

Delivering Value with Best Customer Communications (BCC)

WHY REWARD WITH BCC?

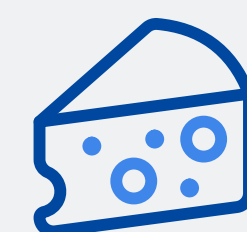
Loyalty is the foundation of growth.

Loyal HHs are the engine that drive your brand forward — they spend more, more consistently, more widely, and more frequently than non-loyals. On average, a loyal Kroger HH is 10x as valuable as a non-loyal. Investing in these customers through **Best Customer Communications (BCC)** lays the foundation for continued brand performance and growth.



BCC Households visit 4x more often

Contacted vs non contacted households



BCC Households shop 3x more categories

Contacted vs non contacted households



BCC Households spend 6x more \$\$

Contacted vs non contacted households

Putting our **Legacy** to work.

With 20 years of proven experience, we're evolving our loyalty framework to meet today's changing customer expectations and continue delivering meaningful value.



LOYALTY PROGRAM BEGINS

- First Loyal Customer Mailer (LCM) in market on March 10, 2005
- Direct Mail Only
- Reach: 6.4MM HHs (segment-based targeting)
- 67 CPG Brands; 1.9% redemption rate



BUILDING EXPERTISE

- Science continues to evolve, from segmentation focus to buying behavior focus
- Added enhanced household and 1:1 relevancy science
- Expanded reach and customer touchpoints



TODAY'S LOYALTY ENGINE

- We reach customers where they are (email or direct mail), with personalized touchpoints at scale
- Personalization science ranks every coupon offer and scores every Kroger household to create a personalized ranking of offer preference
- Full campaign measurement following iAB recommended methodology



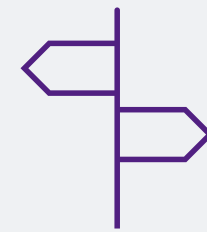
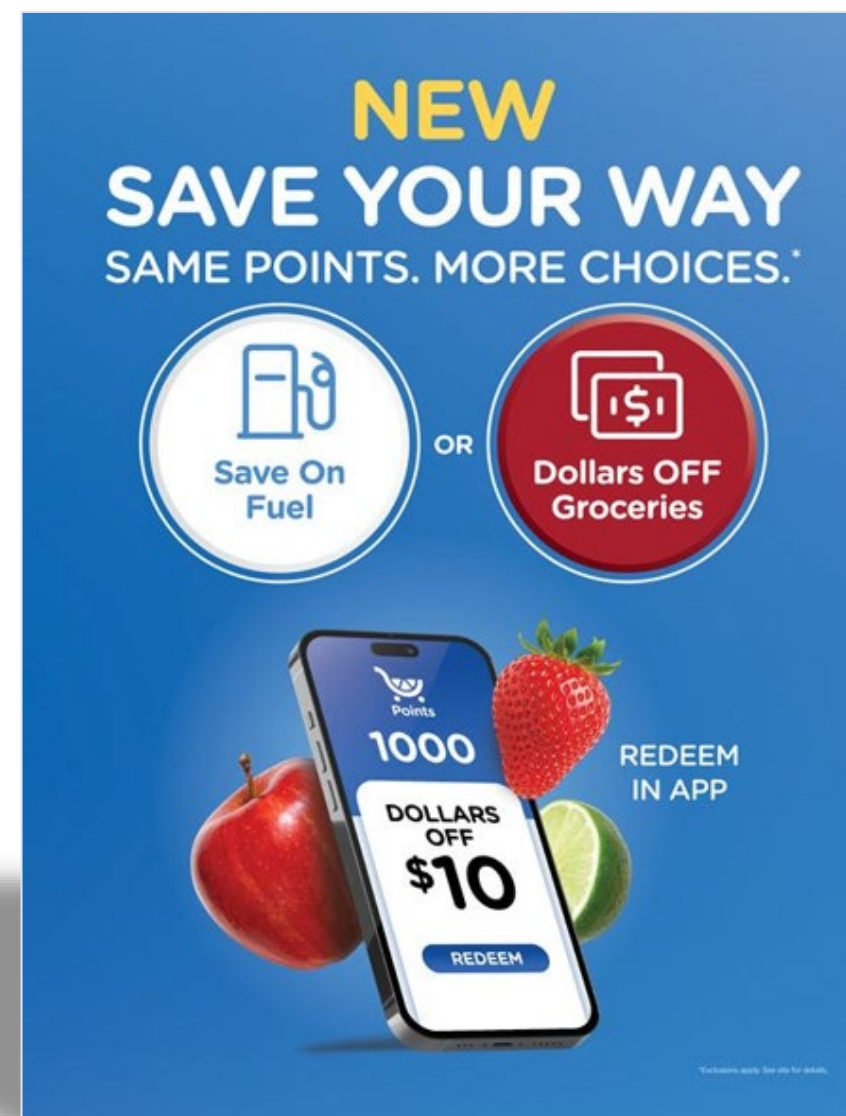
LOOKING AHEAD

- Increasing the dynamic nature of customer preferences
- ! Continued evolution alongside Kroger loyalty program to drive unique value within one, cohesive proposition

We're Investing & Innovating Within Our Loyalty Program to Drive Customer Engagement

"We're excited to give customers more choices in how they use the rewards they've earn shopping with Kroger."

