

The Sky's the Limit

Convenience, taste, and price contribute to the growing popularity of frozen pizza.

by Ellen Berman

The mundane magic of pizza. It has all the qualities every supermarket, manufacturer, broker and buyer dream about: It's inexpensive, takes up little space to yield a high gross margin, is highly promotable, and has a high turnover.

There's no doubt about it — consumers are buying pizza almost as if it were their bread and butter, and 1980 statistics offered by Chain Store Age supermarkets bear it out. In 1980, pizza:

- represented 5.22 percent of all frozen department gross profits, ranking above such high-falutin' categories as breakfast entrees, meat pies, prepared meat and poultry entrees, and most baked sweet good categories;

- represented 5.08 percent of all frozen food sales;

- represented 5.2 percent of overall retail average gross margins;

- achieved a dollar volume of \$583.31 million, up 5 percent from last year;

- displayed an average of 43 brands items / sizes at warehouse level.

According to research by SAMI, pizza sales were up 13.7 percent for the year ending May 29, 1981. At this rate, pizza will certainly top the billion dollar sales mark sometime before 1983. The only other single product to reach that mark in the frozen case is orange juice.

But what exactly is it that attracts consumers so steadily, to pizza, and so steadfastly to particular brands? In today's social framework, convenience and price are still the fundamental drawing card. Today's shopper is looking for the highest food values, at the lowest cost. And with ten-inch pizzas selling as low as 99 cents for lower-end products, parlor-made pizzas don't have a chance. Most manufacturers have labels specifying cost-value relation, such as "premium," "deluxe," "superior," and "super-deluxe." One major pizza company, whose pizza is higher priced and recognized as being in the "high quality segment of the market," still admits that price is a key factor in pizza sales. One marketer said that in the future, with decreasing entries in the market, the only ones to survive will have a reasonable cost value. The brands that are the cheapest will end up in the forefront of the industry, especially as improvements are made in product qualities."

With more than 50 percent of all women of child-bearing age now working, today's families are looking for quick, simple-to-prepare, time-saving meals. While still rating high as a simple, satisfying snack treat, a Gallup study recently found pizza is now prepared more often for dinner occasions, a significant alteration in its

primary use.

A major restriction, though, on pizza's convenience has been its lack of microwave-ability. Because the microwave process operates by draining out the moisture of the product, in this case the topping, the unwary consumer is left with a limp, soggy crust. A special appliance developed to preserve its texture and allow the product to brown, has in the past been far too cumbersome, too clean, and expensive — why buy a \$20.00 utensil specifically for a \$2.00 item? Corning, however, has developed a browning tray or "Pizza Crisper" that will probably be seen in supermarkets by 1982.

Pizzas support the growth of other food industries, as well, with what their assortment of ingredients — the pastry crust, cheese, varied meats, an array

of real cheese. Actually, they are nutritionally equivalent to real cheese, and are lower in cholesterol and fat. A 100 percent cheese pizza means exactly that; any cheese substitutes must be listed as such. The National Cheese Institute has petitioned the FDA to require pizza makers to distinguish real cheese from cheese-flavored ingredients by specifying it with names other than using the word cheese. For instance, a "mozzarella substitute" would have to be labeled as "emarine." The Institute feels each different product should have a name attached to it. Sometimes the consumer is misled, it contends, when she reads the word "mozzarella," on one line of ingredient listing, while the word "substitute" appears on the second line, possibly unread. Such iden-

units, and in sizes and varieties that suit different purposes. And it should continue to grow as both a real mainstay and snack item.

Although the average purchaser of larger pizzas is the non-working housewife, (age 28 to 49), with three children to feed, (ages 5 to 18), some marketers noticed a rising market with younger professional and more "up-scale" singles and dual-income couples with no children. Smaller toaster-size "mini" pizzas are becoming more popular both with this market, and to accommodate busier families who are eating at different times. The challenge, though, for pizza manufacturers, is to provide enough product variety in terms of size, flavor, and quality, to successfully cover the entire market.

Most pizzas come in at least three sizes: individual or snack size (approx. 5 inches); medium or two to four serving size (8 to 11 inches); and deluxe, family, or party size (10 to 15 inches). The 'pizza for one' concept is being played up by an increasing number of companies, though the 9 to 12-inch size is generally the most popular size. Tony's is test-marketing a 'pizza for two' which is simply two, joined, six-inch pizzas that can be cooked as a unit, or broken and cooked separately.

Chef Boy Ar Dee has introduced English Muffin Pizzas to several metropolitan areas "to keep up with the growing market of single and smaller family households."

Consistent quality — with a dash of oregano, thank you — is the spice of life when it comes to eating pizza. Although what goes into a pizza is simple and standardized, what comes out of the consumer's oven is liable for a critiquing which rivals any college thesis. While some marketers believe consumers can't tell the difference between one pizza and the next, they must also realize that consumers don't only eat pizza because it's cheap and convenient (so is a hamburger, and everybody has a favorite fast food burger). Consumers eat pizza because they love it, and if they are the least bit disappointed, there are enough competing brands — some Midwestern supermarkets carrying 27 brands at one time — that they will search elsewhere for a taste that satisfies.

