

NOVELTIES GRAB ATTENTION

PERHAPS NO other sector in the candy category is as adaptable to change as novelty candy, aiming to grab the attention of the quintessential impulse buyer — kids ages six to 14. To do this successfully, suppliers must develop product lines amid staunch competition and ceaseless innovation, with some trying to bridge the gap between in-and-out and everyday retail placement.

What stays constant is the draw, as growing sales and spiking price points in recent years demonstrate. These facts underscore what suppliers have long believed, that novelty candy has proven itself deserving of permanent retail space.

The current state of novelty candy is one in which staple items flourish just as many new product releases meet with consumer acclaim.

The result is an encouraging sign for buyers in all classes of trade looking for impressive margins.

Placement Is Key To Selling Novelty

Across the board, sources tell **PROFESSIONAL CANDY BUYER** that the physical placement of novelty candy is paramount to sales success.

"Kids candy should be merchandised on the front end at eye height," says The Topps Co., Inc. Customer Marketing Manager Bill Berkowsky. "Being on the bottom is not necessarily a bad thing when it comes to kids candy."

"I have seen kids candy placed five to six feet off the floor in some stores, and you are just not going to get the pull that you would if it's within reach," confirms Andy Telatnik, director of marketing at Impact Confections, Inc. "Kids like to look at the



candy pretty closely, and if they can't reach it, they will not buy it."

Industry purchasing analysis supports this, finding that once consumers engage an item the likelihood of buying it exponentially increases.

As CandyRific LLC President Rob Auerbach articulates it: "You've got that millisecond to grab their attention. They pick it up in the aisle and if they think it's cool and worth the price, that's the only equation."

Products need to call out to kids, says Rose Downey, vice-president of operations at Au'Some Candies, Inc. "If the packaging excites them, and the colors are cool, the kids are more apt to put it in their hands. Once a product is in their hands, that means you've got the cool factor."

In addition to spatial placement issues, most sources agree cross-merchandising throughout the store is equally critical for maximizing sales of novelty items.

Laura King, vice-president of marketing at Candy Dynamics, says it's not only a matter of giving consumers variety, but delivering it in a range of eye-catching ways. "To capitalize on incremental volume, it is so important to merchandise kids candies in various places throughout the store. The more versatile retailers are with their merchandising capabilities, the better profit margins they'll reap."

Pop Rocks, Inc. spokesperson Steven Style says consistent growth is directly related to kids candy being both visible and readily available at retail. "We experience great in-store sales success when retailers merchandise outside of the standard

Innovation, higher price points and renewed commitments to quality are spelling success for novelty candy.



Continued from page 78

planogram, both for repeat purchases and new customer experimentation" he tells **PROFESSIONAL CANDY BUYER**.

Downey agrees: "Retailers should position the candies in various sections in the stores; front end, end caps, floor displays and on-counter, as well as on-shelf."

Greater Play Value

While suppliers say they wouldn't have dreamed of price points above the 99-cent mark a few years ago, today items that retail between \$1.99 and \$2.99 are reportedly flying off the shelves. Couple this with statistical increases in kids' buying power and the result is an upward trend from which suppliers and retailers can both profit.

Eric Ostrow, vice-president of sales and marketing at Ce De Candy, Inc., describes how the novelty sector often takes its pricing cues from chocolate. When price points increase, as they have in premium chocolate, he says a trickle-down effect allows for price increases in other candy sectors, raising profits across the board.

Downey says the fact that children are most often accompanied by parents when shopping is an important point to consider with regard to novelty pricing.

"A few years ago the magic number was \$1, but price points now are \$2," she says. "Kids have more money to spend these days and a \$2 novelty candy versus a toy that will cost more makes parents, as well as kids, opt for the quick fix of the novelty candy."

Sales Manager Mike Cavalier says Flix Candy/Imaginations 3, Inc. is developing a \$1.99 item "we wouldn't have dreamed of two years ago."

But reasonable success in the long-term, he says, is still met with 99-cent items. "At \$1 the focus is on the candy. Over \$1.50, it's about the toy," he says.

THE IMPORTANCE OF IMPORTS

NEWSPAPERS OF THE SECOND mass product recall in as many months this summer of Chinese-manufactured goods did not go unnoticed among novelty candy suppliers. The nature of manufacturing partnerships with Chinese factories, sources say, already fosters a heightened focus on quality assurance.

Chuck Block, vice-president of operations at Bee International, Inc., says companies with safety protocols in place have stepped up controls in the wake of recent events.

"We test like crazy," he says. "The factories have their quality assurance people, and we have ours. There are very good factories in China, it's unfortunate when the media plays up the most perceived danger and how that affects the American consumer."

And with the U.S. Food and Drug Administration admitting it can logistically inspect only one percent of all imported foods, many sources tell **PROFESSIONAL CANDY BUYER** that the onus for guaranteeing the safety of novelty candy and its toy components falls on the companies that import them.

"The latest news from China has had a huge impact on our customers," says Mike Cavalier, sales manager at Flix Candy/Imaginations 3, Inc. "It pushes you to work with more established manufacturers."

