

# COVID-19

## Insights Briefing

**Published: 4/1/2020;10am**

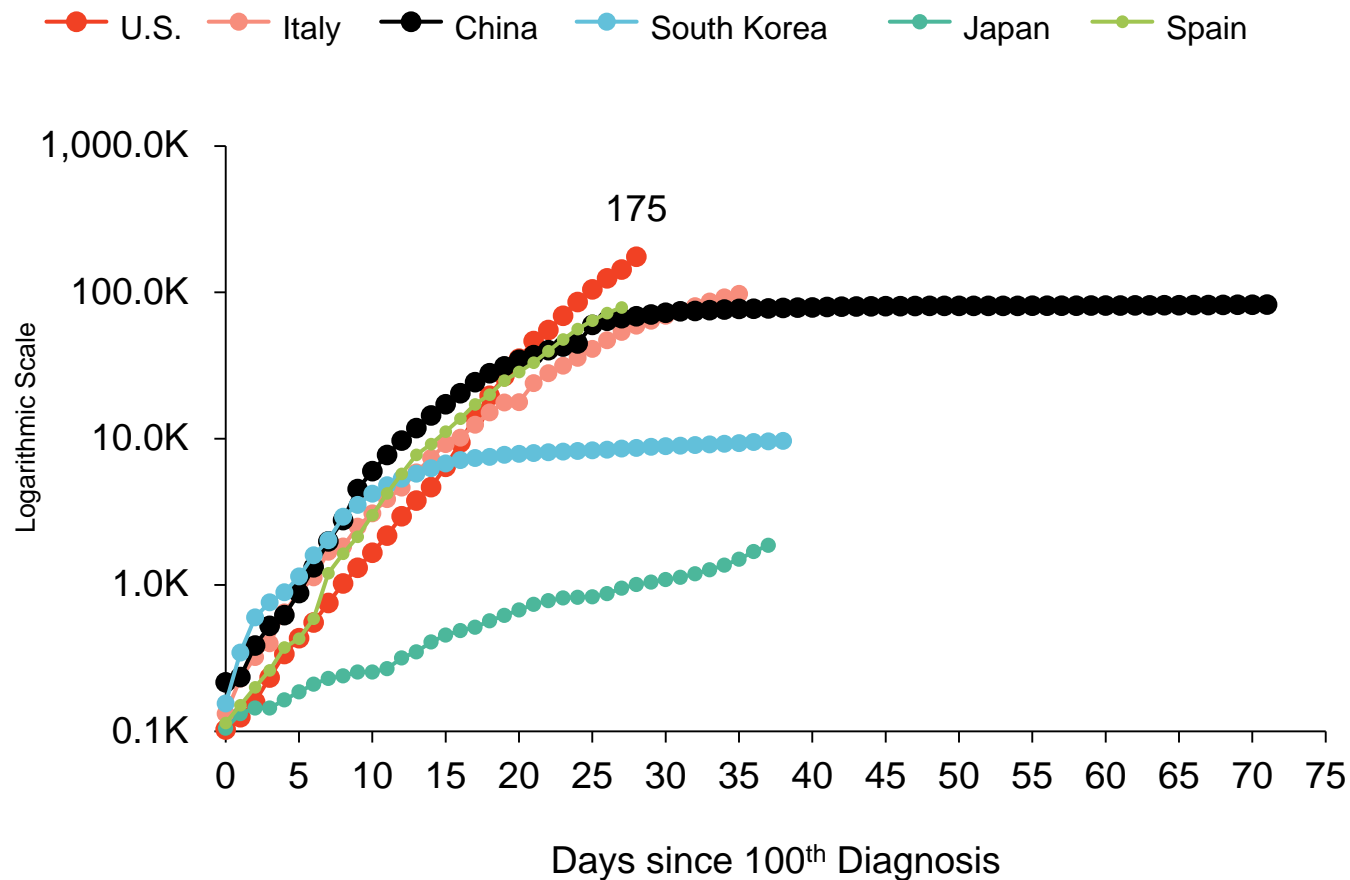
# Executive Summary by Topic Area

Topic	Key Data, Findings and Insights
1 COVID-19 Spread and Response (15-30 day focus)	<ul style="list-style-type: none"> <li>US daily diagnoses growing <b>+~20% / day</b> (trending down, but still growth in avg daily number)</li> <li><b>177k national diagnoses</b> with hot spots in <b>NY &amp; NJ, MI, and CA</b></li> <li>U.S. leads the world in active COVID patients, but sees lower related-deaths than Italy or Spain</li> <li><b>More than half of the US population under mandatory “stay at home” orders</b></li> <li>White House cited model projects <b>100k-240k deaths</b> with peak medical resource strain around <b>mid-April</b></li> <li>Current <b>test rates</b> more concentrated in “hot spot” states; anticipate pickup with FDA approved rapid test</li> </ul>
2 Macro Scenarios and Data	<ul style="list-style-type: none"> <li><b>US GDP estimated lower</b>—with sharp contraction currently expected in 2Q20, tempered recovery in 3Q20, and acceleration beginning in 4Q20</li> <li>Last week, a record 3.3M Americans filed for unemployment benefits</li> <li>Congress passed a \$2T stimulus package with multiple beneficiaries (i.e., consumers, large/small bus, gov’ts)</li> </ul>
3 State of the Marketplace	<ul style="list-style-type: none"> <li>New data has confirmed the magnitude of the shift in visitation from away from home to at home food and beverage consumption.               <ul style="list-style-type: none"> <li>NPD transaction data and Numerator HH Panel capture a rapid deceleration in restaurant visitation. Crest reports a -36% decrease in weekly transactions vs. YA, with the largest decrease seen in Midscale (-73%) and Casual Dine (-67%)</li> <li>As of w/e 3/15 (two-week lag), we observe significant <b>increases in retail trips (+15% LS and +21% SS)</b> vs. pre COVID-19. We also observe significant <b>declines in FSR visitation (-18%)</b></li> </ul> </li> <li>Impacts to off-premise FSOP is still unclear. Many companies are expanding workforces to enable off-premise fulfillment, but consumers express concerns with deliveries and ordering</li> </ul>
4 State of the Customer and Consumer	<ul style="list-style-type: none"> <li>Retail and dining establishments are confronting the challenges through a myriad of actions.               <ul style="list-style-type: none"> <li>Rapid deployment of <b>preventative measure</b> seek to <b>reduce the risk of exposure</b>.</li> <li>Timely <b>community assistance/ subsidies</b> help ease the burden on <b>first responders and vulnerable citizens</b>.</li> <li><b>Critical relief measures</b> have been extended to <b>help employees and franchisees</b>.</li> </ul> </li> <li>Many <b>consumer behavior changes reported</b> increased levels of social distancing, fewer visits to friends/relatives <b>and more self-quarantined (53%)</b>; this is causing many to experience “first time” activities (online grocery, extended work-from-home, RDIs)</li> </ul>

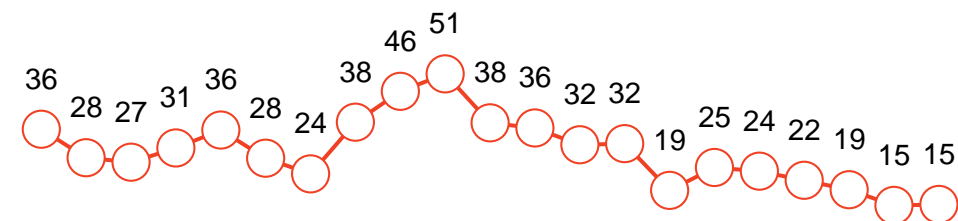
# U.S. currently has more confirmed patients than anywhere else in the world, rate of diagnosis growth starting to slow

