

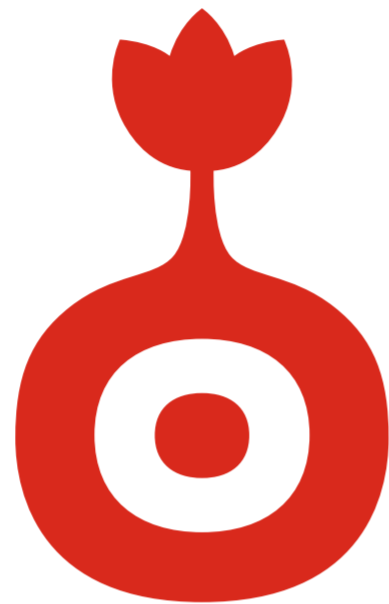
# Big can be beautiful too

The dynamics of Big vs. Small brands

sevendots

# Big can be beautiful too

Unpacking the ways Big vs. Small brands connect with consumers



At Sevendots we are passionate about the Consumer Packaged Goods industry. We are on a mission to provide brand owners with valuable contributions on main topics affecting the future development of the market. We do this through our Growth Series.

After the latest releases on Sustainability, Portfolio Management and Societal Contribution, we have developed this study on Big vs. Small brands identifying how the former can regain appeal for consumers.

To do that we utilized our usual structured and rigorous approach following a proven path: leveraging a plethora of existing literature and case studies, mining the extensive knowledge of our senior partners, engaging major brand owners to capture their experience and interviewing a broad selection of global marketers to provide a well-grounded set of key actionable considerations.

This document is a brief summary of the outcome of the study and outlines the 5 key conclusions we'd like to contribute to the debate around Big vs. Small brands.

**Please contact [opportunities@sevendots.com](mailto:opportunities@sevendots.com), or any of our Partners, to learn more about the outcome of the project including further analyses, case studies and a set of final recommendations on how big brands can regain consumer appeal.**

