New Opportunities in the New Reality
Total Retail Market Sales Remain Accelerated
Nielsen xAOC Dollars % Change vs Year Ago

Preparing
- Shelter in place
- Panic Buying
- Business Shut down
- Work/School from home
- Non-essential economy shut down

Navigating
- Employee/Shopper Safety
- Promotions Cancelled
- New Items Delayed
- Resets Cancelled
- Shift to top selling assortment

Emerging
- Phased opening of economy
- Increased stock-up trips
- Shelf Recovery
- Re-planned Promotions
- Adjusted forecasts
- Covid-19 resurgence watch

New Reality
- Food at home increase
- Digital / eCom shift accelerated
- Prepare for recessionary shopping
- Health, wellness, safety a priority
- Supply chain focus

Managing a New Reality
- Food at home increase
- Digital / eCom shift accelerated
- Prepare for recessionary shopping
- Health, wellness, safety a priority
- Supply chain focus

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Emerging Needs
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Navigating Needs
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- Prepare for recessionary shopping
- Health, wellness, safety a priority
- Supply chain focus

Preparing Needs
- Shelter in place
- Panic Buying
- Business Shut down
- Work/School from home
- Non-essential economy shut down
Key Trends and Opportunities driven by Covid-19
The shopping experience has been disrupted and redefined with lasting impact

**Concerned or more concerned (compared to March)**
- **87%**
  - Skews high amongst Millennials

**More than 6 months before back to normal**
- **66%**

**Do not enjoy shopping for groceries**
- **49%**
  - Up from 10% pre Covid-19

**Top Concerns …**
1. Second wave / another shut down
2. Family’s health / getting virus
3. Economy / personal finances

**Spending more on Groceries vs Pre Covid-19**
- **50%**
  - Eating more at home
  - Higher prices
  - Stocking up more

**SOURCE:** Acosta Custom Shopper Community Surveys; Total U.S. Shoppers.
### Shopper Experience Opportunities

<table>
<thead>
<tr>
<th>Implication</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shopping has become an unenjoyable necessity</td>
<td>• Improve shopping experience through convenience and value</td>
</tr>
<tr>
<td>Shoppers are making less trips to less retailers and buying larger baskets</td>
<td>• Winning the trip is more important than ever</td>
</tr>
<tr>
<td>Shoppers are concerned about safety</td>
<td>• Build trust and loyalty through shopper safety and transparency</td>
</tr>
</tbody>
</table>
Food at home has increased; popular for some and not for others

Share of Food Spending for Retail and Foodservice is back to 1992 levels

64% (Retail)
63% (Foodservice)

36%

Found new passion for cooking
(skews to Millennials)

25%

Sick of having to cook more
(skews to GenX with kids)

62%

Don’t feel it is safe to dine in a restaurant within next month

SOURCE: Acosta Custom Shopper Community Surveys; Total U.S. Shoppers; USDA
2021: Foodservice Channel Declines Will Continue To Drive More In-store and eCommerce Traffic …

Implications:
- Traffic into retail channels will remain accelerated for food
- Food at home trend will continue
- Consumer fatigue with cooking at home
2/3 of consumers using restaurant takeout, half are buying prepared foods in grocery stores

% of Respondents

66%

- Got restaurant food for takeout

50%

- Brought home prepared foods from a store where you shop for groceries

39%

- Got restaurant food delivered

SOURCE: Acosta Custom Shopper Community Survey; Total U.S. Shoppers July 8-15, 2020
Consumer primary restaurant selection drivers pre-Covid: Experience and Convenience

67% of consumers say that visiting restaurants is a form of entertainment.

61% of consumers agree that they’d be interested in a grab-and-go, tech-driven system.

