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Shoppers Give Pizza a Thumbs Up

Economy challenges manufacturers, but retailers faring well as premium and natural sales remain solid.

Rising prices for basic ingredients such as flour and cheese have created a challenge for frozen pizza makers, but the tight economy has also created market opportunities for retailers.

“It is an opportunity because frozen pizza is always an appealing option for a delicious yet affordable meal at home,” says Tim Cofer, president, Kraft Pizza Co., Northfield, Ill.

Mike Sullivan, category manager, frozen food, KVAT Food Stores, Bristol, Va., agrees: “High fuel costs have people eating out less frequently, cooking for themselves and eating at home more often than before.”

But a rising tide of pizza shoppers at retail does not lift all boats. Budget brands are solid and even though consumers are concerned with costs, they seem willing to pay for a premium pizza.

“There is a mass exodus of the middle segment of the frozen pizza category,” says Zach Simpson, frozen food category manager, Wal-Mart Supercenters, Bentonville, Ark., “but we are pleased with name brand sales.”

“The premium products are selling well as more and more people discover the new level of quality that frozen pizzas have attained,” says Sullivan.

“The super premium segment is growing the fastest by far, driven by the restaurant quality offerings and new innovation that provides consumers with the opportunity to feed their [families](#) with food that is hot and fresh from their ovens in a matter of minutes as opposed to the higher cost carry-out alternative,” says Don Hammer, senior vice president of marketing, Schwan’s Consumer Brands North America Inc., Bloomington, Minn.

Mystic Rising

Kraft and Schwan's are the key national frozen pizza players but there are many solid regional companies ready to take them on. They are not afraid to go national either.

Mystic Pizza is not new to the frozen pizza arena, but until recently it was a regional player. Now owned by Spartan Foods, Spartanburg, S.C., which makes pizza and pancake products, Mystic is poised to go national. The acquisition provides Spartan an entrance into the frozen pizza category, which represents a new market, and it brings Mystic the funding needed to extend its geographical range.

"We make a great tasting frozen pizza—I think the best—but it is a large category and we have been a small player," said Curt Fowler, sales manager, Mystic Pizza, Mystic, Conn. The company relies on basic quality ingredients with no preservatives, no enhancers and no extenders. A new product soon to be introduced is a variety of white pizzas, all with very thin crusts. One is a 10-inch with garlic and herb spread, basil and roasted red peppers; one has roasted red tomatoes; another asiago and fontina cheese.

Mystic Pizza's traditional pizzas are currently available in many stores in the Northeast, such as King Kullen, Waldbaums, Stop & Shop and Costco. It is currently doing "road shows" in the Southeast and San Francisco Bay area in its efforts to acquaint customers with the taste of Mystic Pizza, which may be unfamiliar to them.

Healthier Alternatives

Another trend in frozen pizza is towards healthier alternatives, many of them dictated by consumer dietary restrictions. These include thinner crusts, vegetarian and gluten free choices.

"The Baby Boom generation was the first to grow up with pizza as part of their menu their entire lives," notes Giacomo Fallucca, president and CEO, Palermo's Pizza, Milwaukee. "As the Boomers tastes have matured and their nutritional and dietary needs have changed, manufacturers have similarly improved their offerings to keep this very important demographic shopping the category."

Palermo's most recent product introduction is a Hearth Italia line of pizzas, which deliver consumers a true hearth-baked pizza in a variety of flavors that can be found in high-end restaurants and pizzerias. The line uses a crust-baking technology imported from Italy that duplicates a wood-fired baking process; the unique toppings include basil pesto, goat cheese, fresh mozzarella and other sophisticated flavors. The Hearth Italia line also features a number of varieties that are certified organic. While still in early days and limited distribution, the company notes that the Hearth Italia is outselling many competitors in the super-premium category in the markets where it competes.

Organics continue to gain momentum. “We believe a truly organic pizza is a largely untapped area of opportunity and will provide consumers with the prepared food options they desire to complement their organic lifestyle,” says Chris Coffman, vice president and managing partner, Made in Nature, Fowler, Calif.

Made in Nature has entered into a strategic partnership with Connie’s Pizza, which began in 1963 as a small restaurant in Chicago. In recent years, Connie’s Pizza has branched into frozen pizza and recently released five varieties of organic pizza: Margarita; Feta, Spinach and Mushroom; Chicken, Spinach and Mushroom; Roasted Vegetable; and Five Cheese.

“The perception is that organic means [healthy](#), and healthy means it tastes bad,” says Marc Stolfe, president, Connie’s Restaurant Group and Connie’s Naturals, Chicago. However, in consumer panels and events like Taste of Chicago, customers found that the pizza tasted good.

“It is very early, but we are pleased with the reception and sales results to date,” says Stolfe. Right now, the organic pizza line is targeted for natural and organic retailers, such as Whole Foods. With continued success, the long term goal would be to move to general retailers.

Amy’s Kitchen’s says its products are handmade using the highest quality organic product. “Our Rice Crust pizza, while obviously strong in the natural world, consistently surprises us by how well it sells in mainstream grocery,” says Jack Chipman, director of sales, Amy’s Kitchen, Petaluma, Calif. The rice crust is targeted for consumers who are wheat intolerant. Other healthier alternatives from Amy’s Kitchen include dairy free for those who are lactose intolerant or consumers who want to cut down on dairy intake.

Another new entrant on the healthier pizza scene is MaMa Rosa’s, which produces and markets nearly 70% of the country’s branded refrigerated pizza. Looking to expand into the much larger frozen pizza market, MaMa Rosa’s, Sydney, Ohio, recently introduced Lean Lifestyle, geared to the nutritional needs and taste requirements of [health](#) and weight-conscious consumers. The initial offering is certified by the American Heart Association and meets the dietary needs of 67% of the American consumers living with heart disease, diabetes or weight control issues. The pizzas are available in four varieties: cheese, turkey, pepperoni-style and fire-roasted veggie.

“The concept of Lean Lifestyle resonates with consumers, because the product allows them to eat healthier without feeling like they’re sacrificing taste,” says Bill Mackin, president. MaMa Rosa’s will introduce a new variety with a flatbread crust early next year. While still meeting lean federal guidelines, it will have more of the ingredients that customers are seeking.

An adjunct to healthier choices is the trend toward thinner crust. Kraft has been a strong force in that area with DiGiorno, California Pizza Kitchen, Tombstone Jack's and South Beach Living. The Crispy Thin Crust line of California Pizza Kitchen pizza leads the way in the brand with a new variety—signature pepperoni. Amy's recently introduced a thinner crust margherita pizza with fresh mozzarella. Palermo's says its Primo Thin Product is one of the fastest growing products in the category with dollar sales growing at 3 ½ times the category growth rate for the last year.

The bottom line is that while frozen pizza is approximately a \$3.5 billion market, there is still a great opportunity gap between supermarket sales and take out pizza sales. With the variety and improvements that have been made, that gap is expected to close some.