# CPG Marketer Acosta Files for Bankruptcy

|
3 mins ago
Sales and marketing agency Acosta, Inc. filed for Chapter 11 bankruptcy in Delaware on Dec. 1 in a deal with creditors that will convert $3 billion of debt into equity.

The Jacksonville-based company, which has worked with major brands like Campbell's, Coca-Cola, Kellogg's, Kraft Heinz and other leading consumer goods brands, argued that several factors—both company-specific and industry-wide—led to its stumble. Some of those reasons are a heavy debt load and an outdated business model. Others are changes in consumer behavior.

"Consumers have shifted away from traditional grocery retailers where Acosta has had a leadership position to discounters, convenience stores, online channels and organic-focused grocers, where Acosta has not historically focused," Acosta said in a disclosure statement. "In addition, traffic to center aisles, where a majority of Acosta's CPG clients are traditionally located, has suffered as health-conscious consumers gravitate toward fresh foods typically located on the edges of stores."

Acosta also pointed to decreases in CPG manufacturers' marketing spend, as more companies take the task on themselves. Last year, for instance, the Association of National Advertisers released survey data showing that 78% of brand marketers had some form of in-house operations, up from 58% in 2013 and 42% in 2008.

Acosta did not reply to a request for additional comments.

The disclosure statement revealed that, since its 2015 fiscal year, Acosta has lost $631 million in revenue and proceeds from its top 25 clients have decreased at a rate of around 15% per year.

Acosta, which helps CPG companies get its products on the shelves of major retailers and displayed in a compelling manner, also stated it lost “certain key clients” in July 2019, though it didn’t disclose specific names. That same month, the company announced that 28-year Acosta veteran Darian Pickett would replace Alejandro Rodriguez Bas as CEO. The company had appointed Rodriguez Bas as CEO a year prior.

Acosta initially announced the plan to reorganize on Nov. 8, stating it had secured support from 70% of its lenders and 80% of its noteholders, along with $250 million in new capital from investors.

“This is a very positive development for Acosta and our employees, clients, customers and other business partners,” Pickett said in a statement. “Through this strategic step, Acosta will be well-positioned, both operationally and financially, to make critical investments in our business and drive sales and market penetration for our clients and customers.”

The company reported that vendors and its 30,000 employees would continue to receive payment without disruption throughout the bankruptcy process.

In 2012, Acosta acquired experiential marketing agency Mosaic Sales Solutions, which aims to connect brands with consumers through nontraditional means. At this year’s SXSW, for example, Mosaic partnered with Michelob Ultra to host a sunset mass meditation.

According to court documents, Acosta has between $500 million

to $1 billion in assets and between $1 billion to $10 billion in liabilities.

Founded in 1927, Acosta is owned by private equity firm the Carlyle Group, which purchased a majority stake in the company for $4.8 billion in 2014.

https://www.adweek.com/brand-marketing/cpg-marketer-acosta-files-for-bankruptcy/