



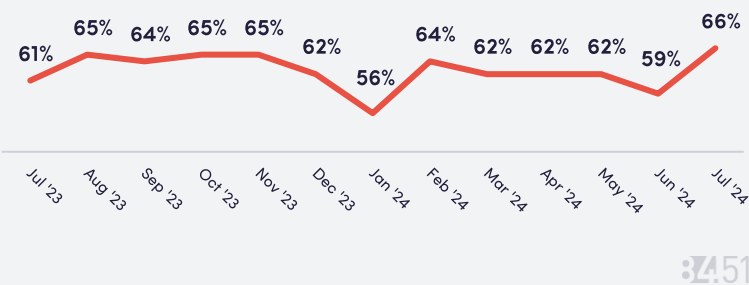
Welcome to the July Consumer Digest where we provide relevant, informative, and actionable insights around consumer trends. This month, we asked shoppers about their interest and usage of **artificial intelligence (AI)** for grocery shopping and how they would like AI to help them shop. We also focus on **back-to-school** shopping behavior as well as where shoppers plan to purchase supplies. Finally, we look at **ice cream trends**.

Shopper concern over inflation

Concern over inflation rose to **66% (T2B)** this month – the highest level we have seen since March '23. Shoppers are making the following changes:

- **64%** have been looking for sales / deals / coupons more often
- **54%** have switched to lower cost brands more often
- **51%** have claimed to be cutting back on non-essentials like snacks and candy
- **44%** have been purchasing fewer items on their grocery trips
- **33%** are cooking from scratch or with limited pre-prepared foods more often

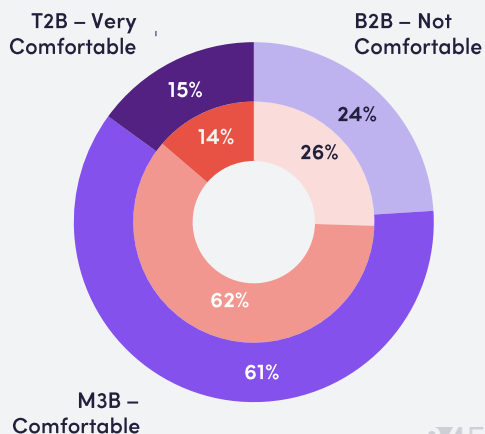
Shopper concern over inflation - % of Households Extremely Concerned (T2B on 7-point scale)



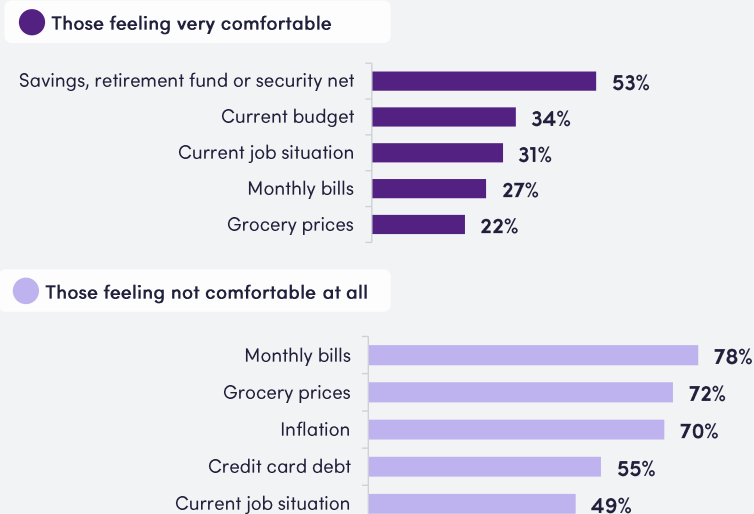
Comfort over finances and what is driving those comfort levels

Shopper comfort over finances – % of Household Comfort (T2B, M3B, B2B on 7-point scale)

- July 2024
- July 2023



Financial comfort level drivers – % selected



Aisle-to-kitchen enjoyment has dropped since last year

Shoppers rate their current level of enjoyment when it comes to grocery shopping and cooking

Grocery shopping
Extremely enjoyable (T2B)



July 2024: **19%**
July 2023: **25%**

Cooking
Extremely enjoyable (T2B)



