Overwaitea Food Group

The New Realities of Consumer Shopping Behaviors

February 28, 2014

proudly local, since 1915


PriceSmart foods
save on foods
Overwaitea Foods
URBAN
FARE
RIES
RESTAURANT
Cooper's Foods
BULKLEY VALLEY
WHOLESALE
IN
IN


LONDON DRUGS
COSTCO
WHOLESALE
Sobeys
Ready to serve.
Superstore
Extra Foods
Zellers
nofrills
lower food prices
Walmart
Supercentre
SAFEWAY
SHOPPERS
DRUG MART
CANADIAN TIRE
THE HOME DEPOT
THRIFTY FOODS
AND PHARMACY
T&T Supermarket
MARKETPLACE
WHOLE FOODS
CAPERS
CHOICES
Dollar Store
DOLLARAMA

Customer-Centric Marketing

goal: what they want…when they want …how they want

•right items…right stores…right price

customer focus

The New Realities of Consumer Shopping Behavior

The New Normal

Consumers and the Economy

- **Consumer fears impact buying decisions & purchase patterns**
- **Price is the #1 shopping concern**
- **Seeing shifts in shopping patterns/priorities**
- **More than 50% of consumers have cut back on quality or quantity of food purchases**
- **As a result it is very critical to understand evolving consumer purchase demands and decisions**

Consumer Purchase Shifts

- **Consumers trading down to less expensive items within a category**
- **Consumers trading out of categories or changing what they buy entirely**
- **Consumers commonly seek value by buying less per trip, buying more frequently**
- **On weekly specials buying in larger quantities to “stock up”**

Consumer Purchase Shifts

- Consumers fulfilling basic over discretionary needs
- Consumers motivated by value-based decisions
- Consumers are eating out less and eating at home more
- High increase level of consumers buying prepared meals as desire for healthy & convenient meals
- Consumers are shifting retail formats

Consumer Purchase Activity

Why are you now purchasing more fresh meat than you were a year ago?

- **Trying to eat a healthier diet 36%**
- **Family is growing/More people in the house 32%**
- **Cooking at home more 29%**
- **Cost/Value 14%**
- **Want children to eat healthier 14%**

Why are you now purchasing less fresh meat than you were a year ago?

- **Cost/Expensive 61%**
- **Trying to eat a healthier diet 33%**
- **Cooking at home less 14%**
- **Dietary restrictions 12%**
- **Children moved out/fewer people in the house 10%**

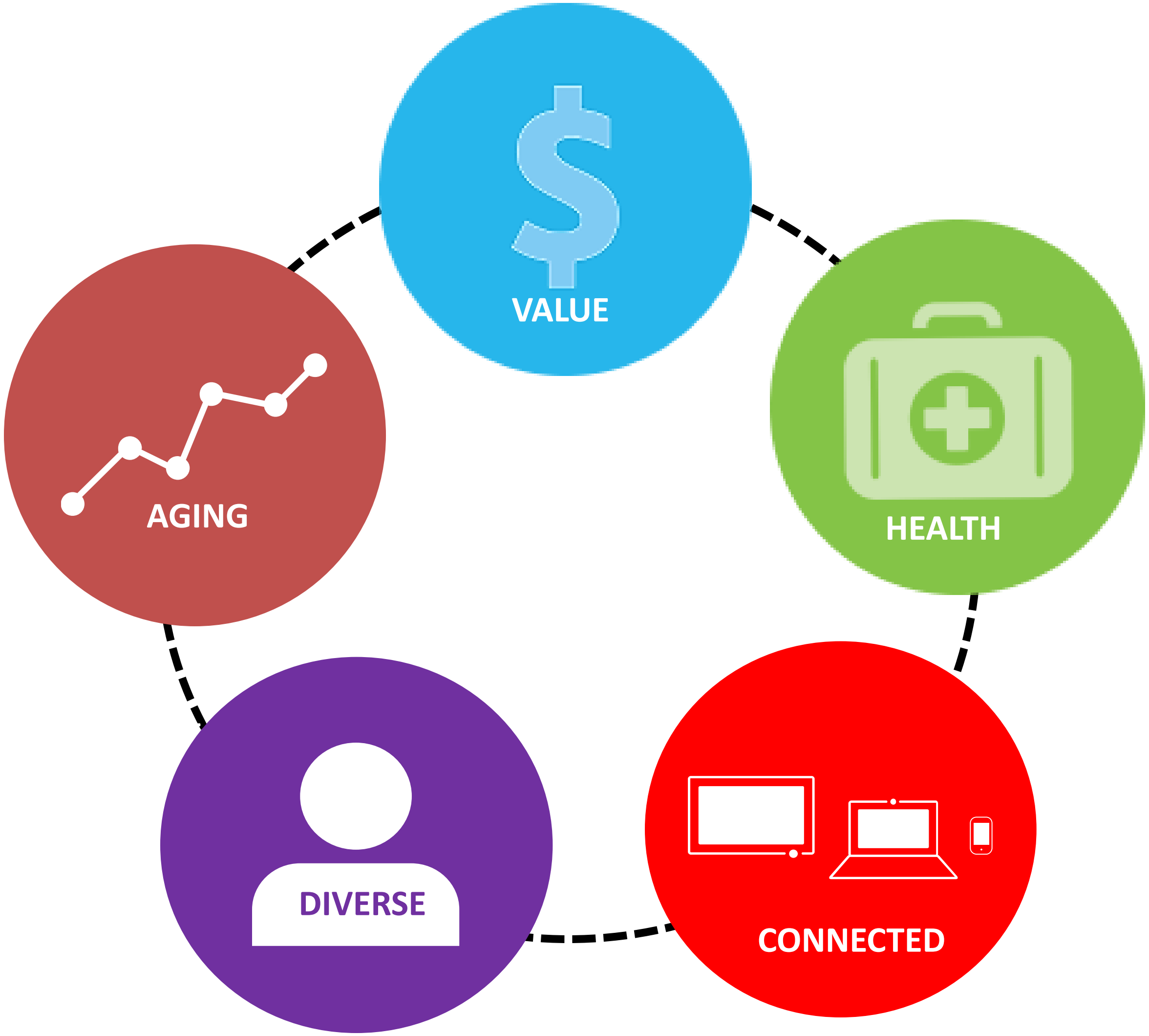
Savings Strategies

Are there any ways you are now trying to economize that you were not a year ago?

