

# 2021 Summary



2021

2022

# Data Base

The data is based on **2,600 stores**

comprised of statewide chains, pharm chains, private market and convenience stores

**which transmit their POS scan data** on a daily basis to StoreNext

and which represent more **than 85%** of the total sales in the

Israeli barcoded FMCG market

Based on this data, StoreNext uses an advanced statistic model to perform an

**extrapolation for 100%** of the barcoded FMCG Market in Israel,

excluding Kiosks and the Arab sector.



# 2021 recorded a 3.2% decline in FMCG Value Sales



50,747

**FMCG**

36,332

**Food**

5,290

**Beverages**

4,166

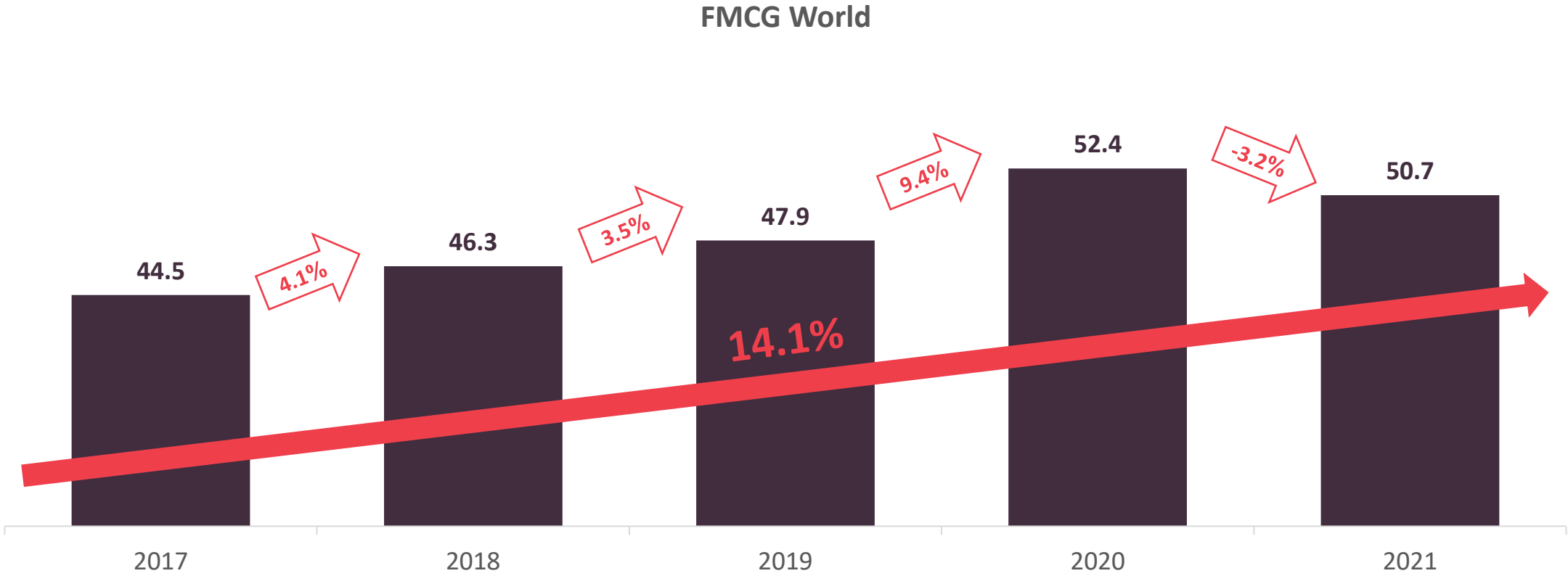
**Home Care**

4,970

**Personal Care**

# After years of growth, this is the first year with declining

In 2021 FMCG market decreased by 1.7 billion NIS, compared to a growth of 4.5 billion NIS in 2020



\* Value sales in billion NIS

# Which is moderated by StoreNext price index growth



**\*Real Quantitative  
Change**

**-4.3%**



**Change in StoreNext  
Price Index**

**+1.1%**



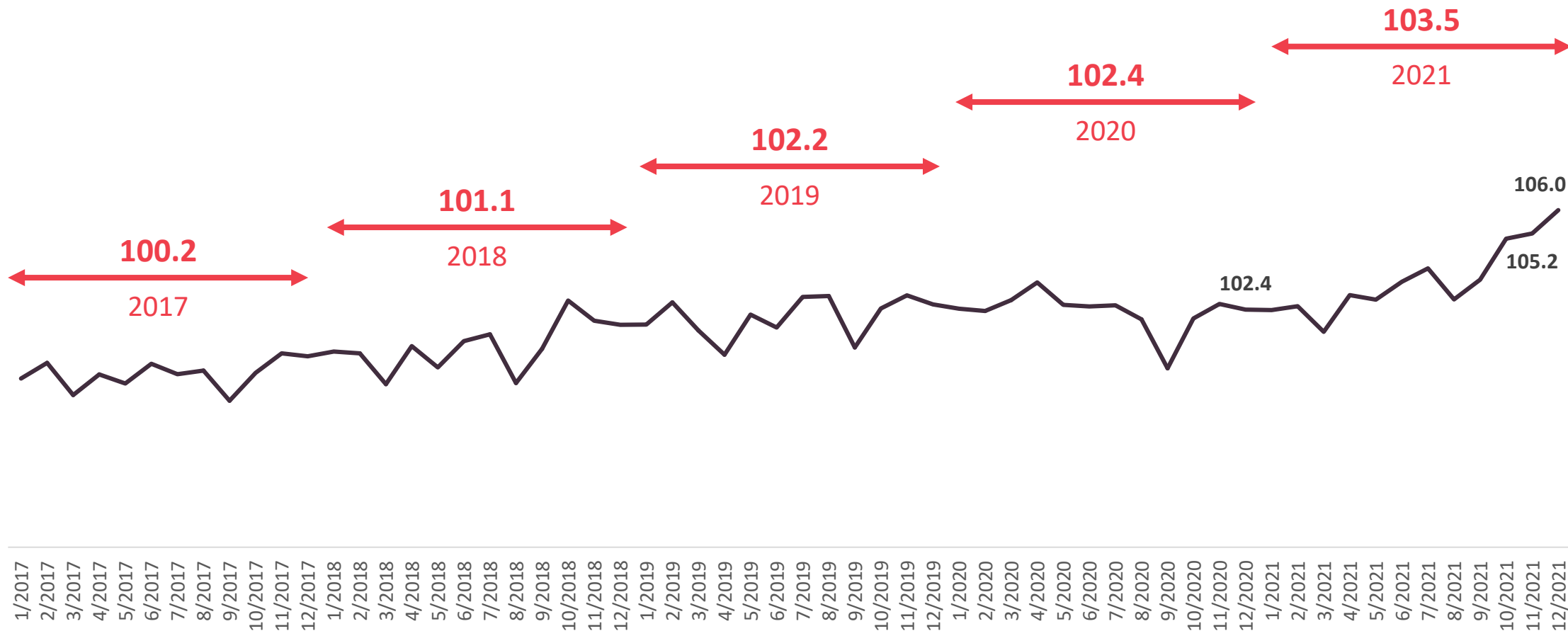
**Change in Value Sales**

**-3.2%**

\* Real Quantitative Change – Value sales growth deducting StoreNext Price Index changes (neutralized of mix effects)

# The increase is noticeable in the second half of 2021

- StoreNext price index increased by 1.1 points, similar to the annual increases between 2017-2018 and 2018-2019, although 2020 recorded a moderate increase (0.2)
- The price index showed new records in the second half of 2021



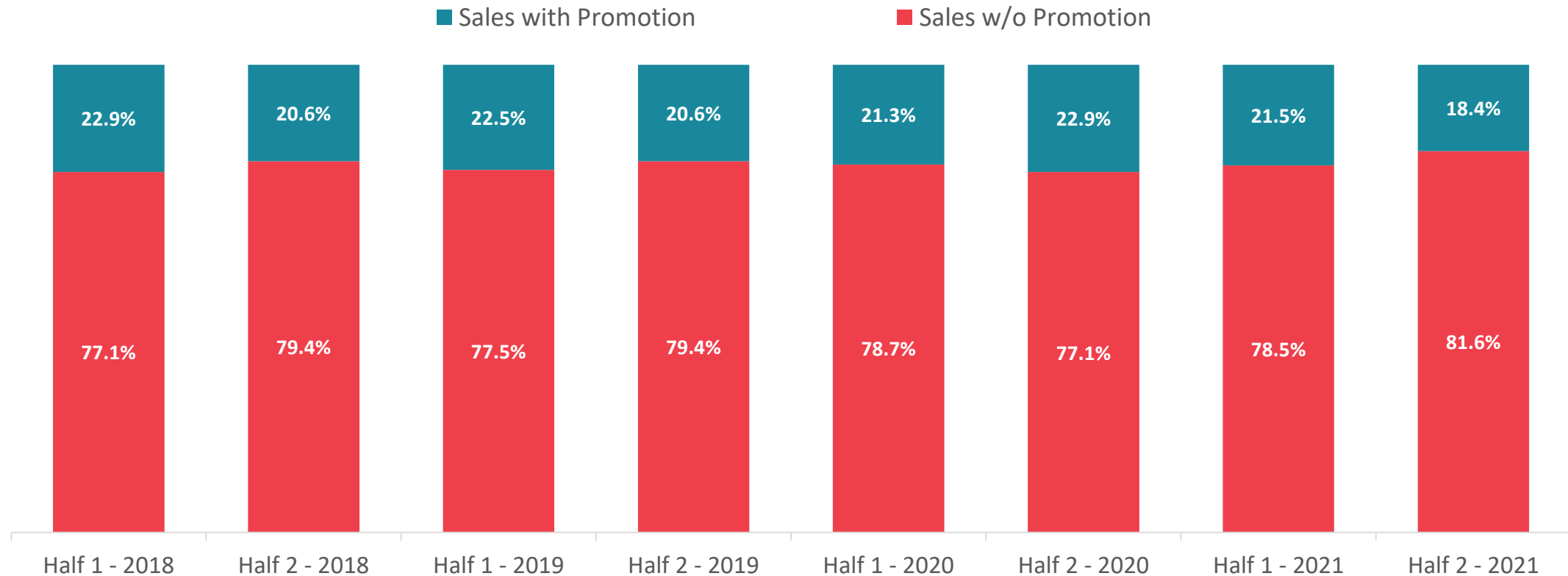
\* StoreNext price index deducts the effects of a change in the buying mix between channels and products

# With a significant low promotion rate

Since 2018 promotion sales share is between 20.6% to 22.9%, while in 2021's second half the share is much lower – 18.4%



### Sales Promotion Split - FMCG



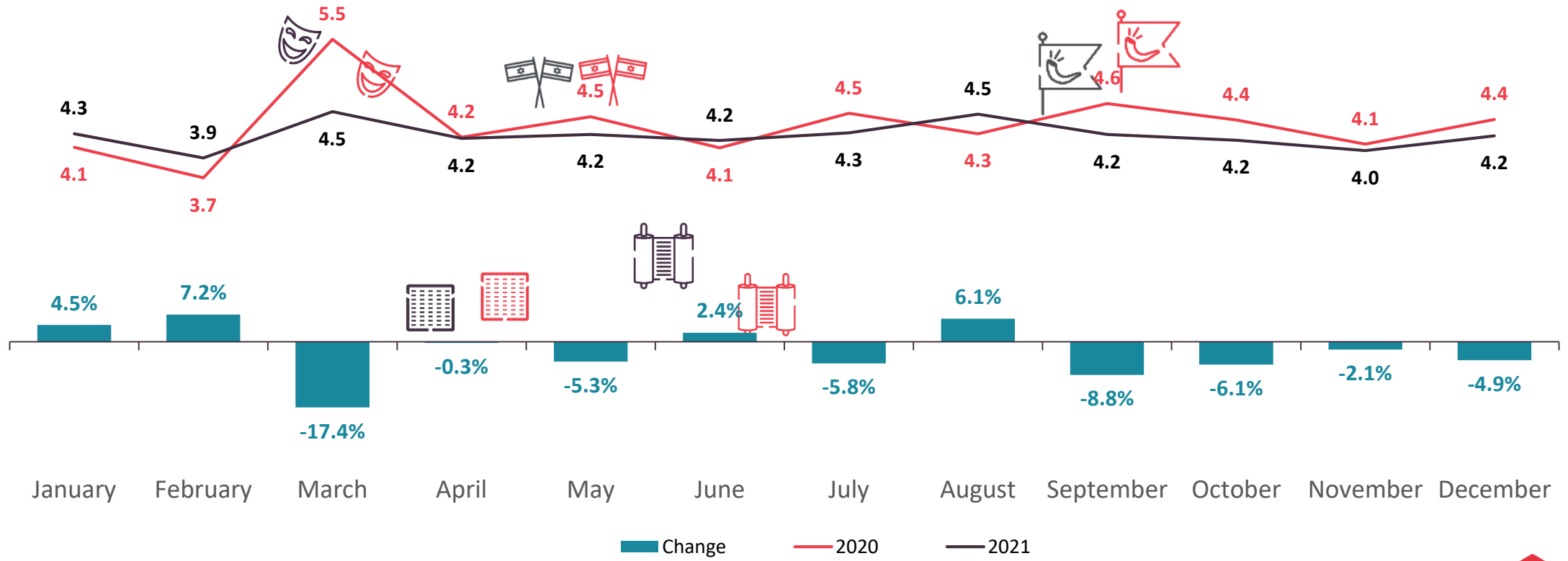
\*StoreNext's promotion data is based on a weekly average calculation of price per item and per store. After setting the initial value, a process tracks the price change compared to a series of prices over previous weeks. Sales percentage under promotion, promotion prices, reach of promotion and etc., can be derived by this data

# The difference in sales appears on monthly trend as well

- Most months show a decrease in the value sales compared to the previous year – January and February show a growth of 5.7%, because those months were before the COVID-19 outbreak in 2020. March recorded the highest decline rate due to the radically value sales in March 2020
- From April - the monthly value sales are similar between periods. Excluding September-October, due to the Tishrei Holidays timing and the 2020 second quarantine, and December that included quarantine as well



