October 2023

84.51°

Consumer Digest

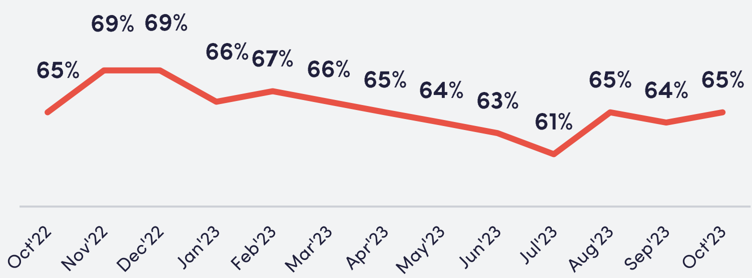
Welcome to the October Consumer Digest. This month, we are focusing on new product innovation. We'll look at shoppers' preferences for new products across categories and functional benefits. From there, we'll examine how they are discovering new items and their willingness to put those new items in their cart. We'll also look at consumers' view on expandable consumption. Finally, we'll wrap with how inflation may affect the upcoming holiday season. As always, reach out to your 84.51° contact with questions or feedback.

Included this month:

- **New product innovation** – consumers' preferences across categories & product attributes
- How are shoppers **discovering new items?**
- Are shoppers pre-planning to purchase new items or **are they deciding at the shelf?**
- **Expandable consumption habits** – what are shoppers admitting to consuming more of at home?
- Consumers' plans to celebrate **the holidays this year**

How shoppers are coping with Inflation

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



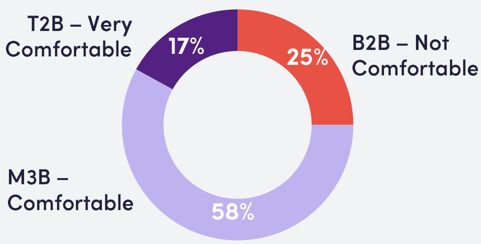
T2B on 7-point scale

Response to inflation – Top-3 attributes trended (Monthly)

	Aug'23	Sep'23	Oct'23
I have been looking for sales/deals/coupons more often	68%	63%	65%
I have been cutting back on non-essentials like snacks, candy, etc.	61%	53%	55%
I have switched to a lower cost brand more often	53%	48%	53%

Financial Fright! Are shoppers *spooked* over their *spending?*

Shopper comfort about finances– % of Household Comfort (Monthly)



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

- Shopper's comfort over their finances shifted slightly this month with 25% reporting feeling uncomfortable (B2B) with their finances vs. 22% last month.
- Gen Z and Millennials (25yrs – 34yrs) are significantly more uncomfortable with their finances when compared to Boomers (65yrs – 74yrs).

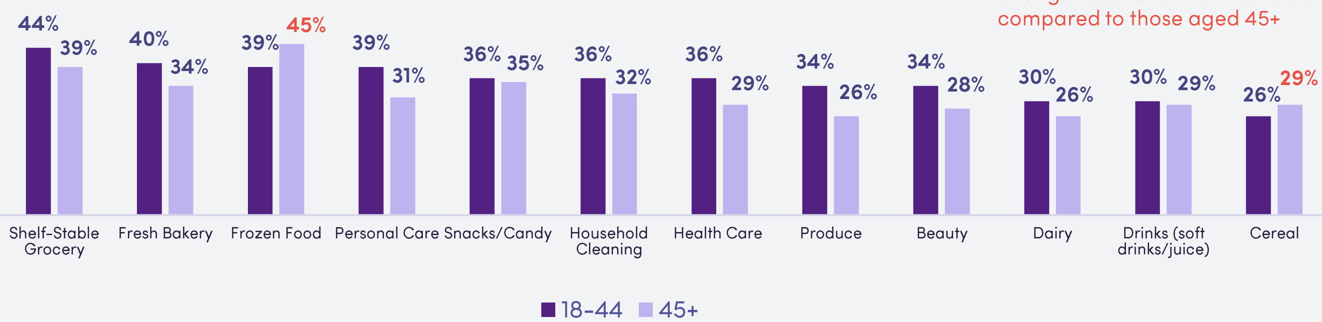
Source: 84.51° Real Time Insights Survey, October 2023. Sample sourced from consumers who shopped at Kroger in latest 3 months. n=400

Product innovation – Shoppers seek innovation across many categories with some differences by age cohort

While Covid created a strong focus on-shelf and in-stock fundamentals, supply chains have largely recovered which has enabled more opportunities for innovation in the CPG space. New preferences across categories and product attributes are starting to emerge.

