Numerator

NEW FRONTIERS

Love (Insights), Actually

In February, we would like to celebrate the most romantic month of the year with **three (insights) stories about love** – specifically:

What do people buy for the biggest love day of the year?
Who is the shopper trying to find love?
Which brands have found love?

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When Wine Met Chocolate:
A Valentine's Day Basket Tale

Valentine's Day is an important shopping occasion

- Retailers' front page ads leading into the holiday are filled with key items including wine, chocolate and flowers
- **41%** of shoppers say they shopped for Valentine's Day specifically in the latest year, compared to 35% for 4th of July, 31% for Super Bowl, and 30% for Back to School

Grocery shoppers show drugstores love on V-Day

Major Mass, Food, and Dollar channel retailers capture fair share, while 7-Eleven underperforms

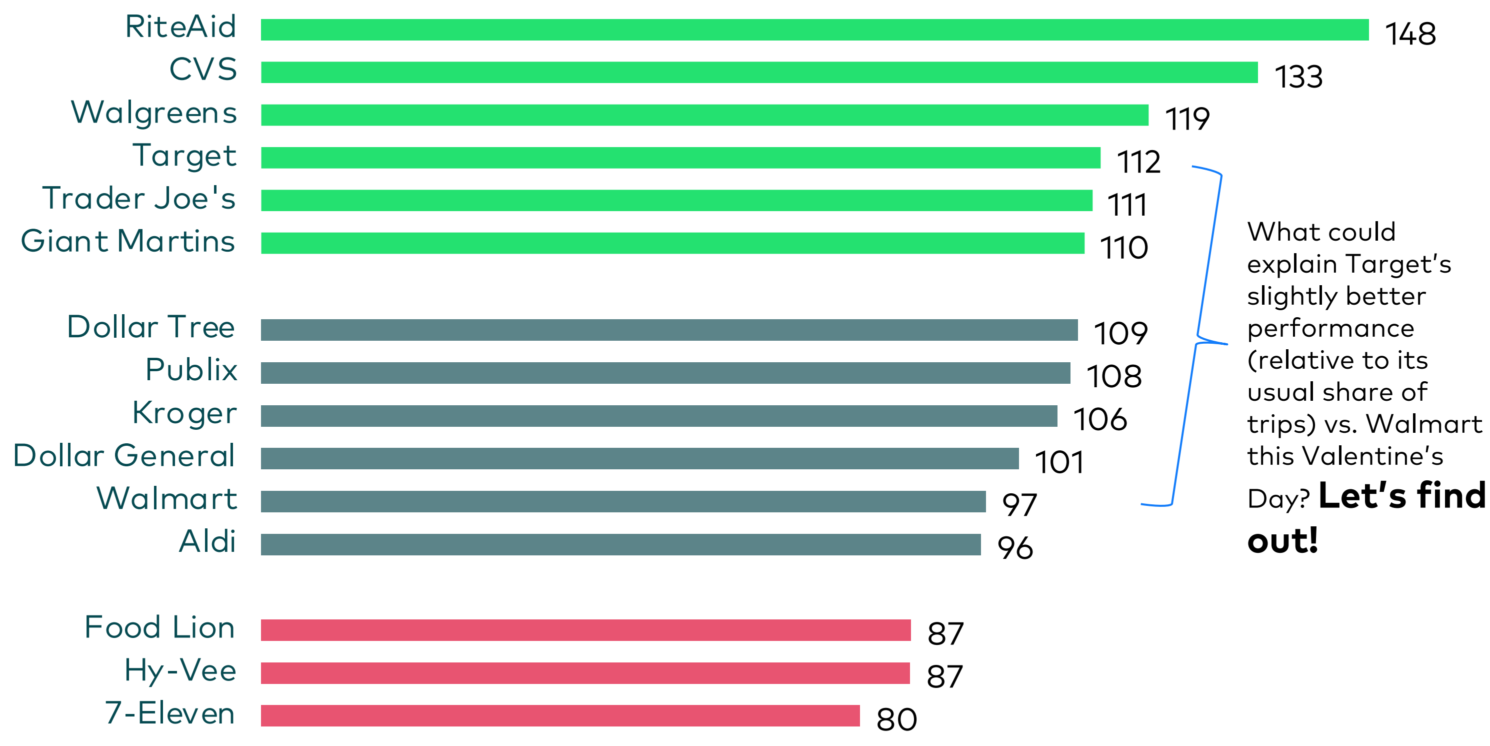
Share Index of Valentine's Day* Grocery Trips

Indexed vs. Total 2019 Grocery Trips | Banners with <1% of trips hidden

Valentine's Day Winners
(Captured a greater share during w/o Valentine's Day than normal)

Large and Won Fair Share
(Retailers with >3% of trips who captured their normal share)

Valentine's Day Losers
(Captured a lower share during w/o Valentine's Day than normal)



What could explain Target's slightly better performance (relative to its usual share of trips) vs. Walmart this Valentine's Day? **Let's find out!**

Source: Numerator Insights | Data Explorer | n = 100,000
* Week of 2/10/2019

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A Tale of Two Circulars

Target promoted V-Day on its front page, while Walmart did not

vs.

Source: Numerator Promo Intel
* Week of 2/10/2019

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Sweets, flowers, wine, and fancy meals win on V-Day

Not only are many shoppers clearly buying for a special occasion, they are also *less* likely to be buying household staples

Top Grocery Items: V-Day 2019*

% Trips

	% Trips	Index to Total Grocery Trips in 2019
Vegetables	20%	85
Fruits	18%	84
Non-Seasonal Candy	17%	**132**
Milk, Cream, & Milk Substitutes	15%	83
Soft Drinks	12%	83
Cheese	11%	78
Bread	11%	76
Chips	9%	79
Valentine Candy	9%	**1776**
Water	8%	76

Over-Indexing Items: V-Day 2019*

% V-Day Trips vs. Total | Items with <0.2% Trips Hidden

	Index	% Trips on Valentine's Day 2019
Valentine Candy	1776	9%
Lobster	914	0.2%
Flowers & Indoor Plants	624	2%
Crab	167	0.2%
Pastries	151	1%
Wine	144	3%
Cakes, Cupcakes & Muffins	134	3%
Non-Seasonal Candy	132	17%
Bakery Cookies	130	1%
Shrimp & Prawns	119	1%

Source: Numerator Insights | Data Explorer | n = 100,000
* On 2/14/2019 specifically

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All ages celebrate with candy and flowers, but preferences do shift across generations

Which Items Are Most Special on Valentine's Day, by Generation?

Index: Share of Valentine's Day Trips Made by Generation / Share of Total Trips Made by Generation | Items w/ <0.5% Trips Hidden

Gen Z*

1. Valentine Candy (2114)
2. Flowers (862)
3. **Kombucha (283)**
4. **Frozen Sandwiches (225)**
5. **Pretzels (216)**

Millennials

1. Valentine Candy (1942)
2. Flowers (770)
3. **Wine (172)**
4. **Pastries (162)**
5. **Cakes, Cupcakes & Muffins (140)**

Gen X

1. Valentine Candy (1932)
2. Flowers (680)
3. **Pastries (148)**
4. **Cakes, Cupcakes & Muffins (143)**
5. **Bakery Cookies (142)**

Boomers

1. Valentine Candy (1553)
2. Flowers (506)
3. **Pastries (157)**
4. **Wine (138)**
5. **Cakes, Cupcakes & Muffins (128)**

Seniors*

1. Valentine Candy (1553)
2. Flowers (415)
3. **Whipped Cream (210)**
4. **Fountain Beverages (176)**
5. **Pies, Cobblers, Creams & Flans (169)**

Source: Numerator Insights | People Scorecard | n = 1,315 Gen Z, 8,448 Millennials, 13,405 Gen X, 14,225 Boomers, 2,168 Seniors | On 2/14/2019 specifically
* Items with <1% trips hidden due to lower sample size on Gen Z/Seniors

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Let's take a look at wine and chocolate – a quintessential Valentine's Day combination

17.6%

of US households have purchased wine and chocolate together at least once in the past year...

Source: Numerator Insights | Shopper Metrics | n = 17,148 buying combo baskets | 12 m/e 12/31/2019

… Spending $40 in a year on wine + chocolate on those trips

$29.49

Spent on **wine** in wine and chocolate combo trips in 2019

+

$10.80

Spent on **chocolate** in wine and chocolate combo trips in 2019

$40.29

Spent on **wine and chocolate** in wine and chocolate combo trips in 2019

Source: Numerator Insights | Shopper Metrics | n = 17,148 buying combo baskets | 12 m/e 12/31/2019

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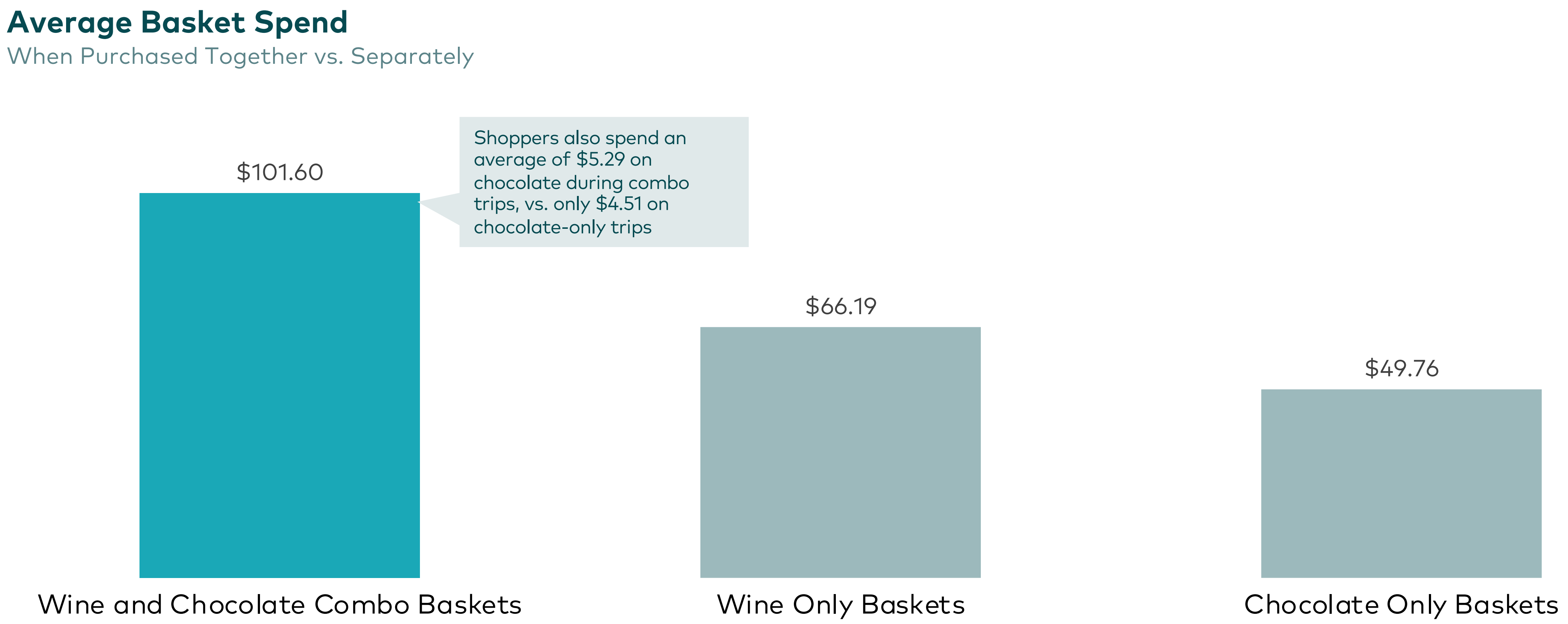
These combo trips also drive more basket value overall than wine- or chocolate-only trips



