DATAWEAVE

COMPETITIVE INTELLIGENCE
AS A SERVICE

INDUSTRY SNAPSHOT:

THE US CPG COMPETITIVE LANDSCAPE

OCT 2018

W W W . D A T A W E A V E . C O M

INTRODUCTION

As consumer demands and buying behavior evolve, the US CPG space has undergone several transformations that have enabled retailers and brands to deliver a differentiated shopping experience and compete more profitably.

While, in the past, location was one of the primary drivers of competitive advantage, the assortment of products housed at each location is equally influential as it addresses the needs of today's online-savvy shopper who is more spoilt for choice than ever before. And it's not just the vastness of assortment, but also how effectively it taps into the tastes and preferences of local communities, which has prompted a massive advance toward going hyperlocal. A step further still, CPG brands have started innovating with visually appealing product packaging formats to attract shoppers and develop a differentiated brand perception.

Feeding off the hyperlocal phenomenon is the recent uptick of delivery services like Instacart that shop from offline supermarkets and deliver the products to the consumer's doorstep – bridging the divide between offline and online retail.

The steady influx of private label brands across retailers, too, is one of the most significant developments over the past year. In an increasingly competitive environment, retailers have begun integrating vertically and turned to private label brands to fuel profitable growth and create value differentiators.

Despite the hype around the growth of online retail, physical stores continue to pack a punch. Queuing up in retail stores may soon be a thing of the past as scan and checkout stores like Amazon Go reshape the shopping experience while simultaneously generating invaluable insights on consumer shopping preferences that can be leveraged across diverse distribution channels.

In this industry snapshot, we capture a broad view of the US CPG retail landscape to provide key market insights on top retailers and their product mix, product assortment trends across categories, top brands, private label strategies of retailers, and more.

