

## Bite-Sized Opportunities

C-store retailers and suppliers share best practices to increase basket size with candy and snacks *By Danielle Romano*

**THE CONVENIENCE CHANNEL** has long been known for its cokes and smokes and, in more recent years, its suds and grub. But if you ask any convenience store retailer, supplier or distributor what has the ability to drive profits by increasing basket size, they will tell you it's the highly profitable and highly impulsive candy and snacks categories.

"Candy and snacks — both salty and sweet — are very important to a c-store's profitability. These categories carry above-average margins and provide a strong impulse purchase opportunity for many of our guests," Ken Hagler, senior director of merchandising for Tri Star Energy LLC's Twice Daily Convenience Stores, told *Convenience Store News*.

At Twice Daily, the candy and snacks categories account for about 11 percent of inside merchandise sales and 15 percent of total inside gross profit dollars, Hagler added.

More than half of respondents (51 percent) in the 2018 *CSNews Realities of the Aisle* consumer study — which surveyed 1,500 consumers who shop at a convenience store at least once a month — said they purchased candy or gum in the last month, and 56 percent made a snack buy, like a bag of potato chips, pretzels, cookies or doughnuts.

"Candy and snacks play a key role in building baskets at c-stores," remarked Alan Tobin,

senior manager, c-store category strategy and insights for The Hershey Co. "With 47 percent of purchases being unplanned, and more than 80 percent of purchases consumed within an hour, a candy and snacks consumer is in the market for these product on pretty much every trip."

So, the question becomes: What are the most effective ways convenience store operators can lean into the candy and snacks categories to drive both impulsive and purposeful purchases?

Retailers and suppliers shared the following tricks of the trade:

### More, Please

For Twice Daily, operator of 50 c-stores across Tennessee and Kentucky, two primary reasons for customer visits are to get something to eat and to get something to drink, so the retailer focuses on its fresh food and beverage offers to drive in-store traffic.

Once in-store, Twice Daily emphasizes its candy and snack items to entice extra buys. It does this by strategically displaying these categories on the way to and from destination zones, such as the beverage cooler, fresh food area, and along the sales counter.

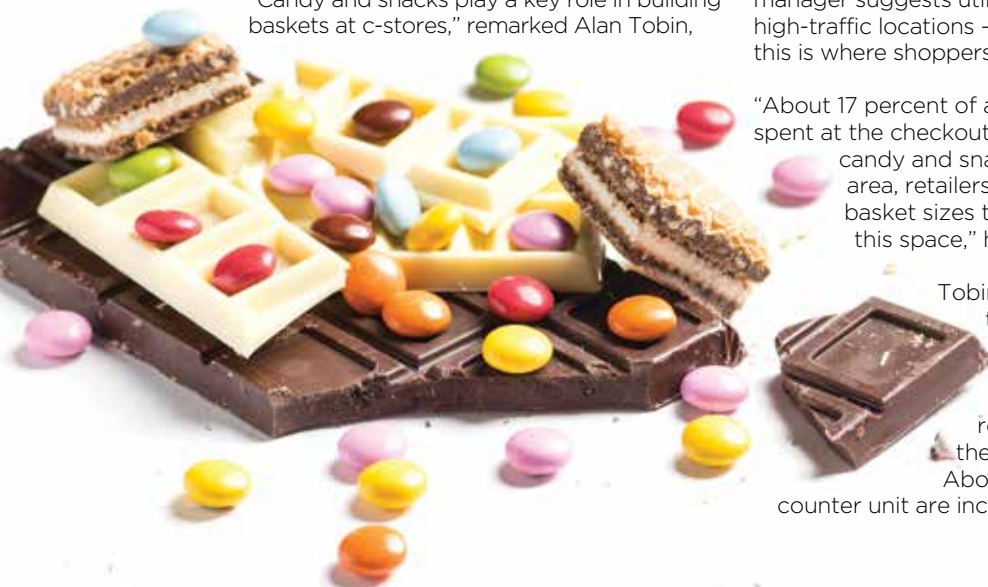
"We believe this provides us with the greatest opportunity to garner that additional add-on sale of a candy or snack item to go with a customer's food or beverage purchase," Hagler explained. "We also merchandise top-selling candy and snack items at the sales counter to capture that last-second impulse purchase to go along with the other items being purchased."

