The Monthly Focus: Toiletries

Strategies for growth at Christmas
November 2024

Category Challenges in Context

The UK toiletries market encompasses a wide range of categories, all catering to the personal care needs of the UK consumer.

The category thrives on its ability to meet a broad range of consumer needs from essentials like oral care, everyday staples like deodorants and shower gels, to the more indulgent categories such as face and body creams.

Within the aisle, the category and shopper dynamics are also wide-ranging. For those who can get it right, this offers significant opportunities for retailers and suppliers to cater to varying shopper mind-sets. And with gifting season now upon us, the stakes—and opportunities—are higher than ever.

As the festive season approaches, shoppers will not only be looking to purchase thoughtful gifts for loved ones but will also be inclined to treat themselves to premium or unique toiletries, whether it's up-grading their own bathroom cabinet or providing a touch of luxury for visiting guests.

Understanding the role each category plays in the mind of the shopper and how category shoppers are likely to respond to premium options, different price points and promotional offers will be key to devel-oping the right strategy to delight shoppers over the festive season and capitalise on this once yearly opportunity for a significant boost in sales.

Step 1—Which categories should we focus on?

As with all good category management a great place to start is category role. This is the perfect way to dissect the Toiletries department and identify the most appropriate categories that can underpin the Christmas opportunity.

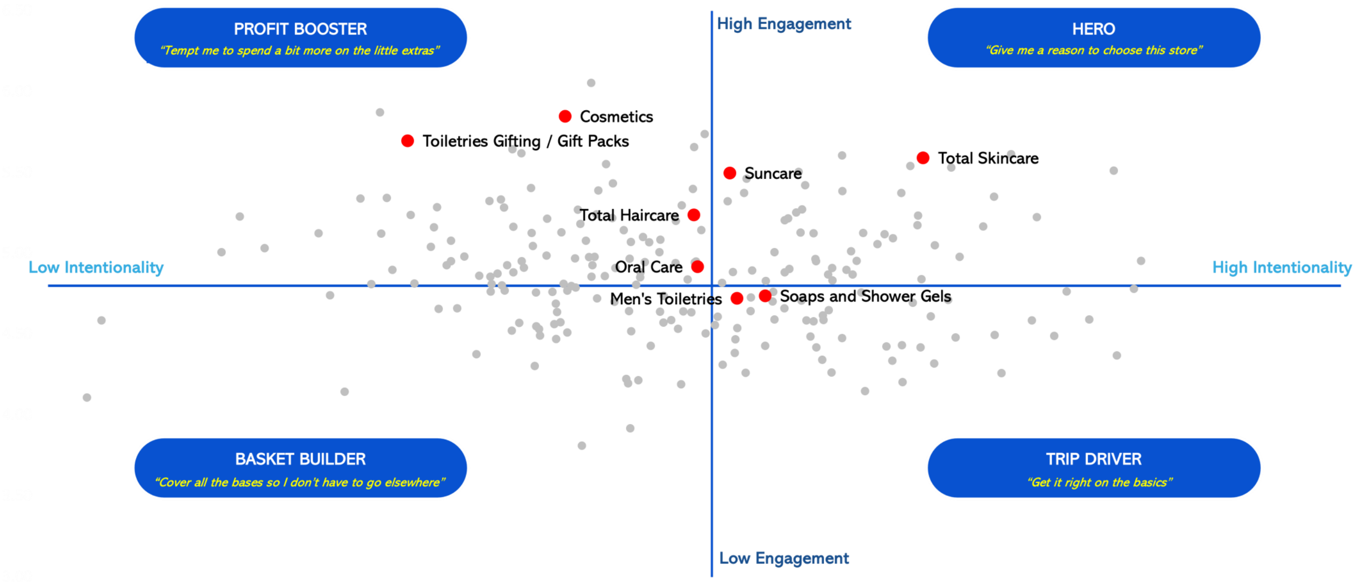

Figure 1: Shopper Intelligence Category Role Model – Toiletries overview

Figure one shows a high-level view of some of the component parts of Toiletries and illustrates just how things differ across the categories contained within the department.

