

### **Diffusion of the Bagel into Urban Centers of Brown County, Minnesota**

Bagel production has increased dramatically in the United States in the last decade of the Second Millennium. This general surge in production is attributable to a rapid increase in demand for the healthy bread product. Increased production has meant new market penetration across the entire United States. In a cyclical pattern, bagel demand has promoted bagel diffusion, and bagel diffusion has increased demand.

Originally existing in the United States as nothing more than an ethnic food baked by the Jewish community of New York City, mass production and an influx of corporate chains into the industry have helped bagels become a mainstay in many Americans' diet. Of course, with this contemporary marked rise in production, certain economic and social variables have inspired and created numerous changes in the bagel industry itself (e.g., in methods of transportation, in choice of the bagel flavors available, and in the baking methods used).

The economic impact of this dynamic growth and diffusion of the bagel market has been felt across the United States, and this is observable on a large scale in the stock markets' appreciation of bagel manufacturers and of big business mergers involving bagel outlets. Furthermore, however, the cultural and economic influences of this bagel diffusion are prevalent even in small local economies of the Midwestern United States.

Due to its location and demographic attributes, many would opine that Brown County – located in south-central Minnesota and being a relatively petite administrative borough of predominantly northern European ethnic makeup – would be one of the last economic zones in which it is likely to witness the effects of bagel diffusion. However, in this decade of technology, mass production, and saturation commercialism, bagel diffusion's impact on local eating habits should be evident in the urban centers of Brown County as much as anywhere else. This can be documented by careful analysis of the bakery and café offerings of today as compared to those in the past – a survey of the landscape of bagels in Brown County.

Through much patience and hard work, the possibility to discover a majority of the retail outlets participating in the sale of bagels throughout the urban areas of Brown County was realized. Having done this, using an impromptu interview technique, both quantitative and qualitative data were utilized in determining whether bagel production and diffusion have increased in near as dramatic fashion as they have across the United States during the 1990s.

Using the 1998/1999 US West telephone directory and US WestDex on the Internet, the

locations of Brown County's urban center bakeries, cafes, and grocery stores — potentially containing internal bakeries — were discovered and recorded. However, reality dictated that not all cafes and bakeries in these urban centers would be listed in the telecommunication directories, or that perhaps they would be listed but not discovered. Thus, the ensuing study allotted time for on sight discovery of potential bagel outlets during the investigation of the county. As it would turn out, the allowance of unscheduled and unplanned stops at accidentally discovered bagel locales would prove to be a most productive factor in the study's fruition.

The three urban centers of Brown County utilized in the study were New Ulm, Sleepy Eye, and Springfield. The first location observed was New Ulm, with a 1997 estimated population of 14,001 (MN Dem., 1998). The second area involved with the study was Sleepy Eye, rooted firmly above the minimum population limit of 2,500 to be officially designated “urban”, and containing an estimated 3,726 residents (MN Dem., 1998). Finally, in the far-western reaches of Brown County, one finds Springfield. This city hovers just under “urban” status (with a 1997 population estimated at 2,200) but was included in the study due to its size and location within Brown County (MN Dem., 1998).

By glancing at a map, one can see that these three cities are conveniently placed in roughly equidistant coordination along Highway 14. The three observed centers of commerce spread diagonally in a northeast to southwest direction across the central third of the county. The population of the county is concentrated in the city of New Ulm, hugging the Minnesota River – the eastern border of the county. The spatial distribution of Brown County residents diffuses across the county along Highway 14 and declines the further west one proceeds out of New Ulm. The two exceptions to this general overview of citizen placement would be the cities of Hanska and Comfrey, which are both located in the southern extremities of the county.



