

Welcome to your August Consumer Digest. This month, we're highlighting recent customer trends around the continued impact of inflation. We're also taking a deep dive into "shrinkflation" and what households with children are feeling and doing. Discuss these insights with your teams and use it as a reference in your current work. As always, reach out to your 84.51° contact with questions or feedback.

Included this month:

- **Shopper concern** – the highs and the lows
- **Rising prices** – how consumers are coping
- **Shrinking pack sizes** – how shoppers are noticing and responding
- **Fall festivities** consumers are planning to enjoy this year
- **Household spotlight** – a deep dive into households with children

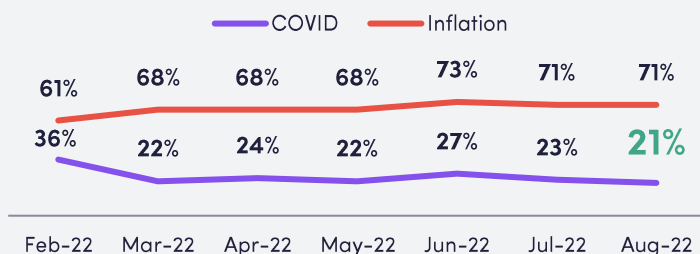
Shopper Concern – The Highs and Lows

While shoppers' concern over COVID is at an all-time low, their concern over finances is at an all-time high.

- 48% of consumers are feeling uncomfortable with their finances this month – this is the highest concern we have seen since October of 2021.¹
- While concern over inflation/consumer prices was similar to what we saw last month, those ages 55-74 had a significantly higher amount of concern compared to those ages 18-54.¹
- The US Bureau of Labor Statistics reported that CPI (Consumer Price Index) for all items was unchanged in July.² Current U.S. avg. for a gallon of regular gas is ~\$3.90 vs. ~\$4.67 a month ago.³
- 21% of shoppers are feeling concerned over COVID this month – the lowest concern we have seen.¹ Daily reported case counts in August are slightly declining from numbers seen in July. The CDC reported ~126,626 cases on August 1st vs. ~1,263,224 cases reported back on January 10th of this year.⁴

SOURCES: 1) Real Time Insights Survey, August 2022
2) US Bureau of Labor Statistics – bls.gov 3) AAA–US National Gas Prices 4) Covid Data Tracker CDC.gov

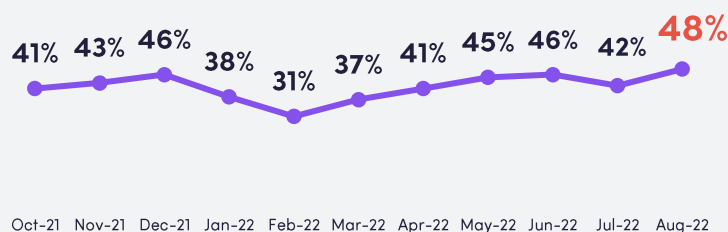
How does shopper concern differ between COVID and Inflation? % of Households Extremely Concerned



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



% of consumers feeling uncomfortable with finances



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

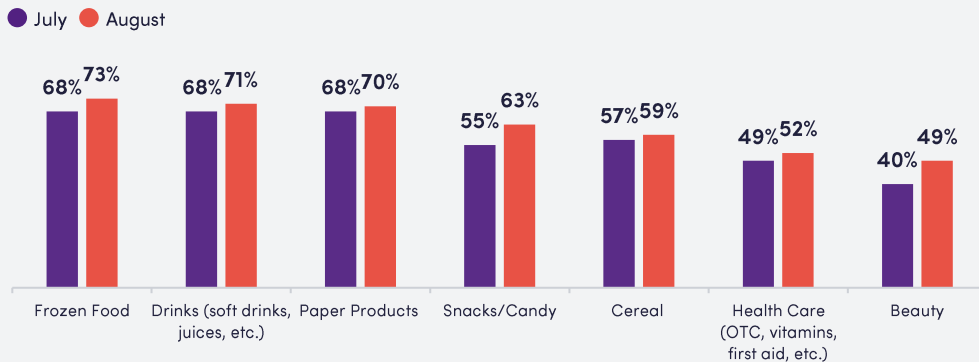


How Consumers Are Coping With Rising Prices

Shoppers continue to notice high prices across many grocery categories. Many are adapting how they shop and what they purchase as a result of price increases.