Source: Numerator Insights | Basket Affinity | n = 17,148 buying combo baskets | 12 m/e 12/31/2019

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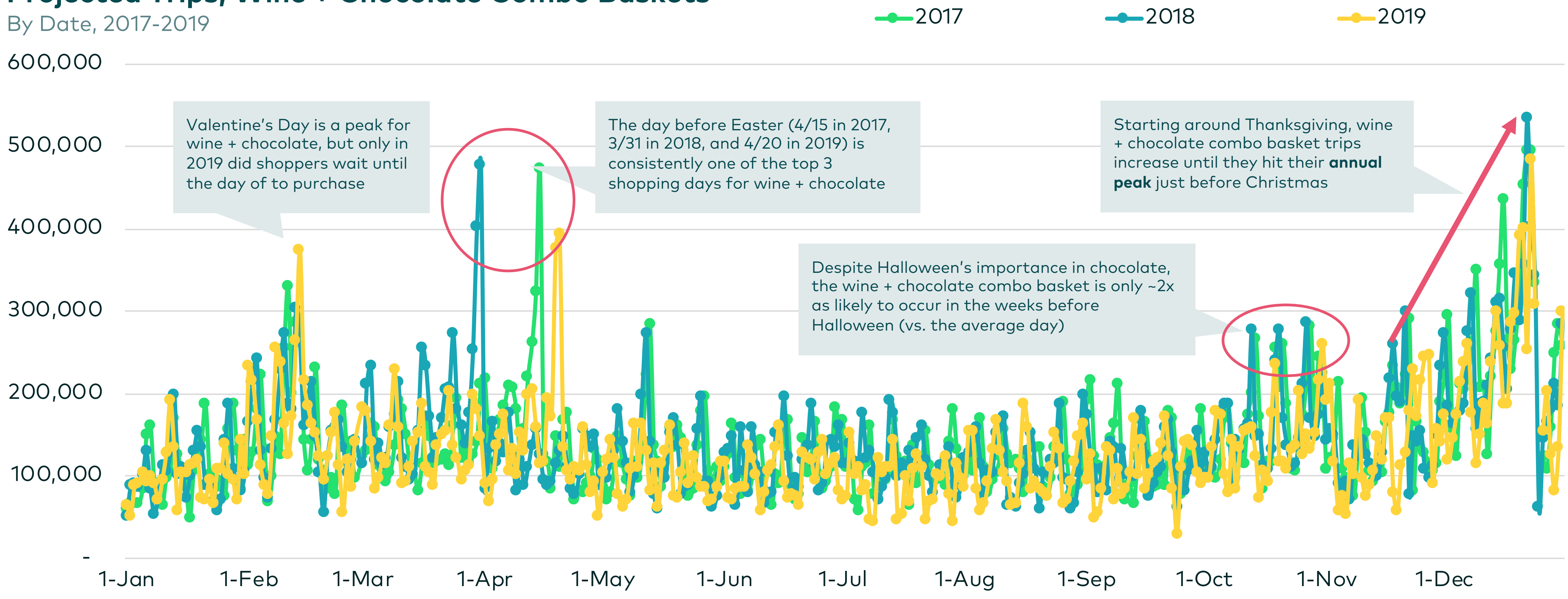
Holidays – Christmas, Easter, and Valentine's Day – drive the wine and chocolate combo basket

Projected Trips, Wine + Chocolate Combo Baskets

By Date, 2017-2019

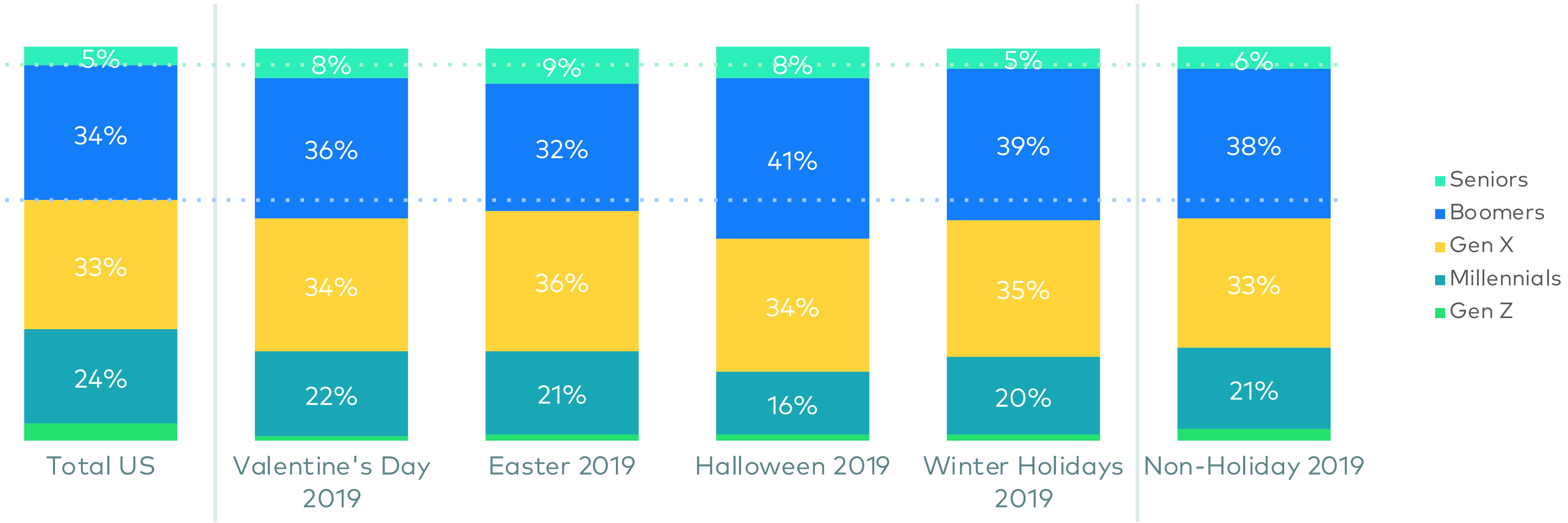


Source: Numerator Insights | Data Explorer | Sample varies by period, n = 17,148 in 12 m/e December 2019

Wine and chocolate is a classic combo, driven by older generations

Age (Generation) of Wine + Chocolate Combo Basket Buyers

% Households



Source: Numerator Insights | Shopper Profile | n between 1,125 and 11,258
Valentine's Day = Weeks 6/7 2019, Easter = Weeks 15/16 2019, Halloween = Weeks 42/43/44 2019, Winter Holidays = Weeks 47/48/49/50/51/52/01 2019-20

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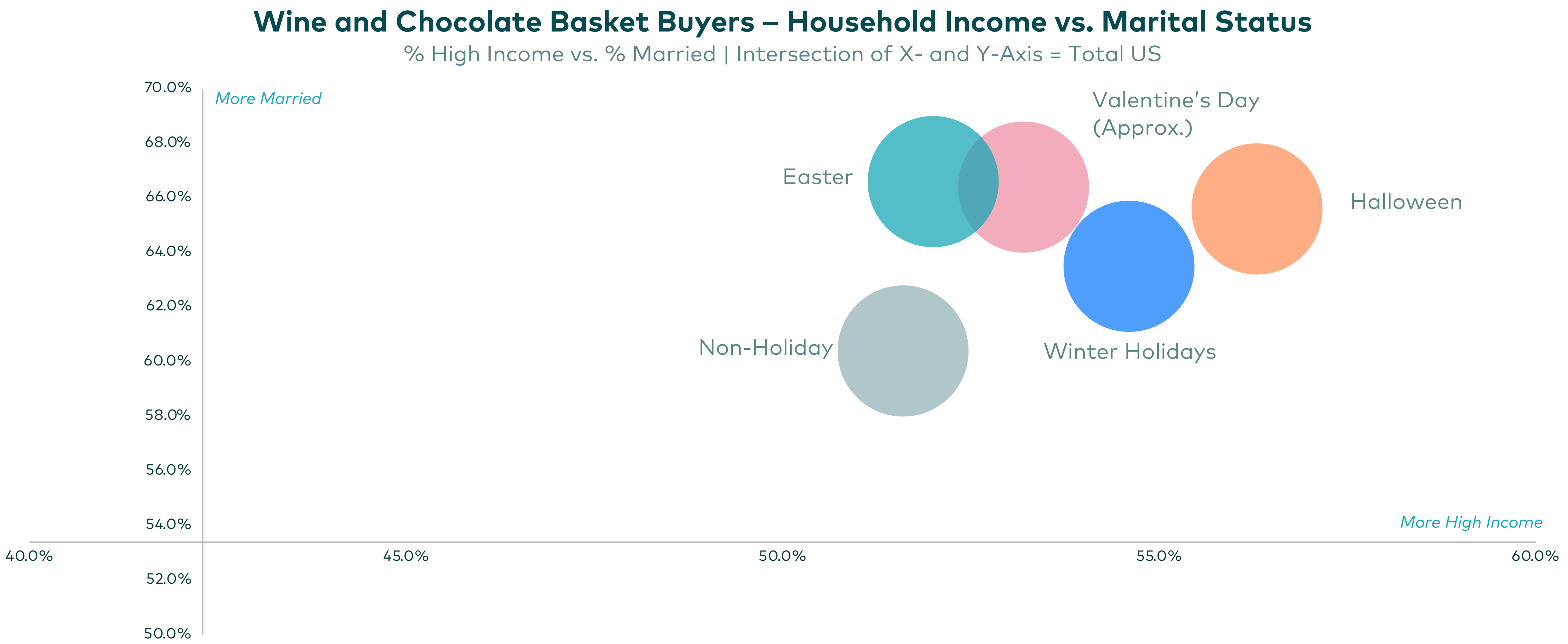
These shoppers are also higher income and more likely to be married – esp. those buying for holidays



