BAIN & COMPANY

The Whiplashed Consumer: A POV on how consumers are thinking, feeling and acting across Europe

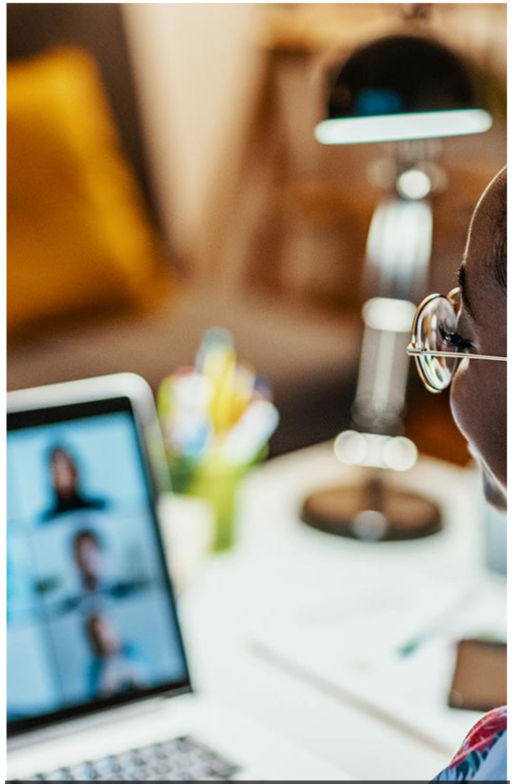
Consumer Lab Contacts: *Leah Johns, Nic Gray, Ariel Lerner, Lyne Jaroudi, Joëlle de Montgolfier, Amanda Howe*

August 2022

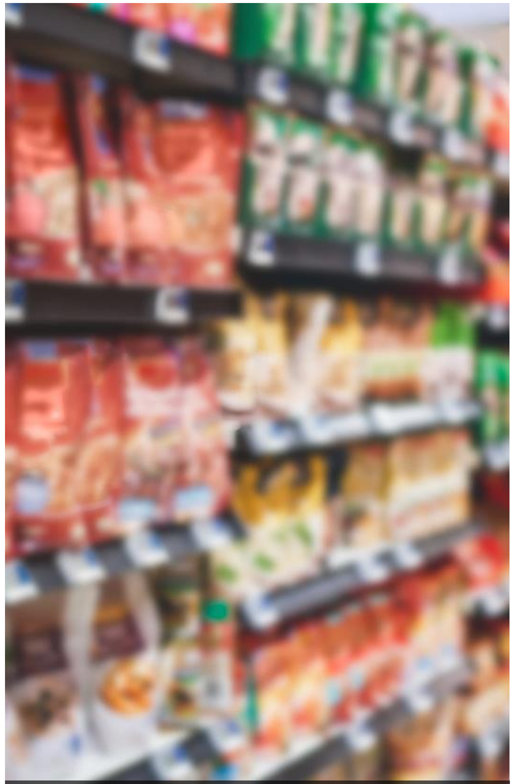
AGENDA

01 Context & Executive summary

02 The whiplashed consumer



03 Lasting consumer trends: behaviors and expectations



04 Implications for CPG and Retail

05 Appendix: Selected survey output

Context | Staying close to consumers has revealed how attitudes & behaviours have evolved over the last 2 years

Wave 1 | May '20

The Covid-19 Consumer

- **Step change in digital:** Increased adoption
- **Relentless focus on health:** Exercise, eating, vitamins, mental health, hygiene
- **Redefinition of value:** Growth at both ends of the price ladder as consumers redefine value
- **OOH spend:** Acceleration has reversed, consumers plan to keep it there for now
- **Local vs. big brands:** Which will be preferred?
- **Departure from vs. Return to Science:** Which camp will consumers trust?
- **Sustainability vs. safety:** Will consumers prioritise safety at the cost of the environment?
- **Urban vs.de-urbanisation**: Flee to quieter lifestyles, or resume urban expansion?

Wave 2 | July '20

The Emerging post-Covid Consumer

Wave 3 | Oct '20

The Reluctant Consumer

- **Shift To At-home:** Reallocation of consumer time and spending away from out-of-home
- **Step Change In Online:** Increased adoption and use of digital/online platforms
- **Focus On Health & Wellness:** Emphasis on physical/mental wellness and healthy eating
- **Redefinition Of Value:** Increasingly varied and diverse consumers perceptions of value

Wave 4 | May '21

The Re-emerging Consumer

- **There's no place like home… for some things:** Consumers have adapted to many at home activities, yet are starting to seek more of the "pre-COVID" behaviors
- **Shift to online... But consumers want omni solutions:** Digital adoption rose during Covid, but many want more "in person" experience too
- **Spending intent…but saving for now:** Some consumers have increased savings and are looking to spend once out of lockdown
- **Healthy living as a goal… but not always in action:** Consumers are more health conscious, but not everyone has been able to translate that into healthy choices
- **Sustainability on the mind… if not in the basket:** Heightened awareness of sustainability & the importance of social responsibility in their shopping choices

Wave 5 | Nov '21

The Adjusting Consumer

- **Home repurposed:** new role of home, most people have not fully returned to their previous out-of-home habits
- **Omnichannel shopping cemented:** online grocery penetration increase expected to continue alongside return to in-store
- **Lasting spending restraint:** Significantly reduced spending
- **Wellbeing prioritised:** more health-conscious with new holistic health behaviours
- **Concern for ESG accelerated:** Increased awareness of ESG issues, in the short term, but not expected to translate into longer-term purchasing habits

This is our 6th wave of the Consumer Pulse, a longitudinal study allowing us to track perceptions and behaviors over time across multiple countries during and post Covid

Bain Consumer Pulse Waves

- May '20
- July '20
- Oct '20
- May '21
- Nov '21
- **July '22**

6
KEY TOPICS

- General sentiment
- Personal finance & spending
- Employment
- Free time & leisure activities
- Food & drink
- Health & wellness

~ 14,000
SURVEY RESPONDENTS ACROSS EUROPE

UK, Germany, France, Italy, Spain

Executive summary | The whiplashed consumer and the lasting consumer trends that will impact brands and retailers

Whiplashed consumer

- Consumers were excited about "post-Covid" life – ready to remerge, live their lives and make plans. But that was short-lived as they were hit with rapid and unpredictable cost of living crisis, the war in Ukraine, the reality of the impact of climate change, and global disruptions. Hit from all sides, the "whiplashed" consumer is displaying competing priorities and contradictory behaviors

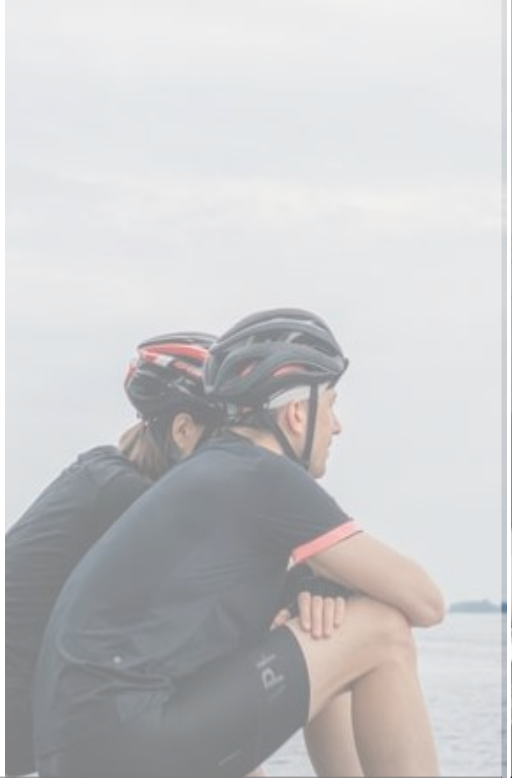
Likely lasting consumer trends

- We observe five **shifts in consumer sentiment and behavior** shaping the way they will live in the near term:
  1. **From Health worries to Wealth worries:** Health concerns have almost taken a back seat after 2 years of being front and centre - shunted out the way by the cost-of-living crisis. Having barely brushed themselves off from the pandemic or had the chance to celebrate re-found freedoms, consumers have been required to start make calculations around 'spend-worthiness'
  2. **Expanding definition of wellbeing:** Consumers are increasingly aware of all the different components of health and what needs to be in balance. The definition has expanded from physical health to include mental wellbeing in the last few years. And now has further expanded to a trio of physical, mental and financial wellbeing. People are increasingly aware of the interconnectedness of all three and understand the physical and mental impact of financial concerns
  3. **Fluidity of spaces:** The blurring of lines of what goes on in and out of the home has become even more heightened since restrictions have lifted. Consumers have consciously opted to work, work-out and have doctors' appointments without leaving their front doors to improve their work/life balance and lessen the stress. But there's a new driver: cost savings. Consumers have started weighing up and calculating economics and comfort in deciding where they do what they do
  4. **Business is a Beacon:** Consumers aspire to 'do good' yet are lacking clarity on what to do and the confidence on how they can help practically. Consumers expect more from businesses and employers and are turning to them to lead and help solve societal issues
  5. **Brewing digital backlash:** Whilst consumers have embraced the benefits of digital – convenience, connection, entertainment – they have also become aware of the downsides (isolation, lack of connection, distraction, bad for mental health), leading them to find ways to limit their digital exposure

Implications for brands and retailers

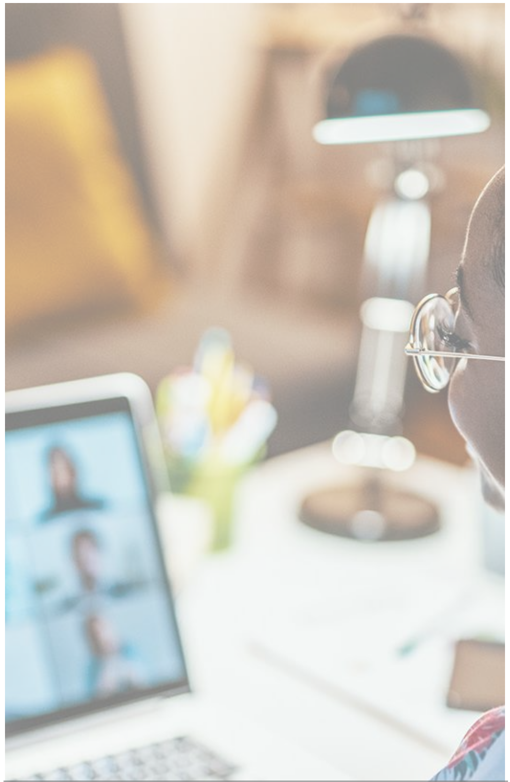
- **Brands** and **retailers** must continuously manage the tensions between consumer needs and the challenging realities of today's business landscape including mounting inflation, supply chain shortages, ESG expectations, and shareholders' demands

AGENDA



01 Context & Executive summary

02 The whiplashed consumer



03 Lasting consumer trends: behaviors and expectations

04 Implications for CPG and Retail

05 Appendix: Selected survey output

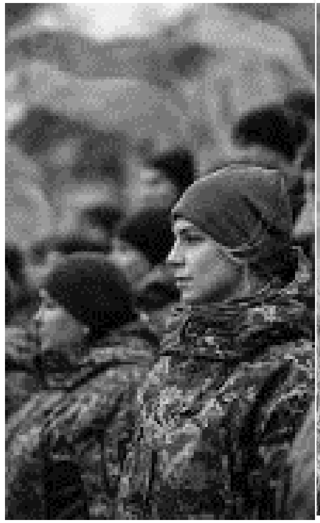
Meet the whiplashed consumer | Rebalancing priorities, pessimistic about the future

- Consumers were excited about "post-Covid" life – ready to remerge, live their lives and make plans. But that was short-lived as they were hit with the rapid and unpredictable cost of living crisis, the war in Ukraine, the reality of the impact of climate change, and global disruptions
- Hit from all sides, the "whiplashed" consumer is displaying competing priorities and contradictory behaviors
  - We have seen a significant drop in consumers' level of concern about staying safe from Covid-19, yet that worry has been overtaken by a concern around financial safety and security
  - Consumer sentiment is low across all demographics and countries– whether younger or older, higher income or lower income, all consumers are feeling unsettled with this new set of stresses
- However, consumers this time around seem to be more grounded, rational, as if they grew wise after being caught short a few years back and now, they're rebalancing their priorities while bracing for what's yet to come

The world is bracing for disruption and uncertainty: some is already underway, but more is expected

Trends underway → Potential for delayed impacts

Russian invasion of Ukraine



Cascading supply shortfalls

Mounting inflation

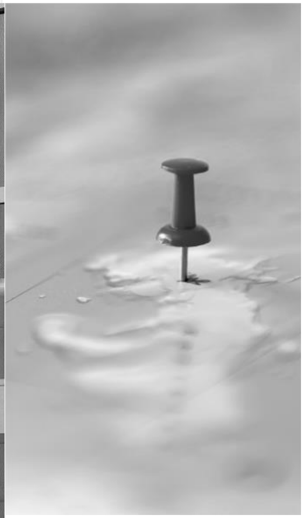
Natural resource shortages

Financial market instability

Real economy slowdown

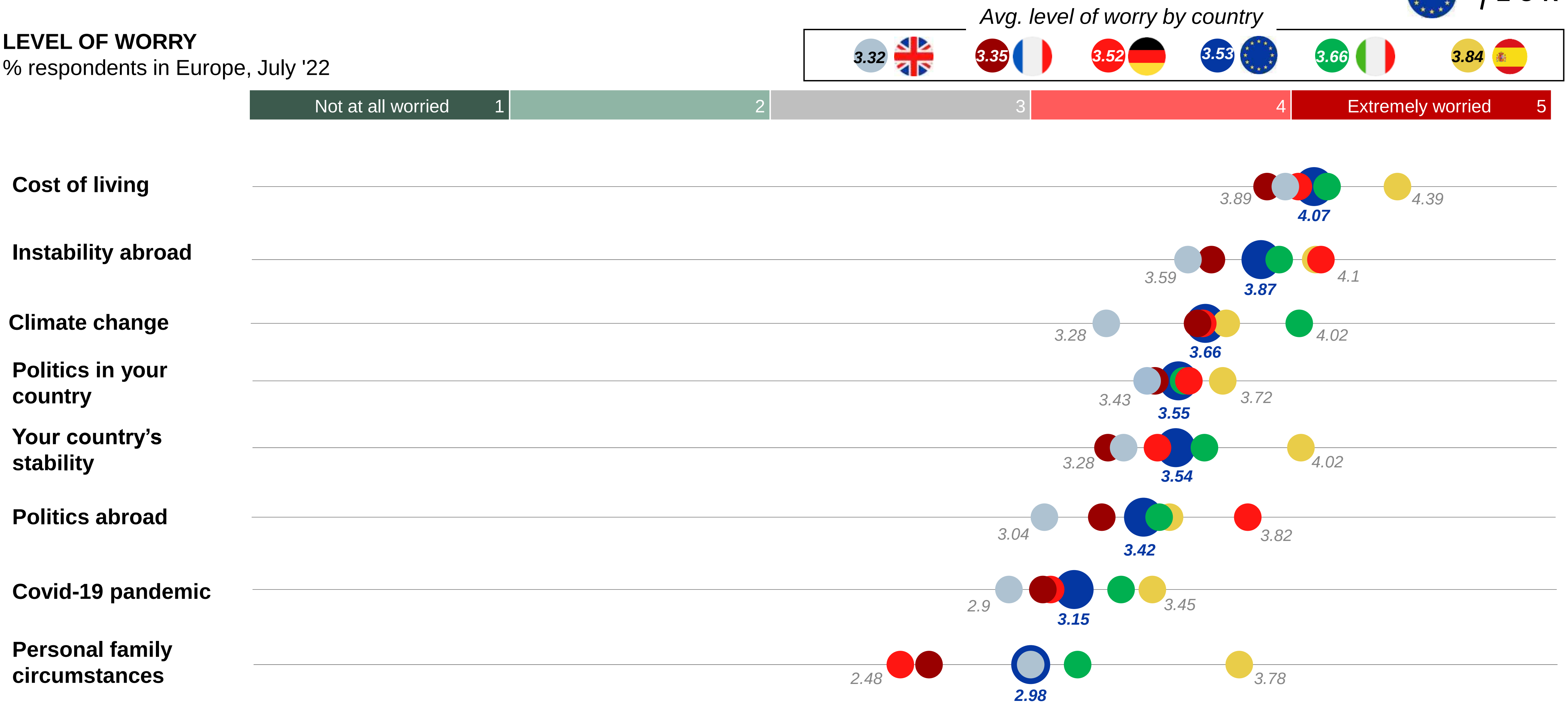
Technological disruption

Geopolitical realignment



Europeans are worried about the rising cost of living, instability abroad and climate change; Covid-19 is lower on their list of worries

LEVEL OF WORRY
% respondents in Europe, July '22

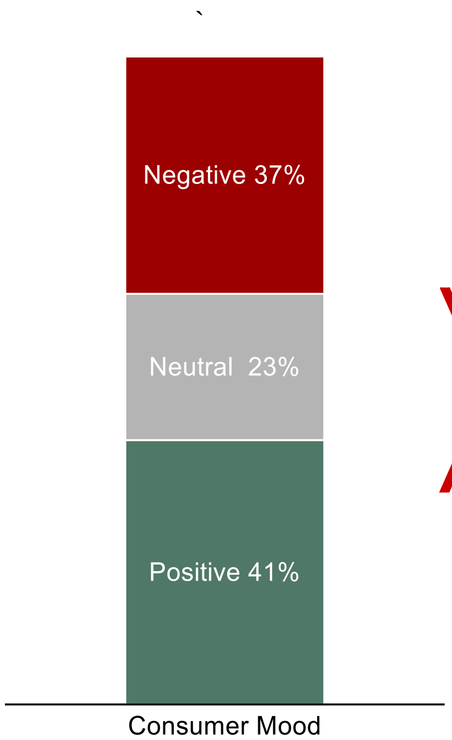


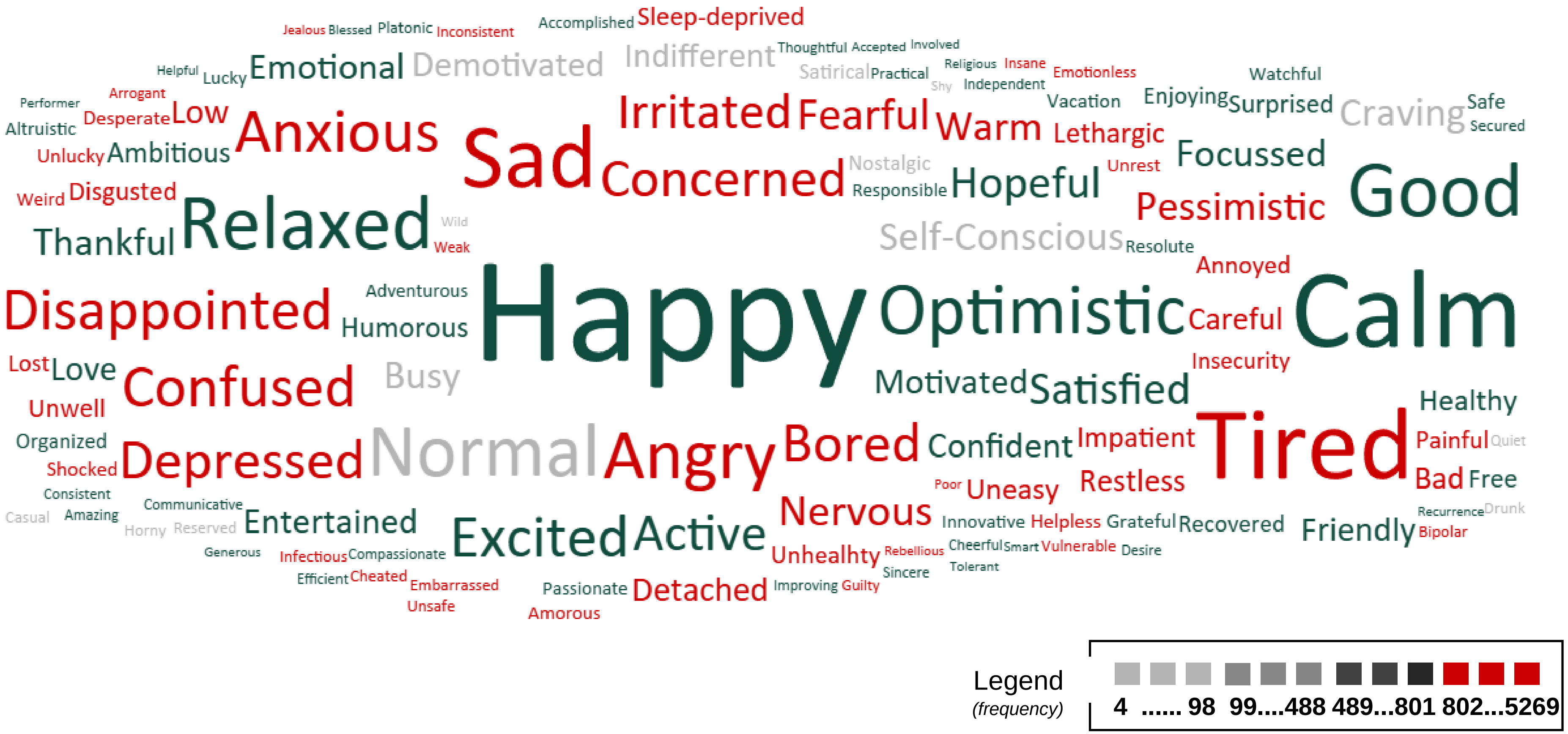
Q: How worried are you about each of the following?

Notes: All scores are weighted averages, with Extremely worried = 5. Very worried = 4, Somewhat worried = 3, A little worried = 2 and Not at all worried = 1
Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123, N for UK= 2,833, N for France= 3,011, N for Germany= 2,805, N for Italy= 2,802, N for Spain= 2,672

The mood in Europe is low; ~60% of consumers described their feelings with a negative or neutral connotation as they brace for what's coming next

/EUROPE

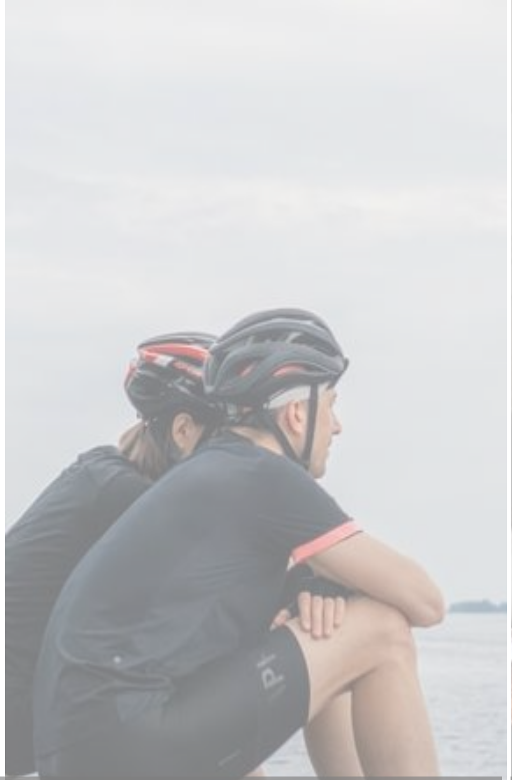


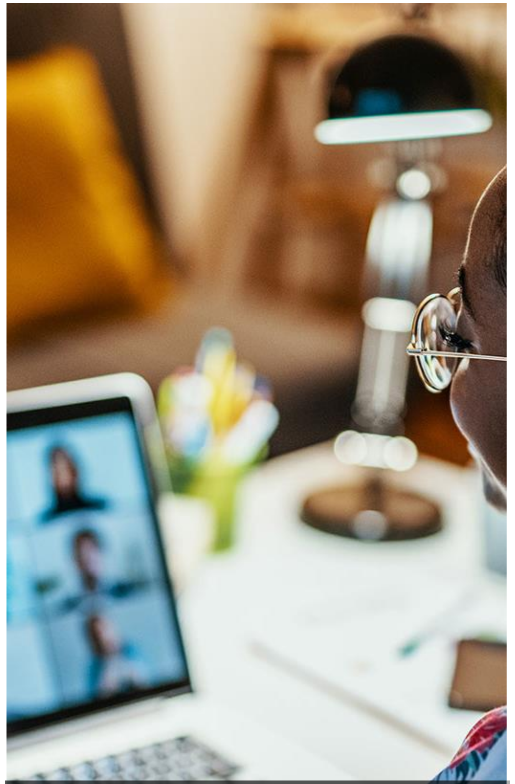


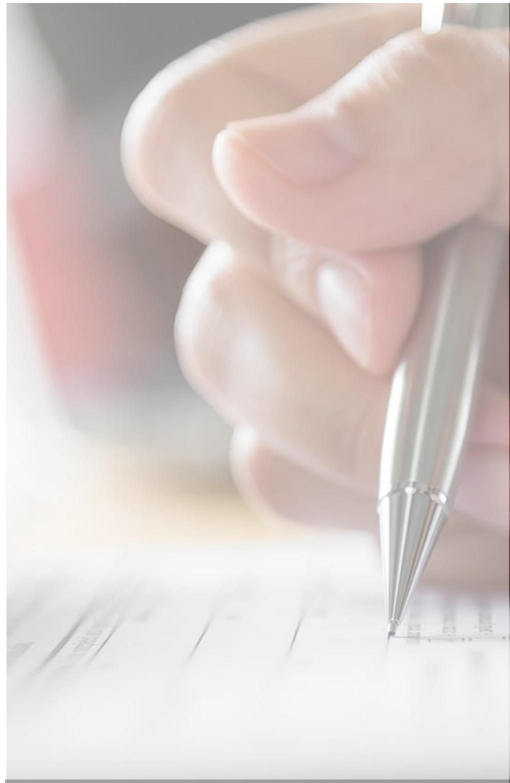
Q. What three words best describe your mood over the past week?

