

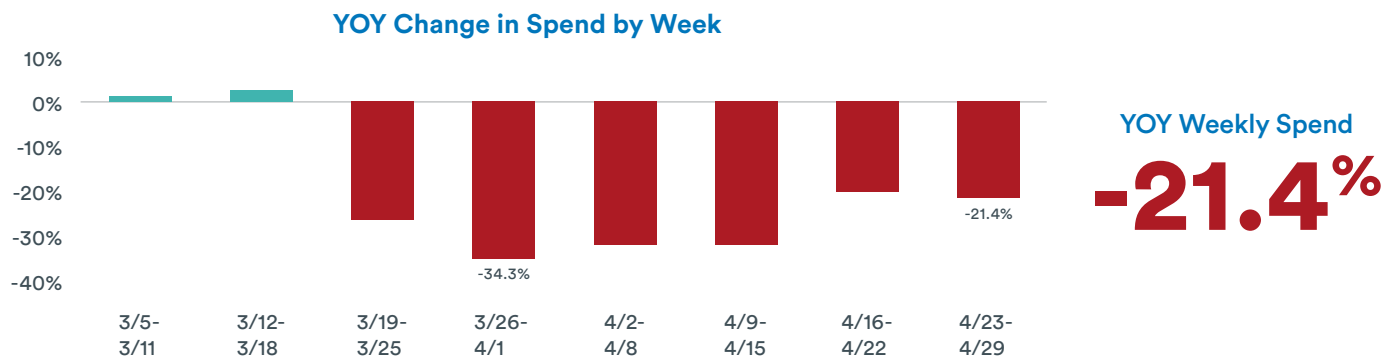
State of Spend

May 2020 | Issue 01

With insight into 50% of US transactions, Cardlytics is committed to helping marketers understand and respond to current trends that are impacting their industries. We put these purchase insights into action every day through precisely targeted campaigns that drive measurable sales. This report highlights important shifts in consumer spend and tracks early signs of recovery. To isolate the impact of COVID-19, we're evaluating recent changes in spend compared to the year before.

Overall spend is beginning to trend in the right direction

Across all industries, US consumer spend is trending slightly up from a low point of -34.3% YOY in late March.



CASE STUDY

National restaurant chain times their return

Marketers looking to drive near-term sales first need to understand when and where spend is coming back. In these sensitive times, purchase insights can be a critical gauge to ensure they're reaching people who are ready to resume spending.



Goal:

A national restaurant chain wants to re-engage customers as they become comfortable making purchases outside the home.

Insight:

Cardlytics is identifying customers who are actively purchasing from Quick Service Restaurants.

Action:

Through targeted offers in customers' online and mobile banking channels, the restaurant chain is reaching these likely customers and driving sales for their pickup and drive-through locations.

eComm is leading the path forward

Gains in eCommerce are helping to offset the loss of in-store retail across multiple categories. **Online spend** in these categories saw a significant uptick compared to the year before.



CASE STUDY

Online grocer defends newly gained market share

As customers establish new online buying habits, marketers have an unprecedented opportunity to acquire new customers and capture incremental spend. Lasting loyalty and long-term gains in market share will depend on their ability to keep newly acquired customers coming back.

Goal:

After acquiring a significant number of new customers, an online grocer wants to retain these newly acquired customers, defend gains in market share, and drive repeat purchases.

Insight:

Cardlytics is identifying customers who have recently shifted their grocery shopping behavior to keep them coming back — particularly as regions reopen and in-store grocers now pose a more significant threat.

Action:

As DMAs reopen, Cardlytics is expanding the grocer's targeting strategy to focus on customers who may be at risk of returning to their old grocery habits. Targeted cash-back offers provide an incentive to these customers and help the grocer to maintain their new market share.

Smaller DMAs embrace online shopping

eCommerce growth was driven in part by a dramatic increase in online adoption across smaller markets.

Rank	DMAs with largest increase in online spend	Change in spend
1	Yuma-El Centro, CA	48%
2	Zanesville, OH	42%
3	Fresno-Visalia, CA	39%
4	Bluefield-Beckley-Oak Hill, WV	37%
5	Bakersfield, CA	36%
6	Mankato, MN	35%
7	Harlingen-Wslco-Brnsvl-Mca, TX	35%
8	St. Joseph, MO	35%
9	Youngstown, OH	33%
10	El Paso (Las Cruces), TX	33%

When ranked in order, smaller DMAs saw the fastest growth in online spend, while larger, urban centers like New York and San Francisco ranked at the bottom of the list. Interestingly, consumers in these major metros, who were already on the leading edge of online shopping, actually showed a decline (-2% and -1% respectively). Meanwhile, the rapid catch-up occurring in smaller DMAs presents a chance for marketers to quickly gain share with a new customer base.

