

**COVID-19 Impact on CPG Retail**

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# **ANTICIPATING LIFE AFTER COVID-19**

**April 17, 2020**



**IRi**

Growth delivered.

# Anticipate the Future

- Panic buying has eased, but the potential for additional demand spikes remains as U.S. meat processing facilities are impacted by COVID-19 outbreaks.
- As the impact of the economic shut-down hits personal finances, consumers will resort to behaviors exhibited during previous recessions, including purchasing more private label and multi-use packages.
- Consumers will continue to social distance, shifting grocery trips to weekdays and making fewer visits, but buying more when they do shop.
- Winning retailers will continue to adjust store space to facilitate:
  - In-stock of “Stay-in-Place Essentials” assortments
  - Support consumption that has moved from out-of-home to in-home, including alcohol
  - Support click & collect fulfillment.
- To better meet shopper needs, retailers and manufacturers will continue to limit depth of assortment to larger, multi-use sizes, as well as smaller, lower-priced packs for economically pinched consumers. Single-serve packages will continue to be challenged as small format stores suffer traffic declines.
- Private label and value brands will become increasingly important to product mix. Large manufacturers that can quickly make and move products at scale will continue to gain share, reversing years of gains by small manufacturers.
- E-commerce will continue to gain share of wallet as shoppers get used to ordering online and omnichannel retailers invest in infrastructure needed to support the demand for additional services.
- Marketers will need to defend their shelf space as retailer's reallocate space for high-demand, high-margin categories.
- As consumers and retailers adjust to limited assortment, marketers will face greater hurdles getting new items and new varieties into stores.

# This Issue of IRI's COVID-19 Report Explores How an Evolving Consumer Outlook Will Impact Current and Likely Future Behavior



**To Create This Report, IRI Leveraged Data and Analytics from Various Proprietary Retail, Market, Consumer and Shopper Assets, Including:**

- IRI Point of Sale Data, including Daily Chain POS Data
- IRI E-Market Insights®
- Shopper Basket Analysis from IRI Consumer Network™ Panel and Weekly Consumer Panel Solutions
- IRI Weekly Pulse Surveys
- IRI Multi Outlet, Total Store Fresh Model

Visit IRI's [COVID-19 Insights Portal](#) and [COVID-19 Dashboard](#) for more reports and updates.



# Executive Summary



## A View into the Future

Many consumers expect their lives will be very different in a post-COVID-19 world. New spending habits, including increased purchases of private label products, value brands and larger or smaller pack sizes, as well as wider adoption of e-commerce.

Extending out to at least a year after COVID-19 recedes, a vast majority of the food dollar will remain in the home.



## Consumer Sentiment

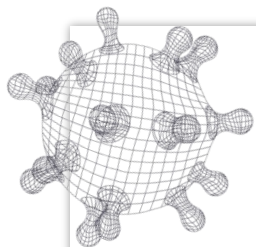
Even as consumers express slightly less anxiety about COVID-19, they are frustrated by price increases, purchase limits, e-commerce delays.



## Purchase and Shopping Behavior

A high percentage of consumers continue to make fewer trips, but are purchasing more when they shop. Large-format retail sales are up slightly, but remain below panic peaks. Fresh department sales are up as shoppers offset pantry staples for meal preparation. Baking categories are in demand.

# COVID-19 Mortality, Unemployment Rates Climb; Likely Scenarios for CPG Demand Evolution



**~2.2MM+\*** as of April 17  
**Global COVID-19 Cases**

**>671,000\***  
**U.S. COVID-19 Cases**  
34,000 deaths in the U.S.



**22MM Americans**  
**Filed for Unemployment**  
**in the Last 4 Weeks**  
*and it's wiping out all jobs created  
since the Great Recession*

## Likely Scenarios for CPG Measured Channel Growth

### Virus Effectively Contained

Significant stockpiling drawdown in Q2; potential reversion to new normal consumption trends by Q4



### Another Virus Spike in the Fall

Stockpiling drawdown in the Summer before another major stockpiling run in the Fall





# a view into **the future**

# More Than a Third of Consumers Will Spend CARES Stimulus Money on Groceries and Household Essentials

*Housing, Food Among Top Plans for Money Received from Coronavirus Aid, Relief & Economic Security Act*

**35%**

*to buy more groceries  
and other everyday  
HH essentials*

**48%**

*to pay rent, mortgage,  
taxes, or utilities*

**40%**

*to add to my savings  
or investment  
accounts*

**12%**

*to pay healthcare  
bills; caregiver  
expenses*

**10%**

*to buy household  
items; clothing*

**60% expect to receive stimulus money**

*30% aren't sure if they'll receive money*

*10% don't anticipate receiving money*

# Recessionary Behaviors Are Just Starting to Take Hold; A Third of Shoppers Have Made Purchase Changes

*During the Great Recession, consumers bought more private label, tried lower-priced brands, bought smaller quantities of favorite treats, and generally cut back spending on non-essential groceries. Consumer responses indicate these behaviors are just starting to emerge.*



**12%**

*Switched to larger pack sizes because I've been buying more of my groceries at Club stores than I did in the past (i.e. Costco, Sam's Club, BJ's)*



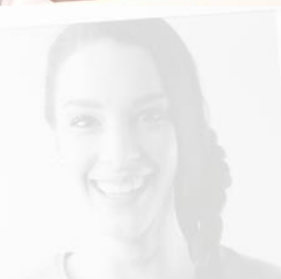
**12%**

*Switched from single-serve items to larger package sizes of foods / beverages because I wanted to stock up on larger quantities to last a while*



**8%**

*Switched from single-serve items to larger package sizes of foods / beverages because they are a better value*



**7%**

*Bought fewer single-serve foods / beverages because I'm not eating / drinking while on-the-go or away from home as often*



