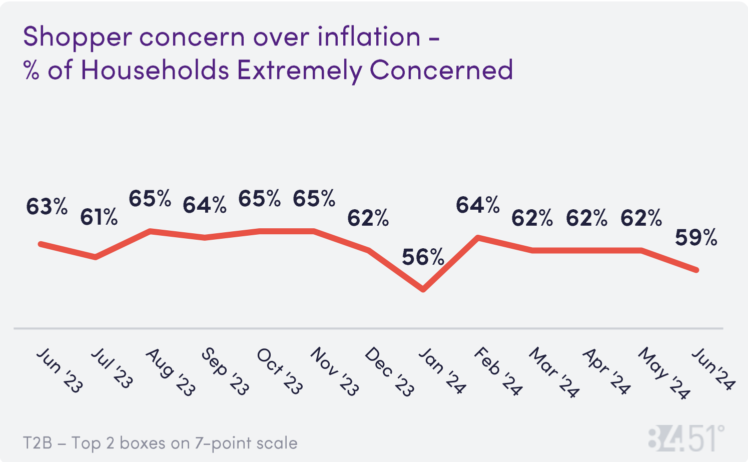
June 2024

84.51°

Consumer Digest

Welcome to the June Consumer Digest where we provide relevant, informative and actionable insights around consumer trends. This month, we are focusing on the summer, including which grocery categories shoppers prefer to shop, what foods they grill & how often, plus vacation meal plans. We'll also explore functional beverage consumption, including its health benefits, what product attributes shoppers find most important as well as look at non-alcoholic beverage consumption.

Shopper concern over inflation

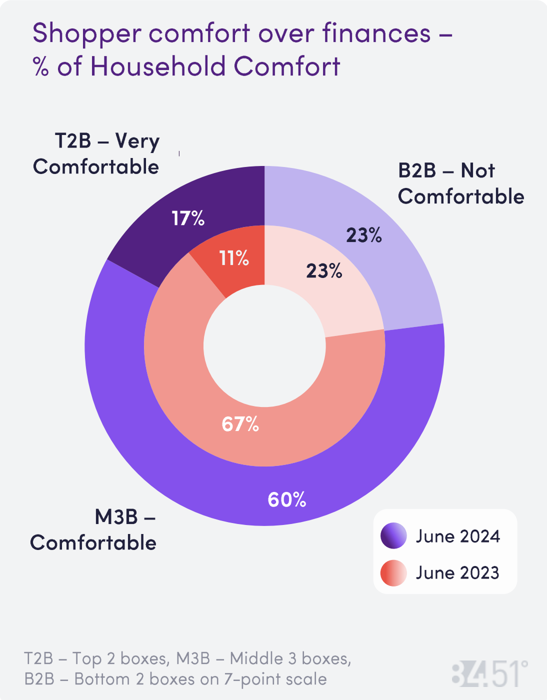


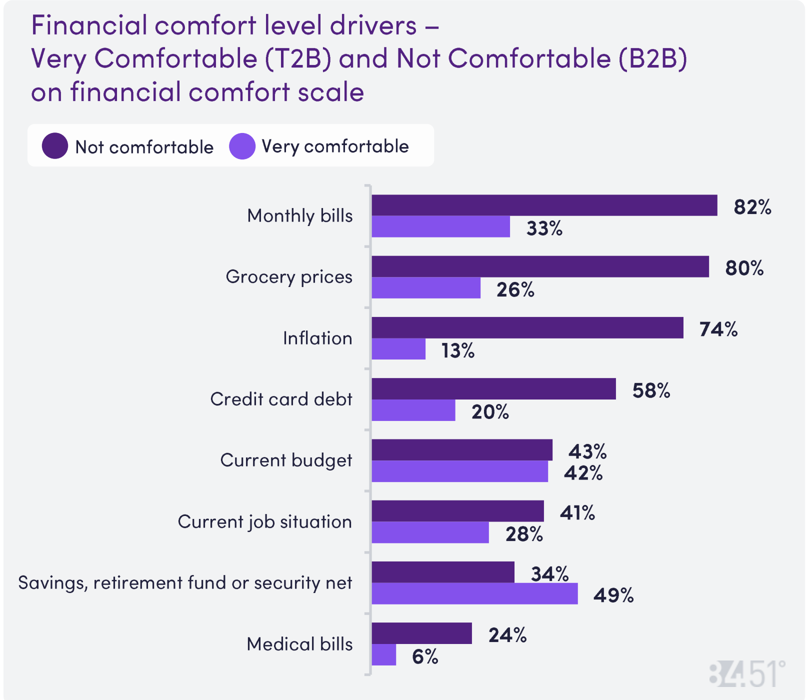
Concern over inflation declined from last month with **59% of shoppers claiming to be extremely concerned** with inflation (T2B).