## # Confirmed Diagnoses by Day since 100<sup>th</sup> Diagnosis

Data as of 3/31 @ 3:00pm



## Day over Day Rate of **U.S. Diagnosis Growth**



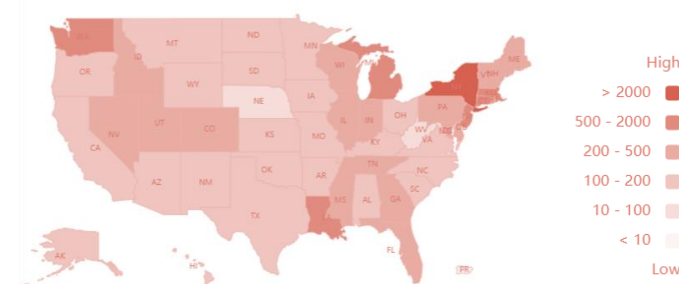
11-Mar

31-Mar

U.S. confirmed cases now doubling every ~5 days

## Heat Map of U.S. Confirmed Diagnoses

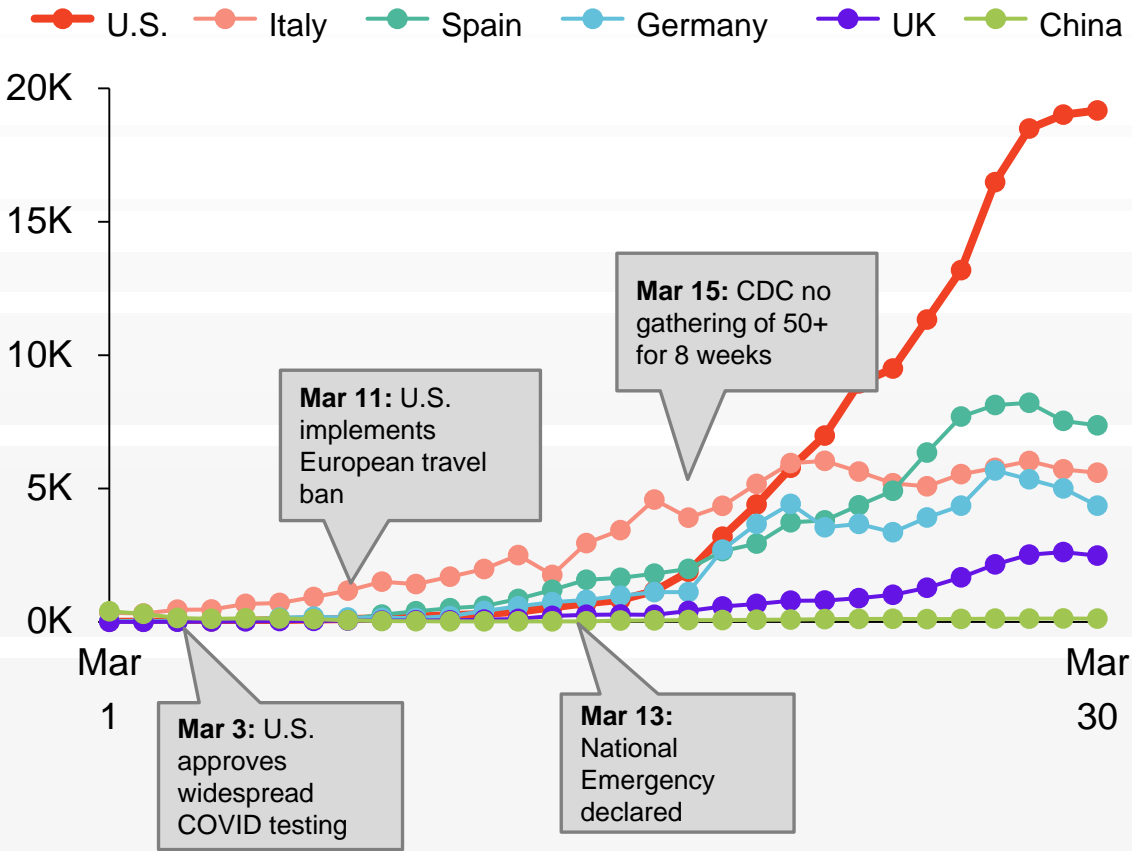
[Click here for real-time updates](#)



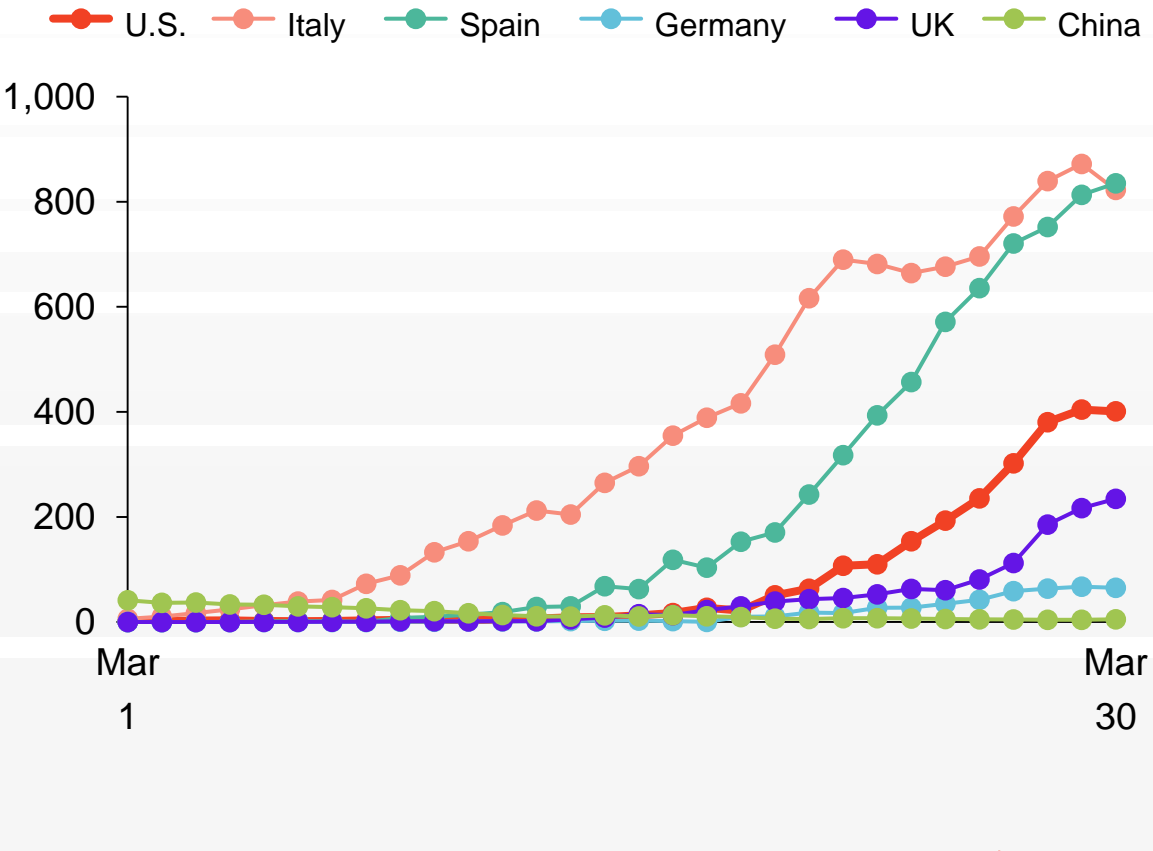
NY and NJ have roughly 50% of the total U.S. patients

# U.S. leads the world in rate of new positive diagnoses, but Spain and Italy continue to post the highest virus-related deaths

Daily New **Confirmed Patients**: *Rolling 3day Avg*

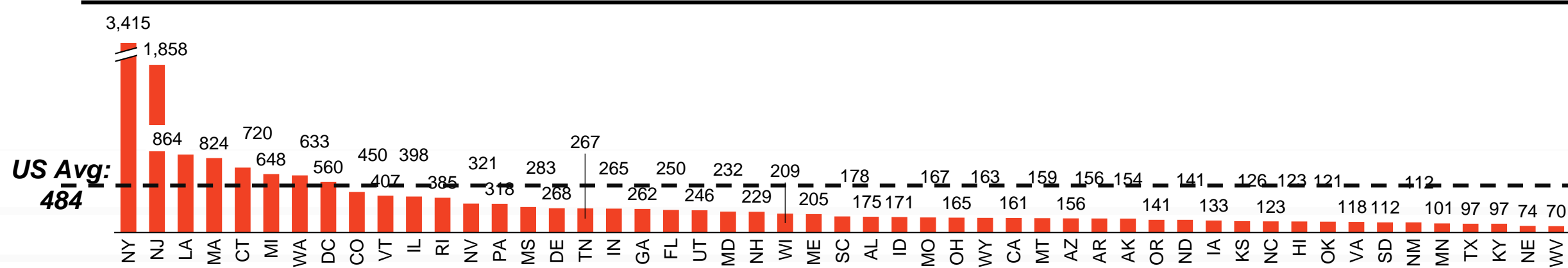


Daily New **COVID Related Deaths**: *Rolling 3day Avg*

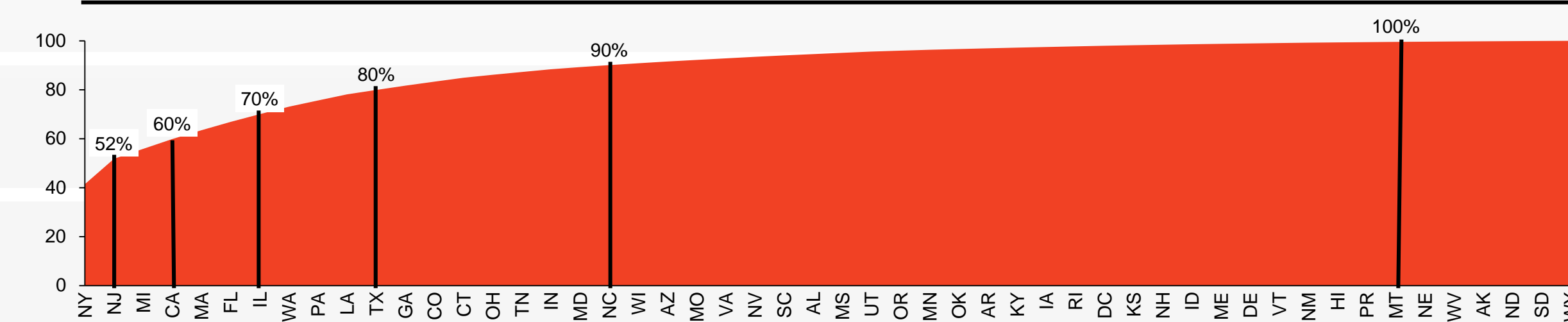


# 8 states have above average COVID-19 diagnoses per 1M people; >50% of total diagnoses are in NY+NJ

COVID-19 Diagnoses / 1M People by State

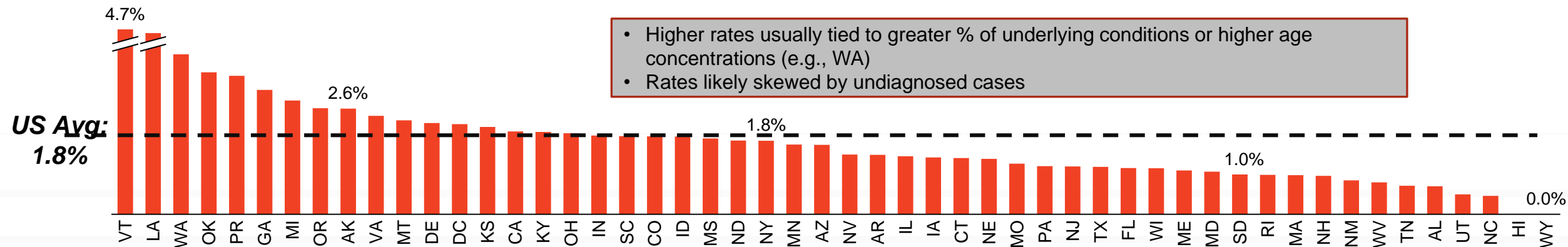


COVID-19 % of Total US Diagnoses by State (as of 3/29/20)

