

# DeCA Vitamins, Minerals, Supplements and Energy Foods

## The Road to Category Health



Smith

**W**ith Defense Commissary Agency (DeCA) stores a stronghold for sales of national and trusted brands at cost prices, it is not surprising that brand loyalty plays a significant role in customers' shopping basket selections. Also high on patrons' supplement shopping lists in the category recently have been alternative product formats and products with laboratory and "pharmacist-recommended" endorsements.

"Commissary patrons are brand loyal within the agency's vitamins category," said DeCA Category Manager LaRue Smith, who is responsible for baby and healthcare. "National brands are by far the preferred brands. Nature Made is the No.-1 brand in dollar sales and No. 1 in dollar growth contribution, contributing about 37 percent of total DeCA CONUS dollar growth in the VMS area." Product innovation has also played a major role in the category and is manifested in sales increases among gummy and melt formats. Patrons have also responded to product attributes such as "No.-1 'pharmacist recommended,'" and according to the category manager, "Consumer loyalty is highest for national brands because of depth of assortment and higher trust factors."

According to Smith, DeCA's commissaries "offer customers the best brands and the best items available at the best possible everyday price. Furthermore, our stores carry a wide selection of brand-name vitamin

products which are USP-verified and 'pharmacist recommended.' Our stores also carry a solid representation of children's and adult multivitamins as well as branded bone and joint health products.

DeCA's VMS assortments cater to a broad spectrum of patron preferences. "The overall selection encompasses a vast variety of vitamins, minerals, herbs and non-herbal supplements that can assist in managing and maintaining health and wellness at any age. Commissaries are committed to offering the latest alternative forms, which provide a fun, sensory experience to supplements," Smith commented.

These alternative formats, including gummies and powders, are driving dollar growth "and bringing new vitamin consumers into the category," Smith said, with key gummy brands in DeCA stores being Nature Made, VitaFusion and L'il Critters.

### REGIONAL, SUBCATEGORY VARIATIONS

Smith told *E and C News* that through March 28, worldwide DeCA sales in the VMS category had experienced a 5.1 percent dollar volume decline, and a 7.8 percent slide in units. "Non-herbs and multivitamins, and calcium, represent the largest percentage of declining dollars," he noted.

Smith explained, however, that while most regions were showing VMS declines, Alaska VMS sales have increased versus a year ago. "Alaska's growth is

being driven by increased consumer demand for multivitamins, single vitamins, and non-herbs," he added.

Further, among DeCA's CONUS regions, Smith said that stores in the Southwest and Central parts of the country were among those showing the largest dollar and unit declines versus a year ago. He said that Europe's VMS sales were down 4.1 percent, with 60 percent of the decline attributed to non-herbs.

Although sales in the Pacific were down 8.5 percent, Smith noted that this area was nevertheless "experiencing growth in single vitamins, minerals, and calcium."

