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*The Frozen Aisle
Market Drivers & Trends*

MARKET DRIVERS

- > **The cost of ingredients is making it tougher for manufacturers to hold the line on prices.**
- > **The impact of the recession is causing consumers to eat more individual frozen meals than last year.**
- > **Americans' interest in eating better has created an opportunity for frozen meal manufacturers to upgrade the nutritional profile of their products to match their convenience benefit.**
 - > **High on the list is a desire for more whole-grain versions, vegetables and low-fat, low-calorie and low-sodium varieties**
- > **The frozen meals category is losing families to shelf-stable meal solutions (that can impart more of a “from scratch” experience), and supermarket deli meal solutions that are equally convenient but decidedly more premium/fresh.**
- > **Premium products, natural/organic, whole grain, more interesting ethnic flavors, and locally made frozen meals are attributes consumers are most willing to pay slightly more for.**

TRENDS: Convenience

- > **In seeking a slower, more grounded lifestyle, consumers aren't completely giving up their need for speed.**
- > **Busy, stressed-out consumers have idealized the concept of the slow life. Not everyone is cut out for the commitment, so convenience is coming into play in the middle ground between sacrificing time and sacrificing simplicity.**
- > **It's important that brands and services communicate that instead of being a guilty pleasure, convenience can help shoppers enjoy the slow life through time-saving measures.**
- > **50% feel that frozen meals provide a convenient way to eat a healthy meal, and over-65s especially feel this way.**
- > **Premium, natural/organic, and whole grain frozen meals—are types that consumers are most willing to pay slightly more for.**

TRENDS: Convenience

- > **More attractive in suburban or rural communities where restaurant choice is limited**
- > **Provides a convenience that is sufficiently different enough from home cooked meals**
- > **Frozen has closest alignment to “fresh”. Food looks vibrant and close to homemade when cooked**
- > **As commodity prices go up, it may be in some cases cheaper to purchase frozen – specifically premium frozen pizza**

TRENDS: Convenience



> Seen and Heard:

- *Like many consumers, Barbie, a Gen X mother outside Manhattan, started curbing her dinner takeout routine when the recession set in, and instead made most meals at home. But recently she realized that adding at-home chef to her résumé was too much of a drain on her limited time and energy resources. She says she's decided to "cut [herself] a break" and not feel guilty for grabbing ready-made dinners because it keeps her balanced on busy days.*

TRENDS: Ethnic Exploration

- > **Regional and local-ethnic flavors have become the next frontier for foodie exploration in the way that world flavor exploration peaked a few years ago.**
 - > **Hyper-regional explorations of popular regions (Mexico) primed the gourmet pump for similar exploration at home**
- > **Urban denizens are more likely to be interested if there is an economic value or an interesting gourmet or ethnic product**
- > **64% of consumers say they are willing to pay more for interesting, ethnic flavors**
- > **Young adults (18-24s) and affluents (with HH incomes more than \$75K annually) are core consumers of international/ethnic food products**
- > **67% of consumers indicate they would be willing to pay a bit more for ethnic flavors and locally-made versions**



TRENDS: Ethnic Exploration

- > **65-70% of consumers express interest in Chinese, Mexican and Italian frozen cuisines. Important to understand the increasing desire for specific regions and ingredients – i.e. not just “Asian Style”.**
- > **Women tend to have a more daring palate**
- > **Men tend to favor ethnic foods that are more filling such as Mexican, Italian and German**
- > **Women tend to favor the more exotic Thai, Greek, Indian, Spanish/Tapas and Hawaiian etc.**



TRENDS: Breakfast

- > **Consumers are most time-crunched in the morning. At times like these, frozen meals' time-saving benefits are particularly attractive**
 - Jimmy Dean, Weight Watchers - Smart Ones, I Hop
- > **Breakfast is not a concentrated area on the part of manufacturers for frozen meals. This could represent a growth opportunity as a way of attracting more shoppers to the category**
- > **58% of respondents say that breakfast is more important than lunch or dinner, far more than place greater importance on either lunch or dinner.**
- > **On average, Americans eat breakfast 3.55 times during the week and 1.5 times on the weekends.**
- > **Women are even more likely than men (64% versus 52%) to place importance on breakfast, and consequently, eat it more frequently.**
- > **Women will respond best to products that are low in fat and calories. There is clearly room for growth, and marketing these types of products to women could encourage more frozen breakfast product consumption.**

TRENDS: Cross Promotion

- > **Some 68% of consumers say they have to serve something else in addition to the core frozen meal in order to make it more filling**
- > **This creates an ideal cross-promotional opportunity by focusing on complementary products that appeal to as many family members as possible.**
- > **Retailers can use in-store promotions to drive sales for frozen meals and other foods that can complement the meal.**
 - > For example, in-store coupons can be attached to frozen meal packaging that allow shoppers to get a discount on fresh produce items or perhaps a product from the **in-store deli**. By featuring these departments, the retailers could potentially increase frozen meal sales while boosting their profitability.