Hershey's Tobin believes in this approach as well. The senior manager suggests utilizing secondary merchandising in high-traffic locations — namely, the front counter because this is where shoppers spend the most time dwelling.

"About 17 percent of a shopper's total time in-store is spent at the checkout. With an average of 23 percent of candy and snack sales coming from the checkout area, retailers have a huge opportunity to increase basket sizes through maximizing merchandising in this space," he said.

Tobin recommends incorporating one of three merchandising systems at every pay point:

**1. Counter unit:** With limited space, retailers should only merchandise the best-selling brands and items here. About 75 percent of candy sales from a counter unit are incremental, he reports.



**2. Under the counter:** Retailers who have executed this method saw an average of a 10-percent to 12-percent lift in category sales, with a 36-percent increase in front-end conversion, according to Tobin.

**3. Queue line:** Recent Hershey research showed a 56-percent increase in buyer conversion at the pay point after a queue line was installed.

### Crossing Categories

C-store retailers can “lean into” the candy and snacks categories by implementing everyday promotional pricing like “Buy 1 for \$1.29 or 2 for \$2.50,” which will boost both unit and dollar sales.

Another option is performance-based pricing, such as “Buy 2, get 1 free.” This strategy drives more units in the basket vs. a base price reduction on a single unit, according to Tobin.

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On the other hand, c-store retailers can use other categories to their advantage, namely cross-merchandising and promotional ties with other high-affinity categories like fountain beverages, packaged beverages, hot beverages and foodservice.

“Outside of the category, we’ve seen a lot of relying on those affinities to bundle, like buy a baked sweet good and add on a coffee for \$1, or buy a packaged beverage and add on a candy bar for X dollars. It provides a value to the customer and allows c-store retailers to lean in to their affinities,” said Joe Thrash, national trade relations manager for McKee Foods Corp., manufacturer of Little Debbie packaged sweet snacks.

### Can You See Me Now?

On average, c-store shoppers spend only



**Twice Daily emphasizes its candy and snack items by strategically displaying these categories on the way to and from destination zones, such as the beverage cooler.**

between two and three minutes in the store, which presents a unique challenge — and opportunity — for retailers to engage and interrupt their path to purchase. Although it seems like an obvious solution, clear and simple signage is a must to communicate specials and promotional offers to capture incremental basket rings.

“One of the biggest gaps we see with the c-stores we work with is not having enough signage and callouts to grab customers’ attention, especially when it’s a bundle or a price-driven offer, so the customer sees it and gets the chance to make that decision,” Thrash said.

“Too often, signage doesn’t make sense to focus on the bundle offer or is just not there,” he continued. “If it’s not there, you’re not giving a customer a promotion, you’re just giving them something they didn’t actually know they were getting.”

Fellow McKee Foods executive Rick Matthews, new business specialist for convenience stores, builds on this theory by pointing to proprietary research that shows packaged sweet snack consumers only spend about 8 seconds in the category.

To draw them in, he suggests a heavy reliance on wobblers and danglers.

And signage isn’t the only measure convenience store retailers should be taking to ensure shoppers can find the candy and snack items they want — whether they’ve planned ahead to purchase or decided on the spot. Proper placement and merchandising strategies will have a positive impact on the c-store shopper’s experience and the retailer’s profitability.

“[Retailers] have to be consistent. Having SKUs in the same place in the store every time is critical because a customer who’s coming in for 8 seconds isn’t searching,” Matthews said. **CSN**