

CHOBANI®

Founded: 2005

Age of CEO: 42

Sales in 2013: Over \$1 billion

Cups of yogurt produced each week: 30 million

Lesson: Food—even bland food—can be better.

A passion for the yogurt of his boyhood in Turkey—and the serendipitous availability of an old yogurt factory in upstate New York—combined to produce Chobani. Within three years it was the top-selling U.S. brand.

HAMDI ULUKAYA, is the sole owner of Chobani. Born in 1972 to a family who operated a dairy farm in Erzincan, Turkey, he had the chance to complete his studies in America. First, he took up political

science at the University of Ankara, and then he settled in the States and enrolled at the University of Albany. Upon his graduation he followed his father's advice and started a feta cheese company, Euphrates, in upstate New York in 2001.

Off to a good start, he went on to acquire a Kraft Foods yogurt plant in a neighboring town and started perfecting the recipe for Greek-style yogurt. After a while, he set up today's Chobani and the first



Matteo Paciotti

order of the marketed “Greek Yogurt” was shipped in October 2007. Ever since, the company has grown and its annual sales reached almost \$1 billion.

In 2012, ULUKAYA opened a new yogurt plant for \$450,000 in Twin Falls, Idaho, and bought a dairy farm in Australia the same year. It controls about 17 percent of the U.S. yogurt market, more than double the share

“At a consumer level, the greek yogurt trend is the biggest innovation in the dairy industry since individual packaging of things like yogurt and mozzarella sticks.”

Robert Ralyea

Cornell University Food Processing & Development Laboratory

of Yoplait Original, according to Chicago-based market research firm SymphonyIRI Group.



The Yoplait Original brand, which is made by Yoplait USA Inc., is a subsidiary of Minneapolis-based General Mills.

To found Chobani, Ulukaya had taken on remarkably little debt. He purchased the old Kraft factory with a low-interest loan from the Small Business Association, and even as demand for his product grew, he kept his focus primarily on a relatively narrow market—New York, New England.

“Too many entrepreneurs believe it’s impossible to scale a business without relying on vc’s or other equity investors. That view is wrong. If i could grow a company from zero to \$1 billion in less than a decade in a capital-intensive industry, many other businesses can too.”

Hamdi Ulukaya, Founder of Chobani

As a result, a year after it launched, Chobani was already in the black. “There are two types of business models,” Ulukaya said. “People put together a whole team, and they start losing money until they make it. The other way is that as you’re making money, you add things to cover it. I chose the second one. And that asks

for sacrifice. Not only you—everybody has to sacrifice.” Ulukaya even turned down offers from private-equity firms, which would have given Chobani the resources to expand more quickly. “I wanted to have the independence,” he said.



HAMDI ULUKAYA

Hamdi is the sole owner of Chobani. Born in 1972 to a family who operated a dairy farm in Erzincan, Turkey, he had the chance to complete his studies in America.

Since 2009, sales of Chobani have increased almost 400 percent, according to PrivCo. That surge has been fueled in part by Americans' appetite for Greek-style yogurt, which contains less sugar and more protein than the regular variety. Greek yogurt is strained to remove excess liquid, leaving the concentrated whey protein behind. A 6-ounce serving of Chobani yogurt contains 13 grams of protein. The company, he said, has "marketed it really well." When Chobani, which means

"shepherd" in Turkish, launched, it offered six basic flavors, including strawberry and blueberry. As a progenitor of the Greek-yogurt craze, the company enjoyed a dominant share of the market—as much as half by some estimates.

There was essentially only one other Greek brand on U.S. shelves: Fage, which is based in Athens. But Fage was typically sequestered in the specialty-foods section. In his very first deal with J&J Distributors, a company based in the Bronx, Ulukaya asked that Chobani be placed in the regular dairy aisle.

In his recollection, there was some push back from the

grocery stores. “For a start-up, it’s very difficult to make that kind of request,” he told me. “It’s like, ‘Who are you to tell me where I should put this product?’ But we designed this product for everyone. Yogurt should not be a specialty item. It should be normal.” Eventually, the stores relented, and Chobani landed a spot next to Yoplait and Stonyfield Farms in major Supermarkets across the country.

