



Holidays 2021: Who's on your list? Why the hybrid shopper is here to stay.

34.51°



Holidays 2021: Who's on your list? Why the hybrid shopper is here to stay.

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A year of unprecedented disruption has triggered seismic shifts in consumer behavior and sentiment, forever changing the way people shop for groceries. Last year saw barriers to e-commerce fall as consumers turned to digital and online shopping services for their safety, security and health. Now, as restrictions lift and optimism grows, a second disruption has emerged in the form of a new kind of shopper: the hybrid shopper.

Before 2020, the biggest hurdle to e-commerce was convincing grocery shoppers to try pickup or delivery for the first time. Now that it's in their toolkit they will continue to integrate e-commerce to some degree into their routine — particularly during the busy holiday season. This creates significant opportunities for brands that are quick to recognize omnichannel shopping as the “next normal.”



More than ever, Consumer Packaged Goods companies need shopper insights they can act upon to develop thorough, personalized omnichannel strategies that create the best experience for their customers this holiday season. The pages that follow will provide a picture of the evolving shopper landscape to help Consumer Packaged Goods companies identify trends early and make decisions with confidence.

Table of contents



• 2021 holiday outlook	4
• Home-cooked meals are happening	5
• Digital shopper motivation: a tale of two shoppers	6
• An omnichannel approach is critical	7
• E-commerce is here to stay	8
• Online holiday shoppers spend less time	9
• Shoppers favor pickup over delivery, but delivery dollar sales are growing	10
• What drives in-store shopping?	11
• 'Tis the season for impulse buying	12
• Holiday shoppers spend more	13
• Connecting with culinary roots	14
• Holiday donation programs foster goodwill and drive loyalty	15
• Conclusion	16
• Power your omnichannel strategies with 84.51° Solutions	17
• Sources	18



Looking toward the holidays from the summer, people are excited to get together in person with family and friends and return to long-held holiday traditions. In an 84.51° study conducted before the July 4 holiday, as many as 94% of shoppers reported they intended to gather with the same number or more people than last year — an encouraging sign for the winter holidays as well.



Encouraging signs around gatherings and travel

Shoppers planned larger July 4 gatherings this year



- **51%** planned to gather with more people
- **43%** with the same
- **6%** with fewer

Source: 84.51° study Thought Leadership May: Custom Surveys 15.

Spending is steady



- **35%** planned to spend more this July 4
- **53%** to spend the same
- **12%** to spend less

Source: 84.51° study of 400 shoppers who have purchased groceries in the past year, May 2021.

1 in 3 will travel more this winter holiday season



- **33%** traveling more
- **49%** traveling the same
- **18%** traveling less

Source: 84.51° study of 400 digitally engaged shoppers, April 2021.

Home-cooked meals are happening

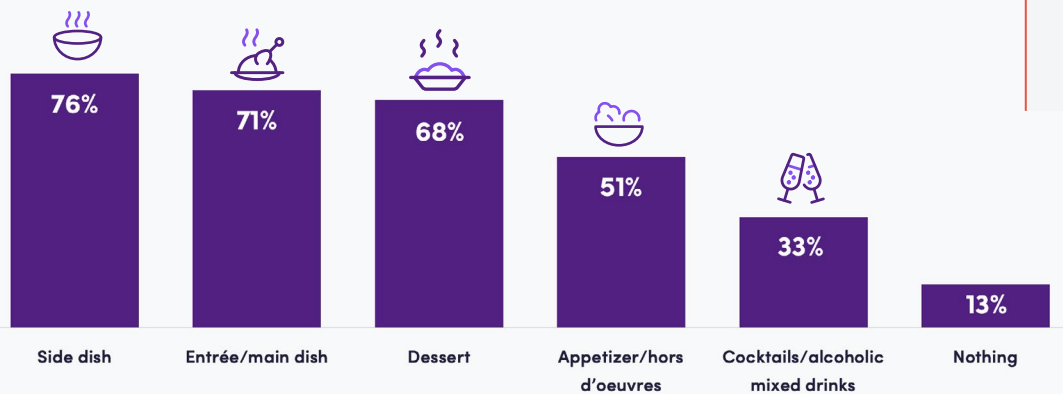
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However and wherever they gather this year, the vast majority of shoppers plan to contribute something from their kitchen. And they're taking pleasure in cooking more — in fact, a remarkable 92% of shoppers said they enjoyed cooking the same or more than they did pre-pandemic.

