

Birch Benders: 'The pancake mix category has been stuck in the dark ages'



Birch Benders co-founder Matt LaCasse: 'Retailers that are bringing in new brands with a higher price point are seeing growth'

If you want to take a journey back in time on your next trip to the grocery store, go buy some pancake mix, says the co-founder of Birch Benders, a Boulder-based start-up seeking to shake up a sleepy category with fresh ideas, recipes and packaging to target a new generation of pancake lovers.

While nostalgia is a tried and trusted recipe in food marketing, says Matt LaCasse, who supplies his easy-to-use organic mixes (which just require users to add water) in re-sealable pouches to c.4,500 stores from Target to Whole Foods and Sprouts, the pancake mix category is looking pretty stale.

"The whole category has been stuck in the dark ages," argues LaCasse, a pancake enthusiast and Yale graduate who launched the Birch Benders brand straight out of college.

"Most of the brands and the packaging haven't changed since the 70s or 80s, and when we started, they were still using partially hydrogenated oils [all the major brands have now removed PHOs or are in the process of removing them], so we're doing our darndest to mix things up."

The paleo mix was suggested to us by Whole Foods

He adds: *"We just feel like there is a ton of white space out there for convenient products that appeal to a new generation of consumers in the 25-45-year-old age group, so we're tapping into trends such as protein [Birch Benders' protein pancake and waffle mix features whey protein concentrate and vital wheat gluten] and paleo [Birch Benders' grain-free paleo mix is made with cassava flour, coconut flour, and almond flour]."*

"The paleo mix was suggested to us by Whole Foods and it quickly became our best seller. It's got a grainier texture than our classic mix, but the flavor is wonderful as you get a natural sweetness from the coconut."

"And believe it or not, we're one of the only chocolate chip pancake mixes on the shelf, which is astonishing. We also have a gluten-free mix [made with brown rice flour and hazelnut meal] and seasonal flavors such as a new sweet potato pancake mix lined up for Target."



Birch Benders uses organic wheat flour, organic evaporated cane juice, leavening agents, salt, organic potato and organic cassava starch in its classic pancake/waffle mix.

Birch Benders was founded in 2011 by Matt LaCasse and Yale classmate Naomi Honig McCormick. Fellow classmate Lizzi Ackerman, who is now married to Matt, joined the team soon after, and was followed by another friend - Brandon Sharp - in 2014.

The brand is now sold in around 4,500 stores including Target and Sprouts.

As for the Birch Benders name, LaCasse grew up in Maine and spent his summers bending birches, a pastime famously chronicled by Robert Frost in his poem, [Birches](#).



Birch Benders' grain-free paleo mix is made with cassava flour, coconut flour, and almond flour

Retailers that are bringing in new brands with a higher price point are seeing growth

But are retailers looking for fresh inspiration, or are they happy with the returns that big brands such as Aunt Jemima's, Bisquick, Hungry Jack, Krusteaz, and Pillsbury, are delivering for the category?

It depends, says LaCasse, who notes that 'natural' brands like Arrowhead Mills and Pamela's have also been around for some time, but lack the convenience of Birch Benders because you still need to add oil, eggs, and milk (depending on the product).

"Retailers like Whole Foods and Sprouts are stocking innovative new brands but for some retailers, it's hard to bring the staleness of the category to the attention of the buyer because this is pancakes we're talking about, it's a mid-center of aisle, low-turning category.

"But the retailers that are bringing in new brands with a higher price point are seeing growth, whereas the retailers that are just stocking the same old brands, they are losing revenue in the category," claims LaCasse, who is planning to launch a more competitively priced 24oz \$3.99 pack targeting the conventional channel [Birch Benders products are currently \$4.99 or \$5.99 in 16oz packs] that is not organic, but is Non-GMO Project verified.

"It's an easy trade up for consumers to go from an Aunt Jemima's pack at \$3.69 to buy our brand at \$3.99.

"The data is as clear as day," adds LaCasse, who originally funded Birch Benders with contributions from friends and family, but sold an equity stake to Boulder Food Group in 2014. *"Our pancake mixes are the fastest growing mixes in the natural category according to SPINS data."*



According to Nielsen data (all outlets including c-stores)*, unit volumes in the pancake mix category have been declining in recent years, with unit sales down 1.9% in the 52 weeks to July 2, although dollar sales were up 0.3% over the same period.

SPINS - which shared data** with us covering natural supermarkets (excluding Whole Foods), specialty supermarkets, and conventional multi outlet stores (including Walmart) - says dollar sales in the pancake and waffle mix category were up 0.9% in the 52 weeks to July 10, 2016, but says that if you just look at natural and organic pancake and waffle mixes, dollar sales were up 12.6% over the same period.

*Nielsen all outlets combined plus c-stores (covers US grocery stores, drug stores, mass merchandisers, convenience stores, select dollar stores, select warehouse clubs, and military commissaries).

**Source: SPINSscan Natural and Specialty Gourmet (proprietary), SPINSscan Conventional Multi Outlet (powered by IRI).



Formulation tweaks

As for the recipes, Birch Benders originally had egg in its formulations, but now uses potato and cassava starch instead as the powdered egg it was using imparted a 'burnt' taste LaCasse found unappealing, while the avian flu outbreak sent the price of egg ingredients through the roof, making the decision to reformulate even more pressing, he recalls.

As for oils, partially hydrogenated or otherwise, he says, Birch Benders doesn't use them:

"Baking soda will deliver browning and buttermilk [used in the gluten-free mix] also has some fat in it, so there are other things you can use without adding oil."

Jar format didn't work: Consumers didn't get it



The packaging has also been through a few iterations, says LaCasse, who originally produced his mixes in jars (add water, shake, then pour onto the griddle), which stood out on shelf, but ultimately just confused people, he admits.

"We had to educate consumers on how to use the product, because people were picking up the jars and saying it's half-empty, and we just didn't have the marketing dollars to explain that they were designed so that you'd add water to the jar."

"The packaging was also pretty expensive as well as confusing, so we figured out we could offer a better price point per ounce if we switched over to a re-sealable pouch, which also stands out among all the boxes on shelf."