



# Numerator

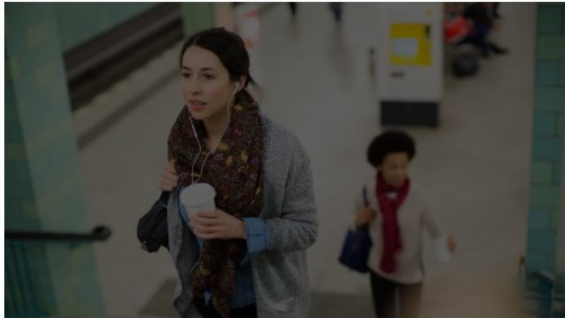
NEW FRONTIERS

Stacked Insights on the State of Breakfast

# While return-to-office uncertainty remains, working styles will continue to evolve

CNBC

Twitter, Reddit and 8 other companies offering permanent remote or hybrid work—and hiring right now



Forbes

How The Great Resignation Will Become The Great Reconfiguration

HOW WE WORK

The soaring cost of return-to-work


HELLO HYBRID | HOW WE WORK

The companies doubling down on remote work

Reuters

Amazon pauses work on six new U.S. office buildings to weigh hybrid work needs

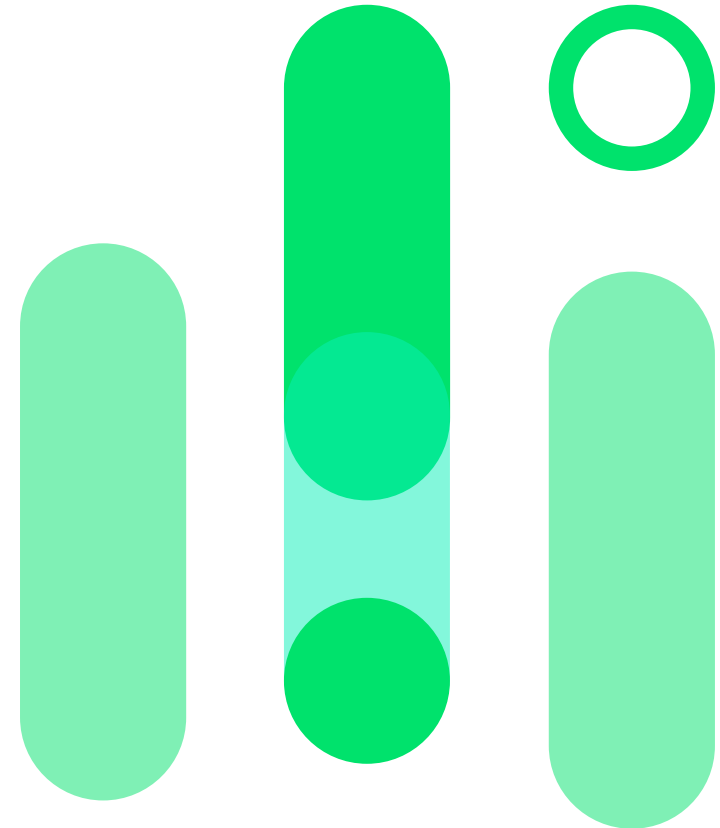




With **changing workstyles**, how have household **morning routines** changed post-pandemic?

## What's Covered

- We explore how broader shifts in household routines have impacted the breakfast occasion both at home and on the road by analyzing **Quick-Serve-Restaurant** breakfast purchase behavior.
- We analyze the Breakfast category from both a **consumer** and **retailer** lens with **Numerator TruView**, our omnichannel share measurement tool.
- To understand how breakfast purchase behavior has differed between unique working styles, we leverage our **New Realities and Routines Premium People Groups**.





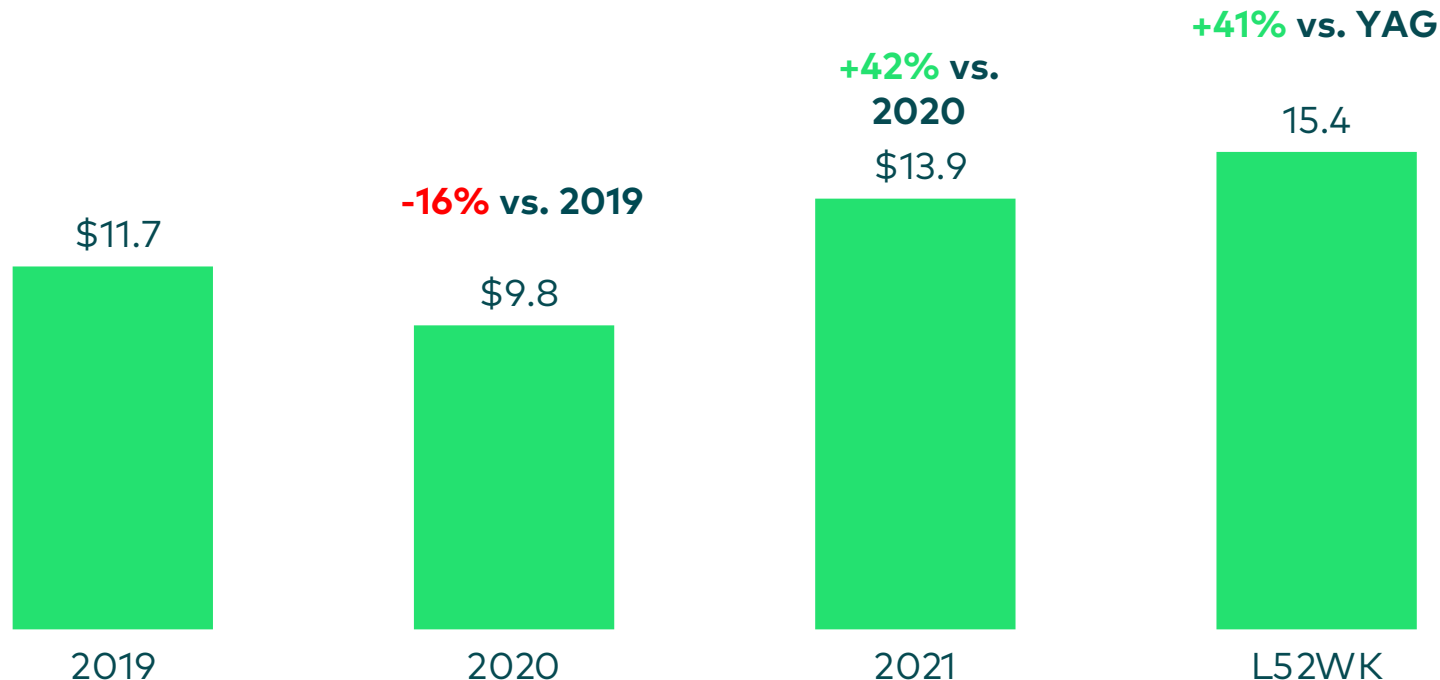
**As household routines continue to evolve outside of the home, QSR breakfast has shown signs of recovery.**

