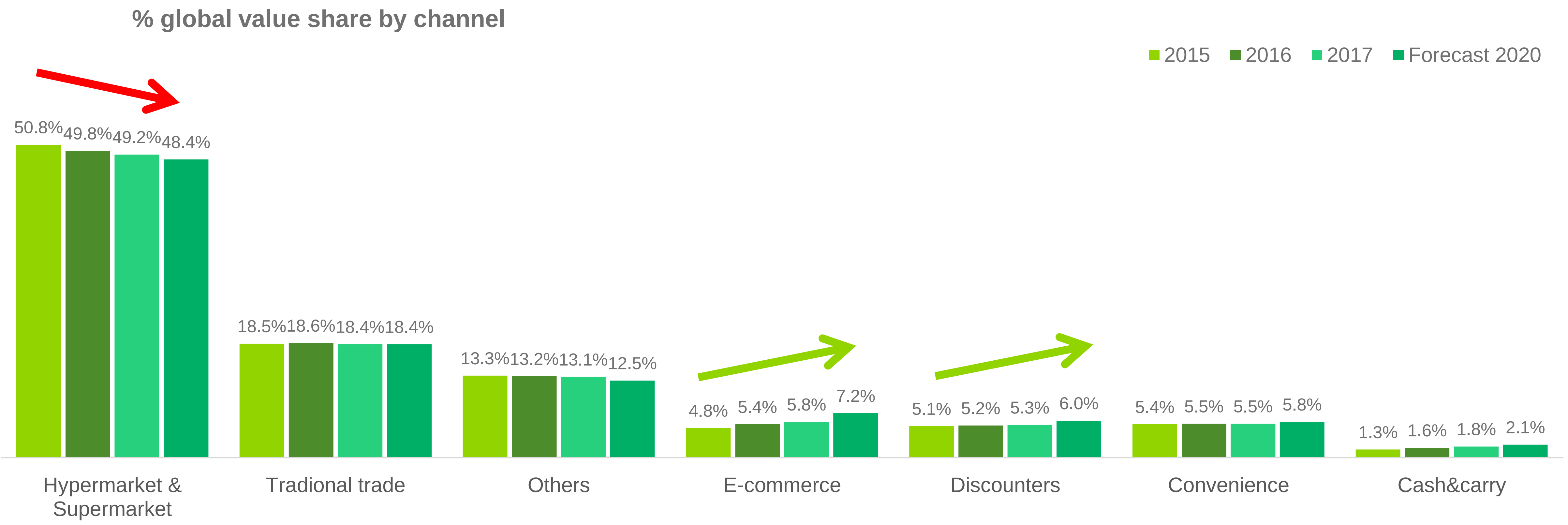
The read of performance in Hyper and supermarkets is not enough anymore

% value contribution to 2017 FMCG growth



76% of FMCG value growth comes from outside HM/SM

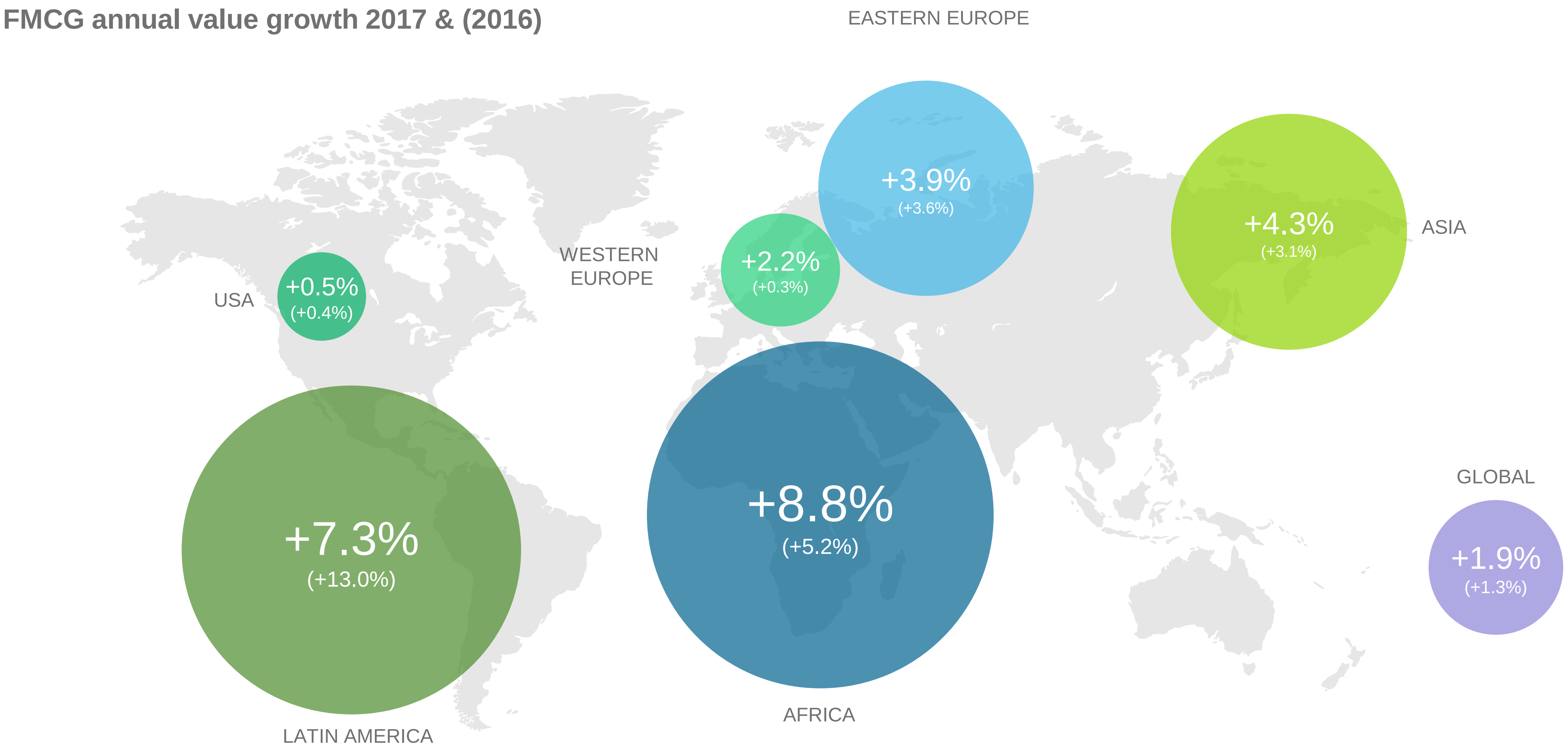
Acceleration of retail changes



04

Drive growth activating the right levers

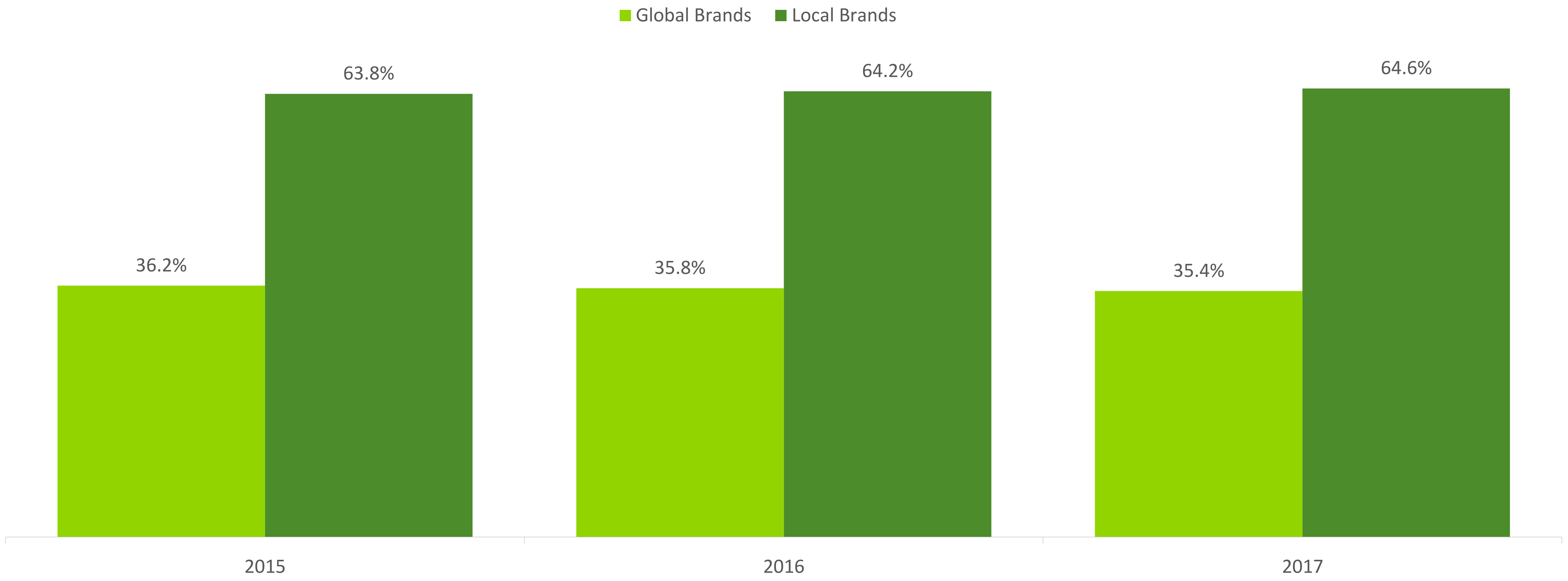
Western Europe improves value performance in 2017 mainly due to inflation in the UK