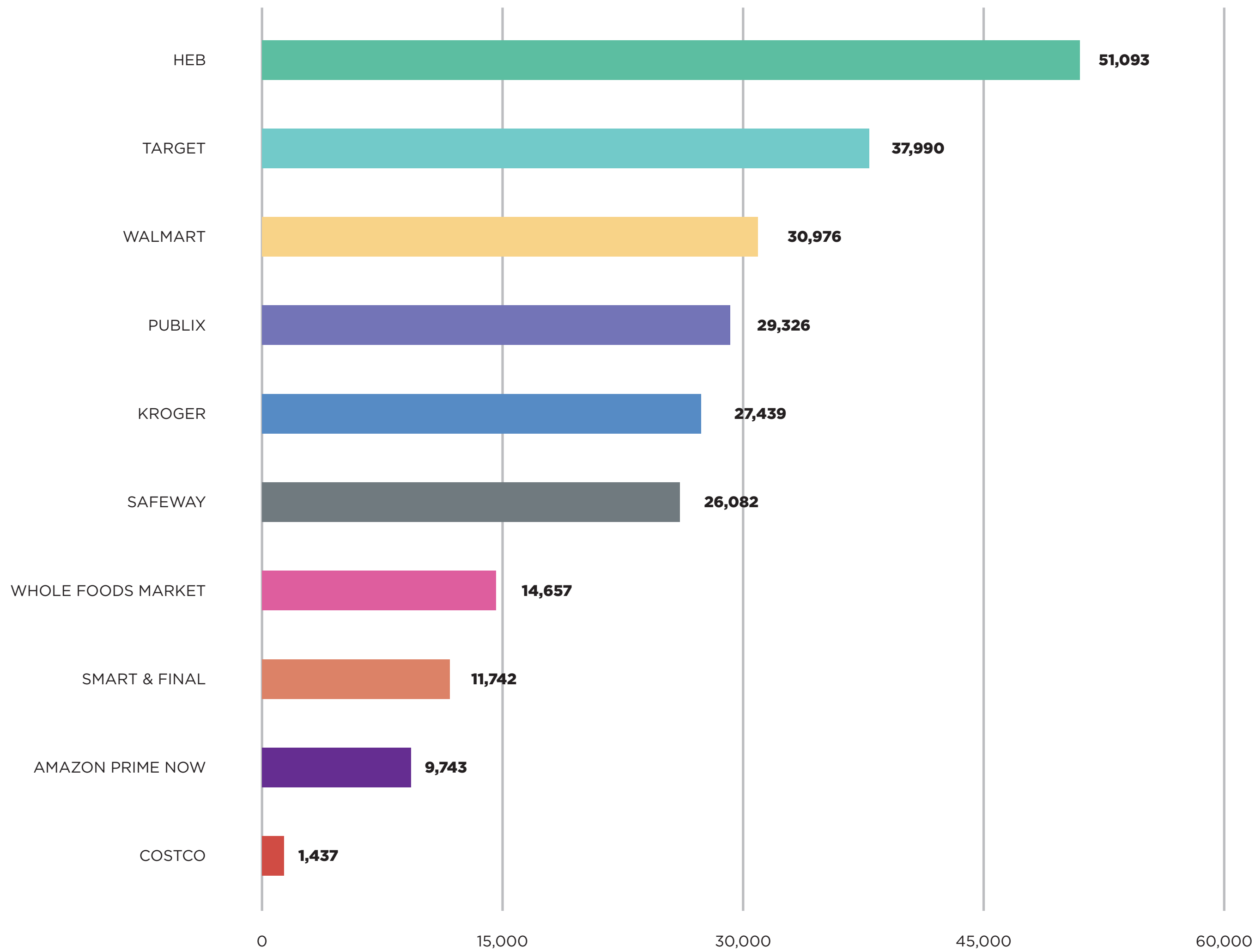
A NOTE ON THE METHODOLOGY

At DataWeave, we aggregate data at massive scale from online sources to deliver actionable competitive insights to retailers and consumer brands. For this report, we tracked 10 leading CPG retailers in the US and captured data on product categories, prices, brands, and more.

The zip codes considered for this report vary from 4 to 10 in number across retailers, which were chosen to cover distinct regions across the US map. The data was captured between the 7th and 14th of October. We also normalized the names of all the product categories across the retailers, which enabled accurate and easily consumable comparisons.

RETAIL | ASSORTMENT STRENGTH

AVERAGE NUMBER OF UNIQUE PRODUCTS FOR EACH RETAILER



HEB clearly leads the pack, with over 51,000 products housed, while on the other end of the spectrum are Whole Foods Market, Smart & Final, and Amazon Prime Now, which hold a relatively smaller set of products. This is likely due to a more focused assortment management strategy. Target, Walmart, Publix, Kroger, and Safeway form the mid zone – varying between 38,000 and 26,000 products.

The number of products for Costco is unusually low due to the highly limited availability of its products on Instacart for non-members.

Of course, while providing a larger set of options for consumers to choose from obviously has its benefits, it's just as essential to have a healthy distribution of products across all relevant product categories, to ensure that the varied requirements of shoppers are addressed well.

DISTRIBUTION OF PRODUCTS ACROSS PRODUCT CATEGORIES

RATIO OF NUMBER OF PRODUCTS IN A CATEGORY TO THE TOTAL PRODUCTS OF EACH RETAILER

	Costco	HEB	Kroger	Publix	Safeway	Smart & Final	Target	Walmart	Whole Foods Market	Amazon Prime Now
Animal Food	2%	3%	4%	3%	3%	2%	5%	3%	1%	10%
Baby	2%	3%	2%	2%	2%	1%	4%	6%	2%	14%
Bakery & Desserts	11%	6%	7%	9%	10%	9%	4%	6%	11%	1%
Beauty & Personal Care	6%	31%	23%	18%	14%	3%	32%	19%	28%	6%
Beverages	7%	7%	8%	8%	10%	11%	6%	9%	8%	3%
Canned Goods	3%	4%	4%	5%	4%	6%	2%	0%	3%	3%
Christmas	8%	1%	6%	6%	6%	6%	4%	0%	5%	0%
Deli	7%	3%	3%	3%	4%	2%	1%	2%	5%	0%
Frozen Foods	9%	5%	7%	9%	9%	9%	4%	8%	5%	2%
Fruits & Vegetables	13%	2%	2%	2%	3%	3%	1%	2%	4%	1%
Home	0%	12%	11%	10%	7%	18%	23%	10%	3%	55%
Meat	6%	3%	2%	3%	3%	2%	1%	2%	2%	1%
Pantry	10%	10%	9%	10%	10%	12%	4%	22%	10%	0%
Snacks	16%	11%	12%	12%	14%	16%	10%	9%	13%	3%