This category role analysis enables us to see those areas like Soaps and Shower Gels for example, are what we'd classify as 'Trip Driver' – more intentional purchases but with less shopper engagement and thus less likelihood for aspects like Premium to resonate well. In contrast Skincare ('Hero') whilst still a very intentional category, sees much more engagement and thus will be much stronger in things like browse behaviour and willingness to trade up. 'Hero' categories are a great opportunity for Retailers and Brands alike, particularly as they can be a chance to drive shopper loyalty for one retailer (or brand) versus another if executed effectively to differentiate.

Of course, we could dig much deeper into segments and sub-categories to really unpick things here, but for the purposes of our analysis today, let's assume we'll want to take Skincare as our target category for the Christmas opportunity described above.

Step 2 – what is the current state of play in our target category?

It would be difficult to put together a category strategy for Skincare, or indeed any other Toiletries category, without first looking to understand how the category is currently delivering for shoppers.

This might involve a number of data sources such as EPOS and panel/loyalty card data to identify what's selling, whos' buying and how much they're buying, for example. Of course, what's missing here is whether this meets shopper needs and if not why?

Shopper satisfaction is an excellent place to begin. Figure two shows this for Skincare and immediately highlights some potential issues for in-store execution.

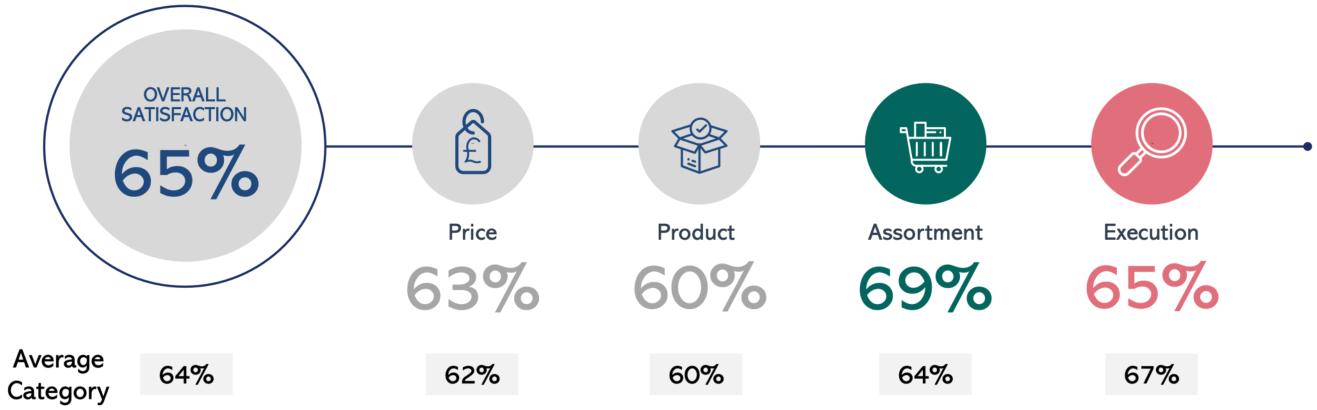

Figure 2: Overall Satisfaction – Total Skincare to Q2, 2024

If we want to drive growth for the category and particularly capitalise on this during the Christmas period, we need to make sure in-store execution is perfect. Digging into the data on Execution, shoppers tell us there are issues with ease of shop, availability and also ease of finding the category in the first place – all these metrics are significantly below the average in terms of shopper satisfaction.

This is particularly an issue when we also consider priorities (what do shoppers actually want from the category). As figure three shows, all these execution metrics are also significantly more important to Skincare shoppers and clearly then these needs are not being met.

