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## Consumer Digest – Omnichannel Special Edition

Welcome to the February edition of the Consumer Digest, where we aim to provide relevant, informative and actionable insights around consumer trends. This month, we are doing a deep dive into omnichannel shopper behavior. We'll look at who they are, where they shop, and some of the reasons why they choose to shop the way they do. We'll also take a look at how they go about building their baskets as well as what's important to them. Note that the base used for this study included only those who shopped both in-store and online at Kroger over the past 52 weeks.

## Included this month:

- **Omnichannel shoppers** – the who, what, where & why
- What categories are consumers most likely to **shop online vs. in-store?**
- How shoppers are **building their digital baskets**
- The **most important factors for consumers** when it comes to shopping online
- When are shoppers **most likely to try new items?**

## Who is the omnichannel shopper?

The omnichannel shopper is someone who buys groceries online and at least some in-store for their grocery and household needs. They are also called hybrid shoppers.

- The most loyal ecommerce shoppers **still spend 19% of their grocery dollars in-store.**
- Those with lower ecommerce loyalty **spend 78% of their grocery dollars in-store.**

## THE OMNICHANNEL SHOPPER IS MORE LIKELY TO BE...

- Millennial (168 Index)
- Have children (146 Index)
- Highly Engaged with Natural & Organic (135 Index)

...than the average grocery shopper.

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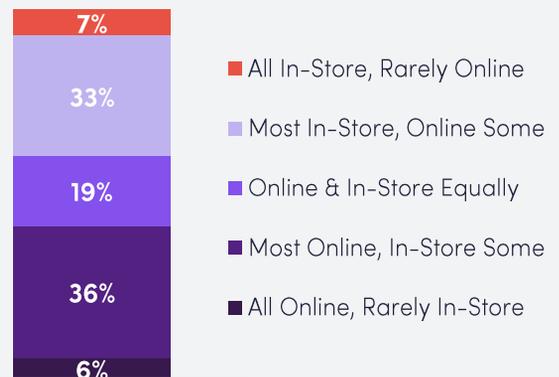
## OMNICHANNEL DEFINED BY THE SHOPPER:

What do they expect to be same/similar when shopping the same retailer online & in-store?

- 67% – Same Coupons Available
- 66% – Pricing is the same online & in-store
- 61% – Quality of products is the same

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## Which best describes how you shop for grocery &amp; household items?



% of Omnichannel HHs

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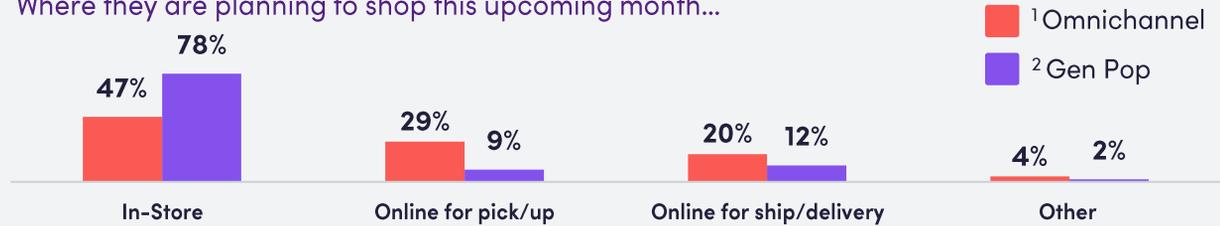
SOURCES: 84.51° Real Time Insights Survey, February 2023. Base: n=400 who shopped Kroger online (pickup and/or delivery) and in-store in latest 52 weeks. Note: This base is different than our typical monthly survey. 84.51° Stratam. Total Store. 52 weeks ending 2/4/2023. 104-week Continuous Panel.

# Where are omnichannel shoppers choosing to shop?

While most shoppers still go in-store for some of their grocery shopping, many are using a mix of retailers for their hybrid shopping.

	SHOPPING ONLINE ONLY	SHOPPING IN STORE & ONLINE
Shopping one Retailer	7% of shoppers	26% of shoppers
Shopping multiple Retailers	20% of shoppers	48% of shoppers

Where they are planning to shop this upcoming month...



SOURCES: <sup>1</sup> 84.51° Real Time Insights Survey, February 2023 targeting n=400 who shopped Kroger online for pickup and/or delivery and in-store in latest 52 weeks. <sup>2</sup> 84.51° Real Time Insights Survey, February 2023 targeting n=400 gen pop who shopped Kroger in-store in the latest 3 months.



