

Welcome to the September Consumer Digest, a monthly newsletter where we provide relevant, informative, and actionable insights around consumer trends. This month, we'll examine shoppers' holiday outlook, including how they intend to budget and indulge, their preferred methods for purchasing different holiday items and the activities they plan to participate in. We'll also explore how consumers plan to celebrate Halloween, as well as their engagement and perspectives on the presidential election. *Note that our trended topics are on page 6.*

2024 HOLIDAY OUTLOOK

The National Retail Federation (NRF) forecasts that 2024 winter holiday spending is expected to grow between 2.5% and 3.5% over 2023, which is consistent with NRF's forecast that annual sales for 2024 will be between 2.5% and 3.5% over 2023.*

To get a preview of the next few months, we asked Kroger households about their preparations and attitudes for the holiday season October through December.

*Updated 10/30/24 based on 10/15/14 NRF Report

96% of respondents plan to celebrate one or more upcoming holidays



65%
Halloween



89%
Thanksgiving



91%
Christmas



69%
New Years
Eve/Day

Q: Which of the following holidays, if any, are you planning to celebrate this year?
Base: Kroger Shoppers planning to celebrate a holiday this year (n=385)

Shopper priorities: What do customers want in a holiday shopping experience? (T2B)



Q: How important are the following when it comes to shopping either in-store or online for items including gifts, décor, food, etc.?
Base: Kroger Shoppers planning to celebrate a holiday this year (n=385)



Vibe Check: Top two responses around holiday spending show budget concerns (T2B)

44% My household is **concerned about our budget** when we think about holiday spending this year

43% My household plans to **shop at stores that offer the steepest discounts** during the holiday season

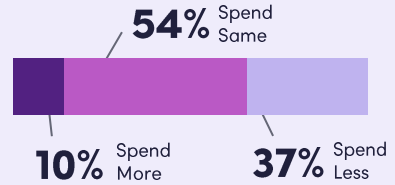
Q: How much do you agree with the following statements in relation to the upcoming holiday seasons (Fall holidays and Winter holidays)?
Base: Kroger Shoppers planning to celebrate a holiday this year (n=385)



HOLIDAY OUTLOOK CONTINUED

Anticipated holiday spending ...

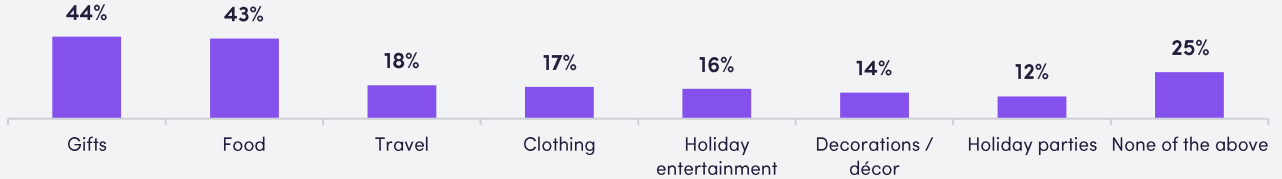
91% of shoppers will spend the same or less compared to last year



Q: How do you anticipate you will spend money this upcoming holiday season compared to last holiday season? Base: Kroger Shoppers planning to celebrate a holiday this year (n=385)



Although shoppers are looking for ways to save, many will continue splurging on gifts and food

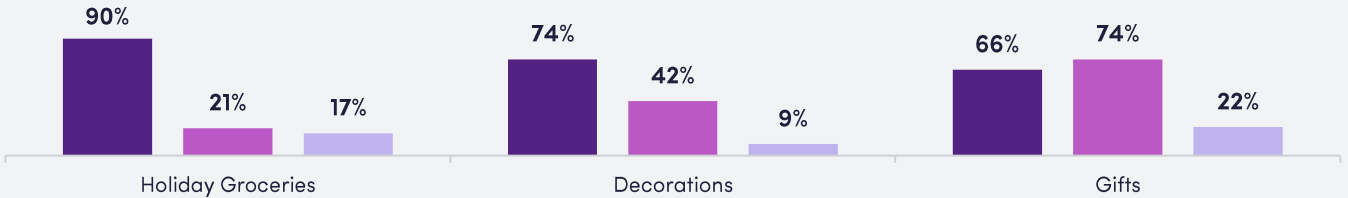


Q: What categories are you planning to splurge on this upcoming holiday season? Base: Kroger Shoppers planning to celebrate a holiday this year (n=385)



