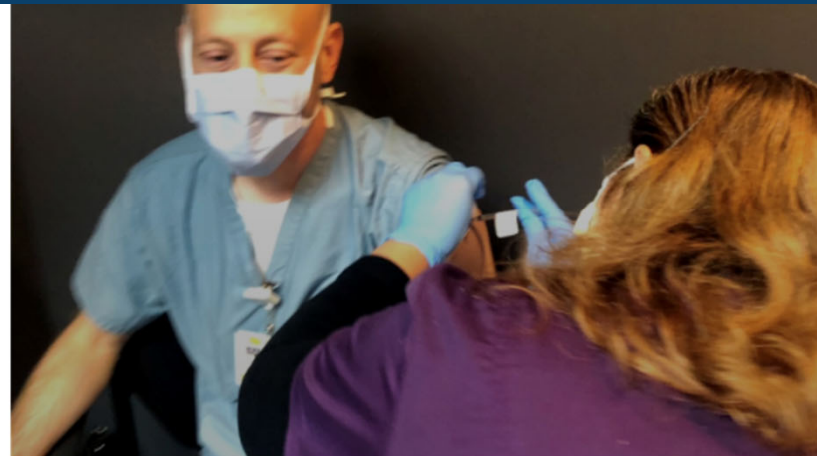




ASSUMPTION: Labor Day



COVID-19: ONE YEAR LATER

-ONE-

Grocery Gains





54%
food away
from home

YE2018, R5 Capital

FY2020 Actual
-27%
drop in
restaurant
spending





\$930B

\$240B



\$780B



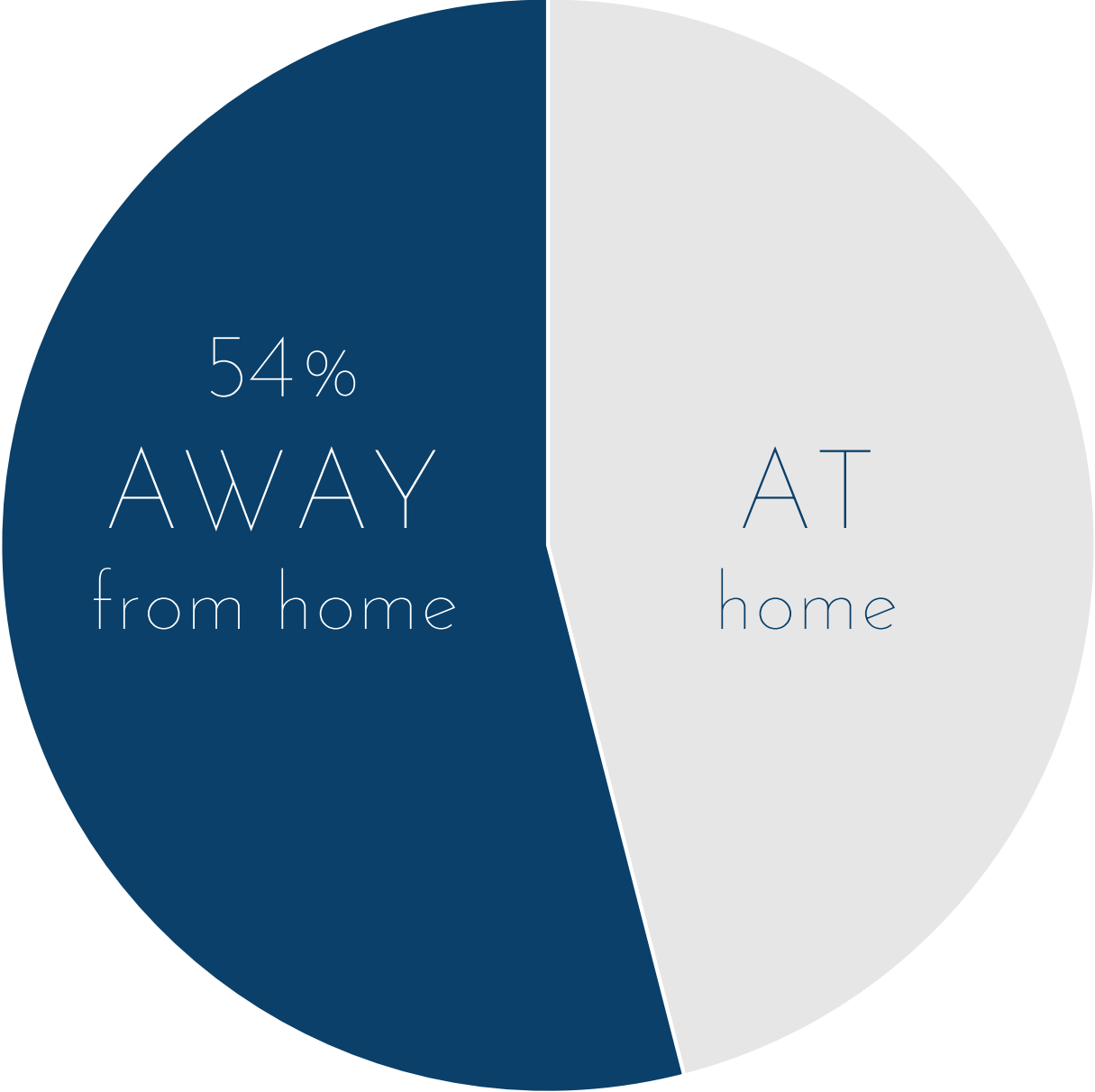
\$690B

