

# COVID-19

## ON PREMISE IMPACT REPORT-ISSUE IV

*Nielsen CGA, April 29 2020*



nielsen



PHENOMENAL DATA. EXPERT INSIGHT.



# INTRODUCTION

---

Nielsen CGA's sole focus is to measure, understand and consult on the On Premise channel. In these testing times, this has never been more important.

We have conducted research in response to topics you, our valued client base, raised as important and shall continue to undertake studies while seeking your opinions on which topics are of the utmost concern.

Previously covering take out/delivery behavior in Issues 2 and 3 of the impact report, we are changing focus in Issue 4 to look at the potential recovery phase. Listening to the questions our clients shared, we surveyed 1,600 consumers from four states - New York, California, Illinois and Florida, over the weekend (April 24-27) on their expectations, desires and how they plan to behave after 'Shelter in Place' restrictions are lifted. As with previous issues, this report will also cover On Premise sales trends from our RestaurantTrak dataset (week ending April 18 - April 25).

For context, the **RestaurantTrak (powered by CLIP)** dataset consists of over 10,000 transaction-level POS feeds from a geographically balanced set of outlets. Predominantly consisting of independently owned concepts and small, often unbranded groups, **RestaurantTrak** can be seen as a robust measure to complement other credible industry sources that are focused mainly on larger chains.

# SUMMARY

- Velocity during April 18 & April 25 improved slightly from -67% & -68% respectively vs the norm, however week on week comparisons highlight that the trade is starting to adapt to current market conditions.
- Increasing from 9% in the previous two weeks; 14% of US consumers have ordered a take out/delivery that included alcohol. The number also increased for 21-34 year olds, from 18% to 28% having ordered a take out/delivery with alcoholic drinks.
- When asking consumers when they plan to return to bars and restaurants after shelter in place restrictions are lifted, the greatest %'s responded that they will return when venues demonstrate they can facilitate social distancing (28%) and once the number of COVID-19 cases doesn't start to increase again (23%).
- This is followed by 22% that will return as soon as outlets reopen.
- 61% of consumers have had to rearrange or cancel special occasion celebrations. 22% of them are planning to celebrate the events missed in bars/restaurants once they reopen.
- The top things consumers want to see in venues when they reopen: having fewer tables or patrons within venues to accommodate social distancing (50%), additional hygiene programs taking place in outlets (49%), take out/ delivery offerings still being available (41%)