**5%**

*Bought fewer single-serve foods / beverages because I haven't been shopping at Convenience Stores or Drug stores as often*





# Working from Home Will Become the Norm for More Americans

*25% Are Working From Home More Often Rather Than Going to an Office Due to COVID-19*

**After Stay-at-Home Restrictions End, Those Who Have Been Working from Home More Plan to:**

**18%** **Work from home much more often** than I did before COVID-19

**19%** **Work from home a little more often** than I did before COVID-19

**63%** **Return to my usual schedule** for work location

## Changes Consumers Made to Eating Habits Will Continue After the Crisis Abates

**65%**

*Eating at Home More Often  
Instead of at Restaurants*



**33%**

*Creating More Meals  
from Scratch*



**27%**

*Making Coffee at Home More Often  
Instead of Going to Coffee Shops*



**After Stay-at-Home Restrictions End, Those Who Made Changes Plan to...**

**43%**

Wait a **FEW EXTRA WEEKS**  
after restrictions end before  
returning to restaurants

**38%**

Wait a **MONTH OR MORE**  
after restrictions end before  
returning to restaurants

**55%**

**Continue to create  
meals from scratch**  
more than before

**66%**

**Continue to make  
coffee at home**  
more than before

# Consumers' Plans for Memorial Day Signal Lighter Demand for Summer Holiday Products

Totals Do Not Equal 100 Due to Rounding

Will Likely Spend Memorial Day in a Similar Way as Last Year 45%

Don't Know 23%

Different Plans This Year Than Last Year

- 19% Hosted or Attended a Party Last Year
- 13% Traveled Last Year
- 3% Other

33%

# consumers **share their views**





## Consumers Struggle Between Retailer and Brand Loyalty

*More Consumers Returning to Their Preferred Retailer: When faced with out of stocks at the onset of COVID-19, consumers went to other stores looking for those items. As consumers become accustomed to the new normal, they are returning to their retailers despite out of stocks.*

### Wave 1 Total

March 13 – 15 (609 base)

**37%**

*went to a different physical store  
and bought the item I wanted*

**14%**

*went online to order the item  
I wanted from an online retailer*

**13%**

*went back to that same retail location later  
to buy it when it was back in stock*

**16%**

*bought a different brand or variety instead,  
from the same retailer location*

### Wave 5 Total

April 10 – 12 (1,001 base)

**30%**



**17%**



**26%**



**17%**

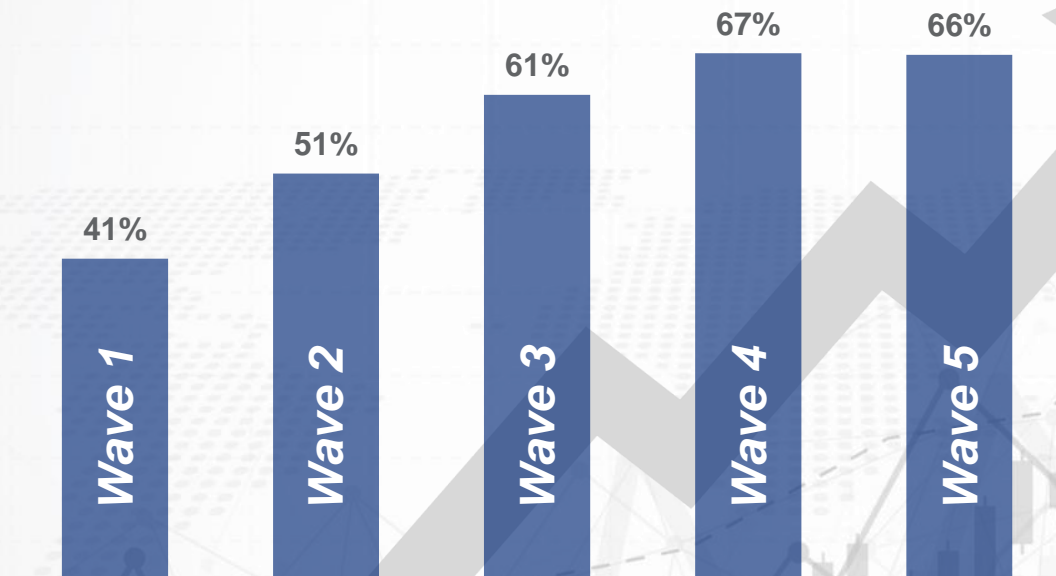


**Choices at the Shelf: At the onset of COVID-19, consumers reported nearly 3 categories they intended to shop were out of stock; today that number is 6.**

## Shoppers Notice Price Increases

*Fewer promotions, larger stock-up trips, buying different pack sizes and even buying different brands can all fuel consumer perceptions of higher prices.*

