

2023 HOLIDAY INSIGHTS

# From tradition to transformation: Examining holiday shopping trends and evolving customer habits



Holiday Data  
Unpacked



# From tradition to transformation: Examining holiday shopping trends and evolving customer habits

The holiday season is quickly approaching, and this year is marked with optimism. Consumers are looking forward to celebrating holiday traditions and whipping up festive meals.

Shopping habits also continue to evolve and the holiday season is no exception. An increasing shift toward omnichannel shopping, buy online for pickup, deal-hunting and other trends are reshaping the holiday shopping landscape.

The key for consumer packaged goods (CPG) brands to win this holiday season is to make it easy for shoppers to get what they need — how and when they want it. This entails understanding the preferences and expectations of shoppers to open up avenues for brands to generate awareness and drive sales.

Let's explore these key insights to gain a deeper understanding of how shoppers are navigating their holiday grocery lists.





# 2023 holiday outlook

Shoppers have a few reasons to be optimistic about the holidays: The COVID-19 pandemic is no longer a global health emergency<sup>1</sup> according to the World Health Organization, the inflation rate is falling<sup>2</sup> and AAA reports gas prices are relatively low compared to a year ago.<sup>3</sup>

At the same time, food prices, airfare, electricity and housing costs remain higher than pre-pandemic rates.

**Shopper concern over inflation is at its lowest level since October 2022, though still high at 65% concerned.**

Source: 84.51° Real Time Insights Survey, April 2023



In the pages that follow, we'll take a look at what brands can expect for the 2023 holiday season, how shoppers are navigating through the current economic conditions and what we're seeing in shopper trends. Then we'll look at ways for brands to remove friction from the shopping experience and drive loyalty.

<sup>1</sup> World Health Organization, "Statement on the fifteenth meeting of the IHR (2005) Emergency Committee on the COVID-19 pandemic," May 5, 2023. [who.int/news/item/05-05-2023-statement-on-the-fifteenth-meeting-of-the-international-health-regulations-\(2005\)-emergency-committee-regarding-the-coronavirus-disease-\(covid-19\)-pandemic](https://www.who.int/news/item/05-05-2023-statement-on-the-fifteenth-meeting-of-the-international-health-regulations-(2005)-emergency-committee-regarding-the-coronavirus-disease-(covid-19)-pandemic)

<sup>2</sup> Jenna Smialek, "Inflation Cools Sharply in June, Good News for Consumers and the Fed," New York Times, July 12, 2023. [nytimes.com/2023/07/12/business/economy/inflation-economy-fed-rates.html](https://www.nytimes.com/2023/07/12/business/economy/inflation-economy-fed-rates.html)

<sup>3</sup> AAA, "What a Difference a Year Makes," June 15, 2023. [gasprices.aaa.com/what-a-difference-a-year-makes/](https://www.gasprices.aaa.com/what-a-difference-a-year-makes/)

<sup>4</sup> U.S. Bureau of Labor Statistics, "CPI for all items rises 0.2% in June; shelter up," July 12, 2023. [bls.gov/news.release/cpi.nr0.htm](https://www.bls.gov/news.release/cpi.nr0.htm)

# Shoppers expect holiday spending to be impacted by inflation but are willing to splurge on some items

Although the inflation rate has fallen since 2022, shoppers still expect high prices to impact their holiday plans. The percentage of shoppers concerned about the impact of inflation on discretionary spending, holiday meals, going out to eat and travel plans closely resembles survey results from the 2022 holiday season.

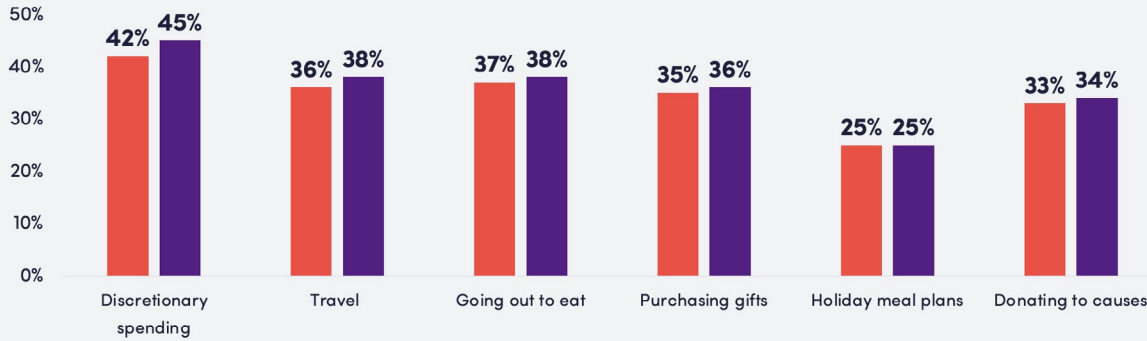
45% of shoppers believe inflation will very much impact their discretionary spending, 38% say it will greatly impact travel plans and another 38% say it will greatly impact plans for going out to eat – which are all up from a year ago.

