

NielsenIQ

Past, present and **future** of FMCG in Poland

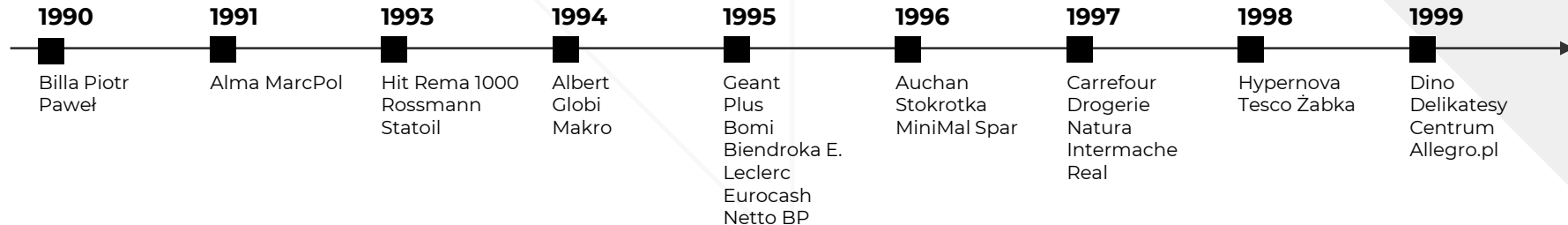


The past speaks to us in a thousand voices, warning and comforting, animating and stirring to action

Felix Adler

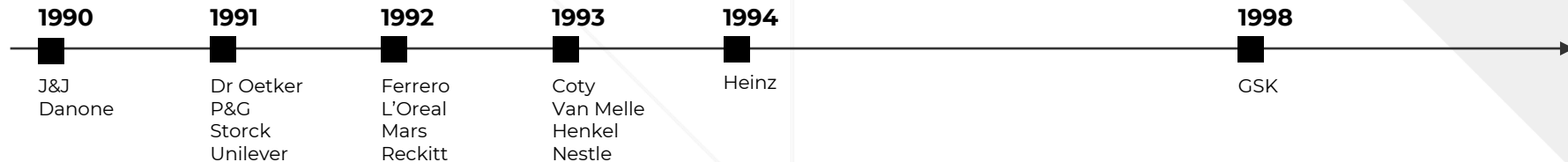
'90s – moving from centralized planning to an open market economy

Retailers entering Polish market



'90s – moving from centralized planning to an open market economy

Brands entering Polish market

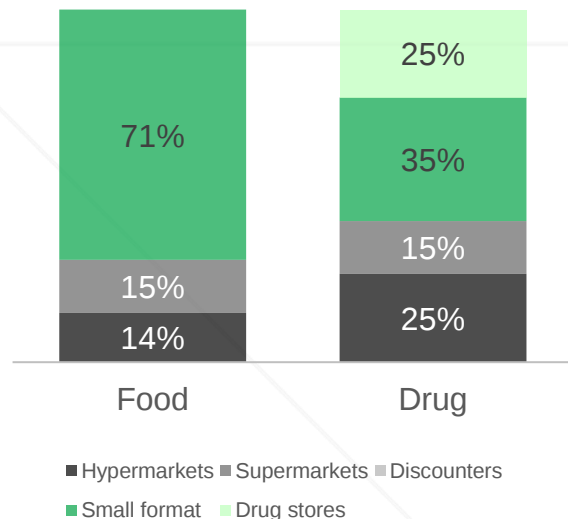


'00 – economic development and investments driven by EU funds

Retailers entering Polish market



Channels' importance in value sales of food categories in Poland in 2002



Top categories in Poland in 2002

Top 5 food categories (val)

- Beer
- Vodka
- Juice, nectars, still drinks
- Carbonated soft drinks
- Yellow fats

Top 5 food drug categories (val)

