Kevin's Natural Foods: Market Analysis and Product Innovation to Create a Niche in the Market



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KEYWORDS

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- · Kevin's Naturals
- · Market Analysis
- · Keto Certification
- · Paleo Certification

THIRD-PARTY CERTIFICATION RESEARCH

Kevin's Natural Foods: Market Analysis and Product Innovation to Create a Niche in the Market

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Abstract

Kevin's Natural Foods is a health food brand that makes and markets Paleo and Keto Certified prepared meals for people who want to eat healthier but don't have the time for home-cooked meals. Before launching a product, the brand engaged in thorough market analysis and determined that healthy and tasty pre-cooked meals were under-represented in the health food industry. This case study looks at how the brand engaged in this market analysis and how they have leveraged their third-party certifications to attract customers looking for easy-to-prepare and healthy meals.

KEYWORDS

Third-party certification, Kevin's Naturals, market analysis, Paleo Diet, Keto Diet, Paleo Certified, Keto Certified

1 | INTRODUCTION

etween work, school, extracurricular activities, and the endless traffic that millions of people endure during their daily commutes, many people don't have time to dedicate to cooking nutritious, home-cooked meals. A 2011 study by the Organisation for Economic Co-operation and Development (OECD) titled "Society at a Glance" finds the following [1]:

People in the United States spend only 30 minutes per day on average cooking, the lowest in the OECD, as well as spending low amounts of time eating (1 hour 14 minutes per day, the third-lowest in the OECD). But one-third of Americans are obese, the highest rate in the OECD." It might seem ironic that the country that spends the least amount of time preparing food is also the country with the highest level of obesity amongst developed countries. However, a closer analysis of what we are consuming makes it pretty clear why more than four out of every ten Americans are obese [2]. Due in part to our hectic, fast-paced

lifestyles and lack of nutritional knowledge, more than a third of the American population eats some "fast food" on any given day [3]. Furthermore, almost half of U.S. households (46 percent) eat frozen dinners regularly [4].

The industrialization of our food industry coupled with the rat race of modern-day society has essentially turned our meals into highly processed, nutrient-void, prepared foods that are loaded with a concoction of chemical additives, preservatives, and other "fillers." Kevin's Natural Foods, a natural food company based out of California, believes that "even the busiest people should have the ability to eat healthy without sacrificing flavor or feeling deprived." The company offers several Paleo and Keto Certified prepared meals that can be prepared in minutes for people who want to eat healthier but don't have the time for home-cooked meals.

2 | FINDING A MARKET NICHE VIA THE IMPORTANCE OF CONVENIENCE

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According to studies, 93 percent of consumers claim to want to eat healthier food [5]. Unfortunately, less than one-third of the population (28 percent) have easy and secure access to healthy foods [6]. Taking a couple of hours to prepare a pasture-raised broiled chicken entrée accompanied with organic quinoa and spinach salad might be feasible for a lazy Sunday afternoon. However, during busy work weeks, most people's lunch options are probably limited to the surplus of fast-food chain restaurants next to their workplace or some frozen dinner that the company cafeteria has on sale.

Kevin McCray [IMAGE 1] the founder of Kevin's Natural Foods, believes wholeheartedly that healthy and delicious meals should be an option for people with limited time for cooking and food prep. According to a recent interview, Kevin says that "in the early stages I knew we had something exciting. We would host focus groups and met with hundreds of shoppers, showing them early product ideas and getting their feedback. At that point, I definitely knew then that we were meeting an unmet need by combining flavor, convenience, and health." [7]



IMAGE 1: Kevin McCray the founder of Kevin's Natural Foods

Food brands should undoubtedly engage in a market analysis before launching their brand and product offering. However, knowing how to frame that research is essential for finding an unmet niche within the health food market and industry. While many food brands can easily recognize the growing consumer demand for healthier foods, Kevin combined that consumer desire with the reality of people's busy lives. However, before jumping into marketing and launching their products, the company wisely tested the product before introduction.

To differentiate their products from other meal delivery services and food brands offering prepared meals that are supposedly healthier than the average TV dinner, Kevin realized that the company needed to focus on taste. "We cook everything in our own facility and have two secret weapons: sous-vide meats and incredible sauces," Kevin says. "Sous-vide is a French cooking method that is used by many of the country's top restaurants. It delivers incredible results by cooking vacuum-sealed meat, in a hot water bath, at a precise temperature. The outcome is moist, fork-tender meats that we pair with our signature paleo/keto-certified recipe sauces for five-star entrées, ready in just five minutes." [7]

The company offers sauces, seasonings, signature "heat and eat" entrees and sides, and Thanksgiving gravy [EXHIBIT 1,2,3,4,5]. The meals are pre-pre-prepared, packed in an insulated cooler, and shipped to their customers' front door. The pre-cooked chicken meals only need to be sautéed for 1-2 minutes and simmered with their Keto Certified sauces line. Some of their signature flavors/recipes include Thai-style coconut chicken, teriyaki chicken, lemongrass chicken, and cilantro lime chicken.

In a recent interview with Spearhead Certifications, Kevin says that: "Early on, before we developed the line, we would hold focus groups to hear from people that were trying to clean up their diet. The feedback

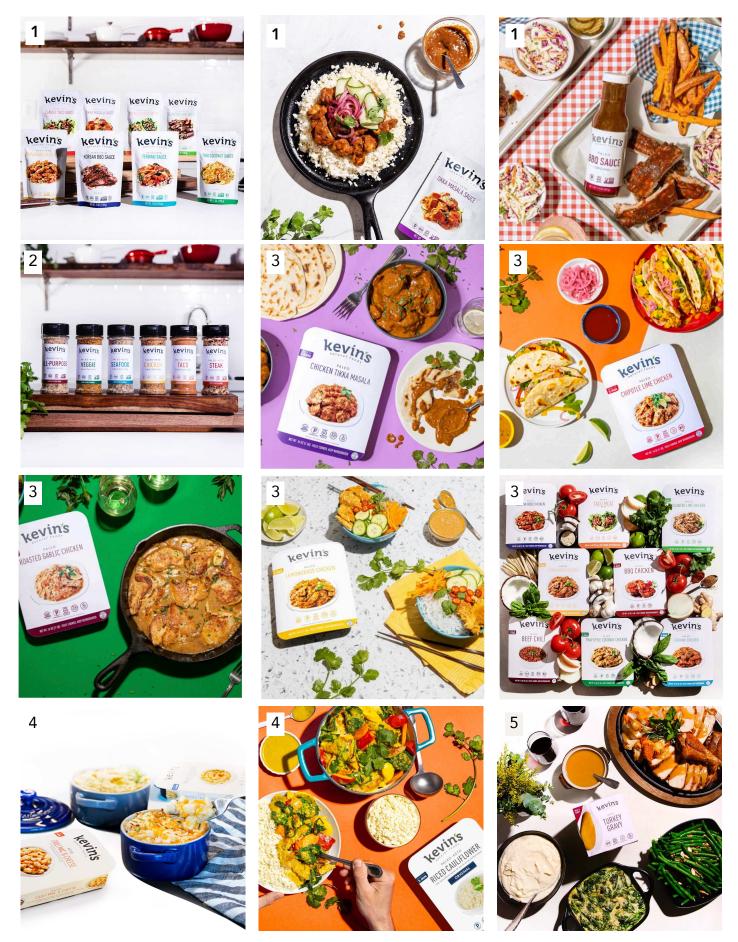


EXHIBIT 1: Kevin's Naturals Paleo and Keto Certified sauces. **EXHIBIT 2:** Kevin's Naturals Certified Paleo and Keto Certified seasonings. **EXHIBIT 3:** Certified Paleo "Heat and Eat" Entrees. **EXHIBIT 4:** Certified Paleo and Keto Certified "Heat and Eat" sides. **EXHIBIT 5:** Keto Certified Gravy.

was remarkably consistent—adopting a healthier way of eating always involved limiting the available options for their meals. Consequently, it took more skill, time, planning, and overall effort to make the lifestyle changes they were gunning for. Time constraints, stress, and other priorities would get in the way of people's good intentions and, over time, make it hard for them to stick with their diets. What's more, a big "ah-ha" moment came when we started hearing that people were getting bored with eating the same foods over and over again. They didn't have the time, knowledge, and/or energy to become a home chef on top of their 50-hour workweeks. These insights ultimately shaped our mission to empower even the busiest people to eat clean without sacrificing flavor. We set out to remove the barriers that made eating clean hard by making it seamless and delicious with Kevin's Natural Foods."

Shortly after launching, Kevin's Natural Foods confirmed the tendencies that emerged from their market research. "No matter how much you prepare, you never know how a brand is going to resonate until you get it out in the market," Kevin tells us. "It wasn't until the line launched in Costco and Whole Foods, about a year after coming up with the concept, that I could envision how fast the growth would come. Once thank you notes from shoppers that found the products started pouring in via social media, I knew it was time to ramp up."

3 | TEAM BUILDING, INNOVATION, AND COMMUNITY INVOLVEMENT: OTHER ELEMENTS OF SUCCESS

Another critical element for success that has spurred the company's fast growth is building a functional team effectively. Almost all small business owners and entrepreneurs will struggle with the enormous amount of tasks that come with getting a business off the ground. Recent surveys have found that at least a quarter of all entrepreneurs log more than 60 hours a week, almost double the national average [8].

One of the keys to the success of small businesses, however, is effectively delegating responsibility to the right people. In the case of Kevin's Natural Foods, cofounder Dan Costa, along with the company's chef Stanley Dimond, have led the charge in developing new products and flavors to keep their customers enticed. Kevin says that "the three of us make a great team. As chefs, Dan and Stan have been cooking up a storm together since 1985. The three of us determine together what products and culinary shortcuts our customers could use to make their lives easier and what flavors we think would hit home. With my background, I bring the nutrition lens, and those two have the culinary chops to bring our ideas to life."

Building a functional team where vital business tasks and responsibilities can be delegated is not only crucial for a healthy work-life balance but can also reflect positively in business growth and financial success. A recent Gallup survey found that business leaders with "high Delegator talent" were able to generate 33 percent higher revenue streams than those companies led by owners who struggled with successfully delegating duties to key members of their team. [9]

Kevin's Natural Foods also thrived through continuing to innovate on their successful Paleo and Keto Certified meals. While many companies might be satisfied with sticking what has worked in the past, Kevin understands that offering novel new products and flavors to their customers is essential in maintaining customer loyalty and satisfaction.

The company recently launched a new line of product

flavors, including their Chipotle Lime Chicken and Chicken Tikka Masala. Product development will continue to be a central aspect of their business model. "We are always thinking about how to give shoppers more culinary shortcuts, flavors, and, ultimately, more meal solutions they can cook up on a busy weeknight," Kevin says.

Along with new flavors and diversifying their product offering, the company has also been expanding its network of distribution channels. While they continue to sell their prepared meals online, they also successfully sell on Amazon and at a variety of retail stores across the country, including Whole Foods, HEB, Raley's Supermarkets, Schnucks, Save Mart, Winn Dixie, Bristol Farms, Better Health Store, Costco, Publix, and The Fresh Market.

While Kevin's Natural Foods has experienced impressive business success since launching several years ago, their company mission goes beyond simply increasing the bottom line. Selling healthy Paleo and Keto Certified prepared meals to people with limited time has undoubtedly worked financially for the company. However, the brand also takes pride in helping people to live healthier lives even when they are constantly on the go. For families whose busy work, school, and extracurricular schedules make healthy eating challenging, Kevin says that "I want busy parents to know that it's possible to provide those meals, and we're here to help prepare them quickly and easily!" [7]

Lastly, in response to the current COVID-19 pandemic, the company has also been on the frontline of a holistic response. Instead of simply buying a year's supply of Ramen Noodles or other "easy to prepare" foods, Kevin's Natural Foods is committed to helping families in its hometown to access nutritious food options. In a news release,

Kevin says that "access to nutritious, easy-to-make meals made with clean ingredients during this epic crisis is a necessity for all." The company announced it is giving more than 6,500 two-serving meals to Second Harvest, which aids residents of San Joaquin, Stanislaus, Merced, and the Mother Lode counties. [10]

4 | THE ROLE OF THIRD-PARTY CERTIFICATIONS IN CARVING OUT A SPECIFIC MARKET NICHE

In the words of founder Kevin McCray, the company decided to invest in third-party certifications early on in the process of growing the brand because, "we liked that the lifestyle diets had a way of convening people around a set of principles that they could readily understand and implement in their own lives." The company was also partial to diets rooted in ancestral health because of Kevin's personal experience using the Paleo diet to manage an auto-immune disorder.

It was the feedback from consumers. However, that confirmed the practicality and usefulness of independent, third-party certifications in establishing a foothold in the market niche they had discovered. "We really appreciated how useful certifications could be when we heard from consumers that they used them for their own litmus test when navigating products on supermarket shelves," Kevin tells us. "For example, even people that weren't religious Paleo diet connoisseurs liked seeing that a product was Paleo Certified because they understood that meant that it wouldn't be loaded with artificial ingredients and refined sugar. It became a resource for shoppers trying to work better habits into their lives."

Besides boosting their Paleo and Keto Certification, Kevin's Natural Foods is also Non-GMO Project Verified, and certified Gluten-Free. Among those certifications, Kevin says that the "Paleo and Keto certifications have been particularly useful because it gave us an objective measure to reference when customers wanted to understand what qualified our product for these certifications. There are a lot of ways to interpret the diet guidelines, and having a third party like Spearhead Certifications gives us an objective set of principles that are well-defined and regularly scrutinized."

Despite the fact that the pre-market analysis showed an enormous sector of the population looking for healthier, quick food alternatives, getting the word out to those people required some strategic planning. "As a new brand, it was important for us to quickly raise awareness about the line and the product benefits (including the certifications) to an audience that was on the hunt for innovative, clean products that would help them eat better," Kevin says.

Social media advertising and marketing allowed the company to target people who specifically showed interest in healthier eating habits. "We target health-conscious consumers online mainly via social media," Kevin mentions, "and we consistently highlight the certifications in our messaging, and they have become a favorite product benefit."

Its third-party certifications form a fundamental part of a holistic marketing strategy as a company that delivers its meals directly to customers and sells via different online and brick-and-mortar retail venues. Not only has the brand leveraged its certifications to attract individual customers via social media, but it has also utilized those certifications to conquer new retail markets.

