

The Future of Retail

Summer Fancy Foods 2025

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NIQ Strategic Analytics & Insights

NielsenIQ



We deliver understanding and insights that make up *the Full View*.

WHAT IS HAPPENING

*What consumers
do and buy*

WHY IT'S HAPPENING

*What consumers
think and feel*

WHAT TO DO ABOUT IT

*How to capitalize
on opportunities
& mitigate risks*

About today...

1

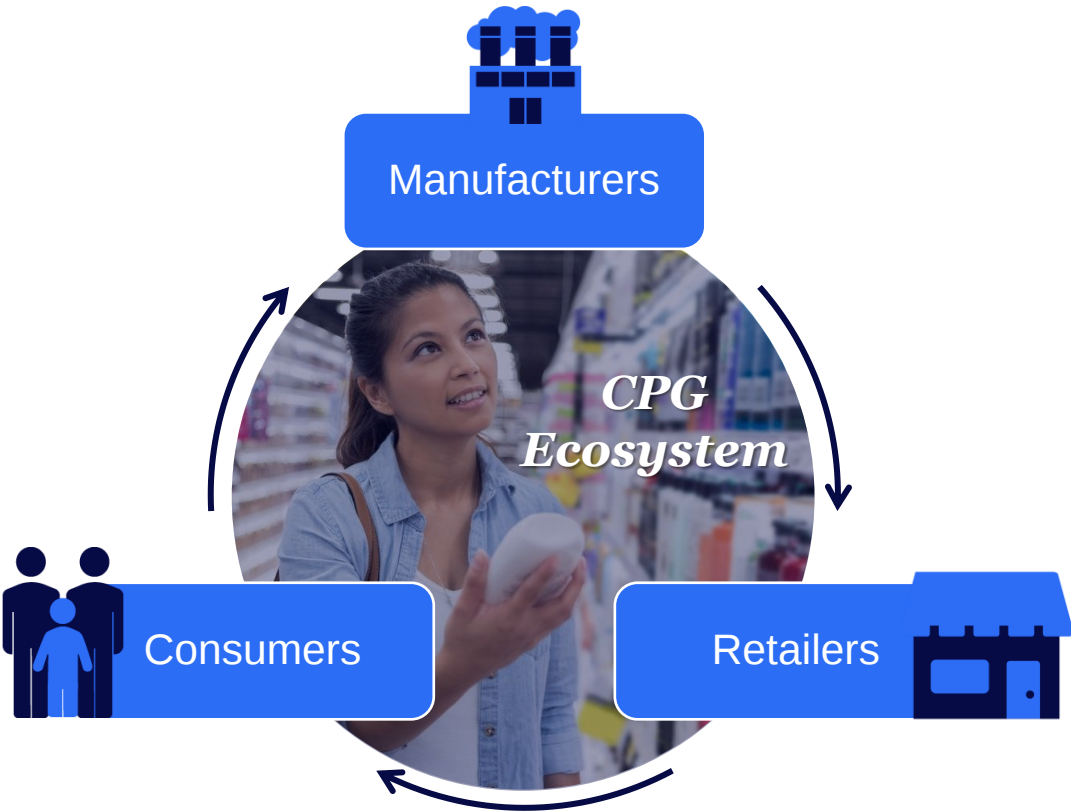
Retail Reimagined: Navigating the Shift to Online Shopping, Social Influence, and Evolving Digital Landscape

2

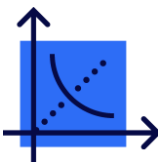
Earning consumer share of mind and breaking through the clutter in today's retail landscape

Retail Reimagined: Navigating the Shift to Online Shopping, Social Influence, and an Evolving Digital Landscape

Pivotal Moment as the CPG Ecosystem Absorbs Multiple, Foundational Shocks



Shocks and Transformations



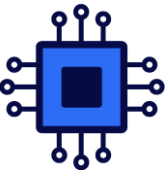
Institutional (Financial / Political)

- It takes \$133 to buy what cost \$100 in 2019
- Shifting political and regulatory environment around health



Cultural

- By 2030 most of Gen X will be over 55
- Diversity conversation increasingly important with non-white spend and buyer growth outpacing white

