

Sevendots Growth Series / **Volume 3** updated 2024

Category Growth

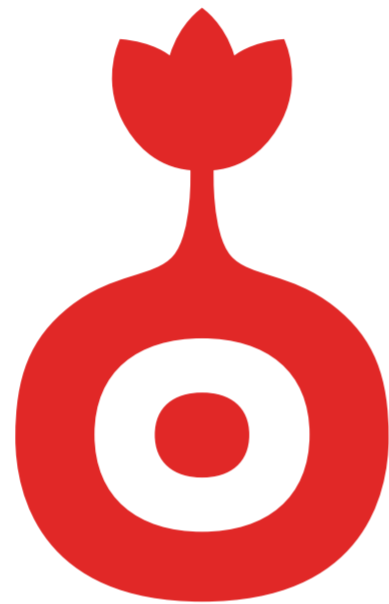
The new path to long-term success

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Category Growth:

The new path to long-term success



In 2018, we launched the first edition of our Growth Series on Category Growth, focusing on how categories expand and why this expansion is crucial for business success. Our goal was to provide a robust knowledge platform and a simple, actionable framework to guide thinking and decision-making on this important topic. Since then, the landscape has changed dramatically.

This updated Growth Series has been enriched with fresh examples and insights taking into consideration of the recent changes. However, we reaffirm the core message from our original study: By prioritizing category growth, not only can you capture a larger share of today's market, but you can also future-proof your brand, positioning it to thrive amid the challenges and opportunities of tomorrow.

For a more in-depth exploration of our findings, including further analysis, case studies, and our Category Growth framework, please contact opportunities@sevendots.com.

01

Category Growth is a fundamental driver for long-term brand performance

By driving category growth, a brand not only broadens its reach into new territories but also secures sustained development, ultimately delivering greater returns to shareholders.

Brands are **five times** more likely to grow if their categories are growing.

Source: Kantar Worldpanel, 2021 based on 29,000 brands across 52 countries

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02

Category Growth generally provides a much higher and sustainable payback than simple market share growth

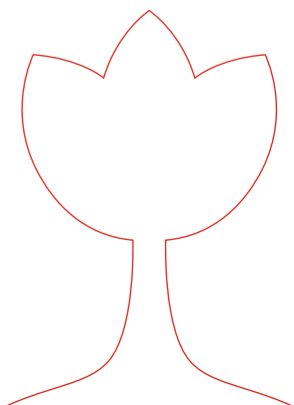
Category Growth has a much longer term and structural impact than simple share growth – acting on the fundamentals as it impacts the role and perception of the category.

Category Growth can provide financial leverage and better innovation opportunities

