catena SOLUTIONS

Trends & Insights Report:
Brand Loyalty During M&A

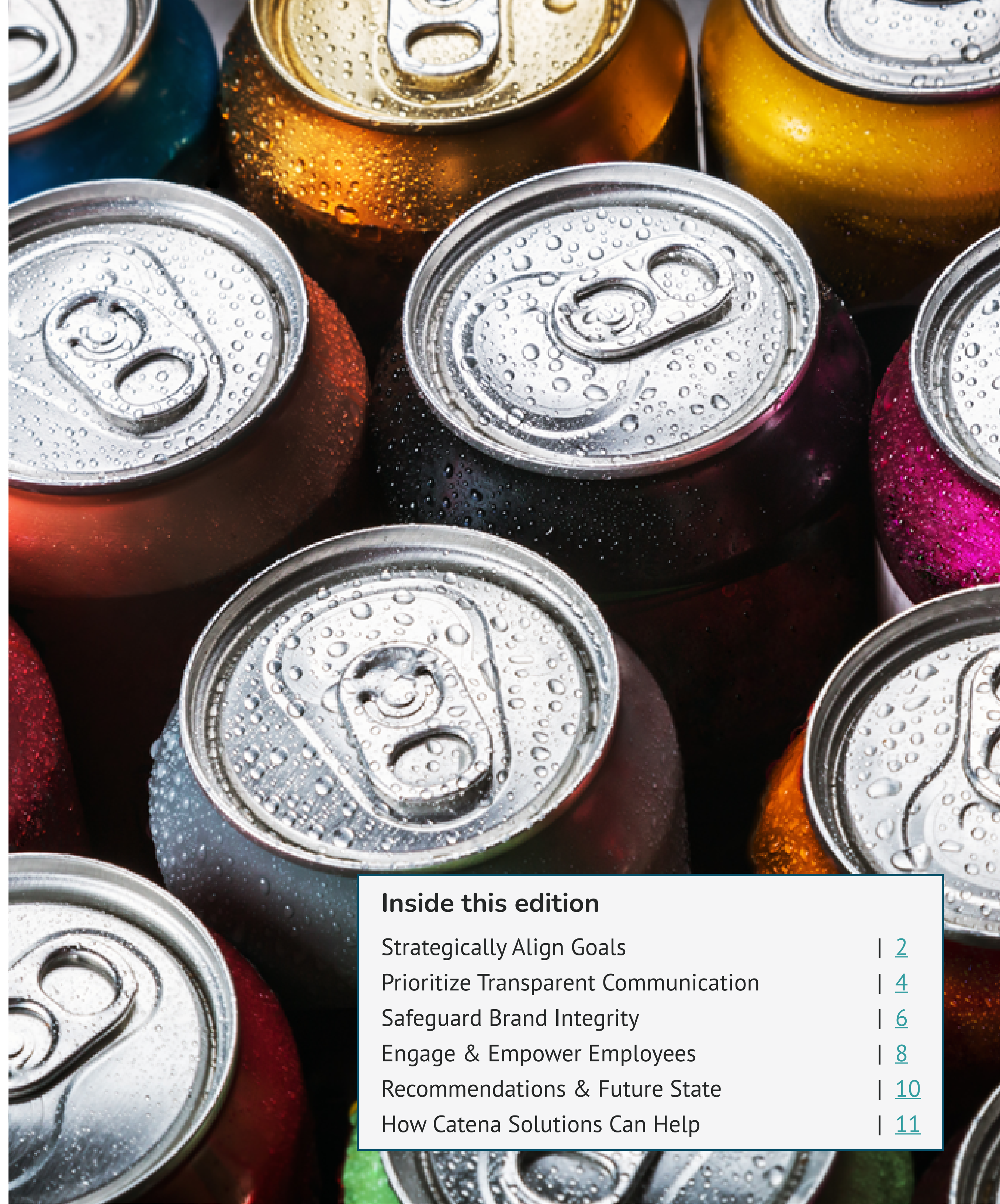
Introduction

While mergers and acquisitions (M&A) are promising growth drivers, 70-90% fail to reach their objectives.[1] A major indicator of deal success, particularly in the food and beverage industry, is how a company manages brand loyalty.

Research shows that effectively handling a brand's strategy during M&A can enhance shareholder value by more than 23%, while mismanagement can decrease value by 19%.[2] That's a 42% swing in value tied directly to branding.

What are the most successful organizations getting right? They're focusing on strategy, communication, brand integrity, and employee engagement.

In this edition of our Trends & Insights Report, we explore real-world examples and expert insights on maintaining and strengthening brand loyalty during M&A. Plus, get our recommendations on the role branding will play in future M&A activity.



