

Artisan Tropic: A Case Study of Single-Sourcing Ingredients, and the Effect of Transparency on Consumer and Retail Interest

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THIRD-PARTY CERTIFICATION RESEARCH

Artisan Tropic: A Case Study of Single-Sourcing Ingredients, and the Effect of Transparency on Consumer and Retail Interest

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Abstract

Artisan Tropic, a health food company that specializes in “snackable” plantain and cassava strips, is a unique example of a brand that conscientiously attempts to shorten the supply lines through direct, single-sourcing of ingredients. Following Non-GMO and Paleo Certification, the brand quickly became a best-seller in the Paleo community and Non-GMO community, offering an alternative to the potato chip. This case study examines how improving transparency via single-sourcing ingredients and third-party certification helped Artisan Tropic gain a competitive edge with consumers and retailers.

KEYWORDS

Single-Sourcing, Third-Party Certification, Artisan Tropic, Transparency

1 | BACKGROUND

One of the trademarks of our modern-day food system (and our society in general) is that we rarely have any sort of direct connection with the sources of our consumption.

The food we eat, the clothes we wear, the materials that make up the homes we live in: all of these resources seemingly magically appear through the wonders of our globalized economy. One of the main downsides of this reality is that making ethical decisions regarding our consumption patterns and habits is increasingly difficult in a distanced world where we have limited (if any) connection to the sources of our consumption. Even within the health and wellness industry, many of the products marketed as organic or healthier alternatives to the chemical-soaked foods lined up on grocery store shelves have dubious origins.

One recent study comparing conventional versus organic growing methods found that in many cases, organic growing methods can lead to higher rates of

acidification and eutrophication of bodies of water near agricultural fields [1]. Large monocultures of organic vegetables requiring constant tillage of the soil and reliant on external inputs, even if they’re organic, can be just as ecologically harmful.

Artisan Tropic, a health food company that specializes in “snackable” plantain and cassava strips, is a unique example of a brand that conscientiously attempts to shorten the supply lines through direct, single-sourcing of ingredients.

2 | SINGLE-SOURCING

Just a generation or two ago, the majority of food brands and manufacturers sought to create direct relationships with farmers within their geographical area. Before the onslaught of economies of scale and the globalization of the food industry, these direct partnerships between farmers and food brands were practical and reciprocal.

Not only did they make the most economic sense, but they also allowed for an ethical connection between farmers, food brands, and the end consumer based on accountability and transparency. This partnership between buyers and suppliers permitted a business ethic of cooperation and the sharing of benefits and also allowed communities to exert a certain sense of control over their local environment.

For example, if a local hog producer was not properly composting his manure and this led to unpleasant smells and contaminated waterways, the neighbors could (and probably did) boycott that product until the hog producer started to clean up his operation. Today, concentrated animal feeding operations (CAFOs) release an enormous amount of pollutants into the air, including hydrogen sulfide, ammonia, malodorous gases, and particulate matter. [2].

Low-income communities are those most affected, and despite several lawsuits and settlements, very few laws have been enacted to protect the rights of local communities [3]. Because the products from these CAFOs are shipped to major meat manufacturing companies before being distributed around the world, any sort of economic protest (such as boycotting) by local communities remains ineffective.

3 | TRANSPARENCY

Today, most major food brands have incredibly long and complicated supply lines that make it close to impossible for the end consumer to have any sort of idea where their dinner originated. Third-party certifications (such as the Paleo, Keto, and Grain-free certifications offered by The Paleo Foundation) certainly fill a void by giving consumers an opportunity to choose food brands that undergo independent, third-party testing and auditing.

Other food brands, however, are going a step further by creating direct relationships with individual farmers. This practice of single sourcing ingredients might “increase the vulnerability of supply lines,” according to traditional business logic. [4] However, it does offer a unique opportunity for producers, food brands, and consumers to come together to defend alternative food systems focused on healthy food products grown in a responsible and sustainable fashion.

The Paleo Foundation recently sat down with Juan Guzman, the head of sales and accounting for the health food brand Artisan Tropic to learn about how the company got started, the benefits of certifications for the brand’s growth, and the wider benefits associated with its single sourcing practices.

4 | ARTISAN TROPIC

Artisan Tropic is a health food brand that makes and markets different flavors of plantain and cassava strips. The brand was founded in 2014 by the Guzman family. Wanting to maintain a connection to their native Colombia, the Guzman family created a business plan to innovate the traditional plantain and cassava snacks that they grew up with. With a passion for holistic health and nutrition, the brand implemented a sharp and dedicated focus on whole and clean ingredients for their line of snacks.

