



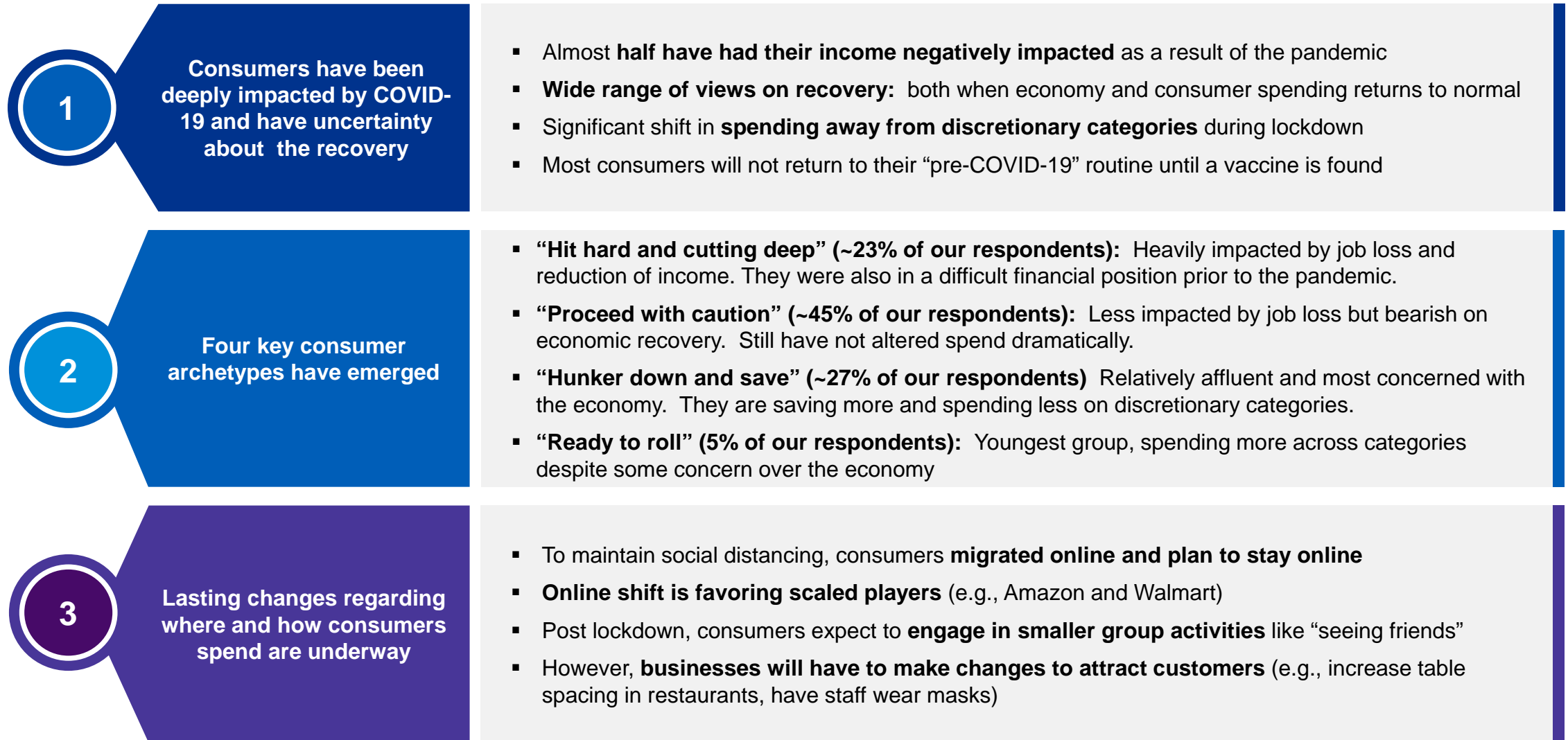
COVID-19 consumer pulse

Consumer & Retail

May 20, 2020



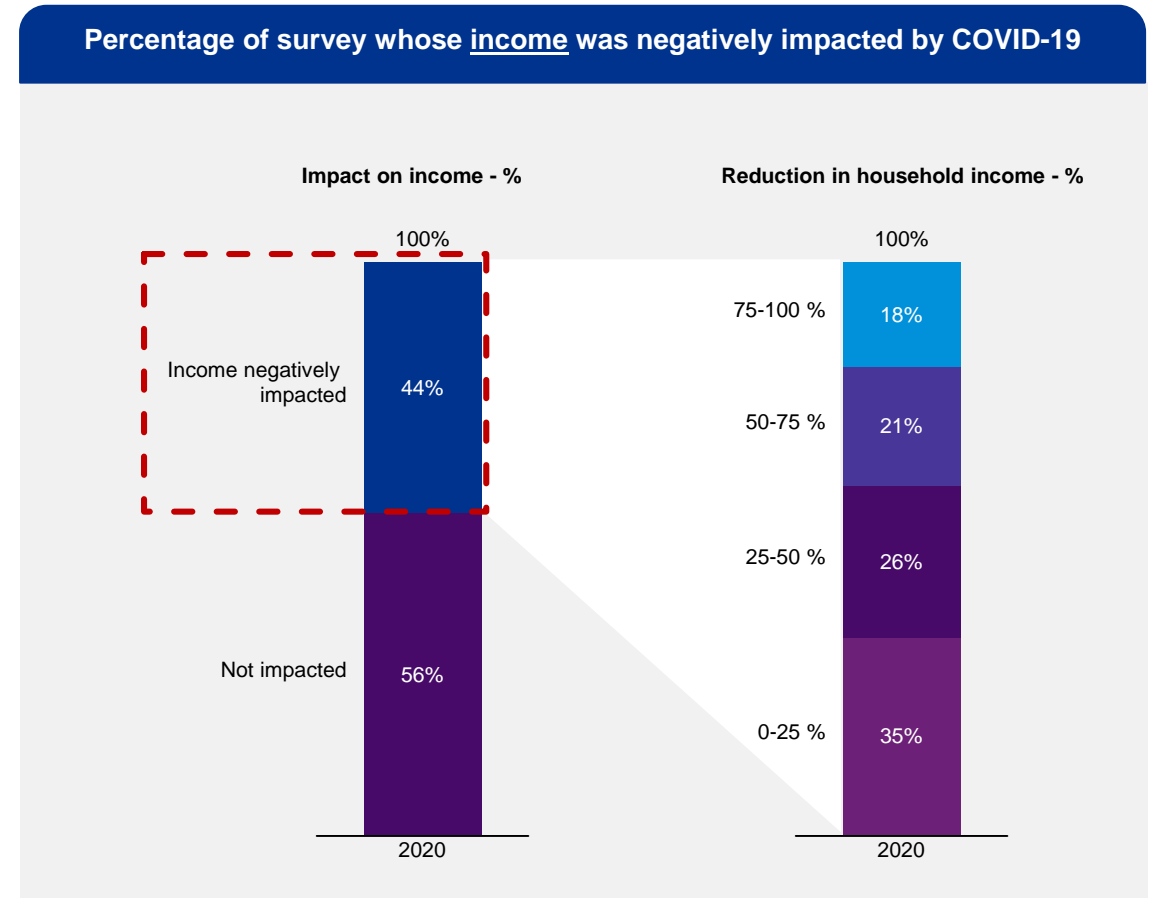
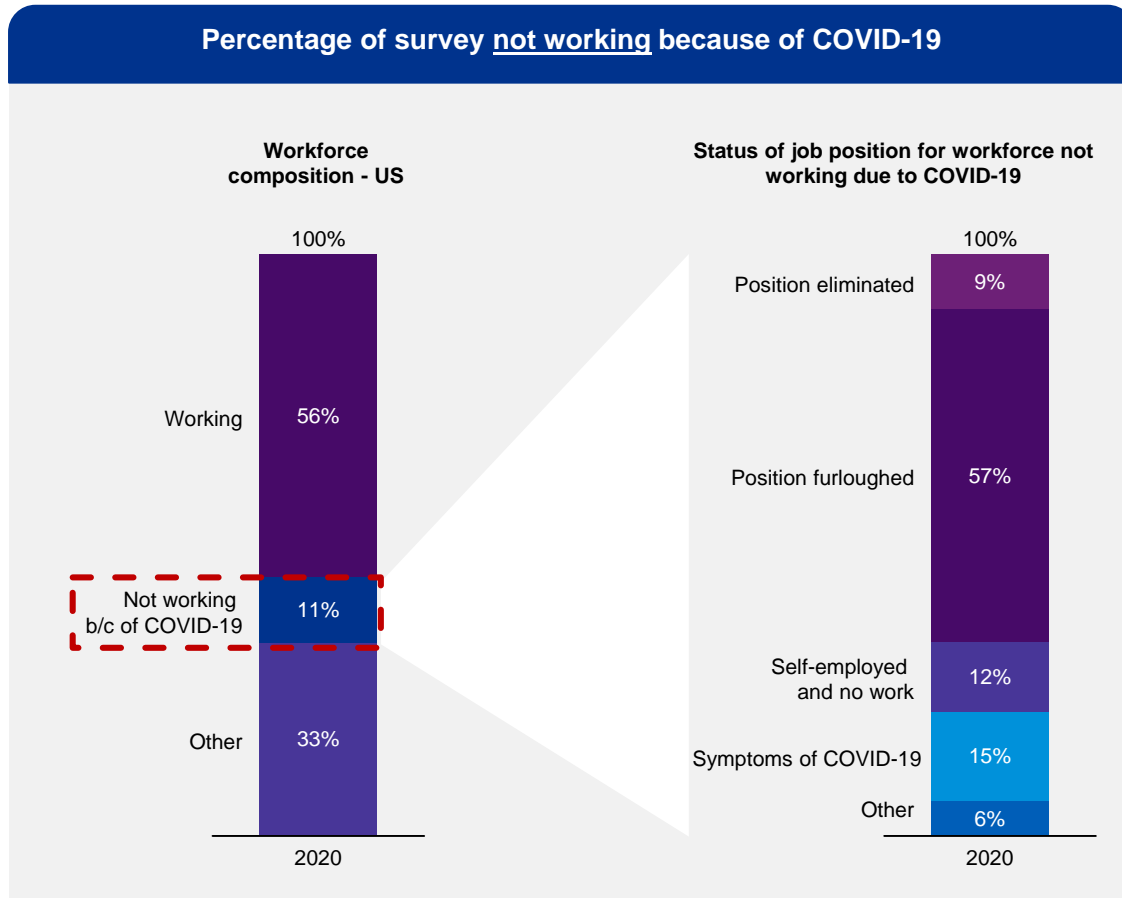
Three key themes from COVID-19 consumer pulse



