

Welcome to your July Consumer Digest, where we highlight some recent customer trends and unpack the continuing impact of inflation. We encourage you to treat this as you do your morning news: read it over coffee, discuss it with your teams, use it as a reference in your current work. Feel free to reach out to your 84.51° contact with questions or thoughts!

Included this month:

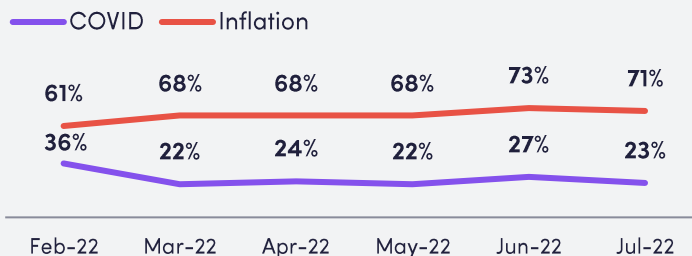
- **The economy, inflation, and personal finance** – how are we feeling?
- What adjustments are shoppers making in order to **cope with higher prices?**
- How inflation is impacting **higher vs. lower income shoppers**
- **What are shoppers indulging** in right now?
- Looking ahead – what will **back-to-school shopping** look like this year?

Finances Top of Mind This Summer

Financial pressures continue to drive more concern for households than COVID or safety related concerns

- Labor Department reported that Inflation hit +9.1% for L12M ending June 2022 while the cost of gasoline was up +59.9% June 2022 vs June 2021.¹
- The Fed has increased interest rates to help reduce demand and inflation with further increases possible later this month.¹
- One positive indicator for the economy continues to be the low rates of unemployment, which has remained at 3.6% from March 2022 – June 2022.²
- 47% of shoppers believe prices will remain higher for 1+ years, while 19% are not sure how long prices will remain high.³
- News of violence continues to be top of mind for many Americans, but shoppers largely feel safe while grocery shopping. 34% of shoppers feel extremely safe while grocery shopping while only 7% feel extremely unsafe related to violence.³

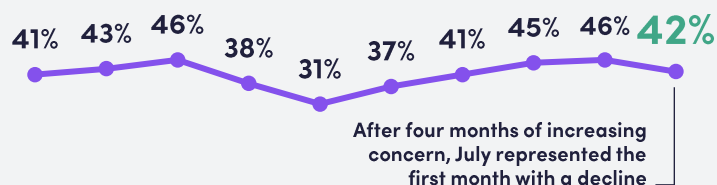
How does shopper concern differ between COVID and Inflation? % of Households Extremely Concerned



SOURCE: 84.51° Real Time Insights Surveys Feb 2022 – July 2022



% of consumers feeling uncomfortable with finances



SOURCE: 84.51° Real Time Insights Surveys October 2021 – July 2022



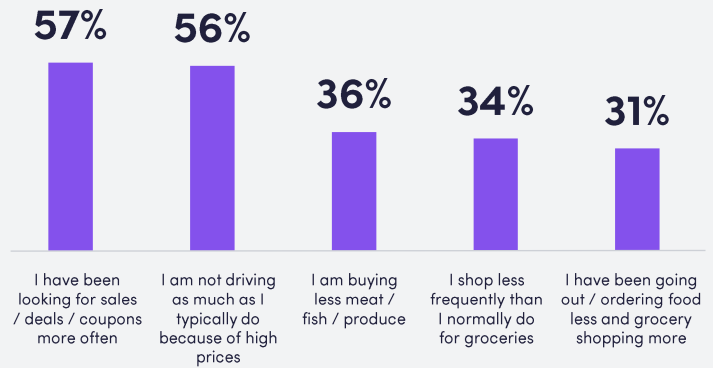
SOURCES: 1) NPR Morning Edition 7/13/22 2) The Washington Post 7/8/22 3.) 84.51° Real Time Insights Survey, July 2022

How Shoppers Are Coping With High Prices

Shoppers continue to change their shopping behaviors as a result of inflation and high prices

- 57% mentioned they have been looking for sales/deals/coupons more often vs. 63% last month.
- 56% are not driving as much due to high prices.
- 36% say they are shopping less frequently than they normally do for groceries.
- 34% of shoppers mentioned they are buying less meat / fish / produce vs. 33% from last month.
- 31% say they have been going out / ordering food less and grocery shopping more due to high prices vs. 35% from last month.

What consumers say they are doing as a result of inflation and high prices...



