Shopper Led Category Management
Frozen and Refrigerated Category Roles

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Shopper Facts and Insights Should Be The Fuel for Category Management

**Catman 1.0**
- Internal Alignment
- Category Definition
- Category Role
- Category Assessment
- Category Scorecard
- Category Strategy
- Category Tactics
- Plan Implementation

**Catman 2.0™**
- Organizational Design and Development
- Definition CDT
- Assess What
- Assess Why
- Assortment, Pricing, Promo, Shelf, Merchandising, Shopper Marketing
- Deployment, Supply Chain, ROI

**Key Process Steps**
- Internal Agreement on Objectives
- Strategies
- What Products? Subcategories?
- How Important is the Category to consumer? Retailer?
- Who Buys? What Bought?
- What are goals and objectives
- How measure success?
- How Achieve the objectives?
- What are elements of plan at each level?
- Who does what and when?

**Know The Shopper**
- Catman 1.0 “Shopper Facts”
  - Assessment of Who
  - What
  - When
  - Where
  - Category Bought
- Catman 2.0 “Shopper Insights”
  - Attitudes / Perceptual Assessment
  - Why is Category Bought?

**CATEGORY REVIEW**

Source: Category Management Association 2019

© SMI 2018
Core Processes are Usually Not Very Insightful

Classic CATMAN Category Roles

- Destination
- Routine
- Preferred Routine
- Convenience
- Occasional Seasonal
- Complementary
Why Not Let Data Have a Voice In The Category Role Decision?

We Have Some Reasonable Suggestions
We Interview Thousands of Real Shopper in Over 100 Categories

- Conducted on line shortly after last shopping trip
- Each shopper rates one or two categories in just one retailer
- Each category measured with identical questionnaire

All major retailers covered many others as well

124+ categories measured across the store

4 years of trend data across the store
Designed to Bring The Shopper’s Voice to Category Management

The Junction of Facts and Insights: The What and the Why

Know The Shopper

Catman 1.0 “Shopper Facts”
Assessment of Who What When Where Category Bought

Catman 2.0 “Shopper Insights”
Attitudes / Perceptual Assessment Why is Category Bought?

Drives Shopper Marketing

CATEGORY REVIEW

Source: Category Management Association 2019
At The Level of Dozens of Retailers

- Walmart
- Target
- Amazon
- Costco Wholesale
- CVS Pharmacy
- Kroger
- Publix
- Trader Joe's
- Aldi
Four Pillars of Shopper Information:

- **CATEGORY DNA**: What makes the category ‘tick’
- **SATISFACTION**: What do shoppers want and think
- **PATH TO PURCHASE**: How are purchases made and what influences them
- **SHOPPER PROFILING**: Who Shops?
A Look at Real Category Roles
Only Two Pathways to Growth

More Shoppers
More Often
TRAFFIC

More Spend
Units
Price
SPEND
We Ask Shoppers 10 Direct Questions About Potential Role

Agreement Statements (NFS) on shopping for CATEGORY in RETAILER

**TRAFFIC***
- Main Reason I Go Shopping
- Promotions Encourage Shopping
- Retailer Does Well (Loyalty)
- Don't Want To Run Out
- Price Beacon

**SPEND***
- Often Buy Extra
- Incremental New And Different
- Because There Anyway
- Don't Mind Paying More
- Buy Because I Feel Like It

*Average of statements

n=1184

Category Role Summary

NF: Agree 4.5 minus
Disagree 1.2

Rank (of 124)

99% 99% 90% < 90% 90% 99% > N

Benchmark: Alcohol (All Retailers)
The Shopper Tells Us What Role The Category Plays

Frozen Is About Spend. Dairy is About Traffic

NFS Score Benchmarked to Total Food Category in Food Channel
Milk is Important But Is All About Routine
Milk - Total Food

Agreement Statements (NFS) on shopping for CATEGORY in RETAILER

Traffic
- Main Reason I Go Shopping: 11
- Don’t Want To Run Out: 15
- Promotions Encourage Shopping: 120
- Price Beacon: 111
- Retailer Does Well (Loyalty): 63

Spend
- Often Buy Extra: 123
- Don’t Mind Paying More: 123
- Incremental New And Different: 122
- Buy Because I Feel Like It: 123
- Because There Anyway: 109

