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Metro Detroit's cupcake heaven ready to expand

*JACLYN TROP**/ The Detroit News*

Metro Detroit cupcake maker Just Baked is poised for national growth with a plan to add 13 new stores in the next year and a half and diversify its sweet treats.

The seven-location business, which began as a cupcake supplier to two small Metro Detroit markets, is aiming to attract franchisees to help open locations from East Lansing to Shelby Township by the end of 2012.

The company, started by Franklin mother of five Pam Turkin, began in fall 2008. It capitalized on the financial collapse, leasing inexpensive space and filling consumers' need for an inexpensive treat.

Turkin created and sells 70 varieties of cupcakes — from the Grumpy Cake (devil's food cake stuffed and topped with vanilla buttercream and dipped in chocolate ganache) to the Drumstick (rolled in peanuts) — at \$2.95 a pop.

"For \$3, someone's willing to buy a treat," she said.

Just Baked, which markets itself as a chain of neighborhood cupcake shops, is also considering expanding into Chicago, Atlanta and downtown Detroit. The company has stores in Royal Oak, Livonia, Ann Arbor and Novi at Twelve Oaks Mall and franchises in Brighton, Canton and Troy.

Another plan is to expand its grocery store presence to supply 10,000 stores in the next two years.

While cupcake retailing generates \$150 million in annual revenue, according to consulting firm Technomic Inc., some critics say cupcakes will fall out of fashion and pies will replace them as the dessert du jour.

"I do wonder if we might be entering the phase of cupcake fatigue," said Birmingham-based marketing retail consultant Ed Nakfoor, "and that's a challenge."

Just Baked plans to stay ahead of the curve, Turkin said. The name is elastic enough to allow cookies and other bakery items, she said.

Just Swirled, a frozen yogurt department with the Just Baked stores, will debut in June with handcrafted toppings such as peanut butter cookie and brownie crumbles.

"The yogurt is a vehicle for the toppings," Turkin said.

The company will move next month from its 1,800-square-foot kitchen in Livonia to a nearby facility almost 10 times as large to accommodate the rise in demand for cupcakes. Just Baked expects to double its sales to \$3 million this year and grow well beyond its staff of 65.

Now the small family business that began in Turkin's kitchen is grappling with its transition to a corporation with trappings such as time clocks and employee handbooks.

The business received a boost earlier this year when Ferndale-based Garden Fresh Salsa pledged to fund and support Just Baked's growth in exchange for a 45 percent equity stake.

Founded in 1997, Garden Fresh also has a homegrown legacy.

Founder Jack Aronson began making salsa in 5-gallon buckets in the back of his Ferndale restaurant. Now the Garden Fresh line of salsa, hummus and tortilla chips is sold in stores nationwide.

Cupcakes have been a snack in demand in cities from New York to Los Angeles since HBO's "Sex and the City" popularized New York's Magnolia Bakery, famous for its oversize cupcakes with buttercream frosting, at the turn of the millennium.

The demand has endured for a decade, especially during the economic downturn, as a fun and affordable luxury that helps consumers escape to a simpler time, said Pam Danziger, founder of Unity Marketing, a Stevens, Pa.-based firm specializing in luxury goods.

"It's a highly decorated cake, for one," Danziger said. "Secondly, most adults haven't had cupcakes since childhood."

The business marries Turkin's marketing background with her passion for the artistry of cupcake design.

"I'll ask myself: 'If I were a Samoa cookie, what would I look like as a cupcake?'" she said. "I'm not afraid to experiment or throw things out."

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Additional Facts

A cakewalk?

Trends for cupcakes:

"The cupcake trend still has legs," said Louise Kramer of the National Association for the Specialty Food Trade.

The popularity of cupcakes is attributed in part to "Sex and the City."

"Consumers always are looking for the next great treat, so cupcake sellers will need to be nimble and ready to offer other items eventually," said Louis Kramer of the specialty food trade group.

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