

The background of the slide is a photograph of a large warehouse filled with numerous cardboard boxes stacked on pallets. The image is overlaid with a semi-transparent blue gradient. The text is white and positioned in the upper left quadrant of the slide.

2021

CPG INDUSTRY ASSESSMENT

NBCUniversal

WELCOME!



Introduction

Explore NBCUniversal's latest perspectives and insights into the CPG industry. This report provides an overview of recent marketplace dynamics, our prediction of key future trends impacting the industry, and strategic recommendations for CPG brands and marketers as they navigate what's next.

Our Approach

At NBCUniversal, we have a legacy of working with a diverse range of CPG partners to build their brands. This report has been created based on NBCU's:

- Ongoing Industry Auditing
- Conversations with CPG Advertisers and Agencies
- Continual Marketplace Analysis
- Examination of Consumer Attitudes towards the CPG Industry

**WE HAVE
A UNIQUE
PERSPECTIVE**

In 2021, NBCU worked with:

200+ CPG Industry Advertisers



Beauty &
Personal Care



Pet
Care



Household
Care



Packaged
Food



Beverage



OTC



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2021 CPG YEAR IN REVIEW

A Look Back at 2021

For CPG brands,
2021 has been an opportunity to hit

RESET & REFOCUS

their approach after a year of pandemic shock



CPGs RESET & REFOCUS IN 2021



Consumer Demand Endures

The pandemic heightened consumer engagement for many CPG products. High consumer demand from homebound Americans carried over into 2021, even as pandemic restrictions loosened.



Supply Chains Are Strained

Every link in the chain experienced increased costs – from ingredients and inputs, to packaging material, labor and shipping, putting added burden on CPG supply chains.



Ecommerce Experiences Exponential Growth

Even with the return of in-store grocery the appetite for online and delivery remains strong as CPGs look to manage accelerated digital adoption and build direct relationships with consumers.



Purpose Becomes Prominent

Many CPGs have prioritized efforts to place purpose alongside profit and address heightened consumer attention to sustainability, social justice, equality, and environmental consciousness.

BRANDS ACROSS CPG SUB-CATEGORIES ARE NAVIGATING NEW CONSUMER DYNAMICS FUELED BY THE PANDEMIC

Food & Beverage



While growth experienced at the beginning of the pandemic has stabilized, **the permanence of a hybrid work model signals upside opportunity.**

Convenience, wellness and functionality are heightened in importance.

70%

of companies plan to continue some type of remote working, even after the pandemic¹

Beauty & Personal Care



New beauty and personal care routines and expectations are redefining the category as consumers consider self-care, hygiene, inclusivity, and personalization when making purchase decisions.

27%

of adults used their personal care routine as a way to relax in the past year²

Household Care



The pandemic **forever elevated engagement with the household category**, as consumers' focus on hygiene, convenience, and product utility is expected to remain sticky post-pandemic.

96%

of adults say they spend the same or more time cleaning³

OTC



Pandemic behaviors opened the door **for a new emphasis on prevention and wellness**, as consumers continue to consider pain relief, vitamins and supplements, and immunity-boosting offerings.

70%

of adults prioritize doing something several days a week for their health and wellness⁴

Pet Care



While pet adoption boomed during the pandemic, **future growth will be fueled by the continued humanization of the pet category** as pet owners embrace decisions based on wellness, lifestyle, and convenience.

