



Numerator

NEW FRONTIERS

2019: The Year of the Shopper

Shoppers will take over **67 billion trips** in 2019

How many are you capturing?

Shoppers are breaking records

2019 is on pace for more trips and spend per household than ever before

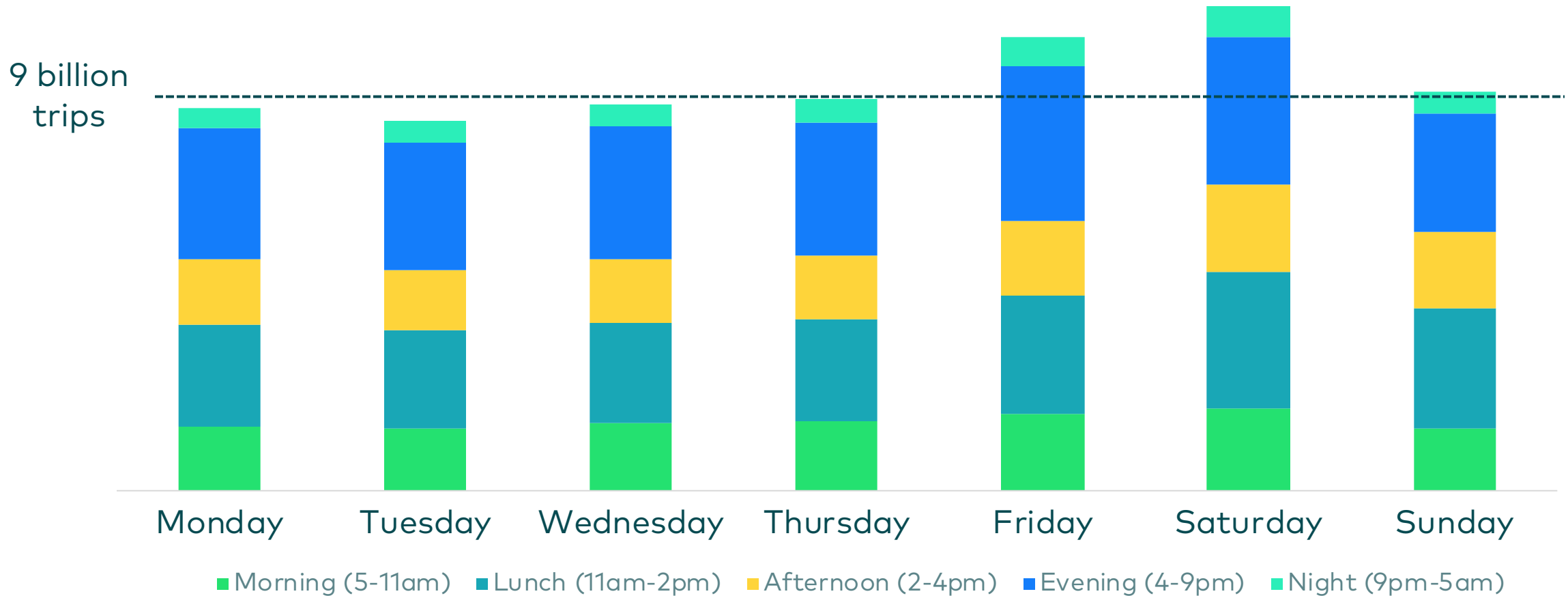
| | | |
|-----------|----------------------|----------------------------|
| 2019 est. | \$18,500 | 520 |
| 2018 | \$17,800 | 500 |
| 2017 | \$17,400 | 490 |
| 2016 | \$15,600 | 440 |
| | \$ Spend / Household | Shopping Trips / Household |

Source: Numerator Insights, Total Projected Sales and Trips per household across all channels (including ecomm, specialty and QSR) and product categories

Shopping all day, every day

Trips take place all week long, spaced out throughout the day

Total Trips, by Daypart



~~Google~~ Googol your opportunity

Googol

While there may not be exactly 10^{100} touchpoints, more shopping means more opportunities to win the trip

