



COVID-19: Food & Beverage Sector Dynamics

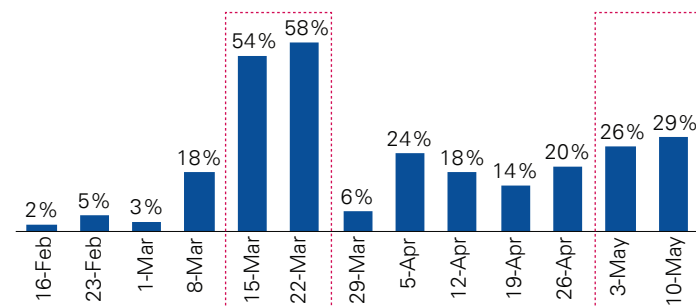
KPMG perspective on the impact of COVID-19 on the Food & Beverage sector



Food and beverage retail sales have seen significant growth driven by shelter-in-place protocols resulting in nearly all food consumption occurring in the home, in addition to stockpiling behavior preparing for food shortages. This behavior will subside as states and cities reopen, however, behavioral changes driven by COVID-19 such as the shift to ecommerce, as well as the importance placed on food safety and supply chain traceability are going to be lasting.

Food sales have seen significant growth post COVID-19 with a shift to online channels...

% increase food retail sales (W/E 2020 vs 2019)

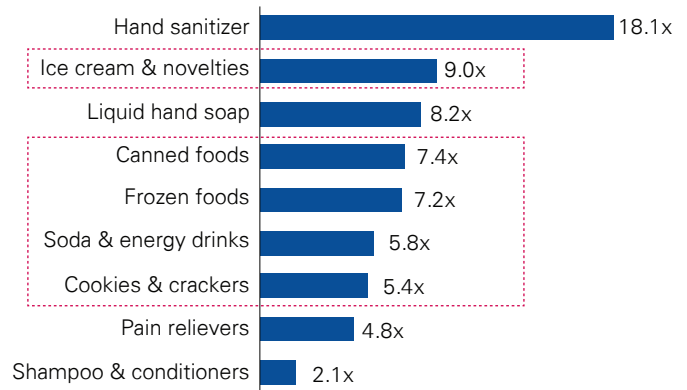


Peak increases in sales in March 2020 indicate stockpiling by consumers amid initial signs of a lockdown

Food retail sales were 25%+ higher in May 2020 compared to the same period last year

Source: The Numerator Shopping Behavior Index
Note(s): (a) Rate compares the online sales (by product category) with baseline sales in the same period over previous years

Rate of online purchases by product categories (March 1 to May 15, 2020 vs baseline)^(a)



Source: The Rate of eCommerce Acceleration, Why It Matters and What Next
Note(s): (a) Rate compares the online sales (by product category) with baseline sales in the same period over previous years

...but not all stakeholders in the value chain are impacted in the same manner

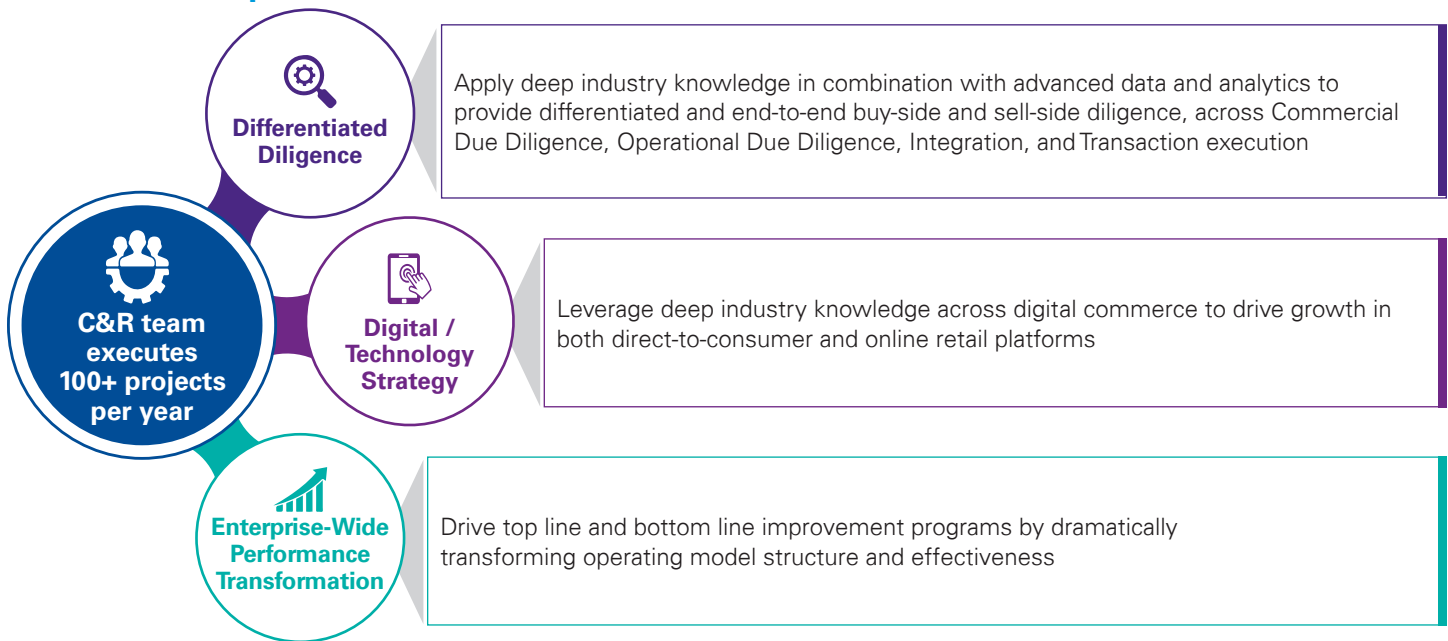
Observed negative impact	Observed positive impact	Long term positive impact
Restaurants	Meal kits	e-Commerce
Foodservice Distribution	Frozen foods	Cold storage
Premium brands	Value brands and private label	Food safety

Opportunities to invest

Potential Investment Considerations driven by COVID-19

Trend	Details	Impacted segments
Increase in F&B online shopping	Accelerated migration of food and beverage shopping including greater demand for frozen and perishable items through e-commerce during COVID-19 will have a long-term impact on consumer behavior and require increased cold storage and shipping capacity	e-Commerce Cold storage & shipping
Emphasis on food safety	Greater emphasis on food safety and traceability due to COVID-19 will reshape food and beverage supply chains	Food safety & testing
Increase in price consciousness	Greater price-consciousness due to tough economic conditions has historically increased demand of value brands & private labels	Value brands / Private label
Shift to food-at-home (vs. eating out)	The shift to food consumption at home during COVID-19 is leading to demand growth for Meal Kits	Meal kits
Concerns about imported food	Greater public concerns around food safety during COVID-19 is driving some consumers to shift demand toward locally-sourced foods	Local sourcing
Social distancing of workforce	Focus on social distancing during COVID-19 has increased interest in the automation of food production	Food Production Automation

How can we help?



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