

An illustration of a man with dark hair, wearing a dark jacket over a black and white striped shirt and dark pants, pushing a white shopping cart. He is looking up at a black star on a white rectangular sign on the right wall of a long, brightly lit hallway. The hallway has yellow walls and a grey floor, with several circular recessed lights on the ceiling. The perspective is from a low angle, looking down the length of the hallway.

The three rules in consumer products

Redefining how to win

About the authors

Steven Goldbach is a principal of Monitor Deloitte, Deloitte Consulting LLP's Strategy practice. Goldbach serves as the chief strategy officer for Deloitte Consulting's Consumer Product practice. His client work is focused on helping clients grow by addressing their needs at the intersection of strategy, marketing, and innovation.

Rebecca Godecke, based in Seattle, is a senior manager with Monitor Deloitte, Deloitte Consulting LLP's Strategy practice. Her focus is on helping consumer products clients achieve their growth aspirations through corporate, business unit, and brand strategy. She is passionate about building strong brands with a loyal following by creating extraordinary customer experiences.

Acknowledgements

The authors would like to thank **Thibault Ducarme** of Monitor Deloitte for the considerable help he provided in crafting our arguments and perspectives. Additionally, we would like to thank **Mark Pocharski**, **Geoff Tuff**, **Tom Schoenwaelder**, and **Brian Quinn** for their helpful feedback and advice.

Contents

The three rules in consumer products:

Redefining how to win | 3

A changing landscape 4

The three rules in a CP context 6

Endnotes | 12

ABOUT THE THREE RULES

More than five years ago, Deloitte launched the Exceptional Company research project to determine what enabled companies to deliver exceptional performance over the long term. Adopting a uniquely rigorous combination of statistical and case-based research, this project has led to over a dozen publications in academic and management journals, including the *Strategic Management Journal*, *Harvard Business Review*, and *Deloitte Review*.¹ The fullest expression of this work to date is in *The Three Rules: How Exceptional Companies Think* (www.thethreerules.com).²

The project studied the full population of all publicly traded companies based in the United States at any time between 1966 and 2010, encompassing more than 25,000 individual companies and more than 300,000 company-years of data. Performance was measured using return on assets (ROA) in order to isolate the impact of managerial choices: Measures such as shareholder returns often confound company-level behaviors with changes in investor expectations.

Using a simulation model, the researchers estimated how well each company “should” have done given its industry, size, life span, and a variety of other characteristics. They then compared this theoretical performance with how well each company actually did. A company qualified as “exceptional” if it surpassed its expected performance by more than population-level variability would predict.

Not all exceptional companies are equally exceptional, however. The researchers identified “Miracle Workers,” or the best of the best, and “Long Runners,” companies that did slightly less well but still better than anyone had a right to expect. In the entire database, there were 174 Miracle Workers and 170 Long Runners.

To uncover what enabled these companies to turn in this standout performance over their lifetimes, the researchers compared the behaviors of Miracle Workers and Long Runners with each other and with “Average Joes,” companies with average lifespan, performance level, and performance volatility.

First, to understand the financial structure of exceptional companies’ performance advantages, the researchers pulled apart their income statements and balance sheets. This provided invaluable clues: Miracle Workers systematically rely on gross margin advantages, and very often tolerate cost and asset turnover disadvantages. In contrast, Long Runners tended to rely on cost advantages and lean on gross margin to a far lesser extent.

Then, detailed case study comparisons of trios—a Miracle Worker, Long Runner, and Average Joe—in nine different sectors revealed the causal mechanisms behind these financial results. Specifically, exceptional performance hinged on superior non-price differentiation and higher revenue, typically driven by higher prices. Nothing else seemed to systematically matter; in fact, exceptional companies seemed willing to change anything, and sometimes just about everything, about their businesses in order to sustain their differentiation and revenue leads.

Hence, the three rules:

- 1) Better before cheaper: Don’t compete on price, compete on value.
- 2) Revenue before cost: Drive profitability with higher volume and price, not lower cost.
- 3) There are no other rules: Do whatever you have to in order to remain aligned with the first two rules.