Consumer impact

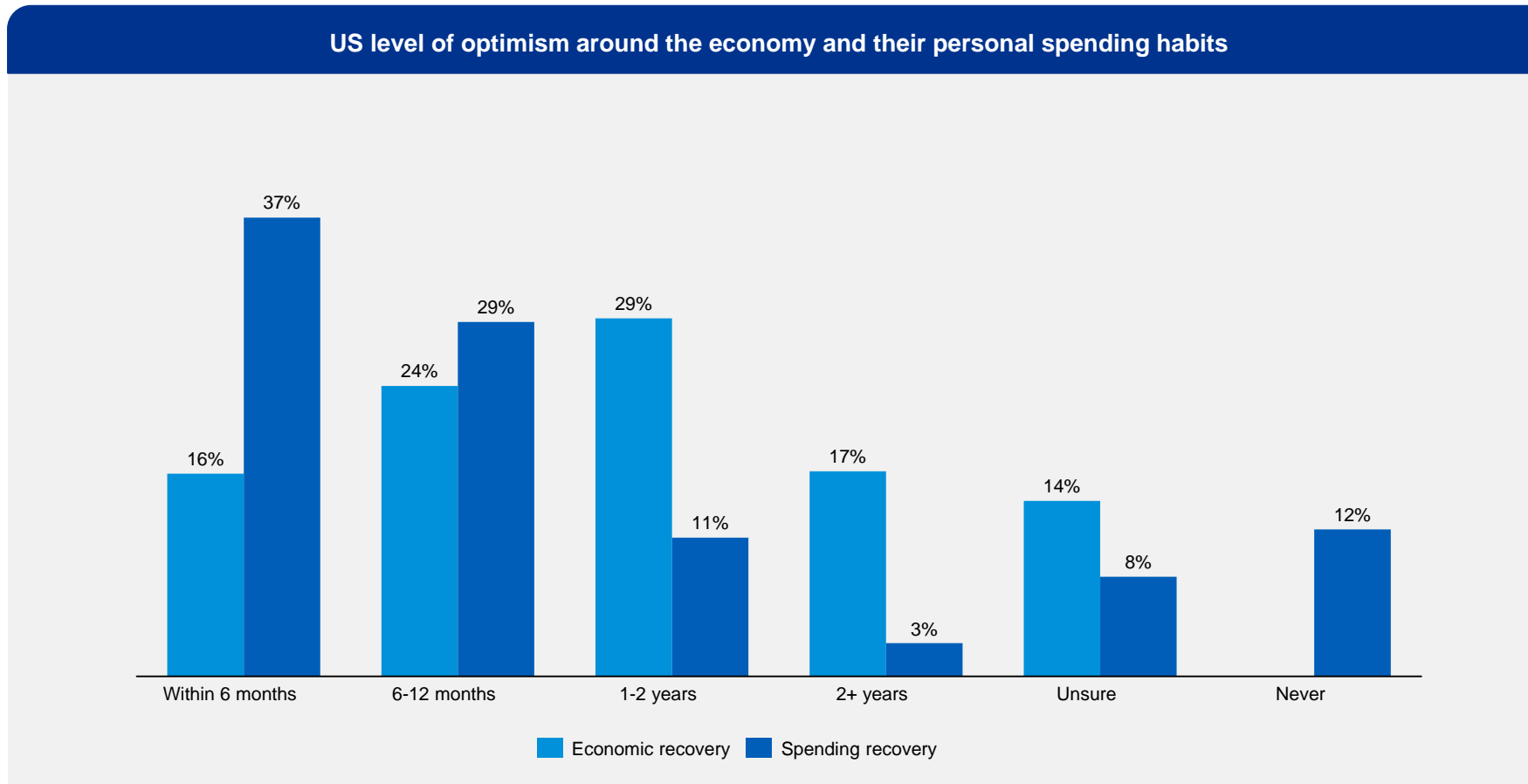
01

We found that over 11% of survey respondents were not working as a result of COVID-19; of the total survey population, almost half had income negatively impacted



Note(s): (a) KPMG conducted a survey of 1,000 consumers across the United States and they were asked the question, "Please describe you current working arrangement" and "Please estimate the percentage reduction of your household income caused by COVID-19"
 Source: (1) KPMG Consumer survey, fielded April 27,2020 – April 30, 2020

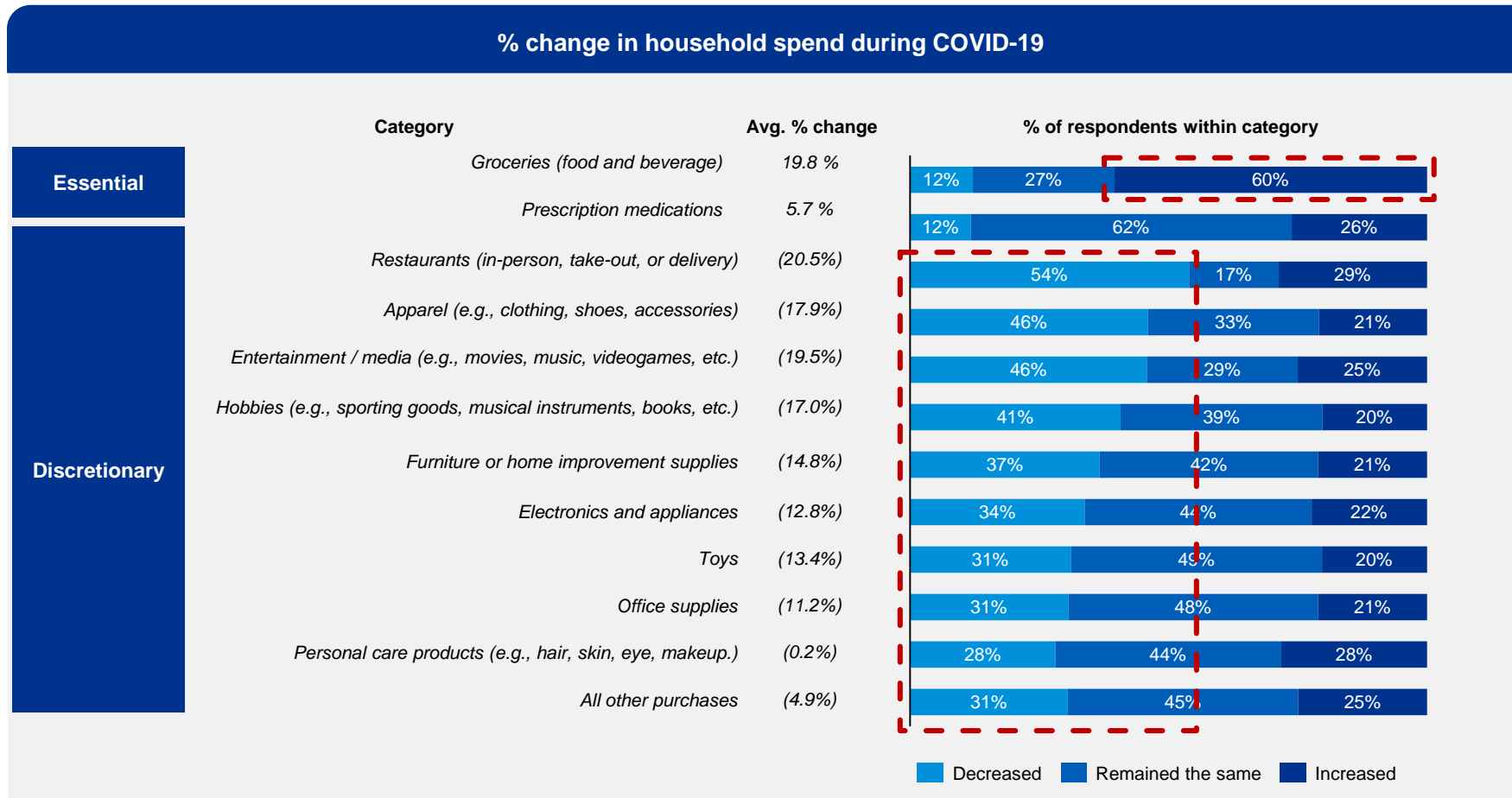
No clear consensus on when the economy and spending will return to normal



- Consumers are less optimistic about a quick economic recovery with the majority believing recovery will happen between 6 months and more than 2 years
- Paradoxically, almost one-third of respondents believe spending levels will return more quickly
- 12% of respondents don't believe spending will ever return to normal

Note(s): (a) KPMG conducted a survey of 1,000 consumers across the United States and they were asked the question, "When do you think the overall economy will rebound to pre-COVID-19 levels?" They were also asked, "If COVID-19 were under control in three months, when do you think your spending would return to pre-COVID levels?" Each bar represents the percent of respondents that chose the timeframe indicated on the x-axis
 Source: (1) KPMG Consumer survey, fielded April 27, 2020 – April 30, 2020

During lockdown, most survey respondents accelerated spend on groceries (food & beverage) at the expense of discretionary categories, with restaurant spending being most deeply impacted



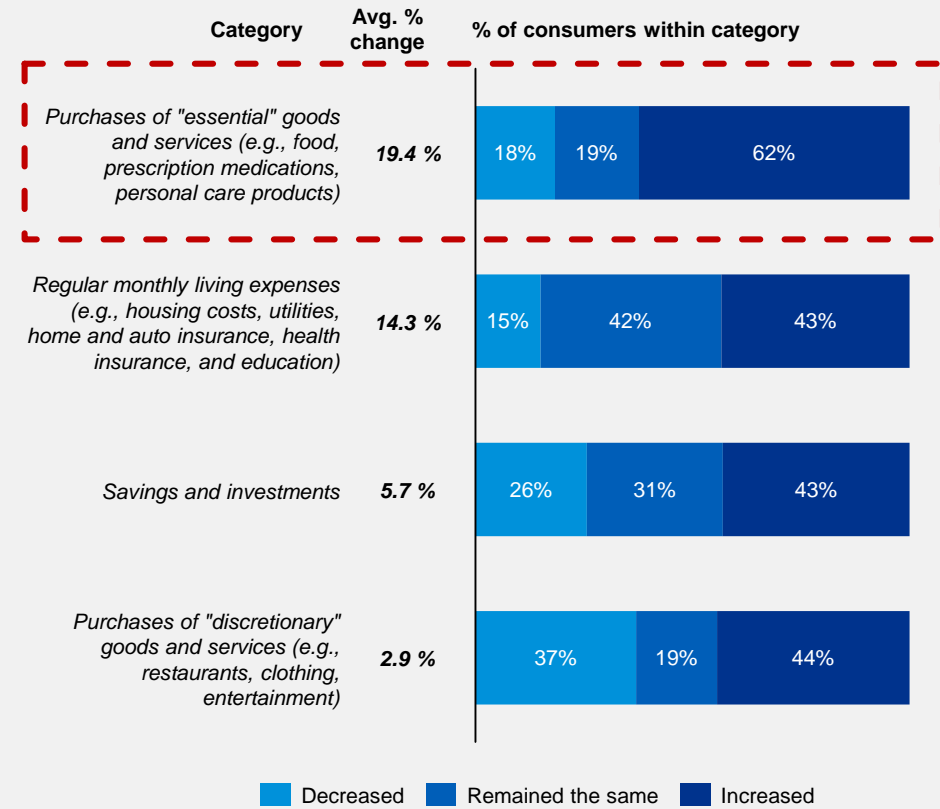
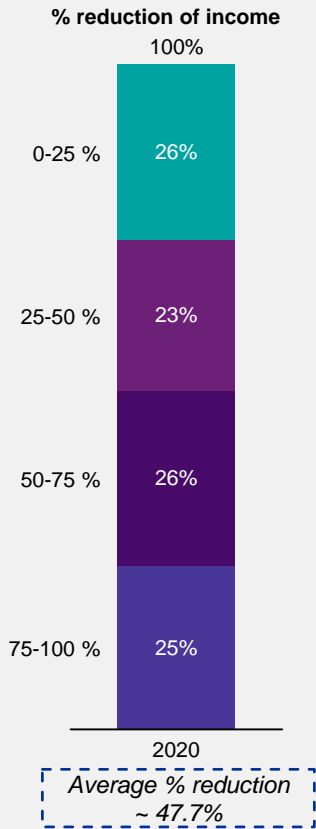
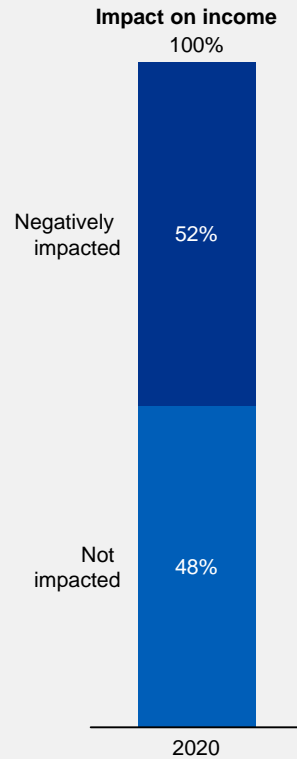
- Approximately 60% of survey respondents say grocery spend has increased, with spend increasing 20% overall
- Approximately 50% of our survey respondents said restaurant spend decreased with an overall decrease in spend of 20%
- Other categories with similar declines in spend include entertainment and apparel, where reductions were 20% and 18% respectively

