

**NBCUniversal**

**2023**

# **CPG Industry Assessment**



# Welcome!



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## 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 Evaluation
  - Conversations with CPG Advertisers and Agencies
  - Continual Marketplace Analysis
  - Examination of Consumer Attitudes towards the CPG Industry
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# NBCUniversal Has a Unique Perspective

In 2023, NBCU worked with:  
**190+ CPG Industry Advertisers**



**Beauty &  
Personal Care**



**Pet  
Care**



**Household  
Care**



**Packaged  
Food**



**Beverage**



**OTC**

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# Looking Back

2023 IN REVIEW





In 2023,  
CPG portfolios  
**pursued  
sustainable  
growth**,  
embracing strategies  
that helped navigate  
inflationary pressures  
and mixed consumer  
signals



# CPG Brands Focus on Demonstrating Value in an Inflation-weary World

## Inflation Dents Demand & Profitability



Rising CPG prices mean that shoppers may be spending more, but they are purchasing fewer items. In an effort to grow margins, many portfolios are considering strategies that help drive trial and brand loyalty.

## Portfolio Innovation Is a Priority



Launches and line extensions help drive growth and offset threats like trading down and private label. New formulas, flavors, benefits etc. are seen as a way to tap into ongoing consumer and retailer appetite for new products.

## A Desire to Unify the Shopping Journey



CPGs continue to look for ways to fluidly connect with audiences, as 83% of consumers are omnichannel shoppers.<sup>1</sup> In pursuit of a more connected and personalized experience, brands are considering strategies that balance physical and digital availability.

## Brands Bring Their Wellness Story to Life



As 'feeling good' is increasingly viewed as a necessity and not a luxury, wellness has been embedded as a cornerstone of many brand strategies. CPGs continue to consider shoppers' desire for clean, natural, multifunctional, and preventive offerings.

BRANDS ACROSS CPG SUB-CATEGORIES ARE

# Adapting to Satisfy Evolving Consumer Needs

## Food & Beverage

**Private label poses a continued threat** as consumers evaluate their personal finances for groceries. CPG portfolios are leaning into the importance brand building activities as well balancing consumer desire for both health and indulgence offerings.

### 69%

of consumers are holding back on non-essential spending<sup>1</sup>

## Beauty & Personal Care

Amidst slowing growth, category resilience is driven by its **role as a small indulgence**, as consumers balance trade-down behaviors and premium purchases. Growth areas include prestige, multifunctional, and wellness-oriented offerings.

### 70%

of beauty shoppers who reported reducing spend due to inflation said they were not cutting back spending on beauty<sup>2</sup>

## Household Care

As **personal and home hygiene is elevated post-pandemic**, demand for laundry care and surface care products is growing. Category innovation will likely be driven by eco-friendly, convenient, and enhanced experience offerings.

### +111%

Household care projected revenue growth by 2027<sup>3</sup>

## OTC

Many consumers rely on OTC products to strengthen their foundation of health, yet elevated pandemic usage has begun to soften. Brands must respond with **innovative products to make routines more enjoyable** and help consumers **build & maintain a regimen**.

### 34%

of consumers report an increased level of VMS product usage from before the pandemic<sup>4</sup>

## Pet Care

The recent spike in pet ownership has **positioned this category as a growth area** for larger CPG portfolios. While pet owners are prioritizing nutrition and personalization when it comes to pet food and pet care offerings, the category **may begin to feel the pressures of inflation**.

### 22%

of households have acquired a new pet since COVID began in 2020<sup>5</sup>



## MARKETPLACE PARTNERSHIP EXAMPLES

# How CPG Brands Are Evolving Their Media Strategy & Storytelling



## Surrounding Cultural Moments

Mountain Dew partnered with the WWE to relaunch the brand's Mtn Dew Pitch Black behind a featured match as part of WWE's Royal Rumble PPV event.



## Connecting Through Original Content

Coca-Cola partnered with Roku and Chef Emeril Lagasse to launch the series 'Emeril Tailgates', coinciding with the NFL season. Each episode focused on a team with a recipe or meal that fit with the team's identity.



## Launching Brand Collaborations

Mondelēz brand Oreo and Nintendo teamed up on a limited-edition cookie inspired by the *Super Mario* video game franchise, fresh off the heels of the movie's record-setting box office numbers.