Reasons why Category Growth is important for future brand performance



Source: Sevendots quantitative survey amongst 130 senior marketers - 2017

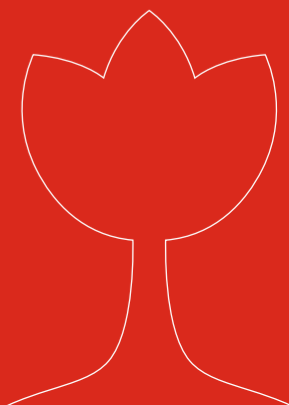
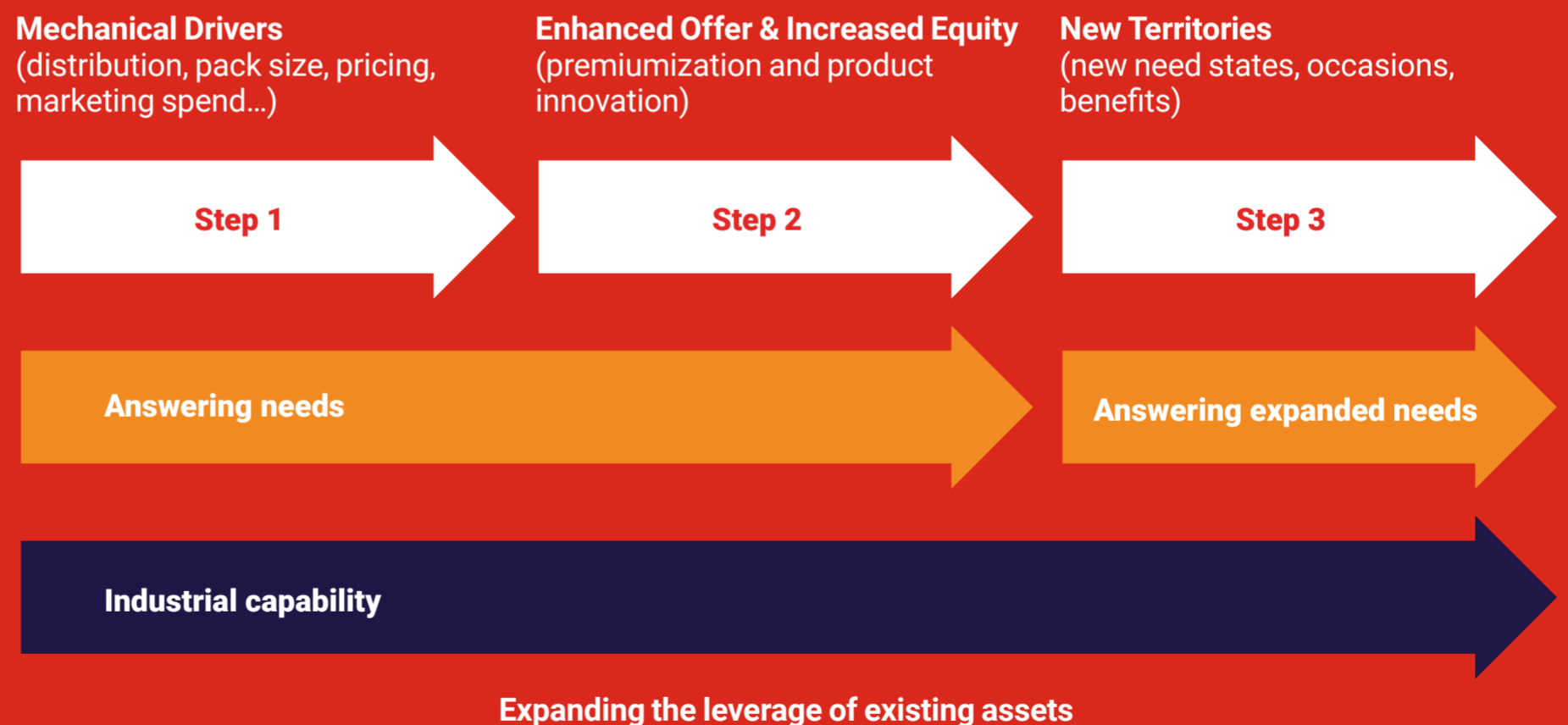


03

Focusing on Category Growth is inherently more complex than simply working on market share

Category Growth is a long-term endeavor, requiring companies to strike a delicate balance between short-term gains and long-term sustainability.

Category Growth can be supported by different potential sequential activities that can be clustered in three main steps.