Range of ratings for statement:
All Categories (Total Food)

NF: Agree 4,5 minus
Disagree 1,2

Benchmark: Food (All Retailers)

n=1571
Dinners & Entrees Is A “Signpost” But Drives Revenue And Margin
Frozen Dinners & Entrées - Food - Traditional

Agreement Statements (NFS) on shopping for CATEGORY in RETAILER

Traffic
- Main Reason I Go Shopping
- Don't Want To Run Out
- Promotions Encourage Shopping
- Price Beacon
- Retailer Does Well (Loyalty)
- Often Buy Extra
- Don't Mind Paying More
- Incremental New And Different
- Buy Because I Feel Like It
- Because There Anyway

Spend
- Traffic
- Spend

Range of ratings for statement:
All Categories (Food - Traditional)

NF: Agree 4,5 minus Disagree 1,2

n=1209

Benchmark: Food (All Retailers)
Can Compare the Traffic/Spend Profiles of Each Category
Category Roles: Dairy Categories

• Although the Dairy Department is mostly a traffic driver motivated by a desire to not run out, there are a couple of exceptions:
  – Most of the Cheese Segments, especially snack and specialty cheeses have a strong Spend profile ranking high in premiumization potential and innovation.

• Specialty Cheeses rank highly as a category whose pricing defines the entire retailer banner and may drive retailer loyalty.
### Agreement Statements (NFS) on shopping for CATEGORY in RETAILER

#### Category Role Detail: Traffic

**Dairy Categories in Total Food**

<table>
<thead>
<tr>
<th>Traffic</th>
<th>Main Reason I Go Shopping</th>
<th>Don't Want To Run Out</th>
<th>Promotions Encourage Shopping</th>
<th>Price Beacon</th>
<th>Retailer Does Well (Loyalty)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy Department</td>
<td>-10%</td>
<td>50%</td>
<td>6%</td>
<td>42%</td>
<td>18%</td>
</tr>
<tr>
<td>Milk</td>
<td>7%</td>
<td>69%</td>
<td>-19%</td>
<td>33%</td>
<td>14%</td>
</tr>
<tr>
<td>Butter &amp; Margarine</td>
<td>-30%</td>
<td>75%</td>
<td>8%</td>
<td>41%</td>
<td>8%</td>
</tr>
<tr>
<td>Natural Cheese</td>
<td>-11%</td>
<td>36%</td>
<td>18%</td>
<td>48%</td>
<td>25%</td>
</tr>
<tr>
<td>Prepackaged &amp; Presliced Deli Cheese</td>
<td>-18%</td>
<td>41%</td>
<td>19%</td>
<td>51%</td>
<td>29%</td>
</tr>
<tr>
<td>Processed &amp; Sliced Cheese</td>
<td>-21%</td>
<td>44%</td>
<td>17%</td>
<td>48%</td>
<td>20%</td>
</tr>
<tr>
<td>Shredded &amp; Grated Cheese</td>
<td>-21%</td>
<td>51%</td>
<td>22%</td>
<td>53%</td>
<td>15%</td>
</tr>
<tr>
<td>Snack Cheese</td>
<td>-27%</td>
<td>24%</td>
<td>12%</td>
<td>41%</td>
<td>17%</td>
</tr>
<tr>
<td>Specialty Cheese</td>
<td>0%</td>
<td>30%</td>
<td>30%</td>
<td>41%</td>
<td>45%</td>
</tr>
<tr>
<td>Cottage/Cream Cheese &amp; Sour Cream</td>
<td>-33%</td>
<td>21%</td>
<td>4%</td>
<td>40%</td>
<td>8%</td>
</tr>
<tr>
<td>Yogurt</td>
<td>-11%</td>
<td>45%</td>
<td>16%</td>
<td>43%</td>
<td>18%</td>
</tr>
</tbody>
</table>

**Traffic Agreement Statements (NFS) on shopping for CATEGORY in RETAILER**

**Traffic**

- **Dairy Department**
  - Main Reason I Go Shopping: -10%
  - Don't Want To Run Out: 50%
  - Promotions Encourage Shopping: 6%
  - Price Beacon: 42%
  - Retailer Does Well (Loyalty): 18%