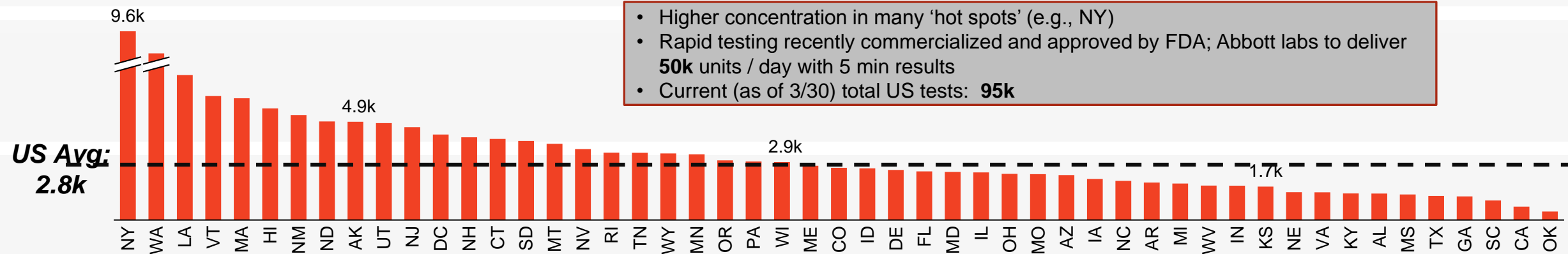


# Death rates by state are more distributed; tests rates vary widely with may concentrated on current “hot spot” states

## COVID-19 Deaths / COVID-19 Diagnoses by State (Death Rate)

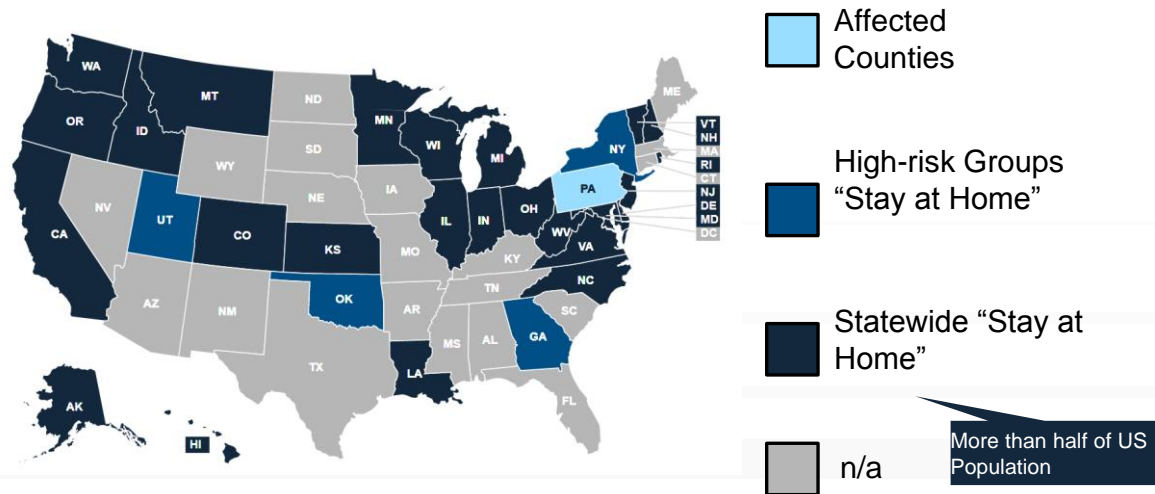


## COVID-19 Tests / M by State (Test Rate)

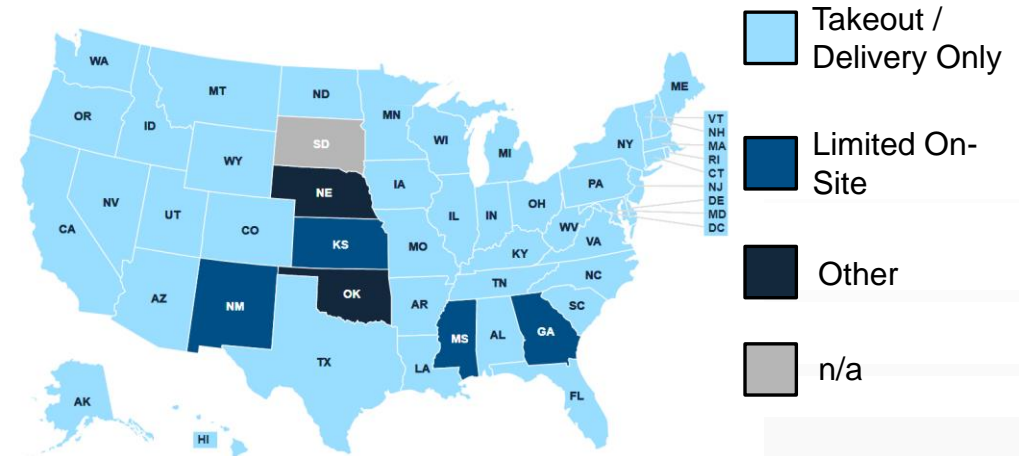


# As U.S. diagnosis volume explodes, states are continuing to expand preventative actions

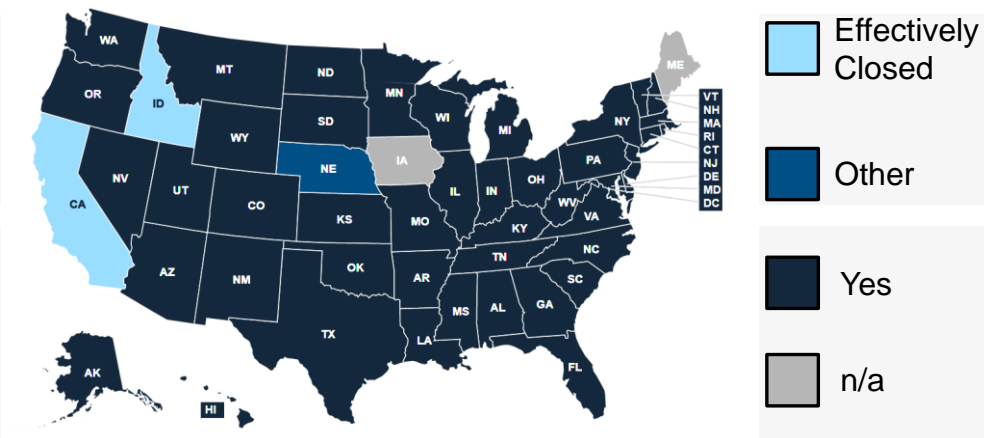
## Mandatory Quarantines



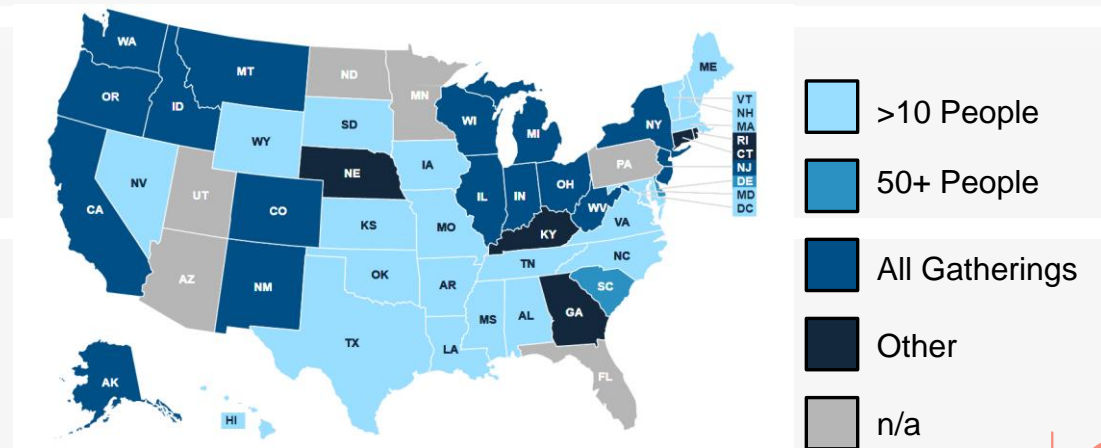
## Bar/Restaurant Limits



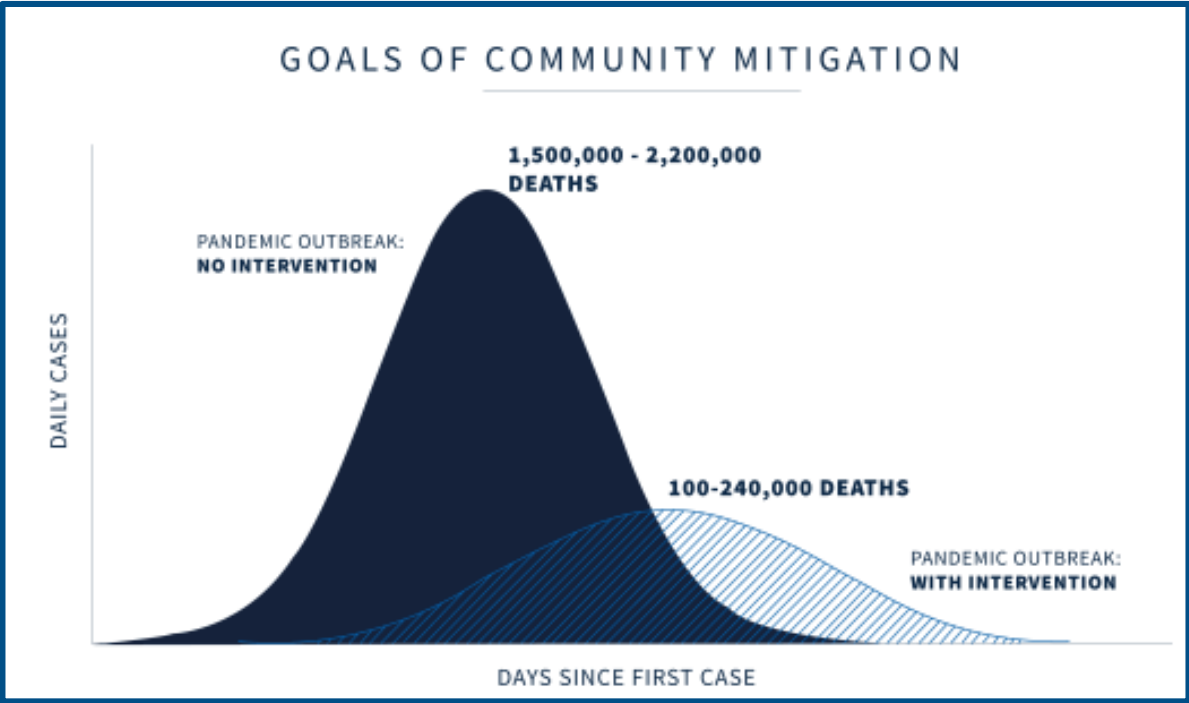
## State Mandated School Closures



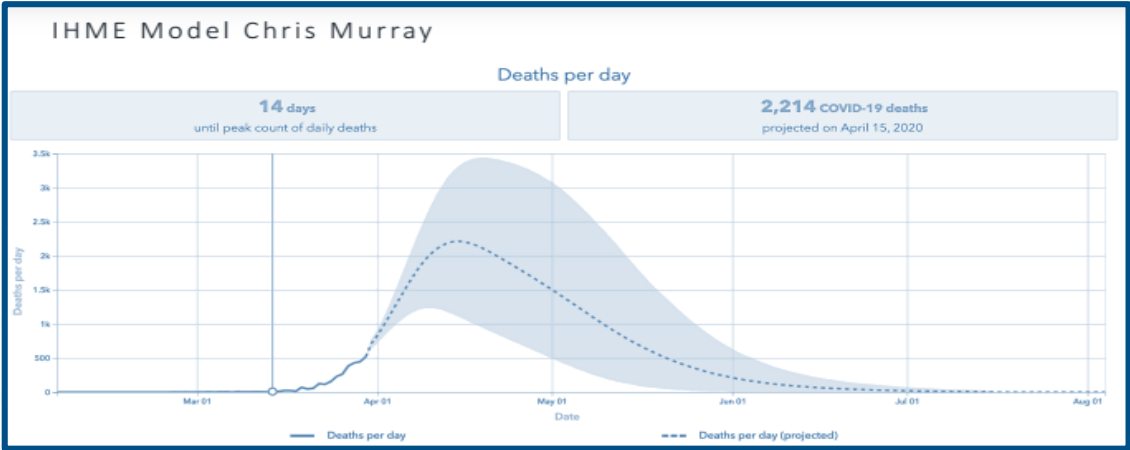
## Large Gathering Bans



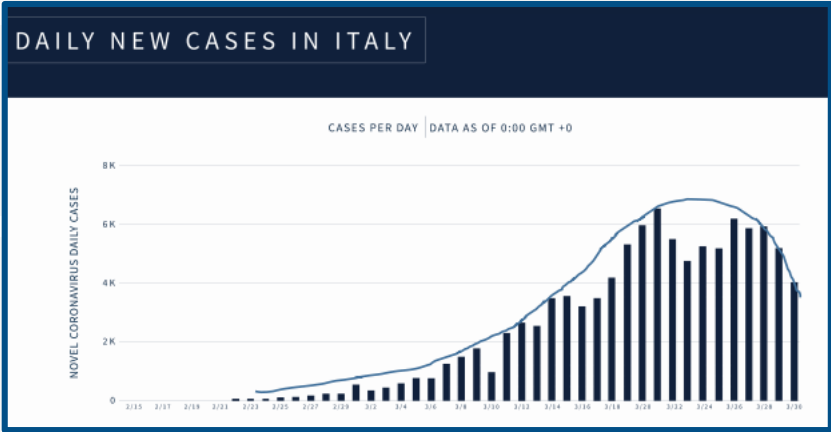
# U.S. government projecting between 100K to 240K U.S. COVID-related casualties, far less than expected without social distancing measures



Social Distancing and other prevention measures have the ability to dramatically reduce the human cost of this crisis by ~90% vs. “doing nothing”



IHME model cited which predicts peak U.S. death & utilization of medical resources around April 15<sup>th</sup>



“Light at the End of the Tunnel” as Italy case volume continues to recede



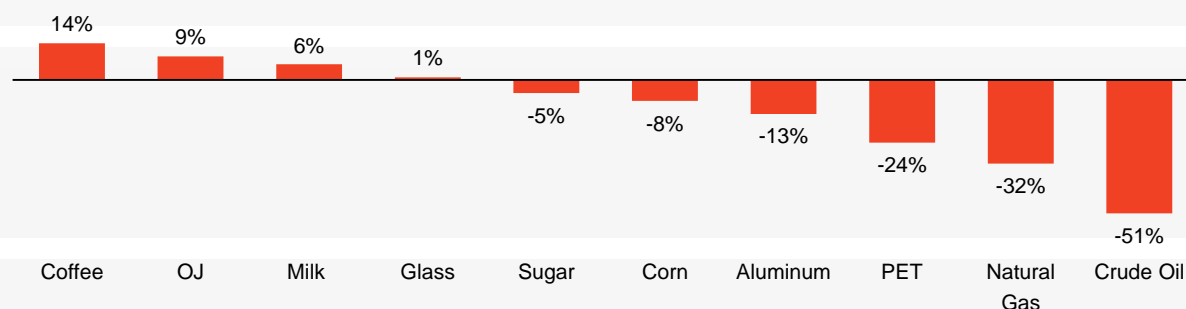
# Analysts and economists projecting a severe pullback in Q2; different scenarios for pace of recovery

## GDP Scenarios

- **Bank of America (3/19) / Evercore ISI (3/20):**
  - Expect US to enter a recession, with forecasts for **negative US GDP growth in 2Q20** (-20% YoY)
  - Beyond 3Q, the recovery to accelerate gradually in 4Q (-4.5% YoY) which aligns with the 1990 and 2000-2002 recessions rather than a more “V-shaped” recovery post 2008/2009
