

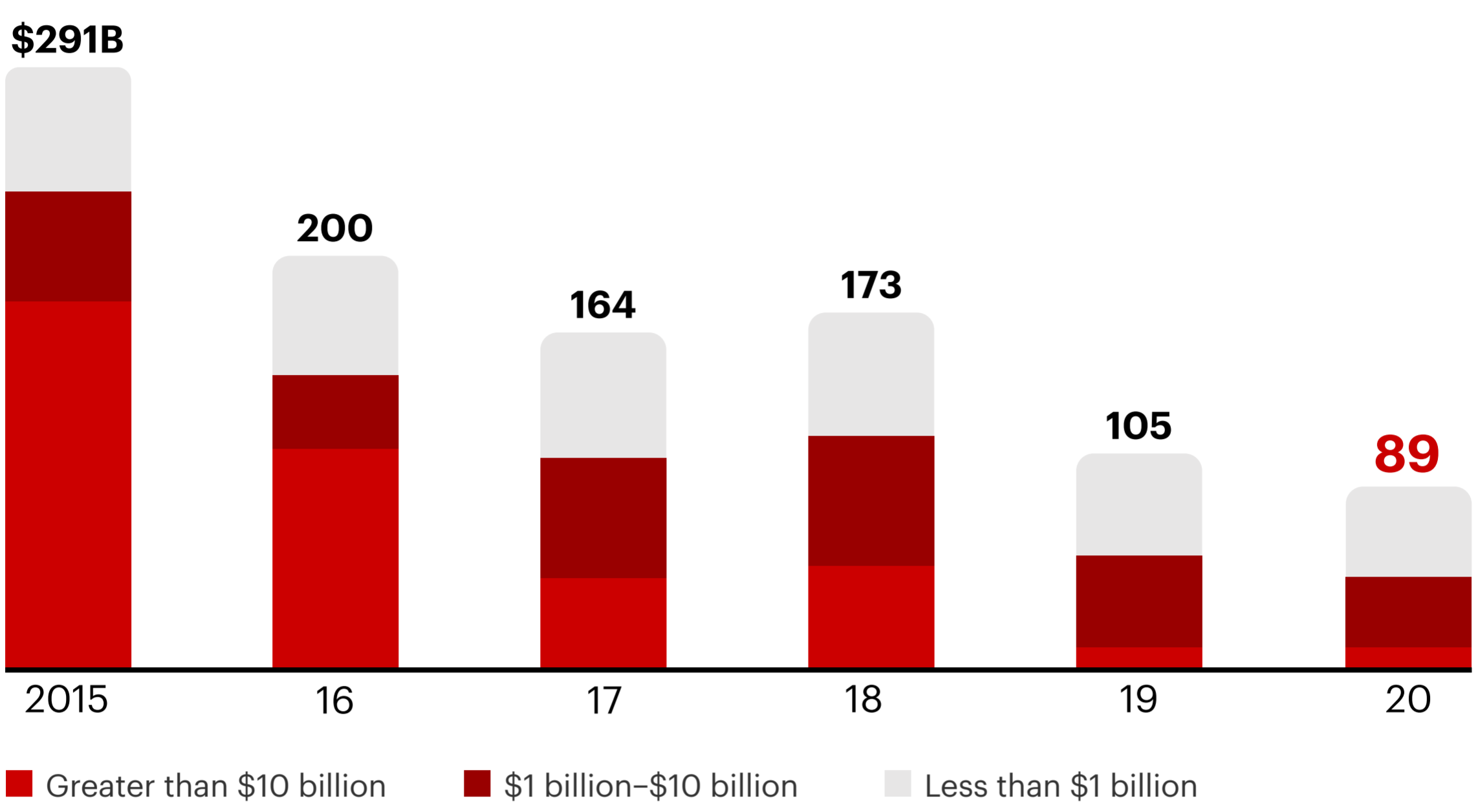
# The New M&A Playbook for Consumer Products

For acquirers with speed and conviction, “string of pearls” deals are proving successful.

## Consumer products M&A activity is still declining

Deal value fell by **15% in 2020** as the industry continues to face low growth and disruption in consumer needs, channels, and competition

Total strategic consumer products deal value, global



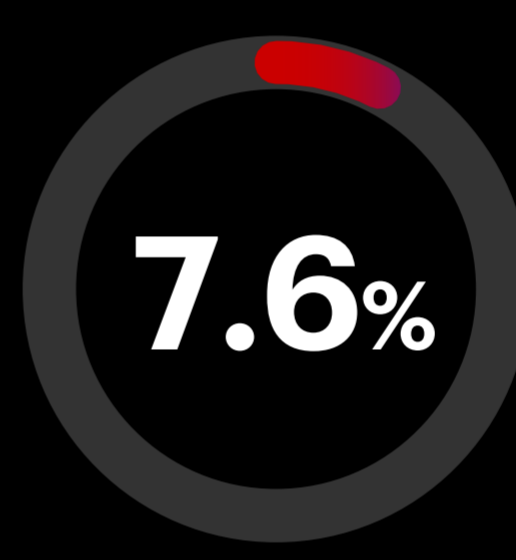
## Serial acquirers remain on top

Winners have repeatable capabilities for effective screening, diligence, transactions, and integration

Average total shareholder returns



Frequent and material acquirers



Inexperienced M&A dabblers

## The allure of “string of pearls” deals

These smaller deals are aimed at building a new business in a new category or geography

**53%**

of deals by the top 11 consumer products companies in 2019 were “string of pearls” deals

**60%**

of M&A practitioners expect these deals to increase during 2021

**67%**

of M&A practitioners claimed these deals were successful; less than 10% said they were failures

## The “string of pearls” playbook

Identifying and integrating smaller deals without destroying value requires a new approach

**Hunt for companies** with a new product or brand and critical capabilities

**Set long-term** margin expectations, and be patient

**Pressure test** the base business with a clear deal thesis

**Balance** brand health with pushes for increased distribution

**Clarify** what to integrate and what to leave alone with a tailored integration thesis

**Transfer** key capabilities back to the parent, and continue growing the string of pearls

**Protect** the brand’s insurgent mindset