

Leveraging Data for Commercial Insights

WIC: A Significant Opportunity for Traditional Grocery and Mass



WIC

The Special Supplemental Nutrition Program for Women, Infants, and Children. A federal nutrition assistance program for low-income households considered to be at nutritional risk.

Meaningful Benefits

- Supplemental nutritious foods to address key nutrient deficits.
- Nutrition education and counseling at WIC clinics.
- Screening and referrals to other health, welfare and social services.

6.4 MM consumers

1.5MM women



Expecting Moms

1.6MM infants



Nursing Moms (up to 12 mo)

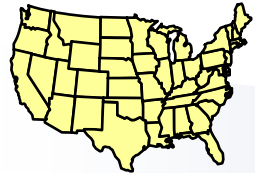
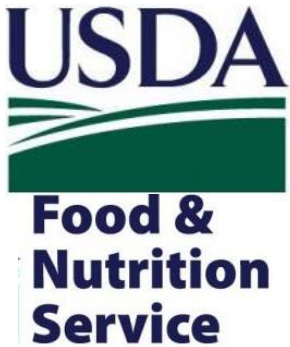


Infants (0-12 mo)

3.3 MM children



Children age 1 through 4 (up to 5th birthday)



89 State, Indian Tribe, and US Territory agencies



10,000 WIC Clinics



35,000 Clinic Staff



6.4 MM Consumers



46,000 Retail locations

WIC is a significant source of supplemental foods that are primarily purchased in the mass and traditional grocery channels.



What Is Included In WIC?

National Academies of Medicine (formerly the Institute of Medicine) leads the process and establishes what foods need to be provided by WIC:

- Identification of nutrition deficits
- Identification of common foods that best address the deficits
- Establish prescription amounts that eliminate the deficits
- Must align with the federal budget allocation for WIC

Infants

Food Package		1					2			3	
Target		Infants					Infants			Medical Needs/Other (Nutritional tailoring)	
Age Range covered		0-6 months					6-12 months			Primarily Infants	
Age range of prescription		0-3 months	4-6 months	0-1 month	1-3 months	4-6 months	Fully breast-fed	Formula fed	Partially breast-fed	Fully breast-fed	
Stipulation		Formula fed		Partially breast-fed							
WIC Category	Infant Formula	823 fl oz recon. liq. conc.	896 fl oz recon. liq. conc.	104 fl oz recon. powder	388 fl oz recon. liq. conc.	460 fl oz recon. liq. conc.		630 fl oz recon. liq. conc.	315 fl oz recon. liq. conc.		
	Infant Cereal							24 oz		24 oz	
	Infant Food							128 oz	128 oz	256 oz	
	Infant Food Meat									77.5 oz	

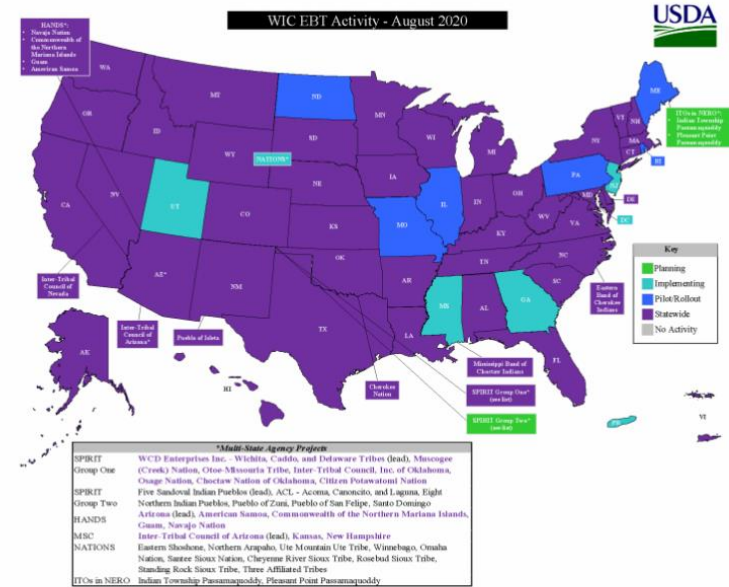
WIC Final Rule
(published 2014):

Women & Children

Food Package		4	5	6	7	Substitution Available / Notes
Target		Children	Pregnant Women & Partially Breastfeeding Women	Postpartum Women	Breastfeeding Women	
Age Range covered		1-5 years	up to 1 year postpartum	up to 6 months	up to 1 year	
WIC Category	Juice	128 ounces	144 ounces	96 ounces	144 ounces	<--- Includes SS, refrigerated, concentrate (SS and frozen).
	Milk	16 quarts	22 quarts	16 quarts	24 quarts	<--- Soy alternative. Goat milk alternative 3 quarts milk = 1 pound cheese (tofu as substitute) 1 quart milk = 1 quart yogurt
	Breakfast Cereal	36 ounces				
	Eggs	1 dozen	1 dozen	1 dozen	2 dozen	
	Fruits & Vegetables	\$8.00		\$11.00		
	Whole Wheat Bread	2 pounds	1 pound		1 pound	<--- Brown rice, oatmeal, bulgur, barley, corn/ww tortillas, ww pasta.
	Canned Fish				30 ounces	
	Legumes and/or Peanut Butter	1 lb dry / 64 oz can or 18 oz	1 lb dry / 64 oz can and 18 oz	1 lb dry / 64 oz can or 18 oz	1 lb dry / 64 oz can and 18 oz	<--- Beans/peas/lentils.

