Numerator

# POPULATION PREVIEW

Learn how the next five years could evolve your business

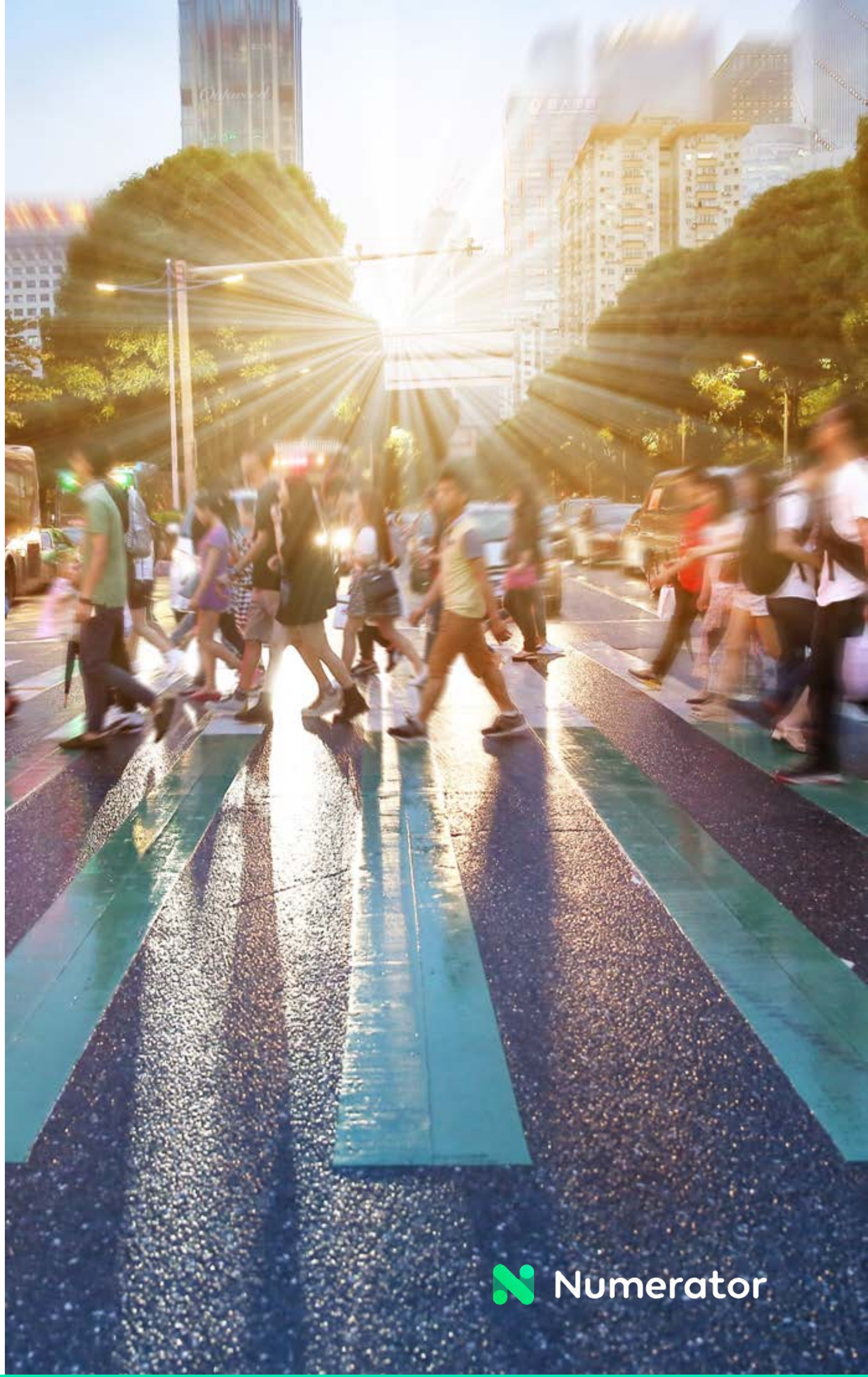
# About this Report

NUMERATOR'S POPULATION PREVIEW illustrates the purchasing and attitudinal trends of the current population as Millennials grow into families and Gen X start phasing into empty nesters along with external factors that can influence our population makeup in next few years. With our rich demographic, purchasing and attitudinal data set, we hope this analysis can help you come away with what to watch for in the upcoming future.

The analysis was conducted with a proprietary lookalike model based on 2021 data to link up purchasing behaviors of current shoppers to shoppers five years older than them to inform potential growth and contraction across categories and stores.

US Census data was also used to inform population growth and trends.

Verified shopping behaviors of these shoppers and their attitudes were analyzed using Numerator Insights, TruView and Surveys.



# In the last five years, three truths have emerged.

### HOLISTIC WELLNESS

Consumers are rethinking health as they shift to alternative meats, emphasize mental wellness, and change their personal care routines.

### DYNAMIC HOMES

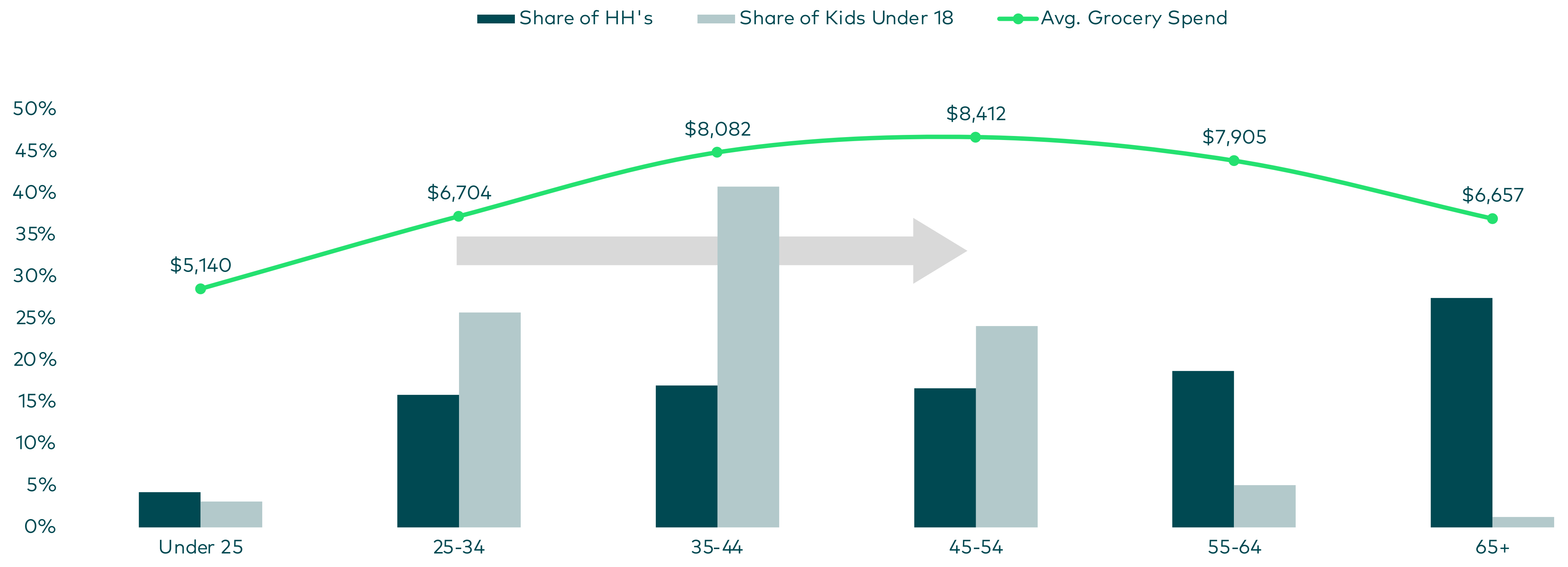
Homes are expanding in definition: ethnic backgrounds, LGBTQ+ identity, and pet ownership have grown which changes where spending goes.

### ONLINE ACCELERATION

eCommerce sales have skyrocketed in the past three years which have pushed many center-store categories to now be part of the digital basket.

# Millennials will drive trends going forward as they grow their families and increase at-home grocery spend by 1.2x.

HH DISTRIBUTION BY AGE, KIDS UNDER 18, & ANNUAL GROCERY SPEND




Avg. Grocery Spend: Numerator Latest 12 Months Ending 1/31/21 | Share of HH's & Share of Kids Under 18 US Census Tables

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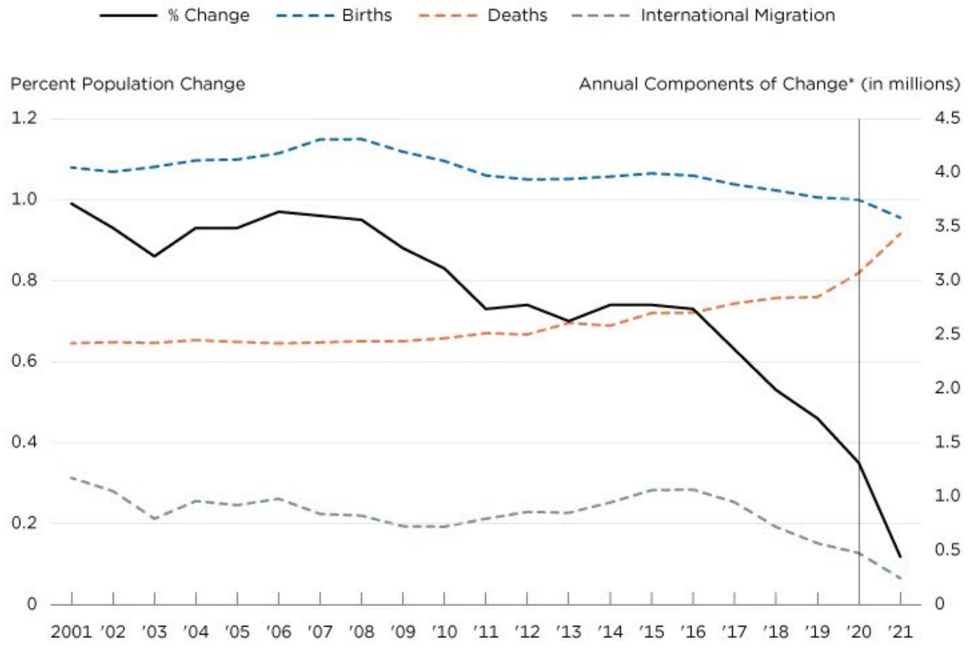
# Additionally, population growth has continued to trend down which highlights two takeaways that will affect how we think of the future.

Figure 2.
**Population Change and the Components of Change: 2001–2021**




* Components of change include births, deaths and net international migration.
Note: Only data to the right of the line are from Vintage 2021.
Source: U.S. Census Bureau, Vintage 2020 Estimates; Vintage 2021 Estimates; 2000-2010 Intercensal Estimates.

1. **THE IMPORTANCE OF KNOWING TODAY'S POPULATION**
   While birth rates trailing down driven by both a smaller Gen X group and Millennials delaying families, deaths have also crept up. Overall, the population will shift older and the people we have today will be the people who will drive consumer behavior for the next few years.

2. **IMMIGRATION DRIVING GROWTH**
   Although net immigration has dropped due to limited mobility and legislative policies, the US Census has shared that for the first time in America's history, immigration's contribution to population change will outpace natural increase (difference between births and deaths).

# For the next five years, we expect these truths to hold but with an evolved story.

Past 5 Years

### HOLISTIC WELLNESS

Consumers are rethinking health as they shift to alternative meats, emphasize wellness, and change their personal care routines.

