

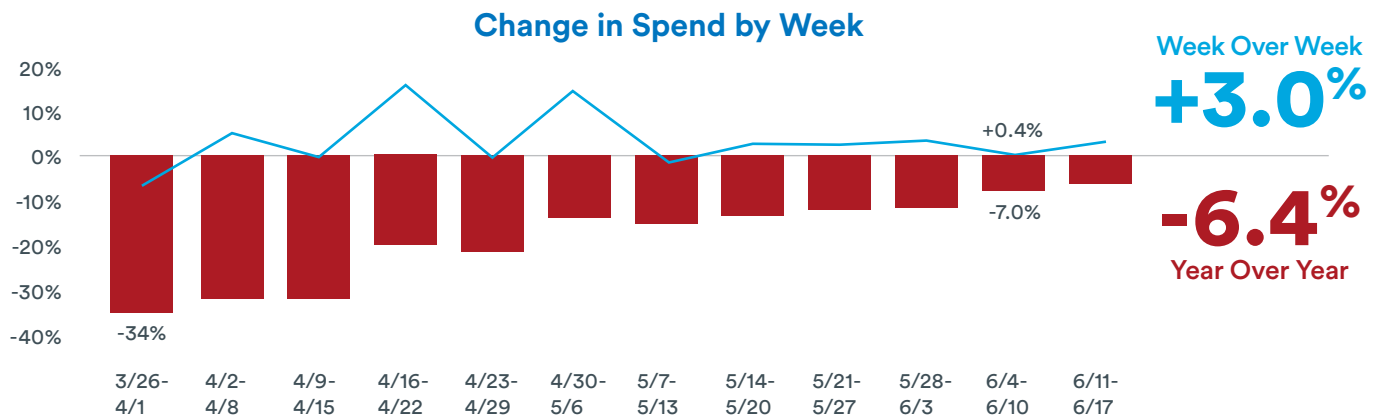
State of Spend

July 2020 | Issue 05

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 steadily increasing

Across all industries, US spend continues a steady trend upward as more businesses reopen and customers gain confidence. As of early June, year-over-year spend has increased to -6.4% compared to last year as customers spend more each week. On a week-over-week basis, spend was up 3.0% compared to the previous week.



CASE STUDY

National restaurant chain drives results amid shifting customer behavior

As customers establish new buying habits, marketers need to act quickly to retain their customers and drive sales. Lasting loyalty and long-term gains will depend on their ability to engage customers and solidify new buying habits.

iROAS

\$4:1

Goal:

A national quick-service restaurant chain recognized consumer behavior was shifting away from cash payments and paper coupons. They needed a solution that aligned with consumers growing adoption of card-based payment methods.

Insight:

With an audience of over 140M US bank customers and insight into 1 out of every 2 US card swipes, Cardlytics has the scale and insights to engage the restaurant chain's most likely customers.

Campaign Results:

Targeted offers in banks' digital channels give customers a reason to order from the advertiser without the use of a paper coupon. Campaign reporting shows that **every dollar the advertiser spent with us resulted in an additional \$4.00 in incremental return with a high average check.**

