

Sustainable Growth



Butterfly

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Product, LEGO IPS

The future is unpredictable

The state of the world we live in, is rapidly changing day-by-day. However, with agile thinking, it's possible to transform the unknown into opportunity.

For many companies, the challenges of the last two years have illuminated many hidden truths: true innovation has been deprioritized and they have grown comfortable in their respective categories.

Unfortunately, filling the pipeline with line extensions and trying to steal market share from competitors only adds extra noise to categories jam-packed with similar items.

It's time for business leaders to slow down and think boldly about new ways to engage in their market and adapt to changing consumer needs. We believe that now is the time for dynamic, impactful and sustainable growth.

At Butterfly, we're here to help you change your perspective from a caterpillar to a butterfly and give you the tools to radically transform your business.



Sustainable growth is the business of aligning innovation, profit and purpose. Innovative ideas have to justify shelf space – and fit in with the growth ambitions of your business. We've seen first-hand how challenging this can be for CPG brands due to their structure. These businesses are often endlessly chasing short-term growth. Shareholder pressures mean incremental growth – often delivered through faux innovations such as new formats and flavours – is prioritised over-investing in genuinely transformative innovation.

It is no surprise that 85% of CPG innovations vanish from shelves within two years. All of the resources, time and creativity that are thrown at these products are unable to drive any long-term growth. Not only for the brand, its talent and its customers. But for its shareholders too.

Brands that apply a sustainable mindset to commercial and environmental decisions, those who marry profit and purpose at every step, are best placed to deliver what consumers and investors want most: long-term value.

// What we want to do is stop looking in silos and take a systems approach to analyse change. And then, to define what that change means for the market and ultimately for your business. //

NICOLE WHELAN, UK DIRECTOR, BUTTERFLY



Q&A with Floris Cobelens

DIRECTOR OF GLOBAL
STRATEGY & INNOVATION,
HEINEKEN

What's your vision for Heineken's next 150 years?

We are redefining our purpose by moving from the what to the why. In the past we have defined ourselves as being a brewer but since we're in a category with competitors coming in left and right, that [definition] does not give us enough space for growth. We are redefining the business we are in to be about creating and building social connections, which will open us to new spaces.

What is challenging about setting your business up for long-term growth?

One of the key challenges that we are facing as a company, and that other big companies are facing, is how do you successfully place focus and spend on all 3 Horizons simultaneously, especially if the needs are all very different from each other.



Should we build the business case for H3 innovation in the same way as H1?

I really believe if we look out to the future that the dynamics are so very different and requires a true entrepreneurial spirit. I am very much in favor of clear differentiation between H1 and H3 as they both have a different upfront understanding of what the ambition is and how we look at success.

So, What is Sustainable Growth?

Sustainable growth is both good to the planet and commercially rewarding. It's the business of aligning profit, purpose and planet.

It's about unlocking long-term, consistent, relevant and future-ready opportunities today. Or, put bluntly, ensuring you have a competitive business in 10+ years time.



“ Sustainable growth is about finding new avenues to grow your business to make a significant change. It is a time for courageous and bold decision making that is needed from our business leaders. ”

BIANCA CAWTHORNE, FOUNDER & GROUP CEO, BUTTERFLY

How to ensure your CPG business is still thriving in 10 years' time?

Business leaders need to change their mindset...

From narrowing down your market to your existing categories, to taking a broader view of the business you are in.

From thinking about innovation horizons, to building an innovation vision and backcasting implications for your business.

From thinking in silos, to thinking in systems.

From incremental category growth, To disruptive transformation.



“The crucial thing here is not to be tempted to say – ‘what does this mean for my brand or business?’ but to think ‘outside-in’ on the market that you’ve re-defined, and plot what will be the future implications. The future comes to us from macro forces. We can’t control all those macro forces, but we can control how we analyse them.”