Shelf-stable grocery, fresh bakery, and frozen food lead as categories where shoppers would most like to see new products available

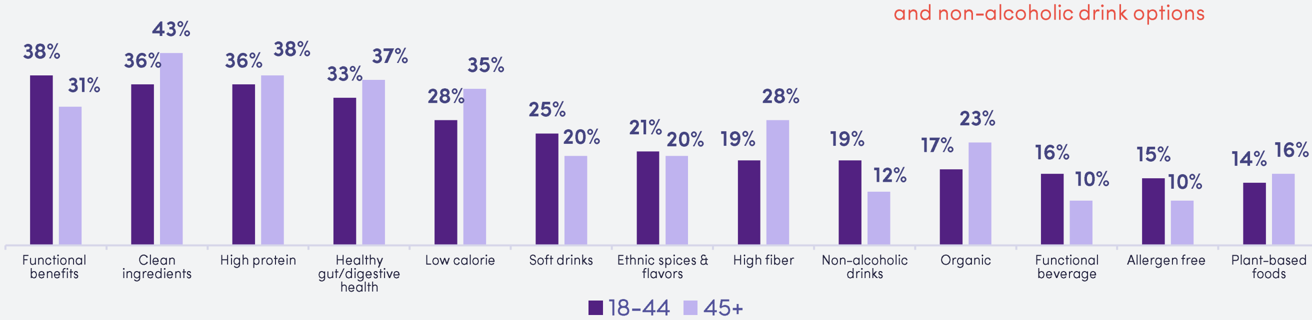
Aside from **frozen food** and **cereal** categories, shoppers aged 18-44 indicate a slightly stronger desire for new items as compared to those aged 45+



Source: 84.51° Real Time Insights Survey, October 2023. Sample sourced from consumers who shopped at Kroger in latest 3 months. N=400

Shoppers are seeking innovation to provide functional benefits, clean ingredients and higher protein options

Shoppers aged 18-44 are more likely to seek out functional benefits (such as vitamins/probiotics), soft drink innovation and non-alcoholic drink options



Source: 84.51° Real Time Insights Survey, October 2023. Sample sourced from consumers who shopped at Kroger in latest 3 months. N=400

Given financial pressures, shoppers remain mindful of the price they are paying even when making decisions on trying new products

Percent of shoppers who are extremely concerned (T2B) about these attributes when trying new products:

77%	71%	62%	61%	55%
Price	Flavor	In-store availability	On sale	Coupon availability

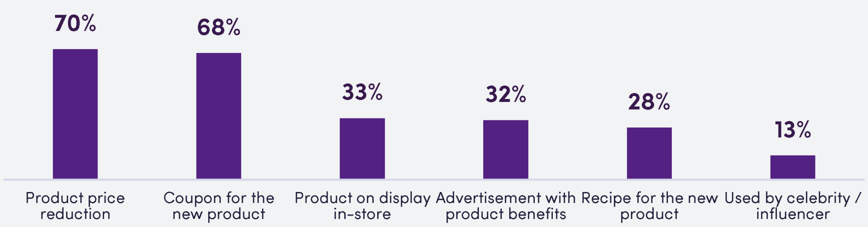
Source: 84.51° Real Time Insights Survey, October 2023. Sample sourced from consumers who shopped at Kroger in latest 3 months. n=400

Product innovation – New item discovery and purchase decisions

Shoppers discover new items in a myriad of ways and report a higher likelihood to purchase new products when they receive a discount or coupon to drive savings.

The most frequent ways that shoppers report discovering new items to try is through in-store display, product advertisements and product coupons

Shoppers are more likely to try new products if there is a price reduction or they have a coupon available



Shoppers were about equally divided in where they would like to find new items in-store

34% In section for new items only

36% In standard category section

31% In standard category section with "New" item callout

Products that rank high in expandable consumption, like snacks/candy and drinks are ripe for consumer experimentation with purchase decisions often made at the time of purchase, and even in addition to planned purchase.

