

Welcome to the April Consumer Digest. This month, we are focusing on inflation. We'll first look at consumer sentiment around how much longer it will last. From there, we'll dive into changes shoppers are making—and plan to make – as summer approaches to cope with higher prices. Finally, we will wrap with what's in shoppers' baskets for mom this Mother's Day. Reach out to your 84.51° contact with any questions.

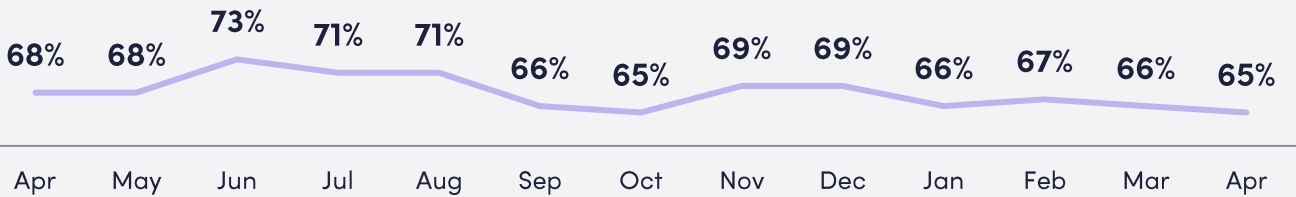
Included this month:

- **Inflation concern** and how long consumers think it will last by different age groups
- What adjustments are shoppers making **in order to cope with higher prices?**
- **Soak up the sun** – consumers plans to enjoy summer in this inflationary environment
- **Spring festivities** – how consumers plan to celebrate Earth Month & Mother's Day

Do shoppers feel inflation is near an end?

- Shopper concern over inflation is at its lowest level since October 2022, though still high at 65% concerned.
- Overall, 32% of shoppers believe inflation at its current high level will end in 12 months or less, 28% think 1-2 years. Younger consumers aged 25 to 34 are the most optimistic, thinking inflation will only last 3-6 months from now.

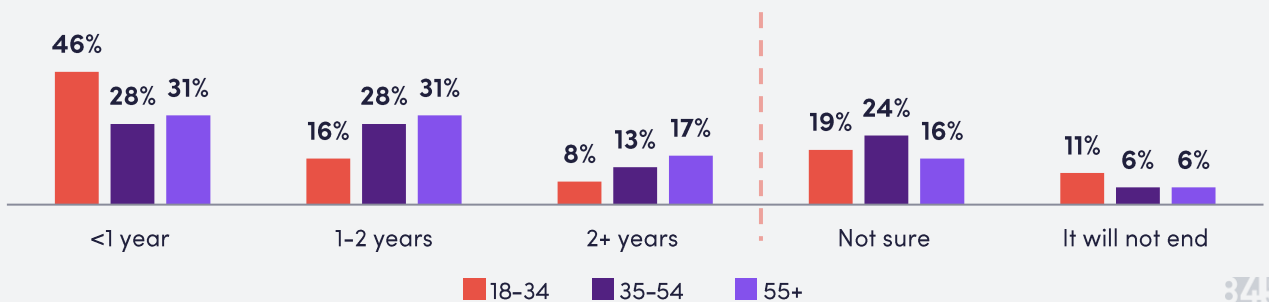
Shopper concern over inflation - % of Households Extremely Concerned



Top 2 box on 7-point scale



How long do customers expect inflation at recent high levels to last



Source: Real-Insights Survey, April 2023. Sample sourced from consumers who shopped at Kroger in latest 3 months. N=400

How shoppers are feeling about their finances

- While more shoppers say they are feeling uncomfortable vs. feeling comfortable about their finances, the majority feel fairly neutral.
- 33% of shoppers say they can cover their monthly expenses but have little left over, while 27% say they are living paycheck to paycheck to cover monthly expenses.

Shopper comfort over finances – % of Household Comfort

21% Feel uncomfortable (B2B)

62% Feel neutral (M3B)

17% Feel comfortable (T2B)

Responses based on 7-point scale

Those ages 25 – 54 feel significantly more uncomfortable (13%) vs. those ages 65-74 (4%) (bottom box)



How shoppers are covering their monthly expenses...