MAUD PERNET, US DIRECTOR, BUTTERFLY

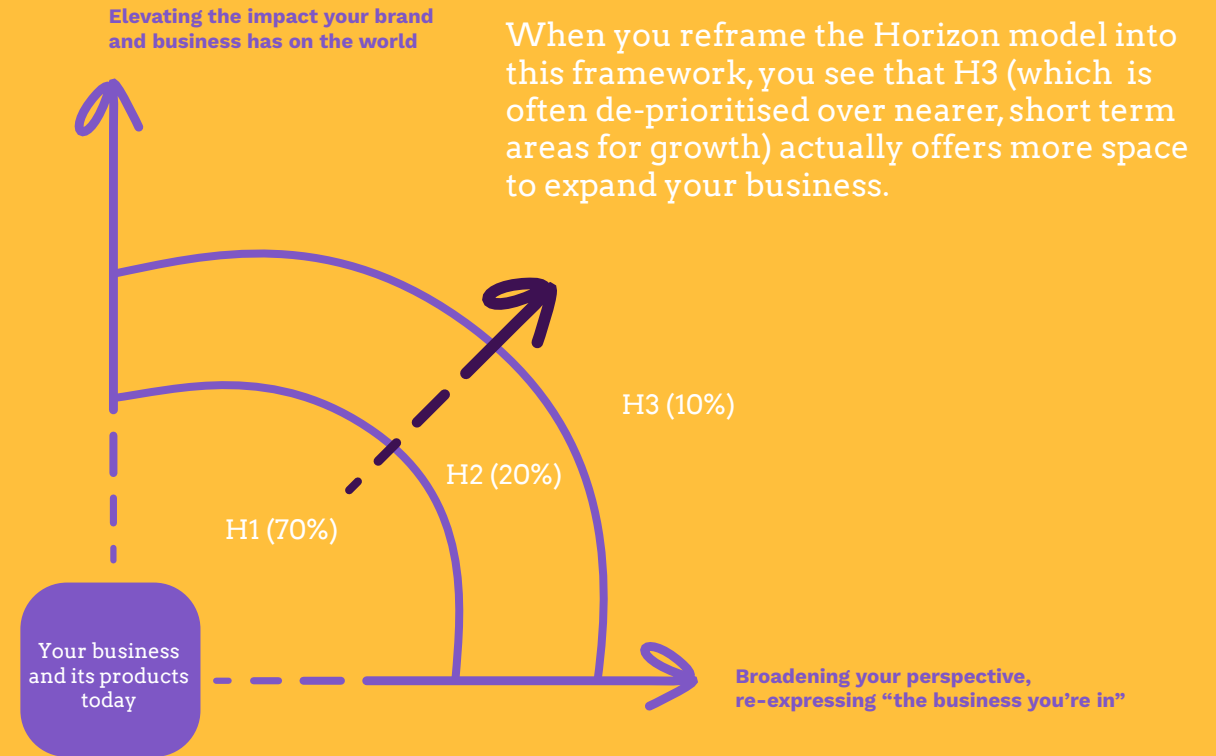
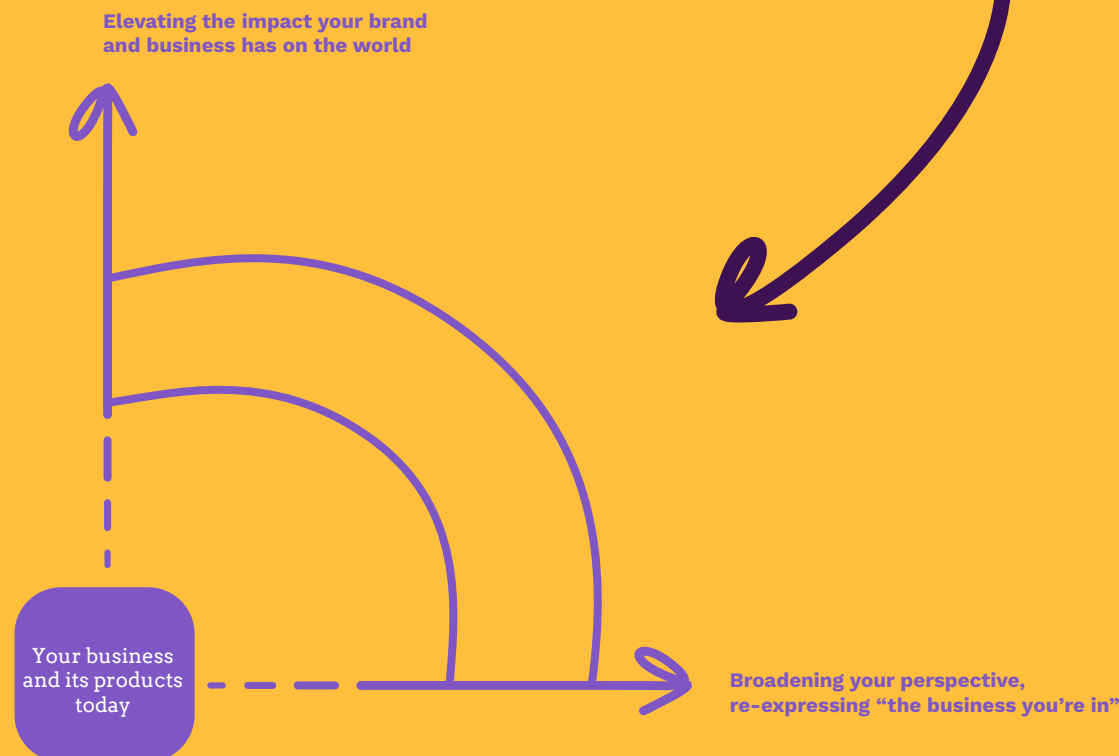
It's time to shift your perspective

