



From: Convenience Store News

Breath of Fresh Air

By Barbara Grondin Francella

MAY 24, 2004 -- Thanks to America's continually innovative fight against bad breath, gum and mints are have quickly grown into a \$3.7 billion-plus-a-year market, with continued dollar-sales increases predicted. In the last year or two, line extensions and product innovation have run rampant in the breath-freshening category, pushing sales by curious customers — and more new products are on the way.

"Product preferences in this category are constantly changing," noted Richard Hildebrandt, brand director, Altoids, a brand that now includes intense mints, chewing gum and breath strips.

To keep pace with consumers' desire for new breath fresheners, manufacturers are churning out products and extending lines faster than garlic breath can doom a first date. Along with the aforementioned expansion by Altoids, Hershey Foods Corp. has ventured into the buzz-generating liquid-mint category, while fellow chocolate company Masterfoods USA dipped its toes into hydrating mints. In March, Wm. J. Wrigley Jr. Co. unveiled its first-ever U.S. mint, just a few months after introducing breath strips, and Mentos marketers Perfitto Van Melle USA is chewing on the gum business. It's gotten downright hellish for halitosis.

It hasn't been all fun for the c-store operator looking to place these products either. "There are so many new flavors and products, you have to watch [the line and sales of] each one very closely, because they change so quickly," said Becky Shotwell, president of Stop-N-Go of Medina, Ohio, operator of 10 stores. "Sugar-free gums, intense pellet gums, mints, strips — how do you categorize all of them now?"

Still, the merchandising pain has brought sales gains. As of late March, c-store sales of gum, mints and strips were up 6 percent for the last 52 weeks and for the last 12 weeks, noted Andy Jacobs, director of marketing, gum and mints, for Hershey, maker of the Ice Breakers line.

Indeed, since "curiously strong" Altoids took the country by storm, Americans young and old have been snatching up new mints, intensely flavored gums and breath strips as fast as increasingly competitive manufacturers spit them out, so to speak. The category's sales grew by 41 percent between 1997 and 2002, and are forecast to grow another 25 percent by 2007, according to Mintel International Group Ltd. What's more, c-stores hold the largest share of the burgeoning market, as breath fresheners are increasingly popular among kids, teens and adults under 35.

Why the surge in popularity? "People are more concerned about their breath," said Anthony Shurman, president of Yosha! Enterprises, maker of Momints, the industry's first liquid mint. "There is no one overriding reason. People are eating spicier foods. There is innovation in product and in packaging. The increased ostracizing of smokers increases the desire to cover up cigarette breath. Plus, the whole portability factor is on the increase. As people carry their food on the go, they want to clean their mouth on the go."

In an example of the importance of the c-store industry to the category, Momints were launched nationally in 7-Eleven stores last August, with its form and packaging attracting attention. With smokers the first target market, the small spheres of liquid are packaged in a thin case that fits between the cellophane and paperboard of a pack of cigarettes, positioned so that mints can be dispensed without interfering with the opening of the cigarette pack, and vice versa. The 36-capsule pack carries a retail of \$1.69 to \$1.79.

A successful sampling program at 7-Eleven during the launch opened Shurman's eyes to the value of another packaging innovation: the tube. More than 300,000 small tubes of Momints, retailing for 25 cents to promote trial, sold in 10 days.

"We recognized the package was one people love, so we created a profitable version," Shurman said. The eight-count tube, with a recommended retail of 49 cents, debuted in March "and results were even better."

With Momints one of 7-Eleven's top three mints, there's little wonder that others have shown no fear of the sphere. Hershey is supporting its new Ice Breakers Liquid Ice mint, which started shipping in late March, with a campaign in excess of \$10 million. The Cool Mint BB-sized spheres are packaged in a plastic flip-top package that releases one sphere at a time. They retail for approximately \$1.99 for 30 mints. Spearmint and Cinnamon will be available during the third quarter. More than half of Ice Breakers Liquid Ice sales will come from c-stores, Jacobs predicted.

In other intense mint news, Hershey is readying itself for a June introduction of Ice Breakers Dual Pack, which combines its established Ice Breakers mint with a new micro gum (similar to a mini pellet gum) in one oval package.

Meanwhile, Perfetti Van Melle USA offers Breathmakers mints with a chewy center, packaged in a flip-top box under the Mentos brand. Also, Wrigley's Eclipse Mints are now sold in Peppermint and Winterfrost flavors at a suggested retail price of \$1.49 for 50 mints.

