CRAVING CHOCOLATE?

BY AMANDA LONG

Before you dip into America’s growing appetite for luxury chocolate, know how much your market can stomach and your shop can handle.
During a trip to Seattle in 2001, Brandon Kirkland wandered into a specialty chocolate shop, never imagining it would lead to the rich, cacao bean-obsessed world in which the florist now unapologetically resides. In fact, his initial reaction upon seeing an Italian chocolate bar was, “Why would I ever pay $12 when I can get a Hershey bar for less than a buck?” Ever the curious retailer, Kirkland, who’d just opened Enchanted Florist in Ashland, Ore., with his wife, Leslie, had to find out. So he bought it and took a bite on site.

“It was weird ... kind of bitter and unlike anything I’d tasted,” said Kirkland. “I had to find out more. I had to find out what was going on in my mouth when I ate it and what was going on with chocolate.”

That quest is one more florists are embarking on now, as chocolate proves to be a recession-proof luxury that can also be the perfect complement to their shops’ current star: flowers.

Dark chocolate saw the greatest demand in 2007, when sales peaked at $829 million, a 35 percent jump from the previous year, according to the National Confectioners Association. In 2008, when the economy went south, growth “slowed” to 12 percent. The dark-chocolate market finished 2009 with a 9 percent increase in sales — revealing a strong resiliency after losing ground the first two months of the year. The overall market for chocolate candy represents 58 percent of the total confectionary sales in the U.S., which hit $29.3 billion in 2009, a 3.6 percent increase compared to the year prior.

In its 2010 U.S. Confectionary Market Overview, NCA predicted continued, but slowing growth for dark chocolate, and the emergence of more private label chocolates and exotic flavors.

Kirkland is fielding more and more questions from fellow florists ready to dip into the rich market. (Indeed, in researching this story, the “You gotta talk to Brandon” refrain was constant.) It’s a task Kirkland, who only half-jokingly calls himself the floral world’s “Moses of chocolate,” relishes.

“Chocolate is hot and will only get bigger, but florists have to know their customers and the flavor of their shop before they just go ordering every mouth-watering chocolate out there,” he said. “This isn’t going to be a silver bullet that saves your shop, but if you do it right, it can make customers go out of their way to come to you.”

Ready for a bite? Abate your appetite for now. Before we follow Kirkland to his sugar-coated promise land, it’s important to understand how his own journey coincided with a rise in chocolate’s popularity. Knowing his history can help you tell your chocolate story — and sell it to your customers.

**His Dark Past**

After that first bite of a $12 chocolate bar in 2001, Kirkland’s research took him to obscure online chocolate forums, where connoisseurs raved about hints of jasmine and notes of lavender, and defended true chocolates against their wax-laden grocery store counterparts with the passion and specificity of oenophiles. Kirkland began with one line: Joseph Schmidt Truffles of San Francisco. Sales were modest, but the gourmet line fit the shop’s boutique feel and helped it carve out a niche during its first year of business.

And then around 2006, the dark chocolate wave hit: More research proved that dark chocolate was good for you, a powerful source of antioxidants and a heart-healthy snack. That helped land chocolate on the cover of fitness magazines, earned it the Dr. Oz/Oprah seal of approval and got major retailers like Whole Foods clearing shelf space.

Hot chocolate bars opened in Manhattan, spas introduced cocoa-wraps and bacon-flavored chocolate no longer sounded like something served up by drunken fraternity boys.

As dark, gourmet chocolate was becoming more mainstream, Enchanted Florist moved its location from off the beaten path to a main boutique-dotted retail stretch in Ashland, Ore., where the town’s healthy tourist population would easily find him.

By early 2008, Kirkland was prepared to lead a chocolate crusade. He invested $2,000 in chocolate, $1,700 in drinking chocolate machines and $1,500 in display fixtures. “Boom! Our chocolate sales went up like 1,500 percent,” he said. “We took a risk and it paid off.”

**DID YOU KNOW?** Chocolate candy represents approximately 58 percent of total U.S. confectionary dollar sales.
Currently, Enchanted Florist offers nine lines of chocolates — including that very bar Kirkland bit into in 2001 — which occupy about 70 percent of the shop’s showroom and about 15 percent of its sales. (See Rich Resources, for Enchanted’s lineup.) Other non-floral items are kept to a minimum, letting chocolate rule the roost. The most obvious sign of his obsession in the shop: a sleek chocolate serving bar, with the drinking machines behind it and truffles displayed under glass sitting on top.

