

The Future of Retail

Expo West 2025

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

The online opportunity:
Emerging brands defining digital excellence

2

Right consumer + right distribution strategy
for your brand in today's retail landscape

3

Exploring the **tailwinds for wellness** impacting the future of natural product retail

Today's Speakers



Brandon Galindo

Managing Director,
Emerging Brands

NIQ



Jack O'Leary

Director, eCommerce
Thought Leadership

NIQ



Krystal Dawson

VP, Strategic Analytics
& Insights

NA Cluster Leader

NIQ



Sherry Frey

VP, Total Wellness

NIQ

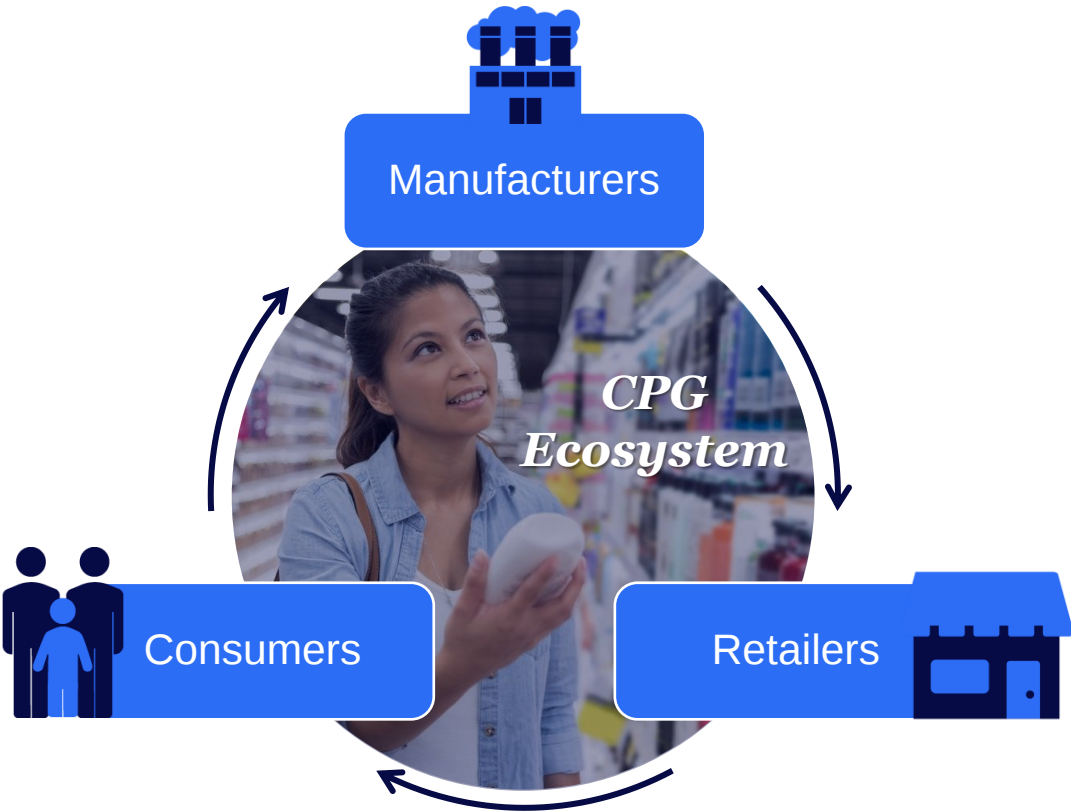


Nicholas Walker

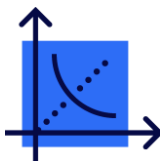
VP, Strategic Business
Intelligence

UNFI

Pivotal Moment as the CPG Ecosystem Absorbs Multiple, Foundational Shocks



Shocks and Transformations



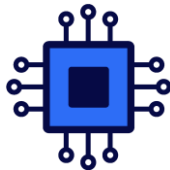
Institutional (Financial / Political)

- 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

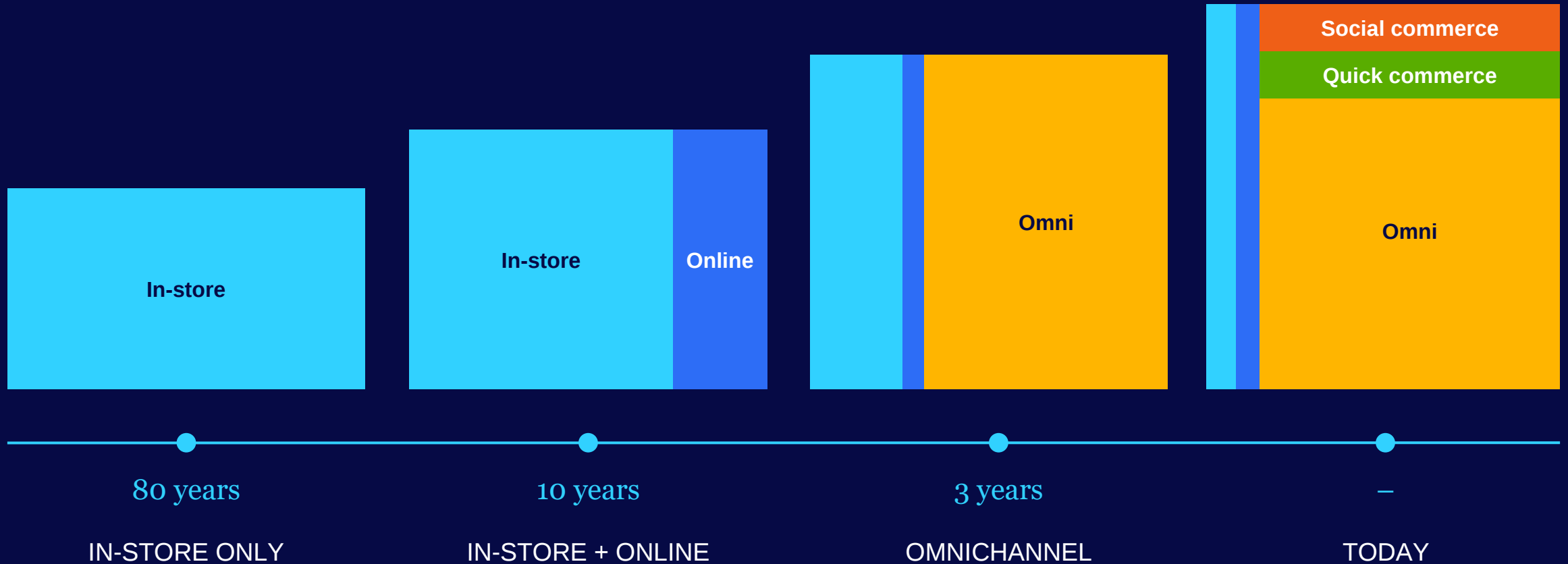
Sources: Consumer Confidence Board, Latest Update: February 2024; Federal Reserve Bank of St. Louis | Latest Update: February 2024
NIQ Omnishopper Data - Company announcements via Business Insider/LinkedIn. NIQ Mid-Year Consumer Outlook, World Data Lab, NIQ xAOC, Total US

