

Crack the code: How emerging brands unlock breakthrough growth



Over the last 20 years, an explosion of innovative, emergent brands has disrupted and redefined the consumer-packaged goods (CPG) industry. These brands have fundamentally changed what it means to connect with consumers and shoppers, placing authenticity and better-for-you attributes front and center, while driving growth across the industry.

Emerging brands, especially smaller, high-growth brands, have driven CPG sales growth for decades. Shoppers increasingly seek these disruptive, healthier products across categories, with an eye toward brands that are mission-driven and authentic. Retailers across the spectrum — from Walmart to small, independent stores — are actively courting and dedicating more shelf space to these brands.

“In many ways, this is the best time in history to be an emerging brand,” says David Fall, senior vice president of enterprise growth at Advantage Solutions. “That consumer demand and proliferation, however, also means it’s tougher than ever to stand out and break through from the crowd.”

Navigating the marketplace

Research by FDM, Advantage Solutions’ agency for emerging brands, reports that only 15 percent of brands in the marketplace reach their objective. As emerging brands navigate an increasingly fragmented and complex ecosystem, they encounter significant challenges.

Among the pitfalls they can experience:

- Expanding distribution too quickly, without a strong base of awareness and consumer pull
- Inability to get a “seat at the table” with the right retailers
- Listing at the wrong price or offering the wrong pack sizes for their target shopper



- Deploying the wrong marketing strategy and/or insufficient marketing spend to drive conversion
- Failure at shelf, due to an inadequate supply chain to reliably deliver their product or the proper in-store support required to stand out with shoppers

“Breaking through — with consumers, shoppers and retailers — is the single biggest challenge for emerging brands,” says Fall.

So how can a brand position itself to stand out among an increasingly crowded field to go from emergent to insurgent and beyond? Advantage Solutions recommends three axioms for success:

- Scale sustainably
- Use authentic, creative moments to drive trial
- Build an insights-driven go-to-market playbook

Simply knowing what to focus on is not enough because each step forward presents complex challenges and opportunities that require

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deft navigation. How do you get access to retailers? Once you’ve landed a sale, how do you ensure your brand makes it to the shelf? What’s the best way to spend your marketing dollars? Do you need to build a supply chain yourself? The answers to those questions and the playbook for success is as unique as each brand.

“While it’s possible for brands to succeed on their own, it’s very easy and tempting to move too fast, spread yourself too thin or neglect making decisions in the short term that will hamper your long-term growth,” Fall explains. “Bringing in a strategic partner like Advantage allows you to take a 360-degree view of the market, addressing everything from sales and supply chain to sampling. It’s like playing chess when other competitors are playing checkers.”

A partner with industry expertise, national scale and local reach, is a key component to avoiding pitfalls, maximizing velocity and achieving breakthrough growth. A company like Advantage Solutions, which sits at the intersection of brands, retailers and shoppers, is able to connect the dots for brands at scale and solve problems with unique insights and relationships.

“We serve more than 4,000 clients and work with emerging brands to help refine sales and marketing strategies, in-store merchandising, omnichannel activation and supply chain to help transform businesses and fuel growth,” Fall explains. “Across categories and clients of every size, we’ve seen it all, which helps us steer our partners through the messy middle and toward their goals. We succeed when they succeed.”

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While zeroing in on geography is one way that many brands go deep, there are other options available. For some, the opportunity to scale sustainably with a single retailer partner is a lever that can be pulled to maximize a window of exclusivity:

- favorable placements
- more shelf-space
- co-investment on activation
- retail media.

This is a big tradeoff - limiting near-term expansion in favor of deeper investment – and highlights the importance of being intentional in your approach to achieve your objectives and maintain velocity growth.



Scale sustainably

Each year, Bain & Company surveys and publishes a list of “insurgent brands,” which the consultancy defines as brands with more than \$25 million in tracked channel revenue that have grown more than 10 times their category’s average growth rate while maintaining more than 10 percent annual growth.

