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Detroit's Better Made has chipped away at customer tastes for 85 years

By Marti Benedetti



Better Made Snack Foods, celebrating its 85th year in business, keeps rethinking its products as consumer tastes continue to shift to snacks that are lower in salt, fat and calories. But regardless of national trends, chips still rule.

"Our best seller is still chips," said Mark Winkelman, president of the Detroit-based company.

The company has subscribed to the "if it's not broke, don't fix it" business model, keeping many aspects of its business the same. It still has its sprawling vintage plant on Gratiot Avenue, its employees are unionized through Teamsters Local 337, it continues to be owned by a co-founder's family, and it distributes its products only in Michigan. Snack food giant **Frito-Lay** still dominates the market.

According to **Nielsen Co.**'s latest figures, Frito-Lay has 52 percent of the Southeast Michigan snack food market, while Better Made has 13 percent. Frito-Lay has seven of the top 11 sellers; Better Made has three.

In 1985, Frito-Lay had 51 percent of the local market, and Better Made had 19 percent.

Better Made is part of a group of regional family-owned chip companies such as **Utz Quality Foods** in Hanover, Pa.; **Mikesells Snack Food Co.** in Dayton, Ohio; and **Ballreich's Potato Chip Co.** in Tiffin, Ohio. In Michigan, the only other chip maker is family-owned **Uncle Ray's** in Detroit.

Better Made and other family-owned companies have gained market share as smaller competitors folded because they were unable to keep up with trends such as healthier foods and the proliferation of cracker-type snacks.

Better Made has no intention of getting into the cracker business, but it has been active in introducing new products. For example, it expanded its chip flavors to include honey BBQ, jalapeno, garlic dill and green onion, which are all popular sellers, Winkelman said.

In response to offering healthier choices, Better Made created Better Pop Guilt-Free Popcorn, which is lower in fat and sodium. It also manufactures low-salt, no-salt and baked chips.

Better Made also made the packaging tin for its chocolate-covered potato chips more distinctive, which pushed up sales in recent years. This year, the chips will be sold Thanksgiving through Valentine's Day, instead of just through Christmas, he said.

Although crackers and other snacks are gaining in popularity, chips as a side offering at restaurants, both house-made and bagged, have grown 5.1 percent from third quarter 2014 to third quarter 2015, Rachel Royster, senior coordinator of editorial content with Chicago-based **Technomic Inc.**, said in an email.

Despite few dramatic changes through the years, Better Made is thriving. It has 250 employees, and sales revenue for fiscal year 2015 ended March 31 was \$62 million, a considerable increase from 2004 when it had sales of \$37 million. Thirty years ago, the company ran one eight-hour shift; now it has two. It uses 138,000 pounds of potatoes to make 34,000 pounds of chips per day, similar to what it was doing 30 years ago.

The company, founded by Salvatore Cipriano's father, Peter, and Cross Moceri in 1930, now is owned by Salvatore Cipriano, brother Isidore and sister Cathy Gusmano. Seven of their children are shareholders, and five of them work for the company.

"For fiscal year 2015, we produced 8.5 million pounds of chips," said Winkelman, the company's former controller and vice president of finance who was named president in 2011.

Changing tastes



Mark Winkelman: Better Made's president says chips are still the top seller.

All snack companies realize American snack preferences are changing. U.S. consumers love salt, but they realize too much is not good.

"People are looking for a cleaner nutrition statement. They want few additives and preservatives," Winkelman said.

The way people eat is changing, he said. Rather than three large meals a day, consumers snack more or eat five to six smaller meals. The choices are much broader and include pretzels, popcorn, tortilla chips, granola bars and individually packaged fruits, nuts and cheese.

"We haven't done a snacking survey since 2014, but in that report, 51 percent of consumers say they snack at least twice a day, up from 48 percent in 2012," Royster said in an email.

Ken Dalto, management consultant and retail analyst with **Kenneth J. Dalto & Associates** in Farmington Hills, said today's snacks are all about fewer calories, less cholesterol and more fiber. "However, people still want taste; they don't want to eat cardboard," he said.

"Better Made is a little behind Frito-Lay, but it is catching up on taste and health," Dalto said. "They are trying to extend their market. They need to capture people who have been with Lay's and like jalapeno chips. They lost these people, but are competing to get that market back."

Internet sales boom

By selling chip products online, Better Made has capitalized on the nostalgia ex-Michiganders feel for the brand. "Internet sales have doubled in the last five years," Winkelman said.

Sales also are up as a result of the company's mobile app. "We're the first snack food company to have one," he said, joking that there may be another app he doesn't know about.

Moving forward, the company has no plans to move, expand or remodel its plant.

"We will continue to monitor consumer trends and to give our customers the best product we can for another 85 years," Winkelman said.