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NEW FRONTIERS

New Items in the Age of Omnichannel: Crafting Your Launch Strategy

February 2021

400,000 CPG product launches happen every year

BUT…

~80% of new product launches fail* in the first year

**Were delisted within 1 year of launch*

Why so many new products fail (and it's not the product)

Reimagining consumer-goods innovation for the next normal

October 16, 2020 | Article

Why Most Product Launches Fail

by Joan Schneider and Julie Hall

https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/reimagining-consumer-goods-innovation-for-the-next-normal#
https://hbr.org/2011/04/why-most-product-launches-fail#:~:text=Even%20P%26G%20routinely%20whiffs%20with,of%20a%20highly%20successful%20launch.
https://www.bizjournals.com/bizjournals/how-to/marketing/2017/03/why-so-many-new-products-fail-and-it-s-not-the.html

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That got us thinking about product launches….

Does shopper card data accurately represent all trial & repeat trips?

Do consistent shoppers try/repeat exclusively within that store?

Nationally, do shoppers stay at the same banner through their trial & repeat trips?

Understanding the dynamic between trial & repeat banners is critical for understanding new product launch success – and relying on limited data sets can result in misleading indicators of success/failure

Here's how we dug in…

We examined 10 new brand launches across a variety of categories for each launch during the first year*

Then, we uncovered where shoppers first tried (Trial Banner), repeated on their initial repeat trip (Immediate Repeat), and overall repeat trips (Eventual Repeat)

* Only included 2+ time buyers for each brand – and 2020 launches include all months since launch

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And here are the brands we analyzed…

Cheez-It Snap'd	Launched January 2019 Cheese Crackers	**Pringles Wavy**	Launched December 2018 Potato Chips
Kinder Bueno	Launched October 2019 Chocolate Candy	**Bud Light Seltzer**	Launched January 2020 Hard Seltzer
Talenti Layers	Launched March 2019 Packaged Ice Cream	**Truly Lemonade**	Launched January 2020 Hard Seltzer
G-Zero	Launched June 2018 Sports Drinks	**Blue Moon Light Sky**	Launched February 2020 Craft Beer
Bubly	Launched March 2018 Sparkling Water	**Corona Premier**	Launched March 2018 Import Beer

What we learned

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Kroger doesn't capture most trial trips (& many repeat trips)

Few shoppers first try something at Kroger

Of those that do, nearly 40% go elsewhere for their 1st repeat trip

Retailer shopper card data misses many trips outside of that specific retailer

Trial and repeat banners often differ

After their initial new brand purchase, over 40% of shoppers make their next purchase *at a different banner*

In addition, **1 in 3** buyers end up *never repeating at their trial banner*

Smaller banners are prevalent in trial & repeat

Over 40% of trial trips occur at the long tail of banners, more than Walmart, Kroger, & Target *combined*

Nearly half of immediate repeat trips happen in these smaller banners, more than the *top 5 banners combined*

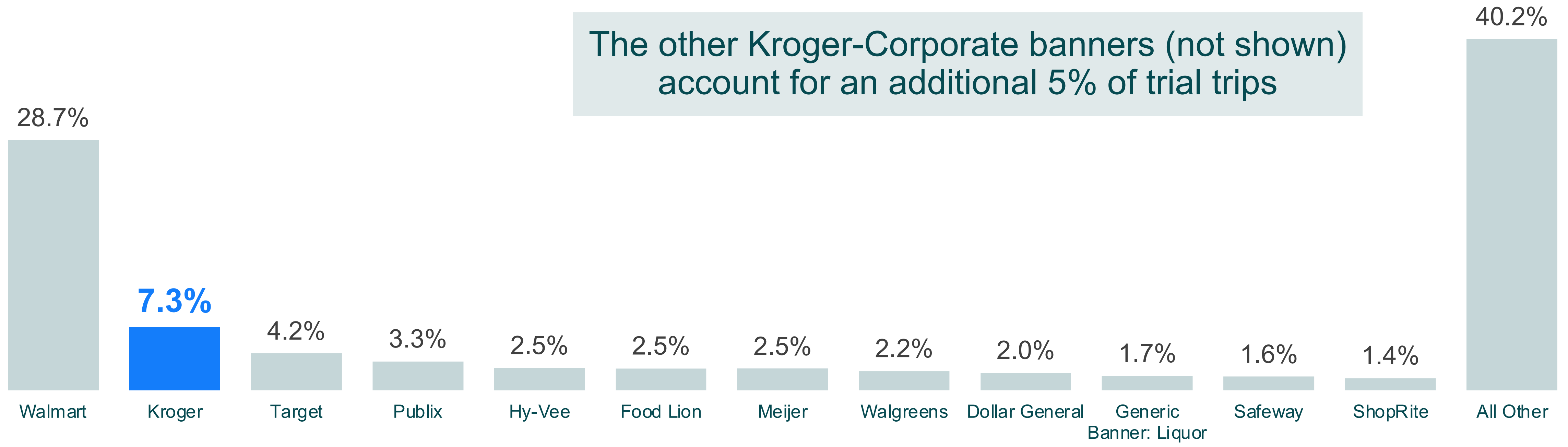
Does shopper card data accurately represent all trial/repeat trips?

