

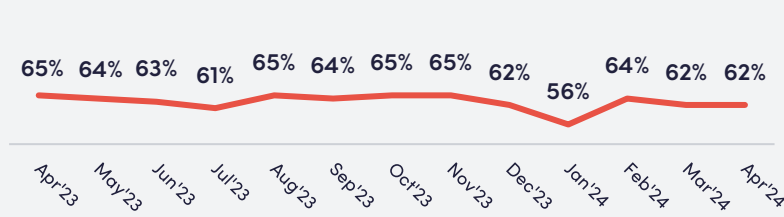


Welcome to the April Consumer Digest, where we provide relevant, informative and actionable insights around consumer trends. This month, we focus on sustainability including what's driving choices and habits when shopping, as well as how consumers define sustainability when it comes to the products they consume. Finally, we'll look at Mother's Day and Cinco de Mayo traditions.

Levels of financial comfort shifted compared to last year

Despite a slight decline in shoppers' concern over inflation (-3% YoY), we see decline in shoppers feeling very comfortable with their finances (-6% YoY).

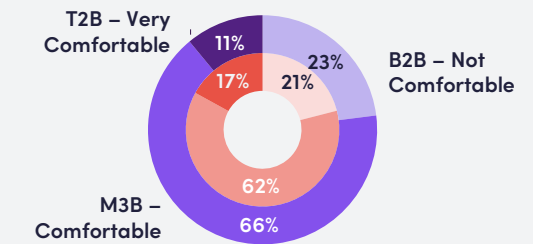
Shopper concern over inflation - % of Households Extremely Concerned (Asked Monthly)



T2B - Top 2 boxes on 7-point scale



Shopper comfort over finances - % of Household Comfort (Asked Monthly)

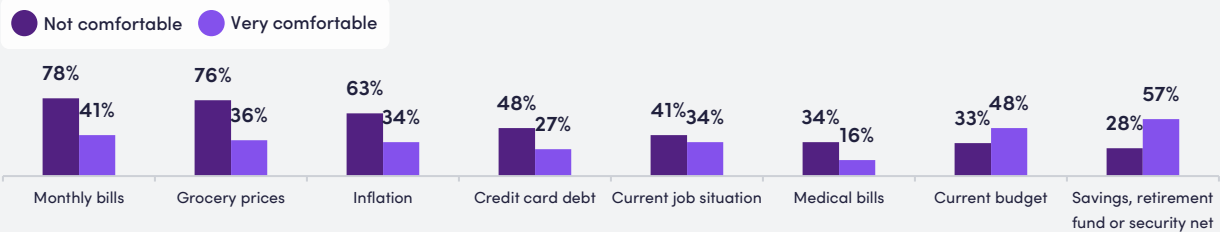


T2B - Top 2 boxes, M3B - Middle 3 boxes, B2B - Bottom 2 boxes on 7-point scale



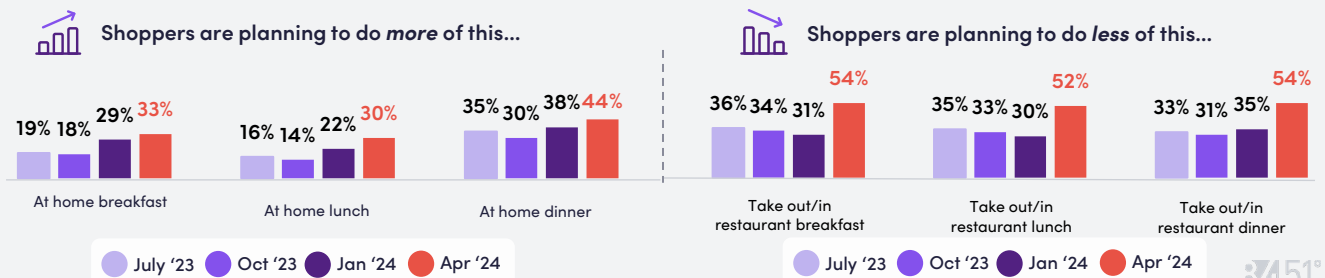
What drives financial comfort or discomfort?

