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US CPG Report

**Defend Against Category Disruptors
by Engaging New Audiences**

2019

INTRODUCTION

Consumer packaged goods (CPG) is a multi-billion dollar industry that is growing fast and most of that rise is from online sales. Amazon has been a driving force with nearly 50% of all ecommerce sales.

Although current year on year online growth is a modest 9% on Amazon, certain verticals within this industry are pacing up more rapidly, like grocery and household care.
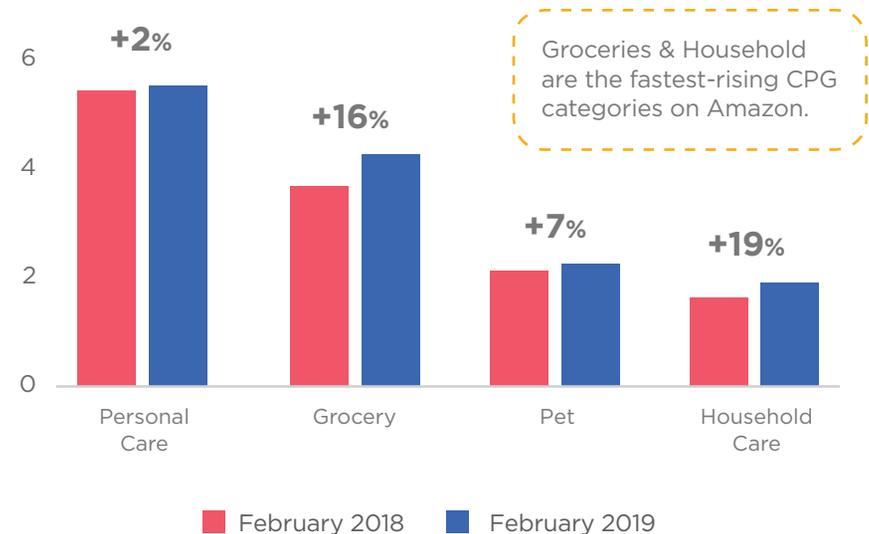
With fewer barriers to entry, ecommerce has become a prominent platform for emerging brands to disrupt CPG categories. From coffee to condiments to toothpaste, there are always new and unknown brands appearing that are meeting the needs of today's consumers.

What can brands do to defend against these disruptors?

In this report, Hitwise will cover:

- Rising disruptors in key categories
- Strategies to increase product traffic and conversions
- Tactics for engaging new audiences

CPG YoY Purchases on Amazon (in millions)

Groceries & Household are the fastest-rising CPG categories on Amazon.

Personal Care: **+2%**
Grocery: **+16%**
Pet: **+7%**
Household Care: **+19%**

February 2018   February 2019

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Trends show emerging brands as leaders within CPG categories

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Category Disruptors
Trends show emerging brands as leaders within CPG categories

SEARCH TREND

Emerging brands are disrupting online categories

Disruptors are emerging across several key categories online, even among shelf staples like mayonnaise. **Kewpie** may not be a well-known brand in the US, but the Japanese company is making big strides online.

Searches for **"japanese mayo"** have nearly tripled online and Kewpie's page views have more than doubled on Amazon in the past year. Some consumers are after the creamier texture that Japanese mayo provides, but others are searching for vegan options. Although **Just Mayo**, the most prominent vegan mayo brand, is slowing down on Amazon, **Sir Kensington's** vegan products are driving growth. Within less than a decade, these emerging brands have surpassed established brands like **Kraft** and **Hellmann's**.