### DYNAMIC HOMES

Homes are expanding in definition: ethnic backgrounds, LGBTQ+ identity, and pet ownership have grown which changes where spending goes.

### ONLINE ACCELERATION

eCommerce sales have skyrocketed in the past three years which have pushed many center-store categories to now be part of the digital basket.

Next 5 Years

### WELLNESS AWAKENED

Current health trends stay, but a growing reliance on convenience, energy drinks and coffee along with makeup highlights a shift towards a more tired America.

LEARN THE STORY

### THE FAMILY REDEFINED

While familial makeup will continue to shift, population growth is telling two new areas of focus: children and first-generation households.

LEARN THE STORY

### CHANNEL EXPANSION

eCommerce will continue to be a driving force of growth, but in-store demand from younger generations requires companies to rethink 'omnichannel'.

LEARN THE STORY

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# WELLNESS AWAKENED

(Holistic Wellness)

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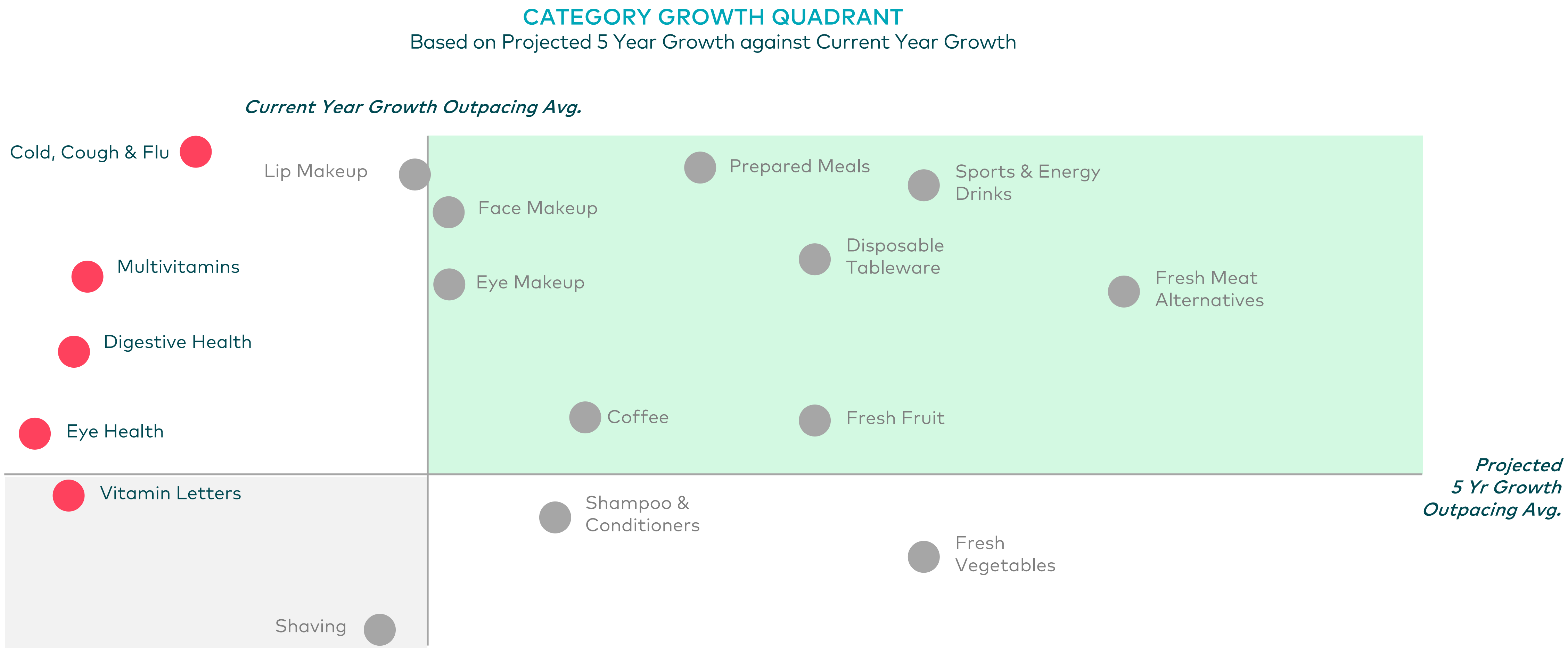
# Wellness, in its recency, has been driven by categories in the health sector, but we could expect them to lag in comparable growth in the next five years.




Proprietary Analytics – Chart is not to full scale

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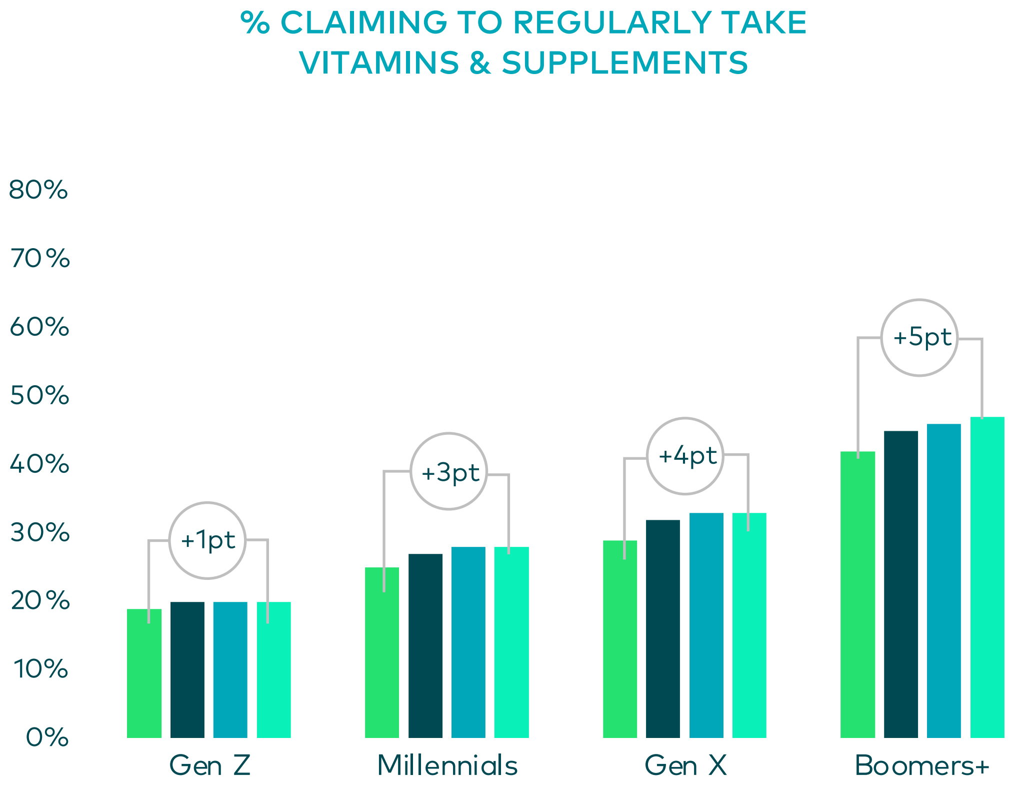
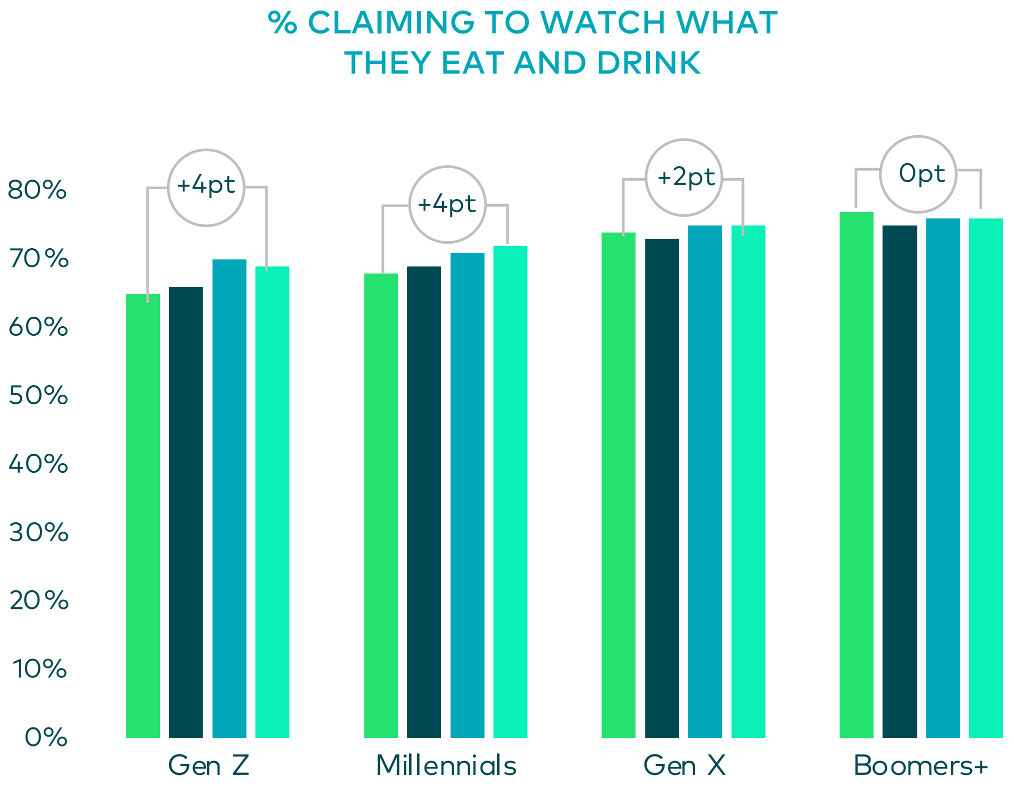
# Although consumers find vitamins & supplements important, younger households have become more focused on what they consume vs how they supplement.




■ FY 2019 ■ FY 2020 ■ FY 2021 ■ YTD 2022

Health Microsurvey | Which of the following describes you?