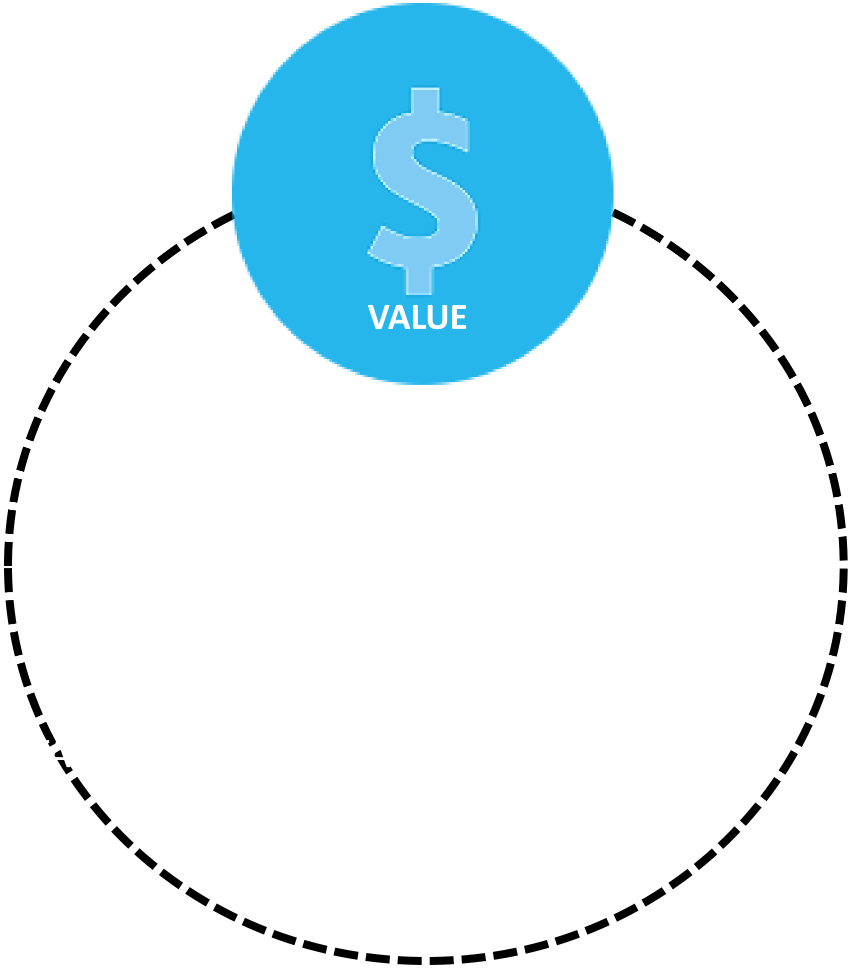
- **Just buying less 40%**
- **Purchasing more on special, stocking up 35%**
- **Choosing lower priced items over higher priced alternatives 34%**
- **Purchasing less expensive cuts 27%**
- **Purchasing small sized meat items 18%**

Customer connection

Five key future growth areas



Five key future growth areas



WHAT ARE CONSUMERS DOING TO SAVE?

Top saving activities:

• Only buy items when on sale	75%
• Stock up when on promotion	64%
• **Use Coupons**	**63%**
• Seek out stores with lower prices	58%
• Buy lower priced store brands	53%
• **Shop at Discount Retailers**	**38%**
• Buy lower priced name brands	33%

Source: Nielsen PanelViews Survey - Canada - May 2013

VALUE MOTIVATORS ARE DRIVING CPG GROWTH

36% of dollar sales are sold with a price cut

48% of units sales are sold with a price cut

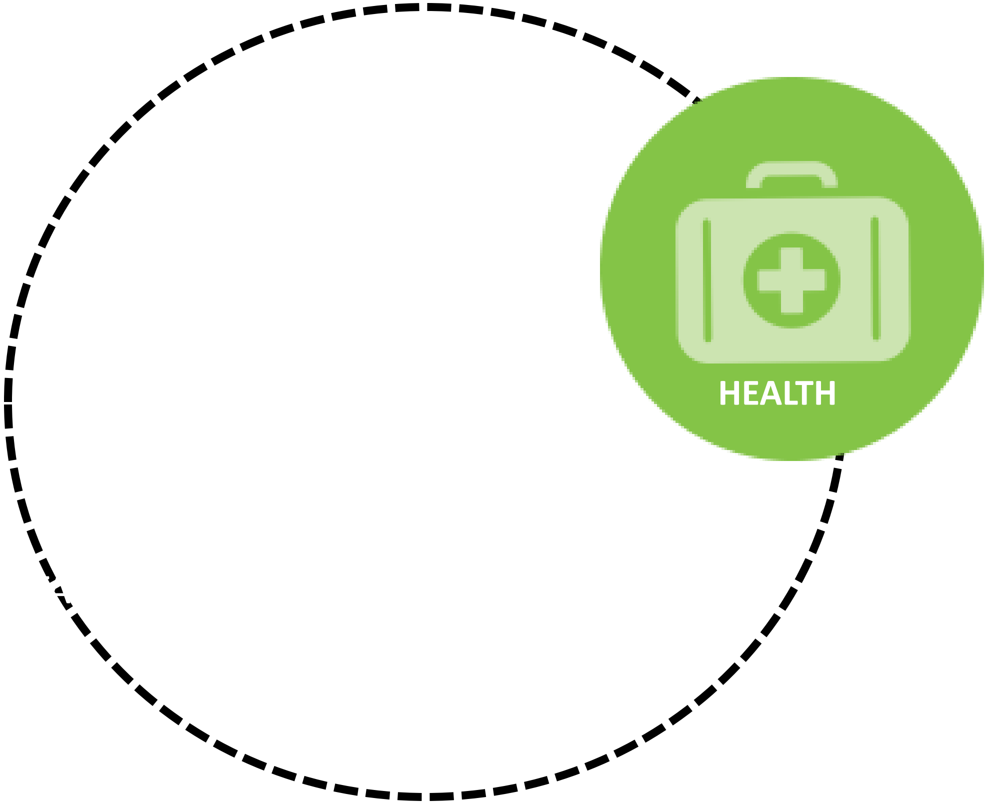
+6% growth in TPR sales - fueling growth