Chart A

## Activities shoppers expect to be greatly affected by inflation

Top 2 Box on a 7-point scale

● 2022 ● 2023

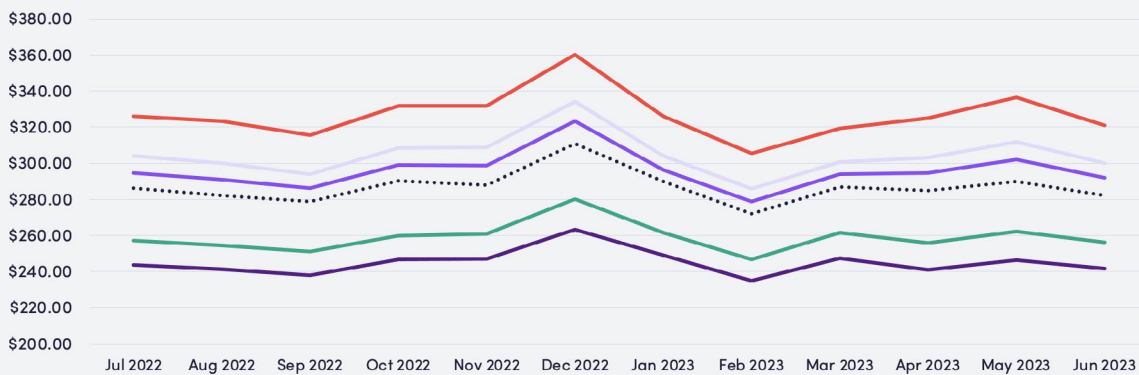


Base: Kroger Category Shoppers (n = 400) Source: 84.51° Real Time Insights, April 2022 holiday survey & May 2023 holiday survey



## Grocery spend increased across all income levels in December 2022

— Under 35K — 35-49K ... 50-74K — 75-99K — 100-149K — 150+



Source: 84.51° Stratum, latest 12 months ending June 2023

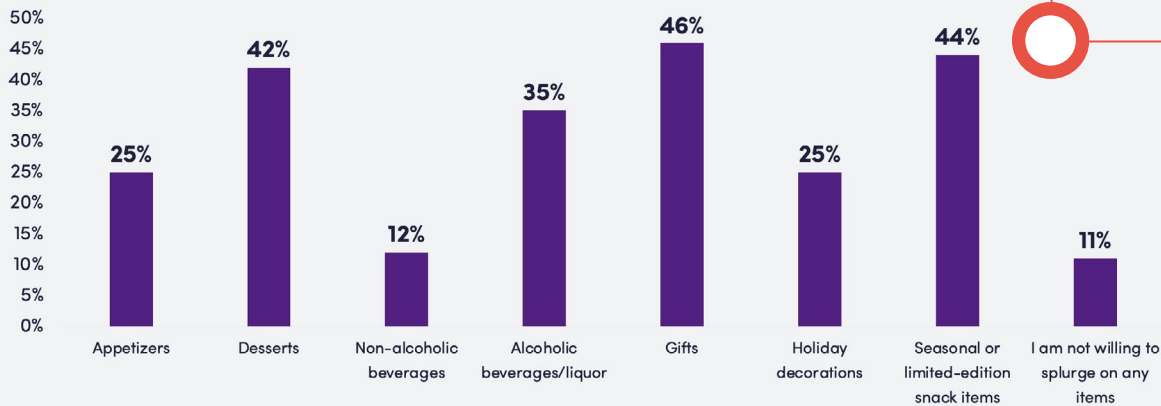


Although shoppers expect their buying power to be impacted by inflation, they're still planning to splurge on certain items in the holiday season.

Chart B

Shoppers are willing to splurge on **desserts, limited edition snack items, gifts and more.**

### Holiday items shoppers plan to splurge on



Base: Kroger Category Shoppers (n = 400) Source: 84.51° Real Time Insights, May 2023 holiday survey



**Make it easy:** While inflation rates are slowing down, shoppers are still feeling the sting of higher prices, which prompts them to be mindful of their budget and seek cost-saving measures. This heightened awareness translates into an opportunity for brands to gain attention with personalized coupons and emphasize the value their products provide, as shoppers strive to strike a balance between enjoying special treats and maintaining financial prudence.



## CONNECT WITH PRICE SENSITIVE SHOPPERS

The holiday season brings joy and excitement, but it can also be a financially challenging time for many grocery shoppers. Brands that understand and address the needs of customers are most likely to move items from consideration into the basket. Here's how:

### 1. Provide value-based deals

Offer attractive discounts, promotions, or value packs that resonate with price-sensitive shoppers. Bundle essential holiday items, create "Buy One, Get One" offers, or provide special savings on bulk purchases.

