

## Knowing when and who to ask for help allowed Phyter Foods to quickly expand nationally

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**Most food and beverage startups dream of expanding from a local brand serving only a handful of stores to one that is nationally distributed to hundreds or thousands of retailers, but the logistics of getting there can be a nightmare if not carefully executed.**

Scaling up requires increased cash flow, which can be difficult to secure without guaranteed success, and a reliable supply chain and production capabilities to keep additional shelves stocked. To ensure sufficient velocity, brands also need a marketing plan that will guarantee they get the returns they need to hold on to their newly acquired retail space and pay for increased operations.



For these, and other reasons, the decision to go national wasn't easy at first for the makers of Phyter – a vegan food bar – even though it was something they all wanted.

The young company first launched its preservative-free bars into the refrigerator section of five Whole Food Stores this summer and within 90 days the retailer wanted the brand in all its Midwest stores – thrilling the three co-owners and partners David Choi, who is the chef in charge of product development, Gloria Athanis, who head ups marketing and communications, and Jeff Adeszko, who helped provide the capital to get the company off the ground

Quickly thereafter the startup had a chance to go national, but it decided to hit the pause button – until now – to ensure that when it did make the leap it could fulfill all its obligations.

*“We held off on going national for about four months because we didn't feel like we were ready from a marketing standpoint,” Adeszko said, explaining that a key to successfully scaling “smart” is for “small companies, startups, to recognize if you don't have the wherewithal to do that, you have to get help.”*

And that is exactly what Phyter Food did, Adeszko said. *“Our strategy is, in part, realizing that the three of us didn't have the wherewithal to do it all alone. We recognized we were going to have to outsource some of this. So, we hired a sales organization with 120 years of combined experience in the grocery business and we are really excited to be a part of it.”*

The trio also hired a local agency that handles startups in the better-for-you food space and a PR firm to help it connect with influencers to build brand awareness and consumer excitement, added Athanis.

*“We understand from other people that a lot of entrepreneurs think they know everything, and we have no problem knowing when we don't know something and then knowing where to find the help,” she said.*

## Upping the ante at demos helped Phyter attract investors

To help the company pay for this help, Phyter Food raised \$1 million in November in a round led by the Sustainable Local Food Investment Group, which Athanis said approached her when she was demoing the company's vegetable-based bars at a Whole Foods in the Chicago area.

While it is unusual for investors to approach young companies, rather than the other way around, Athanis said it happens to Phyter Food *"a lot,"* and she attributes the good fortune to the company's high level of professionalism when sampling its product.

*"We make sure that everyone looks the same, we had clean table cloths, we had a nice display that attracted people,"* she said. *"Some of these demos you see, they are doing it on paper plates. And we are really careful about marketing it correctly to make people want to come over and try it."*

## A fresh approach to bars

It also helps to have a product that tastes great, she added, explaining: *"Our bar tastes like someone made it in their kitchen and just handed it to you out of the oven."*

This fresh flavor comes from the bars ingredients, which are so fresh they need to be refrigerated, said Choi. He explained that unlike competing bars that are extruded or have dehydrated ingredients, Phyter bars use pureed beets, butternut squash, sweet potato or other vegetables as the first ingredient.

*"The purees are as close to farm fresh as we could get ... because the farms we source our ingredients from grow the crop and then process it and freeze it to give to us, which means the time between harvest and us using it is as close to the time of harvest as possible,"* he explained.

The vegetable purees are paired with ingredients and flavors with which people are familiar to make the bars more approachable, he added. For example, he said, cocoa is paired with the beet *"to make a chocolatey, brownie snack that is good for you with vitamins and nutrients."*

## The refrigerated bar category is growing

The bars' position in the refrigerator-section also helps set it apart from bulk of the shelf stable competition, and helps the brand catch the attention of the increasing number of consumers who are shopping the perimeter of the store and skipping the center-store where other bars are stocked.

While many consumers – and retailers – would not have considered buying or stocking bars in a fridge before a few years ago, the Phyter team gives kudos to the makers of Perfect Bar, which really pioneered the space.

## Ditching dates for nut butter

The other element that sets Phyter's bars apart from competing vegan bars is it does not use dates as its binder, which Athanis said is a detail that is more important than it might appear at first blush.

*"People love us because the bars don't stick to their teeth, like other vegan bars,"* she said. *"Most of the bars on the shelf that are vegan, their main ingredient is dates, and we don't use dates in our bars to keep it together. We use nut butters."*

While this might seem like a little thing, Athanis said, the small things add up to big sales. And the company is hoping that these distinguishing factors and strategies will help it win as it rolls out nationally in the coming weeks.

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