Shoppers plan to purchase across a variety of modalities, though in-store reigns for groceries

● In-store ● Online to have them shipped to my home ● Online to pick them up at the store or other designated area



Q: Where do you plan to do your upcoming holiday shopping for the following items? Base: Kroger Shoppers planning to celebrate a holiday this year (n=385)



Shoppers plan to do more low-cost activities and cut back on higher cost activities

MORE +

1. Gather with friends/family (31%)
2. Watch holiday movies (29%)
3. Prepare for gatherings (18%)
4. Buy groceries (18%)
5. Decorate my house (17%)

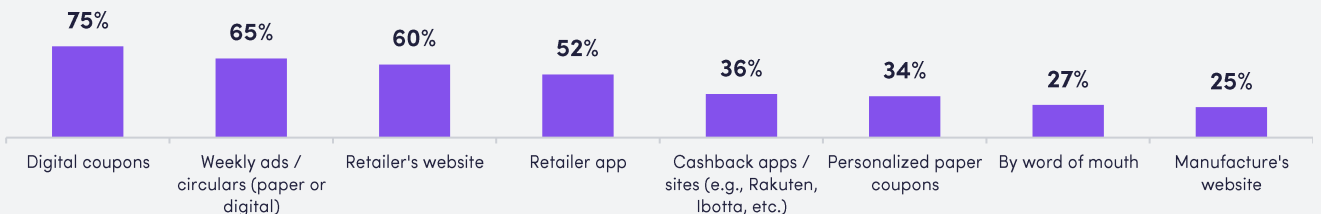
LESS -

1. Go out to restaurants (52%)
2. Spend money on entertainment (39%)
3. Travel (31%)
4. Consume alcohol (28%)
5. Donate to charities (27%)

Q: What do you plan to do differently this upcoming holiday than last year? Base: Kroger Shoppers planning to celebrate a holiday this year (n=385)



Where will shoppers search for holiday deals?

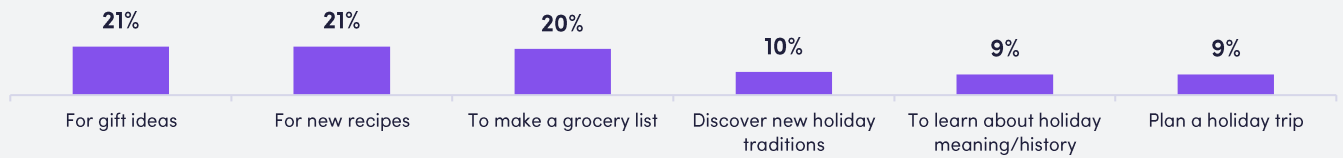


Q: How do you seek out deals when it comes to holiday shopping? Base: Kroger Shoppers planning to celebrate a holiday this year (n=385)



HOLIDAY OUTLOOK CONTINUED

% of shoppers who plan to let technology do some of the holiday planning



Q: How might you utilize technology like AI when it comes to your holiday planning, if at all?
 Base: Kroger Shoppers planning to celebrate a holiday this year (n=385)



Top triggers to begin holiday shopping

56%
 Specific Sales
 (Labor Day, Black Friday, etc.)

31%
 Seeing holiday decorations/
 decor in-store

30%
 Family and friends starting
 their shopping

Q: What typically triggers your holiday shopping?
 Base: Kroger Shoppers planning to celebrate a holiday this year (n=385)

When do Kroger shoppers typically start planning for the fall/winter holidays?