Partnering with WIC: Data-Driven Strategy

- States are converting to EBT (Electronic Benefits Transfer)
 - Nearly all states have converted to EBT
- EBT provides the data required for developing good strategy
- Most states are able to provide Retailers with this data



Data provides visibility:

- How many dollars are coming into my stores?
- How many dollars are transacting in my stores?
- How many dollars are leaving my stores?
- What can I do to keep more dollars in my stores?



Share of WIC



Opportunity



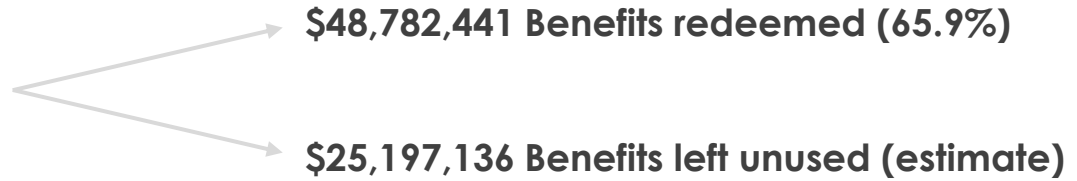
Measurable tactics

EBT data is instrumental for identifying where Retailers and WIC can improve redemption performance



- Actual POS data
- Retailers identities masked
- 155,834 households served

• **\$73,979,577 Benefits prescribed**



5 retailers account for 84.4% of redeemed benefits:

	Retailer 1	Retailer 2	Retailer 3	Retailer 4	Retailer 5
Redeemed in this Retailer	\$23,022,736	\$15,311,186	\$1,759,549	\$535,148	\$526,316
<i>Share of WIC</i>	<i>47.2%</i>	<i>31.4%</i>	<i>3.6%</i>	<i>1.1%</i>	<i>1.1%</i>

Figures shown are quarterly....



5 Retailers, Q4 2019: How Much is "Fair Share" Worth?

	Retailer 1	Retailer 2	Retailer 3	Retailer 4	Retailer 5
Families shopping this retailer	110,103	95,614	11,053	9,137	5,519
<i>% of WIC families</i>	70.7%	61.4%	7.1%	5.9%	3.5%
Benefits issued to those families	\$55,395,891	\$50,803,550	\$5,495,706	\$4,809,527	\$2,944,809
<i>% of Issued Benefits</i>	74.9%	68.7%	7.4%	6.5%	4.0%
Redeemed in this Retailer	\$23,022,736	\$15,311,186	\$1,759,549	\$535,148	\$526,316
<i>Share of WIC</i>	47.2%	31.4%	3.6%	1.1%	1.1%
Opportunity Gap	23.5%	30.0%	3.5%	4.8%	2.5%
Opportunity \$	\$11,444,024	\$14,619,922	\$1,700,494	\$2,325,108	\$1,201,358

- If these retailers captured "fair share" based on foot traffic, **they would increase sales from \$1.2MM (retailer 5) to \$14.6MM (Retailer 2)**



5 Retailers, Q4 2019: How Much Better Can We Do?

	Retailer 1	Retailer 2	Retailer 3	Retailer 4	Retailer 5
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Redeemed in this Retailer	\$23,022,736	\$15,311,186	\$1,759,549	\$535,148	\$526,316
<i>Converted dollars</i>	41.6%	30.1%	32.0%	11.1%	17.9%
<i>Share of WIC</i>	47.2%	31.4%	3.6%	1.1%	1.1%
Conversion Gap	58.4%	69.9%	68.0%	88.9%	82.1%
Conversion Opportunity \$	\$32,373,155	\$35,492,364	\$3,736,157	\$4,274,379	\$2,418,493

- All of the retailers have a compelling opportunity to improve conversion of issued benefits to redemptions.
- Conversion (% of benefits redeemed within each retailer) rate ranges from as low as 11.1% to as high as 41.6%
- Increasing Converted dollars is worth \$2.4MM (Retailer 5) to \$35.5MM (Retailer 2) **per quarter**