Source: Numerator Insights | Shopper Profile | n between 1,125 and 11,258
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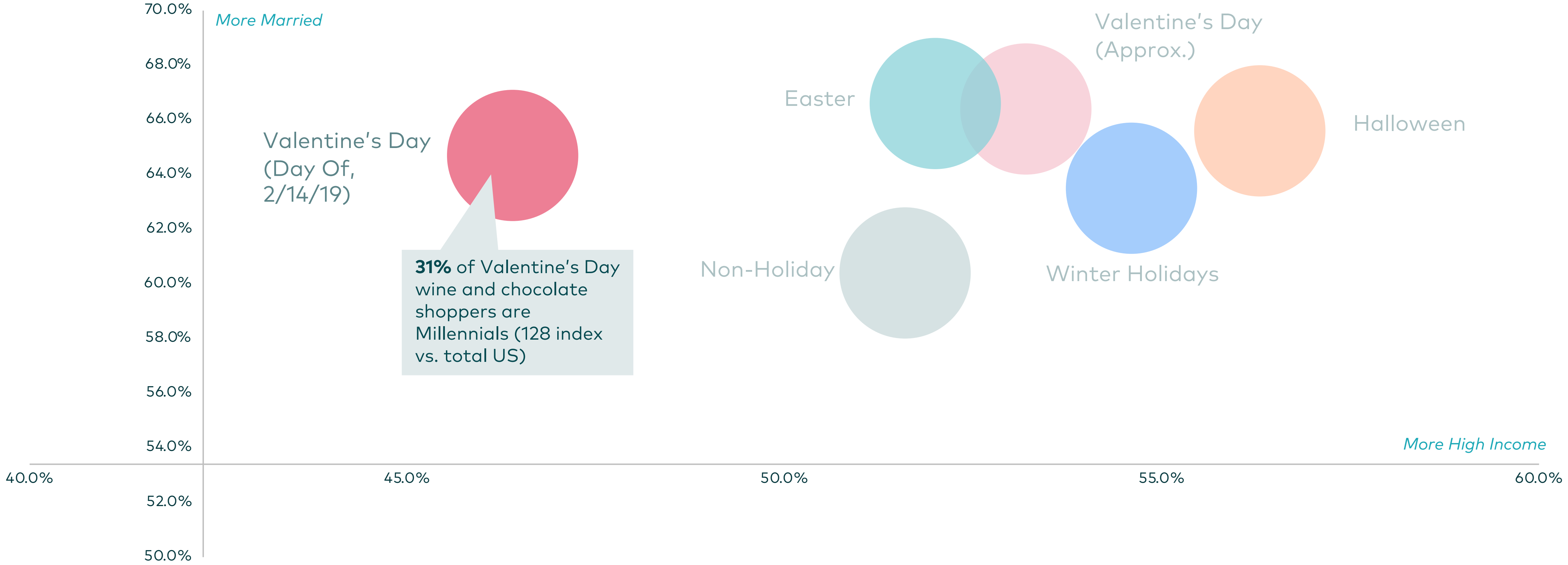
But Millennial romance isn't dead – just last minute

Those buying wine and chocolates on Valentine's Day itself skew Millennial vs. total US – and lower income than other holiday shoppers

Wine and Chocolate Basket Buyers – Household Income vs. Marital Status

% High Income vs. % Married | Intersection of X- and Y-Axis = Total US



Source: Numerator Insights | Shopper Profile | n between 161 and 11,258
Valentine's Day = Weeks 6/7 2019, Easter = Weeks 15/16 2019, Halloween = Weeks 42/43/44 2019,
Winter Holidays = Weeks 47/48/49/50/51/52/01 2019-20

What we've explored

On Valentine's Day, retailers and their manufacturer partners should focus on categories such as sweets, wine, flowers, and premium ingredients

Cross-promotion of wine and chocolate can help attract higher income, established households – and retailers should consider the combination for other major occasions such as Easter and Christmas

How it can be applied broadly

Occasions such as holidays are opportunities to drive additional trips among key shoppers

It is important for brands and retailers to win these occasions, as they are often major shopping days that can drive additional basket spend and continued loyalty to a brand or retailer during non-holiday periods

How you can take action

For brands:

Investigate which occasions or holidays are most important for your brand and category, and at which retailers

Keep in mind your target audience, and when and where they prefer to shop

Consider which adjacent categories are purchased most often with your category, especially during a given key occasion, for potential cross-promotion opportunities

For retailers:

Evaluate which categories and brands are key trip drivers for major shopping dates

Work with manufacturer partners and/or your Numerator consultant to craft promotion strategy and at-shelf messaging to reach the consumer shopping for a given occasion

***You've Got Swipe*:**

Shoppers Looking for Love in the Smartphone Age

Dating app users skew younger and male – although half are Gen X or older!

AGE

Millennial/Gen Z

HHs: 41%/7%, Index: 167/174

Remember, though, that half are Gen X or older!

INCOME

Skews <$40k

HHs: 39%, Index: 130

ETHNICITY

Skews AA/Asian

HHs: 19%/7%, Index: 147/123

Caucasian: 56% HHs, 85 Index

GENDER (MAIN SHOPPER)

Skews Male/Non-Binary

HHs: 47%/3%, Index: 188/229

EMPLOYMENT

Student/Work Full-Time

HHs: 5%/63%, Index: 182/122

CENSUS DIVISION

Skews Pacific

HHs: 19%, Index: 128

CHILDREN

No

HHs: 76%, Index: 113

HOUSEHOLD SIZE

1 Person

HHs: 50%, Index: 218

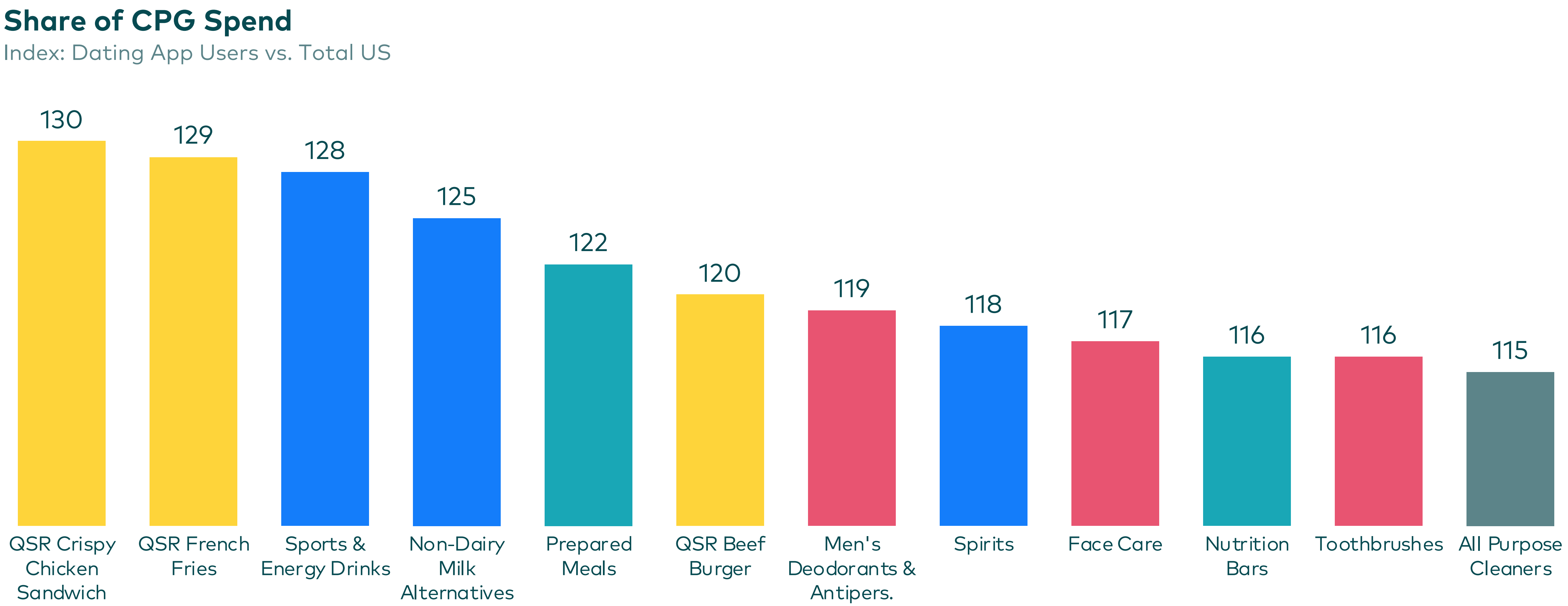
URBANICITY

Urban

HHs: 49%, Index: 140

Source: Numerator Insights | Shopper Profile | n = 5,734 dating app users | 52 w/e 1/19/20

As CPG shoppers, they spend more on QSR and easy-to-prepare foods, alcohol, and personal care…