# 01

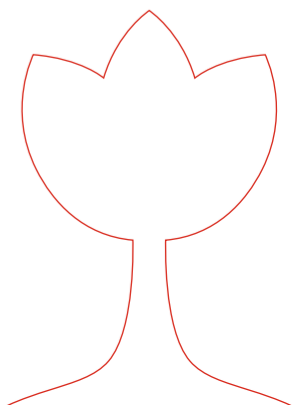
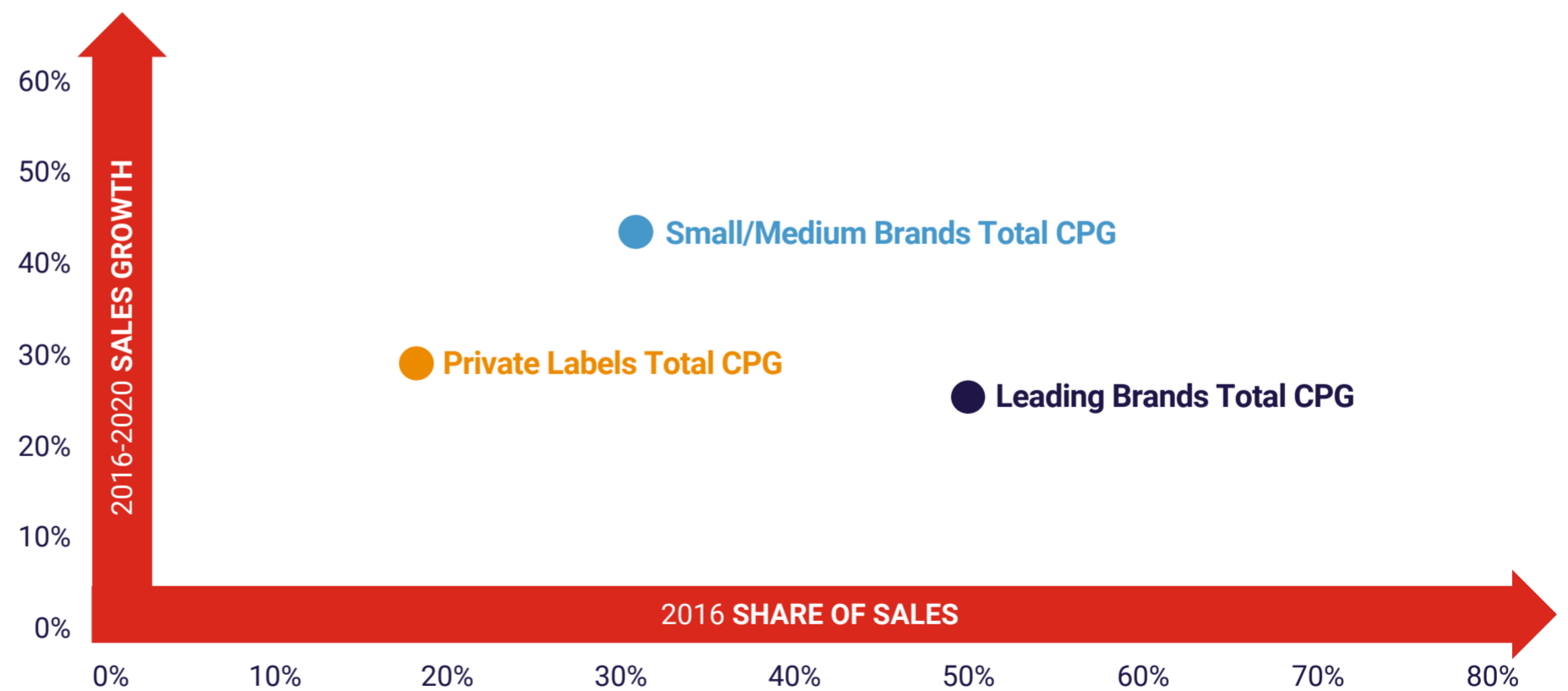
## Small brands will continue to perform

The pandemic allowed big brands to regain momentum over small ones. But this was just a temporary shift, based mainly on mechanical drivers that did not reach the deeper motivations that have been the foundations for the long-term interest consumers have towards small brands.



Over the long-term, small brands have maintained a disproportionate share of growth

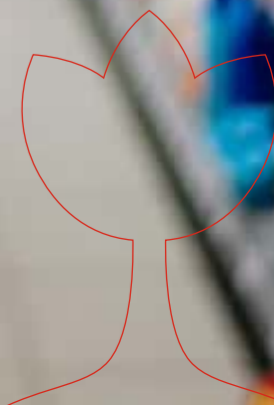
Sales Growth across all retail channels by type of brand (2020 vs 2016)



# Most of the gain of big brands was linked primarily to mechanical drivers

Stockpiling, fewer shopping trips and the rise of e-com favored bigger basket size and a lower propensity to try out smaller brands