Megan Shaffer
GVP, Kroger Customer Growth & Strategy



FLEXIBLE POINTS

Driving value for customers in the ways that matter most to them through the ability to utilize points for dollars off groceries (today) and more (tomorrow)



SAVINGS AT THE PUMP

Extends the value of grocery purchases beyond the basket, creating a compelling cross-category reward that strengthens customer loyalty



KROGER REWARDS CREDIT CARD [coming soon!]

Launching a new credit proposition integrated into our loyalty program where each purchase becomes an opportunity to deepen our customers' engagement

BCC Evolution:

Fewer Events,
Greater Focus,
Stronger Impact

Kroger is optimizing BCC with focused activations designed to simplify execution, consistently reach loyal customers, and align investment and value to the *Moments That Matter* most for supplier partners and customers.

- One BCC activation per month – 12 total [new!]
- 11 supplier offer slots per BCC (LCM & MyMag) [new!]
- MyMag 4-week redemption window [new!]
- MyMag circulation minimum now 30K HHs [new!]
- MyMag increased reach to more ‘C households’ [new!]
- Continue to utilize LCM to reward & retain, MyMag to acquire & retain

Month	2027 BCC Activations	Moments That Matter	
		Unified	Micro
February	LCM	Reset the Rhythm* Spring Refresh*	St. Patrick’s Day
March	MyMag		Easter*
April	LCM		March Basketball*
May	LCM		
June	MyMag	Make Summer Matter* Back to Routine*	Mother’s Day
July	LCM		Graduation
August	MyMag		Father’s Day
September	LCM	Gather & Savor	Fall Football*
October	LCM		Halloween*
November	MyMag	Moments that Matter Most*	Super Bowl*
December	LCM		Valentine’s Day*
January	LCM	Reset the Rhythm*	
All Year*	← New & Trending →		

*Denotes where KPM will have aligned packages; contact your dedicated Client Success team for more information.

Benefits of 12 Focused BCC Events

Alignment with Key Moments

Events are designed around key seasonal shopping behaviors and customer needs for meaningful connection points – the *Moments That Matter*.

Program Simplification

Shifting to one event per month reduces program overlap and simplifies participation for supplier partners to strategically focus investment on key brands and commodities.

Purposeful Investment

Brands can optimize budgets into fewer activations to maximize reach and deepen customer engagement, while a reduced redemption window limits supplier exposure.

Reliable Audience Strategy

A strategic household mix helps activations reach valuable, relevant households, creating a reliable complement to brands' broader customer communication programs.

BCC AUDIENCE

In 2027, we'll continue identifying the best channel(s) to **reach customers on their terms.**

Channel selection is personalized based on customer behavior and will become more flexible over time as a greater proportion of Kroger customers engage digitally.

Front



Back Flap / Back



Seal



Direct Mail

We'll continue evaluating BCC performance metrics, Kroger business metrics, and customer engagement to determine appropriate channel mix.



Email

Our Incentives Programs continue to drive value for Customers & Suppliers at Kroger



FOR CUSTOMERS

- Customers LOVE personalized offers
- 2.1 Billion personalized offers served each year
- Over \$2.5 Billion in total savings delivered

FOR SUPPLIERS

Incentives produce a strong ROI:

- BCC: 18x ROAS
- Targeted Digital Coupons: 10x ROAS & +30% sales uplift

Personalized Incentives are a unique differentiator:

- Reaches 1/3 of Kroger shoppers annually
- BCC program drives over 5.9MM incremental trips

Source: 2025 Kroger actuals

BCC Drives Brand Engagement

LCM and MyMagazine activations builds loyalty engagement for supplier partners and your brands, as demonstrated through consistently strong offer performance.

 Household Penetration Uplift

LCM: 3%

MyMagazine: 2%

2025 average of incremental targeted households that purchased at least once within the measurement window (LCM: 6 weeks; MyMag: 13 weeks) when compared to the offer level control group.

 Repeat Rate

LCM: 11%

MyMagazine: 17%

2025 average of targeted households that purchased at least twice within the redemption/measurement window (LCM: 6 weeks; MyMag: 13 weeks).

 Redemption Rate

LCM: 11%

MyMagazine: 15%

2025/2026 average of targeted households that redeemed the offer (LCM: 6 weeks; MyMag: 13 weeks).

 iROAS

LCM: 1.59x

MyMagazine: 1.32x

2025/2026 incremental return on ad spend (LCM: 6 weeks; MyMag: 13 weeks).

