

# 7 lb. Bag Drives Volume and Revenue Lift: The Benefits of the Reddy Ice 7 lb. Bag



## REDDY ICE'S TRANSITION TO A 7 LB. BAG PROVIDES AN OPPORTUNITY TO CARRY MORE INVENTORY AND INCREASE SALES VOLUME AND REVENUE

### WHAT CAN YOU EXPECT WHEN YOU MAKE THE SWITCH?

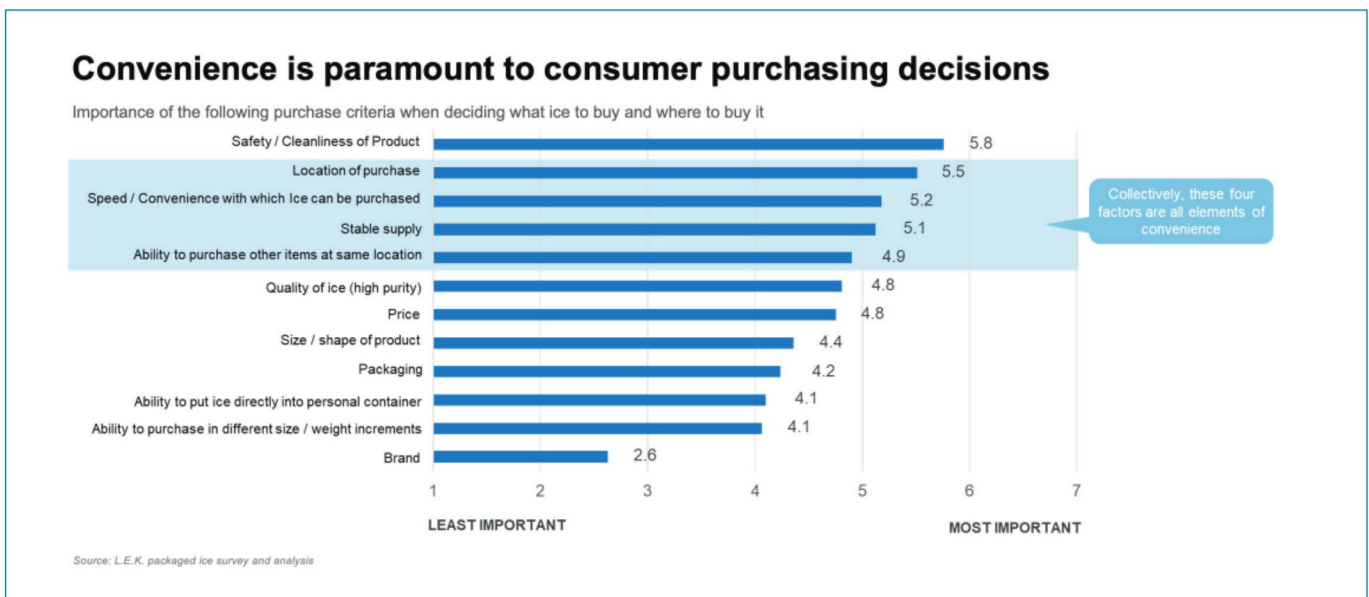
Reddy Ice's 7 lb. bag presents several opportunities for your retail ice sales, including:

- Increasing your capacity for inventory
- Boosting your stock levels
- Option to maintain the current 10 lb. pricing to grow profit margins
- Encouraging more unit sales as consumers purchase multiple bags of ice

### MINIMAL IMPACT TO CONSUMERS

Research indicates that there are many growth opportunities for retail ice sales. According to recent studies, most ice customers are not aware of how ice is packaged or priced. Moreover, ice customers buy for immediate demand, like filling an ice chest, and have a higher perception of ice prices than the actual amounts. For example, the top third of consumers estimated pricing for ice to be approximately 69 cents higher than actual prices for a 10 lb. bag.

When asked about importance of buying criteria related to ice, customers place price and packaging much lower on their buying criteria than you might imagine. Consumer input shows that the top purchase criteria is of course safety and cleanliness of product. Beyond that, the next four purchasing factors are elements of convenience, such as location of purchase and ability to purchase other items. Pricing, size, and packaging as influencers of purchase decision, are less important to the consumer providing an opportunity to innovate in this area to drive margins and volume.



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*"We have a mix of customers who buy ice along with other things in our locations, usually to fill a cooler."*

*"By offering the 7 lb. ice packaging, many of our customers bought two bags when before they would have only bought one."*



## REDDY ICE'S 7 LB. BAG RESULTED IN INCREASED SALES AND REVENUE FOR THIS RETAILER

Reddy Ice's 7 lb. bag has proven successful in maximizing the opportunities you have with your retail ice sales.

### CLIENT

One national retailer has retail ice centers in 60 locations. They have a mix of high-, mid-, and low-volume ice purchasers between multiple sites.

### CHALLENGE

Our client needed to quantify the opportunity for growth within the ice category at their stores. To do so, they wanted to test the new 7 lb. bag against the existing 10 lb. bag to help outline consumer purchasing behavior when presented with a different option, in order to see if the new package generated a difference in sales volume and revenue.

### SOLUTION

Reddy Ice implemented the new 7 lb. bag for this retailer. The client maintained the same retail price point as the 10 lb. bag.

### RESULTS

The test pilot yielded a 38 percent lift in volume versus an 11 percent lift for the 10 lb. bag, which resulted in increased revenue for the retailer's ice sales. Our client moved forward with 7 lb. ice inventory at all their locations following this successful test.

## QUESTIONS?

Contact your Reddy Ice Sales Representative or call our Customer Care team at 800.280.2051 for more details.