

INDUSTRY INSIGHTS: SPOTLIGHT ON CPG

June 2021

Ecommerce channel advertising is attracting attention from consumer packaged goods (CPG) advertisers hoping to add a new higher-margin revenue stream to their business. The pandemic boost in ecommerce sales—including a major shift toward digital grocery shopping—has further accelerated growth in US ecommerce advertising to nearly 50%. eMarketer has curated this collection of interviews with leading marketers at CPG brands to discuss the critical challenges they face and what they envision for the future.

MEET THE LEADERS



Janette Yauch, brand vice president of Bounty and Puffs, Procter & Gamble. Yauch has led the growth of brands such as Bounty, Charmin, and Puffs. She is known for her ability to strengthen brands and build into and empower her organization to succeed.

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Allison Parc, president and founder, Brenne Whisky. A former ballerina, Parc is an award-winning American entrepreneur in the world whiskey segment, having created Brenne Whisky from scratch in the heart of Cognac, France. Parc is a respected speaker on the topics of entrepreneurship, sales, dramatic career changes, and thriving in male-dominated industries. [Page 8](#)



Victoria Lozano, executive vice president, digital strategy and general manager, attractions and retail, Crayola. Lozano leads the company's digital transformation, as well as heads Crayola's attraction and retail business, bringing the company's mission to life in digitally interactive and experiential ways. [Page 5](#)



Alicia Enciso, CMO, Nestlé USA. Enciso leads marketing and consumer communications for well-known food and beverage brands. She leads Nestlé's divisions and agency partners on consumer insights, brand-building, consumer communications and media, shopper marketing, and ecommerce. [Page 9](#)

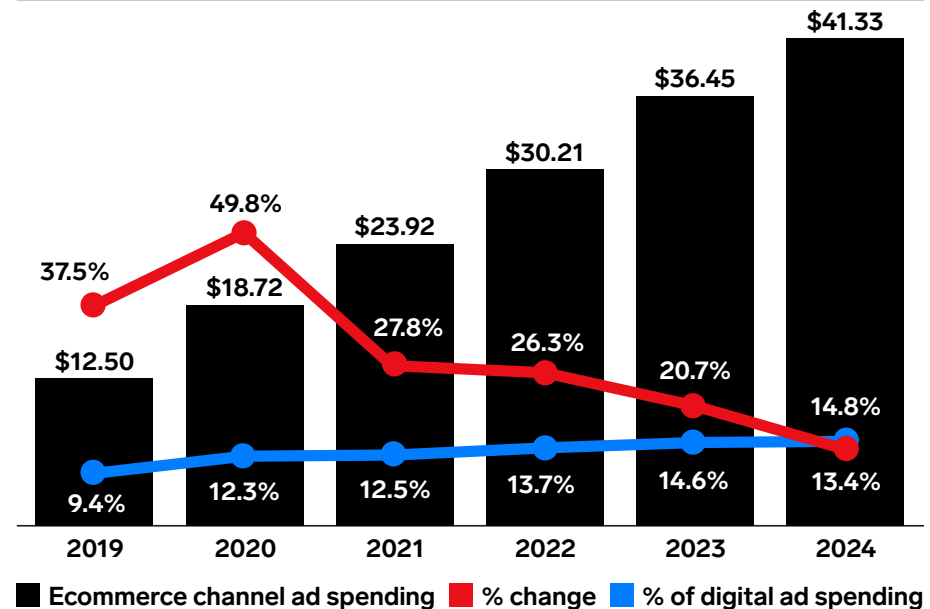
OVERVIEW

Even before the pandemic, ecommerce channel advertising was attracting a lot of attention from advertisers—especially in verticals like consumer packaged goods (CPG)—as well as retailers, which hoped to add new higher-margin revenue streams to their businesses after seeing Amazon’s success in the area. Amazon had become the No. 3 digital ad seller in the US thanks primarily to placements on its ecommerce property, and companies including Walmart, Target, and eBay had been growing similar businesses.

But the pandemic boost in ecommerce sales—including a major shift toward digital grocery shopping—accelerated growth in US ecommerce channel advertising to 49.8%. By the end of last year, ads on properties where the primary activity was ecommerce accounted for 12.3% of US digital ad spending, up from 9.4% in 2019. We expect investments in these ads to continue growing faster than the overall digital ad market.

