



# Pulling Them In

What does it take to attract shoppers to the frozen aisle? The experts share some ideas.

BY DENISE LEATHERS

**T**wo of the biggest consumer trends impacting supermarkets — lack of time to prepare meals from scratch and lack of cooking skills even if they do have time — seem certain to drive growth in the frozen food segment. And yet, sales continue to fall,

slipping 0.6% to \$52.91 billion during the 52 weeks ended Feb. 19 compared with the same period a year ago. In fact, reports Chicago-based market research firm IRI (iriworldwide.com), 12 of the top 15 frozen categories (excluding ice cream and novelties) saw dollar sales tumble during the span.

To be fair, categories in many other parts of the store aren't exactly setting the world on fire either — and price deflation is definitely having an impact — but it's clear that the frozen department is falling short of expectations. Given the trends, "The opportunity is there," says Bob Shaw, president of Charlotte, N.C.-based Concentric Marketing. "But if the industry doesn't want to concede the convenience piece to fast casual, it's going to have to figure out a way to get consumers back into the frozen food aisle."

## TIME TO WARM UP FROZEN DEPARTMENT

A recent Concentric survey of primary shoppers who spent at least \$100 during a given trip to the supermarket found that only 46% visited the frozen section. What kept the other 54% away?

For starters, answers Shaw, the department is cold, both literally and figuratively. While retailers can't do much about the temperature, they sure don't need to emphasize it with penguins and snowflakes either. "It's like hanging a big can above center store," he remarks. "The goal is for consumers to look at products in the section as just food, not frozen food."

As for the ambience, well...there is none.

With all the products tucked behind glass doors, "It's very sterile and aseptic, a problem made inherently worse by the clean store movement," reports Shaw, who says some frozen departments are almost "hospital-like."

As a result, says Diane Harper, vp of consumer insights and analytics for The Schwan Food Co., Bloomington, Minn., most consumers don't linger any longer than they have to. "Shoppers find what they're looking for and leave quickly," she says. "But because they aren't spending any

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time in the aisle, they may not realize what else is there, including new products, international flavors, better-for-you options, etc.”

To make the department more hospitable, Shaw suggests adding a little “theater.” Years ago, he recalls, “I put an Italian-style awning over the frozen pizza set in 50 stores to test whether or not it made a difference.” The result: frozen pizza sales in those stores shot up 27%. But even smaller changes can make a difference, he continues. The easiest, least expensive step is to merchandise products the way they were intended by the manufacturer (i.e. front-facing, not stacked on their side), so carefully crafted packaging is able to do its job. Another easy fix: Replace those penguins and snowflakes with photos of beautifully prepared frozen food so shoppers can see exactly what it will look like on the plate because, let’s face it, frozen chicken wings do not look very appetizing.

Signage is also important — perhaps more so than in any other part of the store — because consumers can’t always see what’s behind the glass. (Oh, and if you still don’t have anti-fog cases, it’s past time to upgrade.) So instead of a handful of generic signs like “Pizza,” “Frozen



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Entrees” and “Breakfast Foods,” signage should be much more specific and plentiful, says Karen Strauss, principal at Wilton, Conn.-based Cadent Consulting Group. Otherwise, she continues, consumers will never know that their supermarket carries frozen niche items like, say, baby food, tortillas or macaroons that other stores don’t offer.

Other than the generic signs, she continues, consumers will never know that their supermarket carries frozen niche items like, say, baby food, tortillas or macaroons that other stores don’t offer.

### USE NATURAL & ORGANIC AS A DRAW

To encourage browsing, retailers should also use signage to highlight new products (more on that later), specialty items like gluten-free and paleo-friendly, ethnic fare, and natural and organic foods, the latter of which can go a long way toward overcoming the misconception that frozen food is unhealthy. So for heaven’s sake, says Shaw, don’t segregate natural and organic items in a separate section elsewhere in the store. Not only are you throwing away one of the most powerful tools you have to draw consumers into the frozen department, you give the impression that what’s left is “all the bad-for-you crap.” Plus,

he says, a separate section forces shoppers — almost all of whom now buy natural and organic at least sometimes — to visit two different sections of the store, which does little to simplify the experience.