Take crusts, for instance. Textures vary from crispy to breadly, flimsy to tough, and thick to thin. Generally, a thinner, crispier more fresh-tasting crust is the more appealing. Chef Saluto features a special deep dish style, while Totino's plays up its 'crisp crust' — an untraditional but nevertheless successful selling point.

Consumers are also attuned to toppings, which vary in flavor, volume, and combinations. Manufacturers have responded to taste preferences

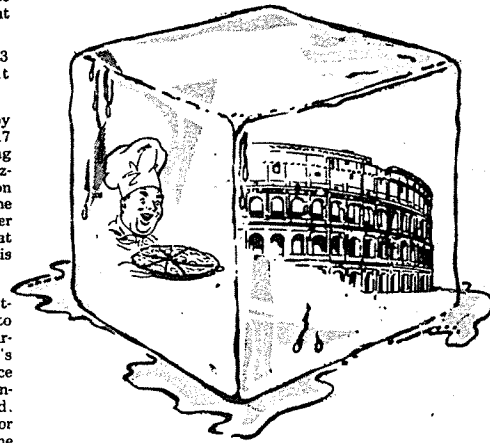
by varying the flavor and proportions of the choicest toppings: sausage, hamburger, pepperoni, mushrooms, cheese, and onion. Combination pizzas have always had a stronghold, while pepperoni is a dependable top seller. Tony's Pizza, whose 10-inch pepperoni is its national best seller, uses full meat slices rather than chopped, which is used on most other 'popularly priced' pizzas. One pizza marketer complains that some pizza brands are available in several price ranges, but use on ingredient, sauce, and crust formulation in both lower and higher-priced ones. "But," he explained, "you can't satisfy all segments of the market with the same formulation. For all of our different price brackets, we offer different product lines entirely."

One of the limitations of pizza, inherent in it by definition, is that flavor varieties are indeed confined to a few simple ingredients which are compatible with a bread base and particular spices. But, research shows that the average shopper spends a substantial amount of time during her grocery shopping spree, in looking for new items; and, as one marketer said, "The lifeline of the pizza industry is new product innovations."

Some of the newest introductions appeal to a growing ethnically attuned public that is more experimental than it used to be. Entries include Mexican and Oriental style toppings, and even a vegetarian pizza called "Good 'N Natural" by John's Original Pizza. Made without preservatives, it presently is in limited distribution. The company has dropped the deep dish pizza variety because rather than filling an actual demand, it was an admitted "sales gimmick," and was priced higher than their other brands. The most promising new profit-booster to be introduced recently are the Canadian Bacon varieties. After one company took the giant first step, others followed suit to capitalize on its unanticipated, broad acceptance.

Most companies introduce new varieties based on regional taste preferences, which have remained fairly constant. In the South, sausage sells better; in the Midwest, it's pepperoni or sausage; combos are more popular in the West; and the Northeast prefers cheese. One notable fact that the *Shelby Report* turned up is that the largest volume market for pizzas is in the Midwest. One explanation for the trend is, that while the immigrant Italians established themselves originally along the eastern seaboard, it was the early pioneers with a keen business sense and individual entrepreneurship who flocked to the Midwest and established enduring businesses within their permanent settlements. Also, the store door delivery system is a "more viable form of distribution here," says one pizza spokesman.

Fierce competition in the con-



of vegetables, and spices. Though the consumer may not be pursuing it when she plops her next pizza in the supermarket basket, she'll find in these ingredients plenty of nutrition. As yet, nutritional labeling on packaging is scant. The practice is severely restricted by government regulations that define what technically comprises a food before it is declared to be of any nutritional value. One company, G&W Pizzas, of Beatrice Foods' frozen specialty division, does include labeling on its foodservice line of school lunch pizzas, but the recipe differs from the retail line. Not surprisingly, one market manager admitted that despite the nutrition it offers, pizza continues to be perceived as a type of "junk food." But if junk simply refers to foods being shot full of non-food additives and less than natural ingredients, a clarification is needed pertaining to pizzas.

The vast majority of store-bought versions contain imitation cheeses and blends, used because they are cheaper than

tification would simply help the consumer differentials, for her own benefit. Still, one manufacturer justifies the use of artificial cheeses by explaining their origin, which is casein. Casein is derived from whole milk. At the present time, numerous countries throughout the world have a surplus of dairy, so they're selling casein at low prices. "It is classified as a chemical, so escapes all the regulations of normal agricultural products," he said. Artificial cheese is not nutritionally bad; the problem is that the consumer doesn't know if she's getting a good quality artificial cheese, or not." Tony's Pizza, a long-time innovator, received an award for outstanding contribution to the dairy industry when it placed the Dairy Association's 'Real Cheese' seal on its packaging.

But, getting back to statistics, sales managers representing the top ten national brands, contacted by the *Shelby Report*, all agree that pizza for what reasons is becoming a more regularly purchased item, often in multiple