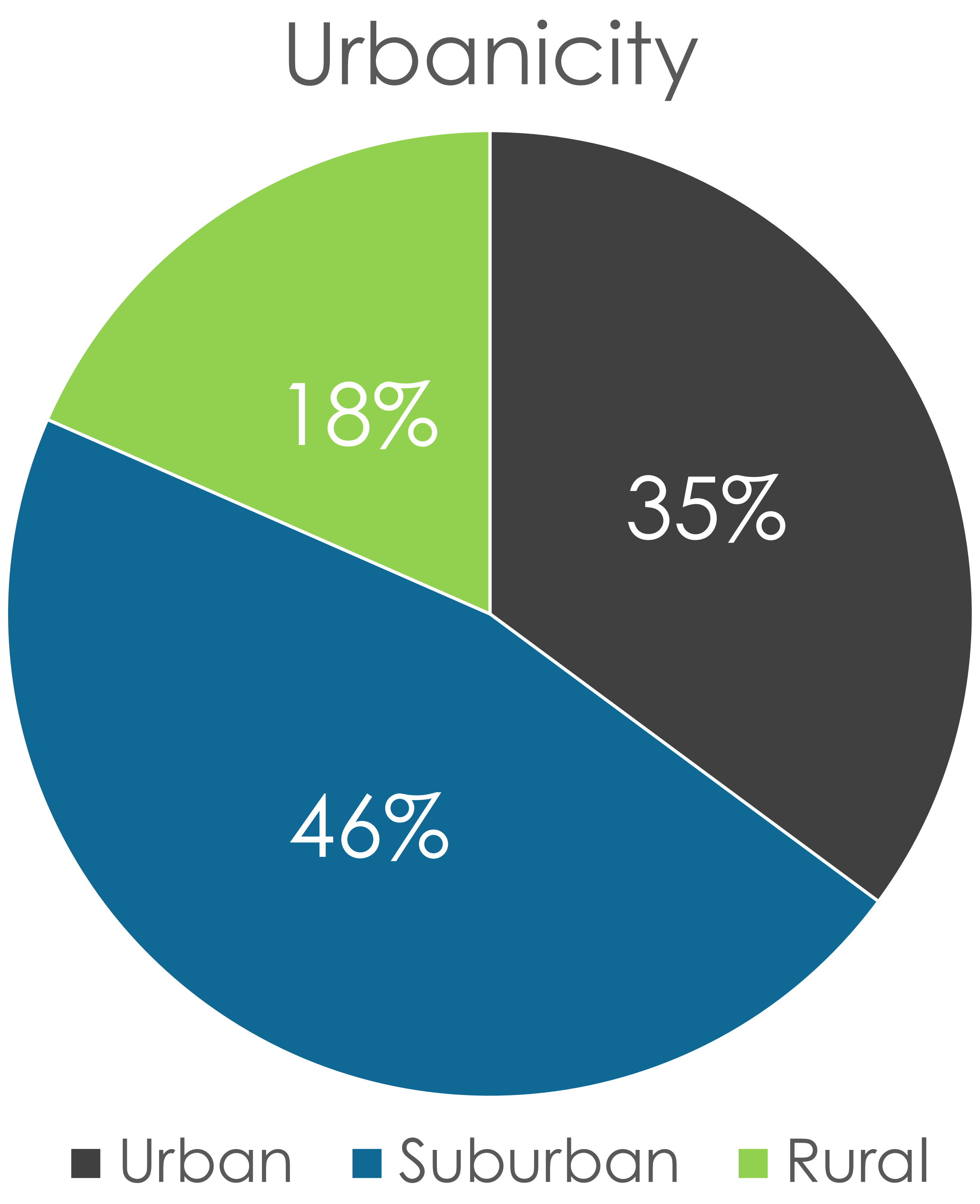
COVID-19 U.S. CONSUMER IMPACT TRACKING STUDY – WEEK 16

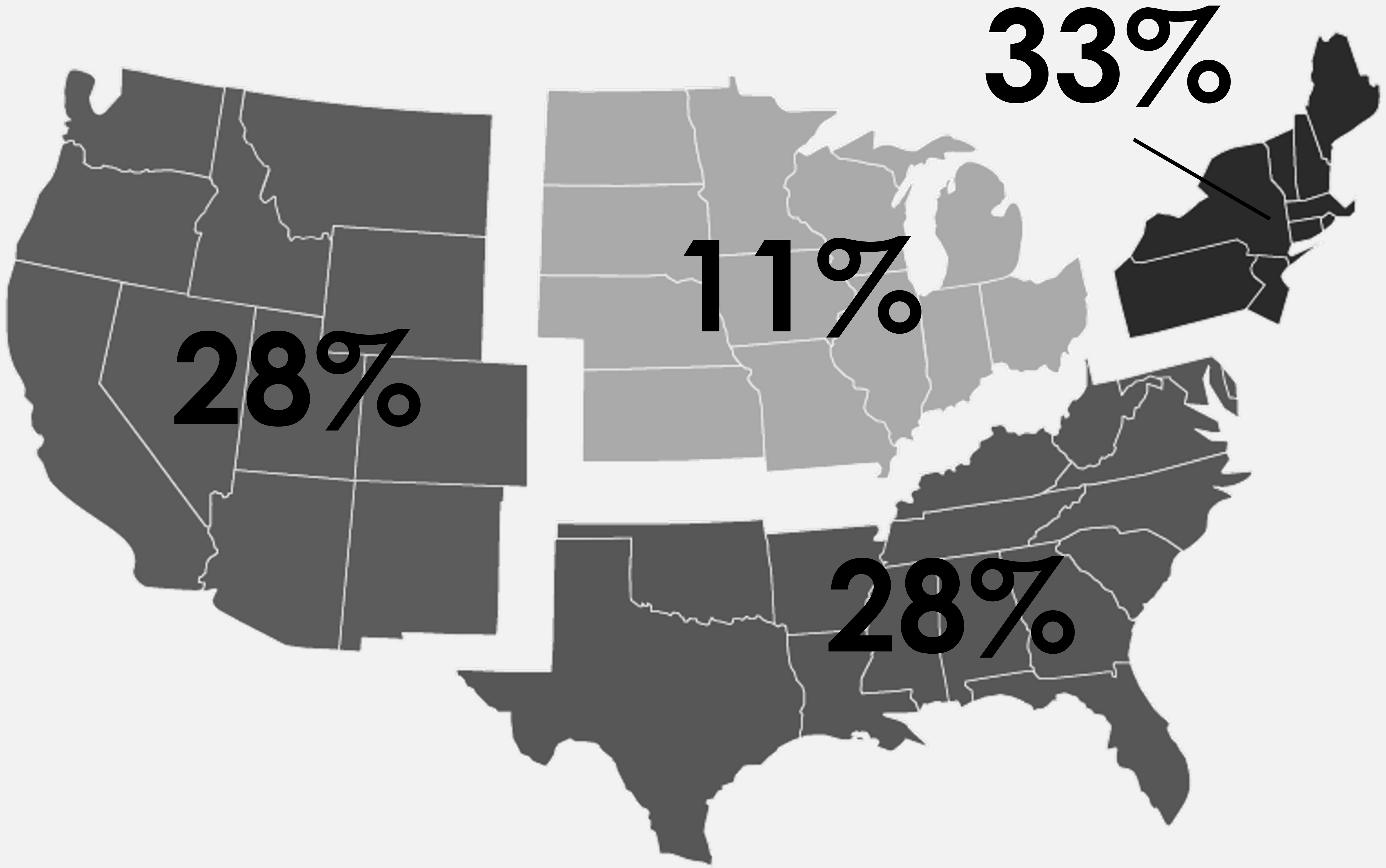
PRESENTED JUNE 22, 2020

Methodology

- N = 1,070; Census Balanced
- MOE = ± 3.0%
- Panel: General Population
- Collected: 06/18/20, 06/19/20

The panel is representative of American households.





