

# Reimagining Retail: How digital grocery buyers discover new products and how creator-led CPG brands succeed

Audio

On today's podcast episode, in our "Retail Me This, Retail Me That" segment, we discuss how younger Gen Z consumers are most likely to discover grocery products, whether this new wave of celebrity-backed brands is different from previous ones, and what social media's role in all of this is. Then, for "Pop-Up Rankings," we rank the four elements a celebrity- or creator-led consumer packaged goods (CPG) brand needs to succeed. Join our analyst Sara Lebow as she hosts analysts Blake Droesch and Carina Perkins.

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Episode Transcript:

Sara Lebow:

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commerce trends for 2023, marketplace growth, direct selling strategies for CPG brands, and insights on Gen Z buying power, and more. Make informed decisions with confidence. Learn more today at [insiderintelligence.com](https://insiderintelligence.com).

Sara Lebow:

Hello, listeners. Today is Wednesday, September 20th. Welcome to Behind the Numbers, Re-Imagining Retail, an e-Marketer podcast. This is the show where we talk about how retail collides with every part of our lives. I'm your host, Sara Lebow. Today's episode topic is How Digital Grocery Buyers Discover New Products.

Sara Lebow:

First, let's meet today's guests. Joining me for today's episode. We have senior analyst Blake Droesch. Hey Blake.

Blake Droesch:

Hey Sara. Good to be back.

Sara Lebow:

Good to have you. Also back with us senior analyst Carina Perkins. Hey Carina.

Carina Perkins:

Hi Sara. Great to be on as always.

Sara Lebow:

Great to have you. Let's get started with free sample. Our "Did You Know" segment, where I share a fun fact, tidbit, or question? Okay, I have a quiz today. I'm excited about it. The quiz I have written for both of you is, which of the following is not a real celebrity food brand? I've got five brands here. They are Cali Water Cactus Water, SMiZE Cream Ice Cream, Sizzle Water Seltzer, Ubah Hot hot sauce, and TBH Hazelnut Spread. I'll read them again, but I want to point out, and I know a podcast isn't a visual medium, that Blake's body language is like he's on an episode of Who Wants To Be a Millionaire, right?

Blake Droesch:

I think I need to phone a friend.

Sara Lebow:

Okay, I'm reading them one more time. Cali Water Cactus Water, SMiZE Cream Ice Cream, Sizzle Water Seltzer, Ubah Hot hot sauce, and TBH Hazelnut Spread. Which one of those is not a real celebrity food brand?

Carina Perkins:

I'm going to go with the ice cream.

Blake Droesch:

I'm going to go with the Cactus Water, just because that sounds painful.

Sara Lebow:

You are both not correct.

Carina Perkins:

No

Sara Lebow:

Cali Water Cactus Water is Vanessa Hudgens water brand.

Blake Droesch:

Okay.

Sara Lebow:

Any real high school musical fan would know that. And SMiZE Cream Ice Cream is Tyra Banks' ice cream brand.

Carina Perkins:

Wow.

Sara Lebow:

Any real America's Next Top Model fan would know that. And I am of course both of those things. The one of these that is not real is Sizzle Water Seltzer. I made that one up.

Blake Droesch:

That was the one that I thought for sure was real.

Sara Lebow:

Yeah. Celebrities, if you're listening to this and you need me to do your branding, let me know. The other two we have in there are Ubah Hot hot sauce. That's one of the Real Housewives of New York. Ubah Hassan's hot sauce brand. And TBH Hazelnut Spread, that's Noah Schnapp. Stranger Things Stars, Hazelnut Spread. I hear it's vegan, which makes sense because I don't know what would be in there, other than hazelnuts and sugar.

Sara Lebow:

Now it's time for our next segment, "Retail Me This, Retail Me That", where we discuss an interesting retail topic. Today's topic is How Digital Grocery Buyers Discover New Products. Gen Z is more likely to discover grocery products via search engine than on store shelves, according to our research. 28% of Gen Z US grocery buyers find new products via search engine, and 24% on grocery websites and on apps. 17% of them find them on store shelves. Blake, this came from your research. Can you break it down for us?

