

## The fruitcake capital of the world

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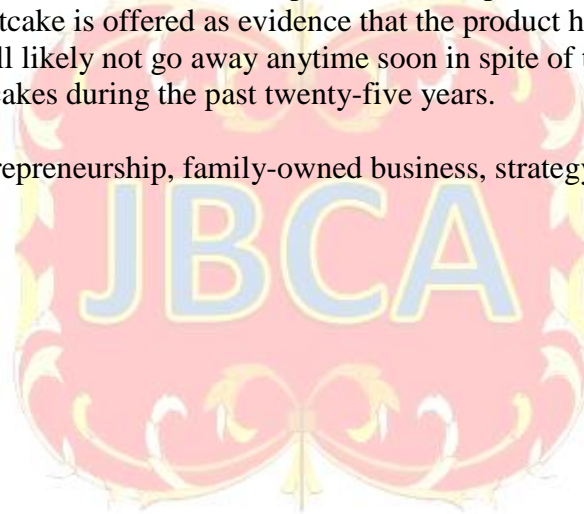
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### ABSTRACT

Two different fruitcake companies in the same small town are discussed and their widely different strategies are presented. Each of the entrepreneurs began working with a “master baker” as little boys but later followed different paths to develop a successful fruitcake business. A brief history of the fruitcake is offered as evidence that the product has been around for hundreds of years and will likely not go away anytime soon in spite of the ridicule and humor that has surrounded fruitcakes during the past twenty-five years.

Keywords: fruitcake, entrepreneurship, family-owned business, strategy, competition



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## INTRODUCTION

According to legend, the fruitcake, was first made during the Roman Empire. As the Legions of fighting men went off to conquer the world, they needed a durable, long lasting food that would provide quick energy. Roman cooks began to mix stale breads with pine nuts, pomegranate seeds, and raisins that were then soaked in a barley mash and slowly cooked until the concoction turned into a brick-like foodstuff that traveled well. Hence the fruitcake was born. During the middle ages as the Crusades began, the fruitcake's popularity as nourishment for fighting men was resurrected. The journey from England to the Holy Lands was long and difficult, often taking six months to complete. Since an army is often said "to travel on its stomach," the fruitcake again emerged as a primary food, capable of enduring the arduous Crusaders' pilgrimage to do battle with the infidels. Bakers would mix stale bread, honey, spices, preserved fruits and soak it all in mead. Then, by baking it slowly, the cake would harden and stay edible for the long march to the Holy Lands. The fruitcake was viewed as a key element of the diet of the army (Branch, 1988).

On into the 1700's, throughout Europe and the British Isles, the fruitcake found its way into marriage ceremonies, harvest celebrations, and religious events. Even as recently as 2011, when Prince William and Kate Middleton wed, the couple chose a traditional fruitcake as the wedding cake (Loten, 2011). It is no wonder then that as the "New World" of America developed, explorers, settlers, and immigrants from Europe would bring with them the fruitcake and all of its many variations.

An unfortunate era for the fruitcake began in the mid-1980's when the "King of Late Night Talk Shows," Johnny Carson, quipped that "there's only one fruitcake in the U.S.A. and it's passed around from family to family." The joke was the beginning of an avalanche of gags, skits, events, and comedy that still endures. Most of the ridicule takes off during the holidays from about Thanksgiving through Christmas and on into New Year's celebrations (Rinella, 2004).

## ONE IMMIGRANT'S IMPACT

Many people consider the small town of Claxton, Georgia (population 2,276), to be the fruitcake capital of the U.S.A. since two fairly well known fruitcake companies are based there: Claxton Bakery and Georgia Fruit Cake Company. Claxton's local Chamber of Commerce proudly claims the title of "Fruitcake Capital of the World" and promotes itself on the city water tower, city letterhead and advertising. In addition to two vital and growing fruitcake companies, the local economy also depends mainly on agriculture, timber, a large chicken processing plant, and three state prisons nearby (Southern Byways, 2008).