“Artisan Tropic began after a difficult but hopeful few years where my sister was diagnosed with an autoimmunity,” Juan Guzman tells us. “She exhausted modern medical advice with no real solutions, and then began working with a holistic nutritional therapist, who introduced our whole family to the wonder and power of eating real food. After being healed through nutrition, our family became passionate about the power of food. That combined with the entrepreneurial spirit and vision of my parents, led to Artisan Tropic. We wanted to source highly nutritious foods in our home country of Colombia, and

make delicious snacks easily available to consumers looking for better snacking options."

The personal experience with autoimmunity and the power of real nutrition was the catalyst for the creation of Artisan Tropic. "What began as my sister's health problem, became a journey that our entire family began and continues to this day, of learning and understanding how food is so powerfully created to be our ally and fuel for a healthy and beautiful life," Guzman says.

The brand is operated entirely as a family business. "We have created a great team that is very diverse in skill and expertise, but together, we've worked very well. The communication is facilitated by our close relationships, as well as the common love and passion for what drives our company and brand," according to Guzman.

Three years ago, Maca Guzman, Juan's sister and one of the co-founders of the company, married the son of the plantain farmer that Artisan Tropic partners with. "So now everything, from farm to snack, is truly in the family," the company says. [5]

5 | THE ROLE OF SINGLE SOURCING OF PRIMARY INGREDIENTS

Part of the foundational vision for Artisan Tropic focused on developing solid relationships with individual plantain and cassava farmers in Colombia. This direct sourcing of primary ingredients enabled the family business to guarantee that their products were healthy for consumers and environment alike, while also offering fair prices for the local farmers they partnered with.

"For us as a family and as a company, (the single sourcing of primary ingredients) is something very important that goes beyond the final dollar value," says Guzman. "We believe in the importance and

necessity of restoring our regenerative farming practices, and we want Artisan Tropic to play a part in this."

Beyond the impact of helping move our food system towards more regenerative farming practices, Artisan Tropic's focus on single sourcing their ingredients also had a direct impact with customers.

"As it relates to our customers, I think that this is a two-fold scenario," Guzman says. "There are obviously some customers that are well versed in (the importance of regenerative agriculture) and appreciate and value what Artisan Tropic does in single-sourcing ingredients and partnering with the farmers to develop sustainable agriculture. The second step is being advocates for sustainable farming and a cog in the machine that helps educate the wider consumer about (regenerative agriculture) and the necessity of it as it relates to our life on this planet. This is something we are constantly trying to improve in; our engagement and communication with our consumers about how participating in Artisan Tropic at any level, is beneficial to our planet's future."

The process of finding and developing a relationship with individual farmers in Colombia was drastically different than how most food brands find providers of primary ingredients. Whereas market prices, cost-benefit analysis, and maximizing profit margins are the usual elements food brands use when sourcing their ingredients, Artisan Tropic sought to challenge that paradigm.

"We initially met our plantain supplier at the very beginning of Artisan Tropic's inception and developed a close, trusting relationship with him that has only grown and deepened throughout the years," Guzman explains.

Finding a farmer who shared the family's health and sustainability values was paramount. "(The farmer we partner with) is equally passionate about the earth and food as medicine, and has helped educate us on the importance of various things related to plantains, but general agriculture as well. Our relationship with our cassava supplier is one that we've had to work a little harder to develop, but we are thrilled that we've found an amazing, caring, and highly motivated agronomist that specializes in growing the best cassava in the region. This is a relationship that we are continuing to foster and we believe that it is mutually beneficial and will be for a long time," Guzman says.

6 | A FOCUS ON SLOW GROWTH

Educating consumers about the importance of regenerative agriculture and ethical, single sourcing of ingredients has certainly played an important role in developing a solid base of loyal customers. However, Artisan Tropic has also utilized other strategies for patiently growing into a brand that has distribution in both online and physical retailers across the country.

"The learning curve has been steep, but from the very beginning, we have had the value and mindset that we want to grow slow," Guzman clarifies. *"I think that has been an incredibly helpful way to grow and learn along the way. I'd say that early on, within a year of starting, one of the big breakthroughs for Artisan Tropic was that we were brought into an airport retailer with locations all across the country. This was an exciting opportunity for us!"*

The brand has developed a strong relationship and presence with Whole Foods Market stores across the country. While the process of getting into Whole Foods took over two years, it certainly helped spur healthy growth for the brand.

