



A FULFILLING LEGACY

After 133 years, New Brunswick-based Ganong Bros. Ltd. is still satisfying our candy cravings

BY CAROLYN GREEN

When David Ganong thinks about chicken bones, it's unlikely that the poultry variety immediately comes to mind. In fact, it probably doesn't come to mind at all.

For Ganong, the fourth generation of family members to head up Ganong Bros. Ltd., Canada's oldest independent candy manufacturer, chicken bones translate into delicious candy. Invented in 1885, the chicken bone is a pink cinnamon outer shell surrounding semi-sweet chocolate in the centre. And in keeping with its name, the candy is in the shape of a small chicken bone.

While the Ganong chicken bone may be 121 years old, almost as old as the company itself, Ganong Bros. is clearly not resting on its laurels. "In the confectionery category, people like to try new things," says Ganong, who became president and chief executive of the family business in 1977 when his uncle, Whidden Ganong, stepped down. "It's been our experience over the centuries that if you just try to make a product range and stick with it for a long period of time, new competitors are going to come out with new items and take a bit of your market."

Ganong believes that even successful brands should be reviewed every five or six years to determine if they are as good as they can be. In addition, the company considers each brand's current competitors, whether or not the company's capabilities have changed to produce something different or better, and what improvements can be made to match consumers' ever-changing tastes or to reduce costs to keep the retail price competitive. In addition to tweaking the product, Ganong says packaging must also be updated from time to time. "Consumers are more demanding today and there's more selection. When you walk into a super-

store, it's self-serve," he says. "Therefore, that package has to bounce off the shelf and attract that consumer directly. You can't use the retail merchant to help sell your product for you."

One example of the way in which Ganong Bros. is ever evolving is its strategy for Christmas 2006. Because boxed chocolates represent a significant share of its business, the Delecto box will get a facelift, the trays that hold the candies will be redesigned, and some new centres will be added, including cherry cheesecake, maple pecan and a cashew cluster.

The company also recently introduced fruit candies called Fruitfull. Available in six flavours, the candies have 20 per cent real fruit purée and are fat- and cholesterol-free. Based on the success of this product line, late last year Ganong introduced Fruitfull au chocolat, made with five different real fruit jellies smothered in dark chocolate.

Although the Ganong name is now tied to confectionery, when James Harvey Ganong and his brother Gilbert White Ganong started their business in 1873, the original focus was on groceries. Not long after the start-up, the brothers expanded by adding a bakery and a confectionery manufacturing facility. But in 1884 the partnership was dissolved. Gilbert maintained the candy company, while James opened a soap factory. The star product of that venture, Surprise Soap, was sold nationally until 1946 when Lever Brothers Ltd., the owners since 1913, closed the factory. Today the confectionery manufacturer is still located in the tiny border town of St. Stephen, N.B.

Over the years, Ganong's has been at the forefront of candy making and marketing. In addition to the chicken bone, the

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company was the first to imprint chocolates, using a system featuring embossed celluloid pads that was patented by Gilbert in 1888. In 1895 it became the first company to use wooden butchers' skewers for its lollipops, and in 1910 it introduced the first five-cent chocolate nut bar in North America. Ten years later the company became the first Canadian confectioner to use cellophane packaging imported from France, and in 1932 it was the first to sell heart-shaped boxes for Valentine's Day.

While boxed chocolates sold under the Delecto brand – as well as chocolates made for Toronto-based Laura Secord – generate the largest sales volume for the company, Ganong Bros.' second largest category are fruit snacks, sold under the Sunkist label. Sugar confectionery items like gumdrops and jellybeans rank third. And while Ganong's once manufactured a number of different chocolate bars, that number has dwindled to two – Roman Nougat, a soft chewy white nougat surrounding bits of assorted fruit-flavoured jellies, and the 86-year-old Pal-o-Mine, a yellow fudge and coconut centre covered with chocolate and peanuts. In addition to chocolate production for Laura Secord, Ganong's makes a large amount of fruit snacks for private label sales in both the U.S. and Canada. In fact, Ganong estimates that the company manufactures about half the private label fruit snacks in Canada, an important business he intends to grow in the U.S.

While Ganong will not disclose total sales figures, he will say that Canadian sales are growing marginally and will continue to move upward, due in part to planned changes to the Delecto brand. But the story is different in the U.S., where the company has been pounded by the strengthening Canadian dollar. "It's a much, much tougher business to compete in at \$1.14 than at \$1.58, and that's likely to continue for some period of time," he says. Although still in the early stages, Ganong is also hopeful that the company will be able to tap into the Pacific Rim market.

On the surface, it would seem that Ganong's geographical location could be a disadvantage. But while Ganong admits there are some challenges, it's not a major stumbling block. Because key buyers are located in Toronto, the company has had a sales and marketing office there since 1971. As for transportation, rail cars deliver supplies like sugar and glucose to the factory door. "Even some of the Toronto companies don't have rail car delivery, which means they use trucks which are more expensive than rail," he says. "So we don't think on those key commodities that we suffer a significant

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disadvantage because of the volumes we're able to buy and the use of rail deliveries."

Acknowledging that Ganong may not be a household name outside the Maritime provinces, the company takes a multi-faceted approach at heightening its profile. In addition to traditional sales and marketing efforts, Ganong's


also makes its presence known through public relations activities. For example, Ganong's daughter, Bryanna Ganong, who joined the firm in 1997 and is project development manager, often conducts media tours before Christmas. Bryanna, who along with her brother Nicholas, represents the fifth generation of Ganongs to work for the com-

pany, is also closely involved with the company's participation as a corporate partner with the Canadian Breast Cancer Foundation (CBCF). Since 2003 when the company celebrated its 130th anniversary, it has supported the foundation's annual Run for the Cure and Gift for the Cure programs. A portion of proceeds from the sale of all Ganong products with a pink ribbon on the package goes to the CBCF.

In addition to good corporate citizenship, Bryanna believes the company's involvement with this charity provides additional visibility for Ganong Bros. "It's mostly women who participate in the run and they are the main purchasers of chocolates," she says. "So it's a very important group. It raises our visibility with our key consumers and it allows us to give something back."

Another strategy to boost sales is the company's presence on the Internet. Having sold candy online for five years, David Ganong says it is a small but growing source of business, and projects a 20-per-cent increase in the coming year. He's also optimistic about future growth, suggesting "it can be a relatively more important part of our business in the future than it is today. In five years time is it likely to be five times the size it is? I think the answer is likely yes. And at that stage it will start contributing much more greatly to us."

The question of where David Ganong will be in five years time is another matter. He admits he would like to slow down, and to that end last year hired Dave Piggot as COO. Prior to joining Ganong's, Piggot had a senior management position at Dare Foods Canada. Certainly, at some point one or both of the Ganong children could become the fifth generation to run the company. If and when that happens, Ganong hopes people will think well of his contribution to the company. "I've never been driven by leaving a legacy," he says. "I hope that in some small way people can say that in the time the company was on David's watch, he strengthened the company, he kept to his roots and left it in better shape than he started with." FC



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