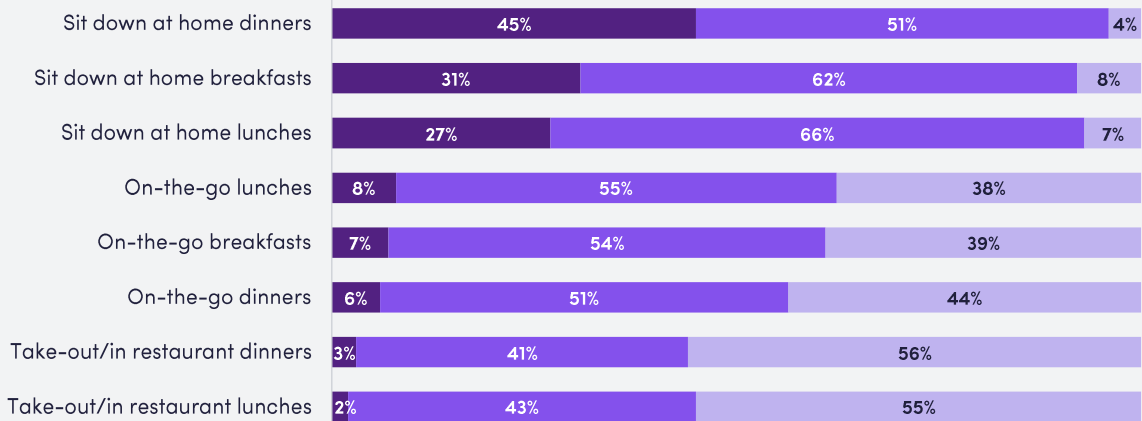
July 2024: **39%**
July 2023: **44%**



Customers plan to eat more at home in the coming months

Here is how shopper's meals will change in the coming months compared to the prior few months...

More Same Less



This editorial is developed by the same consumer research and insights experts who provide consultation to help grow your business. Powered by cutting-edge science, we utilize first-party retail data from over 62 million U.S. households to fuel a more customer-centric journey – so you can meet shoppers where they are with what they need.



This analytics solution combines rich customer behavior insights with retail performance measures to deliver science-powered insights that drive results.

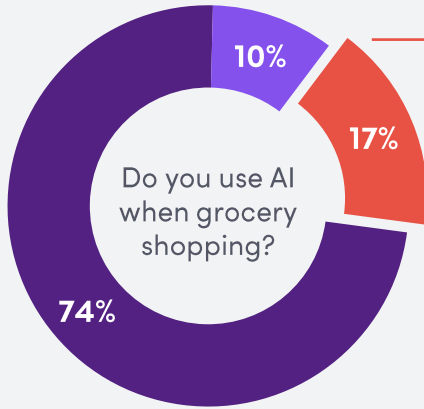
84.51° Real Time Insights:

This opt-in survey measures the attitudes, perceptions and stated behaviors of 400 people verified to have shopped at a Kroger banner (over 20 grocery retailers) in the past 3 months.

How do shoppers engage with artificial intelligence for grocery shopping?

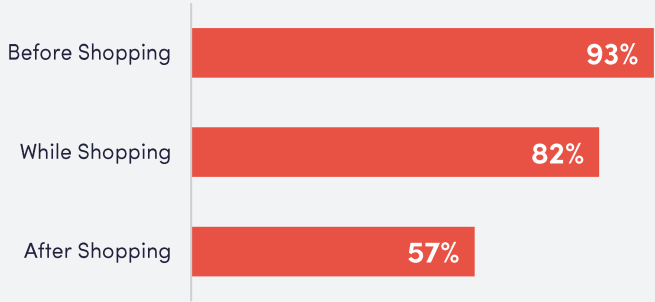
There is growth opportunity for AI in grocery, with only 17% of shoppers currently using AI tools
 These “early-adopters” use these tools before, during, and even after their shopping trips

● Uses AI ● Does not use AI ● Unsure



Base: Kroger Shoppers (n=400)

When do shoppers use AI tools?



Base: Kroger Shoppers that claimed AI usage (n=66)



Early adopters are focused on finding deals and building their shopping list

“I am using the store’s app to get coupons, alerts and recommendations on products that I buy on a regular basis.”