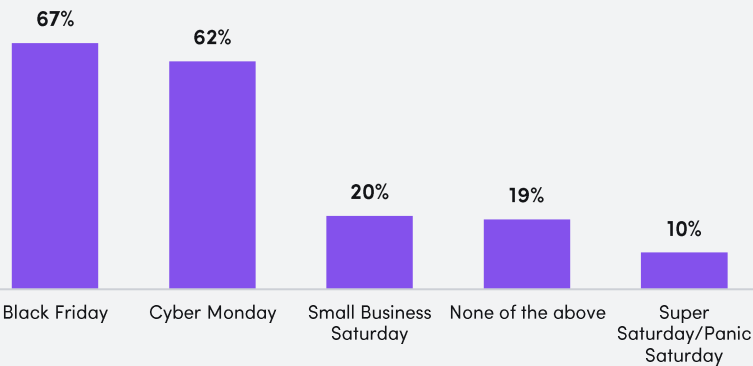
- Halloween:** 47% plan 2 weeks – 1 month ahead
- Thanksgiving:** 59% plan 2 weeks – 1 month ahead
- Dec Holidays:** 63% plan 1–3 months ahead

Q: When do you typically start planning for the holidays?

Holiday Sales Event Spotlight:

Black Friday and Cyber Monday, the two biggest events, appeal to all generations, though with a skew to younger shoppers

Percent who plan to participate in major shopping events



Younger shoppers are more likely to participate in big saving events compared to older generations

% Planning to participate in any holiday shopping event by age:

92%
 Shoppers aged 18-34

83%
 Shoppers aged 35-54

66%
 Shoppers aged 55-74

Q: Which of the following holiday shopping events do you plan to participate in, if any?
 Base: Kroger Shoppers planning to celebrate a holiday this year (n=385)
 18-34 (n=60); 35-54 (n=251); 55-74 (n=74)



Verbatims for saving during the holidays point to planning, budgeting and discipline

"Comparison shop"

"Make a list and stick to it"

"I try to shop ahead (throughout the year) as much as and whenever possible. I seek out the Christmas/holiday deals and look for deals online and in email."

"Shop Black Friday sales"

"Watch the sales and watch for coupons"

"I set aside the money I am going to spend on the holiday on a special card and if it's gone then I'm done with the holiday shopping."

"I plan ahead for what gifts I will be giving and what food I will be preparing."

Q: What types of things do you do to help keep a budget during the holiday season?

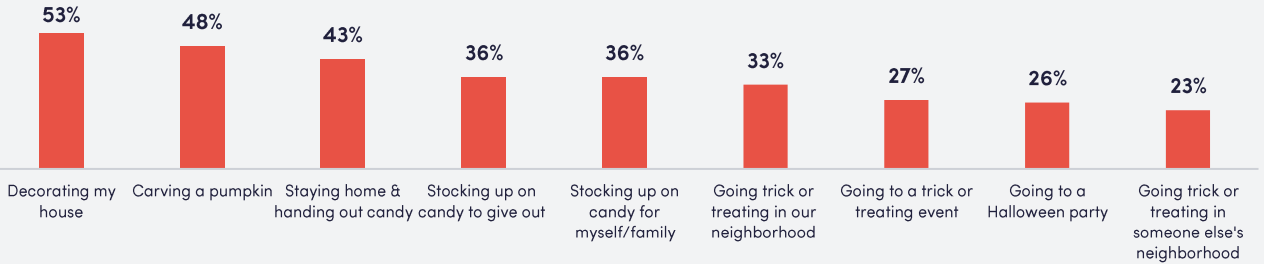
Base: Kroger Shoppers who keep a budget during the holiday season (n=271)



2024 HALLOWEEN SPOTLIGHT

Shoppers are sticking to the **tried-and-true** Halloween traditions and will make seasonal purchases to celebrate

How shoppers are celebrating Halloween



Q: How do you anticipate celebrating Halloween this year?
 Base: Kroger Shoppers planning to celebrate Halloween (n=258)



In-store shopping is favored for Halloween purchases

Where shoppers are planning to shop for Halloween



Decorations

- Physical Mass Retailer (43%)
- Physical Grocery Store (33%)
- Will not be purchasing this year (26%)



Candy

- Physical Grocery Store (62%)
- Physical Mass Retailer (43%)
- Club Store (23%)



