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Breakfast Breakthroughs From the Freezer

By [Pan Demetrakakes](#) on May. 18, 2018

A joke by deadpan comedian Steven Wright goes: “A restaurant had a sign that said ‘Breakfast Anytime.’ So I went in and ordered French toast during the Renaissance.”

Breakfast may not be quite that versatile in real life, but it’s close.

In both the long and short term, breakfast has evolved as much or more than any other meal daypart. And ready-to-eat breakfast offerings in grocery freezer cases have evolved with them. Some of these changes are due to general trends that have affected most forms of food retailing and consumption, and others are unique to breakfast.

In the frozen aisles, breakfast products have outpaced others. Sales of frozen breakfast items grew 24% from 2012 to 2017, according to the Wall Street Journal. Although growth has flattened out in the last two years, frozen breakfast items still outperform frozen food as a whole. According to the 2017 State of the Industry Report from the National Refrigerated and Frozen Food Association, breakfast options are one of the few frozen food categories that have shown consistent long-term growth, with an average 7.9% compound annual growth in sales for breakfast entrees and 5.2% in breakfast sandwiches over the last four years.

Millennials are key to this performance, especially those with young children. According to a survey by Acosta, 82% of millennials agreed that frozen foods were valuable as a convenient breakfast option for their children.

“Millennial and Gen X mothers are very health-conscious and looking for convenient and healthy breakfast options,” says Colin Stewart, SVP at Acosta. “Frozen breakfast offers some great options versus sugary cereal products or having to prepare a protein-based breakfast from scratch.”

Farm Team

As a daypart, breakfast is unique in several ways, one of which is its history. The hearty breakfast of days gone by came about because morning was the best chance for farmers and their field hands to load up on the calories they needed for the day’s hard work; it often was inconvenient, or impossible, for everyone to assemble back at the farmhouse for lunch. (This is why some restaurants still advertise an elaborate morning meal as a “farm breakfast.”)

The situation is paralleled by modern uncertainty as to when, and in what form, today's office workers will be able to eat lunch. That means they're looking for a breakfast substantial enough to keep their stomachs from growling during that last-minute noon meeting. As a report by the Hartman Group puts it: "The new American weekday breakfast is moving from light, grain-based breakfast foods tied to old notions of nutrition to higher-satiety foods that consumers believe will give them sustained energy to cope with an unpredictable schedule." This dynamic is in large part behind the adage that "breakfast is the most important meal of the day."

But if breakfast is the most important meal, it's also the hastiest. Making elaborate, protein-rich breakfasts takes time that many consumers don't have in the morning. This sets the stage for prepared frozen breakfasts.

"If I'm in a rush in the morning, I need to get my kids off to school or daycare and off to work, there's a convenience aspect—yet I can still feel that I'm providing a healthy, good start for my children for the day," says Karen Strauss, principal at Cadent Consulting.

The current trend toward favoring protein over carbohydrates is nowhere more evident than in breakfast. "A lot of what's driving the growth in the frozen breakfast category are items that offer protein, which is something that consumers are looking to start their day off with," Strauss says.

Bob Evans, now a division of Post Holdings, counts both croissants and biscuits with sausage, egg and cheese among its single-serve top sellers. Newer offerings include a sausage biscuit sandwich and a Canadian bacon, egg and cheese English muffin sandwich.

"Consumers are prioritizing protein consumption, especially for breakfast, when they want to load up on energy for the day," says Chris Lambrix, SVP of retail sales for Bob Evans.

Protein in forms such as eggs, sausage and cheese helps explain why sandwiches are on the verge of dethroning waffles and pancakes as the top frozen breakfast category. According to Nielsen, frozen waffles and pancakes had \$1.17 billion in sales in 2017; breakfast sandwiches were just behind, at \$1.14 billion. Sandwiches are poised to take over the No. 1 spot this year, with sales soaring 15.2% between 2013 and 2017, while waffles and pancakes declined 2.5% in that period.

Sandwich Titans

Breakfast sandwiches first came on the market about a decade ago, when Jimmy Dean (now a division of Tyson Foods) introduced biscuit sausage sandwiches. Jimmy Dean has since added croissants with sausage, egg and cheese; biscuits with bacon, egg and cheese; and English muffins with Canadian bacon, egg and cheese.

