

SHOULD YOU MAKE BBQ PELLETS?



PFI Annual Conference
Omni Grove Park Inn-Asheville, NC
Stan Elliot
Pacific Coast Pellets-Shelton, WA
stan@pcpellets.com

PELLET BBQ GRILLING IS HOT!

THE NEW SCIENCE OF ANTI-AGING

MEN'S JOURNAL

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MURDER ON A MEXICAN HIGHWAY A SURF SAFARI'S TRAGIC END

FISHING FOR RIVER MONSTERS IN SOUTH

MAKE IT EPIC

THE ESSENTIALS OF THE BACKYARD BASH

GEAR LAB

Master the Low and Slow

To coax real flavor out of your meats, start smoking. These four units each take a different approach, but all produce delicious results.

by NTAI HORACEK



BEST FOR CARE OF USE
Traeger Pro Series 22
Most smokers need tending, but Traeger's automatic pellet-fed system holds a desired temperature without any intervention. After preheating, it was ready for a 5-lb dry-rubbed brisket, which it cooked to perfection at 225° for five hours with zero fuss, other than checking the pellet hopper. It's nearly as simple as propane and even makes classic grill grub like burgers. traegergrills.com \$600

One caveat with a Traeger: You have to take good care of the wood pellets. Ensuring they are dry is essential for a great smoke.

COSTCO CONNECTION

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Grill crazy

Enthusiasm for Traeger grills is downright sizzling

By Gary Strauss

WITH GRILLING SEASON at hand, the annual battle between gas and charcoal barbecues is searing. But Costco members have another option: the innovative Traeger Wood Fired Grill.

A pioneer in the wood pellet grill market, Traeger has developed a loyal following among grilling aficionados since Oregon heating company owner Joe Traeger, frustrated by the chicken he burned using a traditional grill at a 1985 summer party, launched a quest to build a better grill.

By 1988, Traeger was mass-producing grills with a design borrowed from traditional offset barbecue smokers and fueled by wood pellets that serve as the fuel source and the flavor enhancer. Traeger grills soon developed a cult-like following in the Pacific Northwest and Rocky Mountain states for their versatility as a smoker, roaster and baker, and their set-and-forget convenience.

Traeger's patent expired in 2007, and in 2013 private equity firm Trilantic Capital Partners bought a minority interest. In 2014, incoming CEO Jeremy Andrus joined the partnership, infusing the brand with broader marketing, an expanded product line and a larger retail presence.

Andrus, a Harvard MBA who had previously been CEO of headphone and earbud marketer Skullcandy, quickly discovered Traeger's hard-core fan base. "Traeger has raving fans and a following unlike anything I've seen in consumer products," he says. "It's rare to find a 30-year-old brand with so much consumer satisfaction. It blows your mind."

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Jeremy Andrus, Traeger CEO, appreciates the grill's rabid fan base.

Still, Traeger marketing executive Denny Bruce, who notes that fans include *Today* show weatherman Al Roker, says Traeger remains "the greatest product nobody has ever heard of." Roadshows, barbecue competitions and a track record with cooking enthusiasts are changing that. "What makes them great is they're a quality product," says barbecue guru Richard Wachtel, whose website (grillingwithrich.com) and newsletter offer grilling tips and recipes. "And the advantage of a pellet grill is you can set the temperature and forget about it all cook long. They're great for making amazing barbecue."

"They're sort of the crockpots of barbecuing," adds noted cookbook author Steven Raichlen, host of PBS's *Barbecue University*.

Among professional grilling competitors, the zeal for Traeger grills is downright sizzling. Costco member Danielle "Diva Q" Bennett, host of cable TV's *BBQ Crawl* and a multiple North American competition winner, became a brand ambassador after a Canadian distributor loaned her a grill 10 years ago. "I have 35 to 40 grills and have had lots of opportunities to represent grill manufacturers. But the ones I keep going back to are my four Traegers," she says. "They're super easy to use and give me the flavor I want. The consistency [you] get every time makes you look like a rock star."

Wood-pellet grills represent a tiny portion of the outdoor barbecue market—just 2 percent, according to the Hearth, Patio and Barbecue Association. But with professionals singing their praises and publicly growing, the pellet grill market is definitely hot. Overall, of consumers considering a grill purchase, nearly 10 percent said they'd buy a pellet grill.

Andrus sees growth opportunities beyond the U.S. Also, new features and models are being added: some models will be equipped with computer chips and Wi-Fi, enabling grills to be controlled while owners aren't home. "There's a unique opportunity in food and technology that's colliding at a nice time," Andrus says. "A Traeger grill can not only change what people grill, but how and when they grill, year-round." **C**

Gary Strauss is a freelance writer-editor based near Washington, D.C.