"I did experience cooking fatigue in the beginning of COVID, but by the time the holidays came around I was fine. So I'm pretty sure I will be ready to cook this year as well."



What do shoppers plan to cook or prepare for the holidays this year?



92% of shoppers said they enjoyed cooking the same or more than they did pre-pandemic

Source: 4.51° study of 400 digitally engaged shoppers, April 2021

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Digital shopper motivations: a tale of two shoppers

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Although online grocery sales are declining from their COVID peaks, shoppers continue to exhibit stronger desires to shop for groceries online. Understanding how and why they are doing so is critical. Delving into the motivations of digital shoppers, we identified a number of commonalities: They trend Gen X and younger, have higher incomes and have children. They are high-convenience shoppers and medium to high natural and organic shoppers. Beyond these common traits, however, two distinct household types emerge.

Meet the Digital Champ



CHELSEA

44 years old; married with young son; Savannah, GA



She sees e-commerce as a part of her family's healthy lifestyle



Half of her shopping trips during the 2020 holiday season were e-commerce



Spent 3x more on holiday pick up than the digital dabblers and 2.2x more than all households



Meet the Digital Dabblers



DAN

36 years old; married with 3 kids; Los Angeles, CA



He is price sensitive and is always looking for a deal



Out of the 16 shopping trips he made during 2020 holiday season, 1/5 of them were e-commerce



2-4 online shopping trips with pickup or delivery and 3+ trips in-store during 2020 holidays



84.51° key takeaway

Holiday shoppers are in a hurry.

Digital champs spent 20% more during the holidays than digital dabblers, and both spend significantly more than all other shoppers.