Source: Kantar Worldpanel, Europanel, Intage

Local brand continue to chip away at global brand spend

Share of spend – Global vs Local ($%)



Source Kantar Worldpanel, Europanel

KANTAR WORLDPANEL

Drive growth reaching the right target by format

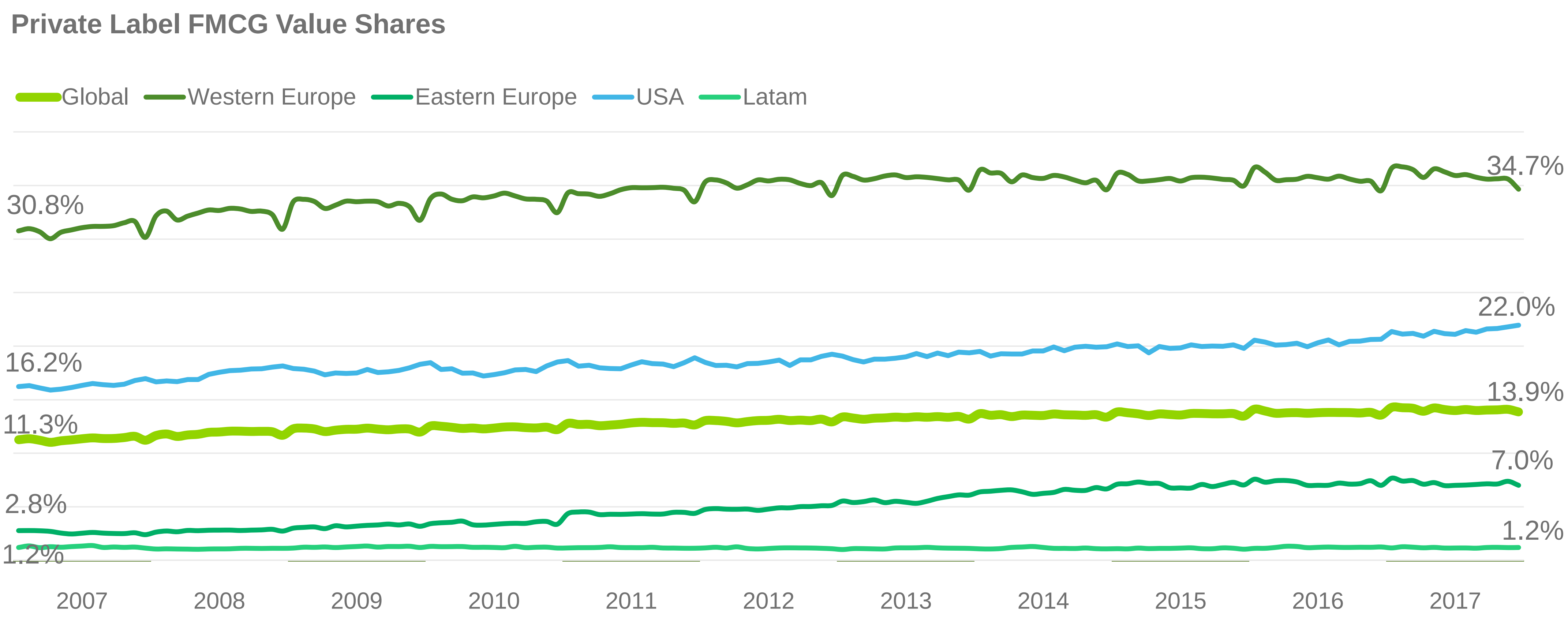
% value share of market by format and most important share by target in Western Europe

Format	Value share	Target	Share by target
HIPER MARKET	25.4%	35-44	33.2%
SUPER MARKET	40,5%	45-64	45.5%
DISCOUNT	11.0%	35-44	11.6%
CONVENIENCE	6.0%	+65	24.2%
E-COMMERCE	5.6%	< 35	9.8%
TRADITIONAL & OTHERS	10.5%	+65	12.8%

05

Answering to shopper's price orientation

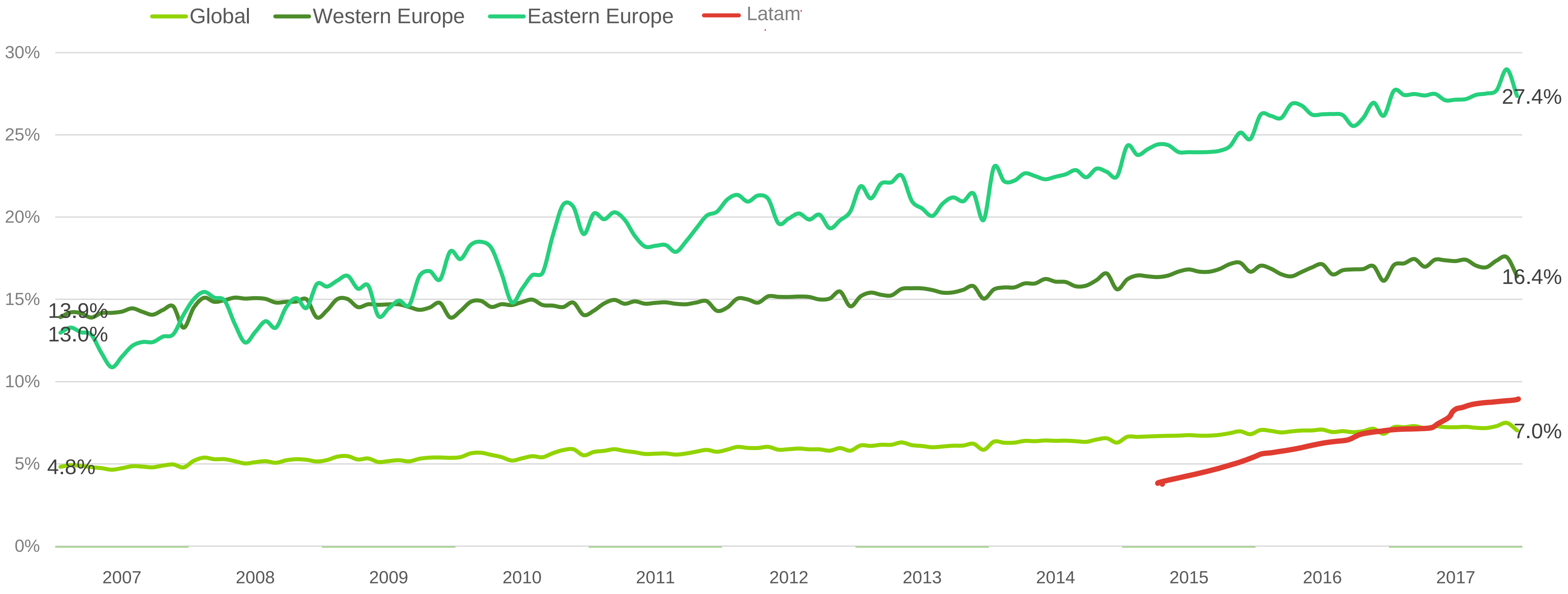
Private label has a great future still eveywhere
Growing globally but largely due to the US and discounter increase



Source: Global and regional totals are the 'barometer' countries in this report: France, Germany, Italy, Netherlands, Spain, UK, Poland, Russia, US, Brazil, Mexico, China and Japan

Discounters continue to grow share due to specific countries UK, Poland, Russia, and booming in Latam

Discounter FMCG Value Shares



Global and regional totals are the 'barometer' countries in this report: France, Germany, Italy, NL, Spain, UK, Poland, Russia, USA, Brazil, Mexico, China and Japan.

Lidl renovating the concept of discount

PLEASANT SHOPPING

PRIVATE LABEL EXCELLENCE

MASSIVE MEDIA INVESTMENT

New concepts are rising in Colombia after D1 boom: Justo & bueno - Ara

70 shops in 2 years, 500 sqm with a promise of proximity and great prices

Tiendas Ara abre su local número 400 en Colombia

Economía 23 Feb 2018 - 8:38 PM
Por: EFE

Está ubicado en Zipaquirá, Cundinamarca. La marca tiene presencia en 15 departamentos del país.

/ Camilo Vega

La marca Tiendas Ara, de la cadena portuguesa Jerónimo Martins, abrió en el municipio de Zipaquirá, Cundinamarca, su local número 400 en Colombia, informó hoy la compañía.