Conagra Brands also is heavily represented in the breakfast sandwich space, with biscuit sandwiches under the banners of both Banquet and Odom's Tennessee Pride, the latter of which was acquired in 2012. In addition, Sandwich Bros. of Wisconsin, bought by Conagra

late last year, offers a line of flatbread pocket sandwiches with proteins including eggs, cheese, and regular and turkey sausage.

Breakfast sandwiches have something else going for them besides protein: handheld convenience. This is especially significant because when time is a factor, handheld meals require little or no cleanup, and can be consumed on the go.

Wraps and burritos offer the same convenience, which is why they're making their presence felt in the freezer case. Along with other frozen breakfast products, Good Food Made Simple markets wraps and burritos, several of them with a Latino influence. Wraps include chicken chorizo, huevos rancheros with bacon, spicy veggie, and spinach and mushroom; burritos come in organic spinach and cheddar, veggie jalapeno, Sriracha scramble and the Himalayan.

"There is research that clearly shows millennials are returning the frozen food aisle, and that finding a solution for breakfast is very important to them," says Russ Williams, VP of brand management and sales for Good Food Made Simple. "Retailers have begun to stock cleaner, more interesting breakfast offerings to cater to this demand. GFMS, with our delicious, clean-ingredient and healthy options, is providing the perfect solution to this highly sought-after group."

Senior analysts at The Hartman Group agree that health and wellness is a major factor in breakfast choices: "Simple, real ingredients and the absence of negatives (i.e., artificial ingredients/no chemicals) are important attributes during frozen breakfast occasions. Consumers believe that sustainably sourced meat and eggs translate to a better tasting and overall higher quality end product."

Home Freezer Advantage



Healthiness and clean-ingredient labels can give frozen sandwiches an advantage over a main source of competition: quick-service restaurants.

The original mass-marketed breakfast sandwich was McDonald's iconic Egg McMuffin, introduced in 1972. Today, just about every breakfast sandwich in the frozen food case has a counterpart in one or more QSR chains. Suppliers of frozen products believe they have a built-in advantage when it comes to health concerns and transparency, in part because retail products are required to list their ingredients.

"We believe consumers are very concerned about what they eat and feed their families," Williams says. "The QSR has not completely caught on to that trend and continues to keep ingredients hidden from consumers. In the retail world we are required to—and proud to—list our ingredients on each and every package."

Strauss of Cadent agrees: "There's a little bit more control of ingredients, because I can check the ingredient labeling of products I buy in the store and get to a product that's likely healthier."

And of course, no matter how close a QSR is, the consumer still has to get there; the kitchen freezer is often more convenient.

"Our large, protein-packed offerings allow consumers to purchase just one, or to mix and match a variety of options, for a delicious and convenient breakfast that can be enjoyed at home or on the go," says Lambrix of Bob Evans.

Sandwiches may be on the upswing, but they're far from the only breakfast option in the freezer case. Breakfast bowls, also known as scrambles, are a popular option, especially for consumers who are trying to avoid carbs.

Good Food Made Simple offers scramble bowls in Southwestern Veggie, bacon and eggs, Canadian bacon, and turkey sausage varieties. Kraft Heinz's Ore-Ida brand features a Ready Bake Breakfast with cheese, hash browns, sausage and eggs. Kellogg's recently brought out a series of breakfast bowls under the brand of Moe's Southwest Grill, a chain of fast-casual restaurants.

Pancakes Still Popular

Even with the trend toward protein, pancakes and waffles still are the No. 1 category of frozen breakfast products. This is partly a matter of convenience, especially for toaster waffles, which posted sales of \$838.9 million last year. It's also a matter of tradition: Pancakes and waffles are comfort foods that are associated exclusively with breakfast.

Pancakes and waffles may have lots of legacy brands, but the category is not at a standstill. Kodiak Cakes, which had marketed powdered batter mixes for pancakes and waffles (as well as other baked goods), took the leap into the freezer case last August with waffles in buttermilk vanilla, blueberry and dark chocolate. Products scheduled to come out this April include cinnamon waffles, chocolate chip waffles, buttermilk flapjacks and chocolate chip flapjacks.