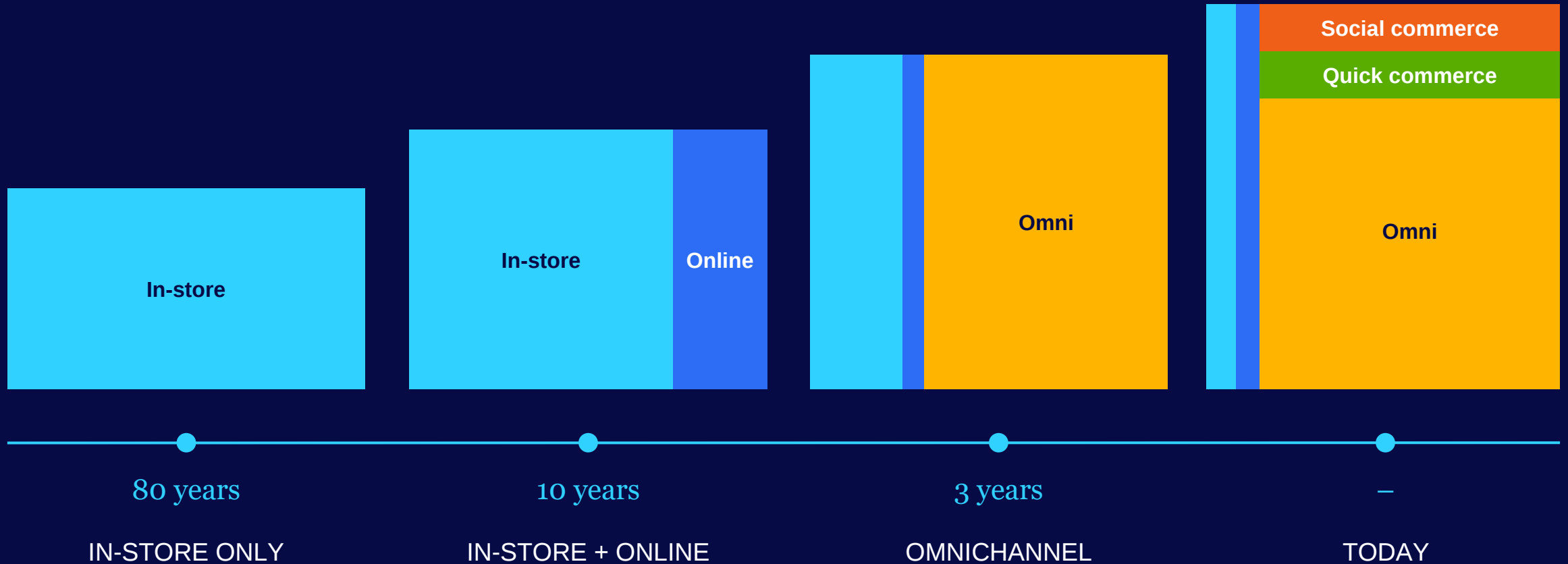


Technological

- 93% penetration of online shopping
- ChatGPT hits 1M users in 5 days
- 47% of millennials would accept AI-generated recommendations

Sources: Consumer Confidence Board, Latest Update: February 2024; Federal Reserve Bank of St. Louis | Latest Update: February 2024
NIQ Omnishopper Data - Company announcements via Business Insider/LinkedIn. NIQ Mid-Year Consumer Outlook, World Data Lab, NIQ xAOC, Total US

The pace of change *is accelerating rapidly*

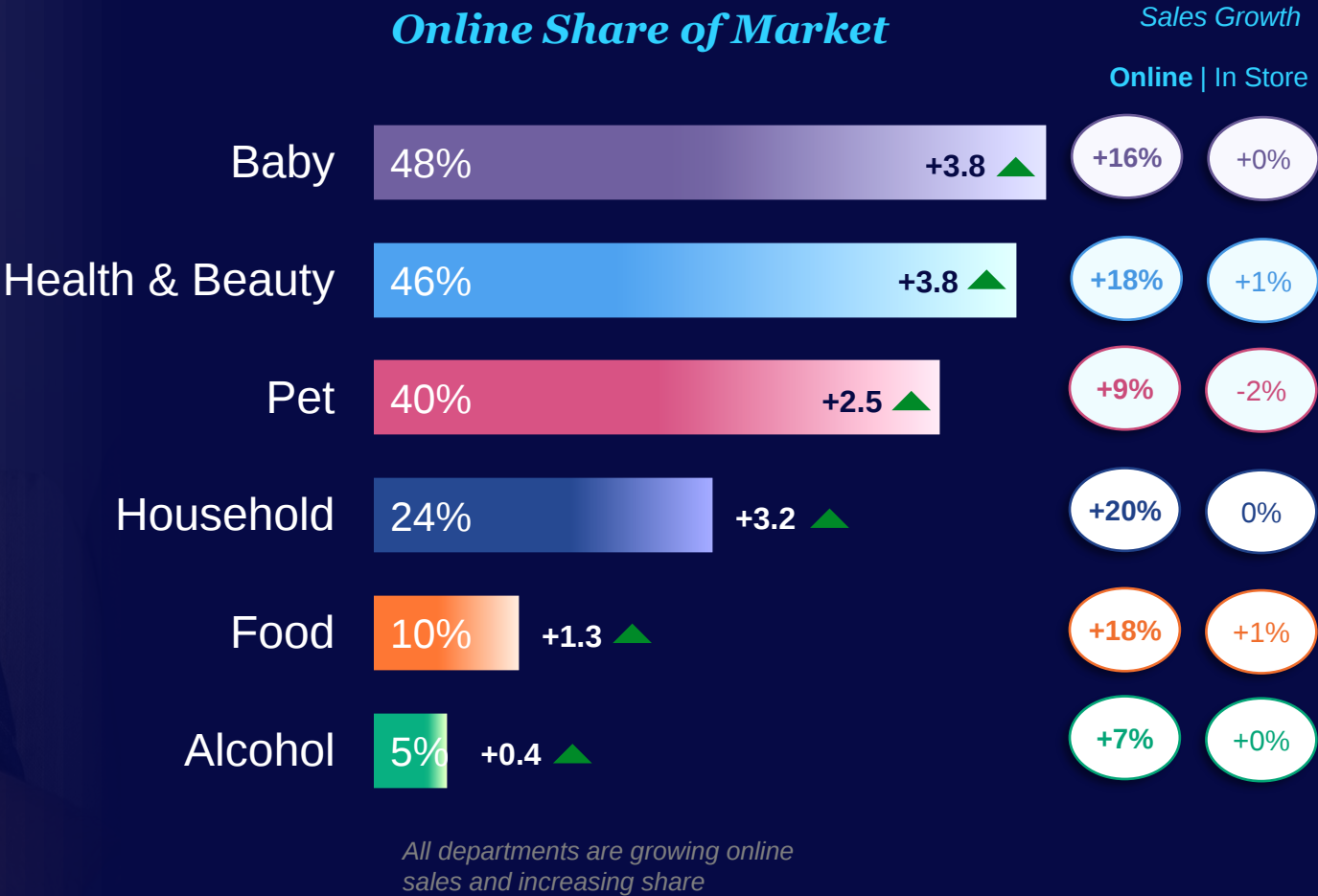


Online growth continues to outpace in-store growth, yet food is still underdeveloped



