The Lean:

Consumer Packaged Goods Insights Brief

VOLUME 1 | NOV 2021

Timely Consumer Insights for Marketers

Situational Overview

Over the last year, the pandemic has accelerated digital buying behaviors across almost every category as consumers turned their digital devices into their own virtual stores to buy everything from furniture to cars to household goods such as cleaning supplies and groceries. In response, CPG (consumer packaged goods*) brands increased their digital marketing investments dramatically over the last year to grow their D2C sales. Estimates from eMarketer expect the CPG category to contribute 16% of this year's total U.S. digital ad spend—second only to retail (24.9%). But as marketers gear up for a post-pandemic economy, new opportunities are emerging for CPG brands to drive not only online sales, but in store as well.

Heading into 2022, consumers are not only increasing in-store visitations, but going to the store more often.
Despite ongoing shipping and supply chain challenges, in-store shopping continues to reach and, in some cases, surpass pre-pandemic levels at a fast pace. Visitation data reveals that shoppers are not only making more trips per week to stores, but also driving further distances to get the products they need. This trend indicates yet another shift in buying habits that brands will need to adjust for in 2022. Without an omnichannel strategy to capture hybrid shoppers (in store and online), the massive digital marketing investments they made in 2021 to reestablish consumer loyalty could be at risk.

This latest issue of the GroundTruth Lean: CPG Insights Brief explores popular CPG categories, top retailers for CPG products, and uncovers the overlap in CPG shopper audiences, unveiling common interests based on the stores they visit.

About the Lean

Between professional careers and personal lives, we understand that there is very little time left to read drawn out whitepapers. This is why we created The Lean — meaningful marketing insights that help brands make strategic decisions about their marketing campaigns. Specifically designed for easy consumption and quick reference, each issue of The Lean applies offline behavioral data filters and other industry sources to current consumer trends to help understand the impact they are having on business outcomes such as visits and sales. GroundTruth data is sourced from the 30 billion annual global visits observed on its platform. All data is anonymized and aggregated.

*Consumer Packaged Goods (CPG) includes food and beverages, pet food, household cleaning products, personal care products, and other household consumables; excludes restaurant sales. Sales can occur through channels outside of traditional grocers or supermarkets, such as warehouse clubs and superstores, convenience stores, gas stations, pharmacy/drug stores.

