Economic Outlook & 10 Trends for CPG

Q4 2019 REPORT

Presented by

prevedere

CORESIGHT RESEARCH

2020 US ECONOMIC OUTLOOK AND IMPLICATIONS FOR CPG

2020 Economic Outlook and Impact on the CPG Industry

At a time when growth is elusive and unpredictable, Prevedere offers consumer goods companies an objective view into future category performance based on current economic trends. The following is Prevedere's economic outlook for 2020 and what it means for the CPG industry:

1) Health of the US Economy
2) 2020 US Economic Outlook
3) Implications for CPG Industry
4) Key Leading Indicators to Watch

HEALTH OF THE US ECONOMY

The US economy is growing, albeit at a slower pace. There is increasing uncertainty and indicators show that the manufacturing industry is in peril. There is a bright spot, however, when it comes to consumer sentiment. Consumers buoyed the economy in the last manufacturing slowdown, and their purchasing strength will play a large role in the health of the economy in the future.

Heading into 2020, there are obvious areas of concern for the health of the US economy, creating major challenges for companies currently in their annual planning process. Trade wars, volatile oil prices, geopolitical uncertainty, and foreign economy contraction are all signals causing concern over if the current pace of economic growth is sustainable. However, there are some stronger signals in the US right now coming from the consumer.

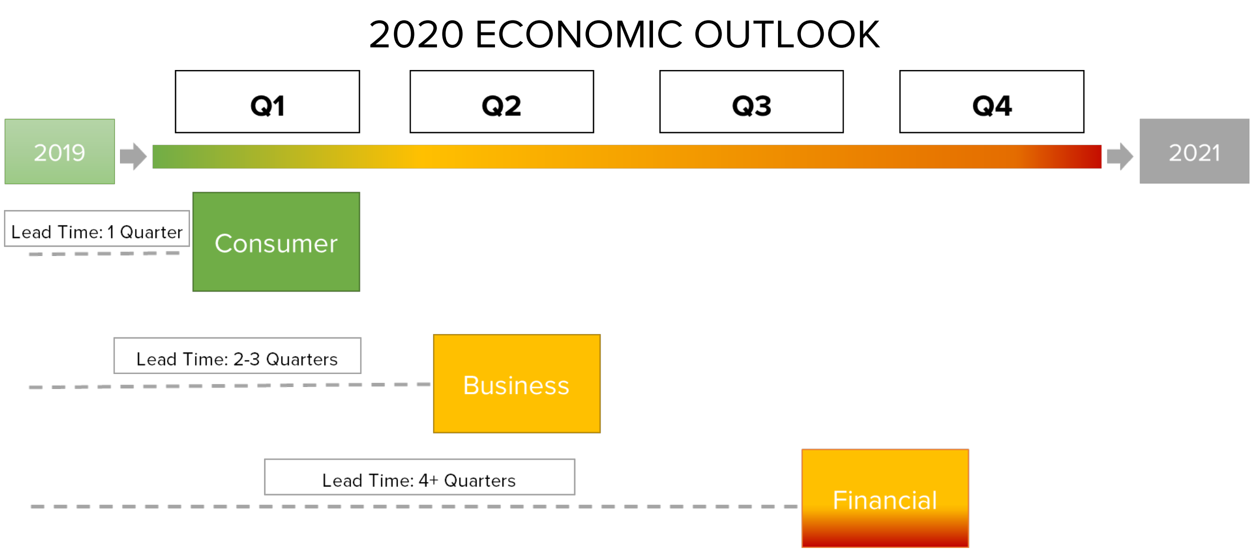
2020 ECONOMIC OUTLOOK

Prevedere has identified leading macroeconomic indicators that provide information regarding the economic outlook for 2020. These indicators encompass three different areas including consumer, business, and financial data.

Consumer Data
Consumer Spending is the #1 indicator to watch heading into 2020, as it historically leads GDP growth by about one quarter. Consumer spending kept the US out of recession during the slowdown of 2015/2016. They continue to spend, even after weakness in late 2018 and early 2019. Consumers appear strong and remain a bright spot of the current economy, indicating a positive outlook for Q1 of 2020.

Business Data
The business data Prevedere tracks historically has a 2-3 quarter lead time. Current business indicators, such as manufacturing activity, new export orders, and corporate profits, are giving cautionary signals for the middle of 2020.