"Our Paleo and Keto certifications appealed to retailers for many of the same reasons they were helpful for us. They wanted to have merchandising events and promos that gave their customers unique product solutions that their customers valued," Kevin tells us. "The last thing they wanted is to promote something as Paleo or Keto only to get complaints that it didn't comply with the diet. The certifications gave them an objective third party measure that they could trust." When communicating with retail buyers and decision-makers, Kevin also mentions that "many retailers would request copies of the certifications during the item set-up process."

A recent study by U.S. Bank finds that 82 percent of small businesses fail due to poor cash flow management [11]. Spending money on third-party certifications, then, might seem like an unnecessary expense during those critical first years of carving out a market niche, building a solid base of loyal customers, and finding your way into new retail markets. However, Kevin McCray believes that investing in independent, third-party certifications at the outset of a brand launch can be a key to long-term success.

"I think certifications are an important asset when building a trustworthy brand that aims to appeal to people engaging with lifestyle diets or looking to maintain specific standards around the food they consume," Kevin says. He believes that these certifications can "strengthen your position and can benefit the brand right out the gate when aligned with other product attributes critical for success such as flavor, convenience, etc."

Though some brands may find that the certification process is rigorous, Kevin also believes that this exactitude and rigorousness can be advantageous for brands that successfully go through the certification process. He urges third-party certifiers to continue to be strong enforcers of their standards because "enforcement of the standards is what generates the trust. The more you can educate people on the enforcement, the better," he believes.

Engaging in a sincere market analysis to find an unmet niche, building a functional team, staying committed to product innovation, continually giving back to the community, and investing heavily in third-party certification have been five elements for success driving the impressive business growth of Kevin's Natural Foods.

5 | KEVIN'S NATURAL FOOD CERTIFICATIONS

- Certified Paleo
- Keto Certified
- Non-GMO Project certified
- Certified Gluten-Free

6 | CONFLICTS OF INTEREST

The authors report no conflicts of interest.

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Pancakes on a Gluten-Free Diet: Purely Elizabeth's Innovative Strategy to Capture New Customers

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KEYWORDS

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- · Purely Elizabeth
- · Ancient grains · Superfoods
- · Keto Diet
- · Paleo Diet

THIRD-PARTY CERTIFICATION RESEARCH

Pancakes on a Gluten-Free Diet: Purely Elizabeth's Innovative Strategy to **Capture New Customers**



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Abstract

As ever-larger segments of the population begin to realize the connection between the excessive consumption of "empty," refined carbohydrates and the myriad of chronic health problems affecting the country, there is a major market opportunity for healthier grains to grow in popularity. Purely Elizabeth is a natural foods company that, for the past decade, has been a leader in providing consumers with gluten-free products made from wholesome, alternative grains. The brand has developed an impressive product portfolio that attracts consumers from several different dietary trends and nutrition/lifestyle choices. Purely Elizabeth has also found that their investment in third-party certifications has played a major role in expanding their marketing opportunities.

KEYWORDS

Third-party certification, Purely Elizabeth, ancient grains, superfoods, Keto Diet, Paleo

| INTRODUCTION

ccording to recent estimates, well over three million people in the United States follow a gluten-free diet. Almost three-fourths of

those people are considered to be people without Celiac disease avoiding gluten (PWAG). A recent scientific study by the National Institutes of Health (NIH) found that "celiac disease patients have an increased risk to non-Hodgkin's lymphoma, which has also been implicated in glyphosate exposure... Glyphosate residues in wheat and other crops are likely increasing recently due to the growing practice of crop desiccation just prior to the harvest." Similarly, refined grains such as white flour have been linked to the diabetes and heart disease epidemics affecting large sectors of the population.

The negative health implications of consuming refined,

"white" grains have led millions of consumers around the country to make significant changes to their diets. Strict adherence to low-carb diets such as the Keto Diet or Paleo Diet is also increasing in popularity. However, finding ways to "replace" traditional dietary staples such as bread, pasta, and pancakes is a challenge for many people wanting to make healthier nutritional choices.

The natural foods company "Purely Elizabeth" recently released a new line of pancake mixes made from nutrient-rich ancient grains and superfoods. Not only do these pancake mixes offer more nutritious breakfast options for people wanting to avoid refined flours and grains, but it also indicates upcoming economic trends in the health food industry.

2 | NUTRITIONAL LOGIC AND THE ANCIENT GRAIN CONNECTIONS

The adverse health implications of an industrialized food system centered on the monoculture production and manufacture of food products from refined grains have never been more evident. Today, the CDC estimates that over 100 million Americans, almost a third of the population, suffer from diabetes or prediabetes. Similarly, unhealthy diets and a lack of exercise are the leading causes of the coronary heart disease epidemic. Over 365,000 people died from coronary heart disease in 2017. Almost 7 percent of the population over 20 years old has this condition.

Among other nutritional recommendations, replacing refined grains with healthier, unrefined, whole grains in our diet is an essential strategy to reducing the risk for diabetes, coronary heart disease, and other common diet-related health issues. Nutritional studies have found that wholegrain foods are more nutritionally rich in dietary fiber, resistant starch, antioxidants, and other vital micronutrients such as folic acid and other vitamins.

However, one of the most significant obstacles to healthier diets and lifestyles is the lack of healthy food alternatives for the standard shopper. There are probably twenty aisles selling highly processed and refined food products for every health food aisle in a grocery store. While individuals could certainly purchase whole grains and make their pancake mixes, wholesome flours, and other healthier food alternatives, the hectic schedules of our lives make this impractical for millions of Americans.

The natural food company Purely Elizabeth has stepped in to fill this void, offering nutrient-rich pancake mixes that are made from wholesome alternative grains and even grass-fed collagen. Lily Steinbock, director of marketing communications at the company, states that the brand was founded by Elizabeth Stein [Image 1] a certified holistic nutrition counselor. "Realizing the superfoods and ancient grains she was recommending weren't readily available on store shelves, Elizabeth created a first-ofits-kind line of gluten-free Ancient Grain Granola. With consumer health in mind, Purely Elizabeth takes pride in sourcing ingredients based on their superior quality and nutritional benefits. Almost 12 years later, Purely Elizabeth has thoughtfully created a line of Paleo and Keto Certified hot cereals, grain-free granolas, and pancake and waffle mixes. [Exhibit 1,2,3]

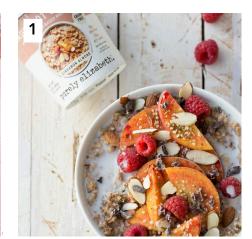


Image 1: Elizabeth Stein, founder of Purely Elizabeth

Wheat, corn, and rice are the three "major" grains that are the foundation for the modern-day diet. However, different cultures worldwide have longstanding traditions of cultivating various types of grains (and pseudo-grains) to add healthy carbohydrate intake to their diets. Amaranth in Mesoamerica, quinoa in South America, buckwheat in







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EXHIBIT 1: Purely Elizabeth Strawberry Hazelnut and Cinnamon almond cauliflower-based hot cereals. **EXHIBIT 2:** Certified Paleo and Keto Certified grain-free granolas **EXHIBIT 3:** Purely Elizabeth Certified Paleo Grain-Free Pancake and Waffle Mix.

Russia, farro in Italy, and sorghum in Africa are just a few of the ancient grains that have made up an essential part of diets in diverse regions around the world.

Many of these ancient grains are not only much more nutritionally dense than corn, wheat, and rice, but are also gluten-free. Sorghum, for example, looks like corn but offers more nutrition while also being completely free from gluten. Quinoa and amaranth are two pseudo-grains (meaning they are not biological members of the grain family though they are cooked and eaten similarly) renowned for being extremely high in protein.

Purely Elizabeth's Founder and CEO Elizabeth Steins says, "I launched Purely Elizabeth in 2009 with muffin and pancake mixes made with alternative nutrient-rich flours and superfood seeds. A few years later, when our granola launched and became an instant seller, we decided to focus on the one product line... Now, ten years later, we felt there was still a gap in the marketplace for a better-for-you, better-tasting pancake mix."

The baking mixes, granola products, and now pancake mixes offered by the company all rely on a diverse mixture of healthy, wholesome, ancient grains, including chia seeds, hemp flour, almond flour, buckwheat flour, flax seeds, among others. The company even offers a grain-free bar made from Reishi mushrooms known to boost the immune system and provide anti-cancer properties.

3 | CATERING TO DIFFERENT DIETARY TRENDS TO FILL A VOID IN THE MARKET

One of Purely Elizabeth's pillars of success has been the ability to cater to different dietary trends with their diverse product line. A 2018 study finds that over 36 percent of Americans stated that they were actively following a diet or specific eating pattern. This number was up from only 14 percent in the same poll done in 2017. Eating healthy means different things to different people, and there are certainly no shortages of specific diets to choose from.

For example, in 2018, the Keto Diet was widely considered the most popular dietary trend among Americans. Last year, the intermittent fasting diet was the most searched for dietary trend on Google. While Purely Elizabeth has a steadfast commitment to supplying their customers with wholesome, healthy food alternatives, they haven't limited themselves to anyone specific diet.

With their recently released nutrient-rich pancake mixes, the company purposefully designed and manufactured three products that appeal to people who follow different dietary trends. The Ancient Grain Pancake Mix is made from a specific blend of nutrient-rich flours and seeds. Organic teff flour, organic buckwheat flour, almond flour, organic chia, hemp, and flax seeds make this an excellent choice for consumers looking for a non-GMO, gluten-free, and vegan breakfast alternative. With seven grams of protein per serving, it also offers plentiful plant-based protein sources for people who avoid meat products.

The company's Grain-Free Pancake Mix includes a diverse set of ingredients, such as almond flour, organic coconut flour, organic tiger nut flour, organic flax, and chia seeds. This grain-free mix is perfect for people on the Paleo and Keto diets who consistently monitor their carbohydrate consumption. The Keto Diet, specifically, requires strict limitations on carbohydrate intake to achieve a metabolic state of ketosis.

Lastly, Purely Elizabeth also offers a Grain-Free Protein Pancake Mix with Grass-Fed Collagen. This

rich protein source comes from the hides of cattle exclusively raised on pasture (as opposed to being raised on a grain diet in feedlots). While this option will not appeal to vegans or vegetarians, the nutrient-rich pancake mix blend also includes almond flour, organic coconut flour, organic tiger nut flour, organic flax, and chia seeds, in addition to the grass-fed collagen. The 11 grams of protein per serving is incredible for people on Paleo, Keto, and grain-free diets.

All Purely Elizabeth products contain no artificial additives or soy and are made with organic, innovative, nutrient-rich ingredients that add delicious flavor and texture, like Ancient Grains + Superfood Seeds (Quinoa, Amaranth, Chia, Hemp, and Flax), Coconut Sugar and Raw Virgin Coconut oil. Steinbock affirms that "Purely Elizabeth purposely has developed products that people can eat and enjoy without feeling guilty if they abide by certain dietary restrictions like paleo, gluten-free, grain-free and keto."

The business success of Purely Elizabeth goes beyond product innovation and diversifying markets. Maintaining a prosperous natural food company in a market that experiences enormous amounts of competition has also required an ability to think outside the box and predict upcoming trends in the health food market. The health and wellness food industry is expected to grow to over <u>811 billion dollars by 2021</u>. While this presents opportunities for entrepreneurs and small businesses, it also increases competition.

Purely Elizabeth has been steadily growing for well over a decade. At its beginning, the company focused exclusively on its line of muffin mixes made from wholesome, ancient grains. Once the company gained a foothold in the market and established a

solid customer base, it carefully expanded its product lines to include wholegrain granola, other baking mixes, and now pancake mixes. Expanding beyond a successful business strategy requires the ability to act on possible future market trends.

In an <u>interview with Entrepreneur</u>, Stein says that "there are so many unknowns in the business...The backbone of what we've always done and how I've always envisioned the brand is to be using the most nutrient-dense, elevated, innovative ingredients. It's almost like the stock market as far as what you're betting on to be the next big trend and what consumers are wanting."

4 | THIRD-PARTY CERTIFICATIONS TO INCREASE MARKETING OPTIONS AND CHANNELS

Purely Elizabeth decided to get several different third-party certifications early on in their process of brand development. Steinbock shares that "I think it legitimizes your products for people who are eating specific or strict diets. Brands only have specific touchpoints with consumers, and especially when they are shopping in-store, it is important for people to easily be able to tell what type of product it is. For example, if someone is keto, they might not look twice at your products because it's not Keto Certified."

The constant shifts in diet popularity might lead some people to believe that specific certifications offer more value than others in terms of connecting with certain groups of consumers and increasing sales. For example, while The Paleo Diet was the most Google-searched dietary trend in 2013, it has <u>fallen into 8th</u> place, receiving almost 1.8 million fewer monthly searches than the Keto Diet, which was the most popular dietary trend in 2020. For many brands, this might push them in the direction of focusing most of

their attention on searching for the most "relevant" certifications based on current consumer trends.

However, the people at Purely Elizabeth believe that investing in several different certifications allows food brands to stay connected with diverse groups of customers while also staying relevant despite the constantly shifting dietary trends and fads. "I think each of the different certifications has had different uses and importance over the years," Steinbock says. "For example, Whole Foods won't accept products that aren't non-GMO project verified. Today, consumers following the Paleo or Keto diets get excited to see a certification to know we've done the work for them."

One of the most tangible and practical benefits of third-party certifications is that they tend to increase the marketing options that brands can use as part of a wider marketing and publicity strategy. Developing an e-commerce marketing

strategy has become almost essential for brands wanting to stay competitive. Recent market research finds that the U.S. food and beverage retail e-commerce sales were expected to surpass \$38 billion in 2023, giving the industry a compound annual growth rate (CAGR) of 17.3 percent. The e-grocery market share has almost doubled from just over 5 percent in 2018 to 10 percent in 2020. Further growth is expected, especially after the boom in e-commerce during the COVID-19 pandemic.

Steinbock believes that by "having these certifications (i.e., Keto, Paleo, Grain-Free) you can directly target consumers that are following those diets, which has been a great driver for us via ecomm... It's certainly helped us gain new customers as those looking for the specific attributes can better find us, whether it's gluten-free, vegan, or paleo."