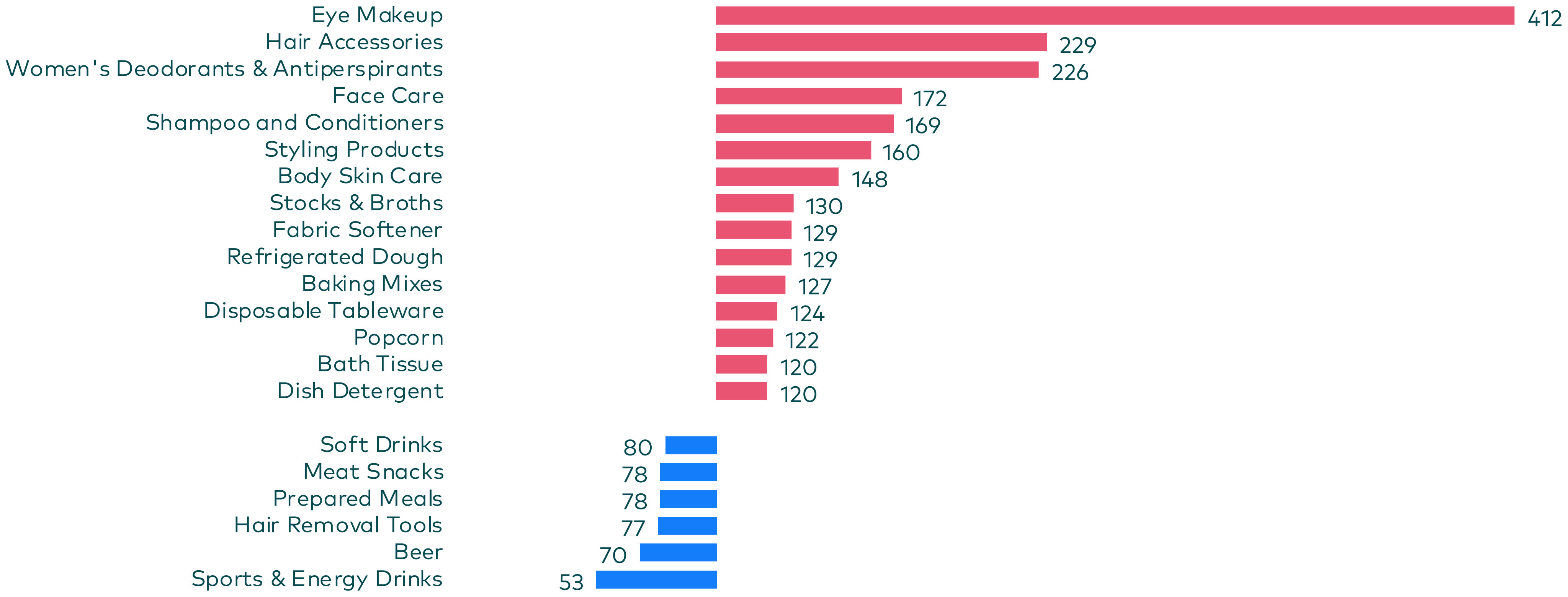


Source: Numerator Insights | Household Affinity | n = 5,734 dating app users | 52 w/e 1/19/20

… With women driving spend on beauty and home, and men driving spend on beverages and snacks

Share of CPG Spend

Index: Female Dating App Users vs. Male Dating App Users (100+ Index = More Female, <100 Index = More Male)



Source: Numerator Insights | Household Affinity | n = 2,897 Female, 2,682 Male dating app users | 52 w/e 1/19/20

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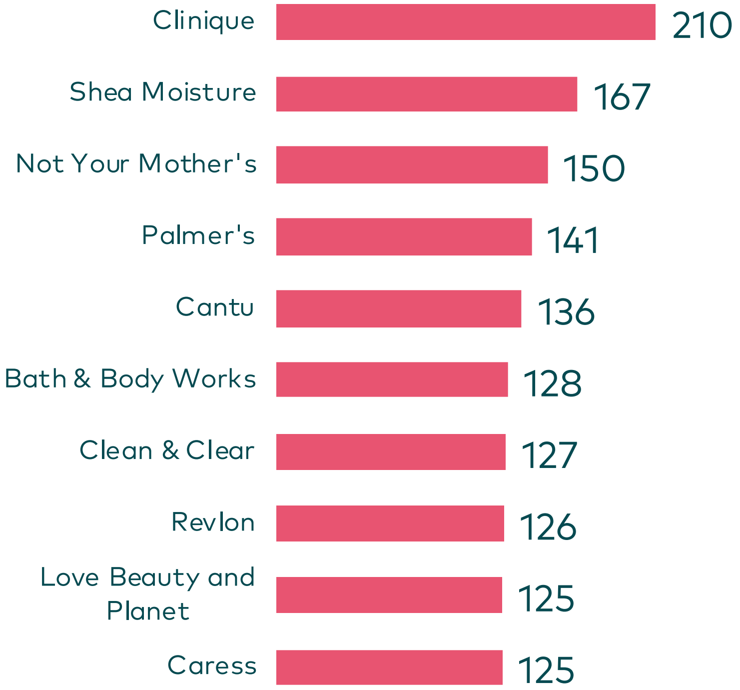
Getting ready for dates:

In beauty, female users rely more on prestige and ethnic brands; male users focus on facial hair

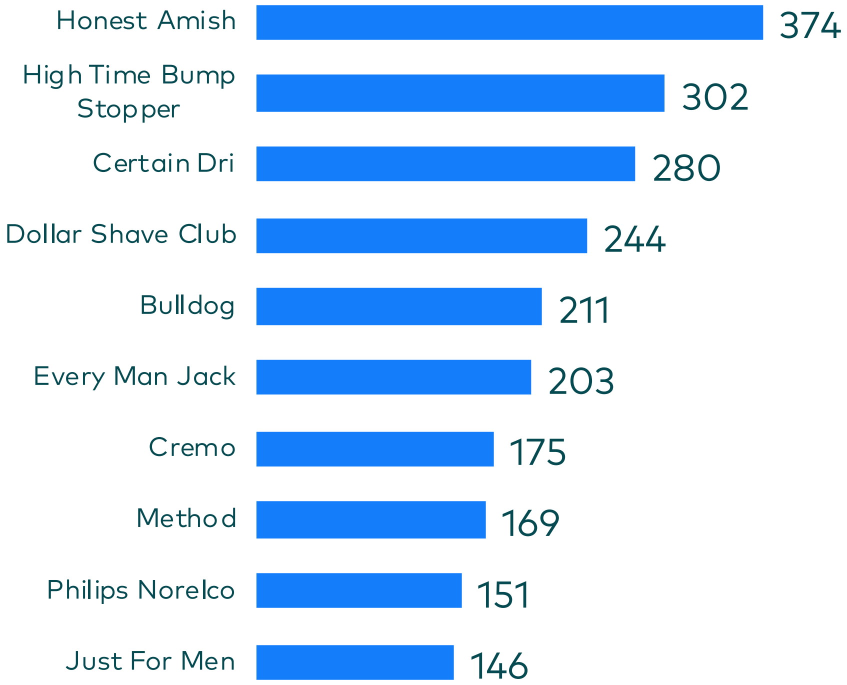
Female

Over-Indexing Personal Care Brands
Female Dating App Users | % Spend vs. Total US Spend
Brands with <0.2% share among Total US hidden



Male

Over-Indexing Personal Care Brands
Male Dating App Users | % Spend vs. Total US Spend
Brands with <0.2% share among Total US hidden



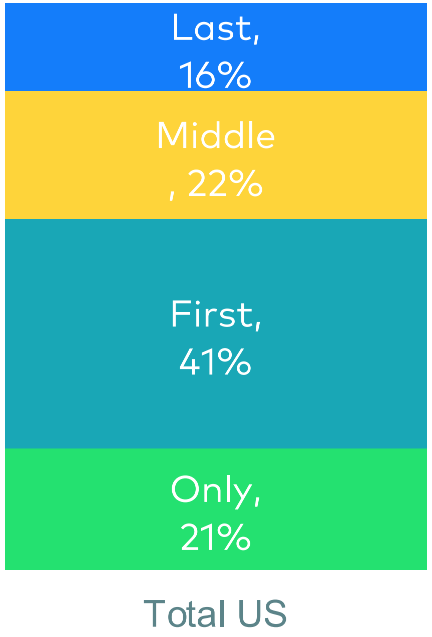
Source: Numerator Insights | Household Affinity | n = 2,886 Female, 2,712 Male dating app users | 52 w/e 1/19/20

Speaking of dates…

Where else are dating app users more likely to go on the **same day** as a restaurant?

Restaurant Circuits

% Circuits where a restaurant is the only, first, middle, or last stop in a day



Apparel or Department Store

6.4%

of days when a restaurant is visited
(145 index vs. non-restaurant days)

Café or Coffee Shop

3.6%

of days when a restaurant is visited
(184 index vs. non-restaurant days)

Bakery

3.1%

of days when a restaurant is visited
(126 index vs. non-restaurant days)

Beauty

2.3%

of days when a restaurant is visited
(133 index vs. non-restaurant days)

Bar or Nightclub

2.0%

of days when a restaurant is visited
(209 index vs. non-restaurant days)

Theatres, Parks, Other Entertainment

1.1%

of days when a restaurant is visited
(196 index vs. non-restaurant days)

Source: Numerator Insights | Trip Circuits | n = 5,130 dating app users visiting restaurants, 135,942 circuits including restaurants | 52 w/e 1/19/20

