



Freezing Reign

**Sex, crassness, nostalgia
heat up sales of frozen beverages**

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"Shocking." "Disturbing." "A little sickening." "Very graphic." It's not uncommon to hear people use such adjectives to describe war footage, horror films and pornography. But when someone utters them in regard to point-of-purchase materials for frozen beverages sold in a convenience store ... well, that's saying something.

Of the 10 years he's spent hawking

frozen beverages, Gary Wildman spent about half that time with the Ontario division of Mac's Convenience Stores, an arm of Laval, Quebec-based Alimentation Couche-Tard. It was there he saw things that caused him to utter the adjectives listed above—namely the grosser-than-gross marketing campaigns for its proprietary Froster line of frozen beverages.

One salaciously named slush stood

out in his mind: Bloody Zit.

"We went for shock value," says Wildman. "It was an about-face marketing program compared to what we had been doing—very aggressive. It's something 17-year-olds would love and their parents would despise. It got some pushback from the community, but it got acceptance. ... Store operators were a little concerned at first because it was very graphic. But the kids loved it."

Does Sex Sell Slush?

Scene: Two “hotties” wearing only bras and panties stroll through a meadow. Cue music: something coy, something playful. The college-age girls find a tree to lean against and begin caressing each other. One blows on the other’s neck. She giggles. Hands go exploring.

The tree—well, not exactly a tree but a chimera that’s part oak, part shirtless human pervert—interrupts the girls’ banter with some suggestive flirting. Perturbed, the girls take axes to the tree-man’s trunk. Each swing of the ax causes a moan to escape his lips and a sticky, orange liquid to spew from nicks in his trunk. One girl laps up the liquid in slow motion. The other lets it pool in a cup marked “WTF” then gulps it down.

This might sound like a script for some weird kind of skin flick—and one can see why—but it’s actually a description of a Web-based advertisement for frozen beverages sold in Canada’s Mac’s Convenience Stores. The Internet has been a valuable “viral” tool for promoting Mac’s WTF-branded frozen beverages to Web-savvy teens. Such a suggestive ad might seem out of place for such an innocuous item, but when it comes to selling slush, there are few rules to follow.

“At the end of the day, it’s about dollars in the register, and the dollars were in the register,” says Gary Wildman, who worked on Mac’s frozen-beverage business in Ontario for five years; he’s now helping fellow Canadian retailer Petro-Canada build up its foodservice business. “I can say we didn’t offend everybody, but we did offend some people.”

Calls to Mac’s went unreturned, but news reports suggest the WTF campaign, which included store posters featuring a nun and a goat bowing before a glowing, slush-filled cup bearing the WTF logo, ruffled a few feathers. Blogger and marketing expert George Torok referred to Mac’s previous Bloody Zit slush campaign as “brilliant” for its ability to connect with teens.

Wildman has since moved on to Mac’s competitor Petro-Canada, Calgary, Alberta, where he oversees the foodservice category for the company’s 600-store network. But he recalls his time helping Mac’s grow its slush business as eye-opening. It taught him that pushing the boundaries of good taste can get people excited about a brand, for reasons good and bad, and that it can be quite profitable.

“It’s all about flavors, all about being first to market,” he says. “We had the strength of the brand, and we had custom flavors. Everybody’s doing Mountain Dew and Coke and Pepsi. We had Bloody Zit, with shake-on seasonings made of citric-acid powder that resembled scabs. ... It’s all about being different, because you’re trying to compete with the category juggernaut in 7-Eleven.”

No doubt category leader 7-Eleven Inc. has created legions of frozen-beverage fans and spawned dozens of copycats looking to ride the coattails of the mighty Slurpee. 7-Eleven has crafted some interesting promotions of its own over the years, often tied to movies, TV shows and other pop-culture icons, but they’ve been much safer than Mac’s often bristly marketing slant.

Yet edginess is by no means the rule of law for selling frozen beverages, a category that accounted for 3.6% of total industry foodservice sales in 2006, up from 2.4% in 2005, per

2007 NACS State of the Industry data. Playing off consumers’ fondness for simpler times has helped retailers sell countless hoppers of frozen beverages, according to Susan Woods, vice president of marketing for Pennsauken, N.J.-based J&J Snack Foods, owner of the revered ICEE and Slush Puppie brands.

