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BEVERAGE SPECTRUM

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ZOLA Spreads its Wings

BY JEFFREY KLINEMAN

ACAI HAS BEEN PULPED, MASHED, juiced, powdered, extracted, clarified and just plain bottled in the decade since it became a mainstay of the natural foods channel. While it's found some purchase in mainstream accounts – and as an ingredient in many trendy vodka drinks – it remains a product that has yet to break through.

But Zola founder Chris Cuvelier believes he's finally found a way to navigate the obstacles: the crunchier-than-thou exclusivity of the natural channel, the weirdness of multi-level marketing, watered-down ideals of the mainstream.

"For years, we've been the smaller player," Cuvelier said, shortly before his latest trip to meet with suppliers in Brazil. "Everyone else has raised more money, while we've been the more regionally-focused brand, but our plan is to bring on more retail merchandisers and distribution partners to help us win at shelf."

Cuvelier's confidence rests on numbers showing that the brand tends to outsell its other miracle berry competitors at the grocery stores in which they compete, as well as a variety of plans that he has enacted to get his product out and his message to consumers. The company has also found major sales traction, increasing by 42 percent in 2009 and in the mid-30s in 2010. These numbers show Zola can compete, said Ken Walters, the Managing Director at Emigrant Bank who shepherded that investor's position from a small minority stake to approximately \$10 million – and majority ownership – in Zola.

To increase the velocity and spread the word, however, the brand is expanding its portfolio, its footprint, and its strategy for reaching the market. Along with a new Caja with Mango Juice variety, Zola is changing its overall brand masthead to "Zola Brazilian Superfruits" and will continue to release products that involve ingredients like Acerola and Cupuacu, in addition to Caja. The company is also trying to move into new areas of the store, launching a co-branded product

in the nutritional space via a licensing deal it struck with smoothie bar operator Jamba Juice on an RTD multi-serve daily superfruit shot product.

Meanwhile, the brand is also showing a newfound willingness to embrace direct store distribution. After watching an experiment in DSD blossom in Colorado behind the strength of Denver-based New Age Beverage, Cuvelier and his backers decided they want to ride DSD into an expanded circulation profile rather than simply rely on the big natural brokers. While Cuvelier said UNFI will remain a key partner, he also made it clear that he'd prefer a chain- or region-wide schematic over the whims of the produce buyer in an individual store.

"We don't want to be in every account with DSD, but if we can get all the grocery stores in an area, then I think it's a better way of building the brand from what it was from warehouse direct," he said.

Working to Zola's advantage is that the product is shelf-stable, offering the brand two places to tell the story in a given retailer – both off-shelf on display, but also in the fresh juice part of the produce section pioneered for exotic juices by companies like POM Wonderful and Odwalla. In that two-pronged strategy, Zola is on-trend, Cuvelier said, noting the presence of the skyrocketing coconut water products in both end-cap displays and grab-and-go coolers.

But Zola is stretching into new product lines and marketing ideas, as well: with Brazilian culture on the rise, and interest in superfruits still present, Cuvelier is reaching deeper into the rainforest for even more exotic tropical fruits, launching a series of products whose health benefits and exoticism he hopes will sit at the intersection of the two trends.

To further the process of identifying with Brazil and health simultaneously, the entire Zola brand is undergoing a labeling change and update that will put the individual fruits on the front of the bottle and identify those ingredients' specific benefit



readily to the consumers.

"We just want to make sure we're sending the clear message of 'here's the fruit, here's the Super Fruit, and here's what each serving of Zola means to you,'" Cuvelier said.

Another advantage to putting the fruit up front? It plays up the products' taste, and that's important because Zola tends to win taste tests against the competition, Cuvelier said. If the brand is going to take on the bigger companies in the acai arena – the better-known Sambazon and the streamlined Bossa Nova – it's going to have to have a point of differentiation, and Cuvelier is gambling on flavor as that point.

"I don't think there are going to be, say, four acai brands in these produce sets, there are going to be one or two – and they'll go for the ones that taste the best, that have the best packaging," he said. "Our strategy now is to take the story and get that into more distribution, do the right promotions, and really execute and win at shelf."

Of course, storytelling, when it comes to the beverage business, often means sampling and sales reps. That sort of capital-intensive move to put feet on the street – particularly in support of DSD

folks – is where Zola’s financial position comes into play. In fact, while the Colorado experiment was what launched the company’s DSD push, it nevertheless turned down other potential DSD partners last year, waiting to see if the concept would be borne out.

“We’re not trying to attack the whole country but are trying to attack it gradually as we grow it out,” said Walters. “We had opportunities to catch on with some really great partners – but we didn’t want to do it without a proven model and where we could get to profitability. We really wanted to get this thing to (cash-flow) positive and gradually build out the DSD over time.”

Zola has always been a fairly lean operation, although as it seeks to expand it has added staff: a new office in Colorado is overseeing the DSD push and marketing efforts, while a new COO, Matt Collins (fresh from Metromint), is expected to help the brand’s new focus and operational discipline.

And financial discipline is still the rule at Zola: according to Walters, it is approaching profitability – something that he sees as the key for it to be able to access lending capital without putting up equity in the company.

Nevertheless, Cuvelier acknowledges some risks: in refocusing the brand on more than just acai, Zola is trying an approach similar to one tried by Bossa Nova a few years ago; the broadened portfolio did not move for that company, and eventually it was scooped up by new owner Sunny D. But times are different, Cuvelier says: while interest in Super Fruits remains a constant in the U.S., interest in Brazil is a growth industry, with coconut water’s popularity, the 2014 World Cup, and then the 2016 Olympics all serving to focus attention on the fun-loving country. And again, there’s that flavor-oriented point of difference.

“We want to capture the spirit of Brazil – the exuberance of the people and the passion of the culture in these fruits,” Cuvelier said. “I think we’re more targeted, I think we taste better, and I think we can do a better job of executing. And, because we’re shelf-stable, we can go more places.”

So maybe the time is right, after all, for one of the acai companies to break through. Or, if not, for one with newly spread wings to soar above.



With the release of several new products, Zola founder **Chris Cuvelier** and company are changing the overall brand masthead to “Zola Brazilian Superfruits.” This move follows the decision to include not only **acai** but other Brazilian fruits like Acerola, **Cupuacu**, and Caja.