+10% increase in the coupon activity

+6% growth from Discount Retailers

Source: Nielsen MarketTrack & Homescan – Q1 2013 CPG Review

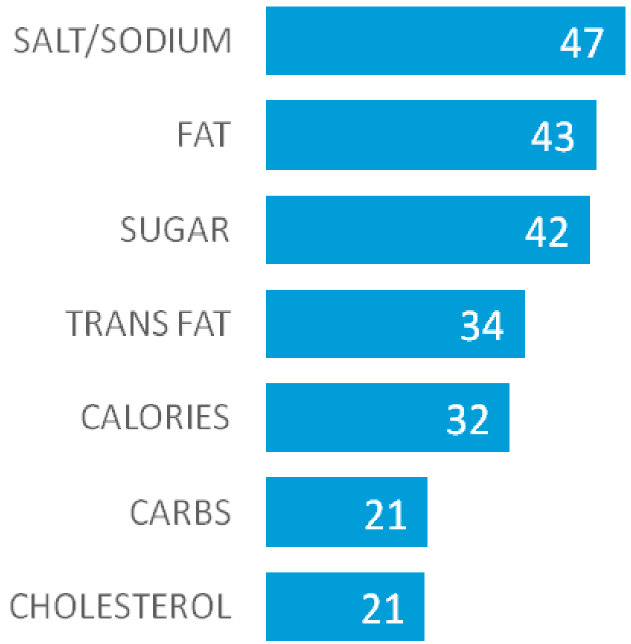
Five key future growth areas



Need for Health & wellness will grow

Not surprisingly, they are trying to avoid foods linked to key conditions

TRYING TO AVOID



% Seniors

MOST COMMON CONDITIONS

HIGH BLOOD PRESSURE

45%

ARTHRITIS

42%

HIGH CHLOLESTEROL

26%

DIABETES

23%

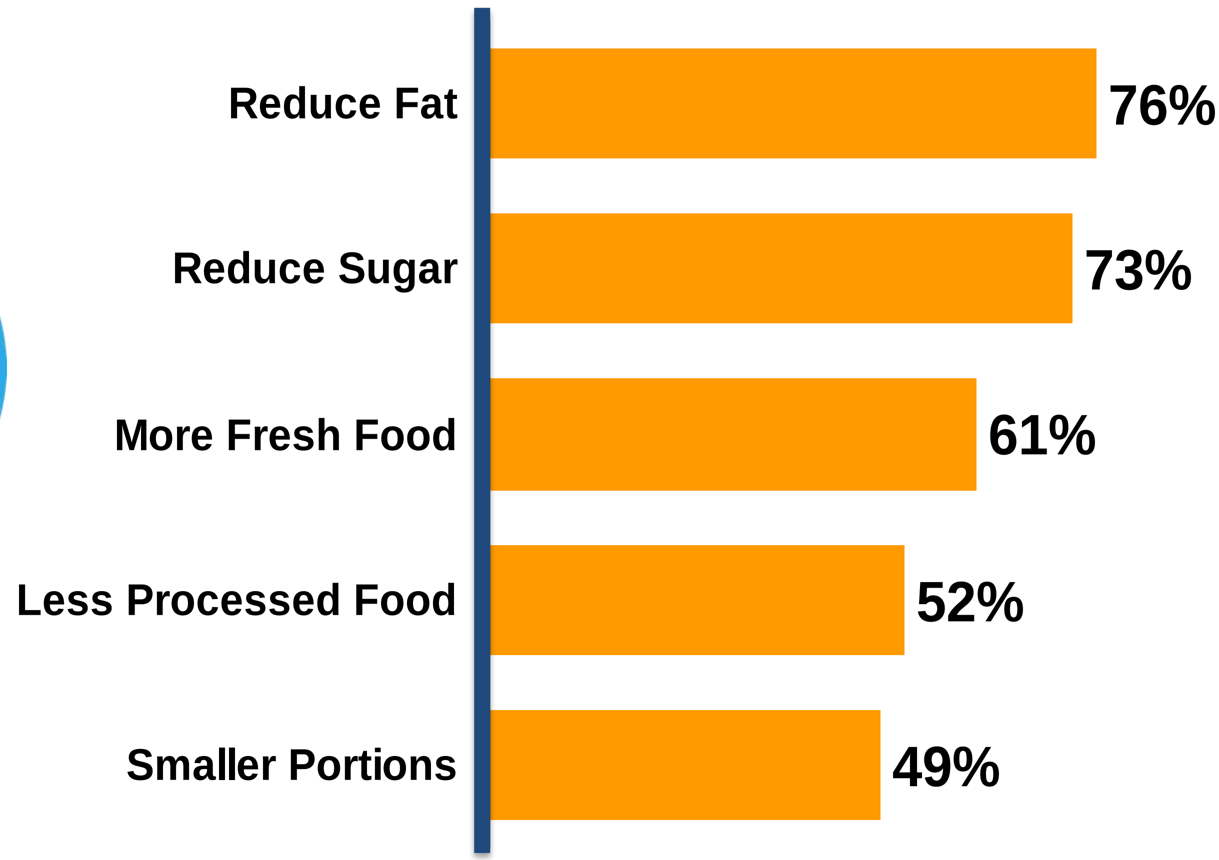
OSTEOPOROSIS

15%

Source: Nielsen Health & Wellness Study

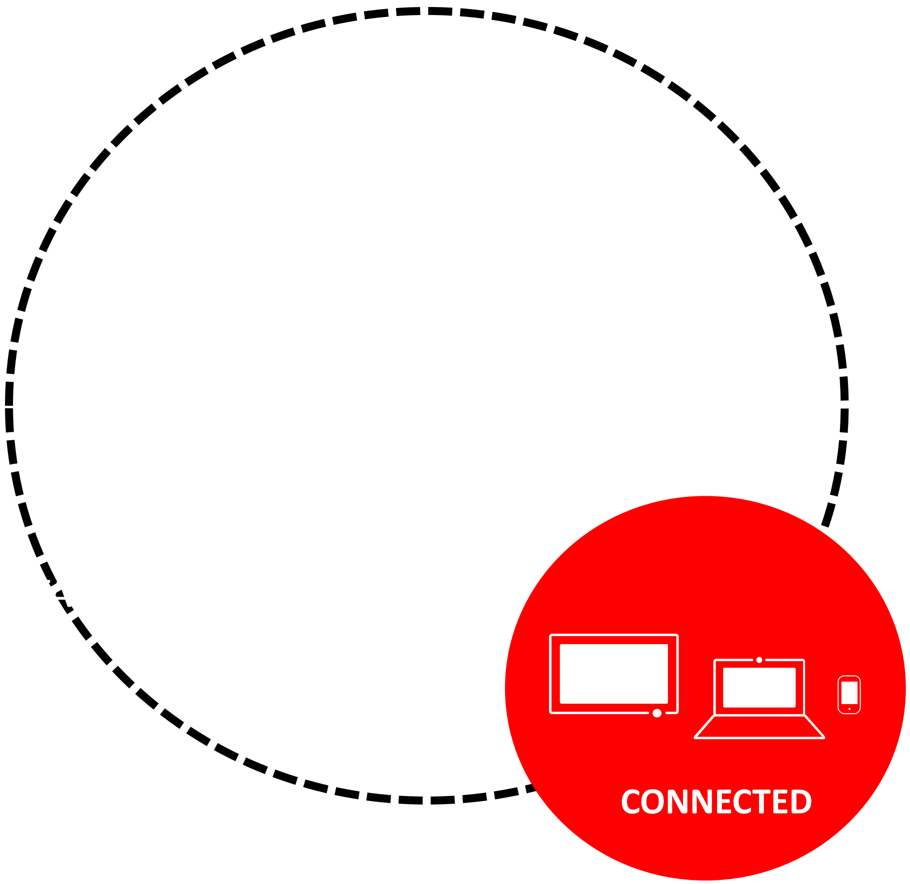
61% of Canadians are eating more fresh food to lose weight

How are Canadians changing their diet to lose weight?