Let’s dig into Kroger specifically… and look at shoppers who first try new products at Kroger

The Kroger banner captures only ~7% of all trial trips

% of Trial, by Banner

New Brand Launches, among Repeaters



Numerator Insights, Custom Analysis, Time Periods differ by Brand Launch Date

Blue Moon Light Sky excluded due to low sample

2 out of 5 shoppers that first try a new brand at Kroger do not repeat at Kroger

Tried at Kroger, Repeated Elsewhere	Tried at Kroger, Repeated Elsewhere	Same Banner, Immediate Repeat	Same Banner, Immediate Repeat	Same Banner, Immediate Repeat
Kroger → Other Banner	Kroger → Other Banner	Kroger → Kroger	Kroger → Kroger	Kroger → Kroger
Trial → Repeat	Trial → Repeat	Trial → Repeat	Trial → Repeat	Trial → Repeat

Numerator Insights, Custom Analysis, Time Periods differ by Brand Launch Date
Blue Moon Light Sky excluded due to low sample

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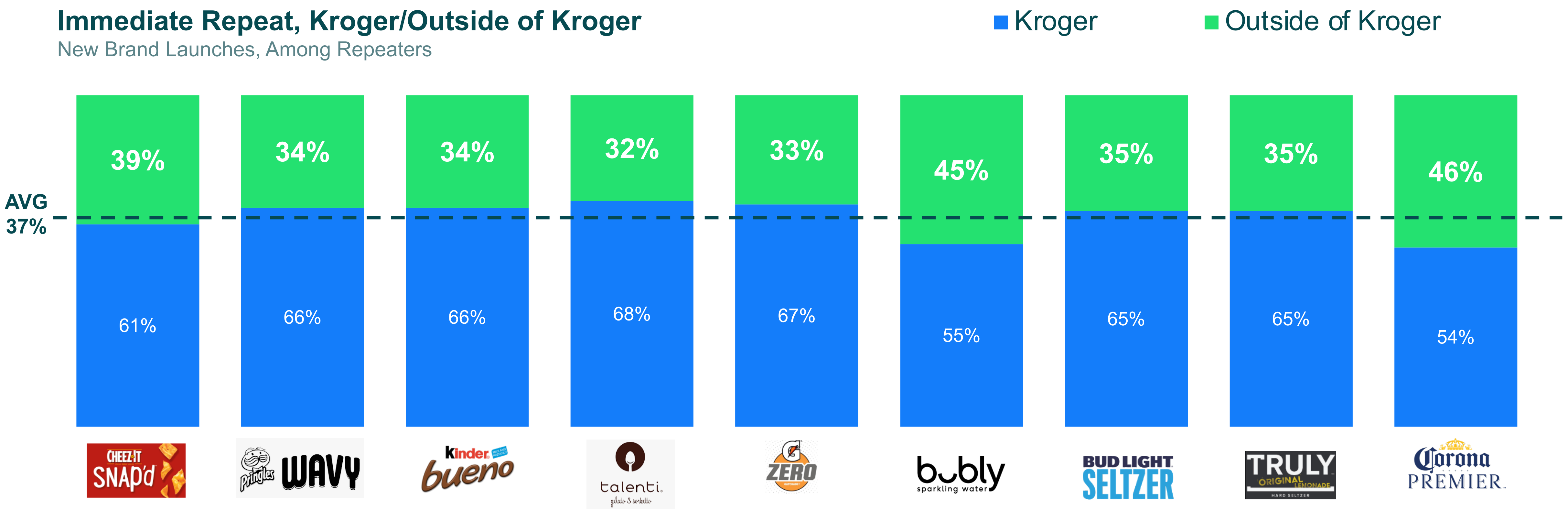
Across the brands examined, more than a third of Kroger Trialists made their first repeat purchase outside of Kroger



Numerator Insights, Custom Analysis, Time Periods differ by Brand Launch Date

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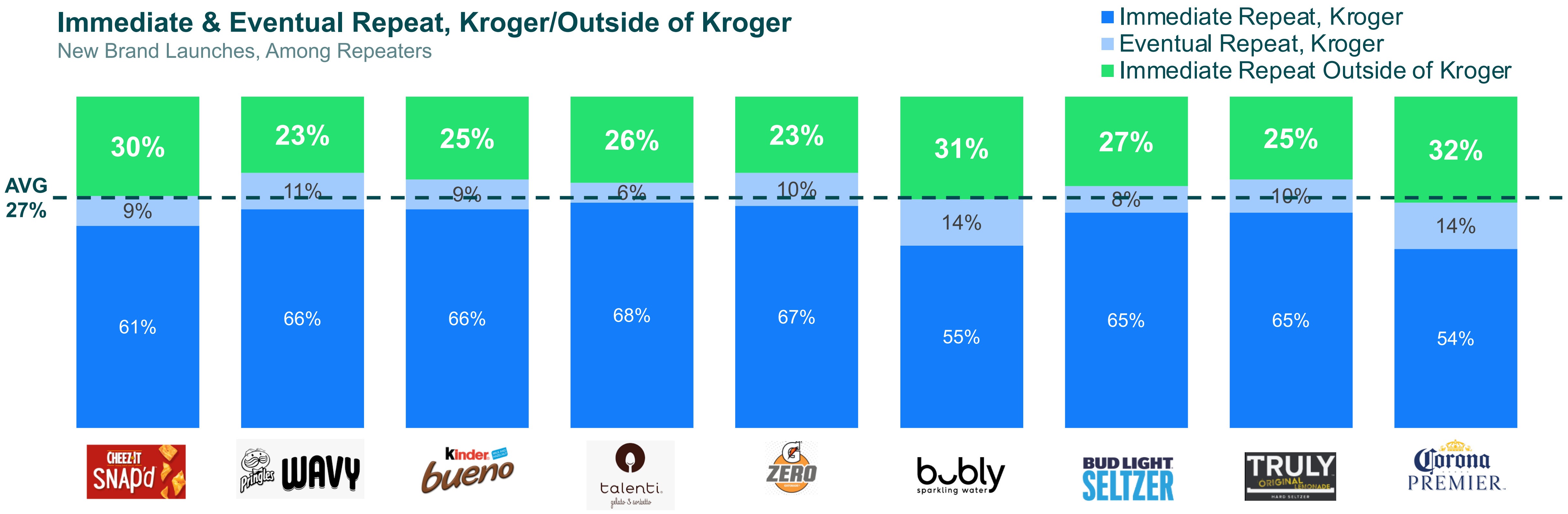
Even when looking at the entire launch, over a quarter of Kroger Trialists never come back to Kroger for the new brand