The company has also utilized its third-party certifications for more creative marketing and advertising strategies. "We've also done themed giveaways or partnerships to align with other brands who are keto certified or paleo certified, so then you are able to tap into their audience who may not know of your brand yet," Steinbock mentions. "Having these certifications is an added element of marketing. Obviously, you can target the general public who may be eating granola, but you can get even more targeted by making that group more granular and use messaging that they are looking for."

For people who religiously follow certain diets and

lifestyles, Steinbock says that being able to display certain third-party certifications "shows the brand has done the work and effort to make sure the product follows stringent guidelines, whatever that may be based on the certifications."

"When up against another brand that may not have the certifications, being able to show our certifications has certainly been helpful," Steinbock states. "It shows the buyers that we've already done all the work and the importance of everything that goes into our products."

Beyond attracting new customers via e-commerce platforms, Purely Elizabeth has also leveraged their third-party certifications as a tool to stay competitive with large retailers. The major food retail companies most certainly have a number of their people following closely the most important dietary trends and data related to consumer preferences. As certain diets like paleo, keto, or gluten-free continue to grow in popularity, having those certifications can be a game-changer when competing for interest with retail buyers.

"When up against another brand that may not have the certifications, being able to show our certifications has certainly been helpful," Steinbock states. "It shows the buyers that we've already done all the work and the importance of everything that goes into our products."

As the health food and natural food markets continue to grow, however, consumers will want to look for packaged foods that align with their specific dietary and lifestyle choices. Moving beyond the refined grains that have dominated the industrial food system for decades is seen by many experts as the next major change in the food and nutrition industries. Entrepreneurs that want to incorporate innovative, nutrient-rich ingredients that tailor to the millions of Americans following specific diets as part of a greater interest in health and wellness would do well to learn from the business trajectory of Purely Elizabeth. Investing in third-party certifications seems to be an integral part of growing into this promising market niche.

5 | CERTIFICATIONS

- Certified Paleo
- Keto Certified
- Non-GMO Project Certified
- Certified B Corporation
- Certified Gluten-Free

6 | CONFLICTS OF INTEREST

The authors report no conflicts of interest.

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4th & Heart: Leveraging the Possibilities of Ghee and Third-Party Certification for Increased **Brand Awareness**



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Roberts, T., Pendergrass, K. (2022). 4th & Heart: Leveraging the Possibilities of Ghee and Third-Party Certification for Increased Brand Awareness. Third Party Certification Research. The Paleo Foundation.

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KEYWORDS

- · Third-Party Certification
- · 4th & Heart Ghee
- · Keto Certiffied
- · Certified Paleo
- · Brand Awareness

THIRD-PARTY CERTIFICATION RESEARCH

4th & Heart: Leveraging the Possibilities of Ghee and Third-Party **Certification for Increased Brand Awareness**



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Abstract

4th & Heart, a health food brand dedicated to crafting high quality, grass-fed ghee sourced from a cooperative of farms in New Zealand, presents an interesting case study in how health food brands can use third-party certifications to build brand awareness.

KEYWORDS

Third-Party Certification, 4th & Heart, Ghee, Keto Certified, Certified Paleo, **Brand Awareness**

| BACKGROUND

hile past decades saw butter consumption drop considerably as Americans replaced natural butter with margarine products made from cheap vegetable oils and emulsifiers, today millions of consumers are returning to more natural diets based on real foods, including butter. A 2014 study found that Americans consumed around 23 sticks of butter per capita each year, which amounted to almost 900,000 tons of butter consumed nationwide [1]. That figure has only grown as the \$2 billion butter industry continues to show sharp signs of growth [2].

At the same time, however, up to 50 million Americans suffer from some sort of lactose intolerance, including about three-quarters of African Americans and almost nine out of ten Asian Americans [3]. For this enormous percentage of the population, are those cheap margarine sticks loaded with chemical additives the only alternative to butter?

Founded in 2014 under the name Tava Organics, LTD, the health food brand 4th and Heart has stepped in to fill an important void within the butter industry. Their wide range of ghee products have taken the country by storm and are now sold in dozens of retailers around the country, including Whole Foods, Sprouts, Ahold, Kroger, Wegman's, Fresh Thyme, Erewhon in Los Angeles, as well as online via their online store, Thrive Market and Amazon.

4th & Heart is also an interesting case study in how third-party certifications can be utilized to attract new customers and develop better brand awareness.

2 | WHO IS 4TH & HEART?

Ghee is a type of clarified butter that is made by removing the milk solids and water from traditional butter. It has long been a staple of Indian and other

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Middle Eastern cuisines, and was an important part of Ayurvedic medicine and diets. While making ghee does take more time than making butter, it is also a lactose-free alternative that can be eaten by people who are sensitive or allergic to dairy products. Some people have described ghee as coconut oil with a buttery taste.

For cooking purposes, ghee has a much higher "smoke point" than butter (around 485 degrees Fahrenheit). This means that ghee can safely be used as a substitute for vegetable oils without having to worry about your vegetables and meats becoming imbued with an unpleasant smoky flavor that can happen when sautéing with butter. Ghee also doesn't have to be refrigerated, thus giving it a much longer shelf life than butter or other traditional dairy products.

According to their website, the ghee that 4th and Heart produces is sourced from the highest quality grass-fed butter that they purchase from a cooperative of farms in New Zealand. "Grass is naturally high in Vitamin A, D, E, K and CLA. When the cow's milk is rich with these vitamins, it goes directly to the butter and therefore the ghee," they state [4].

Essentially, then, ghee offers a more plentiful dose of the good fat that is found in butter, is able to be consumed by people with dairy allergies, and has a longer shelf life due to the fact that it doesn't need to be refrigerated. While ghee hasn't been shown to be able to lower cholesterol levels, it certainly does not increase bad LDL cholesterol levels while adding significant amount of the fat soluble vitamins A, D and E. Despite the numerous benefits associated with ghee, overall levels of consumption have historically been low, especially when compared to butter and margarine. The food brand 4th and Heart saw an

opportunity to introduce a healthier, more nourishing product that would instantly appeal to the millions of people adopting diets focused on natural foods that are low in carbs and high in healthy fats, including the Paleo Diet, the Keto Diet, and the Whole 30 Diet.

According to 4th and Heart's co-founder Raquel Tavares, "I chose ghee because I'd spent the better part of a year deciding what type of company I was going to start and through the process of elimination chose ghee. Ghee fulfilled many of the critical components to launching and succeeding in the food industry, some of which were authenticity, shelf stability, familiarity and innovative. [5]"

Tatiana Nesello, brand manager for 4th & Heart, tells The Paleo Foundation that "the motivation for starting 4th & Heart "was inspired by a mission to revolutionize the modern-day pantry with the versatile superfood, ghee butter. Our line of artisanal ghees were thoughtfully created to nourish consumers and inspire a healthier and more fulfilling lifestyle."

Raquel's mother was Registered Dietician and Ayurvedic Practitioner and introduced her to the wonders of ghee in her early 20's. While 4th and Heart has expanded into new health food products, their line of ghee-based products continues to be the mainstay and staple ingredient of their product portfolio.

The ghee-based products that were available to consumers before 4th and Heart launched were almost all simple, unflavored products. To make ghee more appealing and engaging to the general public and especial health food enthusiasts, they carefully sourced raw ingredients, improved upon the manufacturing process, and introduced a wide range of flavor profiles to make ghee a much more versatile product in the kitchen. Among the flavored ghee products offered by

the brand, consumers can find California Garlic, Himalayan Pink Salt, and Madagascar Vanilla Bean.

During the manufacturing process, 4th and Heart slowly cooks the grass-fed butter until the milk solids become crisp and the water evaporates. A double filtering process ensures that all the milk solids are removed, making the product 100 percent free of lactose.

Raquel goes on to say that "interestingly enough, it's the feed (grass versus grain) and the type of cow that indicate the butter's and therefore the ghee's vitamin profile, fat profile and the color of butter/ghee! You'll find all of the omega-fatty acid profiles in ghee, but what makes it special is the butyrate it possesses that isn't found in coconut oil, margarines or other everyday vegetable oils. While it's still in butter, it is more concentrated in ghee as we are removing about 20 to 30% of water and milk solids out of butter to make the ghee. [6]"

Tatiana also mentions that "grass-fed butter contains a much higher level of nutrients, including antioxidants, vitamins, fatty acids and conjugated linoleic acid (CLA), which can improve gut health and biochemistry. Grain-fed cows do not deliver these powerful benefits."

The high butyrate content found in ghee is yet another added health benefit of ghee. This fatty acid is naturally found in the lining of the human gut, and is often depleted or even completely removed due to the high level of consumption of processed oils, which are an unfortunate staple in the modern day diet. By replacing highly processed vegetable oils with ghee, the butyrate levels in your gut will naturally replenish, thus aiding digestion while adding essential minerals to your diet.

3 | ATTENGING TRADESHOWS TO FIND INVESTORS TO GROW THE BRAND

Introducing a relatively innovative food product into the health food industry comes with a set of challenges. While some investors might be eager to support brands that venture into already-established products within the health food industry, "selling" a new product idea to investors will require a solid business strategy and confidence in your product.

Tavares and her co-founder started 4th and Heart with about \$80,000 of personal savings, allowing the company to begin the process of experimenting with product development and testing local markets. The company really took off after presenting at the 2015 edition of the Expo West Tradeshow. Expo West is one of the largest trade show events within the natural foods industry, and is a proven opportunity for food brands to reach natural, organic and healthy lifestyle buyers. The event (unfortunately cancelled this year due to the ongoing pandemic) offers opportunities for startup food brands to connect with retailers, distributors, health practitioners and food service professionals.

According to one recent study, more than threequarters of the executive decision makers for retailers who attend tradeshows claimed to find at least one new supplier at the last show they attended [7]. For Tavares and her partners at 4th and Heart, the booth at the 2015 edition of Expo West allowed the brand to capture important investor attention. The company secured their first deal with UNFI, one of the leading organic and natural food distributors in the company.

This original deal gave the brand traction to continue attracting important and strategic investors. Shortly after an intensive rebranding campaign, 4th and Heart

also attracted more investor capital through a Series A crowd-funding campaigning. In 2016, the company secured over \$2.2 million in revenue and was well on its way to becoming an established brand within the health food industry.

Though ghee was not exactly a household item found in refrigerators across the country when 4th and Heart launched, it retailers were extremely quick to adopt the brand and commercialize the ghee-based products. In an interview with Forbes Magazine, Tavares says that "I had an idea and I didn't know how fast it was going to take off...We were in a small category and the idea was just starting to trend. [8] "

The success of 4th and Heart is a revealing example of how small food brands can anticipate market trends and introduce healthier food products that have yet to be adopted by the general population. The fact that they are now sold in thousands of points of distribution across the country is testament to the success of their product innovation and their ability to use trade shows and crowd funding in order attract investors that allowed the scale-up to happen quickly.

4 | THE ROLE OF THIRD-PARTY CERTIFICATIONS IN GROWING BRAND AWARENESS

Independent, third-party, impartial certifications for food products is certainly an important part of the process in establishing a sense of trust and transparency with a loyal consumer base. In an increasingly competitive health food space, brands that are able to construct this relationship of trust and transparency are better positioned to establish themselves in the market. Another often overlooked advantage of third-party certification, however, is the opportunity to grow brand awareness. The 2016 Label Insight Transparency ROI Study found that

"nearly all consumers (94 percent) are likely to be loyal to a brand that offers complete transparency. What's more, transparency ranked highest in a list of factors that motivate consumers to be loyal to a brand, with 25 percent listing it as their top factor. [9]"

Transparency and brand awareness are thus intimately intertwined with consumers recognizing those brands that they come to trust. Paleo, Keto, and other third party certification programs offer the opportunity for brands to immediately construct a relationship of trust with consumers, which is the foundation for long-term brand awareness.

4th and Heart's brand manager Tatiana Nesello tells the Paleo Foundation that the company's Paleo Certified and Keto Certified certifications have helped the brand grow and attract new consumers. "4th & Heart works hard to uphold its products' high standards," Nesello says. "With Paleo and Keto certifications, we are able to address consumers' dietary needs and desire for transparency."

Additionally, Nesello believes that 4th and Heart's third party certifications have led to a corresponding boost in sales and has also helped attract new retailers. "We know that our consumers feel assured seeing the Paleo and Keto certifications on our pack," she ensures. "We always proudly share our certifications when we speak with new retailers and in new communities, as their customers are always looking for products that meet those specific needs."

Market research overwhelmingly shows that consumers are continually demanding healthier and more nutritious food options. After decades of being bombarded with empty calories and highly-processed foods, the ballooning rates of obesity, diabetes, heart

disease, and other diet-related health issues have led to a shift in what retail grocers are putting on their shelves and offering to their customers.

In fact, a 2018 study published in the journal BMC Public Health finds expresses the following:

"Supermarket retailers, mostly representing independent stores, perceived customer demand and suppliers' product availability and deals as key factors influencing their in-store practices around product selection, placement, pricing, and promotion. Unexpectedly, retailers expressed a high level of autonomy when making decisions about food retail strategies. Overall, retailers described a willingness to engage in healthy food retail and a desire for greater support from healthy food retail initiatives. [10]"

Besides the ability to build trust with consumers and offer products that retailers are looking for, Nesello also mentions that 4th and Heart's third-party certifications have also opened new avenues for furthering the process of building brand awareness. Nesello mentions that their Paleo, Keto and non-GMO certifications have given the brand "the opportunity to serve and partner with health coaches, developing brand awareness. As the Paleo Foundation strives to educate consumers about the benefits of the Paleo and Keto lifestyles, our brand benefits from this communication."

Essentially, the wider the appeal and knowledge

related to the health benefits of certain diets (such as the Keto or Paleo diets) or nutritional standards (such as avoiding genetically modified foods), the better the opportunity for brands to attract new customers and grow their brand awareness. Nesello recommends independent, third-party certification to small health food brands just getting started because she believes "it's a good way to differentiate yourself from your competitors and start building a following based on the highest product quality."

5 | 4TH & HEART PRODUCTS THAT FEATURE PALEO AND KETO CERTIFICATION PROMINENTLY





Figure 1: 4th & Heart product images retrieved from https://fourthandheart.com/products/

6 | 4TH & HEART CERTIFICATIONS

4th & Heart's third-party certifications include:

- Certified Paleo
- Keto Certified
- Non-GMO Project Certified
- Whole30
- Kosher Dairy
- Gluten-Free

7 | CONFLICTS OF INTEREST

The authors report no conflicts of interest.

