

SUPPLY SIDE

Strong Sales Make Candy a Staple

NEW YORK — Candy earns its place at the checkstand by virtue of the simple fact that many of the shoppers who see it there end up buying some.

The latest round of the Front-End Focus research project, conducted by Dechert-Hampe Consulting on behalf of Time Warner Retail Sales & Marketing, Coca-Cola Co. and Hershey Co. interviewed 830 shoppers in three different retail chains and asked them what product categories they had purchased at the checkstand over the past six months. Among those shopping at stores with conventional checkstand configurations, 65% said they had purchased a chocolate candy. That was the highest-ranking answer. Gum came in second, purchased by 40% of such consumers. Energy shots, by contrast, were reported as having been purchased by only 4% of those consumers.

Dollar sales of single-serving chocolate bars, bags and boxes of less than 3.5 ounces — the size commonly sold at the checkstand — increased 12.5% to \$263.6 million in the 12-week period ended February 20, according to SymphonyIRI Group Inc. Unit sales increased 11.7% to 333.2 million.

Mars Inc. and Hershey's are the leading brands in the category, together accounting for all 10 of the top-sellers. (Nestlé USA Inc.'s Butterfinger is No. 11.)

Mars has the No. 1 (Snickers) and No. 2 (M&Ms) candy brands, as well as No. 6 (Twix), No. 7 (Three Musketeers) and No. 8 (Milky Way). Hershey's weighs in with No. 3 (Reeses), No. 4 (Hershey's) and No. 5 (Kit Kat), as well as No. 9 (Hershey's Cookies 'n' Creme) and No. 10 (York Peppermint Patty).

Health Care Items Can Thrive at Checkstand

NEW YORK — Impulse sales potential is one of the things a product needs to succeed at the front end, and health products can do well if they meet a common need that typically does not prompt a planned purchase.

Breath fresheners and lip balms can fall into this category, and for that reason both have long been mainstays in retail checkout displays. Now, makers of other kinds of health care products are successfully making the case for the inclusion of their items as well.

Concepts in Health Inc., for example, has developed front-end programs for its MidNite sleep product with such retailers as A&P (and its Pathmark chain), Big Y Foods Inc. and Discount Drug Mart Inc.

"MidNite is a great candidate for front-end placement because it is the only solution to a huge problem — middle-of-the-night waking — that is shared by more than half of the adult population of the United States," comments Concepts in Health president Holly Rosenthal. "It is also a frequently purchased item because most of these sleep sufferers have the problem several times per week."

Many people do not yet know about MidNite, Rosenthal points out, so the front-end exposure really helps.

"As a result of this program MidNite has become the No. 1 sleep aid at Big Y and A&P/Pathmark," she adds. "We don't get competitive data from Discount Drug Mart, but our shipments to this account have doubled."

Dream Products LLC is another company addressing the needs of consumers who have

trouble sleeping. The company's Dream Water products (available both as an 8-ounce beverage and a 2½-ounce shot) offer an alternative to sleeping pills, and are featured in some retail front-end displays.

The ubiquity of cough and cold symptoms has helped Fisherman's Friend cough and cold lozenges (distributed by Pez Candy Inc.) win front-end placement at some drug chains.

HerbaSway, meanwhile, has developed a product aimed at the estimated 67% of Americans who consume alcoholic beverages. The product, called Last Round, is a blend of natural ingredients that promises to help the body process alcohol, helping drinkers avoid a next-day hangover when it is taken before bed. The product, which is available in 2½-ounce shots, also generates impulse sales at the front end.

Reviews Mixed on New Approach to Checkout

NEW YORK — Retailers are experimenting with queuing lines in an effort to reduce perceived checkout waiting times.

The queuing lines, which have been tried by such varied retailers as Duane Reade, Trader Joe's Co. and Whole Foods Market Inc., are seen by some consumers as reducing the wait at checkout lines. Because consumers wait in one line, with the person at the front of the line going to the first available cashier, the risk of someone getting stuck in a slow lane is eliminated.

Consumer opinions on the efficacy of such lines varies, according to the latest Front-End Focus

Report Highlights Best Practices

NEW YORK — The front end of the store presents retailers with conflicting opportunities.

Waiting in line is one of the parts of the shopping experience consumers like the least, which means that retailers have an incentive to reduce wait times. At the same time, though, retailers recognize that many consumers use the time they spend waiting in the checkout lane to do a little extra shopping, which translates into incremental sales gains.

Indeed, the displays at the checkstand have traditionally been seen as some of the most valuable real estate in the store. The art of merchandising that space is complicated by the fact that, in some cases, many different buyers are responsible for it. In addition, the space itself is evolving as retailers install self-checkout machines in some lanes, or add single-line queuing areas in front of the checkout area.

