

Creating a Snack Category in Produce



ROCHESTER, Minn.—Five years ago Craig Reichel began packaging lunch combination snacks with cheese, crackers and meat for chain retailers who wanted a private label. As an afterthought, he launched a similar line of baby carrot snacks with dip to utilize his packaging equipment more

packer,” Cummings explains. “We take produce and add value to it. We’re trying to create a category similar to what Lunchables® did in the meat department. We’re a small company. We’ll never be an Oscar-Meyer® but we’re trying to create that ‘Lunchables’ appeal in the produce department.”

“There is a lot of trial and error that goes into these products. We brought a good product into the marketplace but today it’s outstanding compared to where we started—and we were pretty excited five years ago.

Since the original launch, Reichel has expanded the Dippin’ Stix™ line to include cut-and-peeled carrots with either regular or fat-free dill or ranch dip, celery sticks with regular dill, ranch or fat-free ranch dip, and “Ants on a Log,” a creative combination of celery sticks, peanut butter and Dole® raisins. Perhaps Reichel’s crowning achievement in terms of shelf life, however, is “Fresh Apples n’ Caramel” and “Fresh Apples n’ Caramel with Peanuts,” featuring Granny Smith apples.

“We thought we had found our niche all but by accident, just looking for alternative uses for our equipment. What I found is that there have been a few others in front of us that either didn’t get the distribution or the shelf life or both. The quality of some previous products had kind of soured a few of the produce people. They initially said, ‘Well, we’ve tried things like that and they’ve spoiled.’ So we’ve had some pretty tough roads to go down to convince the buyers that this is a good product.”

Solid product performance, however, has turned the tide. Reichel says his company ships Dippin’ Stix from coast to coast and into Canada, getting excellent feedback from buyers and consumers alike.



Reichel says he is expanding his line of fresh-cut produce items.

fully. Surprisingly, produce items now make up more than half his business.

“We’re kind of the quiet company that nobody knows about,” reports the president of Reichel Foods, LLC. “People tend to wait around to see if you’re going to make it but we’ve definitely stood the test of time.”

Time and market penetration show that Reichel has indeed succeeded in establishing a viable line of produce SKUs. His sales manager, Bob Cummings, says the company is now distributing items such as cut-and-peeled carrots and even fresh sliced apples with caramel to major retailers such as Ahold, Wal-Mart, Albertsons, Kroger, Food Lion, Meijer and Walgreens with excellent results.

“We’re not a grower. We’re not a

Expanding Product Line

Recent additions to the company’s product line include carrots with bleu cheese dressing, apples with fruit dip and apples with both fruit dip and caramel dip in a 26-ounce party platter size. In addition, since the company now does some foodservice accounts “almost by accident,” Reichel is now offering multiple bag sizes of sliced apples for restaurant and institutional applications.

“We were able to get very good shelf life for our products, better, perhaps, than what the industry was used to at first,” Reichel explains about the evolution of his product line.



Reichel’s facility is USDA inspected and he says customers often remark about the cleanliness his staff maintains.

Excellent Consumer Feedback

When it comes to consumer feedback, Reichel has personal knowledge because he prints the company's web site on each package. Consumers who visit can click on his e-mail address to send their comments—and suggestions—directly to him.

For example, one satisfied respondent, who is obviously concerned about her children's health, writes, "I recently saw the apples and caramel Dippin' Stix and let me tell you, as a busy working mom of a 16-month-old and a very active 7-year-old, the snack was a



From left: Craig Reichel, Kristi Thaut, customer service for sales, Tom Weichmann, CFO.

"What a great idea!" Anyway, they are totally awesome and we are recommending them to everyone. The apples were fresh. The caramel was delicious and not too messy. And there was just enough of everything to be a quick afternoon snack without any leftover mess."

Once consumers learn about Dippin' Stix, some will go to great lengths to get them. One mother recently e-mailed Reichel and said, "My friend is a licensed daycare provider and feeds her children healthy breakfasts, lunches and afternoon snacks. She loves your apple and caramel snack and would love to offer this healthy, delicious quick snack to her children, but the problem is that she's having a very hard time finding it. Her poor husband has been to every store within 20 miles and has only found one store that carries it.