2027

BCC Execution Details



Your Next Moves with KPM



FINISH 2026 STRONG, GET 2027 DETAILS

As we close out the year, work with your account teams to close any gaps to 2026 Expectations.

BCC PRISM PLAN SUBMISSIONS

Work with your Client Success team on a 2027 plan, execution details, and key dates.

UPCOMING BCC EVENTS ON THE HORIZON

2027 is almost here — deadlines for first 2027 events:

- ★ MyMagazine 2701: Sept. 11, 2026
- ★ LCM 2701: Oct. 9, 2026

2027 BCC Event Calendar & Key Dates

BCC Event Name	Nomination Submission Deadline	Customer In-Home Date
MyMagazine 2701	★ Friday, September 11, 2026	Friday, March 5, 2027
MyMagazine 2702	Friday, December 11, 2026	Friday, June 4, 2027
MyMagazine 2703	Friday, February 19, 2027	Friday, August 6, 2027
MyMagazine 2704	Friday, May 21, 2027	Friday, November 5, 2027
LCM 2701	★ Friday, October 9, 2026	Friday, February 5, 2027
LCM 2702	Friday, December 4, 2026	Friday, April 2, 2027
LCM 2703	Friday, January 15, 2027	Friday, May 7, 2027
LCM 2704	Friday, March 12, 2027	Friday, July 2, 2027
LCM 2705	Friday, May 14, 2027	Friday, September 3, 2027
LCM 2706	Friday, June 11, 2027	Friday, October 1, 2027
LCM 2707	Friday, August 13, 2027	Friday, December 3, 2027
LCM 2708	Friday, September 10, 2027	Friday, January 7, 2028

THANK YOU!

BEST CUSTOMER COMMUNICATIONS 2026

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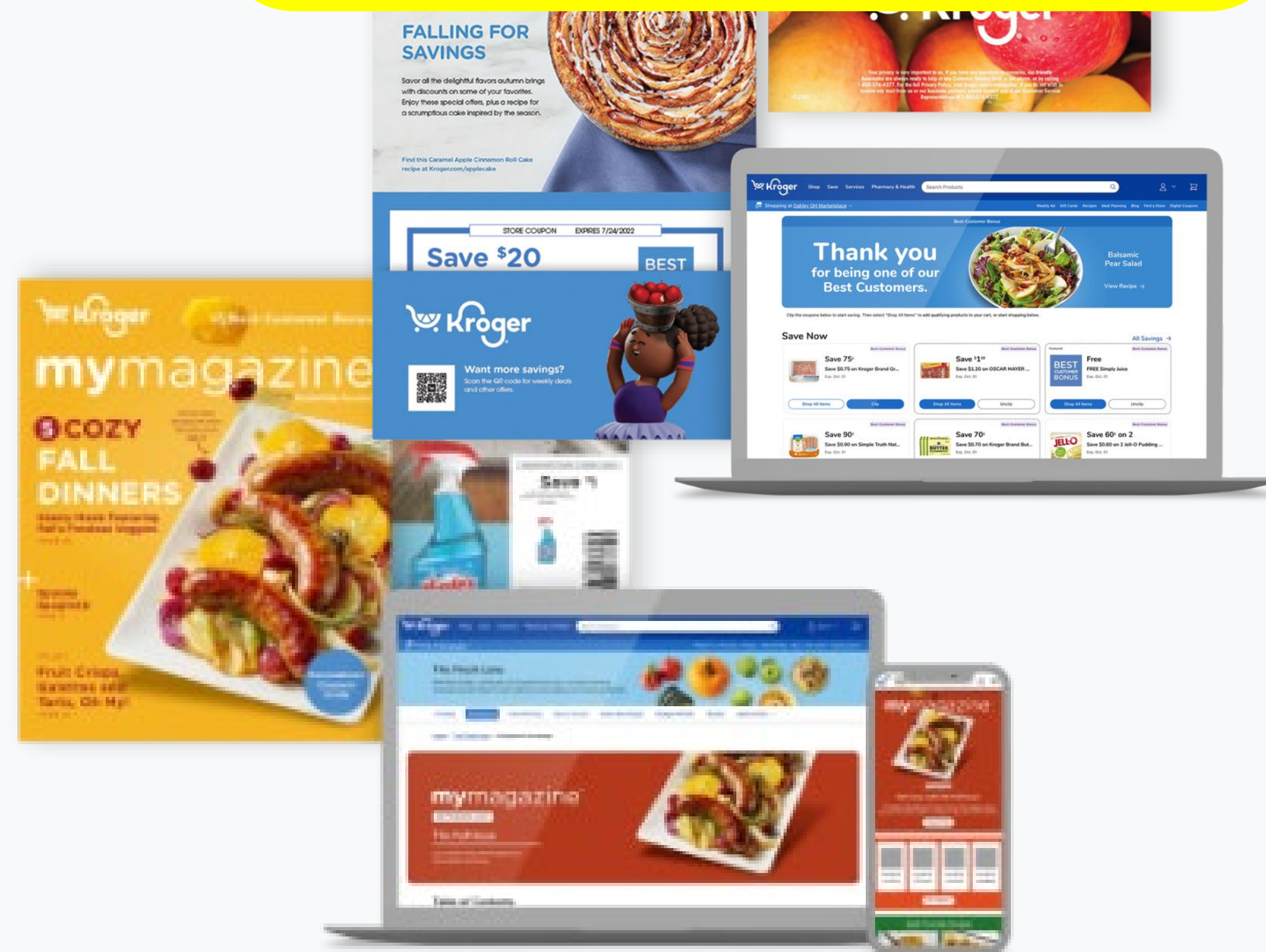
Supplementary Content: Execution – BCC & Other KPM Activations