Kirkland’s chocolate education and outreach is ongoing. He hosts bi-monthly chocolate club meetings at the upscale hotel next door and enters contests at prestigious chocolate festivals (he’s won two awards for his drinking chocolates).

“One of our shop’s mottos is: Do the opposite of what the big box business does,” Kirkland said of his guiding buying principal.

While Kirkland’s search has led him to Italy, France and the mountains of Utah, you needn’t hop the pond or spend hours scouring chocolate blogs to find unique treats. Regina Cannon-Treml found the perfect chocolate for her flower shop less than 20 miles down the road. When she bought Belladonna Florist in Eden Prairie, Minn., six years ago, the previous owner had a “very limited” supply of chocolate. Not only did it lack volume; the chocolate lacked character.

“One thing that stood out was that they were flavored chocolate. At the time, there wasn’t a lot of that, and they didn’t have the pricing that I think is appropriate for the quality of their product,” she said.

“For example, if you’re a traditional shop, where customers expect traditional flowers, big stuffed animals and balloons, you want chocolates that feel familiar and don’t throw customers for a loop with their price tags or exotic ingredients. “That’s the kind of place where Godiva, Lindt, Russell Stover — all those well-known, ubiquitous brands — have a spot,” Kirkland said. That spot, however, is usually as an add-on category. Don’t waste time, money and space advertising a big brand — that’s why you chose it in the first place, he said. Likewise, don’t expect these chocolates to substantially boost shop traffic, since consumers can get them at every gift shop, mall and grocery store.

If you’re a shop that prides itself on offering items unique to your market, stock chocolates that exude exclusivity.
Know What Cost Customers Will Stomach

Kirkland’s decision to devote 25 percent of his 800-foot showroom to chocolate speaks to his heavy flow of tourists, who come in to browse and expect the same wide variety of products and price points available at neighboring gift shops and boutiques. All that chocolate is bait, he explained. And to get them to bite, he keeps the markup on the low side — between 70 to 110 percent.

Kirkland said the chocolate does double duty as shop magnet and brand builder, so it makes up for its slim profit margin by pulling in customers and making Enchanted Florist a destination for those who may never venture into a flower shop. “We’re in a tourist town, on the main street. Tourists don’t buy flowers, so you have offer something different,” he said of the town of 20,000. “There are a lot of general gift stores in town, so we wanted to do something special.”

Although the flowers “keep us in business,” Kirkland said it’s chocolate that helps drive new flower buyers to the shop, and brand. “People who are visiting family come in for the chocolate, take a card and tell us they’ll call us to send flowers to loved ones after they leave,” he said. “This goes back to that question of, why fill your shop up with something that only has a 70 percent mark up? Branding, that’s why!”

At Starbright Floral in New York, senior partner Nic Faitos knows his chocolate customers have a big appetite, at least when it comes to price. Almost all of the shop’s chocolate is sold in gourmet gift baskets to the city’s luxury hotel market, through partnerships with concierges. Faitos works with more than 250 concierges at about 40 different hotels, of which 80 percent use Starbright exclusively. Although not all hotels order on a regular basis, Faitos likes having that relationship “just to keep them from picking up the yellow pages when they do need a gift basket.”

Given those customers have already plunked down some serious cash to stay in an upscale hotel, the boxes of chocolates must live up that experience, carry the same decadent flavor and be immediately recognized as luxury brand, Faitos said.
Starbright has carried chocolate for the last 10 years, steadily holding sales at $25,000 of the shop’s more than $1 million in sales. Lines include Lindor truffles, Guylian Belgian chocolate sea shells, Godiva chocolate bars, Godiva truffles and Asher’s. Although these brands may be available at the nearby mall, Faitos points out that when you’re staying in a hotel in another city, you may not be familiar with local chocolatiers or local upscale brands, so “having Godiva in a basket as part of larger presentation is more than acceptable,” he said. For a Starbright-designed touch, Faitos recently added a line of chocolate-dipped strawberries to the store.

Starbright marks up its chocolate by 200 to 300 percent — in line with what New Yorkers and visitors to the Big Apple are used to paying, he said. “We follow the maxim that you can charge more for your product as long as you do not have to apologize for your service or quality,” he said. “Our job is to make the hotel concierge look great. Bottom line? Our customer is not coming to us for a bargain or a sale price. “ Case in point: In July, Starbright Floral charges between $100 to $125 for a dozen roses.

