

# C&C Cola

**FOR C&C COLA INC., CRANFORD, N.J., VARIETY, VALUE AND ITS DISTRIBUTION model keep retailers and consumers in the Northeast happy with this regional brand. As the C&C brand moves into new territories, the company perseveres through a hands-on, back-to-basics approach, says President Mitchell Kelner.**

"As a regional brand, and there are not too many left, C&C has been one that has weathered the soda storm over the years," Kelner says. "We have maintained the original C&C formulas that were brought about in the '60s and '70s. We have not compromised. Our concentrates cost more to produce than a competitive regional or typical private label product would cost, but we maintain that because that's what our customers enjoy."

C&C Cola is the brand owner of C&C, with its flagship line of carbonated soft drinks in an assortment of flavors. The company doesn't depend on large supermarket chains for sales, but rather independent retailers who have supported the C&C brand. Distributing 8 million cases annually, C&C Cola is able to keep its beverages value priced for consumers through its back-to-basics business model. It negotiates packaging fees with its co-packers by driving volume, and the company uses an everyday-low price program to create that volume, Kelner says. In addition, C&C has a distribution system to support it, with its sister company East Coast Foods to aid in its distribution efforts.

## WAREHOUSE DISTRIBUTION

One of the major advantages C&C Cola has over competitors, Kelner says, is its years of operating a distribution company.

"We take the magic of East Coast Foods and the dynamics of how they run their trucking and incorporate that with how we run the C&C brand," Kelner says. "It's been very unique and has saved us money."

Until 1997, when Kelner's family-owned company Kelco Sales & Marketing Inc. purchased the C&C trademark for the United States, the roots of Kelner's business had been distributor based. Kelco Sales & Marketing owned East Coast Foods, the largest redistributor business in the Northeast, he says. East Coast Foods was started by Kelner's father Meyer Kelner.

In addition to handling C&C products, East Coast Foods represents beverages under contractual agreements to redistribute those products to second-tier wholesalers. These wholesalers supply small cash and carry customers, such as candy and tobacco

jobbers, foodservice and mobile catering.

Distribution also played a role in C&C Cola's success. In the 1970s, C&C Cola introduced warehouse distribution to reduce the handling cost of product for the company. C&C Cola still uses a warehouse distribution model today.

"We have no DSD effort," Kelner says. "It wasn't a Coke and Pepsi environment for up-and-down-the-street. It is pure warehouse distribution."

While C&C Cola and East Coast Foods operate as two separate companies, the company does marry the brands at its distribution centers in New Jersey because the East Coast Foods operation maintains the distributorship for C&C within the New Jersey market. C&C products that are distributed into its perimeter markets are processed through direct plant shipments.

Within the Cranford area, the company operates its own fleet of tractor trailers and holds about 240,000 square feet of warehouse space. C&C Cola keeps 300,000 to 350,000 cases on the floor at all times, so it can service last-minute orders and customers who run promotions.

"We don't have to wait for a factory to run at night or run over the weekend," Kelner says. "We've got the product sitting and ready to go, so we make a strong investment in inventory and a strong investment in equipment and people to ultimately facilitate our brand."

"We can service our customers within the tri-state area within 24 hours, and in some cases, the same day," Kelner adds. "We do have customers that will make like a '911 call' and will tell us they need two trailers same day, and our distribution system can react to that. We run our own fleet of tractor trailers, and it is not uncommon for the office to authorize that trailers be shipped the same day to a customer within the market. It's not typical of how we would like to operate, but being a hands-on operation and knowing what's going on throughout the day, our people react very quickly. The attitude around here is that the quicker we get another truckload of C&C product into the market, it's going to be available to our ultimate consumer, which is our biggest fan."

C&C Cola also uses a broker network in three markets now. With the New Jersey tri-state area, it

C&C Beverages expands from regional base



Mitchell and Jesse Kelner run C&C Cola and East Coast Foods from a family base.



uses a broker network for foodservice, which sells its 8-ounce can package to hospitals and nursing homes. The company also uses a broker in the Mid-Atlantic region for the entire C&C lineup. In late May, C&C Cola signed with a broker network in South Florida, which will become the focus of growth for the remainder of the year.