19%
Online share of
total CPG dollar
sales

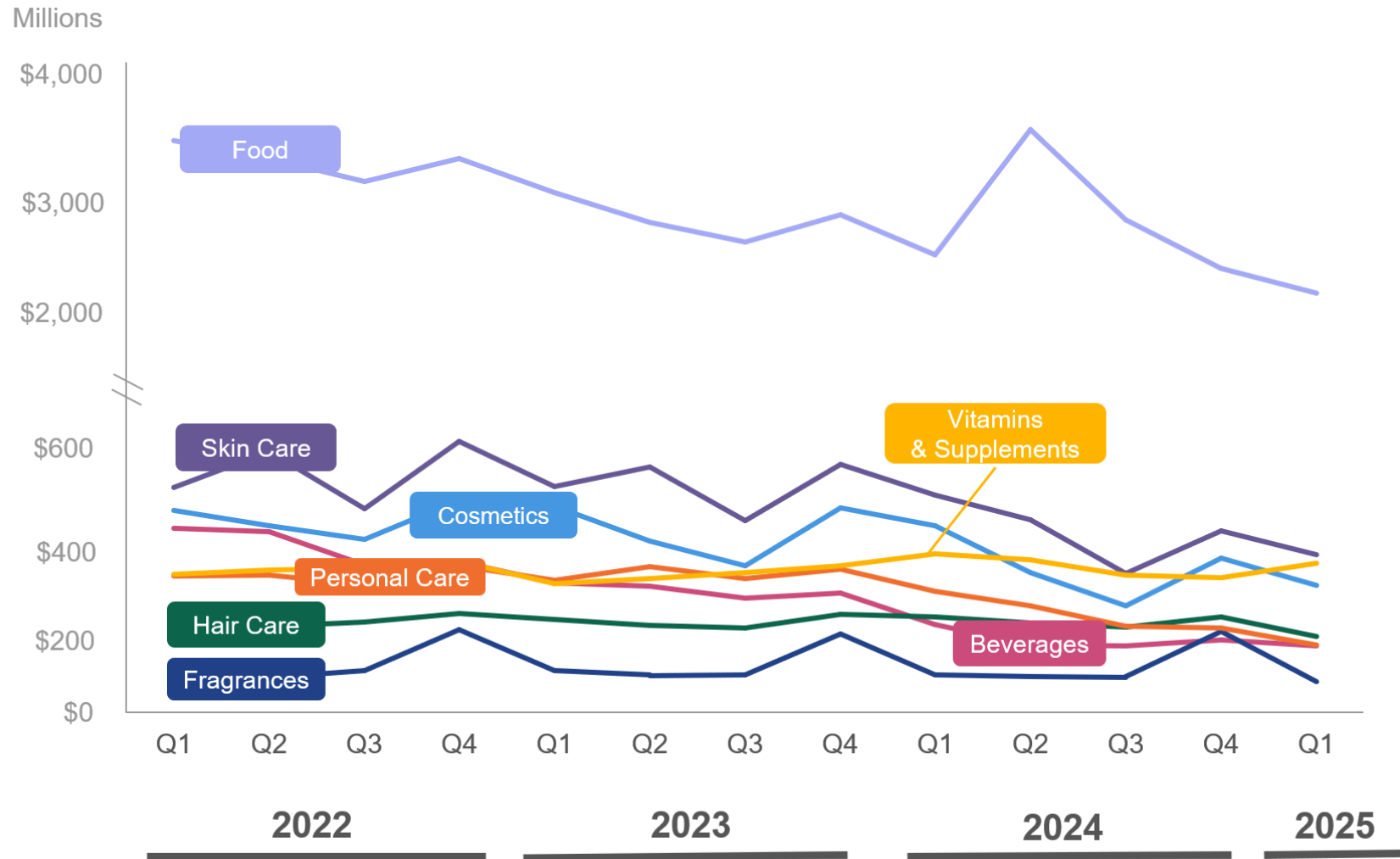
25%
Forecast online
grocery growth
from 2025-2027
to \$388B in '27



Total US Omni; Total Store; \$ Share of Total Omni, \$ % change vs year ago; 52 weeks ending December 28, 2024; NIQ forecast

