

MERCHANDISING BY PURCHASING OCCASION

NEXCOM TOP-SELLING CANDY, HALLOWEEN 2013*

1) Snickers Fun Size	11 oz.
2) Kit Kat Snack Size	10.5 oz.
3) Twix Fun Size	11 oz.
4) Reese's Peanut Butter Cups Snack Size	10.5 oz.
5) Twizzlers Snack Size	16 oz.
6) Hershey's All-Time Greats	100 count
7) Butterfinger Fun Size	10.5 oz.
8) Nestlé Fun Size	100 count
9) Milky Way Fun Size	11 oz.
10) Three Musketeers Fun Size	11 oz.

* Halloween 2013 fell in the fiscal month of October in 2013. Items listed ranked by dollar volume, and were on promotion and featured in NEXCOM's Halloween flyers.
Source: NEXCOM

NEXCOM CANDY SALES, OCTOBER, NOVEMBER, DECEMBER 2013 vs. 2012

Month	FY 2013	FY 2012	% Change
October	\$2,472,069	\$1,970,837	+25.43%*
November	\$2,469,046	\$2,524,462	-2.20%*
December	\$4,341,219	\$4,576,641	-5.14%
Total	\$9,282,334	\$9,071,940	+2.32%

* In 2012, Halloween fell in fiscal November, vs. fiscal October in 2013. Source: NEXCOM

NEXCOM TOP-SELLING CANDY, CHRISTMAS 2013*

1) See's Nuts & Chews	1-lb. box
2) See's Assorted Chocolates	1-lb. box
3) See's Dark Chocolate	1-lb. box
4) Harry & David Moose Munch	Drum
5) See's Chocolate & Variety	1-lb. box
6) See's Nuts & Chews	2-lbs. box
7) Godiva Holiday Ballotin	19 pieces
8) Brown & Haley Almond Roca	Canister
9) Godiva Holiday Ballotin	8 pieces
10) Hawaiian Host Chocolate Macadamia Nuts	box

* Items listed in order by dollar volume. Source: NEXCOM

In a challenging year for retail, candy has been one of the more resilient departments in Navy Exchange Service Command (NEXCOM) stores. Lorel Taylor, the exchange service's candy, nuts and seasonal gift buyer, said cumulative fiscal 2013 candy sales during October, November and December in 2013 were \$9.28 million, a 2.3-percent increase from the \$9.07 million generated during the same three months in 2012 (see chart).

"Halloween 2013 fell in the fiscal month of October in 2013, versus the prior year falling into November, thus the shift in dollars between the two months," Taylor said. "We had a successful Halloween season, up about 2.5 percent over the prior year in total sales and up 5.6 percent promotionally."

NEXCOM advertising featured what Taylor described as the exchange service's best-selling Halloween pack type: the 10 oz.-11.5 oz. treat-sized chocolate "at a hot price of two for \$5! We sold extra-large size bags — 100-count and over — and have found that our customers really respond to the value perception the 100-count and above offer. We love the trade-up opportunity it affords, and we have planned to repeat it, and show more emphasis on even larger count bags for 2014."

For Christmas 2013, Taylor reported NEXCOM sales were up 1.5 percent, with what she called "very strong promotional results" that increased 16.3 percent over the prior year.

BEST SELLERS

Overall, she noted that key selling brands for the fourth quarter time frame included See's Candies; Godiva Chocolatier; Harry & David Moose Munch and Giftables, "and, of course, Hershey, Mars, Lindt, Ghirardelli — to name a few — which also drove the volume."

NEW PRODUCTS

Looking toward the holiday season in calendar year 2014, Taylor said, "...This season is truly about gift-giving, so the innovation from year to year comes down to new packaging and new flavor profiles from our trusted suppliers."

"We always do, however, look to find new brands and product types to offer, and this year we have found several new suppliers that we are excited about."

Regional products are not a focus for NEXCOM. "For us, since our patrons are transient and from all over the country, we don't focus on regional assortment," Taylor told *E and C News*. "Instead, we focus much more on store segmentation (store type)/customer segmentation within NEX location, for example, the main store assortment versus the Mini-Mart (convenience) assortment."

2014 HOLIDAY SEASON

As of mid-August, Taylor said Christmas



Taylor

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NEXCOM Candy, Nuts and Seasonal Gift Buyer Lorel Taylor

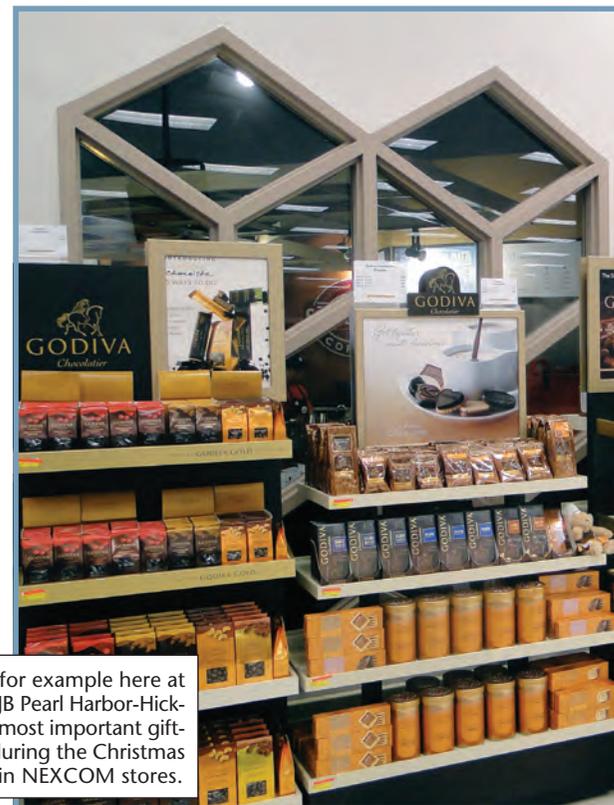
ads were still being finalized "with emphasis on our Navy Blue Holiday ad as well as our three-week-long seasonal candy and food flyer. We support CONUS, Hawaii, Japan, Guam, and Bahrain, however, we do not source for the remaining European locations — they manage locally. Our first orders for Bahrain started to ship in August, and the majority of our orders were finalized in May/June 2014."

She added that the entire buy for the holidays is comprised of one-time buys (OTB).

For the upcoming holidays, "Our goal is to ensure that we merchandise our product by purchase occasion," Taylor said. "We need to focus on merchandising all candy dish and laydown product together. We need to create a stocking stuffer destination, a seasonal food gift pack/basket location, as well as a premium chocolate location."

"It's important to carve out space to place boxed chocolate in one area for our customers, as this is the most important gift-giving pack type during the Christmas season for candy."

—E and C NEWS



Boxed chocolate, for example here at NEX Pearl Harbor, JB Pearl Harbor-Hickam, Hawaii, is the most important gift-giving pack type during the Christmas season for candy in NEXCOM stores.

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