Advertising Through a Pandemic

COVID-19 INSIGHTS AND IMPLICATIONS

July 7, 2020

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Growth delivered.

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Today's Speakers

Drew Breunig
Executive Vice President, Strategy
PlaceIQ

Nishat Mehta
President, Media Center of Excellence
IRI

PlaceIQ

PlaceIQ is the Premier Location Data and Technology Company

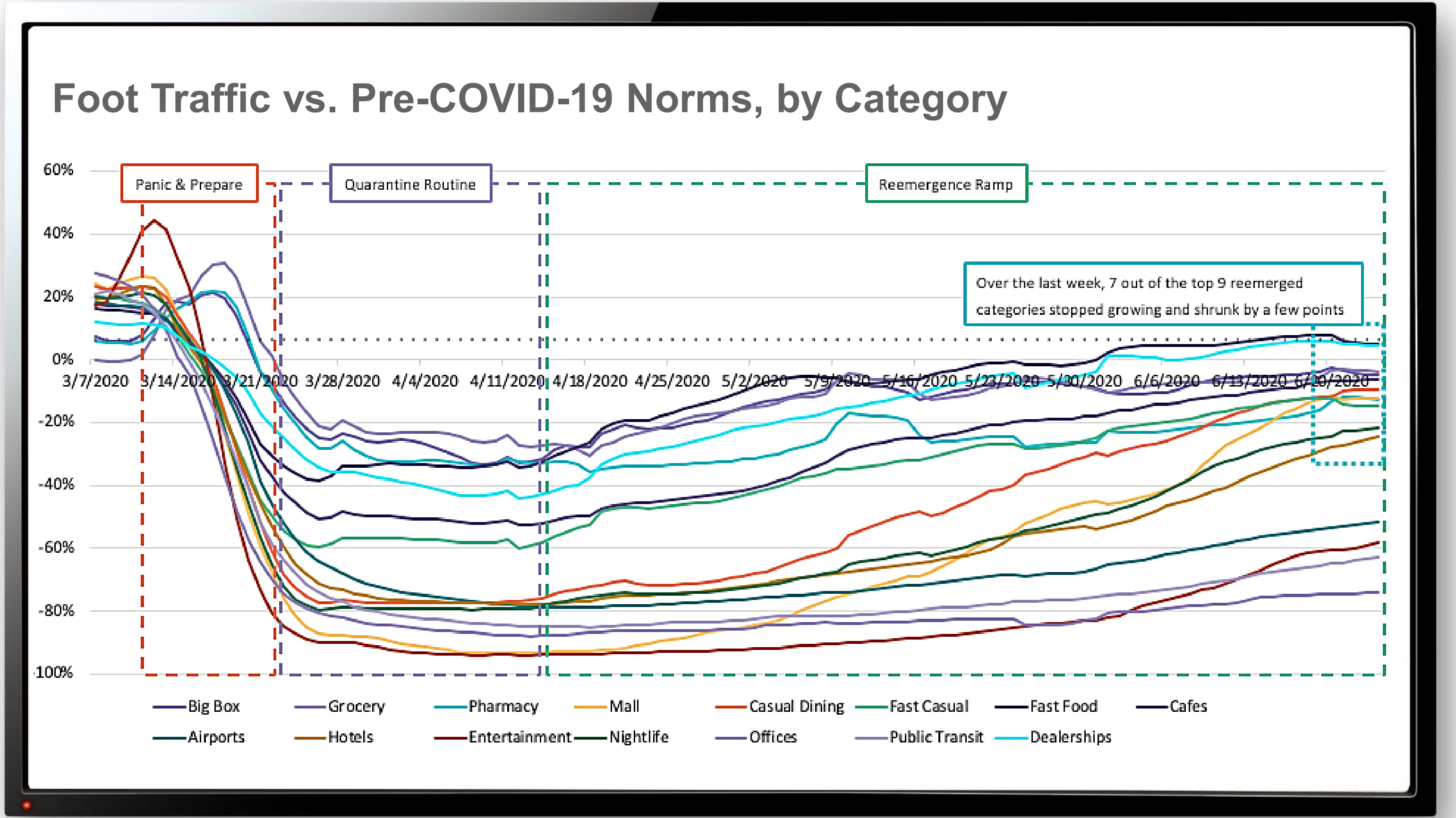
PlaceIQ has been helping businesses leverage location-based intelligence to understand and connect with consumers for 10 years.

200MM+
Unique Users

114MM+
Residential Parcels

28MM+
Commercial Locations

How Foot Traffic Has Changed During the COVID-19 Pandemic



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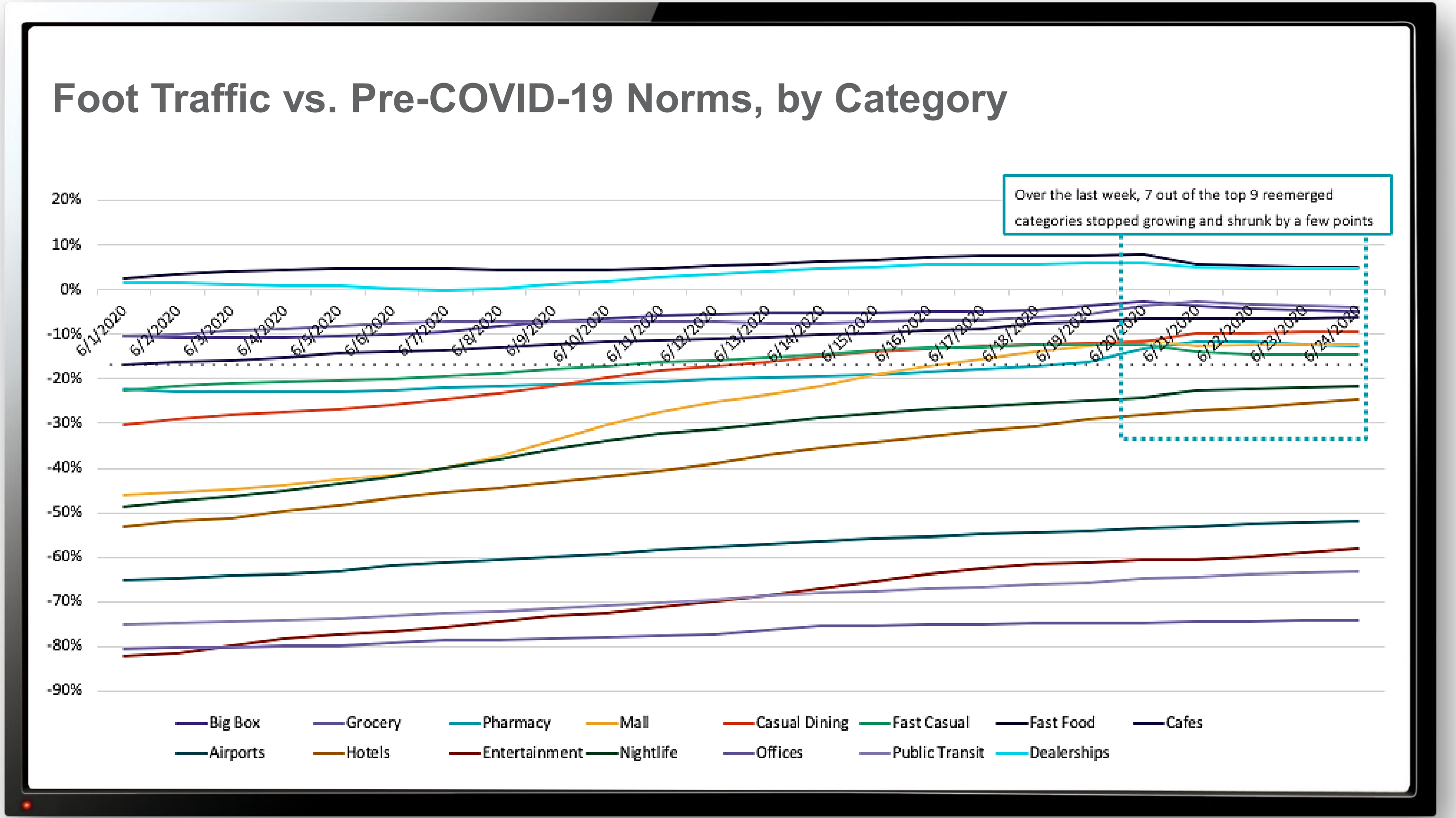
Slowing Return:

U.S. Foot Traffic Taps the Brakes

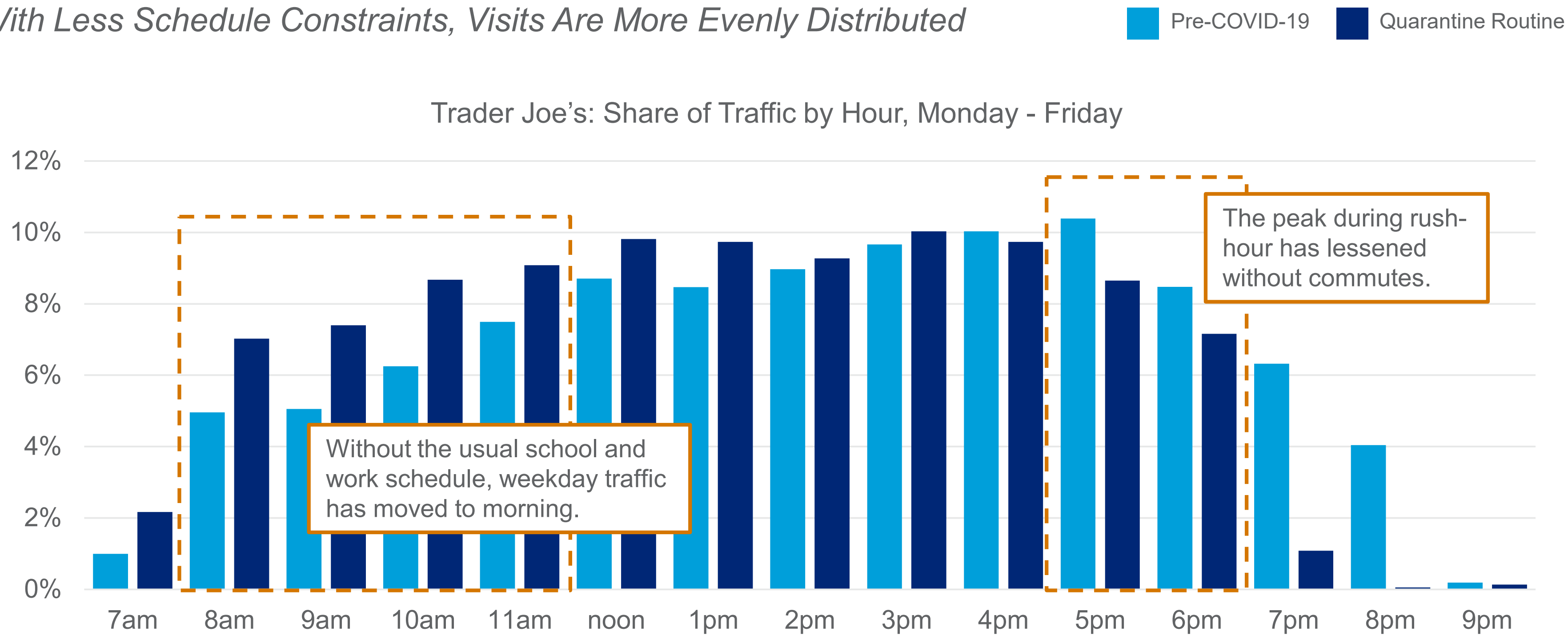


SECTION 01

Traffic is Not Just Down, it's *Different*

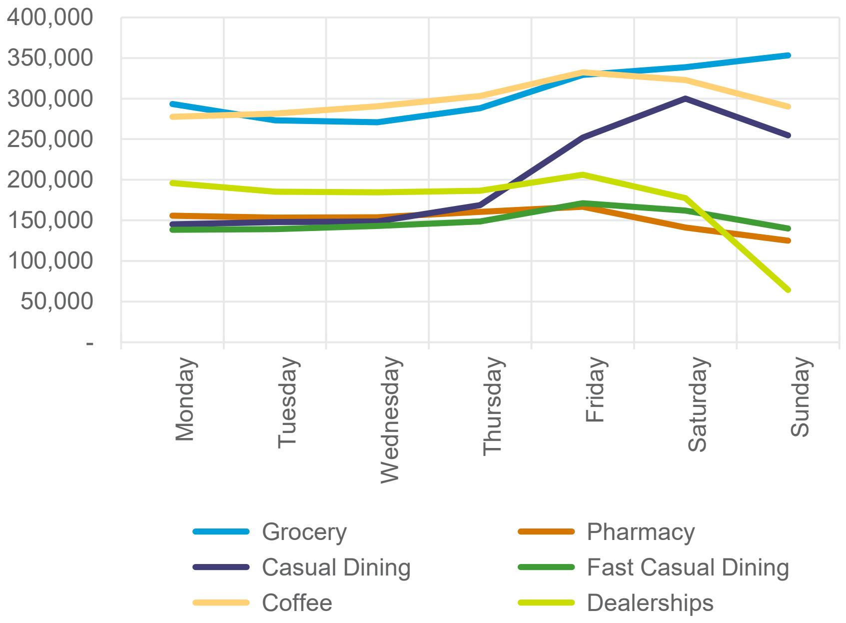
Grocery Shopping Now Occurs Equally Throughout The Day