Average restaurant checks are up year-over-year



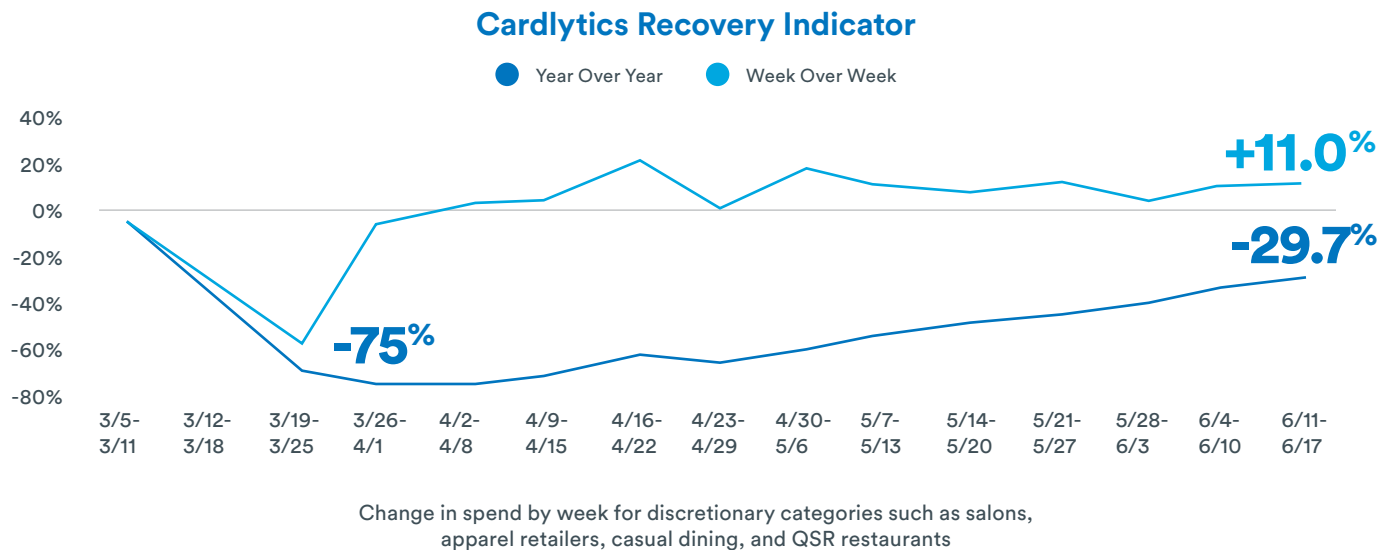
Despite the fact that overall restaurant sales remain down, the average restaurant check is on the rise. This suggests customers are purchasing more meals for the whole family. Across all restaurant categories, order values are now up significantly compared to this time last year — especially for categories with popular to-go options. Full-service restaurants have seen a more modest 4% increase in order value - likely due to limits on in-restaurant dining and reduced alcohol sales.

Now more than ever, every purchase counts

Cardlytics is uniquely positioned to help restaurants reach their most likely guests. Precisely targeted offers engage customers in their banks' digital channels and influence their next dining occasion — ultimately driving incremental sales and growing market share.

Signs of return: the Cardlytics Recovery Indicator

Cardlytics' Recovery Indicator tracks spend in select discretionary categories to help brands gauge consumer confidence and choose the right way to ramp up their marketing. It compares weekly spend in discretionary categories such as salons, apparel retailers, casual dining and QSR restaurants, among others.



While customers remain cautious about spending on non-essentials and returning to their normal buying patterns, they are gaining confidence each week. After dropping to a low of -75% year-over-year at the end of March, spend at brands within the Recovery Indicator has gained 45.3 points — reaching -29.7% year-over-year the week of 6/11 – 6/17. Consumers continue to spend more each week, with spend for this same week up 11% compared to the previous week.

Where is spend recovering?

As marketers plan their return, the effectiveness and efficiency of their campaigns will depend on their ability to prioritize individuals who have resumed normal spending. Looking at the Recovery Indicator by state can help focus on regions that are further along the path to recovery.