## Creating Immersive Experiences

Campbell's Soup took to the metaverse to partner with Fortnite, creating a set of challenges integrated into the game. The tournament was streamed live on Twitch, and allowed participants to win prizes like NFL tickets.

# Looking Ahead

KEY INDUSTRY TRENDS TO WATCH



LOOKING AHEAD

# Key CPG Trends & Emerging Sub-Categories We Expect to Influence Marketing & Media Strategies



Balancing  
**Bricks & Clicks**



The Line Blurs Between  
**Retailer & Manufacturer**



Evaluating the Role of ESG in  
**'Sustainable' Growth**



CPGs Get  
**Personal(ized)**



International & Inclusive Trends  
**Influence CPG Portfolios**



Emerging Sub-Categories & Brands:  
**Functional Beverages, Meal Replacements  
& Household Care**

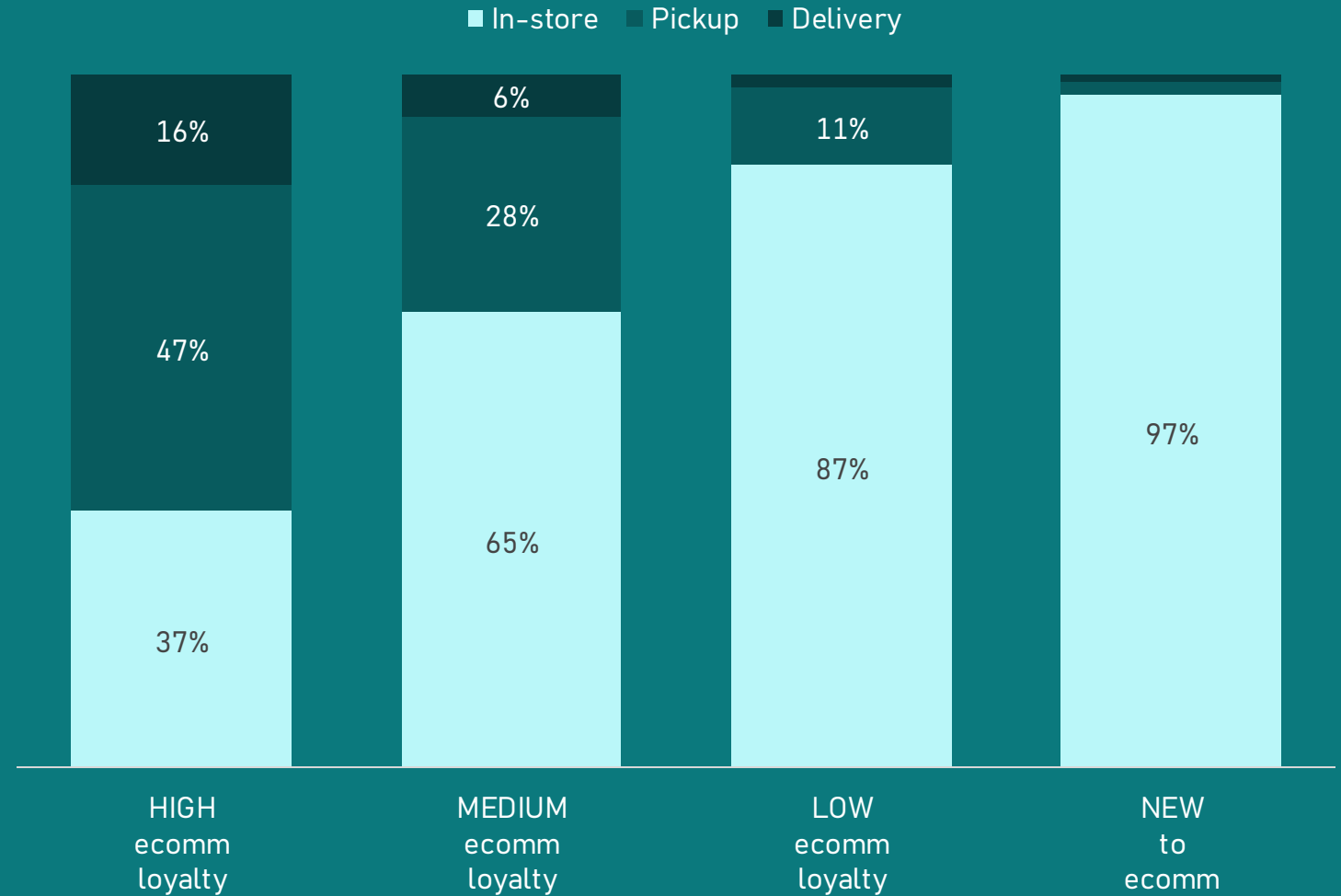
# Balancing Bricks & Clicks

While omnichannel shoppers primarily lean towards shopping online, in-store remains an integral part of the mix.