An omnichannel approach is critical

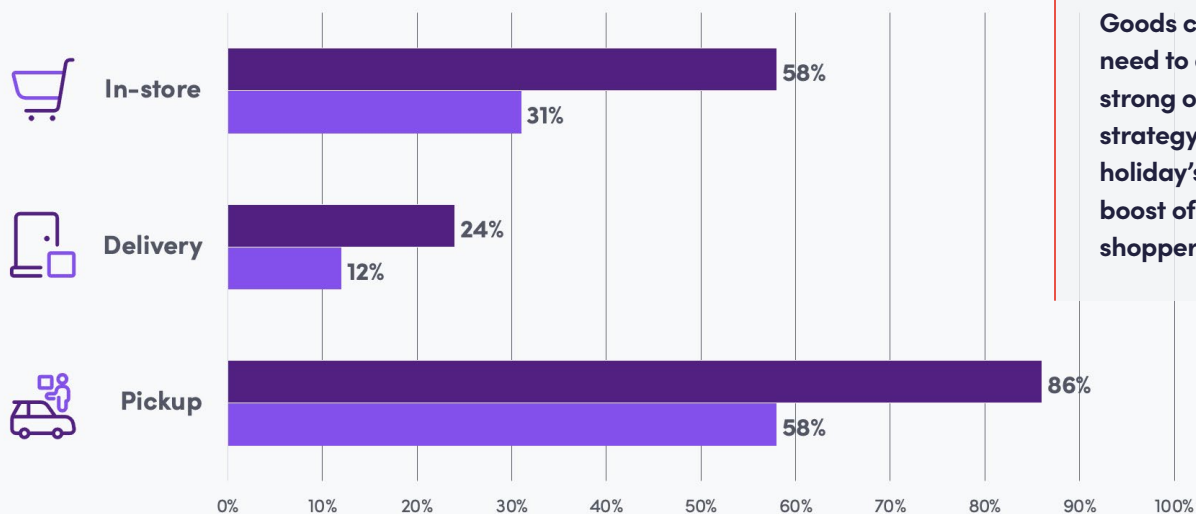


As COVID-19 restrictions continue to relax, in-store holiday shopping could see a boost even among digitally engaged households, although the convenience of e-commerce, particularly for pantry basics, will keep pickup and delivery in the mix. The balance shift could be more pronounced among digital dabbler households, as they return to their pre-pandemic habits, than among digital champs, who are more likely to have already shopped pickup or delivery before the pandemic hit. This underscores how important it is for Consumer Packaged Goods companies to develop a strong omnichannel strategy for the holidays.



Digitally engaged shopper habits

- How did digitally engaged shoppers shop for the 2020 holidays?
- What percentage of their shopping time did they spend on each?



Consumer Packaged Goods companies need to develop a strong omnichannel strategy for the holiday's anticipated boost of in-store shoppers.

Source: 84.51° Insights study of 400 digitally engaged shoppers, April 2021



E-commerce is here to stay

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Pickup and delivery per household combined grew by 17% in the 2020 holiday season compared to 2019, meaning there were more opportunities to be in the e-commerce basket. And there could be more holiday growth ahead.



Digitally engaged shoppers plan to increase their digital trips for the 2021 holiday:



80%

will use PICKUP
as much or more
than last year



68%

will use DELIVERY
as much or more
than last year

Source: 84.51° Insights study of 400 digitally engaged shoppers, April 2021



What drives online shoppers?

Time and safety are top motivators for online shoppers.



- 28% avoid going in-store during high-traffic times
- 25% save time during a busy time
- 24% maintain safe distances from others
- 15% find it convenient to shop at home

Source: 84.51° Insights study of 400 digitally engaged shoppers, April 2021



Digital coupon clippers

The overwhelming majority of online shoppers are using digital coupons — and they're using them often.



90% use digital coupons, with 40% using on every trip.

Source: 84.51° Insights study of 400 digitally engaged shoppers, April 2021

Online holiday shoppers spend less time

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Shoppers spend less time building their online orders during the busy holiday weeks. Over the 2020 holiday season, sessions per order and minutes per order were both lower during holiday weeks than other weeks, likely driven by slightly smaller basket sizes on specific holiday weeks.



What tools do they use?



1. Search
drove the most engagement during the holiday period.



2. Recent Purchases and Start My Cart
led to the highest Add-to-Cart rates.



3. Browse
increased in Add to Carts from non-holiday to holiday weeks.

This indicates that while households likely know the type or category of item they need on their holiday shopping list, they want to see the full selection that's available to them (as they would when browsing aisles in store), rather than narrowing their focus. Consumer Packaged Goods companies will want to ensure their items can be found in multiple ways online over the holidays to accommodate holiday-specific e-commerce shopping behaviors.

The role of personalization in basket-building.

Personalization helps busy holiday shoppers build their baskets faster and promotes loyalty. Consumer Packaged Goods companies can boost their items further up the personalized product feeds by bidding on and purchasing sponsored spots within Start My Cart, My Sale Items, Digital Coupons and Search. This will give them greater visibility.

Shoppers favor pickup over delivery, but delivery dollar sales are growing

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The vast majority of e-commerce shoppers report they shopped via pickup during the 2020 holiday season — and more than half also shopped in store — while just one in four used delivery. That said, delivery dollar sales are gaining.

"I prefer curbside pickup as if I am out of something I can go on the Kroger app and secure a pickup time and then add that item to my list."



Growth of overall delivery dollar sales per household. Delivery sales increased 25% the 2nd half of 2020.

First half of
FY 2020

\$368

Back half of
FY 2020

\$459

Source: 84.51° Insights study of 400 digitally engaged shoppers, April 2021

Why do digital shoppers prefer pickup over delivery?

