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# COFFEE TALK

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## Accepting Baked Goods as a Core Part of Your Business

By Tracy Ging  
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Every now and then, Oprah sucks me in, particularly with her book recommendations. I am always a bit embarrassed carrying a book with her mammoth endorsement, but as much as I hate to admit it, Oprah + self-help = me totally and uncontrollably clicking through Amazon.com. Like a decadently chocolate croissant, I cannot resist. I just eat that stuff up.

There is a persistent theme in O's selections, about acceptance. Before you laugh too loudly, let me state that, as much as I love her, I am the first one to guffaw at an overly simplified platitude. That said, it does seem to have some bearing here. It appears that many coffee retailers have not quite accepted the baked side of their business.

Of course, there is good reason for that. It is challenging to find the right balance. Spend too much time on muffins and people think you have forgotten your roots; a few pre-packed cookies in a basket and people think you are lazy.

One of the issues is based in definition. Are baked goods an add-on or part of your core business? As Lisa Spinner, President of Hannah Banana Bread Company, describes, the prevailing opinion has been "people enjoy our baked goods, but they come here for my coffee." An add-on perspective may yield a focus on price and margin over taste, freshness, and retail appeal. Lisa Spinner encourages "retailers to think about what makes a baked good product successful. Is a smaller margin on any given baked good product problematic if it generates repeat business from an increasingly loyal customer base? The answer is probably not, especially if customers also walk out the door with a cup of premium-grade coffee, a newspaper and a great big smile on their face".

According to the Coffeehouses and Donut Shops Report by Mintel (U.S., February 2006), more than half of all respondents reported buying snacks at coffeehouses and a third reported

buying meal-type foods. Baked goods are a natural complement to coffee beverages, consumers want them, and there is too much competition to treat them simply as an add-on item. Knowing that, it is easier to accept your baked selections as part of your core business and give them their due attention.

All of the expert contributors agreed that baked goods are an area where people give themselves license to indulge. Lisa Spinner says their customers are looking for "for unique twists on old-fashioned comfort foods — classic recipes that call for natural ingredients, no additives or preservatives and definitely no trans-fats", adding that products sell best when they are able to connect with a consumer's emotions.

John Nemetz, Business Development Executive for Savory Foods, Inc., wants retailers to put a spotlight on their baked cases, "draw attention to the products, and let consumers know they are available. The second part is product presentation...simple baked goods can be turned into decadent desserts by adding ice cream/whip cream, chocolate or other flavored drizzles, or by being warmed up".

Stephanie Robbins, Marketing Manager for Pamela's Products, added the perspective of those who may be limited in how they can indulge "there is definitely a trend to bring gluten-free baked goods to all levels of food service, especially cafes and small restaurants." Noting the rise in gluten-free dieters, she continues, "for the cafes and restaurants that answer this call, they have a great potential to connect with their community in a deep and sustainable way."

Lisa Spinner also had a lot to say about the practicalities, noting that meeting minimum order requirements can be difficult but citing that increasingly suppliers are willing to service the demand for smaller, drop-ship orders with reasonable S&H fees. She adds, "Truly savvy retailers have always been smart when it comes to managing their resources and an increasing number have found it worthwhile to spend more on products that are ready to serve upon delivery. Pre-sliced or individually wrapped baked goods, for example, eliminate waste due to poor cutting techniques. It also enables employees to spend more time on the floor actually selling baked goods instead of preparing them for retail."

Thinking about logistics, yes, you might ask yourself more than once are we a coffee shop or a café. However, there is a lot of potential in being a little bit of both. I say accept that you are a coffee shop that offers some really good scones (or croissants, or muffins, or cookies, or whatever it is you decide) that alone, are worth the trip. If there is a chocolate croissant on the menu, I am there. **CT**