The three rules in consumer products: Redefining how to win

THE *best a man can get*. Gillette's long-standing advertising slogan exemplifies how it competes. The company's top-of-the-line *Fusion ProGlide*—a five-blade, battery-powered razor with a comfort strip that indicates when the blade cartridge is ready to be changed—is an exemplar of Gillette's longtime strategy: Produce blades and razors that provide the closest and most comfortable shave. Its breakthrough product, *Trac-II*, introduced in 1971, was the first twin-blade razor system—and it came on the heels of a seven-decade history of introducing products that continually improved guys' shaving experience. On the heels of *Trac-II* came *Sensor*, *Sensor Excel*, *Mach 3*, *Mach 3 Turbo*, *Mach 3 Power*, and *Fusion*.³

Over its history, Gillette has relentlessly and consistently invested in R&D to create leading blades and razors.⁴ The result of this relentlessness has been clear: In many markets, Gillette's top-of-the-line product holds by far the leading market share, despite being priced at a significant premium over many competing products. Further, Gillette has leveraged its roster of high-quality blades and razors to expand around the world with affordable, yet premium (in those markets) products.⁵

Gillette's strategy is perhaps the textbook example of a classic consumer product (CP) sector recipe for success. Many of the industry's Miracle Workers and Long Runners—companies that consistently outperform their

peers on a return-on-asset basis (such as P&G, Campbell's Soup Company, and Kellogg's)—have found ways to differentiate themselves on dimensions other than price by offering high-quality and innovative products supported by compelling brand marketing. Many have historically followed a similar strategy. Over the past 40 years, exceptional companies created virtuous cycles that enabled strong, long-term performance. Continuous investment in R&D, marketing, and consumer insights allowed companies to continue to create products that delighted consumers. Because consumers were

Over the past 40 years, exceptional companies created virtuous cycles that enabled strong, long-term performance.

willing to pay a premium for their products, companies could invest in improvements to maintain and enhance their positions. And since they enjoyed strong market shares in their categories, they could invest R&D and marketing dollars at lower percentages of sales and still invest more dollars—making them much more likely to come up with the next leading version of their product. This was *better before cheaper* and *revenue before cost*.

Under this model, the *product* was the hero. The vast majority of a company's investment

went primarily toward the objective of improving *product* performance. Think about all of the “new and improved” products you’ve seen on the shelf. It’s even built right into the sector name—consumer *products*.

While this product-centered recipe has worked for many years, we see a possible disruption of this virtuous cycle on the horizon. Several trends—many of them already realities—are likely to erode the returns that CP companies derive from this traditional approach. Companies will need to reconceive what it means to be *better before cheaper* and to pursue *revenue before cost*. In this article, we consider the key trends driving industry changes and threatening long-standing business models. We also suggest steps companies can take in order to follow the three rules and work toward sustained strong performance in a rapidly changing environment.

A changing landscape

Several important factors are shifting the CP marketplace and leading to a new conception of the competitive landscape.

First, the CP sector has consolidated significantly over the last several decades.

M&A to achieve growth and scale has become the norm within the CP industry. The number of mergers and acquisitions completed by CP companies each year has more than doubled over the past decade, from 530 in 2001 to 1,067 in 2011.¹⁰ Some CP categories, such as spirits, felt the consolidation acutely: Between 2007 and 2012, the top four major distilleries gained 20.4 percent in market share, primarily through acquisitions.¹¹ By buying into adjacent categories, the larger CP companies have been able to create even greater scale advantages by leveraging R&D and insight generation spend across multiple categories. The continuing consolidation means that most CP companies will be able to invest in R&D and product improvement at similar levels, making these capabilities table stakes rather than a competitive advantage.

Second, there has been considerable product proliferation within many CP categories. In 1992, more than 15,700 new consumer product stock-keeping units (SKUs) were launched; by 2010, this number had tripled to more than 47,700.¹² This is great for consumers, as they have more choice than ever before among products that can meet very specific needs. It also means, by definition, that—on average—each incremental SKU serves a smaller and smaller portion of the total market. A prototypical new SKU, for instance, was just announced by PepsiCo for its Aquafina line. PepsiCo plans to launch a new line to specifically target 13- to 19-year-olds in an attempt to capture a niche share of the \$1 billion sparkling water category: *FlavorSplash* aims to strike middle ground between moms and teens with a drink that offers fun flavors (such as citrus-flavored “Peelin’ Good”) and zero calories.¹³ While increasing product

Figure 1. Historical CP product-centered virtuous cycle



Graphic: Deloitte University Press | DUPress.com

Better before cheaper: Under Armour, Inc.

