



Craig, Beth and Matt Nielsen



## Nielsen-Massey Vanillas

How does a specialty food company keep its brand relevant into its second century of business? That's the challenge facing Craig, Beth and Matt Nielsen, the third generation of this family-owned-and-run company. But one thing they do know: It begins and ends with quality products.

BY SUSAN SEGREST

After more than a century in business, specialty food company Nielsen-Massey Vanillas is considered the leader in premium gourmet vanilla extracts. The Waukegan, Ill.-based company has 23 employees, manufacturing facilities in two countries (the U.S. and Holland) and three major sales categories (retail, foodservice and ingredient production). In recent years, it's also come through brutal crop shortages (when vanilla prices went from \$50 a kilo to \$600 a kilo), brand expansions and the transition of power from the second generation to the current family leadership: CEO Craig Nielsen, COO Matt Nielsen and Chief Culinary Officer Beth Nielsen. "We know that if we focus on what we do well and continue to produce the highest quality vanilla and pure flavor that we can, we will continue to be successful," explains Matt Nielsen. "We don't want to be the biggest company out there but we certainly do want to be considered the number-one vanilla and flavor brand. We follow what I like to call natural growth. Some people would say the growth is too slow—there are other people who are going to be much more aggressive about it—but for us it goes back to not wanting to be the biggest, but being the best of the best."

## BRAND SPOTLIGHT

### The Early Years

Nielsen-Massey Vanillas was started by Richard Massey in 1907 in Sterling, Ill. The business, then called Massey's, began as an aroma company, selling vanilla to help cover the noxious fumes of cleaning products. In 1917, Chatfield Nielsen, Sr. joined the operation and became a part owner in the mid-to-late 1920s. During the early part of the century, the company began to shift its focus from creating aromas to developing food ingredients. To this day, helping create the perfect treat is big business to Nielsen-Massey: 50 percent of the company's sales are to other food manufacturers.

During the 1940s Richard Massey died. Chatfield Nielsen, Sr. bought the company from Massey's heirs in 1954, and his son, Chatfield Nielsen, Jr. (Chat), joined the business in 1958. In 1963, the company name was changed to Nielsen-Massey Vanillas.

Over the years, Nielsen-Massey had been offering a full range of flavors—both artificial and natural. But Chat, who took the company over in the 1970s along with his wife Camilla, realized that the artificial flavors were taking too much time and effort and decided to focus on the company's core strength, pure vanilla.

### The Move Into Retail

Nielsen-Massey Vanillas' first line of retail products was launched in 1982—with some fortuitous recognition from a specialty food pioneer. "We started offering our products on a national scale because of Chuck Williams of Williams-Sonoma," Matt says. The company had created a special small bottle of vanilla to sell to students at a Chicago baking school. "Chuck Williams visited the cooking school and bought a bottle of our vanilla from the owner, took it back to San Francisco, tried it, liked it, and called my father and offered to buy his product to sell," he explains. "So Dad went out and purchased a filling line, particularly to be able to do those smaller retail bottles."

#### BRAND TIMELINE

- 1907:** Massey's founded by Richard Massey.
- 1920s-1930s:** Company changes focus from aroma sales to food ingredient production.
- 1960s:** Name changes to Nielsen-Massey Vanillas.
- 1980s:** Retail and foodservice business launches.
- 1995:** Dutch manufacturing facility opens.
- 1997:** Company website launches.
- 2000-2004:** Worldwide vanilla shortage causes raw goods prices to skyrocket.
- 2005:** All-natural product line expands beyond vanilla to other pure flavor extracts such as almond, lemon, orange.
- 2006:** Third generation takes over leadership.
- 2008:** Cookbook *A Century of Flavor* is published.
- 2009:** Nielsen-Massey Foundation launched to assist the disadvantaged with education and leadership development.

Today, selling products through specialty retail is about 35 percent of the company's business. The full retail line of 76 products includes: Vanilla Beans and Extracts from Madagascar, Tahiti and Mexico; sugar- and alcohol-free Madagascar Bourbon Pure Vanilla Powder; Certified Organic Madagascar Bourbon Pure Vanilla Extract, Vanilla Beans and Powder.

### Natural Disasters and Opportunities

Having a company based around one crop can put a business in a precarious position when that product isn't available. From 2000-2004, there was a worldwide vanilla shortage caused by tropical storms that decimated harvests, causing prices to skyrocket. A bottle of Nielsen-Massey vanilla went from \$10 to \$25.

"Probably one of the best things that we did was that we weren't shy about sharing information. People knew that they could trust that when that situation got better, we were going to lower our prices," explains Matt. "We certainly lost customers during this time, but the majority of customers stuck with us. This was because (a) they knew it was happening everywhere so there wasn't necessarily a better opportunity, and (b) they respected who we are and had faith that we would do the right thing. Crop costs came down in 2005 and we immediately lowered our prices. And they came down a good 50 percent."

This challenging climate sparked the idea of expanding beyond vanilla. "We realized there wasn't anything at retail in the high-quality, natural pure flavor category," says Matt. In 2005, the company added a line of all-natural pure flavors including lemon, almond, orange and chocolate extracts. Today, flavors include those plus coffee extract, peppermint extract, rose water and orange blossom water.

