

Rite Aid's Retail Shakeup

November 2023



Rite Aid's restructure changes the retail game



Don't just get healthy. Get thriving.

- Filed for bankruptcy protection Oct 16, 2023
- \$24.1B in FY23 revenue
- 154 store closures announced thus far*
 - Up to 400-500 expected
- Closures in 15 states, esp. Northeast & Pacific
 - 20+ in NY, PA, and CA
 - 10-20 in MI, NJ, and WA

Source: Associated Press, CNN, Fox Business
*Closings current as of 10/19/23



Geographic targeting is crucial in winning the Rite Aid shopper

- 27% of the US have shopped at Rite Aid in the past year– skewing urban multicultural families.
- Rite Aid shoppers are valuable traffic drivers and spenders for retailers.
- Main geographies for Rite Aid is in southern California and Mid-Atlantic region.



An Rx for Success

- Rx trips present an opportunity for retailers to capture more traffic as stores close.
- Over 4 in 5 Rite Aid Shoppers currently shop at either CVS and/or Walgreens, but retailers with pharmacies could potentially convert traffic through thoughtful grocery promotions.
- Rite Aid shoppers overindex on health conditions centered on IBS and bone / joint pain.

Over 1 in 4 US households are Rite Aid shoppers– they tend to be urban, multicultural families lower in purchasing power but strong in driving traffic.

RITE AID'S HOUSEHOLD PENETRATION

Total US | Latest 52 Weeks Ending 9/30/2023



27%

of US households
shop at Rite Aid

RITE AID SHOPPER PROFILE

Total US | All Stores | Latest 52 Weeks Ending 9/30/2023



TOP OVERINDEXED DEMOGRAPHICS

- Hispanic & Asian
- Live in Urban cities
- 4+ Household Members
- Low Purchase Power (Bottom 33%)