In the past couple of years, for the first time, Chobani has invested in advertising, including a gauzy, orchestra-scored TV spot set in the verdant hills surrounding the New Berlin plant. It has expanded its offerings from the original wide-

mouth cups to Champions Tubes (for kids) and squarish Flips, which allow consumers to blend yogurt with chia and hemp seeds, pistachios, and clover honey, among other ingredients. And Chobani recently won a bid to provide yogurt for school lunches in New York, Idaho, Arizona, and Tennessee as part of a yogurt pilot program being tested by the USDA.

Huge success can come with a few mistakes, as seen recently with Chobani. Consumers had posted complaints about foul-smelling yogurt or bubbling containers on the Chobani Facebook page and sent complaints to Food Safety News, a consumer website

that first reported the withdrawal. The company started quietly pulling yogurt from retail shelves.

Then the Olympic debacle. A shipment of 5,000 single-serve flavored yogurts plus larger containers of plain yogurt for smoothies from Chobani bound for the Russian Olympic city, Sochi, was stuck in cold storage in Newark, N.J., because Russian officials would not grant the proper paperwork to clear customs.

Most recently, the nation's biggest high-end grocery chain and the hottest Greek yogurt brand are parting ways. Whole Foods said it will stop selling Chobani Inc. yogurt by early

next year to make more room for smaller, exclusive brands, especially those that are organic, or don't contain genetically modified ingredients.

Chobani yogurt is not organic, and critics say it uses milk from cows fed GMO animal feed.

Chobani officials stated that its yogurt production requires a "high volume of milk and the necessary amount of organic milk is simply not available to support our broad consumer demand."

Despite the Whole Foods ban & the recall last year, Chobani continues to have a strong hold on the yogurt aisle, commanding 50% of the market

share. Ulukaya's continues to tell his inspiring and compelling story of a Turkish-born immigrant willing to make sacrifices early on, "Too many entrepreneurs believe it's impossible to scale a business without relying on VCs or other equity investors. That view is wrong. If I could grow a company from zero to \$1 billion in less than a decade in a capital-intensive industry, many other businesses can too."

Chobani caused a stir, no pun intended, with a message under some of its lids that read, "Nature got us to 100 calories, not scientists. #howmatters." The company has apologized, but some scientists say the

controversy suggests something bigger about anti-science sentiment in America. For some, though, what stood out of the Chobani message was the word "scientists." Piper Klemm, a chemist stated: "They were attacking scientists, which is a whole class of people. I don't think there would've been the uproar if the slogan had been, 'Nature made us 100 calories, not science.'" Chobani apologized tweeting from its official account,

"We were too clever for our own good — didn't intend to put down science or scientists with our recent lid. We discontinued it. #WordsMatter."



Having reached \$1 billion in annual sales in less than nine years since its founding in 2005, Chobani is now restructuring its 1,200-person operation to tighten its balance sheet. In April, having incorporated in the state of Delaware, it announced plans to reduce head count at its production facility in Twin Falls, Idaho, and consolidate

its front office by adding positions at its headquarters in Norwich, N.Y., in the state's Southern Tier, and moving its sales staff to Manhattan from Charlotte, N.C.

1

Like many innovations, Chobani's success stems from a confluence of events.

It took an entrepreneur (Hamdi Ulukaya, a descendant of a long line of dairy farmers in Turkey), with no knowledge of the yogurt business to see the marketplace opportunity.

2

This coincided with a noticeable change in consumer behavior at breakfast with more and more yogurt being eaten at the expense of cereal.

3

In turn, this was further fueled by the need for a healthier breakfast option— And Greek yogurt with its winning combination of simple, pure flavors with high protein together with low fat easily won this battle against the incumbent brands with their sweetener, coloring and preservative-filled traditional yogurts.

4

Chobani's product is high quality and provides real evidence that good-for-you products do not need to taste disgusting- in fact it tastes superb.

5

Add to the brand a wide range of flavors, simple and optimistic packaging and some new kids products and you begin to understand why the brand has such extraordinary momentum.

6

From a communications point of view, word of mouth- not just digital but also family-to-family helped spread the word as the Chobani distribution in turn moved from regional to national.

2005

Hamdi Ulukaya buys an old Kraft yogurt plant in Columbus, New York.

2006

The plant makes U.S. style yogurt for other companies, while Ulukaya and a Turkishborn yogurt maker develop the Chobani recipe.

