Holidays 2022:

8 key shopper insights and how brands can respond to win the in-store and digital shelf this season

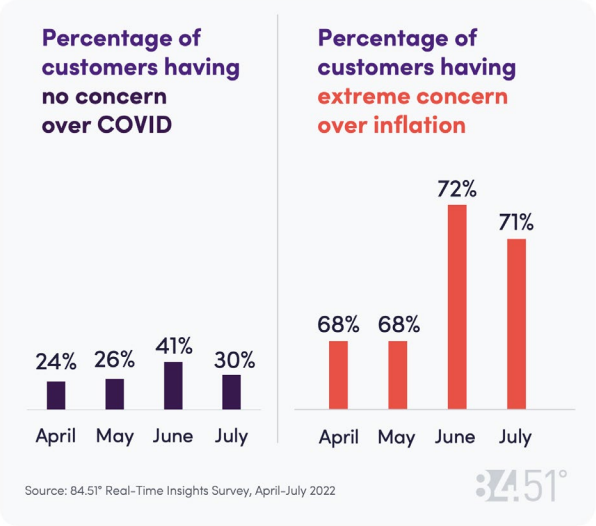
Holiday Data Unpacked



2022 holiday outlook

The 2022 holiday shopping season promises to be yet another unusual one. Per **Chart A**, while global events are affecting supply chains and inflation levels, fewer health and safety restrictions have consumers looking forward to bringing back some of the traditions that put the "happy" in the holidays. And they'll be shopping differently for the groceries and other items that bring those celebrations to life.

Chart A



Last year, the hybrid shopper emerged as an established segment of consumers who move comfortably between in-person and online shopping. This broad spectrum of consumers ranges from low-ecommerce-loyal "Digital Dabblers" to "Digital Champs" who are highly dedicated to shopping online. No matter where they fall, these shoppers continue to grow in number while adding online and in-store visits to their routines in new and numerous ways.



WHAT'S IN-STORE FOR OMNICHANNEL RETAIL?

Hybrid grocery shopping has increased 2x since 2019 thanks to Digital Dabblers and Digital Champs. **Download our 2022 omnichannel white paper to get the knowledge you need now to meet your customers where they're shopping.**



©84.51° 2022

The evolution of the hybrid shopper

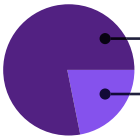
As we continue to observe the difference between Digital Champs and Digital Dabblers, we have noticed similarities in how they shop in-store — picking up nearly the same number of items and spending similar amounts. Unsurprisingly, the true difference lays in how they shop online. Champs spend significantly more and pick up more units, while Dabblers make more visits overall.

SPECTRUM OF OMNICHANNEL SHOPPER



DIGITAL CHAMPS

Percentage of sales

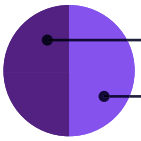


85% online
15% in-store

Average basket size

$130 online
$54 in-store

Percentage of trips during the holidays



50% online
50% in-store

Percentage of trips



2/3 online
1/3 in-store

Average basket size

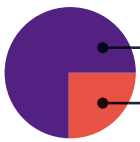
40 items online
13 items in-store

Holiday trips vs. remainder of year

12 trips
64 trips
>1 trip a week

DIGITAL DABBLERS

Percentage of sales

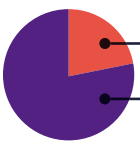


75% online
25% in-store

Average basket size

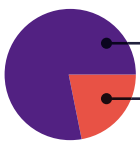
$96 online
$50 in-store

Percentage of trips during the holidays



15% online
85% in-store

Percentage of trips



85% online
15% in-store

Average basket size

14 items online
3 items in-store

Holiday trips vs. remainder of year

19 trips
107 trips
>2 trip a week

Source: 84.51° Stratum Latest 52 Weeks Ending 7/23/22

©84.51° 2022

This year, shoppers are looking to the holiday season with an eye toward resuming gatherings with family and friends while protecting their favorite traditions from price hikes and supply shortages. As these factors influence omnichannel grocery shopping, they're creating significant opportunities for brands to drive awareness and impact purchasing to land their products into carts.





In the pages that follow, we'll take you inside the minds of today's consumers and highlight 8 ways they'll be behaving and shopping differently this holiday season. Then we'll identify how consumer-packaged-goods (CPG) companies can leverage a strong omnichannel strategy to better serve those shoppers' needs.

