McIlhenny's Tabasco hot, from bayou to Japan

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AVERY ISLAND - The McIlhenny Co. likes to keep its peppers hot, its sauces fiery and its profits in the family.

Thanks to a happy marriage of history and geography, McIlhenny is the sole maker of a hot-pepper-based concoction finding a growing number of devotees around the globe.

It's called Tabasco, which isn't a generic name but a trademarked McIlhenny brand. And the 127-year-old family-owned company is doing its best to keep sales growing, with a variety of recent spin-off products as well as a venture with H.J. Heinz Co. that puts Tabasco in Heinz ketchup.

"As long as we continue to grow the product line, we grow dividends," said Paul McIlhenny, vice president, who is from the fourth generation of McIlhennys to run the company.

The company won't say anything about its finances, but industry analysts put its sales at almost $100 million a year and growing. It sells its two-ounce bottles of Tabasco to more than 100 countries, in packaging printed in 19 languages.

McIlhenny's Tabasco is "a premium, high quality hot sauce, with national distribution and a premium quality image," said Deb Magness, a Heinz spokeswoman. "They matched perfectly with Heinz."

A number of public companies think the entire company would be a good fit, judging by overtures they've made over the years. McIlhenny said. But the 100 family shareholders in the debt-free company are happy with things as they are. "We don't need to go public, and the family doesn't seem to be interested," McIlhenny, 51, said.

As Heinz is so impressed with Tabasco that for the first time in the company's 129-year history it's allowing a product — its famous ketchup, no less — to be sold as a "co-branded" item, or with another company's brand identified with it. Heinz has test marketed Heinz Hot Ketchup, which is 4 percent Tabasco sauce, in Houston, New Orleans and San Antonio for about a year.

"It performed so well that this summer we'll be adding Atlanta, Little Rock, and Memphis (as test markets)," Magness said.

Heinz sees the injection of Tabasco as a way to capitalize on a trend to hotter foods and increase adult consumption of ketchup. Kids are the big consumers now — while McIlhenny hopes Heinz Hot Ketchup gets more people interested in pure undiluted Tabasco.

Meanwhile, McIlhenny noted, Heinz has "to buy enough (Tabasco) to meet the terms of the license agreement or pay a royalty."

McIlhenny sells a variety of Tabasco-related foods, as well as non-food items such as boxer shorts that bear the Tabasco logo on the front and the words "HOT PANTS" on the back.

One new product, McIlhenny's Tabasco Jalapeno Sauce, a mild green sauce introduced about a year ago, is available in 60 percent of the country and should be national by the end of the year, McIlhenny said. It's already the company's second-best seller.

Other recent products include New Orleans Style Steak Sauce, and Caribbean Style Steak Sauce, which use Tabasco pulp, a byproduct of the sauce-making process, in addition to Tabasco. "It's perfect for something as thick as a steak sauce," McIlhenny said.

Tabasco itself ("Tabasco" is a Central American Indian word meaning "land of hot and humid") is still made in much the same way it was 127 years ago. That's when Edmund McIlhenny, a former New Orleans banker and a gourmand first used a pepper plant (called Capsicum frutescens) that thrived on family property on Avery Island, Louisiana, to create a spicy antidote to the bland food that characterized the Reconstruction South.

Taking the tiny red peppers, he mashed them with salt from the salt mine the island sits on, aged them in wooden barrels, added vinegar and strained the mixture.

In 1868, after rave reviews from family and friends, McIlhenny sent 350 bottles of the throat-tickling sauce to selected wholesale food distributors and a company was born.

Semi-tropical Avery Island, 2,360 acres on a bayou 125 miles west of New Orleans, is now owned entirely by descendants of the McIlhenny and Avery families who were early settlers (an Avery married Edmund McIlhenny). About 15 family members still live on the island, along with 175 other families that include generations of McIlhenny employees.

The island is graced with groves of 1,300-year-old live oak trees draped with Spanish moss, thousands of snowy egrets roosting in cypress trees and the occasional basking alligator. It's become a tourist spot as well, with more than 50,000 visitors a year.

But it's the red, spicy sauce that is making Avery Island ever more famous around the globe. Exports account for about 40% of the company's sales and international sales grew slightly faster than U.S. sales in 1994, McIlhenny said. Tabasco is especially popular in Japan, where it has 99 percent of the hot sauce market, according to McIlhenny. Japan, where people use Tabasco to spice up spaghetti and pizza, has become a test market for new McIlhenny products, including Tabasco Jalapeno Sauce.

The company now is test marketing in Japan a Tabasco sauce with garlic in it. It may be introduced in the U.S. in 1996.

"The little red soldier is ubiquitous," McIlhenny said. "Tabasco, it's the engine pulling the train."

Red hot Acadiana history

Visitors to the Tabasco factory, located at Avery Island in Iberia Parish, learn about the history of the family-owned company founded by Edmund McIlhenny in 1868. Today, the company prepares 300,000 bottles of the famous hot sauce per day and ships them around the world.