

## Chocolatemaker takes big bite of market

By Janis Mara

STAFF WRITER

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EMERYVILLE – With its edible chocolate boxes, truffles and caramel-covered Granny Apples, Emeryville-based Charles Chocolates is a company you can sink your teeth into.

The 35-employee company, which was founded in October 2004 in San Francisco and moved to Emeryville on Valentine's Day this year, is the second chocolate-covered venture launched by Charles "Chuck" Siegel. The self-taught chocolatier founded Attivo Confections in Emeryville in 1987.

Chocolate is taking a bigger and bigger bite out of the U.S. food market, with sales predicted to grow from \$16 billion in 2006 to \$18 billion in 2007, according to a report released Aug. 9 by consumer research firm Packaged Facts.

Specialty chocolates like Siegel's will be the "life force" in this market for the next several years, Packaged Facts Publisher Tatjana Meerman said. Although Siegel won't disclose the company's revenue, he says sales have tripled every year.

Charles Chocolates specializes in gourmet versions of childhood delights – one example is its peanut butterflies, made-from-scratch takeoffs on Reese's Peanut Butter Cups. The chocolate makers roast peanuts and sugar over direct heat, creating a praline that is poured into butterfly-shaped bittersweet or milk chocolate shells.

The company's wares can be had for prices ranging from \$4.95 for a 3.4-ounce bar to \$60 for the edible chocolate box. They're available at 450 stores nationally, including Whole Foods Market, Andronico's Market, Diablo Foods and other Bay Area outlets; at the company's Emeryville headquarters, which include a factory, store and chocolate bar; and on its Web site, <http://www.charleschocolates.com>.

A gaggle of about 25 Bay Area residents, out-of-towners, adults and children gathered last week for a tour of the company's 7,000-square-foot kitchen.

The number of chocolate factories alone would put Willy Wonka to shame. There's the granddaddy of them all, San Leandro-based Ghirardelli Chocolate Co., which was incorporated in 1852, and Burlingame's Guittard Chocolate Co., which was founded in 1868. Others include Emeryville's Scharffen Berger Chocolatemaker and Callebaut, a Belgium-based company with a factory in American Canyon.

And those are just the places that make chocolate. Chocolatiers like Charles Chocolates use other companies' chocolate to create their confections. South San Francisco-based See's Candies Inc., Annabelle Candy Co. of Hayward and

Charles Chocolates are just a few examples.

"Guittard and Ghirardelli set the precedent," said Pam Williams, former chocolatier, founder and instructor at Vancouver-based Ecole Chocolat, an online school for chocolate makers. "Also, San Francisco is a huge port and dissemination point for the western U.S."

And, of course, there's the foodie culture spawned in the 1970s by forces such as Alice Waters, owner of Chez Panisse Restaurant and Café in Berkeley.

"He's a very passionate, driven guy, and his product is very nice," Williams says of Siegel. "It isn't easy to make (chocolate products) on a consistent, high-quality basis, and he has accomplished that."

Meanwhile, inside the Charles Chocolates kitchen, a batch of glistening wheat-colored marzipan sits on the conveyor belt, about to be covered – or "enrobed," as chocolate mavens say – with chocolate.

The tour group clusters around the 5-foot-tall windows outside the kitchen in anticipation of the enrobing – and, no doubt, the promised free samples of newly chocolate-coated marzipan. Visitors don't actually enter the kitchen, but they observe the candymaking process.

A member of the group asked Siegel, "How do you stay so slim?"

"Stress," Siegel jokingly answered. The chief executive, casually dressed in jeans and a gray Charles Chocolates T-shirt, adds that he has rowed and jogged all his life.

After the tour, the group lines up to buy chocolates. Olivia Harbrand, 9, of Mill Valley, stands with her father, David, and 7-year-old brother, Adam. She places both palms on the glass and focuses on the rows of fleur de sol caramels in front of her.

Eventually, the trio leaves bearing a bag of confections, tired but happy.

"The products are delicious," said Denise MacGregor of Alameda, who attended the tour. "I like that you can sit and watch the chocolate being made."

When asked which of his creations is his favorite, Siegel protests, "That's like asking which is your favorite child." When pressed, he admits, "I do love the peanut butterflies." Also, he says, he could eat the triple chocolate-covered almonds – by far the company's biggest sellers – all day.

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Siegel has big plans for his company. His strategy is to get the product into more stores, both locally and across the country, and increase business at the Emeryville store.

Industry experts said his prospects are good, though not assured.

It's not an easy road for the approximately 3,000 U.S. chocolate companies with retail stores that manufacture what they sell, according to Michael Allured, publisher-editor of Wisconsin's Manufacturing Confectioner Magazine.

"If you don't know real estate, retailing, manufacturing, purchasing, if you miss just one of them, you're not in business," the editor said.

But overall, the niche is flourishing, which bodes well for Charles Chocolates, he said.

"Small entrepreneurial chocolatiers are doing well because they care and know about what they are doing," Allured said. "Companies like Charles Chocolates have more new products, more research and development and are on the leading edge of today's chocolate products."

"In general, people are more familiar with what fine chocolate is, and their palates are becoming more sophisticated," said Dana Zemack, who writes a chocolate blog on <http://www.thetastyshow.com>. "Any artesian chocolatier is likely to grow based on that interest."