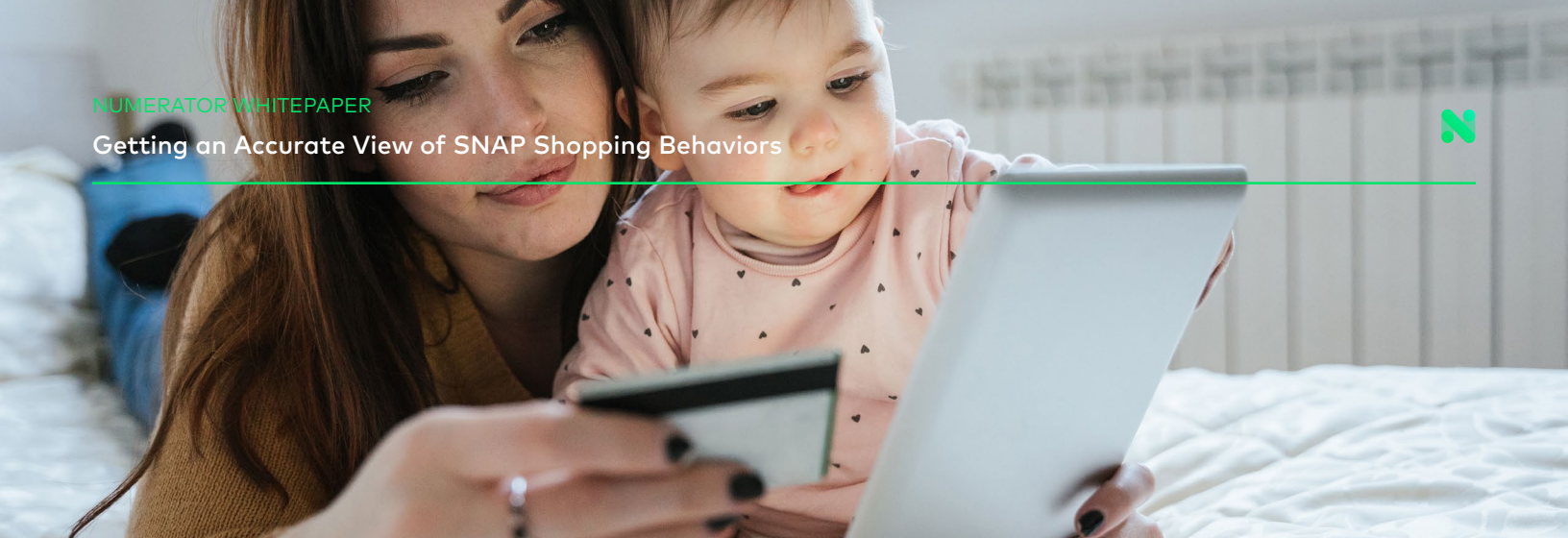


# Getting an Accurate View of SNAP Shopping Behaviors





In the midst of a tightening economy, the SNAP Emergency Allotment (EA) program has ended, changing the purchasing behaviors of SNAP households. Consumer goods companies looking for growth in 2023 will need to combat a decline in available funds among program recipients. How dependent are your categories and brands on this important segment of consumers, who account for nearly 1 in 4 CPG dollars? How are their shopping trips changing as they navigate these cutbacks, and what does that mean to your specific retailer, category or brand? We can provide you with answers to these key questions and more.

The Supplemental Nutrition Assistance Program (SNAP) and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) are government welfare programs aimed at helping low-income households afford necessary food & nutrients. These programs stimulate over a hundred billion dollars in annual consumer spending, and grew in scale immensely throughout the COVID-19 pandemic— in fact, redemption rates grew by over 225% from 2019 to 2021. As the country navigates current economic hardships, it's increasingly important for brands and retailers to gain a better understanding of the Americans using these programs, and how their overall shopping habits and preferences differ from the average consumer.