Q. Consumers who agree with statement: I have seen prices increase because of the coronavirus.



# 76%

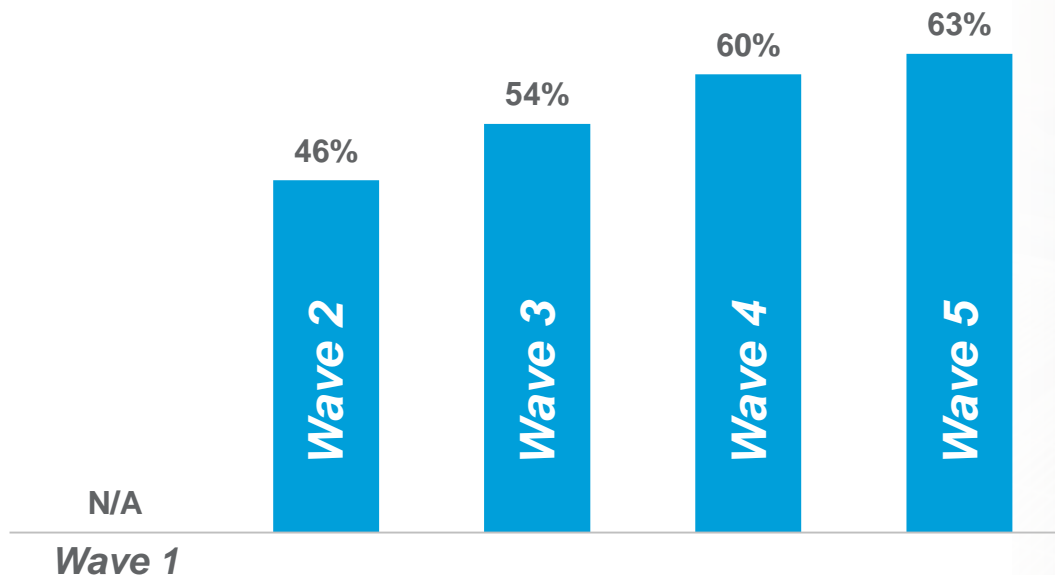


JOBLESS

**of consumers  
who have been  
furloughed or  
laid off report  
they have  
noticed price  
increases**

## Retailer Product Limits Dampen Demand

Q. For items that were in-stock to buy, did you reduce the number of items you bought on any recent shopping occasion due to a retailer limiting the amount per shopper for certain items? % who responded: Yes, there was a purchase limit on certain items so I bought fewer than I wanted.



### Attention Customers

To help serve as many members of the community as possible, we respectfully ask you to limit your purchase to 1 per item.

Thank you for understanding

## Private Label is a Deliberate and a Default Choice

*Sentiments Consistent from March to April; Percentages Who Agree Completely*



**18%**

*chose Private Label  
in the past month  
because the brand  
they usually buy  
was unavailable*