CPG online sales continue to grow year-over-year. However, even the most **loyal online shoppers still complete ~40% of their grocery trips in-store.**<sup>1</sup>

As a result, brands must consider how they can stand out and maintain mental and digital availability to promote new products amongst fluid shopping habits.

## % of Trips by Modality and Ecommerce Loyalty<sup>1</sup>



# The Line Blurs Between Retailer & Manufacturer

Channel proliferation & rise of digital-first brands prompt CPGs to build direct relationships with consumers.

The path to consumption is increasingly fluid. From TV to Amazon to in-store, there's no shortage of ways for consumers to find, learn about, and purchase CPG offerings.

As a result, many CPG portfolios are setting goals as digital businesses to connect with audiences and convert demand across channels.

## Consumer Expectations & Behaviors Are Evolving

### > Convenience

**83%** of DTC shoppers are willing to pay more for convenience<sup>1</sup>

### > Experience

**75%** of DTC shoppers are willing to pay more for personalization<sup>1</sup>

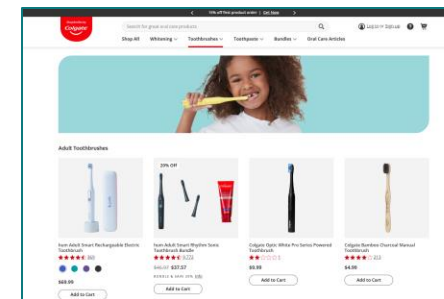
### > Purpose

**86%** of DTC shoppers are willing to pay more for ethical goods<sup>1</sup>

### > Accessibility

**97MM** U.S. consumers shop on social media<sup>2</sup>

## As a Result, Brands Are Experimenting with Owned Experiences





# Evaluating the Role of ESG in 'Sustainable' Growth

**Brands prioritize & provide education around their environmental, social, and governance commitments.**

**Products making ESG-related claims averaged +28% cumulative growth over the past five-year period, vs. +20% for products that made no such claims.<sup>1</sup>**

Given the size and impact of the CPG industry, many portfolios are allocating time, attention, and resources to instill environmental and social responsibility into their business practices. CPGs look to communicate these commitments, as consumer conversations and demands around these issues grow.

CONSUMERS ARE  
**Shifting Spending**

## 56%

Of sales growth in the CPG category over the past 5 years came from products making ESG-related claims.<sup>1</sup>

BOTH NEW & ESTABLISHED  
**Products Achieve Growth**

## 1 in 3

CPG sub-categories saw new products making ESG-related claims outperform products without them.<sup>1</sup>

ESG CLAIMS  
**Drive Repeat Buying**

## 32%

Repeat purchase rate for brands that garner over 50% of sales from products making ESG-related claims.<sup>1</sup>

COMBINING CLAIMS  
**Conveys More Authenticity**

## 2.5X

Greater sales CAGR for CPG products making four ESG-related claims compared to products making a single claim.<sup>1</sup>

# CPGs Get Personal(ized)

Brands endeavor to understand consumers more granularly to deliver differentiated & meaningful experiences.

Brands that excel at personalization generate an incremental 10%-15% revenue lift from their efforts.<sup>1</sup>

As digital adoption has accelerated, many CPGs have invested in data collection and technology to deliver offers, product innovations, and experiences that are in tune with consumers' preferences & behaviors.

