

CLAXTON BAKERY'S EVOLUTION: SHOULD THEY FIGHT FRUITCAKE RIDICULE?

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Over the last many years fruit cakes have been the butt of many late night talk show jokes and skits. Each year, beginning around Thanksgiving until Christmas and stretching on into the New Year, the fruit cake sector of the confectionary-baked goods industry traditionally experiences its biggest sales volume. During the holiday season of the year, comedians, radio disc jockeys and talk show hosts like the late Johnny Carson have a lot of fun at the expense of fruit cakes. This case describes how the Claxton Bakery Company's business strategy has evolved over 100 years to the present and how it has responded to this public relations issue. Claxton Fruit Cake, the main product sold by Claxton Bakery, has been a traditional holiday season dessert for well over a half century.

INTRODUCTION

Most "old timers" in the fruit cake industry remember very well when the fruit cake became a national joke. It was when the late night king of talk shows, Johnny Carson, rolled out the one liner stating that, "there's only one fruit cake in the U.S.A. and it's passed around year after year from family to family." Jay Leno, Carson's successor even kept up the running joke by developing a skit including the "Fruit Cake Lady" for several years. A memorable one liner on another show was "How long do fruit cakes last? Until someone actually eats one." Cinnabon, the cinnamon roll baker located in many malls and airports around the U.S.A., even got in on the fun a few years later by inviting customers to bring in their unwanted fruit cakes ("regardless of how old they are") to trade them in for free Cinnabons. In Colorado Springs, Colorado every year a fruit cake toss event is held at Manitou Springs Memorial Park. Participants can use any device they want to and launch unwanted fruit cakes as far as they can launch them. Participants throw, use golf clubs, and mechanical devices and compete to see whose unwanted fruit cake can travel the greatest distance. Even music groups like the B-52's wrote songs about fruit cakes as did Jimmy Buffet. An Off Broadway spoof in 2006 included a song,

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Holiday Lament-The Fruit Cake Song. A quick check of Amazon's titles shows three books with fruit cake in the title. None are about cooking. R.J. Kaiser's murder mystery book Fruitcake has this line, "He was nuttier than a fruitcake until he turned up dead."

Other examples of the ridicule the fruit cake endures include its use as oversized paperweights, fruit cake patios, door stoppers, pot hole fillers, dumbbells, and bar room sponges. A website even exists to which unwanted fruit cakes can be delivered. Compounding the public relations image of the product is the folklore history of the fruit cake. According to legend, the lowly fruit cake first began to be the target of vilification during the Era of Medieval England when the Crusaders needed food that wouldn't perish on the long journey to the Holy Land. So the story goes, the cooks in the castles across England began to concoct mixtures of stale breads, fats, sugar, and nuts into a cake like substance. That mixture would then be soaked in mead for a couple of months and then baked slowly for a few days until the cake hardened into a durable bricklike food that traveled well. The journey from England down to the Holy Lands could take up to six months in those days. The Crusaders are said to have called the brick like food "fruitcakes." Other legends about fruit cakes suggest that Roman cooks developed a similar food as the Legionnaires conquered Western Europe and beyond. According to some historians, these fruit cakes of olden times were durable, long lasting and were actually an original "high energy" food.

A more positive spin on the history of the fruit cake are stories from the 1700's when Europeans began to use fruit cake in religious ceremonies, harvest celebrations, and weddings. According to some scholars, the top layer of the wedding fruitcake was known as The Bride's Cake. The newly wedded couple would put that fruit cake layer in storage and savor it on anniversaries and special occasions. The remainder of the cake was known as The Groom's Cake. This layer would be given to guests in small pieces. The single, unwed women in attendance would then place their small piece under their pillows in hopes of finding a groom of their own.

As if legends and jokes weren't enough to slander the poor fruit cake, the American Express Company even got in on the merriment in 1988 by commissioning a study of the worst gifts ever received during Christmas. Adding insult to injury, the lowly fruit cake gift was chosen by an overwhelming 31% of people surveyed. "No gift at all" came in a distant second at 18%! The survey also asked "What would you do with the worst gift? Here were the answers: 30% would hide it in a closet, 21% would return it, 19% would give it away, and 9% would give it to someone else. Adding to the misery was the Kahlua (liquor) campaign in 1997 asking 1009 American adults "What's the most prevalent unwanted gift of the holiday season?"

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Kahlua reported that half of their respondents had received fruit cakes as gifts during the holiday season and that most (59%) really didn't like it. Furthermore Kahlua's study found that the Midwest had the largest share of adults who disliked fruitcake (63%) and that men disliked fruit cake more than women (60% to 40%). In that same study, fruit cakes were the seasonal gift most likely to be "re-gifted"! Many (27%) adults admitted they passed on their unwanted fruitcake to other people. The far West (33%) was more likely to do so than any other part of the U.S.A. Skeptics should bear in mind that Kahlua's survey was also part of their advertising campaign launching a new holiday gift from Kahlua. The Eat, Drink, and Be Merry campaign rolled out by Hiram Walker offered a gift set featuring a "delectable Kahlua White Russian Brownie in a six inch decorative holiday tin, free with the purchase of a 750 ml bottle of Kahlua."