Numerator Insights, Custom Analysis, Time Periods differ by Brand Launch Date

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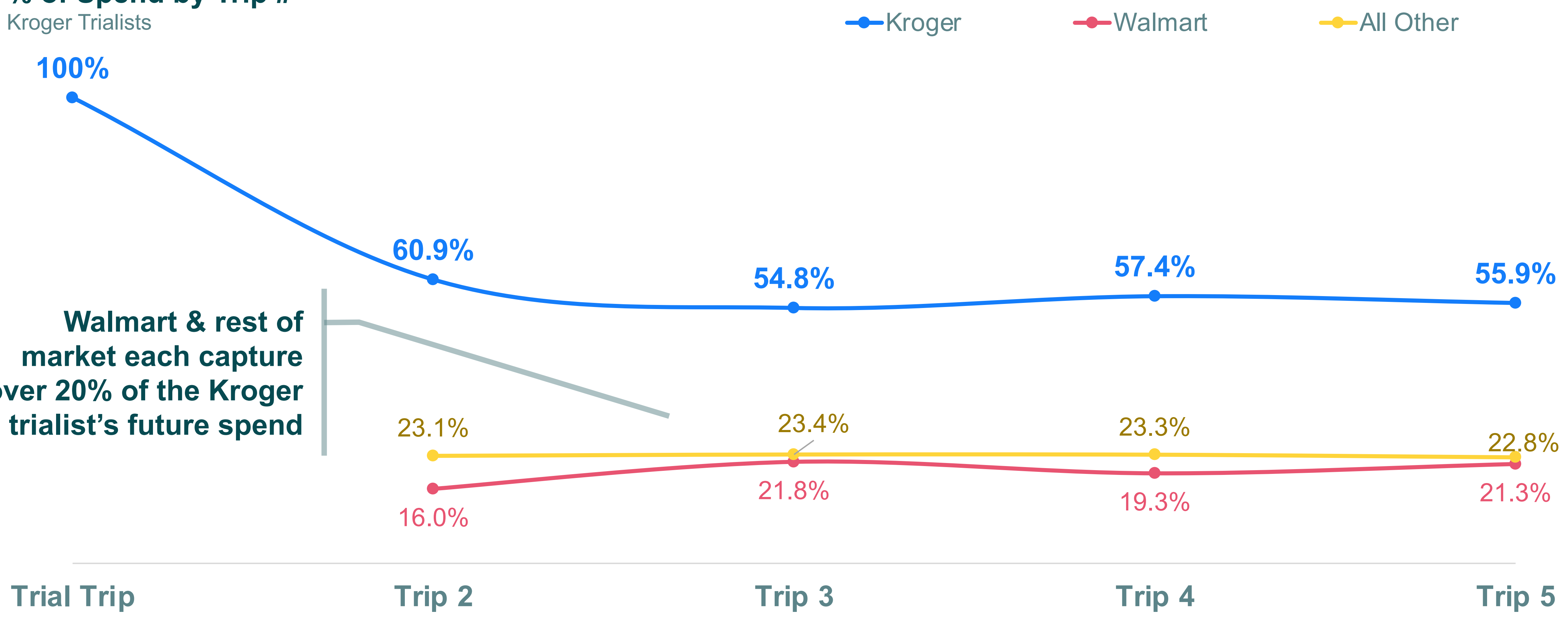
Additionally, Kroger retains just over half of their trialist's spend over time

% of Spend by Trip #
Kroger Trialists



Walmart & rest of market each capture over 20% of the Kroger trialist's future spend