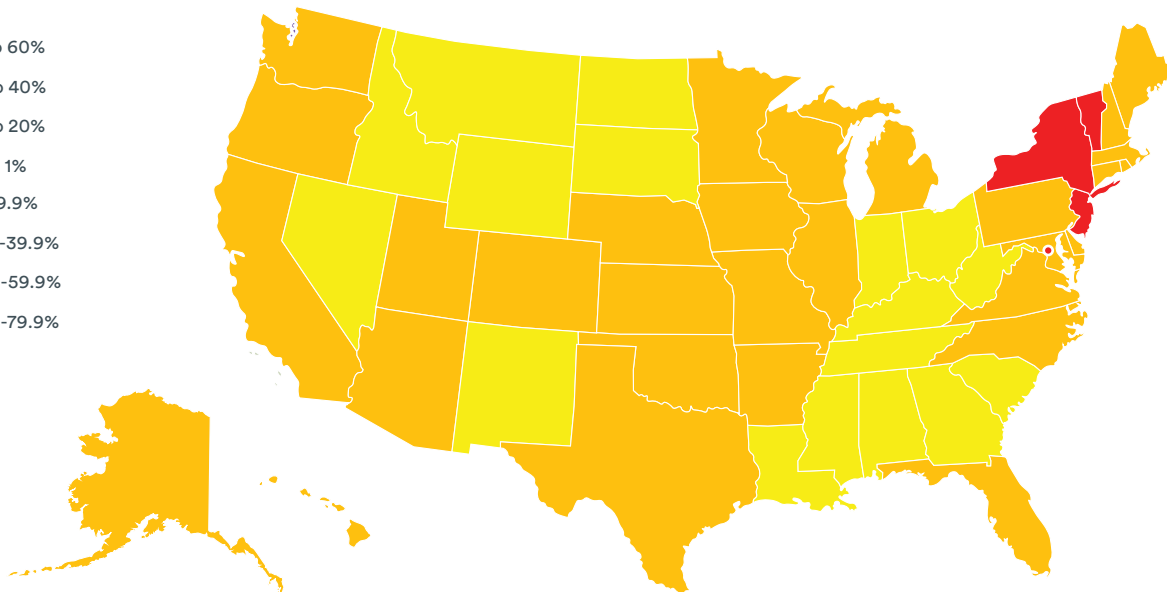
The majority of all US states continue to outpace the Recovery Indicator national average (-29.7%). As of the week of 6/11 – 6/17, recovery is no longer limited to specific regions — 17 states across the country now top the list with decreases in the teens. These include Alabama, Louisiana, West Virginia, Kentucky, Mississippi, Idaho, and Montana.

Consumer confidence continues to rise each week. In fact, 46 states as well as Washington, D.C., have seen weekly gains in their year-over-year Recovery Indicator spend. Notably, Michigan and Massachusetts both saw dramatic increases in discretionary spend — up 17.5 and 12.5 points, respectively since the previous week. On the flip side, South Carolina, Wyoming, Texas and Oklahoma all experienced a slight weekly drop in year-over-year spend.

Cardlytics Recovery Indicator by State
Year Over Year Change in Spend, Week of 6/11 - 6/17

Key

- 79.9 to 60%
- 59.9 to 40%
- 39.9 to 20%
- 19.9 to 1%
- 0 to -19.9%
- -20 to -39.9%
- -40 to -59.9%
- -60 to -79.9%



Alabama	-11.0%	↑	Iowa	-20.3%	↑	Colorado	-28.3%	↑
Louisiana	-11.6%	↑	Florida	-21.1%	↑	Alaska	-28.8%	↑
West Virginia	-12.6%	↑	Nebraska	-21.1%	↑	Virginia	-31.0%	↑
Kentucky	-13.7%	↑	Utah	-21.4%	↑	Pennsylvania	-31.3%	↑
Mississippi	-14.3%	↑	Minnesota	-22.0%	↑	Connecticut	-33.6%	↑
Idaho	-16.4%	↑	Arizona	-22.0%	↑	New Hampshire	-36.0%	↑
Montana	-16.8%	↑	Texas	-22.7%	↓	California	-36.2%	↑
Tennessee	-17.3%	↑	Kansas	-23.2%	↑	Oregon	-36.5%	↑
South Carolina	-18.2%	↓	Oklahoma	-23.5%	↓	Maryland	-37.6%	↑
South Dakota	-18.2%	↑	North Carolina	-23.8%	↑	Maine	-38.3%	↑
Wyoming	-18.5%	↓	Arkansas	-24.2%	↑	Massachusetts	-38.7%	↑
New Mexico	-18.7%	↑	Missouri	-24.7%	↑	Hawaii	-39.3%	↑
Ohio	-19.0%	↑	Delaware	-25.1%	↑	Washington	-39.5%	↑
Georgia	-19.1%	↑	Michigan	-26.0%	↑	Vermont	-44.9%	↑
North Dakota	-19.3%	↑	Rhode Island	-26.4%	↑	New York	-47.5%	↑
Nevada	-19.5%	↑	Illinois	-26.7%	↑	New Jersey	-48.8%	↑
Indiana	-19.6%	↑	Wisconsin	-27.9%	↑	District of Columbia	-52.8%	↑

