

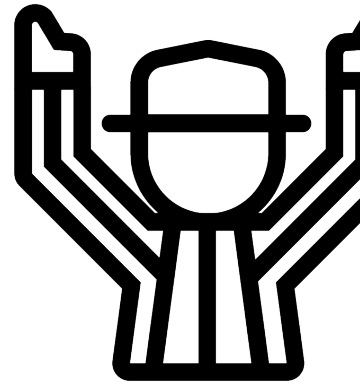


NEXT-GEN CPG PLAYBOOK



The ultimate guide to winning
in the wild new world of CPG.

ONCE UPON A TIME . . . **THERE WAS A TRIED-AND-TRUE PLAYBOOK FOR CPG BRANDS TO COMPETE AND WIN.**



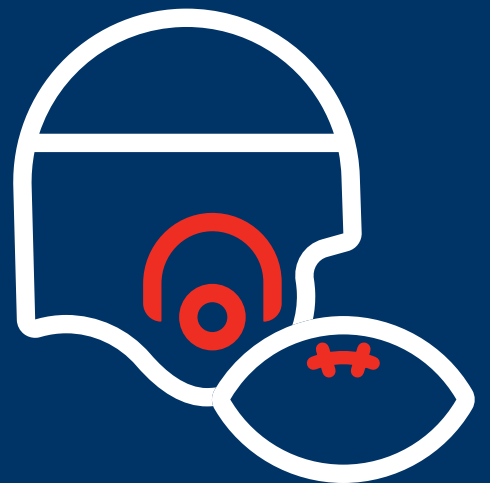
But a confluence of forces has forever changed the field of play. Now a new set of strategies and behaviors has emerged to guide CPG brands forward in today's dynamic environment.

CPG offered the stability of reliable growth year after year...sure, there were ups and downs, winners and losers, new entrants and decaying dinosaurs...but the basic playbook for brands was mostly unchanged for 50+ years.

THE MOST COMMON STRATEGIES INCLUDE:

- Large, Popular Brands
- Good Enough Products
- Mass Media Marketing
- Symbiotic Partnerships with Retailers
- Expand to Developing Markets
- Centralize Operations
- Use M&A as a Strategic Weapon

**THE OLD
PLAYBOOK
IS NOW IN
TATTERS.**

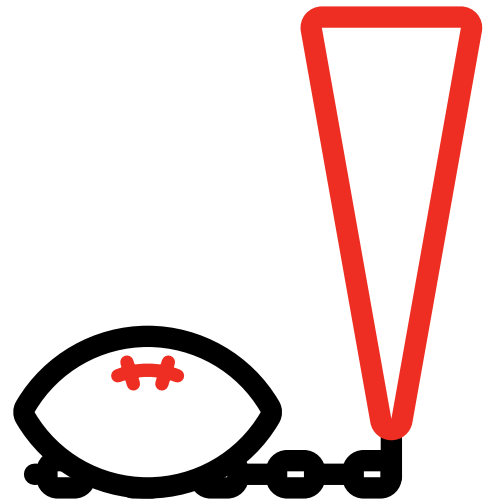


The forces that have irreversibly altered the nature of the CPG market are well understood. Traditional modes of competition have been upended by a series of factors that span technology, culture, and commerce.

And yet, the strategies necessary for brands—incumbents and upstarts alike—to grow and thrive in this newly chaotic environment are much less obvious. Too many brands seem to be stuck in the fog of war, unable to fully grasp the new battlefield and uncertain of where to focus both intent and resources.