- No fees
- More control over timing
- They can use paper coupons
- Any items they forget to order they can buy at the store when they pick up

What drives in-store shopping?

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For all of e-commerce's growth last year, even digitally engaged shoppers still opt for an occasional in-store shopping trip, with availability of items the top driver in their decision. During the holiday season, they are also motivated by quality control and a desire to impulse shop.

Why are shoppers going in-store?



- The item I want isn't in stock online **26%**
- Timing and schedule **18%**
- Other **15%**
- I enjoy the process of shopping **10%**
- To discover new items **10%**
- Promotions or coupons **9%**
- The quality of the food is better **7%**
- I enjoy seeing the special item displays **5%**

Source: 84.51° Insights study of 400 digitally engaged shoppers, April 2021

Consumer feedback from the 2020 holiday season indicates that many feel holiday meals are “too important” to risk shopping online and not getting an item they need or the quality they want. Shoppers were most open to e-commerce as a supplement to their in-store holiday shopping — a way to avoid crowds, get essentials delivered early, or reduce the amount of time they spend in store.



The holiday bird brings digital champs in-store.

Something interesting happens with digital champ shoppers when it's time to buy their holiday turkey. While pickup or delivery accounts for more than 71% of their overall shopping spend during the holiday period, it accounts for only 56% of their turkey spend.



1 in 3 such households, buys their bird in-store. It seems even the most digitally engaged shoppers want to hand-select the centerpiece of their holiday dinner.

'Tis the season for impulse buying

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While Thanksgiving is all about tradition, for the winter holidays, consumers are most excited about new, unusual or festive-themed treats. They're turning to social media like Pinterest, Instagram and Facebook for inspiration, but they also enjoy the process of discovery while browsing aisles in-store.

That said, there are key areas of opportunity around holiday e-commerce shopping. Consumers appreciate this resource for its convenience and flexibility with their busy schedules, as well as the ability to cut back on their time spent in store. Opportunities to beat the crowds, find meal and recipe inspiration and discover seasonal items could make e-commerce a more appealing option and keep online holiday shoppers from finishing their trip elsewhere.



“When I shop online, I miss the fun of finding festive seasonal items in-store.”



84.51° key takeaway

Holiday shoppers are in a hurry.

But, they can't afford to miss an ingredient for that special dish. Consumer Packaged Goods companies can make it easier for customers, both in-store and online, to find everything they need quickly by placing items used for popular recipes closer together during the season.

Holiday shoppers spend more

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During the 2020 holiday season, spend per household per week increased by

51%

compared to the remainder of the year.



General merchandise commodities also get a holiday boost

Shoppers are in the mindset to spend around the holidays. In addition to being the resource for mealtime, Consumer Packaged Goods companies can deliver on other holiday essentials like décor and gifts. Seasonal displays or specialized aisles could encourage shoppers to add to their baskets.



Consumer Packaged Goods companies can deliver on...

Holiday essentials like décor and gifts

+

Seasonal displays or specialized aisles

Connecting with culinary roots

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A snapshot of Hispanic holiday meal prep

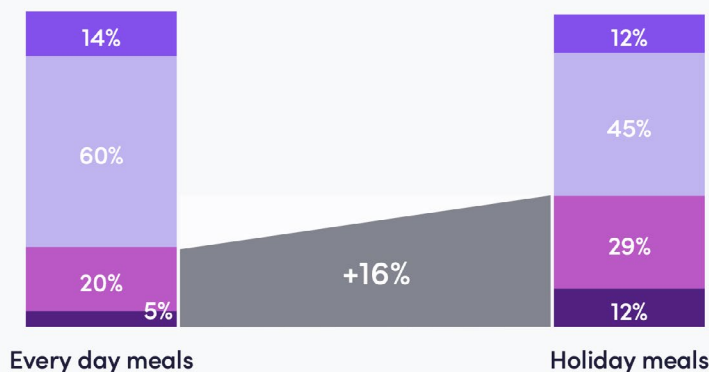
Sixty percent of Hispanic shoppers say they typically prepare about half Hispanic and half non-Hispanic foods for everyday meals. But the holidays bring a greater focus on foods from their country of origin.