45%

of adults say they are planning to get a pet in the next 12 months⁵



LOOKING FORWARD

A Look Ahead at Key CPG Trends

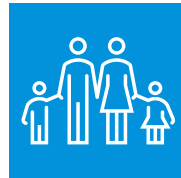
KEY FORWARD- LOOKING TRENDS



CPGs Bulk Up on
Brand Building



Rising Demand for
Total Wellness



The American Family
Redefined



Embracing the
Endless Shelf



Younger Generations
Rewrite the Meaning of Value

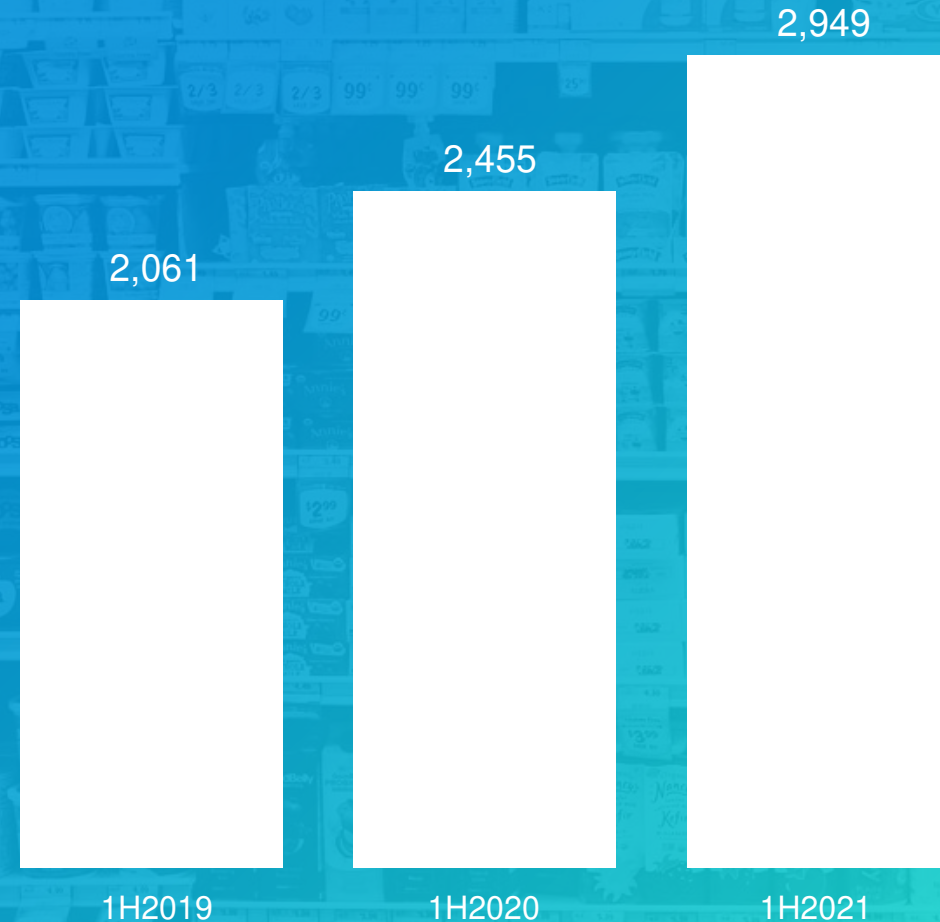
CPGs BULK UP ON BRAND BUILDING

A new age for groceries prompts a greater emphasis on brand to capture attention, combat private label, and justify price increases.

With commodity costs driving prices up, CPGs have a pressing need to **justify price increases and combat private-label by building perceptions of quality and value.**

The number of CPG brands actively investing in TV is up 43% from 1H 2019, as brands aim to **create emotional affinity and communicate product superiority** to defend against price-driven switchers.

Number of CPG Brands Spending on TV



Source: iSpot Estimated Linear TV Spend Food& Beverage, Health & Beauty, Home & Real Estate Categories (only Paints & Stains, Detergents, Pest Control, Garbage Bags)

RISING DEMAND FOR TOTAL WELLNESS

A more proactive focus on self-care means demand for solutions that enhance physical, mental, and emotional wellbeing.

Consumers are keen for both multi-functional and natural/clean products in an array of areas, such as skincare, cosmetics, multivitamins, subscription food services and beverages.

Category lines are blurring, and **CPGs are expanding their health and wellness offerings** through acquisitions, new launches, and/or strategic portfolio evolution.