85% order from
a pure play or
online retailer
for home
delivery

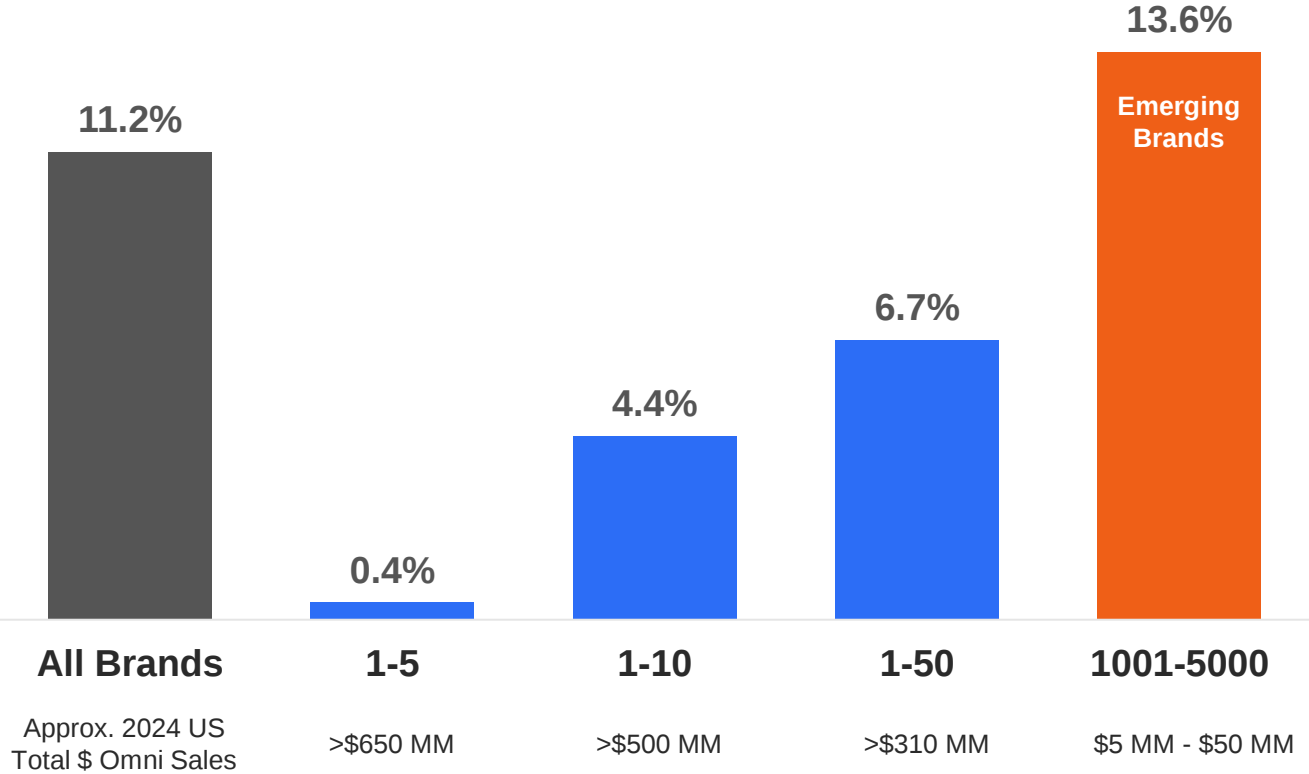
Direct-to-consumer impacted by shifting dynamics



Source: NielsenIQ eCommerce Panel, Latest 3 years ending 3/31/25

Emerging brands are eCommerce leaders

US Online \$ Sales YoY Growth '24, by Brand Size*



- Overall, emerging brands online sales growth **outpaced in-store sales growth by 10.8% in 2024**
- **21.1%** of emerging brands saw **over half** of 2024 total sales come from **online**
- **48.9%** of emerging brands saw **online sales growth outpace in-store sales growth** in 2024

Source:
*Brand Size rank by 2024 Total \$ Omni Sales

Social shopping is emerging to challenge traditional retailers

55% purchase directly via social media or live stream platforms

68% of purchases on social selling platforms are made on impulse



TikTok Shop²

13.8% Food share of TikTok CPG Sales

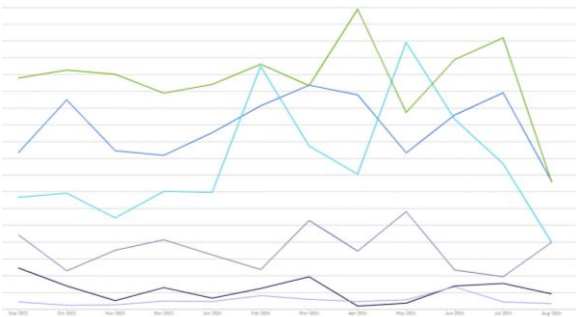
#23 Food retailer in online

#2 Food is TikTok's second largest CPG Category

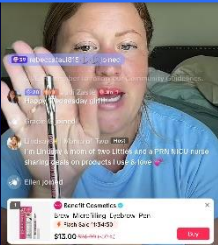
Top Snacking categories³

- Candy
- Sports Nutrition & Dietary Snacks
- Health & Performance Powder
- Gum
- Chocolate
- Meat Snack

Sales fluctuation of top sports nutrition brands on TikTok



Livestream Shopping



- 1 Click shop button
- 2 Click Buy Now
- 3 Fill in info
- 4 Place order

NIQ Midyear Consumer Outlook; TikTok Shop, data ending 12 months ending November 30, 2024; ³Tik Tok Shop; Top snacking categories by total sales; 12 months totals sales in 2024
NielsenIQ Omnishopper Panel, Social Selling Survey, Total US, L52W 09.07.24

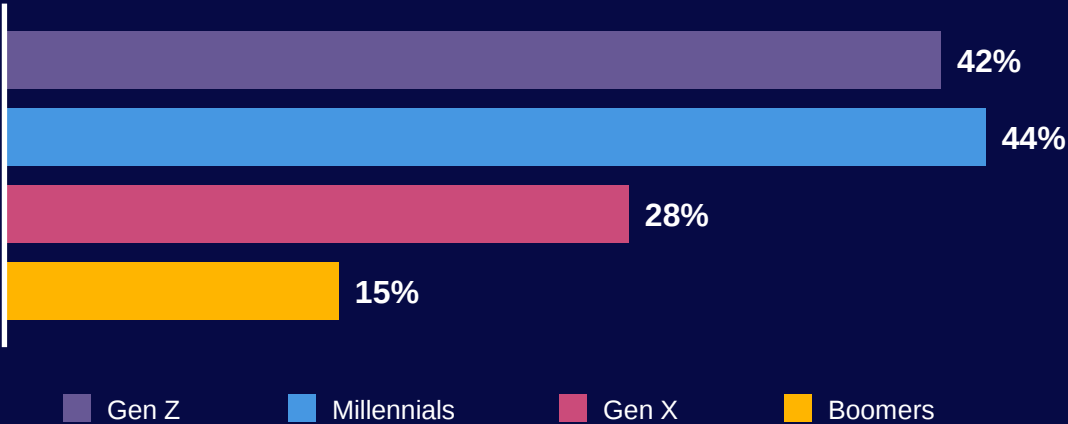
Despite the idea of an “infinite assortment”, the reality is that to the consumer, the shelf is "shrinking"