"We don't always adhere to only the traditional foods, though we do make many of the traditional sides like cranberry sauce and mashed potatoes."



Typical meals prepared

- Only non-Hispanic foods
- Mostly foods from origin country or other Hispanic countries
- About half Hispanic foods and half non-Hispanic foods
- Mostly non-Hispanic foods



Base size: All respondents (1291) Q19: Thinking about the everyday meals you and your family prepare, what type of food would you typically say you have? Q20: And for the holidays you celebrate (i.e. Christmas/New Years/Lent/Easter, etc. would you say you typically have?

So what?

60% of Hispanic shoppers say they typically prepare about half Hispanic and half non-Hispanic foods for everyday meals.

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Holiday donation programs foster goodwill and drive loyalty

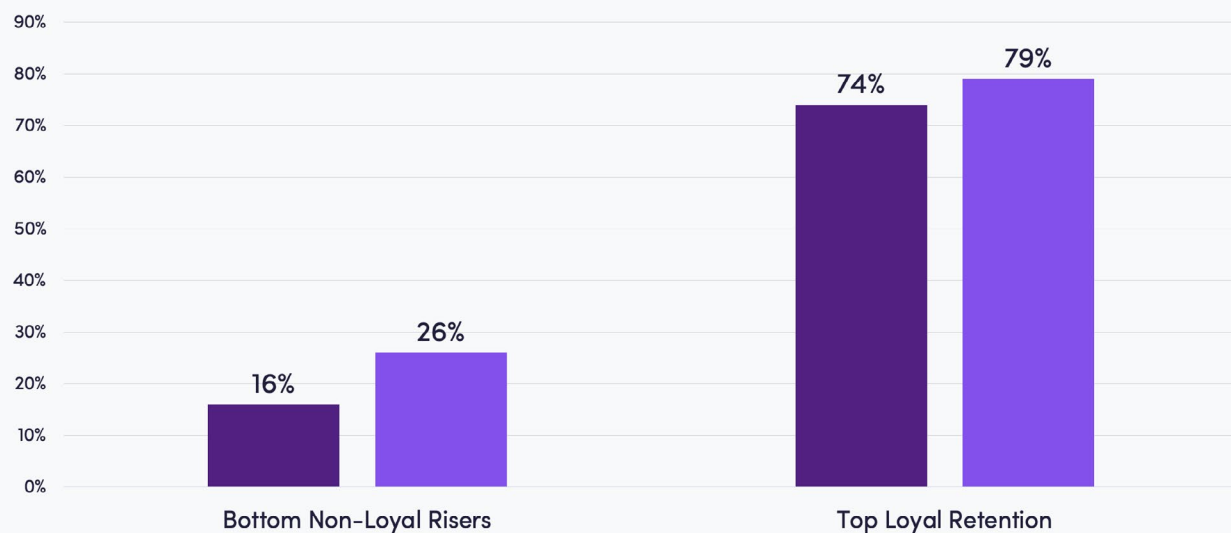
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The holidays are the right time to consider creating or leveraging your existing holiday donation programs, while goodwill is on shoppers' minds. In fact, campaign donations by shoppers are associated with increased long-term loyalty.



Kroger 2020 Zero Hunger Zero Waste Campaign drives loyalty

Non-Donator ● Donator ●



Source: 84.51° Holiday Donation Campaign Analysis for Kroger ZHZW, July 2021

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68% higher increase in loyalty
among previously Non-Loyal donors
when compared to similar non-donators

7% higher retention of loyalty
among Top Loyal donors when compared
to similar non-donators

The hybrid shopper will continue to evolve as a new normal is emerging. Shoppers who increased their use of pickup and delivery in the 2020 holiday season — and those who used it for the first time — will keep it in their repertoire even while they resume their pre-pandemic routines. And at no time will that mix of shopping methods be more in play than during the 2021 holidays as shoppers make their plans to reunite with family and friends.