Note(s): (a) KPMG conducted a survey of 1,000 consumers across the United States and they were asked the question, "How much do you think your monthly household spend on each of the following categories changed during COVID-19?"

Source: (1) KPMG Consumer survey, fielded April 27, 2020 – April 30, 2020

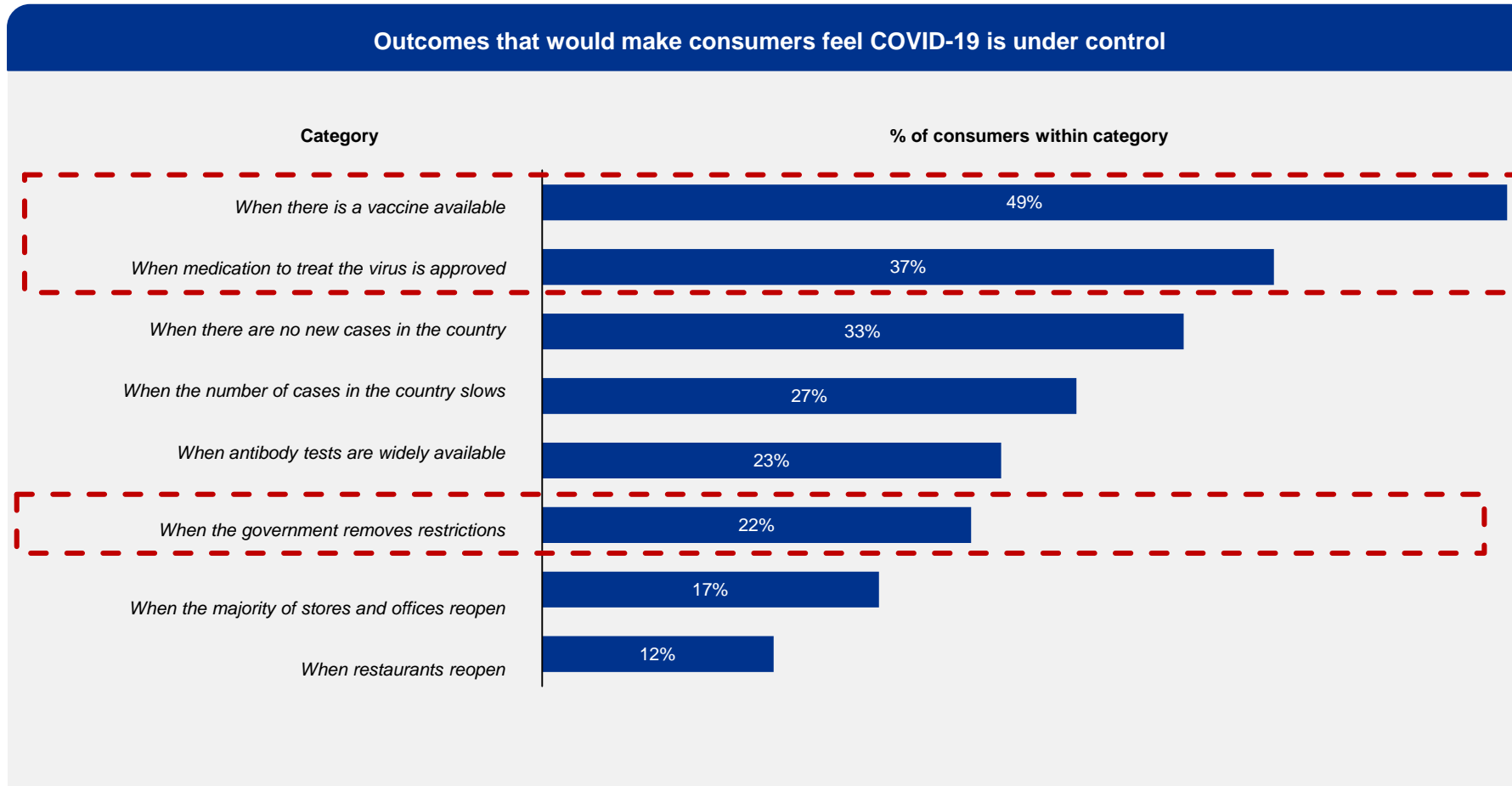
Millennials have been particularly hard hit by the pandemic

Impact of COVID-19 on income and spend for millennials^(a)



Note(s): (a) Millennials include people in the age group of 22-38 (b) KPMG conducted a survey of 1,000 consumers across the United States and they were asked the question, "Please estimate the percentage reduction of your household income caused by COVID-19?"; "How much do you think your monthly household spend on each of the following categories changed during COVID-19?"; "Since the COVID-19 outbreak, how has your monthly household spend changed for each of the following categories?" Source: (1) KPMG Consumer survey, fielded April 27, 2020 – April 30, 2020

Consumers will most likely not return to “pre-COVID-19” levels of activity until there is a vaccine available or when there was a medication made available to treat the virus



- Despite many states relaxing physical distancing protocols, most consumers would not feel comfortable returning to pre-COVID-19 activities until either a vaccine was made available or an effective medication to treat the virus was approved

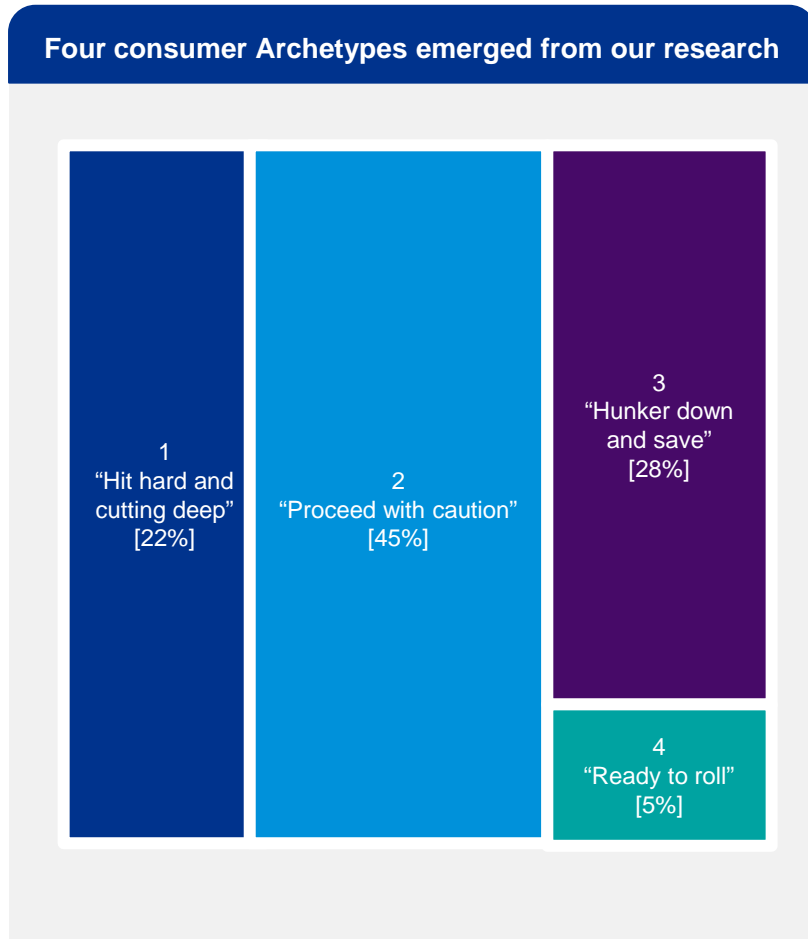
Note(s): (a) KPMG conducted a survey of 1,000 consumers across the United States and they were asked the question, “When will you feel like COVID-19 is “under control”? They were also asked, “When would you feel comfortable frequenting the following places?”