Financial Data
The bond market has been a strong leading indicator for predicting recession in the past. The US government bond market points towards a recession threat in late 2020. With recession a possibility in late Q3/Q4, consumer health will be the most important thing to track to see if this threat becomes reality.



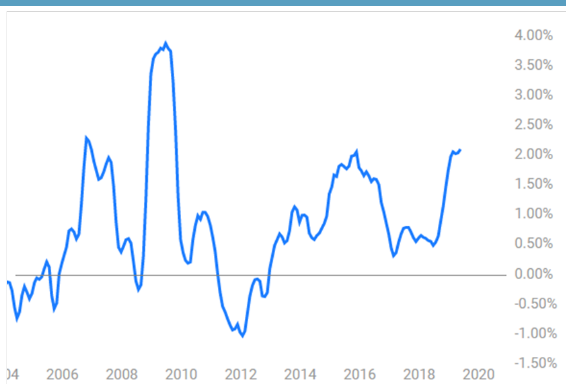
Andrew Duguay's Takeaways

Chief Economist
Prevedere

"The weakest signals in the economy today are in areas that are least impactful to CPG (foreign trade, housing market, industrial manufacturing, global commodities), so even if some parts of the US economy are hurting, many CPG categories should continue to see growth and/or continued shift toward premiumization.

We need to keep in mind the broader signals for the US economy. Total US GDP is going to slow its growth next year. Many indicators are suggesting softening growth or even mild recession in the second half of 2020. The consumer is likely going to start changing their habits in reaction to this. We will need to watch for clues from Sentiment and Wages and even other indicators such as Job Openings and Overtime Hours (impactful to future wages) to stay ahead of the game."

Real Average Hourly Earnings



Source: Bureau of Labor Statistics

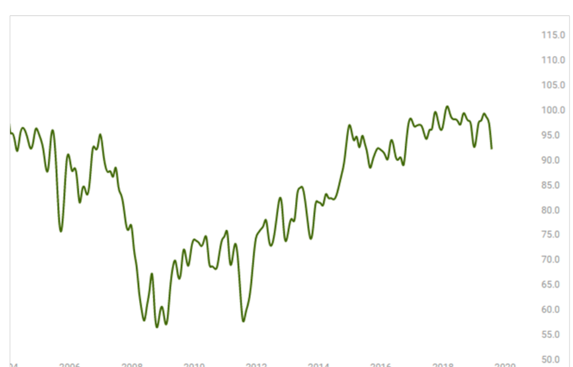
Real Average Hourly Earnings

"A tight labor market is driving higher wages. This combined with generally low inflation is giving the average consumer an added boost in inflation-adjusted wages and spending power. One of our favorite leading indicators, championed by Goldman Sachs retail analyst Joseph Ellis in his book 'Ahead of the Curve' is Real Average Hourly Earnings. This is an early business cycle indicator and is at a multi-year high right now, above 2% and rising. This can be anywhere from a 3 to 12-month leading indicator for many different food and household consumer good categories. We have seen many moves toward 'premiumization' happen in CPG categories that correspond with this indicator as rising earning and more disposable income tends to correspond to a less budget-focused consumer and increased consumer preference for premium products at higher price points."

Consumer Sentiment

"If we look at consumer attitudes, the general reading is that consumers are "happy." Maybe not "as happy" as in 2018, but generally happier than normal, and certainly not as pessimistic as 10 years ago, when we were fresh in a recession. I view this indicator as an enabler/ prohibitor. Right now attitudes are enabling purchasing. If consumers have money in their pocket, they appear content enough to spend it."

Consumer Sentiment



Source: University of Michigan

10 Trends Reshaping US CPG

The consumer packaged goods (CPG) industry in the US is undergoing significant change, with consumer preferences shifting rapidly and retailers adapting in the face of heightened competition. Here are Coresight Research's 10 trends for the CPG industry in the US:

1) CPG brands are tapping into health and wellness
2) CBD is gaining traction in CPG
3) CPG brands are becoming more agile and leaner
4) Male grooming is gradually evolving to male beauty
5) CPG brands are adopting a direct-to-consumer approach
6) CPG brands are becoming digitalized and technology-enabled businesses
7) CPG brands are increasingly premiumizing to remain relevant
8) Consumers are looking for sustainability and the industry is responding
9) Amazon is becoming a CPG disruptor
10) Lifestyle apparel and accessories brands are extending into the beauty category

Introduction

Long-established truisms in CPG and retail are gradually being demolished. The beauty industry used to be centered around the female consumer; CPG brands depended on retailers to reach the consumer; and Amazon was a seller of electronics and books rather than an owner of CPG private labels—but these and other longstanding assumptions are changing.