- **Milk**
  - Main Reason I Go Shopping: 7%
  - Don't Want To Run Out: 69%
  - Promotions Encourage Shopping: -19%
  - Price Beacon: 33%
  - Retailer Does Well (Loyalty): 14%

- **Butter & Margarine**
  - Main Reason I Go Shopping: -30%
  - Don't Want To Run Out: 75%
  - Promotions Encourage Shopping: 8%
  - Price Beacon: 41%
  - Retailer Does Well (Loyalty): 8%

- **Natural Cheese**
  - Main Reason I Go Shopping: -11%
  - Don't Want To Run Out: 36%
  - Promotions Encourage Shopping: 18%
  - Price Beacon: 48%
  - Retailer Does Well (Loyalty): 25%

- **Prepackaged & Presliced Deli Cheese**
  - Main Reason I Go Shopping: -18%
  - Don't Want To Run Out: 41%
  - Promotions Encourage Shopping: 19%
  - Price Beacon: 51%
  - Retailer Does Well (Loyalty): 29%

- **Processed & Sliced Cheese**
  - Main Reason I Go Shopping: -21%
  - Don't Want To Run Out: 44%
  - Promotions Encourage Shopping: 17%
  - Price Beacon: 48%
  - Retailer Does Well (Loyalty): 20%

- **Shredded & Grated Cheese**
  - Main Reason I Go Shopping: -21%
  - Don't Want To Run Out: 51%
  - Promotions Encourage Shopping: 22%
  - Price Beacon: 53%
  - Retailer Does Well (Loyalty): 15%

- **Snack Cheese**
  - Main Reason I Go Shopping: -27%
  - Don't Want To Run Out: 24%
  - Promotions Encourage Shopping: 12%
  - Price Beacon: 41%
  - Retailer Does Well (Loyalty): 17%

- **Specialty Cheese**
  - Main Reason I Go Shopping: 0%
  - Don't Want To Run Out: 30%
  - Promotions Encourage Shopping: 30%
  - Price Beacon: 41%
  - Retailer Does Well (Loyalty): 45%

- **Cottage/Cream Cheese & Sour Cream**
  - Main Reason I Go Shopping: -33%
  - Don't Want To Run Out: 21%
  - Promotions Encourage Shopping: 4%
  - Price Beacon: 40%
  - Retailer Does Well (Loyalty): 8%

- **Yogurt**
  - Main Reason I Go Shopping: -11%
  - Don't Want To Run Out: 45%
  - Promotions Encourage Shopping: 16%
  - Price Beacon: 43%
  - Retailer Does Well (Loyalty): 18%
Agreement Statements (NFS) on shopping for CATEGORY in RETAILER

### Category Role Detail: Spend

**Dairy Categories in Food-Traditional**

<table>
<thead>
<tr>
<th>Spend</th>
<th>Often Buy Extra</th>
<th>Don't Mind Paying More</th>
<th>Incremental New And Different</th>
<th>Buy Because I Feel Like It</th>
<th>Because There Anyway</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy Department</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Milk</td>
<td>-38% 123</td>
<td>8% 121</td>
<td>-20% 122</td>
<td>-42% 123</td>
<td>3% 109</td>
</tr>
<tr>
<td>Butter &amp; Margarine</td>
<td>13% 100</td>
<td>25% 92</td>
<td>-3% 118</td>
<td>-30% 119</td>
<td>2% 111</td>
</tr>
<tr>
<td>Natural Cheese</td>
<td>26% 50</td>
<td>44% 14</td>
<td>46% 29</td>
<td>37% 39</td>
<td>9% 64</td>
</tr>
<tr>
<td>Prepackaged &amp; Presliced Deli Cheese</td>
<td>23% 59</td>
<td>48% 8</td>
<td>53% 11</td>
<td>32% 49</td>
<td>0% 115</td>
</tr>
<tr>
<td>Processed &amp; Sliced Cheese</td>
<td>22% 67</td>
<td>40% 30</td>
<td>44% 36</td>
<td>21% 64</td>
<td>3% 105</td>
</tr>
<tr>
<td>Shredded &amp; Grated Cheese</td>
<td>28% 43</td>
<td>32% 71</td>
<td>39% 48</td>
<td>11% 77</td>
<td>3% 106</td>
</tr>
<tr>
<td>Snack Cheese</td>
<td>24% 57</td>
<td>40% 36</td>
<td>45% 32</td>
<td>49% 23</td>
<td>11% 54</td>
</tr>
<tr>
<td>Specialty Cheese</td>
<td>30% 33</td>
<td>59% 2</td>
<td>64% 3</td>
<td>56% 13</td>
<td>15% 32</td>
</tr>
<tr>
<td>Cottage/Cream Cheese &amp; Sour Cream</td>
<td>5% 109</td>
<td>31% 77</td>
<td>14% 99</td>
<td>18% 69</td>
<td>4% 98</td>
</tr>
<tr>
<td>Yogurt</td>
<td>23% 64</td>
<td>36% 49</td>
<td>41% 42</td>
<td>27% 56</td>
<td>5% 92</td>
</tr>
</tbody>
</table>
Category Roles: Frozen Categories

