



RFG Pizza Posts Another Year of Strong Growth

by MATTHEW ENIS

Refrigerated pizza and RFG pizza kits have been among the top growth categories for food retailers in recent years, according to data from Information Resources Inc., Chicago. In fact, the category continued to post excellent growth throughout the recession. During the latest 52 weeks ending January 24, dollar sales of refrigerated pizza were up 18%, and unit sales were up 19.5% in supermarkets. Frozen pizza – a significantly larger category – did well also, with dollar sales up 6.1% and unit sales up 4.2%.

One reason for this growth is very simple, noted one analyst. To save money during the recession, shoppers have been eating at home more often, and buying ingredients to prepare meals. But, refrigerated pizza – which are merchandised not only in prepared-food, deli and grab-and-go areas, but sometimes in meat departments as well – often stand out as a convenient solution for that evening's family meal, while people are in the store shopping for other items.

"My sense is that people are still focused on value," said Alan Hiebert, education information specialist for the International Dairy-Deli-Bakery Association. "Picking up a pizza from a prepared-food section of the store is convenient ... but, like all supermarket prepared foods, it's only convenient if you're already in the store for another reason. Because people are eating at home more and because they are trying to save some money, we're seeing people shop the whole store a little more."

Refrigerated pizza is considered one of the original Home Meal Replacement items, getting its start about 40 years ago as a component program, in which supermarkets cross-merchandised cheese, dough and sauce, explained Bill Mackin, president of Sidney, Ohio-based supplier MaMa Rosa's. Since then, retail pizza has become a significant contributor to both frozen-food aisles and, more recently, perimeter departments, with \$4.5 billion in annualized sales of frozen pizzas and about \$500 million in sales of refrigerated pizzas, Mackin said.

With refrigerated pizza, two approaches have been driving growth, according to Mackin. One is the "take and bake" trend. Popularized by chains such as Papa Murphy's, retailers including Wal-Mart Stores and Kroger Co. have successfully positioned these types of programs as high-quality,



With more eating in, refrigerated pizzas have become a top growth category.

ity, less-expensive alternatives to pizza delivery chains. These programs appeal primarily to deli shoppers, who tend to be a little more upscale and often have fewer than four people in their household, said Mackin.

The other trend is value-focused shoppers who are buying packaged refrigerated pizzas, which are often merchandised in areas like the meat department.

Regardless of the type of shopper, refrigerated pizzas tend to be consumed within 48 hours of purchase. By contrast, frozen pizzas are most frequently purchased on special and then kept at home for several days.

For retailers, the benefit is that sales of take-and-bake pizzas, packaged refrigerated pizzas and frozen pizzas each appeal to somewhat different demographics and different usage occasions.

"Within refrigerated pizza, meat department sales are incremental to service deli sales, separated by demographics and price points," Mackin said.

Private-label refrigerated pizzas were the strongest performers in 2009, posting dollar sales growth of 37% and unit sales growth of 52%, according to IRI. Total private-label sales were followed closely by MaMa Rosa's, which is also focused on value-conscious shoppers, according to Mackin.

