

## Consumer Digest – SNAP Special Edition

Welcome to the June edition of the Consumer Digest, where we aim to provide relevant, informative and actionable insights around consumer trends. This month, we are focusing on the Supplemental Nutrition Assistance Program or SNAP. We'll take a look at the recent cancelation in emergency allotment (EA) payments and how it's affecting impacted shoppers. *Note:* the base used for this study included only those who have used SNAP EBT tender at a Kroger store in the past 26 weeks.

### Included this month:

- **SNAP Overview** – what it is, what's changing & how it is impacting shoppers
- **Shopping patterns** – comparing SNAP participants to the general population
- What categories are SNAP shoppers **cutting back on?**
- **Grocery vs. Dollar Channels** - how SNAP shoppers engage
- Sticking to a budget – shoppers' **top 5 money saving tools**

### SNAP Overview

The Supplemental Nutrition Assistance Program (known as SNAP in most states) is the cornerstone of the nation's nutrition assistance safety net. SNAP provides food benefits to low-income households to help supplement their everyday grocery budget.

In March of 2020, Congress enacted the SNAP Emergency Allotments (EAs) which were a temporary benefit increase to all SNAP participants. These EA payments were phased out over time and as of March of 2023, these additional payments have all been canceled.

**~42 million people**

receive **monthly SNAP benefits**<sup>2</sup>



**65%**

of SNAP participants **are households with children**<sup>2</sup>



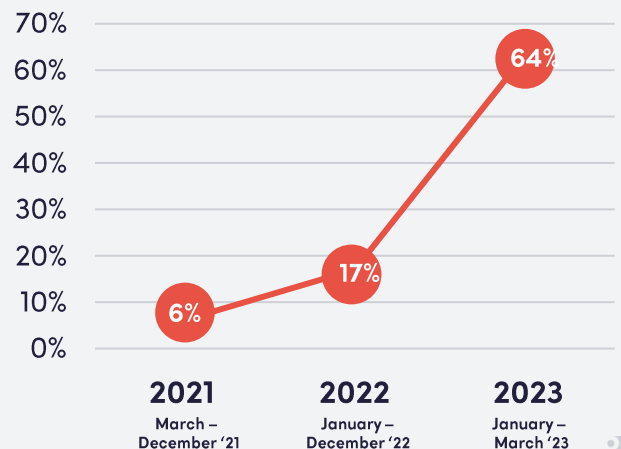
**36%**

are families with members who are **older adults or are disabled**<sup>2</sup>



Percentage of shoppers who reported when their EA benefits were canceled

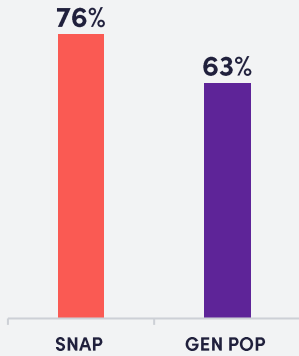
\*HHs may have gained benefits at different times



## Comparison: SNAP participants vs. general population<sup>1, 2</sup>

### Shopper concern over inflation?

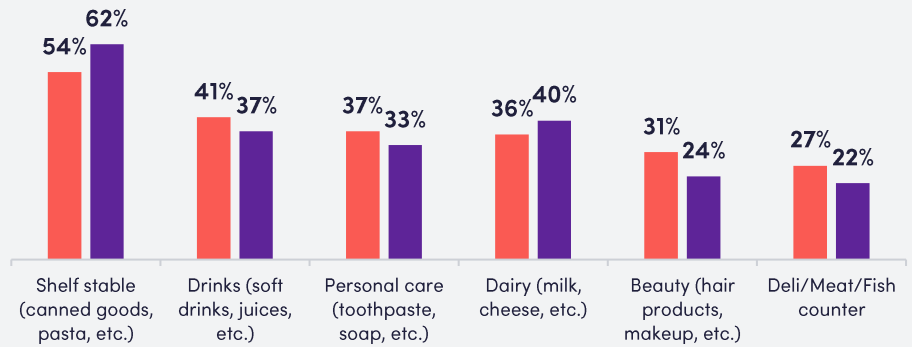
% of Households Extremely Concerned (T2B)



84.51°

### In what categories are shoppers willing to switch to lower cost brands?

● SNAP ● GEN POP



GEN POP are more willing to switch to lower cost brands in shelf-stable and dairy vs... SNAP HHS

84.51°

## SNAP EA payment cancellation drives financial strain, stress<sup>1</sup>

Of households who receive SNAP benefits, 62% reported a significant impact to their overall household budget due to the cancellation of the Emergency Allotment.

