

Sevendots Growth Series / Volume 3

Category Growth

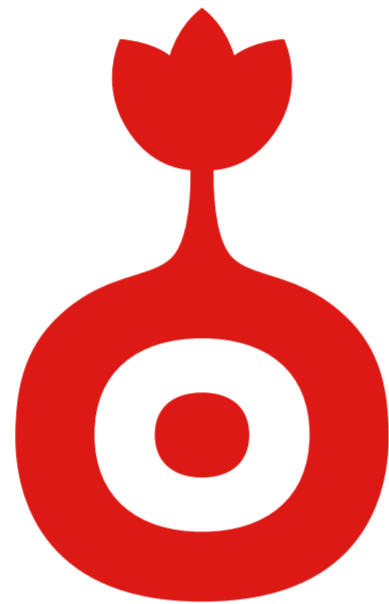
The new path to long-term success

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Category Growth:

The new path to long-term success



Providing relevant and actionable insights to Consumer Package Goods brand owners – to support long term growth and drive value – is our mission. This is what inspires the **Sevendots Growth Series.**

After the success of the Brand Penetration and Brand Purpose studies, we have developed Category Growth following the same trusted path: leveraging a plethora of existing literature and case studies, mining the extensive knowledge of our senior partners, engaging major brand owners to capture their experience and interviewing a global sample of marketers with the clear objective to provide a well grounded set of key actionable considerations.

This document is a quick summary of the outcome of the study and is outlining the 6 key conclusions we'd like to add to the Category Growth debate.

Please contact opportunities@sevendots.com to learn more about the whole outcome of the project.

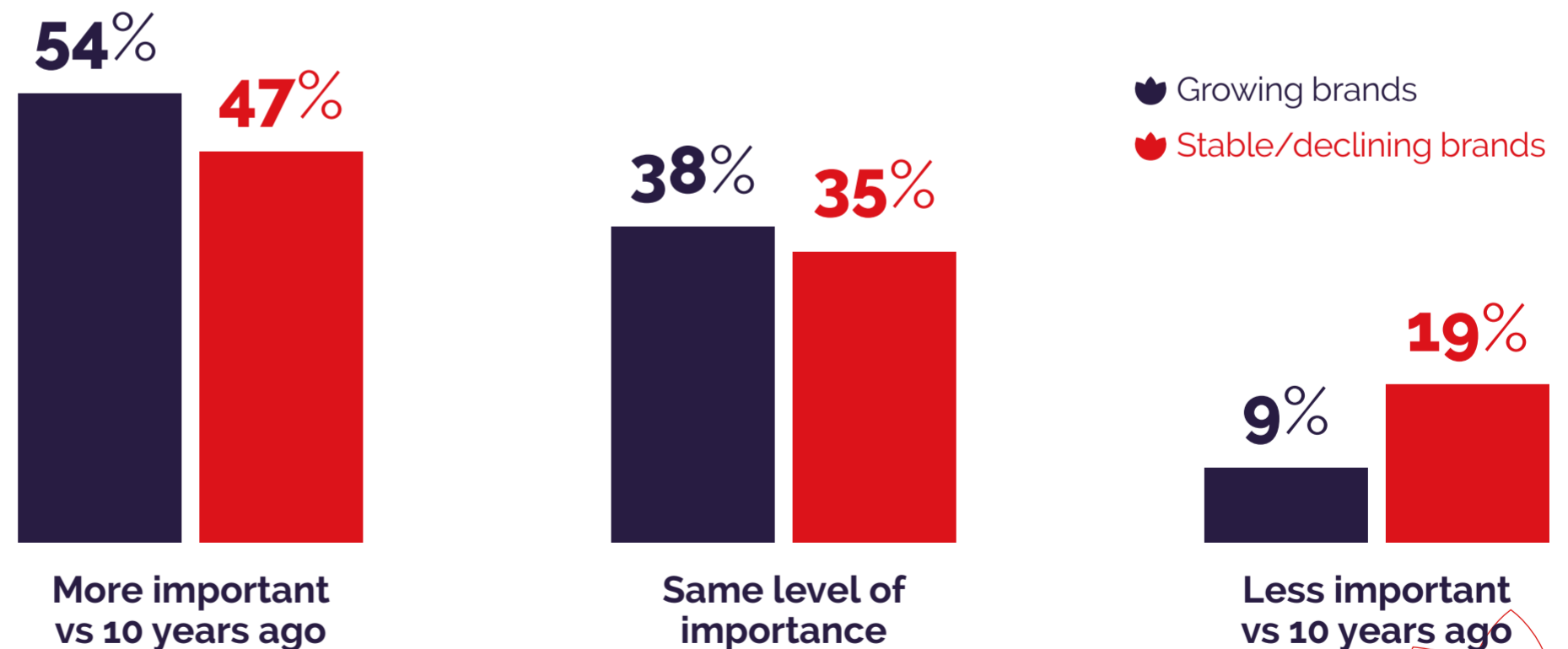
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The importance of category growth is increasing