MERGERS & ACQUISITIONS



Nestlé expands into vitamins with \$5.75 Billion Nature's Bounty deal



Mondelez acquires better-for-you snack maker Hu



Unilever is acquires digital-led, science-backed skincare brand Paula's Choice

PRODUCT LAUNCHES



PepsiCo launches Soulboost sparkling waters intended to support mental focus and relaxation



General Mills launches Good Measure snacks for consumers watching their blood sugar



Molson Coors launches non-alcoholic probiotic seltzer, Huzzah

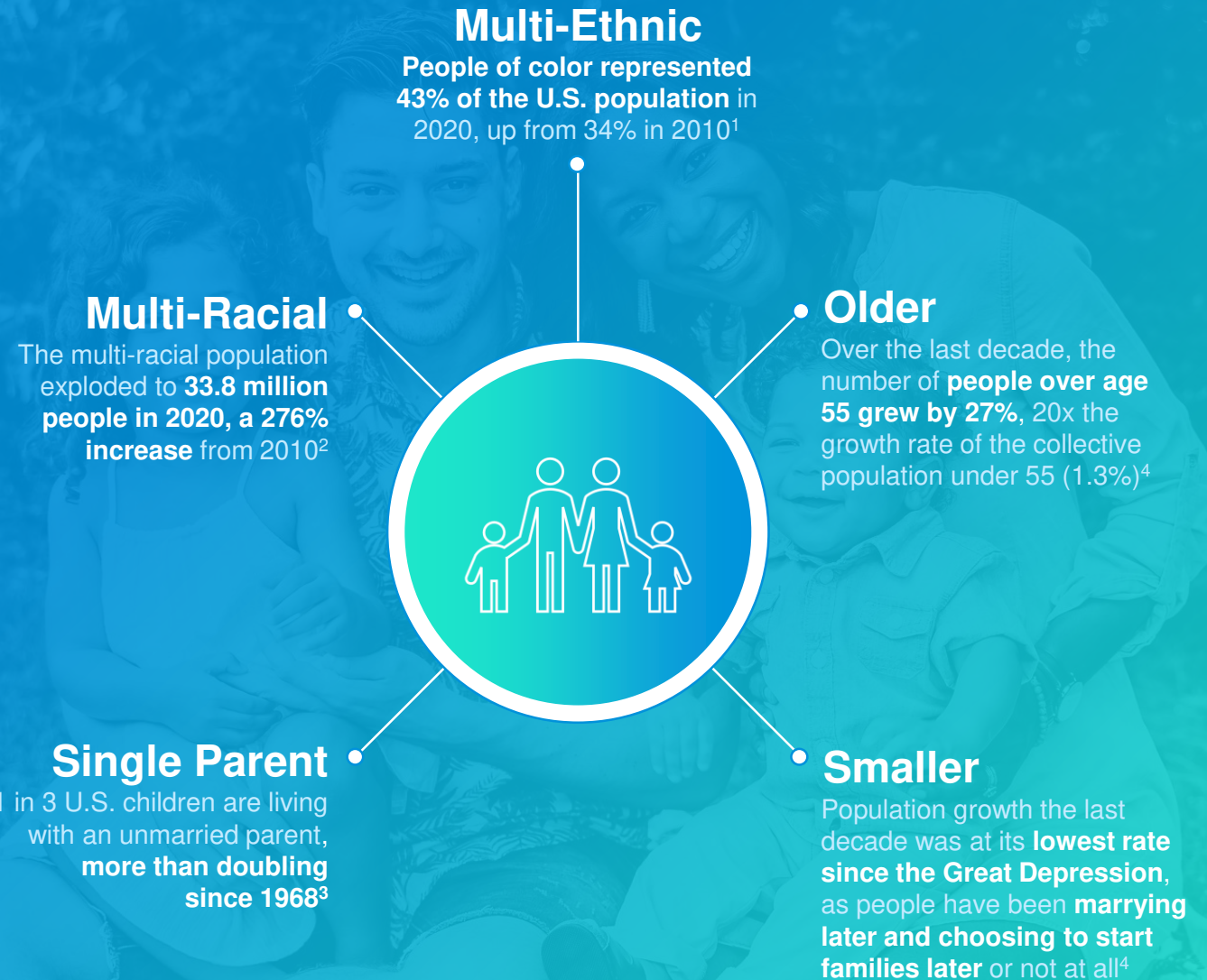
THE AMERICAN FAMILY REDEFINED

As the stereotypical American family ceases to exist, brands consider how to best connect with families that are smaller, older & inherently multicultural.

Families have also become **more multicultural and multiracial**, as the U.S. is on its way to becoming a multicultural majority by 2040.

CPGs need to **re-evaluate how best to connect with families** and deliver on the transforming needs and roles of this consumer base.

Sources: 1.[CNN](#) 2.[Census](#) 3.[Pew](#), 4.[Brookings](#)



EMBRACING THE ENDLESS SHELF

Even with the return of in-store grocery, the appetite for online and delivery remains strong as CPGs look to manage accelerated digital adoption.

Food and beverage will be one of the fastest-growing online categories during the next several years, but **only 60% of consumer-goods companies feel moderately prepared to capture ecommerce growth opportunities.**

With shoppers now used to the accessibility and convenience of online shopping **CPGs are faced with the need to build direct relationships with consumers.**

Sources: 1.[Adexchanger](#) 2.[Yahoo](#) 3.[Consumer Goods](#)



“We continue to build the direct-to-consumer model, trying to get many more insights on consumption behaviors.”

RAMON LAGUARTA
CEO, Pepsi



“Only by utilizing data will we be able to better serve consumers and shoppers and create meaningful experiences for them.”

FABRICE BEAULIEU
EVP Marketing Excellence, Reckitt Benckiser



“D2C allows us to get closer to consumers and have an even better understanding of their needs and their habits, including their purchase habits.”

JON MOELLER