HISTORY OF CLAXTON BAKERY: CLAXTON FRUIT CAKE

Claxton Fruit Cake really got its start in 1910 when an Italian immigrant named Savino Tos came to America. Tos first settled in New York City and worked as a master baker in a Brooklyn Hotel for several years. Over time Savino decided to head for a less hectic part of the U.S.A. and accepted a job in Macon, Georgia, with a company that made ice cream. Savino learned to love the deep South and would travel the region as much as he could. He would occasionally travel to the Georgia coast to visit Savannah and Tybee Island on the Atlantic Ocean. The train he rode passed through the small town of Claxton, Georgia, which at that time was a growing agricultural community in what was called the Pine Barrens. According to family history, Savino realized that Claxton didn't have a bakery, plus he liked the fact that the townspeople were friendly to him. Later, when the Macon ice cream company with whom he was working was nearing collapse, Savino headed for Claxton to start a new business. He named the company Claxton Bakery and it was an immediate success offering fresh baked breads, pastries, and ice cream. Not long after Savino started his new business, a young eleven year old boy came in looking for work. That year, 1927, marked the beginning of Albert Parker's apprenticeship of sorts with an Italian master baker.

For many years Albert would get up before dawn and head to the bakery before school to fire up the baking oven. After school and on weekends he would head back to Claxton Bakery and work until dark. The determination, hard work, and loyalty paid off for young Albert. After eighteen years of working for Savino, young Albert (by then 29) got the opportunity he had been looking for since childhood. When Tos decided to retire from his company in 1945, he offered Albert the chance to buy his business. By then Savino and Albert had developed a level of mutual trust and respect so strong that a deal was worked out that allowed Albert to acquire Claxton Bakery. Savino moved on to other interests and Albert took over the bakery.

During the period after World War II, Albert began to see that traditional baked goods like he offered were turning up in grocery stores and other retail stores that carried food products. He realized that he just couldn't compete against the big bakeries like Derst Bakery (based in Savannah) in terms of costs and distribution capability. Derst had been in business since 1867 and had a large bakery capable of producing a high volume, daily fresh baked loaf of bread. That bread and other baked products could be delivered fresh via a fleet of delivery trucks to retail outlets all across Southeast Georgia. On the other side of the state in Thomasville (Southwest Georgia) was Flowers Baking Company who by 1919 could bake and distribute over 30,000 loaves of bread across South Georgia, North Florida and into Alabama. Similar to the growth of very large bakeries was the growth of grocery store chains. No longer were the towns in South Georgia being served by only mom and pop local grocers, but big companies like Piggy Wiggly (a grocery store chain based in Vidalia-Lyons, Georgia) were expanding across South Georgia, Florida and Alabama. Winn-Dixie was beginning to emerge and was based in Jacksonville, Florida. It was clear to Albert that in order to grow his business he had to change his business. The competitive forces affecting the food business were forcing him to rethink what he needed to do to survive.

THE BIG DECISION TO GO ALL IN

There's an ages old truism in business and investing that states: "risk and return goes hand in hand." In plain language, if you don't take any risks on investments then you really don't get any return on those investments. According to his family, Albert Parker decided to risk it all by turning his bakery business into a specialty baker of high quality fruit cakes exclusively. No other products would be baked, only fruitcakes. Albert possessed substantial industry knowledge that supported that decision. He knew how to bake them. He knew that his local market loved his product during the holidays. He had a recipe that was proven. He knew how and from where to source the ingredients for his cakes. So, he decided to do nothing but that.

In the late 1940's, in Claxton Bakery's first year of mass producing its fruit cake, Parker and a few employees baked over 45,000 pounds of fruit cake. While his employees baked, Parker was out selling and finding new methods to distribute his product. His fruit cake began to get distributed out of Georgia and into other parts of the U.S.A. A logo-label-trademark was commissioned in 1947 that is used to this day and is very much a part of the product's brand awareness: The familiar horse and buggy in red and white packaging featuring the slogan "Old Fashion Claxton Fruitcake World Famous! Baked in the Deep South According to a Famous Old Southern Recipe". The label also features a picture of the cake and slices of the cake on the package.

HOW MARKETING AND SALES HAVE CHANGED

As sales grew, so did the public's awareness that Claxton Fruit Cake was a very desirable product for fundraising campaigns. In the early 1950's, a representative from the Civitan International Club of Tampa, Florida visited Claxton Bakery to talk with Parker about fund raising. The club was looking for a product that they could use to raise funds. Parker worked out a deal with the Tampa club and that club's success in selling the cakes led via word of mouth to other clubs across the country. Over the next many years most Civitan Clubs in the U.S.A. were selling Claxton Fruit Cakes to help raise money for various club projects to help developmentally disabled people. The company estimates that millions of pounds of their fruitcake have been sold to support the Civitan's missions. Currently, over 1,000 organizations throughout North America work with Claxton Bakery to develop fund raising efforts. Church groups, Boy Scout troops, Cub Scout dens, ball clubs, and schools are among the many organizations that have allied with Claxton Fruit Cake at various times. In each case Claxton Bakery works with the group to set up the campaign, offering expertise in distribution, direct sales, advertising, collections, payments, and legal advice.

