



July 2021

FEATURE

The Hot Sellers

A look at the brands driving inside sales, plus advice from category managers for accelerating growth.

BY KIM STEWART

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An ever-present challenge for category managers is picking the right mix of brands and products to meet the expectations of customers and keep them coming back—not only for their go-to snacks, beverages and tobacco but also helping them to discover new products.

Last year, inside sales for convenience stores were both extraordinarily challenging and rewarding, so for category managers, relying solely on 2020's performance to manage assortment this year isn't going to cut it.

Reviewing point-of-sale data and keeping tabs on what's



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trending in key categories can lead to a smart mix of products—in addition to focusing on prices, promotions and placement. **2020 Data today!**

The NACS State of the Industry (SOI) Report ranks center-store convenience top categories by gross margin contribution. In this year's report of 2020 data, top margin contributors included: packaged beverages (19.02%), cigarettes (13.92%), other tobacco products (5.80%), salty snacks (4.84%), candy (4.34%), beer (3.49%), alternative snacks (2.17%), general merchandise (2.04%), packaged sweet snacks (1.64%) and dairy and deli (1.23%).

Leveraging insights from NielsenIQ, we take a look at the brands that propelled growth in 2020, as well as the performance marks they made in early 2021. Below, we dig into the top brands in seven of the top 10 NACS categories.

PACKAGED BEVERAGES

Retailers rely on their cold vault to drive trips and profits; innovation is critical to fueling the role this category plays in overall store performance (see “Profitable Pours” on page 92). In 2020, packaged beverages delivered a 3.9% gain in average sales per store, compared with 2019, according to NACS SOI data. “We’ve seen continued growth over the years but massive growth in 2020,” said Jim Jacko, senior category manager, Coen Markets, at the 2021 NACS State of the Industry Summit.

For the first time last year, energy drinks contributed more to category sales than carbonated soft drinks, accounting for 28.5% of packaged beverage sales. Three of the 10 best-selling brands in the convenience channel last year were energy drinks: Red Bull, Monster and Bang. The energy drink trio continued to count among the top sellers for the first quarter ended April 3, 2021, notching sales of \$920.8 million, \$810.9 million and \$190.1 million, respectively.

Coca-Cola is a perennial consumer favorite and continues to grow. The brand slipped from its No. 2 perch in 2020 to No. 3 in the first quarter of 2021 behind Monster Energy. Sprite, Coca-Cola and Cherry Vanilla Coca-Cola were trending flavors, according to NielsenIQ.

Bang is a relatively new brand to the category and continues to post distribution gains. Breaking into the NielsenIQ 2020 top 10 brands list with ACV distribution at 90%, the energy drink is gaining ground fast. Last year, it increased its presence in the channel by 15.4% and in the first quarter increased ACV to 95.1%. Bang focuses on unique and innovative flavors. The brand's Candy Apple Crisp flavor was a particular hot-seller last year, according to NielsenIQ data on the top 20 UPCs by category based on dollar sales.

“Bang, in the energy drink segment, is a brand I still see on the bottom shelf in some c-stores, and it has performed very well on reports from data-tracking firms. That should be in a visible spot in a cooler set,” Bill Nolan, a partner with Business Accelerator Team, an Arizona-based consulting firm, shared with NACS Magazine in April.

Starbucks Frappuccino leveraged surging consumer interest in ready-to-drink coffee (see “Caffeine Fix” on page 54). It was the biggest gainer in terms of dollar sales and units, up 14.2% and 11.6%, respectively, in 2020, according to NielsenIQ. RTD coffee is innovating with emerging new brands. “We have an underlying generational shift in the coffee category,” Jacko said, pointing to evidence that younger consumers prefer the innovation RTD coffee beverages give them. The Starbucks brand saw a 25.9% year-over-year sales increase in the first quarter, with an ACV of 98%. Nolan advised category managers to keep pace with new brands on the market. “Know what the top sellers are and evolve with the category segment. Evaluate inventory levels and assortment to have what’s needed but not be overstocked, which drains profits and drives up costs.” Said Jacko, “Look at what products are making money, and let those metrics dictate what goes into your sets. Look at the past few years, and if you see brands growing, take note.”