The online opportunity: Emerging brands defining digital excellence

Jack O'Leary

Director | [eCommerce Thought Leadership](#)

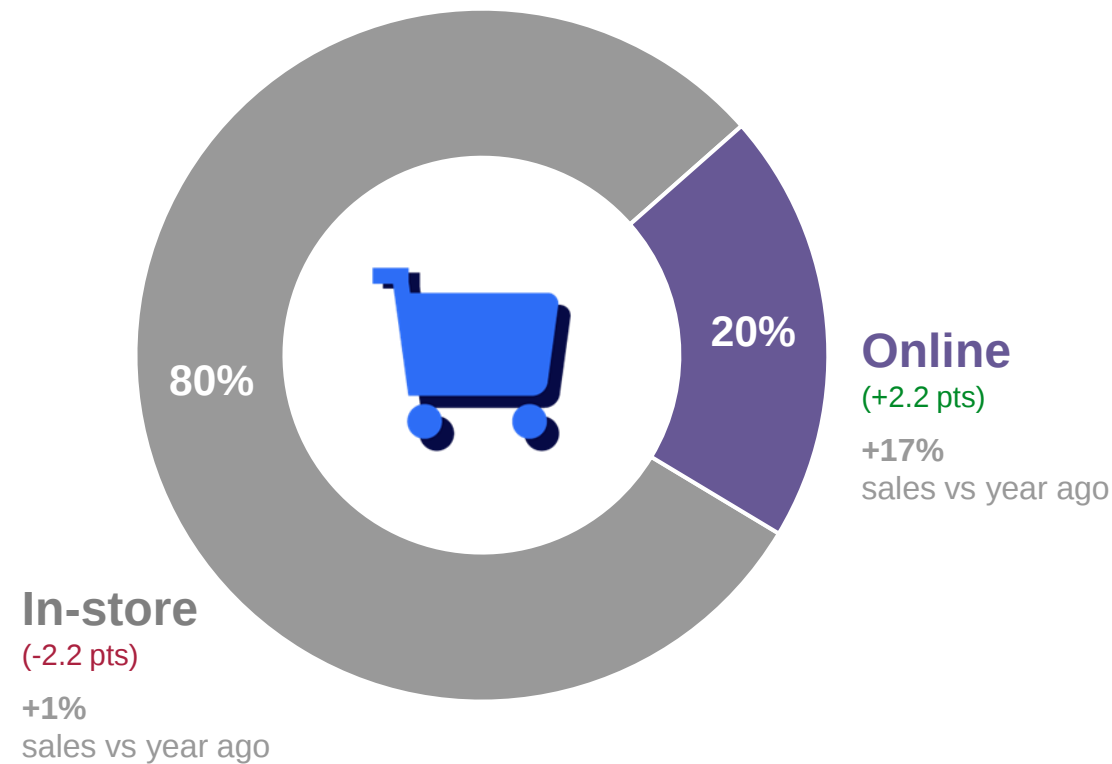
The pace of change *is accelerating rapidly*



The shift to online continues to impact the US CPG space with online growth outpacing in-store by almost 3x the rate

Omni Share of CPG Total Dollar Sales

Total CPG Dollar Sales: +5% vs year ago



Online Share and \$ Growth

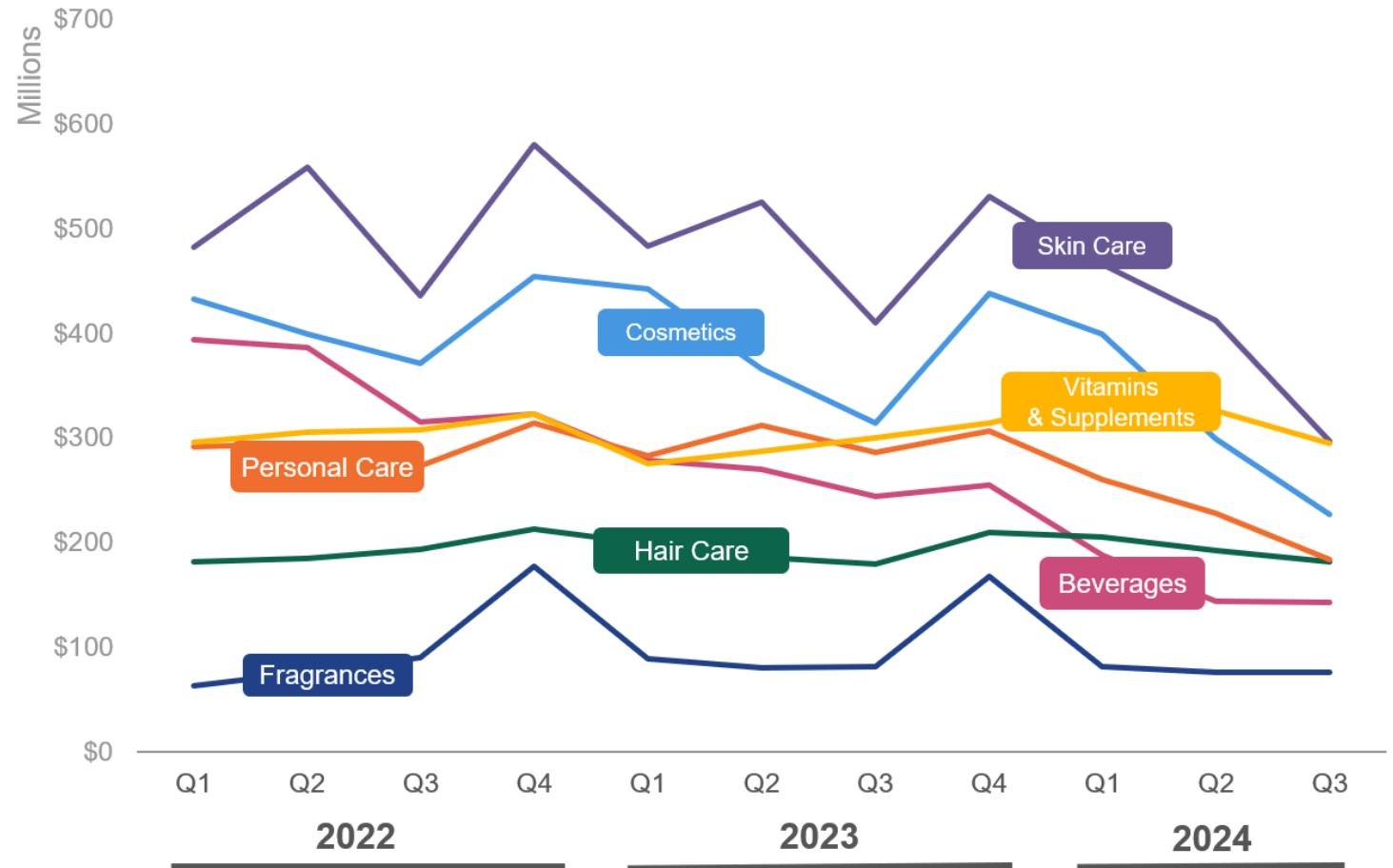
		Online	In-store
Baby Care	47.9%	+16%	+0%
Health & Beauty	46.0%	+19%	+1%
Personal Care*	39.4%	+24%	+1%
Pet Care	40.2%	+9%	-2%
Household	23.5%	+19%	+0%
Food	10.5%	+18%	+1%
Alcohol	4.8%	+23%	+23%