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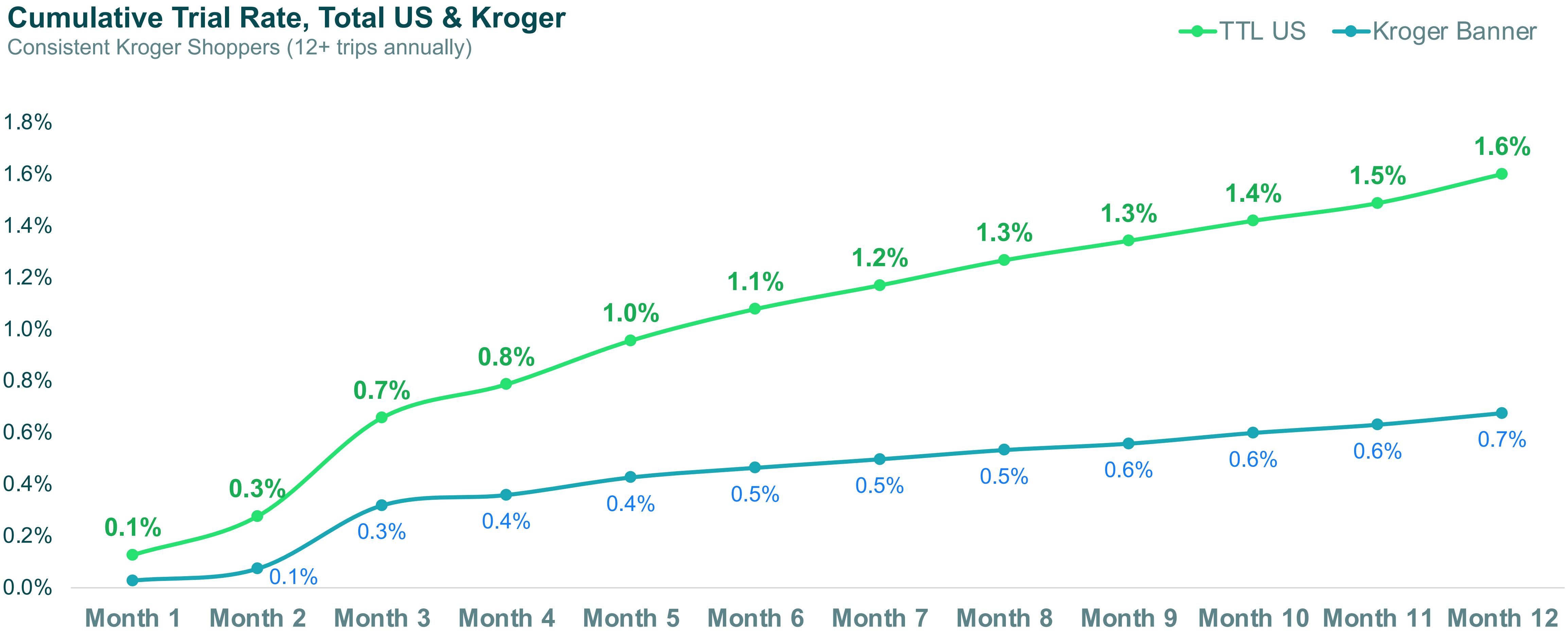
Numerator Insights, Custom Analysis, Time Periods differ by Brand Launch Date

What about consistent Kroger shoppers?

Do they exclusively try & repeat at Kroger?

Kroger captures just a portion of trial among their consistent shoppers* – and the gap widens over time



** Consistent Kroger shoppers make 12+ trips to Kroger annually*

Numerator Insights, Trended Metrics Scorecard, Time Periods differ by Brand Launch Date
Blue Moon Light Sky excluded due to low sample

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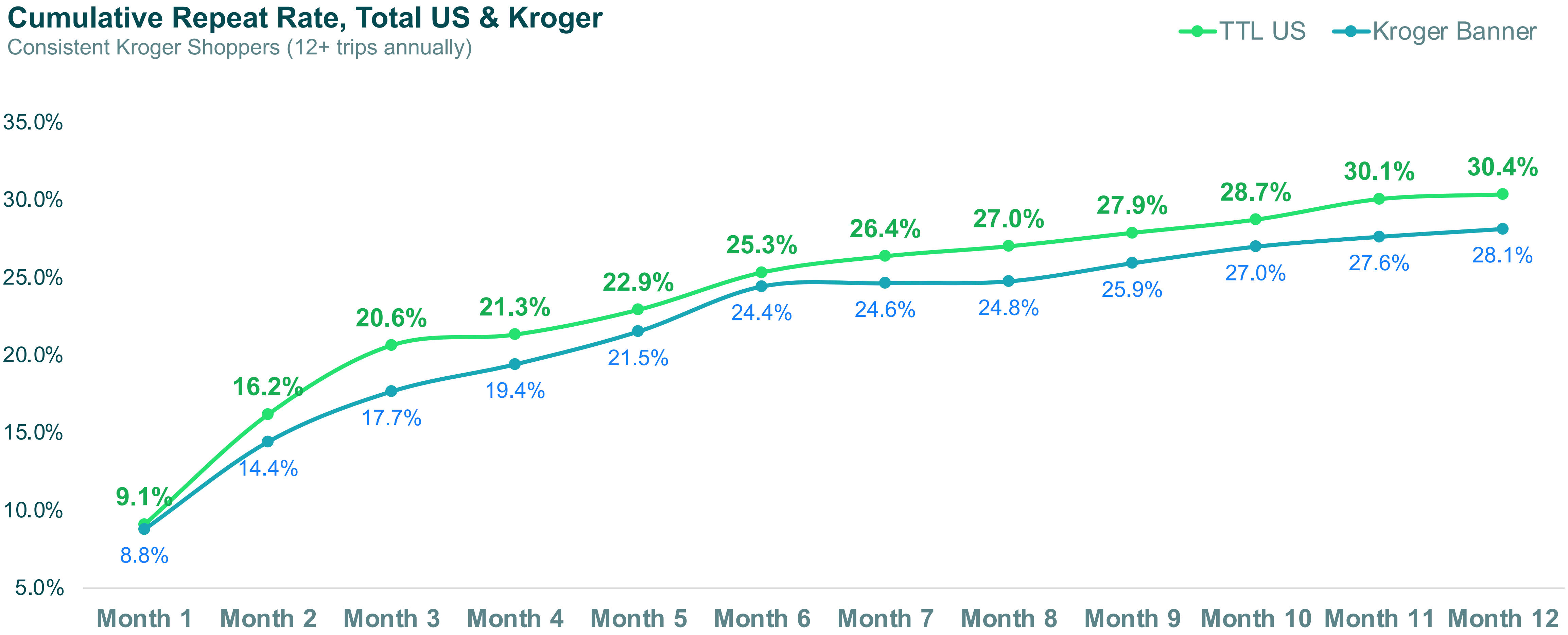
Repeat rate at Kroger is also understated for consistent Kroger shoppers*



