

Welcome to your June Consumer Digest, where we highlight some recent customer trends and unpack the continuing impact of Covid. 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:

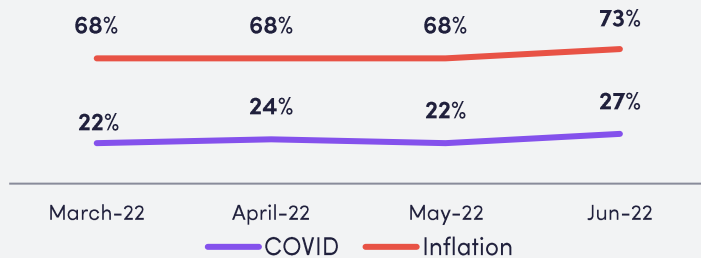
- **Consumer concern** – how bad is it?
- **Fighting Inflation** - What categories are shoppers actually cutting back in?
- How has inflation impacted how shoppers purchase **health & beauty care** products?
- **Summer celebrations** – What holidays are consumers observing?
- The scoop on how consumers plan to enjoy **ice cream** this summer.

Consumer concern continues to rise

Shopper concern is becoming more severe when it comes to inflation, COVID, finances, and supply chain.

- 73% of consumers are extremely concerned when it comes to inflation. When asked how inflation and rising prices will continue to impact them in the next 6 months, 68% believe things will be much worse than they have been.
- Almost 90% of consumers are changing their shopping behaviors this month due to inflation and rising prices, up from 88% last month.
- 27% of consumers show an extreme concern when it comes to COVID, the highest concern since February.
- 46% percent of consumers are feeling uncomfortable about their finances, comparable to the highest concern we saw back in December.
- 46% of consumers feel concerned when it comes to current supply chain issues.

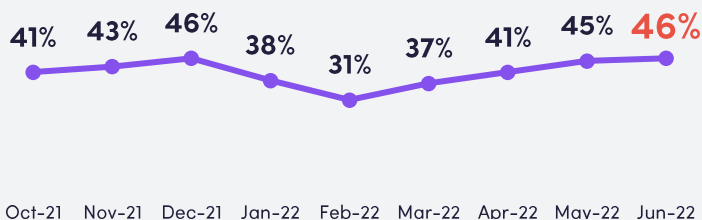
How does shopper concern differ between COVID and Inflation? % of Households Extremely Concerned