Inside this edition

Strategically Align Goals

Most companies have a strategy problem.

One study found only 28% of leaders could list three of their company's strategic priorities,[3] while another revealed 67% of CEOs would rather make decisions off their own intuition instead of insights from data analytics.[4]

When two companies' goals don't align, a deal is destined for failure. Misaligned strategy can cause:

- **Brand dilution:** Brands with contradictory messages will quickly lose credibility.
- **Loss of authenticity:** Food and beverage brands thrive on authenticity and consumer trust, and unclear strategy can hurt this.
- **Operational disruption:** A poor integration strategy can cause supply chain disruptions, quality control issues, and customer dissatisfaction.
- **Missed opportunity:** Weak strategy execution can open the door for competitors to steal customers that are willing to switch brands.
- **Impact on innovation:** Brands tied up in fixing their strategy may stagnate in innovation and lose relevance with expectant customers.

Clarity is key to consumer loyalty during M&A. Do you know your reason behind a deal?

Expert Take: You Must Fully Understand the Brand

In food and beverage, companies are buying and selling an important and intangible asset, which is brand value and equity. If you're a company that's going to buy a brand, you've likely been watching it for a long time. But the acquiring company needs to go even further, really getting into the trenches and understanding how the brand ticks, what's working, and what its customers want and need. If you don't have the right understanding and strategy from the start, the deal is doomed.

***Jill Blair-Turner,* Senior Marketing Executive**

M&A Strategy Done Right:
Danone's Acquisition of WhiteWave Foods

Dairy giant Danone acquired WhiteWave Foods in 2017, enhancing brand loyalty through strategic alignment. Here's why it succeeded:

1. **Complementary portfolios:** Danone expanded beyond dairy into the plant-based and organic segments through WhiteWave's brands. Silk, Horizon Organic, and Alpro were already market leaders in their segments, which boosted Danone's position among health-conscious consumers.
2. **Supply chain synergies:** Danone leveraged WhiteWave's existing distribution network, leading to faster product delivery, reduced environmental impact, and cost savings.
3. **Innovation and market expansion:** Post-acquisition, Danone increased investment in WhiteWave's R&D capabilities for plant-based products. This helped Danone respond to consumer trends toward health and wellness.
4. **Clear communication:** Danone provided customers, retailers, and employees with clear timelines and goals for integration and promised that popular brands would remain unchanged.
5. **Cultural integration:** Danone preserved WhiteWave's entrepreneurial and sustainability-driven mission and kept on key executives from WhiteWave.

You can read more about the Danone-WhiteWave acquisition here.

**Catena Solutions was not involved in this deal.*

Prioritize Transparent Communication

Consumers are highly skeptical of companies and their decisions.

Over 40% of consumers believe improvements in product innovation are just cost reduction efforts.[5] This distrust is only amplified during M&A. According to PwC's Customer Experience in M&A report, 80% of consumers say companies should focus on customer experience during M&A transactions, but only 30% believe companies think about how customers are affected.[6] That's why transparent communication from both companies is a must-have.

Here's what that looks like:

- **Be clear:** Be upfront about planned changes, especially those impacting customer experience, such as ingredients, sourcing, and packaging.
- **Reinforce values:** Emphasize the continuity of brand identity and values, including assurances that the acquired brand's characteristics will remain the same.
- **Keep commitments:** Back up promises with tangible actions and share clear examples and timelines to establish accountability.
- **Customize communication:** Tailor communication to different groups of consumers and leverage multiple platforms (social media, press releases, direct consumer engagement) to ensure effective reach.
- **Be empathetic:** Acknowledge the emotional connections consumers have with brands and carefully manage change to avoid unnecessary disruption.

Following these steps will help establish a transparent, two-way dialogue with consumers and create consistent brand experiences. It's also a good idea to position existing brand leaders or founders at the forefront of communication, so customers can see that stakeholders are on board.

Expert Take: It's Your Job to Reassure Customers

Storytelling should be a key part of merger and acquisition communications, which is especially true if the chosen brand strategy involves a branding shift. Customers will naturally question the reasoning behind the change, and it's the company's job to reassure them.

When creating communications around the deal, focus on how the merger creates value. Highlight shared values and be clear about the reasoning behind the change. This will help consumers understand the transition and feel considered in the decision-making process.

Amy Knigge, Digital, Creative & Marketing Practice Director at Catena Solutions

Click here to read Amy's full article on key factors for success in M&A branding.