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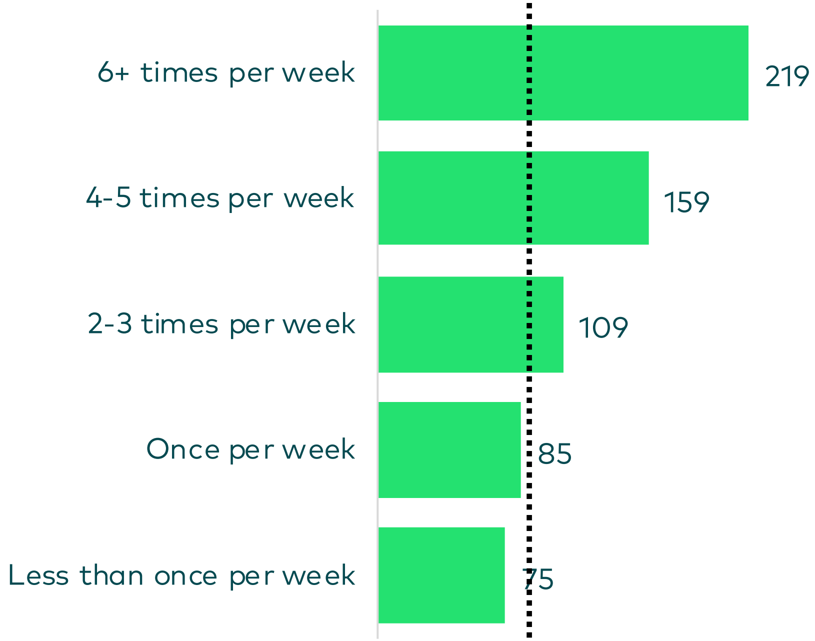
Dating app users dine out more often and are more concerned with health…

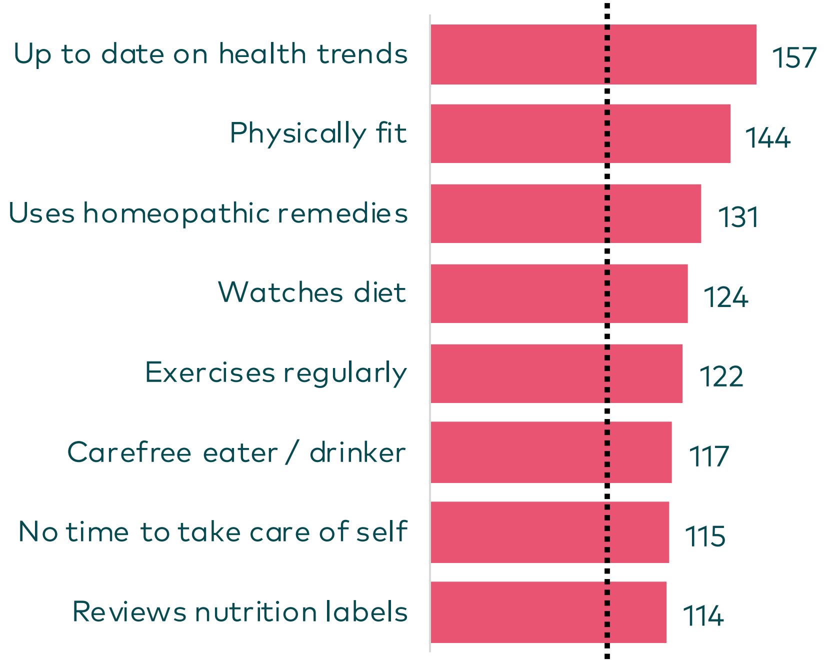
Psychographics

How do lifestyles differ between dating app users and Total US?

Dining Out: Frequency



Health & Wellness

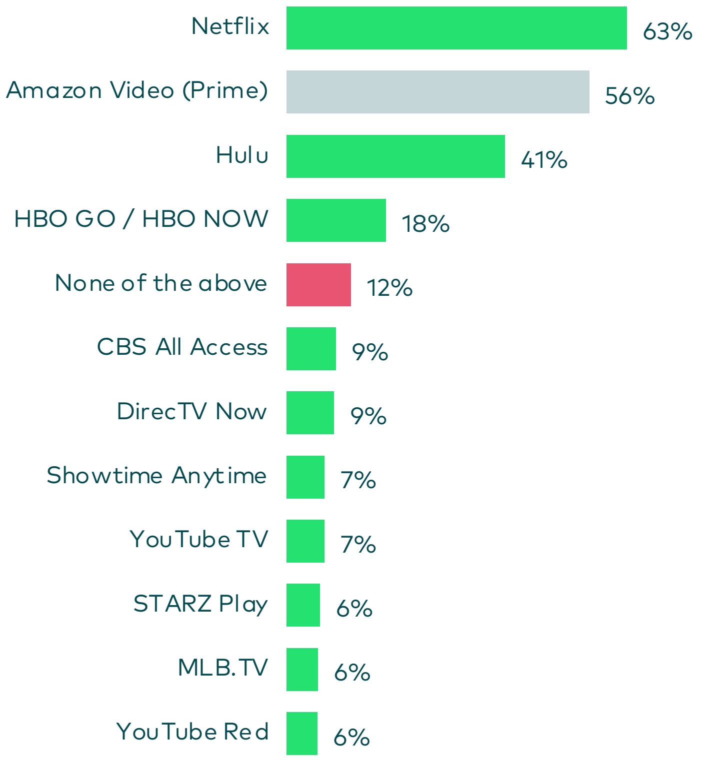


Source: Numerator Insights | Psychographics | n = 5,734 dating app users | 52 w/e 1/19/20

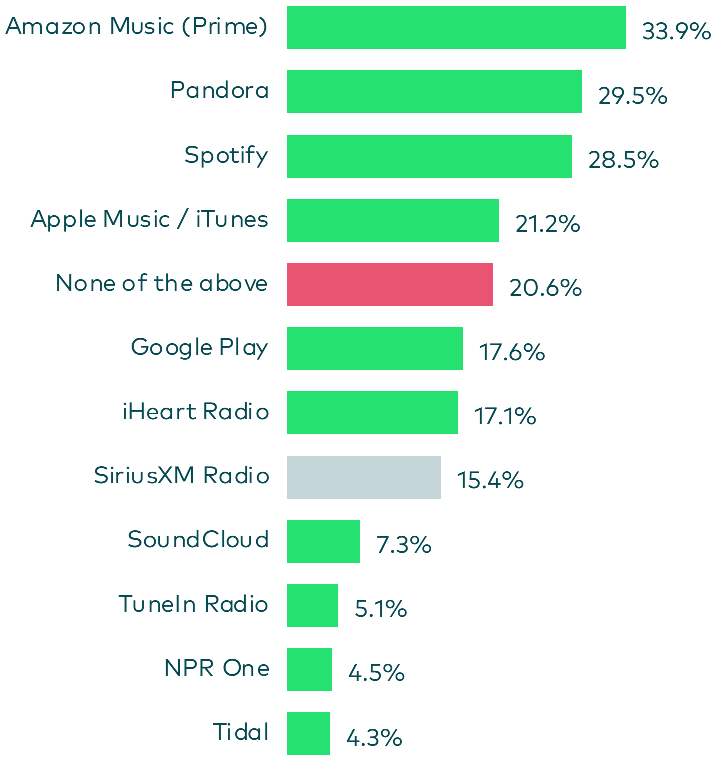
… And are broadly vested in social media (as well as streaming)

● Index compared to All Shoppers > 110 ● Index compared to All Shoppers < 90

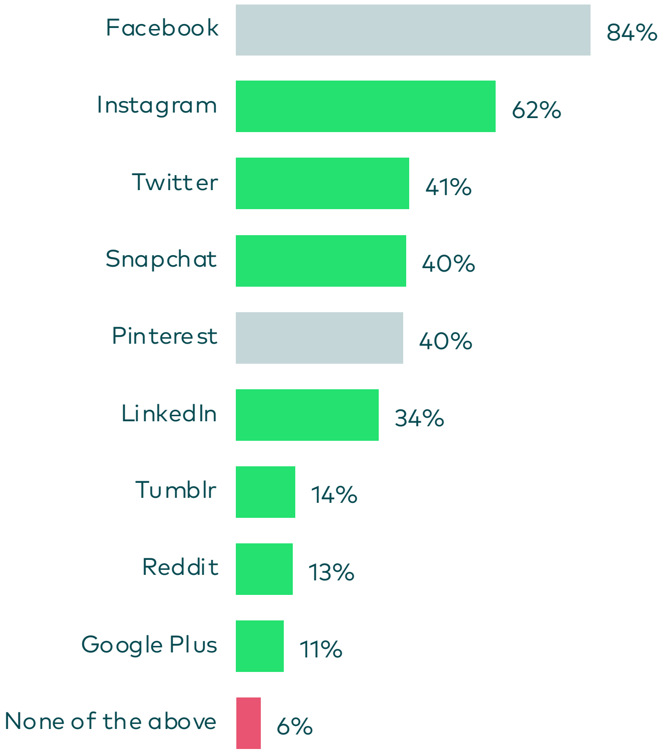
STREAMING VIDEO
Watching



STREAMING AUDIO
Listening



SOCIAL MEDIA PLATFORMS
Social Media



Source: Numerator Insights | Media Consumption | n = 5,734 dating app users | 52 w/e 1/19/20

What we've explored

Smartphone dating app users skew (somewhat stereotypically) young and male, but it's important to remember that half are over 40!

They are more engaged with QSR, easy-prep food, and alcohol

On days when they go to restaurants, they are more likely to shop at clothing and beauty stores, visit a cafe or bakery, and frequent an entertainment venue

They are more likely to dine out frequently and be concerned about their health, and we should focus on social media and streaming sites to reach these consumers

How it can be applied broadly

Brands and retailers already consider demographics, e.g. age, ethnicity, income, etc., in making decisions around targeting and messaging

An additional angle to consider is psychographics – shopping behavior and product preferences are not always defined by how old a consumer is or the color of their skin, but often by their attitudes and lifestyles

How you can take action

For brands:

Determine key attitudinal profiles to target for your brands and categories

Work with your Numerator consultant to profile these psychographic groups – who they are more likely to be demographically, what they currently buy, where they shop, and potentially why they buy (via survey)

Consider the current psychographic profile of your brands to identify potential gaps or opportunities – e.g. is your naturals brand actually reaching a more Green-oriented consumer? Are half the buyers of your vegan burger brand actually meat-eating?

For retailers:

Work with your manufacturer partners and/or Numerator consultant to identify the psychographic profile of your frequent/loyal shopper

Based on the needs identified, where are there potential gaps or opportunities for your shelf assortment? For your promotional strategy, communication, or at-shelf messaging?

To All the Brands I've Loved Before: Wine Brand Rankings and Loyalty

There are two main ways to grow sales of a brand: growing penetration and growing spend – i.e. increasing how much existing consumers buy your brand.

One way to increase spend among existing buyers is to increase loyalty, or convincing them to buy your brand whenever they have a need for the category.

However, **what drives loyalty**?