When is the purchase decision made for new products? What categories are purchased incrementally?

Plan to purchase new item ahead of time
- Dairy (73%)
- Baby Care (67%)
- Personal Care (64%)
- Paper Products & Health Care (61%)

Often buy new item instead of planned item
- Fresh Bakery (46%)
- Snacks/Candy (39%)
- Cereal (38%)
- Household cleaning (38%)

Often buy new item in addition to planned item
- Snacks/Candy (19%)
- Frozen Food (19%)
- Produce (16%)
- Drinks (14%)

Willingness to try new products from national brands vs. private label

43% Extremely likely (T2B) to purchase from a **national brand** they already use

36% Extremely likely (T2B) to purchase from a **private label brand** they already use

Willingness to try new products from brick-and-mortar vs. online

37% Extremely likely (T2B) to purchase from a **brick-and-mortar retailer** where they currently shop

31% Extremely likely (T2B) to purchase from an **online retailer** where they currently shop

Source: 84.51° Real Time Insights Survey, October 2023. Sample sourced from consumers who shopped at Kroger in latest 3 months

Perceptions of expandable consumption

Shoppers have an awareness of some expandable consumption habits, citing the ability to quickly and easily use as their primary reason for using more, followed by always having the product stocked in their home, or using out of habit.

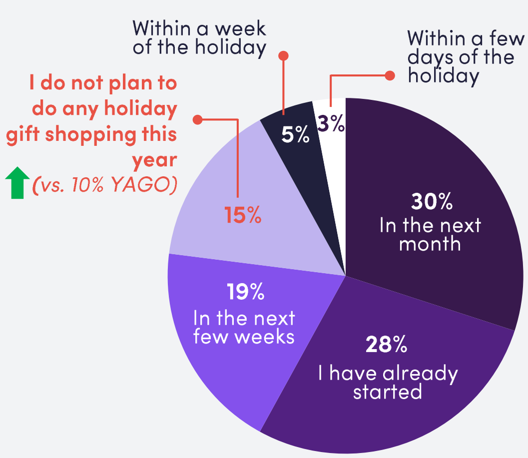
Which of the following categories do you often find you're using more of when you have those product(s) in your home?

- 48% **Snacks/Candy**
- 40% **Drinks** (soft drinks, juices, etc.)
- 38% **Paper Products** (toilet paper, tissues, paper towels, etc.)
- 32% **Cereal**
- 31% **Produce**
- 31% **Dairy** (milk, cheese, etc.)
- 29% **Frozen Food**

For what reasons, if any, do you find you use more of a product when you have them in your home?

How shoppers are preparing for the upcoming holiday season

When do you plan to start your holiday gift shopping this year?



Survey fielded 10/5/23 – 10/11/23

What activities do you plan to do this upcoming holiday season?

14% Do not plan on having a Thanksgiving meal this year *(vs 9% YAGO)*

52% Listen to Holiday Music	**52%** Decorate your home with holiday decorations	**47%** Use family recipes for cooking/baking
41% Use streaming services to watch holiday movies	**36%** Host a gathering at your home for friends/family	**20%** Donate to a charity

Source: 84.51° Real Time Insights Survey, October 2023. Sample sourced from consumers who shopped at Kroger in latest 3 months

Take-out over Turkey? How shoppers' Thanksgiving meal plans might differ from last year

What types of Thanksgiving meals shoppers plan on having this year compared to YAGO…