**However, there are some potential challenges ahead.**

# Total QSR Breakfast spend has rebounded sharply since 2021, more than offsetting the 2020 declines post-COVID

## Total U.S. QSR Breakfast Spend YoY

In Billions of Dollars



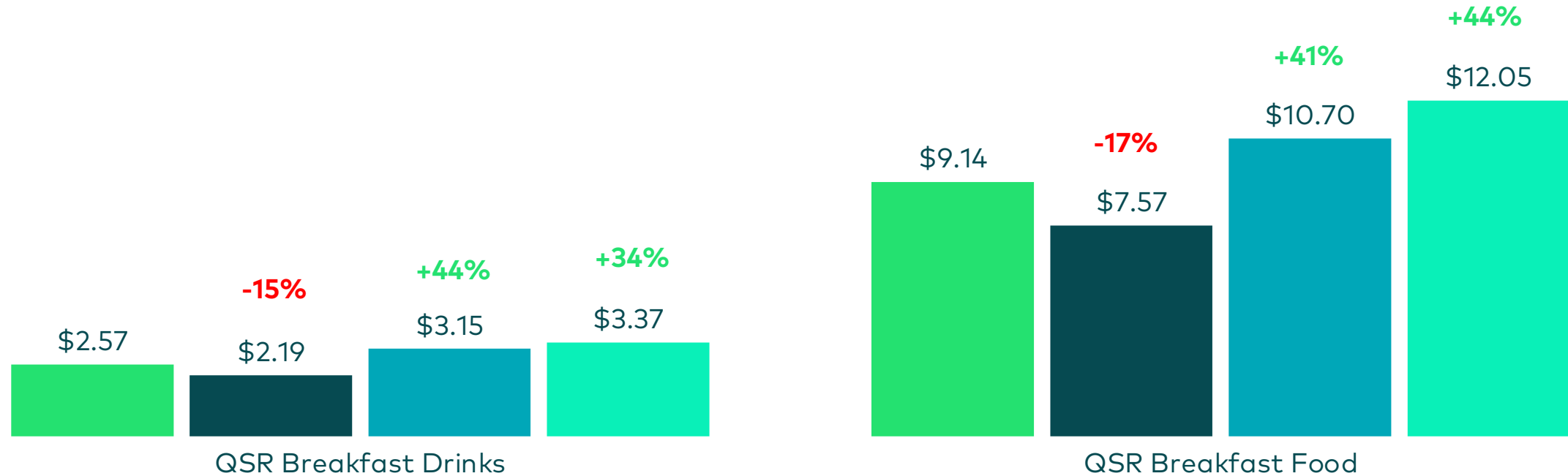
L52WK vs. 2019:  
**+32%**  
QSR Breakfast spend  
*more than recovered*  
from the pandemic-  
induced drop in 2020

# After double digit 2020 declines, QSR Drinks such as Coffee/Tea from cafes have been recovering at a similar rate to QSR breakfast foods since 2021

## Total U.S. Spend for QSR Breakfast Drinks and Food

In Billions of Dollars

■ 2019 ■ 2020 ■ 2021 ■ L52WK



Over the past three months, nearly **3 in 10** households are purchasing breakfast from QSR **once a week or more**



# Case Study: QSR vs CPG Coffee



Pre-Covid QSR coffee buyers condensed at-home CPG coffee purchases, but increased category spend in 2020. While this behavior was sticky in 2021, these households have just recently begun to reduce category spend in the L52wks

A recovery in QSR doesn't necessarily equate to a significant drop in at-home purchase behavior



## CPG / At-Home Coffee Purchase Behavior

Among 2019 QSR Coffee Buyers: 2019-Present

	2019	2020	2021	L52wk
 % of Households	98%	98%	98.5%	98.7%
 Purchase Frequency	19.3	18.9	20.1	19.3
 Buying Rate	\$162	\$178	\$184	\$183