Fastest-Rising Searches Around "Mayo" Feb 2019 YoY
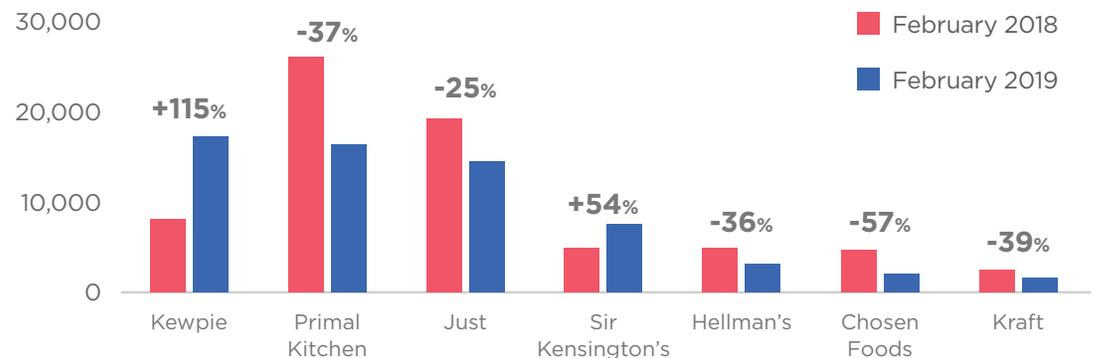
"Just Mayo"
↑ **621**%

"Japanese Mayo"
↑ **183**%

"Kewpie Mayo"
↑ **142**%

"Vegan Mayo"
↑ **120**%

Total Page Views on Amazon Mayonnaise

Legend: February 2018 (red), February 2019 (blue)

Bar chart values:
- Kewpie: +115%
- Primal Kitchen: -37%
- Just: -25%
- Sir Kensington's: +54%
- Hellman's: -36%
- Chosen Foods: -57%
- Kraft: -39%

Japanese brand Kewpie rose to the top position past established brands.

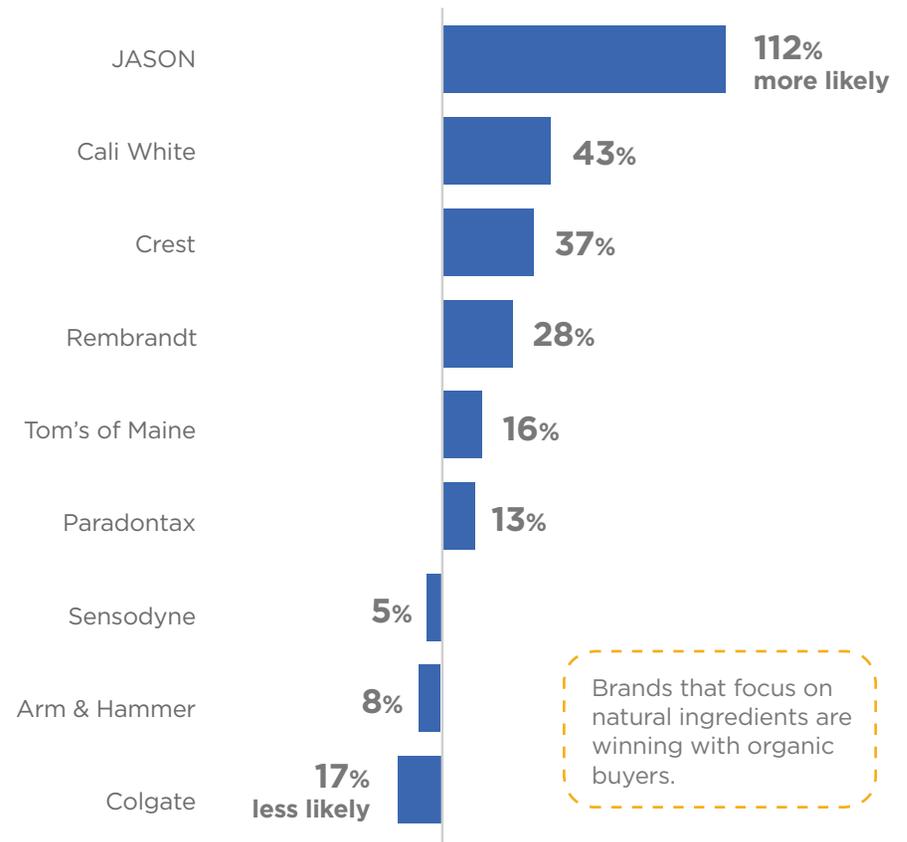# Consumers are pressing for more natural products

While **Crest** and **Colgate** still remain on top, consumers are looking for more ingredient-conscious toothpastes. In fact, 21% of online shoppers are seeking **natural & organic** toothpastes.