INCENTIVES

Best Customer Communications Activations

Loyalty activations use personalized offers and rewards to strengthen shopper loyalty, increase purchase frequency, and grow category sales.

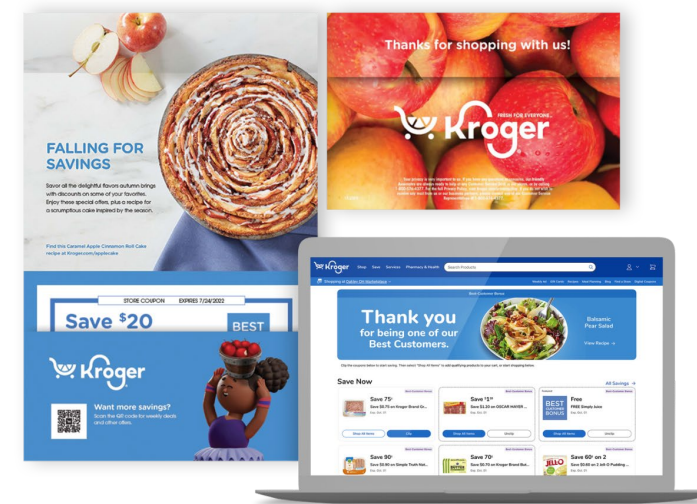
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Core BCC Capabilities

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LOYAL CUSTOMER MAILER (LCM)



Reward and Retain

- Monthly loyalty-focused mailer
- Retain and reward current buyers
- Targets high-value A/B households
- 4-week redemption window
- Minimum 10K circulation

MY MAGAZINE



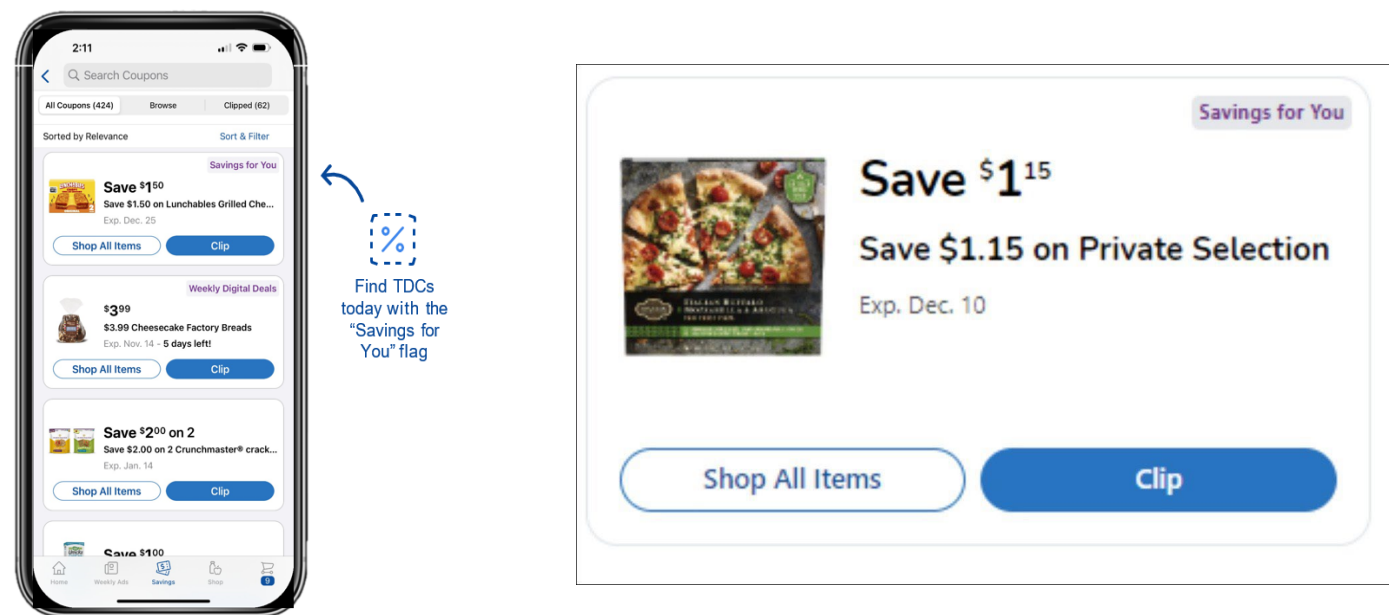
Acquire and Retain

- Premium full-format magazine experience
- Retain existing + acquire new buyers
- Reaches category-engaged households
- 4-week redemption window
- Minimum 30K circulation