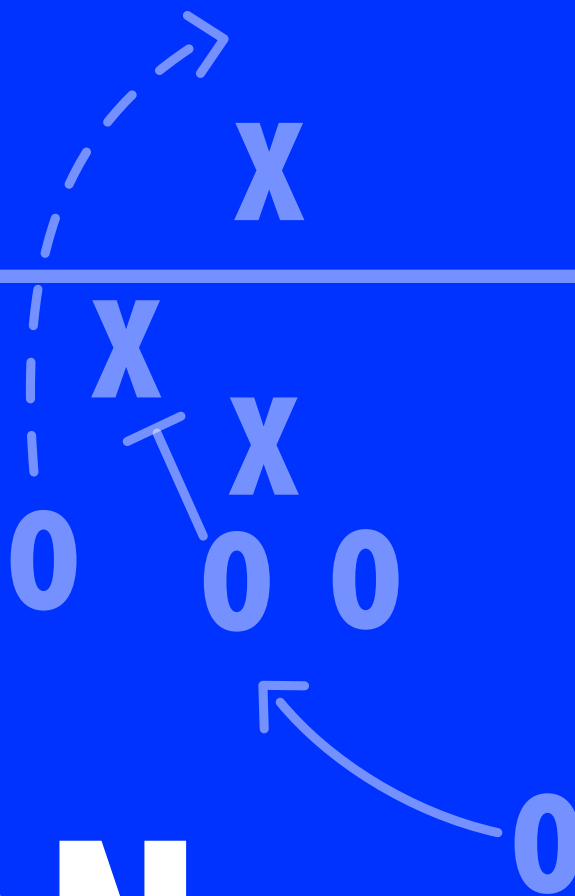
WHY?

- Tastes & Behavior Change
- Devices + Technology
- New Channels + Venture \$\$
- The Middle Got Squeezed
- Local > Big & Global
- Activist Investors
- M&A Mania



HOW DOES A CPG BRAND ADAPT TO THIS NEW REALITY?

With all the complexity in play, it's tempting to string together a few buzzwords and leave it at that. Hope that the vagueness allows for many interpretations and plenty of wiggle room.



WE CAN DO BETTER.

Only with a more fundamental, agile, and multi-faceted approach can CPG businesses hope to meet the challenge of this ultra-competitive market.

THE WAY FORWARD

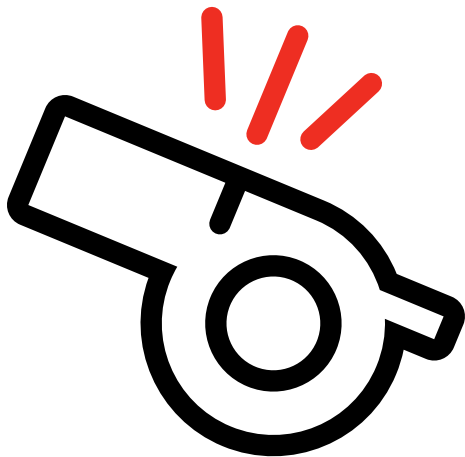
Fortunately, a few things have not changed. Strong, enduring brands retain their unmatched ability to deliver economic value, commanding a price premium while also being a way to cue quality. And like a lighthouse in choppy seas, some fundamentals still provide us constancy, guidance, and confidence. The central jobs of branding remain: To align a differentiated brand proposition to consumer needs and values; To create “mental availability”—via actions, communications, and identifiers—thus increasing the likelihood the consumer will recognize and/or think of a particular brand when in a buying situation.

THREE BEDROCK PRINCIPLES INFORM OUR WORLD-VIEW:

1.

BRAND, PRODUCT, AND EXPERIENCE ARE INSEPARABLE

Good enough just won't cut it anymore. The attention (perhaps obsession would be more appropriate) paid to each element must be equal and elevated. It's essential to knit brand, product, and experience into something seamless and dynamic. The goal must be to create experiences that are cohesive, fluid, and meaningful.



2.

THE STRONGEST BRANDS ARE GROUNDED IN A HUMAN TRUTH

We know the brands that win connect with people's inherent, hardwired desires—things like romance, order, and power. This has always been true and remains unchanged. It's why brand owners must be fixated on the human condition, working to understand what motivates people to act and then embedding their brands with codes that connect to consumers in ways rational, emotional, and primal.

3.

PEOPLE'S ATTENTION GATHERS AROUND THE NEW AND EMERGENT

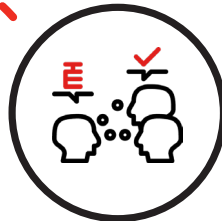
Consumer apathy is an existential threat to brands everywhere, but the ones that stay alert and agile avoid that fate. Brands that consistently push toward the future ultimately lead the conversations in their categories and capture greater share of voice and attention.

From there, we have identified a set of specific strategies and behaviors needed for CPG holding companies and their brands to succeed in today's environment. As the next set of brand battles will not be defined by Big vs. Small, but rather Quick vs. Slow, it is essential that businesses adapt and evolve in ways that enable speed and agility.



