

MICROBRANDS – THE END GAME IN CONSUMER GOODS?

JANUARY 7, 2019



Microbrands are the biggest single challenge for consumer goods: Study covered over 2.000 companies



Die hungrigen Kleinen

Start-ups und lokale Hersteller werden für Konzerne wie Nestlé zur echten Bedrohung.

„Der Trend geht zur Wegwerfmarke“

START-UPS ROLLEN DEN KONSUMGÜTERMARKT AUF
20. Juli 2018, aktualisiert 20. Juli 2018, 12:39 Uhr

NEUE MARKEN

Start-ups mischen den Konsumgütermarkt auf

Konsumgüter

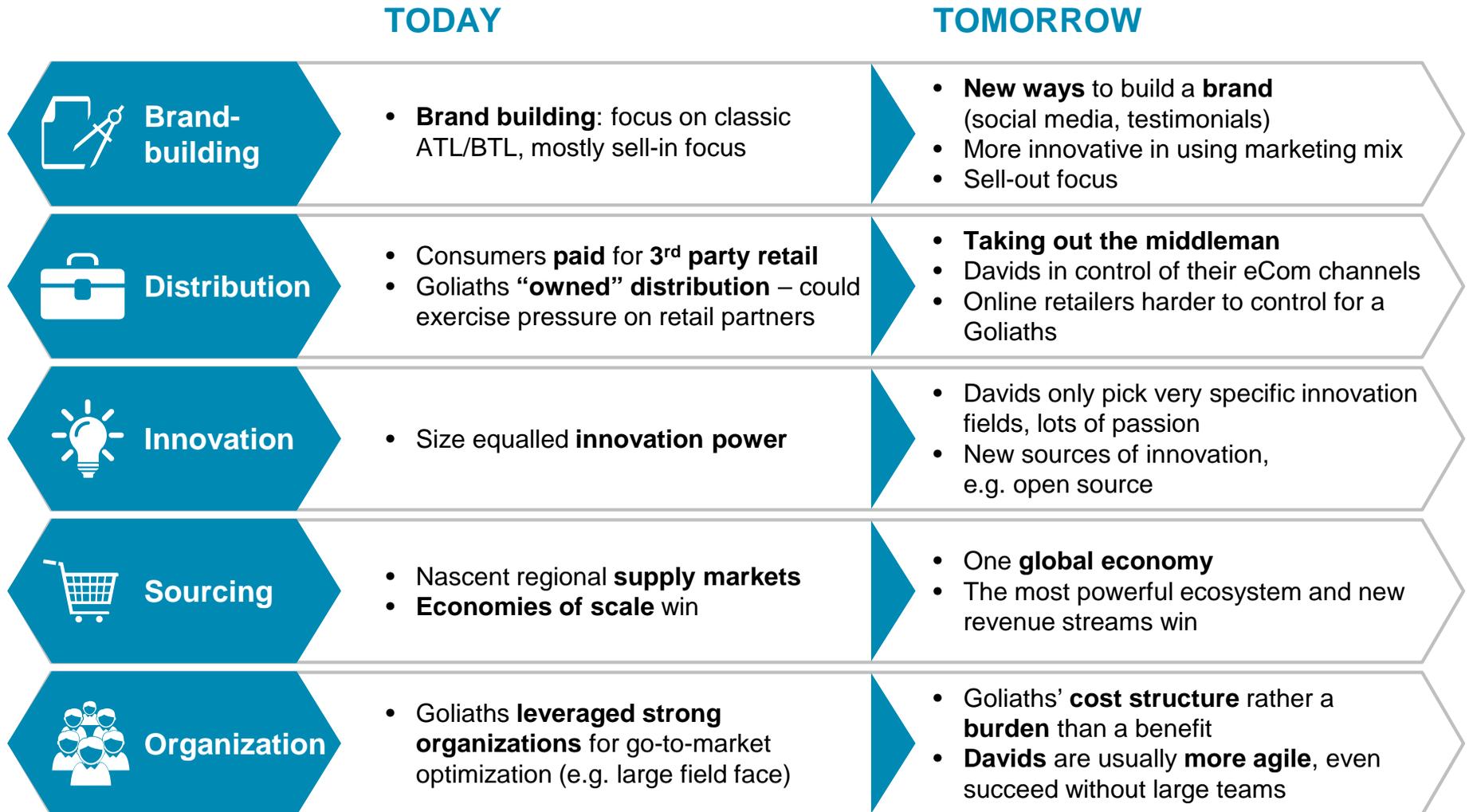
Von Ankerkraut bis Little Lunch: Wie Start-ups den Handel aufwirbeln

