



Products that address specific health & lifestyle issues are giving the category a boost.

Frozen food sales *WARMING UP*

BY CAROL RADICE

Shoppers seeking healthier options have traditionally avoided the frozen food aisle, where products high in fat and sodium have ruled since the invention of the TV dinner. However, that is slowly changing as consumers who are focused on health and wellness look for quick, affordable and tasty meals and snacks that they can pop in the microwave.

While variety, quality and consumer interest have been on the rise over the past several years, natural and organic frozen foods have been among the many categories impacted by the recession. Although experts had projected double-digit sales growth, the gains over the past few years

have been relatively modest. But as industry executives point out, the fact that there was any growth at all is evidence of the niche these products have carved for themselves in consumers' lives.

Industry observers say three key drivers are helping sustain interest in natural and organic frozen foods: increased availability, the eat-

at-home trend and a focus on gluten-free, low-sodium and other features to address specific health needs.

A recent survey conducted by Mintel, a New York-based research firm, found that more than half of respondents reported that they bought organic frozen foods in the last year, with organic frozen vegetables, juices,

entrées and desserts the top segments purchased. When asked about their natural product purchases, three-quarters of respondents reported purchasing natural frozen foods in the past year with ice cream, frozen vegetables and juices the most likely purchases.

Mazen Rabah, vice president sales and marketing for Carson, Calif.-based Cedarlane Natural Foods, says that most of the top players, including Cedarlane, saw growth over the past year. “Consumers are coming back to the category, something that is reflected in the most sales recent data as well as in the size of our shipments,” he says.

Michelle Erbs, marketing manager at Amy’s based in Santa Rosa, Calif., anticipates rising interest in gluten-free offerings. “I think retailers are realizing that gluten-free isn’t just a trend is it an essential way of life for many people,” says Erbs. “For their part, as consumers become more educated they are gravitating toward products that have ingredients with recognizable names.”

MAKING ROOM

While the future looks bright, industry observers say the lack of available shelf space is one of the top challenges retailers will need to address going forward.

Levon Kurkjian, vice president of marketing for Kettle Cuisine, the Chelsea, Mass.-based supplier of frozen soups, chilis and chowders, says that some conventional retailers are hesitant to add frozen soup.

“Some grocers consider frozen soup a relatively obscure category and are reluctant to give it space until they can determine if the category has long-term potential,” he says. “For them, and for some consumers, when they think of soup they think of the center store, not the frozen aisle.”

To change that mindset, Kettle Cuisine officials are focusing the company’s marketing message on the use of fresh ingredients. “Once people taste our product they realize this is nothing like canned soup,” he says.

FEEDING THE WHOLE FAMILY

Dena Zigun, brand manager for Lawrence, Mass.-based Ian’s Natural Foods, says consumers are seeking convenience and value when it comes to family meals, which bodes



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—MAZEN RABAH, CEDEARLANE NATURAL FOODS

well for the category.

She says shoppers are looking for solutions that will appeal to the entire family, as busy moms don’t have time to cook separate meals for kids and adults. “Parents are harried, but they also want to be able to offer their kids convenient options that address their health issues,” she says.

While products have to please a variety of tastes, they also have to meet the needs of kids with allergies and other concerns, she notes. “We have continued to see strong double-digit growth at Ian’s in the frozen category for a number of reasons, but predominantly because of our focus on providing consumers healthy options for their kids with dietary restrictions,” she says.

Ian’s has expanded its family-friendly line of gluten-free French bread pizza with the addition of a pepperoni variety made with dairy cheese. “Parents love that they are able to give their kids with gluten issues pizza without hav-

ing to make it from scratch,” says Zigun. Additionally, Ian’s will be launching an allergen-free onion ring in January, the first of its kind on the market.

Offering healthy options for growing kids is the focus behind San Francisco-based Peas of Mind, notes Jill Litwin, founder and CEO. New this year from the company is Peas of Pie, a cheese-based pizza made with a vegetable crust. While many frozen pizzas use dehydrated powder, Peas of Mind uses real nutrient-dense vegetables such as broccoli, carrots, and cauliflower that are kneaded right into the dough. As a result, each pizza contains 1 1/2 servings of vegetables. And, as Litwin notes, because they don’t add a lot of oil in the crust the pizza has 50% less fat than most cheese pizzas. “It’s also, a great source of vitamin A, calcium, iron and vitamin C,” she says, adding that the pizza size was intentionally made smaller so it is easier for kids to pick up.