Notes: Every respondent mandatorily had to input three words to describe their mood
Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N = 14123; phrases appearing four or more times are included in the word-cloud;

AGENDA



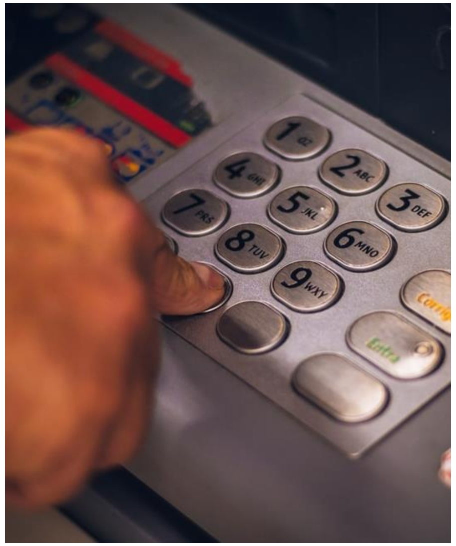




The "post-Covid" consumer feels whiplashed by new stresses, leading to competing priorities and contradictory behaviors

01

From health worries to wealth worries

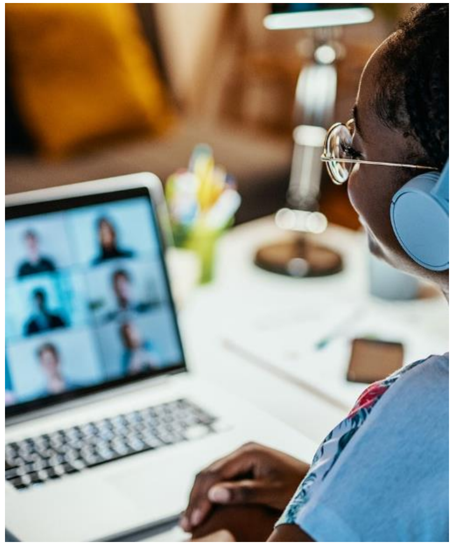


02

Expanding definition of wellbeing

03

Fluidity of spaces



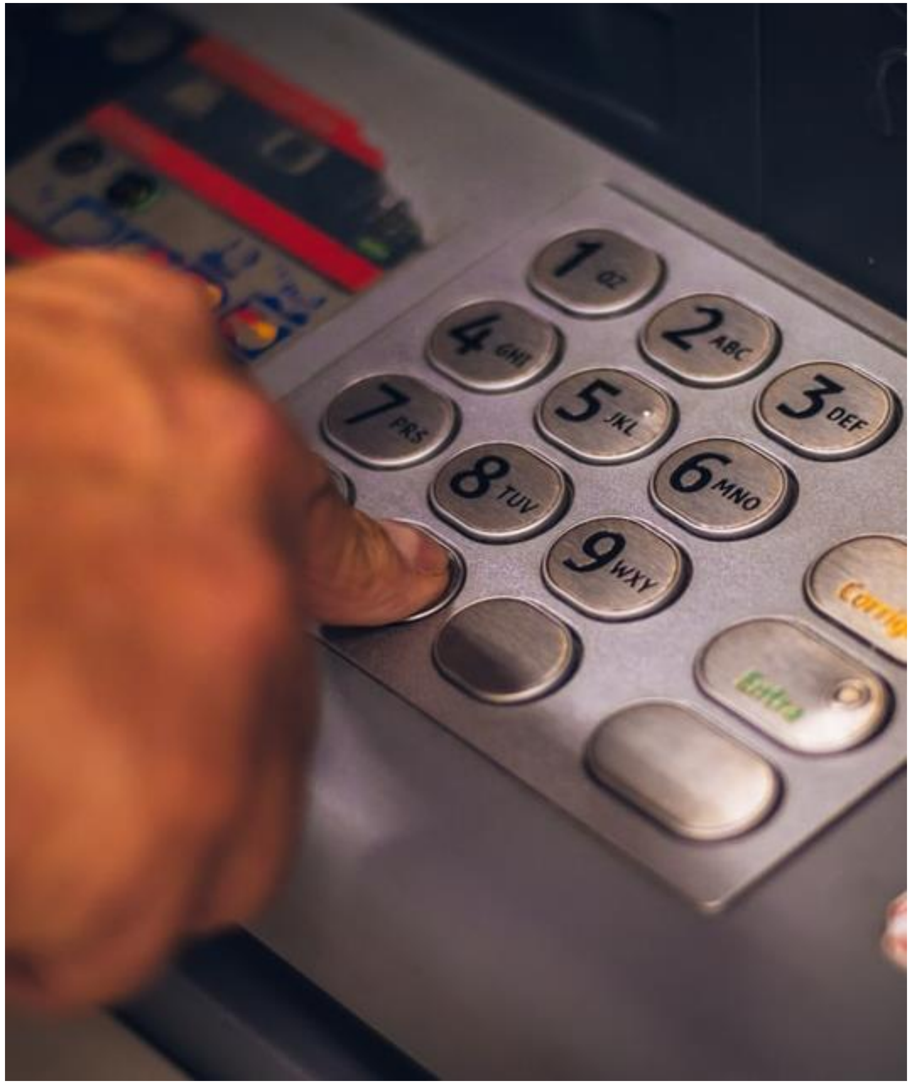
04

Business is a beacon

05

Brewing digital backlash

01 From health worries to wealth worries | Consumers are looking to offset the impact of rising living costs, whilst preparing for an uncertain future

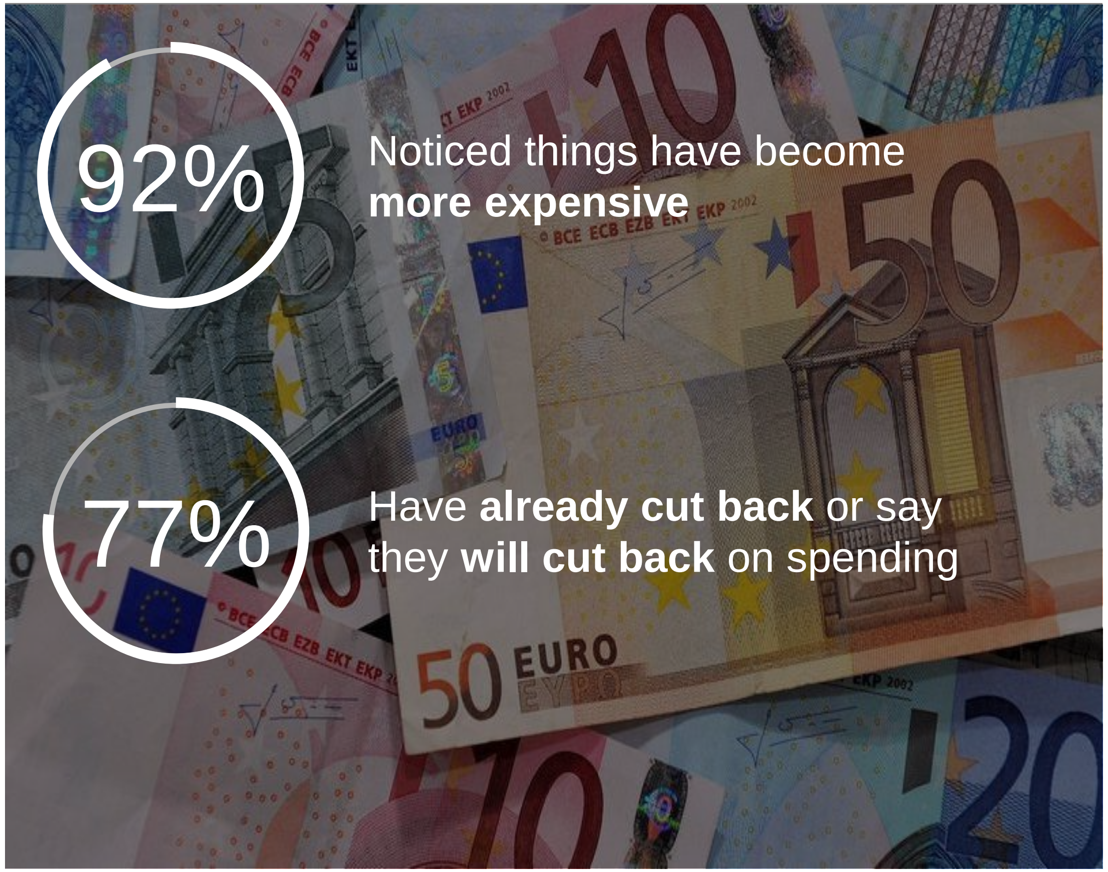


- The rising cost of living is impacting all areas of consumers' lives
- Nearly all consumers (92%) feel life has become more expensive and over three-quarters (77%) have or are planning to reduce their spending
  - Most Europeans (except high earners) expect their savings to decrease over the next month as disposable income falls in most countries
- Of the 57% that have already cut back, eating out less, cutting their groceries bills (especially by switching to home brands/ private labels and going to discounters), buying fewer clothes and trying to reduce home energy bills are actions consumers started making
- However, unlike the shock of the pandemic, consumers are less panicked and more considered in terms of where they are spending and saving
  - For example, vacations have been protected – (72% have upcoming vacation plans) – perhaps unsurprisingly after being restricted for 2 years due to the pandemic, consumers have pent up demand, vacations that have been re-booked, and feel they deserve the special moments and treats
  - Despite consumers not cutting back on travel the airline sector remains under pressure and well below 2019 levels

Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

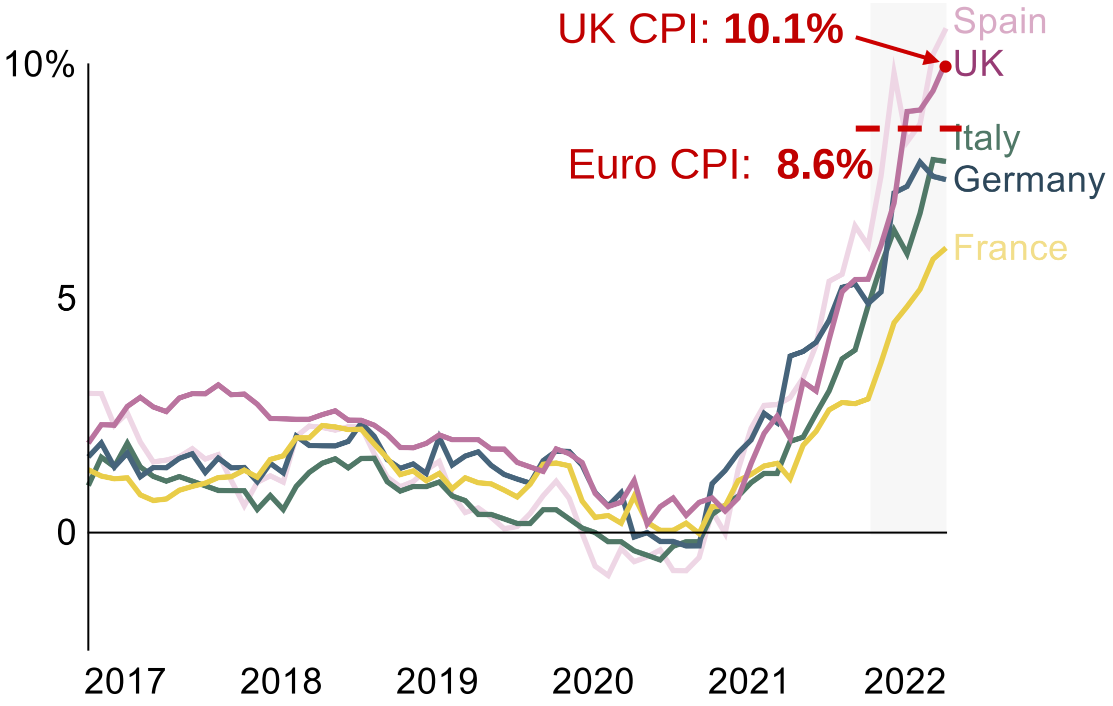
Nearly all consumers have noticed the increasing costs in day-to-day living and over three-quarters have already cut back or say they will cut back on spending

Rising-cost-of living is impacting all consumers



Inflation hits double digits in UK and 8.6% in Europe in Jun 22

Year on Year change in CPI (all items, %)



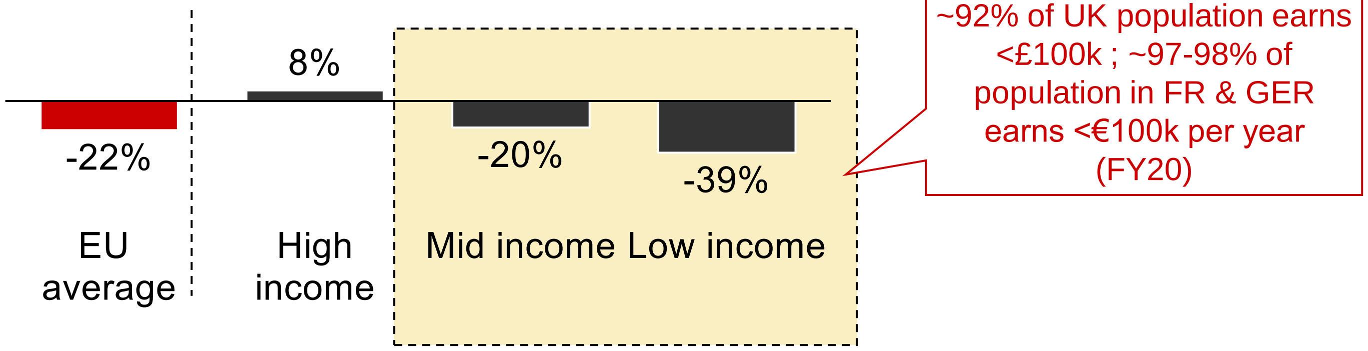
Source: ONS data (UK), Insee data (France), Genesis data (Germany), Istat data (Italy), Ine data (Spain); Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

Across Europe, nearly all consumers (except high earners) expect their savings to decrease over the next month as disposable income falls in most countries

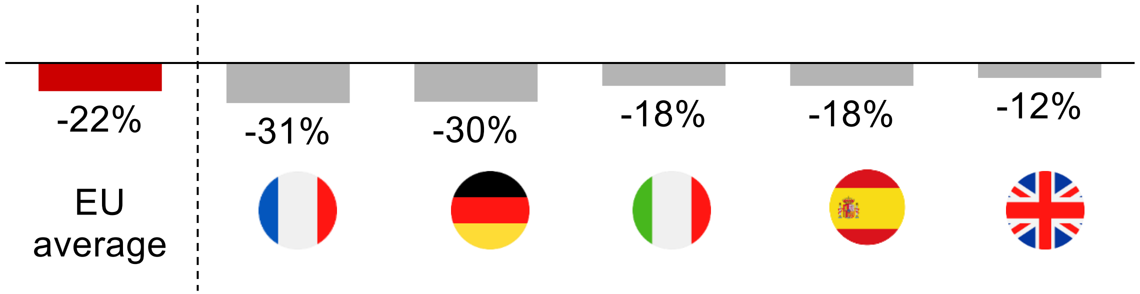
Only high-income earners (+100k per year) expect their savings to be higher next month, while most of the population in Europe expects a decline

Level of agreement with statement:
"*My level of savings will be higher in next month than this month*"

% Net difference* in expectation in Europe by income, July '22

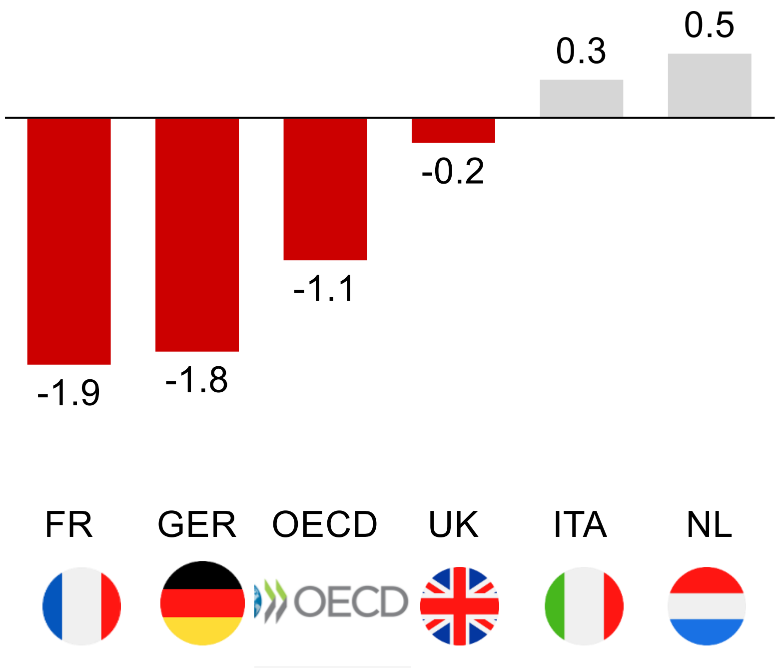


% Net difference* in expectation in Europe by country, July '22



Disposable income negatively impacted across Europe, except Italy & Netherlands

% change in gross household disposable income per capita (Q1 22 vs previous period)



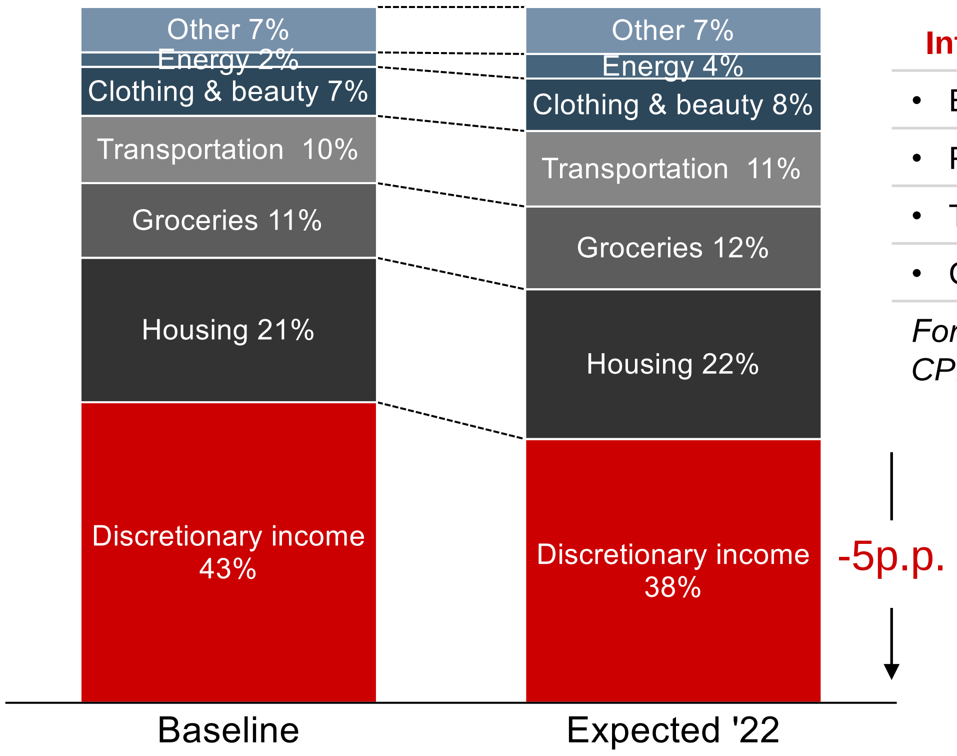
Note: *Net Difference = (Sum of %strongly agree and agree(2)) – (sum of %disagree(4) and strongly disagree)) ;Income groupings as follows: For Spain, Low: < €20,000, Mid: €20,000 - €99,999, High: €100,000 and above; For rest of the countries, Low: < £/€25,000, Mid: £/€25,000 - £/€99,999, High: £/€100,000 and above
Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123; ONS; Litsearch

UK example: Rising cost of living in the UK is expected to reduce household discretionary income by 5p.p. in 2022

DIRECTIONAL

Inflation has started eating up into households' disposable income in the UK, with a 5p.p reduction expected in discretionary income mostly driven by higher energy and food bills

Monthly household basket expenditures of disposable income (in %)



Inflation rates* applied to baseline

• Energy	= +69.3%
• Food & beverages	= +13.1%
• Transport	= +12.4%
• CPIH (Overall)	= +8.6%

For all other expenditures we've used CPIH indices from ONS

Fifth of UK households now have 'negative disposable income'

One in five had average weekly shortfall of £60 between earnings and money needed to cover essentials including rent, data shows

Households face worst squeeze on disposable incomes for 30 years, warns BoE

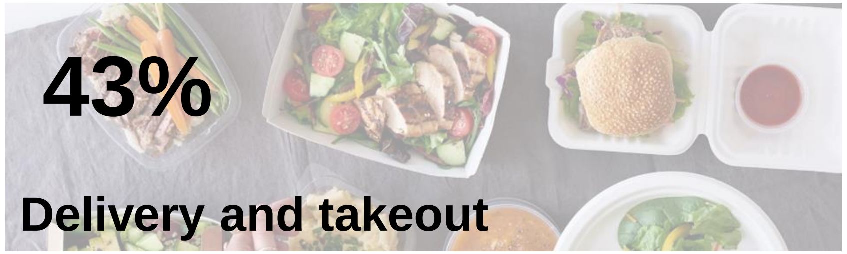
Millions of families across UK see disposable income squeezed now for a year, according to official figures

Note: Disposable income = household gross income minus tax, social security etc. = consumer expenditure + discretionary income; Expenditures are not exhaustive in nature; %ages in the chart are calculated considering average real household disposable income in 2021; Second bar - The 2022 expected consumer expenditures are inflation adjusted values with base year 2021 and the inflation rate data is from ONS for August 2022 YOY; Inflation rates are the CPIH indices for various baskets of consumer expenditure and are taken from ONS; 'Other' includes expenditure for health, communication, education & social care
Source: Euromonitor; Office for National Statistics(ONS), Bain analysis

Consumers have been spending less on eating out, delivery and alcohol in bars; restaurants and food delivery players already seeing a decline in demand

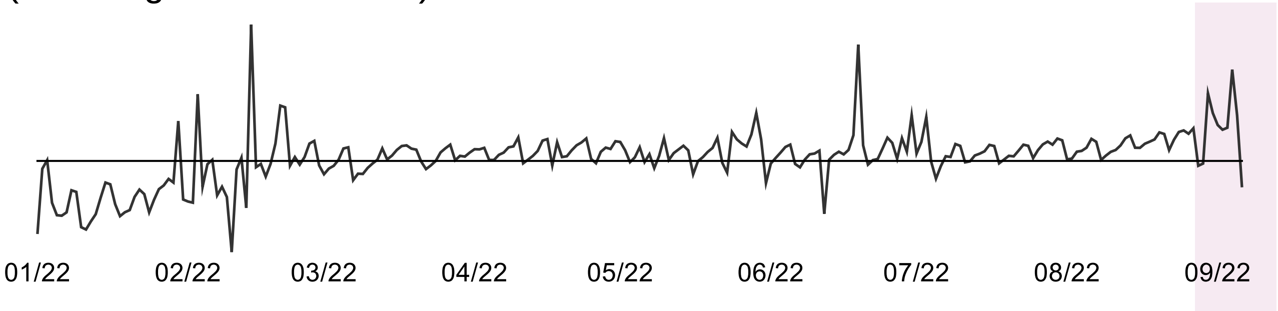
HEALTH TO WEALTH

What are you actively trying to reduce your spending on? (% respondents in Europe, July ‘22)



Restaurants and food delivery players see a decline in demand

YoY change of seated restaurant diners globally
(% change 2022 vs 2019)



JUST EAT

-7%

Decline in orders
(1H22 vs 1H21)

deliveroo

Deliveroo’s pre-tax losses widen as consumers cut back on takeaways

“People are ***ordering maybe one less drink****,* ***trading down on items****. Maybe they get a* ***cheaper*** *burger or something like that.”*

Will Shu, founder & CEO Deliveroo

Source: Opentable; Litsearch; Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

Bargain hunting for groceries is on the rise as consumers switch to discounters and private label in an attempt to lower grocery bills

HEALTH TO WEALTH

Bargain hunting for groceries on the rise

Ocado warns of sales fall as shoppers cut back in living costs crisis

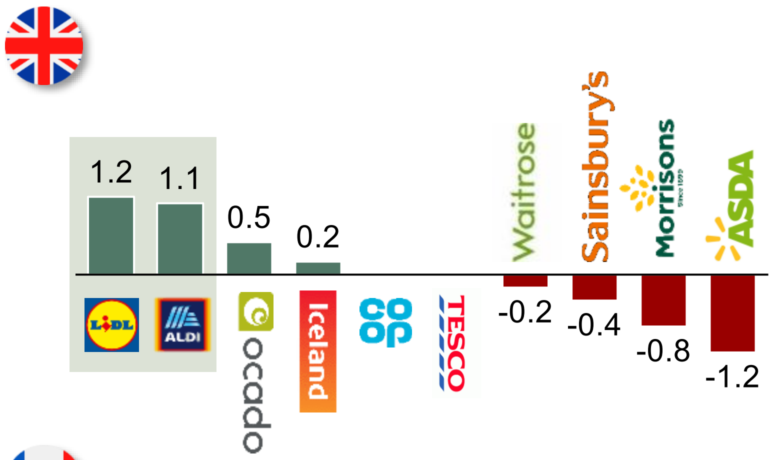
Online grocer says people are putting less in their baskets and looking for cheaper products

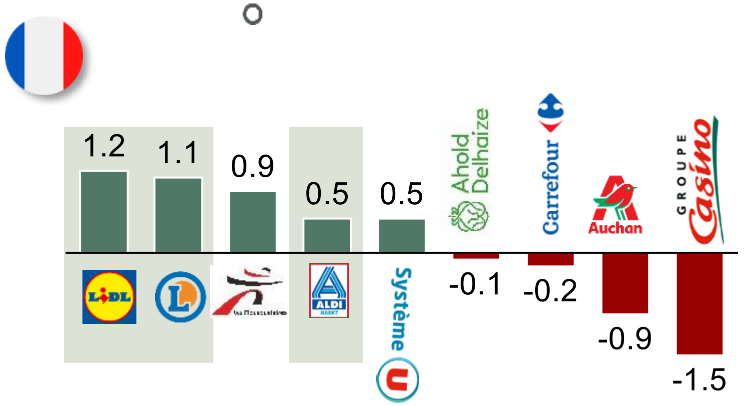
54% Of consumers **actively reducing** spend **on groceries**

55% Of consumers **reducing** number of items purchased

Discounters gain share in UK and FR

YoY market share growth of grocers
(% change, Jun 19 vs Jun 22)





Consumers turn to value and private-label products

"Value" segment

gaining share in volume across **20% of top 30 categories** between '21-'22

Private Label 46%

Of **respondents** buy more supermarket **own brands** to reduce spend

Market share of UK grocery sales in L4W (as of 19 Jul 22)

+4.1% Private label sales

-2.4% Branded sales

Note: Average EU for 5 countries (UK, Fr, Ger, IT, Sp), in volume EQ between MAT 2021 and 2022; Value segment defined as <0.75 time median and Premium segment >1.5 time median
Source: Nielsen, Kantar; Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

Despite consumers not cutting back on travel; 72% had vacations planned for summer, the airline sector remains under pressure

HEALTH TO WEALTH

VACATION PLANS IN THE NEXT 6 MONTHS
% respondents in Europe, July '22

FINANCIAL TIMES

London City airport looks to expand to meet post-Covid recovery in travel

The Guardian

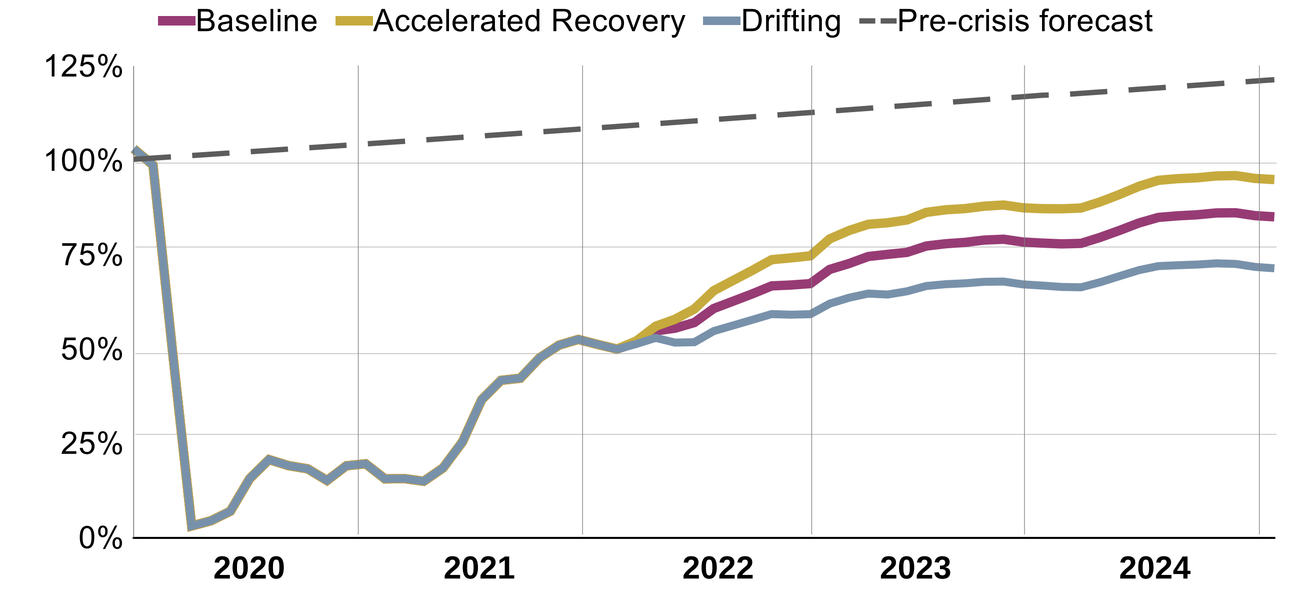
EasyJet forecasts return to near pre-Covid flying levels in 2022

The Economist

Air travel is taking flight again

Airline sector still remains below 2019 levels and not expected to recover before 2024-25

European Air travel demand, RPK, (index = 2019)