The list includes brands across food and beverage with different formulations, different target audiences and a mix of retailer and distribution strategies. Regardless of category or demographics, these brands share one common, defining factor: they’ve grown sales velocities faster than distribution.

The lesson, which has become a common shorthand strategy for emerging brands: go deep and not wide. “That’s arguably the single most important lesson for founders. A relentless focus on prioritizing and sustaining velocity growth rather than expanding distribution ensures a foundation of shopper appeal that allows brands eventually to scale with more speed, more confidence and less risk,” says Megan Mellquist, vice president of Client Services for FDM.

Brands that “go deep” successfully tend to:

- Understand their target shopper and consumer better than anyone else — who they are, and critically, where they shop
- Build their scaling plan with this target shopper in mind, informing which geographies to target, and which retailers will be the best partners and invest in their brand
- Make tradeoffs with their retailers, deliberately choosing which retail partners to prioritize (and deprioritize) based on which offers the best opportunity to win
- Have strong connections with the retailers they choose to prioritize at headquarters with buyers, and in-store with individual managers
- Do not underinvest in in-store support, knowing that “selling in” is only half the battle; brands must make sure their product makes it to shelf and stands out from the competition when it arrives
- Build a supply chain (or find a trusted partner) that can scale as the brand grows; the worst outcome is growing without the ability to serve the demand





A “Relentless Advantage”

Another success story not only disrupted the soda aisle but led to a new way of thinking at Advantage Solutions. A better-for-you soda brand targeted independent and natural stores in the early stages of launch, building its brand at retailers where its core customers shopped. As it grew, the brand’s founders understood the importance of going deep: They were ready to scale with mass retailers but needed to make sure their brand’s in-store presence stood out the same way it would at an independent store. This led to a collaboration between Advantage and brand incubator L.A. Libations called Relentless Advantage, a comprehensive merchandising activation program to prepare the brand’s launch in mass outlets, ensuring the products stood out at shelf for an entirely new audience of shoppers.

“Everything’s hard when you’re a start-up, even when all the stars are aligned,” says Danny Stepper, CEO and co-founder of L.A. Libations. The Relentless Advantage collaboration was designed to help emerging and insurgent brands scale with speed by combining the brand incubation savvy of L.A. Libations with the deep retail scale and expertise of Advantage Solutions.

“Relentless Advantage serves as founders’ eyes and ears across big chains, which is invaluable. We can see and feel what’s happening — whether we’re seeing out-of-stocks or the tags are wrong in the stores — and make really quick adjustments,” says Stepper. “Some of the hottest brands in the industry have chosen us, and it’s proving the model. So, we’re very grateful for that, but we’re just getting started.”

Break through with authentic moments

Breakthrough growth relies on winning new shoppers. Household penetration growth is the most sustainable way to grow your brand, and in crowded categories, that means driving trial. Although emerging brands may already be standing out from competitors, what’s the optimal way to get product into the hands of new shoppers and consumers?

“Authentic, breakthrough moments inspire joy with consumers, create deep personal connections and drive discovery and fun in the shopping experience. Activating these moments catalyzes trial and conversion to ultimately grow your brand,” says Amy Joyce, vice president of Insights and Analytics for Experiential Services at Advantage. “Experiential marketing goes beyond just taste and smell. While sampling creates authentic breakthrough moments, it’s also an engagement strategy that builds brand equity, accelerates distribution and increases spending velocity. Our data shows that households exposed to trial products spent nearly 35 percent more over six months compared to those who weren’t exposed.”

Fall agrees, “Emerging brands tend to fail when they cannot articulate their identity with a clear, unique selling point. For this reason, sampling and experiential activation can be one of the biggest drivers of breakthrough moments. Creating this experience via sampling allows brands to drive this interaction while initiating a long-lasting relationship with new shoppers.”

