Stumping for Shelf Space
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Marilynn K. Yee/The New York Times
CASE STUDY Sonya Freeman and Raymond Jolicoeur, a Guru founder, loading samples of the energy drink into one of the company's trademark electric minicars in Midtown Manhattan.

CRAIG MARGULIES is hoping to strike it rich in the grab-and-go beverage cases on the Upper East Side of Manhattan.
A 36-year-old with a master's degree in industrial psychology, Mr. Margulies left a corporate career to become a sales representative for Guru energy drinks, a new company started by a bunch of old Canadian high school pals.

It might seem like a strange career switch, until you consider that the investors in the last beverage sensation in Manhattan — Glacéau, the makers of Vitaminwater — split $4.1 billion last year after Coca-Cola bought it.

"Bust my hump and get some equity in the company," Mr. Margulies explained. "That's what we are all here for."

Guru, which is already selling in Canada, is trying to crack the New York market by zipping around the city in electric minicars painted like Guru cans and hiring cheerful, attractive young women to offer samples at convenience stores, health clubs, supermarkets and delis.

But most of all, it is relying on the skills of salesmen like Mr. Margulies, who in three months on the job has received a quick education on how to win coveted shelf space in beverage cases around the city. It requires a gift for schmoozing, a comfortable pair of shoes and armorlike skin.

The nonalcoholic beverage market, in New York City and elsewhere, is tough. For decades, it was dominated by the soft-drink giants Coke and Pepsi, with a few other brands scrambling for the leftovers. But the industry has radically changed in the last decade, as consumers have turned away from soft drinks amid concerns about their impact on health. Since 1998, Americans have been drinking about 33 fewer cans of soda per person per year, according to Beverage Digest, a trade magazine.

An enormous variety of drinks, a hundred or more even in small delis, have picked up the slack. Bottled water and Gatorade are big sellers, but there's also a rainbow of teas, flavored waters, sparkling waters, carbonated juices and yogurt smoothies. And energy drinks, where Guru believes it has found an opening offering products with all natural and organic ingredients.

The explosion of new beverages has been marked by stories of regular folks who started small and made it big with a new drink that they hustled to local stores. Three New York friends created Snapple, which was sold to Quaker Oats Company in 1994 for $1.7 billion. Arizona tea was mixed up by a couple of Brooklynites who first tried flavored seltzer and malt liquor.

Glacéau's Vitaminwater was the brainchild of J. Darius Bikoff, who insisted on selling his vitamin-spiked flavored water beside regular bottled water rather than in the soda section.

The four founders of Guru Beverage have a pretty good story, too. But the ending remains far from certain. While creating a drink in a blender and finding a bottler is relatively easy and inexpensive, making it a successful brand is difficult.

"Frankly, some of it is luck," said Gary Hemphill, managing director of the Beverage Marketing Corporation. "Being at the right place with the right product at the right time."

Guru's founders met in high school in Montreal, at Collège Jean-de-Brébeuf, and became close as their paths crossed again in later years. Eric Graveline became an investment banker and moved to New York, where he roomed with François Bazinet, a fashion model.

When Mr. Bazinet moved back to Montreal, he and Joseph Zakher opened several nightclubs. Raymond Jolicoeur worked in Canada for several food and beverage companies, including Kraft and Allied Domecq, now part of Pernod Ricard. (A fifth partner, Eric Tomeo, joined later.)

In the late 1990s, Mr. Bazinet noticed energy drinks for sale in his travels in Europe and Japan and suggested to Mr. Jolicoeur that they introduce one in Canada.

They began experimenting with drinks in Mr. Jolicoeur's Montreal apartment, mixing in botanical ingredients, like ginseng and guarana, that Mr. Bazinet had discovered during his travels. The inspiration for the name came from an article on Bill Gates, which described him as "the guru of technology."

"It was like, wow, you know, this should be the guru of all drinks, as strong as we can make it, as healthy as we can make it," Mr. Bazinet said.

Bankrolled by the founders' savings accounts, the company sold its first can of Guru at a small deli in Montreal in 2000. By the end of the first year of production, nearly one million cans had been sold, mostly in Montreal.

By 2005, Guru was being sold throughout Canada, and the company was looking to sell in the United States. New York City was selected because it was the largest market, it was fairly similar to Montreal in terms of its many independent retailers, and Mr. Graveline was living there and preparing to retire from Wall Street.

"If it doesn't make it there, we would rather know up front rather than later," Mr. Jolicoeur said. "But if it does make it there, we would feel like we can make it in other cities, not just in America but elsewhere." He said it was important for the company to prove to itself "that the Guru concept has legs."