Across all retailers, Beauty & Personal Care is the best represented product category – the highest for 6 out of the 10 retailers. This is not surprising, as beauty and personal care products tend to have a large range of SKUs and variants in terms of sizes, ingredients, colors, etc. The Snacks and Pantry categories are fairly popular across retailers too.

Some of the least represented categories across most retailers are Animal Food, Baby, Fruits & Vegetables, and Meat. Some exceptions include Animal Food and Baby products having a large share of products on Amazon Prime Now, and Costco having a large share of Fruits & Vegetables.

With access to similar insights, retailers can drill further down to identify common and exclusive products for each category relative to their competitors, enabling them to make smarter decisions on assortment expansion as well as focused price increases or discounts.

DISCOUNTS ACROSS RETAILERS*

Average Discount | Percent of Products Discounted

Store	Avg. Discount & % of products Discounted	Top Discounting Brand		Top Discounting Category
Walmart	33% 5%	Great Value	**28%** 1054 products	Pantry **45%**
Publix	21% 14%	Nabisco	**23%** 1808 products	Beverages **22%**
Safeway	20% 26%	Signature	**23%** 3682 products	Meat **22%**
Whole Foods Market	20% 9%	Garden of Life	**20%** 1101 products	Meat **23%**
Target	19% 0.2%	Fanta	**26%** 121 products	Beverages **25%**
Smart & Final	14% 13%	Pepperidge Farm	**16%** 757 products	Pantry **16%**

The chart above indicates the average discounts offered by retailers across products with a discount percentage greater than zero.

Unsurprisingly, Walmart was most aggressive with its discounts, true to its image as a value-driven retailer, although only 5% of its entire assortment was discounted. This is in contrast to Safeway which provided an average discount of 20% across 26% of its products. Also, while Target offered an average of 19% discount, it was only on 0.2% of its assortment.

Among the top categories discounted by each retailer, Meat stood out as the top category for 3 retailers, while Pantry and Beverages were also discounted heavily by Walmart and Target respectively.

The top brands discounted by each retailer included Great Value (a Walmart private label brand), Nabisco, Signature, Garden of Life, Fanta, and Pepperidge Farm.

* *Costco, HEB, and Kroger are not represented in the graphic above as no MRP values were displayed, and Amazon Prime Now is not represented as a negligible number of products were offered on discount*

BRANDS

Top Brands	Number of products	Retailer with Highest Share of Brand	Percentage Share
Nabisco	5281	Safeway	21%
Starbucks	4916	Safeway	22%
Kirkland Signature	3760	Safeway	100%
McCormick	2277	Smart & Final	56%
Kraft	2141	Publix	21%
Oscar Mayer	2012	Publix	46%
Amy's	1399	Whole Foods Market	19%
Nestle	1100	Publix	47%
Great Value	1054	Walmart	100%
Campbell's	676	Target	20%

Just as retailers look to navigate the highly competitive grocery retail ecosystem, so do CPG brands. Nabisco, Starbucks, Kirkland Signature, McCormick, Kraft, etc. have ensured a strong presence across retailers with a relatively vast volume of SKUs on offer.

Several brands though have their availability skewed toward specific retailers, such as McCormick (Smart & Final) and Nestle (Publix). For brands, insights like these can help ensure uniformity in product availability across stores and channels, which is key to delivering a consistent brand experience.

