EXCERPT from the Digital IQ Index®: **Home Care**
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L2

DIGITAL IQ *INDEX*®:

Home Care

December 19, 2013

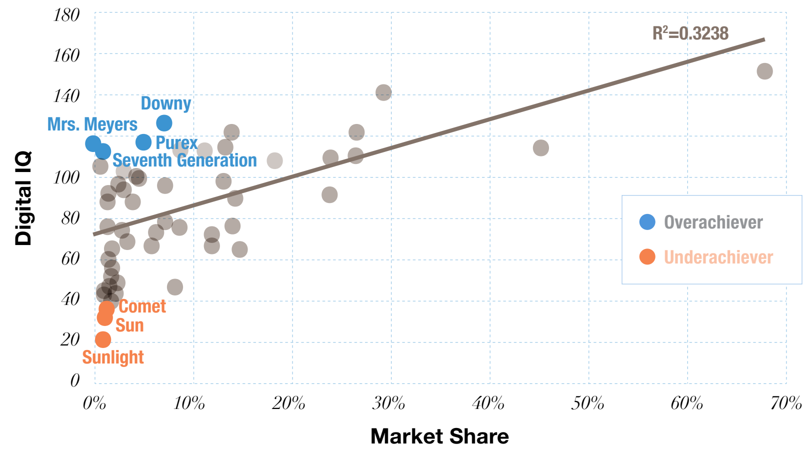
SCOTT GALLOWAY
NYU Stern

FLAT

THE $21-BILLION U.S. Home Care market is struggling. In 2012, the Bleach and Surface Care categories declined while growth in the larger Laundry Care and Dishwashing categories was tepid.[1, 2] Success in Home Care involves taking share from competitors, favoring deep-pocketed Procter & Gamble, which reallocated capital from Beauty and Personal Care to Home Care in 2012.[3] The marketing giant, which controls 40 percent of the U.S. Home Care market,[4] registered sales increases of 6 percent across the category.[5] Meanwhile, The Clorox Company reported uneven results in fiscal Q1 2014 in its cleaning segment, generating 1 percent sales growth: strong laundry sales were offset by a decline in surface cleaning sales.[6] Privately held S.C. Johnson & Son lost 1.3 percentage points in market share between 2008 and 2012.[7]

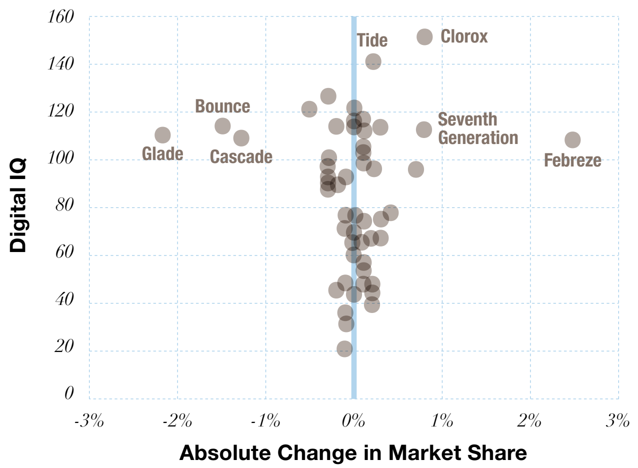
Digital IQ vs. Market Share**

2012



Digital IQ vs. Absolute Change in Market Share*

2011–2012



Myth: Digital Levels the Playing Field

Attention has been lavished on niche consumer products players and how digital has leveled the playing field, allowing nimble brands to gain traction in the market.[8] For example, Seventh Generation and Method—largely absent from traditional broadcast media—have built awareness online with strong sites and social media. Seventh Generation spent the bulk of its 2013 media budget on social and digital channels and registers more than 10 times the e-commerce penetration of the rest of the category.[9] The challenger has also seen market share growth for the past five years in every major product category in which it operates.[10] These efforts are an inspiring story but—thus far—relatively insignificant to the broader category. Green products are still a niche category, with just 3 percent of the laundry and cleaning market.[11]

As media consumption and purchase behavior continue to shift, it is the mass brands that have the scale to take advantage of a fragmented retail and media landscape through digital innovation.[12] Blockbuster brands Clorox (The Clorox Company) and Tide (Procter & Gamble) record the strongest scores in organic search visibility, e-tailer integration, and social media marketing. From an enterprise perspective, P&G registers the highest average IQ, 104, across its 13 Home Care brands, leveraging company-wide and category investments, including couponing site P&G everyday and content site Home Made Simple.

* Market share data was not available for Earth Friendly Products. For multi-category brands, we used the difference in market share for their largest category.

** Market share data was not available for Earth Friendly Products. For multi-category brands, we used the largest market share. Statistically significant overachievers and underachievers are highlighted.

1. "Home Care in the US." Euromonitor International, May 2013.
2. L2 defines Home Care as Air Care, Dishwashing, Laundry Care, Surface Care (including Bleach and Drain Cleaners), Toilet Paper, and Paper Towels. Euromonitor market share data for "Home Care" does not include paper goods.
3. "P&G Slashed Beauty Ad Spending, But Cleaned Up In Household Products," Jeff Neff, AdAge, July 9, 2013.
4. Euromonitor International.
5. "P&G Delivers First Quarter Core EPS of $1.05, Organic Sales Up 4%," P&G Corporate Newsroom, October 25, 2013.
6. "Clorox Company Q1 2014 Earnings Call Transcript," Morningstar, October 31, 2013.
7. Euromonitor International.
8. "How Tiny Startups Like Hello and 800Razors Are Stealing Share from CPG Giants," Jack Neff, AdAge, October 7, 2013.
9. "Seventh Generation Goes All Digital," Jack Neff, AdAge, December 21, 2012.
10. Euromonitor International.
11. "Green Cleaning Products in the U.S.," Tom Pastre, Packaged Facts, August 2012.
12. "CPG's Digital Conundrum: Turning Digital Shoppers into Digital Buyers," Patricia Orsini, eMarketer, March 2013.

