

SEASONAL CANDY

For Every Season



With the appropriate product selections and proper store placement, seasonal candy can sell in c-stores

BY LISA WHITE

Those in the convenience store channel who are not taking advantage of the seasonal candy segment are missing out on a year-long revenue generating opportunity.

Even during the economic downturn, sales are growing in this category. Halloween candy and gum saw a late spike in sales during the four-week period ending November 1, 2009, and Easter confectionery sales alone grew at a 7.9 percent rate in 2009, according to Chicago, IL-based research firm Information Resources (IRI).

Still, a lack of innovative and new offerings has presented challenges for wholesale distributors.

"Last season, there were limited seasonal offerings by the big companies," says Dan Thompson, director of category management and purchasing for Tumwater, WA-based distributor Harbor Wholesale Grocery.



Innovative items for stocking stuffers, Easter baskets and holiday parties, like these products from CandyRific, are geared for c-stores.

"The seasonal candy segment is not a strong segment in c-stores because it is a loss leader for mass marketers," says Dave Oehlert, senior buyer at Allen Bros. Wholesale Distributors in Philadelphia, PA. "Because it is so hard to compete, we generally got out of selling seasonal candy about 10 years ago."

Still, there is no mistaking that seasonal candy is becoming a bigger segment overall, and retailers are becoming more aware of the potential to increase candy sales. Further proof of the potential is that selling seasons are longer, making this category a year-long, revenue-generating opportunity.

"C-stores are capitalizing on seasonal candy in different ways, but they struggle with how to do this," says Armand Hammer, president and CEO of Innovative Candy Concepts, headquartered in Atlanta, GA.

As a result, there is a growing number of suppliers who recognize the potential of seasonal candy in c-stores and are helping to change the climate in this retail channel.

"Seasonal candy is certainly a growing segment in c-stores, and this is because more chains are dedicating space for these items," says David Plotnick, director of marketing at Ford Gum & Machine Company, based in Lincolnshire, IL. "We are seeing more c-store retailers recognizing the added value that these lines offer to their candy lineup."

It makes sense for wholesale distributors to take a look at the seasonal category, since every day candy sales in c-stores continue to experience strong growth.

"The retail business is constantly evolving. Everyone is looking for ways to increase sales, so the industry has to think outside the box and keep an open mind to the possibilities," according to Tom Joyce, vice president of customer and industry affairs at The Hershey Company, Hershey PA. "There are a number of c-store retailers that could have successful gift offerings for the seasons. Manufacturers, distributors and retailers need to clearly understand the window and opportunity of the seasonal candy segment," he notes.

With seasonal items, it is important to address what is going on in the environment. In today's economic climate, the emphasis is on value.

"To capitalize on the potential of Halloween, Christmas, Valentine's Day and Easter candy items, distributors and c-stores need to offer a fresh selection, while keeping an eye on proper product placement. This will help remind consumers about the season when they visit the store," says Rob Auerbach, president of Louisville, KY-based CandyRific.

Distributors and retailers that build a core seasonal candy business on a brand and are careful about choosing complimentary items, even those at higher price points, can reap the rewards of add-on sales.

“For c-stores, offering a unique and varied seasonal candy selection is essential because these retailers are pulling customers from a smaller geographical area compared with big box stores,” Auerbach says. “Plus, the c-store footprint is much smaller, so these customers are seeing the same product more often. For this reason, c-store consumers are more product-wary, so it is important to keep product selection fresh.

This means c-store distributors need to be more selective when it comes to choosing seasonal products.

“Rather than the big volume items, this channel is better off focusing on unique seasonal candy that other channels aren’t offering,” Hammer says. These include goodie bag items for kids’ parties, stocking stuffers and Easter basket items.

Seasonal candy can easily get lost when merchandised on store shelves by traditional items. Stand-alone displays, power panels and sidekicks bring the necessary focus on these items during the holidays.

“Our sales ratio is 3½ to 1 when selling these items in a power panel stand-alone display with multiple spacings as opposed to on an end line,” Auerbach says.

Ostrow recommends distributors promote smaller packs for c-stores because big retail chains, supermarkets and drug stores avoid these sizes.

“This is a perfect niche for c-stores that want to compete in the seasonal segment,” Ostrow says. “Retailers can use punch-out floor displays positioned on end caps or the store’s corner to emphasize these products. Dollar stores do this and do it well.”

C-stores also can be the place for seasonal items with price points between \$1 and \$3.99.

“The challenge is the space constraints, which limit what c-stores can accomplish,” Hammer says. “Still, retailers can compete effectively in the seasonal segment by designating space for these items.”

What makes seasonal product unique is that it can either be displayed in a colorful seasonal case or put in a bin and sold at a discount after the holidays. This is best accomplished with seasonal product that has more generic packaging.

“Retailers need to be creative with merchandising these products. It should be about providing a point of interruption, whether on the counter or in a shipper. Visibility is key and can mean the difference between success and failure,” Joyce says.

In addition to seasonal candy variety, size and uniqueness, distributors and c-stores should pay special attention to quantities.

“Stores should use past history in determining purchase amounts for each store,” Joyce recommends. “It also is important to factor in the promotions that will be running. This may include price discounts or a ‘buy one, get one free’ offering. This also will play a role in how much product is moved during the selling period.”

Although it can be difficult to be right on the mark with quantities for seasonal candy, stores with a history can gauge how much product will be sold during each holiday period.

“Sometimes smaller stores are so busy, they don’t pay enough attention to seasonal product like they should,” Auerbach says. “Distributors and retailers that focus on this category can get tremendous lift and move a lot of product in a short amount of time. C-stores shouldn’t overlook the opportunity, which benefits their customers and bottom line.” ♦

Lisa White, based in Cary, IL, is a regular contributor to Convenience Distribution™.