Incumbent retailers reacting

Opening Price oriented stores (Tesco UK) or activating more omnichannel options (Leclerc France)

New Tesco discount chain could launch as early as September

Supermarket group looks to ramp up battle with Aldi and Lidl by opening up to 60 stores

▲ Tesco is advertising for staff for a new format in Immingham, Lincolnshire, and Chatteris, Cambridgeshire. Photograph: PA

[Exclu] Le plan d'E.Leclerc pour conquérir Paris

CLOTILDE CHENEVOY | ENTREPRISES, DISTRIBUTEURS , E.LECLERC

PUBLIÉ LE 19/02/2018

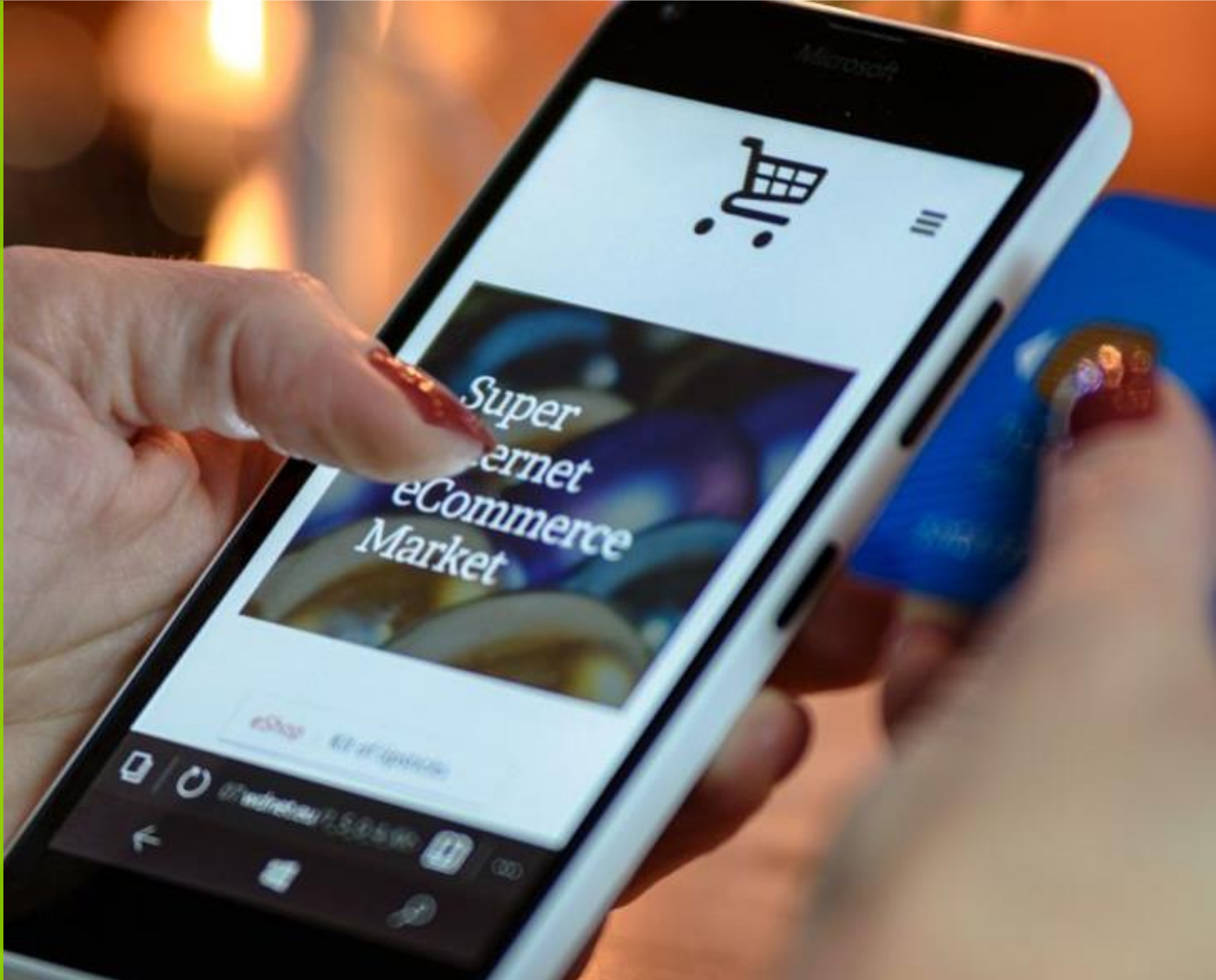
TWITTER FACEBOOK LINKEDIN GOOGLE + EMAIL IMPRIMER

Le distributeur se donne trois ans pour investir les foyers parisiens au travers d'une nouvelle activité e-commerce. Le service « Leclerc chez moi » sera lancé en avril. LSA vous dévoile en détail le plan de l'offensive d'E.Leclerc.

E.Leclerc lance son service de livraison à domicile sur Paris intra-muros

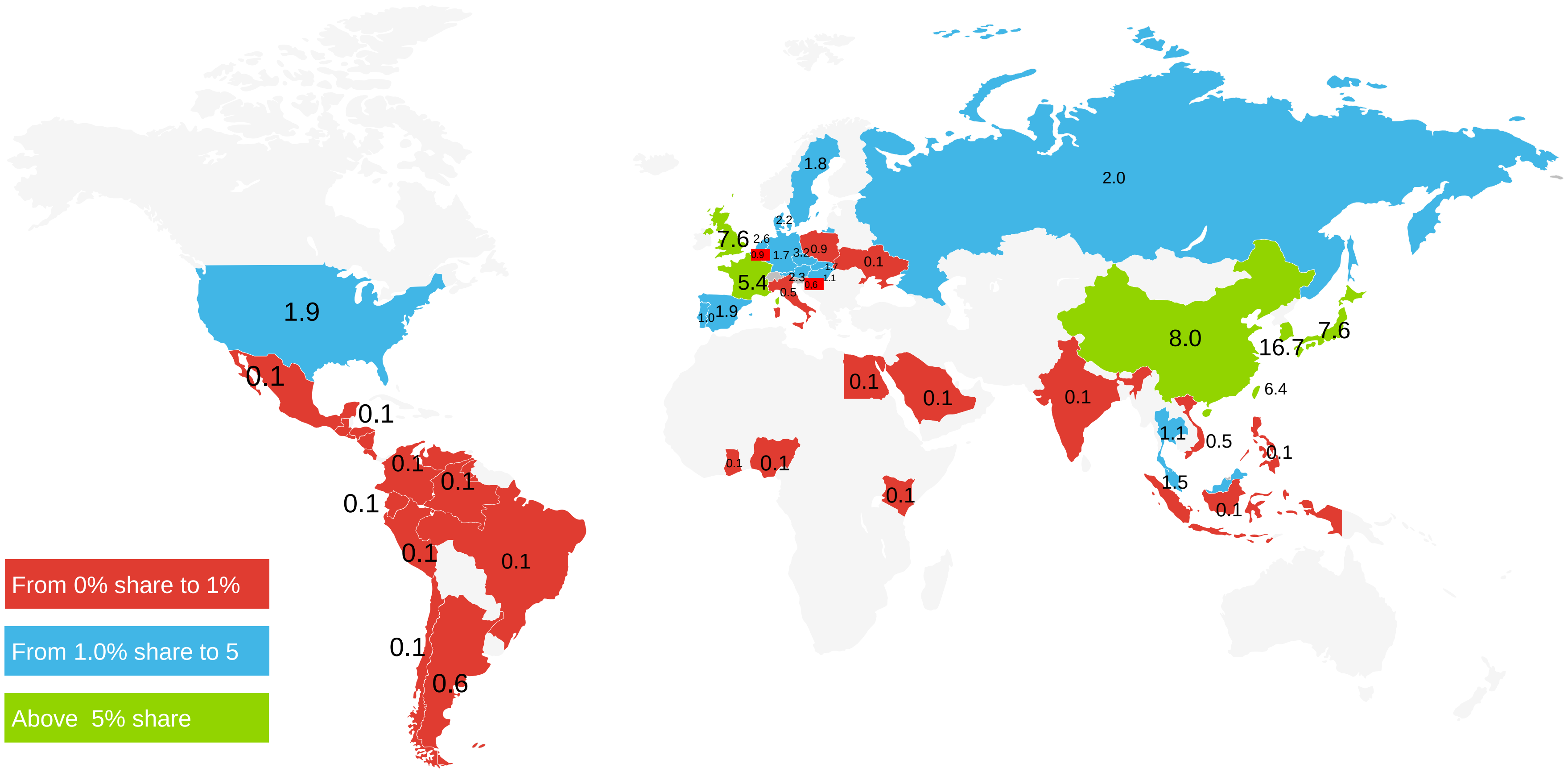
06

Adapted to a world of constrasts



E-commerce, Asia is dominant.