Household-Product Brands
Ranking Based On Brand's Share Of Category Ad Spending

		Share of Ad Spending		Measured Media ($mm)	
Rank	**Brand** & Parent Company	**2011**	**2012**	**2011**	**2012**
1	**Tide** Procter & Gamble	6.6%	5.3%	$130	$102
2	**Febreze** Procter & Gamble	5.1%	6.0%	$100	$115
3	**Bounty** Procter & Gamble	5.0%	3.9%	$98	$74
4	**OxiClean** Church & Dwight Co.	4.8%	4.0%	$94	$77
5	**Clorox** The Clorox Company	4.8%	6.2%	$94	$119
6	**Lysol** Reckitt Benckiser Group	4.2%	3.1%	$82	$60
7	**Glade** SC Johnson	4.2%	5.0%	$82	$96
8	**Charmin** Procter & Gamble	3.7%	4.2%	$72	$81
9	**Duracell** Procter & Gamble	3.2%	1.9%	$63	$37
10	**Scrubbing Bubbles** SC Johnson	2.6%	1.7%	$50	$32
		44.0%	**41.2%**	**$867**	**$792**
Total household product ad spending		**100%**	**100%**	**$1,968**	**$1,922**

Source: Ad Age DataCenter analysis of U.S. measured-media spending from WPP's Kantar Media.

Low Hanging Fruit:

However, across the industry, the narrative is one of missed opportunities:

- Although less than 1 percent of Home Care sales take place via e-commerce,[13] key players such as Amazon and Walmart.com are increasing their focus on grocery, which could be a windfall for the category. However, less than half of the brands employ content syndication and product page customization on these e-tailers.
- More than half of Home Care brand sites have broken content links, including one in five whose links to third-party e-commerce don't work. Thirty percent of sites have buggy features such as nonfunctioning videos or sign-ups, and only 55 percent updated homepage content in a one-month period.
- Just half of the brands are purchasing against their own brand terms on desktop search, and category search visibility continues to be dominated by e-tailers and market leaders.
- Less than 15 percent of brands were observed taking advantage of Facebook advertising opportunities, and nearly one in five are completely absent from social media.

Moons Aligning?

The Internet and CPG have been on the verge of a tipping point for 15 years. CPG leadership has not been punished for a measured approach to a medium that, to date, has been a head fake. However, are the moons finally aligning? The convergence of mobile, broadband, online grocery, and last mile delivery services may finally bring tomorrow to today. In addition, it's reasonable to posit that a sector built on deft media and retail management must maintain those skills, across old and new channels.

Digital IQ = Shareholder Value

Our thesis is that digital competence is a forward looking indicator of success in the Home Care market. This study attempts to quantify the digital performance of 56 U.S. brands across key Home Care categories. Our aim is to provide a robust tool to diagnose digital strengths and weaknesses and help managers achieve greater return on incremental investment. Like the medium we are assessing, our methodology is dynamic and we hope you reach out with comments that improve our approach and findings.

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13. Euromonitor International.

About the Ranking

The Methodology

25%
Site & E-commerce

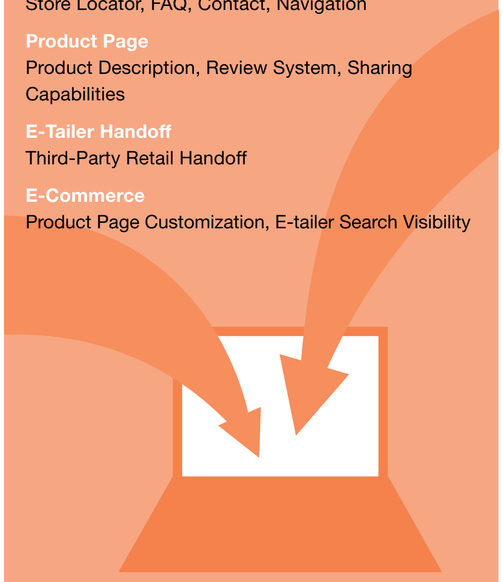
Technology
Load Time, Analytics, User Experience

User Interface & Customer Service
Store Locator, FAQ, Contact, Navigation

Product Page
Product Description, Review System, Sharing Capabilities

E-Tailer Handoff
Third-Party Retail Handoff

E-Commerce
Product Page Customization, E-tailer Search Visibility



25%
Digital Marketing

Search
Traffic, SEM, SEO, Web Authority

Email
Sign-Up, Frequency, Content, Promotion, Trigger Emails/Segmentation

Blogs & User-Generated Content
Mentions, Sentiment

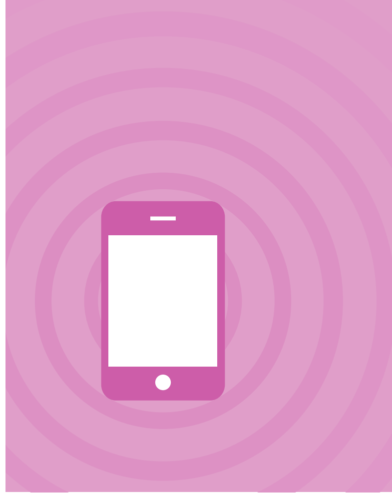
Advertising & Innovation
Display, Retargeting, Recent Brand Initiatives