Peas of Mind also expanded its Puffet line with the recent addition of Mamma's Pasta Puffet, a hand-held dinner with organic tomatoes, orzo pasta and ground chickpeas. The Puffet line also includes Black Bean Polenta, Carrot Risotto, Nanna's Banana and Eat Your Greens Puffets varieties. All but the newest option are gluten free. According to Litwin, each Puffet is like a mini-casserole and contains the four food groups. "When I looked at what was out there, I saw baby food and chicken fingers, but nothing that was really ideal for young kids, so I created Puffets as a healthy, quick option," she says. Puffets are sold in two- and four-pack options to fit different budgets and to entice trial.

The company also has a line of Veggie Wedgies, which are baked crispy fries that are available in broccoli, cauliflower, carrot and apple varieties. "The reality is kids are going to eat pizza and french fries so why not give them something that is healthy," she says.

TASTY AND NUTRITIOUS

One reason for the category's ability to weather the storm has been the continued emphasis on improving quality, according to industry experts.

"Taste has and always will be our top focus," says Cedarlane's Rabah. "We can easily compete with any conventional company on flavor."

In their quest to eat healthier, consumers often focus on aspects such as fat and sodium or on portion control, but seldom have they been able to find all of these features in their selection.

Looking to address multiple needs, Amy's is launching a Light and Lean line. According to

Erbs, each meal has fewer than 300 calories, less than 5 grams of fat and 590 mg or less of sodium. Light and Lean entrees are available in four varieties: Spinach Lasagna, Pasta & Veggies, Soft Taco Fiesta and Black Bean & Cheese Enchilada. "These convenient, tasty, low-fat, low-calorie meals are perfectly proportioned and Amy's is excited to enter this category while maintaining our practice of using only quality organic and natural ingredients," she says.

This winter, Kettle Cuisine is debuting an Asian-Inspired Thai Curry Chicken Soup. Kettle Cuisine's chefs combine naturally raised chicken, bamboo shoots, mushrooms, bell peppers, and brown rice with green curry, lemongrass, and coconut milk in a made-from-scratch chicken stock. The gluten-free, dairy-free soup includes authentic Southeast Asian flavors and has 13 grams of protein and 4 grams of dietary fiber per 10-ounce serving.

"We have been exploring a number of new options, but this one really stood out, both at trade shows and in food service where it has been well received. Kurkjian says to ensure the soup would appeal to a wide variety of people they refrained from making the soup spicy.

HEALTHY START

Although they have more than 30 SKUs, officials at Cedarlane are continually launching products that are both functional and taste great. Recently, the company introduced healthy alternatives for breakfast, including a breakfast burrito and three varieties of egg white omelets, two of which are vegetarian. Made with cage-free eggs the omelets are low-cholesterol, gluten-free and high in protein.

Cedarlane has also expanded its vegetarian entrée offerings with the addition of a low in cholesterol, high protein Three Cheese Stuffed Manicotti, a spinach and mozzarella entrée with parmesan and ricotta cheeses stuffed into manicotti pasta and covered with an authentic Italian red sauce. According to Rabah, using a lasagna noodle rather than a rolled one, produces a different flavor profile. Also new is Cedarlane's Pesto and Four Cheese Baked Stacked Eggplant, a hand-layered breaded eggplant with four cheeses, pesto, roasted red peppers and slow-roasted

tomato sauce. They have also added Shrimp and Turkey Sausage Jambalaya, which is made with shrimp, turkey sausage, fire roasted tomatoes, red and green bell pepper and basmati rice with a spicy sauce.

FINDING A HOME

Kurkjian from Kettle says the product should be placed in the conventional case. "There are a number of people who are occasional buyers of natural and organic foods, a group marketers call the aspirational consumer," he says. "Knowing this, the only way to really stand out and stop consumers in the aisle is to have a strong presence on the shelf. One or two SKUs in a store with 5,000 frozen products is unlikely to help a product stand out."

On the flip side of the argument, Ian's Zigun notes that Ian's has seen success when their products are placed in gluten-free or allergen-free sets. "This is where our consumers are accustomed to finding products that fit their lifestyle needs. We can best serve them by filtering the shelf selection for them in a dedicated set."

Rabah recognizes that integrating natural and organic frozen foods with conventional is a massive undertaking. "This is one of the few categories that has been slow to integrate in part because of the constraints that come in dealing with a space that is much more finite than in non-perishable categories."

While there is a significant amount of duplication in the aisle and easy to argue the need for SKU reduction, Rabah says some retailers are additionally resistant to integrate because the cost and time involved in restructuring the department. "Progressive retailers are behind this and understand the long-term gains they stand to face," he says.

Rabah says that many smaller firms can't afford the slotting fees associated with placement with conventional products. "The other reality is that since our customer base is smaller, products do not sell as fast and retailers can quickly become impatient that our sales don't match up to conventional counterparts," he says. "When making the decision to carry natural and organic frozen products, retailers and manufacturers both need to make sure they have realistic expectations of what the sales velocity can be," he says. □