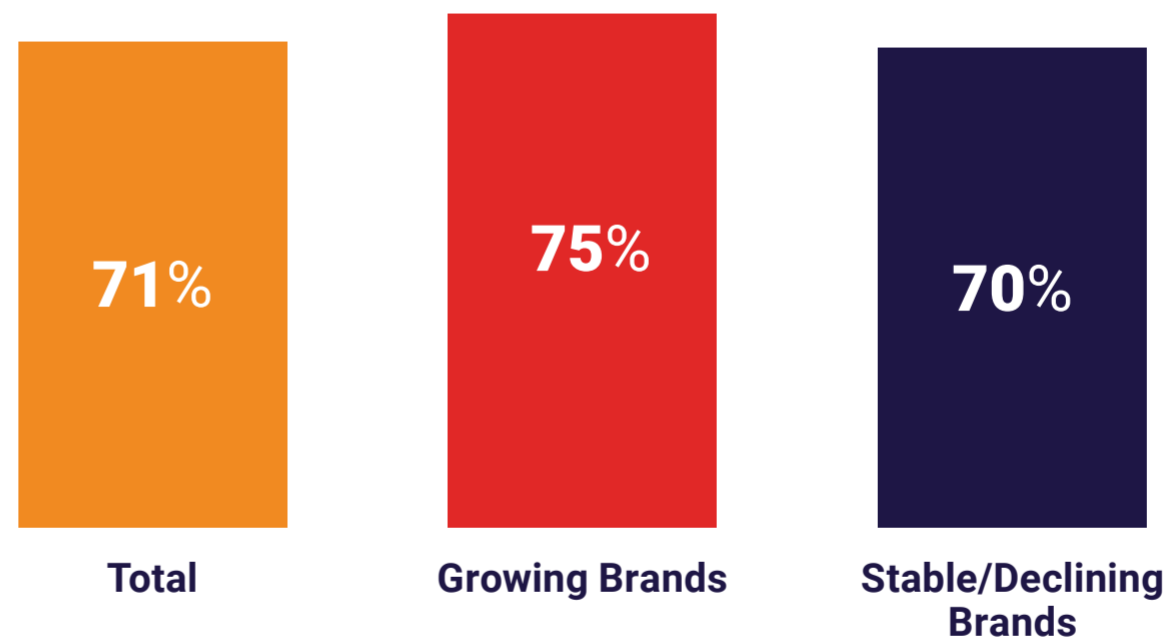
04

Pushing boundaries allows for growth

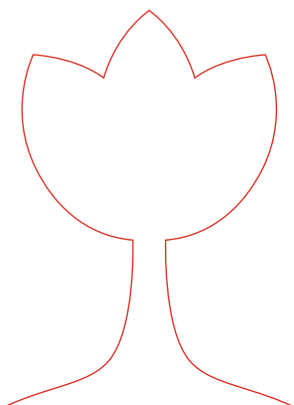
Within the changing context of Category Growth, the role of “how to define the category” becomes pivotal. Working on the category territory and expanding it can offer great opportunities for brand owners.