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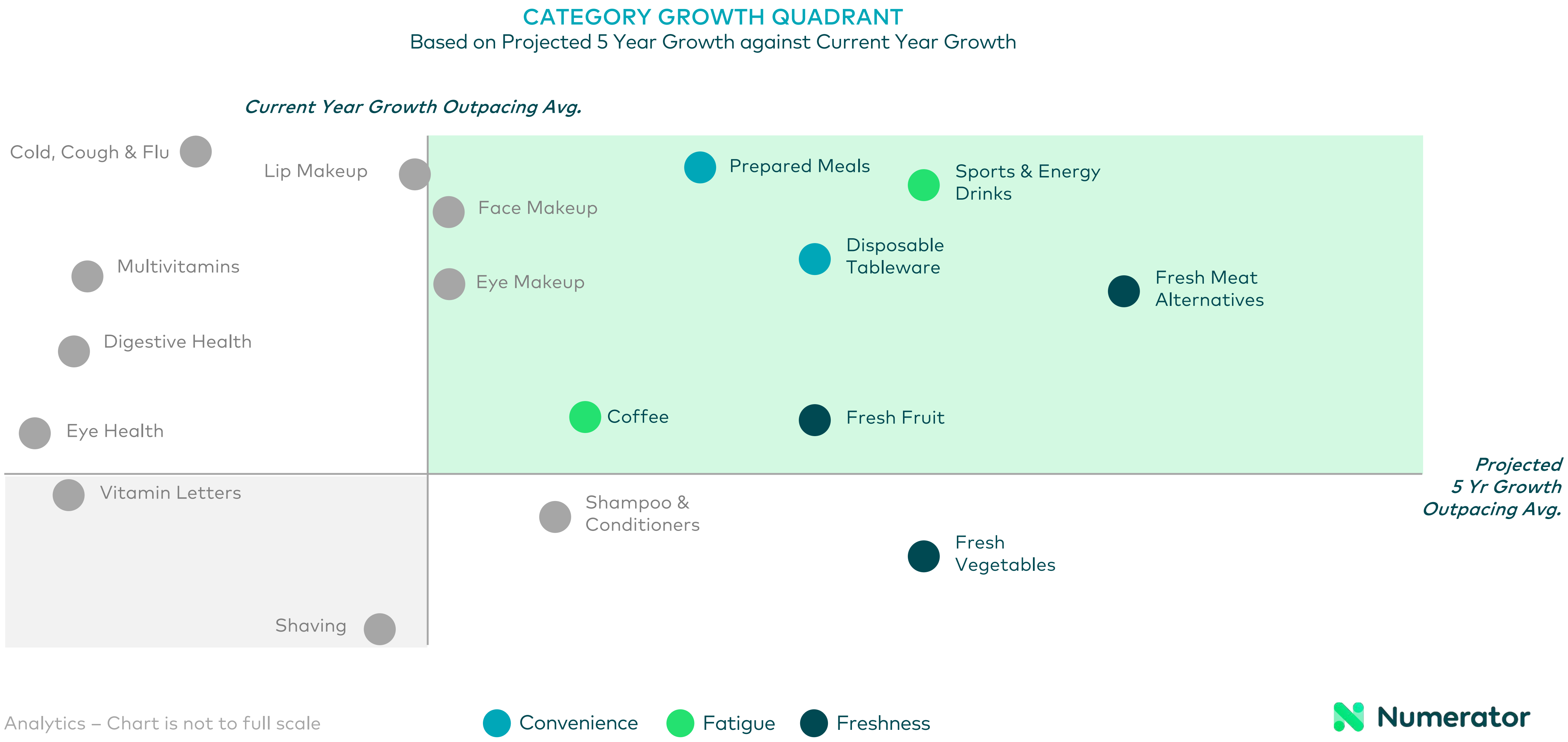
# As Millennials age, we could see health be defined as fresh produce and alternative meats and a rise in products meant to offset fatigue and deliver convenience.




Proprietary Analytics – Chart is not to full scale

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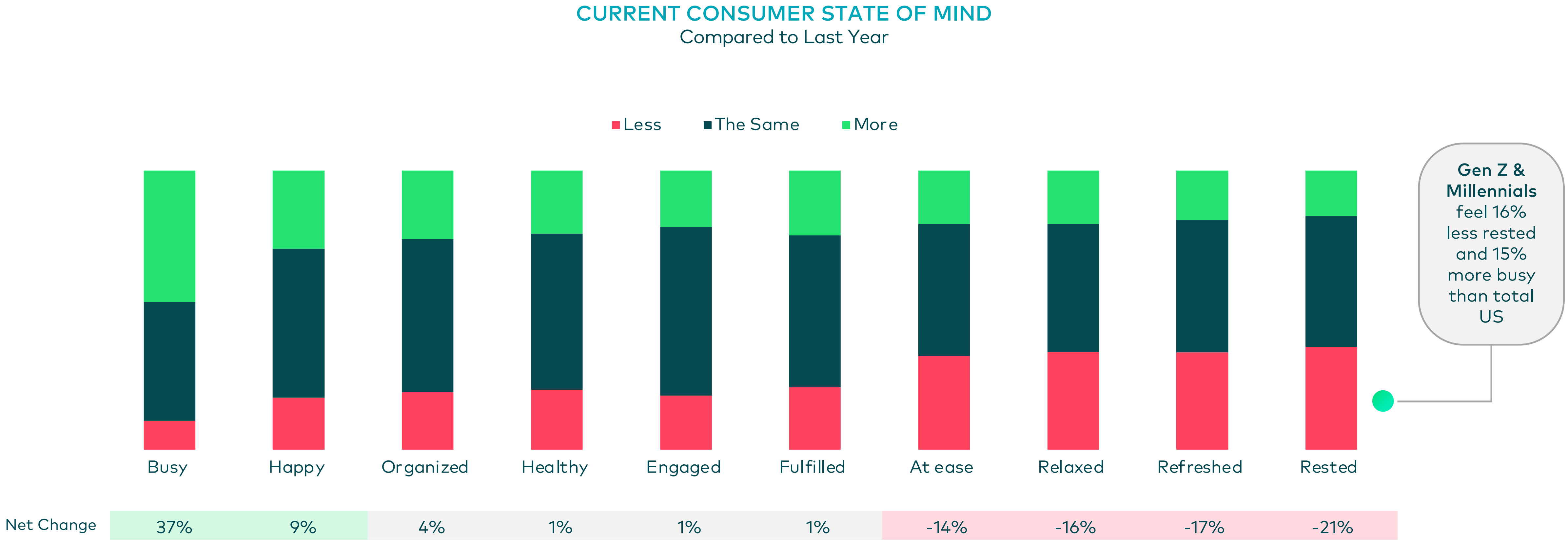
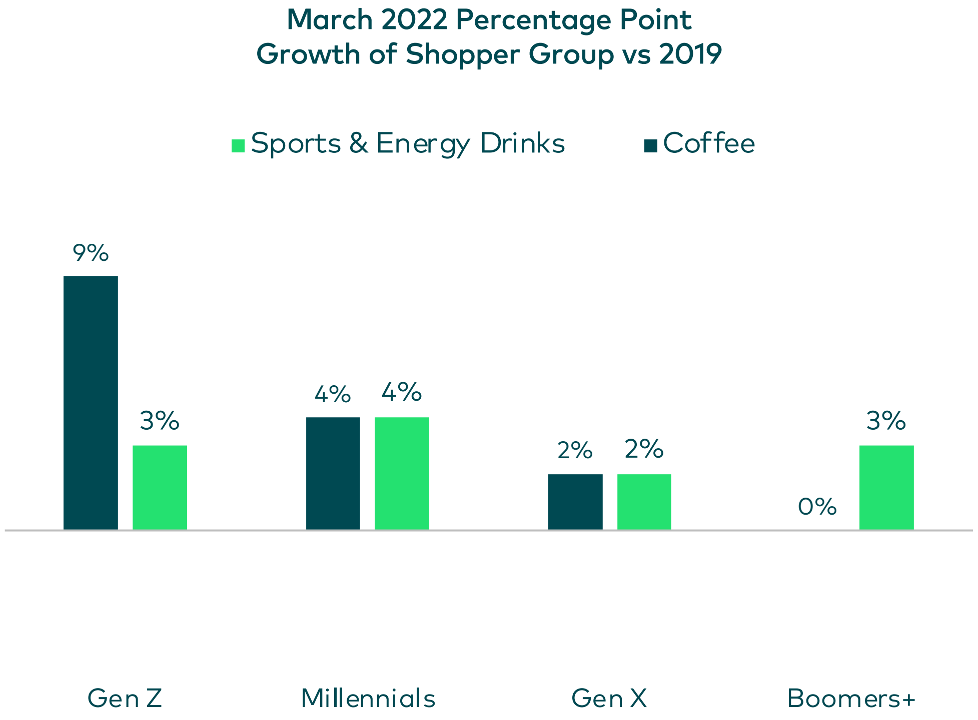
# In fact, America is growing more tired and busy. On a brighter note, Americans are feeling happier compared last year.



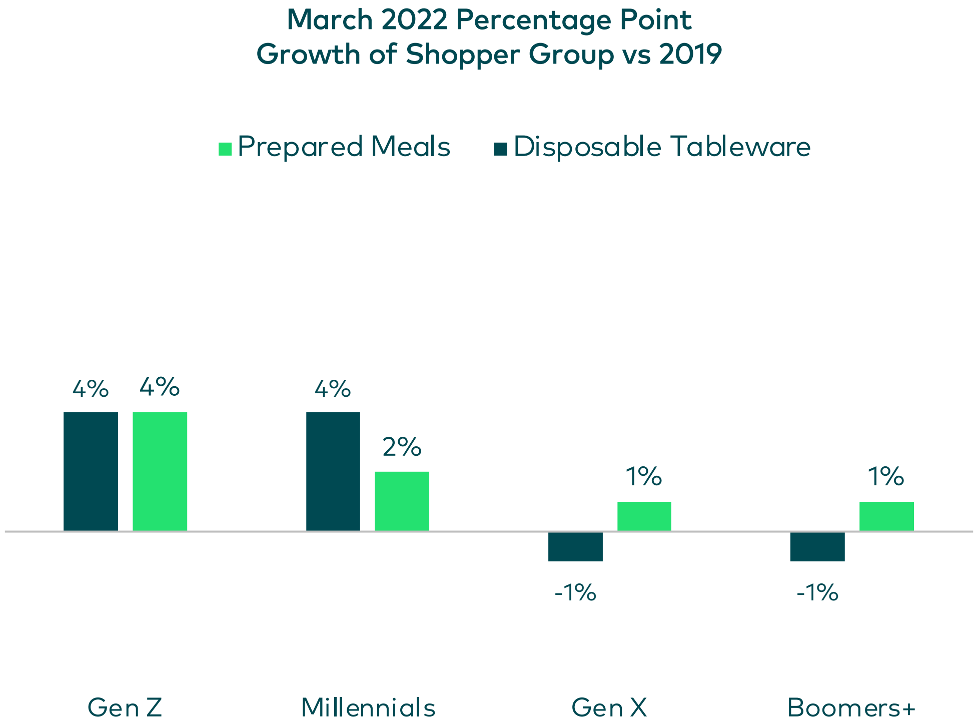

Compared to last year, how do you currently feel?

# Younger generations are seeking ways to energize themselves and find convenience–an opportunity for brands to innovate and communicate differently.