- 38% of consumers say they are shopping less frequently than they normally do for groceries as a result of high prices. 43% say they are purchasing fewer items during their grocery trips.
- This month, 50% say they have switched to a lower cost brand vs. 46% from July. Shoppers say they would be willing to switch to a lower cost brand in categories such as paper products (59%), shelf-stable items like canned goods, pastas, etc. (53%), and household cleaning (52%).
- While 84% of consumers say they have seen an increase in price in Dairy (milk, cheese, etc.), only 18% mention they have been cutting back in that category.

Categories consumers have noticed an increase in price this month vs. July...



SOURCE: 1) 84.51° Real Time Insights Survey, August 2022 2) 84.51° Custom Insights (6/19/22 – 7/16/22 vs 3/27/22 – 4/23/22)

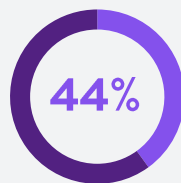
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Certain Frozen Categories have experienced higher rates of trade down, such as Desserts and Breakfast Foods, while others, such as Pizza and Meat, have experienced an increase in customers purchasing larger pack sizes or are buying more premium items in recent periods vs April 2022²

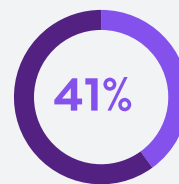
'Shrinkflation' – Are Shoppers Noticing?

- When asked which categories consumers have noticed shrinking pack sizes, 51% mentioned Chips, 37% mentioned Cereal, 29% mentioned Candy Bars, and 26% mentioned Toilet Paper.
- High Price Sensitive shoppers are significantly more likely to notice shrinking pack sizes.
- 27% of shoppers say they have not noticed any categories that are shrinking their pack sizes.

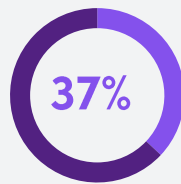
What consumers say they are doing as a result of shrinking pack sizes...



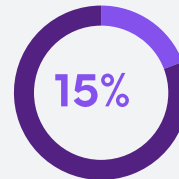
"I buy it if I have a coupon"



"I buy a different brand that hasn't reduced its size"



"I still purchase the item with the reduced size"



"I don't buy the item at all"

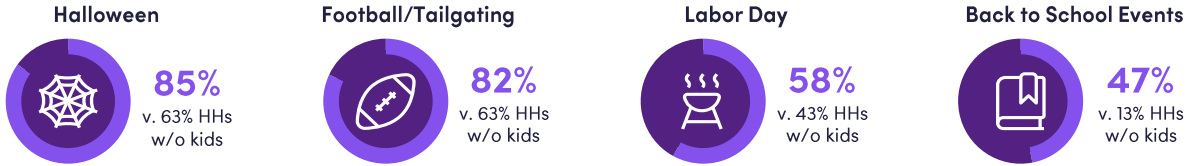
SOURCE: 84.51° Real Time Insights Survey, August 2022

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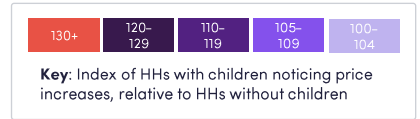
Double Click: Let's check in on Households with Children

Why HH with kids? This month we took a deeper look at households with children given that trends have shown limited variance month over month for total households. Households with kids are, of course, larger in size (in terms of mouths to feed) and account for a large total % of sales across the Kroger enterprise and 4X the sales of HHs with no children over the past four weeks. This deeper dive enables us to dial in tighter and uncover actionable learnings.