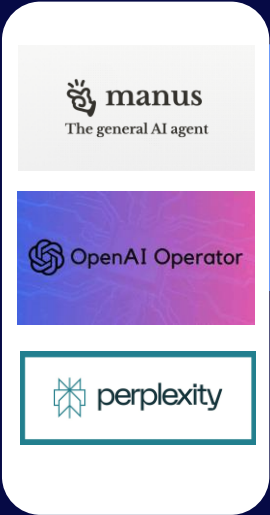
AI has the potential to fundamentally change commerce by “replacing” some or all of the path to purchase

Consumers are willing to transform their purchasing with the help of AI

35% would allow ‘smart’ devices (e.g., fridge sensor) to automatically order new products when required



The technological infrastructure to enable that transformation is at hand



Agents are a rising field of competitive development among leading AI firms, establishing AI tools that can act autonomously on a given task



“Most customers trust the company to select the majority of their weekly groceries for them, and **72% of all items purchased are chosen by the algorithm.**”

The explosive growth of retail media will only accelerate through 2026

CPG Retail Media Spend Projections

\$27 billion

By 2026

17.9% 2-Yr Forecasted CAGR

Driven by

**Evolution of Consumer
Expectations**



Retailer Profitability Needs

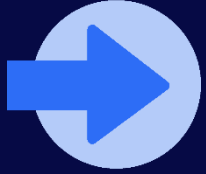


**Technological
Development**



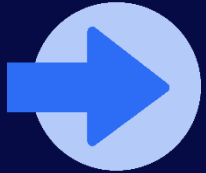
Source: The Evolution of Retail Media: Decoding What Works – And What Doesn't | FMI | NielsenIQ | Think Blue

Charting the Course Forward



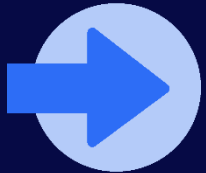
Online commerce should play a formal role in your innovation process

Innovation and trends will emerge and spread from online activities. Early visibility to those forces, on a global scale, is critical for both manufacturers and retailers to remain ahead of the curve



Create a distribution ecosystem to remove friction in the omni path to purchase

Where consumers are shopping continues to fragment and success requires being accessible in all of those locations. For retailers finding ways to engage in consumers in all of the places where they expect to be able to transact is a critical evolution to protect against volume leakage.

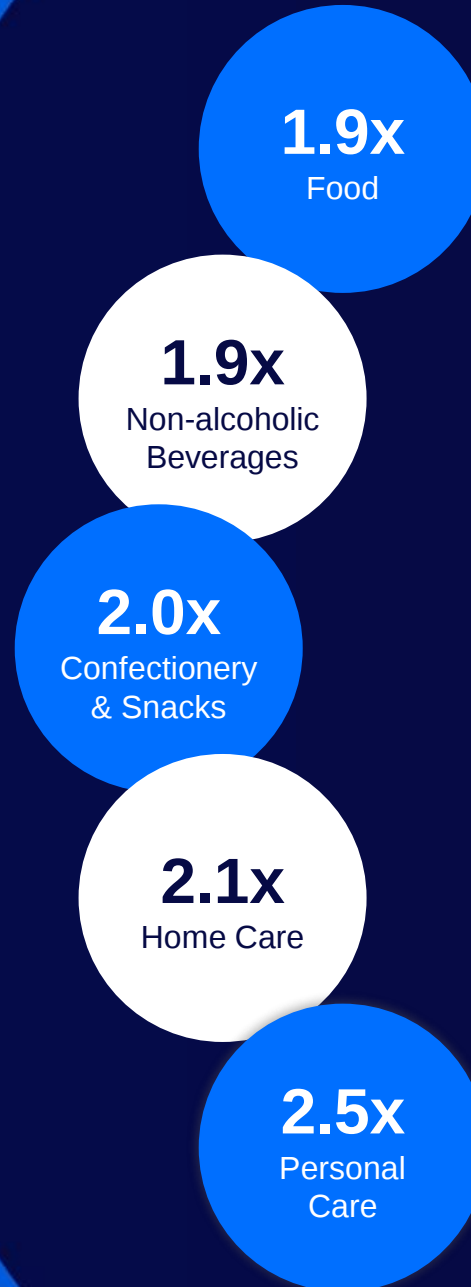


Double down on digital content and search

Digital awareness to conversion will be the name of the game going forward, so invest in capabilities that help you take full advantage of the mechanisms that fuel product visibility. Robust product information management strategies and systems that unlock the power of product content - and for retailers that involves advanced retail media capabilities or third-party integrations to win transactions.

Earning consumer share of mind and
breaking through the clutter of today's retail
landscape

Why does innovation matter?



Manufacturers growing innovation sales in 2023 were

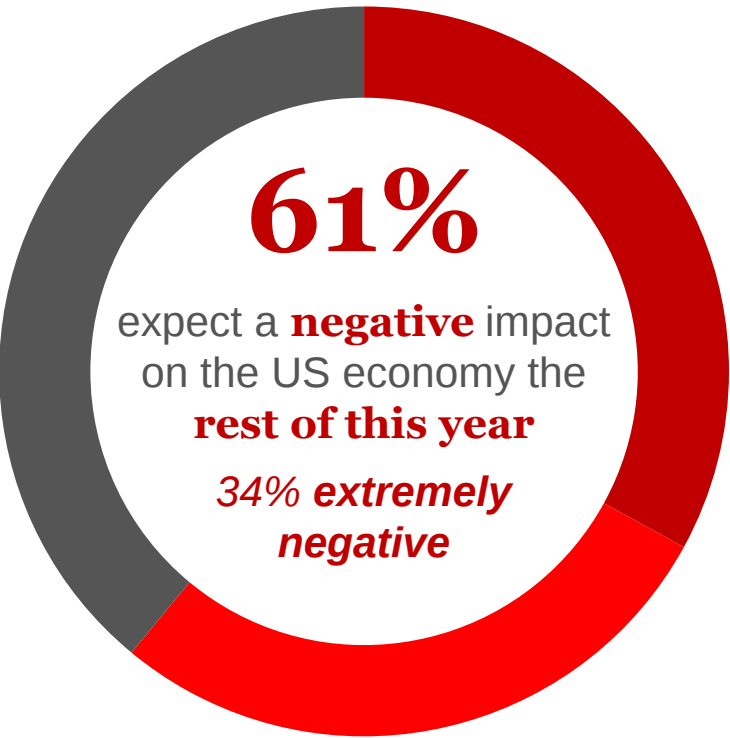
2.0x

more likely to grow overall sales than those with stagnant or declining innovation sales