In the less-intense mint segment, the 30-year-old Tic Tac brand remains a strong contender, launching a 30-percent larger mint last fall and advertising the product since January. Meanwhile, Masterfoods USA introduced its Aquadrops hydrating mint last December in Mint and Citrus flavors.

Buy Gum!

In the breath-freshening gum segment, growth has come from sugar-free and pellet products, in particular, according to Vicky Lozano, director of marketing for Cadbury Adams USA's Dentyne brand, including Dentyne Ice and the newer Dentyne Fire, which Lozano said was "the most successful new gum introduction of 2003, in terms of distribution and velocity, driving overall category growth with 14 percent of its sales volume incremental to the gum category."

The company also introduced Trident Cool Rush into the segment last year. Two new gums, Dentyne Tango, the first fruit gum to deliver intense flavor without menthol, and Trident Tropical Twist, also a fruit-flavored gum, bow next month. More than half of Dentyne and Trident sales are made in c-stores.

Last December, Altoids unveiled peppermint chewing gum packaged in a tin of 20 pieces, for a suggested retail of \$1.79. Cinnamon Chewing Gum will hit shelves in June or July. Wrigley's new flavor pellet gum under the Eclipse brand is Lemon Ice.

Indeed, as the Altoids tin, Momints tubes and Ice Breaker Dual Pack prove, in the breath-freshening segment, the packaging can be as important as the product inside.

Chewing Itself Up?

Still, no matter the size and shape, how many new breath-busting products can the market hold?

"We hear one thing, but the [syndicated sales figures] tell another," said Brad Maslan, director of marketing for Ferrero USA, makers of Tic Tac, which is offering a limited-edition, in-and-out floor stand this summer featuring Orange Mint, Lime Mint and new Lemon Mint flavors.

"Sales of mints have been relatively flat in the last year. New products certainly create some excitement and certainly get trial, but after the initial six months of trial, the whole category settles down again, and the

consumers go back to the tried and true. It hasn't grown dramatically overall."

In the past, some innovations have simply cut into sales of other products, according to Mintel research. A few years ago, breath strips, led by Listerine's PocketPak, and to a lesser extent new sugarless gum brands, ate away at strong mints, in particular. While sales of breath-freshening mints grew 8.6 percent in 1999 and 17 percent in 2000, they fell 3 percent in 2001 and 3.4 percent in 2002, the first two years breath strips hit the market. Sales of breath strips jumped from \$33 million in 2001 to \$225 million in 2002.

More recent stats, however, suggest the breath-strip phenomenon has peaked, with liquid mints and other products capturing the consumer's attention now. Strip sales dipped 4 percent in 2003, according to Cadbury Adams' Lozano. A competing mint-industry exec said Listerine PocketPak sales were off 40 to 50 percent from all-time high levels. "But it is still a significant business," this industry watcher conceded. "The question is: Is the market big enough for more than one product?"

As with many new products, Listerine PocketPak sales trends have declined from the stratospheric levels attained during the first year, due to intense competitive knockoffs, agreed John Gorman, director/front end convenience, Pfizer Consumer Healthcare. "However, Listerine PocketPaks continues to be among the category leaders in gums and mints."

Merchandising the breath strips as a mint or gum, rather than as a health-care product is key to c-store sales. When one large chain moved breath strips to the HBC category, sales dropped significantly, according to one industry source.

Among Listerine's competitors: Wrigley's first non-chewing gum product, Eclipse Flash Strips, in Cinnamon, Spearmint and Peppermint and the newer Winterfresh Thin Ice Strips, and Altoids' tin of 32 Cinnamon and Peppermint Strips, which it introduced in January 2003.

"The strips are still moving in our stores, but there are so many new ones," Stop N Go's Shotwell said. "Still, they are doing well in convenience stores — better than in supermarkets or other channels —because of the concentration of coffee drinkers and smokers."

Stop N Go of Medina is considering a new candy planogram to better accommodate the breath-freshening category, and would like to make better use of secondary displays. "I'd like to find room at the coffee island," Shotwell said.

The whole breath-freshening segment has gotten crowded enough to cause some manufacturers to reach outside. Altoids, for instance, branched out with a line of Sours candies (in February) and launched Licorice Mints last month.

Shotwell said she foresees mint and gum makers going after the cough-drop buyer, with concentrated cherry or lemon flavors, "which can act as a breath freshener too."

Hershey's Jacob's has this advice for retailers trying to squeeze new products into their planograms: "I'd be careful of flavor extensions across some brands. Some [manufacturers] are trying to take shelf space by rapidly driving flavor extensions. But at the end of the day, are they truly innovations for the consumer?"