

Rickaroons: A Case Study on The Importance of Investing in Community and How Certifications Support That Effort.

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THIRD-PARTY CERTIFICATION RESEARCH

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Abstract

Rickaroons is a family-owned company based out of San Diego, California that has grown famous for making a 100 percent natural and organic coconut energy bar. The brand is firmly entrenched in and supported by the southern California community where it operates. As the first ever Paleo certified brand, the father-son team has effectively utilized their third-party certifications to construct a loyal customer base that has fueled the long-term success of the company. This case study analyzes the importance of connecting with a community of consumers, both geographical and of shared values, to generate brand growth.

KEYWORDS

Third-Party Certification, Rickaroons, Certified Paleo, Community, Food Tribe

1 | INTRODUCTION

In decades past, energy bars, or nutrition bars, were mainly marketed to gym enthusiasts and performance athletes needing a quick boost of energy and vitality. Today, however, more and more people in our fast-paced society are looking for healthy snack alternatives that can give them the energy and nutrients they need while on the run. Energy bars, then, are no longer simply a niche product sold at backpacking outfitters and in the vending machines at your local gym.

According to one recent market report, “the global energy bar market was at USD 5.1 billion in 2017 witnessing a CAGR of 4.9%, during the forecast period, 2018-2023. The global energy bar volume sale is expected to witness a CAGR of 2.7%, during the forecast period. North America surpassed a volume consumption of 180 million Kg of energy bar in 2017 with US the largest market.” [1]

Helen Mullen, a certified dietitian nutritionist and a clinical dietitian with New York-Presbyterian, says that “the more additives you see — particularly excess sugar alcohols (sorbitol, xylitol), which can cause gastric distress — the less likely the bar is to deserve the “healthy” moniker. Palm oils, soy protein isolate and so-called natural flavors are also red flags.” [2]

Fortunately, there are several companies in the low carb food industry that have been developing and marketing healthy, natural, low carb energy bar alternatives that are the perfect snack for people needing a nutritious boost of energy. Rickaroons was the first Paleo Certified, and has been producing organic, 100 percent natural energy bars since 2013.

2 | WHO IS RICKAROONS?

Rickaroons is a family-owned company based out of

San Diego, California that has grown famous for making a 100 percent natural and organic coconut energy bar. All of the ingredients used in their wide array of energy bars use all organic, vegan, and gluten-free ingredients, which is what separates the brand from every other company that markets products in the energy bar industry.

Rick LeBeau is the founder (and namesake) of the brand. Together with his son Grant, the father-son business was originally launched at southern California farmer's markets. As the only baker on the team, Rick constantly experimented with new flavors, including Megaroons made from chia seeds and cacao nibs; Mocha, with dark chocolate espresso; Peanut Butter Protein with peanut butter, pumpkin seed protein and dark chocolate; and the famous Mint To Be, which was developed as a healthier alternative to the "Thin Mint" cookies sold by Girl Scouts across the country.

Today, Rickaroons sells to customers around the country via their online store and on Amazon. They can also be found at dozens of local grocery stores, cafes, juice shops, gyms, yoga studios, and office spaces throughout southern California.

3 | THE CHALLENGE OF PRODUCT DEVELOPMENT

As is often the case with small health food brands, the journey to develop and market a healthy snack alternative to what is commonly found on the shelves of supermarkets started with a personal experience.

Rick says that "in 2001, I had a girlfriend who was diagnosed with Multiple Sclerosis. Beautiful on the outside but being eaten by her own nervous system on the inside. Part of her symptom set was a combination of food allergies and sensitivities- among them were wheat and dairy. This meant that we

couldn't share one of her favorite things- a traditional chocolate chip cookie. She put it to me simply one day- If you really love me, you'll make me a cookie I can eat." [3].

After learning the basics of baking and experimenting with alternatives to the grain, flour, sugar, and eggs that are the basis for most cookie recipes, Rick and his girlfriend came up with a decent healthy cookie. The resulting company called Ultimate Naturals Cookie Co. was sold in Whole Foods and lasted for two years.