What’s changed: We started breaking out estimates of ecommerce channel ad spending only in Q3 2020, so we can’t make comparisons to pre-pandemic expectations for this portion of the digital ad market. But performance in this sector was so strong late last year that we have revised our estimate for 2020 upward from \$17.37 billion to \$18.72 billion. Last October, we forecast 38.8% growth for ecommerce channel advertising for 2020, but it turned out to be nearly 50%.

US Ecommerce Channel Ad Spending, 2019-2024 billions, % change, and % of digital ad spending



Note: digital advertising that appears on websites or apps that are primarily engaged in retail ecommerce; examples include advertising on Amazon, Walmart, and eBay; excludes advertising on social networks or search engines
Source: eMarketer, March 2021

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P&G'S JANETTE YAUCH, BRAND VP OF BOUNTY AND PUFFS

April 9, 2021



Older consumers may recall the iconic Bounty paper towel TV commercials featuring “Rosie.” But to attract Gen Z—now of age to buy their own paper products—nostalgia marketing won’t be impactful.

So, consumer packaged goods maker Procter & Gamble is taking its messaging to digital channels. In a recent conversation,

Yauch shared how Bounty is leveraging Twitch and TikTok to resonate with younger consumers where they are.

When I think back to the spring of 2020, one thing that I will never forget is that almost overnight, it seemed like the stores had nothing left in them, paper products in particular. Did you ever imagine a scenario where stores would ultimately limit the quantity of product that consumers could buy?

It was a crazy experience to live through. It’s not out of the ordinary, we see it when there are snow storms or when there are natural phenomena happening. Toilet paper, especially, and paper towels are just something that consumers do not want to run out of. That makes us feel good about the importance of our products in the lives of consumers. We had to quickly pivot and adjust our supply chains and production strategies to be able to meet consumers’ needs.

Between all of these major happenings over the past year and a half, are there any takeaways that you can share about what you’ve learned?

Try to be as prepared as possible going in. The pandemic has really opened all of our eyes to the vast range of uncertainty and unknowns that exist out there. Really pressure-test every part of your business model. Do you have the contingency plans necessary, should the most unthinkable or unplannable situation happen?

Previously, we did lots of in-home and in-person consumer research, and we had to shift all of our learning. We couldn’t stop learning, but we had to shift everything into digital tools and tactics from a creative production standpoint. Having an organization and a culture that is agile, that can think on its feet, get creative, and find solutions, while setting that as a cultural tone, can help us all going forward, should we have to weather something like this again.

Being able to pivot and be agile is a huge benefit of an organization. Let’s switch gears to a lighter topic. Bounty has rolled out campaigns on Twitch and TikTok. How have you approached these platforms that skew toward a younger audience?

The reality is this, older Gen Z consumers are now in their mid-20s and entering the market for paper towels. They don’t have the heritage or the connection that some of our older consumers have to brands like Bounty or Charmin. I think some of our older consumers can still play back [the memory of] “Rosie” commercials set in the diner and the awesome demonstrations that she used to do. They have that nostalgic connection to the brand. Younger consumers don’t have that.

But we need to deliver that message to younger consumers in a place and in a way that resonates with them. We’ve launched multiple campaigns on Twitch, on TikTok, and we’re always looking for new emerging platforms to participate in.

Want to learn more about Bounty’s recent Twitch and TikTok campaigns? [Watch our video interview.](#)

CRAYOLA'S VICTORIA LOZANO, EVP, DIGITAL STRATEGY

April 23, 2021



From branded hand sanitizer and kid-sized face masks to do-it-yourself craft ideas and an inclusive range of skin-tone crayons, art supply maker Crayola thinks about its marketing in the context of products, experiences, and content.

We sat down with Lozano to discuss how social media has amplified Crayola's mission to create meaningful relationships with its consumers and reinforce that creative

children grow up to become inspired adults and future leaders.

Crayola has been around for a long time and is extremely iconic. Can you share Crayola's brand strategy, its mission today, and how that's evolved?

Crayola is well-known for its iconic crayon, but we make a large number of creative products. What's most exciting is the mission. We make a lot of great products, but we're in the business of helping parents and educators raise creative-for-life kids.

We believe that those kids become creative and inspired adults that will lead our world in the future. We see our strategy as bigger than just products. We like to think about it in the context of products, experiences, and content. How do those things work together to create an ecosystem for Crayola that creates a meaningful relationship with the consumer?

What has Crayola learned as its pandemic strategy has evolved?