* Personal Care = Adult Incontinence, Ear Care, Eye Care, Feminine Care, First Aid, Foot Care, GI Care, Itch Relief, Medical Accessory, Oral Hygiene, Pain Relief, Sexual Health, Sleeping & Alertness Aids, Sun Care, Upper Respiratory, Vitamins & Supplements

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

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

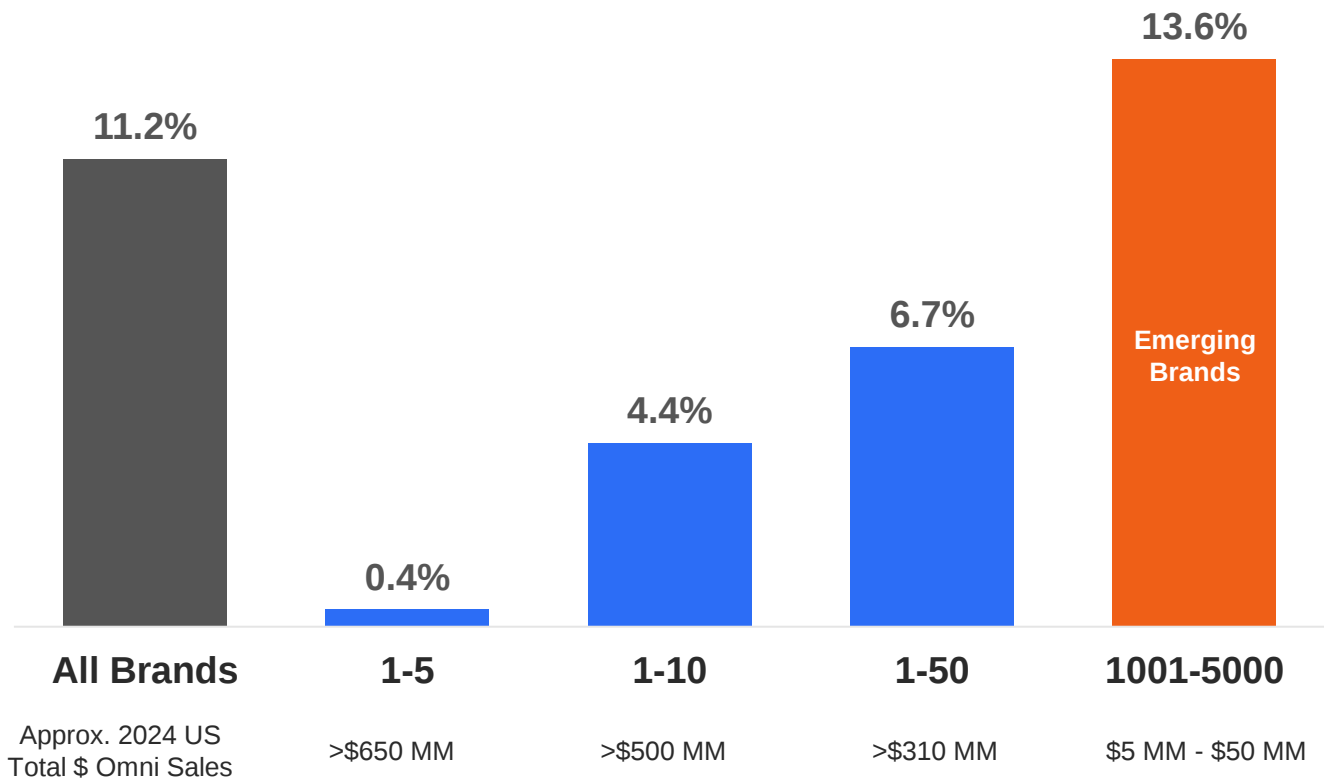
Direct-to-consumer impacted by shifting dynamics



Source: Source: NIQ 2024 Consumer Outlook, NielsenIQ eCommerce Panel, Latest 3 years ending November 2024