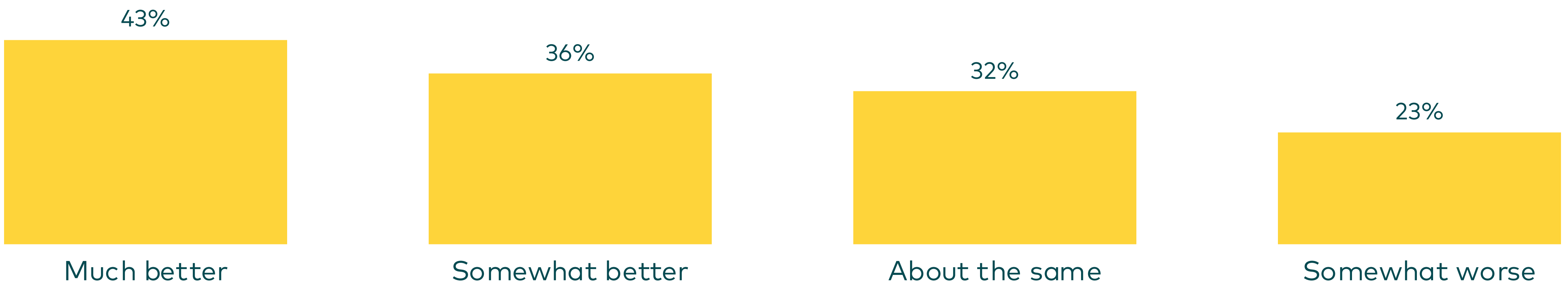
We can use brand perceptions to explore this!

Unsurprisingly, consumers who rate a brand higher end up being more loyal to it

Average Loyalty by Product Rating*

% Spend share of category requirements

Read: Respondents who rated a wine brand as "much better" than other wine brands spent, on average, 43% of their wine dollars on that brand



Source: Numerator Insights | Moments of Truth/Share of Category Requirements (Data Explorer) | n = 9,934 respondents | 12 m/e December 31, 2019

* "Much worse" hidden due to low sample size of respondents rating wine brand as "much worse"

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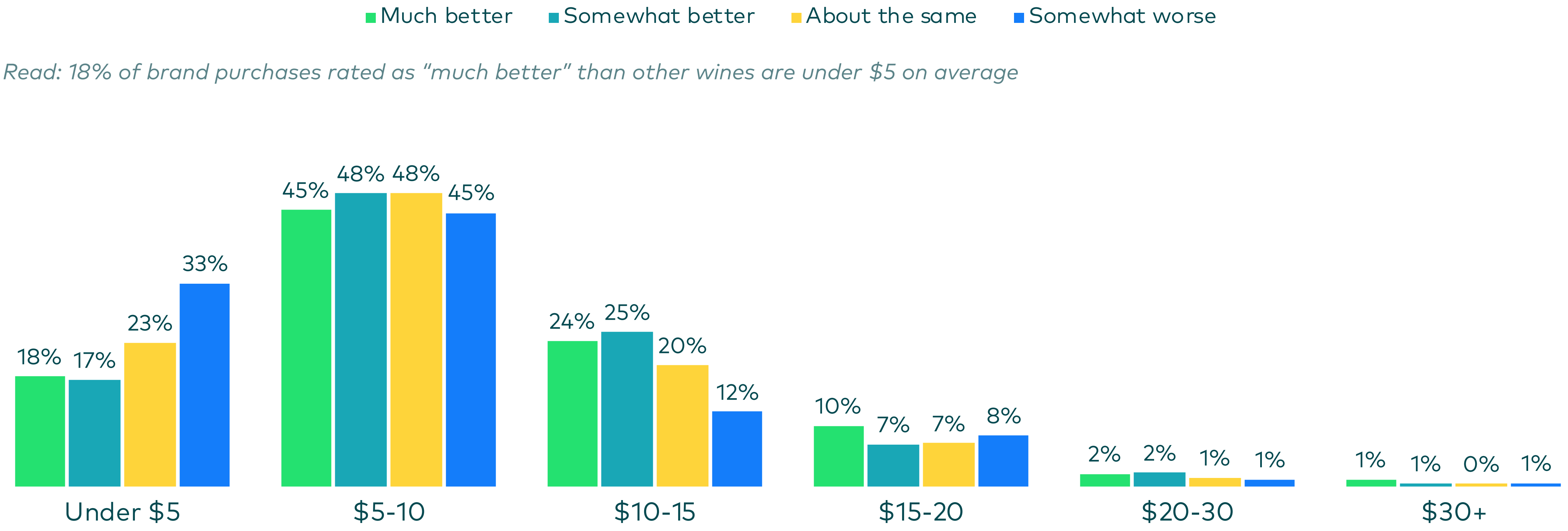
But wine doesn't have to be expensive to be rated well

While "much better" wines are more likely to be $10+, half of wines rated as such are under $10

Spend/Unit by Product Rating*

Spend/unit on brand rated by respondent in the 12 m/e December 2019

Read: 18% of brand purchases rated as "much better" than other wines are under $5 on average



Source: Numerator Insights | Moments of Truth/Spend/Unit (Data Explorer) | n = 9,934 respondents | 12 m/e December 31, 2019

* "Much worse" hidden due to low sample size of respondents rating wine brand as "much worse"

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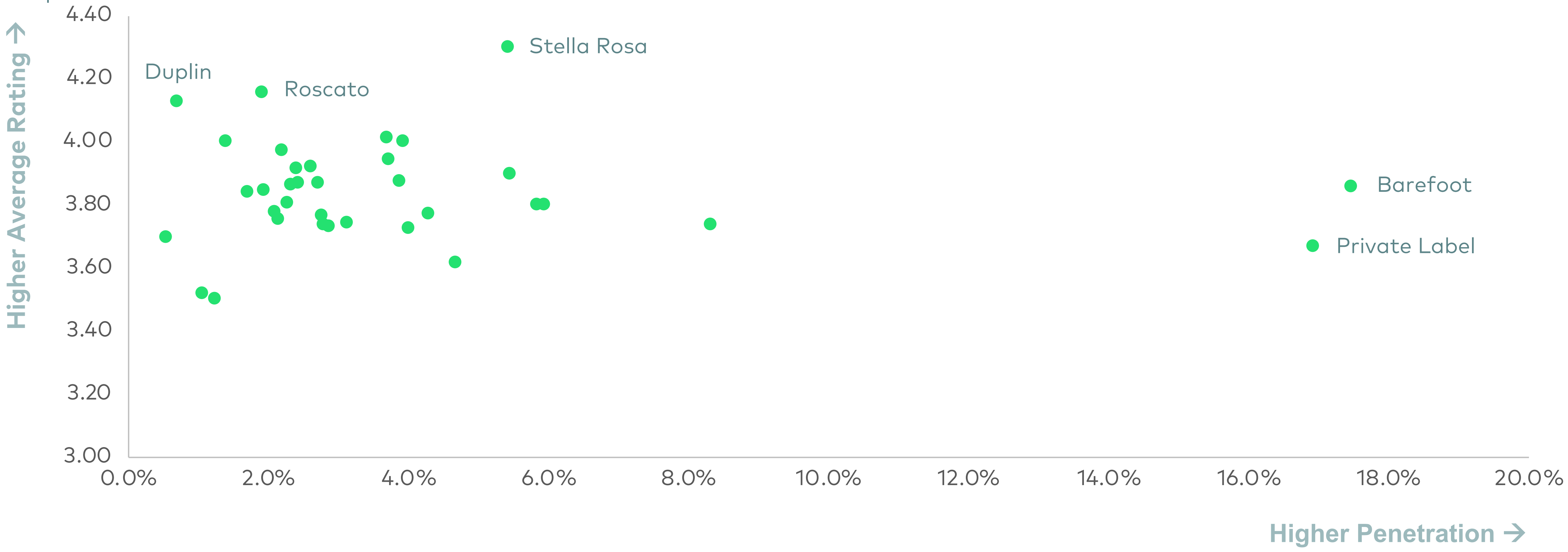
Nor does it have to be large or niche – there is little relation between brand size and rating

Penetration vs. Average Product Rating

Aggregate of Ratings | Much better = 5, Somewhat better = 4, About the same = 3, Somewhat worse = 2, Much worse = 1

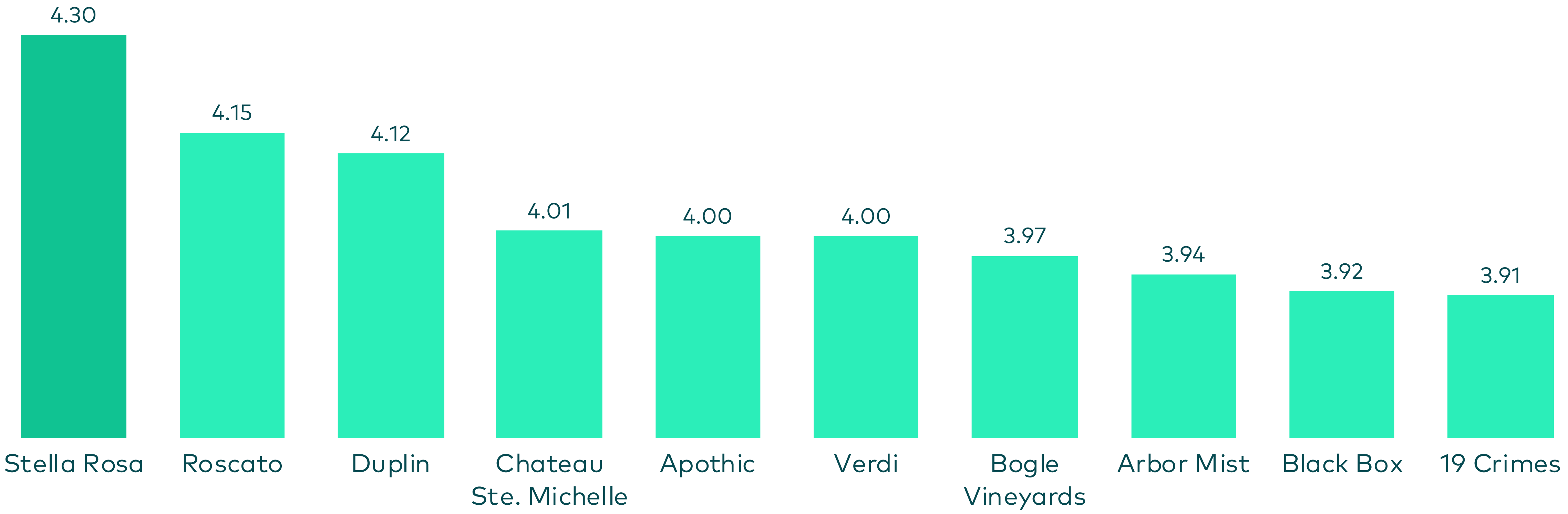


Source: Numerator Insights | Moments of Truth/Penetration (Data Explorer) | n = 9,934 respondents | 12 m/e December 31, 2019
Brands with n > 50 respondents in Moments of Truth survey shown