  - **Recession risk** coincides with COVID-19 gaining more traction around the globe and within the US

## Falling Commodity Costs Tailwind to Margins (Jefferies)

Est YoY Commodity Price Changes in 2020 (Current Spot Rates)



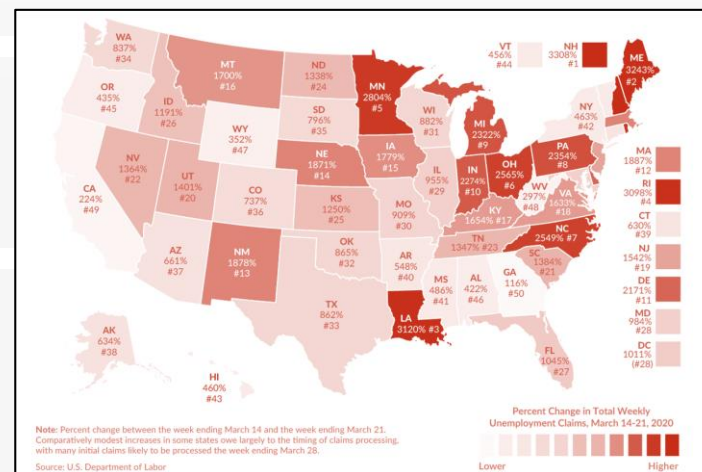
- Commodities expected to be a tailwind to gross margin across most CPGs
- Uncertainty on how much this tailwind can offset lower demand (some with high margins) and fixed cost deleveraging

## Labor and Employment

- **Unemployment Claims:** after historic increase to 3.28M weekly unemployment claims, economists project this week's number could total 4-5M
- **March Payroll / Unemployment Update:**
  - Slated for release on Friday (4/3), many expect monthly Bureau of Labor Statistics (BLS) report to lag the full impact of COVID-19
  - Most forecast call for the unemployment rate to climb to 4.5% from a 50-yr record low of 3.5%, but the rate increase could be even more muted

## WoW % Change in Unemployment Claims

March 21 vs. Mar 14, 2020



- Significant weekly jump in jobless claims
- Higher increases in LA, MN, NC, OH

Sources: (1) Bank of America (Spillane), "Adapting to a Changing Market" (3/19)

(2) Evercore ISI (Ottenstein), "Global Beverages" (3/23)

(3) Credit Suisse (Garjawala), "COVID-19 Update: Factors to Watch"

(4) Jefferies (Grundy), "Adj Estimates and Stress Testing for COVID-19" (3/29)

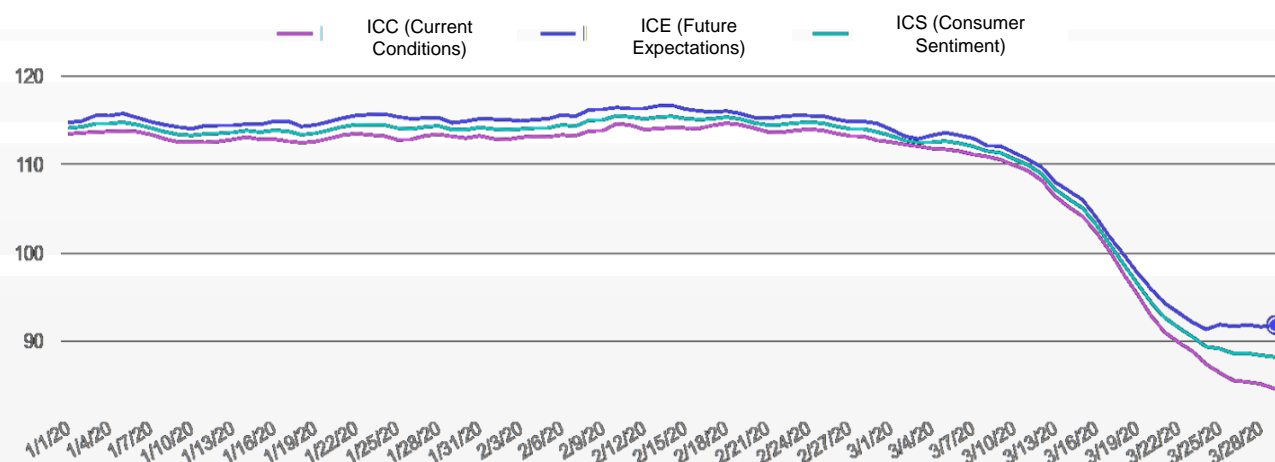
(5) MarketWatch, Economic Preview (<https://www.marketwatch.com/story/the-us-is-sinking-into-recession-but-the-full-scope-of-the-damage-wont-be-visible-right-away-2020-03-28>) 3/28