Under Armour, Inc. began as one man’s passion to develop a better shirt for athletes. Kevin Plank, the CEO and a former athlete himself, noticed that traditional cotton T-shirts impeded an athlete’s ability to perform: They absorbed sweat and stayed wet, making it difficult to regulate body temperature and even adding extra weight. Plank set out to design a better T-shirt, one that would keep athletes cool, dry, and light. He investigated the benefits of synthetic material, adapting lessons from women’s bras to develop his first prototype—which he made in his grandmother’s basement and sold out of the trunk of his car. His breakthrough came in 1997 with his first team sale to Georgia Tech’s football program.⁶

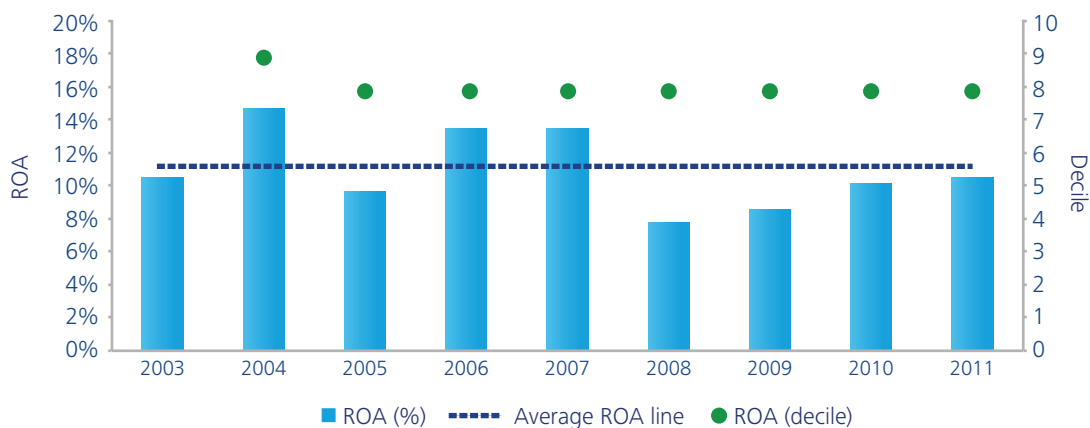
Was a better T-shirt really needed? Many other sport apparel companies had invested millions in R&D and were already selling performance gear. But Plank had identified a consumer insight—in this case, an athlete insight—that what athletes wear during practice and under a uniform is often overlooked, but can make a big difference in performance. Plank enlisted athletes to help him refine his product, relentlessly testing ideas and getting feedback until he had a product that was designed by and for athletes.

Under Armour didn’t stop at the T-shirt. The company has methodically tackled one sport at a time on a quest for “better.” In 2006, the company launched its first foray into footwear with a line of cleats that kept feet cool. The cleats captured 23 percent market share in their first year. The company reinvented them again in 2012 with a new lightweight design that offered higher ankle support. The benefit? No tape required, solving a major pain point for cleat-wearing athletes.⁷

Under Armour’s simple vision, “Make athletes perform better,” has been enabled by constant and significant, though disciplined, investment in innovation, such as the creation of its “secret lab” in 2011, to which only a couple of dozen employees have access. This has allowed the company to differentiate itself with high-performance, athlete-style products tailored to the needs of athletes of all levels across an increasing number of sports and seasons (with, for example, its HeatGear®, ColdGear®, and AllSeasonGear® product lines).⁸

Competition in the sports apparel category is fierce, and Under Armour is up against companies with much deeper pockets. Yet the company has managed to grow revenues to over \$2 billion by focusing on the relentless pursuit of “better.” This has earned Under Armour the loyalty of professional athletes and amateurs alike, as well as a spot on the roster of Miracle Workers, with an average ROA of 10.99 percent from 2003 to 2011.⁹

Figure 2. Under Armour, Inc.’s performance (2003–2011)



Source: Deloitte, *The Three Rules* exceptionalizer analysis, accessed August 30, 2013.