Core Incentive Capabilities

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TARGETED DIGITAL COUPONS (TDC)



Customize Audiences and Quick Turn



CUSTOMIZE AUDIENCES



FAST LAUNCH



TAILORED TO KEY BRAND KPIs

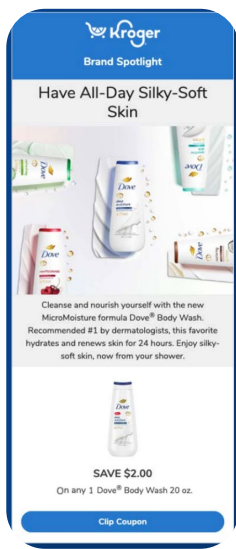


SHOPPER-SAVING INCENTIVE

Fast 3-week launch timeline

Minimum 200K circulation

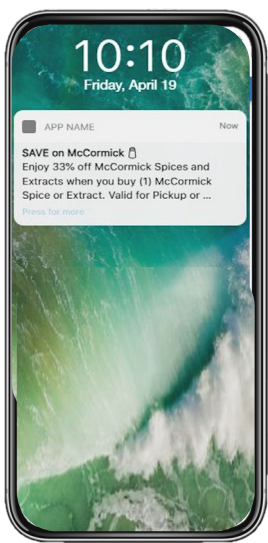
SINGLE SUBJECT EMAIL (SSE)



Drive High Engagement and Conversion

- Personalized 1:1 shopper messaging
- High engagement and open rates
- Strong for conversion + trial
- Includes integrated TDC offer

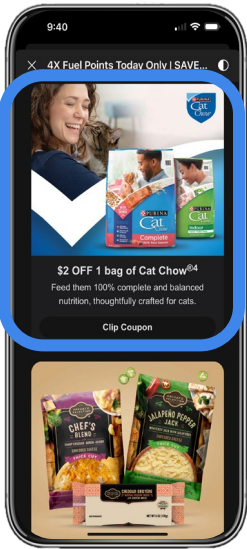
PUSH



Boost Digital Offers

- Real-time mobile offer reminders
- Re-engage shoppers before purchase
- Effective for driving conversion
- Delivered directly through Kroger app

EMOD



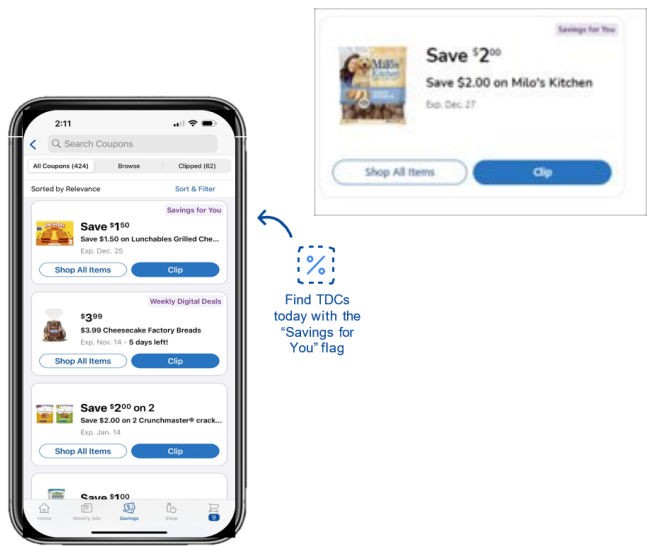
Drive Growth

- Branded content within Kroger email
- High-visibility shopper engagement
- Amplifies onsite + promotional messaging
- Designed to drive awareness and action

Custom Incentive Capabilities

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BOOST TARGETED DIGITAL COUPONS



Customize for Boost/Boost-like Audiences and Quick Turn

- Digital Coupon with ability to target specific segments of Boost and Non-Boost HHs with a strong, relevant offer
- High value coupons with 30% or higher value
- 3-week launch timeline
- Min 200K Circulation

BOOST EXCLUSIVE LCM



Reward and Retain Select Boost HHs

- Reach your most valuable customers - exclusive offers served through LCM
- Served digitally via email and/or digital carousal directly under standard BCC offers
- Offers are static and must be at least a 30% discount

DIRECT MAIL S



Customized Capabilities to Drive Consideration & Conversion/Retention

- Break through mailbox clutter with our Direct Mail (Print) Solo solution to generate product awareness and engagement by targeting households via custom purchase criteria
- Get access to 14M Direct Mail Exclusive households