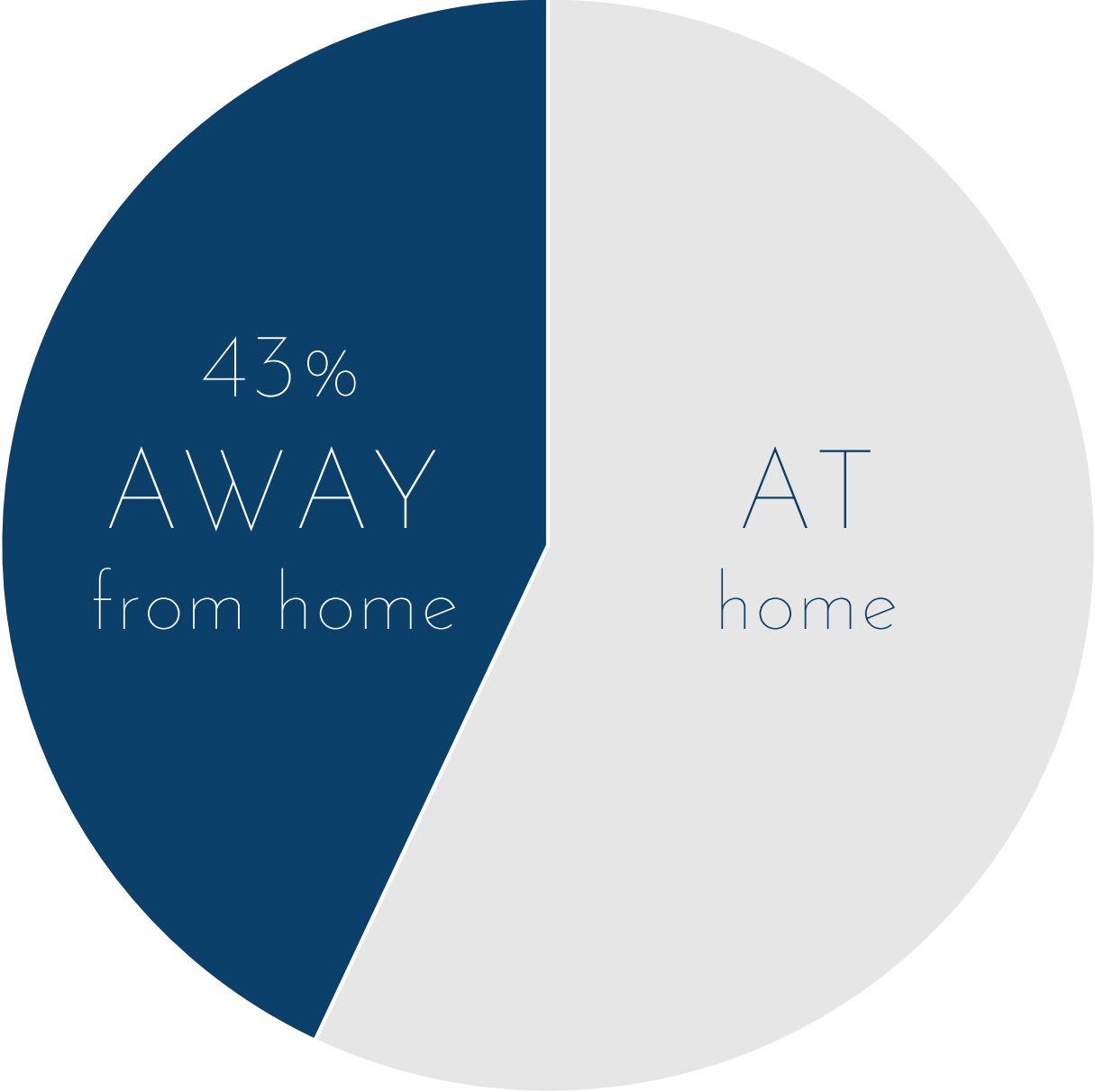
\$240B



50%

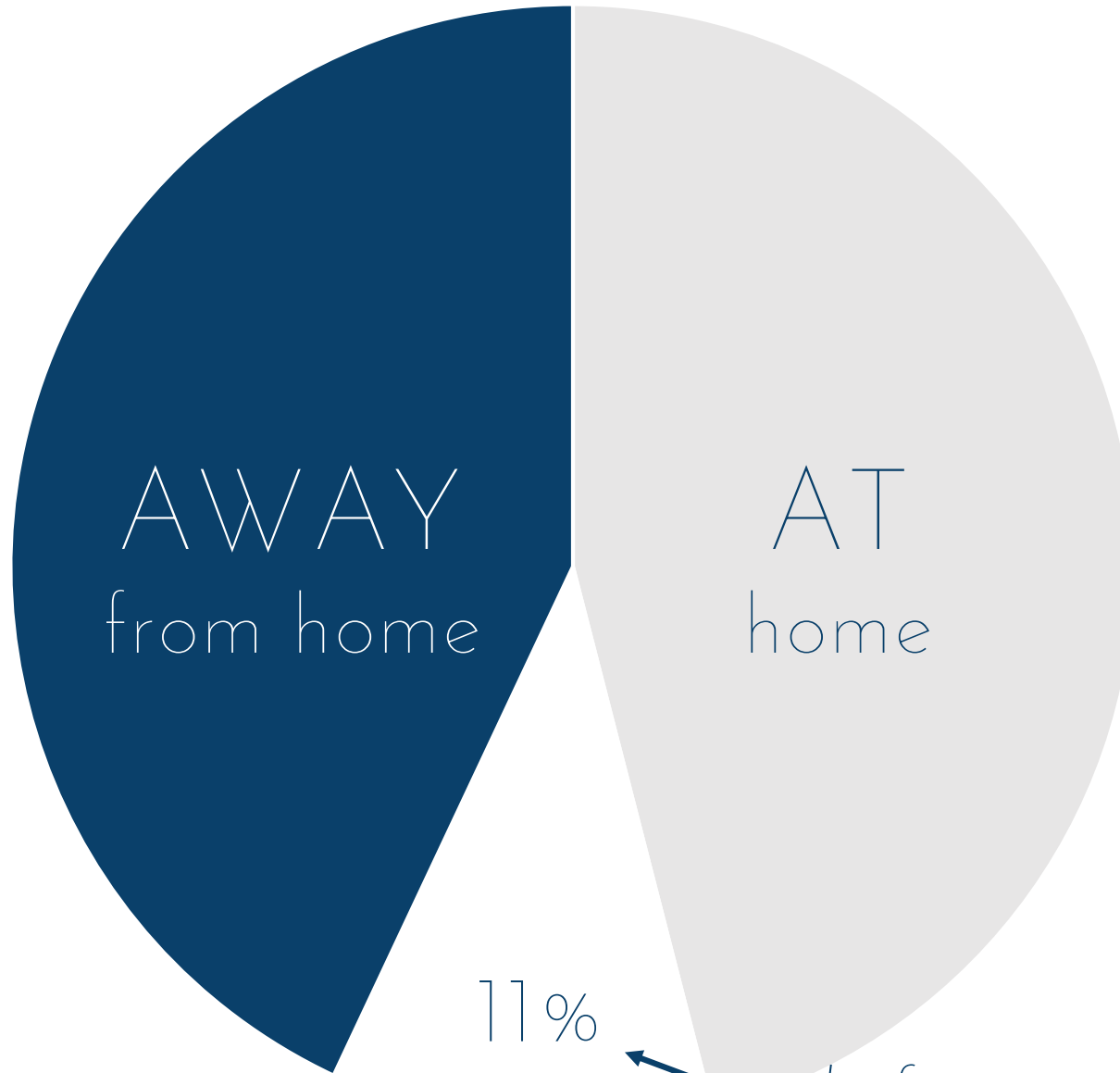
\$900B





RESTAURANTS

↓ \$240B



AWAY
from home

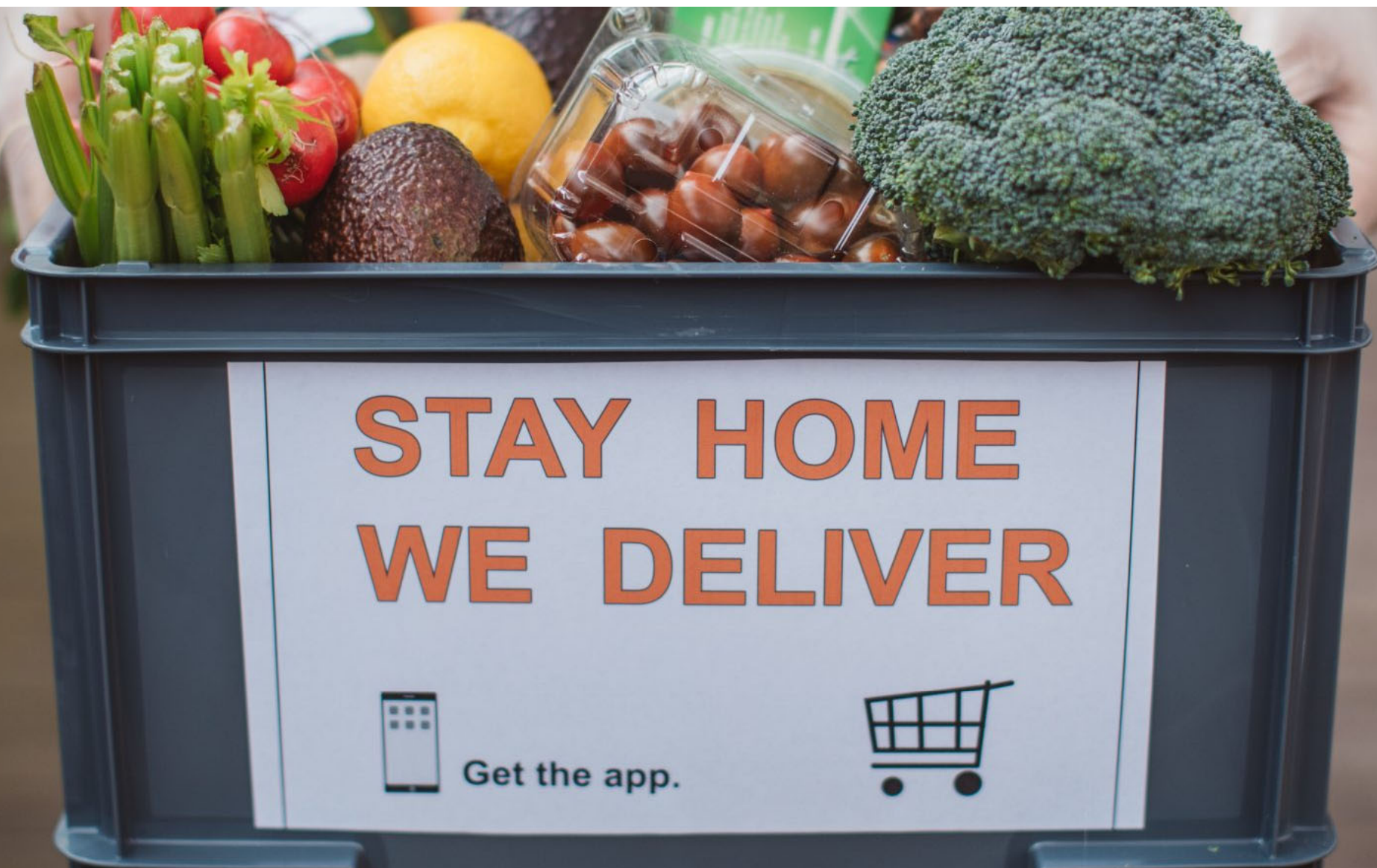
AT
home

11%

shift in market share

↑ \$120B

GROCERY



U.S. delivery is not profitable.



How can delivery
be profitable?