Source: (1) KPMG Consumer survey, fielded April 27, 2020 – April 30, 2020

Four emerging archetypes

02

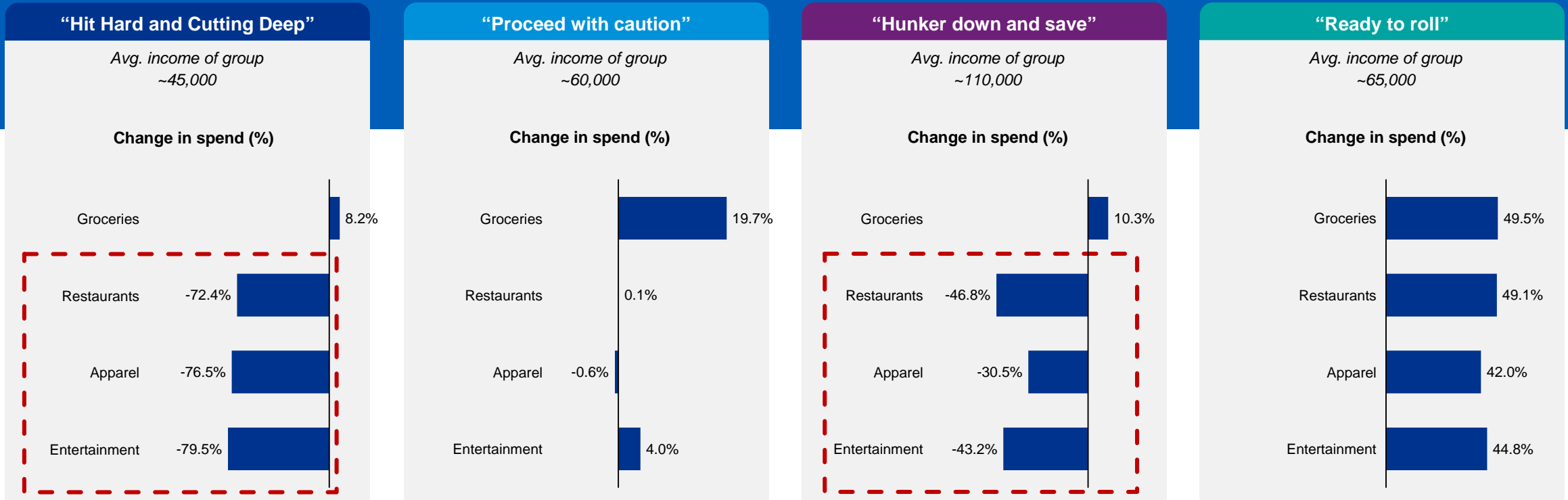
Four consumer archetypes are emerging with different levels of optimism



Characteristics of archetypes

	Description	Avg. age	Avg. income
1	<ul style="list-style-type: none"> Survey population that has been hardest hit by COVID-19 Was less able to deal with circumstances prior to pandemic Spending significantly less across categories Not optimistic about the future 	51	~45,000
2	<ul style="list-style-type: none"> Survey population also impacted by COVID-19 but not as significantly economically and still concerned about future Moderate income prior to pandemic, spending about the same Most unsure about the future 	44	~60,000
3	<ul style="list-style-type: none"> Not necessarily directly impacted by COVID-19 Most financially able to deal with pandemic Spending less given concern for economic outlook More pessimistic about the future 	53	~110,000
4	<ul style="list-style-type: none"> Not directly impacted by COVID-19 Moderate income, spending more across categories Most optimistic about the future, eager for social activities, but will still modify behaviors to maintain social distancing 	33	~65,000

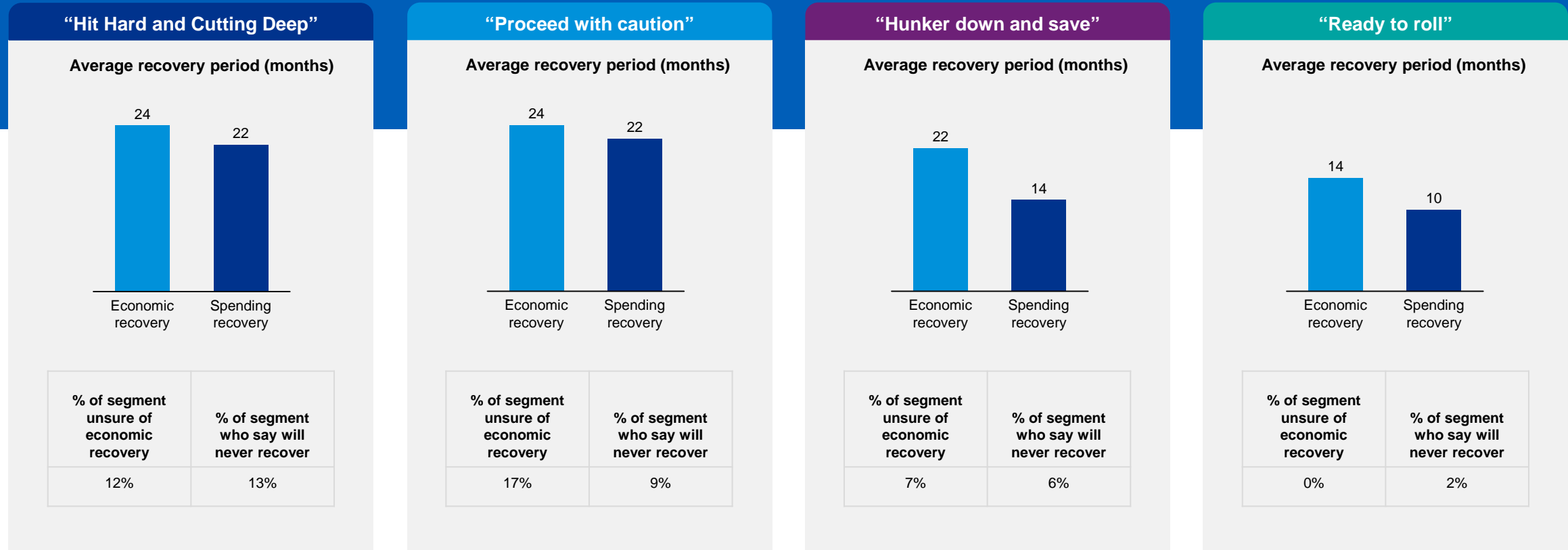
Those hit hardest by the economic consequences of the government response have cut deep, but there is a significant portion of the economy who are well off and are still reducing spend



Note(s): (a) KPMG conducted a survey of 1,000 consumers across the United States and they were asked the question, "How much do you think your monthly household spend on each of the following categories changed during COVID-19?"

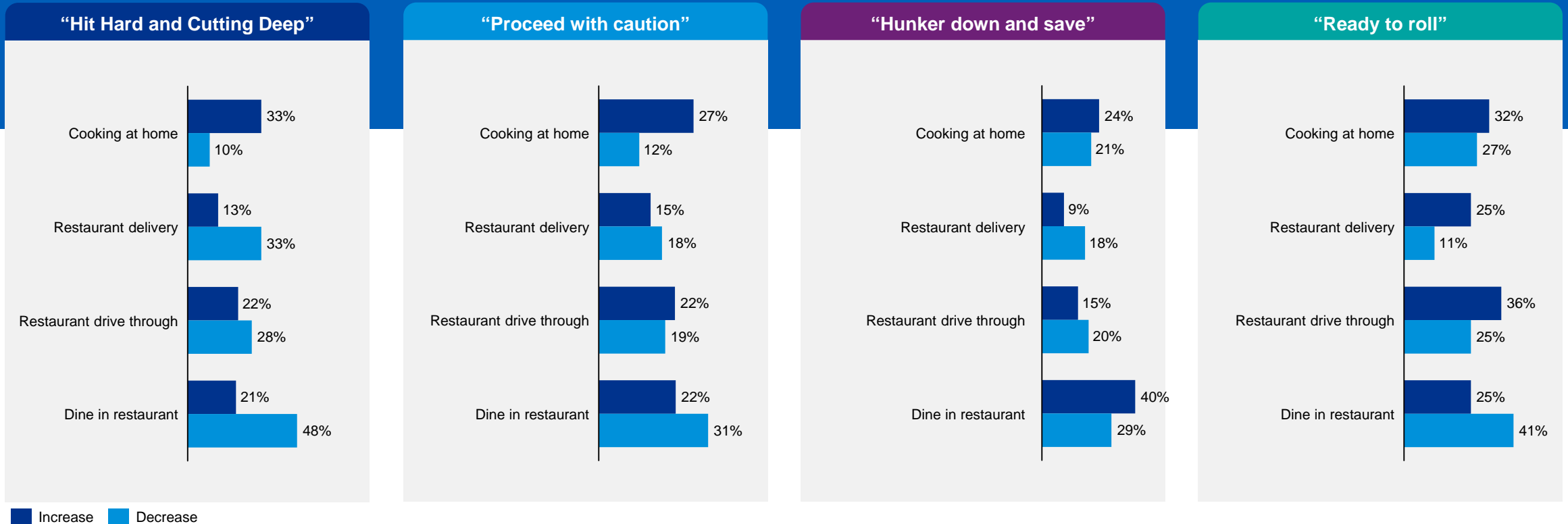
Source: (1) KPMG Consumer survey, fielded April 27, 2020 – April 30, 2020

Most consumers expect recovery within two years; however, there are a significant number of consumers who believe the economy will not return to pre-COVID-19 levels



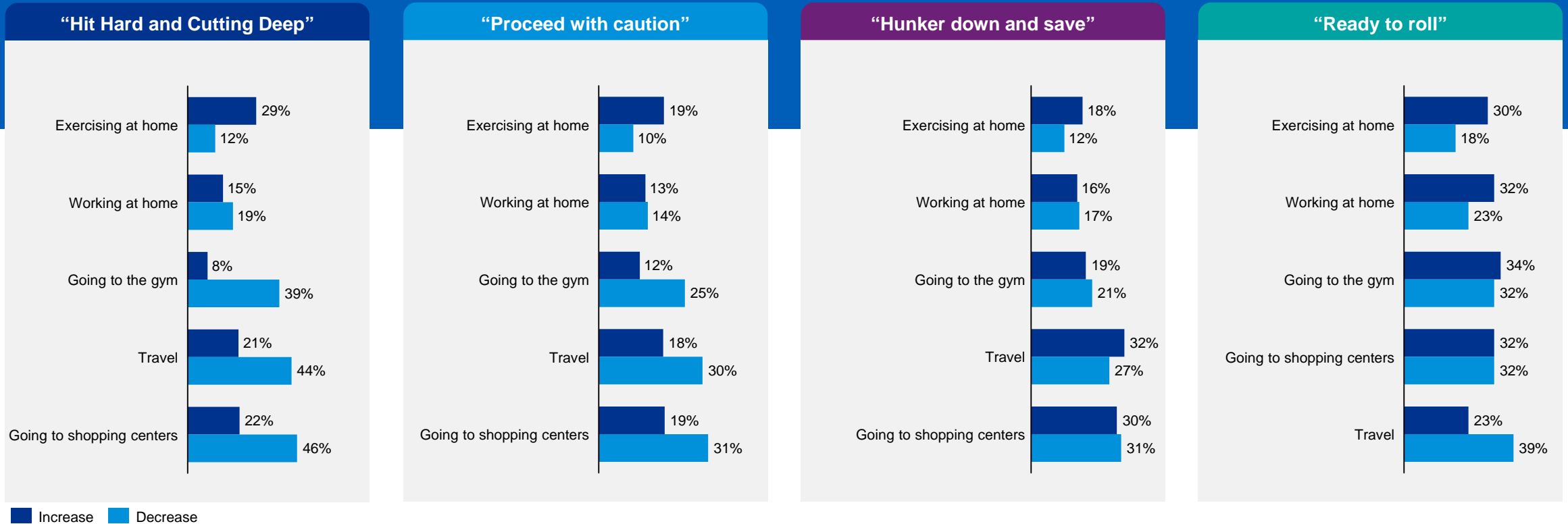
Note(s): (a) KPMG conducted a survey of 1,000 consumers across the United States and they were asked the question, "When do you think the overall economy will rebound to pre-COVID-19 levels?", "If COVID-19 were under control in three months, when do you think your spending would return to pre-COVID levels"
 Source: (1) KPMG Consumer survey, fielded April 27, 2020 – April 30, 2020

