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“Candy Slims Down” by Al Urbanski

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# CANDY

## Slims Down!

The industry ponders  
lower-calorie solutions to  
obesity epidemic.

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**EASTER 2011 PREVIEW**



# CANDY SLIMS DOWN

The industry ponders lower-calorie solutions to the problem of obesity.

By Al Urbanski



**a**S WE ENTER THE SECOND DECADE OF THE 21ST CENTURY, Americans are haunted by countless problems and unanswered questions. However, two things appear fairly certain: We are getting fatter by the day, and the candy industry is destined to take its lumps as beverage-tax-beset soft drink makers are doing now.

The hue and cry about obesity rages louder and louder in the worlds of health care, academia, bureaucracy, and politics. Witness:

- Adult obesity rates increased in 28 states in the past year, according to a report the Trust for America's Health and the Robert Wood Johnson Foundation (RWJF) released in June. More than two-thirds of states have adult obesity rates above 25 percent.
- The National Institutes of Health reports that 30 percent of U.S. children are overweight, obese or at risk of becoming so. It warns that today's kids will be the first generation to expect a lower life expectancy than that of their parents if the trend is not reversed.
- First Lady Michelle Obama's Let's Move! initiative to curb childhood obesity labels candy and sweet snacks as "WHOA Foods" that should be eaten only once in a while.
- The White House Task Force on Childhood Obesity proposes an expansion of the USDA's influence in the school lunchroom, creating new guidelines that will allow it to set and enforce standards for foods sold in vending machines and a la carte lines outside the purview of federally funded lunch programs.
- In February, the Colorado State legislature passed a law to begin taxing soft drinks and candy. The products were easy marks for having their exemption removed due to rising anti-obesity sentiments.

Yet while the calorie war escalates, concern is mixed on the retail candy front. As is often the case with developing trends, rumblings are first heard in specialty shops catering to demanding, educated consumers. Mainstream retailers, while aware something is brewing, are getting few indications that customers are swearing off Snickers bars for sugar-free dark chocolate sweetened with maltitol.

"When low-carb was a significant category, Hudson added numerous products to its mix, but the low-carb fad has gone away," says Michael Maslen, vice president of sales for the **Hudson Group**, an East Rutherford, N.J.-based operator of 500-plus newsstands. "We have recently added sugar-free items to our assortment, but initial results are demonstrating that it is still a very small piece of the confection business."

The convenience store situation is much the same. "We have added sugar-free items in the past and were up to four at one point, but now we're down to two," says Marian Aguilar, candy category manager for **Jacksons Food Stores**, a chain

of 150 units in Washington, Idaho, Oregon and Nevada. “We made an attempt to address the anti-obesity trend, but Joe Bubba is not reacting.”

Mass retailers are slowly adding sugar-free options to their high-end gourmet chocolate assortments. Target’s take on the trend is typical: On alert, but not ready to mobilize.

“We have no formalized policy to address obesity concerns, but we are aware and we provide lower-calorie options,” says Target spokesman Josh Thomas. “We have Archer Farms Simply Balanced products and we are working with vendors to identify new reduced calorie products.”

Products in the Simply Balanced line, introduced late in 2009, must meet several health criteria. Items cannot exceed 25 calories in added sugar, and artificial sweeteners are forbidden. Currently, fruit bars are the only items in the line resembling confections.

Meanwhile, in Bentonville, a Walmart spokesperson declined to respond *Professional Candy Buyer’s* query as to whether the chain has a stated policy for responding to America’s obesity problem.

But at drug stores, mainstream low-calorie candy options are making a debut. First up are full-sugar products that curtail calorie consumption through smaller portions or reduced volume.