But retailers and brands continue to struggle

The Classic Brands You Love Are in Trouble

Big brands struggling to connect

Here's A List Of 68 Bankruptcies In The Retail Apocalypse

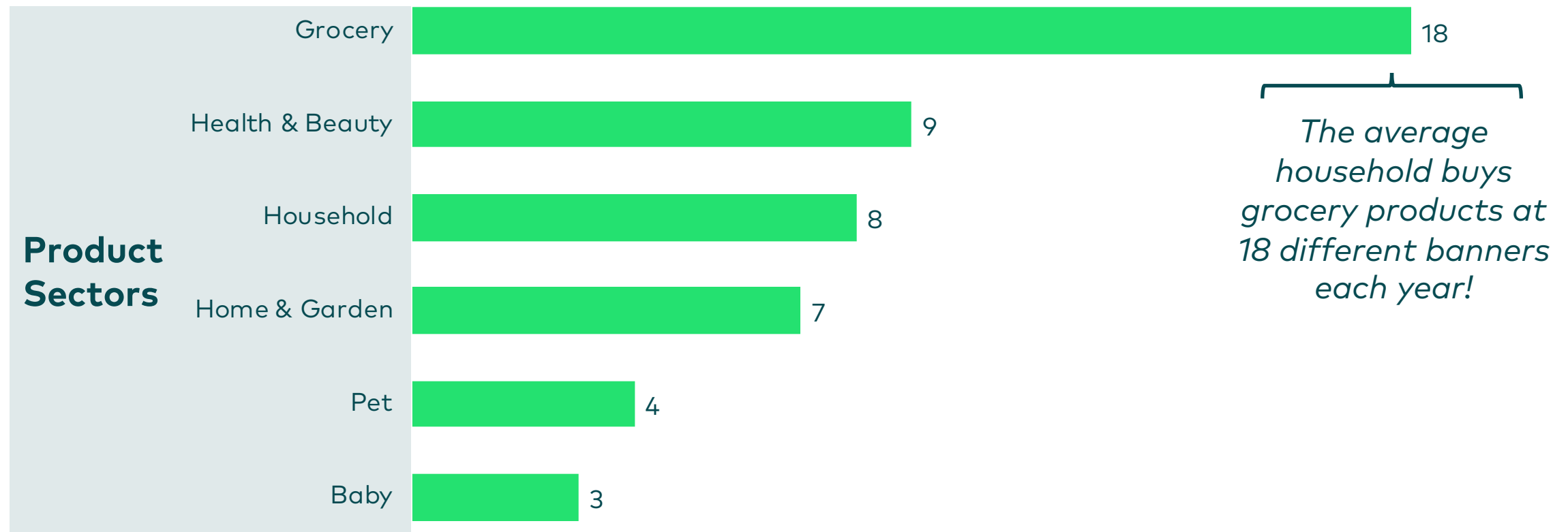
These stores may not survive 2019

Big CPG Has an R&D Problem

Big CPG and mass retail supported each other, but now they're caught in the same spiral

Retailers are competing for each trip: people shop at many different stores for the same categories

Number of unique banners shopped for each sector by an average household

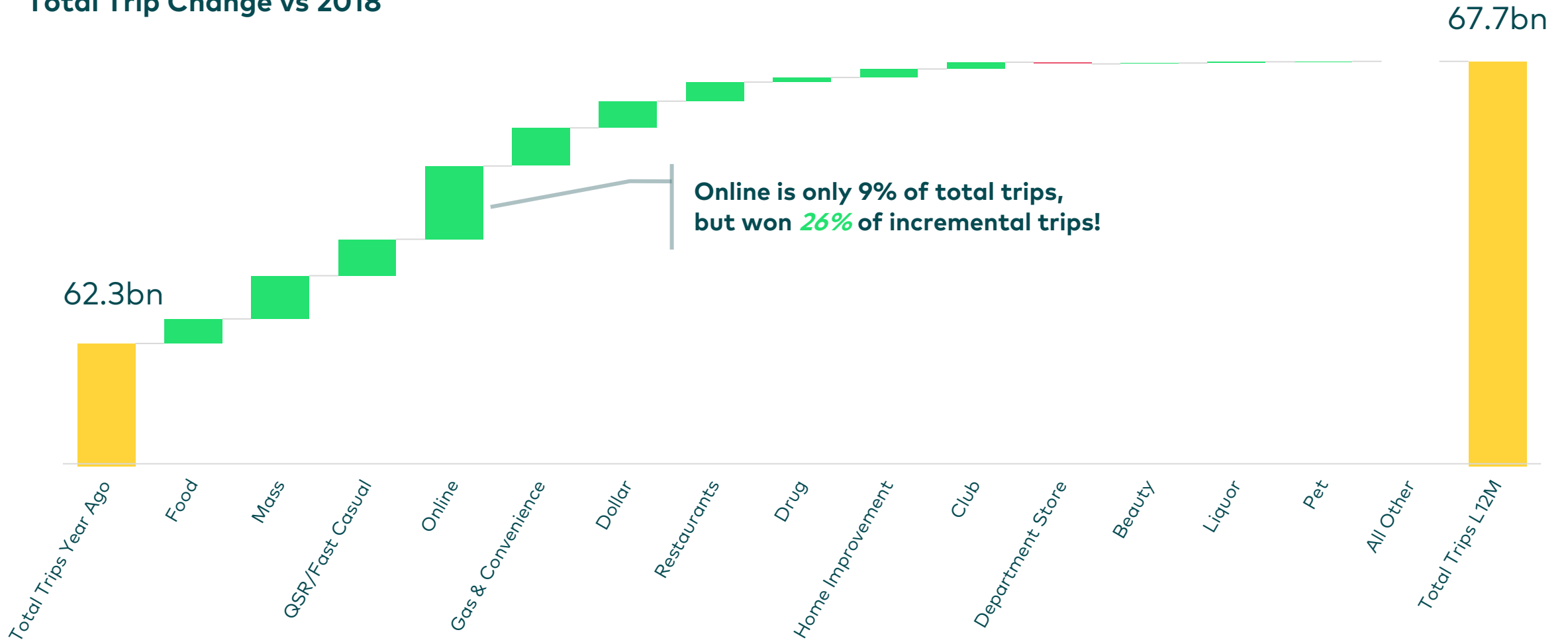


75%

of incremental trip growth comes from outside FDM

Ecommerce wins as rising tide lifts all most channels

Total Trip Change vs 2018



Source: Numerator Insights, All Channels, L12M ended 9/30/19 vs. Year Ago. Channels listed in order of trip magnitude

Attitudes suggest online shopping is going to get bigger

72%

of shoppers use
their smartphone to shop online

51%

research online
before shopping

61%

find online shopping
saves them time

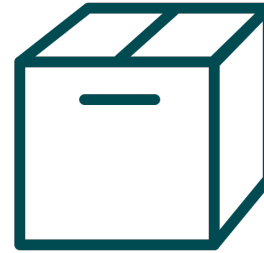
53%

find online shopping
enjoyable

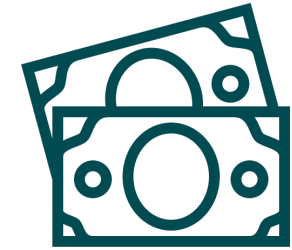
Amazon leads the charge...