As we outline in these trends, we anticipate that CPG will undergo an array of changes, including the rise of male beauty, the use of direct-to-consumer sales channels, the potential disruption of Amazon, and the introduction of lifestyle apparel and accessories brands. Over the following pages, we detail our 10 top trends in the US CPG market.

In this report, "CPG" encompasses beauty and personal care goods, and packaged grocery products.

1. CPG Brands Are Tapping into Health and Wellness

Particularly for younger consumers, wellness is the new luxury, replacing more traditional signifiers of affluence as an indulgence and a spending priority. Modern-day wellness refers to holistic healthy living characterized by physical, mental, social and spiritual well-being—and this concept is gaining traction across the CPG sector. Consumers are increasingly taking ownership of their health and wellness.

CPG companies are expanding into health and wellness products through acquisitions and cooperation with communities.

According to a 2019 Coresight Research survey, 46% of US consumers believe wellness to be very important, and 28% now consider wellbeing and fitness to be more of a spending priority compared with three years ago. We are seeing CPG brands catering to this trend.

CPG companies are expanding into health and wellness products, acquiring wellness companies and also cooperating with communities to deliver wellness initiatives to raise public awareness of health issues:

- Procter & Gamble (P&G) teamed up with Thrive Global, the wellness and behavioral health firm led by Arianna Huffington, in a bid to turn some of P&G's most commonly used products into wellness boosters.
- Clorox expanded its health and wellness portfolio by dietary supplements leader Nutranext in March 2018, which manufactures and markets leading dietary supplement brands in retail and e-commerce channels.
- In April 2019, Unilever announced plans to acquire San Francisco-based supplement brand Olly.
- Colgate-Palmolive's worldwide community health initiative, "Bright Smiles, Bright Futures," provides children across the globe with free dental screenings and helps to educate people about oral health.

In beauty, consumers are increasingly focusing on products that integrate health and wellness aspects. Brands are adding beneficial herbal and botanical ingredients to products, including probiotics and turmeric, as well as using nonGMO (food) and chemical-free (makeup) formulations:

- E-commerce startup Brandless announced in March 2019 that it is launching a new collection of wellness items including organic matcha green tea powder and essential oils.

- US skincare brand Drunk Elephant does not use all-natural fragrance ingredients when producing essential oils, as these are believed to cause skin allergy issues.

With US consumers increasingly caring about their own health and wellness needs, we expect to see more CPG companies tap into the health and wellness space in future.

2. CBD Is Gaining Traction in CPG

Tying in with increased demand for wellness products, more US consumers are exploring the benefits offered by CBD, which stands for cannabidiol, the second-most prevalent of the active ingredients of cannabis (marijuana). In the US, CBD extracted from hemp is federally legal as of December 2018, and is becoming more openly integrated in consumer products—ranging from beauty to food and beverages to active nutrition.

According to Hemp Business Journal, a division of New Frontier Data, total sales of hemp-derived CBD products are expected to reach $646 million by 2022 from $49 million in 2014—growing at a CAGR of 38% over this period, representing a huge market opportunity for CBD products in future.

Consumers are showing interest in the use of CBD for wellness, health and beauty applications as well as for pets. From different data points, we observe that US consumers are using, or are willing to try, products infused with CBD:

CBD products are gaining traction, thanks to the legalization of the ingredient in the US. Consumers perceive benefits in CBD products, and retailers are now selling them.

- According to a research survey conducted by The Benchmarking Company in February 2019, US Gen Xers (those born between 1965 and 1979) are the most willing to try beauty and personal care products that are made with hemp or contain CBD at 77%, followed by millennials (those born between 1980 and 1993) at 74%, Gen Zers (those born between 1994 and 2000) at 68% and baby boomers (those born 1964 or earlier) at 67%.

- According to another survey conducted by the company in February 2019, 56% of respondents cited medicinal value as a selling point for cannabis, up from 38% in May 2018.

- Currently, 18% of US consumers currently use or have used beauty and personal care products that are cannabis-derived or contain hemp seed, hemp oil or CBD.