Robotic distribution





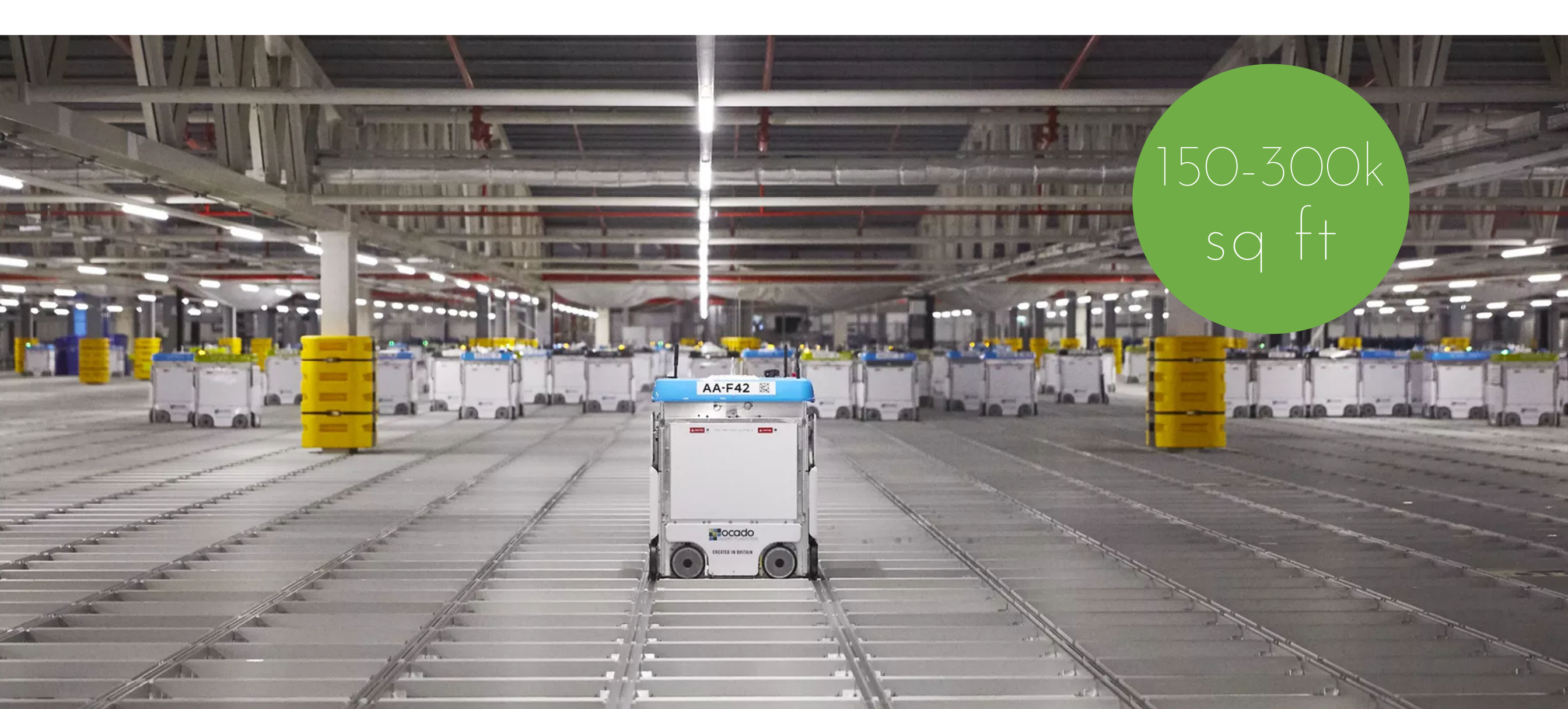
TRADITIONAL MODEL



CENTRALIZED FULFILLMENT CENTER

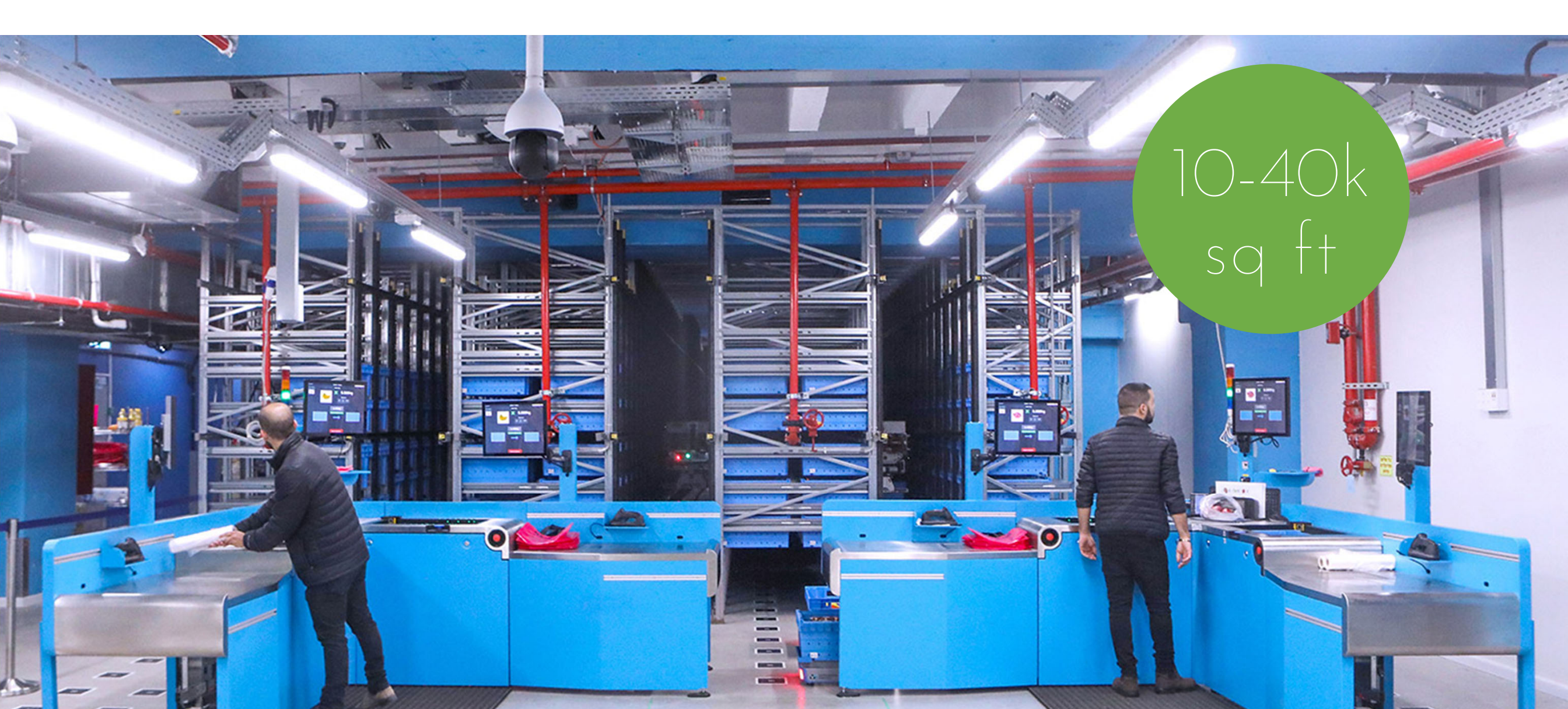


MICRO FULFILLMENT CENTER



150-300k
sq ft

CFC: centralized fulfillment center



10-40k
sq ft

MFC: micro fulfillment center



Which will
be the
winner?



Which will be the winner?