With Less Schedule Constraints, Visits Are More Evenly Distributed

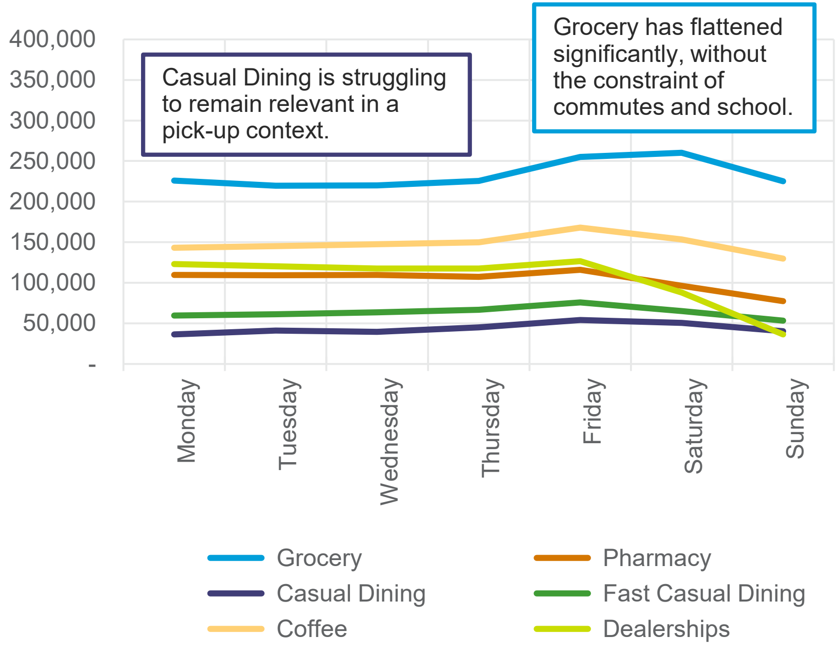


Grocery Visits Are Also More Distributed Through the Week

Pre-COVID-19 Weekday Foot Traffic Routine



Shelter-in-Place Foot Traffic Routine



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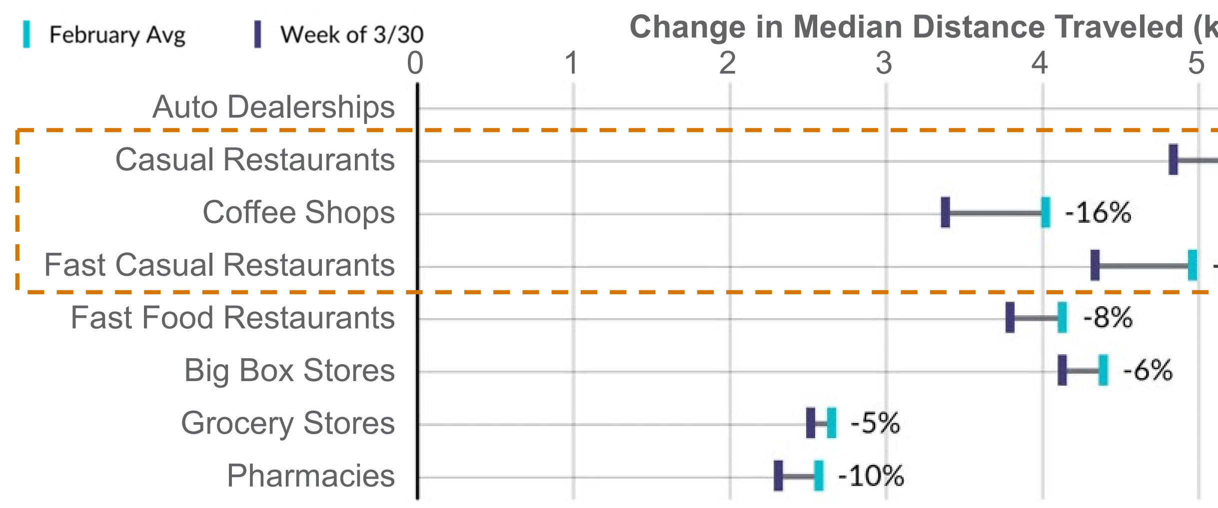
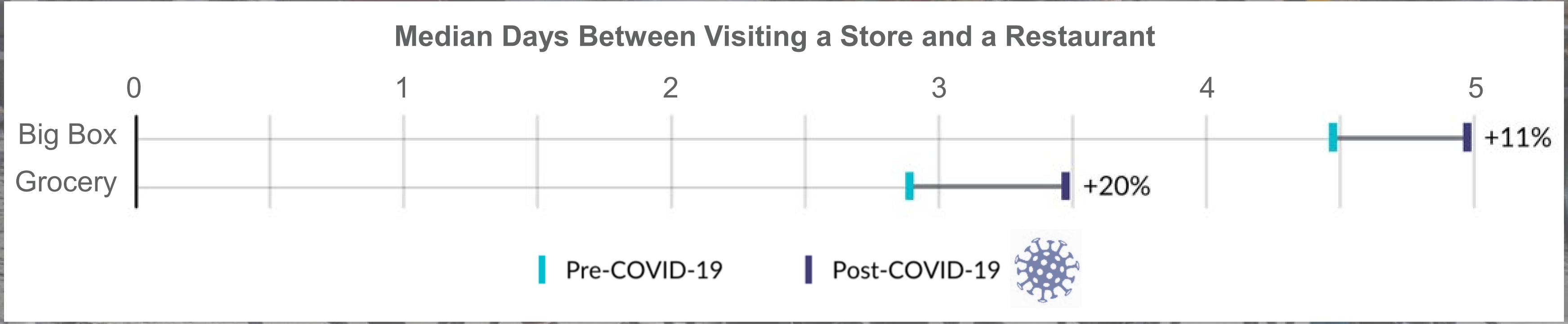
People Are Driving Less, Staying Mostly Within 3 Miles From Home



Dining feels the pain the most, as workers no longer commute to offices and visit businesses nearby.

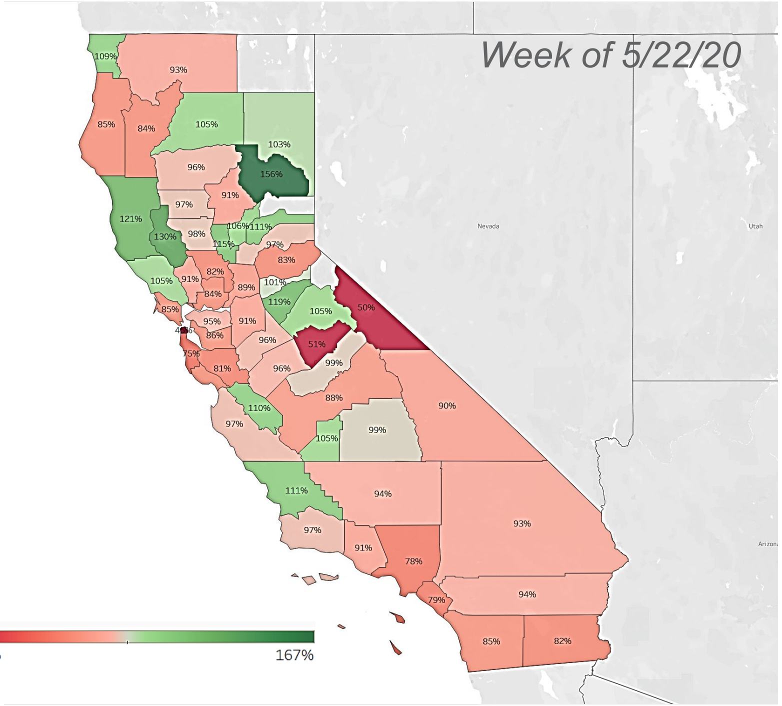
Even With Less Grocery Visits, Larger Carts Impact Dining Out

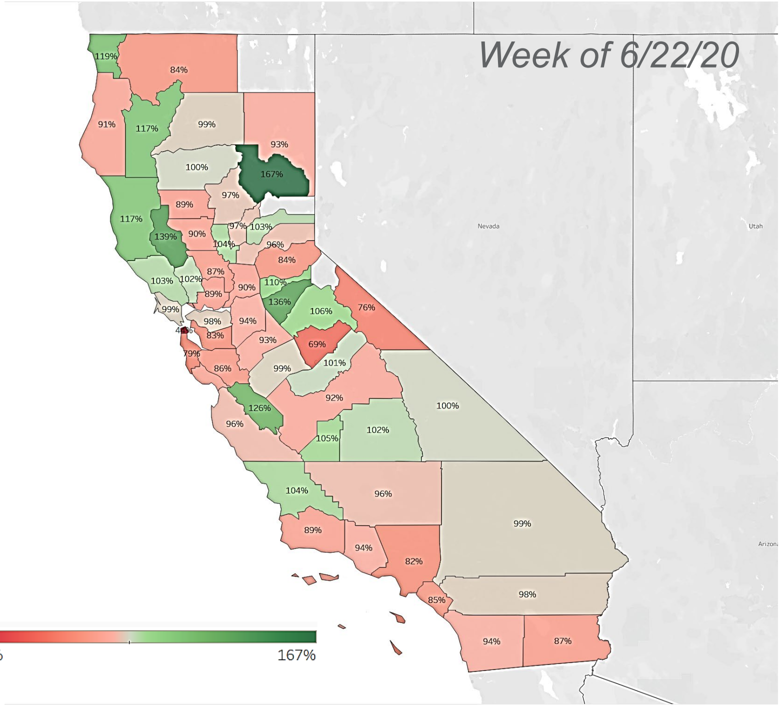
People Are Waiting Longer to Visit Restaurants Following a Visit to a Grocery Store or Big Box Retailer



