Numerator | QUIRK'S MEDIA

NORMAL ... FOR NOW

Measuring Delta's Impact on COVID Consumer Crisis Behaviors

SEPTEMBER 30, 2021

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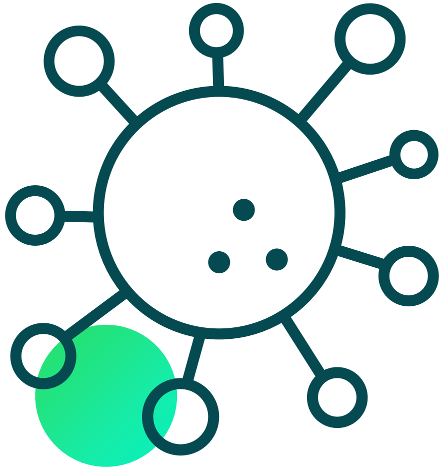
Numerator

What’s Covered



A QUICK RETROSPECTIVE

How did we get here?

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A lot can happen in 18 months…

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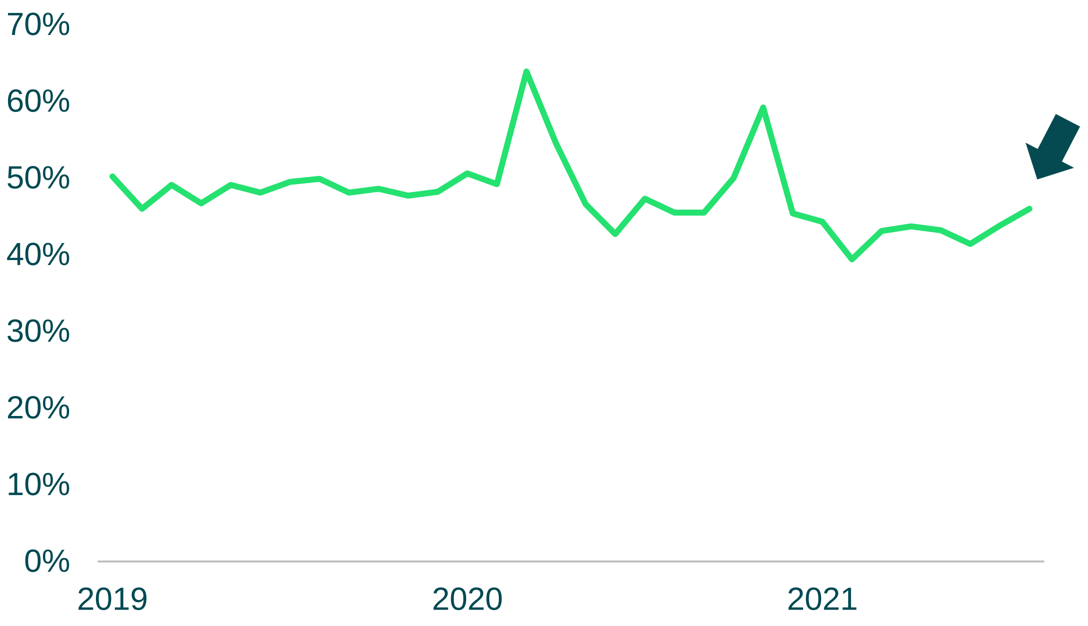
PREMIUM Towel
12 | 160
30
425
MORE CUSHION
Soft
SCENTED KITCHEN
Bags
13

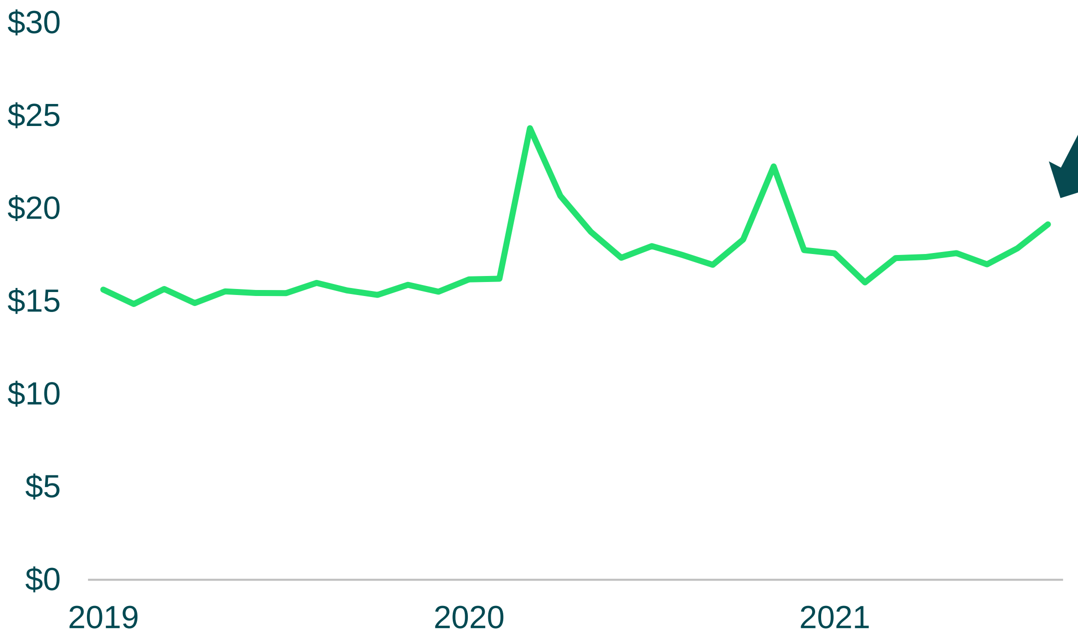
Bath Tissue, the classic panic-buy

…and showing signs of another peak in August due to Delta

% HH Penetration
Bath Tissue, Rolling Monthly



Buy Rate ($/HH)
Bath Tissue, Rolling Monthly



Numerator Insights, Rolling Monthly Data, Jan 2019 – Aug 2021

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CNN BUSINESS

Costco is limiting how much toilet paper you can buy again

 

By Chris Isidore and Matt Egan, CNN Business

Updated 3:36 PM ET, Fri September 24, 2021

New York (CNN Business) — Costco is once again placing limits on purchases of toilet paper, paper towels and cleaning supplies.

The Delta variant continues to spread across the globe, sending demand for those items higher. But that's not the only reason why Costco is limiting purchases. The warehouse store is also having trouble finding trucks, drivers and shipping containers to get the items to its stores.

"The factors pressuring supply chains and inflation include port delays, container shortages, Covid disruptions, shortages on various components, raw materials and ingredients, labor cost pressures and truck and driver shortages," said Costco CFO Richard Galanti, speaking to investors after reporting quarterly results Thursday evening. "Various major brands are requesting longer lead times, and in some cases, difficulty in finding drivers and trucks on short notice."