### 2. Showcase budget-friendly recipes

Share budget-friendly holiday recipes using your brand's products. Provide easy-to-follow instructions and highlight the affordability of the ingredients used.

### 3. Loyalty rewards

Offer incentives such as exclusive discounts, limited time promotions and personalized coupons during the holiday season.

### 4. Community engagement

Engage with shoppers through community initiatives. Sponsor local food drives, partner with food banks, or organize donation campaigns.

### 5. Educational resources

Provide educational resources and tips on how to shop smart during the holiday season. Share advice on budgeting, meal planning, or tips for finding the best deals.

### 6. Sampling and product trials

Offer in-store sampling or product trials to encourage shoppers to experience your brand's products firsthand.

### 7. Collaborate with complementary brands

Explore collaborations with other brands to create co-branded products or special promotions.



# Shoppers anticipate attending gatherings with a similar turnout as last year

For this holiday season, 93% of shoppers plan to gather with the same number of people or more than in 2022. With holiday gatherings ranging from at least five to more than 20 people, brands have an opportunity to provide shoppers with meal and gift ideas for a wide range of party needs.

## HOLIDAY CRAVINGS

From ham to nuts to egg nog, certain foods are in high demand during the holiday season. The top 3 main dishes, side dishes and desserts that over-index in percentage of total Kroger sales in December are:

### Main dishes

- Spiral hams
- King crabs
- Turkey breast (bone in)



### Side dishes

- In-shell nuts
- Sweet breads
- Fruit tray

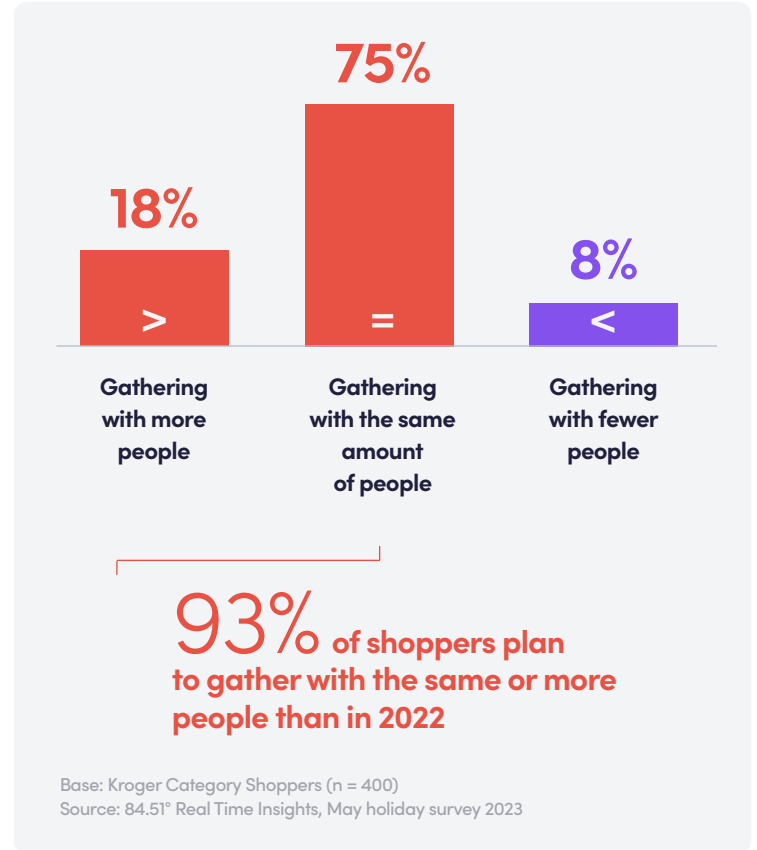


### Desserts

- Egg nog/boiled custard
- Cooking chocolate
- Refrigerated candy



Source: 84.51° Stratum, subcommodities w/ annual sales \$1MM+, December vs. full year 2022

