Minerals, Herbs, Letters, Invigorate VMS Assortment

Minerals, herbs and single vitamins/letter vitamins have enjoyed pockets of growth within the overall VMS category area. Part of the national branded assortment at Fort Belvoir. Va.
PHOTO: KEVIN ROBINSON, DeCA

Like an investment portfolio in different asset classes, the subcategories or segments that make up the vitamins, minerals, and supplements (VMS) category in commissaries are constantly fluctuating in popularity as patrons adjust where to make their biggest investments in their health.

Although the VMS assortment outpaced overall commissary food sales in fiscal 2017, management hopes to take it to yet greater sales in the future.

LaRue Smith, the Defense Commissary Agency's (DeCA) category manager for health, beauty care and baby, reported that taken together, VMS generated $31.7 million in category sales from Oct. 18, 2016, through Sept. 9, 2017, or nearly 4-percent lower than the previous year's total during the same time period.

A major portion of that total came from DeCA's CONUS stores — including those in Alaska and Hawaii — which produced $27 million in activity, which was a decline of 3 percent versus the prior year.

More recently, from Oct. 7, 2017, to Dec. 31, 2017, Smith said that DeCA worldwide has generated $9.4 million in VMS category sales, which is a decline of 4.8 percent versus the prior year, with DeCA CONUS reporting $8.3 million of the total sales, down 5.1 percent.

SALES PERFORMANCE

Smith chose six VMS subcategories to illustrate the sales performance of the overall category area, including three individual million-dollar subcategories.

"Thus far in 2018, herbs, minerals and single vitamins/letters — higher strengths in single vitamins/letters are growing in demand — are generating dollar growth for DeCA worldwide." Smith said. "For DeCA CONUS, including Alaska and Hawaii, the same subcategories are growing: herbs (+7.3 percent); minerals (+14.4 percent), and single vitamins/letters (+0.6 percent)."

Smith

In the Europe Area, Smith noted that minerals (+23.5 percent) and single vitamins/letters (+10.6 percent) were experiencing double-digit dollar growth versus prior year during this period. In the Pacific Area, he said that minerals (+20.9 percent) led dollar growth followed by herbs (+2.7 percent) and non-herbs (+0.4 percent).

Regarding the forces that have powered sales of top selling items in the assortment, Smith said, "These products are customer favorites due to excellent savings, strong national promotions, and national advertising, and they also include a wide range of health-related benefits." Additionally, he pointed out, "The USP seal — an independent third-party quality-verified seal — is a key reason why Nature Made Vitamins are a trusted brand by many customers."

When it comes to age segmentation among customer preferences, the category manager said, "Older VMS consumers tend to prefer Centrum Silver, Nature Made CoQ10, Osteo Bi-Flex, and Triple-Flex over certain other vitamins. Emergen-C is popular due to the appeal to Millennials for portability and benefits for immune and energy/fatigue health. Nature Made Vitamin D 5000iu and Vitamin C 1000mg are popular due to their health benefits; both are helpful for immune health."

"HOT SELLERS"

Smith named 25 products as VMS "Hot Sellers" in the DeCA assortment based on dollar growth, ranging from vitamins to krill oil to gummies *(see chart on p. 22)*.

"When it comes to certain individual items, I am seeing solid growth by various prod-

DeCA 2018 Worldwide Sales, VMS Category, Selected Subcategories

Subcategory	2018 Sales	2017 Sales	% change
Non-Herbs	$3,335,289	$3,545,842	-5.94%
Multi-Vitamins	$2,682,937	$2,968,581	-9.62%
Single Vitamins/ Letter Vitamins	$2,040,095	$2,016,403	+1.17%
Calcium	$573,577	$635,550	-9.75%
Herbs	$513,635	$483,795	+6.17%
Minerals	$212,858	$184,460	+15.40%
Total	**$9,358,391**	**$9,834,631**	**-4.84%**

Note: Sales from Oct, 7, 2017 through Dec. 31, 2017.
Source: DeCA

DeCA CONUS Sales, VMS Products, Top Sellers

DOLLAR VOLUME:

Product	Dollar Volume
1) Centrum Silver Ultra Women's Multivitamins (100 count)	$128,197
2) Centrum Silver Ultra Men's Multivitamins (100 count)	$119,464
3) Nature Made CoQ10 (200 MG, 40 count)	$115,049
4) Emergen-C Orange Vitamin Powder (30 count)	$105,117
5) Osteo Bi-Flex Triple Strength (120 count)	$101,932
6) Nature Made CoQ10 (400 MG, 40 count)	$99,383
7) Nature Made Vitamin D (5,000iu, 90-count softgels)	$97,375
8) Nature Made Vitamin C Synthetic Vitamins (1,000 MG, 100-count)	$82,571
9) Nature Made TripleFlex (120 count)	$78,265
10) Centrum Silver Unisex Multivitamins (125 count)	$76,904

