COVID-19

ON PREMISE IMPACT REPORT: ISSUE 7 PART 1

Nielsen CGA, JUNE 10 2020

INTRODUCTION

Nielsen CGA continues to keep the market updated with the latest statistics and consumer insights during these unusual times. Keeping pace with the ever-changing On Premise at present has been a challenge for us all, our clients included. We continue to listen to your business questions and have focused our consumer research to be able to give you the information you need to make key decisions surrounding COVID-19 and the On Premise, especially now outlets are reopening and we are moving towards the next normal.

To bring these insights and learnings to life further we are starting bi-weekly webinars in which we'll discuss not only the results seen here, but other insights from across our suite of products. We are thankful for your support and engagement and hope to continue bringing you studies which can help you to focus your efforts.

In this issue, we have reverted back to state level, as the majority of the US has now reopened we have focused on the key states of **Texas, Florida, New York and California** to ask them recovery questions and expected behavior for July 4. Over the weekend (June 5-7) we surveyed 1,600 consumers from these states on their expectations, desires and how they plan to behave in the next two weeks. From this we will look at the 1,200 respondents who have drank alcohol in the last 3 months.

nielsen CGA PHENOMENAL DATA. EXPERT INSIGHT.

SUMMARY

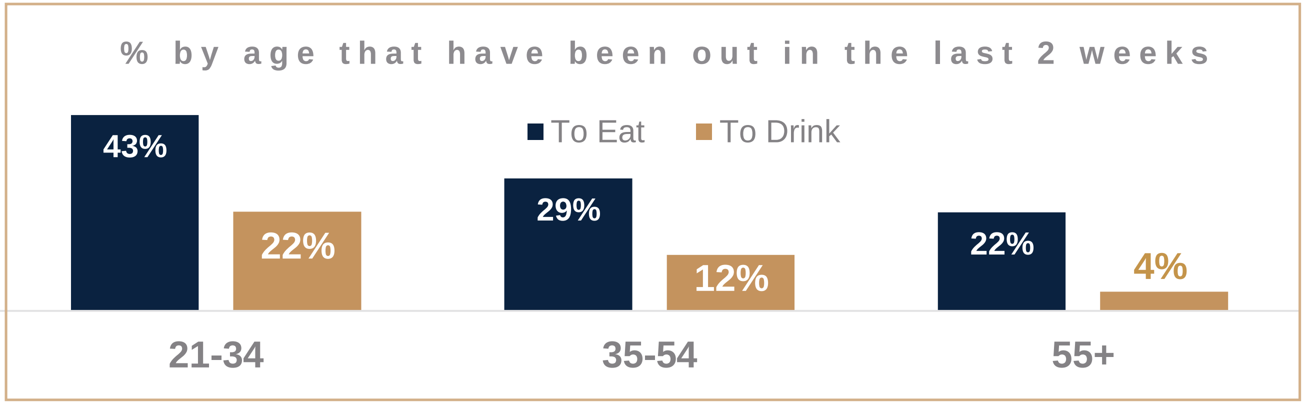
- ⅓ of On Premise visitors have been in bars/restaurants to eat in the last two weeks
- In light of recent events, we also consulted consumers on the impact recent protests have had on their decision to go out to the On Premise. 57% remained unaffected, while just 8% said they went somewhere different than planned and 35% decided not to go out due to the protests
- Of those who have returned to the On Premise, 20% have visited just once, while 38% have done so twice. Promisingly a large number have had a high frequency of visits; 42% of consumers having visited 3 times or more in the last two weeks
- Those who have not returned to eat or drink said the biggest concerns are not feeling safe being in close proximity with strangers in these places (45%) and not feeling safe going out at the moment (41%)
- Those who plan to celebrate July 4th this year have a greater percentage (49%) expecting to celebrate at home than in bars and restaurants (14%). July 4th is typically an Off Premise occasion and while this year it may be even more focussed within the home there is a chance with it being over a weekend and due to pent up demand, that there may be an On Premise opportunity still