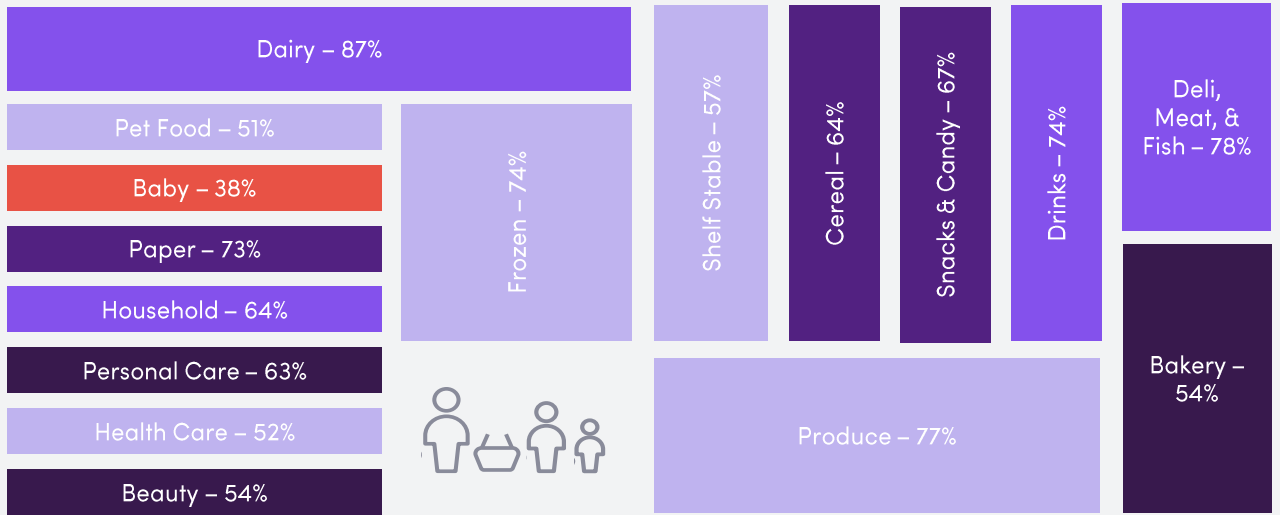
% households with children preparing to celebrate fall festivities, notably more so than households without children¹



While households with children are more apt to celebrate across all seasonal occasions, they are also facing inflation constraints – balancing revelry with affordability. Households with children notice price increases more than households without children in every single department.



% HHs with Children noticing an increase in price at the grocery store¹



Say vs. do

While HHs with kids have a higher perception of increase in price (vs. HH without kids in the house), they are not cutting back any more drastically than HHs without kids.⁵

	Sales		Units	
	Kids	No Kids	Kids	No Kids
Personal Care	5%	6%	-7%	-7%
Frozen	13%	12%	-6%	-5%
Snacks	14%	14%	-3%	-3%
Deli/Bakery	9%	10%	-5%	-5%
Drinks	13%	13%	-4%	-4%

In response to inflation, HHs with children are enjoying cooking more and are cooking more from scratch than in July. While they are not cutting back on groceries more than HHs without children, they are celebrating seasonal moments – and perhaps bringing more homemade enjoyment with them.⁶

Enjoying Cooking More...

28%

HH w Kids
v. 18% HH w/o kids

Cooking from Scratch More...

36%

HH w Kids
v. 29% HH w/o kids

SOURCES: 5) 84.51° Stratum – Product by Measure with Kids and with No Kids over the last 12 weeks 6) 84.51° Real Time Insights Survey, August 2022

Making customers' lives easier



Concern for finances is at an all-time high. Continue supporting shoppers through budgetary challenges with ways to save, rewards and simply being available on shelf to diminish shopping stress.



Households, particularly those with children, are gearing up for fall celebrations. Delight families with reliable favorites, party inspiration or seasonal flavors.



Consumers are viewing price increases and shrunken packages differently across the store. Understand your brand's position and offer tailored solutions with promotions and Megas to support shoppers and maintain a positive brand perception.



Families are noticing price increases, yet not cutting back significantly in major departments. Encourage savings, buying in bulk or other mindful practices to stretch their dollars further.

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.