



Big Picture Report: June 2020
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The Short- and Long-term Effects of COVID: Reports from around the World

It's June - which means we're half-way through a year that will certainly stand out in the history books.

It also means that we here at SUSTA are finalizing our strategies and activities for 2021, even while we start to transition back to a more conventional work pattern. Our entire staff will be reporting back to the office in shifts on a modified staggered schedule, with part of us in the office and part of us working remotely depending on the days of the week.

What won't change is our availability to you. As always, we are here to answer your questions and address your concerns and assist in your export plans and efforts. We understand the unprecedented disruption your businesses have faced these past weeks and months, and we continue to innovate when it comes to SUSTA's export marketing programs on your behalf.

We've been looking at what is going on around the globe as we plan for the rest of this year and into the next, and have asked our in-country consultants to keep us up-to-date so we can share with you the latest from some of SUSTA's key markets.

The take-away: pretty much what is happening here domestically is happening elsewhere. Restaurant and food service demand cratered the past 10 weeks but is poised to rebound over the second half of 2020. Retail consumers have changed their shopping habits and added some new patterns. This all may lead to new sales channels that may continue even after things return to normal.

In Canada, a spot poll shows that for the immediate future, 13 percent of consumers intend to spend more on groceries, and 62 percent plan to spend less at restaurants. Sysco Canada, has launched a direct-to-consumer web portal, and 17 percent of grocery shoppers – nearly one in five – report that they've at least for now changed their primary grocery store.

Mexican consumers are stocking up their pantries with shelf-stable items, increasing their in-home food storage and are taking more interest in healthy items. In China, retailers are seeing a trend toward more self-service checkout and interest in home delivery.

In Europe, there is a lot of uncertainty on food sales in the Southern countries hit hard by COVID, such as Italy, France and Spain. The short-term impact is the tourism trade, the longer-term impact is consumer income and spending as tourism is a big economic engine for the region. Further north, in Germany and the Netherlands, retail grocery sales have increased, especially comfort foods. Perhaps more notably, shoppers who used to stop by the grocery daily are now in a new pattern of a once or twice per week visit to the store.

Indian consumers are spending more. Panic buying has turned into a trend of more cooking at home that is expected to continue. Nearly 90 percent of Indian consumers say they are now more cautious about food safety and hygiene, which is boosting home delivery, branded products, and a preference for digital menus in restaurants. Moreover, the country's approximately 10 million traditional neighborhood mom-and-pop "kirana" stores are seeing more traffic and higher value sales.



Perhaps the biggest trend everywhere is on-line shopping. Major Indian corporate businesses are targeting the kirana stores for integrated e-commerce platforms. Online food sales in the Netherlands shot up 41 percent. China, already one of the world's leading e-commerce markets, has seen food sales value increase 8.6 percent, and a recent report from the China National Bureau of Statistics finds that 63 percent of consumers prefer to purchase groceries on-line, especially fresh products.

Prior to COVID-19, fewer than 3 percent of Canadians purchased groceries online, lagging behind most countries – for example, here in the U.S. it is about 7 percent. But research conducted by Angus Reid and PayPal in April show that nearly one-in-three Canadians are now grocery shopping online.

On-line food sales in Mexico are growing at triple digit rates. Of the top 100 fastest growing categories in e-commerce, dried grains and rice is fifth with 386 percent growth, followed by packaged foods at 377 percent growth, and popcorn, fruit snacks, and dried fruit and raisins all have more than 120 percent growth. A total of 20 percent of all retail sales in Mexico is on-line, and food products make up more than half of that.

COVID jump started on-line food and grocery sales, but it is a trend that is expected to continue.