"We have had plenty of disappointments and frustrations over the years, but we see all of those as opportunities for learning and growth," Guzman explains. *"For example, when you wait over a year for a category review at a particular retailer and the retailer say no, that is very disappointing. But we in no way think of it as our brand or company failing, simply a chance for another year of growth and sales to prove ourselves again the next time."*

7 | CERTIFICATIONS

Historically, third-party, impartial certification reduces decision friction via social proof heuristics and psychological kinship heuristics leading to less point-of-purchase scrutiny and increased sales. These effects are likely compounded by other factors, such as reduced trust in industry and first-party package claims.

According to the 2016 Nielsen's Global Health & Wellness Survey, roughly 60 percent — more than half of the people in the United States and Canada—distrust manufacturer's claims on their food labels and packaging. They also found that consumer trust in food products declines year after year [6].

However, studies by Cone Communications and Globescan (among others) found that 76 percent of consumers agree that third-party product certification is the best way to verify product claims and increase their trust in a brand [7].

Artisan Tropics third-party certifications include:

- Project Non-Gmo Verified (2014)
- Certified Gluten-Free (2015)
- Certified Paleo (2014)

OVERVIEW OF THE CERTIFICATIONS

Project Non-Gmo Verified is a third-party certification program that signifies to consumers that a product meets the requirements of a Non-Gmo product by way of not containing any genetically modified ingredients.

Certified Gluten-Free is a factual certification similar to Grain-Free certification in that it communicates credence qualities of a product that cannot be ascertained simply by looking at the ingredients list.

Trends and analytics companies report having found that there has been an increase in consumers seeking alternative third-party certifications to validate if a product fits within their personal eating philosophy, or food tribe within the past 10 years. [8] Certified Paleo is a certification that validates products within the Paleo Food Tribe, using historical data and logical frameworks to arrive at setting a universal standard for Paleo products.

8 | IMPACT OF TRANSPARENCY ON RETAIL

INTEREST AND SALES

Artisan Tropic was first Certified Paleo by The Paleo Foundation in 2014, Certified Non-GMO by the Non-GMO Project Verified Organization in 2014, and Certified Gluten Free by GFCO in 2015.

Unlike other food brands, Artisan Tropic decided to become Paleo certified by the Paleo Foundation from the very beginning, mostly due to the Guzman's family personal experience with the transformative power of the Paleo diet. "Becoming Paleo Certified was something we did from the very get go, so we don't have data marking a difference from before to after. But (becoming Paleo certified) was our top priority from our first packaging" Guzman says. However, Guzman does believe that part of the success of the brand is tied to the transparency inherent in their third-party certifications.

Furthermore, the company's third-party certifications (all of which are displayed prominently on product packaging) have played a major role in helping the brand approach different retailers and get into both brick and mortar and online marketplaces such as Whole Foods.

"Our certifications have given us an edge and competitive advantage in a very saturated market," Guzman believes. "They are very important for certain customers, especially more health-conscious and niche markets like Whole Foods and other natural retailers. Having these certifications helped us get into Whole Foods Global," he states.

The Paleo certification specifically has helped the brand attract a wider audience of consumers and establish a firm base of loyal customer support. "I think that we were on the forefront of Paleo as a widely known and accepted way of eating," Guzman believes. "Since 2014, the audience and market of consumers that are educated about Paleo has grown tremendously, and so our customer base has as well."

9 | DISCUSSION

Artisan Tropic's success with enhanced transparency coincides with a 2016 Food Revolution study by Label Insight that found that food product transparency plays an important role in the consumer decision-making process, and impacts consumer loyalty. According to the study, the vast majority of consumers value product transparency and consider a wide array of information about a particular product before making purchase decisions. Nearly all study respondents (94 percent) say it is important to them that food brands are transparent about a product's contents and how it is made. [9]

Confusion also affected the purchase decision of many consumers. In the study, 94% of the respondents admitted that they did not know the ingredients in their food, which makes it difficult to

make an informed decision. In fact, 83% mentioned that companies that provide food product transparency are more valued by consumers which, in turn, promotes consumer loyalty. The study also found that consumers are more likely to switch to brands that provide detailed information on their products. [9]

Many retailers are pressed with high demands from consumers in terms of providing food product transparency. Food manufacturers cannot simply ignore such demands as many see their customers turning to their competitors. This need for increased transparency presents many opportunities for brands and retailers to gain market advantage by increasing transparency.

Brands are always in a position to develop ways to improve the long-term relationship with their customers. Because transparency is such an important facet of the clean label movement, it will be essential for brands and retailers to focus on ways to improve product transparency and gain further trust.

Artisan Tropic offers an inspiring example of how single sourcing of ingredients and third-party certification has allowed a health food brand to develop and strengthen long-term relationships with a growing customer base.

10 | CONFLICTS OF INTEREST

The authors report no conflicts of interest.

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