

Category Review: Pizza/Frozen Pizza/Pizza Specialties

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Compared to last year's gangbuster performance, this year's growth in the private label frozen and refrigerated pizza categories has slowed, but could still be described as "steady", and in some cases, private label growth even outpaces the overall category.

According to data from Chicago-based SymphonyIRI Group, dollar and unit sales gains for private label frozen pizza (supermarkets, drug stores, and mass market retailers excluding Walmart) for the 52 weeks ending March 21st, 2010, are up 10.8% and 2.3% respectively, with an average unit price increase of .19%, narrowing the price differential between private label and branded frozen pizza.

The refrigerated category (pizza crust/dough, pizza and pizza kits) made gains as well, with dollar and unit sales up 23% and 11.2%, respectively. Private label refrigerated pizza/pizza kits in particular showed impressive growth against the overall category with a 34.5% increase in dollar sales and 31% increase in unit sales compared to last year.

And finally, growth in the pizza products category (pizza crust mixes/pizza kit mixes/pizza sauce) jumped 26.1% and 21.1% in dollar and until sales, respectively. Although the sub-category of pizza kits/mixes was down, the notable growth in the sub-categories of pizza crust mixes (up 29%), and pizza sauce (up 28.2%) accounted for the overall gains against the total category.

What's driving the steady growth in private label pizza? "Quality, value, and convenience," according to Ricardo "Ric" Alvarez, President/CEO of Holland, Ohio's Frozen Specialties, Inc. "With the challenges of the economy, the consumer has been quick to realize that frozen pizza – particularly private label frozen pizza – offers them the quality, variety, convenience and value they seek. It brings them their restaurant experience - their take-out experience - to their freezer and, additionally, brings convenience and value as never before."

The findings in *Pizza Consumer Trend Report*, a new study from Technomic, the Chicago-based foodservice industry consultant, agree. According to the report, more consumers today are buying frozen pizza than in 2008 (81%, up from 74%). And consumer perception of frozen pizza is on the rise as well, finding that "30% of consumers think that frozen pizza is of equal or better quality than restaurant pizza, as compared to 15% two years ago."

While the recession may have helped to spike private label pizza sales in recent months with more consumers turning to simple, at-home meal solutions, other contributing growth factors include product innovations coupled with the consumer perception of value when compared to pizzeria take-out or national brand equivalents.

“First, the offerings are getting better and better,” says Vincent Fantegrossi, President/CEO of Randolph, Mass-based Richelieu Foods. “Not only is the quality excellent, but the choices in frozen pizza continue to expand in all facets, from unique ingredients to upscale toppings.” He adds, “Once people try frozen pizzas they realize how good they are. Further, those that purchase private label pizzas see added financial benefit for a product that is as good as or better than the national brands for less money. Given that formula, it is easy to see why frozen pizzas have taken share away from pizzerias and other alternatives.”

Not only are store brands presenting consumers with a winning value proposition, but loads of choice when it comes to the selection on the shelves. Trends towards new items, unique ingredients and taste combinations, healthy toppings, and single-serve options have all played a role in private label pizza success. According to the Technomic report, nearly one-fifth of consumers say “new items” influence their pizza purchases, highest among the 18-24 age demographic.

Frozen Specialties say they’re on trend with several new product offerings including new flavors of pizza bites featuring nacho and jalapeno and buffalo chicken, as well as two new flavors of personal microwave pizzas and several new flavors of artisan pizzas.

Fantegrossi points out that, “while there are certain regional preferences for pizzas, the interesting fact is that by and large all areas of the country have the same top three flavors; Pepperoni, Cheese and Supreme. Every program should have those flavors then build from that. Beyond flavors, the most recent trends have been towards new crusts such as extra thin crust pizzas and more upscale toppings – a more “adult pizza.”

### **Pizza for grown-ups**

Technomic stat: Two out of five consumers (41 %) say they would like pizza establishments to offer healthier ingredients, examples being whole wheat crusts (42%), organic toppings and crusts (30% and 28%, respectively), and all-natural and locally-sourced ingredients (50% and 38% percent).

“We at Richelieu Foods have always focused on the health trends. We are almost certainly the largest producer of private label organic pizzas in the country; we have a wide variety of organic toppings and crusts. We have developed whole wheat crusts and we have a lineup of new ‘better-for-you’ pizzas that meet specific dietary requirements. Providing these segments of the pizza category is very important to the retailer – it enables them to offer a well-rounded private label pizza program.”