Source: Technomic
## Food at Home Opportunities

<table>
<thead>
<tr>
<th>Implication</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slow recovery for foodservice</td>
<td>• Grocery channel growth – rethink the “experience”</td>
</tr>
<tr>
<td>Shoppers looking for ideas and inspiration</td>
<td>• Recipe’s, Meal solutions, create new occasions</td>
</tr>
<tr>
<td>Millennials learning to enjoy cooking</td>
<td>• Leverage social / digital marketing to reach Millennial consumers</td>
</tr>
</tbody>
</table>
Grocery channel retailers gained share but trending back down

- Grocery Channel growth exceeded total market in each of last 13 weeks
- Grocery channel share gain partially driven by higher prices / reduced promotion

SOURCE: Nielsen AOD; Acosta Custom Shopper Community Surveys; Total U.S. Shoppers; Nielsen
Grocery Channel Has Increased Share By About 1 Share Point In Marketplace, Decline In Supercenters And C-store Channels

Nielsen Channel Shares (Total market = xAOC + Convenience)

Source: Nielsen AOD period ending 8/15/20
COVID-19 Has Impacted Foot Traffic …

Loss of traffic attributed to shoppers avoiding a perceived higher exposure risk, by shifting to store formats that allow for quick trips.

Average Shopper of Drug Channel is older and vulnerable; CVS Health offering free COVID testing in some areas.

Grocery accounts saw blips during stay at home orders, but now seeing increased foot traffic by capturing other channel shoppers.

Source: Placer.ai Reviewed on 9/9/20

% Chg vs. YAG in store traffic (blue bar) vs. # of Confirmed COVID-19 cases (red line)

ACOSTA
### Grocery Channel Opportunities

<table>
<thead>
<tr>
<th>Implication</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased shoppers in grocery channel and for many brands</td>
<td>• Shopper retention strategies in grocery channel</td>
</tr>
<tr>
<td>Mass / Club retailers will fight to regain share</td>
<td>• Leverage eCommerce / Omnichannel to compete with Mass channel</td>
</tr>
<tr>
<td>Price and Promotion will become more important to grocery channel shoppers</td>
<td>• Re-establish and optimize price / promotion strategy</td>
</tr>
</tbody>
</table>
4 In-store foodservice has changed forever

45% of shoppers say no (or are not sure) if they will return to self-service food bars.

Options have increased.

SOURCE: Acosta Custom Shopper Community Surveys; Total U.S. Shoppers
New solutions emerging ...

Options have increased

Last mile providers gaining power and leveraging data

SOURCE: Acosta Custom Shopper Community Surveys; Total U.S. Shoppers
Consumers perceive Grocery and Convenience stores amongst safest places to go for prepared food

It’s about avoiding crowds.
Consumers most fear venues where crowds are inherently part of the experience, such as cruises, stadiums, and buffets. At least initially, operators in these segments should explicitly communicate their specific safety measures—and in a more aggressive way than will be required of traditional restaurants and stores.

Source: datassential
Wawa Is Testing A Dinner Menu and Drive Thru’s

Ready to Eat and Heat & Eat
- Burger and fries
- Penne or fettuccine pasta with alfredo, marinara, or bolognese sauce
- Braised chicken, pork roast, pot roast
- Mac & cheese

“We are hoping to learn from the layout, workflow and traffic flow at this location, as we continue to explore alternatives for longer term application to our stores post-COVID-19,”
Ghost Kitchen growth trend accelerated

Ghost kitchens could be a $1T global market by 2030, says Euromonitor
### In Store Foodservice Opportunities

<table>
<thead>
<tr>
<th>Implication</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grocery retailers reinventing in store foodservice</td>
<td>• Manufacturer / retailer partnerships to drive innovative solutions</td>
</tr>
<tr>
<td>Shopper seeking prepared food options</td>
<td>• Grab &amp; Go solutions, meal kits</td>
</tr>
<tr>
<td>Further blur of food away and food at home</td>
<td>• Foodservice partnerships</td>
</tr>
</tbody>
</table>
eCommerce growth accelerated 3-5 years
New users added and current users buying more online

- Larger Baskets
- Brand loyalty impact
- Increased repeat

- Of Shoppers used eCommerce for groceries, 75% satisfied with experience (surge in new boomer shoppers)
- Of Shoppers have eCommerce subscriptions (HBC, dairy, produce, pet etc)
- Expecting to shop online the same or more post Covid-19

