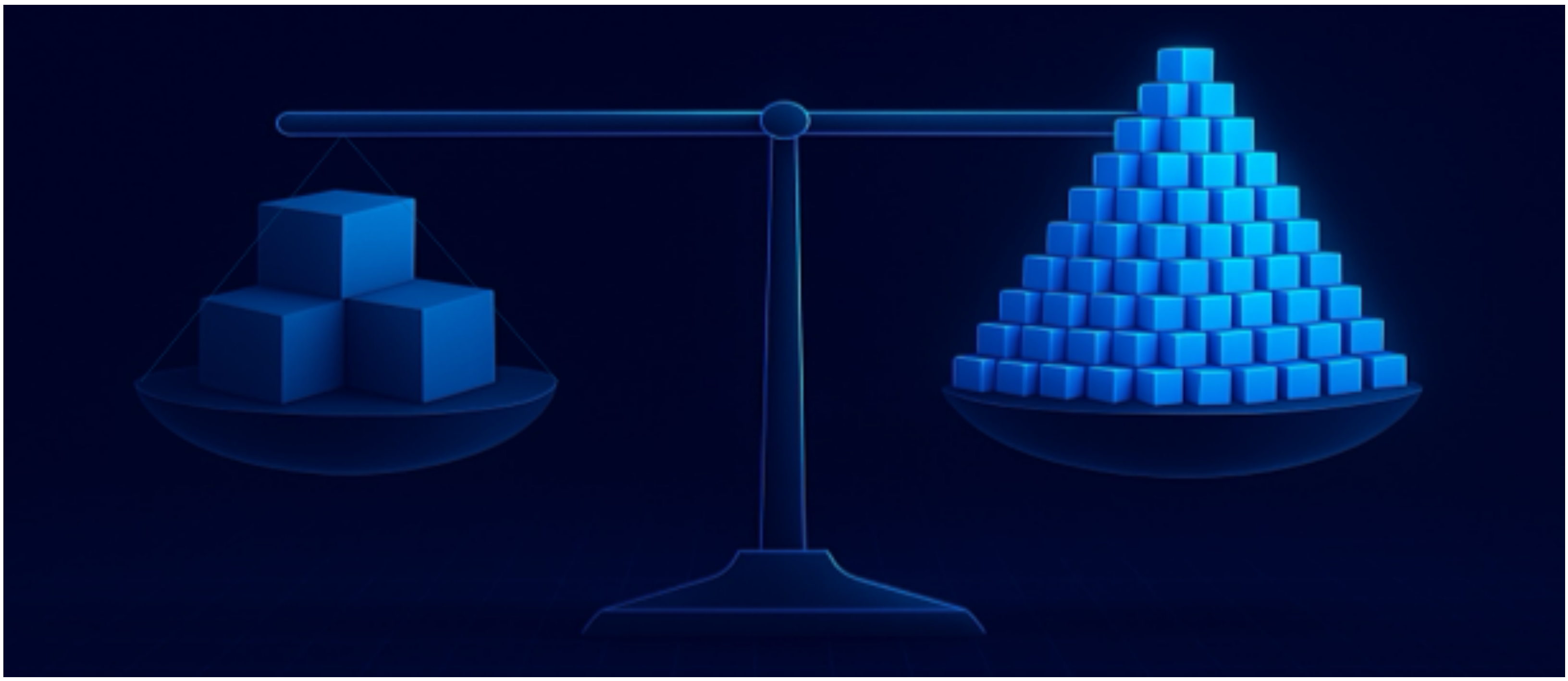
The Hidden Economy Taking Share from Big Brands

Amazon's marketplace model is reshaping the economics of consumer goods and creating a new competitive order where agility and speed matters more than heritage and scale.



Amazon remains the largest e-commerce marketplace in the United States, which makes it an ideal barometer of how brands owned by major Consumer Packaged Goods (CPG) companies, which we will refer to as major CPG brands, are competing against emergent challenger brands. On Amazon, those challengers brands generally fall into three groups:

- Small independent brands that are often digitally native
- Amazon's own private label lines
- Fast growing universe of third-party seller brands

In this report we analyzed the collective current performance of major CPG brands versus emergent challenger brands for 18 categories across Beauty and Personal Care, Center Store, Health and Wellness, and Pet Care. What stood out was that the emergent challenger brands were winning in 16 of the 18 categories and were dominant in 15 of them, with category wins of more than 15 percent.