Emerging brands are eCommerce leaders

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

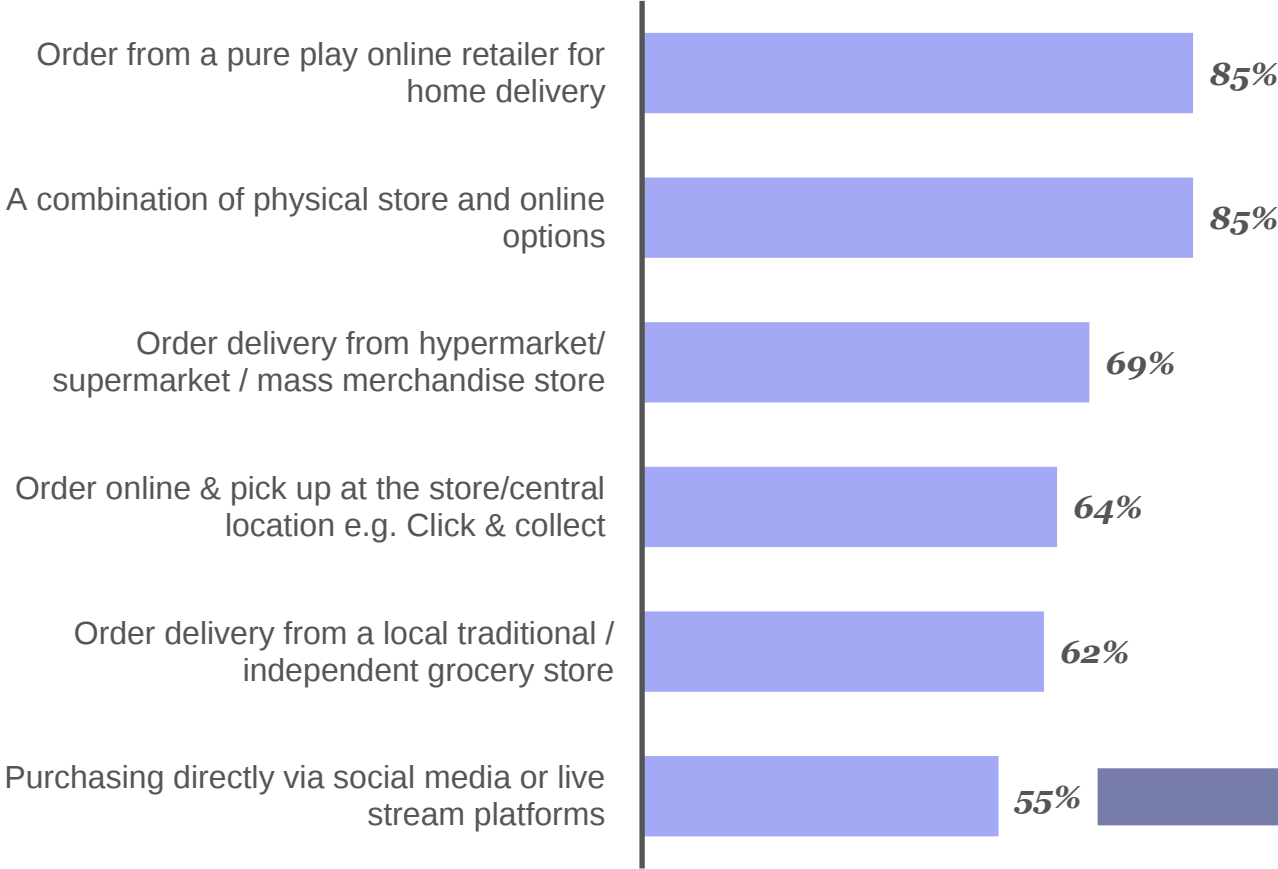


- Overall, emerging brands online sales growth **outpaced in-store sales growth by 10.8% in 2024**
- **21.1%** of emerging brands saw **over half** of 2024 total sales come from **online**
- **48.9%** of emerging brands saw **online sales growth outpace in-store sales growth** in 2024

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

New Capabilities: Social shopping is emerging to challenge traditional retailers

Where do you normally shop for grocery & household items?
% respondents who shop at this channel – U.S.



79% *of TikTok dollar sales are from health and beauty*

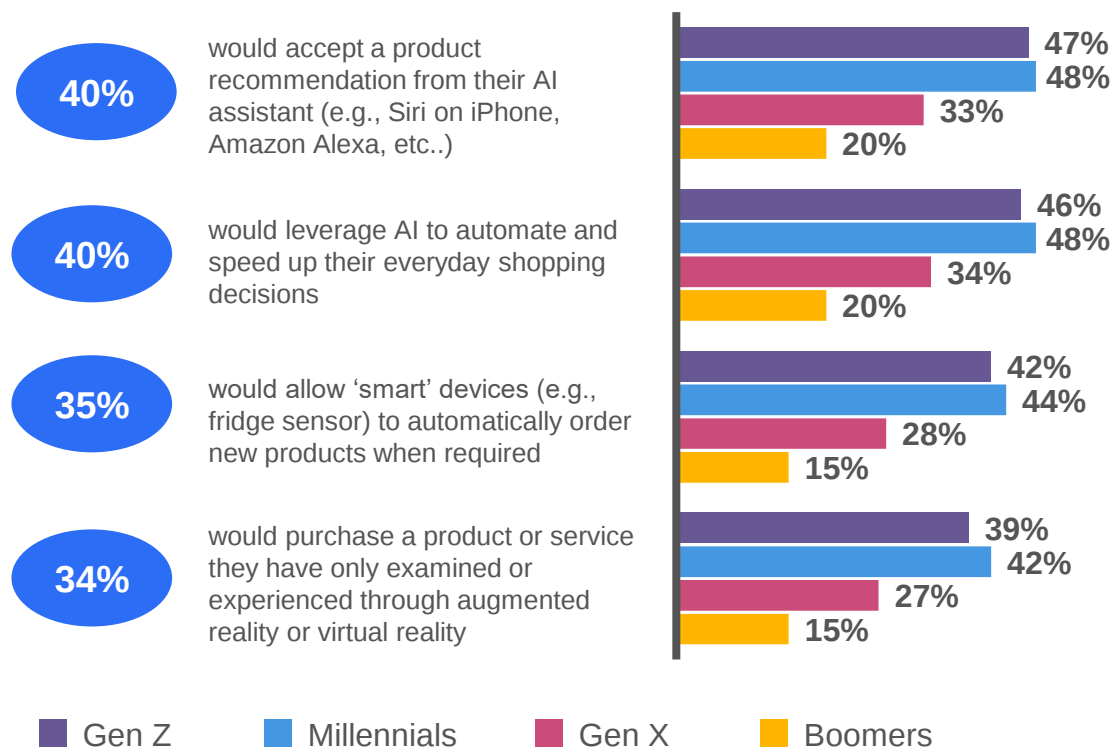
#8 *TikTok Shop is already the Health and Beauty ecommerce retailer since its launch in September 2023*