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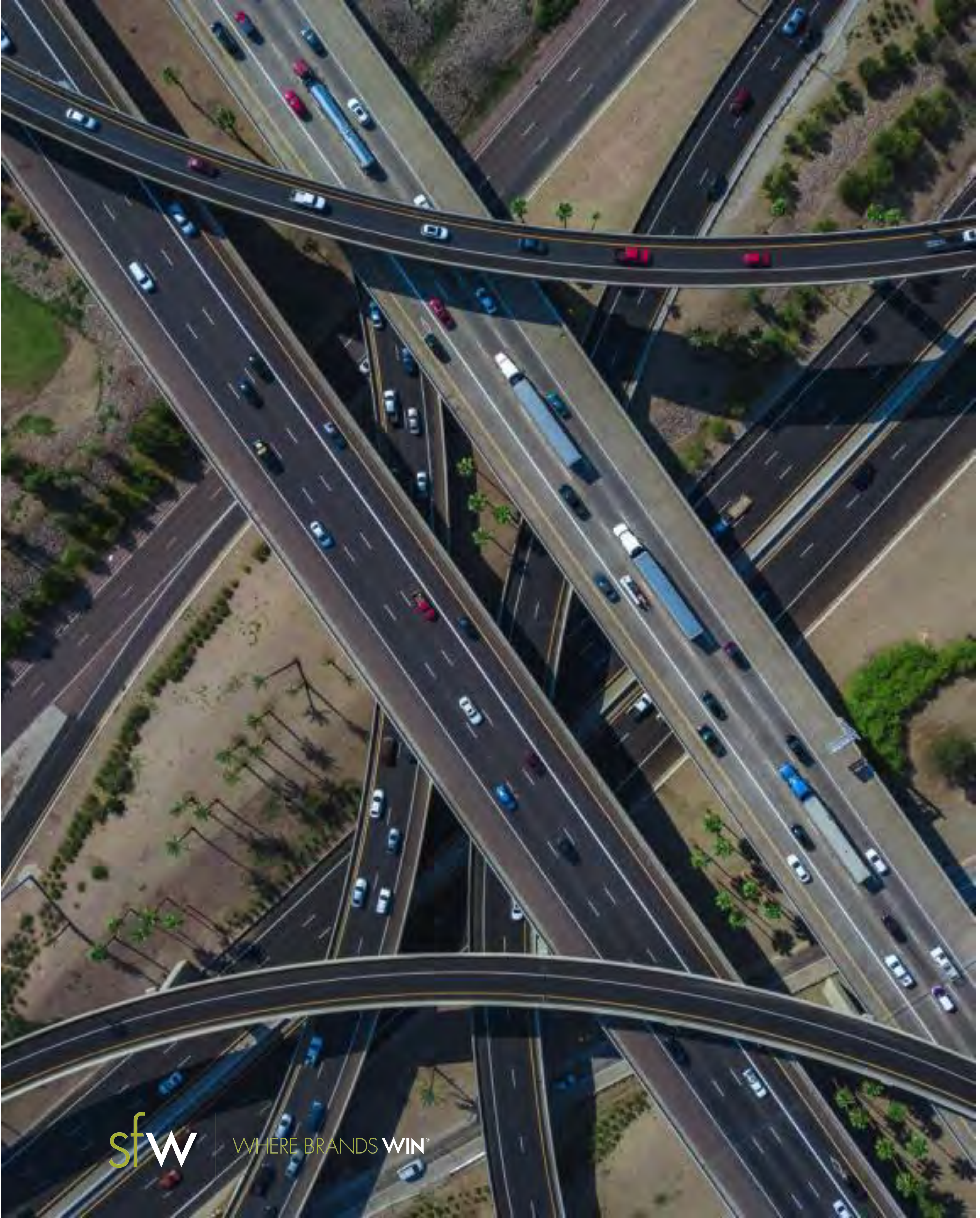
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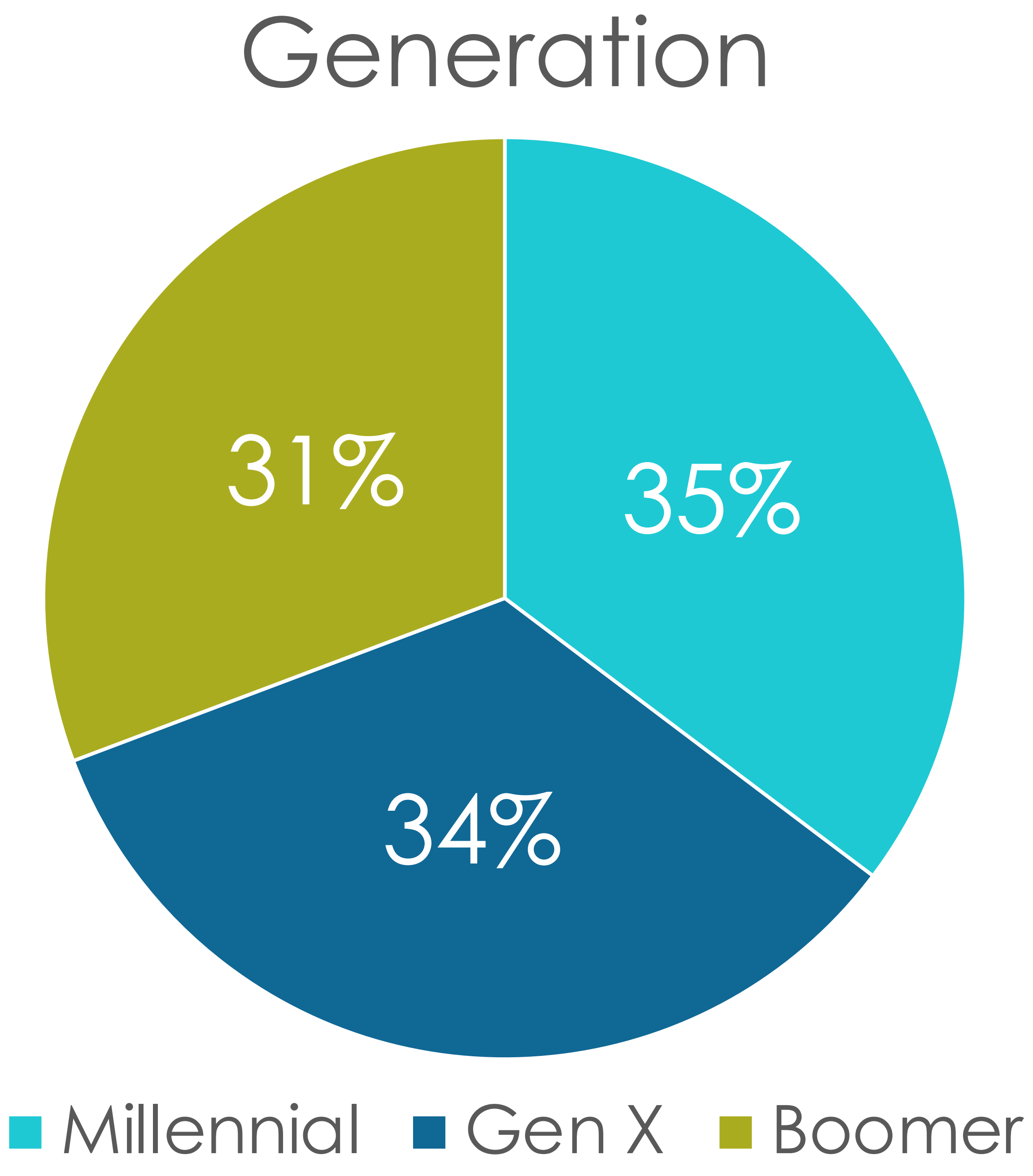
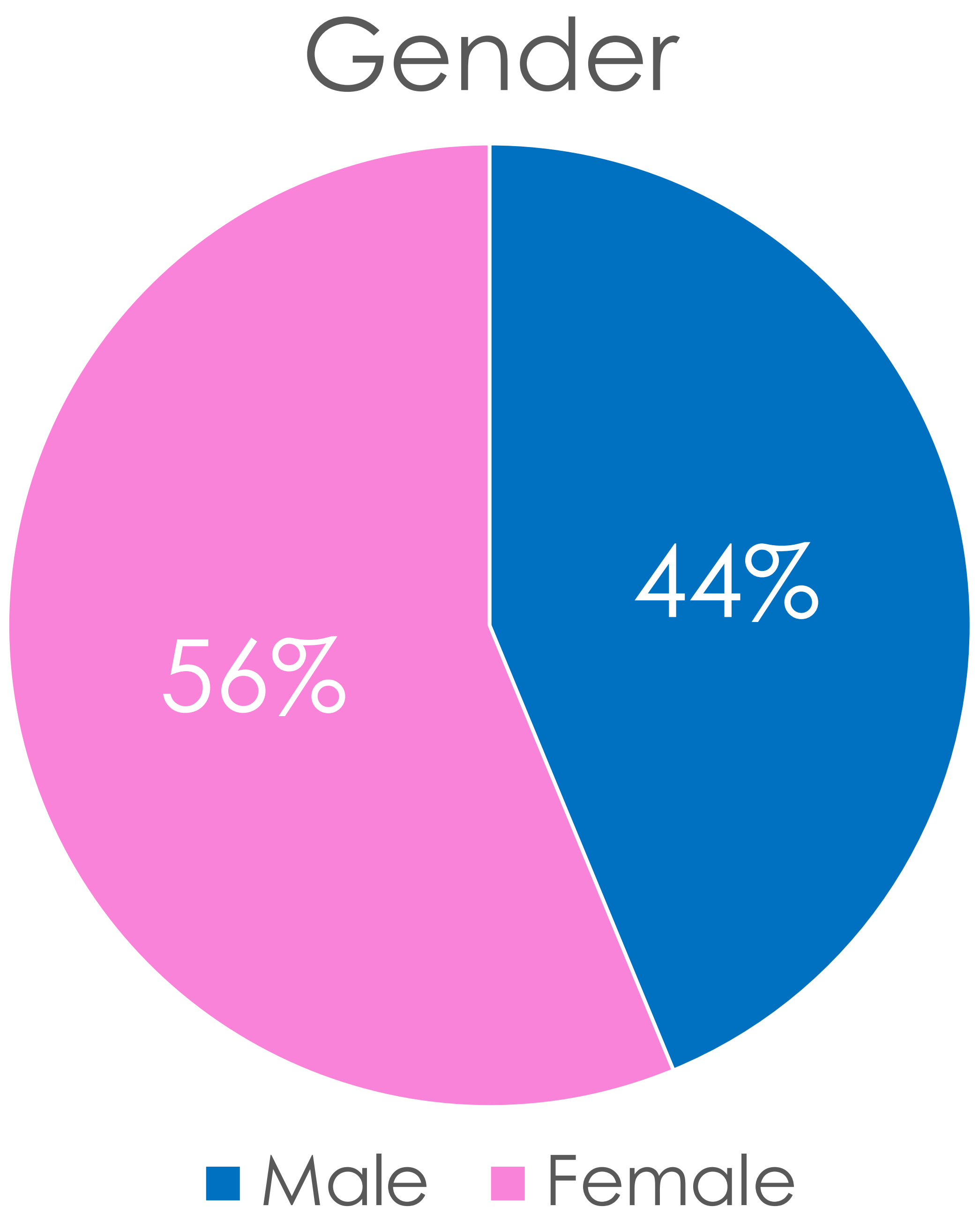
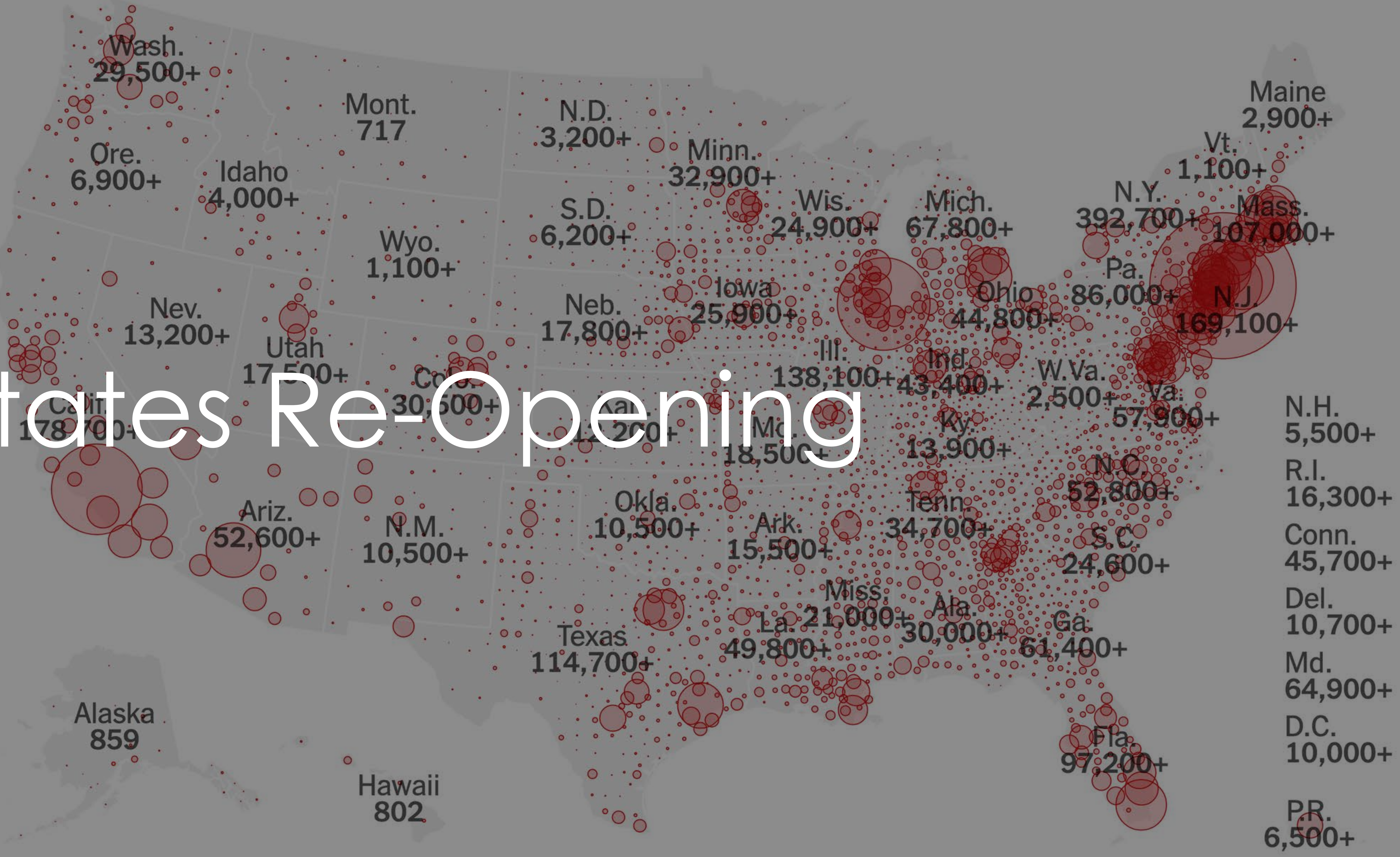