Source: Nielsen Global Omnibus Survey - Canada – September 2011

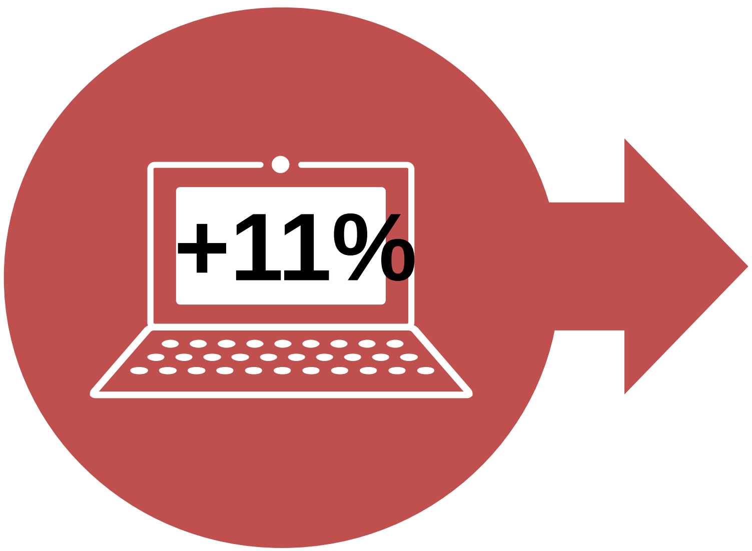
Five key future growth areas



RETAIL FORMATS CONTINUE TO EVOLVE

Online shopping gaining momentum

Online Shopping

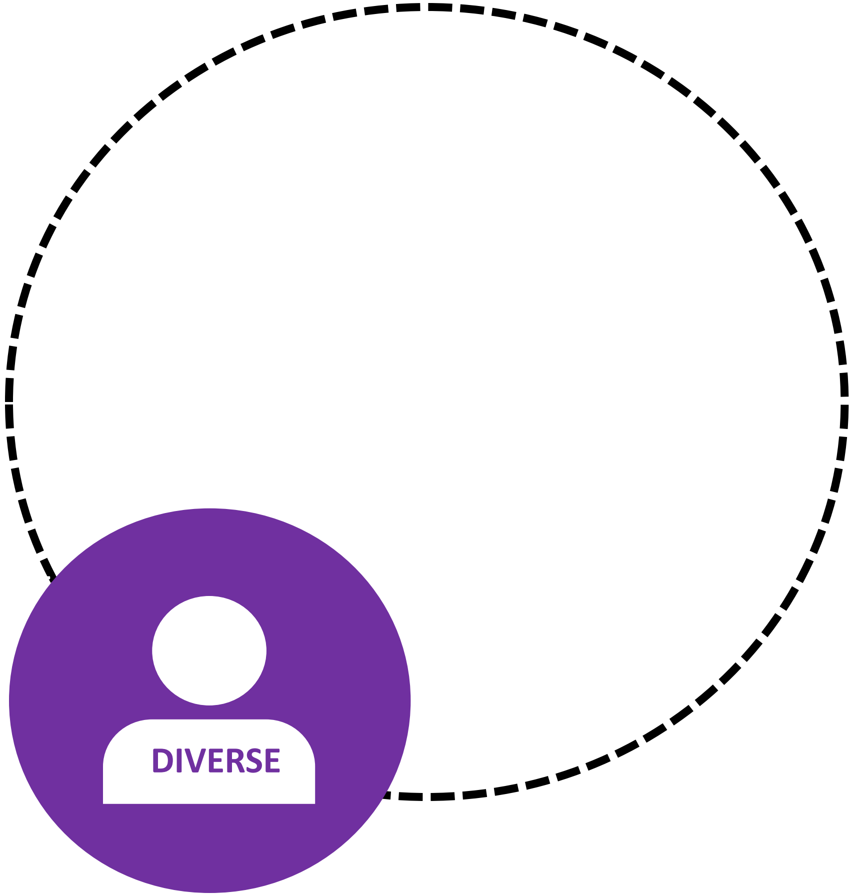


$1.2 Billion

- 1.2% share of CPG
- 32% of households (+14%)
  - ➢ 19% Buying Food
  - ➢ 13% Buying HABA
- Spending $272 per year

Source: Nielsen Homescan, National Total Expenditures, 52 Weeks Ending March 9, 2013

Five key future growth areas



Growth Last Census (2006)	Growth Projections (2031)	Raw Count Change (millions)
"Soccer Moms" +0.4%	"Soccer Moms" +7%	
Visible Minorities +27.2%	Visible Minorities +143%	
55+ year olds +18.6%	55+ year olds +59%	

Are your bets big enough considering…

Visible Minorities in Canada

5
Million

Today

$65 Billion

14
Million

In 20 years

$128 Billion

Organic Growth By 2031:

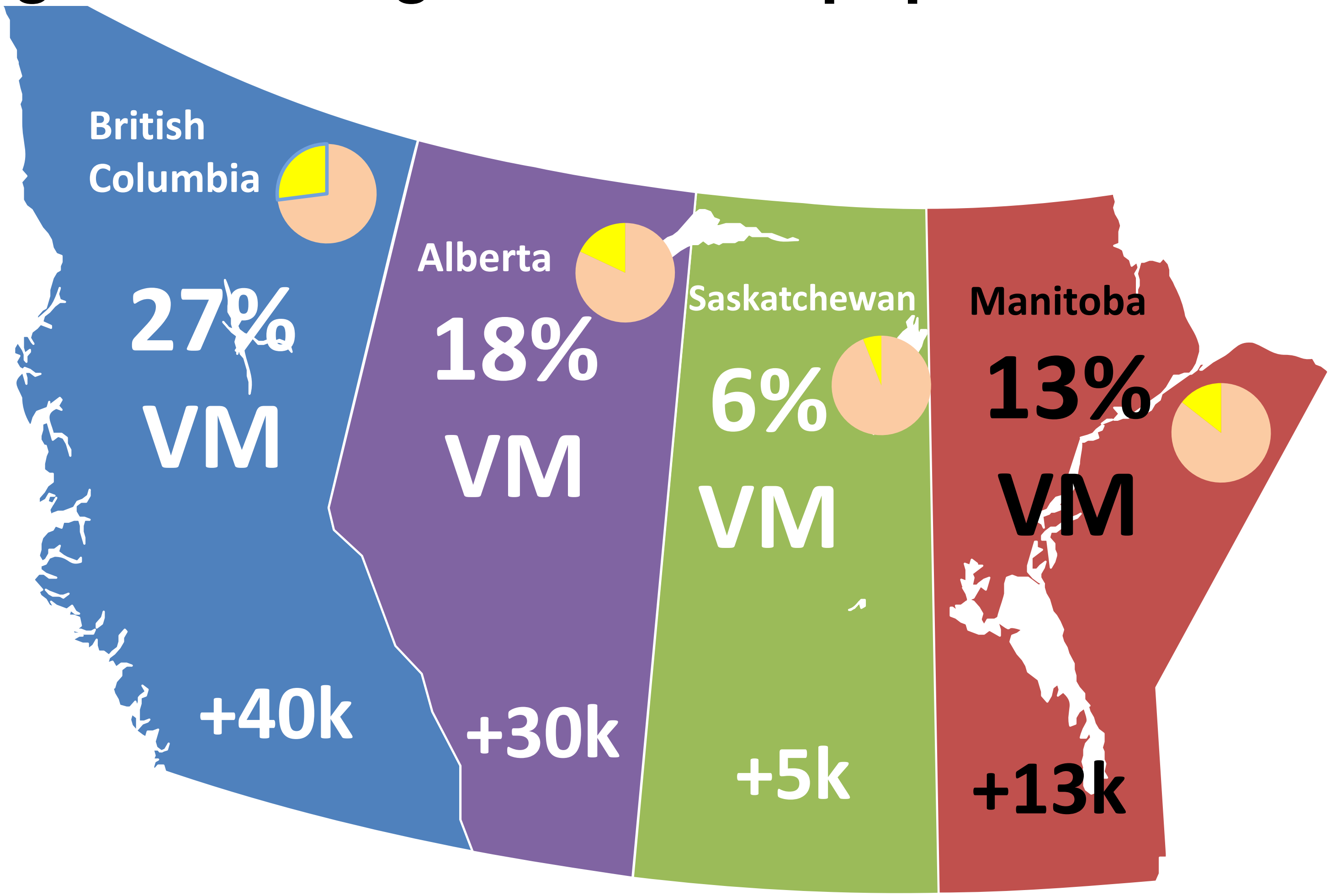
VM +143%

Rem +11%

Source: 2010 Census

In Western Canada, VM represent a significant segment of the population

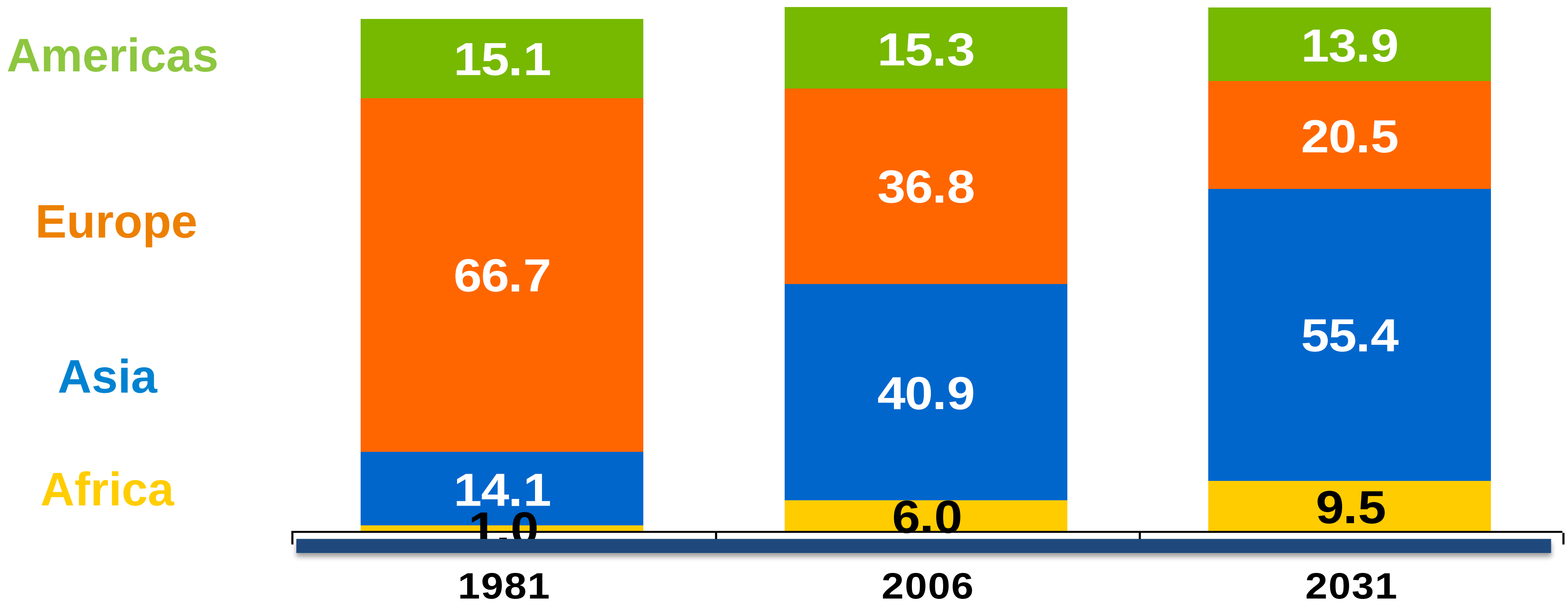
Annual Growth 2006-2011:



Source: Stats Can, 2011 National Household Survey

Canada's immigration is going Asian

% of foreign born population by continent of birth



Source: Statistics Canada

ETHNIC STORES GAIN SHARE OF WALLET

Ethnic Stores Growth

- **0.3%** Dollar Share ↑
- **14%** Penetration ↑
- **8** Average # of trips ↑
- **$11** Average basket ↑