©84.51° 2022

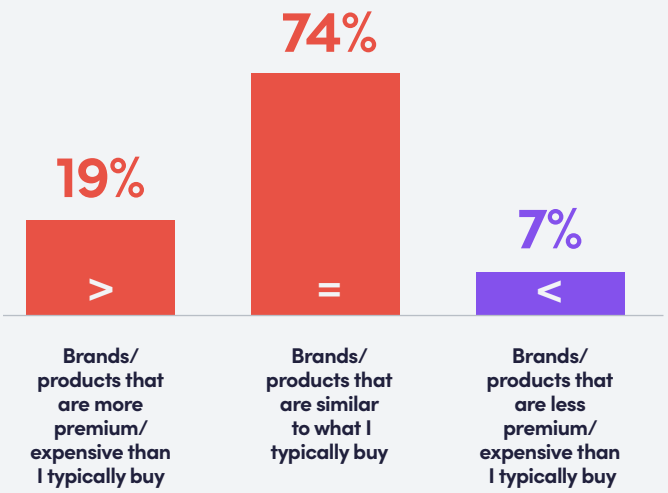
Insight 1

Even in the face of tough economic times,

shoppers are willing to spend more on premium items during the holidays...

In the 2021 holiday season, weekly spend per household increased by 72% versus the remainder of the year, and online weekly spend per household increased by 87%.* This year, due to inflation, shoppers of all income levels are already spending the same per month on groceries as they did during the holidays, making an even larger spend increase likely this holiday season.

Brands with holiday ties can build loyalty and enhance existing relationships by offering relevant discounts to help those holiday dollars go further, while brands of non-holiday-specific items (think detergent or paper towels) can leverage this propensity to spend with targeted digital coupons. By grabbing their attention on the digital platforms they frequent and intercepting them with brand messaging and offers as they shop online, brands can own related digital shelf opportunities.



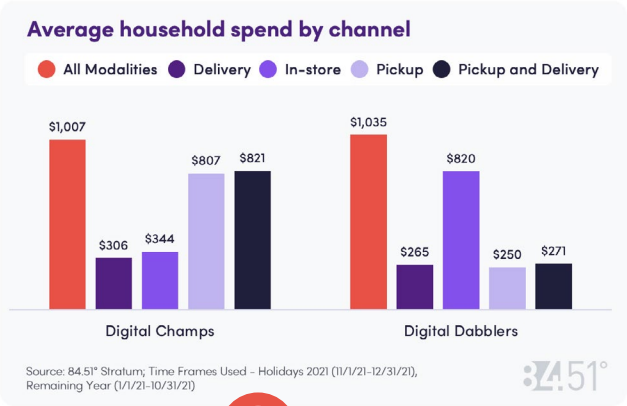
93% of shoppers plan to buy brands/products similar to or more premium/ expensive than what they typically buy

Source: 84.51° Real-Time Insights, April 2022

DABBLERS DRIVE VISITS, WHILE CHAMPS DRIVE BASKET VALUE

During the holidays, Digital Dabblers spent 3% more than Digital Champs and made twice as many visits. This overall higher spend, illustrated in **Chart B,** was driven by Digital Dabblers spending slightly more in-store than Digital Champs spent online. However, Digital Champs spent more each time they visited (twice as much as Digital Dabblers) and their online spend was twice as high as Digital Dabblers. This reinforces the importance of having both strong in-store and online strategies to drive engagement across household types, knowing some visit more frequently while others spend more per visit.

Chart B



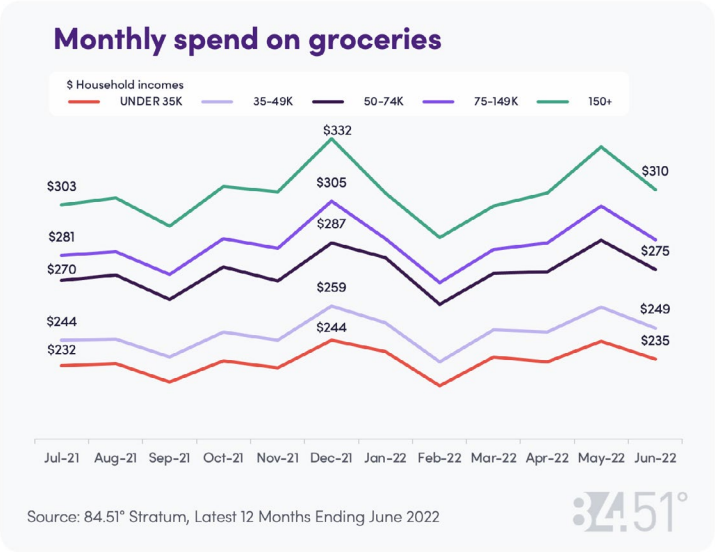
Compared to the rest of the year, Delivery made up 7% more of Digital Champs' spend and 5% more of Digital Dabblers' spend.

