

QUICK HITS

Sharing Industry Knowledge and Connections

[IDEAS 2 GO]

Are You Smarter Than a 3rd Grader?

Eight-year-olds know what's hot in the general merchandise category.

BY JERRY SOVERINSKY

Forget Study Groups, “Ideas 2 Go,” and graphs and slides gleaned from this year’s NACS State of the Industry Summit.

Want to know the hottest selling general merchandise item in years, one that takes up little shelf space and offers as much as a 65 percent profit margin? Easy. Just ask any eight-year-old.

“They’re Silly Bandz animal bracelets, and I have 95,” said Melanie Soverinsky, a third grader in Farmington Hills, Michigan. “My friends have a lot of them and we used to trade them at school but we’re not allowed to trade them any more, we have to wait until the bell rings.”

SELLING LIKE HOTCAKES

The animal bracelets — Silly Bandz, ZanyBandz and Logo Bandz are some of the popular lines — are thin, silicone bands that kids wear on their arms and trade among friends. Offered in a variety of themes, such as sea creatures, rock stars and professional athletes, they’ve spawned a cult-like following among grade school kids, who constantly search for new varieties and characters, building sizable collections that number in the thousands. And for convenience store retailers, the craze has been so frenetic that it has them scurrying to maintain supplies.

Are these thin, silicone bracelets 2010’s “Snuggie”?

"It started in early May, it took off in suburban areas and is just now creeping into the rural markets," said Jared Sturtevant, director of category management for Nice N Easy Grocery Shoppes, in upstate New York, who said that individual stores have sold more than 100 packs per day for consecutive days.

The bandz typically sell in packs of 12 or 24 for \$2.99 and \$4.99, respectively, with wholesale costs that generate sizable returns.

"Margins can be phenomenal for the retailer," said Michele Williams, key account manager for Nikco Sports, a Missouri distributor that sells a variety of the bandz to convenience stores, grocers, drug stores and department stores, with 12-pack prices that start at just 95 cents.



DID YOU KNOW?

Looking to be a retailing leader for the next generation silicone bandz craze? Wacky Ringz may be the thing. Slated to hit stores at the end of June, the ringz come in packs of 24 at a wholesale cost of \$1.50 and SRP of \$2.99.

Williams said that Nikco came to the craze recently, not the result of any foresight, but as a response to customer demand, conceding, "I didn't know anything about this, though if I had eight-year-olds, I probably would have." Since coming to the bandz scene in early May, the company has been scrambling to keep pace with orders.

"A busy store will go through several cases in just a couple of days," Williams said. "I have many customers who order 10 cases [there are 120 packs in a case] a week and could probably take more."

MAKE FADS WORK FOR YOU

The bandz craze speaks to a larger issue for retailers, that of leveraging a general merchandise fad.

"You have to be the first to market and have the best source [in leveraging a craze]," Sturtevant advised, adding that during the very busy Memorial Day weekend, his store was well-stocked, while competitors were struggling to maintain their bandz inventory.

That unrelenting demand is the result of well-documented media coverage — no doubt because many schools have banned them as distracting — and exceptional viral marketing that has continued unabated for several months.

Indeed, Silly Bandz' Facebook page has more than 200,000 followers, and thousands of Twitter users are notified whenever the company releases new themes and lines. The potent social mar-

Nice N Easy's Jared Sturtevant offers these insights for leveraging a general merchandise fad:

- Watch what kids do and befriend some teachers.
- Be the first to market — the earlier, the better.
- Maintain reliable distribution sources.

Don't be deterred by a product that targets a young demographic. "These will be our best customers in a few years and hopefully [our stores] having things they wanted when they were young will translate into them returning to us for the things they want when they are out on their own."

keting approach has eliminated the need for retailers to do any advertising or marketing.

"We didn't even do signage, we put them in a fish bowl by the register and people know what they are when they see it," said Meaghan Donlan, marketing administration assistant for Massachusetts-based Volta Oil. "And they come back week after week for new varieties. If there's a new variety, they buy them all."

But while the bandz carry minimal stock costs — indeed, at less than a buck a pack, they're an affordable investment



A POTENT SOCIAL MARKETING APPROACH HAS ELIMINATED THE NEED FOR ANY ADVERTISING.

for most — not all fads carry such low inventory risks.

“For a lot of the fads, they come in a little bit high because the distributor guarantees them,” said Sam Odeh, owner of Power Mart in Palos Heights, Illinois. “So the selling price ends up being higher than the perceived value. And at \$8 or \$9, the consumer shies away from it.”

As for character bandz specifically,

Odeh offers muted praise, maintaining that they’re not much different than other previous fads, such as Beanie Babies or Pokemon cards. “I call them the product of the times...and while we jump on that bandwagon like everybody else, it’s not as [profitable] as it seems,” Odeh said. “You tend to give them a high priority because they’re small, but a theft roll plays into that.”

As a result, Odeh displays silicone bandz inside a specially built plexiglass display, which he says minimizes shrinkage. “I think the fad, the trend, it’s much more complex than it seems. It’s not so simple.”

Others might disagree and cite assessments such as Soverinsky’s as reason enough to pursue the craze. After all, the eight-year-old has two younger brothers, six and four. And they tend to want everything that she wants. **NACS**

Jerry Soverinsky is a Chicago-based freelance writer and a NACS Daily and NACS Magazine contributing writer.

Members in the News

SUPPLIER

Lil’ Drug Store Products Inc. recently made three leadership appointments to its convenience division:

- **Doug Steffen** as senior director of national accounts;
- **Greg Moore** as senior director of convenience sales; and
- **April Elsinger** as director of convenience marketing.

IN MEMORIAM

Exhibit industry icon **Thomas F. Byrne III**, owner and president of Thomas F. Byrne Enterprises LLC, passed away earlier this spring. He is survived by his wife, six children and eight grandchildren.

Ronald M. Lamb, chairman and former CEO of Casey’s General Stores Inc., passed away on June 11 following a courageous battle with cancer. He was 74 years old.



Thomas F. Byrne III

[BY THE NUMBERS]

TOP 5

America’s Favorite Confections

1. M&M’s (Mars)

2. Reese’s Peanut Butter Cups (Hershey)

3. Hershey’s Milk Chocolate Bar (Hershey)

4. Snickers (Mars)

5. Orbit (Mars)

(Source: Bloomberg, based on Symphony IRI Group sales data for 52 weeks ending September 6, 2009.)