

# SNACKS & APPIES STEADY, BUT...

**Cash-strapped consumers are shifting to lower-priced alternatives. Observers expect demand for premium quality options to rise again as the recession eases.**

BY DENISE LEATHERS

**A**lthough 52-week sales of frozen snacks and appetizers were essentially flat, the category stumbled a bit over the last quarter. According to Chicago-based market research firm SymphonyIRI Group, supermarket dollars dipped 2.1% to \$185.6 million in the 12 weeks ended July 11, compared with the year-ago period. Consumers aren't buying fewer snacks and appetizers — volume was down only 0.2% — they're simply spending less on them.

## TOTINO'S UP 10%

Consider the strong performance of the category's top-selling brand, Totino's Pizza Rolls, whose sales shot up 10.0% over the past 12 weeks, thanks to the fact that it boasts the lowest price per unit (\$3.12) among

the top 10 brands and moves more product backed by merchandising support (40.6%) than all but one. But Totino's wasn't the category's biggest gainer; that honor goes to number-nine brand Chung's, whose sales jumped 20.8% over the past 12 weeks, albeit off of a much smaller base. Not surprisingly, however, Chung's claims the second-lowest price per unit (\$3.23) among the top 10 and better-than-average volume sold with merchandising support (37.0%), suggesting that price remains consumers' number-one concern — recovery or not.

To help meet growing demand for value, many manufacturers introduced family-size SKUs designed to bring down price per unit, while others rolled out protein-free snack options with lower retails. But industry insiders say frozen snacks and appetizers is one of those trend-driven categories that can turn on a dime, leaving anyone relying on yesterday's sales data at a real disadvantage. So what's next for the category?

Although "comfort foods" that take consumers back to the safety and security of their pre-recession childhoods are all the rage right now (think mac and cheese bites and mini hot dogs encased in dough), manufacturers say more sophisticated, ethnic-inspired snacks and appetizers are likely to become the next big thing, as shoppers look to leave the austerity of the last two years behind them.

"Consumers are looking in their grocer's freezer for the bold, exotic flavors they've discovered in restaurants," says Mike Ryan, sales and marketing vp at Union, N.J.-based Deep Foods, maker of the Tandoor Chef line of Indian foods ([www.tandoorchef.com](http://www.tandoorchef.com)). He adds, "Consumers tend to be slightly less intimidated



Many El Monterey snacks now come in resealable bags, providing extra convenience to consumers.

by (ethnic) snacks and appetizers than entrees," making the category a natural starting point for newcomers to a particular cuisine. Particularly popular are those items

that offer an ethnic twist on items already familiar to most consumers. For example, says Ryan, the Tandoor Chef's Jumbo Samosas are often compared to empanadas while its Tandoori Chicken Wings look a lot like Buffalo wings — though they offer a distinctly Indian flavor.

Frank Benso, vp of retail sales at Nampa, Idaho-based Great American Appetizers ([www.greatamericanappetizers.com](http://www.greatamericanappetizers.com)), says more consumers are seeking better-for-you choices, even in the traditionally not-so-good-for-you frozen snacks category. To meet growing demand for lower fat, lower calorie options, he says, the company recently introduced green bean fries, a much healthier alternative to French fries. To amp up the ethnic appeal, however, it paired the item with wasabi ranch dipping sauce.

Many of the Tandoor Chef's frozen snacks and appetizers are already pretty good for you, adds Ryan. But given consumers' growing interest in healthy fare, it highlights the items' nutritional benefits on pack, whether additive- and preservative-free, all natural, vegetarian or whatever.

## CONVENIENCE STILL KING

Tandoor Chef also promotes the "microwaveability" or "toaster-oven friendliness" of its appetizers, underscoring the fact that convenience and ease of preparation remain critical to the success of any frozen snack. But portability is becoming important as well, particularly among those consumers who snack on the go.

To help meet growing demand for snacks that travel well, too, Dinuba, Calif.-based Ruiz Foods (

Tandoor Chef's Jumbo Samosas are often compared to empanadas, though they offer a distinctly Indian flavor.

foods.com) recently began offering its hand-held Tornados — a grab-and-go C-store staple since 2002 — in frozen form, so consumers can heat up their own at home, reports company president and CEO Bryce Ruiz.

