EXCERPT

PERSONAL CARE US 2018

THE FULL REPORT IS AVAILABLE TO GARTNER CLIENTS ONLY.

DIGITAL IQ INDEX

US

PERSONAL CARE

May 17, 2018

COMPETITION HEATS UP

Personal care brands are fighting off threats from all angles. Across categories, natural brands gain Google search visibility by appearing on high-growth ingredient terms. Price pressure from retailers and competitors also intensifies—pushing P&G to shave prices year over year in baby care and grooming categories.[1] New distribution models further disrupt incumbents, with direct-to-consumer (DTC) and subscription brands Hello Products (toothpaste), Dollar Shave Club (razors), Lola (feminine care), and Quip (electric toothbrushes) eating into the share of established players. As consumer preferences continue to shift, CPG organizations must act quickly and deploy the right digital investments and resources to capitalize on the opportunity.

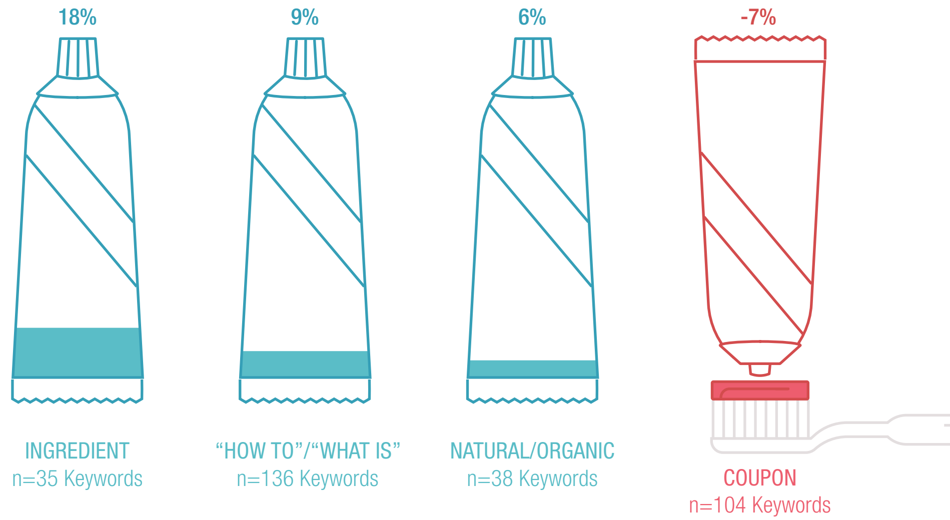
Understanding the Customer Journey

Over the past 24 months, searches for personal care ingredients jumped 18 percent.[2] New-entrants Schmidt's Naturals, Hello Products, and SheaMoisture have captured the bounty by building their sites around ingredient-related content, which enables them to be relevant for searches like "cedar deodorant," "charcoal toothpaste," or "shea butter lotion," and to dominate unbranded search visibility on Google. While legacy players cannot afford to remain complacent, they need not necessarily stray from existing product assortment either. For example, Colgate has added articles on its site to explain why its products are superior to charcoal toothpaste, thus capturing traffic from ingredient searches on Google. Similarly, brands across the Index are investing in educational content such as videos and diagnostic tools to guide users from discovery keywords (e.g. "what causes heartburn"), which have seen a 9 percent increase in consumer searches, to conversion. Nexium 24HR, for example, systematically includes a "Buy Nexium 24HR Now" button on its educational pages about heartburn.

1. "P&G Needs a Workout, Not Vitamins," Aaron Back, The Wall Street Journal, April 19, 2018.
2. Gartner L2 analysis of Google Keyword Planner data.

Personal Care US: Change in Search Volume by Keyword Type

March 2016–February 2017 vs. March 2017–February 2018



Source: Gartner L2 analysis of Google Keyword Planner data.

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Gartner L2 research is based on data-driven analysis. Our findings, rankings, and recommendations are objective, unbiased, and independent of membership.

Price Pressures

The balance of power continues to favor retailers over brands, and as a result, pricing pressure continues to mount for legacy brands. This is evident on Amazon, where low barriers to entry facilitate the emergence of low-priced new entrants, and new private labels challenge established brands. In the OTC category, Allergy, Sinus, & Asthma products saw a 10 percent average price drop among 53 percent of all Best Sellers. As e-tailers continue to battle for online shoppers, personal care brands are caught in the middle; Amazon's algorithm prioritizes lowest-priced sellers on its platform, and Walmart strives to extend its everyday low price strategy online.