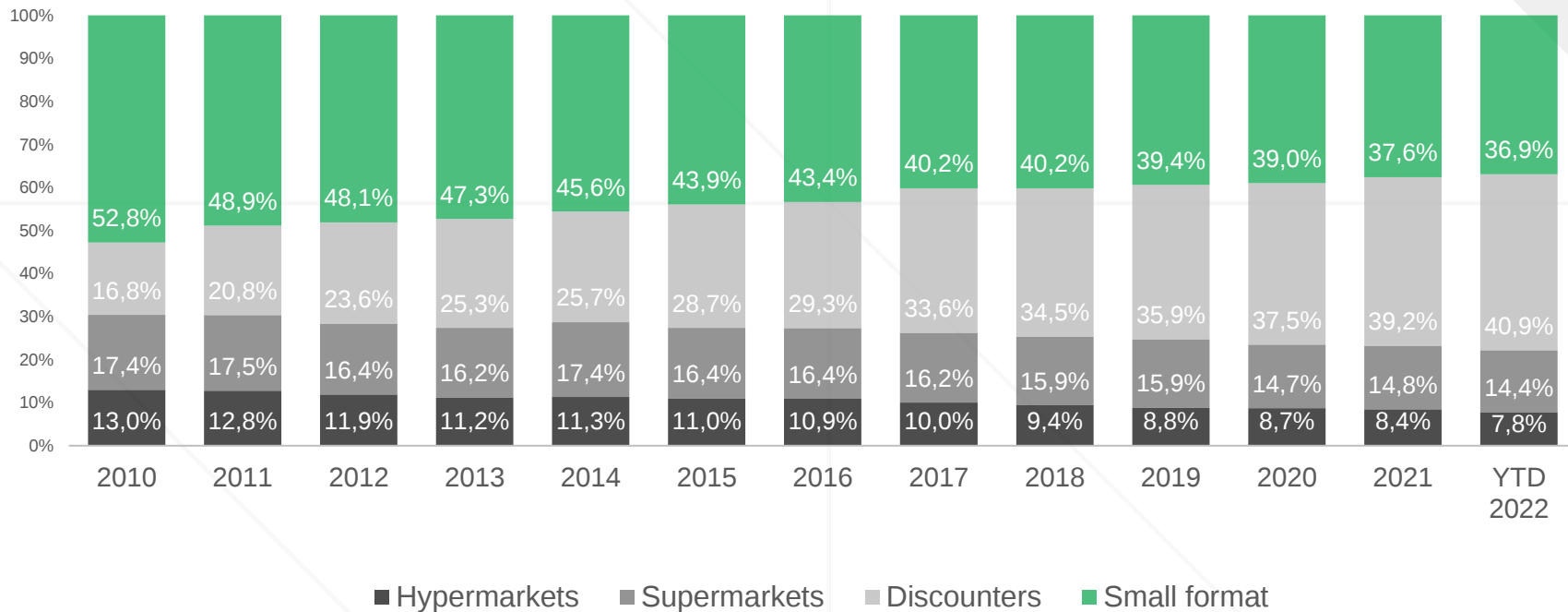
- Detergents
- Face care
- Shampoo
- Diaper
- Deodorants

ACV in Poland in 2002



'10 – further economic development

Channels' importance in value sales of food categories in Poland in '10



Remember then: there is only one time that is important – Now! It is the most important time because it is the only time when we have any power.

Leo Tolstoy

COVID-19 has shaken people's confidence and designed a new normal



Key impacts

- Increased polarisation of the Polish society (covid's negative or very negative impact on 64% of Poles' financial situation)



Lifestyle and Values

- Homebody economy
- Healthier options (bio, natural, immunity, diets, local)
- Expedited technologization



Shopping and Retail

- Value for money (saving mode, quality for good price, low prices and promotions regain importance)
- One stop convenience, discounters & smaller formats preference, assortment in one place
- E-com boom from supply and demand side, technologization in store

