

# TIME

## Staying Aloft as the Cupcake Bubble Deflates

Thanks to plummeting stock prices, many experts are warning that Americans have had their fill of cupcakes. But some bakeries are thriving.



COURTESY OF SUSIECAKES

Despite warnings of a "cupcake bubble," Susan Sarich is looking to take her California-based bakery national.

Before there seemed to be a Magnolia Bakery-inspired cupcake shop on every corner – or cupcake-themed reality shows on cable – Susan Sarich noticed that there weren't many places to buy made-from-scratch baked goods. "Most people were getting their cakes and cookies from grocery stores," says Sarich, who was previously director of catering for the Clift Hotel in San Francisco. "They were looking at the labels and wondering why there were 65 ingredients when there should only be five."

Today SusieCakes has eight locations in California and is working with a financial partner to expand into three to five more locations in the next 18 months. Sarich, who doesn't franchise, says she plans to gradually build the brand nationally. "I see it becoming the neighborhood bakery in a lot of places," she says.

It might seem like a sugar-coated view, given that many experts are warning that Americans have had their fill of cupcakes, both from local shops and national chains. In June 2011 Crumbs Bake Shop went public on the NASDAQ stock exchange under the ticker CRMB. After briefly trading for more than \$13 a share, the stock crumbled into the low single digits. A couple of weeks ago the stock took another big dive after the company said sales this year would be 22% lower than projected, and was recently trading around \$1.40 a share – less than the price of one of its mini cupcakes. *The Wall Street Journal* met the news with this headline: "Forget Gold, the Gourmet-Cupcake Market Is Crashing."

SusieCakes does sell its share of cupcakes, but Sarich doesn't worry about if and when the cupcake bubble bursts. "I have seen cupcake-only shops open and close," she says. "When you only have one product there's a higher risk when something trendy goes out of style."

From the beginning, she says, she's avoided gimmicks. SusieCakes stores give a nod to the 1950s, with stainless steel and seafoam green, but the look isn't over-the-top retro. Each location has a dedicated head baker overseeing daily on-site baking – all of it visible to customers through a glass window into the kitchen.

The menu, meanwhile, stays constant and includes cake, cookies, pies, and, yes, cupcakes – but in fewer than a dozen flavors. "We keep it really simple," she says. "I don't go crazy and infuse everything with lavender." In fact, the most popular items are chocolate cake with chocolate frosting or vanilla cake with vanilla frosting.