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**Q&A: “Consumers Face Reality of COVID-19:
Observations and Implications for CPG and Retail”**
Webinar hosted by IRI and FMI on March 31, 2020

For the latest resources on COVID-19 for CPG and retail, visit the [IRI resource page](#) and the [FMI resource page](#).

In grocery shopping, are people looking to food for health and wellness? Greater over-the-counter medicines purchases in grocery stores?

Consumers are looking for immunity-boosting products – items they believe will help them stay healthy and be able to fight off the virus more easily. Yes, IRI is seeing more OTC medicines being purchased across all channels.

What will be the situation for indulgence categories like candies?

IRI will host a snacking webinar on April 14, 2020 that will address snacks and confectionery. Register here: <https://engage.vevent.com/index.jsp?eid=6201&seid=762>

What are you seeing in fresh produce? Are people switching from fresh to frozen?

IRI and FMI will host a fresh trends and COVID-19 webinar on April 29, 2020. We will share the registration link when it's ready, and details will also be posted on the IRI and FMI websites.

Is this data by age too?

IRI has demographic breaks for the consumer data. In terms of concern about COVID-19, there were no dramatic differences among age or generation, however.

What about more recent weeks? Trends are changing fast.

IRI has a data dashboard with updated daily data covering top categories being shopped – you can find this at <https://advantage.iriworldwide.com/Engineering/covid19/>. For more specific requests, please contact your IRI representative or IRI@IRIworldwide.com.

How we can support the wine business?

Many of the basics still apply – having desired items in stock, understanding who is purchasing what and why. There is a strong move towards stock up in beer, wine and spirits, along with other categories, so it is important to ensure that the product is on the shelf. If you have specific questions about your business, please contact your IRI representative or IRI@IRIworldwide.com.

Could you repeat impact on drugstores?

Given that most major drugstores are in suburban areas, it will be important for them to carry a range of items to help meet consumers' needs so they can shop close to home. This includes having fresh items on hand.

The decrease of hand sanitizers vs. prior week may be due to the lack of product at store level.

Yes, there were out of stocks in many areas. As the virus continues – while consumers have already stocked – we will see declines until they begin replenishing supply.

What do you suggest as cost-effective ways for emerging and new market-entry food & beverage manufacturers that currently have lower or no market penetration at this time to move their products off the shelf and seize the opportunities for consumers' willingness to try new or lower penetration products?...seeing that traditional methods such as in-store demos are no longer possible?

Advertising is going to offer a new opportunity for new-market and lower-penetration brands. Consumers are spending more time with media, and advertising can help. See IRI's recent report, "Advertising During a Pandemic" for some recommendations (under "Advertising Insights"): <https://www.iriworldwide.com/en-US/Insights/Publications/coronavirus-impact-to-CPG-and-retail>

How long do you think these behaviors will last? Will any of these behaviors stick around after the pandemic is over?

Following the lead of global regions that experienced high incidences of COVID-19, we anticipate another two months. Even IRI's weekly survey findings support this, as more than 30% anticipate this lasting more than 4 months; 19% 3 months; 28% 2 months.

What's been the impact or perceived value to front-end services? Any additional insights on entertainment in-home spend? Are consumers trusting self-service registers more than in-person registers? Has there been an impact to % of identified loyalty transactions as customers may not want to use the number pad?

Anecdotally, people do seem to want to check themselves out more, but retailers have also started putting up panels to separate shoppers from checkers. Entertainment-at-home spend will be going up, with people paying for streaming services and movies, as well as comfort products and items like beverage alcohol, and even crafts and games.

It would be good to understand how many of these households are stocking up for what they deem to be the potential for a longer-term isolation than most of the public is expecting. That would also help to understand the quantities of shelf stable items that people are buying. Someone who's stocking for six months versus three to four weeks... if there is a large percentage of people shopping this way, then the drop off may be more aggressive if they plan to continue to live off of what they've purchased, unless there is a plan to continue to stock a greater amount of food and cycle out. Is there a possibility of seeing the breakdown of how long they expect to be isolated?

IRI's consumer survey asked about stock-ups for the following: 1 week, 2 weeks, 3 weeks, 4+ weeks. Over the course of asking this question for three weeks, we've found that those stocking up for 4+ weeks has dipped slightly, from 7.5%, to 6.5% to 6.2%. However, households with children are increasing, and in the third week are up to more than 7% of respondents.

Somewhere around Slide 31-32, there was verbal share-out of channel growth versus year ago. Can you provide an additional slide that highlights these growth figures for the major channels?

Dollar Sales % Change vs. Year Ago by All Trip Mission / Latest 4 weeks Through March 22 by Channel is as follows: +44.2% Grocery not incl. Walmart, +24.5% Drug and +40.9% Convenience/Gas

Can you talk about what you are seeing in supplements/vitamins?