Most marketers feel it is essential to properly define a category

Importance of defining a category



Source: Sevendots quantitative survey amongst 130 senior marketers - 2017



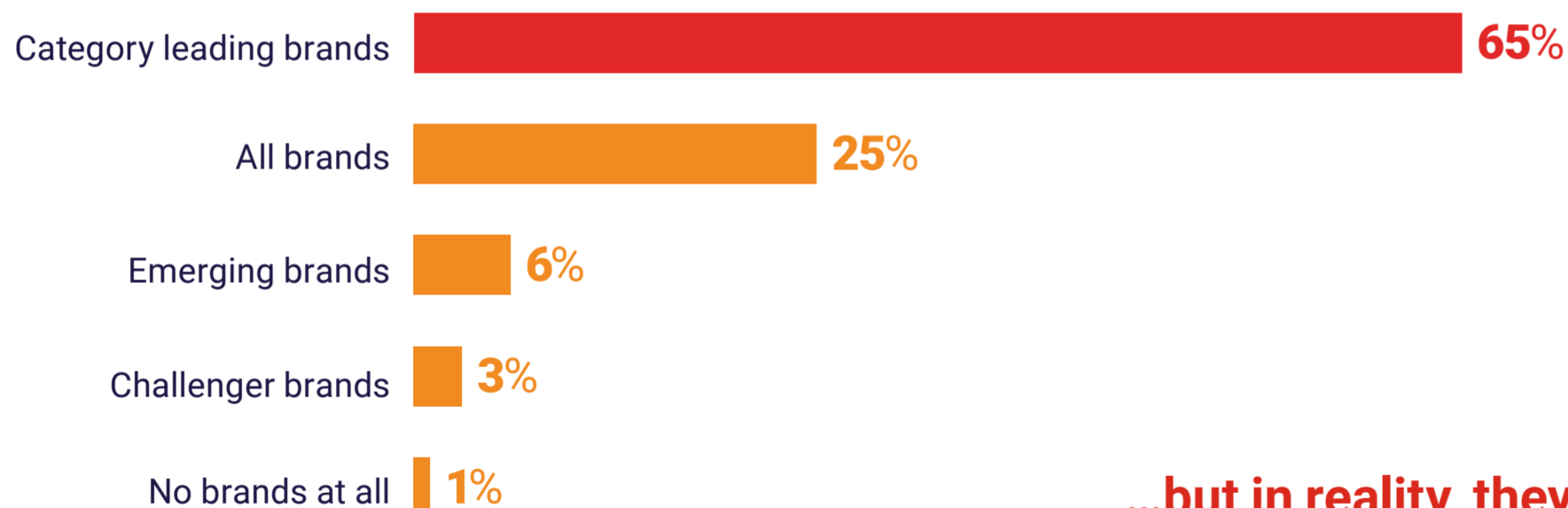
05

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.

Category leaders are supposed to lead Category Growth...

Brands that should focus the most on Category Growth



Source: Sevendots quantitative survey amongst 130 senior marketers - 2017

...but in reality, they are struggling to achieve tangible results

Larger Companies:

From 2019 to 2022, Largest CPG US companies have **lost 4% share points** while...

Smaller Companies:

companies <1B have gained 4% capturing the majority of category growth!



Source: Circana, 2023

06

A category can be much more than the sum of its products

Today, most manufacturers still focus on consumer needs at a granular level. However, to truly unlock growth, they need to elevate the thinking and explore how grouping products and services can better address broader human needs.

“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



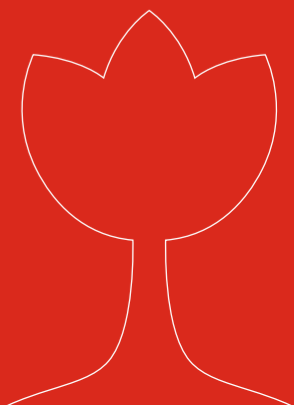
SO

What did we base these insights on?

Sevendots insights are always based on a robust platform of knowledge and, dissatisfied with just one source, we always cross-check our conclusions with other sources of information.

5 key stages of learnings fueled our final content:

- 1** A detailed search and review of all relevant information sources and cases about Category Growth from academics, consulting firms and practitioners. (Updated in 2024).
- 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** Qualitative interviews 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. (Updated in 2024.)



Download all volumes of the Sevendots Growth Series



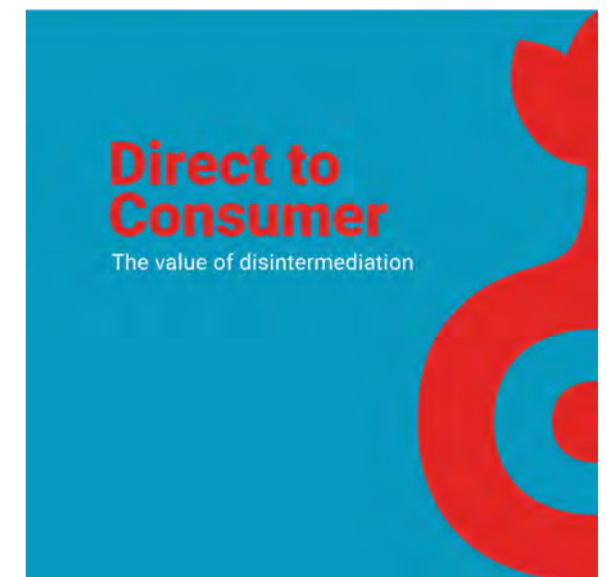
The role of penetration is gaining additional importance