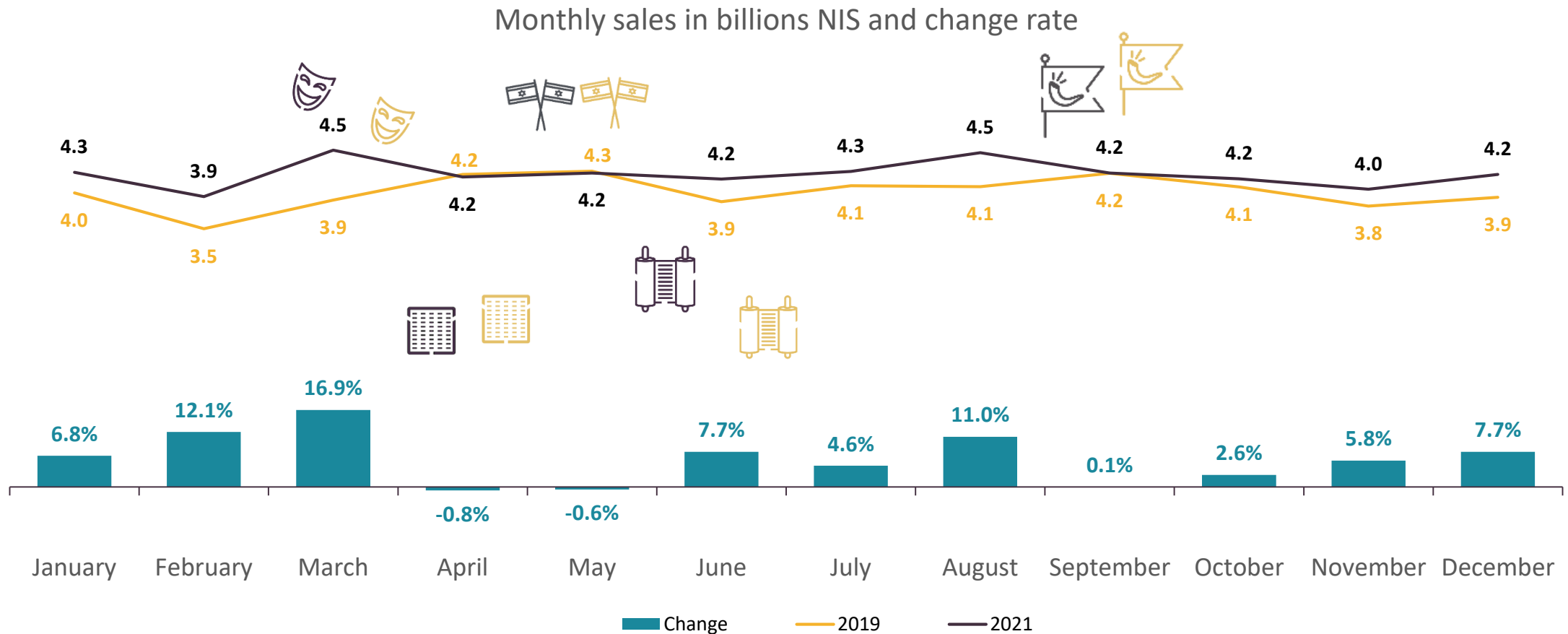
Monthly sales in billions NIS and change rate



\* FMCG value sales in billion NIS

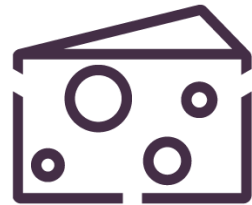
# Compared to 2019, monthly value growth is pronounced

🏠 A comparison to a “No COVID” year (2019), shows an increase in monthly value sales, that embody the population growth rate



\* FMCG value sales in billion NIS

# Annual growth as well - 6.0% compared to 2019



50,747

**FMCG**

36,322

**Food**

5,290

**Beverages**

4,166

**Home Care**

4,970

**Personal Care**

# With no significant change in channel sales mix



FMCG Value Market Share By Channels

Discount Neighborhood Convenience



65.7% 66.2% 66.8% 66.7% 66.6%



32.0% 31.4% 30.7% 30.9% 30.6%



2.3% 2.4% 2.5% 2.3% 2.8%

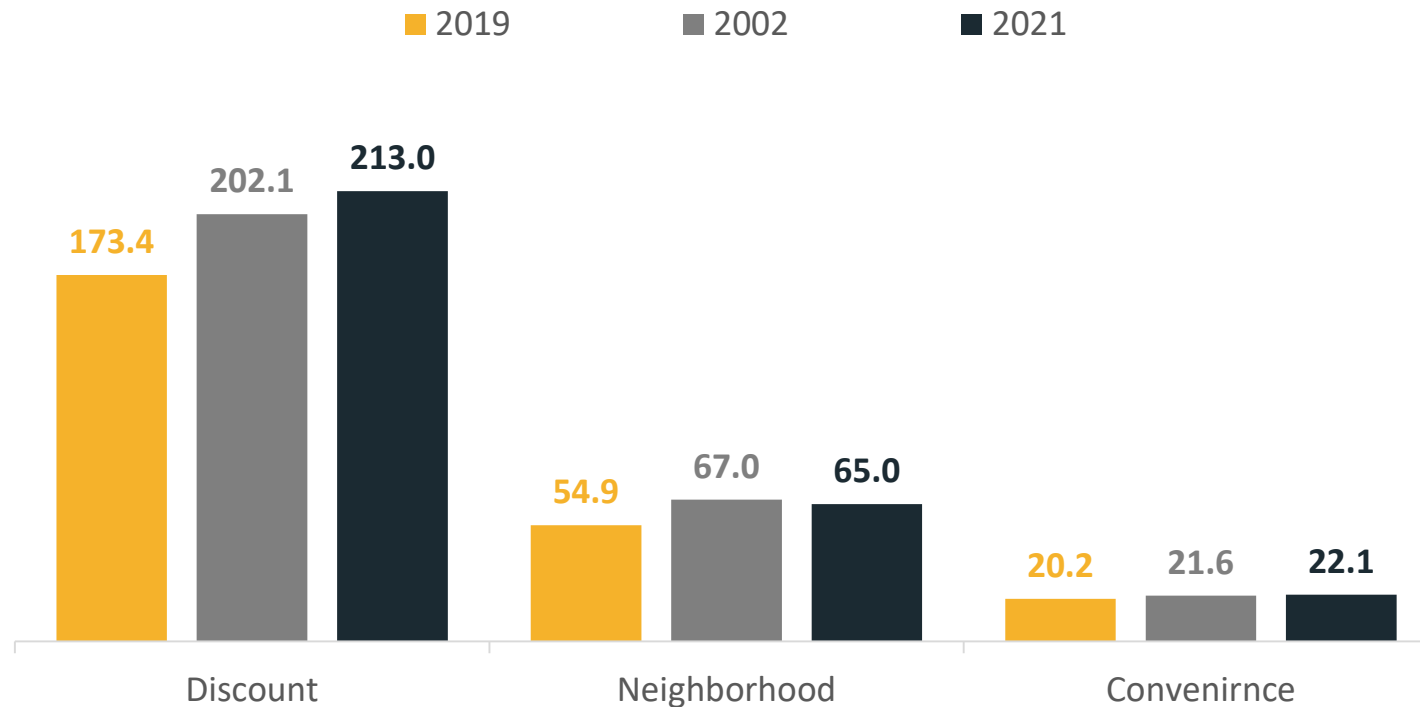
2017 2018 2019 2020 2021

# And a mixed trend in channel's average basket size

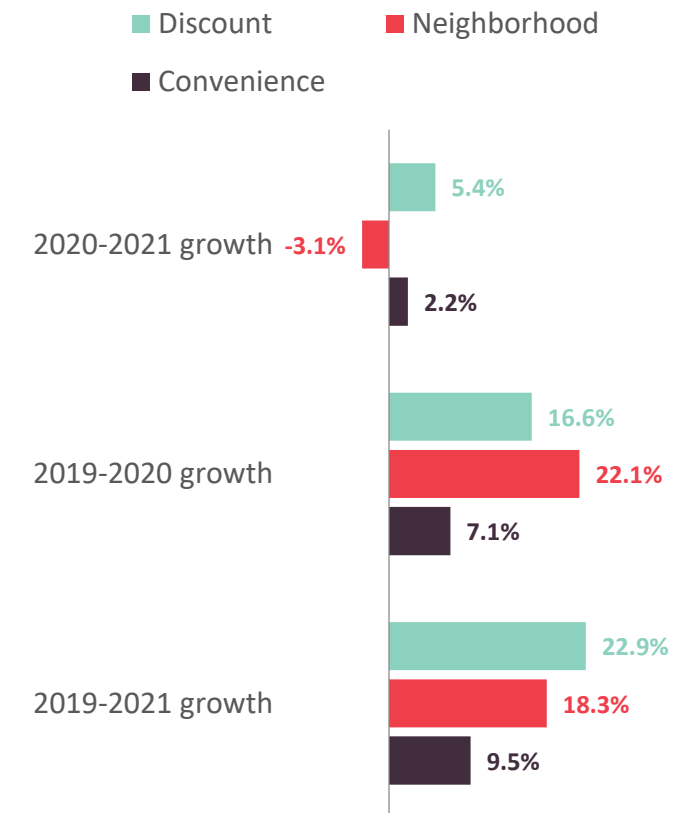
- 🏠 The average basket size both Discount and Convenience channels grows between the periods, although the growth is more moderate compared to 2020
- 🏠 Neighborhood channel average basket size is decreased by 3.1%, after a major growth in 2020 due to COVID-19 restrictions and quarantines



Average Basket Sales By Channels (FMCG)



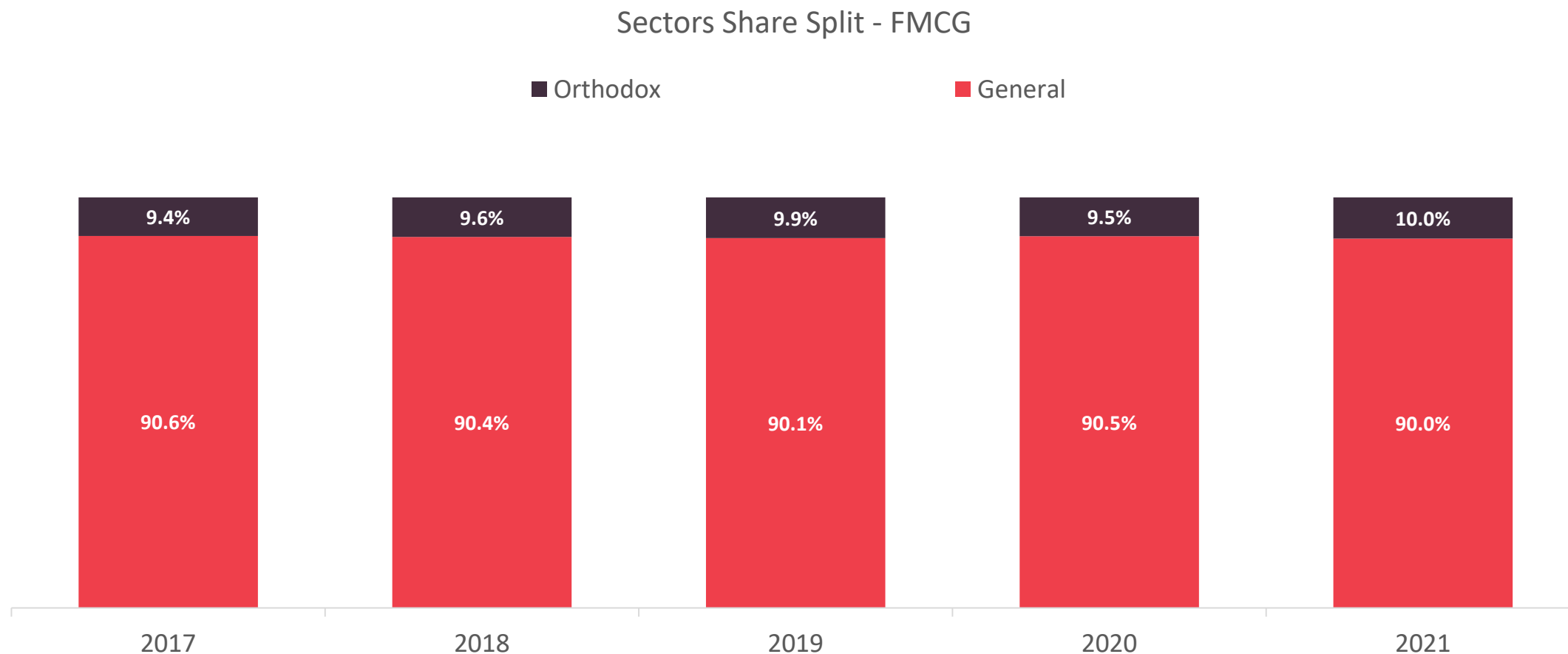
Yearly Basket Size Change - FMCG



\*\* Based on basket data analysis, over 700 sale's points from a variety of channels

# Orthodox sector market share is “back to normal”

- After years of growth, in 2020 was a major decline in the orthodox sector’s share, while in 2021 the rate is similar to that of 2019 and even growing a bit