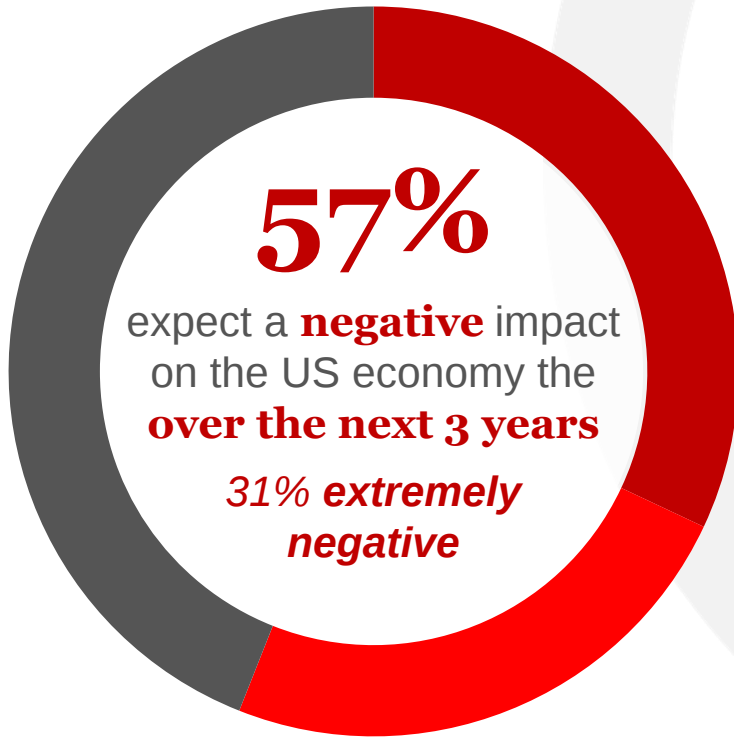


Once economic uncertainty comes into play...

Fully understanding consumer sentiments long-term to craft win-win strategies is vital for manufacturers



↑ 1%



↓ 1%

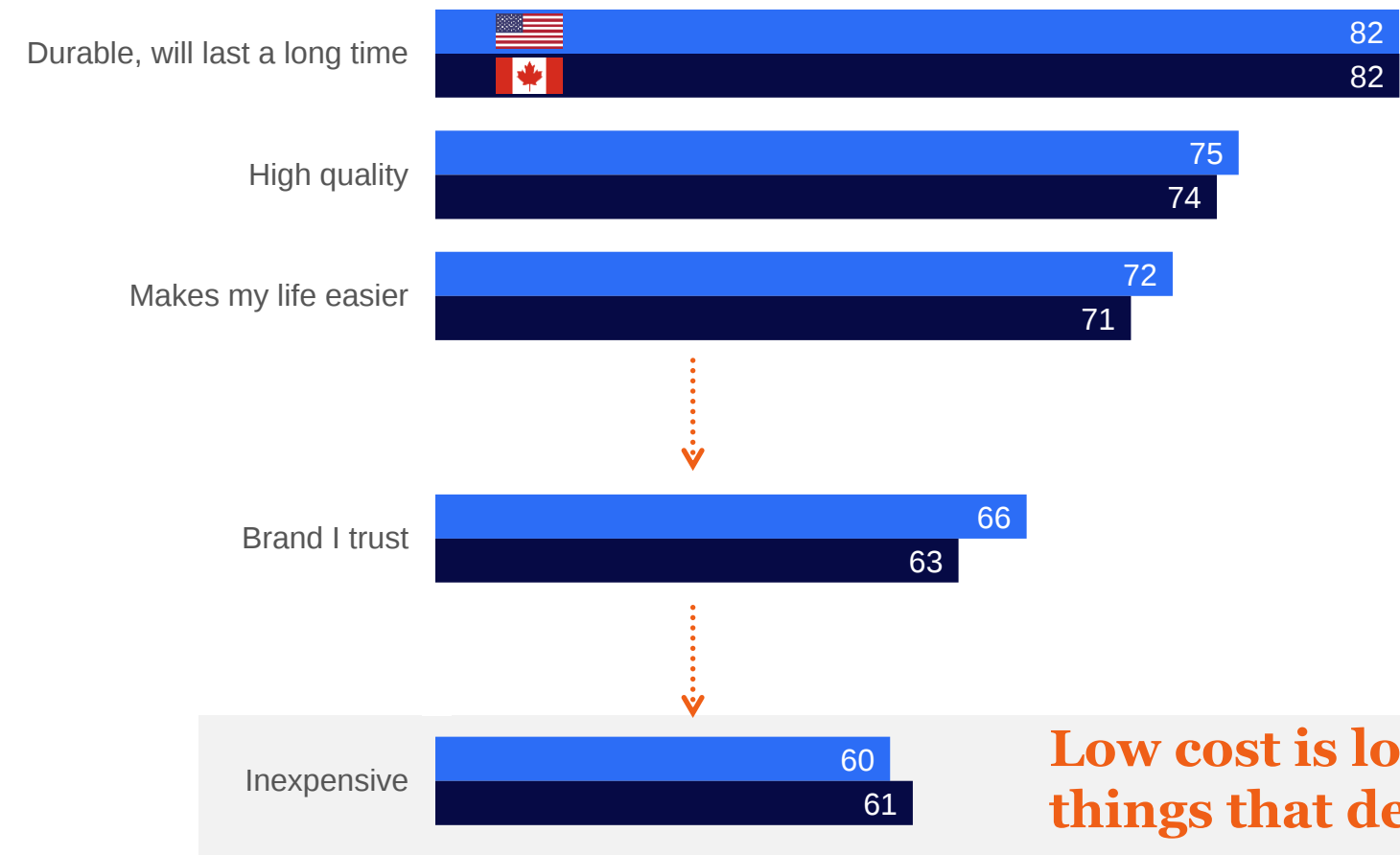
Over one half of Americans continue to have a **negative economic outlook** throughout the rest of this year and for the next 3 years; **nearly identical** to end of March