SOURCE: 84.51° Real Time Insights Survey, July 2022

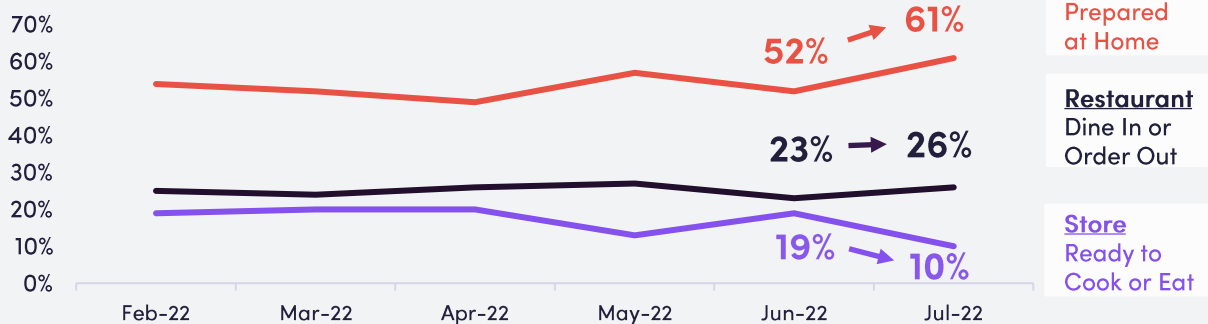


Site visits to Kroger Digital Coupons page in June 2022 **+15%** vs. May 2022

Grocery Stores vs. Restaurants – Share of Stomach

- There has been an increase in preparing food at home (61% of food consumed in July vs 52% in June) while consuming already prepared foods from the store has dropped off (10% of shoppers in July vs 19% in June.)
- Households eating from a restaurant (whether dining in or out) has remained steady over recent periods.
- 50% of households say they plan to eat out less often in the coming months while 43% do not plan to change their dining out frequency and 7% plan to increase.

Share of Stomach

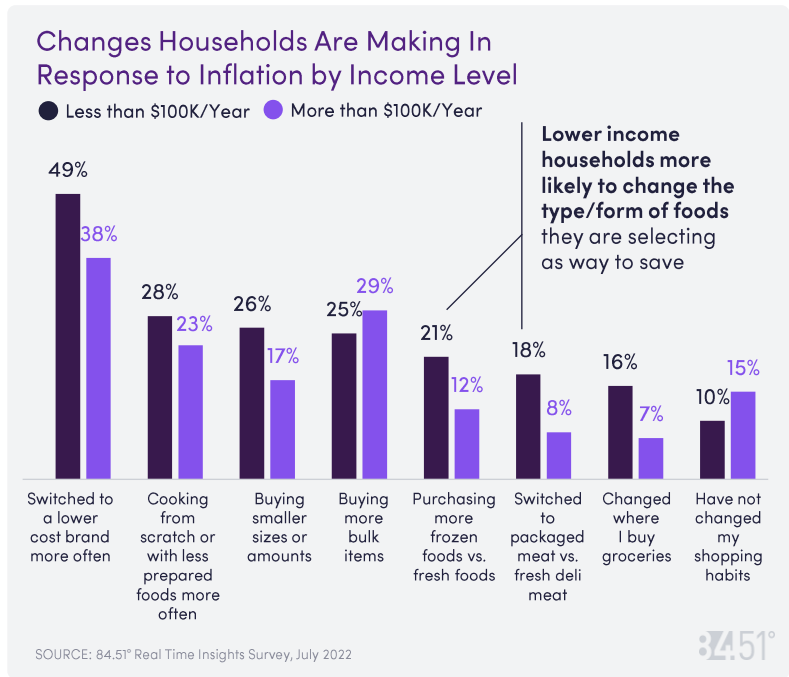


SOURCE: 84.51° Real Time Insights Survey, July 2022



Inflation Impacts on Higher Income vs. Lower Income Shoppers

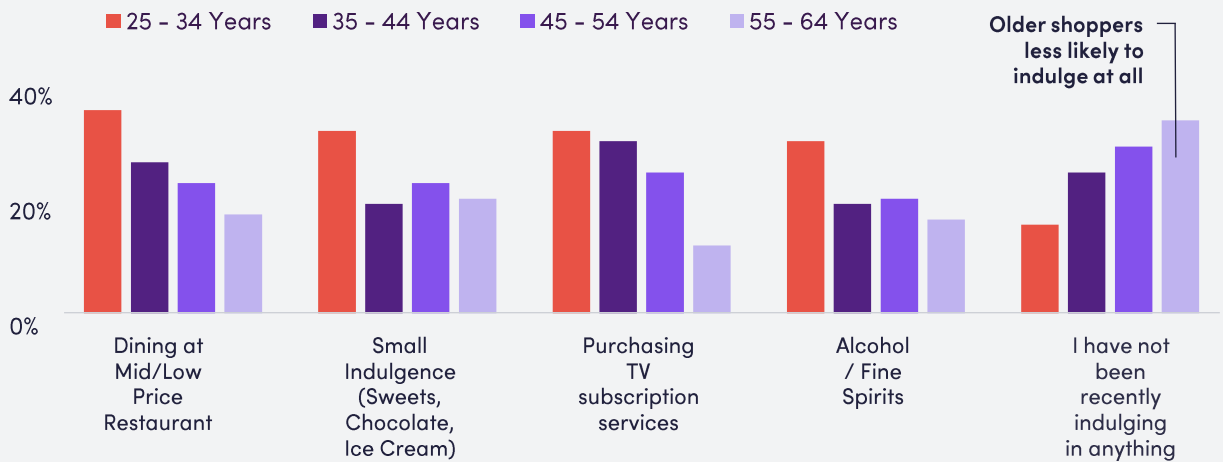
- Lower income households are more likely overall to adjust their grocery shopping habits in response to inflation while higher income households had a higher response rate for buying more bulk items and not changing their shopping habits.
- Switching retailers is a less common behavior overall to help combat inflation, but more prevalent across lower income households.
- Most households in both higher and lower income groups reported similar rates of cutting back in areas besides groceries (such as clothing, recreation, entertainment) with 60% of lower income and 54% of higher income.