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Ayoba South African Biltong: An Organic Adoption of Third-Party Certifications.

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KEYWORDS

- · Third-Party Certification
- · Ayoba
- · Product Innovation
- · Inventive Packaging



THIRD-PARTY CERTIFICATION RESEARCH

An Organic Adoption of Third-Party Certifications: An Interview with Ayoba



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Abstract

Ayoba is a family company based out of the Washington DC Metro area that has brought the South African tradition of Biltong to the United States. Through adding value and innovation to an established part of the food industry, investing in eye-catching and attractive packaging, and investing in third-party certification programs, Ayoba has positioned itself for economic success and long-term growth. Below, we analyze some of the foundational elements of success for the brand, and how their organically-evolved investment in third-party certifications has allowed the brand to conquer new markets.

KEYWORDS

Third-party certification, Ayoba, product innovation, inventive packaging.

| INTRODUCTION

s a melting pot of cultures, the United States has one of the most diverse cuisines around the world. Walking down the streets of virtually any city in the country will offer an endless array of options for both cAccording to Mordor Intelligence, the ethnic foods market is projected to witness a compound annual growth rate of 11.80 percent [i] during the forecast period of 2021 to 2026.

Despite the obvious interest in ethnic cuisine, introducing innovative food products that consumers do not have much experience with can be a challenge for food brands. Only about 15 percent of consumer packaged goods [ii] launched in the United States are still around two years later. Though there are a variety of reasons for product failure, a lack of consumer knowledge of a given product can quickly devastate a product launch.

According to recent studies, almost half of the population of the United States (about 125 million Americans[iii]) consumed meat snacks and beef jerky regularly. In dollars and cents, a recently published industry financial report[iv] finds that "revenue for the Meat Jerky Production industry has grown in each of the past five years, including a 3.0% increase in 2018. The industry's small-scale nature, relatively low prices and innovative flavors and content have led revenue to grow at an estimated annualized rate of 3.4% to \$1.3 billion over the five years to 2018 alone."

When most people think about beef jerky, however, we probably conjure up images of "Slim Jims" or some other similar commercial product. Most beef jerky products are extremely high in carbohydrates, with up to 9 grams of sugar added to every 100 grams of the product.

When the van Blommestein family came to the United States from South Africa they quickly realized that the commercial beef jerky products found in American supermarkets simply didn't compare to the rich, South African tradition of air-dried meats such as Biltong, Droëwors, and Boerewors. The business idea originally began as a Saturday morning hobby between a father and his sons. In 2015, the company officially began sales as the van Blommestein family decided to bring traditional South African meat products to the U.S. market because Biltong and Droëwors are staple foods and an important part of the South African culture.

"(In South Africa), you can find (Biltong and Droëwors) in every grocery store, mall kiosks, gas stations, butcher shops, you name it," Wian van Blommestein, cofounder of Ayoba tells The Paleo Foundation. "When my family immigrated to the US in 2001 we couldn't find it anywhere, so we decided to dust off the family recipe book and make it for ourselves. What started as a Saturday morning hobby between myself, my brother and my dad slowly marinated into AYOBA."

The true catalyst for Ayoba's launch was the fact that the van Blommestein family saw the jerky category continuing to grow, but considered that this growth was happening with no real product innovation or added value. "The stale jerky brands were also failing to keep up with growing consumer demands like no sugar, no artificial ingredients or preservatives, and diet trends like Paleo, Keto and Whole30," Wian tells us. "We saw Biltong as a real improvement on the quality and taste that Americans were used to with jerky, so we decided to take the business from the kitchen to the marketplace."

This unique product innovation in the beef jerky market, however, didn't come without a series of challenges.

Introducing this "new" meat product to consumers in the United States required a marketing strategy to inform consumers of the upgrades over what Americans know as jerky. "We also have to educate our new customers on why Biltong is better than jerky," Wian says. "Luckily for us the product really does speak for itself when it comes to quality and taste, so after just one bite, you'll understand exactly why we say: *It's not jerky, it's BiltongTM*."

Furthermore, several other logistical challenges came with the innovative product launch. "Since Biltong is air-dried for up to fourteen days, rather than being cooked at a low temp for only six hours like jerky, there were studies that had to be done to prove to the USDA that we met all the CCP (critical control points)," Wian explains.

Once those marketing and logistical challenges were addressed, however, Ayoba was able to offer a superior and innovative product within a well-established, growing food niche that promised opportunities for financial success. Enhancing the quality of products within this industry offered the company an opportunity to differentiate itself from its competitors and carve out a niche within the industry.

2 | PACKAGING: AN IMPORTANT PART OF A WIDER BRANDING STRATEGY

Walking down the aisle of your local supermarket can be a visually stimulating experience. Almost every product, from cereal boxes to canned soups and everything in between is purposefully designed to attract the consumer's attention. Even those bland, gray egg cartons have recently experienced an

upgrade in embellishment as free-range, locallyraised producers are using packaging as a way to differentiate their product from the commercial and industrial egg and poultry industry.

The packaging that is used for virtually all products is often the first form of interaction with potential clients. While publicity and advertising campaigns both through traditional and social media can certainly be effective in communicating your product with clients, the packaging you use is the first physical form of contact. Even for businesses that spend a small fortune in advertising, lackluster and unappealing packaging can be a major reason for advertising efforts failing to "convert" into increased sales.

According to one recent study, around 63 percent of consumers [v] agree that product packaging is just as important as the brand itself. Social media and internet-based marketing and branding strategies are certainly changing how the average consumer interacts with the products they purchase. Today, many consumers want to develop a "relationship" with the brands they support and often construct aspects of their identity around their consumer choices. Despite, this trend, however, the same study mentioned above finds that seven out of every ten consumers form their impression of a brand based solely on the packaging.

Holistic branding efforts should certainly focus on connecting with their customer base on a more intimate level. However, time, effort, and money also need to be focused on developing innovative and attractive packaging that can be connected to the wider branding goals and aspirations of the company. Despite our addictions to smartphones, computers, TVs, and other forms of media, most customers will first come into contact with small brands through

coincidental interaction, either through encountering products on the shelves of a retail store or through browsing the Internet. Eye-grabbing packaging, then, offers the first opportunity to persuade customers.

In terms of increasing sales, almost one-third of businesses report increased revenues after investing in improved or updated packaging. Attractive packaging can also convert into free advertising, as studies find that around four out of every ten consumers [vi] will share an image of your packaging on social media if it was unique or branded. Even for companies that operate exclusively through ecommerce platforms, an investment in high-quality packaging can attract people even through screens. In fact, over half of all consumers [vii] said that would revisit a website where they purchased an item if that item arrived with customized packaging.

In the specific case of Ayoba and their Biltong airdried meat products, their relatively recent rebranding process was focused on upgraded packaging that includes fun colors, innovative designs, and graphic elements that help tell the unique story of the family business. Besides the new color combinations and graphic design elements, the packaging also includes several health call-outs and certifications that attract the attention of health and nutrition-conscious consumers.

Part of this rebranding strategy was focused on responding to the increasing consumer interest in healthier food options. Ayoba's packaging reflects several health statements including the following declarations/certifications: grass-fed beef, sugar-free, gluten-free, 31 grams of protein, Whole 30 Approved, Certified Paleo, and Keto Certified.

"For us at Ayoba, authenticity and transparency are at the core of everything we do", Wian van

Blommestein says. "We want our customers to know that they can trust we will only source the highest quality ingredients we can find, and the certifications help us illustrate that commitment. This is especially true for new customers who are unfamiliar with our brand and products. The Paleo, Keto and Whole30 certification stamps act as recognizable indicators when it comes to the quality standards of our sourcing. So in summary, the certifications help us build trust with new customers right from the first impression," he states.

3 | LEVERAGING HEALTH AND WELLNESS CERTIFICATIONS TO ATTRACT NEW CUSTOMERS

More than ever, the average American consumer is attentive to what they put into their body. Market studies and predictions find that the health and wellness food industry is expected to grow by USD 235.94 million during 2020-2024, progressing at a CAGR of over 8 percent during the forecast period [viii]. Diabetes, coronary heart disease and obesity epidemics affecting millions of people around the country have directly led to an intensified interest in natural and organic food as part of a healthier and more active lifestyle.

The problem, of course, is that many shoppers simply don't know which products to trust when browsing the supermarket shelves. Almost all food companies understand the increasing consumer interest in healthier food options, and this has unfortunately led to exaggerated or misleading health claims on packaging.

Ayoba provides its customers with a more delicious and nutritious alternative to the typical meat snack, by using only the finest premium cuts of beef, seasoned with natural spices, to create the highest quality beef snacks in the United States. To communicate this with their customers, however, the company has prioritized receiving the most rigorous certifications, including the ones listed above.

Over one-third of all Americans [ix] are currently following a diet, and low carb options such as the Paleo Diet, the Keto Diet, and the Whole 30 Diet are consistently increasing in popularity. Publicizing these certifications on their new packaging is one way to instantly attract the attention of millions of consumers interested in low-carb lifestyles. The eye-catching rebranding process of Ayoba, then, goes beyond catchy colors and appealing fonts. The rebranding process and the updated packaging specifically target the health-conscious consumer that is looking for a healthy snack made from natural ingredients, that has low carbs, and that actually tastes great as well.

Furthermore, the Ayoba brand also used its investment in third-party certifications as part of a specific marketing strategy to help the brand stand out from the competition.

"Obtaining the certifications allowed us to tap into the growing Paleo, Keto, and Whole30 communities in a way that was authentic," Wian says. "They served, and still do, as a way to introduce ourselves to new customers within those communities, basically saying: We're here because we were invited, now be our friends! We are also very proud to be the only Biltong & Droëwors in the US that is Certified Paleo, Keto Certified, Whole30 Approved, and made with Pasture Raised Grass Fed Beef!"

Ayoba has also found that retail purchasers and buyers are showing an increased interest in third-

party certifications when choosing between products and brands within an increasingly competitive and crowded niche.

"As retailers continue to look for ways to (meet) consumer demands, new sets/sections are being created in grocery stores with themes like healthy keto snacks," Wian explains. "So even if a retailer isn't able to add us to their jerky set because maybe it's too small, or they want more sales data first, we are able to find placement in these new themed sets, or even help them create the sets!" In this sense, investing in Keto certification and other related third-party certifications has allowed Ayoba to approach large retail markets that might otherwise have been inaccessible.

For Ayoba, the decision to invest in third-party certification did not require a distressing change in their sourcing, manufacturing, or production practices. Rather, it was more of an organic process that reflected some of the core values the company embraces. "All of our certifications play an important part in our overall goal, which is to build trust with new customers right from the start and grow that trust into long lasting relationships through authenticity and transparency," Wian tells The Paleo Foundation.

"We have so many amazing attributes we can speak to, being Paleo, Keto, Sugar Free, Whole30, Grass Fed, etc., and what's AYOBA* about these attributes is that they are all organic results of our quality sourcing, our unique drying methods, and our own family recipes. Meaning we do not have to sacrifice the most important attribute of them all, taste, just to make these claims. (*AYOBA is a term used to express agreement & approval. If you like something you say, "That's AYOBA!")."

For smaller health food brands in the beginning stages of business growth, investing in third-party certifications may offer inimitable opportunities to expand the consumer base, conquer new retail outlets, and increase brand awareness. "The only time these certifications would be hurtful to a brand is if it came at the cost of quality or taste, otherwise they can only be helpful!" Wian believes. "If the brand's positioning/attributes are well aligned with the values of the communities built around the certifications, then getting certification is a no brainer!"

4 | AYOBA CERTIFICATIONS

- Certified Paleo
- Keto Certified
- Whole 30 Approved

5 | CONFLICTS OF INTEREST

The authors report no conflicts of interest.

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Chomps: A Case Study on Employee Ownership and Leveraging Certifications for Driving Brand Growth



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KEYWORDS

- · Employee Ownership
- · Employee Engagement
- · Keto Certified
- · Certified Paleo

THIRD-PARTY CERTIFICATION RESEARCH

Chomps: A Case Study on Employee Ownership and Leveraging **Certifications for Driving Brand Growth**



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Keywords

Employee Engagement, Employee Ownership, Third-Party Certification, Chomps

Abstract

Chomps, a health food company specializing in 100% grass-fed beef jerky sticks, is a self-funded CPG that made the 2019 Inc. 5000 list for fastestgrowing private companies in 2019, and a prime example of a brand that has leveraged their Paleo, Keto, and Whole30 Third-Party Certification to launch brand growth and conquer new retail markets. This case study examines how growing brands can leverage and utilize independent, third-party certifications for inserting themselves within diet-specific communities, developing a loyal base of consumers, and conquering new retail markets while maintaining a unique focus on employee engagement and ownership.

KEYWORDS

Chomps, Employee Ownership, Employee Engagement, Keto Certified, Certified Paleo

| BACKGROUND

thirds of all employees in the United States are "disengaged" with their current job and employer [1]. Disengaged employees can negatively affect businesses in different ways. These employees generally have low motivation levels, are disinterested in solving problems and helping the company achieve its goals and ambitions, and do not feel connected to the wider company culture. Employee disengagement can also lead to toxic workplace cultures and environments. On an economic level, disengaged employees cost U.S. employers up to \$550 billion each year, mostly through reduced productivity [2].

ccording to recent studies, more than two-

One of the most fundamental keys to success for every startup or small business endeavor is creating a motivated, productive workforce that is sold on the

company's goals and identifies with the driving ethos behind the business. However, more than seven out of every ten employees are consistently looking for new jobs, making it hard for business owners and managers to truly lead a motivated, productive and passionate team [3].

One health food brand that specializes in healthy, grassfed meat snacks has experienced incredible growth and nationwide expansion. This growth is due in part to a dedication to creating and sustaining a motivated workforce, and investing in independent, third-party certifications in order to drive brand awareness and trust amongst a loyal consumer base.

2 | WHO IS CHOMPS?