25%
Mobile

Mobile Site
Compatibility, Functionality

Mobile Search
Organic & Paid Google Search

Innovation
Apps (iOS, Android), SMS Capability, Other Initiatives



25%
Social Media

Facebook
Community Size & Growth, Custom Tabs, Interaction Rate

YouTube
Views, Growth, Number of Uploads, Search Visibility

Twitter
Community Size & Growth, Tweet Frequency, Online Voice, Engagement

Emerging Social Media
Pinterest, Google+, Instagram

Digital IQ Classes

Genius 140+
Digital competence is a point of competitive differentiation. Successful multichannel digital campaigns; functional and content-rich sites; strong social presence and integration across platforms.

Gifted 110–139
Brands are experimenting and innovating across their sites, mobile, and traditional and emerging social media platforms.

Average 90–109
Digital presence is functional yet predictable. Uninspired efforts are often siloed across platforms.

Challenged 70–89
Seriously suffering in at least one dimension. Sites lack inspiration and utility.

Feeble <70
Investment does not match opportunity. Perfunctory or placeholder sites; low search visibility; weak or nonexistent social media presence.

Digital IQ Ranking

Genius, Gifted, Average

RANK	BRAND	DIGITAL IQ
	Genius	
1	Clorox — The Clorox Company	152
2	Tide — Procter & Gamble	142
	Gifted	
3	Downy — Procter & Gamble	127
4	Charmin — Procter & Gamble	122
4	Swiffer — Procter & Gamble	122
6	Mrs. Meyer's Clean Day — S.C. Johnson & Son	117
6	Purex — Henkel AG & Co.	117
8	Bounty — Procter & Gamble	115
8	Cottonelle — Kimberly-Clark	115
8	Lysol — Reckitt Benckiser	115
11	Gain — Procter & Gamble	114
12	Finish — Reckitt Benckiser	113
12	Seventh Generation — Seventh Generation	113
14	Glade — S.C. Johnson & Son	111
15	Cascade — Procter & Gamble	110
	Average	
16	Febreze — Procter & Gamble	109

GENIUS
Clorox
Tide

GIFTED
Downy
Charmin
Swiffer
Mrs. Meyer's Clean Day
Purex
Bounty
Cottonelle
Lysol
Gain
Finish
Seventh Generation
Glade
Cascade

AVERAGE
Febreze
Method
Bounce
Scrubbing Bubbles
Windex
Scott
Arm & Hammer
OxiClean
Pine-Sol
Resolve
Dawn
Air Wick
Green Works

CHALLENGED
Mr. Clean
Quilted Northern
Sparkle
Renuzit
Woolite
Viva
Earth Friendly Products
Liquid-Plumr
Palmolive
Drano

FEEBLE
All
Brawny
Angel Soft
Pledge
Wisk
Era
Formula 409
Snuggle
Tilex
Xtra
Ajax
Cheer
Kaboom
Suavitel
Fabuloso
Comet
Sun
Sunlight

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Digital IQ Ranking

Average, Challenged

RANK	BRAND	DIGITAL IQ
17	method Ecover	106
18	bounce Procter & Gamble	104
19	Scrubbing Bubbles S.C. Johnson & Son	101
20	Windex S.C. Johnson & Son	100
21	Scott Kimberly-Clark	99
22	Arm & Hammer Church & Dwight Co.	97
22	OxiClean Church & Dwight Co.	97

RANK	BRAND	DIGITAL IQ
24	Pine-Sol The Clorox Company	94
25	Resolve Oxi-Action Reckitt Benckiser	93
26	Dawn Procter & Gamble	92
27	Air Wick Reckitt Benckiser	90
27	green works The Clorox Company	90
	Challenged	
29	Mr. Clean Procter & Gamble	89
30	Quilted Northern Georgia-Pacific	78

RANK	BRAND	DIGITAL IQ
30	Sparkle Georgia-Pacific	78
32	renuzit Henkel AG & Co.	77
32	Woolite Reckitt Benckiser	77
34	Viva Kimberly-Clark	76
35	Earth Friendly Products Earth Friendly Products	75
35	Liquid-Plumr The Clorox Company	75
37	Palmolive Colgate-Palmolive	72

GENIUS
Clorox
Tide

GIFTED
Downy
Charmin
Swiffer
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Purex
Bounty
Cottonelle
Lysol
Gain
Finish
Seventh Generation
Glade
Cascade

AVERAGE
Febreze
Method
Bounce
Scrubbing Bubbles
Windex
Scott
Arm & Hammer
OxiClean
Pine-Sol
Resolve
Dawn
Air Wick
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FEEBLE
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Fabuloso
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Sun
Sunlight