To that end, continues Shaw, retailers that really want to make shopping the frozen section easier should consider organizing it by meal occasion or solution rather than by category. So instead of putting all the frozen potatoes together, he explains, perhaps the fries would be with the other side dishes, the hash browns with breakfast foods and the breaded mashed potato bites with

frozen snacks. While he admits such an approach would require a significant paradigm shift, Shaw says, “Supermarkets really need to start merchandising around how consumers like to shop vs. how retailers want them to shop,” especially in a department that faces the kinds of challenges frozen does.

Retailers not ready to make such a drastic change might consider simply reordering the doors, says Schwan’s Harper, who suggests putting on-trend products at the beginning of the section to draw traffic down the aisle. For example, Giant Eagle places “fresh frozen” fruits and vegetables at the start of its frozen section in an effort to demonstrate that the department offers a wide array of healthy options.

On the flip side, some supermarkets put high-penetration products like ice cream and pizza at the end of the frozen aisle so shoppers have to pass through the rest of the section to get items likely to be on their list. A few

savvy retailers have taken that tactic to the next level, placing the entire frozen department front and center rather than at the end of the supermarket so shoppers find it hard to avoid. Among them: Wegmans, Trader Joe’s and Lunds & Byerlys, the latter of which brings a little class to the frozen department with a full-size chandelier. And then there’s Stew Leonard’s, whose labyrinthine, Ikea-style layout makes the frozen department truly impossible to miss. ▶

**If you can’t get consumers to the frozen department, consider bringing the frozen department to them, putting a portable case full of frozen product near a complementary item in a high-traffic section.**

- ▶ If relocating the frozen section isn't an option, retailers can at least try to break up the monotony of a straight 19-door run by mixing in different types of freezers. For example, reports Brittany Sutton, Cadent's manager of business analytics, Wegmans creates visual interest in the frozen section by punctuating doored cases with open islands topped by cool signs that dangle from the ceiling.

### LAST STOP: FROZEN AISLE

No matter where the frozen section is located, it's still usually the last stop before customers hit the checkout line. That means they're often out of time, out of money and, if they're shopping with kids, out of patience by the time they get there — if they get there — which doesn't bode well for browsing. In addition, says Schwan's Harper, "People tend to use frozen foods for convenience and to stock up, neither of which they do impulsively. Those purchases are planned. So retailers need to get their attention before they come into the store." The problem, she says, is that many chains

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have cut back the number of frozen items they include in their weekly circulars in favor of products from other departments. "But getting frozen products back into those circulars is an important vehicle for driving awareness."

Another way to reach consumers before they shop is through social media and digital communication, says Harper. Life events like having children, moving to a new home or starting a new job all correspond with increases in frozen food consumption, she explains. So retailers should use digital tools at their disposal to target those shoppers pre-visit.

For example, says Jamie Harder, account director at EDGE Marketing, who works with Schwan's, "Programs like Yieldbot look at what shoppers are doing at a particular moment, create a customized digital coupon around that activity and then deliver the offer when they're in the frame of mind to accept it." So if a consumer is looking up grilled chicken recipes online, she explains, manufacturers can target them with a coupon for frozen chicken in real-time. "We know that personalization and customization are on trend with Millennials, so it's a good approach," says Harder.

Targeted offers can also be generated in-store, says Don Stuart, managing partner at Cadent Consulting,

whose new Marketing Spending Industry Study revealed customized digital coupons represented the most effective use of digital marketing dollars. Though it requires geolocation ability, "A mobile digital coupon delivered in-store at the right time can spur cross-usage and drive an



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impulse trip down the frozen aisle," he explains. So a consumer lingering over the rotisserie chicken display at 4 p.m. on a weeknight might get a \$1 off coupon for a frozen side dish while a shopper in the salty snacks aisle

