



WHITEPAPER

# Growth in Sight

Insights into the growth you may be missing

## ● Executive Summary

- Consumers are evolving, shifting both how and where they shop, and the population is shifting as well, growing increasingly diverse
- with each new generation. The pandemic accelerated consumers' behavioral shifts, forcing brands to adjust their topline growth strategies while managing increased bottom-line pressure.

But brands cannot adjust their strategies and deliver growth if they cannot see, let alone understand, where growth is occurring and who is driving that growth.

84% of CPG growth occurred outside traditional channels (Food, Mass, and Drug) in 2021, providing an opportunity for brands and retailers to inspire their innovation, channel and consumer strategy.

In this analysis, we bring visibility into the untapped growth brands and retailers might have not seen due to outdated or incomplete datasets: a \$101 billion opportunity in non-traditional channels.

Growth exists—just not in the channels and consumers you know.



## Why Growth Was Hard to Find

With \$101 billion on the table for companies to find—representing 84% of total growth in CPG—brands and retailers might be left wondering, “How did I not see this?”

Brands originally focused on product driven decisions—if the company knew their product was selling well through point-of-sale (POS) data, the brand would ramp up production.

This simple solution relied on a set number of retailers and made the assumptions that a limited scope would provide the full market context. Additionally, POS data's inability to capture the who and why behind the buy made establishing the connection with the consumer difficult.

Panel solutions soon became the market standard, starting off with paper diaries to provide a basic understanding of the consumer. Technological innovation later produced the in-home scanner, which panelists used to scan barcodes of individual items and manually input prices.

These initial panel experiences were not perfectly accurate either—consumers underreported categories consumed out-of-home, left large and heavy products unscanned in the garage, and they had no mechanism to provide online data as eCommerce was not yet mainstream. Even center-store products suffered from the lack of visibility due to the fragmented consumer journey. Brands and retailers were forced to accept these faults from the onset, knowing that the data gaps increased as consumer behavior evolved.

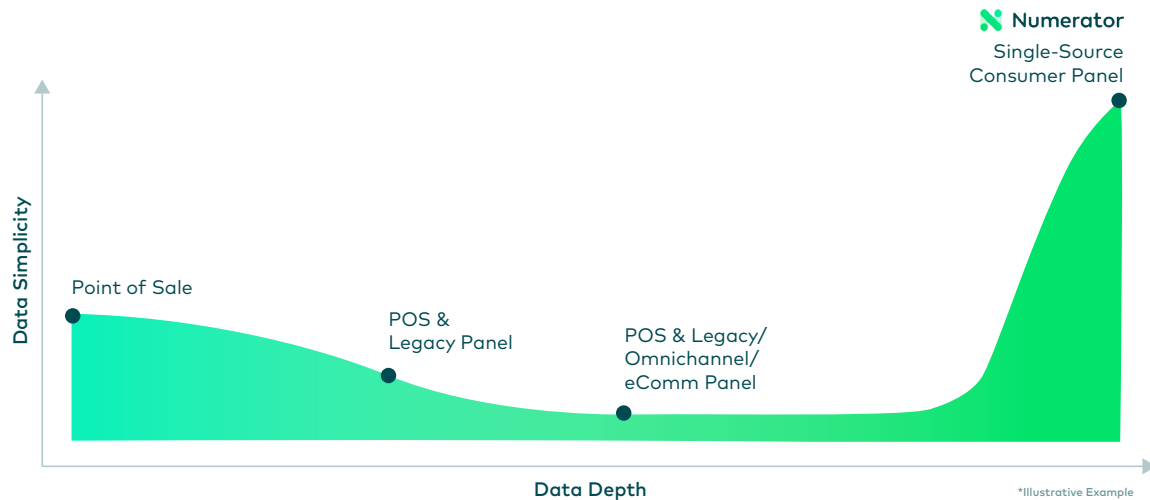
Other supplemental data sets were created to fill the gaps. However, professionals were swimming in data but lacked the connectivity between those data sets to answer one simple question—what is my consumer doing?



Consumers grew  
**\$101 BILLION**  
in year-over-year  
sales outside of  
Food, Mass and Drug  
channels



## TOOLS USED FOR CONSUMER UNDERSTANDING



Numerator pioneered physical & digital receipt collection to create an omnichannel consumer panel capturing modern consumer behavior across channels including Club, Dollar, Convenience, and Online. For the first time, brands can understand consumer behavior including cross-channel brand switching and channel incrementality across over 16 channels.