• Although some segments have attractive traffic driving elements, the Frozen Department is definitely about driving increased spend and revenue.
  – Responsive to promotion
  – Several segments highly ranked price beacons.
  – Green lit and highly ranked in almost all measures of Spend

• Dinners and Entrees, Ice Cream, and Frozen Seafood are particularly associated with Spend
### Agreement Statements (NFS) on shopping for CATEGORY in RETAILER

#### Category Role Detail: Traffic

**Frozen Categories in Food - Traditional**

<table>
<thead>
<tr>
<th>Traffic</th>
<th>Main Reason I Go Shopping</th>
<th>Don't Want To Run Out</th>
<th>Promotions Encourage Shopping</th>
<th>Price Beacon</th>
<th>Retailer Does Well (Loyalty)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frozen Department</td>
<td>-24%</td>
<td>16%</td>
<td>35%</td>
<td>50%</td>
<td>18%</td>
</tr>
<tr>
<td>Frozen Dinners &amp; Entrées</td>
<td>-12%</td>
<td>23%</td>
<td>45%</td>
<td>57%</td>
<td>23%</td>
</tr>
<tr>
<td>Frozen Pizza</td>
<td>-30%</td>
<td>13%</td>
<td>31%</td>
<td>44%</td>
<td>6%</td>
</tr>
<tr>
<td>Frozen Vegetables</td>
<td>-7%</td>
<td>51%</td>
<td>33%</td>
<td>50%</td>
<td>30%</td>
</tr>
<tr>
<td>Frozen Boxed Meat</td>
<td>-16%</td>
<td>11%</td>
<td>34%</td>
<td>49%</td>
<td>21%</td>
</tr>
<tr>
<td>Frozen Seafood</td>
<td>-22%</td>
<td>6%</td>
<td>41%</td>
<td>53%</td>
<td>27%</td>
</tr>
<tr>
<td>Frozen Potatoes &amp; Onion Rings</td>
<td>-43%</td>
<td>-5%</td>
<td>12%</td>
<td>39%</td>
<td>3%</td>
</tr>
<tr>
<td>Ice Cream</td>
<td>-41%</td>
<td>9%</td>
<td>31%</td>
<td>47%</td>
<td>11%</td>
</tr>
<tr>
<td>Ice Cream Novelties</td>
<td>-32%</td>
<td>0%</td>
<td>27%</td>
<td>41%</td>
<td>14%</td>
</tr>
</tbody>
</table>

**Agreement Statement (NFS)**

- Agree 4,5 minus
- Disagree 1,2

**Traffic Rank**

- Benchmark: Food (All Retailers)
  - Total: 117
  - 2018: 99
  - 2017: 92

**Ice Cream**

- 107
- 47%
- 11%
- 61

**Ice Cream Novelties**

- 88
- 41%
- 14%
- 46
### Agreement Statements (NFS) on shopping for CATEGORY in RETAILER

