Welcome to your September Consumer Digest. This month, we're highlighting different ways customers are responding to inflation. We're also taking a closer look into plant-based trends and how shoppers plan to change their meal habits this fall. Discuss these insights with your teams and use it as a reference in your current work. As always, reach out to your 84.51° contact with questions or feedback.

Included this month:

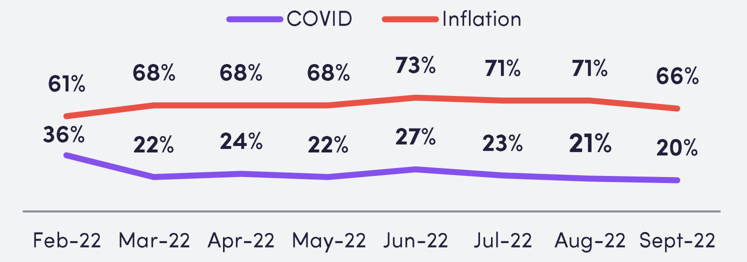
- **Shopper concern –** signs for some optimism
- **Inflation pressures** – how shoppers are willing to switch to save
- **Coffee habits** – is inflation changing how consumers fill their cups in the morning?
- **Plant-based trends –** a closer look at growing consumer tastes
- **Fall activities -** how the change in season affects shoppers

Shopper Concern – Signs of Optimism

Concern for COVID, inflation and households' overall finances dropped off in September compared to last month, indicating some signs of stability

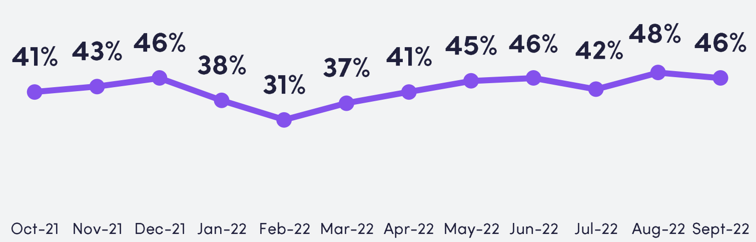
- 46% of consumers are feeling uncomfortable with their finances this month, which is a slight decrease in concern compared to last month.
- 20% of shoppers are feeling concerned over COVID this month – the lowest concern we have seen.[1] Daily average cases have declined in recent weeks with the 14-day change down by -28% as of Sept 10, 2022.[2]
- While concern over finances and inflation may be leveling off, 64% of households still report looking for sales/deals/coupons more, 54% are cutting back on non-essentials and 63% are cutting back in areas besides groceries (such as clothing or entertainment).
- Gas prices also appear to be leveling off with the current average as of 9/8/2022 for regular at $3.75 compared to $4.06 a month ago.[3]

Shopper concern for COVID and inflation?
% of Households Extremely Concerned (T2B)



SOURCE: 84.51° Real Time Insights Surveys Feb 2022 – September 2022

% of consumers feeling uncomfortable with finances (T3B)



SOURCE: 84.51° Real Time Insights Surveys October 2021 – September 2022

SOURCES: 1) Real Time Insights Survey, September 2022 targeting n=400 of Gen Population who shopped Kroger in Latest 3 Months 2) New York Times "Coronavirus in the U.S.: Latest Map and Case Count" Sept 10, 2022 3) Gasprices.AAA.com

