Who's ahead in the great pizza race?

The supers are taking on the takeaway parlours with increasingly premium chilled pizzas. So who's ahead and who's eating dust?

Alex Wright

Pizza delivery riders would do well to upgrade their wheels. For they're facing growing competition from the supermarkets as brands and own-label suppliers copy the pizza chains' products and language.

It's paying off for the supers. Brits have forked out an extra £19.2m, or 2.1%, on pizza at the supermarkets and volumes have climbed 1.4% [Kantar Worldpanel 52 w/e 6 November 2016]. Posh pizzas are driving this growth: chilled thin & crispy and stonebaked are up by nearly £30m combined, for example.

Hence chilled pizza's 2.1% rise in average price. But it's a different story when it comes to cheaper frozen pizzas. Value has fallen 2.7% on volumes down 0.7%, the fall in average price reflecting the growth of the discounters and price cuts by the multiples.

One thing is consistent across chilled and frozen, however: own label is helping itself to a much bigger slice of sales at the expense of brands. This pattern is particularly pronounced in chilled pizza, where own label commands 87.5% of the market (up from 87% a year ago). Sales of own-label chilled pizza have surged by £29.4m in the past year. Meanwhile, brands are up just £1.6m.

PIZZA BESTSELLERS

IRI: 52 w/e 3 December 2016

	VALUE		VOLUME	
	£m	y-o-y %	kg (m)	y-o-y %
Chicago Town	**110.6**	–1.6	**24.8**	1.1
Pizza Express	**86.9**	1.1	**9.5**	0.8
Goodfella's	**69.3**	7.4	**16.5**	16.9
Ristorante	**46.6**	–9.4	**8.6**	–5.8
San Marco	**4.3**	–0.7	**1.1**	–0.8