As the director of operations for Trig’s Floral and Home, a five-location flower, décor and grocery retailer, Sandy Buss has made it her job to find the sweet spot in her customers’ wallets. Located in northern Wisconsin, Trig’s is known for its “high-end, but not too high-end goods,” she said. “We want our customers to know we’re getting the best products, but not just the most expensive ones for the sake of the label.”

Those parameters that have long guided her choice of linens, candles and other giftware were recently applied to fine (but not too fine) chocolates. Although all locations had sold Russell Stover, in February of 2009, Buss began looking to distinguish the shop’s chocolate offerings and tap into the specialty chocolate craze that most recently had been on display at a local chocolate festival in downtown Rhinelander (population: 7,500). She’d heard from other florists who’d had some success with Sweet Shop

DID YOU KNOW?
Raw cacao has about 10 times more antioxidants than blueberries, and three times more than acai berries.

Abdullah Chocolate
1/2 Horizontal Ad
7” x 4.625”
p.26
USA and, having just finished a remodel at one location — which included the addition of a coffee bar — thought the timing was right to bring on a new line.

With truffles retailing between $2.19 and $2.69 a piece (a 200 percent markup), the Sweet Shop USA line could still be considered upscale without going over the top, Buss said. The company’s attention to detail and variety of products that included large, glitzy “party truffles” especially appealed to Buss, who knew customers might feel better laying down some cash for a truffle covered in chocolate drizzles, sprinkles and topped with a piece of candy than just a simple piece of citrus-flavored dark chocolate.

“You have to gauge your customers’ reactions and your own ability to cross-market,” Kirkland said. “If you have several gift items on your menu, remember they’re competing with the chocolate, so it may take time for those treats to carve out a space and get noticed.”

Although chocolate accounts for just less than 2 percent of total sales, Buss is confident sales will increase in the third and fourth quarters as she does more advertising, event tie-ins and offers more promotions on bulk truffle purchases.

“People are chocolate freaks,” she said. “You just have to find that dollar amount that makes it feel like something special, without scaring folks away.”

**Start with a Nibble**

Every florist interviewed stressed the importance of not biting off more than you can chew (read: no more than your storage space can hold and in-store traffic can sustain.) The floral industry’s Willy Wonka (Kirkland) didn’t bulk up beyond one line until he had the traffic-heavy location to support the nine lines of decadent chocolate Enchanted Florist now carries. But it wasn’t just the real estate that kept him from going whole hog.

“Look, people spend $4 on a greeting card these days, so spending less than $3 on this decadent chocolate can be just the treat people need in this economy,” Buss said, noting that many of her customers buy for themselves.

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IT’S ALL GOOD: 4 TRAITS OF HEALTHY CHOCOLATE
Whether you’ve heard it from Dr. Oz or a chocolate fiend looking for an excuse to nibble, news of chocolate’s healthy benefits have definitely boosted sales and justified many a snack attack.

But not all chocolate packs in the nutrients. The American Cocoa Research Institute offers four signs of chocolate that can “keep your arteries in shape, give your energy a mild boost, trigger pleasure-inducing endorphins, and may even help burn fat.”

1. **High cocoa content.** Cocoa contains antioxidants that offer health benefits, but not all chocolate contains enough to be beneficial. Cocoa also gives chocolate its dark color, so white chocolate contains zero cocoa, and the darkest chocolate usually contains the most. However, the color of chocolate can also come from artificial coloring agents, so read the label. Look for a statement of the percentage of cocoa on the wrapper, preferably 70 percent or higher. When in doubt, ask. High-quality chocolate makers and their vendors should be proud to share their dark details.

2. **Less milk.** Milk interferes with the body’s absorption of the antioxidants in cocoa. Choose dark chocolate and don’t wash it down with milk.

3. **Cocoa butter.** The natural fat is a healthy type of saturated fat that doesn’t raise cholesterol levels. However, many chocolate bars contain unhealthy, partially hydrogenated fat instead, because the hydrogenated fat costs less and has a longer shelf life. Choose chocolate with cocoa butter, not partially hydrogenated fats.

4. **Natural ingredients.** Good chocolate doesn’t need artificial flavors. Choosing organic is an easy way to avoid these, because it doesn’t contain artificial flavors, preservatives or colorings. And organic cocoa-bean farmers use environmentally friendly methods that help preserve the remaining rainforest.

