

Disrupting the DINOSAURS

TWO **CPG STARTUPS** WITH **UNCONVENTIONAL BUSINESS MODELS** SHOW WHY **RETAILERS** AND **BIG BRANDS** HAVE **MORE TO WORRY** ABOUT THAN **AMAZON** AND **LIDL**. > **By Mike Troy and Gina Acosta**

In the span of 24 hours in late June, a series of events shook the retail industry. Kroger gave investors a nasty surprise by slashing its full year profit forecast in anticipation of increased price competition. Lidl opened its first U.S. stores and gave customers and competitors a view of its approach to private brand centric, extreme value retail. Then, in the most significant development of the two decade e-commerce era, Amazon acquired Whole Foods.

While Kroger's dour outlook, Lidl's arrival and Amazon's mega-deal dominated conversation, lesser developments involving two e-commerce startups highlight an equally large, if somewhat less visible challenge for brands and CPG retailers. Two online-only startups operating under the names Movebutter and Brandless think the current model of selling consumer goods is broken, filled with layers of unnecessary expense and outdated shopping methods.

Movebutter and Brandless are both pure-play e-

commerce operators, touting value pricing on limited assortments of own brand, high quality, socially conscious products whose minimalist labels are reminiscent of the early days of private label.

Chai Mishra co-founded Movebutter in 2015 with Sebastian Werz, both former students at the University of California at Berkeley's Haas School of Business. Mishra was born in India and helped his father with the family trading business. While working for a farm-to-table coffee company in Germany, Mishra said he realized that the supply chain for coffee (and most other food) was overly complicated and contained too many middlemen. Eventually he moved to America to go to school and work in food distribution before launching Movebutter early this year.

Movebutter's value proposition is rooted in thinking that the current distribution system is broken, so it touts the elimination of middlemen, overhead and waste as drivers of its approach. The company's other claims are more grandiose and utopian, centering on making, "the best food in the world accessible and affordable to everyone. Regardless of who they are and where they live."

Mishra's perspective on the industry and new approach has found appeal with an interesting collection of investors. The group, disclosed when the company announced a recent funding round includes Y Combinator, Liquid 2 Ventures, a seed-stage VC firm co-founded by Hall of Fame NFL quarterback Joe Montana; Matthew Bellamy of rock band Muse; Kimba Ventures; Altair VC; The San Francisco 49ers; First Round Capital's Dorm Room Fund; The House Fund; Beluga Capital; Fundersclub; and the Marzotto family, owners of Hugo Boss.

◀ **Movebutter CEO Chai Mishra grew up in a home in which working with retailers and suppliers was the family business.**