(%)																				
Baseline	50	7	19	19	16	25	42	53	52	57	65	67	75	77	79	78	80	85	86	85
Acc. recovery	50	7	19	19	16	25	42	53	52	61	71	75	83	86	88	87	89	95	96	95
Drifting	50	7	19	19	16	25	42	53	51	52	58	59	65	67	68	67	68	72	73	71

Note: RPK = Revenue Passenger Kilometres
Source: Bain analysis May 2022 air travel forecasts; Litsearch; Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

Retailers and brands are helping consumers seek better value, and are being vocal about it

HEALTH TO WEALTH

/EXAMPLES

Examples of promotions and new product ranges being launched to help consumer cope with inflation

- **Carrefour** campaigning across Europe to tackle inflation by freezing prices on products

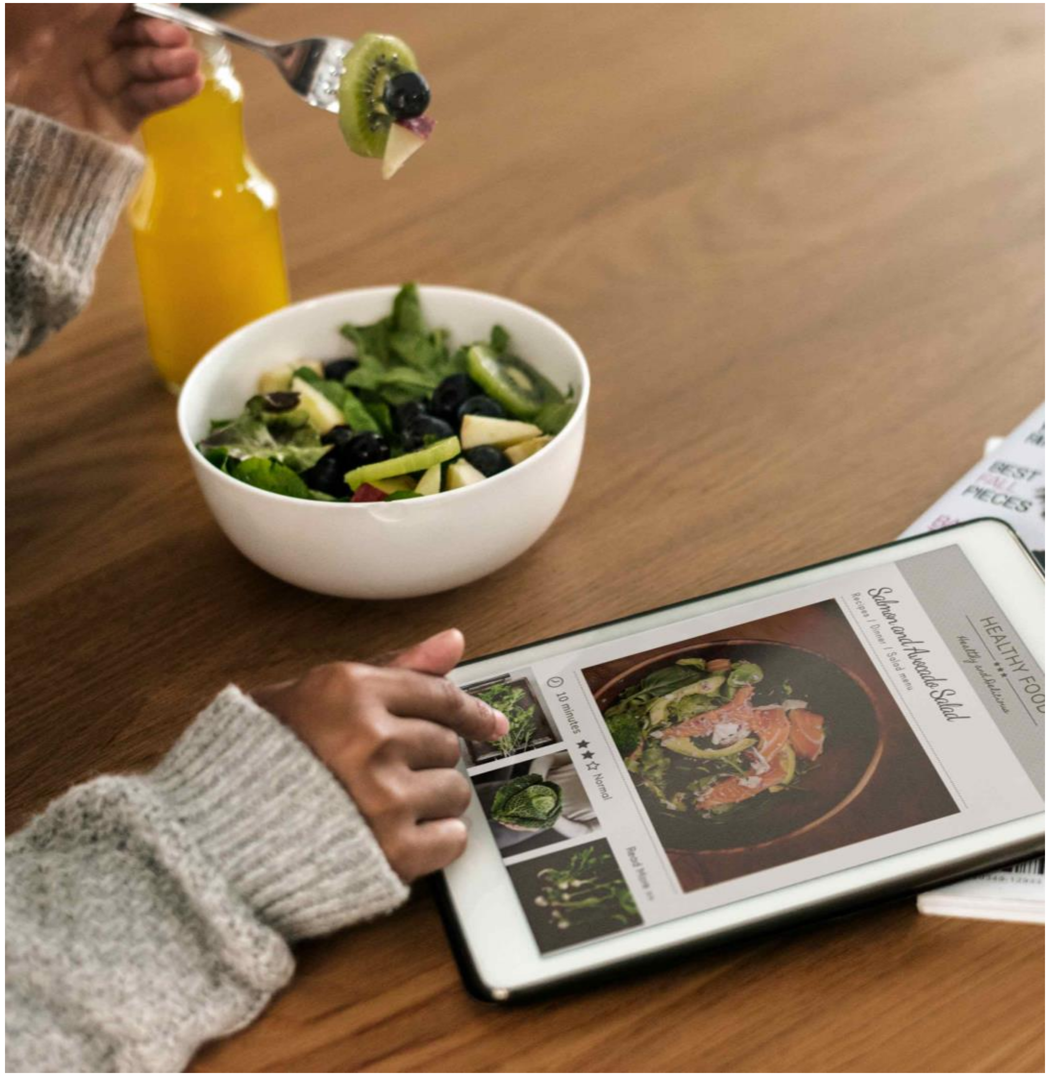
- **Tesco** "Every Little helps" campaign across the UK to help consumers spend less on groceries

- **IKEA** offered 95p kids' meals during summer holidays

- **Boots** launched budget-friendly "Everyday" range (<£1.50) to help customers through cost of living crisis

Source: Litsearch

02 **Expanding definition of wellbeing |** Whilst health & wellbeing continue to be top of mind, the definition has broadened to also include “financial wellbeing”



- Consumers have been increasingly aware of their wellbeing, with mental health being top of mind and a topic more consumers are willing and able to talk about openly as the pandemic helped destigmatize it
- Today, the definition of health & wellbeing has expanded to include a trio of physical, mental and financial wellbeing
  - Of consumers who worry about their mental health, 44% claim financial concerns and 23% social isolation are the main drivers impacting their worry
- However, the aspiration gap between what consumers want to do in terms of making changes to their health, and what they are able to do is widening
  - ~42% want to eat healthy, but almost ~60% of European adults are overweight or obese according to the WHO
  - More consumers want healthier habits, but 30% are getting distracted by other activities and 26% need support to implement these changes
  - Consumers worry about their mental health & wellbeing, but more consumers have stopped meditation and therapy (vs November), and meditation apps have been struggling globally with users’ engagement dropping

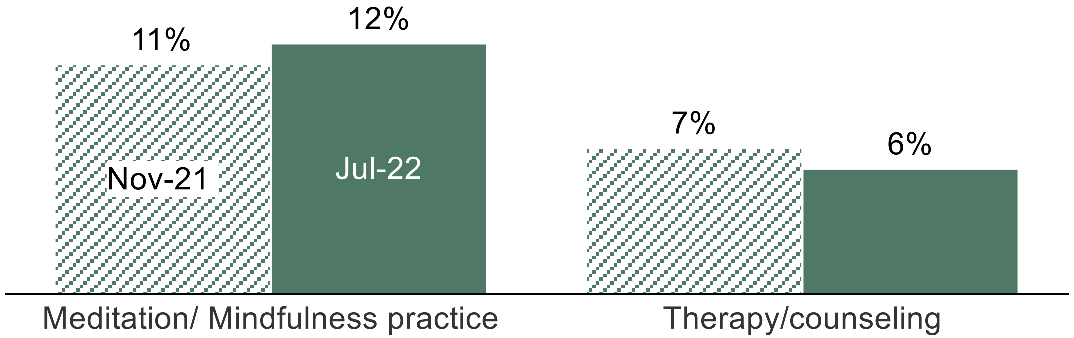
Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

In addition to physical health, consumers have been increasingly focused on their mental health and wellbeing

WELLBEING

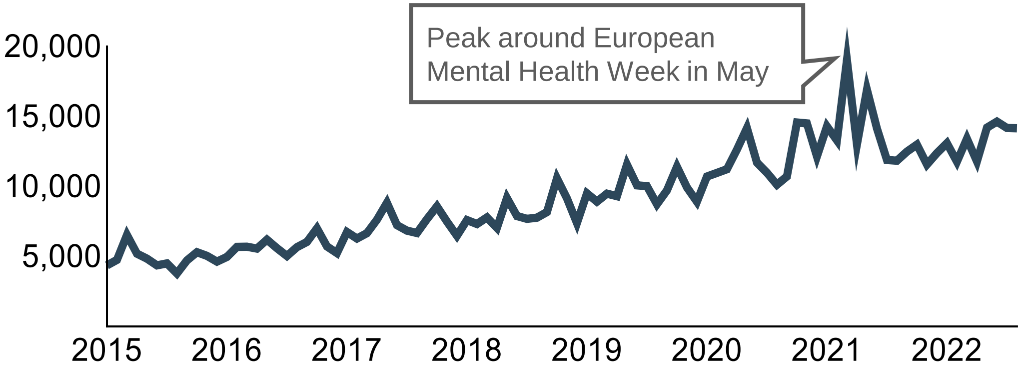
Mental wellbeing continues to be important for consumers…

(% of respondents in Europe who started doing more, Nov '21 vs Jul'22)



… and is discussed more openly as it is destigmatized

Monthly mentions of "Mental health" in publications in Europe*

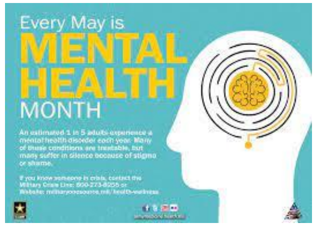


What other changes to your health are you trying to make? % respondents in Europe, July '22

11% of words mentioned **related to mental health**

○ = linked to mental health

32% of workers in UK feel **more comfortable talking** about their **workplace mental health** since the pandemic (vs. 14% in 2019)

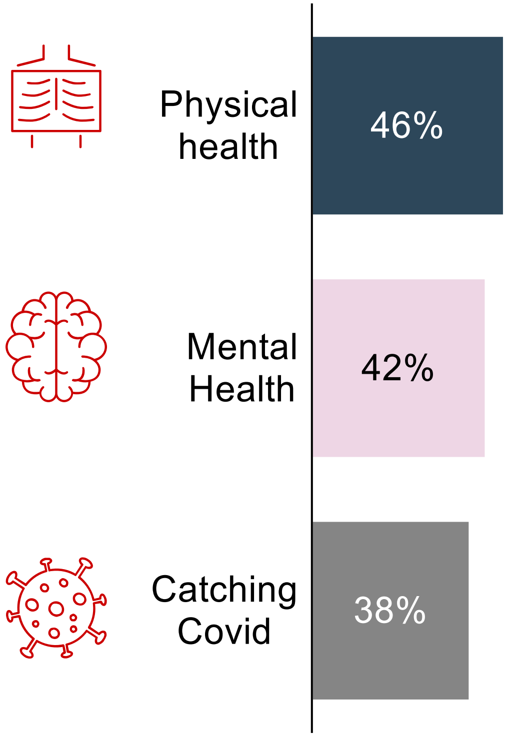


Note: (*) all publications including web news, blogs and pictures
Source: Factiva; Litsearch; Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

Today, the definition of wellbeing has further expanded to a trio of physical, mental, and “financial” wellbeing

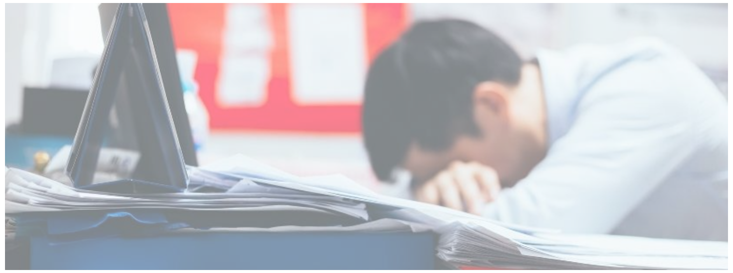
WELLBEING

LEVEL OF WORRY*
% respondents in Europe, July '22

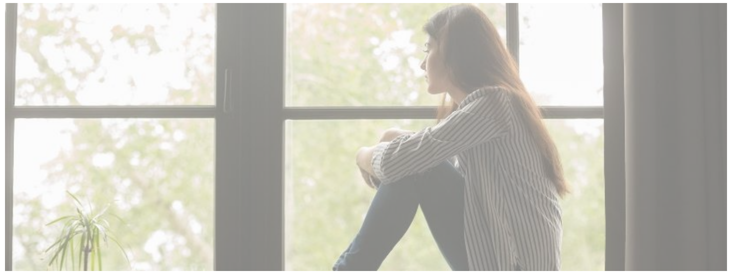


FACTORS IMPACTING MENTAL HEALTH
% respondents in Europe, July ‘22 (n = 5873)

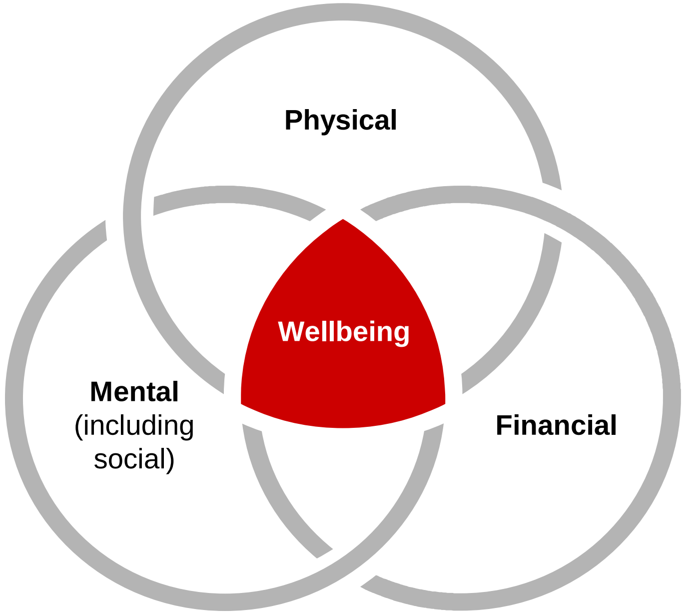
44% **Financial concerns**



23% **Social isolation & loneliness**



TRIO OF PHYSICAL, MENTAL AND FINANCIAL HEALTH



“*I am currently burdened by the **social and financial situation** which is preventing me **emotionally and mentally to pursue the health** goals I seek*”
French Consumer

“***Eating well** and **exercising** is **expensive** and I only have money to live on for now*”
UK Consumer

Note: (*) Includes respondents who selected worried and extremely worried
Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

However, the gap is widening between what consumers aspire to do and what they are able to do when it comes to managing their health & wellbeing

42%
Started **eating healthily**

VS.

59% Of Europeans adults are **overweight** or **living with obesity**

Obesity Rates Increase to 'Epidemic' Level in Europe, WHO Warns

Obesity 'epidemic' leading to 1.2m deaths a year in Europe, says WHO

17%
Intend to make extra **health changes**

VS.

26% Need **support** to start implementing these changes

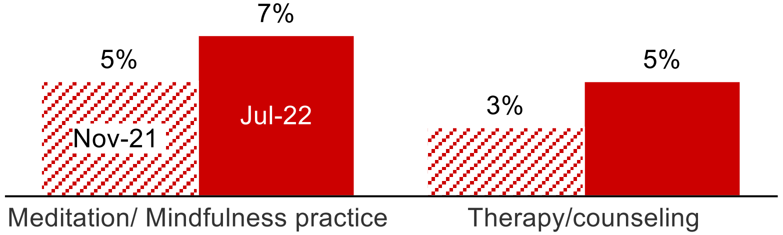
30% Get **distracted by other activities** that prevent them from making changes

42%
Consumers **concerned** about their **own mental health**

VS.

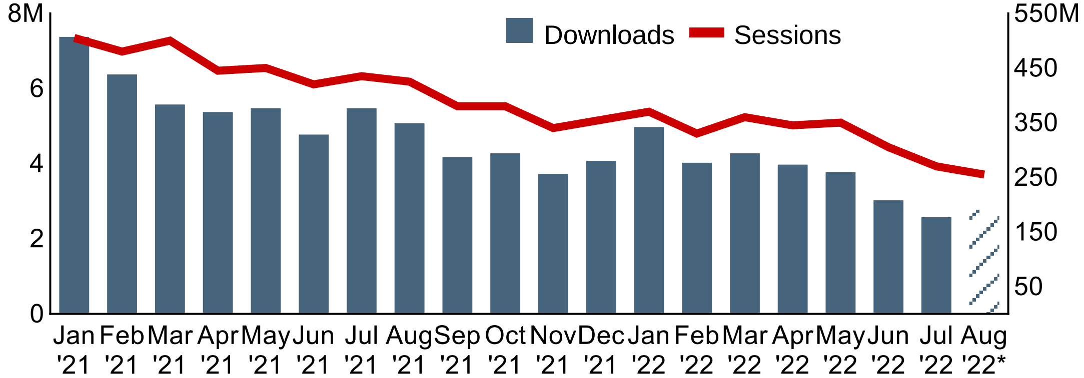
However, more consumers have stopped meditation and therapy vs. 2021…

Respondents who stopped doing or are doing less health changes (%, Nov'21 vs Jul'22, Europe)



…And meditation apps are struggling as users' engagement drops globally

Top 10 global meditation apps performance



Note: (*) August data projected for a full month
Source: Apptopia; Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123; Active Lives Survey (https://www.sportengland.org/research-and-data/data/active-lives?section=access_the_reports)

Brands and retailers are expanding their offerings to cover health & wellbeing by launching new products or partnering to promote wellbeing benefits

Examples of retailers and CPGs promoting physical, mental and financial health

Iceland

Del Monte Quality

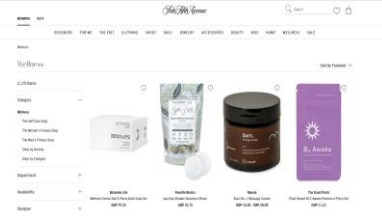
- **Iceland** partnered up with Del Monte to **promote Healthy Start** (NHS scheme to give access to healthy essentials)

- **IKEA** launched portable sleeping pods in Paris to promote **health benefits of power naps** between 1.30-6.30 pm

NatWest

- **Nat West** offers **free Financial health checks** to customers to assess their financial wellbeing

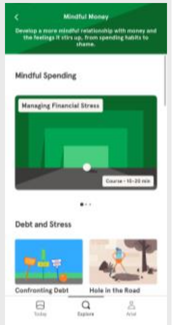
- **Wholefoods** partnered up with **Headspace** (the meditation & wellness app) to help consumers eat mindfully



Saks Fifth Avenue

- **Saks fifth Avenue** launched dedicated site for wellness with +100 brands focusing on fitness, health and nutrition, rest and relaxation

Headspace



- **Headspace** offers a "Mindful Money" section that helps users manage financial stress and build better habits

Source: Litsearch

03 **Fluidity of Spaces |** Consumers are now constantly weighing home, office, and retail spaces with habit, comfort, and cost-saving calculations

- Home has been redefined and new habits were formed during the pandemic where we see a persistent change in how consumers spend time at home
  - **WFH continues to be the norm**: 19% increase in hybrid working compared to November 2021 and consumers expect to WFH at least ~2.6 days per week in the next few months. One third of dissatisfied workers cite WFH policies as the main reason for giving a low NPS score to their employers
  - **Consumers seem to enjoy spending time at home:** consumers are enjoying drinking at home more than in a bar, partly due to routine but also preferring the in-home experience. They're also doing their beauty treatments at home rather than at a salon because they find it easier and more enjoyable. Although OOH activities are consumers' favourite way of spending their free time, *At-home* activities such as gardening, reading, drawing, beauty treatment came a close second (out of 7)
- However, consumers have recently started to weigh places as part of their financial equation to save up money
  - 56% of consumers who drink **at home**, do so because **it's cheaper**
  - ~ 25% of <35 year consider returning to working from the office to reduce household bills and struggling families are forced to seek refuge in fast-food outlets

Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

New habits formed during the pandemic where we see a persistent change in where consumers spend time, spending much more at home

FLUIDITY OF SPACES

Some working-from-home continues to be the norm with hybrid work persisting…

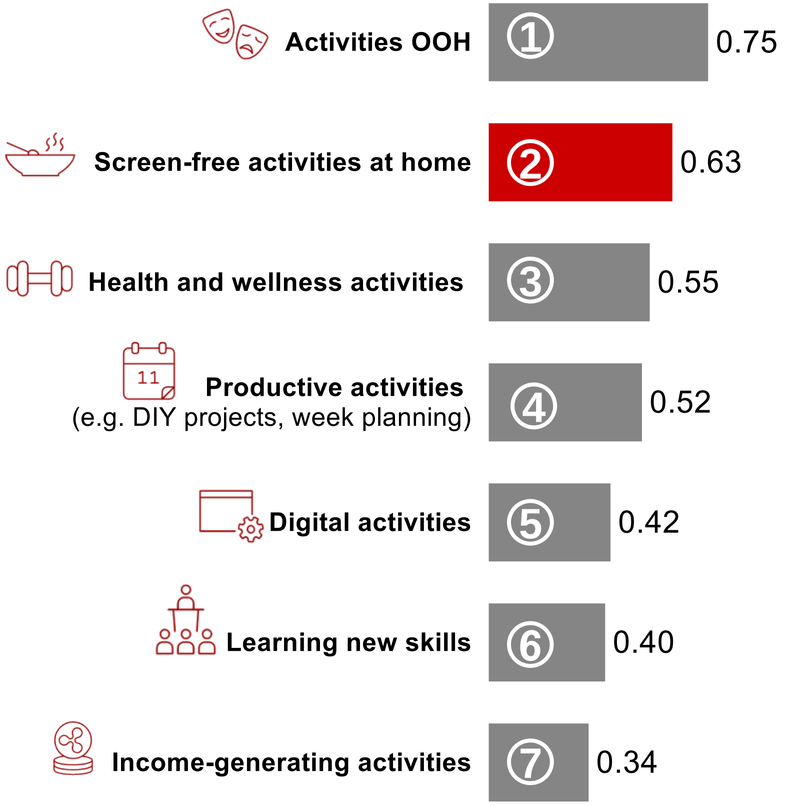
+19% Increase in **hybrid working** vs. Nov 2021

~2.6 Average **number of days** per week consumers **expect to WFH** over next few months (vs. ~2.9 days in Nov'21)

31% of dissatisfied workers cite employers' **WFH policies** as main reason for low NPS score

Although OOH activities is #1, *At-home* activities ranked #2 out of 7 most enjoyable activities to spend free time

Relative importance of activities enjoyed by consumers in free time (MaxDiff analysis)



Convenience and habit, but also enjoyment seem to be key drivers for spending more time at home

Of respondents who drink at home

34% Drink at home as part of their **routine**

33% **Prefer the atmosphere and experience at home** vs. in a bar

Of respondents who do their beauty treatments at home

21% **Enjoy** doing their treatment **at home** vs. at the salon

33% Find it **easier to do it a home** vs. at the salon

Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

However, consumers have started doing a very literal cost vs benefit analysis, weighing up carefully which option gives them most ‘bang for their bucks’

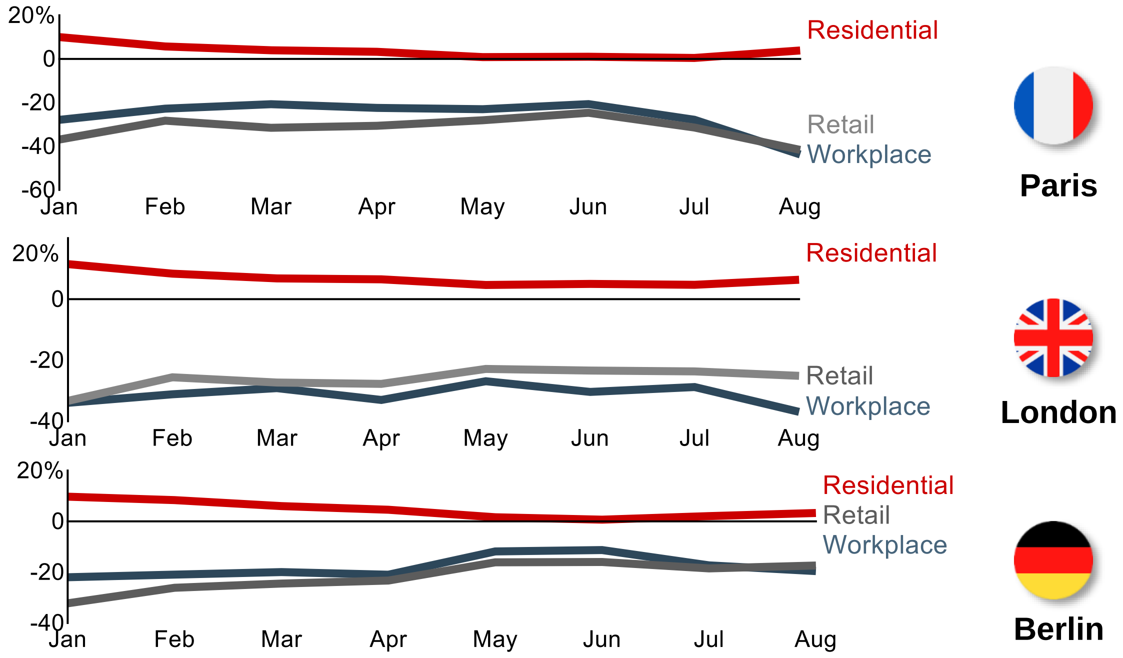
FLUIDITY OF SPACES

Today, “financial restrictions” are the new “stay-at-home” restrictions

51% Claim **cost** prevents them from spending time on OOH activities (cinema, museums, bars…)

32% Switching from **out-of-home** activities to **in-home** activities to reduce spending

% change in time spent at location (Aug-22 vs pre-pandemic*)



Note: (*)Pre-pandemic data defined as 03/01/2020-06/02/2020

Source: Google mobility data; Litsearch; Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

Consumers weigh the costs of different spaces as a way to save money

The Telegraph

Young workers heading back to the office to reduce household bills

Study finds nearly a quarter of those under 35 are considering abandoning working from home because of soaring energy prices

The Guardian

Energy bills: struggling families forced to ‘seek refuge in McDonald’s’

Desperate parents are using fast food outlets as an emergency kitchen, bathroom and living room

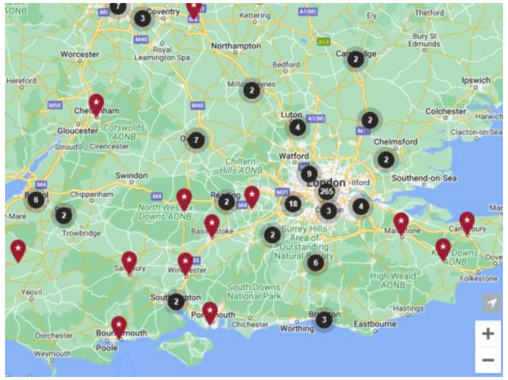
EXPRESS

Leisure centres and libraries could become heated shelters for freezing families

LIBRARIES and leisure centres could be turned into heated sanctuaries this winter for desperate families unable to pay their sky-rocketing energy bills.