Claxton's fruitcake stature and fame really owe an Italian immigrant a debt of gratitude that goes back more than 100 years. It was Savino Tos who really started it all. In the early 1900's, Tos migrated to New York City and worked as a master baker for a few years before he made his way to Macon, Georgia. As he traveled back and forth from Macon to Savannah and Tybee Island to visit the ocean resort, he came to enjoy the small town of Claxton. At that time, a passenger train ran from Atlanta, through Macon, and on to Savannah. As the train stopped for passengers and refueling in Claxton, Tos would occasionally get off and meet the locals around the train depot. He found them to be friendly and welcoming. Being an entrepreneur at heart, Tos also recognized that the small town had no bakery. Later, when he left his job in Macon, Tos re-

located to Claxton and found a place well suited for the bakery that had always been his dream. His new business opened in 1910 and was named Claxton Bakery as it very successfully offered daily fresh baked breads, pastries, and ice cream. As Savino's business grew, so did his need for help. In 1927, a young eleven-year-old boy came in looking for work. That boy (Albert Parker) would work for Savino Tos for eighteen years. When Tos decided to retire from his bakery in 1945 he sold it to Albert Parker. Over the next 60 years, Claxton Bakery, under Albert's leadership, grew to become a major fruitcake baker-distributor across North America. Albert took a very active role in the business until he died in 1995. Today, his four children manage the company. Sales were estimated to be around \$13 million in 2011 (Claxton Fruitcake, n.d.).

Claxton Bakery is only half of Savino Tos's legacy and impact on the small town. The other business, Georgia Fruit Cake Company, also owes its heritage to that same Italian immigrant. As Savino's business outgrew his ability to do it all by himself, he took on a young apprentice baker named Ira Womble. At age ten, Ira went to work learning the baking business from the master baker. Young Ira stayed with Savino from 1910 up into the Great Depression years and learned how to bake and how to run a business. Looking for opportunities, Ira left Claxton Bakery for Clearwater, Florida, where he took on the job of managing a federal bakery. During those years in Florida, Ira met and befriended Henry Ford, the car magnate. At that time Ford owned a very large estate on the coast of Georgia that he named Richmond Hill. Ford conducted all kinds of experiments at his estate, from growing exotic plants to building boats. One of his experiments was building a bakery in which soy-derived flour would be used in baked goods. He hired Ira Womble to be his master baker. Eventually, as Ford's plans for Richmond Hill subsided, Ira Womble left the coast and moved the bakery back to his hometown of Claxton where he started the Georgia Fruit Cake Company in 1948. As testament to how well regarded Ira Womble was by Henry Ford, he was asked to bake Ford's birthday cake for several years even after he left Richmond Hill (Georgia Fruitcake Company, n.d.)

There is almost no limit to the variety of fruitcakes found throughout the world. From rum soaked to non-alcoholic to dark to light to no fillings to non-sugar, a fruitcake connoisseur can find a very wide array of cakes to sample. Most American style fruitcakes are filled with fruit and nuts. The two companies in Claxton each bake a variety termed "Southern Style" which is heavy on nuts and fruit (Mondo Fruitcakes: fruitcake types explained, 2012) According to the blog, Mondo Fruitcake, Georgia Fruit Cake (Womble's) is ranked first in the "Southern-Style" category. The Claxton Bakery (Parker's) is ranked third. The "Southern-Style" category has seven companies listed. In addition to "Southern-Style", there are three other categories of fruitcake with thirty-one total bakeries listed (Mondo Fruitcakes: fruitcake ratings, 2012).