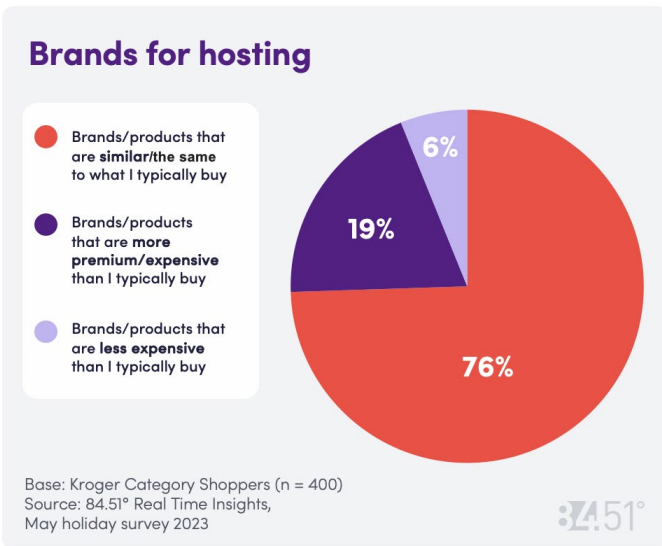


**Make it easy:** This is where brands can engage shoppers by offering recipes, meal ideas, and celebratory solutions that align with their products. Recognizing that party hosts often need to accommodate a large number of guests, brands can consider offering bulk purchasing options and strategic couponing strategies to provide value.

# Shoppers are sticking with familiar brands for holiday parties

Whether they're hosting a holiday party or purchasing groceries for the holiday season, most shoppers are sticking with the brands that they typically buy versus trading up or down. Per Chart C, the vast majority of hosts say they purchase brands for a holiday party that are similar or the same as what they normally buy.

Chart C



**Make it easy:** Even if customers say they'll purchase a particular brand, brands should not take shoppers for granted. As shown in our 2023 brand loyalty report, more than one out of four (26%) of customers define loyalty as having a preferred brand but are willing to try others.

Make it easy for customers to remain loyal with personalized and meaningful communications. Thanking them for their loyalty with special offers and giving them early access to seasonal products are just some of the ways to show customers they're appreciated.

**73% of customers said they will purchase brands/products during the holidays that are similar to what they typically buy; 14% will purchase brands/products that are less expensive and 13% will purchase brands/products that are more premium.**



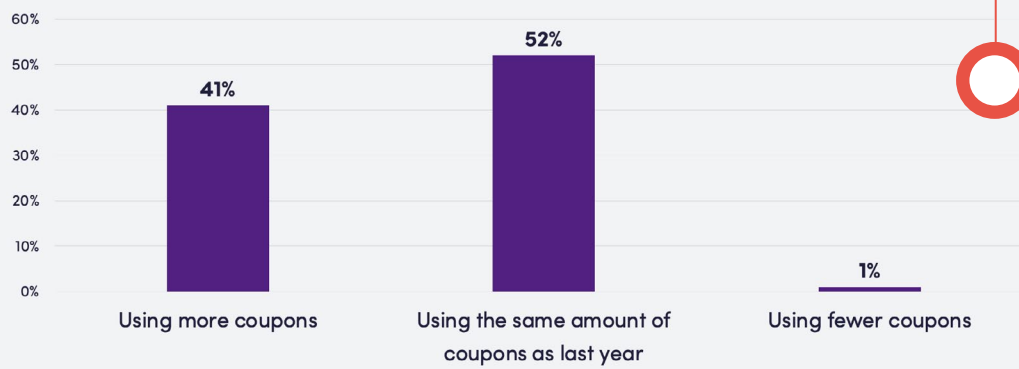
# Coupons are in demand for holiday purchases

With rising prices affecting purchasing power, coupons have become highly sought after by shoppers.

Chart D

93% of shoppers anticipate using the same amount of coupons or more for holiday purchases this year.

The amount of coupons shoppers plan to use for holiday items

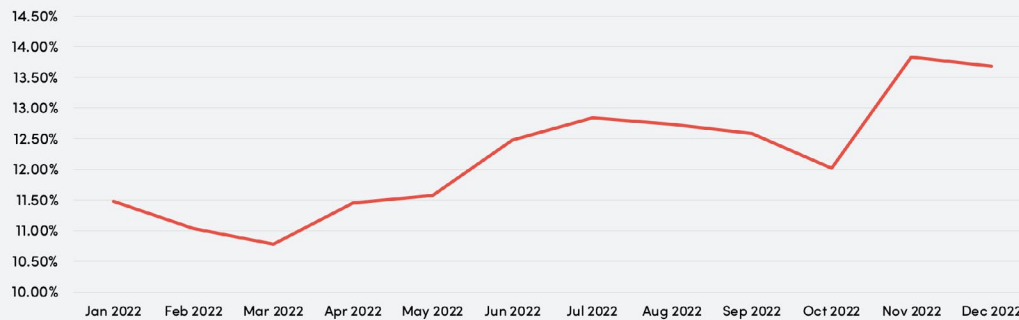


Base: Kroger Category Shoppers (n = 400) Source: 84.51° Real Time Insights, May holiday survey 2023



In 2022, online pickup shoppers found the largest discounts in November

All households



Source: 84.51° Stratum, percent discount sales among online pickup shoppers for 2022, broken down by month



**Make it easy:** Deliver coupons effectively by meeting shoppers at the channels they frequently visit, be it direct mail or digital platforms. By intercepting shoppers with compelling brand messaging and exclusive offers, brands can gain a competitive edge by providing attractive savings opportunities that resonate with cost-conscious customers.