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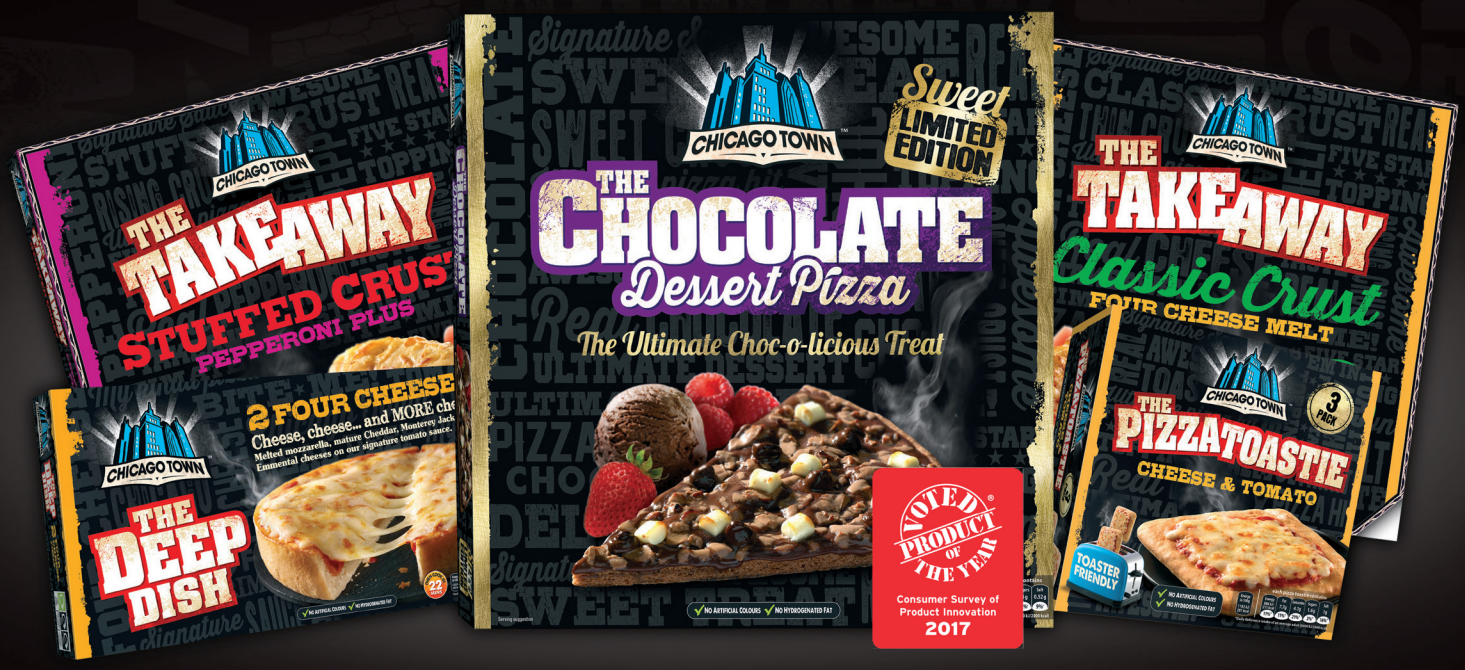
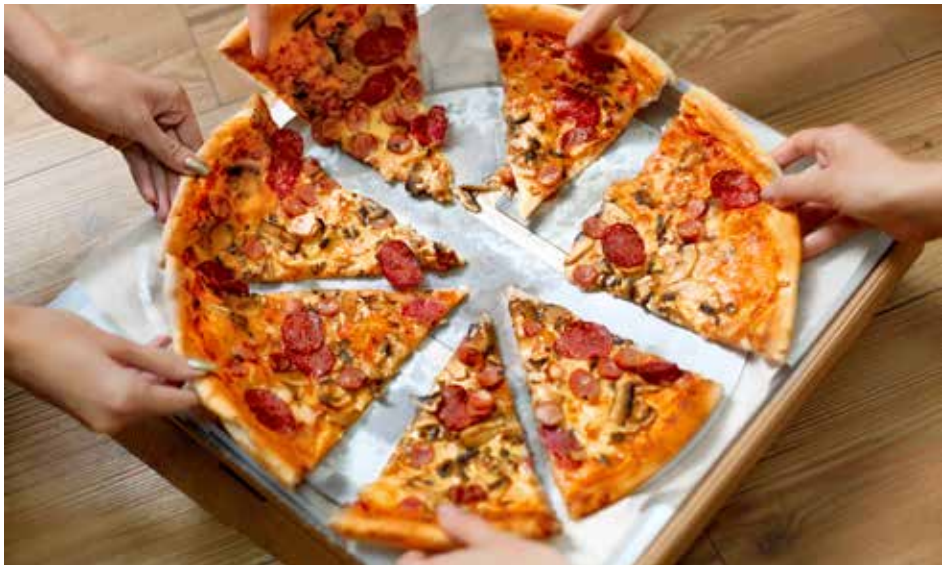
SWEET SUCCESS FROM THE UK'S NO.1 FROZEN PIZZA BRAND*



- Heavyweight Q1 2017 campaign
- Back on TV throughout February
- Chicago Town The Chocolate Dessert Pizza winner of Product of the Year Frozen Dessert 2017**

* IRI 52 w/e 31st December 2016
** Frozen Dessert Category Winner. Survey of 11,637 people by TNS



- Pizza has been growing at the same pace as last year, driven by slightly increased frequency to 14.4 times a year combined with a 1.1% increase in the total number of shoppers and 0.6% price inflation. Average volume per trip is down from 6.2kg to 6kg.
- The proportion of pizza purchased on y-for-£x promotions dropped by 30% as retailers favoured temporary price reductions. The proportion of multipacks also decreased.
- While stonebaked has been important to chilled pizza growth, thin & crispy remains the most important sector, bringing an extra £18m to the chilled pizza category while being the only sector in growth within frozen.
- Own label represents 68.8% of take-home pizza and has grown 4.2%. On average, full-price branded pizza costs £5.93 per kg against £4.53 for own labels. This forces retailers to heavily promote branded pizza to attract shoppers – 70% of branded pizza are bought on promotions as opposed to 34% of own-label ones. Within frozen brands, Ristorante and Chicago Town are in decline.