SUPPLIER PROFILE

Company: Traeger Wood Fired Grills
Founder: Joe Traeger
Employees: 300
Headquarters: 1215 E. Wilmington Ave., Suite 200, Salt Lake City, UT 84106
Phone: 1-800-TRAEGER (872-3437)
Website: traegergrills.com
Products at Costco: Various models featured in rotating Special Events, on Costco.com and seasonally in select warehouses. Also, Traeger wood pellets.
Comments about Costco: "Costco is important to us because there's this treasure hunt mentality, customers recognize value and there's an environment where we create awareness for the brand."—Jeremy Andrus, CEO

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Wood fired grills are only **2%** of the US market, but **10%** of consumers considering buying a new grill state they will buy a pellet grill!



Joe Traeger started work on the first pellet grill in 1985 in Oregon. By 1988 he was mass producing pellet grills, and creating a 'cult like' following. They are the world leader in pellet grills (**100,000+** units ?). In addition to grills, they can produce up to **30,000 tons** of BBQ pellets.



457,473

Traeger
enthusiasts that
get weekly e-mail
recipes.





DOZENS OF
BRANDS ALREADY
AVAILABLE,
MOSTLY
REGIONALLY.



REASONS TO ADD BBQ PELLETS:

- You probably already have the necessary equipment.
- You can easily and quickly make bags that will fit your packaging machinery.
- You already have a customer base.
- You can make a much higher profit on BBQ pellets.
- The 'season' for BBQ pellets is year round, with peak sales in the 'off-season' for fuel pellets.
- It's a fun product to sell!



WHY NOT ADD BBQ PELLETS

- You may be too late in the game.
- Are minimum raw material quantities too large?
- You don't have storage capabilities for raw materials that should be segregated.
- You aren't set up to ship single pallets or less than T/L quantities.
- You don't have a 'reason to buy' over current BBQ pellet competitors.
- You're not sure you can mix small batches accurately or package smaller sized bags.



COSTCO SELLS A 33# BAG FOR \$20
ESTIMATED COST \$18/BAG OR \$1,080
PER 60 BAG PALLET.



WHAT ARE HICKORY PELLETS MADE FROM?



WHAT ARE HICKORY PELLETS MADE FROM?

- Most consumers think that a bag of Hickory pellets contains **100%** hickory.
- However, most manufacturers contain **0% to 30%** hickory.
- Most producers include a base wood, usually Oak or Alder.



WHY DOES THE FORMULA MATTER?

\$ 50/ton = Average cost of Oak or Alder delivered

\$500/ton = Average cost of Hickory delivered

10% Hickory/ 90% Alder/Oak Blend

\$50 + \$45 = \$95 cost

20% Hickory/ 80% Alder/Oak Blend

\$100 + \$40 = \$140 cost

50% Hickory/ 50% Alder/Oak Blend

\$250 + \$25 = \$275 cost

100% Hickory

\$500 cost

Few, if any, show their blend %



MESQUITE OR BEEF? CHERRY OR PORK?

Is it better to offer:

1 flavor: All Purpose Blend

3 flavors: Beef, Pork, Fish & Chicken

**10 flavors: Mesquite, Hickory, Cherry, Apple, Alder,
Pecan, Oak, Maple, Savory Herb & Sassafras**



BBQ PELLET STANDARDS?

While there are no current standards for BBQ pellets, one might anticipate there will be. BBQ pellets are used to cook food, so even one negative incident could bring in the ‘authorities’.

But you cannot burn home heater pellets in a cooking grill. Cooking pellets are hardwoods. Heater pellets often contain softwoods such as pine, they can have treated lumber and other chemical contaminants in them. The smoke they put out is potentially hazardous in food.

Amazingribs.com

WHERE DO YOU GET RAW MATERIALS?

Mesquite
& Hickory

TX, OK

Apple &
Cherry

WA, MI



ARE LOWER VOLUMES WORTH THE EFFORT?

The average fuel pellet consumer may purchase **150** bags, the BBQ pellet customer may use only **3** bags per season.



SHOULD YOU ADD BBQ PELLETS?

It's worth considering if:

- You have a **strong customer base** that would carry your brand.
- You have a '**reason to buy**' such a better value, higher quality.
- Are **located strategically** to get key raw materials.
- Have **efficient logistics** in order to ship less than T/L
- Have **production staff and plant capacity** to efficiently produce them.
- You have **relationships** that might capitalize on private label opportunities.



THANK YOU &
BON APPETITE



Stan Elliot-Pacific Coast Pellets
stan@pcpellets.com