M&A Communication Done Right: Flowers Foods' Acquisition of Simple Mills

Flowers Foods' acquisition of the better-for-you snack company Simple Mills in early 2025 stands out as a model for effective communication. Here's how they did it:

1. **Preserved brand autonomy:** Simple Mills continued as an independent subsidiary, retaining leadership, culture, and brand identity.
2. **Aligned mission and values:** Both companies reassured stakeholders by emphasizing their shared commitment to better-for-you products and sustainability.
3. **Transparent and proactive communication:** The companies clearly communicated the acquisition rationale, financial details, and future plans via press releases, investor calls, and media interviews.
4. **Commitment to product integrity:** Flowers Foods assured stakeholders there would be no changes to Simple Mills' recipes, organic certifications, or sustainability commitments.
5. **Leveraged combined strengths:** The communication strategy focused on growth opportunities including plans to broaden distribution, accelerate innovation, and amplify brand awareness for Simple Mills.

You can read more about the Flowers Foods-Simple Mills acquisition here.
**Catena Solutions was not involved in this deal.*

Safeguard Brand Integrity

Brand trust and integrity are major drivers of sales, and in turn, revenue.

More than 80% of consumers say brand trust strongly influences their purchasing decisions, surpassing other factors like pricing.[7] Consistent brand presentation across platforms can also increase revenue by up to 23%.[8] However, after mergers or acquisitions, a brand's integrity can be a bit shaky.

Consider these tips:

- **Rethink significant changes:** Customers' emotional ties and loyalty are easily disrupted by inconsistencies, and significant or immediate changes can risk this.
- **Introduce innovation gradually:** Immediately making changes can be taken the wrong way by loyal customers. We recommend waiting six months to a year before major innovation.
- **Maintain price and quality:** Price and quality are the baseline expectations for today's consumers. Keep quality good and prices fair and tap into your brand's unique elements to win consumers over.
- **Keep the mission alive:** Ensure any promises made by the original brand (product quality, ethical sourcing, and sustainability, for example) are upheld.

Also, keep in mind the nostalgic reasons consumers choose certain brands. For example, consider a consumer who prefers a particular sugar brand because their mom always used it for baking. If another company acquires the brand and makes significant changes, it could impact that emotional connection, negatively affecting future purchasing decisions.

Expert Take: Leave a Good Thing Alone

The best thing you can do for a strong brand is to be cautious with any changes and nurture its existing culture. Too often, acquiring companies buy a successful brand and make immediate changes, which kills the customer base. This is especially prevalent in the food and beverage industry since customers are very specific about the products they buy, and the competition is intense.

Loyal customers are also more likely to be interested in trying something from a brand they trust. So, if you buy a brand and make sure its offerings stay consistent, that brand's customers will be more open to trying its new products.

Jill Blair-Turner, ***Senior Marketing Executive***

Brand Integrity Done Right: PepsiCo's Acquisition of Siete Foods

PepsiCo's 2024 acquisition of Siete Foods, a Mexican American brand known for its authentic and health-conscious snacks and sauces, shows how to prioritize brand integrity and consumer trust.

Here's how they did it:

1. **Brand autonomy and authenticity:** PepsiCo maintained Siete Foods' operational autonomy, keeping their leadership team on, which preserved the brand's core values, family-driven ethos, and authentic identity.
2. **Transparent communication:** Clear, consistent, and transparent communication helped ease concerns about changes in product quality and company culture.
3. **Commitment to original values:** PepsiCo publicly reaffirmed Siete's commitment to clean ingredients, ethical sourcing, and healthy living.
4. **Enhanced consumer engagement:** PepsiCo invested in consumer engagement initiatives, emphasizing dialogue, feedback, and responsiveness to consumer preferences.
5. **Preservation of product quality:** Through targeted integration of its distribution and supply chain capabilities, PepsiCo enhanced Siete's operations without compromising product quality or integrity.

You can read more about PepsiCo-Siete Foods deal here.
**Catena Solutions was not involved in this deal.*

Engage & Empower Employees

During mergers or acquisitions, employees are your most crucial ambassadors. They are the authentic voice of the brand, shape customer experience, and impact a brand's reputation.

However, M&A isn't always beneficial for existing employees. The changes that accompany M&A, like restructuring and process updates, can cause significant turnover. Research shows that 47% of key employees leave within the first year following M&A, and 75% leave within three years.[9] This can be detrimental for an organization since a significant amount of institutional knowledge—up to 42%, according to one study—can be lost when an employee leaves.[10]

To minimize turnover, focus on:

- **Setting expectations:** If employees will transition out, provide timelines and exit details as soon as possible. For those you want to retain, communicate incentives and available options.
- **Respect across all levels:** Treat employees at every level with equal respect and dignity, reinforcing trust and avoiding alienation.
- **Recognition and rewards:** Identify, acknowledge, and reward employees who have shaped the original brand culture. Make sure they can integrate their expertise and institutional knowledge into the new organization's strategies.
- **Professional development and support:** Provide employees with clear career pathways, training, and development opportunities. This will help retain talent, foster empowerment, and demonstrate commitment to their growth within the integrated organization.
- **Employee feedback:** Establish processes to collect, acknowledge, and act upon employee feedback. Listening and responding to employee concerns will lead to better integration and goal alignment.