Shoppers are **making the following changes:**

- **67%** have been looking for sales / deals / coupons more often
- **53%** have switched to lower cost brands more often
- **52%** have claimed to be cutting back on non-essentials like snacks and candy
- **42%** have been purchasing fewer items on their grocery trips
- **38%** are cooking from scratch or with limited pre-prepared foods more often

Comfort over finances and what is driving those comfort levels





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

Summer grilling is heating up!

For this June issue, we wanted to learn what are shoppers' favorite grilled foods—and there is no better way to settle the matter than using advanced research techniques.

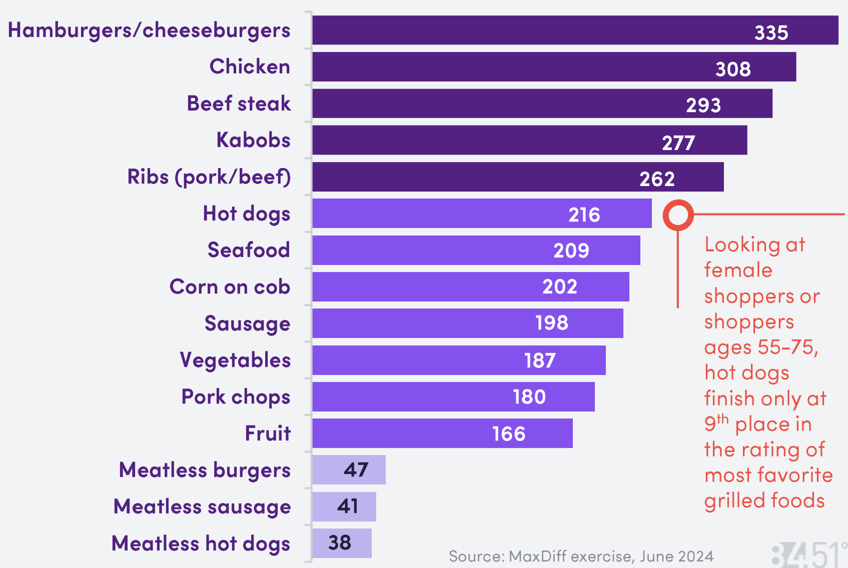
How MaxDiff works?

- We constructed a MaxDiff exercise where shoppers **were shown 15 total items, 4 items at a time,** and asked to choose their *'Most favorite'* and their *'Least favorite'* of the items shown
- **This exercise was repeated 12 times** to ensure all items were shown in a balanced way
- **Based on the pattern of responses** across all responses to these questions, **index scores were calculated**

Most Favorite		Least Favorite
◉	Chicken	○
○	Fruit	○
○	Kabobs	○
○	Meatless burgers	◉

Burgers win the title of favorite grilled food

MaxDiff exercise – Index scores



Source: MaxDiff exercise, June 2024

What do these numbers mean?

- An **index score** is calculated for each item to indicate its **level of preference.**
- Scores reflect a **ratio-quality scale**, allowing one to conclude, for example, that an item with a score of 200 is twice as likely to be selected as most favorite than an item with a score of 100

When would you use this?

