



## LICENSE TO FILL

**CandyRific blends familiar characters, clever novelty toys, and much-loved candy brands.**

Tie-ins and licensing have become so ubiquitous in modern culture that they sometimes blend right in with all of the other items on a retail shelf. So in order to make a novelty candy item stand out, it helps to have toy-industry veterans at the helm, as is the case at Louisville, Ky.-based **CandyRific**, which takes hot properties with proven appeal, adds a dash of clever gadgetry, and a healthy measure of a sweet favorite to cook up successful licensing profits.

By Caroline Rath

**C**ANDYRIFIC BEGAN AS A COLLABORATION OF GENTLEMEN WITH complementary backgrounds. “My partners Mike and Paul Roberts had a toy company and they were clients of mine, and over the years we became close friends as well as colleagues,” explains president and founder Rob Auerbach. I had success with designing confectionery items that I had licensed to confectionery companies. They had started and sold a company called **Candy Planet**. We decided to collaborate and started CandyRific.”

“[W]e have many licensors come to us for potential deals, but we also target particular licenses that are of interest to us and licensors where we have had success,” Auerbach says of CandyRific’s strategy in selecting winning brands. “We try to have a well-balanced portfolio of licenses. We like the evergreen brands that are not dependent on the success of the underlying entertainment product.” He lists M&M’s, Skittles, Starburst, Slinky, Etch-a-Sketch, and Disney as top performers.

### How It Works

When you see a playful wand full of Skittles or a clever spinning fan filled with M&M’s, the straightforward, eye-catching design and instantly recognizable candy brand might seem simple enough. However, the actual creation of such products is a highly complex process.

“First, we start with the property we are licensing and get an understanding of the demographics, of which age and gender are paramount,” Auerbach explains. Then comes the design process, which can require much tweaking. “We will design an idea with our art department, keeping in mind that the features must be self-evident with a strong ‘try me’ feature,” Auerbach says. “We know that if we have to rely on directions to tell a potential customer of the ‘cool’ features, we hurt the chances for that item to be a success.”

Next, a prototype must be fashioned, a task that





takes place in CandyRific's Hong Kong office. "Once we see a working prototype, we start to make changes, perhaps in features, scale, or size to bring the cost in line with the perceived retail price," says Auerbach. "This is one of the strongest aspects of our company. ...We understand what can be done economically, yet still keep the 'wow' factor."

The finished product lines can end up in large or small retail venues. Currently, Auerbach says CandyRific products are in more than 100,000 stores. "We try to have a range of product at different price points for different customers," he confirms, noting that visitors to **Target** or **Toy R Us** are more apt to be in a shopping mood, while convenience store customers may only buy lower-cost items on impulse.

But Auerbach is quick to point out that CandyRific doesn't merely manufacture cheapie trinkets. "We know that three-dimensional, high-quality figures will drive sales and so we are willing to pay the very expensive tooling costs. We are the quality leaders in our category, but it also means we are not a low price point company. There are many companies around that are driven by low quality goods and price points—that is not our strength nor do we want it to be. Our customers, both the buyer and the consumer, have come to expect high quality from us and are willing to pay for that execution."

With the novelty item built, the time arrives to fill it with candy. CandyRific purchases from U.S. vendors then ships the packaged candy in refrigerated containers to China for packing. The completed goods make their way back to the United States for distribution.

"We use three public, climate-controlled warehouses to store our goods and ship our orders," says Auerbach. "We have a national network of brokers that call on all classes of trade managed by our in-house sales force. We also have an international network of distributors to expand our sales globally. This has become a very important part of our business."

All told, the process can take six to nine months for CandyRific to bring a single concept all the way to ship date.

### Advice for Retailers

For some retail candy buyers, licensed products may be off the beaten path. But carrying these items can be a great option, providing an opportunity to maximize on current promotions (under either the toy or candy categories), as well as a way to push regular packaged candy sales.

A great example of the potential synergy was a recent best seller for Walgreens: an M&M's dispenser fashioned like a gumball machine.

"[This] worked so well because the product looked great, the customer instantly 'got it' with no instruction necessary, and it

**Together we have decades of experience in manufacturing with our toy items and therefore understand the process in detail. We understand what can be done economically, yet still keep the 'wow' factor.**

—Rob Auerbach, CandyRific

was great value at \$9.99," says Auerbach. "For Walgreens, they got a great-selling item with the added benefit that if a customer buys a dispenser, they also need M&M's to dispense—so it drove the sales of M&M's in their store as well."

Retailers in-the-know about topical licensors can not only put in orders in plenty of time, but can also maximize cross-promotions that may be happening in the toy department of their stores. "Often we are shocked that the buyer has no knowledge of hot properties just a couple aisles over in the toy department where they have huge displays and are running ads promoting the same property," says Auerbach.

Once the product is in the store, Auerbach says great sales can be encouraged with good old-fashioned enthusiasm and creative placement. "This is what their customers want to see," he says, "not the same old, same old." **PCB**