COO, P&G

YOUNGER GENERATIONS REWRITE THE MEANING OF VALUE

Purpose will remain pertinent,
as consumers continue to make choices
based on brand commitments to
inclusivity, community, and environment.

42% of Millennials and Gen Z cite **purpose**
as a **primary reason for switching to a**
new or different brand.

Consumers have grown to expect more
from brands and are **proactively seeking**
out brands that reflect their own values.



KEY FORWARD- LOOKING TRENDS SUMMARY



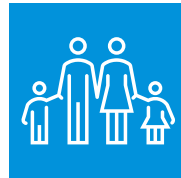
CPGs Bulk Up on Brand Building

A new age for groceries prompts a greater emphasis on brand to capture attention, combat private label, and justify price increases.



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A more proactive focus on self-care means increased demand for solutions that enhance physical, mental, and emotional wellbeing.



The American Family Redefined

As the stereotypical American family ceases to exist, brands consider how to best connect with families that are smaller, older, and inherently multicultural.



Embracing the Endless Shelf

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Younger Generations Rewrite the Meaning of Value

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NBCU CPG STRATEGIC RECOMMENDATIONS

Driving Growth for CPG Brands

KEY STRATEGIC RECOMMENDATIONS

1. Complement Broad Reach with Precision Targeting

Complement always-on media by heavying up with strategic audiences like loyalists, high category buyers, multicultural audiences etc.

2. Align Your Approach with Consumption Trends

Capitalize on evolving consumption patterns and relevantly connect with consumers by activating across platforms.

3. Capture Attention through Lean- in Storytelling

Generate excitement & spark conversation through content alignment, high-impact storytelling and cultural moments.

4. Lead with Purpose

Create deeper consumer connections by embracing storytelling opportunities that demonstrate your brand's commitment to a message or movement that matters.

5. Prompt Inter(Action)

Get closer to point of purchase through actionable content that fuels discovery and triggers consumer behavior.

