

# SEEING & DECODING COVID-19'S EVOLVING IMPACT ON U.S. CONSUMERS

NOVEMBER 23, 2020

This report has been prepared by NAILBITER in  
collaboration with RB and Campbell's



NAILBITER

Campbell's

SNACKS





## BACKGROUND, OBJECTIVES, & KEY QUESTIONS

### NAILBITER SPRING COVID-19 ANALYSIS

In response to the unprecedented global pandemic, NAILBITER partnered with RB and the Category Management Association to track 1000+ shoppers from March 15 to April 21 and observe their behaviors as they shopped in store and online, as well as at home consumption.

#### KEY THEMES FROM THE SPRING

NAILBITER uncovered several key themes regarding COVID-19's initial impact on US consumers. Top themes included:

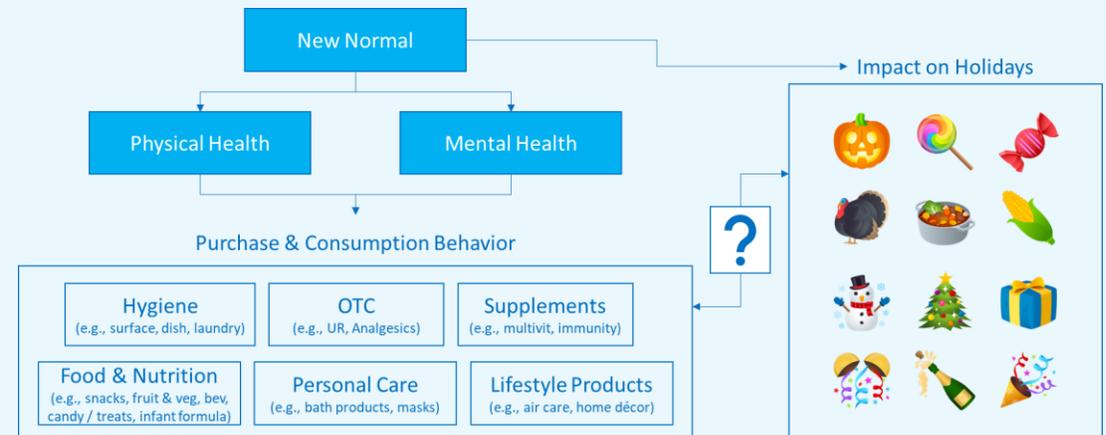
- Instability is part of the New Normal – the situation is evolving and will continue to do so
- Safety concerns & precautions are not temporary and helping shoppers feel safe should be a top priority
- Consumption & shopping behaviors have fundamentally changed, and new habits are being created and solidified

### NAILBITER FALL COVID-19 ANALYSIS

**COVID-19 continues to impact consumer health, both mental & physical, resulting in continued shifts in behaviors that have material implications for categories, retailers, and brands.**

#### Strategic Question:

1. What does health (physical and mental) mean in the New Normal? How does this impact categories, retailers, and brands?
2. What impact can we expect on upcoming holidays and how consumers intend to celebrate and practice their traditions?





1,000+

CONSUMERS AND SHOPPERS  
ACROSS TOTAL US

30

RETAILERS IN-STORE AND ONLINE  
FOOD, DRUG, MASS, DOLLAR, AND ONLINE

50+

MEASURES  
UNIQUE BRAND, CATEGORY AND RETAILER LEVEL  
MEASURES OBSERVED

25

CATEGORIES  
ACROSS THE CPG SPECTRUM

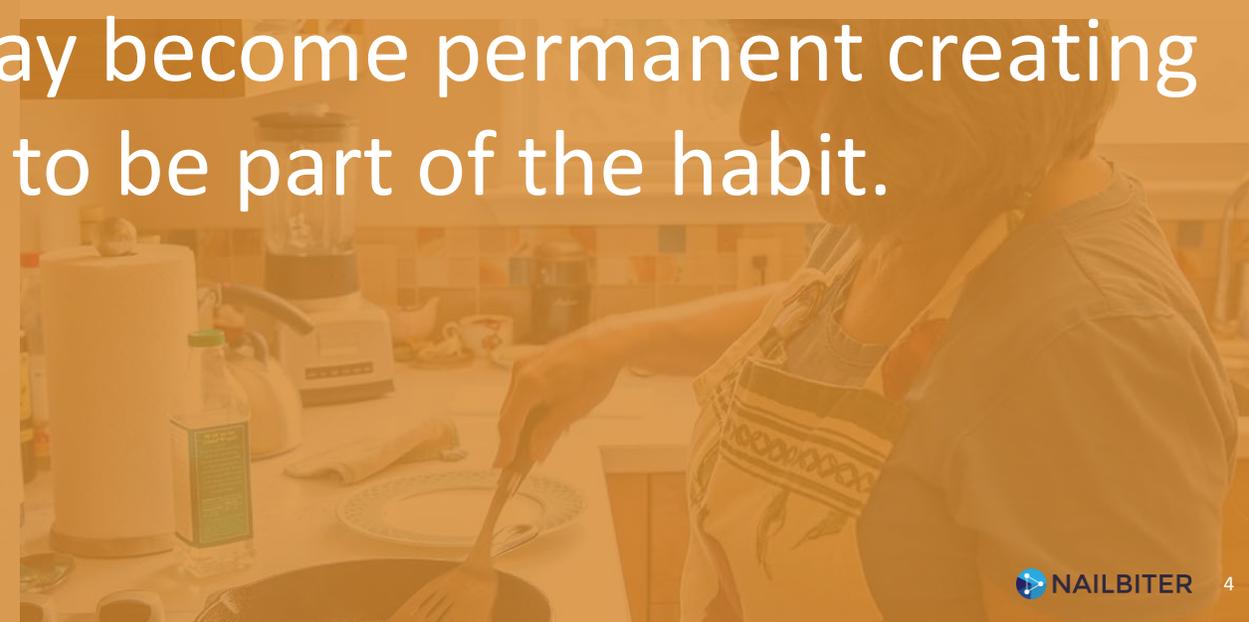
FIELDING FROM  
OCTOBER 13<sup>th</sup> to NOVEMBER 2<sup>nd</sup>



# 1. MENTAL HEALTH IS AS IMPORTANT AS PHYSICAL HEALTH

*Physical and Mental Health are inextricably linked, and the stress of these trying times impacts all facets of shoppers' and consumers' health.*

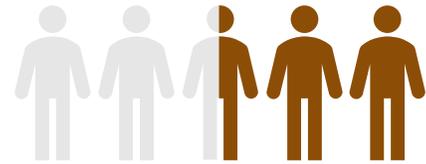
As consumers develop coping mechanisms, they will be establishing new habits that may become permanent creating an opportunity for CPG brands to be part of the habit.