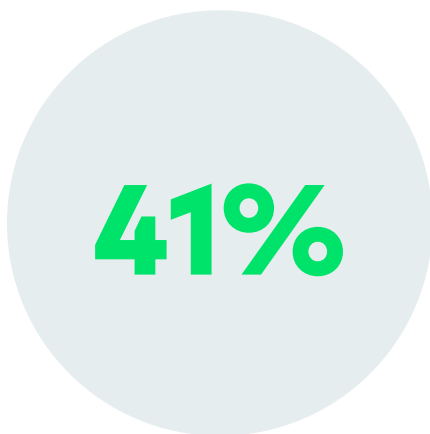
Numerator provides the clarity needed to understand the full impact of SNAP & WIC in the marketplace, with the ability to identify households using these programs and the specific shopping occasions where benefits are used. Compared to legacy solutions that track SNAP households through recall-based surveys a few times a year, Numerator collects verified benefit usage from each receipt, allowing us to identify SNAP & WIC users as soon as they begin redeeming their benefits.

*For brevity throughout this report, we'll use SNAP to refer to both SNAP and WIC programs, which can be used separately or together at checkout.*



## Why Classifying SNAP Households and SNAP Trips Correctly Matters

Numerator’s methodology in identifying SNAP households and classifying SNAP trips provides superior data for these important consumers and trips. Using a recall-based survey approach as our competitors do can dangerously distort the picture of the SNAP consumer behavior you are trying to understand.



**of US households used SNAP and/or WIC benefits at least once in the past year**

Our data shows that two-fifths of US households used SNAP and/or WIC benefits at least once in the past year, but nearly a third of those households only used it one or two times. In fact, fewer than half of these households — 16.8% of total US households — used these benefits on a regular basis, defined as 12+ times in a 12 month span.

There are several reasons why households might not be using SNAP consistently. For example, some households can qualify for SNAP for a brief period of time, something that can be especially evident during periods of high unemployment, or caregivers may be using SNAP cards for those they care for in their household. If your objective is to understand households consistently active in the SNAP program, it is

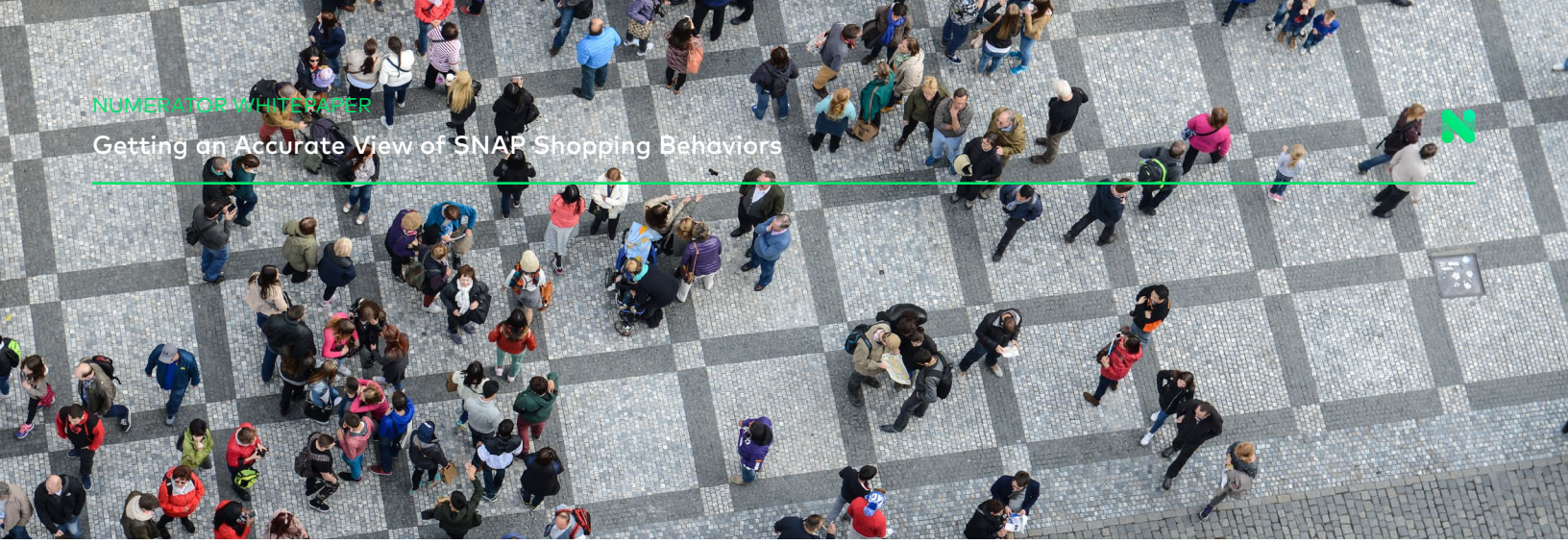
important to filter out these infrequent participants. Conversely, if you’re looking to understand how shoppers behave during a limited stretch of unemployment, you can focus on households who were observed using SNAP benefits for only a short period.