2017 Online value share in FMCG E- Commerce



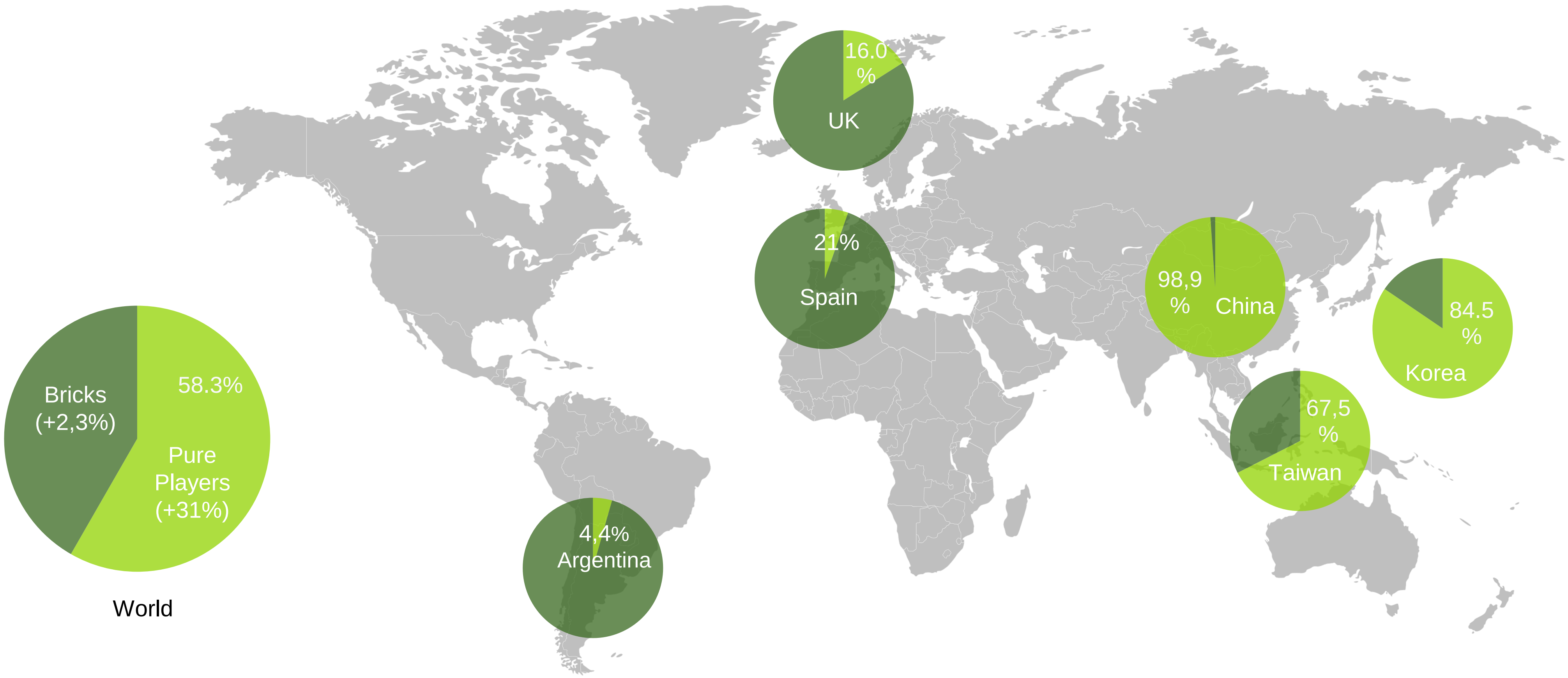
FAST GROWING
2017 value growth
+15.0%

ALREADY SIGNIFICANT
% Value share of ecommerce in FMCG market
5.8%

BRANDED
% Value share
Brands: 79.9%
Private label: 20.1%

Pure players go faster

% value share of market Pure Players vs Bricks – 52 w/e June 2018



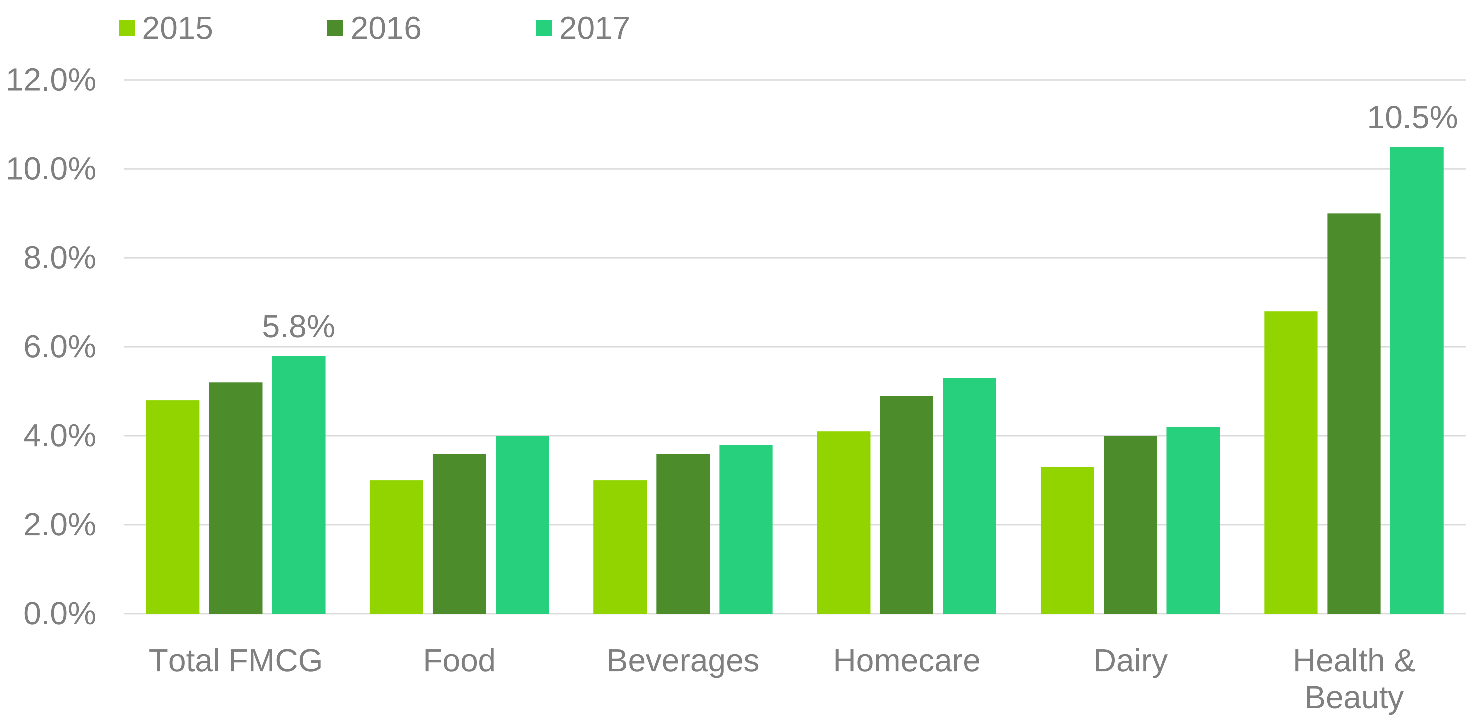
Megacities, at the heart of online winning strategy

Source: Kantar Worldpanel – MAT June 2018 – share of market in value –

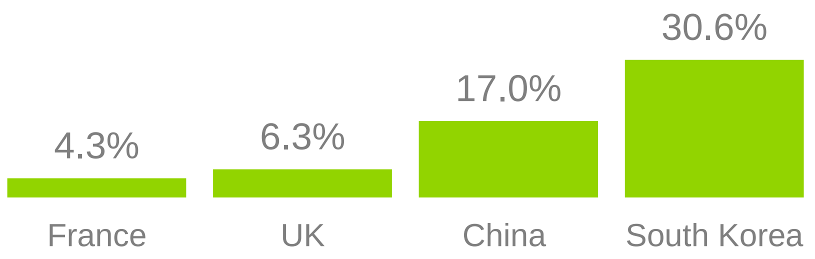
Playing where it is relevant

Category and country contrasts in FMCG

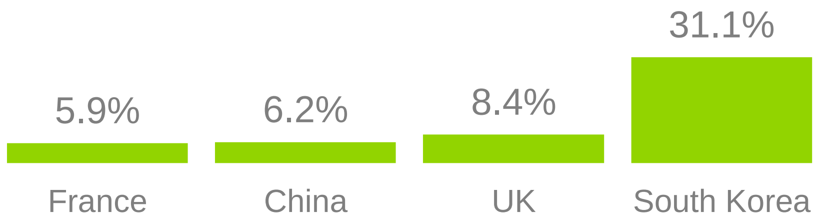
Global E- Commerce share by macro Category



2017 Value Share of Beauty products online



2017 Value Share of Homecare online



07

Hypermarket is not dead

Hypermarkets no longer the #1 choice of shopper on purchase drivers

Metric	Choice of Channel (1990s)	Choice of Channel (2017)
Assortment	Hypermarkets (e.g. Auchan) ~ 60,000 SKUs	E-commerce (Amazon.com) ~480 million SKUs
Price	Hypermarkets (e.g. Walmart) Every day low price proposition	Discounters (Aldi, Lidl) Every day low price proposition
Events	Hypermarkets (e.g. Tesco) Seasonal events, Treasure hunts	E-commerce (e.g. Alibaba) Singles Day event

Source: Kantar Retail analysis

Better options as global players outperformed by local players

Local players leverage their understanding of local needs and couple it with best-in-class execution