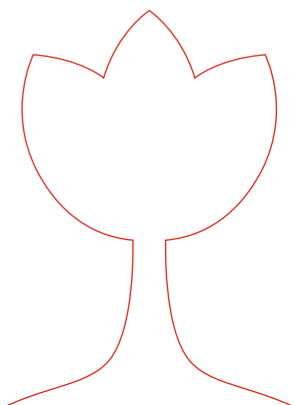
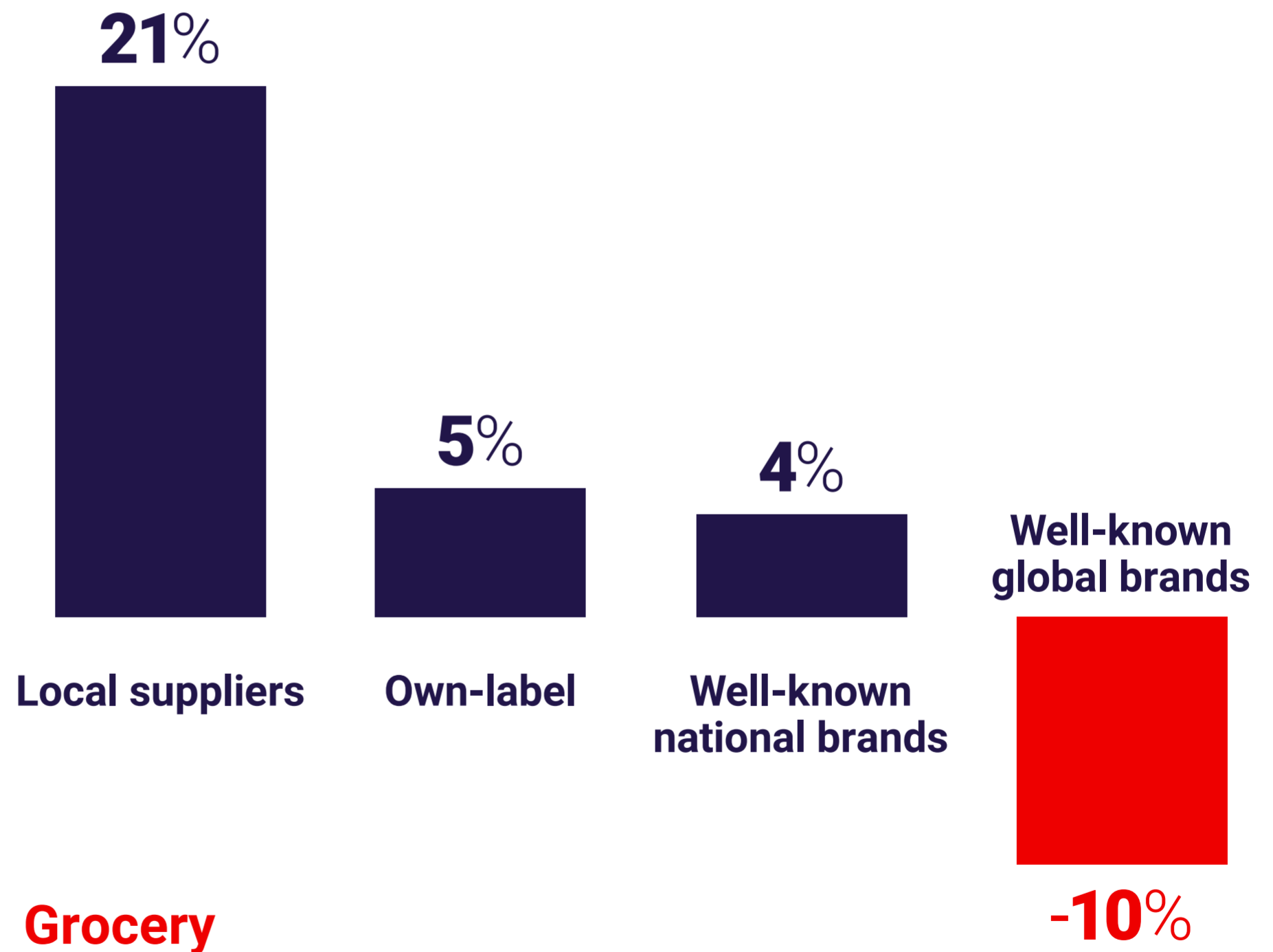
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# Going forward, consumers declare a clear preference for local vs. global brands

Thinking about your personal preferences in grocery/non-grocery shopping, how do you think your brand preference will change in the future, once all restrictions are lifted, compared with before the COVID-19 situation?

(Less/same/more)



# 02

## Agility paired with strong, relevant and authentic stories characterize small brands

The success of small brands is linked to how they operate, engage with consumers and distribute their offer.

These features allow them to be more effective in the consumer perception of their societal, emotional and rational benefits. This translates into consumer preference and premium pricing.