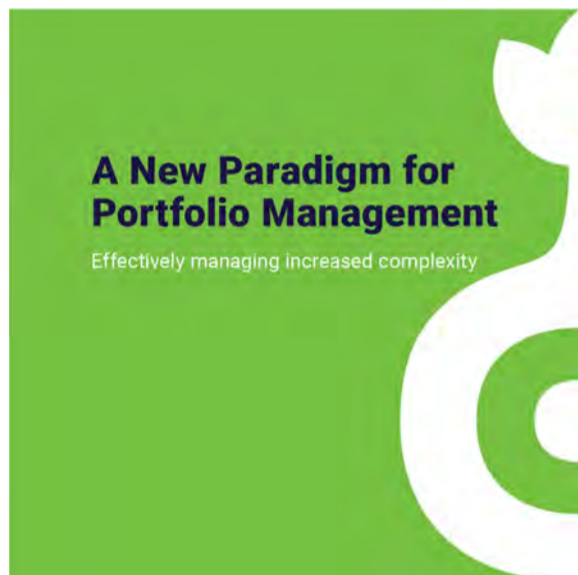
Purpose and social focus should be upgraded while reinforcing the basics



Category definitions could be reconsidered and the role of intangibles expanded



The need to evaluate and step into DTC with the right execution



The importance of a more proactive portfolio management



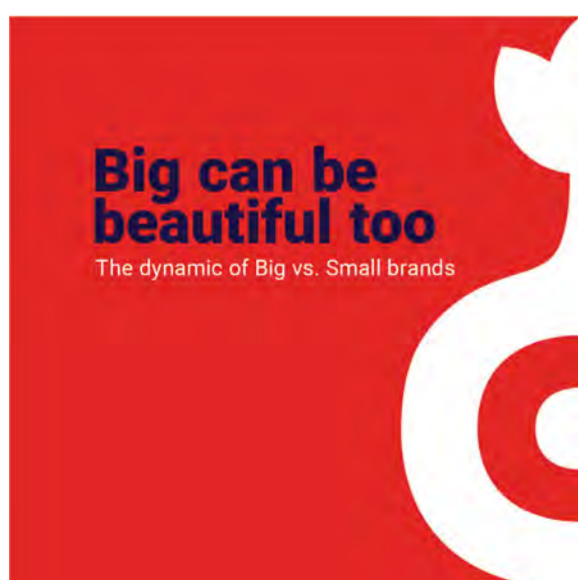
Companies and brands societal contribution is today more demanding and complex to manage



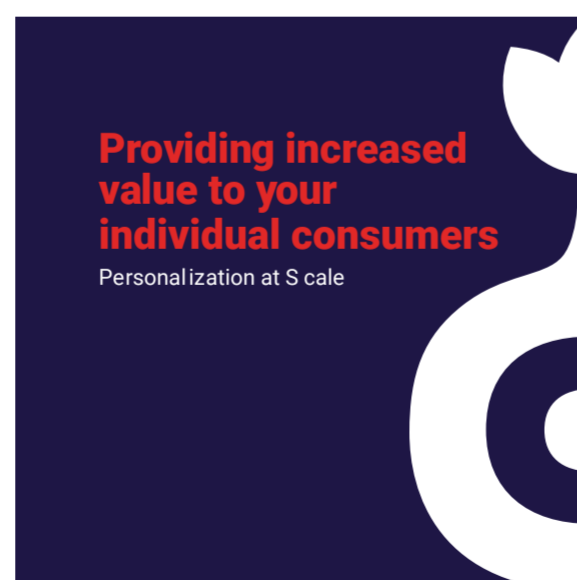
Developing the right mix of service and product as a key component of successful DTC implementation



Sustainability is a central asset and has to be managed through an effective value equation



Managing the different benefits level is a crucial component for coping with small brands developments



Personalization can drive increased value and engagement but needs to be properly planned and executed.



To crack the innovation challenge, companies should be brave, and think solutions rather than products.



DTC has gone through a learning curve – the time is now to leverage its unique benefits.

Sevendots Growth Series / **Volume 3** *updated 2024* / **Key Highlights**

For a presentation of the
whole outcome of the project
please contact
opportunities@sevendots.com

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