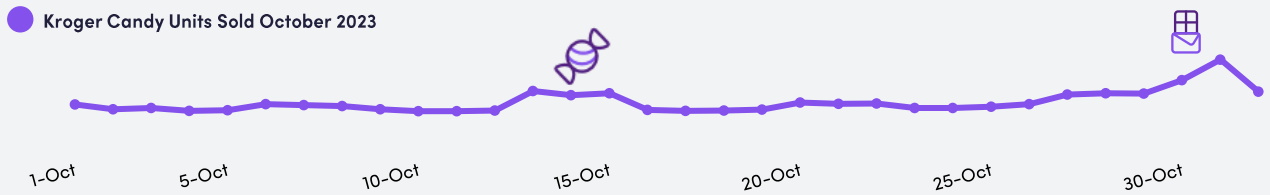
Costumes

- Will not be purchasing this year (37%)
- Physical Mass Retailer (25%)
- Online Mass Retailer (19%)

Q: Where do you plan to shop for Halloween supplies?
 Base: Kroger Shoppers planning to celebrate Halloween (n=258)

Say vs. Do: Halloween day is biggest for candy sales!

47% of respondents said they start shopping for Halloween two to four weeks in advance. While historical candy sales also show the 2-week spike prior to Halloween, there's a sales bump a few days prior with the sales peaks on the actual day of Halloween.

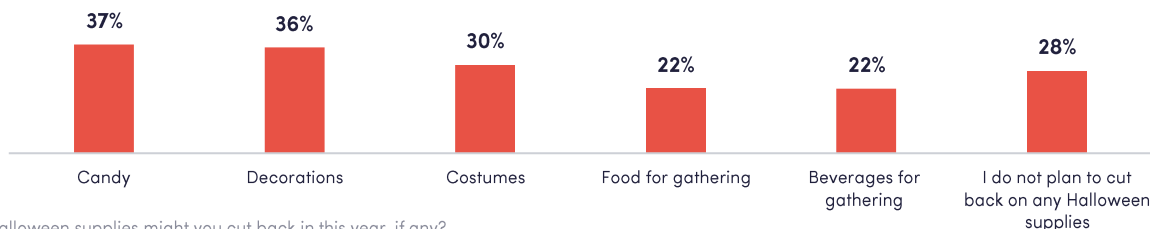


Base: Kroger Shoppers planning to celebrate Halloween (n=258); Source: 84.51° Stratum KPI: Product by Time Report



Shoppers are looking for deals and savings on candy, decorations and costumes

% of shoppers looking to cut back on Halloween supplies



Q: What Halloween supplies might you cut back in this year, if any?
 Base: Kroger Shoppers planning to celebrate Halloween (n=258)

2024 US PRESIDENTIAL ELECTION ENGAGEMENT AND OUTLOOK

To what extent are shoppers keeping up with the Election? (T2B, M3B, B2B on 7-point scale of engagement)

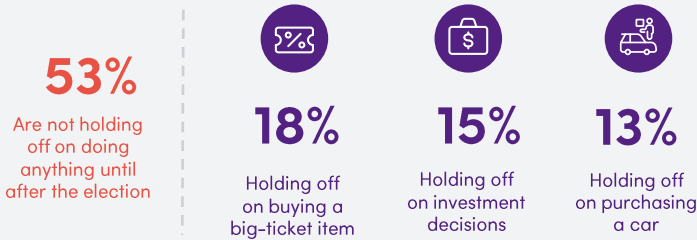


Q: How would you describe your engagement when it comes to following the US Presidential Campaigns closely and staying informed about the candidates' policies and positions?
Base: Total base (n=400)



Financial procrastination related to 2024 Election

The top 3 things shoppers are holding off on doing until after the Election

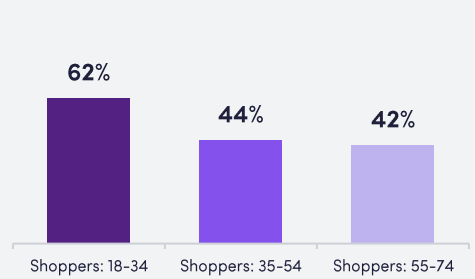


Base: Total base (n=400); 18-34 (n=63); 35-54 (n=257); 55-74 (n=80)