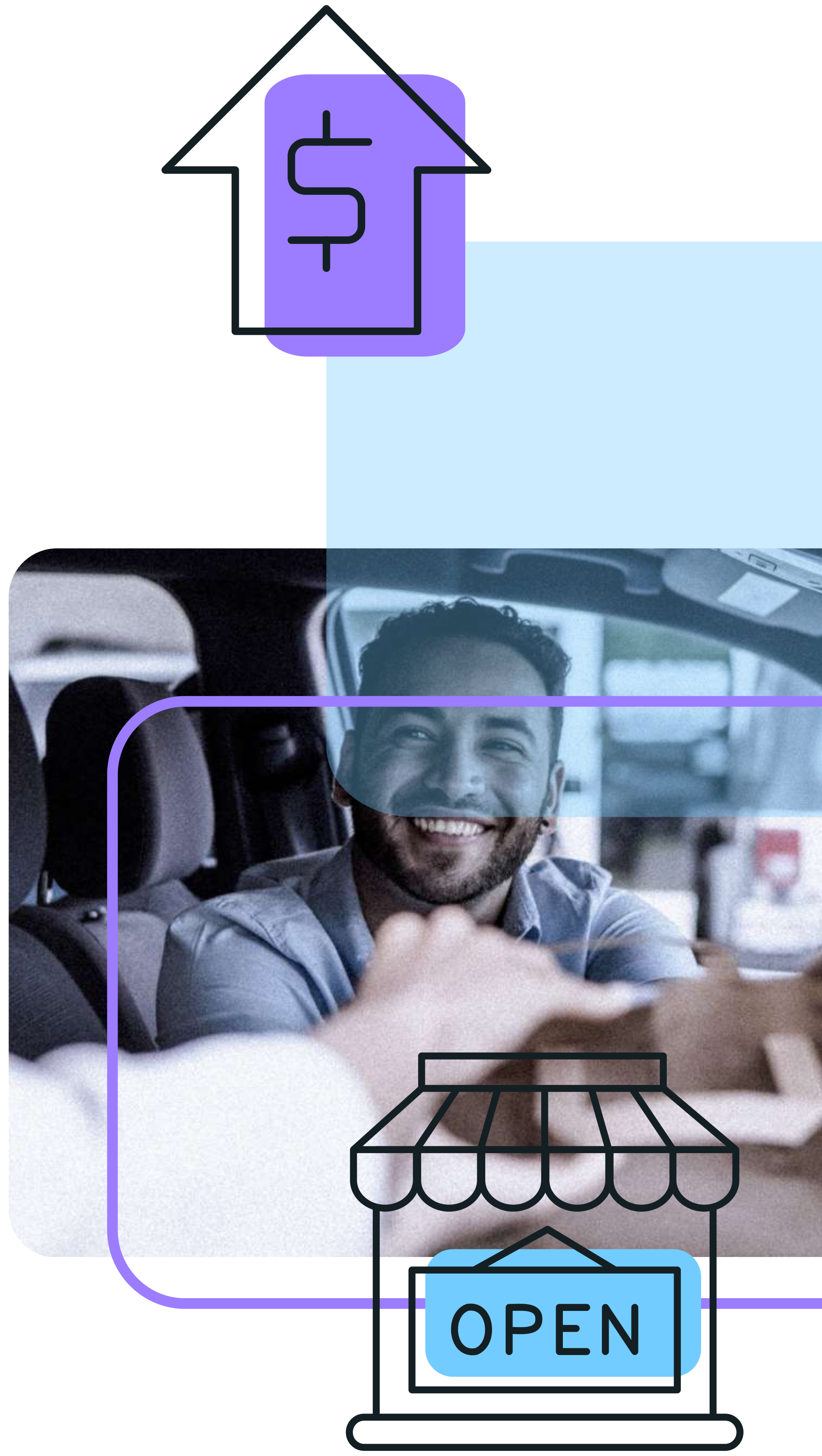
CPG HIGHLIGHTS

1. The pandemic was a boon for digital adoption, but the majority of CPG-related transactions still occur in-store

2. Supply-chain issues are changing the way people shop for common goods due to stock problems & price increases

3. Shoppers are making more trips per week and driving further distances to get the products they need

4. Shoppers first embraced the "click-and-collect" method for safety during the pandemic, but it will stay for convenience

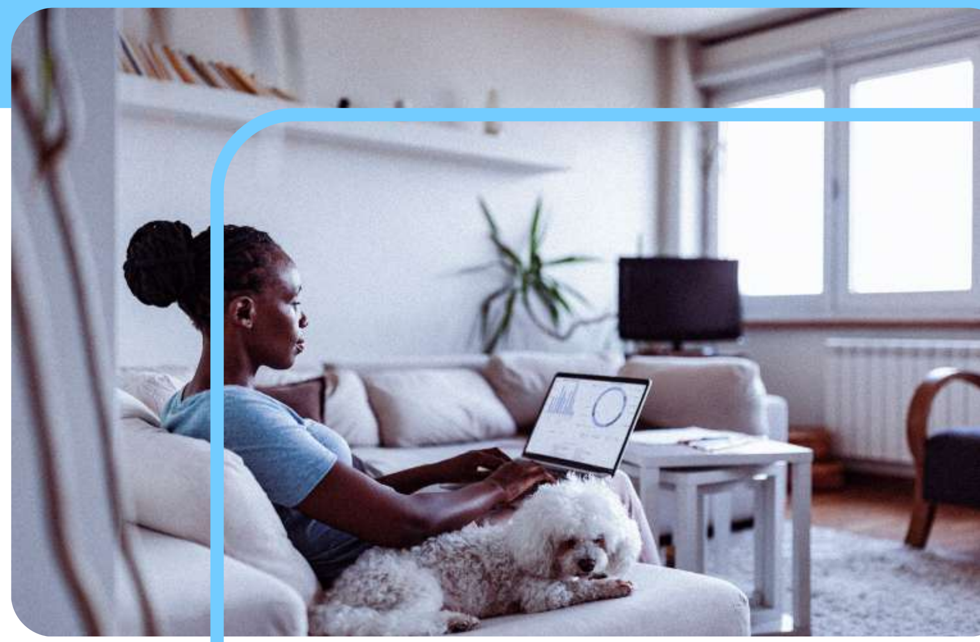


WHAT PEOPLE ARE BUYING

TOP 10 CATEGORIES FOR U.S. CPG SALES, 2020-2021[1]	SALES (BILLIONS)
Cigarettes	$36.6
Beer/Ale/Alcoholic Cider	$27.4
Salty Snacks	$26.6
Carbonated Beverages	$26.0
Pet Food	$22.2
Wine	$21.6
Spirits/Liquor	$20.6
Bottled Water	$18.5
Natural Cheese	$17.5
Milk	$16.7

