The Grocer

Focus On: Frozen Food by Ash O'Mahony (Ashleigh.omahony@wrbm.com)

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The Story

Everyone loves to hear about an underdog coming up trumps. The frozen category has made a Rocky-style turnaround this year, coming out of nowhere to become the new champion of food and drink, with value sales totalling over £6.1bn. The big freeze of the past two years has thawed, and frozen is now the best performing category in the market, with total value sales up 6.5% on volumes up 2.2%. What's driving frozen foods' momentous growth? Is the rising cost of living converting shoppers to frozen, or has the category finally shaken off the perception of being less nutritious than fresh?

Key themes:

A shift in perception: Frozen food has managed a dramatic turnaround, after exclusive research by The Grocer found 39% of Brits believed frozen food wasn't as good as fresh back in 2016. How has the category managed to up its rep? Are new shoppers less averse to food from the freezer, or have the continued efforts of brands and retailers to change consumer views on the category finally paid off?

Added value and premiumisation: Price rises have been key in driving growth across the category, with average increases of 4.2%. How are retailers and brands justifying the extra cost? Which premium NPDs and innovations have been launched to capitalise on customers willing to spend extra on frozen?

Processed Poultry: After a disastrous 2016 that saw value sales drop by nearly 25%, the sector has made an impressive comeback, with value sales up 17.1% on volumes up 13.5%. Why are consumers coming back to frozen processed poultry? How has the sector overcome widely publicised negative press about processed meats to attract more customers? Which NPDs/innovations have boosted the sector this forward?

Red Meat: Despite various claims that consuming too much red meat can lead to health ramifications, the frozen red meat sector is still seeing great growth driven by own label, as brands struggle to retain customers despite prices dropping 3.4%. How is own label succeeding where brands are failing?

Fish: As a key sector within the category, the success of frozen fish has been an important boost to frozen food this year. Following a disappointing 2016, frozen fish has burst back onto the scene with value sale increases through rising prices. Flying in the face of vegan trend and growing public awareness of the sustainability issues around fishing, the sector gained an extra £50m in value sales, split almost equally between brands and OL. How has frozen fish made it back into Brits' freezers? Which NPDs and innovations have been launched this year and what's driving customers to spend more on fish?

Own label vs branded: Though the two had similar levels of innovation this year and both benefited from price increases, own label also managed to secure higher frequency of purchases. Which retailers had the most successful own label frozen ranges, and where are brands failing to maximise their potential?

Frozen desserts: Despite the dessert category being in decline, frozen desserts are on the up, driven by own label ranges. Why are consumers opting for own label frozen desserts, despite them costing more on average than branded?

Ice Cream: In contrast to frozen desserts, brands have pulled it out of the bag with ice cream this year, enjoying growth driven by price increases. While innovations including new formats, low calorie and premium dairy free options boosting brands' ice cream profile, own label ice cream is flagging, with value sales increasing just 0.1%. What lessons can OL ice cream take from brands to get back in the game?

Potatoes: Despite NPDs like MCain's gluten free frozen chips launching this year, value sales in branded frozen potatoes dropped 1.8%, whereas in OL the sector is soaring. To what extent are OL's cheaper options to blame for the spud dichotomy, and which innovations drove the sector forward this year?

Innovations: We identify twelve new products or product ranges that have ideally not appeared in The Grocer before, including launch date and RSP, and a picture of each.

Meat substitutes: How has the vegetarian/vegan frozen market evolved this year? As brands continue to gain traction, how have NPDs and innovations emerged to cater for meat-free consumers?

Health: How has frozen capitalised on consumer demand for healthier options? Though once considered as less nutritious or healthy than chilled or fresh food, public perceptions of the category look to be changing, creating a significant opportunity for growth in frozen healthy foods, even ice cream has gone low calorie. We outline the key NPDs, innovations and brands launched this year that have successfully tapped into healthy frozen food, and discuss any areas that could still use some development.

Key questions the feature is likely to address:

- What consumer trends have impacted the category over the past year?
- How have promotional strategies (both in terms of price and marketing) evolved?
- How have individual retailers' strategies impacted the market?
- How has merchandising changed in the market?
- What impact has own-label had on branded players?
- What's next for the category?