#### Frozen Categories in Food - Traditional

<table>
<thead>
<tr>
<th>Category</th>
<th>Often Buy Extra</th>
<th>Don’t Mind Paying More</th>
<th>Incremental New And Different</th>
<th>Buy Because I Feel Like It</th>
<th>Because There Anyway</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frozen</td>
<td>37%</td>
<td>38%</td>
<td>50%</td>
<td>47%</td>
<td>6%</td>
</tr>
<tr>
<td>Frozen Dinners &amp; Entrées</td>
<td>49%</td>
<td>38%</td>
<td>62%</td>
<td>45%</td>
<td>29%</td>
</tr>
<tr>
<td>Frozen Pizza</td>
<td>36%</td>
<td>31%</td>
<td>42%</td>
<td>56%</td>
<td>9%</td>
</tr>
<tr>
<td>Frozen Vegetables</td>
<td>40%</td>
<td>35%</td>
<td>56%</td>
<td>30%</td>
<td>50%</td>
</tr>
<tr>
<td>Frozen Boxed Meat</td>
<td>31%</td>
<td>39%</td>
<td>41%</td>
<td>27%</td>
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<td>44%</td>
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</tr>
<tr>
<td>Frozen Potatoes &amp; Onion Rings</td>
<td>12%</td>
<td>58%</td>
<td>35%</td>
<td>42%</td>
<td>33%</td>
</tr>
<tr>
<td>Ice Cream</td>
<td>33%</td>
<td>38%</td>
<td>48%</td>
<td>57%</td>
<td>7%</td>
</tr>
<tr>
<td>Ice Cream Novelties</td>
<td>34%</td>
<td>33%</td>
<td>48%</td>
<td>55%</td>
<td>13%</td>
</tr>
</tbody>
</table>

**NF: Agree 4,5 minus Disagree 1,2**
# Top 10 Traffic Driver Total US Food Stores

<table>
<thead>
<tr>
<th>Top 10</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh Vegetables</td>
<td>47%</td>
</tr>
<tr>
<td>Fresh Fruit</td>
<td>40%</td>
</tr>
<tr>
<td>Fresh Beef</td>
<td>38%</td>
</tr>
<tr>
<td>Baby Food</td>
<td>38%</td>
</tr>
<tr>
<td>Infant Formula</td>
<td>37%</td>
</tr>
<tr>
<td>Feminine Care</td>
<td>35%</td>
</tr>
<tr>
<td>Soft Drinks</td>
<td>32%</td>
</tr>
<tr>
<td>Cat Food - Dry &amp; Moist</td>
<td>32%</td>
</tr>
<tr>
<td>Hair Styling Aids</td>
<td>32%</td>
</tr>
<tr>
<td>Specialty Cheese</td>
<td>31%</td>
</tr>
</tbody>
</table>

n= 25547
### Top 10 Spend Categories US Food

n= 25547

<table>
<thead>
<tr>
<th>Top 10</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialty Cheese</td>
<td>50%</td>
</tr>
<tr>
<td>Fresh Rolls &amp; Baked Goods</td>
<td>40%</td>
</tr>
<tr>
<td>Single Serve Shelf Stable Juices</td>
<td>39%</td>
</tr>
<tr>
<td>Hot Dogs</td>
<td>36%</td>
</tr>
<tr>
<td>Side Dishes</td>
<td>36%</td>
</tr>
<tr>
<td>Cat Treats</td>
<td>36%</td>
</tr>
<tr>
<td>Fresh Seafood</td>
<td>36%</td>
</tr>
<tr>
<td>Potato Chips</td>
<td>35%</td>
</tr>
<tr>
<td>Fresh Vegetables</td>
<td>35%</td>
</tr>
<tr>
<td>Baby Food</td>
<td>35%</td>
</tr>
</tbody>
</table>
Category Roles 2.0: One Step Further to “Category Impact”

A Model With Definite Implications and Pathways to Growth
Intentionality Differentiation Framework

Some categories drive shoppers to the store and are highly planned

<table>
<thead>
<tr>
<th>Low Intentionality</th>
<th>High Intentionality</th>
</tr>
</thead>
</table>

**Drives Traffic***
Highly Planned

**Why is this relevant?**
- Flagship categories for retailers
- Overinvest to drive footfall
- Win at retail brand level with these categories
- Allocate investment pre- and in-store

*Traffic: Main reason I go shopping and promotions encourage shopping
Some categories offer opportunity to trade up and build retailer loyalty

Willing to Pay More Retailer Loyalty

Why is this relevant?