We also observed that, even among consistent SNAP users, benefits are only being used on about 20% of their yearly grocery trips. This means if you want to understand what’s truly being purchased on SNAP trips, it is essential to use a trip-based classification model to identify SNAP vs Non-SNAP trips, rather than bucketing all trips made by SNAP panelists as SNAP trips, as our competitors do.



**SNAP benefits are only used on 20% of yearly trips — making trip classification critical to understanding**





## How SNAP Households and Trips are Identified

Accuracy is important when looking to understand the behavior of the SNAP consumer or assess the impact SNAP trips have on a brand, category or retailer. At Numerator, we do this by capturing whether or not SNAP payment methods were used on every brick-and-mortar receipt photographed by our robust Total Commerce Panel — that's millions of receipts from 150,000 static panelists analyzed annually. From there, we can identify panelists who use SNAP in addition to isolating their SNAP trips versus trips where benefits were not used.

Our methodology differs from our competitors who use survey-based claimed behavior to identify SNAP users, rather than receipt-verified shopping behavior. These program participation surveys are typically fielded only twice a year, and are used to bucket panelists into SNAP vs. Non-SNAP households. Further, all shopping trips from these households are flagged as SNAP trips, whether or not benefits were actually used on the trip.

There are several weaknesses and challenges our competitors' approach faces in capturing SNAP purchasing behavior correctly and accurately, including:

- Since not all panelists respond to the semi-annual surveys, existing SNAP households and their trips can be misclassified and put into the Non-SNAP household group.
- Trips from SNAP households who leave the SNAP program will be incorrectly counted as SNAP trips until the next survey wave.
- Any new households coming into the SNAP program in between surveys will be missed or misclassified until the next survey wave.
- Households who use SNAP benefits for only a brief period of time may be missed completely if their usage window falls between surveys.
- SNAP households don't necessarily use their benefits on every shopping occasion, meaning classifying all of their trips as SNAP trips will overstate program usage.



## Getting an Accurate View of SNAP Shopping Behaviors

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Numerator's approach to identifying and coding SNAP trips and households provides distinct advantages to understanding the purchasing behavior of SNAP participants, including:

- The ability to examine SNAP-specific trips and how they differ from Non-SNAP trips
- The ability to identify and track households that recently entered the SNAP program to provide a more-in-the-moment look at these households
- A purchase-verified vs. recall-based approach to ensure you're truly looking at households that utilize SNAP

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**With high unemployment rates, new households may qualify for the SNAP program for a brief period of time, and we may want to analyze these households separately from more consistent SNAP users.**

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The identification of SNAP participating households and SNAP specific trips is done across our robust Total Commerce Panel of 150,000 Static Households who meet the strictest static requirements in the industry, including:

- Consistency: a minimum of at least 2 qualified transactions per month for every month of the annual static period (2 x 12/12 months)
- Diversity: qualified transactions from a minimum of 5 distinct qualified retailers during the year
- Representativeness: We compare the total spend of each household to the average total spend of households of the same size and in the same income bracket; if a household has a total spend which is significantly higher or significantly lower than the average, we consider it an outlier and exclude it from the static



## SNAP Insights in Action

There are many ways for brands and retailers to leverage Numerator's SNAP and WIC capabilities. Our fast, flexible data allows for timely insights in uncertain times. Use our data and our expert consulting team to answer questions like:

- How dependent is my brand or retailer on SNAP trips or households and what risks do I face with this shopper group?
- Where are SNAP shoppers shifting their dollars and am I more or less vulnerable to shifts than my competitors?
- Is my brand or retailer more likely to be considered by SNAP households on trips where they're actively using their benefits or when they're not?
- Where are SNAP households most likely to purchase my products and what other items are they likely to buy alongside my brand?
- What is the best way to engage with my SNAP shoppers based on their location, media and messaging preferences?

See our SNAP data in action or get in touch with our team by visiting Numerator's SNAP Insights Center at [numerator.com/snap](https://numerator.com/snap)