“The strength of the [ICEE] brand lies in the fact that it’s nostalgic, and it’s good, clean fun,” says Woods. “People don’t plan on going out to get an ICEE or a Slush Puppie. It’s strictly in-store POP [point-of-purchase materials] that sells it.”

“Both brands have been around for a considerable amount of time—about 40 years each,” she continues. “They have a good nostalgia factor to them that appeals to the adults of today and kids of today. They’re both impulse items; they’re both treats. The consumer can’t go to the refrigerator and get one. So they see the POP, and that initiates the desire to purchase.”

Barriers to Profit

Regardless of whether a company uses nastiness or nostalgia to fuel frozen sales, it’s all about the strength of the brand. Or is it? “At the end of the day, guests don’t care what it’s called,” says Wildman. “They only care that it’s available.”

Chuck Pagan, director of operations for S-Mart, a 12-store chain based in Colum-

GAME TIME: Frozen beverages and pop culture go hand-in-hand. 7-Eleven’s Slurpee tie-in with the release of video game “Halo 3” helped attract the key 18-and-older gaming crowd.



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BURLEIGH KASTER

Frozen Beverage Enterprises

bia, S.C., tends to agree. He doesn’t have to do much with the frozen category because “it pretty much sells itself,” he says. Sales in the United States tend to fluctuate by season, dipping when the temperature drops. But the execution issues that hobble many foodservice subsectors may be an even greater sales barrier than numbers on a thermometer.

“The machines—they’re very temperamental,” Pagan says. “If you don’t mix that syrup right, it will malfunction. We constantly reinforce the right way of running the machines to our employees, and that’s really all you can do. We have to make sure they understand the proper mixture so we can make sure those machines are running and selling product as often as possible. If it’s not working, you’re not selling.”

Equipment issues are a more common challenge than some would realize. But more often than not, stock-outs at the slush machine come not from operator error but operator indifference.

Burleigh Kaster, CEO of Frozen Beverage Enterprises, Louisville, Ky., owner of the fledgling Penguin Ice brand, suggests that if marketers worked more diligently to keep the machines full—or invest in auto-fill equipment for a nominal \$800 investment on top of the stan-

Who’s Getting Frozen?

It depends on who’s answering. Vickie Grimes of Boyd Coffee Co. describes the primary demographic for consumers of frozen coffee beverages as “kind of the Starbucks crowd—the 18-to-34-and-over crowd,” while fruit-based beverages such as cranberry-pomegranate and blueberry “are attractive to the female customer,” she says.

But Burleigh Kaster of Frozen Beverage Enterprises says the market ranges from “10- and 11-year-olds, up to blue-collar males in their mid-40s.” A good number of retailers and frozen-beverage vendors target the “soccer moms,” but Kaster thinks that’s the wrong consumer.

“[Bubba] wants something cold, something that delivers on taste and gives him his sugar buzz and, of course, it’s convenient,” he says. “If you deliver that, he’ll associate himself with the brand. But you have to be careful that the brand is not too cutesy. . . . Once we get the initial sale, we’ll keep him as a customer.”

Chuck Pagan, whose 12 S-Mart stores in South Carolina sell the Slush Puppie brand, says customers are “almost evenly mixed between male and female,” with most purchasers in their mid-20s to mid-30s. “It’s more or less a destination purchase,” he says. “They know they want it when they walk in, or their kids see it and go right for it.”

The largest demographic group consuming frozen beverages comprises children and



teens, if you ask Susan Woods, vice president of marketing for J&J Snack Foods’ ICEE and Slush Puppie brands. “Fifty percent of the consumer base is 17 and younger,” she says. “Another 18% to 20% are 18 to 24.”

Dunkin’ Donuts, Canton, Mass., has created a whole new day-part with its Smoothies and Coolatta frozen beverages. “These beverages move Dunkin’ Donuts beyond breakfast with high-quality cold beverages that are available all day,” says Scott Hudler, senior director of brand marketing for the company. “Adults tend to gravitate toward the fruit-based Coolatta slush drinks, while our newest addition, SoBe Energy Coolatta, appeals to a slightly

younger target.”