# Consumer confidence continues to drop – Economy & Financial Impact continue to be top concerns

UPDATED: MARCH 30, 2020; 9:00AM ET

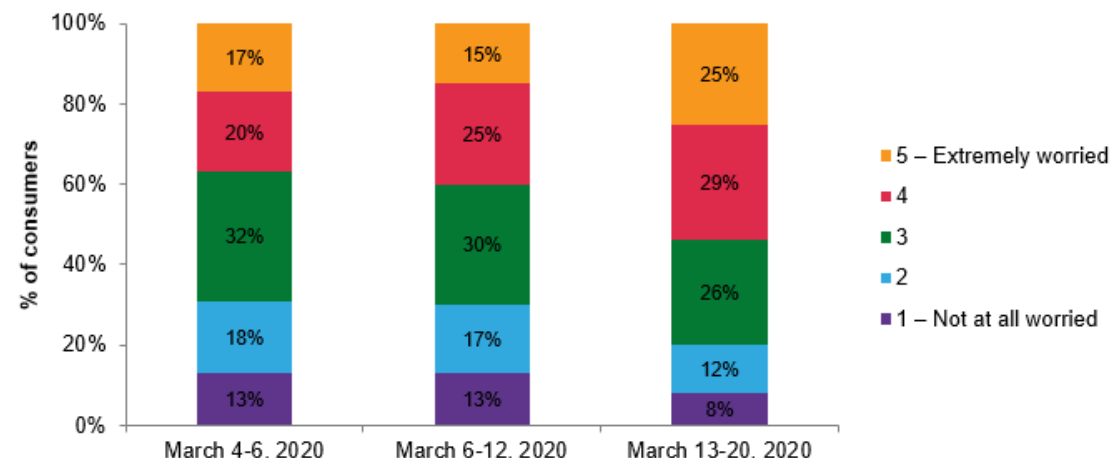
## HOW U.S. CONSUMER CONFIDENCE SHIFTED TODAY

Updating daily to track the impact of coronavirus fears and market turmoil.



Source: [MorningConsult Economic Intelligence, 3/30/20](#)

US: "To what extent are you worried about how the outbreak might affect your lifestyle?," March 2020



Source: Mintel Global Covid Tracker US through 3.20.2020

How worried are you about the effect of the coronavirus on the following things?

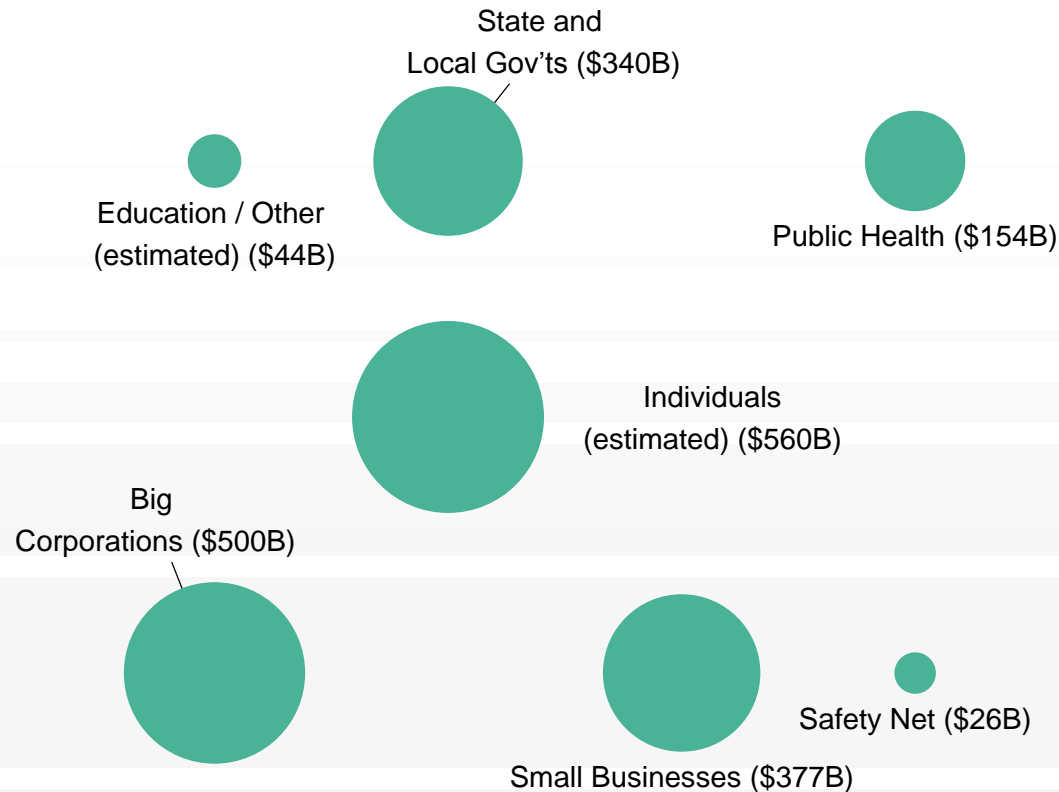
(Extremely/somewhat worried, among 18+)

#1	#2	#3	#4
The national economy	Your personal financial situation	Your financial investments	Your personal health
74%	51%	48%	47%

Source: Kantar US Monitor Covid Survey March 17-20, 2020

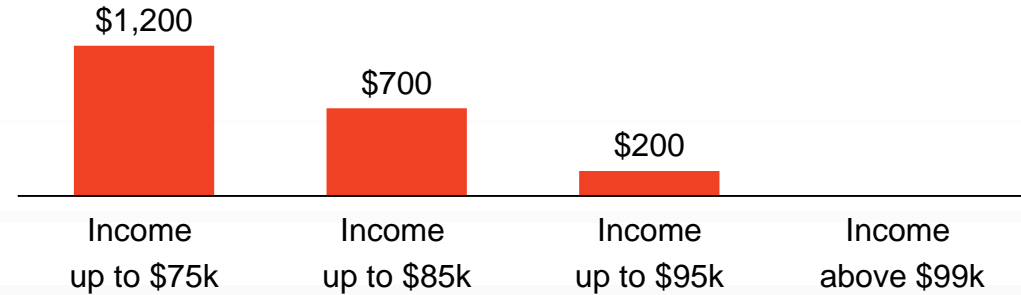
# US Government passes largest ever stimulus package at \$2T; signed into law on 3/27

## Overview of Key Uses of Funds (\$B)



## Detailed Elements

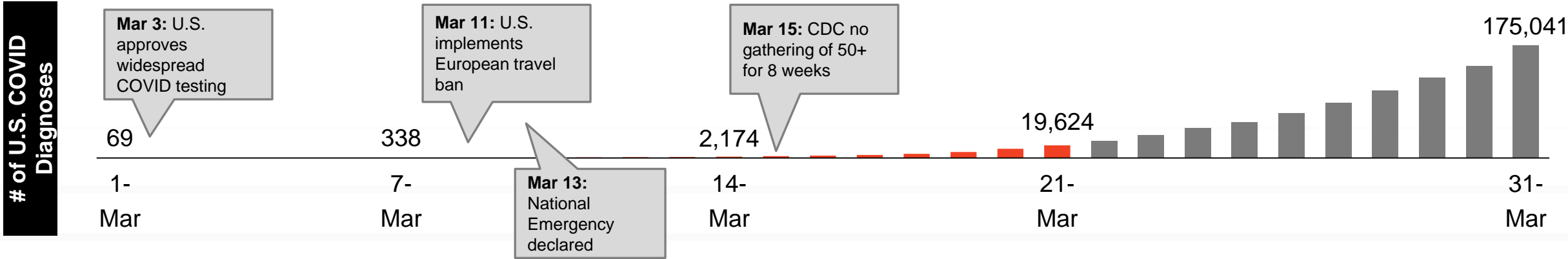
- **One-time relief payments:** Some taxpayers to receive direct government payments of up to \$1,200 / person:



- **Unemployment benefits:**
  - The law also provides for extended unemployment benefits in every state (up to \$600 / week for 4 **months**)
  - Benefits may also be extended beyond normal timeframes of ~12 weeks (varies by state)
- **Corporate relief:**
  - Lawmakers set aside \$17B in loans and guarantees for companies “essential to national security” (e.g., Boeing)
- **Other Notes:**
  - Student loan payments suspended without penalty through 9/30
  - Independent contractors and “gig” workers eligible for federal aid
  - Protections against foreclosures and evictions
  - \$450M for the Emergency Food Assistance Program (part of safety net in addition to \$15.5B to SNAP and \$9B for school nutrition)

Sources: (1) IHS Markit; Daily COVID-19 Roundup (3/26)  
 (2) WSJ, “Boeing to Emerge as Big Stimulus Winner” (3/27)  
 (3) WSJ, “Unemployment Benefits: What to Know About the Coronavirus Relief Package” (3/27)  
 (4) CNN, “Senate approves historic \$2 trillion stimulus deal amid growing coronavirus fears” (3/26)  
 (5) CNN, “What’s in the \$2 trillion coronavirus stimulus bill” (3/26)  
 (6) NPR, “What’s Inside the Senate’s \$2T Coronavirus Aid Package” (3/26)

# There is a time lag to the data on how our marketplace and our consumers' behaviors are changing



Numerator Panel

Available up to 3/14  
(Ecommerce additional 2 week lag)