Reemergence Continues to Vary Significantly By County

Change in Year Over Year Fast Food Traffic Over Time





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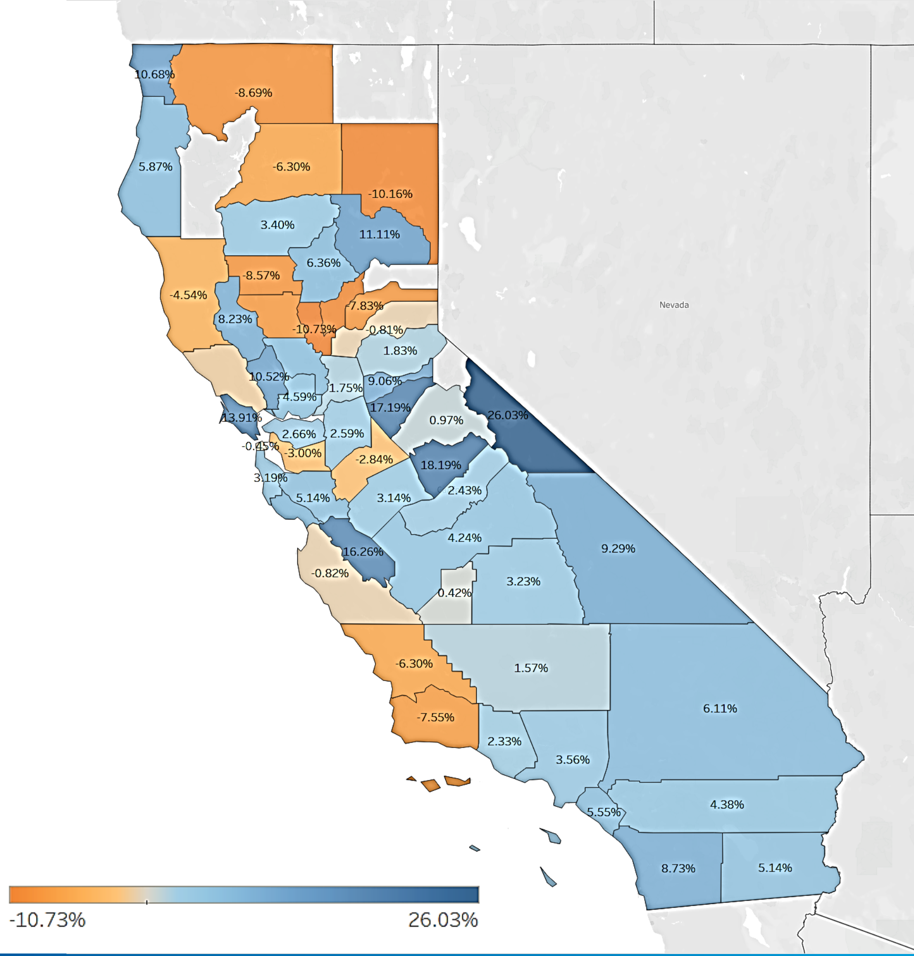
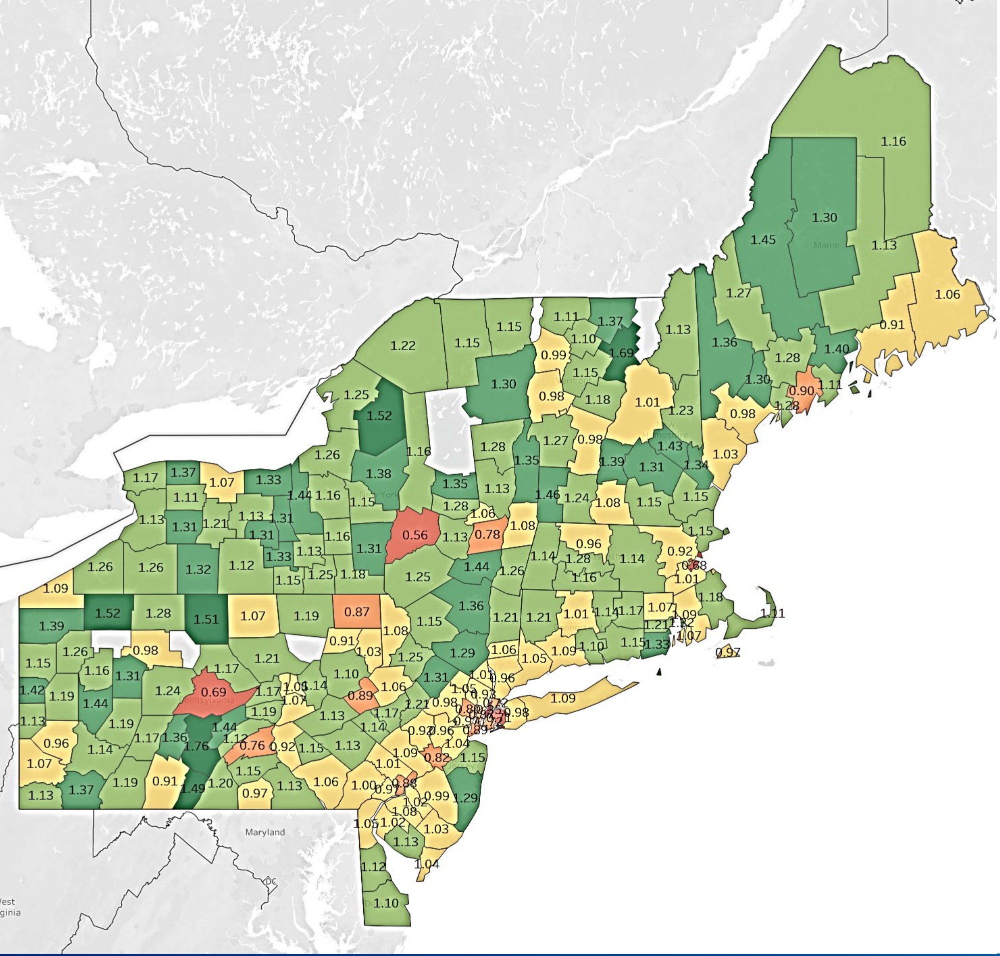
Dining Activity Continues to Change Over Time

- Fast food reemergence doesn't just vary spatially, but over time.
- County recovery can differ by direction and amount of growth.
- Foot traffic is reemerging in a very complex way, forward and backward.





Fast Food Reemergence in the Northeast

- A bright spot is the continual reemergence of the Northeast… a region that shut down and has managed to reemerge.
- This, and similar figures suggest reemergence can occur without new significant virus growth.

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Challenges Facing Marketers

“Reopening” and “Reemergence” are Different and Don’t Always Align

- Official orders, or “reopening,” has little impact on a community’s desire to leave the house to visit businesses and “reemerge.”
- Customers are dining out at fast foot restaurants more, before and after shelter in place orders changed.
- Changing rules in Georgia and Texas did little to spur people back to stores; and, an influx in cases will continue to cause consumers to pause.

Reemergence is Regional and Changes Over Time

- We sheltered in place as a nation, driven inward by shared cultural cues.
- Gains in foot traffic vary widely by county and category, creating a complex environment of diverse behaviors.
- Rural communities are more likely to be out and about; but, local economies, politics, infection rates and perceived risk drive different behaviors.