Omnichannel households making a yearly income of \$100k or less are planning to shop online for either pickup or delivery more so than those omnichannel households making more than \$100k a year.

## Reasons shoppers choose to shop in-store and online...

- Shoppers are choosing to shop in-store most often for the selection.
  - 43% state that *selection* is one of the key drivers for shopping in-store, while selection is a key driver for only 14% who are ordering online for delivery and only 10% for pickup.
- Shoppers are choosing to shop online most often for the convenience.
  - 76% of shoppers who are ordering online for delivery and 73% of shoppers who are ordering online for pickup state that *convenience* is one of the key drivers for choosing those modalities, while convenience is a key driver for only 31% who are shopping in-store.
- Shoppers also choose to shop online to help reduce impulse purchases.
  - 39% are driven to shop online for delivery and 30% are using pickup to help reduce impulse purchases, while only 6% are driven to shop in-store to reduce impulse purchases.

- For sales and promotions:**
- 35% of shoppers choose to shop in-store
  - 27% shop online.



### Why do shoppers choose to shop online rather than in-store?



### Why do shoppers choose to shop in-store rather than online?



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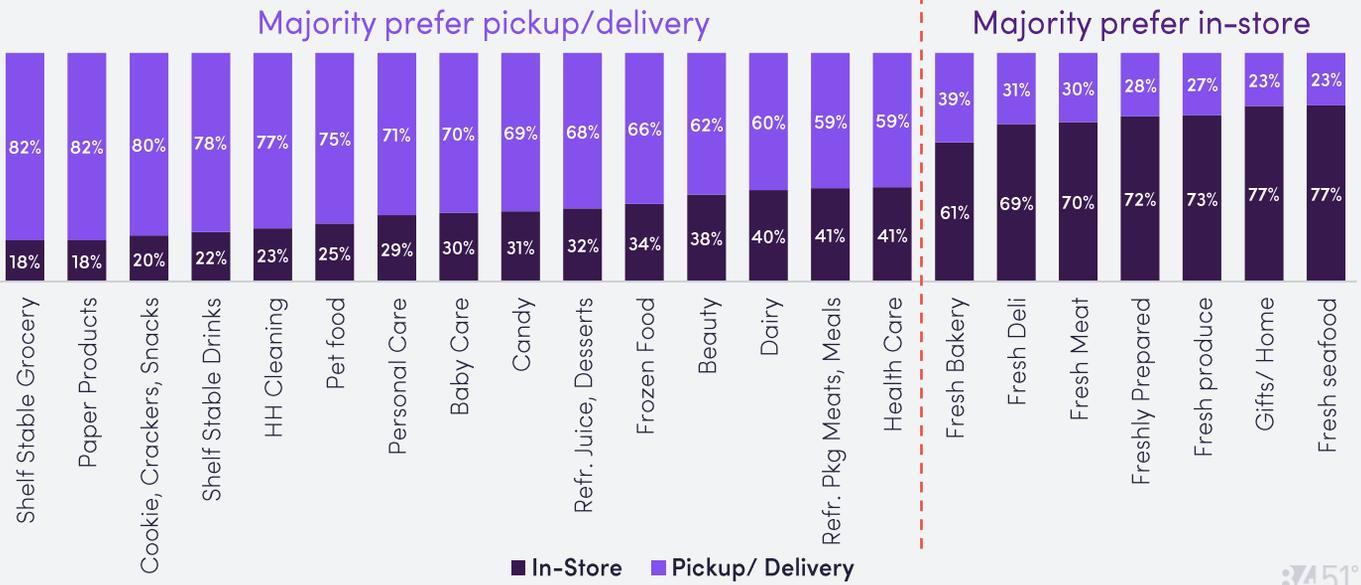
# Omni shoppers prefer buying “fresh” in-store, but make exceptions

Freshly picked categories (Seafood, Meats, Produce) and Gifts/Home Goods (toys, cards, décor) top the types of categories omnichannel shoppers prefer to shop in-store.

- While they claim preferring to buy Produce, Meat and Deli in-store, over **25%** of sales for these items among omnichannel shoppers are through pickup/delivery, the same % as shelf stable grocery items.

## Which method do you prefer to shop for these grocery and household items?

(each category response is among those who claim to purchase it)



## How do omnichannel shoppers build their baskets?

Search, promotions/coupons and recent purchase top the list of how omnichannel shoppers build their baskets.

