PREPARED BY:
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CANADIAN GROCERY SECTOR UP-DATE!
QUARTER 3

Though summer has ended, our inflationary wars continue. Remaining at 7 % nationally, inflation continues to impact Canada with rising prices and slowly declining tonnage. “That being said, for the first time since Q 1 2022, inflation has dropped back down to 5 % this quarter”. Mike Ljubicic, Nielsen IQ Canada

This report summarizes Nielsen IQ’s *“The President’s Report”* for Q3, 2023.

SUMMARY!

1. For the 52-week period ending September 30, 2023:
   - Sales volume: $133B. This represented a 6%-dollar growth, -1% tonnage growth, fueled by 7% inflation.
2. For the 12-week period ending September 30, 2023:
   - Sales volume: $30.8B. This represented a 4%-dollar growth, -1% tonnage growth, fueled by 5% inflation.
3. **Refer to Appendix 1** for regional FMCG performance for the last 52 weeks.
4. Consumers continue to shift their grocery shopping to discount banners. Over the past year, discounts $ market share has increased 1.9%. **Refer to Appendix 2.**
5. Groceries department market share continues to account for the majority of consumers’ food purchases – accounting for 44.7% over the last 12 weeks. **Refer to Appendix 3.**
6. Private label continues to grow. Over the past year, private labels’ $% growth is 10% vs. 6% for national brands. **Refer to Appendix 4.**

DEPARTMENT INFLATIONARY HEAT MAP!

1. Over the past 52-week - p/e September 30, 2023, rising prices have plagued several departments.

52-Week Price Change

	Dollars	Tonnage	Inflation
FMCG	+6.4%	-1.4%	+7.8%
Food	+6.6%	-0.9%	+7.4%
Non-Food	+5.9%	-4.0%	+10%

2. Over Qtr 3 – p/e September 30, 2023 rising prices are softening across all departments, except general merchandise.

12-Week Price Change

	Dollars	Tonnage	Inflation
FMCG	+4.3%	-0.9%	+5.2%
Food	+4.8%	-.01%	+4.9%
Non-Food	+2.6%	-5.4%	+8.0%

Refer to Appendix 5 for a departmental heat map review.

FOOD DISTRIBUTION GUY'S – 3 BRAND STRATEGIES – BRAND PERSPECTIVE!

1. With the growth in private label:

    "Brands would be wise to try and create a product in which a store brand alternative is not available".

2. Price is still the #1 brand motivator for purchase:

    "Brands *need to monitor price gaps and communicate the product's unique attributes and value."*

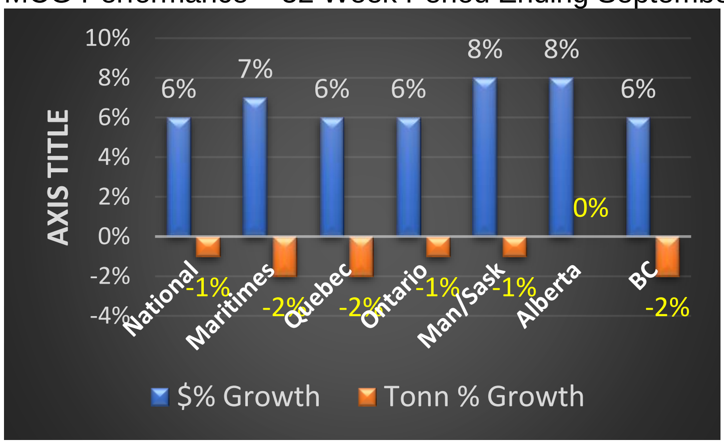
3. With channel shifting:

    "Brands must fulfill a multi-channel strategy, and offer all banners similar costs on promotions".

APPENDICIES!

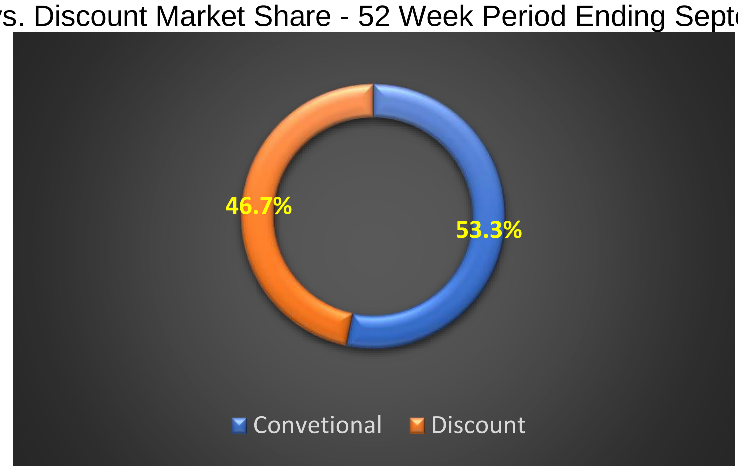
Appendix 1

Regional FMCG Performance – 52 Week Period Ending September 30, 2023



Appendix 2

Conventional vs. Discount Market Share - 52 Week Period Ending September 30, 2023