Blake Droesch:

Yeah, sure. So I should caveat that this came from our digital grocery buyers survey. So we did only poll folks that had made an online grocery purchase at least once within the last calendar year. But the majority of grocery shoppers at this point from this survey are omnichannel shoppers. When you look at Gen Z, 90% of digital grocery shoppers obviously also shopped in store. It was a very small single digit percentage across the board of people who are online only shoppers. So what we really set out here to do is look at the digital activities that influenced both online grocery buying, but also in store grocery buying. And that did lead to some really interesting insights by generation. Because if you look at the top ways in which all digital grocery buyers discovered new products, the list was fairly straightforward. The number one mode of discovery was friends and family recommendations. Followed by things like in-store ads, discovering them on store shelves, specials and coupon pages.

Blake Droesch:

But when you look at Gen Z, what we saw probably not surprisingly, was that there were digital activities that ticked a lot higher up on that list. The big one was social media, which

was one of the top three ways in which Gen Z'ers discovered new grocery products, coming just after friends and family recommendations and in-store ads. But coming much higher than things like store shelves, and specials and coupon pages, which were really brought up in the overall rankings by the older generations.

Sara Lebow:

Sure. Social media not limited to the US obviously. Carina, are we seeing similar trends in the UK?

Carina Perkins:

Yeah, we're seeing a similar trend in the UK, specifically TikTok is playing a really important role in CPG product discovery for Gen Z. There's a really big food community on TikTok. People sharing recipes and new products, and we've seen a couple of food brands go viral. Little Moons, which is a Japanese Mochi Ice Cream brand, had a huge increase in sales after people shared videos of themselves running around Tesco in lockdown, trying to find it on the supermarket shelves. And another thing we've seen here is that, in the cost of living crisis, people have been turning to TikTok to share tips on how to save money. So how to save money on meals, how to save money in the supermarket, which brands are good. So it's definitely driving a lot of product discovery here too.

Sara Lebow:

Yeah, I mean one of the first viral TikTok trends that I remember was that feta pasta dish, had grocery stores sold out of feta all around Europe and the US. So it's not surprising that brands are capitalizing to try and get people to buy their specific products on there.

Carina Perkins:

Sure. Apparently here the latest resurgence is tinned fish.

Blake Droesch:

Yeah. Here too.

Sara Lebow:

I feel happy and sad about that as a huge tinned fish fan. Happy to see tinned fish getting its day, sad to see tinned fish harder to find on the shelves. Especially as someone who has tin fish

boxes hanging up as artwork around their apartment.

Blake Droesch:

What's the big tinned fish brand that did go viral on TikTok? I forget.

Sara Lebow:

Fish Wife?

Blake Droesch:

I don't think it's that one, but there was one that was a very small regional brand. I think it was based out of the Pacific Northwest or maybe Canada, but because of the viral trend, Whole Foods brought them on a national level. They did increase the availability of this particular canned fish brand to a national audience, rather than just regional. So there is some hope for your continued availability of canned fish products.

Carina Perkins:

The really interesting thing here is that TikTok, which launched TikTok Shop in the UK, they now allow people to sell fresh food via TikTok.

Sara Lebow:

Interesting. I don't know how the logistics of that work, but yeah, TikTok Shop also live in the US now. I think that this whole conversation segues us nicely into the next thing I want to talk about, which is Fish Wife and these other brands. They get big from these aesthetic pictures and things. Social media is playing a huge role in CPG discovery. It leads us to the conclusion that influencers play a big role in CPG product discovery. We've talked on this podcast before about YouTuber, Logan Paul's Prime Energy drink. And YouTuber, Mr. Beast Bars. Both of which I've heard are huge hits with our colleagues' kids. How are these brands different from age-old celebrity backed brands?