SOURCE: Acosta Custom Shopper Community Surveys; Total U.S. Shoppers; Nielsen
Millennials are by far most likely to use an online subscription service across all types of products

Using Online Subscription Service?
- All Shoppers = 38%
- Millennials = 56%
- Gen X = 31%
- Boomers = 22%
- Silents = 11%

% Placing Online Subscription Orders
Online trips for delivery/pickup has more than doubled since before Covid-19

BEFORE COVID-19  
(Prior to mid-March 2020)
- Shopped in store 69%
- Shopped online and picked up at the store 15%
- Shopped online and delivered to my home 16%

SINCE COVID-19  
(Since/After mid-March 2020)
- Shopped in store 40%
- Shopped online and picked up at the store 26%
- Shopped online and delivered to my home 34%

Please indicate the percentage of your total grocery trip types both before and after the COVID-19 outbreak in mid-March. (Type in a whole number for each. Must add to 100%.)

SOURCE: Acosta Custom Shopper Community Survey; Total U.S. Shoppers
Despite early issues when retailers were overwhelmed with online orders, shoppers were highly satisfied with their orders.

Please tell us how satisfied you are overall with the online grocery order(s) placed in the past four weeks.

- Extremely satisfied: 31%
- Very satisfied: 36%
- Moderately satisfied: 27%
- Slightly satisfied: 4%
- Not at all satisfied: 1%

% Very or Extremely Satisfied = 67%

Millennials 77%
Boomers 58%

SOURCE: Acosta Custom Shopper Community Surveys; April 17-23 Total US Shoppers
Walmart has reached nearly half of online grocery shoppers, followed by Amazon, Kroger and Target

Where Shoppers Buy Groceries Online
(share of online grocery shoppers who have bought groceries from service in past six months)

<table>
<thead>
<tr>
<th>Retailer</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walmart</td>
<td>46%</td>
<td>48%</td>
</tr>
<tr>
<td>Amazon</td>
<td>30%</td>
<td>36%</td>
</tr>
<tr>
<td>Kroger</td>
<td>18%</td>
<td>24%</td>
</tr>
<tr>
<td>Albertsons</td>
<td>NA</td>
<td>15%</td>
</tr>
<tr>
<td>Sams Club</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>ShopRite</td>
<td>5%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Ecommerce Recent Qtr Sales Growth

- Walmart: +74%
- Target: +141%
- Kroger: +92%
- Costco: +65%

Omnichannel retailers benefit as 61% of new online shoppers stick with familiar retailers

SOURCE: Kantar Retail July 14, 2020 Evolution of Omnichannel
3rd Party Last Mile Services Continue to Gain Power in the Industry

Planned usage of delivery services in the next year

- More than in the past
- The same as in the past
- Less than in the past

<table>
<thead>
<tr>
<th>Service</th>
<th>More than in the past</th>
<th>The same as in the past</th>
<th>Less than in the past</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instacart</td>
<td>63%</td>
<td>29%</td>
<td>8%</td>
</tr>
<tr>
<td>Shipt</td>
<td>45%</td>
<td>42%</td>
<td>13%</td>
</tr>
<tr>
<td>Doordash</td>
<td>45%</td>
<td>41%</td>
<td>14%</td>
</tr>
<tr>
<td>Postmates</td>
<td>46%</td>
<td>38%</td>
<td>17%</td>
</tr>
<tr>
<td>Deliv</td>
<td>60%</td>
<td>35%</td>
<td>5%</td>
</tr>
<tr>
<td>Prime Now</td>
<td>52%</td>
<td>44%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Read as: Among those online purchasers who used Instacart, 63% plan to use the service more in the future. Note that Shipt, Postmates, and Deliv are small bases: use only directionally.