## Personalized Experiences Drive Consideration & Loyalty



# 80%

Of consumers are more likely to do business with a brand if it offers them personalized experiences<sup>2</sup>



# 1 in 4

Consumers are willing to pay more to receive a personalized product or service<sup>3</sup>



# 22%

Of consumers are happy to share some data in return for a more personalized product or service<sup>3</sup>

## In Practice: Farmer's Dog Drives Engagement & Conversion

*"I got an email saying I can update my dogs' weights on my online account, and their food will be automatically adjusted according to their new weights to keep them in the correct calorie category. What?! That is awesome, guys!"*

- Teresea S.

**The Farmer's Dog**

The screenshot shows a web form for updating a dog's profile. The form includes sections for:
 

- Basic Info:** Name (CeeJay), Age (4 months), Gender (Male), and Breed (Cavalier King Charles Spaniel).
- Body:** A visual scale with four dog silhouettes representing different body types (Too thin, Just right, Overweight, Obese).
- Weight:** A field for the dog's current weight (15 lbs) and ideal weight (15 lbs).
- Activity Level:** A scale from Sedentary to Very active, with 'Active' selected.
- Eating Style:** A scale from Regularly to Will eat anything, with 'Regularly' selected.
- Health & Diet:** Fields for 'any issues' (none), 'mainly eats' (dry food), 'by' (Taste of the Wild), and 'requires a prescription diet' (no).

 A 'Save' button is at the bottom right.

# International & Inclusive Trends Influence CPG Portfolios

**CPG portfolio innovation is influenced by demand for international ingredients and inclusive offerings.**

A more multicultural population coupled with **increasing globalization** is informing the direction of CPG offerings and flavors. To stay relevant, CPGs are evaluating how best to launch, manage, and merchandise new and existing brands.



"Flavors like salsa, macha, and tajin have grown the most over the last four years across all categories."<sup>1</sup>

FoodBusinessNews.



"Coca-Cola is optimistic Topo Chico could one day top \$1 billion in sales."<sup>2</sup>

FOOD DIVE



"Ariana Grande's r.e.m. Beauty launches debut foundation...available in 60 shades and suitable for all skin types."<sup>3</sup>

COSMETICS BUSINESS

*"Propelled by the twin engines of population growth and expanding buying power, (Multiculturals) are at the leading edge of converging demographic and social trends that are reshaping how marketers and advertisers use culture to connect with increasingly diverse customers."*

- Eva Gonzalez, Executive Director of Diverse Consumer Insights at Nielsen

## EMERGING SUBCATEGORIES

# Functional Beverages, Meal Replacements & Household Care are driving significant category growth

## Functional Beverages



*Beverages providing health benefits beyond just their nutritional value, including energy, gut health, and stress relief*

### Why to Watch

**71.8B** Projected 2028 Market Size; +59% vs. 2022<sup>1</sup>

**83%** of consumers cite use of beverages containing at least one functional claim<sup>2</sup>

### Brands to Watch

MUD\WTR<sup>®</sup> poppi<sup>™</sup>



Vitapod<sup>™</sup>

## Meal Replacements



*Food & beverage snack options that accommodate a variety of lifestyles, including on-the-go options*

### Why to Watch

**61%** of consumers use snacks to replace breakfast or lunch<sup>3</sup>

**41%** of consumers agree it is healthier to snack throughout the day than eat three standard meals<sup>4</sup>

### Brands to Watch

KACHAVA<sup>™</sup> Nutrisystem<sup>®</sup>

Mid-Day Squares *Breakfast ESSENTIALS*

## Household Care



*Home cleaning and maintenance products including surface cleaners, laundry care, and stain removal products*

### Why to Watch

**83%** of consumers say they use household surface cleaners at least once per week<sup>5</sup>

**23%** increase in Household Supplies ad spend in 1H23 vs 1H22<sup>6</sup>

### Brands to Watch

Norwex<sup>®</sup>

earth breeze<sup>®</sup>

CLR

seventh generation<sup>®</sup>

Bona

TRUEARTH

## SUMMARY

# Key CPG Trends We Expect to Influence Marketing & Media Strategies

**Balancing Bricks & Clicks**

While omnichannel shoppers lean towards shopping mostly online, in-store remains an integral part of the mix

**The Line Blurs Between Retailer & Manufacturer**

Channel proliferation & rise of digital-first brands prompt CPGs to build direct relationships with consumers.

**Evaluating the Role of ESG in 'Sustainable' Growth**

Brands prioritize & provide education around their environmental, social, and governance commitments.

