



Collaborate to Accelerate

Partnerships drive strategic growth for small brands.

Going it alone may work to develop the original product idea, but no one builds a successful business and achieves sales targets without help. Growth requires working with partners at every level. These partnerships help brands move beyond the daily struggles of keeping the lights on to building sustainable business models.

Partners help brands understand the retail landscape and multiply their product development and sales efforts. GS1 US's research, *Charting the Growth Journey: From Product to Profitable Business* (see Research Methodology), identifies what makes partnerships valuable to brands looking to scale up: growth leaders demonstrate the benefits of building collaborative relationships. These brands are far more likely to lean on external partnerships to move the business forward than their less successful counterparts (see below).

Growth leaders see the value of external partnerships

■ Growth leaders ■ Growth laggards



Research Methodology

GS1 US®, in partnership with research firm Longitude, a Financial Times company, conducted an online survey of 513 owners or directors of consumer packaged goods (CPG) companies in the U.S. Of these, 75% were from smaller companies with less than \$1 million in sales, and quotas were set to ensure an even spread across six industries: Apparel, Food & Beverage, Arts & Crafts, Health & Beauty, Electronics, and Home & Garden. The survey findings are supplemented with industry insights obtained from interviews with small CPG owners, retailers, and solution providers.

A study from GS1 US in collaboration with Longitude



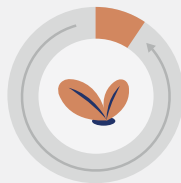
The Growth Mindset

We analyzed the responses to our survey and found stark differences in business attitudes and processes between growth leaders and laggards. We use the terms below in this report to distinguish between these survey respondents.



Growth leaders

Over the past 12 months, small brands that reported more than **25% revenue growth**



Growth laggards

Over the past 12 months, small brands that reported a **revenue decline**



The survey findings point to a strong correlation between growth and the nature of external relationships. Growth leaders are about three times more likely than growth laggards to hire a business advisor, consultant, or retail broker; to work with software providers (like ERP and supply chain management solutions); and to use barcode services like printing and labeling. By comparison, growth laggards are four times more likely than leaders to have zero support from external partners.

“Brands need to pay attention to the fact that they’re not able to do everything. Outside of building the right product, it’s common sense to find a partner to help scale the business.”

Peter Edlund

Chief Solutions Evangelist at DiCentral
A global provider of supply chain solutions

Providing product information, understanding your customers, and diversifying your sales channels are key elements in a retail strategy. Brands that recognize this look for external partners to ensure they’re getting it right the first time. Sixty-eight percent say that working with an external partner has improved their understanding of product listings and the potential impact they can have on their business. And those with a **diverse sales channel mix** are even more convinced of the benefits: 83% of brands that sell via national retailers and online marketplaces understand the critical role

of external providers, compared to only 45% of those that don’t sell into either of these two channels.

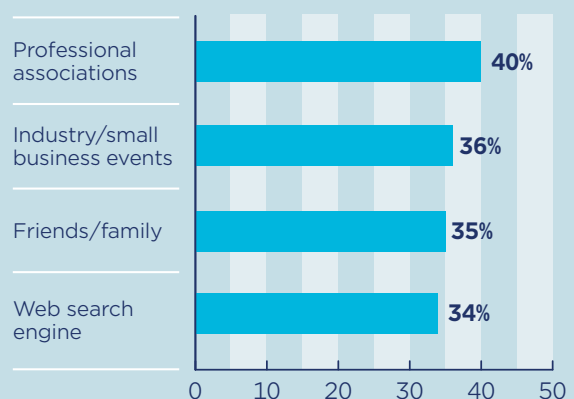
Looking ahead at the next 12 months, brands are prioritizing building partnerships. While one in four companies in our survey say a lack of distributor partnerships is one of the top three challenges they face, growth leaders are more than twice as likely as growth laggards to make partnering with a distributor a top priority.

In addition to building vital partnerships to support the business, small brand owners overall turn to other sources for help—including industry and professional groups and family members (see below).

“Retail brokers have educated me on the retail process. Understanding how buyers think and what their needs are is really helpful,” says Erik Elfstrum, CEO of PureLyft.