2007

The first cup of Chobani Greek Yogurt hits grocery shelves in Great Neck, New York.

2009

Chobani becomes the best selling brand of Greek yogurt in the United States.

2010

Chobani becomes the best selling brand of all yogurt in the United States and expands to Canada and Australia.

2013

Chobani sales are expected to top \$1.3 billion.

2014

Chobani is valued at \$3 billion.

2016

Chobani is giving its employees an ownership stake in the privately held company. In the event of a sale, the average payout to employees at Chobani's plant in New Berlin in upstate New York is \$150,000.



Chobani's Science Lesson

By ANNA NORTH

June 10, 2014

The Greek yogurt company Chobani raised hackles last week with a message under some of its lids that read, “Nature got us to 100 calories, not scientists. #howmatters.” The company has apologized, but some scientists say the controversy suggests something bigger about anti-science sentiment in America.

Early last week, scientists and their supporters began using the #howmatters hashtag to register their disapproval with the message. And Derek Lowe, a chemist, wrote on his blog In The Pipeline: “The slogan it-

self is annoying, but what gets me more are the attitudes behind it. First, of course, is the ‘Science = icky’ assumption, which seems to be just taken for granted by whoever wrote this thing.”

Mr. Lowe told Op-Talk that the Chobani message was just one symptom of a widespread notion that what is natural is automatically good. The idea, he said, is “pervasive, especially among consumers who are looking for healthy food or alternative medical treatments. The problem is, cobra venom is all-natural. Strychnine is all-natural. Radioactive uranium is all-natural, it’s found in the earth’s crust. The more you look at it, the more the idea that natural equals good just falls apart.”

David Grinspoon, an astrobiologist whose tweets on the issue were picked up by ABC, told Op-Talk the lids bothered him in part because he was already concerned about what he sees as polarization in the way Americans think about science — kneejerk opposition to technologies like G.M.O.s or nuclear power provoke kneejerk defenses of those technologies, and “you end up with these two sides, and both are avoiding the true subtleties of the issues.” And he believes this polarization is getting worse: “Unfortunately some of these very high-profile culture wars that have scientific issues embedded in them,” like climate change and evolution, “have made it so that people are thinking of science more in political terms, that

scientific issues are things to be framed to win an argument, not just aspects of our world.” Anti-science sentiment may be related to changes in food culture, too.

Danielle Lee, a biologist who also tweeted about the issue, told Op-Talk that antiscience attitudes are common among people she knows, especially those who are making an effort to eat a healthy diet.

She adds that it wasn’t always thus: Boxed, manufactured foods were once status symbols, she says, but now “the status foods or premium foods are foods that are very perishable, that have very short shelf lives. Now the status is how much time you spent in the kitchen.” And, she says, “science is now a bad word.” For

some, though, what stood out of the Chobani message was the word “scientists.”

Piper Klemm, a chemist who tweeted an image of the lid message last week, told Op-Talk she thought it got so much attention because it went beyond the science itself to reference the human beings involved: “They were attacking scientists, which is a whole class of people. I don’t think there would’ve been the uproar if the slogan had been, ‘Nature made us 100 calories, not science.’”

Chobani apologized on Wednesday, tweeting from its official account, “We were too clever for our own good — didn’t intend to put down science or scientists with our

recent lid. We discontinued it. #WordsMatter.”

Peter McGuinness, the chief marketing and brand officer of Chobani, told Op-Talk that the message was just one of many under-lid messages and that production of the lids in question had actually stopped before the controversy. He added: “It was not at all intended to be anti-science. It was a celebration of nature.” However, he said, “we could’ve chosen some better language.” Chobani, he said, is “not always perfect, and when we’re not, we’re not afraid to admit it.”

Ms. Lee was satisfied with Chobani’s apology. “I think they saw what they did,” she said. “I appreciate them recognizing that and shifting

their message.” She also sees the whole episode as reminder that scientists care about how science is portrayed, and they’re ready and willing to speak up about it: “Many of us are getting a feeling that science is under attack, as if people don’t comprehend what we do, why we do it, and who does it. And those of us on the ground, with our mobile devices at the ready, are really concerned about making sure people understand that there’s good information out there about what science is and what science is not.” She added, “I hope companies recognize that we can be a mobilized force at times.” She also saw the incident as an example of the power of social media: “It can be very effective, particularly when it comes to

campaigns of sharing quick little messages or getting ideas out.”

