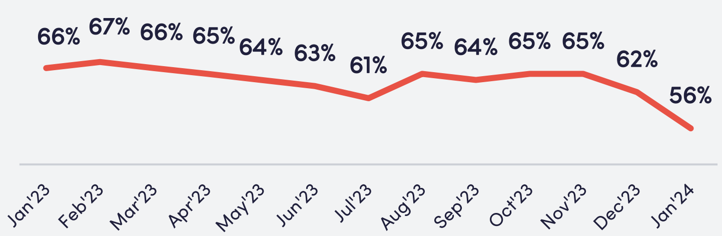
January 2024

Consumer Digest

Welcome to the January Consumer Digest, where we provide relevant, informative and actionable insights around consumer trends. As we start the new year, we examine the changes that shoppers plan to make in 2024 especially around physical health, finances, and emotional wellbeing. We'll also look at perceptions around "food as medicine," dietary changes for the new year as well as what shoppers are looking for on product labels. Finally, we'll wrap up with plans around Valentine's Day & The Big Game.

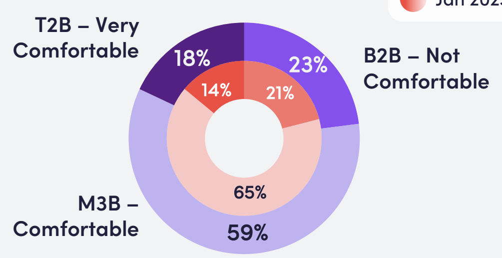
As concern dips, we may have established new normal

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



T2B on 7-point scale

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



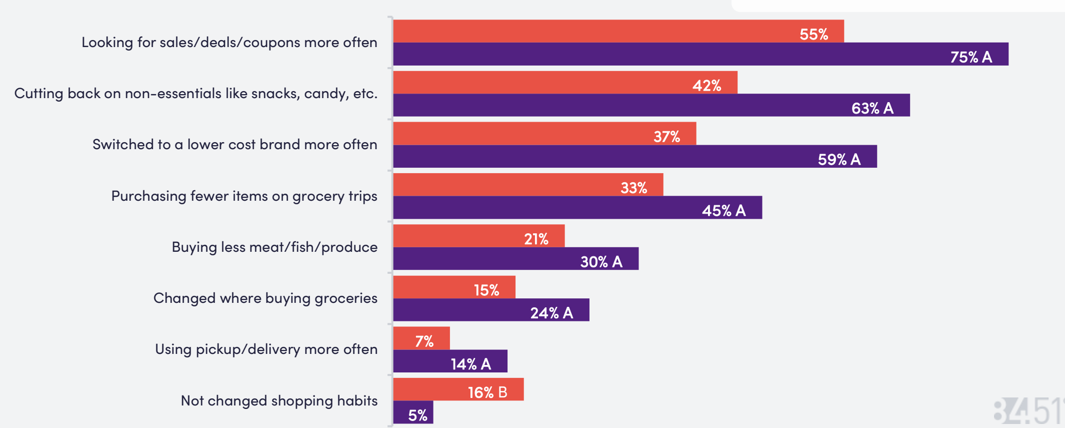
T2B – Top 2 boxes, M3B – Middle 3 boxes, B2B – Bottom 2 boxes on 7-point scale

Understanding financially-sensitive shoppers

- 28% of shoppers with kids rate their level of financial comfort on the Bottom 2 Boxes (B2B) which is statistically significant compared to shoppers without kids with 19% in the B2B.
- Gen X is the most financially **uncomfortable** generation with both the lowest Top 2 Boxes (T2B) results at 11% and the highest B2B results at 28% compared to Gen Z, Millennials and Boomers.
- In both groups, HHs with kids and Gen Xers, financial discomfort is driven by monthly bills, grocery prices, inflation and a lack of savings, retirement fund or a security net.