1. COMPLEMENT BROAD REACH WITH PRECISION TARGETING

Why

As the CPG landscape becomes more crowded and disrupted, it's increasingly difficult to move consumers down the funnel. As such, many brands are evaluating how best to expand beyond traditional demo buys and coordinate messaging to high value audiences.

What

Complement always-on media by heavying up with strategic audiences like loyalists, high category buyers, multicultural audiences etc.



Mass Reach
Media



Audience
Targeting



Local to
National

Goals

Awareness | Consideration | Conversion | Targeted Reach | Incremental Reach

1. COMPLEMENT BROAD REACH WITH PRECISION TARGETING

Pair Broad Reach and Precision Targeting to Deliver Relevant Messaging

Stay top of mind via always-on NBCU premium content



Layer on focused targeting with high value audiences

Consider CPG Strategic Audiences



Loyalists / CRM



New Buyers



Multicultural Audiences



Young Parents



Purpose-Driven Consumers

Connect Your Brand with the Right Consumers Through Content on Every Screen



Data-driven Linear

Enhanced delivery to target audiences at scale through the broad reach of national TV



Addressable

Dynamic delivery to target HHs through highly engaging STB VOD, OTT, & CTV content



Targeted OLV

Target users through premium video on desktop & mobile



Geo-targeted Local

Geotarget to reach local or regional audiences in a premium content environment

2. ALIGN YOUR APPROACH WITH CONSUMPTION TRENDS

Why

Digital continues to erode traditional video channels with cord-shifting and viewer migration to OTT alternatives growing. Brands must adapt to evolved consumption patterns and modernize their video approach to include all screens in order to maximize reach potential and capture elusive audiences.

What

Maximize reach and relevantly connect with consumers by adopting a cross-platform approach that aligns with consumption habits.