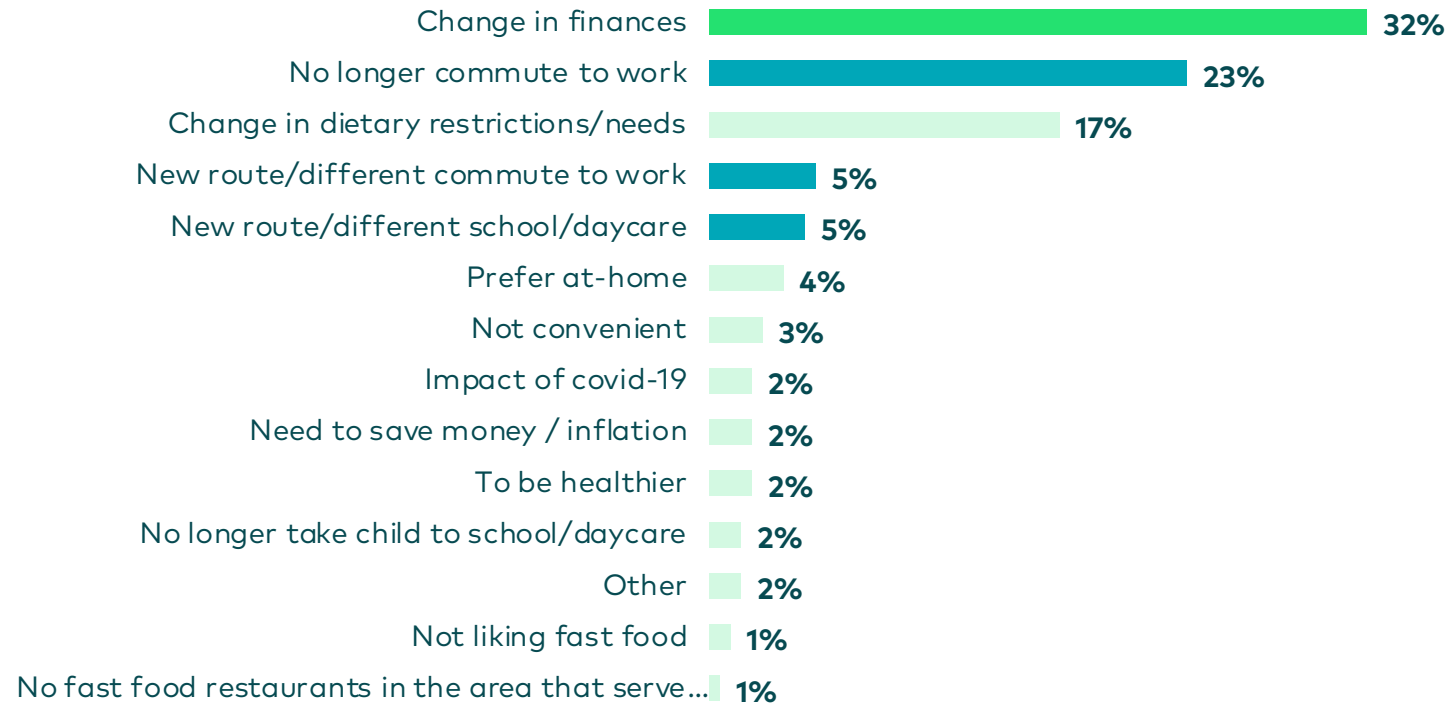


Buy rates for **QSR** coffee has grown **13%** L52wk while **CPG coffee** buy rates have **remained flat**

# Finances and changes to commuting patterns are both major hurdles for QSR breakfast moving forward

## Main reason for reducing QSR/Fast food breakfast consumption

Among the 37% of respondents who reduced buying breakfast at QSR/Fast food



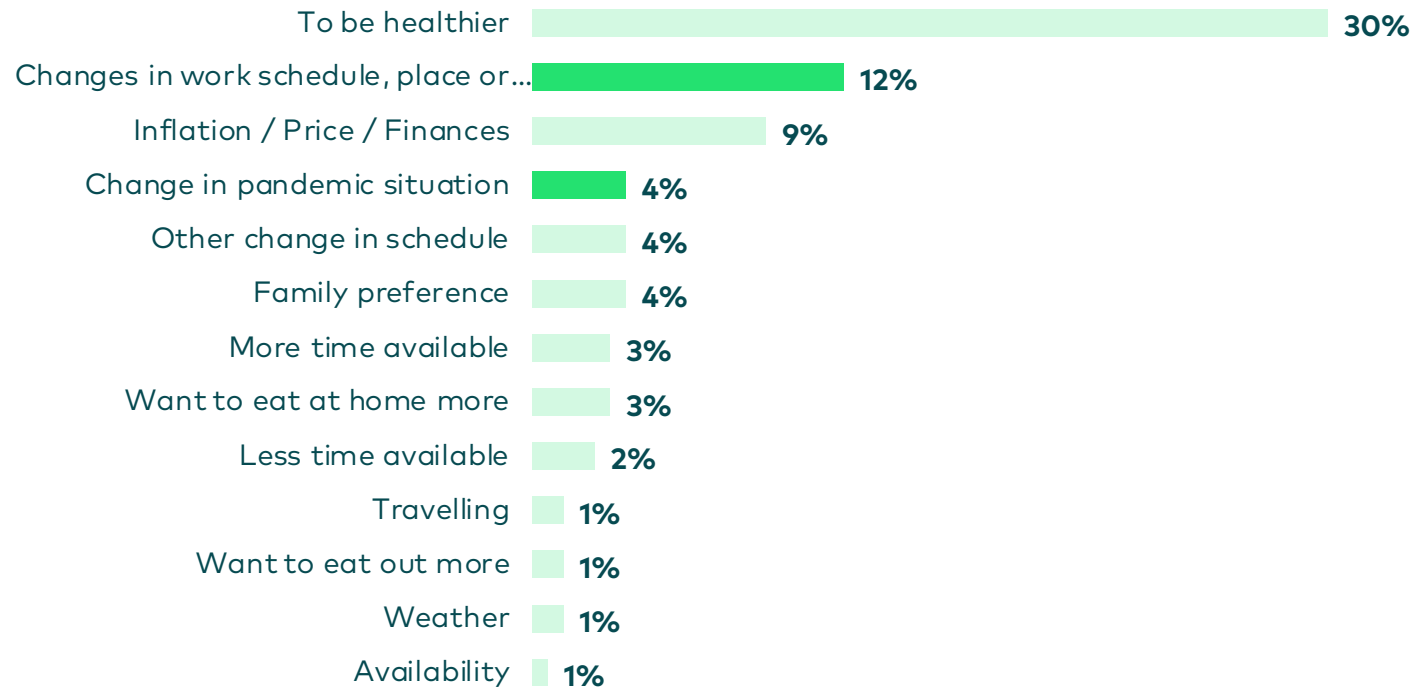
**1/3**  
Reduced consumption due to change in **finances**