47%
non-grocery
orders

75%
grocery
orders



Pick-Up

Grocery



In-store



Delivery

Give customers a choice
of channel



Pick-Up

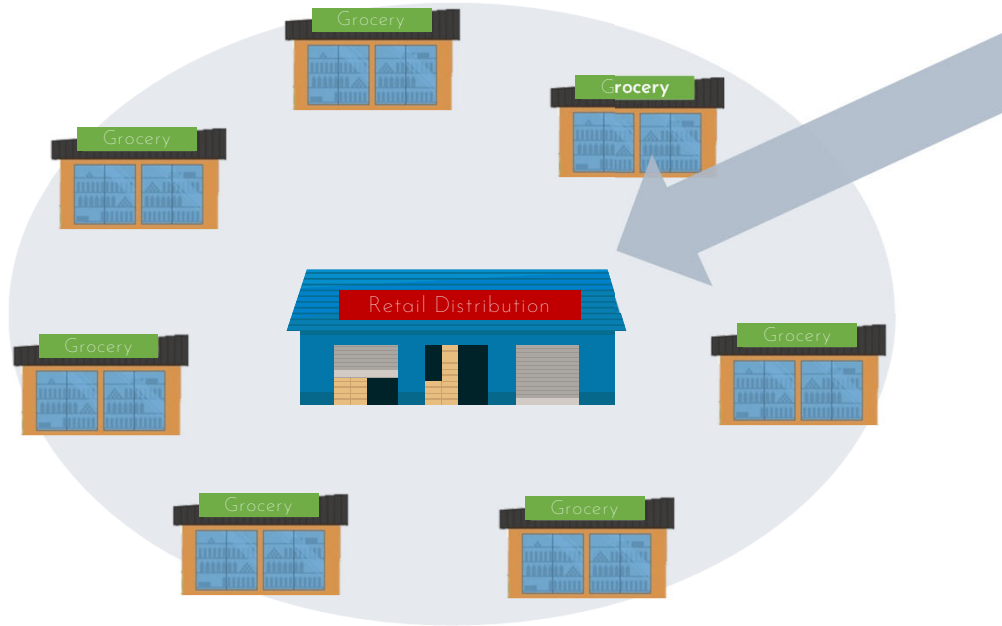
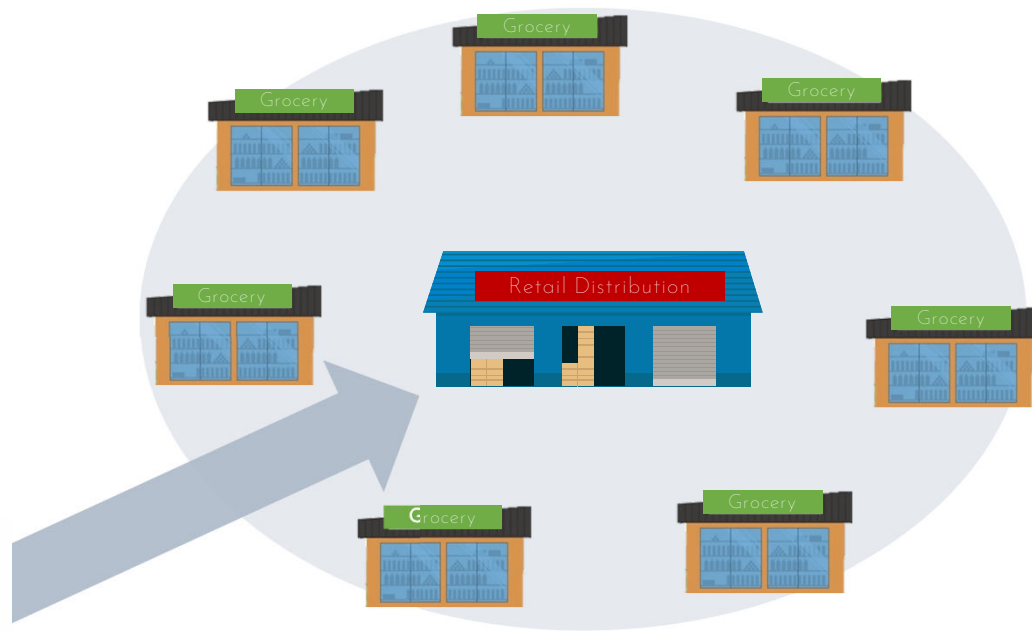
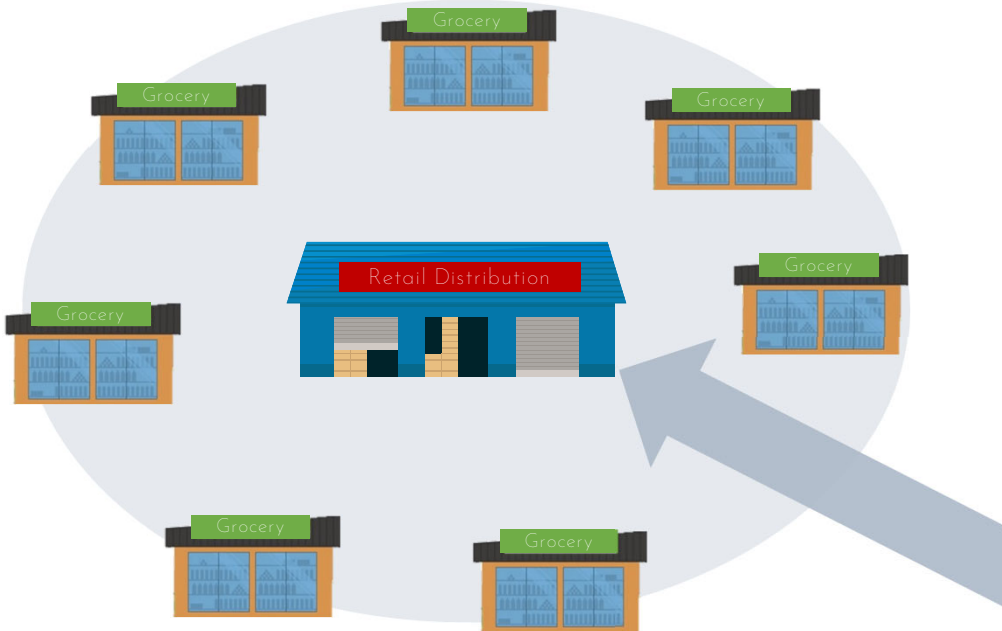