Streaming



Audience
Targeting



Social

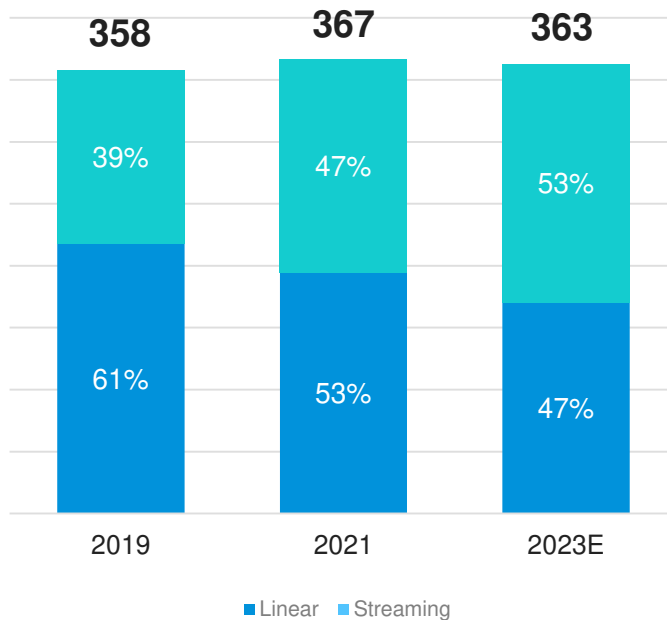
Goals

Awareness | Consideration | Conversion | Incremental Reach

2. ALIGN YOUR APPROACH WITH CONSUMPTION TRENDS

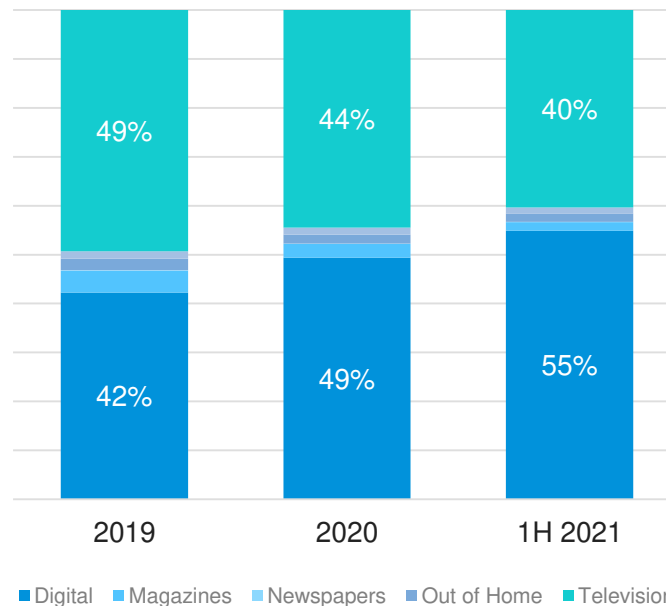
Consumption Continues to Grow & Evolve

US Video Mins Per Person Per Day



CPGs are Shifting Spend Into Digital Channels

CPG Industry Marketplace Spend Channel Mix



Reach Audiences Wherever They Choose to Watch



National Linear TV



Set-Top Box VOD



Connected TV



Desktop



Mobile

3. CAPTURE ATTENTION THROUGH LEAN-IN STORYTELLING

Why

As more brands enter the CPG landscape and content consumption continues to fragment, it can be increasingly challenging to capture attention. As such, it's important for brands to show up in and/or create the right lean-in moments in order to connect with the right audiences.

What

Engage audiences and spark conversation by embracing high impact storytelling approaches like content alignment, tentpole moments, influential talent and commercial innovation.



Cultural
Moments



Integrated or
Custom Content



Talent



Innovative /
Actionable Content

Goals

Awareness | Consideration | Brand Perception | Brand Memorability |
Purchase Intent | Search Traffic | Launches

3. CAPTURE ATTENTION THROUGH LEAN-IN STORYTELLING



Alignment with IP

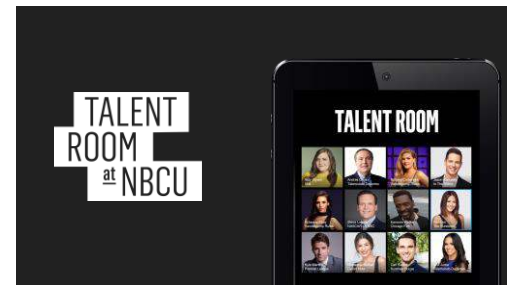
Align your brand with NBCU's premium, brand-safe content via sponsorship and integration opportunities.

Leverage NBCU's talent in front of and behind the camera to create custom content that connects with fans alongside the content they love.



Cultural Moments

By authentically tapping into tentpole events and celebrations that define today, brands can lead the cultural conversation, capture attention, and create deeper connections with (increasingly fragmented) consumers.



Talent Room

NBCU's premium content is home to diverse talent who can become influencers and create an emotional connection between you and your audience.

The Talent Room is NBCU's influencer hub, a standalone website connecting brands with the right talent to authentically share their brand story.



Commercial Innovation

Seamlessly blend advertising and content to better engage the consumer and create interactive viewing experiences.

Innovation formats include but are not limited to:

- ShoppableTV
- Must Hear TV
- Stay in Show

4. LEAD WITH PURPOSE

Why

While many brands have existing CSR initiatives, the role of purpose-led storytelling has evolved from being siloed comms to a cornerstone of brand strategy.

Today the actions of brands need to be louder and clearer than ever before as the communities they serve are calling for responsibility, accountability, and progress.

Purpose will remain pertinent, as consumers continue to make choices based on brand commitments to inclusivity, community, and environment.

What

Create deeper consumer connections by embracing storytelling opportunities that demonstrate your brand's commitment to a message or movement that matters.