**1/3**  
Reduced consumption due to change in **commute routine**


# These factors, alongside a drive to be healthier, are likely to influence QSR purchase behavior in the future

## Why people expect their breakfast routine to change in the next 3 months

Among the 11% of respondents expected their routine to change (Q12)



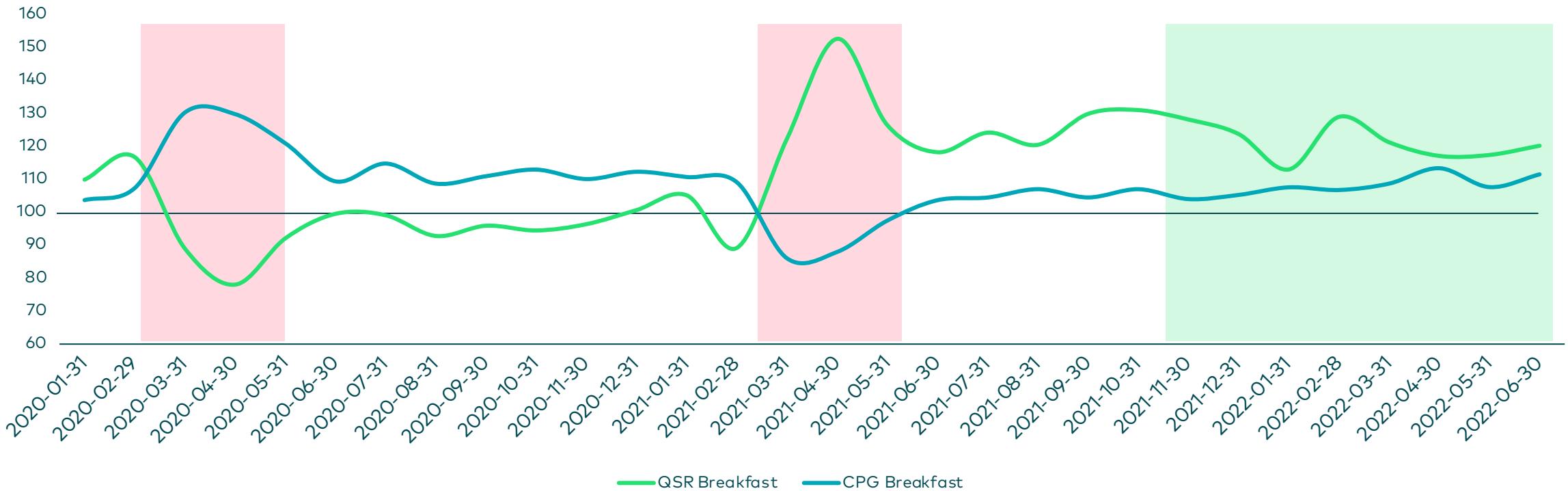
**16%**  
of respondents  
expect **changes in  
their work schedule**  
or re-opening due to  
improving covid  
situation to **impact  
their breakfast  
habits**



**Recent growth in  
QSR Breakfast has  
not driven an  
expected equal  
decline in CPG  
Breakfast.**

# Rapid QSR growth in early 2021 did not drive an equal decrease in CPG breakfast; since then, both categories have steadily increased

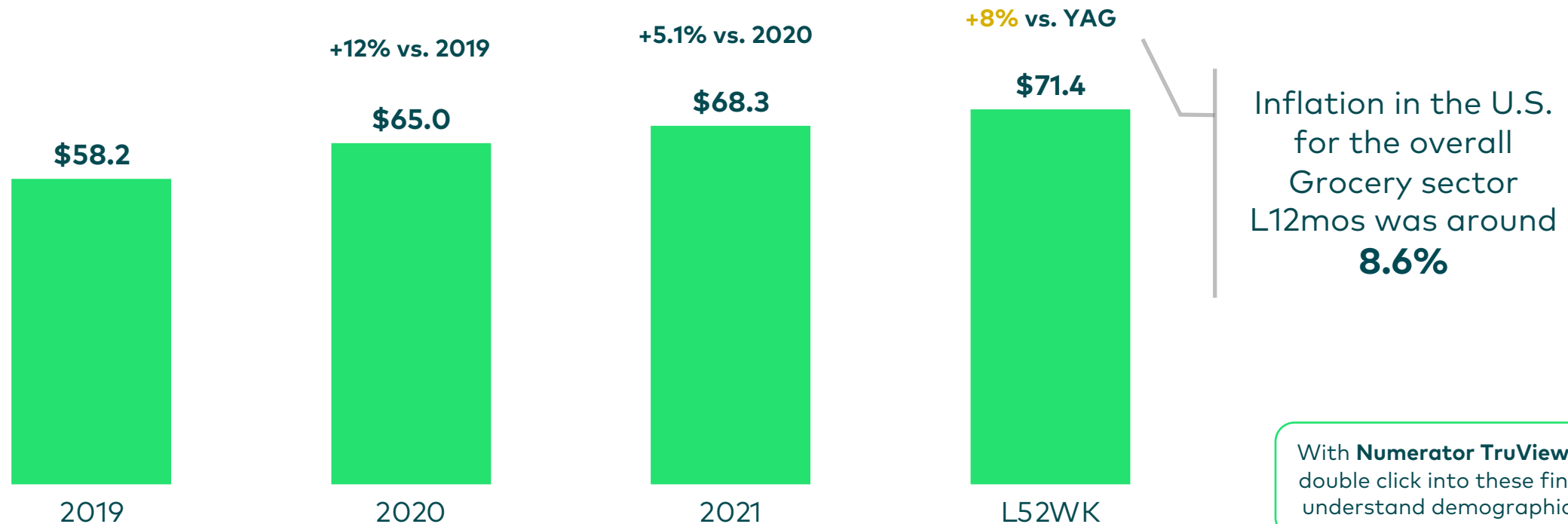
## Breakfast sales index vs YAG: QSR vs CPG



# After strong growth in 2020, the CPG breakfast category has continued to grow while slightly under-pacing inflation rates over the past year

## Total U.S. CPG Breakfast Spend YoY

In Billions of Dollars



With **Numerator TruView**, we can double click into these findings to understand demographic drivers

Before the pandemic, **65%** of shoppers would eat something at home for breakfast during a typical work week.

