

Chobani, LLC: Growing a Brand and an Industry

Hamdi Ulukaya was attending the 2014 Global Entrepreneurship Summit in Morocco when a reporter tracked him down to ask him about the future of Chobani, the company that he had founded ten years earlier. When the 42-year-old Turkish immigrant first purchased a former Kraft plant and developed the formula for Chobani Greek yogurt, he had no idea that he would win the title of Ernst & Young World Entrepreneur of the Year.¹ He earned the title based on the fact that he had grown his company to over \$1 billion in sales in just over five years and, in doing so, had led a revolution in the yogurt industry.

Chobani was the first company to sell the smooth and creamy Greek-style yogurt in the U.S. on a large scale, but competition soon followed. Following the 2007 introduction of the product² and its runaway success, several major competitors quickly entered the market. Despite the new competition, the company and the industry still appeared to be ripe for growth as Chobani and its competitors pushed yogurt sales to record highs. By 2014, however, competitors had taken a significant bite out of Chobani's market share.³ Chobani continued to compete by introducing new flavors, styles, and packages, while expanding internationally to the UK and Australia.

Chobani's rapid growth brought with it some challenges. The company faced legal battles in Canada⁴ and the UK,⁵ a politically charged customs battle in Russia,⁶ a legal battle for the ownership of the company between Ulukaya and his ex-wife,⁷ and negative press in the U.S.⁸ One issue that arose in the company's home state of New York stemmed from a controversial decision to build a new facility in Idaho rather than expand the existing New York plant. The decision was a result of the complex economics of the dairy industry, which caused New York farmers to choose to ship much of their milk to southern states rather than to Chobani, in what had become known as the *Chobani Paradox*.⁹

In April 2014, Ulukaya raised \$750 million in capital to fuel Chobani's growth.¹⁰ He had steered Chobani through some early growing pains, but now the stakes were even higher as he risked the company's future with his next decisions. Chobani could use the funds to rapidly expand into international markets or it could opt for a slower pace of growth. Additionally, Ulukaya had to decide whether to move forward with an

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