With unprecedented coverage and depth, brands and retailers can leverage Numerator data **to measure share, track behavior & sentiment and activate from one data source.**



## Clarity to Where Consumers Shop

While concerns about COVID-19 drove consumers to consolidate trips in 2020, two years later they're exploring more stores than they ever have. **The average number of unique banners visited in a year is up by 20% driven almost exclusively by non-FMD retailers compared to March 2019**—particularly within Online, Home Improvement and Closeout.

Even the heaviest of FMD loyalists are moving to channels out of FMD: within the top 10% of shoppers based on CPG spend in FMD channels, year over year share of wallet has moved to non-FMD channels 4.5x faster than in 2019.

No longer reliant on the brick & mortar behemoths in Grocery and Mass, shoppers are now segmenting their stores based on key needs.<sup>2</sup> Club and Online offer variety, but what sets them apart is value against time savings. Dollar and C-Store live in the world of accessibility with C-Store balancing deals and convenience.

### KEY DRIVERS FOR GENERAL SHOPPING AT CHANNEL

#### C-Store

Close to me	44%
Get everything I need quickly	23%
Have deals that appeal to me	17%

#### Club

Wide variety of products	34%
Have deals that appeal to me	33%
Have everyday low prices across many products	31%

#### Dollar

Close to me	42%
Have everyday low prices across many products	40%
Have the best price on products	30%

#### Online

Wide variety of products	37%
Get everything I need in one-stop	36%
Get everything I need quickly	30%

Prices & Promo Time-Savings Convenience Assortment





In total, the biggest movers in retailer share for CPG are Amazon, Costco, Chewy.com, and Walmart & Sam's Club eCom—growing at least +10bps (basis points) each vs YAG. **Three themes emerge from this shift**, which present both challenges and opportunities for brands and retailers:



#### PURELY PUREPLAY

##### CHALLENGE

Unburdened by the logistical challenges of maintaining inventory across hundreds of stores, the ability to ship via warehouses helps alleviate supply strains. However, the digital shelf is an ocean of products where your product can stay hidden.

##### OPPORTUNITY

With a near limitless shelf, to be visible means understanding the full online path to purchase. Do you know the key drivers for your brand and category in-store vs pureplay vs click & collect to provide a differentiated strategy?



#### PHYGITAL SHOPPING?

##### CHALLENGE

The physical and digital are converging to offer a new experience: the phygital. Online is no longer just for bulk shopping—consumers also turn to online as a way to save time. An online strategy should go beyond larger items and bundled sets: companies need to curate parallel experiences online as they would in-store.

##### OPPORTUNITY

The rise of virtual reality and the metaverse could be a potential entry point with 2 in 3 consumers interested in using VR and of those 1 in 5 would be interested in using VR for shopping groceries.<sup>3</sup> Could tapping into this new world (and potentially new channel) be the key to unlock even more growth?



#### MEMBERSHIP CARD PLEASE

##### CHALLENGE

The in-store environment has evolved from a row of aisles to shopping highways where traditional shelving principles are turned on its head. How can you get your consumer to notice your product?

##### OPPORTUNITY

Are there current SKUs that have a low cost per volume you could position to be club size, SKUs that are complementary that create a combo pack at a lower price point, or current SKUs that can be grouped into a single box or bag?





## Growth is Everywhere

Distilling the \$101 billion growth opportunity, of the eight reported CPG sectors, all are growing in non-FMD channels. Within major categories, **92 of the top 100 show higher growth in non-FMD**. Of the remaining eight categories, all are categories that have historically been strong outside of traditional channels.

GROWTH RATE DIFFERENCE OF NON-FMD TO FMD—TOP 100 CPG MAJOR CATEGORIES



For a brand to gain just 1% of non-FMD growth, \$14M could be realized within any sector at a minimum. Grocery makes up over half of untracked growth, but other CPG sectors are seeing strong growth as well. In fact, the growth happening in Baby, Health & Beauty, and Pet **is equivalent to over 10 points of market share within each of their respective sectors** in FMD channels.

