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Gift baskets can say it all

Mother and two sisters turn their company into a `Classic'

Leslie Zganjar Staff

Beth Williams worked for a gift basket company when she lived on the West Coast but never thought about starting her own company here until her mother and sister suggested it.

"I had been around gift baskets all the time," the Birmingham native says of the time she worked for Simply Northwest in Spokane, Wash., with annual sales of \$1 million. "(My relatives) were the ones who said, `Hey, let's start this here.' I said `I'm in,' and the rest is history."

Today Williams, her mother Patti Schreiner and sister Jennifer Ross own and operate Classic Basket, which makes and sells gift baskets to say thank you, congratulations, welcome, enjoyed doing business with you, happy bosses or secretaries day, new baby, get well and happy birthday. The majority of business is for corporate clients, and the busiest time is during the Christmas holidays.

Williams won't reveal sales figures but says Classic Basket is growing 35 percent a year. Baskets cost \$15-\$300 (the latter take two people to carry, Williams says), but most are in the \$35-\$45 range. Classic Basket takes orders over the phone, by fax and via the Internet, and delivers baskets in Birmingham and nationally.

The trio opened the company in June 1998 in Schreiner's home, six months after Williams and her family returned to Birmingham. The partners used \$50,000 of their own money to purchase inventory - gourmet food, ribbons, baskets, computers and a ribbon-imprinting machine.

After moving the firm to Ross' home and then to Williams', they set up shop in an 18,000-square-foot warehouse/office space in a Hoover business park.

"After six months at my mom's, my dad said we had to go. After three months at my sister's, her husband said we had to go," Williams says. "We moved to my house and I had to move my daughter out of her room because we needed the space. After 14 months we came here."

Shelves of goodies

Today the warehouse is brimming with baskets, decorative materials and gourmet food items, including chocolates, cookies, crackers, nuts, cheeses and pastas. There also are bath products, wine glasses, fuzzy bears and items printed with University of Alabama and Auburn University logos.

Williams says the first year in business "was feeling our way." She says the partners knew they wanted to target the more profitable corporate gift basket market but weren't sure the best way to reach that market. They decided to network at chamber of commerce meetings and other business functions.

"We make gifts that businesses send to clients and employees, and we feel we need to meet them face-to-face so they know they are dealing with a quality company and that the gift baskets are nice," Williams says.

These days, Classic Basket also markets itself via advertising and direct mail.

Another hurdle in that first year was learning how much inventory to stock.

"There was a lot of winging it, and research and planning, hoping and praying," Williams says. "Now I have a sales history and growth pattern to work from."

All hands pitch in

The three partners all take part in shopping and ordering inventory, making baskets, prepping them for shipment and handling the bookkeeping. During busy times, they hire temps.

Williams says Classic Basket tries to separate itself from competitors by customizing its products. Basket ribbons, for instance, can be imprinted with company logos; containers can carry a company's name. Clients can request specific items to be included.

"Whatever customers need and want, and we're glad to do it," Williams says. "We worked so hard to get the phone to ring, I can't imagine saying no."

Nationwide, the gift basket industry - about 23,000 companies, many of them home-based - does \$2.3 billion a year in sales, according to Sweet Survival, an information clearinghouse for the industry based in Paterson, N.J.

Shirley Frazier, president of Sweet Survival, says the industry really began to grow in the early 1990s, when there were only 5,000 gift basket companies. She attributes the growth in part to corporate customers turning to gift baskets as an alternative to sending flowers.

And gift basket companies are proving profitable.

Frazier says a starting gift basket company typically posts \$10,000-\$15,000 in sales its first year. Because start-up costs are significant, she says, it takes a while to boost that income. Sweet Survival statistics show that companies in business five years or more that have aggressively marketed themselves to corporations, private dental, doctor and law practices, and hotels and convention business, can post \$225,000 in annual sales.

Gift Basket Review magazine says gift basket company profits typically average 22 percent of sales.

Williams says Classic Basket tries to come up with new kinds of baskets every year. The hit products last year were gardening baskets, filled with gardening tools and gourmet food packed into tin watering cans.

This year, its NASCAR-themed gifts are packed in a decorative box adorned with a racing car scene. Inside are chocolate cars, a racing magazine and Moore's Marinade, a local sponsor of races at Talladega Superspeedway.

Frazier says getting clients' attention with inventive products is key.

"Classic Basket's NASCAR basket is something visionary versus waiting for the phone to ring," she says. "You have to be proactive in this industry."

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