New Ulm offered the best chance to discover bagel diffusion in Brown County. By far the largest urban center, New Ulm also contains a Lutheran college, a brewery, a mall, and a state park, Flandrau, which are conducive to inspiring a tourist and transient based industry of some size. Empirically speaking, it can be surmised that where there are college students, there are cafes; and furthermore, where there are cafes, there are generally bakeries. It did not take long to discover that this empirically postulated hypothesis would be realized in New Ulm. There on Minnesota Street, a center thoroughfare in New Ulm, stood *The Backerei and Coffee Shop*.

Though today not providing a plethora of bagel disbursement to the community, the above mentioned small bakery produced absolutely no bagels three-years ago. However, upon Cindy Hauser's acquisition of ownership in 1996, bagel baking began and has been a marketable asset to the bakery since. Each day during the week, approximately four single, frozen-dough bagels are produced for sale in the coffee shop -- two blueberry and two cinnamon-raisin. On the weekends more are baked and sold, and Ms. Hauser stipulated that the motivation to disburse more than this minuscule amount of bagels through sales from the bakery exists. On the other hand, at this point a great surge in sales is not seen as coming due to a lack of common knowledge that *The Backerei and Coffee Shop* even sells the commercialised ethnic food.

The four bagels sold daily from *The Backerei and Coffee Shop*, though lacking in numeric value, are significant. The fact that before 1996 the *Backerei* did not produce bagels demonstrates that at least in New Ulm, the diffusion of the bagel has begun to take hold. Also, though sales stagnate in the *Backerei* itself, it bakes the bagel dough for Jubilee foods to sell in Sleepy Eye -- to be discussed later. Observing the map, it would indeed appear that whether or not the *Backerei* sells massive quantities of bagels is not the issue here -- it is a small sole-proprietorship. Its recent emergence in the last three years as a disbursement center for pre-baked, four-pack bags of bagels to a grocery store in Sleepy Eye, however, marks it as a definitive symbol of bagel diffusion.

Along Minnesota Street, another most peculiar place is found disbursing bagels to the locals. The *Ulmer Café*, with an aura more akin to being a diner than the stereotypical center of coffee distribution, does not advertise its bagels anymore than placing them in small type-font on the lower corner of the establishment's abused menus. However, the service was plenty friendly and eagerly answered questions. It just so happens that the *Ulmer Café* sells only one kind of bagel -- toasted cinnamon- raisin. Upon reading over the packaging that is tossed by the cooks before toasting in the kitchen, it became evident that the café buys their bagels from out of town. The brand name was *First National Company Bagels*, and each package held six bagels. Though appearing very unauthentic and mass produced, the *First National* brand could not be found at any major grocery store in Brown County.

As pertaining to the question of whether sales had increased in the *Ulmer Café*, Mindy, the waitress and hostess, ejaculated an emphatic "yes". She proceeded to explain that in her five years of working in the breakfast establishment, bagels had steadily grown in sales to surpass English muffins in demand. Mindy postulated that one of the key reasons New Ulm residents are making a switch to bagels from other bread products is due to a stature of nutrition that exists for bagels with much of the populace. As to how many bagels are distributed daily from the café, Mindy approximated about two to four toasted bagels are sold daily. Considering that the establishment was quaint in size, offered an array of other breakfast and bread goods, and advertised its ability to toast bagels in a minimal fashion, the handful of bagels sold daily can only be described as higher than expected.

Cafes and small bakeries, though, were not the sole focus of the study. As a matter of fact, the utilization of sound economic and geographic sense would require that, theoretically at least, far more bagels should be sold in centrally located areas of mass consumption -- containing alternative material buying potential. Grocery stores and shopping centers or malls with internal bakeries should disburse far more bagels to the public than a colloquial café downtown. Ms. Hauser, owner of *The Backerei and Coffee Shop* cited this obvious fact quickly. She mentioned that most of her customers have been coming to the bakery for years and never change their purchasing practices, much less observe that bagels are now available. Bakeries and coffee shops are generally utilized by the masses as a place to purchase what they cannot purchase at a grocery store -- fresh pastries and good conversation over a cup of coffee. Bagels, now used more than ever in sandwich and quick snack making, can be expected to have dismal sales from cafes in comparison with large supermarkets.