** Consistent Kroger shoppers make 12+ trips to Kroger annually*

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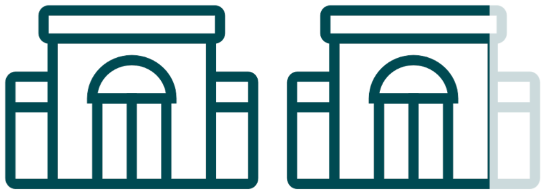
Nationally, do shoppers stay at the same banner through their trial AND repeat trips?

Shoppers purchase new brands across *many* channels & banners…



1.8

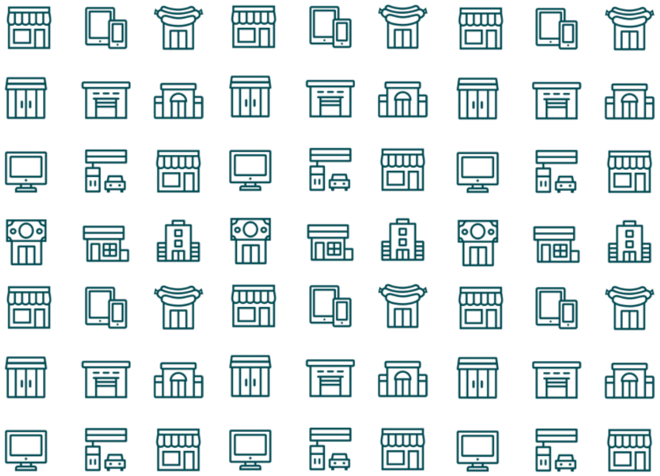
different banners

where the new brand was purchased

14

unique channels on avg.

where the new brand was purchased



303

unique banners

where the new brand was purchased

Numerator Insights, Data Explorer, Time Periods differ by Brand Launch Date

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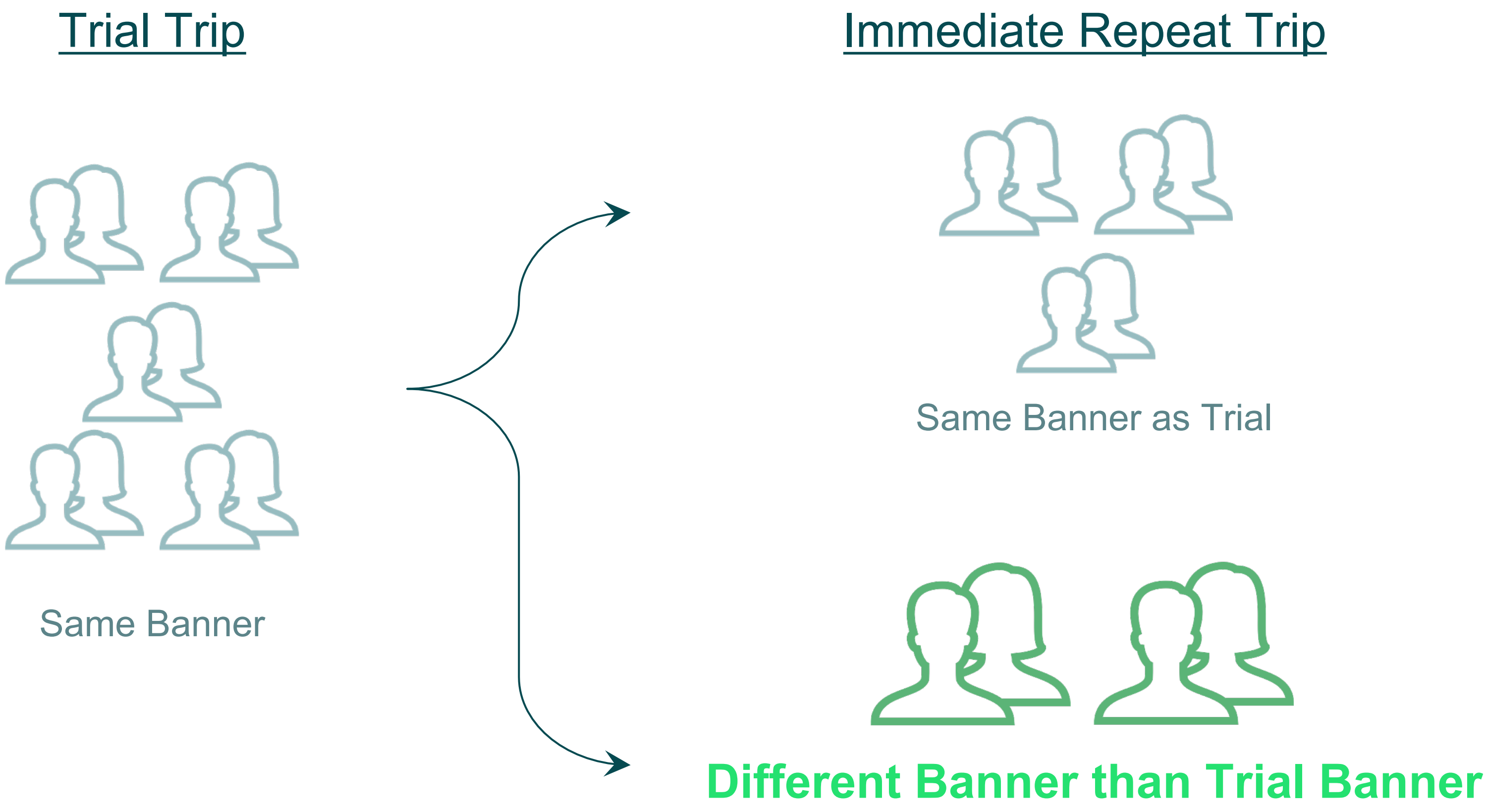
New brand buyers aren’t loyal when trying/repeating, with 2 in 5 shoppers going to a different banner for their first repeat



