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The Cutthroat World of $20 Ice Cream

Small scoop plays ballet for innovation that ends frozen treats a hot market. What happens to Halo Top when it hits the gallon aisle of the freezer section?

By Max Burns Stone
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Put the ice cream near the cash registers.

That is traditional grocery store wisdom, mainly so the product won't melt in the car on the way through the aisles.

For shoppers worn down by the journey through a league-size Whole Foods, it's also a reward for the effort required to find an ever-multiplying variety of daring and imaginative flavors.

It has never been a better time to eat ice cream or a more cutthroat time to try to sell it.

Fueled by pandemic trends of "at home comfort" and "anytime eating," the $7 billion industry grew 17 percent in 2020, after growing 10 percent the year before, according to the market research firm Euromonitor. Jennifer Aspinall-Cole of the market research firm Packaged Facts, Artisan ice cream — a "squishy" term, she said, that usually refers to premium with less air and more fat than "mainly just mass-produced ice cream" — has been the mainstream ice cream and its innovation engine for years.

Small, indie producers like Jennifer Dundas, the co-founder of Blue Marble in Brooklyn, have driven the innovation in the past decade. Ms. Dundas has been in the field for 17 years, but I've known her even longer — we grew up in the same Boston suburb — and I remember her first batch of Blue Marble ice cream, organic banana cream pie ice cream in biodegradable bamboo cups.

The spoils of success — tons of millions of dollars in incubation deals, plus the potential for hundreds of millions more if a label is sold to a giant like Unilever — have Aspinall-Cole expecting a big $20-per-gallon world. Now the business of gourmet ice cream is go big or melt.

Blue Marble, which founder Jennifer Dundas co-founded in Brooklyn, originated with the ice cream shop on the Upper West Side of Manhattan. Ivan Nikolov for The New York Times

"Everyone's like: 'I'm going to be the next Talenti. I'm going to be the next Häagen-Dazs. I'm going to be a little right!'" said Ernie Freeman, an industry veteran.

Even before Covid-19, the industry had been jonesing its hopes on "salted" ice cream, a relatively new category that blends the salted sugar and noble flavors such as Earl Grey tea.

"People are always looking sugar on the bad element, and for they're less worried about," Ms. Shapes Christ said.

For Ms. Dundas, who opened her first scoop shop back when an after-dinner ice cream was usually meant a plunge into a hotfudge Sundae or a trip to a dreary Dairy Queen, the artisan ice cream has been the vindication of a vision. But it has not yielded riches. On Wall Street, investors are tired of ceding the business — it has for other artisan products.

"Nobody is profitable," Ms. Freeman said. "It's just a game. You have to constantly raise money to survive."

Last winter, after watching several rivals go the private-equity route and others quietly fold, Ms. Dundas decided on a middle path. Using the brand's own money, Blue Marble would add a second shop, in Brooklyn, and open a factory in Queens. Ms. Dundas hoped would be the city's artisanal ice cream manufacturer. The plan was something of a gamble: a modest expansion while remaining true to Blue Marble's ice cream and hopefully sidestepping the financial risks and loss of control that come with outside funding.

"I just want to stay in the game," Ms. Dundas told me then.

Pints in the dressing room

Jennifer Dundas at her Queens factory. Ivan Nikolov for The New York Times

When Blue Marble opened in 2006, it turned its back on Manhattan. Brooklyn was where the energy was, and the passion behind the growing farm-to-table movement. It was also a cheaper place to operate a business. The first Blue Marble debuted on Atlantic Avenue in Bayside Hill, and expansion soon followed with a shop in Williamsburg and a factory.

Now Ms. Dundas is part of the Queens ice cream guard. I remember watching her open her shop on Atlantic with jubilantness, knowing that she had constantly in her business experience is an economic origin story to the ice cream industry, it turned out).

Moreover, she more so everything because Ms. Dundas already had a career, one I had watched her develop since she was 6.

LB SIGNATURE

Starting in the 1980s, Ms. Dundas began appearing on Broadway and in Hollywood as a child actor. She specialized in playing precocious girls, including Cindy Brady in "The Brady Bunch in The Hawaii Now Bunsapatter", Jane Kanaris's Anna, in "Mrs. Softie" and "The First Wives Club". After hitting adolescence, Ms. Dundas broadened her repertoire but began feeling bored pigeonholed. She received acclaim in a starring role opposite Billy Crystal in the movie "Forget Paris" and was cast in a Broadway revival in 2007 for the play "Cyrano de Bergerac." But was having to hustle harder and harder for the roles.