Deerfield, Ill.-based Walgreens, for example, is paying attention to the obesity epidemic, according to one long-time supplier. “Walgreens became convinced to offer our smaller bags last year—and this was a buyer who had historically asked us for bigger and bigger sizes,” says John Pola, Jelly Belly vice president of sales. “We have seen a marked increase in sales of our Grab ‘N Go bag, which holds individual serving bags between 2.5 and 3.5 ounces. The low-calorie message is getting heard.”

Duane Reade introduced displays for Bubble Chocolate—a 100-calorie, aerated chocolate bar with one-third fewer calories than equivalent-sized products—in 250 of its New York City stores this June.

“The fact that the product has one-third fewer calories is really, really resonating,” says Paul Pruett, CEO of Bubble Chocolate, a new company based in Salem, Mass. “We didn’t position ourselves that way. We came out more as premium, all-natural aerated chocolate. But women’s magazines have picked up on the lower-calorie aspect and have been giving us a lot of coverage because of it.”

Meijer, Roundy’s Supermarkets, T.J. Maxx, and Whole Foods also have carried Bubble Chocolate bars.

### Pleasing, Not Plump

To the general public, low-calorie chocolate makes about as much sense as low-speed NASCAR cars. The richness and high sugar content of chocolate is most often not a detriment but a requirement. That is why the most successful products pioneered in the Obesity Age will likely be items that over-deliver on taste and under-deliver on calories.

Bubble Chocolate is a prime example. Its display and product packaging conjure a dreamy cloud of chocolate pleasure. The sell-line is “Bubbles Wrapped in Chocolate.” Pruett, who





helped build the Zone Perfect low-carb line into a \$100 million brand at Abbott Labs, threw his lot in with Bubble Chocolate not because it was on-trend, but because it was a great-tasting product with a proven track record.

"Aerated chocolate is an \$800 million- to billion-dollar product worldwide. It sells just about everywhere but America," says Pruett. "In Britain alone, the Nestlé Aero Bar is close to a \$100 million brand."

Look for the candy majors to tiptoe into the anti-obesity arena with full-sugar products that employ ingredients other than chocolate to take up space and reduce calories. Nestlé is already well-positioned with Nestlé's Crunch, which contains 220 calories and 11 grams of fat. Just this year, Men's Health magazine named it the "Best Chocolate Candy Bar." The magazine compared it to the Mars 3 Musketeers: "It's not the fat that does this bar in, it's the sugar. Forty grams is more than 2 Twinkies' worth—and it's nearly double the quantity you'll find in a Crunch Bar."

But credit Mars with paying attention to such sentiments well before that unfavorable review hit the newsstand. Earlier this year, the company introduced M&M's Pretzel Chocolate Candies with just 150 calories a package, M&M's Coconut Chocolate variety at 210 calories, and a slimmed-down 3 Musketeers brand extension called Truffle Crisp at 170 calories. Both M&M Pretzel and Truffle Crisp topped the best new products lists of food mavens this year.

"Mars has invested in strategies to improve the nutrition profile of our portfolio," Ryan Bowling, the company's global communications director, says. "Consumers want products that are more healthy and nutritious, but that also deliver on quality and taste. We believe these two needs can be achieved through focused research and development initiatives."

In Hershey, Penn., meanwhile, plans for healthier-profile bars are on the drawing board. A Hershey spokesperson declined to comment for this story because the company is not ready to

reveal plans for a new bar destined for market this fall that aims at the health trend.

### The Innovators

Don't get the idea, however, that sugar-free candy (outside the dietetic market, that is) is dead in the water. The sugar-free chocolate movement is germinating in the gourmet segment at specialty stores catering to high-income, high-education consumers.

Customers of **Brewing Market**, a chain of five gourmet stores in Boulder, Colo, are on the lookout for products scoring high on the health scale, be it for organic ingredients or less refined sugar. "We see great sales on organics, but also on a low-carb product made for us by one local chocolate maker," says Candy Manager Dee DeLaurentis, who buys brick and chunk chocolate from craft chocolatiers. "We don't stock a totally sugar-free product yet, but I have tried Stevia-sweetened chocolate and love it. I would buy it in a heartbeat if it were available."