Source: Nielsen Homescan Grocery Watch – National – 52 Weeks Ending Q2 2013

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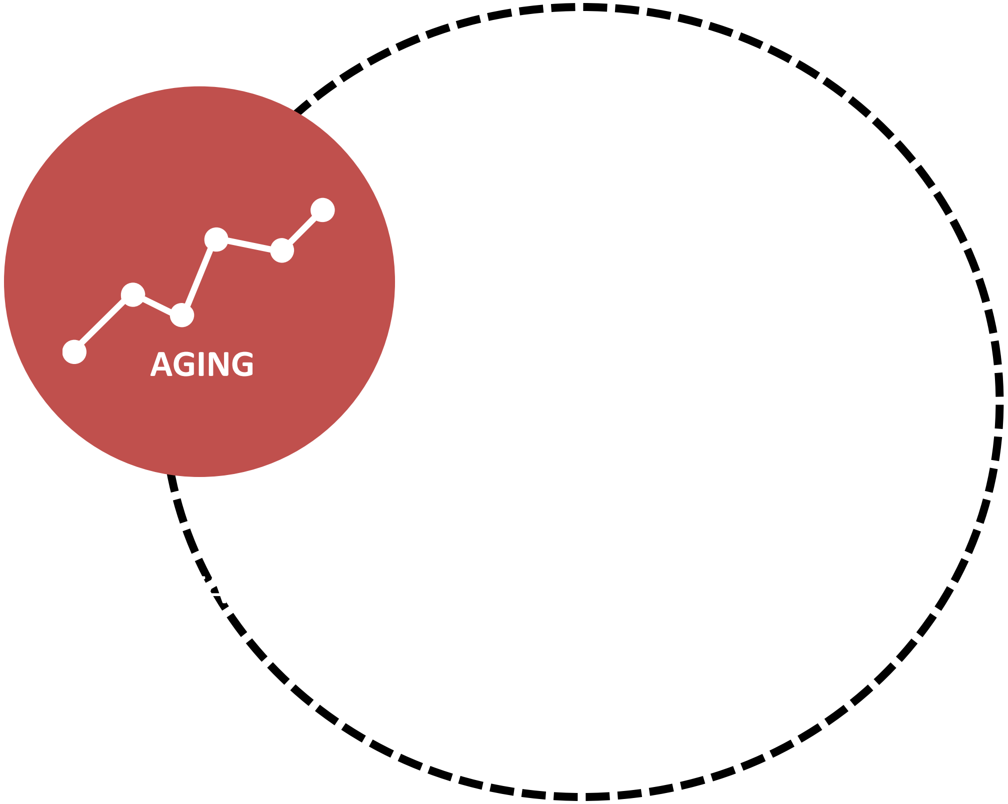
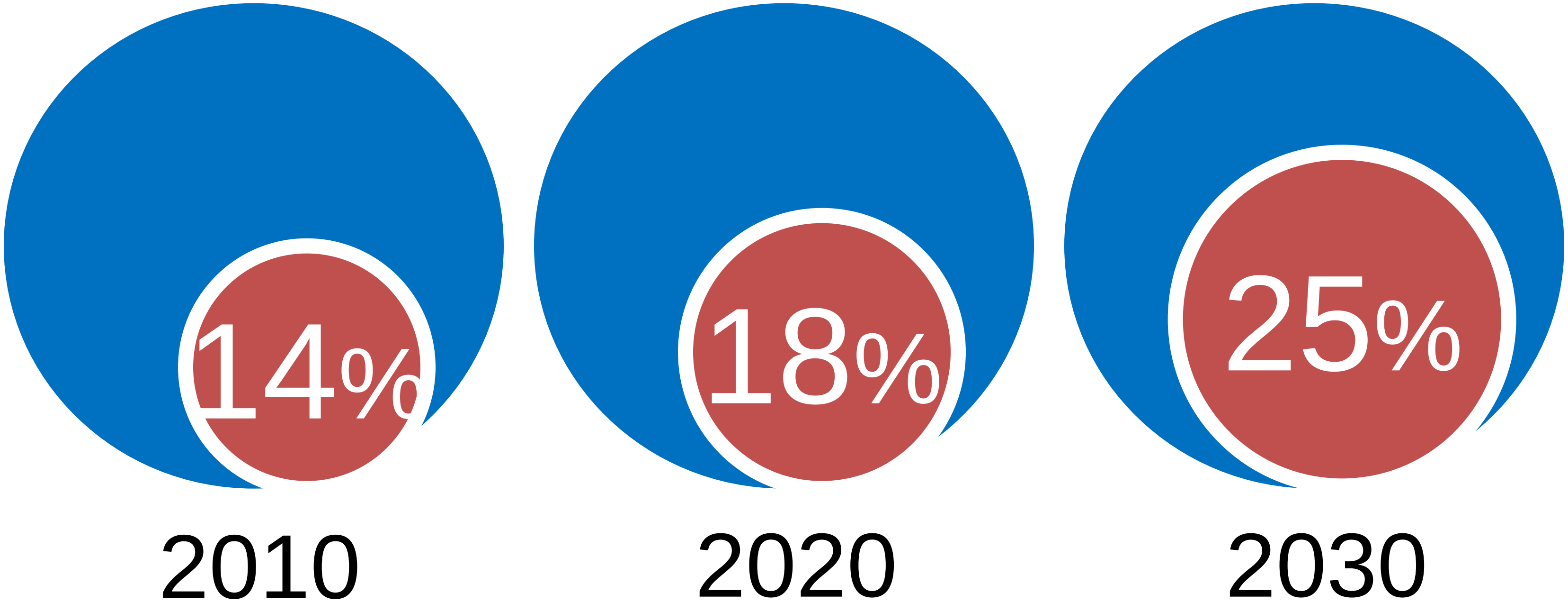