Ob bei Matratzen, Rasierklingen oder Fertigsuppen - in immer mehr Bereichen machen kleine innovative Unternehmen den Platzhirschen Konkurrenz. Den Verbrauchern gefällt's.

19. Juli 2018 10:00 Uhr

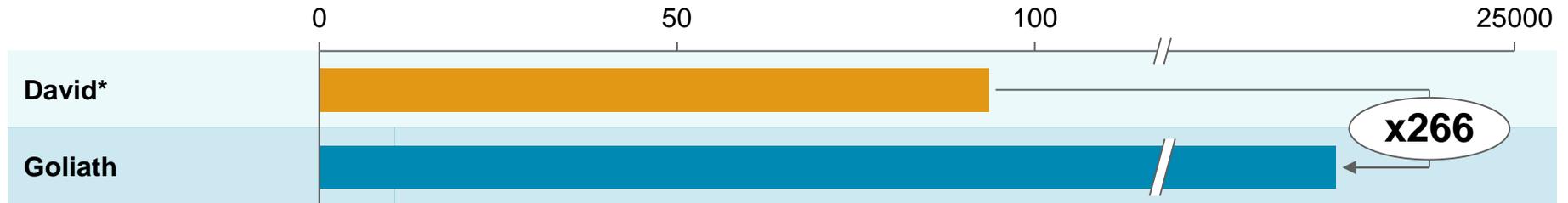
CONSUMER LEADERSHIP CIRCLE
DUSSELDORF, SEPTEMBER 21, 2018

Key things in the retail trade have changed and are firing this trend today - and tomorrow

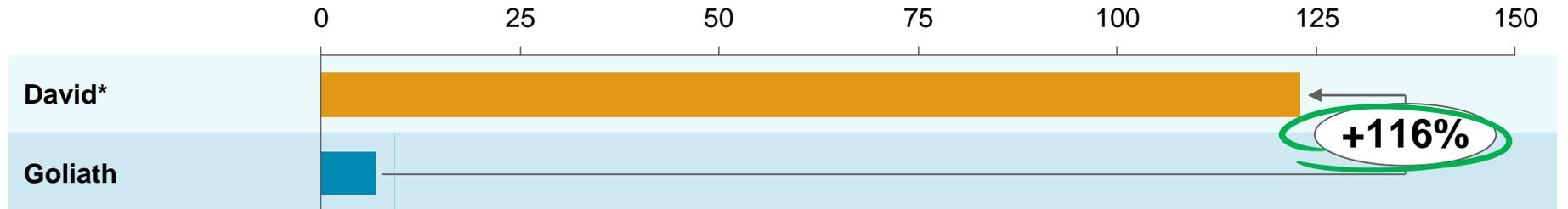


The Davids are much smaller, but way more successful

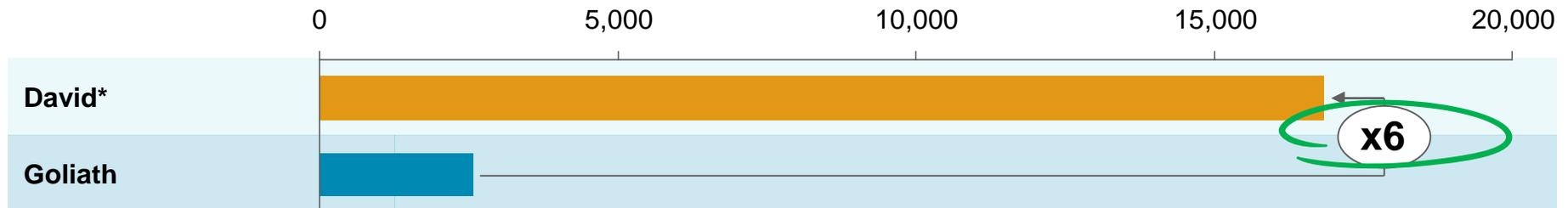
Turnover (in MM\$)