Source: Catalyst & Kantar: The State of Ecommerce Landmark Study, April 2020
eCommerce profitability is a challenge - Example grocer margins

Automated fulfillment drives best margins but requires capital investment

Source: Bain & Co.
## eCommerce Opportunities

<table>
<thead>
<tr>
<th>Implication</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerated eCommerce usage</td>
<td>• Capture / retain new eComm shoppers</td>
</tr>
<tr>
<td>Retailers will push to improve financials related to pickup/delivery</td>
<td>• eComm ready packaging, innovation on pickup and delivery solutions</td>
</tr>
<tr>
<td>Digital content is critically important to success</td>
<td>• Digital asset management (content) and winning search.</td>
</tr>
<tr>
<td></td>
<td>• Synchronize messaging across offline, digital, social</td>
</tr>
<tr>
<td>Winning in Digital will drive growth through larger share of wallet</td>
<td>• User experience, promotions, relevant personalization, service levels</td>
</tr>
</tbody>
</table>
Center store categories and brands have been reinvigorated

Center Store Grocery  +18%  
(Frozen Food  +23% 
HBC in Grocery Channel  +2.3% 
Alcohol  +20% 

Seattle Market

New brand buyers

Top 20 Center Store Grocery Categories
Driving 50% of Growth
(rank by actual $ growth)

<table>
<thead>
<tr>
<th>Category</th>
<th>$ % Chg YA</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOFT DRINKS</td>
<td>14.2</td>
</tr>
<tr>
<td>WATER</td>
<td>7.6</td>
</tr>
<tr>
<td>CHOCOLATE</td>
<td>5.1</td>
</tr>
<tr>
<td>PACKAGED COFFEE</td>
<td>16.3</td>
</tr>
<tr>
<td>RTE CEREAL</td>
<td>13.7</td>
</tr>
<tr>
<td>SHELF STABLE COFFEE TEA</td>
<td>1.2</td>
</tr>
<tr>
<td>GROCERY SANDWICH BREAD</td>
<td>8.8</td>
</tr>
<tr>
<td>POTATO CHIP</td>
<td>12.5</td>
</tr>
<tr>
<td>COOKIES AND CRACKERS GROCERY CRACKER</td>
<td>8.9</td>
</tr>
<tr>
<td>SHELF STABLE JUICES DRINKS</td>
<td>10.9</td>
</tr>
<tr>
<td>ENERGY BEVERAGES</td>
<td>9.1</td>
</tr>
<tr>
<td>TORTILLA CHIP</td>
<td>17.9</td>
</tr>
<tr>
<td>GROCERY COOKIES</td>
<td>13.2</td>
</tr>
<tr>
<td>CONFECTION</td>
<td>2.3</td>
</tr>
<tr>
<td>GROCERY SNACKING NUTS</td>
<td>5.7</td>
</tr>
<tr>
<td>GROCERY SOUP</td>
<td>35.5</td>
</tr>
<tr>
<td>GROCERY SOFT SHELL TORTILLA</td>
<td>24.5</td>
</tr>
<tr>
<td>GROCERY COOKING OIL</td>
<td>38.6</td>
</tr>
<tr>
<td>SPORT DRINKS</td>
<td>13.6</td>
</tr>
<tr>
<td>GROCERY BUNS</td>
<td>18.6</td>
</tr>
<tr>
<td>PASTA SAUCE</td>
<td>33.1</td>
</tr>
</tbody>
</table>

(Nielsen: latest 26 weeks ending 9/5/20)

Seattle Market: 26 wks ending 9/5/20
Center Store Opportunities

<table>
<thead>
<tr>
<th>Implication</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Center store traffic has increased</td>
<td>• Shopper retention and solutions</td>
</tr>
<tr>
<td>Key departments and categories are driving traffic</td>
<td>• Frozen Food, HBC/Self Care, Perimeter tie ins (eg. Meat/Seafood), Seasonal solutions (eg Grilling)</td>
</tr>
<tr>
<td>Shoppers looking for solutions and inspiration</td>
<td>• Digital marketing, cross merchandising center store and perimeter</td>
</tr>
</tbody>
</table>
Shopper focus on health, wellness, and self-care is more important than ever

Mental Health

Have you had any of these feelings during the pandemic?