## CAFFEINATED LIFE




## CONVENIENCE PLEASE

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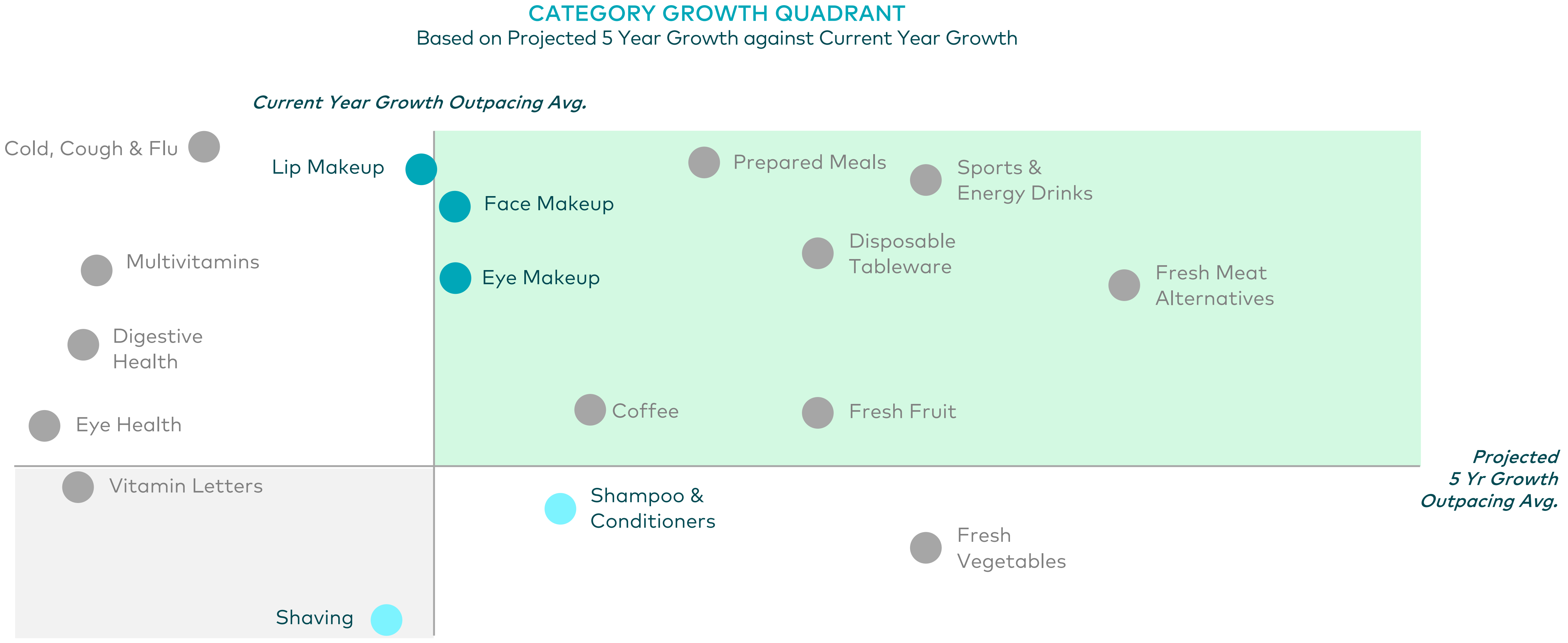
# While makeup and personal care are at different stages of recovering from their dip, consumers could use these categories to try to keep themselves refreshed.




Proprietary Analytics – Chart is not to full scale

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# Although facing a lower baseline pre-pandemic, makeup sees resilience against trade-offs and personal care premiumized considering inflation hikes.

## DECREASE/STOP SPEND IN CATEGORY DUE TO INFLATION

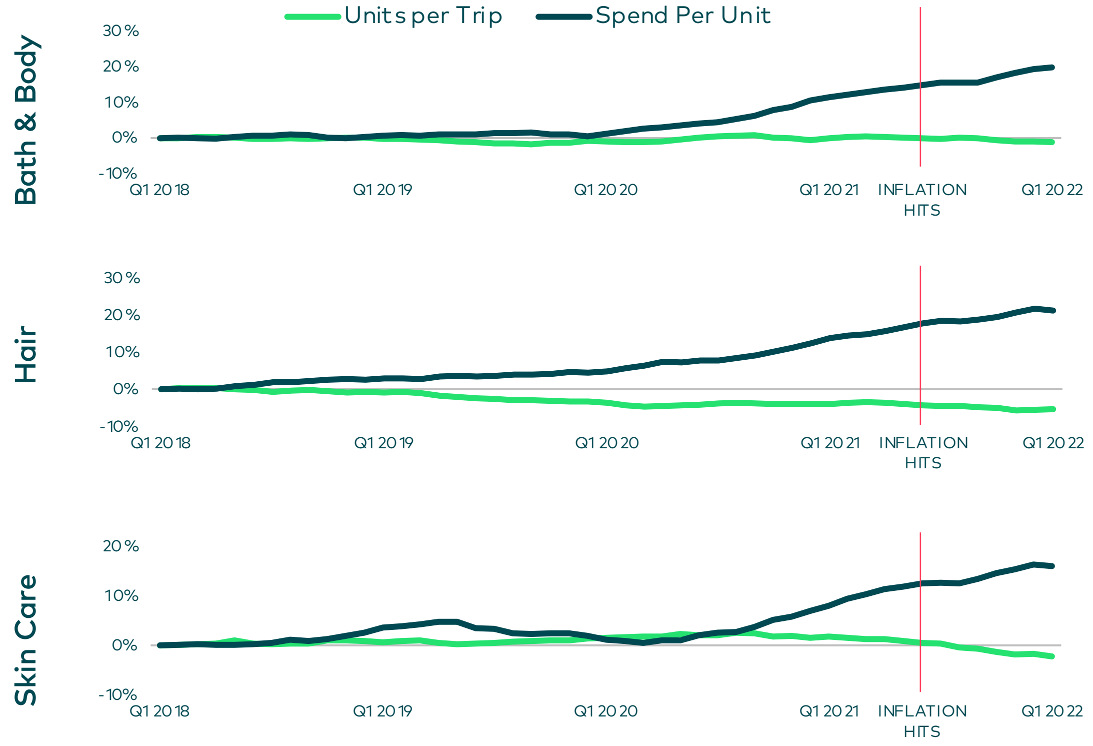
April 2022

| Rank | Discretionary Category (% of Households) |
|---|---|
| 1 | Dining Out (59%) |
| 2 | Non-essential food items (57%) |
| 3 | Apparel (54%) |
| 4 | Recreational activities (48%) |
| 5 | Travel/Vacation (42%) |
| 6 | Home goods (39%) |
| 7 | Electronics (36%) |
| 8 | Home improvement (35%) |
| 9 | Beauty/Cosmetics (33%) |
| 10 | Gifting (33%) |

Among women, beauty/ cosmetics moves up only one spot.

## PURCHASE BEHAVIOR

Rolling 12 Months by Quarter vs L12M Ending Q1'2018



# Inspiration for Wellness Awakened

### EXPAND ON HEALTH

Younger consumers are finding less of a desire to supplement and instead focus more on dietary changes. For health and food brands, there is opportunity to invest in nutrition-based research & development such as PepsiCo fully sequencing the oat genome.

### ENERGIZE THE POPULATION

America is tired. Only 16% of consumers feel more rested now than they did last year with Millennials and Gen Z feeling the worst off. Brands and retailers can be the force in bringing clarity to America's daze by creating innovation and marketing that brings energy to consumers–perhaps by doing less like LL Bean.

### ELEVATE THE SELF-CARE RITUAL

Both beauty and personal care saw a downturn in 2020 but has managed to return more stable with younger households. A resilience is found in makeup as inflation occurs highlighting a potential desire for households to treat themselves. Premiumization could be the unlock for future growth with examples of Olaplex going public and Target partnering with Ulta Beauty.

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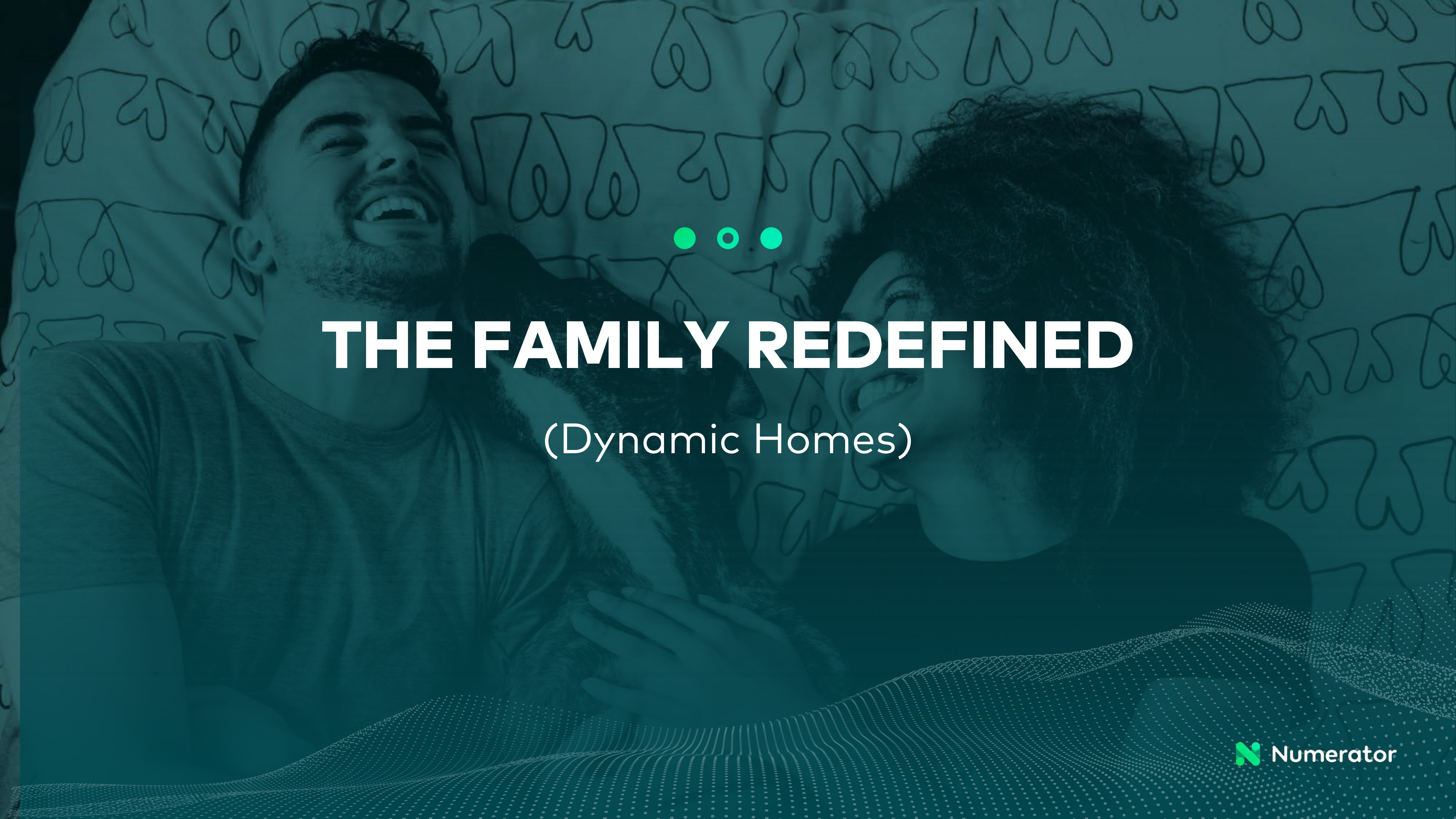

# THE FAMILY REDEFINED

(Dynamic Homes)

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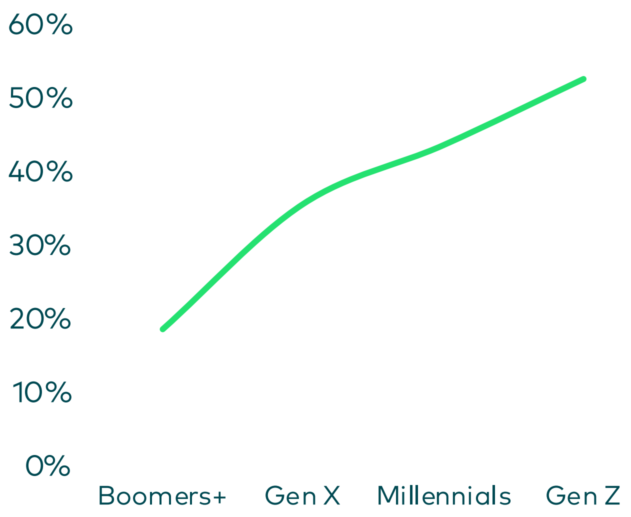
# The family has grown to become more dynamic with no signs of reversing.