- Offer premium
- Maintain high average selling price tiers (less need to deep discount)
- Drive retailer loyalty and switching
- Establish shopper loyalty and routine in category (repeat purchases)

Low Differentiation
A Framework for Retailer Portfolio Planning

DIFFERENTIATE VIA NEW & TREAT
“Inspire me with something new and different”
Low intentionality
- e.g. Fresh Chilled Pasta

HERO CATEGORIES
“Give me a reason to choose this store”
High intentionality
- e.g. Fresh Bread

DRIVE THE BASKET
“Give me an irresistible deal on those little extras”
Low differentiation
- e.g. Block Chocolate

DRIVE THE TRIP
“Give me the best value on basics & make it easy”
High differentiation
- e.g. Standard White Milk
INSPIRE ME
“Inspire me with something new and different”

Lead on in-store impulse
Use Display/Theatre to attract
Range rotation and Invest in Innovation
Trade up through Premium
Use multi-buy to drive weight of purchase

HERO
“Give me a reason to choose this store”

Lead on innovation
Simple and easy to shop
Focus on OOS
Use theatre to create a destination
Promote pre-store
Opportunity/Threat in Store Brands

DRIVE THE BASKET
“Give me an irresistible deal on those little extras”

Lead on in-store impulse
Invest in Price to “Wow” the Shopper
Invest in Display to tempt via occasion/need state
Volume trade up (e.g., larger packs, volume through price)

DRIVE THE TRIP
“Give me the best value on basics & make it easy”

Low Intentionality

High Intentionality

High Differentiation

Low Differentiation

CATEGORY MATRIX
Different categories have different roles for retailers and shoppers

Frozen and Dairy - Total Food

Differentiation

Intentionality

Low

High

Inspire Me

Hero

Basket Builder

Trip Driver

Frozen

Dairy

Low Intentionality

High Intentionality

Benchmark to Food (All Retailers)
INSPIRE ME

• Snack Cheese
• Natural Cheese
• Ice Cream
• Ice Cream Novelties
• Frozen Boxed Meat
• Frozen Seafood
• Frozen Side Dishes

• Lead on Store Impulse
• Invest in new Innovation to Differentiate
• Invest in Display and Theater
• Trade up through Premium
• Lead on Innovation
• Pre-store Advertising
• Promotion out of store
• Simple Shelf/Focus on OOS
• Opportunity/Threat in Private Label

• Specialty Cheeses
• Prepackaged and Processes Cheese
• Deli Cheese
• Frozen Dinner and Entrees
• Frozen Vegetables
• Fresh Meats
• Frozen Pizza
• Frozen Potato/Onion Rings
• Hot Dogs
• Bacon

- Lead on In-store Impulse
- Invest on Price to “wow” with bargains
- Invest on Display to tempt on occasion/need state
- Volume trade-up (e.g., Larger packs, multiple purchase)
• Lead on availability and price—Get basics right
• Pre-store advertising
• Promotion out of store
• Simple at shelf
• Easy to find in store

• Milk
• Processed and Sliced Cheese
• Cottage Cheese and Sour Cream
• Shredded and Grated Cheese
• Refrigerated Juices
• Sliced Luncheon Meat

Drive the Trip
The Framework Is Useful for Brands Too

Frozen Pizza

Inspire Me

Hero

Basket Builder

Trip Driver

Store Brands

National Brands
How Much of All This is Still Relevant During This Crisis?

- Probably More Than We Think But We’ll Have to Wait And See...
In Previous Crises Shoppers Behaved Rationally But Their Stimuli Changed

- Many Marketers Assumed in the 2008 Recession That Shoppers Were or Would Be Different coming out of the crisis
  - More Sensitive to Prices Because Had Less Money
  - Left the Stores and Needed Promotions to Bring Them Back
  - Many advertisers shut down consumer marketing and held back money.

- So Lots of Promotions and Pricing were Offered.