New Generation of Pet Parents

According to the ASPCA, one in five households acquired a cat or dog since the beginning of the pandemic, accounting for approximately 23 million Americans.

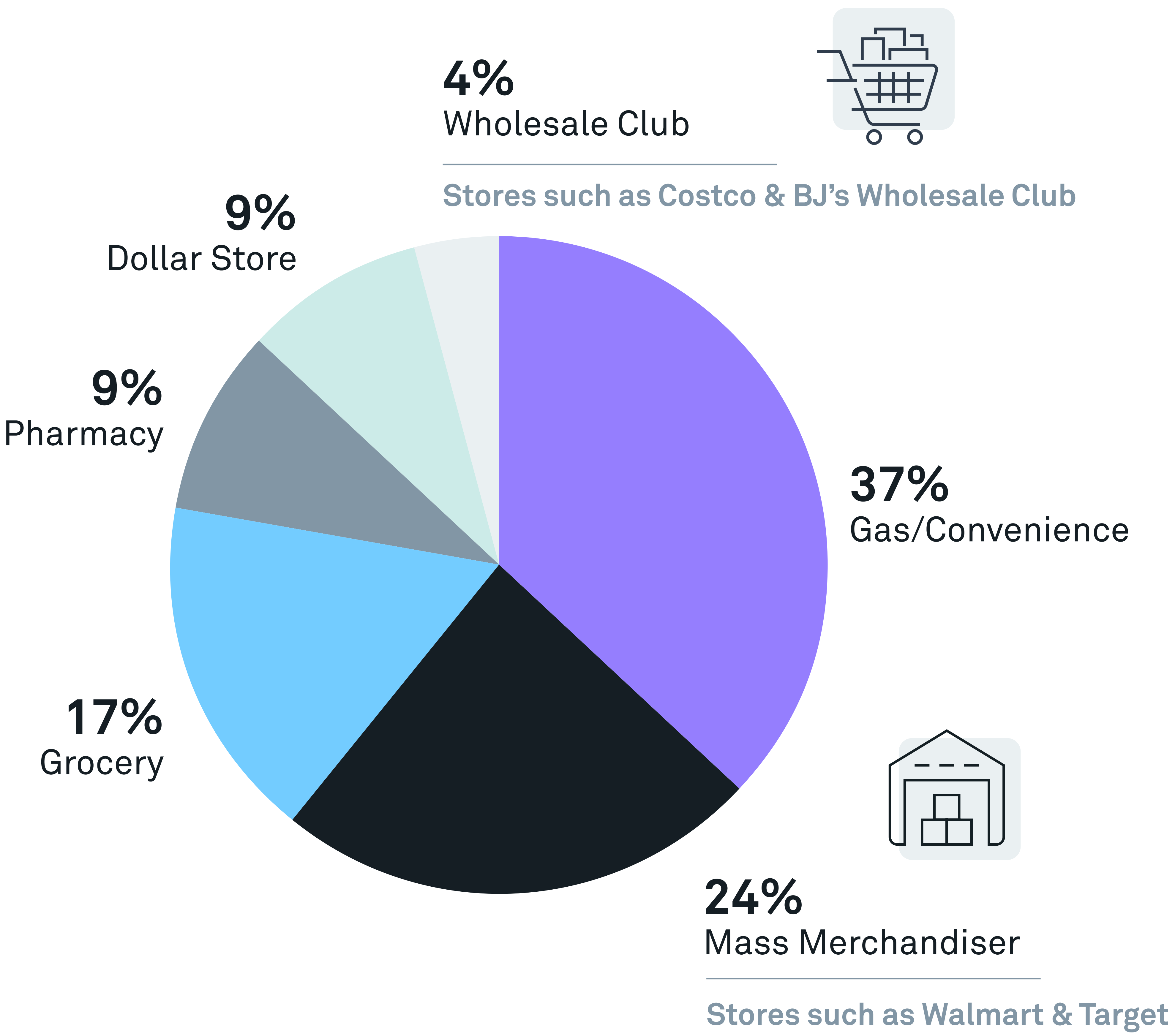


[1] eMarketer

WHERE CPG SHOPPERS ARE BUYING

The majority of CPG shoppers can be reached at Gas/Convenience Stores and Mass Merchandisers.

