



Lollipops

STICKING OUT IN THE CROWD

AS IS OFTEN the case in candy, the place to look for growth indicators is in what's new — the innovations shaping and encouraging sales in a particular sector. And this is especially important for traditional treats such as lollipops, where fresh ideas are bringing in consumers frequently and repeatedly across all channels of trade.

New products push the boundaries of form and flavor while licenses propel profits.

Getting Noticed On-Shelf

CandyRific LLC is claiming success through interactive components such as fans and lights and numerous licensing agreements. President Rob Auerbach says in 2008 CandyRific pops will bear the likenesses of characters from *Madagascar II* and Dreamworks' *Kung-Fu Panda*, among others.

He says as with many films targeted to kids, even poor box office receipts don't dampen subsequent sales of videos and DVDs, which extend the selling season for associated character pops across retail outlets.

"Retailers love this because we give a higher price, everyone gets their full margin and the velocity is great, turning that all-important real estate," he adds.

Two Topps brands are featured in a movie based on the cartoon series *Speed Racer*, which opens this summer. The company promises significant merchandising support before and during the theatrical run. Relating products to popular culture, according to Berkowsky, makes good business sense.

"The movie opens in May, and we're supporting it at retail through multi-brand merchandising programs beginning in March," he says. But in-and-out placement is not the company's focus. Berkowsky says Topps' products strive to be programmed and exclusive to the front end where impulse purchases soar. "For us it's slightly different, because we're one of the biggest advertisers out there."

Many others are likewise pairing their products with timely licenses, but this does not guarantee a winning outcome, according to Rose Downey, vice-president of operations, at Au'Some Candies, Inc.

"You don't need a license to sell a pop," she says. "But brand recognition is

not what the kids look for, either. They want the 'kewl' factor. When you have a great lollipop and you put Spider-Man or American Idol on it, impulse consumers gravitate toward them."

She says American Idol in particular has been perennially profitable for the company through its Pop-Mic — part lollipop, part echoing microphone toy.

"The Pop-Mic sells well throughout the year, not just for the American Idol season," she states. "We keep it exciting by changing the colors as well as the tunes. It becomes a new item to consumers every year."

At Flix Candy/Imaginings 3, Inc., lollipops are a business mainstay, as well as a vehicle to capitalize on licenses kids can't get enough of, according to Mike Cavalier, vice-president of sales and marketing. In 2008 he anticipates licensing agreements with Hannah Montana, High School Musical, Disney Princesses and others will help promote sales.

He says well-known brands and those that utilize licensing and novelty features to compete divide the market. The latter, he adds, is also pushing price points beyond what was once accepted as a 99-cent limit.

"The market leaders are all driven by brand recognition," he says. "We use widely known licenses for branding and have had success recently with pops that have printed images on them. This is really driving sales."

CandyRific's Auerbach concurs "Lollipops generally fall into a known price range for buyers and consumers. Certainly there is more loyalty toward branding than licensing, but it's a big market with room for everyone."

Knight says brand recognition is important, but consumers ultimately want to know they are purchasing a reliable, trusted product.

CandyRific has also reformulated its offerings in response to concerns about obesity and portion control. "We have made all our products all-natural. It resonates with parents and buyers," Auerbach states.

Many lollipop suppliers provide free-standing racks or trees that fan the product to highlight their colors and shapes, or rotating counter units that serve the same function. Others state pops also do well when merchandised in counter tubs.

Retailers can benefit from these varied merchandising options, suppliers agree, by making use of proven strategies to boost sales.

"The biggest displays are the most eye-catching and the most impactful," Brooks concludes. "The more inspired the merchandising, the more inspired the consumer." 