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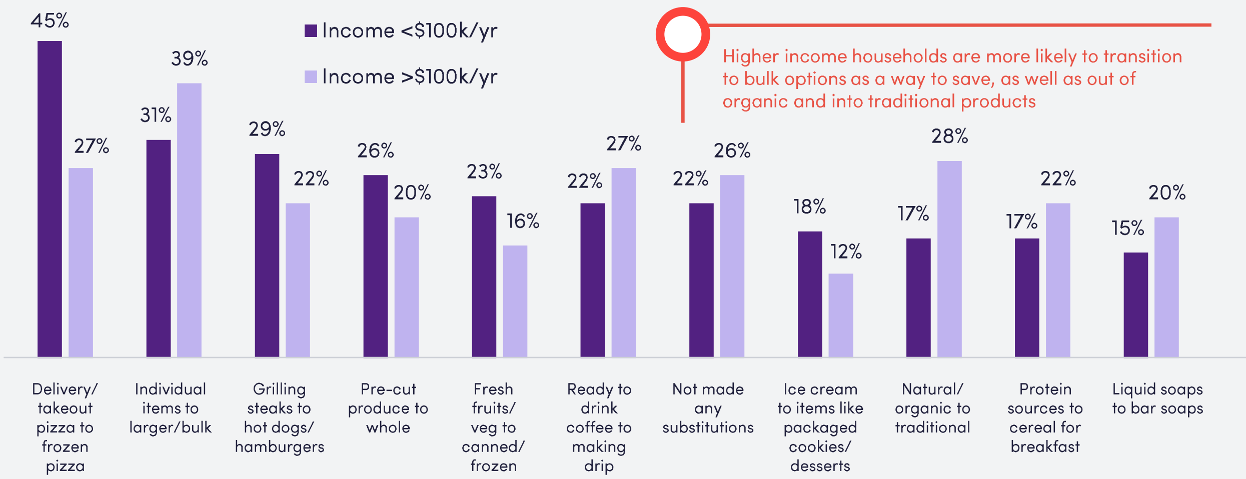
How Customers are Responding to Inflation

- While behavior changes vary, 90% of shoppers acknowledge making changes due to grocery store price increases.
- Most common behaviors include switching from delivery/takeout pizza to frozen pizza and shopping in bulk, but other behaviors are also starting to emerge, such as 16% of shoppers switching from liquid soap to bar soap and 12% of shoppers are switching from packaged chicken to rotisserie chicken.

Percent of shoppers who have switched to lower cost alternatives based on income level



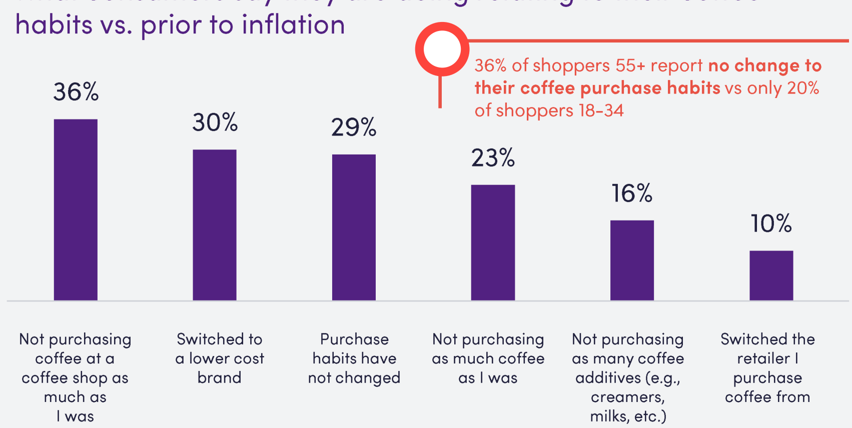
SOURCE: 84.51° Real Time Insights Survey, September 2022

Stirring the Coffee Cup: How to Stretch the Caffeinated Dollar

For the 81% of shoppers who drink coffee (19% of shoppers identify as non-coffee drinkers), what are the most common ways shoppers fill up their cups and how is this changing as inflation pressures continue?

- The most common behaviors in the coffee category link to cut-backs at the coffee shop or switching to a lower cost brand, while about 1 in 4 say they are purchasing less.
- The most popular coffee additives are Flavored Creamer (31%), Sugar (22%), Half & Half (17%) and Sweeteners (17%) while 13% say they do not put anything in their coffee.
- Least common additives are milk and milk alternatives including Soy Milk (4%), Coconut Milk (4%), 1% Milk (5%) and Skim Milk (5%).

What consumers say they are doing relating to their coffee habits vs. prior to inflation



SOURCE: 84.51° Real Time Insights Survey, September 2022 (*n=324 shoppers who drink coffee)

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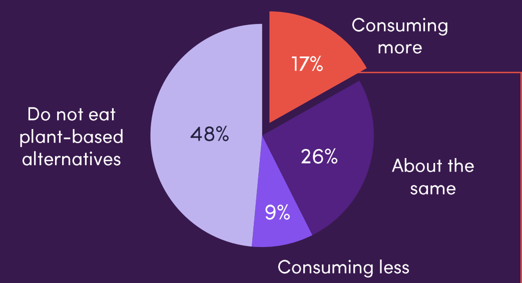
Growing Tastes for Plant-Based Alternatives

While some shoppers are purchasing plant-based alternatives for health reasons, others are approaching to save or because of the variety of options now available.

