



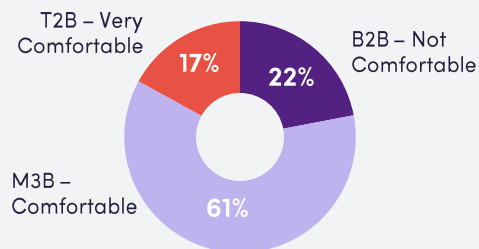
Welcome to the September Consumer Digest. With student loan repayments set to resume, we are looking at shoppers' concern level and what adjustments they plan to make to their budget. From there, we'll look at how consumers plan to protect themselves during cold & flu season. Finally, we'll wrap up with what shoppers want the future of grocery shopping to look like. As always, reach out to your 84.51° contact with questions or feedback.

Included this month:

- The top ways shoppers are **responding to inflation**
- What adjustments are shoppers making **now that student loan repayments** are set to resume?
- **Cold & flu season is here** – how do consumers plan to protect themselves?
- How shoppers plan to **celebrate Hispanic Heritage Month & Halloween this year**
- What do customers want for their **grocery shopping of the future experience?**

Financial discomfort holding steady in September

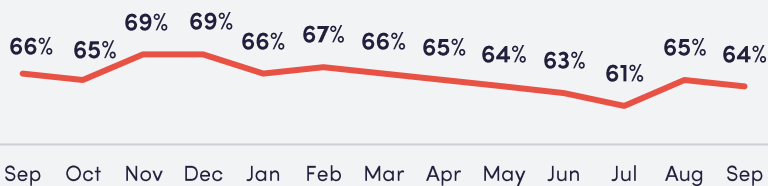
Shopper comfort about finances – % of Household Comfort (Monthly)



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



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

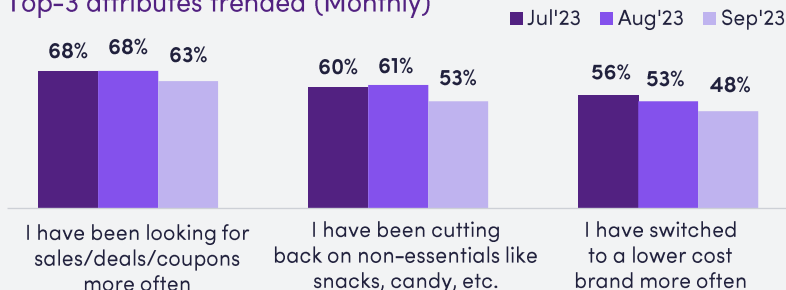


T2B on 7-point scale



How shoppers respond to inflation

Response to inflation – Top-3 attributes trended (Monthly)



- In September, concern over inflation trended flat though fewer shoppers felt the need to offset inflation impact with money-saving tactics like cutting back on non-essentials or choosing less expensive brands compared to previous months.
- We've noticed a positive shift in levels of financial comfort among shoppers with only 22% claiming they are not comfortable with their finances, which is a 5% decrease from August.

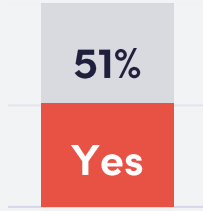
Source: 84.51° Real Time Insights Survey, September 2023. Sample sourced from consumers who shopped at Kroger in latest 3 months. n=400

Back to school spending – a “say/do” gap

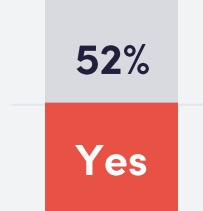
Feeling the pressure of rising prices, half of shoppers for back-to-school items claimed in early August that they planned to buy fewer school supplies or were going to reuse school supplies from last year.

Say:

Are you planning to **buy fewer school supplies** this year?
(Asked in early August)



Are you likely to **reuse most of your school supplies** from prior years?
(Asked in early August)



Do:



+3% increase in BTS/ College food & non-food items vs. last year.

Source: “Say” 84.51° Real Time Insights Survey, August 2023. Sample sourced from consumers who shopped at Kroger in latest 3 months and are buying school supplies.

Source: “Do” 84.51° Stratum. All Households. 6 weeks ending 8/5/2023 vs. YAG.

Student loan repayments will impact discretionary spend

According to Credit.com, 13% of the US population has some form of student loan debt. 20% of our respondents claim that either themselves or someone in their household have student loan debt.

49% of respondents with student loan debt are extremely concerned with their ability to maintain their monthly budget when student loan forbearance period ends in October. ~70% of these respondents claim they/people in their household have not been making payments during the forbearance period.



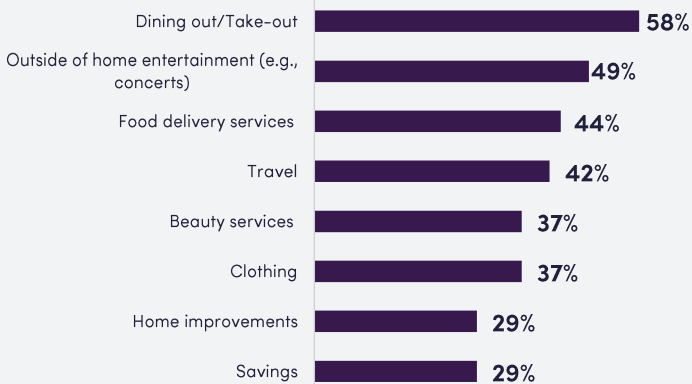
Discretionary expenditures like dining out/take-out/food delivery and entertainment are the first places households with student loans will cut back on to meet their monthly budget.