Graphic: Deloitte University Press | DUPress.com

variation and specificity is one way for CP companies to compete, the incremental return on any particular variation necessarily becomes smaller and smaller as categories get more crowded.

Third, the impact of product proliferation on consumer choice is amplified by retailer consolidation and the growth of e-commerce. Consumers have greater access than ever before to a broad assortment of products, both in brick-and-mortar stores and online.

The growth of large-scale retail (i.e., Walmart, Target, Costco) means that, at any given time, the consumer is presented with more choices within a category than they were when smaller shops were the norm. In other words, not only do consumers actually have more choices, but those choices are also far more accessible than they may likely have been with a more fragmented retail environment.

Even though e-commerce represents less than 5 percent of US retail sales, a recent study found that 30 percent of online purchases start at Amazon.com because it gives consumers an easy platform for comparison-shopping across an extremely large assortment.¹⁴ Further, the growth of e-commerce helps consumers become aware of—and gather considerably more data about—alternative products. Again, this development is very good for consumer choice but, for CP companies, makes generating returns harder and harder for each incremental product they introduce.

Finally, companies have become considerably faster at replicating product-based benefits. An advantage a product might have had in-market is promptly eroded once competitors can replicate its benefits. In particular, we are seeing more and more “fast followership” in the private label market, which has made considerable strides in keeping up with branded product quality. Costco, for example, has been a leader in this arena with its private label, Kirkland. The quality of Kirkland products has even allowed Costco to enter the wine business (now generating \$63 million in annual revenue for Costco)—a business where wine producers once could not have imagined competing with retailers.¹⁵

Further, with the emergence of 3D printers, consumers may even soon be able to replicate products themselves at home. To some extent, this phenomenon is foreshadowed by the “maker” movement: OpenStructures.net is a movement that allows anyone to share designs for printing and making household products at home. Recent posts include designs for a toaster, a child’s swing, and soles for shoes.¹⁶ It may be a while before the average consumer prints his or her own shoes, but the possibility is on the horizon. The next generation of CP Miracle Workers will be looking at 3D printers as a source of advantage, not a potential threat.

The three rules in a CP context

What does this mean for applying *better before cheaper* and *revenue before cost* in the CP industry? Let’s start with *better before cheaper*.

In a nutshell, CP companies seeking to follow this rule should *define “better” in broad terms, beyond the product*. If it is becoming harder and harder to create advantage by creating a better product, then open the aperture and try to do something that will be inherently harder for other companies to replicate. We suggest looking for ways to enhance the value associated with a brand well beyond the attributes of the product itself. Several examples of how companies might become “better” in this sense include:



“Better” beyond the product: The Campbell Soup Company

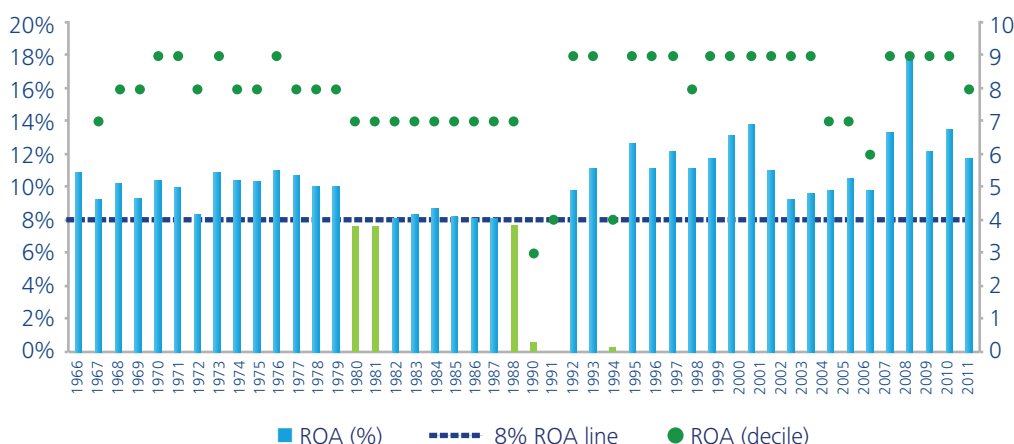
The Campbell Soup Company has been what The Three Rules researchers call a Miracle Worker. A Miracle Worker is defined as a company that has consistently outperformed its peers in terms of ROA over the long term. Fulfilling this criterion, Campbell’s has consistently delivered strong ROA, averaging 9.7 percent per year over the period between 1966 and 2012. In only a handful of years during this 45-year period did its performance dip beneath 8 percent, and recently the trend has been positive.¹⁷

