

## Once Again Nut Butter Finds Creative Ways to Grow Sales Potential

*Company supplies peanut butter to energy-bar manufacturers, debuts no-stir organic line*

Heightened consumer concern over nut allergies combined with an already nearly stagnant market for peanut and nut butters have forced **Once Again Nut Butter** to update its facilities, innovate its product line and search for new revenue opportunities.

Nunda, New York-based Once Again opened up shop more than 25 years ago as a worker-owned cooperative. Peanut butter was the company's first product, and this lunch-box mainstay remains an important contributor to the company's bottom line. But to keep up with changing consumer tastes, Once Again has added natural and organic almond and cashew butters and organic sunflower butter to its product offerings. The company also sells a selection of both natural and organic bulk peanuts, cashews and almonds and produces a line of natural raw honey under the *Dawes Hill* brand.

In March 2007, Once Again rolled out two new organic nut butters (and a third all-natural) containing omega-3 fatty acid-rich organic flax seed oil. The company also debuted the first line of certified organic peanut butter that doesn't require stirring (patent-pending) in 2004. The company's products are available in sizes ranging from 1-pound jars to bulk drums.

*Nutrition Business Journal* research found that sales of organic jams, jellies and nut butters grew 21% to \$88 million last year. Helping to drive this growth was the March 2007 recall of **ConAgra's Peter Pan** and other conventional peanut butter brands linked to a salmonella outbreak.

Organic peanut butter alone comprises about \$4 million of Once Again's annual

revenues. However, expanding its product line beyond good, old-fashioned peanut butter to include healthier and nut-alternative products has been essential for Once Again. While market research shows that peanut butter remains a staple in every American household, sales are predicted to decline over time across conventional retail outlets, according to Chicago-based research firm **Mintel**. Fueling this decrease will be a lack of product innovation by the major players and changing consumer lifestyles.

"Consumers are eating [peanut butter] products less frequently at home and, therefore, repurchasing them less often," **Mintel** wrote in its 2006 *Sweet Spreads* report. "Market players are being forced to contend with stiff product competition from other spreads, such as cream cheese, and from products outside the category that contain nut and/or jam 'flavor notes.'"

---

*Peanut butter remains a consumer staple, but sales are expected to decline over time across conventional retail stores.*

---

Once Again's new products helped to grow the company's revenues by \$1 million to \$14 million in 2007, according to the company's general manager, Robert Gelser.

Gelser said Once Again wants to grow its organic and natural nut butter business by shoring up its position in its primary distribution channel—the natural marketplace—through additional product introductions. According to **Mintel**, peanut and nut butter sales to natural product stores reached \$32 million in 2006, and that number is expected to grow. Sales of peanut butter in natural food channels represented around 4% of the Food Drug and Mass Market sales (excluding **Wal-Mart**) in 2006.

Once Again also has an eye toward breaking further into the mainstream grocery market, Gelser said. "We are hoping to get

greater mass distribution this year." In January, Once Again added new West Coast sales brokers to help with the expansion. "The West Coast has been a traditionally weak market for us," Gelser said.

### Expansion into Energy Bars

Once Again's certified organic labeling—which it has on approximately 65 percent of its nut butter products—has helped set the company's offerings apart from the growing selection of nut butters available on natural and conventional store shelves. However, with market growth expected to slow for nut butters, Once Again is also looking to new facility and product innovations to help fuel future growth, Gelser said.

In 2005, Once Again began renovating and expanding its Nunda facility to accommodate future growth and to create separate production spaces for peanuts and other nuts. The project, which is about 75 percent complete, will enable the company to assuage growing concerns over nut allergies by ensuring its non-peanut products do not contain any peanut residue. According to the **Mt. Sinai School of Medicine**, the rate of peanut allergies in the United States jumped from one in 250 people in 1997 to one in 125 people in 2002. The **National Institute of Allergy and Infectious Diseases** reports that peanut or tree nut allergies affect approximately 3 million Americans and cause the most severe food-induced allergic reactions.

Last year, Once Again also decided to begin providing organic peanut butter and other nut materials to energy bar manufacturers. "Even though our traditional branded sales were doing well, we entered the raw material market," Gelser said. "We looked at the popularity of nutrition bars and power bars and saw that so many of them contained peanut butter."

**Mintel** research shows Once Again's move into the burgeoning health and nutrition bar market will help it tap into a segment of consumers who do not eat nut butters. According to **Mintel's Sweet Spreads** report, "Some 15 percent of respondents [who] do not eat peanut butter say it is because they

eat other things with peanut flavor, [such as] cereal bars or cookies.” The report also confirms Gelser’s observations that the number of new food products launched with some type of peanut butter flavor (either as a primary or secondary flavor) has steadily increased over the years.