*Source: 84.51° Stratum, Holidays 2021 (11/01/21-12/31/21)

...But are needing to cut back on items

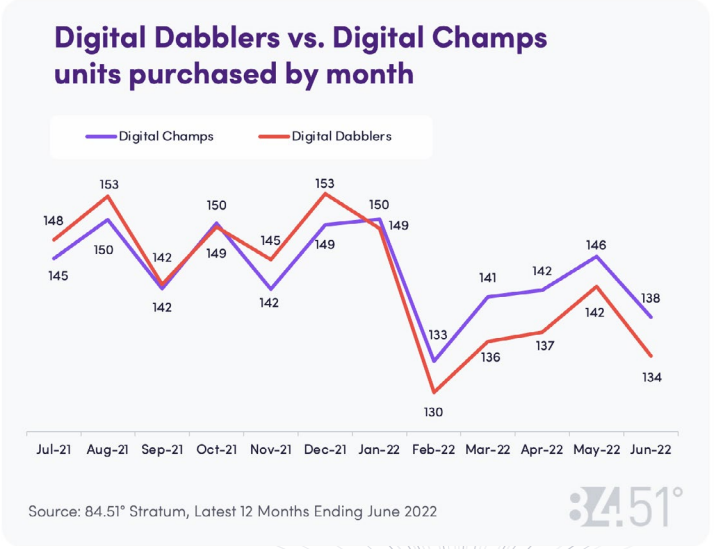
Dabblers and Champs alike must stretch their dollars more than ever. Unsurprisingly, households of all income levels are feeling the effects of inflation. Per **Chart C**, a $35-49k salary is purchasing close to $250 in groceries per month, while $50-74k salaries are covering $275 per month, which are both up from a year ago.* Households are needing to cut back in other ways as prices increase.

Chart C



From a grocery standpoint, this comes to life through households picking up less units and cutting back on "nice to have" items. As illustrated in **Chart D**, we see this happening especially with Dabblers as their units have dipped below Champs' units since the beginning of the year. If we can expect households to spend more this holiday but pick up less units, it's even more important for brands to make it into customers' baskets by pulling creative levers to help shoppers save money. Brands can prioritize strategies that drive basket building, including meal solutions, bundles and cross-promotions.

Chart D



Driving units and trade-up is the name of the game this season!

*Source: 84.51° Stratum, Latest 12 Months Ending June 2022

BRINGING IMPULSE BACK TO THE BASKET

When consumers shift their shopping to ecommerce, traditional impulse purchases — like candy, magazines and other checklane items — can take a hit. But even with 50% of shoppers saying they have reduced impulse purchases, there's still a spot on the digital shelf for these items.

Help move these purchases from impulse to intentional with strategic couponing and advertising. Intercept consumers as they're building a cart or checking out online and either:

1. Remind them of benefits with *"Forgetting something?"* or *"You may also like"* strategies or

2. Overcome their limited discretionary spending by elevating emotional messaging around the joys of instant gratification (e.g., *"Don't forget to treat yourself to that candy bar for the drive home."*)

Recommendations for reaching and influencing in-store audiences at point of purchase:

1. Audio Advertising Provider, Vibenomics, speaks directly to the consumer to promote product sales. Benefits of audio advertising include (but not limited to) large scale audience reach, specific SKU level targeting, flexibility to tailor messaging by banner and/or store.

2. End-to-End Solution core capabilities (such as Neptune Retail Solutions) are used to engage shoppers as they navigate through the aisles, influence shoppers as they make at-shelf purchase decisions, and drive trial/HH penetration by incentivizing shoppers to buy.



©84.51° 2022

Insight 2

Due to the rise in inflation, shoppers are generally becoming less brand loyal and more likely to brand switch

After two years of price and supply issues, consumers are more comfortable putting unfamiliar items in their carts. In fact, in a July 2022 84.51° Insights survey, shoppers — especially those in lower income household — admit to saving money by purchasing different types and forms of items they tpically buy (i.e. frozen versus fresh produce, packages versus fresh deli meat). This increasing acceptance of "what's available" should prompt brands to use advertising to drive brand affinity by articulating differentiation and value. It also creates couponing opportunities for brands — either to thank existing shoppers for their brand loyalty or incentivize trial and drive repeat purchases for households who are trying them for the first time.

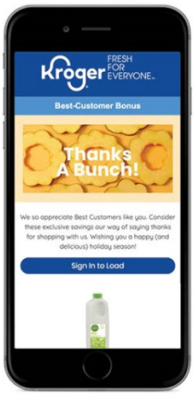


45% of shoppers don't feel they need to buy a specific brand of holiday food

Source: 84.51° Real-Time Insights, April 2022

Best Customer Communications

can protect brand loyalty by providing offers on the products that customers buy the most.



57% of customers are looking for sales, deals and coupons more often as prices increase

UTILIZE TARGETED OFFERS

A targeted offer strategy can help ensure existing consumers stay loyal to their favorite holiday food brands. Secondary or tertiary brand category leaders can leverage this trend and encourage brand switching by lower funnel ad placements that intercept competitive category brand buyers and including messaging about the brand's differentiators.