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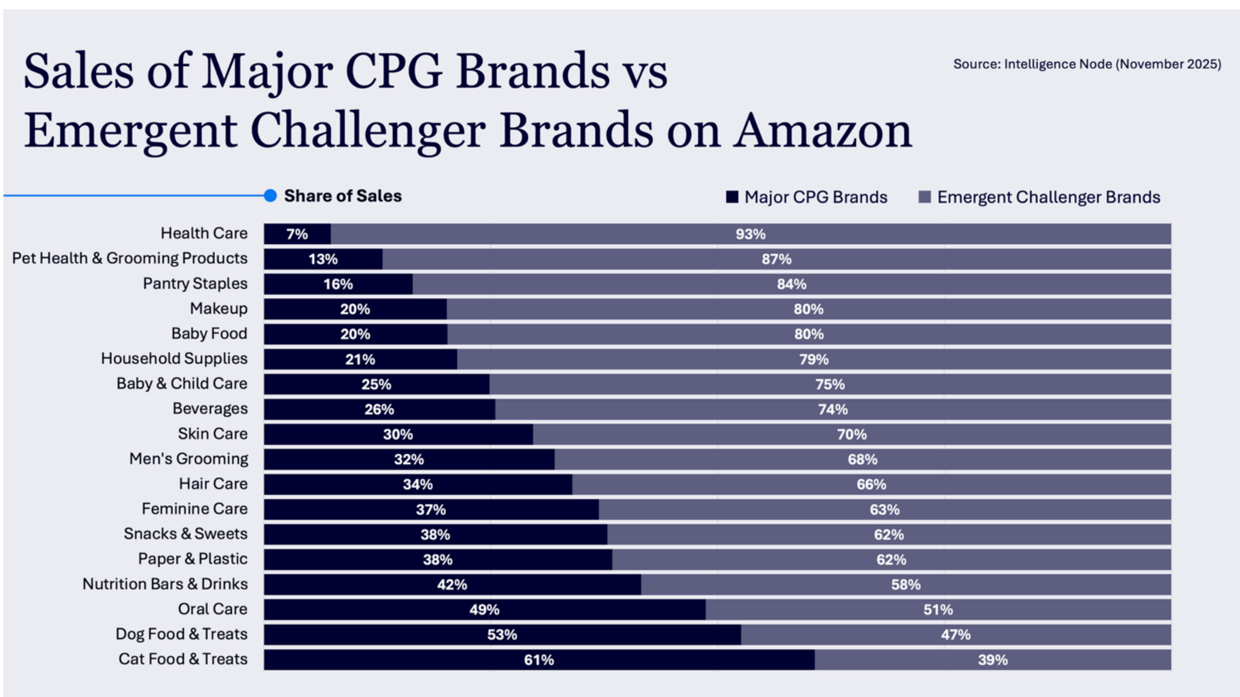
This new analysis, based on proprietary commerce data from Intelligence Node, covers roughly 21 percent of annualized Amazon sales in these categories and draws on 2,200 of the most searched terms across the category segments to identify the products shoppers encounter most often. The sales figures reflect total product performance for the most recent month, with search used simply to identify the products consumers encounter most often. What emerges is not just shifting share but a structural change in how categories compete. Marketplace dynamics now reward speed and continual optimization rather than size or heritage.

Note: Because the analysis focuses on the highest-volume searches, it naturally favors larger brands. Many smaller niche brands only surface through long-tail searches that fall outside the top terms used in this dataset.

Where Emergent Challenger Brands Now Outperform the Giants

The category level data in the figure below shows a marketplace that is tilting decisively toward emergent challenger brands. In most of the categories analyzed, emergent challenger brands are winning the majority of sales, often by wide margins. Their strongest advantage appears in Health Care, Pet Health and Grooming Products, Pantry Staples, Makeup, Household Supplies, and baby related categories, where emergent challenger brands command between 75 and 93 percent of sales. These categories reward rapid formulation shifts, niche product positioning, and continuous optimization of digital shelf assets.