TOP 10 PACKAGED BEVERAGE BRANDS

(Based on 2020 total dollar sales)

Brand	Sales	Units	%ACV
Red Bull (Red Bull North America Inc.)	▲	▲	99.6%
Coca-Cola (The Coca-Cola Co.)	▲	▼	99.5%
Monster (Monster Energy Co.)	▼	▼	98.9%
Mountain Dew (PepsiCo Inc.)	▲	▲	97.8%
Gatorade (PepsiCo Inc.)	▲	▲	98.2%
Dr Pepper (Keurig Dr Pepper)	▲	▲	98.0%
Bang (Vital Pharmaceuticals Inc.)	▼	▼	89.8%
Pepsi (PepsiCo Inc.)	▲	▼	98.7%
Gatorade Series 02 Perform (PepsiCo Inc.)	▲	▲	96.2%
Starbucks Frappuccino (PepsiCo Inc.)	▲	▲	97.5%

CIGARETTES AND OTP

Cigarette sales exploded in 2020 as smokers dealt with the stress of the pandemic and for many, the freedom of choosing when and where they could light up as they worked from home. Sales of cigarettes rose 3.6% year over year.

Two premium brands—Newport and Natural American Spirit—increased both average dollar sales per store and units in 2020 and carried the momentum into the first quarter of 2021. All other brands lost units but gained sales in 2020, except for Pall Mall and L&M, both premium brands. Newports and Kool, widely sold across the convenience landscape, belong to a subcategory—menthols—that is increasingly under regulatory scrutiny. The U.S. Food and Drug Administration (FDA) in April disclosed that it is working on proposed tobacco standards to ban menthol as a flavor in cigarettes and ban all flavors—including menthol—in cigars.





















“Retailers should be using the momentum in sales that we have now to continue growth for 2021,” said Laura White, category manager for cigarettes at Atlanta, Georgia-based RaceTrac, during the NACS SOI Summit. Consider your point-of-sale (POS) data to make informed decisions and keep up with current trends and sales patterns, White advised. Explore other partnerships with small or new distributors to better track innovations and trends within the category, she said.

The other tobacco products (OTP) category increased sales 4.5% in 2020, led by growth in smokeless tobacco, cigars and other nicotine products. Innovative formats such as nicotine pouches and alternative smokeless products have helped generate excitement from customers looking for alternatives to other forms of tobacco. ZYN NT from Swedish Match, for example, soared 113.6% in dollar sales and 110.1% in units last year and extended growth into the first quarter, with sales up 52.8% and units up 49.9%. ACV increased from 62.4% in 2020 to 71.5% by the end of the first quarter as more c-stores carried the brand, and there’s still plenty of room for growth.

While JUUL lost sales (-20.4%) and units (-17%) in 2020, the brand remains the No. 2 sales leader in OTP, behind Altria’s Copenhagen moist smokeless tobacco. In the first quarter of 2021, JUUL sales rose 2.8%, and units grew 4.6%. An up-and-comer in the e-cigarette subcategory is RAI’s VUSE Alto, which skyrocketed 175.4% in year-over-year sales and 226.7% in units in 2020. The closed e-cigarette cartridges are sold in four flavors, with each available in three nicotine levels. Cigars also gained share in the OTP category as smokers indulged during the pandemic, increasing from 17.9% in 2019 to 19.7% in 2020. ITG Brands’ Backwoods Wild ‘N Mild, for instance, saw sales rise nearly 20% in 2020, and units grow 8.6% year over year.





















TOP 10 CIGARETTE BRANDS

(Based on 2020 total dollar sales)

Brand	Sales	Units	%ACV
Marlboro (Altria)			99.4%
Newport (RAI)			98.5%
Pall Mall (RAI)			95.5%
Camel Crush (RAI)			96.5%
Natural American Spirit (RAI)			95.1%
L&M (Altria)			90.1%
Camel (RAI)			95.9%
Winston (ITG Brands)			89.9%
Maverick (ITG Brands)			64.3%
Kool (ITG Brands)			82.5%

TOP 10 OTP BRANDS

(Based on 2020 total dollar sales)