TRENDS: Co-branding

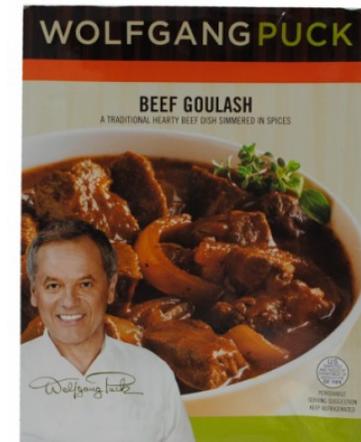
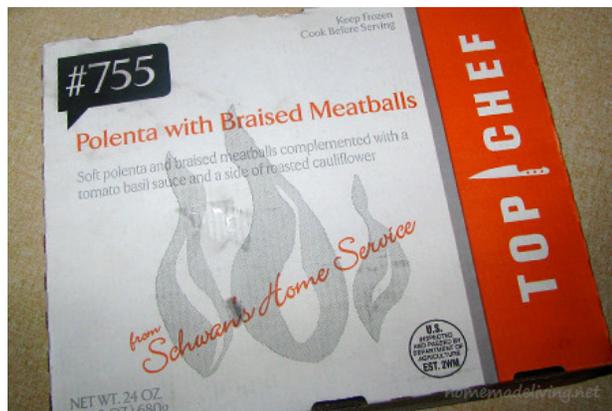
- > **Frozen** meals with restaurant chain branding are now available at retail as these companies look to leverage their brand equity by capturing some of the dining-in market.
 - Notable brands in this sector include [Boston Market](#) with \$101.7 million in FDMx in 2009-10, and T.G.I. Friday's with \$36.9 million in the same period.
- > As a way of promoting these products, foodservice operators may want to consider devoting part of their restaurant space to selling **frozen** retail brands.
 - The premise being that a customer just enjoyed a great meal at the restaurant and now can buy a **frozen** meal to enjoy at home. At the very least, incentivizing restaurant patrons with coupons for the retail products could drive both retail and dining sales.



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TRENDS: TV – Food Channels

- > One area that has not been tapped into is that of popular television channels such as The Food Network.
 - This network features many celebrity chefs and personalities who have become popular in their own right and would be a natural fit for building a product line around.
- > Celebrity chef-endorsed food products aren't a new trend, but it hasn't carried through specifically to the **frozen** meals sector.
- > Combining popular chefs and their upscale **frozen** meal or side dish creations with the association of The Food Network would project an image of quality on the products.



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TRENDS: Health

> **Consumers are talking about what's in their food (the good and tasty stuff) as well as what's not in their food**

- > Gluten free
- > Whole-grain
- > Vegetables
- > Low-fat
- > Low-calorie
- > Low-sodium



> **Gluten free products in the US far outstrips those with a diagnosed gluten disorder. In other words, consumers are self diagnosing and presuming gluten free is healthier**

> **Increased recommended intake of vegetables is seen as a health issue**

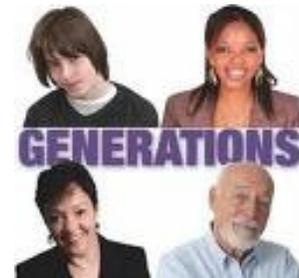
TRENDS: Health

- > **For those looking to increase their vegetable intake, frozen presents an opportunity to have variety year-round**
- > **Whole Foods Market won't stock frozen items with more than 700 mg of sodium**
- > **Consumers know that they should be eating more veggies, but aren't sure just how to get that done. Smart, delicious solutions that make healthful eating easier is key.**
- > **Adding some good-for-you options to the freezer case will help time-strapped consumers feel better about taking a shortcut at dinnertime.**



TRENDS: Generations

- > **Millenials**: are food experimenters and merit badgers. Frozen foods need to be torqued in some way to represent a gourmet or novelty product - ethnic explorations
- > They are coming of age with an "organic" mentality and have more sophisticated palates than anyone before them.
- > College students are a proven testing ground for corporations, from credit cards to fast food companies. They're developing spending habits that could last for decades.
- > **Gen X**: frozen food is seen as a pantry solution. Convenience trumps quality
- > **Boomers**: frozen food can be a subconscious reference to a time in their childhoods and therefore a nostalgia buy. Also an opportunity for ethnic / gourmet experimentation



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