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Bagel 'Heir' Rolls Into H&H's Void

By SUMATHI REDDY

For more than a decade, a company in Woodside, Queens, has quietly hand-rolled, kettle-boiled and baked bagels for some of the city's premier grocery stores and delis.

Still, Davidovich Bakery's name was little-known. Its customers often sold the bagels under their own names, or none at all. But now, as the city's once-dominant bagel manufacturer, H&H, crumbles, Davidovich is stepping out of the background and positioning itself to fill the void.



Philip Montgomery for The Wall Street Journal

Shaping dough at Davidovich

Already in the past year it has taken over a number of H&H's former accounts.

"Demand has been very strong as a result of H&H slowing down," said owner Gene Davidovich Sedov.

And after years behind the scenes, the company now is working to market its brand and looking for a flagship location for its first retail store on the Upper West or Upper East side, Mr. Sedov said. Plans call for 10 retail locations over the next 1½ years.

"The company views itself as being the heir apparent to that bagel legacy," said Marc Fintz, the company's director of business development.

Mr. Fintz was previously the national business manager for H&H. He left the company in June just as H&H was crumbling amid the closure of its famed Upper West Side retail location.

H&H's plant in Secaucus, N.J., which faced collapse and foreclosure, was sold at an auction last year as part of its bankruptcy reorganization.

And the Manhattan plant, on West 46th Street, was put on the auction block last week as part of bankruptcy proceedings. MKF Management LLC was deemed the successful bidder with an \$11 million bid. The sale is subject to court approval and a closing; a court hearing is scheduled for Jan. 17.

Representatives from Davidovich said they are scheduled to meet with MKF on Wednesday to discuss possibly leasing the Midtown West location.

MKF Management declined to comment. H&H is still up and running on the site—including a small retail location in the space—but eviction proceedings are continuing and a warrant will likely be issued imminently.

H&H is operated by a network of separate but intertwined businesses largely controlled by founder Helmer Toro. Representatives for H&H didn't respond to phone calls.

Davidovich Bagel & Lox Factory was founded in 1999. Mr. Sedov bought the company's assets about 10 years later, renaming it Davidovich Bakery, a subsidiary of All Natural Products, which also makes breads and other bakery products out of a Long Island City facility.

Davidovich has no international accounts but suddenly finds itself fielding calls from distributors overseas.

Since H&H's closures, "we have had a significant amount of international inquirers and one of their questions is, 'Where's your store? How do our tourists know you exist in New York City? How do we market your brand?'" Mr. Sedov said.

Mr. Fintz said the goal is to expand but not quite to the level of H&H, which he said was producing 80,000 to 100,000 bagels a day at its height.

"You can't be in the bagel business and expand and not be frightened by what happened to H&H," he said.

Davidovich's current production is roughly 20,000 to 25,000 bagels a day, and the company aims to increase to a maximum of 40,000.

Mr. Sedov said bagel sales grew about 15% last year but are expected to increase by 40% this year.

Parviz Abde, manager at Barzini grocery store on the Upper West Side, said he switched from H&H to Davidovich a few months ago. H&H was a good bagel, he said, but the quality had dropped over the years.

"These are kosher, too, so I taste the bagel and I gave the sample to customers and they like it so we dumped [H&H]," he said. "Prices are much better and the quality is better."

Others are less effusive. Peter Shelsky of Shelsky's Smoked Fish in Carroll Gardens, Brooklyn, said he started using Davidovich on Saturdays because his normal supplier, Kossar's Bialys, doesn't deliver then.

"They're fine," he said. "I really wish Kossar's...they're just" he paused. "I'm a firm believer that Kossar's are the best bagels and bialys that I've ever had."

Mr. Shelsky said he had called H&H about four months ago, thinking they would be a good alternative on Saturdays.

But after several calls, he said, H&H suggested Davidovich.

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