### Small brands' success is due to better performance in different areas

What have been the key factors for the success of small brands in the CPG industry?  
(multiple answers possible – on average 4)

**“Agility, the speed to adapt and leverage local trends.”**

Country General Manager –  
Food Company

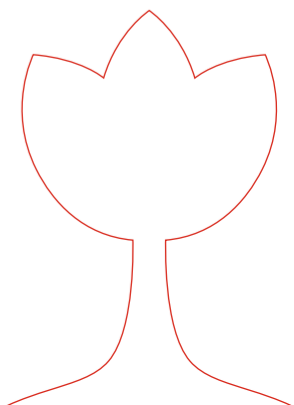
**“Agility, the ability to adapt to new consumer demands.”**

Chief International Officer –  
Confectionery Company



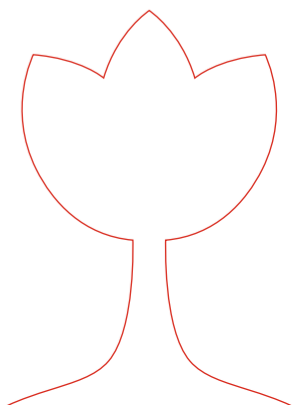
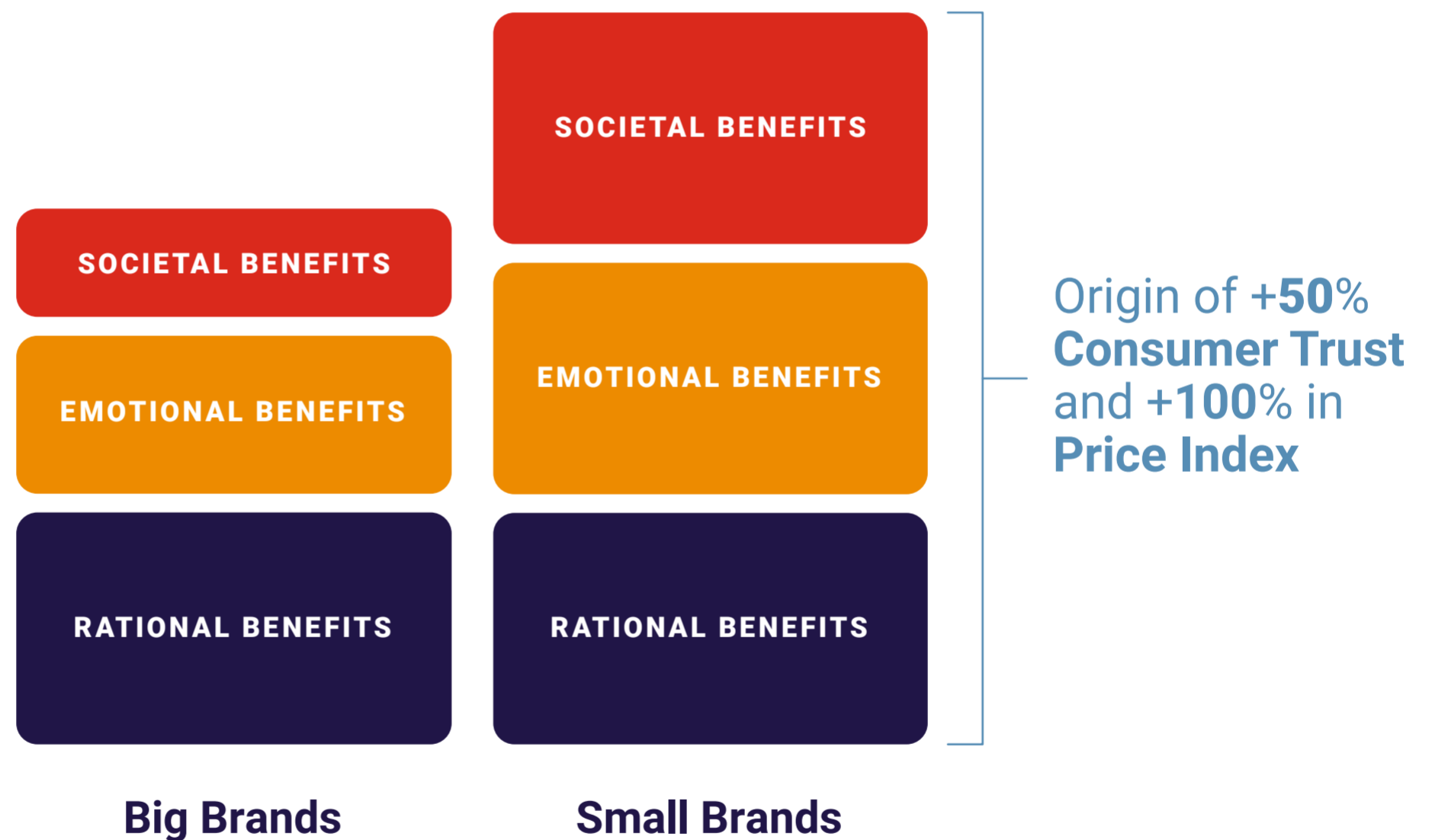
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Source: Sevendots Quantitative Survey on Big & Small Brands 2020, Base 125