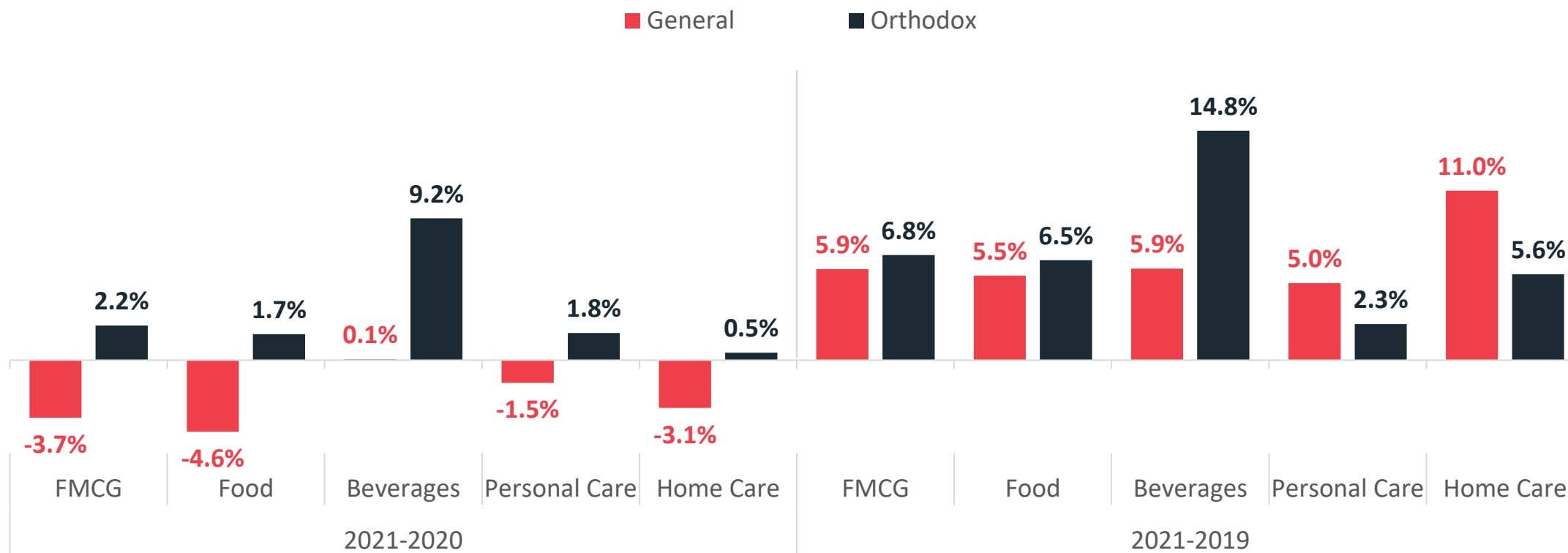
\* Orthodox sector – stores with prominent orthodox properties, such as location, chain association and average basket composition. Not including orthodox purchase in general sector stores

# And increased in all of the FMCG fields in 2021

- Unlike the general sector, the orthodox sector grows in all of the FMCG fields compared to 2020
- In comparison to 2019, the orthodox sector grows in a similar rate to the general market. The fields show a mixed trend, while the orthodox sector growth rate is higher in Food and Beverages, the Personal Care and Home Care fields have a lower growth rate compared to the general sector



Orthodox Sector Sales Change Compared to General Sector



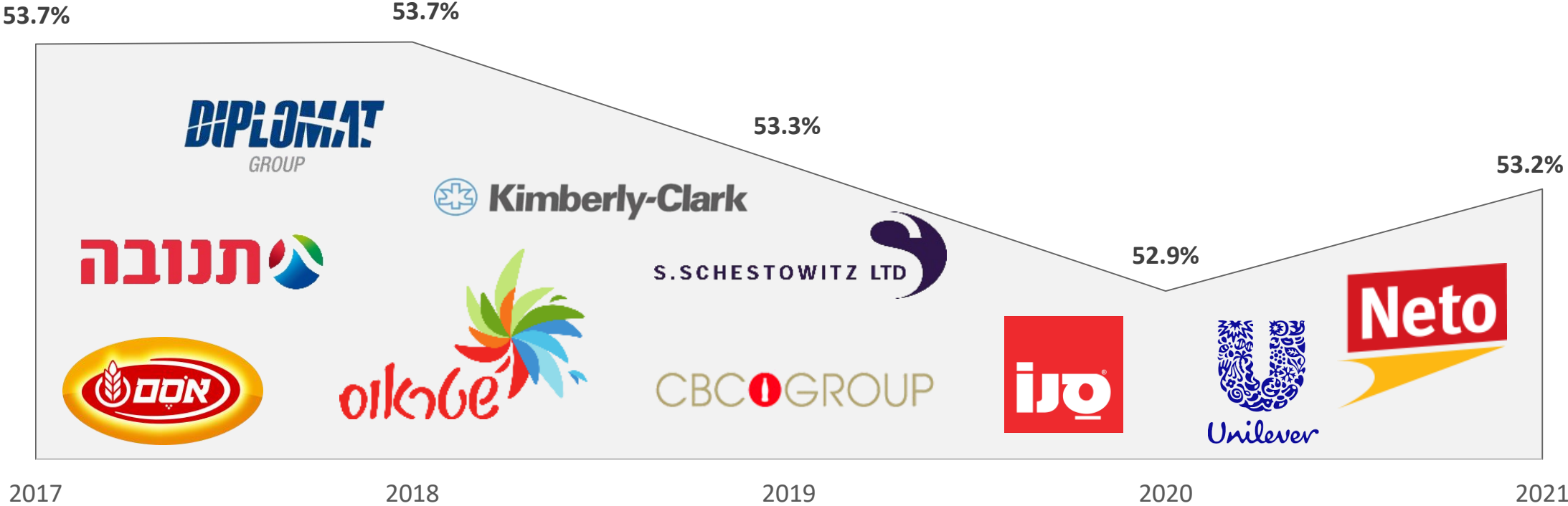
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# TOP10 suppliers share started its return to 2019 values

Top10 suppliers share is back to the values recorded in years before COVID-19



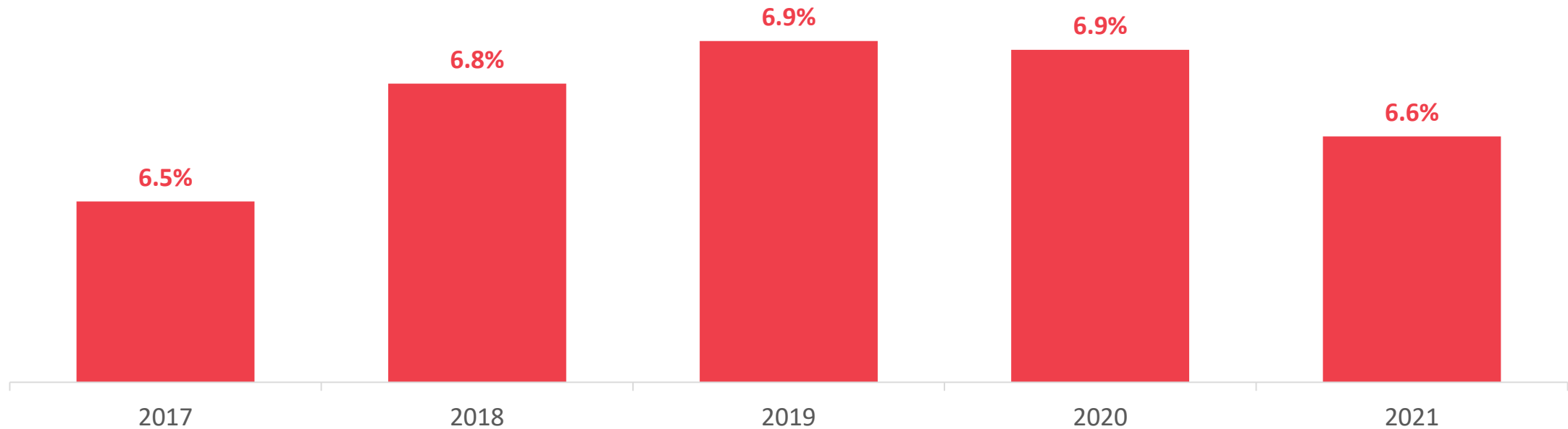
Market share of the top 10 suppliers in the FMCG world



# With a decline Private Label market share



PL share from FMCG value sales

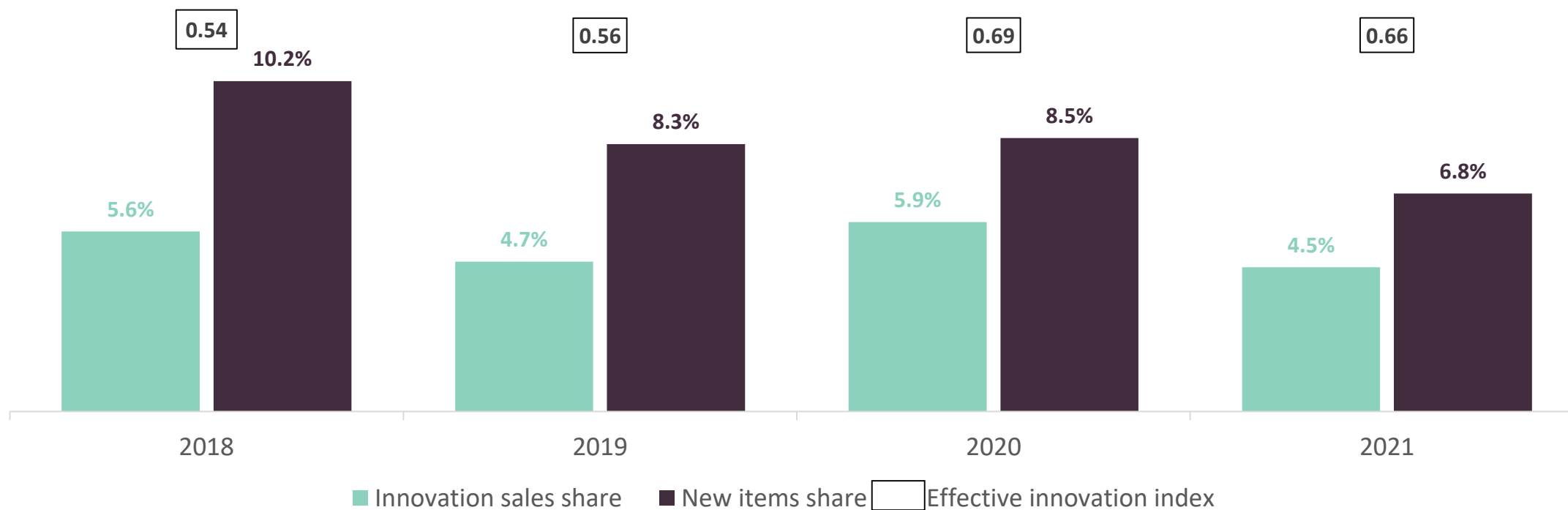


# The innovation sales share is the lowest since 2018

- Both innovation sales share and the new items share are the lowest since 2018, although the Innovation Effectiveness Index\*\* is high compared to 2019 and 2018



Innovation Sales Share, New Items Share and Innovation Effectiveness Index\*\*- FMCG



\* For the innovation examination, only items that sold at least 5,000 NIS in the years of operation starting in 2017 were included, new item per year: sold at least 1,000 NIS in that year

\*\* Innovation Effectiveness Index – the ratio between new items share and innovation sales share

# While Beverages shows the highest new items share

- ⬮ Beverages field records the highest new items share, while the innovation sales share is quite low
- ⬮ A significant share of Food innovation was affected by the red labels reform
- ⬮ At the end of 2021 the family plastic bottles' deposit law was on passed and caused to new barcodes' appearance. In 2022 sweetened drinks taxation reform is expected to affect the innovation rate as well



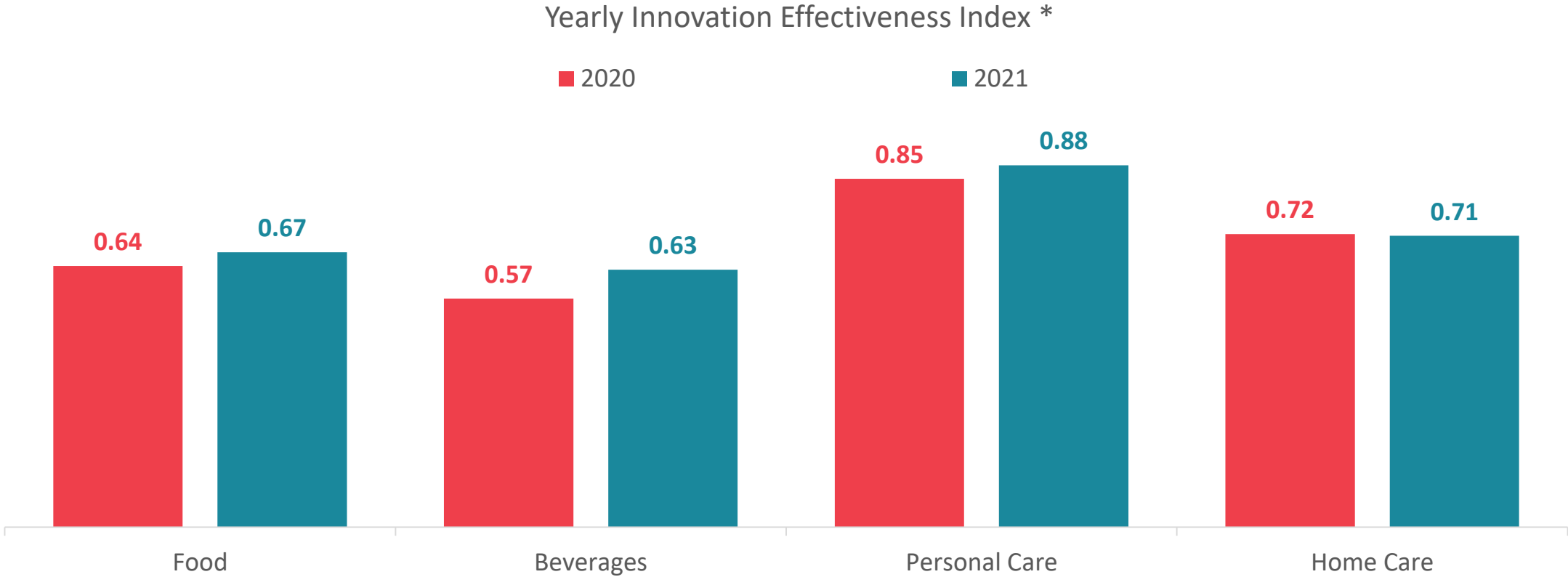
Innovation Sales Share and New Items Share – FMCG fields



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# The Innovation Effectiveness Index is high in most fields

Personal Care field shows the highest Innovation Effectiveness Index, followed by Home Care



\* The Innovation Effectiveness Index is high in most fields – the ratio between new item’s share and innovation sales share

# 2021 – Life Alongside COVID-19



2021 marks the “normalization” of COVID-19, where life alongside the virus became our routine. Normalizing life alongside COVID-19 affected directly FMCG market in many different ways – decline in sales without any unexpected selling peaks, StoreNext price index increase after a years of stagnation, a recover top10 suppliers value share etc.