Emergent challenger brands also lead meaningfully in Beverages, Skin Care, Men's Grooming, Hair Care, Feminine Care, Snacks and Sweets, Paper and Plastic, and Nutrition Bars and Drinks, and Oral Care. In these categories, purchase decisions are shaped by search visibility, consumer reviews, and fast-moving product refresh cycles that favor digital first and marketplace sellers.

Major CPG brands maintain a majority share in only a small set of categories, most notably Cat Food and Treats and Dog Food and Treats. These categories tend to reward supply chain scale, replenishment behaviors, and long-standing brand trust.

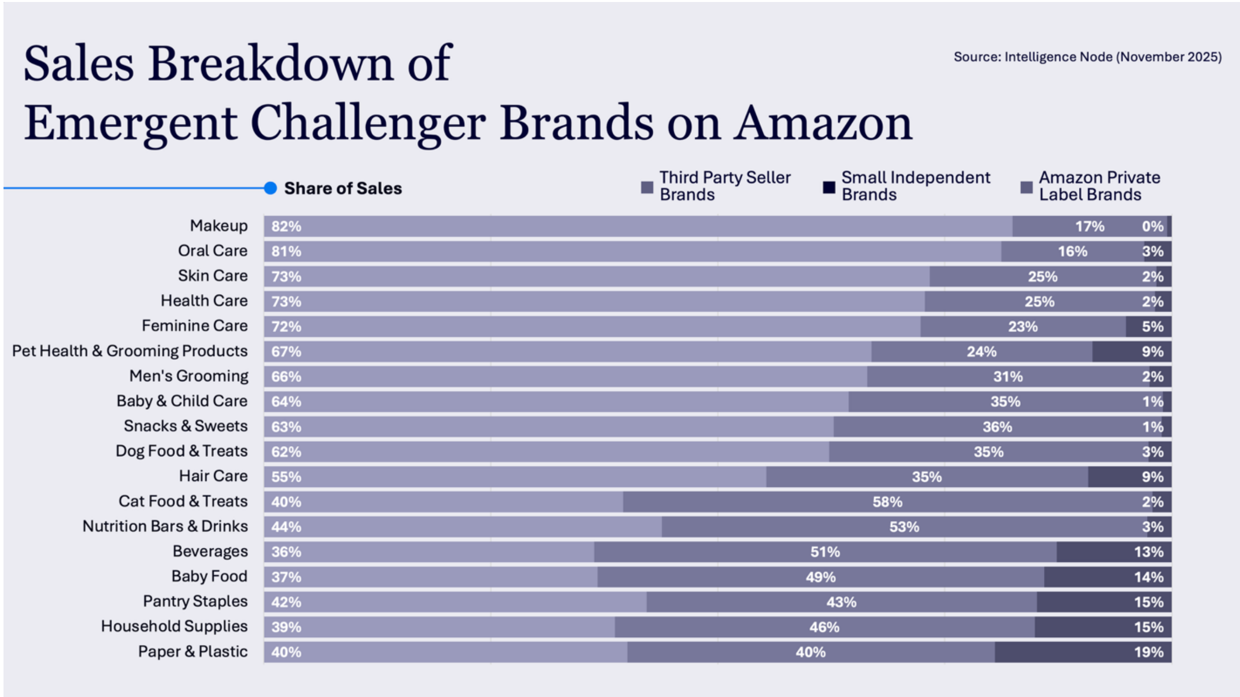
Taken together, the results show that emergent challenger brands are not simply competing with large incumbents. They are outperforming across many of the highest growth digital categories and capturing disproportionate momentum in areas where agility, visibility, and iteration matter most. Supporting this, recent analysis shows that 84 percent of Major CPG brands on Amazon fail to claim at least one of their top three most searched unbranded keywords. That illustrates how quickly digital visibility can erode for larger brands when smaller competitors update and optimize more frequently.