For Mr. Grinspoon, too, “there was something a little bit empowering about the whole episode.” He noted that so-called hashtag activism has come in for criticism lately, but that he was gratified to be able to send a tweet, see it picked up in a news story, and ultimately have the company apologize. “It made me feel good,” he said, “that you can have a voice in these things.”

He, too, was satisfied with Chobani’s apology, and said he would likely continue to buy the company’s yogurt. But, he noted, Chobani might be able to learn something from their own marketing copy. “The irony is that their hashtag was #howmatters. And one of the lessons is that how we say “things”, matters.”

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Chobani Outspends Oikos in Yogurt Ad Battle

By NATHALIE TADENA

May 1, 2014



When it comes to advertising Greek yogurt, there's no contest between Chobani and Oikos. In the first quarter, Chobani spent more than twice the money on TV ad placements as its rival, according to data from research firm iSpot.

Chobani, which recently raised \$750 million in an investment from private equity firm TPG, spent \$31.4 million on five TV ads in the latest quarter, according to iSpot. Chobani, the top seller of Greek yogurt in the U.S., focused its TV ad spending on NBC, Fox, and USA during shows and events

like SportsCenter and the Winter Olympics, where it was a U.S. Olympic team sponsor.

Oikos, in comparison, spent \$14.6 million on three ads released in the most recent period, iSpot said. The company focused its ad spending on networks like Fox, TNT and NBC. On the Peacock network, for instance, it bought time on both "Today" and "The Voice."

Though a smaller TV ad spender in the first quarter than Chobani, Oikos' "The Spill" spot is one of the most digitally active ads this year,

iSpot said. The commercial, which features John Stamos and other cast members of the TV show “Full House,” debuted the day before the Super Bowl and ran during the game. The spot has generated more than 18.5 million online views and nearly 138,000 social actions that include tweets, likes and shares. For an estimated ad spend of \$4.15 million, “The Spill” ad aired 91 times on national TV, according to iSpot.

Chobani’s top TV spot, “Ransacked,” featured a grizzly bear that ransacks a small-town grocery store for a cup of the brand’s yogurt. The ad debuted during the Super Bowl

and has since aired more than 380 times on national TV. iSpot estimates Chobani spent \$8.6 million on the “Ransacked” spot, which generated more than six million online views and more than 32,000 social actions.

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[See The Video Here](#)

Chobani Reaches Deal for \$750 Million Investment from TPG

By MIKE SPECTOR and ANNIE GASPARRO

April 23, 2014

Chobani Inc. reached a deal for a \$750 million investment from private-equity firm TPG, as the maker of Greek yogurt prepares for a potential initial public offering and expands into other products such as cooking ingredients and desserts.

The investment, in the form of a so-called second-lien loan, also includes warrants that could give TPG an ownership stake of between 20% and 35% in closely held Chobani under certain circumstances, said people familiar with the deal's terms. Those warrants

could be exercised in an IPO that Chobani plans to pursue as soon as next year, according to people familiar with the matter.

The \$750 million loan, meanwhile, comes due in six years and would be backed by collateral and second in line after other lenders to be repaid in the event Chobani suffers financial hardship. The funds will come from TPG's buyout and credit funds, the company said on Wednesday.

The deal's terms also stipulate that Chobani conduct a search

for a chief executive and aim to retain that person within a year, the people said. Chobani is currently run by founder Hamdi Ulukaya, an entrepreneur born in Turkey. He would remain Chobani's chairman and largest shareholder should a new CEO come aboard, one of the people said. As part of the deal, TPG will receive two seats on the New Berlin, N.Y.-based company's board, the people said.

Chobani's growth comes at a time when Greek-style yogurt is squeezing out traditional yogurt on grocery shelves, making up about half of the \$7 billion of annual yogurt sales in the U.S. Consumers have since embraced Greek yogurt for its higher protein, lower sugar content and thicker, creamier consistency.

Chobani said it is looking to raise money to help introduce new products, such as a line of organic yogurt, yogurt containing steel-cut oats and desserts slated to hit shelves later this year. It recently announced a \$3.54 million expansion of its production facility in Twin Falls, Idaho.