Our Sustainable Growth framework is designed to help shape the future of your business. business in 10+ years time.

The model stresses the importance of broadening your horizons to better understand the business you're in. Once your perspective has shifted, it not only improves your capability to stretch into new growth but helps to elevate your potential impact on society.

"We need to flip our perspective to have a longer and broader view of the marketplace. This means thinking beyond just what your business does to deciding what business you are in."

BIANCA CAWTHORNE, FOUNDER & GROUP CEO, BUTTERFLY



Our 3-step approach to Sustainable Growth



01

Re-define Your Business:

Challenge yourself to think about your business in a new way – from what your business does to what business are you in. Articulating your market as a consumer need rather than a product category opens the door for new growth opportunities and develops a challenger mindset.

03

Reframe Your Growth Priorities:

Don't be afraid to stretch – prioritizing spend on Horizon growth alone is limiting. Instead, work on building a sustainable pipeline across all 3 Horizons to tap into infinite potential that's good for both the planet and your bottom line.

02

Think Future Forward:

Build for the future by identifying the key macro forces that will impact your newly defined market. Focusing on the intersection of these trends rather than on each one individually makes the future more tangible and helps to identify future implications for your market and your business.

What's the result?

By shifting your perspective, not only will you be able to capitalize on the white space for growth in Horizon 3, but you will now have a better understanding of your internal capabilities and will be open to new partnerships and opportunities.

“ The first thing we want to challenge is to think differently about your market and competitive advantage, and really start with a broader view of your business. This takes us beyond the obvious, to creating things that go beyond products and services, and to become an experience based on a genuine need. ”

NICOLE WHELAN, UK DIRECTOR, BUTTERFLY

Q&A with Koen Burghouts

VICE PRESIDENT & GENERAL
MANAGER, PEPSICO

Where do you find growth opportunities?

It comes from understanding what is the broader universe of macro forces encompassing the company, from both a consumer standpoint but also a technology and regulatory perspective. We're moving from being a company that's manufacturing snacks to a company that is about delivering smiles with convenient foods as a tool.

How does PepsiCo continue to elevate its business?

The first job is to truly understand what is our competitive advantage and understand how we got to this point with our portfolio of brands and how our capabilities like R&D play a part in our growth process. Then we think about what we really mean to consumers as a company and with our existing brands. Finally, we build on how we can take that equity and our capabilities to broaden our share of stomach in a very consumer centric way.



How has PepsiCo's purpose evolved?

For us, it all starts with purpose. The vision is strongly endorsed and shifted from the top down because that is where the culture and the example is being set.



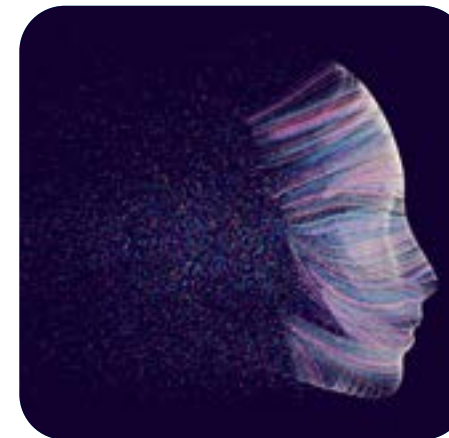
4 Main Macro-Forces that will Affect CPG Businesses



Our Sustainable Growth framework challenges businesses to think future-forward and examine the intersection of larger macro forces and understand the implications that they might have on the market we play in.

We've cast our eye towards the future, and these are the 4 big forces that will impact how you run your business in the next few years.

Proliferation of AI/VR & AR



Products that deliver social + sustainable benefits



Instant Gratification

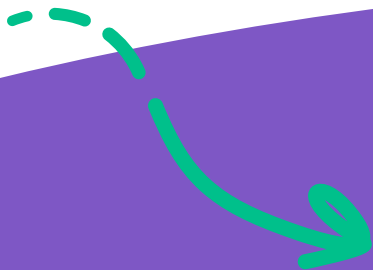


Holistic Wellness



“Innovation: Imagine the future and fill in the gaps.”