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Digital IQ Ranking

Challenged, Feeble

RANK	BRAND	DIGITAL IQ
38	Drano (S.C. Johnson & Son)	70
	Feeble	
39	all (The Sun Products Corporation)	68
39	Brawny (Georgia-Pacific)	68
41	Angel Soft (Georgia-Pacific)	67
42	Pledge (S.C. Johnson & Son)	66
42	Wisk (The Sun Products Corporation)	66
44	Era (Procter & Gamble)	61
45	409 (The Clorox Company)	56
46	Snuggle (The Sun Products Corporation)	53
47	Tilex (The Clorox Company)	49
47	Xtra (Church & Dwight Co.)	49
49	Ajax (Colgate-Palmolive)	47
50	cheer (Procter & Gamble)	46
51	Kaboom (Church & Dwight Co.)	44
51	Suavitel (Colgate-Palmolive)	44
53	Fabuloso (Colgate-Palmolive)	40
54	Comet (Prestige Brands Holdings)	36
55	Sun (The Sun Products Corporation)	32
56	Sunlight (The Sun Products Corporation)	22

GENIUS
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Bounty
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AVERAGE
Febreze
Method
Bounce
Scrubbing Bubbles
Windex
Scott
Arm & Hammer
OxiClean
Pine-Sol
Resolve
Dawn
Air Wick
Green Works

CHALLENGED
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Liquid-Plumr
Palmolive
Drano

FEEBLE
All
Brawny
Angel Soft
Pledge
Wisk
Era
Formula 409
Snuggle
Tilex
Xtra
Ajax
Cheer
Kaboom
Suavitel
Fabuloso
Comet
Sun
Sunlight

Key Findings *Digital Marketing*

Email

As the U.S. adult audience for email approaches saturation,[14] email remains a key marketing channel. Only one-in-five CPG marketing emails are opened, trailing the average open rate of 27 percent; however, CPG click rates (7.7 percent) exceed those of all other industries, including apparel (4.9 percent), general retail (5.0 percent), and specialty retail (3.1 percent). There is an opportunity for Home Care brands to better leverage email marketing to build loyalty and engagement, collect consumer data, and deliver behaviorally relevant content. However, current email programming in Home Care is limited.

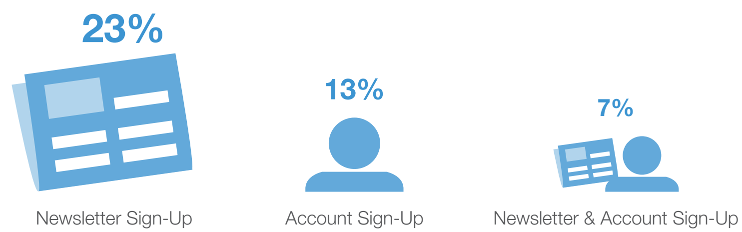
Less than half of Home Care sites offer some sort of account or email sign-up. Of these brands, only 29 percent sent a trigger welcome email. Twenty-three percent of all brands bury email sign-up in the “Contact Us” section, requiring site visitors to go through an onerous web form submission to register.

Brands that do offer sign-up collect limited data on consumers (71 percent do not collect any personal data, 24 percent ask for gender, and only 12 percent inquire about product preferences), missing the opportunity to segment potential customers.

Frequency of correspondence is also low among Home Care brands. Mrs. Meyer’s Clean Day ranks first with an average of one email per week, while some brands sent only one email over a nine-week period (Scrubbing Bubbles, Clorox, Liquid-Plumr, Purex).

Brand Email Sign-Up

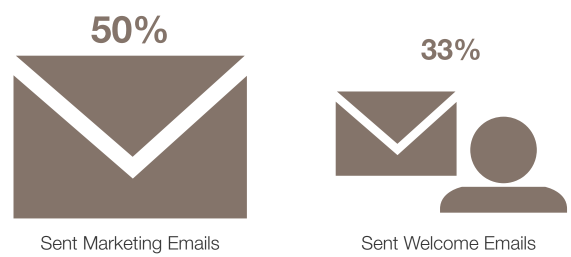
November 2013, n=56



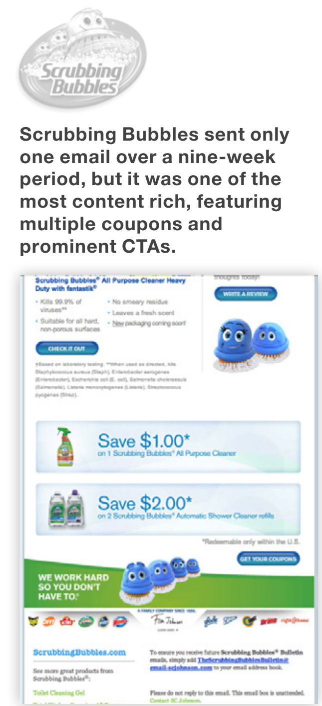
*We excluded Colgate-Palmolive brands, which link to Colgate’s SmileTalk newsletter (for oral health) on each brand page.

Brand Emails Sent

November 2013, n=24



Scrubbing Bubbles sent only one email over a nine-week period, but it was one of the most content rich, featuring multiple coupons and prominent CTAs.



Email Marketing Performance Metrics in North America

2013

	Open Rate	Click Rate	Click-to-open rate
Consumer Products *CPG*	19.0%	7.7%	40.5%
Retail *General*	40.0%	5.0%	12.6%
Retail *Apparel*	20.0%	4.9%	24.4%
Consumer Product *Pharmaceutical*	29.5%	4.3%	14.5%
Retail *Specialty*	24.5%	3.1%	12.8%
Consumer Services *Telecom*	18.5%	2.7%	14.4%

Source: “Q2 2013 Email Trends and Benchmarks,” Epsilon Oct. 8, 2013.