Financial comfort level drivers - Very Comfortable (T2B) and Not Comfortable (B2B) on financial comfort scale (Asked Monthly)



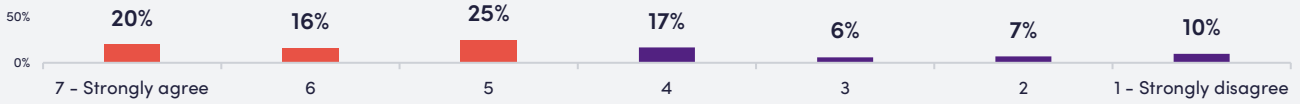
Shoppers intent to cut back on dining out

Where shoppers plan to consume upcoming meals (Asked Quarterly)



More than half of shoppers are concerned about climate change

Q: I am concerned about the effects of climate change.



% Kroger shoppers concerned (T3B) with climate change by generation.

68% of Millennials

57% of Gen X

50% of Boomers

What does “sustainability” mean when it comes to products you consume?”

- Reusable products
- Reducing waste
- Locally sourced
- Organic products
- Reusable packaging
- Less plastic
- Sustainable practices
- Environmentally friendly
- Low carbon footprint
- Long lasting products

When it comes to products that I consume, sustainability means using materials and processes that reduce waste and harmful emissions

They come from local growers and have not been sprayed with chemicals

It means consuming or purchasing products that will help towards a better future for the next generation

What do shoppers believe to be true when it comes to shopping sustainably?

T2B - Top 2 boxes on 7-point agreement scale



Does sustainability drive shopping behavior?

19% of shoppers say they often/always seek out sustainable products.

22% of shoppers find sustainability extremely important when it comes to choosing which products to purchase.

Q: When shopping for groceries, which actions do you take?

49%

Buy LOCAL and SEASONAL produce

45%

Bring REUSABLE PACKAGING to use while shopping

37%

Avoid SINGLE-USE PLASTIC

22%

Buy SUSTAINABLY FARMED PRODUCTS (organic, fair trade, etc.)

Q: When shopping for groceries, what is most helpful to shopping sustainably?

45%

DISCOUNTS for bringing REUSABLE BAGS

34%

Offering DISCOUNTED SOON-TO-EXPIRE FOOD (online/in-store)

27%

RECYCLING or COMPOSTING facilities in the store

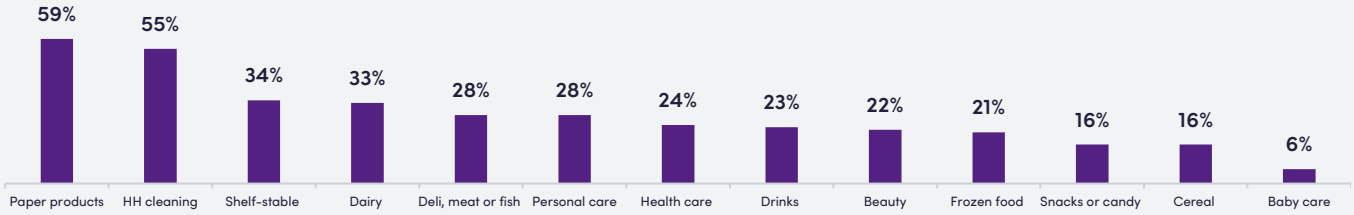
27%

More PROMOTIONS or COUPONS for sustainable products

T2B - Top 2 boxes on 7-point scale.



Categories where customers seek sustainable products when shopping for groceries:



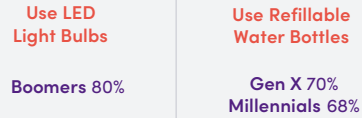
What are shoppers doing to help save planet Earth?