Family matters: how HH composition dictates shopper behavior*

Changes shoppers make to offset store prices increase



Shoppers who have kids are significantly more concerned (65%) with inflation compared to 48% of shoppers who reported having no kids in their household

*Statistical significance testing applied. Letters indicate a significant difference at 95% confidence level

Source: 84.51° Real Time Insights Survey, January 2024. Sample sourced from consumers who shopped at Kroger in latest 3 months. n=400. Significance testing done at the 95% CI (Confidence Interval)

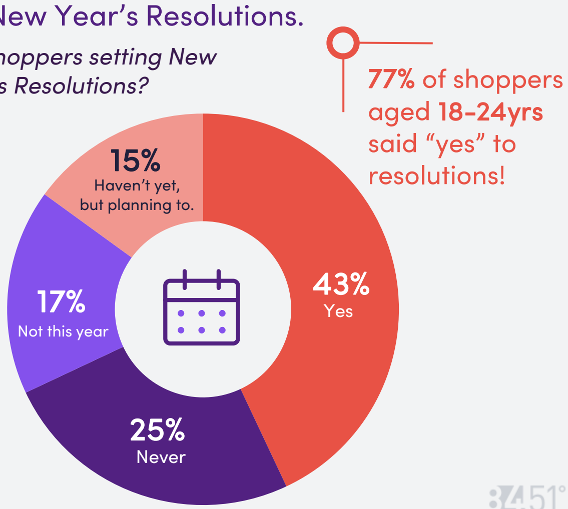
2024 Resolutions and Spending Habits

The year of health – physical, mental, and financial.

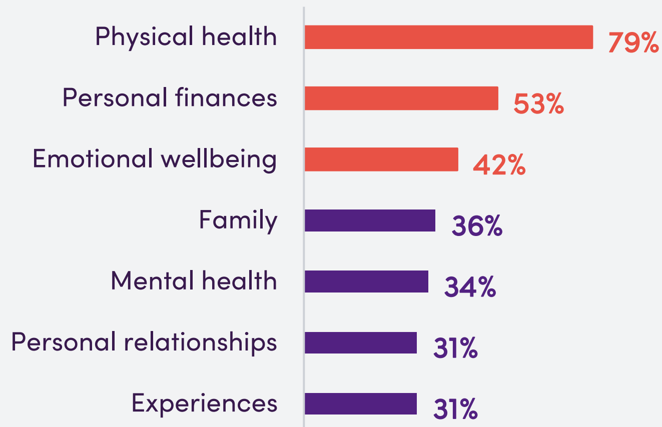
58% of shoppers are setting goals heading into the new year, with most focused on physical health, finances, and emotional wellbeing. Shoppers report planning to cut back on discretionary spending and focus on necessary costs and savings.

A quarter of shoppers say they never set New Year's Resolutions.

Are shoppers setting New Year's Resolutions?



Shoppers setting New Year's resolutions are focused on mind, body, and wallet.



Shoppers have a frugal outlook on the year ahead – claiming they'll spend **less on discretionary costs** like dining out, **the same on necessary costs** like prescriptions, and **more on** savings/investments.

I plan to spend less:

- 57% Dining out/Carry out/food delivery services
- 48% Outside of home entertainment
- 47% Clothing
- 43% Beauty Services

No change in spending:

- 69% Prescription medicine
- 66% Medical providers and services
- 65% Transportation
- 61% Household essentials

I plan to spend more:

- 53% Savings/Investments
- 27% Travel
- 23% Supplements
- 19% Groceries

Where they plan to eat – Over the next few months, most shoppers will continue with where they have previously eaten. However, more are planning to **cut back on eating food away from home, increasing eating at home.**

Thinking of the past month, what % of the food you consumed was from...

(69%) A Store
(17%) Take out, delivery, drive thru
(12%) Eat at restaurant
(3%) Other

	SIT DOWN AT HOME			ON-THE-GO			TAKE-OUT/IN RESTAURANT		
	Breakfast	Lunch	Dinner	Breakfast	Lunch	Dinner	Breakfast	Lunch	Dinner
I plan to do this more	29%	22%	38%	10%	10%	5%	8%	9%	8%
About the same	67%	73%	60%	61%	64%	59%	61%	62%	62%
I plan to do this less	4%	5%	2%	30%	26%	36%	31%	30%	30%

Source: 84.51° Real Time Insights Survey, January 2024. Sample sourced from consumers who shopped at Kroger in latest 3 months. n=400

Physical Health Sentiments

How and why shoppers plan to make changes to their diet.

