

SWEET INSIGHTS

'Merchandising is driving the category. We see increases from merchandising in terms of dollars as well as strength in new items.'

LARRY WILSON
NCA

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To further leverage these influences and make the most of sales opportunities, Wilson says changing up the promotional mix and getting into higher quality features and displays is how best practitioners are driving growth. He notes there is still room to improve the performance of these two promotional tools, adding: "When you have a feature, execute with a display, and when you have a display, leverage it with a featured ad."

GLOBAL GROWTH FROM PREMIUM, EMERGING MARKETS

In the five years leading up to 2014, retail value sales grew by more than \$6.3 billion in Asia Pacific, the highest of any region, although Western Europe still remains the largest confectionery market globally, despite seeing a decline during this period, according to Euromonitor.

Rising per capita consumption growth in Asia Pacific meant that in 2013 the region overtook North America to become the second largest confectionery market globally.

"Premium is hot: It is 15 percent of the global market and grew three percent," says

Karen Horan, NCA senior director of international business development. For comparison, premium accounts for an eight percent market share domestically.

In demand by consumers, premium performs at higher levels of merchandising proficiency, according to Sweet Insights. Overall, the category's trade efficiency — the promoted volume that is truly incremental growth — has been at 55 percent for the past six months, while premium has surpassed 60 percent. For comparison, trade efficiencies of private-brand products are 20 percent less than that for premium items.

Shareable packs, strong brand imaging, co-branded confection and snack items and line extensions are also contributing to growth, according to Sweet Insights.

When eyeing the foreign markets, it's important to not take a "planting the flag" approach of simply introducing brands, but to consider what plays in each specific market in terms of products and go-to-market planning, Horan explains.

"There are opportunities to expand brand imaging," she says, adding: "Bring the brand experience right into the market so people will have an opportunity to try products and experience the fun of the category."

LOOKING AHEAD

While both domestic and global performance have been strong for the category, Horan notes there are still opportunities, particularly for seasonal selling periods and through executing merchandising and marketing strategies with excellence. She adds there are significant opportunities to expand exports by increasing focus on emerging markets to complement the incremental business.

Concerning the 2015 holiday periods, Wilson reports there will be pressures from shorter selling seasons, particularly for Easter. The spring holiday falls on April 5 compared with the 20th this year. "As you plan for 2015, it will be important to recognize and plan ahead," he says. "Collaborative planning, seamless supply chains and superior retail execution will be keys to success."

Accelerating current trends into 2015 will require close monitoring and response to the economic climate facing consumers as well as collaboration with trade partners to drive effective promotion, he adds. This includes leveraging efficient merchandising strategies and exploring expansion opportunities in innovative items, cross-category products and emerging markets.

To better position the category for success both everyday and seasonally worldwide, Wilson

E⁵ PRINCIPLES LEAD TO CATEGORY SUCCESS

MAKING THE MOST of sales prospects requires a carefully considered plan to execute merchandising that entices shoppers and ensures the product mix meets the latest in consumer trends. To leverage these opportunities Larry Wilson, NCA vice-president of customer relations, prescribes the Sweet Insights E⁵ principles:

E¹ EXPERIENCE: Sweet Insights consumer research finds most shoppers are underwhelmed with their current experience in primary candy aisles. Improving this in-store experience requires stocking the most popular brands, balanced with new items to drive excitement and curating sets to improve organization.

E² EMOTION: While price and value are key considerations, they can be overridden by emotional cues such as color, sounds, smells and nostalgia. Improving shoppability can also strengthen the retailer-consumer relationship.

E³ EFFECTIVENESS: Retailers carry a diverse product mix to ensure all consumer demands are being met. This can be enhanced through regular set reviews to keep abreast of changing tastes.

E⁴ EFFICIENCY: Through improved organizational quality and maximized assets, retailers can improve efficiency while avoiding overwhelming or disappointing shoppers. This includes carefully managing inventory and avoiding out-of-stocks, which 45 percent of shoppers report experiencing in the candy aisle, according to Sweet Insights.

E⁵ ENVIRONMENT: Track rising and falling category trends to stay abreast of where the retail environment is moving. Megatrends Sweet Insights has identified include smaller portions, on-the-go packs and technology connecting consumers and brands. **CST**