Executive Insights

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How Brands Can Win Big by Thinking Small

In the quest for growth, today's consumer brand leaders face a conundrum: What strategic choices will really move the needle? It's always tempting to "think bigger" — more consumer segments, new product categories, broader distribution, geographic expansion and so on. Pulling all these levers sounds promising, but it's often not the best way to build a business that can deliver and sustain long-term growth.

Increasingly, "thinking small" is the key to unlocking big growth. By "thinking small," we mean focusing on the brand's promise to the target consumer, carefully crafting products to satisfy their needs, and developing a simple retail strategy to rigorously uphold, reinforce and deliver the brand proposition. Companies that think small understand the boundaries within which their brands have permission to play. They get the details of their products and customer experiences right. And they never sacrifice brand integrity to drive sales. Time and again, we see this kind of focus, discipline and consistency rewarded with big growth.

This approach works because consumers who have grown accustomed to information and choice are no longer satisfied with one-size-fits-all solutions. They're drawn to products that are purpose-designed to meet their specific needs — and skeptical of brands that stray too far from their core promise. Our research consistently points to a growing consumer affinity for brands they see as authentic and credible.

Take **Tory Burch**. Over the past decade, the eponymous founder and CEO/head designer has meticulously built a billion-dollar brand. The product line spans designer footwear, handbags and other boho-chic apparel and accessories, and the company's growth has been a model of consistency and restraint. Ms. Burch is the face of the brand, defining it by promoting her spirit, lifestyle and values in the press, on social media and in her *Tory Daily* blog. The brand's singular design aesthetic and product quality have remained consistent since the firm's 2004 founding, and the company's management has turned its back on growth opportunities that are at odds with the brand. The firm has also expanded distribution cautiously, carefully vetting locations for new Tory Burch stores and favoring high-end retailers such as Nordstrom and Bloomingdale's.

Through this discipline, focus and consistency, Tory Burch has earned the kind of trust and loyalty that transcend product categories and enable sustained, brand-aligned growth. In Ms. Burch's own words:

"We don't want to grow just for growth's sake. It's about the long term. We do want to see healthy growth, but it has to be the right growth."

In contrast, **Quiksilver** presents a cautionary tale about the dangers of thinking too big. Launched out of the Pacific surfing culture of the 1970s, Quiksilver became the leader in performance board shorts and authentic surfing-inspired apparel. Through the

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Figure 1
Examples: The benefits of thinking small

Brand	Sector	Brand proposition	"Thinking small" examples	Annual revenue; 3-year growth
	Athletic footwear and apparel	*The best performance apparel for the world's best athletes*	Unwavering focus on athletic performance and quality Brand power built through innovation, aspirational marketing and branded retail environments	~$32 billion; ~9% CAGR
	Consumer technology	*Well-designed devices that enable people to create, connect and enjoy*	Longtime leader in consumer-centric innovation Limited product range "fits on a dining room table"	~$220 billion; ~9% CAGR
TRADER JOE'S	Specialty grocery	*Original multicultural foods at a great value*	Well-known for unique, globally sourced products Focused assortment (~8% SKU count of typical grocers) supports smaller store footprint	~$13 billion; ~8% CAGR
patagonia®	Outdoor apparel	*Authentic, high-quality and environmentally friendly outdoor gear*	True to "environmental activist" brand values (garment repair policy, green supply chain initiatives, 1% of sales donated to environmental groups, etc.)	~$900+ million; ~14+% CAGR
Amy's®	Frozen food	*High-quality, organic, ready-to-eat vegetarian meals for busy families*	Maintains focus on organic, vegetarian prepared/frozen foods Consistently communicates "family owned" values	~$500 million; ~19% CAGR

1990s, the company expanded internationally with flagship boutique stores and licensing deals, and launched new lines such as Quikjean and its Roxy women's brand. But its success only fed its aspirations — in a bid to become the leading action-sports lifestyle company, Quiksilver eventually acquired skateboarding brand DC Shoes and snowboarding brand Rossignol, while also expanding distribution through mass channels.

As Quiksilver's scope widened, it lost its connection to its roots. By 2003, less than a quarter of its executives actually surfed; by 2008, the same was true of its consumers. Competitors such as Hollister and fast fashion retailers swooped in, exploiting the loss of authenticity that had once made Quiksilver iconic. After its sales peaked in 2006, the brand went into a tailspin, and the company sought bankruptcy protection in 2015.

We want to be clear: Thinking small doesn't mean staying small. On the contrary, this formula — discipline, consistency and focus — creates a solid foundation for long-term growth. See Figure 1 for some examples of brands that have benefited from thinking small.

Thinking small requires not only a new mindset, but also new business practices. Brands should follow four basic rules to build a big business by thinking small.

1. **Focus on fewer, not more, consumer segments.** Aligning your brand with the needs of a select set of clearly defined consumer segments is critical if you are to intimately understand and connect with them. A strong and consistent focus mitigates the risk of diluting your efforts by trying to please everyone. Fortunately, focusing narrowly doesn't have to mean capturing fewer customers. If your brand proposition is truly compelling to your core market, other consumers with similar values are likely to "draft" off their behavior and potentially account for a substantial amount of sales, even if they don't buy at the same intensity levels. In other words, if your positioning stays sharp, you can cultivate a strong core consumer base while attracting and inspiring others to buy in.

2. **Know who you are — and who you're not.** Many brands achieve initial success on the strength of a differentiating attribute or winning product, but few successfully translate their "brand DNA" into a broader portfolio. The key is balance — identifying and cultivating the distinctive qualities that resonate with consumers in order to move beyond the initial "hero" product while still sensing where consumers won't yet

give you permission to play. For example, L.L. Bean, whose brand was once defined by its "Bean Boots," has since grown into a strong, authentic outdoor lifestyle brand.

3. **Obsess over your product, not the "next big thing."** In their drive to grow, many brands look to the horizon — and make the mistake of letting the core product slip. This is a death sentence. It takes discipline to ensure that you consistently deliver the same quality that brought early success — while making the marginal improvements that add up to competitive advantages. Trying to move on to the next big thing too quickly, failing to build adequate capabilities to sustain quality as the business scales, and not staying ahead of competitors closing the gap are all things that can rot your foundation as you are trying to build on top of it. Given the difficulties inherent in innovation, we always challenge our clients to ensure that they've maximized their core before they focus on growth opportunities. And when you do expand to adjacent markets, remember that you cannot afford to sacrifice the standards that define your brand.

4. **Manage distribution closely, rather than trying to be everywhere.** Brands that successfully think small are judicious in how they distribute their products. Brand/channel consistency can make a lasting impression on your target consumers, whereas a channel strategy that is too broad is likely to confuse them and ultimately dilute the brand. Thoughtful placement doesn't have to limit your customer base; if you consistently delight your customers and foster brand appeal, they'll find your product. So focus on getting the right distribution points and maximizing their productivity rather than on planting more dots on the map. Not only will you protect your brand integrity, but you will also be more likely to preserve better pricing and margins with less channel conflict.

Smart consumers now have access to unlimited information and options, and brands may be tempted by seemingly equally unlimited opportunities to innovate, market and distribute. But one of the worst mistakes you can make is to try to grow too fast by broadening the target customer set, stretching the brand and chasing every new opportunity. We encourage today's consumer brands to think small. It might just be your key to winning big.

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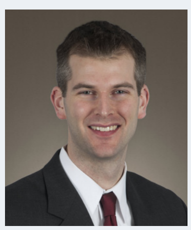

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