nielsen

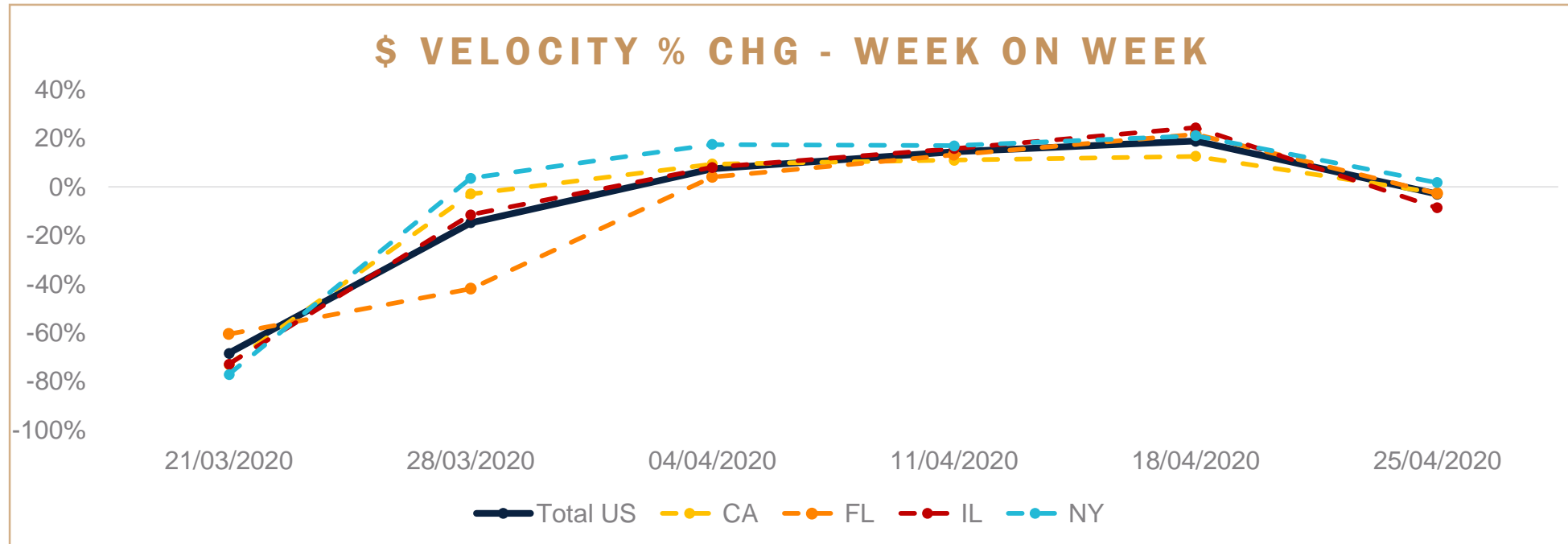


PHENOMENAL DATA. EXPERT INSIGHT.



# TOTAL MARKET SALES

While the impact of Covid-19 continues to be felt and alters our day to day lives, velocity declines vs the norm have continued to lessen. Velocity declines to April 18 & April 25 have improved from **-75%** at the start of April to **-67%** & **-68%** respectively. Week on week growth continues into the week of April 18, **+19%** on the previous week, and has then remained stable as we move into the week of April 25.



The increase in the velocity trend has continued to be driven by an increase in the average number of checks a outlet is handling. The average value of a check has remained stable over the lockdown period, however check value is down **-59%** compared to the start of 2020. This highlights the opportunity for suppliers to evaluate the role alcohol can play in supporting units to boost check value, and supporting the On Premise through this time and as they look towards re-opening and the future.

## HAS DRINKING BEHAVIOR CHANGED?

+ Since Issue 3, we see a shift in consumption and delivery of alcohol. While half of the consumers are still drinking the same amount of alcohol in the last two weeks as Pre COVID-19; the balance between those drinking more or less alcohol has tipped in favor of drinking more (27% versus 22% drinking less in the last two weeks).

Of the 21-34 age group, 35% are drinking more than pre COVID-19, and 33% of 35-54's are drinking more than usual.

Meanwhile, the number of US consumers who have ordered a take out/delivery with alcohol in the last two weeks went up to 14% from 9% in Issue 3. Furthermore, younger consumers have a vast over-index against the average consumer, with 28% having ordered a delivery with alcohol. Consistent with Issue 3, 65% of US consumers have ordered delivery with only food, revealing how popular this option remains under current circumstances.





## NEW YORK STATE

Accounting for 22,000 outlets in the US On Premise market, New York has a significant On Premise market

With lockdown in effect for the last 6 weeks, the initial declines have stabilized and shown improvement. As week on week sales have continued to increase throughout April, in the 2 weeks of April 18 & April 25 velocity is down **-75%** and **-74%** vs pre-COVID levels.

As one of the hardest hit cities by COVID-19, the On Premise in New York City has been impacted to a greater degree than the rest of the state. As lockdown commenced velocity in NYC dropped by **-92%**, and in the week of April 25 is down **-85%** vs the norm. Conversely, the rest of the state reported a lesser declines and velocity is currently (April 25) down **-52%** vs the norm. However, it is also key to note that the city is displaying growth as velocity is **+77%** April 25 vs March 21 when lockdown commenced.

Across the wider NY state the number of checks are relatively stable vs pre-COVID level and it the decline in check value that is driving losses. However, in NYC it is the lack of customers that is having a heavier impact, as the average outlet only has only a third of the number of checks compared to the start of 2020.



## CALIFORNIA

Comprising 37,916 outlets in the On Premise universe, California makes up **12%** of dining and drinking outlets in the US. With such a significant proportion of outlets, it is important to understand what is happening within the market.

In California velocity has continued to show improvement vs the norm, down **-73%** & **-74%** in April 18 & April 25 respectively. Velocity has also increased across April and is now **+34%** April 25 vs March 28.

Both Los Angeles and San Francisco have seen a similar impact over the course of lockdown, however trends in San Francisco have been slightly more extreme. Velocity dropping **-89%** March 21 vs the norm in San Francisco, but then increasing by **+49%** in the following week (March 28 vs 21).

The larger decline in San Francisco has been driven by a more pronounced reduction in the value of the average check as in both cities the number of checks has reduced by **-67%** vs the start of 2020.

nielsen



PHENOMENAL DATA. EXPERT INSIGHT.

PHENOMENAL DATA. EXPERT INSIGHT.

PHENOMENAL DATA. EXPERT INSIGHT.