The fact that this is so became evident with a visit to New Ulm's local supermarket competitors. *Randall's*, *Hy-Vee*, and *Cash Wise* are the three main grocery outlets in New Ulm. One will find a bakery within each of these three centers of food distribution. *Randall's* and *Cash Wise* are both located in the northern extremity of New Ulm, whereas *Hy-Vee* is situated in the southern portion of the city. The three stores vary in size, and an empirical ranking would place *Cash Wise* as the largest, followed by *Hy-Vee*, and rounded out with *Randall's*. All three stores are open 24 hours a day and offer a vast array of different products and services (e.g., shotgun shells, simple clothing, video rental, pharmacies, restaurants, *Minnesota Music Hall of Fame* (special to *Randall's*), delis, and even photograph development). Though all three of the supermarkets seem locked in deep competition over every possible form of sales, there is a recognizable difference in each's adherence to vying for the bagel market.



*Randall's* has dropped out of the bagel diffusion race in New Ulm, or at the very least, set itself tremendously behind its two rivals. Its facade clearly indicates the store as the oldest and most established of the three supermarkets located in the city, but rather than increase bagel production, something which the national, and even local, trend seems to indicate as desirable, *Randall's* halted all bagel baking practices two years ago (circa 1997). A baker's assistant named Mary Ellen was kind enough to explain the situation of *Randall's* bakery, and its apparent lack of a viable bagel product. She noted that the bagels that were baked at *Randall's*, prior to two years ago, were simply frozen bagel dough cooked each morning and not real bagels from scratch. However, Mary Ellen was nonplused as to why the bakery had actually stopped selling freshly baked, frozen bagels, because they "sold better" than the new generic, mass produced packaged brands.

If one is to purchase bagels at *Randall's*, they will come six to a package. The brands offered are national ones, and though they feel fresh, a quick glance at the ingredients will indicate that the use of numerous chemical preservatives are the cause of this. Some taste variety is bestowed upon the consumer through these nationally distributed corporate brand bagels, though. As in every grocery store in New Ulm, the generic *Papa Pita* bagels were sold in six-packs (at \$2.35 each), and four flavors were offered: wheat and honey; plain; blueberry; and cinnamon-raisin. Also, packages of five bagels decorated under *Randall's* price tags and bar codes existed. These were priced \$1.87 per package,

but with only minimal observation, the true bakery was found to be in Chicago Heights, Illinois -- baked by a company called *Grain Bakers*. This brand, camouflaged underneath a *Randall's* identity, looked to be of superior quality to *Papa Pita* brand, and the variety offered was a little different -- blueberry, "everything", apple-cinnamon, and plain. Mary Ellen mentioned that these bagels are actually stored in freezers in the back of the store and simply placed on the rack to thaw during the evening and early morning hours when more are needed to fill the shelves.

*Randall's*, however, turns out to be the exception in New Ulm bagel production -- not the rule. For both *Hy-Vee* and *Cash Wise* grocery stores are enthralled in an increasing market for bagels. Geographically located at opposite ends of the city, there are differences in the two bagel diffusion centers' methods at capturing the market.

For those who fancy variety, the *Hy-Vee* bakery offers a wider selection of freshly baked bagels than any other location in Brown County. For forty-cents, customers are allowed to purchase a bagel from the approximately 150-200 displayed before their eyes in covered, plastic bread bins. The flavors include chocolate chip, apple, tomato, sprouted wheat, onion, plain, cherry, raisin, blueberry, and cinnamon, but some flavors are added and taken out pending on the morning baker's discretion for any particular day. The array of bagels, stretching nearly 15 feet before the consumer, is an impossible to miss facet of

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the bakery, and the plastic bins, in which the bagels are located, are set up as part of the bakery's counter.