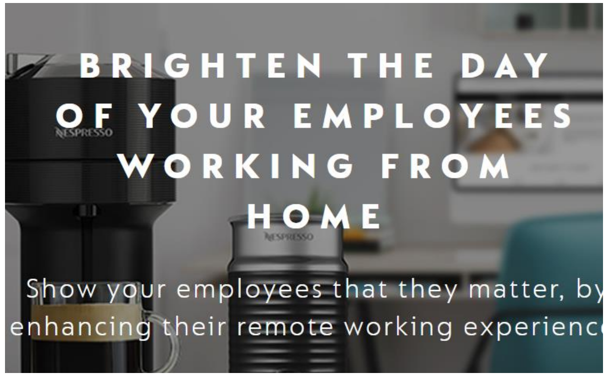
Examples: Retailers and brands shifting distribution strategies to cater to changes in consumer demand

Shifting distribution and product adaptation: going where consumers spend most time



- **Pret-a-Manger:** moving beyond big city centers and opening stores in rural / suburban areas to cater to the shift in hybrid working

- **Maker & Son:** fitted fleet of vans with display furniture that **drives up to consumers** to provide them with **home-delivered mobile showrooms** to sample and trial products from the comfort of their homes



- **Nespresso:** offering businesses new product solutions such as the **Employee @ Home Coffee Program** to send coffee machines and capsule to employees while working-from-home

- **Coca Cola:** opened its first **flagship store** in Central London (Covent Garden) to sell merchandise directly to consumers, including a bar area for **customers to socialize while drinking a coke**

Source: Litsearch

04 **Business is a Beacon |** Consumers expect more from businesses and employers, and look to them to lead and help solve societal issues

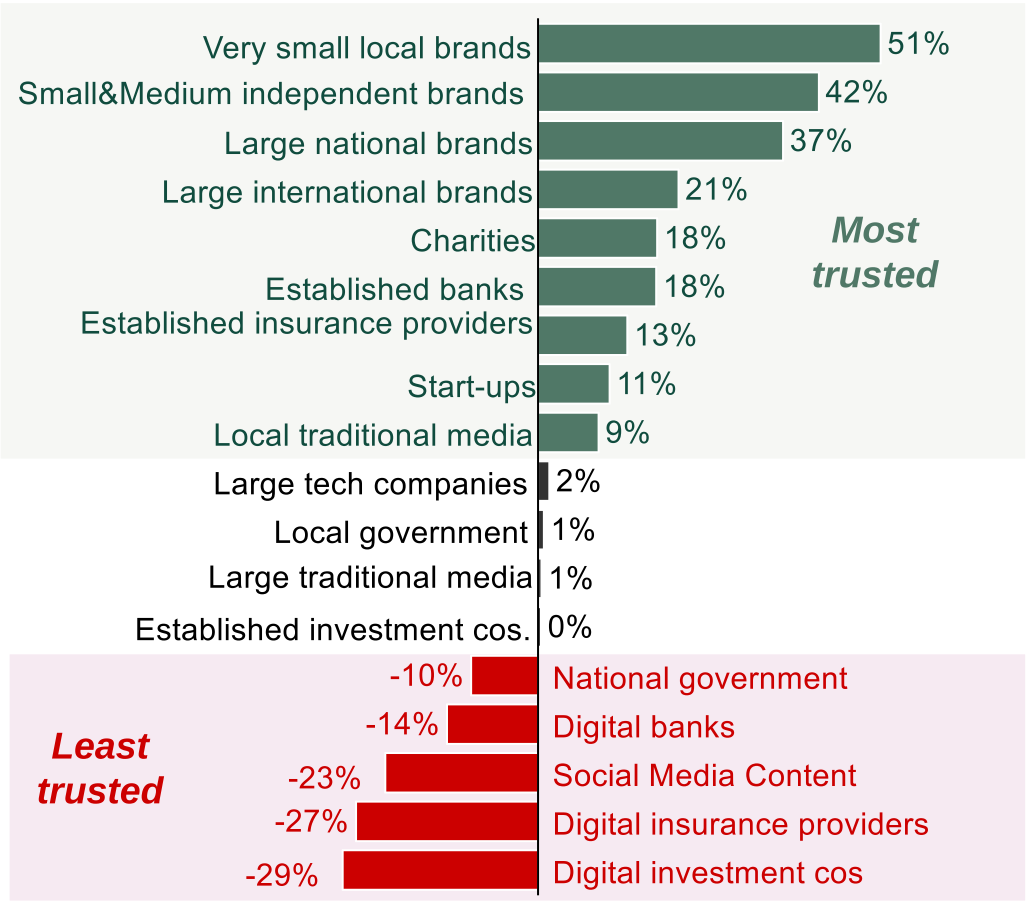
- Many consumers are highly sceptical and are taking a 'guilty until proven innocent' approach to trusting businesses requiring evidence to change their view
- Established businesses and the ones that embrace local are the most trusted
- Consumers are looking to businesses to work hard to help solve societal problems, and holding them responsible if they're not doing so
  - **More than half** perceive businesses as having a key role in **solving societal issues** *(according to the Edelman trust barometer)*
  - When it comes to their health, employees look to employers to help them with **mental health and wellbeing**: 41% of dissatisfied workers in Europe cite employer's mental health cultural norms as reason a for low NPS
  - Consumers are looking to businesses to help **foot the bill for carbon footprint and ESG**: 57% support raising taxes on companies burning fossil fuels to pay for GHG emissions

:Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

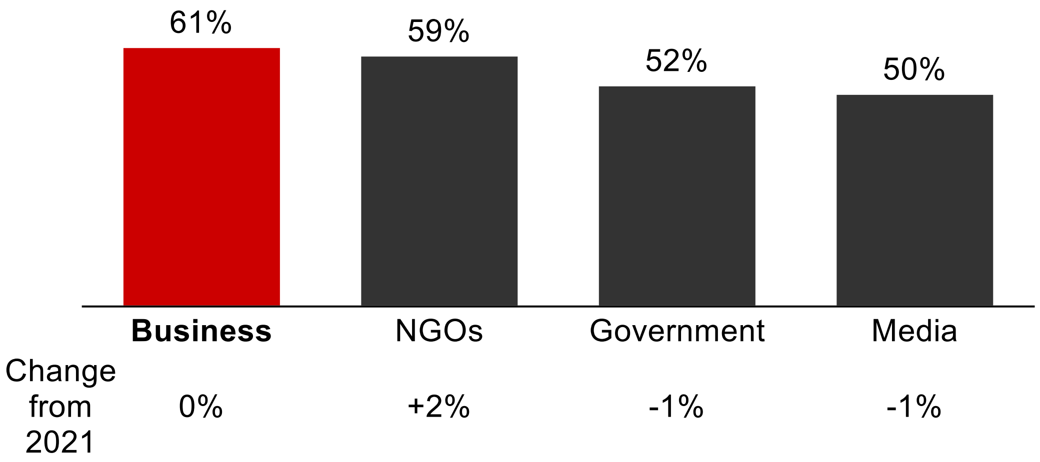
Consumers have been defaulting to distrust; yet they continue to trust visible, local and established businesses the most

BUSINESS IS A BEACON

How trustworthy are the following organizations?
(Net trustworthiness score, % respondents Europe)



Edelman Trust Barometer (Global, 2022)
Indicate how much you trust that institution to do what is right?



Which are you more likely to believe?

59% **My tendency is to distrust** until I see evidence that something is trustworthy

vs.

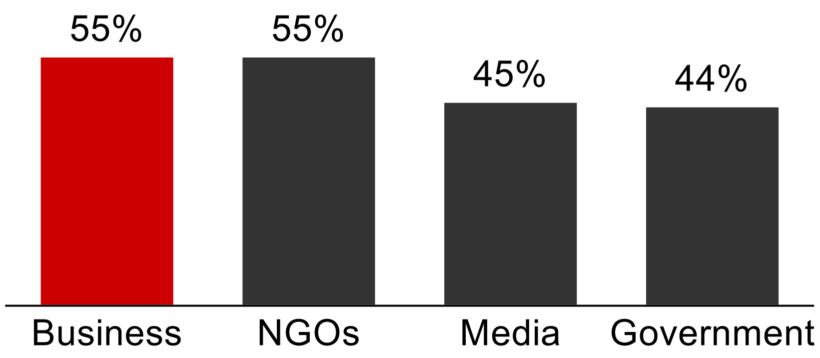
My tendency is to trust until I see evidence that something is untrustworthy

Source: Edelman Trust Barometer 2022; Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

In fact, consumers have been turning to businesses and employers to solve issues such as climate change, mental health and other societal problems

Consumers expect businesses to solve societal problems as trust in government drops

% Belief institution takes on a leadership role (Global, 2022)



60%

When considering a job, I expect the CEO to speak publicly about **controversial social and political issues that I care about**

+5 pts

2019 vs 2022

Global Employees – Edelman Trust Barometer

Edelman

…and hold employers and businesses accountable for issues such as mental health and climate change

32% Report **belief in company's purpose** as the main reason for giving their employer a **positive NPS** score

41% Of dissatisfied workers in Europe cite **employer's cultural norms around mental health** as a **reason for a low NPS**

57% Of consumers **support raising taxes on companies** burning fossil fuels to **pay for a reduction in GHG emissions**

Source: Edelman Trust Barometer 2022 N = 36,000 in 28 countries; Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

Players are responding to consumer desire to see them lead and act responsibly within an ESG framework

Climate change and environmental causes

Patagonia Giving Away All Profits to Help Fight Climate Change

The company's founder says he's "dead serious" about saving the planet.

LA LESSIVE DE PARIS

- Parisian 100% ecological brand producing laundry detergents, delivers recyclable / refillable glass bottles by bike and produces locally to limit GHG emissions

Supporting local communities

- **McDonald's:** to make reading more accessible in the UK, McDonalds launched a **Happy Readers Book Tour** in Sept 2022 in partnership with the National Literacy Trust

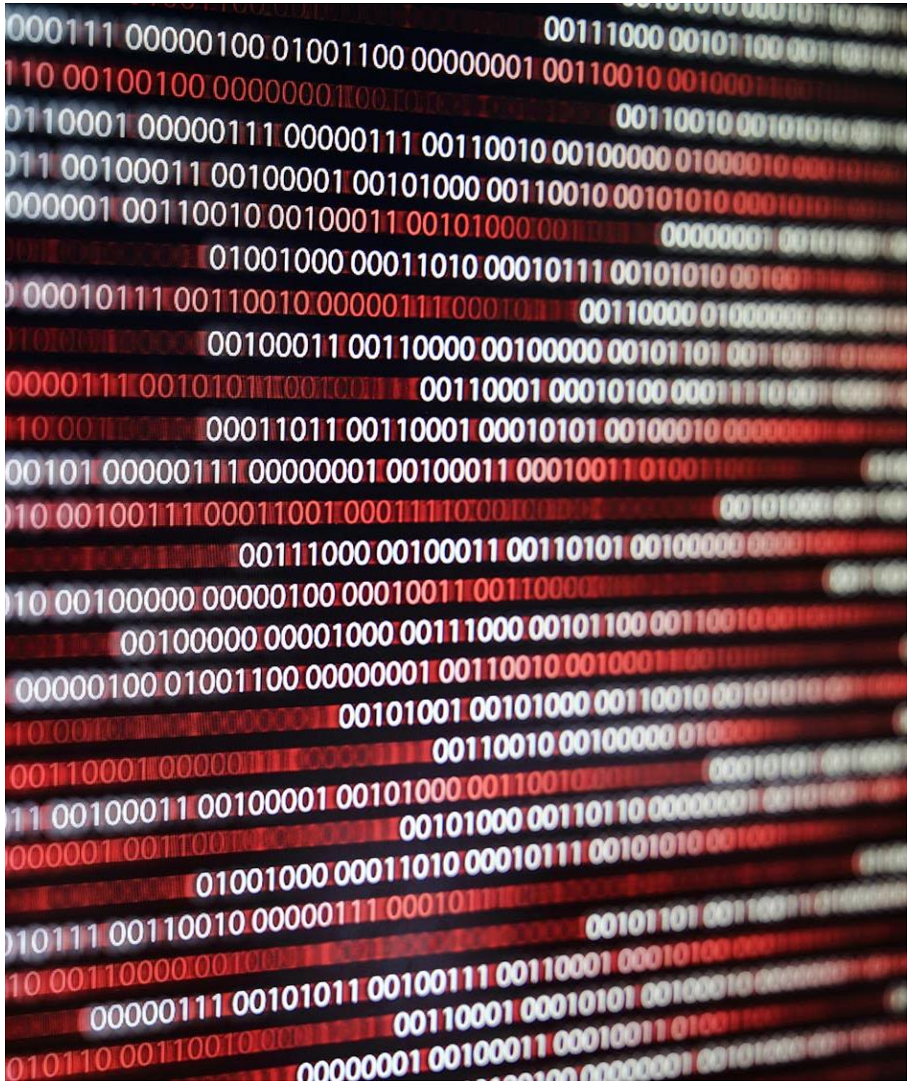
- **Lidl:** Supports **local farmer** and **suppliers,** through advertising fresh **British produce**

- **Wholefoods': "We Love Local"** campaign across stores in London, promoting products created and launched locally

WHOLE FOODS MARKET

Source: Litsearch

05 **Brewing Digital Backlash|** Consumers try to step away from digital activities as post-covid digital fatigue start to loom in

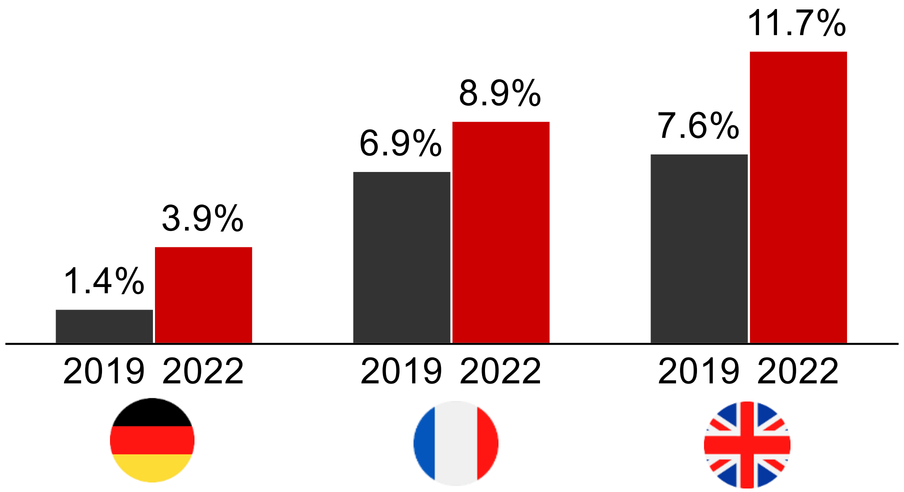


- Digital saw tremendous growth during the pandemic as it was one of the only channels people could use to stay connected and shop
  - Online grocery penetration grew ~between 1.3x to 2.7x in some European countries, whilst share of online fashion grew by ~1.6x across Europe and UK
  - Consumers across generations learned to embrace the benefits of digital – convenience, connection, entertainment; ~25% of boomers used online pharmacy services to order medications in July ‘22, and ~20% use digital devices to monitor their health
- However, consumers have also become aware of the downsides of digital that are brewing at the surface
  - Consumers across generations want to reduce time spent on digital activities with Gen Z paving the way
  - 32% claim digital activities are bad for their mental health and want to reduce their exposure
  - Consumers ranked spending time on screen-free activities as 2^{nd} (vs. digital activities #5 out of 7) when asked about what they enjoy doing most in their free time
- New trends and innovations have started to emerge to help consumers limit digital exposure

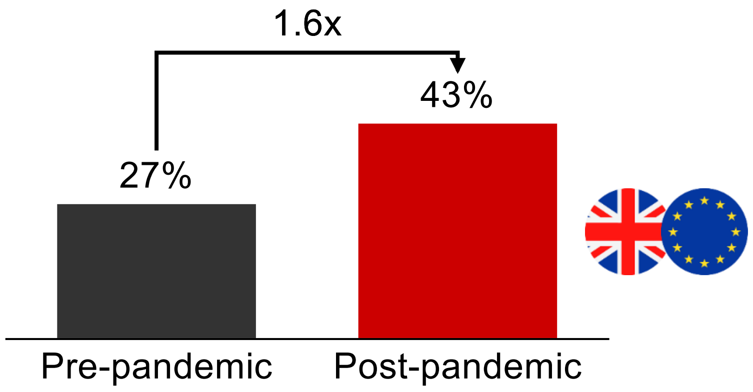
Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

Digital channels grew during the pandemic and consumers have embraced its benefits: convenience, connection, entertainment and access to health

Online grocery share (%, 2019 – 2022*)



Online apparel share (%, UK & EU)



+290M

More daily **Zoom participants** between Apr '20 vs Dec '19

~16M

Record number of **Netflix subscribers** in 2020 (+22% vs. 2019)

+600%

Growth in **Tiktok visits** in 2020

25%

Surveyed **boomers** used **online pharmacy** services to order medication online in July'22

20%

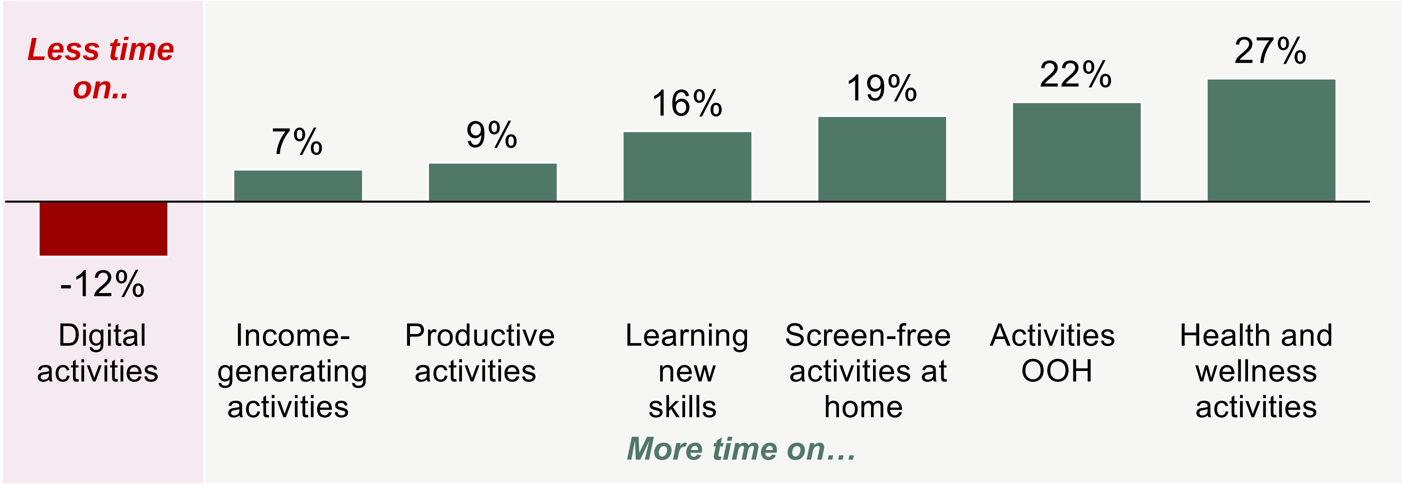
Surveyed **boomers** using **digital devices** to monitor and manage long-term health conditions in July '22

(*) 2022 = Q1 2022 for Germany, France, and May 2022 for UK.
Source: Global Data, Euromonitor, Edge, Forrester, Nielsen, Bundesverband E-Commerce und Versandhandel Deutschland, Bain Analysis; Litsearch; Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

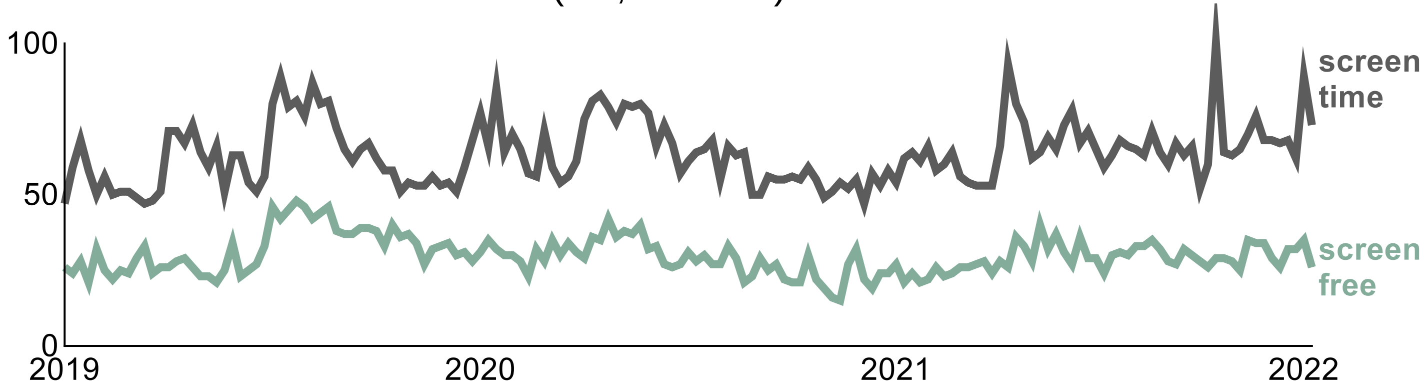
However, consumers would like to spend more free time on screen-free activities and reduce digital ones, recognising digital's negative impact on mental health

DIGITAL BACKLASH

Would you like to spend more, less or same amount of time on each of the following activities? (Net time spent, % respondents Europe, July '22)



Search interest in screen time (UK, 2019-22)



35% Gen Z want to **reduce** time spent on digital activities

32% Consumers want to reduce time spent on digital activities because it's bad for **mental health**

#5 Out of 7, rank of **digital activities** as enjoyable in free time

#2 **Screen-free activities** ranked as most enjoyable in free time

Note: Numbers represent search interest relative to the highest point on chart for given time; 100 = peak popularity for the term; 50 = term is half as popular; 0 = not enough data for this term; the data considered for the search interest is Sep'19 to Sep'22
Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123 ; Google Trends

This brewing backlash is leading to new trends and innovations aiming to limit digital exposure and encourage ‘digital detox’

Re-introduction of ‘dumb phones’

Re-introduction of traditional mobile phones with only bare essentials and limited or no access to external apps such as social media, gaming…

NOKIA | Phones

doro

Tools Limiting digital exposure

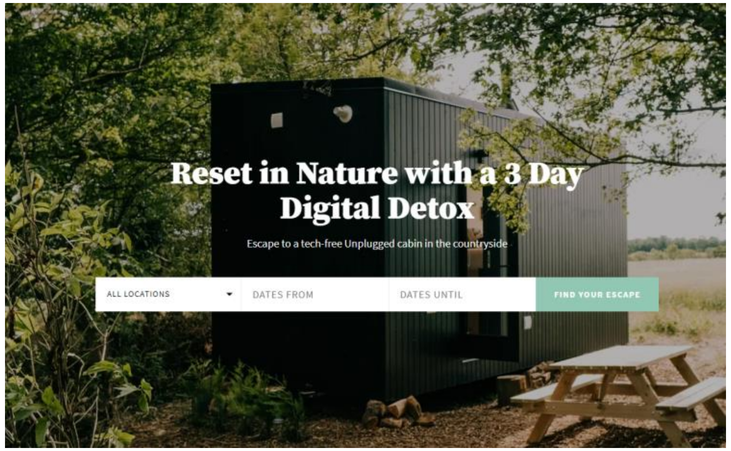
Apps and tools to monitor mobile usage and limit time spent by blocking app or phone usage

TikTok addicts to benefit from in-app screen-time controls

TikTok

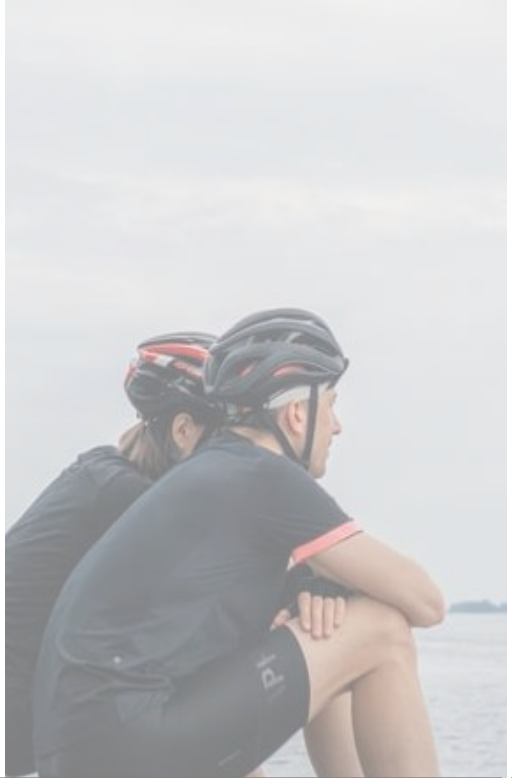
Detox retreats to fully unplug

Hotels and retreats planned to fully disconnect from all digital devices including phones, laptops and TV, to help reduce stress levels



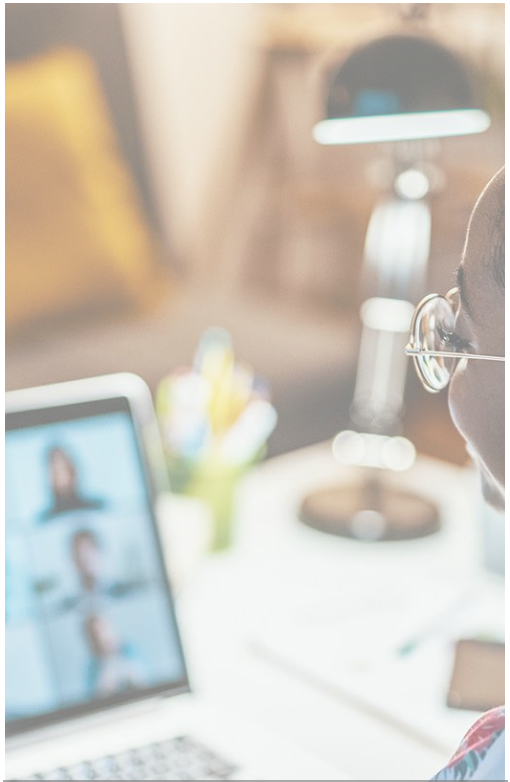
Source: LitSearch

AGENDA

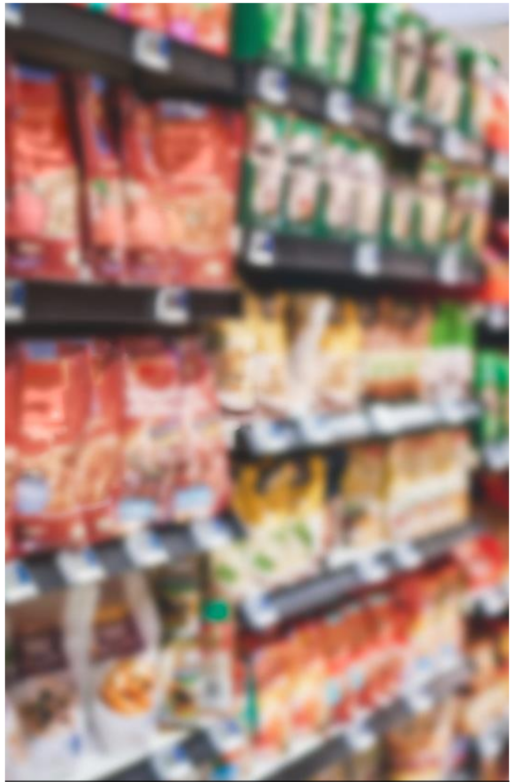


01 Context & Executive summary

02 The whiplashed consumer



03 Lasting consumer trends: behaviors and expectations



04 Implications for CPG and Retail

05 Appendix: Selected survey output

CPGs are facing tensions between consumer expectations and the challenging realities of today's business landscape

- Consumers are **squeezed financially, more and more price sensitive**, and seek better value, **yet CPGs are weathering the highest cost inflation** seen in decades and are pushing through price increases
- Consumers are **using spaces more fluidly** (evolving role of home, office, retail), **yet CPGs today have well established distribution partnerships** to abide by and limited flexibility to rapidly flex their distribution
- Consumers **desire healthier options and to consume more locally, yet CPGS today have global supply chains** sometimes rooted in a "not-so-healthy" portfolio
- Consumers like the convenience of online but **want to minimize their exposure to digital and distrust social media, yet CPGs today have already shifted most of their advertising spend towards digital media** to reach and influence shoppers
- Consumers **turn to businesses to lead and act responsibly** within an ESG framework, **yet CPGs are met with punishing financial markets and investors** if they don't maximize shareholder value

Key imperatives exist for CPGs to manage the short-term ‘pinches’ and begin their transformation to face longer-term challenges

Imperatives for short term “pinches”

Uncover and rapidly act on consumer insight

- Have your consumer closeness capability always on to understand the evolving consumer needs and rapidly test new propositions in line with shifting demands
- Connect with consumers where they are in targeted and personalised ways – at scale – with the right media mix and messaging

Re-shape your offering

- Revisit your portfolio to ensure coverage across consumer segments, including value and premium
- Support consumers in achieving the lifestyle they want to sustain (e.g., occasion, health, convenience) through innovations and offerings that facilitate these habits and that you are uniquely positioned to serve

Pull pricing levers

- Create spend-worthy offerings by reimagining your proposition as an experience and/or through price/ promo activation
- Measure price perception and sensitivity: assess if your categories fall in the “danger zone” of being cut out (indulgence vs. essential)
- Explore pack size to provide greater value for money

Double down on supply chain resiliency

- Streamline operations to continuously tighten your cost base
- Ensure flexible and resilient supply chain to quickly react to consumer signals and shortages in supply (energy, labor), work with local suppliers
- Adjust planning to make it agile and fast to react to unpredictable consumer demand and asynchronous market impacts