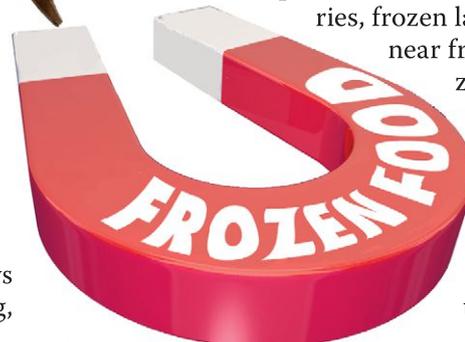
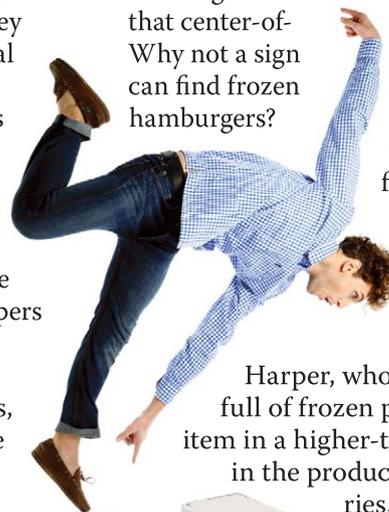
pre-Super Bowl might get a deal for frozen pizza rolls or taquitos. And the list goes on and on.

### DRIVE TRAFFIC WITH NON-FROZENS

Cross-merchandising against products in more heavily traveled parts of the store can also drive traffic to the frozen aisle for items not on the shopping list. It can be as simple as signage in one department reminding consumers to visit the frozen section for a complementary item or as complex as a meal deal that includes items from several departments, including frozen. For example, says Cadent's Strauss, "The fresh meat department is one of the most visited parts of the store, but the biggest challenge for consumers is what to put next to the-plate item. So help them."

Why not a sign reminding consumers where they can find frozen hamburgers? French fries to go with their Instant redeemable coupons work well, too. How about a dollar off a frozen pie with a whipped topping purchase?

And if you still can't get consumers to the frozen department, consider bringing the frozen department to them, says Harper, who suggests putting a portable case full of frozen products near a complementary item in a higher-traffic section: frozen pound cake in the produce section next to fresh strawberries, frozen lasagna in the bakery near fresh garlic bread or frozen sausage links in the dairy department near the eggs. A freezer full of, say, single-serve frozen novelties near checkout is also a smart move, according to manufacturers.



► Of course, the grand-daddy of all cross-merchandising efforts is the meal deal. While combos that require consumers to traverse the store in search of different items do force shoppers down the frozen aisle, industry observers say a frozen meal solutions endcap that combines products into a single display, even if it includes non-frozen items as well, is much more effective. Put it at the front of the frozen aisle and it not only promotes impulse purchases but also draws consumers into the section. In fact, says Stuart, making the display permanent but changing up the contents each day or week creates a real destination for consumers in search of tonight's dinner. Meal solutions aren't new, he adds, but they aren't often built around frozen foods.

If not meals, frozen endcaps can also be created around certain themes, says Shaw. From Mexican food or healthy breakfasts to tailgating or fun children's lunches,



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endcaps with a coherent theme do 2.5 times the volume of endcaps stocked with unrelated products on sale, he reports. "Plus, they add a little excitement, which also helps bring shoppers into the frozen department."

### SAMPLE AWAY CONSUMER FEARS

Another tried-and-true sales driver is sampling. Yes, it can be pricy but sometimes it's the only way to get consumers to try your product. (And it's sure worked wonders for Costco.) "Sampling helps shoppers understand that frozen foods really do taste good," says Cadent's Sutton, citing a lingering misperception that frozen is somehow inferior to fresh. Signage that reinforces the "fresh frozen" message definitely helps, but tasting is believing, she explains.

While demos that happen inside the frozen department will certainly pull some shoppers down the aisle, Shaw suggests doing them in higher-traffic perimeter sections nearby.