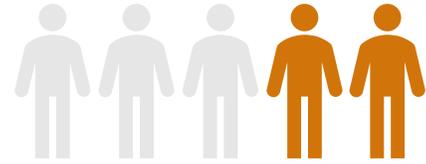
*COVID-19 has brought high levels of stress into consumers' lives. Finances, isolation, and changes to day-to-day life have left many struggling with the current state of their lives.*

## COVID RELATED STRESSES



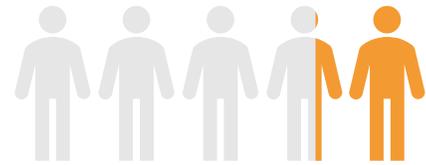
**52%** are stressed about **finances**

*"I'm really sad and stressed about our finances because my husband has lost work hours at his job so money is really tight in our household with no end in sight."*



**41%** are stressed about a **lack of social life**

*"My family and I miss going out and gathering with our friends/family. Because we cannot, life is boring for the children and exhausting for us as parents."*



**24%** are stressed about **spending more time at home**  
(distance learning/remote work)

*"Remote learning is mentally stressful because I have to deal with a lot of complaining and e-mailing teachers when things are not clear, then I have to always wait on a response."*



**10%** are **generally stressed** about the **future**

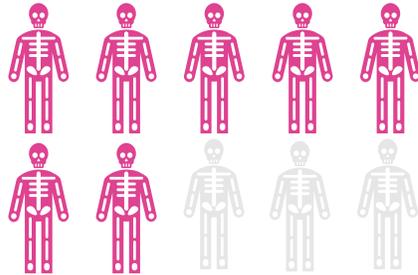


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Although Physical Health remains a concern during the pandemic, more consumers worry about their Mental well being. Understanding consumers' holistic health needs is critical to providing relief and comfort.

## HOW STRESS IMPACTS HEALTH: PHYSICAL VS. MENTAL HEALTH

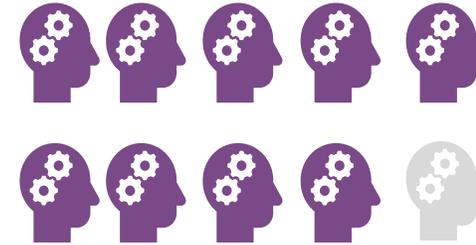


7 in 10 say these stresses impact their **Physical Health**

*"I am pre-diabetic with high blood pressure so because of that I **get more headaches due to constantly worrying** and hoping my body will react in a positive way and not negatively if I get the virus."*

*"I work with children so I have to **always clean and make sure we are social distancing** which is constant drain on me **physically** to maintain as part of my job."*

*"The **stress level on me mentally has taken its toll** - I don't tell my family but it has!"*



9 in 10 are concerned about their **Mental Health**



*Just as health concerns are both Mental & Physical, so too are the tactics consumers use to cope with the added stress. For example, while shoppers are eating out less to both maintain social distance as well as making healthier meals, they are also indulging in their favorite comfort foods to destress.*

## COPING METHODS

PHYSICAL HEALTH

MENTAL HEALTH



Eating Out Less

***"We used to go out to stores and restaurants and buy all the junk food but now because of this situation, we are not going out. And, at the same time, I got a lot of time to actually think about **what is healthy and what is not healthy for my family and for myself.**"***

***"I buy cookies because they are my comfort food. **When I feel sad or down they make me feel really good.**"***



Eating Comfort Food

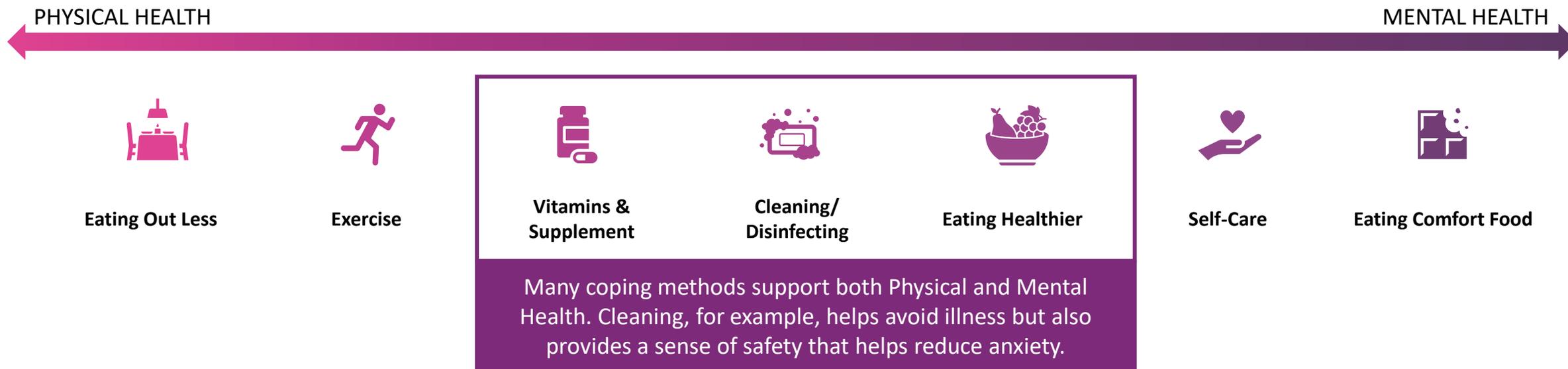


Food will continue to play an integral role in how consumers cope ,and the habits they develop today may likely persist post-COVID



Other habits also exist along the spectrum of coping methods with some providing a physical benefit (e.g. disinfecting), while also giving consumers the peace of mind.

## COPING METHODS



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*“During the pandemic I started **buying more Vitamin C and Vitamin D. I stocked up on and cough medicine** and I’ve been **eating more healthy foods and exercising more**. I’m becoming more conscious because **health is so important to protection from COVID.**”*

*“We are using our dishwasher **more often than we did before COVID** because our dishwashing is important to making sure everything is sanitized.”*

