



The Golden Age of Indie Brands . . . Or Is It?

By Chris Hobson

When I started as a Brand Manager at Procter & Gamble, ahem...over 20 years ago, the brand landscape was very different from what we see today. Building on decades, even centuries, of brand-building experience, we were taught to develop products based on the broadest consumer insights and preferences, go to market with the largest retailers, and to flood the airwaves with millions of dollars' worth of interruption-based advertising. We could leverage our scale in mass production and mass marketing to produce the highest quality products, dominate the supply chain, influence distribution channels, and own the end-consumer. This was the case for us in the mass channel, but also largely applied to all facets of the beauty industry, from prestige to professional.

However, numerous economic, technological, and cultural changes over the last 20 years have eroded barriers to new brand entry and enabled the rise of "indie" or micro-brands. Today, more than ever, we have a global and diversified supply chain available, with high quality products and low MOQ's, from independent manufacturers from around the world. Business model components that were previously considered fixed assets (e.g., warehouse, customer service, factories) are now available as variable costs via outsourcing relationships. The "gig economy" means that brands can now access world-class designers, developers, and advisers only when they need them, without having to have them on-staff. The Internet and social media allows brands to directly connect with their consumers, bypassing traditional mass-marketing

channels. And distribution has been revolutionized with online retailers having no shelf space limitations, enabling them to carry best-sellers and niche products side-by-side.

At this point, any reasonably ambitious, hard-working, and creative person, with say, a \$10,000 limit on their credit card and a few months of focused effort, can create their own products or source them from anywhere in the world; develop a brand presence online, and start selling those products to their target audience. And once they are up and running, they don't need billions or even millions of dollars in revenue to be self-sustaining. That smart and creative person could even create a brand as a 'side hustle' (to borrow Uber's phrase).

So what does this mean for the future of brands and those who love them? How does a would-be brand entrepreneur create a winning growth strategy? And what are the implications for the broader industry of suppliers and distribution channels?

For Suppliers:

As brands proliferate, you are in a uniquely advantageous position: it's often said that the ones who do best in a gold rush are those selling the pick axes to the miners. But to attract and retain the entrepreneurial brand-builders, you should consider how flexible you can be with lead times, payment terms, and MOQs. And you should hone your sense of which entrepreneurial brands have the team and the sense of brand community that will enable them to truly breakthrough the increasingly cluttered landscape; this will help you

place bets on the future winners.

For Brand-Builders:

Quality and value are no longer differentiators; they are the price of entry. You aren't selling a product. You are creating a community of like-minded, raving fans who see your brand as a unique expression of their deepest desires and aspirations. You need to bond with them and create experiences for them that ultimately tie to your brand, but that are mostly for and about them. You need to create a movement that your community can belong to that is bigger than a moisturizer or a color compact. Good luck!

About Chris Hobson:

Chris Hobson is the President & CEO of Iontera, Inc., makers of Patchology targeted skincare. Patchology's eye patches, lip patches, and facial masks have quickly become a favorite with makeup artists, celebrities, and consumers at Neiman Marcus, Nordstrom, Blue Mercury, Cos Bar, and many others. Hobson earned his BA at McGill University and his MBA at Harvard Business School.