# Small brands have a more balanced contribution of the three benefit levels than big brands

Big brands are anchored in functional benefits with lower contribution from other levels



# 03

## Big brands hold all the cards to manage a recovery

The majority of brand owners believe big brands have the possibility to regain growth from small brands. To achieve this, Breakthrough Innovation, Communication Strategies, increased focus on Sustainability and Purpose are fundamental.

This means working on all three benefit levels.

### Big brand owners declare they need to focus on Innovation, Communication, Sustainability and Purpose

What should big brands in the CPG industry do to capture the attention of consumers in the future?

(multiple answers possible – on average 4)

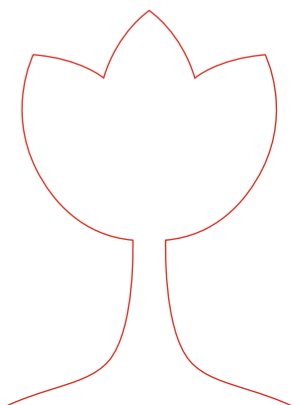
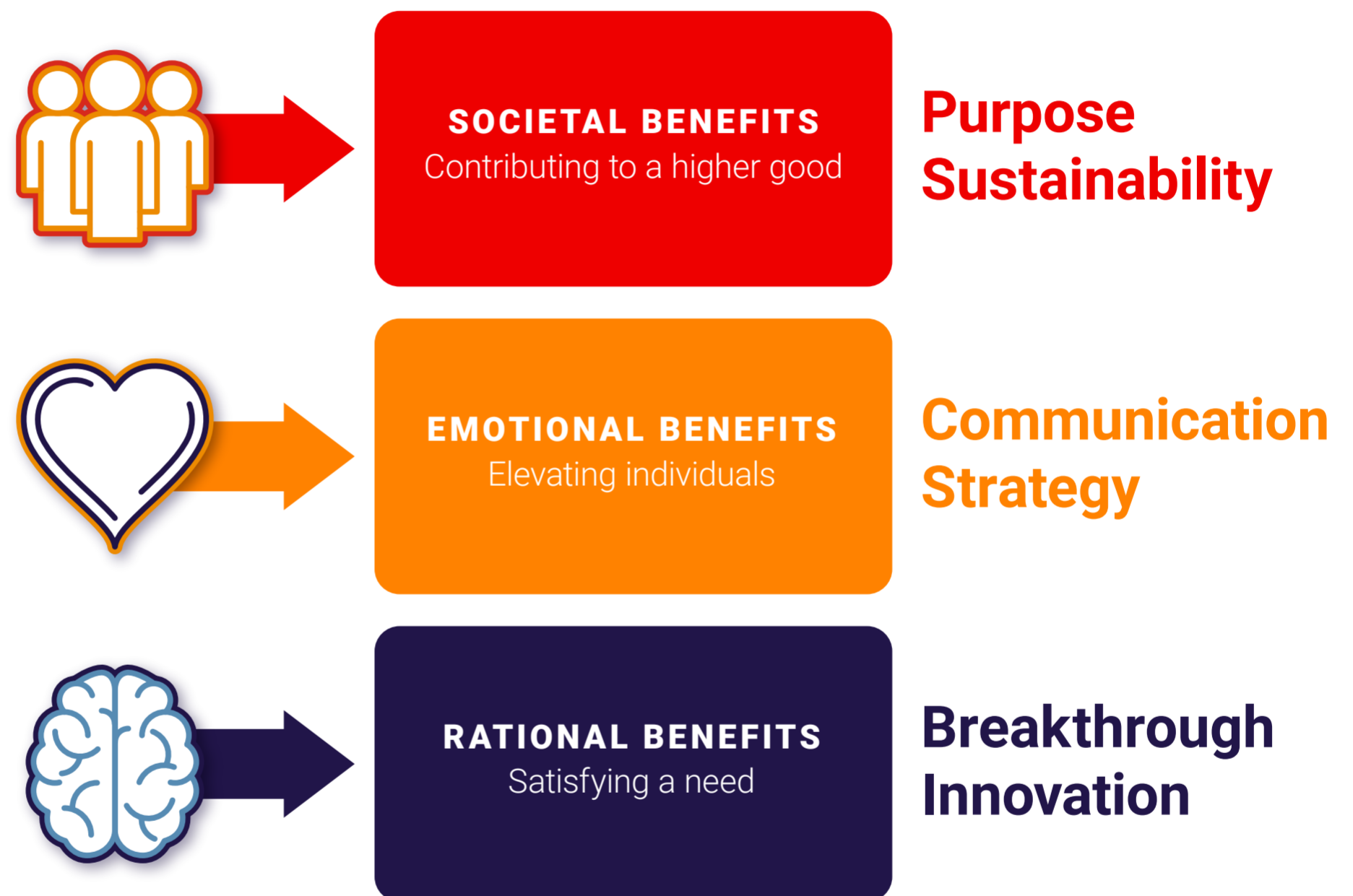
**72%** of brand owners believe big brands can gain back some ground from smaller brands