14. “Q1 2013 email trends and benchmarks,” Epsilon, July 2013.

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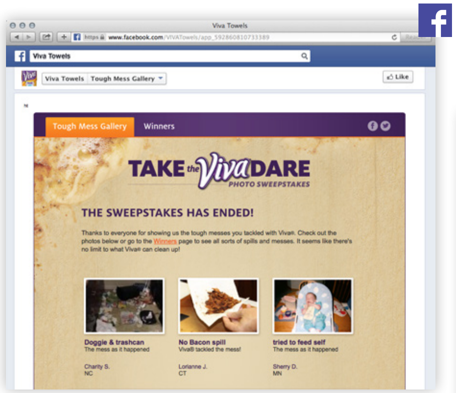
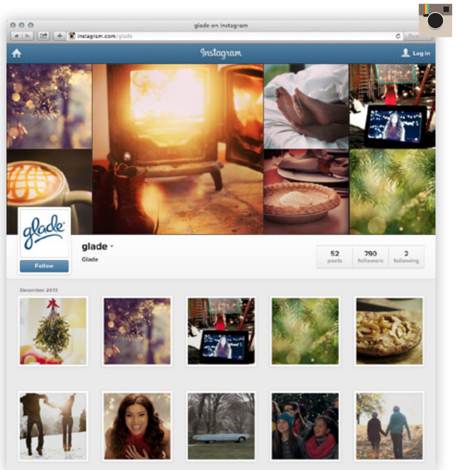
Key Findings *Social Media*

Social Media Presence

Most Home Care brands can be found on Facebook (82 percent), YouTube (73 percent), and Twitter (55 percent), but participation tapers off across emerging platforms. Only 13 percent of brands have presence on Instagram, a leading platform for other verticals (79 percent participation among Beauty brands[15]). Method leads on the photo-sharing platform with 1,900 followers, ten times fewer than Old Spice, the leading brand on Instagram in Personal Care. The exception to small community sizes on emerging platforms is Clorox's Google+ page, which syndicates content from the brand's Facebook page and boasts 130,000+ followers.



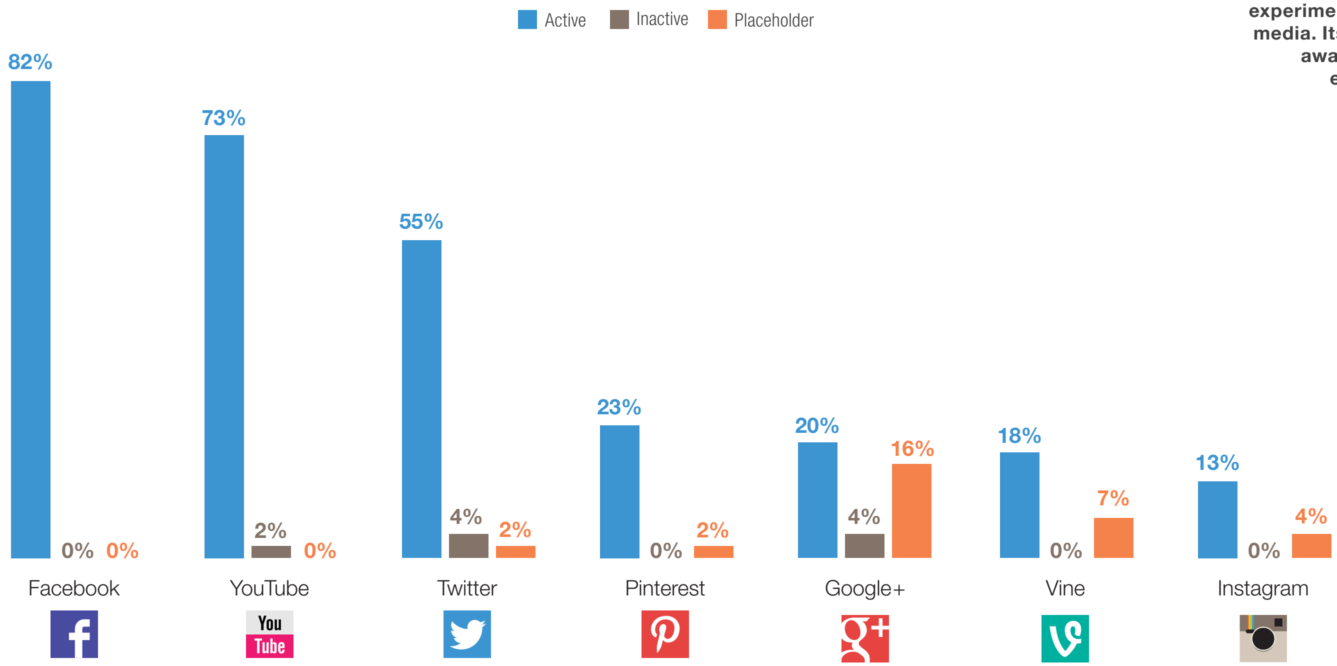
During an 8-week contest Viva asked fans to share a picture of the toughest mess they had to deal with. A winner was chosen each week.



Glade is one of just a few brands experimenting with emerging social media. Its Instagram account steps away from direct promotion to enhance brand experience.

Percentage of Brands Present on the Following Platforms

November 2013, n=56



15. "Digital IQ Index®: Beauty," L2 Think Tank, November 21, 2013.