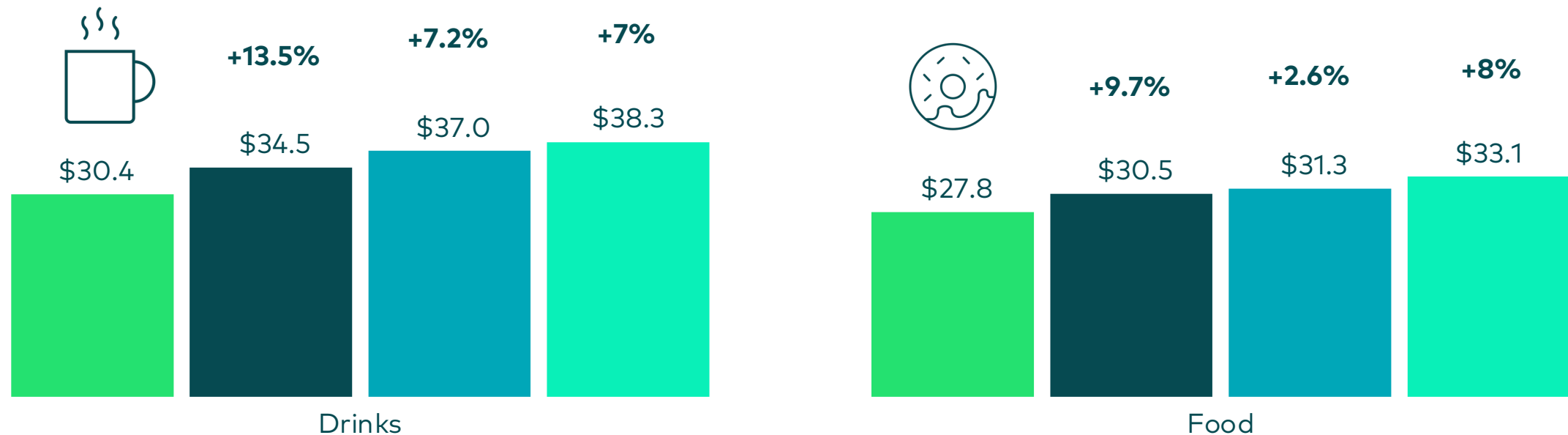
In the past 3mos, this has grown to **71%**, as breakfast routines have grown in importance as working styles evolve.

# Breakfast growth has been driven by both beverages and food, with both categories hovering around the inflation rate

## Total U.S. Spend for CPG Breakfast Drinks and Food

In Billions of Dollars; %Chg vs YAG

■ 2019 ■ 2020 ■ 2021 ■ L52W



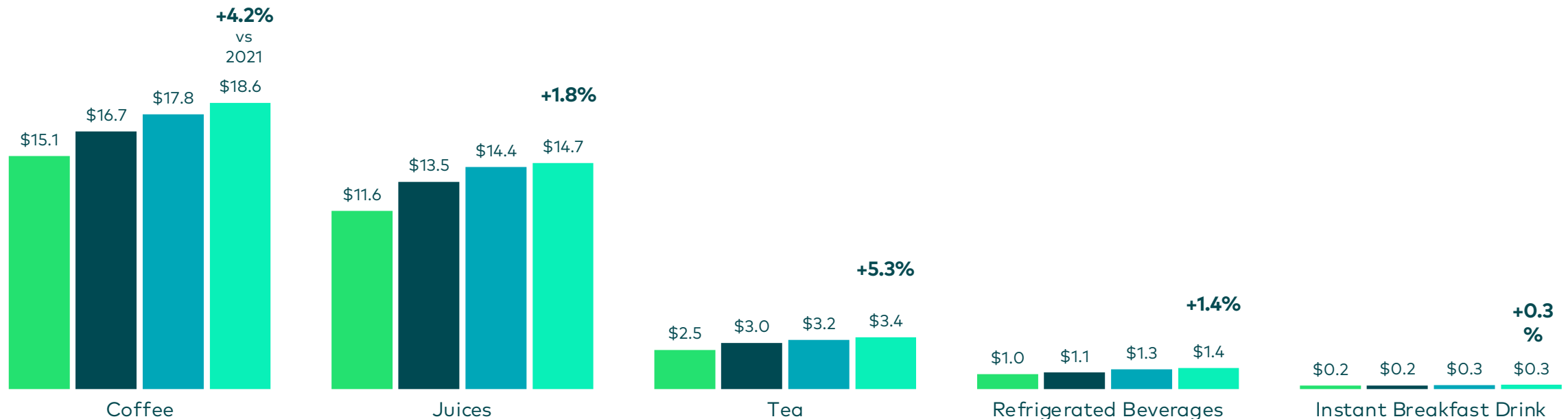


# While all beverage categories are still higher in sales vs Pre-COVID, Coffee and Tea have grown the fastest over the past year

## Total U.S. Spend by CPG Breakfast Beverage

In Billions of Dollars

■ 2019 ■ 2020 ■ 2021 ■ L52WK



# COVID drove cereal higher while on-the-go bars took a hit in 2020; both categories have grown together over the past year