Spotlight: What's for dinner?

As more restaurants expand their carryout options and open select locations, customers are increasingly adding their favorite dining spots back to their weekly menus. While spend is still pacing below last year, all restaurant categories have made notable gains.

Restaurants with well-established carryout or drive through options — although not hit as hard as some of their other counterparts — have seen the most significant comeback. In fact, fast food / QSR spend has almost returned to normal levels and is now down only -3% year over year.

Restaurants that traditionally emphasized on-premise dining saw some of the biggest decreases in spend earlier this year but have also gained momentum in recent weeks. Spend at full-service restaurants is now up 37.2 points from a low of -76.1% in March. As more bars open and with patio season in full swing, spend in this category has also seen a major uptick in June.

Interestingly, spend with third-party restaurant delivery services is higher than it was at the start of the shutdown and has not tapered off despite the increase in spend from orders placed directly with restaurants. Restaurant delivery is now up 119.2% compared to this time last year. Restaurant delivery appears to be here to stay as consumers continue to increasingly rely on these convenient, app-based services to access a wide variety of menus.

Meanwhile, as restaurant spend has grown, grocery spend leveled off slightly from the major spikes seen at the start of shelter in place. Additionally, meal kits have made a comeback. After modest gains at the start of the year, meal kit spend rapidly increased in March and has maintained strong growth through June.

Restaurant Spend YOY Change by Week													
	3/19-3/25	3/26-4/1	4/2-4/8	4/9-4/15	4/16-4/22	4/23-4/29	4/30-5/6	5/7-5/13	5/14-5/20	5/21-5/27	5/28-6/3	6/4-6/10	6/11-6/17
Bars & Night Clubs	-71.7%	-65.5%	-55.1%	-49.0%	-50.2%	-50.1%	-51.1%	-51.9%	-54.3%	-54.7%	-53.5%	-35.0%	-39.9%
Fast Food/QSR	-36.3%	-35.0%	-32.8%	-30.1%	-14.3%	-17.4%	-12.3%	-9.6%	-9.3%	-7.2%	-5.9%	-5.4%	-3.0%
Full-Service	-76.1%	-77.0%	-76.0%	-74.1%	-68.9%	-68.4%	-63.6%	-60.4%	-57.4%	-53.3%	-47.0%	-41.4%	-38.9%
Fast Casual	-46.7%	-51.7%	-50.6%	-49.0%	-42.8%	-40.3%	-34.8%	-29.1%	-27.3%	-22.8%	-21.5%	-19.2%	-17.3%
Delivery	26.6%	47.1%	61.3%	77.1%	114.3%	105.7%	109.1%	116.6%	115.3%	123.8%	115.7%	128.0%	119.2%
Grocery	30.2%	9.8%	22.3%	14.5%	14.2%	18.7%	20.4%	15.6%	14.6%	10.9%	8.5%	12.0%	7.5%
Meal Kits	64.8%	51.9%	53.6%	66.6%	71.9%	58.8%	61.0%	62.7%	67.8%	70.1%	62.4%	68.5%	67.1%