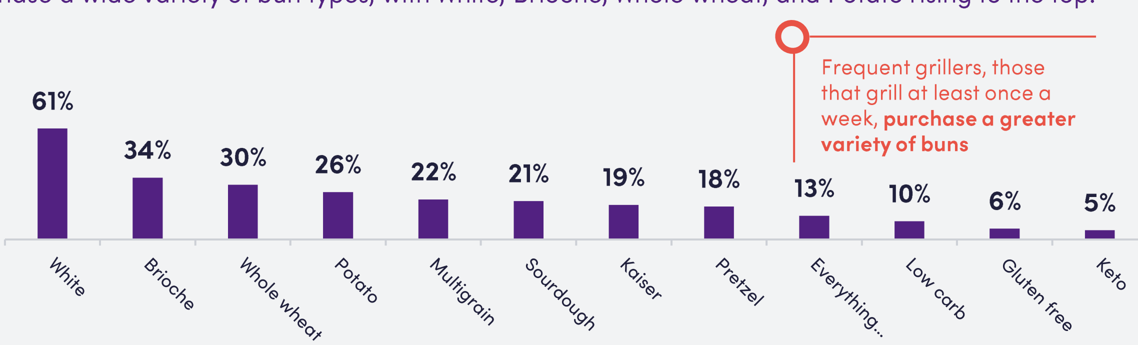
- This approach is **better for simulating the purchase decision customers make at shelf** vs. asking a scaled purchase intent question.
- For example, it can be used to evaluate **new products**, when behavioral data is not available.

Buns are on a roll!

Shoppers purchase a wide variety of bun types, with White, Brioche, Whole wheat, and Potato rising to the top.

96%

Of shoppers claim to purchase buns



Categories with results under 5% are not shown

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

How are shoppers preparing for summer fun in the sun?

Spending by category changes seasonally – Shoppers adjust spending by category during summer months, claiming they'll spend **less on indulgent** items, **more on fresh** & seasonally-relevant items, and the **same on staples**.

I plan to spend less:

- 46% **Snacks/Candy**
- 31% **Fresh Bakery**
- 31% **Ice Cream/Frozen Novelties**
- 28% **Beauty** (e.g., hair products, makeup, etc.)

No change in spending:

- 75% **Paper Products** (e.g., toilet paper, tissues, etc.)
- 73% **Dairy** (e.g., milk, cheese, etc.)
- 72% **Household Cleaning** (e.g., surface cleaners, etc.)
- 69% **Shelf-stable** (e.g., canned goods, pasta, etc.)

I plan to spend more:

- 38% **Fresh Produce**
- 32% **Sunscreen**
- 32% **Ice Cream/Frozen Novelties**
- 26% **Drinks** (e.g., soft drinks, juices, etc.)

Average monthly Snack unit sales are relatively flat during the summer months compared to the other months of the year, whereas average monthly Candy unit sales are down ~21%. Both Ice Cream and Frozen Novelties average monthly unit sales are up during the summer months, 16% and 48% respectively, compared to the other months of the year.

Source: 84.51° Stratum, KPI: Product by Time report

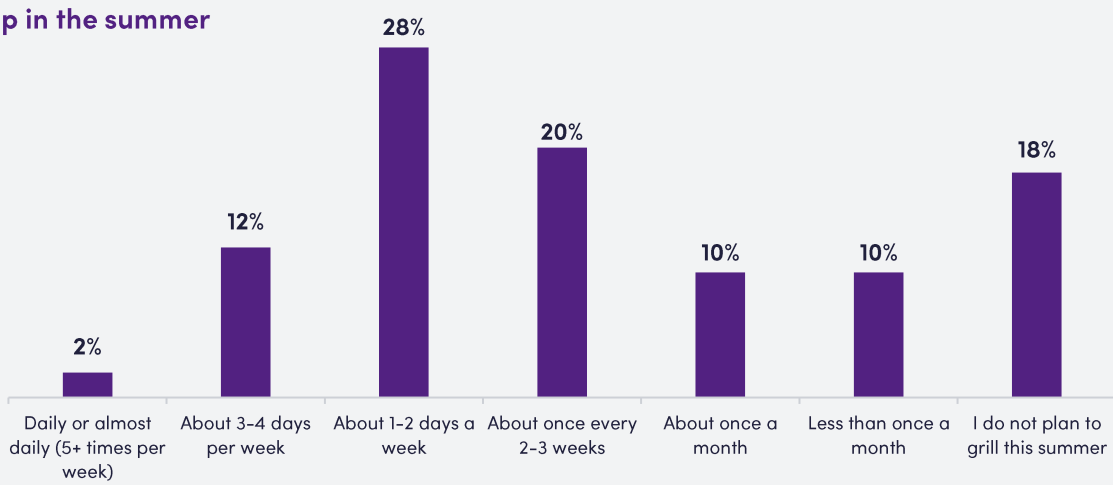
Fresh Produce is in the basket

Shoppers cite the following reasons for purchasing more fresh produce in the summer:

Base: Kroger Category Shoppers that claimed purchasing more fresh produce in the summer (n=152)

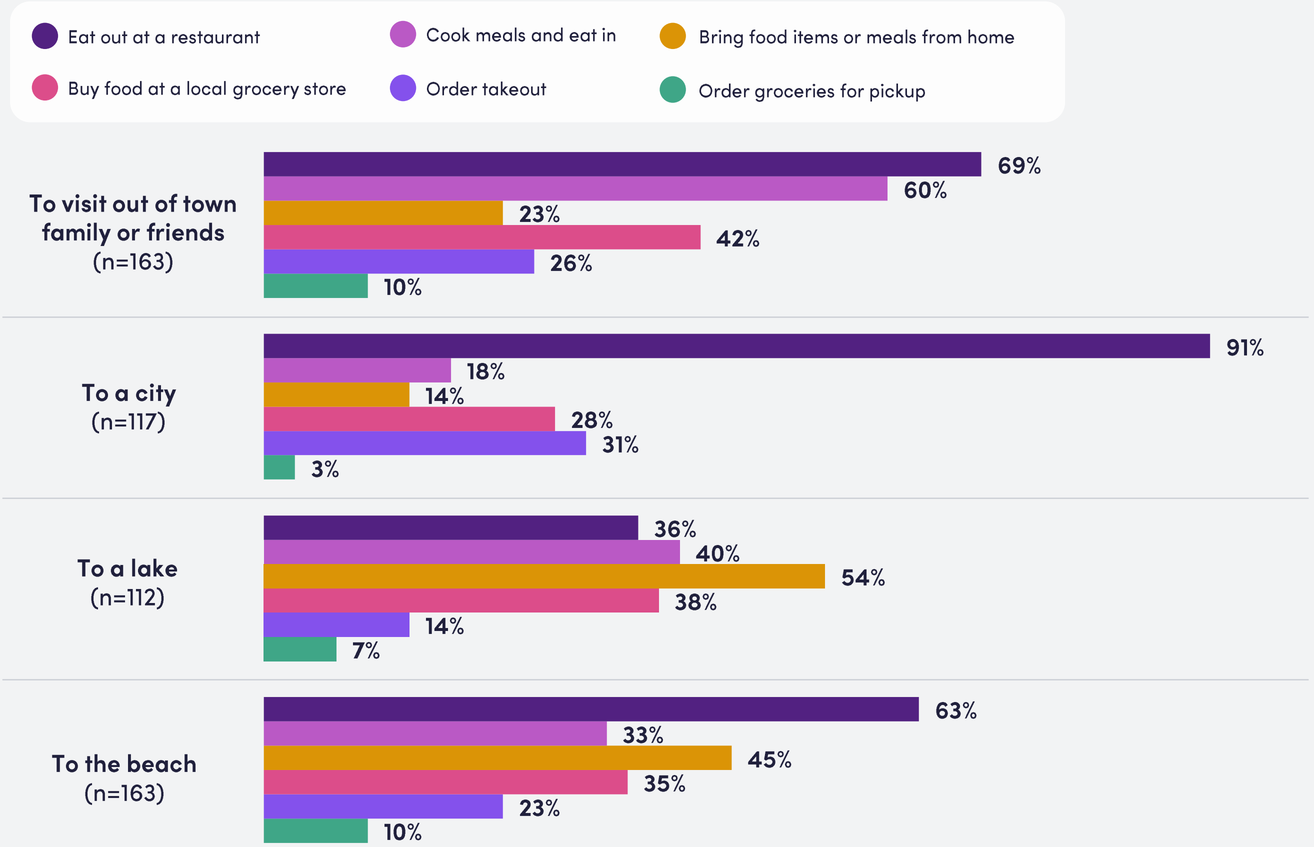
Grilling heats up in the summer

42% of shoppers plan to grill at least once a week



Summer travel – Where we plan to eat

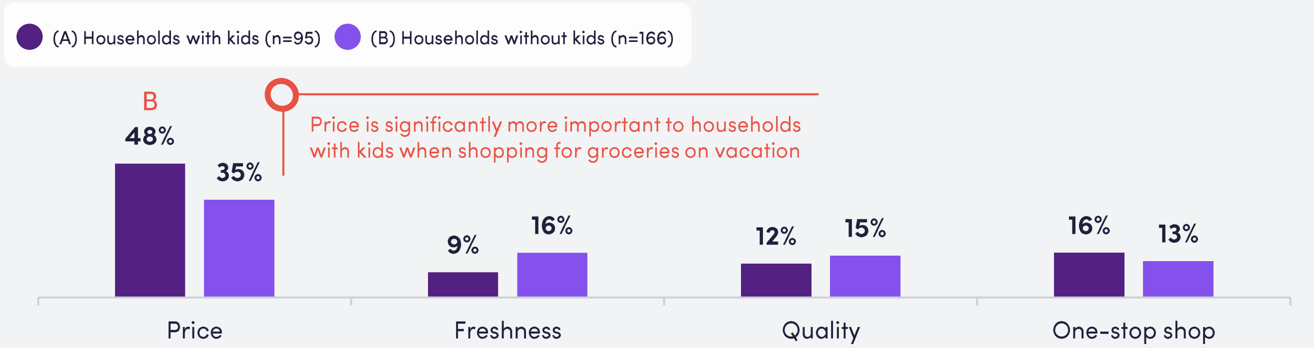
80% of shoppers plan to travel this summer, with the most popular destinations being visiting family or friends out of town (41%), going to a beach (41%), going to a city (29%) and going to a lake (28%). While most shoppers plan to eat out at a restaurant on those trips, many are planning to bring food items/meals from home or cook meals and eat in.



Categories with results under 5% are not shown

What's important to shoppers when shopping for groceries on vacation?

Price, Freshness, Quality, and One-stop shop are the top 4 most important things shoppers consider while grocery shopping on vacation.



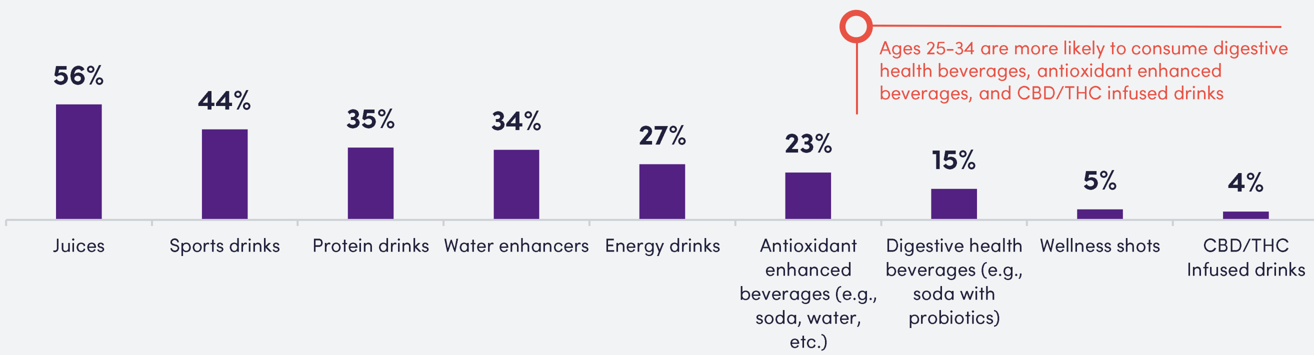
*Statistical testing applied at 95% confidence interval.