Stella Rosa – a brand sold at $12.99 per bottle – wins vs. other wine brands

Overall Average Product Rating by Brand

Aggregate of Ratings | Much better = 5, Somewhat better = 4, About the same = 3, Somewhat worse = 2, Much worse = 1



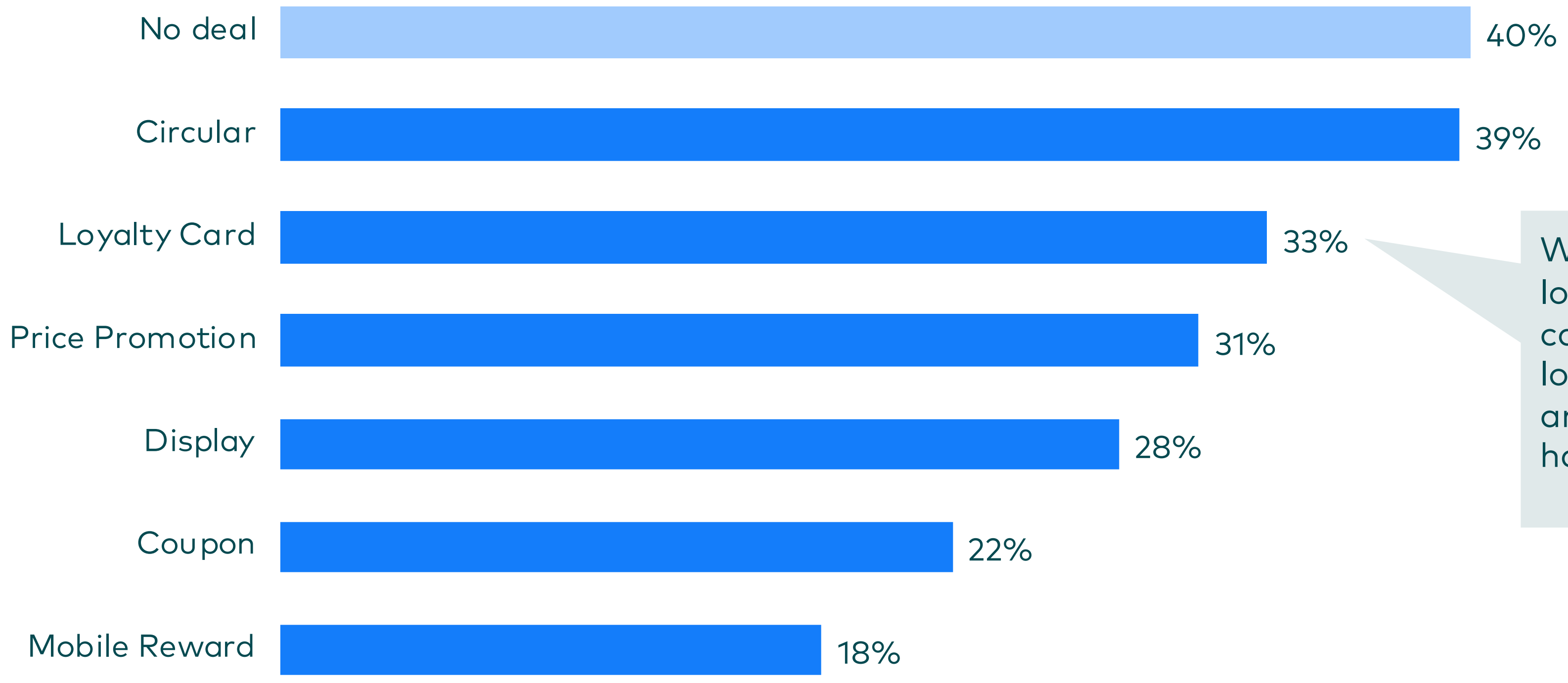
Source: Numerator Insights | Moments of Truth | n = 9,934 respondents, individual brand n > 50 | 12 m/e December 31, 2019

What else could drive wine loyalty? Mobile rewards and coupons may drive trial, but drive lower loyalty

Average Loyalty by Deal/Promotion

% Spend share of category requirements

Read: Respondents who reported buying a brand with "no deal" spend, on average, 40% of their wine dollars on that brand



Which comes first – loyalty to brands carried at a retailer, or loyalty to a retailer, and the brands they happen to carry?

Source: Numerator Insights | Moments of Truth/Share of Category Requirements (Data Explorer) | n = 9,934 respondents | 12 m/e December 31, 2019

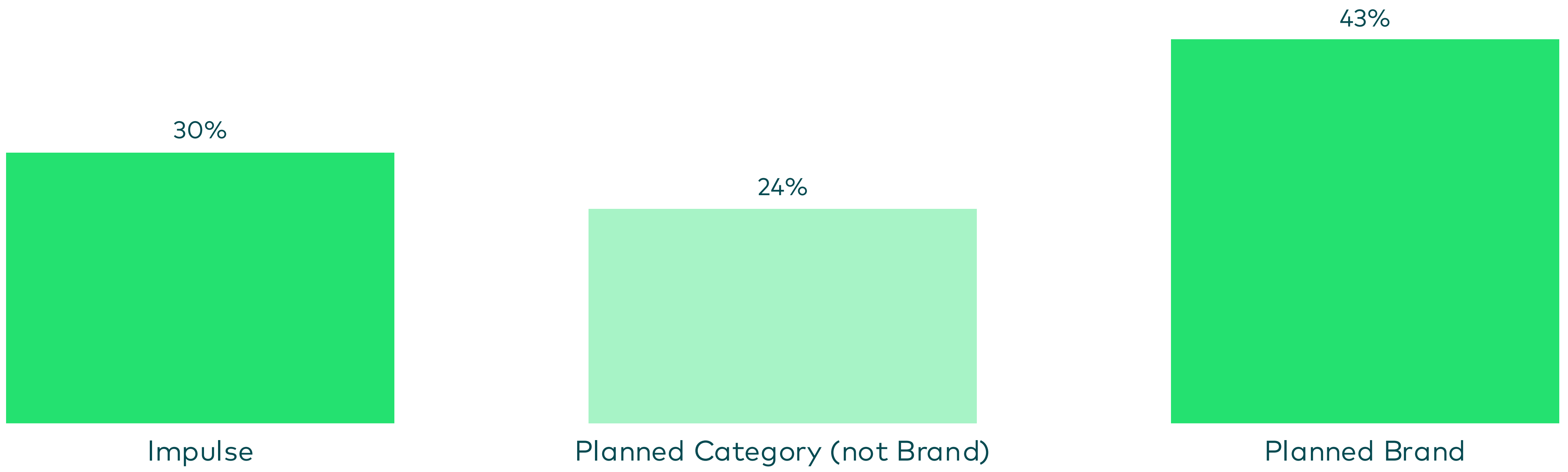
Brands' most loyal buyers plan their brand purchases

That said, fully impulsive wine buyers end up being more loyal than those who go to the store seeking wine, but without a brand in mind

Average Loyalty by Purchase Type

% Spend share of category requirements

Read: Respondents who reported buying a brand on "impulse" spend, on average, 30% of their wine dollars on that brand

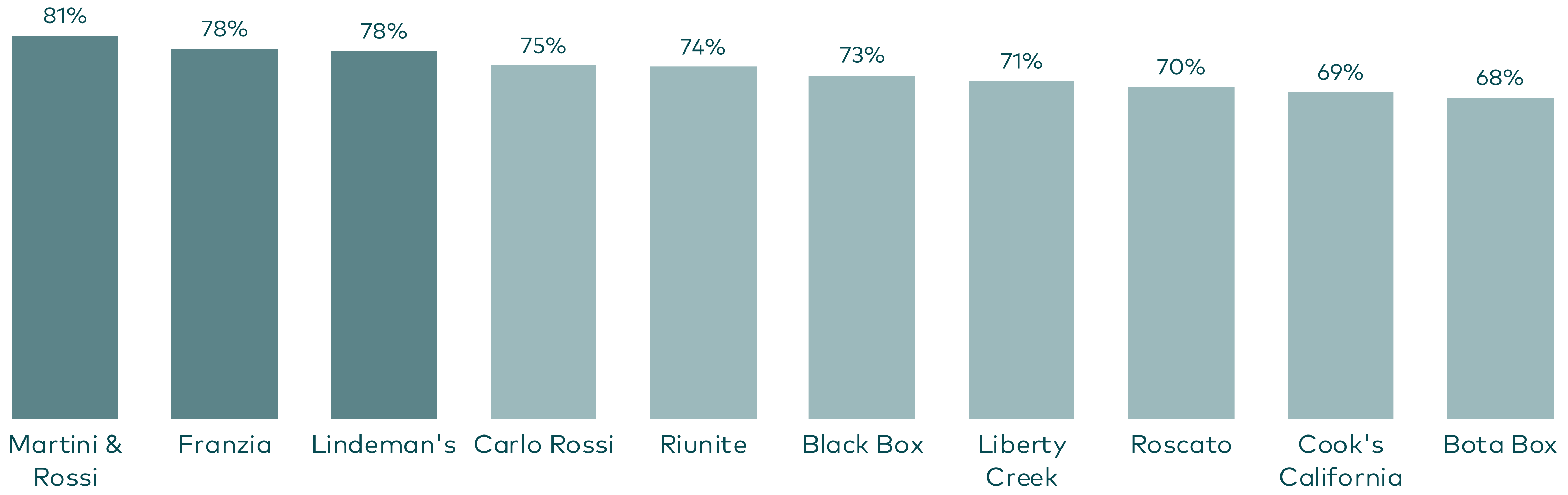


Source: Numerator Insights | Moments of Truth/Share of Category Requirements (Data Explorer) | n = 9,934 respondents | 12 m/e December 31, 2019

