

From the Baltimore Business Journal:

<http://www.bizjournals.com/baltimore/print-edition/2010/12/31/chesapeake-bay-roasting-looks-to-brew.html>

Chesapeake Bay Roasting looks to brew up more business

New CEO hopes to hop on coattails of high-end coffee market

Premium content from Baltimore Business Journal - by Gary Haber , Staff

Date: Friday, December 31, 2010, 6:00am EST



You may have seen Chesapeake Bay Roasting Cos.' distinctive jet-black coffee tins at your local [Whole Foods](#) or Graul's Market.

Now Chesapeake's new CEO wants to grow sales throughout the mid-Atlantic. He and other investors just pumped \$1.2 million into the Crofton coffee roaster to fuel an expansion that will take its Cattail Espresso, Eco-Reef and River's Edge coffees to retailers in Pennsylvania, southern New Jersey and central and Tidewater Virginia. Chesapeake already is sold at grocers in Delaware and the Washington, D.C., area.

The planned expansion is a new direction for 7-year-old Chesapeake that includes entering more markets, launching a retail website in early December and coming out with a line of teas and disposable coffee pods next year. The goal is to brew a four-fold increase in sales, from about \$2.5 million now to \$10 million in the next three to five years, said **Chris Paladino**, Chesapeake's CEO.

"People drink Seattle's Best in Maryland," Paladino said. "I don't see why they wouldn't buy Chesapeake Bay in the Midwest."

Paladino, who joined Chesapeake in April, is also banking on the company riding a wave of consumer interest in environmentally friendly products. The company's gas-fired coffee roaster uses about 78 percent less energy than other machines. It launched an initiative over the summer to donate 2 percent of sales to groups that protect the Chesapeake Bay Watershed.

While overall U.S. coffee sales have been flat the past few years, sales of premium coffees — like the organic, fair-trade coffees Chesapeake sells for \$12 for a 13.75 ounce tin — have been percolating. Retail sales of specialty coffee in the U.S. climbed more than 41 percent to \$13.6 billion in 2009, according to the Specialty Coffee Association of America and Mintel Group. That's

up from \$9.6 billion in 2004.

"It's a very affordable luxury," said **Tracy Ging**, the coffee trade group's deputy executive director.

Chesapeake's expansion comes at the same time that its Baltimore-area competitors are also growing.

Timonium's [Baltimore Coffee and Tea Co.](#), with three stores in the Baltimore area, wants to open 15 more in the next five years and expand into southern Pennsylvania, Delaware and northern Virginia.

The 19-year-old company's first expansion target is Columbia, and it is scouting potential sites there, said **Stanley Constantine**, Baltimore Coffee and Tea's president.

Baltimore Coffee and Tea already does between \$7 million and \$10 million a year in sales, Constantine said. That comes from its retail shops in Timonium, Frederick and Annapolis, sales of its products in Wegmans and other retailers, and from producing private-label coffee for supermarket chains that Constantine declined to name.

Zeke's, based in Lauraville, opened in February a new store and cafe separate from its coffee roasting facility, said **Thomas Rhodes**, who owns the company with his wife, **Amy Rhodes**. Sales are up about 20 percent this year, **Thomas Rhodes** said.

While Zeke's isn't looking at opening additional stores, it will add a line of sandwiches to its Lauraville shop and add a bigger coffee roaster that will expand roasting capacity to 38 pounds of beans at a time, up from the current 12 pounds, he said.

"Baltimore doesn't have a huge coffee culture, but that's changing," **Thomas Rhodes** said.

Paladino, Chesapeake's CEO, was vice president of corporate development for [Marjack Co.](#), a candy and snack food distributor in Landover, until the company was sold in 2008. He spent the past two years in search of a small company he could help grow.

"I was looking for a company where the owners wanted to stay on and were passionate about their products," said Paladino, who, with his wife, invested \$250,000 in Chesapeake.

Also on Paladino's to-do list is a branding campaign to get the 200 restaurants and coffee bars, like Vaccaro's, that serve Chesapeake's coffee, to highlight that on their menus.

That should drive additional retail sales, he said.

ghaber@bizjournals.com or (410) 454-0519.