Chomps was founded in 2012 by Pete Maldonado and Rashid Ali. Seven years later, the self-funded startup company was ranked number 62 on the Inc. 5000 list of the fastest-growing privately held companies in the United States, with a three year growth rate topping 4,469 percent and over \$20 million in revenue [4]. Their naturally-flavored meat snacks are sourced from grass-fed beef, venison, and turkey, and include no added sugars, fillers, or artificial preservatives.

The healthy, low carb snacks marketed by Chomps are Whole30 Approved, certified Gluten free, Keto friendly, certified Paleo, certified humane, and also non-GMO project certified. After originally selling exclusively online, the Chomps meat snacks are now sold at every Trader Joe's store across the country, as well as at major retailers such as Albertsons, Wal-Mart, and Amazon

Creating a low-carb and healthy snack option was one of the motivations that led co-founder Pete Maldonado to originally start the company. As a personal trainer, he would design specific diet plans and grocery shopping lists for his clients. However, with time he found that many of his clients simply wouldn't follow the plans, partly because of the lack of options for healthy snack alternatives that could keep them satisfied throughout the day.

His work as a personal trainer helped Maldonado learn a lot about the importance of healthy foods sourced from non-GMO ingredients. He says that "I learned a ton about nutrition and the big difference in micronutrients between organic and non-GMO foods and the unnecessary chemicals that could be avoided by eating this way." This knowledge led him to start Chomps in an attempt to create the healthiest meat snacks from the cleanest available ingredients and using the best methods of processing.

"In order to get non-GMO Project Verified," Pete says, "our products and every ingredient we use was fully audited. It took a long time to get through the process, but we're proud to be one of the first in the category to achieve it." [5]

3 | EMPLOYEE ENGAGEMENT AND A SENSE OF OWNERSHIP

Several years after having founded Chomps, Maldonado was still the company's only full-time employee. Despite the fact that they still sold over \$10 million dollars' worth of meat snacks that year, the real growth began when Maldonado and Ali began to put together a team to help the company continue to expand. Currently, Chomps employees 18 employees, which is about half of where Maldonado thinks they should be in terms of total staff. Despite being technically understaffed, the workforce management strategy employed by Chomps has allowed for an impressive operating efficiency that maximized production output.

"We have a very small team and we like to say that we do a lot with a little," Maldonado tells the Paleo Foundation. "Even today we only have 18 full-time employees, though we're just about to add the 19th. A general rule of thumb in the business world is to have one employee for every million dollars in revenue, and we have less than half than where we should be in terms of that statistic. Because we are understaffed in terms of revenue, we need every person on our team to be top performers."

On a recent podcast with The Growth Think tank, Maldonado says that "so basically what we need to be able to do is make sure that every single employee on this team is able to work independently, but then also collaborate with the rest of the team. There needs to

be a lot of cross-functional collaboration and at the same time every single one of these employees needs to be innovating. They need to be thinking outside the box. They need to be taking calculated risks...And we, as leaders, Rashid and I and some of the other leadership team, we need to be encouraging that." [6]

Maldonado says that they are able to achieve this by making sure that all of their employees share the core values of the company, and by ensuring that there is a good cultural fit and that all employees know exactly what is expected of them.

"We also want them to know that they share and enjoy in the responsibilities of being a part of a team. We need people who work creatively and independently, and we have to make sure that they can think like an owner. We do a lot of things to help this, such as culture trainings, looking at individual personalities, and we do Hogan profile assessments for our team."

Unlike many small business startups that get trapped in the cycle of micro-management that leads to disengaged employees and low productivity levels, Maldonado has made it a priority to encourage his team to take risks and not be afraid to innovate in order to push the company forward.

"During strategy sessions, our whole team participates, Maldonado tells us. "It really is a collaborative effort where everybody has a seat at the table and everyone's opinion is heard and respected. If you think about innovation...there is no telling where the next great big idea is going to come from. As a brand, we want everyone to be collaborating to make sure that we don't lose any of those ideas. A lot of brands don't do that, and because of that several great ideas never get uncovered, simply because they're not heard."

The Chomps team also has a strong focus on transparency amongst the entire team. "The level of

information shared from top to bottom is probably unique to our company," Maldonado believes.

"Everyone knows where we're at in terms of budgeting, and other elements essential to our business. We think that this information is important for everyone to understand because how can our employees make decisions if they don't know how those decisions are going to impact the brand?"

In order to create a workforce that feels a sense of ownership with the brand and its goals, Chomps has a rigorous hiring process and also works with leadership coaches to help develop a more productive culture amongst the workforce. Maldonado also says that creating space for all employees to share their ideas, proposals, and suggestions has also created a workplace culture wherein every employee can feel like their opinions and ideas matter. This also creates a spirit of collaboration which helps to drive productivity, creativity, and innovation across the company.

"Back when we started Chomps I was told by some advisors that there is no way we would be able to compete with all of the other private equity and venture capital backed brands in the incredibly competitive meat snacks category," Maldonado tell us. "We're not only competing, but we're leading the better-for-you meat snacks category in the Natural channel and we're competing head-to-head with billion-dollar brands like Jack Link's and Slim Jim on Amazon."

Committing to healthy, non-GMO, sustainably sourced ingredients has certainly helped Chomps develop a loyal customer base across the country. However, their dedication to creating a healthy and flourishing workforce culture that is centered on the ethic of mutual collaboration and a deeper sense of ownership is the real driver of their incredible business growth.

4 | THE ROLE OF THIRD-PARTY CERTIFICATIONS IN GROWING BRAND AWARENESS AND CONSUMER TRUST

Paleo certification was the first, independent, third-party certification that Chomps received as a young, startup brand. "As a brand, we kind of started inch by inch," Maldonado says. "At the beginning we were completely direct-to-consumer for four years (2012 to 2016). We always had a Paleo and Keto friendly product, but once we launched that certification, it certainly helped us to identify with those consumers."

Numerous studies have shown that independent, thirdparty, impartial certifications for food products plays an important role in reducing decision friction via social proof heuristics and psychological kinship heuristics. This, in turn, leads to less point-of-purchase scrutiny and increased sales for brands. These effects are likely compounded by other factors, such as reduced trust in industry and first-party package claims.

Recent studies have found that more than half of Americans (53 percent) find nutrition labels on food products to be misleading, with 11 percent consumers believing that these labels are completely misleading.

[7] Furthermore, the 2016 Nielsen's Global Health & Wellness Survey found that roughly 60 percent in North America distrust manufacturer's claims on their food labels and packaging [8]. This lack of consumer trust in food products is also declining notably year after year.

While the growth in certified "organic" products has certainly been growing in recent years, studies are finding that this rather generic certification is also losing trust amongst consumers. A 2015 report from market research firm Mintel found that more than half of shoppers believed that organic certification was simply "an excuse to charge more." Furthermore, more than one-third say they believe the word

"organic" was empty jargon "with no real value or definition."[9] Because organic certification is mostly overseen and regulated by the USDA, this seems to point to a lack of consumer trust in government-led certification efforts.

Despite these trends in government-led certifications, studies by Cone Communications and Globescan (among others) found that 76 percent of consumers agree that third-party product certification is the best way to verify product claims and increase their trust in a brand [10].

As a startup, direct to consumer brands, Chomps understood the marketing advantages that came with independent, third-party certifications from invested in Paleo and Keto certification from the get go. "When we were just getting started we made an effort to entrench our brand into the Paleo community," Maldonado tells the Paleo Foundation.

"We went down to the Paleo FX tradeshow in Austin, Texas. We also worked some Paleo media such as Paleo Magazine and others in the Paleo Niche. I think we also did some stuff with blogs such as Paleo Hacks and Paleo Mom, among others. We really were entrenched in the Paleo world online. Because of that, Paleo certification was critical in terms of establishing ourselves as a Paleo brand. We wanted our customers to know that we had products made for a Paleo dieter. The certification certainly added credibility to us as a brand, and it also added a "cool factor" that helped us get attract customers."

Maldonado recommends third-party certification to smaller brands, and especially early on in the process. "These certifications help to establish as much credibility as you possibly can. For startups, I think the key thing is to focus niche by niche. If your brand or

products caters to a specific diet or group of people, then do everything you can to entrench yourself in that community. Getting the credentials and certifications you need to be trustworthy and to be seen as a leader or expert in that space in a community is part of that process."

5 | THE ROLE OF THIRD-PARTY CERTIFICATION FOR CONQUERING NEW RETAIL MARKETS

After four years of direct-to consumer marketing, Trader Joe's was the first big retailer that reached out to Chomps. Though Maldonado admits that the brand initially didn't have any ambitions to go into retail, everything changed once we they got into Trader Joe's.

"To be honest, with Trader Joes it was mostly about our Whole30 approval. That's what Trader Joe's was looking for. Obviously there are so many parallels between Whole30 and Paleo. In general, as a retailer, Trader Joes was looking for better quality products and brands that would check the boxes for people on the Paleo, Whole30, and other diets."

Today, Chomps is Paleo and Keto Certified, certified Gluten-Free, Whole30 Approved, and Non-GMO Project Verified. For Maldonado, the brand's Keto certification has played a major role in helping to conquer new markets and attract new consumers.

"It's worth saying that our Keto certification is probably the most important, at least currently," he states. "Keto is off-the-charts in terms of popularity. We specifically designed our product to have no sugar added to it as a way to make our product available to people on Keto. Because of its popularity, we wanted our products to be Keto friendly for anybody and to take advantage of that trend."

"I think it's evident that Keto is bigger and more popular that Paleo, Whole30 and other diets. There's just so much more customers in the Keto niche, and the demographic is just huge. We get younger people and high school people getting into Keto, but grandparents as well," he adds.

The company's wide list of certifications has played a major role in allowing the company to get their products into major retailers like Walmart, Whole Foods, Natural Grocers, Kroger, Amazon Thrive Market, Albertsons, and others. Maldonado believes that all major grocers are quickly beginning to understand the role that these third-party certifications play in consumer purchasing decisions.

"Amazon is one of the biggest retailers where these types of certifications can come in handy," Maldonado says. "With Amazon Fresh (grocery delivery and pickup service in select cities), you know that they have loads of data on leading food trends, and they're looking of specific types of products that cater to consumer trends in the food market. They also know that Keto far surpasses both Paleo and Whole30. Because of that Keto certification is prime time for brands, because obviously Amazon is a big business."

Thrive Market, where Chomps´ 100% grass-fed beef jerky products make up close to 50% of the meat snack market, actually takes it a step further where you can search on their platform for products that have different certifications such as Paleo or Keto. This increasingly common practice amongst major retailers who have online platforms (obviously growing due to COVID-19) makes it easier for consumers to find what they're looking for in terms of specific diets. This is also opens another channel for brands with specific certifications to get their products in front of their target consumer audience.

While some people might continue to identify Paleo, Keto, or Whole30 certified products as "niche" products that can only thrive in certain health food circles, Maldonado begs to differ.

"It's not just the alternative, "healthy" grocery stores looking for these options (products with third party certification). All the big grocers, even the conventional ones, are leaning into these dietary trends. So if you can show these retailers that you are Paleo or Keto certified, that certainly will check a few boxes for them, and shows them that your brand is on par with some of the leading dietary trends in the food world. It also gives you a leg up over of brands," he says.

Lastly, Maldonado recommends brands to consider the importance of eliminating sugar from their products as another strategy to attract both consumer and retailer interest. "I'd also add that zero sugar added is another huge issue that many retailers are looking for," he says. "Zero-sugar added is obviously connected to Keto, but it is another part of the verbiage that everyone looks for.

6 | SUGGESTIONS FOR HOW TO IMPROVE AND EXPAND THE SCOPE OF THIRD-PARTY CERTIFICATION PROGRAMS

Despite the success that Chomps has had in using their third-party certifications to insert themselves within specific diet communities, attract new customers, drive brand awareness, and attract new retailers to their products, Maldonado believes that there is still opportunity for further growth. In this section, we outline a few of his suggestions to help third-party certification programs continue to exert influence over consumers and help smaller brands gain traction in competitive markets.

One of the biggest problems or drawbacks that

Maldonado identifies related to Keto certification is the unfortunate USDA restriction related to the use of the word "Keto" on product packaging or labeling. "If I were going to offer a suggestion for how to make Keto and Paleo certification better for brands, I'd recommend that The Paleo Foundation could maybe work with the USDA to try and change the rules on labeling and Keto. We do of course use the Keto certification on all our branding and messaging, but we're not able to on our labeling," he says.

Many smaller brands might hesitate to invest money in independent, third-party certification, especially when finances are tight in the initial stages of launching a brand. Maldonado believes that efforts to make the benefits of certification as visible as possible can help convince brands to use certification as they did, as a way to insert themselves into a dieting community and conquer a loyal base of customers. "I also think it might be interesting to see shared data amongst brands (related to the benefits of their certifications) to see how things are trending for certified brands," he says.

Maldonado also recommends that independent certifying organizations like The Paleo Foundation should help their certified brands with information regarding what retailers might be looking for in regards to certain food products or food trends. "I imagine something like the Paleo Foundation partnering with retailers to do tradeshows. Maybe even putting together a Keto or Paleo "set" that could be displayed within retail stores. Something like that would not only help to build the Paleo Foundation brand, but also open opportunities to small brands to get into their first retail space. Maybe The Paleo Foundation could be the marketer, or be involved in a cross promotion, essentially opening spaces for their certified brands to get into their first retail market. This could create a combination of value added for both The Paleo Foundation and the brands," Maldonado recommends. "There is certainly a need and openness from retailers for new and creative ways to introduce their clients to some of these products and brands.

Any smart retailer would love to get behind something like that," he believes.

Whole30 Approved is based on a 30-day elimination program that excludes grains, legumes, alcohol, dairy, and sweeteners to help individuals identify problematic foods and end unhealthy cravings. [13]

7 | CERTIFICATIONS

Chomps' third-party certifications include:

- Project Non-GMO Verified
- Certified Gluten-Free
- Certified Paleo
- Keto Certified
- Whole30 Approved

OVERVIEW OF THE CERTIFICATIONS

Trends and analytics companies report having found that there has been an increase in consumers seeking alternative third-party certifications to validate if a product fits within their personal eating philosophy, or food tribe within the past 10 years. [11]

Project Non-GMO Verified is a third-party certification program that signifies to consumers that a product meets the requirements of a Non-Gmo product by way of not containing any genetically modified ingredients.

Certified Gluten-Free is a factual certification similar to Grain-Free certification in that it communicates credence qualities of a product that cannot be ascertained simply by looking at the ingredients list.