N/A



CREST

Available up to 3/21

N/A

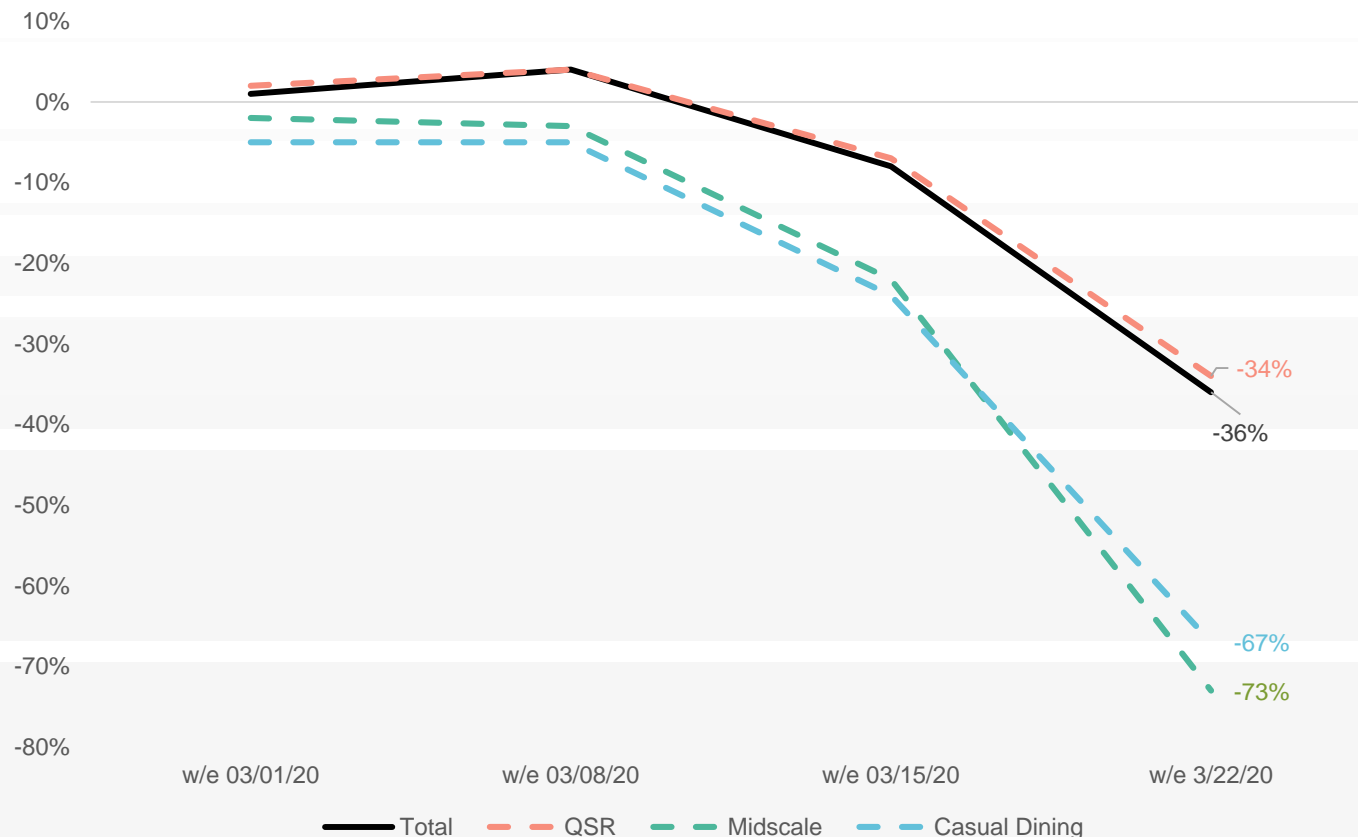


Consumer

Various points of insight with differing time lags

# We are now beginning to see the full effects of social distancing, self-quarantine, and restaurant closures on restaurant traffic.

## Weekly Restaurant Transactions: Change vs. Yago



### Channel Notes:



70% of **QSR** trips historically are off-premise, shielding the channel from the sharp downturn experienced in FSR.

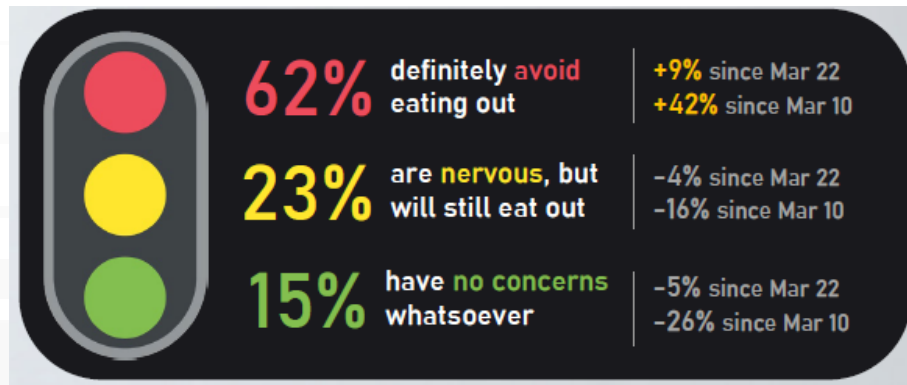


**FSR**, long attributing over 80% of occasions to dine-in, saw transactions decline greater than 65%.

At this point, 620K of the 660K outlets in the NPD ReCount database are facing some level of restrictions, with most prohibiting on-premise sales altogether.

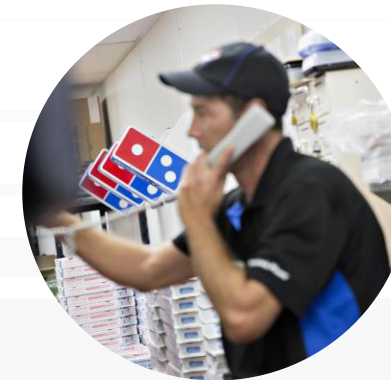
# Uncertainty remains with respect to the full impact of the pandemic on off-premise foodservice occasions.

Consumers cite concern with dining out overall, inclusive of off-premise occasions...



Source: Datassential; Research fielded 3/25

...but delivery focused concepts continue to ramp up hiring practices.



Domino's announced plans to hire 10,000 workers – including delivery drivers, pizza makers, customer service, managers, and truck drivers in response to COVID-19. Delivery accounts for about 55% of Domino's orders.

Source: CNBC; 3/19/20

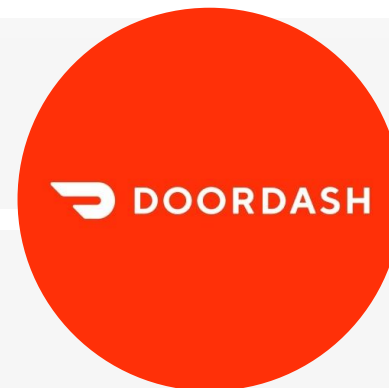
Already struggling with the hygiene risk halo, Foodservice will also have to hurdle the cost barrier of ordering out vs. dining at home as consumers tighten their wallets in anticipation of economic pressure.

RESTAURANTS In the next month which of the following do you think you will do...	Use Much more N=500		Use Much Less N=500		Net More
Use Drive through at restaurants	15%	+	20%	=	-5%
Use take out at restaurants	8%	+	18%	=	-10%
Order delivery directly from restaurants	4%	+	18%	=	-14%
Use a delivery service	4%	+	22%	=	-18%

Source: IMI; Research fielded 3/20-29

DoorDash announced plans to waive sign-up fees for interested restaurants and hire furloughed restaurant employees as Dashers.

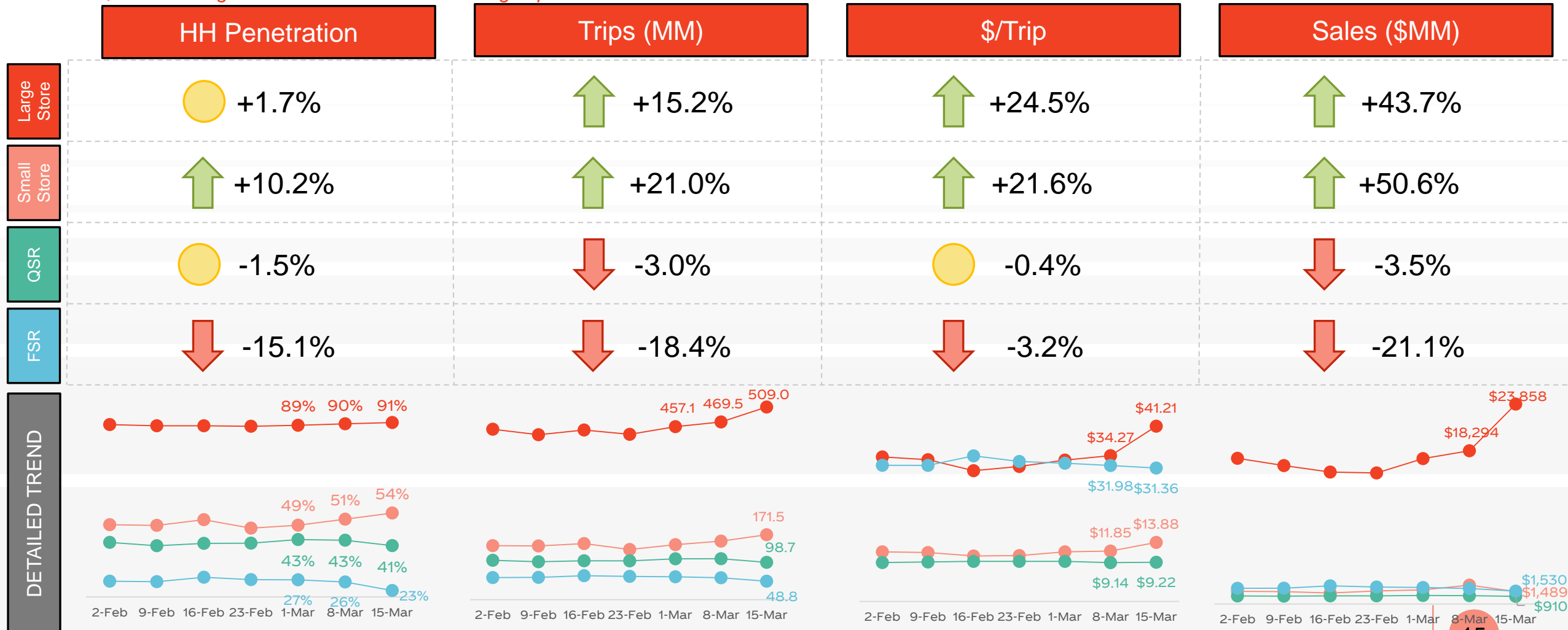
Source: Fox6Now, 3/17/20



# Trips, Spend, and Sales accelerated for B&M retail for in the initial week of the pandemic (ending 3/15) while foodservice experienced the initial decline.