TPG plans to use J. Crew Group Inc. and Neiman Marcus Inc., retailers the private-equity firm previously purchased, as models for its approach to growing and expanding Chobani, TPG co-founder Jim Coulter said in a news release Wednesday. TPG currently owns J. Crew and has since sold Neiman Marcus.

Mr. Ulukaya founded Chobani in 2005, when he purchased a yogurt-making plant in Columbus, N.Y., that was formerly a Kraft Foods Inc. facility.

Chobani's share of the Greek yogurt market has dipped slightly to about 38% over the past couple of years, according to data from Nielsen, as rivals such as Dannon and Yoplait have released their own versions of the popular snack.

Still, Chobani holds the top spot with about \$1.5 billion in sales expected this year, following a 32% jump in revenue in revenue last year.

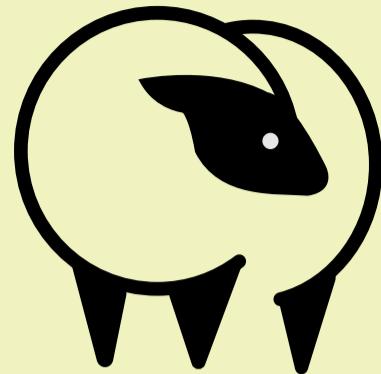
Chobani has also had its share of controversy. Mr. Ulukaya's ex-wife, Ayse Giray, recently sued him, claiming she has a right to a majority stake in the company. Ms. Giray earlier this month sought a temporary restraining order to block potential deals with investors, but a New York court denied the request.

Chobani Expands Into New Yogurt Products

Greek-Yogurt Maker to Introduce Desserts and Dips

By ANNIE GASPARRO

April 18, 2014



Chobani Inc. is venturing beyond the basic yogurt cups that made it famous, with plans to launch an array of new Greek yogurt products this year, including desserts and dips.

The top seller of Greek yogurt in the U.S. is hoping the products will allow it to gain traction with consumers “beyond breakfast” to help continue its growth, Chobani marketing chief Peter McGuinness said in an interview.

Chobani previously has strayed little from the fruit-in-

fused, single-serving portions that largely ignited the Greek yogurt craze in the U.S. about eight years ago.

The new products, which Chobani plans to start selling this summer and fall, include pudding-like desserts in raspberry dark chocolate and dulce de leche flavors that it hopes will compete with ice Continued from page 14

cream. It also will sell yogurt dips to woo fans of hummus, guacamole and Greek tzatziki. Chobani hasn’t provided details of the dips.

Chobani also will offer full-fat yogurt for the first time. The plain-flavor yogurt will come in larger containers, designed to be used as a substitute for sour cream and other cooking ingredients. In addition, Chobani will sell packages of yogurt mixed with steel-cut oats to attract consumers who like oatmeal and protein bars. The product is similar to European-style muesli, though mixed with yogurt instead of milk. Chobani opted not to go with muesli because it thought it would seem “too highfalutin” for its customers, Mr. Mc Guinness said.

The expansion comes as competition in Chobani’s core business intensifies. General Mills Inc.’s Yoplait brand is going hard after Chobani in television advertisements, first

saying consumers preferred Yoplait’s blueberry yogurt over Chobani’s, and this week launching a strawberry yogurt campaign. Chobani’s market share has dipped slightly in the last couple of years, but it still holds the top spot with about 38% of total Greek yogurt sales, according to data from market-research company Nielsen.

Chobani’s plans also coincide with the company’s exploration of options to raise capital—such as by selling a stake to a private investor or taking it public. People familiar with the situation have said such a deal could value the company around \$5 billion.

Founded by Turkey-born entrepreneur Hamdi Ulukaya, Chobani upended the yogurt business in the U.S. with a product that is higher in protein, lower in sugar, and thicker and creamier than typical yogurt.

The company's revenue soared 32% last year, and it expects to beat that growth rate this year, with about \$1.5 billion in sales.

Changing U.S. consumers' perceptions of what Greek yogurt is for could prove far tougher than getting them to switch their breakfast preferences. Chobani executives say they take confidence in part from consumer choices at Chobani's yogurt cafe in Manhattan, where concoctions

such as zucchini pesto and tomato served with pita chips sell better than sweet flavors, according to the company.