TOP BRANDS BY CATEGORY

Category	Number of Products	Brand	Retailer with Highest Share of Brand	% Share
Animal Food	618	Purina	Walmart	55%
Baby	905	Gerber	Walmart	26%
Bakery & Desserts	477	Kraft	Publix	22%
Beauty & Personal Care	1623	Covergirl	HEB	32%
Beverages	754	Starbucks	Safeway	25%
Canned Goods	703	Campbell's	Publix	21%
Christmas	230	Oscar Mayer	Kroger	27%
Deli	505	Boar's Head	Publix	35%
Frozen Foods	467	Amy's	Whole Foods Market	19%
Fruits & Vegetables	163	HEB	HEB	100%
Home	555	Glade	Target	23%
Meat	444	HEB	HEB	100%
Pantry	1114	Great Value	Walmart	100%
Snacks	910	Nabisco	Safeway	21%

Some of the most well represented brands for specific categories are indicated above. As one would expect, the list includes some of the most popular brands for each category, including Purina for Animal Food, Kraft for Bakery & Desserts, Starbucks for Beverages, Campbell’s for Canned Goods, Nabisco for Snacks, and more. However, as a point of note, we observe the presence a few private label brands, such as HEB and Great Value for Fruits & Vegetables, Meat, and Pantry.

Today’s consumer brands can leverage similar market intelligence to better understand and optimize their competitive price position, as well as enhance their presence uniformly across distribution channels.

PREMIUM BRANDS

Category	Average MRP ($)	Most Premium Brand	Retailer with Highest Share of Brand
Animal Food	61	Frontline	Kroger
Baby	115	Baby Trend	Walmart
Bakery & Desserts	17	Darigold	Safeway
Beauty & Personal Care	56	Eva Nyc	Target
Beverages	43	Keurig	Safeway
Canned Goods	7	Frontier Soups	Safeway
Christmas	19	Kirkland Signature	Costco
Deli	20	Mitica	Whole Foods Market
Frozen Foods	22	Carvel	Publix
Fruits & Vegetables	20	Kirkland Signature	Costco
Home	110	Charbroil	Safeway
Meat	75	True Texas	HEB
Pantry	26	Wedderspoon	Publix
Snacks	48	Ancient Nutrition	Whole Foods Market

Some of the most premium brands for specific categories, calculated as an average of MRP, include Frontline, Baby Trend, Eva Nyc, Keurig, True Texas, and more. Only brands with a minimum threshold number of products were considered for this analysis. Interestingly, for Christmas and Fruits & Vegetables, we see Costco's private label, Kirkland Signature, pop up as the most premium brand.

Brands can use these insights to better understand how they compare against their competitors, especially if they go further still to analyze their price position for price ranges of interest.

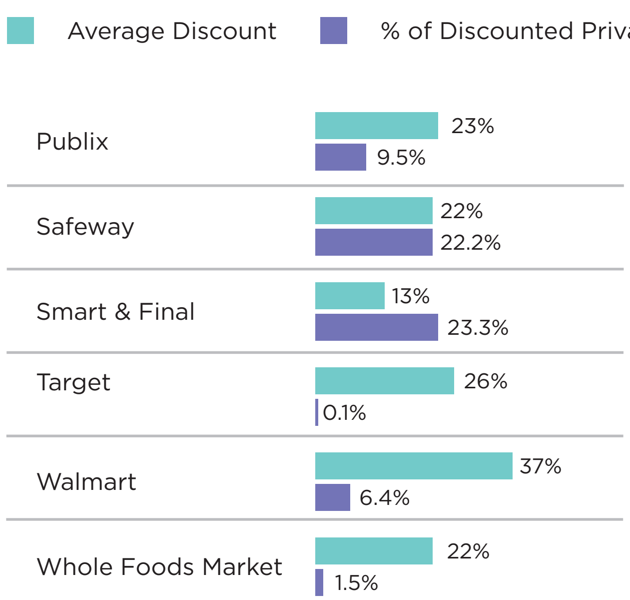
PRIVATE LABEL

As private label brands gradually invade CPG, several retailers have developed a large assortment of private label brands and products, enabling them to squeeze out valuable additional margin. Often, in several product categories, private label products compete with original brand manufacturers, gradually tilting the balance of influence on the consumer toward retailers. As a result, there is a need for both retailers and brands to keep pace with the steady introduction of private label brands and products in the CPG space.