# In-store is the preferred choice for holiday groceries

Despite the rise of online shopping over the past few years, in-store grocery shopping remains top of mind. As illustrated by Chart E, shoppers primarily opt for in-store experiences for most holiday groceries.

Chart E



**Make it easy:** Grocery shoppers primarily shop in-store for selection and are more likely to sample a new item in a store, as illustrated by charts F and G. These shopping behaviors open up an opportunity for brands to collaborate with retailers and create tailored experiences that resonate with customers.

By understanding these preferences, brands can work together with retailers to curate engaging displays, offer product sampling opportunities, and create an overall immersive shopping experience that entices customers to explore and discover new items.

Chart F



Chart G

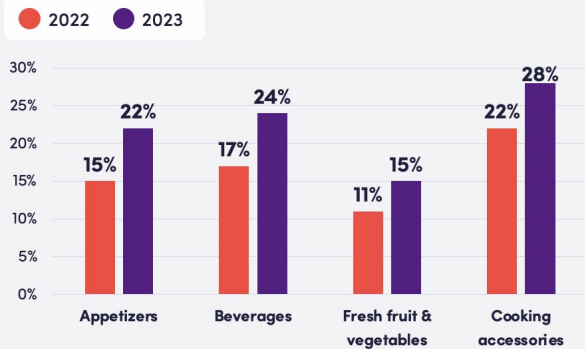


# Holiday grocery shoppers are increasingly taking the omnichannel route

While in-store holiday shopping remains dominant, omnichannel holiday shopping is growing. Per Chart H, shoppers are increasingly turning to online platforms to complement their traditional holiday shopping trips. Shoppers report that they plan to shop for appetizers, beverages, fresh produce, and cooking accessories both in-store and online more so than they did last year.

Chart H

## Holiday groceries/items shoppers say they'll shop for both in-store and via online pickup/delivery



Base: Kroger Category Shoppers (n = 400)  
Source: 84.51° Real Time Insights, April holiday survey 2022 & May holiday survey 2023



## UNDERSTAND HOW SHOPPERS ARE BUILDING BASKETS IN AN OMNICHANNEL WORLD

Clickstream Insights allow you to analyze the shopper journey across multiple components (Search, Start My Cart, Department Pages), identify engagement and conversion opportunities, and tie those shoppers back to in-store behavior.

**Make it easy:** Recognizing that shoppers engage with brands through various channels makes it crucial to meet shoppers wherever they are. Retailers are undergoing a significant transformation as they embrace digital technologies to provide shoppers with a seamless and personalized experience. In-store digital screens, mobile apps and smart order fulfillment are key ways for brands and retailers to collaborate on making the holiday shopping experience easy and engaging for shoppers.

# Online pickup continues to rise among holiday grocery shoppers

Buying products online and picking them up curbside received a boost at the height of the pandemic when shoppers preferred interacting with as few people as possible. Although most shoppers say they have not retained pandemic-spurred shopping behaviors, online for pickup continues to grow.

As illustrated by Chart I, in which customers were asked what type of grocery shopping did they do for different trip types in previous years, online for pickup lags in-store, but is gaining adoption faster than delivery.

Furthermore, per Charts J and K, while 63% of shoppers say they have not maintained new grocery shopping habits that they adopted at the start of the pandemic, of the 37% who did, online for pickup is the leading behavior.