Another popular sales tool that doesn't work nearly as well as everyone thinks is price promotion. In fact, a new report from Jacksonville, Fla.-based sales and marketing agency Acosta reveals that retailers are executing more promotions with less impact, creating a

"promotional hamster wheel" that retailers can't get off. Compounding the problem, says Shaw, is the fact that some of the most heavily promoted frozen categories — ice cream and pizza — are also the largest and really not in need of that much support. "In pizza, 52% of volume is sold on deal, which represents \$800 million to \$1 billion in spend. Do we really think people won't buy frozen pizza if we don't promote it as much?" he asks. An even better question: What else could we do with that money?

Harper has some ideas. With all the emphasis on lowering prices, "Products are not being promoted with messaging around benefits."

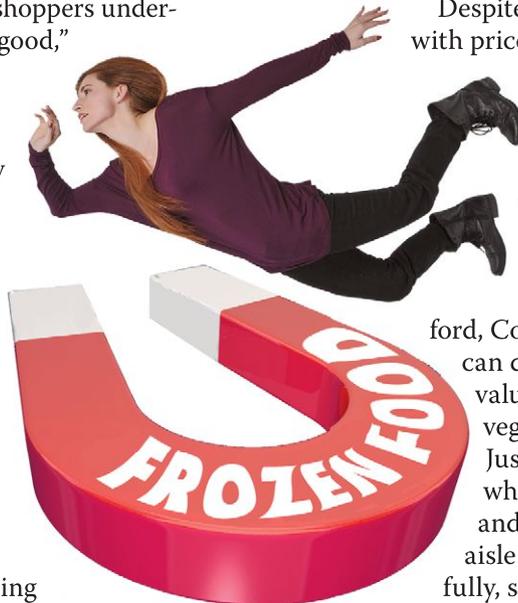
First and foremost, she explains, "Frozen is convenience. And that's not a bad thing. So we need to shift the messaging around that." While you're at it, how about communicating to shoppers that frozen fruits and veggies, for example, are just as nutritious as fresh? Or the fact that frozen foods significantly reduce waste? And do your shoppers know just how many natural, organic and free-from items are available in your frozen department today?

"Understand why customers in your store are going to the frozen aisle and why shoppers that never go there aren't and then run with that," says Sutton.

Despite diminishing returns associated with price promotion, TPRs on certain products really can pull consumers into the frozen aisle. "Unlike their fresh counterparts, frozen items are attractive to shoppers because they can stock up on them," explains Lisa St. Germain, senior manager of the category solutions team at Stamford, Conn.-based Daymon. "Retailers can drive consumers to the aisle with value pricing on items like frozen vegetables, offered at 10 for \$10." Just don't put them in an endcap where it's easy for shoppers to grab and go; make them come into the aisle to get that hot deal and, hopefully, see what else is available there.

Remember, the goal here isn't to move more

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of brand X's frozen peas for a few pennies of profit per bag but to build the basket with additional, higher-margin frozen items.

### EMPHASIZE NEW ITEMS

A final way retailers can attract customers to the frozen department is by offering a robust assortment. While it's absolutely essential to carry a strong selection of on-trend natural, organic, free-from, ethnic and specialty items in addition to traditional frozen products, Shaw says unique new SKUs in all of those segments are the real draw. In fact, he suggests giving a third of the frozen set over to new, different and better products that may not drive the same volume as existing items (though they usually offer better penny profit) but hold the key to the department's future.

While the department was dominated for decades by a handful of players, "Giving more attention to brands of the future will bring more consumers into the frozen aisle than simply trying to knock down prices," Shaw explains.

And don't forget to feature new items in endcaps where



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minimum volume requirements should be waived. "Otherwise, you create a self-fulfilling prophecy, and you're always featuring the same legacy brands" rather than hot new ones that actually make consumers want to explore the frozen section further, he says.

New items also help create a dynamic department that could end up helping retailers beat back the threat from pure-play e-commerce outfits that tend to avoid frozen due to high costs, says Paula

Rosenblum, managing partner at Miami-based Retail Systems Research. And if Amazon

Fresh doesn't do frozen either (or offers only a limited number of SKUs), frozen departments at brick and mortar stores could suddenly become a real draw. "People might want to wander through

them to see what's new or to buy locally sourced items," she remarks. In chains that do it right, "Frozen could become an attractive destination" because it offers products not available through some channels. ■

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