Generation
31%
35%
34%
Millennial
Gen X
Boomer


Gender
56%
44%
Male
Female

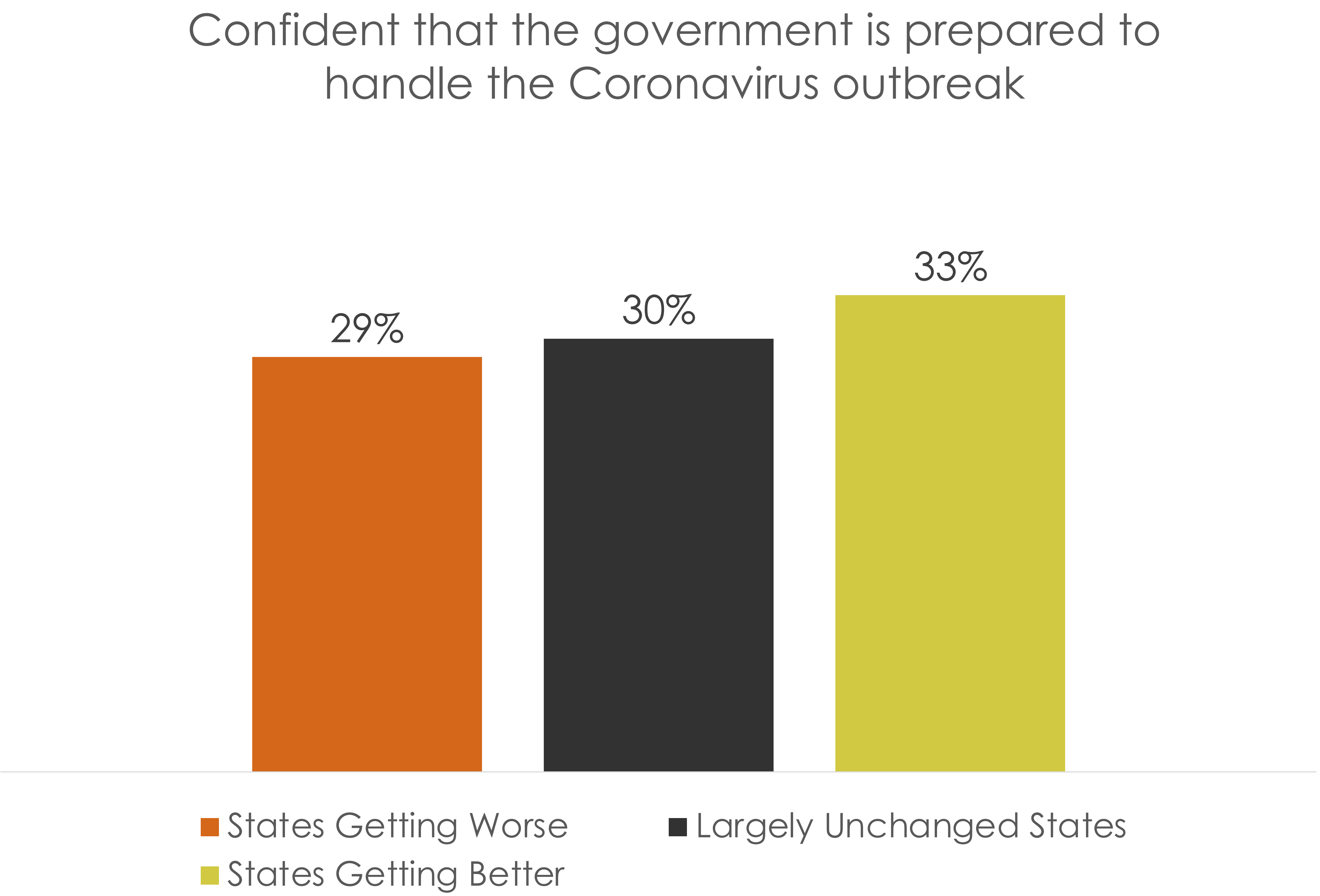
States Re-Opening



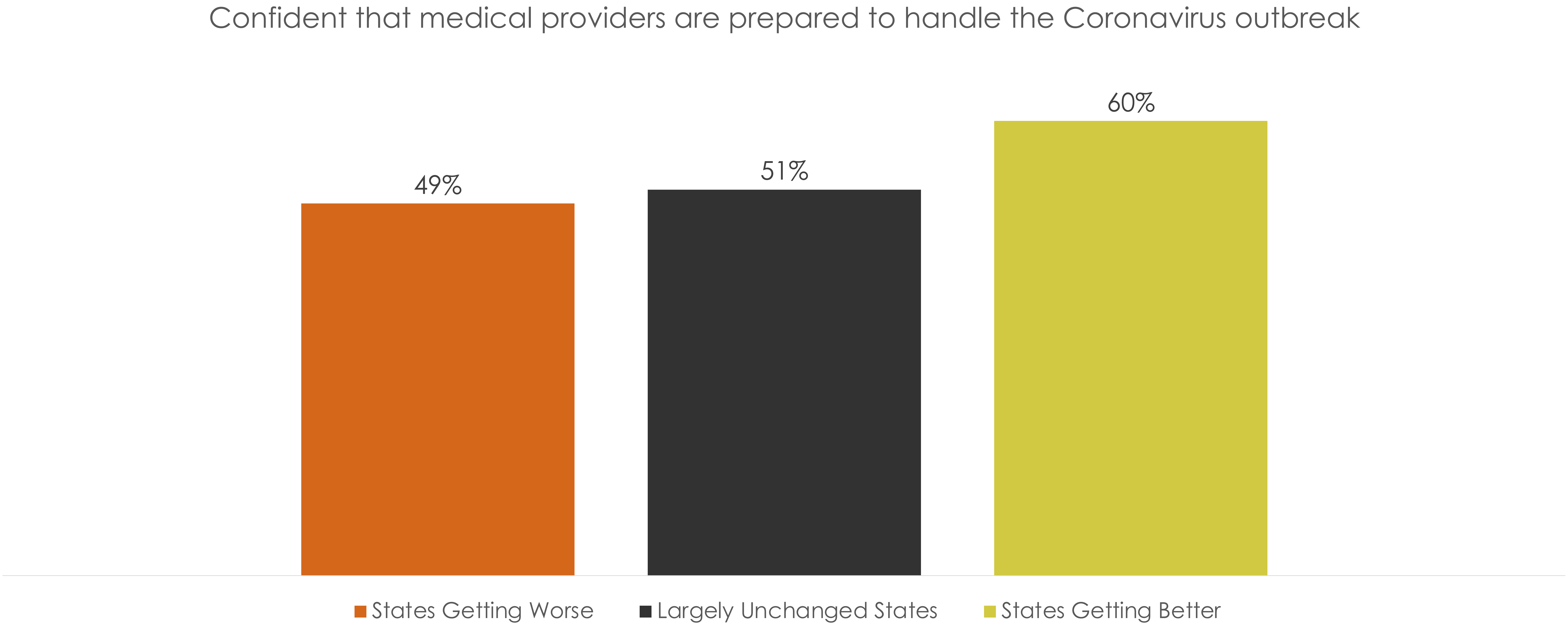
Source: New York Times, COVID-19 cases by state, June 22, 2020

A state's COVID-19 status has little bearing on confidence in the government's ability to deal with the outbreak.

How the Coronavirus is progressing varies dramatically state-to-state. Many states (14), primarily those in the northeast corridor that was hit so hard at the onset, have been experiencing a significant decline in new cases. Others (14), in many cases large states like CA, TX, FL and NC, are experiencing new cases at unprecedented rates. Still others (22) have seen only minor changes in the rate at which new cases are being diagnosed. Interestingly, this has only had a minor impact on perceptions of government preparedness.

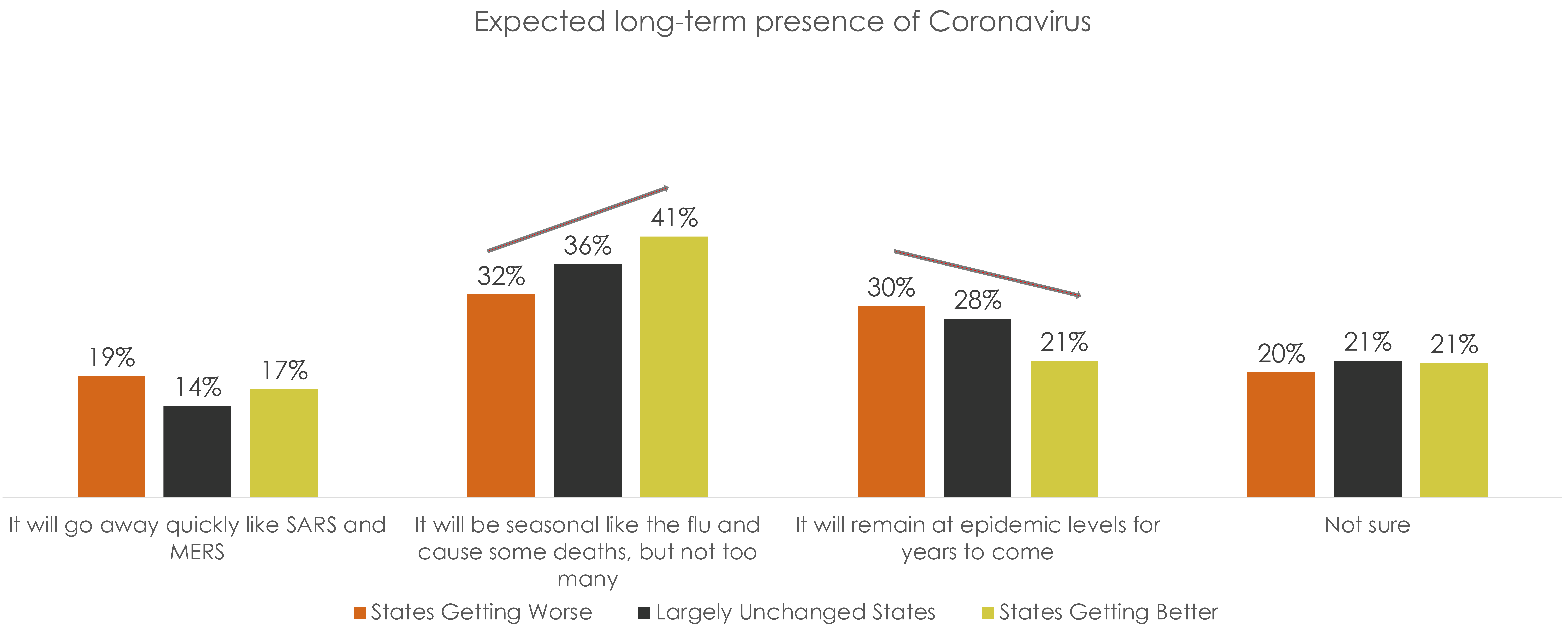


While confidence in the local medical community is quite a bit higher than in the government, it isn't very high and the variance by a state's status is only a factor in those where the COVID situation is improving.



How confident are you that the medical providers (hospitals, doctors, etc.) in your community are prepared to deal with the Coronavirus outbreak?

People in states where the situation is improving are significantly less likely to (21% vs. 28% and 30%) to think that the virus will remain an epidemic for years to come.



Which of the following best describes your expectation for the long-term presence of the Coronavirus?