We found that this perception was wrong.
- Responses were the same.
- The shoppers did not really change.
- The retailers and marketers did.
Supply Chains Obviously Hit Hard, But Will Get A Chance To Catch Their Breath
“Panic Buying” Is Not A Totally Accurate Description

• At first signs of the pandemic, relatively few households bought huge amounts
• Most households bought just a bit more
• When lockdown announced, baskets increased nominally, but made a lot more trips
• Pantries are loaded mostly now.
Some Obvious Changes in Behavior, But Motivations Seem Stable

<table>
<thead>
<tr>
<th>Large stock-ups have increased.</th>
<th>Traditionally ‘less-frequently’ purchased items have increased in frequency during this period</th>
<th>The ‘Stock-Up’ occasion has increased – but only slightly.</th>
<th>Average spend by category has increased (+21%)</th>
<th>Females remain the primary shopper. But younger shoppers (18-34) increase (+9%) as does ‘shopping for myself’ (+21%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top-Ups and Immediate Consumption Trips have decreased</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Shoppers continue to shop with specific meals/occasions in mind.
Generally Just Bought More of What They Always Bought For the Same Reasons

### 2018/19 Traffic Motivations

<table>
<thead>
<tr>
<th>Don’t Want To Run Out (NF)</th>
<th>Rank of 10</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>82%</td>
<td>1</td>
<td>Bathroom Tissue</td>
</tr>
<tr>
<td>79%</td>
<td>2</td>
<td>Coffee</td>
</tr>
<tr>
<td>75%</td>
<td>3</td>
<td>Cat Food</td>
</tr>
<tr>
<td>74%</td>
<td>4</td>
<td>Laundry Detergent</td>
</tr>
<tr>
<td>73%</td>
<td>5</td>
<td>Paper Towels</td>
</tr>
<tr>
<td>71%</td>
<td>6</td>
<td>Dish Detergent</td>
</tr>
<tr>
<td>71%</td>
<td>7</td>
<td>Butter &amp; Margarine</td>
</tr>
<tr>
<td>70%</td>
<td>8</td>
<td>Dog Food</td>
</tr>
<tr>
<td>70%</td>
<td>9</td>
<td>Feminine Care</td>
</tr>
<tr>
<td>69%</td>
<td>10</td>
<td>Milk</td>
</tr>
</tbody>
</table>
Even During This Event, Shopping Is Surprisingly “Normal” Underneath

3. Shopper Behaviour

We would expect shopper behaviours like pre-planning, shopping quickly and switching to increase dramatically during a panic-buying/stock-piling period. However, at a top line view, shopper behaviour has stayed quite consistent. It appears shoppers don’t think what they are doing constitutes ‘panic-buying’ or ‘stock-piling’ – they are just getting a few extras. But when we look at some of the motivations behind their behaviour there are some insightful differences vs regular shopping.

<table>
<thead>
<tr>
<th>Planned vs Unplanned Behaviour has remained the same overall.</th>
</tr>
</thead>
<tbody>
<tr>
<td>However, planning is less likely driven by ‘regular/routine’ purchases and more likely through fear of ‘running out’, ‘requested by others’ and by ‘pre-store promos’ like store coupons and advertising. (ie pre-store promos are currently more effective for driving traffic vs regular times)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Brands remain important to shoppers in these times.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shoppers over-index for being ‘brand planned’ and also for ‘sticking to brands I know’ currently vs regular shopping.</td>
</tr>
<tr>
<td>This suggests that it is not simply a case of anything will do for shoppers.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Switch vs Walk Away Behaviour has remained consistent overall.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The only significant difference is that shoppers are less likely to ‘go to another store’ if what they want is unavailable.</td>
</tr>
<tr>
<td>Again, this suggests no apparent panic for shoppers to throw anything into the basket.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shoppers are less likely to Grab&amp;Go (ie shop quickly) now vs regular shopping.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shoppers are less likely to ‘know what I want’ going into the store (linked to less routine/regular purchases?).</td>
</tr>
<tr>
<td>As such they are spending more time ‘Browsing’ in-store vs regular shopping.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increased Spend is being driven by specific areas...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shoppers are spending more on ‘new/different’ and buying extra ‘because I feel like it’ (treating themselves?)</td>
</tr>
<tr>
<td>They over-index for shopping off ‘Aisle Ends’ and shoppers feel that the more they buy, the more they will consume (expandability).</td>
</tr>
<tr>
<td>However, shoppers are less likely to trade up to ‘premium’ and are more open to Private Label.</td>
</tr>
</tbody>
</table>
Lockdown Shifted Demand To Retail

Demand → Consumer/Shopper → Retail → Distribution → Manufacturing → Distribution → Demand

Occasions
What Does The Future of Shopping Look Like After This?

What Do We Want It To Look Like?
Thank You!

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Supplementary