

Frozen Food Comes in From the Cold

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That ho ho ho echoing from the valley is the Jolly Green Giant.

After years on ice, the nearly 90-year-old pitchman who wears a mini-cut toga made of leaves has been enlisted to protect B&G Foods Inc.'s \$765 million investment in frozen foods with the hope that he can add some life to the industry's moribund sales.



A Jolly Green Giant statue in Minnesota is repainted during refurbishing efforts.

Photographer: John Cross/The Free Press via AP Photo

His gig, which includes a return to TV commercials, will be hawking frozen vegetables to millennials accustomed to razor-fresh kale and grass-fed beef for his new owner, B&G, which bought the Green Giant brand from General Mills Inc. last year.

Kraft Heinz Co. has a stake in the frozen-food game, too. It's peddling a new line of frozen meals, called Devour, aimed at young men looking for convenient, indulgent meals when there's no one around to cook for them.

Big Food is betting that frozen food, a relic of Sputnik and the Mickey Mouse Club, can stir the hearts and palates of the quinoa generation even as sales figures have fallen each year since 2009. The products need to overcome a reputation, some of it earned and some not, that the meals found in your grocer’s freezer, often packed with sodium and preservatives, taste meh.

“Frozen food suffers from a lot of baggage,” said Laurie Demeritt, chief executive officer of the Hartman Group, a Bellevue, Washington-based food consulting company. “There’s a perception that it comes from an industrialized place.”



There have been glimmers of life in the industry. Smaller upstart brands have connected with customers looking for healthier ingredients. Saffron Road, a line of halal-certified meals, has been one of the fastest-growing products at Whole Foods Market in recent years.

Amy’s Kitchen, made with natural and organic products, have seen sales surge more than 75 percent in the last seven years to roughly \$319 million. And Pinnacle

Foods Inc. has had success with its Evol and Gardein lines, brands the company acquired in recent years that offer vegan and gluten-free options.



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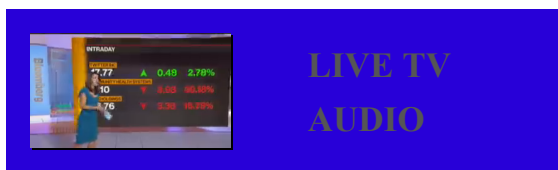
includes recipes like white cheddar mac and cheese with bacon, pulled-chicken burrito bowls and pesto ravioli with spicy Italian sausage -- the kind of fare one might savor at the **Bonnaroo** music festival or on the street across from a college campus.

B&G and Kraft Heinz have watched and learned. B&G is wooing millennials with frozen “veggie tots” with broccoli and cauliflower. Kraft Heinz’s Devour line

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They’re hoping that it’s not a bad thing that 77 percent of American consumers say they’ve bought a frozen meal in the last year, according to Kraft’s market research.

“I wouldn’t call that a dead category,” said Jennifer Healy, vice president of brand building in Kraft’s frozen unit. “We need to reinvent it to be more in line with what consumers want, but it’s not dead.”



product whose heyday seems antediluvian to today’s struggled. Conagra Foods Inc., the maker of leading brands Marie Callender’s and Banquet, is trying to bring some foodie prestige with its **Wicked Kitchen** line, which the company says was inspired by food trucks.

Sales in the company’s nearly \$3 billion refrigerated and frozen unit have slumped as it tries to wean customers off deep discounts, like Banquet’s 10-for-\$10 deals, common for years. The company says it’s updating the Banquet

meals, an \$850 million business, to improve the packaging and food quality. Last year, Conagra bought Blake's, a maker of natural and organic frozen meals.

Nestle SA, the leading seller of frozen meals in the U.S., opened a \$50 million research center devoted to frozen food in Ohio last year and has spent millions revamping Lean Cuisine, adding options such as organic cheese-and-bean enchiladas verdes in a bid to go beyond its reputation as a diet brand.

Image Problems

Still, image problems persist. Organic fresh-food shoppers enjoy convenience just as much as anyone else, but traditional frozen brands need to do more than just roll out a few new recipes to grow sales.

“The customer has picked up on the fact that a lot of stuff is crap,” said Roger Davidson, president of Oakton Advisory Group. “The problem with frozen hasn't been that it's frozen -- the problem has been the ingredients and the quality.”

Despite the struggles, don't expect grocery stores to dismantle their freezers any time soon. The frozen section is some of the most profitable real estate for a store, and stores can demand high fees from food manufacturers. Grocers spent the last 10 years expanding their freezer space and they're hungry for better-quality products.

B&G is approaching the future with a little bit of the past. The pickle and snack company's purchase of Green Giant nearly doubled its size and marked its first foray into the freezer case. It's betting the Jolly Green Giant will tap into the nostalgia of parents looking to put vegetables on the dinner table while finding a new audience with millennials.



“There’s nothing wrong with frozen -- vegetables are vegetables,” said Bob Cantwell, B&G’s CEO. “Millennials want fresh food, but they also want frozen.”