Over the past several decades, Campbell’s has taken many steps that exemplify both the “better before cheaper” and the “revenue before cost” rules. In keeping with the drive to target more specialized markets, the company has added considerable variety within its soup lines (think of the many flavors available in Campbell’s flagship condensed soup line and its Chunky soup line). It has created new lines and modified old ones to meet ever more specific consumer needs and preferences. For instance, Campbell’s revamped its Chunky soup line, launched in 1969, in 2009 to focus on healthier tastes.¹⁸ The company has also introduced lines targeted at specialized consumer segments, such as Campbell’s Oriental Soups, Campbell’s 100% Natural Soups (previously Select Harvest), and Wolfgang Puck Soups. More recently, Campbell’s commercial campaign for home-style soup with Asian or Mexican flavors is a compelling example of expansion into increasingly narrow niches of growing consumer populations.¹⁹

But what truly makes Campbell’s “better” is its innovations around the entire soup experience, starting with the introduction of Hand Soups—single-serving microwavable meals. This transformed soup into a grab-and-go meal, something that was previously unthinkable for the category. The company also recently formed a partnership with Keurig to create Campbell’s Fresh-Brewed Soup K-Cup® packs, which will offer consumers the taste and experience of Campbell’s soups in a convenient snack that can be prepared at the touch of a Keurig® brewer button. Once again, Campbell’s is innovating to make the consumer’s soup experience different and “better.”²⁰

In the future, Campbell’s will need to continue to stay relevant by adjusting its products to meet current trends. If Campbell’s wants to grow, the company will need to find ways to reach consumers in new ways. In other words, it will have to continue to expand the definition of “better.”

Figure 3. Campbell Soup Company’s performance (1966–2011)



Source: Deloitte, *The Three Rules* exceptionalizer analysis, accessed August 30, 2013.

Graphic: Deloitte University Press | DUPress.com

- Making a product more easily available through enhanced distribution (e.g., the subscription services available for many CP products through Amazon.com or the manufacturer's own websites)
- Offering better post-sales customer service (e.g., Vitamix's long warranties and no-fuss replacement policy)
- Giving consumers a more enjoyable buying experience and delivery service (e.g., the online grocery shopping site FreshDirect)
- Adopting a different business model that makes the product more accessible or affordable to consumers (e.g., Rent the Runway, a company that rents outfits by famous designers to less-affluent customers)
- Creating a compelling brand that connects emotionally with consumers (e.g., Nike and Jack Daniel's)
- Or anything else that makes a product more physically or emotionally accessible to the consumer

While there are a few CP companies that distinguish themselves along these dimensions, our observation of the industry suggests that this is the exception rather than the rule. Research by Doblin shows that, over the past 10 years, innovation activity in the CPG industry has been predominantly focused on product performance and brand.²¹ However, those companies that do manage to achieve a consistently superior level of service or enhanced distribution will be noticed and rewarded by consumers. We believe the next decade's Miracle Workers can win on these attributes (while still providing an excellent product).

Revenue before cost: Tumi

Luggage manufacturer Tumi began in the late 1970s with a rustic leather carry-all bag that was imported from Columbia. This product was in high demand among "on the road" wanderers who appreciated its durability. When the 1982 recession hit, leisure travel dried up, and so did demand for Tumi's product. Rather than drop its prices, Tumi refocused on the more dependable business traveler and reinvented its product line using ballistic nylon, similar to what is used in SWAT gear.²⁴ It raised prices to reflect its products' premium quality and innovative design, adhering to the "revenue before cost" rule as well as the "better before cheaper" rule.