Core B&M Trip Traffic struggles to return to Pre-COVID levels

…while Home Improvement and Ecommerce surge

Purchase Frequency (Trips per HH), compared to 2019

Year	Month	Total	Food	Mass	Drug	Club	Beauty	Gas & Conv	Dollar	Liquor	Pet	Home Improvement	Online
2020	January	108	102	104	97	109	94	110	105	100	100	104	114
	February	112	108	112	97	109	107	112	107	104	100	104	115
	March	96	104	104	97	100	88	86	107	100	100	107	122
	April	80	86	93	85	89	88	71	104	96	100	109	140
	May	90	91	96	90	92	81	80	102	100	100	114	136
	June	94	93	93	95	95	88	87	102	100	100	113	132
	July	95	95	92	97	100	94	88	98	100	100	106	124
	August	95	94	91	92	97	94	89	96	100	100	110	130
	September	98	96	93	97	100	94	92	100	104	100	110	131
	October	99	95	93	97	100	94	93	96	96	100	103	142
	November	98	96	96	95	97	94	91	102	96	100	103	135
	December	99	99	96	95	100	89	96	100	100	100	107	123
2021	January	107	98	103	92	103	100	101	105	100	100	111	158
	February	104	98	100	92	103	100	99	98	100	106	107	147
	March	108	98	101	95	100	100	103	100	104	100	117	159
	April	106	99	99	97	103	94	102	100	100	106	112	148
	May	104	98	97	95	100	94	100	96	100	106	111	143
	June	105	97	96	97	103	100	102	96	96	100	106	155
	July	102	99	96	97	103	100	98	94	100	106	110	130
	August	100	98	95	95	95	94	97	96	100	100	103	141

Numerator Insights, Rolling Monthly Data, Jan 2019 – Aug 2021
Total = FMCG + Ecommerce + Specialty Parent Channels. Not all individual channels listed

But, with less overall traffic, basket sizes increase

…with every channel seeing lift vs. Pre-COVID

Spend per Trip, compared to 2019

Year	Month	Total	Food	Mass	Drug	Club	Beauty	Gas & Conv	Dollar	Liquor	Pet	Home Improvement	Online
2020	January	100	98	98	100	95	94	107	103	95	102	99	92
	February	100	97	98	102	98	101	103	105	93	98	104	91
	March	106	117	109	112	106	93	95	118	111	108	104	90
	April	117	138	128	119	130	83	88	135	111	112	121	98
	May	114	128	124	116	118	101	88	130	119	111	115	100
	June	111	120	116	114	113	123	95	125	117	107	110	103
	July	111	121	117	114	114	123	95	124	116	106	104	99
	August	110	116	115	105	111	117	97	121	117	107	109	107
	September	110	116	116	106	114	110	98	121	117	106	106	107
	October	111	117	116	105	113	105	95	122	111	107	111	112
	November	109	114	112	103	107	106	94	117	114	102	106	109
	December	108	115	113	108	111	119	98	117	111	107	105	102
2021	January	114	115	116	105	113	103	111	129	110	109	110	105
	February	114	116	113	105	113	104	114	126	113	105	112	101
	March	116	113	117	110	114	109	114	129	113	109	120	105
	April	116	115	116	108	116	111	112	132	110	109	122	108
	May	116	118	117	106	116	116	113	129	117	110	119	107
	June	118	116	114	108	115	114	121	127	119	105	114	112
	July	119	121	117	106	119	115	120	126	122	111	114	102
	August	118	118	116	104	119	113	123	126	119	110	114	108

Numerator Insights, Rolling Monthly Data, Jan 2019 – Aug 2021
Total = FMCG + Ecommerce + Specialty Parent Channels. Not all individual channels listed

FAST FORWARD TO TODAY

The latest on consumers’ minds.