#23 *Food retailer in the online space*

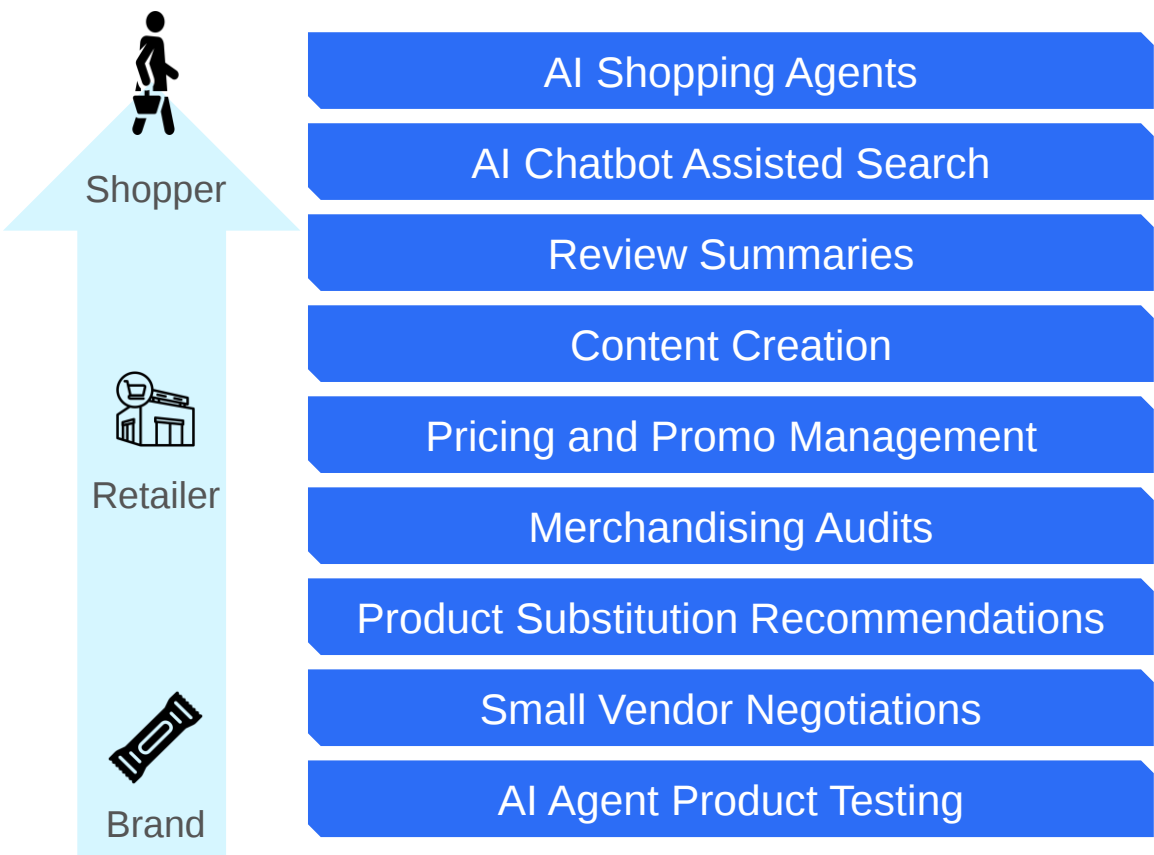
Source: NIQ 2024 Consumer Outlook, U.S.
TikTok Shop sales, NielsenIQ Omnisales 52wks ending 9/30/24

New Capabilities: AI becoming further embedded across the entire retail value chain

Consumers are more open to AI involvement in their shopping decisions, but generational variances are clear.



AI will embed across the entire retail value chain, going beyond just shopper use cases.



Source: NIQ Mid Year Consumer Outlook: Guide to 2025

New Capabilities: 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

Right consumer + right distribution strategy for your brand in today's retail landscape

Krystal S. Dawson

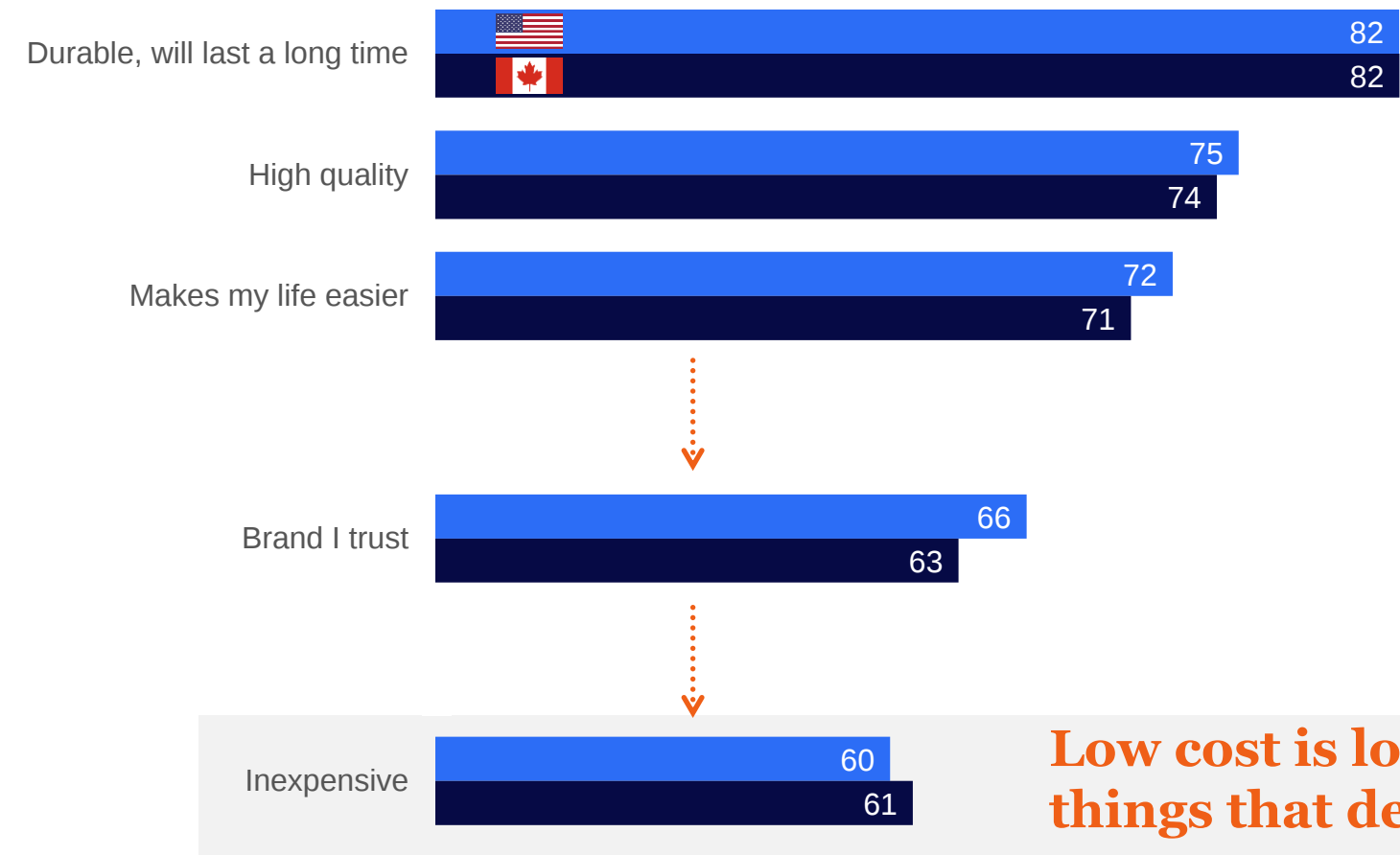
Vice President, NA Cluster Leader | [NIQ Strategic Analytics & Insights](#)



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”



About 2/3 of FMCG marketers wait until *Launch + 10 weeks* to assess new launch performance*



Waiting until 10 weeks or more after a launch limits the possibility to course correct:

- Is distribution falling short of expectations and needs to be ramped up?
- Is there opportunity to revise advertising flighting to drive greater awareness?
- Can planned in-store feature/display and promotional activity be adjusted to drive trial?