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

Functional Beverages

A functional beverage is a drink that provides additional health benefits. These benefits can include added vitamins, minerals, antioxidants, probiotics, or other nutritional supplements. Some functional beverages may also contain ingredients that boost energy, enhance focus, or aid in weight loss. **Examples include fortified water, energy drinks, protein shakes, etc.**

87% of shoppers surveyed claim to consume Functional Beverages



What product attributes are most important when purchasing a functional beverage product? (T2B)

83%

TASTES GREAT

**Consumers' wish list:*

- Focus on **natural, appealing flavors**
- Flavors that are **recognizable and enjoyable** all year long
- **Minimize artificial flavors & sweeteners** that lead to undesirable aftertastes

72%

Offered at a **FAIR PRICE**

**Consumers' wish list:*

- **Competitively priced** product
- Consider larger sizes to provide **better value**
- **Promotional pricing strategies** to attract budget-conscious customers

60%

Made with **HIGH QUALITY INGREDIENTS**

**Consumers' wish list:*

- Focus on **natural ingredients and sourcing,** organically certified
- Consumers want **high protein, vitamins, & minerals** but with **less sodium, sugar, & artificial ingredients.**

58%

Has **CLEAR INFORMATION** on the package

**Consumers' wish list:*

- **Highlight clear health benefits,** ensuring claims are **substantiated and easily understandable**
- Consider **ecofriendly /sustainable packaging**

T2B – Top 2 boxes on 7-point scale. (n=347)
*Consumers' wish list are summarized from open-ended responses to Unmet Needs

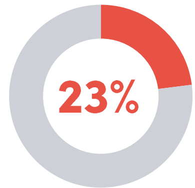
Top benefits motivating shoppers to consume functional beverages:

1. **74%** **Hydration**
2. **44%** **Source of vitamins**
3. **37%** **Energy boost**
4. **34%** **Source of protein**
5. **30%** **Convenience**

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

Non-Alcoholic Beverages

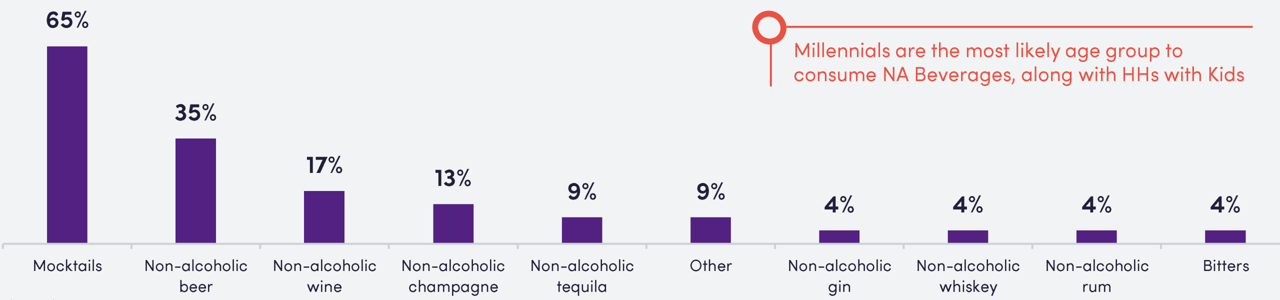
A Non-Alcoholic beverage is a drink that mimics the flavor and experience of traditional alcoholic beverages such as beer, wine, tequila, etc., but contain no or very minimal alcohol content.



of shoppers surveyed claim to consume Non-alcoholic beverages

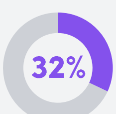
(n=398)

Of those 23% consuming NA Beverages, NA Spirits and Bitters are least consumed

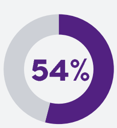


(n=92)