Bagel sales have been increasing steadily and dramatically over the past eleven years, according to John, an assistant manager to the bakery. He cites nutritional value and the spawning of "1990s health mania" as being one key factor to this trend, but also, he notes, bagels are changing into more tasteful foods. He mentions the chocolate chip bagel as being a big seller amongst mothers who are concerned about the health of their children and desire a semi-nutritional snack food. He pointed out that the tasty cinnamon bagels were sold out by 10:40 that morning and mentioned that those were some of the favorites of all the customers.

The plethora of bagels produced on weekdays is increased by approximately 50% on the weekends to accommodate for an influx of shoppers, according to John. Though looking very fresh, luscious, and offering a wide variety of bagels for numerous tastes, *Hy-Vee* does not actually bake their bagels from scratch. John believed the frozen "bagel dough" comes from Minneapolis. The baking of pre-created dough purchased from national manufacturers seems to be a definitive trend in Brown County's bagel industry.

There is, however, an exception to the general production of bagels in Brown County stemming from frozen dough alone. On the north side of the city, *Cash Wise* bakes things differently. As a matter of fact, the local *Cash Wise* does not bake bagels at all. They are imported fresh daily (excluding Mondays) from the "*Cash Wise Bakery*" in Saint Cloud, Minnesota -- several hours north on Highway 15. The centrally located chain bakery

produces bagels from scratch. The process of transporting these fresh bagels to the market in New Ulm began two-years ago (circa 1997), according to the head baker, Timmy. It has stimulated sale growth ever since.

At *Cash Wise*, approximately 60-80 individual bagels are sold daily, with even more than this being sold on the weekends. Promotions have even been run in an attempt to incur the passerby into trying *Cash Wise* bagels. For the most part, these "buy-one get-one free" promotions have been successful. At forty-cents for a bagel baked from scratch, *Cash Wise* is attempting to take some customers away from their main competition to the south -- *Hy-Vee*.

Competition, of course, demands that *Cash Wise* sell the typical processed, preservative laced bagels of corporate manufacture, as well. The well distributed brands of *Thomas Bagel* and some other brands, such as *Kellogg's Lenders Bagels*, were readily available in the bread aisle and freezer. Also, packages of six *Cash Wise* bagels were available for competitive prices near the regional and national brands. For example, *Thomas Bagels* cost \$2.99 for a six-pack and the same flavor of relatively freshly baked *Cash Wise* bagels cost but \$1.99. Timmy concluded the interview by stating that in her opinion New Ulm residents will continue to purchase more bagels with each passing year. She cites nutrition, taste, and pricing as being key elements in the growth of sales.

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If competition in New Ulm may be described as fierce, as pertaining to the rest of Brown County, competition elsewhere is quite nonexistent. Indeed, in both Sleepy Eye and Springfield, only two supermarkets predominate -- each in its own sphere of urban and town influence. Neither store bakes bagels on location, and one does not even offer a selection wider than *Papa Pita* bagels -- the corporate bagel available in nearly every grocery store throughout the Midwestern United States.

In the confines of Sleepy Eye, about 12 miles outside of New Ulm, a *Jubilee* store exists. Its bagels are sold in packages of four (\$1.75), and the taste selection consists of two flavors -- blueberry and cinnamon-raisin. Not only was the bagel selection minimal -- nothing, not even a national brand aside from *Kellogg's Lenders* frozen bagels, was available -- but also placed in a difficult to find area behind a bread rack. The bakery manager, named Shannon, noted that bagels sold quite well, and that sales had increased over the last three years. Upon further observation of the four-packs of bagels being offered for sale, what Shannon stated made complete sense. *The Backerei and Coffee Shop* in New Ulm produces *Jubilee's* bagels. Ironically, ownership switched for both of these individually owned franchises within a year of one another (circa 1996). *The Backerei and Coffee Shop* began to produce bagels, and *Jubilee* began to purchase them from the New Ulm based shop.