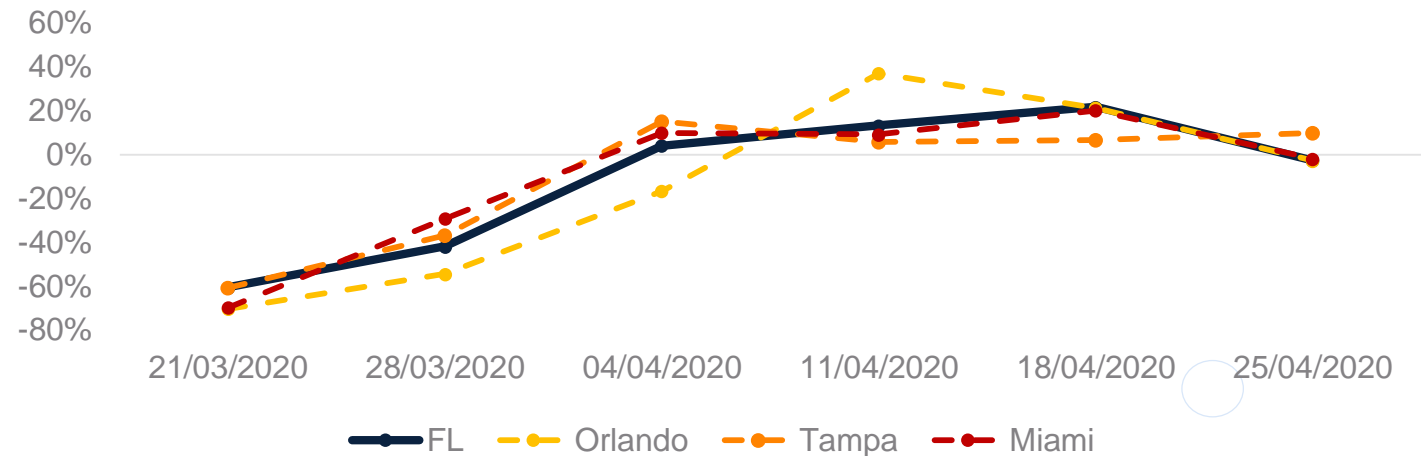
## FLORIDA

In Florida, where the full closure of bars and restaurants was behind other states, the drop in capacity followed by further restrictions has resulted velocity decline that has not improved as quickly as in other states.

Velocity decline have improved slightly to **-68%** & **-69%** in the weeks of April 18 & April 25 respectively vs the norm.

Across Florida, in mid March Miami initially saw a larger week on week decline than the state average, but it has since recovered more quickly. Meanwhile velocity in Orlando did not report week on week growth until April 11. Orlando's velocity decline has been steeper as the average number of checks have fallen by **-65%**, compared to a **-50%** reduction in Miami.

### \$ VELOCITY % CHG - WEEK ON WEEK





+

○

+



## TEXAS

Velocity in Texas did not see the same extreme decline as reported in other states. Throughout April velocity has continued to improve vs pre-COVID levels.

For April 18 & April 25 velocity was down **-57%** & **-60%** respectively. Since lockdown commenced velocity has improved week on week as outlets adapt to the new trading conditions, velocity grew by **+14%** April 18 vs April 11.

As was evident in New York, in Texas the wider state has fared better than the Cities. In San Antonio, velocity dropped March 21 & continued to fall into the week of March 28 while at a state level sales stabilized during March 28.

In Dallas & Houston a similar trend occurs in the two cities, velocity is down **-72%** & **-69%** April 25 vs the norm. A key difference between these markets is that in Dallas the number of checks has dropped by **-60%** compared to the start of 2020, while only a **-38%** drop in Houston has been seen. In Houston the value of the check has been harder hit.

As with the wider Texas trend week on week sales as increasing across the cities, for example in Houston velocity is **+27%** April 25 vs March 28.



## WILLINGNESS TO RETURN

---

Looking at the confidence and optimism of the average consumer in these states (NY, IL, CA, FL) during COVID-19 restrictions helps reveal significant facets on how they plan to interact with the On Premise when facilities reopen.

When asking consumers when they plan to return to bars and restaurants after shelter in place restrictions are lifted, the greatest %'s responded that they will return when venues demonstrate they can facilitate social distancing (28%) and once the number of COVID-19 cases doesn't start to increase again (23%).

This is followed by 22% that will return as soon as outlets reopen. There is a clear division between those who are more cautious to return and those who are eagerly waiting for venues to reopen.

