84.51°

February 2024

Consumer Digest - Omnichannel Special Edition

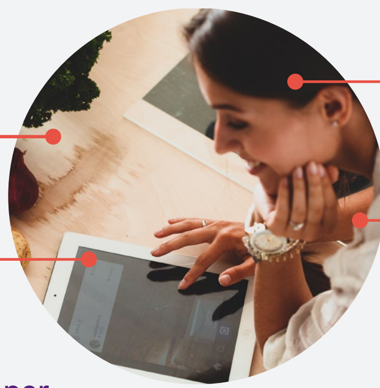
Welcome to the February edition of the Consumer Digest, where we provide relevant, informative and actionable insights around consumer trends. This month, we focus on who omnichannel shoppers are, where they shop, and some of the reasons why they choose to shop in-store and online, including for new items. Then we'll look at how they build their baskets and what's important to them.

Note: the base used for this study included only those who shopped both in-store and online at Kroger over the past 52 weeks.

Who is the omnichannel shopper?

The omnichannel shopper is someone who buys groceries both online and in-store for their grocery and household needs. They are also called hybrid shoppers.

Shoppers using Pickup/Delivery are more likely to be...



Higher Convenience Focus
High Convenience 123i

More likely to have Kids
HH w/ Kids 148i

Millennial or Gen Z
Millennial 169i, Gen Z 126i

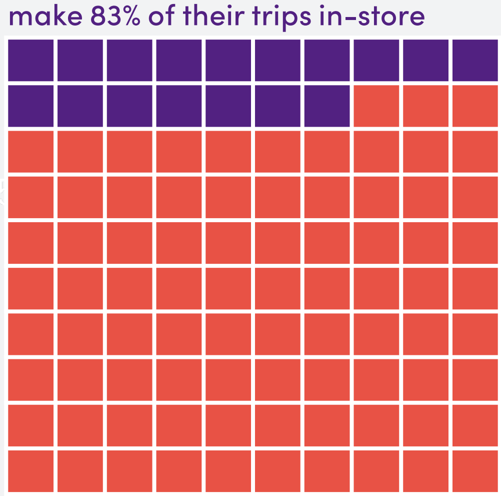
Engaged with Natural & Organic
High N&O Engagement 130i

...compared to the In-Store shopper

SAY - Only 40% of omni-shoppers say they shop mostly online; they all do at least some in-store shopping.

Source 1 – See below

DO – Omni-shoppers still make 83% of their trips in-store



17% of Trips are Pickup/ Delivery

83% of Trips are In-store

Source 2 – See below

SOURCES: [1] 84.51° Real Time Insights Survey, February 2024. Base: n=400 who shopped Kroger online (pickup and/or delivery) and in-store in latest 52 weeks. Note: This base is different than our typical monthly survey. [2] 84.51° Stratum. Total Store. 52 weeks ending 2/3/2024. 104-week Continuous Panel.

Why are omnichannel shoppers choosing to shop online?

46% of omnichannel shoppers say that they spend less time ordering online compared to in-store.

Over **80%** of these shoppers who use Pickup/Delivery cite **Convenience** as the reason for doing so.

When shopping a retailer's site, they prefer that the retailer completes their order...

Q: What best describes your order fulfillment preference when you order groceries/household items for delivery from a retailer's website?

61%	I prefer my orders fulfilled directly by the retailer I shopped (e.g., Amazon, Walmart or Kroger trucks)
24%	I do not have a specific preference
5%	I prefer my orders fulfilled by third party shoppers (e.g., Instacart, Shipt)

Why do omni-shoppers choose to shop online rather than in-store?

Claims **of less stress and preferred method** have significantly increased since 2023

Why do omni-shoppers choose to shop in-store rather than online?

Claims of **preferring to pick, avoiding extra fees, and not wanting the wrong item** have increased since 2023

SOURCES: [1] 84.51° Real Time Insights Survey, February 2024 targeting n=400 who shopped Kroger online for pickup and/or delivery and in-store in latest 52 weeks.