In an effort to determine the best practices for checkstand merchandising across various different retail formats, Dechert-Hampe Consulting has been conducting research for the past several years on what consumers seek and what they actually buy while waiting in the checkout lane. The firm's ongoing Front-End Focus study has been sponsored by Time Warner Retail Sales and Marketing, Mars Snackfood US LLC (a division of Mars Inc.), Wm. Wrigley Jr. Co. and Coca-Cola Co.

Hershey Co. is among the sponsors of the latest phase of the study, which looks at the impact

queuing lines have had on front-end sales. (See related story on this page.)

The chief finding of the Front-End Focus study is that the key to generating incremental sales at the checkstand is having the right products displayed there.

According to the research, the ideal front-end products meet three criteria: they have high penetration, which means that most consumers who move through the checkout are poten-

account for about 79% of all front-end sales, the Front-End Focus study recommends maximizing the presence of those products in checkstand displays. Once they have "gotten the big things right," in the view of the study, retailers can supplement those power categories with products that reflect their own goals or the tastes of their consumers.

Recognizing the health concerns of many of their consumers, for example, a number of retail-

FRONT END

tial buyers; they are purchased frequently; and they are most often bought on impulse.

The products that score highly by those measures include candy, gum, mints, magazines, carbonated beverages, salty snacks and bottled water. Products that receive mixed scores include energy drinks, nuts and seeds, energy shots, other snacks, noncarbonated beverages, nutrition and energy bars, lip care products, and cookies and crackers.

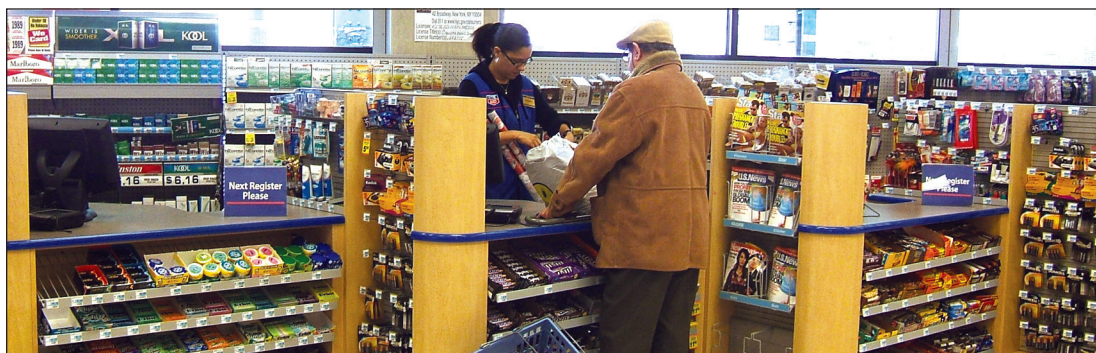
A number of traditional front-end mainstays, meanwhile, received low scores in the research. These include batteries and flashlights, razors and blades, tobacco accessories, and such items as maps, horoscopes and puzzles. Meat snacks, gift cards, phone cards and hand sanitizers also receive low scores, according to the study.

Noting that confectionery, magazines and beverages together

ers have begun giving front-end placement to such products as Kind LLC's snack bars, which are made from fruits and nuts.

"Kind has performed very well in the front end of such retailers as Safeway Inc. and Duane Reade, to name a few," a company spokeswoman says. "This success is largely based on the fact that Kind provides consumers with a tasty and healthy snack option that keeps them feeling full and satisfied while on-the-go. Further, Kind's transparent packaging allows consumers to see what they are purchasing, allowing them to feel good about what they are going to eat."

Many drug chains, meanwhile, dedicate space near the checkout registers to over-the-counter medications, which reinforces their health care positioning. Such displays can vary with the seasons, as with allergy remedies featured at this time of year.



research, which was conducted by Dechert-Hampe Consulting and sponsored by Time-Warner Retail Sales and Marketing, Coca-Cola Co., and Hershey Co.

The research, which consisted of 830 interviews with shoppers at three retail chains in stores with the queuing approach and those in stores with more traditional checkout lanes, found that shoppers who choose queuing lines think they are faster than traditional lanes, while those shoppers who prefer traditional lanes believe the speed of both approaches is about the same.

But the study found that even if queuing lines do not consistently

reduce perceived checkout waiting times for all shoppers, they do appear to noticeably reduce checkout spending.

Overall spending at the checkstand was about 20% lower, on average, at queuing lines than at traditional checkout lanes, the study found. For a number of highly purchased categories, the queuing purchase rates were significantly lower.

Some of the retailers that have implemented queuing lines have installed fixtures that allow them to merchandise various kinds of products to tempt waiting consumers. But the Front-End Focus study has found that the checkout

categories purchased most often by the respondents were similar in queuing and traditional lines. Specifically, chocolate candy, gum, magazines, lip care products, batteries and bottled water were the items that were most often purchased.

The study recommends that retailers review their front-end mix to ensure that top-selling items are carried both in the queuing lines and at the racks of the cash registers. The racks at the registers, meanwhile, should be positioned so that they are parallel to the counter, rather than perpendicular or behind the customer, the study suggests.