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And then in 2008 she appeared at the Roundabout Theater in "Cinema of the Blues," co-starring with Sarah Paulson and Lily Rabe. The play begins at the Williamstown Theater Festival in the summer of 2009 and was to open on Broadway the following fall. "Jennie sitting in the rehearsal hall at night hatching Blue Marble"

Ms. Dundas would take samples to the dressing room, including "the best strawberry I ever tasted," Ms. Shapes Christ said.

After moving to Broadway, the play was a critical success, "but Lily and I, who are both Irish Jew and had long Irish roots, we were more glowing mentions," Ms. Paulson said. Ms. Dundas calls "Cinema of the Blues" the best show she ever was in, and remembers her in a squirrel, she said. "Forget it, I'm done. I'm going to focus on ice cream."

Ms. Dundas with her sister in a scene from "Mrs. Softie," a movie in which she was a child star. Blue Marble. Ivan Nikolov for The New York Times

'It's in the chow'

Ms. Dundas founded Blue Marble with Alexis Gallivan, a nonprofit specialist who had been working in international development. Ms. Gallivan had never run a business, either, but it didn't matter. The timing for an ice cream shop in Brooklyn was right.

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At the time, the operator of the borough's arts-industrial-local revitalizer were looking for any category they could shepherd through local regulations or handmade production. Brooklyn Bitter Ale was a success, and Brooklyn Brewery was a tourist attraction and a state-of-the-art business model. Ms. Dundas's ambitions were warmtimed.

"We were like, 'Why is there no great artisan ice cream in New York City?'" Ms. Dundas said.

Ms. Gallivan said there was a "nerdy moment" when the women started crawling the kind of ice cream that existed in Boston, "where there's this amazing ice cream shop called Toscanini," in New York, there was the Tuck Box and Baskin-Robbins — nothing worth the calories, nothing worth the money.

Blue Marble's concept concept, like that of so many Brooklyn brands, was lofty and vaguely European, featuring "elemental" flavors sourced from upstate farms with organic ingredients enjoyed pedigrees and so easily or betrayed cutesy. If the boroughs hosted a Brooklyn Bitter Ale-style ice cream factory, Ms. Dundas and Ms. Gallivan, leveraging her expertise in international aid, set up ambitious satellite projects in Haiti and Rwanda, the latter of which continues 20 years on.

And the ice cream was good.

"It's in the chow," said Thomas Bacci, a fourth-generation ice cream maker whose Bronx-founded Edson factory "co-packs" pints for Blue Marble and many other artisan producers. "It's in the chow. Everybody lies, as opposed to the big guys. Where it's just sex — it's not."

To get that texture, the Edson staff, "you can spend $50,000 a week on milk and cream alone," he added — emphatically — that there was no shortcuts.

Compromises beckoned, however, as Blue Marble began racking up successes in its early years, including partnerships with Jetblue and Whole Foods.

"It's really hard to a place like New York to not start compromising, because things are expensive and they're not into your margins," Ms. Gallivan said. Blue Marble refused to cut corners, she said, in the belief that "ultimately quality ingredients and the best ice cream will prevail."

LB SIGNATURE

They tried to wipe everything clear out

The Ensoyo shelves at Whole Foods tell the story of artisan ice cream's success, with multiplying labels and their ersatzlike flavors jostling for space. Many pints trace their origins to Brooklyn circa 2015, when a scrum of contenders for the mantle of the borough's most authentic ice cream materialized, from Angie Dills and Jeni Britton Bauer's Jeni's Splendid Ice Cream to Ms. Dundas's ex-lover, Boston Jabel, tried to reposition herself as a Brooklyn brand.

"If the competition at the beginning was what it was four years later, we never would have survived," Ms. Dundas said.