Chobani executives hope expanding their array of products can persuade Americans to bring their yogurt consumption more in line with that of other Western countries. The U.S. Department of Agriculture estimates that per capita annual consumption of yogurt in the U.S. is 14 pounds, well below the 60 pounds consumed in Germany and France and 20 pounds in Canada.

U.S. consumers "are flirting with the idea" of broader uses for Greek yogurt, Mr. McGuinness said. "They aren't married to it yet."

Chobani's Greek-ness Challenged in a Suit

By JACOB GERSHMAN

June 23, 2014

With \$1.5 billion in sales expected this year, Chobani Inc. has shaken up the industry and brought plaintiffs' attorneys out of the woodwork.

A small New York law firm in Manhattan filed a suit Thursday in federal court in Brooklyn against the Greek-style yogurt company, claiming it tricks consumers into thinking its product is actually Greek and uses terms on its label that exaggerate its nutritional value.

"None of the products sold in the U.S. are made in Greece or made by Greek nationals even though defendants market themselves as 'America's Top Greek Yogurt,'" claims the complaint on behalf of two New Yorkers.

Chobani officials say the suit is without merit and that its central claim is the equivalent of complaining that Canadian bacon isn't from Canada. "Our fans also understand that, like English muffins and French fries, Greek yogurt is a product description about how we authentically make our yogurt and not about where we make our yogurt in Upstate New York and Idaho," the company said Friday. "We market our products transparently with labeling that is clear, commonly understood and widely used and all of our labels comply with all laws and regulations," it added.

Chobani, founded in 2005 by Turkish immigrant entrepreneur Hamdi Ulukaya, says the Greek term describes yogurt that is strained of excess whey to produce a thicker, creamier texture. The company says every cup of its yogurt is made with three cups of milk.

Growing Bigger, Keeping it Real

A TRUE interview with **Hamdi Ulukaya**,
CEO and founder of Chobani



The Chobani journey—from the purchase of a decommissioned yogurt factory in Central New York to the No. 1 yogurt brand in the U.S. in less than five years—is by now a familiar saga of the entrepreneurship of its founder and CEO, Hamdi Ulukaya. But after hitting \$1 billion in sales last year and graduating from the ranks of upstarts, what's next for the Greek yogurt sensation? Ulukaya talks to TRUE about his determination for the company to stick to its culture (pun intended).

TRUE: What is the biggest challenge for Chobani moving forward?

Ulukaya: When we first started making Chobani, we didn't face many competitors. Greek yogurt wasn't mass market in America at the time, so we were able to spark something that was exciting and new here. We focused on making the best product we could and on bringing real food to more people. For a long time, others in the business almost ignored us, seeing us as a quiet, small shop. Now, they see us as something very different. We're starting to see a more competitive market—and we're ready for that. Competitors are trying to catch up and some are attempting to hop on the bandwagon with fake, in-

authentic products. It's a shame, really. We will focus on protecting the Greek yogurt category that we've built here in the U.S., showing consumers what is real and what is not.

TRUE: Chobani is up against some very established names in Greek yogurt, such as Dannon and Yoplait. How do you fend off such formidable competition?

Ulukaya: While we're always focused on perfecting our product, it's not just the quality of our yogurt that makes us different. Our heart and passion as a company will take us to the next level. We will stay true to who we are and we will continue to move quickly and thoughtfully. The advantage we have over some of our competitors is our nimbleness, our ability to adjust very quickly,

our lack of corporate bureaucracy. For example, we just opened our Twin Falls plant, which is the largest yogurt manufacturing facility in the world, and we built it in just 326 days. That's pretty awesome. It is those two things—thoughtful decisions plus quick and brave execution—that make us who we are. None of that has changed or will change. We have the most passionate people who work incredibly hard to make Chobani a success—we can't sleep because we are so excited with the possibility of everything we can do. We have amazing ideas and very few barriers to bring these ideas to life.

TRUE: Chobani has been able to establish a personal relationship with customers. How do you avoid losing that?

Ulukaya: Our approach with consumers and customers has always been to keep it personal. In the beginning, we didn't have money for marketing and advertising— and Facebook was free. We quickly saw that our products were something that people loved to discover and share. So we started a conversation with our fans. I still check our Facebook daily to see what fans are saying about our product and read our customer service emails. You can't ever lose sight of that feedback. You have to build the same kind of personal relationships with your retail partners. They're a huge part of our story and success.