#### PACKAGING AND FLAVOR VARIETY

C&C is produced strictly in a co-packing environment, with two premier co-packers Honickman in its College Point, N.Y., and Baltimore facilities, and Polar Beverages in Worcester, Mass. "We've had a nice relationship with those folks for a number of years," Kelner says.

When Kelco Sales & Marketing acquired the brand in 1997, C&C was a typical carbonated soft drink line with 10 flavors. "They were probably the same flavors that have been hammered out of plants for the last 30 years," Kelner says.

The company decided to talk to its distributors in core markets and learn who their consumers were and what flavors they preferred.

"We started adding some very unique flavor lineups to our total portfolio, which ultimately grew to 125 SKUs that we currently offer," Kelner says.

On top of unique flavors like Cotton Candy, Watermelon, and its newest flavor, Orange

Pineapple, C&C Cola began to offer flavors targeted toward Hispanic consumers. The company also offers a bilingual label for a few of its SKUs.

The numerous unique flavor options have helped C&C wholesalers increase their placement in retail accounts, Kelner says. For example, C&C's most popular size, its single-serve 24-ounce bottle, is available in 28 flavors.

C&C Cola's No. 1 flavor is still Cola, which Kelner says is a shock to many people given the competition in the market. Orange is the company's No. 2 flavor, followed by Pineapple and Ginger Ale.

"What's unique about it is, if you go into each size of C&C, from cans to 3-liter bottles, that flavor lineup is fairly typical of our volume depletion," Kelner says.

The company also receives letters and e-mails from consumers requesting new flavors. "Consumers have some great ideas, and I think some of the flavors that we ultimately did produce were flavors that came in through suggestions," Kelner says.

Flavors offer one type of variety to consumers, and package size adds another. C&C's beverages are available in 8- and 12-ounce cans and 24-ounce and 1-, 2- and 3-liter bottles. Earlier this year, C&C also launched a new 20-ounce bottle.

In addition to its carbonated soft drink line, C&C Cola offers C&C Natural Spring Water in a 16.9-ounce bottle and 1-gallon jug. The company



↑ C&C offers a range of flavors in addition to its flagship Cola.

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also sells a line of 2 percent juice drinks and one ready-to-drink C&C Iced Tea with Natural Lemon flavor.

#### PRE-PRICING

As a value-driven brand, another unique business proposition C&C Cola instituted is pre-pricing. The company took two lines — its 20-ounce bottles of carbonated soft drinks and its non-carbonated 2 percent juice and tea line — and began to offer the lines with pre-priced labels. The 20-ounce carbonated soft drink line is pre-priced at \$0.50 for a bottle, and the non-carbonated lineup is priced at two for \$0.98. Next year, it plans to expand its two-for-\$0.98 program, Kelner says.

“There is enough margin in there for the wholesaler and the retailer...,” he explains. “It’s part of what we call our value-added line here. We produce both products in a non-priced version as well for other markets, but for within the inner city that truly needs it, and especially where national brands are today, in-unit pricing has been a very, very successful program for us.”

C&C Cola currently serves customers from Maine to Florida, but one of its initiatives is to expand to more wholesalers throughout the country. In the past few months, Jesse Kelner, general manager of the company and Mitchell Kelner’s son, formed a new division to reach out to these wholesalers, and has been successful in shipping product to Georgia, North Carolina, Texas, Ohio and the Mid-Atlantic region, which are territories that the company has traditionally not been able to get into. The company also hopes to move into California and Arizona.

The Northeast corridor has really been the company’s main market for its 12 years of ownership, but moving into surrounding markets is important for the brand to give the company some balance, Kelner says.

With the handful of regional brands available around the country, Kelner’s commitment

to keep the C&C brand within a family environment gives its customers and wholesalers a certain level of comfort.

“We feel that we can take this brand and put it into markets and have people handle it as if it is their own brand, knowing

that they are building equity in it, and knowing that we will be there the next year and the year after,” Kelner says. **BI**



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