By 2030, 25% of Canada's population will be 65 and over

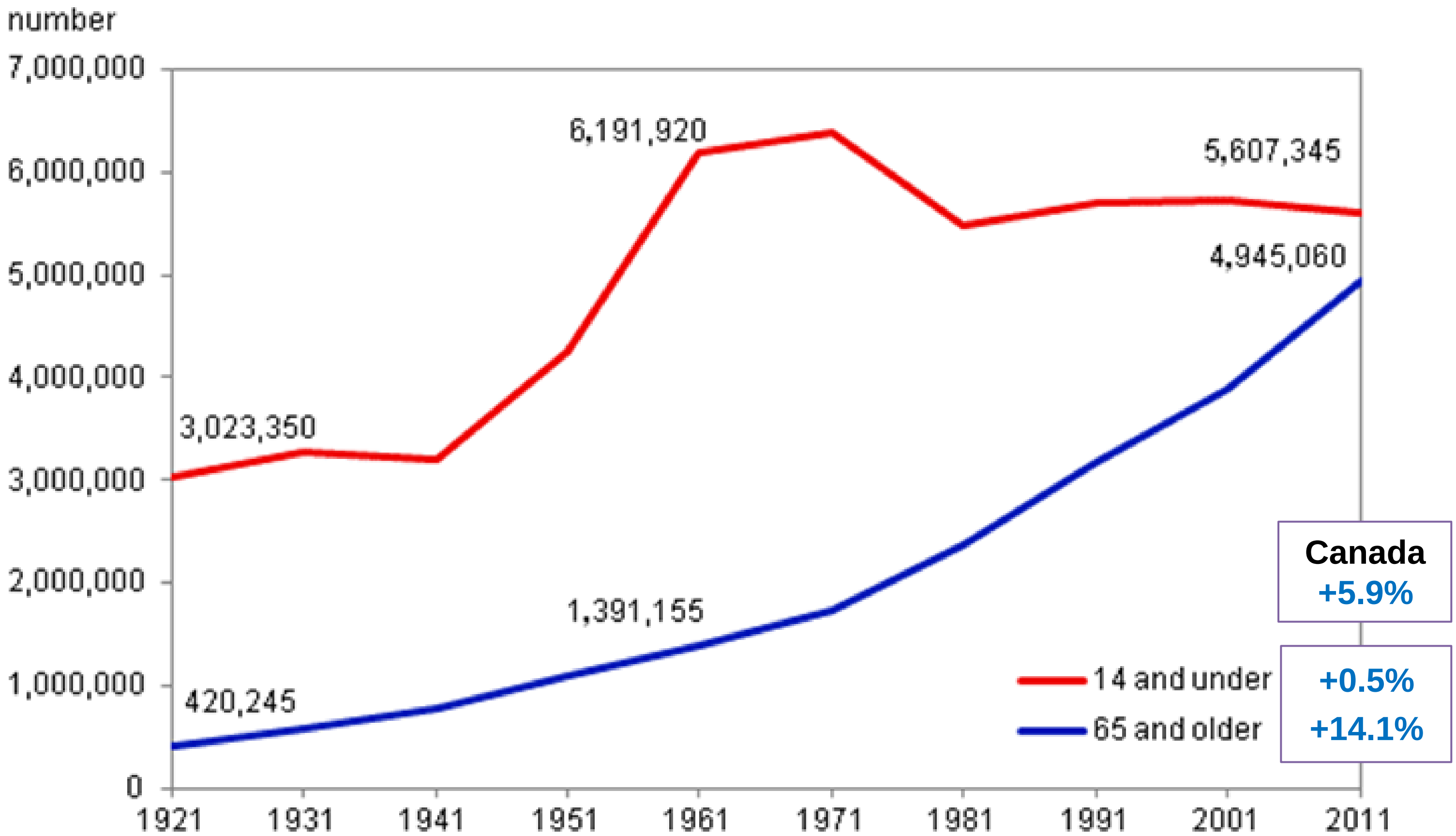
% of the population 65+



Source: Statistics Canada

The population of seniors is catching up with that size of children

Number of children aged < 14 vs. aged 65 and over, Canada, 1921 to 2011



Source: Statistics Canada – The Canadian Population in 2011: Age and Sex Analytical document

Aging in and aging out

As consumers age, they change their consumption of key CPG departments

HH Dollar Index	55-64 yrs.	65+ yrs.	Trend
OTC	118	144	+
Baking Needs	103	106	+
Pet Needs	134	91	-
Paper Products	109	97	-
Oral Hygiene	109	99	-
Confectionery	105	88	-
Bakery	104	90	-
Beverages	103	81	-
Household Products	103	91	-
Condiments & Sauces	101	89	-

Nielsen Homescan – Dollar Consumption Index – 52 wks to June 29, 2013 – Consumer Facts CPG Departments

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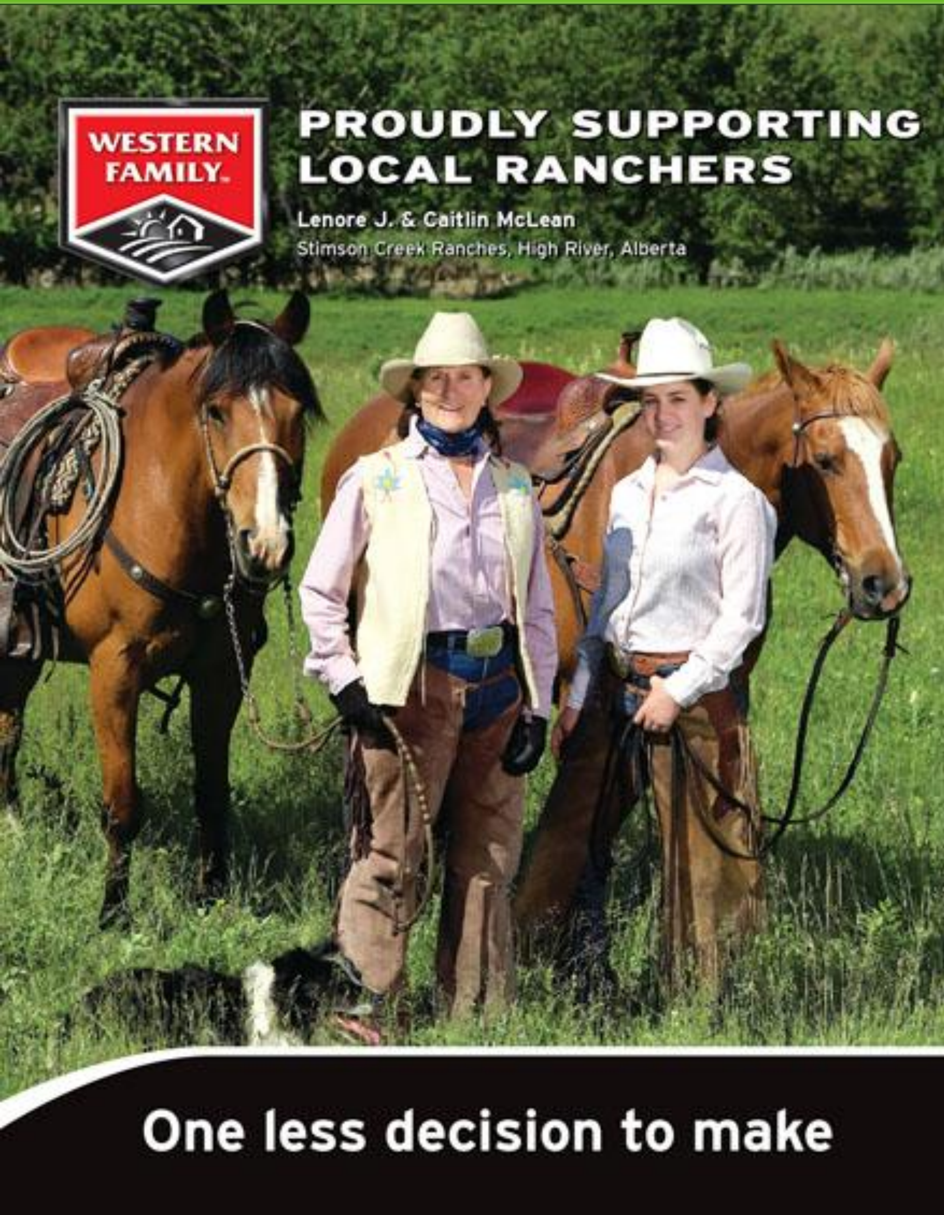