* BASES State of Innovation Survey, June 2022; (n=794 global CPG professionals; 5-point scale, top 2 box).

Align your distribution strategy with your *brand & launch to maximize potential*

Retailer Exclusive: Products that launched primarily with an exclusive retailer partnership



Tailored Distribution: Products that launched in a specific channel or subset of channels, often category specialty stores



Exclusive → National: Products that launch in 1 retailer/channel before expanding rapidly



National: Products that launched with wide availability in multiple channels



Determine distribution strategy depending on brand awareness & marketing support levels to reach the right audience the most effectively



	<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

Exploring the tailwinds for wellness impacting the future of natural product retail

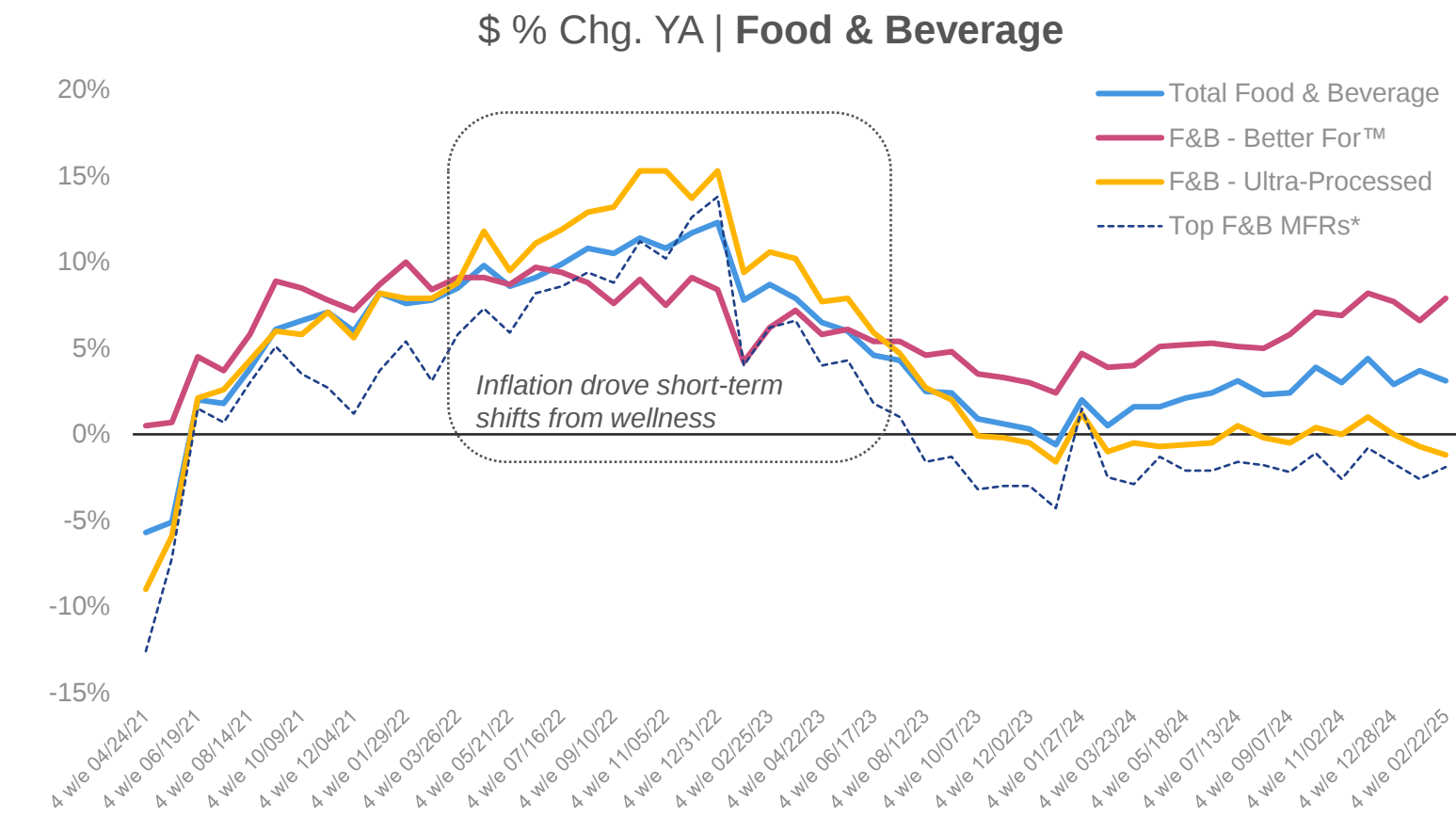
Sherry Frey

Vice President | [Total Wellness](#)

NIQ *Better For*TM...



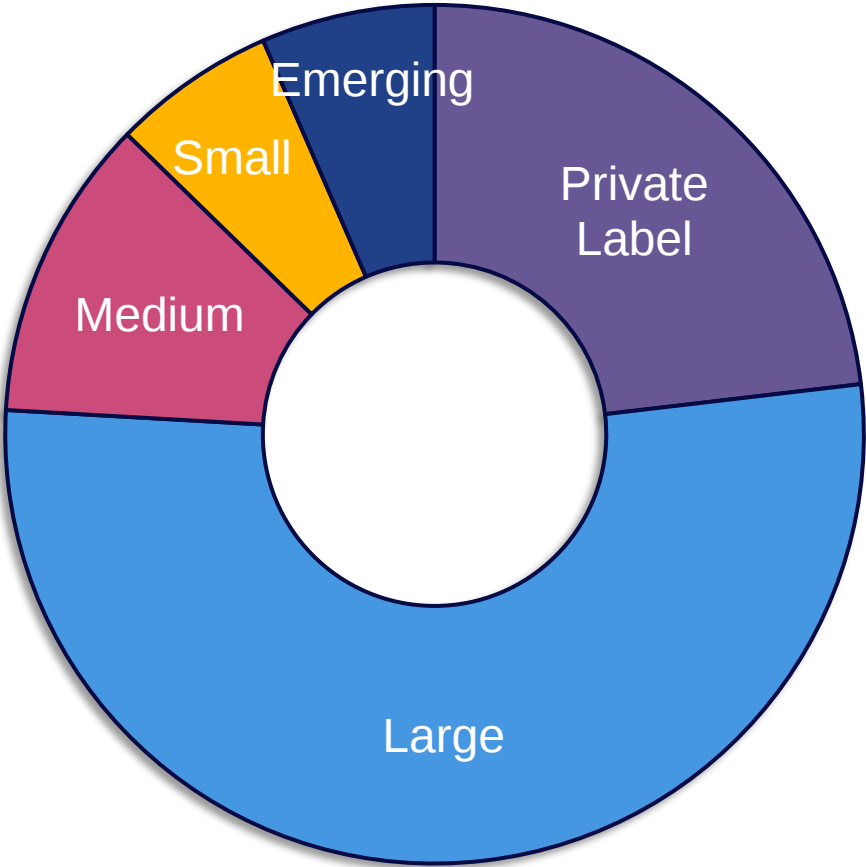
Better ForTM is a bellwether of wellness trends and consumer priorities