Numerator Insights, Custom Analysis, Time Periods differ by Brand Launch Date

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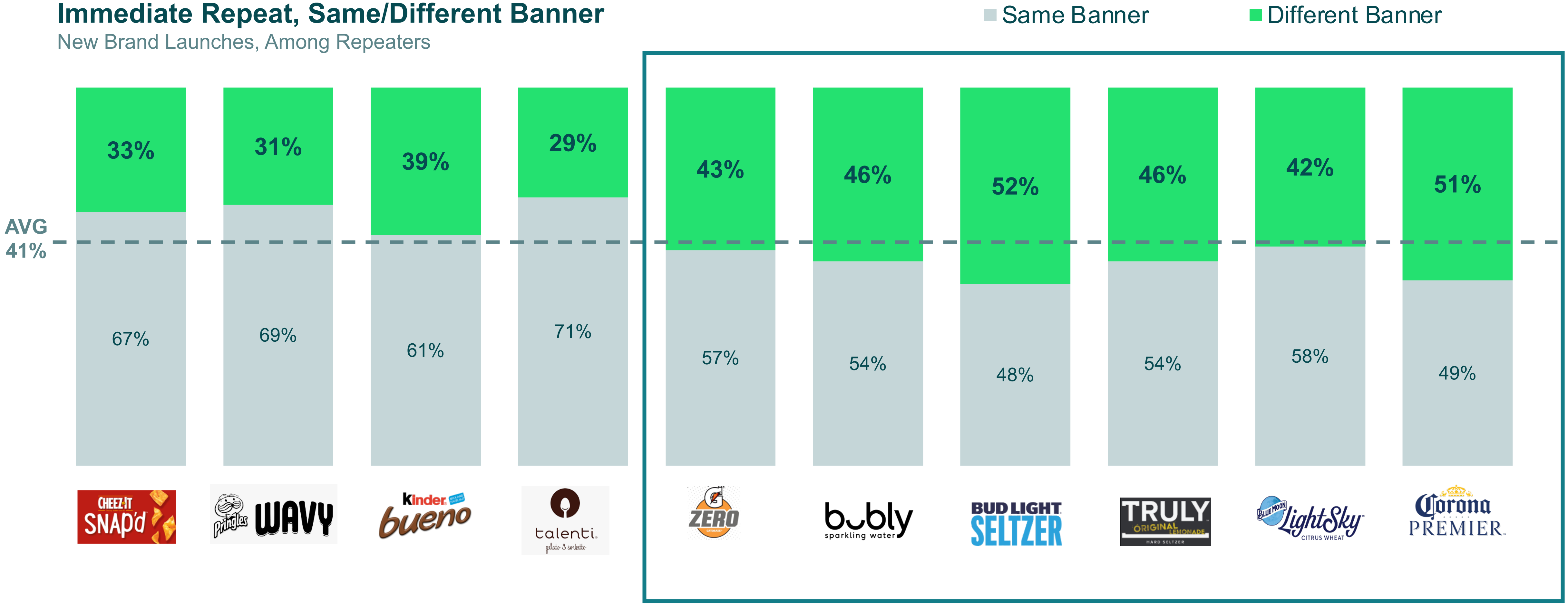
There is a difference for Beverage brands, with less trial-banner loyalty vs. more traditional food launches