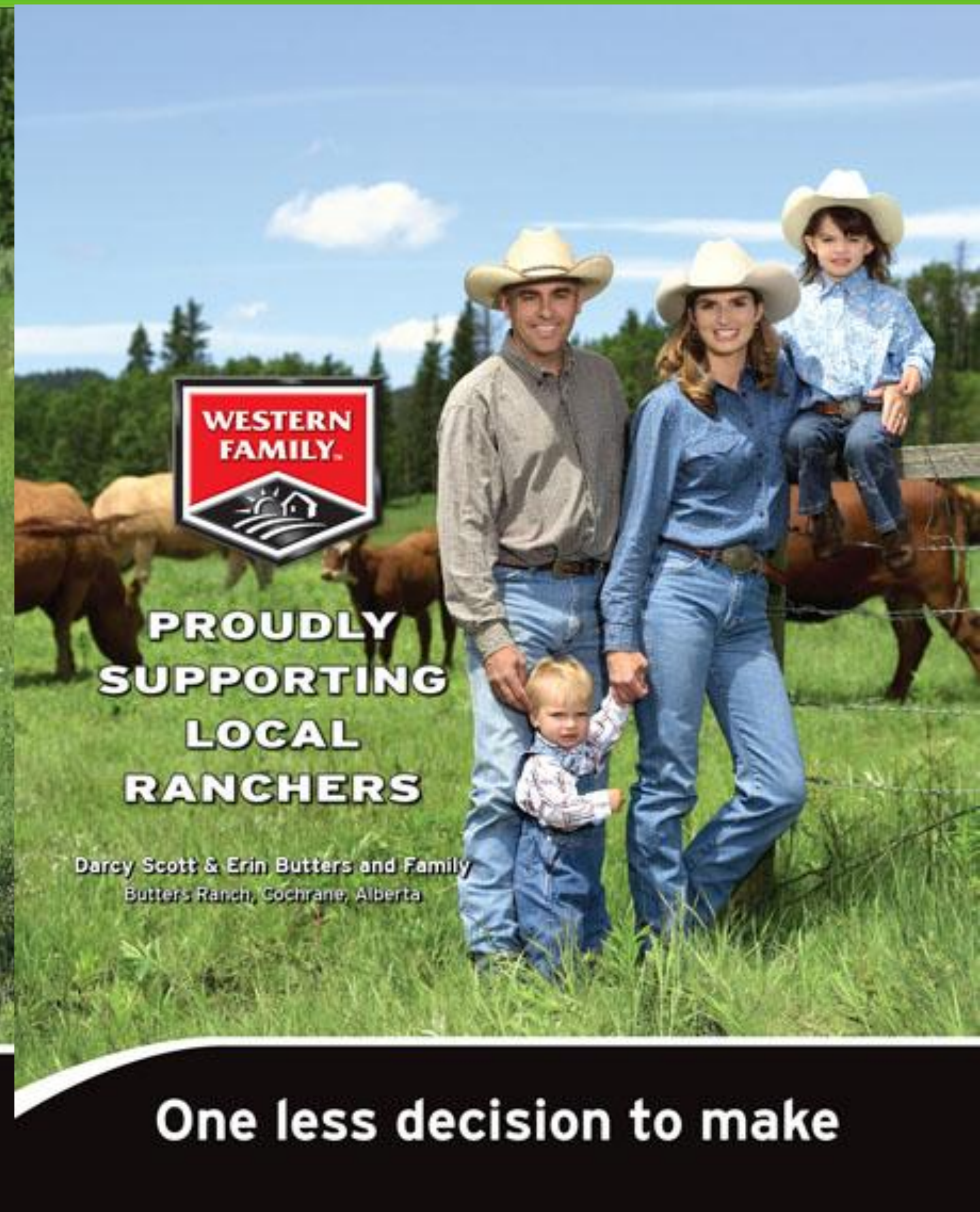

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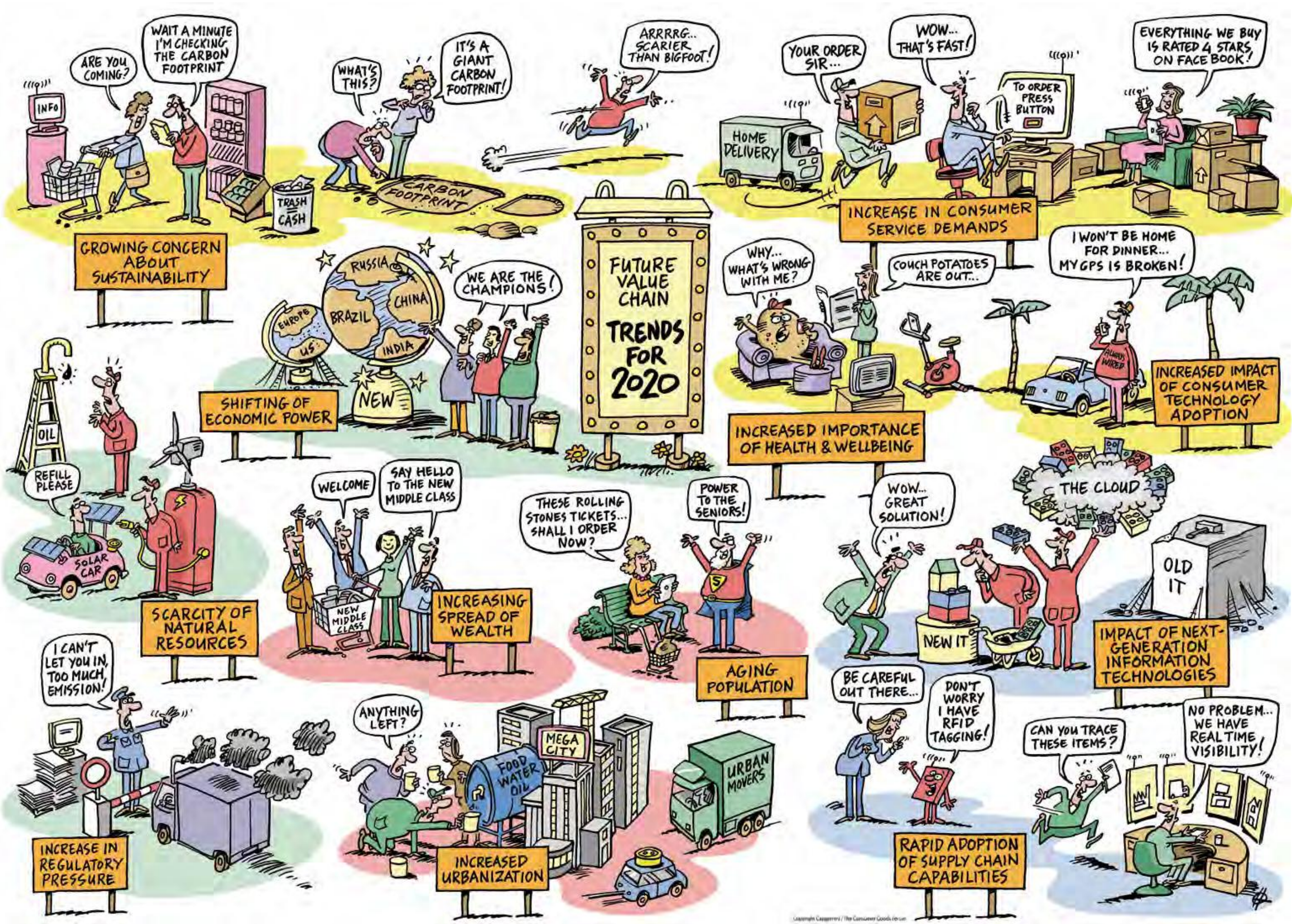
Future Value Chain



customer connection

Customer connection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