Although there was **no significant change in channel sales mix**, Neighborhood channel basket size decreased, which probably caused by the return to a normal routine as seen in the growth of the Convenience channel



**Orthodox sector** value shares is back to normal as well, and shows different trends than the general sector – major growth in all FMCG fields, especially in Beverages



**Innovation rate** is the lowest since 2018 and probably caused by the inability of developing innovation during 2020 because of year’s challenges. 2020’s innovation is comparatively effective while a significant portion of Food and Beverages innovation over the last 2 years is related to various reforms and explains a part of innovation sales growth

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**The following review will try to answer the question - How life alongside COVID-19 affected growth drivers and specific content worlds in FMCG market?**



**StoreNext**  
Looking Forward

**How life alongside COVID-19  
affected FMCG market?**

# How will we answer that?

## Methodology Explanation

**First Step: calculate sales change of specific items over two periods:**

-  **2019-2020 (COVID-19 Outbreak)**
-  **2020-2021 (Life alongside COVID-19)**

# How will we answer that?

## Methodology Explanation

First Step: calculate sales change of specific items over two periods:

- 2019-2020 (COVID-19 Outbreak)
- 2020-2021 (Life alongside COVID-19)









Second Step: compare sales change between periods and chart over two axis to create a clear view –

**What was the effect, if any, of COVID-19?**

# How will we answer that?

## Methodology Explanation








### 2021-2020 value change

2020-2019 value change	Grew <b>more</b> than market 2020-2021 Grew <b>less</b> than market 2019-2020	 	Grew <b>more</b> than market 2020-2021 Grew <b>more</b> than market 2019-2020	 
	Grew <b>less</b> than market 2020-2021 Grew <b>less</b> than market 2019-2020	 	Grew <b>less</b> than market 2020-2021 Grew <b>more</b> than market 2019-2020	 

# How will we answer that?

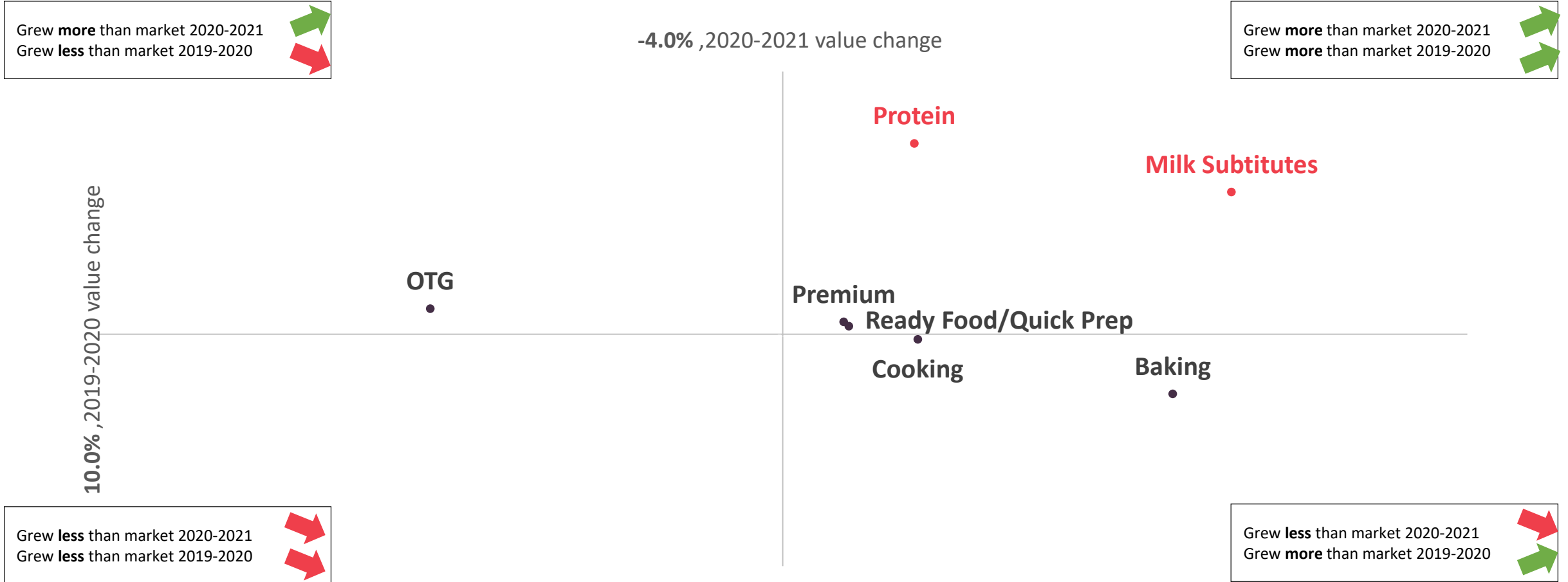
## Methodology Explanation

### The 7 main worlds compared to the Food field:

-  **Protein** – classification in item level throughout different categories
-  **Milk Substitutes** – soy drinks, other substitute drinks, milk substitutes tofu categories
-  **Premium** – classification on segment level throughout different categories
-  **Ready Food/Quick Prep** – classification on category level throughout different classes
-  **Cooking** – classification on category level throughout different classes
-  **Baking** - classification on category level from baking & cooking aids class
-  **OTG – On The Go** – adult cereal snack bars and sugar free gum categories

# Protein and Milk Substitutes show sharp growth

Both worlds show over performance in each period compared to the Food field



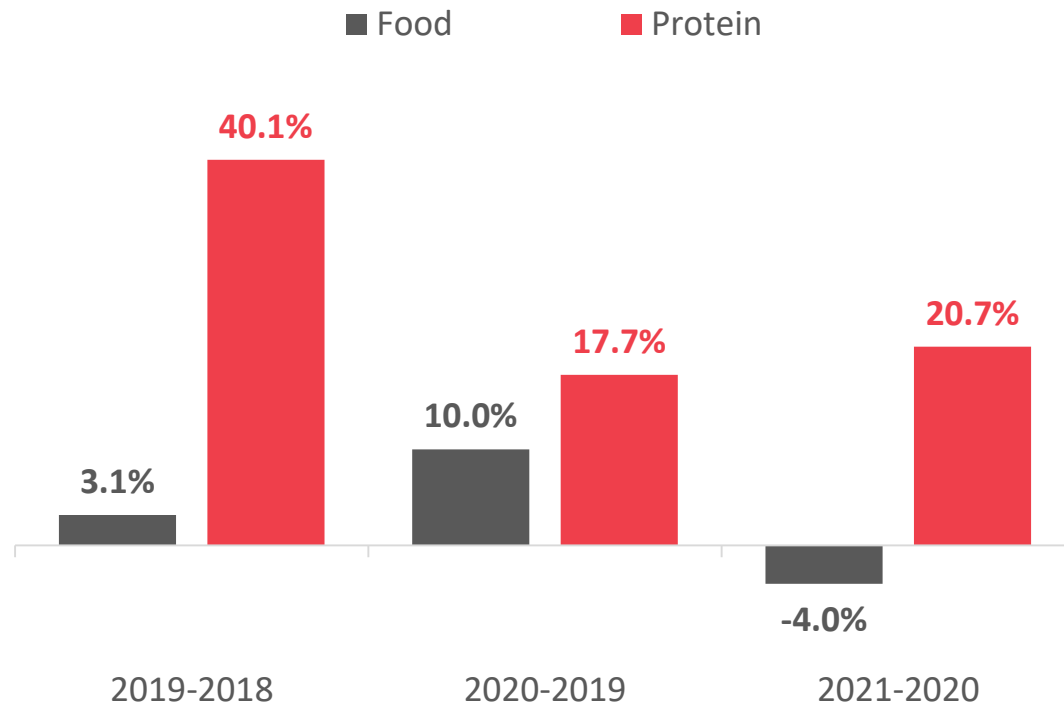
\*compared to Food field

# Protein world shows multi-year grow

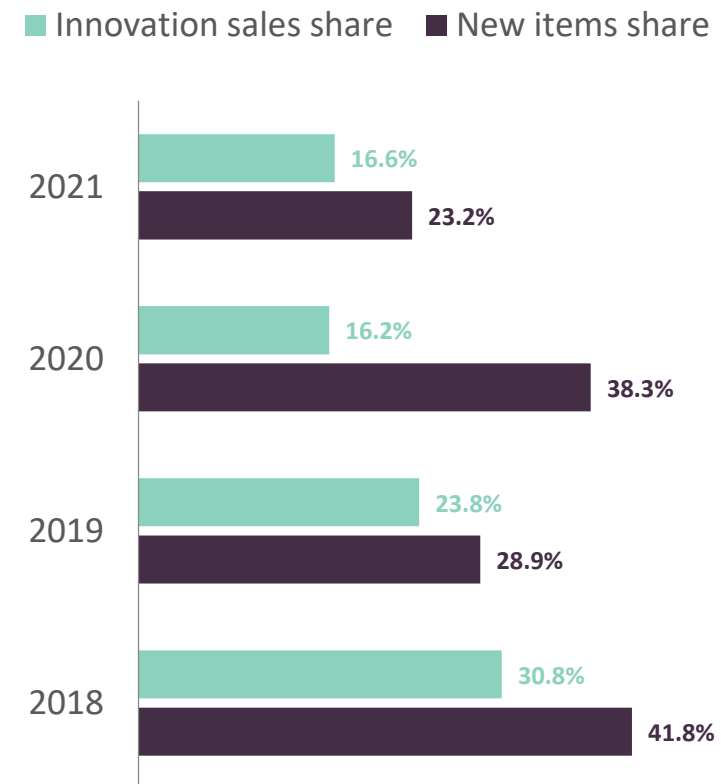
- Protein world grow each year with significantly higher rate compared to Food field, while in 2021 the growth is even higher alongside food field declining
- Seems innovation isn't driving growth, since this years innovation sales share isn't high and the new items share is low significantly



### Sales Change – Protein and Food



### innovation - protein items



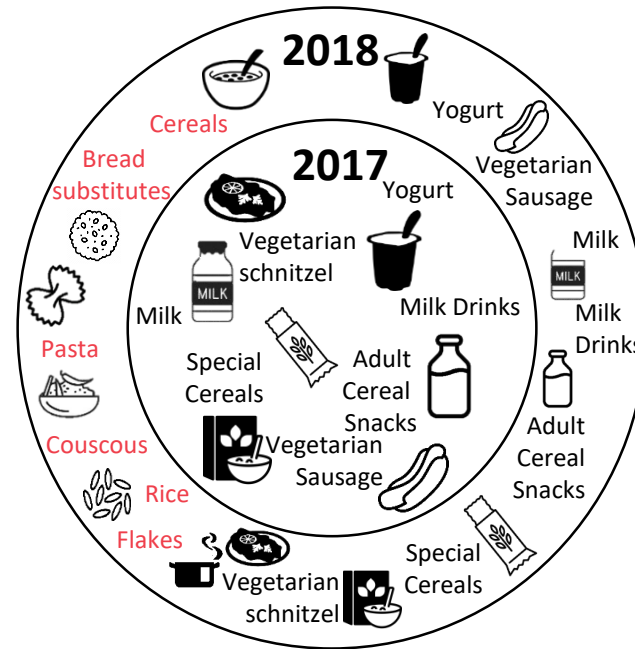
\*Protein – classification in item level throughout different categories

# 2017 - Protein Products Launched in 7 Categories



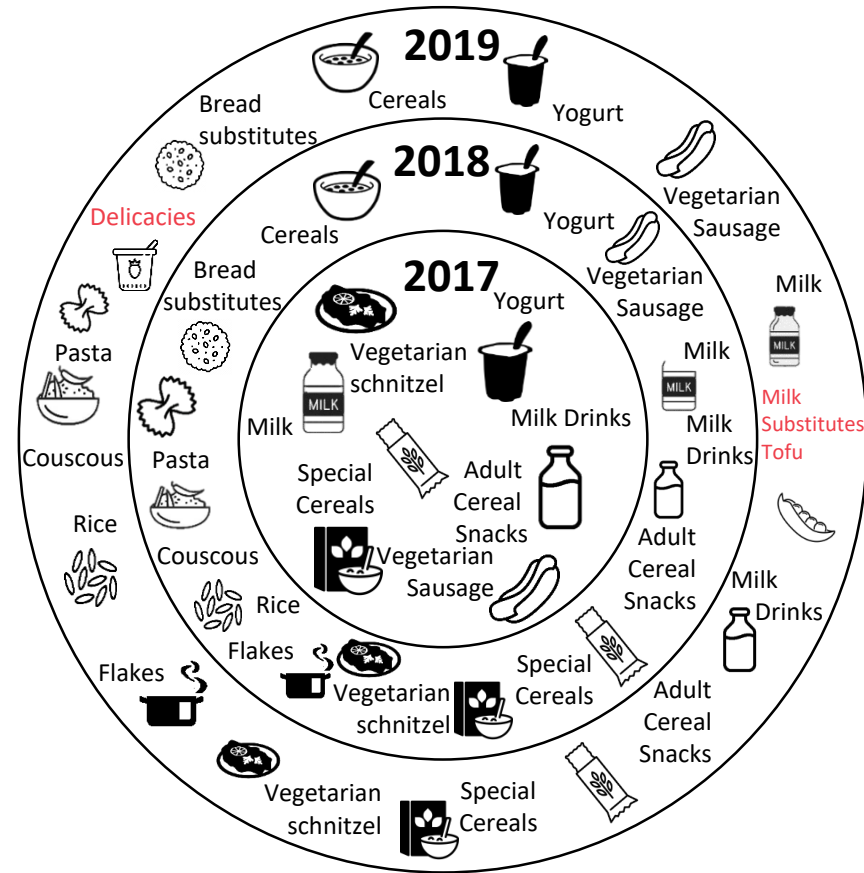
\* Categories that sold at least 10,000 NIS a year