Excited Consumers

"Every time he goes there, they only have one package left! My friend is afraid that one day her husband won't return home because he is tired of looking for them. She would be sending you this, but does not have computer access. She wants to know is there a way she can buy a case of them? I think she likes them more than the kids. Her husband found one package, but the kids never saw it, as she ate it herself. The whole thing is rather comical because everyday there is a conversation concerning this snack. Please let me know if she could buy a case of these. Thank you and thanks for making such a healthy snack."

Health and nutrition are driving factors in consumer acceptance but flavor and quality are certainly prerequisites, according to

Reichel. The company processes and packs fresh produce under the same USDA standards that are required for the handling of meats and cheeses and the result is a safe, high quality product consumers can buy with confidence.

"We are a fully inspected USDA plant," he reports. "Our plant is extremely clean. We built this plant originally to be a USDA manufacturing plant. Our relationship with our USDA inspectors is very strong because we do everything by the book but I think their level of trust in what we do is very high because we constantly come to them and ask questions. We're very proactive. The USDA has had many people through here other than inspectors. We took an older plant and remodeled it and they've kind of used it as an example for some of their other inspectors to say we've done an excellent job. We have HACCP plans and procedures in place and we treat produce like it's a USDA-inspected product."

Proactive Food Safety

Producing high quality product is a continuing process of self-analysis and self-improvement, always carefully considering the comments and criticism of inspectors and even customers who send their own inspectors to audit the plant, according to Reichel.



Excellent shelf life means product can be shipped as far away as Seattle, Washington, and Vancouver, BC, or farther.

blessing. What an idea! My son would like it if you made the apple with chocolate since he likes chocolate. He thought he could still eat healthy and have the sweet at the same time. My local grocery store in Miami does not carry this line. I found your product in our local Super Wal-Mart . . . I'm particularly interested in the carrots and ranch dip and the peanut butter with bread . . . school is about to begin and it would be great to send snacks with them."

Another excited consumer e-mailed, "My friend and I just tried your apples with caramel and peanuts and we loved them. We bought them just because the packaging was so cute and we thought,



Cut-and-peeled carrots coming off the line at Reichel Foods, LLC.

"We have a fully written and implemented HACCP plan for our produce," the company president asserts. "Produce is treated a little differently than anything else. Being a USDA facility has been very good for us. You learn a lot of lessons in that side of life that transfer over into the produce side of life.

"Any time we can let the consumer and our buyers know what kind of a plant we are, we're very proud to tell them. We want them to know that food safety is number one with us. We do a lot of different things for not only the USDA side but for the produce side. A lot of times when people come through our plant, they're quite surprised at the steps we've taken to make sure our plant is extremely clean. One of the compliments we often get when we give a tour is, 'Man, this is clean.' That's very important to us."

Along with the proprietary packaging system Reichel has developed for his produce snacks, the cleanliness of his plant certainly plays a role in the surprising shelf life he routinely gets with his products. Apple snacks are good for up to 42 days, while he can stamp snacks containing cut-and-peeled carrots with a whopping shelf life of up to 50 days.

Enviably Shelf Life

"We feel our shelf life is a tremendous advantage," Reichel says. "In fact, one of our competitors contacted us and wanted to know if we would co-pack for them. They had a number of reasons and one of them was the shelf life. The individual that contacted me said, 'I bought your product off the shelf and it happened to be out of code, but it was absolutely wonderful.'

"We've made the product not only for the consumer when they get it home but also for our customer, the retailer. It's made it easier for them to sell our product. Everybody looks at "turns" on their product and how much code is left when it's sitting on the shelf, but the consumer doesn't want to buy the produce and know that he's only got a day or two left.

"I know quite often some produce is extremely delicate. It's nobody's fault. It's just the nature of the beast. But one of the things we've strived for is not only to make sure that the retailer can get it off the shelf but, also, that the consumer can take a week's worth of it home for school lunches. Maybe Mom or Dad goes shopping once a week and their child wants one of these in his lunch box at school every day. So they are going to buy five of them."

"I guess part of our goal is that we want to have the very best product out there, period. Secondly, we don't want to be just a regional player. We want to ship nationally and have more than enough shelf life to get it into the marketplace and have some marketable time on the product. As far as the quality of the product, I can say that our same store sales from year to year with some of the retailers have continued to grow in double digit figures. So, we're proud of that.

"We've worked hard on the price point, too. The product inside has to be number one but we want the consumer to feel like they've received a great value for what they paid." ■