% of Households



Frequency



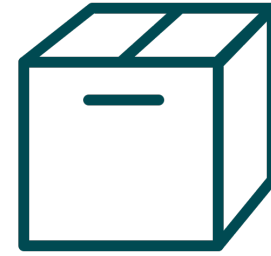
Spend per Trip

| | | | |
|--------------------|--------------|-------------|----------------|
| Amazon | 73.0% | 40.2 | \$34.50 |
| Walmart.com | 25.8% | 4.0 | \$56.26 |
| Target.com | 11.7% | 4.0 | \$43.13 |

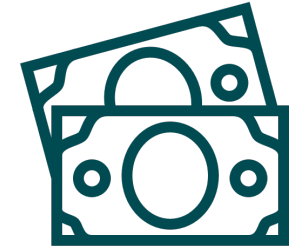
Amazon leads the charge....



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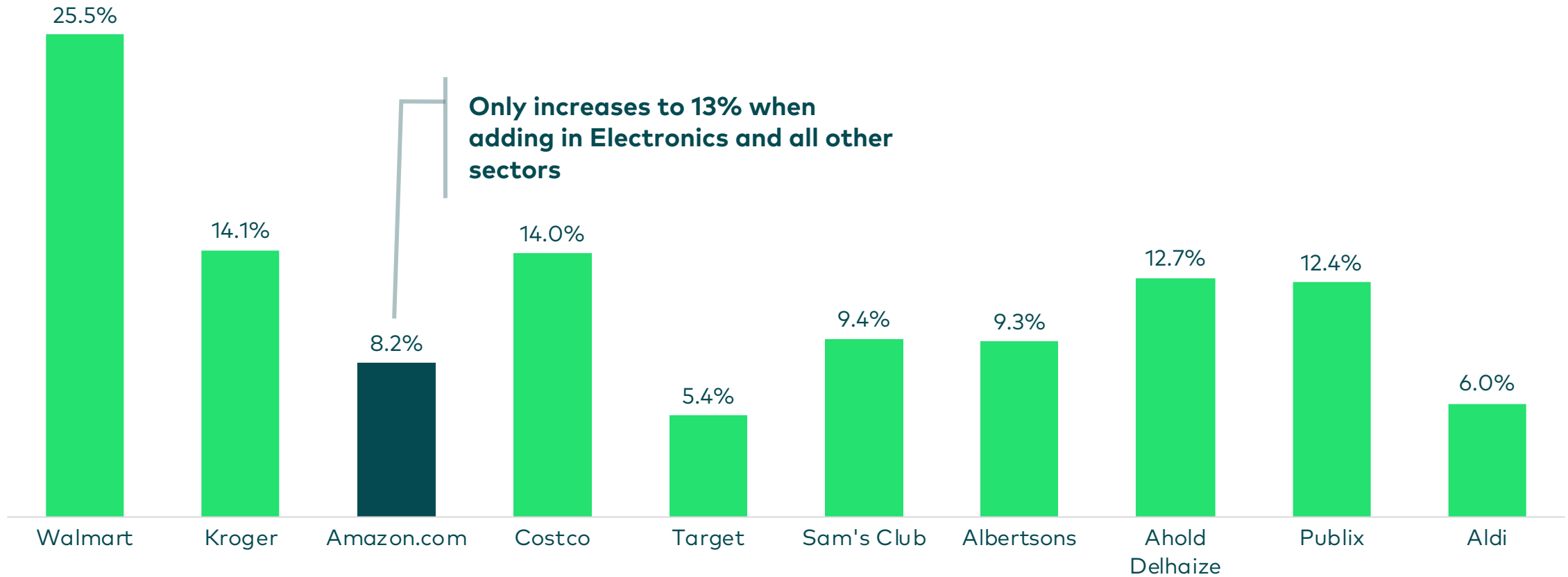


Spend per Trip

| | | | |
|-------------------------|-------|------|---------|
| Amazon | 73.0% | 40.2 | \$34.50 |
| Total Walmart.com | 25.8% | 4.0 | \$56.26 |
| Walmart Click & Collect | 7.9% | 4.3 | \$63.08 |
| Total Target.com | 11.7% | 4.0 | \$43.13 |
| Target Click & Collect | 3.6% | 2.8 | \$25.59 |