In addition to CPG companies like Unilever, we also see grocers such as Kroger and Whole Foods having plans to sell CBD products:

- Unilever announced in April 2019 that its subsidiary Schmidt's Naturals would be launching a line of hemp-oil deodorants in September, followed by a CBD product range through selected retailers. As of October 10, it is still in planning stage as Unilever has not yet officially announced launch of the new product ranges.

- Kroger announced in September that it has decided to add CBD products—including lotions, balms, oils and creams—to all of its stores in Texas, after lawmakers authorized and regulated a bill for the sale of hemp and hemp-derived products earlier in June.

- Whole Foods also announced in September that it will expand distribution of topical CBD products to stores in 13 new US states.

Once CPG brands and retailers launch the CBD products and once consumers realize the benefits of consuming the products, there may be a further increase in usage of CBD products in future.

3. CPG Brands Are Getting More Agile and Leaner

CPG brands are getting more agile and leaner to respond to consumer needs more quickly with more efficient processes.

Customer needs are changing at a quicker pace than ever before, and it becomes increasingly important for companies to be able to adapt quickly. This is where agility and leanness come into play, emphasizing the need to optimize efficiency, minimize waste and continuously improve to meet customer requirements.

An organization that is agile and lean enough has clear structure, lean governance and efficient core processes. McKinsey's latest research on agility shows that agile business units are 1.5 times more likely to outdo competitors on both financial and nonfinancial performance metrics, with frontline sales staff demonstrating 30% higher productivity.

We observe that different CPG brands are going lean to maintain a competitive edge against their industry peers, to keep up with consumer demand and to become more agile:

- In July 1, P&G moved to a new organization structure by moving 60% of its corporate roles into six industry sector-based business units. The aim was to de-matrix the company and provide greater clarity on responsibilities and reporting lines in order to focus and strengthen leadership accountability. The new structure is intended to enable P&G to become a more focused, agile and accountable organization, operating at a lower cost.

- Colgate-Palmolive is upgrading its software systems—which were deployed in 1994 by SAP, an enterprise resource planning software provider—to one called SAP S/4HANA. This will allow the company to consolidate its different regional SAP systems into a global one, driving simplification, efficiency and standardization. Colgate-Palmolive is also becoming more agile, operating consumer innovation centers around the world to bring new products to market more quickly.

- Kimberly-Clark is implementing its Global Restructuring Program to make it a simpler, leaner and faster organization. The aim of the program is to help the company standardize manufacturing platforms to speed up the rollout of innovation.

- Clorox is continuing to drive its "Go Lean" strategy, which emphasizes the long-term profitability of the company's international business by driving speed and efficiency in decision-making.

More CPG players may follow suit and adapt strategies to minimize costs and make operations more efficient in order to remain competitive.

4. From Male Grooming to Male Beauty

Male consumers' attention to own skincare needs fueled growth in male grooming globally, and male makeup is gaining traction in the US riding on growth of male grooming.

Male grooming has become an established part of the personal care market, seeing steady growth on a global scale due to an increase in attention by male consumers to their own skincare needs. Now, we are on the cusp of male grooming morphing into male beauty among mainstream consumers.

One driver of this trend is the growing impact that male beauty influencers have on younger consumers, developing interest in makeup products and challenging gender stereotypes. We are seeing male makeup slowing gaining traction in the

US , riding on the growth of the male grooming market. David Yi, founder of men's beauty website Very Good Light, believes that the ascendance of Gen Z is ushering in a more accepting attitude toward men's makeup in American society.

Male consumers are no longer only using shaving kits and fragrances to look and smell good, but are also expanding their horizons by embracing beauty products. Data points on male makeup indicate that US male consumers are open to trying such beauty products:

- 33% of US men like or use natural-looking makeup, according to a 2017 Statista survey.
- According to US survey data from Prosper Insights & Analytics, approximately 50% of American men regularly purchase moisturizers and facial cleansers, and approximately 5% of men in the US purchase these products as frequently as once a week.

To capitalize on the trend, beauty brands are tapping into the male consumer sector in order to gain a larger market share within their own industry. For instance, in September 2018, luxury cosmetics brand Chanel launched Boy de Chanel, a makeup line for men that includes tinted foundation, eyebrow pencils and lip balm. Upon product launch, the company stated that beauty is a matter of style rather than gender.