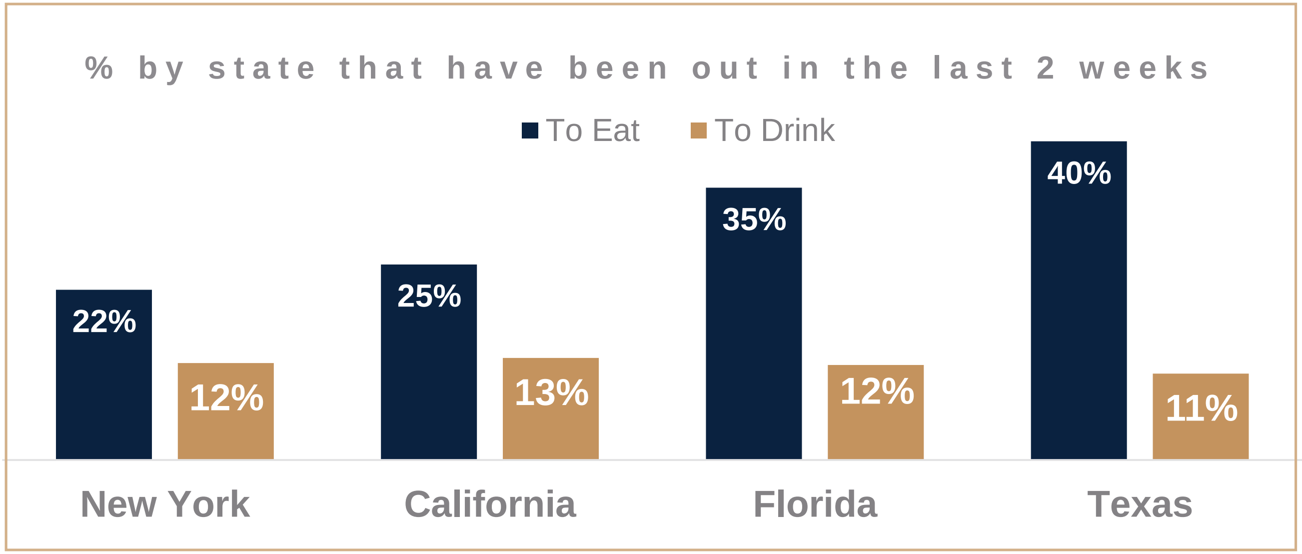
RETURNING TO VENUES

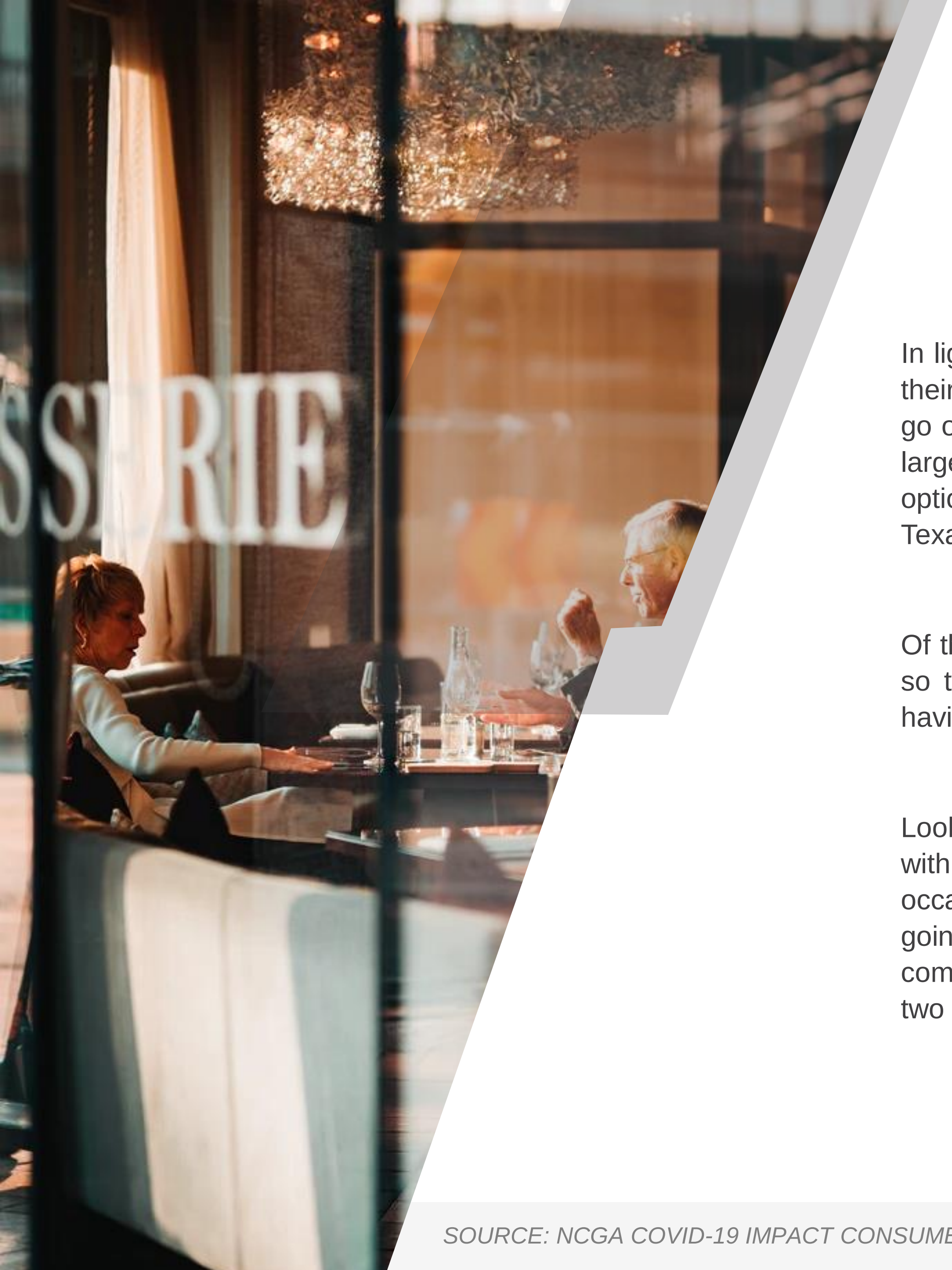
30% have been out to eat in the last two weeks and 12% have been in the On Premise for a drinking occasion. Pre-COVID-19 approximately 82% of US consumers visited the On Premise for a meal at least once every two weeks, revealing there is still more capacity to fill.

It is clear that California and New York are in earlier phases of reopening than Texas and Florida when we see a breakdown by those eating out by state - however, this does mean those numbers are likely to climb up in the coming weeks. The numbers returning for drinks are consistent by state, despite having varying numbers of cases and lockdown measures.

Of those who have returned to the On Premise for a meal or to drink, they are more likely to be young consumers. 43% of 21-34 year olds have been to eat, compared to 29% of 35-54 year olds and 22% of 55+'s. While 22% of 21-34 year olds have been out to drink, just 12% of 35-54's and 4% of 55+'s have been out for a drinking occasion.







RETURNING TO VENUES

CONTINUED

In light of recent events, we also consulted consumers on the impact recent protests have had on their decision to go out to the On Premise. 57% remained unaffected, however 35% chose not to go out at all and just 8% chose to go somewhere different. Therefore it appears that the impact is largely focused on whether consumers go out at all and does not lead people to choose alternative options. This does not differ much by states, however the least consumers changed plans was in Texas (63% unaffected).

Of those who have returned to the On Premise, 20% have visited just once, while 38% have done so twice. Promisingly a large number have had a high frequency of visits; 42% of consumers having visited 3 times or more in the last two weeks.

Looking to the next two weeks, the numbers visiting the On Premise could see further increases, with 35% planning to go out to bars and restaurants for an eating occasion and 19% to a drinking occasion. This does show some variation by state, with New York likely to still have lower numbers going to the On Premise to eat (26%) than the other states. In Florida (42%) and Texas (41%) comparatively, much greater numbers are anticipating visits to bars/restaurants for food in the next two weeks, showing a positive outlook for the industry.

SOURCE: NCGA COVID-19 IMPACT CONSUMER RESEARCH

GENERAL HABITS

Drinking behavior is still consistent. 55% are drinking the same amount of alcoholic drinks as pre-COVID-19. While the skew remains on those drinking more (27%) than usual, versus those drinking less (18%).

There is a high uptake of food delivery across the 4 states, with 67% of consumers having ordered a take out/delivery of food in the last two weeks and 14% a delivery with alcohol. The same number expect to carry out this behavior in the next two weeks as well, showing this behavior continuing as outlets reopen for in dining visits.