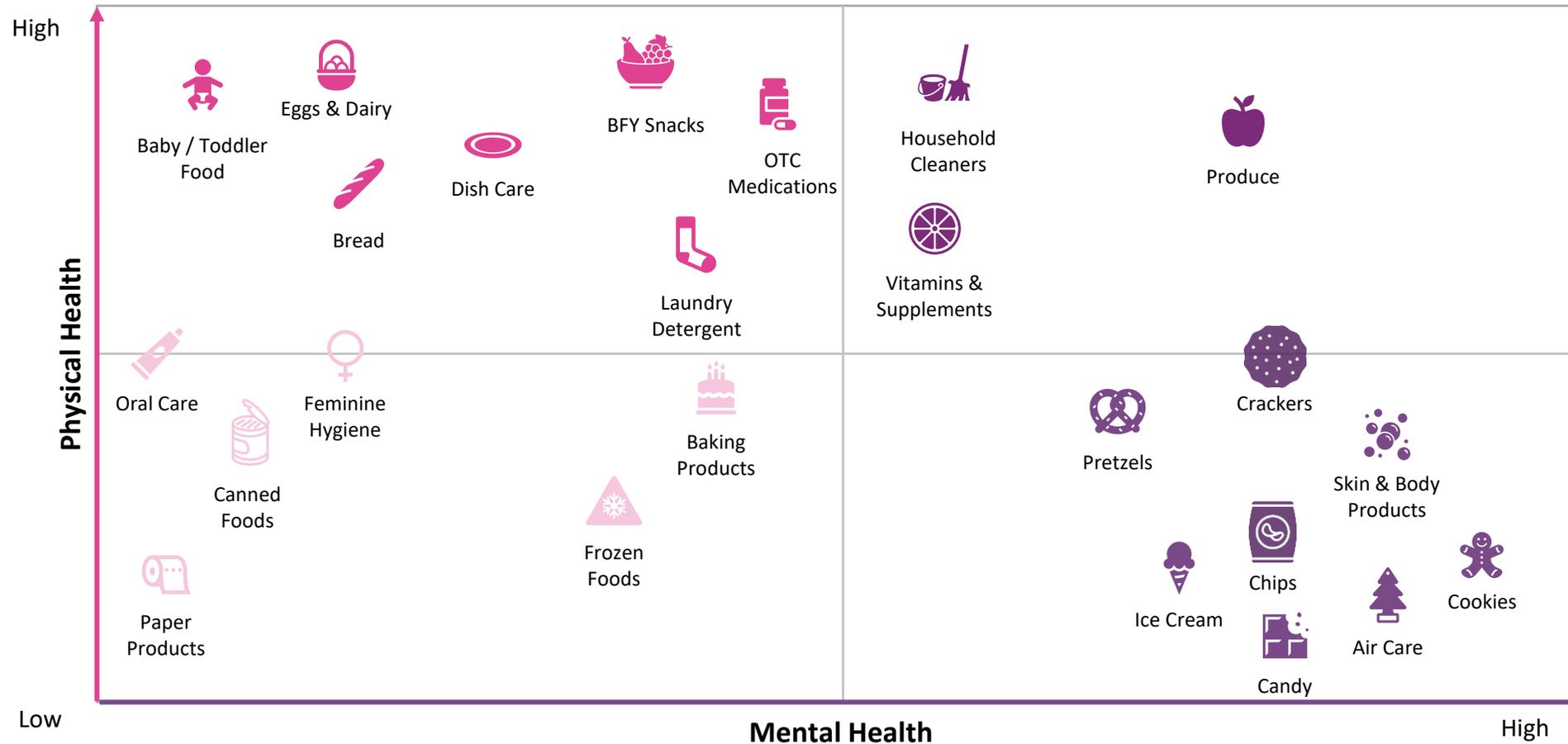
*“I feel like **shampoos and conditioners really help boost my mood** when they have a great scent and I’m taking a nice hot shower It’s very relaxing.”*

*“I keep buying more of the Keebler cookies. **It’s a comfort food kind of thing. I don’t eat to deal with stress, but after a long day of work, its to have some familiarity.**”*



Across the spectrum of Mental & Physical Health, CPG categories play a key role in consumers' habits. Understanding the role of a given category is vital to identifying how to best serve consumers' needs.

### WHAT CATEGORIES ARE THEY BUYING FOR THEIR HEALTH?

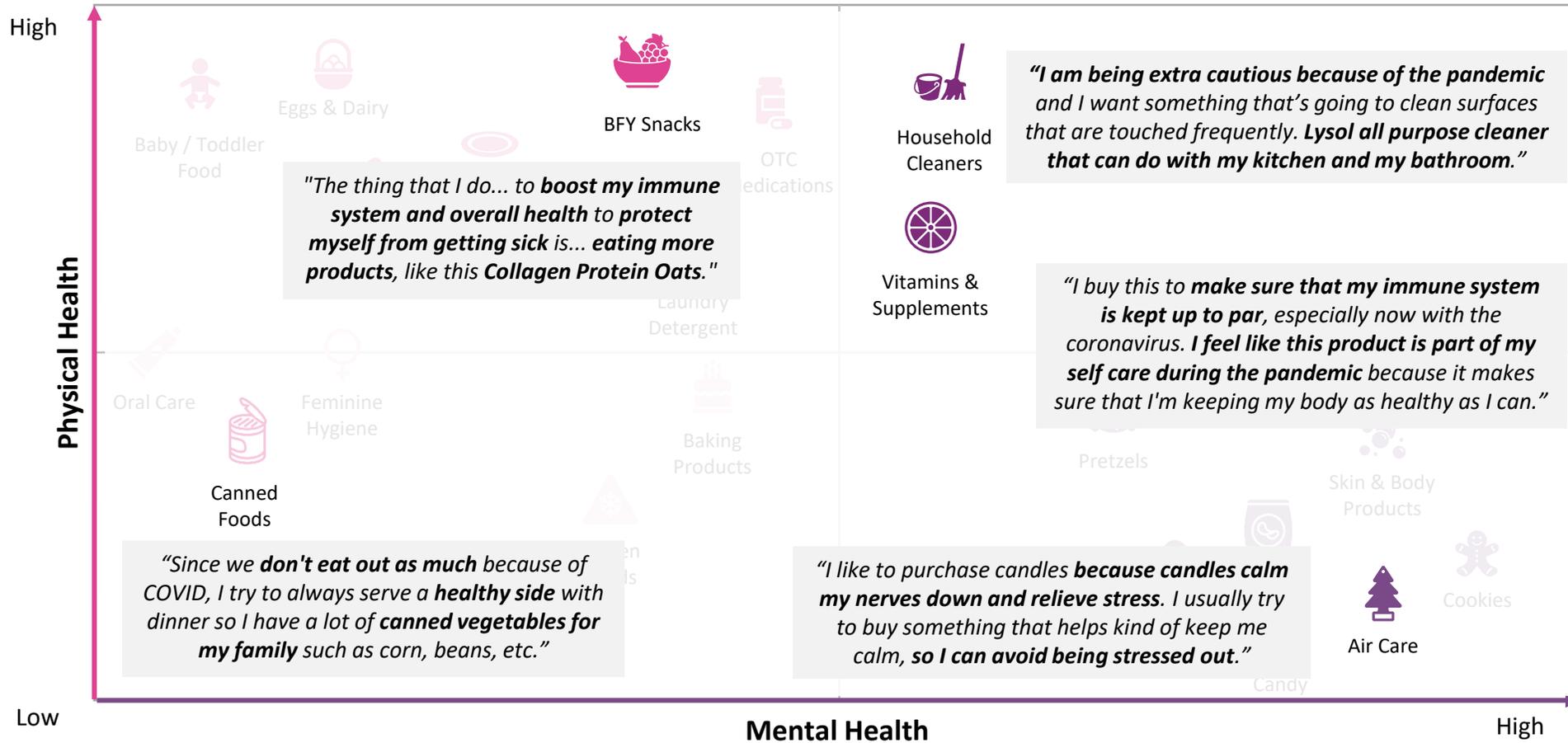


Placement of categories on the grid is based on how shoppers & consumers talk about these products in relation to theirs and their family's health



Categories like Air Care offer a therapeutic benefit, while categories like Vitamins & Supplements serve multiple needs by both keeping someone physically healthy and providing comfort.