Back East, gourmet consumers act much the same. "Customers have a lot of concerns about the healthiness of the candy, and the trend absolutely picked up in the last year," says Colleen Osselaer of **Harbor Candy** in Ogunquit, Maine.

Several gourmet chocolate producers at the recent Fancy Food Show in New York displayed sugar-free products. San Francisco-based **Bridge Brands** entered the game reluctantly with its new sugar-free Chocolate Lovers product sweetened with maltitol. "We had put off introducing a sugar-free product," Sales Manager Diana Nardini says. "Then a lot of retailers began asking us if we had one. It's now selling at Lunardis in California, and it's selling well."

Two gourmet chocolatiers are marketing sugar-free gourmet bars, while also playing the reduced-calorie, smaller portion game.

**Chao Chocolatier** of Carlsbad, Calif., introduced maltitol-sweetened, sugar-free versions of its Coffee & Anise and Spicy Maya bars. It also debuted ChocoPods, 2.8-ounce, individually wrapped, portion-control ovals that sell for 89 cents as impulse items.

Another California chocolatier, **Xan Confections**, is promoting "lifestyle chocolate" collections designed for people watching their dairy intake, gluten, or calories. Products include the 29-calorie Sainly Sins filled with raspberry, strawberry or pineapple puree and the vegan Jewel caramels made with agave nectar instead of refined sugar. This September the company will introduce The Bigmouth Bar, an agave-sweetened item aimed at kids.

Look, too, for a product resurrection from longtime sugar-free player **Sorbee**, which has brought back its Dream Bar, a sugar-free Milky Way-like confection that was a \$10 million brand in the early nineties before being discontinued in the ebb of the low-carb diet fad. "We think the time is right to bring it back, says Dan Werther, CEO of the Philadelphia-based company. "There's really no competitive product in the marketplace."

Werther, the sugar-free specialist, thinks candy industry reaction to the obesity epidemic is in its nascent stage. "The trend is timely, but it's early," he says. "For now, consumers are saying, 'I'm going to eat what I want, I just may not eat as much.'" **PCB**



## Not So Slim Pickins

Reduced-calorie candy sales may cut a slim figure in the marketplace now, but a steady flow of new entries promises to fatten its profile.

Bubble Chocolate Bars from **Bubble Chocolate** are a take off on the aerated chocolate so popular in Europe. The 2.82-oz. bars retail for \$2.49. The bubbles reduce the bar's volume and calories by a third.

**Mars** envisions a slimmed-down star in its new 3 Musketeers Truffle Crisp which weighs in at 170 calories, 90 less than its namesake. Critics are also raving about the company's M&M Pretzel line extension, with a 150-calorie count.

**Sorbitol** fields two notable sugar-free items for the mainstream market, one making a return appearance. A retooled Dream Bar—a hit among Atkins dieters in the 1990s—has a calorie count of 90, while sugar-free Crystal Light Fruit Chews are maneuvering their way into mass retailers' main candy aisles.

**Jelly Belly** continues to sell its sugar-free jelly beans in mass outlets, but is also marketing portion-controlled 2.5-oz. bags in bulk pouches. Its Sunkist line boasts a healthy ingredient profile thanks to real fruit juices and Vitamin C.

Fans of 80's talk TV will be reminded of the late Morton Downey, Jr. when they stumble upon the Bigmouth Bar from **Xan Confections** this fall. The package mimics the popular host's bigmouth logo, and it's no mistake. Chocolatier Tracey Downey, Morton's daughter, created this all-natural kid's bonbon, sweetened with blue agave.

**Chuo**, a boutique chocolatier, is making a go at the impulse chocolate bar game with ChocoPods. Though made with full-sugar chocolate, its "slim" profile comes courtesy of its size: it is fashioned into a portion-controlled 2.8-oz. oval.