Certified Paleo is a certification program that validates products within the Paleo Food Tribe, using historical data and logical frameworks to arrive at setting a universal standard for Paleo products.

Keto Certified is an evidence-based certification program that standardizes "keto" claims for consumer packaged goods, that often requires the use of additional lab testing to verify applicability using modern methods of net carbohydrate quantification. [12]

8 | CONFLICTS OF INTEREST

The authors report no conflicts of interest.

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Kasandrinos Extra Virgin Olive Oil: Taking a Known Product to New Heights



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THIRD-PARTY CERTIFICATION RESEARCH

Kasandrinos Extra Virgin Olive Oil: Taking a Known Product to New Heights



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Abstract

Leveraging third party certifications can be an indispensable part of growing awareness of health food brands, establishing deeper consumer trust, and distinguishing products within an increasingly competitive health food market. Kasandrinos is a direct-to-consumer olive oil brand that offers fresh, singlesource olive oil to consumers around the world. In order to distinguish the quality, freshness, and health benefits of their product, the brand has relied on several independent, third party certifications to connect with a wide array of customer bases.

KEYWORDS

Third party certification, Paleo Diet, Keto Diet, Kasandrinos, Extra Virgin Olive Oil, Organic Certification

| INTRODUCTION

One of the defining characteristics of the health food industry is that companies are always trying to find and market the newest, most exotic, and mysterious superfood that was miraculously found in some Moroccan desert oasis or Peruvian mountaintop village. Perhaps our society is still looking for the famed "fountain of youth." The more exotic and unknown a food product, the better the possibility that it might just offer us that path towards immortality. While exceptional foods such as Black Maca from the Andes and purple Mangosteen from Cambodia certainly do offer unique health benefits, many of the staple food products that define the culinary traditions of western civilization continue to humbly offer healthy meals for millions of people.

Olive oil, the liquid fat obtained from olives, has long been used by different cultures located around the Mediterranean Basin. Today, millions of people around

the world regularly use olive oil due to its high content of healthy monosaturated fats, its anti-inflammatory properties, and the abundant antioxidants it contains. In fact, over 3.12 million metric tons of olive oil were produced around the world in 2019 [1]. For people on low carb diets such as the Keto Diet or the Paleo Diet, the healthy fats offered by olive oil make it an essential ingredient in most meals.

Despite its soaring popularity and widespread adoption, the quality of most olive oil found on the shelves of local supermarkets is questionable, at best. Tony Kasandrinos was raised in New York, though he spent a lot of time growing up in his father's tiny village in Greece where olive oil is not just a health food fad, but the essence of culinary and cultural traditions. As he grew up and moved around the United States, he quickly found that the difference in quality between commercially produced olive oil found at supermarkets

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and the hand-pressed olive oil from his father's village was night and day.

Today, Kasandrinos is one of the leading producers and distributors of high quality, extra virgin olive oil. They source their organic, non-GMO olives from their Grecian homeland and press the oil in small batches that ensure maximum freshness and the best taste. The company believes that "for us, olive oil isn't just a hearthealthy kitchen essential. Every bottle of Kasandrinos extra virgin olive oil is a piece of our homeland, made with economic stability, environmental sustainability, and your health in mind." [2]

In a recent interview with The Paleo Foundation, founder Tony Kasandrinos further states that, "in our case, all of the olive oil we sell comes directly from our family farm in Greece. We do not use any pesticides, and all our olives are hand-picked, without relying on machinery or tree shakers. We also have independent testing on every single batch to ensure that nothing is in there accept extra virgin olive oil."

2 | FROM FAMILY TRADITION TO A STARTUP HEALTH FOOD AND BUSINESS

In Greece, where Tony and his sister Effi (co-founder of Kasandrinos) spent time growing up, many families customarily grow and press their own olive oil. Whereas the average American only consumes 0.9 liters of olive oil each year, people in Greece consume at least 17 liters of olive oil on a yearly basis. [3]. Olive oil in Greece is pressed in small batches to ensure maximum quality and consumed fresh. Tony, used to the high-quality olive oil that his aunts and uncles grew on small farms in Greece, was appalled to find people in the United States settling for stale, mass-produced olive oil. While

these olive oil products might have certainly still offered more heart health advantages over lower-grade plant-based oils, the difference in taste and quality was apparent.

To avoid the stale bottles of olive oil sold at U.S. grocery stores, Tony and his family would regularly bring back cases of olive oil for their personal use and to gift to friends and other family members. "It was so much a part of our lives that we never realized most people in the U.S. have been drizzling stale olive oil on their food for decades," the company states. [2]

When Tony shared some of his family's olive oil with friends at the local Cross Fit gym where he was training at the time, it quickly became evident that the difference in quality was palpable to the wider public as well.

"So everybody tried it, and they loved it (and) it kind of like snowballed from there," Tony says in a recent podcast interview. "Everybody was asking me, 'Hey, can I get some more? 'I made a few more trips back to Rochester over the following months, and brought tons." With the encouragement of some friends, Tony decided to turn this side hustle into a business and create his own private label selling the Grecian olive oil produced by his family.

The company started by direct shipping to customers. "Then it got quite overwhelming, very quick. Within a few months, I was getting more orders than I could handle by myself," Tony says. As he was preparing for possible deployment with the Marines, he asked his sister Effi to join him in the entrepreneurial endeavor. Since then, Kasandrinos Extra Virgin Olive Oil has grown into a successful business selling well over \$9 million in revenue

according to Zoominfo. [4]

3 | CAPITALIZING ON QUALITY: THE FUNDAMENTAL IMPORTANCE OF EXCELLENCE IN INGREDIENTS

Regular, refined olive oil is not only less tasty than extra virgin olive oil, but it is also significantly less nutritious. The refining process strips regular olive oil from many of the important nutrients and antioxidants. Furthermore, extra virgin olive oil is superior in taste, odor, and quality because the natural extraction process ensures that the final products retain these nutrients and antioxidants from the olive fruit. Unfortunately, many olive oil products that are sold commercially in the United States and that claim to be "extra virgin" are falsely labeled. While there are strict standards regarding labeling within the olive oil industry, there is not a reliable enforcing agency and standards are routinely ignored.

Even with brands that produce 100 percent extra virgin oils, freshness is a major problem affecting both the quality and taste of the oil. According to <u>Tom Mueller</u>, an expert on olive oil production, more than half of imported, extra virgin olive oil in the United States is substandard due to issues with aging and staleness. [5]

"The fact is, it's quite often just very low-grade oil that doesn't give you the taste of the health benefits that extra virgin should give you," Mueller states. [6] The olive oil produced in the Mediterranean basin might be shipped from warehouse to warehouse before eventually ending up on the shelves of a U.S. grocery store. By the time the product is purchased and consumed, many of the heart-healthy compounds that make olive oil healthy options for our kitchens

have significantly degraded.

A recent study by the University of California, Davis went on to find that almost 70 percent of all imported olive oil products failed to meet the United States Department of Agriculture's quality standard. The main reason that millions of American consumers are eating stale olive oil is due to the fact that most imports are dominated by major corporations whose sheer size makes it close to impossible to expedite the shipping and importation process in order to maximize the freshness of the product. [7] For example, Bertolli is one of the leading producers and distributors of olive oil in the United States. While the brand might trace its origins to Italy, the company is today owned by Unilever, a large corporation that manages over 400 individual brands.

After trying the stale, nutritionally-diminished olive oils imported by these large corporations, Tony understood that there was a unique opportunity to capitalize on the quality of his family's olive oil heritage. Tony says that "we come from a tiny little... place in Greece, and (our olive oil) is not something that's mass-produced...There are certain things you can only get from a certain area...Yeah, you can get [olive oil from] California, but the bottom line is they're not the same."

Trusting that consumers in the United States would note the difference in taste and quality, Kasandrinos focused on giving out samples of their superior product to try and grow their customer base. "Any chance we get, we give samples, because, in my opinion, if you have something, especially when it comes to food if somebody is going to be trying it and they love it then they're just going to keep coming back for it," Tony says. [8]

According to their website, the company says that they "took a leap of faith that people stateside would care about the quality of their olive oil. And we were right. More and more health-enthusiasts and foodies started tasting and feeling the difference from our single-origin, small-batch, organic oil." [2]

The company continues to sell every bottle of olive oil and vinegar that they produce directly to the consumer, without any middlemen. Only this way are they able to continue to ensure the freshness of their single-origin product that is continuing to capture the attention of health food enthusiasts around the country.

4 | THE ROLE OF THIRD-PARTY CERTIFICATIONS IN ESTABLISHING A DIRECT TO CONSUMER CUSTOMER BASE

Since its beginnings, Kasandrinos has also relied on different third-party certifications help differentiate their olive oil products from the hundreds of other, mass-produced competitors on the market. In the specific case of olive oil, many consumers innately associate this product as a health food, mainly due to the adverse health effects of other low grade food oils that dominate the market. As we mentioned above, however, the founders of Kasandrinos firmly believed that the there was a unique opportunity to introduce US consumers to the much improved taste and health benefits of extra-virgin, single-origin, and fresh olive oil. How to convince consumers that a supposed health food staple could be even healthier was a challenge.

Kasandrinos currently has a number of different independent, third-party certifications for their olive oil products, including Certified Organic, Certified Paleo, Keto Certified, non-GMO certified, Certified

USDA Organic, Certified Kosher, and Bio-Hellas certified (the Greek equivalent of USDA certified). These certifications played a major role in helping to distinguish their olive oil from the mass-produced bottles currently ruling supermarket shelves. It was specifically useful to help Kasandrinos connect with different consumers following specific diets within the wider health food niche.

"We thought that having a Paleo and Keto-certified product would really help to bring awareness to our customer base who are in those groups," Tony says. "Having that certification brings a certain sense of credibility within that community. It's part of a wider brand recognition strategy in order to connect with different customer bases. When people see the different logos and know that we have those certifications, it certainly adds to the credibility we need with an important part of our customer base."

A 2015 article published in The Journal of Business Ethics identifies consumer trust "as a distinct volition factor influencing the likelihood that consumers will act on green intentions and strongly emphasizes the needs to manage consumer trust as a prerequisite for the development of a market for green products." [9]

Kasandrinos confirmed that third-party certifications were certainly an important aspect of managing and increasing that sense of consumer trust. "With the Paleo and Keto community, people are obviously looking for certification, and this is just another aspect that differentiates us from average and run of the mill brand that isn't doing good farming or adding all sorts of things into the olive oil they sell," Tony says.

Among the different third party certifications that Kasandrinos boasts, Tony finds that the USDA organic certification and the bio-Hellas certification (which is

essentially the same thing as USDA organic for the country of Greece) offer a more universal appeal to the growing consumer consensus demanding healthier food options. "Non-GMO verified is also growing in importance," Tony believes. "As more and more food is genetically modified in today's world, people are worried about the effects of genetically modifying foods. Many of our customers have corresponded with us to ask about Non-GMO certification," he says.

Whereas the USDA Organic and Non-GMO certifications tend to appeal to a much more general audience, the Paleo and Keto certifications are more specific to different audiences and people following those particular diets. Though more focused in scope, Tony believes that these types of certifications are important in helping to develop a loyal consumer base within specific diet communities.

"Obviously, events aren't happening at all right now, but we used to promote our certifications at inperson events," Tony explains. "At Paleo f(x), for example, we obviously have promoted that we're Paleo certified. Similarly, at a gluten-free conference, it's great to have the Keto or Paleo logo at your booth. So these certifications are great to have for inperson marketing and events in order to connect with the customer who follows these diets."

Kasandrinos also has the logos of their different certifications visibly printed on their products in order to help with brand visibility and transparency. Furthermore, the company utilizes their certifications via their social media channels. "When we interact with the Keto community on social media, for example, we let them know this is a Keto-certified product," Tony details.

Kasandrinos continues to market exclusively direct to their consumers, so they don't know if third party certifications can help to establish a foothold in the retailer market. However, the company is starting to expand into international markets with their direct-to-consumer sales.

"During this process (of expansion into international markets) we have been finding that the Paleo and Keto diets definitely have an international appeal," Tony believes. "The international community definitely knows of these diets, and I feel that in some places, these communities seem to be growing more than in the US. For example, the Paleo Diet seems to be a big thing in Australia, and we definitely get lots of customers asking us about these types of certifications. People correspond with us to specifically ask if we are Keto Certified or Paleo Certified."

Leveraging their third party certifications has been an indispensable part of growing the Kasandrinos olive oil brand. As more and more consumers look towards independent, third party certifications to guide their purchasing decisions, Tony believes that there is an opportunity for these certifiers to improve the services they offer, both for the brands and the end consumer.

"I think the best thing we could ask as a brand is for these independent certifiers to create an up-to-date database where consumers can go to check to see if something is approved or certified. Making these certifications very customer friendly to check and verify can help the brands and the customers," he says. Furthermore, Tony also believes that making the certification process as straightforward as possible is another important element that will allow more brands to take advantage of third party

certification. "From a brand perspective, making the process of certification, verification, or approval very streamlined and as user friendly as possible is also important," he believes. "I understand that some certifications need to be thorough, but with some of the certifications it can seem like a bit too much and a pain for the brand going through the process."

To this day, Kasandrinos continues to operate via direct to consumer operation, shipping their fresh, premium-grade olive oil to thousands of clients around the world.

5 | KASANDRINOS CERTIFICATIONS

Kasandrinos third-party certifications include:

- Certified USDA Organic
- Certified Paleo
- Keto Certified
- Non-GMO certified
- Certified Kosher
- Bio-Hellas certified

6 | CONFLICTS OF INTEREST

The authors report no conflicts of interest.

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Lesser Evil: A Health Food Brand that is Embracing Multifaceted Sustainability



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KEYWORDS

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- · Lesser Evil
- · Sustainability
- · Third party certification
- · Paleo Certification
- · Grain-Free Certification

THIRD-PARTY CERTIFICATION RESEARCH

Lesser Evil: A Health Food Brand that is Embracing Multifaceted Sustainability



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Abstract

Growing consumer demand for healthy and sustainable food products is opening up markets for health food brands. As consumer interest grows, brands that can show demonstrable and verifiable best practices in everything from ingredient sourcing to environmentally friendly packaging stand to benefit from this market opportunity. Lesser Evil is one healthy snack brand that has successfully tapped into this growing consumer awareness for health and sustainability. Their independent, third party certifications are just one aspect of an integrated branding strategy focused on multifaceted sustainability.