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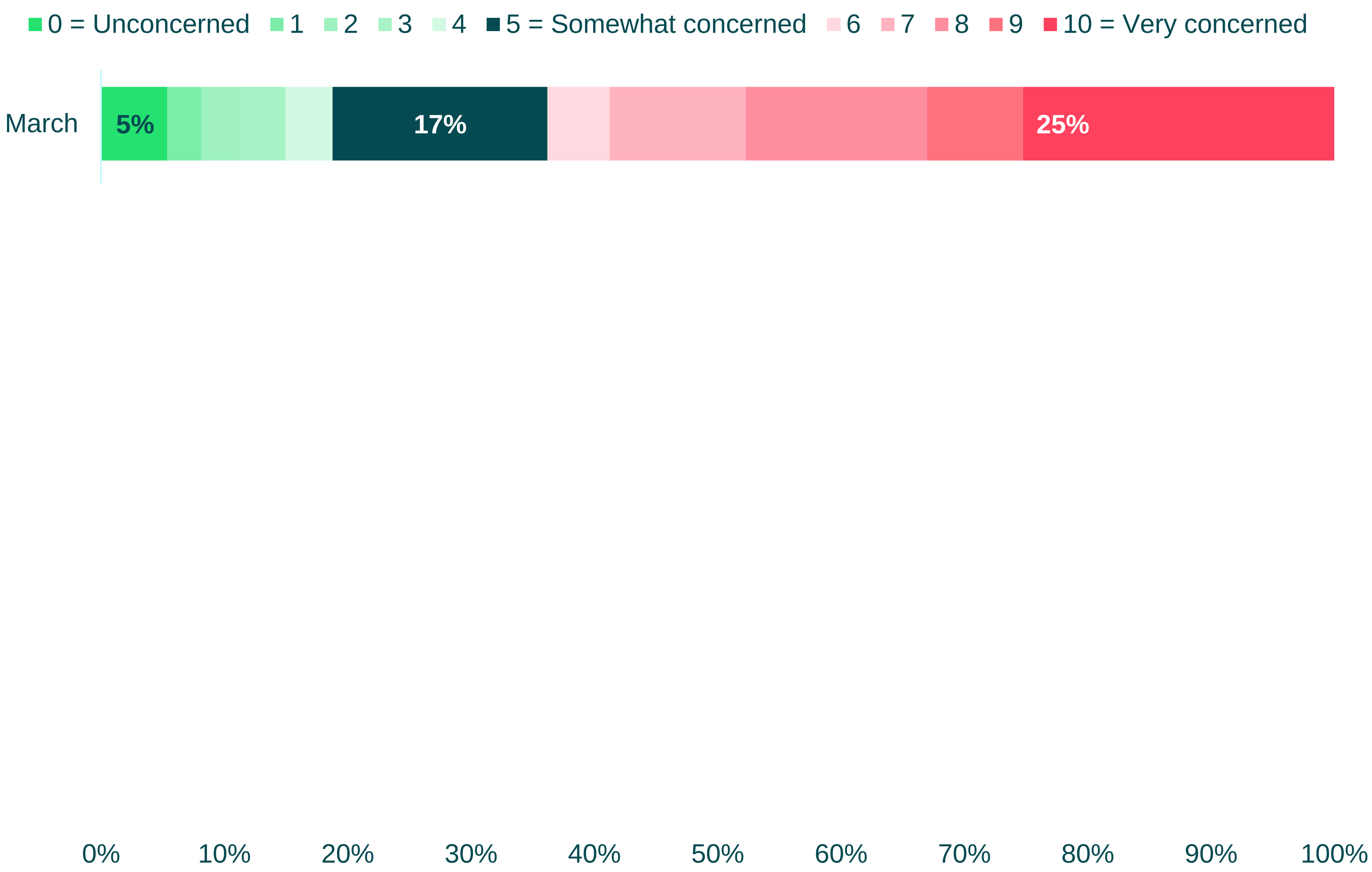
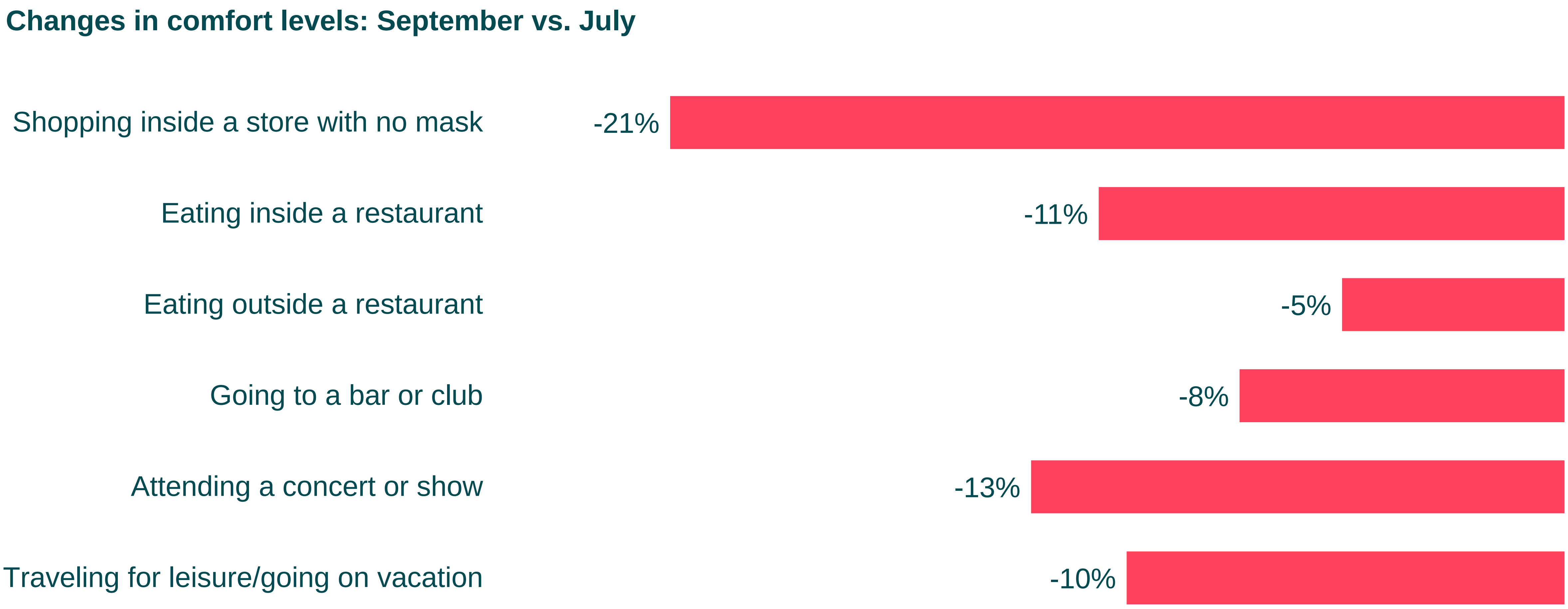


Delta variant is fueling renewed concern around COVID-19

What is your level of concern regarding COVID-19?
Numerator Monthly COVID-19 Sentiment Survey

As a result, comfort with all out-of-home activities has declined



What is your level of comfort personally engaging in the following activities? % comfortable or extremely comfortable September vs. July
How much do you agree or disagree with the following statements? | Numerator September COVID-19 Sentiment Survey

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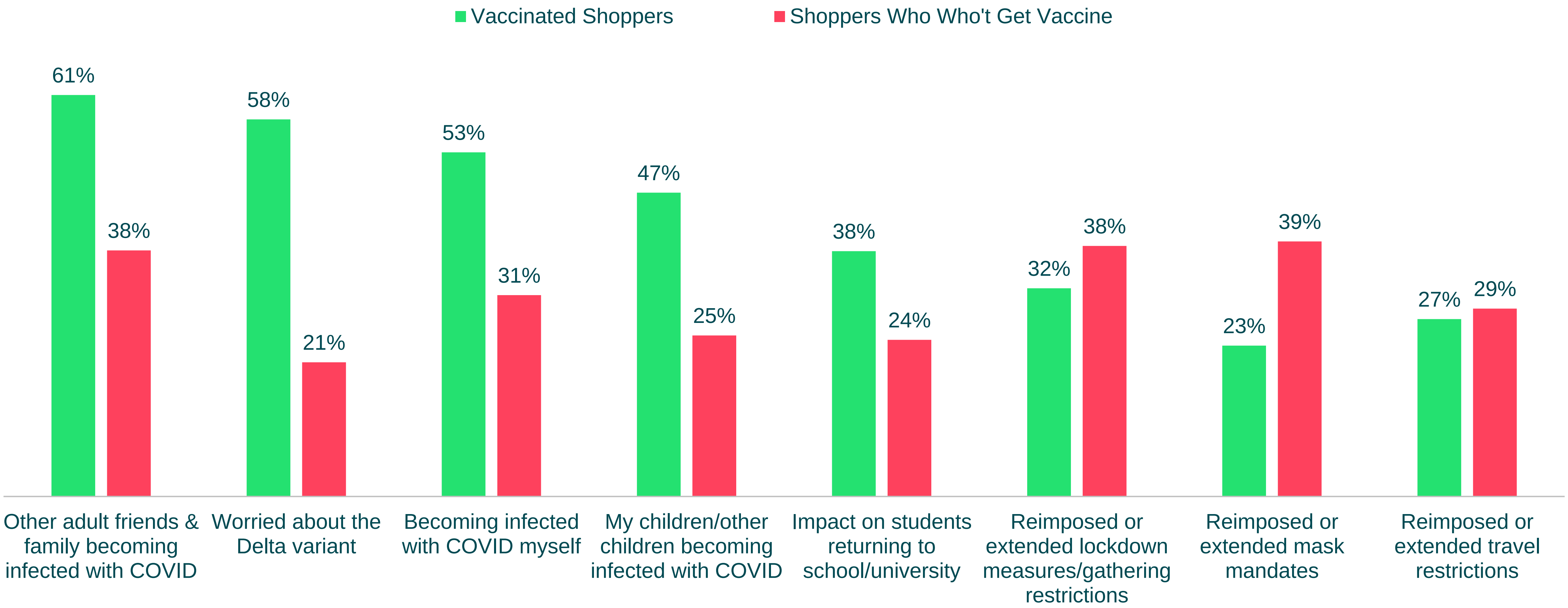
But… keep in mind that not all consumers are alike



