Welcome to the July Consumer Digest. This month, we are focusing on consumer's path to purchase and their key decision points. We look at what items shoppers are most likely to decide on purchasing before they shop and what items shoppers are most likely to purchase on impulse. We'll also examine "how" consumers shop and their top-ranked promotion preferences. Finally, we'll wrap up with what's in shoppers' baskets this summer.

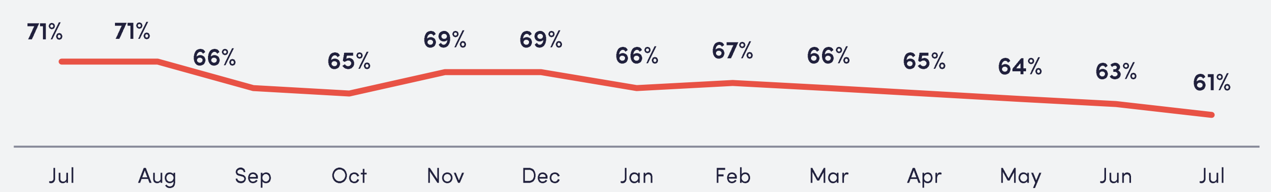
Included this month:

- Where are consumers **noticing price increases?**
- **Decision points** – what items are planned in advance vs. decided in the store?
- **Active behaviors** consumers say they "always" do while shopping
- The **top-ranked promotion preferences** of value seeking shoppers
- What's in shoppers' baskets **this summer**

The concern over rising prices is dropping

- Shopper's concern over inflation is at its lowest we've seen in the past 12 months at 61%.
- This is down 10% YoY.

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

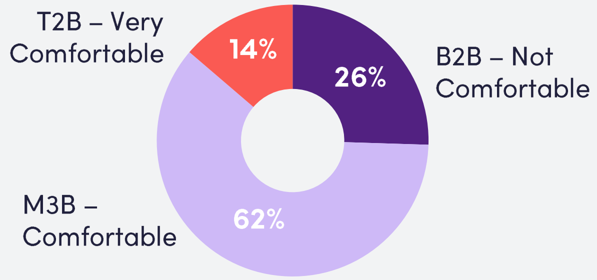


Top 2 boxes on 7-point scale

How shoppers are feeling about their finances

- While more shoppers state they are not comfortable (26%) vs. being very comfortable (14%), the majority feel neutral (62%) – a claim that we're continuing to see MoM.
- Shoppers without kids in the household report to be extremely uncomfortable (B2B 31%) about finances, yet only 22% of those with kids in the household are reporting the same level of discomfort over finances.

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



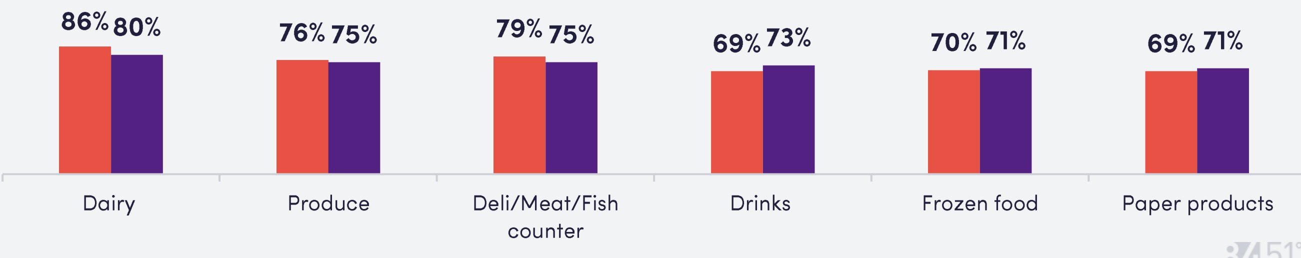
T2B – Top boxes, M3B – Middle 3 boxes, B2B – Bottom 2 boxes on 7-point scale

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

No more egg jokes – where consumers notice price increases

- Compared to six months ago, two of the top three categories are showing positive dynamics; fewer shoppers report noticing price increases in dairy and meat/fish compared to past year average.
- More shoppers notice price increases in drinks, while produce, frozen foods, and paper products trended flat.