**20%**

*bought  
Private Label  
products in  
the past month  
to save money*

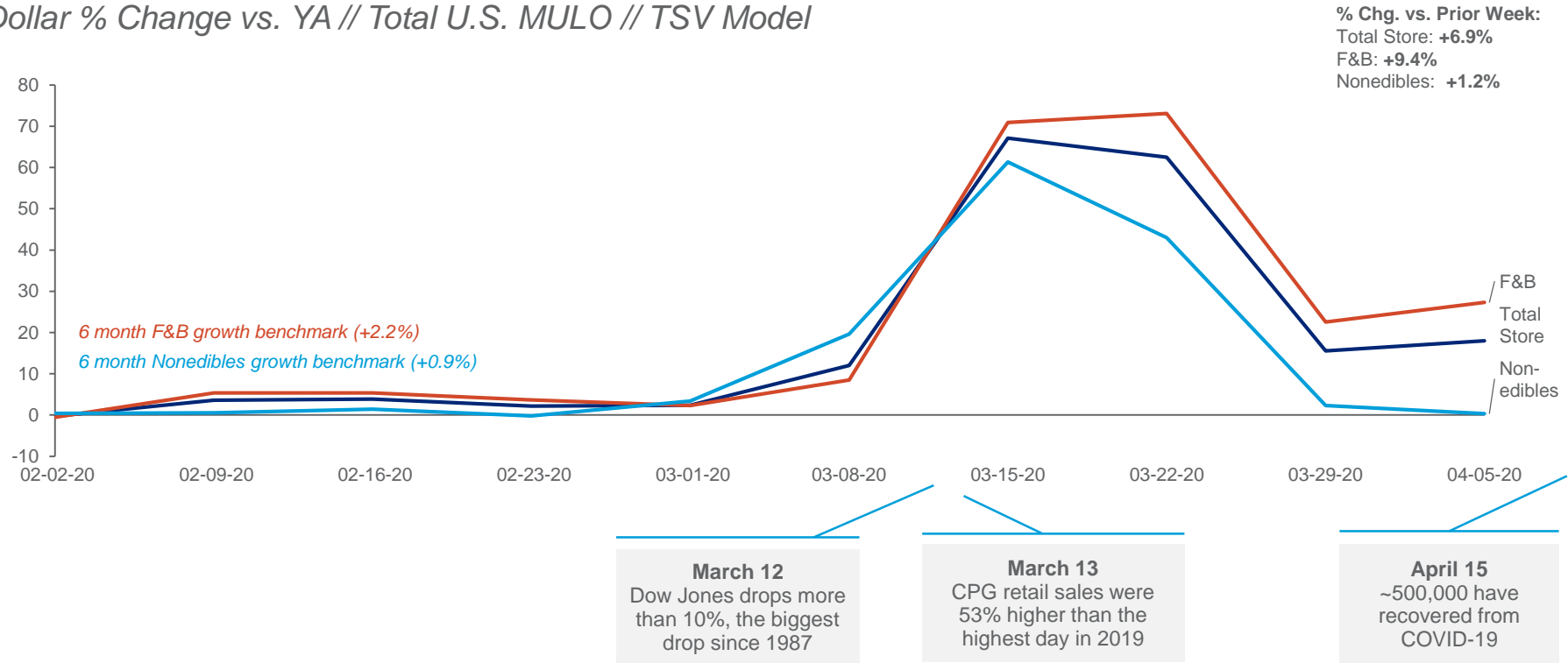




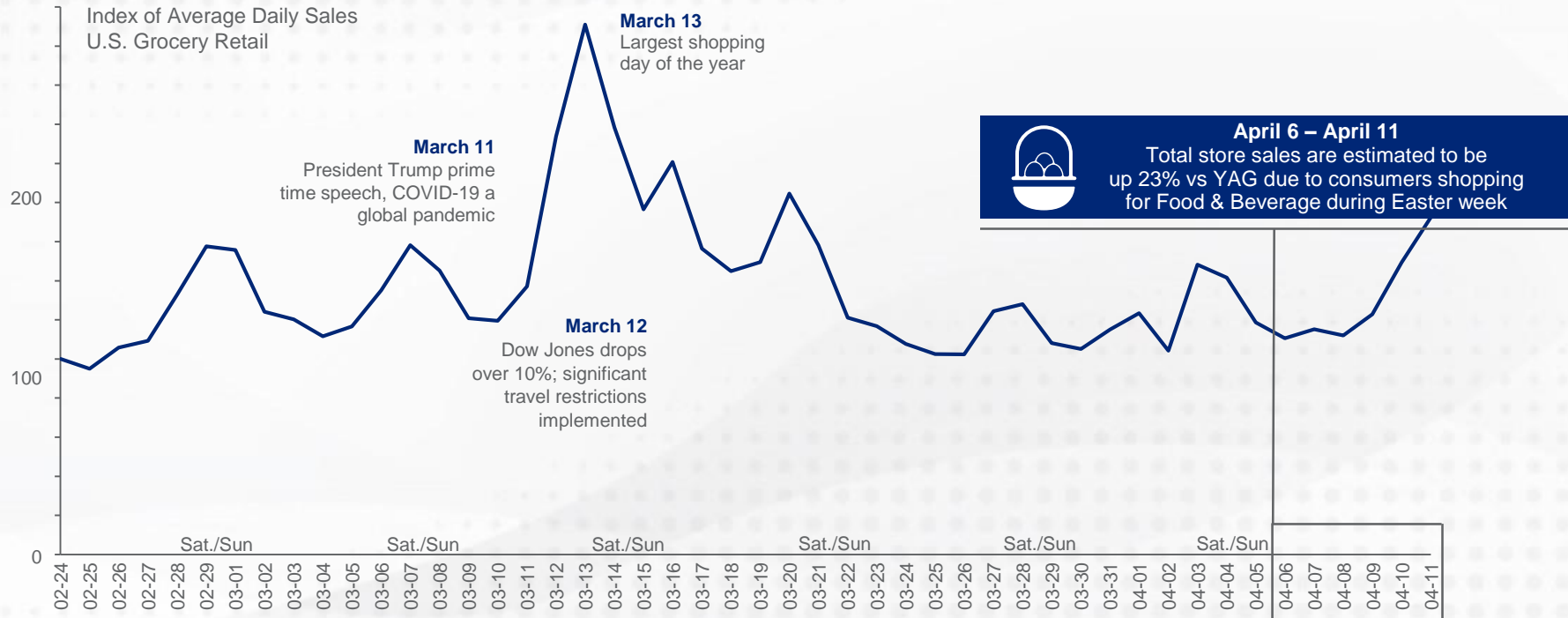
# purchase & shopping **behavior**

# Large Format Retail Food & Beverage Sales Accelerated Slightly in the Latest Week, Growing 27% vs. Year Ago; Nonedibles Continued to Decelerate