Russian-Ukrainian war set back the post COVID recovery

The Russian invasion of Ukraine in late February forced us to urgently rethink our expectations for the economic development in 2022 and beyond



People's migration



Food & fuels supply shocks

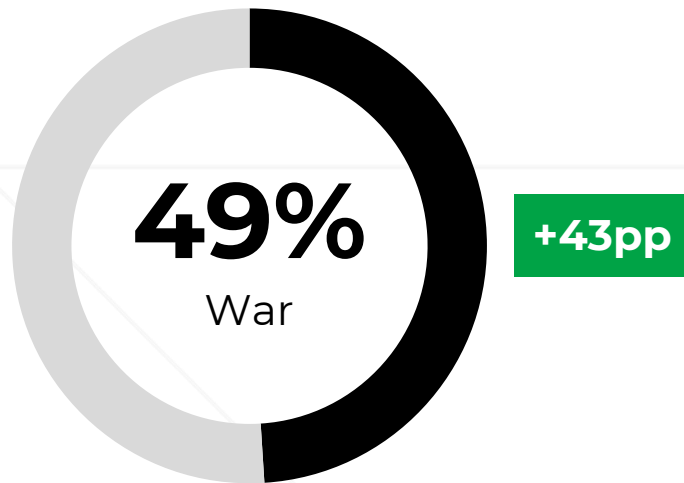


Transportation disruption

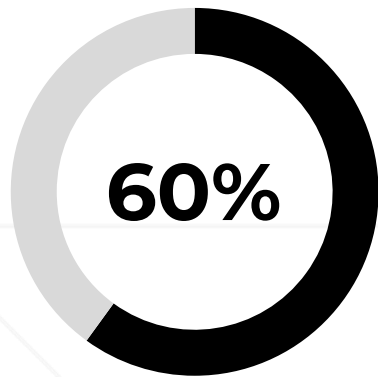


Financial & economical constraints

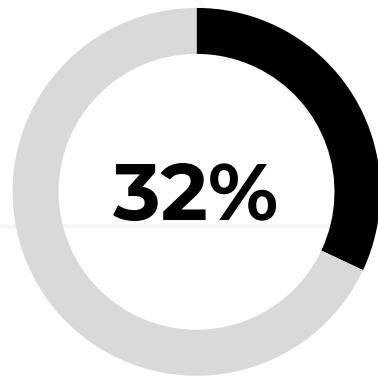
The biggest concern of Poles in H1 2022



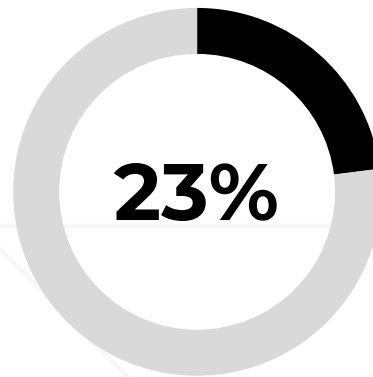
Inflation impacts shoppers behaviors



Will **save on food**. Even more on cosmetics, and home care



Change stores based on **promotions**



of shoppers claim to buy more **private label** brands in the past 6 months

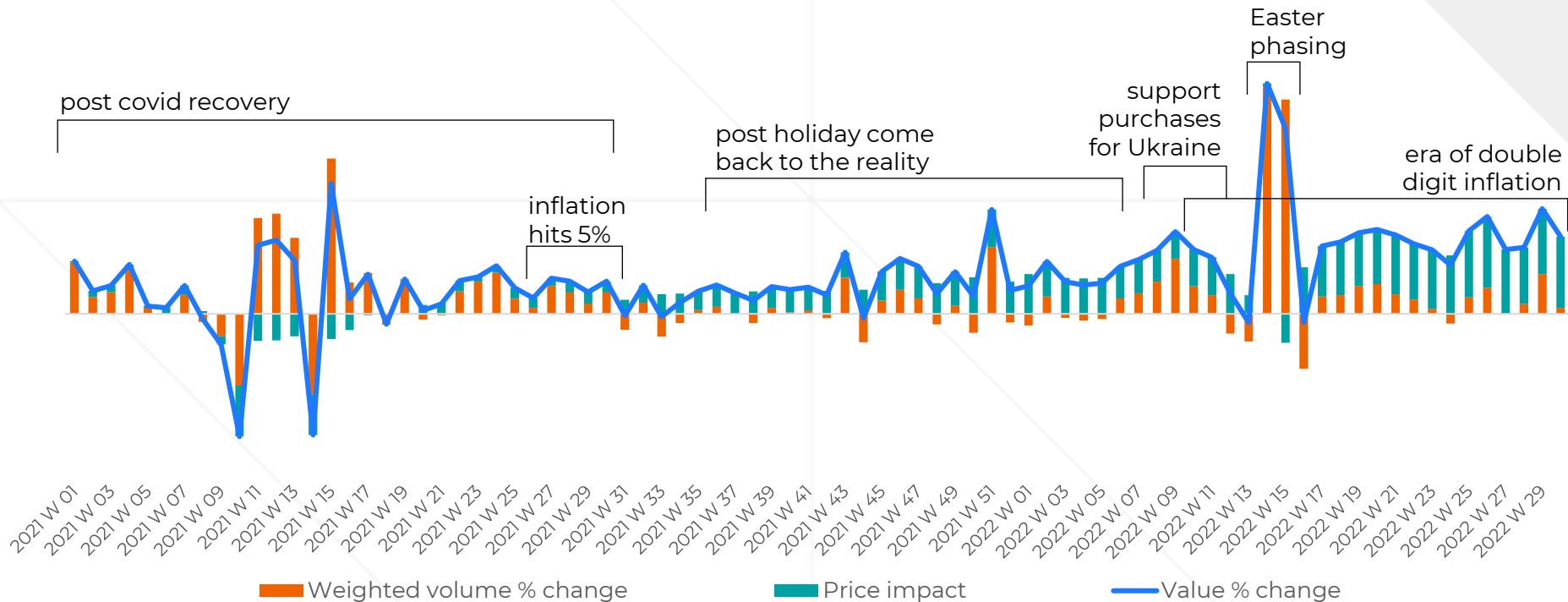
Inflation in Poland over the years:

1992	43,0%
2002	1,9%
2012	3,7%
2021	5,1%
Aug'22	16,1%

One year of belt-tightening behind us

Total FMCG sales value % change decomposition

Total Poland, food & drug categories,



Source: NielsenIQ Market Track, total FMCG (food + drug) sales value % change decomposition

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Entering 2023 with new set of priorities

Physical wellness

Mental wellness

Affordable

Local origin

Environmental / sustainable

Private labels

Known & trusted

25%

have completely **changed life priorities** compared to what one thought was important in 2019

37%

have **re-evaluated** many things in life, which affect **purchasing decisions** now and in the future

The future is not something to predict. The future is something to build.

Franco Ongaro, ESA

A female scientist with dark hair tied back, wearing a white lab coat, a blue surgical mask, and white gloves. She is holding a small vial in her gloved hand and looking at it intently. In the background, there is a microscope and other laboratory equipment.

**Product
innovation**

A wide-angle shot of a rural landscape with several large white wind turbines. The turbines are situated in a field of golden-brown crops, possibly corn. The sky is blue with scattered white clouds.

**Social &
sustainability**

A view of a warehouse or distribution center. A curved conveyor belt made of rollers is moving several large cardboard boxes. The background shows more of the warehouse structure and equipment.

**Retail
transformation**

A man in a light blue button-down shirt and a lanyard is looking down at a tablet computer. He is standing in a server room, with rows of server racks visible in the background. The racks are filled with various electronic components and have blue lights. Cables are visible hanging from the racks.