- About half of respondents have engaged in plant-based alternatives either in the past or currently purchase them.
- Engagement in plant-based does skew younger, as 59% of shoppers 18-34 have engaged in the category vs 40% of shoppers 55+.
- There is no significant difference among income levels, as households making >$100K and those making <$100K are engaging in plant based at about the same levels.
- Of the households that are maintaining or increasing their plant-based spend, the plant-based shopper is more likely to be female (62%), not have children (52%) and have an income <$100k (77%).
- Household penetration of Plant Based Milk is 21% compared to 51% for Fluid Milk/White Milk. Oat Milk is the fastest growing sub-commodity within Natural Foods Plant Based Milk +46% in the L52W[2].
- The top 3 reasons for why shoppers select animal-based alternatives link to health concerns, such as cardiovascular health, cancer or other health risks, such as food-borne illness.

Compared to a year ago, how have shoppers' consumption changed in plant-based alternatives?



For the 17% of households increasing consumption of plant based, which categories are they increasing the most?

% Plant-Based Shoppers Increasing in...

25% Milk Alternatives

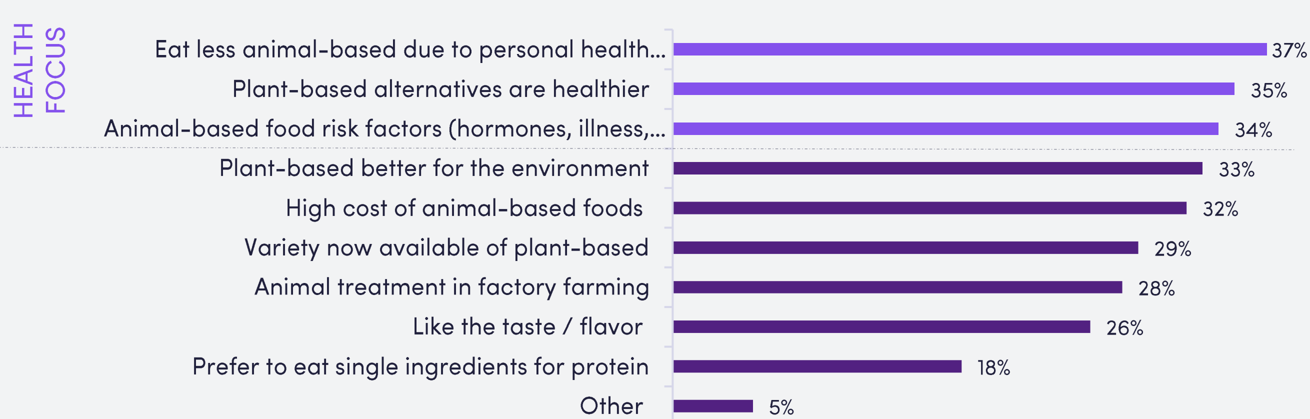
18% Frozen Meat Alternatives

14% Coffee Creamer Alternatives

14% Frozen Meal/Entrée Alternatives

SOURCE: 84.51° Real Time Insights Survey, September 2022

What motivates plant-based shoppers to select animal-based alternatives?



SOURCE: 84.51° Real Time Insights Survey, September 2022

SOURCES: 1) Real Time Insights Survey, September 2022, 2) 84.51° Stratum L52W W/E 9/3/22

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Making customers' lives easier

While financial concerns may have leveled off this month, this is still a top concern for most households. Continue to find easy ways to help shoppers feel like they are getting a good value.

The most commonly used small kitchen appliance is the microwave (89%), followed by coffee maker (70%) and toaster (66%). Offer easy ideas for shoppers to have fun while using these everyday appliances.

Variety of options in plant-based is a motivator for 29% of households who engage in the category. Suppliers should continue to offer innovation in this space to provide shoppers with new product forms and flavors to try.

47% of households said they are having less takeout/dinners from a restaurant and 38% of households are having more sit-down at home dinners. Find ways to help replicate the restaurant experience at home for shoppers.

Custom or out-of-the box? Learn more.