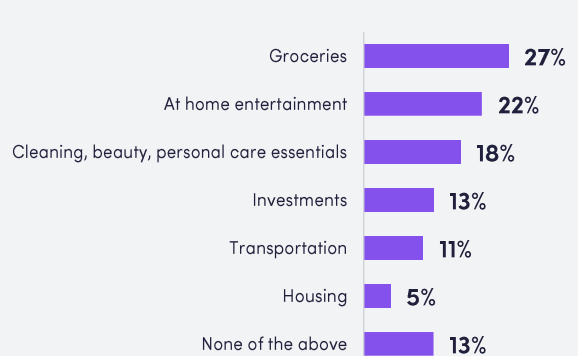
“Essentials” such as groceries, cleaning/beauty/personal care items, transportation and housing are more insulated from cutting back to pay student loans.

In which of the following categories, if any, do you plan to cut back spending due to upcoming student loan payments?

MORE LIKELY place to cut back



LESS LIKELY place to cut back

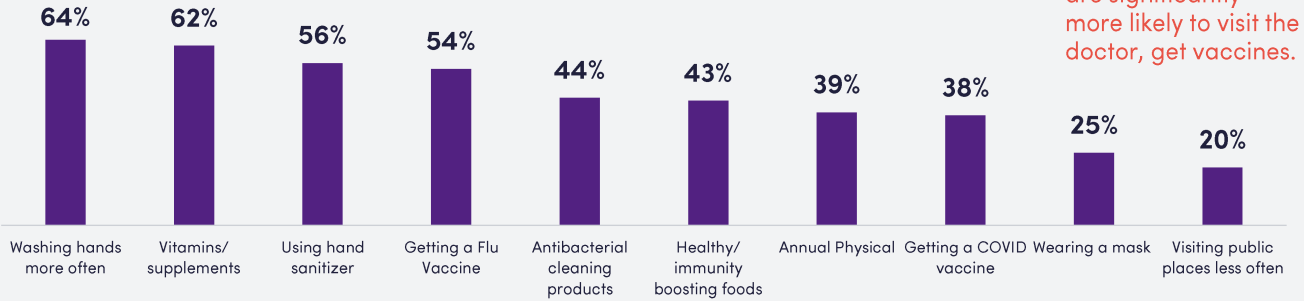


Source: 84.51° Real Time Insights Survey, September 2023. Sample sourced from consumers who shopped at Kroger in latest 3 months and have someone in household with student loans. n=79



'Tis the season for Cold & Flu...

Respondents are most likely to say they will wash hands more often, take vitamins and use hand sanitizer to protect themselves during the upcoming cold & flu season.



Adults ages 65+ are significantly more likely to visit the doctor, get vaccines.

Source: 84.51° Real Time Insights Survey, September 2023. Sample sourced from consumers who shopped at Kroger in latest 3 months. N=400



What will consumers stock up on this upcoming Cold & Flu season?

Over 40%

- Tissues
- Hand Sanitizer/ Soap
- Cleaning Products

30-38%

- Everyday Multi Vitamins
- Cough Drops/ Lozenges
- Acetaminophen
- OTC Cough Medication
- Ibuprofen

24-27%

- OTC Decongestants
- OTC Antihistamines / Allergy
- Tea
- Canned or Boxed Soup
- Immunity Products / Vitamins

9-18%

- Natural Remedies
- Homeopathic Products
- Thermometer

21%

- Do not plan to stock up

...and holiday celebrations abound



33% of shoppers are excited for holidays but indicate mixed feelings about shopping plans

Store Selection

Shoppers will either choose the same grocery store as normal or go to one with steeper discounts.

Price Concern

Shoppers are concerned about budgets and may spend less this season; early shopping helps spread out expenses.

Planning Ahead

>20% have started planning for Halloween, Thanksgiving, and/or Christmas.



Hispanic Heritage Month

Though only 7% of shoppers celebrate Hispanic Heritage month, shoppers enjoy this cuisine at restaurants, through takeout/ delivery, or at home. When asked about multi-cultural cooking:

44% say their preferred grocery store offers ingredients they need

41% enjoy trying new multi-cultural dishes

26% look for inspiration on social media to cook dishes at home

Source: 84.51° Real Time Insights Survey, September 2023



Halloween

Shoppers are planning to celebrate Halloween in a traditional way this year. While 34% will not cut back on expenses, 36% will cut back on decorations, 32% on costumes, and 27% on beverages.



Source: 84.51° Real Time Insights Survey, September 2023



Source: 84.51° Real Time Insights Survey, September 2023. Sample sourced from consumers who shopped at Kroger in latest 3 months. n=400

Grocery shopping in the future – what customers want.