### WHAT PRODUCTS ARE THEY BUYING FOR THEIR HEALTH?

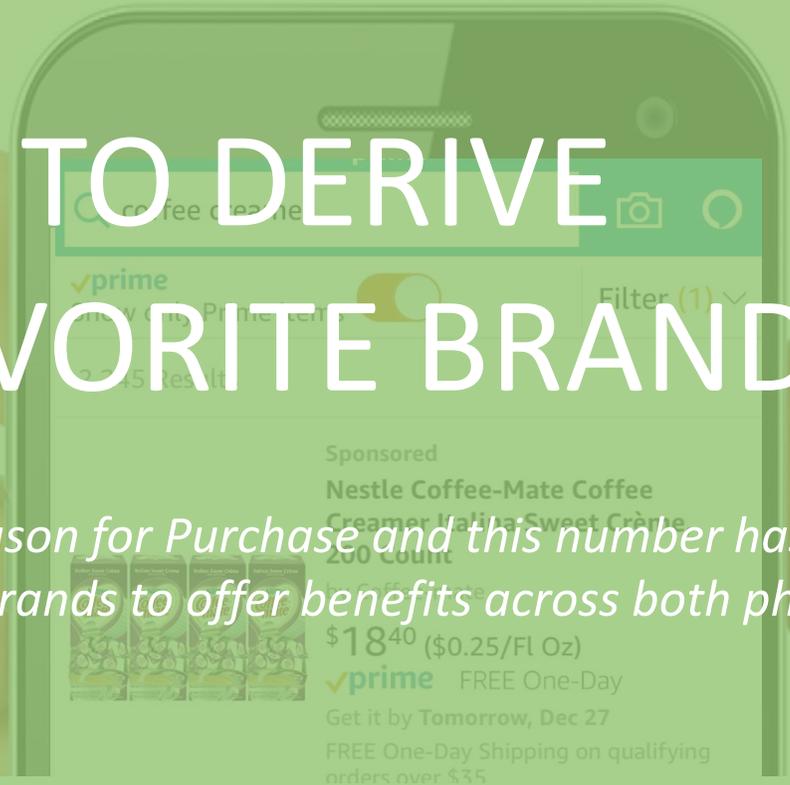


Placement of categories on the grid is based on how shoppers & consumers talk about these products in relation to theirs and their family's health

## 2. CONSUMERS CONTINUE TO DERIVE COMFORT FROM THEIR FAVORITE BRANDS

*At the point of purchase, nearly 2 in 3 shoppers use Brand as a key Reason for Purchase, and this number has steadily grown. In addition, consumers are beginning to look to their brands to offer benefits across both physical and mental health.*

CPG brands should consider leveraging trends such as BFY and Wholesome Indulgence to further drive consideration.

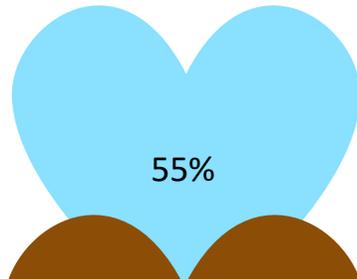




At the point of purchase, nearly 2 in 3 shoppers use brand as a key Reason for Purchase and this number has steadily grown. Shopper often turn to their go-to favorites to bring in normalcy during an anything-but-normal time.

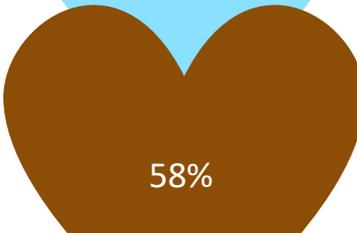
### BRAND AS A REASON FOR PURCHASE

PRE-CRISIS IN-STORE  
(NAILBITER NORMS)



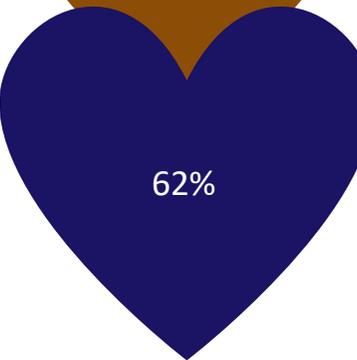
55%

SPRING COVID-19 TRACKING



58%

FALL COVID-19 TRACKING



62%

"I am being extra cautious because of the pandemic and I **want something that I can trust** to keep frequently touched surfaces clean. I **know that Lysol All Purpose Cleaner can** that do with my kitchen counter and my bathroom. I **won't buy any other brand.**"



"The **Garnier Fructis shampoos and conditioners really help boost my mood** because they have a great scent to them and when I'm taking a nice hot shower and I've got my brand that I **know smells really good. It's very relaxing.**"

"These **Chips Ahoy cookies keep me sane right now.** My family and I consume these on a regular basis. The fact that I know I **love these cookies so I keep getting them** and they just help me **keep me sane, especially when I get bored.**"

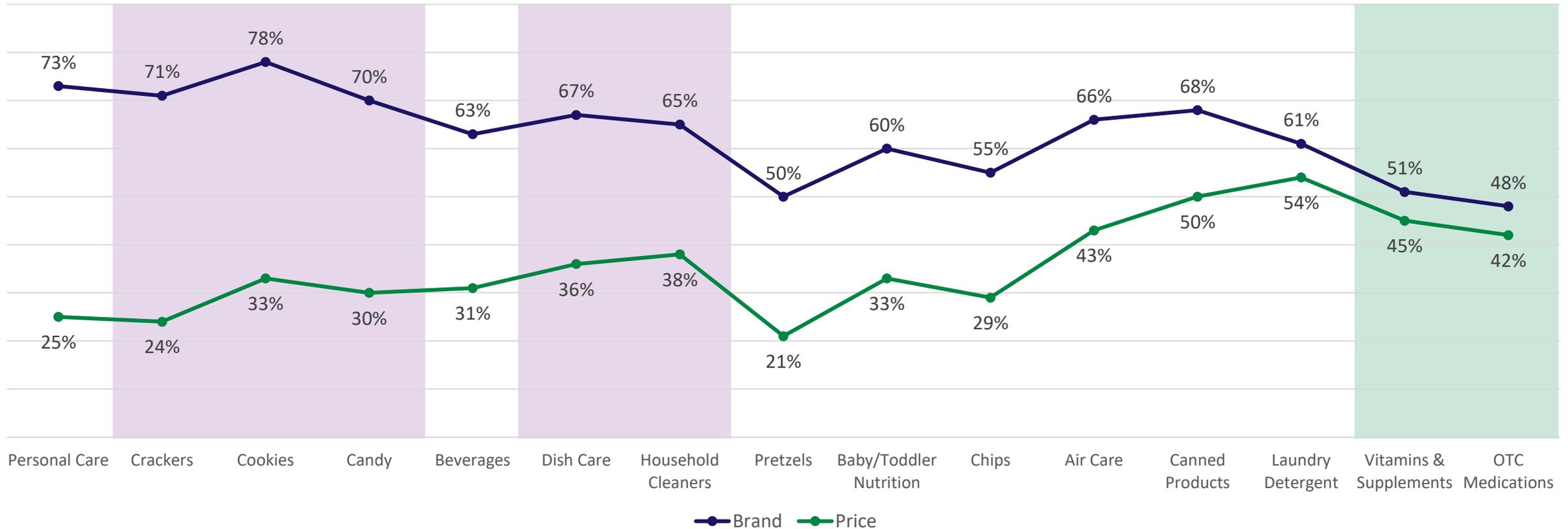


"We really love **Snyder's Pretzels** because they **make us feel better.** I eat lunch with my daughter **everyday** because her school is online. And so, we eat Snyder's at lunch because **we both love them and love trying the different flavors.**"



*The role of brand is not the same across categories, and some categories like OTC Medications & Vitamins/Supplements, are prime examples of the growing role of price*

### REASONS FOR PURCHASE BY KEY CATEGORY



 In categories where consumers are becoming more price-sensitive, supporting brand equity now is vital to maintain relevancy



The battle between brand and price is ongoing, and the winner varies by category

### WHEN DOES BRAND WIN?

### WHEN DOES PRICE WIN?

  
'Better Than'

In some categories – especially Cleaning Products – shoppers still feel that **National Brands are superior** and are **unwilling to trade down** to something they fear may not get the job done.