Extremely negative % change from end of March

Value *for* their money is paramount

But value is not always, or even usually, *about* money

% who say factor is important when thinking about getting value from a product or service



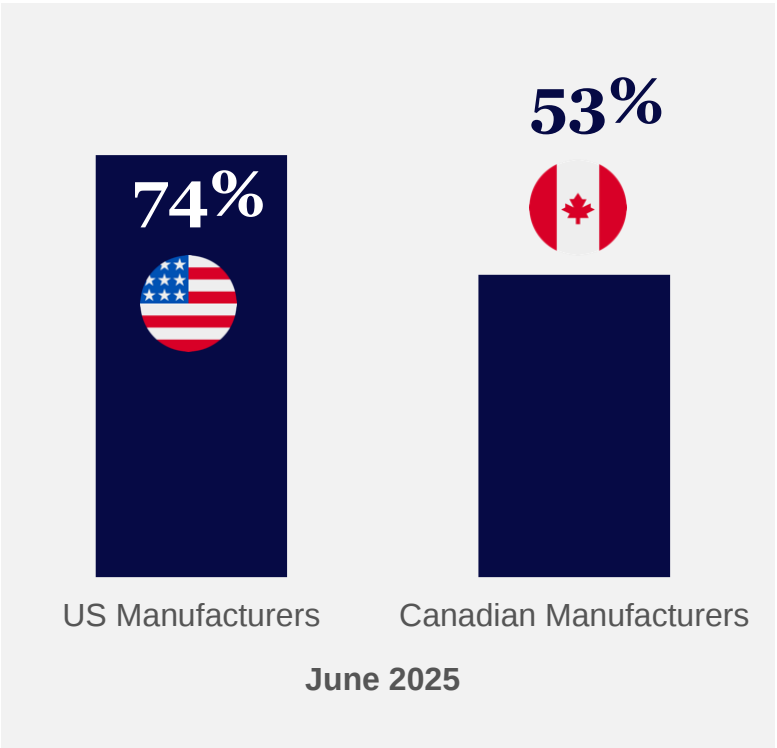
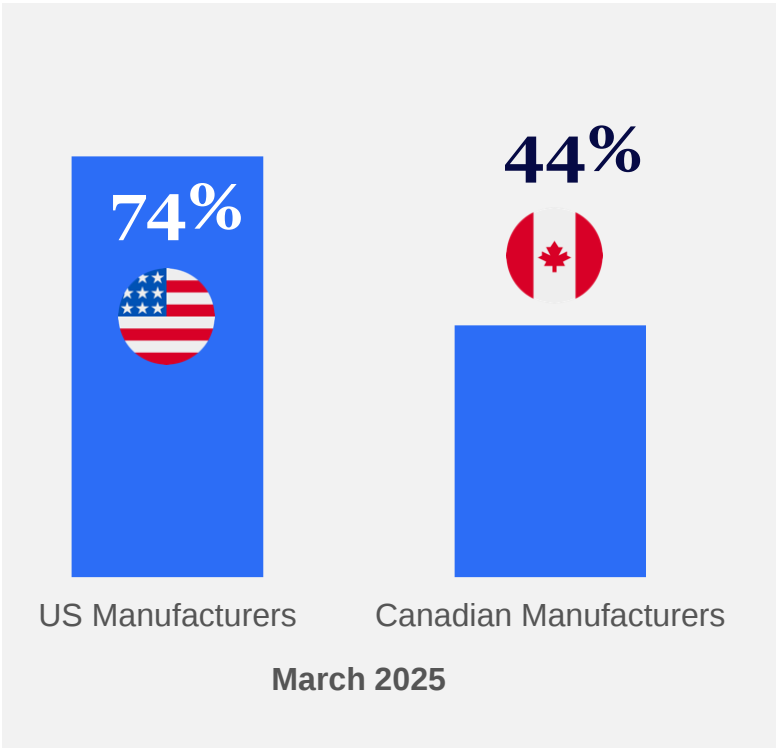
Low cost is low on the list of things that define “value”



Manufacturing location can be a key point of difference while navigating win-win stories in today's retail landscape