58% of shoppers report that they'll follow a diet this year, with the leading reasons being to support a healthier lifestyle, feel better, and lose weight. While there are a wide range of diets consumers plan to try, *42% of shoppers do not anticipate doing any kind of diet.*

- **42%** NO DIET
- **22%** Low Carb
- **19%** High Protein
- **16%** Intermittent Fasting
- **8%** Natural/ Organic
- **7%** Mediterranean; Keto

Vegetarian (5%)

Weight Watchers; Gluten Free; Flexitarian (4%)

Dairy Free; Paleo (2%)

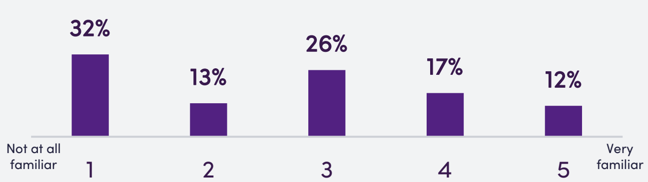
Shoppers who are following a specific diet reported the following reasons:

Support a healthier lifestyle (65%)
Feel better (62%)
Weight Loss (59%)
Increase Energy (44%)
Lower cholesterol (25%)
Treating a medical condition (22%)
Save money (18%)
Doctor, physician, or dietician recommended (15%)

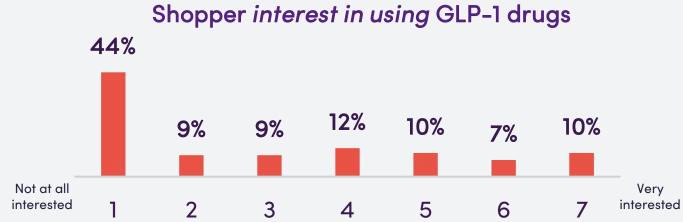
Shoppers **aged 18-24** were the most likely to be **very familiar, 31% Top Box of 5** with 38% **very interested, T2B of 6/ 7** in using GLP-1 drugs.

Despite GLP-1 prescription weight loss drugs (e.g., Ozempic, Wegovy, Mounjaro) gaining popularity in the last year, not all shoppers are familiar with them, and 44% are not at all interested in using them.

Shopper *familiarity with* GLP-1 drugs



Shopper *interest in using* GLP-1 drugs



Source: 84.51° Real Time Insights Survey, January 2024. Sample sourced from consumers who shopped at Kroger in latest 3 months. n=400

Food as Medicine – managing heart health, weight, and cholesterol are the most universal concerns by all age segments

AGE	Energy	Heart Health	Gut Health	Sleep	Brain Health	Weight	Blood Sugar	Stress	Bone Health	Dental Health	Metabolism	Manage cholesterol	Manage blood pressure	Protect Against Disease	Skin Health	Muscle Repair
18-24	76%	61%	46%	46%	77%	61%	61%	46%	23%	54%	61%	62%	61%	54%	61%	46%
25-34	70%	68%	66%	56%	64%	62%	60%	58%	62%	56%	42%	60%	54%	54%	50%	48%
35-44	68%	73%	66%	49%	60%	72%	59%	47%	50%	60%	51%	66%	63%	50%	54%	48%
45-54	61%	80%	56%	40%	59%	72%	58%	41%	49%	55%	48%	66%	65%	48%	49%	43%
55-64	41%	75%	66%	38%	55%	69%	58%	35%	62%	49%	38%	66%	68%	48%	48%	45%
65-74	61%	85%	44%	32%	53%	69%	64%	32%	53%	47%	40%	71%	75%	56%	37%	43%

How important do you believe the food you eat is, if at all, when it comes to the following?
% Importance Top Two Box