- Beyond challenges in affording groceries, households are expressing concern over their long-term financial outlook as a result of the EA cancellations.

48%

Not able to save any money towards retirement

48%

Struggling to keep a monthly budget

44%

Afraid there will be more future SNAP benefit reductions

30%

Behind on payments and cannot keep up

### How has the cancellation of the Emergency Allotment affected how shoppers do their grocery shopping?



Changes go far beyond simple cut-backs, as some SNAP households are now relying more on food banks and skipping meals to help fill in their financial gaps

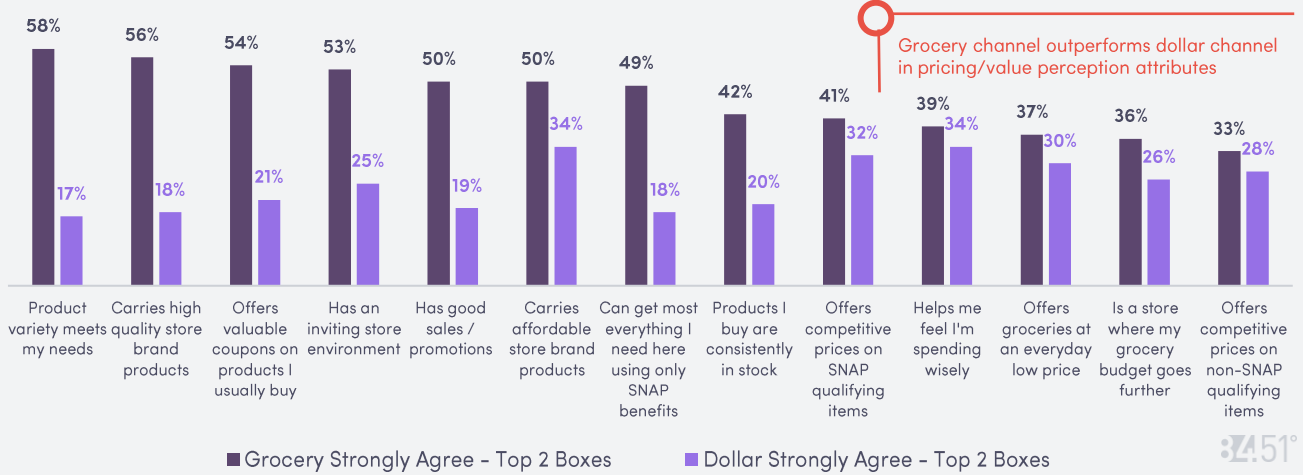
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SOURCE: 1 – 84.51° Real Time Insights Survey, June 2023 targeting n=400 who have used SNAP EBT tender in the P6M/Jan '23 – Jun'23 at Kroger, 2 – 84.51° Real Time Insights Survey, June 2023 targeting n=400 GEN POP who have shopped Kroger in P3M/Apr '23 – Jun '23

# How SNAP shopper experiences differ in grocery vs. dollar channel<sup>1</sup>

- The greatest determining factor for where to shop for groceries when using SNAP benefits is based on which retailer has the lowest prices (43%) followed by weekly sales/promotions (22%).
- When EA allotments were cancelled, 37% of shoppers reported shopping more at the Dollar/Value channel, while only 11% reported shopping more at traditional grocery stores. However, a higher percent of shoppers (36% strongly agreed that Grocery Channel is “a store where my grocery budget goes further” compared to Dollar (26%).
- Of households using SNAP, 76% say their preferred grocery store does not change depending on the time of month.