Source: NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage vs Better For segment; \$ % Change vs year ago; 4-week trended through week ending February 22, 2025

While large manufacturers make up most of Food & Beverage sales

Total Food & Beverage Sales | Size of Manufacturers



Source: NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage; Total Food & Beverage \$ sales by size of manufacturer; Latest 52 weeks ending September 7, 2024

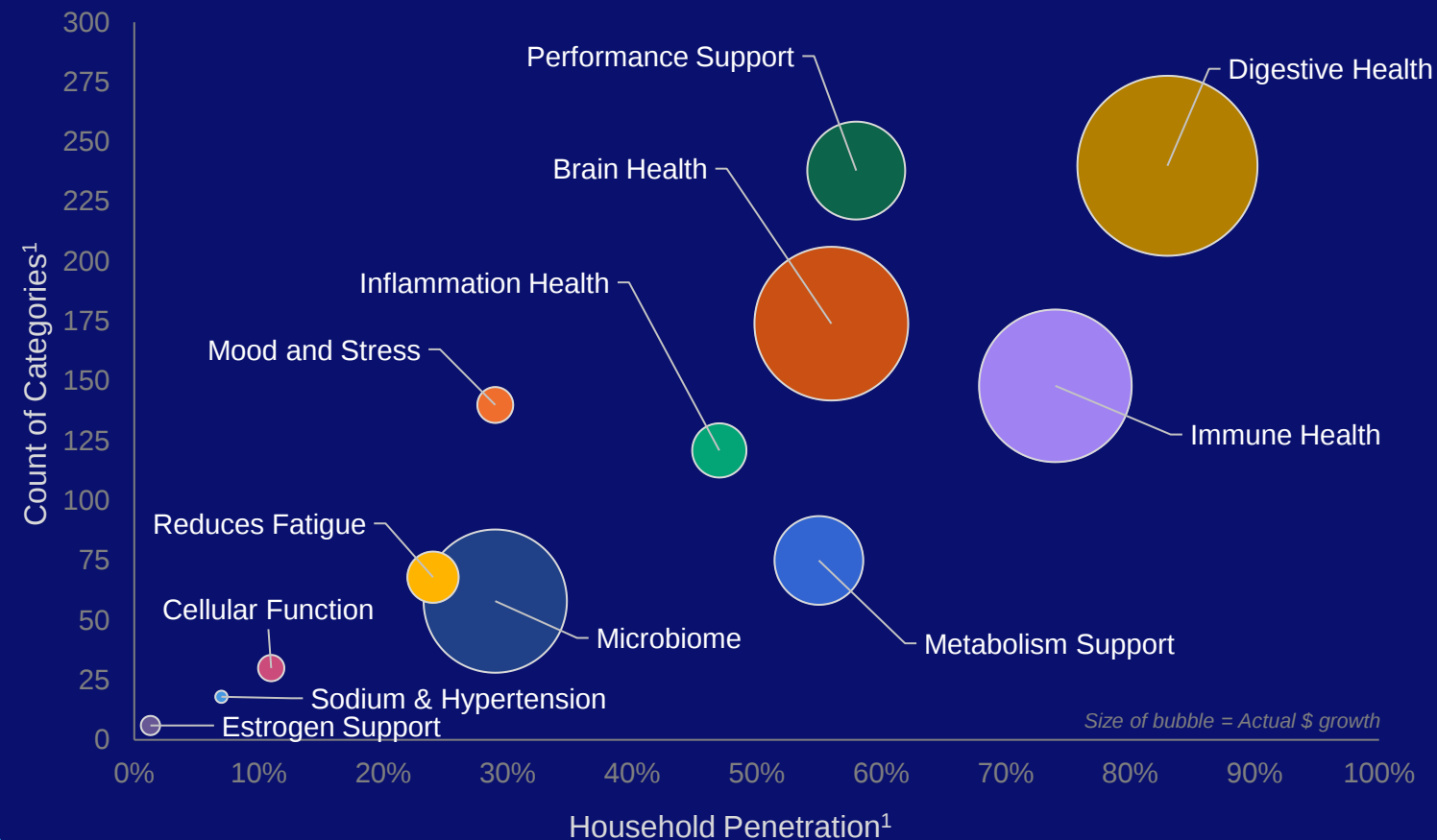
Small manufacturers growing the most in Better For™

	Better For™ Share of total \$ sales	Better For™ 4yr CAGR
Private Label	9%	+4.4%
Large (>\$1BN)	6%	+4.9%
Medium (\$200MM to <\$1BN)	17%	+8.5%
Small (\$50MM to <\$200MM)	26%	+10.4%
Emerging (\$10K to <\$50MM)	24%	+8.1%

Source: NIQ RMS – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage; NIQ Better For Segment™; Better For™ \$ share of Food & Beverage and 4yr \$ CAGR; Latest 52 weeks ending September 7, 2024

Consumers indicating their top health priorities across the store

Sizing the growing Health & Need States



Functional Beverages²

- Microbiome (Soft Drinks)
- Digestive health (Soft Drinks)
- Immune system health (Soft Drinks, Sp. Water, Energy beverages)
- Metabolism support (Energy beverages, Sports Drinks)
- Sleep support (Soft Drinks)
- Inflammation health (Kombucha)

Top claims in Pet Care²

- | | |
|--------------------------|----------------------|
| Mood and Stress | Immune system health |
| Hair, Skin, Nail Support | Joint health |
| Microbiome | Muscle health |
| Brain health | Obesity support |

Vitamins, Minerals, Supplements²

- | | |
|-------------------------|----------------------|
| Hydration supplement* | Obesity support |
| Headache & migraine | Immune system health |
| Performance supplement* | Cholesterol support |
| Electrolyte supplement* | Reduces fatigue |

*Supplements sub category

1 – Source: Count of Categories and Sales growth = NIQ RMS, 52 weeks ending November 30, 2024; Household Penetration – NIQ Homescan; Total US, Total Store - Health & Need States NPI claims, 52 weeks ending November 23, 2024
2 – Source: NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Pet Care, Health & Need States NPI claims within VMS, Beverages; 4 year \$ CAGR; 52 weeks ending November 30, 2024