**CPGs Get Personal(ized)**

Brands endeavor to understand consumers more granularly to deliver differentiated & meaningful experiences.

**International & Inclusive Trends Influence CPG Portfolios**

CPG portfolio innovation is influenced by demand for international ingredients and inclusive offerings.

**Emerging Sub-Categories & Brands**

Functional Beverages, Meal Replacements & Household Care



# The Power of Advertising

& MEDIA TRENDS TO WATCH



CPG: ENERGY DRINKS

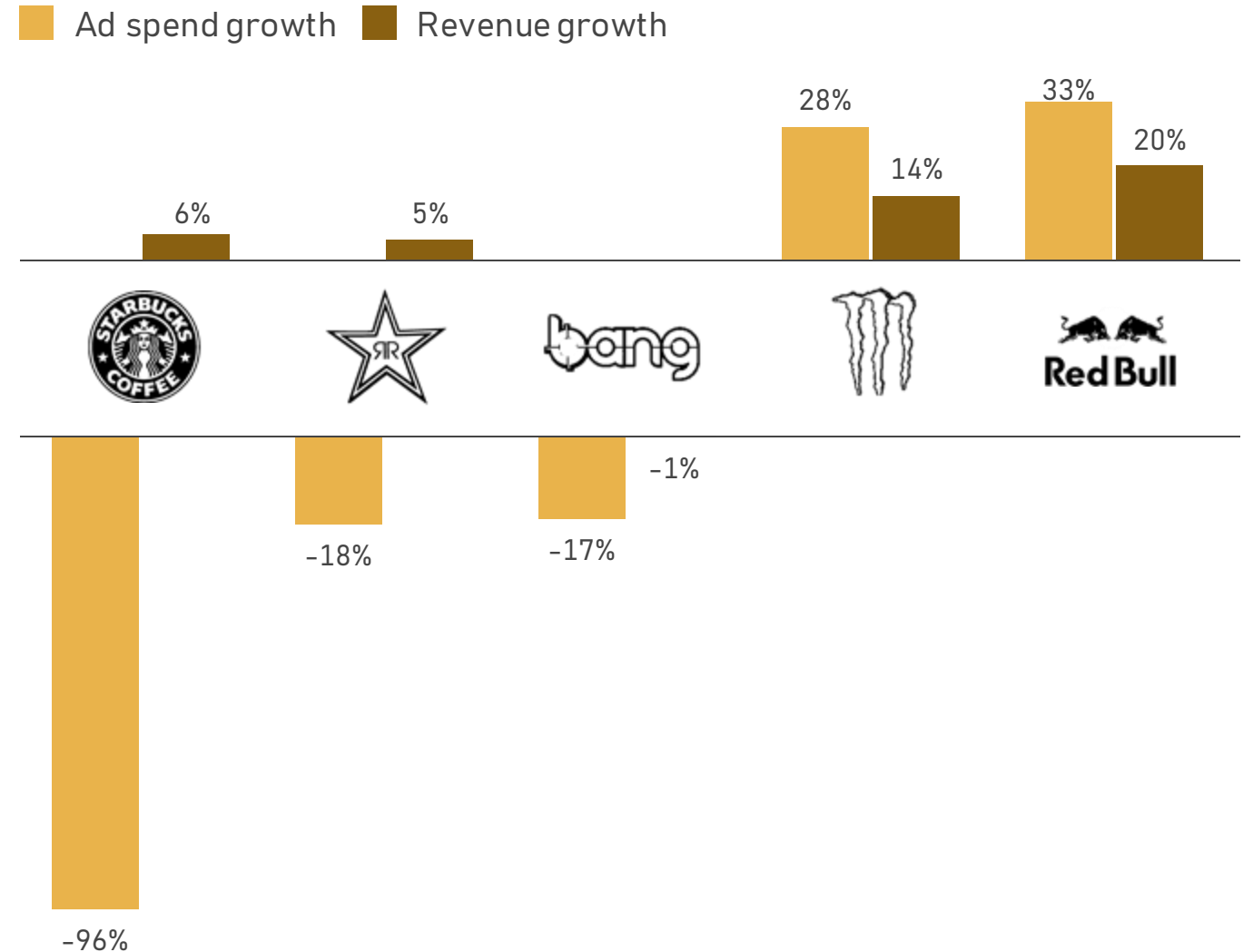
**Brands that sustained or increased ad spend during the aluminum shortage saw higher revenue growth**

