

COVID-19

ON PREMISE IMPACT REPORT

Nielsen CGA, October 29 2020



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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 on which topics are of the utmost concern.

In this Issue we are evaluating the impact on velocity in the On Premise. Understanding the different dynamics across states as the situation diverges and evolves, and impact that this has on On Premise trends.

This report will cover On Premise sales trends from our RestaurantTrak dataset up to week ending October 24 2020.

SUMMARY

- On Premise velocity in outlets that are currently operational has increased **+240%** in the week of October 24 v March 28 when the On Premise shutdown commenced, velocity in the latest week is down **-21%** compared to October 26 2019.
- Average outlet \$ sales (velocity) have dropped **-7%** in the latest week (October 24 v October 17) across the US
- Of the 5 states analyzed, only New York experiences growth in velocity in the week to October 24 v October 17
- New York City is in growth at **+6%** v October 17, resulting in the state experiencing growth of **+3%** over the same week.
- New York is up **+333%** v March 28 when On Premise shutdown commenced, the strongest across the markets explored in part due to a more prominent drop in sales in March than in other states .
- Illinois shows velocity declines of **-12%** October 24 v October 17, driven by declines throughout the state with Chicago down **-13%** over the same week.
- California experiences its second week of decline in last 12 weeks, velocity is now down **-5%** October 24 v October 17
- In outlets that are operational in Texas, velocity has recovered to the same levels as 2019 in the week to October 24 2020 vs October 26 2019.
- Like California, Florida experiences its second week of decline in last 12 weeks with velocity, now down **-2%** October 24 v October 17 driven largely by performance outside of key cities.
- Saturday remains the best performing day of the week across all states explored however most experience a lower velocity on Saturday October 24 compared to Saturday October 17.



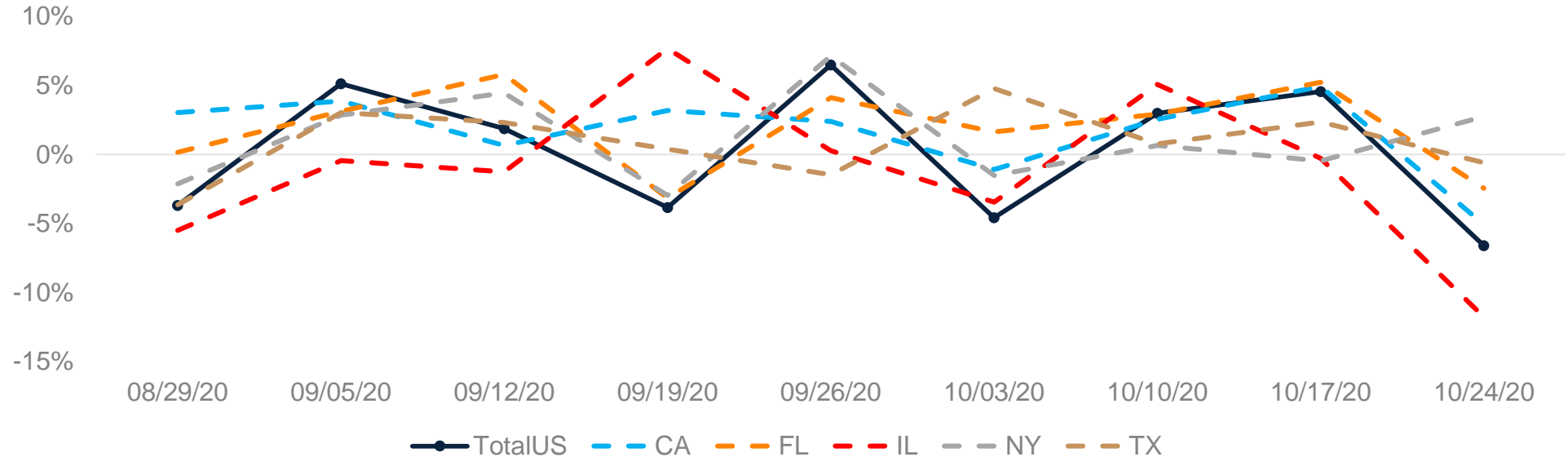
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TOTAL MARKET SALES

On Premise velocity in outlets currently trading is **-21%** lower than the same time last year in the week to October 24, this does however represent growth of **+240%** since March 28 when the On Premise shutdown commenced. Average check value is also continuing its upward trajectory and is now **+87%** higher what it was on March 28.

