

Good Growth for GOODBELLY

BY LAURIE BUDGAR

IMAGINE THAT YOU COULD MARKET

a beverage that tastes good and capitalizes on one of American consumers' top health concerns — what would it be? In all likelihood, it would be a product very much like GoodBelly, a line of juices and shots with probiotic bacteria to promote digestive health.

“Digestive health touches every single consumer,” says Melissa Abbot, director of culinary insights at The Hartman Group, a Bellevue, Wash.-based market-research firm. “It’s becoming more mainstream knowledge that if your digestion is not good, the rest of your health will fall out of whack.”

Armed with that awareness, consumers are buying probiotic-fortified foods and beverages by the cartload. Natural foods and beverages with probiotic content posted 36.3 percent growth in the conventional channel in 2010, and 8 percent in the natural channel, according to SPINS, a market research and consulting firm in Schaumburg, Ill.

But until recently, most of those products have been dairy-based, leaving few options for people who can’t — or prefer not to — consume dairy. “We’re the nondairy alternative. It tastes better, too,” says Alan Murray, CEO of Next Foods, the Boulder, Colo., company that manufactures GoodBelly. A lot of consumers seem to agree with him. Murray says GoodBelly’s numbers are outpacing the category’s, showing year-over-year sales up 40 percent in January.

Abbot says putting probiotics in a juice was revolutionary. “Because it’s in a breakfast food, it’s an aspirational kind of thing — in the morning, you’re thinking more positively about your day, and you’re committed to being a good steward to your [body].”



Most of the products’ distribution, so far, has been in the natural channel. “I think we’re in all Whole Foods — call it 90 percent of SPINS — and that’s clearly the sweet spot for us, that’s where the growth’s coming from,” Murray says. “Although in January, Kroger asked to put us in 1,100 stores, in the natural set, which is where we want to be. And Safeways are picking us up now as well. So, it’s accelerating out of the natural and organic stores into others pretty quickly.”

MILKING THE SCIENCE

Certainly, GoodBelly isn’t the only nondairy probiotic beverage on the market. Naked has one in its line of juices and smoothies. PRE uses a bacterial blend provided by Jarrow Formulas, a leader in probiotic supplements, in its powdered drink mix. PHD puts probiotic powder in the caps of its bottled water, keeping the bacteria viable until consumers add it to the water just before drinking.

But none have achieved the market penetration that GoodBelly has, perhaps because of its efficacy. It’s difficult to get bacteria to remain viable in an acid environment — whether the acid

comes from juice or the human digestive tract. “Enough studies have been done that clearly show some strains are just stronger than others,” says Mary Ellen Sanders, PhD, executive director of the International Scientific Association for Probiotics and Prebiotics. GoodBelly licenses the *L. plantarum* 299V bacterial strain from Probi, a Swedish firm that has decades’ worth of studies on the bug. “*L. plantarum* is one that is known to be ... strong relative to acid,” Sanders says. And Murray says tests show the bacteria are still active at the end of the juice’s 70- or 80-day shelf life.

Ironically, however, Abbot thinks it’s the company’s very lack of fixation on science that resonates with consumers. “Goodbelly is playful, it’s fun, it’s not taking itself too seriously. They don’t hit consumers over the head with the science and [illustrations] of the whole digestive tract. At the same time, they’re doing a fantastic job of poking fun at this issue that no one really wants to talk about. The reason they are doing so well, I’m quite convinced, is they’re very approachable and not too science-y.”

Remarkably, GoodBelly has achieved

this growth with a bare-bones marketing campaign. Preferring to let the dairy companies do the heavy lifting in terms of consumer education, GoodBelly relies primarily on word-of-mouth, citing internal research that shows that 82 percent of consumers who try the product will tell a friend.

WORKING OUT THE BUGS

It wasn't always this way. Shortly after GoodBelly launched in 2008, "we had some rather extravagant marketing programs that were probably a little bit ahead of their time for a company of our size," Murray says. They scaled it back and worked on line and flavor extensions instead.

The first products were 80 mL juice "shots," in flavors like mango and blueberry-acai. The company has since developed more kid-friendly shot flavors; BigShots, which pack more than double the amount of probiotics into the same

80 mL; family-size juice quarts; 8 oz. grab-and-go drinks called Splash, sweetened with stevia; and powder packets that consumers can stir into water or juice.

Even as it expanded, the company struggled with how to price GoodBelly — and how to position it. Is it a drink that happens to have probiotics, or a probiotic product that happens to be a juice? Abbot says she hopes the debate never ends.

"If you let the consumer decide what the need is, that's the brilliant part. Once you tell consumers, 'This is perfect for after exercise,' then they think, 'Oh, can I not have it before exercise?' Planting a seed like that could have a negative effect, especially with such a new brand."

On the flip side, it's easy for a young company like Next Foods to get sidetracked and become too successful. "When you work with entrepreneurs, you get a lot more ideas than you can digest," Murray says. "So I've really been disciplined about what we're saying yes to, and

being very strict about not allowing this thing to proliferate too much too quickly."

BACTERIAL GROWTH CYCLE

Nevertheless, Murray acknowledges that the product is still in the very early stages of its growth cycle. "Until now, only the early adopters and natural and organic shoppers really had good access to it."

That will likely change soon. "This year, as we move to the next growth phase, we'll probably be looking for the next round of capital," Murray says, hinting that the money will come from strategic investors, and will go toward distribution and customer acquisition — but don't call it marketing. "Marketing sounds so old-fashioned. This is sexy new stuff." How optimistic is he about the product's future? "This thing isn't going to flatten out for ages. I would be astonished if we didn't have double-digit growth for the next five years."



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