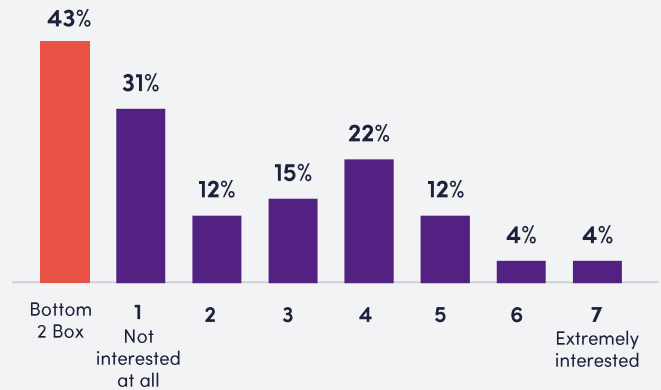
“I use them to make a list and search for coupons and sale prices.”

“I use it to pinpoint items and get details with prices. AI allows me to be more efficient without the hassle.”

Selected verbatim responses from Kroger Shoppers that claimed AI usage (n=66)



Shoppers that don’t utilize AI aren’t excited about the current features



Interest in Grocery AI Tech

Base: Kroger Shoppers that claimed no AI usage (n=334)



Shoppers who do not currently use AI are looking for features that help them save time and money

71%

Finding sales / deals / coupons on items

58%

Comparing prices across retailers

44%

Building your shopping list

42%

Meal planning / suggesting ingredients for meals

Base: Kroger Shoppers that did not claim AI usage but show interest in future use (n=140)



I scream, you scream, we all scream for Ice Cream!

National Ice Cream month celebrates their **40th anniversary** in July. Below are some consumer trends for this savory and flavorful category!



DID YOU KNOW?

In 1984, President Ronald Regan declared **July as National Ice cream month** and established **National Ice Cream Day as the 3rd Sunday in July.**

How are shoppers consuming Ice Cream vs. a year ago?

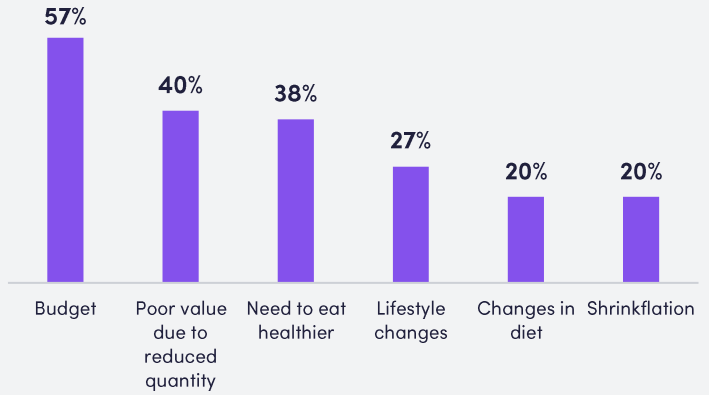
Do: Ice cream sales are relatively flat,² up roughly 1% compared to the same period last year primarily driven by increases in dollar sales per unit and per trip.

Say: Consumers state that compared to last year:

- 53% are eating the same amount
- 28% of respondents are eating less ice cream
- 16% are eating more

30% of Millennials are consuming less while 19% of Gen X are consuming more versus prior year

Personal budget ranks as the highest influence decreasing Ice Cream consumption



Base: Kroger Shoppers who claimed decrease in consumption (n=112)



Nationally, ice cream consumption remains flat, however, some parts of the country are seeing slight shifts in trends



58% of the Midwest are consuming the same amount, while **25%** are consuming more
53% of the Southern region are consuming the same amount, while **29%** are consuming less

Budget, Value and the need to consume something healthier is consistent across the regions



Ice Cream sales in dollars vs. Units



The data shows, shoppers **spend more** when purchasing ice cream **in-store**,



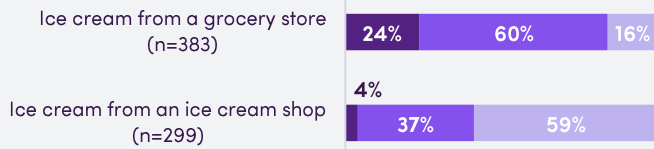
but they purchase **more units** per trip when shopping **online for pickup or delivery**

Source: 84.51° Stratum, latest 52 weeks, ending 06-08-24

Money-saving moves for purchasing ice cream

24% of shoppers are buying more ice cream at grocery vs. 59% purchasing less from ice cream shops this year

● More ● Same ● Less



Shoppers are shifting purchasing habits between private label and national brands