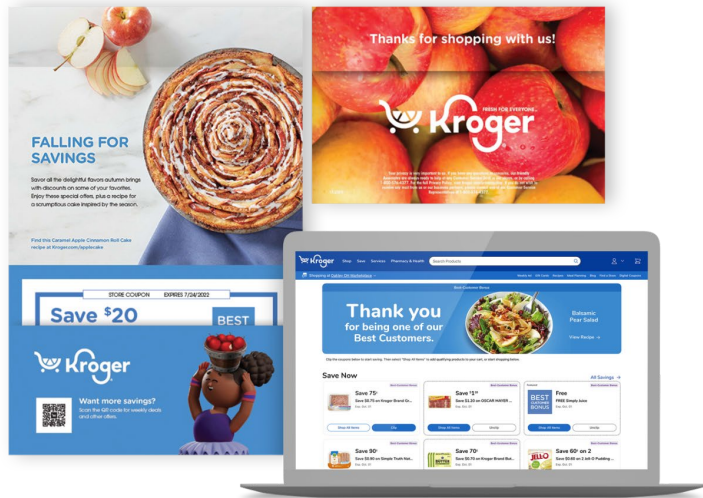
Drive Brand Awareness across MyMagazine HHs

- Whether you are launching a new product or have a national brand initiative, MyMagazine ad placements can help deliver to 4-6MM Kroger HHs

BCC Household Segments

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LOYAL CUSTOMER MAILER (LCM)



A & B Offers in Each Mailer
Segmentation Focus

MY MAGAZINE



**A & B (~50%) & C (~50%)
Offers in Each Mailer**
Segmentation Focus

Retain & Grow
Share with
Current HHs

BCC’s unique household mix varies by tactic, allowing you to reach valuable, relevant households. Many factors refine specific audiences for an offer, including, but not limited to, share of requirements, purchase behavior, and mix of offers in the event.

Increase
Penetration &
Acquire HHs

How BCC Fits: Building Loyalty Through the Power of

How to utilize Media and Incentive Activations together to reach target

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01.

PRODUCT LISTING
AD
(PLA)

Always-on with heavier
weekly support during
key timeframes

02.

TARGETED ONSITE
AD
(TOA)

Always-on, with heavier
investment during key
timeframes and
promotional periods (e.g.,
WDD, TDC)

03.

TARGETED DIGITAL
COUPON
(TDC)

Activated during key
moments and in-
between cycles to
support merchandising,
launches, and
retargeting

04.

BEST CUSTOMER
COMMUNICATION
(MYMAG & LCM)

Prioritizing higher
frequency over larger
circulation is essential for
emerging brands to build
and sustain Loyal
Households

05.

PROMOTED
PRODUCT CAROUSEL
(PPC)

Allocate ~10% of total PLA
investment to PPC.
Always-on to support
overall efficiency

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Supplementary Content: Loyalty Information

Building Loyal Households Through the Power of

Media drives awareness. **Incentives** drives trial + conversion. **Loyalty**

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**CS&P:
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Supplementary Content: Customer Focus

Consumers Are More Value-Conscious Than Ever

Shoppers are actively looking for ways to stretch their grocery budget, with value more important than ever

CS&P:
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80%

cite grocery prices as their #1 concern

Price sensitivity continues to rise across all income groups

88%

are reducing grocery spend, quality, or quantity

Consumers are actively changing shopping behavior

51%

are using digital coupons to save money

Digital savings are now mainstream shopper behavior



VALUE DRIVES EVERY PURCHASE.

Sources: U.S. Bureau of Labor Statistics, Federal Reserve Bank of New York, Federal Reserve Bank of St. Louis, Axio, University of Michigan Survey of Consumers, Economic Policy Uncertainty, Circana Research

WHY REWARD?

Incentives Drive Sustained, Comp

84.51° supported data proves the more customers engage, the more incre

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MORE ENGAGEMENT = MORE VALUE



6.14%

Average total sales
uplift per brand in FY24



**Sustained Growth.
Measurable Results.**

Well-targeted Incentives drive
incremental trail, repeat, basket
expansion and HH growth over time.