Tumi has followed rule No. 2 with respect to how it creates value: It has put revenue over cost (and assets) over time. Since its initial public offering in 2011, Tumi has continued to execute an expansion strategy:

- Expanding the consumer base: Tumi has launched lines targeted at women and a lower-price accessories line targeted at younger tech consumers.
- Expanding channels: Tumi has rapidly grown its own retail channel by opening new stores in the United States and internationally in order to better showcase its products and have a direct relationship with consumers. Similarly, it is in the process of bringing all e-commerce capabilities in-house.
- Expanding geographies: Tumi has developed wholesale relationships through selected local partnerships in new geographies, including China and Japan, to tap into new markets.²⁵

Tumi is an example of how a company with very humble beginnings has managed to carve out a defensible position in the very crowded luggage category. By focusing on innovations that would better serve the needs of its customers, Tumi has been able to compete on the basis of having a better product—and therefore commands a premium price relative to its competitors. During difficult economic downturns that have taken their toll on the travel sector, Tumi resisted the temptation to cut corners or prices, instead focusing on finding new sources of revenue growth.

When applying *revenue before cost* alongside the expanded definition of *better before cheaper*, CP companies should recognize that, because of the accelerated pace of change, they will need to more frequently reinvent their business models. Effective competitors will build capabilities that will allow them to quickly experiment and learn their way toward new sources of growth. Traditional, slow, methodical R&D approaches will be replaced by launches and refinements based on data-driven, in-market decisions. The ability to learn and act fast will be a critical asset.

As an example, the global fashion retailer Inditex, better known for its brand Zara, has set the standard for rapid prototyping. It surfaces fashion trends based on feedback from store managers around the world on what customers are asking for and wearing, then designs and produces items that hit its stores' shelves in two to three weeks. Zara stores receive new merchandise twice a week (compared to every six weeks at many other clothing retailers), but in limited supply. If demand then spikes, Zara has the flexibility to make more. This flexibility comes at a price: While many global clothing companies outsource manufacturing to lower-cost sites in Asia, the majority of Zara's design, production, and distribution work takes place across from its corporate headquarters in Galicia, Spain, at a significantly higher cost structure.²²

One might argue that this model is specific to high fashion—but many traditional CP companies are also feeling the pace of change quicken. We see an accelerating rate of change in toys, broader apparel, and cosmetics, just to

While there are a few CP companies that distinguish themselves along these dimensions, our observation of the industry suggests that this is the exception rather than the rule.

name a few. Three times as many SKUs were released in 2010 as in 1992.

The Cronut phenomenon illustrates the need for agility and adaptability among would-be CP high performers. Chef Dominique Ansel took the pastry world by storm when he

perfected a recipe for deep-frying croissant dough—notoriously delicate and resistant to hot oil—to create a crossover doughnut. Ansel knew he had stumbled upon something special. He worried that the process' high degree of difficulty would not be enough of a deterrent to competitors seeking to copy his creation, so he went so far as to trademark the Cronut in May 2013.

Demand for the Cronut exploded thanks to interest from foodie blogs and social media posts spreading the word about this new “must have” treat. News of the Cronut spread around the world in a matter of weeks, something that would have taken much longer two decades ago. And despite Ansel's efforts to keep the Cronut to himself, consumers could find versions of the treat (sometimes called a Doissant or CroNot) throughout the United States, and even internationally, as early as July 2013, less than three months after Ansel launched the product.²³ The Cronut story demonstrates the reality in which CP companies are operating: a changing landscape that requires a kind of “test rapidly and refine” approach that is very different than the typical 18- to 24-month lead times that many companies maintain in their product lifecycles. Had Ansel created a more comprehensive business model around the Cronut, perhaps the business would be more unique today.

Inevitably, there will be bumps along the road, both caused by the external environment



and of a company's own making. In these moments (or occasionally years) of crisis, it is the continuing commitment to prioritize revenue before cost that will show whether a company is Miracle Worker material. It is easy to invest in new businesses and innovation when a company is growing, but at the first signs of trouble, it is very tempting to ratchet back costs in order to preserve the bottom line. Programs that are often the engine of revenue—consumer research, innovation labs, hiring people for the sake of diverse thinking, launching new products for which no market yet exists—are often the first to be cut. However, companies that consistently outperform their peers understand the need for unrelenting consistency and investment in such programs, especially when growth is at risk of slowing down.