TRUE: What is the biggest change in how you approach your job today versus 3 to 5 years ago?

Ulukaya: I've never understood why things have to get harder, as a company grows. Our goal is to keep it simple. We actively think through how we can structure our processes, people and products in a way that avoids complexity.

I still spend a lot of time at our plants, particularly in Central New York. That is my home, and always will be. I still walk the plant floor on a regular basis, and if our plant employees have to work a holiday, I try to spend it there with them. It's the little things that maintain our strong culture.

But now with offices and facilities in eight locations around the world, I have to put a lot of trust in my leadership team to continue and expand upon that tradition. We lead by example. I

can't be everywhere all the time, but I'll never lose that connection with our employees— they are my family and the lifeblood of Chobani's success.

TRUE: Will your mission as a company change in any way with your new size?

Ulukaya: We started Chobani to give people access to real, wholesome food, regardless of whether they lived in a big city or rural town. We will never deviate from this, no matter how big we get. We started with just five people, and five years later we are almost 2,500 employees strong. But despite this growth, we still make each cup of Chobani with only natural ingredients like milk, cultures and real fruit. We still painstakingly think through all our decisions—from our dairy

farmer partners, to our fruit suppliers, to how our packaging looks on shelf. I'm a firm believer that if people see that even the smallest details matter, the rest will fall into place.

Our mission is still not accomplished. I don't think we're ever there. Yes, we're the No. 1 yogurt brand in America, but we're just getting started. The idea that we've made it or that we're there doesn't exist in our DNA. Every day we aim to do it better. And that's what we'll keep doing. Maybe that's our secret.

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Chobani Puts Its Ad Money on Becoming a Lifestyle Brand

By SYDNEY EMBER
APRIL 30, 2015

It's not just yogurt. It's a lifestyle.

That is what Chobani, the Greek yogurt manufacturer, wants to say with an advertising campaign that starts on Friday. The campaign focuses less on the company's products and more on a broader message about healthy eating and natural living.

"We're going to have one foot squarely in the Greek yogurt space," said Peter McGuinness, the chief marketing and brand officer at Chobani, "and we're going to have one foot

leaning into a more aspirational lifestyle space."

Chobani's new campaign, the work of Jeff Weiss and his agency Opperman Weiss, is built around the catchphrase, "To love this life is to live it naturally." Chobani, which introduced its Greek yogurt in 2007, has long led the category. But competition has stiffened as brands like Fage, Danon and Yoplait all pursue the Greek yogurt consumer. To distinguish itself, Chobani extolled the quality of its yogurt, using the slogan "How Matters" to encapsulate the caliber

of its ingredients and its manufacturing process.

That phrase is at the center of a bitter legal battle. Dov Seidman, a best-selling author, has sued Chobani and the advertising agency Droga5, which was behind the company's "How Matters" campaign, for infringing on his trademark for the word how. Mr. Seidman, who is in the business of helping companies create more ethical cultures, wrote a book "How: Why How We Do Anything Means Everything" and uses "How Matters" in some of his materials.

Mr. McGuinness said the decision to introduce a new campaign had "nothing to do with the pending litigation." He added that the company was

no longer working with Droga5.

Mr. McGuinness said the new campaign slogan aims to capture the "Mediterranean soul" of the brand rather than simply highlight the product's quality.

Ads will run in movie theaters, on television, online, in print and on social media. In one commercial, a family walks through the sun-dappled countryside covered in mud, which they all wash off together with the spray from a hose.

In another, a boy explains to his sister how yogurt is made using a toy cow and some raspberries, which he smashes with his fist as his sister, unfazed, balances a spoon on her nose.

In the ads, a musician strums the guitar and sings a song, composed for Chobani, about loving life and living naturally. (“The return of the jingle,” Mr. Weiss said).



The yogurt maker is also introducing new packaging, with bigger images of fruit.

Chobani's new ads reflects how an increasing number of companies are shying away from campaigns that promote specific products. These kind of lifestyle campaigns reach consumers at an emotional

level, said Allen Adamson, the chairman in North America of Landor Associates, a global brand company.

“Marketers are looking for other ways to stand out from the crowd, and another way is to connect their brand to a lifestyle — to what they stand for,” Mr. Adamson said. “A lot of successful brands go beyond just product differences.”