KEYWORDS

Third party certification, Paleo Diet, Lesser Evil, Sustainability, Grain-Free Certification

| INTRODUCTION

oday, most major food producers, distributors, and corporations out there understand that the average consumer has concerns about where their food comes from, how healthy it is, and the impact it has on society and the wider environment. Even if they're not fully dedicated to fair wages for migrant farm workers or cutting out trace glyphosate from foods we eat, most people do want healthy food that didn't require burning down swaths of the Amazon rainforest in order to source primary ingredients. In fact, a recent survey by L.E.K. Consulting Group titled "Consumer Health Claims 3.0: The Next Generation of Mindful Food Consumption," finds that at least seven out of every ten consumers say that they are willing to pay a premium price for food products that are branded as natural, ethical, or otherwise more healthy and sustainable. [1]

Unfortunately, so many food companies and conglomerates consider this encouraging consumer trend as just another way to use marketing ploys in order to increase their profit margins. Very few food brands willingly increase their production, manufacturing, or distribution costs in order to truly offer healthier and more environmentally friendly food products for the end consumer. Vegetable oils that claim to use healthier and more sustainable olive or coconut oil, might only add trace amounts of these oils while continuing to rely on palm and soy oils as the main ingredients in their products. While the actual product is just as unhealthy and environmentally damaging, these green-washing companies are able to tap into consumer desire for better food products in order to increase their market share.

Sustainability in the food industry really has no exact definition or necessary attributes. It is one of those words that can mean everything or nothing, depending on who you ask. Lesser Evil is one health food brand offering a wide variety of healthy snacks that, unlike most food corporations, takes sustainability seriously and has made it a genuine quiding value of the company ethos.

2 | WHO IS LESSER EVIL?

Lesser Evil was a snack food company that originally got its start several decades ago when the Atkins Diet was taking the country by storm. As the brand name suggests, the original idea was to offer people snack food options that were less damaging than the potato chips and cheese puffs that we had become used to. The brand stopped short of actually providing healthy snack food options for people. As this original low-carb diet started to lose traction amongst the population, Lesser Evil was losing customers and in serious financial stress. In 2012, Charles Coristine bought the company and began a serious rebranding process focused on developing truly healthy and sustainable products that people could feel good about eating.

According to their website, their mission states: "We envision a better world where businesses prosper by providing benefit for all. We must be the change we want by caring for our employees and customers, giving back to our communities and fostering business practices that benefit the planet. We strive to grow our business by fostering the most transparency and integrity of any food company in our industry." [2]

Among their leading snack food products, the company offers organic popcorn made with organic coconut oil, extra-virgin avocado oil and organic, grass-fed ghee.

Their Grain-Free Certified Paleo Puffs are made from organic cassava, coconut and sweet potato flours, and offer a nutritious snack option for the millions of people following the Paleo, Keto, Whole30, and other grainfree diets. Similarly, their grain free egg white curls are crafted with sustainably-sourced ingredients like American Humane certified cage-free egg white powder, organic avocado oil and Himalayan pink salt.

After the successful rebranding campaign focused on healthy and more sustainable products, Lesser Evil was able to drastically increase its customer base, and has expanded its distribution. Today, the company's Buddha Bowls of popcorn, egg white curls, and other healthy, low carb snack options can be found at retailers such as Whole Foods and Natural Grocers across the country. They also have a thriving ecommerce business and sell their snack food products on online marketplaces such as Amazon, Thrive Market and Vitacost.

3 | AN OVERARCHING COMMITMENT TO HEALTH AND SUSTAINABILITY IN THE SNACK INDUSTRY

Healthier ingredients are only one aspect of the overall vision for a sustainable company that drives Lesser Evil. In a recent interview with Forbes Magazine, Coristine says that "we're becoming more energy-efficient. We're composting our waste. We're now the first snack brand to use biodegradable packaging. We're also committed to providing organic products at almost the same price point as conventional popcorn. [3] " Unlike most food companies, Lesser Evil owns their own manufacturing facility. This allows the brand a rigorous level of control in regards to the quality of ingredients, the manufacturing process, and how workers are treated. The vision for a truly sustainable business practice that guides Lesser Evil can be broken down into three essential elements, which we will explore below:

SUSTAINABLE AND ORGANIC INGREDIENT SOURCING:

The ethic of sustainability at Lesser Evil begins with providing their customers with natural, non-GMO ingredients. The company operates under the assumptions that "lesser is better," and attempts to reduce as much as possible the long ingredients lists filled with chemical additives and preservatives that have come to dominate most industrially produced food products.

According to a letter to their customers, Coristine says that "as for our products — it's all about sourcing the very best ingredients and providing them at a value proposition that no other brand can. Because we own our own facility, we don't have to pay a middleman to manufacture our products like many food companies do. We also have built an amazing supply chain and warehouse our own ingredients which adds to the cost savings. While we source many of ingredients as locally as possible, there are some ingredients we have to source internationally." [4]

Some of the international ingredients they use in their products include organic cold-pressed, extra virgin coconut oil from the Philippines, cold-pressed avocado oil from Mexico, and organic grass-fed ghee from New Zealand. All of the popcorn they use is locally sourced and 100 percent organically grown.

Despite the fact that most of the sustainably-farmed and produced ingredients they use cost up to three times as much as conventional crops produced with an abundance of agro-chemicals, Lesser Evil is still able to sell all of their snack food products at cost-competitive prices. Coristine adds that "our mantra around food is that we would not put anything in our snacks that we wouldn't feed our own children."

PRODUCTION EFFICIENCIES

One of the hidden environmental and social costs of the dinner on our dining room table is related to the production of those foods. Even the most environmentally-conscious consumers who prioritize sustainably-farmed ingredients and fair trade food products rarely think about the greenhouse gas emissions and other environmental consequences that come from the production and manufacture of foods.

The food industry is responsible for up to 26 percent of all global greenhouse gas emissions. [5] While much of those emissions are tied to crop production and changes in land use patterns, almost one-fifth of food-related emissions come from the supply chain, including processing, transport, packaging, and retail.

Lesser Evil is committed to reducing the carbon footprint of its manufacturing and production facility. Coristine says that "we also believe in global warming and believe the time to act is NOW. In connection with the state of CT we are participating in energy saving initiatives at our factory and office." [4] The fact that they also source locally much of their ingredients also cuts into the emissions associated with the transport of food.

Caitlin Mack, Senior Brand Manager for Lesser Evil says that: "I think that the world is continuing to evolve. We're seeing things with our planet and global warming and as a company we are trying to do a small part. Our goal is to have what we're making have as little negative impact as possible." Owning their own factory and manufacturing facility has also allowed the company to take direct control of the process of cleaning up the inefficiencies involved in production.

They have installed on demand water faucets and use an energy recovery ventilator that utilizes the hot air from the facility and uses that to melt oil instead of using any extra heating source. The company is also in the process of installing solar panels on their factory. According to Mack, "owning our own facility allows us to impact the manufacturing process to be as green as possible."

PACKAGING THAT IS LESS DAMAGING FOR THE ENVIRONMENT

In recent years, millions of shoppers around the world have taken the "plastic vs. paper" shopping bag debate to more profound levels. Reusable, cloth bags are commonly used by shoppers across the country. A 2018 survey found that 38.68 percent of people aged 18 to 29 years claimed to regularly use reusable grocery bags made from cloth or other materials. That number increased to almost 50 percent for shoppers over the age of 50, perhaps challenging the assumption that younger consumers are more environmentally conscious than older generation. [6]

While reusable shopping bags have avoided the production of millions of plastic and paper "one-use" bags, the amount of throw-away plastic, paper, and cardboard that we accumulate when purchasing items throughout the aisles of a supermarket is a more worrisome source of waste associated with grocery shopping. Even if you try to purchase mostly fresh fruits and vegetables, the majority of other common food items that the vast majority of people rely on come packaged in absurd amounts of plastic.

The growing trend of plastic-free supermarkets expanding across Europe offers a hopeful example of cutting plastic out of our food sourcing. [7] Lesser Evil contributes to this "less-waste" ethic by using only enhanced biodegradable packaging for their products. Specifically, the company uses NEO plastics for their packaging.

This type of plastic incorporates a type of enzyme that helps break down more quickly. "We are always wanting to up the level of the packaging," Mack tells us. We care about this and we know that's consumers care about that as well." The company also composts a large amount of its factory waste, thus further reducing stress on landfills around the country which are quickly filling up.

4 | THE ROLE OF THIRD-PARTY CERTIFICATIONS IN CARVING OUT AN IDENTITY IN THE HEALTH AND SUSTAINABILITY FOOD MARKET

A study titled "Third-Party Certification in the Global Agrifood System" published in the journal Food Policy states the following [8]:

Recently, third-party certification (TPC) has emerged as a significant regulatory mechanism in the global agrifood system. It reflects a broader shift from public to private governance. Traditionally, government agencies were responsible for monitoring food safety and quality standards. However, the globalization of the agrifood system, the consolidation of the food retail industry, and the rise in private retailer standards have precipitated a shift in responsibility for this task to third-party certifiers. This development is reconfiguring social, political, and economic relations throughout the contemporary agrifood system...At the same time, TPC also offers opportunities to create alternative practices that are more socially and environmentally sustainable.

Lesser Evil, with its rigorous focus on sustainability, has naturally found an ally in third party certifications as they seek to take their healthy and environmentally sustainable snack alternatives into the mainstream. In the past couple of years, several of the products marketed by the company have achieved Paleo Certification, Keto certification, and Grain-Free certification from the Paleo Foundation. The brand is also certified USDA Organic, non-GMO verified, and Kosher certified.

Caitlin Mack, the senior brand manager at Lesser Evil, believes that these certifications fit into the company 's sustainability-focused business model. "We started with Paleo and Grain-free/Gluten free certification," Mack says. "We thought there was a gap in the marketplace. People are looking for grain free products due to dietary restrictions and lifestyle choices, and honestly there are not a lot of tasty options in the grain-free market." In the past couple of years, the company has created innovative, grain-free products such as their Paleo Puffs, Power Curls, and Veggie Sticks that fit in with their growing portfolio of grain-free and certified Paleo snack options.

Mack believes that the company's Paleo certification has played a major role in increasing its customer base. "Even if people aren't eating a Paleo diet, they understand the different values behind the Paleo diet," Mack says. "If they choose a snack, they want minimal processing, clean ingredients. So our certifications let people know that everything is tested. This ups our trustworthiness."

Though Lesser Evil was originally focused on carving out a niche within the popcorn market, their product innovation, and Grain-Free and Paleo certifications have opened a whole new market for the brand. "At first, we were heavily focused on popcorn as our key product line," Mack says.

"With our Paleo Puffs, it unlocked a whole new market in the grain free space. Consumers know us now for our grain-free products. We get a lot of people saying that they love Cheetos, but can't eat them anymore due to diets. They found the Paleo Puffs and it really checks all the boxes for them. This really opened up a whole different type of market and our consumers have come to know us as the trustworthy brand providing grain-free snacks."

Increasing levels of trust with consumers who are taking an increasingly proactive role in sourcing healthy food options is key for brands within the health food industry. "You can make any claim you want, but adding third-party certifiers adds a level to that trustworthiness," Mack believes. "Knowing that there was another check that meets certain guidelines and qualifications is important, and people are becoming more familiar and understanding that process."

Though Lesser Evil has prioritized their Paleo and grain-free products, they also believe that all of their different third-party certifications bring their own niche markets and appeal to different consumer interests. "People have become more conscious about what they eating. Non-GMO and USDA organic are benchmarks that people expect," Mack states. "The Paleo and Grain-Free certification is an added level of clout for our products...another check in place to meet all those guidelines that people want."

Displaying third-party certifications on packaging, websites, and other promotional material is the most standard way of letting consumers know of the third-party certifications that a brand possesses. However, Lesser Evil also developed specific marketing strategies focused on using these certifications to help their brand stand out from the competition.

We always tout our third-party certifications in our different marketing channels," Mack says. "Before COVID, we were going to lots of consumer events, and these certifications are certainly good talking points to have."

Lesser Evil also uses their third party certifications in most of their retailer meetings. "Buyers (with retailers) know about the trends and like these certifications. Giving them that extra level of certification is beneficial to them. At the end of the day they want the best products for their consumers," Mack affirms.

While third-party certifications obviously appeal to organic grocers and food retailers with a focus on natural diets, Mack also believes that there is a growing interest across the market for healthier food alternatives. "I will say that in the past year or so, interest in third party certifications has moved beyond just the natural retailers," Mack says. "Even with the everyday big box stores it is growing because it is becoming more common in the consumer lexicon. All retailers are becoming more aware of these diets and have more interest in providing these types of products," she believes.

Through carefully sourcing organic, local, and non-GMO ingredients, maximizing the energy efficiency of their production facilities, and committing to less waste in their production and packaging, Lesser Evil offers an example of how food brands can make sustainability a central part of their business ethos. Their third party certifications are another integral part of their commitment to health and sustainability as they add a level of consumer trust.

5 | LESSER EVIL CERTIFICATIONS

Lesser Evil's third-party certifications include:

- Paleo Certified
- Keto Certified
- Grain Free Certified
- Non-GMO Project Certified
- Kosher Certified
- USDA Organic

6 | CONFLICTS OF INTEREST

The authors report no conflicts of interest.

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Natural Force: Third Party Certifications and a Remote Workforce to Drive Creativity and Productivity



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KEYWORDS

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- · Natural Force
- · Certified B Corporation
- · Remote workforce
- · Keto Certification
- · Paleo Certification

THIRD-PARTY CERTIFICATION RESEARCH

Natural Force: Third Party Certifications and a Remote Workforce to Drive Creativity and Productivity



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Abstract

Natural Force is a health food brand with a constantly expanding line of health-enhancing supplements. The self-funded, \$10,000 startup company grew by over 400 percent a year with an innovative workforce strategy, employing only remote workers. The brand also relies heavily on its several, independent, third party certifications as a means to attract customers and new retail clients. This Natural Force case study analyzes the role of independent, third-party certifications in building the trust of a customer base in order to generate brand growth.