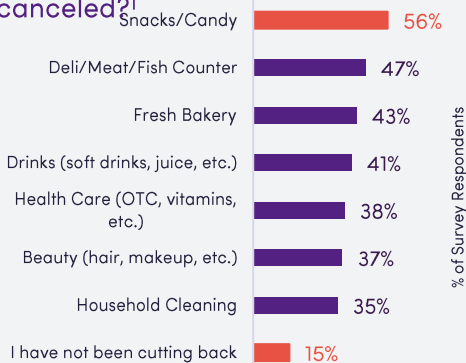
What attributes do shoppers more strongly agree with when considering their experiences shopping with their SNAP dollars in Grocery and Dollar channels?



# Say vs Do: Where SNAP Shoppers are cutting back in-store<sup>1</sup>

SNAP shoppers report cutting back on Snacks/Candy, Deli/Meat/Fish, Fresh Bakery, and Drinks the most. When comparing SNAP household spend declines vs. Total Store declines, the greatest differences do arise in more discretionary categories.

**Say:** Which of the following categories have you recently been cutting back on after your Emergency Allotment was canceled?<sup>21</sup>



**Do:** Sub-departments with greatest difference in rate of sales change for SNAP vs. All Households<sup>2</sup>

Sub - Department	SNAP Households \$ % Chg vs. YA	All Households \$ % Chg vs. YA	\$ % Diff SNAP HH's vs. All
Total Store	-7%	6%	-12%
Garden-Outdoor	-9%	8%	-16%
Packaged Deli	-8%	8%	-16%
Fresh Seafood	-23%	-6%	-16%
Pkg Specialty (cheese, olive, etc.)	-7%	9%	-16%
Accessories	-16%	0%	-16%
Coffee Shop	-17%	-1%	-16%
Deli Bulk	-15%	1%	-16%
Floral-Outdoor	-11%	4%	-15%
Bakery	-7%	8%	-15%
School/Office	-11%	4%	-15%
Candy	-10%	4%	-15%
Wine	-9%	6%	-15%
Natural Foods	-5%	9%	-14%
Poultry	-10%	4%	-14%

SOURCE: 1 - 84.51° Real Time Insights Survey, June 2023 targeting n=400 who have used SNAP EBT tender in the P6M/Jan '23 - Jun '23 at Kroger, 2 - 84.51° Stratum, \$ Sales % Chg vs. YA, 104 Week Continuous Panel, L8W Ending 06-11-2023

# Discretionary spending outside of SNAP dollars

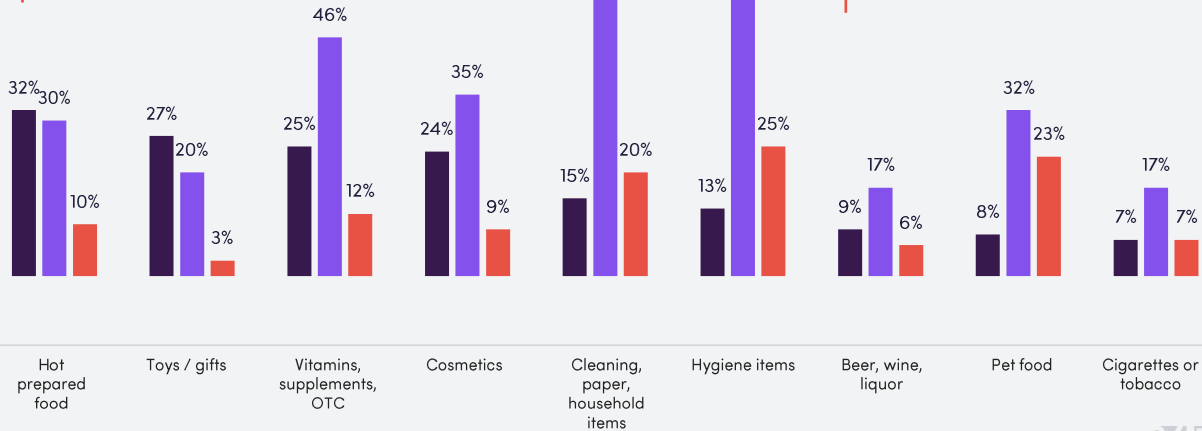
When able to purchase all necessary items covered by SNAP benefits, how do shoppers think about purchasing items not covered by their SNAP benefits?

