Caution! Retail Curves Ahead

Presentation for: NACDS regional
February 13, 2024
Shoppers lead you to your future – if you pay attention.
What We Do...

We study **Shopping Life™** to understand the **WHY** behind what people buy, **WHERE** they buy, and **WHAT** they will do **NEXT**.

We do this through our **proprietary research**, **retail influence**, **global retail innovation**, all activated through our **consulting services**.
How We Do It...

We connect brands and retailers ...by keeping the ***shopper*** in the center, **always**

- **Consulting & Activation**
  We collaborate to **build and activate future retail strategies**.

- **Shopper & Retail Research**
  How America Shops® & custom research are foundations of **the next trends**.

- **Retail Influence**
  Our access to retail executives informs us on what they expect **next**.

- **Retail Innovation**
  We track retail innovation around the world (WSL scouts are everywhere!)
Consulting Expertise that Builds **Shopper-centric** Retail Strategies for the Future.

- **Build Future Category and Retail Growth Strategies**
- **Develop Category White Space Opportunities**
- **Identify Omni-Channel Growth Strategies**
- **Build Better Innovative Retail Experiences**
- **Build More Valuable Retail Partnerships**
- **Accelerate Shopper-Centric Organizations**
Why You Need It

Inspire Shopper-based Strategies.

How We Do It

We keep on top of shopper sentiment with our National Survey

What You Get
Why You Need It

1. A one-stop source to build a culture of innovation and creative thinking in your organization.
2. To inspire change, and support innovation focused account meetings.
3. Delivered with themes that inspire an action plan. 30+/year.

What You Get

Global Retail Innovations in Person, PPT and Video.
Anyway You Want It!

Virtual Tours

Innovative global retail trends inspire innovation. In-Store Omni Digital

Retail Safari® Live

Custom retail immersion builds specific solutions for your business. Led by WSL

Retail Safari® in a Box

We provide the places to see, with guidance for you to conduct your own tour.

Retail Safari® Photo Library

Searchable Library with retail innovation customized to your goals.
Sources: How America Shops®

How
Nationally Representative
Online Sample
Retail Safari® Innovation

When
June – December 2023

Who
Among 2,500 adults 16+

WSL RETAIL STRATEGISTS & SHOPPING FUTURISTS
Today

01 Anxiety Reigns

02 Shoppers Take Control

03 Opportunities Are Reveled

04 Now What…Getting it Right
Anxiety Reigns
Rising prices are still a reality.

Shoppers believe prices...

- 56% Will go up
- 62% HHI <$50K
- 88%
- 12% Start to go down
- 32% Remain where they are
- 16% Millennials
A lot of people are anxious.

### Shoppers Reporting Financial Anxiety

<table>
<thead>
<tr>
<th>Group</th>
<th>A little anxiety</th>
<th>A lot of anxiety</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>35%</td>
<td>48%</td>
<td>83%</td>
</tr>
<tr>
<td>Men</td>
<td>37%</td>
<td>33%</td>
<td>70%</td>
</tr>
<tr>
<td>Gen Z</td>
<td>33%</td>
<td>54%</td>
<td>87%</td>
</tr>
<tr>
<td>Millennials</td>
<td>32%</td>
<td>52%</td>
<td>84%</td>
</tr>
<tr>
<td>Gen X</td>
<td>37%</td>
<td>39%</td>
<td>76%</td>
</tr>
<tr>
<td>Boomers</td>
<td>43%</td>
<td>23%</td>
<td>66%</td>
</tr>
</tbody>
</table>

### Student Loans Restarting

<table>
<thead>
<tr>
<th></th>
<th>Restarting</th>
</tr>
</thead>
<tbody>
<tr>
<td>31%</td>
<td>61%</td>
</tr>
<tr>
<td>92%</td>
<td></td>
</tr>
</tbody>
</table>
About a lot of other things too...
70% Found locked up products in stores

77% Urban Core
86% Suburbs

70% Changed shopping behaviors because of mass shootings

80% Women & HHI w/Kids

59% Change shopping behavior to avoid COVID, Flu, RSV

63% Women
53% Men
Shoppers Take Control
85% of shoppers respond to rising prices

Impact of Rising Prices On Shoppers [ No Change vs. April, 2023 ]

1. 47% Cutting spending to pay for basics
2. 38% Being more cautious about how I spend
3. 15% No impact from rising prices

62% HHI <$50K
55% Women
54% Gen X
53% Gen Z
Shoppers rethink their priorities for some categories...

