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The Street

5 Small Candy Makers Living the Sweet Life

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2. Xan Confections

Xan Confections is known for being able to offer options for even those who shouldn't eat candy. The 2-year-old company has carved out a niche market in the chocolate industry by offering low-calorie, low-glycemic, gluten-free and vegan options as well as more traditional chocolate offerings.



Xan Confections is in more than 300 stores across the country, including Whole Foods ([Stock Quote: WFM](#)), and is beginning to sell internationally, says co-owner Kerry Johnson Anthony, who started the company with her mother and a third partner who is no longer with them. The mother-daughter team has two other companies focused on healthy eating, so entering the healthy chocolate market seemed to be a natural fit, she says.

Johnson Anthony had no qualms about starting a [business](#) in the midst of a recession.

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"It was actually a great time to start a chocolate business. We had the other companies, so we already had a lot of knowledge. It was low-entry cost for us because we already had the kitchen and the space," she says. In a recession "usually things like small luxuries -- chocolates and coffee -- do well because people can't spend a lot, but they've got to do something to feel good."

Xan Confections is the first of their businesses selling retail items.

"Doing retail is a whole new business model" considering [brokers](#), quality control, packaging and order lists, she says. "We didn't have the experience. We had a quick and dirty lesson" on selling retail items, including figuring out proper and pleasing packaging.

The pace of the chocolate industry is frighteningly fast. Large companies such as Hershey's (Stock Quote: [HSY](#)) are quick to come out with new items and to be ready for the next holiday far in advance. Xan Confections has to be just as fast and just as innovative, she says, and is already preparing Valentine's offerings.

"It's difficult to work in a company that isn't real time. You're selling for next year that's six months down the road. That has been the biggest challenge for us," Johnson Anthony says -- but a necessary one. "Winter is half your yearly business."

Still, Johnson Anthony says she wouldn't trade it to run her own store.

"Retail stores are money suckers. The overhead is daunting. So honestly it's just an easier business model with less upkeep and less risk to do it this way," she says.