THOSE WHO HAVE BEEN OUT

The top venue for consumers returning to the On Premise appears to be the casual dining chain (36%), followed by the independent restaurant (30%). It is apparent that food based venues are really capturing the visitation of returning consumers, however the sports bar comes out as the third most popular venue type (20%) and the top drinking venue. Hence, it must be proving an attractive venue to those going out and seeking a drinking occasion, despite most sports being on pause. 11% have returned to premium bars and 19% to fine dining restaurants.

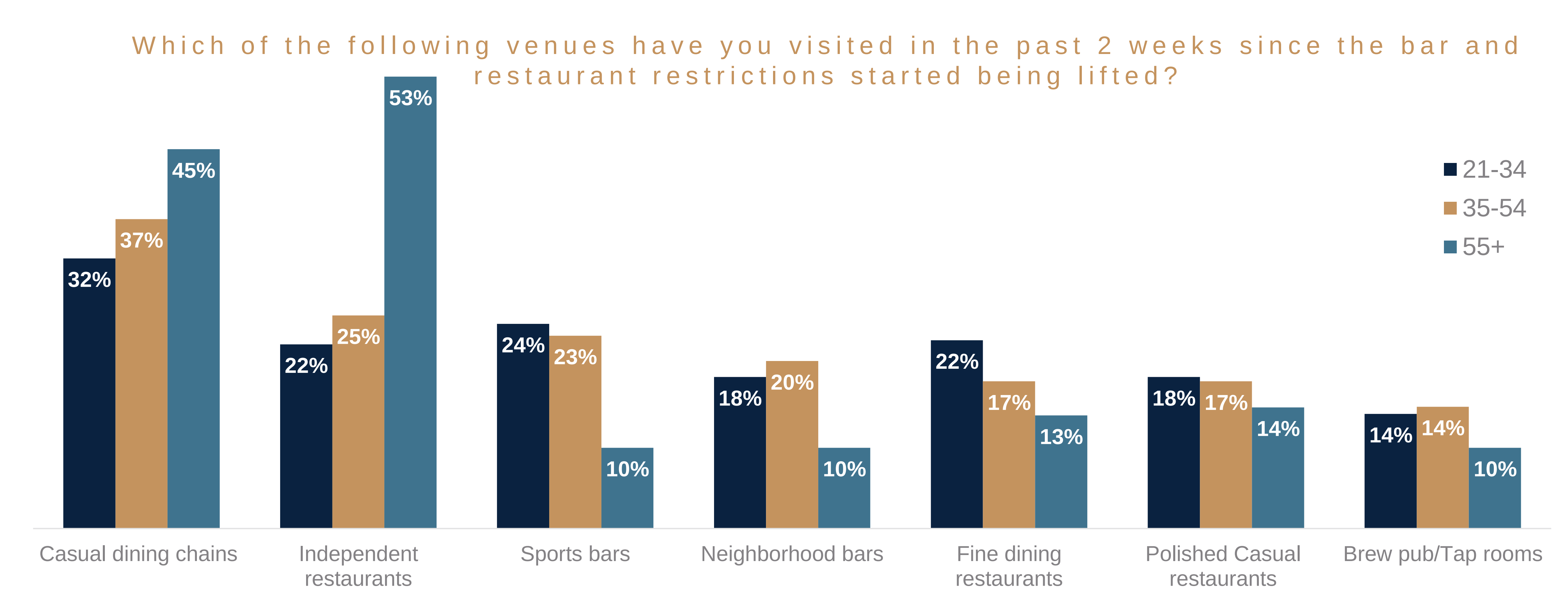
It also appears that these venues will remain the most popular, with 37% planning to visit a casual dining chain in the next two weeks coming and 35% independent restaurants. However, 20% plan to visit neighborhood bars, coming equal to planned visitation of sports bars and brew-pub/taprooms.

SOURCE: NCGA COVID-19 IMPACT CONSUMER RESEARCH

VISITED VENUES

BY AGE

21-34-year olds are split across food and drink led venues. Overwhelmingly, those over 34 are much more likely to visit food led establishments right now.