# 2018 - Protein Product in 6 New Categories - a Total of 13



\* Categories that sold at least 10,000 NIS a year

# 2019 - The Expansion Continued to 2 More Categories



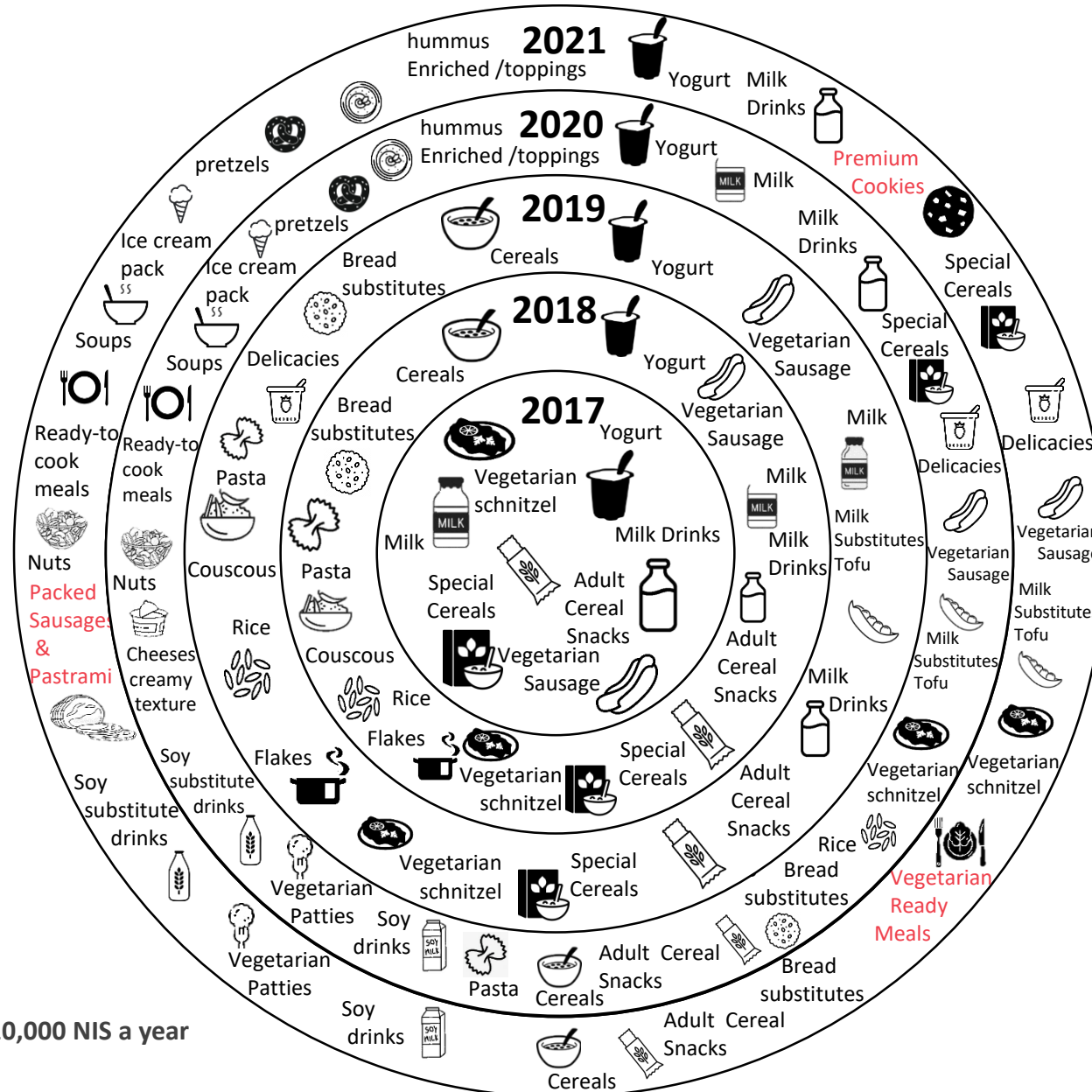
\* Categories that sold at least 10,000 NIS a year



# 2021 - 3 New Categories While Reducing Other



- In 2021 there was an expansion to 3 new categories and products in Milk, Rice, Cheeses Creamy Texture and Pasta came out of a variety. 22 active categories in total
- Over The years, Yogurt is the leading category while Adult Cereal Snacks is the category with highest number of items



\* Categories that sold at least 10,000 NIS a year

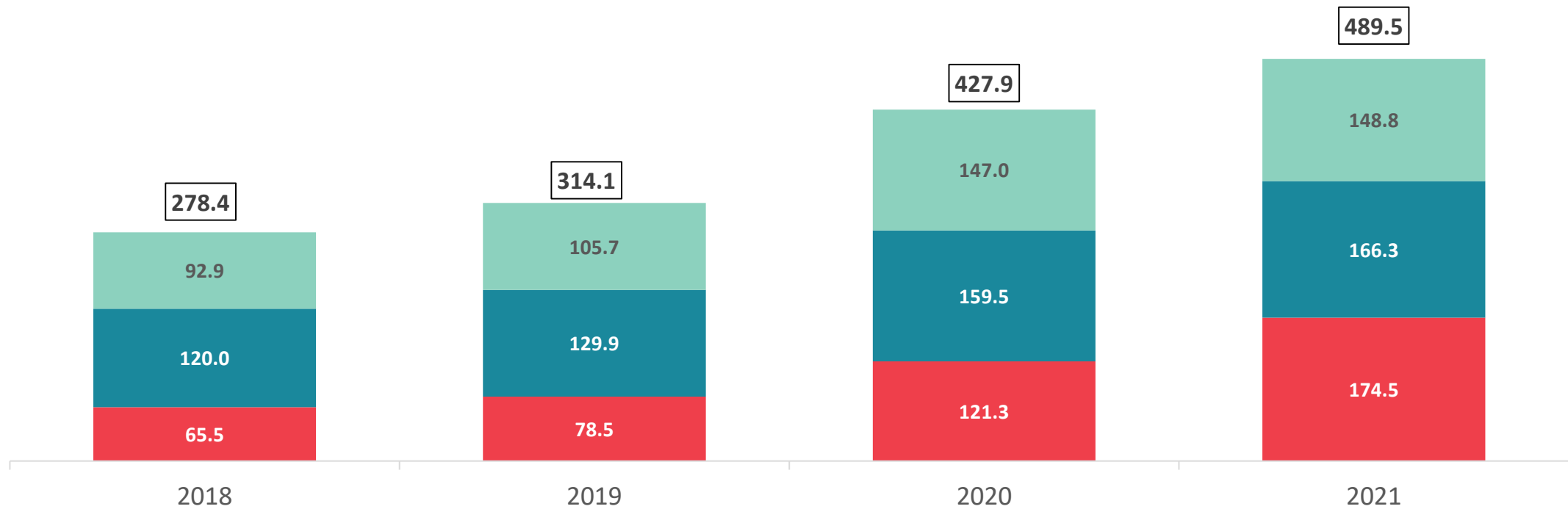
# Milk Substitute growth driven by Other Substitute Drinks

Other Substitute drinks (Milk Substitutes Drinks that aren't based on soy) was the smallest category in 2018, but this year recorded the highest value sales in Milk Substitutes World



Milk Substitutes\* - value sales in Million NIS

Milk Substitutes Tofu Soy Drinks Other Sunstitute Drinks Total Milk Substitutes

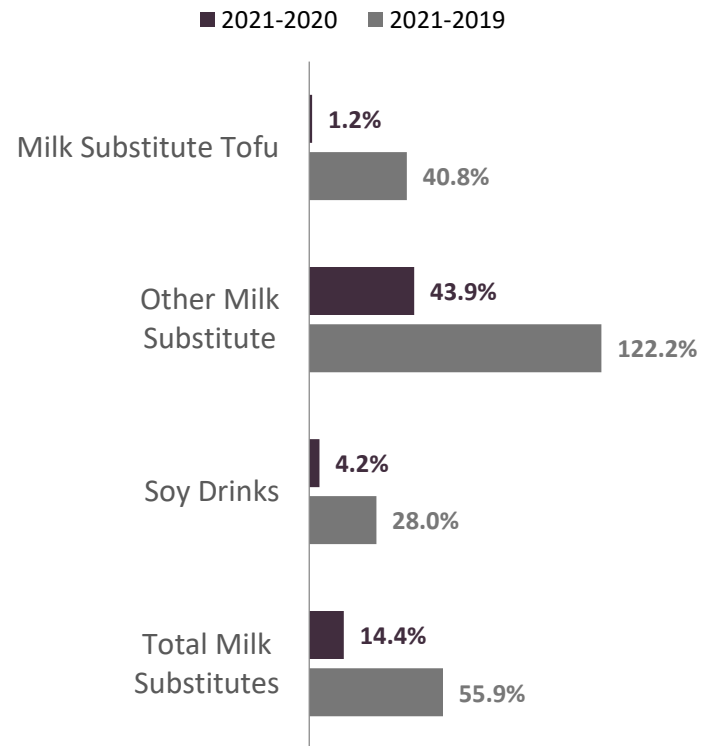


\*Milk Substitutes – Soy Drinks, Other Substitute Drinks, Milk Substitutes Tofu categories

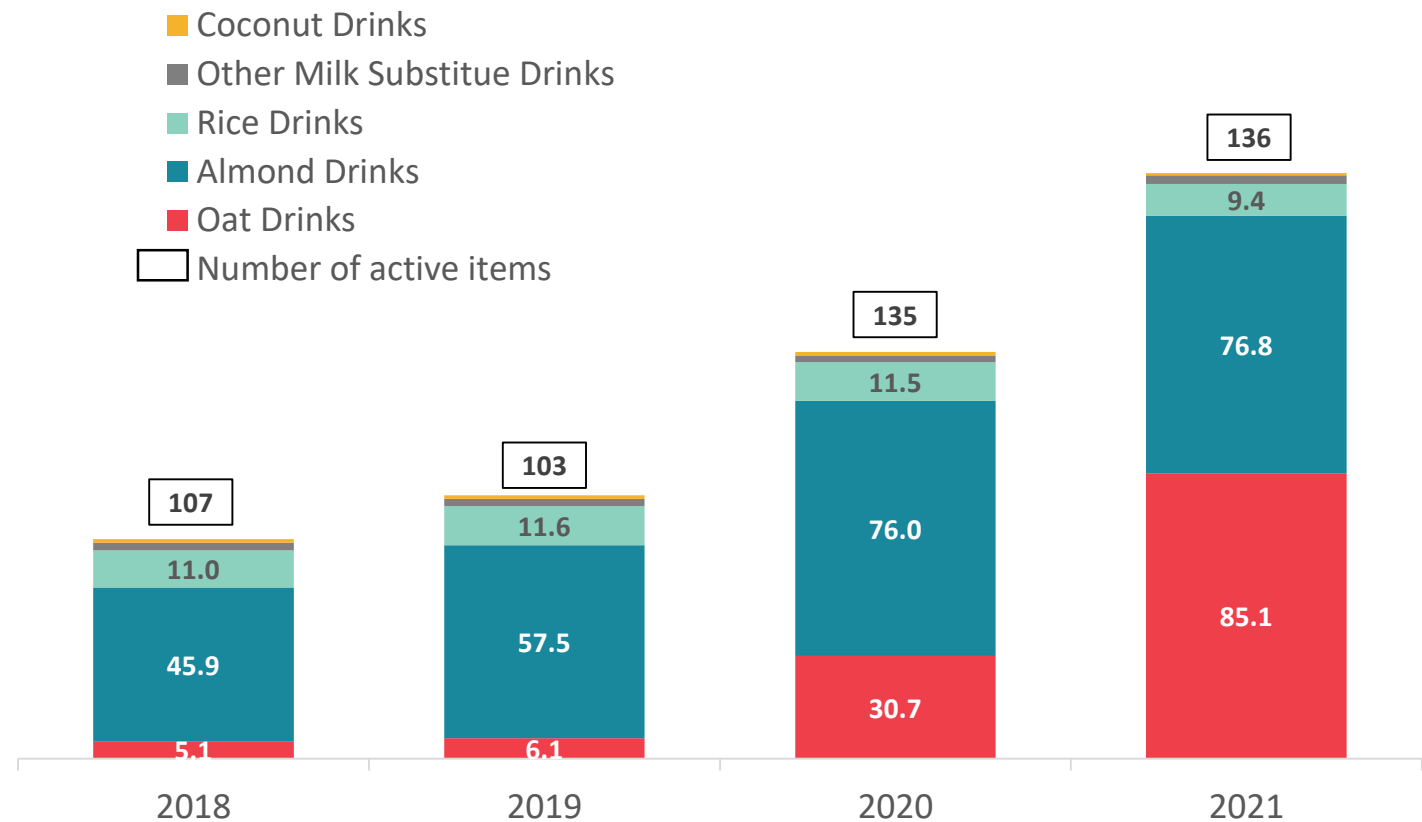
# Alongside number of active items stability



change rate by periods



Segment sales value and number of active items – milk substitutes



\*Milk Substitutes – Soy Drinks, Other Substitute Drinks, Milk Substitutes Tofu categories