The New Models

Outside of the retail channel, CPG brands face competition from new direct-to-consumer and subscription models that leverage their sites to offer more seamless, personalized offerings. Dollar Shave Club, for instance, incentivizes new site visitors with trial sets, while returning customers are presented with customized product suggestions based on user profiles. Native offers a streamlined experience, with a unique product page that is customizable based on visitor preferences and a single-page checkout with a subscription option. If DTC brands are able to provide additional value or a unique shopping experience by leveraging data for personalization, they can avoid the price pressures plaguing the industry on e-tailers.

Lending A Hand Within The Portfolio

Enterprises have fought back mainly through acquisition, with Unilever and P&G buying Schmidt's Naturals and Native in the last six months, respectively. However, while new upstarts may act as a shot of adrenaline, the relationship must provide mutual benefit. Seventh Generation, for example, saw the scale of its display advertising efforts increase following its acquisition by Unilever, likely benefiting from its new parent company's spending power. Even for enterprises that choose to look inward for innovation, firms must scale best practices from top performers across the broader brand portfolio. Enterprises with four or more brands in the Index maintain an average Digital IQ disparity of 56 points, indicating that digital learnings are not consistent throughout.

Digital IQ = Shareholder Value

This study benchmarks the digital performance of 124 Personal Care brands operating in the US. Our aim is to provide a robust tool to diagnose digital strengths and weaknesses, helping managers achieve greater results on incremental investment. Like the medium we assess, our approach is dynamic. Please reach out with comments that help us improve our methodology and key findings.

Regards, **Gartner L2**

Personal Care US: Amazon Best Sellers by Price Decrease

Top 10 Products by Price Decrease in Amazon Allergy, Sinus & Asthma Medicine Best Sellers List

September 2017–March 2018 ■ Index Brand ■ Non-Index Brand

PRODUCT LISTING										
SEPTEMBER 2017	$39.18	$11.17	$60.98	$14.63	$17.65	$20.26	$21.60	$13.26	$10.15	$16.72
MARCH 2018	$25.29	$7.29	$42.50	$11.16	$13.48	$16.09	$17.77	$11.01	$8.49	$14.01
PRICE CHANGE	-35%	-35%	-30%	-24%	-24%	-21%	-18%	-17%	-16%	-16%

Source: Gartner L2 Digital IQ Index: Personal Care US, May 2018.

EXCERPT

METHODOLOGY

SITE & E-COMMERCE

35%

Site Performance, Search, & Navigation:
Above-the-Fold Load Speed, Keyword Search Sophistication, Guided Selling, Product Comparison, Trial & Subscription Incentives

Product Page:
Product Merchandising, Content Integration, Price Availability, Bundles

E-Commerce:
Ease of Checkout/Third-Party Handoff

Customer Service:
FAQs, Contact, Live Chat

Account:
Customization, Order Tracking

E-Tailer Visibility (scored selectively):

Amazon: Search Visibility, Product Merchandising, Best Sellers Rank & Ownership, Media & Promotions

Walmart: Search Visibility, Product Merchandising

Target: Search Visibility, Product Merchandising

Jet: Search Visibility

SITE:
75% Subscription Brands, 25% Non-Subscription Brands

E-COMMERCE:
25% Subscription Brands, 75% Non-Subscription Brands

DIGITAL MARKETING

30%

Search:
Traffic, Web Authority, Organic & Paid Visibility Against Google Searches for 2,500 Branded & Unbranded Keywords Across 21 Categories Weighted by Keyword Search Volume, Second-Order Search Visibility from E-Tailers and Social Media Results

Advertising:
Desktop Static & Video Display Ad Impressions, Cost per Thousand Impressions, Quality of Publishers

Email Marketing:
Ease of Signup, Total Opened Email, Open Rate, List Size, Segmentation, Email From Parent Company Content Hub

Earned Media:
Mentions, Sentiment, and Brand Activity on Industry-Specific Outlets (BabyCenter, Drugs.com, Healthline, WebMD, Reddit, Quora)

SOCIAL MEDIA

15%

Facebook:
Total Post Engagement, Average Interactions per Post, Community Growth

YouTube:
Search Visibility and Ownership Against Branded & Unbranded Keywords, Channel Views, Subscribership & Growth

Instagram:
Total Post Engagement, Average Interactions per Post, Community Size & Growth, Stories Presence & Post Frequency

Twitter:
Total Tweet Engagement, Interactions per Tweet, Community Size & Growth

MOBILE

20%

Mobile Site:
Uptime, Above-Fold Load Speed, Search & Navigation, Store Locator, Geolocation, M-Commerce, Mobile-First Features

