SPOTLIGHT: DIPS & SPREADS

DIPS & SPREADS SCORE GAINS

Hummus drives a 13.5% rise in flavored spreads; new items spark rise in dips.

BY MICHAEL FRIEDMAN

“The train has left the station, get on it” is the advice for retailers from John McGuckin, exec vp-sales of Sabra Dipping Company (www.sabra.com), White Plains, N.Y., when it comes to refrigerated dips and spreads.

Supermarket sales of refrigerated flavored spreads, dominated by hummus, soared 13.5% to $89.7 million in the 12 weeks ending April 17, according to SymphonyIRI Group, the Chicago-based market research firm. At the same time, refrigerated dips were up 2.5% to $102.7 million with particularly strong gains posted by three Mexican-inspired brands — Wholly Guacamole, Gordo’s and Yucatan.

TWO KEY TRENDS

McGuckin says spreads are being driven by two major trends — heightened interest in the Mediterranean lifestyle and the whole health and wellness phenomenon. Sabra and private label have been largely responsible for the sales spurt.

Dips and spreads are finally getting more space in the store, as well as in circulars, as hummus sales have grown from $100 million in 2006 to $400 million today, according to McGuckin.

“Give the category prime retail space. We’ve earned it. Hummus turns faster on the shelf than many of the varieties of cheese that most retailers stock,” says Dominick Fracione, vp-sales of Cedar’s Mediterranean Foods, Inc. (www.cedarsfoods.com), Bradford, Mass.

Rocco Cardinale, director of marketing, Franklin Foods (www.franklinfoods.com), Enosburg Falls, Vt., cites three main reasons for spreads’ strong sales. First, the increased number of hummus and private label SKUs on the shelf. Second, the snacking day-part continues to grow as consumer lifestyles remain very busy and hummus fits as an easy, portable, health-oriented option. Third, the healthy halo of the Mediterranean diet fits well over hummus and is easily understood by consumers.

Given the relatively low level of household penetration (20%), hummus sales will continue to skyrocket and space will continue to be the issue, says McGuckin.

Retailers are realizing that the majority of sales of fresh dips and spreads is happening in the deli, according to McGuckin. He urges retailers to dedicate sufficient space to the category based on gross margin return on investment models.

“We are seeing more variety of formula profiles, like yogurt, sour cream, cream cheese and a wider assortment of flavors, specifically restaurant-style varieties and seasonal flavors,” says Randy Bartter, vp of marketing for Ventura Foods (www.venturafoods.com), Brea., Calif.

Another trend Bartter has noticed: more cross-category flavors. “In the past year, Dean’s Dip has introduced both Honey Mustard and Cheddar Cheese into the dairy dip section. Dean’s Guacamole Flavored Dip, a flavor traditionally associated with deli dip, has proven very successful in the dairy dip section.”

PERCEPTIONS SHIFTING

People’s perceptions of dips are shifting, with the product seen as not only a party platter option but also as an everyday snack, says Mary Beth Cowardin, senior marketing manager-produce dips of T. Marzetti Company (www.marzetti.com), Columbus, Ohio.

Cowardin says that while innovative veggie dip bases — such as Greek yogurt — offer big opportunities, she is seeing increased competition from alternative products such as salsa and guacamole.

“In recent years we’ve seen consumers looking for more innovative flavors outside of the traditional onion and veggie dips. Appetizers have been a growing trend, with consumers looking to dips and spreads for newer flavors and at-home ideas that replicate some of their favorite appetizers that they might order at a restaurant,” says Elizabeth Underhill, senior marketing manager, HP Hood.

In the past year, Dean’s Dip has introduced both Honey Mustard and Cheddar Cheese into the dairy dip section.
cially new products — they need to
taste them first. Get our salsa into
people’s mouths four or five
Saturdays in a row, and it flies.”

Best-practice retailers often
pair dairy dips with “dipping
devices” such as
Flavorful snacks or
cut vegetables,
Ventura’s Bartter
notes. “The pairing
works well in a circular
or as an on-
pack instant-
redeemable
coupon. Dean’s Dip has worked very
successfully in the past with cross
promotion IRC’s on bags of private
label and regional salty snacks. Suc-
cessful retailers promote dips as an
“everyday” snack vs. an event-driven/
special occasion treat,” he explains.

“Everyday” snack vs. an event-driven/
“hot” Fuego salsa to complement its original salsa.

Franklin Foods is adding an eight-
ounce roasted garlic and herbs to its
yogurt dips and a 28-ounce roasted
garlic and salsa cream cheese dip for
club stores under its Green Moun-
tain Farms label.

La Marissa recently introduced a “hot” Fuego salsa to complement its original salsa.

Commodity lakes which it is licensed to
sell under the Moe’s Southwest Grill
label. The company also is introduc-
ing some SKUs of hummus with
probiotic cultures from Ganedin and
it expects to import a line of cashew-
based dips from Australia called
Chunky Dips.

margin sales from heavy ticket items,
they feel they can make up some lost
margin by adding it to lower retail
cost items like hummus,” he says.

Cedar’s is launching a new line of
bean dips (white and black), as well
as fresh salsa which it is licensed to
sell under the Moe’s Southwest Grill
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based dips from Australia called
Chunky Dips.

REFRIGERATED DIPS/ SALADS & SPREADS
Supermarket sales for the 12 weeks ending April 17, 2011, according to SymphonyIRI Group, the
Chicago-based market research firm. Percent change is versus the like period a year ago. Data is for
brands as originally trademarked, and may not include line extensions.

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>$ SALES</th>
<th>% CHG</th>
<th>UNIT SALES</th>
<th>% CHG</th>
<th>VOLUME</th>
<th>% CHG</th>
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<tbody>
<tr>
<td>RFG DIPS</td>
<td>$102,743,800</td>
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<td>40,371,700</td>
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<td>Private Label</td>
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<td>8,818,822</td>
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<td>Dean’s</td>
<td>$10,321,070</td>
<td>4.41</td>
<td>5,842,386</td>
<td>6.82</td>
<td>5,136,295</td>
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<td>Wholly Guacamole</td>
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<td>18.22</td>
<td>2,666,942</td>
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<td>Kraft</td>
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<td>1,241,260</td>
<td>(20.35)</td>
<td>1,027,111</td>
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<td>Calavo</td>
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<td>Yucatan</td>
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<td>Gordo’s</td>
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<td>Cedar’s Mediterranean</td>
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<td>Joseph’s Fine Foods</td>
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<td>(12.98)</td>
<td>391,726</td>
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<td>PREPARED SALADS*</td>
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<td>43,226,800</td>
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<td>47,789,100</td>
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*Brands under $1 million not included.
**Includes fruit and coleslaw.