Across archetypes, more “at home” and less “dine out” eating occasions



Note(s): (a) KPMG conducted a survey of 1,000 consumers across the United States and they were asked the question, “How do you expect your typical behaviors to change after social distancing (e.g., “shelter in place” or “stay at home”) mandates are lifted”
 Source: (1) KPMG Consumer survey, fielded April 27, 2020 – April 30, 2020

Across archetypes, consumers plan on more “at home” activities post COVID-19

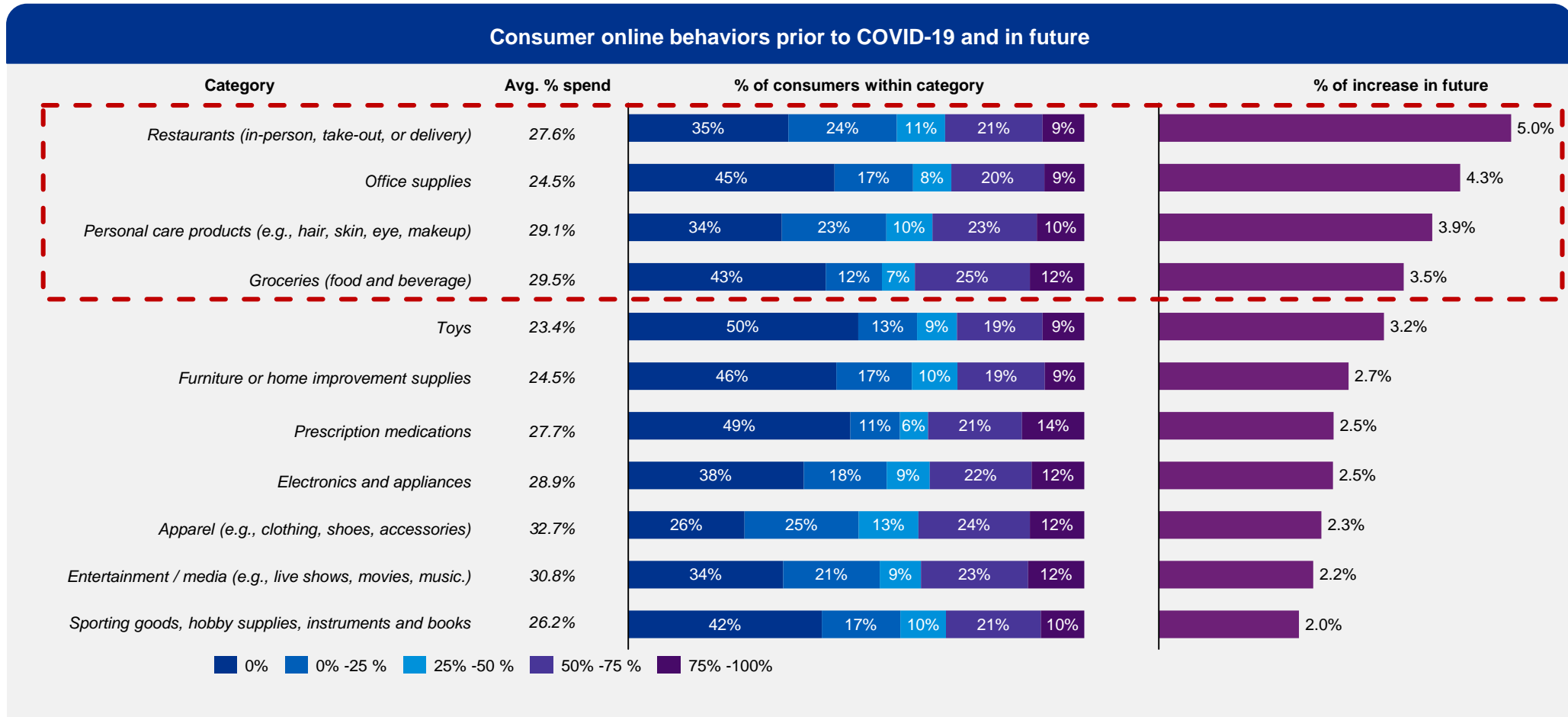


Note(s): (a) KPMG conducted a survey of 1,000 consumers across the United States and they were asked the question, "How do you expect your typical behaviors to change after social distancing (e.g., "shelter in place" or "stay at home") mandates are lifted"
 Source: (1) KPMG Consumer survey, fielded April 27, 2020 – April 30, 2020

Lasting changes to where and how consumers spend

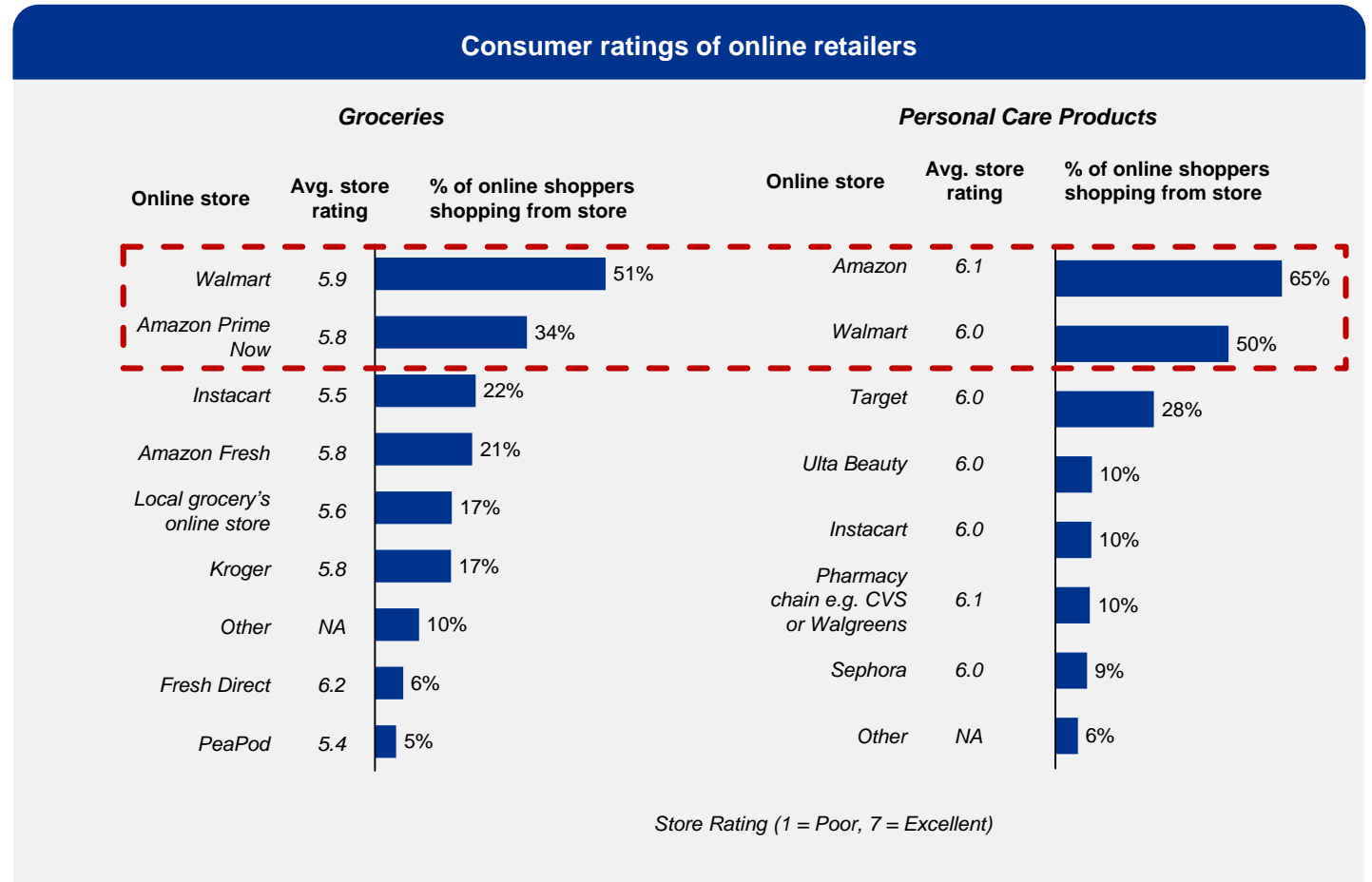
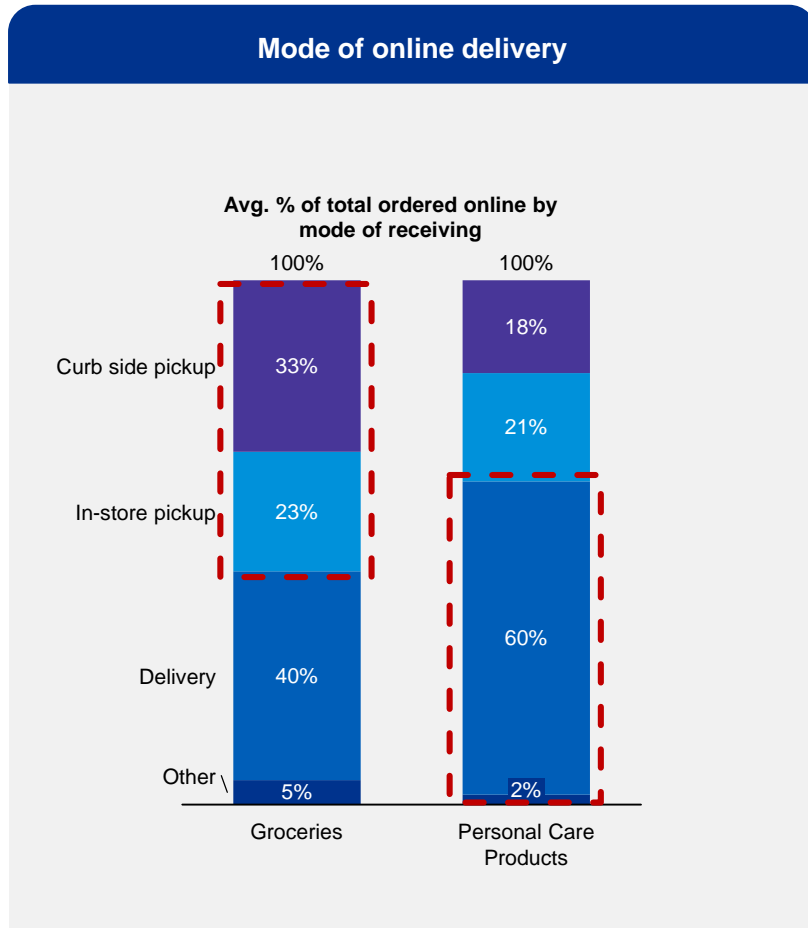
03

One key “COVID-19” behavior was migration to online shopping as a way to maintain social distancing protocols, our survey respondents indicate that spend will stay online in the future



