

Gardenburger Bets The (Soybean) Farm On the Last 'Seinfeld' --- Lyle Hubbard's Veggie Patties Bank on a 30-Second Spot To Make It With Boomers

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Abstract (Summary) Don't laugh. Mr. Hubbard's campaign is indeed headed for NBC's wildly popular sitcom. When an estimated 90 million viewers tune in May 14 for the final "Seinfeld" episode, there, sandwiched between giant advertisers such as Budweiser, Coors and Visa, Mr. Hubbard's tiny company, Gardenburger Inc., will be pitching its soy burgers and vegetable-based patties.

Few companies would even consider such a go-for-broke strategy. Gardenburger, however, has an unorthodox history. Its founder, Paul Wenner, started the company in 1985, selling meatless patties made from leftovers at his vegetarian restaurant in Gresham, Ore. The restaurant flopped, but Mr. Wenner kept peddling the veggie burgers out of his van, under the name Wholesome & Hearty Foods. After the company went public in 1992, its stock rocketed to \$30 from \$3 on rumors that burger bigs like McDonald's were planning to sell the meatless patties. It crashed after the rumors proved untrue. The shares closed Thursday at \$12.75 a share on the Nasdaq Stock Market. The company changed its name to Gardenburger last year.

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PORTLAND, Ore. -- If "Seinfeld" weren't about to end, Lyle Hubbard would make good sitcom material: Guy with a fondness for steak concocts a wild scheme to get boomers to eat veggie burgers.

Don't laugh. Mr. Hubbard's campaign is indeed headed for NBC's wildly popular sitcom. When an estimated 90 million viewers tune in May 14 for the final "Seinfeld" episode, there, sandwiched between giant advertisers such as Budweiser, Coors and Visa, Mr. Hubbard's tiny company, Gardenburger Inc., will be pitching its soy burgers and vegetable-based patties.

After years on the culinary fringe, Gardenburger and its chief executive officer are betting the farm that soy burgers are ready for prime time. The \$1.5 million "Seinfeld" spot is the centerpiece of a \$14 million, five-week blitz of TV ads promoting the company's meatless burgers. That's pocket change for big companies, but "sphincter tightening," Mr. Hubbard says, for a company with sales that totaled only \$57 million last year.

"For the beer guys, this is just another event," Mr. Hubbard says. "For us, it's a call to action."

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"I said, 'Think of it as having a big savings account and you're going to splurge,'" Mr. Hubbard recalls.

Mr. Wenner, who is still on Gardenburger's board and who holds 10% of the company's stock, was enthusiastic, to say the least.

"Lyle said we need to blow it out. And I said, 'Let's really blow it out,'" Mr. Wenner says. "It's been a wild ride so far. I figured, hang on a little longer."

Mr. Hubbard, who is 47 years old, didn't mention during his job interview that he had never tasted a veggie burger. "Frankly, I've got to tell you I was on the other side," he confesses. "I like a good steak."

These days, though, Mr. Hubbard says he developed a fondness for his company's meatless patties, especially when they are fried up with a slab of cheese on them. "I'm not going to tell you they taste like a burger -- they don't," he says. "But they satisfy from a hunger, taste and intellectual standpoint."

Mr. Hubbard's original plan was to spend about \$4 million this year on a print-ad campaign. But the budget mushroomed in January when Mr. Hubbard and Hal Riney & Partners, Gardenburger's ad agency, decided to shift the campaign to television.

"It was a no-brainer," says William Marks, Hal Riney's senior vice president. "After people pigged out over the holidays, it was a natural."

A month ago, when NBC opened up a commercial slot on the final "Seinfeld" program, the Riney ad executives grabbed it for Gardenburger. "If this is truly going to be a big category, somebody's got to be there first," says Paul Janus, Hal Riney's creative director on the account. "This is where we stick our flag in the ground."

Some marketing experts think Gardenburger could be sticking its future in the ground. The company is financing its TV campaign with \$15 million in privately placed debt. (For the fourth quarter, the company reported earnings of \$979,000 on sales of \$17 million.) Mr. Hubbard says Gardenburger is betting that the TV ads will make that money back in sales. To handle the anticipated demand, the company is opening, in Utah, a second production facility.

"If those ads don't work," he says, "we're going to look like a very different company."

Gardenburger expects its spots to air about 1,500 times over five weeks in May and early June, but only about two dozen of the ads will appear on network television in prime time. The rest will be on cable, late at night, or on syndicated shows, which is all Gardenburger can afford. Nor does the company have the cash to follow up on its TV burst, Mr. Hubbard says.

Marketing experts doubt the strategy will work. "These people are looking for a broad-based mind-set change with a 30-second commercial," says Mohan Sawhney, a professor at Northwestern University's Kellogg Graduate School of Management. "TV is a lousy medium to do that," he adds.

Gardenburger's biggest competitor is also watching the company's gamble with a jaundiced eye. Donald Burke, executive vice president of marketing and sales for Worthington Foods Inc., a Worthington, Ohio, company that markets its meatless products under the Morningstar Farms label, says only 8% of Americans have ever tasted a veggie burger. Worthington's traditional market has been Seventh-Day Adventist vegetarians.

"If you go into a broad medium that isn't already eating your products, that's not terribly efficient," Mr. Burke says.

Worthington's strategy is to build consumer appetite for its products more slowly, using promotions such as coupons, Mr. Burke says. He notes that Gardenburger unsuccessfully tried another ad campaign several years ago to launch a now-abandoned meatless hot dog called Garden Dog.

"Their slogan was 'There's a dog in the garden,'" Mr. Burke says. "They couldn't have been more right."

But Mr. Hubbard insists Gardenburger is on the right track this time. The "Seinfeld" finale, he declares, "is the Super Bowl for women," just the ticket to connect with his company's target audience -- females 25 to 54.

Mr. Hubbard's first look at rough versions of the TV spots came recently during a "pencil test" meeting with Hal Riney people at Chicago's O'Hare Airport. Mr. Hubbard and Gardenburger's chief financial officer, Richard Dietz, crowd into a tiny conference room at the Red Carpet Club while a trio of ad executives explain the creative theory behind the three animated commercials that will appear in the campaign.

The first shows a fat man wooing his sweetheart with a Gardenburger and hula lessons. The second has a herd of cows bowing before a statue of a chef holding a Gardenburger. In the third ad, a woman on a pogo stick bounces into heaven, where angels are eating Gardenburgers.

As rough cuts of the commercials flicker across a TV screen, Mr. Hubbard sinks lower and lower in his chair. He fidgets, chuckles nervously, and ends up holding his head in his hands. The commercials, the ad executives say, are supposed to poke mild fun at veggie burgers while getting across the message that if viewers try them they'll like them.

As the pencil test, so called because the graphics will be smoothed out in the final versions, comes to an end, Mr. Hubbard wears a slightly stricken look. Mr. Dietz sits silently, staring straight ahead. "I'm a little . . . I'm not nervous," says Mr. Hubbard.

One way or the other, one of these three commercials will be broadcast on "Seinfeld." The campaign has gobbled nearly all the company's cash, and there isn't enough left to redo anything. "The toothpaste," Mr. Hubbard says, "is out of the tube."