Dollar % Change vs. YA // Total U.S. MULO // TSV Model

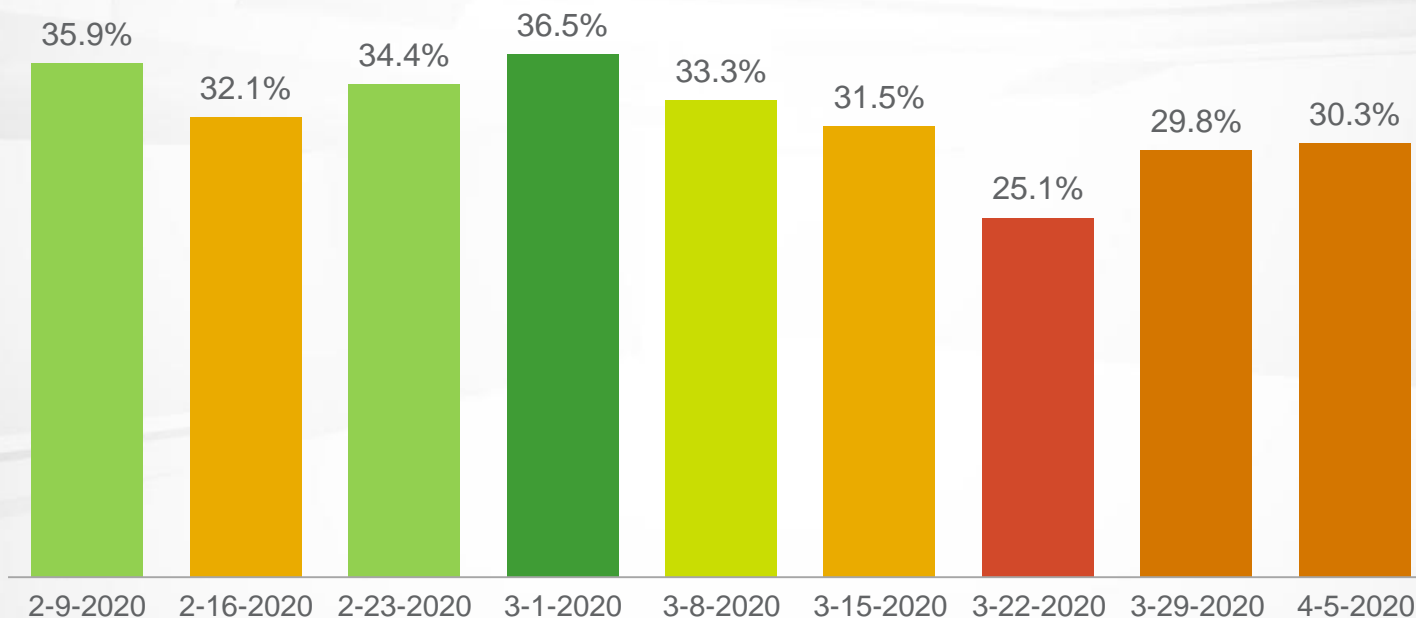


# Daily Sales Trends Highlight the Panic Stock-Up on March 12 and 13 and Subsequent Gradual Softening



## Since March, More Grocery Spend Has Shifted From Weekends to Weekdays

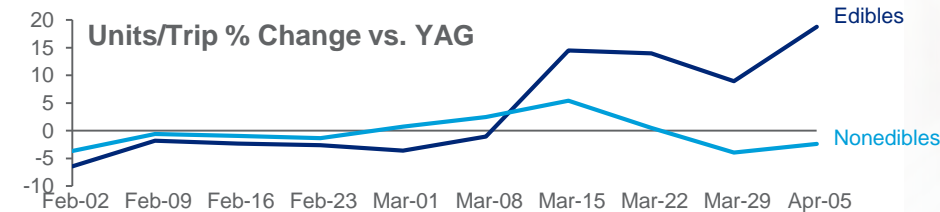
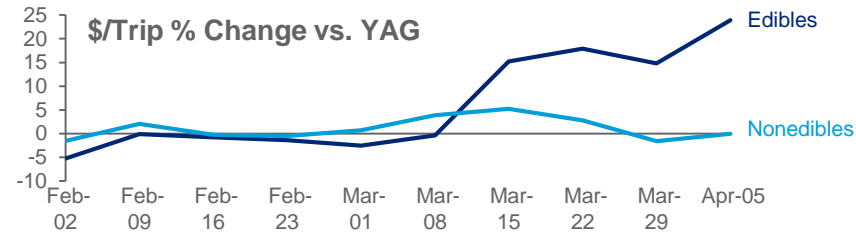
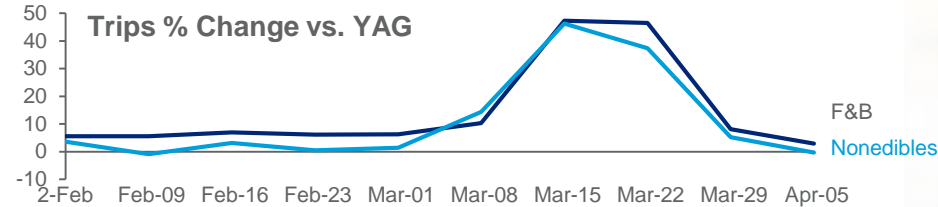
*Share of Spend on Weekends (% Spend on Saturdays and Sundays)*





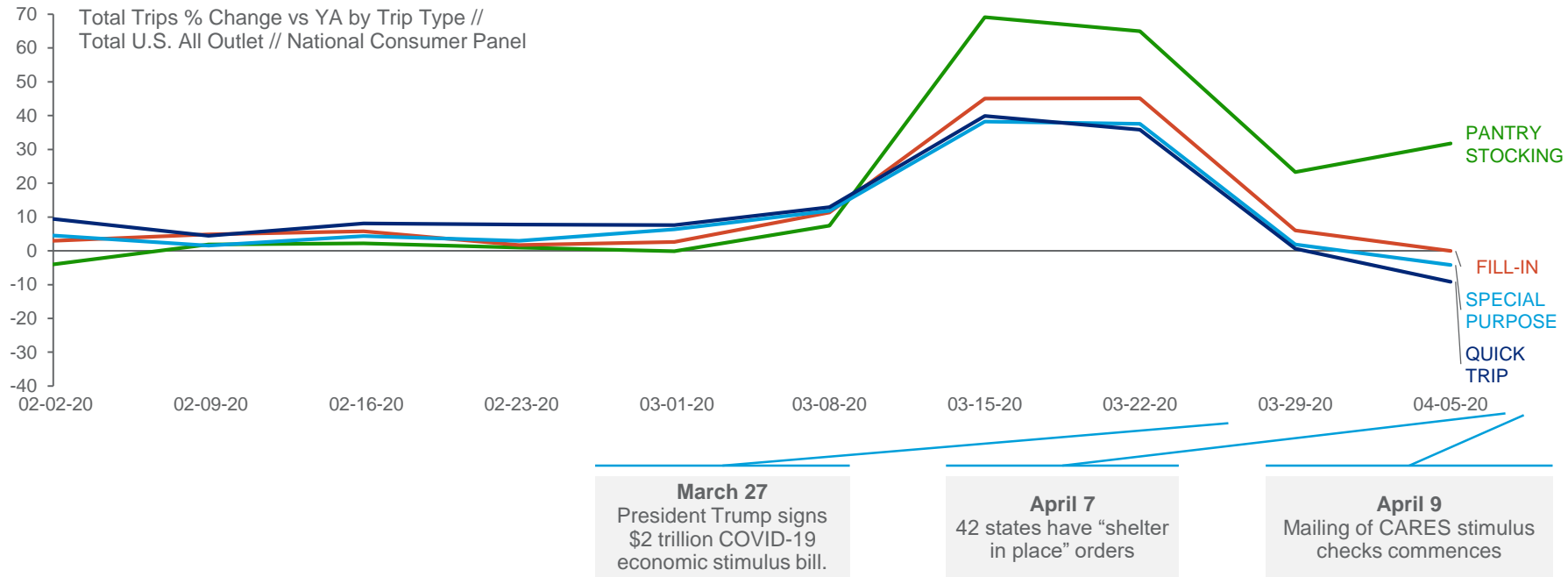
# F&B Trips Continued to Decelerate in the Latest Week Although Growth is Still Positive, While Dollars per Trip Rose

% Change vs YA // All Outlets // National Consumer Panel



# Pantry Stocking Trips Rose After Dropping in the Prior Two Weeks; Other Trip Types Slowed Including Quick Trips Which is Negative in the Latest Week

>70% of Consumers Report Buying Enough Groceries Their HH Needs For 2 Weeks or More