Cultural
Moments



Integrated or
Custom Content



Talent



Innovative /
Actionable Content

Goals

Brand Perception | Brand Recognition | Consideration | Loyalty

4. LEAD WITH PURPOSE

Brands recognized for a high level of commitment to purpose experience ~2x faster brand value growth vs. those with less perceived positive impact¹

Celebrate, Elevate & Drive Impact by Embracing Storytelling Opportunities Around Moments That Matter

Celebrate

Pay tribute to issues and communities that deserve to be recognized during celebratory months and beyond.

Elevate

Move the conversation forward by creating a dialogue and providing audiences the tools needed to rally around a movement or community.

Drive Impact

Invest in the success of underserved audiences through valuable and practical support to pay it forward within these communities.

Illustrative Moments that Matter:



5. PROMPT INTER(ACTION)

Why

As the CPG shopper journey continues to evolve, there is an opportunity for brands to align with content experiences that both create and convert demand. Innovative formats can be leveraged to invite users to learn more and continue to normalize digital shopping experiences.

What

Get closer to point of purchase through actionable content experiences that fuel discovery and trigger consumer behavior.



Innovative/
Actionable
Content



Social

Goals

Awareness | Consideration | Conversion | Engagement | CRM Lead Generation

5. PROMPT INTER(ACTION)



ShoppableTV

- Invite viewers to shop or learn more when watching your brand's ad creative within contextually aligned programming environments
- Create an immediate connection from the TV screen to your website or app via NBCU's scannable code

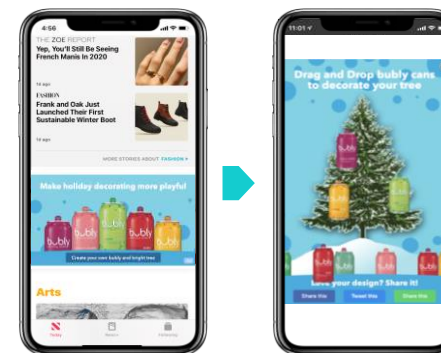
Linear and Digital CTV environments



Shoppable Rich Media Units

- Inspire exploration and engagement with striking interactive experiences that ultimately drive conversion
- RMU formats can be deployed across NBCU's One Platform to drive deeper engagement with your brand offerings

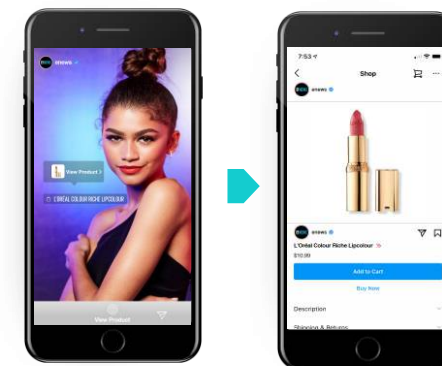
Desktop, Tablet, and Mobile environments



Apple News Tap-to-Capabilities

- Reinforce messaging and generate quality leads via Apple News engaging ad solutions
- Tap-to capabilities can drive users to site, app download, deep link within app, email, chat, map, wallet etc.

Mobile



Social Commerce

- Inspire fans to shop through unique social commerce opportunities all seen and experienced through the lens of NBCU premium IP