We've amplified some things and doubled down on others. We had to scale back some others, but at the end of the day, we have been focused on how to be helpful to parents and kids, how we continue to stay engaged, and how we can offer meaningful experiences, whether it's at home or outside of home. I think while the pandemic has certainly reshaped what we do, how we do it, those priorities have not changed. I know for Crayola, we may have executed these priorities differently over the last year and they may shift again as we begin to come out of the

pandemic, but those priorities have remained and will continue to be our guiding light.

Another thing that's been really popular in the past year is crafting as everyone, parents and educators alike, wanted to keep their kids busy. Crayola has been active on social media to share project ideas and how-to videos. Did Crayola have to rework its social strategy to plug into this trend?

We didn't really have to rework it. What we had to really do is amp it up. We were already doing those kinds of activities because we think that it is very consistent with the brand. It is what consumers were already looking for. And we were finding that the consumers were engaging with this type of content. We've created a lot more content, we've taken it to new channels. We started a new YouTube channel called Crayola Kingdom that focuses on one of our most successful creative toy products, Scribble Scrubbies. All of those things have amplified what we do in this space.

Diversity and inclusion is a top priority at many companies. Recently Crayola unveiled its Colors of the World collection which includes 24 new skin tones. Tell us more about the collection and the importance of representation at Crayola.

Crayola launched its Colors of the World line within the last year. The collection has received tremendous support and reception from our consumers. It's something that Crayola had in development for quite some time. The launch event was at the right time where people were looking for real opportunities to express themselves, to be able to show their true authentic self, and to see themselves being represented. At the end of the day, we play a small part in enabling kids of all skin tones or origins to be able to see themselves in the art they create.

Want to learn more about Crayola's YouTube strategy? [Watch our video interview.](#)

DIGITIZING CPG IN WESTERN EUROPE, LATIN AMERICA & BRAZIL

This article was contributed and sponsored by **VTEX**.



Julia Miozzo,
Senior Digital Editor, VTEX

Like so many other industries, the consumer packaged goods (CPG) industry has seen a number of changes brought about by the coronavirus pandemic, including changes to the ways it gets products to customers. According to Statista, in the US alone, online purchasing of packaged food products grew from 8.6% to 12.7% between February and June 2020, mainly due to consumers' new shopping habits.

This has led to many CPG brands going direct-to-consumer (D2C), and in some cases, launching their own B2B marketplaces, all in an attempt to keep up with trends.

Shifting our focus outside North America, we asked three of VTEX's leaders in Western Europe, Brazil, and Latin America to weigh in on the challenges and opportunities for CPG companies in their respective regions. Here's what they have to say:

Brazil

"One of the biggest issues is distribution, mainly due to the capillarity of physical stores and the size of the country," says Rafaela Rezende, director of customer experience at VTEX Brazil. "As they differ from other retail segments, inventory for pharmacies and supermarkets is distributed within physical stores and not concentrated in distribution centers."

To have a strong digital operation, it is crucial to have an omnichannel strategy, something that not all CPG players are looking for. "But it's a trend that's here to stay and brands are realizing it," Rezende adds.

Latin America

Latin America is "just starting to believe in the digital market," says Juliana Sánchez Gomez, head of sales for North LATAM at VTEX. "CPG companies find it difficult to invest in their own digital channels, mainly because all efforts are focused on their largest channels: the retailers. Launching a direct-to-consumer channel is seen as extra work," Gomez explains.

Groceries, on the other hand, are a lot more receptive to the change. "The industry is more open to listening and to letting us present successful cases of digitization. It is still an educational process: we have to start from the simplest advantages of having an ecommerce operation, proving them through numbers," she says, adding that most CPG companies are in this current stage.

Western Europe

The digitization of the CPG industry in Western Europe faces many challenges.

"The biggest one is cultural and related to the relationship between CPG brands and their distributors. Distributors are often skeptical of innovations brought about by these brands, which in turn discourages CPG companies from investing in new technologies," says Daniela Jurado, general manager for Western Europe at VTEX.