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At Chobani, Now It's Not Just the Yogurt That's Rich

Chobani's CEO is giving up to 10 percent of his company to employees

By Jena McGregor

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Greek yogurt is known for being rich in flavor and protein. Now, some employees at Chobani could become rich themselves.

On Tuesday, founder and CEO Hamdi Ulukaya announced that he would be giving all of his 2,000 full-time workers awards that could be worth up to 10 percent of the privately held company's future value if it becomes public or is sold. Each employee will be given "Chobani Shares" or award units, based on workers' tenure and role at the company,

which could convert to cash or shares in the event of an initial public offering or a sale. The value of the awards are dependent on company performance, however, and have the potential to be worth nothing if the company doesn't meet performance metrics.



The New York Times, which first reported the news, said

that if Chobani was valued at \$3 billion, the average employee payout could be \$150,000, and some long-tenured employees could see windfalls possibly worth more than \$1 million. (A Chobani spokesman declined to confirm those amounts.)

Ulukaya, a Turkish immigrant who has pledged to give away half his wealth and advocated for business leaders to do more to hire refugees, announced the news to workers Tuesday. He said in a memo to employees that the award was not a gift, but "a mutual promise to work together with a shared purpose and responsibility," he wrote. "How we built this company matters to me, but how we grow it matters even more. I want

you to be a part of this growth -- I want you to be the driving force of it."

Bruce Elliott, manager of compensation and benefits for the Society for Human Resource Management, called the move highly atypical. "It's unusual to see that in food services and manufacturing," he said in an interview. While it's relatively common among startups in the tech industry, Elliott said, it's rare to see founders offer employees such awards at this stage of a company's growth. Chobani was founded in 2005 and has grown rapidly; after struggling with managing a plant expansion and a 2013 recall, it reached \$1.6 billion in 2015 sales, according to Euromonitor.

Some companies have shared stock grants recently beyond the executive suite -- Apple, for instance, said in October that it would award restricted stock, or shares that typically vest over a period of time, not just to executives or engineers, but to hourly paid workers, too. And some CEOs have recently given away large personal stakes: Twitter CEO Jack Dorsey is giving one-third of his Twitter stock, or one percent of the company, "to our employee equity pool to reinvest directly in our people."

Still, Elliott said, Chobani's move is not something he sees as a growing trend for broader groups of employees. While some companies share stock through employee stock

ownership plans, and plenty of companies distribute shares of stock to the executive ranks, rank-and-file employees are seeing little in the way of raises or higher pay and more in benefits these days. "It's easier to cut a benefit than it is to cut a salary," he said.

Ulukaya's move comes before TPG Capital, which made an investment in Chobani in 2014 in the form of a \$750 million loan, can buy a stake in the company, according to the Times' report. The deal's terms, according to reports from that year, included warrants that could give TPG an ownership stake of 20 percent or more. The award for employees would essentially dilute TPG's potential ownership, the Times report-

ed, though it also noted that Ulukaya said the employee award was among the initial terms of the deal.

A spokesperson said that the company's offer to employees was "absolutely not" intended to dilute TPG's potential stake, that the move was something Ulukaya had long wanted to do, and that the decision was fully supported by the board, which includes TPG representatives. A TPG spokesperson, reached via email, declined to comment. Elliott noted that the decision also means Ulukaya is diluting his own stake, and whatever the motivations, there are likely business benefits. If employees end up holding substantial equity stakes, that could lead to more nat-

ural allies among investors, preempt unionization efforts and create even more of a connection between workers and management, Elliott said. "It definitely creates an ownership culture," he says. "It focuses not only management but employees on bottom-line and top-line figures."

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Ulukaya, who also founded Chobani, personally determined the shares each employee received, based on each one's role and tenure at the company.

“PEOPLE HAVE GREAT TASTE. THEY JUST NEED GREAT OPTIONS.”

**HAMDI ULUKAYA
FOUNDER AND CEO**

After moving to New York from his native Turkey, Hamdi found that in America, yogurt just wasn't as delicious and widely available as it was back home. He believed everyone deserved better options, so he set about making delicious, nutritious, natural and accessible Greek yogurt right here in the U.S. The rest, as they say, is history.



[An Interview With The Founder Hamdi Ulukaya](#)

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Credit Sources: Wall Street Journal, New York Times, entrepreneur.com, Harvard Business Review
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