There’s plenty of data to back this up, with Advantage’s Experiential team showing that sampling can accelerate trial for new products by up to 19 weeks, compared with organic discovery of a product. In one club retailer alone, they cite 91 percent of members who credit sampling and demos influencing their purchase decisions. The Experiential team from Advantage also found longer-term effects beyond the initial sample. In one study of a club retailer, they found that shoppers who engage in sampling make 24% more frequent trips to the retailer than those who don’t engage. Similarly, they found that members who engage with samples spend, on average, 14% more annually.

Most importantly, sampling can be an incredibly efficient and high-ROI tactic: A brand can amplify its reach sufficiency in local markets with precision targeting, ensuring velocities are category-leading as it builds a base to scale. “At Advantage we’ve developed a proprietary methodology called SiteSelector™ that targets optimal locations and times for brands to reach key consumers,” says Joyce. “This helps to maximize reach while increasing relevancy, translating to higher conversion than non-targeted tactics.”



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Sample for growth

For a national vegan sauce brand — one of the fastest-growing, women-owned companies in the U.S. — it all started with a sample. The brand used a robust sampling program to introduce itself to shoppers and retailers, generating a breakthrough response. The brand worked with Advantage’s Club Demonstration Services to launch a roadshow strategy, in which it would sample its bold-flavored, nut-based sauces across clubs in the U.S. Its success in those venues opened the door for the brand to expand to more than 12,000 retailers and restaurants nationwide.



Build an insights-driven go-to-market playbook

Emerging brands that successfully navigate the messy middle have honed and refined their go-to-market model for success. They aren’t afraid of failing fast and utilizing a test-and-learn strategy in every step of the brand-building process to continually iterate and improve. This includes formulation, packaging, media strategy and spend, sales strategy, in-store and out-of-store activation, and even aspects of the supply chain.

“A deliberate test-and-learn strategy leveraging actionable data can help brands guide decision-making on their journey to scale with confidence. Early, fast reads on different tactics can prove which will be most successful at scale, and help brands deploy investment dollars as confidently as possible,” explains Fall. The Relentless Advantage program has helped with this move-fast-and-learn strategy. Still, the other key component of building a winning commercial model is access to the right insights and analytics. “The simple truth is that to grow your brand, you need to know who your shopper is and how your brand fits into its category,” says Fall.

You want to demonstrate that your brand:

- Attracts the retailer’s target shopper
- Drives new shoppers to a retailer’s locations
- Adds new attributes to a given category — a differentiating benefit of emerging brands
- Creates differentiation for the retailer to stand out as well as a new source of sales volume

“Not only does this arm you with the facts to persuade retailers to greenlight expansion, but it also helps you tell your own story,” says Fall. By integrating shopper loyalty data in storytelling and leveraging custom market research, brands can more effectively communicate with retailer partners.

“Focusing on how your shopper can and will contribute to a category is critical for success. Once you have the battle-tested model for a single geography or retailer, you’ve got a full playbook to scale,” says Fall.

Emerging brands will continue to be the force for innovation and change within the CPG industry. Having the right blueprint for success is essential for a brand to break out of the crowd and deliver on its mission to convert shoppers (and retailers) into buyers. Fall adds, “Getting a strong start improves your odds of breaking through, so it’s important to partner with a company that has successfully guided emerging brands to becoming household names, someone who can optimize decision-making along every step on the path to purchase.”

Advantage Solutions harnesses insights and analytics to create custom sales and marketing strategies that generate demand for brands, converting shoppers into buyers in every way they shop. Learn more about Advantage Solutions here:

MCOBEAUTY LAUNCHES IN THE U.S. AT KROGER STORES WITH ASSIST FROM ADVANTAGE SOLUTIONS

ADVANTAGE, L.A. LIBATIONS PLAN TO JOIN FORCES

HOW ADVANTAGE SOLUTIONS HELPED BITCHIN’ SAUCE BECOME A HOUSEHOLD BRAND