Brand	Sales	Units	%ACV
Copenhagen (Altria)			93.3%
JUUL (Juul Labs)			79.5%
Grizzly (RAI)			94.3%
Middleton's Black & Mild (Altria)			95.3%
Skoal (Altria)			89.8%
VUSE Alto (RAI)			72.8%
Swisher Sweets (Swisher International)			93.2%
ZYN NT (Swedish Match)			62.4%
Backwoods Wild 'N Mild (ITG Brands)			73.9%
Garcia Y Vega Game (Swedish Match)			69.4%

BEER

Beer enjoyed a stellar performance last year, with average store sales up 18% over 2019, NACS SOI data show. Fueled by a shift from on-premise to off-premise consumption trends as bars and restaurants were closed, customers snapped up multipacks of their go-to brands and tried hard seltzers and other flavored malt beverages (FMB). Average store sales of FMBs climbed 71% over 2019, propelling FMBs into the No. 2 position among beer subcategories behind only premium beer. The surge in hard seltzers—and in the wine category, canned cocktails—is partly driven by consumers' growing tastes for low-carbohydrate, low-sugar, low-calorie drinks (see "Seltzer Surge" on page 68). Younger demographics of legal drinking age increasingly favor spiked seltzers.

The top nine brands had ACVs of 80% or more in the U.S. convenience channel, while Busch Light had an ACV of 62.8%, marking an opportunity to stock the lighter beers consumers may be buying elsewhere. "Make sure you're staying ahead of the trends in beer and have the right assortment of flavor profiles for your local customers' tastes," Tom McReavy, senior vice president of sales at California's Stone Brewing Co., told NACS Magazine in June.

White Claw hard seltzer is an FMB subcategory leader. Average dollar sales surged 173.5% in 2020, with units up 83.1%. Although 81.3% of c-stores carried White Claw last year, the stores that didn't carry it missed out on potential sales. White Claw remained the biggest gaining brand for the first quarter of 2021 and increased its ACV to 86.7%.





















Competition in the FMB subcategory is heating up. Anheuser-Busch, for instance, is looking to make inroads into FMB sales with fruit-flavored Bud Light Seltzer, launched in 2020, and appeal to younger adults' penchant for exotic flavors with citrusy Bud Light Peels and Bud Light Chelada, featuring "a fiery kick of clamato and spices."

In June, Anheuser-Busch released a limited-edition Bud Light Seltzer Retro Summer Pack and Icicles, with three classic flavors: Cherry Limeade, Blue Raspberry and Summer Ice. Icicles are sold in two-ounce slim cans. Bud Light Seltzer in 12-packs was among NielsenIQ's top 20 UPCs by category for 2020. Boston Beer Co.'s Truly Hard Seltzer was another strong seller, particularly the Berry Mix Pack.

Category leaders Bud Light, Coors Light and Budweiser gave up units last year, compared with 2019, slipping by 2.9%, 1.9% and 2.2%, respectively. Premium beer Michelob Ultra and import Modelo Especial saw average dollar sales and units grow by double digits. In the first quarter, Modelo, Michelob and Corona Extra remained strong, while Heineken nudged its way into the top 10 with sales up 11.8% and units up 12.1%. It's worth noting that Twisted Tea, an FMB hard iced tea from Boston Beer Co., is a fast-gainer, ranking No. 11, just behind Heineken.

TOP 10 BEER BRANDS

(Based on 2020 total dollar sales)

Brand	Sales	Units	%ACV
Bud Light (Anheuser-Busch)			98.5%
Modelo Especial (Constellation Brands)			85.1%
Michelob Ultra (Anheuser-Busch)			93.0%
Coors Light (Molson Coors Beverage Co.)			97.1%
Budweiser (Anheuser-Busch)			98.4%
Miller Lite (Molson Coors Beverage Co.)			91.0%
Corona Extra (Constellation Brands)			93.5%
White Claw Hard Seltzer (Mark Anthony Brands International)			83.1%
Natural Light (Anheuser-Busch)			80.3%
Busch Light (Anheuser-Busch)			62.8%