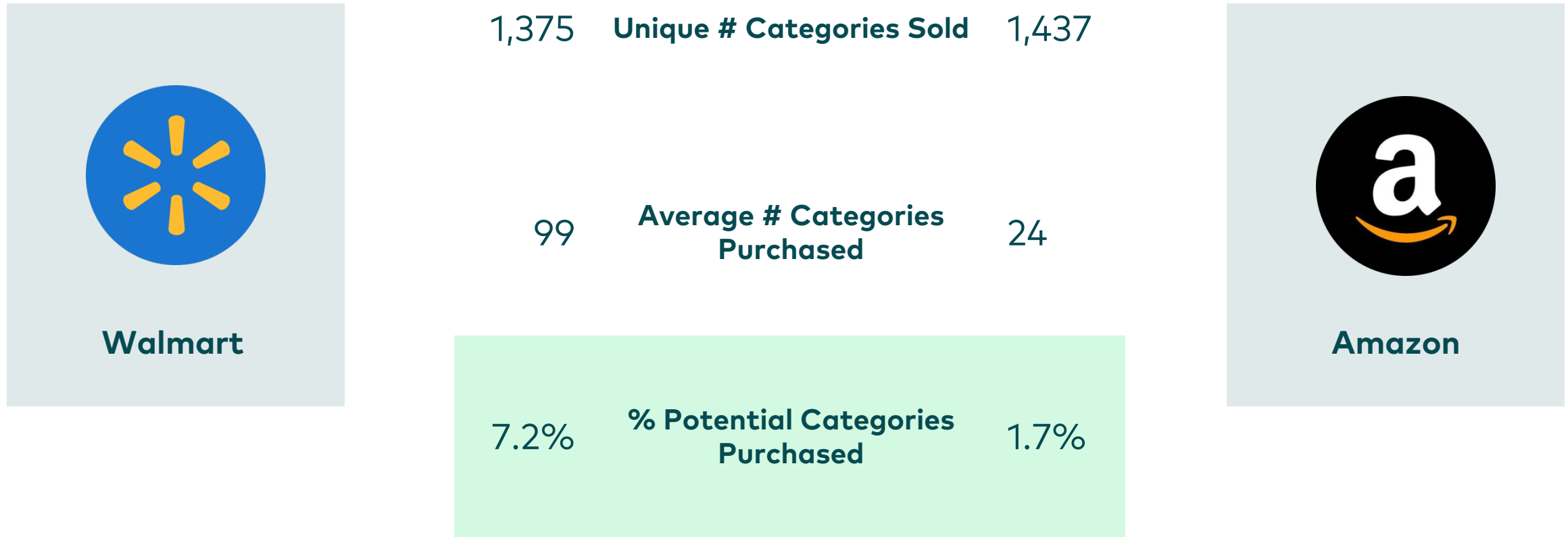
But Amazon still has a loyalty problem...or opportunity

Share of Wallet, Among Closers



Source: Numerator Insights All Channels, L12M ended 9/30/19, Ranked by Projected \$, Share of Wallet among 6 product sectors: Baby, Grocery, Health & Beauty, Home & Garden, Household, Pet,

