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GREATEST COMPANIES · RESEARCH SHEET · The Pricing-Power Moat

See's Candies

The Small Company That Taught Buffett Everything

Berkshire subsidiary · Confectionery · Founded 1921 · California, USA

Private (wholly owned by Berkshire Hathaway) · v1.0 · July 2026

Of all the companies in this collection, See's Candies is among the smallest, and yet its influence on the world of investing is out of all proportion to its size. It does not make microchips or rockets, software or steel. It makes boxed chocolates, sold mostly on the West Coast of the United States, by a company a family founded in 1921. And yet this modest candy maker is the business that fundamentally changed how Warren Buffett and Charlie Munger think about investing, and through them, how much of the financial world thinks too. Buffett has called See's the prototype of a dream business.

Key Facts

Founders	Charles See, his wife Florence, and his mother Mary See
Sector	Confectionery — boxed chocolates, mostly West Coast US
Moat	A beloved regional brand granting deep, durable pricing power
Buyer	Warren Buffett and Charlie Munger, via Blue Chip Stamps, 1972
The Lesson	A wonderful business at a fair price beats a mediocre one bought cheap
Financial Signature	Extraordinary returns on very little invested capital
Status	Wholly owned subsidiary of Berkshire Hathaway

By the Numbers

Bought in 1972 for about $25 million, roughly three times its net tangible assets

Earned roughly $4 million pre-tax profit in the year of purchase, on about $8 million of tangible assets

Produced well over a billion dollars in cumulative profits on a relatively small incremental investment

Buffett later said he would have walked away had the price been a single dollar higher

Founded 1921 in California; Mary See's face became the brand's enduring symbol

Volume grew only slowly for decades while profits climbed as prices were steadily raised

The Moat

A Beloved Name, Not a Recipe

See's is the clearest demonstration in this collection that a beloved brand, one customers trust and feel affection for, can grant a company the ability to raise its prices year after year without losing those customers, and that this ability is the surest sign of a truly great business. The company built its identity from the start on an uncompromising principle: quality, good ingredients, small batches, no cut corners, even when cutting them would have been cheaper. Over decades that became a deeply beloved West Coast institution, woven into the rituals of life, the box of chocolates given at the holidays. That emotional bond was the real asset; Munger's insight was that the moat was the name, not the recipe, and that the name granted the power to raise prices at will. See's needed almost no additional investment to earn its rising profits, the same modest asset base simply produced more cash as prices rose, making it a fountain that helped fund Berkshire's wider empire.

The Deal That Changed a Philosophy

The Near-Miss That Rewired Buffett's Mind

By 1971 the See family was ready to sell, and the business came to Buffett and Munger. Buffett, trained in Benjamin Graham's cigar-butt tradition of buying cheap, unloved businesses for less than their assets were worth, found See's alarmingly expensive: the asking price implied roughly three times net tangible assets, far more than he was accustomed to paying. Munger saw what Buffett's training had taught him to undervalue, the worth of the brand itself and the pricing power fifty years of loyalty implied, and pushed Buffett to look past the balance sheet. In January 1972, through Blue Chip Stamps, they bought See's for about $25 million. Buffett later admitted he would have walked away at one dollar more, a hesitation he came to see as one of his most instructive near-mistakes, and nearly every great Berkshire investment that followed traces back to the lesson of this small candy company.

> ***" A company that can raise prices freely has something competitors cannot easily take; one that must discount to survive has almost nothing. "***

The Legendary Scorecard

Category	Score	Notes
Founder Vision	7	The See family's uncompromising quality standard built the brand over decades
Innovation	5	The product is simply fine chocolate, not invention
Execution	9	Never compromised on quality; sustained pricing power for over half a century
Moat	9	Deep, durable pricing power from a beloved regional brand
Capital Allocation	9	Superb returns on remarkably little invested capital, redeployed across Berkshire
Wealth Creation	8	Over a billion dollars in cumulative profits from a $25M purchase
Durability	9	Endured for over a century as a beloved, trusted name

Historical Importance	**8**	Reshaped how the world's greatest investors think, far beyond its own size
Overall Legendary	**8.5 / 10**	**Tiny in revenue, immense in influence: the purest proof that pricing power is the acid test of a moat**

Scores are an editorial verdict on the standard eight-category Greatest Companies scale. The overall is a judgment, not a weighted average.

Timeline

1921	Charles See, his wife Florence, and his mother Mary See found See's Candies in California
1920s–60s	See's grows into a beloved West Coast brand, run by the family, prizing quality above all
1972	Blue Chip Stamps, controlled by Buffett and Munger, buys See's for ~$25 million, ~3x net tangible assets
1972–97	See's raises prices steadily while volumes grow only slowly, proving its pricing power
Ongoing	See's remains a wholly owned Berkshire Hathaway subsidiary, Buffett's prototype dream business

Lessons — What This Means for You

THE MOVE · Pricing power is the acid test of a moat
See's brand was trusted enough that it could raise prices year after year without losing customers. Judge any business by this single question: can it raise its prices freely, or must it discount to keep customers? A company that can lift prices at will has a genuine moat; one that cannot has little to protect it, and See's is the purest illustration of that test.

THE MONEY · Extraordinary returns on almost no capital
See's earned rising profits decade after decade while needing very little additional investment, the hallmark of a truly superior business. Prize high returns on invested capital, businesses that can grow earnings without devouring cash to do so. Such a business throws off a surplus that can be redeployed elsewhere, compounding wealth far beyond the business itself, the financial signature of a dream business.

THE MIND · The discipline to pay up for quality
Buffett's training screamed at him to buy only cheap things; paying three times book value felt like a violation, yet Munger pushed him past it. Overcome the bargain-hunter's reflex when faced with genuine quality: a wonderful business is worth a fair price, and the refusal to ever pay up can be as costly as overpaying. Discipline is not only knowing when to be cheap; it is knowing when quality justifies the price.

Related Reading

A different small company, a different moat: network effects: Craigslist: An Email List That Ate the Classifieds

The company See's helped shape for decades: Berkshire Hathaway: The Dying Mill That Compounded for Sixty Years

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Sources & Further Reading

Warren Buffett, Berkshire Hathaway Shareholder Letters (various years)

Alice Schroeder, The Snowball: Warren Buffett and the Business of Life (2008)

Greatest Companies (See's Candies chapter), The Complete Trader's Edge

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