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Nutty About Seeds

By Julie Crawshaw

Health benefits, new flavors and innovative packaging have boosted consumer interest in this often overlooked category.

C-store customers are discovering what Native Americans learned thousands of years ago: A handful of nuts or sunflower seeds can satisfy hunger and boost energy reserves without risking adding excess body fat—and researchers have found that people who include nuts and seeds in their diets lower their risks for heart disease, cancer and diabetes.

Though most consumers probably aren't thinking about that at the moment of purchase, there's little doubt that extensive media coverage of the health benefits of the protein, vitamins and trace minerals that nuts and seeds provide has increased consumer demand for this frequently overlooked category.

"We're seeing the shift to healthier snacks like seeds and nuts, but I think it's a little slower than some of the other channels just because our customer base is still predominantly younger males who aren't as much into healthier eating as are older shoppers," said Randy Adams, buyer for the 111 Huck's Food and Fuel chain in Carmi, Ill.

Customer Preferences Subtly Changing

Though his Midwestern consumer base does tend to run a bit behind the healthy eating trend that began about a year ago, Adams noticed his customers are clearly changing the way they snack in subtle ways.

"Almonds, for example, have really taken off in the last six months to a year," he said. "They are now doing better than the traditional honey-roasted items, so there is a shift out there—and of course we're definitely a very, very big sunflower seed market."

Indeed, in the overall category, Huck's largest sellers are David's sunflower seeds. About three years ago, Adams added four SKUs of Zote's sunflower seeds, which have a higher dollar ring, a nicer profit margin and a little bit different taste profile than the typical sunflower seed, and the chain is doing extremely well with those.

New Flavors Drive Category Growth

Gulf Oil General Manager Terri Murray serves such a wide array of consumers every day that not offering a variety of healthful snacks like nuts and seeds simply isn't an alternative anymore. "We have to offer it all in order to make everyone happy and continue to grow our business," she said.

Chris Tamillo, national sales manager for Spitz USA, confirmed that sales of nuts and seeds are clearly in an upward move. Tamillo said that though the category as a whole is increasing 3 to 5%, Spitz products are growing at a healthy rate of 45% sustained across all markets—a trend he credited to unique flavors and convenient packaging.

"We're definitely seeing a trend towards flavor products in seeds," Tamillo said. "People can chew them and satisfy their cravings for a salty snack without getting all the calories and fats present in most salty snacks and consumers really appreciate the re-sealable bags."

Zotes' sunflower seeds top sellers in the c-store channel are salt and pepper and dill pickle flavors, said Zotes' co-owner Jared Fry. "The flavors are new and what customers are looking for," Fry said. "We really haven't done any marketing with those flavors to

drive sales, it's just kind of gone that way." The company is also seeing sales increase for its beer baked, tequila lime, spicy nacho, hot wings, bleu cheese, garlic roast and jalapeno flavors.

Convenient Packaging is Key

New products and new flavors continue to be primary sales drivers, but packaging is important as well, Fry observed. For example, Zotes markets its seeds in bottles to make it much easier to eat them while driving or engaging in other activities that require at least one hand. The popularity of the bottles began to grow as customers realized they provided an alternative to plastic bags that were prone to spills.

"It's hard to manage the steering wheel with one knee if you have to use both hands to pour seeds," Fry said. "Bottles let customers keep one hand on the wheel while they indulge."

However, though most people agree that convenient packaging is persuasive, not everyone agrees on the marketing benefits of bottles.

Tim Grossi, category manager for the 33 Maryland-based Dash In Food Stores, said that while seeds did much better last year than in prior years, the chain's biggest nuts and seeds sellers were the more traditional, small, three-to-five ounce plastic packages that are easily maneuverable with one hand.

"Why seeds are doing so much better overall, I do not know, but they are," Grossi said. "We put Jim Beam seeds in our stores last year and they're doing just as well, but not better than David's—which leads me to believe that no matter what the category or purchase group is, new items are what drives the boat."

Grossi added that while seeds and nuts are important contributors to the high salty snack sales his chain enjoys, he's also getting higher profit margins by using local producers for more of the chain's snack product buys, increasing profits by as much as 40% in the process.

Dash In, which is currently expanding its fresh food offering to include snacks like fruits, vegetables and yogurts, makes a point of keeping fresh snacks separate from salty ones in order to satisfy two entirely different types of snack-hungry customers: typical c-store "Bubbas" who buy beef jerky and soda or beer and women customers looking for non-traditional grab-and-go items better for their health.

Grossi believes making more of these items available to customers will change both their buying habits and their perception of c-stores. "Behavior won't change without presenting something different," he said. "Growth sometimes will not be profitable, but if it's large enough, you can eventually sharpen your pencil."

End Cap Marketing Pushes Sales

Dash In is using end caps to promote salty snacks, seeds included, as is Huck's, which made its biggest seed marketing push within the last two years by adding a multi-vendor end cap (MVE).

"Before, the nut and seed section was just a four-foot-long dedicated inline set that customers had to look for," Adams said. After dedicating the entire top of an end cap on the end of the aisle closest to its fountain soda offerings, Huck's began to see really strong growth in the nuts, salty and sweet items from that multi-vendor end.

"It's the only place in the store we merchandise Zote's sunflower seeds, and it's really paid off for us," Adams said. "We've been amazed and very happy with the change."

Since adding MVE racks, all Huck's stores are enjoying double-digit growth in the nuts and seed category. The fact that the company made a big push to make its fountain sodas a signature item at the same time was pure marketing synchronicity.

"When we began building the fountain and tying the multi-vend end into to it, we also put a salty snack rack right next to the fountain and the sales off that have been phenomenal as well," Adams said. "It's the hot spot in our store, and we've been able to capitalize on all the foot traffic with two lines."

Adams also brought in Kar's nuts to provide an even wider range of flavors including a yogurt apple mix, a sweet and salty mix and a raisin trail mix. "We didn't want to duplicate what we already had in Planter's and Frito, so we added five or six SKUs of something unique, and that's been a big success for us as well," Adams notes.