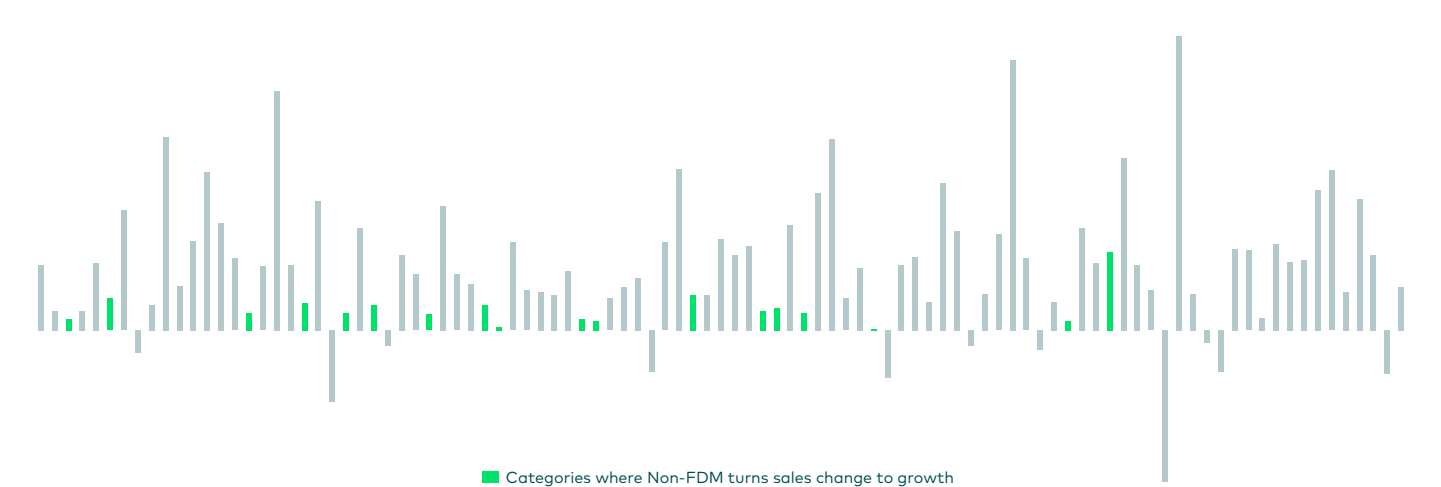
Consider what knowing there are more dollars worth in each share point for you to capture would mean for your brand strategy—taking a true, full channel lens would profoundly affect your own growth targets.



Growth in Sight

What becomes more enlightening for some brands is that within the world of the category they live in, their strategy could completely flip from a defensive fight of maintaining relevance to tapping into an expanding opportunity. That is because **almost one-fifth of the top 100 CPG major categories now show growth when non-FMD channels are added**. Companies can now realize new demand, determine new distribution opportunities, and architect what innovation could look like for these growing consumers.

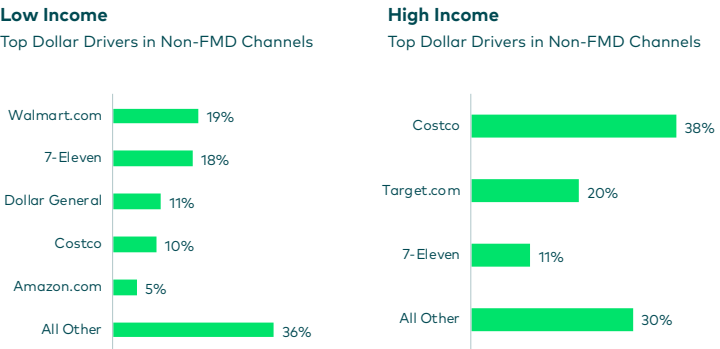
% SALES CHANGE VS YEAR AGO INCLUDING FMD + NON-FMD CHANNELS - TOP 100 CPG MAJOR CATEGORIES



Insights in Action: The Case for Ice Cream

One example is Ice Cream & Frozen Novelties—one of the largest categories in CPG seeing flattening sales—where all growth is in non-FMD channels. Growth is split between incomes with higher income households transitioning spend to Target.com and Costco, while lower income households purchase through Walmart.com and 7-Eleven. Brands and retailers will have to address two very different shopper segments when planning for innovation and assortment.