> *"These smaller brands are niche and focused. CPGs are trying to cater to everyone and end up not being great for anyone. It is like the Roman Empire versus the barbarians." [Competing at Machine Speed]*
>
> — CFO, Beverages

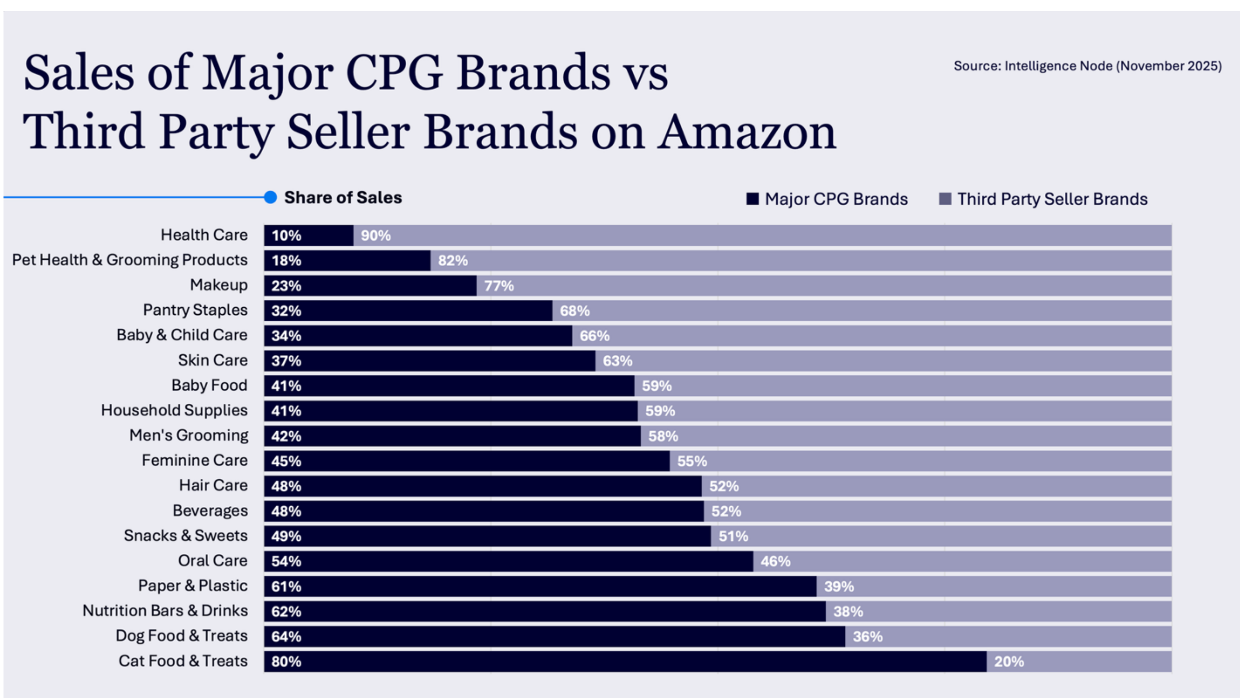
Inside the Fastest Growing Engine of Amazon's Marketplace

A closer look at the marketplace data for emergent challenger brands in the figure below reveals an expanding "Emergent Brand Economy," where third party sellers are the dominant source of emergent challenger brand sales. These sellers shoulder Amazon's commission fees, retail media costs, and fulfillment expenses. The tradeoff is access to hundreds of millions of shoppers without the constraints of physical shelf space.

Third party sellers follow a model that removes nearly all the barriers that once protected major CPG brands. They use Amazon as their primary storefront, can launch products almost immediately, and bypass the traditional hurdles of shelf negotiations, buyer approvals, and local sales teams. The resulting low barriers to entry have opened the door to a rapidly expanding field of challengers who test, refine, and scale products at a pace traditional retail structures never allowed. Their constant updates also give them an advantage in how products are interpreted by emerging AI systems. Answer engines used in shopping, including ChatGPT and Perplexity, tend to favor product data that is fresh, structured, and complete. Third-party sellers excel in those areas.



When comparing sales from third party sellers with the major CPG brands, these sellers are able to win two thirds of the categories on their own. That means a group of relatively unknown brands and operators, many of them without legacy scale or traditional brand equity, are outcompeting some of the most established names in consumer goods on neutral marketplace terms. They do so while absorbing higher unit costs and paying the full freight of platform fees, yet still manage to capture more of the incremental growth.



Although comparing pricing is challenging because of the wide range of pack sizes and formats within each category, we can evaluate the average discount as a percent of list price. Despite having no structural brand equity advantages, third-party sellers tend to discount less aggressively than major CPG brands. They are not winning on consumer ratings either. Their consistent advantage is digital shelf presence. In all but one category, which is Cat Food & Treats, third-party sellers hold a greater share of page-one visibility for the top searches, giving them a disproportionate influence on what shoppers see first.