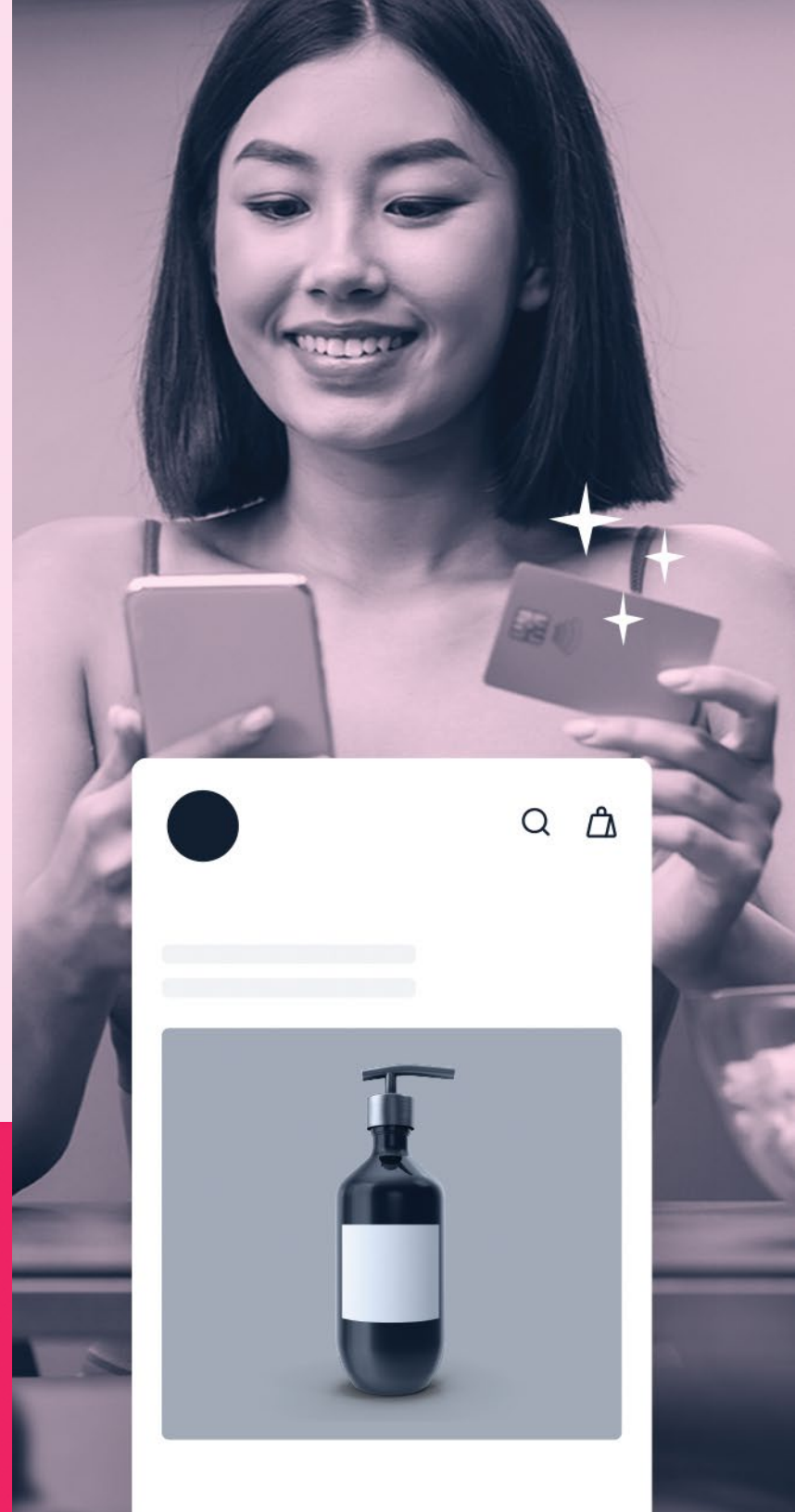
If they can look past this hurdle, ecommerce presents a giant opportunity to reach new customers. "It is a huge market that has a lot to improve in terms of automatization of processes and efficiency. The online market democratizes the distribution process and can turn more small and medium-sized businesses (SMBs) into clients through B2B ecommerce, for example, and take products directly to consumers with a D2C operation," Jurado adds.



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BRENNE WHISKY'S ALLISON PARC, PRESIDENT AND FOUNDER

April 23, 2021



For Brenne Whisky, a spirit crafted at a third-generation farm distillery in Cognac, France, in-person brand discovery at events and retail points of sale has been integral to its success. But when discovery had to shift to online media, like Zoom tastings and its direct-to-consumer [D2C] ecommerce site, Brenne Whisky found that new consumers aren't shy about buy-to-try purchasing.

When we spoke with Parc, she explained how Brenne Whisky's social media content strategy paired with the additional access granted by digital discovery made it possible for people to continue to experience the brand.

You're a female founder in a traditionally male-dominated field. What were some of the challenges you faced when bringing Brenne Whisky to market?