Blake Droesch:

Yeah, so we did ask our digital grocery buyers about influencers and celebrities. And as you would imagine, younger generations discover products at much higher levels from influencers, compared to older generations. It's still not as high as other digital activities, mainly search on search engines and retail sites. But we did find that 19% of Gen Z digital grocery buyers had



discovered and purchased a grocery product within the last 12 months via a celebrity or influencer. And that was obviously much higher than older generations. Only like 7% of Gen X said that they had discovered a product via an influencer. And 2% of baby boomers, millennials fell somewhere in the middle. So even though they're not one of the prominent modes of discovery, they're certainly growing. Which can explain why a lot of celebrities and influencers are tapping into Gen Z in terms of trying to push CPG and grocery products right now.

Sara Lebow:

I would like to meet those boomers who are buying Logan Paul's Prime energy drink. Ask them how familiar they are with Logan Paul. Yeah, I think this is a really interesting time for celebrity and creator brands. Creators have these massive audiences, where they don't need to be putting ads elsewhere. Although they have done that, like Logan Paul with the Super Bowl ad. But they have these huge audiences. What they're missing really is just distribution. And that's pretty easy to work out with D2C infrastructure. Also, in terms of celebrity, I think that there's this really interesting moment for celebrity brands right now, where a lot of them are on strike from acting, and from their normal jobs. They need ways to stay in the spotlight, and they need other ways to keep revenues up. And I think that's why we're seeing a lot of celebrities boosting their own CPG items right now. Like the Vanessa Hudgens' Cali Water.

Blake Drosch:

Yeah, I think the big difference between the traditional celebrity pushed product, and the influencer created product is the sort of access to the massive audience that influencers have through social media. While this is not a new thing, I mean there are hundreds of celebrities that have launched products. They've done it more in unison with larger companies that have the command over that audience. They understand media, they understand how to introduce a product into the marketplace and have it compete for market share. These influencers are doing a lot more on their own, in terms of marketing and having a voice, and really coming up with that brand identity. Which has worked in many ways because it's a way for them to appeal directly to their audience in an authentic way. But there are also examples of it not going so well, because they don't necessarily have that sort of advanced media and product acumen that comes along with partnering with a bigger brand.

Sara Lebow:

Yeah.

Carina Perkins:

And I think there's similar risks for brands really. I think that teaming up with influences is a fairly quick way to connect with young audiences and get some instant credibility. There's been a few surveys that suggest now that people, they kind of find celebrities less influential and they're more likely to be influenced by their peers. And some of these influencers are kind of seen as peers by their followers. And it's relatively cost-effective versus a huge TV ad or out-of-home campaign, and you can reach millions of people every day. But there is a risk to the brand reputation if the influencers content is not in line with the company values. And these are content creators, so that is a risk that the brands need to think about.

Sara Lebow:

Sure. I mean, a TikTok creator reaching me in my TikTok feed feels a lot more like a peer, than a celebrity reaching me via an ad during an award show.

Carina Perkins:

Yeah.

Sara Lebow:

Sp Prime and Beast Bars, those are both examples of products widely available in stores. I'm pretty sure they're both available in Walmart and Target. I just walked past a bodega full of Prime energy in the window. If Gen Z is discovering CPG products online, why is it so important for these creator brands to be in grocery stores?

Carina Perkins:

Well, I think one aspect is that some of the younger Gen Z are not doing the grocery shopping in their households. It's their parents doing the grocery shopping, so they need to be in the stores where their parents are buying groceries, for a start. Secondly, in the UK, the big grocers here have an absolute massive hold on the UK grocery market. Even Amazon can't really compete when it comes to food and drinks. So I think just trying to be a huge success solely through D2C is going to be really, really difficult.