©84.51° 2022

Insight 3

Despite this general decline in brand loyalty,

shoppers are still particular about the brand of their holiday main course

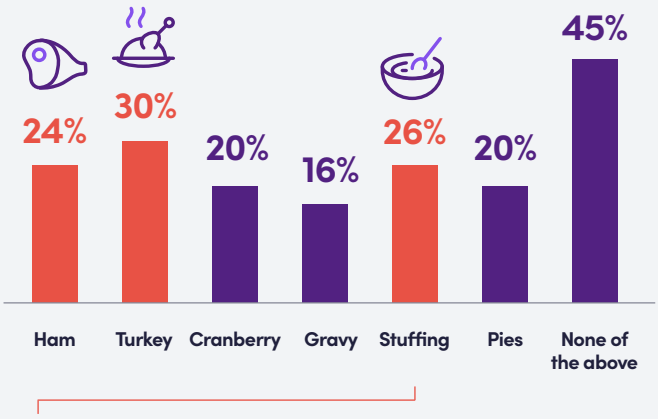
The holidays are fueled by nostalgia and heritage, and when shoppers sense those factors may be in danger, they take action. With supply chain shortages in mind, brands should get a jump on the holiday season and drive brand affinity for holiday main course products by offering early or "stock-up" deals for shoppers afraid their favorite items might run out.

PERCENTAGE OF HOUSEHOLDS PURCHASING ONLINE VERSUS IN-STORE

	Total Store	Turkey
Digital Champs	100%	71%
Digital Dabblers	83%	18%

While all Digital Champ households purchased something online within the total store during the holidays, only 71% of them purchased turkey online. On the other hand, only 18% of Digital Dabbler households purchased this centerpiece item online. This tells us that most customers still prefer to go in-store for their bird, while digitally engaged shoppers are more comfortable purchasing online.

Which of the following foods must you select a specific brand?



Customers are more brand loyal to their centerpiece items, like ham, turkey, and stuffing.

Source: 84.51° Real-Time Insights, April 2022

LEVERAGE MAIN COURSES TO DRIVE BASKET-BUILDING IN-STORE

With shoppers heading to the store to purchase their main courses, focus efforts around in-store displays located near those entrée items. Consider creating bundle offers for a certain dollar amount off their total basket when they pick up their entrée along with other selected items.

*Source: 84.51° Stratum, Holidays 2021 (11/01/21-12/31/21)

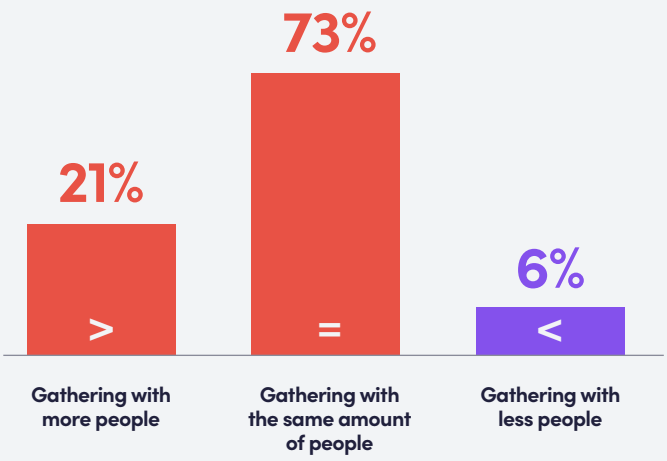
©84.51° 2022

Insight 4

Customers anticipate larger gatherings for the holidays

as life returns to normal post-COVID

With more people getting together for the holidays, shoppers will be seeking more party-planning ideas. Brands should offer recipes, meal ideas or celebratory solutions based on their products' fit — as well as share messaging around food waste and how to use leftovers. Party hosts will also be buying items in bulk to accommodate their guests, so brands should think about couponing and offer strategies for numbers and depth of discount.



94% of customers plan to gather with the same or more people than 2021

Source: 84.51° Real-Time Insights, April 2022

Media channels like Pinterest are ideal for helping people get inspiration for holiday gatherings. And brands can connect with consumers getting into the holiday spirit by streaming their favorite holiday jams with awareness-focused media activation on Pandora.