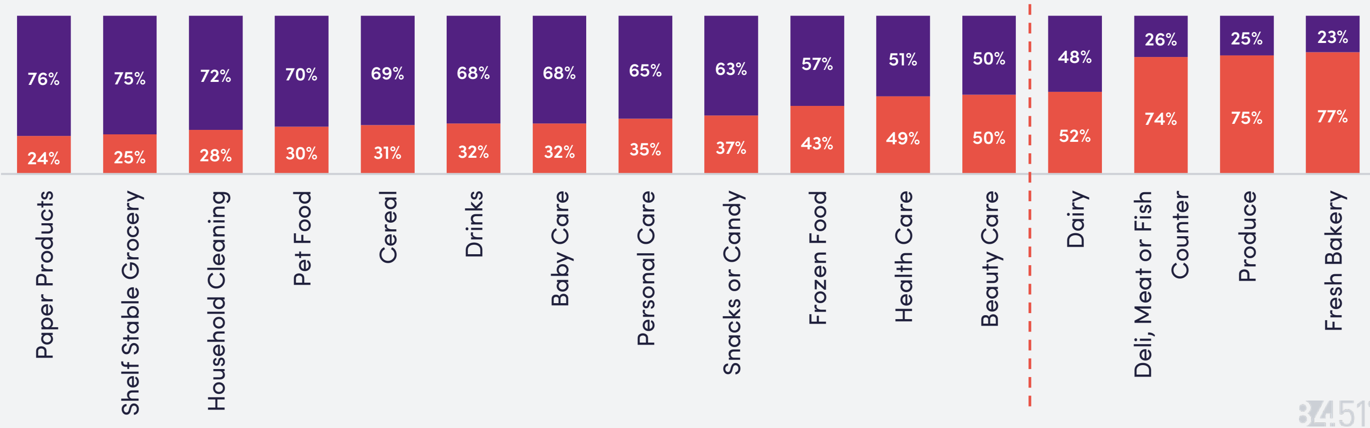
Omni-shoppers continue to prefer buying "fresh" categories in-store

Similar to our 2023 study, ~75% of omnichannel shoppers claim that they prefer to purchase **Fresh Produce, Bakery and Deli/Meat/Seafood in-store.**

Paper Products, Shelf Stable Goods and Household Cleaning are the most preferred for purchasing online.

Which method do you prefer to shop for these grocery and household items?

(each category response is among those who claim to purchase it)



Fill Rate: Acceptable substitutions by category

CATEGORIES SHOPPERS ARE MOST WILLING TO ACCEPT RETAILER SUGGESTIONS

- SHELF STABLE
- PAPER PRODUCTS
- HH CLEANING

CATEGORIES SHOPPERS ARE LEAST WILLING TO ALLOW SUBSTITUTIONS

- HEALTH CARE
- BEAUTY CARE
- PET SUPPLIES
- DELI/MEAT/FISH*

60% of omni-shoppers across categories prefer to pick their own substitutions

Fill rate data shows that **Deli, Poultry & Pork** have the lowest % of accepted substitutes.

84.51° Pickup Fill Rate Scorecard, February 2024 – Total Kroger

84.51°

SOURCES [1] 84.51° Real Time Insights Survey, February 2024 targeting n=400 who shopped Kroger online for pickup and/or delivery and in-store in latest 52 weeks.

What's important to the omnichannel shopper?

Over 80% of omnichannel shoppers claim that order accuracy and availability are important when shopping online, and **23% will shift their spending elsewhere if items are out of stock**.

Accuracy and Availability are so important, you may be missing out if items are out of stock…

77%
Will purchase the item immediately in-store or during their next online or in-store purchase

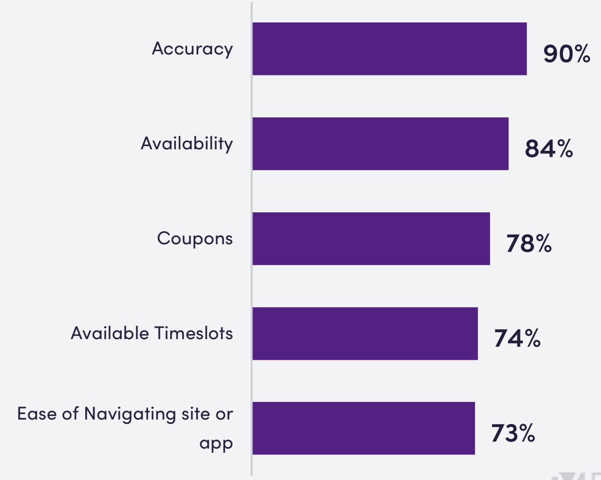
Retailer Retained

19%
Will buy the out-of-stock item **online elsewhere**

4%
Will switch their **ENTIRE CART** to a different online retailer that has the item in-stock.

Lost Sales for Retailer

Importance when shopping online for grocery & household items – Top 5 (T2B on 7pt scale)



Omni-shoppers rely on a retailer's site/app for inspiration

Additionally, almost 50% of omnichannel shoppers (and even more for younger shoppers) are using social media as inspiration for their shopping lists.