UNIT VOLUME:

Product:
1) Nature Made Vitamin C Synthetic Vitamins (1,000 MG, 100-count)
2) Nature Made Vitamin D (1,000iu, 100-count tablets)
3) Nature Made Magnesium (250 MG, 100 count)
4) Centrum Silver Ultra Women's Multivitamins (100 count)
5) Nature Made Chewable Vitamin C (500 MG, 60 count)
6) Nature Made Melatonin (5 MG, 90 count)
7) Nature Made Fish Oil (1,200 MG, 100 count)
8) Centrum Silver Ultra Men's Multivitamins (100 count)
9) Nature Made Vitamin D (2,000iu, 100-count tablets)
10) Nature Made Vitamin D (5,000iu, 90-count softgels)

Note: Sales from Oct, 7, 2017 through Dec. 31, 2017.
Source: DeCA

DeCA VMS Category Manager's "Hot Sellers" by Dollar Volume

Product	Dollar Volume
1) Nature Made Melatonin (5 MG, 90 count)	$69,689
2) One a Day Women's 50+ Multivitamins (65 count)	$68,989
3) Nature Made Vitamin B-12 (3,000 mcg, 60-count tablets)	$53,048
4) Schiff Mega Red Krill Oil (500 MG)	$51,276
5) Emergen'C Tangerine Vitamin C Powder (30 count)	$47,736
6) Osteo Bi-Flex Triple Strength with Vitamin D (120 count)	$46,447
7) Vitafusion Men's Gummy Multivitamins (150 count)	$42,221
8) TopCare Glucosamine/Chondroitin Triple Strength	$34,370
9) Nature's Bounty Glucosamine/Chondroitin (110 count)	$24,923
10) Nature's Bounty CoQ10 (200 MG, 45 count)	$23,238
11) Sundown Probiotic Gummies (60 count)	$21,292
12) TopCare Men's "One a Day" Multivitamin (100 count)	$20,882
13) Nature's Bounty CoQ10 (100 MG, 75 count)	$19,420
14) Nature's Bounty Biotin (10,000 mcg, 120 count)	$18,698
15) Sundown Fish Oil (1,200 MG, 300 count)	$17,831
16) TopCare Acidophilus (100 count)	$16,762
17) TopCare Women's "One a Day" Multivitamin (100 count)	$16,626
18) TopCare Krill Oil (300 MG, 65-count softgels)	$16,540
19) Nature's Bounty Turmeric (500 MG, 45 count)	$16,422
20) TopCare Women's "Century 50+ Ultra" Multivitamin (100 count)	$16,113
21) TopCare Men's "Century 50+ Ultra" Multivitamin (100 count)	$15,796
22) Centrum Hair, Skin and Nails Gummies (90 count)	$15,356
23) TopCare CoQ10 (100 MG, 30 count)	$14,581
24) Nature's Bounty Lutein (20 MG, 30 count)	$14,523
25) Nature's Bounty Vitamin D (5,000iu, 100-count tablet)	$14,281

Note: Sales from Oct, 7, 2017 through Dec. 31, 2017. The chart represents the highest growth items according to Smith, in order of dollar volume for the period.
Source: DeCA

ucts from various suppliers," Smith said. "A few customer favorites are Nature Made Vitamin B-12, Nature's Bounty Biotin 10,000iu, and Nature's Bounty Lutein 20 MG, which are being well-accepted by customers, and all of these items offer trade-up options."

The category manager said that Vitafusion Men's multivitamins, Sundown Probiotic gummies, and Emergen-C powders "are showing solid dollar growth, and this growth is due to the alternative form offering."

In store brands, Smith said that items under the TopCare label, "while not being a national product, are off to a great start. Despite just introducing private label in June 2017, eight of the top-25 dollar-growth items are TopCare private-label brands." Smith attributed the success of store-brand items to "nutritional benefits, and value, and formulas at a much better cost versus national items," but since they were new, they had no previous sales history with DeCA.