In a world where a product's advantages are increasingly fleeting, survival will require companies to continually reinvent their methods of pursuing revenue. This can take a number of forms:

- Expanding offerings to appeal to new or adjacent consumer segments

- Expanding sales channels to make it easier for consumers to buy
- Adjusting the business model to encourage repeat purchases or trials (in ways such as creating loyalty programs, subscription models, or tie-ins with other brands)

When the dust settles, companies that continue to put revenue before cost will find themselves at a disproportionate advantage over competitors. Companies that focus on cost will recover more slowly; not only will they need to make up for lost growth, but they will also need to catch up with those companies that kept relentlessly innovating and hurtled past them.

The third and final rule simply states that there are no other rules. While the rate of change in different CP subsectors varies, one can rarely predict the disruptors that are around the corner. Therefore, CP companies need to diligently pursue enhancements in the ways they delight consumers to maintain the advantages they have built and create new ones. Unless it is *the* low-cost producer, a company that focuses solely on competing on cost

will likely find it difficult to defend its position over the long run.

The path forward for the next generation of CP Miracle Workers is clear. First, exceptional performance will require continually expanding the definition of “better,” not only as it relates to the product itself, but in terms of other attributes such as stand-out customer service, enhanced distribution, new ways to finance purchases, expanding into complementary offerings, and building compelling brands. These are important to cultivating a loyal consumer following that will be willing to pay a premium for a company’s products.

Second, CP companies will need to invest in developing new business models, new consumer segments, and new markets even if they require a higher cost structure (at least initially). In effect, this is the intersection of *better before cheaper* and *revenue before cost*. Taking a broader view of “better” will likely not be enough; companies should look for ways to create businesses around their broader definition of “better,” investing in revenue growth opportunities such as expanding product lines, channels, and markets.



Endnotes

1. See <http://dupress.com/collection/the-exceptional-company/> for more.
2. Michael E. Raynor and Mumtaz Ahmed, *The Three Rules: How Exceptional Companies Think* (New York: Penguin Books, 2013).
3. “The Gillette Company history,” *Funding Universe*, <http://www.fundinguniverse.com/company-histories/the-gillette-company-history/>, accessed November 13, 2013.
4. Based on analysis of Gillette historical annual reports, accessed November 13, 2013.
5. “P&G innovates on razor-thin margins,” *HBR Blog Network*, April 16, 2012, <http://blogs.hbr.org/2012/04/how-pg-innovates-on-razor-thin/>, accessed November 13, 2013.
6. “Under Armour founder on company’s success and future,” NBC News, Rock Center with Brian Williams, Season 1, Episode 59, first aired March 8, 2013.
7. Under Armour, “The UA Story, 2006–2010: I THINK YOU HEAR US COMING,” <http://www.uabiz.com/company/history.cfm>, accessed September 2, 2013.
8. Kim Bhasin, “Under Armour has a ‘super-secret’ lab protected by a scanner that reads the veins on your hand,” *Business Insider*, July 9, 2012, <http://www.businessinsider.com/under-armour-has-a-super-secret-lab-with-a-scanner-that-reads-the-veins-on-your-hand-2012-7#ixzz2e1jLVAzg>, accessed October 18, 2013.
9. Deloitte, *The Three Rules* exceptionalizer analysis, accessed August 30, 2013.
10. Deloitte Global Services Limited, *Global powers of consumer products 2012: Connecting the dots*, 2012, p. 38.
11. Agata Kaczanowska and Mary Nanfelt, “Industries Consolidate to Stay Competitive,” *IBIS World*, March 29, 2012, <http://news.cision.com/ibisworld/r/industries-consolidate-to-stay-competitive,c9240724>, accessed October 17, 2013.
12. United States Department of Agriculture Economic Research Service, “New product introductions of consumer packaged goods, 1992–2010,” <http://www.ers.usda.gov/topics/food-markets-prices/processing-marketing/new-products.aspx#.UmG9o1CsiM5>, accessed October 17, 2013.
13. Natalie Zmuda, “Aquafina Introduces Products Targeting Teens,” *Ad Age*, October 1, 2013, <http://adage.com/article/cmo-strategy/aquafina-introduces-products-targeting-teens/244473/>, accessed October 17, 2013.
14. T. J. McCue, “Amazon influences consumers more than Google (and possibly Apple and Facebook),” *Forbes*, July 31, 2012, <http://www.forbes.com/sites/tjmccue/2012/07/31/amazon-influences-consumers-more-than-google-and-possibly-facebook-and-apple/>, accessed October 18, 2013.
15. CNBC, “The buyer behind Costco’s billion-dollar wine business,” April 17, 2012, <http://video.cnbc.com/gallery/?video=3000084796&play=1>.
16. Joseph Flaherty, “Mad Max meets Martha Stewart in these open source appliances,” *Wired*, September 29, 2013, <http://www.wired.com/design/2013/09/these-appliances-are-inside-out/>, accessed October 18, 2013.
17. Deloitte, *The Three Rules* exceptionalizer analysis, accessed August 30, 2013.
18. Stuart Elliot, “A soup swaps football helmets for hard hats,” *New York Times*, August 31, 2009, http://www.nytimes.com/2009/08/31/business/media/31adcol.html?_r=0, accessed October 18, 2013.
19. iSpot.tv, “Campbell’s Homestyle Soup TV Spot, ‘Diversion,’” <http://www.ispot.tv/ad/72oC/campbells-homestyle-soup-diversion>, accessed October 18, 2013; iSpot.tv, “Campbell’s Homestyle Soup TV Spot, ‘In-Laws,’” <http://www.ispot.tv/ad/72tt/campbells-homestyle-soup-in-laws>, accessed October 18, 2013.

