



Dipping into Success

By Charlene Oldham | Photography courtesy of Pancho's

Pancho's devotees have spread the word, taking the creamy, cheese dip from its Memphis roots to 18 states and more than 1,000 stores.

No matter what his shopping list includes, Tim Wallace always detours to the dips in the grocery store cold case. As general manager for Pancho's Mexican Foods Inc., Wallace wears many hats – including impromptu supermarket stocker.

“I can't go into a grocery store without looking at the dip display,” he said. “I have to turn the Pancho's labels to the front.”

On one such trip to a local Kroger, Wallace encountered a distressed shopper. The elderly woman was craving a container of Pancho's Original Cheese Dip, and the store only had the White Cheese Dip displayed. Wallace went to the back of the store himself and came out with a case of the classic yellow dip.

“And she said, ‘Do you work here?’ I said, ‘No ma'am,

I work at Pancho's. I make all the cheese dip.’ She was just so excited that she hugged me.”

Wallace doesn't exactly make all the dip himself considering Pancho's now ships its products to stores in 18 states and more than 1,000 stores, according to his estimate. But Pancho's production plant in Memphis is modest, with about a dozen employees transforming at least 10,000 pounds of American cheese into dip daily.

Pancho's Mexican Foods Inc. also operates two restaurants, including a location in Memphis and its flagship restaurant in West Memphis, Ark., opened by the Berger family in 1956. The restaurant on the Arkansas side of the Mississippi River isn't in its original location, which was destroyed by an 18-wheeler about nine months after opening, but it is in the same spot where the restaurant reopened shortly afterward.

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The Original Cheese Dip Pancho's serves and ships to stores is also still made with the restaurant recipe developed in 1956 and the business is still owned by the Berger family.

It's that consistency and quality that keeps customers coming back, Wallace said. Pancho's doesn't use fillers or additives such as vegetable starch to cut costs and increase yield, which is one reason he decided to focus more on retail sales rather than restaurants when he took over day-to-day operations for the company 20 years ago.

It's tough to make a profit in the restaurant industry, especially when you're competing with massive chain eateries while using the same filler-free ingredients customers can buy in a supermarket, Wallace said.

"Everything you get in the restaurants, you could make yourself at home," he said. When we make our taco meat, it's 100 percent ground beef."

The ingredients list for the dips are also much shorter than most commercial competitors, with American cheese serving as the main ingredient for both the Original and White Cheese Dip. Wallace said he regularly fields calls from food companies offering to sell him thickening agents and other additives that would allow the company to cut costs on ingredients, but he's committed to using the original recipe that folks find addictive.

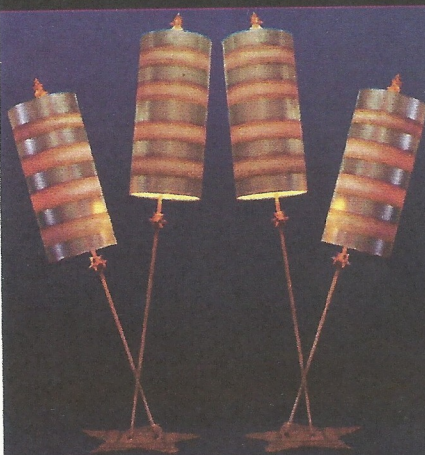
Indeed, Pancho's cheese dip has its own fan club and a Facebook page with more than 25,000 followers. And customer demand has driven distribution well beyond the Mid-South.

"We don't have any salesmen out there," Wallace said. "Our customers are our salesmen."

The Pancho's dip website even has a flyer that fans can print out and take to grocery store managers in their area. People who grew up in the Mid-South and work in the grocery industry have also helped bolster the brand, Wallace said.

"We've seen a 25 to 30 percent year-over-year growth over the last five years on the retail side and that's pretty phenomenal."

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Pancho's plant produces three varieties of cheese dip, a hot dip, a mild salsa, its tangy green dressing and some ingredients for its restaurants. The Original Cheese Dip is the company's biggest seller in the Mid-South while the White Cheese Dip, which Wallace developed nearly 20 years ago, is its most-popular product elsewhere.

"And the reason for that is, outside this area, people don't understand how we serve our cheese dip in the Mid-South," he said. "We don't heat it up. And the first thing they do with the yellow cheese dip outside this area is heat it up. That's a no-no in Memphis."

The restaurants serve the dip at room temperature, and many Pancho's dip devotees like it straight from the fridge or added to entrees at one of the restaurants. It's also a perennially favorite at football-watch parties and other events. No matter how they devour their dip, Wallace said the company owes its success to loyal customers like the fellow Kroger shopper who'd been buying Pancho's dip for decades.

"The biggest thing I want to say is thank you to all our customers," Wallace said. "We couldn't have done it without them."

panchosdip.com



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Charlene Oldham is a St. Louis-based writer who grew up in the Arkansas Delta. She has worked as a staff writer for both the Arkansas Democrat-Gazette and the Dallas Morning News.

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