PURCHASING BEHAVIORS

+114

More Trips
vs. Total US

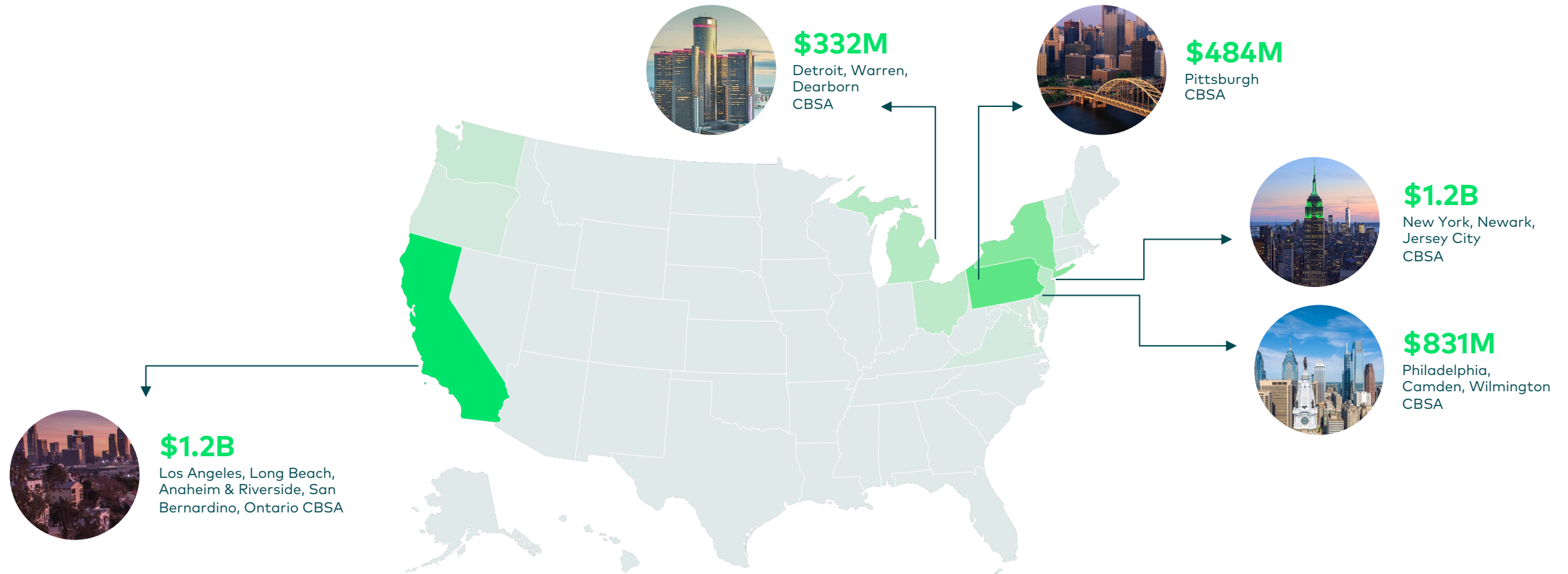
+\$3.8K

More Spending per HH
vs. Total US

Geographic targeting in the Northeast and West coast will be crucial in winning the 10+ million Rite Aid shoppers.

RITE AID RETAIL SALES BY STATE HEATMAP & TOP CBSA LOCATIONS

Rite Aid | All Categories | Latest 52 Weeks Ending 9/30/2023



Retailers have a chance to win Rx trips from Rite Aid shoppers, but the competition is stiff.