11%

Do not have enough to cover monthly expenses

27%

Can cover monthly expenses but are living paycheck to paycheck

33%

Can cover monthly expenses but have little left over for other expenses

23%

Can cover monthly expenses and have a comfortable amount left over for other expenses / savings

7%

Have more than enough to cover monthly expenses and can buy what they want / need / other expenses / savings

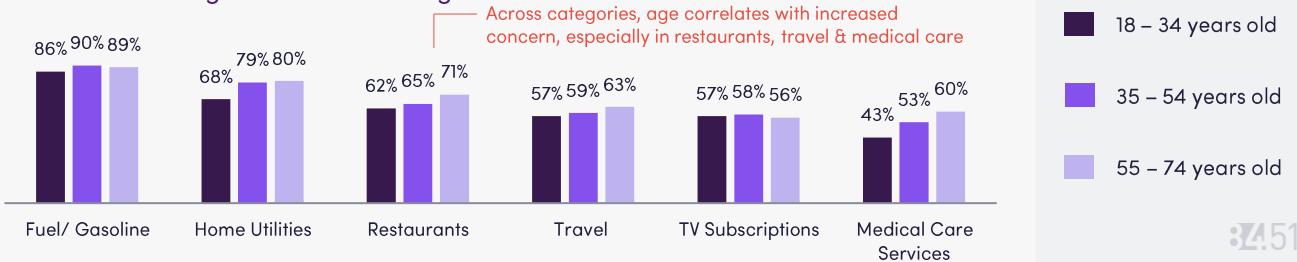
The majority of those living paycheck to paycheck are households making \$100k or less a year.



Pinching pennies since 2022 – Inflation impacts in all aspects of life

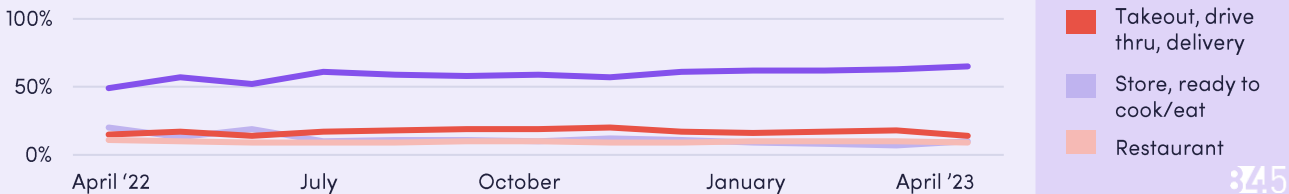
As inflation persists, shoppers are most concerned with rising prices in everyday necessary purchases like fuel, utilities, and food. Zeroing in on how they put food on the table, shoppers are increasingly consuming from grocery stores (+5% month over month), despite only 25% say they enjoy grocery shopping and 39% say they enjoy cooking.

Concern for Rising Prices is “Booming”



Share of Stomach

What % of meals consumed came from...?



40% ↑ +6% YoY

Of shoppers who are going out to eat / ordering food less in response to inflation

TAKING ACTION: Elevate easy and tasty meals in consumer touchpoints, replicate restaurant-like experience and quality at home

Source: Real-Insights Survey, April 2023. Sample sourced from consumers who shopped at Kroger in latest 3 months. N=400, Kroger.com Site Traffic

Save at the shelf – Shopping in response to rising prices

The extended inflationary period exacerbates the savings behavior shoppers have exhibited throughout the last year+

Trading Down to Save

Shoppers change priorities, switching to low-cost brands most in shelf stable (61%)

57% ↑ +1% YoY

Of households are cutting back on non-essential purchases

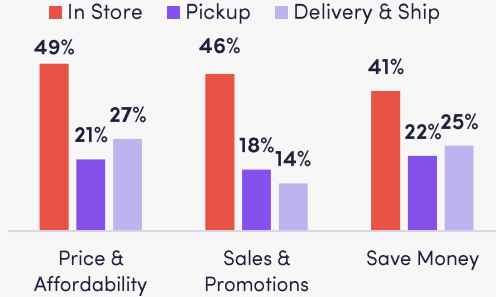
51% → 0% YoY

Of households have switched to a lower cost brand more often



Prioritizing Modalities

Why do you shop [modality] for groceries & household items?



