

Sections: **24-HOUR NEWS**

- [Family Issues](#)
- [Fashion](#)
- [Women's Issues](#)

**HEALTH/FITNESS**

- [Exercise](#)
- [Nutrition](#)
- [Women's Health](#)

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- [Dear Pharmacist](#)
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- [Carolyn Hax](#)
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• [Looking Good](#)

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## Organic perks up

Capital-based Beantrees is taking its brand of coffee into mainstream markets.

By Jon Ortiz -- Bee Staff Writer  
Published 2:15 am PDT  
Wednesday, September 21, 2005  
Story appeared in Business section, Page D1

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It all started 12 years ago in a three-bedroom River Park home, coffee stacked to the garage rafters and a grinding machine working overtime as Barrie Gromala and Joyce Lemley looked for the perfect blend of organic beans.

They opened their first Beantrees Espresso Bar inside Hewlett-Packard in Roseville.

"When we started in 1993, Starbucks wasn't in Sacramento yet," said Gromala, Beantrees' 42-year-old president and co-founder. "I remember thinking, 'I hope I'm not getting in on the tail end of a fad.'"

Now Sacramento-based Beantrees is taking its line of organic beans from the coffee stand to the checkout stand in an exclusive deal with West Sacramento-



Attorney Gary Wesley of Mountain View tries organic coffee at a Beantrees café on L Street in Sacramento. The Sacramento-based company made its mark initially by selling its organic coffee at espresso bars. Now Beantrees has an exclusive deal with Raley's.

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Sacramento Bee/Anne Chadwick Williams

### CURRENT TOP NEWS REPORTS The Sacramento Bee

**Nutrition IQ**  
Starting in January, the Food and Drug Administration will require manufacturers to divulge the amount of trans fats on food labels. Here's a quiz to test how much you know about trans fats.

**Nutrition IQ**  
The new Food Guide Pyramid recommends that we all eat plenty of whole grains. How much is enough, and are you making food choices that fit the recommendations? Here's a quiz to test how much you know about whole grains.

**Nutrition IQ**  
You can go low carb, low fat, low sugar or low protein, but the bottom line when it comes to weight control is: Calories count.

**Waist watch: CDC Web site teaches kids about nutrition**  
Here's a fun and educational Web site for teaching kids about nutrition and exercise:

based Raley's.

The arrangement marks Beantrees' first entry into the retail grocery aisle, right next to coffee giants Starbucks Corp. and Peet's Coffee & Tea Inc. It's also another sign that the small, but growing, organic food and beverage sector has gone mainstream.

From the beginning, Beantrees shunned the torn-jeans-and-tattoo grunge look prevalent in the Seattle-inspired '90s specialty coffee industry for a clean-cut look that fit corporate surroundings. By 1996, the company was selling its organic coffee at 15 espresso bars from Reno to Santa Rosa to the Silicon Valley - all on word-of-mouth.

"We became the exclusive coffee at Yahoo when it had 200 employees," Gromala said. "We got that account from a (Hewlett-Packard) referral."

Today, Beantrees licensees operate six espresso bars at the Internet service company's Sunnyvale headquarters. Another Beantrees-licensed coffee bar is scheduled to open at Yahoo's Burbank operations in November.

Beantrees itself has moved to a modest South Land Park office and warehouse complex and employs a staff of 60.

Company officials declined to divulge privately owned Beantrees' finances or sales figures.

Location has worked in Beantrees' favor. Sacramento and San Francisco are among the leading U.S. cities in per capita consumption of organic products, according to SPINS Inc., a San Francisco-based market researcher.

