

'Food-first' research results in new products

By BRAD CARLSON
For the Capital Press

TWIN FALLS, Idaho — You won't find a high-volume, see-what-sticks approach to innovating products at Chobani, the Greek-style yogurt maker that's expanding again in south central Idaho.

"The food is always the center of the conversation," said Kai Sacher, Twin Falls-based senior vice president of research and development. "Once we have the better option and the better food, then we talk about the 'concept.' ... It is not just a matter of adding volume, adding a couple of SKUs (stock keeping units)."

Ideas for food deemed desirable by sight, smell, taste or feel can come from founder and CEO Hamdi Ulukaya, Sacher's R&D team or other employees. This food-first, cooperative model gives the marketing group a good feel for the enthusiasm the innovations are generating in-house, and eliminates the need to create a campaign first and then request a product for it.

"If you are only half in it, if you are not convinced about a product, it will not succeed," Sacher said. "If you are convinced, if you really believe in its 'wow' effect, then it will succeed."

Chobani must appeal to a consumer market that is competitive and ever-changing, but that offers fast feedback.

Eric Bastian, vice president of industry relations for DairyWest-Idaho Dairy Council, said Chobani has been able to "make a nice platform to bring



Jillian Dodson, quality technician with Chobani in Twin Falls.

added value into the yogurt space," thus avoiding commodity pricing. "Companies that are successful in innovation have to be willing to take risks."

Chobani was instrumental in bringing Greek yogurt — which differs from regular yogurt in nutritional profile and taste thanks in part to extra straining — to a relatively crowded U.S. market over a decade ago. Bastian said the company successfully introduced previously unheard-of yogurt flavors as well as its divided Flip package that enables the consumer to

easily blend crunchy ingredients on one side with yogurt on the other.

Sacher said innovative flavors, such as a take on pumpkin pie, connected with consumers and prompted competitors to try to launch similar flavors. As for Flip, the concept was around in Europe, but the "crunch" factor keyed U.S. success, he said.

Well before any launch or market-



Photos courtesy Chobani

ABOVE: Chobani's research and development team on an Idaho wilderness outing, part of a team-building exercise. **LEFT:** The Flip product produced in Twin Falls.



ing, Sacher and his team develop food products with Ulukaya, who tastes yogurt continuously and offers immediate feedback. Sacher said this dynamic "gives us the strength to be very quick" in launching new products or improving existing offerings. Chobani can get a new product into the market within six months, he said.

Sacher would not discuss R&D total spending or how it is prioritized except to say his group is efficient, nimble and comfortable with the amount spent. He said much of Chobani's \$20 million building project underway in

Twin Falls focuses on innovation, and that the scientist headcount is expected to double in three to five years to about 50. Staff additions reflect new projects and higher volume. The facility expansion also will enable Chobani to bring in suppliers, fostering collaboration and possibly faster output, he said.

Bastian said overall innovation spending for a consumer-focused dairy company like Chobani probably is a bit higher as a percentage of revenue than for an ingredient maker or other business-to-business player due to necessarily robust marketing.

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