Boy de Chanel's product range
Source: Chanel

CPG brands are adopting a direct-to-consumer approach to reach customers more directly and to gather their own customer data.

With the needs of US male consumers evolving toward skin care as more emphasis is placed on looking good, there is a positive outlook for male beauty brands in the CPG space in the future.

5. CPG Brands Are Adopting a Direct-to-Consumer Approach

Among the pressures facing established CPG companies is heightened competition from direct-to-consumer (DTC) startups, which are starting to capture meaningful market share. To offset this, traditional CPG companies are starting to invest in DTC e-commerce.

DTC allows manufacturers and CPG brands to take out the intermediation of retailers, gain more control over the presentation of their products and gather their own customer data.

Companies including Unilever, P&G and Colgate have launched their own DTC businesses to withstand competition from CPG startups:

- Unilever's Chief Marketing and Communications Officer Keith Weed discussed the learnings of the company's 2016 acquisition of Dollar Shave Club in April 2019 in the World Federation of Advertisers annual conference, including the development of a DTC approach to selling mustard.
- P&G's US Gillette DTC, while still small, doubled in the US in 12 months ending July 2019. P&G recently expanded Gillette DTC in Australia and Germany, and launched Venus DTC in the US.
- Colgate is introducing its "Magik" toothbrush through a DTC marketing approach. It is the company's first manual toothbrush with augmented reality, which aims to teach children in a creative and novel way how to properly brush their teeth. DTC selling enables Colgate to directly target the product at mothers of the intended user age group.

Colgate's Magik toothbrush
Source: Colgate-Palmolive

According to a 2018 survey of 150 consumer goods companies conducted by research firm PA Consulting, 84% reported increased DTC sales in the last 18–36 months, and 88% expected their direct sales to increase further by 2020. The importance of understanding customers through data is growing, and with the added benefit of saving intermediary costs, there is potential for more CPG brands to have their own DTC offerings in the future.

CPG companies are becoming digitalized and technology-enabled businesses that are improving efficiency to help consumers shop more easily.

6. CPG Brands Are Becoming Digitalized and Technology-Enabled Businesses

Digital capabilities allow companies to interact with consumers in new and innovative ways, and can yield a variety of benefits for both businesses and consumers. We have previously discussed how, for CPG companies, digitalization can drastically improve operational efficiency and also have a significant impact on marketing, product design, supply chain and decision-making.

We observe that CPG companies are implementing, or planning to implement, strategies that help them undergo digital transformation to become competitive in the CPG space. These include a mix of consumer-facing digital tools as well as tools to facilitate the company's own business operations:

- P&G's SK-II Future X Smart Store offers an AI-supported shopping experience that offers personalized recommendations to customers based on scans of their skin, product browsing on virtual shelves and shopping through the wave of a hand. The AR-enabled retail environment provides shoppers with a skincare regimen that features a companion app for personalized skin care information every day.
- On the business operations side, P&G also built a data and analytics learning lab in the US, based on anonymous media audience data and retail purchase information.
- In its company presentation in July 2019, Colgate-Palmolive shared that it has been investing in robotics and partnering with Google to leverage Google Suite tools, advanced analytics and digital marketing.
- Kimberly-Clark announced in March 2019 that it is opening a global digital technology center in Bengaluru, India. The technology center will digitalize the company's global supply chain, create AI-enabled sales tools and leverage robotic process automation for its customer service operations.

Kimberly Clark's digital technology center in India
Source: Kimberly Clark

CPG companies are becoming digitalized and technology-enabled businesses that are improving efficiency to help consumers shop more easily.

7. Premiumization Is On the Rise, and CPG Brands Are Premiumizing To Remain Relevant

With rising consumer interest in wellbeing, and in a solid macroeconomic context that includes strong wage growth, US shoppers are becoming more willing to spend on premium CPG products. According to a 2018 survey conducted by research firm YouGov, 87% of US consumers do not mind paying extra for quality, and 55% of US consumers tend to choose premium products and services.

There are many reasons why consumers might prefer to purchase higher-priced or premium CPG products, including the perception of higher quality compared to lower-priced products and the tendency to use such products for special occasions.

CPG companies are increasingly offering premium products to achieve their corporate strategies.