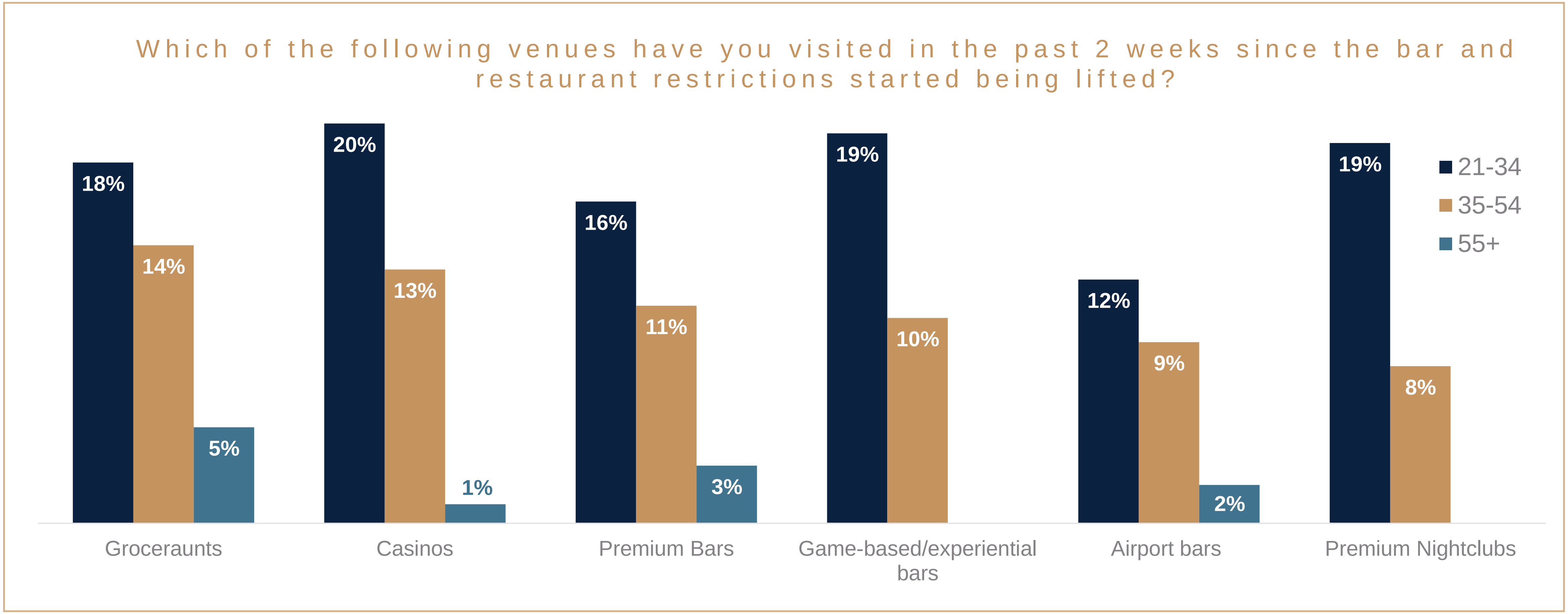


nielsen CGA PHENOMENAL DATA. EXPERT INSIGHT.

VISITED VENUES

BY AGE CONTINUED

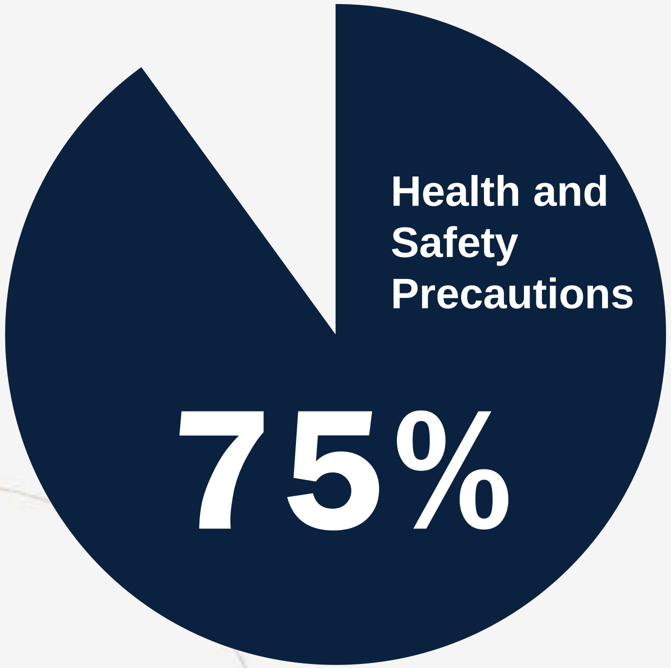
When we look at more experiential and unique venues; we can see a much higher proportion of under 34's are choosing to return to these. Casinos, grocerants, premium outlets and game based experiential outlets should all expect to see this group return first.

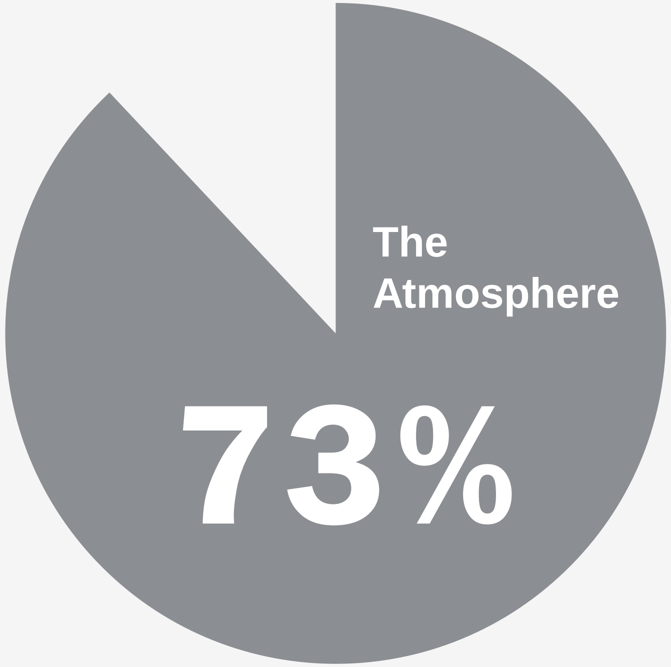


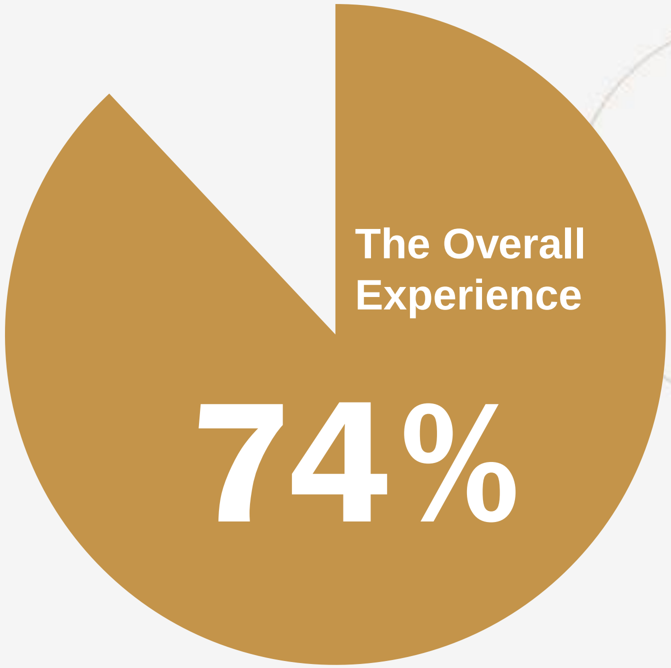
THE LEVELS OF SATISFACTION ARE CONSISTENT BY FACTOR

Satisfaction with the following factors on visits to bars/restaurants in the last 2 weeks