# Premium World is also highly performing in both periods



Grew **more** than market 2020-2021  
Grew **less** than market 2019-2020



Grew **more** than market 2020-2021  
Grew **more** than market 2019-2020



-4.0% ,2020-2021 value change

10.0% ,2019-2020 value change

OTG

Premium

Ready Food/Quick Prep

Cooking

Baking

Protein

Milk Subtitutes

Grew **less** than market 2020-2021  
Grew **less** than market 2019-2020



Grew **less** than market 2020-2021  
Grew **more** than market 2019-2020

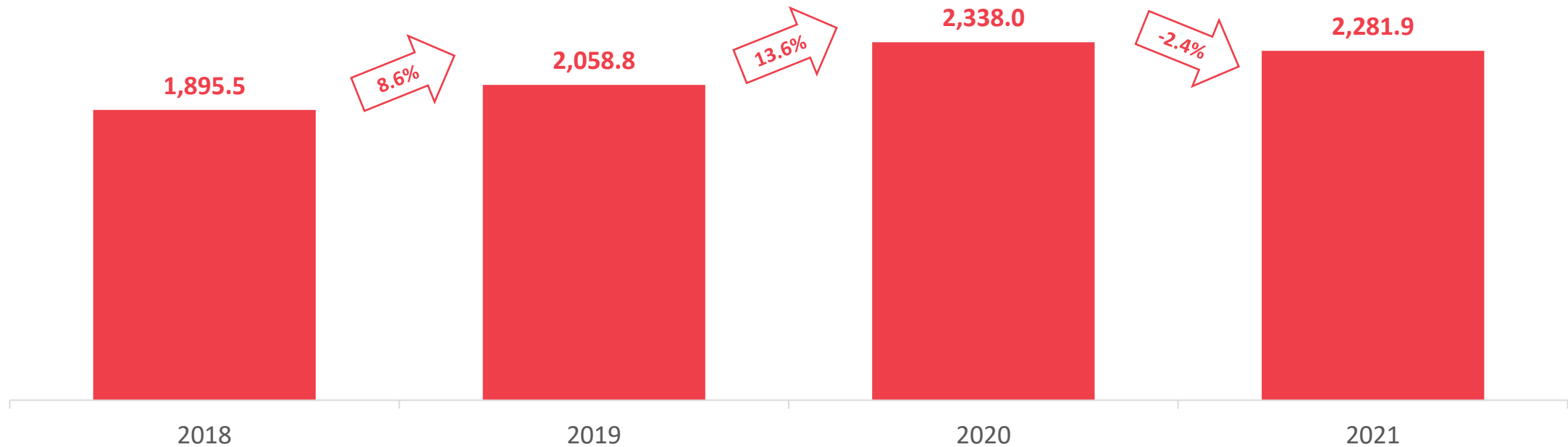


\*Compared to Food field

# Although this year's premium sales are braked



Premium - value sales in millions NIS and change rate



\*Premium - classification on segment level throughout different categories

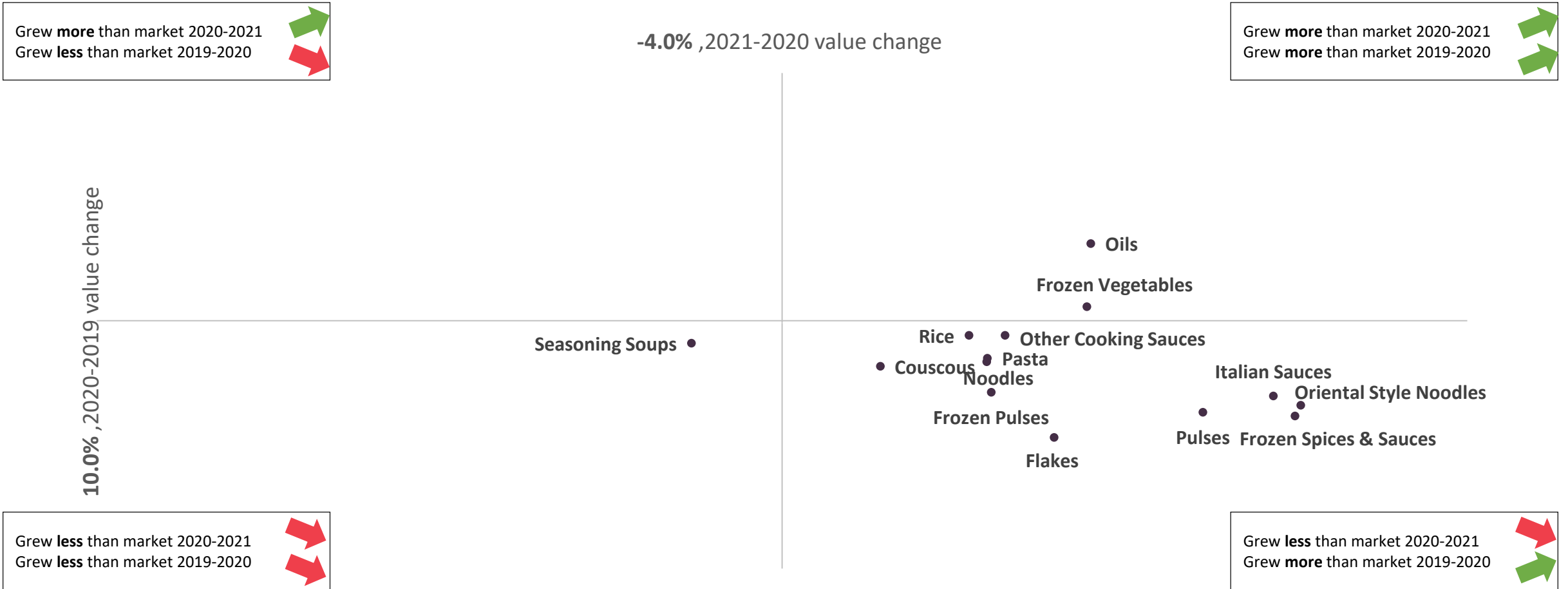
# Chosen worlds are examined on a class/category level

🏠 The chosen worlds are including many classes/categories with attributes that require a closer examination



\*Compared to Food field

# Cooking – Oils & Frozen Vegetables in over performing



\* Compared to Food field

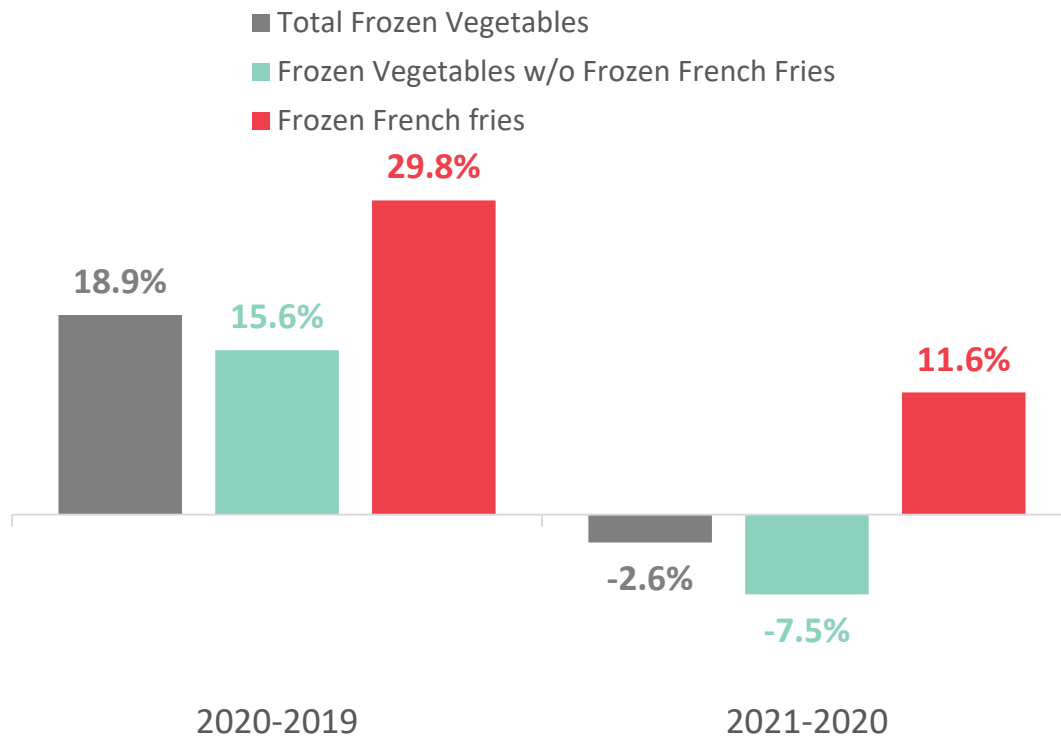
\*\* Cooking – classification on category level throughout different class

# Although it's based on trends unrelated to cooking

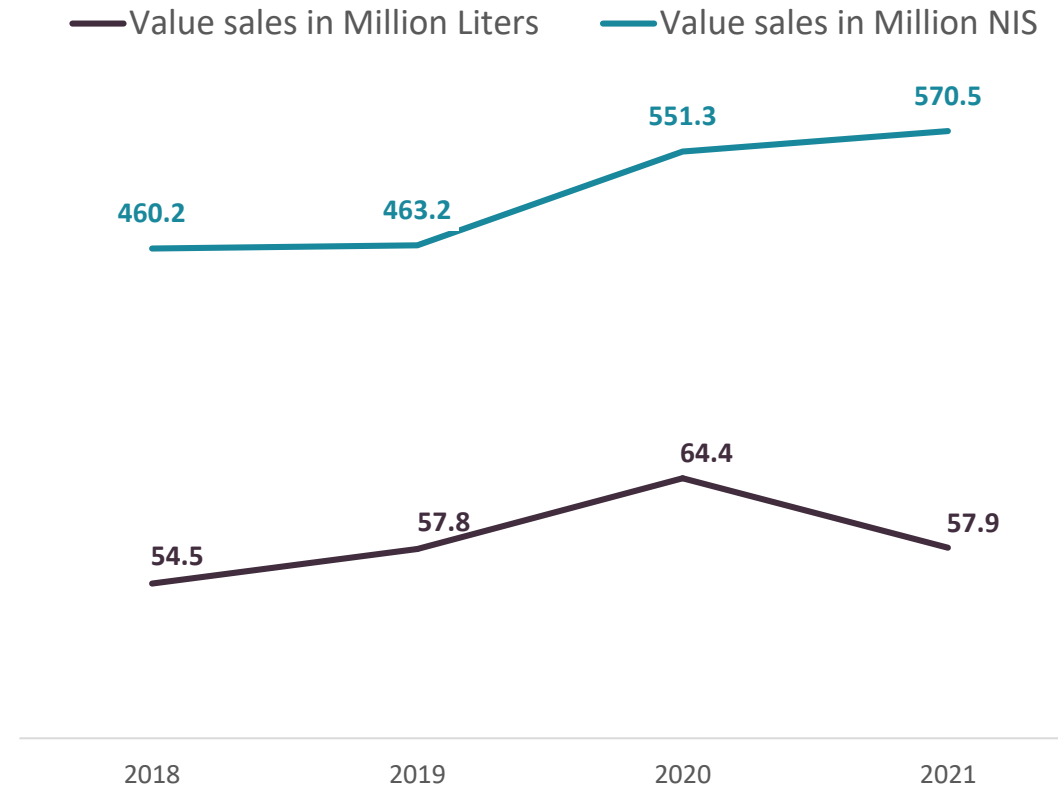


- ❏ Frozen French fries is a segment in frozen vegetables category, and its growth drive category growth in the last two years and this year its value sales change is higher than category's
- ❏ Although Oils recorded a high value change in 2021, 3.5%, but it caused by the rise in average price per liter

Value sales change – Frozen vegetables



Value sales in Million NIS and Liters - Oils



\* Cooking – classification on category level throughout different class

# Baking World is in low performing in 2021

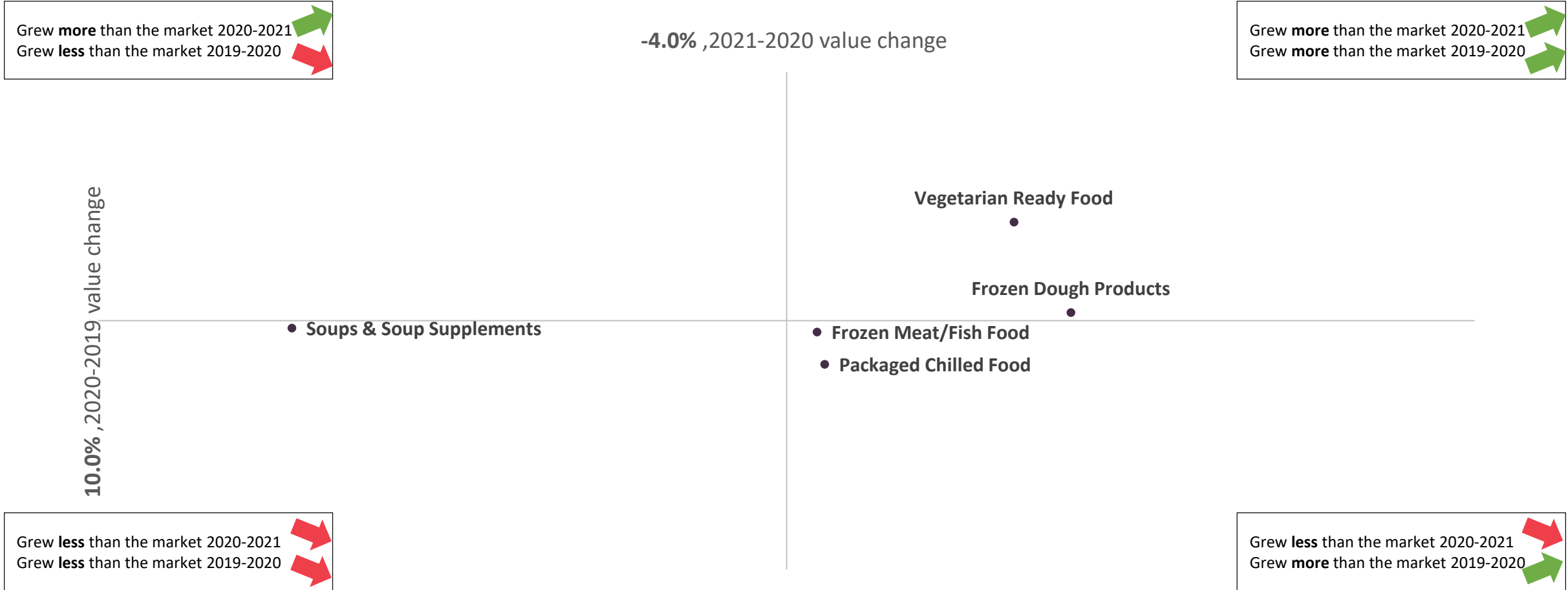
🏠 Baking Aids and Cake Additives declined compared to raw baking material