Increased focus on need states has shifted focus from brands to attributes and ingredients

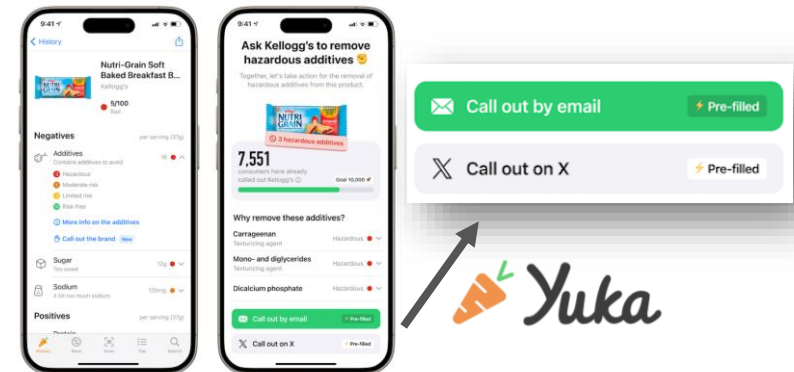
More consumers paying attention to ingredients than ever and technology will enable discoverability

NIQ Brandbank + RANGE.me

Retailers: Discover and source wellness-focused products with NIQ Brandbank and RangeMe

NIQ Brandbank has partnered with RangeMe to revolutionize how retailers discover and source wellness-driven products.

By combining NIQ Brandbank’s verified product attribution with RangeMe’s industry-leading product discovery platform, this collaboration ensures that retailers can easily find and stock products that meet evolving shopper health trends.



Brands:
Product drop-off at booth!

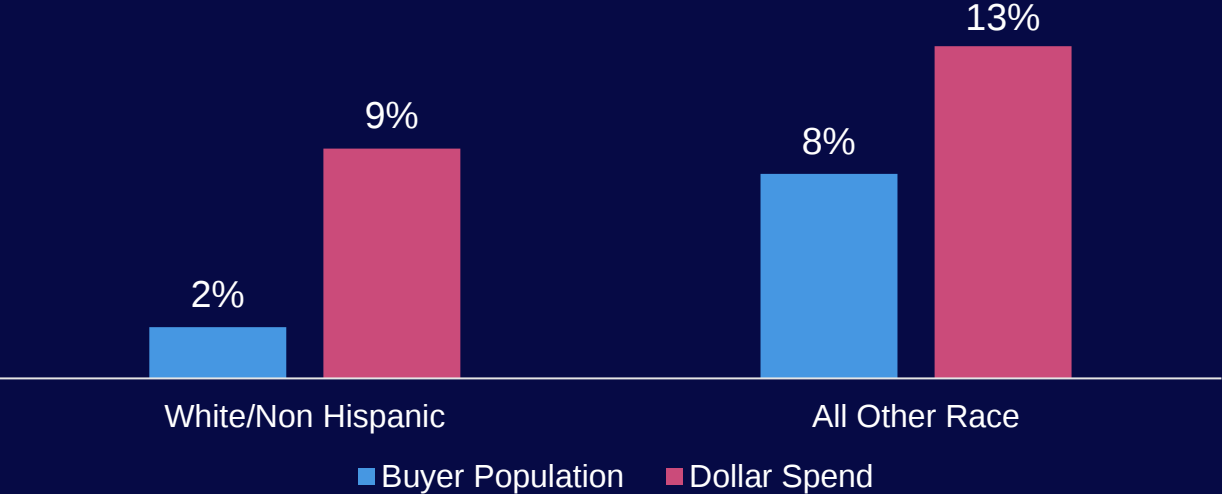
Brands can drop off their products at our NIQ booth, and we will code them into our NIQ system free of charge.



NIQ BOOTH #723

The business case to support diversity in the natural products industry

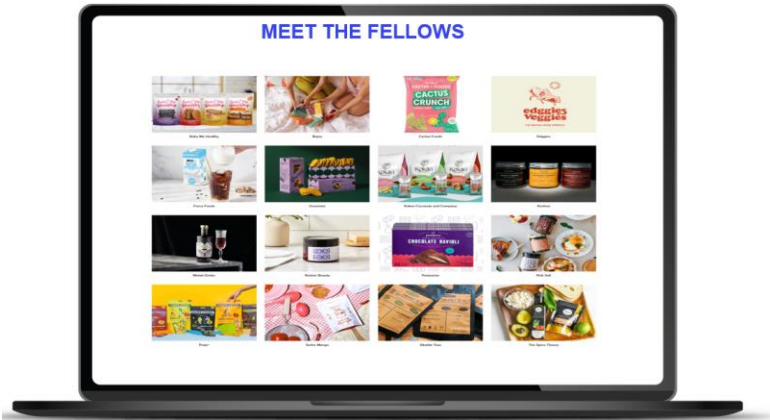
Non-white consumer population and sales outgrowing white among retail shoppers and dollar spend



Opportunities to support minority-owned presence at Expo West:

- ✓ Wed-Friday: **Table-top showcase - Hilton, California D**
- ✓ Wed- Naturally Network – **VIP network w M/O Fellows**
- ✓ Naturally Network – **M/O breakfast**

Naturally Network’s Minority-Owned Fellowship, powered by **NIQ**, in partnership with **The Angel Group** and **UNFI**, is a program built to support the success of racially and ethnically underrepresented business CPG founders.



Source: NielsenIQ Omnishopper panel, two-year growth in buyer population/dollar spend

What it all means

1

Develop digital capabilities to capture the online opportunity

2

Set distribution strategies to reach consumers in the most effective way possible – grabbing the eyes of your target consumers but also being available where they're likely to seek you out.

3

Harness this catalyzing time for wellness to meet consumer needs and drive retail opportunities



The 2025 NIQ Founders Pitch Slam is coming soon!

Applications open February 3th – March 29th, 2025

The 3rd annual NIQ Founders Pitch Slam will bring together some of the **most innovative and transformative** emerging CPG brands, challenging an elite set of founders to pitch their companies to industry insiders and business leaders as they vie for a first-place award of more than \$700k including a **\$50,000 cash prize** and in-kind prizes.

Entry criteria

- Have an **annual revenue not to exceed \$20 million** in US\$ in qualifying departments
- Products must currently be **available for U.S. sale**
- You must be available to participate in the **Virtual Pitch semi-finals on May 1, 2025**
- You must be available to attend the NIQ C360 conference in Hollywood, FL, for the **Live Pitch session on June 2-5^h (all expenses paid)**

Past NIQ Pitch Slam Finalists

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TRUE MADE FOODS



Lil' GOURMETS



Root & Splendor



Jasberry®



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HAPPY PETS, HEALTHY PLANET



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