How Shoppers are Indulging (or not!)

- Older shoppers are much less likely to find opportunities to indulge during more challenging economic times compared to younger shoppers who are more likely to indulge by dining out, small treats, tv subscriptions and alcohol.

What Shoppers Have Been Indulging in by Age Range



SOURCE: 84.51° Real Time Insights Survey, July 2022



Trading Up or Trading Down at Breakfast

46% of consumers say they have switched to a lower cost brand more often, so how has this behavior come to life with breakfast occasions over the past year?¹

Premium coffee drinkers are looking for more value in their morning brew

Shoppers who decreased their purchases of high-priced coffee brands generally switched to lower priced options.



Of all Premium coffee shoppers

48%

declined or left Premium Coffee, shifting their spend to lower priced brands²

Premium Breakfast Bar households looking for lower cost options

Shoppers leaving high price Breakfast Bars at a higher rate than low or medium price Breakfast Bars



Of all breakfast bar shoppers

30%

left high priced Breakfast Bars



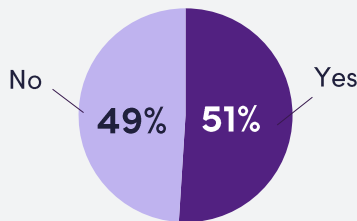
20%

left lower priced Breakfast Bars²

Back to School

While majority of all households with kids returning to school are looking for ways to save during back-to-school, it is even more pronounced in households making <\$50k/year, where 61% of these households are planning to cut back

% of Households with Kids Planning to Cut Back on School Supplies Due to Rising Prices



SOURCE: 84.51° Real Time Insights Survey, July 2022



For Households With Kids Returning to School

47% Will prepare more meals ahead of time

27% No change to meal routines vs summer

23% Will cut back on non-essentials (snacks, candy, etc.)

SOURCE: 84.51° Real Time Insights Survey, July 2022



Summer Cocktails

While 30% say they do not have a favorite summer cocktail, the preferences differ widely across other types of drinks ranging from Margaritas to Mojitos to Gin and Tonics. However, the top 3 winners are Margaritas, Pina Coladas and Daiquiris.

What are the favorite summer cocktails?

19%

Margarita

9%

Pina Colada

7%

Daquiri

SOURCE: 84.51° Real Time Insights Survey, July 2022



SOURCES: 1) 84.51° Real-Time Insights Survey, July 2022, 2) 84.51° Custom Insights Migration Study L52W Ending 7/9/22

Making customers' lives easier



Shoppers are stressed financially and there are many unknowns to navigate with today's economy. Simplify their lives how you can, whether it is through easy ways to save, recipe ideas, or simply ensuring product availability.



During more challenging economic times, not all age groups are responding the same. Younger demographics are looking for small ways to indulge, while older demographics are less inclined. Find relevant indulgences for all!



Consumers are looking for new ways to save. How they are looking to save differs across income groups – whether they are looking for smaller sizes, more coupons, or more bulk sizes – tailor your approach to meet the shopper where they are.



Among households with kids returning to school, 51% are looking for ways to cut back on back-to-school necessities. Help support families during their back-to-school prep, whether through savings, meal prep solutions for dinnertime or easy lunchbox ideas.

Custom or out-of-the box? Learn more.

84.51° Insights leverages first-party customer transaction data from nearly 60M households to provide shopper science, analytics and strategy, giving you unparalleled business knowledge and customer intelligence. Our insights and research solutions will help you better understand the shopper's path to purchase and empower you to build and execute comprehensive and personalized customer-centric strategies.



CHANGING HABITS

Learn about the impact of inflation, price, advertising, and depth of discounts from a customer perspective. Dig into migration and switching behavior and identify opportunity areas through pack size adjustments, household segments engaged, and consumption trends with the **Inflation Learning Plan**.



MIGRATION BEHAVIOR

Understand which brands households are switching to and from, as well as which brands are driving New, Lost and Retained households through **84.51° Stratum**.

Conduct an in-depth analysis of migration trends for your brand or category to better understand switching behavior over time through the **Migration Analysis** solution.



PULSE ON THE SHOPPER

Understand why households are coming to or leaving your brand using **84.51° Real Time Insights**.

Track household behavior and forecast trends through an encrypted but persistent household ID through **84.51° Collaborative Cloud**.



Connect with us

Have a specific question that isn't answered by one of our standard solutions? Reach out to your 84.51° partner or Insights@8451.com to see how we can help.