18% of shoppers are buying **more private label** while 33% are purchasing **less of national brands**

Base: Kroger Shoppers claimed purchasing (n=388)



Of the non-traditional types of ice cream, here's what garners the most interest

29%
Gelato

28%
Frozen Yogurt

26%
Sherbert

25%
Sorbet

24%
Frozen Custard

20%
Dippin' Dots

Let's not forget the top 3 pail Ice Cream flavors:

Vanilla / Chocolate / Neapolitan

Source: 84.51° Stratum, latest 52 weeks, ending 06-08-24



Ice Cream was purchased in **57% of trips where syrup toppings and cones are purchased**



Size and Seasonality



Premium is the most popular type of Ice Cream across all generations!

Source: 84.51° Stratum, latest 52 weeks, ending 06-08-24

Holiday Spikes:

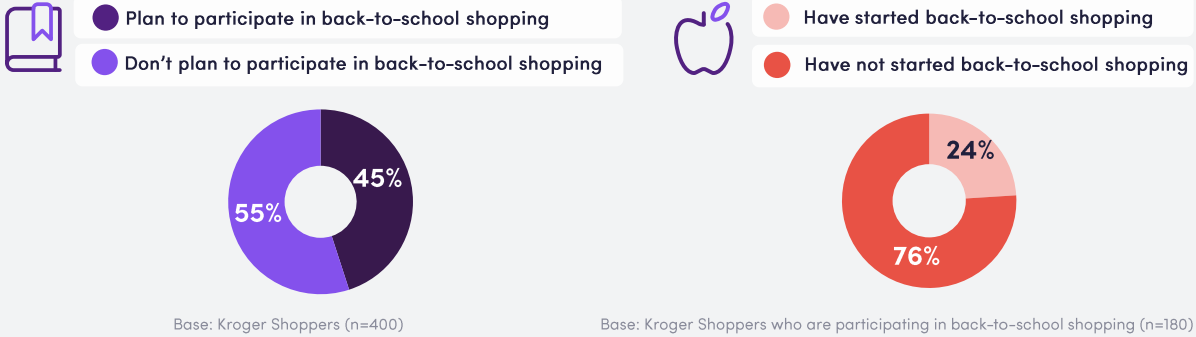
These **holidays** experienced **major spikes** in ice cream **dollar sales** over the past 52 weeks

Fourth of July, Thanksgiving and Christmas

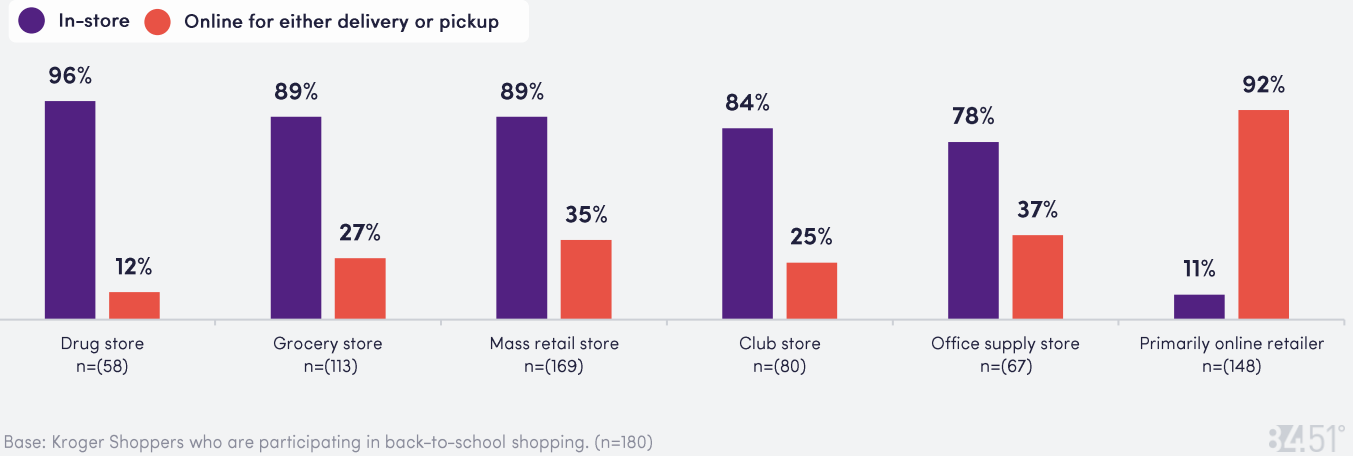


Source: 84.51° Stratum, latest 52 weeks, ending 06-08-24

76% of the back-to-school shoppers have not yet started (as of 7/9/24)