To capitalize on the premiumization trend, CPG companies are starting to offer premium products to meet the evolving needs of consumers:

- In the US, P&G's Tide value-add laundry pods sell for 25% more than basic pods, which in turn sell for 25% more than liquid detergent, and even the Tide liquid sells for double the market average.
- Colgate-Palmolive is expanding into premium skin care through its acquisition of premium skincare company Filorga, in line with the company's strategy to focus on higher-margin personal care products. Filorga has become a highly profitable business for Colgate-Palmolive, according to the company's latest earnings report.
- Kimberly-Clark launched Huggies Special Delivery diapers in the US in July, which are made from plant-based materials and are the company's softest diaper, providing "ultimate skin comfort." The Special Delivery product is also premium-priced—at 40% higher than the company's current premium Huggies product.
- Kimberly-Clark also has an initiative called "Elevate the Washroom" that delivers premium bath products and introduces Internet-connected technology to help facility managers deliver a better washroom experience while reducing cost in use.
- Unilever announced in June that it signed an agreement with leading North American prestige skincare brand Tatcha for its unique combination of natural ingredients and high product efficacy.

Through premiumization, CPG companies are aiming to help their brands stay relevant to consumers:

- P&G aims to leverage premiumization as a means to achieve its superiority strategy for products and packages, and to provide innovations that can grow its product categories.
- Elevating its core offerings through premiumization is one of Kimberly-Clark's corporate strategies.
- Colgate-Palmolive aims to leverage premiumization to grow organically through brand-focused innovation and geographic diversification.

8. Consumers Are Looking for Sustainability, and Industry Is Responding

Sustainability has been a discussion point in the CPG industry for a number of years but the recent past has seen issues such as plastic waste and carbon dioxide emissions shift further into the mainstream and move up the agendas of CPG shoppers and brand owners. According to a 2019 Coresight Research survey, 23% of US consumers try to buy from brands or retailers that they think have a good record on environmental issues. In an earlier survey conducted in November 2018 by global business applications provider CGS, 68% of US Internet users deemed product sustainability an important factor in making a purchase.

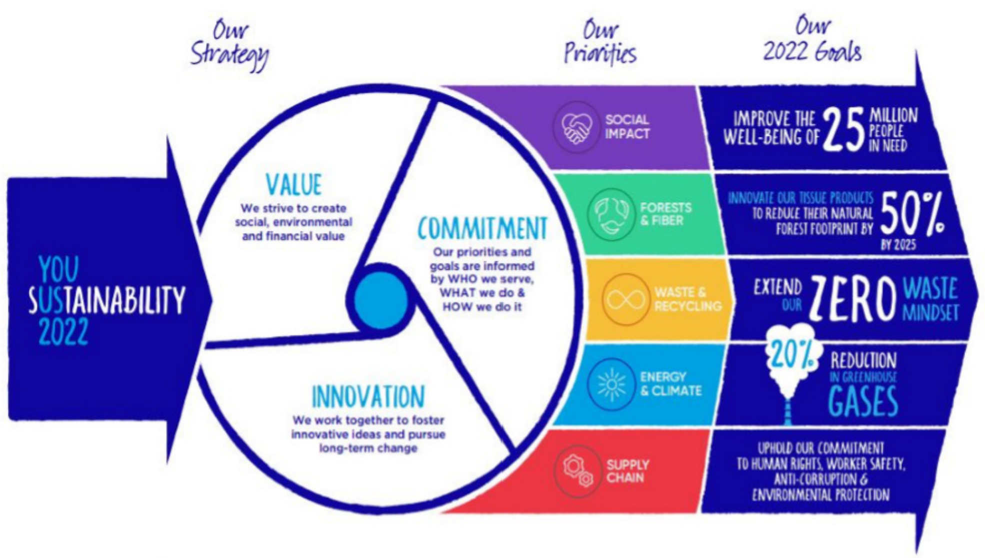
US consumers are considering sustainability when making purchases, and CPG brands are implementing relevant measures in response.

In response to consumer demand, companies are spearheading initiatives to increase the use of recycled packaging materials and reduce or outright eliminate “single-use” packaging:

- Colgate-Palmolive announced its 2025 commitments, which it will meet by getting involved with the Ellen MacArthur Foundation’s new global plastic initiative. Colgate is committing to use 100% recyclable plastic (either reusable or compostable) in all product categories by 2025. The company is also committing to use 25% recycled content from all plastic packaging that it puts into the market moving forward.

