

NAS Oceana, Va., Beverage Department Profile



DECA PHOTOS

NAS Oceana General Manager Delores Maitland tends to the store's beverage department.

Price, Selection and Volume Keep Activity *Bubbling*

Beverage departments remain one of the most popular areas in Defense Commissary Agency (DeCA) stores based on the volume of business they generate. Filled to the gills with everything from traditional soft drinks to the newest, trendiest non-alcoholic beverages, business continues to bubble in this area.

As a Navy training installation on the Eastern seaboard, NAS Oceana, Va., customers — from retirees to young active duty servicemembers — use the commissary as their primary stop for groceries,” said NAS Oceana Store Director Hazel Ennis. “The area is a nice place to work and retire, so our customers represent all ages and ethnicities.

“It can get hot and muggy from late spring to early fall, and folks around here engage in many outdoor activities throughout the year, so they consume a lot of drinks and beverages. Our low prices and wide selection of beverages make the commissary the place where they purchase their sodas and other beverages.”

SALES ACTIVITY

According to Ennis, cumulative fiscal 2009 sales of these non-alcoholic beverages were \$2.95 million, down 3.1 percent from the \$3.05 million amassed a year earlier. Some beverage categories, however, experienced increases, demonstrating that patrons have been selective in their shopping strategies rather than cutting back in all subcategories.

Although the cumulative total was down, she said soft drinks did well during fiscal 2009, with \$1.61 million in sales, a 2.2-percent increase from the \$1.58 million in sales that were accrued during the prior year.

“Sodas and other flavored drinks continue to do

well because of their consumption at social occasions and as break-time refreshments,” Ennis observed.

TIME FOR RTD TEA

Ready-to-drink (RTD) tea also did well during the fiscal year, recording \$52,451 in sales, a 25.9-percent jump from the \$41,650 it accrued during the same period in fiscal 2008.

“Green tea is gaining some popularity because of its mild flavor and health claims,” Ennis said.

New age beverages, RTD coffee, and water, however, all slipped in the NAS Oceana commissary during the past fiscal year.

New age beverages recorded \$600,923 in sales, a 3.1-percent decrease from the \$620,361 the subcategory amassed during fiscal 2008.

RTD coffee also faltered, recording \$68,210 in sales, a 4.6-percent dip from the \$71,470 generated during the prior year.

Ennis reported that water experienced the biggest drain of any of the beverage subcategories carried in her store during fiscal 2009. Water registered \$621,135 in activity during this period, a 15.8 percent drop from the \$737,840 level it produced a year earlier.

“Water sales may be down a bit because people are spending more time entertaining themselves at home and economizing by drinking more tap water whenever they can,” she added.

MASS DISPLAY

Ennis said that the store offers such a wide selection of products that it cannot be contained in a single store location.

“The low prices, selection and massive volume of products we offer in this category are the key draws for our customers,” she explained. “No other store in the area features so many sodas, new age beverages, flavored/enhanced waters and energy drinks.

“Let’s put it this way: we have two full gondola runs in the middle of the store devoted to beverages,” she continued. “That’s a lot of space, but it’s still not enough to keep up with demand, so we have the mass display at the front of the store. The space for them in our aisles simply isn’t enough to meet the demand.”

The mass display area features what Ennis described as the commissary’s “best buys,” and the existence of this area brings to the fore the values that customers can experience by shopping for their

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beverages at the commissary.

“We’re finding that shoppers are more aware of price in this economy, so more of them are looking out for the deals,” she related. “Customers seem to be buying larger volumes per trip. It’s like they’re maximizing their commissary shopping trip, trying to get it all done in one trip and making it last longer before they have to shop again.”

Ennis said that three top major beverage companies — Coca-Cola, Pepsi and Dr Pepper/Seven Up Inc. — are always featured up front in the mass display area along with other beverages and various packs of bottled water.

TOP SELLERS

The store’s top-selling beverages are a mix of traditional items and newer, trendier products.

In soft drinks, Ennis noted canned sodas in 12-pack and 24-pack varieties top these sales, with Coca-Cola Classic, Diet Coke, Pepsi, Dr Pepper, Mountain Dew and Diet Pepsi being the most popular brands in this category.