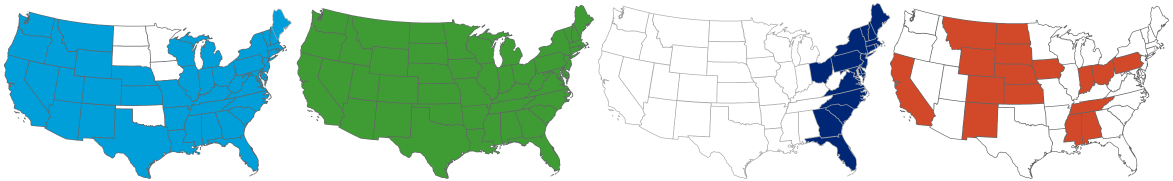
SECTION 02

How Shopping Baskets Have Changed

Our Insights Are Driven From a Variety of Deterministic Purchase Data Sources

Retailer Loyalty Card Data

- **500MM** total cards; industry largest
- **117MM** unique HHs covering **93%** of U.S.
- **4.3 cards** per household is **2x** competition
- Only provider of **100%** deterministic audiences
- **27 months** of longitudinal data



GROCERY = 49% ACV | DRUG = 61% ACV | CLUB = 18% ACV | C-STORE = 6% ACV

Syndicated and Proprietary Data

POS Data
Source: >$2T of annual tracked sales data from ~200k+ stores

Consumer Panel
Source: 110k U.S. HH's, 605 measures, survey capabilities

Causal Variables
Source: In-store data (display, feature, price, etc.), weather, gas, CPI

Third / First Party Data
Source: Demographic, media behavior, lifestyle

In-Home Consumption of Both Edible & Nonedible Products Remains Elevated

2020 Week Ending	04.12	04.19	04.26	05.03	05.10	05.17	05.24	05.31	06.07	06.14	06.21	06.28
Total CPG	114	101	119	116	117	114	113	111	110	111	114	109
Total Edible	127	109	128	123	122	119	118	116	112	112	117	112
Beverages	100	98	108	108	110	108	107	108	111	113	114	108
Frozen	132	128	148	135	134	130	129	126	120	120	126	120
General Food	127	102	121	119	118	116	116	113	109	110	115	109
Beverage Alcohol	127	42	131	135	136	130	124	124	125	120	126	115
Refrigerated	127	115	134	127	125	120	118	116	114	114	119	113
Total Non Edible	100	101	109	107	109	107	106	105	103	106	107	104
Beauty	94	97	111	110	114	108	107	105	101	107	109	103
General Merch	110	108	119	117	118	113	112	109	107	108	110	106
Health	90	91	98	96	100	98	100	99	98	103	104	102
Home Care	115	119	130	118	119	119	120	114	110	116	117	115
Tobacco	98	100	101	103	103	103	102	103	103	103	103	101

Indices < 100 = Decline; > 100 = Growth

IRI CPG Demand Index is calculated based on % change in sales in most recent week vs. year ago.

IRi PlaceIQ

Source: Market Advantage TSV; IRI Liquid Data - the leading global provider of enterprise market information solutions, March 15, 2020

Grocery Has Taken Share from Convenience, But the Trend is Normalizing As Consumers Get Back On the Road

2020 Week Ending	04.12	04.19	04.26	05.03	05.10	05.17	05.24	05.31	06.07	06.14	06.21	06.28
Total Store												
MULOC	114	101	119	116	117	114	113	111	110	111	114	109
MULO	118	108	123	119	120	116	115	112	110	111	116	110
Grocery	131	118	136	128	127	123	120	119	119	116	122	114
Convenience	96	99	102	105	106	105	105	107	108	109	108	104
Total Edible												
MULOC	127	109	128	123	122	119	118	116	112	112	117	112
MULO	131	110	131	125	124	121	120	117	114	113	119	113
Grocery	136	120	142	130	130	126	124	121	120	117	123	116
Convenience	82	86	91	93	94	95	96	97	99	99	99	96
Total Non Edible												
MULOC	100	101	109	107	109	107	106	105	103	106	107	104
MULO	100	101	111	107	110	107	107	104	102	105	107	104
Grocery	118	115	120	116	116	113	112	110	111	109	113	109
Convenience	100	103	104	107	106	106	106	107	107	108	107	104
Fresh Foods*												
MULOC	119	102	124	123	119	113	113	112	111	108	119	108
MULO	120	102	124	124	120	114	114	112	112	109	119	108
Grocery	123	103	127	125	122	115	115	113	114	108	121	107
Convenience	81	85	89	89	92	91	92	93	94	94	96	92

Indices < 100 = Decline; > 100 = Growth

IRI CPG Demand Index is calculated based on % change in sales in most recent week vs. year ago.

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Source: IRI POS data U.S., week ending June 28, 2020 vs. year ago

Number of Trips Has Stayed Relatively Consistent…

2020 Week Ending	04.12	04.19	04.26	05.03	05.10	05.17	05.24	05.31	06.07	06.14	06.21	06.28
Total CPG	98	84	100	100	103	102	99	101	97	98	105	100
Total Edible	101	85	101	100	103	102	99	101	97	98	105	100
Beverages	100	90	106	102	107	102	99	104	101	105	107	102
Frozen	120	106	128	121	121	119	117	116	109	111	117	111
General Food	104	84	101	101	102	102	100	101	96	97	104	100
Beverage Alcohol	113	94	113	116	124	111	108	103	110	105	111	105
Refrigerated	109	95	113	107	108	107	104	105	103	101	108	103
Total Non Edible	100	93	105	109	109	108	104	104	100	101	109	103
Beauty	102	100	114	109	117	111	107	104	103	103	106	99
General Merch	106	98	112	118	117	113	109	107	105	104	111	104
Health	90	89	95	98	96	99	100	98	94	100	104	102
Home Care	122	117	133	125	120	124	117	122	111	114	120	117
Tobacco	79	67	77	88	90	85	72	105	74	85	90	98

Indices < 100 = Decline; > 100 = Growth

IRI CPG Demand Index is calculated based on % change in sales in most recent week vs. year ago.

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...But Basket Size Has Increased Significantly to Account for Increased Consumption

2020 Week Ending	04.12	04.19	04.26	05.03	05.10	05.17	05.24	05.31	06.07	06.14	06.21	06.28
Total CPG	122	129	125	121	118	118	118	114	115	115	113	111
Total Edible	128	132	131	127	124	123	123	118	120	118	117	114
Beverages	111	117	113	113	111	113	114	111	115	112	112	111
Frozen	113	124	118	116	114	113	113	111	111	110	110	109
General Food	125	126	126	122	120	120	119	116	117	115	114	113
Beverage Alcohol	117	118	121	120	118	122	117	120	116	109	124	109
Refrigerated	120	124	123	122	119	116	116	113	113	114	113	111
Total Non Edible	103	110	107	103	103	104	105	103	105	107	103	105
Beauty	90	93	92	97	92	98	97	98	96	101	102	104
General Merch	104	110	107	103	102	105	105	104	105	107	104	104
Health	106	108	109	104	108	104	105	105	107	104	105	105
Home Care	100	103	99	100	101	102	104	100	104	105	104	103
Tobacco	112	111	115	109	108	113	126	104	114	121	112	106