- Anxious: 50%
- Stressed: 48%
- Socially Isolated: 40%
- Low Energy: 34%
- Depressed: 30%
- Hopeful: 28%

Vitamins & Supplements

Health Categories

+18% (latest 13 wks*)

32% of shoppers increased usage

Beauty Categories

Cosmetics -15% (latest 13 wks)

intend to continue at least some do it yourself Beauty/Personal Care at home post-COVID

- 70% Females coloring hair
- 70% Females doing self manicures
- 72% Females doing own facials

*Nielsen AOD ending 6/13/20

SOURCE: Acosta Custom Shopper Community Surveys; Total U.S. Shoppers; Jun 12-17
Safety is top of mind … almost half of shoppers are leery about in-store sampling post-pandemic

Will you eat food samples in store any time soon?

- Yes: 55%
- No: 45%

If no, what is your biggest concern?

- How sanitary it will be to hand out/eat in such a public place: 50%
- Other shoppers coming into physical contact with my food: 33%

Shift to touch free

- In-Store demo’s
- Checkout experience
- Front end changes (impulse category impact)

SOURCE: Acosta Custom Shopper Community Surveys; Total U.S. Shoppers; Jun 12-17
Shoppers Are Very Interested In Leveraging Additional Health Services While At A Store

Which of the following things have you done in the last 12 months and/or would be interested in doing in the future at a store where you shop for groceries and/or health-related items?

- Routine eye exams
- Learn how to cook healthy meals
- Visit a clinic for routine/prev care
- Visit a clinic for minor medical issues
- Attend a class to learn a new skill
- Visit a clinic to address chronic health condition
- Consult with a nutritionist
- Seek advice on health care or insurance
- Use a retailer’s app for nutrition/recipe tips
- Salon services
- Attend an exercise class

Source: Acosta Proprietary Shopper Community H&W Survey Sept 4-8, 2020  N=559
21% of shoppers ate more natural, organic, or vegetarian foods during the pandemic.

Ate more natural, organic, or vegetarian foods

Why …

- Healthier
  - 47%
- Better quality
  - 43%
- Better for the environment
  - 40%
- Unable to find my usual items in store
  - 38%

Will You Continue Buying Post-COVID?

<table>
<thead>
<tr>
<th>Item</th>
<th>Definitely will</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant-based meat alternatives</td>
<td>68%</td>
</tr>
<tr>
<td>Natural paper products</td>
<td>40%</td>
</tr>
<tr>
<td>Organic dairy</td>
<td>43%</td>
</tr>
<tr>
<td>Organic meat/poultry</td>
<td>43%</td>
</tr>
<tr>
<td>Natural cleaning products</td>
<td>46%</td>
</tr>
<tr>
<td>Natural or organic personal care</td>
<td>57%</td>
</tr>
<tr>
<td>Organic produce</td>
<td>39%</td>
</tr>
</tbody>
</table>

Once the COVID-19 pandemic subsides, how likely are you to continue buying the items that you bought for the first time during the pandemic?

SOURCE: Acosta Custom Shopper Community Surveys; Total U.S. Shoppers; Jun 12-17
## Health & Wellness Opportunities

<table>
<thead>
<tr>
<th>Implication</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shoppers seeking health and wellness solutions</td>
<td>• Self care solutions exist across most categories</td>
</tr>
<tr>
<td>Sampling has been disrupted</td>
<td>• Innovative and safe sampling – new ways to reach shopper to gain trial</td>
</tr>
<tr>
<td>Shoppers continue to seek natural and organic products</td>
<td>• Natural and organic product growth and innovation</td>
</tr>
</tbody>
</table>
Supply Chain, on-shelf availability, and SKU rationalization are priorities for retailers

Shopper Priority #1 = Product Availability

53%

list product availability as #1 Priority when grocery shopping post Covid-19

% of shoppers finding > half of products planned to buy

- Apr 4-7: 55%
- Apr 17-23: 61%
- May 3-5: 68%
- May 29-Jun 3: 66%
- Jun 12-17: 63%

Does the limited variety bother you?