Claire Liboureau
Kantar Worldpanel

TAKE-HOME SHARE

Kantar Worldpanel: 52 w/e 6 November 2016

	VALUE		VOLUME	
	£m	y-o-y	kg (m)	y-o-y
Chilled pizza	**518.8**	6.3	**86.9**	4.3
Chilled thin & crispy	**259.5**	7.5	**41.7**	3.5
Chilled stonebake	**167.7**	7.3	**27.1**	7.1
Chilled deep pan	**37.2**	–15.1	**8.4**	–16.4
Chilled bases	**9.8**	24.0	**2.4**	28.7
Chilled other	**44.6**	15.7	**7.3**	25.2
Frozen pizza	**415.7**	–2.7	**110.5**	–0.7
Frozen thin & crispy	**277.4**	1.1	**69.4**	4.7
Frozen deep pan	**113.5**	–11.3	**35.0**	–9.5
Frozen French bread	**12.6**	–15.4	**3.4**	–10.3
Frozen other	**12.2**	20.7	**2.7**	8.0
TOTAL PIZZA	**934.6**	2.1	**197.4**	1.4

BRANDS VS OWN LABEL

Kantar Worldpanel: 52 w/e 6 November 2016

	VALUE		VOLUME	
	£m	y-o-y	kg (m)	y-o-y
Branded	**291.4**	–2.2	**61.8**	2.0
Own label	**643.1**	4.2	**135.6**	1.2

RETAIL SHARE

Kantar Worldpanel: 52 w/e 6 November 2016

			TRADING	VALUE
	grocery	category	index	y-o-y %
Iceland	2.1	6.4	**305**	–6.4
Asda	13.8	17.5	**127**	–5.4
The Co-op	5.2	6.3	**121**	19.3
Aldi	4.9	5.7	**116**	20.1
Waitrose	4.9	5.1	**104**	5.3
Tesco	25.2	25.4	**101**	4.2
Marks & Spencer	3.4	3.4	**100**	23.0
Morrisons	10.1	9.8	**97**	–4.1
Sainsbury's	14.5	13.9	**96**	–3.0
Lidl	3.7	2.2	**59**	9.9

KANTAR WORLDPANEL

The take-home snapshot is produced by Kantar Worldpanel. Kantar Worldpanel monitors the grocery retailer take-home purchasing habits of 30,000 demographically representative British households. Call 020 8967 0007 or visit www.kantarworldpanel.com for details

> **"Consumers still view frozen pizza as being lower quality than fresh"**

"Retail groups are driving their premium ranges, not just in pizza but across the whole shopping experience," says Richard Harrow, chairman of the Pizza and Pasta Association. "Pizzas with traditional-style Italian bases combined with high-quality ingredients perfectly fit consumers' desire for provenance, authenticity and convenience. Own label has seen some innovation with the use of superfoods in toppings such as kale, beetroot, broccoli etc, as well as spelt and rye sourdough in the base. This type of innovation is driving trial and growth, with more shoppers trading up to the own-label premium tier."

Own label innovation

Examples abound. M&S has scored the greatest category gain of any retailer with offerings such as Wood Fired Ultra Thin Prosciutto Crudo & Fig, which sound more at home on the menu of Prezzo than in a shopping basket. The Co-op is also stealing share, partly by pushing its fresh offerings under the upper tier Irresistible own brand.

"This range has driven new shoppers into the category and they are shopping more often than last year – penetration is up 33% year on year and frequency is up 10.7%," says Co-op senior product developer Paul Dempsey. The retailer's Thin & Crispy Flaming Jerk Pizza was its most successful launch in 2016, he adds, and there are more super-premium products on the way.

The growth is coming in spite of prices rises on chilled pizza and cuts in frozen – the latter trend being driven by an increase in temporary price reduction promotions (though average basket sizes for frozen are still down), says Dempsey. "Consumers still view frozen pizza as lower quality than fresh," he says. "So shoppers tend to buy chilled pizza to freeze. Our shoppers also like the windows in chilled pizza as they can view the product before purchase."

Much of the credit for falling prices in frozen and booming sales of own label can be laid at the feet of one retailer, says Claire Mitchell, category controller at Goodfella's brand owner 2 Sisters. "The growth of Aldi frozen own label has been a driving factor behind the performance of own label over the last year, with its thin range performing particularly well," she says, pointing to Aldi's 20.1% value growth.