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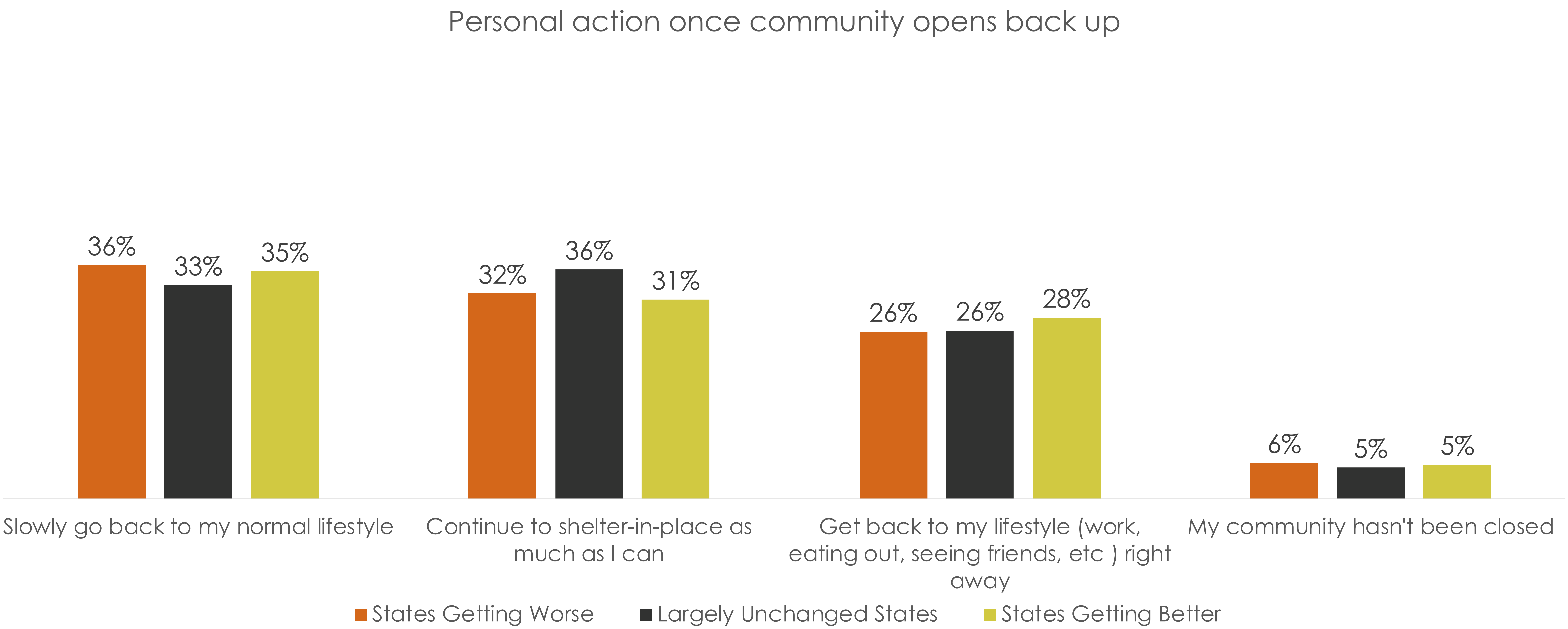
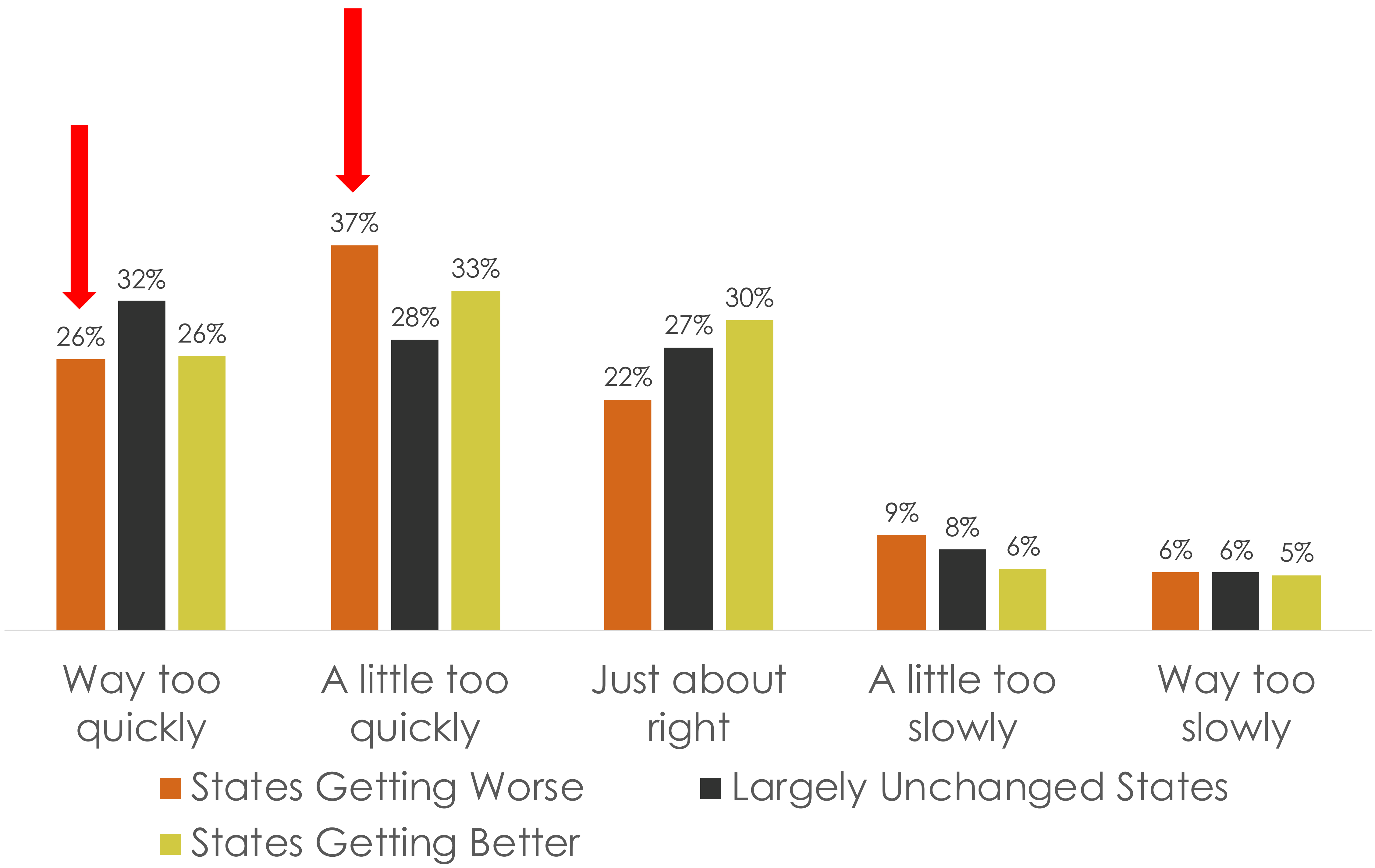
However, the conditions in the states have virtually no impact on respondents' planned behavior as their communities open up.



Which of the following best represents what you'll do as your community opens back up?

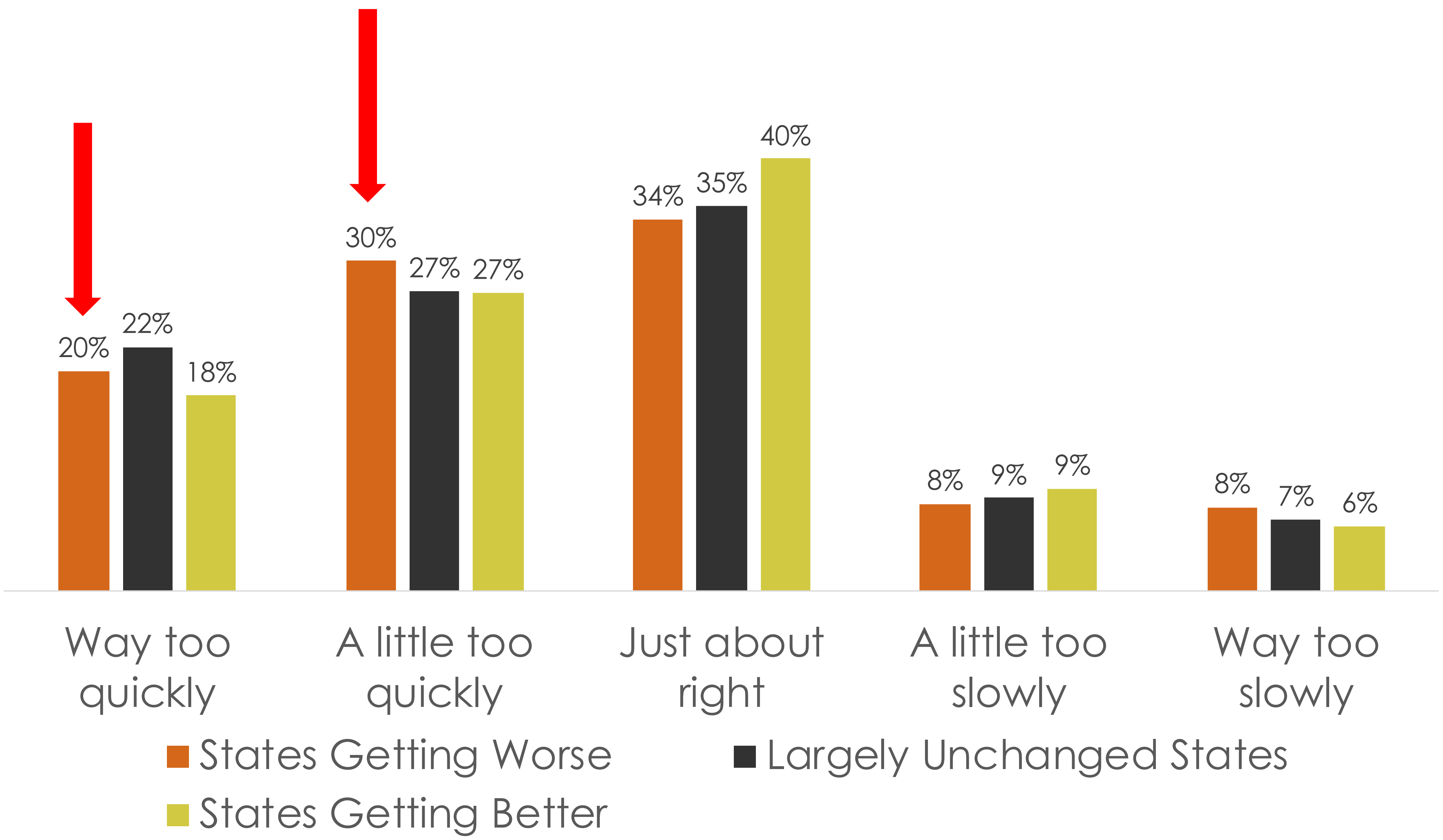
Amazingly, those living in states where the conditions are getting worse are 21% (50% vs. 63%) less likely to think their state is moving too quickly than they are states in general.

Opinion on states in general opening up too quickly/slowly



In general, do you think states are opening too quickly or too slowly?

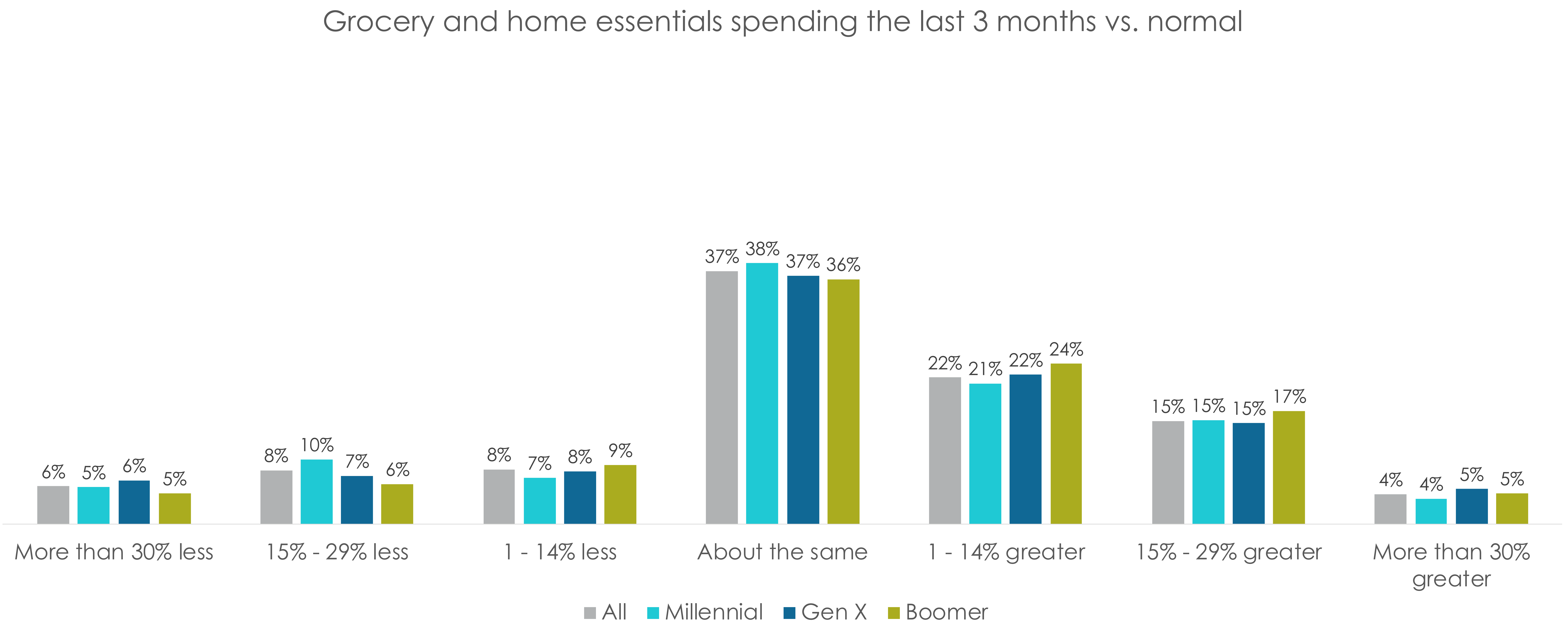
Opinion on state of residence opening up too quickly/slowly



Do you think the state you live in is opening too quickly or too slowly?