Chart I

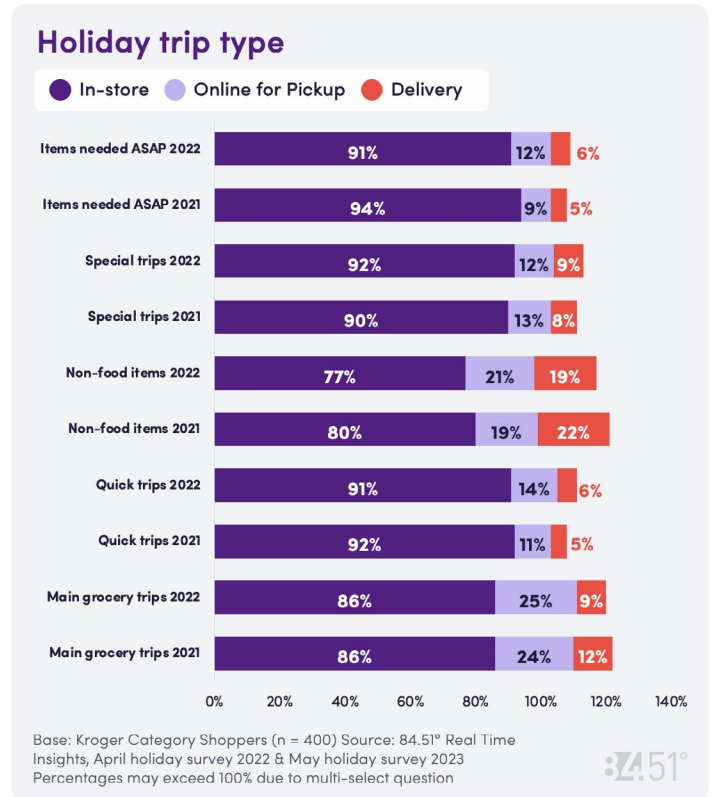
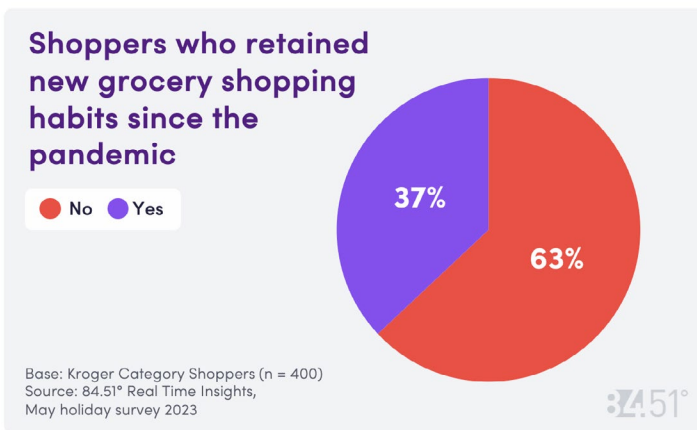
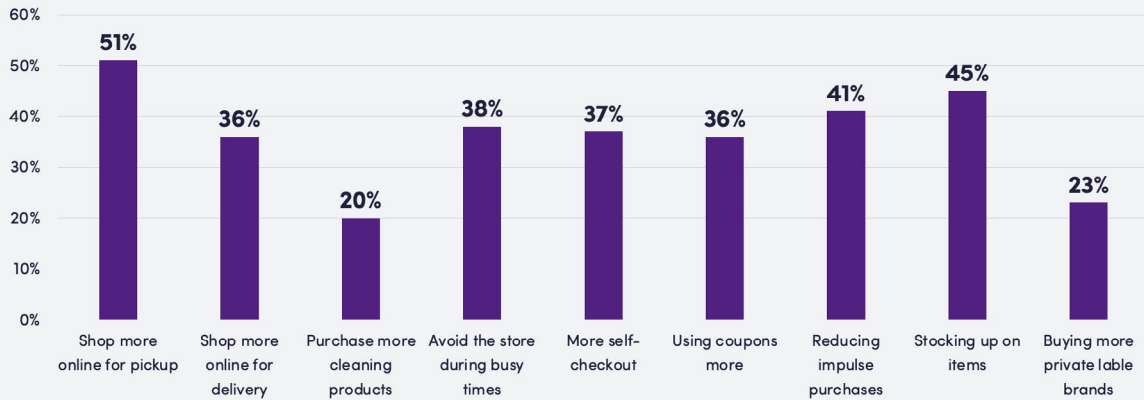


Chart J



## Chart K

### How shoppers say their grocery shopping behaviors have changed



Base: Kroger Category Shoppers (n=148) Source: 84.51° Real Time Insights, May holiday survey 2023

84.51°

**Make it easy:** While increasing the efficiency of in-store fulfillment operations largely falls on retailers, brands can help elevate the pickup experience for holiday shoppers and create a positive brand image during the bustling holiday season. Brands, for example, can collaborate with retailers to include personalized recommendations or product ideas/tips when customers arrive to collect their orders.



# Brand loyalty for centerpiece dishes is softening

While shoppers remain loyal to traditional holiday main course dishes such as ham and turkey, their brand loyalty is showing signs of softening. As illustrated by Chart L, fewer shoppers say they prefer a specific brand for ham, turkey, cranberries and pies this year.