Martini & Rossi, Franzia, and Lindeman's win the planned purchase occasion…

% Planned Brand Purchase

Planned vs. Impulse by Brand



Source: Numerator Insights | Moments of Truth | n = 9,934 respondents, individual brand n > 50 | 12 m/e December 31, 2019

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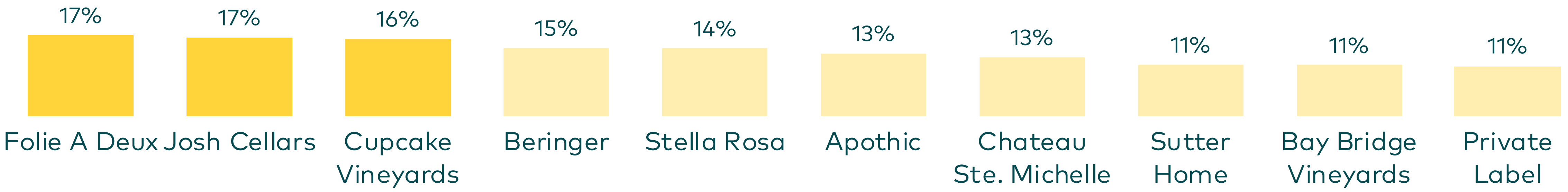
… While Folie à Deux, Josh Cellars, and Cupcake are the most likely to be purchased impulsively

% Impulse Brand Purchase

Planned vs. Impulse by Brand



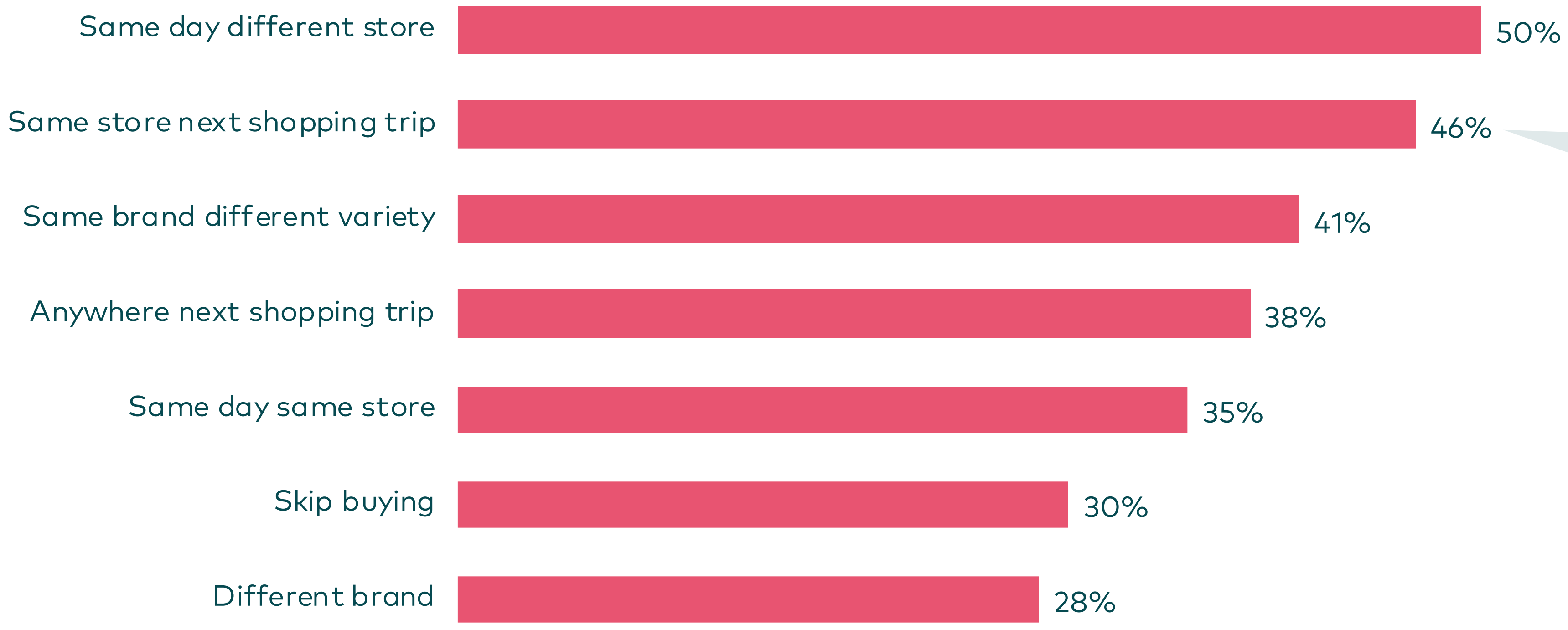
Source: Numerator Insights | Moments of Truth | n = 9,934 respondents, individual brand n > 50 | 12 m/e December 31, 2019

Loyal shoppers would go to a different store to find their preferred wine brand

Average Loyalty by Actions Taken if Product Out of Stock

% Spend share of category requirements

Read: Respondents who said that they would go on the "same day [to a] different store" for a brand spend, on average, 50% of their wine dollars on that brand



Interestingly, those who would forgo buying wine until the following trip to the same store are also more loyal than other shoppers

Source: Numerator Insights | Moments of Truth/Share of Category Requirements (Data Explorer) | n = 9,934 respondents | 12 m/e December 31, 2019

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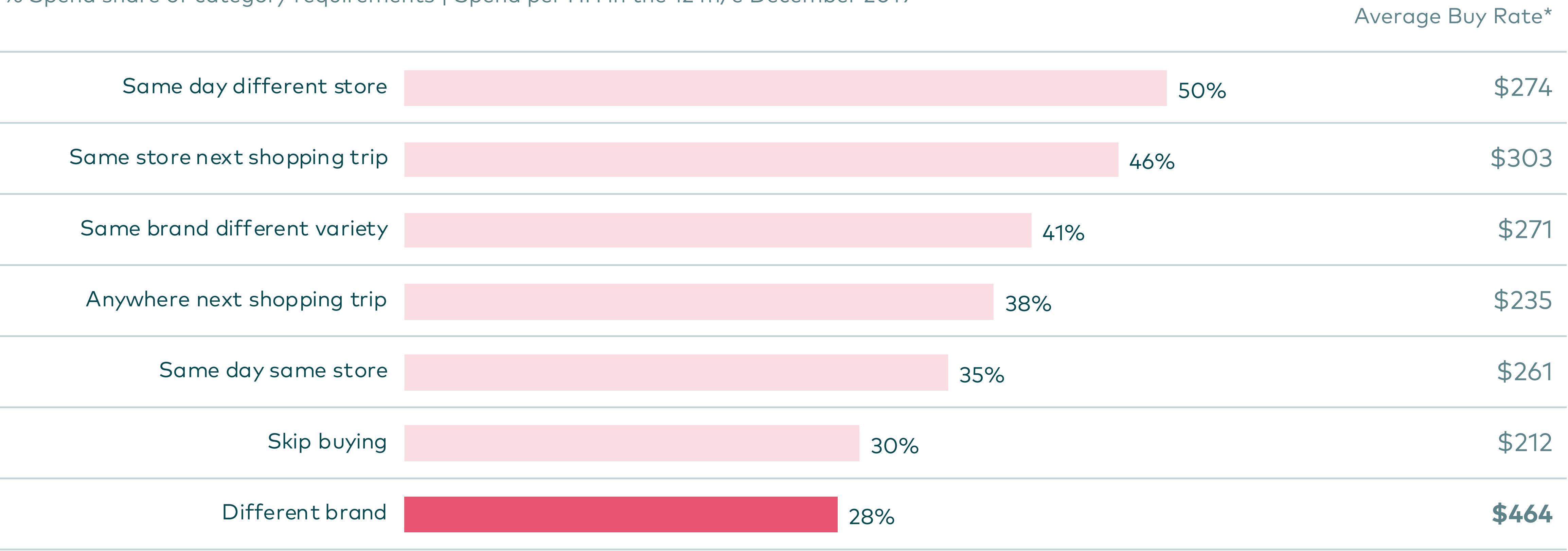
However, brands have an opportunity to win *disloyal* shoppers, who are the *heaviest category buyers*

Average Loyalty vs. Average Wine Buy Rate by Actions Taken if Product Out of Stock

% Spend share of category requirements | Spend per HH in the 12 m/e December 2019



Source: Numerator Insights | Moments of Truth/Share of Category Requirements and Buy Rate (Data Explorer) | n = 9,934 respondents | 12 m/e December 31, 2019
* Excluding shoppers spending > $1,200 a year ($100 a month)

What we've explored

There is a link between perceived quality and performance of a brand and loyalty to that brand – although quality does not necessarily mean expensive, in the case of wine

Planned purchases lead more to loyal buyers (or vice versa), but impulse occasions can also result in loyalty!

Certain types of discounts or promotions are better at driving continued or larger amounts of spend than others: in wine, mobile app rewards (e.g. Ibotta, Shopkick) are the least effective

Disloyal wine shoppers who would simply buy another brand if their preferred product was out of stock are often also the heaviest category buyers – there is an opportunity for brands to win more spend by growing loyalty or providing more appealing options within the portfolio at shelf

How it can be applied broadly

Understanding the full consumer journey or path to purchase can help provide insights on the why behind brand performance, as well as shed light on potential triggers and barriers to purchase

How you can take action

For brands:

Work with your Numerator consultant to understand how your brand performs at key points in the consumer journey compared to competitors

Consider a custom survey to further dive into your brand and category's specific triggers and barriers

For retailers:

Work with your manufacturer partners and/or Numerator consultant to understand how the brands on your shelf are perceived by shoppers

While love might be complicated, data provides clarity.

We hope that these three stories inspire you to **explore data in different ways** and discover entirely new angles and insights.

Happy Valentine's Day from all of us at **Numerator**!

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