

Confection & Snack RETAILING

2009
State
of the
Industry

Novelty Candy

Just for Kids

Confectioners save their most novel product ideas for children. These include inventive flavors, textures and value-added takeaways.



Candy Econ 101

In light of the current economy, consumers obviously are cutting back on expenses, but to some degree, kids' candy has not been hit that hard ... so far.

Although novelties are discretionary impulse purchases, "conventional wisdom has long held that candy weathers economic downturns well," Kelly notes.

Brilliant says he does not think that the candy industry has realized "the full impact yet of the troubled economy and

how it will ultimately affect candy sales. Certainly, the

impulse court goods will be the first to take a hit, followed by larger and more expensive treats. Seasonal items will be less affected because most holidays have a tradition for candies and parents generally plan for that expense."

Kelly adds: "Keeping a broad array of candy products available and well-merchandised allow beleaguered consumers (moms & dads) an inexpensive treat for themselves or their children."

Cavalier advises retailers to refresh their offerings on a semiannual or annual basis and to add innovative products to their shelves, as well as work with licenses that proven successful"

End caps and checkout are terrific, too, Auerbach says, as are multiple facings and co-merchandising products through partnerships.

"I think that especially in confectionery, keep the shelves spaced and clean and organized, which can be difficult, because our customer base isn't the most pristine," he observes. Although traffic is down, Auerbach continues, the economy hasn't hit the candy category the way it's hit the auto industry, for example. Unlike that new *Lexus*, he says, "Your child is definitely a luxury you can afford."

Candy-loving kids would be happy to hear that. **CSR**



Top 3 Novelty Chocolate Candy Brands

(Latest 52 weeks ending Dec. 28, 2008)

	Dollar Sales (in millions)	Dollar Sales % Chg Vs. 1 Yr. Ago	Dollar Share	Dollar Share Chg Vs. Yr. Ago
1. Candyrific M&M'S	\$1.3	+85,535.6	30.4	+30.4
2. Palmer Nascar	\$0.7	+16.7	15.5	+6.2
3. M&M'S	\$0.7	-72.8	15.2	-23.7
Total:	\$4.4	-0.2	100.0	

Total U.S. - F/D/MX (Supermarkets, drugstores, and mass merchandise outlets, excluding Wal-Mart), including brands not shown

Source: Information Resources, Inc. (IRI), a Chicago-based market research firm

License to Thrive

Licensed products aren't new to the marketplace, but they're definitely taken off in recent years, thanks to pop culture.

Hannah Montana, High School

Musical, Cars and Wall-E are among the brands licensed to Imaginings 3,

Inc./Flix Candy, which was named 2008 *Disney*

Licensee of the Year

(food and beverage category). Its most recent *Disney* property is *Disney Fairies*. Products include Flower Petal Pops, Pixie Dust Popping Candy and Picture Ring Lollipops.

Meanwhile, CandyRific unveiled several products tied to Dreamworks' release of "Madagascar" last year, including candy-filled sticker stampers and tins.

But "no property lends itself to seasonal better than *M&M'S*," says president Rob Auerbach. CandyRific's latest *M&M'S* introductions include embossed seasonal tins containing two .63-oz. bags of candies each. It also offers a refillable *M&M'S* Baker toy-and-candy combo that scoops up and serves two candies when you push a button; the novelty comes stocked with .63 ounces of *M&M'S*.

CandyRific recently picked up a new license: *Airheads*.

"*Airheads* has huge name recognition among the demographic (5-to-9-year-olds) we're going after," says Auerbach, adding that the brand also is gender neutral. Products include Surprise *Airhead* Pops, *Airheads* Seasonal Finger Pops and *Airheads Slinky* Sport Pops.