% satisfied







SOURCE: NCGA COVID-19 IMPACT CONSUMER RESEARCH

NGCA COVID-19 IMPACT SURVEY JUNE 10 2020, SAMPLE SIZE: 1,178

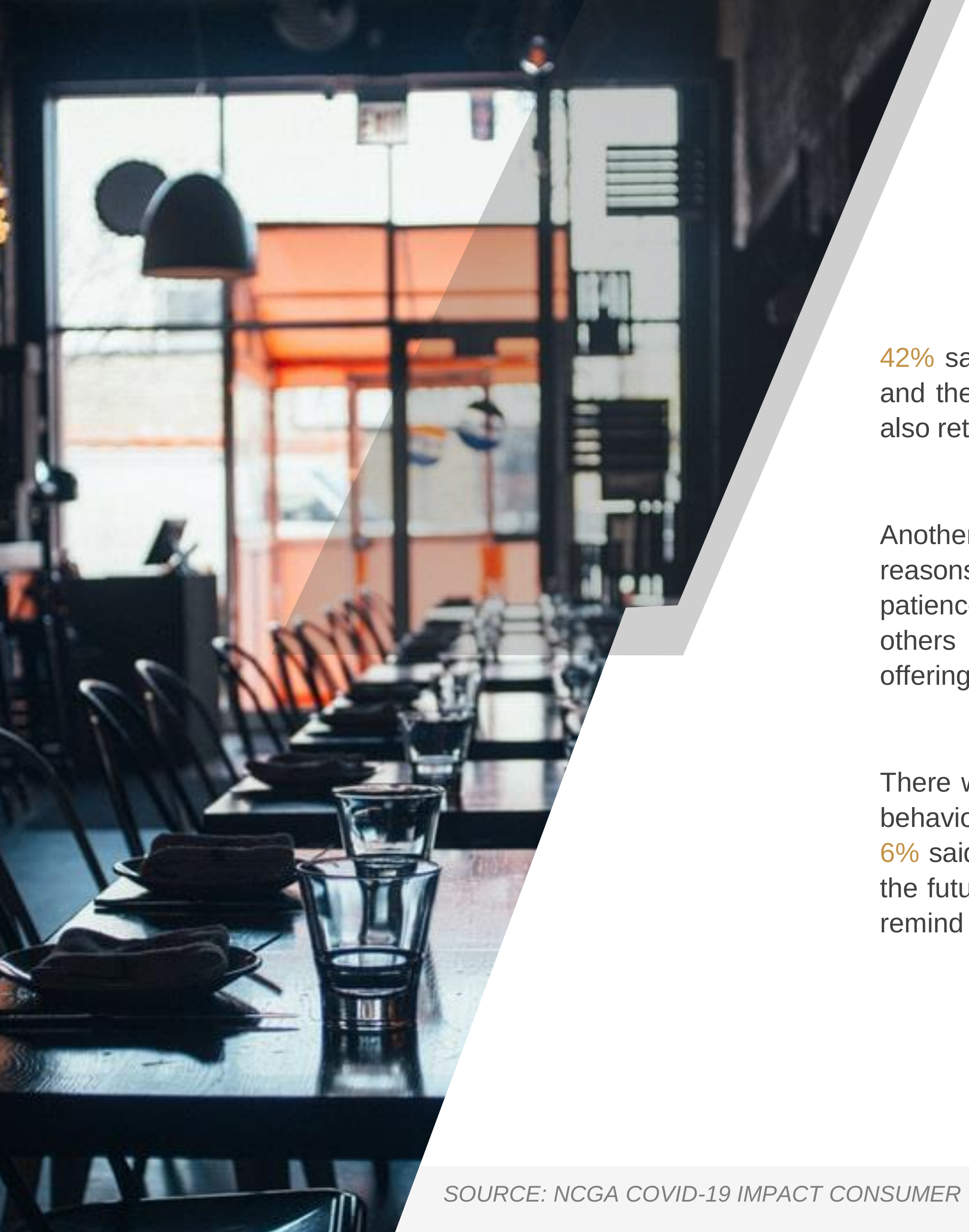
BEHAVIOR IN VENUES

The top occasions consumers have visited bars and restaurants are to have drinks with food (39%) and for relaxed/quiet drinks (30%). This shows the current mood of occasions is generally more low-tempo and calm. 24% have been for a special occasion and 23% for a romantic meal, which begins to show some of those celebratory visitations, however just 12% have been for a big night out showing there is still some way to go to build those occasions back up. This aligns with what we saw within cities in the previous report.

WHY HAVE YOU NOT RETURNED TO THE ON PREMISE?

Of the 59% who have not returned to eat or drink, we asked why they had not visited the On Premise yet. The top statements overwhelmingly relate to safety and social distancing, with the biggest reasons of consumers not feeling safe being in close proximity with strangers in these places (45%) and not feeling safe going out at the moment (41%). This suggests that venues need to do the utmost to assure consumers feel like it is safe for them to come in; they need to see clear hygiene practices, instructions and upholding of standards. Advertising or displaying that you have social distancing could help to make some of these consumers feel safer to return to bars/restaurants.

nielsen CGA PHENOMENAL DATA. EXPERT INSIGHT.



WHY HAVE YOU NOT RETURNED TO THE ON PREMISE?

CONTINUED

42% say they need more time to feel comfortable visiting these places. It is hopeful that with time and the reintroduction of more normality, the majority of those selecting these statements will then also return.

Another 21% are self-isolating and 15% are worried about their financial concerns, highlighting reasons that are holding back some consumers from returning to the On Premise that may require patience as the industry waits for different groups to return. However 16% feel uncomfortable with others preparing their food or drinks so there is an opportunity to encourage this group back, by offering pre packaged drinks across different categories

There was a very small set of consumers who may still be unlikely to return to their pre-COVID-19 behaviors even with time, as 12% say they found they do not need these experiences as often and 6% said they have been able to recreate experiences in the home and wish to continue doing so in the future. Reiterating the role of the On Premise in occasions and connecting people could help to remind this group of experiences that are unique to the channel and help encourage them to return.

nielsen CGA PHENOMENAL DATA. EXPERT INSIGHT.

SOURCE: NCGA COVID-19 IMPACT CONSUMER RESEARCH

WHEN WILL YOU VISIT THE ON PREMISE?

To find out when those who have not been out yet plan to return, we asked at which point do they believe they will return. The top two responses are once the number of COVID-19 cases does not increase again (28%) and when there is a vaccine/treatment available (27%). These are two somewhat different mind-sets.

This shows some consumers are merely awaiting some reassurance from the physical numbers, while others want a more concrete solution to feel safe. 21% want to see the number of cases fall below a certain number and 21% want to see that outlets demonstrate how they can facilitate social distancing. These again may be more short-term concerns that through visible practices outlets could reassure consumers. 20% also remain unsure, perhaps showing how uncertainty plays into this situation and consumers may need some encouragement.