Only 19% said they would return when the threat of COVID-19 is completely gone, which optimistically shows that consumers are willing to return despite uncertainty in the early stages of recovery.





## CONFIDENCE IN RESUMING HABITS

---

Even in the current climate, full of worry and uncertainty, half of consumers said they plan to eat (53%) and drink (50%) out the same or more often than pre COVID-19, showing a strong proportion assume they will return to their normal On Premise habits once it reopens.

Half of US consumers also revealed they will continue to visit more local bars and restaurants to support smaller or independent businesses than pre COVID-19.

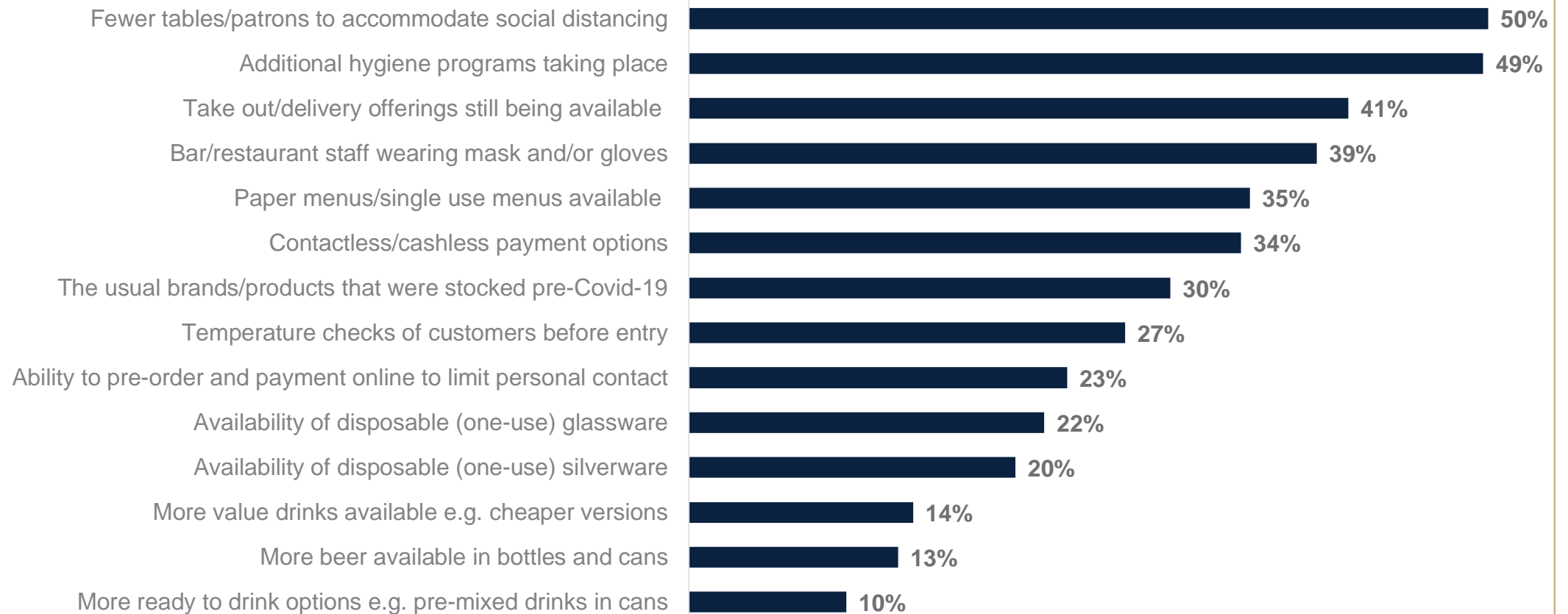
Despite a higher affinity for local venues, we do not see a conscious aversion to urban areas. The numbers of consumers saying they expect to visit bars and restaurants in urban (63%), rural (65%) and suburban (68%) areas with the same or higher frequency is very even.

Hence the heightened likelihood of consumers visiting local venues come largely from a place of empathy and promisingly not a desire to avoid the urban zone.



## IN REOPENED VENUES

Which, if any, of the following do you most want to see during your initial visits to bars and restaurants when restrictions have been lifted?





## IN REOPENED VENUES

CONTINUED

Regarding what consumers would like inside venues upon reopening; the top options were: having fewer tables or patrons within venues to accommodate social distancing (50%), additional hygiene programs taking place in outlets (49%), take out/ delivery offerings still being available (41%) and bar/ restaurant staff wearing protective gear such as masks or gloves (39%).