SHARE OF STORE VISITS TO CPG RETAILERS, Q3 2021



Dwell Time

CPG RETAILER	AVERAGE TIME SPENT IN-STORE (MIN.)
Wholesale Club	28.1
Mass Merchandiser	27.1
Grocery	20.5
Pet Store	16.1
Beauty	15.5
Pharmacy	13.6
Dollar Store	13.0
Gas/Convenience	7.3

Shoppers spend the most time at larger retailers such as Wholesale Clubs and Mass Merchandisers likely due to the size of these locations and the high volume of foot traffic.

AT A GLANCE: AUDIENCE INSIGHTS

Common audience interests can be uncovered based on shopper overlap.

CATEGORY SHOPPER OVERLAP

Shoppers (columns) / *Retailer Visits* (rows)

	BEAUTY	CLUB	DOLLAR STORE	GAS/ CONVENIENCE	GROCERY	MASS MERCH	PET STORE	PHARMACY
BEAUTY		+5%	+8%	+2%	+3%	+5%	+14%	+4%
CLUB	-3%		+12%	+18%	+19%	+22%	+5%	+13%
DOLLAR STORE	+1%	+13%		+46%	+33%	+45%	+5%	+29%
GAS/ CONVENIENCE	-6%	+17%	44%		+48%	+60%	+2%	+39%
GROCERY	-5%	+18%	+30%	+48%		+46%	+3%	+33%
MASS MERCH	-3%	+22%	+43%	+61%	+47%		+5%	+35%
PET STORE	+10%	+9%	+9%	+7%	+8%	+10%		+7%
PHARMACY	-4%	+13%	+28%	+40%	+33%	+35%	+3%	

Low overlap — High overlap

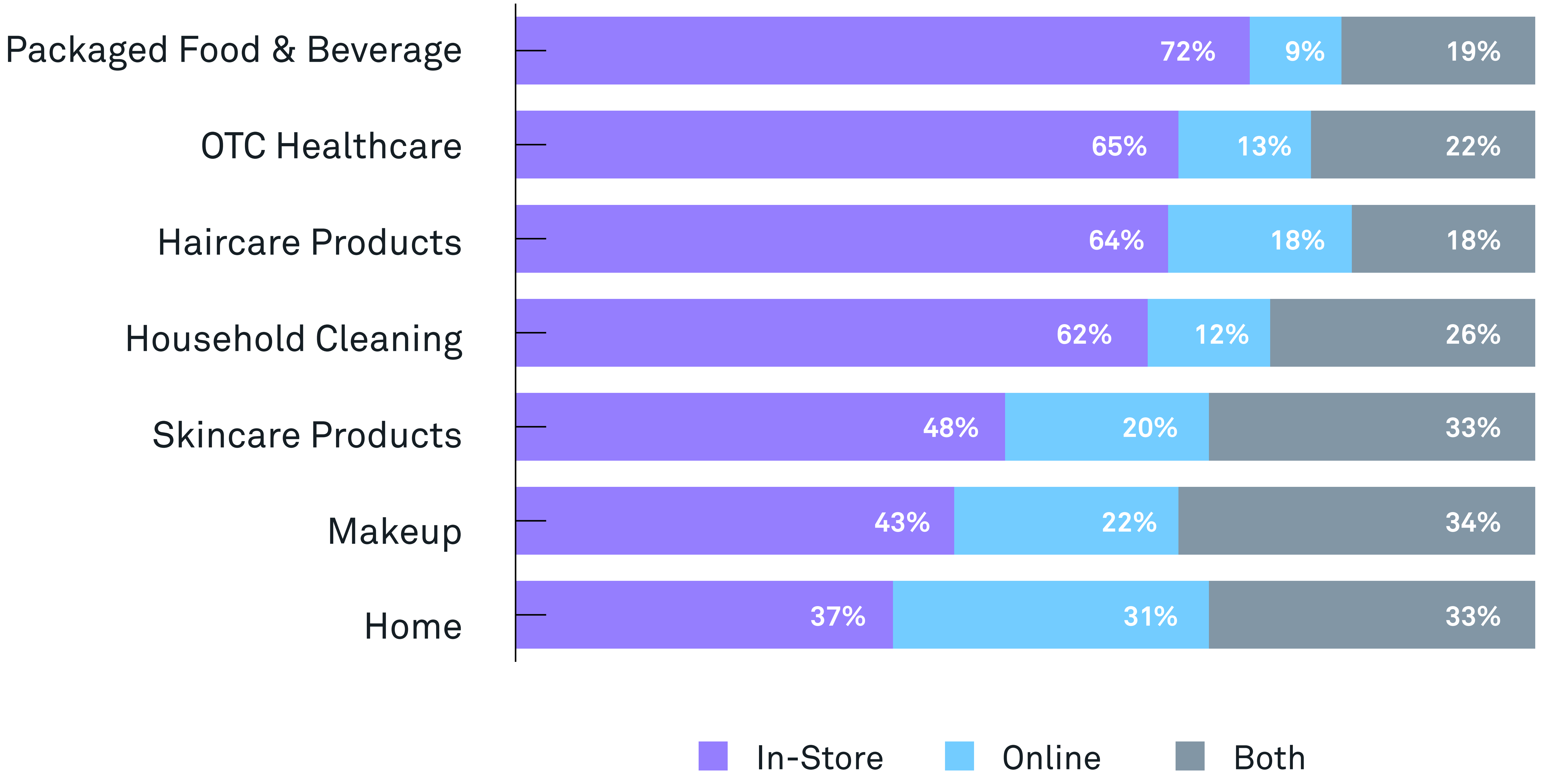
Pet and Beauty Store shoppers have shared interests with a higher overlap than with other categories.

