March 2023

Consumer Digest

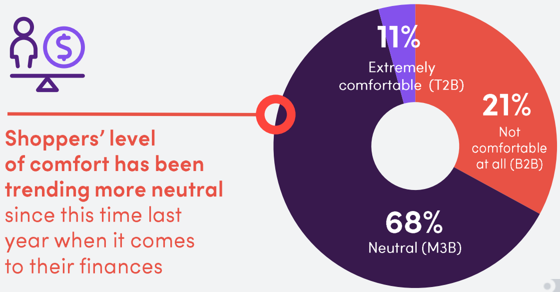
Welcome to the March Consumer Digest. **This month, spring is in the air!** We're focusing on how consumers are thinking about spring cleaning – what they are buying and where. We'll also look at shopping patterns for health, beauty, and personal care products. Finally, we'll see how consumers are planning to partake in upcoming spring celebrations. As always, reach out to your 84.51° contact with questions or feedback.

Included this month:

- Comfort levels around **finances, inflation & contagious diseases**
- **Spring cleaning** – how are shoppers preparing?
- Consumers **top 5 most important product attributes** for cleaning products
- Health & beauty care – **cutting back or splurging?**
- **Easter, St. Patrick's Day, & March Madness** – how are consumers planning to celebrate?

How shoppers are feeling about finances and inflation

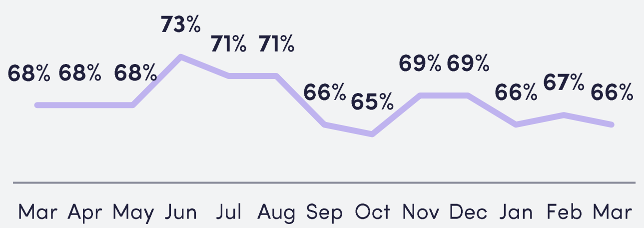
Shopper comfort over finances – % of Household Comfort



Shoppers' level of comfort has been trending more neutral since this time last year when it comes to their finances

Top 2 boxes on 7-point scale

Shopper concern over inflation – % of Households Extremely Concerned

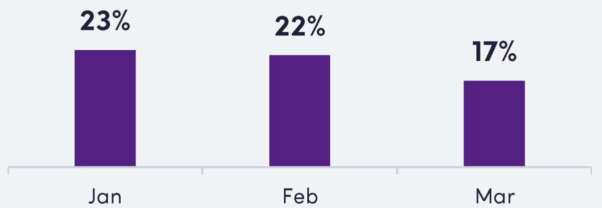


Top 2 boxes on 7-point scale

Contagious disease concern trending down!

- We're seeing an overall decline with shopper concern over contagious diseases and viruses since tracking this concern from January of this year.
- Those ages 65-74 are significantly more concerned than those ages 25-44.

Shopper concern over contagious diseases/viruses – % of Households Extremely Concerned



Top 2 boxes on 7-point scale

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

Spring cleaning is here! What's on the list?

Almost all shoppers are planning to participate in spring cleaning this year, and most have either already started or are planning to start in April. Households are more likely to purchase infrequently-used cleaning items for spring cleaning, whereas everyday cleaning supplies are more likely to already be in shoppers' homes.

89%
Of shoppers are planning to participate in spring cleaning this year

- 34% of shoppers have already started spring cleaning, 20% plan to start in March, and 36% plan to start in April.
- Shoppers ages 35-44 are most likely to have already started.
- Most shoppers purchase cleaning products/supplies at multiple retailers.
- Households with kids are more likely to do spring cleaning (95%) than Households without kids (85%).

Cleaning To-Do List

Which of the following do you plan to clean more of in the spring?

57%	Windows
52%	Refrigerator
48%	Bathroom Shower
47%	Bedroom
45%	Baseboards
43%	Oven / Stove

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Already on-hand:

Items most likely to already have and plan to use this spring:

- Laundry Detergent **(81%)**
- Liquid dish soap **(81%)**
- Trash bags **(80%)**
- Glass Cleaner **(79%)**

On the shopping list:

Items most likely to purchase this spring:

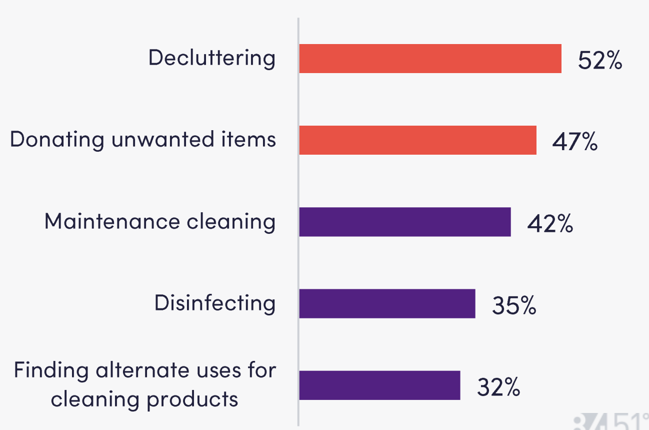
- Oven Cleaner **(27%)**
- Floor/carpet Cleaners **(26%)**
- Air care **(25%)**
- Drain Cleaner **(22%)**

Idea: Start promoting early for infrequently-used cleaning items that are more likely to be purchased during the spring

What are shoppers' attitudes towards cleaning in general?