CANDY

Americans indulged in candy during the pandemic, especially chocolate confections and in shareable package sizes. Among non-chocolate bagged candies, gummies and sour candies picked up market share. SweeTARTS brand sales in the convenience channel in 2020 rose 19.4%, more than any other brand in the top 10, while units increased 10.6%. And with an ACV of 83.2%, the brand isn't as prevalent in convenience stores as chocolates, gum and mints. Chicago-based Ferrara Candy Co. is innovating new flavors, colors and textures in the SweeTARTS line, recently introducing fruity SweeTARTS Twisted Rainbow Ropes and SweeTARTS Mixed Berry Bites with a berry-punch flavored filling. Looking at NielsenIQ's top 20 UPC data for 2020, two new products Mars introduced last year performed well: Starburst Swirlers, a soft chewy candy; and Skittles Dips, yogurt-covered fruity candy.

Marking a shift, non-chocolate candy brands were the big movers in the first quarter of 2021. Starburst, Life Savers (Mars), Air Heads (Perfetti Van Melle), Haribo (Haribo GmbH & Co.), Trolli (Ferrara) and Sour Patch (Mondelēz) all saw double-digit sales and unit growth.

Two things in the candy aisle that consumers didn't grab last year were gum and mints. Industry watchers say that's largely because of the mask-wearing, social distancing and work from home practices spurred by the coronavirus pandemic. Last year marked a 23.6% decline in average store sales for candy rolls, mints and drops and a 24.2% drop in average store sales of gum, NACS SOI data indicate. Wrigley's Extra and Wrigley's 5, two leading brands in the candy category, experienced double-digit drops in sales and units last year. As states lift mask mandates and social distancing for vaccinated people, sales of gum and mints are expected to grow.

Mars Wrigley's EXTRA Gum in May launched a new marketing campaign and film, "For When It's Time," celebrating in a whimsical way re-emerging into public life. "As a company and as a brand, we are committed to creating better moments and more smiles for consumers," said Ivonne Andreu, senior director of gum and mints, Mars Wrigley U.S. "With increased vaccinations and consistent dedication to staying vigilant, we hope this film reminds everyone there are brighter days ahead."

Moving out of the pandemic, consumers are still looking to treat themselves, but there's continued interest in lowering sugar intake, and manufacturers are working on better-for-you confectionary options. Hershey, for example, aims to expand its reduced sugar products and this spring agreed to acquire Lily's Sweets, a candy company known for Stevia-sweetened chocolate bars, peanut butter cups, baking chips, chocolate covered nuts and caramels.

TOP 10 CANDY BRANDS

(Based on 2020 total dollar sales)

Brand	Sales	Units	%ACV
Reese's Peanut Butter Cups (Hershey Co.)	▲	▲	97.7
Snickers (Mars Wrigley)	▲	▼	98.2
M&M Peanut (Mars Wrigley)	▲	▼	97.4
KitKat (Hershey Co.)	▼	▼	97.1
Hershey's Milk Chocolate	▲	▲	96.6
Skittles (Mars Wrigley)	▲	▼	96.6
Wrigley's Extra (Mars Wrigley)	▼	▼	94.2
SweeTARTS (Ferrara)	▲	▲	83.2
Twix Caramel (Mars Wrigley)	▼	▼	93.8
5 Gum (Mars Wrigley)	▼	▼	92.0

SALTY SNACKS

Interest in bolder flavor profiles and shareable package sizes carries over into the salty snacks category. In 2020, salty snacks' in-store sales rose 4.27% over 2019. "New priorities for salty snacks have emerged in a post-COVID world," Kelley Gutierrez, category manager for candy and snacks at MAPCO Express Inc., said during the April NACS SOI Summit. "We've seen the hot and spicy flavor segment blow up," she said. Indeed, 14 of the top 20 UPCs in the salty snacks category last year leaned on the bold/spicy flavor profile to capture sales, according to NielsenIQ. PepsiCo's Frito-Lay unit dominates the salty snacks category, accounting for all but two of the top 10 leading brands in NielsenIQ's 2020 ranking. According to Frito-Lay's latest Snacking Index, consumers say they are willing to try new products and flavors, but they continue to reach for the classics, so stocking their tried-and-true favorites is a must. In Frito-Lay's Snacking Index, 32% of consumers surveyed in 2021

said they preferred new, spicy and bold flavors, compared with 25% in 2020. Millennials and Gen Z showed a stronger preference for new tastes, with 45% saying they prefer new, spicy and bold flavors for summertime snacking.