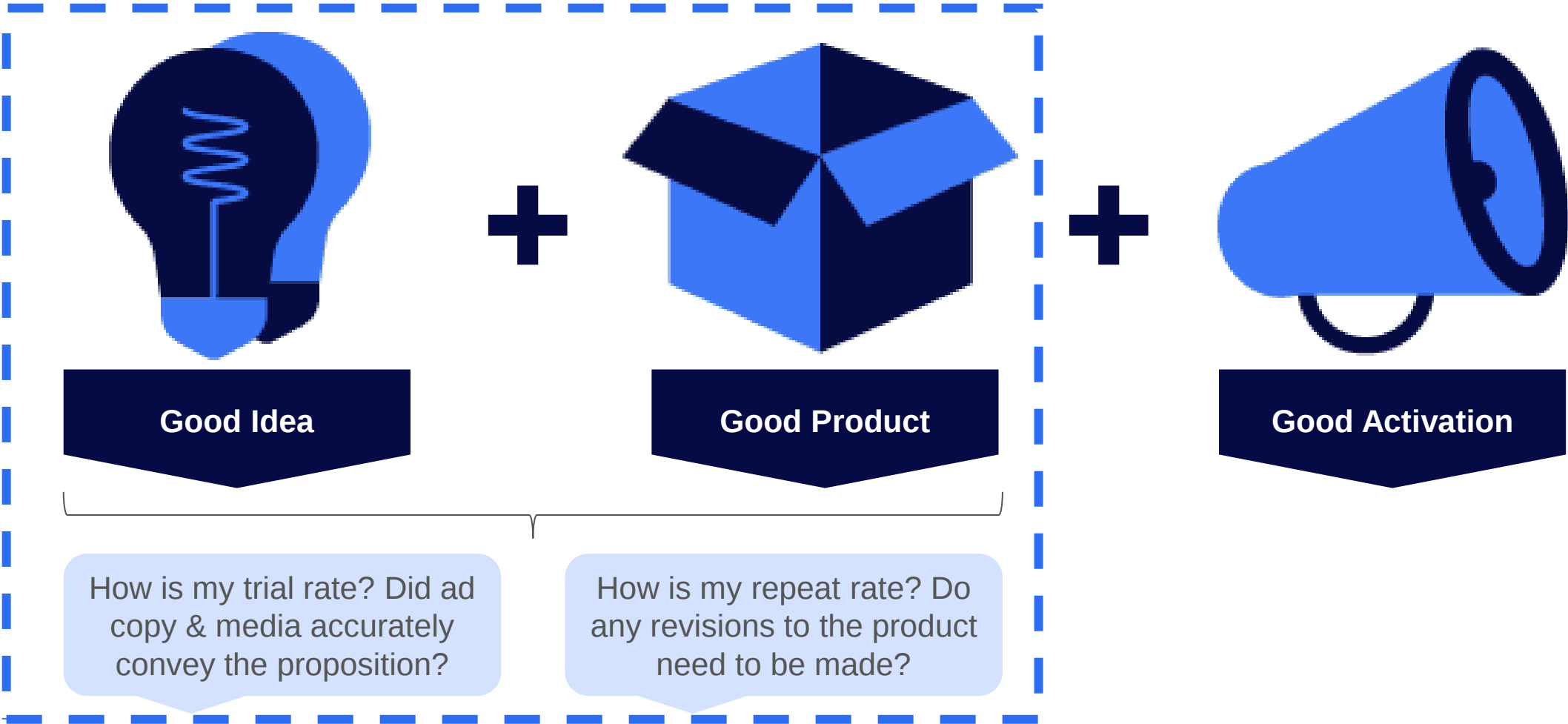
Tariffs prompt a greater intention to buy locally made products, especially among Canadians

In the future, I would definitely or probably buy products made by...



Canadians remain significantly more likely to buy products made by Canadian manufacturers (89%) vs US manufacturers (12%)

Monitoring activation is critical once on shelf, but don't forget about the idea & product performance while planning to stand out with consumers



Optimize your packaging to engage shoppers and ease the challenge of the retail shelf



The Retail Challenge

6 seconds: average consumer attention span at shelf

>120 products in view at shelf



The Shopper Reality

The shelf is complex, shoppers do not "see" all packs but instead, the **brain automatically deselects** to simplify the shopping experience



The Win-Win Opportunity

Packaging that **stands out AND engages** shoppers increases sales & creates a more seamless shopper experience at shelf



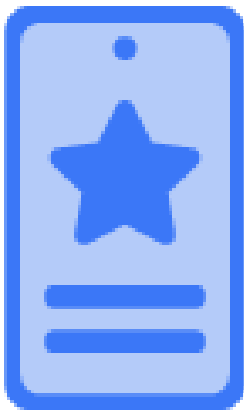
2024 Breakthrough Winners achieved success with a variety of innovation strategies



Flipping the nutritionals
to redefine stagnant
categories



NIQ BASES
Breakthrough
Innovation
2024



Leveraging influencers
can drive big outcomes,
but the right personality
is key



Offering innovative
products with a
competitive advantage,
often through
technology



Maximizing the right
distribution strategy for
the brand & launch



Varying distribution strategies is a pathway to long-term success



For 3 years, Magic Spoon **operated exclusively online**, focusing on brand building, flavor development, assortment optimization, and packaging – **all in preparation for a retail launch**



Costco gave TruFru a chance when the brand was unknown. This partnership was crucial as it **provided a platform to reach a wide audience and establish credibility**

Determine distribution strategy depending on brand awareness & marketing support levels to reach the right retail audience effectively and drive basket size



	<i>Retailer Exclusive</i>	<i>Tailored Distribution</i>	<i>Exclusive → National</i>	<i>National</i>
<i>Brand Awareness</i>	Low Lesser-known brands that don't have established retailer connections	Low Lesser-known brands or small extensions of larger brands	Mid Typically small brands backed by large investments or parent companies	High Large manufacturers or owned/acquired by large parent companies
<i>Marketing Support</i>	Strategic ad spend	Strategic ad spend with stronger promotional activity	Higher ad spend to capitalize on growing distribution	High ad spend & promotional activity (above category average)
<i>Benefits</i>	Incentivizes retailers to want the launch to succeed; better shelving & promotions	Tactical distribution can better reach the right interested shoppers	Helps build awareness & interest before expanding	Broad distribution backed by significant marketing support helps drive rapid awareness

What it all means

1 Meet consumers where they are at across every platform

2 Track consumer sentiment as it evolves to strengthen effective distribution strategies

3 Harness this catalyzing time of economic uncertainty to meet consumer needs and drive new retail opportunities

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Coming *into view*