Gas/Convenience shoppers visit Mass Merchandisers 60% more than other categories.

IN-STORE VS. DIGITAL CONSUMER GOODS PURCHASES

While over 90% of CPG transactions occur in-store, 52% of people will make at least one digital purchase this year.

IN-STORE VS. DIGITAL SHOPPING PREFERENCE



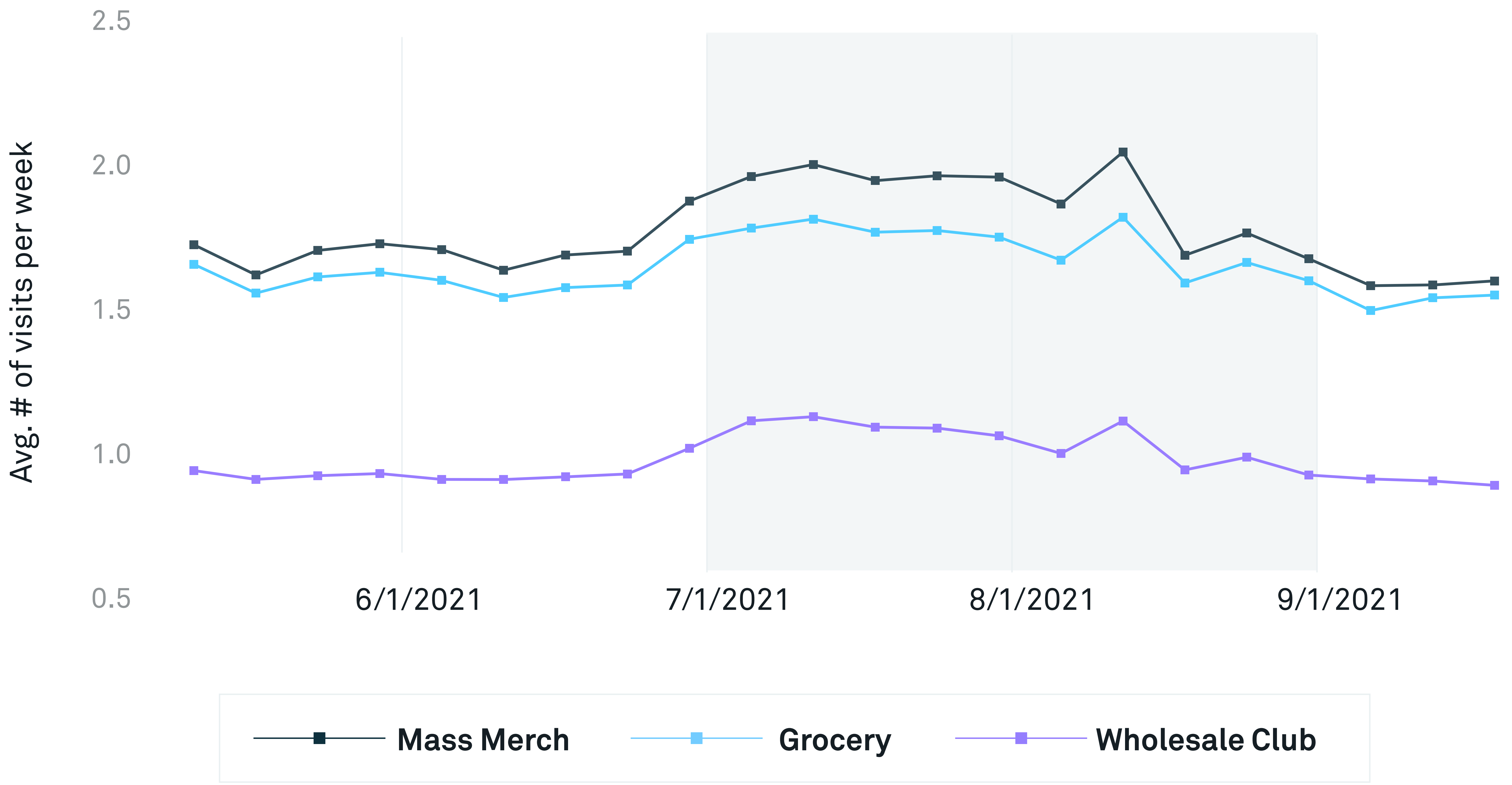
The pandemic was a boon for digital adoption