Blake Droesch:

Yeah. And I think D2C is a model that has worked for a lot of product categories, but in CPG, it's struggled. Even the bigger CPG conglomerates have struggled to develop direct to consumer channels. And it's I think telling that even these influencers who already command these massive audiences, but are developing products in the CPG space are opting to partner with retailers. Because that is really, at the end of the day, for all the reasons that Carina mentioned, is the best way to reach customers and build a brand.

Sara Lebow:

Yeah. I mean, it's really that question of discovery versus how you actually purchase it too. You might be discovering the brand on social media, but you're still buying it in the store. I do think the discovery is different from actually making the purchase. And just because discovering on social media doesn't mean that that's where you're buying the product.

Blake Droesch:

Yeah. And I should caveat that our research totally says the same thing. Even younger generations who are way more likely to discover products through digital channels are still more likely to purchase new to them products that they haven't tried before in stores, not online.

Sara Lebow:

That research is available on our website right now for pro subscribers. Blake's report is called CPG and Grocery Product Discovery 2023. So check that out. Let's keep moving.

Sara Lebow:

Now it's time for "Pop-Up Rankings", where we take a look at specific examples and we rank them. Today, Carina and Blake will each be ranking, in no particular order, four elements a celebrity or creator-led CPG brand needs to succeed. Blake, why don't you kick us off?

Blake Droesch:

Yeah, I think the first one obviously is just a large audience, an addressable audience for marketing. If you look at the influencers that have done particularly well in this space, not only do their products have to be aligned with their own brand and they have to be authentic. But before all that, they just need to have that platform, and that massive reach. I was just looking at Piper Sandler's semi-annual teen survey, and within the top five influencers you have Mr.

Beast and Emma Chamberlain. And Mr. Beast's chocolate bars, Emma Chamberlain's coffee company are two of these really significant examples... I tried to not use the word prime, but prime examples of CPG influencer brands that are doing really well right now. So just having that popularity and having that audience, it's very simple, straightforward, but that really is the first step in having success in the space.

Sara Lebow:

I mean, it's funny you say, "I try to not use the word prime." Because using that example again, if someone came to me and they were like, "I am creating a product, what should I call it? Should I call it Prime?" I would say "No, because the SEO for prime, when you search Prime, the energy drink won't come up. Amazon will come up." But Logan Paul, their audience is so big that that's not a concern for them.

Blake Droesch:

Right. And they're discovering the Prime energy drink directly from them via social channels. It's not search, which is how you might come to any number of other CPG products. But it's a very good point.

Sara Lebow:

Yeah, I just searched Prime and the first result is Amazon Prime. The second result is Prime by Logan Paul. Okay. Carina, why don't you give us the next element a celebrity or creator-led CPG brand needs to succeed?

Carina Perkins:

So the next element, and I think one of the most important, is quality. You can reach the biggest audience in the world and everyone might come and buy your product once, but if it's rubbish, if it doesn't taste good, if it's bad quality, they're not going to come back. And it's not going to be a long-term success. It'll be a kind of flash in the pan perhaps. There have been some brands that have not done so well, because the product quality hasn't been as good. And then there have been others that have done really well, because it's just a good quality product.

Carina Perkins:

Kylie Minogue's wine brand was one of the fastest growing in the UK last year, and she has that produced in Italy by fifth generation producers. And part of its success might be that she has such broad appeal with supporters across generations. But the reason it's been so successful in the long-term is, because people have actually enjoyed it and they've come back and bought it again and again. So I think it really has to be good quality if it's going to be a long-term success.

Sara Lebow:

Yeah, quality is important, especially when you're edging out legacy brands as well. I know that Mr. Beast goes directly against Hershey when he's marketing his candy bars. He's like, "Hershey sucks. These are good." I don't know if that's true. I have not tried his candy bars, but that definitely is an approach he's taking, that they're higher quality. Blake, what's the next element a celebrity or creator-led CPG brand needs to succeed?