PRIVATE LABEL PRODUCTS BY RETAILER

Store	Number of Private Label Products	Category with Highest Share	% Share
Kroger	**4906**	Beauty & Personal Care	18%
Walmart	**3011**	Pantry	21%
Target	**2004**	Pantry	18%
Publix	**1912**	Frozen Foods	14%
Smart & Final	**1461**	Home	38%
Whole Foods Market	**754**	Beauty & Personal Care	35%
Safeway	**659**	Bakery & Desserts	17%
HEB	**189**	Home	84%
Costco	**50**	Meat	40%
Amazon Prime Now	**21**	Animal Care	90%

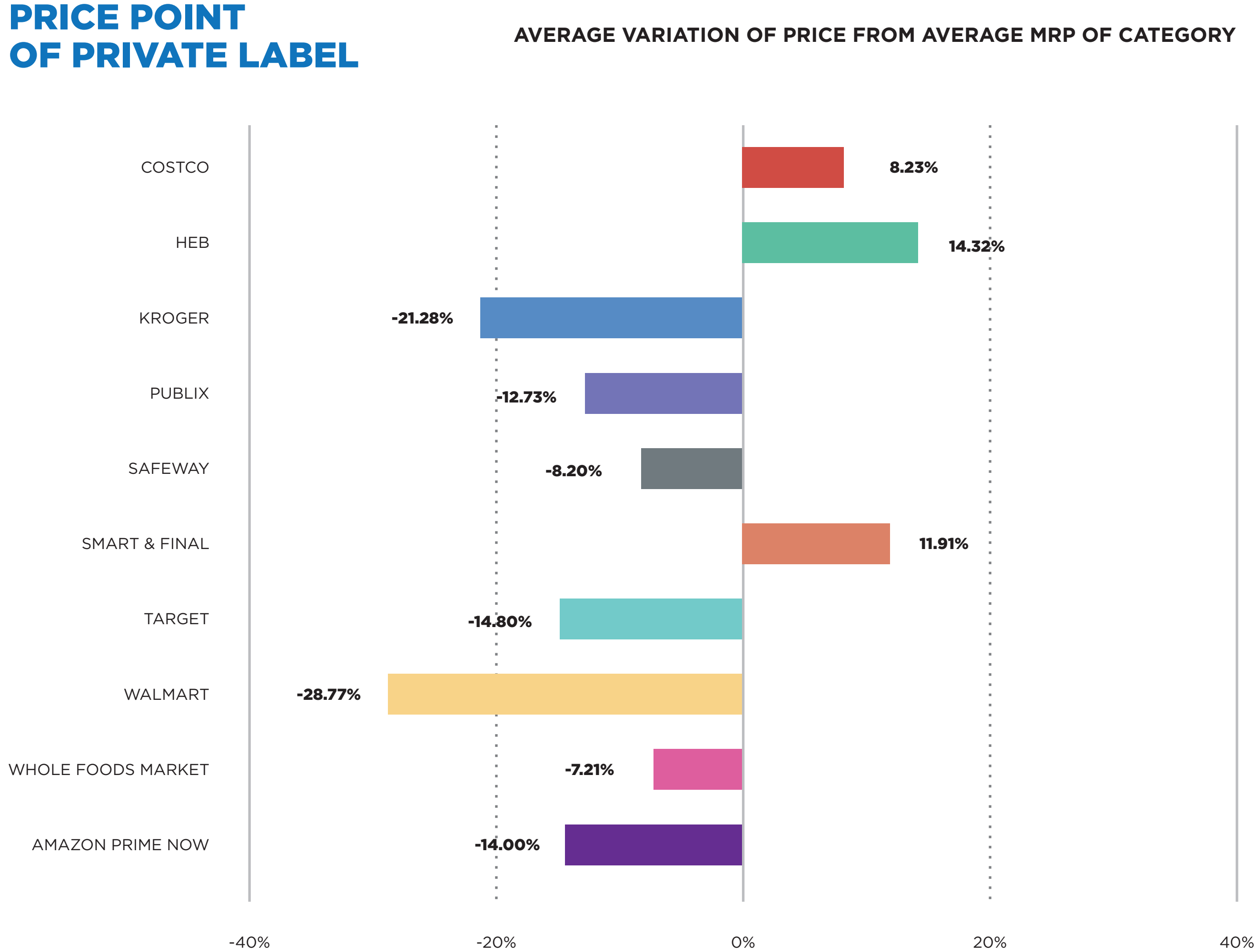
AVERAGE DISCOUNTS ON PRIVATE LABEL*



As retailers have more margin room to play with, several offer upward of 20% discount on their private label products. However, the number of private label products vary between a conservative 0.1% on Target to a whopping 23% on Smart & Final.

* *Costco, HEB, and Kroger are not represented in the graphic above as no MRP values were displayed, and Amazon Prime Now is not represented as only a negligible number of products were offered on discount*

PRICE POINT OF PRIVATE LABEL



True to the idea of launching private label brands, most retailers price their products lower than the average price range of the respective categories in order to capture a higher share of sales. This is apparent in the chart above, where Kroger, Publix, Safeway, Target, Walmart, Amazon Prime Now and Whole Foods Market have significantly lower average MRPs for their private label products relative to the average MRP of the rest of the products within the respective product categories.

GET IN TOUCH

If you would like to have access to the entire data set analyzed for this industry snapshot or require additional market insights based on public data on eCommerce websites, please reach out to us at **contact@dataweave.com** or give us a call at **+1 425-458-5110.**

ABOUT DATAWEAVE

DataWeave provides Competitive Intelligence as a Service to retailers and consumer brands by aggregating and analyzing data from online sources. Powered by AI and machine-learning, we deliver near-real-time, actionable competitive intelligence, at massive scale.