Key Findings *Mobile*

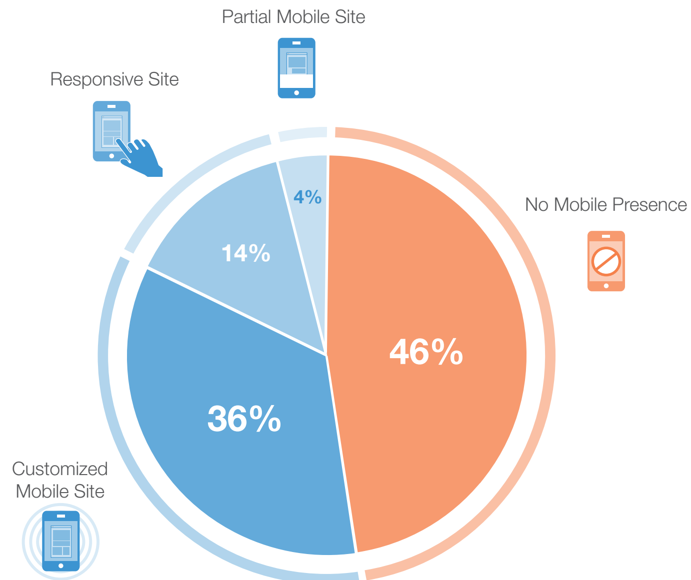
Mobile

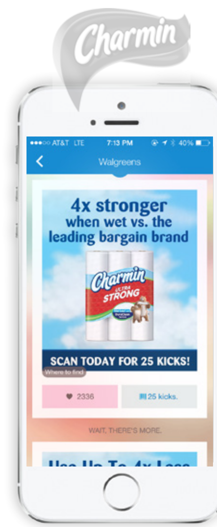
Only 36 percent of Home Care brands have fully mobile-optimized sites. Of these, slightly more than half feature store locators, and 28 percent allow user reviews. App adoption rates are even lower: there are only nine iOS apps (13 percent adoption) and seven Android apps (9 percent adoption) in the study. Three of the nine iOS apps belong to Clorox.

For these brands, partnering with third-party apps that have already achieved scale is a better investment of time and resources. A handful of brands—dominated by those of Procter & Gamble—are featured on Shopkick, which uses advanced location services to connect shoppers with deals in surrounding stores. Mobile coupons are an area of opportunity; 28 percent of mobile users said receiving one would most likely influence a purchase decision, suggesting the importance of being able to target consumers at the right time and place.[16] The mobile coupon redemption rate (10 percent) is significantly higher than that of print coupons (1 percent).[17] Fourteen percent of brands were observed experimenting with mobile coupons via the Target mobile app.

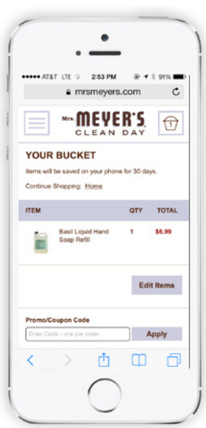
Mobile Site Adoption

November 2013, n=56





Charmin is one of several Procter & Gamble brands featured on Shopkick.

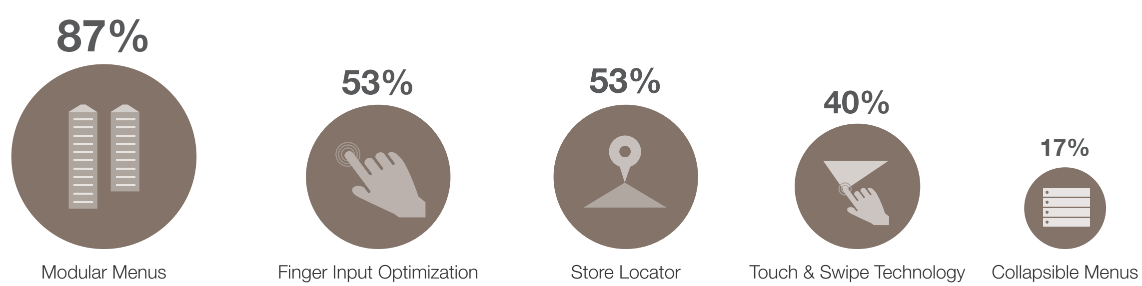


Mrs. MEYER'S CLEAN DAY

Mrs. Meyer's Clean Day's mobile site is a rare example of m-commerce sophistication.

Mobile Site Features

November 2013, n=30



16. "JiWire Mobile Audience Insights Report Q3 2013," JiWire, November 2013.
17. "How New Mobile Merchandising Trends Are Driving An Explosion in Mobile Commerce," Business Insider, June 4, 2013.