- Bothers me somewhat/a little: 59%
- Does not bother me: 10%
- Bothers me a lot: 31%

SOURCE: Acosta Custom Shopper Community Surveys; Total U.S. Shoppers; Nielsen

Category dynamics have changed

- Buy & Consume: Cereal & Granola (Surge in sales during the panic-buying period followed by continued high sales growth.)
- Stockpile: Deodorant (Surge in sales during the panic-buying period followed by a period of suppressed sales growth.)
- New Essential: Kitchen Accessories (Surge in sales came after the panic-buying period.)
- Non Essential: Shoe Care (Sales rose/dived during the panic-buying period and continue to struggle to reach year ago levels.)
Covid-19 has increased affinity to “Made in the USA” and Local brands

And thinking about different types of brands, how did your purchase habits change for each once the COVID-19 pandemic began?

Shopper habit change due to Covid-19 pandemic

<table>
<thead>
<tr>
<th>Made in the USA</th>
<th>More</th>
<th>Same</th>
<th>Less</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying More</td>
<td>24%</td>
<td>70%</td>
<td>6%</td>
</tr>
<tr>
<td>Buying Less</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Local Brands</th>
<th>More</th>
<th>Same</th>
<th>Less</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying More</td>
<td>17%</td>
<td>72%</td>
<td>11%</td>
</tr>
<tr>
<td>Buying Less</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SOURCE: Acosta Custom Shopper Community Surveys; Total U.S. Shoppers May 15-20
U.S. shoppers buy more local brands to support local businesses; 69% may consider buying more local brands post-pandemic

Why buying more Local Brands?

- I want to support more local businesses/brands more now: 42%
- Local brands are more available/easier to find: 40%
- Local brands are fresher: 33%
- Local brands are more trusted: 27%
- Local brands are healthier: 26%

Local Brands: Post-pandemic Intentions

- More, 69%
- Same, 27%
- Less/Not Sure, 4%

You said once the pandemic began, you started buying MORE Local Brands. Please tell us why.

Thinking about how you increased your Local Brand purchases once the pandemic began, what do you think you will do once the pandemic subsides?
Supply Chain Opportunities

<table>
<thead>
<tr>
<th>Implication</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Out of Stocks remain a problem for retailers</td>
<td>• Re-establishing the right mix (and pack sizes) by category</td>
</tr>
<tr>
<td></td>
<td>• Understand incrementality, transferable demand, and walk rates by category</td>
</tr>
<tr>
<td></td>
<td>• Micro / Macro space optimization</td>
</tr>
<tr>
<td>Many retailers activating SKU rationalization</td>
<td>• Category roles and decision trees in new normal may have shifted</td>
</tr>
<tr>
<td></td>
<td>• Activate shelf recovery initiatives including proactive assortment optimization</td>
</tr>
<tr>
<td>Supply chain optimization a priority</td>
<td>• Collaborate with speed and agility to optimize supply chain</td>
</tr>
</tbody>
</table>
Retail prices are up, promotions are down – shoppers notice

- Reduced promotion during peak Covid-19 stock up weeks
- Manufacturer/retailer costs up due to Covid-19
- Meat price inflation

**Impacting shelf price**

**SOURCE:** Acosta Custom Shopper Community Surveys: Total U.S. Shoppers
Total Store Unit Sales are Up +6% while Promoted Units are down -12%
Average Price is up ….