Technology

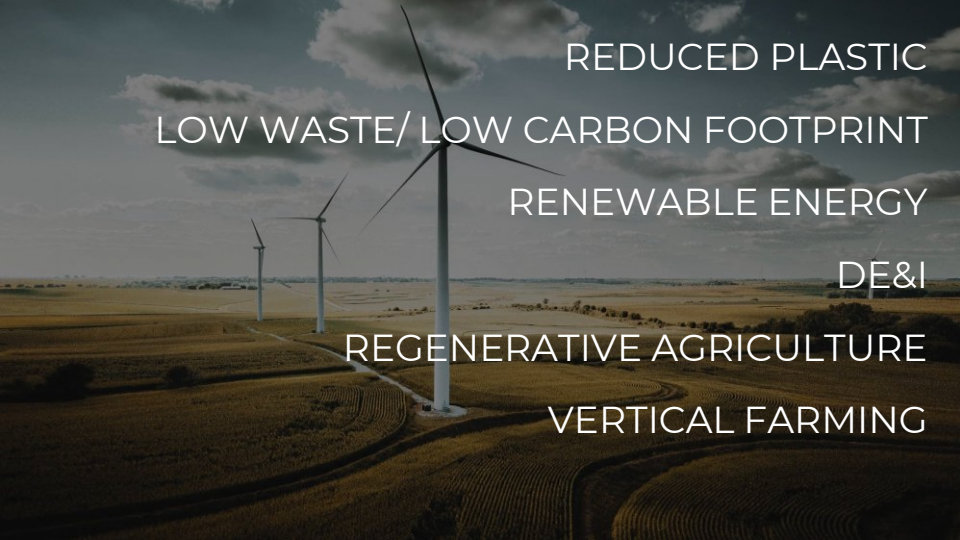


CULTURED/ LAB GROWN
INGREDIENTS

CUSTOMIZED HEALTH

CUSTOMIZED
RECOMMENDATIONS

CULTURED/ LAB GROWN MEAT



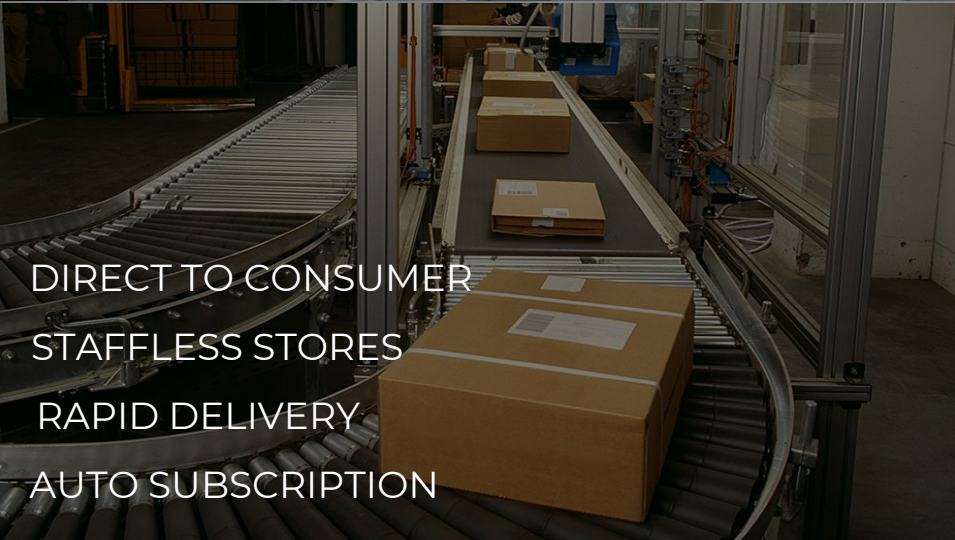
REDUCED PLASTIC
LOW WASTE/ LOW CARBON FOOTPRINT