IRI is seeing some amazing numbers from this category. Overall, vitamins, minerals and herbal supplements are up nearly 8% for the 52 weeks ending 3-15-20; however, in the week ending 3-15-20, sales were up 88%. Letter vitamins alone jumped 200% for that week. Herbal supplements are up 118% during that week. Consumers are going to many lengths to "arm" themselves against COVID-19.

I've heard that some retailers are afraid to pull back on promotional activity as they don't want it to be considered "price gouging", while manufacturers are trying to cancel / push promotions to focus on servicing the increased base demand. If a retailer's base price remains the same and promotions are merely being removed, is it considered price gouging?

We do not believe this is price gouging. Price gouging is taking advantage of a situation and intentionally raising prices to gain greater margin.

Can you also create a study to cover impact to Personal Care, Beauty, Wellness?

We will put in this request for you! In the meantime, if you have specific questions, please contact your IRI representative or IRI@IRIworldwide.com.

How do you define lower income, middle income and upper income?

We use the following:

	Household Size				
	1 Person	2 People	3 People	4 People	5+ People
Income Per Capita Lower	<\$30K	<\$35K	<\$40K	<\$45K	<\$50K
Income Per Capita Middle	\$30-70K	\$35-100K	\$40-100K	\$45-100K	\$50-100K
Income Per Capita Upper	>=\$70K	>=\$100K	>=\$100K	>=\$100K	>=\$100K

You mentioned higher sales at Military locations – I assume this is just the U.S. commissaries?

Yes, this is U.S. only.

To what degree are food manufacturers shutting down their facilities during this crisis? And to what degree is this driving out of stocks on shelf vs. the effects of heightened demand?

We have not heard of manufacturers shutting down facilities. In most cases, the out of stock situation is supply-chain related - the stocking up by consumers came very quickly and there was not enough supply on-hand at the retailer.

Do you have any data regarding perishable category trends?

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Question RE: in market price position, do weak and strong correspond to low and high price respectively?

Yes, weak and strong should be considered low and high price.

Q: What is the typical period of time for most humans to form new habits, and keep those habits? 30 Days? 45 Days? 60 Days?

Several sources say that it takes 66 days to form a new habit.

Is anyone checking to see if YouTube how to cook videos have spiked since the social distancing edict?

We don't have this data but believe this is happening.

Do you see this crisis opening the door to fully automated fast food locations? Robots can't pass on a virus I don't think?

Via a recent Forbes article, some stores are using them:

<https://www.forbes.com/sites/lanabandoim/2020/03/30/how-robots-are-helping-grocery-stores-during-the-coronavirus-outbreak/#93fc961242ae>

SNAP was going to reduce access for ABAWD (able-bodied adults without dependents) starting April 1st. How do you see that impacting the CARE Act considering unemployment issues? Previously, states were given the right to grant waivers, has that changed?

The ABAWD rule did not go into effect on 4/1. Congress put a halt on this and any of the other rules in the pipeline (categorical eligibility, etc.) in the Families First bill (the first Covid19 response bill). Additionally, a district court put an injunction on the rule preventing it from being implemented. U.S. states and individuals do not need to apply for a waiver or anything else, as the work requirements are lifted at this time. Here is more information from the Center for Budget and Policy Priorities:

<https://www.cbpp.org/research/economy/cares-act-includes-essential-measures-to-respond-to-public-health-economic-crises>

Are you seeing consumers purchase larger size items?

We know that club stores, which typically offer larger sizes, were a major stock-up destination. We also know from past recessions that cash-strapped consumers gravitate toward smaller pack sizes and manufacturers also downsize packaging so they don't have to raise prices.

What do you believe are going to be the leading indicators that retail/economy is turning around once we get on the other side of COVID-19?

Consumer confidence will be key. We are looking at China which seems to have turned the corner as things slowly get back to normal, but a financial survey shows the majority of consumers are currently continuing to restrain spending:

<https://www.weforum.org/agenda/2020/03/covid19-economy-china-health-coronavirus-economics-global/>

Do you think influencers can make a big impact on social here for CPG brands?

Influencers can potentially help consumers with the different challenges they are facing during this time. They could help amplify important government and health care messages and help alleviate social isolation and boredom as people are confined to their homes. During this crisis, we recommend that brands find ways to make

consumers' lives better during what is a difficult time for many.

In the long-term, can we expect that shopping behaviors for "pantry stocking" categories, like canned vegetables/tomatoes, will eventually return to habits before the crisis? i.e. categories like these were declining before the crisis, will the demand for these categories suddenly drop/return to the level of demand before the crisis?

Based on past crises, we anticipate that demand for many of these products will decline once we get through this crisis. Consumers will slowly resume some of their away-from-home eating habits, looking for a break from all the scratch meal-prep.

Maybe you'll still be covering this, but CPG growth in stores is coming from two places: (1) stockpiling and (2) channel shifts from foodservice options they'd normally be using (restaurants, schools, offices). You spoke to the first, but not yet the second. Any thoughts there?

People will be eating most of their meals at home for the foreseeable future. Half of the money they spent on food was spent outside the home. Much of this is going to now shift to new channels as they try to meet their meal needs in new ways.