What specific concerns do you have regarding COVID-19?
Numerator September COVID-19 Sentiment Survey

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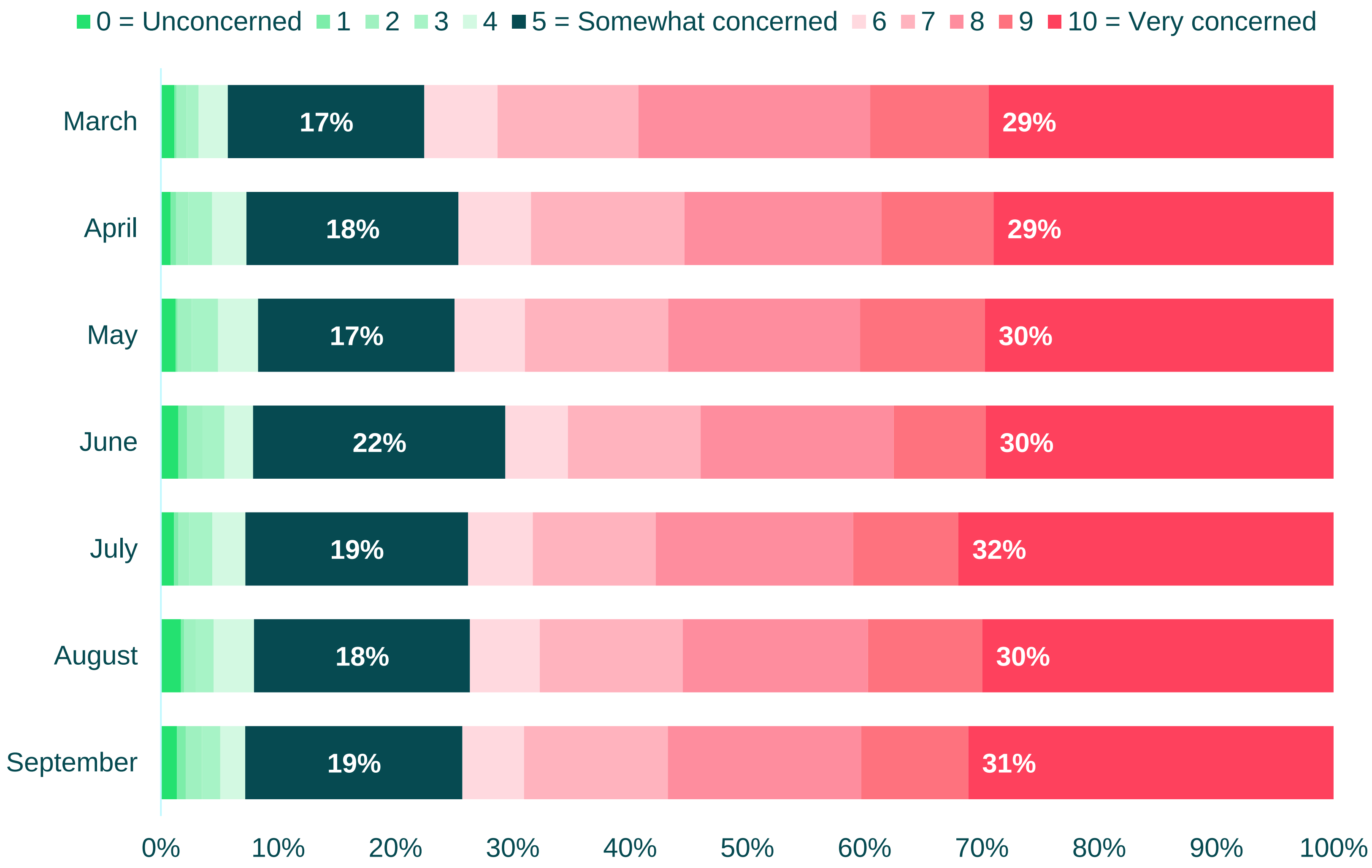
ECONOMIC SPOTLIGHT:

Economic concern holding relatively steady

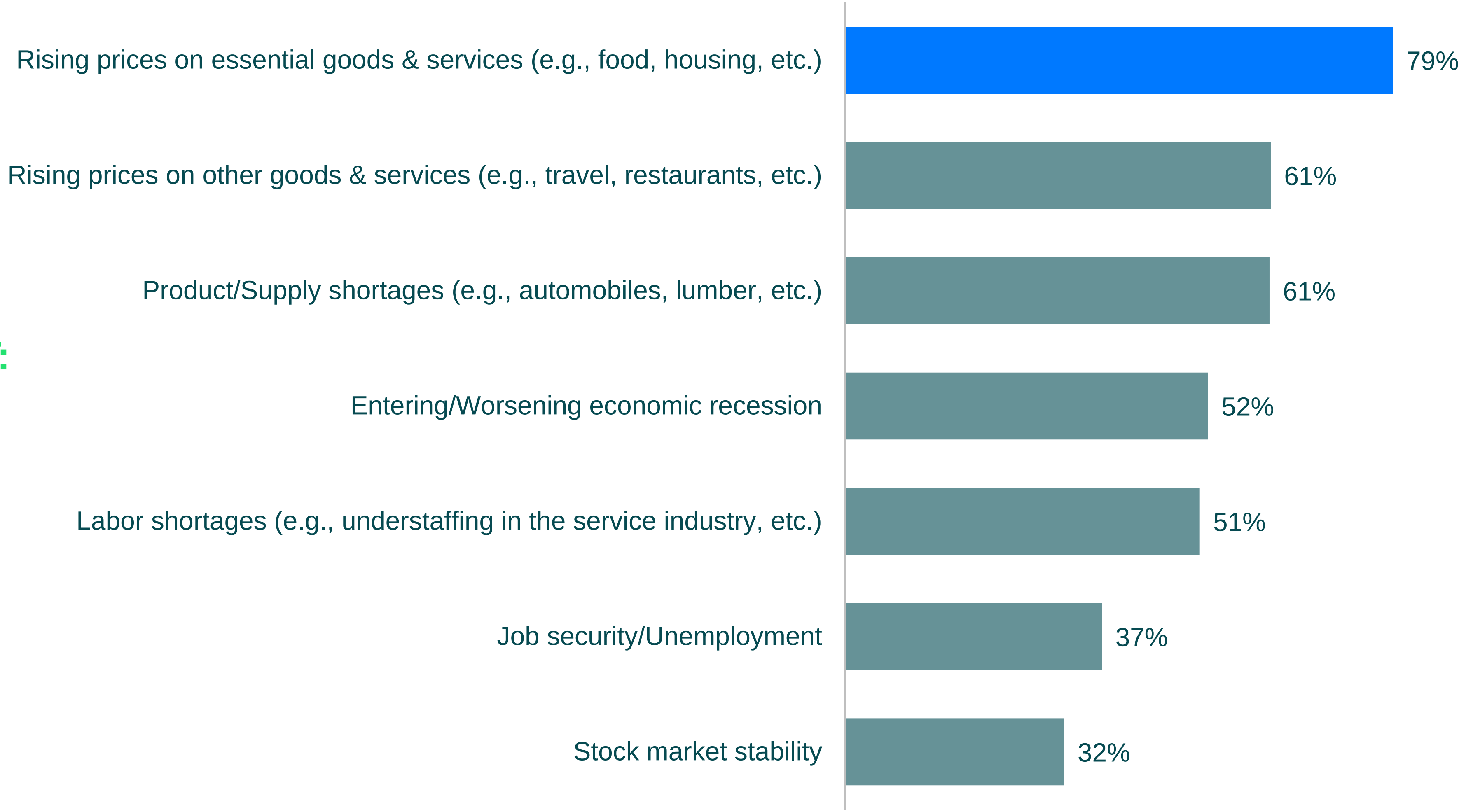


What is your level of concern regarding the economy?
Numerator Monthly COVID-19 Sentiment Survey

Numerator

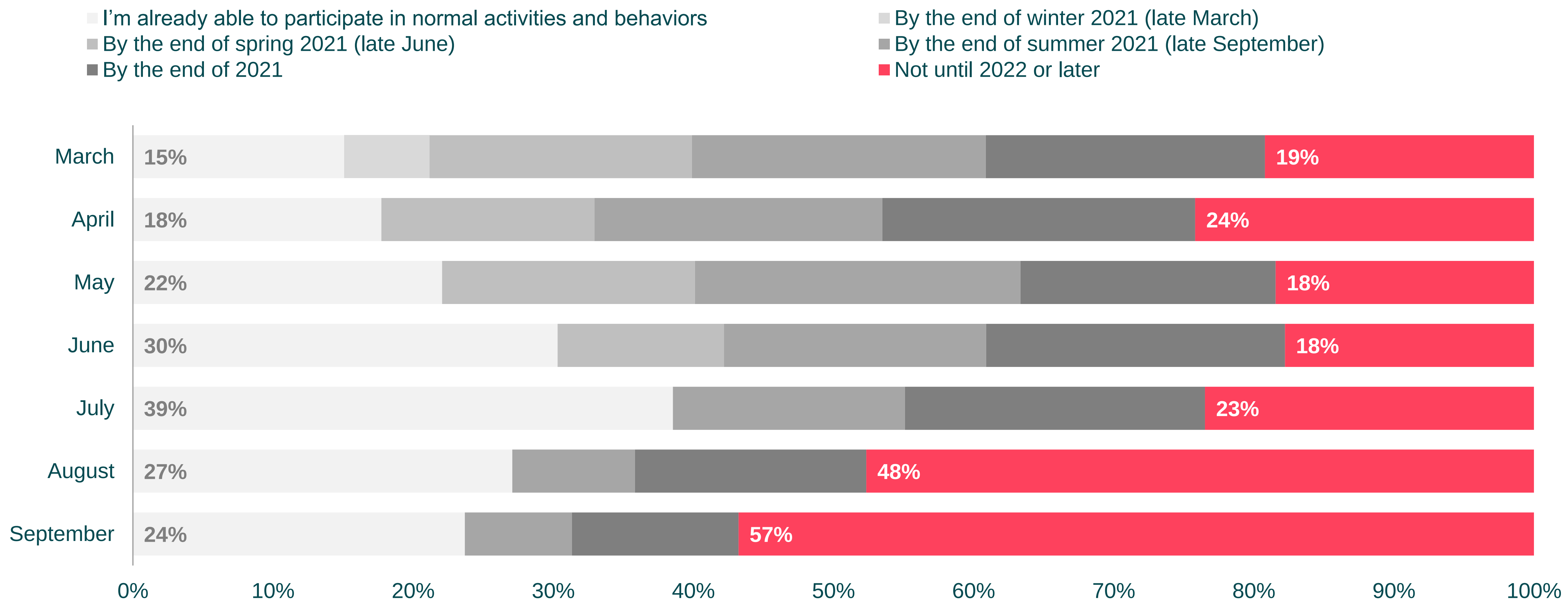
ECONOMIC SPOTLIGHT:

Economic concerns center around inflation



What specific concerns do you have regarding the economy?
Numerator September COVID-19 Sentiment Survey

Overall, Consumers are pushing back expectations on a return to normal



When do you expect to be able to return to normal activities & behaviors?
Numerator Monthly COVID-19 Sentiment Survey

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SPEAKING OF NORMAL…

Consumers are starting to get back to some of their old ways.