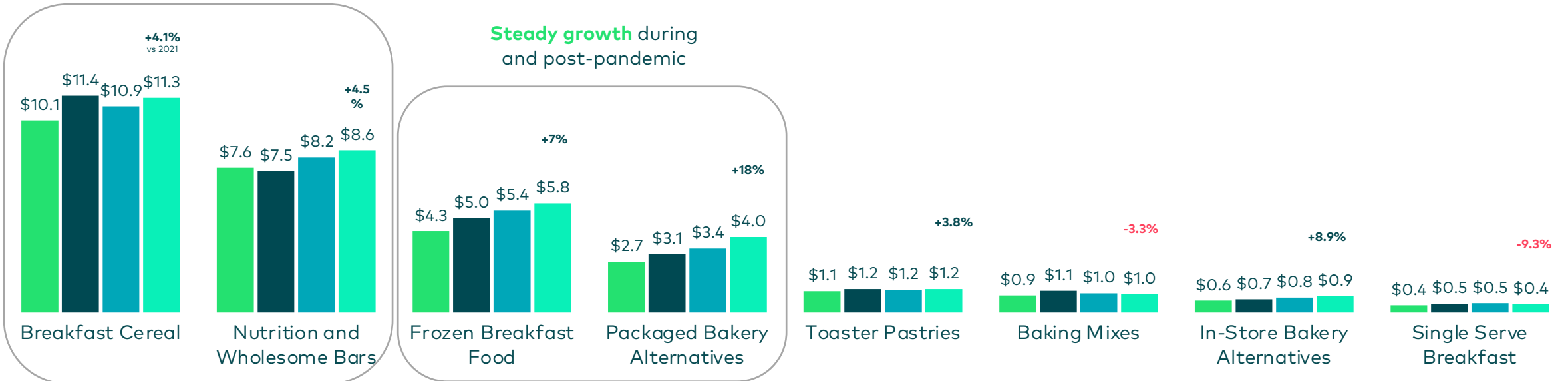
## Total U.S. Spend by CPG Breakfast Food

In Billions of Dollars

■ 2019 ■ 2020 ■ 2021 ■ L52WK

**Volatile** but both returning to growth

**Steady growth** during and post-pandemic



Source: Numerator TruView Market Measurement

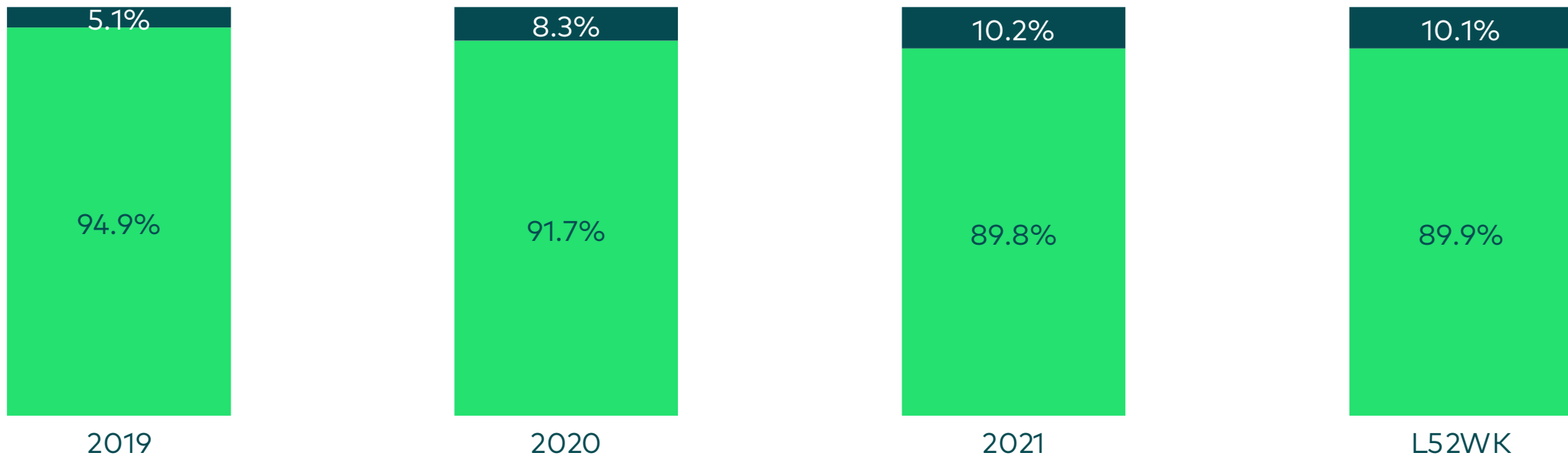


**Online shifts have stabilized but appear to be sticky, while other channels experienced the opposite trend.**

# eCommerce gained significant share of category during peak-COVID; online share has stabilized in the last 52 weeks

Share of CPG Breakfast Spend by Parent Channel YoY

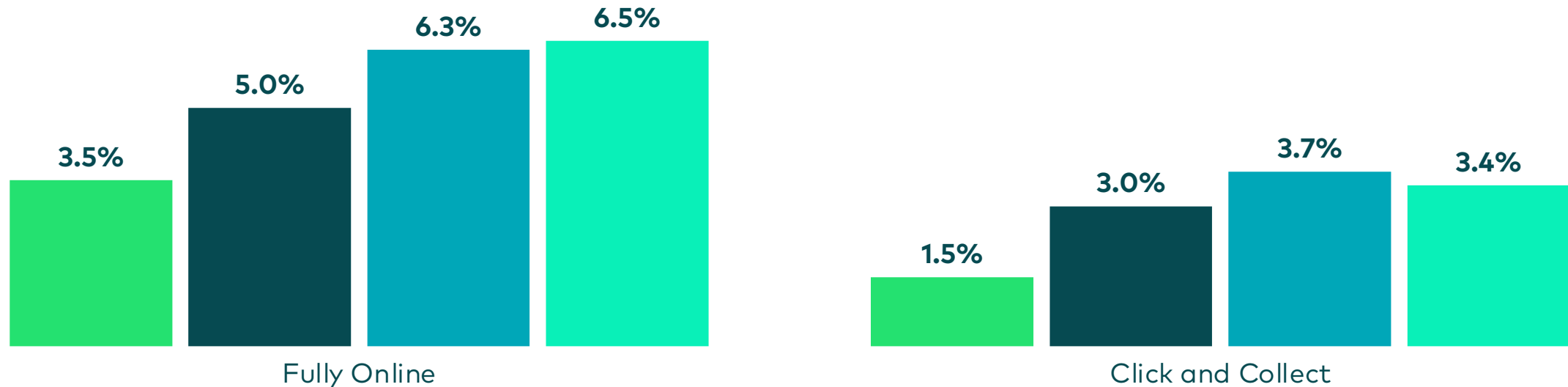
■ FMCG ■ eCommerce



# After doubling share of breakfast spend in 2020, Click & Collect has slowed down L52WK as households maintain in-store purchases

