

by A. Elizabeth Sloan

Small Categories, Big Gains

Big growth in relatively small food categories has long been a bellwether for helping to identify new food trends, the morphing of existing megatrends, and the potential vulnerabilities of major food categories. This column is intended to highlight some of the emerging, high-potential hotspots to watch and work on. It is based on IRI data covering sales in supermarkets, drugstores, mass merchants, military commissaries, and select club and dollar stores for year-long periods ending on various dates within a time frame of January to April 2019, unless otherwise noted.

It appears that a new do-it-yourself, convenient-but-customizable approach to cooking that allows consumers to express their culinary creativity may be in the wings. Refrigerated eggroll/wonton wrappers as well as biscuit, cookie/brownie/pastry, pasta/dumpling, and pizza crust doughs posted high single-digit sales growth, per IRI. Sales of frozen pizza dough jumped 66%, albeit from a very small base; sales of pastry crust and other tortilla shells were also up.

Frozen foods are fast becoming the new pantry staples. Sales of frozen soup rose 43%. Other frozen category increases were as follows: side dishes, +17%; squash/zucchini, +14%; carrots, +13%; corn, chopped onion, and onion rings, each +7%; and other frozen vegetables, +15%.

Sales of frozen turkey/turkey substitutes grew 17%. In addition, sales in the frozen stuffed pasta shells/gnocchi and plain potatoes/fries/hash browns categories showed high single-digit growth.

Breakfast entrées continue to be an unmet opportunity with great potential. Frozen breakfast entrée sales jumped 12%; frozen waffles were up 6%; and deli prepared breakfast sandwiches were up 23%. Even more impressive, sales of refrigerated breakfast sandwiches shot up by 123%.

The potential for fresh, ready-to-eat

“scoop-able” meals from deli department soup and crockpot stations is enormous. Fresh deli soup sales were up 13%, and chili sales climbed by 31%.

Smaller refrigerated categories are posting impressive unit gains: snack cakes, +77%;

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baked beans, +65%; refrigerated bread, +51%; and aerosol and nonaerosol whipped toppings, +19% and +20%, respectively. Sales of refrigerated meat substitutes grew by 190%.

A surge in home entertaining is driving growth in party platter sales. In the deli/fresh prepared food section, IRI reports sales of appetizer trays grew by 25%, and sales of holiday meals were up by 17%. According to the 2019 *Power of Baking* report from the American Bakers Association (ABA), in-store bakeries’ doughnut party platter sales jumped a whopping 1,120%.

While sales have been stagnant in the center-store bakery products categories, many smaller categories are posting high double-digit growth, per ABA. Sale of dessert brownies jumped 2,740%, and sales of sweet snacks/dessert bars, cookie snack packs, and sweet snack muffins also grew.

Specialty cookie sales in the fresh bakery area jumped 18%; flavored sweet bread sales were up 43%. Expect fresh baked crackers, with sales up 26%, and bread sticks, up 23%, to get more industry attention. Bakery also is grabbing attention in the refrigerated case. Refrigerated bread sales rose 82%; sales of refrigerated snack cakes and doughnuts were up 57% and 9%, respectively.

Sugar-free chocolate sales were up 13%, and sales of chocolate-covered salted snacks were up 11%, per IRI’s 2019 *State of the Snack Food Industry* report; they are among the fast-moving small candy categories. Dried fruit

snacks, dried fruit chips, natural cheese cubes/balls/bites, pork rinds, and plant-based chips are other smaller snack categories poised for long-term growth.

Kombucha led growth in mid-tier organic categories, with sales up 41% in 2018 to

\$431 million, per Nielsen. Organic product categories with modest sales but strong growth include cream, nondairy yogurt, vegetable juice, coconut water, pasta, almond milk, cream cheese, and sandwich spread.

Expect the frozen meals and meal components categories to continue to include more organic offerings. Sales of organic fully cooked frozen chicken jumped 74% in 2018, and sales of organic frozen novelties were up 56%, per Nielsen.

Alternative dairy products remain one of the fastest-growing industry segments. Nielsen data for the year ending June 2018 show strong growth for nondairy product categories such as frozen desserts, yogurt alternatives, cheese alternatives, nondairy creamers, and butter substitutes.

Last, but not least, perhaps the most important forward-reaching information for optimizing the future direction of individual food sectors can be found in what sales-tracking organizations describe as “other” categories. Those segments with a high percentage of sales from the “other” category are clearly currently missing the mark, and a deep dive into what “other” products consumers are buying will be well worth the effort. **FT**



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