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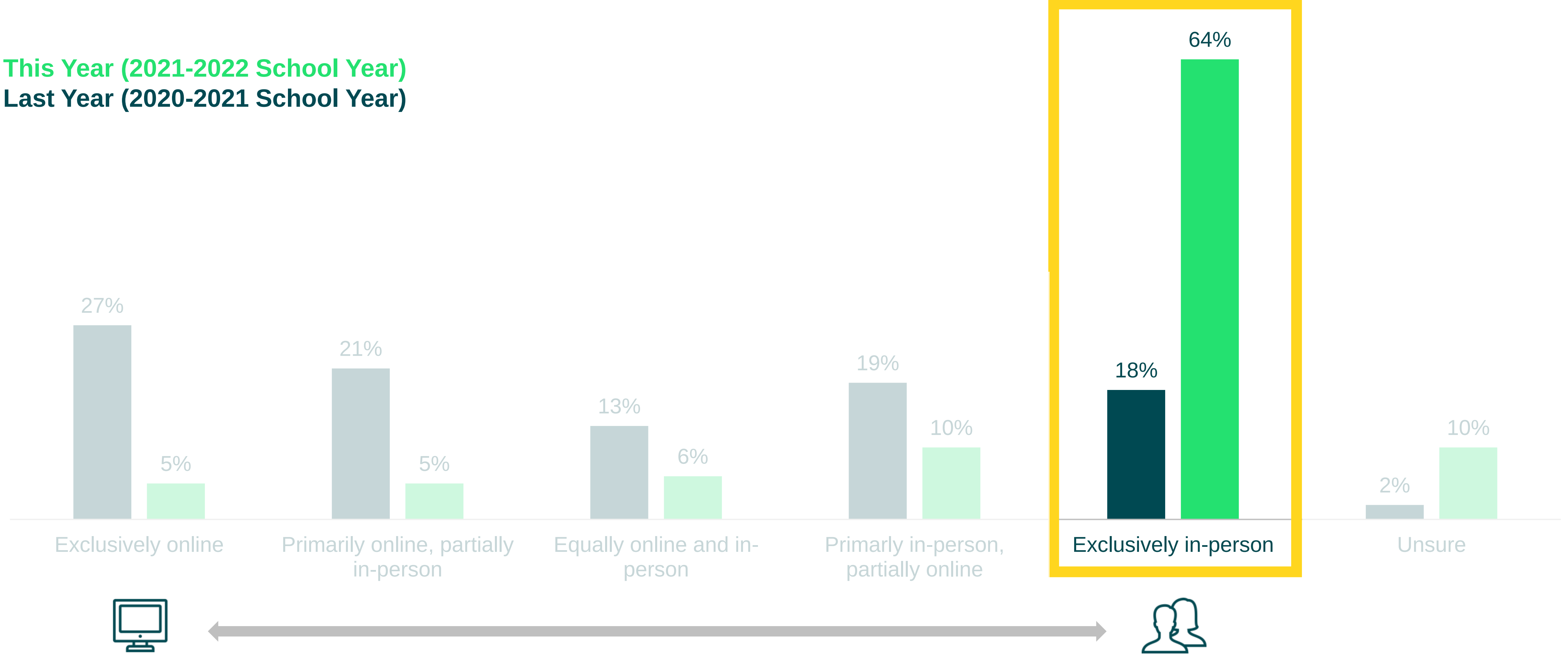
BACK TO SCHOOL. 2 in 3 households with K-8 children say their kids will be attending school exclusively in-person this year.



Source: Numerator Back-to-School Survey 6/10/21, n=2070 households with children attending K-8 this upcoming school year
“How will your child(ren) attend school this upcoming school year? / How did they attend last school year?”

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And with more kids in school, school supplies are coming back to life

…though Advertising spend continues to fall

PURCHASING	PROMOTIONS	ADVERTISING
+32% Sales vs. 2020	**-16%** Promotions vs. 2020	**-8%** Ad Spend vs. 2020
-10% Sales vs. 2019	**+12%** Promotions vs. 2019	**-42%** Ad Spend vs. 2019

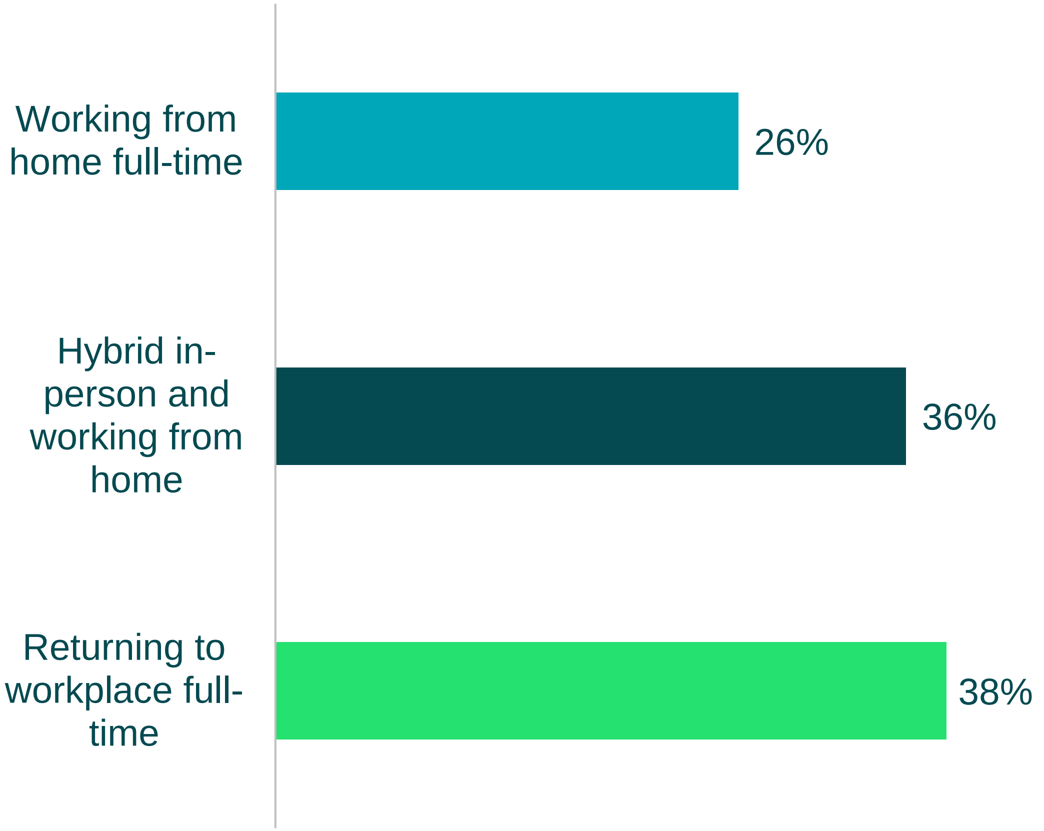
Source: Numerator Insights, Numerator Promotions, Numerator Ad Intel

BACK TO WORK. For those who transitioned to WFH, Post-COVID expectations are split on a return to the office