- P&G announced in January 2019 that it is partnering with Loop, a circular ecommerce platform developed by TerraCycle in Trenton, New Jersey, to introduce “collect and recycle” circular solutions that are designed to eliminate packaging waste.

- Kimberly-Clark is in the third year of its Sustainability 2022 program, which has five strategic sustainability pillars: Social Impact, Forests & Fiber, Waste & Recycling, Energy & Climate and Supply Chain.



Kimberly Clark’s Sustainability 2022 program
Source: Kimberly Clark

9. Amazon Is Becoming a CPG Disruptor

Amazon has disrupted numerous retail sectors, from electronics to apparel. While it may not always be front of mind as a retailer of CPGs such as beauty and grocery products, the e-commerce giant has quietly penetrated these markets.

Retailers will launch more private-label CPG products to challenge CPG brands.

A number of Coresight Research data points suggest that Amazon is already a top retailer in beauty and personal care in the US:

- Our survey data show that Amazon is the second most-shopped retailer for beauty, grooming and personal care products, based on the number of shoppers buying from the e-commerce platform in the past 12 months;

some 42.5% of US beauty, grooming o r personal care shoppers had bought on Amazon in the past year. Only Walmart garners more shoppers.

- Skin care and hair care are the most popular beauty, grooming and personal care categories on Amazon, by number of shoppers.

- Few retailers can compete with Amazon on range—though they can compete in areas such as curation and quality. Amazon.com sells 212,818 beauty and personal care products across 2,499 brands, spanning eight major beauty categories, according to our analysis.

Elsewhere in the CPG sector, Amazon has found grocery tough to crack. We view the uniquely offline nature of grocery as the key driver behind Amazon's acquisition of Whole Foods Market in 2017 and its development of the Amazon Go convenience chain—Amazon was effectively admitting its hitherto online-only model did not work in grocery. But, coupled with its online offering, these two chains are helping Amazon built an omnichannel grocery offering.

In US grocery, 2019 Coresight Research data shows:

- Amazon is the most-shopped retailer for groceries online: 62.5% of those who bought groceries online bought on Amazon.com in the past year.

- Amazon grocery shoppers appear to be occasional or small-basket online grocery shoppers. The company may underindex in grocery because the most popular Amazon service is its regular website; this site is limited to ambient grocery products that can be sent by mail, which makes it all but impossible to shop for a basket of conventional groceries.

Meanwhile, Amazon is buttressing its push into CPG with private labels. The company offers almost 7,000 private-label products, according to our analysis in June 2018. CPG categories remain a minor part of this private-label offering; we identified 126 products in the health and household categories and 124 products in food and beverages. This suggests a long runway for growth in CPG private label.

Amazon is therefore a meaningful player in various CPG categories—and we think more CPG brands will be compelled to partner with the company as its presence grows in more sectors. Two factors will support Amazon's sustained penetration of CPG: the development of an omnichannel grocery proposition with a major offline presence and the cultivation of a suite of private labels, including in underexplored categories such as personal care and home care.

10. Lifestyle Apparel and Accessories Brands Are Tapping into Beauty

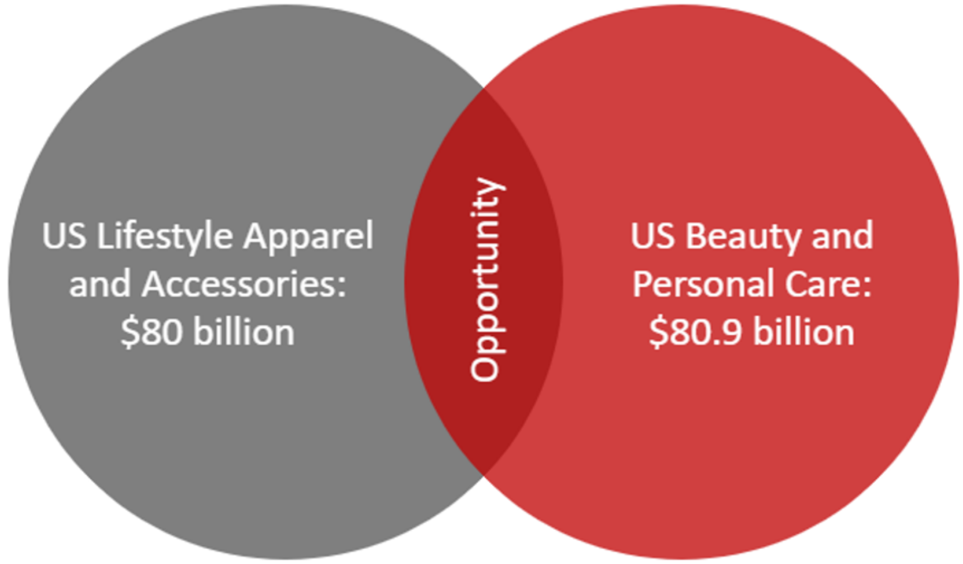
The line between lifestyle apparel and accessories and beauty is blurring, with companies aiming to expand market share and become a one-stop shop.