As a result, brands like **Cali White** and **Jason** have become contenders by offering fluoride-free and activated charcoal toothpastes, respectively.

Jason resonates the most with organic toothpaste buyers. Consumers who search for organic/natural toothpaste are **two times more likely** to buy Jason toothpaste.

"**Charcoal toothpaste**" drives the most traffic of any search for toothpaste online right now. Although Crest and Colgate both offer charcoal toothpaste, Cali White's activated charcoal product is dominating with the organic buying group.

Organic Toothpaste Buyer Index *
12 Weeks Ending 4/13/19

Brand	Value
JASON	112% more likely
Cali White	43%
Crest	37%
Rembrandt	28%
Tom's of Maine	16%
Paradontax	13%
Sensodyne	5%
Arm & Hammer	8%
Colgate	17% less likely

Brands that focus on natural ingredients are winning with organic buyers.

*Index is compared to standard online population.

Established brands are still beating private-label

Although we see private-label brands disrupt several categories online, there are still areas where **brand loyalty remains strong**.

Within the liquid laundry detergent category, **Solimo**, Amazon's private-label brand, generated over 3% of all page views on Amazon in February. While this is an impressive feat for a brand that wasn't competing in the category a year ago, the 5.4% conversion rate shows that the brand isn't taking off as well as other household names.

Tide, **All,** and **Arm & Hammer** have strong conversion rates and growing page views on Amazon, showing that brand loyalty is not totally lost in this category (yet).

New brands are emerging in CPG and changing the status quo, but some brands have been able to combat these disruptors.

Which tactics can defend against rising threats online?

Detergent Brands on Amazon
Feb 2019

Brand	Page Views ('000)	Purchase Rate
Tide	83	21.1%
Seventh Generation	28	14.6%
Dreft	28	17.6%
Persil	26	10.1%
Woolite	23	14.5%
Arm & Hammer	20	18.0%
All	20	17.0%
Solimo	13	5.4%
Mrs. Meyer's Clean Day	12	17.5%
WIN Detergent	10	13.8%

Tide is still the dominant player in detergent, despite Solimo's growth.

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Engaging Online Audiences

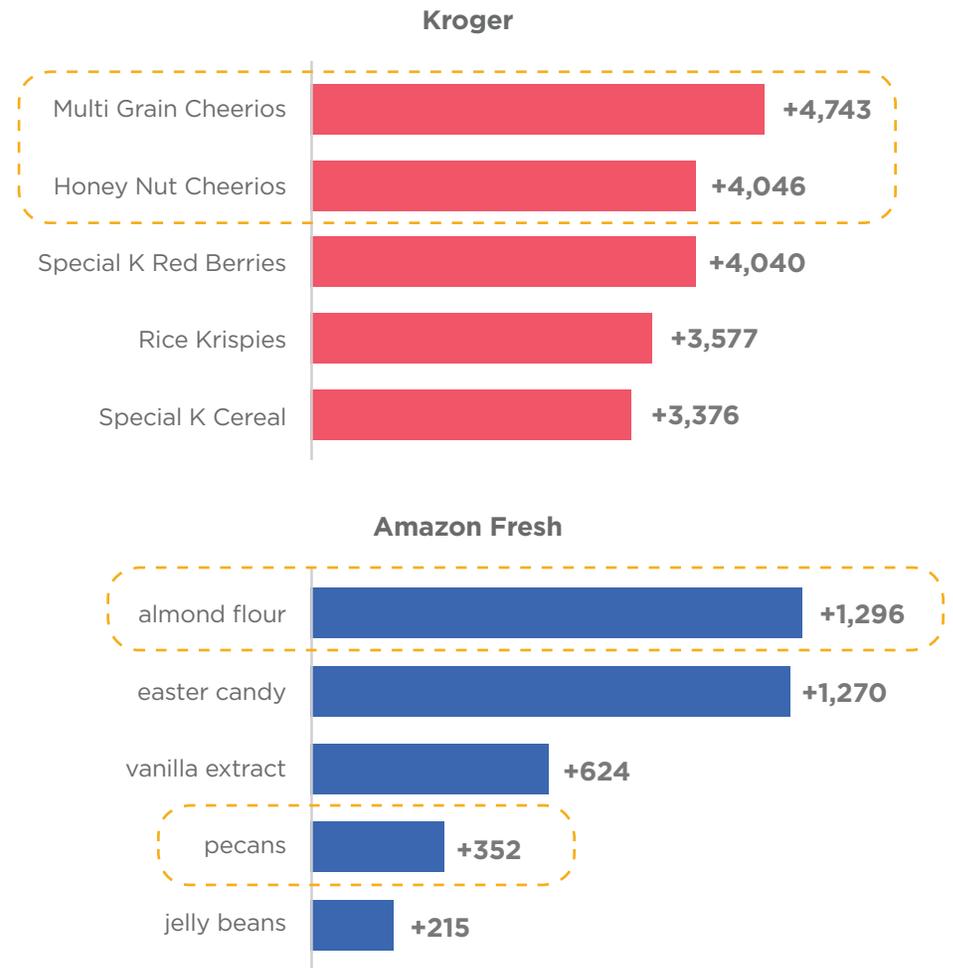Strategies to reach new segments within the category