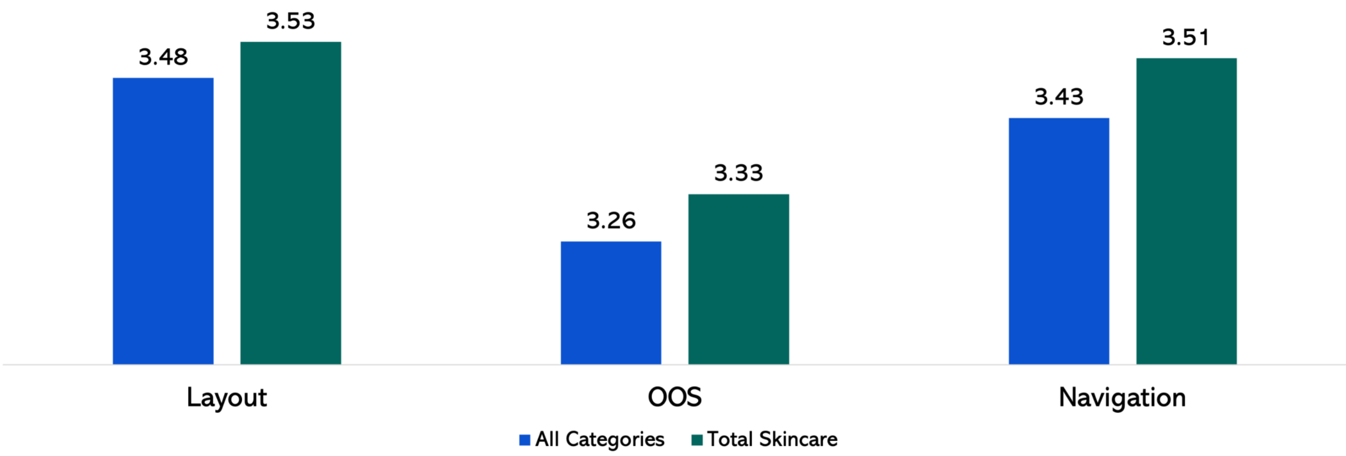

Figure 3: Shopper Priorities (importance) – Total Skincare, 5 = most important

Step 3 – what strategy will be most effective for growth?

If we fix these issues, is there potential within the category? The simple answer is yes, and we can see this if we look further at shopper mindsets and potential growth levers for the category.

Skincare shoppers are significantly more likely to increase category spend, either to trade up to better quality premium options, or to try something new and different. And interestingly, this is something more unique to Skincare shoppers versus the Toiletries department specifically – so strategies around Premium and NPD will likely have more success here.

Figure four shows this difference in attitudes to innovation as a driver of spend, clearly a big opportunity for Skincare.

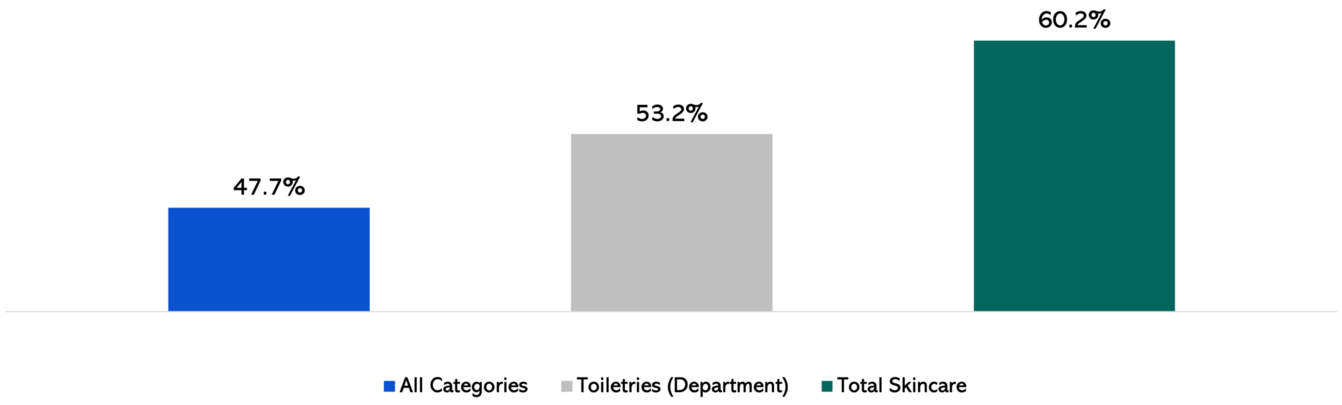

Figure 4: "I buy extra to try new and different" – shopper agreement with statement

A strategy then which takes into account providing clarity on merchandising to aid ease of shop, signage to support better navigation to the category, and finally a clear innovation focus – through new products, dedicated fixture space and supporting point of sale, will undoubtedly be a solid step forward.

One final note of encouragement here (particularly for retailers), can be seen if we circle back to the fact our focus category is a 'hero' category according to the category role model. As already mentioned, these types of categories have great potential to help drive shopper loyalty – and we see this very clearly in the data. Skincare shoppers are over 1.5x more likely to agree that a Skincare category executed well is 'one of the reasons they'll go back' to their chosen retailer!