Guru set up an office in the foyer of a two-bedroom apartment on Wall Street that doubles as Mr. Jolicoeur's residence and a crash pad for the other partners when they visit from Montreal. Mr. Jolicoeur shares the apartment with a cat named Chloe.

"It's the good-luck cat," he said, explaining that he found Chloe abandoned on a highway around the time Guru was being introduced in Canada.

The company's strategy in New York was similar to what worked in Montreal: trying to get the product into as many retail locations and company cafeterias as possible in a small area to create buzz, and then expanding.

That kind of small-scale approach works to a point. But eventually you need to have a good distributor.

In New York, apart from the soda companies, much of that business is controlled by one company, Big Geyser, a Queens operation that has been crucial to the New York success of Vitaminwater and of Honest Teas, a company founded in 1998 by Seth Goldman with a business professor at Yale University. This month, Coca-Cola bought a 40 percent stake in the company for about $43 million.

When he started, Mr. Goldman was driving cases of his tea around in a van, trying to persuade retail stores to try it. He realized that to gain any scale he needed a distributor who had a fleet of trucks and well-known relationships with retailers.

“You go into a store, and you’re asking a guy to take a brand on,” Mr. Goldman said. “Who are you? How are you going to get in there?” But if you are connected with an established distributor, he said, the relationship is already reputable. “It’s where they say, ‘Here’s my friend Seth.’ ”

Guru chose Exclusive Beverage as its distributor, hoping Guru would receive more attention with a smaller company than it would have with Big Geyser. Besides, Big Geyser was the distributor for Vitaminenergy, Glacéau’s energy drink product and a competitor.

Steve Gress, Exclusive’s president, said his portfolio consisted of small start-ups like Guru. Asked what makes a hit, he said, “I wish I knew because I’d be a lot better off.”

Mr. Gress credited Guru as being “very hands-on” and willing to listen to advice on how to succeed in New York. “You need the company support,” he said. “You need to get it in people’s hands and get them to try it.”

The company started selling its drinks downtown last July. It has advertised in The Village Voice and Time Out New York, sponsored art and fashion shows, and scooted around the city in its electric cars to promote the idea that the car and Guru offer “clean energy.” An 8-ounce can of Guru sells for $2.29 to $2.49, and a 16-ounce can fetches $2.79 to $3.50.

On a recent Friday just before noon, the Guru cars pulled up to the Dean & DeLuca store in SoHo to offer samples. At the store’s direction, the Guru team set up a table near the fish counter, not ideal, and an off-duty actress, Jesse Barton, offered plastic cups of Guru.

The reviews were mixed.

“It kind of tastes like if you can imagine orange soda but without the bubbles, without too much carbonation,” said Ian Yellowday. “It’s really good.”

Jeff Negrin, another sampler, said that Guru tasted better than other energy drinks, which he doesn’t like. And he also liked that it wasn’t carbonated.

But his friend David Kessler questioned whether Guru was distinctive enough to rise above the growing pack of beverage choices. “We’re marketing guys,” Mr. Kessler explained. “I don’t know if it’s differentiated enough to get my attention to say it’s really unique and I’ve got to have it.”

Mr. Kessler’s comments crystallize the challenge for Guru’s salesmen, who must convince the managers of company cafeterias and health clubs, vitamin stores and bodegas that they must have Guru on their shelves. “There are so many drinks out there,” Mr. Margulies said. “The only niche we have to play off is that it’s an all-natural product.”

Yet Mr. Margulies exhibits considerable skill as a salesman. In a morning of sales pitches, he praises Guru’s natural ingredients, taste, can design and Guru name, which he says particularly resonates with people of Indian descent. “The product is the product, but if you

don’t sell yourself it makes no difference,” said Mr. Margulies, a Long Island native who is newly married. “You’ve got to make an impression in the first five minutes or you are done.”

Mr. Margulies tried to do just that with James Kong, the harried owner of the New Market Place deli on East 70th Street in Manhattan. Mr. Kong said he was inundated with sales pitches for new beverages and appeared to be in no mood for Mr. Margulies’s spiel.

But Mr. Margulies persisted. He offered Mr. Kong a free case of Guru if he bought two, and promised to bring him a sample in a day or two. (Mr. Margulies, who walks his daily route and carries two cans for display, generally sends out samples during deliveries.)

Mr. Kong said he would buy only one case and wanted the free one, too. He also wanted a taste from one of the two cans that Mr. Margulies carries.

“Well, if it’s going to get me a sale, crack it open,” Mr. Margulies said.

“I prefer Red Bull,” Mr. Kong said after a sip. “But this is not that bad.”

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