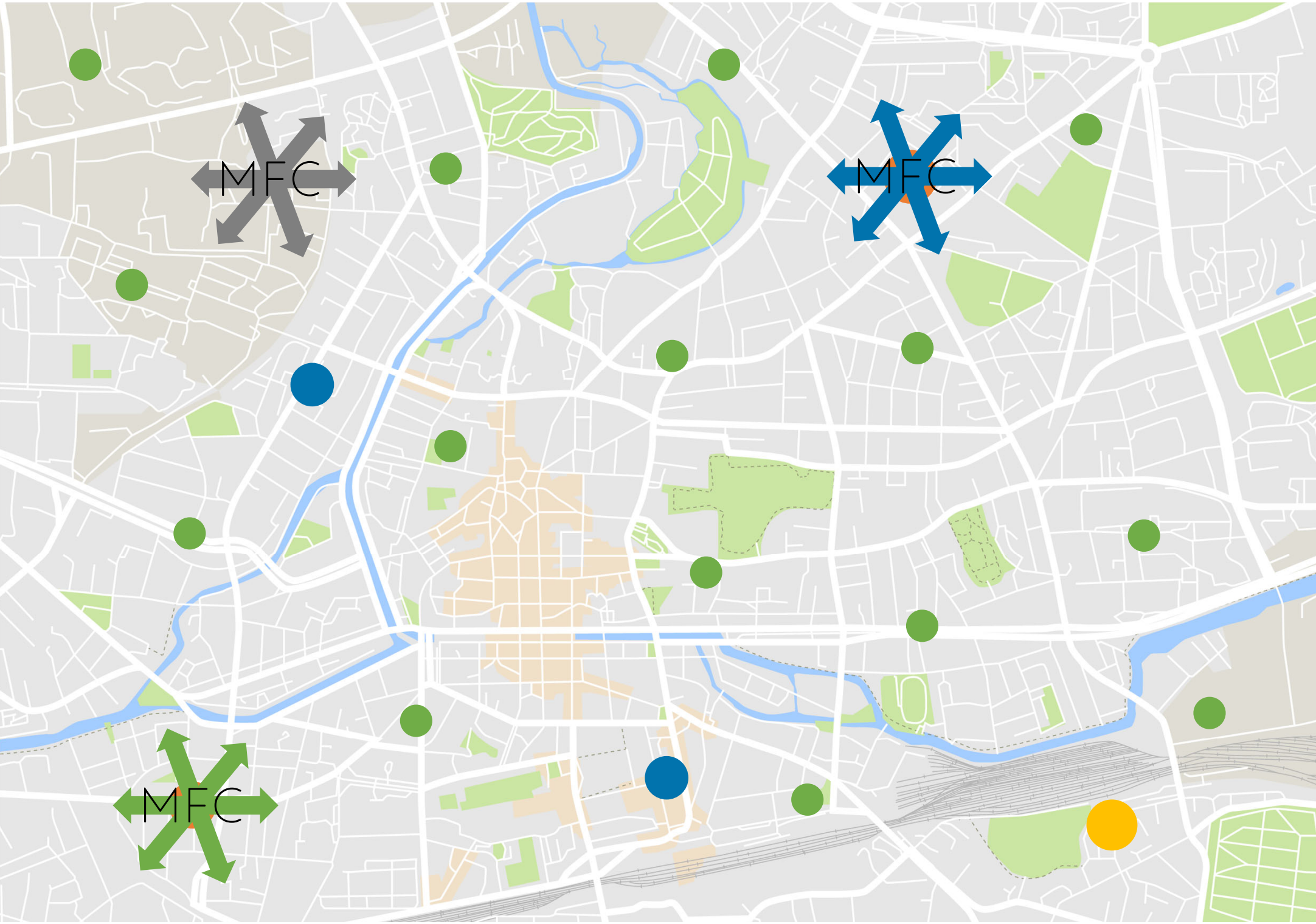
In-store



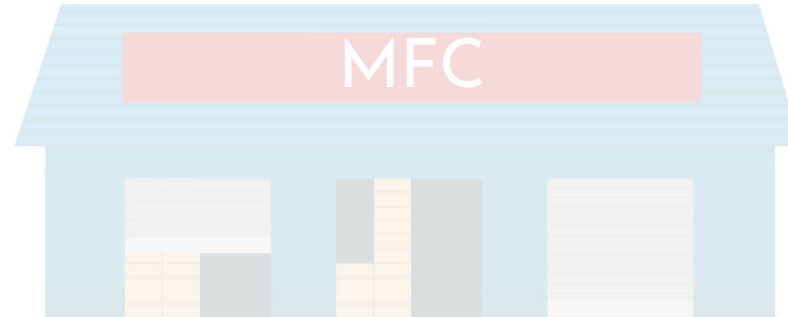
Delivery

without increasing expense





MFC Variety



DARK



HYBRID



IN-STORE

DEMOGRAPHICS
ONLINE ADOPTION
AUTONOMOUS



INFRASTRUCTURE
TECHNOLOGY
TRANSPORTATION

1. *Pickup based on temperature*

2. *Grocery = retail + industrial*

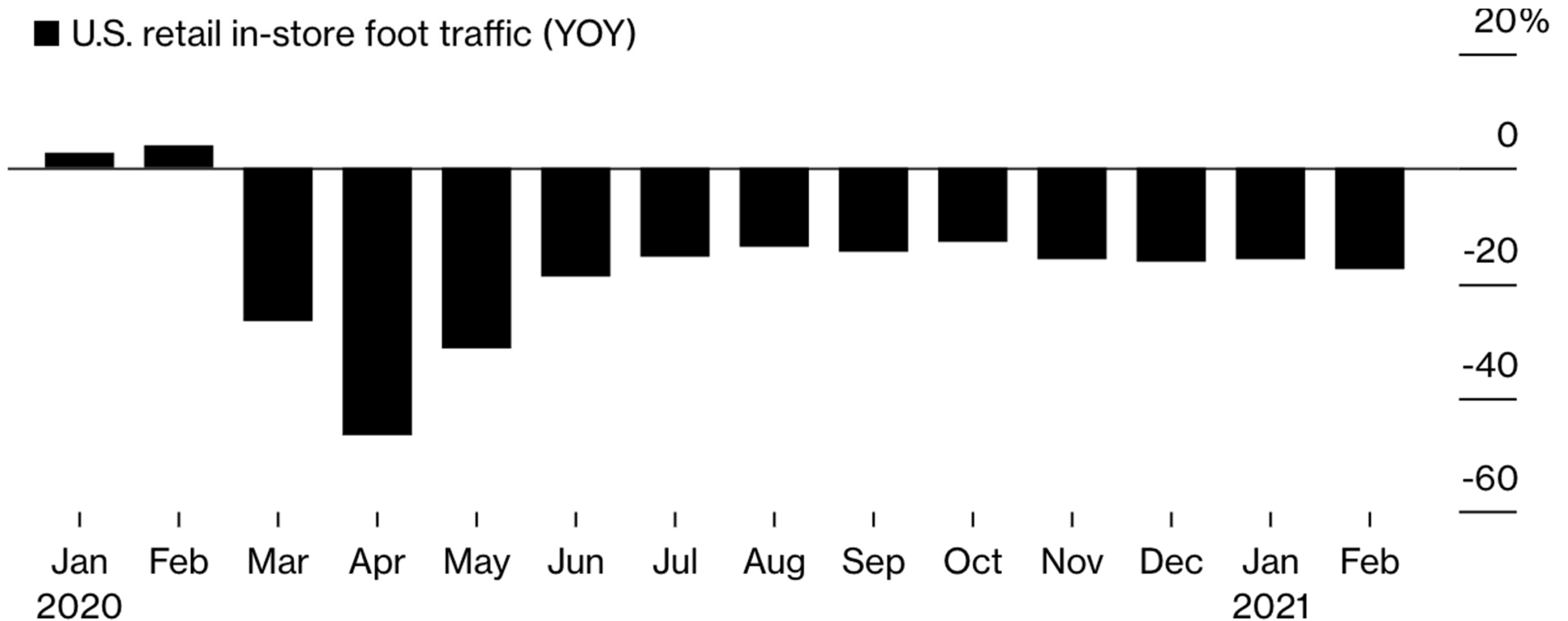
3. *Investing at scale*

-TWO-

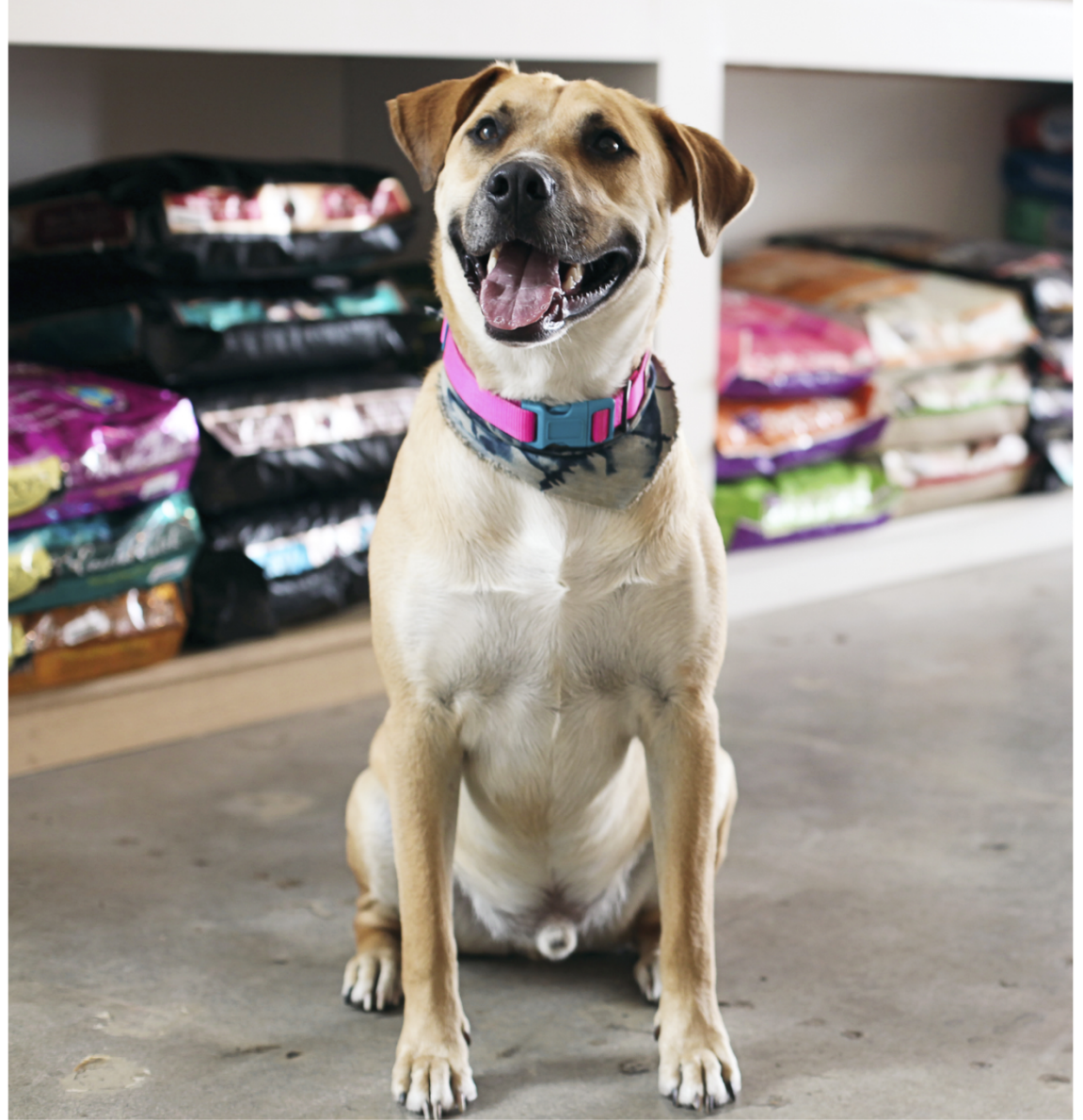
Non-Grocery Successes



Foot-traffic suffered.



Source: Placer.ai

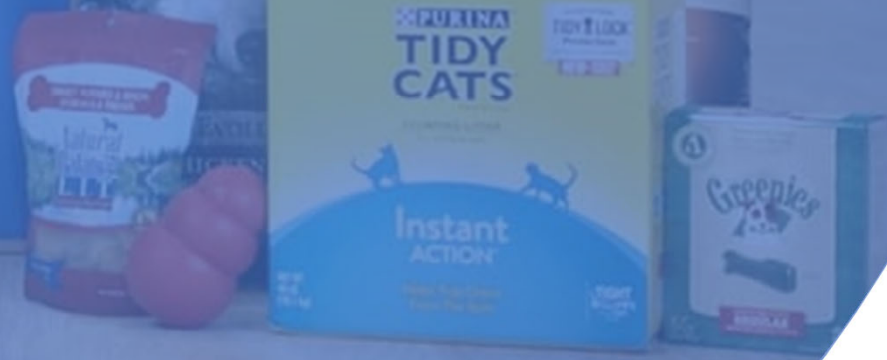




10-15% YoY increase in sales



chewy.com



PETSMART + chewy





“We got more than our fair share.”

Not all pet stores benefitted...