Digital consumer product buyers grew 42.6% YoY in 2020, however, annual growth will be tempered going forward at 8.6% in 2021.

eMarketer

SUPPLY-CHAIN ISSUES ARE CHANGING THE WAY PEOPLE SHOP FOR COMMON GOODS DUE TO PRODUCT AVAILABILITY CHALLENGES & PRICE INCREASES

AVERAGE # OF VISITS PER WEEK BY SHOPPERS



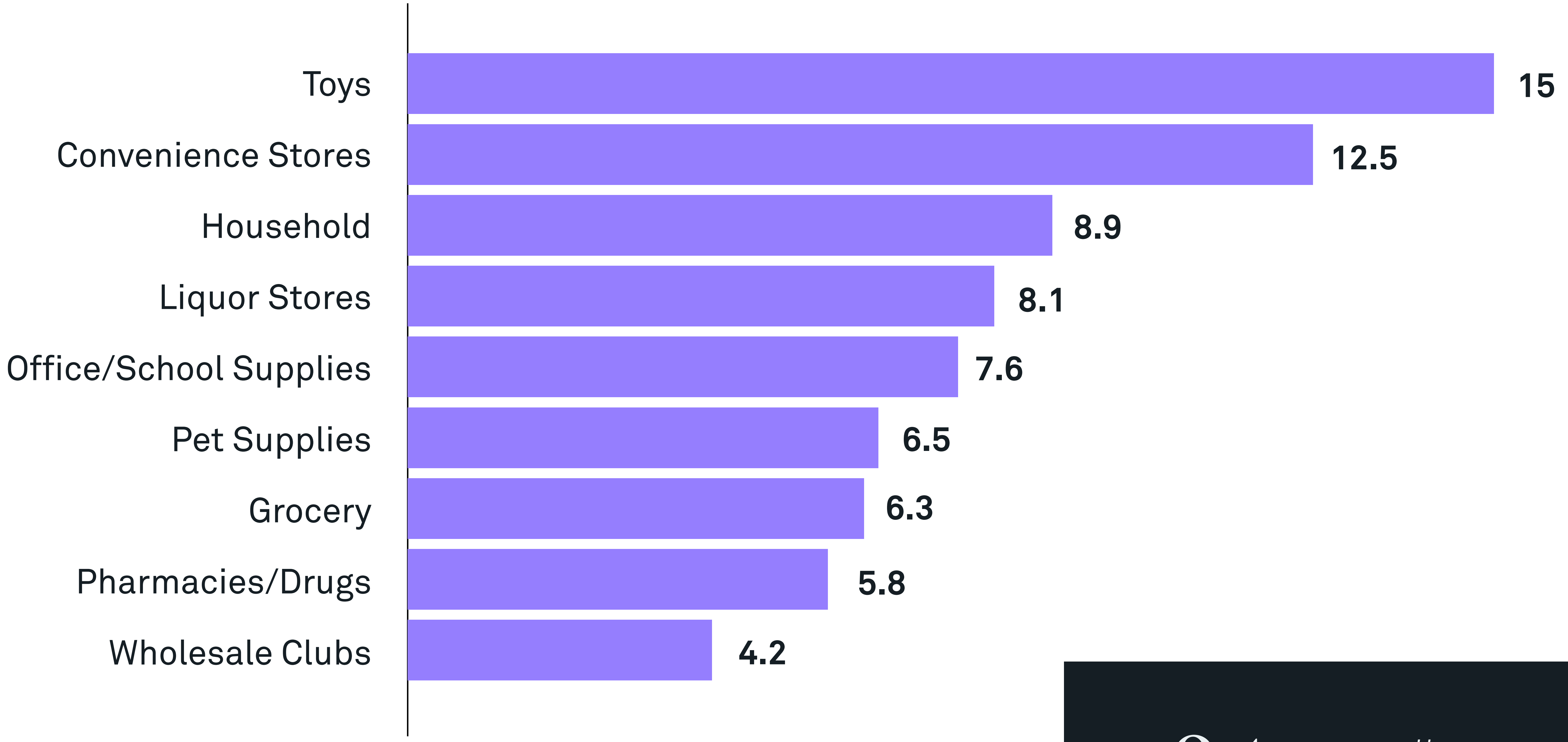
Visits per week increase in the summer months, by up to 9% at Mass Merchandisers.