## **CLAXTON BAKERY'S STRATEGY**

Albert Parker realized soon after buying the bakery that he could not grow his business and compete successfully against the large baking companies in the Southeast U.S.A. About fifty miles to the east of Claxton was Derst Bakery in Savannah. Derst, founded in 1867, was a large baker of breads, cakes, and other pastries and could distribute its products across the region with a fleet of trucks. Albert's business was only serving Claxton and neighboring towns and was without the production capacity and trucking needed to compete directly against Derst. Even stronger and serving a bigger market than Derst was Flowers Baking Company on the other side of the state in the southwest sector. Located in Thomasville, Georgia, by 1919 Flowers had

already developed the capability of baking and distributing over 30,000 loaves of fresh bread daily across much of south Georgia, north Florida, and into Alabama (“Jokes aside,” 2001)

Facing a momentous decision to either take on enormous debt to expand and compete directly against these companies or to specialize, Albert Parker decided to specialize. The one product that he knew how to bake very well based partly on what he had learned from Savino Tos was his Southern Style fruitcake,. He knew that his customers loved it and would drive long distances to purchase it. So, using the same ovens as Tos and in the same building, Albert launched what would later be trademarked as “Old Fashion Claxton Fruit Cake World Famous! Baked in the Deep South According to a Famous Old Southern Recipe.” It is a tradition among many families to purchase for gifts and consumption the fruitcake packaged in the red and white striped box featuring the horse drawn carriage. In his first year, he and a few employees baked more than forty-five thousand pounds of the cake. That same recipe is used by his children today. It features very high quality fresh Georgia pecans, walnuts, almonds, orange peels, French cherries, pineapples, lemon peels, and artificial rum flavoring, among other ingredients. Parker’s children, who manage the business with 20 employees, are quick to say that very little filler is used in the product. More than 80 percent of the cake is essentially high quality fruits and nuts. It is best served chilled and should be refrigerated to keep it from crumbing apart due to its high concentration of fruits and nuts (“Jokes aside,” 2001).

In terms of distribution and marketing, Parker initially traveled the region during the 1950’s and 1960’s trying to get his cake placed in grocery stores and “mom and pop” types of general stores. As the grocery store chains consolidated and expanded, he was successful in getting bigger chains to carry his cake. Eventually he was able to develop accounts with Piggly Wiggly, Bi-Lo, Winn Dixie, and Harveys among others. Today Claxton Fruitcake is sold at Sam’s Clubs as well as drug store chains like Eckerds. Early on, Parker’s big breakthrough was in the early 1950’s when a member of Civitan International Club of Tampa came up to Claxton to talk with him. The Tampa Club was looking for a product that could be sold as a fundraising project. That initial meeting turned out to be a major turning point in the growth of the business. Over the next thirty years nearly every Civitan Club in the U.S.A. was selling Claxton Fruitcake to help developmentally disabled adults. The company now sells to more than one thousand organizations throughout North America that, in turn, sell the cakes in fundraising campaigns. Claxton Bakery helps such efforts by providing expertise in distribution, sales, marketing, collections, payments, and legal issues. While this part of their business is not as large as sales to large chains, it is still important (Claxton Fruitcake, n.d.).

Most recently, Claxton Bakery has established a website from which customers can order 37 different products ranging from several sizes and varieties of World Famous Old Fashion Fruitcake to candies, pecans, preserves, relishes, dressings, cookies, and even apparel and coffee mugs. Currently, the company bakes more than five million pounds of cake each year (Claxton Fruitcake, n.d.).

## **GEORGIA FRUIT CAKE COMPANY’S STRATEGY**

Ira Womble, Sr., left Claxton Bakery several years after Albert Parker started there. No one at either company really talks about the two men’s relationship with one another, suffice it to say that it is interesting. While researching this case, one article had this to say about the town of Claxton and the relationships between the two companies: “The two family run companies, situated just blocks apart, have operated since the early 1900’s. It has probably been about that

long since their respective owners have spoken to each other” (Uzelac, 1990). The writer adds, “My competitor will tell you that he makes 86,000 pounds of cake a day, says Georgia Fruit Cake Company owner Ira Womble, Jr., (who never refers to the competition by name). I say he doesn’t make that much” (Uzelac, 1990). Adds the writer about the other company a few blocks away: “I’m sure the other bakery makes a very good cake, says Dale Parker, vice president of Claxton Bakery, but I wouldn’t eat it. I’ve got enough right here”. Whatever the relationship might be between the two companies, each has carved out a successful niche in the industry (Uzelac, 1990).