20. Business Wire, “Campbell Soup Company and Green Mountain Coffee Roasters Inc. to bring Campbell’s Soup to Keurig Brewers,” September 4, 2013, <http://www.businesswire.com/news/home/20130904006375/en/Campbell-Soup-Company-Green-Mountain-Coffee-Roasters>, accessed October 18, 2013.
21. Doblin, Innovation landscape analysis, accessed October 2013.
22. Suzy Hansen, “How Zara grew into the world’s largest fashion retailer,” *New York Times*, November 9, 2012, http://www.nytimes.com/2012/11/11/magazine/how-zara-grew-into-the-worlds-largest-fashion-retailer.html?_r=0, accessed September 20, 2013.
23. Emily Shire, “Everything you need to know about the Cronut,” *Week*, June 6, 2013, <http://theweek.com/article/index/245304/everything-you-need-to-know-about-the-cronut>, accessed November 7, 2013.
24. Liz Welch, “How I Did It: Tumi’s Charlie Clifford,” *Inc.*, May 2011.
25. Investor’s Business Daily, “Luggage Maker Offers Fashion With Ballistic-Grade Nylon TUMI HOLDINGS South Plainfield, New Jersey,” July 30, 2013.

CONTACTS

Steven E. Goldbach

Chief Strategy Officer, Consumer Products
Principal
Monitor Deloitte, Deloitte Consulting LLP
+1 212 829 6108
sgoldbach@deloitte.com

Rebecca (Otto) Godecke

Senior Manager
Monitor Deloitte, Deloitte Consulting LLP
+1 415 420 2932
rgodecke@deloitte.com



Follow @DU_Press

Sign up for Deloitte University Press updates at DUPress.com.

About Deloitte University Press

Deloitte University Press publishes original articles, reports and periodicals that provide insights for businesses, the public sector and NGOs. Our goal is to draw upon research and experience from throughout our professional services organization, and that of coauthors in academia and business, to advance the conversation on a broad spectrum of topics of interest to executives and government leaders.

Deloitte University Press is an imprint of Deloitte Development LLC.

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or its and their affiliates are, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your finances or your business. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

None of Deloitte Touche Tohmatsu Limited, its member firms, or its and their respective affiliates shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Copyright © 2013 Deloitte Development LLC. All rights reserved.
Member of Deloitte Touche Tohmatsu Limited