While retailers use DataWeave's Retail Intelligence to make smarter pricing, promotions, and product assortment decisions and drive profitable growth, consumer brands use DataWeave's Brand Analytics to protect their brand equity online, track the share of voice of their online promotions, analyze their brand perception, and optimize their shelf velocity.

KEY FEATURES

AI/ML PLATFORM

- Proprietary NLP and Computer Vision technologies purpose-built for retail
- Human-aided Machine Intelligence ensures faster and better data accuracy with time

DATA AGGREGATION AT SCALE

- Massive scale data aggregation across complex web environments & mobile apps, as well as for specific ZIP codes
- Language-agnostic platform supports and processes a slew of international languages

CUSTOMER SUCCESS

- Customer success team of domain experts as well as round the clock customer service and support
- Diverse delivery modes (including APIs) for easy and speedy consumption

RETAIL INTELLIGENCE

PRICING INTELLIGENCE

Increase your revenue and margin by tracking and acting on price improvement opportunities

ASSORTMENT INTELLIGENCE

Improve customer conversion and retention by identifying and plugging high-demand gaps in your assortment

PROMOTIONAL INSIGHTS

Optimize the ROI of your online promotions by analyzing your competitors' promotional campaigns

BRAND ANALYTICS

BRAND GOVERNANCE

Track and cut down on MAP violations, unauthorized merchants, and counterfeit products, while also optimizing your product availability and online catalog quality

SHARE OF VOICE ANALYSIS

Gain insights on and optimize your brand's share on eCommerce advertising, keyword search results, and customer reviews and feedback, compared to competitors

SHELF VELOCITY OPTIMIZATION

Influence and drive greater sales through your eCommerce channel by tracking and improving your online shelf velocity for top search keywords and product categories

There's a universe of data out there.

ACQUIRE. ANALYZE. ACT.

GET IN TOUCH

Email **contact@dataweave.com** or give us a call at **+1 425-458-5110**

For information on DataWeave, visit **WWW.DATAWEAVE.COM**