ANTICIPATING DEMAND

Party hosts should stock up on high-demand items they need for their celebrations. The top 10 largest commodities that over-index in percentage of total Kroger sales during the holiday season are:

- Butter & Margarine
- Baking Needs
- Spices & Extracts
- Canned Vegetables
- Refrigerated Dough
- Bagels & Cream Cheese
- Frozen Desserts
- Foils & Wraps
- Shortening & Oil
- Sugars & Sweeteners

Source: 84.51° Stratum; All Shoppers; Time Frames Used - Holidays 2021 (11/1/21-12/31/21), Remaining Year (1/1/21-10/31/21)

©84.51° 2022

Insight 5

Digital touchpoints influence the majority of shoppers

Digitally influenced shoppers appreciate the ease and convenience of digital coupons. And shoppers utilize digital coupons more during the holidays compared to the rest of the year, as shown in **Chart E**. Digital Dabblers coupon more in general than Digital Champs, but **Chart F** illustrates what modality they tend to coupon. While Digital Champs leverage the majority of their digital coupons online, most Digital Dabbler coupon usage occurs in-store. This distinction provides an opportunity for brands to segment their digital coupon strategies accordingly.

While seeking inspiration for holiday recipes, **30% use social media, 23% use phone apps, 28% watch videos**

Source: 84.51° Real-Time Insights, April 2022

INSPIRE WITH DIGITAL INFLUENCE

As people seek recipes on the internet and social media apps, brands should advertise wherever meal inspiration is found — whether it's the highly stylized mood boards of Pinterest or a quick video of a recipe comingto life. Use influencer campaigns to elevate brand awareness and inspiration, then offer digital coupons to incentivize and drive the repeat purchase to boost retention.

Chart E

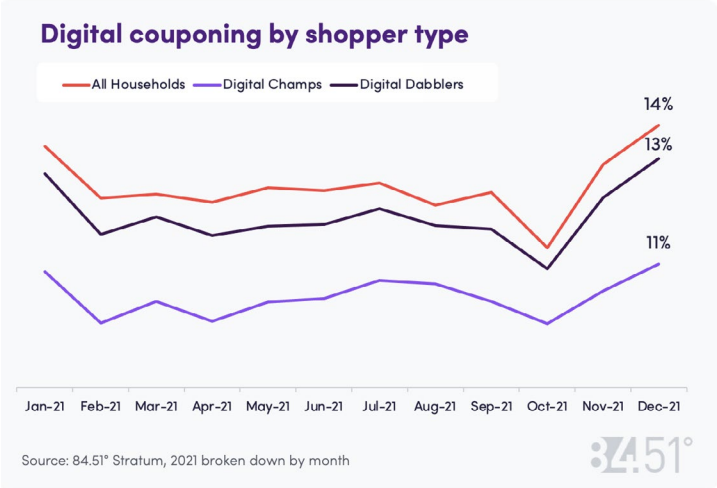
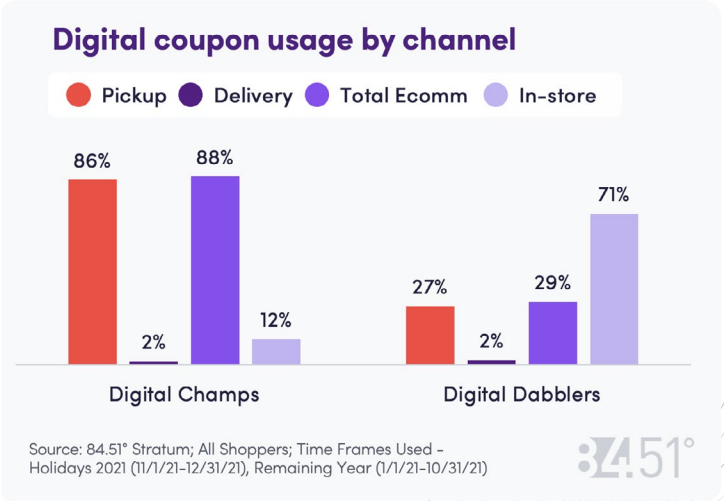


Chart F



The total sales coming from digital coupons increased for all shoppers by 2% during the holidays versus the remainder of the year and by more than 180% compared to the year prior.

Source: 84.51° Stratum; All Shoppers; Time Frames Used - Holidays 2021 (11/1/21-12/31/21), Remaining Year (1/1/21-10/31/21).