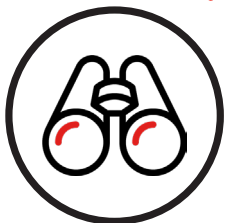
BUILD STRUCTURES TO ENABLE THE RAPID DEVELOPMENT, ACQUISITION, AND INCUBATION OF NEW BRANDS.

Category fragmentation is here to stay. The days of multi-billion-dollar brands are dwindling and the ceiling is descending. Winning companies will make the skill to conceive, acquire, and nurture nascent brands a core capability — over time matching the resources and attention today given to their largest and most valuable assets.



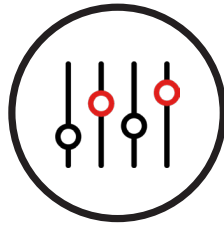
TIGHTLY INTEGRATE INNOVATION ACTIVITIES WITH BRAND BUILDING

R&D, innovation, and marketing can no longer enjoy the luxury of working in largely parallel silos. Organizations must redefine structure, expectations, and rewards to enable better collaboration, more experiments and enhanced speed to market.



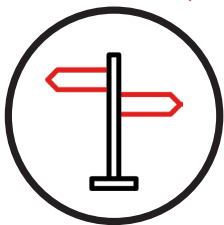
THINK PORTFOLIO STRATEGY FIRST

Once upon a time, a single well-managed brand could strategically use product extensions, retail partnerships, and mass media to skillfully dominate a category for decades. These instances are fewer and farther between and the pendulum is unlikely to swing back any time soon. Firms must now smartly use brands with a niche focus to fill gaps and address emerging consumer needs. Evaluating opportunities at the category and portfolio level will help leaders identify a different set of opportunities and deploy resources oriented to growth rather than protecting the status quo.



CAREFULLY MONITOR AND PRUNE PRODUCT MIX

Brand architecture is one of our most vital strategy tools, but it is often misunderstood and wrongly used as a short-term tool of organization rather than as a lever for growth. Large CPG brands should use their architecture to better align to how consumers shop and buy today—ruthlessly curating the profile of the brand and its products. A focus on flagship offerings can maintain brand health and the identification of strategic extensions can evolve brand equity over time. Growing brands can deploy architecture to create a clear roadmap for innovation and wisely focus finite resources.



EXPLORE APPROACHES TO TRANSITION PRODUCT BRANDS INTO SERVICE BRANDS

Service design creates value beyond the core function of the product being sold. It offers the potential to connect physical and digital experiences to deliver value, meaning, and utility. For CPG brands this can not only strengthen the connection and communication with consumers, but also provide access to first-party data enabling a new degree of understanding of their needs.



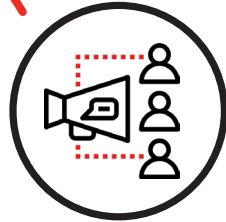
DEVELOP IDEAS AND COMMUNICATION BY CONNECTING TO TENSIONS PALPABLE IN TODAY'S CULTURE

Understanding the tensions that naturally arise as our ways of living and being evolve, brands can attract more attention from a distracted and diffuse consumer base. Tapping into the zeitgeist with culturally-savvy ideas and leveraging emerging technologies keeps brands vital and interesting, and—oh yeah!—mentally available.



LEARN IN THE WILD

Traditional validation methods have never fully delivered on their promise of certainty. They are often slow, expensive, and inaccurate at predicting in market performance. Brands must challenge accepted ‘best practices’ and use (primarily) digital tools to increase velocity and actionability of their consumer learning. By understanding what consumers actually do, not what they say they will do, brands can move with greater speed and confidence.



USE PR AS A HIGH-LEVERAGE ASSET

In an environment where it is increasingly difficult (and expensive) to buy eyeballs, the ability to generate organic notice can be a great equalizer. Brands consistently producing ideas, actions, and products that create headlines in the media—traditional, social, and emerging—will naturally punch above their weight class, garnering the attention of consumers, the trade, and potential investors.

And so, as the fog begins to dissipate, a new playbook for CPG emerges. One that accounts for the new dynamics in play. One that challenges long-held ‘truths’. One that sharpens a brand’s elbows and points the way toward opportunity and growth.

WANT TO LEARN MORE? SCHEDULE A WORKSHOP?

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