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 Frocione, vp-sales of Cedar's Mediterranean Foods, Inc. (www.cedarsfoods.com), Bradford, Mass.

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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.

HP Hood, marketer of Heluva Good! dips, is seeing greater demand for more innovative flavors.

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 ▸

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 salty 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. Successful retailers promote dips as an "everyday" snack vs. an event-driven/special occasion treat," he explains.

Sabra's McGuckin says that a trend to reduce package sizes is nothing but a price increase. He believes the package size should be based on portion preferences by the consumer and that if manufacturers need to take a price increase they should take it rather than potentially breaking the bond of trust between consumer and brand.

Sabra, the leader in the hummus segment, has a growing line of products.

Frocione says that Cedar's has tried to increase some unit sizes to get a lower cost per ounce.

DAIRY OR DELI?

"We are starting to see interest from different parts of the store looking to capitalize on the growing interest in Mediterranean foods. We have some accounts that we sell our Cedar's label to in the deli and a private label in the dairy. There may be a significant SRP differential between departments but we find that the customer shopping the dairy is not usually also shopping the deli section," says Frocione.

He points out that dips and spreads can get caught in a Catch-22 situation. "In many retail delis there is a target margin for the whole department that the buyer needs to achieve. When they blend lower 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 label. The company also is introducing 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.

La Marissa recently introduced a "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 Mountain Farms label.

La Marissa recently introduced a "hot" Fuego salsa to complement its original salsa. The Mexican-style salsas are vegan and have no preservatives, sugar or gluten. They boast a 10-week shelf life.

Hood will be launching a tailgate program and sampling Heluva Good! dips at various college football games in the fall.

While dips and spreads have flourished, refrigerated prepared salads/fruit/coleslaw, whose space has diminished, have languished, falling 14.9% to $111.5 million in the 12 weeks ending April 17, according to SymphonyIRI. ■

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.

CATEGORY	$ SALES	% CHG	UNIT SALES	% CHG	VOLUME	% CHG
RFG DIPS	**$102,743,800**	**2.50**	**40,371,700**	**(0.45)**	**33,159,730**	**(1.01)**
Private Label	$22,220,800	(0.73)	8,818,822	(5.87)	7,873,632	(4.36)
Marzetti	$15,673,320	(5.56)	4,719,873	(5.05)	4,148,030	(5.29)
Dean's	$10,321,070	4.41	5,842,386	6.82	5,136,295	7.99
Heluva Good	$9,119,457	13.22	4,795,288	9.65	3,861,623	9.69
Wholly Guacamole	$8,506,001	18.22	2,666,942	9.82	1,576,425	8.93
Kraft	$2,698,031	(17.45)	1,241,260	(20.35)	1,027,111	(23.28)
Calavo	$1,895,548	3.67	467,719	8.99	348,424	(0.21)
Yucatan	$1,450,701	6.96	366,661	7.05	264,658	4.27
Gordo's	$1,283,311	15.31	280,675	14.09	279,712	14.24
Reser's Stonemill Kitchens	$1,038,603	(10.20)	232,326	(10.88)	146,647	(10.94)
RFG FLAVORED SPREADS*	**$89,686,240**	**13.53**	**26,207,790**	**13.41**	**16,352,890**	**14.27**
Sabra Dipping Co.	$46,230,940	31.41	12,054,900	31.26	7,612,405	33.26
Kraft	$9,900,592	0.19	3,279,781	3.31	1,686,245	10.04
Tribe Mediterranean	$9,625,066	(1.85)	3,106,899	0.19	1,864,540	(1.48)
Private Label	$6,503,277	19.47	2,719,155	17.59	1,927,885	17.41
Cedar's Mediterranean	$6,085,040	(6.21)	1,743,956	(6.76)	1,206,066	(9.91)
Garden Fresh Salsa Co.	$2,407,405	(7.59)	792,826	(3.19)	492,561	(3.34)
Joseph's Fine Foods	$1,876,892	(14.42)	595,562	(12.98)	391,726	(15.94)
PREPARED SALADS*	$111,468,800	(14.91)	43,226,800	(24.51)	47,789,100	(15.67)

Brands under $1 million not included.

***Includes fruit and coleslaw.*