—A.L.
more popular truffles. Less than a year into her truffle trip, Buss said she’s now ordering once a month. She recently doubled the amount of party truffles to 240 after the smaller volume sold out quickly. She’s adding new varieties among the 100 other truffles ordered.

At Belladonna, Cannon-Treml is constantly checking the selection of her local vendor then asking customers which ones they’d like her to introduce next — a back and forth that takes time.

“People pay lots of money to do market research and we are lucky enough to have the research walking in the door everyday, so we ask them!” she said. She creates a flyer showing new chocolate options and posts photos on Facebook, asking for feedback.

In 2008, she beefed up her dark chocolate offerings after hearing husbands and boyfriends ask for it at Valentine’s Day. That mini-focus group approach prompted her to add $5.99 bags of wrapped chocolates geared for impulse buys (and to kids) and hard candy (now used to anchor balloons) without worrying they won’t sell. “When customers ask for something, you create buy-in and build anticipation.”

The shop’s markup is 200 percent, a little less than other items, Cannon-Treml said, because “my hands don’t have to touch it, design it, pack it or do anything to it — except try not to sample it too often.”

Belladonna’s chocolates have held steady through the recession, with a slight dip before she added the fun, impulse-buy items. Chocolate accounts for 85 percent of the shop’s overall gift/candy sales. And that category accounts for 10 percent of overall sales.

**Merchandise Tastefully**

Despite its reputation as being irresistible, chocolate isn’t going to sell itself — especially when it’s selling for three times what it does in the grocery store.

“As soon as you see that ‘Eight dollars for a chocolate bar?’ look come over their face, you should have already been there educating them,” Kirkland said. The more you know about what goes into the making of that chocolate, the more you become a supplier of the exotic and a resource. “You’re bringing them into a new world and giving them more than just a snack.”

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**COCOA CARE AND HANDLING**

Like mood-setting buds, chocolate is perishable. That means you’re going to have to ask the vendor for expiration dates and double check that each shipment comes in fresh.

**Monitor freshness.** The shelf life of fresh truffles range from three weeks to eight weeks and bars last about a year, florist Brandon Kirkland said. That doesn’t guarantee you won’t get a few duds. When Boehm’s first began carrying truffles from a small, independent chocolatier, the shop’s eagle-eyed employees noticed one was “puffing up and cracking” just a couple of days after it arrived. Turns out, the truffle had something in common with its fungus namesake: the insides were full of mold.

“Now I have my staff constantly check each shipment and monitor the displays for signs of early expiration,” owner Johanna Julyan said.

**Protect it from the elements.** Nature can get the best of your goodies externally as well. The first year in his new location, Kirkland played “musical displays” with the sun, trying to keep the bars out of its melting glare. Now all of the chocolate is on the wall opposite the windows and deep into the store.

**Keep chocolate at room temperature.** Although putting it in the cooler may extend its life, the cooler temperature will diminish the flavor.

**Talk to the supplier.** Chocolate vendors want their product to last. Most offer extensive “care and handling” information, both online and through their salespeople.

—A.L.
Kirkland likens his “spiel” to that of a wine seller, and his display area supports the tone. The drinking chocolate is set up behind a bar, on which plates of truffles sit under bell-shaped cloche glass displays (see photo, p.24). On the shelves with the chocolate bars, Kirkland hangs laminated mini info sheets that detail each bar’s origin, flavor profile (hints of orange peel, jasmine, etc.) pairing suggestions, percentage of cacao bean and any other notes that buttress its beyond-Twix bar stature. That same display includes a poster explaining the percentage of cocoa-bean breakdown and the health benefits of dark chocolates.

All that signage, however, is just staging compared to the role Kirkland plays in bringing his chocolates to life. Passionate and knowledgeable, he’s almost always behind the bar when the shop is open, ready to give a sample and explain its tastes.

In addition to in-store tastings, Enchanted Florist recently began more aggressively promoting in-home chocolate tastings for $25 a head. Kirkland founded Oregon’s only chocolate club, and he pays chocolate experts (including some of his vendors) to give seminars — and samples at the monthly meetings. He’s active in the gourmet circles in Ashland and with tourism leaders, who know that a stop by Enchanted Florist is one where visitors can always expect a treat.