Top sustainability actions taken by Kroger shoppers



While activities are relatively consistent across generational groups, top activities by generation include:



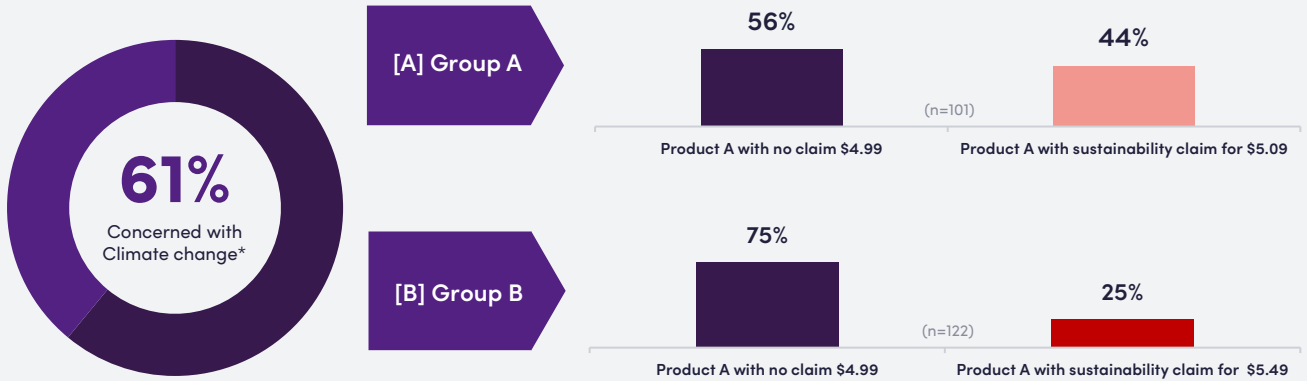
% selected 'always' or 'frequently' response options.



Are customers willing to pay for sustainable products?

Paper towels choice exercise – Compares mainstream option vs. sustainable option

While 61% of shoppers report being concerned with climate change [T3B], most aren't willing to pay more for a sustainable claim.



Split cell test: the base was split into two groups where Group A was shown Product A with no sustainable claim at \$4.99 price point and the same Product A with a sustainable claim at a \$5.09 price point. Group B was shown Product A with no sustainable claim at \$4.99 price point and the same Product A with a \$5.49 price point.

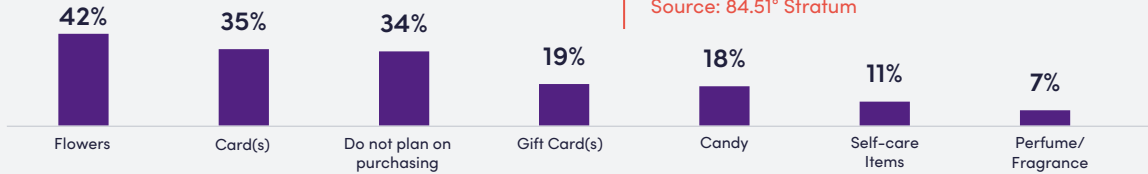


Kroger shoppers listed that food donations to local charities (41%) and reducing plastic use (38%) are two of the most important criteria when choosing a grocery retailer based on sustainability. Kroger remains committed to its Zero Hunger | Zero Waste initiative that aims to build a more resilient, equitable and sustainable food system which clearly reflects the priorities and values of our shoppers.

Mother's Day Plans

What are customers planning to buy for Mother's Day at a grocery store?

Weekly floral sales increased nearly 4x compared to an average week at Kroger in 2023 during Mother's Day Week. Source: 84.51° Stratum



Top Mother's Day Celebrations for 2024:

What shoppers are looking forward to this Mother's Day:

32%
Make a meal at home

22%
Dine in at a restaurant

17%
Have a meal at a family member or friend's house

11%
Invite family or friends over

- 44%** Time with family
- 30%** Time with their mom
- 13%** Sleeping in
 - 13%** A day without chores
- 12%** Taking a nap

Cinco de Mayo– "Margarita-mania!"