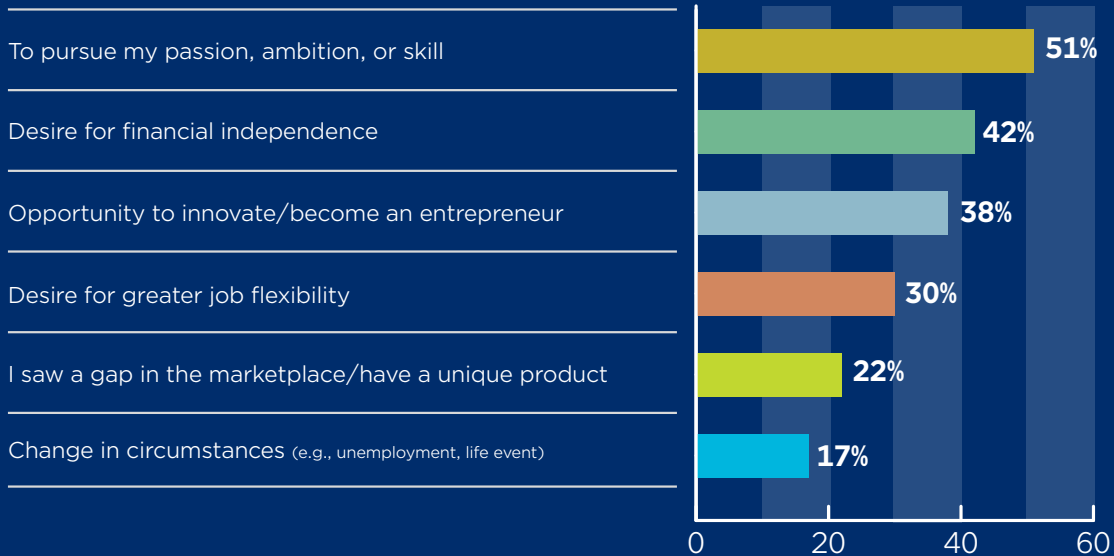
Where else do small businesses turn to for guidance?

Respondents were able to select all that apply



What were your biggest motivations for starting your own business?

Respondents were asked to rank their top two options



Small brands are driven by a passion for products.

Right Support, Right Time

Finding the right partner can be a challenge for some small brands. Especially because many small companies are started for personal reasons like passion and skills, rather than because they specifically fill a gap in the market (see above). Following a passion is a great reason to start a business, but many entrepreneurs who come from outside the consumer product and retail sphere lack connections and a deep understanding of how the industry works.

“I don’t know anyone in the industry with the knowledge,” says Ronnie Cage, founder of Roundball Rags. “I would love to talk to somebody who could help me get from Point A to Point B. That’s the number one issue, after money, and right up there with having the right product.”

There are many sources offering support, including solution providers with the knowledge and experience to accelerate the growth trajectory of small brands.

Partnerships provide guidance and support for small brands, and supplement the limited time and resources of the business owners. Strategically identifying gaps in existing resources and expertise, then finding partners to fill those gaps, is what enables small brands to reach new customers, drive growth, and position themselves to become truly competitive and thrive in their market.

“Small brands are saddled with the challenge of providing all of the base product information as well as the operational data, in the format that the retailer’s asking for it. A solution provider can take all of that initial heavy lifting and leave small brands to focus on what’s going to help the product sell.”

Michael Hauck

Director of Product Management at Salsify

For more information, visit:

www.gs1us.org/small-business



About GS1 US

GS1 US®, a member of GS1® global, is a not-for-profit information standards organization that facilitates industry collaboration to help improve supply chain visibility and efficiency through the use of GS1 Standards, the most widely used supply chain standards system in the world. Nearly 300,000 businesses in 25 industries rely on GS1 US for trading partner collaboration that optimizes their supply chains, drives cost performance and revenue growth while also enabling regulatory compliance. They achieve these benefits through solutions based on GS1 global unique numbering and identification systems, barcodes, Electronic Product Code (EPC®)-based RFID, data synchronization, and electronic information exchange. GS1 US also manages the United Nations Standard Products and Services Code® (UNSPSC®).

About Longitude

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