### Marketing the Company

Much of the brand recognition with specialty food stores has been through word of mouth, various awards, events like the Fancy Food Shows and trade advertising. The company has also benefited from being chosen by major retailers such as Williams-Sonoma and Dean & DeLuca, which some other retailers look to for product ideas.

While the company has done no consumer advertising, it has benefited from press mentions in magazines such as *Savvour* and *Realbook* as well as being on cooking shows. In addition to the in-house marketing and public relations efforts, Nielsen-Massey works with an advertising agency and added a pr agency about two years ago. "We wanted to make sure that we are still out there as the expert in vanilla and pure flavors for both the trade and consumers," says Matt.

One of the challenges with achieving more consumer and retailer recognition is that, as Matt explains, "as great as vanilla smells, it tastes bad straight up." At venues such as the Fancy Food Show, the company offers a smell test—allowing buyers to appreciate the difference between vanillas from the different growing regions. "People

## PROFESSIONAL ASSESSMENT: WHAT YOU CAN LEARN FROM NIELSEN-MASSEY VANILLAS

Food and beverage brand marketing expert Tommy Katz of Katz Marketing Solutions in Columbus, Ohio, explains what Nielsen-Massey got right and how other specialty food companies can strengthen their own brands. Katz—who is on the board of several food companies and has launched more than 100 new products with clients ranging from smaller specialty food brands to multinational megabrands such as Miller Lite, Ruffles, Boost and Enfamil—recommends that you:

**PURSUe PRUDENT & PROFITABLE GROWTH:** Nielsen-Massey has methodically grown in its three major channels and through adjacent new products, which keeps it on a sustainable profit-growth track for the long term. It has resisted temptation to pursue big grabs for new distribution, which are often not profitable or sustainable, particularly for companies of this size.

**What You Should Do:** Prioritize channels where you can grow profitably and your brand will thrive. Don't be seduced by the lure of huge volumes in channels that may be cost-prohibitive to you (like grocery) or where your brand may underperform (like club). Always do a P&L of major new distribution or new product opportunities upfront, including realistic sales and marketing costs.

**ANTICIPATE AND SEIZE OPPORTUNITIES:** Nielsen-Massey capitalized on its 'lucky break' with Williams-Sonoma by ramping up production. These transformational 'lucky breaks' are a common theme in the best performing specialty food brands. Most are a result of uncompromising quality and persistence of getting your brand in front of the right decision-maker.

**What You Should Do:** Strive for a truly superior and differentiated brand experience. Be relentless and creative about seizing or creating opportunities for your 'lucky break' with your target decision-makers.

say, 'that's cool, I didn't know there were differences' or they say 'I've never had the opportunity to do that side by side,'" says Matt. Plus, it gives the company an opportunity to further educate buyers on its product line, as well as on its kosher, gluten-free, Fair Trade and organic certifications and sustainability efforts, which include using recycled materials for its shipping containers and not using manufactured herbicides or pesticides in the cultivation of vanilla.

The company has also recently launched a charitable foundation, The Nielsen-Massey Foundation, to assist disadvantaged children and adults with education and leadership development, especially in the field of culinary arts. It also plans to provide support in developing countries, particularly areas where it is sourcing raw materials. "We are not so secluded that we only worry about what we are doing within our building," says Matt. "There is a much bigger role that we have to play as a family and as a business."

### Managing Three Major Segments

The retail business accounts for 35 percent of company sales; food ingredients sales are 50 percent and foodservice is 15 percent. "We've certainly put focus on all three markets—and we now have people responsible for each area," Matt notes. Within the manufacturing ingredient segment there are set formulas but the company does custom blending as well. "We have a tremendous amount of experience working with other food manufacturers," explains Matt. "If someone calls and says they are making a shortbread cookie, we can recommend which vanillas work best and work with the company until they have the flavor they need."

Nielsen-Massey began selling to foodservice in the 80s and its main clients are hotels and chefs, with the bulk of product going to

pastry chefs. However, a continuing opportunity for the company is providing education and recipes around the use of its ingredients in savory applications. Recipes include: Spicy Tequila Shrimp, Vanilla Pepper Roasted Lamb and Seared Scallops with Vanilla Sauce.

### The Branding Work Ahead

Nielsen-Massey has an unusual branding evolution challenge: Customers recognize the company's apothecary-inspired brown bottle and cream label—they see it on the Food Network and on Marisa Stewart—but not always the brand name. "It is a big opportunity for us, how to better associate the company name with the recognizable label and bottle," notes Matt. "That is one of the reasons we started putting more focus on pr." The company is wary, however, of any wholesale changes to the label. "Since the early 80s, the bottle is the same and the label has evolved a little bit," he says. "But whenever you make a label change, consumers think you've done something different, created a new formulation—even when the product is exactly the same. It is easy to confuse consumers if you make too broad a change so it is something we are looking at very carefully."

With a company that's more than 100 years old, the family wants to make sure that any changes or brand developments are the right moves for the long haul. "We are proud that we are the third generation that is managing this business and we want to maintain our family ownership and hopefully pass it on to the next generation," explains Matt. "If a customer calls into the main office, three out of the five people in management that they will talk to will be a Nielsen, and that's important to us." [SFM]

Susan Segrest is a contributing editor to Specialty Food Magazine.