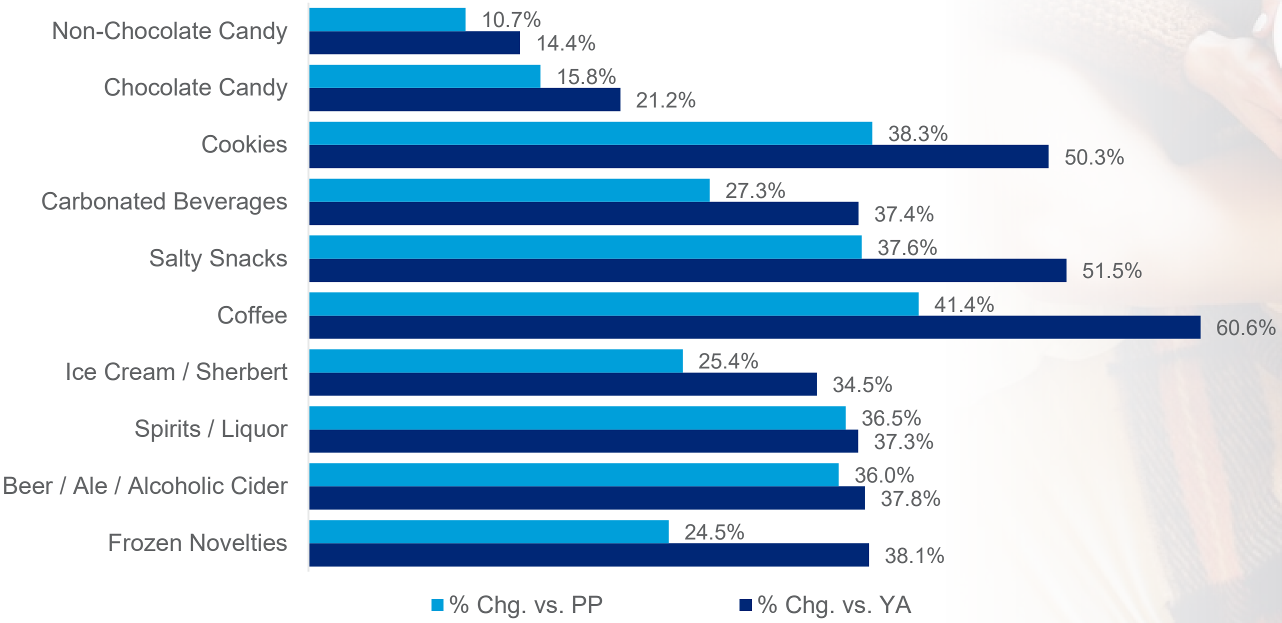
Indices < 100 = Decline; > 100 = Growth

IRI CPG Demand Index is calculated based on % change in sales in most recent week vs. year ago.

Source: IRI POS data U.S., week ending June 28, 2020 vs. year ago

Half the U.S. Food Dollar Spent Outside the Home Is Now Consumed In-Home; Consumers Need Help to Satisfy Their Desire for New Experiences and Tastes

Geography: Total U.S. - Multi Outlet w/C-Store (Grocery, Drug, Mass, Conv., Military, Select Club & Dollar) Latest 1 Week Ending 03-15-20



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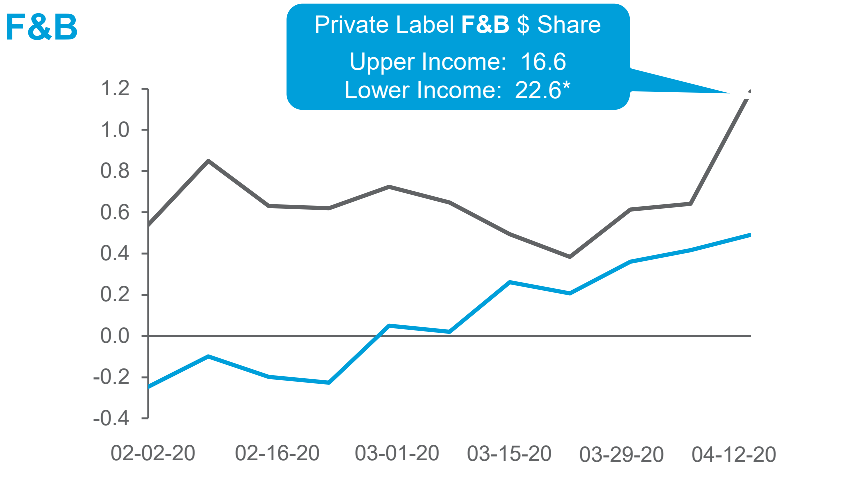
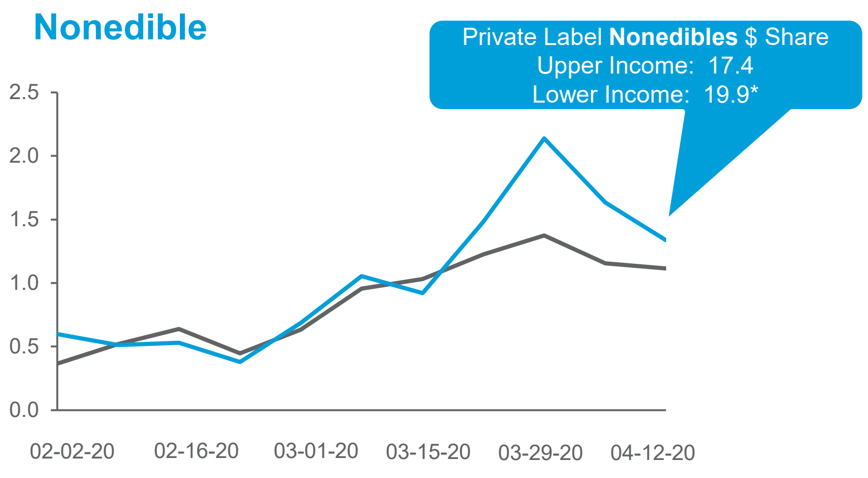
Source: Market Advantage TSV; IRI Liquid Data - the leading global provider of enterprise market information solutions, March 15, 2020

While Private Label Food and Beverage Share Is Higher in Lower-Income Markets Than in Upper-Income Markets, It Is Gaining Share in Both

Private Label $ Share PPT. Change vs. YA // POS Store Level Data

Upper Income*
Lower Income





Why Consumers Have Chosen Store Brands in the Past Month

59% Chose Store Brands to Save Money

54% Chose Store Brands Because the Brand They Usually Purchase Wasn't Available

*Note: Upper income represents stores in which average income in trade area is >$80K household income per year; lower income is <$40K per household per year. *Source: POS; non-projected, IRI Consumer Survey, Wave 6, April 17-19*

Connecting with Consumers Will Be Key for CPGs as They Aim to Retain New Buyers and Defend Loyals

OPPORTUNITY | Long-term retention of new or returning brand buyers with minimal acquisition cost

RISK | Losing loyal brand buyers to competitive brands due to out-of-stocks

35% More than a third of advertisers are adjusting their in-market tactics, increasing:

Audience Targeting +38%

OTT / CTV Device Targeting +35%*

35%

On average, reaching new brand buyers within the first purchase cycle after their first purchase converts 35% into repeaters.

-50%

Opportunity is decreased 50% every purchase cycle thereafter.

**IAB Coronavirus Ad Spend Impact: Buy Side, March 27, 2020*

E-Commerce is Accelerating, Inclusive of Click and Collect

Latest 4 Weeks

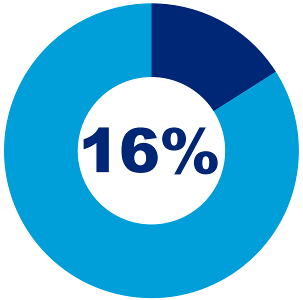
↑ 75.4%

Dollar Sales % Change vs. YA

$12.3B

Dollar Sales

E-Commerce Share of Omni-Channel Sales



Latest 13 Weeks

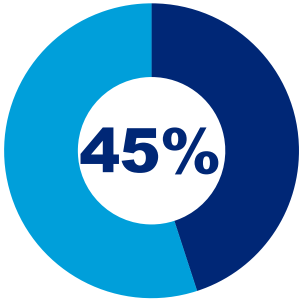
↑ 65.0%

Dollar Sales % Change vs. YA

$37.0B

Dollar Sales

E-Commerce Share of Omni-Channel Growth



Latest 52 Weeks

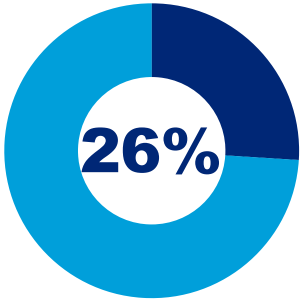
↑ 33.5%

Dollar Sales % Change vs. YA

$114.5B

Dollar Sales

Click & Collect Share of E-Commerce Growth



Source: IRI eMarket Insights, as of May 17, 2020

In the U.S., E-Commerce Gains Will Stick in a Post-COVID-19 World; Consumers Increasingly Buy into Click and Collect

13% Buying More Groceries Online for Home Delivery

14% Using Curbside Pick-Up More Often

- After stay-at-home restrictions end, 40% using curbside pick-up more often plan to get 50% or more of their groceries this way
- Nearly 1/3 of those ordering groceries for home delivery, more often plan to get half or more of their groceries this way
- The cost of online convenience is much more of a concern for those increasing their use of home delivery than for those opting for curbside pick-up
  - 27% say home delivery product prices are higher than they would normally be willing to pay vs. 15% for curbside pickup
  - 16% say shipping fees are more than they would normally be willing to pay vs. 7% for curbside service fees
- European countries ahead of the U.S. COVID-19 curve demonstrate continued growth of e-commerce

Source: IRI Consumer Survey fielded among Primary Grocery Shoppers in the National Consumer Panel, March 13 – April 19, 2020.