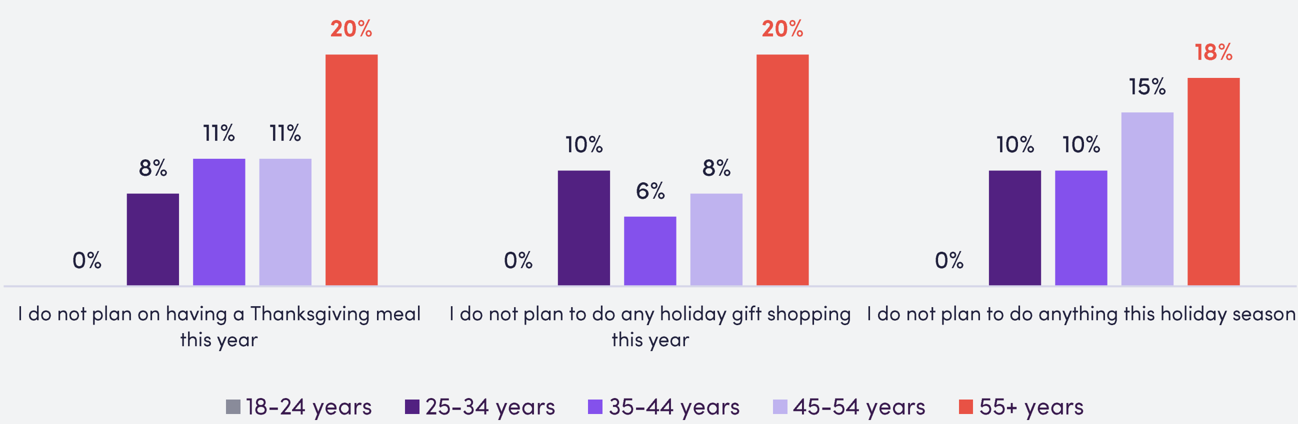
	Traditional Thanksgiving Meal, *Cooked At Your Home*	Traditional Thanksgiving Meal, *Cooked At Someone Else's Home*	Traditional Thanksgiving Meal Purchased Already, *Prepared At Your Home*	Traditional Thanksgiving Meal Purchased Already, *Prepared At Someone Else's Home*	Heavy Appetizers Instead of a Full-scale Meal, *At Your Home*	Heavy Appetizers Instead of a Full-scale Meal, *At Someone Else's Home*	Eating Out at a Restaurant
2023	↓ **47%**	↓ **22%***	**9%**	**8%**	— **5%**	↓ **3%**	↑ **6%**
2022	51%	34%	10%	9%	5%	5%	4%

*stat testing applied with a confidence level of 90%

Inflation is putting a damper on holiday celebrations – especially for lower income and older adults. Trends in responses by Income and Age indicate that certain groups of shoppers, primarily those making less than $50k and those ages 55 years or older, are less likely to celebrate and shop this holiday season.

Shoppers with an income of less than 50k are significantly less likely to partake in the following holiday activities

Shoppers ages 55 years and older are *also* significantly less likely to partake in the following holiday activities



Source: 84.51° Real Time Insights Survey, October 2023. Sample sourced from consumers who shopped at Kroger in latest 3 months

Highlighted Solutions

84.51° Insights

With 84.51°'s Expandable Consumption Analysis, dive into how households change their consumption rate with respect to pack size, units purchased and other attributes.

- Review typical consumption rates by category, product group and package type to generate directional trends.
- Review consumption behaviors by different classifications and segmentations.
- Receive quantitative expandability measures that allow us to determine which product groups are the most expandable, and how we expect each groups consumption to change.

Connect with us at Insights@8451.com

COMING SOON: 84.51° Stratum Spotlight – a bimonthly webinar series designed to take your 84.51° Stratum knowledge to the next level.

November 15: New Item Analysis

REGISTER HERE

84.51° Loyalty Marketing

Acquire new customers who have the propensity to try new products at Kroger through a 2-page ad & coupon with New at Kroger.

- Reaches up to 850,000 loyal Kroger shoppers
- Includes 6 offers based on purchase history
- Average redemption: 1.12% & average sales-to-cost: $0.19
- Insertion Cost: $0.20/circ

Connect with us at Loyalty@8451.com

Acquire new customers with "New at Kroger"

Kroger Precision Marketing powered by 84.51°

Kroger's in-store media helps brands reach and influence consumers at scale, during opportune moments, in brand-safe, contextually relevant environments.

- Mass Audience Reach: 62MM households shop at Kroger annually (1/2 of all US HHs!) and 9MM HHs per day, across ~2,700 stores in the Kroger ecosystem.
- Create Experiences: Connect with consumers at pivotal moments in the customer journey. In-store experiences give brands the opportunity to drive awareness & consideration with the shopper.
- Peak Attention: Drive performance right at the point of decision.

Connect with us at KPMinfo@8451.com

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