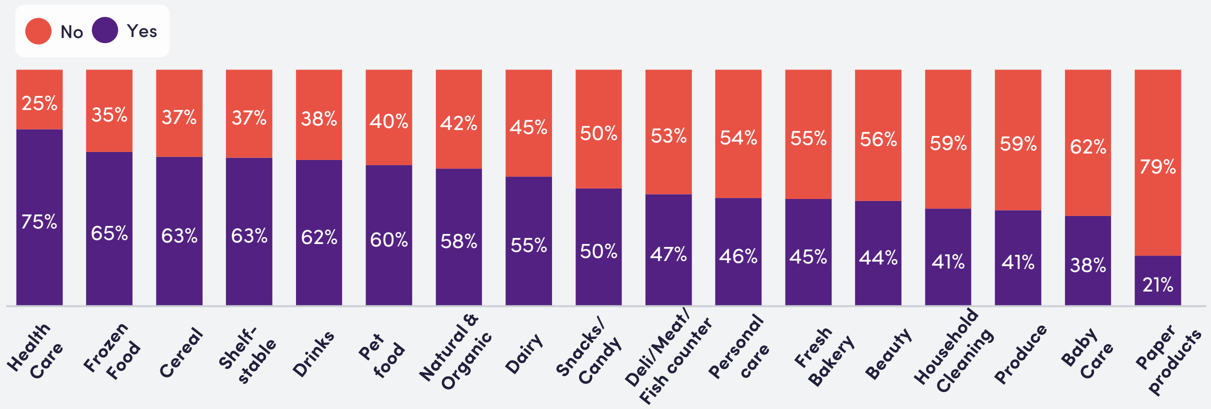
Reading Labels…

It's what's on the inside that counts

- Shoppers read labels in categories that include ingestible products like medicines and vitamins in Health Care, along with Frozen Foods, and Shelf stable products.

Fresh food categories Deli, Bakery, and Produce are the exception and more in line with Personal care, Beauty, and Household Cleaning

Do you read the labels for the following categories?



Source: 84.51° Real Time Insights Survey, January 2024. Sample sourced from consumers who shopped at Kroger in latest 3 months. N=400 total. Bases for each category include only those who purchased that category and range from n=176-393

How important are the following when it comes to food product labels?

LABELING

Nutrition Facts

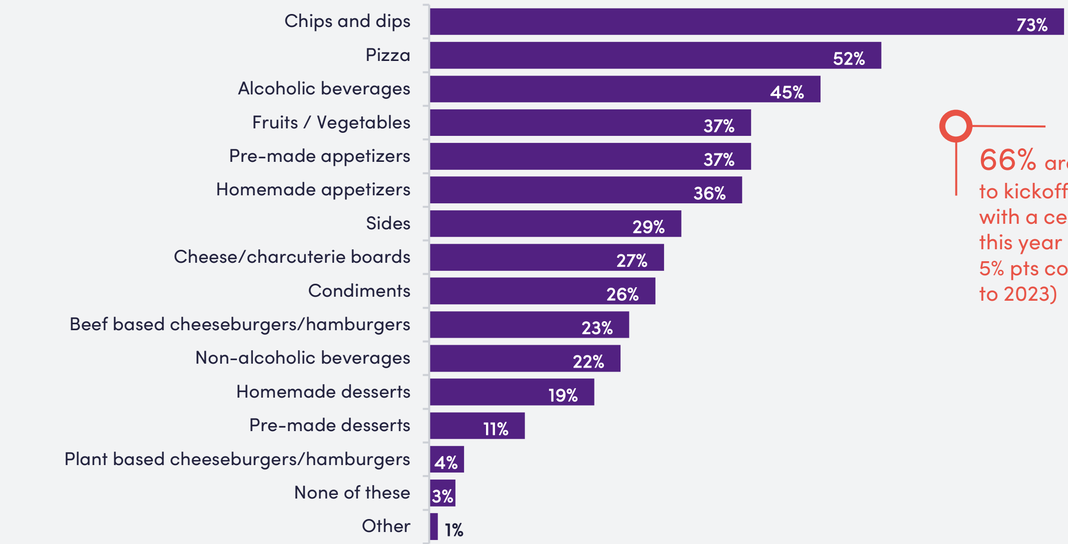
Serving	1 Healthy Body
Sample (per serving)	
Kroger Shoppers	n=400
	(Top 2 Box %)
Guaranteed Fresh	43%
Good for your health	43%
Nutritional value	42%
Gives you energy	39%
Strengthens Immunity	37%
Free from an ingredient	33%
100% Natural	32%
Non-GMO	30%
Premium	28%
Grade: Choice	26%
Natural	26%
Where the product was sourced from	25%
Sustainable sourced	25%
Wild caught	23%
Cage free	22%
Certified organic	21%
Grass Fed	21%

Consumers are looking for label claims that boast improvements in overall health and wellbeing.

Label claims centered around how the food was raised, are ranked lower in importance.