©84.51° 2022

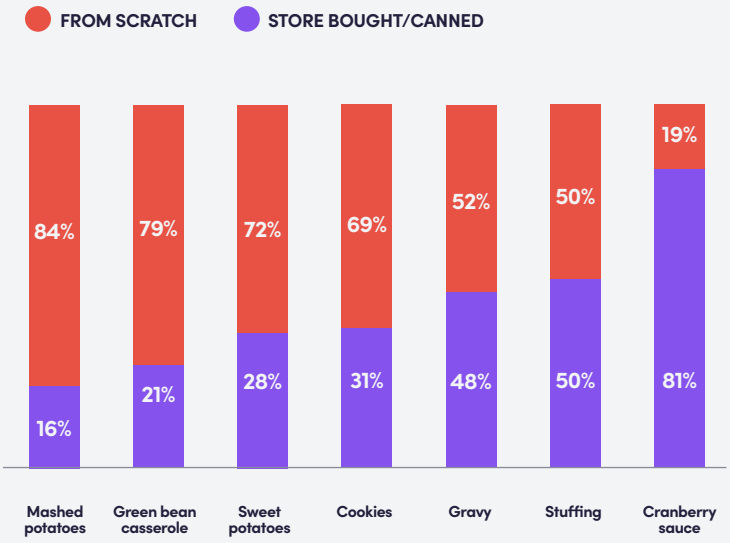
Insight 6

Shoppers are looking forward to making side dishes from scratch

Holiday main dishes might be the stars of the show, but the supporting characters comprise a substantial piece of business that should not be overlooked. While shoppers prefer to buy some side dishes in store (hint: skip the homemade cranberry sauce), they still prefer to offer their friends and families a gift from their heart and kitchen.



Which of the following holiday food items do you prefer to make from scratch or buy as is?



Source: 84.51° Real-Time Insights, April 2022

WIN AT SHELF

Brands in the ingredient category — like butter or broth — can win the shelf by providing offers and incentives to drive consumers from awareness to consideration so their brands make their way into the cart. And with the size of holiday gatherings increasing, other brands can get in on the act by providing easy access to discounts, recipe inspiration and creative culinary hacks to make preparing those dishes easier on the chef.

©84.51° 2022

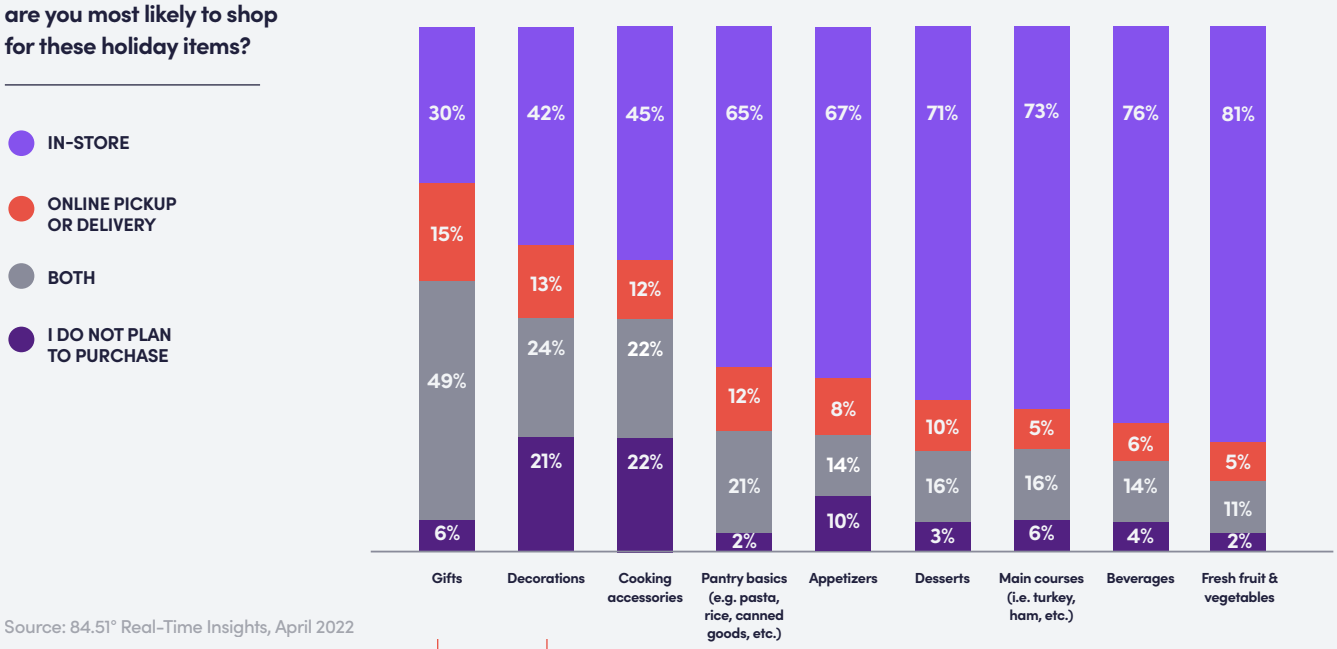
Insight 7

Customers plan to purchase more gifts and décor during the holidays

With more holiday celebrations and gatherings planned this year, shoppers will be looking for gifts and decorations to accompany those festivities — whether they're hosting or attending as guests. Shoppers are most likely to shop for gifts and decor both in-store and online, which broadens omnichannel opportunities for brands.

To maximize growth potential, brands should connect wherever the shopper is with an omnichannel approach that optimizes both online and in-store tactics.

In which of the following ways are you most likely to shop for these holiday items?



Source: 84.51° Real-Time Insights, April 2022

Gifting/Decor commodities over-index in % of total Kroger sales by 175 during the holidays.