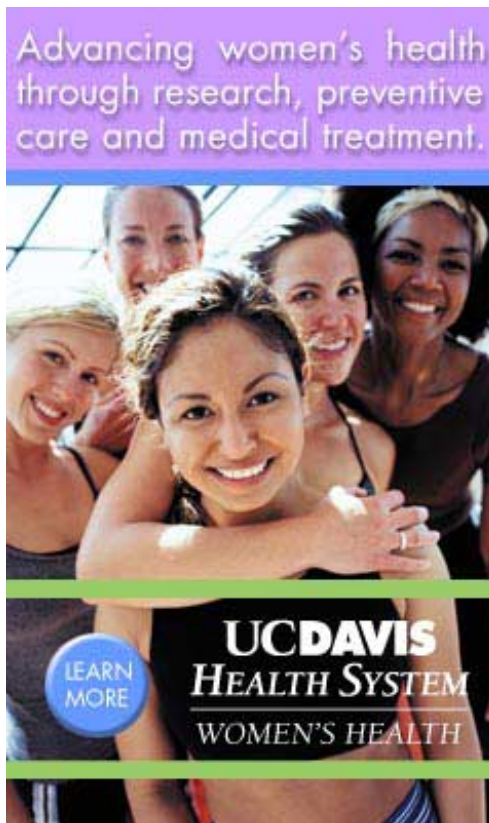
Beantrees' quick expansion took a toll on its leaders. The company divested its daily espresso bar operations by licensing them in 1998, including the Beantrees café at 925 L St. in Sacramento.

Beantrees began selling coffee through Maryland-based U.S. Foodservice to restaurants and hotels.

"We realized that we didn't want to be in the employee managing business any more," Gromala said. "We wanted to focus on the coffee."

About the same time, U.S. sales of organic foods, including coffee and tea, perked up.

Organic food sales in the United States increased nearly 20 percent each year from 1997 through 2003, more than doubling their share of the total food market to 1.9 percent, according to Chicago-based research firm Mintel International Group Ltd.



[www.bam.gov](http://www.bam.gov). It's sponsored by the federal Centers for Disease Control and Prevention and is designed to appeal to ages 9 to 13.

#### **Nutrition IQ**

**We can survive for several weeks without food, but just a few days without something to drink. What we drink is just as important as how much we drink. Here's a quiz to test your knowledge about the importance of water and other liquids in your diet.**

**Waist watch: Scare yourself now; be slim, happy later**

**We're entering a danger zone - the time of year during which snacks and treats are everywhere you turn, starting with the Halloween trick-or-treat candy.**

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**The Galt High School Warrior Cafe at lunchtime looks a little like the concession stands at Arco Arena during a Kings game - with one major difference:**

**The doctor is in - is healthful food, too?**

**Ladies and gentlemen of the healing profession, dinner is served.**

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**Real-life research: Brain food**

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Meanwhile, organic coffee and tea sales went from \$65 million in 1998 to \$124 million in 2003, according to the Long Beach-based Specialty Coffee Association of America.

Still, organic beans make up just 18 million pounds of the 2.45 billion pounds, or 0.7 percent, of U.S. coffee imports each year.

Starbucks Corp. bought 5.7 million pounds of organic beans in fiscal 2004, about 2 percent of the total 299 million pounds it bought that year. The sector has been so small for the Seattle-based company that it didn't even tally its organic coffee purchases until last year.

"We starting tracking organic sales because we're really focusing on the fact that customers want to know how much coffee we buy is organic," said Starbucks spokeswoman Lara Wyss. "(Organic coffee) is a very important area for us."

Some experts question whether organic foods and beverages are a fad.

" 'Organic' is a vague term for people who don't actually farm," said Ben Ball, senior vice president of retail consulting firm Dechert-Hampe & Co. in Northbrook, Ill. "They think they are buying it because they have been told it is healthier, but the truth of the matter is that most consumers are buying it because they know it is trendier."

The upside for Beantrees and other organic sellers is that "perceived need" will keep consumers buying organic products even during slow economic times, Ball said. "The downside is that when the trend is gone, it's gone."

Going organic doesn't guarantee success.

Roseville-based Peabody's Coffee Inc. announced in late 2003 that it would sell its Black Rhino organic coffee in 150 Wal-Mart stores in the West. It followed that with an announcement last year that Black Rhino was bound for 200 grocery stores in the Southeast.