28%

of households had someone who started working from home during COVID

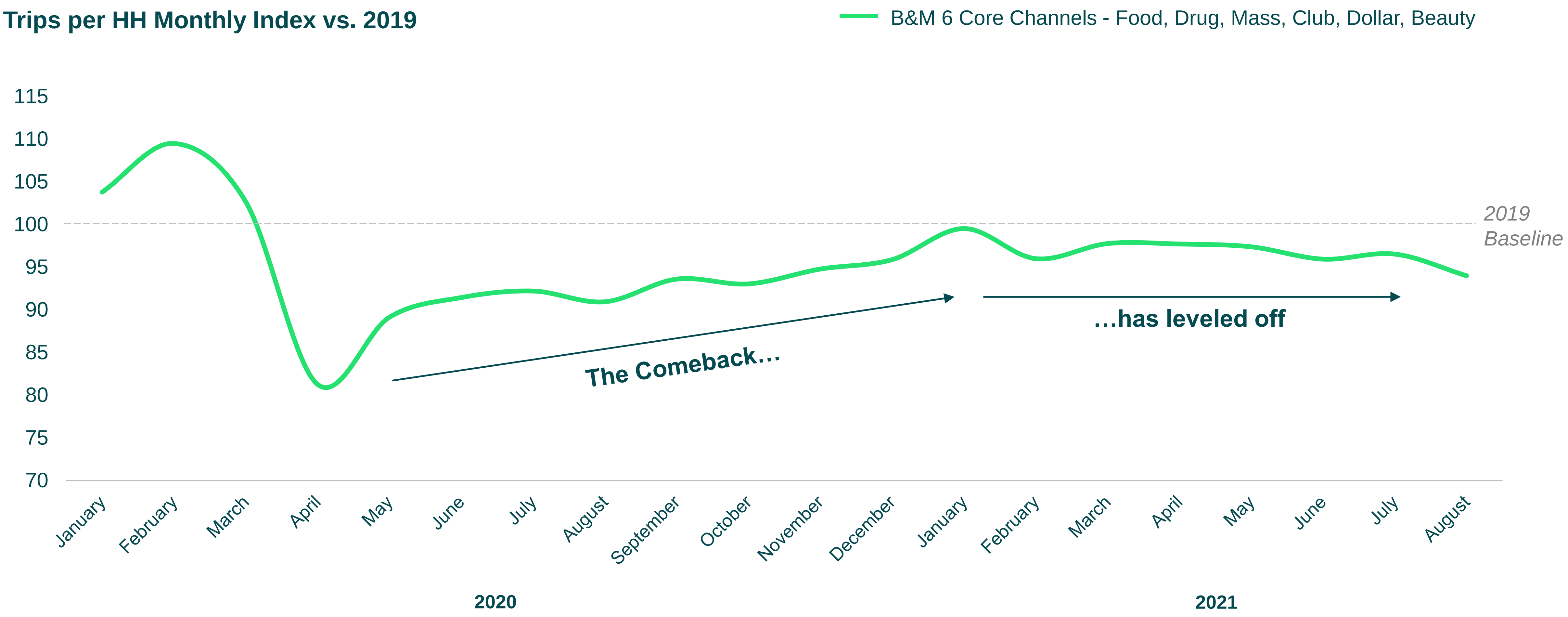
Post-COVID Plans



Source: Numerator August Sentiment Survey

BACK TO STORES. Shoppers slowly came back to B&M stores through 2020, but have leveled off since January below 2019 averages

Trips per HH Monthly Index vs. 2019



Source: Numerator Insights, B&M Trips to 6 Core Channels (Food, Drug, Mass, Club, Dollar, Beauty)

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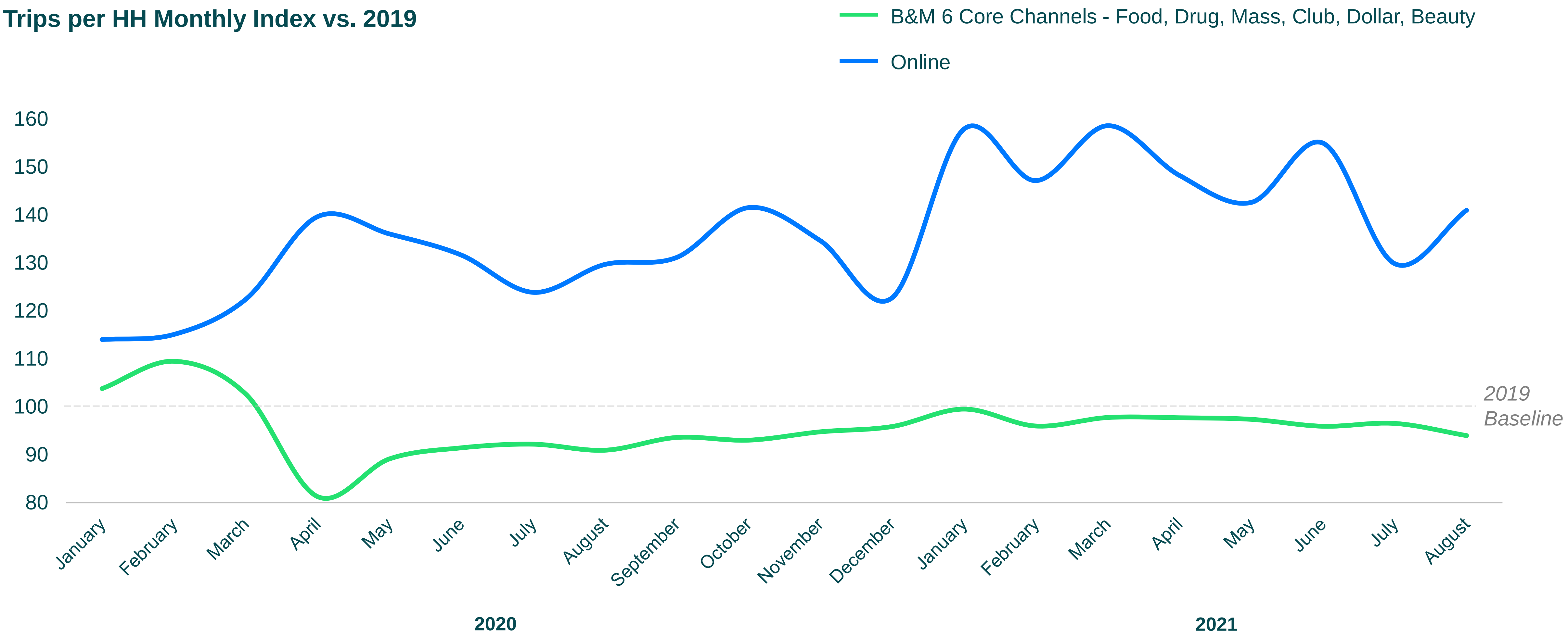
As B&M Trips level off, Online shopping remains elevated

Trips per HH Monthly Index vs. 2019



Source: Numerator Insights, B&M Trips to 6 Core Channels (Food, Drug, Mass, Club, Dollar, Beauty)