-  Dish Care
-  Household Cleaners
-  Immunity

  
'Just as Good'

**Private Label** has long been working to **drive trust in their products**, leading to more **positive perceptions of efficacy** to the point where many shoppers feel they are **just as effective as National Brands**.

-  OTC Medications
-  Vitamins & Supplements (ex. Immunity)

  
Brand Affinity

When shoppers develop an **emotional connection to their brands**, as is the case with indulgent favorites like Cookies and Candy, they are **less willing to trade down on price**.

-  Candy
-  Cookies

  
'Good Deal'

In some categories with many strong competitors, shoppers are **open to switching between a set of trusted brands** depending on which has the **best value/deal**.

-  Laundry Detergent
-  Canned Foods
-  Air Care



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Consumers are beginning to look to their brands to similarly offer benefits across both physical and mental health by seeking ‘Wholesome Indulgence’ and ‘Better For You’ options

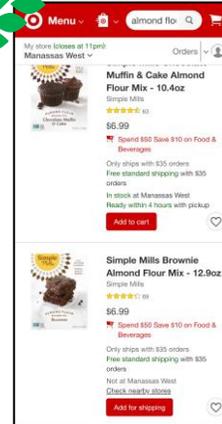
## RE-EMERGING TRENDS: BFY SNACKING & WHOLESOME INDULGENCE



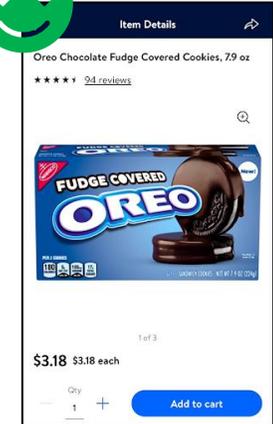
*“When I buy treats or snacks like crackers, I prefer whole-grain because its healthier for me and has more fiber.”*



*“I like the different flavors of Snyder’s but I have been getting their less sodium version because its less salt and that is important for my health. I also choose Snyder’s because it has less salt than Rold Gold.”*



*“We love brownies – it’s one of our go-to comfort foods – but we’re trying to be healthier these days, so we started getting this almond flour mix instead. I like that it’s gluten free and doesn’t make me feel as guilty when I eat it.”*



*“I love chocolate, I feel like it’s good for your body and your mind. Chocolate can give you energy, can help with your mood, and is perfect throughout the year. At the beginning of COVID I was buying more of these because I was at home and stressed more.”*



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# 3. SHOPPERS WANT SAFETY WHILE SHOPPING IN-STORE; RETAILER PERFORMANCE IS INCONSISTENT

*In-store safety protocols, like mask mandates & 6-foot distance reminders, are well-liked and give shoppers peace of mind while in-store.*

Retailers that do not provide high and uniform safety standards will likely lose shoppers making it important for them to ensure protocols meet shopper expectations.



As supply chains have largely caught up, shoppers have resumed their typical replenishment and routine shopping trips rather than partaking in stockpiling behavior.

### TRIP MISSIONS



While shoppers are no longer panic-shopping, safety remains top-of-mind for shoppers when going in-store

*"I love that the **first thing here is a Purell display**, so you **can easily sanitize...** and there's **something to sanitize your cart which is great.**"*



As cases continue to increase and local restrictions begin to tighten, stock up behavior may go up but likely not to the levels seen earlier in the pandemic, with fewer shoppers panic shopping and retailers being better prepared.



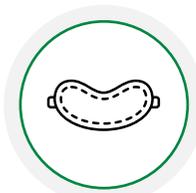
Many retailers' efforts to make shoppers feel safe are paying off, as most shoppers feel comfortable shopping in-store now, driven by consistent use of key health & safety practices.



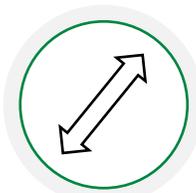
**4 in 5**

Feel Safe shopping In-Store\*

### WHAT MAKES SHOPPERS FEEL SAFE



**57%**  
Mask Requirements



**30%**  
Social Distancing



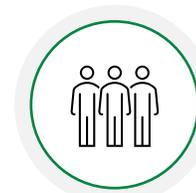
**24%**  
Hand Sanitizer Stations



**15%**  
Sanitizing Shopping Carts



**15%**  
General Cleaning



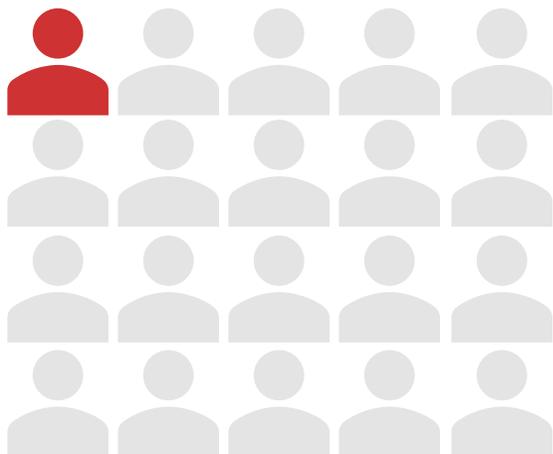
**7%**  
Limiting Crowd Sizes

*"I generally feel pretty safe... they have masks and sanitizers available when you enter and social distancing signs on the floor."*

*"Masks are required and when I grabbed my cart it was actually wet cause there was somebody outside cleaning them and disinfecting them so it makes me feel a lot better"*



Some policies, like special store hours for at-risk populations or one-way aisles, are less effective at driving perceptions of safety. In some instance, these practices may result in more crowds or are inconsistently followed.