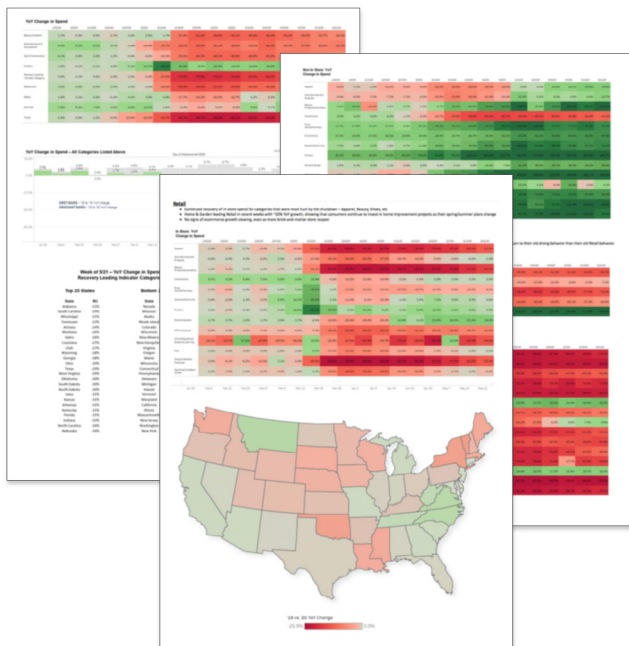
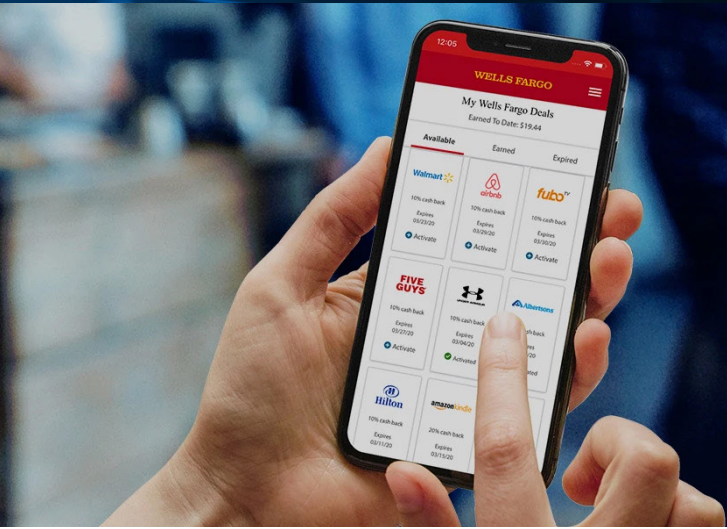
Actionable Tip: Rebuild relationships with customers who have turned to delivery

As restaurants reopen, they now have the added challenge of reestablishing direct relationships with customers who increasingly rely on third-party delivery.

Using purchase insights, Cardlytics can identify customers who are actively making delivery purchases and engage them with highly targeted offers in our 100% fraud-free ad platform. These offers reach real customers in their online and mobile banking channels and influence their next dining occasion. Our campaigns minimize the risk associated with returning to marketing by driving positive cashflow with no upfront costs.

We're here to help

Cardlytics' analytics dashboard provides actionable insights into how businesses are faring in the COVID-19 era. These insights are the foundation of targeted campaigns in our ad platform.



Take action with answers to pressing questions:

- When are customers starting to make in-store purchases?
- How quickly am I gaining or losing share vs. my industry?
- How is my eCommerce channel performing against my category?
- Are my newly acquired customers likely to churn once we get through the curve?

Whether marketers are experiencing ups or downs in consumer spend, Cardlytics is using purchase insights to help all of our clients navigate the curve and drive measurable sales. Contact us today for analysis and a campaign strategy customized for your brand.

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 Cardlytics platform between March 5th and June 17th. While analysis is representative of purchase behavior, it does not include every customer or every financial institution on the Cardlytics platform.

Get in touch: cardlytics.com/contact