There was one other place that sold bagels in Sleepy Eye, but due to unperceived truancy on the part of the owner of *Dan's Bakery and Coffee Shop*, no interview was able to be arranged. However, empirical observation proved to be fruitful. Bagels were sold here,

but the variety was minimal and the amount probably near that of *The Backerei and Coffee Shop*. I did discover from an employee that the bagels are baked on location but from frozen dough.

Springfield offered little help in bagel diffusion, except perhaps, to a hypothesis that diffusion has not spread across the county yet. Luckily, this really does not upset the study in any way, due to the fact that Springfield was originally included in the study due to its location, even though it fails to qualify as urban.

There is one grocery center of recognizable size in Springfield -- *Tauer's Super Valu*. There were no bagels to be found there other than *Papa Pita*. There was a café in town, *Ruby's*, but it was not in the bagel business. Finally, a huge facade on an older building in the downtown area wrote "Bakery" in large block print. Unfortunately, upon further observation, the old town "Bakery" is now nothing more than a sparsely filled antique store, or storage space, with old military uniforms, equipment, and fatigues on display.

Overall, as pertaining to Brown County the national phenomena of a prolific diffusion of bagels has taken place and, indeed, is still in the process of taking place. Though dismissible by many of the local residents, the economic impacts of this food's infiltration are readily apparent. One deli store owner, whose name will not be used, upon hearing about

this study decisively proclaimed: "There are no bagels in New Ulm!" However, with careful observation nothing could be further from the truth.

Bagel sales are rising and bagel production is increasing in the area. New Ulm, in particular, is bristling with bagels, whether residents of New Ulm realize this or not. All stores, bakeries, and cafes included in the study, except for one, have experienced increased sales of bagels in the past three to eleven years. The one store that dropped its own bagels from the market, *Randall's*, has experienced a decrease in sales -- loss of customers. Sales at other establishments in New Ulm have increased to such an extent as to be fueled by more than *Randall's* absence from the market alone, though.

Bagel diffusion is not only a national scaled phenomena of big business stocks, mergers and buyouts. However, big businesses have helped diffuse the product. For example, New Ulm's bagel industry would be nonexistent without national suppliers of frozen bagel dough to be baked each day. The only location of bagel production where the bagels are baked from scratch is located at *Cash Wise's* bakery, and these bagels are *imported* from Saint Cloud; they are not baked in the store itself. With local sales growing, and diffusion taking place, it becomes evident that New Ulm is acting, and will continue to play a role, as the central distributor of bagels in Brown County.

On the other hand, diffusion is not only evident through sound economic analysis of sales. Though failing to achieve a similarly massive growth in other parts of Brown County outside of the city of New Ulm, it is possible to observe bagel penetration moving westward along Highway 14. A prime example of this would be *The Backerei and Coffee Shop's* sale of bagels to *Jubilee Foods*, which in turn marks them up to sell. Not only is this a classic example of economic interdependence, but it also demonstrates the *potential* significance of the bagel market to Brown County's small bakeries and coffee shops.

One can opine that perhaps in another decade, excluding the inclusion of numerous as of yet unknown and undiscovered variables, bagels will be purchased from *The Backerei and Coffee Shop*, or some other bakery in New Ulm, for sale in *Tauer's Super Valu* across the county in Springfield. Whether the business of baking bagels goes to an already existing bakery or to a new, as of yet unheard of competitor, the fact remains that bagel diffusion is healthily under way in Brown County. The bagel industry has much room to grow in Brown County – both spatially and in sales. Continued competition, between those bakeries already involved in the business of bagel production and those businesses yet to come in the future, can only help spur diffusion into the rest of the county. Most likely the bagel business will expand across the county along the artery that is Highway 14. The diffusion has already begun and is well established in the urban heartland of the Brown County – New Ulm.



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