Customers of Boehm’s are instantly greeted by chocolate displays, and the 1,300-square-foot showroom is equally split between flowers and chocolate. With its history as a chocolate destination and its prime mall location (between Macy’s and Nordstrom), Boehm’s sells 90 percent of its chocolate to walk-in customers. Julyan has two cash registers in the shop and puts chocolate bars on the counter at both the floral and candy cash wraps. Her truffles are displayed in a case, much like at a bakery, with signage provided by the vendor. The mall-facing windows feature a chocolate-rich display, which Julyan considers her “best advertising.”
Sweet Talk Your Goodies

When the majority of your sales are over the phone, your role as chocolate cheerleader/educator is even more crucial to the conversation. “In this way, chocolate is no different than flowers — we’re selling an experience and tailoring what we can offer to the occasion,” Cannon-Treml said. With little room to store and display chocolate, Belladonna does 80 percent of its chocolate sales over the phone. “That is what differentiates us from a gift shop or candy store: We think about what the chocolate is going to express, what the customer is trying to convey. We think about the presentation, the wow factor.”

For example, if a husband says he’s sending flowers to apologize to his wife, Belladonna employees might suggest he show just how sorry he is by “adding a couple of bags of smiley face-wrapped chocolates to put the smile back on her face,” Cannon-Treml said.

Or if an order comes in for a new mom, her staff knows “it’s a no brainer” to say “Doesn’t Mom deserve some chocolate for all that work she’s done?” They suggest a bag of “A Star is Born” wrapped chocolates — and drop a hint that the nursing staff there loves Belladonna’s chocolate cigars.

“I don’t hire order takers, I hire story tellers, who know how to listen and create the big experience using our flowers and chocolates,” Cannon-Treml said.

At Starbright Floral, where the loft-like, design-centric space doesn’t lend itself to much walk-in sales, 80 percent of chocolate is sold over the phone, 19 percent online and 1 percent in the store. Because most of that volume is sold in luxury hotel baskets, through the concierge, owner Faitos focuses his storytelling on the front desk. He

DID YOU KNOW? Cacao is pronounced ka-kow and refers to the tree, its pods and the beans inside.
writes a quarterly newsletter targeted to concierges, detailing the items in each basket and suggesting what kinds of customers may appreciate the goodies. (First-time visitors to N.Y.? How about a basket featuring miniature versions of the Statue of Liberty and the iconic yellow taxi cab, with chocolate, of course.)

At Trig’s, Buss talks up chocolates in the company’s newsletter and offers coupons on bulk discounts in each. Buss is also planning to feature new truffles at the shop’s annual Girls Night Out party in October.

The sweet-talking doesn’t stop in store, of course. Buss, echoing the sentiment of all florists interviewed, said she shares the excitement of a new truffle shipment with the shop’s Facebook fans immediately, posting photos and asking for suggestions for more flavors.

Give (Some of) It Away

No article about the benefits of selling chocolate would be complete without a mention of sampling. Every chocolate-dipped florist considers giving samples to the staff a requirement. “How are they going to get excited about what they’re putting in other people’s mouth, if they haven’t had it theirs?” Kirkland said, adding that the boost to morale doesn’t hurt either. Most vendors always supply extra goodies for the customer to taste, especially when testing out a new flavor. It’s a good idea to taste test in a group, so everyone can hear the different reactions and get a feel for how they’ll put that sensation into words, he said.

But what about customers? Shops with steady walk-in traffic must walk a fine line between sales-inducing sampling and giving away the inventory. When you’re offering new flavors and new price points, you have to let customers “taste the difference themselves” or you’re never going to convince them to go beyond their Hershey comfort zone, said Kirkland.

If you’re too generous, however, you risk attracting grazers, not buyers. Julyan warns against setting out a tray of free samples, because “you miss the opportunity to tell that story, to explain why this chocolate is different,” she said.

The most important sampler, our sources agree, is you! While she doesn’t advise hiding away in the backroom with a box of her favorite alpine truffles, Cannon-Treml said she’s definitely refined her tastes since Belladonna got deeper into the good stuff. “I’ll admit I didn’t think I liked dark chocolate when we started — but then I began tasting all these new flavors and learning how to slowly appreciate it, and now I’m sold!” she said.

Her cocoa awareness has made her a disciple of decadence, just like Kirkland, who emphasized: “You have to believe in what you sell and really get excited about it” — whether it’s the flowers you’d happily put in your home or the truffles you’d happily put in your mouth.

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