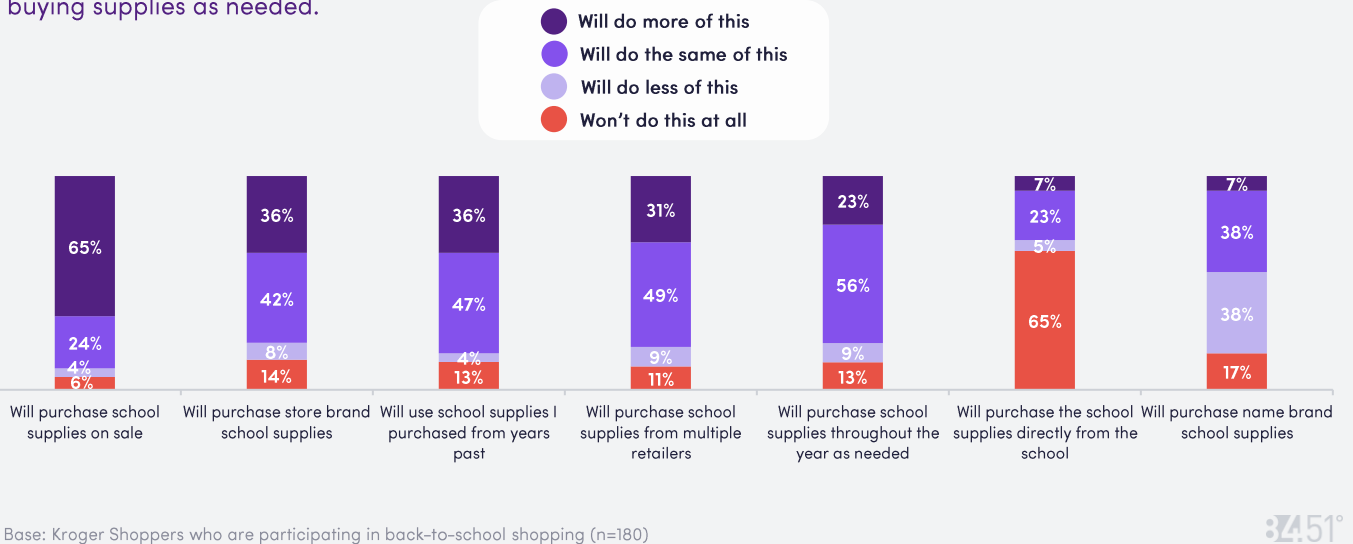


Most shoppers plan to shop in-store, specifically at mass retailers or grocery stores, with the exception of Amazon



Shoppers plan to buy more supplies on sale and don't plan to purchase supplies from their school

Most shoppers plan to repeat back-to-school shopping behavior as previous years such as purchasing the same amount of store brand supplies, purchasing supplies from multiple retailers, reuse supplies from last year, and buying supplies as needed.



Good prices, sales and finding value are what's on the back-to-school shoppers' list

Shoppers' top 3 most important aspects of shopping for back-to-school supplies

- 31%** Finding supplies within budget
- 24%** Finding supplies on sale
- 21%** Finding supplies on list