Amazon has only scratched the surface of shoppers' potential spend



It's not just Amazon...other retailers are pushing online



Walmart, 1/6/19 Print Circular



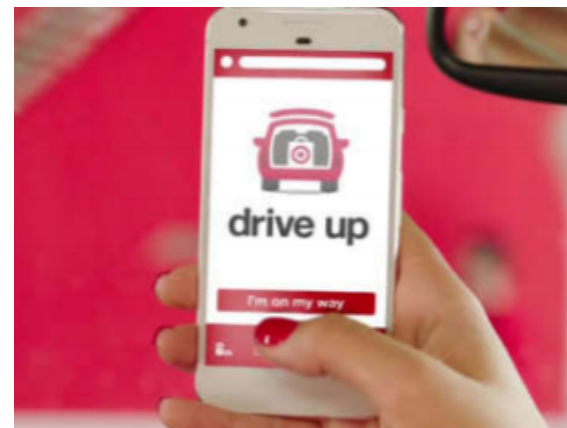
Walmart, First Run January 2019, TV



Walmart, 3/1/19 Print Circular



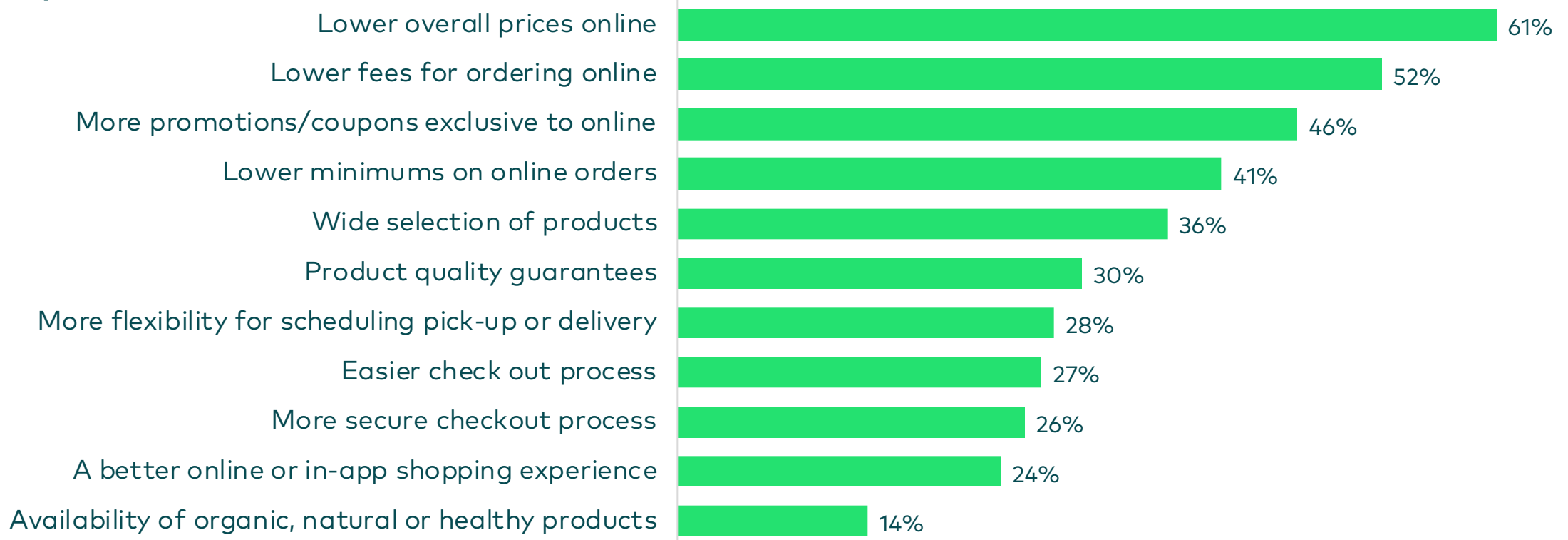
Target, 1/13/19 Print Circular



Target, First Run April 2019, TV

Lowering fees and minimums will help retailers win online

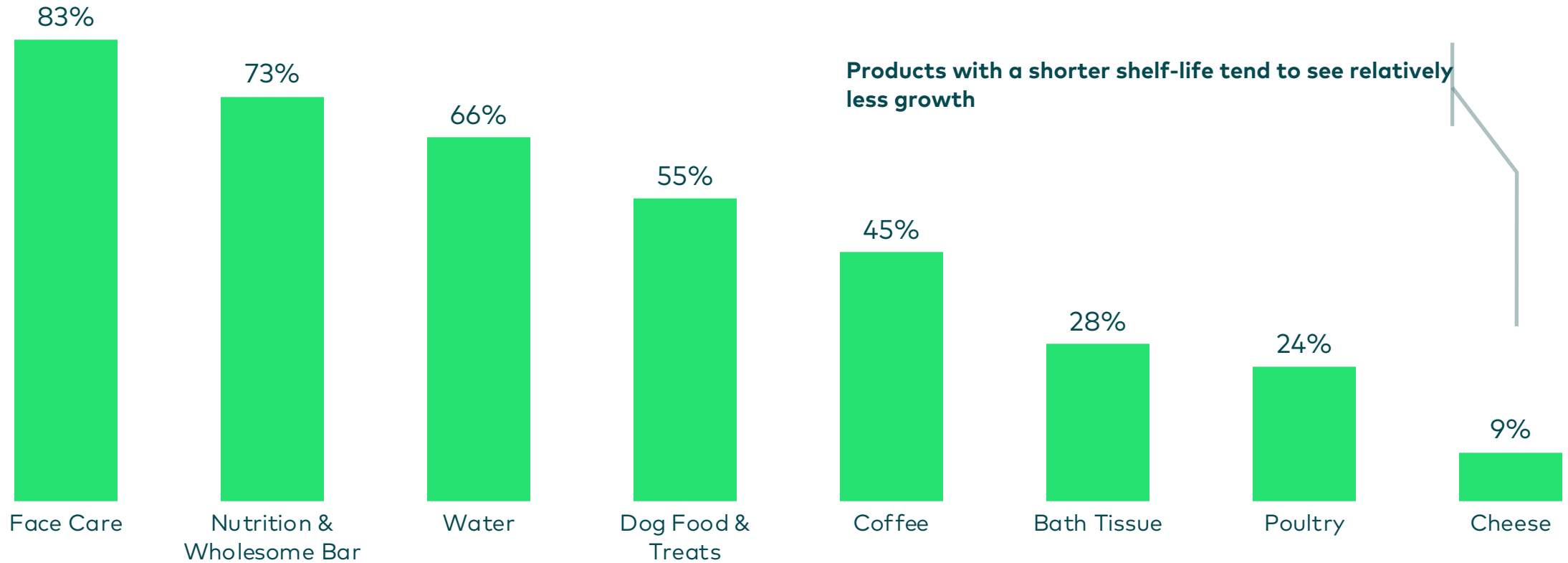
Trip Drivers for Online



It's worth the effort...shoppers spend more when they move online

Net Change* in Buy Rate

12 month post vs 12 month pre from first online category purchase



Note: *Net Change calculated as Change in Test Group discounted with Change in Control Group. Data across 36 months of transactions from January 2016 through January 2019

So is it the end of brick and mortar?