With their spicy and sour flavor profile, Takis are a fast-growing salty snack especially popular with younger demographics. Launched in Mexico in the late 1990s, Takis entered the U.S. market in 2006 via sales through convenience stores. The rolled tortilla chips are made by Barcel USA, a unit of Mexico-based Grupo Bimbo, which deems Takis “one of the most important brands” of its snacks portfolio. Grupo Bimbo ranks among the fastest growing brands, moving up to 6th place in terms of dollar sales and units for the first quarter of 2021.

TOP 10 SALTY SNACKS BRANDS

(Based on 2020 total dollar sales)

Brand	Sales	Units	%ACV
Doritos (Frito-Lay)	▼	▼	96.5
Cheetos (Frito-Lay)	▲	▼	96.0
Lay's (Frito-Lay)	▼	▼	96.1
Ruffles (Frito-Lay)	▼	▼	93.8
Funyuns (Frito-Lay)	▼	▼	91.7
Chester's (Frito-Lay)	▼	▼	88.6
Pringles (Kellogg Co.)	▲	▼	94.7
Fritos (Frito-Lay)	▲	▲	93.0
Barcel Takis (Grupo Bimbo)	▲	▲	56.4
Munchies (Frito-Lay)	▼	▼	90.5

ALTERNATIVE SNACKS

C-store shoppers are gravitating toward alternative snacks, with continued interest in low-carb, high-protein eating styles like Keto and better-for-you options. Traditionally, meat snacks like Slim Jims and Jack's Links have powered the alternative snacks category, which also includes health/energy/protein bars, granola/fruit snacks and other alternative snacks. Other alternative snacks and health/energy/protein bars accounted for the second- and third-largest contributions to the category at 30.2% and 22.3%, respectively, according to NACS SOI data.

Jack Link's dominates the alternative snacks category in terms of scale and innovation. In 2020, the brand's sales in the convenience channel grew 11.1%, and units increased 8.9%. In addition, sales of Jack Link's' Squatch XXL meat sticks climbed 8.8%, and units increased 7.9%. With flavors ranging from Original to Teriyaki to Sweet and Hot, Jack Link's accounts for eight of the 20 leading alternative snacks products. A big mover was Jack Link's Extra Hot Wild Heat beef jerky in a snack bag size.





















Slim Jim, a brand that has been a meat snack c-store staple for decades, has innovated with bigger sizes, new flavors and new formats like beef jerky and bigger meat sticks. The Monster Slim Jim meat stick, for example, is twice the size of a Giant Slim Jim in flavors like Honey BBQ and Hot AF, while the Savage Slim Jim is three times as big as the Giant Slim Jim. The Monster Slim Jim in the mild flavor saw sales and units explode in 2020, both up more than 11,000% year over year, while the Slim Jim Savage meat stick in Original flavor surged more than 10,000%, according to NielsenIQ. PENROSE pickled sausages from Conagra, which are available in three savory and spicy flavor profiles, pushed into the top 10 leading brands in the first quarter. Only 63% of c-stores carry them.

As a brand, Kellogg's Rice Krispies Treats recorded lower sales and units in the c-store market last year but did gain traction with a new product: Kellogg's Rice Krispies Treats Dunk'd, included in the health/energy/protein bars category, came to market in 2019 and saw a strong uptake. Fruit snacks from Welch's also saw a small sales uptick in 2020, though units slipped. In the first quarter, Welch's sales rose 26.3%, and units climbed 20.4%. Among fruit snacks to watch on NielsenIQ's list of the top 20 UPCs is Fruit Gushers by General Mills in Super Sour Berry and Mixed Berry flavors.

Sales of health/energy/protein bars contracted as the work-from-home economy curtailed consumers' morning visits to convenience stores for portable snacks and other refreshments, and that trend extended into 2021. Sales and units of CLIF, KIND and Nature Valley all fell in the first quarter. Ahead of the pandemic, the energy bar market enjoyed strong growth, and it is expected to regain momentum this year, according to Technavio Research.

