

# Innovation, New Releases Keep Category Sales Energized

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— Dragana Ilic, AAFES Buyer, Non-Alcoholic Beverages



Ilic

Even as the energy drinks category has matured for some outside-the-gate retailers, sales for these types of beverages do not appear to be finished growing in Army & Air Force Exchange Service (AAFES) stores.

The potential exists for further expansion even if not as dramatic as in the last decade. "The energy segment has room for growth, although it is not growing in double digits as it has in the past," said Dragana Ilic, Exchange buyer responsible for non-alcoholic beverages. "There continues to be an opportunity for growth as the category continues to introduce new innovation and bring in new consumers."

Ilic added that in both AAFES stores and throughout the U.S., the energy category "continues to be significant contributor to beverage growth." Specifically in AAFES stores, Ilic reported that "energy is the largest category within non-alcoholic beverages," and sales are continuing to rise, with fiscal 2018 year-to-date sales volume increasing 7.3 percent through March 2018.

This follows up on fiscal 2017, when energy drinks produced \$79.2 million in sales, a 3.39-percent increase over the prior year's \$76.6 million tally.

## PLANOGRAMS

Regarding product selections, Ilic said "The AAFES buying group determines the assortment, utilizing market- and store-level sales data as well as innovation schedules from the various suppliers."

Ilic said up-to-date planograms help AAFES to get the most out of its energy drink assortment.

"Store-specific planograms are generated for the top-85 percent of the stores based on their sales and opportunities," she explained. "The energy drink planograms are also evaluated by the category captain — for all non-alcoholic beverages it is Pepsi — and category validators — Coca-Cola and Red Bull. Store personnel are responsible for implementing the planograms to ensure optimal sales based on data analytics and buyer recommendations."

The buyer said that category captains provide industry data and trends, and build planograms based on headquarters-approved assortments. "They use space-to-sales analysis to determine the space within the cooler doors for each given category," she explained. "Distributors and stores are expected to follow the planogram and the allocated space within the energy segment for each brand."

"Approved new innovation items or flavor extensions are merchandised within the cooler space allocated for that brand. Mass displays can be approved from AAFES headquarters to support price promotions and 'innovation launches.'"

## "INNOVATION LAUNCHES"

Ilic pointed to "innovation launches" as accounting for "a large portion of growth year after year." The buyer noted that Monster Energy "has a significant innovation schedule and is broadening its presence throughout the non-alcoholic beverage categories."

New, innovative Monster products include Monster Espresso (12 oz.) and Caffe Monster, as well as Monster Ultra Violet (in 24-oz. and 4-pack varieties) and Monster Hydro's new 25.4-oz. offering.

Other energy drink companies are also ramping up the creation of innovative beverage offerings, including Red Bull, which Ilic said, "will be launching a new 1-oz. Summer Edition Coconut Berry and a

special edition 16-oz. Camo can, which will be on the market in May-September and in July, respectively."

AMP Energy is going the organic route with its new offerings, with Ilic stating that new SKUs of organic AMP Energy will soon be replacing current AMP Energy drinks.

Ilic said another popular energy brand — NOS — recently released its high-performance Nitro Mango beverage, and the popular energy drink brands will soon be joined in AAFES's assortment by Uptime Energy, a new addition to the NOS label.

## 'HEALTHIER' ENERGY DRINKS

For those customers desiring low- or no-sugar varieties, Ilic said AAFES has numerous choices on its shelves.

"The major energy drink companies all provide low- and no-sugar options to meet these needs," she said. "Monster has a very successful line of Ultra energy drinks. Monster Ultra SKUs and Red Bull's Sugar-Free SKUs are within the top-25 energy drink SKUs worldwide."

Ilic said other manufacturers also offer low- and no-sugar SKUs, including Xyience and the Rockstar Pure Zero line.

"Additional organic varieties will be available for those who want an energy drink, but are desiring a 'healthier' ingredient alternative, such as the new AMP organic line," she noted.

## PROMOTIONS

Ilic said that numerous energy drink promotions, programs and innovations — including a sweepstakes sponsored by top energy drink suppliers — were successful in 2017.

Both Monster and Red Bull were prominently featured in a number of promotions in AAFES stores during the past year, including:

- Monster (16 oz.) "3 for \$5.55" price promotion; the early military launch of Monster Mango Loco; and the Monster Ultra Violet 16-oz. launch.
- Red Bull (12 oz.) everyday low price (EDLP) "2 for \$5" promotion, and promotions on Red Bull Sugar Free Editions (12 oz.) two new flavors, Purple (Acai Berry) Edition and Lime Edition.

"We have similar price promotions planned for this year as well as sweepstakes," Ilic said.

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Although energy drinks are a maturing beverage area for many retailers, fiscal 2017 category sales in AAFES stores, for example at Fort Sam Houston, JB San Antonio, Texas, increased 3.39 percent to \$79.2 million.