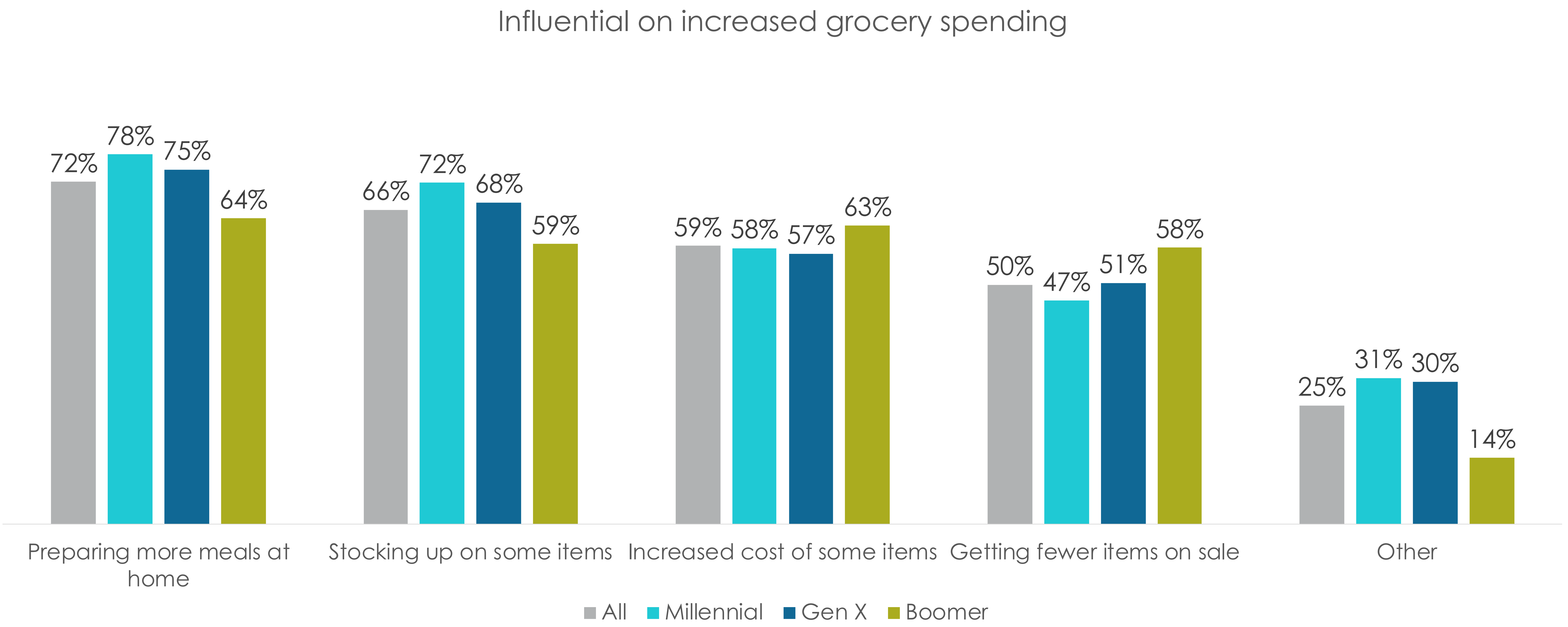
Grocery and Home Essentials Stocking Behaviors

41% of households have spent more on groceries and home essentials in the past 3 months than they would normally.



How has your spending on groceries and home essentials in the past 3 months compared to what you would normally have spent during the same period in another year?

While many factors have contributed to the increased spending, preparing more meals at home (72%) and pantry loading (66%) have had the greatest impact.



How influential have the following been on your increase in grocery spending?

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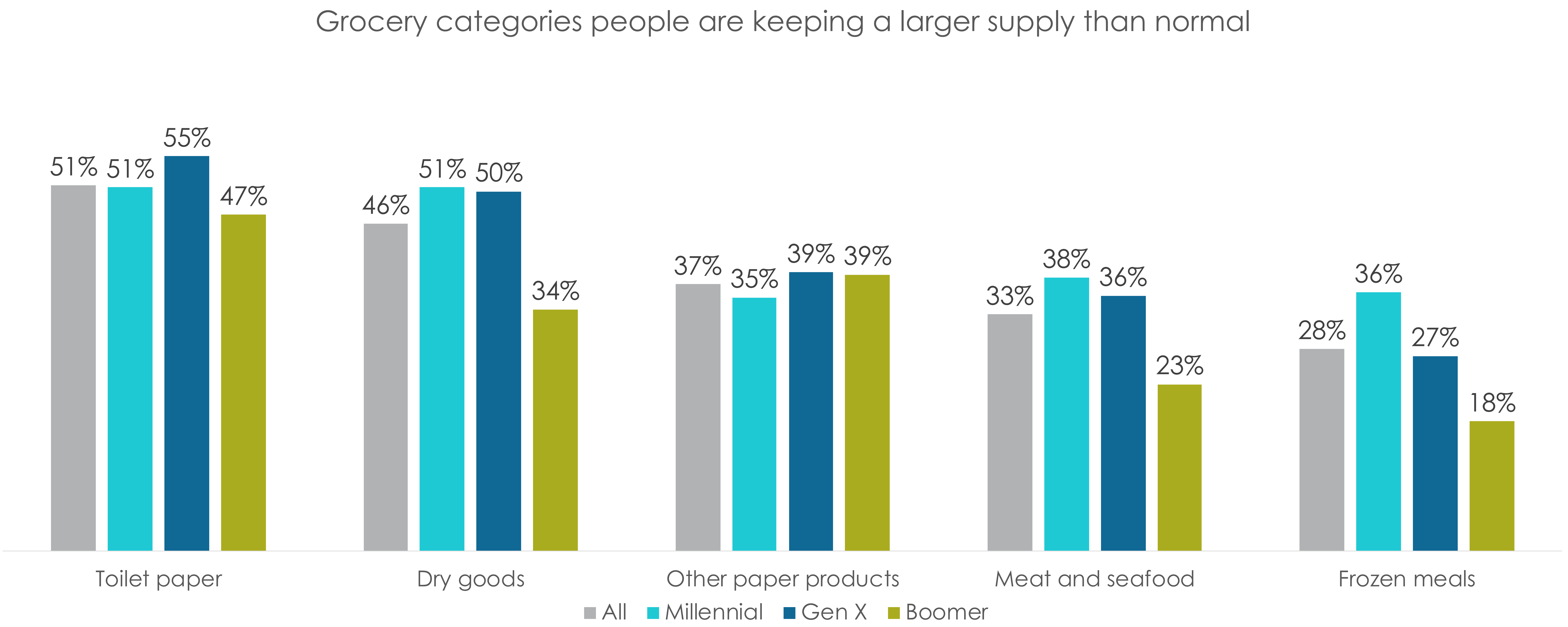
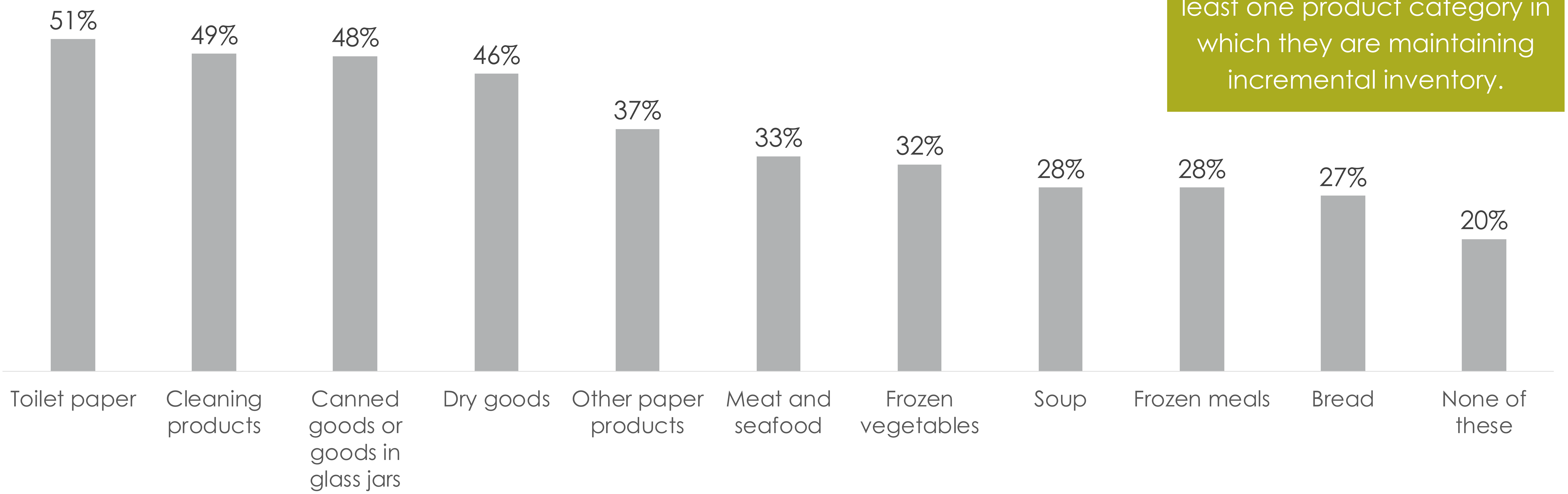
While Boomers are less likely to be keeping a larger supply of food on hand, they are just as likely to be keeping larger supplies of toilet paper and other paper products on hand.



Which of the following categories of groceries are you keeping a larger supply of than you normally would? Select all that apply.

Not surprisingly, higher demand paper products (TP 51%; Other paper products 37%) and cleaning products (49%) are being stockpiled most frequently.

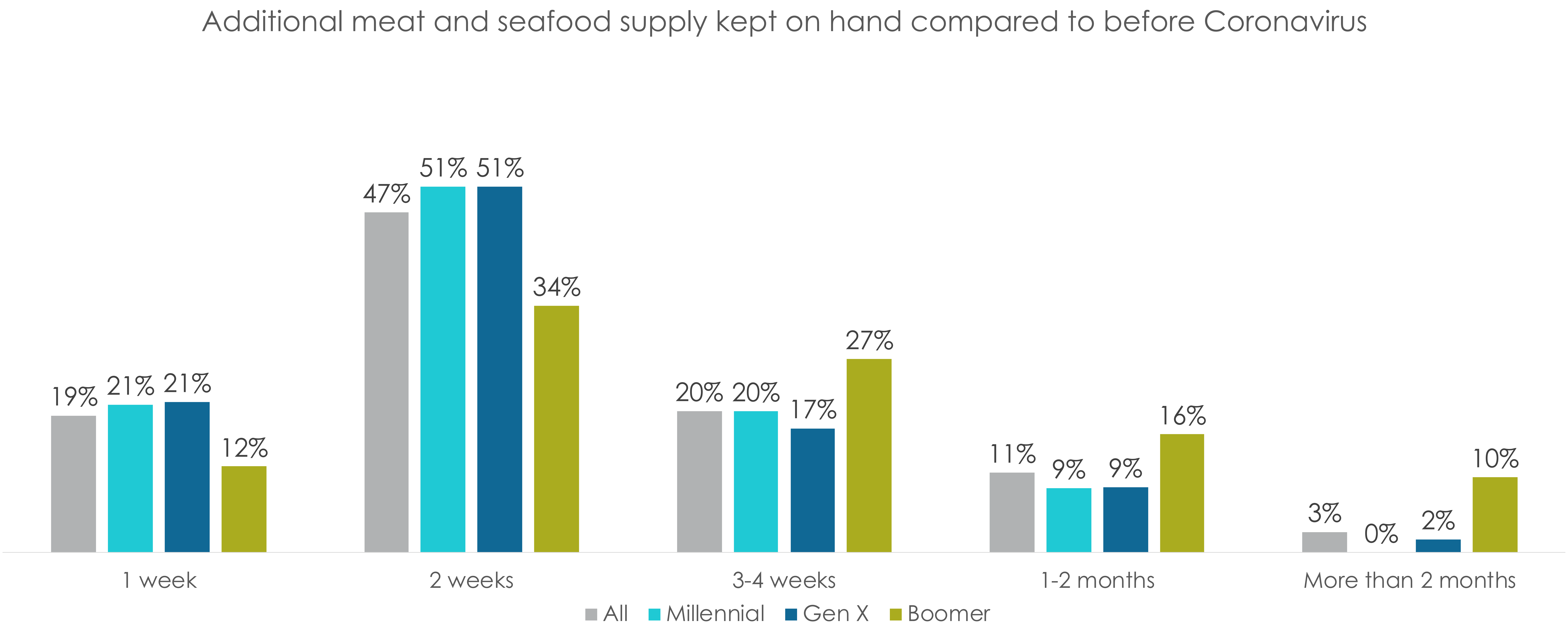
Grocery categories people are keeping a larger supply than normal



80% of households have at least one product category in which they are maintaining incremental inventory.

Which of the following categories of groceries are you keeping a larger supply of than you normally would? Select all that apply.

Among those keeping additional quantities of meat and seafood on hand, nearly two-thirds (66%) are only holding an extra 7 to 14 days worth of supply.