## Shopper Metrics: % Change vs. pre COVID-19 8 week average (1/6-3/1)

Numerator; week ending 3/15/20 – Note: 2 week data lag to present



Source: Numerator Panel Weekly Data

Note: eCommerce data is on an additional 2 week lag.  
COVID-19 related reporting will begin next week.



# Retail and Foodservice chains responses to COVID-19

## PREVENTION

RBI restaurants taking employee's temperatures at work.

Source: [Business Insider, 3/31/20](#)

## SUBSIDY/PROMOTION

Dollar General offering discount to frontline workers

Source: [WABI, 3/30/20](#)

## COMMUNITY + CREW

Chipotle, Starbucks, Target, Albertsons among chains offering wage increases to workers to offset risk.

Source: [Fox Business News, 3/27/20](#)

Walgreen's expands drive thru to include essential non-prescription items.

Source: [Yahoo Finance, 3/27/20](#)

Jimmy John's selling their bread in response to retail shortage.

Source: [Inspire Brands, 3/26/20](#)

Subway, McDonald's, & Qdoba among QSRs offering franchisee relief packages

Source: [NRN, 3/20/20](#)

Numerous grocers installing plexiglass barriers at the checkout.

Source: [GroceryDive, 3/25/20](#)

Krispy Kreme offering free doughnuts to healthcare workers.

Source: [NYPost, 3/30/20](#)

Amazon pledges funds for COVID-19 test kit deployment.

Source: [Geekwire, 3/26/20](#)

rbi restaurant brands international

Tim Hortons



DOLLAR GENERAL



QDOBA MEXICAN EATS



SUBWAY





# As a temporary new reality solidifies, labor concerns emerge in both Retail and eCommerce

Anxieties related to the epidemic are shared across frontline workers – a group now inclusive of labor across the medical field, as well as grocery, eCommerce, and city works officials

“On Monday, a contingent of workers who fulfill orders for the grocery delivery service **Instacart** stayed off the job, demanding **greater pay** and better access to **paid leave** and **disinfectant**.”

Thousands of the company’s 200K employees were refusing to report on 3/30. The company denied any impact from the walkout, adding that there was a 40% lift in shoppers over the prior week.

Source: [NY Times, 3/30](#)



**Whole Foods** employees called for a “sick out” on 3/31 asking for **guaranteed paid leave**, **healthcare** for part-time/seasonal workers, increased **FSA funds**, **double pay** for hazardous situation, adequate **sanitation equipment**, and **shutdown of any location** where a worker tests positive.

🚩 MARCH 31st 🚩

We will be staging this sick out earlier than initially planned. Whole Foods employees are already getting sick. We must act NOW.

On March 31st, DO NOT GO TO WORK. Whole Foods has temporarily relaxed its strict attendance policy, which means that team members can participate in this act of protest without fear of reprisal. We encourage all retail workers at other companies to join us in this act of solidarity.

Source: [Coworker.org Petition](#)

*“I don’t mean to equate grocery store workers with health care workers, but there is a feeling that **grocery workers are important during this crisis and it feels frustrating not to be supported.**”*

*-Sarah Brazier, Instacart Shopper*



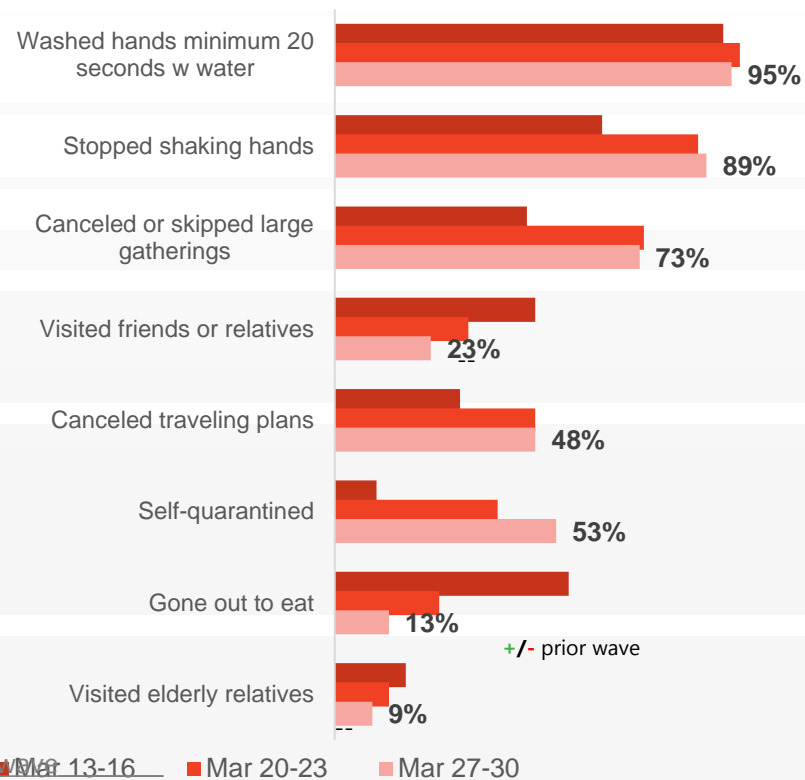
Workers **walked out** of a Staten Island **Amazon** warehouse after the company **refused to shut it down** after a worker tested positive. The employee who organized the walkout has been terminated.

Source: [CNN.com, 3/30](#)