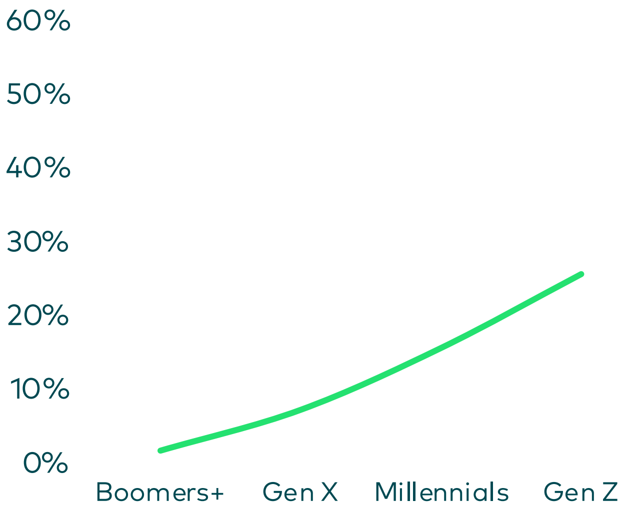
## OUR HOMES HAVE BECOME MORE DIVERSE...

**% Non-White | YTD Ending 4/2022**



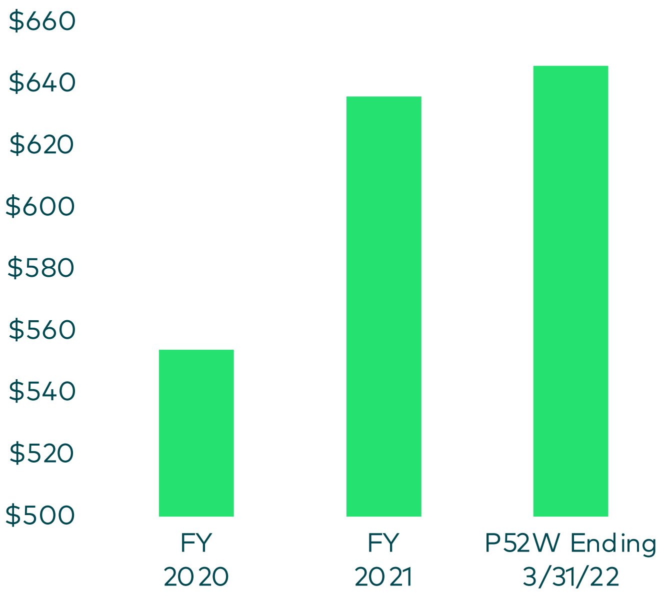

## IDENTITIES HAVE GROWN MORE FLUID...

**% LGBTQ+ | YTD Ending 4/2022**




## AND WE'VE SPENT MORE ON OUR PETS THAN WE EVER HAVE IN THE PAST THREE YEARS...

**Pet Sector Buy Rate**

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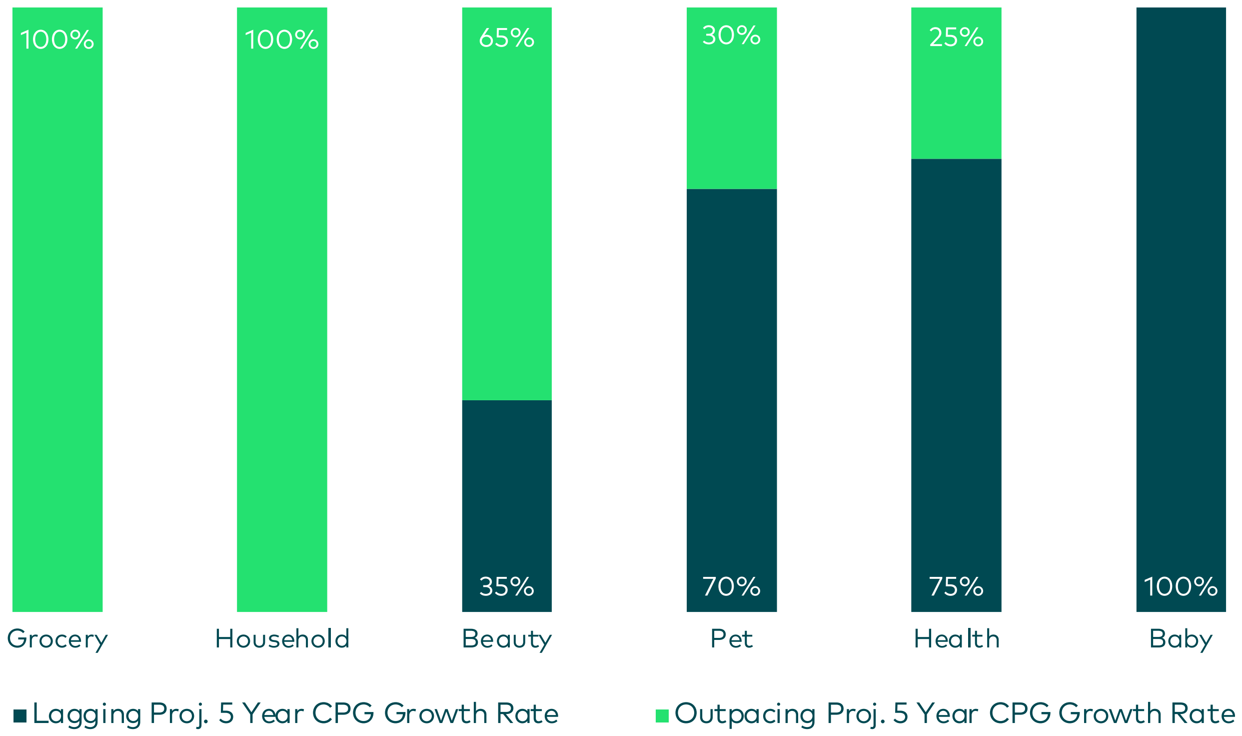
# However, fertility rates are slowing down. Baby categories could see headwinds forcing brands to restage and appeal to children to maintain competitive growth.

## FERTILITY RATES BY AGE GROUP
Percent Change

| Age of Mother at Birth | 2019 vs 1990 |
|---|---|
| 15-19 | -73% |
| 20-24 | -43% |
| 25-29 | -22% |
| 30-34 | +22% |
| 35-39 | +67% |
| 40-44 | +132% |
| **TOTAL** | -17% |

Of Millennials/Gen Z without children, nearly **2 in 5 plan to start a family** in the next 5 years

## % OF TOP 20 MAJOR CATEGORIES BY CPG SECTOR




Fertility Rates from US Census Bureau 2022. Fertility Rates: Declined for Younger Women, Increased for Older Women. Retrieved from here.
5 Year Projections – Numerator Proprietary Analytics

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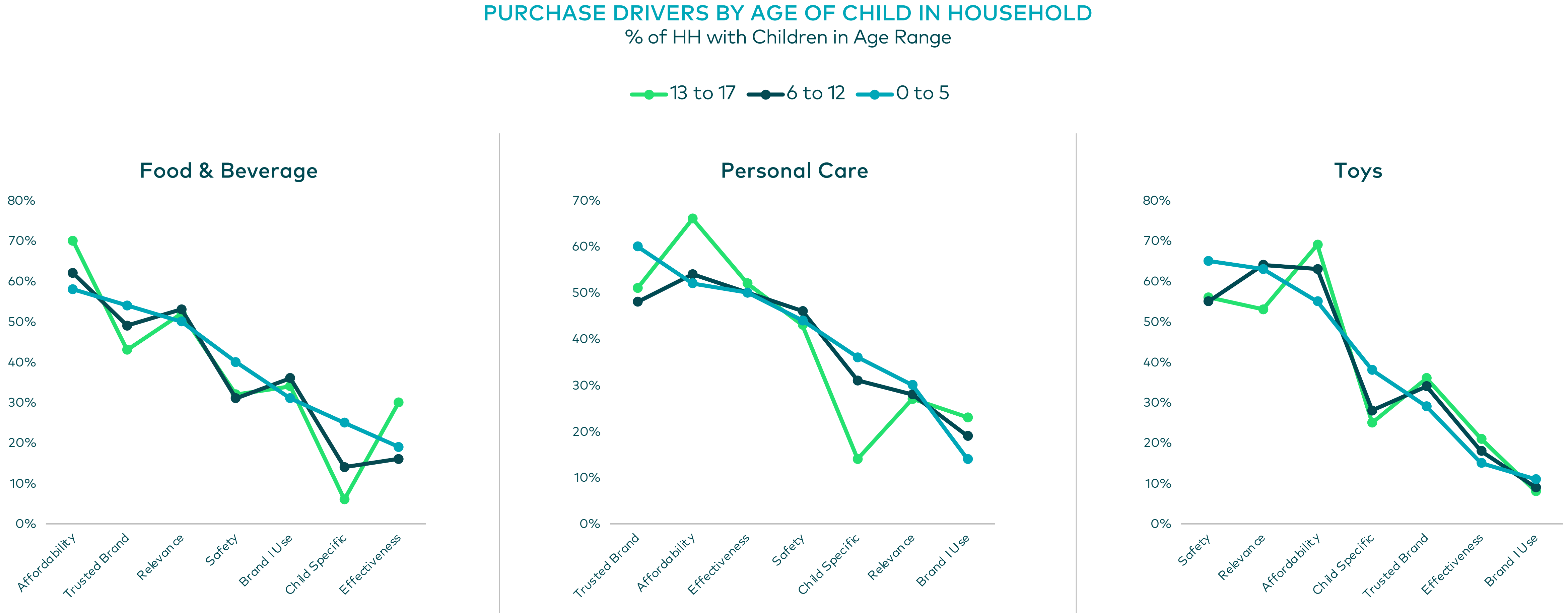
# If brands are to grow up with their consumer, they will need to consider how they transform from being centered on just safety but also affordability.




When purchasing [category] for your child, what are the top 3 things you look for to help you decide what to purchase?

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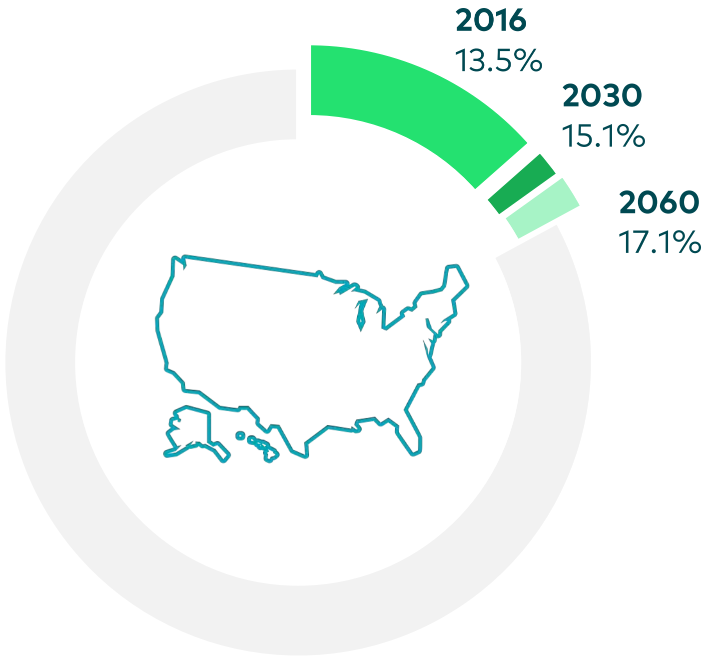
# Understanding first-generation households is an imperative for brands and retailers as immigration will look to drive population growth.