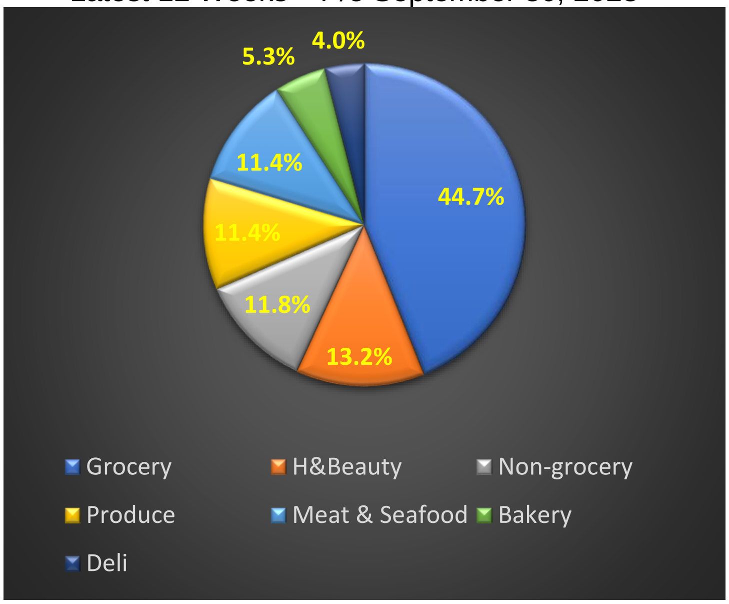


	$ Mrkt Share Pt Chg	$% Growth
Conventional	-1.9%	+2
Discount	+1.9%	+11

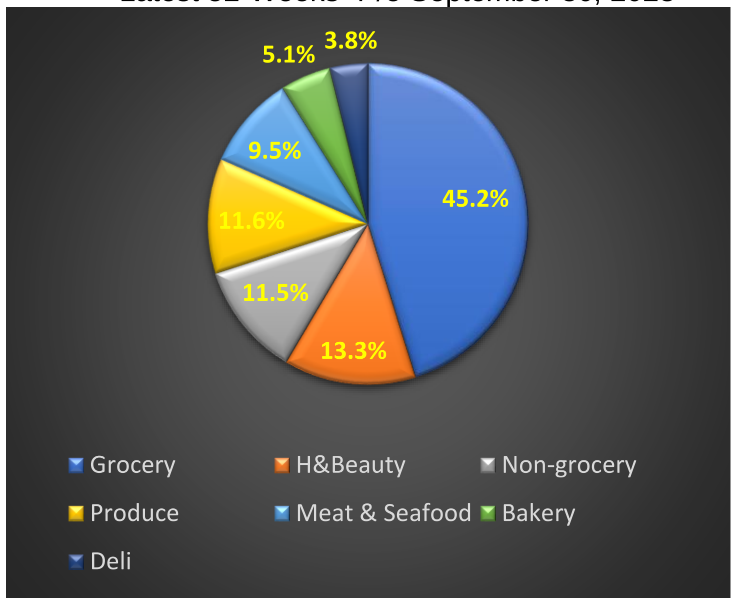
	Total Channel	Total Discount	Total Conventional
$ Spend / Household	$6,294	$2,696	$3,751
Spend / Household % Chg	6%	10%	3%
Trips per Household	140	60	83
Trips per Household % Chg	4%	7%	1%
Shopping basket	45	45	45
Shopping basket % Chg	+2%	+3%	+2%