### DRIVING SALES

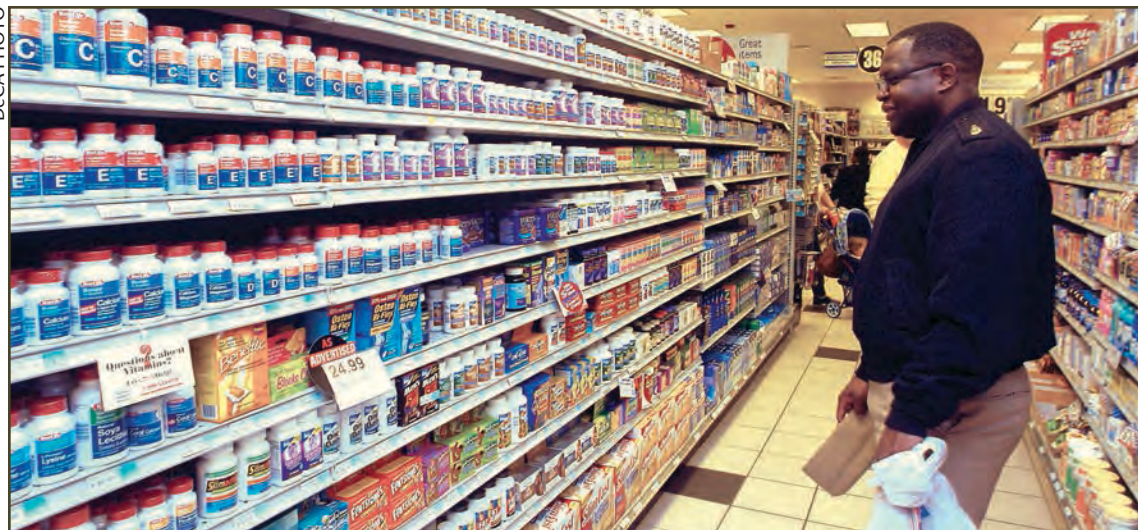
"Products and trends currently driving sales include women's and men's non-senior multivitamins; probiotics, natural vitamin C; vitamin B-12; melatonin; turmeric; multiple herbs; biotin, and vitamin C powders, which make up 98 percent of DeCA CONUS' dollar growth," Smith said, "with children's multivitamins; vitamin B-12; vitamin C powders; natural vitamin C; milk thistle; and probiotics generating 95 percent of Europe's dollar gains."

In the Pacific, Smith listed vitamin D; biotin, natural vitamin C; calcium carbonate; probiotics; vitamin B-12; Melatonin; and vitamin C powders as strong sellers, comprising 87 percent of their growth dollars.

Smith said an area to watch is gummy vitamins. "Gummy vitamins are resonating well with military commissary VMS consumers," Smith noted. "The gummy form creates an environment where patrons look forward to taking vitamins, as they taste like a candy treat. DeCA is continuing to expand its assortment of gummy vitamins to stay on trend with what customers are seeking."

Another hot area, said Smith, is vitamin powders, "which are added to water and are performing well and are in high demand." Probiotics is another

DeCA PHOTO



DeCA stores, such as the Little Creek Commissary, JEB Little Creek-Fort Story, Va., stock a large assortment of vitamins and supplements to suit almost any need.

## DeCA FISCAL 2014 TOP 20 VMS SKUs BY UNIT VOLUME

PRODUCT	UNIT VOLUME
1) Nature Made Fish Oil With Omega 3 (100 count)	32,442
2) Nature Made Vitamin D3 1,000 IU Tablets (100 count)	31,214
3) Nature Made Vitamin D3 2,000 IU Tablets (100 count)	26,192
4) Centrum Silver Adult Multivitamins (Men) (100 count)	24,214
5) Nature Made Magnesium 250MG Tablet (100 count)	23,576
6) Nature Made Chewable Vitamin C 500MG Tablets (60 count)	23,139
7) Centrum Silver Adult Multivitamin Multimineral (100 count)	22,997
8) Nature Made Vitamin C 1,000MG Tablet (100-count bottle)	20,905
9) Emergen-C Natural Supplement Drink Mix (30 count)	20,694
10) Airborne Immune Support, Effervescent, Orange (10 count)	19,949
11) Nature Made B-12 Vitamin 1,000 MCG (75 count)	17,760
12) Nature Made Biotin 2,500 MCG Liquid Soft Gels (90 count)	17,669

PRODUCT	UNIT VOLUME
13) Nature Made B-12 Vitamin 500 MCG (100 count)	17,505
14) Nature Made Biotin 5,000 MCG Liquid Soft Gels (50 count)	17,366
15) Phillips Colin Health Probiotic Capsules (30 count)	17,214
16) Sundown Naturals Fish Oil With Omega 3 1,200MG (90 count)	16,479
17) Sundown Naturals Vitamin D3 1,000 I U Tablets (100 count)	15,809
18) Nature Made Sublingual B12 Vitamins 1,000 MCG (50 count)	15,764
19) Nature Made D3 Vitamins 5,000 IU Liquid Soft Gels (90 count)	15,757
20) Nature's Blend Garcinia Cambogia/Hydroxycitric Acid 500 MG (60 count)	15,662

Note: Sales during the 26-week period ending March 28, 2015. Sales are CONUS only and exclude Alaska and Hawaii.  
Source: DeCA

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important product group for a growing number of VMS customers. The category manager noted that customers “understand the important role that these items play in digestive and immune health.”