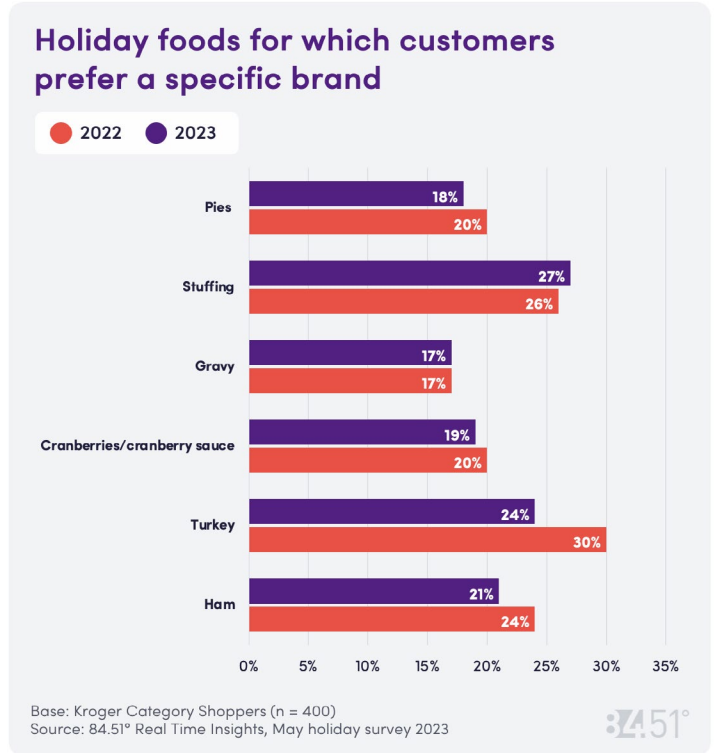
**Make it easy:** Be proactive in differentiating your brand and remind customers why they should purchase your products over competitors. Strategies include:

**Offer limited editions** – Introduce limited edition holiday food items that are included with your brand’s ham or turkey, for example

**Collaborations** – Team up with complementary brands or influencers to create cross-promotions or co-branded products to expand your reach and tap into new customer bases

**Inspire new traditions** – Share creative and easy-to-follow recipes that showcase the versatility of your products and inspire customers to add new dishes to their holiday traditions

Chart L



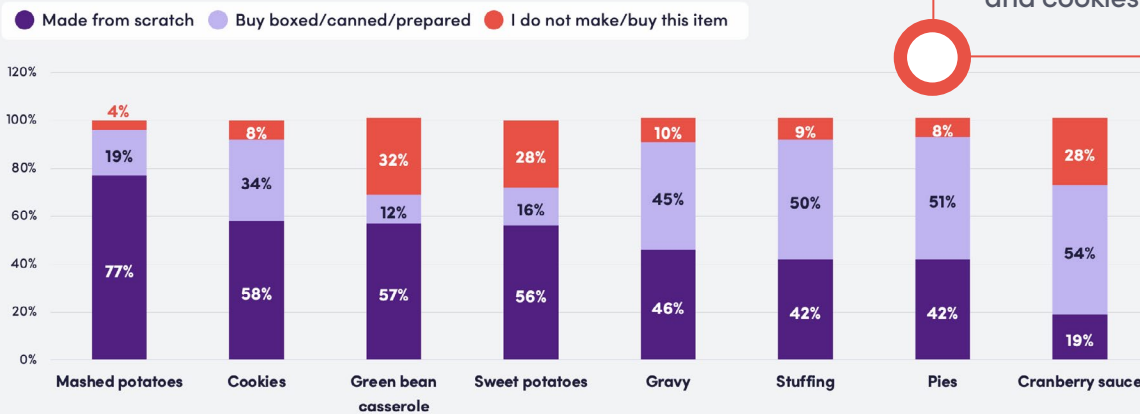
# Shoppers lean toward homemade mashed potatoes & store-bought cranberry sauce

Make or buy? Shoppers plan to make many side dishes from scratch while purchasing others. Mashed potatoes and cranberry sauce are part of shoppers' holiday menus but how these side dishes make it to the table differs.

Shoppers tend to opt for store-bought versions of side dishes such as cranberry sauce, pies and stuffing while taking the time to make mashed potatoes, green bean casserole and cookies from scratch.

## Chart M

Side dishes shoppers plan to make from scratch or purchase



Base: Kroger Category Shoppers (n=400)  
Source: 84.51° Real Time Insights, May holiday survey 2023



**Make it easy:** Empower and inspire shoppers with strategic approaches that combine inspiration and convenience with expertise. From recipe inspiration and ingredient bundles to early access to discounts and other incentives, connect with shoppers to build lasting brand loyalty and establish a trusted presence in their holiday cooking traditions.

### Top seasonal search terms on Kroger.com

Cranberry sauce	Pie crust	Evaporated milk
Stuffing	Whipped cream	Egg nog
Cream of ___ soup	Christmas candy	Cinnamon roll
Rolls	Powdered sugar	Jalapeno
Turkey breast	Chocolate chips	Gift cards

Source: Kroger top search terms



## INSPIRE WITH RELEVANCY

When it comes to holiday advertising, audience scale is critical for success and pairing with purchased-based audiences helps break through the seasonal clutter. Consider incorporating broader audience segments and relevant, contextual/interest-based layers into holiday campaigns.