Note(s): (a) KPMG conducted a survey of 1,000 consumers across the United States and they were asked the question, “Before COVID-19, what percent of your spend was online in each of the following categories?” and “What percent of your spend do you expect to be online in each of the following categories after social distancing (e.g., “shelter in place” or “stay at home”) mandates are lifted?”
 Source: (1) KPMG Consumer survey, fielded April 27,2020 – April 30, 2020

Majority of the online shoppers preferred Walmart or Amazon for purchasing groceries and personal care products; opting for 'delivery' for personal care products and 'pickup' for groceries

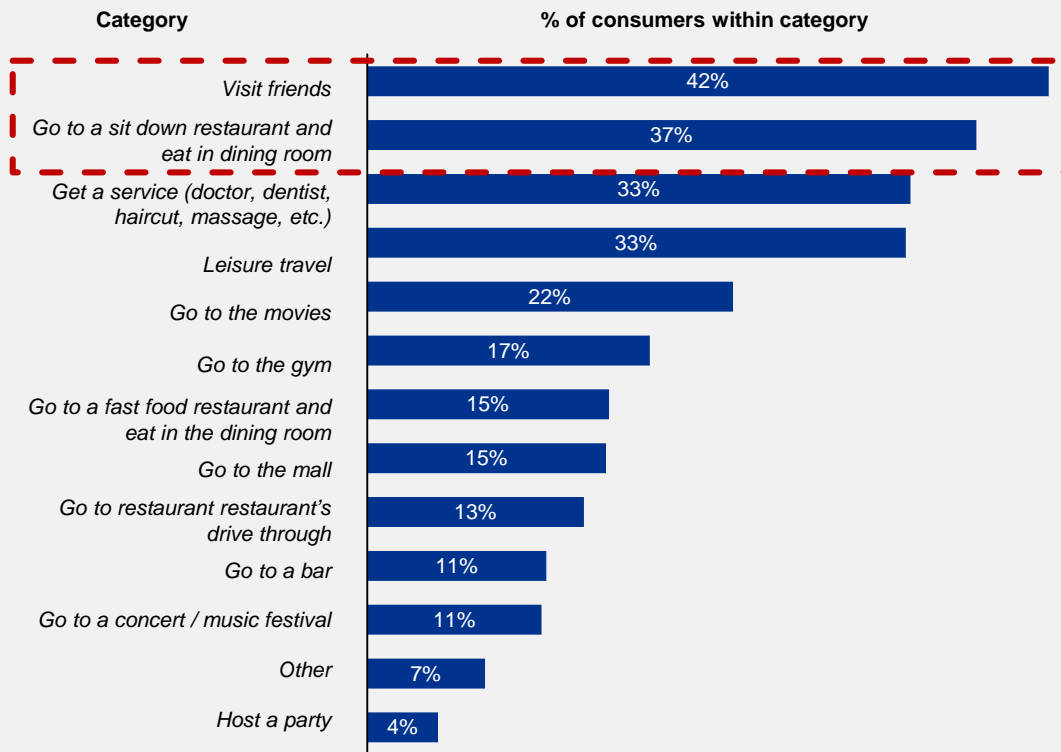


Note(s): (a) KPMG conducted a survey of 1,000 consumers across the United States and they were asked the question, "Have you purchased groceries or personal care products online since social distancing protocols began?", "Where have you purchased groceries online?", "Please rate your experience with each of the following online grocery retailers on a scale of 1 to 7, 1 being poor and 7 being excellent.", "How do you receive your online grocery orders? Please estimate the percentage across options, total must equal 100%." "Where have you purchased Personal care products online?", "Please rate your experience with each of the following online personal care products retailers on a scale of 1 to 7, 1 being poor and 7 being excellent", "How do you receive your personal care items? Please estimate the percentage across options, total must equal 100%"

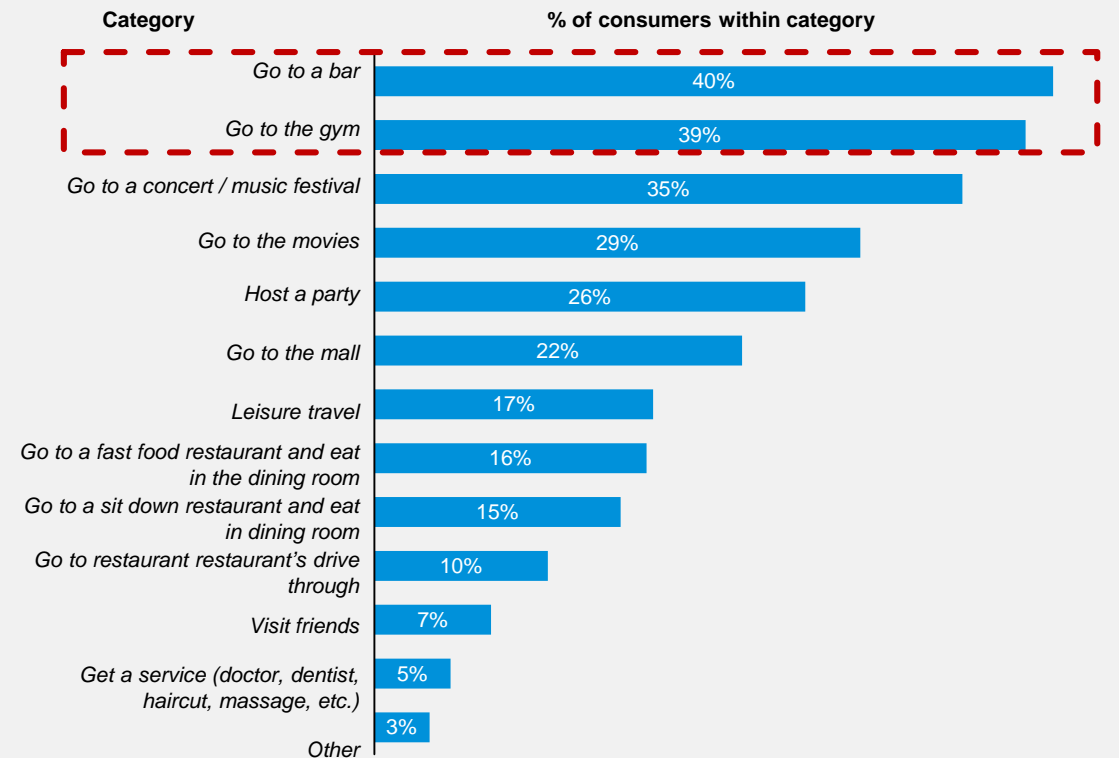
Source: (1) KPMG Consumer survey, fielded April 27, 2020 – April 30, 2020

Consumers appear to be more comfortable in smaller social settings “visiting friends” or “going to a restaurant” rather than frequenting potentially more crowded spaces such as bars or gyms...

Activities consumers are likely to do once “stay at home” mandates are lifted

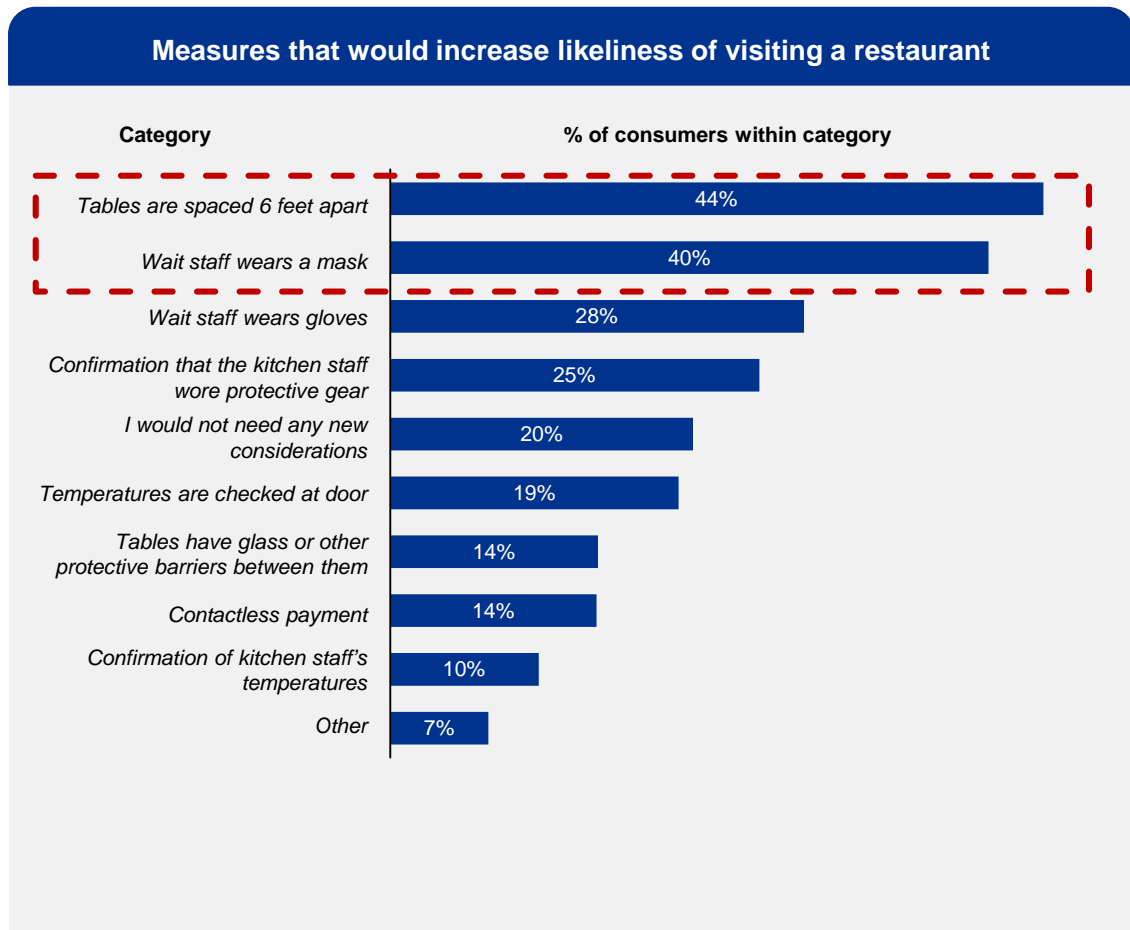


Activities consumers are unlikely to do once “stay at home” mandates are lifted



Note(s): (a) KPMG conducted a survey of 1,000 consumers across the United States and they were asked the question, “What are the top three things you are looking forward to doing once “shelter in place” or “stay at home” mandates are lifted?” They were also asked, “What are the three things you are least likely to do once “shelter in place” or “stay at home” mandates are lifted?”
 Source: (1) KPMG Consumer survey, fielded April 27,2020 – April 30, 2020

... however businesses will need to make changes to attract consumers back



Note(s): (a) KPMG conducted a survey of 1,000 consumers across the United States and they were asked the question, "What are the top three things you are looking forward to doing once "shelter in place" or "stay at home" mandates are lifted?" They were also asked, "What are the three things are you least likely to do once "shelter in place" or "stay at home" mandates are lifted?"
 Source: (1) KPMG Consumer survey, fielded April 27, 2020 – April 30, 2020

Taking action

04

Where KPMG can help you redefine your consumer approach

KPMG can support you to rapidly re-evaluate your consumer base, identify the signals of lasting change so that you can retool your business model and succeed in the *new normal*



Pricing & promotion

- Based on variance in gross to net ranges across countries, identify opportunities to improve price, promotion and discount structures
- Increase reach to key consumer demographics



E-commerce platform integration

- Prepare leading digital platform while improving cost to serve
- Improve direct-to-consumer penetration and targeting



Marketing spend improvement

- Apply advanced data and analytics to achieve greater efficiency and accelerate revenue across platforms, content and channels

Our firm brings unrivaled capabilities to assist you in your response and recovery

Better people. Better approach. Better technology.