Remember, B&M still dominates

93%

of trips for major CPG product sectors occur in store

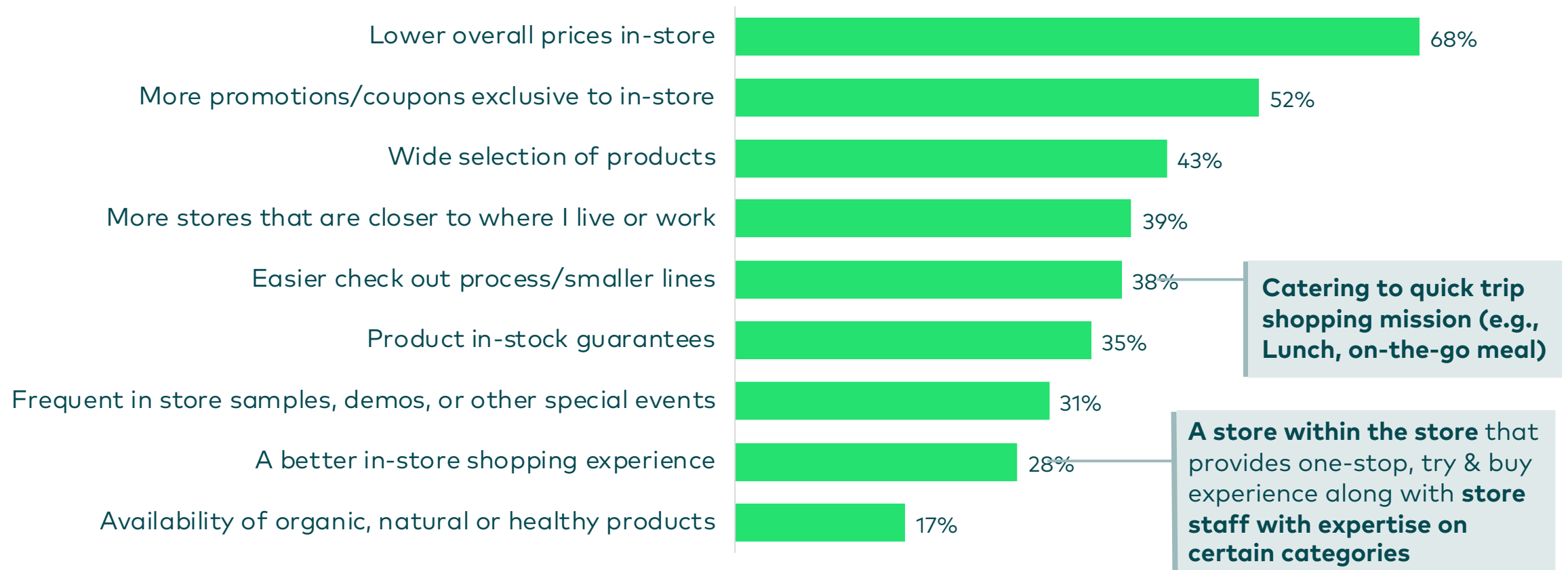
People go in store for urgency, store specific coupons, and for items they want to look at

Top Reasons for Shopping In-Store



Retailers can drive more in store trips with unique offers and a convenient experience

Trip Drivers for In-Store

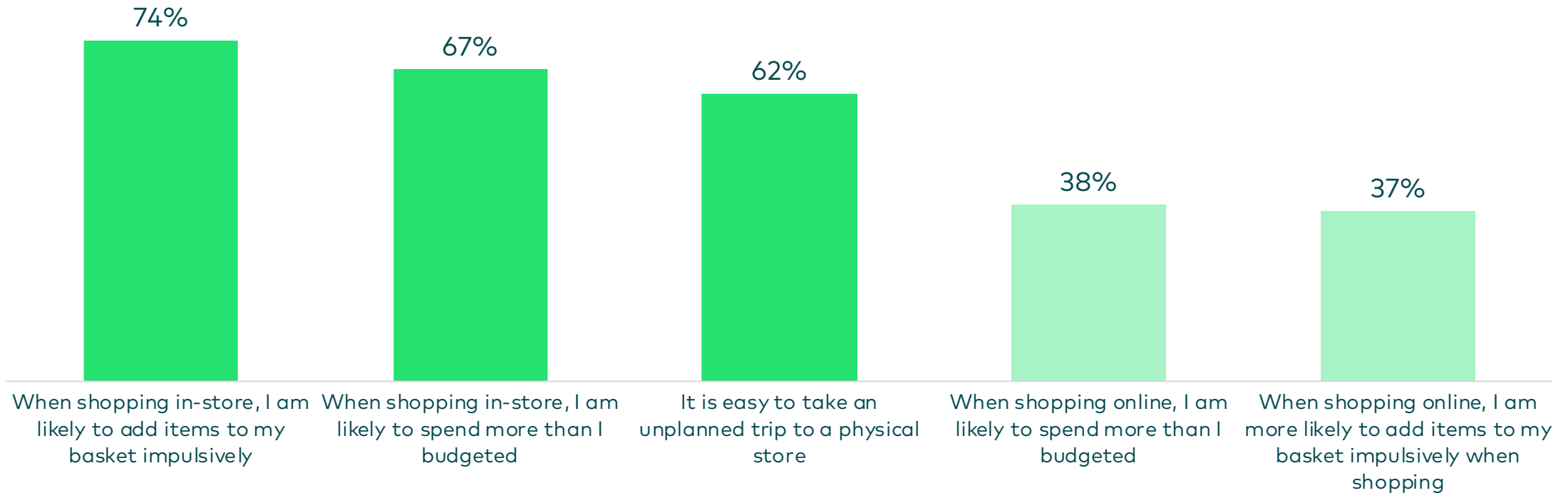


Source: Numerator Shopping Attitudes Survey, July 2019, Q. What might encourage you to shop in-store more often? n=960

Shoppers spend more in store... retailers should incentivize in store shopping at key occasions like Back to School and Holidays

Shopping Behavior: In-Store vs Online

Top 2 Boxes: Strongly Agree + Somewhat Agree



Source: Numerator Shopping Attitudes Survey, Q. How much do you agree or disagree with each of the following statements? n=960

Retailers use in-store incentives and specified rewards redemption periods as part of their promotional strategies