Gifting/Decor commodities grew by 6% from 2020 to 2021 holidays.

Source: 84.51° Stratum; All Shoppers; Time Frames Used - Holidays 2021 (11/1/21-12/31/21), Remaining Year (1/1/21-10/31/21).

SEARCH AND DISPLAY

As hybrid shoppers build lists and look at deals for gifts and décor online, brands should use search and display advertising to heighten exposure and increase impressions to push those consumers toward stronger consideration and drive conversion.

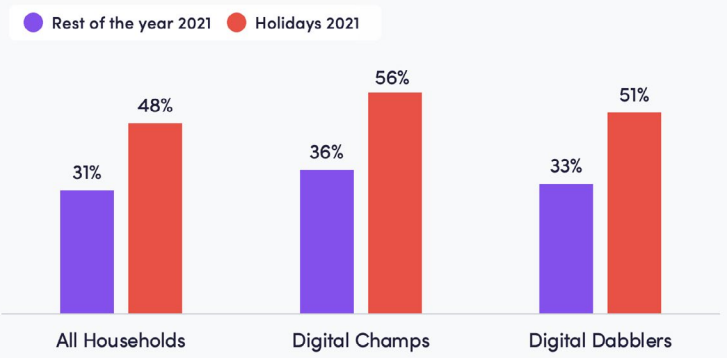
Insight 8

More shoppers will rely on gift cards for holiday giving

Gift cards fit all sizes, interests and tastes, so it's no surprise they are a gift-giving staple. Last year, shoppers — including Champs and Dabblers — stocked up more on gift cards during the holidays compared to the rest of the year. Gift card baskets that contained two or more gift cards went from 31% in 2021 to nearly 50% of gift card baskets during holidays 2021. This is even higher for Champs and Dabblers, as shown in **Chart G**.

Chart G

Percentage of gift card trips with 2+ in the basket



Source: 84.51° Stratum; Time Frames Used - Holidays 2021 (11/1/21-12/31/21), Holidays 2020 (11/1/20-12/31/20), Remaining Year 2021 (1/1/21-10/31/21). Excludes Visa/Mastercard/AmEx gift cards – third party gift cards only.

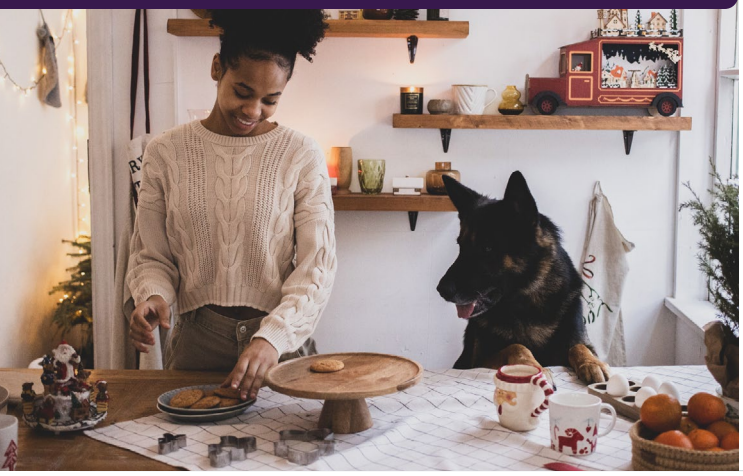
When looking ahead to holiday 2022, there is an expected

20%

increase

in gift card purchases.

Source: 84.51° Real-Time Insights, April 2022



'TIS THE SEASON FOR BUNDLING UP

While gift cards appeal to all, they can often be perceived as lacking personalization and warmth. Brands can position their products as a more personal alternative to gift cards by offering an easy-to-make gift (think cookie ingredients in a decorated jar) or some festive floral décor. The top commodities that appear in gift card baskets during the holidays include:

- Greeting Cards
- Christmas Décor
- Packaged AND Checklane Candy
- Home & Office
- Baking Needs/Baking Mixes
- Candles & Giftware
- Bagels & Cream Cheese

Source: 84.51° Stratum; All Shoppers; Time Frames Used - Holidays 2021 (11/1/21-12/31/21), Remaining Year (1/1/21-10/31/21)

©84.51° 2022

Conclusion

With the continued growth of the omnichannel shopper and inflation still on the rise, every CPG brand — regardless of size, popularity or commodity — has an opportunity to make an impact this holiday season. From driving units and trade-up to having a strong strategy across modalities and helping cash-strapped customers save money, the brands that activate and prioritize different levers with today's current environment in mind are the ones that will win.

See our Solutions Page for a comprehensive list of 84.51° resources to help convert these insights into opportunities.