Growth (%)



Social Media Follower (# per \$ MM in turnover)



*Sample of about 70 companies where commercial data was accessible

Summary of success patterns: How Davids succeed against Goliaths



We see four main response types – acquisitions are often supplemented with additional approaches



- Acquisition of established brands
- Growth through standardized
 - Internationalization
 - Sales
 - marketing etc.



- In-house development of new brands
- “self-disruption” of the company
- Identification of future trends



- Seed investment in promising start-ups
- Valuation of potential and chances of success

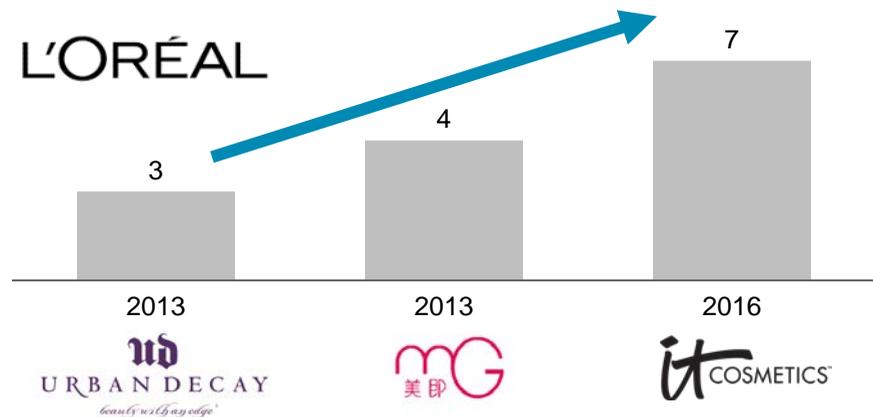
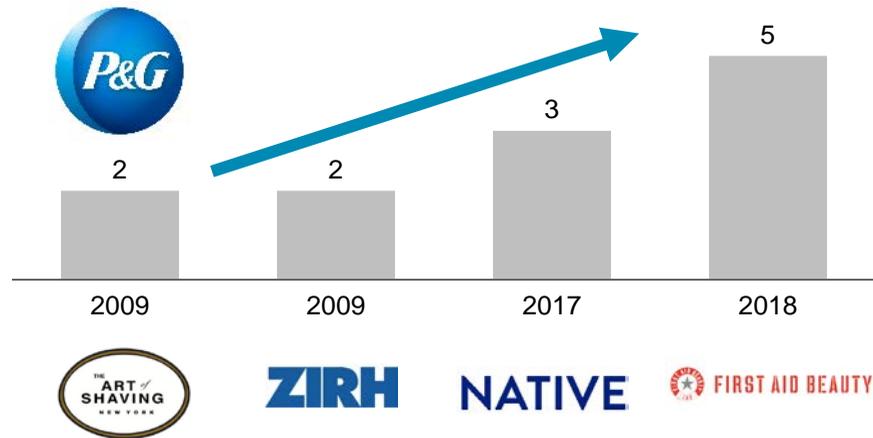


- Build Partnerships while partners remain independent
- Often sales and distribution focused

Early identification of trends as most important success factor

Acquisitions become increasingly expensive and more challenging, can't be the best option

Revenue multiples of example acquisitions



Source: Cincinnati Business Courier, Brandweek, WDD, NYT, L'Oréal, Bloomberg, Guardian



- Transactions become more expensive
- Micro brand landscape with more potential targets
- Higher complexity to screen for targets
- Faster market growth makes timing for acquisition more challenging