But according to 7-Eleven Inc., the category’s undisputed king and holder of the Slurpee brand, there’s no such thing as an ideal target for frozen beverages. “There’s something for everyone,” says spokesperson Margaret Chabris. “Fun colors and flavors, [and] movie and promotional tie-ins attract various crowds.”

7-Eleven’s “Squishee” tie-in (pictured), through the summer 2007 motion-picture release of “The Simpsons,” appealed to 18- to 34-year-olds. A promotion coinciding with the release of the “Halo 3” video game attracted the 18-and-older gaming crowd. Red and blue colors lure in the younger kids. And energy-infused and low-calorie Slurpees attract specialty consumers.

dard \$2,000 operators pay for dispensing equipment—business would increase by 50% or more. And while retailers can improve business by staying in-stock, managing flavors more proactively can make a store a destination.

“You can’t allow the flavors or the brand to get boring,” he says. “As we say in the slush business, you should always

run at least one red or one blue at all times. . . . You can go from strawberry to cherry to strawberry-banana, then maybe back to strawberry again. The higher-end rotational chains, they listen to this and they live by it.”

Consumers are craving unique flavors in virtually every food and beverage item they ingest, so frozen beverages are no exception. The non-

fruit-flavored segment is rife with opportunities for customer experimentation, according to Kaster, whose company offers seasonal flavors such as cappuccino, eggnog, hot buttered rum, snickerdoodle and pumpkin spice, the last of which “tastes exactly like Mother’s pumpkin pie,” he says.

“We’ll drag Bubba into these flavors a bit—bringing blue-collar into the white-collar arena, if you will,” he says. “I don’t care what demographic you’re in; everyone remembers these flavors and has pleasant memories of them.”

‘Very Acceptable’

The non-fruit-flavored frozen segment has fueled growth of the Coffee House Freezers line from Boyd Coffee Co., Portland, Ore. In some

regard, the industry has non-c-store entities such as Starbucks, Dunkin’ Donuts and McDonald’s to thank for making frozen and iced coffee more mainstream, according to Vickie Grimes, Boyd’s national c-store channel manager.

“Frozen coffee and iced coffee are really growing exponentially,” she says. “We had a frozen line of fruit-based beverages for a number of years, and then we did mocha and it did extremely well. ... You have to look at our good friends at Starbucks and give them a certain amount of credit, because they made [these beverages] very acceptable.”

Retailers can maximize frozen-



GLORY DAYS:

While some retailers have tried edgier campaigns, others market to customers who purchase frozen beverages for nostalgic reasons—because they’re “good, clean fun,” says one expert.

beverage sales by offering ample variety, according to Grimes. Given that most retail-

ers offer only two to four “bowls” of frozen beverages per store, she suggests offering one fruit flavor and one coffee flavor at all times.

“The person coming in for hot coffee in the morning is going to see that

VARIETY SHOW: Retailers must rotate their frozen-beverage flavors regularly to maximize sales. Some experts suggest stocking at least one fruit-based and one coffee-based beverage at all times.



you offer a frozen version and will come back, so the repeat visit is strong for the afternoon,” she says. “It’s an affordable drink (\$1.99 per 16-ounce drink) compared to what they’d be buying at a coffeehouse, and it has good margins of more than 50%. The only drawback is space considerations, because there’s so much to offer. But how much space can you allocate toward the category?”

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VICKIE GRIMES *Boyd Coffee Co.*

While a two-bowl offering is standard, experts say retailers stand to benefit by expanding their selection. It’s a highly visual category, so brightness and boldness—not to mention cleanliness—win out, according to Wildman of Petro-Canada, and that rule applies equally to signage and beverage flavors.

“Basically, you have a window that’s very small so the customer can see what the flavors look like,” he says. “You’re trying to capture them with very bright and vibrant colors—bright reds, bright blues, bright lime greens. In western Canada, one of the strongest flavors in the war chest is banana. You have to catch their attention, because guests buy on color.

“More barrels equate to more sales, and strong POP equals more sales,” he continues. “It’s not about price. It’s about assortment and strong in-store images.” ■