The initial experience of finding healthy baked snacks is what led Rick towards developing the all-natural Rickaroon. Rick found that with the right mix of ingredients, the sugar, butter, flours, and other common ingredients in cookies, energy bars, and other snacks was simply not necessary. The original Chocolate blond Rickaroon, for example, only contains coconut (in the shape of oil, flakes, and nectar for sweetening), dark chocolate chips, and almond butter.

Rick's son Grant says that that while it is sometimes hard to find reliable sources for the organic, vegan, and gluten-free ingredients that Rickaroons relies on, "the final product is...the all-of-the-above cookie: gluten-free, vegan, organic, Paleo, soy free, and most importantly – tastes like heaven. The coconut and almond butter not only taste great together but yield a nice, slow-burning fuel for your body." [4]

While it might have been easier (and cheaper) to produce an energy bar with soy, sugar, and palm oil as the basic ingredients, Rick relates that "one of the many things we take pride in is that we have stuck to our standards when it would have been so much easier to forgo the certifications or the quality of ingredients, and just make our recipes with conventional ingredients. We make our decisions within the family and persevere through the lean times without fracturing our relationships." [3]

This commitment to quality is one of the reasons why Rickaroons was actually the first ever Paleo certified brand, being certified on Halloween back in 2013.

4 | INVESTING IN LOCAL COMMUNITY

In the day and age of multinational corporations that have effectively taken over the mom-and-pop economy of main streets across the country, it is refreshing to find companies that are proud to truly belong to the community where they are located. Both Rick and Grant LeBeau proudly recognize that their business is firmly entrenched in the reality of southern California.

Rick says that “San Diego does definitely support a business such as ours, focused on those attributes mentioned earlier (vegan, gluten-free, organic). There are a lot of healthy people in Southern California, and our little corner of the world is very health-oriented, especially along the coastal sections.” [3]

Rick does recognize that one of the challenges associated with being a small, health food brand in southern California is the skyrocketing cost of business. Thy company could certainly find lower manufacturing costs for their Rickaroon energy bars if they were to move to a different region. “But San Diego is our home, and even if we don’t ever hit the energy bar lottery, we still get to call San Diego home,” Rick states.

“San Diego loves to support local companies. Although we are gluten-free, vegan, and Paleo, the thing that gets people most excited is hearing we are a local, family run company. I love how supportive our local community is,” Grant adds.

As a community-based business, Rickaroons has also reinvested a part of its profit and a lot of its time into a number of important community initiatives. They regularly partner with a local nonprofit organization called STAR/PAL, which empowers at-risk youth to build safer communities through positive interactions with local law enforcement. Rickaroons also supports the Multiple Sclerosis Foundation, and is active in community beach cleanups.

5 | THE ROLE OF THIRD-PARTY CERTIFICATIONS IN ESTABLISHING A COMMUNITY CONNECTION

Rickaroons officially began business in 2013. On Halloween of that year, they became the first Paleo certified brand. Even though they first began selling their all-natural ingredient energy bars at local farmer’s markets in southern California, both Grant and Rick believed that investing in Paleo certification and other, independent, third-party certifications would help them quickly develop a base of local customers in the San Diego area.

In a recent interview with The Paleo Foundation, Grant says that the brand knew they wanted to invest in their Paleo certification because “at that point in time, we were just staring our company and trying to differentiate ourselves from the competition. We knew that Paleo was known by the wider population for being a clean diet with no fillers; no cheap ingredients to bulk up a product. And that was exactly what we were looking for in the marketplace. In a sense, even if people do not identify as following the Paleo Diet, the values behind the diet do have a wide appeal. The Paleo certification was a way to not only attract people on the Paleo diet, but others who

identify with clean ingredients.” Market research has confirmed what the LeBeau family believed: that dependent, third-party, impartial certifications for food products plays an important role in reducing decision friction via social proof heuristics and psychological kinship heuristics. This, in turn, leads to less point-of-purchase scrutiny and increased sales for brands.