When Ira Womble, Sr. came back to his hometown in 1948 and established Georgia Fruit Cake Company, he chose a location on a major thoroughfare in Claxton on U.S. 25. The business continues there today. Initially Womble baked all kinds of things, ranging from doughnuts to wedding cakes. He mostly sold his products locally and developed a reputation as a strong competitor to Claxton Bakery around the corner and down the street. Womble’s big breakthrough came in 1954 when his company got its first military contract. Having managed a federal bakery during his time away from Claxton, Ira knew how to work with the government. He understood who his customer was and how to sell to that customer, i.e., the bidding process, the regulations, the paperwork, and the billing/shipping involved with the Department of Defense’s procurement officers. It did not hurt that a major Army base, Ft. Stewart, was less than thirty miles away from Claxton. That first military contract required Ira to bake and deliver 52,000 pounds of cake on one order and 64,000 pounds on another order. The cakes then go to bases all around the U.S.A. and abroad. They are then served to soldiers as part of the meal plans commonly associated with the holidays. They are not sold to military commissaries. Since then, Georgia Fruit Cake has considered the military a core customer and continues that relationship to this day (Georgia Fruitcake, n.d.).

Georgia Fruitcake is smaller than Claxton Bakery. Both companies are privately owned and do not disclose sales or profits. Georgia Fruitcake’s sales are estimated to be in the hundreds of thousands of dollars per year. The business is currently managed by Ira Womble’s son and grandson, Ira S. Womble, Jr., and John Womble. They continue to use the same recipe that Ira Womble, Sr. used when he started the company. The recipe used at Georgia Fruitcake, for its entire history, has only been mixed by the grandfather, father, or grandson, no one else. John stated, “There’s no big secret about the recipe. It’s just that if the customers like the fruitcake we take the credit, and if they don’t we take the blame” (Georgia Fruitcake, n.d.).

The real secret to making a good fruitcake says John Womble is “good quality ingredients, allowing the cake to cook properly, and allowing it to age. We’ll start making it in June. Our best cake is 3 to 4 months old” (Georgia Fruitcake, n.d.). John Womble says that his cake has a long shelf life and will keep up to thirty days when left out and up to 3 years when refrigerated (Georgia Fruitcake, n.d.).

Evidence of the quality of Womble’s cake is the fact that it won an international award in 1976. In London, England, at the 15<sup>th</sup> Annual Canned Food Products World Selection Competition, the Georgia Fruitcake Company cake won the Monde Selection Gold Medal for excellence in taste, quality, and purity. According to John Womble the real key to a good cake is top quality ingredients. He mainly uses only California walnuts because he has found them to be consistently graded with almost no shells or bad nuts. Also used in lesser amounts are Georgia pecans, almonds, raisins, lemon peels, orange peels, pineapple wedges, and imported French cherries (Georgia Fruitcake, n.d.).

Today, in addition to the military, Georgia Fruitcake sells its cake to walk in customers and via its website. In contrast to Claxton Bakery, Georgia Fruit Cake limits its customers' selections to six choices of fruitcake and nothing else. Another contrast to Claxton Fruitcake is that one variety of Georgia Fruitcake is bourbon flavored (Old Taylor) offered in vacuum sealed cans to maintain freshness. The company's website does not allow customers to use a shopping cart to place orders. Instead, customers are directed to download an order form and then send it in via mail or fax. Typically, Georgia Fruitcake is costlier (per pound) than Claxton Fruitcake (Georgia Fruitcake, n.d.).

## **CHALLENGES FACING THE INDUSTRY**

When asked about the ridicule and humor directed at fruitcakes, both Dale Parker (Claxton Fruit Cake) and John Womble (Georgia Fruit Cake) say that they think the jokes are mostly about the lower end of the industry in which cheaper cakes are baked. Neither really thinks that their individual company is able to influence public perceptions. When John Womble was asked about what he considered the biggest threats to the industry, he offered a different point of view. John thinks that the big threat is an aging customer base. He thinks that a lot of young people have simply never tried fruitcake and do not know what they are missing out on because of what they have heard about the product from the media and humorists. Both owners believe people would like their fruitcake if they would take the opportunity to taste their cakes (Zasky, n.d.).