\$ VELOCITY % CHG - WEEK ON WEEK



NEW YORK STATE

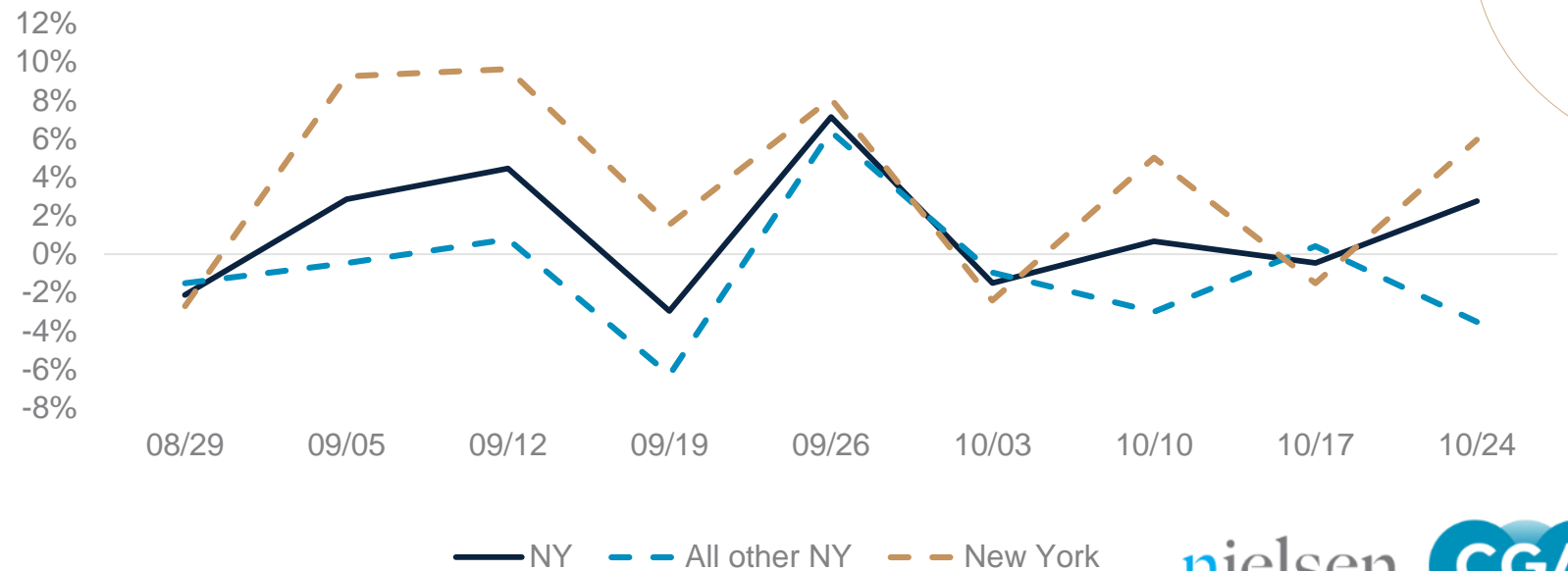
-37%

v October 26 2019

+3%

v October 17 2020

\$ VELOCITY % CHG - WEEK ON WEEK



SOURCE: RESTAURANTRAK

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ILLINOIS

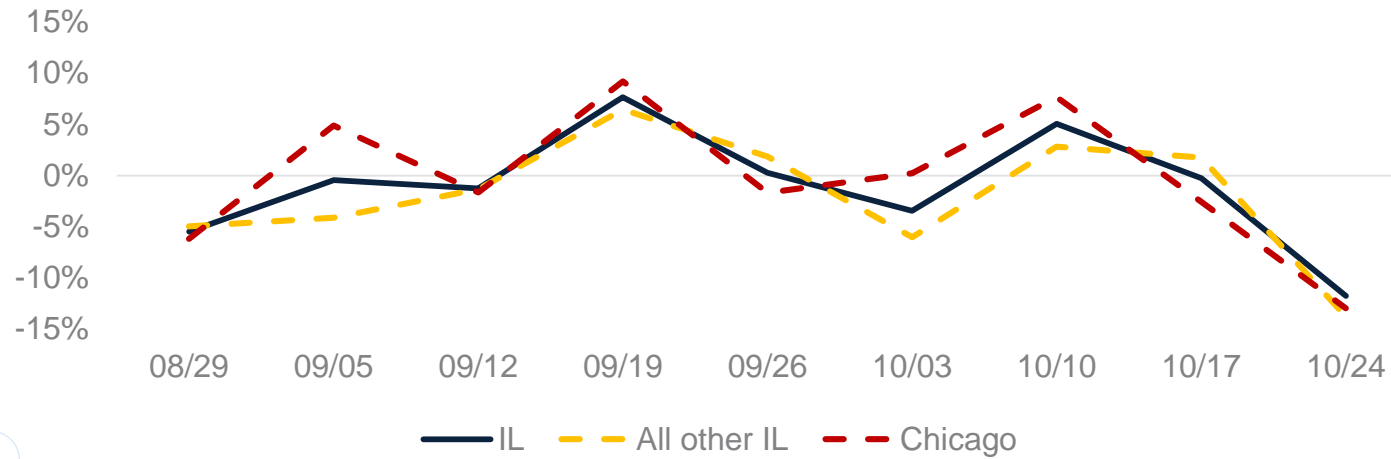
-39%

v October 26 2019

-12%

v October 17 2020

\$ VELOCITY % CHG - WEEK ON WEEK



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CALIFORNIA

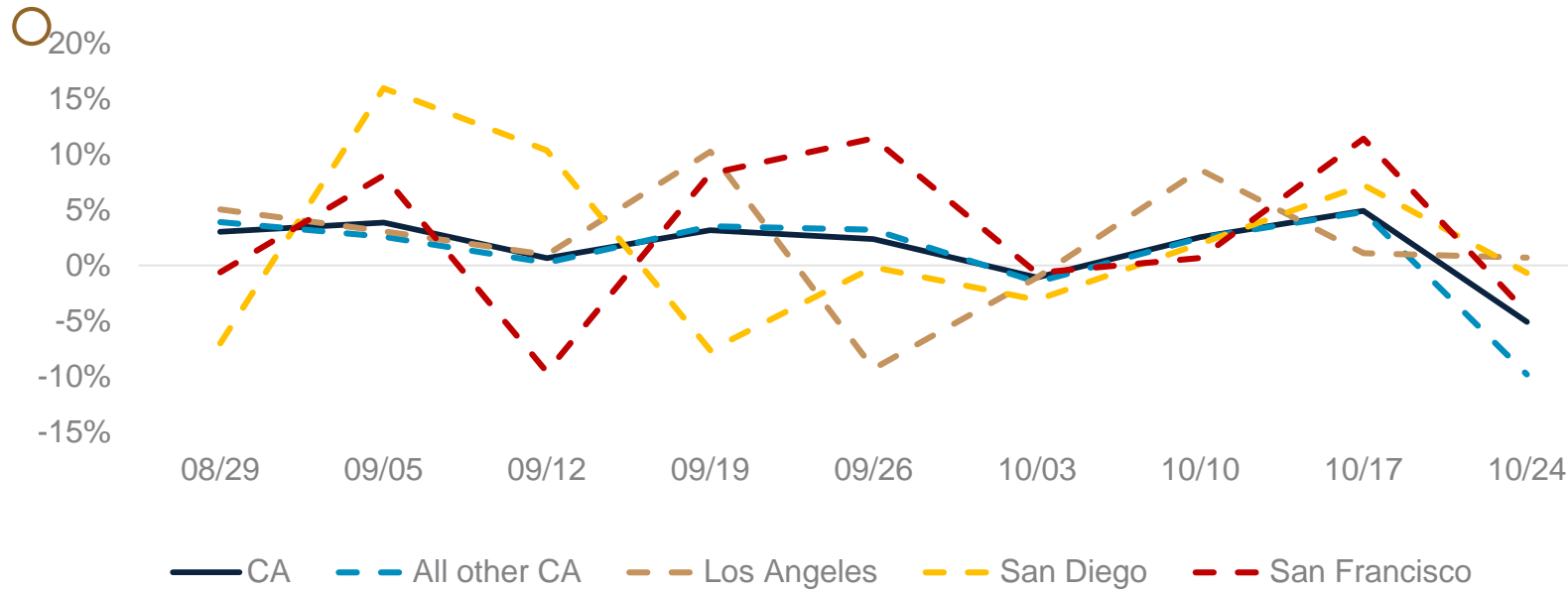
-21%

v October 26 2019

-5%

v October 17 2020

\$ VELOCITY % CHG - WEEK ON WEEK



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TEXAS