ICE CREAM & FROZEN NOVELTIES  
CHANGE DRIVERS IN NON-FMD CHANNELS BY INCOME

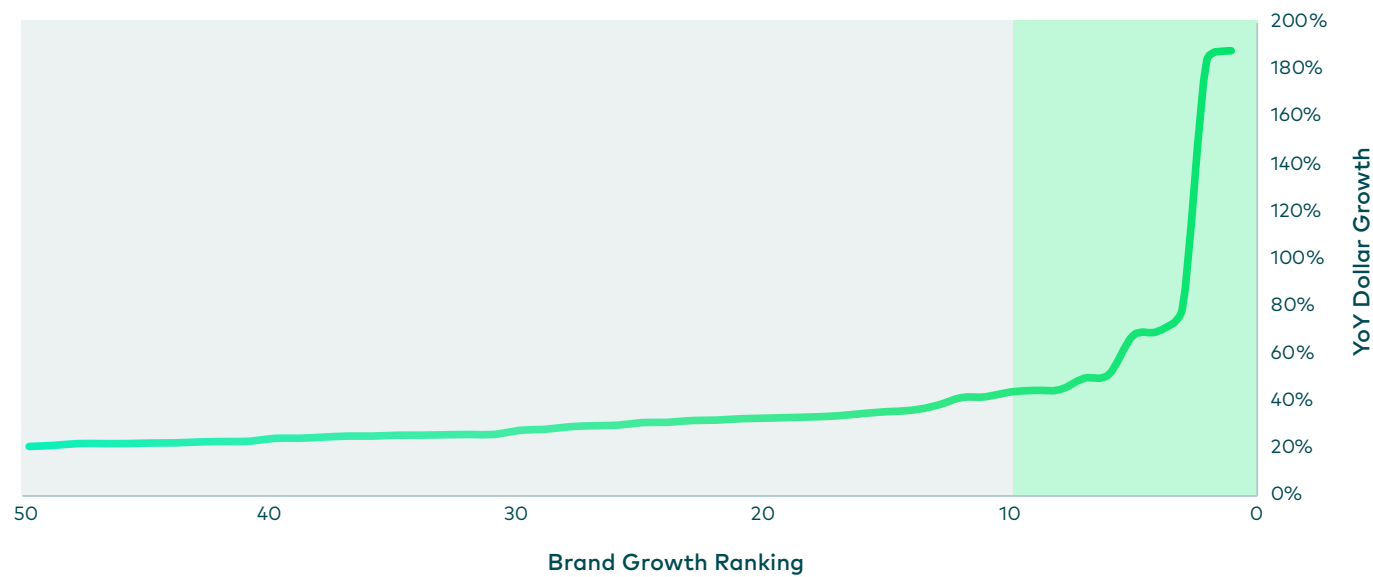




Growth in Sight

This Insights in Action case could drive concern for insights and brand marketing professionals as questions from executives might come from learning of strong growth in shipments data but current POS does not illustrate the trend. With disparate stories, long-term strategy becomes murky with little room to activate. **Bringing in a full view of consumer purchasing helps close that gap and provides the clarity needed for action.**

TOP 50 GROWING BRANDS WITHIN THE TOP 500 CPG BRANDS



## The Fastest of the Fast are Taking Advantage

The acceleration of at-home consumption due to increased time spent at home translated into serious growth: a majority of the top 500 brands in CPG have seen growth compared to a year ago. However, the growth rate becomes exponential for the top 10 brands. What makes these brands so successful?

When examining the top 10 against the next 40 fastest growing brands, **the top 10's absolute dollar growth was 25% more dependent on non-FMD channels.** Let's examine three of those brands and learn from them:

### HYDRATION BRAND

#2 in Growth

**75%** Growth came from non-FMD channels



#### CASE STUDY

More than three-fifths of the growth is driven by sales in Costco both in-store and online. Gaining Costco distribution with limited assortment and high-volume packs have proven to be a valuable tactic. With its base packaging of individual count sticks now grouped into a simple 24/30-count bag, the brand was able to create a bulk SKU without adding excessive complexity to packaging production.

#### THE TAKEAWAY

Lucrative distribution opportunities lie outside what might be currently measured in POS or legacy panels. Those clever enough with packaging can take advantage of this profitably.