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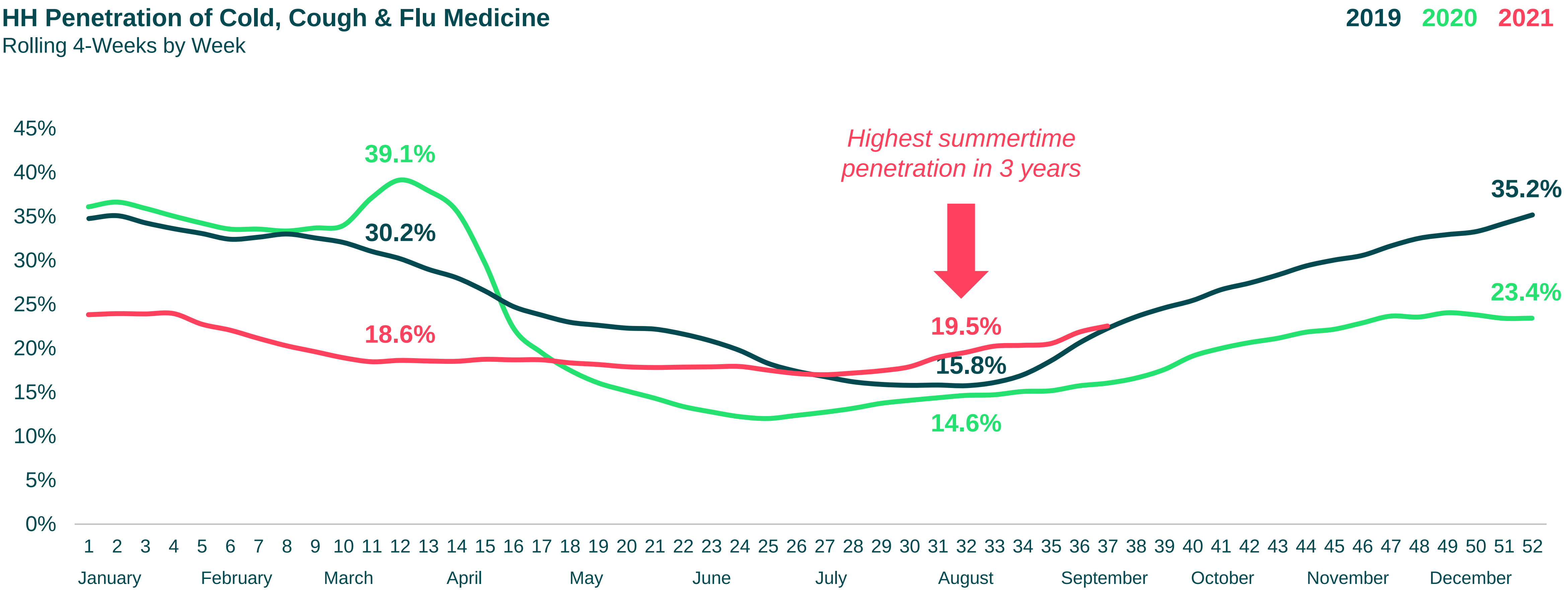
BACK TO GERMS. Cold Cough & Flu Med sales picking up in recent weeks ahead of traditional cold & flu season

HH Penetration of Cold, Cough & Flu Medicine
Rolling 4-Weeks by Week



Source: Numerator Insights, Cold Cough & Flu Category, 01/01/2019 – 09/12/2021
2021 time-shifted to overlap with previous years given the 53rd week of 2020

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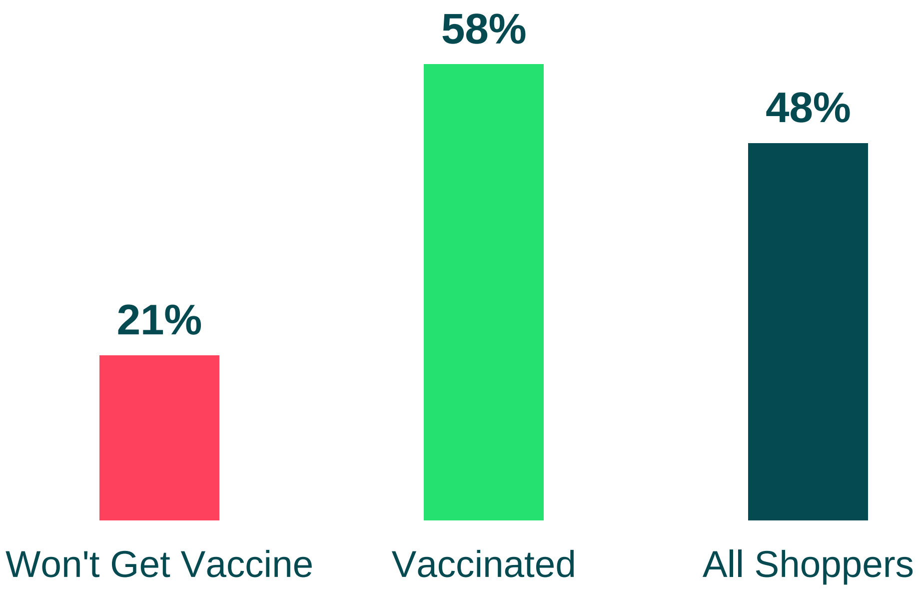
BACK TO LOCKDOWNS? Spread of the Delta Variant is a significant concern for many consumers, even those who are vaccinated.

Worried about the Delta Variant



55%

of consumers are more worried about the Delta variant than they were the original strain

64% of Vaccinated / 29% of Won't Get Vax

55%

of consumers think the Delta variant will cause a return to lockdowns where they live

59% of Vaccinated / 40% of Won't Get Vax

What specific concerns do you have regarding COVID-19? / How much do you agree or disagree with the following statements?
Numerator September COVID-19 Sentiment Survey

What we’re seeing

- Shoppers have crept back into B&M stores, though heightened online shopping seems here to stay
- With overall trip traffic down, basket sizes have gotten larger as consumers buy more goods in less trips
- Consumers are attempting to return to pre-COVID activities like work & school, but the Delta variant & inflation have raised renewed worry

Why it matters

- A lot is weighing on consumers’ minds, with uncertainty becoming a new way of life
- Consumers are learning to live in this new reality, adapting to it rather than trying to wait it out and return to “normal”
- With increased decision fatigue in daily life, shoppers will be looking for ways to simplify and make their lives easier

What to do about it

- With B&M traffic down but basket sizes up, it’s more important than ever to win shopping trips
- Retailers should focus on simplifying the shopping journey, including focus on a seamless online & offline experience
- Brands should double down on their key value proposition to make it easier for consumers to choose their brand

Thank you.

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Appendix

About the Consumer Sentiment Survey

CONSUMER SENTIMENT & BEHAVIOR 2021

Numerator's consumer sentiment survey is fielded to 1,000+ consumers on a monthly basis. Responses are shown at a total level & broken out by COVID-19 vaccine status, based on Numerator's Premium Vaccine People Groups.

Waves 1-3 (March - May) of this monthly survey were broken out based on vaccine status & intention information gathered from consumers February 2021.

Waves 4+ (June+) are broken out based on updated vaccine status & intention information gathered from consumers May 2021. Breakouts include Vaccinated & Won't Get Vaccine. *Consumers who are unsure or still awaiting their vaccine are included in the survey sample and total rollup, but are not specifically broken out.*

Timing & Sample Size of Waves:

- Wave 1: March 15, n= 2,083
- Wave 2: April 18, n= 2,262
- Wave 3: May 17, n= 2,316
- Wave 4: June 12, n= 1,069 (*updated sample information)
- Wave 5: July 15, n= 1,071
- Wave 6: August 13, n= 1,108 (*added & tweaked select questions)
- Wave 7: September 17, n= 1,085

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