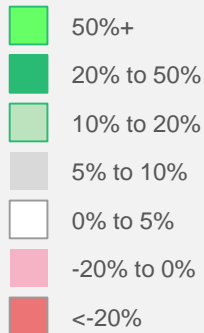


# Consumers Have Shifted From Stocking Up Across Total Store to Focused Purchases of F&B; Fill-ins Include Fresh and Frozen to Offset Pantry Items

\$ % Change vs. YAG - MULO

	Jan 6 to Mar 1	W/E Mar 8	W/E Mar 15	W/E Mar 22	W/E Mar 29	W/E Apr 5
<b>TOTAL STORE</b>	1.4%	12.6%	67.9%	62.5%	15.5%	18.0%
<b>Total Nonedible</b>	1.0%	19.6%	61.3%	43.0%	2.3%	0.3%
<b>Total F&amp;B</b>	1.6%	9.0%	71.4%	73.1%	22.6%	27.3%

## LEGEND



NONEDIBLE	Paper Products	2.9%	60.1%	212.7%	96.5%	40.2%	33.5%
	Home Care	3.5%	41.5%	103.6%	75.5%	21.7%	14.6%
	OTC Healthcare	5.1%	26.2%	73.6%	62.9%	6.1%	-0.3%
	Personal Care	2.8%	19.8%	50.7%	35.8%	-4.1%	-5.8%
	Pet Food + Care	3.1%	7.5%	40.1%	37.5%	-6.0%	-6.0%
	Gen Merchandise	-2.0%	7.5%	23.2%	21.1%	2.5%	5.1%
	Cosmetics	-0.1%	4.1%	9.2%	-4.7%	-21.3%	-15.4%

F&B	Beverage	2.1%	13.0%	60.1%	48.8%	8.3%	11.6%
	Packaged Food	1.1%	11.7%	87.6%	87.1%	25.3%	28.8%
	Alcohol	3.6%	8.7%	40.9%	56.8%	27.8%	36.7%
	Baby Food + Care	-3.1%	8.2%	65.3%	41.8%	-18.8%	-23.7%
	Dairy	1.3%	5.6%	59.9%	59.9%	22.0%	31.2%
	Frozen Foods	1.9%	5.3%	82.2%	96.3%	32.9%	36.4%
	Fresh Foods	1.3%	5.0%	59.5%	63.6%	19.9%	23.8%

# In 4 Weeks, Purchases Evolved from Pure Panic Stock-Up with Heavy Focus on Non-Foods to Meal Preparation Ingredients to Increased Focus on Comfort Foods

*F&B Dollar % Change vs. YA // MULO // TSV – Top Growing Categories vs YA by Week*

Week Ending 03/15/20	
Personal Therm	448.2%
HH Cleaner Cloths	317.1%
Dry Beans/Veg	263.9%
Moist Towelettes	251.0%
Toilet Tissue	235.9%
Bleach	233.7%
Pasta	230.0%
Bkd Beans/Canned Brd	217.5%
Facial Tissue	213.9%
Soup	212.8%
Rice	209.7%
Vegetables - SS	206.8%
Seafood - SS	201.7%
Baby Wipes	197.5%
Instant Potatoes	197.4%

Week Ending 03/22/20	
Personal Therm	295.1%
Instant Potatoes	232.8%
Pancake Mixes	217.0%
Bkd Beans/Canned Brd	216.1%
Pasta	212.7%
Dry Pkg Dinner Mixes	211.2%
Water Filters/Devices	210.3%
Vegetables - SS	209.5%
Dry Beans/Veg	209.1%
Tomato Products	202.9%
Flour/Meal	202.7%
Dinners - SS	201.3%
Soup	200.4%
Seafood - SS	188.4%
Spaghetti/Ital Sauce	180.2%

Week Ending 03/29/20	
Flour/Meal	120.3%
Gloves	106.1%
Pancake Mixes	102.1%
Instant Potatoes	89.6%
Baking Mixes	89.2%
Premixed Cklt/Coolers	88.4%
Frosting	86.5%
Personal Therm	84.2%
Bkd Beans/Canned Brd	80.6%
Tomato Products	80.2%
Dry Beans/Veg	79.7%
Evap/Condensed Milk	78.9%
Pizza Products	77.1%
Baking Needs	74.0%
Dough/Biscuit Dgh - Rfg	72.7%

Week Ending 04/05/20	
Flour/Meal	120.1%
Pancake Mixes	107.4%
Baking Mixes	94.9%
Baking Needs	89.4%
Instant Potatoes	85.3%
Gloves	85.0%
Evap/Condensed Milk	84.5%
Dough/Biscuit Dough - Rfg	80.3%
Tomato Products	77.1%
Syrup	74.4%
Dry Beans/Veg	72.7%
Butter/Butter Blend	71.0%
Sugar	69.3%
Popcorn/Popcorn Oil	68.7%
Vegetables - SS	66.9%