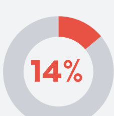
"Say" vs. "Do"



of NA Beverage consumers say they are **consuming MORE**



of NA Beverage consumers say they are **consuming the same amount**

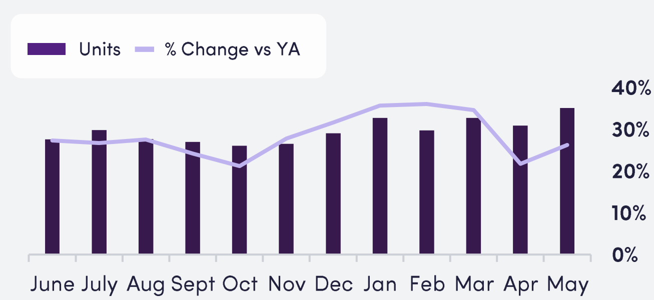


of NA Beverage consumers say they are **consuming less**

.... NA Beverages in 2024 compared to previous years

Source: 84.51° Consumer Research (n=92)

In the L52 weeks, NA Beer, Wine, & Spirits Units are +28%



*data excludes mocktails

Source: 84.51° Stratum

Reasons for consuming Non-Alcoholic Beverages

55%	55%	55%	43%	41%
NA beverages help me to reduce alcohol intake	NA beverages are a healthy alternative to alcohol	I consume NA beverages when I am a designated driver	Drinking NA beverages has become more socially acceptable	I consume NA beverages to avoid a hangover

Only 29% of respondents agreed that NA beverages taste better

T2B – Top 2 boxes on 7-point scale. (n=92)

"I have been thinking that non-alcoholic beverages would be a healthier and better option"

Open ended response from those planning to increase NA beverage consumption in 2024

"Non-alcoholic drinks are cheaper"

"More options and trying to cut back on the alcohol and the effects it has"

Source: 84.51° Real Time Insights Survey, June 2024. Sample sourced from consumers who shopped at Kroger in latest 3 months and 21+. n=398.

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

84.51° Insights

NEW FEATURE: AI Assistant in 84.51° In-Queries. Utilize AI Assistant Data Analysis for summarizing open-ended responses to enable speed to insights and recommendations, and AI Assistant Content Generation for automated question writing based on your research goals, supported by our library of CR expert-created questions.

- Execute high quality research faster: Gives you confidence to build high-quality research quickly and independently regardless of your CR expertise.
- Best in class questionnaire writing: Identifies and suggests optimal question structures based on research goals.
- Distilling insights & recommendations: Open-ended responses are summarized in an easy-to-understand format, without having to read each individual response.

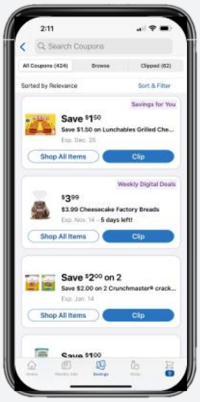
84.51° In-Queries enables speed without compromising on survey quality

Connect with us at Insights@8451.com

84.51° Loyalty Marketing

Targeted Digital Coupons (TDCs) provide a personalized offer to households aligned to campaign objectives using 84.51° personalized sciences. TDCs result in a +2x redemption rate compared to other coupons.

- Timelines: 3-week lead time, 2-week post-period length.
- Amplification: 1st priority (Targeted Onsite Ad, Product Listing Ad, Push notification, Email module), 2nd priority (Offsite: Display, Online video, Social, Audio).
- Offer Types: Money off, Free Product, BOGO/Buy X Get X, Buy X Get Y $ Off, and Buy X Get Y Free.



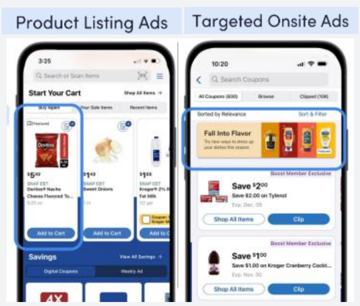
Find TDCs today with the "Savings for You" flag

Connect with us at Loyalty@8451.com

Kroger Precision Marketing powered by 84.51°

Onsite Ad Solutions amplify your brand in a constrained digital environment. Engage shoppers across their entire shopping routine and inspire purchase decisions by participating in multiple placements:

- Targeted Onsite Ads build visibility for your brand(s) across highly trafficked placements like Home, Search & Saving.
- Product Listing Ads boost individual products across highly trafficked placements like search results & other personalized carousels.



Growing sales through Onsite Advertising

Connect with us at KPMinfo@8451.com