## Affordability of non-SNAP eligible categories among SNAP households

● No cannot afford ● Sometimes afford ● Yes can afford

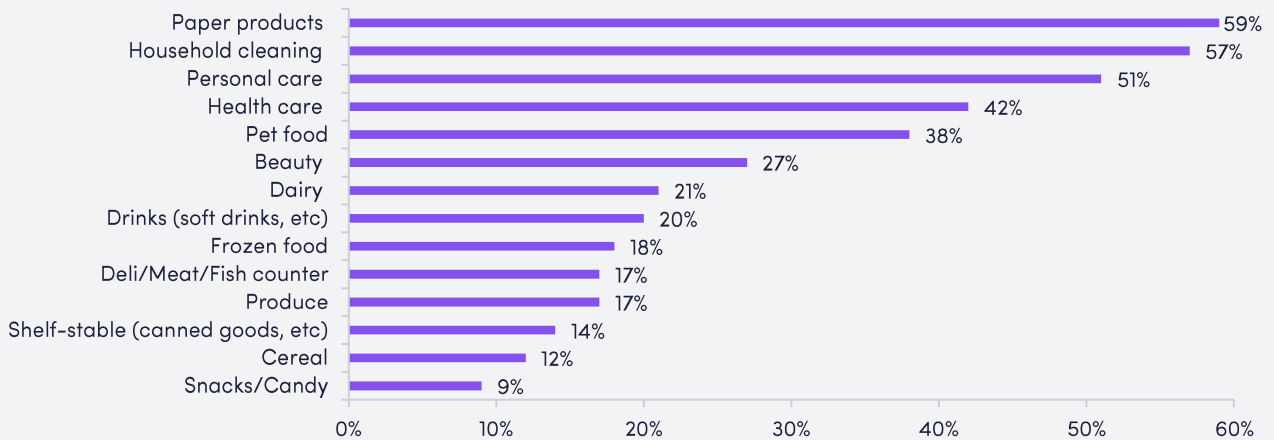
Hot food, toys/gifts, vitamins/supplements, and cosmetics are the categories more cited as need, but unable to afford

Hygiene items, pet food and cleaning/household items were categories that were most reported as able to afford



# Categories important to SNAP HHs

## Categories where SNAP households are spending their non-SNAP dollars most often



SOURCE: 84.51° Real Time Insights Survey, June 2023 targeting n=400 who have used SNAP EBT tender in the P6M/Jan '23 – Jun '23 at Kroger

# Opportunity exists to drive engagement with SNAP households as their eCommerce interests grow<sup>1,2</sup>

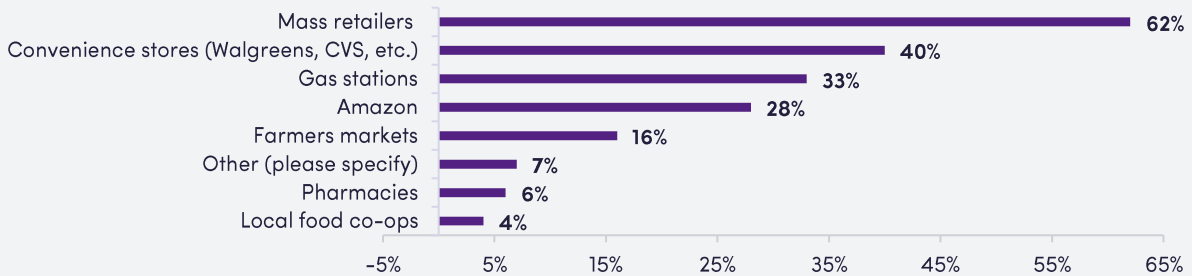
% \$ Chg vs. YA L8W	All Modalities	In Store	Pickup	Delivery
SNAP HH \$ Sales	-6.9%	-7.6%	+2.7%	+67.8%
GEN POP \$ Sales	+5.6%	+4.2%	+15.6%	+75.6%

- SNAP households are less developed in Pickup and Delivery, as compared to non-SNAP households. This could be in part as SNAP pickup and delivery results are impacted by the expansion of SNAP online payment capabilities at some Kroger Family of Stores.
- 60% of SNAP households say that finding SNAP eligible products online is “extremely easy.”