The producers strove to promote community and craft above profit, but beneath the it's-all-about-the-ensoyo-and-the-people-behind the competition of plotted ice cream, a trade dominated by Unilever, Nestlé and Dreyer's (Nestlé bought Häagen-Dazs, Nestlemania, one Internet sales group Coach, Jeni and a acquisition tears, buying up mainstream brands like Hagen-Dazs Oreo(s), Ben & Jerry's (Unilever), Dreyer's (Nestle) and Klondike (Unilever).

"They tried to wipe everybody clear out," said divide the market between them. Lori Glynn, one of the industry's most sought-after consultants, remembered being hired by Unilever in 2015 to plotting an expansion. Ms. Glynn passed away in April. But it didn't work. "They became so profit-motivated, it gave all those small artisanal guys an opportunity," he said.

Soon, not just in Brooklyn but around the country, true believers in the artisan ideal were scrambling to find a viable business alternative to ice cream made with artificial ingredients.

"Most organs have their equivalent of Blue Marble", Ms. Shapes Christ of the Packaged Facts unit, citing her own friends Michael's Homemade in Cleveland.

It didn't take long for Blue Marble and Unilever to notice. "The truth of the matter is that you have two world giants that will spend a lot of money to protect their turf," Ms. Gallivan said. Ms. Dundas's brother Jabel, a former Yahoo executive, was also approached and was, he said, "very interested into an irresistible addition to the multinational corporation's massive portfolio of brands. Now the brand's ice cream is available at Walmart.

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The deal signaled the mainstreaming of artisanal ice cream and ignited a frenzy to create the next Blue Marbles

Last year, industry darling Van Leeuwen received $45 million in investment from San Francisco private-equity firm Stonewall Evergreen. It has opened 7 scoop shops in New York and 27 nationwide.

"This category is ridiculous"

Weighing ice cream from a shop in Lake Mary, Florida, as acquisitions surged and rankings ice distributors are another. Joe Raedle for The New York Times

Cristina Freeman saw few investors interested in ice cream when she opened Pitch & Pitcher in 2015, but after the Talenti sale, "that changed overnight," she said. Her company, Ice Distributors, which sells vivid-hues selling large investments to localize the connection from small ice cream shop or acquisition target. Few owners could retain.

"People are like, 'I'm going to be the next Ben & Jerry's because I listened to whatever that podcast is," Ms. Freeman said.

Going down the acquisition path meant a frantic scramble for exposure as well as access to freezer shelves, an expensive enterprise that, people say, can be more about connections than quality or consumer demand.

"The difficulty is in distribution," said Ms. Glynn, who orchestrated the sale of Ensoyo to New York's largest ice cream vending network.

The industry shifted from multiple distribution channels to a "warehouse-driven model" dominated by a handful of large corporations, he said. As a result, he added, "artisanal brands have to be willing to give up a lot of gross margin to get into the system."

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can run as high as $40,000 per flavor.

"This category is ruthless," said Ms. Freeman, who said she planned to write a memoir called "I Screamed." "You have to constantly raise money to avoid burn." In 2018, she exited the industry quietly but on her own terms after giving up on a national retail strategy.

Others have gone out less decorously, the most talked-about being Ample Hills, whose nonadult flavors (Coney Gooey, Snap Mallow Pop!, The Munchies) attracted the patronage of Oprah Winfrey and other celebrities. Ample Hills had seemed to be on its way to achieving the iconic shops around the country, a partnership with Disney, a factory in Brooklyn.

Within the industry, it is now considered "an extreme example of what not to do," said Mr. Bucci, the Rhode Island co-packer.

After an injection of a reported $18 million in venture capital, Ample Hills went on a breakneck expansion while taking the same approach to financial discipline as its ice cream stylings.

"Too much money and a lack of business expertise," Mr. Bucci said when I asked him what had gone wrong. "It's disheartening," he added. "The waste blows your mind."

Quoted in an article that dissected the collapse for Medium's Marker publication this year, an Ample Hills co-founder, Brian Smith, called the business "a runaway train of raising and raising and growth and growth."

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Given the ice cream's popularity, the flameout was startling but hardly surprising to its peers. "So many brands crash and burn," Ms. Dundas said. "It's a little spooky, because sometimes everything looks great until poof — they're gone."

Other artisan ice cream makers loaded with capital that have gone belly up in recent years include Three Twins, a premium organic brand with wide distribution in the Bay Area, and Trickling Springs Creamery, a Pennsylvania organic dairy provider run by Mennonites whose majority-owner pleaded guilty last year to a $60 million fraud scheme.