To initially help win over customers and differentiate themselves from their competitors, Grant, Rick, and the rest of the team at Rickaroons decided to use their Paleo certification to help them gain traction with people who identified with the Paleo diet and lifestyle. Asked whether their Paleo certification has helped the brand approach or attract new clients within the Paleo community, Grant responded: “Definitely. For example, when we put out a Paleo discount code for one of our products, the certification certainly helps to attract customers. Also, we have used our Paleo certification to partner with different Paleo influencers. We found that working with Paleo influencers and bloggers has been one of the most effective marketing strategies and has had the most impact connecting with people in the Paleo world. The certification has helped us use this effective marketing strategy.”

Rickaroons of course displays their Paleo and other third-party certification logos on their website and on all their product packaging. They also exhibit their Paleo Foundation certification when attending tradeshow like Paleo FX. “We try to make sure people know we are certified at any marketing event or roadshow we are at,” Grant says. 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.

Retail grocery stores also actively look for products that have third-party certifications that follow the growing tendencies in consumer demand for healthier food.

Major retail stores manage an enormous amount of data and analytics related to emerging trends within the food industry, trending diets, and consumer preferences. They have most certainly seen the reports from consumer research firm NPD Group that 1 in 3 U.S. adults is trying to minimize or eliminate gluten [5] or that the retail sales of food products in the U.S. with the name “Paleo” in the brand or product name could reach \$4 billion by 2020. [6]

Related to whether or not their independent, third-party certifications have helped get Rickaroons bars into different retail outlets, Grant says that “I don’t know if it helped us to get into any one location, as it can be hard to pinpoint exactly what makes the different. However, I will say that being the first Paleo certified brand is definitely part of our broader story. It is part of every sales pitch we make. Though it is tough to know what puts us over the edge with a retailer, it is certainly an important part of our brand identity. We have been given priority display placements in Whole Foods grocery stores, specifically because we were Paleo certified. Whole Foods was looking to increase their line of Paleo friendly or certified products, and that helped us get better display placements. Also, I’d say that the Paleo certification creates a sense of connection with retailers and the data they’re seeing.”

6 | EXPANDING THE SCOPE OF THIRD-PARTY CERTIFICATION PROGRAMS

Though research confirms that more and more consumers are looking for brands and products that boast independent, third-party certifications that fit with their own nutritional and lifestyle choices, the financial investment in these certifications might be hard for some startup companies to deal with.

"If I were starting a company from scratch and I had outside investment, I would definitely load up on certifications," Grant recommends. "If I didn't have outside investment, I probably would not get those third-party certifications from the get-go. Starting company or brand is hard at the beginning and you have to pay for those (independent, third-party) certifications even if sales are down. I guess I would say that investing in third-party certification makes sense if you are going to spend the first year leaning heavy into marketing towards a specific diet or niche in the food industry. If you plan on using that certification on all of your collateral; or making your certification a part of your core marketing strategy, then obviously certification will benefit you to create a bond with those customers who are central to the success of your brand."

Grant also believes that third-party certification certifying organizations could possibly help brands continue to grow through establishing contacts with buyers within the retail space.

"For me, the biggest thing third-party certification agencies can do to help their brands is to make introductions to buyers. I know it is a big ask. The larger the certifying body, the more brands they have and the less feasible it probably is to realistically make those connections. I mean, if you only represent 20 brands, introductions to buyers and retailers might be fairly easy. But if you have thousands of brands

you represent, it's a bit different, and I'm not sure if it is even possible. However, having a database of your brands and recommending them to buyers and retailers who are genuinely interested in Paleo brands would certainly be a big help to brands trying to conquer retail markets or find new buyers," he believes.

Lastly, Grant recognizes and supports those independent organizations that go the extra mile to create a sense of connection and relationship with their certified brands. "I will say that The Paleo Foundation is the only certifying body that I generally believe is trying to improve the overall experience for the brands they represent. It is the organization I think is the most solid in its belief for its mission. It's the only certifying body that truly shows concern about the success of our company. They are the only organization I have worked with that reaches out other than when it is time to pay...It is tough to provide that value and I definitely appreciate the human connection to the faces behind the whole certification process."

7 | CERTIFICATIONS

Rickaroons third-party certifications include:

- Certified Paleo
- Certified Paleo Vegan
- USDA Organic
- Project Non-GMO Verified
- Certified Gluten-Free
- Certified Vegan

8 | CONFLICTS OF INTEREST

The authors report no conflicts of interest.

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