- When asked what features are their favorite, Digital coupons are the clear winner at 73%.
  - This feature is especially loved by very price sensitive omnichannel shoppers.
- While a similar % of omnichannel shoppers claim to use search, promos/coupons and recent purchases, **search actually accounts for 59% of total “clicks” when shopping online** according to our Clickstream Insights.



The average online basket takes **28 minutes** to complete.

**51%** of omnichannel shoppers say that online shopping saves time.

### How do you typically add items to your cart while shopping online?



SOURCES: 84.51° Real Time Insights Survey, February 2023. Base: n=400 who shopped Kroger online for pickup and/or delivery and in-store in latest 52 weeks. 84.51° Stratum. Total Store. 52 weeks ending 2/4/2023. 104-week Continuous Panel. 84.51° 52-week Clickstream Insights.

## What's important to the omnichannel shopper?

Over 80% of omnichannel shoppers claim that order accuracy and availability are important when shopping online, and 25% will shift their spend if items are out of stock.

Importance when shopping online for grocery & household items – Top 5 (T2B on 7pt scale)

- 88% Accuracy of my order
- 81% Availability of items on my list
- 76% Ability to apply coupons or offers
- 74% Quality of substitutions
- 71% Ease of navigating the website/app as I shop



Accuracy and Availability are so important, you may be **missing out** if items are out of stock...

**75%**

Will purchase the item immediately in-store or during their next online or in-store purchase

**Retailer Retained**

**19%**

Will buy the out-of-stock item **online elsewhere**



These claims are even higher for \$100K+ Households.

**Lost Sales for Retailer**

**6%**

Will switch their **ENTIRE CART** to a different online retailer that has the item in-stock.



### What would drive you to shop more online than you currently do?



## Most trial for new items is still happening in store

How likely are you to try a "new item" when it comes to the following ways you shop? (T2B on 7pt scale)



How do you seek out/learn about new items when shopping online for grocery & household items?

- 20-25%**
  - Word of mouth
  - TV commercial
  - "New Items" section of site
  - Pop-up advertisement
- 18%**
  - Will use search bar to look for new items
  - Social media (**29%** for 25-34-year-olds)
- 10%**
  - Are not sure items they see online are considered "new items"
- 22%**
  - Don't seek out/ learn about new items when shopping online



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## Highlighted solutions

### 84.51° Insights

- **Digital Attitudes Syndicated Research** – For over 60 categories, understand...
  - Decision drivers for shopping in-store vs. online
  - An omni shopper's willingness to purchase online in the future
  - The risk of losing sales if an item is out-of-stock
- **Clickstream insights** show you how consumers shop online to help you create digital strategies.
- **Ecommerce Incrementality** may be used to help you prioritize and build omnichannel strategies by providing true incrementality and size of prize when HHs begin to shop online.

Connect with us at [insights@8451.com](mailto:insights@8451.com)



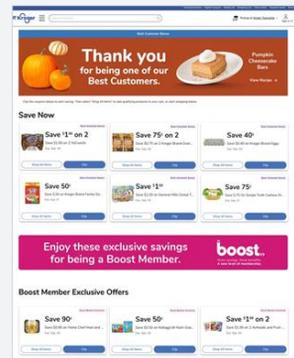
**84.51° has the unrivaled ability to link online and offline behavior among 17 million HHs with digital accounts shopping the Kroger app and website.**

### 84.51° Loyalty Marketing

**Boost Offers** provide CPGs with reach and access to nearly all current Boost members, who are typically omnichannel and account for over 40% of delivery orders where launched.

- **Monthly Boost Exclusive LCMs** are ideal for broad offers to drive differentiation and acquisition among our most valuable and loyal customers.
- **Quarterly Boost Free Product Offers** provide differentiated value to existing value-seeking Boost members to drive trial and repeat. CPG offers will receive high-visibility placement within body of email.

Connect with us at [Loyalty@8451.com](mailto:Loyalty@8451.com)



LCM EMAIL LANDING PAGE FEATURING BOOST EXCLUSIVE OFFERS



**Plan now to support summer buying occasions.**

- Leverage exclusive Kroger audiences in Pinterest, Facebook, Instagram and Snapchat. Inspire the most relevant households for your category while they're planning summer activities.
- Brands can tap the power of these high-engagement platforms to reach new customers, re-engage with lapsed buyers, or build loyalty with current customers.

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**Reach new customers, re-engage with lapsed buyers or build loyalty with current customers.**