With Aldi's slice of the market growing, the

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mainstream multiples are cutting prices to compete. "Sainsbury's reduced the price of its frozen own-label ranges in September right through from thin to deep pan to takeaway," adds Mitchell. "This has seen a strong turnaround in the performance and as a result this has significantly impacted its branded performance, with a lot of shoppers switching into own label."

Takeaway

Frozen brands, as a result, are now selling for an average of 5.4% less than they were a year ago, while own-label average prices have inched up by 1.5% partly as a result of the introduction of more premium offerings, often inspired by the kinds of products available at pizza restaurants and in the chillers. "Takeaway commands a higher price than standard thin or deep pizza, so the addition of new ranges here has a direct impact on average price for own label overall," says Mitchell.

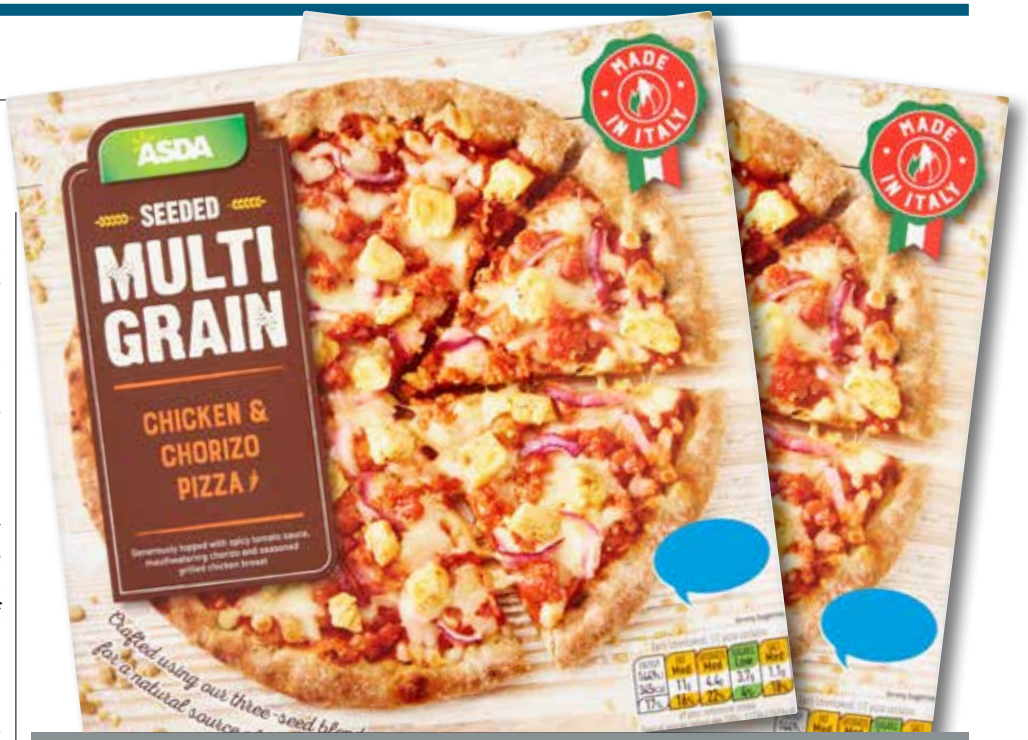
Brands aren't taking things lying down. Indeed, Goodfella's has defied the general trend of branded decline through price cuts and a focus on premium NPD, racking up sales growth of 7.4% on volumes up 16.9% [IRI 52 w/e 3 December 2016].

Dr Oetker, meanwhile, is investing in marketing and innovation in a bid to revive the fortunes of its Chicago Town and Ristorante brands and address the perception that frozen pizza is inferior to fresh. "There is still a misconception that chilled prepared foods are better quality than frozen. Brands such as Dr Oetker Ristorante, with its emphasis on a fresh pizzeria taste, are investing heavily to overcome this challenge within the category," says head of brand for pizza Clare Heathcote.