KEYWORDS

Third party certification, Natural Force, Certified B Corporation, Remote workforce

| INTRODUCTION

espite the fact that less than one-quarter of the American population is getting the recommended amount of exercise per week never before have America's gyms and fitness/health centers been more visited. [1] There were over 60 million active gym memberships in 2017, up from just 46 million gym membership a decade earlier [2].

Simply put, people want to live healthier lives, and staying fit is high on the priority of list for millions of people across the country. Alongside gym memberships, nutritional or dietary supplements are another essential element that people rely on to help them meet their nutritional and wellness related goals.

According to one recent report, the global dietary supplements market was worth \$123.28 billion dollars in 2019 [3]. Over the next couple of years, this market is expected to grow at a compound annual growth rate of 8.2 percent.

Unfortunately, many supplements that are deemed as "healthy" or "nutritious" are often filled with an absurd amount of artificial fillers, preservatives, colorants, and other chemical additives.

In 2009, two gym buddies came together to create Natural Force, a health food and supplement brand focused on helping consumers find nutrition supplements that they can trust [4]. The brand focuses on bringing the "nutritious" aspect back into the supplement industry. Besides rejecting all unnecessary fillers, synthetic colors, and other artificial ingredients, most of the company's products incorporate herbs and superfoods that have been time-tested by ancestral cultures around the world.

Over the past decade, co-founders Joe Rakoski and Justin Quinn have built a thriving health food brand that has revolutionized the supplement industry. The company grew an impressive 1,161 percent from 2014

to 2017. Last year, they ranked in the top 20 percent of Inc.'s annual guide to the 5,000 fastest-growing privately held companies in the U.S., showing over 458 percent annual growth and netting \$4 million in revenue [5].

2 | WHO IS NATURAL FORCE?

Natural Force got its start when Rakoski and Quinn pooled together \$10,000 of their personal savings, sourced natural, raw ingredients to make their own nutritional supplements, and hired a manufacturer to make their products. From those humble beginnings, the company's product catalog today includes a huge variety of natural, health-enhancing supplements, including clean proteins like grass-fed Collagen Peptides, wild-caught Marine Collagen, Bone Broth Protein, Organic Whey Protein, Whey Isolate, and Plant Protein.

Natural Force also makes and markets high quality fats such as their Keto Coffee Creamer and Organic MCT Oil. Other superfood and fitness-related supplements include functional mushroom, and adaptogen powered performance blends like Raw Tea, Organic Pre-Workout, Cordyceps Pro, Alpha Strength, and Tribal Endurance. Most of the company's products have received some sort of certification, including gluten-free, keto, kosher, non-GMO, organic, paleo, and vegan certified products.

On the company's website, consumers can shop for a wide variety of health and nutritional supplements through filtering products by diet and by goal. For example, people can search for Natural Force supplements that respond to the following goals: metabolism, energy, digestion, joints, and beauty. Similarly, the products offered by Natural Force can be filtered according to popular diets such as Keto, Paleo, vegan, organic, gluten-free, and non-GMO

[EXHIBIT A].

2 | THE DECISION TO EMPLOY A REMOTE WORKFORCE

So how does a health food brand focused on transforming the dietary and nutritional supplement industry grow from a self-funded \$10,000 startup to a company growing by over 400 percent a year with \$4 million in revenue?

Interestingly enough, during the early stages of their business, Rakoski and Quinn were invited to participate in Shark Tank, the business reality TV series where entrepreneurs attempt to convince a panel of five investors to invest in their company. After running some numbers, however, both of them decided that their business plan and model didn't require a large sum of money to get started. They actually turned down the invitation to Shark Tank and instead focused on raising money from friends and family who trusted them and believed in the vision and purpose of their brand.

The real growth of Natural Force, however, took off when they began to build a team. Instead of going the "traditional" route of renting space in an office building and hiring local employees, Quinn and Rakoski believed that hiring a remote workforce would make more sense on many different levels. According to Quinn, "there are people in three different states, different countries, and everyone works remotely. Even Joe and I. Joe is in Maryland and I'm in Florida. We lived near each other in Maryland and we had an office above one of my high-school friend's parent's insurance company, but we got to a point where we both wanted to go different places." [6]

























EXHIBIT A: An assortment of Certified Paleo, Keto Certified products from Natural Force.

Companies of all different sizes that relied either partly or completely on a remote workforce enjoyed an estimated \$5 billion in cost savings in 2018 [7]. According to PGI news, getting rid of burdensome overhead costs such as rent, utilities, building insurance, etc. when working with full-time remote workers adds up to about \$10,000 in savings per employee per year [8].

Saving on overhead costs is certainly one tangible benefit that comes with hiring remote workers. However, other studies have also shown that remote workers tend to drastically increase the productivity levels of the company. Stanford University carried out a two-year study that compared productivity levels between people in traditional office setting and those who worked from home. The study concluded that productivity levels for people who worked from home were much higher than those in office settings, and added a full day of productivity each week [9]. Furthermore, the study found that remote employees working from home had higher levels of concentration, employee attrition rate decreased by half, and fewer sick days were taken. Corroborating the data mentioned above, the study also found that businesses could save up to \$2,000 per employee per year on eliminating rent expenses.

Tony Federico, VP of Marketing at Natural Force added in an interview with Spearhead Certifications that "communication tools like Slack and Zoom are also widely available and easy to use, so we felt confident that we would be able to translate the benefits of a physical office to a digital workspace. A digital workforce would also allow us to recruit the best talent, regardless of where they live, without the need for them to relocate and disrupt their lives. With that calculus in mind, we made the decision to go fully remote and virtual with our team in 2017.

Looking back on this decision, especially in light of the completely unforeseen advent of Covid-19, we are extremely happy that we made that choice."

Natural Force relies entirely on a remote team of employees. However, they also spend energy and resources to make sure that the team is all on the same page and committed to the same goals. According to Quinn, "we hire remotely, and when we do that, one of the first key steps is we'll have them come to Florida to meet with us, to indoctrinate them into our culture. We do some work for a couple days and set some objectives, and then they go back home. We still see each other, but the time that we do see each other is either right when they come on or every year at the summit, and then we go to events throughout the year" [10].

The Natural Force team relies on several messaging services such as Slack to maintain constant streams of communication. Freedcamp, a project management platform and cloud-based file storage systems like Dropbox also help the company effectively collaborate on projects and business goals. "This model really forces us to keep solid processes in place and focus on healthy communication," says Quinn" [11]. Without clear goals and consistent workflows, nothing would ever get done."

While perhaps unconventional, a dedication to a remote workforce is one of the keys to Natural Force 's sustained success. The workplace systems Quinn and Rakoski have put into motion have allowed for extremely efficient workflows, and the flexible schedules that naturally arise with a workforce spread across the globe have also helped individual team members to create rhythms that maximize their productivity levels. Quinn also mentions that hiring remotely has allowed Natural Force to attract tech-

savvy individuals and hire a more diverse team of employees.

Natural Force has also specifically chosen to only work with remote employees because, as a health supplement brand, they believe in the concept of holistic health. Working a monotonous 9 to 5 job in a bland office environment with tedious morning and afternoon commutes can be draining, both physically and mentally. According to Rakoski, "we believe you should begin living your life right now...That means having the flexibility to do so, to travel, and contribute to life-long learning and growth [12]."

Lastly, working with an entirely remote workforce also reduces the company's carbon footprint. "Our company has always believed in questioning the status quo, so when our team began to grow, we looked at the actual costs versus benefits of a physical office space," Federico tells us. "On one hand, a physical office allows for direct face-to-face communication between team members, which is obviously a great thing, but it is very inefficient otherwise. In addition to the immediate expense of leasing office space, there are heating/cooling costs that put demands on our natural resources. Employees are also required to drive to and from work which burns more fossil fuels and impacts worker well-being by imposing hours of commute time. By comparison, a digital office space allows employees to utilize their own homes, so there is no additional demand on resources and there is no need to commute."

4 | BECOMING A B-CORPORATION AS A "FORCE" FOR GOOD

Natural Force has leveraged the advantages of a remote workforce to increase employee satisfaction

and productivity levels in order to grow their brand. Instead of simply focusing on increasing their bottom line of profit, however, the brand is also committed to contributing to wider environmental and social benefits. Recently, the company has received certification as a B Corporation. This certification process allows mission-driven companies to show their customers that they "meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose [13]."

As part of a global movement of people using business as a force for good, Natural Force states that "we believe in using business (and profit) as a force for good. Each year we will publish a public Impact Assessment...that ensures that we are continually meeting the highest standards. [14]" According to their 2018 report, "Natural Force supports its workers by offering medical and dental health benefits, living wages, paid parental leave for both primary and secondary caregivers, and annual bonuses to all full-time employees. Our culture also encourages a positive work-life balance by allowing all employees to enjoy the benefits of working in a virtual office environment with flexible hours."

The company also scored high on their 2018 B-Corporation assessment due to their commitment to sustainable sourcing of organic, non-GMO ingredients and a pledge to only packaging their supplements in fully recyclable packaging. The business model exemplified by Natural Force proves that health food brands and entrepreneurial endeavors can be extremely successful while maintaining a focus on fair workforce practices and environmental ethics.

5 | THE ROLE OF THIRD-PARTY CERTIFICATIONS IN BUILDING THE TRUST OF A CONSUMER BASE

From the outset, Natural Force chose to use several independent third-party certifications for their products. Tony Federico, VP of Marketing at Natural Force, comments that "our goal is to provide our customers nutrition they can trust, but we don't expect them to simply take our word for it! That's why in 2018 we opened up our business to B Lab and went through the process of becoming a certified B Corp (Benefit Corporation) as this puts the values of environmental sustainability, public transparency, and legal accountability right into our corporate charter."

Becoming a B Corporation fit into the company's sustainability-focused business model, and also allowed for a greater sense of transparency. "We send all of our products to third-party laboratories for testing, the results of which we share freely with our customers right on our website, so customers can see exactly what is, and what is not, in our products in full detail," Federico mentions.

A recent study titled "A Meta-Analysis of Food Labeling Effects on Consumer Diet Behaviors and Industry Practices" published in the American Journal of Preventive Medicine found that food labeling practices did have some effects on consumer choices [15]. Specifically, the study determined that increased consumer interest in nutrition labels and nutrition claims reduced the intake of "generally unhealthy choices" by 13 percent.

However, with half of Americans claiming to find food labels misleading, companies like Natural Force understand and take advantage of the need for Third Party certification programs in building the trust of their customer base. "That's why we work with trusted, third-party certifiers such as Spearhead Certifications, Project Non-GMO, and American Humane, as this confirms our dedication to sourcing the cleanest, best-quality ingredients possible," Federico affirms.

But which third party certifications should health food brands prioritize? "Today's consumers are looking for nutrition products that fit their specific values, which is why each certification is valuable in its own way," he explains. "For people following very low carbohydrate ketogenic diets, seeing a Keto Certified seal is very impactful. For those who "eat like a caveman" and want to avoid Neolithic foods like grains, legumes, and industrial seed oils, Paleo Certified is key. And even if a consumer does not follow a specific diet, seeing a variety of certifications like Paleo and Keto may inspire them to learn more about these dietary approaches, so there is still value there!"

When initially when starting out as a brand, Natural Force was inherently attracted to the Paleo Diet as an inherent part of their brand identity. "Our founders Joe and Justin were following a Paleo diet when they started Natural Force, so we have been Paleo-minded from the very beginning," Federico says. "From a marketing perspective, this led to us attending events like Paleo f(x) where we were able to get direct product feedback from enthusiastic and highly informed Paleo consumers. Our Certified Paleo products have also been featured in Paleo Magazine numerous times and have even won Paleo Magazine reader's choice awards, accolades that 100 percent boosted our brand awareness and consumer interest," he says.

Not only did Natural Force's Paleo certification help to cement their brand identity and create a greater transparency with customers, but it also was fundamental in helping them conquer retail spaces early on in their formation. "Being early adopters of both Paleo and Keto Certification also gave us an advantage in the brick-and-mortar retail space as well as online," Federico says. "Instead of 'jumping on the bandwagon' when these trends took off, we were already buckled-up and ready to go!"

Federico believes that buyers for medium to large retailers are continuously analyzing market trends, consumer preferences, and other relevant data related to what people are purchasing for their dinner tables. "Retail buyers are no different than any other customer, so when they are seeing *Keto Diet* everywhere, and you can present them with an opportunity to carry something that is Keto Certified, it is very compelling," he says.

The company's Keto and Paleo certifications have also played an important role in helping Natural Force to determine which retail spaces to prioritize for their products, based on the coherency of the fit. "(Our third party certification) help us to identify which retailers we even want to work with, as we are very selective with our wholesale partnerships," Federico mentions. "When a retailer is interested in Paleo and Keto, it is usually a sign that we will have a strong values match with them, so it is a great indicator of potential in the partnership."

For startup health food brands, picking and choosing which retailers to work with might seem like a luxury. However, Federico believes that using your third party certifications as a cornerstone of your brand identity can help to orient and direct your marketing strategy, your product formulation, and other important aspects of growing the brand.

"Even before a product launches, knowing what certification you are targeting can help guide the formulation process. For example, if a new brand owner wants to make a low-carb chocolate bar, going into the process with a Keto certification in mind can help guide the formulation process and will make it more efficient," Federico says.

"They could, for example, reference Spearhead Certifications's Keto resources and see which sweeteners are appropriate for a Keto diet. After formulation is complete, the brand could then reach out to Keto influencers and though leaders to get direct feedback and input on their concept. And finally, when the product is ready to launch, creative assets focused on the products Keto Certified status can be activated with PPC advertising campaigns that directly target consumers interested in Keto snacks and desserts."

Market trends and consumer demand are in a state of constant fluctuation, as any brand knows. Whereas some third party certifications languish in stagnant policies and standards, Natural Force appreciates the effort of Spearhead Certifications to remain at the forefront of these evolving issues. "Dietary trends are constantly evolving, so we appreciate how Spearhead Certifications regularly updates certifications like Paleo and Keto to match the latest science and emerging trends," Federico says.

6 | NATURAL FORCE CERTIFICATIONS

- Certified Paleo
- Keto Certified
- Non-GMO Project Certified
- USDA Organic
- Certified B Corporation

7 | CONFLICTS OF INTEREST

The authors report no conflicts of interest.

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