The majority who plan to celebrate Cinco de Mayo this year are Millennials

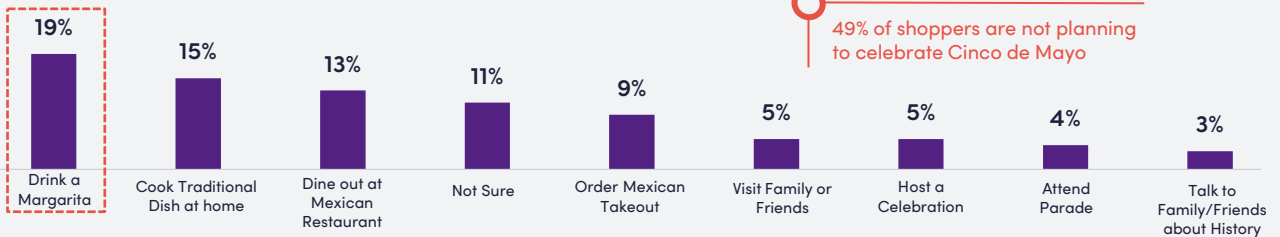
62% OF MILLENNIALS

46% OF GEN X

35% OF BOOMERS

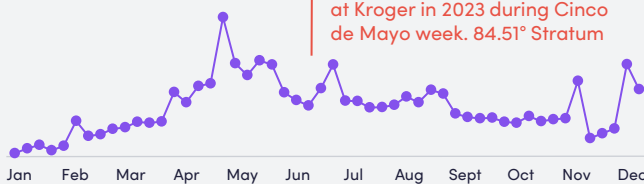
Plans for Cinco de Mayo!

49% of shoppers are not planning to celebrate Cinco de Mayo



2023 Lime Sales

Weekly lime sales increased 1.5x compared to an average week at Kroger in 2023 during Cinco de Mayo week. 84.51° Stratum



Kroger Shopper List: Frozen Mango Margarita!

- ✓ 1 bag (10 oz.) frozen mango
- ✓ ½ cup tequila
- ✓ ¼ cup lime juice
- ✓ 2 tablespoons orange-flavored cognac
- ✓ 2 tablespoons honey
- ✓ 2 cups ice water
- ✓ Salt



Submit potential topics for future Consumer Digest editions by emailing consumerdigest@8451.com

84.51° Insights

Price Impact Analysis provides a deep dive into customer responses to pricing. Understand impact to sales at varying price points to inform optimal pricing and promotion strategy.

- Strategically price relative to competitors to win share: Improve market share by viewing historic sales volume for each product and responding to competition.
- Reach the most responsive customers with savings.
- Prioritization for pricing strategies: Compare price points within your own portfolio as well as with competitors.

Connect with us at Insights@8451.com



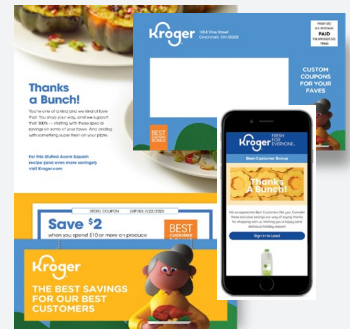
See historic customer behavior at specific price points across a flexible list of product selections

84.51° Loyalty Marketing

The Loyal Customer Mailer (LCM) is a one-to-one customer communication vehicle which rewards Kroger's best customers with personalized offers, helping to maintain and grow customer loyalty to Kroger and brands.

- Sent to 11MM+ customers 12 times per year
- Increase share by driving incremental visits, units and sales through personalized offers on items customers buy most
- Delivered via direct mail and email based on customer engagement
- Offers personalized at the HH level and relevancy ranked

Connect with us at Loyalty@8451.com



Retain & Grow with current shoppers



Wasted advertising impressions are as bad for the planet as they are for business. See [here](#) to understand how Kroger Precision Marketing is collaborating to conduct the first carbon emissions measurement study for retail media.

- The digital economy is energy-intensive – but we can reduce the impact by eliminating wasted ad impressions.
- Kroger Precision Marketing is paving the way for retail media to make publishers and ad tech more energy-efficient through precision audiences.
- What's good for business is also good for the planet.

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Support sustainability in the advertising industry