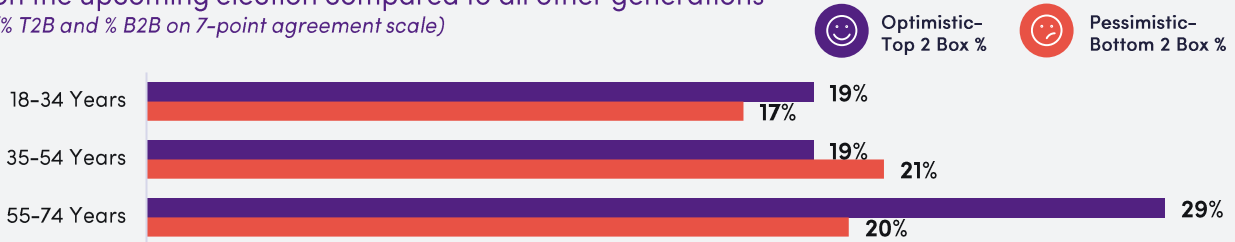
Q: Which of the following, if any, might you be holding off on doing until after the election? This could be things like waiting to purchase a home until interest rates potentially drop, looking for a new job, investing, tax planning, retirement, etc.



% of shoppers holding off on purchase decisions by age



Optimism on election by age: Older shoppers have a significantly more optimistic view on the upcoming election compared to all other generations (% T2B and % B2B on 7-point agreement scale)



Q: How are you feeling heading into the upcoming US Presidential Election?
Base: Total base (n=400); 18-34 (n=63); 35-54 (n=257); 55-74 (n=80)



This editorial is developed by the same consumer research and insights experts who provide consultation to help grow your business. Powered by cutting-edge science, we utilize first-party retail data from over 62 million U.S. households to fuel a more customer-centric journey – so you can meet shoppers where they are with what they need.



This analytics solution combines rich customer behavior insights with retail performance measures to deliver science-powered insights that drive results.

84.51° Real Time Insights:

This opt-in survey measures the attitudes, perceptions and stated behaviors of 400 people verified to have shopped at a Kroger banner (over 20 grocery retailers) in the past 3 months.

TRENDED TOPICS

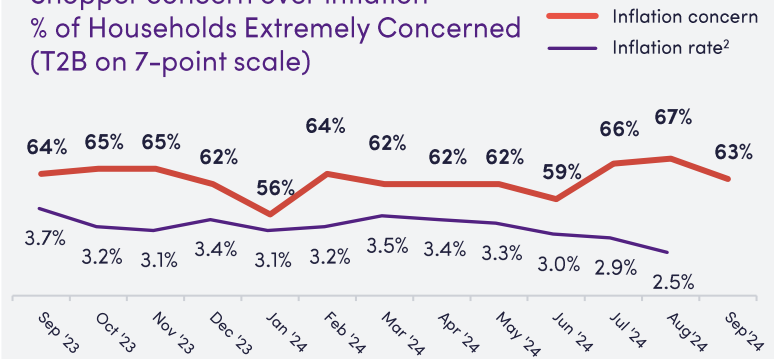
Shopper concern over inflation

Concern over inflation **dropped by 4% from last month** – is this a sign that shopper concern is softening?

Shoppers are taking the following actions:

- **66%** have been looking for sales / deals / coupons more often (-5% MoM)
- **56%** have claimed to be cutting back on non-essentials like snacks and candy (-3% MoM)
- **52%** have switched to lower cost brands more often (no change MoM)
- **48%** have been purchasing fewer items on their grocery trips (+1% MoM)
- **42%** have been going out/ordering food less and grocery shopping more (+4% MoM)

Shopper concern over inflation - % of Households Extremely Concerned (T2B on 7-point scale)



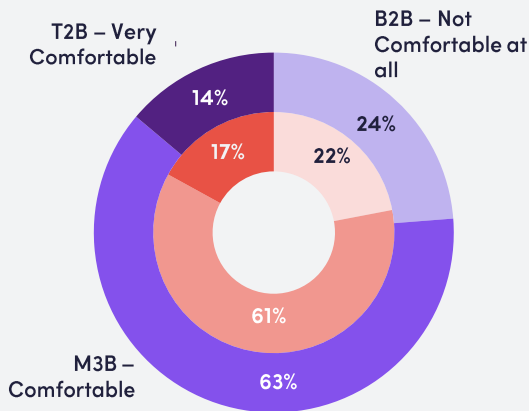
Q: How concerned are you with inflation/consumer prices right now?