Omnichannel shoppers are still most likely to try new items in-store but will use Search or a dedicated section of a site to find those new items.

Which platforms or tools are omni-shoppers using to find inspiration for their shopping lists?

Store Website or App	60%
Social Media *higher for younger shoppers	46%
Cookbooks *higher for older shoppers	37%
Store Emails	34%
Blogs or Websites	29%
Brand / Product site or app	25%

How do omni-shoppers seek information about "new Items" when shopping online for groceries/household items?

Search Bar	39%
"New Items" section of website	38%
Follow pop-up ads for new items while shopping	16%
I don't seek out info on new items	24%
I'm not sure if the items I search are "new"	10%

SOURCES [1] 84.51° Real Time Insights Survey, February 2024 targeting n=400 who shopped Kroger online for pickup and/or delivery and in-store in latest 52 weeks.

Clickstream analysis shows the actual path to purchase

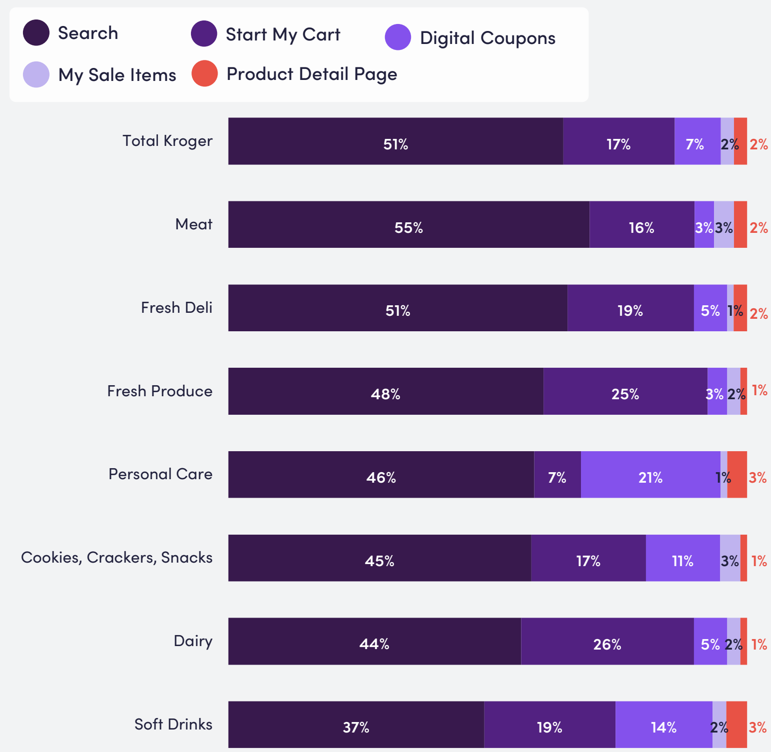
Digital coupons are particularly important in driving conversion for Personal Care, Soft Drinks, Cookies, Crackers, & Snacks

Start My Cart is particularly important in driving conversion for Dairy, Fresh Produce and Fresh Deli

In households with higher price sensitivity, the average Sales per [online] Order tend to be lower compared to the overall average. Conversely, households with lower price sensitivity typically exhibit higher spending per online order.

PRICE SENSITIVITY	SALES/ORDER
High	$98
Medium	$111
Low	$127

% Engagements by Component (App + Web Combined)



Branded vs. unbranded terms: How are people searching?

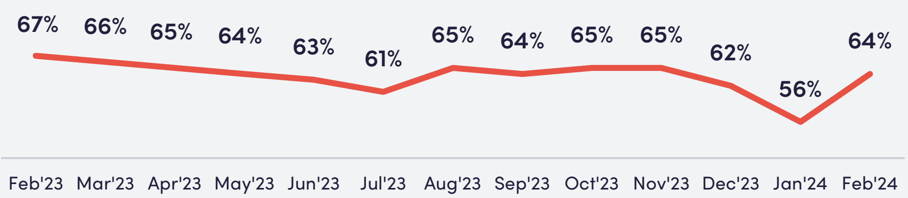
Top categories for BRANDED terms	Top categories for UNBRANDED terms
Soft Drinks	Refrigerated Grocery
Health (OTC/First Aid/Nutritional)	Cards/Publications/Party Supplies
Baby	Fruit
Cookies/Crackers/Snacks	Vegetables
Candy	Beef/Pork/Poultry

Source: 84.51° Custom Insights – Clickstream Analysis; Total Kroger Enterprise, All Households, 52-Weeks Ending 01/13/2024

Note: The base used for the content on this page is our standard used each month.
Source: 84.51° Real Time Insights Survey, February 2024. Base: n=400 who shopped Kroger in the latest 3 months.