Mobile Search:
Organic & Paid Visibility Against Google Searches for 2,500 Branded & Unbranded Keywords Across 14 Categories Weighted by Keyword Search Volume, Second-Order Search Visibility from E-Tailers and Social Media Results

Mobile Advertising:
Mobile Web Static & Video Display Ad Impressions, Cost per Thousand Impressions, Quality of Publishers

Mobile Innovation:
iOS & Android Apps (where applicable), Ownership of Branded Terms on Coupon Apps (Coupons.com, Flipp, Ibotta, Krazy Coupon Lady, Target Cartwheel)

CLASSIFICATION

GENIUS 140+

Digital competence is a point of competitive differentiation for these brands. Creatively engineered messaging reaches consumers on a variety of devices and in many online environments.

GIFTED 110–139

Brands are experimenting and innovating across site, mobile, and social platforms. Digital presence is consistent with brand image and larger marketing efforts.

AVERAGE 90–109

Digital presence is functional yet predictable. Efforts are often siloed across platforms.

CHALLENGED 70–89

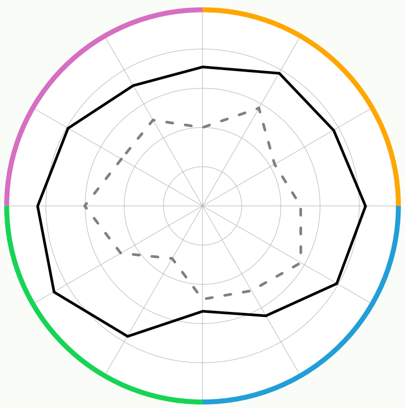
Limited or inconsistent adoption of mobile and social media platforms. Sites lack inspiration and utility.

FEEBLE <70

Investment does not match opportunity.

1 RANK **Gillette** 149 DIQ

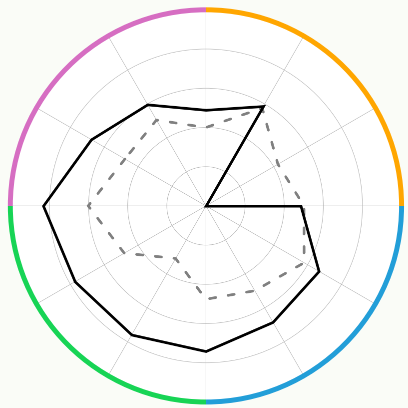
Procter & Gamble



GENIUS

2 RANK 148 DIQ

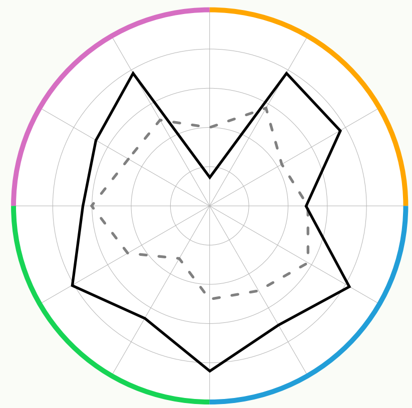
Unilever Group



GENIUS

3 RANK **Pampers** 145 DIQ

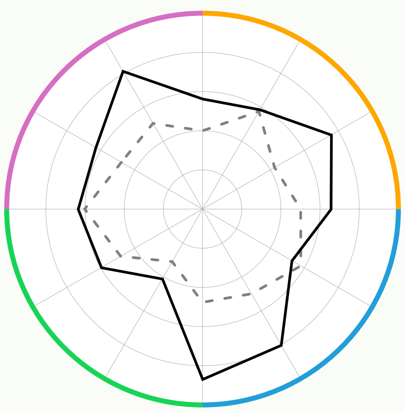
Procter & Gamble



GENIUS

4 RANK **Huggies** 141 DIQ

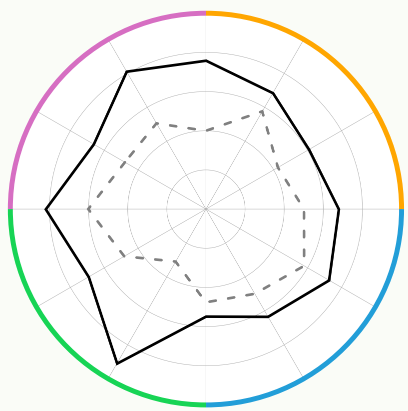
Kimberly-Clark Corporation



GENIUS

4 RANK **Neutrogena** 141 DIQ

Johnson & Johnson Inc.



