

GUMMIE REPORT



The demand for gummies shows no sign of slowing. Leveraging the innovative potential of this simple candy can increase the success of any set.

Versatility Fuels Segment Success

SINCE ITS BLOCKBUSTER DEBUT in the U.S. in the 1980s, gummi candy has been a perennial leader in the chewy candy segment, and as the children who were captivated by gummies have become adults, their preference has endured, ensuring a generation-spanning success.

How successful? As of mid-July 2014, year-on-year dollar sales of gummies in all channels reached \$825 million, a 6.4 percent increase, according to Information Resources, Inc. (IRI), and unit sales rose 2.8 percent to 15.2 million.

Fueling it is the formulation's ability to carry flavor and its seemingly limitless capacity for interpretation in a range of sizes, shapes, colors and textures. According to Sal Ferrara, CEO, Haribo of America, Inc.: "It's the fastest growing segment in the category because it adapts to whatever is hot in the marketplace. You can switch out the bottom tiers of items with the newest variations, so the segment is constantly changing, always different." Further, he says, the appeal bridges seasonal demand, and sales are consistently strong throughout the year.

In addition, the candy satisfies consumers' desire for organic, fat- and gluten-free items and foods made with natural colors and flavors, says Gerrit Verburg, CEO of importer Gerrit J. Verburg Co. Further, he notes the use of plant-based gelatin or pectin allows vegans and those who follow kosher and halal dietary practices to consume it.

Because the formula is simple — gelatin, water, sweeteners, flavoring and coloring — differentiation focuses on quality, textural considerations and shapes. However, Ferrara points out, "They're not that easy to make. A gummi is not just a gummi. For example, the amount of gelatin determines the firmness and length of chew, and the purity and intensity of the flavor are important. There are big differences between European and U.S.-made items."

Innovation in flavors, textures and shapes is key to brand differentiation, but Mitchell Bernstein, national sales director, USA, for Vidal Golosinas S.A., warns: "We don't need 'me-too' products. We need to grow the segment, not cannibalize it."

TRENDING: TANGY AND TEXTURED

The segment is experiencing no lack of innovation: IRI reports within the past 12 months, 151 new gummi items have appeared on shelves of U.S. retailers, a 7.1 percent increase from the previous year. Hot trends can be distilled to two words: sour and texture.

Explaining "gummies allow for great delivery of flavor, and fruit varieties are really driving the category," Jim Kilts, Jolly Rancher brand manager at The Hershey Co., notes a liquid-center gummi version of the hard candy has been rolled out in sour fruit varieties, including watermelon and sour apple. "The format delivers on the Jolly Rancher flavor while giving a burst of liquid in a convenient, bite-size treat," he says.

Hershey's Jolly Rancher Bites Filled Gummies in the 10-ounce reclosable pouch have been one of the most successful introductions in the segment in terms of dollar sales, providing impetus for growth, Kilts reports. Further, the brand is debuting XOXO

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Gummies for Valentine's Day 2015 to expand seasonal sales beyond traditionally strong warm-weather performance.

Ferrara Candy Co., Inc. is approaching product differentiation by offering two lines within the segment: Trolli, geared toward teens and young adults, and Black Forest, which has family appeal, according to Melinda Lewis, vice-president of marketing. "Trolli's Sour Brite Crawler is the flagship SKU, and our most recent innovations — Swirly Moustaches and Sour

CONTINUED ON PAGE 40