Less than 1 in 20 shoppers are looking for **one-way aisles** or **special hours for at-risk populations**

“There would be a **sign that said shop this direction...** but I don't know if they got rid of that because they found it **wasn't necessary** or because they found **shoppers weren't paying attention** to it. I would often find you'd go down an aisle and somebody would be coming at you the other way because either **they didn't notice it or they didn't care.**”





Retailer performance on creating a safe shopping environment is varied. Target and Drug are generally doing a good job while Dollar is underperforming

Walmart 

 TARGET



  
Walgreens

**DOLLAR GENERAL**

	Walmart 	 TARGET		 Walgreens	<b>DOLLAR GENERAL</b>
<b>Shoppers' Perceived Safety</b>					
<b>Retailer Performance Compared to Spring</b>	<p>Mask requirements improved</p> <p>Shoppers would like to see more social distancing signs</p>	<p>Target is doing well on all safety measures</p>	<p>Kroger is doing well on mask requirement and stores are clean</p> <p>Shoppers would like to see more social distancing Cart sanitizing has stopped in some stores and shoppers would like to see it return</p>	<p>Walgreens and CVS have both improved. Shoppers are particularly happy about social distancing signage</p>	<p>Social distancing enforcement has improved</p> <p>Hand sanitizing stations are still not consistently available</p>

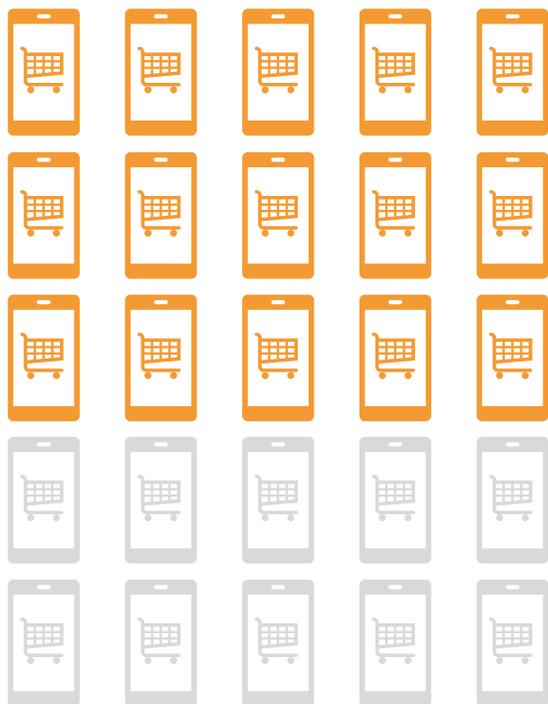
# 4. SHOPPERS CONTINUE TO MIGRATE ONLINE; FULFILLMENT OPTIONS & EXPERIENCE DRIVE RETAILER SELECTION

*As shoppers look to find a safer alternative to in-store shopping, they continue turning to eCommerce as a safe, convenient option*

eCommerce should remain an area of investment. Offering safe, convenient, and innovative fulfillment options can help drive retailer share & loyalty.



*Safety is an overarching concern that has led many shoppers to shift their purchasing online. As shoppers seek to minimize their exposure to others outside their households, eCommerce will continue to play a sizable role.*



6 in 10 shoppers are shopping online more than they used to, largely driven by safety concerns

*"I've been **ordering more stuff online**, because I don't like going to the store as much. I feel like if I have stuff delivered to my home, it kind of **adds more safety for me and my family**, so we **only have to leave the house when it's absolutely necessary.**"*



 Online shopping will continue to play a big role, even post-COVID. Shoppers are having an overwhelmingly positive experience shopping online, building familiarity with a new, preferred shopping channel.



The pandemic continues to drive more shoppers online, as they seek safer ways to shop. Ensuring shoppers have safe, convenient fulfillment options will help retailers win and drive shopper loyalty online.

### CHANNEL SELECTION

#### IN-STORE



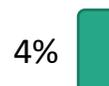
  
Low Prices/Good Deals



  
Convenient/Close to Home



  
Variety/Assortment



  
Membership Benefits



  
Fulfillment Options

  
User Friendly Site/App

#### ONLINE



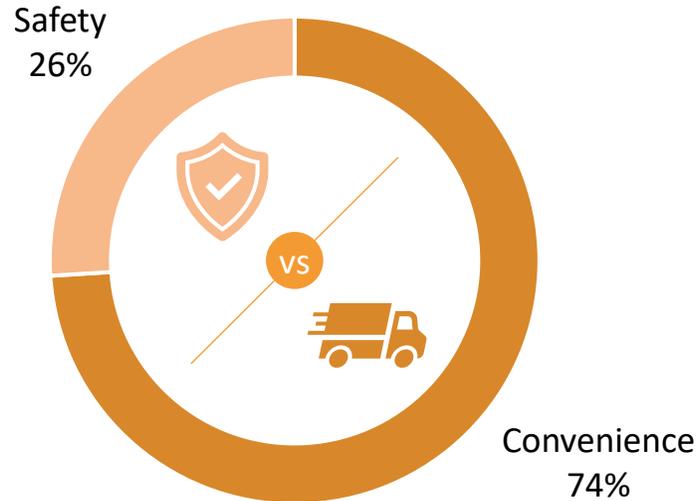
Shoppers who are more concerned about Health & Safety tend to go online rather than in-store



Shoppers choose a fulfillment option primarily due to its convenience followed by safety. As a result, curbside pick-up is a top choice for many shoppers.

## CHANNEL SELECTION: FULFILLMENT OPTIONS

### FACTORS CONSIDERED



1 in 4 shoppers are choosing where to shop based on the safety of the fulfillment options available



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### DRIVERS OF FULFILLMENT



Delivery Speed: 40%

*"It's very fast delivery and the pickup process also very easy and convenient for me since the nearest Walmart is 3 minutes drive from my home."*



Perceived Safety: 33%

*"I can't go into the store right now due to my high risk. So at Target, if you shop on their website, you could do the drive up and they just put it in your car and drive off."*



Options Offered: 33%

*"They have multiple delivery options, so you can either do drive-up or pick-up or get it shipped, and that appeals to me during coronavirus,"*



Delivery Cost: 27%

*"I like to shop for this at Target because it's easy and it will ship to me free [if my order is] \$35 and over."*

Pick-Up – specifically Curbside Pick-Up – is the most preferred Fulfillment Option

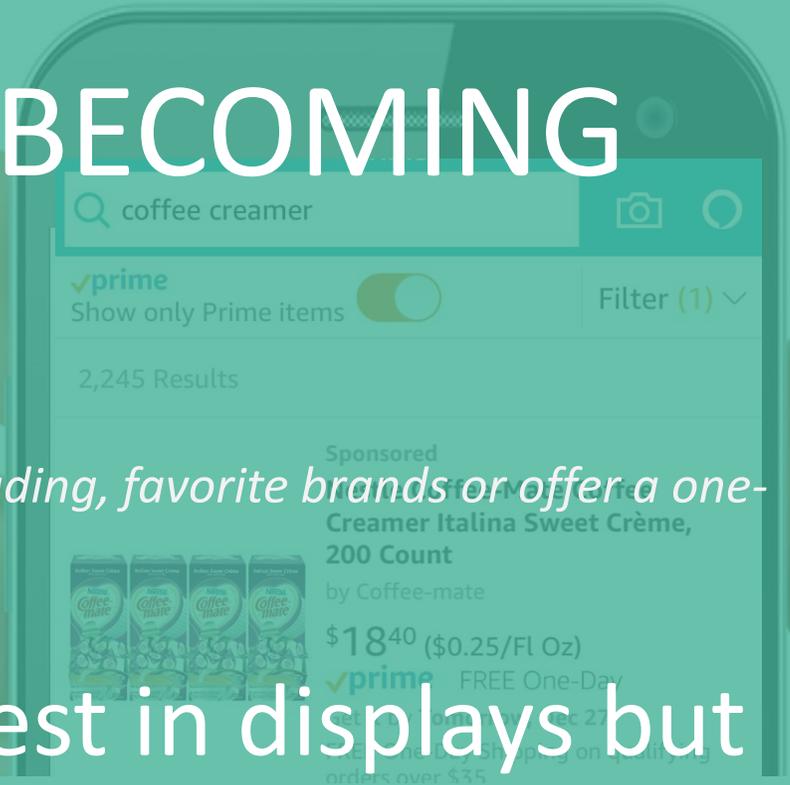


As eCommerce continues to grow, Fulfillment is where retailers must win. Offering preferred options that prioritize speed & flexibility should be a primary focus for retailers.