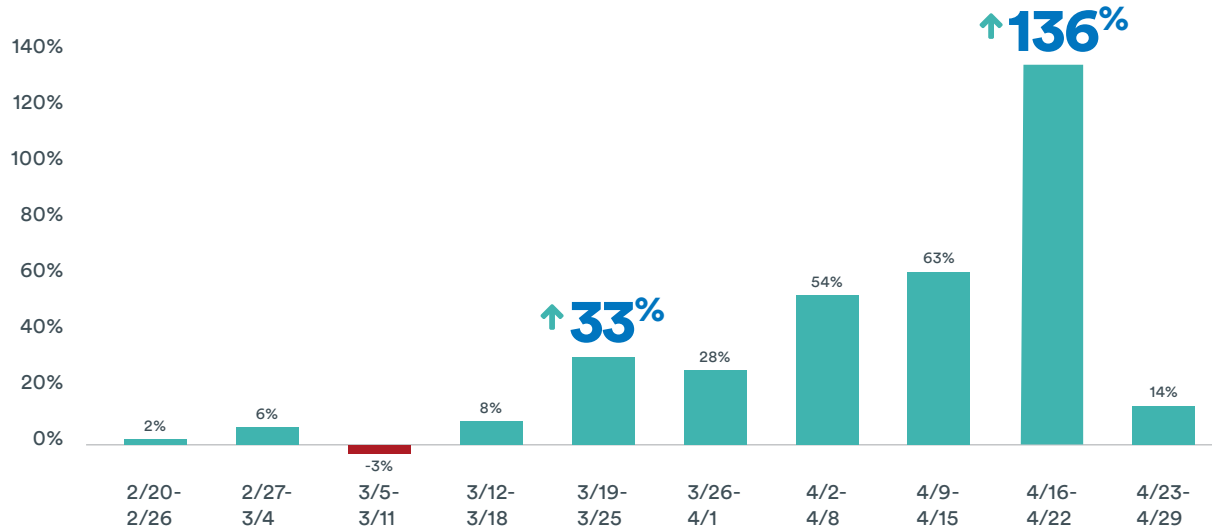
Actionable tip: Together, these small DMAs add up to a big opportunity. Marketers should target customers who have significantly increased their online spend in smaller markets with offers that drive them to make an online purchase. This will bring in new customers and reinforce the long-term value of shopping online with their customers who previously shopped in-store only.

Time period: 3/12 – 4/29/20

Beauty goes DIY

After an initial spike the week of 3/19, spend at online beauty stores gained significant steam and peaked the week of 4/16. Spend in the category dropped the last week of April, but still saw double-digit growth.

YOY Growth in Online Beauty Spend



Home is the center of the new economy

Many industries have been hit hard, but those that support life at home are thriving with significant YOY growth.



Grocery
↑ **27%**

Grocery spend spiked with the start of shelter in place and has continued to capture YOY increases ever since.



Restaurant Delivery
↑ **65%**

Restaurant delivery rapidly increased each week as more customers ordered out from their favorite restaurants.



Online Only
↑ **34%**

Online-only brands have seen a significant boost in spend as customers increasingly shop from the comfort and safety of their homes



Gaming
↑ **33%**

Gaming saw a decline at the start of the year, but the trend quickly reversed the week of 3/12 and remained strong.



Streaming Services
↑ **24%**

Streaming services saw an increase with the start of shelter in place and have maintained steady growth rates.

Time period: 3/12 – 4/29/20

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Customers keep their fitness routines strong at home

Customers are staying active and sticking to their workout resolutions. Before the pandemic hit, three key categories were driving overall fitness growth: traditional gyms, boutique studios, and on-demand workouts. Since the start of shelter-in-place orders, the on-demand fitness trend has gained momentum and is now the fastest-growing fitness category. In recent weeks, spend with these convenient and app-based workouts is up 125%. To help support their at-home fitness goals, customers have also increased their online spend with athletic footwear retailers (up 21%) and sporting goods (up 55%).

Many traditional gyms and studios have also embraced the online fitness trend by offering live at-home workout programs and ongoing meal prep while they continue to remain physically closed. These creative solutions seem to have paid off, as these categories have shown significantly slower decreases in spend compared to other impacted industries.

Fitness Spend Trends		
Fitness Category	Change in share (in pts)	Change in spend (%)
Traditional Gyms	-21	-72%
Boutique Studios	-5	-69%
On-Demand Workouts	+26	+125%

Actionable tip: There is a major opportunity for fitness brands to acquire and retain customers while motivation is high. For those with on-demand and online offerings, this means retaining the influx of newly acquired customers to set the stage for long-term gains in market share. For traditional gyms and studios, this means understanding when customers are ready to return to their physical locations in order to time a return to marketing.

Whether marketers are experiencing ups or downs in consumer spend, Cardlytics' ad platform influences customers' purchase behavior through precisely targeted campaigns that drive measurable sales.

ABOUT CARDLYTICS

Cardlytics (NASDAQ: CDLX) is an advertising platform built in banks' digital channels. Through our bank partnerships, we have a complete view of where, when, and how customers shop online and in-store. Using this powerful Purchase Intelligence™, we help marketers identify opportunity, reach real people with relevant ads, then precisely measure the results.

140M
Bank Customers

1 IN 2
US Card Swipes

>\$3T
Annual Spend

Analysis in this report is based on data derived from the CDLX platform between March 12th and April 29th. While analysis is representative of purchase behavior, it does not include every customer or every financial institution on the CDLX platform.

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