

## BUSINESS

Tuesday, December 25, 2007



Photographs by GLENN KOENIG Los Angeles Times

**FANCY FARE:** The Mrs. Beasley's bakery outlet in Beverly Hills is filled with holiday gift baskets. The company is known for its cookies, brownies and muffins and a strong connection with Hollywood. One early fan was Barbra Streisand, almost 20 years ago.

## Sweet business model takes off

Gourmet cupcakes are the latest thing as more celebrities and others crave the comfort food.

By Martin Zimmerman  
Times Staff Writer

Few details of Paris Hilton's jailhouse drama enraptured the media as much as the imprisoned celeb's oft-described craving for Mrs. Beasley's gourmet cupcakes.

It was another high-profile shout-out for the Los Angeles purveyor of high-end baked goods, which has been collecting celebrity endorsements since Barbra Streisand walked into the original Mrs. Beasley's in Tarzana almost 20 years ago.

Cupcakegate also illustrated how a once-humble bakery product has gone upscale, morphing from a homemade staple at children's birthday parties into a pricey custom-made comestible boasting its own bakeries, mail-order sites and, inevitably, blogs. Consider: Gourmet cupcakes from Williams-Sonoma made Oprah's 2007 "favorite things" list.

"In the last three years it has really exploded; at least every two weeks I'm hearing about a new cupcake bakery opening somewhere," said New Yorker Rachel Kramer Bussel, who helps run a blog called Cupcakes Take the Cake.

"New York was the first place that started with all these bakeries, but L.A. is becoming the second-biggest cupcake city in the country."

That kind of growth got the attention of the folks who run Mrs. Beasley's, best known for its cookies, brownies and muffins and a strong connection with Hollywood. Lavish baskets of Mrs. Beasley's goodies have been a staple of the industry's obsessive gift-swapping routine, winning fans among actors, studio executives and agents — even earning mention on the HBO series "Entourage."

Mrs. Beasley's added a line of gourmet cupcakes a year ago, re-



**KEY TO PLAN:** "Our main thrust right now is cupcakes," Chief Executive Ken Harris said. "That's what we're most excited about in terms of taking our business to the next level."

configuring its stores to give them more prominent display. Crowned with 3 inches of frosting, varieties such as Lavish Lemon, Decadent Chocolate Ganache and Magnificent Mocha go for \$3 apiece and now account for more than 20% of sales at the company's nine retail locations in L.A. and Orange counties (soon to be eight; it lost its lease in Manhattan Beach).

"Our main thrust right now is cupcakes," Chief Executive Ken Harris said. "That's what we're most excited about in terms of taking our business to the next level."

Harris' cupcake strategy includes a deal with the Los Angeles Dodgers that will add Mrs. Beasley's cupcakes to the concession lineup at Dodger Stadium and a plan to license the rights to sell baked goods at airports across the country. The company also introduced a line of mini-cupcakes called "poppers" (100 calories versus 400 to 550 for a full-sized cupcake) that has become a bestseller, and plans to offer a home cupcake-baking kit.

The company is testing a store at South Coast Plaza that sells only cupcakes and cookies and is less than one-fifth the size of a typical Mrs. Beasley's retail outlet. Because it costs only \$50,000 to set up, Harris envisions the mini-store as a concept



**DECADENT:** Some cupcakes, topped by 3 inches of frosting, go for \$3 apiece.

that could compete with Mrs. Fields cookie shops for sweet-toothed shoppers in malls.

If the concept works, it will give the company the expansion potential needed to attract a buyer in three to five years, said Harris, a 65-year-old restaurant industry veteran who has run Mrs. Beasley's since 1998.

Founded in 1978, Mrs. Beasley's had \$2.5 million in annual sales when the Los Angeles investment firm Kayne Anderson bought the struggling company in 1988. The acquisition of rival Miss Grace Lemon Cakes followed five years later.

Over the years, the company has emphasized the personalized crafting of the foods produced at its central bakery in Carson,

where it uses hand-squeezed lemon juice instead of concentrate and hand-cracked eggs instead of liquid.

A gift basket with enough cookies, brownies and muffins to serve six costs \$39.95; a basket for 80 goes for \$290.

Although it was late to the game, cupcake-wise, exploiting that niche has helped Mrs. Beasley's weather a sharp downturn in deliveries to the entertainment industry, which have been cut in half this Christmas by the writers strike. Overall, Harris expects sales to be off 2% this holiday season — not bad considering that the housing downturn has hurt sales from another key clientele: real estate agents and mortgage brokers.

Cutting shipping costs by devising new packaging that allows baked goods to be transported by ground rather than air has also helped keep customers coming back to Mrs. Beasley's website, which accounts for more than half of sales, Harris said.

Seeking out growth opportunities helped boost Mrs. Beasley's sales to \$20 million last year. But the competition isn't standing still.

Sprinkles, another Hollywood favorite that proclaims itself "the original cupcake bakery," has four locations and plans for national and even international expansion. Meanwhile, fancy cupcakes are increasingly available at independent bakeries in New York, Los Angeles and points in between.

"There's a demand for quality baked products that don't come in a big package," said Jim Standish, owner of the Lark Cake Shop in Silver Lake. "Few people go out and buy a whole red velvet cake just to enjoy it themselves, but you can buy a cupcake as a small treat for yourself, or as convenient party gifts."

When Standish opened his shop in July, his focus was more on making cakes, but to his surprise half of his sales have been cupcakes.

"We didn't think it would be as much of a thing as it's been," he said.

The boom comes as schools around the country have been cracking down on the old-fashioned icing-and-sprinkles variety in the name of student nutrition. But that shouldn't take the fun out of it for adults, said blogger Bussel, a former Village Voice columnist who writes and edits erotic fiction when not chronicling the cupcake craze.

"People just have a different reaction to cupcakes than they do to other baked goods," she said. "They really perk up and get excited."

"It's not just nostalgia, but there is something kid-like about that excitement over cupcakes."

[martin.zimmerman@latimes.com](mailto:martin.zimmerman@latimes.com)