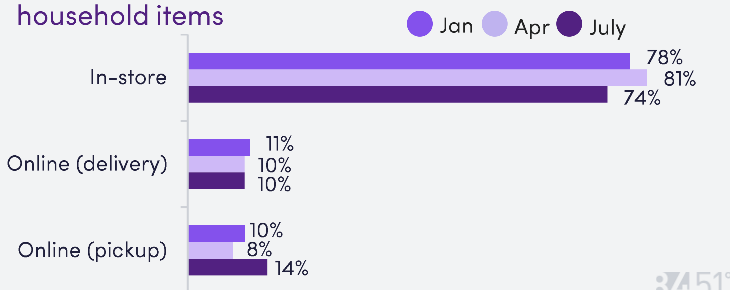
Noticing Price Increases – July Top Categories vs. Past Year (PY) Average



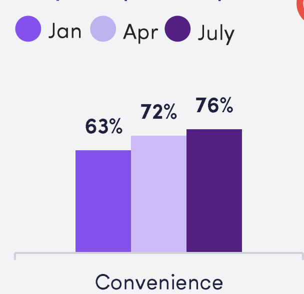
Pickup is picking up!

- While the majority of shoppers plan to shop in-store in the upcoming months, pickup showed notable growth over the past quarter (from 8% in April to 14% in July).

Where shoppers are shopping for groceries and household items



Why Shop Pickup



In July, consumers rated pickup as **the most convenient modality,** followed by delivery (71%) and in-store (46%.) **Convenience** metric has been showing consistent growth for pickup.

Kroger's % of Trips via Pickup & Delivery is up by **10.7%** vs year ago[2]

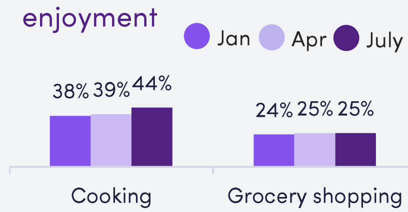
Kroger web/app visits in June 2023 are up by **27%** vs year ago[3]

It's time to slow down and gather around the table

In the next few months,

I will have more...		I will have less...	
37%	Sit down at home dinners	37%	On-the-go dinners
19%	Sit down at home breakfasts	36%	Take-out/in-restaurant breakfast
16%	Sit down at home lunches	35%	Take-out/in-restaurant lunch

Cooking / grocery shopping enjoyment



Top 2 boxes on 7-point scale

Source: 1. Real-Insights Survey, July 2023. Sample sourced from consumers who shopped at Kroger in latest 3 months. N=400 2. 84.51° Stratum, Product by Measure and Modality % Change vs. YA, 104 Weeks Continuous Panel, L52W Ending 06-15-2023 3. Kroger Precision Marketing

Planned vs. impulse items – when is the decision made?

The sugar factor – When shopping in-store, customers usually decide to purchase non-edible staples within personal care and cleaning **before** they shop, while snacking, bakery and ice cream tend to be purchased **during** their grocery trip.

Planned: Items that shoppers are most likely to decide on purchasing before they shop:

76%	**Paper Products** *(toilet paper, tissues, paper towels, etc.)*
75%	**Personal care** *(toothpaste, soap, etc.)*
74%	**Household cleaning** *(dish soaps, cleaners, detergents, air fresheners, etc.)*
73%	**Health care** *(over the counter medications, vitamins, first aid, etc.)*
72%	**Dairy** (milk, cheese, etc.)

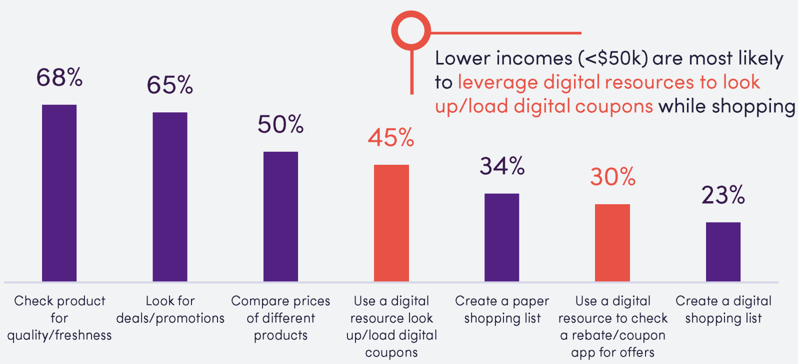
Impulse: Items that shoppers are most likely to decide to purchase during their shopping trip:

- **67%** Snacks/Candy
- **63%** Fresh Bakery
- **60%** Ice Cream/Novelties
- **45%** Produce

Take Action: Tactics for planned categories should be focused on influencing shoppers ahead of their trip. Tactics for categories bought during the trip should focus on driving impulse purchasing (i.e., coupons, tags, signage, etc.)