"Dr Oetker invested a total of £12m in 2016 to support innovations across the frozen pizza category, which contributed to the success of the current branded portfolio and new premium pizza products," she says. "Chicago Town will introduce three new products in March, which will continue to drive the growth seen across the premium frozen category. Two new flavours, limited edition Buffalo Chicken and Barbeque Feast (see p48) will be added to The Takeaway range and The Deep Dish range will get limited-edition American BBQ."

Still, Dr Oetker has plenty of competition in premium frozen pizza, and not just from own label. In September Iceland launched an exclusive frozen Pizza Express range, comprising 11 new Artisana products, as well as its new luxury range of pizza. Pizza Express' frozen debut marked the first time it has produced a sourdough base, which freezes better than a regular bread base, according to head of product development Neil Nugent.

"Our new Pizza Express and luxury hand-stretched and stonebaked ranges have contributed to Iceland's sales growth by



Asda Seeded Multi Grain Chicken & Chorizo Pizza

Launch date: January 2017 **Manufacturer:** Asda

Pizza needn't be unhealthy – at least that's what Asda is hoping to convince shoppers. Coated in a layer of spicy tomato sauce, chorizo and chicken pieces then finished with mozzarella, these teatime treats are made in Italy using a blend of protein-rich sunflower seeds, millet seeds and linseed along with wholemeal flavour for a nutritious base, which is hand-stretched. What's more, one slice of this bargain bite contains as little as 47 calories. Rsp: £1.40.

Goodfella's Takeaway Italiano Pizza

Launch date: March 2017
Manufacturer: 2 Sisters

Suppliers are taking a leaf out of Domino's book and launching takeaway style pizzas. Such offerings are typically at least 11 inches wide and, crucially, carry a hefty premium. This Italian style offering is freshly baked and frozen to lock in the flavour and has an rsp of £3.99. Available in Pepperoni Passione and Margherita Magia.

Chicago Town Chocolate Dessert Pizza

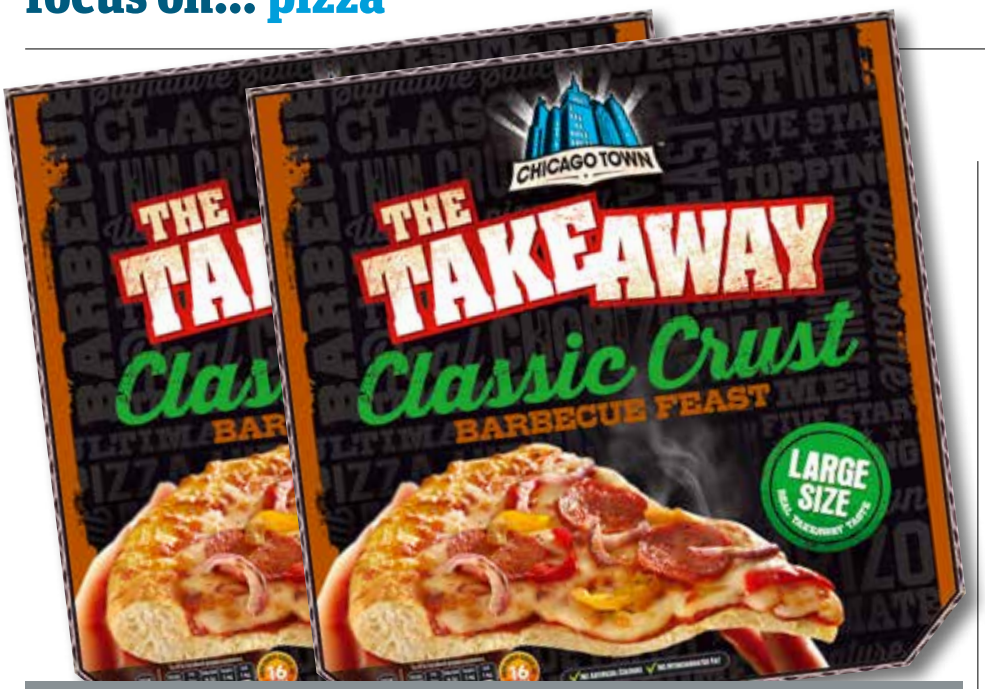
Launch date: September 2016
Manufacturer: Dr Oetker

Part of Chicago Town's The Takeaway range, this indulgent dessert triumphed in the frozen dessert category of the 2017 Product of the Year Awards. It includes a chocolate dough base (a first for the market) and a variety of milk, dark and white chocolate toppings. The new product has been backed by PR and social support. Rsp £3.