- The biggest pain point shoppers cite when it comes to cleaning is the time it takes to clean (64%), followed by the price of cleaning products / supplies (39%), things not getting completely clean (38%) and disliking cleaning (38%).
- Activities that shoppers do most to guard against germs/dirt include washing their hands regularly (80%), sanitizing surfaces (71%) and changing their A/C filters (63%).

Cleaning habits that shoppers say they're **doing more of this year** include behaviors suggesting simple / minimalistic living



Top 5 Most Important Cleaning Product Attributes

% of Households Extremely Important (T2B on 7-point scale)

81% Gets the item cleaned

72% Has alternative uses

69% Kills germs/bacteria

67% Available at preferred retailer

67% Good value for the money

64% Safe to use around kids/pets

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Idea: Highlight important product attributes and/or how they solve for pain points in packaging/ marketing claims

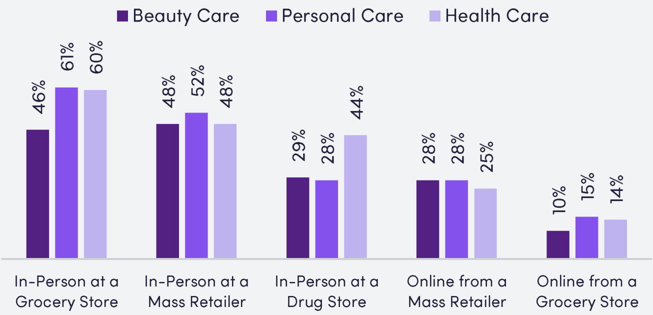
Source: Real-Insights Survey, March 2023. Sample sourced from consumers who shopped at Kroger in latest 3 months. N=400

Shopping patterns for health, beauty, & personal care

When choosing where to shop for health, beauty, & personal care items, shoppers typically browse in-person at grocery, mass, or drug stores, and top factors driving retailer choice include price and product standards.

Where do you typically purchase the following items?

Though Specialty Stores didn't score as high as other retailers, this was ~3x higher for Beauty vs. Health & Personal Care



What factors are most important in choosing where to buy beauty, personal care, & health care items? (T2B on 7-point scale)

72%	Price
60%	Product Meets My Standards *(i.e., quality, efficacy, value)*
53%	Convenience
51%	Location of Retailer
50%	Sales / Promotions
45%	Brand Availability

Cutting back vs. splurging on health, beauty, & personal care

- 32% of shoppers are not cutting back on any health, beauty, & personal care products.
- If shoppers are cutting back on these products, top reasons include the item being too expensive, not using the item as frequently, not using the item at all anymore, or already having enough of the item on hand.
- 67% of shoppers are not splurging on health, beauty, & personal care products.
- Of those who are splurging, 11% have spent more time on health/beauty care, 10% are purchasing more self-care items, and 9% are purchasing more natural/organic items.

Which of the following products, if any, have you been cutting back on?

Though there is not large differentiation by income level, those making less than $50k are cutting back slightly more than others

Spring celebrations: Easter, St. Patrick's Day, & March Madness

What will you buy for Easter?

55%	Chocolate
39%	Easter-Themed Candy
37%	Fruit-Flavored & Sugar Candy
22%	Peeps

- The majority of Easter shopping is happening in-person at a grocery store, in-person at a mass retailer, or online from a mass retailer.
- Most shoppers will make food at home for Easter meals, though in second place is eating at the homes of family/friends.
- 48% will not celebrate St. Patrick's Day, but those who do will wear green (34%), drink adult beverages (20%), and eat Irish Foods (19%).
- March Madness: 29% will watch these games at home and 15% fill out a bracket. 58% say they will not partake in any "madness."

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

Highlighted solutions

84.51° Insights

Feature optimization suite – Dig deeper to understand which product features are most important to shoppers. Find out:

- the value consumers place on specific features of your products
- simulation of real-world trade-off decision making
- Determine the optimal combination of features for your products

This 84.51° Insights solution can be used to deep dive on which features to prioritize for your items across buyer groups for any time period of interest.

Understand the optimal combination of product features for your shoppers with **Feature Optimization Suite**

Connect with us at Insights@8451.com

84.51° Loyalty Marketing

MyMagazine Extras is a full-format magazine that includes personalized offers with editorial content focused on Kroger's strategic growth pools.

Health, Hygiene & Home Cleaning (HHC) Edition

- **80.4%** of our shoppers are now buying HHC at Kroger, however **only 19.8%** (-1.4 pts) of their spend is inside our stores leaving **$21.6B** on the table.
- **Commodities include** Household Cleaning Needs, First Aid, Soap, Laundry Additives, Facial Tissue, NF Household, Vitamin, Cold/Flu, NF Respiratory, Sinus/Allergy & Bleach.

Connect with us at Loyalty@8451.com

Kroger Precision Marketing powered by 84.51°

- Leverage visually engaging tactics to showcase how your brands solve for spring cleaning needs and pain points: Consider ad formats such as video and stories in addition to static display ads.
- Coupons are key for HBC conversion: Knowing that price is the most important factor driving retailer choice for Health, Beauty, & Personal Care, ensure savings are available and amplified via Email, Push Notification, or Advanced Targeted Onsite Ads.
- Ensure Easter targeting includes top candy products: Reach shoppers based on need this Easter by targeting those looking for Chocolate, Easter Candy, etc.

Coupons are key for Health, Beauty & Personal Care conversion

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