BRIAN HALLIGAN, CO-FOUNDER & EXECUTIVE CHAIRPERSON, HUBSPOT



Proliferation of AI, VR & AR

The global artificial intelligence market is forecast to be worth almost \$650 billion in the next 6 years. In the last year alone, we've witnessed the emergence and popularization of the Metaverse, as pandemic lockdown periods proved the perfect testing ground for virtual reality.

With all indications pointing to an increasingly digital future, AI, VR & AR represent a white space of enormous potential. For CPG brands, artificial intelligence is an opportunity to think of new ways to innovate in both product design & experience but also within internal operations. Brands can use this new technology to alleviate supply chain issues through virtual reality showrooms, product visualization, and immersive omni-channel shopping that streamlines brick and mortar and the digital. As everyday consumers begin to use AR/VR in their everyday lives, they'll expect their favorite brands to incorporate the same.

Who's doing it well?

BALENCIAGA

The luxury fashion brand first partnered with Fortnite, a popular multiplayer gaming platform to create an in-game Balenciaga store complete with playable clothing. Following the success of this collaboration, Balenciaga created their own free digital videogame, *Afterworld: The Age of Tomorrow*, an immersive adventure into their Fall 2021 clothing collection.

DIAGEO

Diageo was an early adopter of artificial intelligence and partnered with Thin Film Electronics to debut their Johnny Walker smart bottle – which allowed Diageo to provide an interactive customer experience and track user behavior such as when they open and close a bottle to improve supply chain logistics and signal the best time to cross-sell, upsell, or replace/fix the product.



Products that deliver social and sustainable benefits

In the past, products were great because they were durable, lasted long, and were the best reflections of themselves. Now products need to be a reflection of how they benefit society & the planet writ large. It's moved from Product > Individuals > Society.

The Triple Bottom Line theory has been floating around the business world for a decade, however, now more than ever purpose is at the forefront. In a perfect storm of macro forces – declining environment, transparent internet, rise of Gen-Z +cancel culture – CPG businesses need to show that they can a) hold themselves accountable and b) create products with value for all.



Who's doing it well?

patagonia®

The outdoor lifestyle and apparel brand has multiple initiatives in place to make sure that their products are good for both people and planet. Aside from making products using recycled materials, they also have an earth tax that donates 1% of sales to non-profits working to preserve and restore the environment.

Pearl Milling Company

Formerly known as Aunt Jemima, the breakfast goods company officially rebranded in 2021 as part of their commitment to better reflect their core values. In addition to their rebrand, Pearl Milling Company is holding themselves accountable to both their stakeholders and society by committing \$1 million to empower and uplift Black girls and women.

Instant Gratification



Years ago, companies designed products to be delivered efficiently; now, there is a demand for instantaneous gratification. Consumers' desire for instant gratification has been enabled by complex and agile logistic systems that now allow consumers to order groceries in 15 minutes or less.

To have products that are delivered instantaneously, CPG companies need to innovate in terms of supply chain efficiency – products that are always on backlog or shipping delays won't work in the instant economy. Brands need to think smart about strategic partnerships e.g., apparel delivery on Instacart, but also need to find ways to dynamize their logistic process such as through an agile last-mile delivery method.



Who's doing it well?



In 2020, Macy's partnered with DoorDash to offer a white-label fulfillment service and providing customers with the option of same-day delivery from over 500 Macy's and Bloomingdales across the United States. Macy's rolled out this service through an omnichannel approach where customers can place orders through both Macy's online and mobile platforms as well as in-store allowing for wider reach.



