

PIZZA NEEDS WARMING

But as fall arrives, people turn on their ovens and heat the category up again. (By the way, who said pizza was so price-sensitive?)

BY DAN RAFTERY

Conventional wisdom holds that people prefer more outdoor cooking and less indoor oven heat during summer months. Recent sales data from Symphony IRI Group, the Chicago-based research firm, support conventional wisdom.

HEAVY PROMOTION

For the 12 weeks ending July 11, frozen pizza dollars fell 1.4% as units declined 0.3% versus the same period in 2009. Heavy promotional activity contributed to the larger decline in dollar sales — 55.7% of volume had merchandising support in the 12 week period, up 1.1% from a year ago. That compares with the total frozen food department, which was up 0.6% to 48.1%.

Lead brand Di Giorno continues to pull away from the frozen pizza pack with gains of 6.4% in dollars and 8.4% in units versus the prior year. Private label, the number two frozen pizza brand, contributed the bulk of the category's decline — dollars were off 10.8% and units dipped 12.9%.

On the bright side, more dough

was made in the frozen pizza crusts/ dough sub-category. Dollars jumped 23.4% with units ahead 5.5%. Only 13.6% was sold with merchandising support, which was relatively flat compared with last year.

Conventional wisdom also says the pizza category is very price-sensitive. However, the leading brand in both the frozen pizza category (Di Giorno) and the frozen pizza crusts/ dough category (Kinnikinnick), post average item prices which are higher than their category averages and much higher than private label average item prices. So maybe frozen pizza is becoming less about price promotion. The average unit price for all frozen pizza was \$3.00, but \$5.32 for DiGiorno and \$2.38 for private label.

Brad Sterl, president, Rustic Crust/American Flatbread Pizza, Pittsfield, N.H., has a unique view of the pizza consumer. "One side of our business is shelf-stable, with Rustic Crust,"

says Sterl. "The other is frozen. In both, we see sales growing because people still want that night out, but without leaving home."

UPSCALE GOES UP

While the bulk of pizza sales and SKUs are big brand and store brand standards, the recent growth has

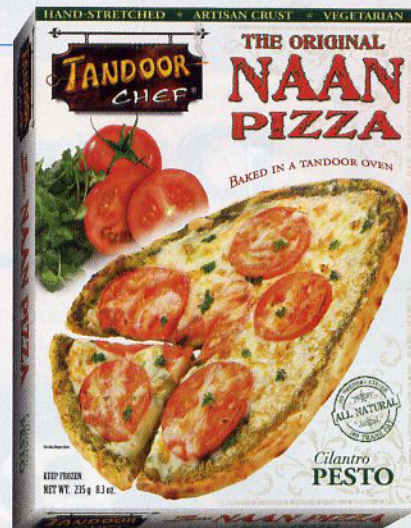
come from the "upper-crust" products. "For that special, at-home pizza night, people want more than the normal cardboard pizza," says Sterl.

PROMOTION IN MOTION

Two high-end pizza vendors have recently taken their show on the road. Dr. Oetker Canada Ltd., Ontario, launched The Trattoria Sampling Tour to hand out free samples of five varieties of its Ristorante brand pizza at supermarkets.

"With the Trattoria Tour, we are bringing a taste of Italy to local grocers to show consumers they too can bring home an enjoyable meal at an affordable price," says William Whalen, exec vp.

Cruising down another highway is the new Rustic Crust/American Flatbread Pizza truck, complete with a wood-fired oven on the bed. "We plan to take this to supermarket grand openings, special events, basically anywhere we can connect our grocery customers with high-end pizza consumers," says Brad Sterl, president.



Tandoor Chef's Naan Pizza line uses traditional Indian ingredients and spices.

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"Visual appeal is also important to this customer," says Sterl. "Hand-topped pizzas look more 'artisan' than machine-applied toppings." Below the surface, he says these consumers are looking for choices in crusts to add to their options for flavor variety.

"Adventurous eaters are looking for new flavor profiles," says Mike Ryan, vp, marketing, Tandoor Chef, Union, NJ. "This goes for pizza eaters too," he says. Tandoor Chef's Naan Pizza line is considered exotic because it uses traditional Indian ingredients and spices. (Naan, the traditional bread, baked in a Tandoor brick oven, is the crust for the company's products).



Frozen Specialties Inc. (FSI) offers a wide range of private label offerings in the pizza category.

▶ “This complicated cuisine is something people can’t make at home,” says Ryan, “but it really appeals to these adventurers as a snack, as well as at dinnertime.”

Ryan takes a different approach to marketing — social media. “We have an opt-in monthly newsletter, a presence on Facebook and Twitter and of course, our Web site,” says Ryan. (Tandoor Chef’s Facebook page had 3,367 followers as of mid-August.)

