



NEUHAUS

BELGIUM ♦ 1857

TFWA WEBINAR PREMIUM CONFECTIONERY ALEXANDRA BEVERNAGE

DECEMBER 13TH 2022

Agenda

1. Trends in Confectionery
2. Supply Chain & Inflation
3. Potential for the future



1. Trends in Confectionery



Current state of Premium Chocolates in TR

- **European TR Sales** are almost back to 2019 levels in some airport locations, and still behind in others (going from -12% to -30% vs 2019 depending on country)
- Some European airports see a tendency to **market share loss in favor of other product categories** which received more space like spirits and P&C (Covid decision & still in place)
- **November & December** are the months with the highest chocolate sales in premium confectionery. **Important gifting period** for premium category
- Still missing the **Asian travelers** who are big spenders in premium confectionery.
- **Americans**, who are also big spenders in premium chocolate, are back in Europe, but far from the 2019 numbers
- **Less Business travelers** will have an impact on the sales of premium chocolate. Covid has had a structural impact on this segment. From different airport data, up to 30% less business travel vs pré-covid levels.

Driver of footfall and spending (conversion)

- **Visibility of the category is key.** Attract the traveller to your category through creating a special look and feel of the retail space. Traveller need space & time where he can stroll and wonder in a high-end luxury feel of the chocolate world.
- **+/- 25% impulse buy + 45% undecided => +/- 70% decision in store**
- **Attractive packs & unique chocolate assortments**
- **Promo driven sales** are larger than in the past. For Neuhaus, Pré-Covid, the promo month added 70% of sales during the period. Now we see almost triple the sales. Travellers are more driven by promo offerings than in the past in TR
- **Souvenir or destination packs** are often in the top 5 best sold SKU's

Changes in consumption & emerging trends

- From gifting to **self-treat & indulgence**
- From sweet/milky chocolate to less sugar and darker chocolate pieces with **higher cocoa percentages**
- From regular price offering to higher attractiveness to **promo or multi buy offering**
- Higher demand for **Vegan & Less Sugar**
- From beautiful gifting boxes to **sustainable boxes**
- And more importantly **sustainable cocoa is no longer an option – it is a must do!**

Neuhaus bolsters sustainability commitment by signing up to Beyond Chocolate Charter (Dec 11th 2020)

Neuhaus has signed up to a Belgian chocolate industry initiative, the Beyond Chocolate Charter. Its mission is to combine and organise efforts among sector players to achieve sustainability in the production of chocolate.

The industry-wide commitment aims to tackle child labour, combat deforestation and ensure a viable income for local cocoa producers.



The cocoa beans Neuhaus uses will meet strict sustainability standards laid down by the Beyond Chocolate Charter

The Beyond Chocolate Charter has specific targets including that by 2025, all chocolate made or sold in Belgium must meet established certification standards or be produced according to internal sustainability programmes.

Further, the initiative pledges that by 2030, all local cocoa growers must receive a living income, and the Belgian chocolate sector must no longer play any part in global deforestation.



SUSTAINABILITY PROGRAM

Good for them



100% of our chocolates are made with sustainably sourced cocoa

Good for me



All our ingredients are from natural origin

Good for the planet



RPET

The plastic in this box is made from recycled materials



The FSC label ensures responsibly sourced paper

OUR COMMITMENT TO SUSTAINABILITY

All of our chocolates are composed with care using only fair & natural ingredients. Every flavour, every colour and every single ingredient that goes into a Neuhaus product is of 100% natural origin, without exception.

100%

**SUSTAINABLY
SOURCED COCOA**



2. Supply Chain & Inflation



Supply Chain disruptions & Inflation

- **Shortages of ingredients starting Q2 2022** due to the war in Ukraine. Direct impact on the production of pralines
- **Shortages of containers from Asia to Europe** (mainly packaging) due to lockdown in China, caused major disruptions in packaging delivery
- **Salmonella contamination crisis** end of June caused by Barry Callebaut brought major production & capacity issues for some large Belgian chocolate suppliers
- Still coping with congested **ports and warehouses in the USA, despite unseen pricing level for container transport in between Europe & USA**
- **Inflation on ingredients, packaging, salaries, energy, transport costs,... puts lots of pressure on to the companies.** Part will be carried by the consumer but not all. Focus on even more efficiencies and productivity where investments are needed from energy transition investments to more efficient lines & automation.

3. Potential for the future



Experience is key.....

