



Quality is king
By Michal Sorensen

According to Smithsonian.com, Swanson & Sons made a giant mistake in 1953. It overestimated, by 260 tons, the amount of frozen turkey that the American market wanted for Thanksgiving. The company quickly took a cue from pre-prepared food served on airlines and created what eventually was called the TV Dinner. In 1954, the first full year of production, the company sold 10 million frozen turkey dinners at the price of \$0.98 each.

Fast-forward to 2012: Packaged Facts states in its October 2012 report titled "Frozen Foods in the U.S." that the frozen foods market is at \$44.0 billion, with the frozen entrée segment accounting for 66 percent of frozen food dollar sales in mass-market outlets.

However, the rate of growth in the frozen foods market is less than stellar. Packaged Facts reports only about a 0.4 percent rate of growth over the previous year's sales and forecasts the segment to grow at only about 2 percent per year for the next five years. But there is hope.



With new product offerings, updated packaging and a concentrated effort on merchandising, retailers could draw consumers into the frozen food aisle and create loyal repeat business.

Quality counts

But first and foremost, retailers need to understand that quality must be king.

"The food should be the hero," says Rob Holland, CEO of Los Angeles-based Flagship Food Group. "All retailers should be looking at the current quality of their private label products. If they are not as good as the [national] brand, they should upgrade. You need to give the brand customer a reason to switch."

But, as Denis P. Renuart, president and CEO of Coconut Grove, Fla.-based Neptune's Gold Inc., points out, price often gets in the way of quality. Retailers try so hard to get the lowest price that the quality of the food is forgotten.

"Don't try to scrimp on quality just to get that price down," he adds.

A quality mindset is especially important in the frozen food category because consumers already have the perception that frozen is somehow of lower quality than fresh food.

Do

give the consumer a reason beyond pricing to switch.

Don't

skimp on quality just to get a better price.

"It used to be years ago that anything that was frozen was considered a secondary product," Renuart says.

Liz Myslik, executive vice president of sales and marketing, Fresca Foods Inc., Louisville, Colo., agrees.

"There has been this mainstream feeling that frozen food does not taste as good, is not as healthy and is more processed," she says.

As consumers become more educated about frozen food, there is evidence that their attitudes toward frozen foods change. Myslik points to the growing number of health-minded foodies who have become natural/organic consumers and who recognize that frozen items can be healthier than shelf-stable products due to the reduced amount of processing.

"It is a behavior change for a lot of consumers to make this shift. But there definitely is a small but enthusiastic minority of people that think frozen is where fresh can be found," she says.

Nowadays, many frozen products are of better quality than their fresh counterparts, too, because the products are frozen immediately, Renuart says. In the marketplace, what is called "fresh" could be sitting there for 30 days, he points out.

Convenient and healthful

If quality is king, then convenience is queen.



"Manufacturers are constantly asking, 'What can I do to make this more convenient for the consumer?'" says David Weinberg, director of marketing for Day-Lee Foods, Santa Fe Springs, Calif. "So you are seeing a lot of packaging that allows for steaming, whether it's in a bag or in a bowl. Anything that can be microwaved and still taste good is clearly what consumers want and what manufacturers are trying to give them."

Jeff Gehres, director of sales and product development, Holland, Mich.-based Request Foods Inc., agrees.

"The number-one callout on consumer frozen entrée packaging is 'microwaveable,'" he notes.

Ease of use is especially important with ethnic entrees. With the Travel Channel and Food Network being watched in so many of today's households, consumers are more interested in trying new flavor profiles such as Phillipino, Pan-Asian, Thai, Korean, Afghani, Moroccan, Indian and South American. But with these ethnic offerings comes the need for caution.

"One of the biggest questions with new products, less familiar products, is 'How do I cook this?' ... When you can help that consumer understand how to prepare something and make it sound easier and take away some of the fear, that goes a long way," Weinberg says.