This suggests that customer preference is shaped less by heritage and more by visibility, responsiveness, and algorithmic positioning. Third party sellers refine their listings continuously and direct retail media spend toward the specific search terms that matter most. In effect, they trade traditional advantages in distribution and brand recognition for speed of iteration and share of page one real estate.

The implications are clear. If current entry rates and iteration cycles continue, these marketplace sellers will widen their advantage in categories where new formulations and rapid product refreshes matter most.

How Marketplaces Have Rewritten Private Label Economics

The marketplace model has effectively created a modern private label architecture that operates very differently from the traditional store brand playbook. Amazon earns attractive margins on every third party transaction because sellers shoulder the manufacturing, holding, and inventory risks. Amazon collects commissions, advertising fees, and fulfillment revenue without tying up capital in production or warehousing.

This asset light structure allows Amazon to expand selection rapidly while earning more from the long tail of innovation than from traditional wholesale inventory models. It also gives Amazon private label level margins without private label level investment, which shifts bargaining power further away from manufacturers.

Walmart has adopted a similar structure by expanding its own marketplace and shifting more responsibility for digital shelf performance to major CPG brands and third party sellers. In both cases, the retailer is no longer the curator of the aisle. The retailer is the platform. Products rise or fall based on real time performance signals such as search velocity, conversion rate, retail media spend, and review activity, rather than decisions made by a buyer walking a physical planogram.

This shift meaningfully changes the economics of competition. Traditional private label used to require upfront investment in manufacturing, sourcing, and category management. Marketplace enabled private label requires none of that. Retailers can now generate private label like economics at scale simply by allowing thousands of third party sellers to compete for visibility. The result is a model where retailers earn more margin while outsourcing assortment innovation, inventory risk, and even product development to the market.

For major CPG manufacturers, this creates a new kind of competitive pressure. They are no longer just competing against retailer owned brands. They are competing against a retailer enabled model that behaves like a massive, decentralized private label engine across every category. The winners on these platforms are the products that perform best in real time, not necessarily those with the deepest heritage or largest marketing budgets.

The Need to Compete at Machine Speed

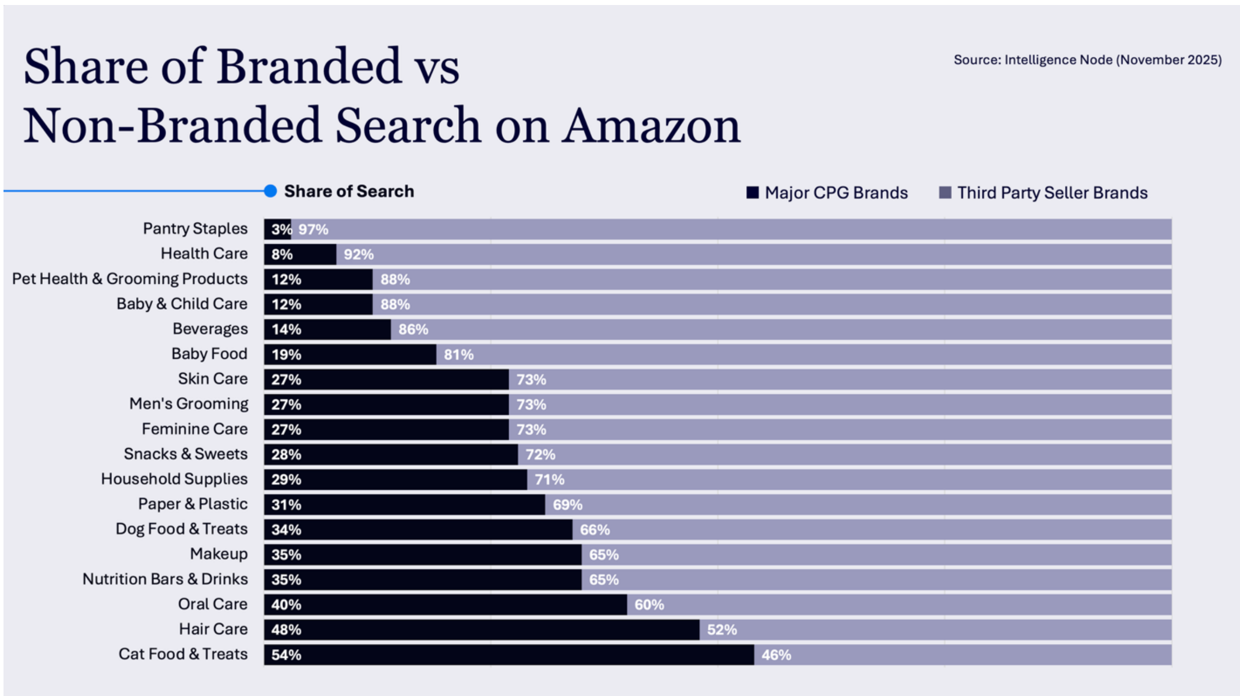
Major CPG brands face an unavoidable handicap. Unlike insurgent brands, they must compete across dozens of retailers, with thousands of SKUs per retailer and millions of digital shelf placements, each governed by different algorithms. Senior executives describe this as a scale and speed problem.