Appendix 3
Department Performance Market Share

Latest 12 Weeks – P/e September 30, 2023



Latest 52-Weeks -P/e September 30, 2023

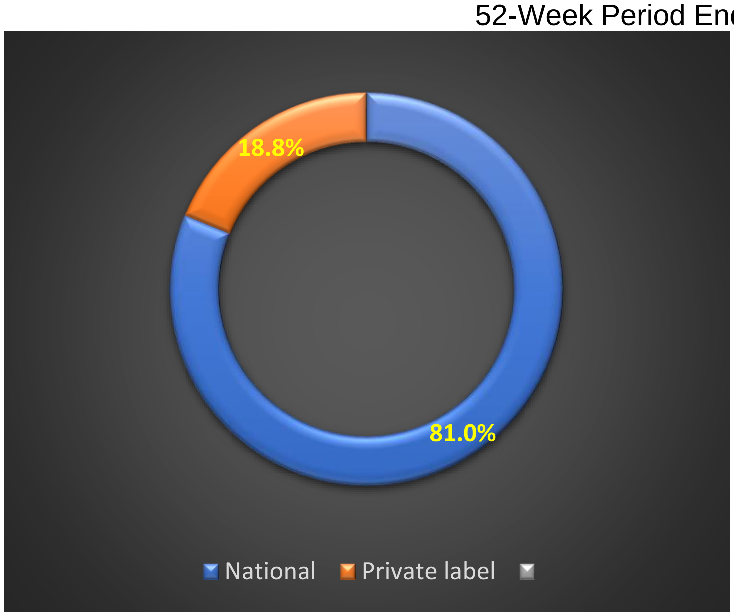


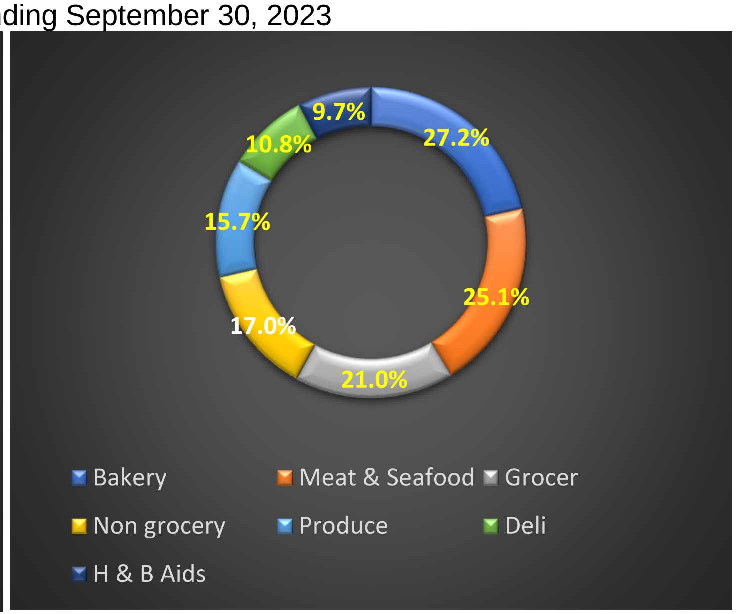
Appendix 4

National vs. Private label Market Share

Private Label Share by Department

52-Week Period Ending September 30, 2023





Private Label % Growth by Department over the past 52-weeks:

Bakery: 15%, **Meat & Seafood**: 4%, **Grocery**: 11%, **Non-grocery**: 10%, **Produce**: 10%, **Deli:** 7%, **H%B Aid**: 6%

Appendix 5

Heat Map by Department: Qtr. 3 vs. Last 52-Weeks

Department	Qtr. 3	Latest 52-Weeks
Dry grocery	+7%	+10%
General merchandise	+16%	**+9%**
Paper products	+8%	+9%
Household	+6%	+8%
Refrigerated / Dairy	+7%	+9%
Frozen	+7%	+8%
Meat	+2%	+2%
Seafood	-0.6%	+5%
Deli	+4%	+4%
Bakery	+7%	+10%
Produce	-0.4%	+5%
Alcohol	+4%	+4%
Baby care	+1%	+4%
Pet needs	+8%	+13%
Health & Beauty Aids	+5%	+9%

RICHARD BAKER

Food Distribution Guy,

I am the President and Founder of Food Distribution Guy. Our mandate is to ensure our principles' success is sustainable long-term in the Canadian grocery sector.

Food Distribution Guy's Value Proposition for Our Client's Success:

1. Fifteen + (15+) years of branding, marketing, and sales expertise in Canada's grocery sector.
2. Our "4" Keys to Success:
    a. What is your brand's unique point of difference?
    b. What value does your brand bring to the category?
    c. Is your brand's suggested retail competitively priced?
    d. How will the brand support its launch to increase consumer awareness?
3. We keep our principals up-dated on the "Pulse" of the: 1) Canadian grocery sector, 2) Canadian consumer, and 3) Their respective category.
4. We keep our clients abreast of the activities in the Canadian grocery sector for their top 3 competitors.
5. We align and manage our principal's sales (broker, and / or distributor), marketing (if required), and logistic solutions which allow our principals to manage the day-to-day business.

We understand the grocery landscape, and we will assist you in navigating through it. Your brand will receive the attention to detail it requires.

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