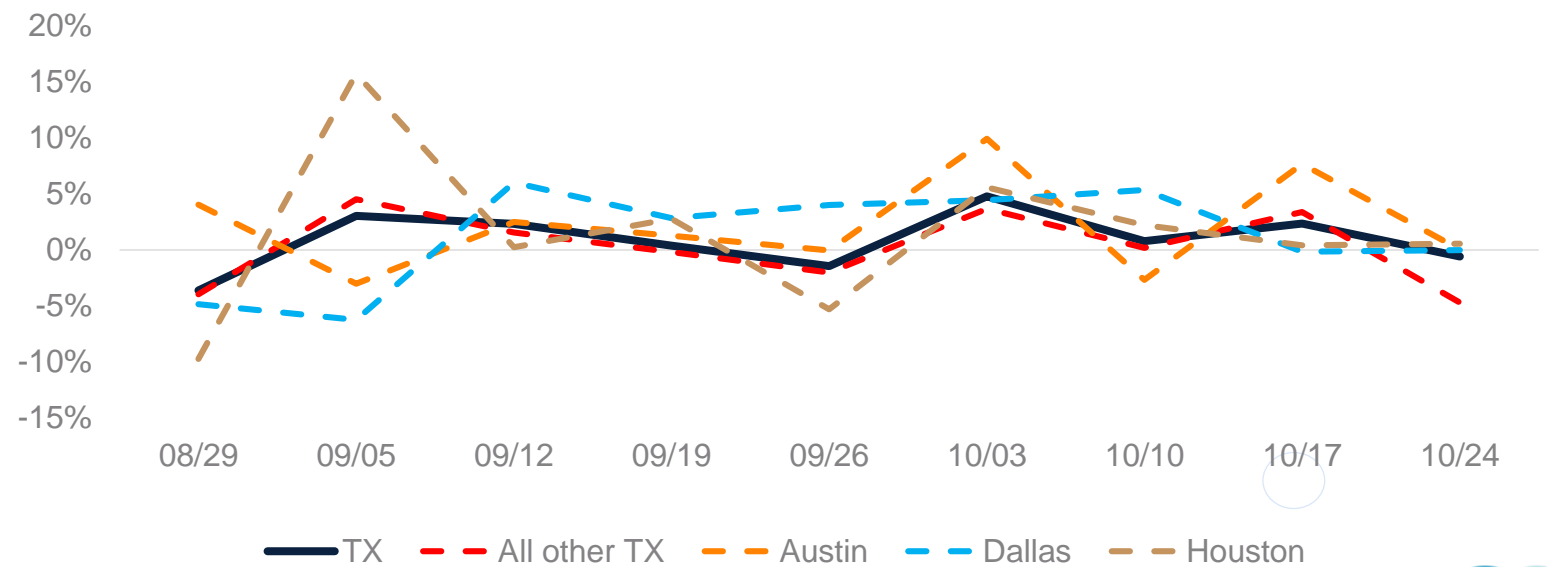
0%

v October 26 2019

-1%

v October 17 2020

\$ VELOCITY % CHG - WEEK ON WEEK



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SOURCE: RESTAURANTRAK

FLORIDA

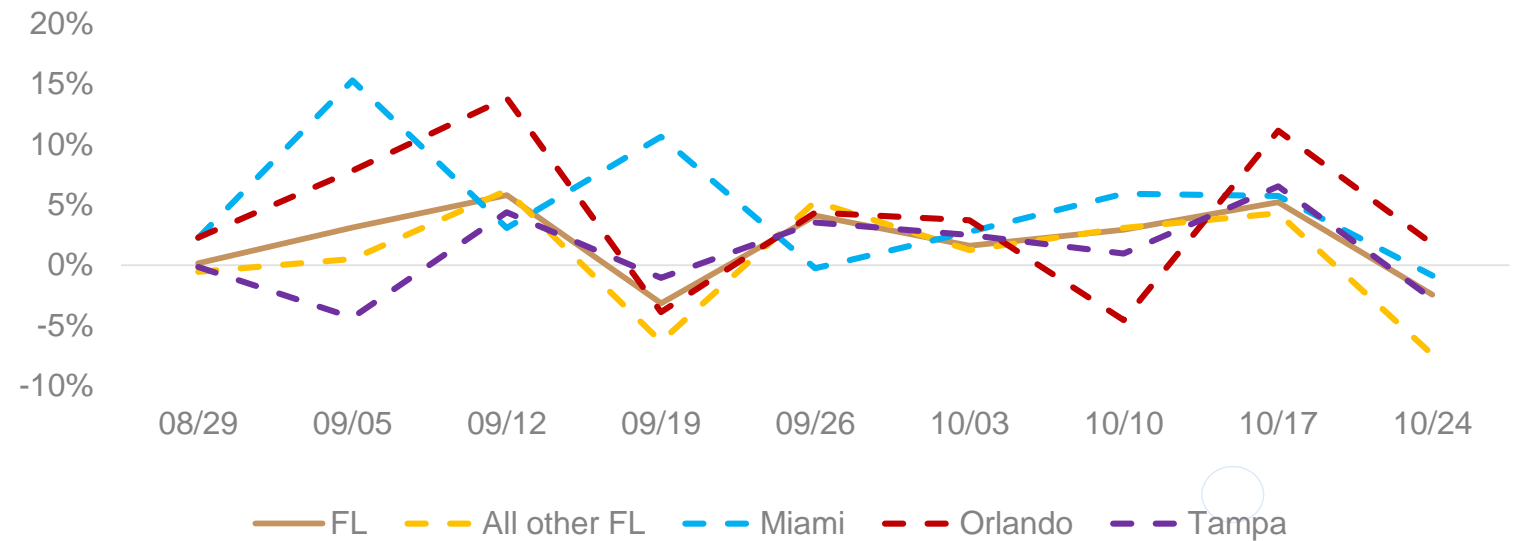
-7%

v October 26 2019

-2%

v October 17 2020

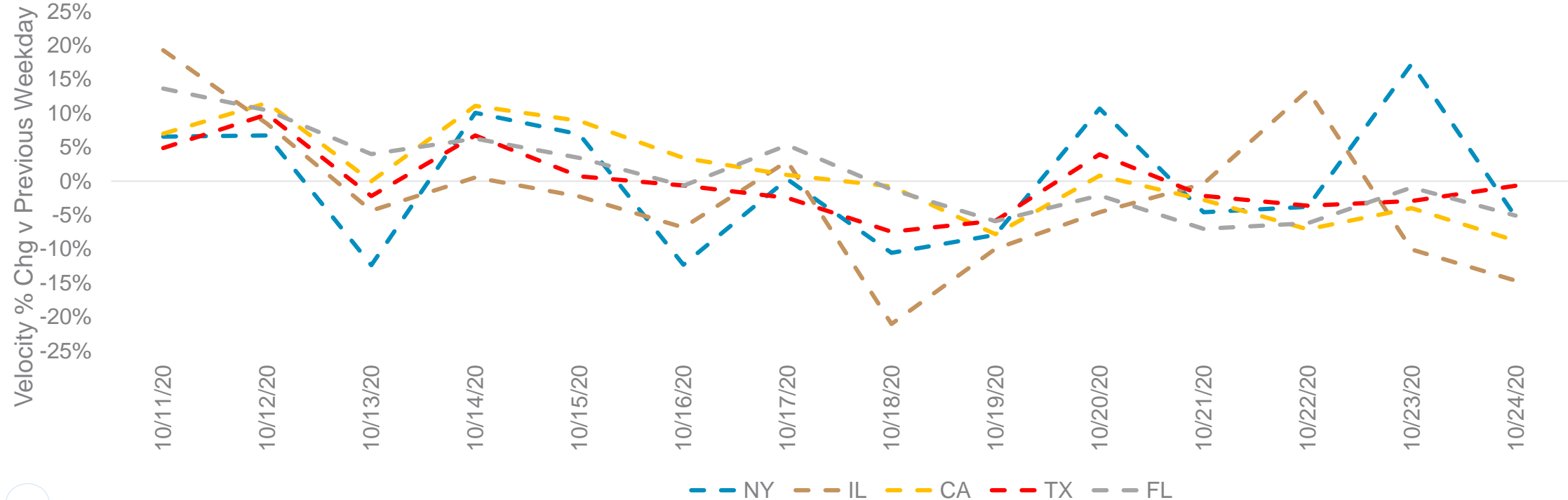
\$ VELOCITY % CHG - WEEK ON WEEK



DAILY VELOCITY

Saturday remains the best performing day of the week across all states explored however all experience a lower velocity on Saturday October 24 compared to Saturday October 17.

\$ VELOCITY % CHG - DAY v SAME DAY PREVIOUS WEEK