She said that popular new age beverages include diet and regular Lipton Green Tea; diet and regular Arizona Green Tea; Arizona Sweetened Southern-Style Tea; Diet Snapple Peach Brewed Tea; and Lipton Lemon-Flavored Tea.

Other top sellers under the wide “new age” banner include Yoo-hoo Chocolate Flavored Drink and two energy drink brands, Red Bull and Monster.

Although NAS Oceana water sales spouted a leak during fiscal 2009, customers continue to make such popular brands as Aquafina, Dasani, Nestlé, Deer Park, Zephyrhills and Ozark the store’s top sellers. Ennis said that their sales come primarily from each brand’s 20-oz. plastic bottles and 24-count cases.

“It’s interesting to note that five of the top water sellers are classified as kosher and one of them — a Deer Park product — is sold in a spout jug size,” she added.

BEVERAGE ALLOCATION

Shelf space is at a premium in every commissary store department, and in such a high-volume area as NAS Oceana’s beverage department, allocations for beverages are determined by sales.

“Using sales figures and the amount of footage given for a store gives a percentage of shelf space that a company should have for their particular dol-

lar value of sales,” Ennis said. “The percentage given remains their share until the next category review. Therefore, it is the company’s responsibility to manage their space to include adding new items and removing slow sellers within that space.”

This management is especially critical in the beverage section, as Ennis explained that the area receives four deliveries a week on the major soda brands “and they’re restocked as needed all day long in the store. We have to stay on top of the sodas all the time because of the volume.”

EXTRA-HIGH-VOLUME PERIODS

Having enough product on hand throughout the year is especially critical, but having the right amount of beverage products during extra-high-volume periods enables the store to become its customers’ top destination when they need these items for special occasions.

“Soda sales are especially linked to social occasions, so we see our sales spike as major holiday and sporting events approach,” Ennis said. “Of course, our mass display area changes frequently throughout the year to feature themes that coincide with the holidays and sporting events.”

Ennis pointed out that days and events where volume increases are those on both a local and national scale. “Around here, our high school graduations occur in June, and that’s a big month for sales as families gather to celebrate.”

As far as nationwide special events that spike sales, Ennis said that the Super Bowl — the National Football League (NFL) championship game which is being held on Feb. 7, 2010 at Dolphins Stadium, Miami Gardens, Fla. — and March Madness — the college basketball championship playoffs that are held throughout March and into early April — “are big sporting events that people gather together to enjoy” and are major events generating peak beverage sales.

Regarding national holidays, Independence Day

NAS OCEANA, VA., BEVERAGE DEPARTMENT At-a-Glance Fiscal 2009 Sales

	Sales	% Change	Top Beverage Sales Days/Events
Soft Drinks	\$1,612,095	+2.2%	High School Graduation (June) Super Bowl (February) March Madness (March-early April) Independence Day (July 4)
RTD Tea	\$52,451	+25.9%	
New Age	\$600,923	-3.1%	
RTD Coffee	\$68,210	-4.6%	
Water	\$621,135	-15.8%	
Total	\$2.95 million	-3.1%	

Source: DeCA

is a major extra-high-volume beverage sales day. “The Fourth of July is big because it involves outdoor activities on hot days that make people thirsty,” Ennis noted, and elevated beverage sales are a result.

However, with the challenges posed by the economy, these special days and events are not the only periods to experience heightened beverage consumption.

“With the economy the way it is, people seem to be entertaining more at home, and as a result, they’re buying their beverages and drinks at the commissary instead of going out to eat and drink,” Ennis said.

STRONG SUPPORT

A large amount of work goes into making NAS Oceana’s beverage department a success, and Ennis acknowledged that the support from the store’s suppliers and industry partners is a “huge factor” in the department’s success.

“Day in and day out, they’re responding to our large volume of sales by supplying the products on time and in sufficient quantities to meet the demand,” she said. “A great deal of effort also goes into planning and building the displays, which really helps create an exciting shopping atmosphere in our store.”

“Mass displays are essential to simply meet customer demand for these products,” she continued. “Our prices and selection really do the most to drive our sales. The promotions highlight the occasions — primarily holidays and sporting events — that customers are already coming to the store to prepare for because of our prices and selection.”

—E and C NEWS

A Marine contemplates his beverage options at the NAS Oceana commissary.