Imperatives to transform to face longer-term trends

Meet consumers where they are

- Revisit channel strategy in light of space fluidity among consumers (e.g., discounters, suburbia, rural; automated vending machines)
- Ensure commitment to on-trade partnerships to remain relevant in out-of-home settings
- Commit to investing online, partnering with retailers to address weak economics and to create win-win propositions and activations
- Continuously monitor the impact/ROI of your ad spend in digital media to stay top-of-mind and meet consumers where they are most receptive

Use tech & data as competitive advantage

- Embed and grow AI investments across your organization to support in negotiations, price elasticity scenarios, category analysis, demand forecasting etc.
- Invest in disruptive technologies to innovate along the value chain

Re-root in the core mission

- Review and rethink suppliers, partners and distributors across your value chain and ecosystem to ensure alignment with your ESG and DEI strategies
- Re-align your mission to deliver the promise to all your stakeholders (customers, employees and investors)

Retailers are facing tensions between shopper expectations and the challenging realities of today's business landscape

- Shoppers are **squeezed financially, more and more price sensitive**, and seek better value, **yet retailers are weathering the highest cost inflation** seen in decades
- Shoppers are **using spaces more fluidly** (evolving role of home, office, retail), **yet retailers have a legacy network of physical assets waiting to be optimized**
- Shoppers **desire healthier options and to consume more locally, yet retailers are trying to pick the right assortment** while also navigating **geopolitical complications, economic uncertainty and supply chain challenges**
- Shoppers like the **convenience of online, yet retailers are struggling to make online a seamless, effortless (and profitable!) channel experience**
- Shoppers **turn to businesses to lead and act responsibly** within an ESG framework, **yet retailers are met with punishing financial markets and investors** if they don't maximize shareholder value

Key imperatives exist for Retailers to manage the short-term 'pinches' and begin their transformation to face longer-term challenges

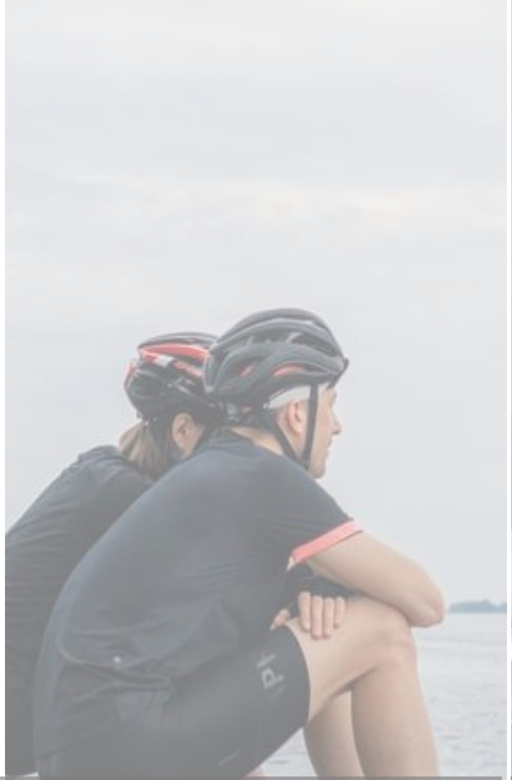
Imperatives for short term "pinches"

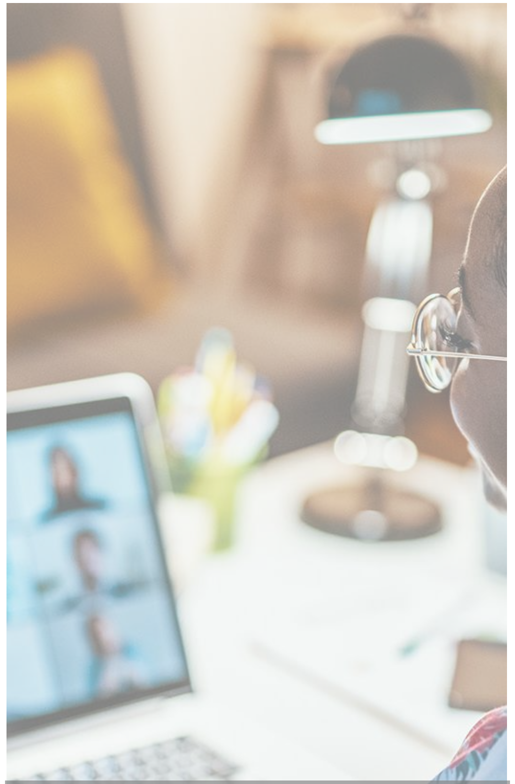
Uncover and rapidly act on shopper insight	• Have your shopper closeness capability always on to understand the evolving shopper needs and rapidly test new propositions to drive loyalty • Minimize customer churn by offering value and orienting shoppers towards "better for you" options (e.g., targeted discounts, rewards, vouchers…)
Continuously adapt assortment and products	• Revisit your assortment to ensure coverage across shopper segments, including value and premium • Optimize your private label assortment to adjust to 'flight to value' and reduce reliance on branded suppliers • Ensure adequate inventory levels and minimize stock disruptions; work with local suppliers
Double down on operations efficiency & resiliency	• Streamline operations to continuously tighten your cost base • Keep an eye on cost increases including in negotiations with suppliers to contain price inflation • Ensure flexible and resilient supply chain to quickly react to consumer signals and shortages in supply (saving energy usage across stores, labor shortages…)

Imperatives to transform to face longer-term trends

Revamp formats & network to better meet shoppers	• Revisit formats and network strategy in light of space fluidity among consumers (e.g., discounters, convenience "on the go", suburbia, rural; travel retail…) • Continuously upgrade your value proposition across channels based on latest shopper insights, trends and customer feedback (e.g., new food platforms, beauty & wellness services, etc.)
Diversify revenue and grow into adjacency	• Optimize channel economics through wide range of drivers (online delivery charges, data monetization, automation, lower cost to serve, win-win CPGs proposition…) • Monetize assets by offering new services (e.g., EV charging stations, retail media, financial services, online marketplace…)
Use tech & data as competitive advantage	• Use customer data and insight to offer seamless, personalized shopping experience across channels • Embed and grow AI investments across your organization to support in negotiations, price elasticity scenarios, category analysis, demand forecasting etc. • Invest in disruptive technologies and automation to innovate along the value chain
Re-root in the core mission	• Review and rethink suppliers, partners and distributors within your ecosystem to ensure alignment with your ESG and DEI strategies • Re-align your mission to deliver the promise to all your stakeholders (customers, employees and investors)

AGENDA



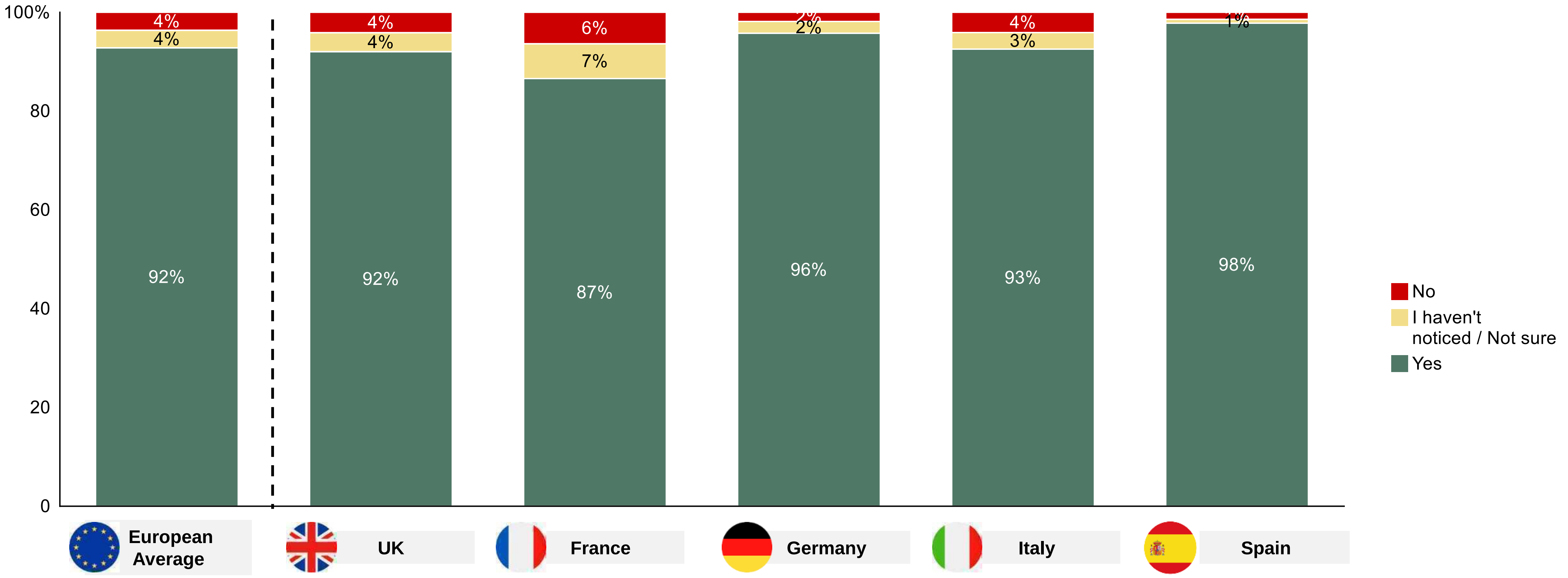


Appendix

~92% of the European population have noticed that the things they purchase have become more expensive

CHANGE IN PRICES OF DIFFERENT ASPECTS OF LIFE

% respondents in Europe, July '22

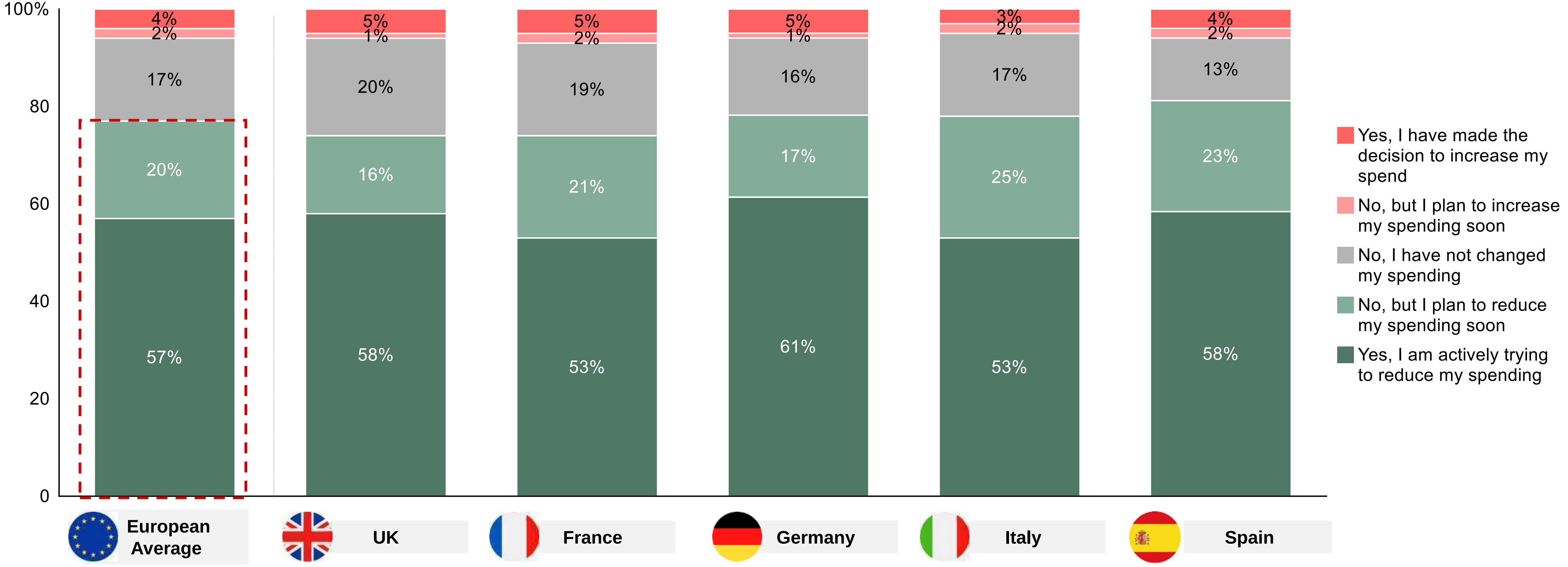


Q. In the past 3 months, have things you spend money on become more expensive?

Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123, N for UK= 2,833, N for France= 3,011, N for Germany= 2,805, N for Italy= 2,802, N for Spain= 2,672

In this climate, 77% of European consumers are reducing or are planning to reduce their spending

CHANGE OF SPENDING HABITS IN THE PAST 3 MONTHS
% respondents in Europe by country, July '22



Q. Have you changed your spending habits within the past 3 months?

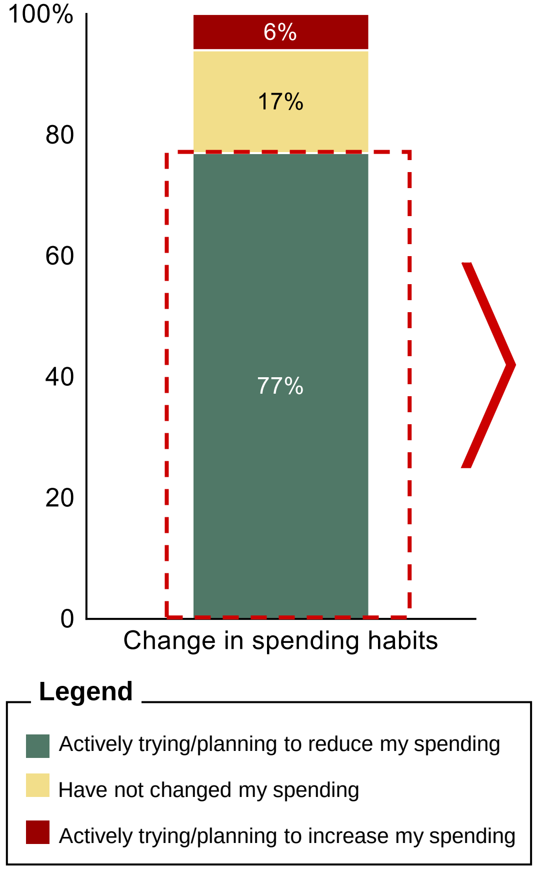
Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123, N for UK= 2,833, N for France= 3,011, N for Germany= 2,805, N for Italy= 2,802, N for Spain= 2,672

To reduce their spending, consumers are reducing or eliminating purchases, using less home energy, and shifting to supermarket own-brand products

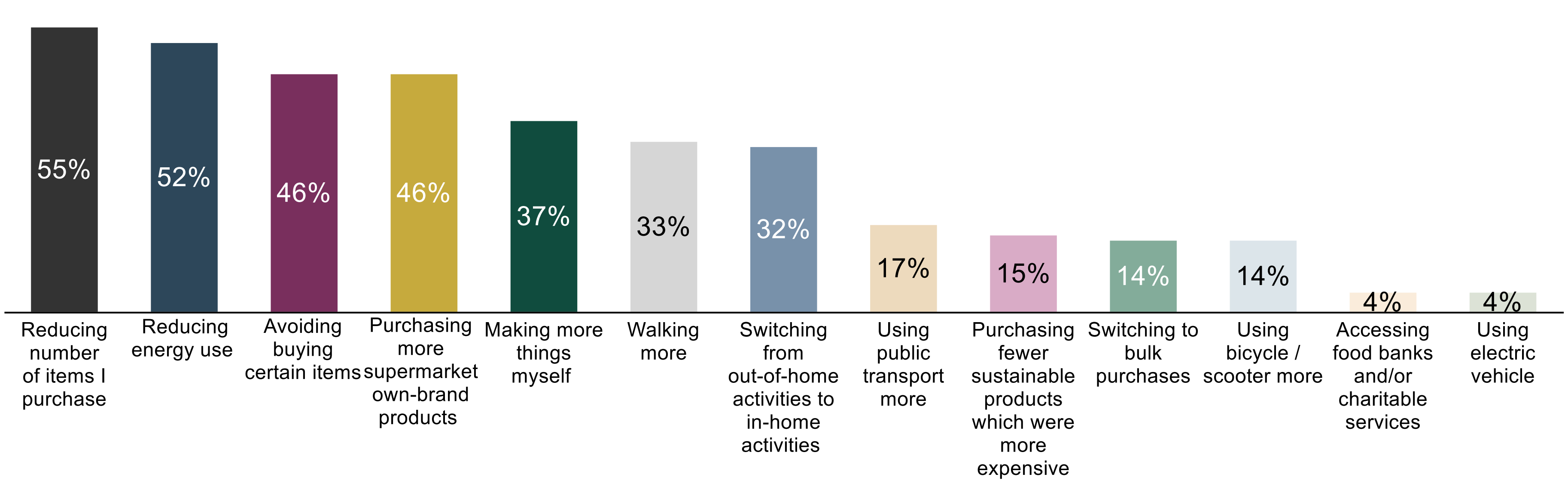
HEALTH TO WEALTH

/EUROPE

CHANGE IN SPENDING HABITS
% respondents in Europe, July '22



ACTIONS TO REDUCE SPENDING
% respondents in Europe, July '22



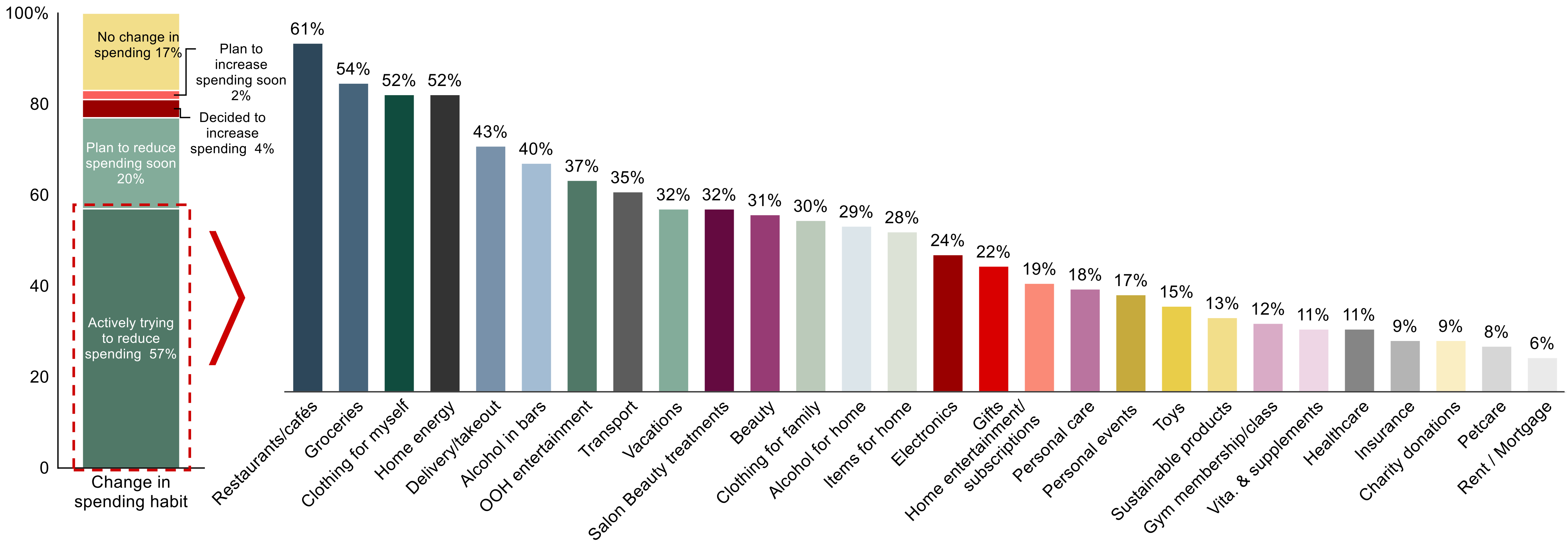
Q. Have you changed your spending habits within the past 3 months? Q. What actions have you taken to reduce your spending?

Note: The second question was only asked to respondents who have either actively reducing their spending or are planning to reduce their spending; Respondents selecting 'Others' are not included in the RHS chart due to low sample size
Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

Consumers who are **already cutting back** are primarily reducing spend on restaurants/cafés, groceries, clothing, and home energy

CHANGE IN SPENDING HABITS & ASPECTS OBSERVING REDUCTION IN SPENDING

% respondents in Europe, July '22



Q. Have you changed your spending habits within the past 3 months ? Q. Which aspects of your life are you actively trying to reduce your spending?

respondents selecting 'Others' are not shown due to low sample size

Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

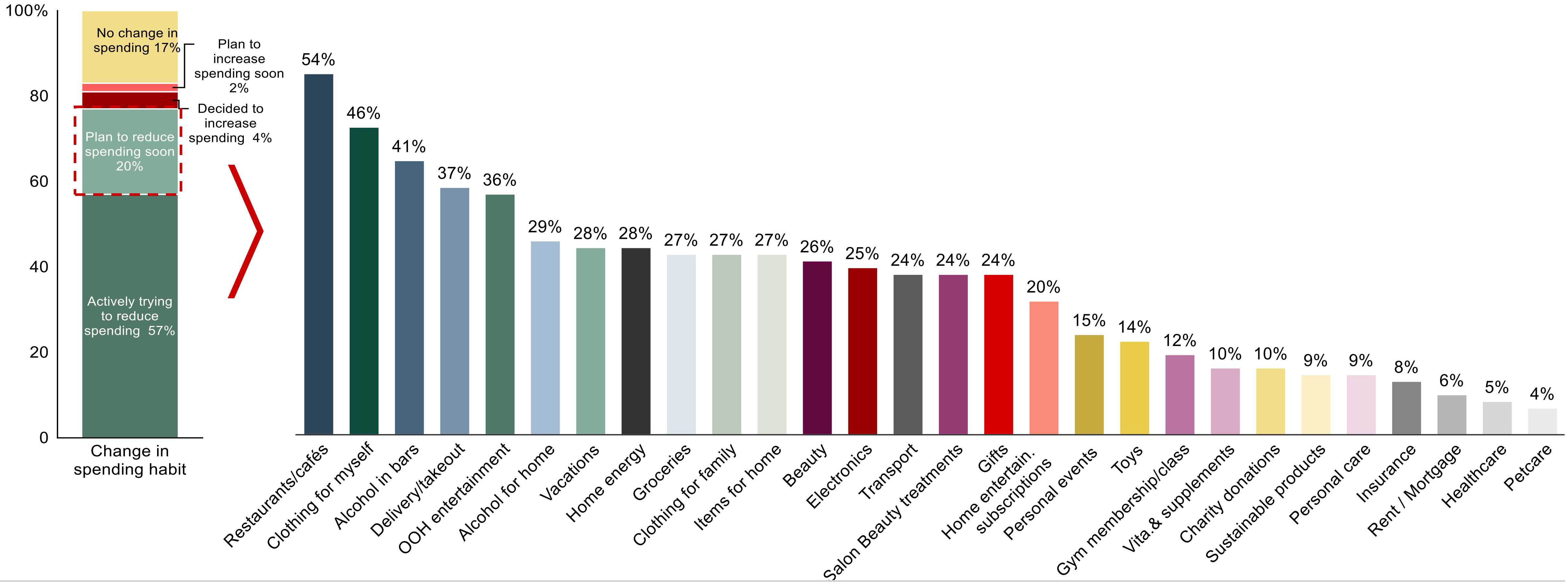
Consumers who are **planning to cut back** soon anticipate reducing spending on restaurants/cafés, clothing, alcohol in bars and out of home entertainment

HEALTH TO WEALTH

/EUROPE

CHANGE IN SPENDING HABITS & ASPECTS PLANNED FOR REDUCTION IN SPENDING

% respondents in Europe, July '22



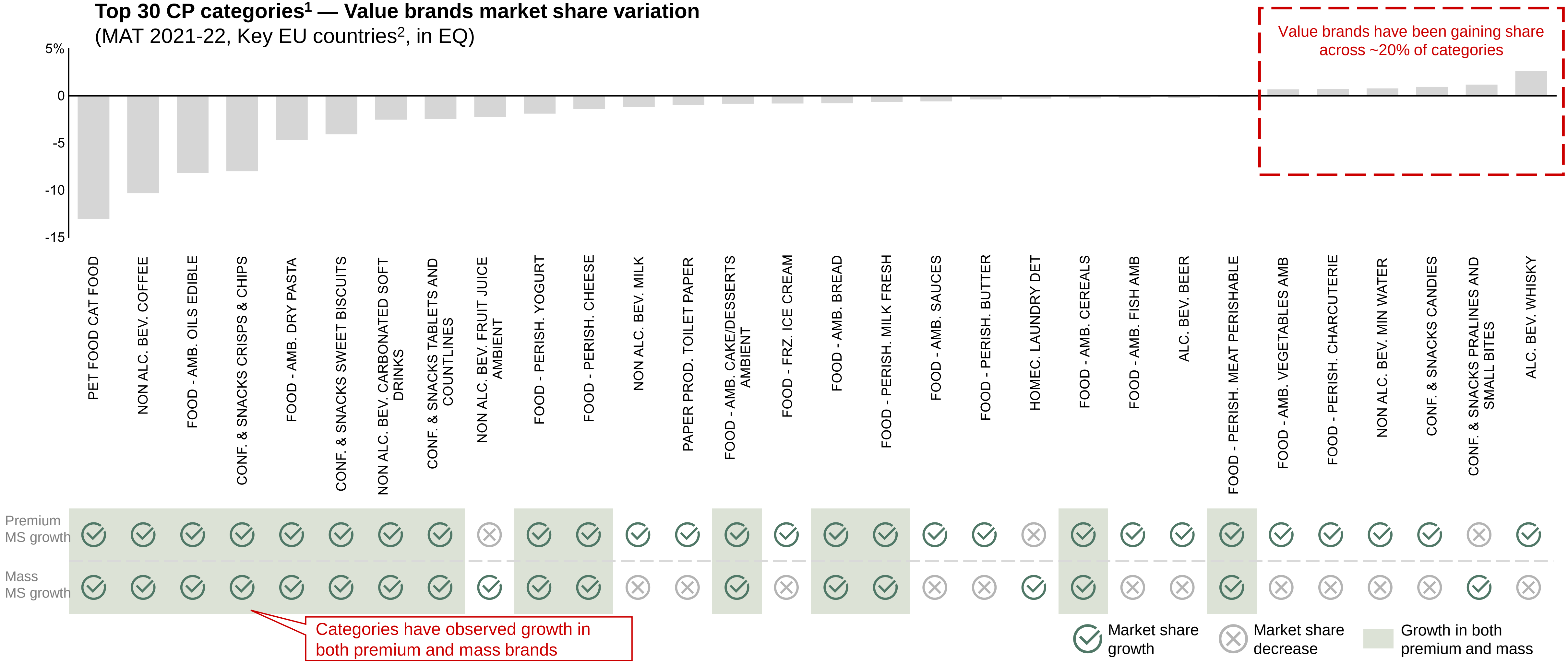
Q. Have you changed your spending habits within the past 3 months ? Q. Which aspects of your life do you plan to spend less on?

respondents selecting 'Others' are not shown due to low sample size

Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

~20% categories witnessed an increase in volume share of *value brands* across key European countries over MAT 2021-22

Top 30 CP categories[1] — Value brands market share variation
(MAT 2021-22, Key EU countries[2], in EQ)



Note:(1) Top 30 categories by sales in MAT 2022 (52 w/e 08/14/22); (2) Key EU countries include Germany, Great Britain, Spain, Italy, and France; Price segment determined basis average price per EQ for MAT 2021 (52 w/e/ 08/15/21); Brands with price greater than 1.5x median price are categorized as premium, brands with price less than 0.75x median price are categorized as value, and the rest are categorized as mass; Brands with less than 20% of average category sales in MAT 2021 have been excluded while calculating median price ; Private labels have been excluded; Source: Nielsen PoS data, Bain Analysis

~60% categories witnessed an increase in volume share for *mass brands* across key European countries over MAT 2021-22

