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## **PRESS RELEASE: Start-ups are more successful than “Big Food”, but only just**

Investors and consultants alike are full of excitement about the success potential of start-ups. Phrases like “there’s never been a better time to launch a start-up” pop up frequently.

“But the reality is that although start-ups are doing better than established companies, they are only doing a little bit better,” says food industry analyst Julian Mellentin, director of New Nutrition Business.

“The success rate among start-up brands is only slightly higher than that of brands from established businesses.”

To address the absence of data on rates of success or failure for start-ups, New Nutrition Business analysed its database of start-up brands, going back to 2002, to shed light on their performance.

The sample comprises 267 US, UK and Australian food and beverage start-ups who launched products in the years 2002-2016. The sample focuses on snacking, beverages and dairy (all strongly over-represented among start-ups) as well as kids’ products.

The recent analysis found:

- An overall start-up success rate of 67% (almost the same result as 2016)
- An overall failure rate of 33%

“But if you define “real” success as distribution in mass-market retailers, as opposed to being in niche or regional distribution – which is what most shareholders want – then the success rate falls to 41%,” notes Mellentin.

For comparison, New Nutrition Business also analysed a sample of 288 brands from established companies – not start-ups – that were launched

in 2013 and listed that year in Mintel's GNPD new product database. They came from the same countries and categories as the start-up sample.

Their overall success rate (whether a brand was in mass distribution or niche) was 54%. "That's less impressive than the start-ups, but not so far behind," says Mellentin.

## **Snacking the clear winner**

Mellentin says that if you want to maximise your chances of success and reduce your risk of failure, make your product a snack. "If you had launched a start-up food or beverage business during the years 2002-2016, you would have been most likely to succeed if your launch was a snack or a mini-meal," he says.

The success rate for snacking start-ups is an impressive 72.5%, compared to 53% for established companies.

That makes sense to Mellentin: "Snacking makes good sense as a place for a start-up – the products are usually shelf-stable and have a long shelf-life, eliminating the supply chain and wastage problems that kills many start-ups in chilled products."

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\* A cut-off date of 2016 was used is because for anything more recent, it's too soon to say whether a business or brand is doing well or struggling.

## **NOTES FOR EDITORS**

1. Editors can request comment or arrange an interview with Julian Mellentin, by contacting Marta Matvijev at [marta@new-nutrition.com](mailto:marta@new-nutrition.com).
2. Julian Mellentin is one of the world's few international specialists in the business of food, nutrition and health. He is director of New

# NewNutrition Business

Nutrition Business, which provides case studies and analysis of success and failure in the global nutrition business and is used by more than 1,700 corporate subscribers in 42 countries. New Nutrition Business is a research and consultancy company with an expert focus on the business of food and health since 1995. It has offices in the United States, Europe, and New Zealand and affiliates in Japan and South Korea. Find out more at: [www.new-nutrition.com](http://www.new-nutrition.com).