84.51° Insights leverages **first-party customer transaction data from nearly 60M households** to provide shopper science, analytics and strategy, giving you unparalleled business knowledge and customer intelligence. Our insights and research solutions will help you better understand the shopper's path to purchase and empower you to build and execute comprehensive and personalized customer-centric strategies.

VALUE OF ECOMMERCE

Ecommerce Incrementality Measurement is an omnichannel solution that helps you understand true **incremental uplift observed when HHs begin to engage with ecommerce.**

Prioritize areas of your portfolio for ecommerce strategies in a proactive way. **Test the product groups meaningful to you so you can prioritize based on your organization's goals.**

INFLATION IMPACT

Understand if and how inflation is impacting specific category groups utilizing a **Custom Inflation Analysis.**

Gain insight into **how customers are (or are not) changing both what they buy and how they buy it,** with an opportunity to dive deeper into specific price segments' behaviors.

PULSE ON THE SHOPPER

Understand why households are coming to or leaving your brand using **84.51° Real Time Insights.**

Track household behavior and forecast trends through an encrypted but persistent household ID through **84.51° Collaborative Cloud.**

Connect with us

Have a specific question that isn't answered by one of our standard solutions? Reach out to your 84.51° partner or Insights@8451.com to see how we can help.

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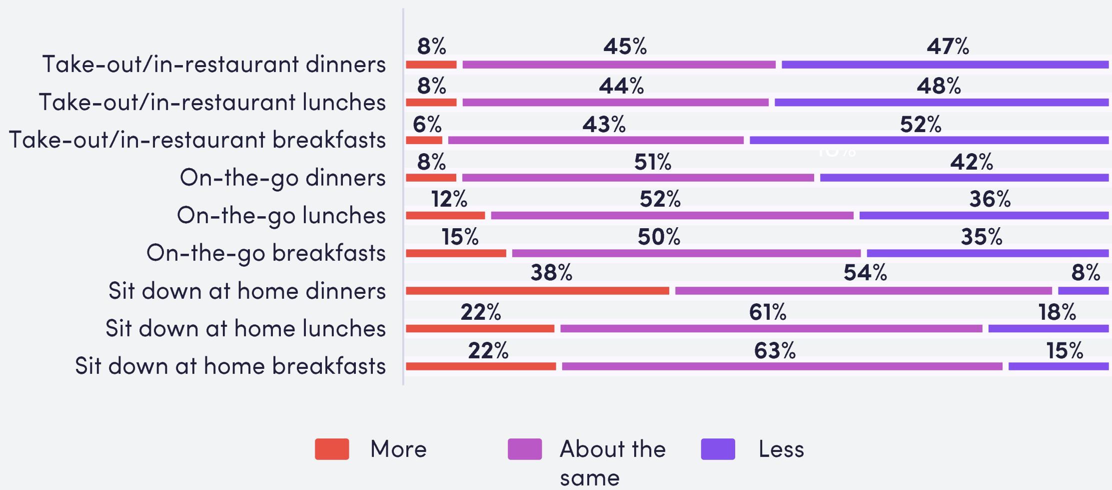
Fall: Food, Fun and Football

With summer coming to an end, many shoppers are beginning to plan fall activities, like football tailgating and Halloween, as well as changing the ways in which they plan and consume their meals.

How shoppers have been changing the way they consume meals in the past month...



SOURCE: 84.51° Real Time Insights Survey, September 2022

With football season kicking off, here are items consumers are planning to purchase for their fall tailgating events...

27% Chips

22% Soft Drinks

21% Hot Dogs

20% Dips / Salsas

19% Beer

18% Hamburger / Cheeseburgers

17% Bottled Water

16% Chicken Wings

13% Liquor

SOURCE: 84.51° Real Time Insights Survey, September 2022

For those who are planning to celebrate Halloween this year many are looking to cut back in areas like:

Halloween decor **(41%)**
Candy **(33%)**
Costumes **(24%)**
Food for gatherings **(23%)**
Beverages for gathering **(18%)**

31% say they don't plan to celebrate Halloween!

How households are planning to celebrate Halloween this year...

33% Staying home and handing out candy

22% Going trick or treating in their neighborhood

16% Going to a trick or treating event (e.g., at a school, church, zoo, shopping area, etc.)

16% Going to a Halloween party

12% Going trick or treating in someone else's neighborhood

SOURCE: 84.51° Real Time Insights Survey, September 2022

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