HEALTH TO WEALTH

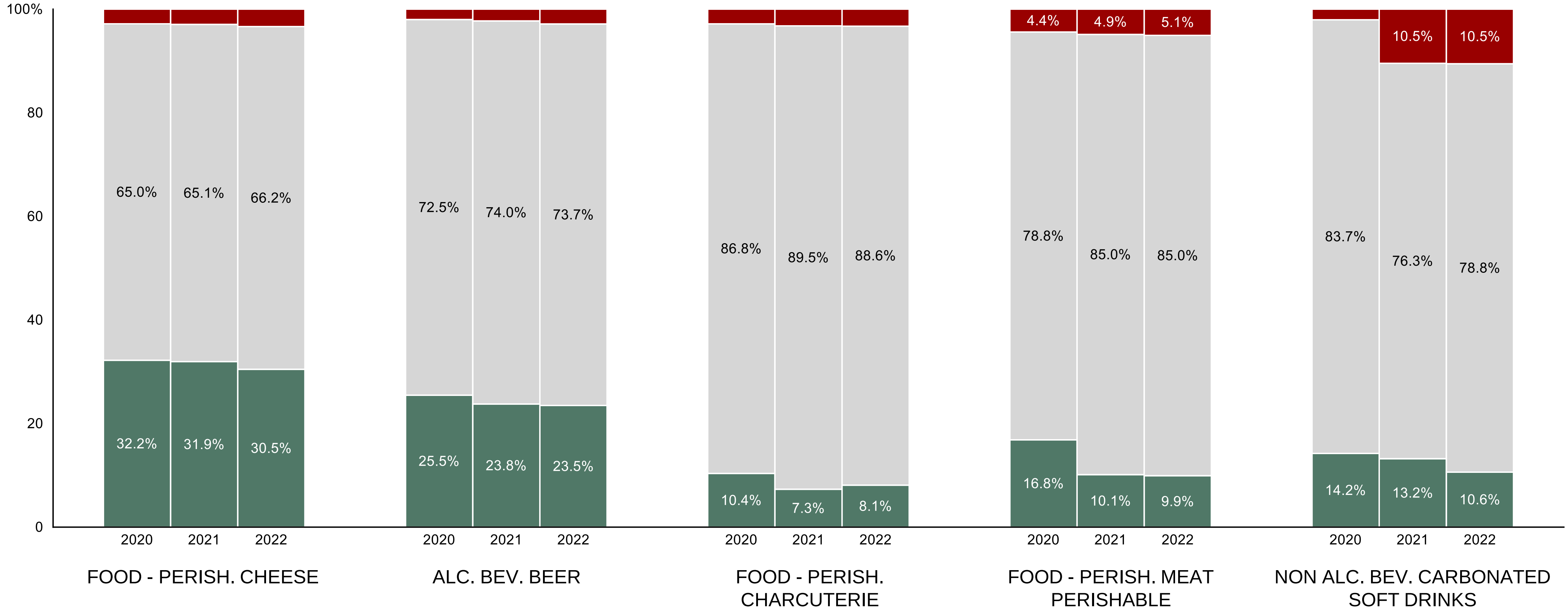
/ TOP 30 CATEGORIES

Top 30 CP categories[1] — Mass brands market share variation
(MAT 2021-22, Key EU countries[2], in EQ)

Note:(1) Top 30 categories by sales in MAT 2022 (52 w/e 08/14/22); (2) Key EU countries include Germany, Great Britain, Spain, Italy, and France; Price segment determined basis average price per EQ for MAT 2021 (52 w/e/ 08/15/21); Brands with price greater than 1.5x median price are categorized as premium, brands with price less than 0.75x median price are categorized as value, and the rest are categorized as mass; Brands with less than 20% of average category sales in MAT 2021 have been excluded while calculating median price ; Private labels have been excluded; Source: Nielsen PoS data, Bain Analysis

Mass brands have the largest volume sales share across top 5 categories in key European countries

Top 5 CP categories[1] — Price Tier market share variation
(MAT 2020-22, Key EU countries[2], in EQ)



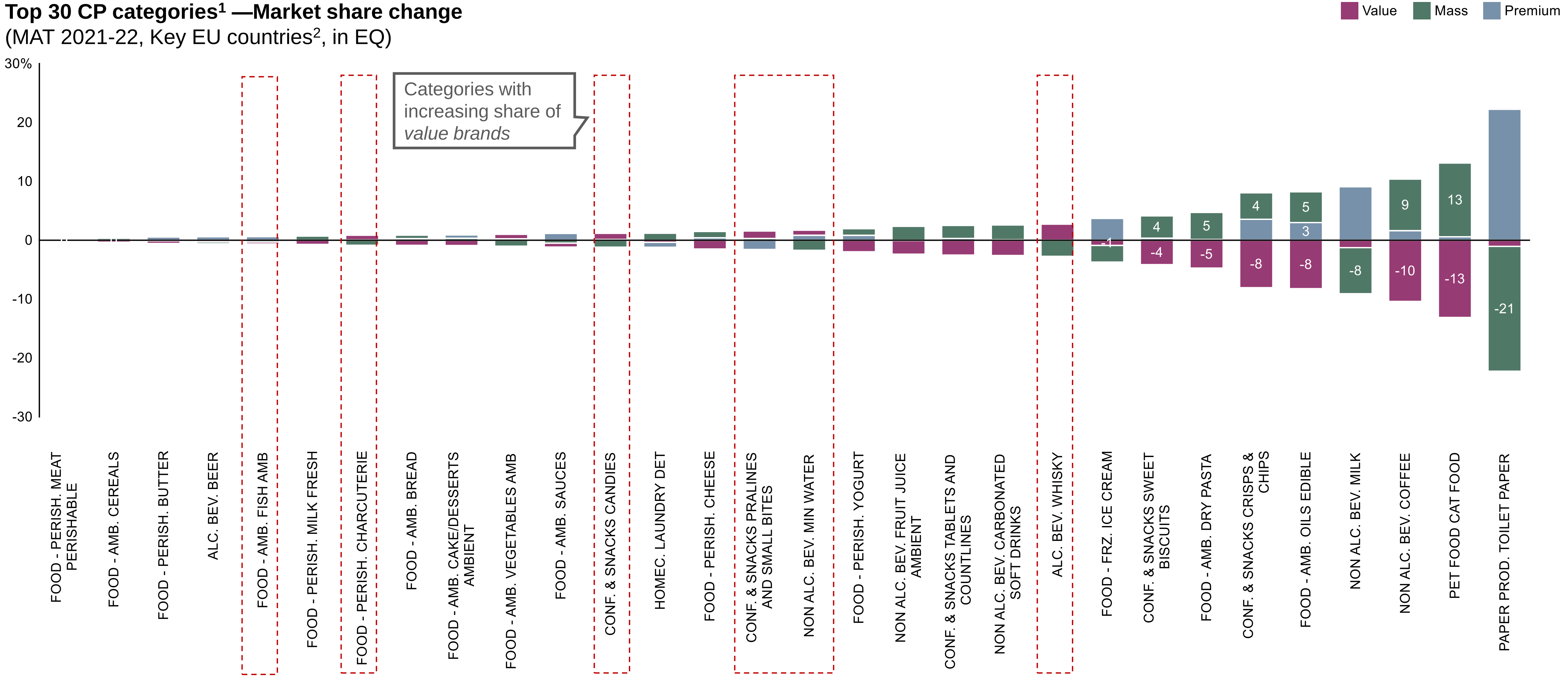
Note:(1) Top 5 categories by sales in MAT 2022 (52 w/e 08/14/22); (2) Key EU countries include Germany, Great Britain, Spain, Italy, and France; Price segment determined basis average price per EQ for MAT 2021 (52 w/e/ 08/15/21); Brands with price greater than 1.5x median price are categorized as premium, brands with price less than 0.75x median price are categorized as value, and the rest are categorized as mass; Brands with less than 20% of average category sales in MAT 2021 have been excluded while calculating median price ; Private labels have been excluded; Source: Nielsen PoS data, Bain Analysis

Minimal movement of volume share observed for majority of categories across key European countries over MAT 2021-22

HEALTH TO WEALTH

/ TOP 30 CATEGORIES

Top 30 CP categories[1] —Market share change
(MAT 2021-22, Key EU countries[2], in EQ)



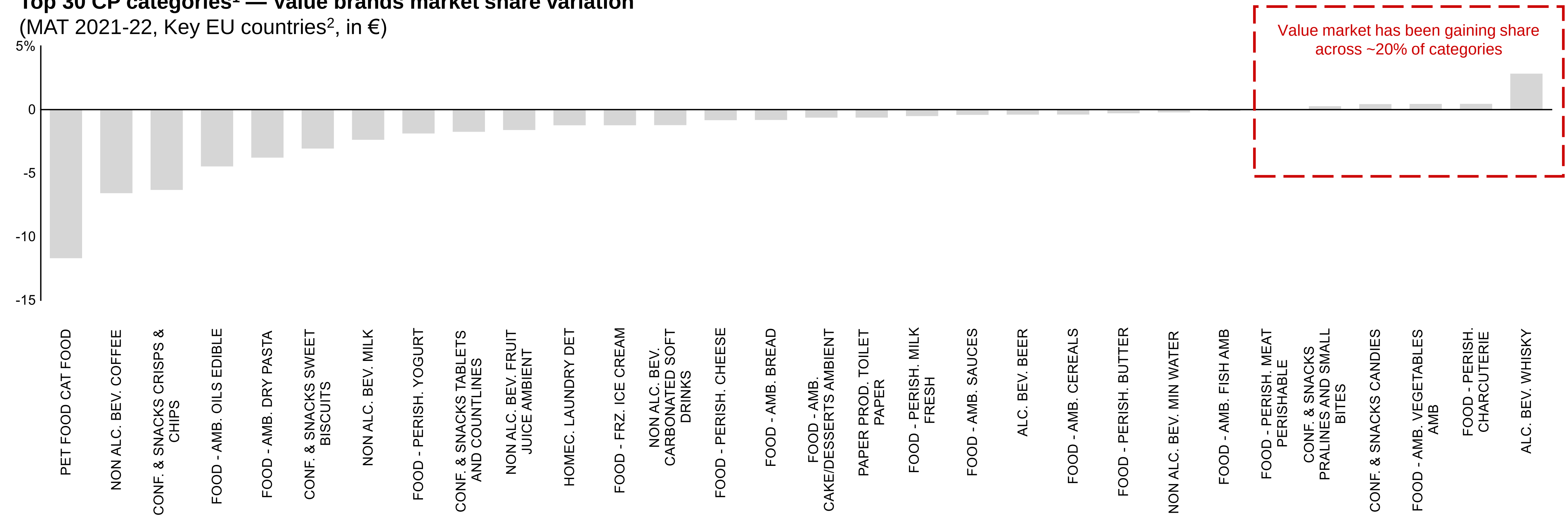
Note:(1) Top 30 categories by sales in MAT 2022 (52 w/e 08/14/22); (2) Key EU countries include Germany, Great Britain, Spain, Italy, and France; Price segment determined basis average price per EQ for MAT 2021 (52 w/e/ 08/15/21); Brands with price greater than 1.5x median price are categorized as premium, brands with price less than 0.75x median price are categorized as value, and the rest are categorized as mass; Brands with less than 20% of average category sales in MAT 2021 have been excluded while calculating median price ; Private labels have been excluded; Source: Nielsen PoS data, Bain Analysis

~20% categories witnessed an increase in value sales share of *value brands* across key European countries

HEALTH TO WEALTH

/ TOP 30 CATEGORIES

Top 30 CP categories[1] — Value brands market share variation
(MAT 2021-22, Key EU countries[2], in €)



	Premium MS growth	Mass MS growth
PET FOOD CAT FOOD	✓	✓
NON ALC. BEV. COFFEE	✓	✓
CONF. & SNACKS CRISPS & CHIPS	✓	✓
FOOD - AMB. OILS EDIBLE	✓	✓
FOOD - AMB. DRY PASTA	✗	✓
CONF. & SNACKS SWEET BISCUITS	✓	✓
NON ALC. BEV. MILK	✓	✗
FOOD - PERISH. YOGURT	✓	✓
CONF. & SNACKS TABLETS AND COUNTLINES	✓	✓
NON ALC. BEV. FRUIT JUICE AMBIENT	✗	✓
HOMEC. LAUNDRY DET	✗	✓
FOOD - FRZ. ICE CREAM	✓	✗
NON ALC. BEV. CARBONATED SOFT DRINKS	✓	✓
FOOD - PERISH. CHEESE	✓	✓
FOOD - AMB. BREAD	✓	✓
FOOD - AMB. CAKE/DESSERTS AMBIENT	✓	✗
PAPER PROD. TOILET PAPER	✓	✗
FOOD - PERISH. MILK FRESH	✓	✓
FOOD - AMB. SAUCES	✓	✗
ALC. BEV. BEER	✓	✗
FOOD - AMB. CEREALS	✓	✓
FOOD - PERISH. BUTTER	✓	✗
NON ALC. BEV. MIN WATER	✓	✗
FOOD - AMB. FISH AMB	✓	✗
FOOD - PERISH. MEAT PERISHABLE	✓	✗
CONF. & SNACKS PRALINES AND SMALL BITES	✗	✓
CONF. & SNACKS CANDIES	✓	✗
FOOD - AMB. VEGETABLES AMB	✗	✗
FOOD - PERISH. CHARCUTERIE	✓	✗
ALC. BEV. WHISKY	✓	✗

Categories have observed growth both in premium, and mass segments

✓ Market share growth ✗ Market share decrease ▢ Growth in both Premium and Mass

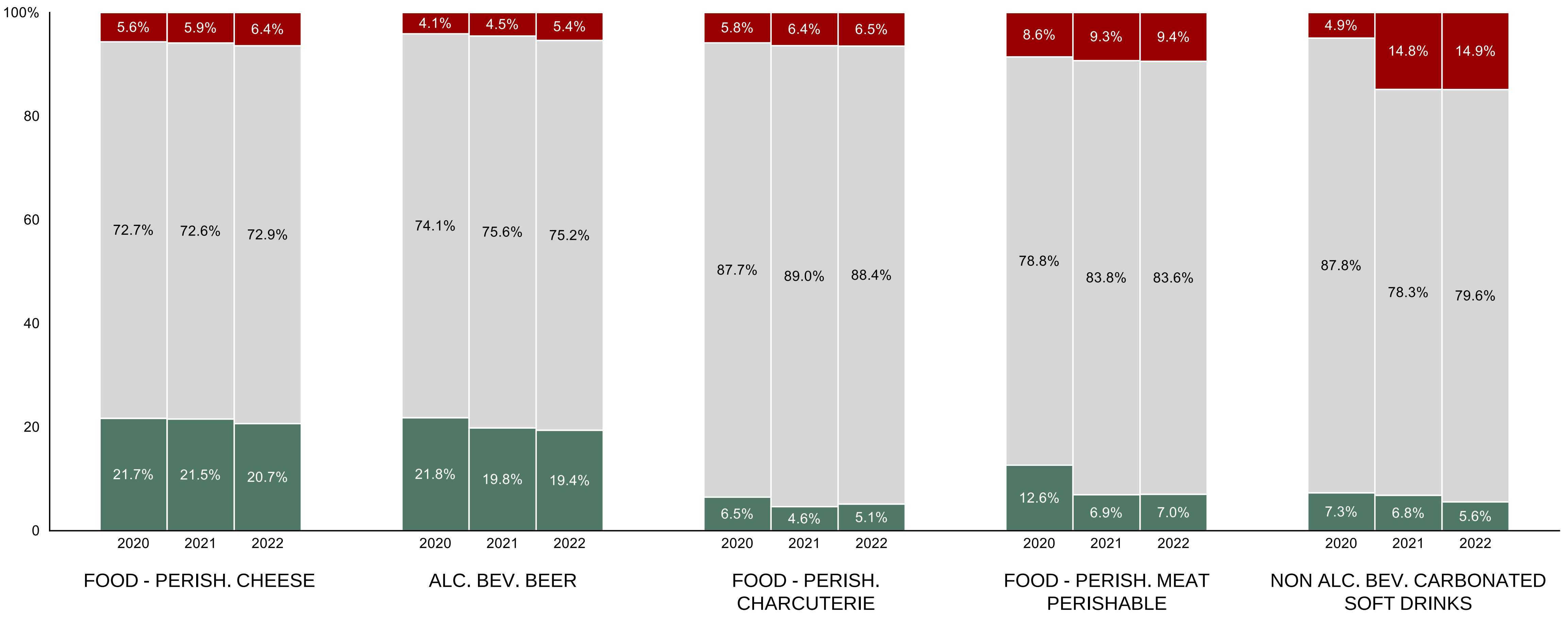
Note:(1) Top 30 categories by sales in MAT 2022 (52 w/e 08/14/22); (2) Key EU countries include Germany, Great Britain, Spain, Italy, and France; Price segment determined basis average price per EQ for MAT 2021 (52 w/e/ 08/15/21); Brands with price greater than 1.5x median price are categorized as premium, brands with price less than 0.75x median price are categorized as value, and the rest are categorized as mass; Brands with less than 20% of average category sales in MAT 2021 have been excluded while calculating median price ; Private labels have been excluded; Source: Nielsen PoS data, Bain Analysis

Mass brands have the largest value sales share across top 5 categories in key European countries

HEALTH TO WEALTH

/TOP 5 CATEGORIES

Top 5 CP categories[1] — Price Tier market share variation
(MAT 2020-22, Key EU countries[2], in €)



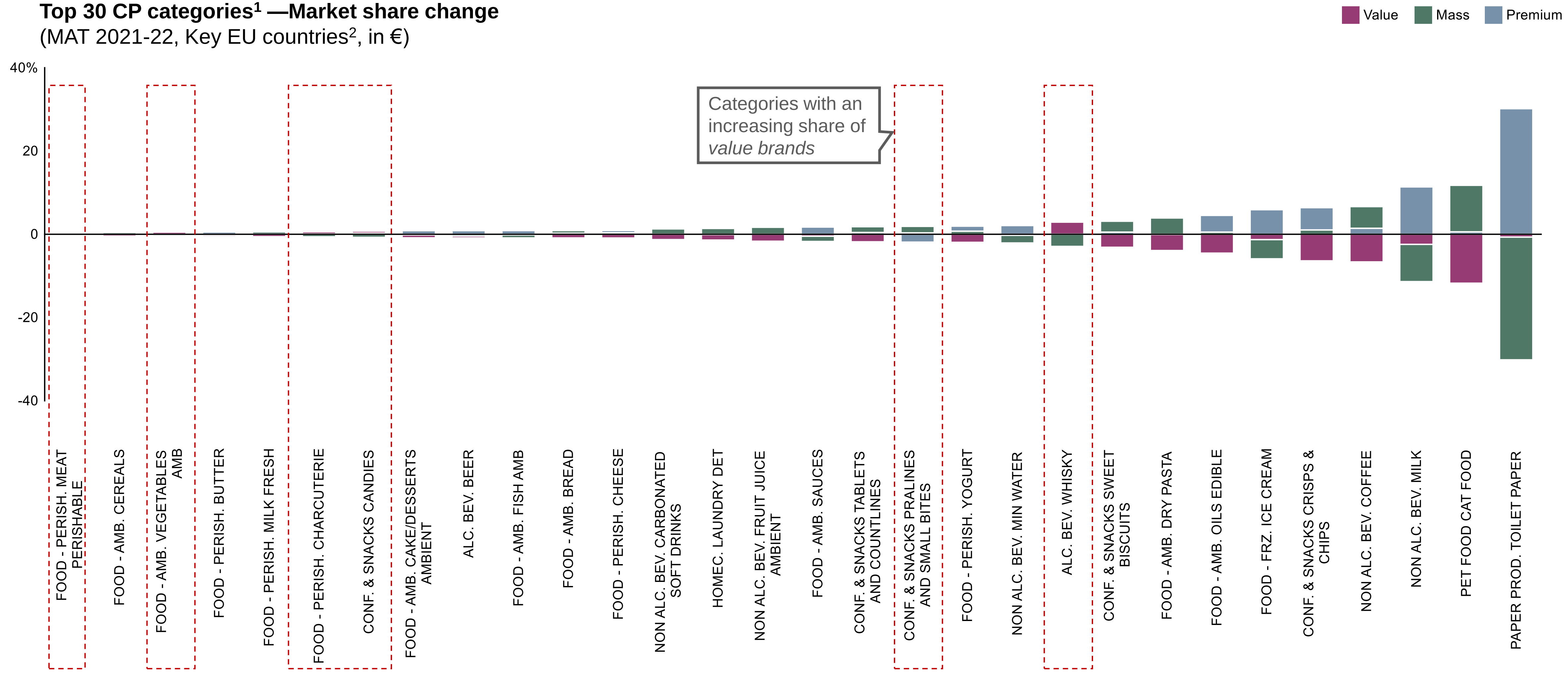
Note:(1) Top 5 categories by sales in MAT 2022 (52 w/e 08/14/22); (2) Key EU countries include Germany, Great Britain, Spain, Italy, and France; Price segment determined basis average price per EQ for MAT 2021 (52 w/e/ 08/15/21); Brands with price greater than 1.5x median price are categorized as Premium, brands with price less than 0.75x median price are categorized as value, and the rest are categorized as mass; Brands with less than 20% of average category sales in MAT 2021 have been excluded while calculating median price ; Private labels have been excluded; Source: Nielsen PoS data, Bain Analysis

Mass and Premium brands have observed an increase in value sales share across most categories

HEALTH TO WEALTH

/TOP 30 CATEGORIES

Top 30 CP categories[1] —Market share change
(MAT 2021-22, Key EU countries[2], in €)

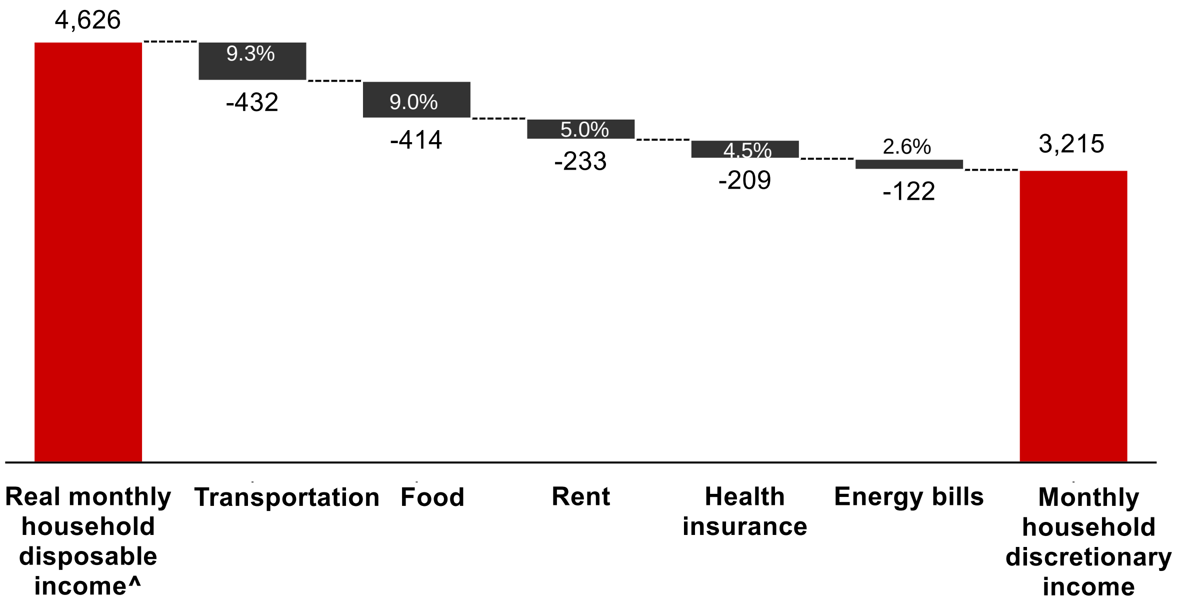


Note:(1) Top 30 categories by sales in MAT 2022 (52 w/e 08/14/22); (2) Key EU countries include Germany, Great Britain, Spain, Italy, and France; Price segment determined basis average price per EQ for MAT 2021 (52 w/e/ 08/15/21); Brands with price greater than 1.5x median price are categorized as premium, brands with price less than 0.75x median price are categorized as value, and the rest are categorized as mass; Brands with less than 20% of average category sales in MAT 2021 have been excluded while calculating median price ; Private labels have been excluded; Source: Nielsen PoS data, Bain Analysis

Marginal rise in the cost of living indicates that inflation has not affected Netherlands severely; expected to have a steady increase in discretionary income (0.4 pp) in ’22

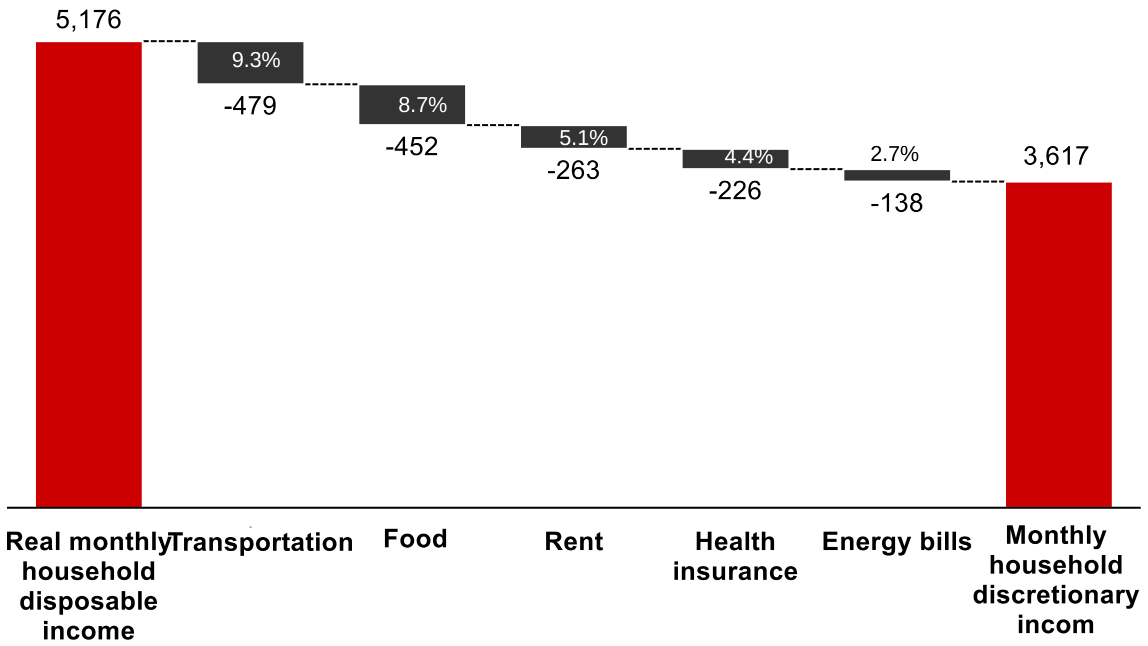
Discretionary income stood at ~69.5% of disposable income in FY 21

Income breakdown into expenditures*
(in €, FY '21)



Discretionary income stands at ~69.9% of disposable income in FY 22

Income breakdown into expenditures
(in €, FY '22)