# Make the holiday season shine

As the 2023 holiday season approaches, rising prices and economic uncertainty are prompting shoppers to seek savings and control their spending while splurging on a few seasonal delights. Successful brands will adapt their strategies to align with shifting customer patterns and make it easy for shoppers to get what they need, when they want it. This includes communicating the value of their products, helping shoppers save with relevant coupons, encouraging trials of new products and flavors and implementing omnichannel strategies. By staying attuned to shopper behavior and leveraging these insights, brands can position themselves for success this holiday season and beyond.





# Maximize your holiday success with 84.51° Solutions

## YOUR CHALLENGES:

## OUR SOLUTIONS:

1. Know who is buying your brand, and build strategies to ensure your buyers remain loyal.
2. Give your data science team the data and tools they need to understand customers and maximize enterprise impact.
3. Create your own custom research and confidently reach your purchasers without sacrificing quality for flexibility and speed.

### 84.51° Insights

1. **84.51° Stratum**, is powered by transaction data from 62 million households representing 95% of Kroger sales. Bring insights to life and better identify performance and shopping behavior. Measure trial and repeat for your new items, penetration among household segments, and even exclusivity. Segment households based on degree of brand loyalty, price sensitivity and other key dimensions.
2. Built for our clients' data science teams, **84.51° Collaborative Cloud** is an 84.51° Insights platform that includes transaction-level data sourced from the Kroger Plus loyalty card program that has been encrypted in a privacy-compliant manner. The data is clean and ready to use for modeling, predictive analytics and insights generation.
3. **84.51° In-Queries** enables you to quickly field custom research yourself to answer your pressing business questions. This opt-in survey platform utilizes behaviorally verified sampling and reaches respondents who are verified purchasers, so you know your results are valid and reliable. Begin seeing results in as little as 24 hours and monitor the results as they update in real-time on the online platform.

4. Reach new households in a highly competitive space where competitors are a click away or sharing shelf space.
5. Communicate value in a crowded media landscape.

### PRECISION MARKETING POWERED BY Kroger | 84.51°

4. Kroger Precision Marketing is designed to make advertising more effective by closing the loop between media exposure and store sales. Brands have an opportunity to apply best-in-class science across a full funnel media portfolio using exclusive Kroger purchase data to deliver personalized and meaningful experiences for your brand across any objectives (Driving awareness, consideration, conversion).
5. Strategically reach must-win households with 84.51° audiences/segmentations, including purchase-based, ecommerce behaviors/habits, as well as complementary product group targeting.

6. Build and retain loyalty among your best shoppers with rewards and relevant content.
7. Drive awareness and trial for brand innovation.

### 84.51° Loyalty Marketing

6. Our Best Customer Communication events such as Loyal Customer Mailers, MyMagazines and MyMagazine Extras provide relevant, personalized offers that can be used in-store and online to drive engagement, retention and incrementality in addition to avoiding trade-downs. Reach high value omnichannel customers with new Boost programs.

Top attributes of Loyal Customer Mailer, MyMagazine and other Best Customer Communications, according to Kroger shoppers: "Saves me money, saves me time, brings me value, relevant to me"
7. New at Kroger is a marketing vehicle that uses sales and shopper metrics to acquire new households who have the propensity to buy your new products at Kroger.

84.51° is a retail data science, insights and media company. We help the Kroger company, consumer packaged goods companies, agencies, publishers and affiliates create more personalized and valuable experiences for shoppers across the path to purchase.

Powered by cutting edge science, we utilize first party retail data from over 62 million U.S. households sourced through the Kroger Plus loyalty card program to fuel a more customer-centric journey using 84.51° Insights, 84.51° Loyalty Marketing and our retail media advertising solution, Kroger Precision Marketing.

## Methodology and resources

The insights presented in this white paper were developed from the following sources:

### 84.51° Stratum

Our platform with first-party transaction data from 62 million households over the past four years. This analytics solution combines rich customer behavior insights with retail performance measures to deliver science-powered insights that drive results. For this study, the analysis covered the 2022 calendar year and the last 12 months, ending June 2023.

### 84.51° Real Time Insights

Holiday Survey fielded May 2023. This survey measures the attitudes, perceptions and stated behaviors of 400 people who shopped Kroger in-store or online in the past 3 months. This audience has been double verified with transaction data and claimed purchase behavior.



### 84.51° Real Time Insights

Holiday Survey fielded April 2022. This survey measures the attitudes, perceptions and stated behaviors of 400 people who shopped Kroger in-store or online in the previous 3 months. This audience has been double verified with transaction data and claimed purchase behavior.

### 84.51° Real Time Insights

Survey fielded February 2023. Included 400 behaviorally validated shoppers who shopped Kroger online for pickup and/or delivery and in-store in latest 52 weeks.

### 84.51° Loyalty Insights Study February 2023

Quantitative study using the 84.51° Real Time Insights solution. Study included 400 behaviorally validated Kroger shoppers in the latest 12 weeks.