



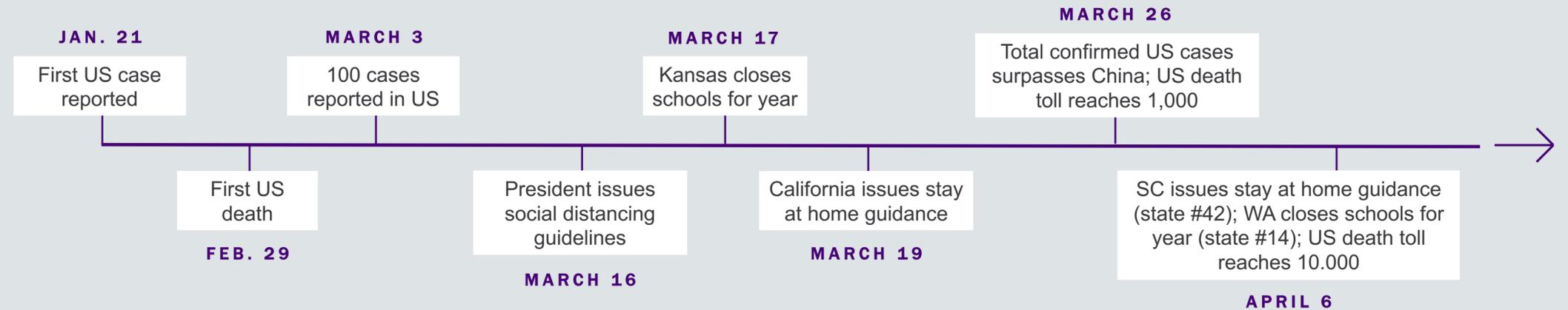
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COVID-19: THE IMPACT ON CUSTOMER NEEDS
& WHAT CPGS CAN DO TO MEET THEM

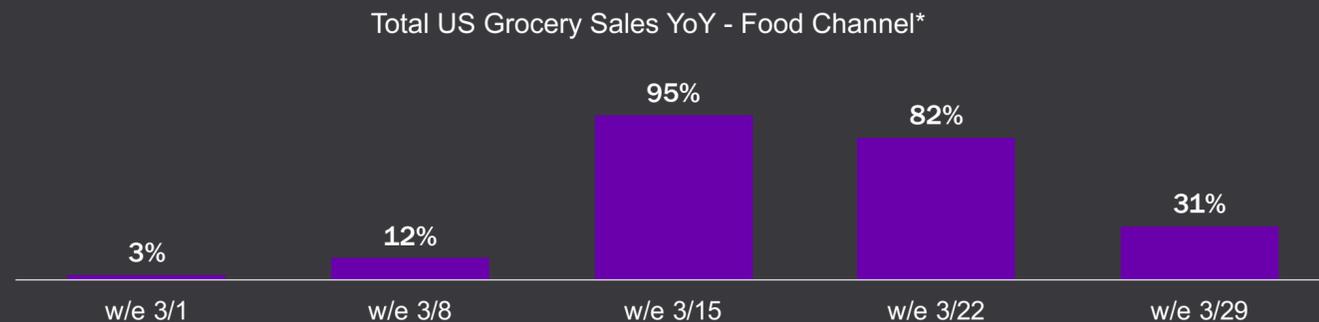
April 2020

COVID-19 IMPACT IS WIDESPREAD AND PERSONAL

IN LESS THAN 3 MONTHS, Coronavirus has disrupted people's lives, shopping behavior and the grocery industry



Increased consumption as customers seek a variety of needs, ranging from basic essentials to preparing for “new normal” with stay at home orders



Changes in shopping habits are nearly UNIVERSAL:

86%

claimed to have changed their shopping habits



Customers claim to be adopting more of the following behaviors:

- 39%** Say they are buying food in bulk (large pack sizes, multi-packs)
- 45%** Say they are buying household essentials in bulk (large pack sizes, multi-packs)
- 55%** Say they are buying non-perishable foods
- 24%** Say they are using grocery pickup services
- 72%** Say they are buying different items because what I want is out of stock

PEOPLE HAVE GROWING CONCERN OVER ITS IMPACT & DURATION



CONCERN IS GROWING ACROSS AGES:

Concern over the virus rises every week, with the level of concern narrowing across age ranges (**younger customers are now almost as worried as older customers**)



FINANCIAL STRAIN IS INCREASING:

12% of customers are reporting financial hardships at the end of March
(up from 7% in previous week)

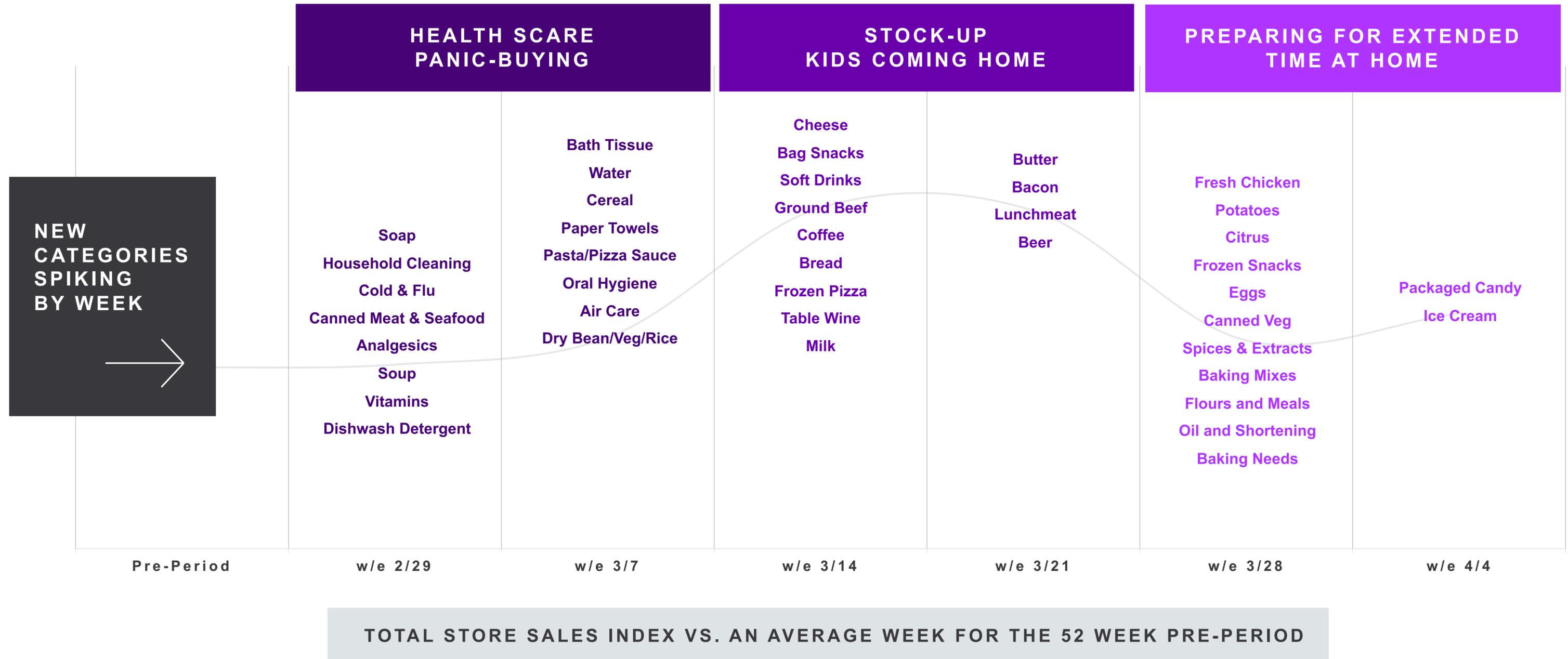


PREPARING FOR EXTENDED DISRUPTION:

Customers expect this new way of life to remain the norm for some time, **50% of customers expect “normal life” to resume within a few months, and 25% expect to resume within a year**

PURCHASE BEHAVIOR SIGNALS SHIFTING MINDSETS & PRIORITIES

CPGs have a unique opportunity to deliver on variety of emerging customer needs during this crisis



CONTINUE TO MEET FUNDAMENTAL NEEDS FOR HEALTH, SAFETY & SECURITY

While the first massive spike may have passed, **anticipate sustained impact and recurrence of waves**