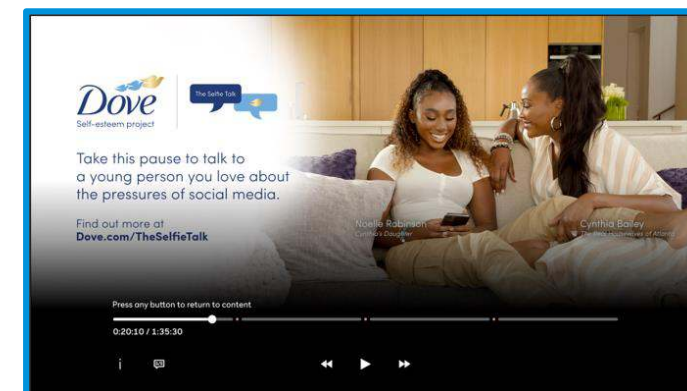
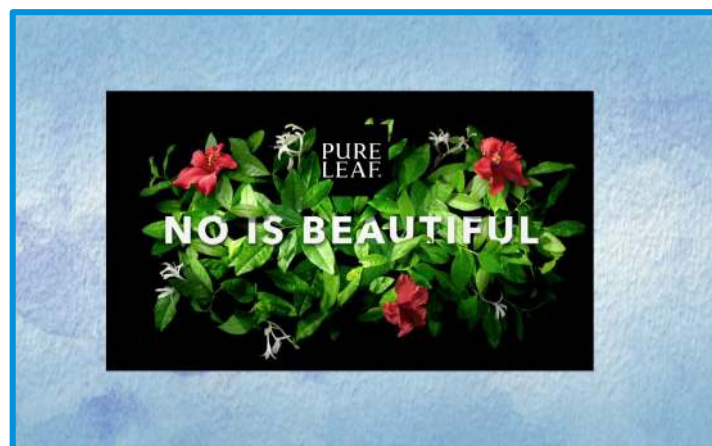
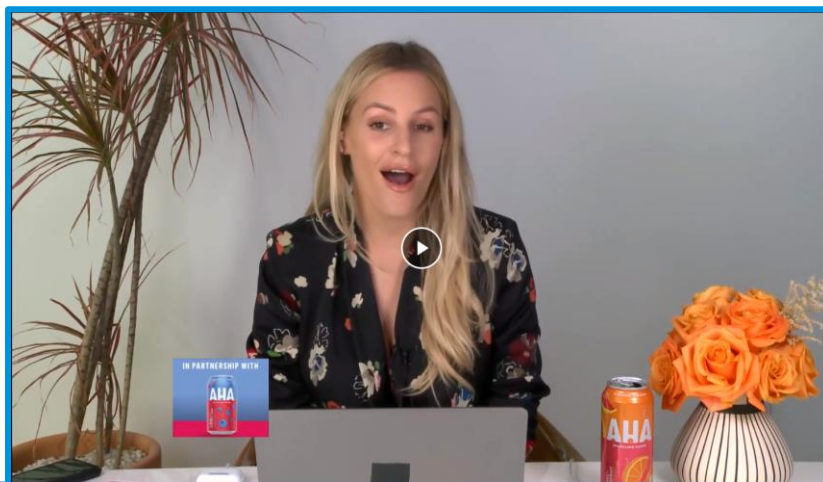
Mobile



NBCU CPG RELEVANT MATERIALS

NBCU CPG Industry Content

CPG PARTNERSHIPS @ NBCU



NBCU CPG INDUSTRY CONTENT

TOGETHER SITE

Category Content & Strategies



The Power of Tentpoles



Purpose & Purchase



The CBD Opportunity

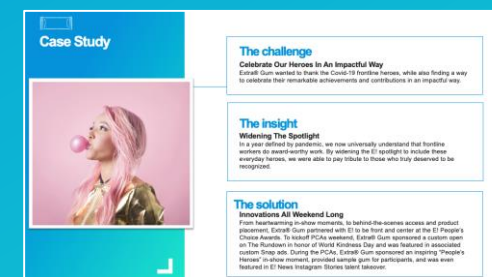


Pet Care Overview

CPG Case Studies



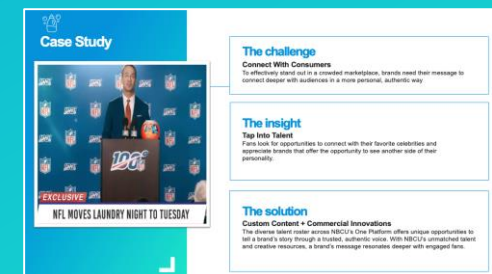
NBCU Portfolio + L'Oréal Paris Women of Worth



E! People's Choice Awards + Extra



AdSmart Data-driven Linear + Beverage Brand



Talent As Influencers Commercial Innovation + Tide



2021

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NBCUniversal

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