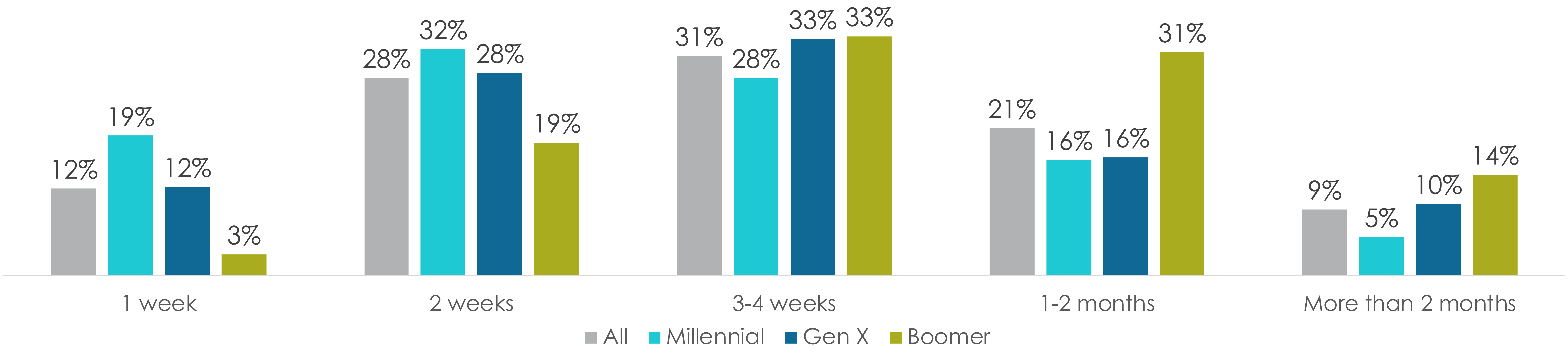


How much additional supply of the following products are you keeping on hand than you would have before the Coronavirus?

Of the households that are stockpiling toilet paper, 61% are keeping 3 or more weeks of extra inventory.

Additional toilet paper supply kept on hand compared to before Coronavirus

Among Boomers 78% are keeping 3 or more weeks.

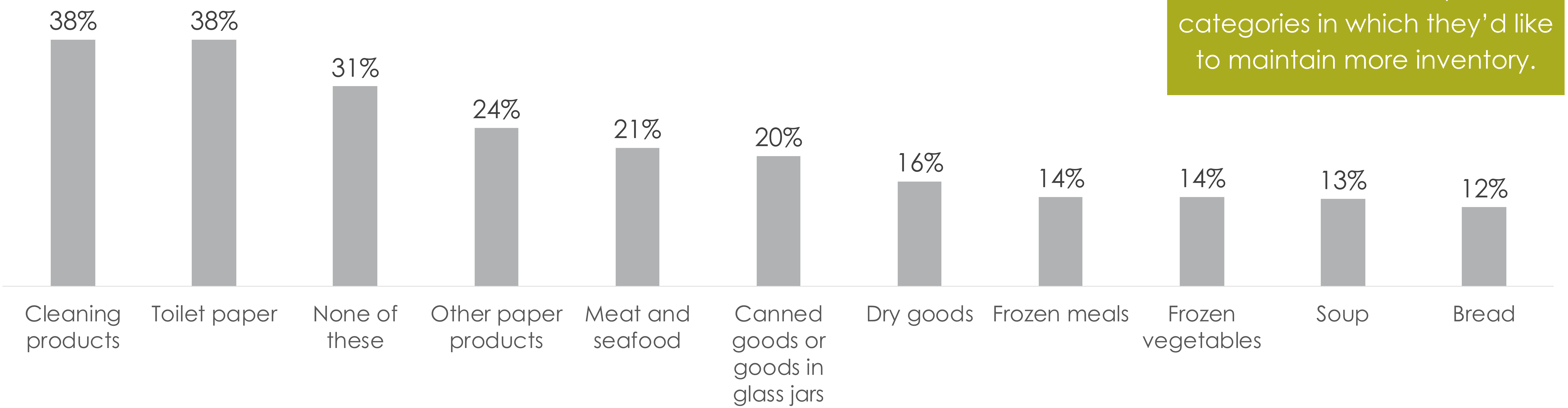


How much additional supply of the following products are you keeping on hand than you would have before the Coronavirus?

Stockpiling would be even greater were it not for the limited availability of some categories. More than one-third of households would keep more toilet paper and cleaning products on hand if they could find them.

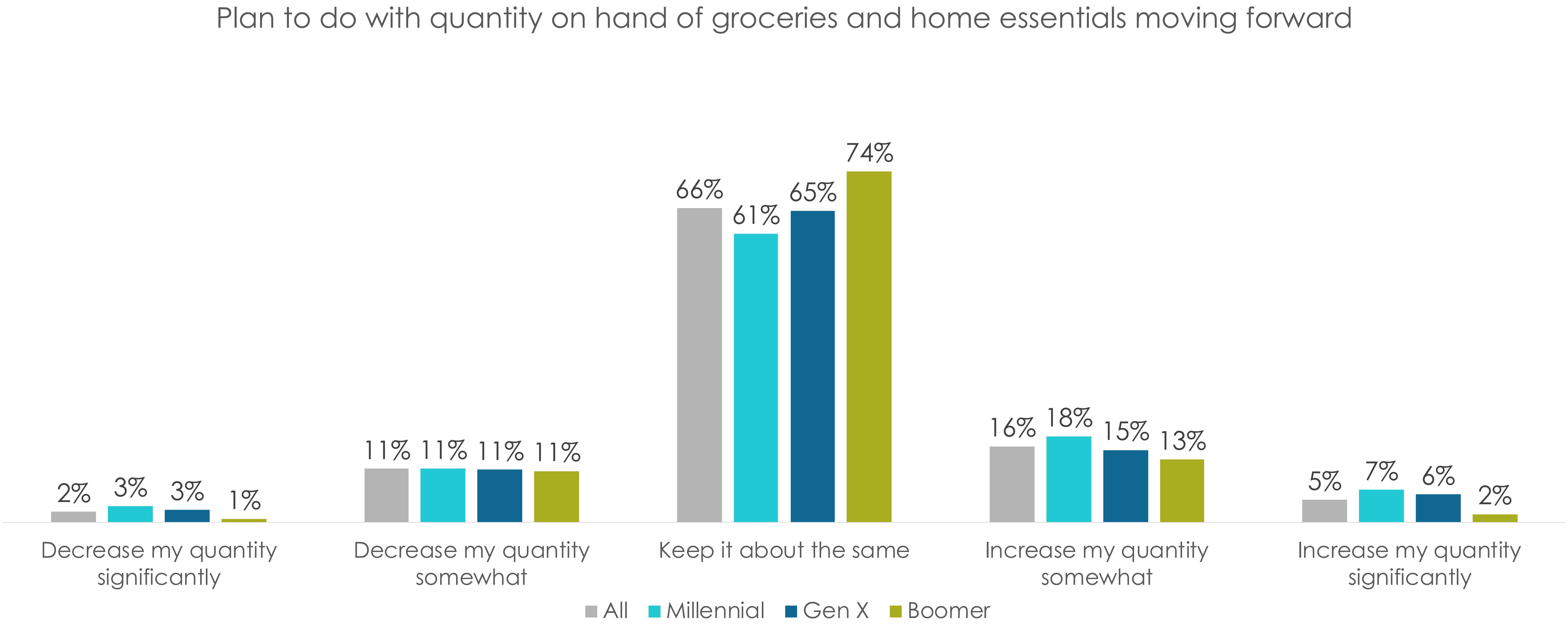
Categories people want to keep quantity on hand, but are struggling to find

Less than one-third of households have no product categories in which they'd like to maintain more inventory.



Which, if any, of the following categories would you like to keep additional quantities on hand, but you're having a hard time finding the products? Select all that apply.

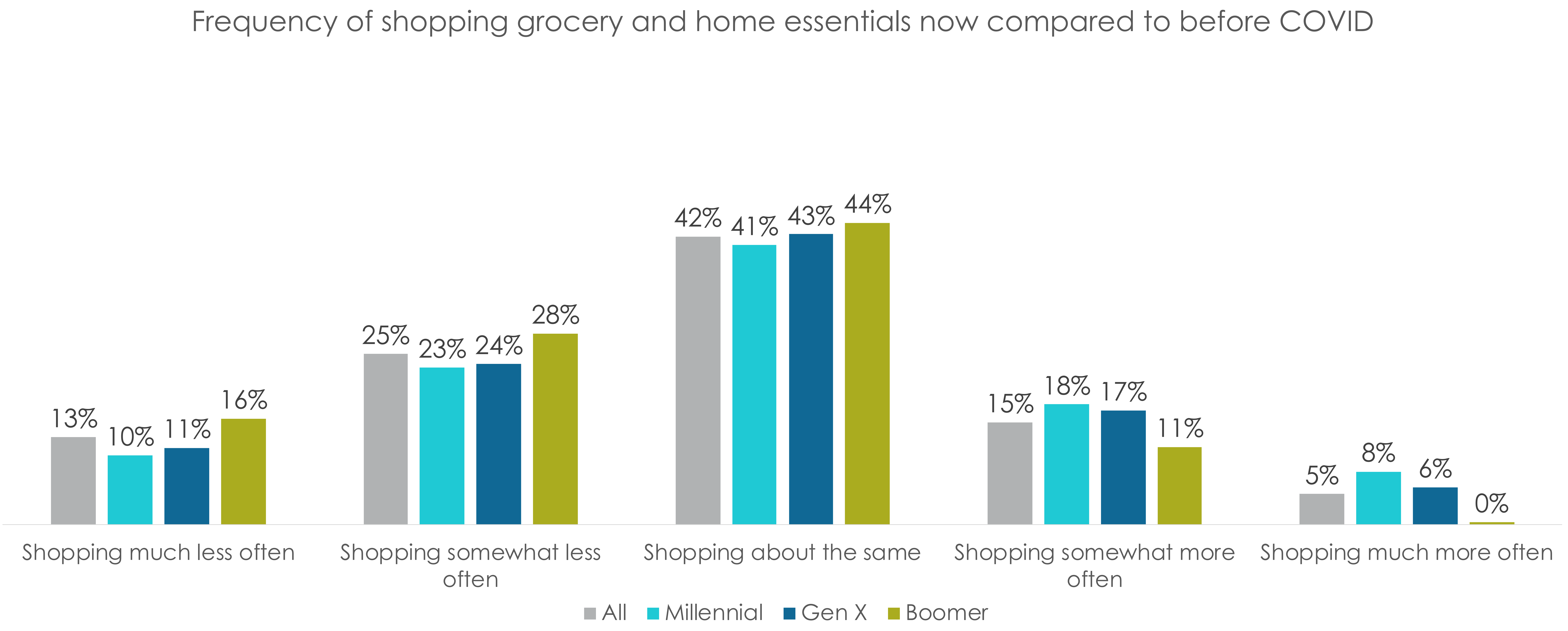
The stockpiling that has occurred will not end quickly. In fact, more households (21%) are planning to increase the product they have on hand then those who plan to deplete their current inventory (13%).



What do you plan to do with your grocery and home essentials going forward?

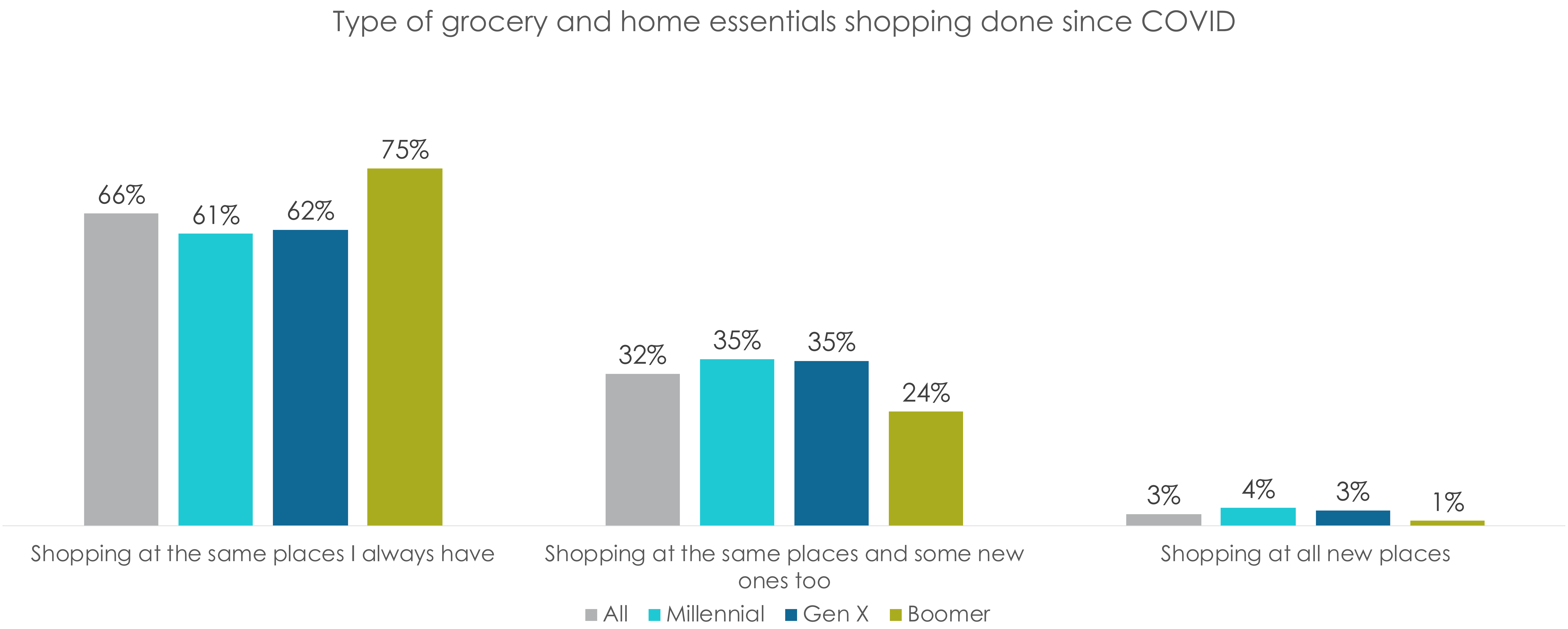
Grocery and Home Essential Shopping Behaviors

38% of households have been shopping less frequently since the COVID-19 outbreak while 20% have been shopping more often.