Sales, Deals, & Coupons

Shoppers continue seeking savings, slightly down from a peak in Feb (74%)

70%

Of households are seeking more sales, deals, & coupons

92% ↑ YoY

Increase YoY in Digital Coupon page views on Kroger.com



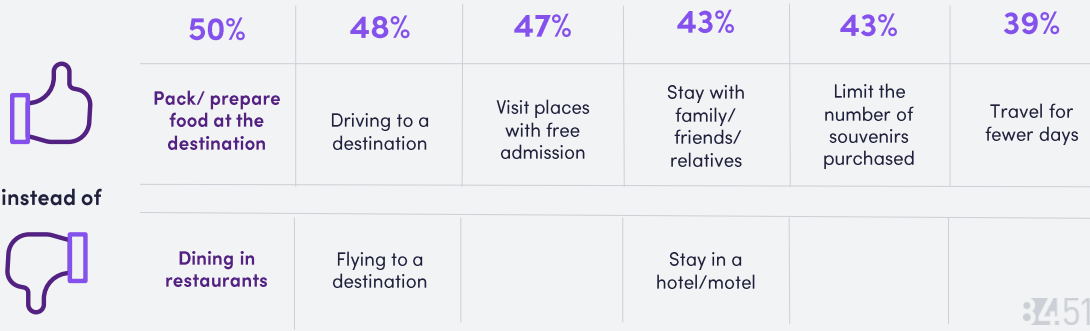
TAKING ACTION: Continue strengthening promotions & pulsing savings to win & retain shoppers across modalities

Hello summer! Savings & celebrations for the season

- Shoppers are ready for fun in the sun with 34% intending to buy more items that they can grill/ smoke/ cook outside, 29% expecting to shop at local markets, and 28% planning to purchase sun/ bug protection.
- However, shoppers are also anticipating some savings-oriented changes.

What are ways you might save money while traveling/vacationing this summer?

Of the 61% of Kroger shoppers planning to travel/vacation



TAKING ACTION: Consider fueling inspiration with fresh recipes alongside seasonal promotional activity as shoppers lean into the savings mindset to maintain summer fun like travel & at-home celebrations

Plans for Mother’s Day and Earth Day

How shoppers are planning a special Mother’s Day meal...

- 15%** Make breakfast at home
- 13%** Make dinner at home
- 12%** Make lunch/brunch at home
- 10%** Go to lunch/brunch at a family /friend’s house



How will you celebrate Earth Day / Earth Month?

- 25%** Spend time outside (e.g., walking / biking / hiking / etc.)
- 18%** Use re-usable bags
- 17%** Use a refillable water bottle
- 13%** Will ‘reduce, reuse, recycle’



Source: Real-Insights Survey, April 2023. Sample sourced from consumers who shopped at Kroger in latest 3 months. N=400

Highlighted solutions

84.51° Insights

The **Price Impact Analysis** reviews customers' response to different product prices and price gaps between items. With this solution, you'll:

- Be able to prioritize areas of focus in your portfolio for adjusting price strategies efficiently.
- Understand impact to individual and combined product sales at differing price gaps to enhance pricing and promotion strategy.
- Get a view into historic customer behavior at specific price points across a flexible list of product selections.

Connect with us at insights@8451.com



Understand the impact of price on different customer groups in this inflationary environment with **Price Impact Analysis**

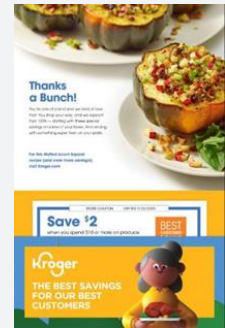
84.51° Loyalty Marketing

In response to the continued inflationary environment and squeeze to their finances, consumers are utilizing several tactics to help them save money, including:

- Making smaller, yet more frequent trips.
- Seeking out coupons more often and/or trading down to offset prices.

84.51°'s highly personalized Best Customer Communication (BCC) vehicles are the ideal strategy for CPGs to help ease these price pressures for consumers and ensure they remain in your brand consideration set. Ensure an **always-on** BCC event strategy to align with consumers more frequent shopping trips.

Connect with us at Loyalty@8451.com



Loyal Customer Mailer
Reward & Retain,
Monthly Event Cadence



Strategically own and amplify your message at the point of conversion:

- **Onsite Display Ads** act as a digital end cap for your brand – providing inspiration and consideration in highly-trafficked placements.
- **Targeted Digital Coupons** deliver personalized value, drive trials, recapture lapsed households, and engage repeated buyers.
- **Brand Shops and Campaign Pages** are uniquely equipped to make buying easier. The curated aisles offer an exclusive customer experience.

Connect with us at KPMinfo@8451.com



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