SEARCH INSIGHTS

Engage customers through retail partnerships

Partnerships with key retailers can be the ticket to leading categories online. Leveraging internal search can help develop retailer-specific plans.

Searches on **Kroger** increased five-fold for top cereal brands week on week ending 4/13/19, while searches for Easter candy and baking products shot up on **AmazonFresh**. A company like **General Mills** can partner with each grocer differently to promote their cereal and baking product brands.

Since Cheerios boost cereal category page visits, General Mills can run **brand-specific promotions** on Kroger. Meanwhile, General Mills may want to launch **holiday-centric promotions** for Betty Crocker and Gold Medal on AmazonFresh as Easter is a peak baking season for shoppers.

Change in # of Internal Searches Week on Week Ending 4/13/19

Kroger

Multi Grain Cheerios	+4,743
Honey Nut Cheerios	+4,046
Special K Red Berries	+4,040
Rice Krispies	+3,577
Special K Cereal	+3,376

Amazon Fresh

almond flour	+1,296
easter candy	+1,270
vanilla extract	+624
pecans	+352
jelly beans	+215

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Benchmark performance within retailers

Once key partnerships are established, brands need to understand how their page views, purchases, and conversions perform vs. direct competitors. Benchmarking month-on-month movements to the competition will determine if the brand is winning or losing.

Hershey's saw a reasonable +23% increase in Amazon purchases in February, likely due to Valentine's Day purchases. But to put that into perspective, competitor **Dove** actually grew +265% in purchases, and despite lower page views, **ChocZero's** purchase rate is 50% higher than Hershey's.

Hershey's likely knows the total purchases for their brand on Amazon, but the **context of competitive performance** can help them diagnose where they need to focus.

Chocolate Brands on Amazon
Feb 2019

	Total Volume			MoM % Change		
Brand	**Page Views**	**Purchases**	**Purchase Rate**	**Page Views**	**Purchases**	**Purchase Rate**
Dove	120.7	23.7	19.7%	+127%	+265%	+169%
Hershey's	118.7	11.8	9.9%	+33%	+23%	-45%
ChocZero	101.8	15.5	15.2%	-27%	+1%	+37%

Although purchases improved, Hershey's hasn't grown as much as Dove.

Understand which searches are trending on Amazon

The brands looking to **improve product visibility** and conversions can double down on their **sponsored ads** within Amazon. A gap analysis will determine whether or not they're serving the most relevant products for each trending **search term** compared to the competition. Looking at the top searches that led to Dove page views, **Dove ranked organically high** on several generic searches (e.g. dark chocolate, chocolate) and seasonal searches (e.g. valentine candy, valentines chocolate).

Hershey's received a **significantly lower number of page views** from those terms and, for some, the majority of views was due to a **higher paid rate**. To rectify this, Hershey's could identify which Dove products are being featured for trending searches, and compare this against their own range. Hershey's could also bid on terms with high organic rates, such as "dove dark chocolate", to **conquest some of that traffic**.