Target, 6/2/19 Print Circular



Target, 9/22/19 Print Circular



JCPenney, 10/17/19 Print Circular



Kohl's, 11/24/18 Print Circular



Walgreens, 11/26/17 Print Circular

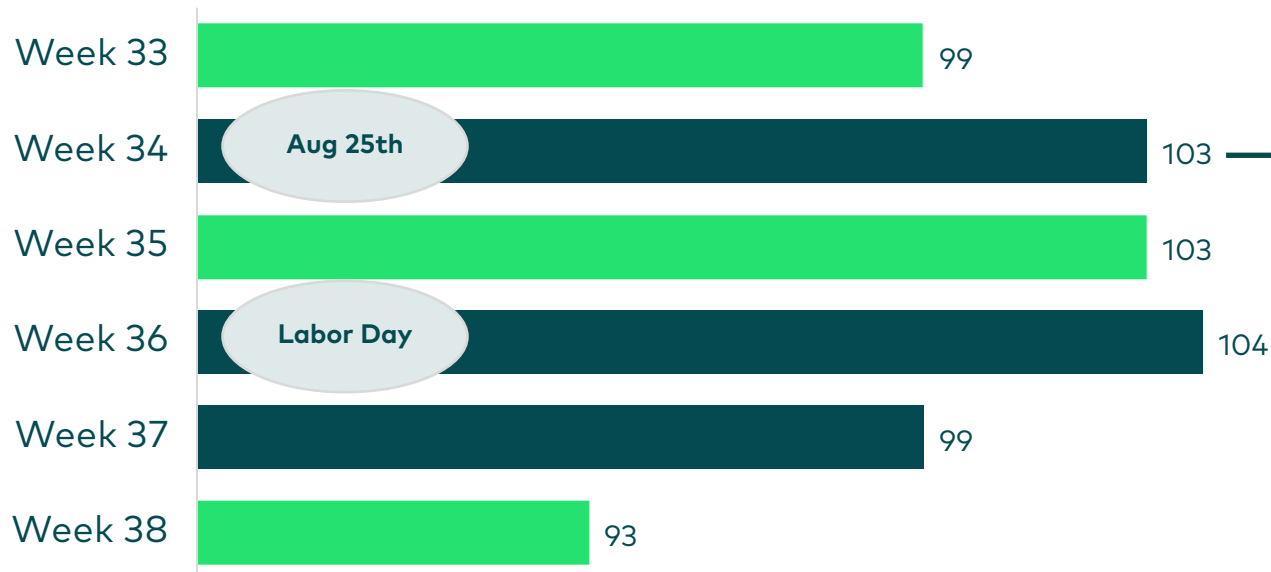
Target often includes an in-store only stipulation to its gift card incentives on key stock up products, while Cartwheel deals are also in-store or (as of recently) store pickup limited.

JCPenney adds an element of chance with periodic in-store only mystery coupon offers with varying levels of discounts.

Kohl's sets specific & tight turnarounds to take advantage of its Kohl's Cash earnings. **Walgreens** has used a similar strategy in the past with its holiday Jingle Cash.

The combination can be particularly successful at driving traffic in-stores and increasing retailer wallet

Target Back to School/College 2019 Weekly Share of Wallet
Share of Wallet Index vs. YAGO



Sep 3 -14 *Target's August 25th School Supplies bounceback offer saw a **50%** redemption rate and helped drive share of wallet increases during the weeks it was valid*

Store-within-a-store concepts & events also look to make the brick & mortar trip an experience



CVS, 10/22/19 Newsroom Press Release



Target, 10/4/19 Newsroom Press Release

Following test pilot success, **CVS** is expanding its interactive BeautyIRL store format to nearly 50 stores by the end of the year. Meanwhile, **Target** looks to capture the magic of the movies with "Disney at Target shop-in-shop" locations.

Create your holiday wish list below or create a digital wish list at walmart.com/wishlist.

In-Store Events

Mark your calendar! Come join the fun this holiday season.

Toy Lab: Nov 2

Santa: Nov 9 & Dec 7

Frozen II: Nov 23

Visit walmart.com/holidayevents for participating stores, times, and info.



Walmart, 11/1/19 Print Circular

L.O.L. Surprise!

L.O.L. Surprise! in-store event
Celebrate the Target-exclusive L.O.L. Surprise! Winter Disco series at your local Target Saturday, November 16 from 11am to 2pm. Head to Target.com/events to find your store.



Trick-or-Treat in-store event

Saturday, October 26 from 10am to 1pm

Celebrate Halloween and Paw Patrol at your local Target! Dress up and trick-or-treat around the store for giveaways and interactive fun.* Plus, stop by the Entertainment Dept. and catch an episode of Paw Patrol and the Mighty Pup Twins on the big screen. Head to Target.com/events to find your store.

*Giveaway quantities limited; no rain checks.



Target, 11/10/19 & 10/20/19 Print Circulars

Walmart hosts annual in-store events catered to both parents & kids to keep shoppers engaged throughout the holiday period. **Target** similarly leverages hot brand names & creative experiences like its annual trick-or-treat event.