I still face challenges every single day. And I never know if it's because I'm a woman or because of my perceived age, or just the fact that I created something that is completely unique and had never been done before. So instead of trying to focus on those physical differences, I really focus on the product, education, awareness, and accessibility. I think that's really helped us thrive.

Female whiskey drinkers are on the rise, but whiskey is still considered a "man's drink." That is clearly outdated, but it's still very prominent within the industry's advertising and marketing creative. Do you think this is beginning to shift?

Thankfully, there's a lot of work being done by a group called OurWhisky and they call upon the brands to diversify their community in the sense of perspective and advertisement. Showing more diversity in skin tone and gender brings more inclusion to the advertising segment.

You mentioned that when you started the business, you hand-delivered cases via a Citi Bike to bars, restaurants, and stores around New York City. Now your customers have the option to purchase through Drizly or Brenne's website. With the lack of sampling and in-person events, how have D2C sales impacted how Brenne thinks of brand discovery?

It really comes down to what the consumer is willing to pay for that brand discovery. What we found with the softening of the laws in the US that allowed us to set up our own direct-to-consumer website, is that people aren't shy of a \$60 buy-to-try spend. That's been an incredible experience for us. The majority of our first thousand shoppers to the website in the first three months were new to our brand. We've found that access has made it possible for people to continue to discover.

Since launching in 2012, you have established a significant social media presence. What go-to-market and audience development tactics did you use to build this following?

People often look at social media and assume it's a one-way conversation. You're the ones developing the content, pushing it through, and trying to build up that engagement. But that word engagement is not just a metric. For us, it's always been looked at as a conversation. I would love to talk about fermentation. But that's way too technical, people might just want to know how to make an easy cocktail at home. Making sure that we're constantly engaged in a conversation with our community helps us to build the right content, which then attracts new and an extended group of followers.

Want to learn more about how Brenne Whisky's marketing strives for approachability? [Watch our video interview.](#)

NESTLÉ USA'S ALICIA ENCISO, CMO

April 30, 2021



Over the past year, ecommerce has grown tremendously for the CPG category. As one of the world's largest food companies, Nestlé quickly pivoted its marketing strategy to encourage shoppers to purchase its food and beverages digitally. As a result, Nestlé saw its ecommerce business double in 2020.

When we spoke with Enciso, she dived into how Nestlé's accelerated digital transformation will continue to lean heavily into social media and shoppable commerce to inspire seamless purchases and interactive brand experiences.

With a brand portfolio of over 2,000 household favorites, like Toll House and Nescafé, Nestlé has an incredible perspective on consumer behavior. This past year has been unlike any other. What purchasing patterns have you observed from consumers?

We certainly saw a big shift during the past year. We called it the at-home revolution because what we saw was consumers really re-engaging with at-home eating and drinking behaviors. We saw tons of interest in becoming your own barista. At the same time, [there was more] interest in terms of becoming a better baker, and many consumers that had not engaged with the category suddenly became really interested. For us, it has actually been a full-blown revolution in terms of at-home consumption.

A lot of people had to learn how to do things themselves in the kitchen. With that revolution that you just described, how did you have to pivot your marketing?

We immediately pivoted our marketing, as you can imagine. We changed all of our communications and did it in terms of realizing the crisis that we were in. That was the first few weeks, but then thereafter we started exploring all these new opportunities that the consumers were having

and their interests. We published recipes in terms of the interest that we were seeing, particularly, for example, in the case of soluble coffee, that it started growing significantly.

We were able to share tons of recipes with our consumers on our Nescafé site to inspire them, and we significantly enhanced our baking content and the ecosystem. We increased the content on Pinterest and inspired consumers—you may recall the banana bread craze. All of these new recipes too, of course, leveraged our products.

Let's talk more about Nestlé's digital transformation, specifically your ecommerce strategy. This is a channel that has grown tremendously for the CPG category over the past year. How has Nestlé encouraged consumers to purchase digitally?

For us, it did grow significantly at a global level. We doubled our ecommerce business in 2020. And one of the ways that we have started to accelerate and support this migration has been through shoppable commerce. For example, we have a Lean Cuisine campaign on Facebook, Instagram, and Pinterest where you can immediately click and add content that you're looking at into the cart of your e-grocer of preference. We also did a campaign for Perrier with Snapchat in which you could take a picture of the bottle and then immediately add to your cart and have it delivered. We are leaning in very heavily because we believe that the acceleration that we saw in digital transformation last year is only going to continue into the future.

Want to learn more about the effectiveness of non-traditional channels for Nestlé brands?

[Watch our video interview.](#)

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