Non-Edibles

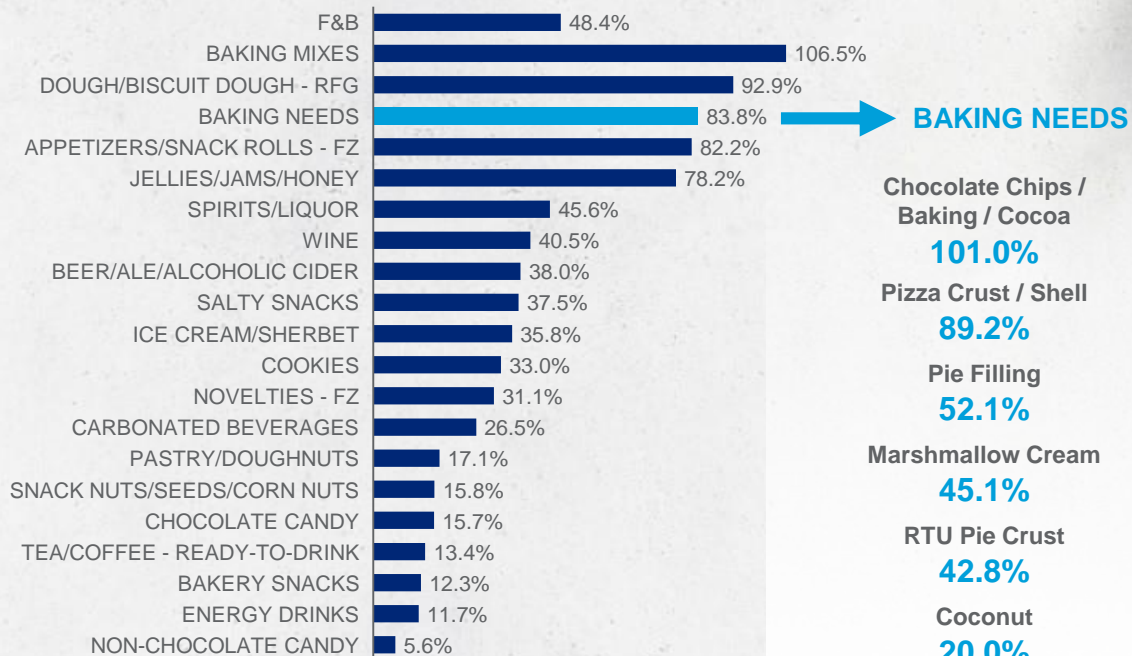
Shelf Stable Meal Components

Baking/Indulgent



# Most of the Top Indulgent Categories Are Not Growing as Fast as F&B; Baking Categories Are Ranking High

\$ % Chg. vs. YAG – MULO – Top Indulgent Categories – 4 WE 04/05/20

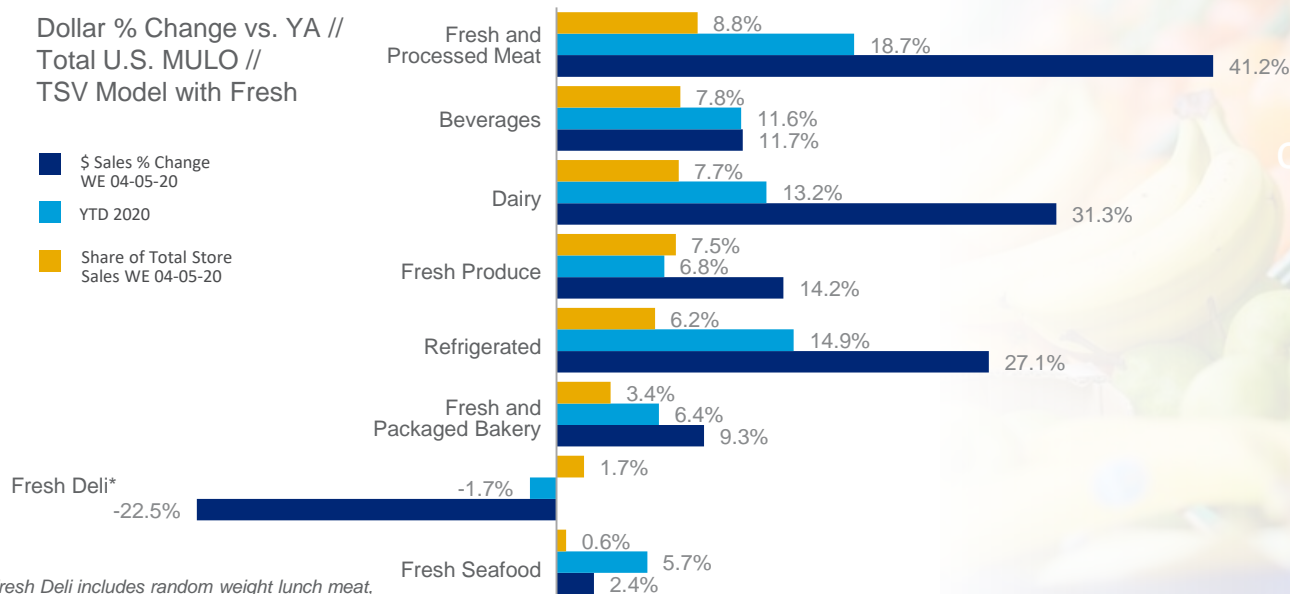


# Perishables Like Meat Drove Growth Similar to Center-Store / Frozen as Meals Turned to At-Home

*Fresh foods retain the same share of total store sales with only service departments suffering. 17% of shoppers say they plan to buy more fresh foods during the pandemic; only 13% say they plan to buy less.*

Dollar % Change vs. YA //  
Total U.S. MUO //  
TSV Model with Fresh

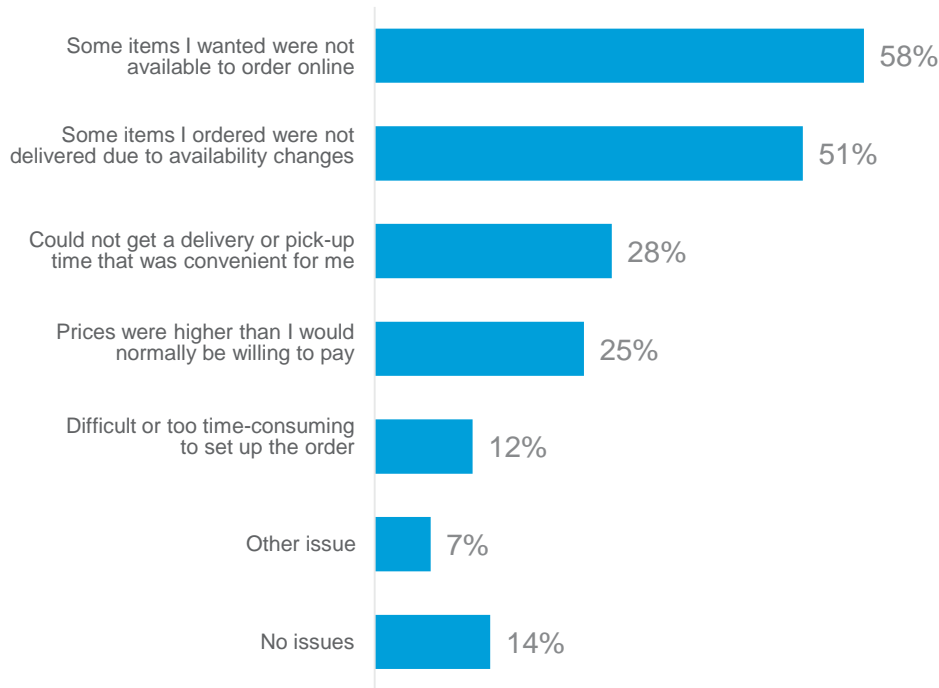
■ \$ Sales % Change  
WE 04-05-20  
■ YTD 2020  
■ Share of Total Store  
Sales WE 04-05-20