**8x**

average growth among brands that increased ad spend YoY (compared to brands that cut spend)

Note: \*Starbucks includes Doubleshot and Refresher canned beverages  
Sources: Numerator, iSpot, Mediaradar Internal Analysis

## Total Advertising Spend vs. Sales Growth (Q2-Q3 2020 vs. Q2-Q3 2019)



## CPG Media Trends to Watch

Often a category at the forefront of media and marketing, the CPG playbook is being rewritten as new channels and brands emerge and challenge the status quo.

### THE RISE OF Retail Media Networks

# 74%

Of advertisers using retail media networks are CPGs.<sup>1</sup>

Brands are experimenting with RMNs to get closer to consumer omnichannel shopping behaviors.

### Sports WINS DOLLARS

# +10%

Increase in sports TV ad spend in 1H '23 from CPGs, as brands are **embracing the broad reach and connective tissue** live sports provide.<sup>2</sup>

### A CONTINUED SHIFT to Targeted Channels

The CPG industry spends the largest volume programmatically, **accounting for 24% of the category's 1H '23 media mix.**<sup>2</sup>

As media habits have evolved, CPGs have increased spend on targeted, digital channels to build cross-platform reach.

### CONSTANTLY Evolving Brand Landscape

# 318

New spending CPG brands in 1H '23 as new products, innovations, and entrants are constantly evolving and vying for consumer tastes and attention.<sup>3</sup>