- What's the lesson? -

Exploit your advantage

ALREADY
active
same-day

1000%
growth
in Drive-Up
April YoY

273%
growth
in same day
in F2Q





BEFORE

ALREADY
invested
\$7 BILLION



AFTER



ALREADY
built new
brands





Good &
Gather™

ALREADY
had
grocery





ALREADY
had
partners



Hearin' & Hand
WITH MAGNOLIA





ALREADY
had
partners





- What's the lesson? -
Already ready

1. *Foot Traffic \neq Sales*

2. *Sales \neq Profit*

3. *Scale & customer conviction*

HOW CONSUMERS RESPOND 2021

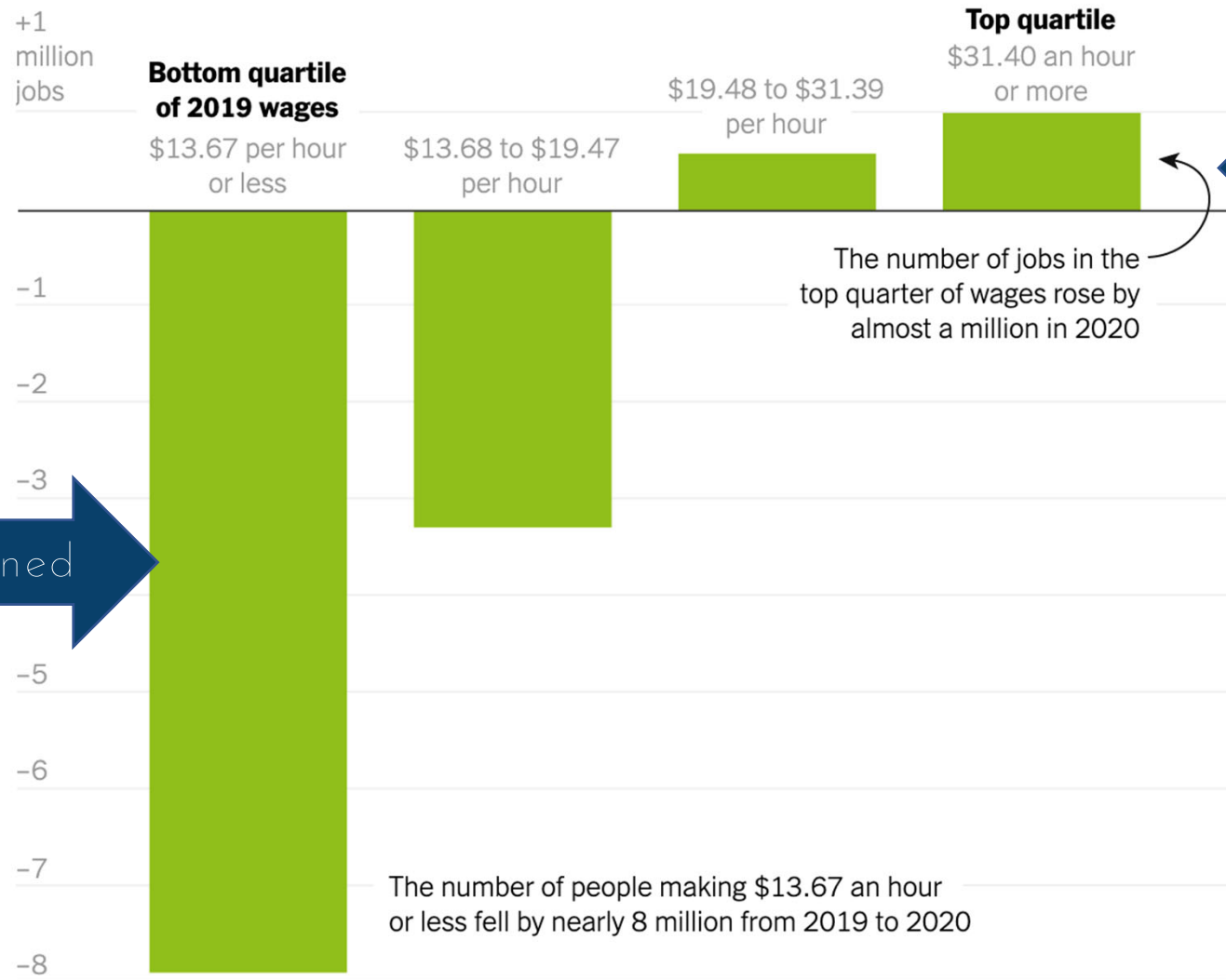
-ONE-

Employment
pain persists



Job losses hit low-wage earners.

Change in jobs from 2019 to 2020 by quartiles of 2019 hourly wages



Low wage jobs declined

High wage jobs grew

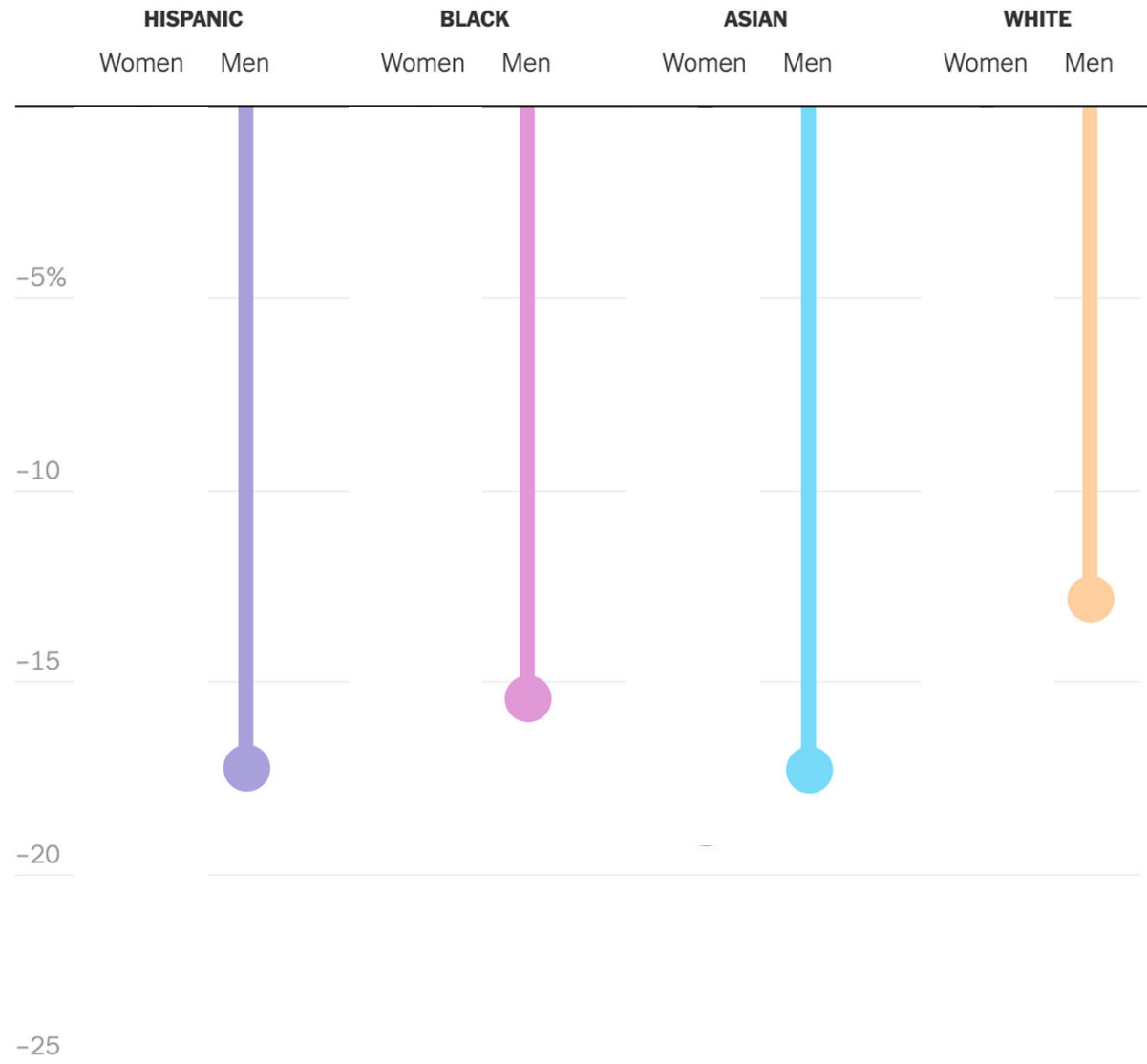
The number of jobs in the top quarter of wages rose by almost a million in 2020

The number of people making \$13.67 an hour or less fell by nearly 8 million from 2019 to 2020

Each quartile held roughly 35.3 million jobs in 2019 - Source: Economic Policy Institute analysis of Current Population Survey data.

Job losses hit women.

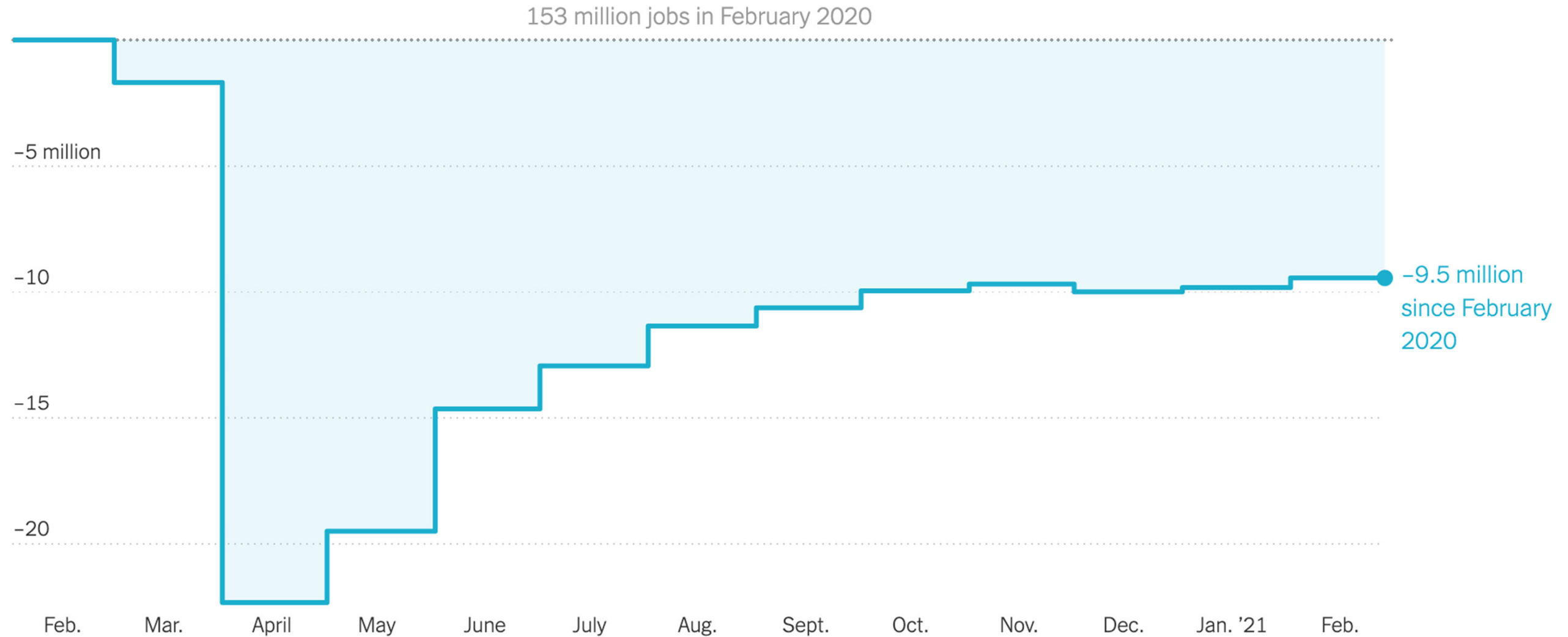
Percent decrease in employment from before the pandemic



Pre-pandemic vs.
April 2020

Job growth shows improvement.