GENIUS

INDEX AVERAGE

SITE & E-COMMERCE
1 Search & Navigation
2 E-Commerce
3 Amazon

DIGITAL MARKETING
1 Branded Search
2 Unbranded Search
3 Display Advertising

SOCIAL MEDIA
1 Facebook
2 Instagram
3 YouTube

MOBILE
1 Mobile Site
2 Mobile Search
3 Mobile Advertising

GIFTED

RANK	BRAND	DIGITAL IQ
6	Dove Unilever Group	138
7	Crest Procter & Gamble	134
8	Philips Sonicare Philips	131
9	Philips Avent Philips	129
9	Johnson's baby Johnson & Johnson Inc.	129
9	Vicks Procter & Gamble	129
12	Garnier L'Oréal Group	127
12	Olay Procter & Gamble	127
14	Burt's Bees The Clorox Company	126
14	Norelco Philips	126
14	Oral-B Procter & Gamble	126
17	Aveeno Active Naturals Johnson & Johnson Inc.	125
17	Seventh Generation Unilever Group	125
19	Harry's Harry's	122
19	U by Kotex Kimberly-Clark Corporation	122
21	Braun Procter & Gamble	121
21	Colgate Colgate-Palmolive Co.	121
21	Schick Edgewell Personal Care	121
24	Always Procter & Gamble	120
24	Flonase Allergy Relief GlaxoSmithKline	120
26	Old Spice Procter & Gamble	119

	RANK	BRAND		DIGITAL IQ
GIFTED	27	Depend	Kimberly-Clark Corporation	118
GIFTED	28	The Honest Co.	The Honest Company	117
GIFTED	29	Boudreaux's Butt Paste	Prestige Brands Holdings Inc.	116
GIFTED	29	Mucinex	Reckitt Benckiser	116
GIFTED	29	Nicorette	GlaxoSmithKline	116
GIFTED	32	Summer's Eve	Prestige Brands Holdings Inc.	115
GIFTED	32	TAMPAX	Procter & Gamble	115
GIFTED	34	Gillette Venus	Procter & Gamble	113
GIFTED	35	Just For Men	Combe Incorporated	111
AVERAGE	36	CeraVe	Valeant Pharmaceuticals	108
AVERAGE	36	Claritin	Bayer AG	108
AVERAGE	36	Eucerin	Beiersdorf AG	108
AVERAGE	36	Secret	Procter & Gamble	108
AVERAGE	36	SheaMoisture	Unilever Group	108
AVERAGE	36	TENA	Essity	108
AVERAGE	42	NicoDerm CQ	GlaxoSmithKline	107
AVERAGE	43	Cetaphil	Galderma Laboratories	106
AVERAGE	43	Excedrin	GlaxoSmithKline	106
AVERAGE	43	LISTERINE	Johnson & Johnson Inc.	106
AVERAGE	46	durex	Reckitt Benckiser	105
AVERAGE	46	Pepto-Bismol	Procter & Gamble	105

AVERAGE

RANK	BRAND		DIGITAL IQ
46	Zyrtec	Johnson & Johnson Inc.	105
49	quip	Quip NYC Inc.	104
49	Trojan	Church & Dwight	104
51	AXE	Unilever Group	103
51	Panasonic	Panasonic Corporation	103
51	Tom's of Maine	Colgate-Palmolive Co.	103
54	Poise	Kimberly-Clark Corporation	102
55	Degree	Unilever Group	101
56	Aquaphor	Beiersdorf AG	99
56	schmidt's	Unilever Group	99
56	Tylenol	Johnson & Johnson Inc.	99
59	Suave	Unilever Group	98
59	Vagisil	Combe Incorporated	98
61	Jergens	Kao Corporation	96
61	Mustela	Laboratoires Expanscience	96
63	Desitin	Johnson & Johnson Inc.	95
63	TUMS	GlaxoSmithKline	95
65	BIC	Societe Bic	94
65	hello	Hello Products	94
65	Sensodyne	GlaxoSmithKline	94
65	St. Ives	Unilever Group	94

AVERAGE

RANK	BRAND	DIGITAL IQ
69	abreva GlaxoSmithKline	92
69	Arm & Hammer Church & Dwight	92
71	babyganics S.C. Johnson & Son	91
71	Dr. Scholl's Bayer AG	91
71	NIVEA Beiersdorf AG	91
71	Purell Gojo Industries	91
71	Vaseline Unilever Group	91