Share of CPG Breakfast Spend by Shopping Experience YoY

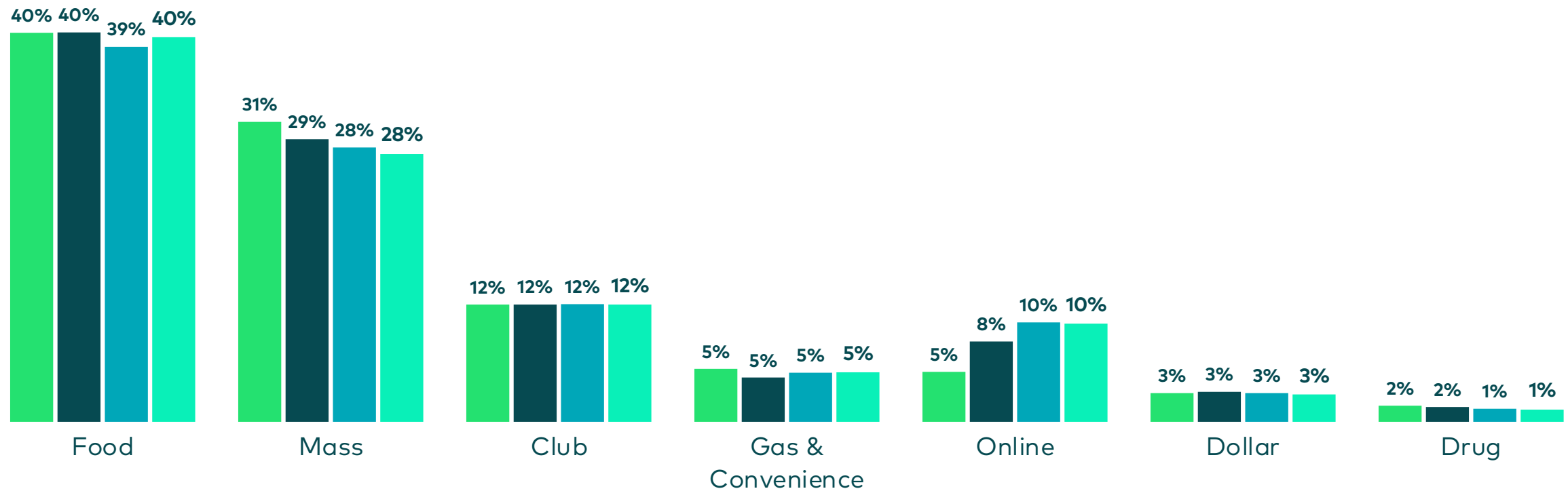
■ 2019 ■ 2020 ■ 2021 ■ L52WK



# Food Channel has recovered share after softness in 2021, while Mass continues to lose CPG breakfast share L52WK

Share of CPG Breakfast Spend by Channel YoY

■ 2019 ■ 2020 ■ 2021 ■ L52WK

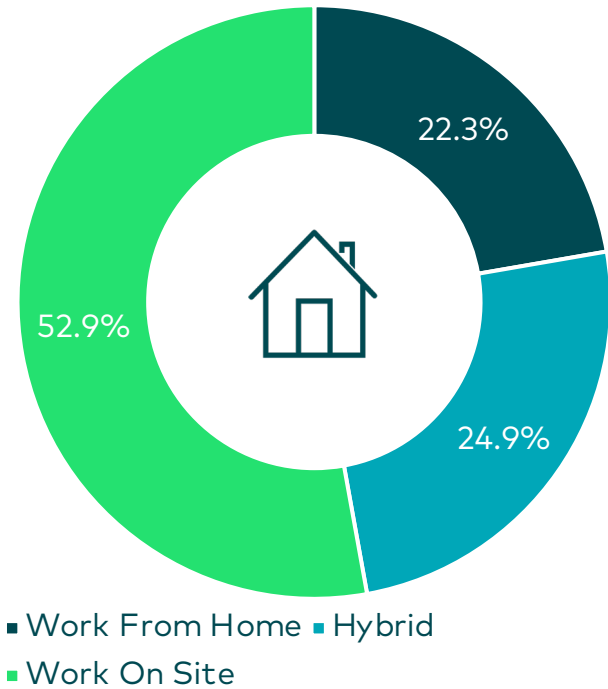




**Hybrid and On-Site workers  
are increasing their spend  
on both QSR and CPG  
breakfast year over year.**

# 3 in 4 households are in a hybrid or on-site work situation; these households are growing both in CPG and QSR breakfast spend over the past year

Nearly ½ of the current work force is either **WFH** or **Hybrid WFH**



## Breakfast Purchase Behavior (CPG & QSR)

Buying Rate by Work Style

Ask your consultant about our **new realities and routines** segments!



