

# Dugout Ventures investment helps Luvo advance 'frozen 4.0' with new products, expanded distribution

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*"It takes a lot to build a company to this stage in the industry,"* but in the last year the Luvo has strengthened its gross margins without sacrificing any of the quality that its brand is built on, and now *"we are really excited about crossing that threshold from a startup to an emerging company,"* CEO Christine Day told FoodNavigator-USA.

She explained, *"We have really been doing our homework on how to innovate and lead the market,"* and through that work Luvo identified the need for *"a little bit of working capital – but not much"* to cover the costs of building inventory and getting on more store shelves.

For this, she said, Dugout Ventures and Luvo *"just beautifully came together."* She explained that Dugout Ventures, which is an investment group formed by former baseball stars, invests in brands, such as Luvo, which supports healthy and active lifestyles. In particular, she noted, the Dugout team was attracted to the nutritious profile of Luvo's food and its goal to provide healthy options at an affordable price.

## New products will speak to modern consumer demands for 'frozen 4.0'

The funding will go in part to launching new products in 2019 and 2020, including a new burrito line that will debut at Expo West in March, two new vegan bowls that will complement the other bowls already offered by Luvo, and *"a lot of really exciting products in development that will launch in 2020, like our Keto meals,"* Day said.

In addition to launching new SKUs, Luvo is elevating the ingredients in some of its existing products by using only avocado oil, *"which is high in omega-3s,"* and organic chicken in the back half of 2019, Day said.

Each of the new product launches and adjustments to existing recipes speaks to specific attributes that the modern consumer wants, Day said.

*"We really know what the consumer is looking for,"* which is something the brand calls *"frozen food 4.0,"* she explained. *"If you think about 1.0 begin kind of your 'Hungry Man,' 2.0 was kind of the clean and organic movement or clean convenience, 3.0 was really the nutrition focus we had before, but now we are honing into what we call 4.0, which is nutritionally balanced whole foods for performance with functional benefits."*

## What consumers want in frozen food

This strategy, which appealed to the former baseball stars who formed Dugout Ventures, grew out of research that Luvo commissioned from The Hartman Group looking at how consumers approach the frozen sector and what they want nutritionally from frozen products.

*"The Hartman Group really looked at the whole sports nutrition mindset and the way people use supplements and protein powders to get nutrition when they really could be using food to get nutrition, and whole foods in particular. So, that is a really big part of our strategy,"* Day said.

She explained that the report revealed consumers are looking for fiber, veggies and protein – but not just any protein. They want high quality protein.

*"The consumer is getting much more sophisticated about things like soy isolate, which may boost a protein claim one dimensionally, but from a nutritionist's point of view, soy and tofu are actually not optimal products for you to consume,"* Day said.

She acknowledged the *"average consumer doesn't know that, but the sophisticated one does – the one who has done their research and is reading labels."*



With that in mind, the company does not use any processed proteins and strives to offer an 'excellent' source of whole food protein in each of its product, she said. *"That is why our meals are a lot more complex and have greens in there and the right types of vegetables that deliver micronutrients that we know consumers are looking for."*

Luvo's products also speak to the consumer who cares about the types of fats and oils used – which is one reason why Luvo is switching to avocado oil, which Day notes is sustainable and high in much-wanted omega-3s.

Finally, she said, consumers increasingly are waking up to the role that fiber plays in gut health and the need to eat more plant-forward vegetables to meet their fiber needs.

*"Luvo meals have always done a great job on those, but we are really developing the new products to hit at least a 'good' if not 'excellent source' of fiber, and always having a full serving of veggies,"* Day said.

This new strategy fits nicely on top of Luvo's original mission, which aims to make eating for optimal health easy for people to help reduce the burden of preventable health conditions. As such, the company focuses on a *"Three-Two-None"* philosophy. The three stands for the right balance of protein, veggies and whole grains or healthy fats (depending on if the meal targets keto followers). The two represents *"not too much"* sodium or added sugar, and the none stands for no artificial colors, flavors or sweeteners and poultry and beef raised without antibiotics.

The company's approach to nutrition is helping it win in the frozen aisle, which for a long time was flat, but which The Hartman Group research suggests is growing again at a modest 4-5%.

*"In one of our top leading accounts, we are only 4% of the category, but we are leading 14% of the growth,"* Day said.

Stories like that also are helping the company expand distribution in the New Year – for which the funds from Dugout will help make possible. This includes an additional 1,300 Target stores during the first half of 2019.

## **New packaging on the horizon**

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Along with the new products, the company plans to launch new packaging that will better call out the *"superhero"* vegetables in the products, such as cauliflower and avocado oil, Day said.

The new imagery, which Day could not fully disclose, also will convey *"aspiration"* of who consumers want to be, she said.

Based on consumer research, the new packaging will be a success as it returned a 42% lift over Luvo's existing packaging and Luvo's competition. In addition, Day said, *"the grocers we have shown it to so far have gotten tremendously positive feedback and they are really excited"*

*about the direction the product is taking, which is really about creating functional food for consumers and addressing their needs for performance.”*

Performance is a broad term, but when it comes to the new products and packaging, Day said, it refers to consumer desire for personalized performance, which research showed 44% consider to be support for the mind, movement and sleep.

The company’s new direction and new products also represent a story about giving back to communities by making healthy meals available at price points that are attainable, Day said.

*“You can have two great Luvo meals that meet nutrition for the same price of an average ticket at McDonald’s, and I think that is really important as we try to tackle what is happening in the state of nutrition and health in America,”* Day said. *“So yeah, we will have meals for athletes, but just having everyday meals at an accessible price point is so important to the communities ... and I think that is what the Dugout group and team Luvo is really proud of.”*