12% of consumers say they plan to return as soon as more bars and restaurants reopen. This seems to be of larger significance for New York (18%), than California (14%), Texas (7%) and Florida (6%), where they are further through the reopening journey.

SOURCE: NCGA COVID-19 IMPACT CONSUMER RESEARCH

TOP VENUES VISITED

Of those who have not returned to the On Premise, there are some venues which are clear winners of their attention. When asked to consider which venue they will go to if they plan to go out in the coming weeks, independent restaurants (50%) and casual dining chains (45%) prove far more popular than all other venues.

This shows food is likely to be a key driver for returning visitation, although 24% do plan to go to a neighborhood bar. This is where the key drinking occasion opportunity lies for those who have not yet returned. Neighborhood bars need to provide encouragement to drive the return of these visitors.

ENCOURAGING CONSUMERS TO RETURN

The principal encouragement for consumers who have not returned to the On Premise yet are staff in masks/gloves (40%) and outdoor seating (39%). This reveals that confined spaces may be a deterrent to consumers returning to the On Premise. This is followed by 39% wanting social distancing measures such as reduced patrons or fewer tables. Therefore there are viable options to appeal to consumers; making use of outdoor spaces where possible, perhaps moving tables outside. Seeing staff hygiene and in PPE, once again highly visible practices, would further encourage them to return.

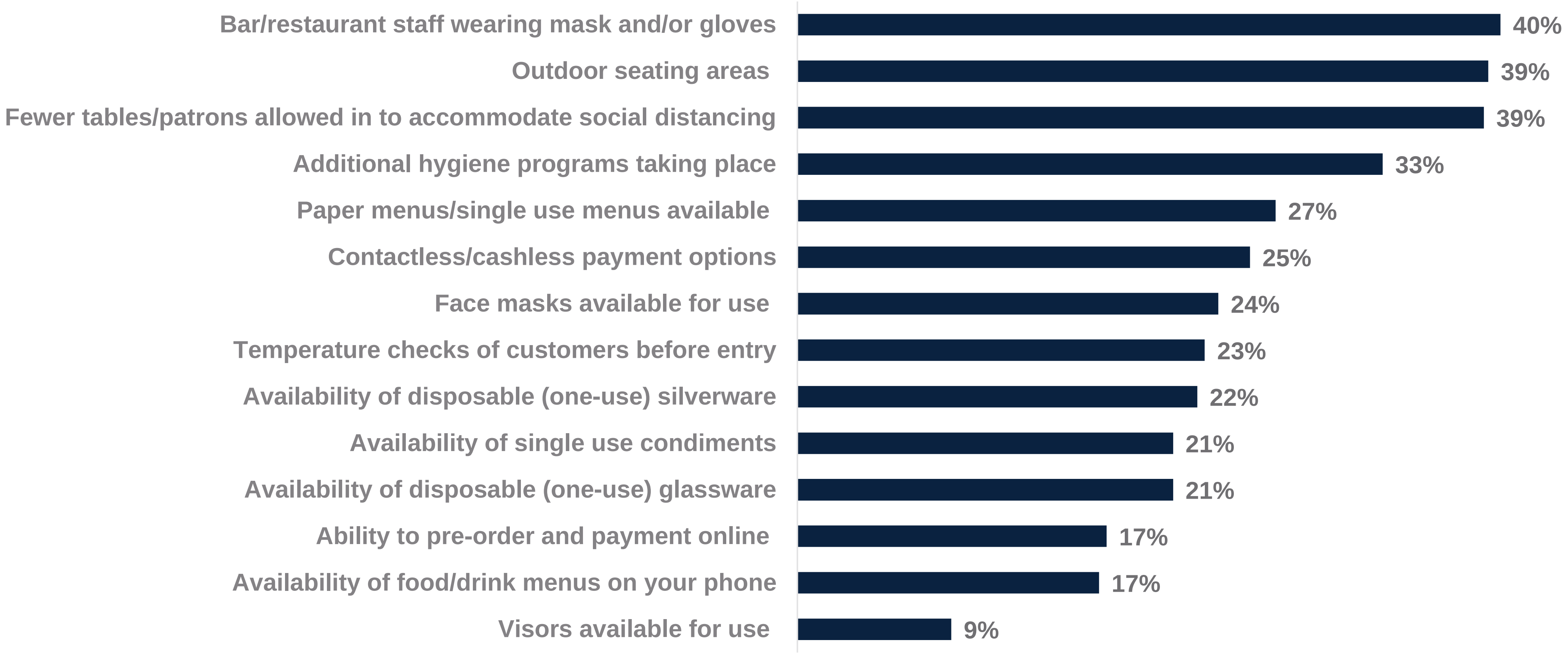
However, features which would impact the consumer experience rank lower. Things such as disposable utensils, masks or visors for visitors all fall to the bottom of encouraging factors. This suggests that consumers are not highly concerned or encouraged by their presence and efforts should perhaps remain focused on hygiene and distancing. 25% of consumers also mentioned that contactless payments would be encouraging. The demand for this option shows promise in the US and as a result of COVID-19 behaviors, it is possible outlets will remain set up to use this method in the future too.