Industry depth

- Deep experience in all areas of CPG, retail and digital commerce including working with companies on all aspects of strategy, transformation and M&A transactions
- Team with senior management and operational experience at leading companies
- Delivered \$1B+ in value creation in both transformations and transactions



Integrated teaming approach

- Operational specialists across business functions such as finance, IT, HR, sourcing and operations
- Seamless orchestration of organization-wide activities, initiatives and transformations
- Designed and structured to execute as one cohesive advisor



Advanced analytics capabilities

- Leading analytics and data science capabilities leveraged in every project: consuming vast amounts of data, applying advanced statistical techniques and delivering insights at 'deal speed'
- Industry-tailored proprietary tools to accelerate data ingestion and virtually eliminate set-up costs
- Leading cloud based platforms including a Signals Repository leveraged for machine learning models



Speed to value creation

Alignment of improvement activities with your key value drivers

Rapid identification of critical factors and operating levers that impact organizational performance

Actionable roadmap for integrated performance improvement and value creation planning and execution

Your KPMG Consumer & Retail team



Scott Rankin
Consumer & Retail
Strategy Leader



Andrew Nolan
Principal



David Roszmann
Principal



Jamil Satchu
Principal



Daniel Shaughnessy
Principal



Jeff Wilson
Principal



Andrew Lindsay
Managing Director



**Sunder
Ramakrishnan**
Managing Director



Jonathan Seastrom
Managing Director



Colin Hare
Managing Director



R. Sean Stephens
Managing Director



Julia Wilson
Managing Director

- 100+ projects per year in Enterprise wide transformations and M&A
- 540 Performance Improvement professionals located in 28 offices in the US
- 2,200 global network of PI practitioners in 40 countries
- 500+ functional experts in our HR, IT, and Finance COEs
- Wide ranging solutions across the deal lifecycle
- Deep industry-focused strategy and operational capabilities
- Analytics horsepower to drive rich data-supported insights at deal speed
- Technology enabled to help accelerate and control execution
- Truly integrated team

Appendix – survey profiles and baseline data

05

Profiles of the four consumer Archetypes

“Hit hard and cutting deep”

- ~22% of our sample
- Skews female
- Skews to middle age: 45 to 64
- Skews lower household income of \$25k to \$75k
- Smaller households of 1 to 2 people
- Less likely to be an essential worker
- More likely to have experienced a decrease in household income (“HHI”) due to COVID-19

“Proceed with caution”

- ~45% of our sample
- Skews female
- Skews young and millennial 18-44
- Skews lower household income of \$25k to \$75k
- Smaller households of 1 to 2 people
- Less likely to be an essential worker
- Has not experienced a decrease in HHI due to COVID-19

“Hunker down and save”

- 28% of our sample
- Skews male
- Skews to retirement age 55+
- This consumer likely has a household income greater than \$100k
- Smaller households of 1 to 2 people
- Typically not an essential worker
- Has not experienced a decrease in HHI due to COVID-19

“Ready to roll”

- ~5% of our sample
- Skews male
- Skew young and millennial - 18-44
- This consumer likely has a household income of \$25k-\$75k for a household of 1-2 people
- This consumer is typically an essential worker and has seen income increase or stay stable as a result of COVID-19

Note(s): (a) KPMG conducted a survey of 1,000 consumers across the United States and they were asked the question, “How much do you think your monthly household spend on each of the following categories changed during COVID-19?”

Source: (1) KPMG Consumer survey, fielded April 27, 2020 – April 30, 2020

Consumer survey demographics by Archetype

Age					
% of consumers	"Proceed with caution"	"Hit hard and cutting deep"	"Ready to roll"	"Hunker down and save"	Total population
n	434	215	44	268	961
Under 18	0%	0%	0%	0%	0%
18-24	15%	4%	30%	2%	9%
25-34	19%	12%	34%	13%	17%
35-44	20%	15%	16%	16%	17%
45-54	17%	27%	14%	18%	20%
55-64	13%	23%	5%	23%	18%
65+	16%	18%	2%	27%	19%
Avg. age	44.4	51.2	33.3	53.2	47.9

Region					
% of consumers	"Proceed with caution"	"Hit hard and cutting deep"	"Ready to roll"	"Hunker down and save"	Total population
n	434	215	44	268	961
Northeast	18%	18%	20%	16%	18%
Midwest	20%	23%	30%	27%	23%
South	38%	36%	30%	34%	36%
West	24%	23%	20%	22%	23%

Number of people in the household					
% of consumers	"Proceed with caution"	"Hit hard and cutting deep"	"Ready to roll"	"Hunker down and save"	Total population
n	434	215	44	268	961
1	25%	28%	36%	21%	25%
2	34%	41%	18%	47%	38%
3	16%	14%	20%	16%	16%
4	14%	11%	14%	11%	12%
5	7%	3%	5%	4%	5%
6	3%	2%	0%	0%	2%
7	0%	0%	2%	0%	0%
More than 7	1%	0%	5%	0%	1%
Avg. # of people in the household	2.6	2.3	2.6	2.4	2.5

Household Annual Income					
% of consumers	"Proceed with caution"	"Hit hard and cutting deep"	"Ready to roll"	"Hunker down and save"	Total population
n	434	215	44	268	961
Less than \$25,000	34%	25%	14%	7%	24%
\$25,000 to \$34,999	13%	10%	14%	7%	11%
\$35,000 to \$49,999	13%	22%	20%	7%	14%
\$50,000 to \$74,999	21%	19%	18%	16%	19%
\$75,000 to \$99,999	11%	11%	18%	15%	13%
\$100,000 to \$149,999	6%	9%	9%	25%	12%
\$150,000 to \$199,999	1%	4%	7%	11%	5%
\$200,000 or more	0%	1%	0%	11%	3%
Avg. household annual income	\$35,000 to \$49,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 to \$99,999	\$50,000 to \$74,999

More than 5 percentage points below average
 Within 5 percentage points of the average
 More than 5 percentage points above average

Consumer survey demographics by COVID-19 impact profile

Considered "At risk"

% of consumers	"Proceed with caution"	"Hit hard and cutting deep"	"Ready to roll"	"Hunker down and save"	Total population
n	434	215	44	268	961
Considers self at risk	28%	30%	23%	27%	28%
Considers someone in household	13%	10%	23%	10%	12%
Considers self and someone in household at risk	12%	14%	11%	20%	15%
Not at risk	47%	46%	43%	43%	45%

Considered "essential worker"

% of consumers	"Proceed with caution"	"Hit hard and cutting deep"	"Ready to roll"	"Hunker down and save"	Total population
n	434	215	44	268	961
Essential worker	33%	28%	66%	30%	33%
Not an essential worker	67%	72%	34%	70%	67%

Following social distancing protocols

% of consumers	"Proceed with caution"	"Hit hard and cutting deep"	"Ready to roll"	"Hunker down and save"	Total population
n	434	215	44	268	961
City/area does not have any protocols	9%	4%	30%	3%	7%
Following protocols	69%	80%	45%	82%	74%
Somewhat following protocols	18%	13%	23%	14%	16%
Not following protocols	5%	3%	2%	1%	3%

Date of beginning of social distancing protocols

% of consumers	"Proceed with caution"	"Hit hard and cutting deep"	"Ready to roll"	"Hunker down and save"	Total population
n	434	215	44	268	961
Jan 2020	1%	0%	2%	0%	1%
Feb 2020	5%	2%	5%	2%	3%
Mar 2020	64%	73%	32%	81%	69%
Apr 2020	16%	17%	25%	13%	16%
May 2020	1%	0%	5%	0%	1%
Missing Date	13%	7%	32%	4%	10%

■ More than 5 percentage points below average
 ■ Within 5 percentage points of the average
 ■ More than 5 percentage points above average