SOURCE: 84.51° Real Time Insights Surveys March 2022 – June 2022



% of consumers feeling uncomfortable with their finances



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

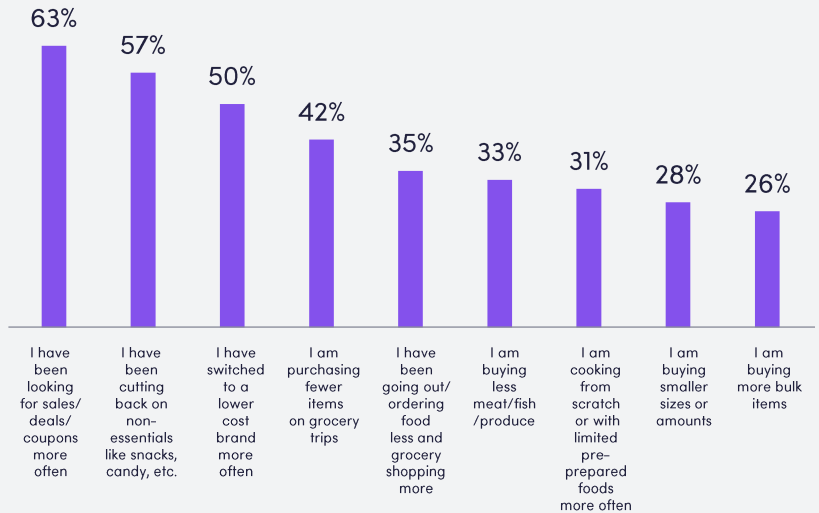


SOURCES: 1.) 84.51° Real Time Insights Survey, June 2022

Rising prices – The effect it's having on consumers¹

- Consumers continue to see rising prices across categories such as Dairy (83%), Deli/Meat/Fish counter (79%), Produce (74%), Frozen Food (68%), Paper Products (68%), Drinks (soft drinks, juices, etc.) (63%), Household cleaning (61%), and Canned Goods/Pastas/etc. (58%).
- While 63% of consumers mention they have been looking for sales/deals/coupons more often as a result of higher priced items, 38% mentioned that it is much harder to find coupons/deals for the items they typically buy and 53% of consumers have noticed fewer items being on sale.

As grocery store prices increase, have you made any of the following changes?



SOURCE: 84.51° Real Time Insights Survey, June 2022

84.51°

What consumers say¹ vs. do²

42% of consumers say they are purchasing fewer items on grocery trips. More specifically...

57% say...

"I have been cutting back on non-essentials like snacks, candy, etc."

How is purchase behavior changing for these categories?

+1%

increase in baskets containing candy vs. YA, but other snacks are in fewer baskets vs. YA.

39% say...

"I am purchasing more shelf stable items or items that won't spoil or expire in a short period of time."

+5%

increase in baskets containing dry ramen, while other canned goods & pasta are consistent vs. YA.

33% say...

"I am buying less meat, fish."

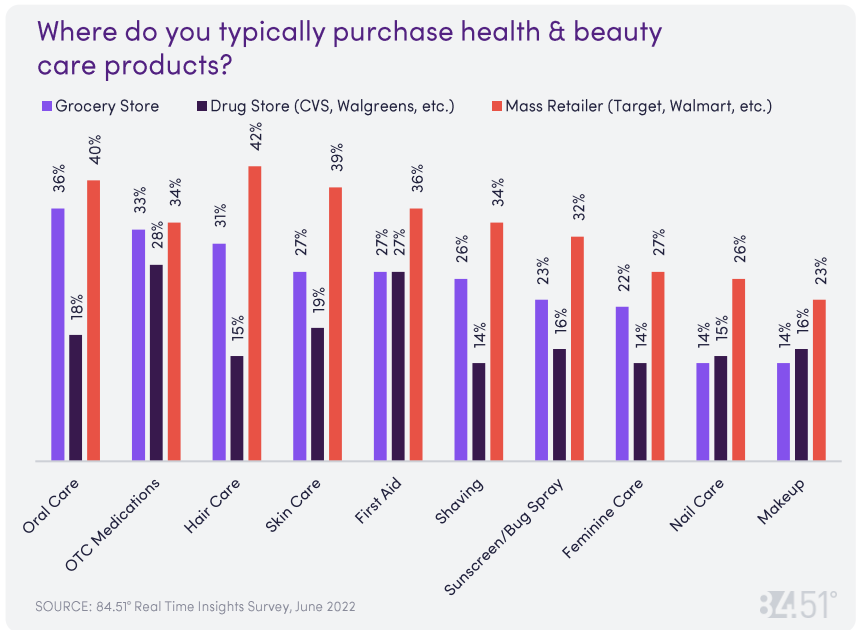
-5%

decrease in baskets containing chicken vs. YA, while other meat/fish declined as much as -20%.

SOURCES: 1) 84.51° Real-Time Insights Survey, June 2022, 2) 84.51° Stratum YTD Ending 6/4/22