RENEWABLE ENERGY

DE&I

REGENERATIVE AGRICULTURE

VERTICAL FARMING



DIRECT TO CONSUMER

STAFFLESS STORES

RAPID DELIVERY

AUTO SUBSCRIPTION



AUTOMATION, TECH, AI

GAMIFICATION

METaverse

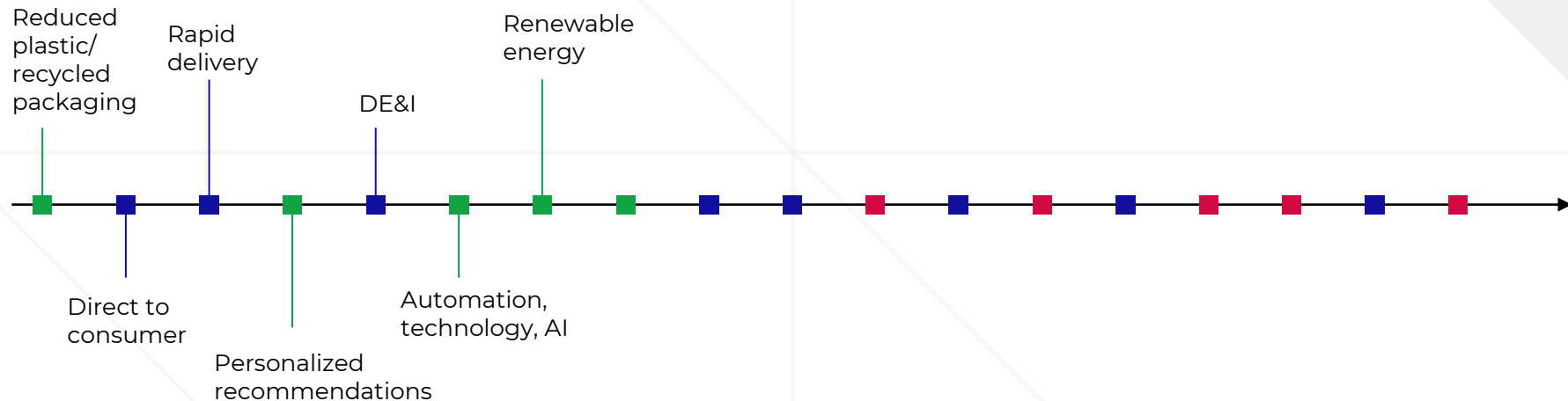
NFT (NON-FUNGIBLE TOKENS)