Category Growth allows brands to think more long term, be more appealing for customers and provide better return to shareholders.

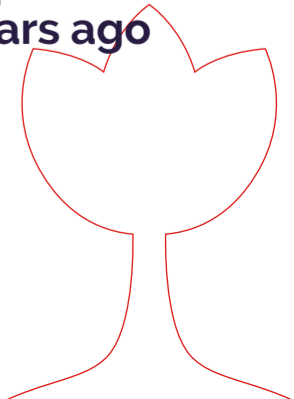
The importance of Category Growth has increased in time, especially amongst growing brands

Importance of Category Growth



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Source: Sevendots quantitative survey amongst 130 senior marketers - 2017



01

Growing a category is more sustainable and profitable than growing share alone

Category Growth generally provides a much higher and sustainable payback than simple market share growth and can reward all the stakeholders.

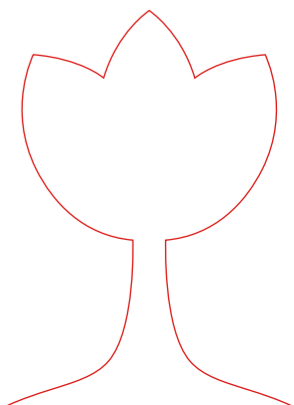
Category Growth can provide financial leverage and better innovation opportunities

Reasons why Category Growth is important for future brand performance



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Source: Sevendots quantitative survey amongst 130 senior marketers - 2017