Carrefour China

Fmart (Yonghui) China

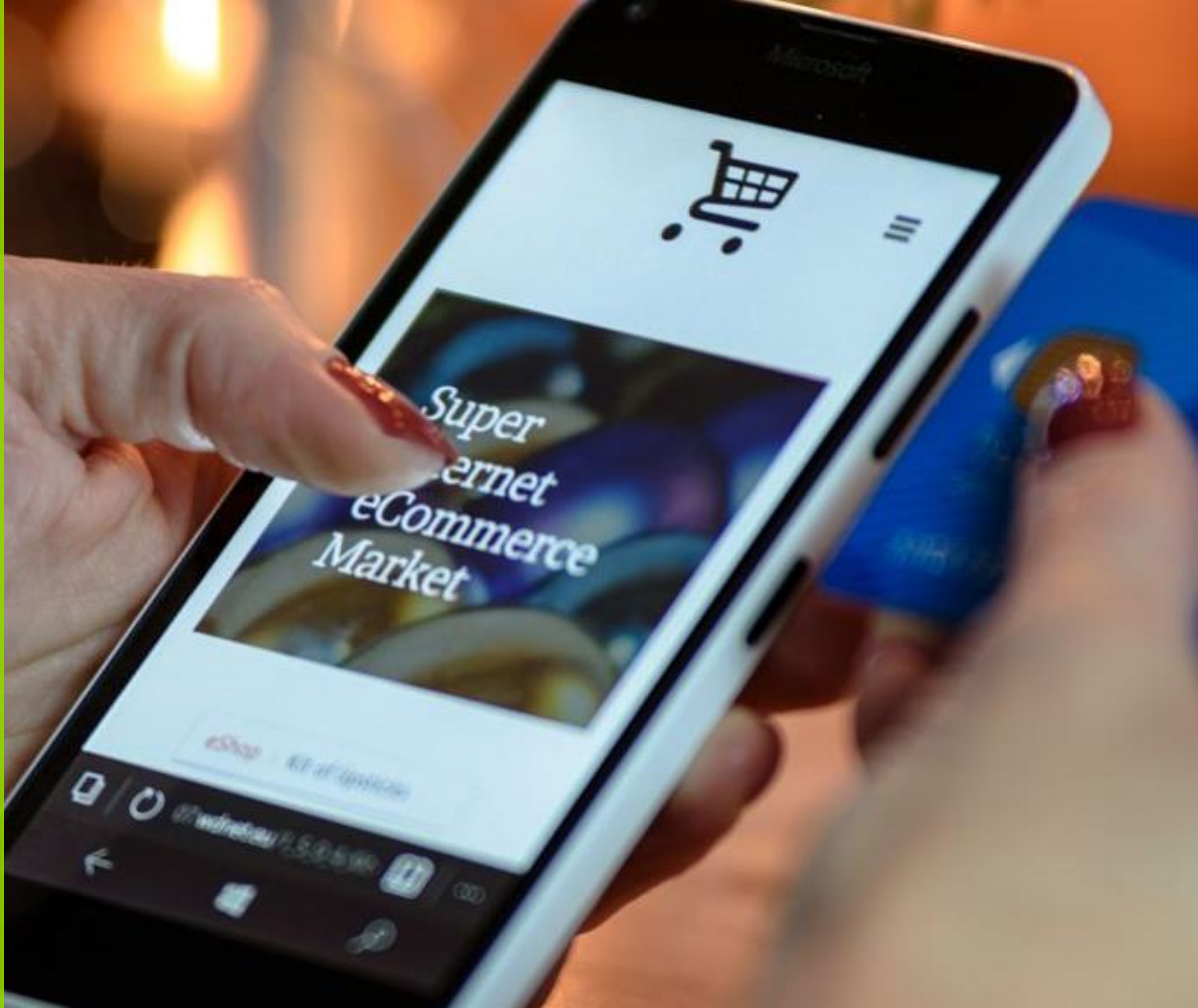
Source: Kantar Retail store visits

New Carrefour HM in Sao Paulo

Large space dedicated to fresh food at the entrance

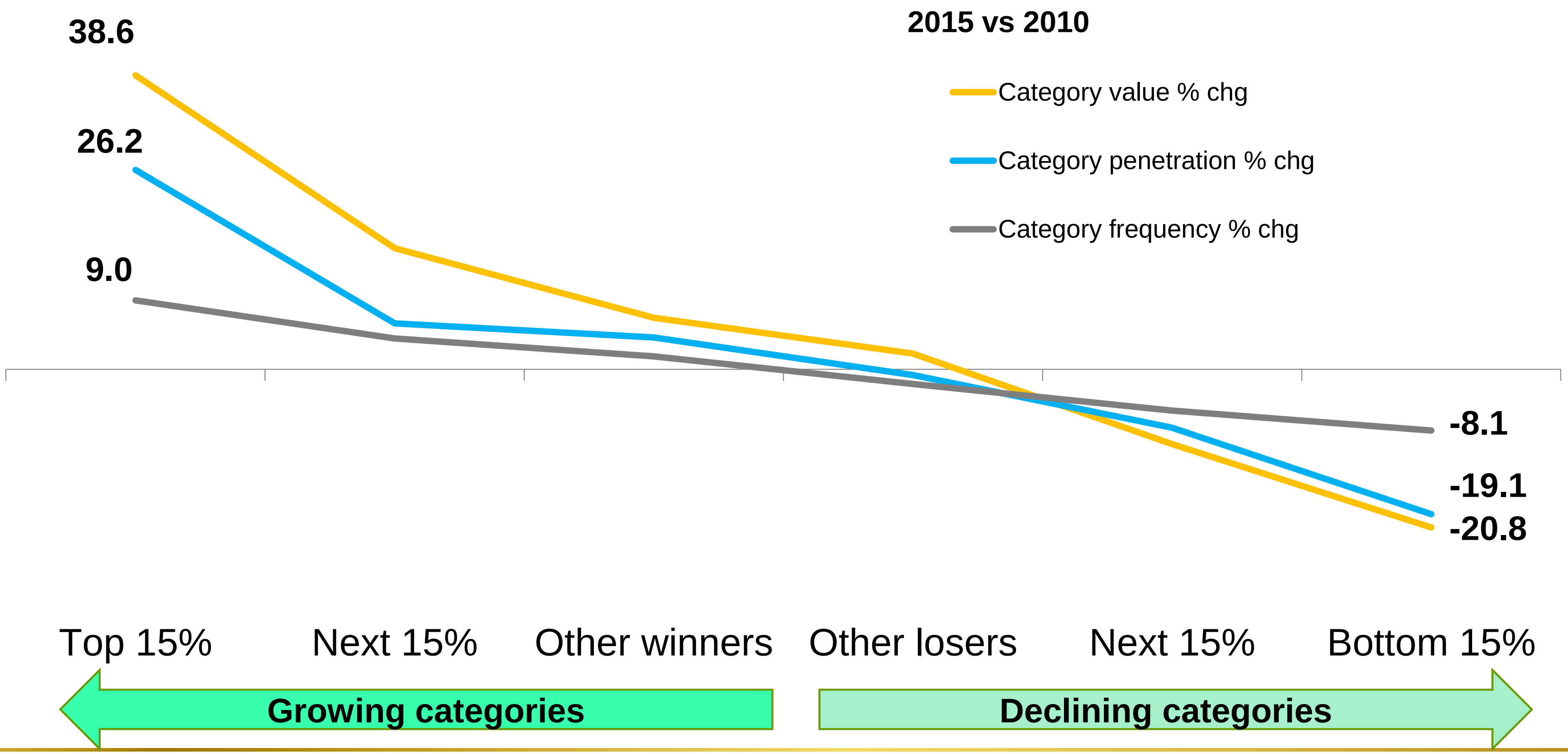
08

Winning strategy is about generating traffic first



THE DOUBLE JEOPARDY PATTERN IS FOUND IN EVERY CATEGORY

WHY GROWING PENETRATION IS THE ONLY WAY TO THINK



Asia is dominating e-commerce because attracting 60% of the population vs 30% in Europe