Immediate Repeat, Same/Different Banner

New Brand Launches, Among Repeaters



Numerator Insights, Custom Analysis, Time Periods differ by Brand Launch Date

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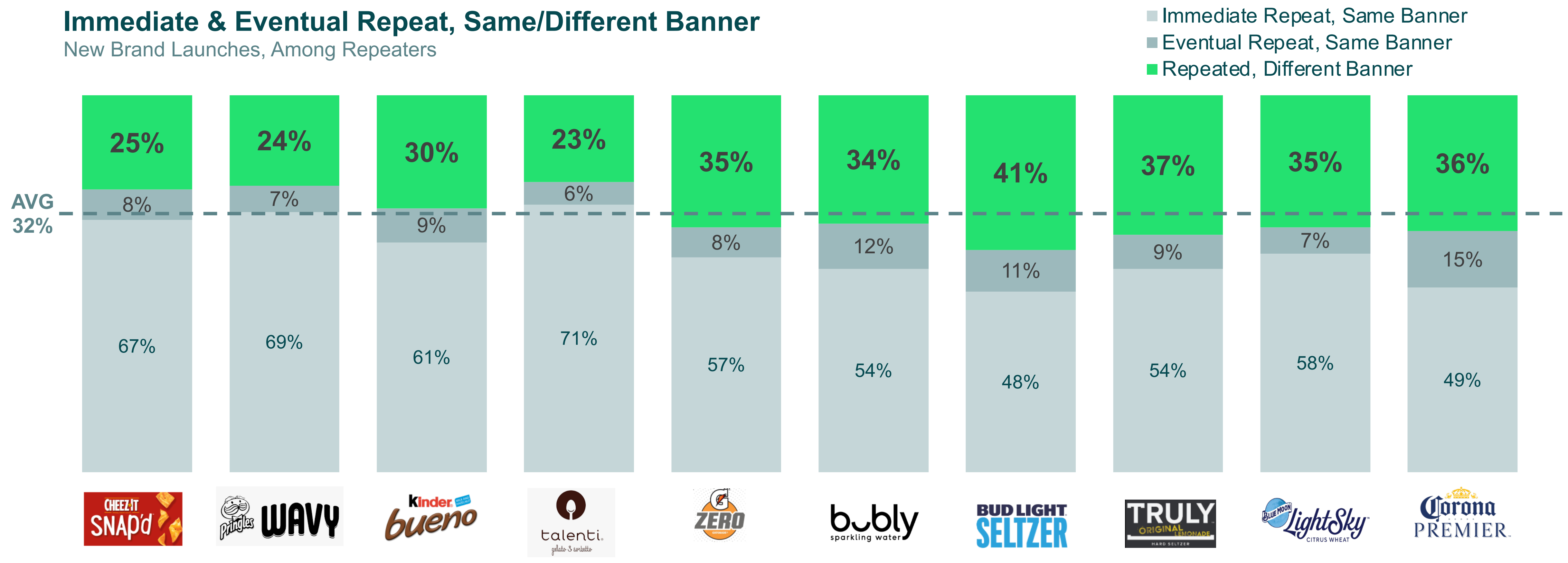
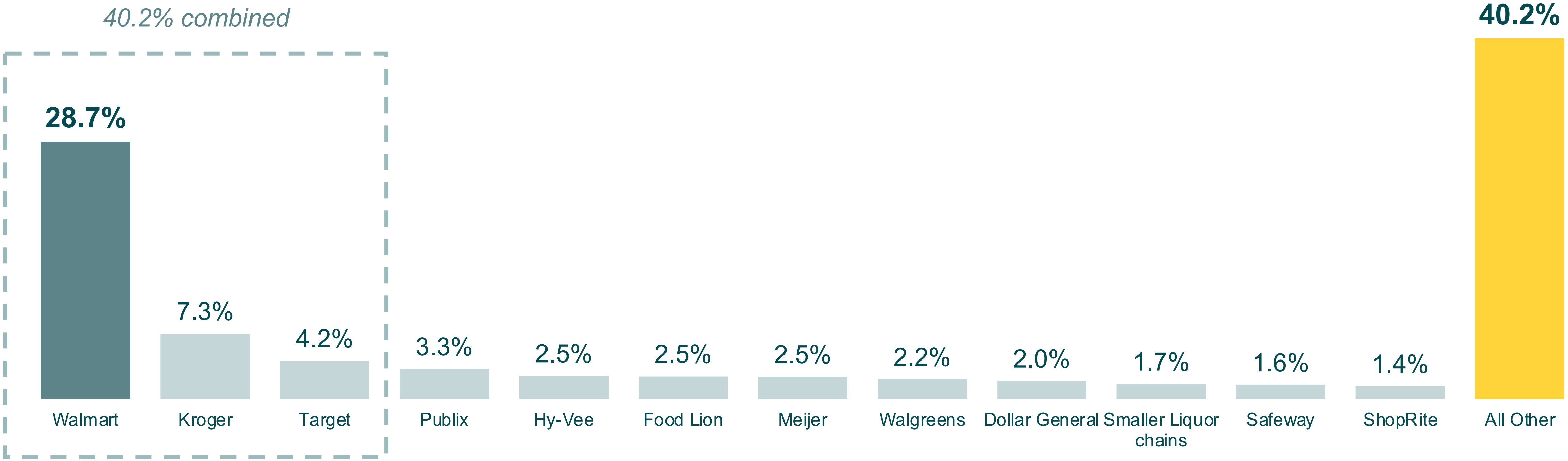
Even when looking at the entire first year of the launch, nearly a third of shoppers do not repeat at their trial banner



Numerator Insights, Custom Analysis, Time Periods differ by Brand Launch Date

Among banners, Walmart leads in trial trips – but the long-tail captures over 40% of trial trips, equal to Walmart, Kroger, & Target combined