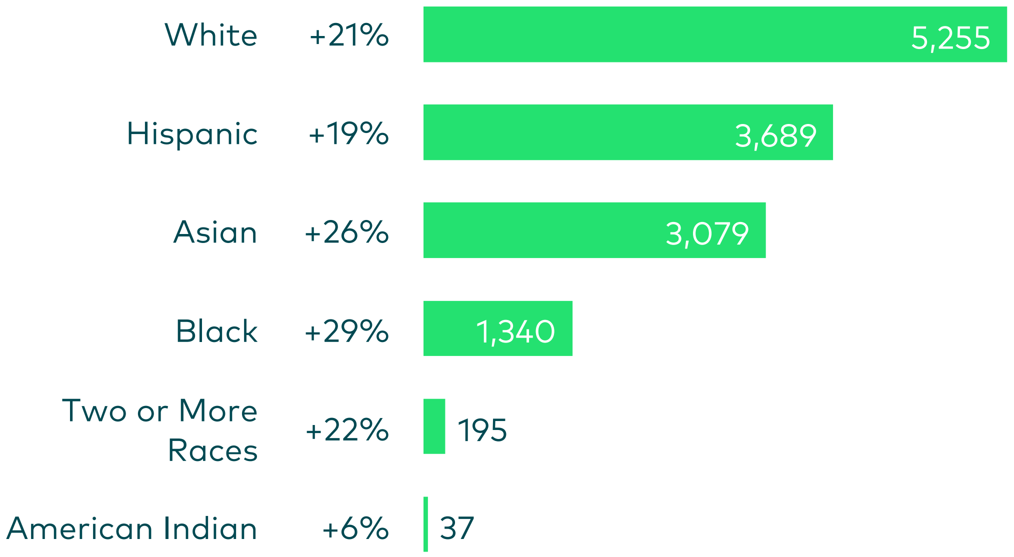
## % OF US POPULATION AS FOREIGN BORN

2016 Actuals | 2030 and 2060 Projections




## US FOREIGN BORN % CHANGE AND ABSOLUTE GROWTH

In Thousands | 2016 to 2030 Est.




US Census Bureau 2020 Revised. Demographic Turning Points for the United States: Population Projections for 2020 to 2060. Retrieved from here.

# First-generation homes are undeniably unique–they feel and purchase differently than their second and third-generation counterparts.

## FIRST-GENERATION COMPARISON TO SECOND/THIRD-GENERATION HOUSEHOLDS

**1 in 2**
find heritage extremely important in purchasing food

**48%**
live in a multilingual household

**2 in 5**
live in Urban areas

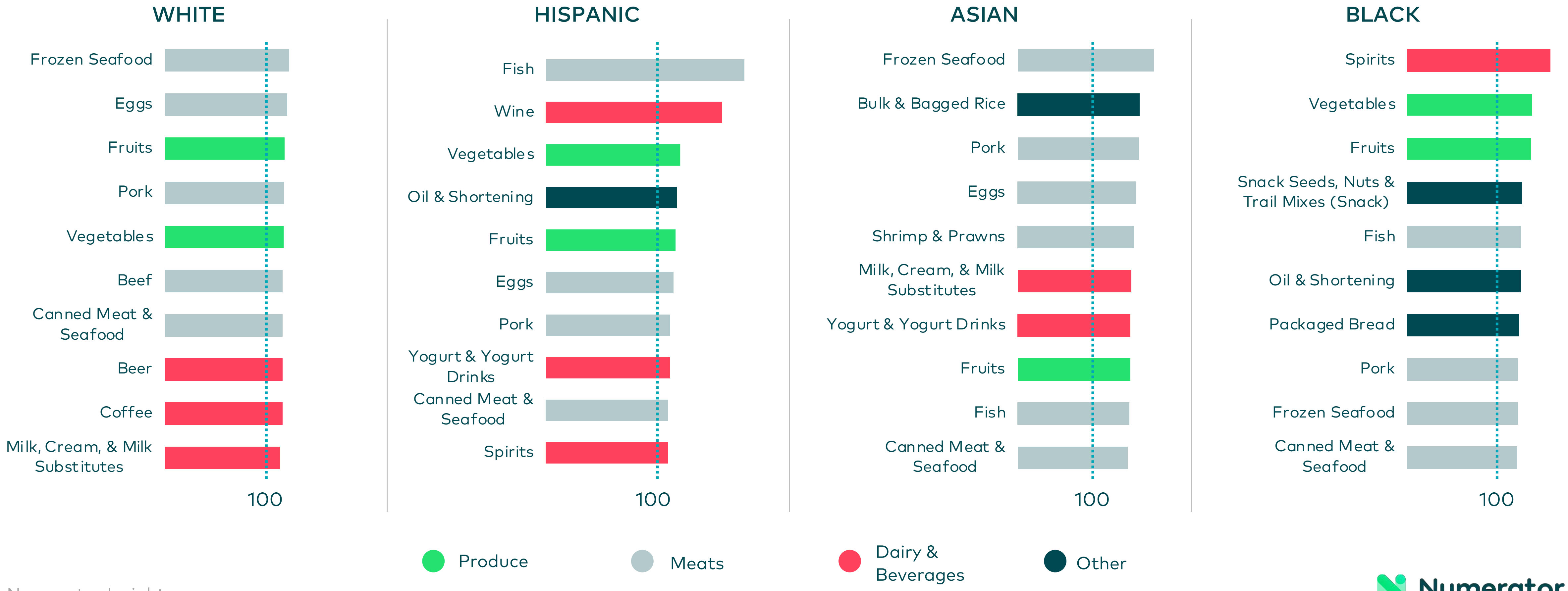
| | | |
|---|---|---|
| 198 | 256 | 141 |

**Index to Second/Third-Generation**

Heritage & Language Microsurvey and Numerator Insights
First Generation defined as: What best describes your background? I was not born in the US.

# First-generation homes emphasize scratch cooking and a diverse preference for meats and alcohol over their second and third-generation counterparts.

## TOP 10 OVERINDEXED GROCERY MAJOR CATEGORIES WITH >0.5% SPEND FOR FIRST-GENERATION VS SECOND/THIRD-GENERATION



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# For brands to reflect the first-generation consumer, they will need to consider how they write and speak to them.

## TOP 5 LANGUAGES SPOKEN EXCL. ENGLISH

% of First-Generation & Index to Second/Third-Generation | % of Multilingual First-Generation

### WHITE

22% multilingual | 220 index

| | |
|---|---|
| **Español** Spanish | 29% |
| **Deutsch** German | 14% |
| **Русский** Russian | 13% |
| **Français** French | 7% |
| **Kiswahili, Yoruba, etc.** African Languages | 5% |

### HISPANIC

92% multilingual | 123 index

| | |
|---|---|
| **Español** Spanish | 92% |
| **Français** French | 3% |
| **Português** Portuguese | 3% |
| **Kiswahili, Yoruba, etc.** African Languages | 2% |
| **Italiano/a** Italian | 2% |

### ASIAN

81% multilingual | 136 index

| | |
|---|---|
| **中文** Chinese (Cantonese & Mandarin) | 31% |
| **Tagalog** Tagalog | 21% |
| **Tiếng Việt** Vietnamese | 11% |
| **한국인** Korean | 9% |
| **日本語** Japanese | 8% |

### BLACK

26% multilingual | 175 index

| | |
|---|---|
| **Kiswahili, Yoruba, etc.** African Languages | 37% |
| **Español** Spanish | 32% |
| **Français** French | 15% |
| **ASL** American Sign Language | 7% |
| **日本語** Japanese | 7% |

# While top retailers will still win share with the urban first-generation households, pockets of opportunity lies with smaller, more niche stores.

## OVERINDEXED RETAILERS FOR URBAN FIRST-GENERATION HOMES COMPARED TO URBAN SECOND/THIRD-GENERATION FOR CPG PRODUCTS

### HISPANIC

429 index

**Presidente Supermarket**
The retail chain claims to offer a small, hometown feel and operates exclusively in Florida with over 30 stores.

255 index

**Sedano's**
Also operating exclusively in Florida, the chain hosts a goal to provide customers with Latin products that brings back flavors of their homeland.

583 index

**Restaurant Depot**
This wholesale store offers free membership to its services to foodservice owners.

### ASIAN

597 index

**Hanam Chain**
A Korean grocery store established in 1988 in Los Angeles, the chain has expanded to over seven stores in California and New Jersey.

340 index

**Seafood City Supermarket**
Founded in 1989, this Filipino supermarket chain is found in California, Washington, Nevada, Hawaii, and Illinois with recent expansion in Canada.

241 index

**99 Ranch Market**
Owned by Taiwanese immigrant, Roger Chen, 99 Ranch holds several dozen stores across the US and boasts a pan-Asian assortment and food court.

# Inspiration for The Family Redefined

## GROW UP WITH YOUR CONSUMER

Brands for newborns & toddlers should ask themselves, "How can we age up with our end consumer?"

As children grow older, parents look for more affordable options and generally emphasize brands the parent uses over safety and age centered branding. Baby apparel brand, Carter's, tapped into the trend by expanding their size range to fit older children.

## CHAMPION DIVERSITY

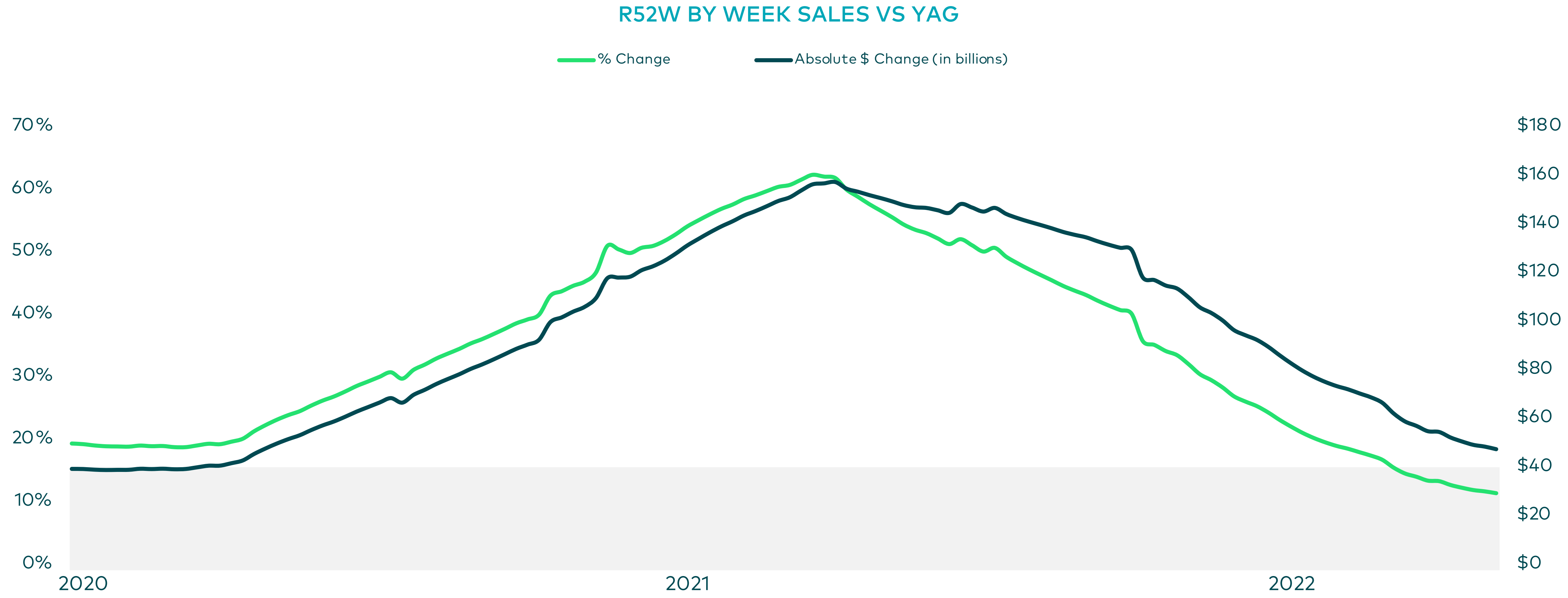
Today's trends show little sign of slowing down. However, what has changed is a shift in the population's growth being driven by immigration. Here's what a bias for action could look like:

- Defining innovation around the increasingly complex food palate
- Updating packaging and messaging to reflect the linguistic diversity of first-generation homes
- Building partnerships with smaller format, niche stores to create new distribution channels

# CHANNEL EXPANSION

(Online Acceleration)

# Although the growth of ecommerce has slowed significantly, absolute sales growth still outpaces 2019 baseline.




Numerator TruView

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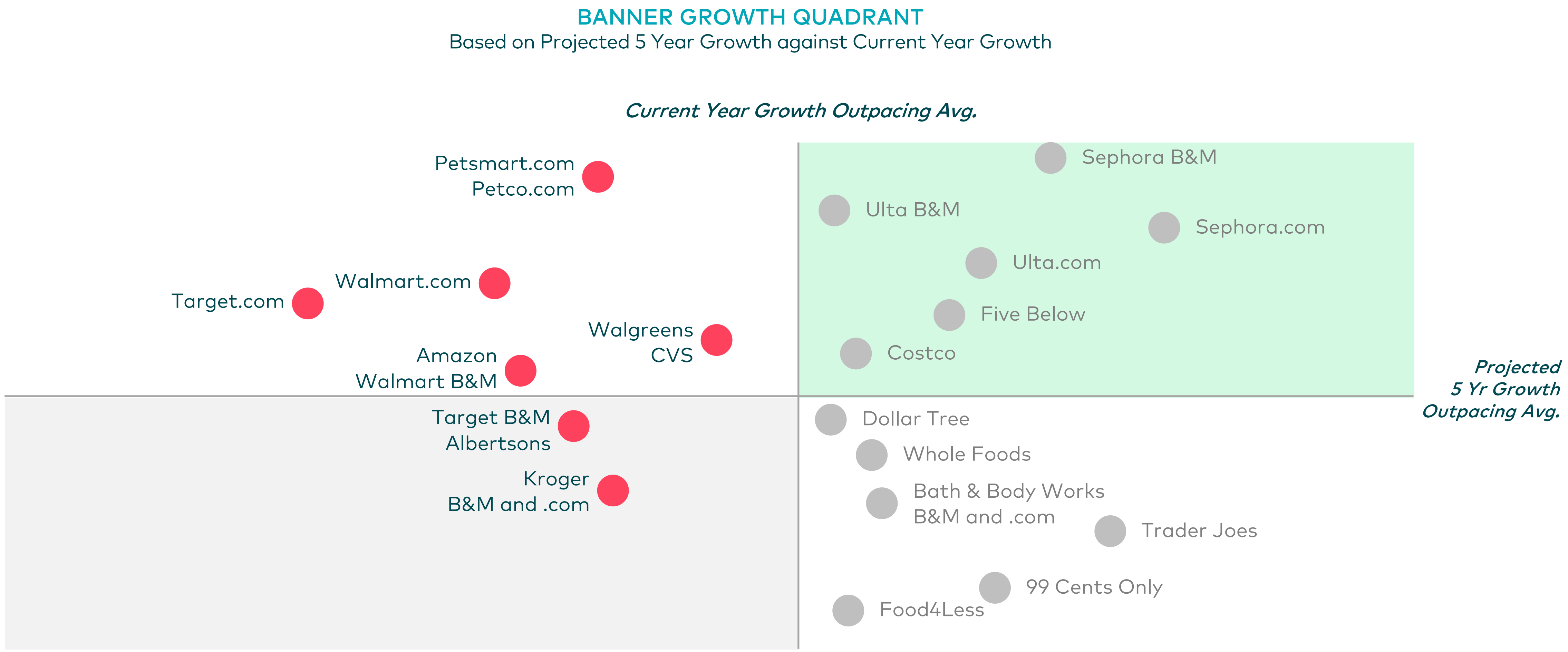
# The aging population could be expected to further cool off from ecommerce and traditional food, mass and drug…




Proprietary Analytics – Chart is not to full scale

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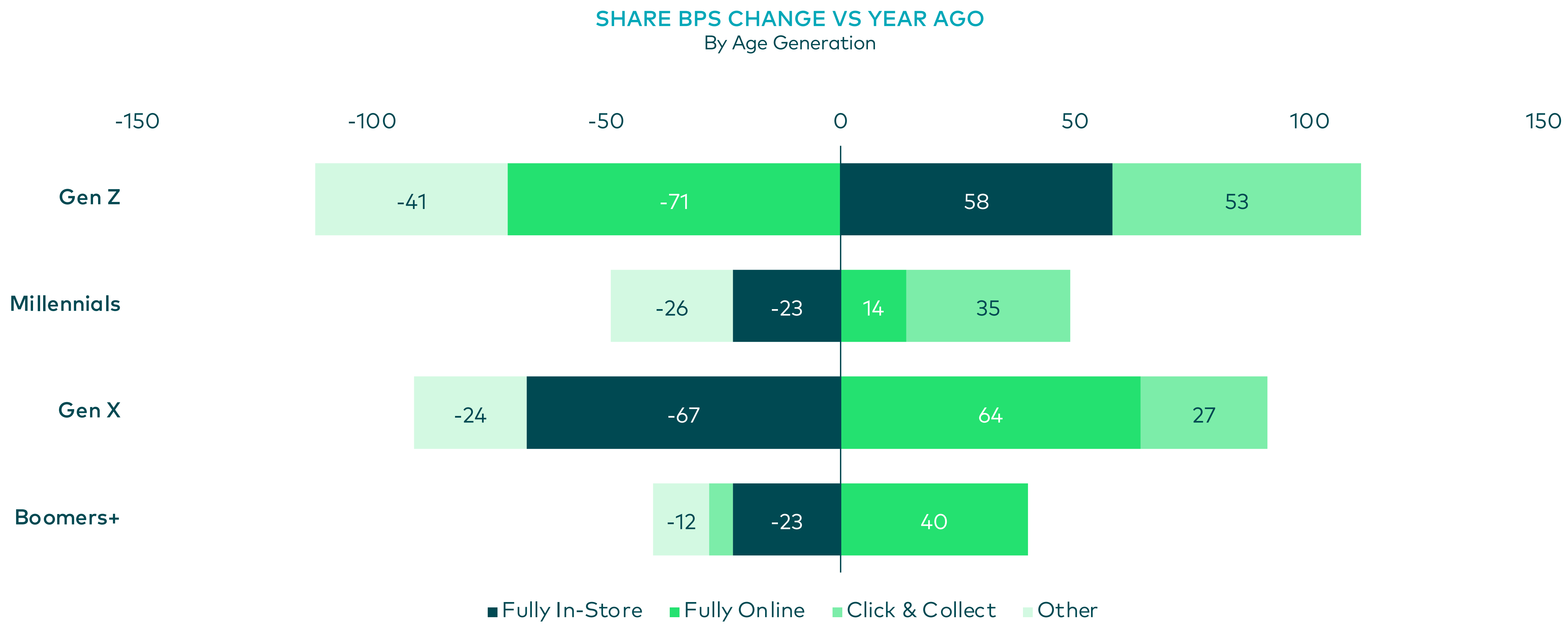
# In online, Millennials have slowed down share growth in online compared to Gen X. Gen Z has stopped pureplay growth and returned to more 'in-store' modalities.



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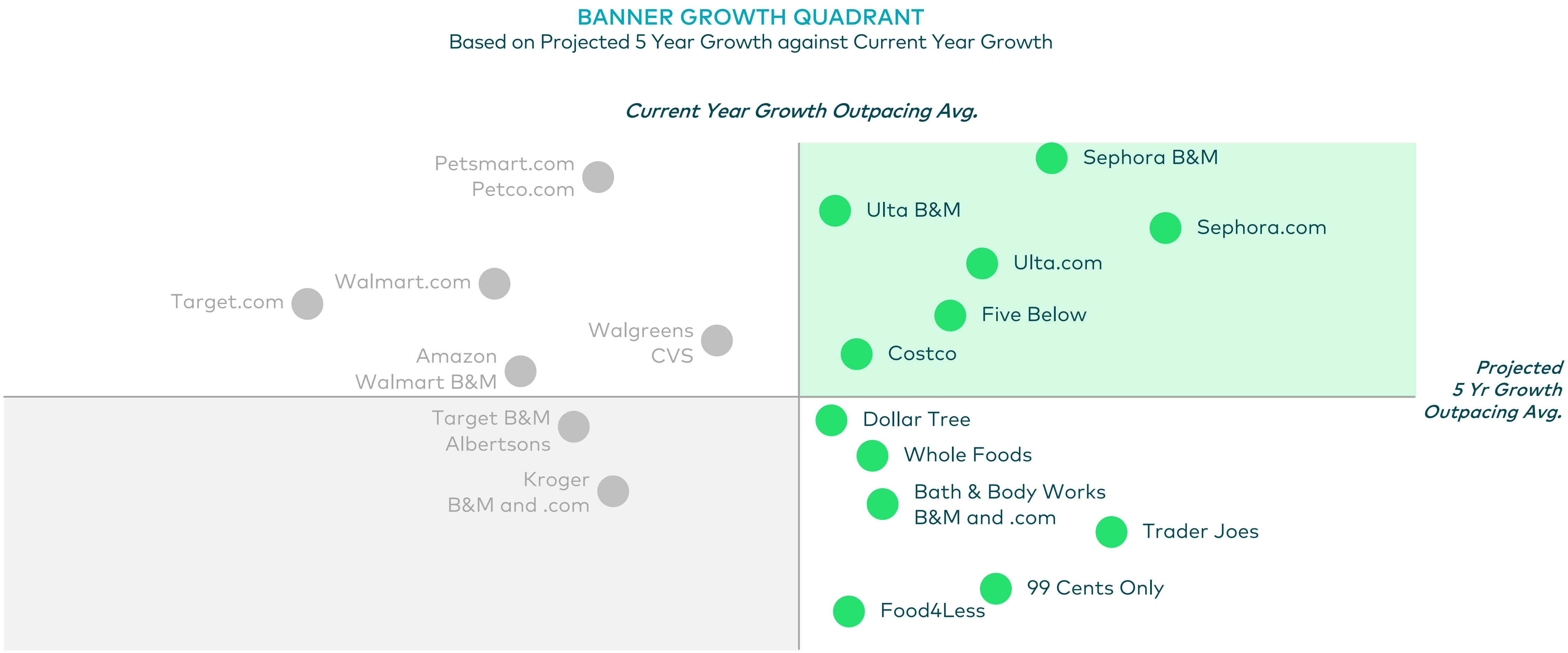
# We could expect a shift towards specialty grocers, value stores and beauty shops as the existing population grows older.

