

Premium M&A

Traditional CPG M&A focuses on mid- to late-stage brands selling at significant scale with reliable margins/earnings. The problem today is that brands like these are either cash cows that holding firms are unlikely to relinquish or failing end-stage brands of little long-term value to buyers.

Increasingly, top firms are looking down the growth cycle AND up the quality chain to smaller, premium brands. Why?

- These brands provide reliable topline growth in a low-growth sector, and their growth is pegged to a growing channel (natural/specialty)
- They have low distribution and HH penetration levels, providing confidence in future growth potential
- They have higher new product success rates than legacy brand line extensions
- They are cheaper to acquire than late-stage, large brands utilizing cash efficiently w/o incurring debt
- They broaden your appeal to strategic customers (e.g., Kroger, Albertsons, Walmart, Publix) who will grant you more control over their shelves



The Hartman Group is the leader in understanding the premium food and beverage marketplace. We've been doing it since 1989. As part of this, we have developed a proprietary process to isolate premium M&A prospects for CPG firms. Our deep understanding of the cultural drivers behind these brands makes us unique as M&A advisors. We have watched consumers try, eat and talk about these brands for years. And we have proprietary tools to understand what separates a premium brand with niche market potential from one that will become the next Chobani or Stacy's or Clif.

Our process:

1. Download the client's investment criteria (revenue ranges, target categories or distribution systems, etc.)
2. Initial brand screening (velocity, growth rates, strategic fit)
3. Sensory testing (among non-users to help forecast long-term demand)
4. Hartman Cultural Mainstreamability Scorecard (based on how the brand's product attributes are likely to fare with less sophisticated consumers)
5. Final brand list with detailed in-market performance analysis

For more information, please contact:

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