The Consumer Packaged Goods companies that win will be those that take an omnichannel approach to their holiday strategies.



Power your omnichannel strategies with 84.51° Solutions



What's on your list?	How can we help
Rich, first-party data. Know who's buying what, online and in-store.	84.51° Stratum Modality Insights — Fueled by over 7 million e-commerce households representing 44 million e-commerce transactions each year, 84.51° Stratum provides unrivaled breadth and scale for behavioral analytics.
Get inside their minds — and baskets.	Understand <i>how</i> shoppers build their baskets with 84.51° Clickstream Insights .
What are consumers' motivations?	Partner with 84.51° Research & Analytics to tap into verified shoppers to understand how motivations and processes change depending upon which modality shoppers are using. Send relevant offers to your best customers with our Loyal Customer Mailers to reward and retain them.
Spark the impulse buy. Busy online holiday shoppers don't browse for long.	Make it easy to find the individual sample-sized items they might have grabbed for stocking stuffers at in-store checkout. Ask Kroger Precision Marketing (KPM) about featuring your product in the Grab n' Go section on Kroger e-commerce .
Win complementary categories. Help digital shoppers hunt for products that don't usually fall into the same shopping trip.	Know which categories are often in the basket with your products during the holidays and use KPM targeted onsite advertising to own the digital end cap in relevant categories.
Convenience delivers the perfect holiday. Shoppers are ultimately seeking convenient solutions to alleviate the additional stress of the season.	Leverage 84.51° Stratum to understand preferences among high-convenience-focused households and identify promotions to win over these shoppers. Feature favorite holiday recipes and ingredients in our themed MyMagazine to reach new and current consumers.
Premium holiday-themed items. Holiday shoppers indulge more in premium or higher quality products.	84.51° Stratum can identify opportunities in your category, including which brands over-index with less price-sensitive, more high-quality-seeking households.
Be relevant across cultures. Holidays are the prime season for revisiting traditions and family recipes from prior generations.	Understand how different cultures use your product lines and apply KPM's advanced audience targeting to reach relevant households with Hispanic or Asian-American messaging.
Inspire cooking confidence. All the time they spent in the kitchen in 2020 has sharpened cooking skills. Encourage consumers to put their new skills to work over the holidays.	Acquire new customers by showcasing items in our "New At Kroger". Share recipe ideas with relevant households through KPM's social advertising on Pinterest and Facebook . Getting on the list is more important during the busy holiday season than any other time of year.

The insights presented in this white paper were developed from the following sources:

- 84.51° Stratum — our platform with shopper data from nearly 60 million households over the past four years
- 84.51° Insights study of 400 digitally engaged Kroger Banner shoppers who used Pickup or Delivery in November or December 2020. (Study conducted April 2–12, 2021)
- 84.51° July 4 study of 400 shoppers who have purchased groceries in the past year. (Study conducted in May 2021)
- The 84.51° Clickstream Scorecard
- Qualitative study of 18 consumers in partnership with Batterii on attitudes around the Thanksgiving and Christmas holidays 2020. (Study conducted December 2020)
- Qualitative study of 600 consumers in partnership with Dentsu utilizing the capabilities around December holidays in 2020. (Study conducted January 2021)
- 84.51° Consumer Research Thought Leadership Study, May 2021



When did the holiday period start?

To determine the start of the holiday shopping season, we reviewed historical data from 84.51° Stratum to see when turkey units sold started spiking each year prior to Thanksgiving. Annually, this occurred the first week in November; units sold increased 10-fold compared to the week prior in 2019 and 8.5-fold in 2020.