But to not go to China, he is quick to point out, would make the price of doing business prohibitive. "The downward pressure on cost makes it impossible. A single jelly pop would have to sell for \$3 to make a profit."

"It's about social responsibility for companies with products from China," states Armand Hammer, CEO of Innovative Candy Concepts, Inc., whose company does not import goods. "When these kind of controversies arise, there is more and more backlash against everyone."

Eric Ostrow, vice-president of sales and marketing at Ce De Candy, Inc., says manufacturers should not cut corners in terms of thorough product development, whether here or abroad.

"For real quality control you have to spend time and dollars," he says. "In our history, we have found in these situations that sales dwindle for everyone, the consumer is disappointed and doesn't come back to the products."

Rob Auerbach, president of CandyRific LLC, says restoring honor to a tainted 'Made in China' moniker should be a team effort across the industry.

"Most everybody I know in this business is going overboard on quality assurance," he says. "Erring on the side of caution as a good, smart corporate policy. We've always done that, but with the renewed interest lately, we want the buyer and the customer to feel good about the products."

Chuck Block echoes this, stating that Bee International Inc.'s latest novelty application, featuring Wonka Runts and Nerds in Bee's packaging, is a co-branding dream team.

"There are a lot of toys out there, too

many in which the toy sells the product but the candy is an afterthought," he says. "Here the candy sells it."

Inherent to novelty candy is the idea

Continued on page 82





Continued from page 80

that kids are after the latest, coolest items, with suppliers jumping to answer the demand.

Follow The Leader

"We are always looking at the trends not only in confectionery, but in other industries," explains Telatnik. "You have to be careful, however, in determining what is a trend and what is a fad. You can get burned jumping in with both feet on a fad."

Auerbach agrees. "In novelty, you've got to have the confidence, but also a plan B. You make an informed business decision but it is very difficult to read those tea leaves sometimes."

Still, creativity is the driver behind most product introductions. And sources say they continually strive to keep abreast of what kids and buyers want.

An example of this is Candy Planet Co.'s newest item, Grillz, liquid candy-filled plastic caps kids wear over their teeth. Lee Ann Literski, director of sales, says the idea was sparked by tales of kids imitating rap culture trends by affixing paperclips to their teeth with super glue. Literski reports sales of the item are doing especially well in non-traditional channels.

"It's hip for all ages, all demographics," she says. "And when the candy is gone, kids can still wear the Grillz, which they love." The attached SRP of \$1.49 also makes it an affordable interactive toy, Literski adds.

Topps' Berkowsky says: "Kids want more than just a treat from their candy, they expect it to have some sort of a surprise and deliver on the cool quotient. Their tastes are becoming more sophisticated

'A few years ago the magic number was \$1, but now price points are \$2'

ROSE DOWNEY
Au'Some Candies, Inc.

at increasingly younger ages, so our job as candy developers is to find the right flavor and texture to appeal and go beyond the expected."

One response to this is Innovative Candy Concept's Melted Ice Cream sprays, in banana split, strawberry and blueberry. CEO Armand Hammer tell **PROFESSIONAL CANDY BUYER** he developed the candy as a sweet alternative to the sour options currently available. With a SRP of \$1.29, the sprays promise 33 percent more product than the company's dessert-flavored spray line launched earlier this year.

"It's sweet and creamy," he says. "Sour remains popular, but we're going another direction."

Ostrow notes there was a strong sour trend about a decade ago, but it appears clear this time sour is here to stay. "Sour is now part of our candy culture. From the very young to college age, kids just can't get enough sour," he says. "And the worse it tastes the better they like it."

"Sour is still so hot," confirms Auerbach. "And in itself it's an interactive candy, bland just doesn't cut it."

This is not news to Candy Dynamics' King, responsible for promoting line extensions of the Toxic Waste Hazardously Sour Candy brand. "We recently released Sour Candy Sprays, Nuclear Sludge Chew Bars and Sour Dip & Lick Lollipops," she says.

Block and others say buyers also communicate the need for innovative products. "Buyers constantly want new and different items," he says.

They also appreciate cooperative product support, says Style. "Retailers should look at the support the manufacturer is putting behind their brands," he says. The company recently held the "Why My Pop Rocks" sweepstakes, asking kids to write essays on why their Dads are inspirations to them, and is currently pairing with *American Idol* for a "Be A Pop Rocks Star" contest. "We invite and encourage retailers to team up with us on promotions, which will certainly maximize sales," Style explains.

The Pop Rocks brand, introduced more than 30 years ago, is an example of a novelty item that leapt from in-and-out rotation to permanent retail placement — a feat many in the industry would like to replicate.

Several sources acknowledge Topps' Ring Pop and Cap Toys' Spin Pop as ideal examples of transforming novelty into the everyday.

"An important aspect in appealing to kids is to keep marketing and positioning for classic products fresh and relevant to their lives today," Berkowsky says.

"Maximizing the candy section should include a proportionate amount of kids candy items, says Telatnik.

"Kids candy has proven it can hold its own." 