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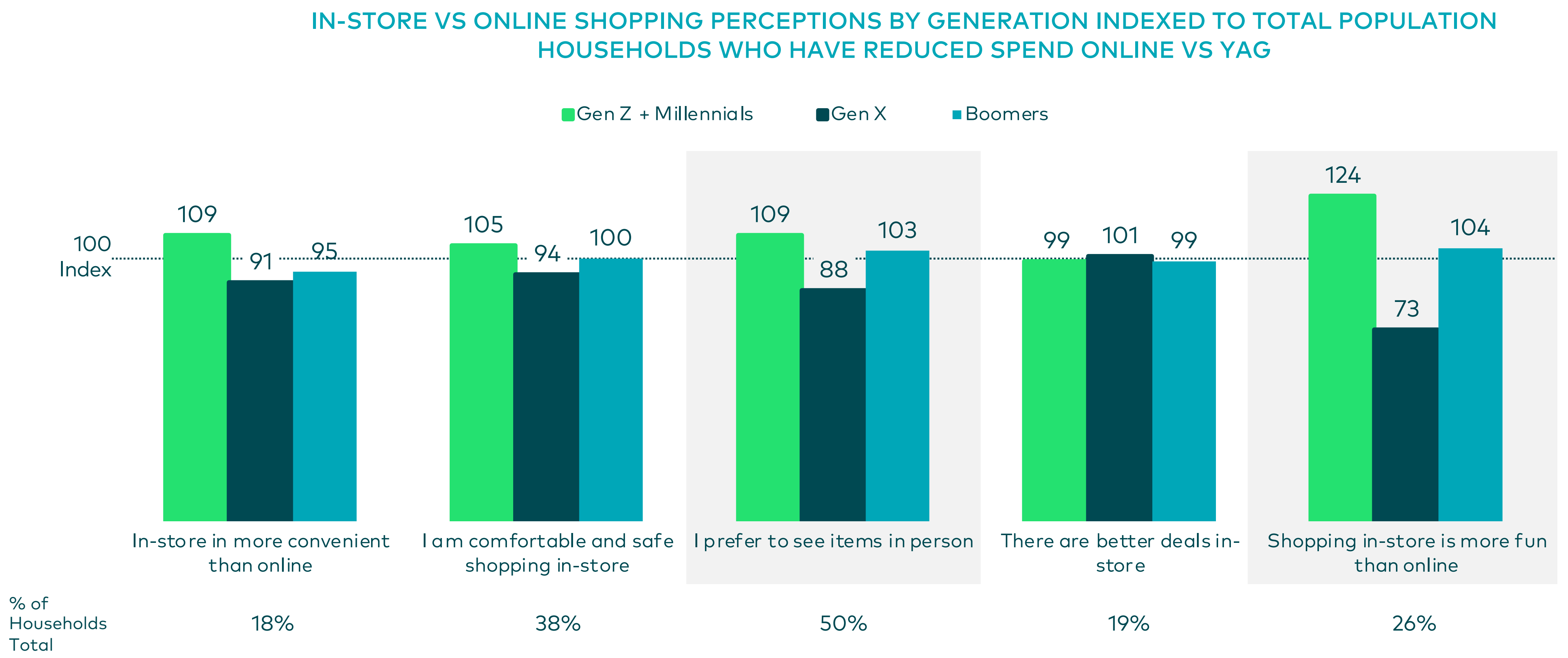
# Specialty shops seeing a rise is likely driven by younger generations who are leaving online to looking for tactility and a fun shopping environment.




Which of the following best describes you, if at all?

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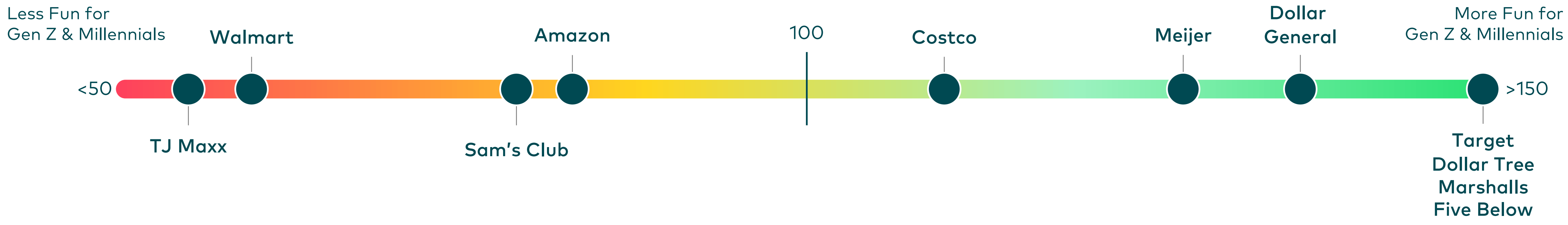
# What 'fun' retailers understand is having a varied assortment… and bringing their own spin such as communal spaces, sensory experiences or vibrant offerings.

## TOP 10 FUN RETAILERS TO SHOP | GEN Z & MILLENNIALS INDEXED TO GEN X+

Unaided Recall | Any Category




## TOP THEMES FOR WHY SHOPPERS CONSIDER THEIR RETAILER FUN

Consumer says…

### A Refreshing Stop

"It has everything you need… has a nice layout and **Starbucks** inside."

"This store is family friendly and has a place you can sit down with friends and have a chat."

### Try Before You Buy

"**Samples**, always new selection, good prices."

"So many hands on devices to try and play with."

### Expect The Unexpected

"**Bright, colorful, unexpected** items available at a reasonable price."

"Because you'll never know what you'll find for around $1"

What store first comes to mind as a place that is fun to shop at for anything? (Unaided)

# Looking forward, delivery apps like DoorDash, Uber Eats and Grubhub is a potential distribution channel to engage with the younger consumer.

**Delivery apps reach young, affluent, and urban communities…**

### % DELIVERY APPS HHS
Index to Total Us HHs

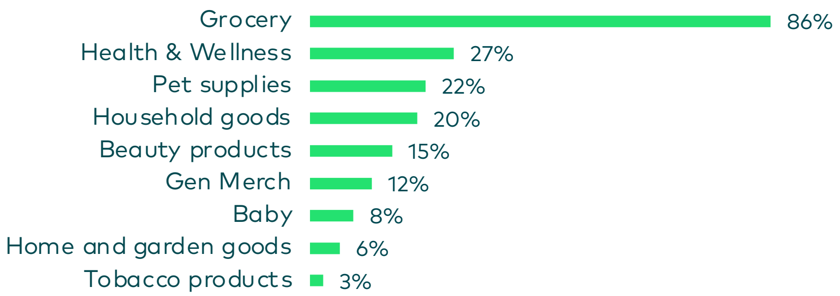
**Gen Z + Millennials**
**52%** (164)

**Ethnic Group**
**42.6%** (134)

**Higher Purchase Power**
**22.9%** (115)

**Urban**
**46.4%** (140)

### TYPES OF PRODUCTS ORDERED THROUGH DUG
% of Grocery Delivery Users



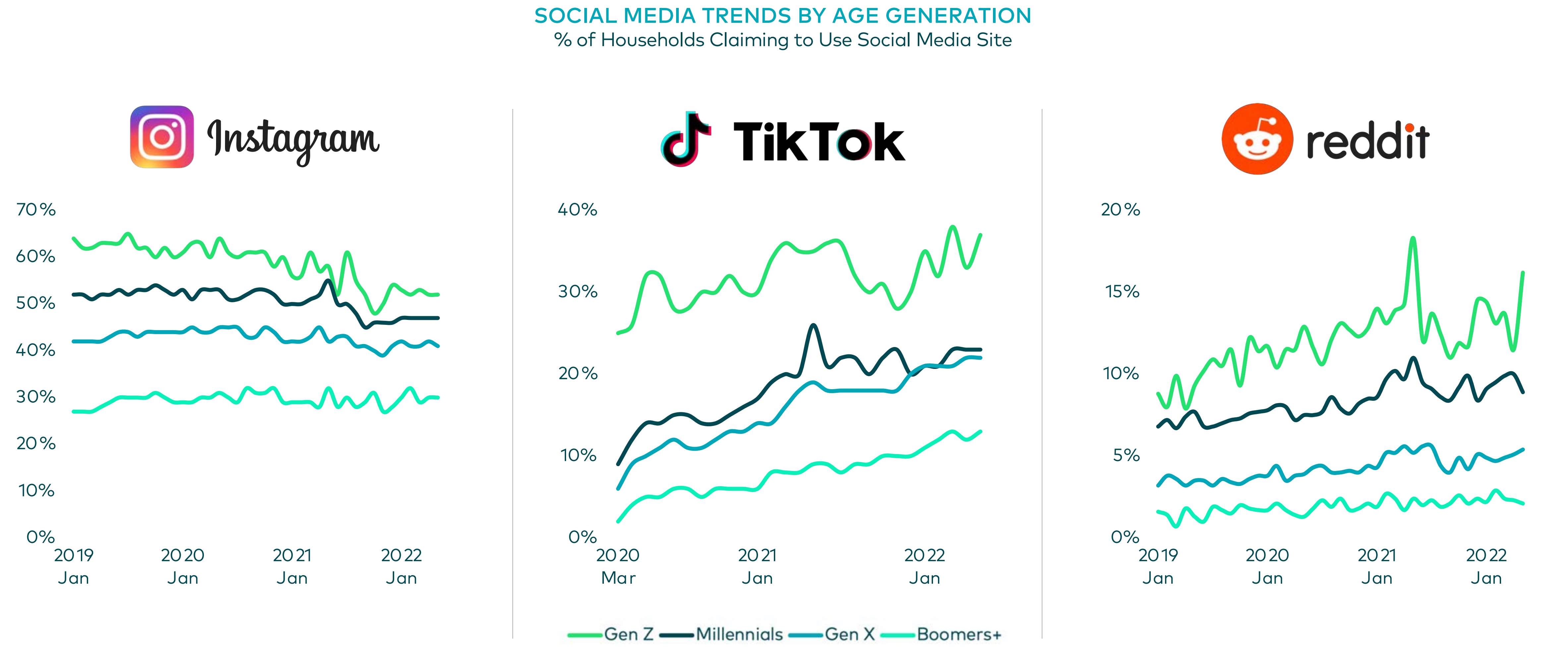

### USAGE OCCASION OF GROCERY DELIVERY ON DUG
% of Grocery Delivery Users

**Busy**
(40%)

**Lazy**
(36%)

**Tired**
(36%)

# And with the rise of TikTok and Reddit with younger cohorts along with overindex on Instagram, could these media sites be new entry points for shopping?




*TikTok tracking started in 2020

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# Inspiration for Channel Expansion

### DRIVE EXPERIENCES

Gen Z & Millennials engage with a store beyond just shopping the necessities. Retailers should ask: "Can our floorplan be more than just shelves of the same product?"

Retailers should consider how they can lift inspiration from retailers like Apple who managed to craft the 'experience economy'.

eCommerce teams should tap into technologies that parallels the physical trip: with some mentioning digital olfaction and lickable screens.

### TAP INTO THE NEXT-OMNICHANNEL

While the future of the next 'online' is still in flux, younger generations have made it clear: they seek for a different means of shopping beyond just ship-to-home.

Consider how online shopping can be reimagined: Beyond just investing in your own DTC or retailer partner's website, a push to mobile-app based shopping could garner attention of younger cohorts. Could Reddit become your brand influencer?

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# The data brands need to grow more — directly from consumers.

Get unparalleled insights into modern consumer shifting behaviors as well as the attitudes, opinions and promotions that influence them.

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