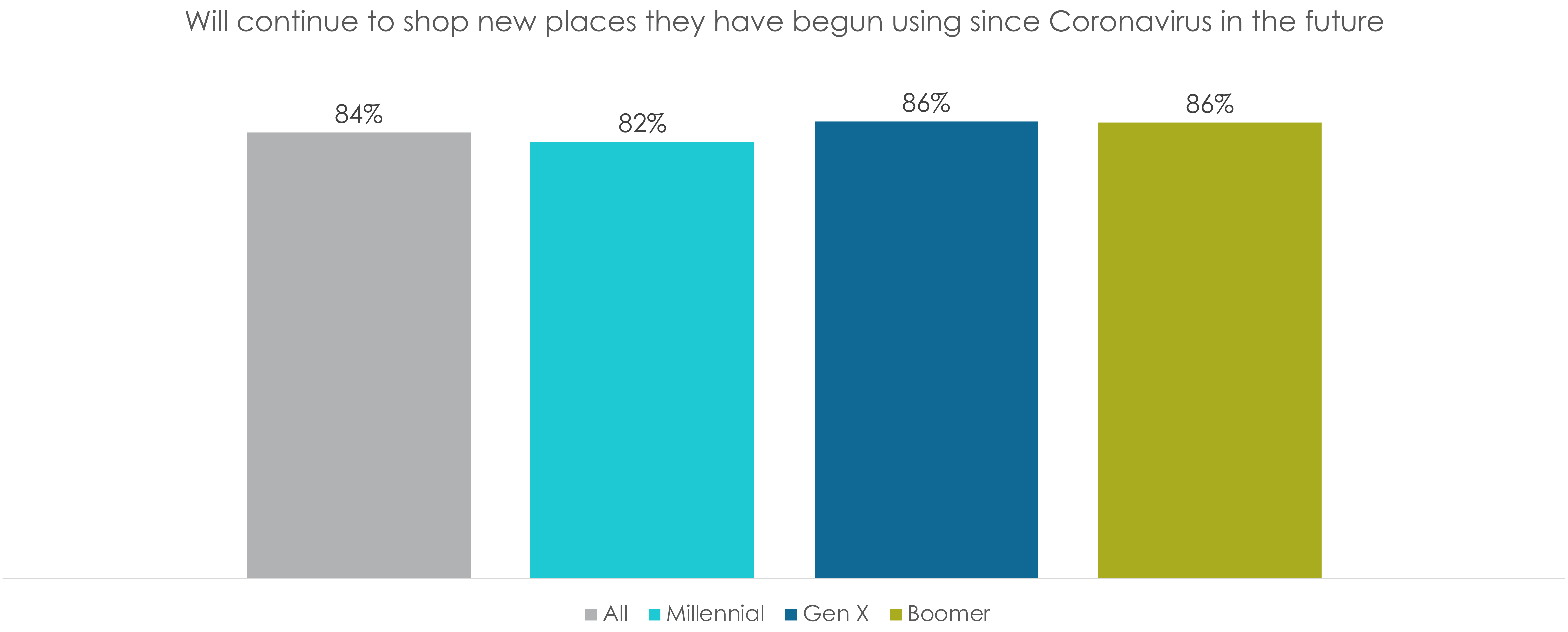
How frequently are you shopping for groceries and home essentials now as compared to how frequently you were shopping for them before Coronavirus?

Less than two-thirds (66%) of households have maintained their store loyalties during the outbreak. 32% have added new retailers and 3% have abandoned the locations in which they shopped previously.



Which of the following best describes how you've done your grocery and home essentials shopping (online and in store) since the outbreak of the Coronavirus? Select one.

The new shopping behaviors will stick for 84% of the respondents.



Will you continue to shop at the new places you've begun using since Coronavirus in the future?

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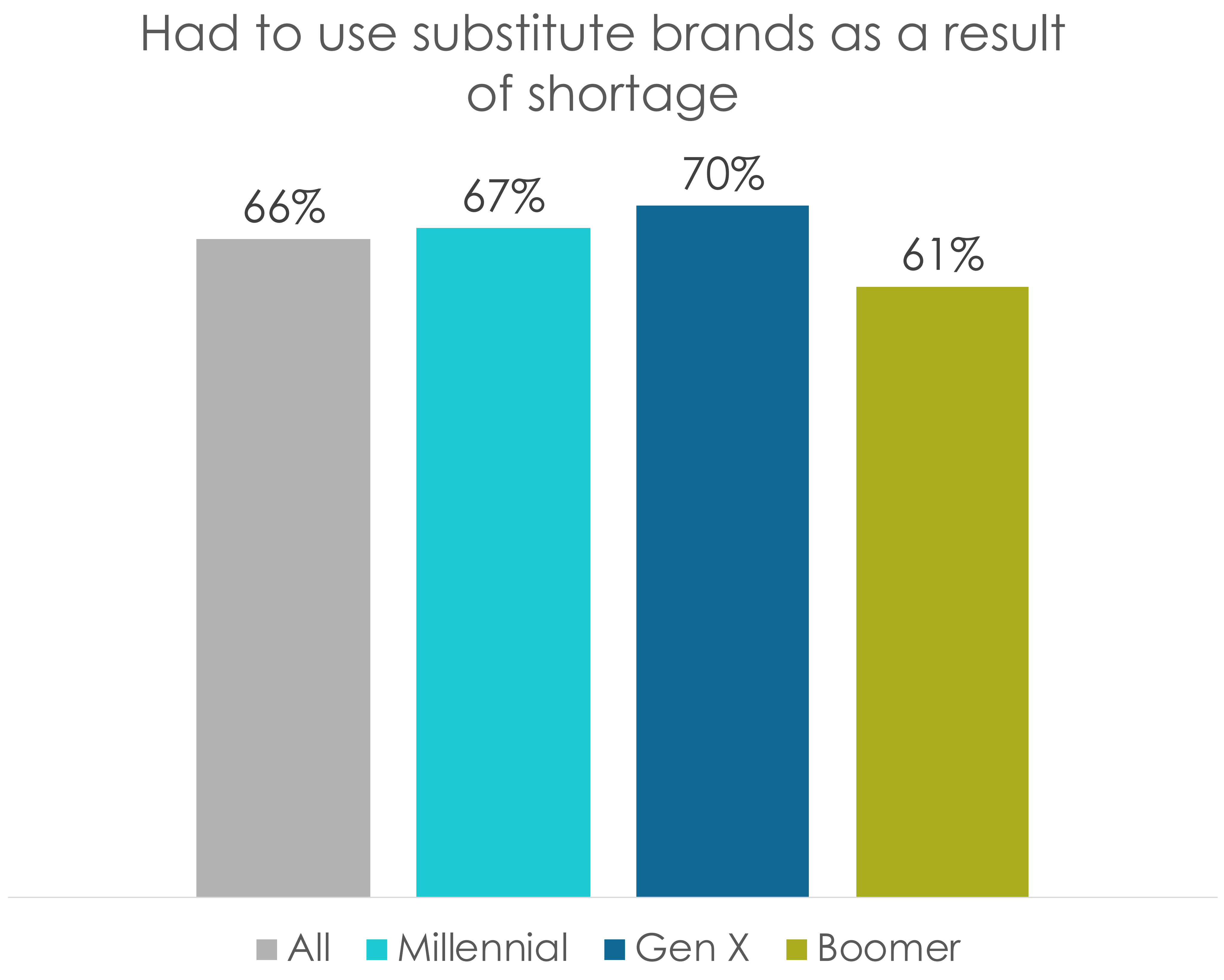
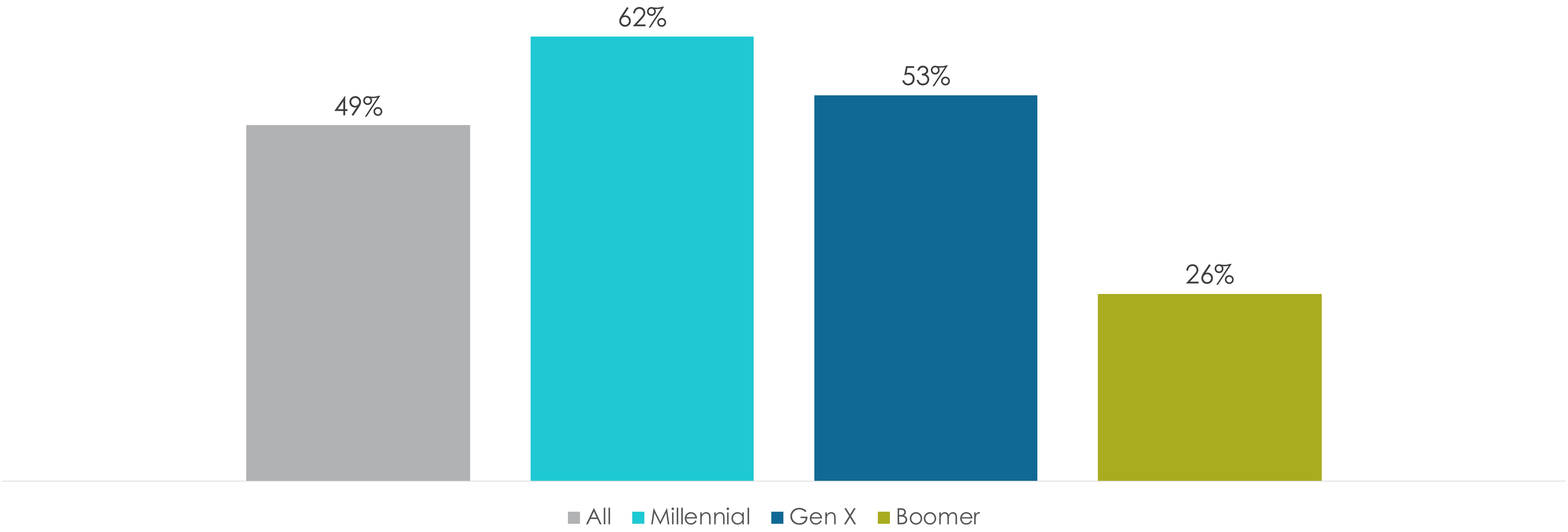
Retailer loyalties are not the only thing being challenged. Nearly two-thirds of households have had to use substitute products as a result of shortages.



As a result of the shortage of certain products have you had to substitute brands that you haven't used before?