Value Drivers: Shoppers ranked what's most important for getting a good value

- 46%** Price/Affordability
- 19%** Quality
- 12%** Durability

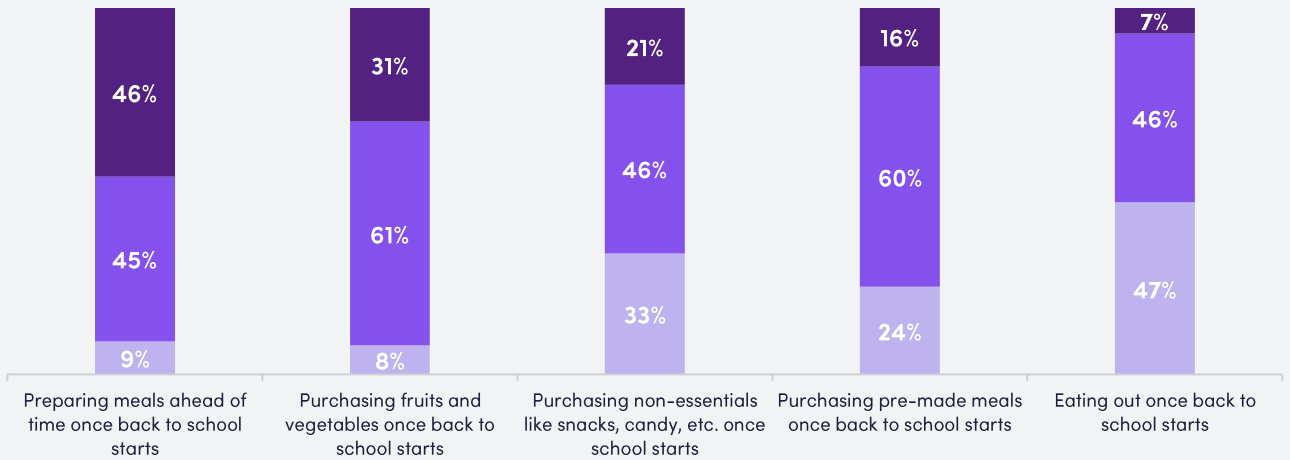
Base: Kroger Shoppers who are participating in back-to-school shopping (n=180)



Households will be preparing meals ahead of time once school starts and eating out less often

Most shoppers don't plan on changing their behavior when purchasing fruits, veggies, and pre-made meals

- Will do more of this
- Will do the same of this
- Will do less of this



Base: Kroger Shoppers who are participating in back-to-school shopping (n=180)



In August, string cheese, fruit snacks, and granola bars had one of their top performing months in terms of \$ Sales

Source: 84.51° Stratum KPI: Product by Time FY 23, All Divisions



84.51° Insights

NEW: 84.51° Virtual In-Store testing combines best-in-class virtual testing environment with 84.51°'s proven ability to sample respondents based on actual purchase behavior, giving you confidence to implement changes in-store based on behaviorally-verified shoppers. With timing as fast as 7-weeks, Virtual In-Store testing deliverables include three outputs: Sales Impact Report, Shopper Impact Report and Insights Summary & Recommendations.

- Verify that consumers like a test concept more than the current state in a cost-effective environment
- Measure both consumer attitudes and sales behavior across test scenarios within a single solution
- Get an earlier read on results than in-store testing can provide to then prioritize test cells to implement
- Quicker-turn and lower-cost than in-store testing, and places less stress on store operations

Connect with us at Insights@8451.com

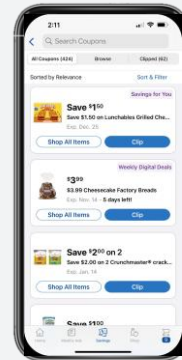


84.51° Virtual In-Store Testing provides proven accuracy vs. physical in-store tests

84.51° Loyalty Marketing

Targeted Digital Coupons (TDCs) provide a personalized offer to households aligned to campaign objectives using 84.51° personalized sciences. TDCs result in a +2x redemption rate compared to other coupons.

- **Timelines:** 3-week lead time, 2-week post-period length.
- **Amplification:** 1st priority (Targeted Onsite Ad, Product Listing Ad, Push notification, Email module), 2nd priority (Offsite: Display, Online video, Social, Audio).
- **Offer Types:** Money off, Free Product, BOGO/Buy X Get X, Buy X Get Y \$ Off, and Buy X Get Y Free.



TDCs are a great addition to your Back-to-School strategy!

Connect with us at Loyalty@8451.com



The 2024 Back-to-School Season is quickly approaching. To meet the needs of parents who are looking for ways to ease their shopping experience and find convenience in their online and in-store journey, here are a few "A+ Activations":

- **Convenience Clarity:** Outline convenience as a key value add with additional support for a robust e-comm presence.
- **Offer Amplification:** Due to financial pressures, comparative pricing is crucial for back-to-school shopping. This year it is important to increase awareness of available offers.
- **Programmatic Audiences:** Convenient Breakfast Buyers, Snack Product Buyers, Beauty Product Buyers, Back-to-School Product Buyers, Online Grocery Shoppers

Connect with us at KPMinfo@8451.com



Take advantage of increased Kroger.com site traffic to elevate your brand during Back-to-School Season.

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