Comfort over finances and what is driving those comfort levels

Shopper comfort over finances – % of Household Comfort (T2B, M3B, B2B on 7-point scale)

● Sep 2024
● Sep 2023

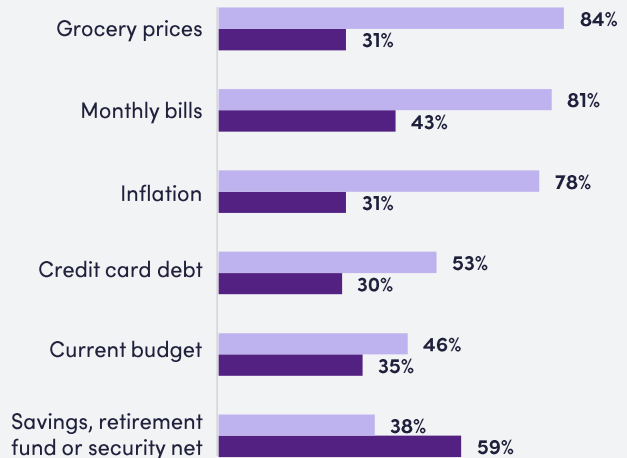


Q: Overall, how would you describe your current feelings about your finances?



Financial comfort level drivers – % selected

● Those not comfortable at all ● Those feeling very comfortable



Q: What is driving your current level of comfort with your finances?



Source: 84.51° Real Time Insights Survey, September 2024. Sample sourced from consumers who shopped at Kroger in latest 3 months. n=400. U.S. Bureau of Labor Statistics inflation rate². ¹September 2024 inflation rates are not yet available

84.51° Insights

Price & Promotion Tactic Prediction is a predictive behavioral analytics solution providing the expected sales lift at different price points by tactic.

- With **sales impact predicted within 97% accuracy**, confidently support your pricing strategy in top categories across the store.
- Compare **projected sales lift and Kroger profit** across pricing tactics for RBP groups and run pricing scenarios within a tactic to **prioritize strategies** that will impact your business.
- **Gain in-depth and accurate data and insights** to understand elasticity at the division level, with flexibility to **narrow in on specific seasons/time periods** based on your business need.

[Click here](#) to learn how Clorox utilized the Price & Promo Tactic Prediction to optimize their promotion strategy.

Connect with us at Insights@8451.com



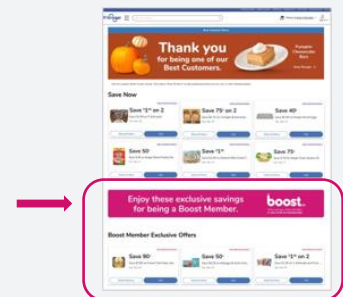
**Optimize
your pricing and
promotion strategy
for the holidays**

84.51° Loyalty Marketing

Reach active Boost members through Boost Activation Opportunities to engage with existing members with unique offers and rewards.

- Boost LCM Exclusives provide members with additional Boost-exclusive offers as part of their digital LCM; driving brand retention for value-seeking HHs.
- Boost-Exclusive Targeted Digital Coupons (TDCs) directly engage Boost members to deliver special savings and rewards that can be tailored to custom-defined audiences.
- **Monthly Boost Emails** reach much of the Boost universe and entices trial with Boost members who have high propensity to try new things.
- **Quarterly Boost Emails** include CPG free product offers and reaches much of the Boost universe.

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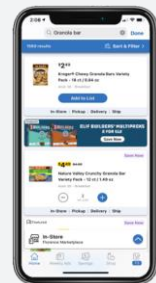
**Boost by Kroger Plus
introduces a paid tier
to Kroger's leading
loyalty program**



Targeted Onsite Ads (TOA) are a pay per view (CPM Based) solution where advertisers can set bid prices in the Kroger Ad Platform and join eligible auctions. TOAs drive inspiration and consideration with relevant shoppers across highly trafficked Kroger.com site and app placements like Home, Search and Savings pages.

- Inspire shoppers with ads similar to what they're already buying; used to drive strong engagement with new & existing HHs.
- Deliver messages on pages that over-index with price sensitive shoppers & amplify promotions.

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**Targeted Onsite Ads can
drive to destinations like
direct add-to-cart, product
detail page, brand page,
and digital coupons**

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