Dove vs. Hershey's on Amazon - Top Searches to Dove Pages, Feb 2019

	Search Term	Dove		Hershey's	
		Page Views	Paid Rate	Page Views	Paid Rate
1	"dark chocolate"	11,503	0%	1,410	51%
2	"chocolate"	7,845	0%	11,882	23%
3	"dove dark chocolate"	6,101	0%	0	0%
4	"**valentine** candy"	5,642	6%	3,364	33%
5	"dove chocolate"	5,504	19%	0	0%
6	"**valentines** day candy"	3,963	0%	487	0%
7	"**valentines** chocolate"	3,408	0%	367	0%
8	"**valentines** candy"	3,258	0%	0	0%

Dove received higher traffic that required less spend than Hershey's.

AUDIENCE ANALYTICS

Tap into new audiences online

To be successful online, CPG brands must satisfy their core consumers while looking for opportunities to expand to new segments. Honing in on the attributes that key consumers gravitate towards will help identify new audiences.

Peet's Coffee customers are 20% more likely to drink whole bean coffee than **Starbucks** customers. They are also 31% more likely to drink caffeinated coffee. **How can Peet's further tap into the caffeinated whole bean coffee drinker audience?**
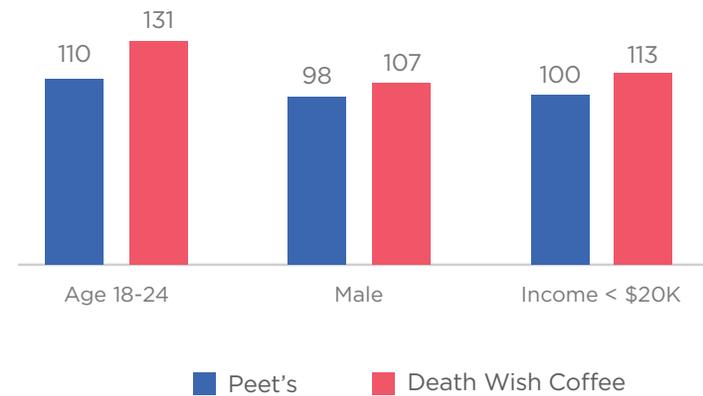
Peet's customers are seven times more likely to also be interested in **Death Wish Coffee**, an emerging brand that claims to be the "world's strongest coffee."

Knowing that Death Wish customers are more likely to be **low-earning, 18-24 year old males**, Peet's can implement targeted promotions and PPC campaigns to better reach this audience.

Coffee Attributes

	Starbucks	Peet's
Whole Bean	111	131
Caffeinated	102	133
Death Wish Coffee	409	704
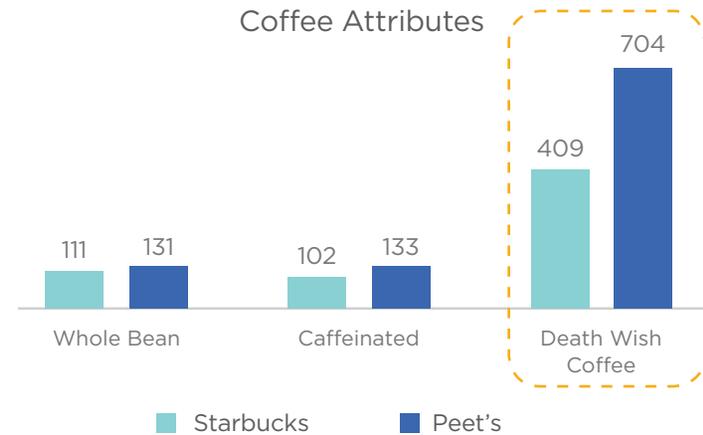
Demographic Attributes

	Peet's	Death Wish Coffee
Age 18-24	110	131
Male	98	107
Income < $20K	100	113

Summary
Key takeaways from top trends & tactics

Category Disruptors

- Searches for alternative dietary options are growing 2-3x in several categories, including mayonnaise.

- Consumers are seeking organic & natural options, with 21% after ingredient-conscious toothpastes.

- Not all private-label brands are beating out household names like Tide, yet.

Engaging Online Audiences

- Create strategies tailored to each retail partner. Leverage internal search to optimize promotions by retailer.