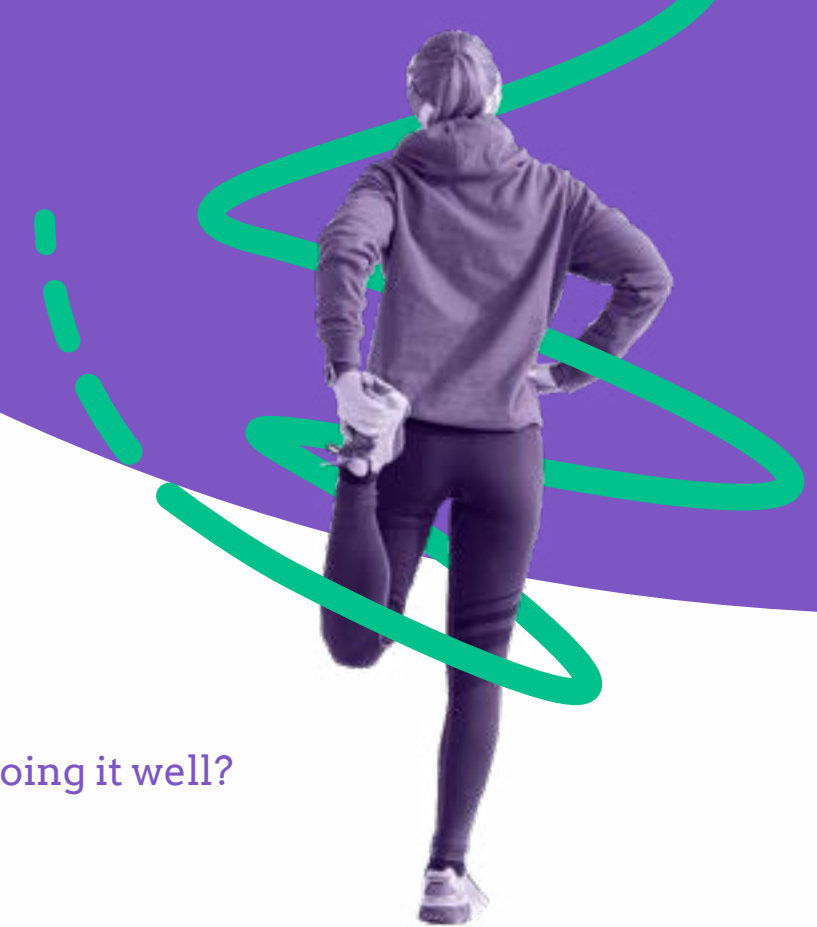
Amazon uses a hyper-local warehouse strategy by placing warehouses within the literal last-mile for key market segments. This allows them to successfully and quickly get goods to consumers through their proprietary services like Amazon Prime, Amazon Fresh, and other subsidiary programs.

Holistic Wellness

Post-pandemic, an emphasis on health and overall wellbeing will continue to grow with shifts impacting the personal, the professional, and the societal, as people's connectedness between their own health and planetary health intensifies.

The wellness market is currently estimated at \$1.5 trillion with a 5-10% YOY growth clearly demonstrating that it's more than just a casual after effect of COVID. For CPG businesses, understanding where you fit into the wellness landscape is key. The good news is that Better For You (BFY) covers approximately 6 dimensions, with room for growth including better health, fitness, nutrition, appearance, sleep and mindfulness. If brands can strategically find their niche by looking at consumer need rather than product, they'll be able to capitalize in this area.

Who's doing it well?



Nike has expanded its horizons to include a deeper focus on health, fitness, and nutrition through two new digital apps. Nike Training Club and Nike Run Club provide free access to fitness programs spanning from marathon training to increasing wellbeing through yoga and meditation. These digital platforms also include lifestyle and nutrition content and an opportunity to train with like-minded individuals – going deeper to truly create a phygital community for whole-body wellness.



A newcomer to the beauty industry, Function of Beauty blends BFY beauty products with the consumer need for personalization by offering completely customizable hair care and styling products. The brand is 100% vegan as well as cruelty-free and sulfate-free so consumers can rest assured that the products that they are personalizing are "holistically" good for themselves and for the planet.

Q&A with Thomas Fenger

SENIOR DIRECTOR AND
HEAD OF PRODUCT, LEGO IPS



How has Lego been able to successfully transform the growth of the company?

One of the key elements of the growth that we drove from 2004 to 2017 was a move from being in the business that made toys to being in the business of play. Looking towards the future, we have set an ambition and a vision of becoming a global force of learning and the business that we want to be in in the future is a business of learning through play.

How has reshaping your thinking led to new and interesting opportunities?

Taking the first leap of faith to redefine our business allowed us to lean into and facilitate new experiences, but it also opened up new opportunities for games involving both digital and physical toys. It also granted us a gateway into the entertainment industry and how that inspires play, both taking IPS as well as starting our own homegrown IPs, doing TV shows and even Lego movies.

What role have these partnerships played in Lego's bounceback?

If we look at Lego's growth from 2004 up to now it has been heavily driven by the entertainment and video game industry. Strategic partnerships are in essence how we manage to stretch our brand and, also how we make deliberate choices of where to take the full risk. I see partnerships as a great opportunity to stretch your brand and deliver choice while minimizing internal risk.