Some investments already progressing but adoption horizons will vary

Short term

Medium term

Long term



Size of impact in revolutionizing the CPG industry



Mainstream



Segment



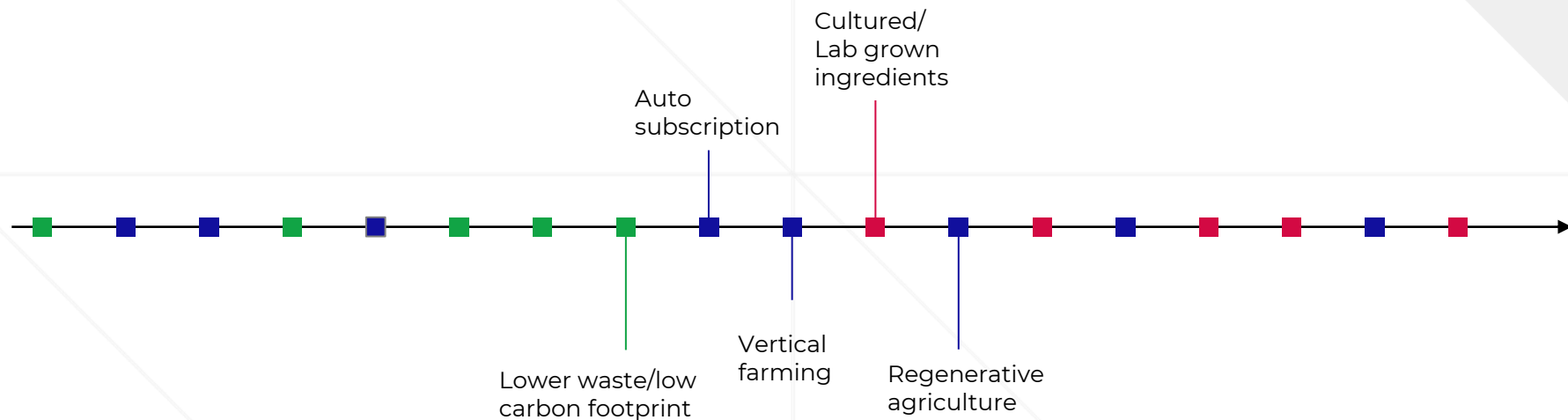
Niche

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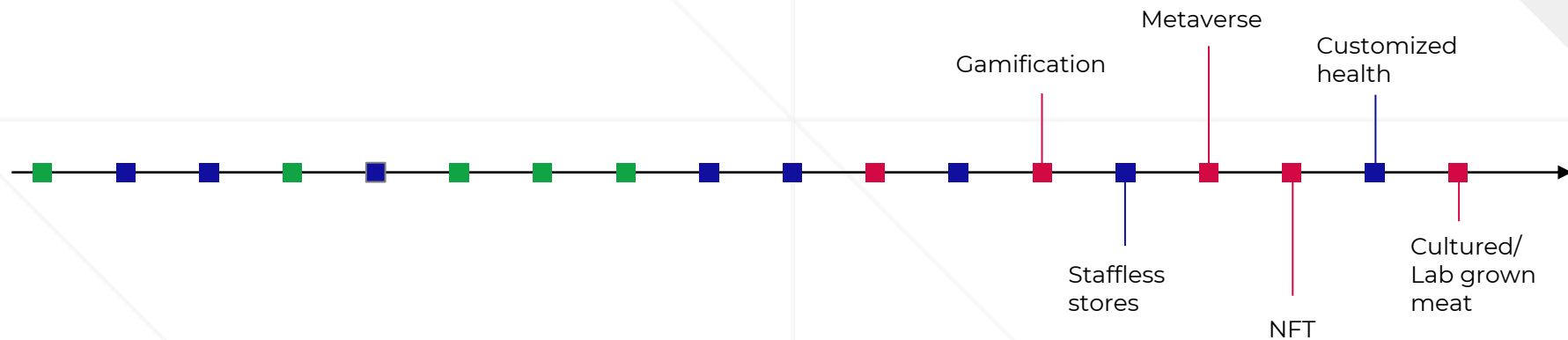
Niche

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Size of impact in revolutionizing the CPG industry