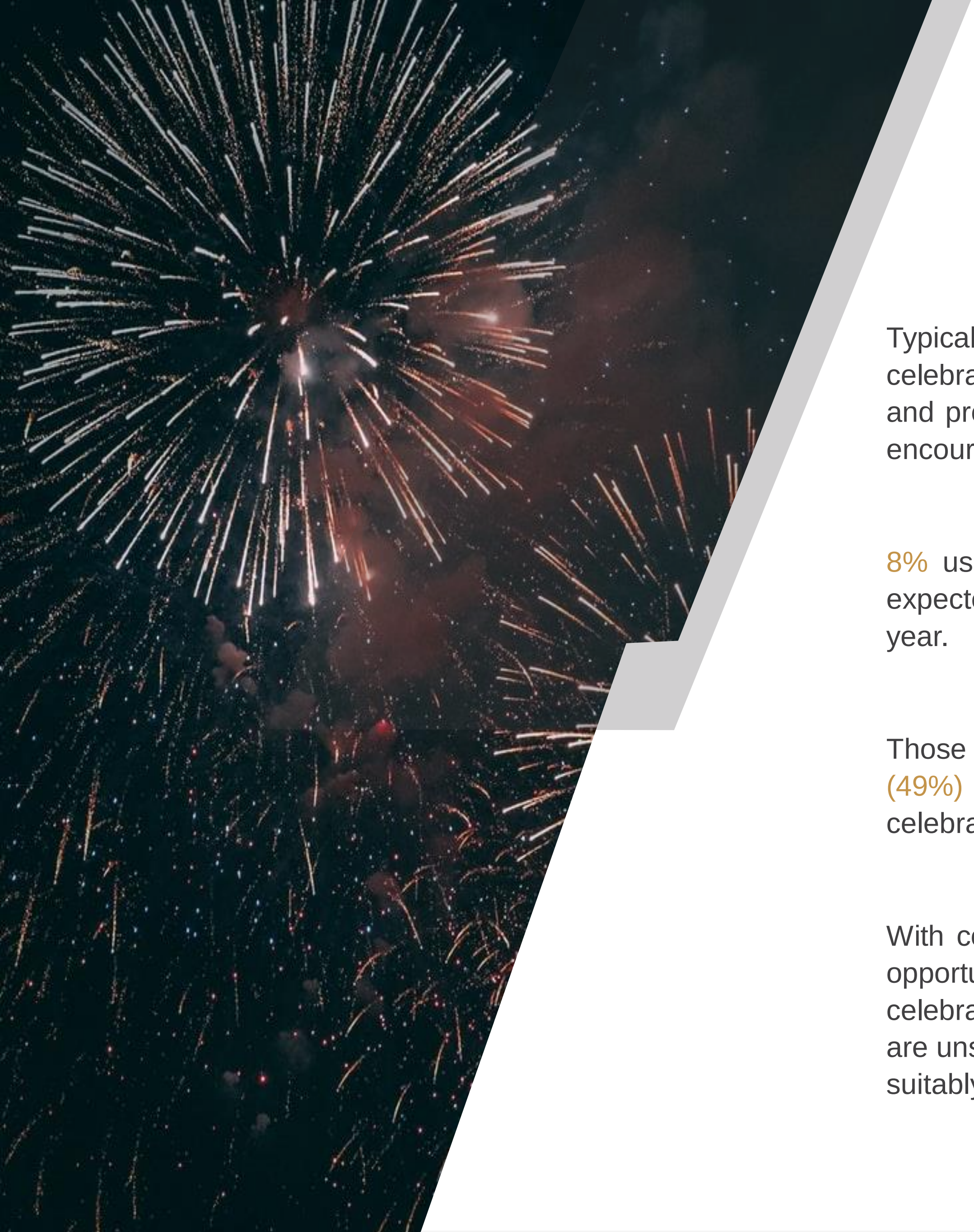
SOURCE: NCGA COVID-19 IMPACT CONSUMER RESEARCH

ENCOURAGING CONSUMERS TO RETURN

CONTINUED

Which of the following would encourage you to visit bars or restaurants over the coming weeks?





JULY 4th CELEBRATIONS

Typically 39% say they celebrate at home and 26% at someone else's house. A quarter of US consumers celebrate at a public outdoor space - an option which could prove popular this year with sufficient planning and promotion. The ability to enforce safety at such locations will be vital, but if properly achieved could encourage more to take up the option as both a way of getting out of the house and seeing others.

8% usually celebrate in bars/restaurants and just 14% do not usually celebrate. This reveals that as expected, the 4th of July is a more Off Premise holiday and therefore may still be widely celebrated this year.

Those who are already planning to celebrate this year show a similar divide; with a greater percentage (49%) expecting to celebrate at home rather than in bars and restaurants (14%). While the numbers celebrating outdoors or in someone else's home remain the same.

With consumers missing the On Premise and perhaps being unable to get home to family, there is still opportunity for the On Premise. Reopened venues can offer deals or push their availability for safe celebrations across social media and advertising to pull in more consumers over the weekend. Those who are unsure if they will celebrate yet can be pulled into outdoor events hosted by venues or else outlets who suitably show they can facilitate social distancing and celebration.

nielsen CGA
PHENOMENAL DATA. EXPERT INSIGHT.

SOURCE: NCGA COVID-19 IMPACT CONSUMER RESEARCH

4th JULY CELEBRATIONS

CONTINUED

The most popular venues consumers plan to visit is split between casual dining chains (29%) and independently owned restaurants (29%) benefitting local and large retail owners.

This is followed by more premium eating outlets like fine dining (26%) and polished casual restaurants (28%). Sports bars are the most popular drinking outlet (30%).