What customers say they "always" do while shopping

Which of the following do you *always* do when shopping for groceries and household items?



How does this look by category?

#1-ranked behavior customers always do while shopping in specific departments…

- **Fresh (Produce, Meat, Bakery) →** Check product for quality/freshness
- **Snacks/Candy & Drinks →** Look for deals/promotions
- **Beauty, Health & Baby →** Use a digital resource to check rebate/coupons app for offers

Top promotions valued by households

Top promotions
ranked as either #1 or #2 by shoppers:

36%	Digital Coupons
25%	Weekly Digital Deals
18%	Buy One, Get One (BOGO)
15%	10 for $10 Promotions

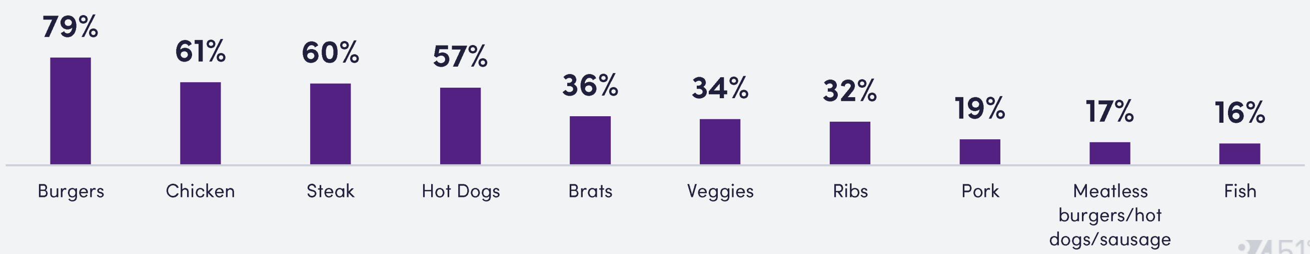
- Shoppers are divided in what promotions they prefer most – 17% of shoppers ranked digital coupons lowest on their list (B2B).
- Digital coupons are leveraged most when shopping perimeter categories (i.e., Produce, Dairy, Meat/Seafood) while threshold events and end caps are used most often when shopping center store (i.e., Shelf-stable, Drinks & Snacks/Candy).
- Lower income shoppers cited digital promotions as top ways to save money, while higher income shoppers gravitate towards threshold events.
- When it comes to threshold events (i.e., Spend X, Save X), the most popular is "Spend $15, Save $5" (this is especially true for younger shoppers).

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

Summer Sizzlers

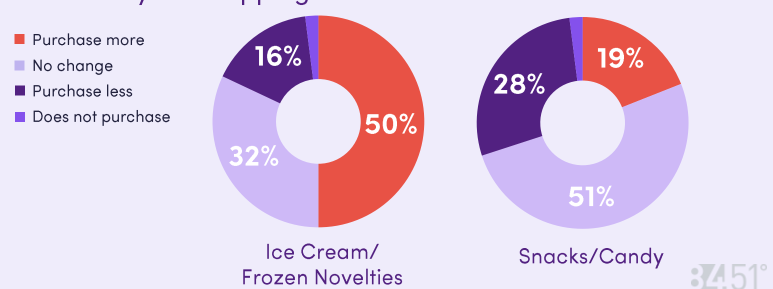
What's cooking! Nearly 80% of shoppers say burgers are a summer favorite, selecting it as one of their preferred foods to grill this season. Chicken, Steak, and Hot Dogs are other top crowd pleasers. Shoppers ages 35-44 years old are engaging more heavily with meatless versus any other age group (28%).