### VITAMINS BRAND

#4 in Growth

**77%** Growth came from non-FMD channels



#### CASE STUDY

Top competitive brands in the category may have not registered it as a threat, ranking only 17 in FMD. But once non-FMD channels are added in just for this brand alone, the ranking skyrockets to fourth due to its modern packaging and on-trend ingredients. What was once deemed an ankle biter is now a sizable threat to any established brand in its competitive set.

#### THE TAKEAWAY

Reassess competitive brand strategy and market share to be inclusive of non-FMD spend to determine the right brands to target against when planning your innovation and messaging strategy.

### PET FOOD BRAND

#10 in Growth

**100%** Growth came from non-FMD channels



#### CASE STUDY

As an established brand in the category, this case proves that big brands can take advantage of non-FMD growth. While growth in the Pet Channel is not entirely surprising, the modality used is unique. Online sales made up over two-thirds of growth and the share of sales in both ship-to-home and click & collect has grown considerably. Further success came from a 123% increase in ad blocks at Chewy.com and shifting the brand's promotional share of voice over to web-based promotions.

#### THE TAKEAWAY

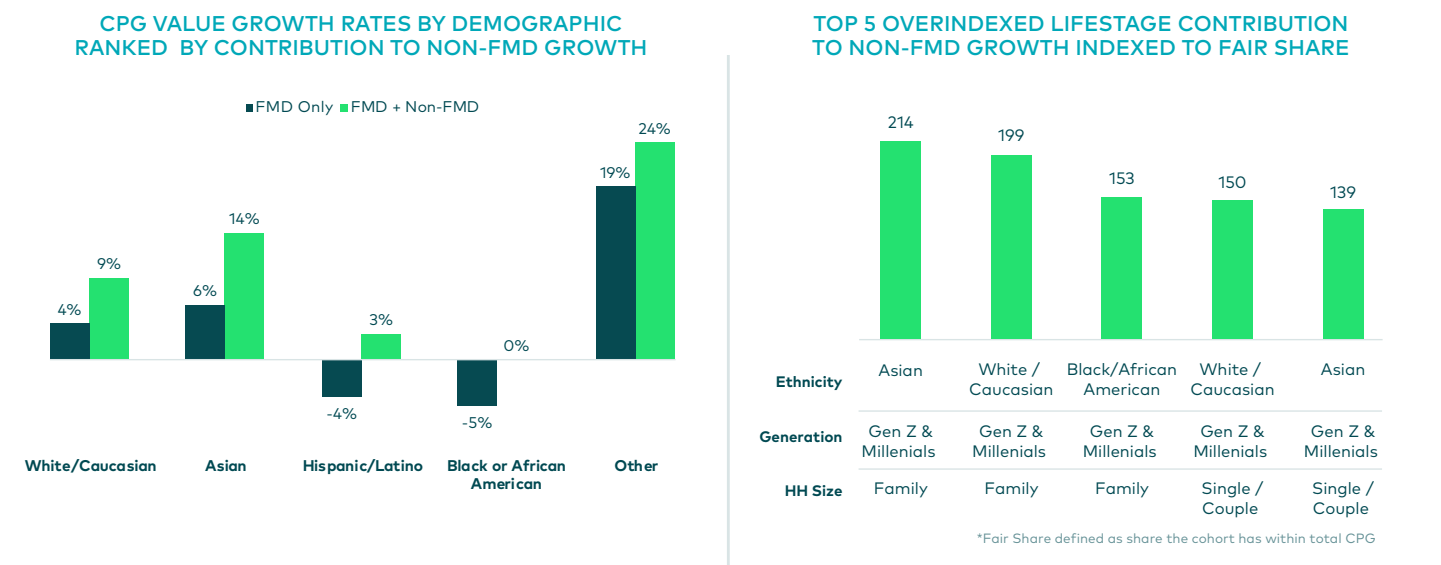
Make sure you consider modality of online shopping when messaging and adjust promotional strategy for online.



# The Untracked Consumer Movement

Ultimately, sales growth is driven by the consumer, not by a new product or gaining distribution. To know where people are shopping and for what category sets a company up to identify an opportunity, but directly knowing who is driving those trends commands a plan for actual execution. For any insights professional or marketing executive, being able to parse through the noise of averaged numbers and understand true drivers in behavior is what creates meaningful strategy.

The main volume of sales transitioning to non-FMD channels is led by White families. However, breaking down those who are driving more growth than their size might suggest, we also found that Asian families and young, Black families are driving growth by at least 1.5 times the share they contribute to US CPG sales. Hispanics—poised to be a majority in some states—are contracting CPG spend in FMD but driving \$9 billion in growth in non-FMD channels.