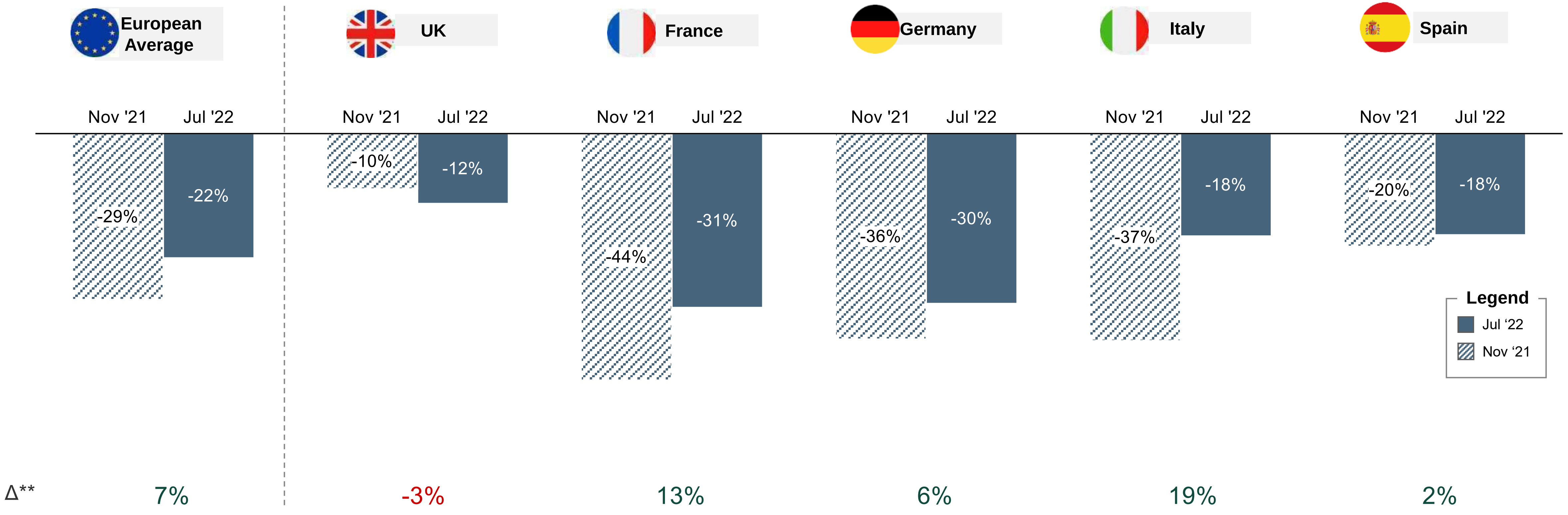


Note: ^Disposable income is calculated by subtracting tax, social security etc. from household gross income; *Expenditures shown in chart are the critical ones and are not exhaustive in nature; %ages in each bar are calculated considering monthly real household disposable income as the base of the particular year; RHS chart includes forecasted data for Q4’22
Source: Euromonitor; Bain analysis

Europeans still believe that their savings will be lower next month but seem to be looking to save up more compared to November ‘21 (except in UK)

EXPECTATION FOR AN INCREASE IN SAVINGS IN NEXT MONTH VS PREVIOUS ONE

% Net change* in expectation in Europe by country, July ’22 vs Nov '21

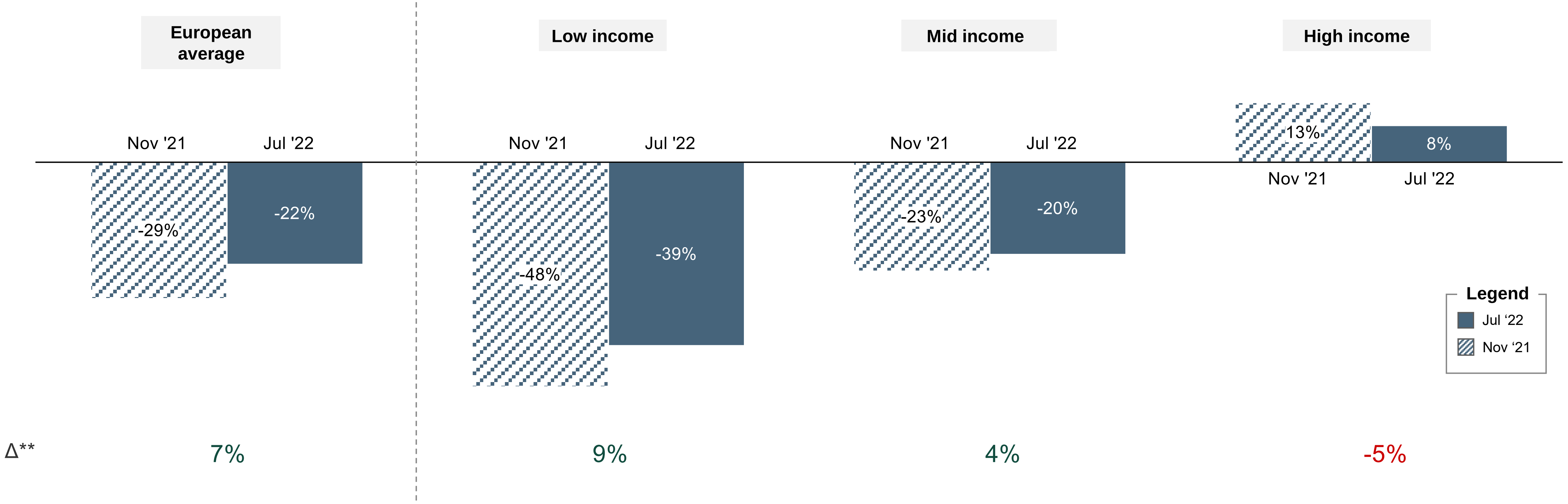


*Q: Please describe your level of agreement with the following statement: My level of **savings** will be higher next month than this month*

Note: *Net Change = (Sum of %strongly agree and agree(2)) – (sum of %disagree(4) and strongly disagree)); Δ** represents the corresponding difference between net change* in savings for July’22 and Nov’21
Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123, N for UK= 2,833, N for France= 3,011, N for Germany= 2,805, N for Italy= 2,802, N for Spain= 2,672

Across Europe, only the high-income households expect their savings to increase over the next month, but the expectation level is lower than in November ‘21

EXPECTATION FOR AN INCREASE IN SAVINGS IN NEXT MONTH VS PREVIOUS ONE
% Net change* in expectation in Europe by country, July ‘22 vs Nov '21



*Q: Please describe your level of agreement with the following statement: My level of **savings** will be higher in next month than this month*

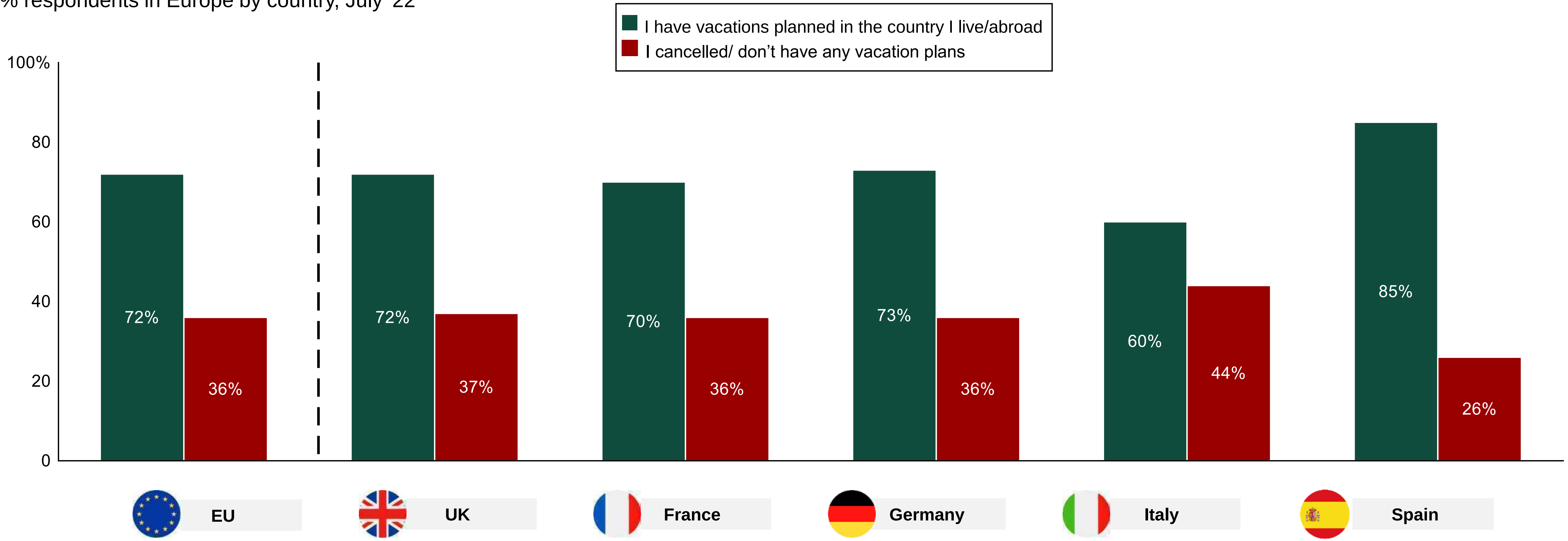
Note: *Net Change = (Sum of %strongly agree and agree(2)) – (sum of %disagree(4) and strongly disagree)); Δ** represents the corresponding difference between net change* in July’22 and Nov’21 for each of debt and savings;Income groupings as follows: For Spain, Low: < €20,000, Mid: €20,000 - €99,999, High: €100,000 and above; For rest of the countries, Low: < £/€25,000, Mid: £/€25,000 - £/€99,999, High: £/€100,000 and above
Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

Over 70% of Europeans have vacation plans; Spain over-indexes other countries with ~85% planning to take a vacation in the next six months

HEALTH TO WEALTH

/EUROPE

VACATION PLANS OVER NEXT 6 MONTHS
% respondents in Europe by country, July '22



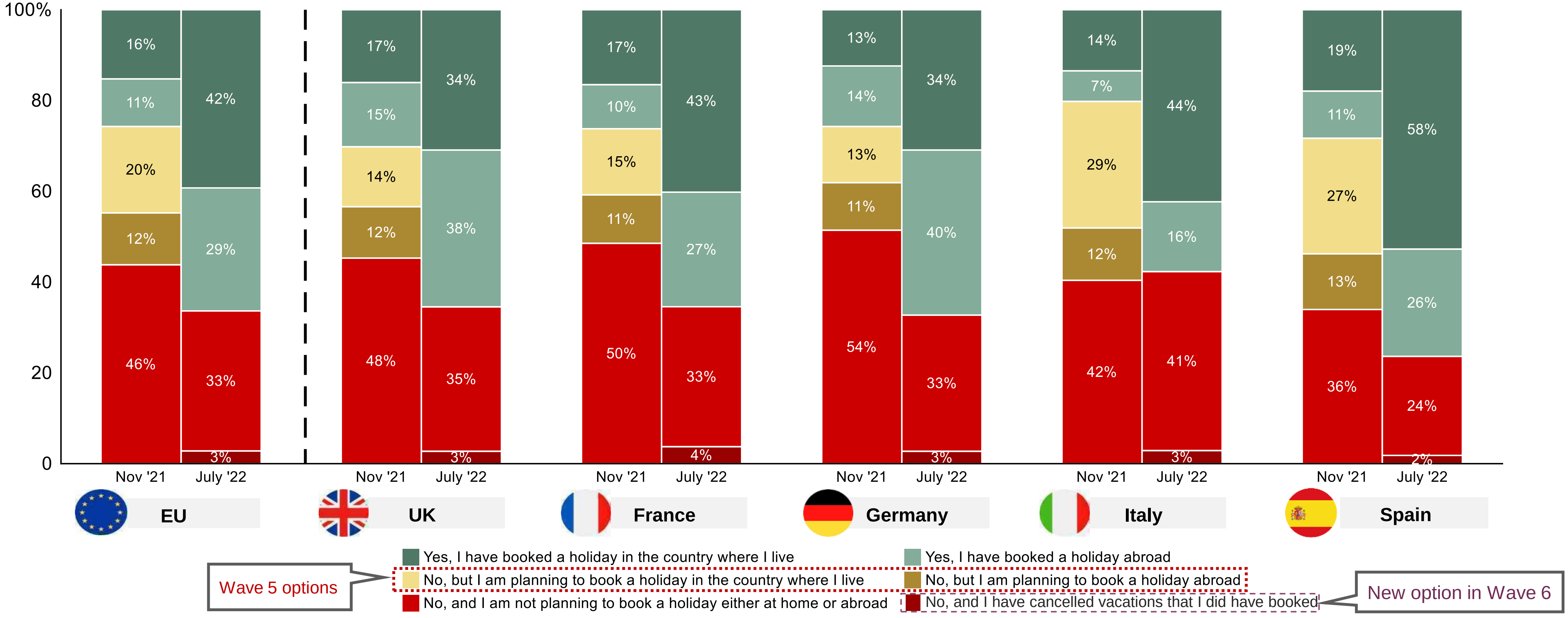
Q. Do you have a vacation planned for the next six months?

Note: This represents a multi select question hence %ages are not additive to 100%;
Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123, N for UK= 2,833, N for France= 3,011, N for Germany= 2,805, N for Italy= 2,802, N for Spain= 2,672

Holiday plans more than doubled in July 22 (~2.6x compared to Nov ’21) across Europe, with Spain having the highest increase

VACATION PLANS OVER NEXT 6 MONTHS

% respondents in Europe by country, July ‘22 vs Nov ’21



Q. Do you have a vacation planned for the next six months?

Note: This represents a multi select question hence %ages are not additive to 100%; Responses for “Others” option in the second bar have been excluded due to low sample size

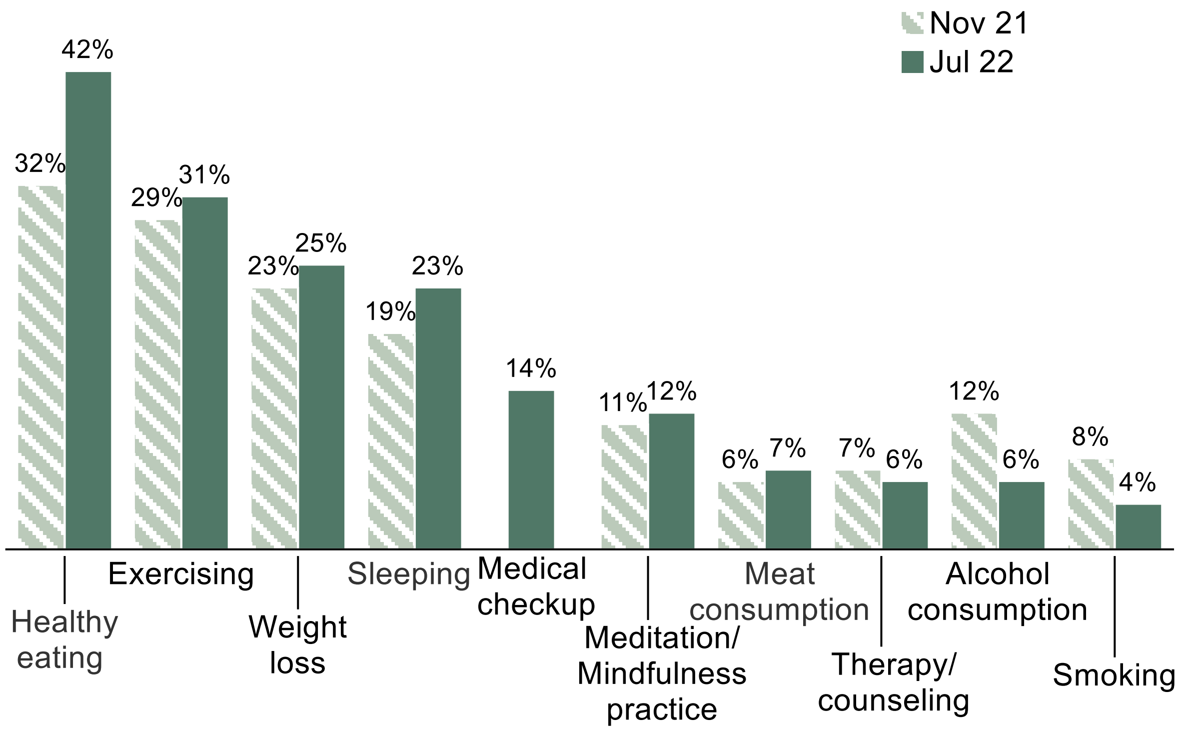
Source: Bain EMEA COVID-19 Consumer/Shopper Survey, powered by Dynata; Wave 5 = Nov 2021, N = 7,703 Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123, N for UK= 2,833, N for France= 3,011, N for Germany= 2,805, N for Italy= 2,802, N for Spain= 2,672

Consumers are increasingly choosing healthier lifestyles with a focus on diet & exercise, and cutting back on habits such as drinking alcohol and smoking (2x more vs. Nov '21)

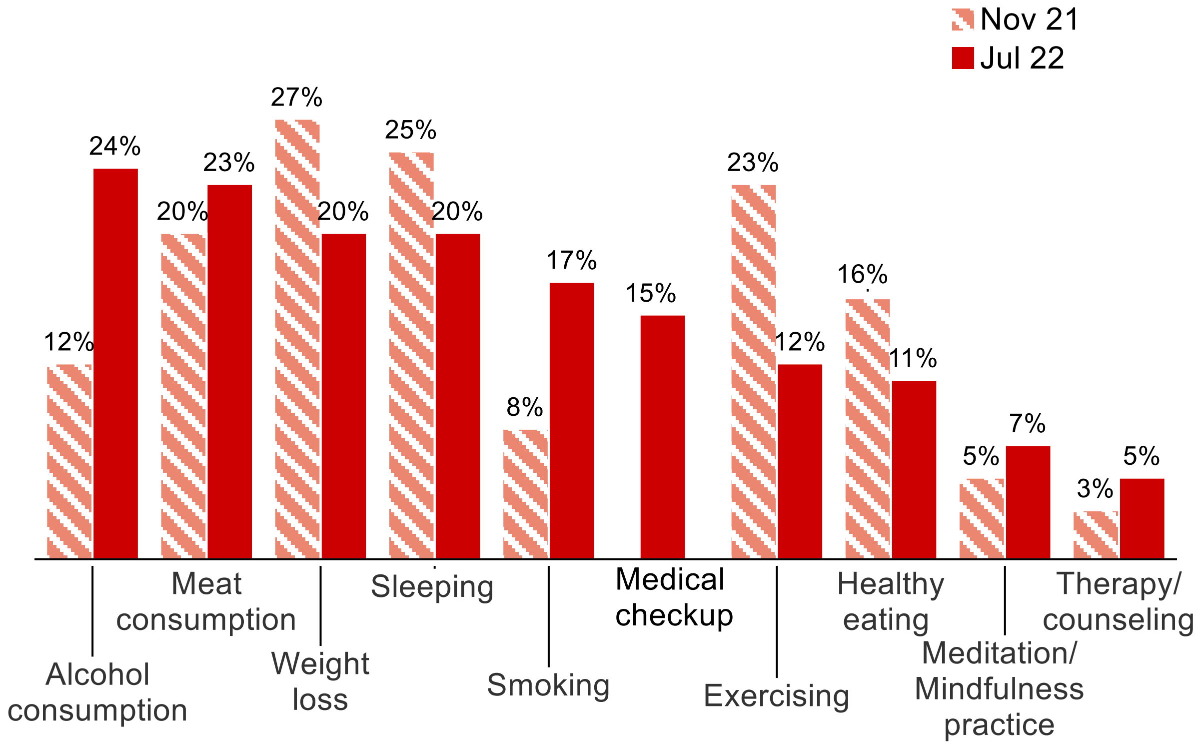
WELLBEING

/EUROPE /WAVE 6 VS WAVE 5

RESPONDENTS WHO STARTED DOING OR ARE DOING MORE HEALTH CHANGES* (%, Europe)



RESPONDENTS WHO STOPPED DOING OR ARE DOING LESS HEALTH CHANGES* (%, Europe)



Q: Have you made any of the following changes since the start of the COVID-19 pandemic?

Note: *Question split into groups of questions for each topic (e.g., smoking, drinking) with single-select (available options: stopped doing/ doing less, started doing/ doing more, no change, not applicable) for each topic; the chart plots only the first 2 options
Source: Bain EMEA COVID-19 Consumer/Shopper Survey, powered by Dynata; Wave 5 = Nov 2021, N = 7,703; EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

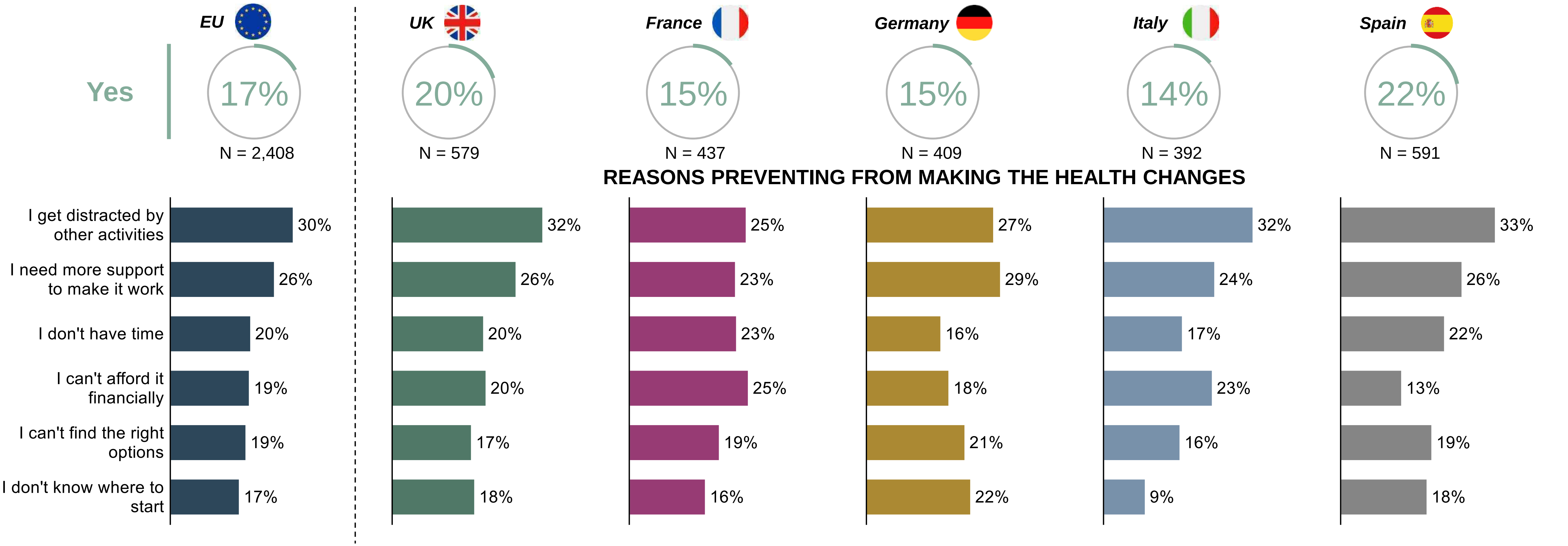
Of the ~17% of respondents trying to make additional changes to their health & wellbeing, getting distracted and needing additional support are preventing action

WELLBEING

EUROPE

INTENT TO MAKE OTHER CHANGES TO HEALTH AND WELLBEING

% respondents in Europe by country, July '22



Q. Are there any other changes to your health and wellbeing you're trying to make?
Q. Is there anything that is preventing you from making the health and wellness changes you seek?

Note: 'Others' is not shown in the bar graph above

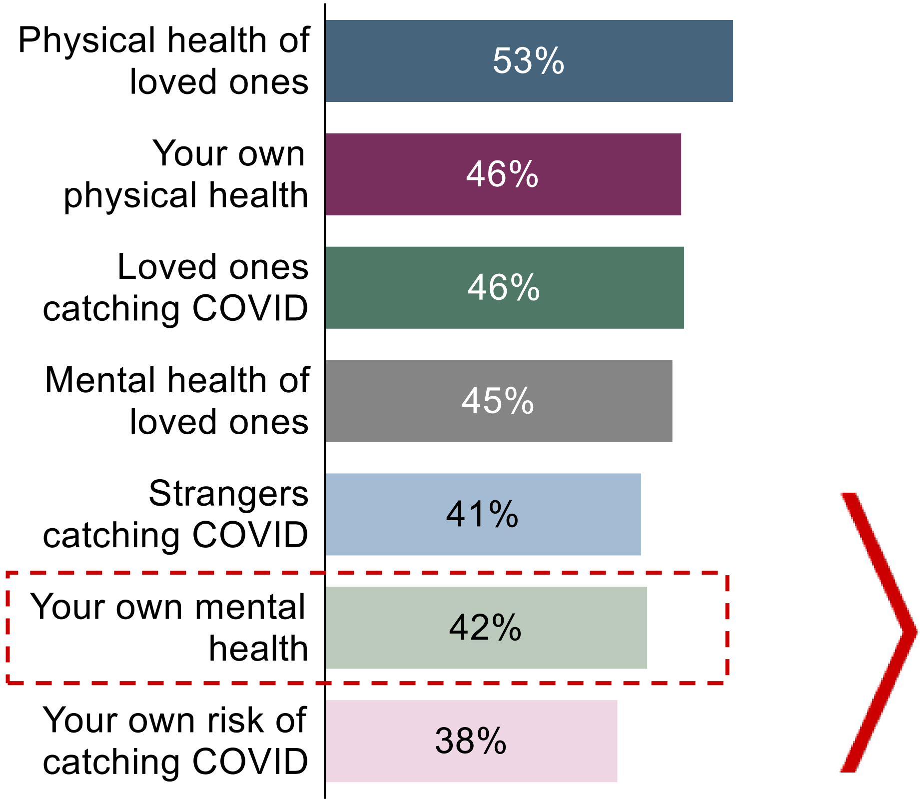
Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123, N for UK= 2,833, N for France= 3,011, N for Germany= 2,805, N for Italy= 2,802, N for Spain= 2,672

Of people who are experiencing high levels of worry about their **own mental health**, financial concerns and social isolation & loneliness are the major factors

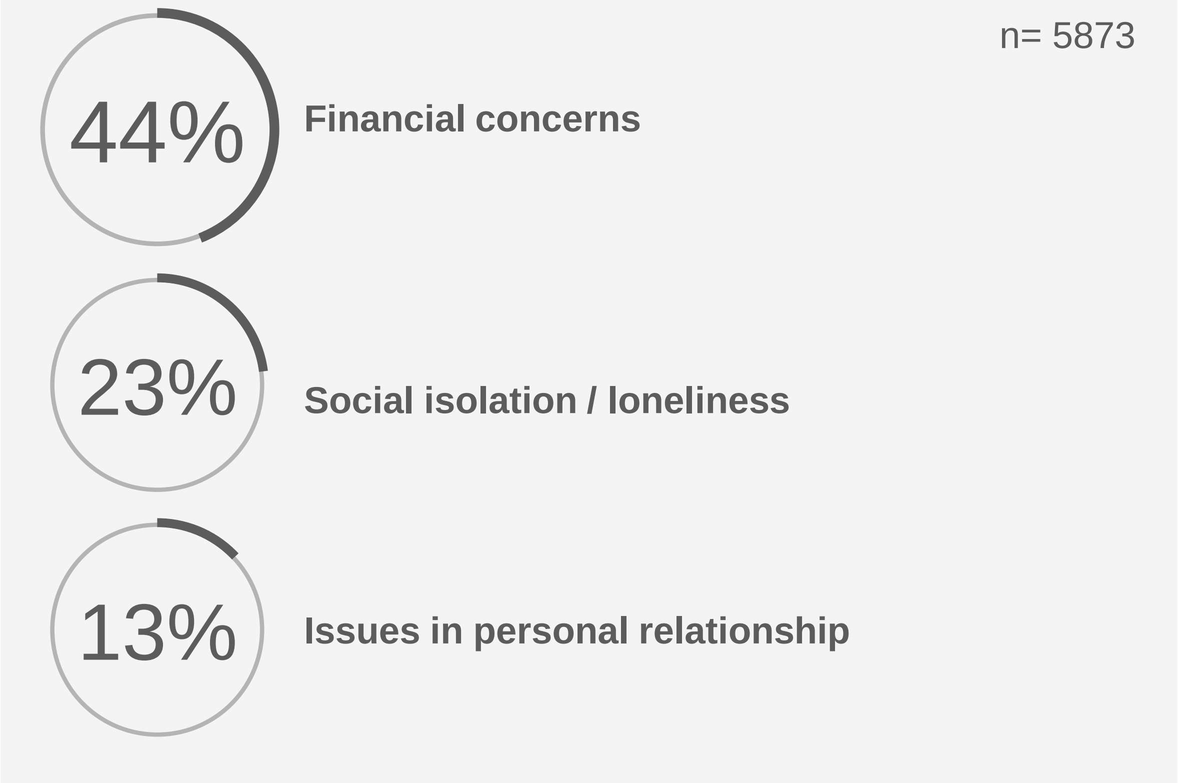
WELLBEING

/EUROPE

LEVEL OF WORRY (EXTREMELY WORRIED & WORRIED)
% respondents in Europe by country, July '22



FACTORS IMPACTING MENTAL HEALTH
% respondents in Europe by country, July '22



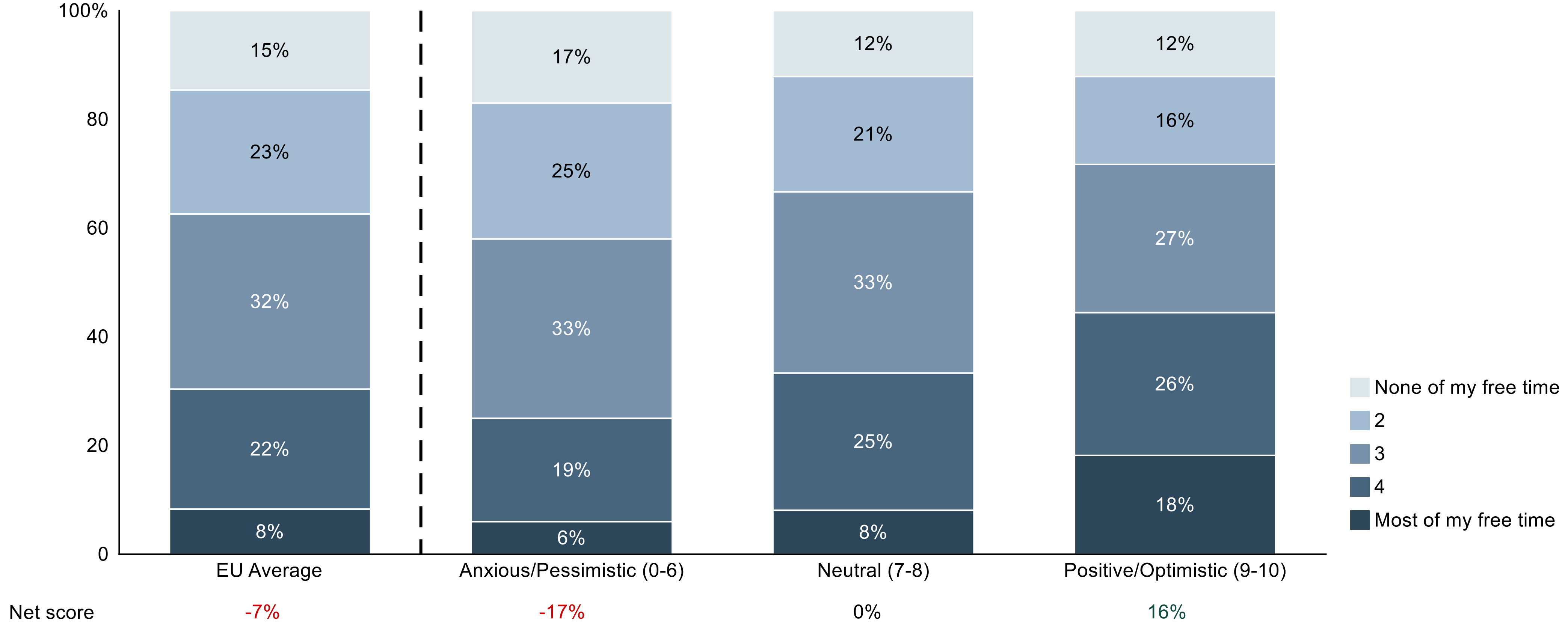
Q: How worried are you about your own mental health? Q: Would you tell us which of the following factors are having the greatest impact on your own wellbeing at the moment?