# 5. IN-STORE DISPLAYS ARE BECOMING MORE CRITICAL TO WIN

*Displays are playing a bigger role, and those that highlight market-leading, favorite brands or offer a one-stop shop for a particular occasion are most effective*

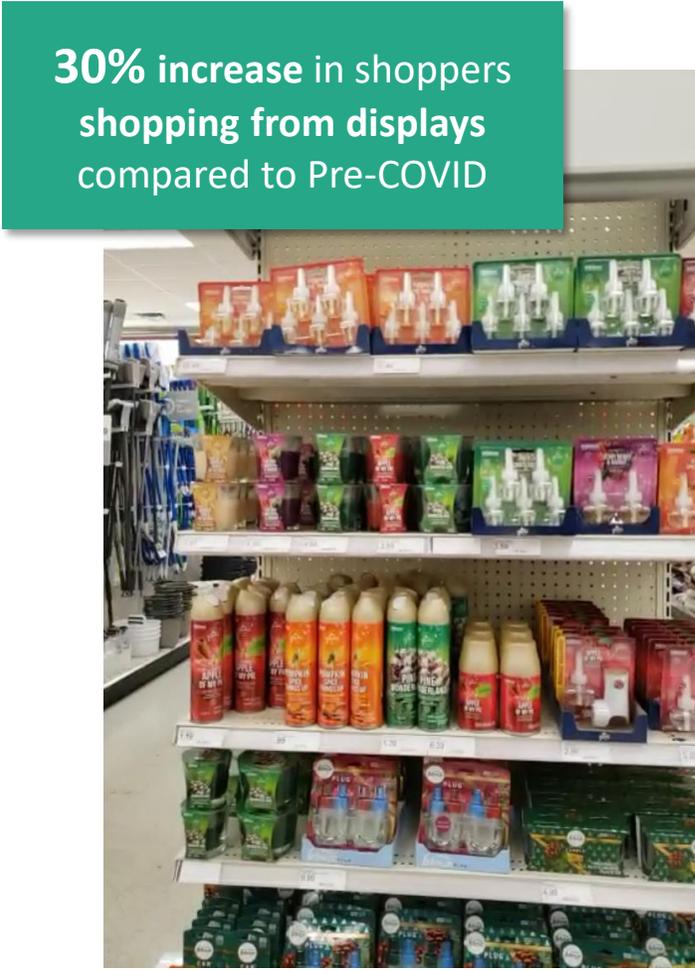
CPG brands should continue to invest in displays but do so with best practices in mind. Online, ads & tags should also be prioritized.





Shoppers are open to exploration and are willing to stop at displays – more so than they were before the pandemic. Continue to leverage displays as an effective in-store tactic.

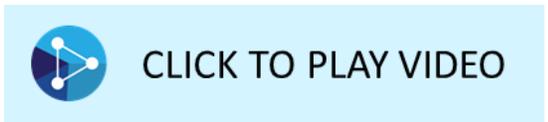
### IN-STORE DISPLAYS



#### Top Categories Shopped on Display

-  Air Care
-  Beverages
-  Chips
-  Cookies
-  Dish Care
-  Skin & Body Products
-  Household Cleaners
-  Laundry Detergent
-  Pretzels
-  Crackers
-  Vitamins, Minerals, & Supplements
-  Upper Respiratory Care

**Air Care, Beverages, and Chips drive the bulk of display Notice, getting Noticed at rates nearly 2x higher than other categories**



Note: Fielding was conducted from Oct 13-Nov 2, 2020, so display interaction will reflect the categories that were available on display during this time



*Displays serve as a convenient touchpoint for many shoppers in-store, and displays that either provide a one-stop shop for a particular occasion or highlight market-leading brands are most effective.*

## IN-STORE DISPLAY STRATEGIES

### ONE-STOP SHOP

Multi-brand displays that cover multiple category segments

#### Why They Work

- ✓ Convenient
- ✓ Multiple leading brands have more stopping power
- ✓ Shoppers can quickly find their typical brand and avoid a trip down the aisle



*"The display is well stocked with a **variety of products** to choose from like **candles, sprays** and has **holiday scents which I love.**"*



### SINGLE BRAND FAVORITES

Single-brand displays highlighting the market leader

#### Why They Work

- ✓ Brands are as important as ever and having a leading brand on display grabs attention
- ✓ May help drive impulse and act as a reminder for shoppers to pick this category up



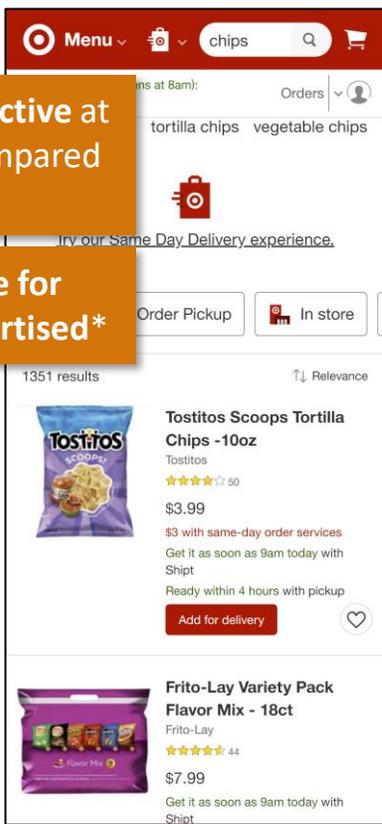


Online, Ads/Tags are a more effective tool at driving Notice than incentives. As major holiday sales move even more online, an effective ad/tag strategy should be a top priority to catching shopper attention.

## ECOMM ACTIVITIES

Ads are 2x more effective at driving Notice as compared to Incentives

80% higher Notice for brands that are advertised\*



### Top Categories Shopped on Promotion

-  Chips
-  Baby/Toddler Nutrition
-  Dish Care
-  Laundry Detergent
-  Skin & Hair Care
-  Pretzels
-  Upper Respiratory Care
-  Air Care
-  Vitamins, Minerals, & Supplements
-  Cookies
-  Crackers
-  Stuffing

*"I am going to avoid crowds this holiday season - so no in-person Black Friday shopping for me this year – I will do online shopping and look for deals on Black Friday and Cyber Monday this year."*