- Benchmark against the competition on page views, purchases, or search-specific traffic. Conquest by improving paid sponsorships.

- Identify new audiences within existing segments by honing in on product attributes that are overlooked.

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Hitwise is a global digital intelligence provider that helps brands and agencies, like Walmart, Goldman Sachs, Condé Nast, and Group M, segment and reach online audiences. As pioneers in data science for over 20 years, we deliver long-lasting improvements to our clients' marketing and sales performance.

Powered by leading data transformation and modeling technologies, Hitwise data is audience-first, actionable, globally-compliant, and unmatched in terms of granularity. This allows us to provide a complete understanding into how consumers behave online - from initial search to final purchase, at any moment in time, across any device.
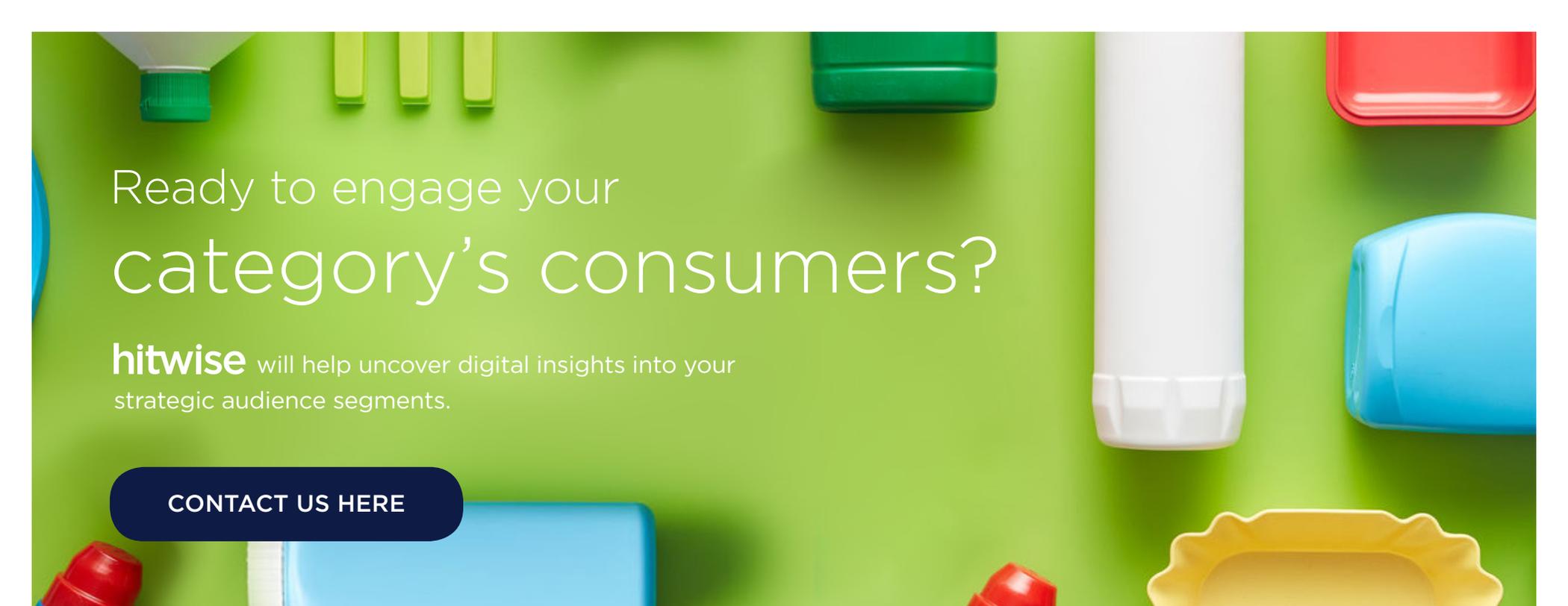
Measure
Competitive
Benchmarking

Discover
Consumer
Insights

Optimize
Search & Channel
Optimization

Lift
Campaign
Performance

Ready to engage your
category's consumers?

hitwise will help uncover digital insights into your strategic audience segments.

CONTACT US HERE

APPENDIX

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