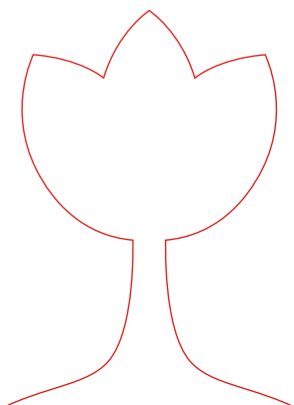
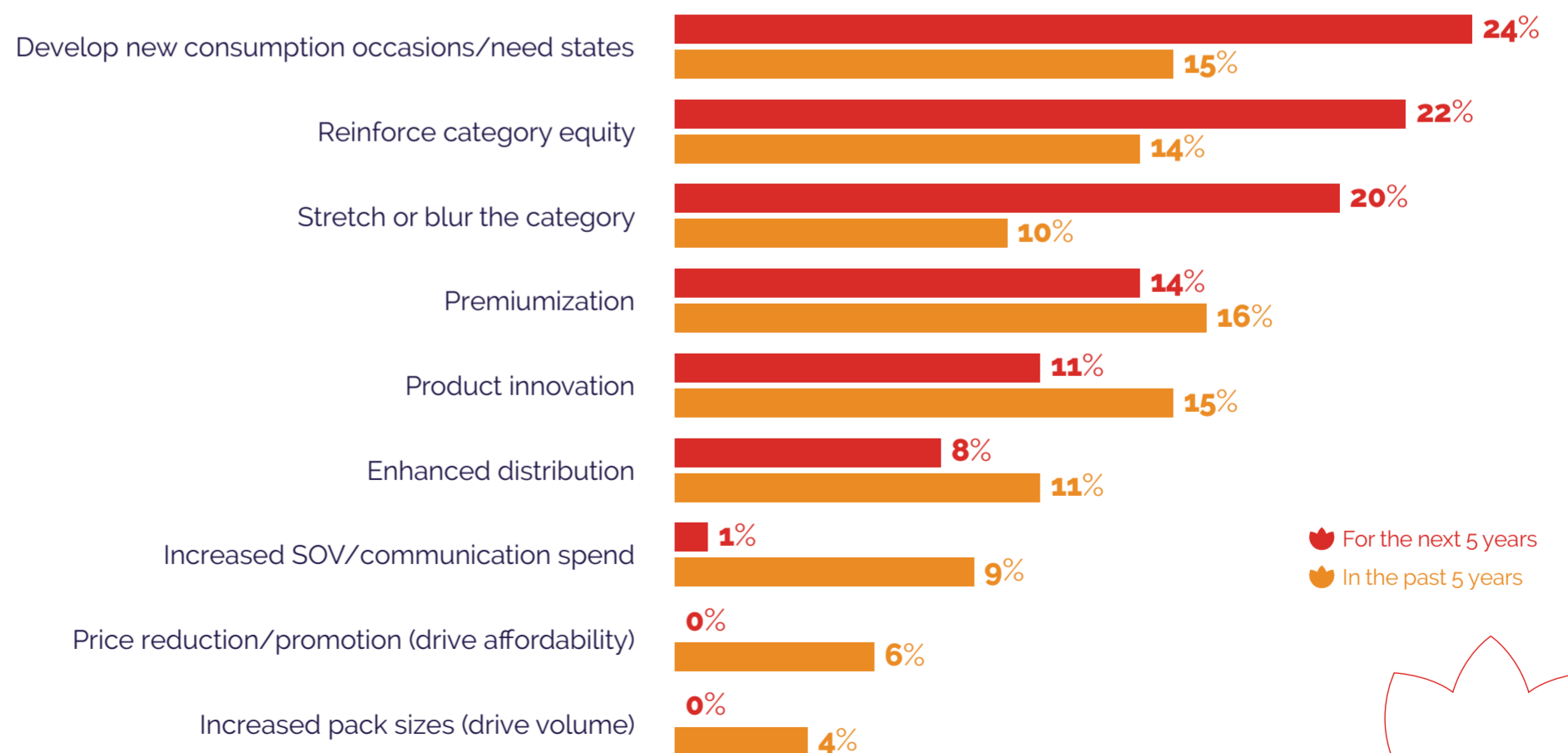
02

Category Growth is more difficult and requires a long-term perspective

There is an evolving path in the way Category Growth has developed over time which requires continuous adaptation and fresh thinking. This is normally a long-term game versus what companies are now used to.

