

a rising star

Refrigerated pizza offers another option for budget-conscious consumers in today's economy.



In a recession that has made unemployment and mortgage foreclosures commonplace over the past two years, meals around the dinner table at home have regained favor as a way for cash-strapped families to stretch their food dollars. Fifty-four percent of U.S. adults say they've begun cooking at home as a way to save money, according to a Harris Interactive Foods Shopping Trends Tracker survey conducted between July 31 and Aug. 4, 2009.

In the home meal replacement category, this very trend has catapulted refrigerated pizza into a sales leader position for food retailers, with unit sales up nearly 20 percent during the 52 weeks ending Jan. 24, 2010. Refrigerated pizza has, in fact, become the third-fastest growing category in supermarkets overall, and the hottest item in the perishables category.

A SALES LEADER

While refrigerated pizza can be a sales leader in any economy, there are specific reasons that it's a particularly hot product now:

> In an effort to get the most for their money, consumers are shopping value. A recent Consumer Insights report showed that refrigerated pizza sales are completely incremental to frozen, in part because a 20-ounce frozen pizza costs in the neighborhood of \$3.50, while a 46-ounce refrigerated pizza – which goes much further – typically costs around \$5. The competitive price point makes it possible to feed a family for very little money.

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> While value is a primary purchasing driver, shoppers haven't abandoned products that provide the convenience they need. Refrigerated pizza can be prepared quickly. Consequently, it fits into the lifestyles of extremely busy families who need fast, easy meals that don't strain the budget.

> Although the new, cost-conscious consumer is skipping more expensive impulse items and aggressively shopping price, he or she is willing to trade up in some areas, particularly if it means an enhanced home meal experience. Studies show that consumers tend to perceive a greater price and quality value in fresh, refrigerated pizza over frozen pizza, largely because they can see exactly what they're getting through the clear over-wrap covering refrigerated pizza. In essence, refrigerated pizza has seen a sales uptick during the down economy because it meets consumers' need for a competitively priced product that's also convenient and has high-perceived value.

> Refrigerated pizza offers options. Whether a shopper is feeding a whole family at dinner or a teenager with the mid-afternoon munchies, refrigerated pizza offers alternatives – from family-size to single to hand-held snack size – that work for virtually any meal occasion. Value-consciousness is here to stay. Market studies already are beginning to reveal a shifting American mindset. While consumers had become quite comfortable spending money and “living for today” before 2007, the recession has triggered a change in those philosophies.

Instead, experts are beginning to predict that, over the next 10 years in particular, consumers will be far more cost-conscious. They will continue to embrace the new habits – such as eating at home to keep food costs down – that have helped them through the recession.

A BRIGHT SPOT

In the slumping economy, refrigerated pizza has been a bright spot for food retailers. Typically sold in the meat department – usually a grocery store's largest-selling department – refrigerated pizza appeals to the family shopper who usually is buying food for four or more people. These consumers tend to avoid the frozen aisle in favor of fresh meats, and refrigerated pizza adds incremental sales to other products in the department.

Retailers also see more consistent sales and profits because pizza knows virtually no seasonality. And, because refrigerated pizza tends to be consumed within 48 hours of purchase, it also is replaced more quickly than its frozen counterpart, which remains in the freezer for several days, on average, before it's consumed.

MAMA ROSA LEADS

While the recession has created a landscape that has allowed virtually all refrigerated pizza manufacturers to fare well, MaMa Rosa's has moved purposefully to build market share in this period of opportunity. As the nation's leading manufacturer of branded, refrigerated pizza, MaMa Rosa's has looked internal-

ly at expanding its marketing efforts and seized the opportunity to broaden its channels of distribution.

The company has, for example, recently developed promotional relationships with Warner Bros. and Universal Studios to offer discounts on family-oriented DVDs with the purchase of MaMa Rosa's products.

With commodity prices settling down, MaMa Rosa's plans to aggressively grow its smaller pizza business, and the company also is focusing on gaining more case space in dollar stores, which represent the fastest-growing channel in the food business.

The company's strategy is paying off. Its ACV distribution now stands at 44.5 percent, an almost 10 percent growth over a year ago. Nevertheless, that means there's still 66 percent of the distribution pie available. In 2010, look for MaMa Rosa's to make a major push to win favor with retailers who aren't yet taking advantage of refrigerated pizza's rising star. **FD**



Bill Mackin is president of MaMa Rosa's LLC, a manufacturer of branded, refrigerated pizza. The \$70 million company makes and markets 64 percent of the branded pizza sold in the supermarket. For more information, visit www.mama-rosas.com.