■ Mainstream

■ Segment

■ Niche

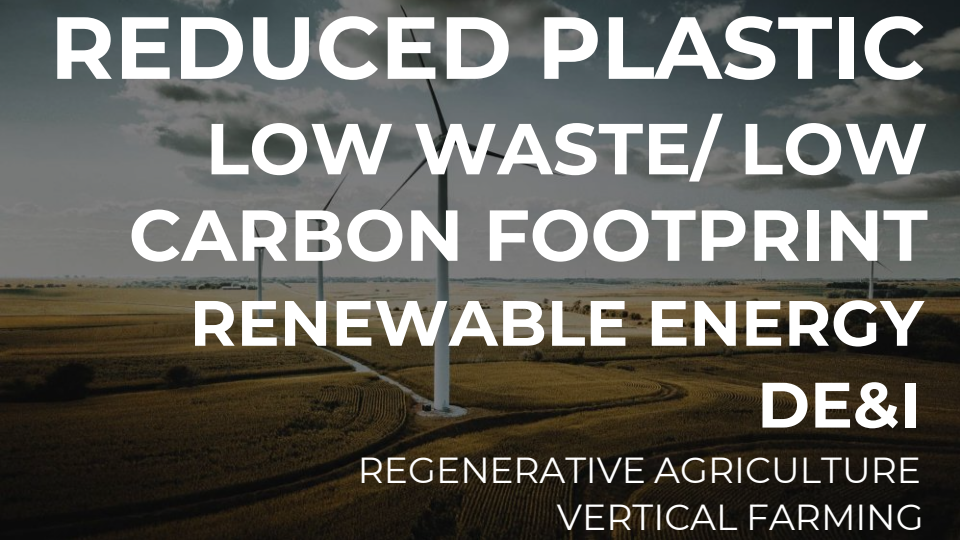


CULTURED/ LAB GROWN INGREDIENTS

CUSTOMIZED HEALTH

CUSTOMIZED RECOMMENDATIONS

CULTURED/ LAB GROWN MEAT



REDUCED PLASTIC
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NFT (NON-FUNGIBLE TOKENS)

Retail transformation



Lisek

Lisek: Shopping with delivery in 10 minutes, available to 2.5 million Poles



Żabka

The Żabka Group has already launched 25 Żabka Nano shops, which are supported by artificial intelligence and have no cashiers. The shops operate in several formats, as standalone container vending machines, traditional outlets or as a shop within a shop.

Consumer perspective

51%

of Polish shoppers are using **self-service checkouts (+13 p.p vs 2019)**

51%

of Polish online shoppers would like to or very likely **use quick-commerce** in the future

63%

of Polish shoppers are aware of **subscription models** availability

52%

of Polish shoppers already tried OR is willing to try **staffless store**

Social & sustainability



Vertigo farms

Created a crop under the roof that yielded the same yield as a hundred times larger field under the open sky.



Żabka

Created the first store entirely powered by green energy. Photovoltaics and the use of quantum dot technology, a kinetic floor that turns steps into energy among many other eco solutions

Consumer perspective

35%

of Polish shoppers have taken **ecology** into account when choosing products

35%

of Polish consumers declare **reducing meat consumption**

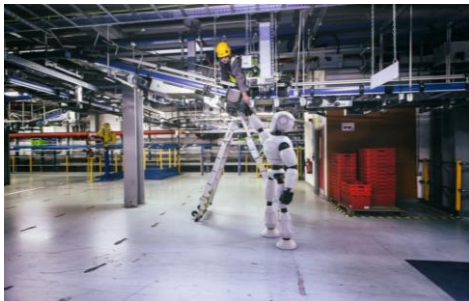
38%

of Polish consumers is actively trying to **reduce food waste**

73%

of Polish consumers already tried or is willing to try companies that support **reduced plastic** / reusable / recycled packaging

Technology



Auchan

Invested in top e-commerce digital solutions. It has signed a contract with Ocado to create a distribution centre full of modern technology



Carrefour

Carrefour stores will see Polish own-brand potatoes produced using blockchain architecture, which allows you to trace the processes of their cultivation and packaging.

Consumer perspective

26%

of Polish online shoppers are purchasing grocery **on smartphone** (+9 p.p vs 2020)

19%

of Polish shoppers use in past 4 weeks **mobile app to check ingredients** of the product

52%

of Polish shoppers already tried or is willing to try **companies using automation, technology or artificial intelligence** – e.g. chat bots; robots...

Product innovations



LabFarm sp. z o.o.

Announced plans to start the production of cell-grown meat. The industrial production phase will be able to start as early as 2024.



Rossmann

Participants of the Rossmann! program! can benefit from a wide range of products and expert advice. The benefits and offers are tailored to the shoppers' needs.

Consumer perspective

24%

of Polish consumers **love to try new** products or brands

-50%

decrease **sugar consumption** per capita in Poland

52%

of Polish shoppers already tried OR is willing to try **customized recommendations** from companies/stores that use personal data to suggest personalised offers or recommendations

What's next?

Thank you.

NielsenIQ