KANTAR WORLDPANEL

Source: Kantar Worldpanel

Attract new shoppers in providing complete online + offline experience

Walmart acquired Jet.com
August 2016

Alibaba partnership with Bailian group
February2017

Walmart & JD.com Alliance
February 2017

Amazon aquired Whole Foods
June 2017

Alibaba deployed Hema Fresh
July 2017

Walmart & Google alliance
August 2017

Alibaba / Sun Art and Auchan alliance
November 2017

JD launched 7 fresh
November 2017

Amazon Go in Seatle launched
January 2018

Carrefour announced agreement with Tencent & Yonghui
January 2018

Walmart-Flipkart India
May 2018

Asda & Sainsbury's Alliance UK
May 2018

Google- Carrefour France June 2018

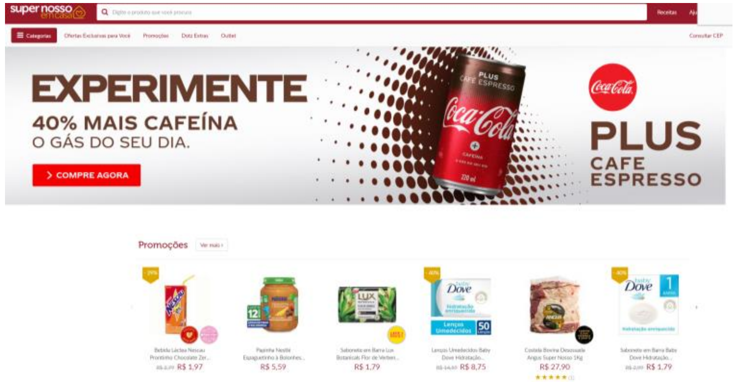
Prepare ground in emerging markets

Mexico

Indonesia

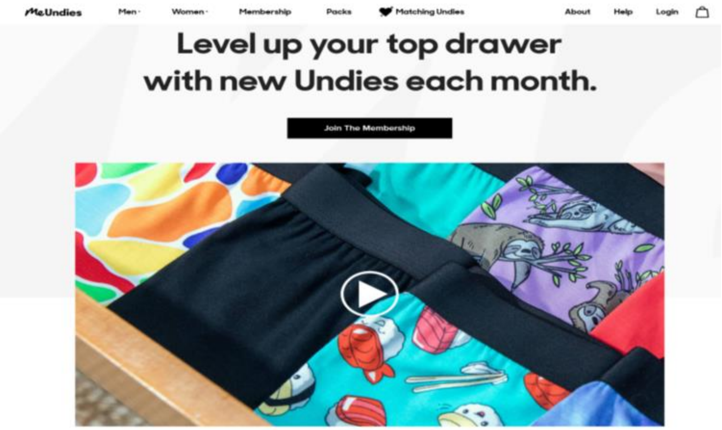
Colombia

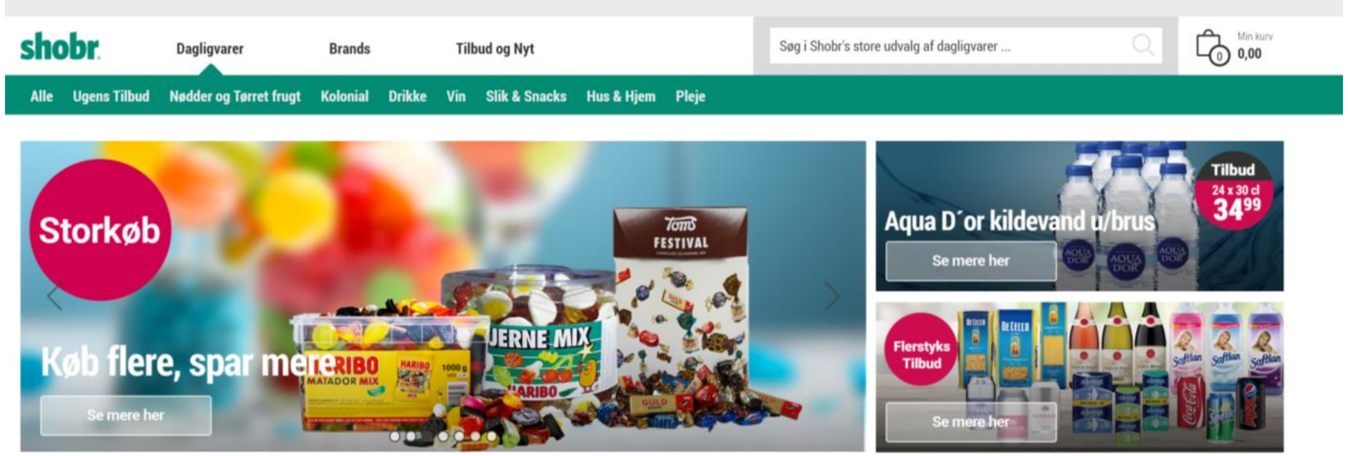
Brazil



More evidence of direct to consumer

Subscription mode with Undies, Alliances of brands in Shobr Danemark or INS platform





Technology disrupting shopping behaviour

7%
US

5,5%
GB

4,8%
IT

4,1%
F

3,2%
D

2%
SP

% penetration of voice device
2017- Comtech Kantar Worldpanel

Amazon Echo

Google Home

Amazon has a 80% share of the emerging voice-controlled speaker market (US/FR/UK)

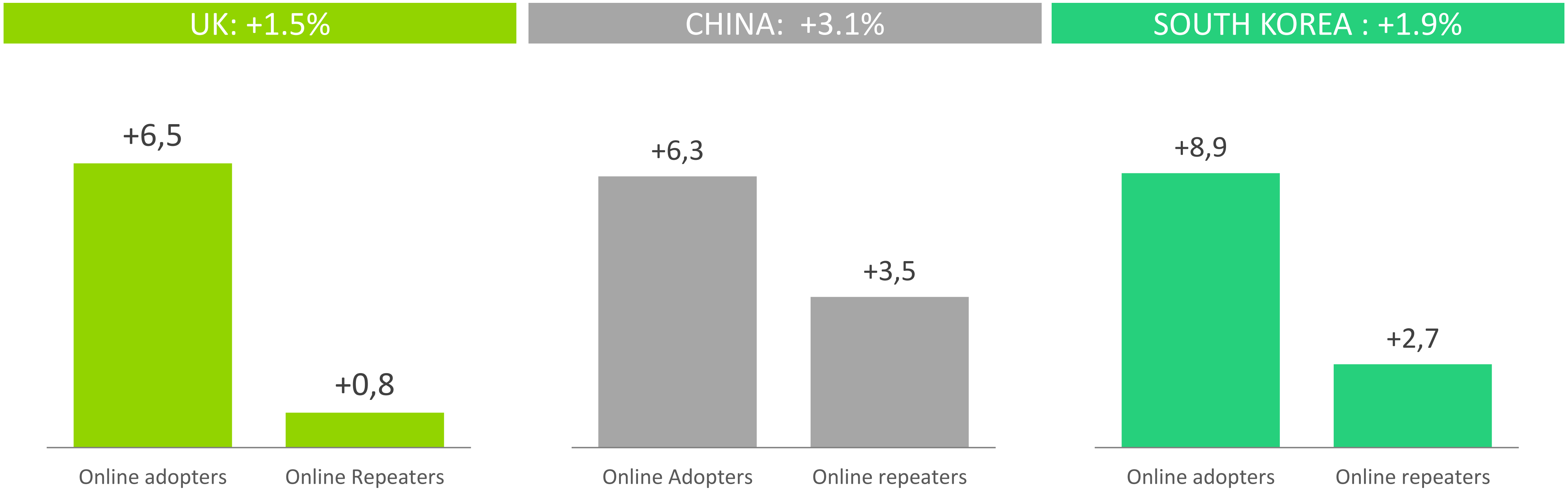
Source: Kantar Worldpanel & Kantar Retail

09

Build incremental propositions

Differentiated ranging & new brands to avoid cannibalisation

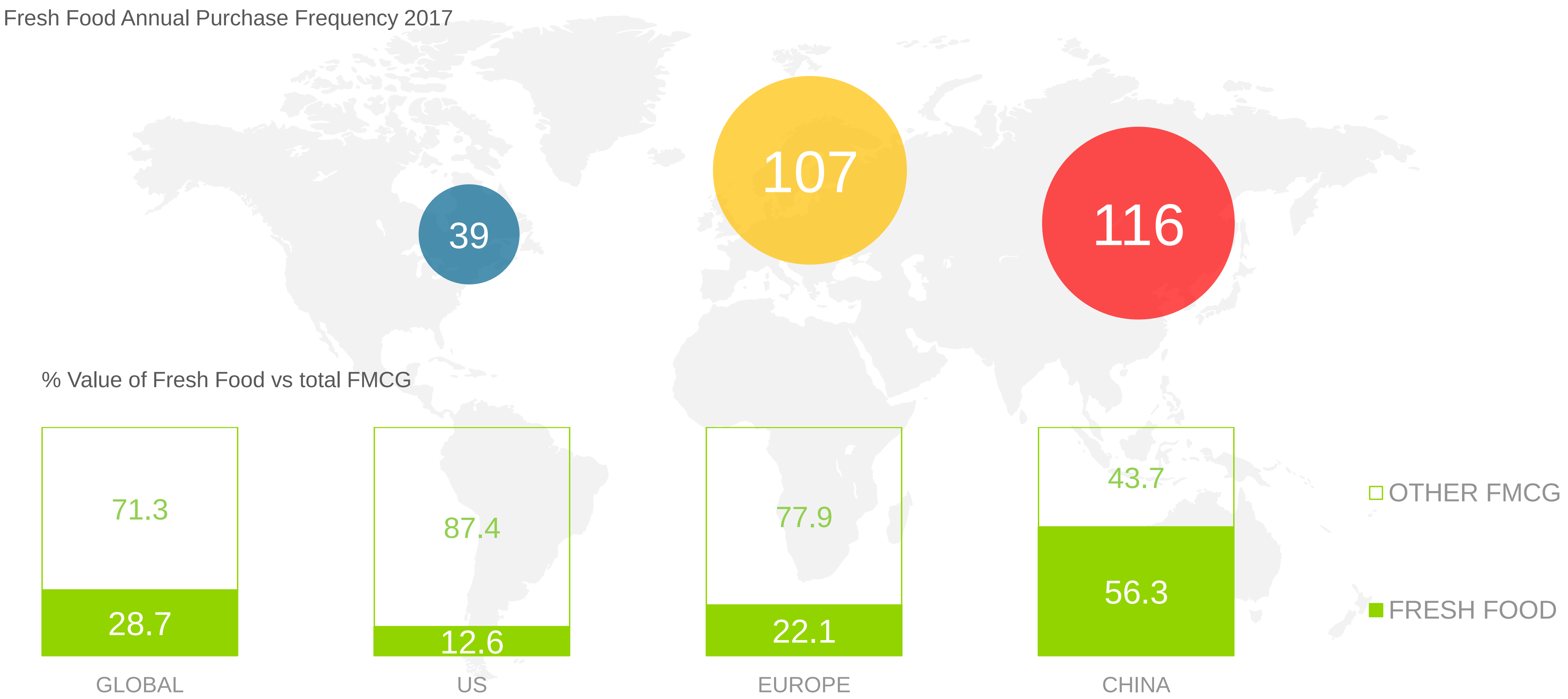
% evolution on + off spend in FMCG - 52 w/e March 2017 vs 2016 – benchmarked with control group -