Keeping these steps in mind should help minimize any downfall among employees. For organizations that have difficulty managing employee changes internally, consider bringing in change management experts to help the transition.

Expert's Take: Employees Are the Brand

Employees aren't just part of a brand; they are the brand. When acquiring a food and beverage company, leaders need to know that employees are the authentic voice and cultural heartbeat of the brand. Treat them with respect, transparency, and genuine care, because their willingness to champion the acquisition will determine the success of brand continuity, customer trust, and market growth.

Mandi Docherty, Client Engagement Director at Catena Solutions

Managing Employes Done Right: Ben & Jerry's Acquisition by Unilever

Though Unilever is working on spinning off its cold chain products,[11] Ben & Jerry's acquisition by Unilever in 2000 is a strong example of effective employee engagement and brand ambassadorship.

Here's what Unilever focused on:

1. **Preserved culture and identity:** Unilever knew that Ben & Jerry's brand success hinged on its progressive company culture and engaged employees. They preserved these values during the acquisition, maintaining a separate board for Ben & Jerry's social mission and brand integrity.
2. **Employee respect and communication:** Unilever communicated clearly with Ben & Jerry's employees, committing publicly to respect the existing workplace culture, social mission, and employment practices.
3. **Empowering employees:** Employees continued to advocate passionately for the brand's core values. Unilever encouraged employees to speak authentically about their experiences, which helped solidify consumer trust and loyalty post-acquisition.
4. **Investment in employees:** Unilever supported career development and professional growth opportunities for Ben & Jerry's employees.
5. **Leadership accountability:** By maintaining Ben & Jerry's leadership team, Unilever showed trust in existing leadership, providing stability and confidence during the transition and integration phases.

You can read more about Unilever-Ben & Jerry's acquisition here.
**Catena Solutions was not involved in this deal.*

Recommendations & Future State

Preserving and enhancing brand loyalty during M&A requires thoughtful execution. Aligning a deal's goals with customer expectations, communicating transparently to stakeholders, protecting brand authenticity, and investing in employee engagement is no easy feat.

However, the benefits are vast. Companies that effectively manage these areas not only safeguard existing brand equity but also position themselves for a competitive advantage in an evolving market.

As we look towards the future, here's what our team anticipates for brand loyalty's role during M&A.

- Younger generations will exhibit weaker brand loyalty, focusing on quality and attributes rather than brand alone.
- Companies will target acquisitions for specific products of sub-brands with strong followings rather than entire portfolios.
- Rebranding at the SKU level will increase as companies realign their portfolios.
- Sustainability and ethical sourcing will continue to heavily influence brand loyalty, demanding clear alignment with consumer values.
- Marketing will take an even bigger role in branding strategy during M&A as the avenues for promotion and communication increase.

Let us help you maintain brand loyalty during M&A.

Catena Solutions is dedicated to the food and beverage industry, with 30+ years of expertise supporting local, national, and global CPG brands.

With our network of industry experienced consultants, we focus on driving growth, optimizing operations, and navigating industry challenges.

For more information, visit us at **catenasolutions.com**

catena SOLUTIONS

Sources

1. https://hbr.org/2020/03/dont-make-this-common-ma-mistake
2. https://www.amanewyork.org/resources/branding-in-ma/
3. https://sloanreview.mit.edu/article/no-one-knows-your-strategy-not-even-your-top-leaders/
4. https://hbr.org/2022/03/overcoming-the-c-suites-distrust-of-ai
5. https://www.foodbusinessnews.net/articles/28374-brand-loyalty-declines-consumers-more-open-to-private-label
6. https://www.pwc.com/us/en/services/consulting/library/consumer-intelligence-series/customer-experience-in-mergers-and-acquisitions.html
7. https://www.edelman.de/newsroom/etb-2023-special-report-brand-trust
8. https://info.marq.com/resources/report/brand-consistency
9. https://www.ey.com/en_uk/insights/workforce/how-culture-can-unlock-m-a-performance
10. https://hrdailyadvisor.com/2018/07/18/knowledge-loss-turnover-means-losing-employees/
11. https://www.cbsnews.com/news/unilever-ben-jerrys-spinning-off-ice-cream/