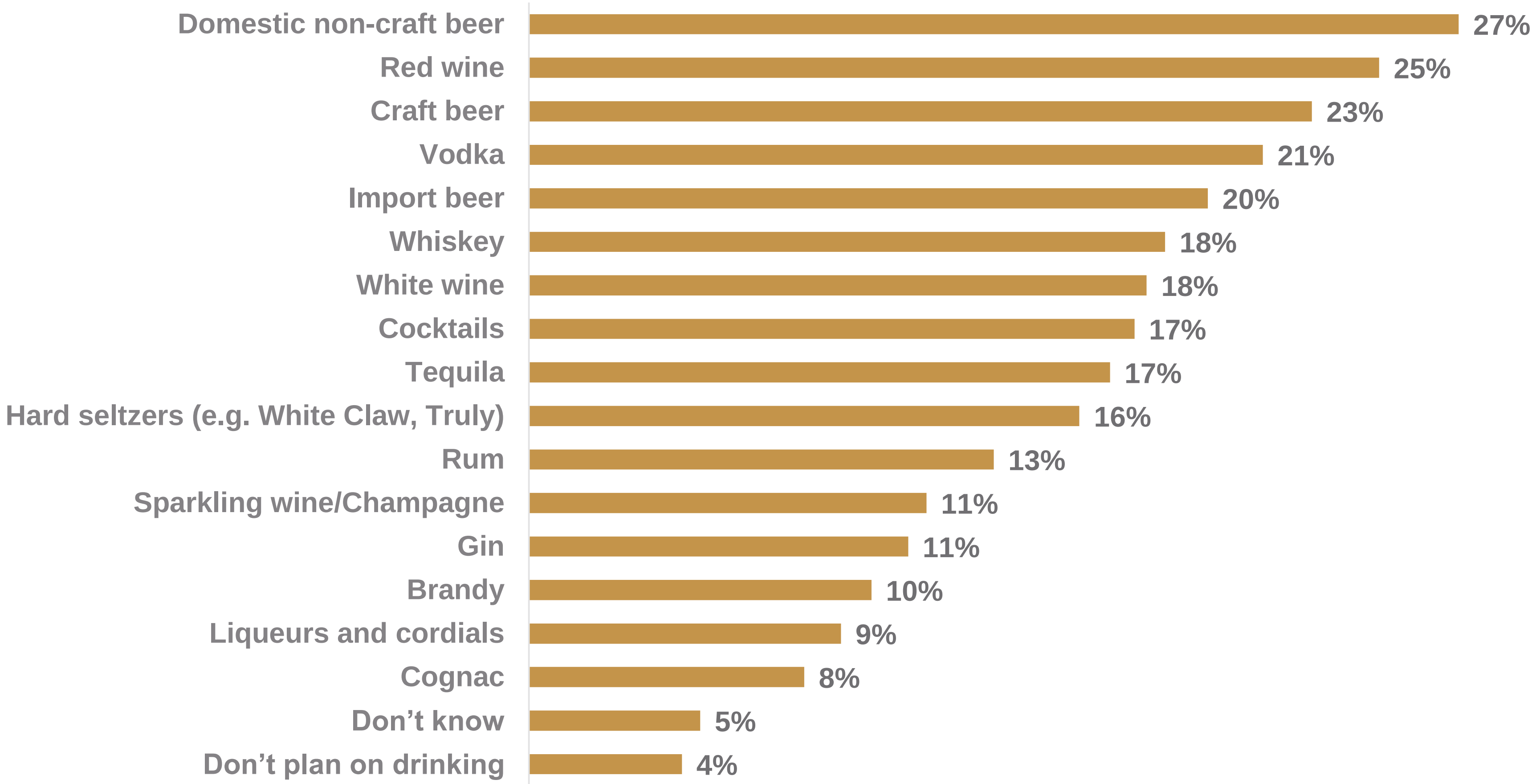
60% felt a meal with family/friends best described their plans for this year, 38% relaxed/quiet drinks and 19% a high tempo occasion. Family/friend gatherings can be promising as they bring a larger group of people together to celebrate. This can carry a celebration longer. It seems apparent that the home occasion for 4 July will be even more important this year and perhaps promoting the availability of delivery of drinks (including cocktails or beer in large offerings) will be a consideration for venues that have become adapted to alcohol delivery and while laws allow.

nielsen CGA PHENOMENAL DATA. EXPERT INSIGHT.

JULY 4 CELEBRATIONS

CONTINUED

Which of the following do you plan to drink on July 4 this year?



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WHAT'S NEXT?

The findings of this report will be presented on a webinar at 1pm CST on 6/11/2020 – to register click here: https://lnkd.in/d-j4Bsg

Part 2 of Issue 7 will be released to the market next week on June 17.

If you wish to see this consumer data by more splits, such as by category drinkers, please get in touch for more information.

NCGA can support your On Premise recovery plans in many ways, over the last few weeks, we have created a whole set of new products which are now available to purchase, please see the next slide for more detail.

If you have any questions, please contact both matthew.crompton@nielsencga.com and amy.warren@nielsencga.com.

Look after yourselves and stay well.

The Nielsen CGA Team

NEW NIELSEN CGA SERVICES

ESSENTIAL TOOLS TO HELP YOU NAVIGATE THE NEW ON PREMISE REALITY

UNIQUE OPERATOR RESEARCH

Most of our sales come from smaller operators how can we support them upon re-opening?

Detailed insights from the Owners/C-suite of over 100 Independent bar & restaurant concepts. This study highlights the challenges, expectations & operational plans for re-opening and the specific support that they need from Suppliers.

BENEFITS TO YOU:

- ✓ Anticipate customer demand.
- ✓ Build winning tactics to support customers where they most need help inc. Assortment, Price & Promotional support.

RFP SUPPORT PACKAGES

Winning with big customers has never been more important. What unique insights do I have to share?

Combining best-in-class, banner specific, insights with unique sales data and global On Premise channel expertise. RFP packages enable one-stop support for achieving clear commercial objectives in important RFP meetings. Most major On and Off Premise chains are included.

BENEFITS TO YOU

- ✓ Take something relevant and unique to your largest customers when they most need your help. Build real loyalty by adding real value.
- ✓ Flexible, low-cost packages & terms

ASSORTMENT STRATEGY

The majority of On Premise accounts are planning on reducing assortment. How can I protect my space?

Comprehensive Operator research: the majority of accounts will look to reduce assortment upon re-opening. Data-based insights are also deemed as essential and suppliers will be expected to add value to gain or protect listings. NCGA has built the only Assortment model for the On Premise in America.

BENEFITS TO YOU

- ✓ Protect your business based on data
- ✓ Help your customers make better decisions
- ✓ Give your sales team the tools to succeed in a very challenging market

WEEKLY CLIP TRACKERS

Tracking / responding to low level, sub-market, sales performance is now crucial.

NCGA's unique Store level data reveal sales dynamics of brands by week, day or even day part. Competitive insights showing brand level velocity, unit sales, check value and pricing cn feed directly into market playbooks and sales stories

BENEFITS TO YOU

✓ Essential market performance
✓ Optimally allocate resources to high-potential market pockets
✓ Identify & action competitive threats quickly

HARD SELTZER STRATEGY REPORT

Hard Seltzer is hitting every brand in every category. How can we respond?

A first-of-it's-kind category report combining detailed consumer research and unique sales data to profile the Hard Seltzer consumer. Crucially this study identifies the specific brands and categories losing share to Hard Seltzer.

BENEFITS TO YOU

✓ All insights available through the lens of large Retail Banner
✓ A genuine unique study enabling offensive or defensive strategy

METHODOLOGY

CONSUMER RESEARCH

NCGA have surveyed 1,600 LDA On-Premise consumers across four key states (Florida, Texas, New York & California)

400 respondents were collected from each state, with each nationally representative on age and gender.

Fieldwork was 06/05/20 to 06/07/20.

Numbers in deck refer to consumers who have had an alcoholic drink in the last 3 months.