SHOULD YOU MAKE BBQ PELLETS?





PFI Annual Conference
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PELLET BBQ GRILLING IS HOT!





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.

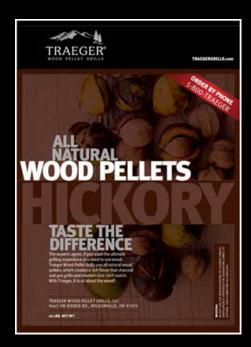




WHAT ARE HICKORY PELLETS MADE FROM?









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



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