Cumulative change in **all jobs** since before the pandemic

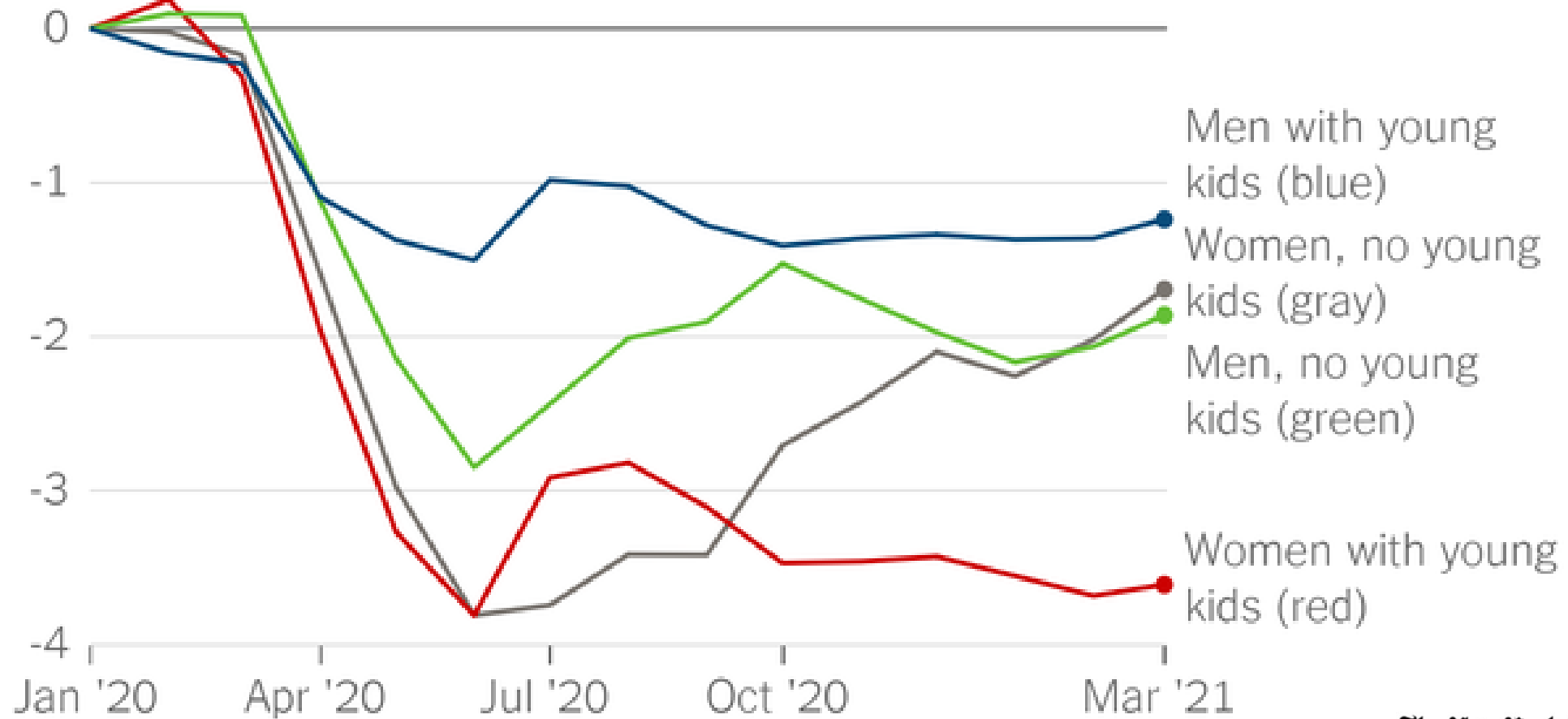


By Ella Koeze • Seasonally adjusted • Source: Bureau of Labor Statistics

The New York Times

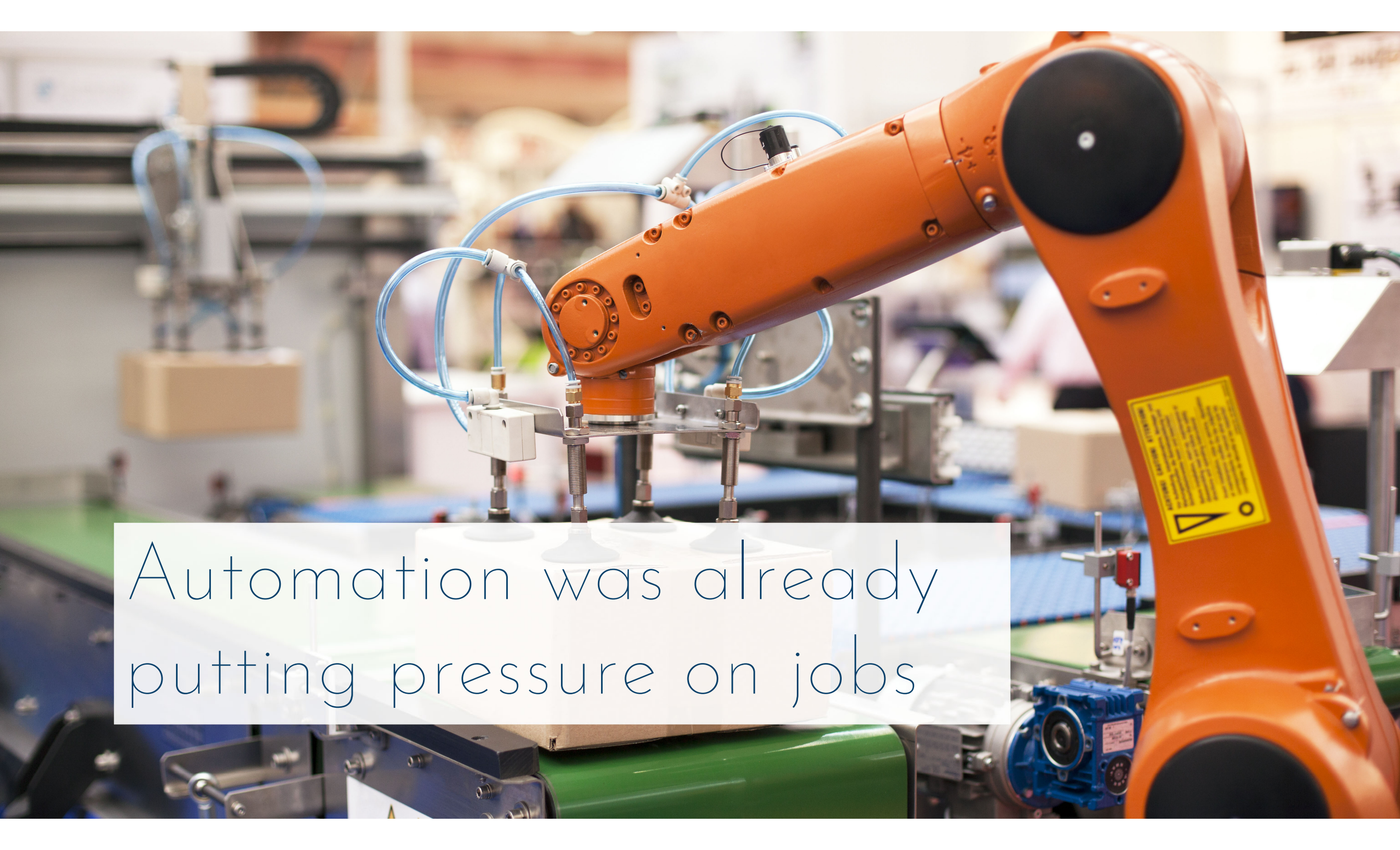
Mothers unable to return to work.

Percent change in labor force participation, since Jan. 2020



Mothers unable to return to work.