Frozen meal and entrée category performance

	Frozen handheld entrées (non-breakfast)		Multi-serve frozen dinners/entrées		Single-serve frozen dinners/entrées	
	Private Label	All Brands	Private Label	All Brands	Private Label	All Brands
Dollar Sales (in millions)	\$94.1	\$2,417.9	\$123.6	\$2,102.7	\$63.2	\$4,602.5
Change vs. Year Ago	-6.6%	+1.5%	-8.5%	-6.0%	-9.2%	-2.7%
Dollar Share	3.9%	100%	5.9%	100%	1.4%	100%
Unit Sales (in millions)	41.3	826.4	17.7	349.2	30.3	2,175.3
Change vs. Year Ago	+16.2%	-0.6%	-13.1%	-7.9%	-14.4%	-4.5%
Avg. Price Per Unit	\$2.28	\$2.93	\$7.00	\$6.02	\$2.09	\$2.12

Source: IRI, a Chicago-based market research firm. Total U.S. supermarkets, drugstores, mass market retailers (including Walmart), military commissaries and select club and dollar retail chains, for the 52 weeks ending March 24, 2013.

Health-related attributes count, too. Retailers could use the packaging to call out the fact that frozen also means on-hand quality, healthful products. In fact, the consumer wants to see these types of callouts, Gehres adds.

Myslik agrees that store brands see success when retailers highlight the calorie count, the amount of fiber and/or the servings of vegetables contained in a frozen product.

"Consumers want to feel like they're eating healthy, as well as buying products that have a lot of flavor and tremendous taste," Weinberg says.

This means highlighting on-pack buzzwords such as "gluten-free," "low sodium" and no "trans fats." These healthful callouts help consumers differentiate between products and make them feel good about their purchase, Weinberg notes.

"Don't make it hard for consumers to find them; don't hide them on the back of your package; put them right on the front," he adds.

But don't make claims that are unrealistic in nature, especially when it comes to calorie counts. If you draw a consumer in by advertising a low calorie count only for him or her to find out that a serving size is barely a mouthful of the product, you'll lose that repeat business, Renuart explains.

Don't skimp on design

And callouts alone are not enough to attract consumers. Strong packaging design is also necessary.

"Consumers make purchase decisions in the blink of an eye," Weinberg says.

High-quality photography and high-end packaging (matte finishes) will go a long way toward building a store brand and revenue, Holland says.

"Private label does not have to knock off the national brand colors to be successful," he adds.

It's important is to step away from the "generic" product feel and create a unique and distinct product for the consumer, Weinberg maintains.

"Anytime you can create some distinct product names that have appetite appeal, you're going to have a leg up on the competition," he says. "Whenever [retailers] can do that, they're going to attract more consumers to reach in, pick up the box and give it a second look – and in many cases, buy it just because it sounds interesting."

Reel consumers in

Ultimately, merchandising frozen meals and entrées can be more difficult than merchandising many other categories. Consumers don't shop the frozen aisle in the same way they do typical grocery aisles, and the additional barrier of the products being behind a glass door can make it very challenging to draw consumers in, Myslik says.

"Store brands have to do more promotion and drive more consumer awareness than they might have to in other categories of the store," Myslik says.

But retailers can find ways to attract attention to these products. Floor banners, freezer end caps, cross-promotions, circulars and viral videos are all relatively easy ways to promote awareness of frozen meals and entrées and draw consumers to that section.

And don't forget: Retailers decide how to organize and place products on the shelves. This means that store brands can and should be in the best position on retail shelves to catch consumer eyes.

"[Retailers] can't just put the private label items on the shelf in an out-of-the-way part of the shelf at a lower price and expect it to succeed," Holland says.

Once the consumer is in the frozen food aisle, it is necessary that he or she finds what he or she is looking for, immediately. Thinking strategically about consumers and what they're looking for and where they want to find it will garner the best results, Myslik says.