> 'My goal is to take full advantage of the suppliers' promotional spend. This action will help fuel growth in DeCA's VMS category.'
>
> — **LaRue Smith**, *DeCA Category Manager, Health, Beauty Care and Baby*

REVERSING FORTUNES

Smith said he is working with suppliers to establish an annual promotional plan on vitamins. "My goal is to take full advantage of the suppliers' promotional spend," he told *E and C News*. "This action will help fuel growth in DeCA's VMS category."

According to Smith, "2017 sales versus the previous year sales showed sales declines," which he noted, had continued into 2018. "Despite the sales decline, DeCA is making decisions which, over time," he asserted, "will reverse the declines."

Among these actions has been the expansion of the store assortment in two significant ways.

Smith said that prior to June 2017, DeCA did not offer its customers store-brand vitamins. It had, however, stocked control-brand items that had enjoyed a great deal of popularity among patrons. During the middle of the calendar year, DeCA acted on legislative authorization and began a switch to store-brand offerings across various categories, by deleting control-brand and other items from the shelves and inserting its store brand on vitamins among other items.

"The decision to mirror outsider retail outlets has already begun to pay off in a huge way," he noted. "Prior to June 2017, DeCA didn't offer its customers store-brand vitamins. Downtown retail outlets have been offering customers store-brand vitamin assortments for some time. DeCA's decision to mirror outsider retail outlets by offering a quality store brand is already paying off," according to Smith. For the most current 26 weeks, he said, "DeCA's TopCare store-brand vitamins generated $754,000. ... Private-label vitamins are off to an excellent start."

In addition to store brands, Smith explained that by offering customers expanded variety-branded products such as gummies, herbs, and minerals, "these will help reverse sales declines as well."

TRENDS

VMS is a trend-sensitive area, and Smith noted that a "hot trend" thus far in 2018 "is our customers' desire for more products with health benefits. During 2018, there is a growing demand for products offering beauty/anti-aging, digestive, immunity, and sleep benefits, and memory-related benefits are growing rapidly as well.

"The demand for new forms, such as the 'gummy' variety, is still growing. To meet growing trends, we added new forms in various VMS category segments which should contribute growth for 2018."

DeCA also gears its assortment to its three most prolific demographic segments: Millennials, Baby Boomers, and Generation X.

Smith said that Millennials — ages 18 to 38 years old — and who now number around 86 million within the U.S. population, is a demographic group that has overtaken Baby Boomers — which Smith categorized as being ages 51-69 years old — as the largest consumer segment in the marketplace.

"Millennials' key areas of VMS purchase interest are general health — primarily multivitamins — prenatal health, sleep health, beauty/anti-aging, immune health, and energy health," he noted.

Looking at customer segmentation from the perspective of need state, Smith added that, "'Well-Beings' and 'Magic Bullets' made up 41 percent of the Millennial health and wellness demographic distribution."

For some among these patron groups, their impact was not limited to just their own purchases. Smith said, "'Well-Beings' are highly engaged and are key influencers within their family and peers. They use all avenues for prevention of health issues. The 'Magic Bullets' have a lower commitment to a healthy lifestyle, but they are more reliant on supplements for health and well-being than healthy food."

Smith said that Baby Boomers still wield significant force in the marketplace, "and remain an important large-scale consumer segment, representing over 75 million within the U.S. population."

The category manager said that Baby Boomers "have additional areas of concern including heart health, need segments, bone health, and joint health, among others."

Gen-X — the demographic segment in between Millennials and Baby Boomers, which he listed as those aged around 39 to 50 — is yet another generational demographic, which, Smith observed, makes up over 46 million of the U.S. population. "Gen-Xers make purchases in more 'need state' segments than Millennials but less than Baby Boomers," he said.

OUTLOOK

Looking ahead, Smith said, "I am encouraged by the prospects or possibility for growth in 2018. Conservatively, I expect to see shrinkage in both dollars and in unit sale declines. A conservative estimate is between 0.5 percent to 1 percent in units for 2018." Looking at the recent decision to introduce private-label products in the vitamin category, Smith labeled it as "the right decision. Private-label vitamins are well-received by commissary shoppers."

With new business systems, such as the Relex Planogram Solution, coming on line, Smith said the new functionality should bring growth to the vitamin category "by providing us with new capabilities which will improve our customers' shopping experience, such as better merchandising, store clustering and helping us to stay in stock on fast movers."

In addition, he said, "An annual promotional plan for vitamins will ensure national brand promotions are available for commissary customers consistent with what they find downtown, but at a much better competitive price.

"Everything is on the table, including partnering with the base exchanges for joint promotions. Taking full advantage of the suppliers' promotional spend will provide customers with the best possible mix of products at the highest possible savings."

—E and C NEWS