

# JOURNAL OF BUSINESS

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## Zaycon Foods sees sales soar with unusual business model Company expects to hit \$16 million in revenue in its fourth year

by Linn Parish, 8/29/13



**Zaycon Foods' customers line up to pick up meats during a recent delivery in Boise. The company sells meat online and schedules a time and place for pickup.**

—Photo courtesy of Zaycon Foods Inc.

Started out of the back of a truck, Spokane Valley-based meat seller Zaycon Foods Inc. is growing quickly, selling substantially more meat out of an expanding fleet of trucks.

Using an unusual business model in which it sells fresh meats on preorder from the back of refrigerated rigs, the nearly 4-year-old company has grown in the past three years into a multimillion-dollar operation that does business in all 48 continental U.S. states.

"The model is simple," says company President Mike Conrad, "but the logistics of it are complex."

Zaycon Foods buys meat in bulk and sells it by the case to consumers who preorder online through the company's website, at [zayconfoods.com](http://zayconfoods.com). Once the company has enough demand to make a delivery to a given neighborhood or city, it will set a time and place where customers can pick up their orders and notifies them via email or text. Typically, a customer can pick up an order three to six weeks after placing it.

Often, Conrad says, Zaycon arranges with churches and other organizations to use their parking lots as rendezvous points, and the company typically sets up a delivery lane and places the orders in customers' vehicles for them.

The company doesn't maintain an inventory of the meats, but rather buys them directly from farmers and processors to fulfill the orders. Consequently, Conrad says, the meats it sells are refrigerated but haven't been frozen before being sold.

Adam Kremin, vice president of Zaycon Foods and Conrad's cousin, says the company had just over 2,500 "delivery events" last year. As of mid-August, the company had about 4,000 such events this year to date.

"We'll hit 5,500 to 6,000 events this year," he says.

Such events, one of which was featured in a Good Morning America segment that aired last fall, typically last anywhere from 15 minutes to four hours. At one such event in Boise, Zaycon had 1,500 customers come through, Kremin says. He says the company hired two off-duty police officers to handle traffic control during that one.

Zaycon has used its website to take orders since the company's inception, Kremin says. While the site has been honed through the years—and a site redesign is currently under way—its basic functionality doesn't change, he says.

Earlier this year, the company surpassed 250,000 registered customers, Kremin says. That's up from about 176,000 at the end of 2012 and about 84,000 at the end of 2011. At the end of 2010, its first full year in business, the company had about 8,000 customers.

Conrad says Zaycon Foods expects its revenues to top \$16 million this year, up from almost \$10 million in 2012. It's operating at a profit, he says.

Zaycon Foods currently employs 25 people, up from 15 a year ago. Conrad says it might add more commercial truck drivers in the coming months, but it doesn't plan to add to its administrative staff, which is headquartered in a 4,200-square-foot office space on the second floor of the River View Corporate Center, at 16201 E. Indiana.

A 40-pound case of chicken—specifically boneless, skinless chicken breasts—is the company's biggest seller, Conrad says. Last year, Zaycon Foods sold 2.6 million pounds of chicken alone. Other meats it sells include ground beef, ham, bacon, and hot dogs, with cases ranging in size from 10 pounds to 40 pounds, depending on the product.

Zaycon has experimented regionally with selling some produce, Conrad says. For example, it bought all of the blueberries grown at one Oregon farm earlier this year and sold them in the Northwest. It also has offered small-scale sales of strawberries and peaches.

However, Conrad says, "We'll get into other things, but right now, we're concentrating on what works. And what works is meat."

The company operates a fleet of 13 refrigerated delivery trucks, about half of which the company owns and half of which it leases. It also owns two semitrailers and leases tractors when it needs to move large orders.

Conrad says the company stations some of its vehicles in cities around the U.S.—Phoenix and Atlanta, among others—and flies its drivers to those cities to drive them when goods need to be picked up and delivered.

The hottest markets so far for Zaycon Foods include Boise, Houston, Phoenix, Seattle, and Portland. In general, Kremin says, the company does well in the Northwest and Southwest, with sales building quickly in the Midwest and Southeast. The Northeast is its weakest market currently.

Kremin says the company has five drop-off locations in the Spokane-Coeur d'Alene area it uses routinely and has a solid customer base here.

Both Spokane natives, Conrad and Kremin are the company's majority owners. They recently took on an investor out of New York state, but decline for now to disclose the details.

Conrad says, "Before we took this investment, the only investment was \$1,500 cash. For us to get bigger, we needed someone to help us financially."

Conrad's older brother, J.C. Conrad, came up with the idea for Zaycon Foods, and in December 2009, he launched the company with sales to friends and family. Initially, he had a business partner named Brandon Berezay, and the company's name came from the combination of the last part of Berezay and the first part of Conrad.

At the time, the younger Conrad was operating Mobile GSE LLC, which was involved in mobile emission reduction control, and Kremin was working in home construction. Conrad says Mobile GSE was struggling, and the housing market had slumped, so they decided to help out on Zaycon's second and third sales. After that, they began working full time in the business.

Berezay sold his interest within the venture's first six months, and the younger Conrad and Kremin bought out the older Conrad just over a year ago, Kremin says.

In the fall of 2011, Zaycon Foods held its first Chicken Across America event where it sold cases of boneless, skinless chicken breast nationwide. To garner exposure for the event, Zaycon delivered complimentary cases of chicken to 450 food-related bloggers nationwide and asked them to write objective reviews on the company and its product.

Conrad says the plan worked: The company pre-sold enough chicken to deliver to 340 locations in 48 states. Last year, the company's Chicken Across America sale made 700 stops in all of the states over a six-week period.

He says the company sold the chicken for \$1.49 a pound in the first national promotion. It won't be going that low again, but because it buys in bulk, it keeps prices competitive, he asserts.

An average customer makes more than one order with Zaycon Foods in a year and spends \$200 annually.

"Price brings them in, but quality keeps them coming back," Conrad says.