\* Compared to Food field

\*\* Baking - classification on category level from baking & cooking aids class

# Ready Food/Quick Prep shows a mixed trend



\* compared to Food field

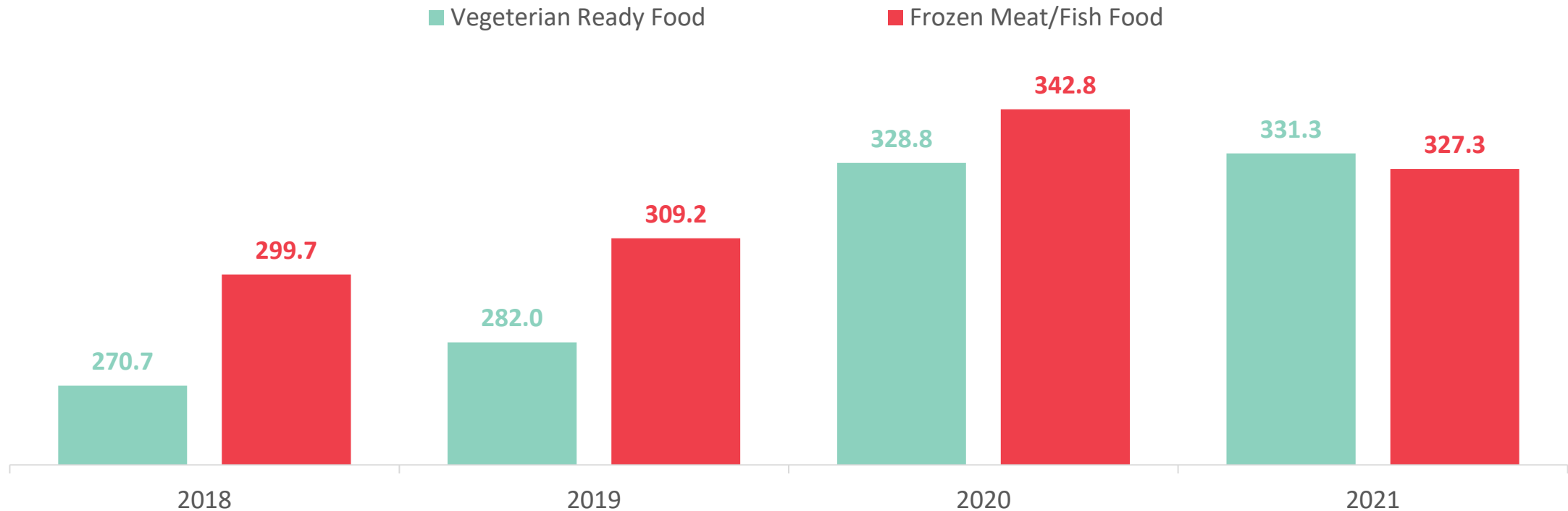
\*\* Ready food/quick prep – classification on category level throughout different classes

# Veg Ready Food growth at the expense of Frozen Meat/Fish

- ⬮ Until 2020 both classes increased, but in 2021 Frozen Meat/Fish Food declined by 4.5% – a higher drop than the Food field
- ⬮ It's also the first year that Vegetarian Ready Food's value sales are higher than Frozen Meat/Fish Food, as a part of Vegetarian and Vegan trends



Value sales - category

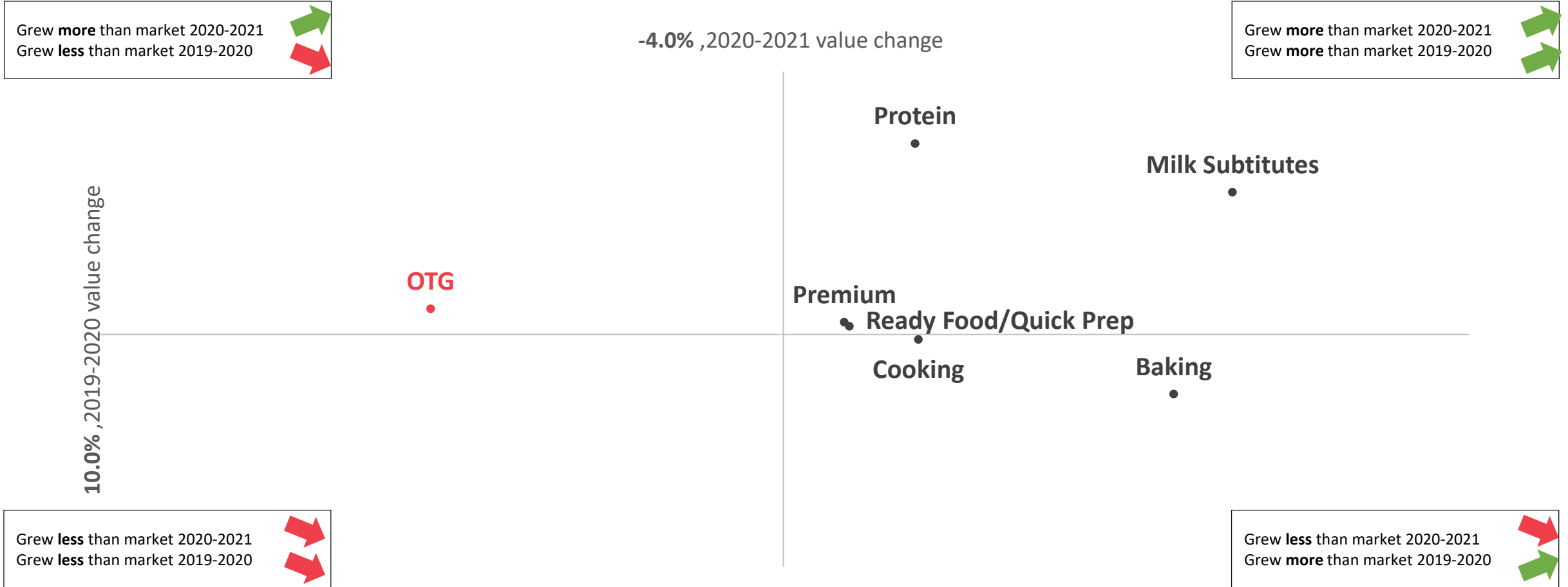


\* Categories in the frozen meat/fish food – frozen prepared food and frozen ready food fish

\*\* Vegetarian ready food – vegetarian ready meals, grilled breast of plant, vegetarian snacks, cheese nuggets, vegetarian hot dogs, vegetarian meatballs and vegetarian schnitzel

# OTG\*\* is recovering in 2021 after slowing during 2020

🏠 This world's sales were slowed due to the movement restrictions during 2020, and it's the only world with negative growth among the chosen worlds in 2020

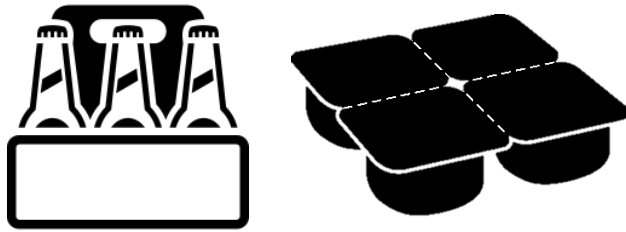


\* Compared to Food field

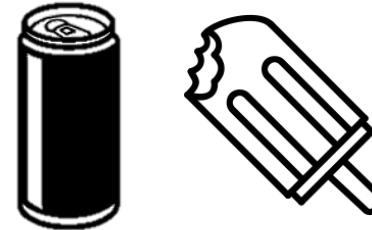
\*\* OTG – On The Go – adult cereal snack bars and sugar free gum categories

# Is There a Trend Related to Package Type and Consumption Type?

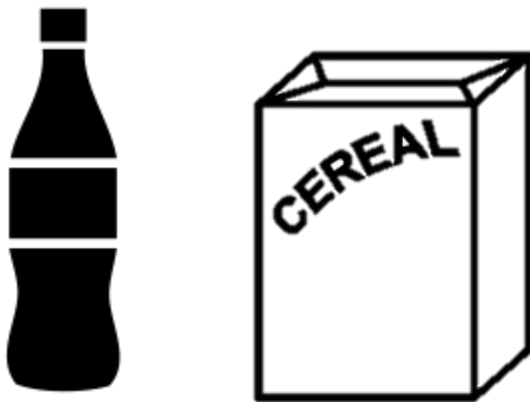
Family Packaging



Personal Packaging



Personal Consumption



Family Consumption

# Personal Consumption grow, especially in Personal pack

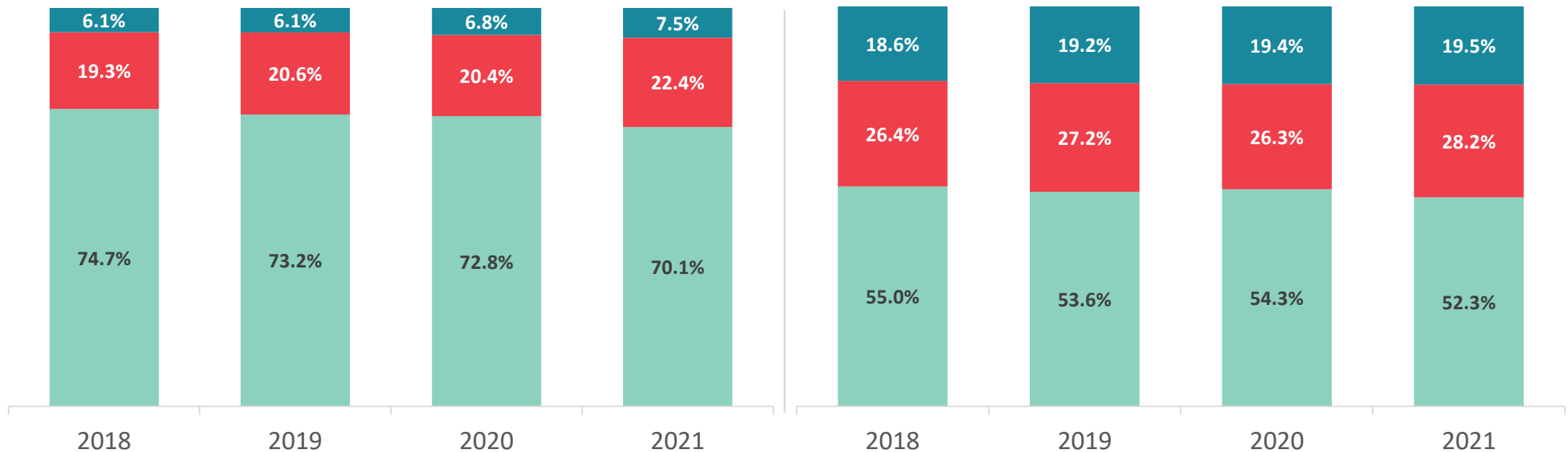
- 2020 recorded an increase in Family Packaging, probably due to the elongated stay at home during quarantines. 2021 shows a rise of Personal Consumption items in Personal packaging, a stagnation of Personal Consumption in Family Packaging in Food field, and stagnation in Family Consumption in Family Packaging in the Beverages field



Value Sales Split–  
Beverages field' chosen content worlds\*

Value Sales Split–  
Food field' chosen content worlds\*

■ Personal Consumption in Family Packaging ■ Personal Consumption in Personal Packaging ■ Family Consumption in Family Packaging



\* Chosen content worlds – Non Alcoholic Beverages, Cereals and Cereal Snacks, Ice Creams and Popsicles, Sweet Treat, Soup Dishes and Soup Supplements, Packed Salads and Salty Snacks

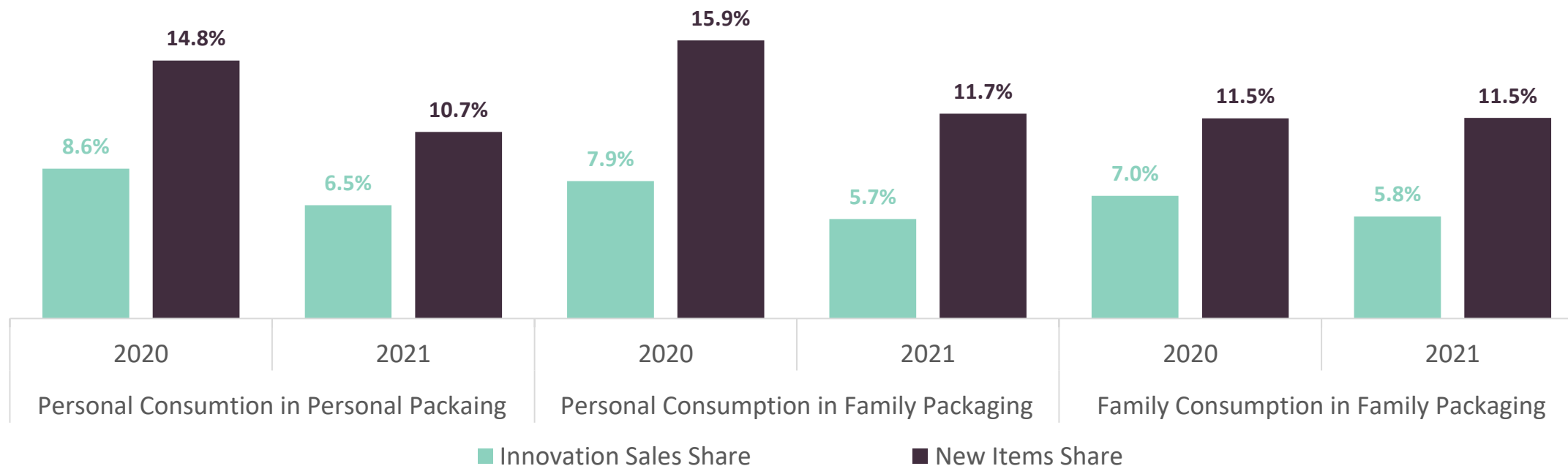
\*\* Classification in item level

# And has the highest innovation sales share this year

- Personal Consumption in Personal Packaging recorded the highest innovation sales share and the highest new items share compared to the other two options
- Family Consumption in Family Packaging recorded the same rate of new items share as in 2020, although the effectiveness of those items is lower by 1.2 points
- Following FMCG market trends – the innovation sales share is lower compared to 2020 among all options



Innovation Sales Share and New Items Share – Packaging and Consumption types



\* Chosen content worlds – Non Alcoholic Beverages, Cereals and Cereal Snacks, Ice Creams and Popsicles, Sweet Treat, Soup Dishes and Soup Supplements, Packed Salads and Salty Snacks