CHALLENGED

RANK	BRAND	DIGITAL IQ
76	Playtex Edgewell Personal Care	90
77	Advil Pfizer	89
77	Bayer Aspirin Bayer AG	89
77	Theraflu GlaxoSmithKline	89
80	Aleve Bayer AG	87
80	Benadryl Johnson & Johnson Inc.	87
80	eos eos Products, LLC	87

RANK	BRAND	DIGITAL IQ
80	K-Y Reckitt Benckiser	87
84	Dial Henkel AG & Co. Kgaa	86
84	IcyHot Sanofi	86
84	NATIVE Procter & Gamble	86
84	POND'S Unilever Group	86
88	ChapStick Pfizer	85
89	always discreet Procter & Gamble	84

CHALLENGED

RANK	BRAND	DIGITAL IQ
89	BAND-AID Brand Adhesive Bandages Johnson & Johnson Inc.	84
89	Pull-Ups Kimberly-Clark Corporation	84
89	Rogaine Johnson & Johnson Inc.	84
93	Allegra Allergy Relief Sanofi	82
93	Luvs Procter & Gamble	82
95	Prilosec OTC Procter & Gamble	78
96	Imodium Johnson & Johnson Inc.	76

RANK	BRAND	DIGITAL IQ
97	Robitussin Pfizer	75
97	ZICAM Matrixx Initiatives	75
99	CALIFORNIA BABY California Baby	74
99	LifeStyles Ansell Healthcare Products LLC	74
99	Softsoap brand Colgate-Palmolive Co.	74
99	Speed Stick Colgate-Palmolive Co.	74
99	XYZAL ALLERGY 24HR Sanofi	74

RANK	BRAND	DIGITAL IQ
104	Motrin Johnson & Johnson Inc.	73
104	simple Unilever Group	73
106	SUDAFED Johnson & Johnson Inc.	72
107	NIVEA MEN Beiersdorf AG	70
107	Pepcid Johnson & Johnson Inc.	70
107	Stayfree Edgewell Personal Care	70

FEEBLE

RANK	BRAND	DIGITAL IQ
110	Nexium 24HR Pfizer	68

FEEBLE

RANK	BRAND	DIGITAL IQ
110	Right Guard Henkel AG & Co. Kgaa	68
112	Alka-Seltzer Bayer AG	65
113	Q-tips Unilever Group	64
114	Irish Spring Colgate-Palmolive Co.	62
114	Nasacort Allergy 24HR Sanofi	62
114	Skintimate Edgewell Personal Care	62
117	Aquafresh GlaxoSmithKline	61

RANK	BRAND	DIGITAL IQ
117	Caress Unilever Group	61
119	Lubriderm dermatologist developed Johnson & Johnson Inc.	60
119	o.b. Edgewell Personal Care	60
121	Alka-Seltzer Plus Bayer AG	58
122	edge Shave Gel Edgewell Personal Care	51
123	GoodSense Perrigo	48
123	Neosporin Johnson & Johnson Inc.	48

Site Features: Leverage & Optimize Content

On Google, searches for product discovery, research, and problem-centric terms, like "how-to" and "what is," have seen an 9 percent increase in volume over the last year.[3] Brands have consequently increased investments in on-site content to align with this demand for information, using it as an opportunity to build brand equity. In line with this consumer behavior, adoption of video and diagnostic tools on site has risen year over year.

Across the Personal Care Index, however, product pages account for nearly half of all page views on brand sites, while content pages account for only 14 percent of views on average. The top 10 most trafficked Index sites see a 5 percent increase in their share of page views on content pages, indicating that product pages may be more popular due to an absence of alternatives.

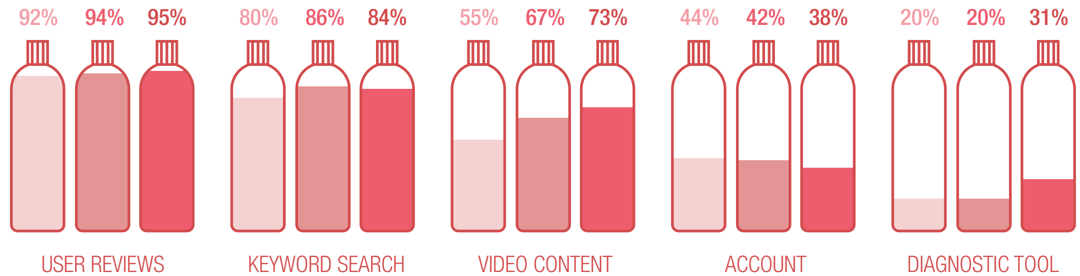
OTC categories own the top three positions in terms of average share of content page views on site, highlighting the importance of these assets within the subcategory. Next are tampon and pad product sites, with the fourth highest share of content page views, accounting for 20 percent of total page views. In this category, period trackers alone account for 5 percent of those views on average. Always pulls content front and center in its site experience by including an extensive sizing quiz on its homepage, enabling consumers to learn about the brand's assortment and sizing options.