Blake Droesch:

I think related to quality is definitely authenticity, and it's sort of the number one buzzword that always gets thrown around when you talk about what makes effective influencer marketing. But when you have a product that you're getting behind, authenticity is always important. And even more so if it's product that you are developing and owning on your own. If you go back to the point that you just made Sara about Mr. Beast using his voice to go after Hershey, I think that's a type of message that is, it's a little bit like punk rock. It's a little bit non-traditional. You wouldn't see another cursory competitor coming up in the space, putting out TV commercials that says, "Hershey sucks." And I think that for Mr. Beast's sort of young gamer audience, that's a type of message that is authentic and resonates. And I think that can strike a chord with the audience. And add a little bit of fun and authenticity that gets people excited about his products.

Sara Lebow:

Okay. So Blake's official take is that 25 year old YouTuber, Mr. Beast is punk rock.

Blake Droesch:

I mean, I guess that's as punk rock as basically anything you see these days. Other than Taylor Swift rerecording her own albums, which is also very punk rock, in a way that you wouldn't think.

Sara Lebow:

So. Okay. Blake's official take is that Taylor Swift is also punk rock.

Blake Drosch:

Yeah, I think so. That's a punk rock move. Yeah.

Sara Lebow:

I completely agree. I mean, as we all know, I went to Taylor Swift's Eras tour, so I'm on board for that. Carina, why don't you give us the last element a celebrity or creator-led CPG brand needs to succeed?

Carina Perkins:

Yeah. And this is probably a little bit less punk rock, but quite often the successful brands also have a partnership with an existing food brand. Or a retailer, like we've discussed. Just because you're an influencer and you've got a great idea doesn't necessarily mean you have all of the skills and acumen to make that product a success. One example we've seen of a partnership in recent times is Ed Sheeran teaming up with Heinz to create his own range of hot sources. That apparently goes a little while back, that partnership. Ed Sheeran has a Heinz tattoo. And in 2019, Heinz gave its ketchup bottle Ed Sheeran tattoos, which I kind love. And now they're working together to make Tingly Ted's hot sauce, but he hasn't stopped there. He's also teamed up with a restaurant chain Honest Burger, to launch a burger containing his Tingly Ted's hot sauce.

Sara Lebow:

It's inside of the burger?

Carina Perkins:

It's in the burger, yeah. So the burger's on the menu in the restaurant, and it's the kind of exclusive restaurant launch of his sauce. So I think clever partnerships is another really good way to succeed.

Sara Lebow:

Yeah, I mean, I think this is a double-edged sword, right? Partnerships are great, but you have to make sure they don't take away from the authenticity. And make it feel like you just slapped

a celebrity's name onto an existing product.

Carina Perkins:

Yeah, absolutely. I think the authenticity is, it has to be a brand that you love. I think it's fine. He loves Heinz, so that's fine. I think if it's a brand that was really obviously in contrast to a kind of punk rock brand that you're trying to launch, then perhaps it wouldn't work so well.

Sara Lebow:

Yeah, it definitely helps when you have a social media footprint that shows that you have supported the brand in the past. This is not a celebrity brand, but Michelle Williams, not the actress, the Destiny's Child singer, recently... And when I say recently, I think I mean last year, put out a song with Brock's Candy Corn. And one of the reasons that that resonated with people is because she had tweets going way back about how much she likes candy corn. Which is obviously the age-old debate. So yeah, I mean, another way that social media footprint can sort of pay off in these partnerships.

Sara Lebow:

Okay, well, that is all we have time for today. So thank you for joining me today, Blake.

Blake Droesch:

Always a pleasure.

Sara Lebow:

And thank you, Carina.

Carina Perkins:

Thanks Sara.

Sara Lebow:

Please give us a rating and review wherever you listen to podcasts, and follow us on Instagram @behindthenumbers\_podcast. Thank you listeners, and to Victoria who edits the podcast when she's not serving as our personal Trader Joe's influencer. We'll be back next Wednesday with another episode of Re-Imagining Retail, an e-Marketer Podcast. And tomorrow join Marcus for another episode of the Behind the Numbers Daily.