Inflation concerns bounced back. HHs with kids a key factor.

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



T2B on 7-point scale

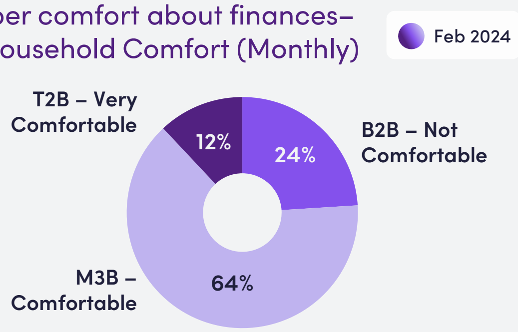
- Gen X is particularly concerned about inflation with 72% T2B.
- 50%+ of shoppers that are Millennials or Gen X have kids
- The least concerned about inflation age group, Boomers and older, consists of shoppers with predominately childless households (92%)

*See age breaks below

Response to inflation – Tactics used to offset rising grocery prices (Monthly)

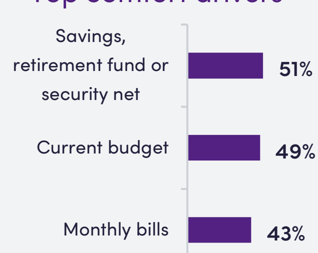
Levels of shoppers' financial comfort (and what drives it)

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



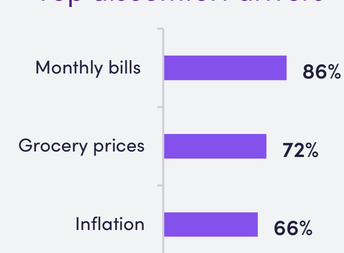
T2B – Top 2 boxes, M3B – Middle 3 boxes, B2B – Bottom 2 boxes on 7-point scale

Top comfort drivers



T2B – Very Comfortable

Top discomfort drivers



B2B – Not Comfortable

*Millennials are shoppers ages 28-34, Gen X- ages 44-59 and Boomers - ages 60-69

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

84.51° Insights

Clickstream allows you to understand how digital baskets are built to more precisely reach the online shopper and offer relevant products

- Clickstream Insights provide **views into shopping behavior via Kroger's digital properties** (web and app).
- Point of Purchase Navigation insights help you see **how HHs behave digitally when they have high purchase intent** to identify engagement and conversion opportunities.
- **Recommend merchandising opportunities** to retailers based on site navigation.
- Find language, key words, descriptions that resonate with your customers for advertising and packaging to find optimal placement for digital ads.

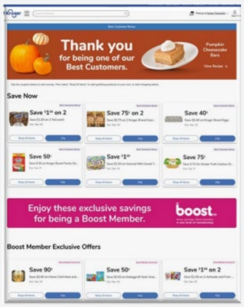
Standardized Clickstream modules meet a variety of needs

Connect with us at Insights@8451.com

84.51° Loyalty Marketing

Reach your most valuable customers with Boost Exclusive Offers, a BCC opportunity served through Kroger's Loyal Customer Mailer (LCM)

- Boost by Kroger Plus introduces a paid tier to Kroger's leading loyalty program that **offers customers free grocery delivery, 2x fuel points, and member exclusive offers.**
- Our highly **Omnichannel Boost shoppers account for over 50% of all Kroger delivery offers** as they engage across multiple modalities.
- **Boost Exclusive Offers** are ideal for broad offers with deeper discounts to drive differentiation and acquisition among our most valuable and loyal customers.



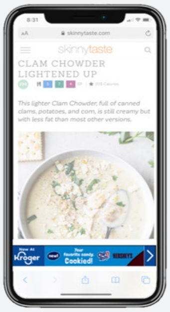
Offers are 100% digital

Connect with us at Loyalty@8451.com

Kroger Precision Marketing powered by 84.51°

Generate awareness, inspire usage, and create unique shoppable moments for your brand by showcasing your products next to a Kroger shopper's favorite web content with Display ads.

- **How it works:** users click on display ads while browsing their favorite recipes for meal inspiration, they are then directed to the Kroger app where they can add to their cart, add available coupons, or add to their shopping list, finally, the shopper can use the web or app experience to check out.
- **3-6% household penetration by driving purchase behavior** within new households for brands so they can start to build brand loyalty with net new households.



Display with Kroger logo

2-5x Return on Media Ad Spend

Connect with us at KPMinfo@8451.com