©84.51° 2022

Power your holiday strategies with 84.51° Solutions

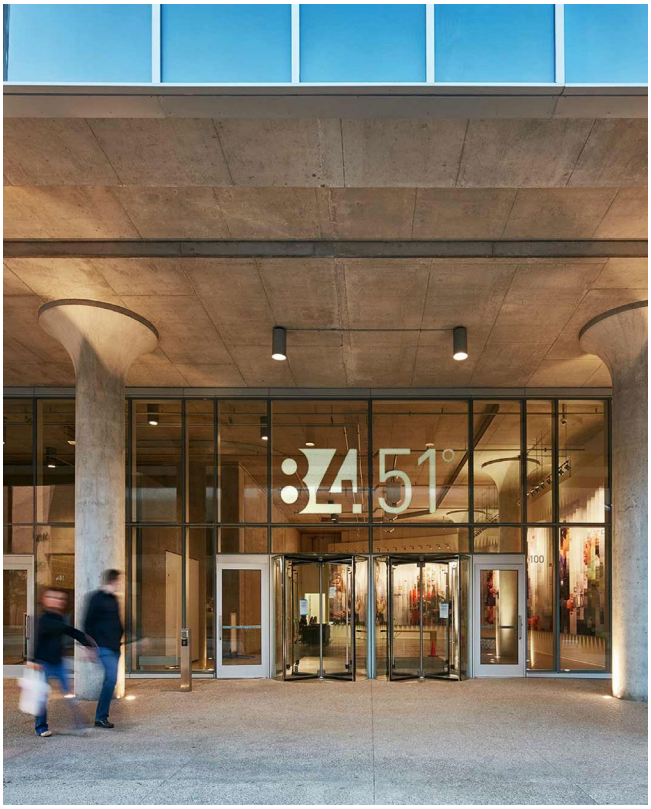
What's on your list?	How can we help
Build brand loyalty online now or risk being locked out of the shopping list forever as habits become ingrained.	Stay top of mind as shoppers build baskets on Kroger.com with **KPM Always-On Product Listing Ads.** Activate across all **Targeted Onsite Ad** placements to find shoppers in discovery mode online or in store.
Know what's working and who's buying what in-store vs. online leveraging rich, first-party data.	**84.51° Stratum** is powered by first-party data from nearly 60 million households with over two billion brick and mortar and digital transactions annually. Bring insights to life and better identify performance, profiling and shopper behavior. **Modality Insights** provide new segmentations — high, medium or low online engagement — to better understand ecommerce adoption.
See how consumers are building their baskets.	**Clickstream Insights** show you how consumers shop online along the path to purchase, including what's driving sales.
Know if ecommerce shopping drives incremental sales or shoppers trading off with in-store spending.	Our new **E-comm Incrementality Measurement** measures true ecommerce incrementality for brands and compares to CPG benchmarks.
Stop the leaky bucket by retaining and rewarding your best customers, as well as acquiring new or lapsed users.	Our **Best Customer Communication** events such as **LCMs, MyMags** and **MyMag Extras** provide relevant, personalized offers that can be used across modalities to drive engagement, retention and incrementality in addition to avoiding trade-downs.
Learn about how pickup substitutes impact your business.	The new **Pickup Substitution Impact** analysis identifies most commonly substituted items for your product groups and provides insights about how those events impact post-sub behavior to help you build customer-centric pickup strategies.
Promote your new products to gain awareness, trial and customer acquisition.	**New at Kroger** uses sales and customer metrics to acquire new households who have the propensity to buy your new products at Kroger.
A majority of sales — regardless of modality — are influenced by digital activity.	Strategically reach must-win households with **KPM's Segmentations,** including purchase-based, ecommerce habits and demographic.
Connect the "why" and the "buy."	Understand consumer perceptions and motivations among verified purchasers with **Real-Time Insights.**

©84.51° 2022

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 affiliated partners create more personalized and valuable experiences for shoppers across the path to purchase.

Powered by cutting-edge science, we leverage first-party retail data from nearly one of two U.S. households and more than two billion transactions to fuel a more customer-centric journey utilizing 84.51° Insights, 84.51° Loyalty Marketing and our retail media advertising solution, Kroger Precision Marketing. Contact us at Marketing@8451.com to find out how 84.51° can help grow your business.



METHODOLOGY & SOURCES

Quantitative study using the 84.51° Real-Time Insights solution. This study includes 400 consumers who shopped at one of Kroger's 25+ banner stores.
Study dates:
- Holiday Survey, April 2022
- Monthly Surveys, May 2022, June 2022, July 2022

4.51° Stratum – Our platform with first-party transaction data from nearly 60 million households over the past four years. Analysis is based on shopper behavior from January 2021 – July 2022.

When did the holiday period start?
To determine the start of the holiday shopping season, we reviewed historical data from 84.51° Stratum to see when turkey units sold started spiking each year prior to Thanksgiving, which occurred the first week in November (11/01/21).

©84.51° 2022