5 Retailers, Q4 2019: Is the Issue Non-Redemption?

	Retailer 1	Retailer 2	Retailer 3	Retailer 4	Retailer 5
Families shopping this retailer	110,103	95,614	11,053	9,137	5,519
Conversion Opportunity \$	\$32,373,155	\$35,492,364	\$3,736,157	\$4,274,379	\$2,418,493
Redeemed at Another Retailer	\$14,116,626	\$18,529,190	\$1,795,836	\$2,719,403	\$1,487,081
<i>% of conversion opportunity</i>	<i>43.6%</i>	<i>52.2%</i>	<i>48.1%</i>	<i>63.6%</i>	<i>61.5%</i>
Value per HH	\$128.21	\$193.79	\$162.47	\$297.63	\$269.45
ANNUALIZED	\$512.85	\$775.17	\$649.90	\$1,190.50	\$1,077.79
Not Redeemed at All	\$18,256,529	\$16,963,174	\$1,940,321	\$1,554,976	\$931,412
<i>% of conversion opportunity</i>	<i>56.4%</i>	<i>47.8%</i>	<i>51.9%</i>	<i>36.4%</i>	<i>38.5%</i>
Value per HH	\$165.81	\$177.41	\$175.55	\$170.18	\$168.76
ANNUALIZED	\$663.25	\$709.65	\$702.19	\$680.74	\$675.06

- While the value of the opportunity is HUGE, it's not just about one retailer being larger than another.
- Converting the data to a "per HH" value demonstrates that the issues are different for each retailer
 - Retailer 1 and 3 have greater upside in addressing non-redemption
 - Retailers 4 and 5 need to get customers to spend more of their benefits in their stores



A Quick-n-Dirty Data Driven Approach

- Roughly 25% of participants are infants, 25% are women, and 50% are children
 - For retailer 5: 5,519 HH shopped at that retailer in Q4 2019
1. Understand WIC's prescription amounts
 2. Look at your own transaction data
 - Which transactions included infant products? Products for moms? Products for children?
 3. Identify how much is missing from your transactions

• **Why isn't that volume flowing through your store(s)?**

- Assortment?
- Shopability?
- Service?
- In-stocks?

Infants

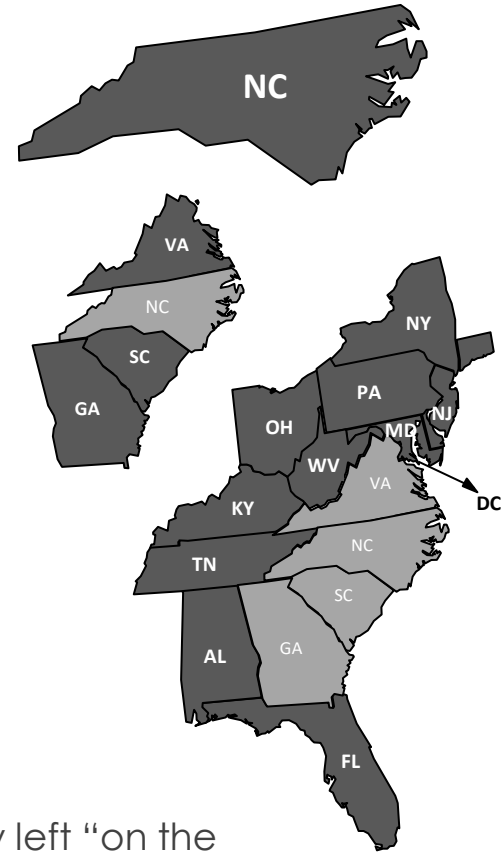
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NC WIC is BIG – but this is Much Bigger than NC WIC

- In NC, improving conversion or overall program redemption is worth \$500 to \$1100 per household per quarter
- NC WIC is the 5th largest program in the country
 - 206k participants served each month



- Neary states represent an additional
 - SC is 26th
 - VA is 19th
 - GA is 7th
 } +387k participants served monthly

- The next ring out goes from NY to Florida to Tennessee } +1.8MM participants served monthly

- A strong strategy for WIC is imperative; there's too much money left "on the table" and those who do something about it stands to reap the rewards.
- Just because one retailer has more stores doesn't mean this is a bigger opportunity than it is to a local independent store. Retailers should evaluate this based on the per household value, not the total dollar value.



Improving the WIC Shopping Experience is a Quantifiable Strategy

- WIC relies on you to help shoppers just as much as you rely on WIC as a source of foot traffic
 - Don't take WIC for granted – it's worth more than you previously thought.
 - Just like any other source of volume, it must be nurtured to flourish
- All retailers shared have the opportunity to increase sales with WIC by improving the shopping experience for WIC families – and data shows us the “Size of the Prize”
- Additional steps to take:
 - Complete same analysis at the category / subcategory level
 - Complete same analysis at the store level
 - Look at your transaction data and compare vs what WIC prescribes – what's missing from your transactions?
- REMEMBER THAT DATA REVEALS OPPORTUNITIES BUT DOES NOT SPELL OUT SOLUTIONS!!
 - Qualitative provides the insights
- There is no silver bullet – approach the opportunity one step at a time
 - LEARN ABOUT WIC!
 - Train one or two front end associates per store per shift to become “WIC experts”
 - Collect data by gently asking questions of consumers