Mutti Spiced Pizza Sauce

Launch date: February 2017
Manufacturer: Mutti

This spiced pizza sauce from Italy's biggest tinned tomato brand has no added sugar and is 99.2% tomato. Already a successful product in foodservice, the sauce taps into the trend for scratch cooking and can also be used as a pasta sauce base or to accompany a meat main course. Rsp: £1.29.



Chicago Town The Takeaway BBQ Feast Pizza

Launch date: April 2017 **Manufacturer:** Dr Oetker

Chicago Town's new, limited edition offering (rsp: £4.29) features chorizo, red and yellow peppers, tangy red onions and mozzarella, plus BBQ sauce, on a classic thin crust base. Aimed at families and anyone enjoying a night in, this NPD is a response to BBQ being an ever-growing flavour trend in the market. Other flavours in the takeaway family include Four Cheese, American Hot, Chicken and Bacon Melt and Pepperoni Plus.

Irresistible Fino Sausage & Kale Pizza

Launch date: February 2017
Manufacturer: Co-op

The Co-op says it's still mulling over how much it's going to be selling this one for. But bets are that it will carry a premium; the pizza incorporates super-healthy kale – but still delivers on the 'indulgent' front. It's topped with a creamy béchamel sauce, succulent Italian-style pork sausage infused with paprika and Parmesan shavings.

Ristorante Gluten Free Pizza

Launch date: September 2016
Manufacturer: Dr Oetker

The UK's number-one thin and crispy frozen pizza brand is now offering gluten-free versions of its Mozzarella and Salame pizzas (rsp: £3). The total UK gluten free frozen pizza market is valued at £3.9m, and with increasing numbers of people on gluten-free diets, Dr Oetker reckons there's room for growth.

Pizza Express Polpette Bolognese

Launch date: September 2016
Manufacturer: Bakkavor

This 24-hour fermented signature artisan sourdough based pizza (rsp: £2.50), made in Italy and then frozen, features beef, meatballs, spicy roquito chilli peppers and a bolognese sauce on a bed of passata, topped with mozzarella. Also available in Pomodoro Pesto, Pepperoni Doppio, Hawaiian and Caprina variants.

> **"We're concerned about the short-term impact of the fall in sterling on costs"**

making our pizza offer even more comprehensive and appealing, and easier for our customers to navigate," he says, adding that the Pizza Express launch was backed by TV, press and direct mail advertising. "They have also helped us to demonstrate that in pizza, as in many other categories, frozen can offer much better quality than fresh."

Pizza counters

Harrow adds that the big four have an opportunity to compete with the likes of Iceland and the discounters by investing in fresh pizza counters. "Communication and point of sale are the key messages to shout about the quality and value for money within the pizza counters. Good execution of this message will see shoppers continually being loyal with their local supermarket pizza counter all week round, and certainly towards the end of the week and weekends," he says. "Takeaway outlets – such as Domino's, Papa John's and the independents – have similar offerings, but at considerable differences in prices."

By catering for the big night in, retailers aren't just stepping on takeaway joints' toes. This is an opportunity the frozen brands are after, too. "In 2017 there will be a continued focus on NPD, delivering exciting new flavour trends and promoting them via key pizza occasions such as the big night in," says Heathcote. "But promotion is still such a big part of the category that innovation has to really work hard to stand out and the fight for feature space has never been tougher."

With pressure on retail prices mounting, and costs growing as a result of the pound's weakness following the Brexit vote, the sector is facing an uncertain future, adds Harrow. "Whilst the medium to long-term outcome on the Brexit vote is far from clear yet, we are concerned about the impact on the labour market as well as the short-term impact the fall in the value of sterling will have on the costs of products across the food industry as there is so little latitude for either retailers or suppliers to absorb these," he says.

One solution could be the development of more premium products offering higher margins and allowing higher costs to be absorbed. But there will always be a limit to how much punters will pay for a pizza they have to cook themselves. The question is, what is it?

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