# Big brands need to work on all three levels, balancing the contribution of each

## The three-level benefit ladder



# 04

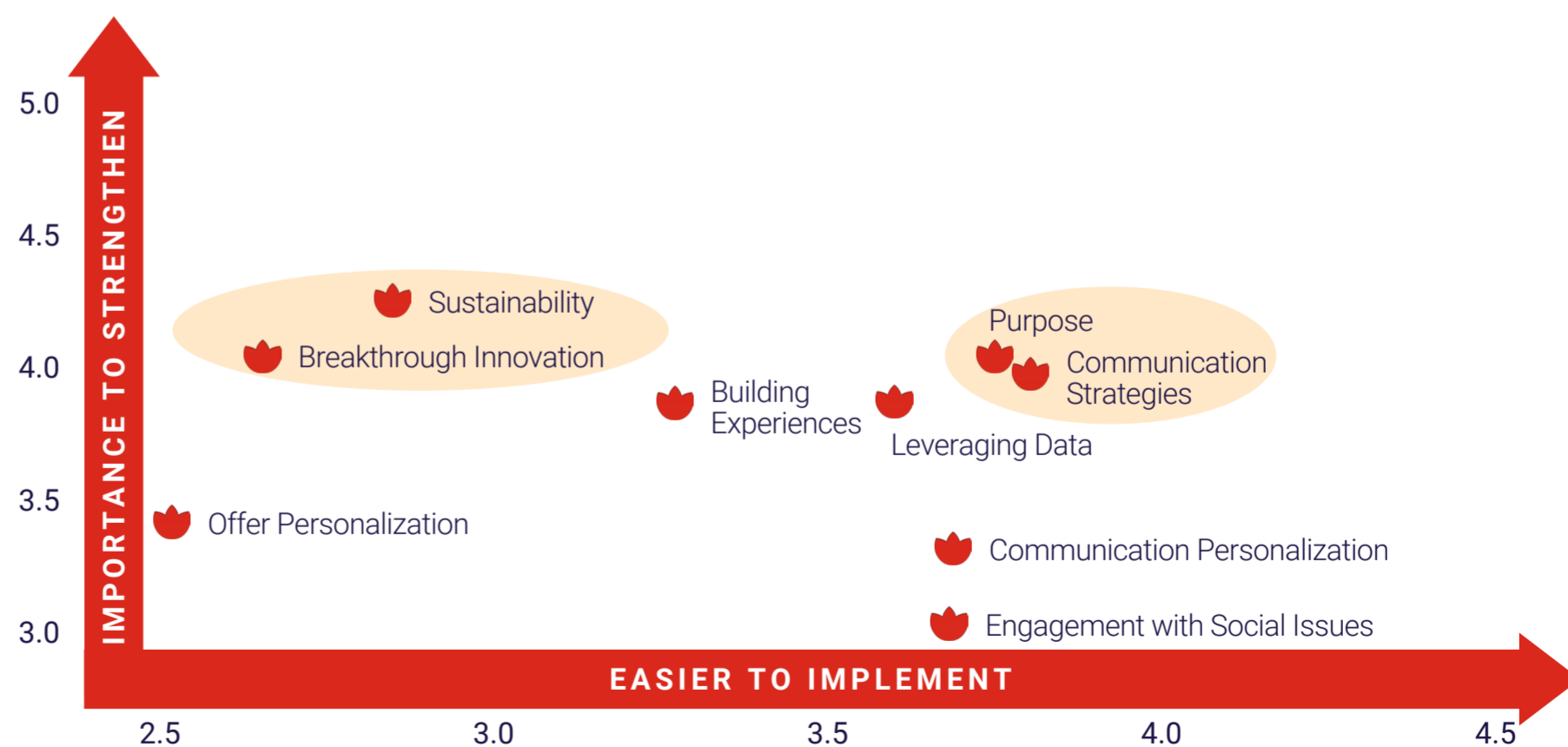
## Big brands need to manage their challenges

While Purpose and Communication Strategies are important levers for big brands to use to regain appeal, they are also perceived as easier to manage. On the other hand, Sustainability and Breakthrough Innovation, which are also important, are seen as more difficult to act on.

**There is a discrimination on how easy it is for big brands to act on the most important variables**

In the future, how important are the following elements to strengthening the perception of big brands vs. small brands within the CPG industry and to switching consumer preferences in their favor? And how easy will it be for big brands to implement each?

(scale 1 low, 7 high)