The Big Game – What fans are eating on the side-lines

Overall Draft Pick for planned party food...Chips and Dips

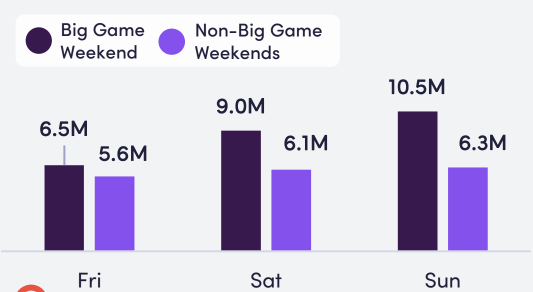


66% are planning to kickoff game day with a celebration this year (down 5% pts compared to 2023)

Source: 84.51° Real Time Insights Survey, January 2024. Sample sourced from consumers who shopped at Kroger in latest 3 months. n=400

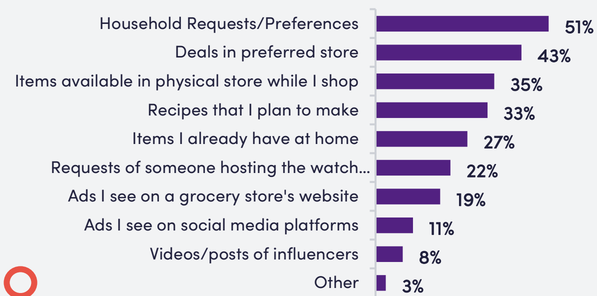
What type of food/beverages do you plan on purchasing for your Big Game celebration?

Average Sales by Day for Bag Snacks, Years 2021-23



Bag Snacks sales are **44%** higher the three days leading up to the Big Game vs. a typical weekend.

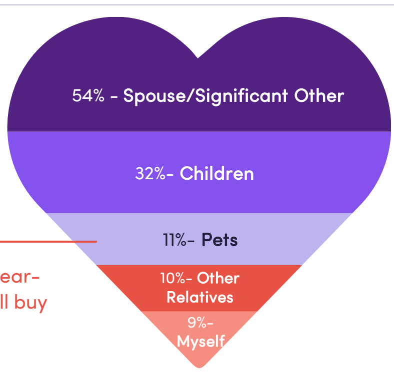
What influences your specific food & beverage purchases for the Super Bowl/Big Game celebration?



Food fans get loud! **51%** say household requests influence the specific food served at the watch party.

Valentines

Who are they buying for?



31% of 18-24-year-olds say they will buy for their pet(s)

Where do they find gift inspiration?

27% do not plan to celebrate Valentine's Day this year

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

84.51° Insights

Custom attributes are visible to all users within your company and can be used to filter a report. Each company can have up to 200 custom attributes.

- Group products in their category and run a report on the groups to see which are trending most with HH's. (Examples: You can look at different pack sizes to see how they are performing, dairy free vs dairy products, flag products in your category labeled sugar free, and more!)
- This functionality is available to you via the Change Profile functionality, and is only available to clients who are Silver, Gold, or Platinum level subscribers.

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Custom Attributes is available in 84.51° Stratum Production

Connect with us at Insights@8451.com

84.51° Loyalty Marketing

Customize your strategies and objectives accordingly with the Best Customer Communication (BCC) program based on timing and themes to engage with Kroger's most loyal customers.

- Includes a variety of event types and seasonal timeframes from Monthly Loyal Customer Mailers to Holiday MyMagazines, and MyMagazine Extras.
- Focused on rewarding and retaining Kroger's Loyal HHs, which are 10x more valuable than Non-Loyals.
- Every customer receives a unique combination of offers, targeted at the HH level.

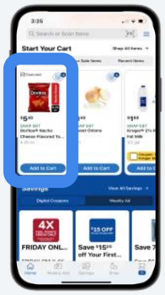
Retain and Grow Share with Current Shoppers

Connect with us at Loyalty@8451.com

Kroger Precision Marketing powered by 84.51°

Stay visible as shoppers enter the New Year with Kroger on-site product listing ads (PLA) and targeted on-site display ads (TOA) to shape new routines.

- Targeted on-site ads deliver high engagement and convert new households at the same cost efficiency as engaging existing shoppers.
- 15x boosted likelihood of conversion by combining product listing ads and targeted on-site ads.
- Get your products in the basket via personalized, science-driven carousels across the site and app with product listing ads.



Influence Post-holiday Shopping Behavior

Connect with us at KPMinfo@8451.com