In another move designed to boost the convenience factor a notch, Ruiz Foods recently began offering many of its El Monterey brand frozen snacks in resealable bags “designed specifically to allow consumers to remove what they want, reseal the bag and place it back in the freezer until the next hungry moment arrives.”

That kind of versatility has been a boon to consumers who use snacks as the basis of mini meals — a growing trend with roots in foodservice — and don’t want to prepare a whole package at once. “People are eating on average six times a day instead of three,” says Benso, who links the growing popularity of products like sliders — mini burgers and sandwiches — directly to the shift in consumption.

The trend is equally evident on the appetizers side of the category, reports Erin Flaherty, marketing coordinator at Wilmington, Mass.-based Goodwives ([www.goodwives.com](http://www.goodwives.com)), which offers a complete line of frozen handcrafted hors d’oeuvres. To better accommodate customers who also use its products to create

small meals, “We introduced Thai Peanut Chicken Satay, which can be served as an appetizer at a party or as a small meal with some rice and vegetables.”

### IMPULSE-DRIVEN

According to manufacturers, more than half of all frozen snack and appetizer sales are impulse-driven, making proper merchandising and promotion critical. But according to SymphonyIRI, only about 35.0% of total frozen snack and appetizer volume over the past 12 weeks was backed by merchandising support — well below the frozen department’s 48.1% average.

Though promotional activity tends to pick up during key selling seasons — Christmas/New Year’s, the Super Bowl, graduation, etc. —

the category’s transition from entertaining-only to everyday opens up new opportunities for promotion. “Retailers can drive category awareness and profitability by promoting various segments at the same time,” adds Ruiz.

Cross-merchandising represents another underused strategy that can boost sales of frozen snacks and appetizers. For example, says Flaherty, “If the store sells wine or other alcoholic beverages, they can pair them with appetizers, making throwing a party at home even easier for shoppers.” The two items don’t necessarily have to share the same physical space, she adds. Even signage that tells consumers where to find the complementary item is often enough to get the sale.

Finally, says Benso, retailers should strive to keep the frozen snacks and appetizers category fresh by frequently rotating product offerings, particularly on the private label side where in-and-out slots can be used to test items.

“People’s tastes are constantly changing, and consumers are becoming much more sophisticated in terms of food,” adds Flaherty. “They aren’t going to want the same products today that they wanted a few years ago.” ■



To meet demand for a healthier option to French fries, Great American Appetizers has introduced Green Bean Fries.

## APPETIZERS/SNACKS ROLLS

Supermarket sales for the 12 weeks ended July 11, 2010, according to SymphonyIRI Group, the Chicago-based research firm. 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
<b>TOTAL CATEGORY</b>	<b>\$185,600,600</b>	<b>(2.10)</b>	<b>51,734,360</b>	<b>(1.97)</b>	<b>49,054,880</b>	<b>(0.20)</b>
Totino's Pizza Rolls	\$51,021,140	9.99	16,369,500	8.60	17,775,870	12.40
TGI Friday's	\$16,389,990	(4.35)	3,913,697	(5.56)	2,763,630	(3.93)
Bagel Bites	\$16,148,930	(1.72)	4,608,835	(1.79)	3,197,279	(0.93)
Private Label	\$13,980,660	(6.16)	4,329,238	(8.67)	4,186,274	(9.35)
José Olé	\$12,581,830	(8.78)	2,685,032	(5.80)	3,574,831	(3.95)
El Monterey	\$10,923,370	(1.36)	2,149,770	10.12	2,918,243	(4.03)
Delimex	\$8,160,776	15.53	1,262,536	11.77	2,465,475	13.63
Chung's	\$5,615,746	20.81	1,740,901	22.17	1,324,086	20.61
Farm Rich	\$6,165,912	0.41	1,049,307	(13.83)	1,556,075	(12.37)
Poppers	\$2,867,793	(42.44)	720,066	(42.16)	484,653	(40.08)