# Partnering with NBCU

CATEGORY PERFORMANCE, STRATEGIC CONSIDERATIONS  
& PARTNERSHIP EXAMPLES



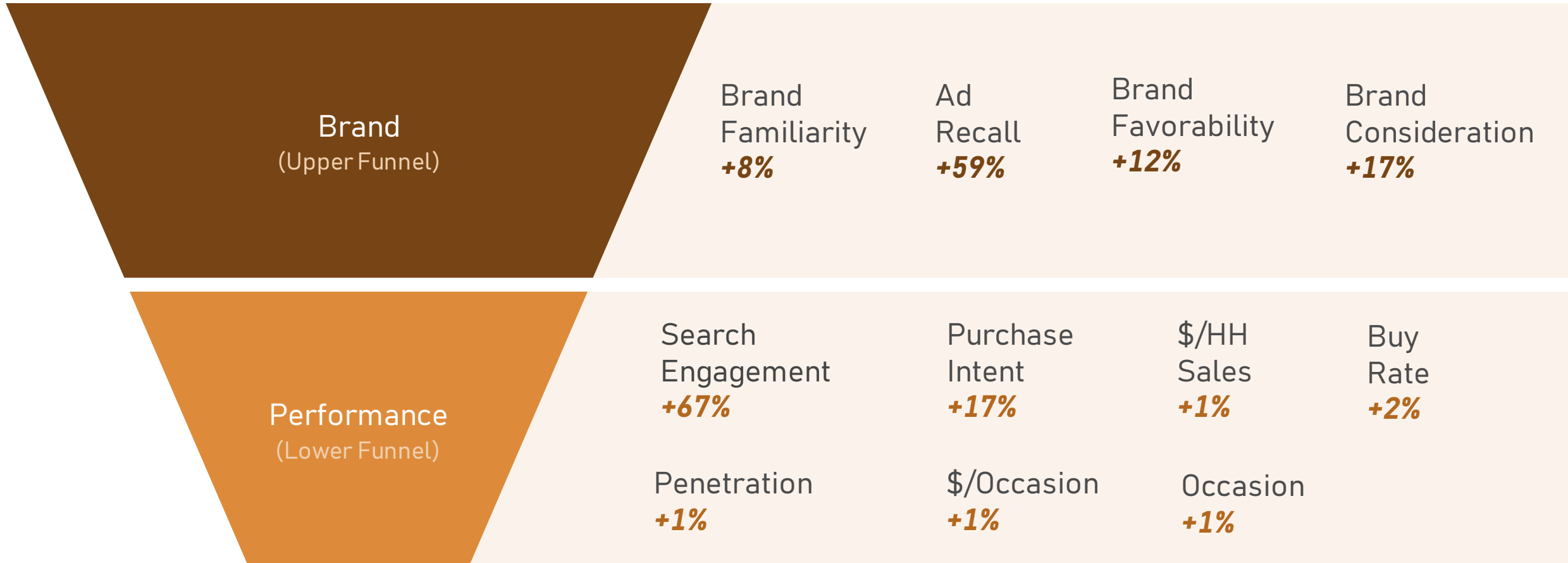
CPG

# Proven Impact Across Client KPIs



BUSINESS OUTCOME

NBCU CPG CAMPAIGNS – Test vs. Control



Source: NBCU Ad Impact Database 2017-2022, 87 Brand Impact, 41 Attribution NBCU measured CPG campaigns  
 Custom research, vendors vary. Average of exposed vs. control cells for NBCU. Top 2 box  
 Search Engagement (SER Index): ED0, Volume in five minutes following ads airing on NBCU vs. same brand competitive averages expressed as an index (167).



# Campaigns Across More than One Platform Are More Effective

## CPG Category NBCU Campaigns: Multi-Platform vs. Single Platform

% LIFT



+5%

Ad  
Recall



+7%

Brand  
Favorability



+5%

Brand  
Consideration



+14%

Brand  
Recommendation

Strategic  
Considerations to  
**Drive  
Growth  
for CPG  
Brands**

## Align with Consumption to Maximize Reach



### Why

As the CPG landscape becomes more crowded and disrupted, brands must ensure they are top of mind with key audiences.

### How

Capitalize on evolving consumption patterns and build perceptions of quality and value with strategic audiences by activating across platforms.

## Reinforce Relevancy through Cultural Connection



### Why

Cultural relevance enables brands to capture attention and build deeper consumer connections.

### How

Engage audiences and spark conversation by aligning with passion point content, influential talent, and cultural moments & events.

## Secure Growth by Engaging Key Audiences



### Why

Changing shopping behaviors have heightened the need to reinforce brand messaging with high value audiences to prompt trial and drive loyalty.

### How

Complement always-on media with targeting strategies across key audiences like high category buyers, multicultural audiences etc.

## Create Interactive Experiences that Drive Engagement



### Why

As the CPG shopper journey continues to evolve, brands must align with content experiences that both create and convert demand.

### How

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

NBCU solutions  
for delivering  
**Brand &  
Business  
Impact  
for CPG  
Brands**

SCALE

Align with  
**Consumption to  
Maximize Reach**

REACH

**227M**

NBCU viewers with  
low duplication  
across platforms



NBCUNIVERSAL

Reinforce  
Relevancy  
through Cultural  
Connection



Branded  
Content

**MSNBC**



Issue-Oriented  
Programming



Moments  
that Matter

Secure Growth  
by Engaging Key  
Audiences



Leverage data and targeting  
solutions to build meaningful  
connections at scale and  
drive measurable impact

PRECISION

Create Interactive  
Experiences that  
Drive Engagement



Ad  
Innovations



Commerce  
Solutions



Actionable Ad  
Formats

## NBCUNIVERSAL PARTNERSHIP EXAMPLES

# How Our Partners Are Evolving Their Media Strategy & Storytelling



## Spotlighting Brand Offerings

Ritz partnered with **Top Chef VIP** for a vibrant branded “A Taste of Welcome” challenge. Focusing on the traditions, values and beliefs of Latinos, the contestants were tasked with creating small bites featuring Ritz that would make any guest feel welcome.



## Tapping into IP & Talent

:ratio and **TODAY** came together to be part of the first-ever Start **TODAY** Wellness Event to give attendees a true ‘morning boost’ through on-site sponsored activations. The brand kept attendees excited as :ratio products, coupon, and vouchers were included in goodie bags to take home.



## Testing Commercial Innovations

Liquid IV partnered with the **Peacock original Love Island** to drive brand awareness and showcase the hydration benefits of their powder mix via contextual, interactive ad products.



## Leaning into Experiential

**TRESemmé** found a natural way to integrate into **BravoCon** across on-site, social, and linear executions, building a tangible link between the BravoCon experience and the brand. Custom elements and talent integrations helped strengthen overall brand affinity and garnered lifts in brand opinion.

# 2023 CPG Industry Assessment

**NBCUniversal**

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