**So,
what is it
we do exactly?**

Good question! Every day we believe in the possibility of transformation – of our clients, our people, our business and the world.

We are a Brand and Business Transformation Consultancy specializing in brand growth and innovation. Everything that we do is about helping you find sustainable growth through Disruptive Thinking, Empathy, and Imagination.

With all our clients we aim to become their key strategic partner, bridging the gap between Business consultancies and Brand agencies by putting the Human at the heart of Business transformation.

We have offices in London and NYC with a diverse team of 40 strategists and experienced designers.

Our Sustainable Growth Leaders



BIANCA CAWTHORNE
– FOUNDER AND PRESIDENT

Bianca set up Butterfly 12 years ago following innovation and business growth roles at Boots, Camelot and Diageo. Through her career, she has been driven by challenging conventions and has brought a new degree of emotionality into strategy work to help businesses engage with consumers, customers and stakeholders at a deeper, more meaningful level. She has built Butterfly into a successful, international brand & business transformation consultancy that delivers sustainable growth, fueled by disruptive thinking, empathy and imagination.



NICOLE WHELAN
– UK DIRECTOR

Nicole has over 10 years of experiences tackling growth challenges from client and partner perspectives. She balances the pragmatic demands of sustainable commercial growth with pushing the limits of what feels comfortable today to deliver future proofed innovation strategies.



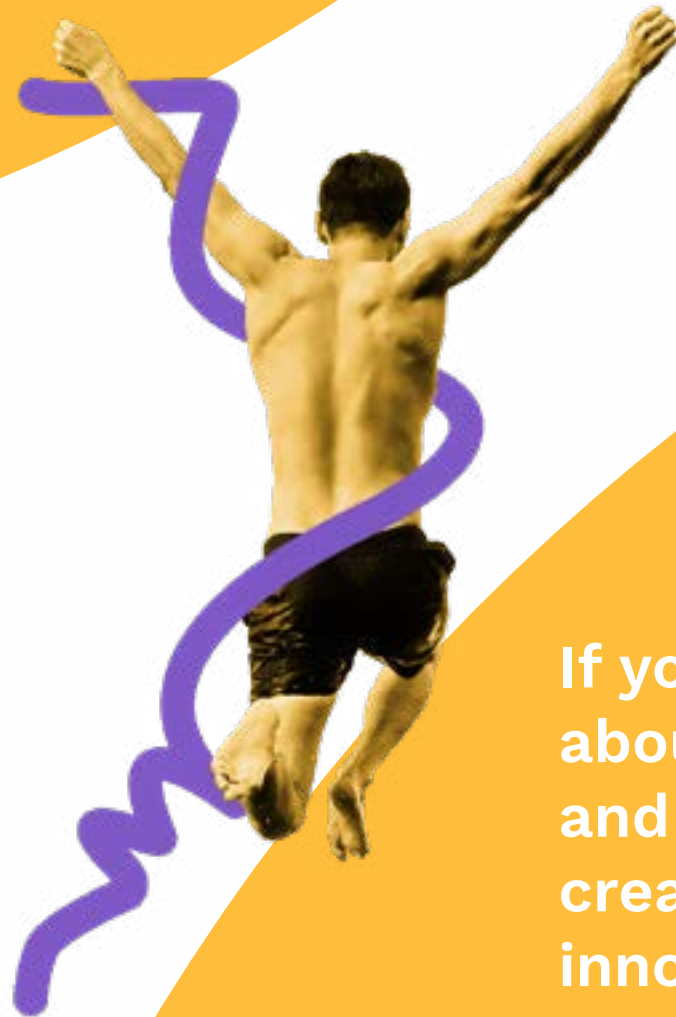
MAUD PERNET
– US DIRECTOR

Maud has over 10 years of innovation experience and is currently leading the Disruptive Innovation practice at Butterfly, empowering businesses to anchor systemic thinking and sustainability at the heart of everything they do.

**There is only
Unsustainable Growth
or Sustainable Growth
which will you choose?**



Seize The Moment



“We live in a time where context is changing so fast; it is the time for many companies to rethink the business that they’re in... I see a lot of companies defining the company that they’re in from a very technical point of view while we define it as fulfilling the needs of consumers. ”

KOEN BURGHOUTS, VICE PRESIDENT
& GENERAL MANAGER, PEPSICO

If you’d like to learn more about sustainable growth, and how your company can create truly breakthrough innovation, get in touch! We’d love to help you position your brand for the future!

Get in touch!

info@hellobutterfly.com