Note: The second question was shown only to those respondents who chose 'worried' or 'extremely worried' about their own mental health in the first question; In the RHS chart, N on each bar represents the number of respondents who were shown that reason; Respondents selecting 'Others' are not included due to low sample size
Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

There is a positive correlation between mood and time spent on health and wellness activities, illustrating the relationship between physical and mental health

TIME SPENT ON HEALTH AND WELLNESS ACTIVITIES BY AVERAGE MOOD

% respondents in Europe, July '22



Q. Typically, how much of your free time do you spend on the following activities [health & wellness]? How would you rate your average mood over the past 3 months?

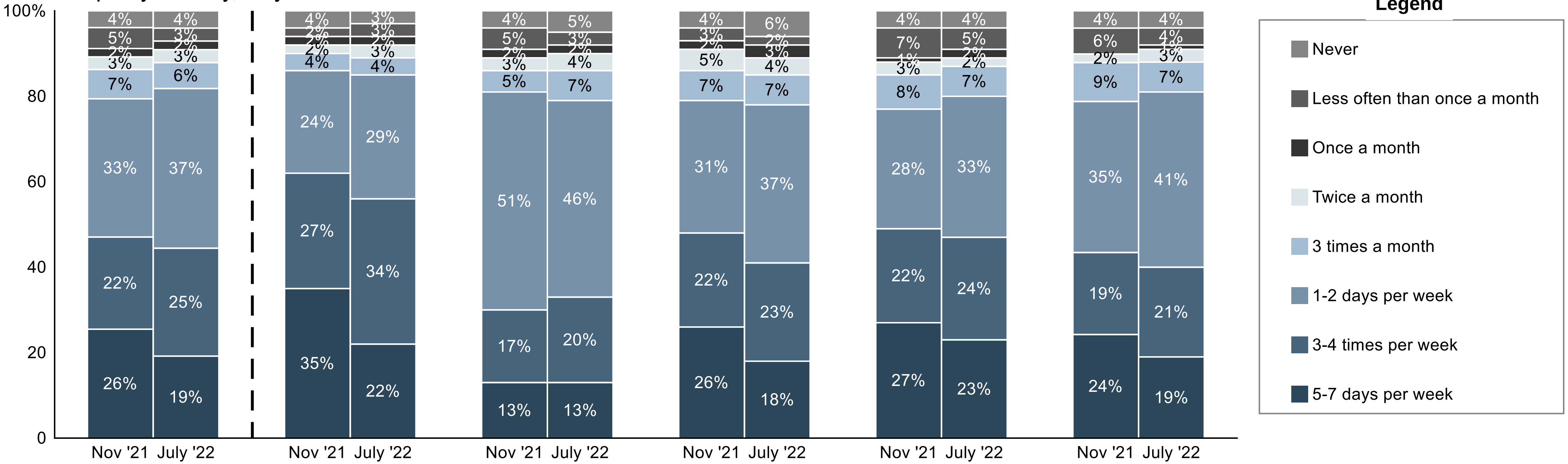
Note: This question is a cross-cut of health and wellness with leisure; *Net score is calculated as (sum of % for score 4 and 5- Most of my free time)- (sum of % for score 1- None of my free time and 2)

Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

Even for the next few months, European employees expect to continue WFH for ~2-3 days per week, cementing the hybrid working model

DAYS EXPECTING TO BE WORKING FROM HOME OVER THE NEXT FEW MONTHS

% respondents in Europe by country, July '22 vs Nov '21



	European Average Nov '21	European Average July '22	UK Nov '21	UK July '22	France Nov '21	France July '22	Germany Nov '21	Germany July '22	Italy Nov '21	Italy July '22	Spain Nov '21	Spain July '22
% respondents allowed to work from home*	42%	41%	49%	48%	37%	41%	39%	42%	45%	39%	40%	38%
Weighted Avg number of days WFH per week**	2,90	2,64	3,50	2,99	2,20	2,28	2,90	2,52	2,90	2,80	2,70	2,55

Q: Over the next few months, how often do you expect to work from/study at home?

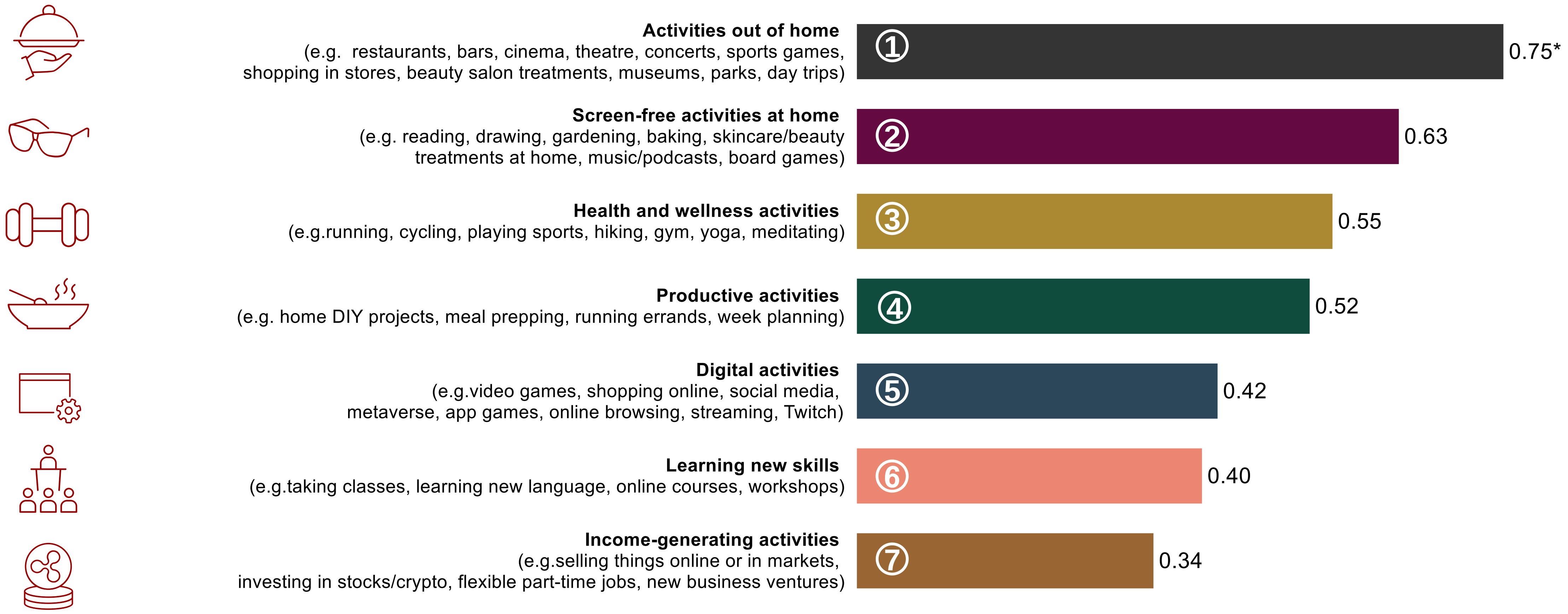
Note:*Includes only those respondents that are currently allowed to 'work from/study at home' by their employer/educational institution; **Weighted average number of days WFH per week = %(5-7 days a week)*6 + %(3-4 times a week)*3.5 + %(1-2 days per week)*1.5 + %(3 times a month)*0.75 + %(twice a month)*0.5 + %(once a month)*0.25 + %(less than once a month)*0.3 + %(never)*0.1

Source: 1st Bar for each chart:-Bain EMEA COVID-19 Consumer/Shopper Survey, powered by Dynata; Wave 5 = Nov 2021, N = 7,703 ;2nd bar on each chart- Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123, N for UK= 2,833, N for France= 3,011, N for Germany= 2,805, N for Italy= 2,802, N for Spain= 2,672

In their free time, consumers seem to most enjoy out-of-home activities, followed by at home screen-free activities

FLUIDITY OF SPACES

Relative importance of activities enjoyed by consumers in their free time (MaxDiff analysis)



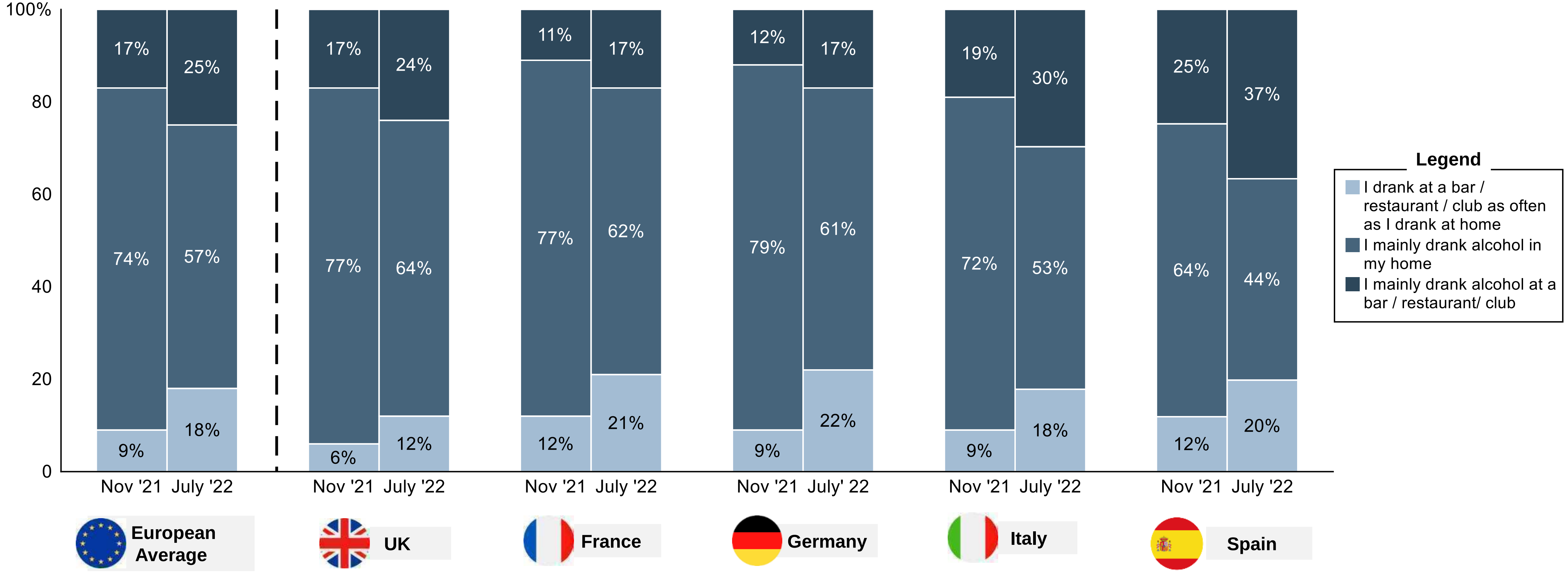
Q. Considering the following options, what do you enjoy doing most and least in your free time?

Analysis: MaxDiff relative importance of activities preferred by consumers in their free time;
(*) Bar totals are the mean values for each option calculated post outlier removal; the ranking for each option has been done according to the descending order of the mean values
Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

Of consumers who drink only ~25% are returning to drinking in bars, clubs, and restaurants with the majority still drinking at home

ALCOHOL CONSUMPTION PATTERN

% respondents in Europe by country, July '22



Q: Do you mainly drink alcohol at home or in a bar/restaurant /club?

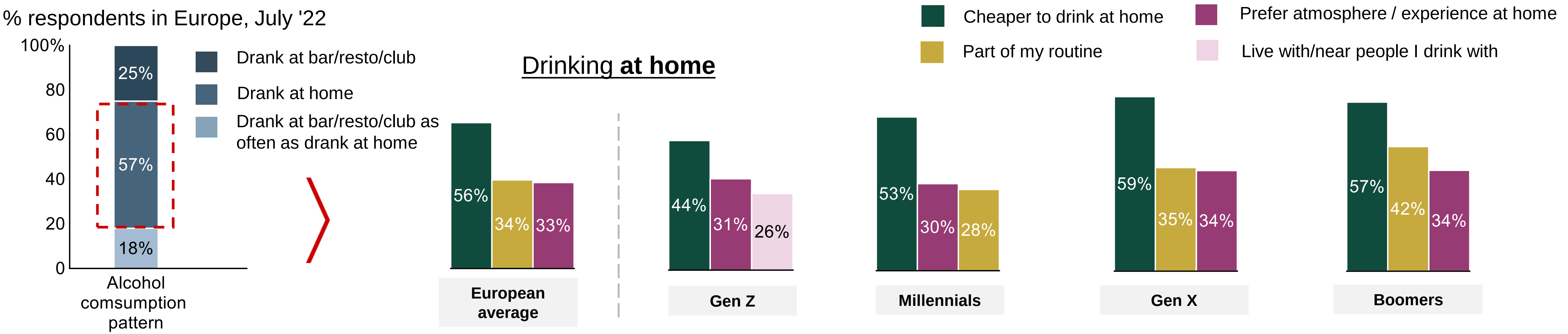
Notes: All the respondents who don't drink alcohol are excluded

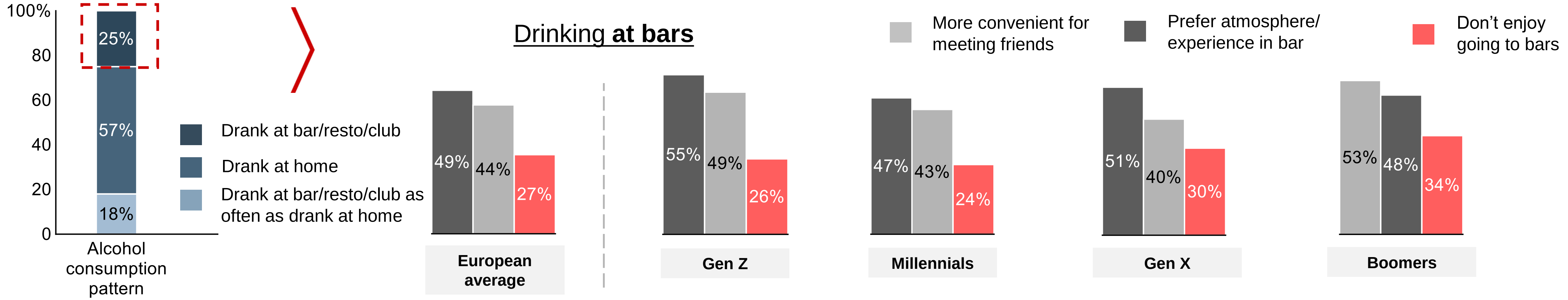
Source: 1st Bar for each chart: Bain EMEA COVID-19 Consumer/Shopper Survey, powered by Dynata; Wave 5 = Nov 2021, N = 7,703 ;2nd bar on each chart-- Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123, N for UK= 2,833, N for France= 3,011, N for Germany= 2,805, N for Italy= 2,802, N for Spain= 2,672

Across generations, cost stands out as the primary reason for drinking at home; ambience and ease of socializing are the top reasons for drinking in bars

KEY REASONS FOR DRINKING ALCOHOL AT HOME VS BAR ACROSS GENERATION

% respondents in Europe, July '22





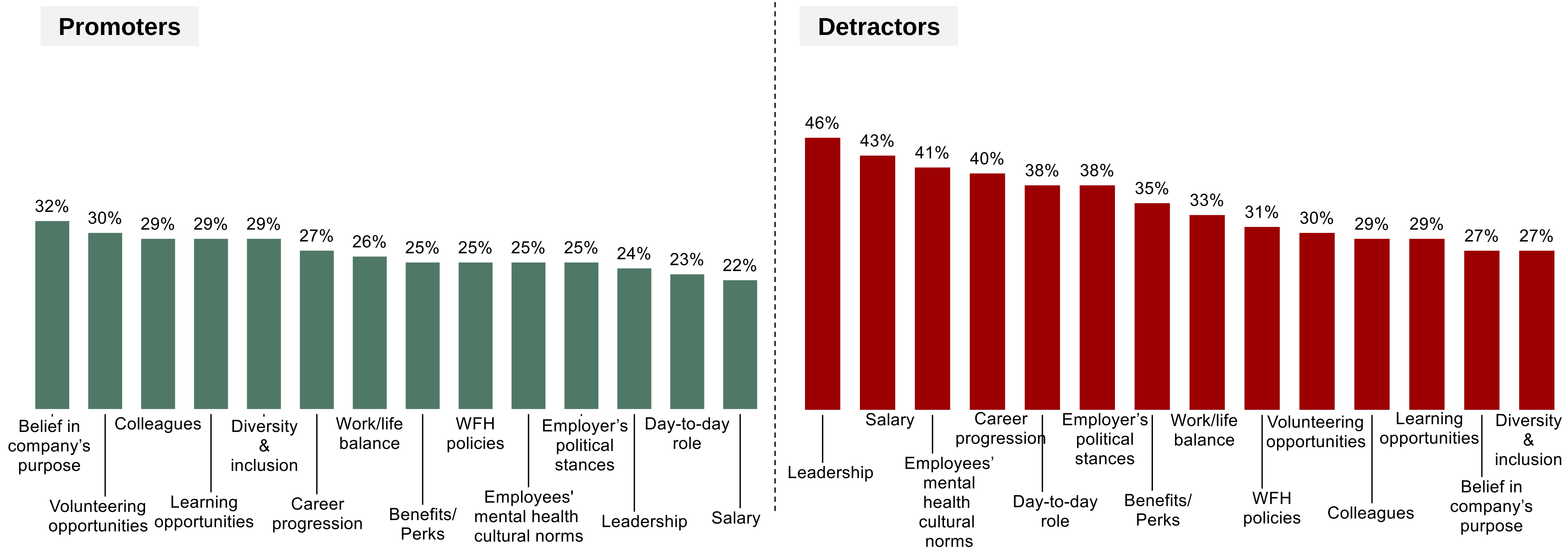
Q. What are your top 3 reasons for mainly drinking alcohol at a home and restaurant/café/bar?

Note: Respondents who don't drink alcohol are not shown this question. Implied age of Gen Z 18-24 years old, Millennials 25-44 years old, Gen X 45-64 years old, Boomers 65+
Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N =14,123

For European employees, leadership and salary are the main reasons for a detractor score; belief in company purpose is the top reason behind a promoter score

REASON FOR EMPLOYERS PROMOTERS AND DETRACTORS

% respondents in Europe, July '22



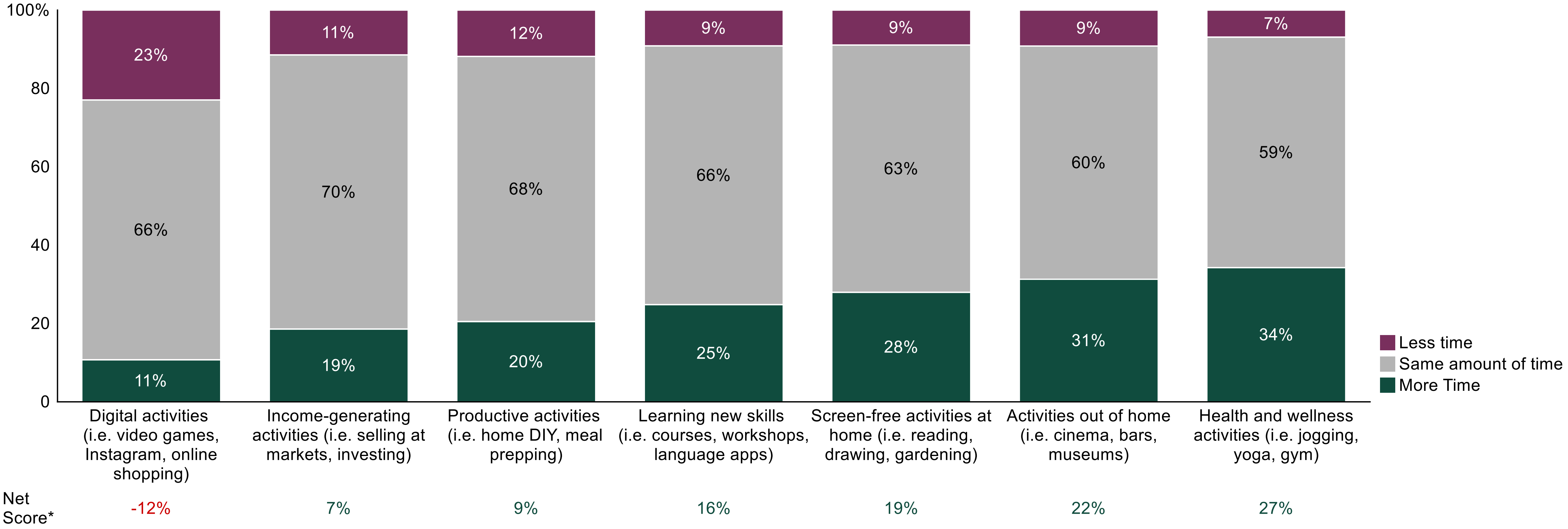
Q: What are your main reasons for this score on recommending the employer to a friend or relative?

Note: This question was only asked to respondents who are employed; respondents selecting 'Others' are not included in the chart due to low sample size

Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

European consumers would like to increase time spent on health/wellness and OOH activities and reduce time spent on digital activities

PLANNING FOR TIME SPENT ON LEISURE ACTIVITIES
% respondents in Europe, July '22



Q. Would you like to spend more time, less time, or the same amount of time doing each of these?

Note: *Net score is calculated as % of respondents planning to spend more time- % of respondents planning to spend less time

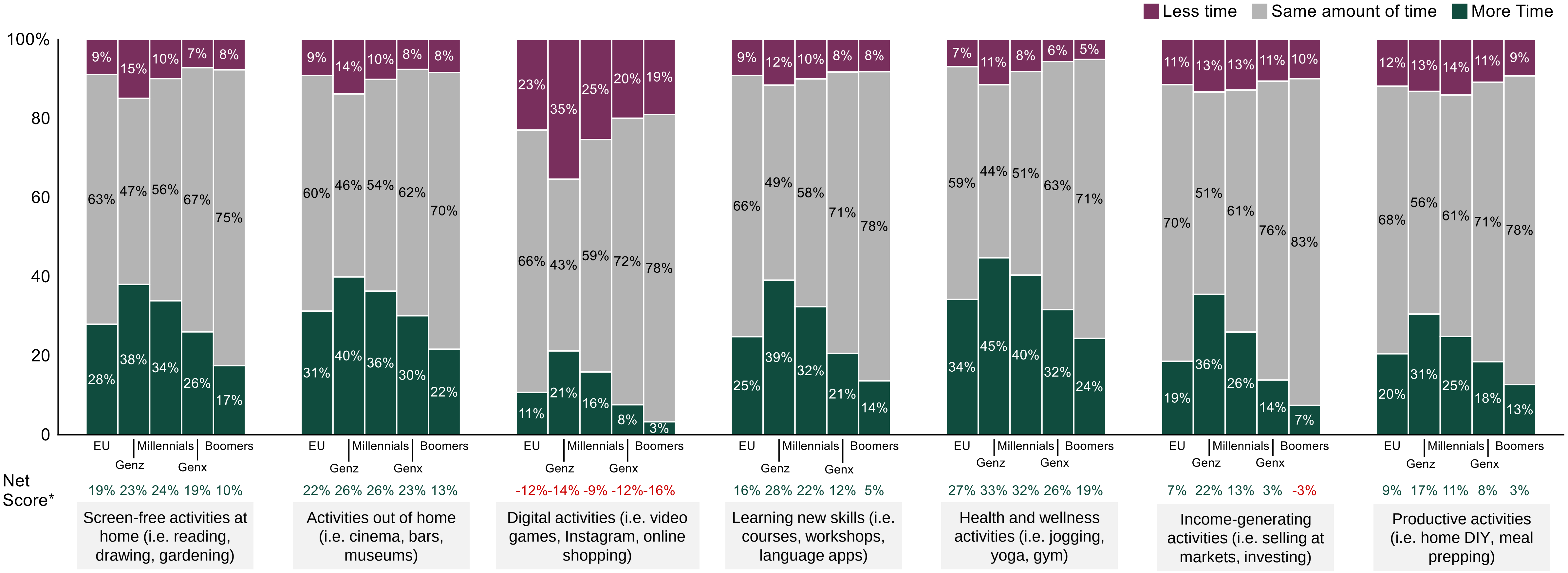
Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

All generations want to increase time spent on wellness and OOH activities and want to reduce digital activities; Gen Z spike on interest in income generation

DIGITAL BACKLASH

/EUROPE

PLANNING FOR TIME SPENT ON LEISURE ACTIVITIES
% respondents in Europe, July '22



Q. Would you like to spend more time, less time, or the same amount of time doing each of these?

Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

Thank you