



What's the Difference Between These Two Bags of Candy?

Answer: One doesn't have to go to half price Nov. 1

Do the Math

Let's face it: an independent pharmacy will most likely not have the best price in town on Halloween candy; in fact, it's going to be very difficult to offer Halloween candy at a competitive price. Stores will be hard pressed to make a 33 percent profit margin (after freight cost). At such a low margin, it is very important you do not have much stock leftover on Nov. 1. Do the numbers: a product that cost \$3 with a 33 percent profit margin rounded up is \$4.49 – which, on sale at 50 percent off, is \$2.25, a loss of 75 cents per bag. If you were to sell 80 percent of your candy at the full \$4.49 retail and the remaining 20 percent at the 50 percent off price, your overall profit margin would be under 26 percent! It may be time to rethink how you buy your seasonal candy.

Buying Tips

Consider buying snack size candy that does not have seasonal packaging – the advantage is that you will have a longer selling date and you will be able to choose when to put the candy on sale. You may even want to cut back on inventory (see the 80-20 example above) and you most certainly should cut back on the number of choices of candy you offer. Stick to the top sellers: Snickers, Hershey's Milk Chocolate, M&Ms, and Reese's Peanut Butter Cups are safe bets. Don't let comments like "Why don't you have dark chocolate Mars bars with almonds?" bother you – stick to the top sellers.

Merchandising Tips

- Merchandise candy vertically! This will allow each flavor of candy to be merchandised on the top shelf. When candy starts to sell, fill holes with product from the lower shelves.
- Whenever possible, stagger the colors of bags – lots of candy come in orange bags. (For example: put Reese's (orange) next to Hershey's Milk Chocolate (brown bag) next to M&Ms (varied).
- Slant shelves while using 3-inch shelf fencing to offer the best view and presentation of the candy. In lieu of placing product on the base shelf of your fixture, place a slanted shelf with the front of the shelf touching the front of the base shelf.

Enjoy Halloween and treat yourself to some profit you can sink your teeth into.

-- Gabe Trahan, NCPA Senior Director of Store Operations and Marketing
NCPA's Front-End Overhaul