

34.51°

THE FUTURE:
5 key insights
powering grocery's
next era



The lingering impacts of inflation, an evolving shopping experience, shifts in brand loyalty and other factors are reshaping the grocery shopping landscape. For CPG brands, this amounts to a new normal demanding nimble evolution.

Standing still amid such shopper shifts is not an option. But with change comes opportunity to align with emerging customer needs and win loyalty through relevance.

At 84.51°, by combining attitudinal research and transactional data encompassing millions of households, we've uncovered pivotal insights into today's grocery shopper mindset. In this ebook, we distill five key learnings to help CPG brands adapt their strategies and experiences for the year ahead.

Inside you'll discover fresh perspectives on how inflation is redefining value perceptions, the role of stores amid digital's rise, what's driving brand-switching and more. With these consumer truths guiding the way, CPGs can take proactive steps to earn share of wallet in grocery's new normal.

Evolution awaits — are you ready to guide your brand into grocery's next era?



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Insight #1

Budget-conscious shopping

In this inflationary environment, grocery shoppers are being more careful with their budgets. To save money, customers are seeking out sales and deals more often. Even shoppers loyal to certain brands are looking for lower prices on products they regularly buy.



TAKEAWAY:

Deals and savings are major drivers of purchase decisions, but the deals shoppers deem worthwhile depend on a combination of perceived value and brand strength. Brands have an opportunity to leverage digital media to communicate value, increase awareness of deals, and even deliver unique value to different customers. Through Q2, customers had clipped more than 2 billion personalized digital offers from Kroger.

Insight #2

Consumer willingness to switch to private label

More than 50% of shoppers say they're open to switching from national brands to private label options, however their willingness to switch varies by category. Categories like pet food, baby products, beauty, and beverages still command strong brand loyalty. But for basics like shelf-stable goods, household items, and OTC medicine, many customers are comfortable with store brands.



TAKEAWAY:

CPG brands have an opportunity to remind customers of the unique value their products bring and avoid ceding ground to competitors. By clearly communicating differentiation such as by focusing messaging on proprietary innovations and quality ingredients, brands can set themselves apart. Additionally, offering exclusive perks and personalized communications can reinforce affinity among loyal customers.

By applying advanced science and AI-based personalization, brands can better understand what truly matters to their customers and deliver more relevant and effective experiences for them. With creative strategies rooted in communicating value and personalized connections, brands are well positioned to retain customers and even acquire new fans.

Insight #3

Consumers want a seamless omnichannel experience

As ecommerce grows, physical stores remain essential to most shoppers. In fact, even those most loyal to ecommerce still complete almost 40% of their grocery trips in-store. And 70% of shoppers across all age groups say they plan to continue shopping in stores in the future.

Ecommerce and brick-and-mortar stores offer different benefits in connecting with customers. Ecommerce provides greater personalization while in-store shopping enables discovery, exploration, and tangible product interactions. However, regardless of the modality, consumers are looking for a seamless omnichannel experience.

Our research shows convenience is the number one reason for shopping online, while selection is the top reason shoppers go in-store. Furthermore, customers are clear that one thing they want to be consistent across both is value — two out of three shoppers say they expect the same coupons and pricing to be available across channels.

We also found that in addition to the “convenience” benefit of shopping online, this has unlocked a new and unexpected value — it helps save money by avoiding the purchase of impulse items. This is especially true among shoppers ages 34 and younger as well as price-sensitive shoppers.



TAKEAWAY:

Despite the rise of online shopping, in-store experiences continue to play a major role. The shopping experience of the future is an omnichannel experience that blends the convenience of ecommerce with the engagement of stores. The key for brands is to understand customer motivations for using each channel and take it to the next level.

Retailers and brands should collaborate on using technology to make it easier for customers to shop both online and in-store while innovating to bring a consistent experience across channels.

Insight #4

The evolving definition of loyalty

Today, brand loyalty means different things to different customers. We asked shoppers earlier this year how they defined brand loyalty and learned that there are various definitions. Importantly, they told us that brand loyalty is not synonymous with exclusivity – only 5% of customers said that their definition of brand loyalty means that it's the only brand that they buy.

Most defined brand loyalty as a spectrum ranging from a preferred brand to frequently purchased to even simply being part of their consideration set.



TAKEAWAY:

In an environment with fluid brand loyalty definitions, retention strategies should focus on consistently delivering value and personalized relevance to stay top-of-mind among customers. That means that investment in full-funnel marketing is critical to create connections with customers across points of inspiration, planning and purchase – again and again. We see this most effectively done with blending both loyalty and marketing tactics.

First, it is critical to protect and continuously re-earn brand loyalty by consistently engaging with customers through loyalty programs like Kroger's Best Customer Communications. And now with the evolution of retail media capabilities, brands can more effectively bring new customers to their brands when they are in the shopping mindset. As an example, 42% of clicks on paid product listing ads via Kroger Precision Marketing are from buyers who are new or lapsed users of that brand.

Insight #5

Freshness is a top priority



TAKEAWAY:

Product freshness is emerging as a key pillar for grocery brands' messaging and operations. It provides multidimensional value to many customer segments. Shoppers today prioritize fresh products for a variety of reasons – to reduce food waste, get higher quality ingredients and maximize nutrition. For brands, this opens up strategies promoting fresh lines for cost-conscious shoppers. With messaging centered on freshness, brands can tap into shopper priorities spanning sustainability, health, taste and affordability.

Our research shows that a top product claim that grocery shoppers look for is “guaranteed fresh.” It's considered more important than 100% natural, non-GMO, or other common food labels. Freshness appeals on many levels – quality, reducing waste, to name a few.

IN SUMMARY:

1. To attract shoppers, focus on personalized promotions and savings that provide holistic value beyond low prices. Lean on your brand equity to emphasize the added value in a deal.
2. Communicate your brand's differentiating benefits over competitors through marketing campaigns that educate shoppers.
3. Adopt integrated omnichannel strategies that combine online convenience with the high-touch physical store experiences that shoppers crave.
4. Balance customer acquisition and retention by offering both new customer introductory promotions and existing customer loyalty rewards to incentivize trial and reinforce retention.

[Discover how we can help you understand the shopper's path to purchase and activate insights with our breakthrough solutions.](#)



About us

84.51° is a retail data science, insights and media company. We help The Kroger Co., consumer packaged goods companies, agencies, publishers and affiliates create more personalized and valuable experiences for shoppers across the path to purchase.

Powered by cutting-edge science, we utilize 1st party retail data from over 62 million U.S. households sourced through the Kroger Plus loyalty card program to fuel a more customer-centric journey using 84.51° Insights, 84.51° Loyalty Marketing and our retail media advertising solution, Kroger Precision Marketing.