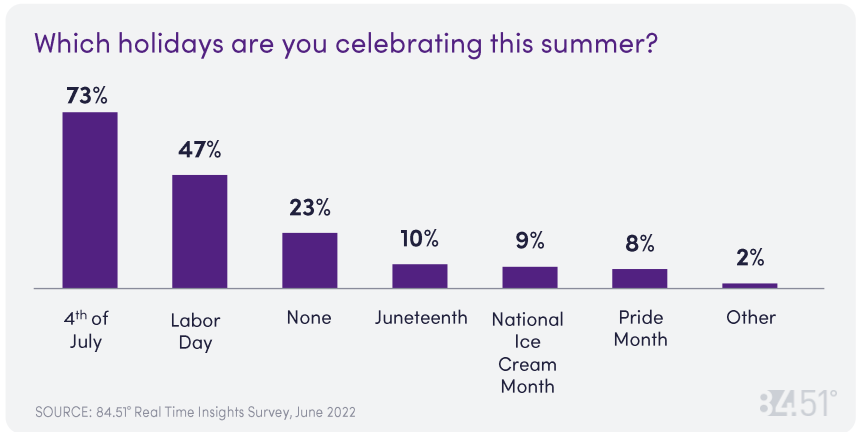
Health & beauty care highlight¹

- 59% of shoppers are purchasing less Health & Beauty Care products as a result of inflation, while 38% are purchasing the same amount, and 3% are purchasing more.
- Oral Care, OTC Medications, and Hair Care are top Health & Beauty Care items purchased at Grocery Stores, with 36%, 33%, and 31% of shoppers buying these categories at Grocery Stores respectively.
- For all Health & Beauty Care categories, Mass Retailers are the top destination where these items are typically bought.
- Liquid & Bar Soap is in 15% fewer baskets overall and Deodorant is in 8% fewer baskets for price sensitive shoppers specifically².



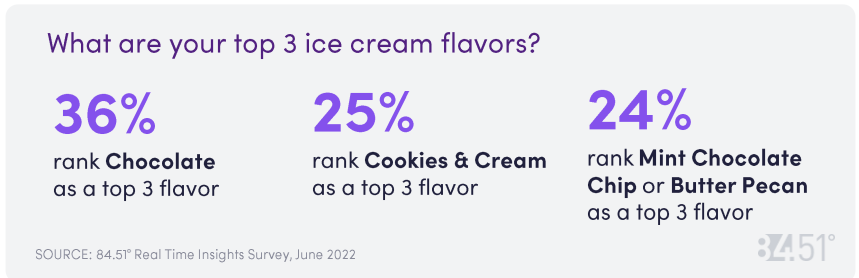
Summer celebrations!

- The traditional holidays are tops for celebrations with 73% of shoppers planning to celebrate the 4th of July, followed by Labor Day at 47%.
- 62% of customers plan to gather with the same amount of people this summer vs. last summer, while 22% will gather with more people and 16% with less people.



I scream, you scream – Ice cream favorites

- 81% of shoppers purchase Dairy ice cream, 9% purchase plant-based, and 9% do not buy ice cream.
- 72% of consumers buy ice cream at Grocery Stores, 35% at Mass Retailers, and 26% at an ice cream shop.

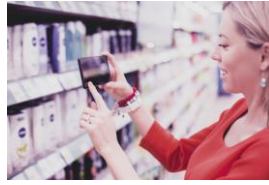


SOURCES: 1) 84.51° Real-Time Insights Survey, June 2022, 2) 84.51° Stratrum YTD Ending 6/4/22

Making customers' lives easier



Shoppers are voicing concerns, from COVID to inflation to supply chain. Make the customer shopping journey easier through convenient solutions and savings on core products.



Many shoppers are buying less Health & Beauty Care items due to inflation. Find ways to inspire customers to continue with health & beauty care routines as we head into summer.



Consumers continue to notice rising prices across categories, but some are having a hard time finding deals/savings. In a time where inflation is a key stressor, offer deals/savings to win over the shopper.



4th of July and Labor Day are among the most celebrated holidays this summer across Kroger customers. Connect with shoppers in these peak seasons through products or use cases unique to summer holidays.

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**.



PROMOTION SEEKERS

Plan ahead. Understand what type of households engage with deals and promotions and how they do so through **84.51° Stratum**.

Run multiple pricing scenarios within a tactic to prioritize strategies that will impact your business with the **Price & Promotion Tactic Predictions** solutions.



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.