At the highest level, the predictable pattern of who is driving volume shifts highlights the macro-shift in consumer behavior. Based on the overshared movement of Asian and Black consumers along with Hispanics only growing CPG outside of FMD, brands and retailers can turn to an updated audience strategy to capture growth. This example further strengthens the case that living within the purview of a legacy universe will continue to lose significance, and trusting traditional point-of-sale to measure share will no longer be a reliable option.



## The Actions to Take

Numerator's single-source data provides a true omnichannel understanding of consumers and highlights the growth potential inherent in a consumer's shopping journey across all channels and trips. This unmatched visibility into growth and consumer understanding is not possible by stitching together disparate data sources (point-of-sale, legacy panel and others). Stitched together data leads to challenges of duplicating purchases, determining demographic drivers, and depending on data partnerships that could compromise consumer privacy.

Growth is here, not only at a combined level, but in your category. Every category is directly impacted by consumers moving into a new world of shopping. Preparing to take action on this transformational shift to channels beyond what has been traditionally measured will enable you to identify how to develop your topline.

Through this report, we identified **four opportunities** for any company to rally around and take advantage of this unlocked growth:

1

### THE SO WHAT

Look at your own category to see how much roadway exists in non-FMD channels before doubling down on future strategy for both innovation and costs.

### THE ACTION

Utilize TruView share to see expanded growth opportunities to determine if focusing growth in non-FMD can offset costly potential initiatives.

2

### THE SO WHAT

Adjust innovation pipeline to address both consumer and product needs for non-FMD channels, and educate on brands heavy in non-FMD.

### THE ACTION

Identify needs through a verified purchaser survey for your brand & category and use TruView to see how share changes within non-FMD. Reassess innovation to fit what consumers and retailers are looking for.

3

### THE SO WHAT

Distill your category's channel share drivers by demographic to accurately target the right consumer for growth.

### THE ACTION

Deaverage growth by using TruView growth drivers to find the demographic to target and leverage Numerator Insights to determine psychographics and media consumption for messaging and activation.

4

### THE SO WHAT

Utilize first-party and single-sourced consumer data to get a consistent and unbiased pulse on the total consumer.

### THE ACTION

Using such data allows for a full funnel, cohesive, and actionable growth strategy independent of exclusive data partnerships or assumptions in disparate data sets.



# Appendix

## Methodology

For this study, CPG major categories from the Grocery, Health & Beauty, Household, Home & Garden, Baby, Tobacco and Pet sectors were analyzed. Three mobile instant surveys were conducted:

- Numerator Shopper Sentiment Survey, N=400 Total US Consumers<sup>1</sup>
- Numerator Channel Driver Survey, N=800 Shoppers at Club, Online, C-Store and Dollar Channel in P4W<sup>2</sup>
- Numerator Metaverse and VR Survey, N=200 Total US Consumers<sup>3</sup>

## Top 100 Departments Ranked by % Sales Growth Driven by Non-FMD Channels

(Based on Grocery, Health & Beauty, Household, Home & Garden, Baby and Pet sectors)

	Departments	% of Sales in Non-FMD	% of Sales Growth in Non-FMD vs Year Ago
1	Luggage & Travel	78%	87%
2	Ear	55%	64%
3	Pasta & Noodles	26%	55%
4	Bakery Sweet Goods	36%	53%
5	Seafood & Fish	36%	53%
6	Pet Prescriptions	99%	52%
7	Deli & Prepared Foods	52%	52%
8	Restaurant Supplies	89%	47%
9	Fragrance	89%	39%
10	Massage, Therapies & Relaxation	93%	32%
11	Beverages	45%	30%
12	Candy (Snacks)	44%	30%
13	Daycare & Learning	99%	29%
14	Frozen Foods	29%	27%
15	Misc. Food	84%	26%
16	Makeup	57%	26%
17	Shelf Stable Meals	28%	26%



## Growth in Sight

## Top 100 Departments Ranked by % Sales Growth Driven by Non-FMD Channels

(Based on Grocery, Health &amp; Beauty, Household, Home &amp; Garden, Baby and Pet sectors)