- Ideal shopping experience in confectionery for the traveller is to get in an **eye catch the different segments within confectionery**. Customer is not lost in the various categories, it can go immediately to the dedicated area of his choice for snacking, kids chocolates or premium confectionery. Today those categories are too often put all together with no clear overview
- Premium chocolate in TR, as a category, has a role to offer **experience & convenience to the traveler**. Chocolate statues, sampling and attractive HPP's offer a different experience to the traveler versus the on-line shopping experience. It is all about experience and convenience!
- If you want to grow the **premium category, you need to give it full visibility** and create a **premium, dedicated sales environment** with visuals, lighting, materials and brands. **Separate clearly the different categories.**
- Some airports are already successful with an easy guidance and clear segmentation.
- **Still large and growing potential for premium confectionery segment by creating the right environment.** There is only one boss in life, it is the end consumer making the choice for your brand.

Different look & feel experiences related to the confectionery category



Changi Airport - Singapore
Lagardère Concept

Different look & feel experiences related to the Confectionery category



Schiphol Airport creating premium gourmet corner



The Belgian Chocolate House - Lagardère Concept

Different look & feel experiences related to the Confectionery category

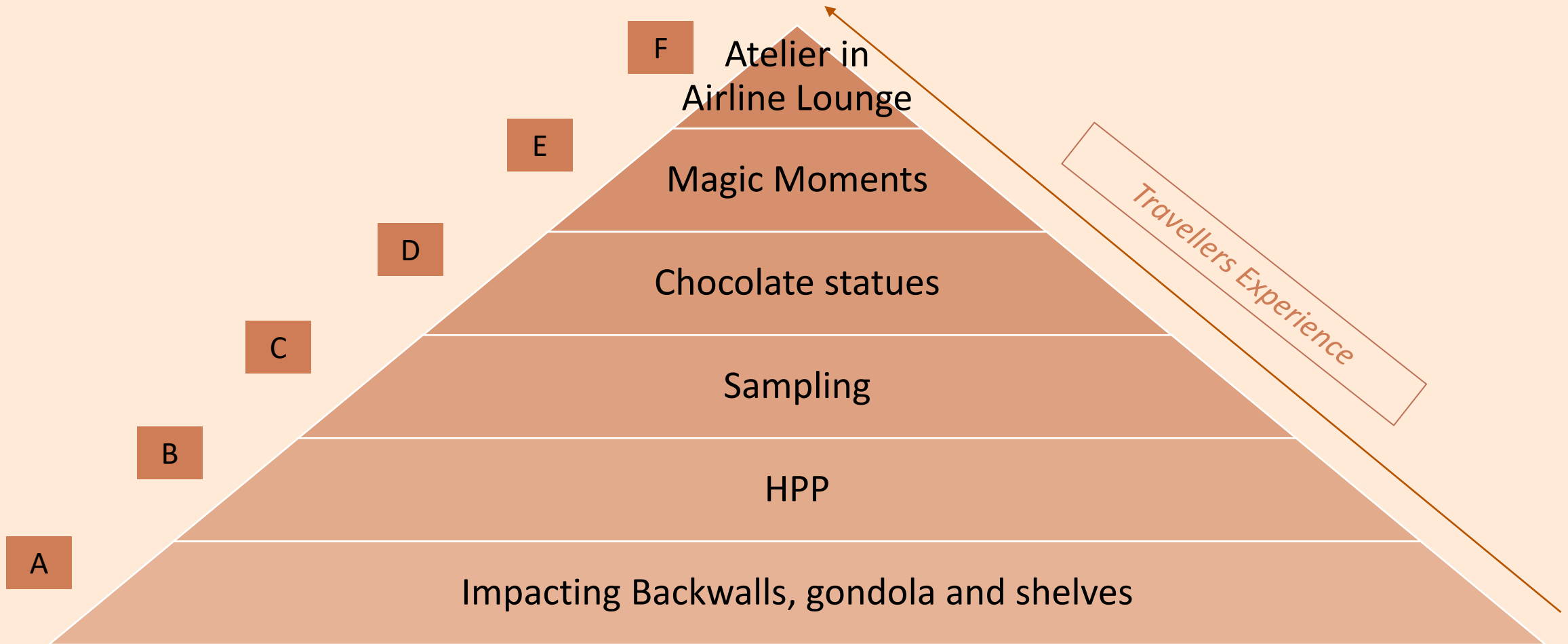


Kids Confectionery in different area's of the shop



The Belgian Chocolate House - Lagardère Concept

Neuhaus Chocolate Experiences in Travel Retail



Impacting branded retail presentation with premium use of noble materials



A



B

Strong HPP's which bring animation, attraction and conversion to the category



Special Moments in store for premium confectionery brands



In shelf Degustation & Sampling



2 meter Chocolate statues enhancing the Traveller's experience



Neuhaus creates “Magic Moments” at European Business & VIP Lounges



Neuhaus Kiosk in The Loft of the Brussels Airlines Lounge in Belgium



THANKS