Top 10 favorite foods to prepare on the grill in the summer



Summer spending[1,2]

Thinking about summer grocery shopping, what best describes your shopping behavior?



"Say" vs "Do"

Are shoppers really purchasing more ice cream, but remaining consistent in their snack purchases during the summer?

Comparing $ Spend/HH May – Jul vs Feb – Apr

- Total Store (benchmark) +2.3%

Ice Cream and Frozen Novelties +15.3%
Shoppers DID increase spend

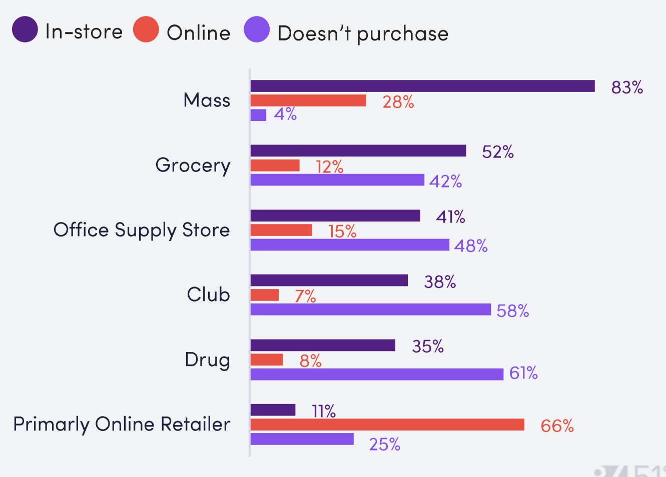
Cookies/Crackers/Snacks +3.4%
Shoppers did NOT make significant changes to spend

Back to school – Oh no, [or yeah]!

- 42% of shoppers haven't started back-to-school shopping, and 14% have begun. Back- to-school shopping doesn't apply to the remaining 44%.
- Broadly we see shoppers make purchases across multiple retailers for back-to-school supplies with the most common destination being Mass Retailers
- More than half of shoppers said they do not purchase back to school supplies from drug stores (i.e., CVS, Walgreens) or club stores (i.e., Sam's, Costco).
- Since 35% of households expect to eat out less once school is back in session, more food is needed at home. Specifically, 41% plan to prepare more meals ahead of time, 30% plan to purchase more pre-made meals, fruits and vegetables.

Source: 1 - Real-Insights Survey, July 2023. Sample sourced from consumers who shopped at Kroger in latest 3 months. N=400 2 - 84.51° Stratum 104 Week Continuous Panel (W/E 5/6/23 – W/E 7/15/23) vs 11 Weeks pre-Summer (W/E 2/18/23 – W/E 4/29/23)

Where do you plan to do your back-to-school shopping?



Highlighted solutions

84.51° Insights

NEW – Want to slice and dice the survey data from Consumer Digest?
Now you can with the 84.51° Consumer Digest Dashboard!

- The 84.51° Consumer Digest delivers relevant insights on the latest trends in grocery retail. Now 84.51° is enabling you to go deeper – with direct access to our Consumer Digest Dashboard.
- Segment survey responses or crosstab responses to uncover the view you need to drive action.

Connect with us at Insights@8451.com

Learn more and uncover opportunities to best meet the needs of your shoppers with the **Consumer Digest Dashboard.**

84.51° Loyalty Marketing

Reward and retain current customers with Loyal Customer Mailer (LCM) while increasing share, by driving incremental visits, units and sales.

- Keep customers engaged and prevent switching products with an always-on strategy.
- Delivered digitally and through direct mail, based on the customers current engagement with Kroger.
- Offers personalized at the HH level and relevancy ranked.

Connect with us at Loyalty@8451.com

Loyal Customer Mailer

Kroger Precision Marketing powered by 84.51°

Product Listing Ads is a pay per click ad program that aims to increase engagement for your brand while customers are building their baskets to drive online and in-store sales.

- View in the near-real time dashboard to view clicks, impressions, click thru rate and attribute sales.
- Attain reporting on each individual target location within each placement type: Search and Browse, Basket Builder and Savings.
- Increase brand engagement by acquiring new households, highlighting new products and encourage repeat buying.

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Highlight your products in a constrained digital shelf with **Product Listing Ads**