A progressive shift in the way categories grow

Importance of strategies for Category Growth



03

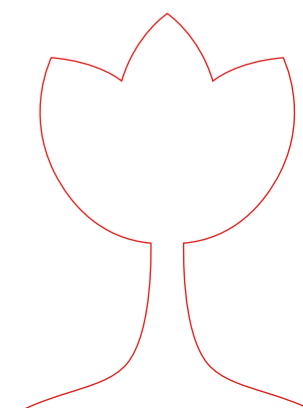
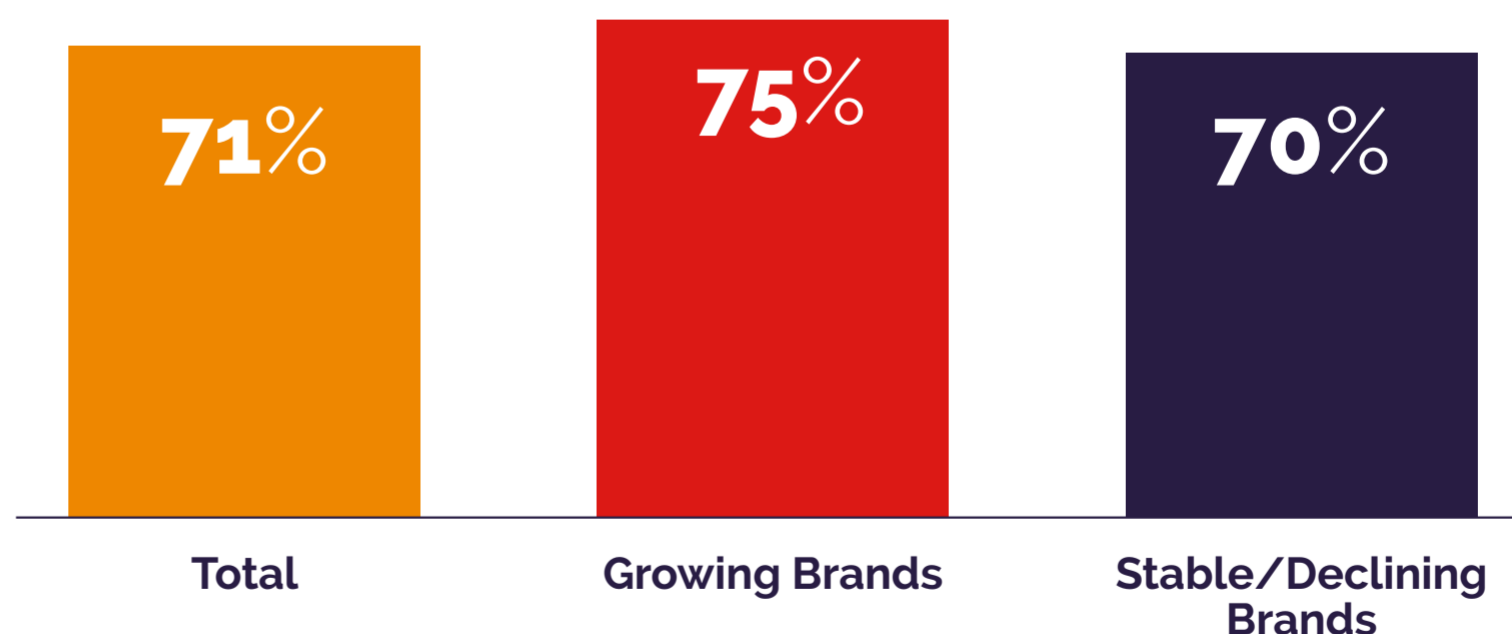
Pushing boundaries allows for growth

Within the changing context of Category Growth, the role of “how to define the category” becomes pivotal.

Looking at the category with a broader perspective, breaking with past behavior, is the first step to enable growth.