Today, the company's stock - ticker symbol PBDY.PK - is trading for less than a penny per share over the counter.

Beantrees signed chef Jaime Laurita - whose clients include The Rolling Stones, Sheryl Crow and Sarah McLachlan - to promote Beantrees after Aerosmith lead singer Steven Tyler asked Laurita to get the coffee for the band to drink while on tour. Tyler and Gromala had met while both were vacationing in Hawaii.

Raley's is selling eight varieties of Beantrees coffee at 121 of its Raley's, Bel Air Markets and Nob Hill Foods stores in Northern California and Nevada. The coffee retails for \$10.99 per 12-ounce bag. Starbucks organic brand retails for \$11.99 per bag.

"Consumers are becoming more health-conscious," said Raley's spokeswoman Jennifer Ortega. "They want to know more about the food they're consuming and how it was produced. This is another option for those customers."

The Raley's deal could be a springboard to similar exclusive retail agreements with other regional grocery chains throughout the country, Gromala said.

"Our strategy is to avoid teaming with national players," he said. "We chose Raley's because it's like us: a smaller company that's willing to take a step

**findings published in the journal of the British Medical Association and reported by Newswise, an online news service.**

up."

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## **BEANTREES CORP.**

**Headquarters:** Sacramento

**Officers:** President J. Barrie Gromala, Vice President Joyce Lemley

**Employees:** 60

**What it does:** Organic coffee producer, wholesaler and retailer, restaurant licensor. Sells coffee to Yahoo, Shoreline Amphitheatre, Raley's

### **About the writer:**

- The Bee's Jon Ortiz can be reached at (916) 321-1043 or [jortiz@sacbee.com](mailto:jortiz@sacbee.com).

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Joyce Lemley helped start Beantrees organic coffee company in Sacramento 12 years ago. The company has grown along with the rise in sales nationally for organic foods, including coffee and tea.

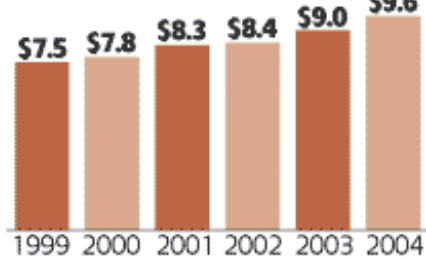
**Sacramento Bee/Anne Chadwick Williams**

# Coffee sales

## Specialty coffee retail sales

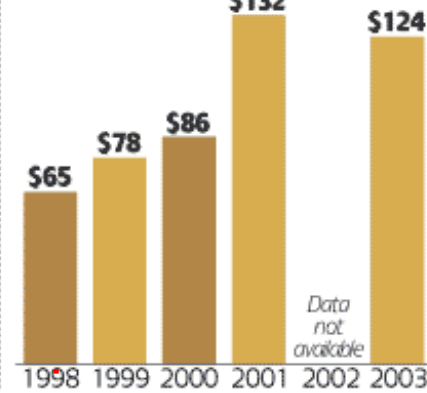
The proliferation of cafés and gourmet coffee retailers has made specialty coffee – also known as “premium” or “gourmet” coffee – one of the nation’s fastest-growing beverage sectors.

*In billions*



## U.S organic coffee and tea retail sales

*In millions*



## Know your coffee

### FAIR TRADE

Coffee purchased according to rules that stress fair dealings with coffee producers in developing countries, including minimum price levels, credit availability and long-term business relationships with farmer cooperatives. TransFair USA certifies fair-trade vendors.

### ORGANIC

Coffee grown without synthetic chemicals. Usually shade-grown.



### SHADE-GROWN

Coffee cultivated under a canopy of shade trees. Full sun hybrids developed 25 years ago, spurred massive plantations that cut down trees to make room for high-yield sun-grown coffees and decimated bird habitats.

Sources: Specialty Coffee Association of America; Bee research

Sacramento Bee/Olivia Nguyen

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