Avg Unit Price % Change vs Year Ago

- Total Store: 7.5%
- GROCERY: 7.2%
- PRODUCE: 4.5%
- DAIRY: 7.9%
- MEAT: 12.6%
- FROZEN: 9.3%
- DELI: 1.7%
- HOUSEHOLD CARE: 12.5%
- HEALTH AND BEAUTY CARE: 7.6%
- ALCOHOL: 6.8%
- BAKERY: 16.5%
- GENERAL MERCHANDISE: 11.6%
- SEAFOOD: 4.5%

Have you noticed price increases?
- Yes: 72%
- No: 21%
- Not Sure: 7%

Have you noticed lack of promotion activity?
- Yes, I've noticed this across the store: 46%
- Yes, I've noticed this on some items: 23%
- No, it's about the same as usual: 23%
- Not sure: 8%
## Price / Promotion Opportunities

<table>
<thead>
<tr>
<th>Implication</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shelf prices are up</td>
<td>• Review competitive pricing (High/Low vs EDLP)</td>
</tr>
<tr>
<td></td>
<td>• Manage competitive pricing and price gaps</td>
</tr>
<tr>
<td>Trade promotion is down</td>
<td>• Identify most relevant post Covid-19 promotions</td>
</tr>
<tr>
<td></td>
<td>• Leverage digital marketing tools to reach shoppers</td>
</tr>
<tr>
<td>More dollars spent on food at home</td>
<td>• Provide shoppers best possible value</td>
</tr>
</tbody>
</table>
The Coronavirus Global Recession is here and will be different than previous recessions

How will the 2020 recession be different?
- Initiated by a public health crisis (vs financial crisis)
- Highest unemployment since great depression
- Unknowns: V shaped, U shaped, W shaped?

Earning less money than Pre-Covid-19
Of households spending less on non-essentials

SOURCE: Acosta Custom Shopper Community Surveys; Total U.S. Shoppers
The Coronavirus Global Recession is Here but There are Signs of Economic Recovery

% Worse Off by Generation

- 37% Worse Off
- 3% Better Off
- 11% Same
- 48% Millennials
- 33% Boomers

Financial Situation Now vs. Pre-COVID

U.S. home purchases
Year-over-year change in mortgage applications for purchasing a single-family home.

U.S. Restaurant bookings
Year-over-year change in seated dinner at restaurants on the OpenTable network.

U.S. Hotel occupancy rate
Weekly through August 1, 2020.

U.S. Air travel
Year-over-year change in daily travelers passing through TSA checkpoints.

SOURCE: Mortgage Bankers Association; Hospitalized data is unadjusted data as of June 12, 2020.

SOURCE: OpenTable. Data through August 8, 2020. Only nation-wide, city-wide, city-state restaurants in the sample are included. Note: The drop in July is due to the Father’s Day holiday occurring later in 2018.

SOURCE: EFR data through August 1, 2020.

## Recession Opportunities

<table>
<thead>
<tr>
<th>Implication</th>
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</tr>
</thead>
<tbody>
<tr>
<td>FMCG industry generally fared well in past recessions</td>
<td>• Understand recessionary shopper behaviors (lower income shoppers impacted most, SNAP/WIC influence)</td>
</tr>
</tbody>
</table>
| Shoppers will likely trade down / trade out of some categories | • Understand recession impact on categories  
• Mid tier brands tend to suffer (skew to value and premium brands) |
| Covid-19 Recession will be unique                 | • Agile approach to decision making                               |
New habits take 66 days to form

The average time to form a habit is

$$31 + 30 + 5 = 66 \text{ days}$$

[Cally et al., 2010]

Covid-19 forced new behaviors

- Meals at home
- Self care
- Beauty routines
- Online grocery pickup/delivery
- Trial of new brands
1. The shopping experience has been disrupted and redefined with lasting impact.
2. Food at home has increased; popular for some and not for others.
3. Grocery channel retailers gained share but trending back down.
4. In-store foodservice has changed forever.
5. eCommerce growth accelerated 3-5 years.
6. Center store categories and brands have been reinvigorated.
7. Shopper focus on health, wellness, and self-care is more important than ever.
8. Supply Chain, on-shelf availability, and SKU rationalization are priorities for retailers.
9. Retail prices are up, promotions are down – shoppers notice.
10. The Coronavirus Global Recession is here and will be different than previous recessions.

ACOSTA
New Opportunities in the New Reality