Target Cyber Monday Sale 2020

Up To 50% off | FREE Shipping | Deals & Ads



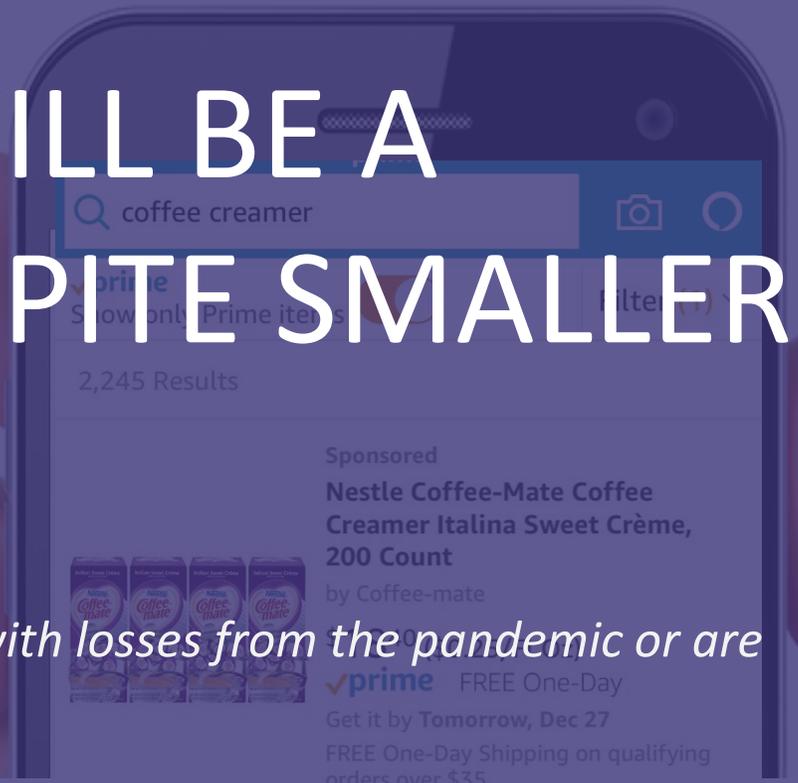
\*Ads includes Banner Ads, Sponsored/Featured, Tags, and Recommendations

Note: Fielding was conducted from Oct 13-Nov 2, 2020, so promo interaction will reflect the categories that were being promoted during this time

# 6. HOLIDAY TRADITIONS WILL BE A SOURCE OF COMFORT DESPITE SMALLER GATHERINGS

*The upcoming holidays will be a difficult time for many, as they deal with losses from the pandemic or are kept away from their family due to safety concerns*

Holidays present a great time to reconnect with your consumer and re-establish and strengthen the emotional role your brand plays in their lives





While nearly all consumer intend to still celebrate the upcoming holidays, those celebrations will look different with fewer people in attendance.

## CHANGES IN HOLIDAY CELEBRATIONS





*While the size of gatherings and the location of a celebration may change, consumers are looking to maintain the heart of their traditions.*



## HALLOWEEN

While larger Halloween celebrations (e.g., church trunk-or-treat, town parade, mall trick-or treat) **were canceled**, many **parents still found ways to celebrate** either **with family or close neighbors** or **more traditionally but with masks and social distancing**.

*“For Halloween, our **neighborhood is actually going to do trick or treating** so we will walk around and pass out candy that way still **staying in social distancing**.”*

*“I am planning on **going over to my sister's house** for Halloween... It's **only going to be my two kids and her two kids**. So it's **not going to be a big crowd**.”*

*“For Halloween, we’re doing **drive through trick-or-treating**. So we're going to try that, of course, **wearing our mask and staying social distant**, we **won't be walking around trick or treating** house to house.”*



## THANKSGIVING & WINTER HOLIDAYS



Changes to Thanksgiving and Christmas primarily involve **smaller in-person gatherings** and **more virtual celebrations**, in lieu of large extended family and friends parties. **Some do still plan to travel**, but they will stick to smaller groups and **only visit close family that are not part of high-risk groups**.

*“Pretty much with **just immediate family, possibly travel** out of state to go visit some relatives out of state, but it just will be **small gathering of 10 or less compared to past years** where we've all gotten together and, you know, had more than 30 people in the house is no longer the thing at this time.”*

*“We’ll just invite the **closest people that we know that we've been around**, but we're still going to try to celebrate it like we do. It's just going to be **more Zoom or Google Meets** just so people are safe, **especially for the like older folks**.”*

*“Thanksgiving and Christmas, we might just **spend time at home cooking** and cook and just try to **stay healthy and try to stay away from the disease** and basically just **stay at home and do our own thing**.”*



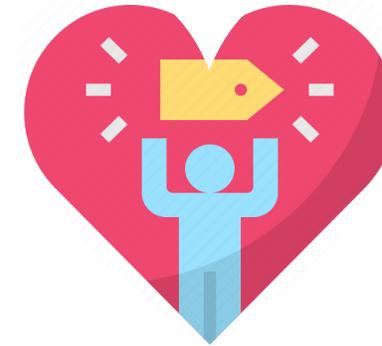
*The upcoming holidays will be a difficult time for many, as they deal with losses from the pandemic or are kept away from their family due to safety concerns; however, they also offer an opportunity for healing through familiar traditions and spending time with those closest to them.*



***“That’s what sucks... holidays are a family time and you just want to see everybody. And then right now, being isolated, a lot of people – a lot of the elders – this is the time whenever they[get to] see nieces, aunts, uncles, cousins, grandkids. And so, I mean, it may or may not happen this year, and that just makes me feel sad.”***

***“We always just stay home Christmas Day open presents **do our little traditions keep it simple and keep that.**”***

***“I cope and manage the stress – to help protect my health and my family’s health – by eating good food that I like, such as my **traditional culture food** and then **keeping my house smelling nice with candles like these.**”***



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Holidays present a great time to reconnect with your consumer and re-establish and strengthen the emotional role your brand plays in their lives.



1. MENTAL HEALTH IS AS IMPORTANT AS PHYSICAL HEALTH

➔ As consumers develop coping mechanisms, they will be establishing new habits that may become permanent creating an opportunity for CPG brands to be part of the habit



2. CONSUMERS CONTINUE TO DERIVE COMFORT FROM THEIR FAVORITE BRANDS

➔ CPG brands should consider leveraging trends such as BFY and Wholesome Indulgence to further drive consideration.



3. SHOPPERS WANT SAFETY WHILE SHOPPING IN-STORE; RETAILER PERFORMANCE IS INCONSISTENT

➔ Retailers that do not provide high and uniform safety standards will likely lose shoppers making it important for them to ensure protocols meet shopper expectations.



4. SHOPPERS CONTINUE TO MIGRATE ONLINE; FULFILLMENT OPTIONS & EXPERIENCE DRIVE RETAILER SELECTION

➔ eCommerce should remain an area of investment. Offering safe, convenient, and innovative fulfillment options can help drive retailer share & loyalty.



5. IN-STORE DISPLAYS ARE BECOMING MORE CRITICAL TO WIN

➔ CPG brands should continue to invest in displays but do so with best practices in mind. Online, ads & tags should also be prioritized.



6. HOLIDAY TRADITIONS WILL BE A SOURCE OF COMFORT DESPITE SMALLER GATHERINGS

➔ Holidays present a great time to reconnect with your consumer and re-establish and strengthen the emotional role your brand plays in their lives

## SEEING & DECODING COVID-19'S EVOLVING IMPACT ON U.S. CONSUMERS

This report has been prepared by  
NAILBITER in collaboration with RB  
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