Recognizing that consumers are visiting brand sites to find solutions rather than products, brands seeking to improve their digital sophistication should treat their sites as curated experience hubs rather than information receptacles housed in distinct product pages.

3. Gartner L2 analysis of Google Keyword Planner data.

Personal Care US: Adoption of Site Features Over Time

2016–2018, n=64 Brand Sites Present Across Indexes

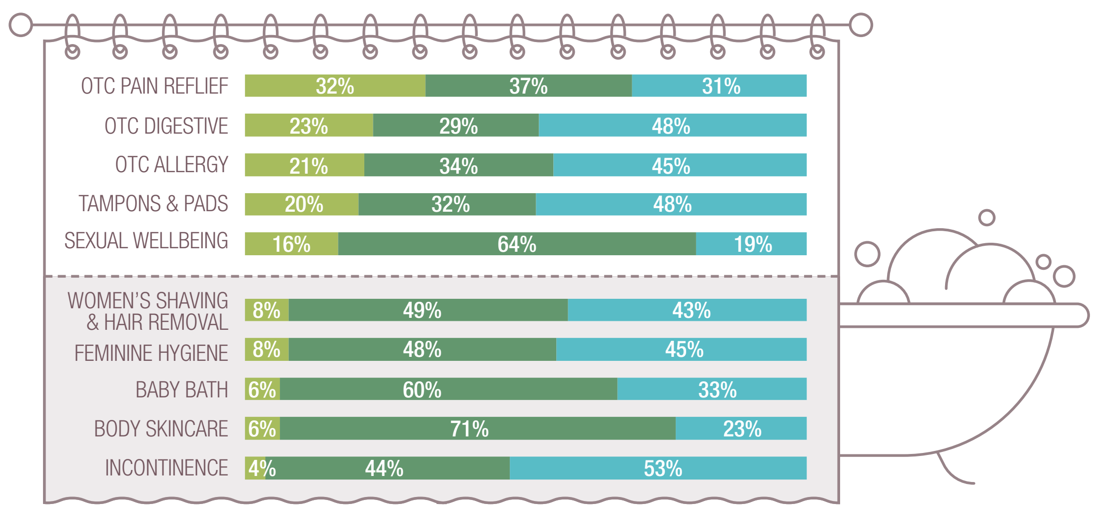


Source: Gartner L2 Digital IQ Index: Personal Care US, May 2018.

Personal Care US: Brand Site Page Views by Page Type and Category

Top Five and Bottom Five Categories by Average Share of Page Views on Content Pages

March 2018, n=67 Brand Sites



Source: Gartner L2 analysis of SimilarWeb data.

Google Search: Ingredients of Success

Branded terms continue to lose prominence in consumer searches on Google, with unbranded queries accounting for two-thirds of the search volume across personal care categories. This is most stark in the bath & shower and oral care categories where 84 percent of Google searches are unbranded. With declining brand loyalty, research drives unbranded search. For example, OTC consumers are more likely to search for solutions to symptoms (e.g. "how to prevent a cold") rather than branded products. Searches for specific ingredients (e.g. "shea butter lotion," "charcoal toothpaste"), also continue to grow while coupon terms have declined 7 percent over the same time period, indicating that online shoppers might be willing to pay a premium to get the ingredients that they want, rather than browse for discounts.[4]

Niche brands are exploiting this trend across categories. SheaMoisture (skincare and bath & shower), Hello (toothpaste), Native (deodorant), and Schmidt's Naturals (deodorant) all feature ingredients consistently across their sites, including on product pages and ingredient articles, as well as embedding them in URLs. These efforts allow them to outpace legacy brands in Google visibility against unbranded terms, as seen with Axe and Degree in the deodorant category.