"The move felt like a no-brainer for our brand," says Brandon Porras, director of marketing for Kodiak Cakes. "Our brand looks for categories that are stagnant and have not seen real innovation in a while. With Eggo dominating this category for so long and the only innovation being organic or gluten-free items over the years, we thought we would be the perfect fit."

Breakfast may or may not be the most important meal of the day. But there's no question that, when it comes to growing sales in the freezer case, it's increasingly important to grocers.

Photograph by Curtis Baker/Netfli

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Snackers Seeking Sophisticated Satisfaction

By [Kathleen Furore](#) on May. 11, 2018

Remember when snacking meant grabbing a candy bar and soda to quell midafternoon cravings? Not anymore!

While candy bars and carbonated beverages haven't disappeared from consumers' list of culinary indulgences, those items are being upstaged by snackworthy noshes made with better-for-you ingredients.

It's all part of the overall trend toward healthier dining, both here and abroad. IRI's 2017 New and Emerging Snacking Trends found that while indulgent snacks are outpacing healthier snacks with a growth rate of 3.4% within the core snack category, healthier snacks are growing too, by 0.9%.

According to Innova Market Insights' Top Ten Trends for 2018, four in 10 U.S. and U.K. consumers increased their consumption of healthy foods, while seven in 10 want to know and understand the ingredient list of the foods they consume. In addition, one in five U.S. consumers are most influenced by "real" ingredients, the report notes.

Translating the Trend

Just what does "better-for-you" and "healthy" mean when it comes to the snacks and sweets category? High protein content, clean labels and plant-based ingredients are top of mind, industry experts say.

"In general, the love affair with protein keeps growing, with 60% of consumers actively looking for higher protein foods. This has resulted in a proliferation of protein-infused snacks," says Randy Gilbride, brand director for Thanasi Foods, makers of the Duke's line of meat snacks. "Additionally, six in 10 shoppers look for ingredients they can recognize, which has led to more snacking options with clean/simple ingredient labels."



Joel Warady, general manager and chief sales and marketing officer of Enjoy Life Foods, echoes Gilbride’s assessment. “There’s been an increase in the number of people looking for clean, all-natural and plant-based options and foods that fit specific diets due to medical conditions, intolerances and food allergies,” he says. “Nearly 100 million people shop for foods free from allergens and gluten, and that number will continue to rise as allergic reactions to peanut, seafood, wheat, dairy and more continue to affect them.”



Warady says Blue Cross Blue Shield recently released findings that show the number of kids treated in emergency rooms for anaphylaxis spiked 150% from 2010 to 2016. “As a result, we’re seeing a rise in snacks and sweets innovation in the larger free-from food industry that are crafted with ingredients that are just as delicious as those found in traditional offerings, but are free from allergens, gluten and GMOs,” he says. “The development in the sweets and snacks category is helping to fuel the expansion of the \$6.5 billion free-from industry, which is projected to reach \$20 billion by 2020.”

Lisa Walsh—CEO of Truco Enterprises, which makes On The Border chips and dips—agrees that the industry is moving toward greater transparency and simpler ingredients. To that end, Truco’s focus when developing new snacks “has been on creating consumer-preferred products, starting with our uniquely crafted unflavored tortilla chips, made with only three simple ingredients of corn, oil and salt.” Walsh says an influx of new flavor profiles influenced by changing culinary influences and consumers’ broadening taste preferences is another trend to watch.

IRI's 2017 New and Emerging Snacking Trends report similarly calls Latin American- and Asian-inspired products as "trending forms and flavors" in the snack category.

"We see trends influenced by global cuisine and a preference for not only spicy foods, but [also] ones that can deliver a flavorful experience along with the heat," Walsh says.

An Ethical Issue

Across the board, shoppers are demanding more from companies that make snacks and sweets—but it's the younger generations that are in the driver's seat where today's snacks and sweets trends are concerned. According to Ethics On the Go, a new report from Culinary Visions Panel's Mindful Dining Initiative, millennials in particular hold their snacks to a higher standard compared to other consumer groups.