During the 1960's and 1970's, grocery store chains began to grow all across the U.S.A. Claxton Bakery started making inroads into these chains by getting its product placed into stores like Piggly Wiggly, Winn Dixie, Bi-Lo, Kroger, Harveys, Food Lion and Publix. As the "big box" retailers emerged in the 1980's, the company managed to get its cakes shelf space there as well. Wal-Mart now carries Claxton Fruit Cake as does Sam's Clubs. Several drug store chains including Eckerd's offer the product. The company reports that they have a "significant" level of internet sales and small but important sales out of the front of the bakery. This retail outlet at the bakery is also the site of the original business and draws customers into the store as they drive through Claxton.

Bill-boards are placed on each of the two main highways coming into Claxton showing the familiar horse and carriage logo and directions for getting to the bakery.

Various attempts were made over the years to advertise nationally. The first major effort was at the New York World's Fair in 1964-1965 when Claxton Fruit Cake had an exhibit so that people from all over the world could sample the delicacy. The company deemed this a major success as orders came in from all over the world and the U.S.A. According to the current management, the exhibit mainly helped to increase awareness of the brand. Other national efforts included the company sponsoring a very elaborate float for the Orange Bowl Jamboree Parade leading up to the annual New Year season holiday college football bowl game. Likewise, at the Cherry Blossom Parade held in Washington, D.C. every year, the company

sponsored another elaborate float that attracted another round of attention and awareness. In general though, the company relied on word of mouth and product placement in retail stores to promote its product. Most recently one of Albert Parker's children (Paula) appeared on the QVC channel to sell fruitcake and promote the product. Prior to Christmas, small ads do appear in magazines like *Southern Living* periodically.

WHAT'S COOKING NOWADAYS?

Albert Parker played a very active role in managing the company until he passed away in 1995. His four children, who have grown up helping with the bakery, currently manage the business. There are 20 full time employees and the bakery turns out over 5 million pounds of fruit cake each year. Sales are approximately \$13 million.

In interviews with two of the sons, each states that the overall business is steady and growing, although not at a rate that they can't keep up with. In terms of new products, the strategy really hasn't changed much since their father chose to bake only fruit cake back in the 1940's. One small variation in the product line is that they now offer individually wrapped slices of cake as well as individually wrapped slices covered with milk chocolate. The original recipes are still used in baking. In fact, the bakery still uses the original ovens that were used when Albert bought the business. Company management has a confident, yet realistic view of the company's future.

When interviewed, here's what was said about the company and its evolving strategy as it related to fruit cake ridicule:

V.P. Operations: I'm not sure if we have been affected by all of the jokes about fruit cakes or not. We seem to have about as much work as we can handle. Our business is growing a little bit every year. We don't like the jokes and ridicule because this is our livelihood and we're real proud of what we bake and sell. I'm not sure if it would pay off to try to combat the image of fruit cakes. We see ourselves as high end producers with high quality ingredients. I think that the jokes are directed toward the low end cakes that use cheaper ingredients.

V.P. Marketing: You know, when it comes right down to it, probably everyone in our industry has been impacted by the ongoing humor. Our business very likely could be higher volume than it is if the humor wasn't around. I think the best way to combat it is to use the best ingredients possible and really pay attention to the quality of our cakes. We don't use much filler at all. In fact, 70% of our cake is made up of cherries, pineapples, raisins, walnuts, almonds, and Georgia pecans.

We don't use much filler like lower end producers do. Our fruitcake needs to be refrigerated, otherwise it will fall apart.

V.P. Operations: I recently read that in 2011, Prince William and Kate Middleton used a fruit cake as their wedding cake. That article pointed out that a mini-boom in fruit cake sales occurred here in the U.S.A. Maybe that will boost overall sales.

V.P. Marketing: I'm not convinced of that. I saw a survey about perceptions toward fruitcake a few years ago pointing out that the average customer for fruit cake was in his/her fifties. That's a whole lot older than Will and Kate. I suppose the good news though is that the same survey found that folks who like fruit cake see it as a comfort food that reminds them of their childhood, family and good times. With this country in as bad a shape as it is, maybe we ought to use those themes in our promotional efforts. But I'm not really convinced that advertising even works. We have spent money before on advertising and I couldn't figure out if it worked or not. How do you change people's perceptions about something they've never even tried?

V.P. Operations: We joined Facebook in April 2009. It seems that everyone is trying to do that nowadays. Last time I checked we had 715 likes. We announced that Paula would be on QVC and to tune in to the show, and we also have some recipes using Claxton Fruit Cake. What does that really mean anyway? All of us who run the company are in our fifties and sixties. That stuff is only for young kids.

Marketing a holiday tradition requires a special attitude by management, a special skill set in marketing the product, and an operational configuration that accommodates a high degree of seasonality. Claxton Bakery has a long history of meeting those special challenges.