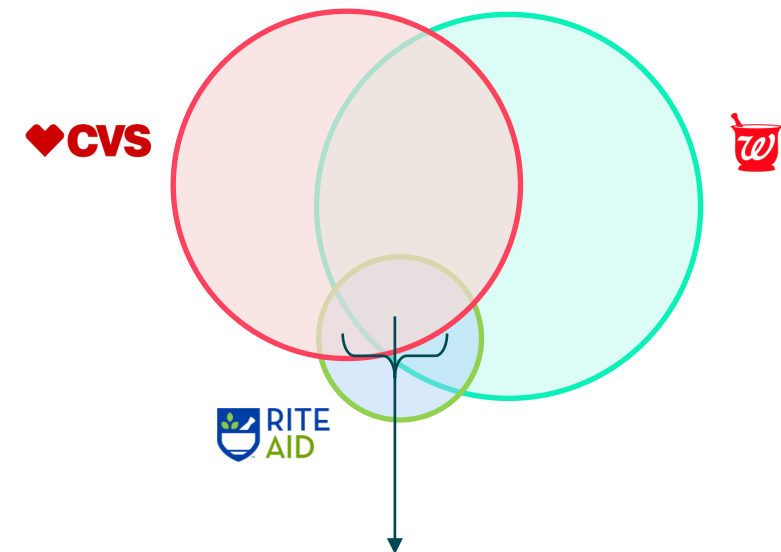
RX TRIP BREAKDOWN

Among Rite Aid Shoppers | Latest 52 Weeks Ending 9/30/2023



DRUG STORE HOUSEHOLD OVERLAP

Total US | Total Store | Latest 52 Weeks Ending 9/30/2023

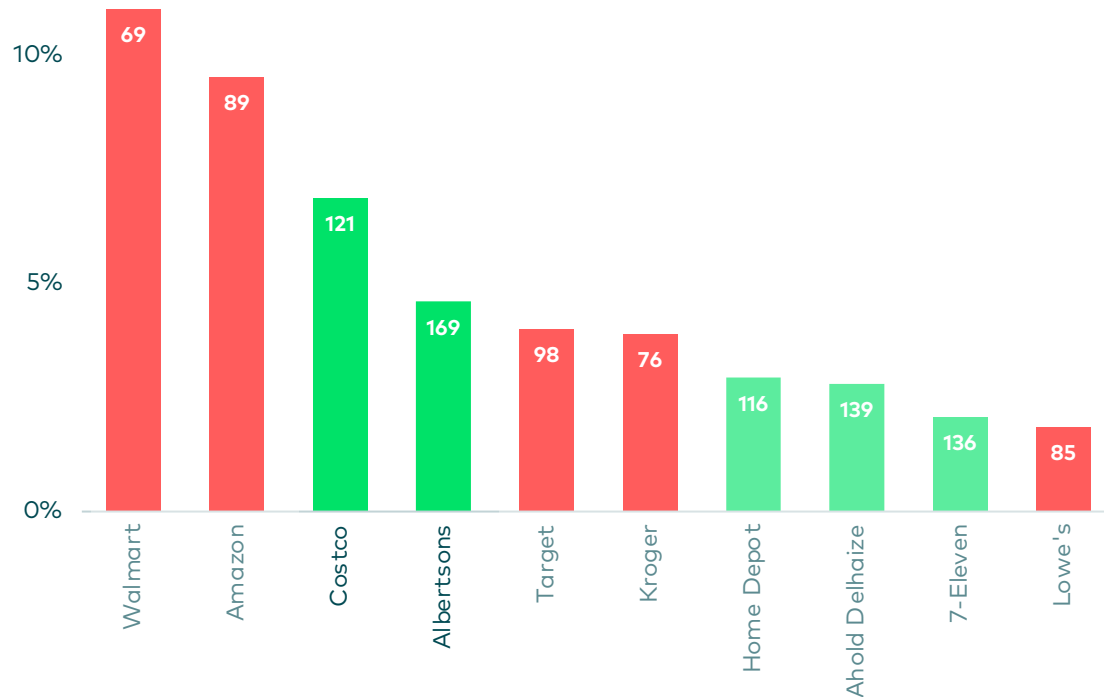


85% of Rite Aid shoppers shop at CVS and/or Walgreens

However, Rite Aid Shoppers already frequent many retailers with pharmacies– win former Rx trips by tailoring messaging to their health.

RITE AID RETAILER SHARE OF SPEND & INDEX TO TOTAL US

Among Rite Aid Shoppers | All Categories | Latest 52 Weeks Ending 9/30/2023



OVERINDEXED HEALTH CONDITIONS AMONG RX RITE AID SHOPPERS

Rite Aid Rx Shoppers indexed to Total US | Latest 52 Weeks Ending 9/30/2023

Showing Conditions with Incidence >5%



IBS
9% | 130



OSTEOPOROSIS
6% | 129



BACK PAIN
21% | 129



ARTHRITIS
Rheumatoid 9% | 119
Osteo 16% | 119



BRONCHITIS
4% | 117

Convert traffic to your store by offering promotional deals on categories that Rite Aid shoppers overindex on.

TOP 4 DEPARTMENTS OVERINDEXING AMONG RITE AID SHOPPERS
% of Spend Indexed to All Shoppers | All Categories | All Stores | Latest 52 Weeks Ending 9/30/2023

DELI & PREPARED FOODS



PRODUCE



ALCOHOL BEVERAGES



PACKAGED BAKERY



**Top Promotional
Offer Types at
Rite Aid**
% of Ad Block Volume

%
Save
42%

\$\$\$
Sale Price
27%

X/For
13%

Promo Tactic
11%

BOGO
6%

Areas to Explore Further

RITE AID BANKRUPTCY

Find local opportunities as Rite Aid's footprint contracts

- Where do opportunities appear as more Rite Aid stores close their doors?
 - To which local retailers is volume shifting when they do?
- How does Rite Aid's performance indicate those markets' potential?
- How to position your store to capture shoppers in these regions?
 - Does insurance compatibility align with top local providers?
 - Does your assortment meet top categories bought at Rite Aid?
 - Which competitors will compete locally for Rite Aid traffic?

Investigate drivers to shop Rite Aid and your store (and vice versa)

- Assortment and marketing options to capture Rite Aid shoppers
 - Deeper dive into retention cohorts to understand their varying needs
 - Further category-level diagnostics into trip-drivers for Rite Aid relative to your store (e.g. Alcohol Bevs.)
- Partners & clinic opportunities to attract incremental Rx fillers
- Demo- & psycho- graphic, and perception gaps between Rite Aid & your store

ADDITIONAL TOPICS

Retail Strategy

- Maximize & prioritize customer-centric investments to support stores & sales growth
- Driving margins via private brands
- Optimize digitally-initiated retail sales, and prevent the competition from doing the same
- Identify competitive promotional opportunities and risks during the holiday season

Macro Market Forces

- Will GLP-1 (Ozempic) trends drive shoppers back to the Drug channel?
- Are shoppers starting to react to high prices, or is elevated spending here to stay?