> *CPG executives report that over 80 percent of organizations cannot keep pace with modern commerce complexity, and nearly 70 percent spend more time reconciling data than acting on it [Competing at Machine Speed].*

The result. Up to 90 percent of product pages go untouched for many months or even years, despite being the single gateway to all digital sales and the most important brand ambassador for how a product shows up in ChatGPT and other answer engines. As LLMs and answer engines become a primary way consumers discover products, the brands that update content continuously will shape the information these systems rely on.

Third party seller brands, in contrast, have the agility to optimize their product pages continuously. This is why the brands gaining ground are those operating at “machine speed” to optimize their product detail pages, search ranking strategies, and retail media decisions continuously. All others are falling behind.

The need to operate at machine speed will only grow. As seen in the figure below, the top searches for most categories are being driven by non-branded search. Not surprisingly, the Cat Food and Treats category is the only one where branded search is winning, and it is also where major CPG brands performed the strongest in sales share against emergent challenger brands, including third party sellers.



The Strategic Consequences

This is no longer a story of niche competitors picking off occasional wins. It reflects a deeper structural shift in how category leadership is formed and defended. The most significant threat to major CPG brands is not other incumbents or even digitally native challengers. It is an emergent brand economy shaped by marketplace economics and powered by a fast-growing base of third-party sellers. Together they form a self-reinforcing system that is redefining winners and losers in consumer goods.

Share shifts of this magnitude will not self-correct. Third-party seller acceleration, marketplace-enabled private label gains, and the machine-speed dynamics point to a future where brand heritage matters far less than agility and operational velocity. If these marketplace dynamics continue, the gap between fast-moving third party seller brands and major CPG brands will widen, reshaping category leadership across Center Store, Beauty and Personal Care, Health and Wellness, and Pet Care. In these categories, the ability to compete at machine speed across retailers and answer engines is rapidly becoming more important than distribution scale.

This is why the major CPG brands with the best chance of reclaiming ground will be those that adopt agentic systems capable of continuously sensing, deciding, and acting across their entire digital commerce ecosystem. Those that remain tied to legacy operating models and fragmented technology may find the Emergent Brand Economy extending its lead in the years ahead.

Note: The analysis in this report is based on Intelligence Node's category level shelf visibility and performance data on Amazon's U.S. marketplace.

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About Agentic Systems for Commerce

Agentic Systems for Commerce (ASC) addresses the core financial performance pressures facing today's consumer goods companies operating in an increasingly complex commerce landscape. It is a unified front-office system that combines agentic tools, automated workflows, and connected intelligence within a single architecture engineered to manage the scale and complexity of modern digital commerce. Powered by Intelligence Node data, ASC is designed to unlock measurable growth, flatten the rising cost curve driven by retail media and digital commerce operations, and enable enterprises to compete at machine speed.

About Intelligence Node

Intelligence Node is a real-time retail price intelligence platform that empowers businesses to drive product level profitability and grow margins using data-driven competitive insights. Leading as a premier independent data powerhouse, it has created the world's largest pricing dataset with unmatched accuracy - feeding the growth of more than $600 billion in retail revenue globally.