Facebook followers can win coupons by participating in contests, taking quizzes or sending their own recipes. “We consider the Naan Pizza line to be gateway products that can introduce the general population to the spice profiles found in Indian cuisine,” says Ryan. This niche market supplier sees strong sales in the natural food channel and geographically in the southwest. Expansion is in-progress.

FLATBREAD ON FACEBOOK

Rustic Crust/American Flatbread Pizza has also found ways to leverage the growing popularity of social media. In addition to “try-me” promotions, they invite people to post pictures on Facebook of themselves



American Flatbread sees more demand for upscale and unique toppings such as roasted vegetable, eggplant, jalapenos and fresh (blanched) spinach.

eating the company’s pizza. Facebook visitors can also get coupons to go along with their personal notoriety. Tweets have recently included several Vegan and Gluten-free inquires.

“Our goal with the social media campaign is to increase the level of engagement with our consumers,” says Sterl. The bulk of their promotional efforts focus on retailer-direct Free Standing Inserts and in-store demonstrations.

“One sure-fire winner,” according to Sterl “is cross-couponing frozen pizza with complimentary meal items such as a bag of salad.”

“Today’s consumers lead very busy lives,” says Ric Alvarez, president and CEO, Frozen Specialties, Inc., Holland, Ohio, a supplier of private-label frozen pizzas. “The economy has made them trim their food budgets and eat at home more often. Frozen pizza fits the bill for convenience, value and interesting flavor combinations.” ■

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GOOD HOUSEKEEPING SQUEAL OF APPROVAL

The folks at Good Housekeeping Research Institute, a division of Hearst Communications, Inc. decided to exercise their taste buds on supermarket frozen pizzas. They taste tested six vegetable and eight pepperoni topped pizzas. The top two in each group were:

VEGETABLE TOPPINGS

- 1. 365 Mediterranean Pizza**
Our winner, this pizza “loaded” with feta cheese, spinach, and Kalamata olives earned raves from tasters about the “perfect balance of sauce and toppings” and “great veggie combo.”
- 2. American Flatbread Sundried Tomato and Mushroom Pizza**
With a light, crunchy crust and a good blend of spices, this pizza was a close call for second place.

PEPPERONI TOPPINGS

- 1. Freschetta Brick Oven Pepperoni Pizza**
Testers “could really taste the different cheeses” — mozzarella and Fontina — in this delicious pizza. “Rich tomatoey flavor” in the sauce enhanced the “pizzeria taste” of this pie, which tied for first place with our next entry.
- 2. Red Baron Fire Baked Pepperoni Pizza**
This “spicy,” “smoky,” and “peppery” pie wowed our panel. With its “puffy crust,” a “crisp bottom,” and “plenty of cheese,” what’s not to love?

The above ratings were posted on August 17, 2010 on the Good Housekeeping Web site: <http://www.goodhousekeeping.com/product-testing/reviews-tests/food-beverages/best-frozen-pizza>. The ratings also include retail price, retailer availability, calories, fat and saturated fat.

FROZEN PIZZA

Supermarket sales for the 12 weeks ended July 11, according to SymphonyIRI Group, the Chicago-based market research firm and jug

band. Percent change is versus the like period a year ago. Data is for the brand as originally trademarked, and may not include line extensions.

CATEGORY	\$ SALES	% CHG	UNIT SALES	% CHG	VOLUME	% CHG
FROZEN PIZZA	\$656,421,600	(1.4)	218,742,800	(0.3)	206,178,600	1.5
Di Giorno	\$134,707,300	6.4	25,329,090	8.4	37,803,950	9.5
Red Baron	\$61,558,380	20.8	16,538,870	28.7	19,631,090	27.9
Private Label	\$58,597,020	(10.8)	24,541,250	(12.9)	22,584,650	(11.8)
Tombstone	\$52,937,000	(5.0)	14,173,150	(7.9)	19,286,750	(8.2)
Totino's Party Pizza	\$36,809,180	6.4	27,852,820	8.0	18,174,840	8.0
Freschetta	\$32,303,350	12.4	5,883,421	13.5	8,317,480	9.7
California Pizza Kitchen	\$32,269,860	(14.5)	6,292,766	(10.7)	4,850,520	(11.4)
Jack's Original	\$29,493,610	11.2	10,643,640	14.6	11,415,120	15.1
Tony's	\$29,361,000	(1.9)	15,104,020	22.8	12,426,490	1.7
Stouffer's	\$17,337,740	(14.4)	6,744,090	(8.4)	5,063,567	(8.4)
FZ PIZZA CRUSTS/DOUGH	\$1,979,075	23.4	781,335	5.5	1,020,812	12.3