10

A great opportunity for Fresh Food

USD 130BN potential for the US if reaching global fair share

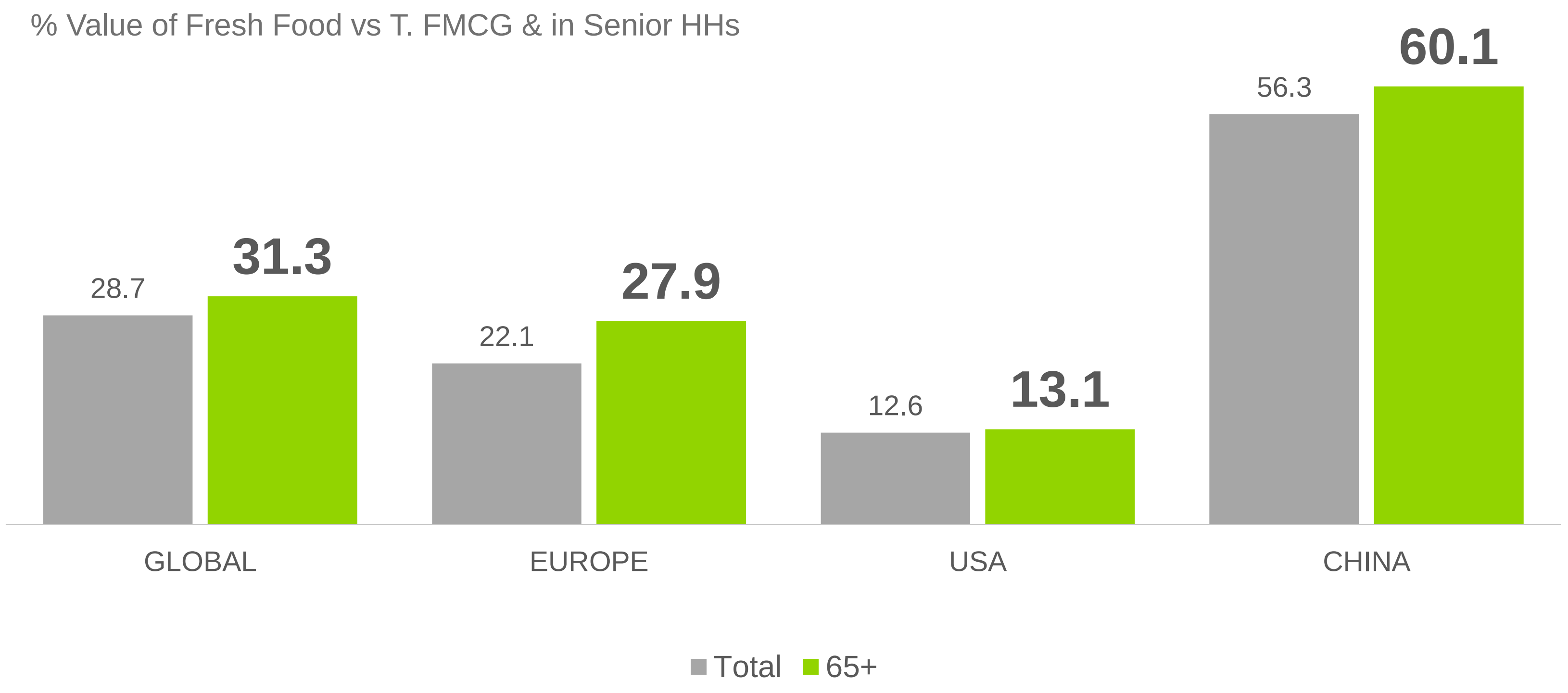


KANTAR WORLDPANEL

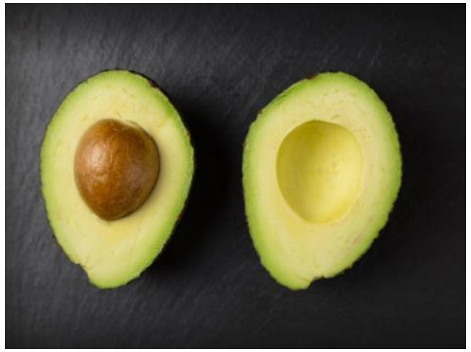
EUROPE: UK + SPAIN + FRANCE + GERMANY

FRESH FOOD: MEAT + SEAFOOD + FISH + VEGETABLES + FRUITS

Seniors purchase more Fresh Food globally



Health is growing globally

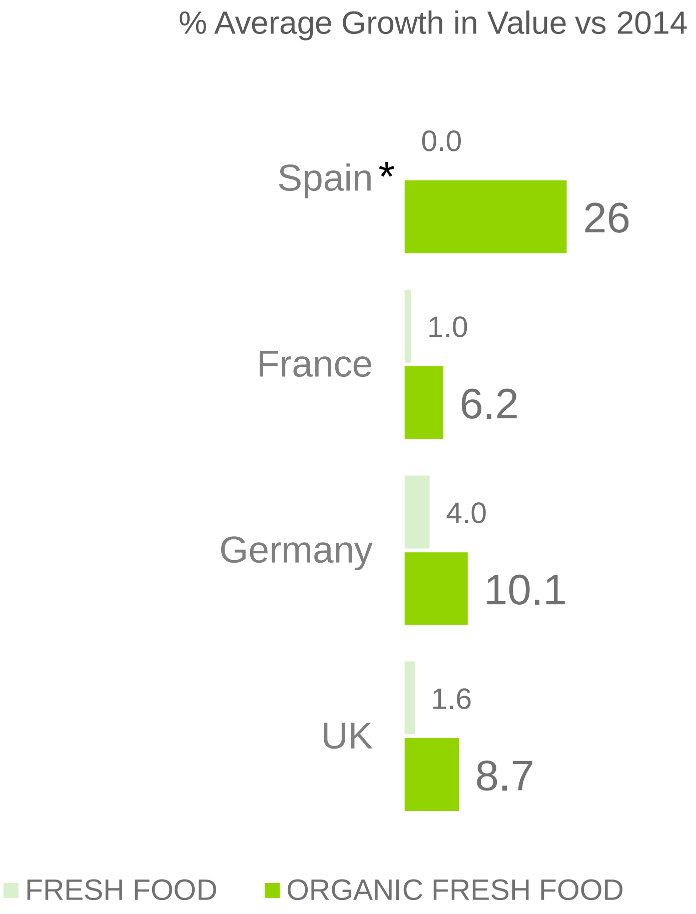


+11%
avocado

+4%
broccoli

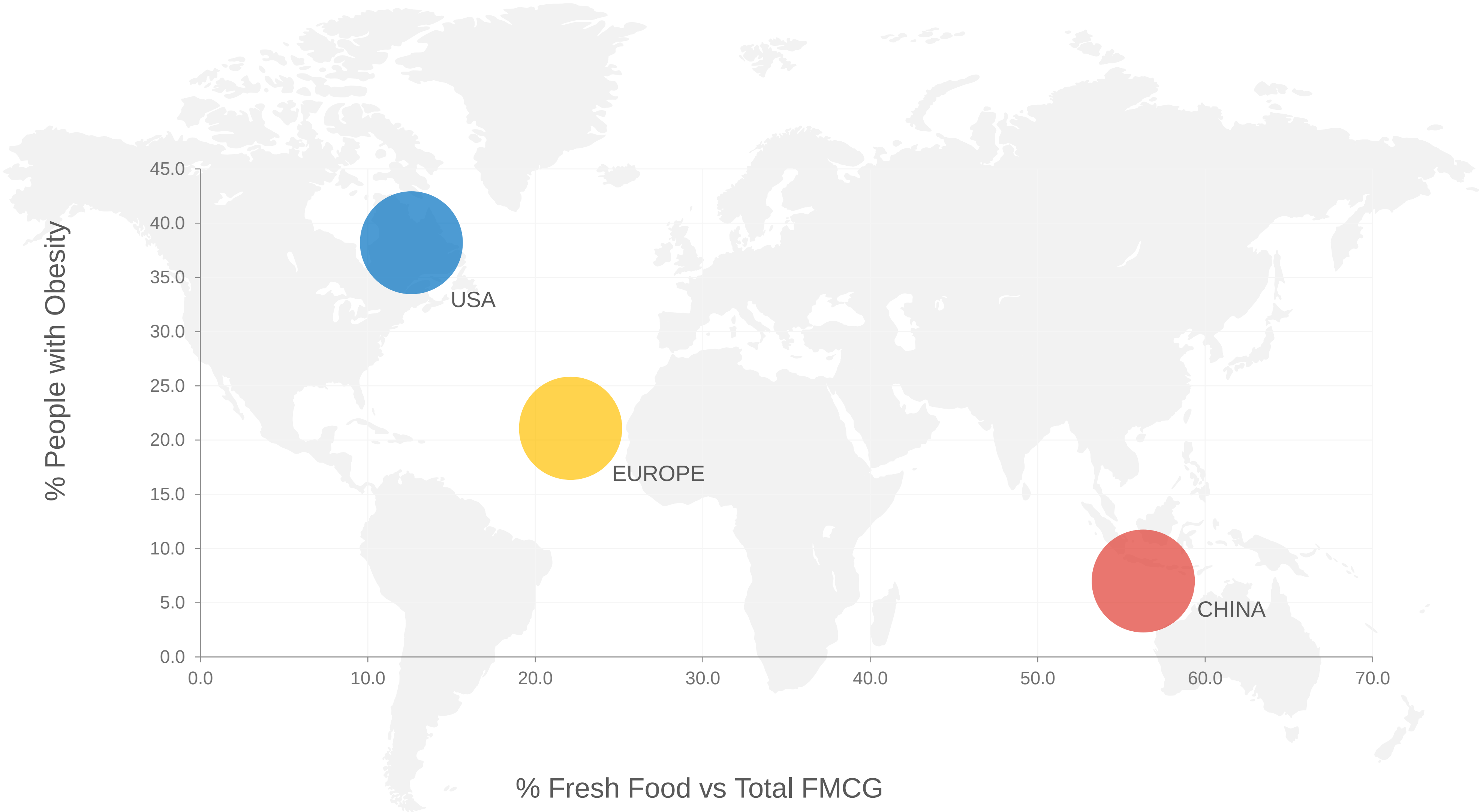
+8%
berries

+4%
spinach



% Value growth in the last year
UK, US, FR, GE, SP

The higher the impact of Fresh Food, less people suffering from obesity in the region



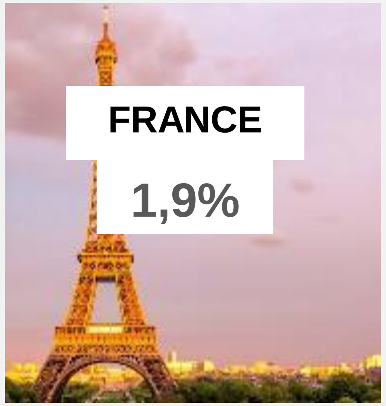
Source OMS & Kantar Worldpanel

* Fast moving consumer goods

e-commerce growth is a big challenge for fresh food categories

GERMANY

0,5%



FRANCE

1,9%

UK

6,7%

SPAIN

0,5%

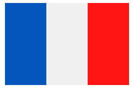
CHINA

1,3%

2017 – %Share of Online in Fresh Food

Amazon: still small but fast growing and driven by young urban affluent shopper

Mat June 2018 - USD -

				