Most marketers feel it is essential to properly define a category

Importance of defining a category



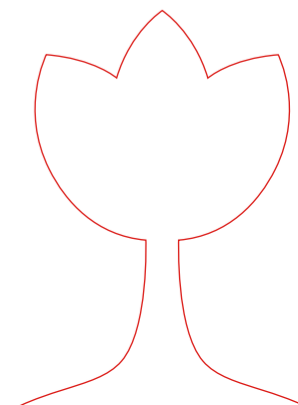
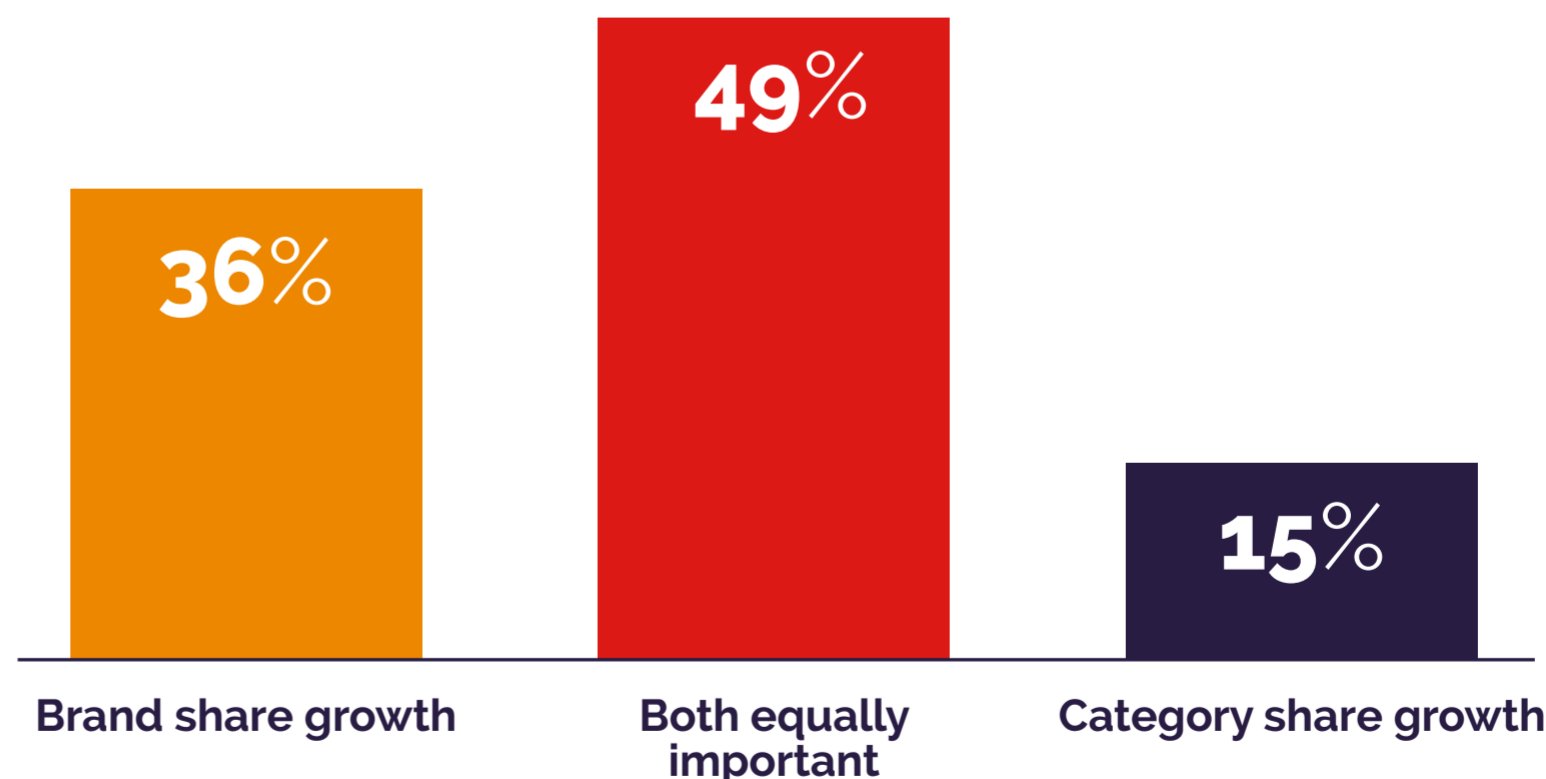
04

Allow for both category and share growth

The idea that you have to choose between share growth or Category Growth is a misconception and they should be seen as complementary paths. Companies that consistently work on both experience a stronger growth.

Most marketers feel the focus should be on both brand share and Category Growth

What is considered most important for the brand you are working on?