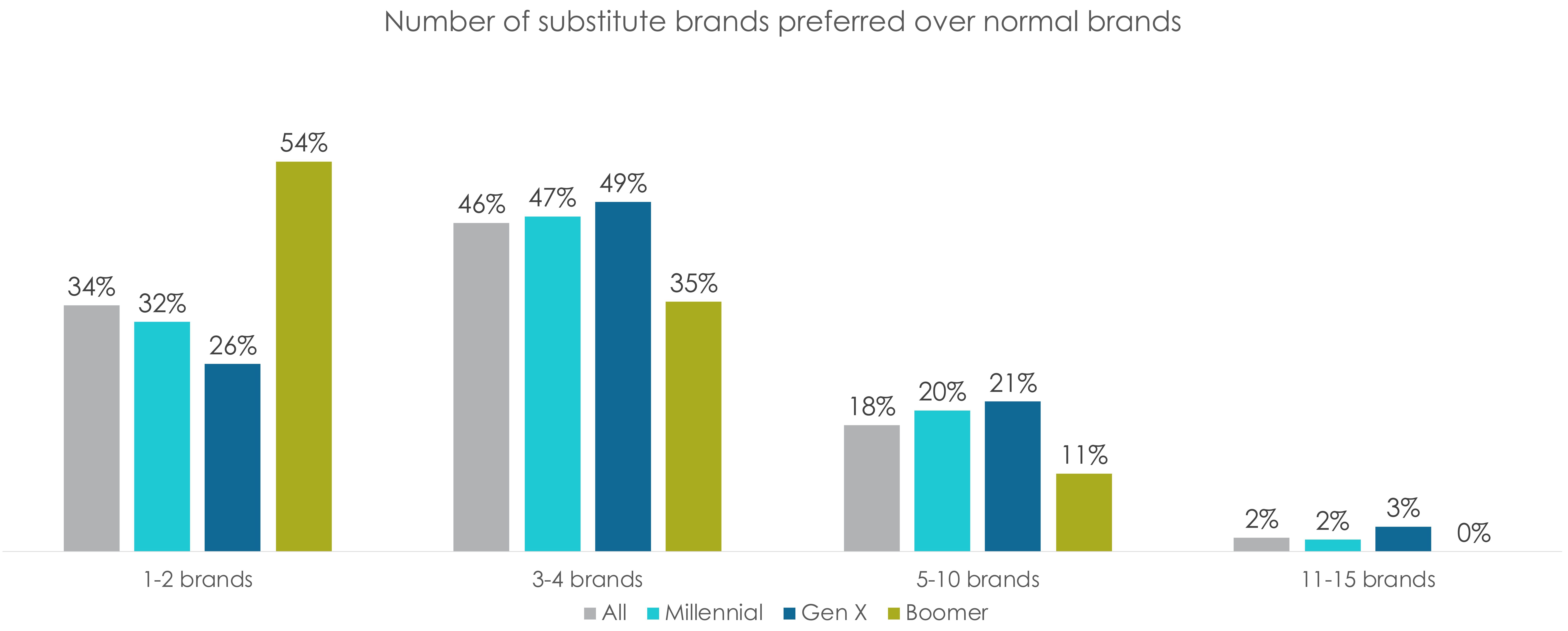
Among those who've used substitutes, 49% have found products they now prefer. At only 26%, Boomers are, by far, the least likely to have found alternatives they prefer.

Those that have found substitute brands and prefer them over brands used before



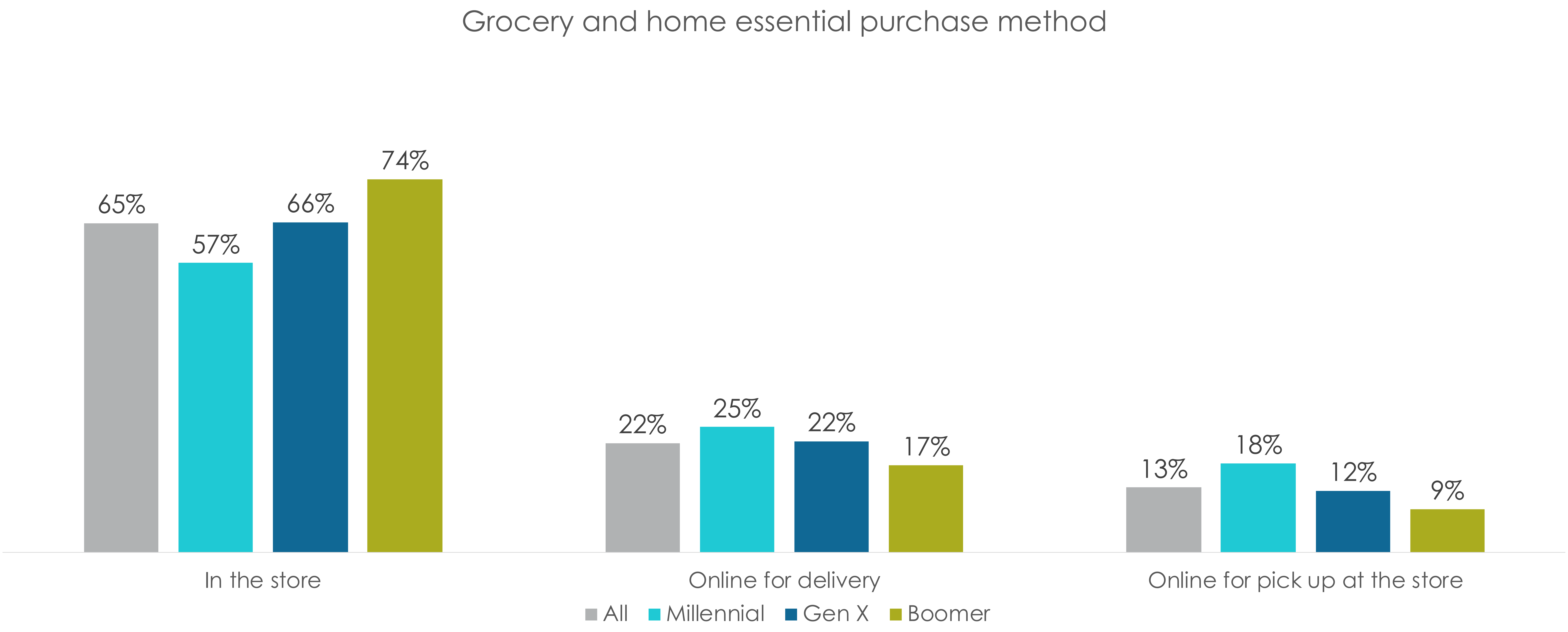
As a result of having to use substitute brands, have you found any brands you like better than the ones you were using before?

54% of Boomers have found 1-2 substitutes they prefer more than their usual brands. Conversely, Millennials (69%) and GenXers (73%) have found 3 or more new brands they prefer.



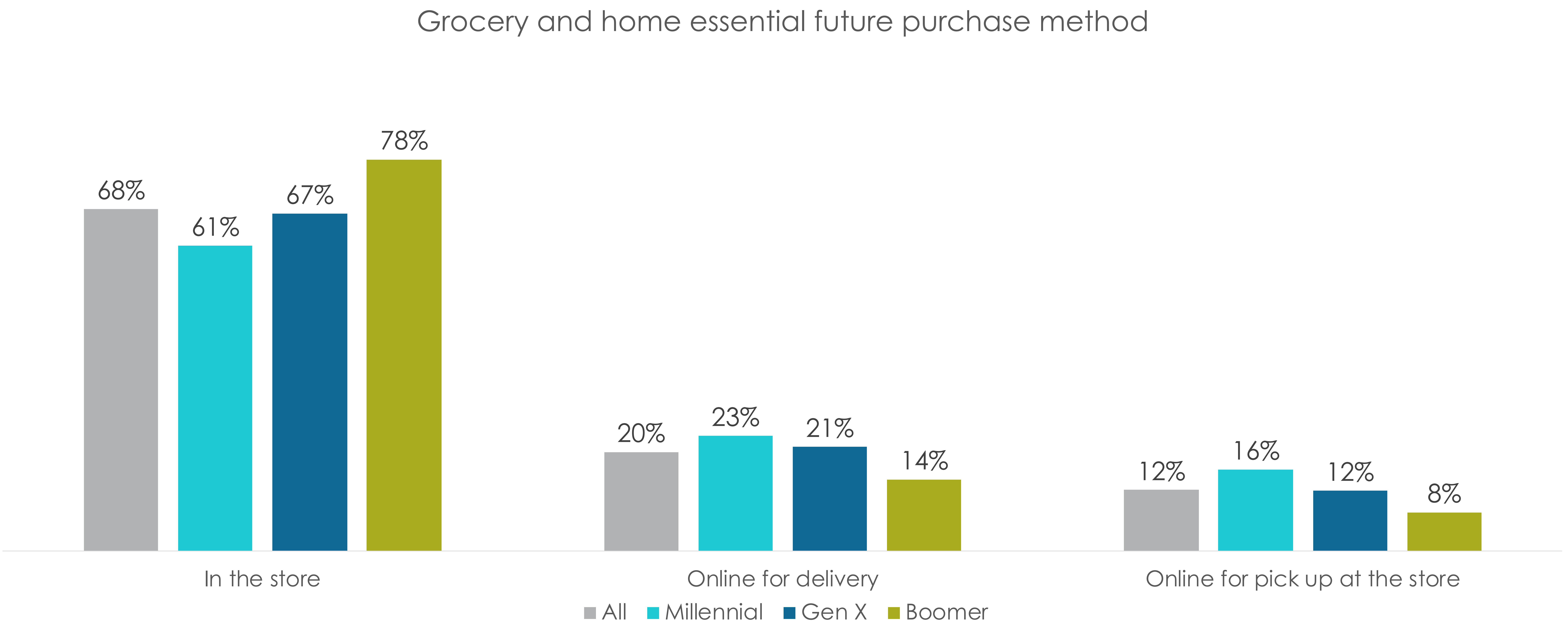
Approximately how many substitute brands have you found that you like more than what you would normally have used?

65% of grocery and home essential purchases are being made in store, which is led by Boomers, who are making nearly three-quarters of their purchases at retail.



What % of your grocery and home essentials purchases are being made in the following ways? Total must equal 100%.

To the degree that new online shopping behaviors have been adopted, it appears they will stick. Respondents are only projecting a 3-point decrease (32% v. 35%) in online purchases of groceries and home essentials going forward.



What % of your grocery and home essentials purchases do you think you'll make in the following ways in the future? Total must equal 100.

Summary

The Coronavirus is progressing differently by state, but the rate of progress has very little bearing on what people think or how they'll behave.

- Respondents living in states where the infection rate is declining are marginally more likely to believe the government can handle the COVID-19 challenge.
- Those living in states where conditions are improving are 20% more likely to have confidence in the local medical community.
- Thoughts on the future of the virus also vary by state conditions. Residents in states that are improving are more likely to believe COVID-19 will be seasonal and less likely to believe it will remain an epidemic.
- A state's COVID status has no statistically significant bearing on people's planned behaviors as their state opens up, be they sheltering in place or returning to their normal lifestyle.
- Interestingly, those living in states where conditions are deteriorating are more likely to think other states are opening too quickly (63%) as opposed to their own state (50%).

Summary - Continued

COVID-19 has had a profound impact on the way people buy and stock groceries and home essentials.

- 41% of households have spent more on groceries and home essentials in the past 3 months than they would normally.
- Cooking at home (72%) and pantry loading (66%) are having the biggest impact on increased spending levels.
- Baby Boomers are 25%-40% less likely than the other generations to be stockpiling food, but equally likely to be maintaining additional supplies of home essentials.
- Toilet paper (51%) and cleaning products (49%) lead the list of categories in which people are stockpiling.
- For perishable goods like meat and seafood, most people (66%) are keeping an additional 1-2 weeks worth of supply.
- Among nonperishables like toilet paper, the majority (61%) are maintaining an additional 3 weeks or more of inventory.
- Stockpiling would be higher if there weren't limited quantities available in many categories. Only 31% of households don't have a product category in which they'd like to have more inventory.
- People are not planning on depleting their inventory any time soon. 21% of households expect to spend more on groceries and home essentials going forward, while only 13% are planning on spending less.

Summary - Continued

The Coronavirus has led to many behavioral changes, some of which will be maintained going forward.

- 38% of households have been shopping less frequently since the COVID-19 outbreak, while only 20% have been shopping more often.
- 32% of households are shopping at some new outlets, and 3% have completely abandoned their old retailers.
  - These new shopping behaviors will stick for 84% of the respondents.
- Retailers are not the only ones to be impacted by behavioral changes. Nearly two-thirds of households have had to use substitute products in lieu of their usual brands.
- As a result, 49% have found new products that they prefer to those they used previously.
- Boomers who have found 1-2 substitute products they favor over their usual brand, while 69% of Millennials and 73% of GenXers have discovered 3 or more substitute products they prefer.
- 65% of grocery and home essential purchases are being made in-store (Millennials = 57%; GenXers = 66%; Boomers = 74%).
- The degree to which online shopping behaviors have been adopted, they're likely to stick as respondents only project a 3-point decrease (35% to 32%) in online purchases of groceries and home essentials going forward.