## Not just for grocery stores<sup>2</sup>

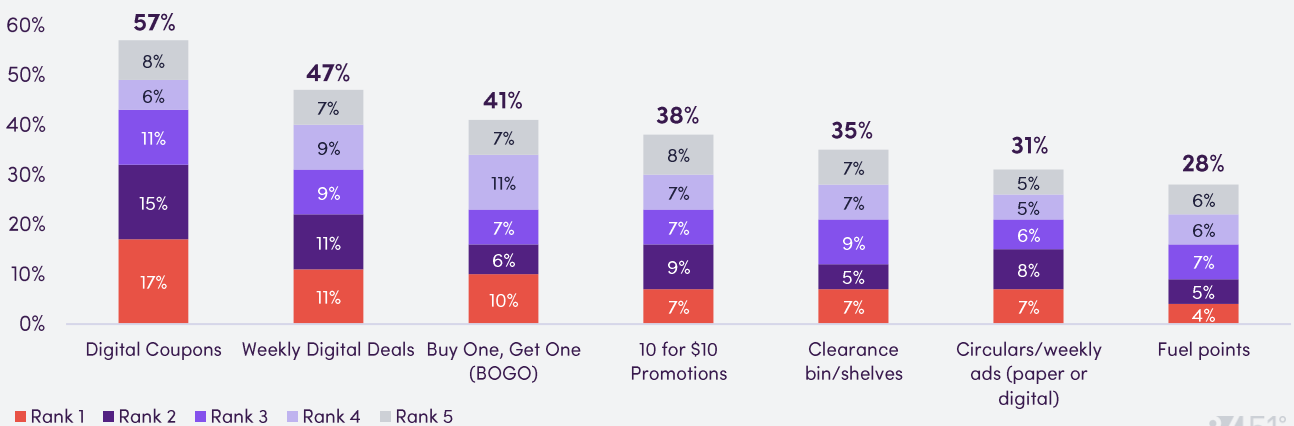
SNAP benefits can be used at a wide spectrum of retail locations, including farmers markets and online retailers

Beyond grocery stores, where else are shoppers spending their SNAP benefits



## Top promotions valued by SNAP households<sup>2</sup>

Rank the top 5 money saving tools that help you get the most value out of your monthly budget



SOURCE: 1 – 84.51° Stratum L8W W/E 6/11/23, 104 Week Continuous Panel, 2 – 84.51° Real Time Insights Survey, June 2023 targeting n=400 who have used SNAP EBT tender in the P6M/Jan '23 – Jun '23 at Kroger

## Highlighted solutions

### 84.51° Insights

Leverage 84.51° Stratum to understand performance across SNAP households or filter on transactions where SNAP tender was used.

- Bring insights together in one SNAP Dashboard that visualizes KPIs, profiling, basket composition and calendar views for custom product groups
- Scope a custom insights behavioral analysis to deep dive on questions such as how have recent changes in SNAP benefits impacted customer buying behavior.

Connect with us at [insights@8451.com](mailto:insights@8451.com)



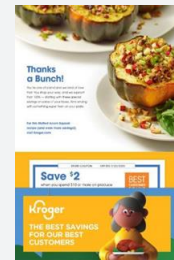
Support your business decisions with 84.51° Stratum to leverage a deep shopper understanding.

### 84.51° Loyalty Marketing

84.51°'s Best Customer Communication (BCC) vehicles are the ideal strategy for CPGs to help ease these price pressures for SNAP shoppers and ensure they remain in your brand consideration set.

- BCC campaigns reach over 50% of Kroger's total SNAP HHs, providing value to those HHs that really need it.
- BCC helps lighten the load for these SNAP HHs to help stretch their dollars in this challenging inflationary environment.

Connect with us at [Loyalty@8451.com](mailto:Loyalty@8451.com)



Loyal Customer Mailer  
Reward & Retain,  
Monthly Event Cadence



Help shoppers balance value and indulgence through retail media

- Use product listing ads on Kroger.com to appeal to different need states:
  - "Start my Cart" and "Did you Forget" placements are among the top 5 ways shoppers add regular items to their baskets.
  - "New Product Recommender" serves new but relevant products into a customer's "Start My Cart" carousel. 42% of product listing ads on Kroger are from new-to-brand shoppers.

Connect with us at [KPMinfo@8451.com](mailto:KPMinfo@8451.com)



Use product listing ads to appeal to different need states