Sixty-four percent of consumers under age 35 (compared to 57% overall) said there are not enough ethically produced snacks available, and 67% of consumers under age 35 (compared to 55% overall) said they are willing to pay extra to eat more ethically while on-the-go, the report shows.

"Whether it's rewarding a company's fair-trade labor practices or their zero-waste policies, we found that millennials are the most serious about ethically sourced grab-and-go foods," says Sharon Olson, executive director of Culinary Visions Panel.

Like their millennial counterparts, members of Gen Z—now a larger group than millennials—also prefer food and beverages with transparent labeling and an absence of artificial ingredients, according to industry experts, who note the demographic is also skeptical of big brands and too many label claims.

"The desire for clean, less-processed and organic products is especially relevant to millennial consumers, which may be driven by the fact that we have more information than ever before about the food we consume and its impact on our bodies and the planet," Gilbride says.



It's not only about what younger consumers are snacking on—it's about how they're consuming those snacks as well.

“We do see some generational differences in how consumers like to snack and what attributes they value most,” Walsh says. “For millennials, snacks are replacing traditional meals, with smaller snacking occasions up to four times a day. That has a big impact on how we think about portability, product forms and functionality of ingredients to address their busy lifestyles. Millennials have also grown up in a technology-driven, global community, so their ability to seek and learn about the food they consume is greater than any generation before them. Brands that can communicate where and how [their products] are made in a simple and impactful manner will resonate well with this group.”

Merchandising the Category



Understanding trends is an important first step in approaching the snacks and sweets category; selecting which items to carry, and then marketing and merchandising them in ways that will boost sales, is another.

Warady believes that significantly increasing the inventory of free-from, gluten-free, non-GMO and plant-based snacks and sweets is key—especially considering the rise of the clean eating and allergy-friendly food trends. The need for those kinds of products, he says, will one day match the need for regular, traditional store products.



“Retailers can best merchandise these lines by offering an extensive selection of products to appeal to all consumers, and by incorporating these lines into the standard offerings,” says Warady. “Eventually, these product lines will expand beyond specialty sections to become shelf staples.” Some retailers, such as Kroger, he says, “have already begun to bring natural cookies into the regular cookie aisle.”

Today’s retailers hold free-from shoppers in high importance: The average free-from cart is \$102 vs. \$46 for a “regular” shopper, Warady says. Because of this, Enjoy Life works with retailers on initiatives including social media campaigns, in-store and e-commerce promotions “to drive trial and purchases of our sweets and snacks.”

Gilbride, too, stresses the importance of broadening inventory. “From a merchandising perspective, we believe a retailer’s assortment should reflect the way the consumer approaches the category. In meat snacks, roughly a third of consumers are exclusive to meat sticks/snack sausages, roughly a third are exclusive to jerky, and roughly a third will purchase either or both. So, best-in-class meat snacks sets have a balanced presence of both segments and make it easy for the consumer to quickly differentiate and find what they are looking for,” he says. “More progressive retailers are looking to expand beyond the traditional meat snack rack and also merchandise in locations that address different occasions. For example, single-serve options can be merchandised in the protein/nutritional bar set to speak to the consumer who is looking for protein, without all of the sugar so often found in the bar category.”

Reaching out to customers with your snack message in every step of today’s complex path to purchase, which begins before they even enter your store, is what Walsh recommends.

“Leveraging digital programming, social media and online targeted marketing are key to driving brand awareness, and can drive foot traffic to a particular retailer,” she says. “Once in-store, retailers can capitalize on the impulsive nature of the snacking category through compelling displays, co-merchandising with products with high affinities to drive bigger baskets, and create excitement through sampling events, especially for innovation.”

And don't ignore omnichannel options, she says. "Snacks are seeing double-digit growth online, an area that is only expected to increase in the coming years," Walsh reports. "Incorporating snack offerings into the digital shopping experience, at curbside pickup or in-home delivery, will be important for retailers to capture the omnichannel snacking consumer."

Ultimately, no matter how healthy the ingredients, how clean the label is or how transparent the sourcing, one feature ranks above all others for consumers hankering for snacks and sweets. "One thing that almost all consumers agree upon is taste is paramount," the IRI snacking report concludes.

Consumer grocery trends