Key Findings *Supplement*

The Power of Green

Consumer goods giants dominate the Home Care landscape: Procter & Gamble commands nearly 40 percent of the market, followed by privately held S.C. Johnson & Son, which has 7.5 percent.[18] However, digital has partially leveled the playing field, allowing smaller eco-friendly brands to establish a foothold in the market,[19] although collectively they still only make up 3 percent of the laundry and cleaning market.[20]

Of the five eco-friendly brands in the Index—Earth Friendly Products, Green Works (by The Clorox Company), Method, Mrs. Meyer's Clean Day, and Seventh Generation—all but Green Works (which recently repositioned itself in the marketplace because of a sharp drop in market share[21]) experienced growth between 2009 and 2012.[22]

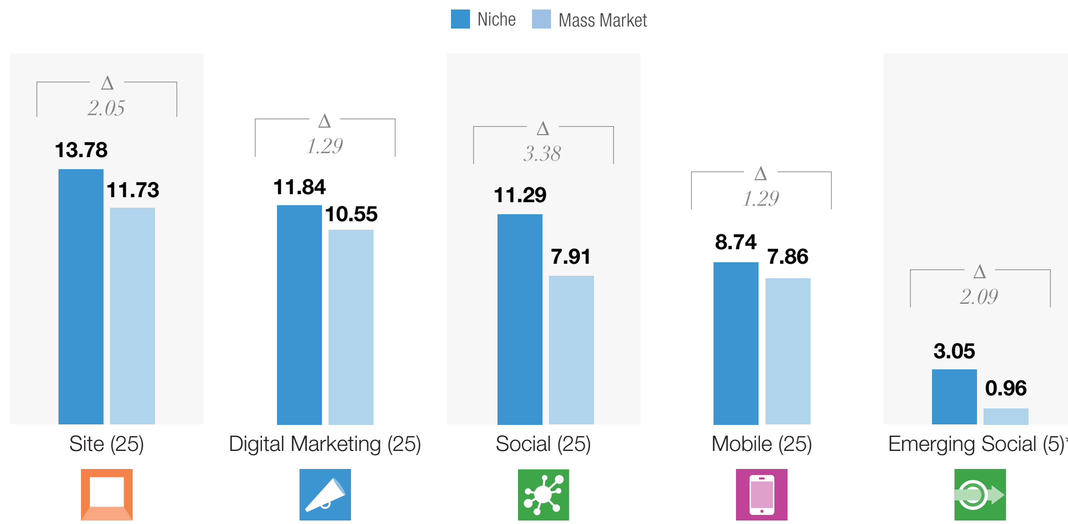
These niche players use digital to tell their stories[23] and earn higher scores across all four dimensions of the study, with the largest disparities seen in Site and Social Media, both content dependent. Method's offbeat "people against dirty" campaign, for example, cracked the top 10 in YouTube video views. Seventh Generation is the only non-conglomerate-owned brand to be in the top 10 for Facebook and Twitter community sizes.[24] Its Twitter account actively links to blog and Pinterest content.

Relevance and timeliness of site content for these niche brands is a differentiator. Out of the five brands, only Green Works does not offer a regularly updated blog. Meanwhile, 45 percent of mass market brands did not update any content on their sites in a one-month period.

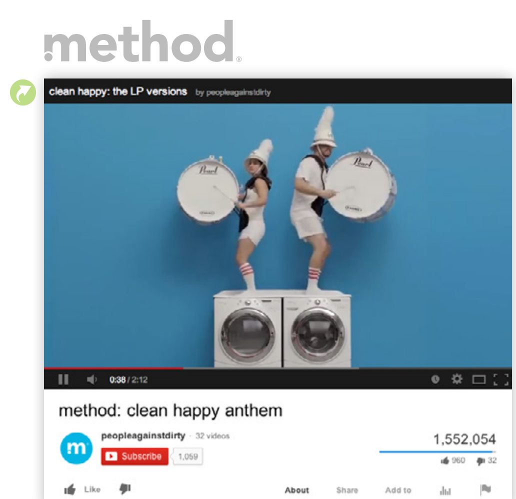
18. Euromonitor International.
19. "How Tiny Startups Like Hello and 800Razors Are Stealing Share From CPG Giants," Jack Neff, AdAge, October 7, 2013.
20. "Green Cleaning Products in the U.S.," Tom Pastre, Packaged Facts, August 2012.
21. "In an Overhaul, Clorox Aims to Get Green Works Out of Its Niche," Jane L.Levere, New York Times, April 21, 2013.
22. "Green Cleaning Products in the U.S.," Tom Pastre, Packaged Facts, August 2012.
23. "Storytelling drives Seventh Generation's content strategy," Allison Enright, Internet Retailer, February 19, 2013.
24. "Top 10 Facebook Accounts and YoY Growth" (p. 25), "Top 10 Twitter Accounts and YoY Growth" (p. 26)

Average Scores Across Dimensions

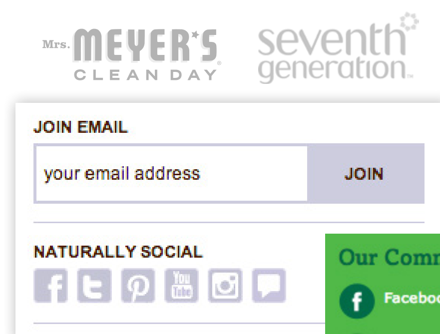
Niche, n=5; Mass Market, n=51

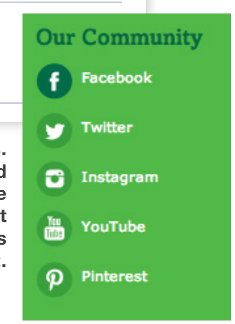


*Emerging Social score is rolled into overall Social score. Added here for comparison purposes only.



Method's "clean happy anthem" is ranked #10 most viewed brand video with over 1.5 million views.





Niche players like Mrs. Meyer's Clean Day and Seventh Generation are more likely to experiment with emerging platforms Instagram and Pinterest.

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About L2

L2 is a think tank for digital innovation.

We are a membership organization that brings together thought leadership from academia and industry to drive digital marketing innovation.