In-store events can be leveraged to drive shoppers to stores during traditional holiday lull periods

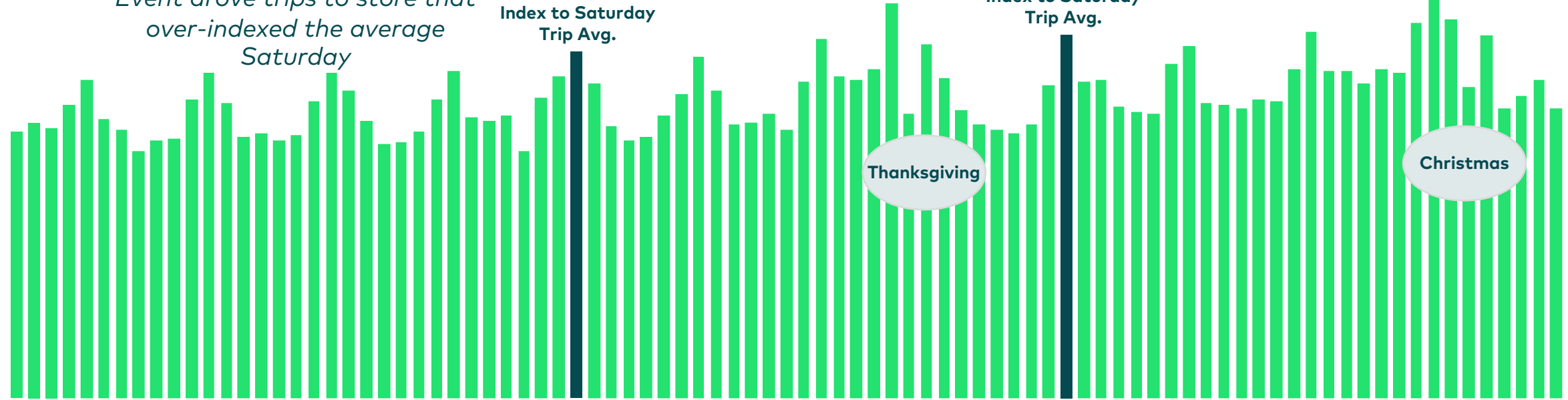
Walmart's Holiday 2018 Daily Projected Trips Projected Trips to Walmart B&M Stores



Walmart's Nov. 3rd Wishlist Event & Dec. 1st Playtime Event drove trips to store that over-indexed the average Saturday

105
Index to Saturday Trip Avg.

110
Index to Saturday Trip Avg.

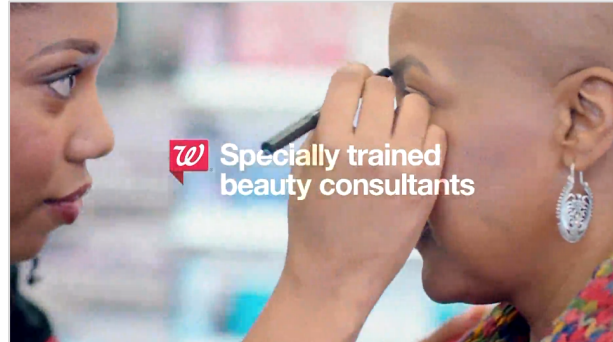


October

November

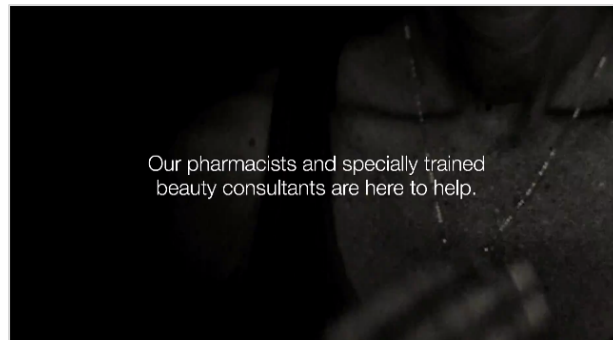
December

Elevating the role of in-store employees also adds value not found online



Supporting its "Trusted since 1901 tagline," Walgreens uses key broadcast TV spots to highlight the expertise, & personability, of its pharmacists & team members.

Over **80%** of its total TV spend last year included reference to in-store services & team members.



Walgreens, November 2018 – October 2019 TV Ads

Source: Numerator Promo & Ad Intelligence



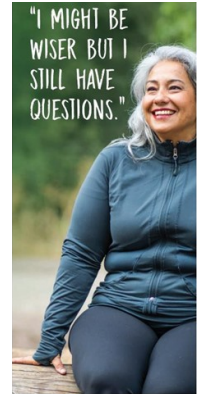
Bed, Bath & Beyond, 8/5/19 Print Circular



Home Depot, April 2019 – May 2019 TV Ad



Walmart, 9/15/19 Print Circular



It's Medicare Part D open enrollment.

Our pharmacists are here to answer all your questions now through December 7th.

Rite Aid, 11/10/19 Print Circular

Other "experts" extend to Medicare plan selection assistance (**Walgreens, Rite Aid**), technical services/recommendations (**Best Buy, Walmart, Home Depot**), even Back to College prep (**Bed, Bath, & Beyond**)

What we're seeing

Shoppers are making more trips than ever before! New, incremental trips are going online, but the majority of trips are still in Brick and Mortar.

Amazon has only scratched the surface of winning its shoppers spend.

Promotion strategy can help retailers win in key channels at critical times of year.

Why it matters to you

Valuable shoppers go online, and it can drive incremental spend to the category.

Winning in Amazon can mean winning online. Amazons size and future opportunity mean its next moves could impact any and all categories and brands.

Promotions are driving desired behavior and can be the difference between seasonal peaks and valleys. Get it right or miss the season.

How you can take action

Understand which categories and brands are winning online and how

Experiment with creative promotional strategies to drive growth by channel

Identify categories or seasons when a particular channel strategy can be more successful

Target your approach by generation, location, and occasion



Numerator

NEW FRONTIERS

Learn how your shopper's behavior is shifting

hello@numerator.com