N.B.

% Chg v Previous Same Weekday: Change in Velocity v the same weekday in the previous week. E.g. Monday this week v Monday last week

NEW NIELSEN CGA SERVICES

Essential tools to help you navigate the new On Premise reality

OPUS Custom Questions



How can I get the thoughts of 15,000 On Premise visitors to my key business questions?

Nielsen CGA's Fall On Premise User Survey will take place in October. Allowing a deeper dive into our large consumer pool as we approach winter months.

Benefits to you:

- Receive results split by age, gender and key national account customer
- Split by your brands
- See the broader response of consumers to the future of COVID-19.



RFP Support Packages



Winning with our largest 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 CGA's 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

CLiPTrak



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 can 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

Hotel Beverage Strategy Study



Maximizing the beverage opportunity in America's hotel channel, by understanding the next normal for a disrupted market

The ongoing impact of COVID-19 is causing extremely challenging times for the hotel industry, with lower occupancy rates and owners making difficult decisions.

Benefits to you:

- Build your hotel strategy for the next 3-6 months
- Support hotel partners
- Gain, protect and secure brand listings



METHODOLOGY

RESTAURANTRAK

POWERED BY CHECK-LEVEL INSIGHTS POOL (CLIP)

Analysis of RestaurantTrak demonstrates that current 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.

A stable set of outlets has been used to allow a comparison of average value velocity this year against last year. The comparison points used will be the same week as a week a year ago for example average sales from week 30 in 2020 will be compared to average sales from week 30 2019