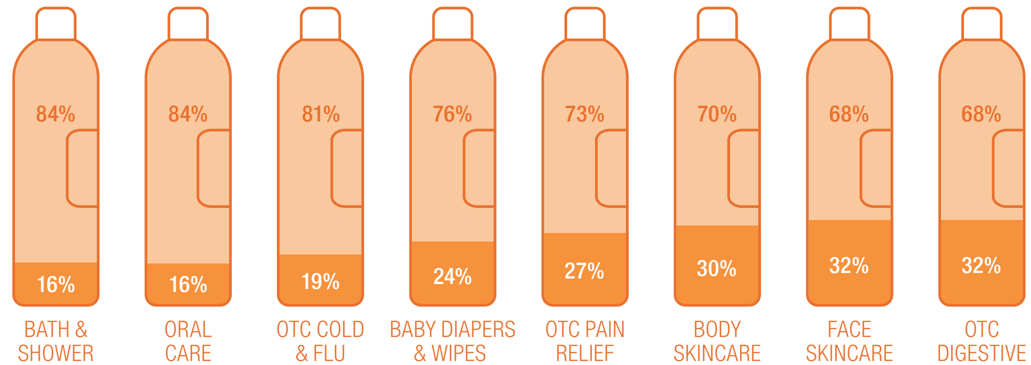
Not all legacy players are complacent. Unilever and Procter & Gamble have been able to capture these trends through acquisition, as Seventh Generation, SheaMoisture, Schmidt's Naturals (Unilever), and Native (Procter & Gamble) were all acquired in the past two years. In baby care, Pampers (P&G) also launched new product line Pampers Pure in February, offering paraben-free and chlorine-free diapers at a premium price. However, building organic search equity takes time, so the brand unsurprisingly failed to appear organically against search queries for natural diapers and wipes in March 2018. Instead, the brand served text ads against those terms, achieving the second-highest paid visibility in the category, behind Babyganics.

4. Gartner L2 analysis of Google Keyword Planner data.

Personal Care US: Branded vs. Unbranded Search Volume by Category

Relative Share of Search Volume by Category

n=2,665 Branded and Unbranded Keywords



Source: Gartner L2 Digital IQ Index: Personal Care US, May 2018.

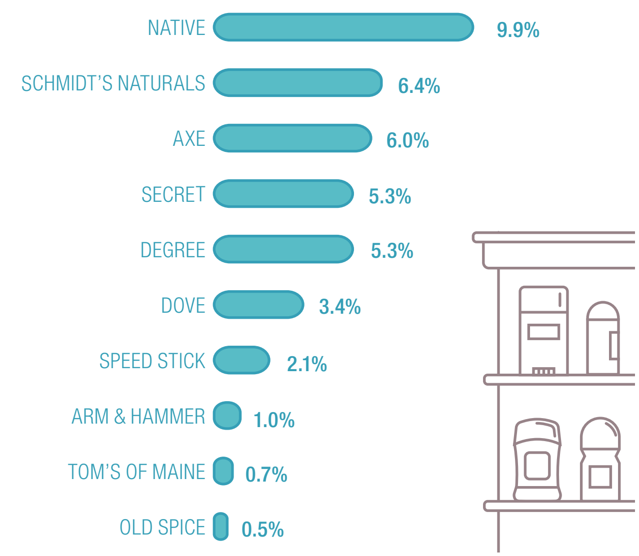
Personal Care US: Organic Deodorant Search Visibility on Google

Percentage of Unbranded Terms Against Which Brand Appears in First-Page Results

February–March 2018

n=78 Unbranded Deodorant Keywords

Source: Gartner L2 Digital IQ Index: Personal Care US, May 2018.



Facebook

Personal Care Index brands continue to refine paid media optimizations on Facebook. In Q1 2018, only 11 percent of publicly-facing Facebook posts were promoted, down from almost 30 percent in Q1 2017. Despite this downward trend, site traffic indicates that ad targeting through dark posts is shifting in a more sophisticated direction. The share of Personal Care Index brand site traffic coming through social media—where Facebook remains dominant—has increased from 1.9 to 2.4 percent on average.[5]

While the industry experiments with paid media activations on Facebook, there are clear winners and losers as measured by engagement across publicly-facing content, which is largely determined by budget. Incontinence brands are active on Facebook, accumulating 11 percent of posts observed across all Index brands. But by rarely promoting any of its content, the category misses the opportunity to effectively target its core audience, thereby registering a negligible share of engagement. In contrast, skincare brands dedicate large spend to social and heavily promote their Facebook posts, achieving a 43 percent share of interactions while only accounting for 21 percent of all posts in the Index. Jergens and CeraVe drive this outperformance by promoting over three-quarters of their posts, each achieving over 6,000 interactions per post, as does SheaMoisture, which promoted twice as many posts as any other Index brand and achieved over one million total Facebook interactions.