\*Fresh Deli includes random weight lunch meat, deli cheese and deli prepared foods only.

# Though Many Who Went Online for More Groceries Report Availability and Pricing Concerns, a High Proportion Still Plan to Buy Groceries Online After the Crisis

## Online Grocery Shopping Issues in the Last Few Weeks



**23%** Ordering More Groceries Online due to COVID-19

*Consumers report it takes a mean of 3+ days to receive their online orders*

**Likelihood to Buy Groceries Online After the Stay-at-Home Restrictions Have Ended**

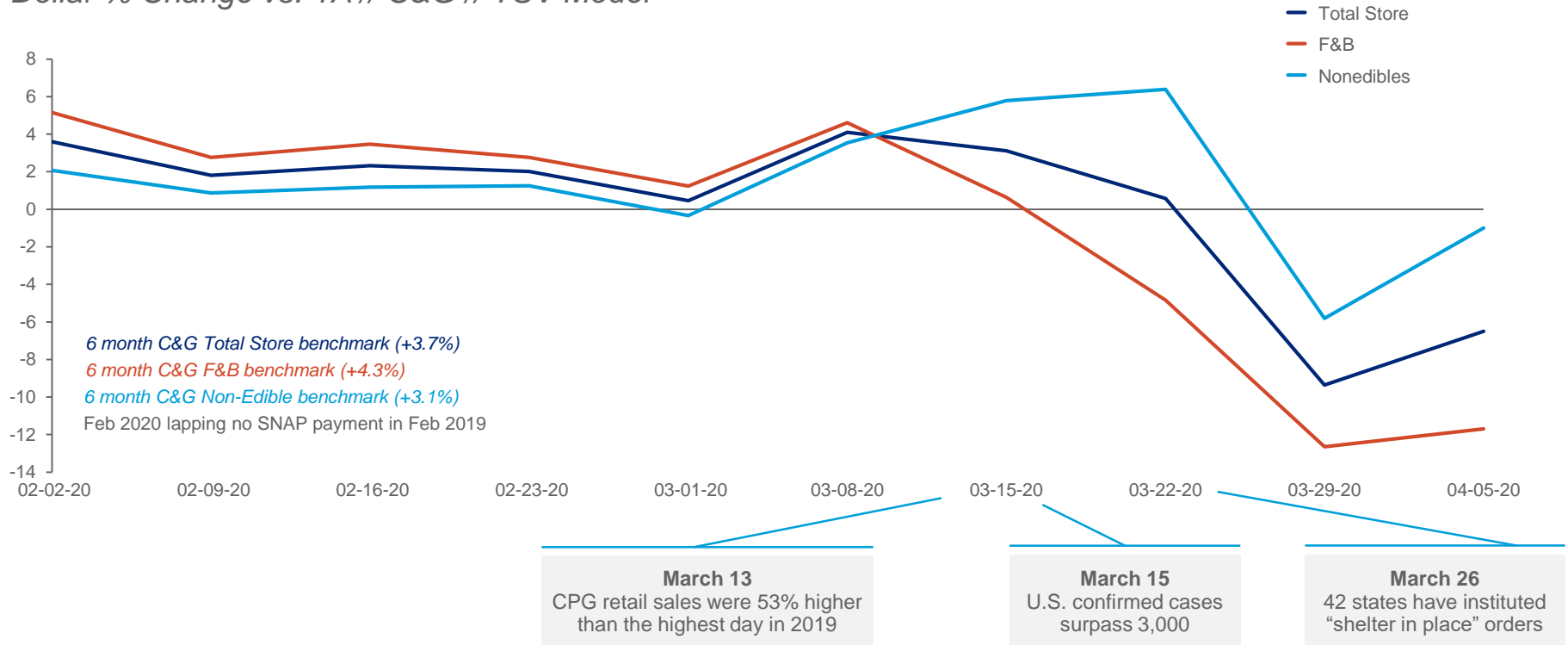
**36%** Very Likely

**49%** Somewhat Likely

**16%** Not at All Likely

# Convenience & Gas Food and Beverage Sales Stabilized in the Latest Week for Both Edibles and Nonedibles, But Remain Negative

Dollar % Change vs. YA // C&G // TSV Model





# CONTACT US FOR MORE INFORMATION

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# appendix



# IRI COVID-19 Thought Leadership Helping You Stay Informed

*IRI's Online Insights Offers Real-Time Updates and Weekly Reports of the Impact of the Virus on CPG and Retail, as Well as Consumer Survey Data from this Report*

## The IRI COVID-19 Info Portal

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

## The COVID-19 Dashboard

Accessible through the insights portal and tracks the daily impact of COVID-19. This includes the top categories across countries, out-of-stocks and consumer sentiment on social media.