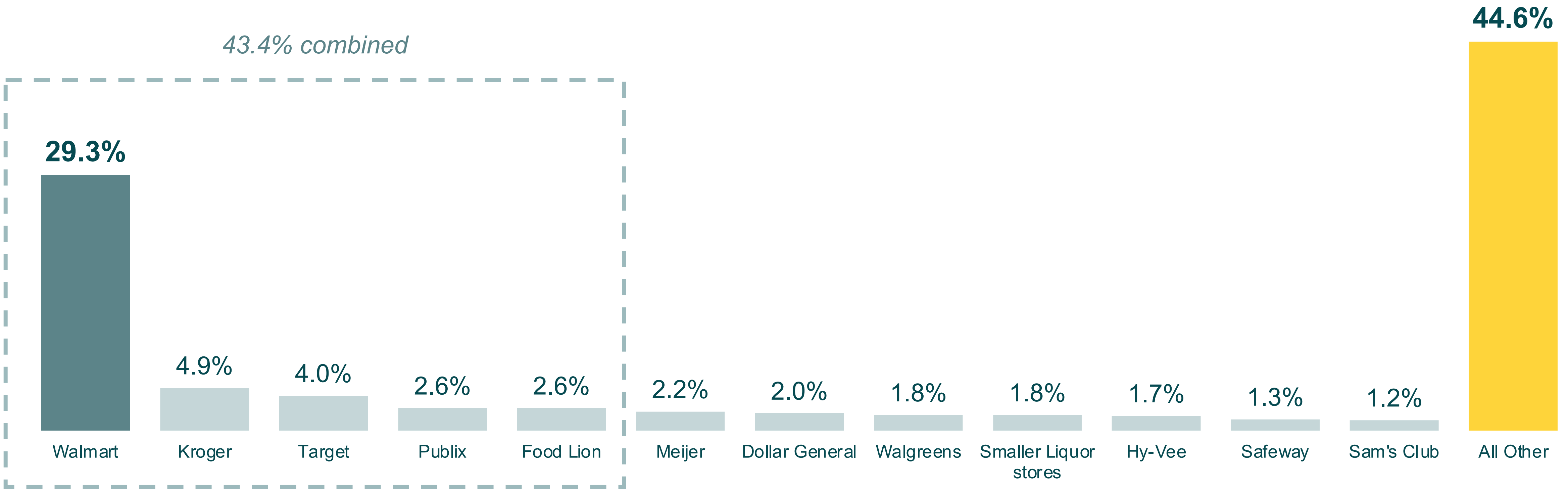
% of Trial, by Banner
New Brand Launches, among Repeaters



Numerator Insights, Custom Analysis, Time Periods differ by Brand Launch Date

In addition, the long-tail of banners is responsible for nearly 45% of immediate repeat trips

% of Repeat (Immediate), by Banner
New Brand Launches, among Repeaters



Numerator Insights, Custom Analysis, Time Periods differ by Brand Launch Date

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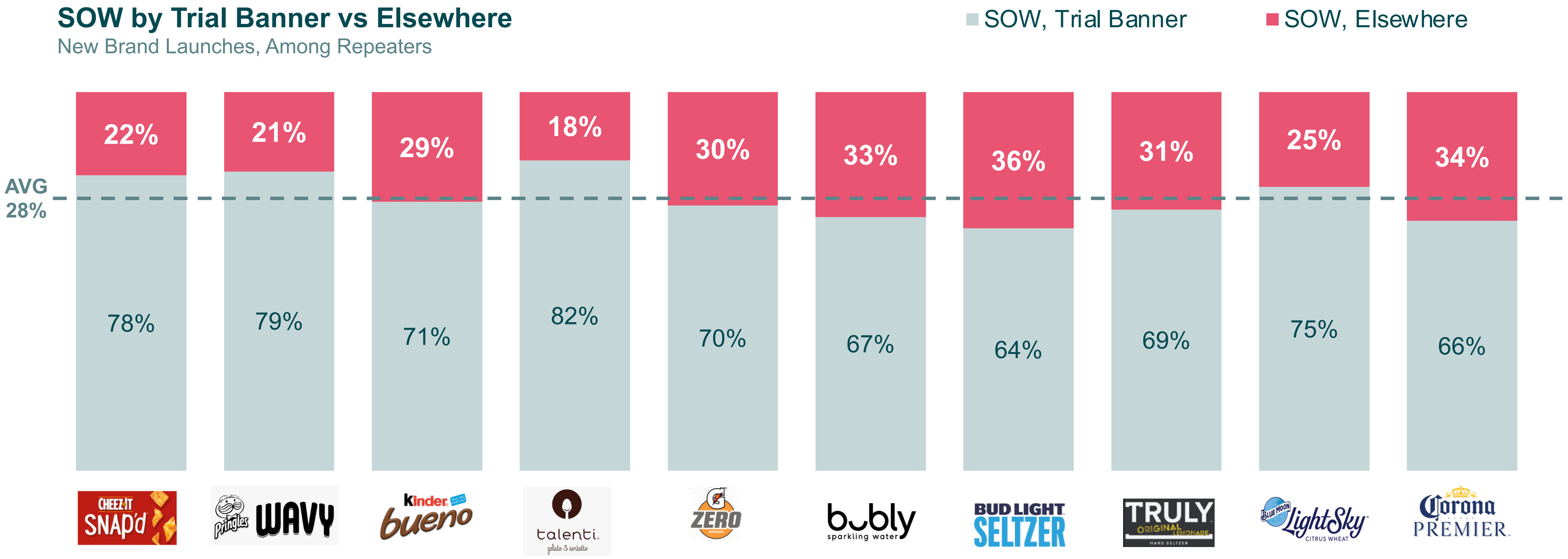
While the trial banner does capture most share of wallet, ~30% of the eventual spend goes elsewhere

SOW by Trial Banner vs Elsewhere

New Brand Launches, Among Repeaters



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Numerator Insights, Custom Analysis, Time Periods differ by Brand Launch Date

What we're seeing

A large banner like Kroger misses out on most trial trips – and many repeat trips…even among regular Kroger shoppers.

Shoppers often switch between retailers when trying/repeating new products.

The long-tail of banners accounts for many trial & repeat trips, more than Walmart, Kroger, & Target combined.

Why it matters to you

Relying on shopper card data to measure new product performance has its limitations – and could even be misleading.

National data is essential to truly understanding & measuring launch success across the marketplace.

An omni-channel launch strategy is important to drive both trial & repeat.

How we can help

Contact your Numerator consultant to find out things like:

How can I understand new product channel/banner shifting behavior?

How well does your shopper card data capture the omni-channel behavior of your new product buyers?

What types of shoppers try/repeat across channels & banners?

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