This reinforces the importance of having visible social distancing/protection in place within bars/restaurants. There is also the opportunity to continue the delivery option following the lifting of restrictions.

Contactless/cashless payments were another popular factor (35%), tied for place with paper/single use menus. The top concerns largely still relate to protecting themselves from infection, but also shows that the role of contactless payments is an important part of a post Covid-19 world.

Looking at drink specific wants; it appears consumers want to see the usual brands/products stocked in outlets (30%).







## OCCASIONS

Over 3 in 5 consumers said they intend to return to bars/restaurants with the same or higher frequency across a number of occasions once bars and restaurants reopen. Special occasions (75%), drinks with food (72%) and romantic meals (70%) came out as the top occasions consumers were going to return to bars/restaurants for at least as frequently as prior to restrictions. This shows a lot of visitation is being led by a desire to celebrate (special occasions/romantic meals) things which may have been missed or put on hold.

In contrast, occasions associated with bigger crowds were towards the bottom of the list but still reassuringly high: high tempo occasions (nights out) (58%), before/after a sporting event (59%) and to watch a sporting event (59%). After work drinks (58%) also came out among the bottom occasions which could be influenced by the uncertainty of returning to work.

A large number of consumers have had to rearrange or cancel celebrations (birthdays/ engagements etc.) they had planned due to COVID-19 shelter in place restrictions. 61% said they have been affected, with 22% planning to celebrate the events missed in bars/restaurants once they reopen.

However, 31% chose to celebrate the event at their home instead while restrictions apply and 24% are planning to celebrate at someone's house after restrictions are lifted and others can join them. This shows there is still opportunity in the home for alcohol sales related to occasions while shelter in place continues, and opportunities in bars/restaurants as they open their doors again.

## HOLIDAYS & EVENTS

---

We investigated how consumers were planning to celebrate national holidays and events, such as Cinco de Mayo, July 4th, St Patrick's Day and Halloween.

57% of consumers always or sometimes visit bars and restaurants to celebrate these kinds of occasions and this was highest in Florida at 63%.

76% of consumers who usually celebrate in the On Premise said they plan to continue celebrating events such as these in the absence of bars and restaurants, once again highlighting the opportunity to the domestic buyer through in store promotions around popular food and drink associated with these occasions.

And coming full circle, we asked consumers (who usually celebrate in bars/restaurants) whether they will return to bars and restaurants when they reopen to celebrate holidays and events. 36% would return straight away, however, long term a further 57% said they will return. This reveals very few consumers shall be deterred long term and do not see this having a lasting impact on their mentality towards celebrations within the On Premise.



## WHAT'S NEXT?

---

With many of the biggest On Premise markets now closing for in-outlet service, we do have to face the hard fact that things are going to get worse before they get better. As new information and news develops each day, we are looking to flex our approach to tracking Covid-19 and it's impact on our industry in the most effective way. As always, we greatly value your input and for you to pose to us the questions you would like answering, that us why we will be offering custom questions in all future editions.

We have also included some key brands in the survey so that we can look at the perspective of popular brand drinkers. Get in touch for more information.

We will have another Sales Impact update for you next week (May 6) and then another joint consumer / sales update the week following (May 13). It is up to you what the focus of the next consumer update will be and we will be sending out feedback forms in the coming days.

If you have any questions, please contact both [matthew.crompton@nielsencga.com](mailto:matthew.crompton@nielsencga.com) and [amy.warren@nielsencga.com](mailto:amy.warren@nielsencga.com).

Look after yourselves and stay well.

The Nielsen CGA Team





# METHODOLOGY

---

## RESTAURANTRAK

POWERED BY CHECK-LEVEL INSIGHTS POOL (CLIP)

Analysis of ResturanTrak demonstrates that current (week ending April 18 + 25) On Premise performance is two Standard Errors away from normal market variation. We can therefore infer that as one of the main variables that cannot be controlled for is COVID-19, and it is this that is driving market performance.

Market baseline data is utilized to understand variation from the norm, baseline week is calculated on the time period between September 1 2019 & February 29 2020.

## CONSUMER RESEARCH

NCGA have surveyed 1600 LDA On-Premise consumers across four key states (Illinois, NY, Florida, California).

400 respondents were collected from each state, with each nationally representative on age and gender. For the Total US stats an average of the four states has been used.

Fieldwork was 04/24/20 to 04/27/20.