Retail Supply Chain Update
January 13, 2021

Online CPG food and beverage sales could top $100 billion in 2021

- Turning more food shoppers into online customers represents a $58 billion growth opportunity for grocery retailers and CPG companies, according to NielsenIQ research.
- Online food and beverage sales — including grocery plus restaurant online delivery — jumped 125% to $106 billion over the 52 weeks ended Nov. 30, accounting for 12% of overall dollars spent in those categories, NielsenIQ data shows.
- As a result, food and beverages have become the largest online CPG segment, representing 44% of dollar sales over the 52-week period. That compares with 38% for health and beauty, 8% for home and kitchen, 8% for pet supplies and 2% for baby care. In the total “online food universe,” CPG food and beverages were a $66 billion market versus $40 billion for restaurant delivery.

3 scenarios for online growth in 2021

Forecasted CPG food and beverage dollars online
By end of 2021

- $94B Conservative
- $103B Moderate
- $109B Aggressive

Source: NielsenIQ consumer analytics, Total US commerce measurement powered by Rakuten Intelligence 52 weeks ending 11/30/2020
Significant opportunity to attract new online food shoppers

More than 20 million new online CPG buyers in 2020

Percentage of households buying online

- **$58 billion opportunity** by increasing buyers to same level as non-food

- **Total CPG**
  - Sep-19: 27%
  - Sep-20: 40%

- **Food**
  - Sep-19: 19%
  - Sep-20: 32%

- **Non-Food**
  - Sep-19: 60%
  - Sep-20: 48%

Source: NielsenIQ E-Commerce Tracking

Food and beverage is now the #1 online CPG department

- **Total online food universe dollar share**
  - Latest 52 weeks

- **CPG e-commerce dollar share**
  - Latest 52 weeks

Online CPG buyers

- As shoppers become more comfortable, they also tend to increase their spend online, which makes them more valuable over time
  - 2018: $321
  - 2019: $348
  - 2020: $501

Source: NielsenIQ consumer analytics; Total US E-Commerce measurement powered by Nielsen Intelligence; 52 weeks ending 11/22/2020
U.S. household CPG spending surged 19% in 2020

- Driven by the COVID-19 crisis, U.S. household spending on consumer packaged goods swelled 19% in 2020 and remained elevated heading into 2021, according to new research from advertising efficacy specialist NCSolutions.
- Americans also have shown a greater predilection for new CPG items as they’ve hunkered down at home, with nearly half of those surveyed by NCSolutions reporting that they’ve tried a new brand or product category.
What best describes your purchase of different food and household items during the pandemic?

- **TRIED A NEW BRAND OR CATEGORY**
  - 22%
  - I've tried new brands when my usuals are out of stock, but returned to old favorites when back in stock

- **GROCERY LIST HASN'T CHANGED—I'VE BEEN BUYING THE SAME CATEGORIES OF FOODS AND HOUSEHOLD ITEMS I USUALLY BUY**
  - 47%

- **I'VE BEEN BUYING THE SAME BRANDS I USUALLY BUY**
  - 31%
  - 18%
  - 17%
  - 12%

Sample Size: 2,064 (All Respondents)
SOURCE: NCsolutions 2020 Holiday Omnibus Survey

In which categories are you most likely to try a new brand?

- **SNACK FOOD** 52%
- **BEVERAGES** 44%
- **CLEANING PRODUCTS** 43%

Sample Size: 2,064 (All Respondents)
Note: Respondents could select multiple options.

What might motivate you to try a new brand or product?

- **PRICE** 54%
- **FREE SAMPLES** 43%
- **QUALITY** 36%
- **RECOMMENDATIONS**
  - Family 36%
  - Friend 35%
- **USUAL BRAND OUT OF STOCK** 35%

Sample Size: 2,064 (All Respondents)
Note: Respondents could select multiple options.
SOURCE: NCsolutions 2020 Holiday Omnibus Survey
FDA places all alcohol-based hand sanitizers from Mexico on 'import alert'

- The US Food and Drug Administration has placed all alcohol-based hand sanitizers coming from Mexico on a countrywide "import alert" until it is able to review the products' safety, the agency said.
- Alcohol-based hand sanitizers from Mexico will now be subject to heightened scrutiny, and FDA staff may detain shipments, according to a news release.
- "Over the course of the ongoing pandemic, the agency has seen a sharp increase in hand sanitizer products from Mexico that were labeled to contain ethanol (also known as ethyl alcohol) but tested positive for methanol contamination," the FDA said.

Hand Sanitizer Sales Jumped 600% in 2020. Purell Maker Bets Against a Post-Pandemic Collapse

- Gojo Industries Inc. added both a factory and a warehouse—the family-owned company had just one of each before the pandemic—and restructured its supply chain, all with the expectation that demand for hand sanitizer will remain exponentially higher than before the pandemic.
- The Akron, Ohio, company’s investment is an unusual move in the consumer-products world, where the majority of players deluged by Covid-fueled demand have stopped short of building new factories or making other major long-term investments that could backfire after the health crisis eases.

Walmart Increases Bet on Robots to Speed Online Grocery Orders

- Walmart Inc. is expanding an effort to use robotics to speed up online grocery orders in its battle with Amazon.com Inc. in the fast-growing sector.
- The company will build dozens of small warehouses, ranging from 20,000 to 35,000 square feet, within or next to a store to lower grocery fulfillment times, Walmart said. The world’s largest retailer unveiled its first such facility a year ago. The company declined to provide financial specifics, such as cost savings, on the project.
- “What we want to do is fill as many orders as we can,” said Tom Ward, Walmart’s senior vice president of customer product. “The system allows us to pick orders and dispense them with great speed.”

Target announces $500 employee bonuses after busy holidays

- Target has announced another round of bonuses for its store employees, including seasonal hires who helped during the busy holidays.
- Bonuses of $500 will be given to hourly employees in stores, distribution centers and at the company’s Minneapolis headquarters and field-based offices. Store directors, executive team leaders and salaried distribution center leaders will receive a bonus ranging from $1,000 to $2,000, according to a company blog post Monday morning.
- The one-time bonuses add up to a $200 million investment from the company.
JBS USA and Pilgrim's offering workers $100 bonus to get COVID-19 vaccine

- JBS USA and Pilgrim's said they would give a $100 incentive bonus to any of their 66,000 U.S. employees who voluntarily choose to receive a COVID-19 vaccination, the companies said in a statement. The meat and poultry processors said the initiative is designed to encourage maximum participation in the government's vaccination program.
- JBS said company surveys show about 60% to 90% of workers at individual facilities are willing to get vaccinated. "We recognize that some team members in our diverse workforce may have concerns or be less inclined to get vaccinated. The incentive bonus is designed to encourage voluntary vaccination and provide an additional measure of support to our team members," Chris Gaddis, head of human resources at JBS USA, said in a statement.

Shipt Gives 4th Thank-You Bonus to Its Shoppers

- Shipt will provide another $50-$500 bonus for its workers — known as “shoppers” — to recognize their hard work during the busiest holiday season in Shipt history.
- With Shipt Shoppers able to choose their own hours, the company wanted to extend gratitude to those in its shopper community who delivered the vast majority of orders this holiday season by awarding those who delivered 50-plus, 100-plus, 300-plus, 500-plus and 1,000-plus orders during November and December with one-time bonuses of $50, $100, $150, $250 and $500, respectively. Bonuses will be paid out on Jan. 29.