Organic peanut butter makes up about 98% of Once Again’s raw material sales, Gelser said. The company’s foray into the raw materials market may require Once Again to once again expand its operations, he added.

## Market Consolidation

Along with a decrease in peanut butter popularity and an increase in peanut allergies, Once Again must also face growing competition in the organic and natural nut butters market.

One of the company’s primary competitors, *MaraNatha Nut Butters*, was sold to natural products giant **The Hain Celestial Group** in March for an undisclosed amount. Hain also purchased *MaraNatha*’s Ashland, Oregon-based nut butter production facility and the *SunSpire* chocolate brand as part of the deal with **American Capital Strategies Ltd.** The *MaraNatha* and *SunSpire* brands generated sales of approximately \$40 million in the United States and Canada last year, published reports say.

What the *MaraNatha* sale will mean for Once Again (and others in the industry) is unclear at present. Gelser said the initial report of the sale did concern him, but then he talked to his retail customers. “I now think there is an opportunity that Once Again Nut Butter can take advantage of,” Gelser said. “As a mid-sized company, we can [continue to] offer the type of customer service that retailers want. People can call [us] and still get a live person on the phone.”

Other players in the natural and organic nut butter space agree. “The sale of the *MaraNatha* brand opens up doors for us small players,” said Justin Gold, CEO of **Justin’s Nut Butter** in Boulder, Colorado. “Our consumers prefer us because we have more artisan brands [and] products that have great stories

and are made with quality.” Gold began selling his organic nut butter in 2003, and the self-proclaimed nut butter enthusiast makes three varieties: Heavenly Honey and Sinfully Cinnamon organic peanut butters and Honey Almond organic almond butter. To further set his products apart, Gold began packaging his organic nut butters in single-serving squeeze packs that have proven appealing to moms, athletes and dieters looking for portion-controlled servings, Gold said.

Creative flavors have become a major source of differentiation for many nut butter companies. Portales, New Mexico-based **Sunland** has produced a number of new flavors for its *Peanut Better* natural and organic peanut butter line including Spicy Southwestern and Thai Ginger and Red Pepper.

Buffalo Grove, Illinois-based **Futters Nut Butters**’ new nut butter flavors include Organic Pistachio and Organic Strawberry Almond. Futters’ President Jody Futterman said that competing against Hain’s *MaraNatha* will come down to a number of factors including building and maintaining relationships with farmers close to home.

Unlike some producers, Once Again has chosen not to source its ingredients from China—a move that should maintain its standing with retailers such as **Trader Joe’s**, which officially began purging products containing Chinese-sourced ingredients from store shelves effective January 1 of this year.

“There’s been more competition with some of our competitors sourcing peanuts from China,” Gelser said. “But we’ve stayed away from that. We’ve stayed loyal to our existing suppliers. Until we can be sure that [China’s] offerings are in line with our current suppliers’, we’re resisting that opportunity.” Once Again primarily sources its nuts from farmers in South and Central America.

With its recent product and facility innovations, Once Again hopes to grow its revenues by 15 percent this year, Gelser said. “Our three-year plan is to reach \$25 million in sales. Then we’ll investigate different product offerings [and] look at other foods that would be compatible with peanut butter.”

## Newman’s Own Transforms Organics into Giving Machine

*Supply shortages force company to raise prices of organic products; sales fall in natural, mass in 2007*

Not many companies can build a successful business model based on giving away money. But **Newman’s Own**, founded by movie star Paul Newman a quarter of a century ago, has figured out how to do just that by selling a wide range of natural and organic foods in mainstream and natural supermarkets.

Profits generated by the family-owned business—whose motto is “Shameless exploitation in pursuit of the common good”—are donated by the **Newman’s Own Foundation** to benefit a wealth of charities, ranging from an elephant sanctuary to Hole in the Wall camps for children with serious illnesses. The foundation seeks to give away money in all 50 states in categories including social and environmental missions, arts and entertainment, social justice and animal welfare.

“Soon it will be a quarter of a billion dollars that’s been given away since Paul started the company,” said Peter Meehan, board member of Newman’s Own and CEO of **Newman’s Own Organics**. “It’s really amazing that by the simple act of buying food, you could generate that much money for charities.”

Founded by Newman’s daughter Nell Newman and Meehan in 1993 as a division of Newman’s Own, Newman’s Own Organics became a separate company in 2001. Launched with organic pretzels, the organics company has since expanded to produce an array of organic cookies, snacks, pet food and coffee. The Newman’s Own Organics’ product portfolio includes organic versions of popular conventional branded items, such as *Fig Newman’s* (created with permission from **Kraft**, maker of *Fig Newtons*) and *Newman’s O’s*, an organic cream-filled cookie similar to Kraft’s *Oreos*.