BALANCING NEED FOR BASIC FOOD & WATER WITH NEED TO STAY SAFE & HEALTHY



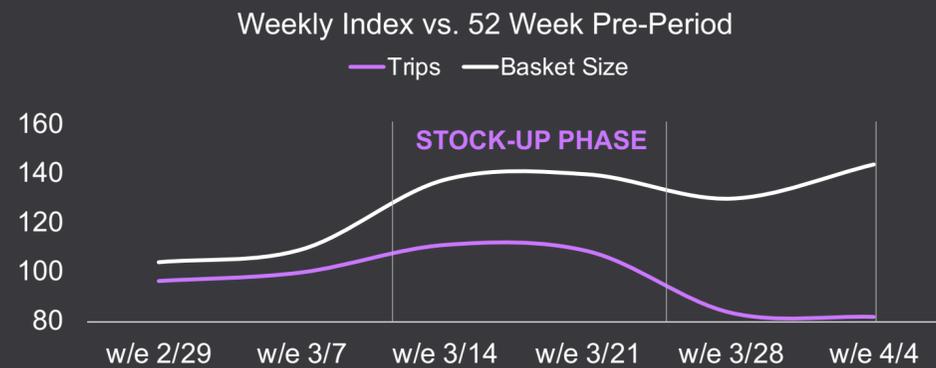
Early spikes in water, food, and staples



Customers want 2-week supply on hand at home*

CUSTOMERS LIMITING POTENTIAL EXPOSURE TO THE VIRUS BY:

LIMITING TRIPS TO THE STORE

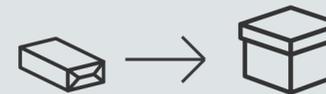


SHIFTING TO E-COMM



Total US Ecommerce \$ Sales up 56% YoY* during 4 weeks ending 3/22/20

OPPORTUNITY TO MEET CUSTOMER NEEDS:



Prioritize production & promotion of larger packs to enable stock-up with value



Create ecomm offers and bundles to provide value through preferred modality, while ensuring your brands get on the list & in the cart

CONTINUE TO MEET FUNDAMENTAL NEEDS FOR HEALTH, SAFETY & SECURITY

People are experiencing **increased stress**

SEEKING WAYS TO IMPROVE FINANCIAL, PHYSICAL and MENTAL HEALTH



Job loss and financial hardship



Parents are busier than ever:

- 42 states have issued stay at home orders (as of 4/6)
- 14 states have closed school for the year (as of 4/6)

78% are seeking out moments/joy/activity to reduce stress

via social media, digitally connecting with friends/family, and going outside more*



OPPORTUNITY TO MEET CUSTOMER NEEDS:



Provide strong promotions throughout the crisis. Expect customers to seek value, compare prices and shift to private label.



Help customers make healthy choices by continuing to promote Natural & Organic items, especially on trend



Provide recipes to help people use cooking as stress relief

FIND WAYS TO HELP PEOPLE THRIVE OVER THE COMING MONTHS

The pandemic will create **both new routines & opportunities to bring people together in new ways**

ADJUSTING TO DISRUPTION IN LIVES AND CREATING NEW ROUTINES

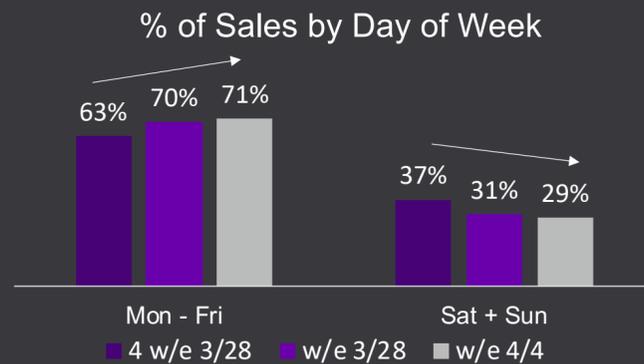


Customers are shifting spend throughout the week

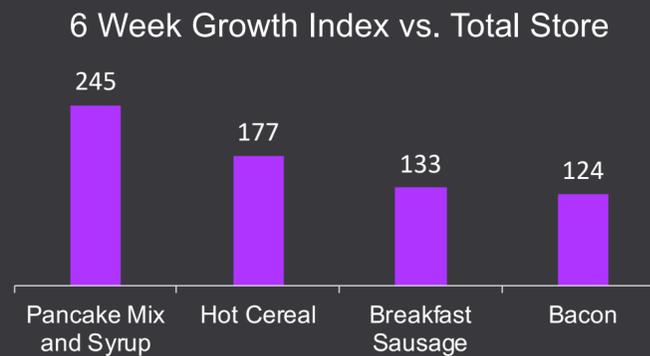


Customers are sitting down for breakfast again

SHIFTING SPEND



BREAKFAST CATEGORIES



OPPORTUNITY TO MEET CUSTOMER NEEDS:



Service stores throughout the week and **shift promotions from driving weekend trips to engaging throughout the week**



Bring breakfast back to the table while people are not on-the-go in the mornings



Promote easy meal options to help busy parents get meals on the table

FIND WAYS TO HELP PEOPLE THRIVE OVER THE COMING MONTHS

Creating new ways to indulge and connect with each other

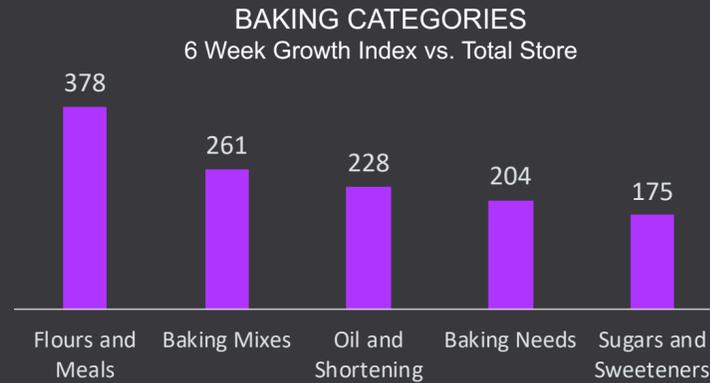
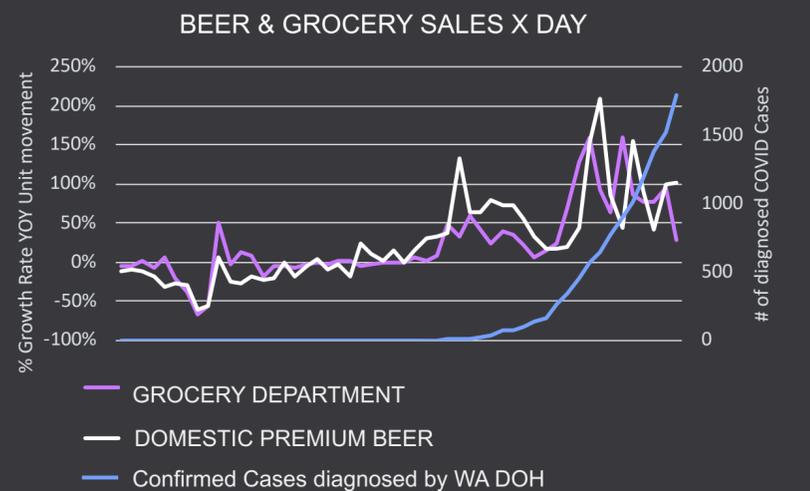


PEOPLE ARE SHARING stories on social media of communities coming together to help each other

CUSTOMERS ARE INDULGING, but aren't leaving all healthy trends behind

+39% Total US Natural Food \$ Sales are still up YoY during 5 weeks ending 3/29/20*

CUSTOMERS ARE INDULGING, particularly with ALCOHOL and BAKING...



OPPORTUNITY TO MEET CUSTOMER NEEDS:



Create opportunities for both adults and kids to indulge at home (ex. new comfort foods, movie nights in)



Leverage digital to provide activities for parents and kids (ex. baking, crafts)



Anticipate changes in post-COVID holidays, as people may crave a reason to celebrate while also preferring to avoid crowds

IT IS MORE IMPORTANT THAN EVER TO DELIVER FOR CUSTOMERS

Opportunity exists to reshape previous routines **and create lasting trends for the new normal**



 <p>STRETCHING DOLLARS</p>	 <p>E-COMMERCE</p>	 <p>BRINGING FAMILIES BACK TO THE TABLE</p>
<p>Help customers save by delivering value across promotions, bigger packs, and educating on scratch cooking</p>	<p>Many are leveraging for safety & health today, but may continue for the convenience post-COVID</p>	<p>Support transition from on-the-go to traditional meals by providing a mix of convenience and comfort</p>
 <p>KITCHEN AS HEART OF THE HOME</p>	 <p>EVERYDAY INDULGENCES & CREATIVITY</p>	 <p>NEW WAYS TO CELEBRATE</p>
<p>Using food to create bonding experiences through cooking, consuming and connecting</p>	<p>Provide new recipes and ideas to help people create and find joy</p>	<p>Help people blend new and old traditions, as they seek meaningful and intimate celebrations</p>