Consumer survey demographics by social profile

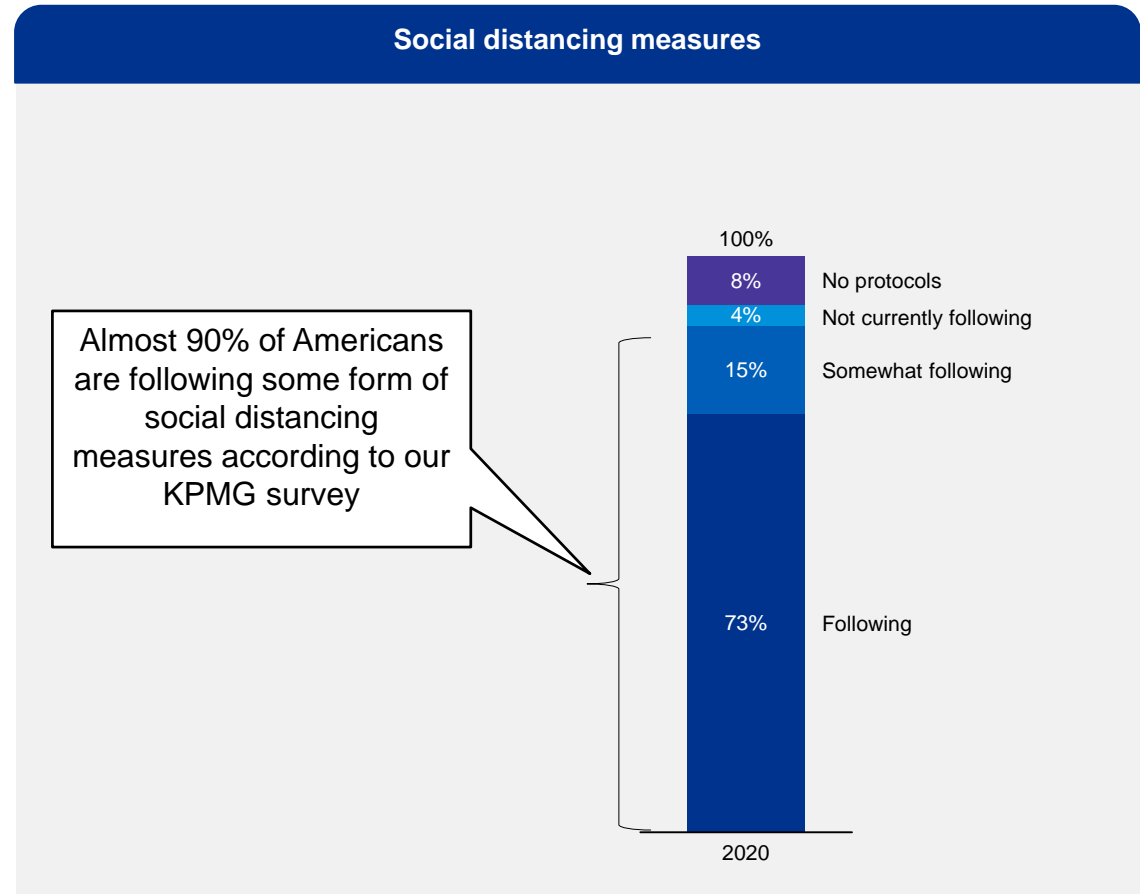
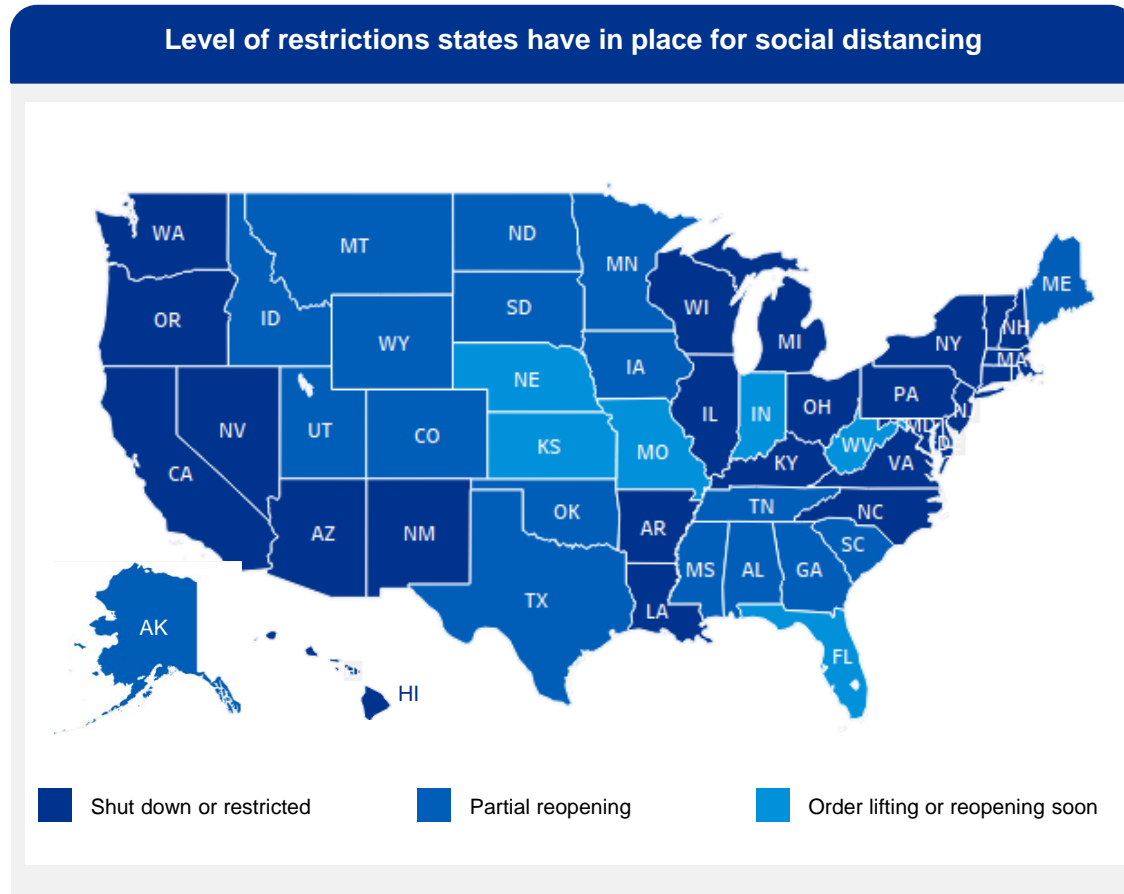
Number of visits prior to COVID-19

% of consumers visiting at least once	"Proceed with caution"	"Hit hard and cutting deep"	"Ready to roll"	"Hunker down and save"	Total population
n	434	215	44	268	961
Go to restaurant's drive through	21%	14%	23%	11%	17%
Go to a fast food restaurant and eat in the dining room	25%	19%	34%	18%	22%
Go to a sit down restaurant and eat in dining room	42%	52%	41%	57%	48%
Go to a bar	17%	11%	34%	21%	17%
Go to the gym	22%	20%	45%	25%	23%
Go to the movies	30%	28%	59%	24%	29%
Go to a concert / music festival	10%	16%	34%	21%	16%
Go to the mall	24%	31%	41%	20%	25%
Leisure travel	36%	43%	32%	51%	42%
Visit friends	43%	56%	32%	48%	47%
Host a party	11%	12%	20%	9%	11%
Get a service (doctor, dentist, haircut, massage)	30%	45%	9%	43%	36%

Average # of visits per month	"Proceed with caution"	"Hit hard and cutting deep"	"Ready to roll"	"Hunker down and save"	Total population
n	434	215	44	268	961
Go to restaurant's drive through	3.9	2.3	10.5	2.9	3.7
Go to a fast food restaurant and eat in the dining room	3.4	2.9	8.6	2.4	3.3
Go to a sit down restaurant and eat in dining room	3.6	3.2	7.4	4.6	4.0
Go to a bar	1.3	0.8	4.1	1.2	1.3
Go to the gym	3.8	4.7	7.6	5.7	4.8
Go to the movies	1.7	1.0	3.8	0.9	1.4
Go to a concert / music festival	1.4	0.5	1.9	0.7	1.0
Go to the mall	2.6	2.0	5.1	1.6	2.3
Leisure travel	2.0	2.8	2.8	3.1	2.6
Visit friends	4.6	6.0	17.6	5.2	5.5
Host a party	1.1	0.5	2.4	0.5	0.8
Get a service (doctor, dentist, haircut, massage, etc.)	1.7	2.0	11.3	2.4	2.1

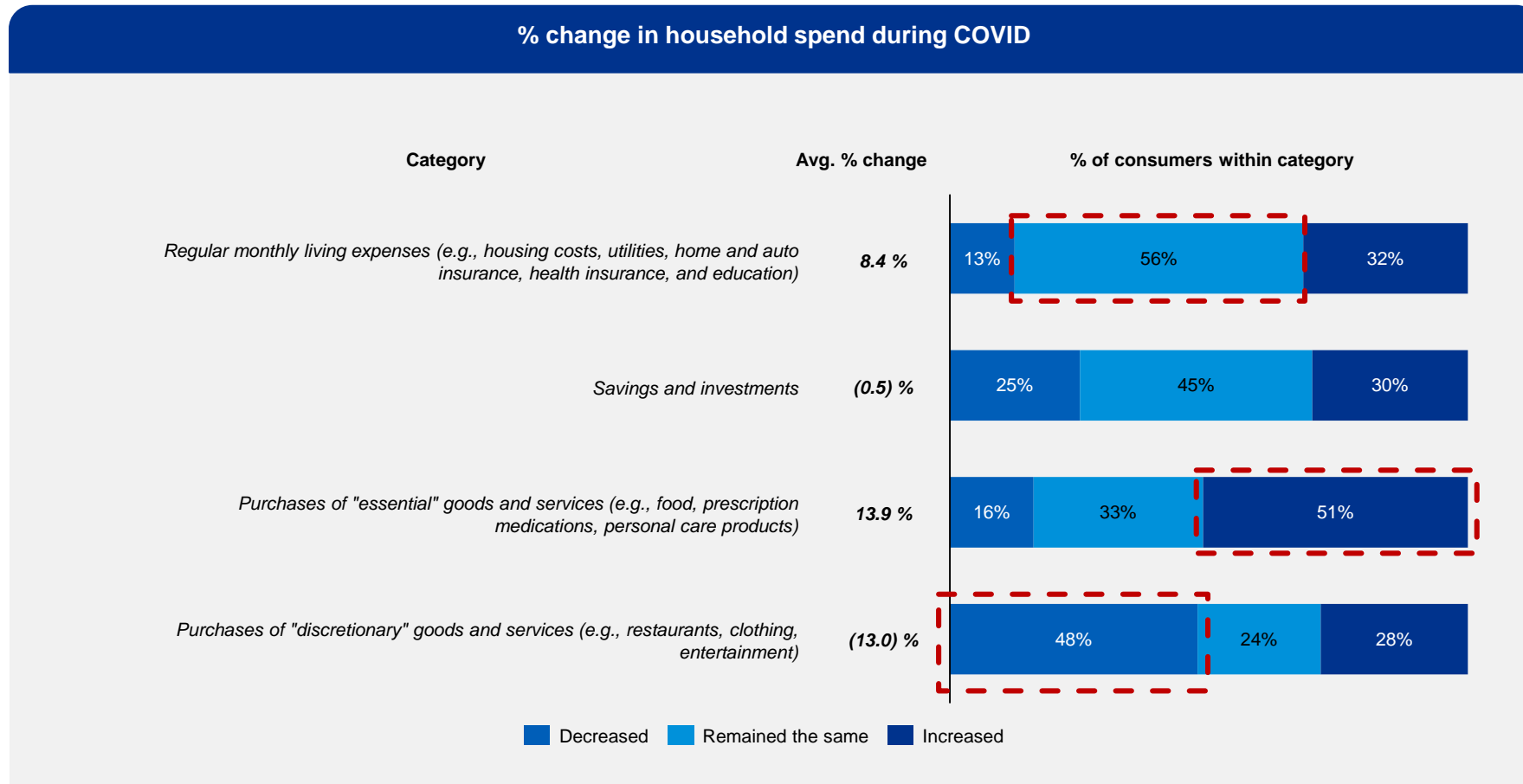
More than 5 percentage points below average
 Within 5 percentage points of the average
 More than 5 percentage points above average

Social distancing summary



Note(s): (a) KPMG conducted a survey of 1,000 consumers across the United States and they were asked the question, "Is your household following social distancing protocols (e.g., "stay at home" or "shelter in place")"
 Source: (1) NY Times Covid-19 coverage, accessed May 1, 2020 (2) KPMG Consumer survey, fielded April 27, 2020 – April 30, 2020

Spend summary



- On average, survey respondents accelerated spend on “essential” goods such as food, prescriptions and personal care products at the expense of more discretionary items such as restaurants, clothing and entertainment

Note(s): (a) KPMG conducted a survey of 1,000 consumers across the United States and they were asked the question, “How much do you think your monthly household spend on each of the following categories changed during COVID-19?”

Source: (1) KPMG Consumer survey, fielded April 27, 2020 – April 30, 2020



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