Shoppers are now **not willing to pay for values** that cost more:

*Organic, Vegan, Sustainable*
But when it comes to Pets...

Importance of Pet Food & Treats Attributes

- **High in protein**: 81% (Pet Food Values) 66% (Human Food Values)
- **Natural/All-Natural**: 71% (Pet Food Values) 62% (Human Food Values)
- **No artificial ingredients**: 69% (Pet Food Values) 60% (Human Food Values)
- **No artificial colors**: 62% (Pet Food Values) 54% (Human Food Values)
- **Ethically sourced**: 61% (Pet Food Values) 54% (Human Food Values)
- **Non-GMO**: 52% (Pet Food Values) 48% (Human Food Values)
- **Organic**: 45% (Pet Food Values) 46% (Human Food Values)
44% buy more store brands today vs. last year

- 50% HH w/ Kids
- 48% HHI <$50K
- 47% Age >40
- 41% $150K+
Because they save without compromising.

89% Save Money

86% Innovation on Par with Name Brands

85% Better Quality

75% More Attractive Packaging
Smart shoppers make store brands a destination!

- **82%** I feel **smart**
- **75%** I spread the **word** on store brands
- **69%** I go to stores to **buy a store brand**
NEW!

CLEAN & GREEN

Made with recycled or rechargeable content, biodegradable or natural or plant-based ingredients, and without any harsh chemicals.

Proud Partner to help preserve Texas & our State Parks

H-E-B – New Braunfels, TX

Bestselling shades that don’t cost a ton

#LIPSTORIES Lipstick
only $12

Sephora – New York, NY
And...they buy in more places to get what they want.

<table>
<thead>
<tr>
<th>Channel</th>
<th>2023 % Shopped</th>
<th>2014 % Shopped</th>
<th>Ppts Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mass Merchandiser</td>
<td>87</td>
<td>65</td>
<td>22</td>
</tr>
<tr>
<td>Online only</td>
<td>81</td>
<td>68</td>
<td>13</td>
</tr>
<tr>
<td>Supermarket</td>
<td>77</td>
<td>66</td>
<td>11</td>
</tr>
<tr>
<td>Drug store</td>
<td>75</td>
<td>62</td>
<td>13</td>
</tr>
<tr>
<td>Dollar store</td>
<td>70</td>
<td>55</td>
<td>15</td>
</tr>
<tr>
<td>Convenience store</td>
<td>68</td>
<td>43</td>
<td>25</td>
</tr>
<tr>
<td>Home improvement</td>
<td>60</td>
<td>45</td>
<td>25</td>
</tr>
<tr>
<td>Warehouse Club</td>
<td>53</td>
<td>39</td>
<td>14</td>
</tr>
<tr>
<td>Deep discount grocery</td>
<td>43</td>
<td>23</td>
<td>20</td>
</tr>
<tr>
<td>Beauty specialty</td>
<td>40</td>
<td>19</td>
<td>21</td>
</tr>
<tr>
<td>Vitamin specialty</td>
<td>24</td>
<td>13</td>
<td>11</td>
</tr>
</tbody>
</table>
Including new channels...

**DTC**
- 37% (Up 12ppt vs. 2022)
  - 44% Gen Z
  - 43% Millennials
  - 42% HH w/ Kids

**Social Media**
- 35% (Up 10ppt vs. 2022)
  - 48% HH w/ Kids
  - 47% Millennials
  - 44% Gen Z

**Livestream**
- 23% (Up 12ppt vs. 2022)
  - 37% HH w/ Kids
  - 32% Millennials
  - 26% Gen Z

**Metaverse**
- 13%
  - 24% HH w/ Kids
  - 23% Millennials
  - 20% Gen Z
Opportunities Are Revealed
New Trips...

New Drivers...