In the US, apparel and accessories brands are intersecting with the wellness movement and the beauty industry. We see sustained opportunities in beauty for lifestyle brands—aspirational, premium-positioned and desirable brands that sit below the luxury segment, epitomized by names such as Calvin Klein, Kate Spade, Lululemon and Nike.

This trend is being driven by companies recognizing an opportunity to tap into the beauty market and realizing that US consumers are increasingly spending on wellness products. The beauty sector offers retailers a platform to provide more comprehensive solutions to their target customers as well as upselling and repurchasing potential.

We estimate that the US lifestyle apparel and accessories market was worth $80 billion in 2018. The US beauty and personal care market was worth just under $81 billion in the same year, according to Statista. We therefore see a multibillion-dollar opportunity for lifestyle brands in the overlap of these two categories.

Figure 1. US Lifestyle Apparel and Accessories vs. Beauty and Personal Care, 2018



Source: Statista/Coresight Research

Different lifestyle apparel and accessories brands have begun to tap into the beauty space recently to take advantage of this multibillion-dollar opportunity:

- In June 2019, Lululemon launched Lululemon Selfcare, a gender-neutral beauty line consisting of four products: facial moisturizer, two spray-on deodorants in different scent offerings, a dry shampoo and a lip balm. The company hopes to use its experience in athletic wear and expertise in sweat to build consumer trust in the Selfcare line, which is focused around sweat-related skin and hair problems.

Lululemon's Selfcare range
Source: Lululemon

- New York-based fashion brand Alice + Olivia announced in July that it is taking another step into the beauty and wellness industry in a new partnership with luxury cannabis brand Kush Queen.
- Gap-owned fitness fashion company Athleta decided in May that it would move to an experiential wellness focus, with a 13-store event series called the Wellness Collective. According to Nancy Green, President and CEO of Athleta, the company is considering how self-care, meditation and beauty can be incorporated into fitness and apparel.
- Equinox partnered with Glossier in early 2018 after the launch of a new group fitness class, allowing Equinox members to try on Glossier products.
- Anthropologie, the apparel and lifestyle company, has created a "Wellness Shop" in its stores, which includes products ranging from fitness apparel to superfood supplements and room mists to help consumers to "lead a balanced lifestyle."

Key Insights

The CPG sector in the US is in a state of flux, as shoppers increasingly embrace health and wellness, sustainability, CBD products and premium products. Legacy players are also feeling competitive pressures from non-traditional industry players such as Amazon as well as lifestyle apparel and accessories brands. Established CPG brands are fighting to stay relevant, retain their share of wallet and maintain their competitiveness, through the use of DTC sales methods, the deployment of digital transformation and strategies to go lean.

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ABOUT PREVEDERE

Prevedere is a predictive analytics software company that delivers insights into future business outcomes based on current economic trends. Our predictive economic intelligence helps executives see what lies ahead for their business and solve for upcoming risks and opportunities. Our SaaS solutions apply the power of machine learning and predictive modeling to millions of indicators of global economic and consumer activity. Prevedere customers include Fortune 500 industry leaders in retail, manufacturing, and consumer packaged goods.

To learn more, visit www.prevedere.com and follow @Prevedere on Twitter.

CORESIGHT RESEARCH

ABOUT CORESIGHT RESEARCH

Coresight Research operates at the intersection of global fashion, retail and technology, and we have a deep relationship with and knowledge of the China market that is unique in our industry.

Our global team of industry-leading analysts conducts in-depth research and analysis and produces hundreds of must-read reports annually. Coresight Research also offers strategic advisory services, provides startup intelligence and connects global leaders working across the entire retail supply chain.

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