	Full WFH		Hybrid		On-Site	
	L52wks	Index vs YAG	L52wks	Index vs YAG	L52wks	Index vs YAG
<b>CPG</b>	\$1,475	100	\$1,515	107	\$1,492	109
<b>QSR</b>	\$145	156	\$124	124	\$152	134



# Fully & Hybrid WFH shoppers are more affluent and closer to city centers while On-Site workers tend to live in more rural areas with lower wages



## Fully WFH

22.3% of HHs

### Age

#### Boomers

30.1% (129 index to all workers)



### Income

#### High income

\$100k-125k+: 11% (119)



### Urbanicity

#### Suburban/Urban

39.6% (103)

39.4% (102)



### Household size

#### Smaller HHs (2 person)

30.7% (104)



### Ethnicity

#### Caucasian, African American

52.5% (96), 22.7% (125)

## Hybrid WFH

24.9% of HHs

### Age

#### Gen Z / Millennials

38.9% (119)

### Income

#### Very high income

\$125k+: 25.6% (126)

### Urbanicity

#### Urban

44.2% (115)

### Household size

#### Mixed (3-5 persons)

3: 16.2% (110); 5: 14.4% (110)

### Ethnicity

#### Asian

10% (141)

## On-Site

52.9% of HHs

### Age

#### Gen Z

14.9% (113)

### Income

#### Low income

<\$40k: 28.3% (110)

### Urbanicity

#### Rural

26.2% (114)

### Household size

#### 4 persons

15.7% (106)

### Ethnicity

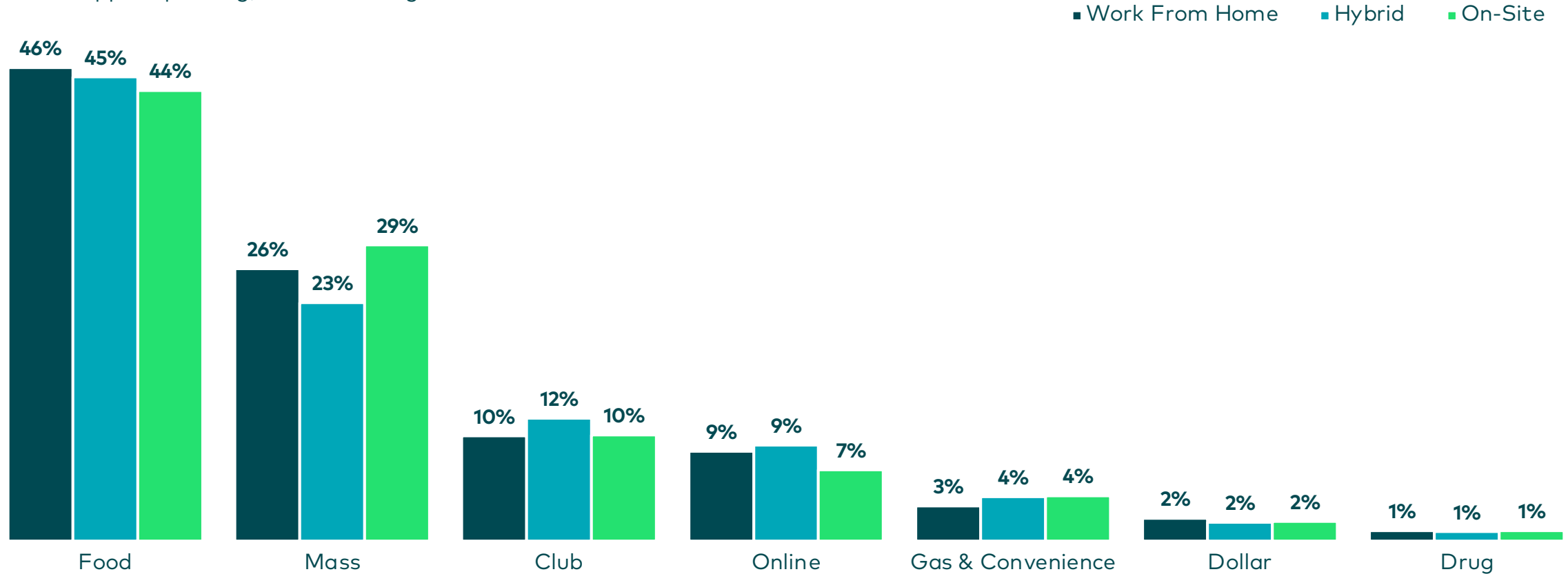
#### Caucasian / Hispanic

57.4% (105), 19.2% (103)

# Shoppers working from home full time or hybrid are more likely to spend at Food and Online, while On-Site workers are heavier buyers at Mass

## Breakfast Share of Spend by Channel

% of Shopper Spending, L12mos ending 6/30/22



Source: Numerator People Scorecard, WFH n=1,931, Hybrid n=2,170, On-Site n=4,588

# Hybrid and fully On-Site households lean towards portability, with hybrid shoppers on the healthier side; WFH households have more time to prep

## How shoppers differ by work style...



WFH



Baking Mixes



Breakfast Cereal



Hybrid



Nutrition and Wholesome Bars



Refrigerated Bevs



On-Site



Toaster Pastries



Nutrition Drinks & Shakes

Major Categories shown have >105 % spend index vs all workers

Source: Numerator Household Affinity L3mos; WFH n=1,931, Hybrid n=2,170, On-Site n=4,588

## What we are seeing

**QSR** has recovered and grown significantly since 2021, outpacing the inflation rate; while **CPG breakfast** has not grown at the same rate, it has not seen a drastic decline as households begin to shift dollars back to QSR, suggesting **sticky CPG breakfast behavior**.

**Hybrid** and **On-site** workers are increasing their spend in the **CPG Breakfast categories spending vs YAG**, while full WFH panelist spend has been flat L52wk.

Aside from new working routines, **panelists are feeling a financial pinch** that could lead to more dependence of CPG breakfast categories and a **slowdown of QSR breakfast growth**.

## Why it matters to you

As household routines continue to evolve in the post-pandemic landscape, it is crucial to **innovate to meet the needs of an emerging work style**.

Understanding the **demographics and brand affinities of Hybrid and On-Site families** should be a key focus area to bring **new households** into your brand.

Among those reducing QSR breakfast spend, **2/3<sup>rd</sup>** of households are being impacted by either **finances** or **changes in routine**; these headwinds could slow growth in the short-term.

## How you can take action

Numerator's **Premium People** groups can be accessed to dive deeper into different occupations/working situations. Speak with your consultant for more information.

Consider fielding a **Numerator Qualitative survey** to get a hands-on view of the "new normal" breakfast occasion both at home and on the road.

Use our **TruView** market share tool to track longer-term category shifts, double-clicking into key demographic attributes to optimize future category investments.