

Candy segment evolves, naturally

by Joanne Friedrick

Unlike its sister category, kids' candy and novelties, the non-chocolate sector of the candy aisle appeals to children and adults alike.

While novelties can find a place within this category, so can products with adult interest, such as sugar-free items and all-natural formulations.

Candyrific's Rob Auerbach is also making a case these days for all-natural ingredients. He agrees with Hayes that the move to more natural products is part of a general trend. He says kids' adverse reactions to some artificial colors and flavors, along with more parents reading ingredient labels, has hastened the move toward natural ingredients.

In addition, he says, some licensees such as Disney and Nickelodeon have issued their own directives on fat content, serving size and so forth that impacts how kids' products are made.

"We're continuing to upgrade our ingredients and would even consider organics for some lines," says Auerbach.

With the weaker dollar, Candyrific's Auerbach says he is seeing more business moving to international markets. Fortunately, he says, products developed for North American retailers and consumers typically translate into European markets, although there are exceptions in the licensed category.

Hannah Montana doesn't carry over to Europe, explains Auerbach, but High School Musical licensed items do. And so do SpongeBob Squarepants, Dora the Explorer, Hello Kitty and Teenage Mutant Ninja Turtles.

Like Schimberg, who has found success selling her gum in various channels, Auerbach is also exploring new outlets such as video and electronics stores.

He says independent distributors serving the c-store market often take a traditional approach to buying, which requires additional work on the part of candy companies.

"We have to be tenacious and spend time with the customer," says Auerbach. "We want to shorten the gap between the risk and reward ratio for the buyer." In some cases, he says, that means steering them away from certain items that may not be successful enough for the retailer.

"People appreciate your candor," says Auerbach. "If I really want to walk my talk, I have to sell them the best item."

Even though there are some new avenues for novelties, like the European market, Auerbach says within the United States, distribution for novelties has been squeezed. Major candy makers, he says, are balking at "letting the toy guys into the aisles" and many of them are creating their own licensed products.

Because it's a tougher sell, Auerbach says it's important to stay away from "me too" products and to try to extend the lifecycle of those items that do make it into stores.

"We tend to want to get as much mileage as possible," he explains. Thus, the strategy may be to rotate products in and out of stores, keeping it fresh, involved. A regular product can be remade for Halloween, Christmas, Easter or some specific event without too much trouble. "Our focus is to take successful items and expand them into seasonal," he says.

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