With the rise of eCommerce and digital capabilities, **shoppers are hungry for new grocery experiences and ways to save.** Customers are very interested in new technologies to make shopping easier and more experiential. While shoppers are interested in evolving the grocery shopping experience, the modalities of the future mirror those available today – **71% imagine continuing Pickup, 70% imagine continuing in-store, and 60% imagine continuing delivery** (does not add to 100% as shoppers chose multiple modalities).

TODAY

vs.

THE FUTURE

Which of the below experiences are **part of your regular grocery shopping trip today?**

- 63%** Use Self-Checkout
- 53%** Use Grocery Store Apps to find Digital Coupons
- 45%** Use Grocery Store Apps to find Savings
- 23%** Use Grocery Store Apps to find items In-Store
- 23%** Use Grocery Store Apps to find items Online

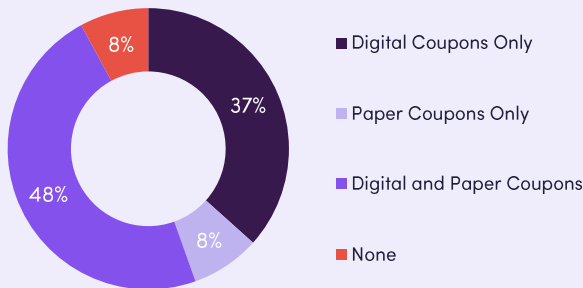
Which of the below grocery shopping experiences would interest you in the future?

- 38%** Smart Carts that calculate cost of groceries in real-time and allow you to skip check-out
- 33%** More taste-testing stations and product demonstrations
- 25%** Digital screens on shelves that display ads, nutrition labels, and pricing/promotions
- 20%** Digital screens on cooler doors that display ads, nutrition labels, and pricing/promotions
- 15%** Text based customer service / smart appliances (responses tied for 5th)

Note: 31% were not interested in the grocery innovation options listed

92% of Kroger shoppers use coupons for grocery and household items today

Do you use Paper or Digital Coupons for groceries & household items?

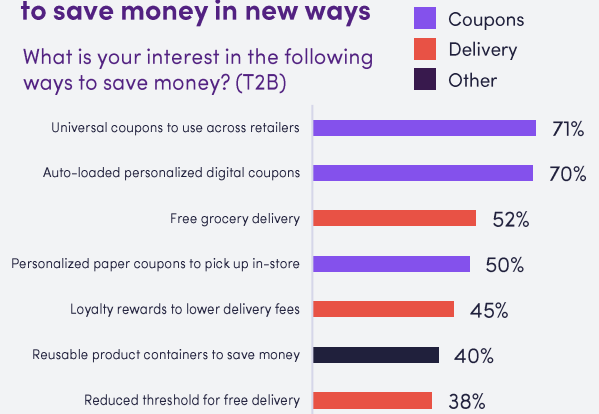


Source: 84.51° Real Time Insights Survey, September 2023. Sample sourced from consumers who shopped at Kroger in latest 3 months. n=400



In the future, shoppers would like to save money in new ways

What is your interest in the following ways to save money? (T2B)



Source: 84.51° Real Time Insights Survey, September 2023. Sample sourced from consumers who shopped at Kroger in latest 3 months. n=400



In open-ended responses, shoppers were asked to describe **grocery shopping ideas they wished existed today.** Key themes fall into 3 categories:

- 1 Price**
 - Lower prices
 - More discounts/rewards
 - Digital coupons/rewards
- 2 Ease & Quality**
 - Better customer experience
 - Easier/faster checkout
 - More organized stores
 - Better quality products
- 3 Technology**
 - Delivery options
 - Virtual shopping
 - Product scanning/spend tracking in real-time

Source: 84.51° Real Time Insights Survey, September 2023. Sample sourced from consumers who shopped at Kroger in latest 3 months. n=400

Highlighted solutions

84.51° Insights

Leverage Real Time Insights to connect directly with category shoppers to understand the “why” that drives their shopping behavior.

- Ask how shoppers plan to engage with your category this coming flu season.
- Understand how concerned shoppers are about spending, and if they plan to engage differently this holiday season.
- Uncover insights into what coupons and savings options are most appealing to shoppers.

Connect with us at Insights@8451.com



Execute research that addresses specific needs to unlock growth

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.

Connect with us at Loyalty@8451.com



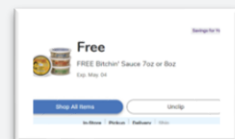
Retain and Grow Share with Current Shoppers



Utilize Targeted Digital Coupons (TDC) to provide the opportunity to send a personalized offer to targeted households aligned to campaign objectives using 84.51° personalization sciences.

- TDC's result in approximately 2x redemption rate compared to other Kroger coupons.
- Playbook: Support new item launch with enticing offers, recapture lapsed households, and allow your brand to re-message and re-engage with consumers.
- Amplifications include 1st Priority (Email, Advanced Targeted Onsite Ad, and Push notification), and 2nd Priority (Offsite - Pre-roll, Display, Social and Audio)

Connect with us at KPMinfo@8451.com



Coupons are the #1-way shoppers engage with Kroger