# Impacts to behavior continue; consumers begin to feel the changes at work and home

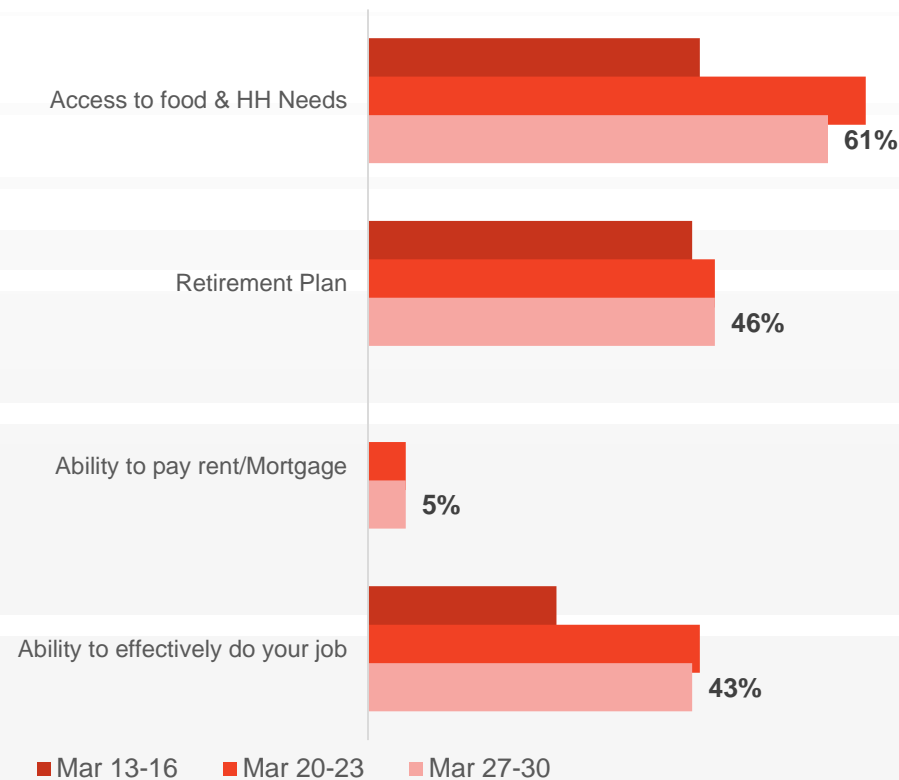
## Impacts of Coronavirus

Q. Have you done the following in the last week?



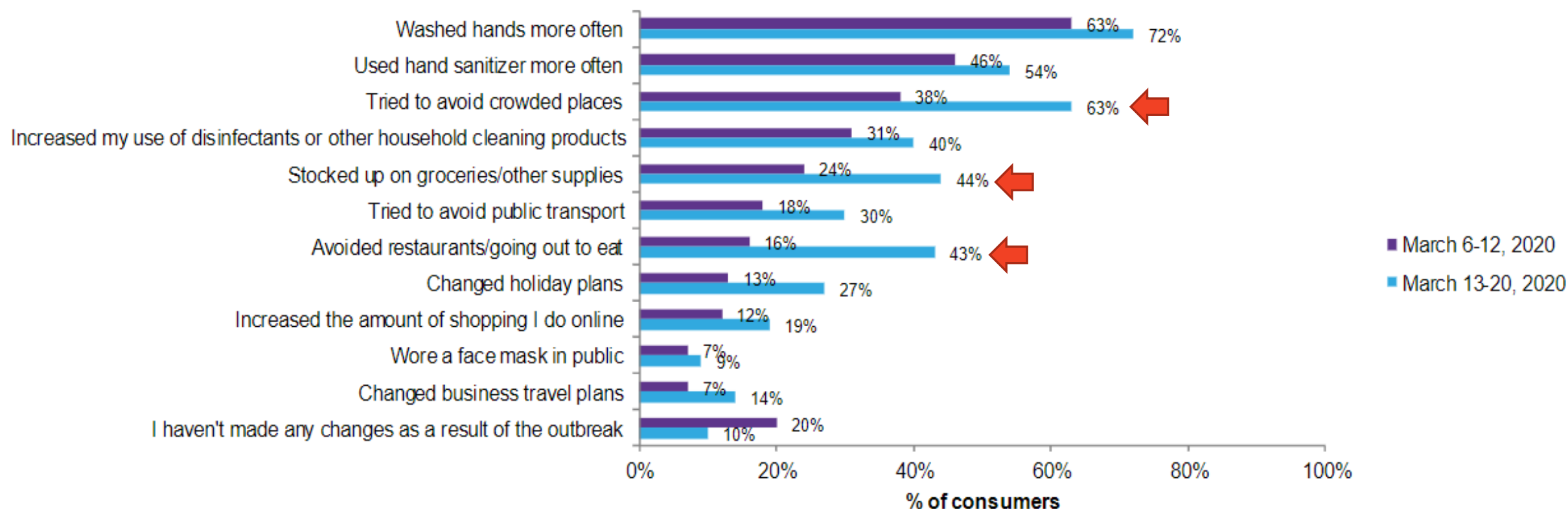
## Gotten worse in the last few weeks

Q. How have the following changed in the last few weeks?



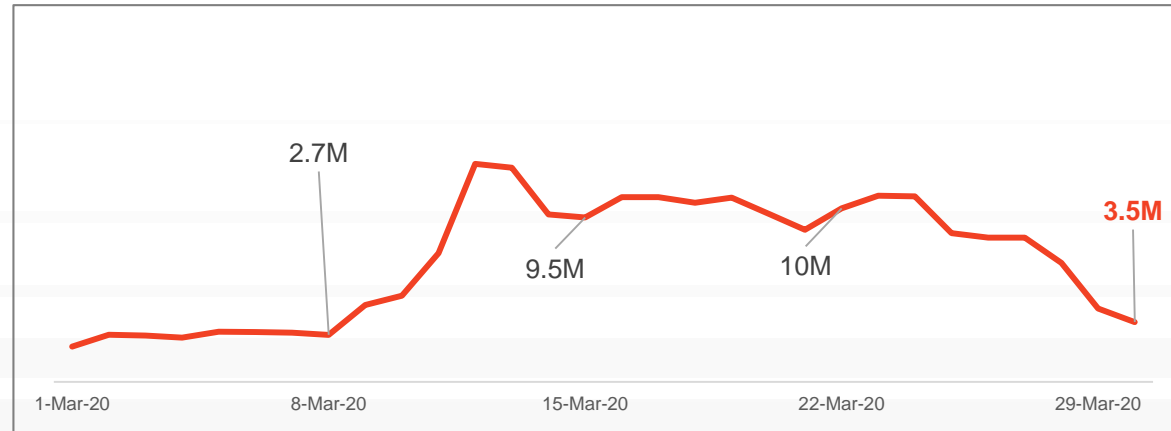
# As the crisis continues, calls for Social Distancing seem to be having a significant impact on behavior

US: "Have you or your family made any changes as a result of the COVID-19/coronavirus outbreak? Please select all that apply," March 2020

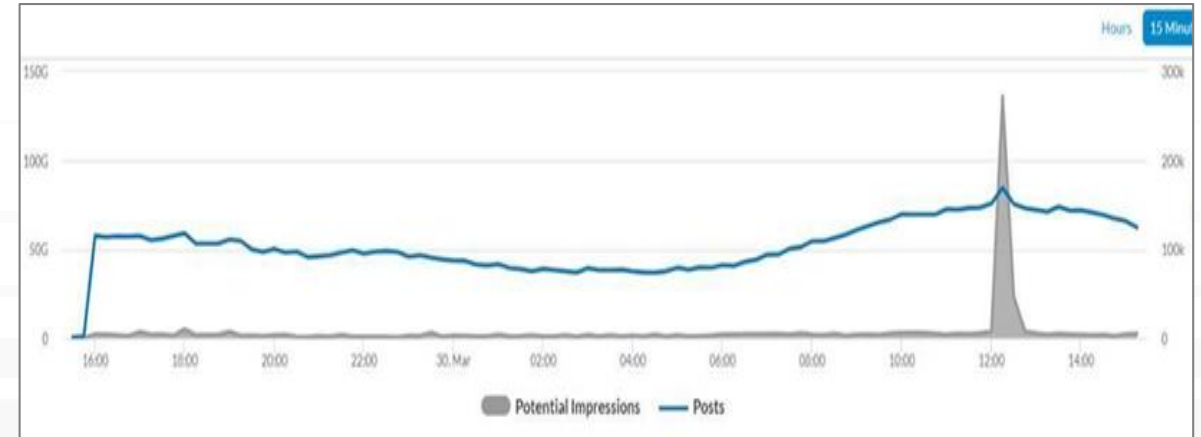


# While the overall post volume has seen declines, key contributors remain users >55yrs old

## Daily Post Volume



## 3/30 24hr Post Volume



**Key Metrics:** While the weekend conversation remains lower than the weekday convo, we continue to see consistent post volume DoD.

Over the last 24 hours, there have been 10 million total Coronavirus posts (a 13% decrease since Friday's 11.5 million posts and a >200% increase since yesterday's 3 million [again, weekend]).

**Users over 55 years old remain the most communicative group** for the Coronavirus, likely due to their susceptibility to the virus.

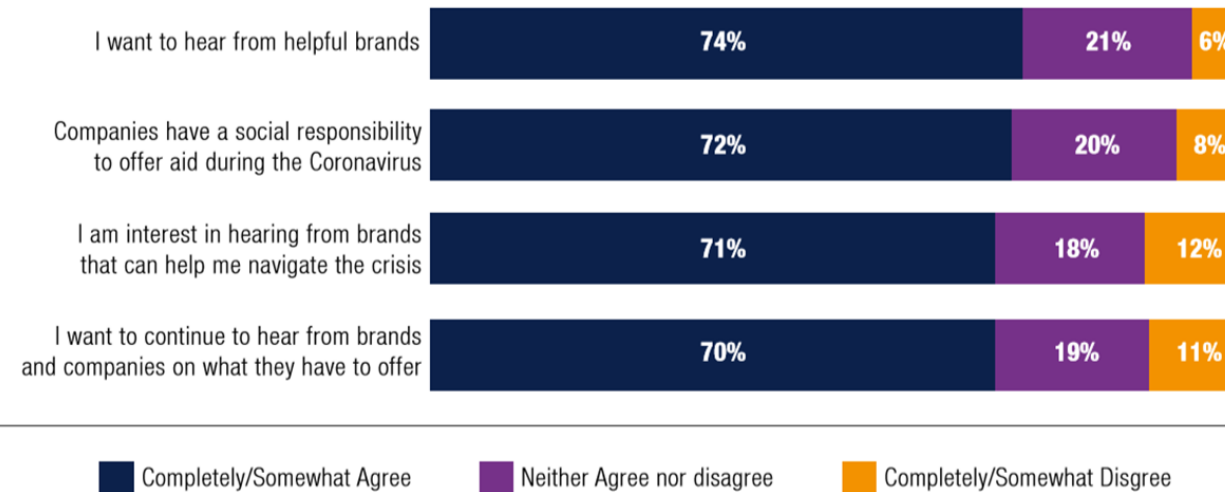
TCCC brands' percent of the conversation did increase slightly from both Friday and yesterday. TCCC Brands now make up 0.017% of all English Coronavirus posts (an increase of 0.008% from Friday).

3/30/2020 Top Brands for the Coronavirus convo include:

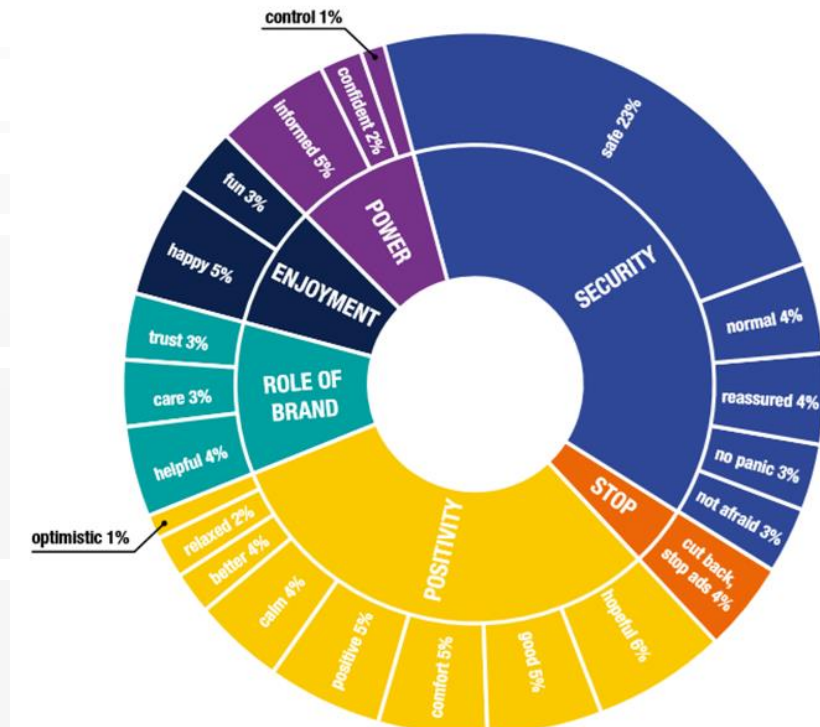
- 1—Liberty University with 0.4% of the conversation
- 2—Amazon with 0.3% of the conversation
- 3—Instacart with 0.2% of the conversation

# Consumers are listening for helpful brands and want to be offered Reassurance & Positivity

What do people want from Brands during the COVID19 crisis?



During the COVID19 crisis, what do consumers want advertising to make them feel?





# Many brands are responding to consumer expectations – being helpful, reassuring

## BRAND OBSERVATIONS

- From beverages to auto, brands are stepping up at this time of crisis
  - Alcohol beverage companies like Anheuser-Busch, Tito's, LVMH, and Brewgel announced they will **begin making hand sanitizer** as hand sanitizers are high-demand product because of the pandemic outbreak
  - Vita Coco will **donate \$1MM to Feeding America and No Kid Hungry to support people affected by the coronavirus outbreak** as sales have increased more than 100% across major retailers as consumers stock up
  - Ford and GM are working to **pivot their factories to manufacture much needed medical supplies** like ventilators
- As more people are quarantined, brands like Bud Light are turning to virtual experiences. Bud Light sponsored the 1st virtual concert on 3/20, “Bud Light Dive Bar Tour: Home Edition” featuring country music star Jake Owen performing from his house, and OneRepublic was also featured for another virtual concert on 3/22.
- Popeyes keyed into how many people stuck at home are relying on streaming services like Netflix to fill their time and take their minds off the pandemic. They launched their “fried chicken and chill” approach on Twitter, giving its Netflix username and password to the first 1,000 people who post photos of themselves on Twitter with the hashtag #ThatPasswordFromPopeyes



Source: [Ad Age](#)  
Source: [Food Navigator USA](#)