Value share of market - 100% online FMCG		4,8%	1%	3,3%
% value change vs last year		+20,3%	+22,5%	+52%
Frequency of purchase (number of visits per year)		2,8	3,4	3,7
Spend per trip	Amazon	23	25	29
Spend per trip	HM	45	32	27
Spend per trip	Total e-com	73	74	40

Shopper profile Index Amazon vs E- Com Channel

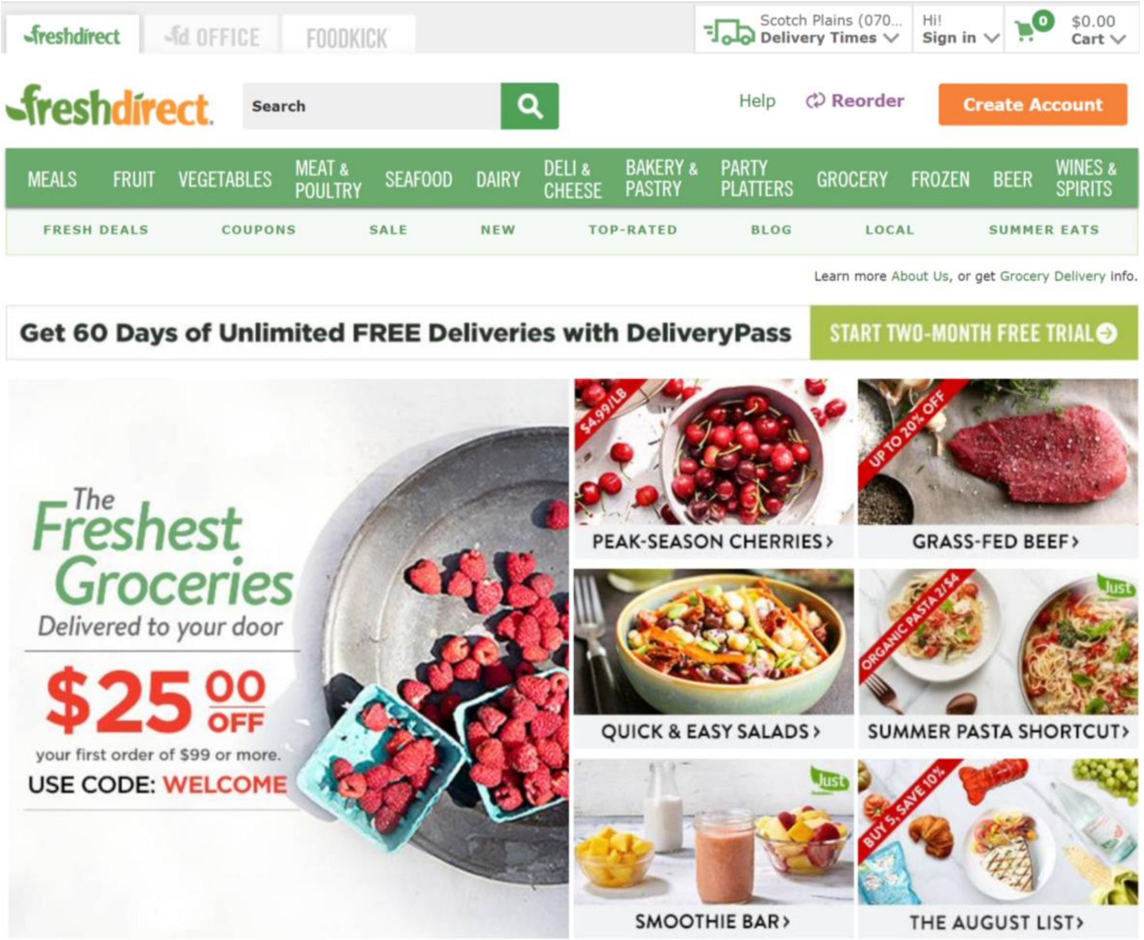
MILLENIALS SPAIN 154

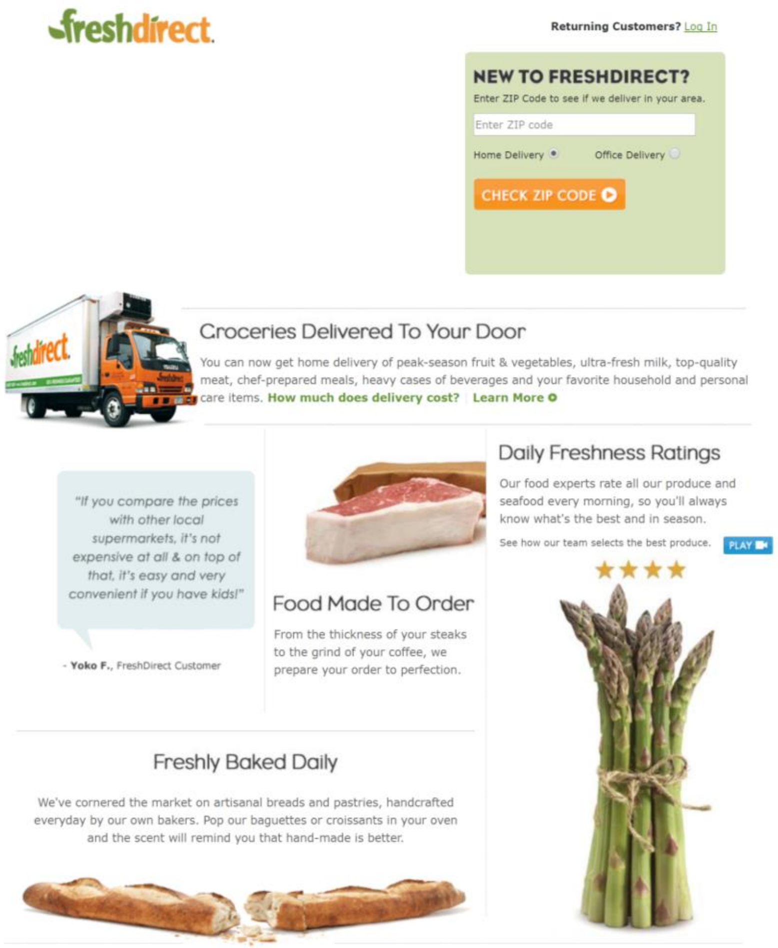
HIGH INCOME UK/FR 107

150

Source Kantar Worldpanel

Fresh is a door for online grocery





4 Take outs to engage your growth strategy

Big growth is over for FMCG

New era of retail concentration

Tougher negotiations for brands

Price war to win share

Build within a fragmented growth

E-commerce + proximity + value for money

Meet local needs

Segment to find new shoppers and occasions

E-commerce is a must have

Megacities first

Incremental proposition

O+O

Emerging markets

Greater opportunities for Fresh

Fresh becomes more relevant as population getting older

Healthy products at the centre

Support specialist & convenience stores

E-commerce, new playground