Shoppers are Focused on Limiting Their Time in Store or Buying Online; Marketers Will Need to Provide Pre-Shopping Communications to Get on Shopping Lists

Shopping Behaviors on Last Regular In-Store Trip for Groceries

Base = Those Who Have Shopped for Groceries In-Store in the Past Month = 1,226

56%
Went straight to the usual location for the items I wanted; didn't usually look at displays (end of aisle or other special displays around the store)

35%
Skipped a lot of aisles / sections to limit my time in the store

Q. Which of the following, if any, did you do during your last regular grocery shopping trip to a store?

Change in Time Spent Grocery Shopping vs. Similar Store Trip Prior to COVID-19

Base = Those Who Have Shopped for Groceries In-Store in the Past Month = 1,226

42%
Spent less time shopping than I did for a similar type of trip before COVID-19

Q. How much time did you spend shopping on this latest grocery trip, compared to how long you would have shopped on a similar trip prior to COVID-19?

Source: IRI Survey 2020, IRI Consumer Network™ Panel representing Total U.S. Primary Grocery Shoppers, May 22 – 24, 2020.

Industry Research Underscores Why it Remains Important to Continue to Invest in Advertising During Economic Downturns

1991 Recession

- Brands that cut advertising saw sales decrease by 25%+.
- Brands that maintained or increased advertising into and during the recession saw **78% increase in sales** vs. those that reduced advertising over the next 4 years.
- Similar trends were found in the 1974 and 1981 recessions.

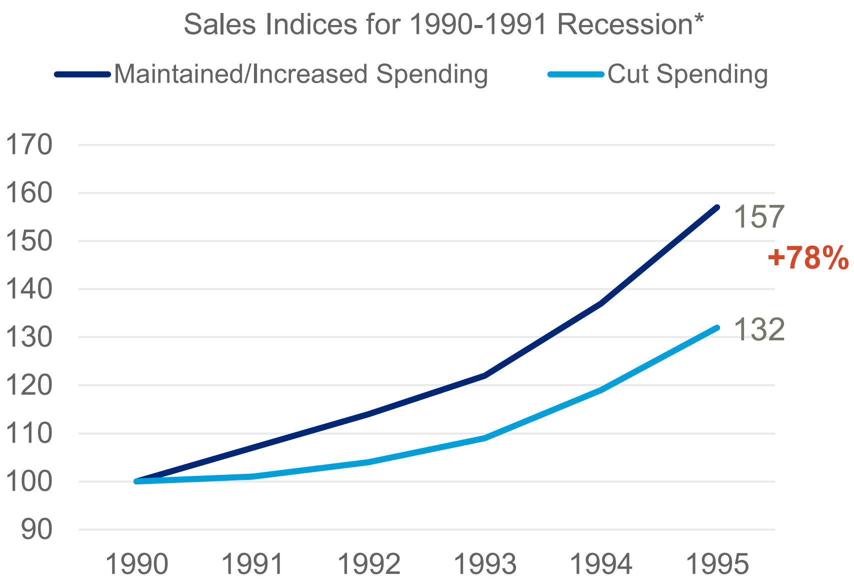
SARS Epidemic in 2002 and 2003

- Companies that supported their brands saw **sales increases of 28% to 35%** one year later.

2008 Great Recession

- Overall brand media spend dropped ~15%.
- Brands that maintained or increased their brand efforts saw **sales grow upwards of 30%.**

Brands That Maintained / Increased Ad Spend in the 1990-1991 Recession Grew 78% vs. Peers



Source: Journal of Advertising Research, September, 2009

The Impact of COVID-19 on CPG and CPG Retail

- People are changing their habits like never before.
- Consumers are buying larger baskets at larger stores and via e-commerce, preferring to spend less time in store.
- Retailers will continue to limit depth of assortment to larger, multi-use sizes, as well as smaller, lower-priced packs for economically pinched consumers.
- Marketers will need to defend their shelf space as retailers reallocate space for high-demand, high-margin categories.
- Marketers should ensure share of voice at least matches share of category with lower media costs and past research showing brands that maintained or increased their advertising during previous recessions gained share for years after the recession passed.
- Brands need to build awareness outside of retail environments.

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Recommendations

Using Deterministic Data Helps Brands Accurately Understand, Reach and Retain Buyers at Scale

Monitor Reemergence

- See where reemergence is occurring – by county, category and brand using a granular dataset.
- Track changes to individual venues with daily visitation data.

Understand and Segment Audiences

- Message regions and households by how much they are reemerging.
- Reach households who are more likely to try new products.
- Suppress buyers in medium / long purchase-cycle categories.

Reach and Retain Buyers at Scale

Grow New Buyer Base

- Target known recent new, lapsed or at-risk buyers.
- Target known buyers who have recently visited relevant food service locations.

Expand Pantry Affinity Buyers

- Target potential new buyers that purchase categories with high co-purchase indices.
- Reach households at a time when they are showing more flexibility.

Address E-Commerce Growth

- Target households who are highly likely to purchase CPG products online.
- Reach and retain brand and category buyers who may no longer be purchasing in-store.

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Maintain Brand Growth and Promote Loyalty

Defend Existing Brand Buyers

- Target households who purchased your brand in the 4-8 weeks prior to the COVID-19 stock-up period.
- Remind loyals why they purchased your brand and how / where to buy it today.

Measure and Optimize Advertising Return

- Evaluate if your campaigns drove in-store or online purchases with deterministic signals.
- Use dynamic data signals to continue to segment and optimize as behavior changes.