The largest supplier (ninety percent) of the candied fruit and peels used in fruitcakes is Paradise Inc. in Plant City, Florida. The owner, Randy Gordon, is already testing new products in hopes of being able to sustain his business "after the last generation of fruitcake lovers is too old to chew" (Degregory, 2102). Also, he adds that sugar and corn syrup are the main ingredients, along with food coloring, in the candied fruit he produces. One new product, Think Fruit, is very high end, gluten-free, dehydrated fruit. Gordon is just following the trend of healthier living. It appears that the largest supplier is looking for an "exit" door (Degregory, 2012).

## **FRUITCAKE'S FUTURE**

Several issues are brought out in this case. What is fruitcake's future since it seems their customers are "aging"? The two companies described are both located in a very small town and use equipment that is also aging. Both are family owned and the current owners are not getting any younger. Is there hope for this product's future?

## **INSTRUCTIONS TO STUDENTS**

1. Compare and contrast the strategies of Claxton Bakery and Georgia Fruit Cake Company.
2. Complete a SWOT analysis for Claxton Bakery and Georgia Fruit Cake Company.
3. You have been hired as a consultant by each of the fruit cake companies. What type of advice would you offer for continued success?

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## The Fruit Cake Capital of the World

### Teaching Note

## CASE DESCRIPTION

The primary subject matter of this case is strategy, family-owned business, and industry analysis. Both of the companies presented in the case are located in the same small town within blocks of one another. Both of the founders worked as apprentices under the same “Master Baker” as children. The problems presented in the case are mainly industry related. This case can be taught in an entrepreneurship, principles of management, or strategy class.

## POSSIBLE ANSWERS FOR STUDENT QUESTIONS

1. Compare and contrast the strategies of Claxton Bakery and Georgia Fruit Cake Company.

**Comparison:** Both companies are family owned. Both companies are located in the same small town. Both of the founders worked for the same “Master Baker” as young boys. Both companies decided that “fruitcake” was the product to produce. Both companies sell fruitcake in store and on website.

**Contrast:**

**Claxton Bakery:** sells mainly in large chains and through charities, website offers more products than fruitcake and items can be placed in a cart to purchase, product is sold in box

**Georgia Fruit Cake Company:** sells only fruitcake through website, but has no cart (must call or fax sheet), sells mainly to the military, some of the products are sold in a can.

2. Complete a SWOT analysis for Claxton Bakery and Georgia Fruit Cake Company.

**Claxton Bakery: (S):** brand recognition, good reputation for fundraising, good placement in large chains (exposure), consistent taste **(W):** family owned/operated with family members aging (succession planning needed), equipment is very old (original equipment- what if it does not continue to function), seasonal business, may soon be an obsolete product, rising cost of inputs (fruit, nuts, sugar, flour, etc.)

**Georgia Fruit Cake Company: (S):** won awards for fruitcake, recognized as first place in the “Southern Style” category by Mondo Fruitcake Blog, packaging **(W):** may soon be an obsolete product, rising cost of inputs (fruit, nuts, sugar, flour, etc.), product only mixed by family members (end of family/end of product)

Would apply to both companies: **(O):** Offering private labels, expand by buying up competition (local/other), counter the perception of fruitcake, move into the direction of the cupcake trend, vertical integration by owning pecan orchards or other inputs, widen product range **(T):** target market is aging with few signs of new customers, product is not considered healthy due to corn syrup and sugar,

3. You have been hired as a consultant by each of the fruit cake companies. What type of advice would you offer for continued success?

Encourage both companies to consider some type of succession planning.

Appeal to a younger generation (use social media, food network spots, product placement in movies/television shows). Work to counter the perception that younger generation may have regarding fruitcake.

In addition to the traditional cake, try to produce a healthier version of the cake.