New Sales...
New Trips
Pick-up drives shoppers into the aisles.

29% of shoppers use curbside in a month

26% Pick up in store in a month

62% go into the store after pickup

70% Men
54% Women
For a lot of reasons...

38% I forgot something
38% Browse a favorite category
37% Get something to eat/drink right away
33% Look at displays
31% Check the flyer for sales
44% of “pickup” shoppers buy more

Here’s What They Buy!

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Snacks, candy, beverages</td>
<td>40%</td>
</tr>
<tr>
<td>Beauty products</td>
<td>35%</td>
</tr>
<tr>
<td>Fresh fruits, vegetables</td>
<td>33%</td>
</tr>
<tr>
<td>Frozen foods</td>
<td>33%</td>
</tr>
<tr>
<td>Personal care</td>
<td>33%</td>
</tr>
<tr>
<td>Alcoholic beverages</td>
<td>25%</td>
</tr>
<tr>
<td>Prepared foods, bread, meats, dairy</td>
<td>24%</td>
</tr>
<tr>
<td>Rx</td>
<td>20%</td>
</tr>
<tr>
<td>Seasonal items</td>
<td>20%</td>
</tr>
<tr>
<td>OTC Meds</td>
<td>18%</td>
</tr>
<tr>
<td>Flowers, balloons</td>
<td>17%</td>
</tr>
</tbody>
</table>
The search for “good health”
3/4 women want to know more about their health.

Looked / asked for information for self or other

93% Gen Z
88% Millennials
80% Gen X
75% Boomers
Especially sexual health...and other things.

Looked / asked for information for self or others

<table>
<thead>
<tr>
<th>Condition</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Menstruation</td>
<td>39%</td>
</tr>
<tr>
<td>Digestive</td>
<td>37%</td>
</tr>
<tr>
<td>Immune System</td>
<td>36%</td>
</tr>
<tr>
<td>UTI</td>
<td>31%</td>
</tr>
<tr>
<td>Arthritis</td>
<td>28%</td>
</tr>
<tr>
<td>Pregnancy</td>
<td>24%</td>
</tr>
<tr>
<td>Thinning Hair</td>
<td>23%</td>
</tr>
<tr>
<td>Menopause</td>
<td>22%</td>
</tr>
<tr>
<td>Brain Health</td>
<td>21%</td>
</tr>
<tr>
<td>Bone Health</td>
<td>16%</td>
</tr>
</tbody>
</table>
For most women, health searches begin with Google. Fewer than 1/5 go to their pharmacist.
In the end, most who search buy.

Purchase after looking up information

- Immune system: 82% purchased, 36% looked up
- Digestive: 77% purchased, 37% looked up
- Arthritis/joint pain: 75% purchased, 28% looked up
- Bone health: 71% purchased, 16% looked up
- Brain health: 67% purchased, 21% looked up
- Thinning hair: 65% purchased, 23% looked up
- UTI: 65% purchased, 31% looked up
- Menstruation: 63% purchased, 39% looked up
- Menopause: 53% purchased, 22% looked up
- Pregnancy: 52% purchased, 24% looked up

WSL RETAIL STRATEGISTS & SHOPPING FUTURISTS

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Now What... Getting It Right.
Shoppers are anxious. They are looking for control, solutions, and comfort.

The opportunity is to be a go-to and trusted accessible resource, to ease their stress – financial and health.

01 Build credibility as the “place” that is affordable, accessible, safe, and trustworthy. That knows them.

02 Identify key health topics shoppers want to know more about, e.g., sexual health, digestive health, etc.

03 Recognize where they will pay more (pets) and what they expect if they pay less (innovative store brands)

04 Leverage all your assets, not just the pharmacy. Curate your aisles, messages to benefit from their trips.
CUSTOMIZE YOUR NEW REDDY ITEM
Ask an associate for details.
Product made with recycled materials.

Wholehearted

AFFORDABLE, QUALITY NUTRITION

- Recipes crafted by experts using Whole Pet Nutrition Philosophy™ that fit every budget
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