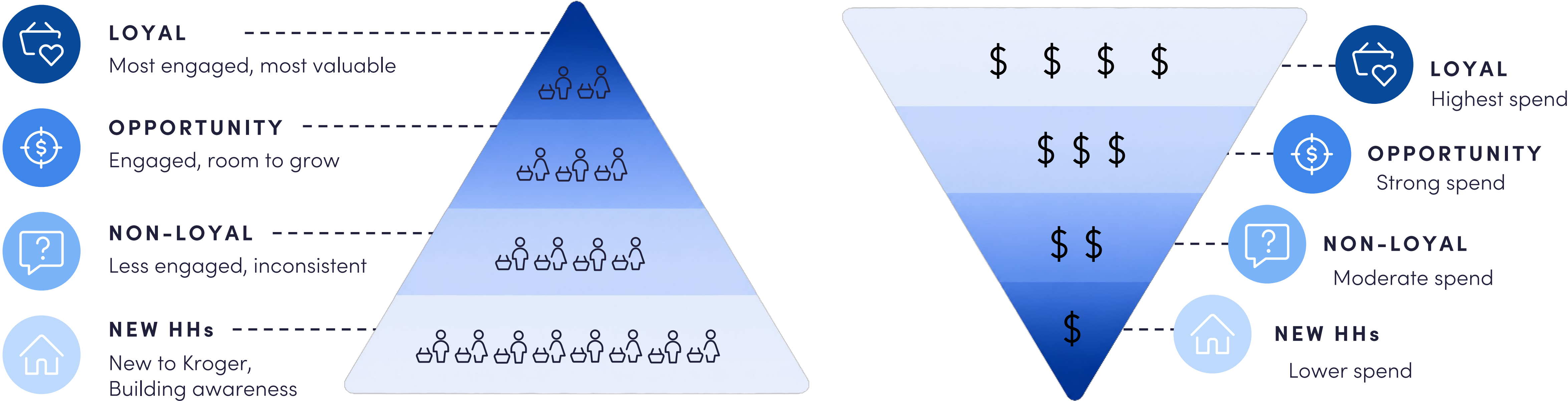
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Kroger's loyal customers account for over half

% OF CUSTOMERS

% OF SPEND



Loyal shoppers represent fewer households but higher spend.

Source: 2025 84.51° Stratum

BEST CUSTOMER
COMMUNICATIONS PERFORMANCE

BCC tactics [LCM, MyMag, NAK] target households that have previously interacted with your product [Loyal Households/Switchers] or those purchasing within the same category as your product [Category Buyers].

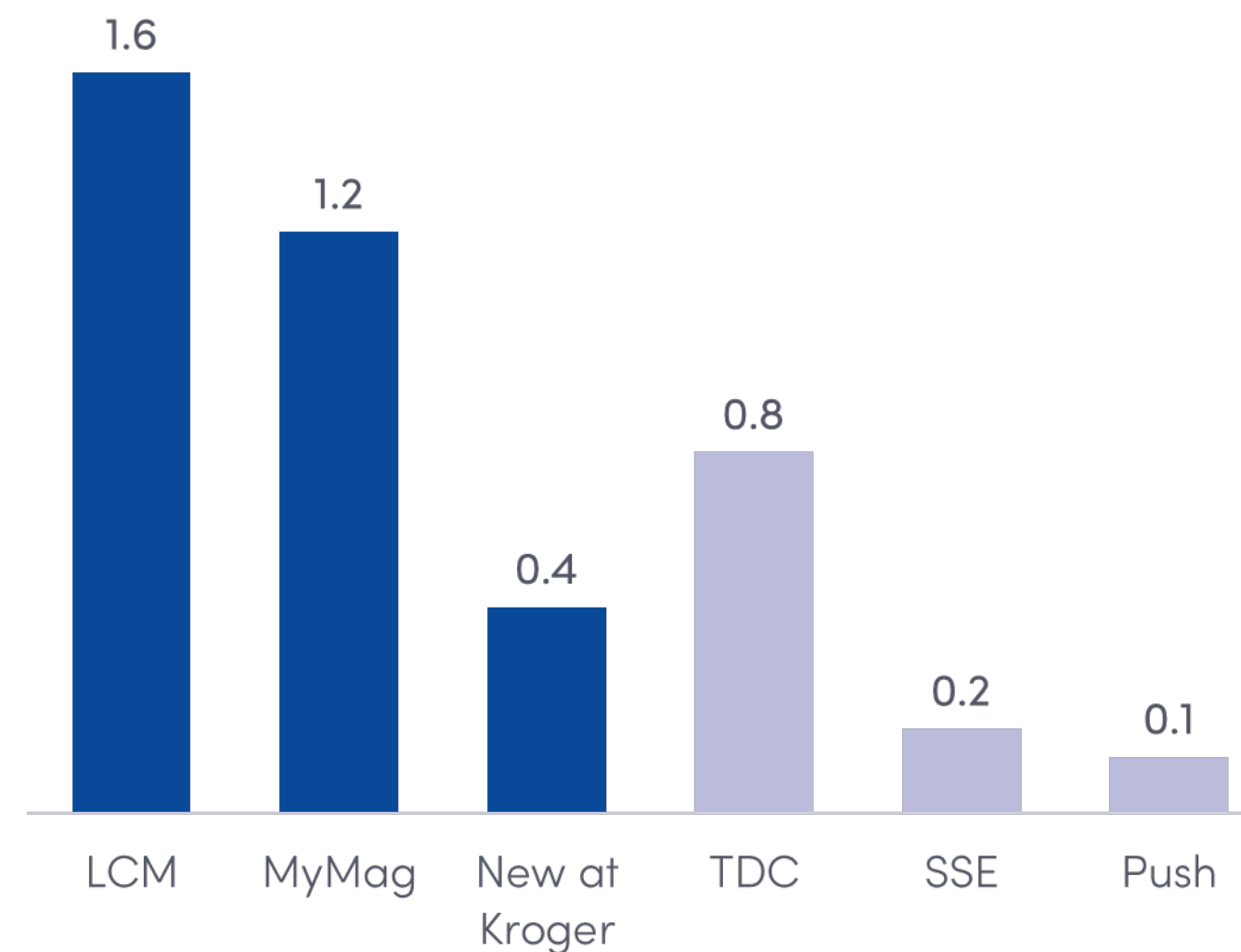
All tactics have a role in CPG support strategy to achieve specific objectives; BCC tactics are key to driving incrementality overall and within loyals:

- HHs receiving 2 BCC offers deliver 4x annual uplift compared to only 1 BCC offer.
- HHs receiving 3+ BCC offers amplify annual uplift by an **additional** 4x over 2 BCC offers.