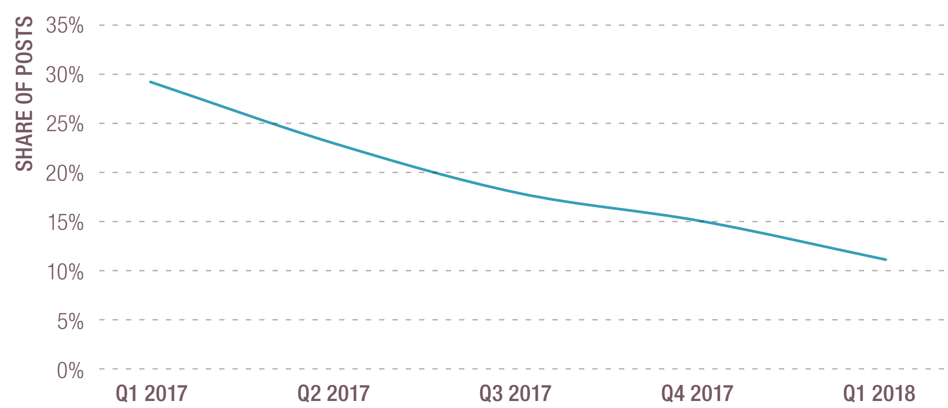
Across enterprises, prominent brands receive the majority of portfolio marketing budgets, resulting in dominant engagement metrics. Johnson & Johnson's brands Neutrogena and Johnson's Baby, as well as GSK's brands Flonase and Excedrin, account for two-thirds of their company's Facebook interactions. Similarly-skewed is Kimberly-Clark, boasting 79 percent of all Facebook interactions solely from Huggies. With little organic reach or ability to build community, Facebook remains a landscape dominated by brands with bigger budgets.

Even though smaller brands may lack the budget to out-muscle more prominent ones, they can still find effective reach through strong creative strategy backed by requisite ad spend. For example, K-Y posted less than a dozen times in 2017, yet accumulated almost 50,000 interactions through a series of well-timed promoted posts around Valentine's Day.

5. Gartner L2 analysis of Similarweb data.

Personal Care US: Share of Posts That Are Promoted on Facebook

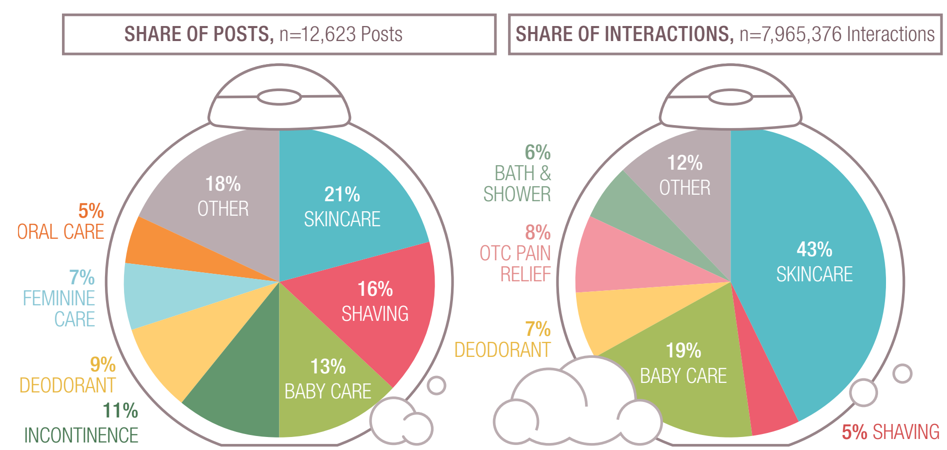
January 2017–March 2018, n=12,100 Posts Across 97 Brand Accounts



Source: Gartner L2 analysis of Unmetric data.

Personal Care US: Share of Posts vs. Interactions on Facebook

January 2017–March 2018



Source: Gartner L2 analysis of Unmetric data.

Gartner L2

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Gartner L2

Learn More About Gartner for Marketers

Inform decisions with data-driven benchmarking, expert advice, and peer-sourced insights.

Data-Driven Benchmarking

- Digital performance of 2,200+ brands across four dimensions
- Multi-modal surveys and advanced data science

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- Quantitative and qualitative research

Peer-Sourced Insights

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- Documented, benchmarked, and validated best practices

Gartner for Marketers provides the objective, expert advice and proven tools you need to seize the right opportunities with clarity and confidence.

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your performance with data-driven insights

Prioritize

investments and areas of improvement

Execute

your mission-critical priorities with speed and confidence

Stay Ahead

of trends that matter

Connect

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