RESEARCH

Digital IQ Index®: The definitive benchmark for online competence, Digital IQ Index® reports score brands against peers on more than 600 quantitative and qualitative data points, diagnosing their digital strengths and weaknesses.

L2 Collective®: Series of benchmarking reports designed to help member brands better understand resources, human capital, budgets, and priorities supporting digital strategies.

EVENTS

Forums: Big-picture thinking and game-changing innovations meet education and entertainment. The largest gatherings of prestige executives in North America.
300+ attendees

Clinics: Executive education in a classroom setting with a balance of theory, tactics, and case studies.
120–180 attendees

Working Lunches: Members-only lunches led by digital thought leaders and academics. Topic immersion in a relaxed environment that encourages open discussion.
40–80 attendees

CONSULTING

Advisory Services: L2 works with brands to garner greater return on investment in digital initiatives. Advisory work includes Digital Roadmaps, Social Media Strategy, and Organizational Strategy engagements.

MEMBERSHIP

For membership info and inquiries: membership@L2ThinkTank.com

Upcoming Events

LUNCH: RESEARCH BRIEFING
January 7, 2014 · Brazil

LUNCH: FOCUS 2014
January 9, 2014 · Geneva

LUNCH: FOCUS 2014
January 14, 2014 · Paris

BREAKFAST: FOCUS 2014
January 15, 2014 · London

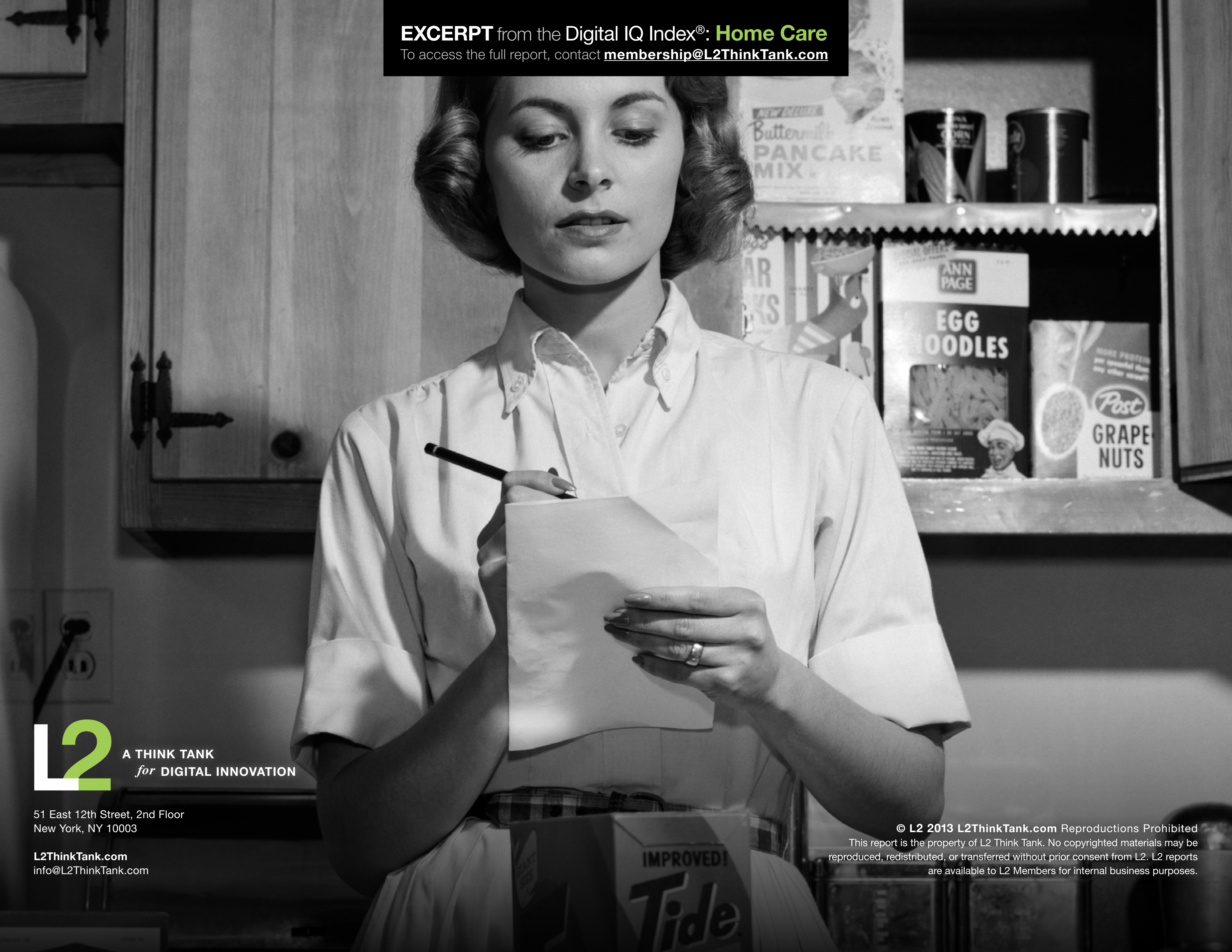
CLINIC: AMAZON
January 23, 2014 · New York City

Upcoming Research

DIGITAL IQ INDEX® REPORT:
China: CPG
Sportswear
EU Beauty

EXCERPT from the Digital IQ Index®: **Home Care**

To access the full report, contact **membership@L2ThinkTank.com**



L2 A THINK TANK *for* DIGITAL INNOVATION

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