TOP 10 ALTERNATIVE SNACKS BRANDS

(Based on 2020 total dollar sales)

Brand	Sales	Units	%ACV
Jack Link's (Link Snacks Inc.)			93.2
Old Trapper (Old Trapper Smoked Products Inc.)			43.5
Slim Jim Giant Slim (Conagra)			86.8
Slim Jim Monster Size (Conagra)			78.1
Slim Jim (Conagra)			72.5
CLIF (Clif Bar & Co.)			78.0
Jack Link's Squatch XXL (Link Snacks Inc.)			59.2
Welch's (Promotion in Motion Inc.)			67.5
KIND (Mars Inc.)			68.1
Kellogg's Rice Krispies Treats (Kellogg Co.)			87.1

TIPS FOR SUCCESS: MAVERIK



Lindy Smith, senior director, category management, Maverik, offers this advice:

Now more than ever remember the four Ps: Product, Price, Placement and Promotion. It's time to go back to the basics of merchandising. Category managers at Maverik—Adventure's First Stop execute a fifth P: People.

Product is something produced that is marketed and sold. Bring in items that people want. If a customer won't purchase it then it's taking up valuable space.

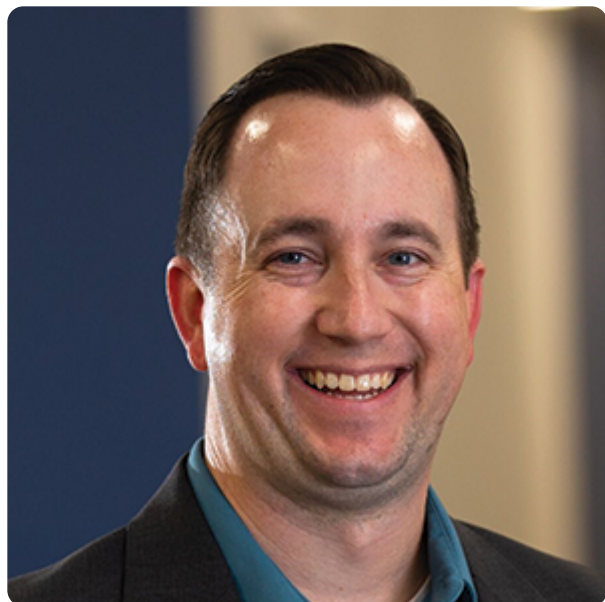
Price so we can all do our part to keep the economy stable. Push back on escalating manufacturer costs so retails stay affordable to the people we serve.

Placement is key to every product having a home that makes it easy for people to shop. Give greater visibility to items with higher sales and gross margin.

Promotion is intended to encourage one more item in the basket, and loyalty offers retain the people who shop with us. COVID-19 has changed shopping behaviors and demands that are higher than supply. So, fewer, bigger and better promotions allow you to reallocate time toward stock conditions.

People are our most valuable commodity, including the customers we serve, our store and Base Camp corporate headquarters employees. Keep them safe, and treat them better than they expect to be treated.

TIPS FOR SUCCESS: KUM & GO



Chris Long, director of category management – age verified, Kum & Go, offers this advice:

Remember the fundamentals. Your category will not be successful, despite all of your innovation and creativity, without a firm foundation of the right product, price, promotions and presentation. It is cliché but true.

Leverage data. Use your internal data + supplier data + syndicated data (NACS, NielsenIQ, IRI as an example) to make the best decisions, but do not wholly rely on this. Category management is part art, part science, and the best category managers balance this well.

Mitigate out-of-stocks with a plan. Specific to OOS, when building any set, make sure you have the right DOS (days of supply) on the shelf to handle the volume of each product. I have always found four days of supply is a good place to start.

Be forward looking. Many times, especially when building POGs, movement is the only metric used. This is dangerous because it only shows what you have done, not where you are going. It is like driving and only looking in the rearview mirror. In addition to unit movement, at least look at sales dollars and profit dollars, in addition to where you think the next big category leap will be through your research and experience.

Listen to your customers. They give you feedback every single day by how they spend their dollars.




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