

Axios Pro: Retail Deals

June 08, 2023

Axios Pro Exclusive Content

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Happy Thursday, Retail readers!

Situational awareness: TikTok wants to more than quadruple its global e-commerce business to as much as \$20 billion in merchandise sales this year despite its slow kickoff in the U.S. and Europe, Bloomberg reports.

1 big thing: After buying back Crumbs for \$350, founders raise \$1.3M



Photo: Courtesy of Crumbs

Crumbs, reimagined as a CPG bakery brand, has raised \$1.3 million in financing led by Hall Street Ventures, the investment firm's co-founder Jeremy Frenkel *tells Richard exclusively*.

Why it matters: Cakes and pastries have emerged as an area of growth for food conglomerates, [with Mondelez targeting the category](#) for future acquisitions.

Details: The funding is in exchange for a minority stake in a business now valued at \$15 million, Frenkel says.

- Proceeds will be invested in ramping up production and sales.
- The venture investor learned of Crumbs via logistics business Hall Street 3PL, which solved Crumbs DTC logistics challenges and set the foundation for a relationship with the founders, he says.

By the numbers: "Since launching the new CPG line in early 2023, Crumbs quickly received proof of concept and product market fit — growth is coming in ahead of plan and that equates to an increase in value," Frenkel says.

- Within a few months of launch, about 400 grocery stores were authorized to sell the bakery's products, including Fairway Market, Westside Market, Gristedes, D'Agostino, ShopRite, Key Food and Foodtown, with Morton Williams and Wegmans in the pipeline.
- "Omnichannel retail without bricks and mortar costs should nearly double the margins of the company," Frenkel says.
- "We see no reason that Crumbs can't achieve and surpass the revenue they had when they sold the company in 2011, which was nearly \$50 million in annual sales," he says.

State of play: Key competitors are Magnolia and Baked by Melissa.

- Only recently did [Magnolia make its products](#) available in grocery stores.

Catch up fast: The wife and husband team of Mia and Jason Bauer founded Crumbs as a cupcake bakery in 2003.

- The couple grew it to \$31 million in revenue and \$2.5 million in EBITDA by 2010 and 34 locations by 2011, per Dealbook.
- Crumbs was then sold in 2011 [to a special purpose acquisition company for \\$66 million](#), which took it public.
- [The business filed for bankruptcy](#) in 2014, however, and eventually faded out of existence.

The intrigue: In a fascinating twist, the founders discovered in 2021 that the IP was essentially abandoned, the Bauers tell Axios.

- They waited for a year in stealth mode due to a backlog at the United States Patent and Trademark Office to reacquire the brand, which they did in April last year for the cost of a \$350 filing fee.
- By June, the Bauers had a booth at a supermarket trade show where they relaunched Crumbs as a CPG bakery brand.

What they're saying: "The brand deserved better. When it went away it was sad for all Crumbs' fans," Jason Bauer says.

- For Mia Bauer, it's a second chance to take the brand places they didn't get the opportunity to the first time such as grocery and with new products like cookies.

What's next: Crumbs has both a brownie line on the horizon and a gluten-free, sugar-free, soy-free and allergy-friendly line in the works, she says.



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