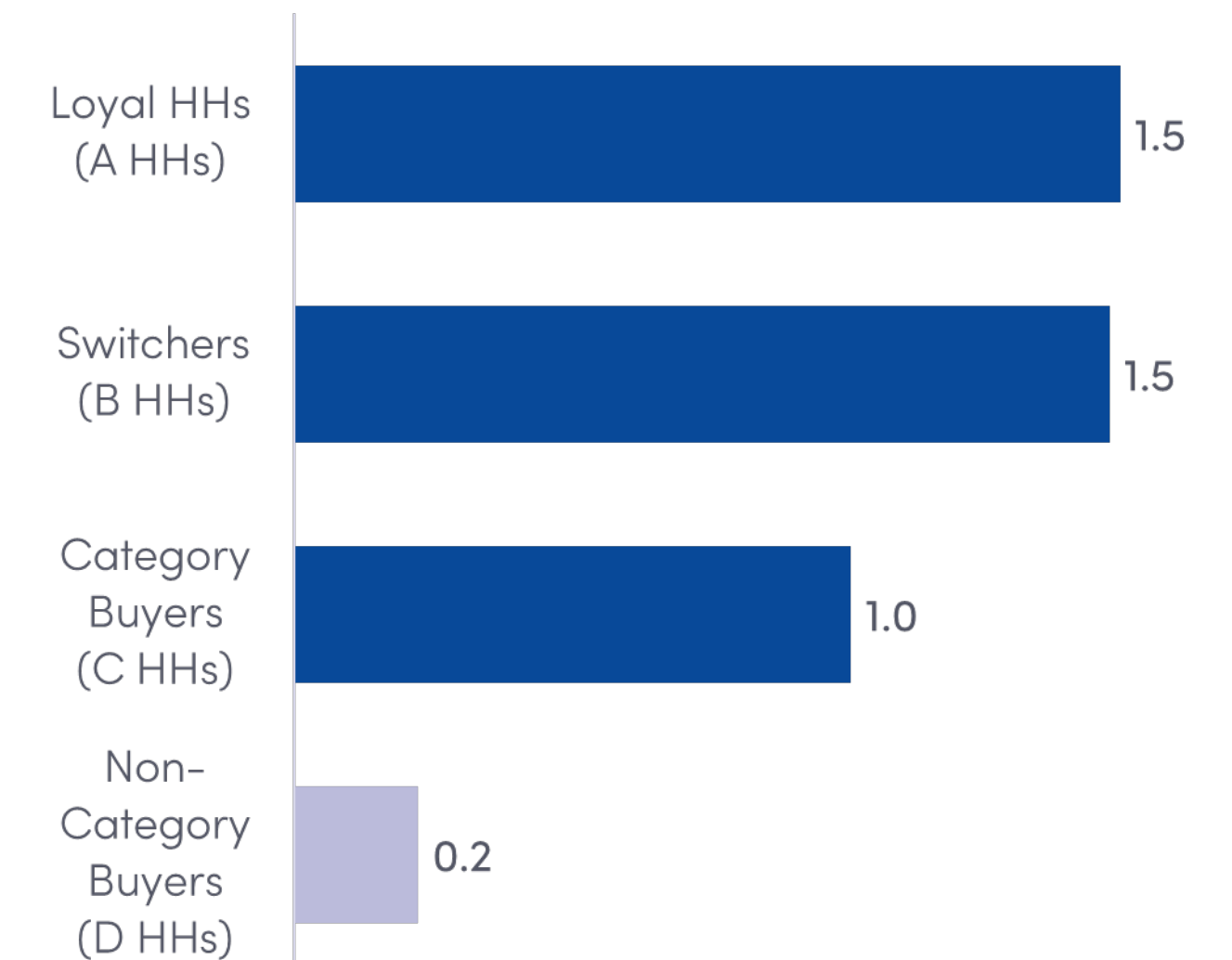
Lower funnel B
higher increme

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iROAS by Tactic



iROAS by Targeting Focus



Source: 2025 YTD Prism campaign measurement data for all LCM, MyMagazine, New at Kroger events. Non-BCC Channels sourced from standard KPM reporting for all 2025 campaigns YTD.

Note: ROAS metrics on this page use adjusted sales uplift.