Automation was already putting pressure on jobs

-TWO-

Daily decisions
still being
impacted



[ISSUES & TRENDS](#) > [CONSUMER TRENDS](#)

Pandemic sways most Americans to eat at home more often



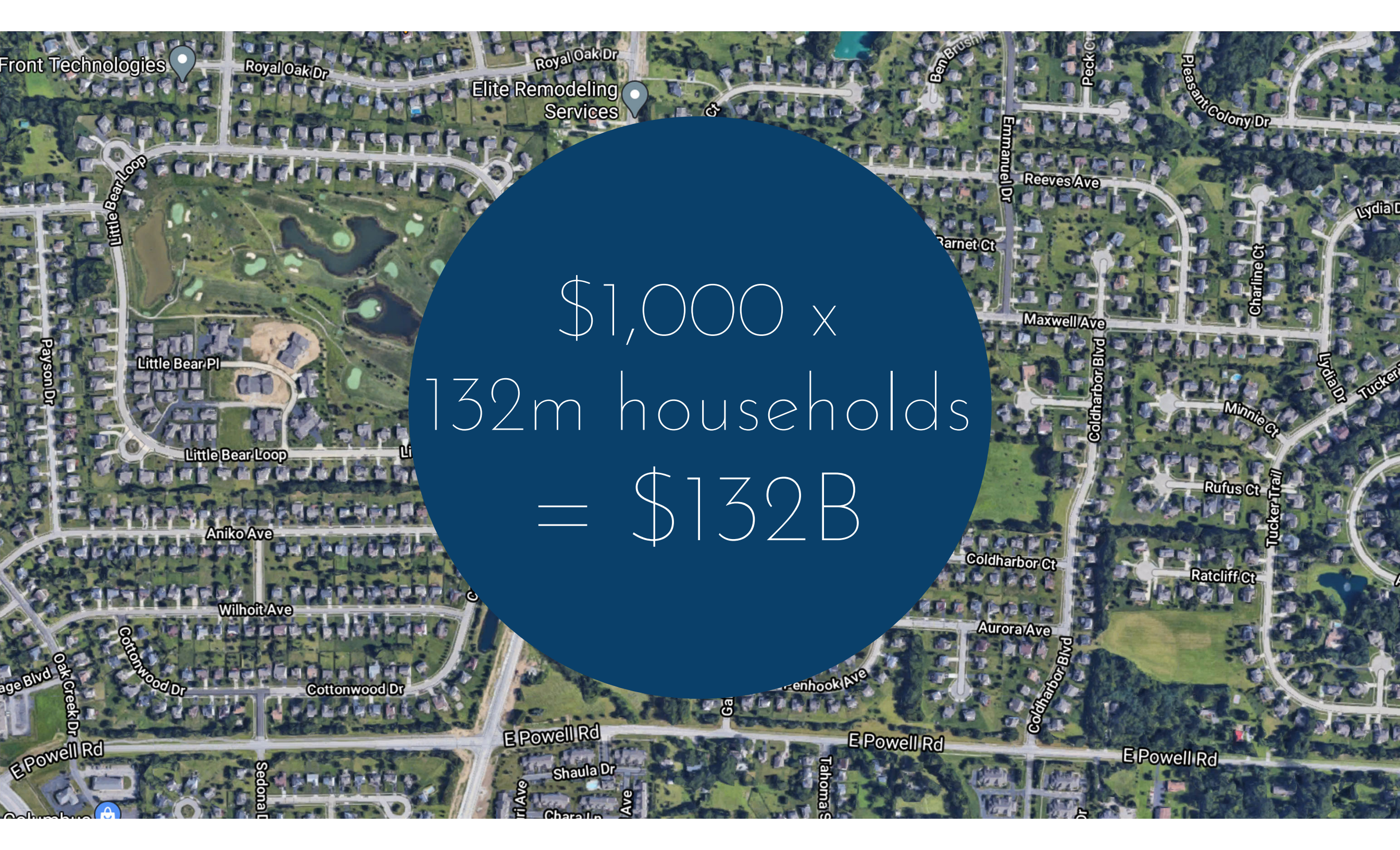


2 meals @ \$10 each



\$20 x 50 weeks = \$1,000





\$1,000 x
132m households
= \$132B

A shopping cart is positioned in the foreground of a brightly lit grocery store aisle. The cart's handle is white with red end caps. The background shows shelves stocked with various products, including bags of chips and boxes of cereal, all slightly out of focus. A dark blue circular graphic is centered over the cart, containing white text.

Restaurant
PAIN =
Consumers'
GAIN

\$1,400
'20 stimulus

MORE
for retail

\$2,000
'21 stimulus

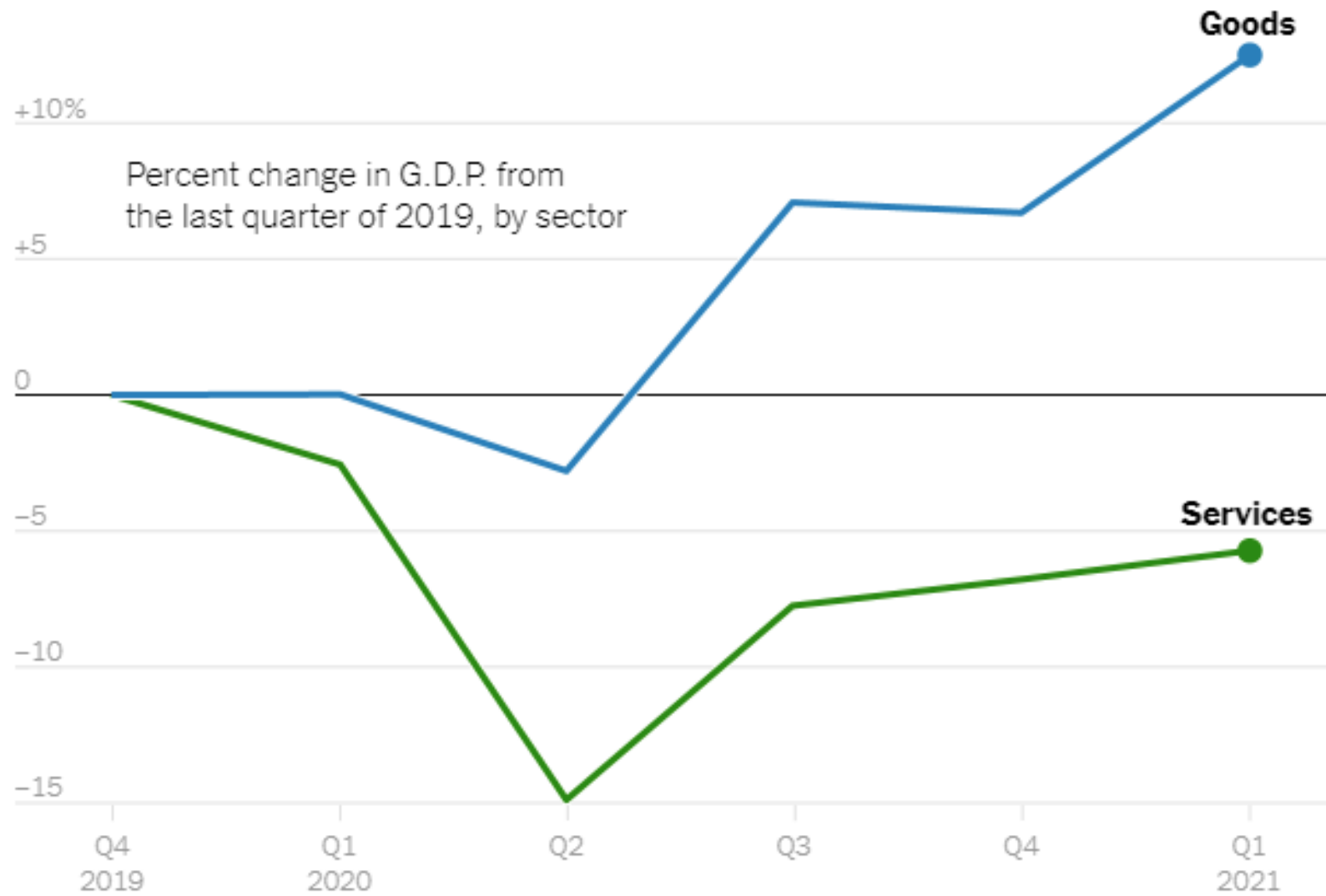


U.S. recessions are shaded; the most recent end date is undecided.

Source: Board of Governors of the Federal Reserve System (US)

fred.stlouisfed.org

Spending on goods has increased



ISSUES & TRENDS > CONSUMER TRENDS

Pandemic sways most Americans to eat at home more often

Expect sustained changes
to spending patterns
through 3Q21

1. More food at home = more money to spend

2. Downward pressure on low-wage employment will persist

3. \$5T in consumer dry powder

WHAT I'M
WATCHING...



Stimulus to
those in
need?

Is the
economy
healing?

Is there
permanent
CRE shift?

Food
Scarcity &
Hunger

Shift from
goods back
to services

Architectural
Billings Index

One Big Thing



Schools
Reopen
100%

CRYSTAL BALL 5 YEARS

- CONSUMERS -

Shoppers return...
differently



Revenge spending: travel & leisure



Airbnb and Vrbo are overloaded with reservations



Summer travel boom is coming — book flights now, expert says



Summer travel is selling out in some places — see what's already booked and where



March 2021

Rise of resale

THREDUP

We're an online consignment & thrift store for your closet, your wallet, and the planet.



Brands join in...



The NEW Treasure Hunt



- RETAILERS -

Rethink where
& how



Flight from malls



Know your customer



New footprints & formats



Everyone needs a drive-thru



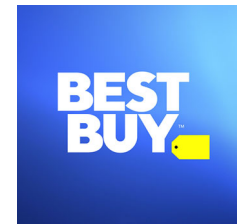
Retail + last-mile fulfillment



95%
of all sales
fulfilled by
stores



55%
of online sales
fulfilled by
stores



SHOPPERS
PRIORITIZE

Revenge \$\$\$

Sustainability

Convenience

RETAILERS
RETHINK

Location

Format

Fulfillment

Thank you.



Rachel Elias Wein

rwein@weinpl.us

www.weinpl.us