Smith believes that “the demand should continue to increase” for higher strengths and various bacteria strains focused on gender and specific health needs.

## ALTERNATIVE FORMATS

As with any commissary category, new items help spur sales of the overall category. “New items represent approximately 70 percent of growth dollars for the category on an annual basis,” Smith said. “Currently, alternative forms are driving dollar growth in the category.

These alternative forms — gummies, melts, and bursts — are bringing new vitamin users into the category. Some of these new users were not purchasing vitamins because they didn’t like to take pills.

“Some new users, such as millennials, represent a new, younger demographic that is being proactive about its health. Alternative forms provide the opportunity for commissary shoppers to try before they buy with sampling events.”

## BEST-IN-CLASS

Smith noted that this month, a complete category review is scheduled to take place on DeCA’s VMS category. “At the conclusion of the review,” he said, “changes will take place, such as adding new products to the assortment — including gummies and melts — mirroring best-in-class retail merchandising practices, increasing pack-out on key selling items, and removing slowest-selling items to create space to add new innovative products. These changes will help reverse negative sales trends.”

## PROMOTIONAL PLANS

In addition, Smith said he is working on another initiative to boost sales, as he is striving to develop an annual promotional plan commencing in 2016. “An annual promotional plan will also help grow sales by offering the right vitamin products, at the right times, and at the right prices,” he explained.

Promotions also help to boost sales. “Promotions play a vital role in growing vitamin sales, and they are critical to achieving and maintaining sales growth in the VMS category,” Smith said. “Promotions provide opportunities for our customers to try products without risk. Promotions also draw attention to new forms and products as they are featured and displayed.”

Smith said that outside-the-gate retailers “aggressively promote” VMS via online and circular promotions. “Therefore, it is incredibly important that DeCA offer simultaneous promotions to influence customer shopping behaviors,” he noted.

Regarding significant VMS promotions for fiscal 2015, Smith said that DeCA offers customers promotions on high-demand items during peak or best-selling periods: January, February and March. Also, Nature Made products will be promoted with a 25-percent-off program sometime later this fiscal year.

Some subcategories, including these displayed at NSB New London, Conn., (top photo) are showing significant sales strides, including women’s and men’s non-senior multivitamins.

DeCA commissaries, such as NNSY Portsmouth, Va., (two lower photos) offer customers the best VMS brands and items available at the best possible everyday price



## DISPLAYS, FACINGS

The manner in which items are displayed also helps sales. “These products are stocked by in-store employees as well as brokers,” Smith explained. “An annual review of shelf space allocation by items provided an opportunity to adjust facings from slower movers to top unit turners. Some manufacturers provide cardboard displays at peak promotional and purchase periods, such as ‘Cough & Cold,’ ‘New Years’ Resolution,’ and ‘Back-to-School.’ These types of display mechanisms are proven to drive sales.”

The safety of products sold in DeCA stores is of paramount importance for the agency. This is particularly emphasized in VMS categories, in which

products have come under heightened scrutiny in recent years both inside and outside the gate.

## FDA-APPROVED

“DeCA sells only Food and Drug Administration (FDA) approved products,” Smith noted. “During product recalls, swift or immediate actions are taken to help safeguard our patrons. Certain VMS manufacturers, including Nature Made, have third-party designates and authenticators that put their reputation and loyalty behind their brand. The two primary designations are ‘USP Seal of Verified Quality,’ and ‘No.-1 Pharmacist-Recommended Brand.’”

—E and C NEWS