July 2021 was the first time the number of ‘repeat visitors’ outpaced ‘new visitors’ to retailers since July 2020.

Outcome #1:

Shoppers are making more trips per week across all categories

AVERAGE DIFFERENCE IN MILES TRAVELED (2021 VS. 2019)



In 2021, consumers are traveling an average of **10 more miles** to retailers than in 2019.

In the past three months, more than **80%** of consumers bought a *different brand* than their usual brands due to lower prices (65%) and out-of-stock products (51%).[2]

Outcome #2:

Shoppers are driving further to shop at different stores or different locations to find in-stock products

[2] Inmar Intelligence

PANDEMIC-DRIVEN TREND: CLICK-AND-COLLECT

Shoppers embraced the "click-and-collect" method for safety, but will continue to use it for convenience.

Click-and-collect will account for 9.9% of all retail ecommerce sales and will make up 34.9% of US digital grocery sales this year.

By 2025, click-and-collect will make up more than 40% of grocery sales.

What is "click-and-collect?"

"Click-and-collect," commonly referred to as curbside pickup, is a convenient way for consumers to make their purchase online or in-app, and then pick their items up in-store or outside the storefront.

LOOKING FORWARD

1

Don’t lose loyal customers over product shortages.
As consumers continue to increase their level of activity in-store, there is a risk that your digital marketing dollars are going to waste on the wrong shoppers. Use your first party data with audience data to make sure you reach your customers where they prefer to shop: online, in-store or both.

2

Reach consumers in their favorite digital space - social media!
Social media campaigns can be effective to drive consumers to specific locations to buy your products. You can start by importing targeted audience data to popular social networks where they are likely to spend their time such as Facebook, Instagram and Twitter.

3

Out-of-stock alerts will lead to brand switching, which leads to more than just lost revenue.
While you may be inclined to pause your advertising campaign because of a lack of product availability, remember that your competitors are not. Inadvertently directing shoppers to try different brands because of product shortages leads to brand switching, which impacts the lifetime value of those customers. Having an in-stock ad solution as a part of your marketing strategy can help avoid brand switching.

4

Campaign activation during the right day of the week will yield positive results.
Visitation data can tell you what day of the week your customers are going to stores most so you can reach them during that key moment of decision. You can also add weather triggering ads that can be based on current and forecasted conditions.

GroundTruth

Questions?

CONTACT US

- marketinginsights@groundtruth.com
- www.groundtruth.com

@groundtruthco