	Departments	% of Sales in Non-FMD	% of Sales Growth in Non-FMD vs Year Ago
18	Fresh Meal Kits	57%	26%
19	Shoes (Baby)	46%	26%
20	Meat	26%	24%
21	In-Store Bakery (Bread & Alternatives)	26%	24%
22	Gift Sets (Health & Beauty)	57%	23%
23	Potty	65%	23%
24	Snack	38%	23%
25	Pet Food & Treats	65%	22%
26	Performance Nutrition	70%	21%
27	Packaged Bakery (Bread & Alternatives)	22%	20%
28	Hair	49%	20%
29	Major Appliances	96%	19%
30	Infant Toddler Nutrition	30%	19%
31	Decor	73%	18%
32	Tools (Health & Beauty)	65%	18%
33	Health (Baby)	51%	18%
34	Condiments	25%	17%
35	Personal Health Care	34%	17%
36	Kitchen & Dining	70%	17%
37	Oral Hygiene	42%	17%
38	Feminine Care	31%	16%
39	Bathroom	59%	16%
40	Pet Supplies	77%	15%
41	Foot	40%	15%
42	Produce	21%	15%
43	Dairy	23%	15%
44	Balanced Nutrition and Snacks	38%	14%
45	Pest & Insect Control (Household)	66%	14%



## Growth in Sight

### Top 100 Departments Ranked by % Sales Growth Driven by Non-FMD Channels

(Based on Grocery, Health & Beauty, Household, Home & Garden, Baby and Pet sectors)

	Departments	% of Sales in Non-FMD	% of Sales Growth in Non-FMD vs Year Ago
46	Diapering	48%	14%
47	Skin Care	52%	14%
48	Vitamins & Supplements	56%	13%
49	Surface Care & Protection	74%	13%
50	Equipment (Baby)	73%	13%
51	Bath & Body	44%	11%
52	Laundry	49%	11%
53	Heating, Cooling & Air Quality	80%	11%
54	Lighters	68%	11%
55	Patio	79%	11%
56	Gardening & Lawn Care	84%	10%
57	Deodorants & Antiperspirants	30%	10%
58	Refrigerated Foods	30%	10%
59	Shaving, Grooming, & Hair Removal	46%	10%
60	Janitorial (Household)	95%	10%
61	Cleaning Tools	56%	10%
62	Eye Care and Vision	41%	9%
63	Gifts (Baby)	95%	9%
64	Baking & Cooking	27%	8%
65	Appliance Parts & Accessories	90%	8%
66	Herbs & Spices	28%	8%
67	Dishwashing	51%	8%
68	Weight Management (Diet)	44%	7%
69	Storage & Organization	63%	6%
70	Flooring	99%	6%
71	Bathing & Skin Care (Baby)	43%	6%
72	Outdoor Power Equipment	96%	6%
73	Canned	27%	6%





## Growth in Sight

## Top 100 Departments Ranked by % Sales Growth Driven by Non-FMD Channels

(Based on Grocery, Health &amp; Beauty, Household, Home &amp; Garden, Baby and Pet sectors)

	Departments	% of Sales in Non-FMD	% of Sales Growth in Non-FMD vs Year Ago
74	Breakfast	23%	6%
75	Sexual Wellness Products	30%	6%
76	Batteries	60%	6%
77	Safety (Baby)	74%	5%
78	Paper & Plastic	51%	5%
79	Pregnancy & Maternity	97%	4%
80	Vacuums, Floor Care, & Accessories	77%	3%
81	Gasoline Cans	76%	3%
82	Alcohol Beverages	70%	2%
83	Small Appliances	73%	1%
84	Toys (Baby)	59%	1%
85	Safety & Security	88%	0%
86	Nursery Furniture	90%	0%
87	Bedding & Decor (Baby)	78%	-1%
88	Air Fresheners & Deodorizers	55%	-1%
89	Medical Products	51%	-2%
90	Bedding (Home & Garden)	70%	-4%
91	Furniture (Home & Garden)	74%	-5%
92	Clothing	75%	-5%
93	Household Cleaners	55%	-6%
94	Beans & Grains	28%	-8%
95	Ice	62%	-11%
96	Toddler Furniture	70%	-11%
97	Kids & Teens Rooms	67%	-19%
98	Sewing & Mending	25%	-28%
99	Hand	58%	-37%
100	Cleaning Products (Baby)	53%	-58%