Ready to retire

Cole Wilson for The New York Times

Cole Wilson for The New York Times

As premium ice cream markets go, the Upper West Side is a target-rich environment, popular with young families as well as older New Yorkers who fill the benches on Broadway's medians during the 20-week ice cream season. (Both groups are key demographics for the industry.)

Rents are high, but Ms. Dundas, who lives in the neighborhood, found them to be lower than they were before the pandemic, which was how she was able to move into a corner store with expansive sightlines, high ceilings and proximity to a busy subway station.

The previous occupant, a popular cafe, had gone out of business during the pandemic. Its rent was $15,000 a month, which Ms. Dundas managed to reduce significantly. ("I'll just say I negotiated on that," she said, declining to name a figure.)

The expansion from Brooklyn was long in the making. For years, Ms. Dundas and Ms. Gallivan had debated whether to beef up their retail presence, occasionally taking investment offers to the brand's ownership, which consists of a small group of family and friends, as well as Slow Money NYC, a national nonprofit that describes itself as "catalyzing investment in sustainable food and farms."

LG SIGNATURE

"Investors have urged us to grow," Ms. Gallivan said. "It's tempting because they're dangling all this money and saying, 'We're going to get you in supermarkets across the United States.'"

She was skeptical. "We've seen a lot of people fall in that trap," she said. "They grow way too quickly, get overextended and ultimately collapse."

Ms. Dundas, however, would be open to being acquired in a "heartbeat" she explained. "I've been working since I was 8. I'm ready to retire."

Her experience as an actor gave her pause, however. "Maybe I'm paranoid, but I always think something could get canceled at the last second," she said. Like most actors, Ms. Dundas had been humbled by the endless hustle and disappointment of auditions, the flopping of can't-miss bits, seeing other actors go bust.

"My philosophy is, keep your pants on," she added.

In fact, after a hiatus while she started Blue Marble, Ms. Dundas's acting career had resumed. In 2017, Steven Spielberg cast her as Katharine Graham's assistant in "The Post," and a year later she played the prosecutor Mary Jo White in HBO's "The Looming Tower." Neither role placed her atop the credits. They kept her in the game, however.

"Anyone who sustains any kind of career in the professional acting business is a legend," said Mr. Crudup, who after co-starring with Ms. Dundas in "Arcadia" put seed money into Blue Marble and remains involved. "But for Jennie to start out as a child actor and find a voice as an adult is remarkable."

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'Manhattan is not Brooklyn'

"I am so not in Kansas anymore," Ms. Dundas said after Blue Marble's arrival on the Upper West Side in March. Benjamin Norman for The New York Times

Ten days after the Upper West Side store opened in March, Ms. Dundas called. "I am so not in Kansas anymore," she said. "Manhattan is not Brooklyn."

The first week and a half had been unexpectedly bumpy. A windstorm had torn down the awning. The chief operating officer, after eight years on the job, had announced her departure. And then there were the shoplifters.

Like Blue Marble's other branches, the Upper West Side location offered a small, curated selection of nonedible merchandise, like hand-sewn pillows made with certified organic fabric and "We the People" masks from Resistance by Design.

"Somebody shoplifted a sweater yesterday," Ms. Dundas said with a sigh. "and were it into the smoke shop next door this morning. My friend made it, and there are only five, four of which are still in the store. So I went to the police station, and they said, 'Is this your first business in New York?'"

In the days since, for the first time in her 14 years as a shopkeeper, Ms. Dundas had installed cameras and hired a security guard. "We had shoplifting in Brooklyn," she said, "but never like this."

In Manhattan, she said, she found that city inspectors were more vigilant. Customers were more engaged, whether emailing to demand a summer job for a child or dictating a reset of the store's feng shui.

"It makes me feel like Brooklyn is a Podunk town," Ms. Dundas said.

But the numbers were fantastic, she said. So good that despite the national labor shortage and a still-depleted population on the Upper West Side — "I'll know the pandemic is over when I can't get a parking space whenever I want," Ms. Dundas said — a month after opening, Blue Marble signed a lease for a second Upper West Side scoop shop.

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