# 05

## Big brands need to find their own way

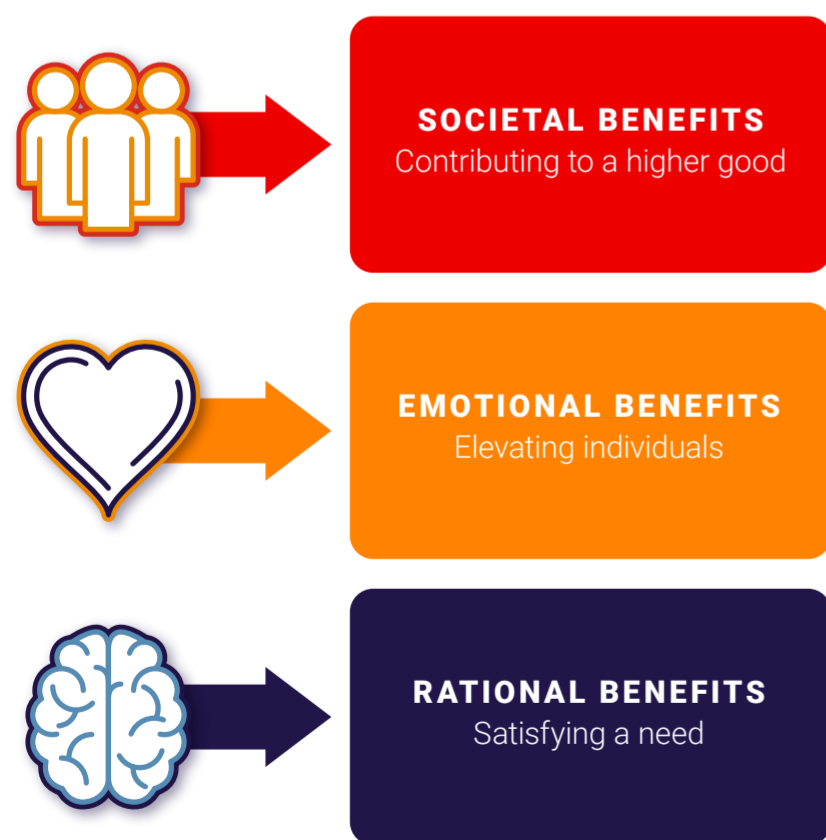
Big brands should not seek to copy the success factors of small brands. Rather, they need to find their own way forward, leveraging some of their core assets.

To do that they need to specifically reconcile their work on Purpose, Sustainability, Communication and Innovation to the three benefit levels developing a potential matrix that can guide action.

The role of scale, in terms of the size of impact that can be achieved by big brands, should become a strong differentiating factor rather than being a potential weakness.

Only **9%** of brand owners think that big brands should replicate success factors of small brands.

### The three-level benefit ladder



### ACTING ON:

Purpose

Sustainability

Communication Strategy

Innovation



# A new way of looking at scale

Scale as an economic booster

**Large volumes at  
affordable prices**

**Industrial  
perspective**



Scale as a transformational booster

**Broader  
positive impact**

**Social  
perspective**

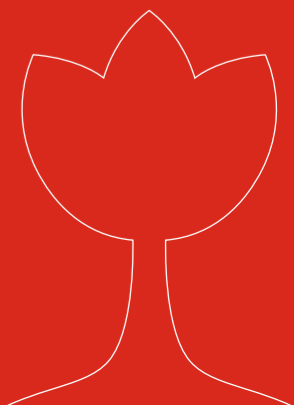


# SO

## What did we base these insights on?

Sevendots insights are always based on a robust platform of knowledge and, not satisfied with with just one source, we always cross-check our conclusions with other sources of information. This exercise was no exception. **5 key stages of learning fueled our final conclusions.**

- 1** A detailed search and review of all relevant information sources and cases about Big vs. Small brand dynamics from academics, consulting firms and practitioners.
- 2** An internal survey among 20 Sevendots partners from 10 countries– with strong experience in brand and general management or in consulting and consumer research – collecting, structuring and distilling all their experience in managing big or small brands.
- 3** Qualitative interviews with 40 senior professionals in large CPG companies, including Danone, Ferrero, Heineken, Henkel, Mars, Pernod Ricard, P&G, Reckitt Benckiser, Unilever, among others, active as global and regional CMO's and CEO's, International Marketers and Global CMI.
- 4** A quantitative survey of 125 brand owners around the globe within leading multinational CPG companies.
- 5** And finally, an extensive search and review of case studies providing vivid support to our findings.



Sevendots Growth Series / Volume 9 / Key Highlights

For a presentation of the  
whole outcome of the project  
please contact  
[opportunities@sevendots.com](mailto:opportunities@sevendots.com)

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