Combine Location and Purchase Signals for a Real World Audience Strategy

Easy and Accessible Food Options

QSR Restaurant Visitors and Frozen Meal Buyers

Everything Your Family Needs to Safely Recreate

Sporting Goods Store and Park / Beach Visitors and Bug Spray Buyers

Stock Up For Your Road Trip / Summer Vacation

Convenience and Gas Visitors and Salty Snacks Buyers

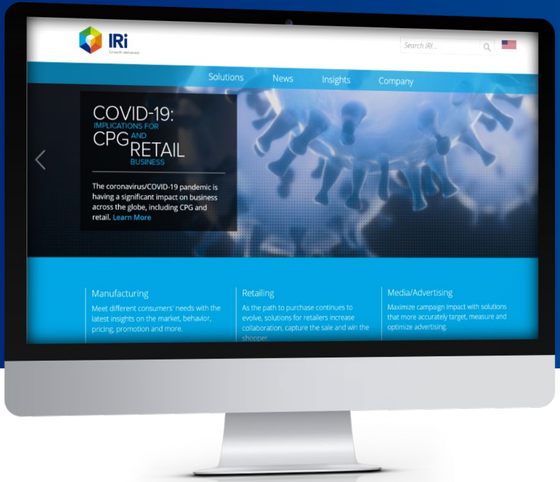
Stay Home and Get Your Wine Delivered

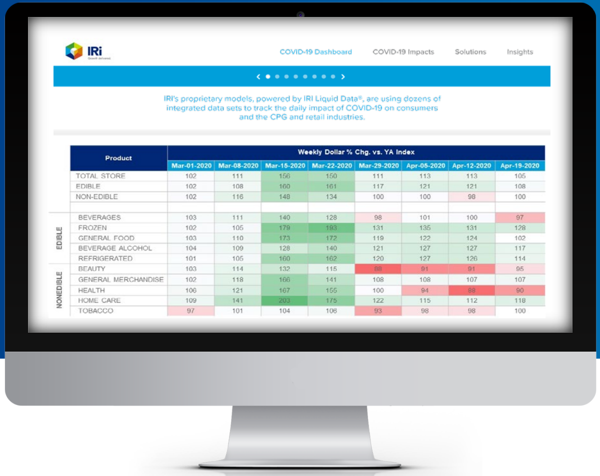
Liquor Store Visitors and Wine Buyers

Custom audiences available upon request

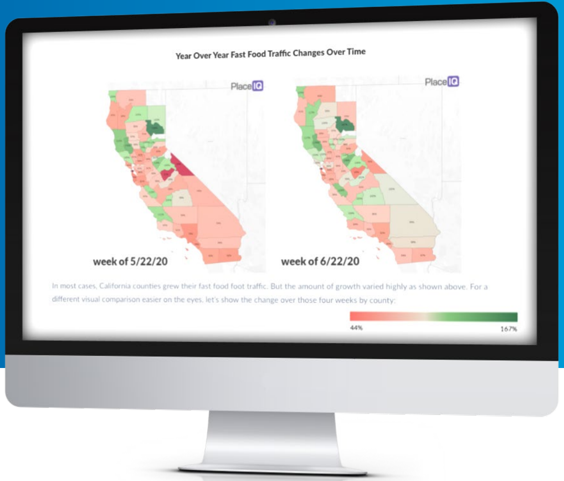
Insights and Strategic Guidance for Better Decisions

Get Access to Resources Including Real-Time Updates and Weekly Reports That Track the Impact of the Virus on CPG and Retail





	Product	Weekly Dollar % Chg. vs. YA Index							
		Mar-01-2020	Mar-08-2020	Mar-15-2020	Mar-22-2020	Mar-29-2020	Apr-05-2020	Apr-12-2020	Apr-19-2020
	TOTAL STORE	102	111	156	150	111	113	113	105
	EDIBLE	102	108	160	161	117	121	121	108
	NON-EDIBLE	102	116	148	134	100	100	98	100
EDIBLE	BEVERAGES	103	111	140	128	98	101	100	97
	FROZEN	102	105	179	193	131	135	131	128
	GENERAL FOOD	103	110	173	172	119	122	124	102
	BEVERAGE ALCOHOL	104	109	128	140	121	127	127	117
	REFRIGERATED	101	105	160	162	120	127	126	114
NONEDIBLE	BEAUTY	103	114	132	115	88	91	91	95
	GENERAL MERCHANDISE	102	118	166	141	108	108	107	107
	HEALTH	106	121	167	155	100	94	88	90
	HOME CARE	109	141	203	175	122	115	112	118
	TOBACCO	97	101	104	106	93	98	98	100



The IRI COVID-19 Impact
Includes COVID-19 impact analyses, dashboards and the latest thought leadership on supply chain, consumer behavior and channel shifts for the U.S. AND international markets.

IRI CPG Economic Indicators, Including the IRI CPG Demand Index™, IRI CPG Supply Index™ and IRI CPG Inflation Tracker™
Accessible through the insights portal to track the daily impact of COVID-19. This includes top-selling and out-of-stock categories across the country and consumer sentiment on social media.

PlaceIQ Social Distance Tracker
PlaceIQ publishes a weekly *Social Distance Tracker* that gives you a quick, regular snapshot of foot traffic trends in your industry to support your ability to modify your market strategies with real world, near term data. Sign up to receive the newsletter and view all published editions at **placeiq.com/blog.**

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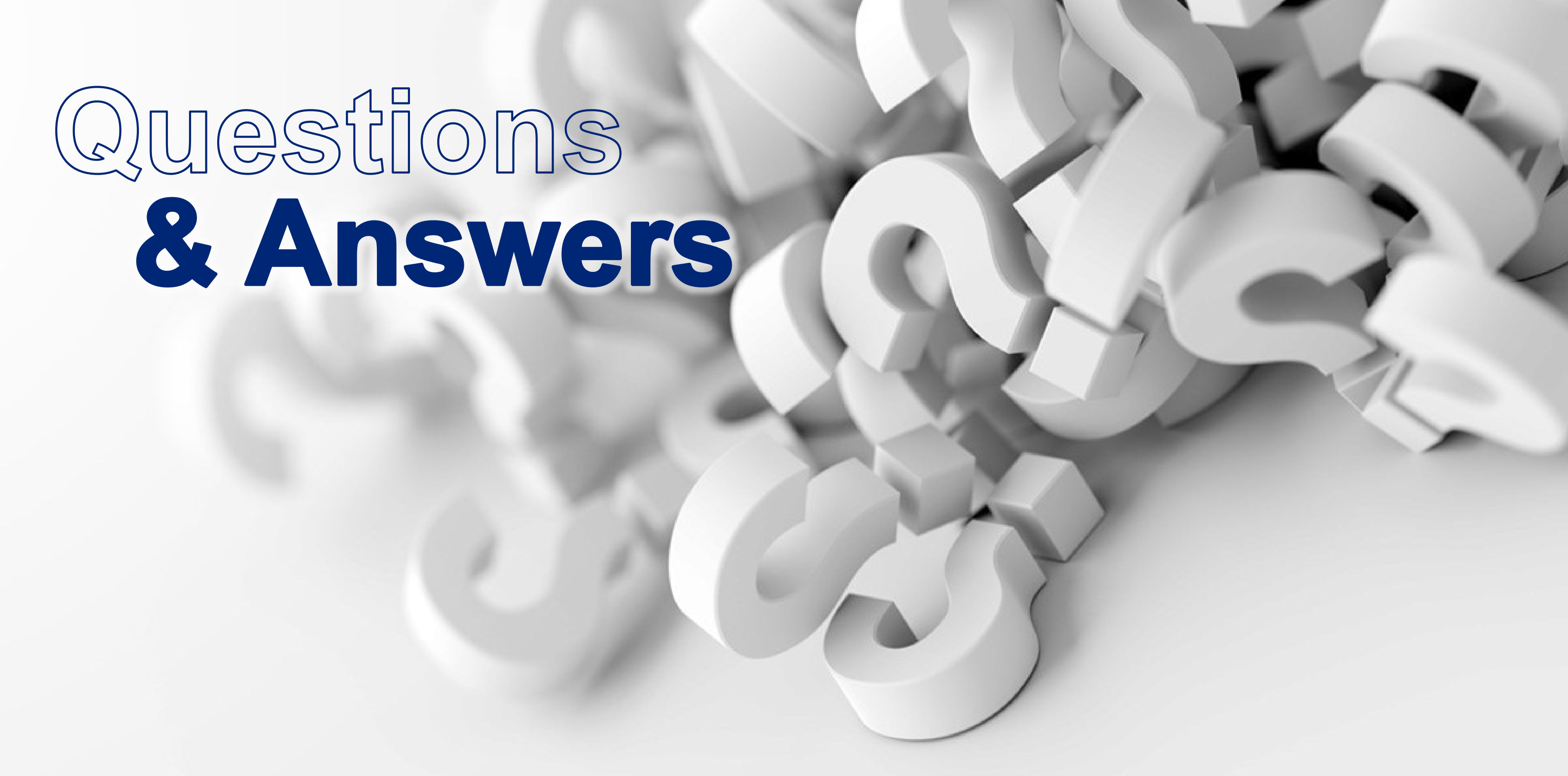
How did we do?

Your Feedback is Important
Please Complete a Brief Survey

Questions & Answers



Thank You

Contact Us For More Information

Nishat Mehta
President, Media Center of Excellence, IRI
Nishat.Mehta@IRIworldwide.com

Drew Breunig
Executive Vice President, Strategy, PlaceIQ
drew@placeiq.com