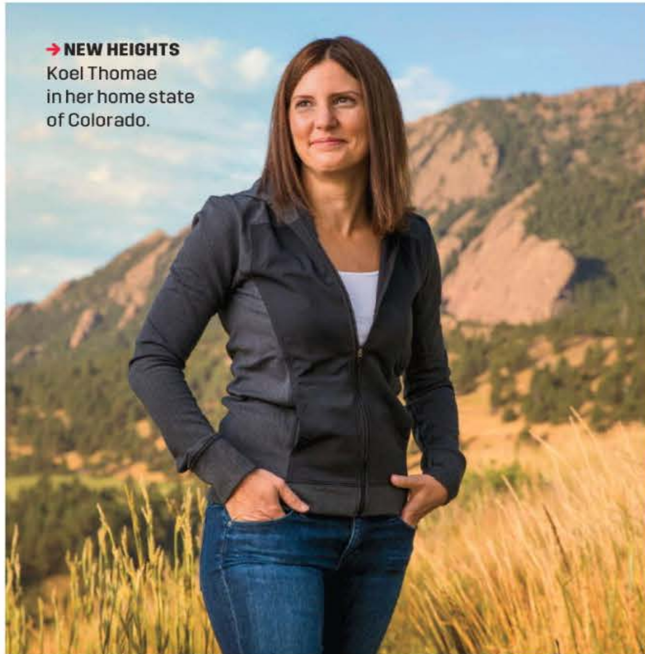
Landing on the Wrong Shelves

When its first big retail experience went bust, yogurt brand **Noosa** had to plot a new expansion plan.

by JASON FEIFER



→ **NEW HEIGHTS** Koel Thomae in her home state of Colorado.

Koel Thomae thought retail was simple: When a major chain wants to carry your product, you say yes. So that's what she did in 2011, when a New York City retailer courted her Colorado-based yogurt brand, Noosa. "We felt it was a great opportunity," she says, "and just blindly went into this without any critical eye on how complex it could be." Never mind that Noosa, an Australian-style creamy and sweet yogurt, had been founded only a year earlier and, despite a solid start, was still a largely local brand. Or that Thomae, a former supply chain manager at a beverage company, had never launched a business before.

This, she figured, was her ticket to the big time.

Ten months later, Noosa had lost $100,000.

"That was a massive hit to both our cash flow position," she says, "and our egos." She had to pull out of the deal. But the experience taught her an important lesson: A company doesn't just need growth—it needs the *right* growth, and it should only take opportunities it's prepared for. To pull that off, Noosa couldn't distribute itself willy-nilly. It would need a proactive, strategic plan.

The first step was to talk to other food companies about their own expansion strategies. This helped Thomae diagnose what went wrong in New York. For example, she learned that she'd found an incompatible retailer—the kind that expects by-the-book delivery processes, will reject shipments that are even a smidge late, and attracts customers that buy mostly mainstream brands. Some other retailers are more encouraging of small brands and forgiving of shipment problems, and attract customers who like trying new things. Going forward, she'd need to find partners like those.

She also learned that Noosa couldn't simply appear on shelves and expect to sell. In-store samplings only work so much. In order to gain traction, Noosa would need to build a larger presence anywhere it went—appearing in multiple retailers, and marketing throughout the city.

"We couldn't afford to be everywhere at once," Thomae says. It was crazy to even try. So instead, Noosa decided to expand regionally—moving strongly into one nearby area until it found success, and then carrying that momentum to somewhere nearby. It started at Safeway in Northern California and heavily invested in promotions with across-town sampling and guerrilla marketing teams. Then it moved outward, covering the Pacific Northwest.

In 2014, after two years of strategic expansion, Noosa hit a crossroads. It had proven the market for its yogurt and was on track to do $100 million in sales, but it was also maxing out its production facility and occasionally running out of supply. "Retail partners understandably have a short fuse with these types of growing pains," Thomae says. So Noosa took investment from the private equity firm Advent International—helping it increase production, hire new talent, and then expand more aggressively.

Among its newly funded expansion plans: Noosa took another crack at New York. This time, it hired a boutique distributor who knew every big store and little bodega in town. "I did ride-alongs," Thomae says. "You grow a very thick skin from that experience. They are tough!" But they were also interested.

Today Noosa is doing more than $170 million in annual sales across 25,000 retail locations nationwide—and that includes the New York City retailer she had to pull out of seven years earlier. Noosa is back. And this time, it's ready to sell.

Hear Thomae on our podcast Problem Solvers, *available on iTunes or wherever you find podcasts.*

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