\*\* For the innovation examination, only items that sold at least 5,000 NIS in the years of operation starting in 2017 were included, new item per year: sold at least 1,000 NIS in that year

# Is it reflected in chosen worlds in Food field?



## Sweet treat

Sweet snacks | Children's World | Chocolate Waffles | Personalized Cakes | Packaged Shelf Cakes | Halva | Chocolate Tablets



## Ice creams and popsicles

Individual Popsicles | Ice Cream | Home Packages | Packs | Ice cream desserts



## Cereals and cereal snacks

Cereals | Cereal snacks for kids | Adult cereal snacks



## Salty snacks

Snacks Pretzel | Baked snacks | Salty pastries | Crackers | Bread substitutes



## Packed salads

Smooth hummus Salad | Hummus with toppings | Eggplant Salad | Tahini Salad | Fish Salads | Vegetable Salads | Oriental



## Soup dishes and soup supplements

Soups | Croutons | Personal dish | Family dish



# The individual consumption is growing in those worlds

- 🏠 In Salty Snacks and Ice Cream and Popsicles the Personal Consumption increased only in Personal Packaging while Family Packaging declined slightly in 2021. Unlike Sweet Treats which Personal consumption in both Packaging types increased in 2021
- 🏠 In all 3 worlds Family Consumption dropped significantly

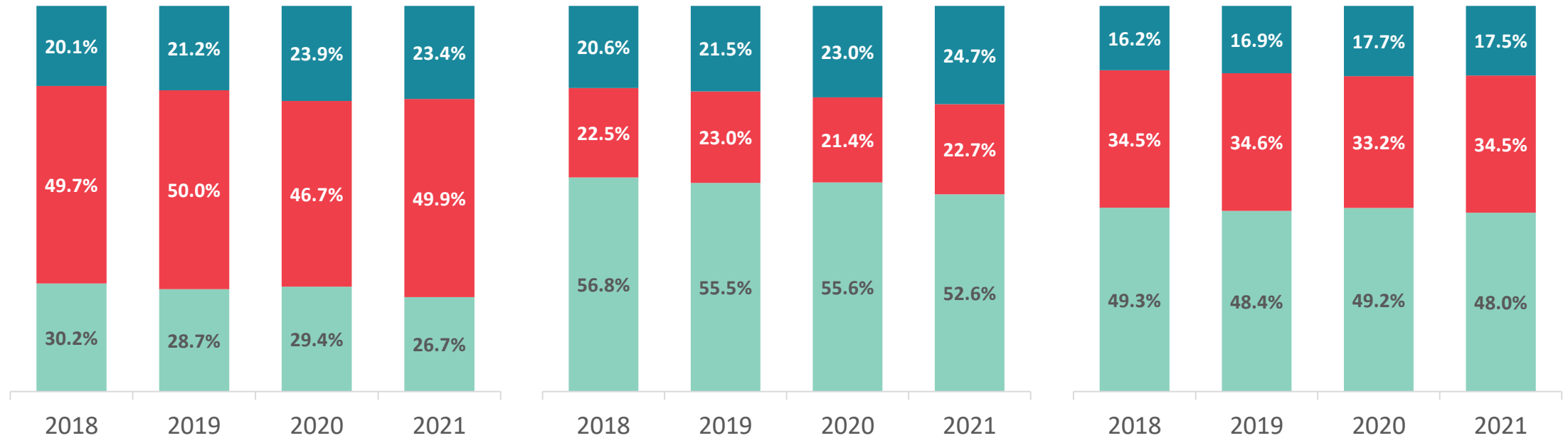


Ice Creams and Popsicles

Sweet Treat

Salty Snacks

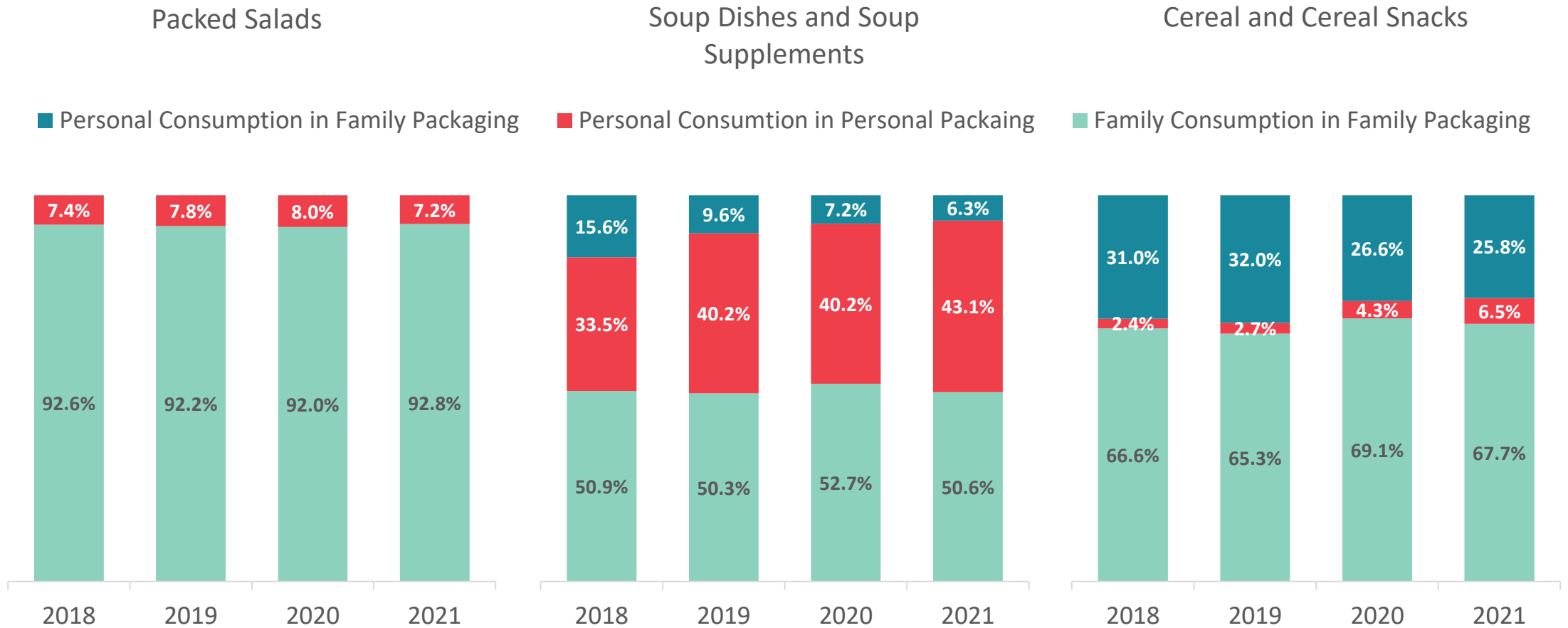
■ Personal Consumption in Family Packaging   ■ Personal Consumption in Personal Packaing   ■ Family Consumption in Family Packaging



\* Classification in item level

# Only Packed Salads show an increase in Family

- Among six chosen worlds, five show an increase in individual consumption in individual packaging and a decrease in family packaging, excluding for packed salads
- Cereal and Cereal Snacks show the most significant growth in items for Personal Consumption in Personal Packaging



\* Classification in item level

# Without any innovation in Personal Consumption

In 2021 Personal Consumption items didn't show any new item Packed Salads

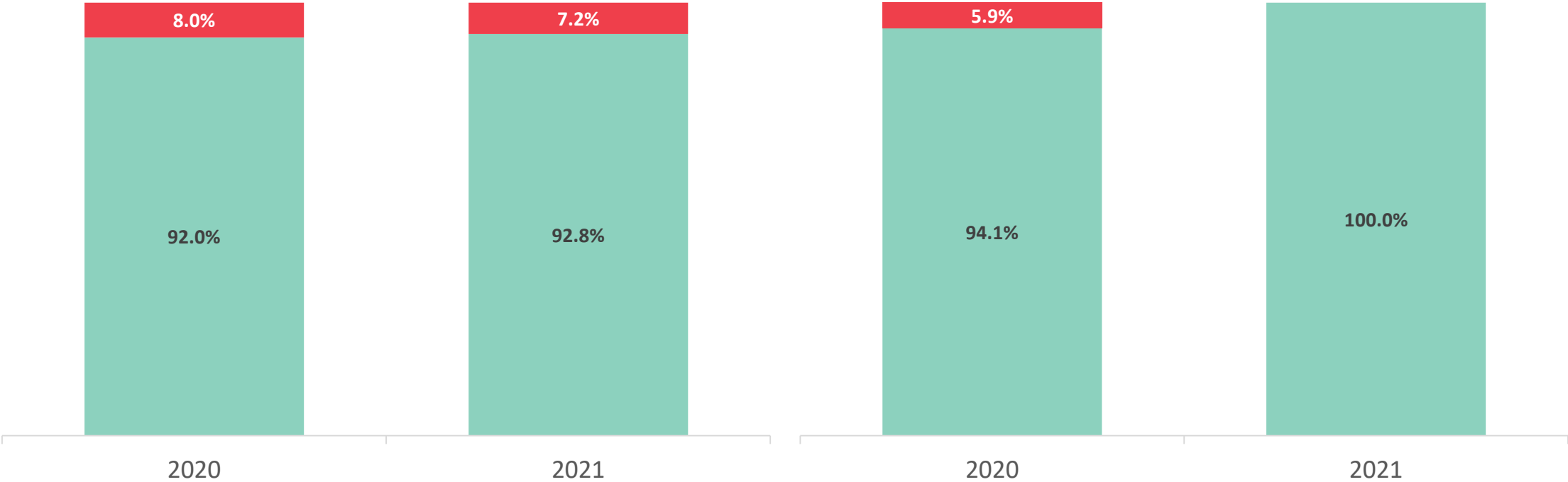


Value Sales – Packed Salads

Innovation Sales Share – Packed Salads

■ Personal Consumption in Personal Packaging

■ Family Consumption in Family Packaging



\* Classification in item level

# While Cereals and Cereal Snacks have an opposite trend

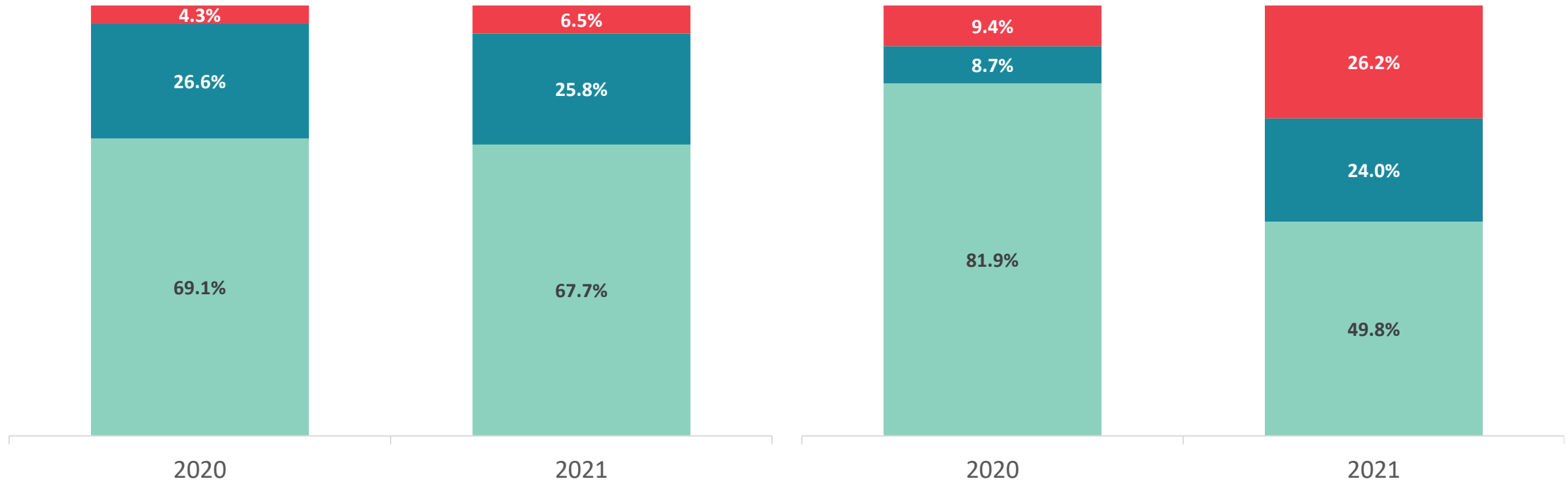
📦 The development of items for individual consumption in individual packaging in cereals and cereal snacks comes in response to the major growth in innovation based on single protein snack bars



### Value Sales – Cereal and Cereal Snacks

### Innovation Sales Share – Cereal and Cereal Snacks

■ Individual consumption in individual packaging ■ Individual consumption in family packaging ■ Family consumption in family packaging



\* Classification in item level

# To summarize...

**2021 – normalizing and recovering from COVID-19**



**Alongside long term trends that were not effected by COVID-19**



**Although there are some new trends**

The extreme selling trends of 2020 has mellowed:

- ❏ A decline in sales, 3.2%, after years of growth
- ❏ Back to a rise in StoreNext's price index alongside minor promotion rate
- ❏ The recovery of the orthodox sector as seen in its distribution of value sales
- ❏ The return to power of the top 10 suppliers
- ❏ Back to individual consumption and the growth of the OTG world

Despite the effect of COVID-19 some long term trends remained:

- ❏ No significant change in channel sales mix throughout the years
- ❏ Different trends in the Food field continue to grow independently – protein and milk substitutes

Still, there were also new trend in 2021:

- ❏ After years of growth the Private Label shows a decline in market share
- ❏ A low rate of innovation – the lowest since 2018 – under the influence of reforms, such as the deposit law on large plastic bottles and the order of taxation on sweetened drinks

## **?Looking forward – what to expect in 2022**

How will the worlds be affected by the reforms? The deposit law on large plastic bottles, the order of taxation on sweetened drinks and the Plastic ware Tax Reform

Will the sharp rise in the price index continue in 2022?

And will there be a full return to normal routine and what will be its effects?

# Thank you!



StoreNext

Looking Forward