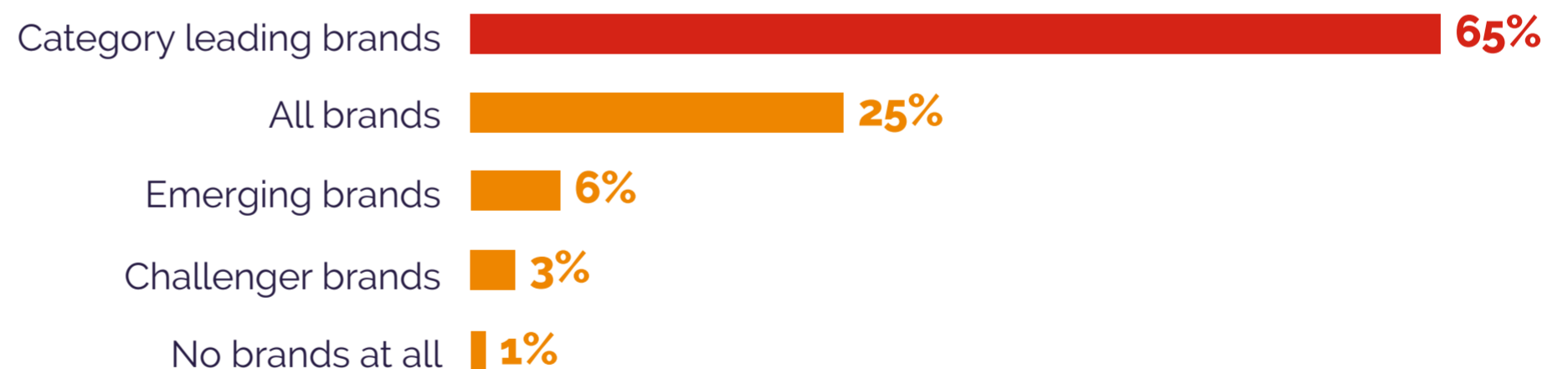
05

Leaders should do what they do best: lead

If Category Growth was traditionally driven by the leaders, we now see many examples of growth coming from small players. They seem to utilize their size and agility to better collect and deploy new assets that can push the category boundaries. Big companies should review their way of operating regaining the lead.

Brands that should focus the most on Category Growth

Category leaders are supposed to lead Category Growth...



Source: Sevendots quantitative survey amongst 130 senior marketers - 2017

...but in reality, they seem to fail in doing it

In 2015, the top 25 largest food and beverage companies

generated only 3% of total category growth,

despite accounting for 45% of category sales.

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Source: Nielsen - The U.S. Breakthrough Innovation Report 2016

06

Your brand is so much more than a tangible thing

Growth can be found in lateral thinking. A category can be much more than the sum of the products. There is the need to look at how grouping products and services can better relate to broader human needs and at how products can become more intelligent and connected.



“There is the need to go one level higher and look at groups of products and services which respond to a specific human need that account for the same purpose. This requires more disruptive thinking and would allow to unlock potential.

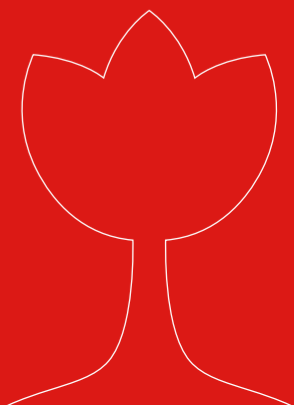
Global Consumer Insight Director – Multinational Food Company

So

What did we base these insights on?

Sevendots insights are always based on a robust platform of knowledge, and not happy with just one source, we always want to cross-check our conclusions with other sources of information. This exercise was no exception. 5 key stages of learning fueled our final conclusions.

- 1** A detailed search and review of all relevant information sources and cases about Category Growth from academics, consulting firms and practitioners
- 2** An internal survey among 20 Sevendots partners from 10 countries – with strong experience in brand and general management or in consulting and consumer research – collecting, structuring and distilling all their experience on Category Growth
- 3** In-depth discussions with 35 senior professionals in large CPG companies, including Nestle', Heineken, PepsiCo, Colgate, Henkel, Danone, Coty, Ferrero, Pernod Ricard, J&J, Carlsberg among others, from functions such as global and regional CMO's and CEO's, International Marketers and Global CMI.
- 4** A quantitative survey of 130 marketers and consumer insight professionals around the globe, all from leading multinational CPG companies.
- 5** And finally, an extensive search and review of case studies providing vivid support to our findings.





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For a presentation of the
whole outcome of the project
please contact

opportunities@sevendots.com

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