

focus on... ice cream

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Amelia Hewitt of Kantar Worldpanel presents the latest data on category performance

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A birthday cake on a stick heads our selection of the most exciting innovations in ice cream



Sofa, so good

As the British weather hampers Brits' outdoor excursions, more people are enjoying ice cream from the comfort of their couch

Beth Gault

Fear not. You don't have to fight an onslaught of zombies, like the guys in *Shaun of the Dead*, to indulge in a relaxing moment on the sofa with an ice cream.

With one of the wettest starts to summer on record, and an overcast July and August, consumers have thrown that prerequisite out of the window and tucked into more ice cream on their couches this year. Nearly 13% more [Kantar Worldpanel 52 w/e 6 November 2016].

The change of scenery hasn't deterred shoppers from buying ice cream. In fact, Brits

splashed out an extra £16.5m on ice cream from the mults as the category's value nears the £1bn mark [IRI 52 w/e 31 December 2016].

So, which brands and retailers are driving this growth? How are they targeting the 'night in on the sofa' occasion? And does this mean indulgence is winning out over health as the key driver for ice cream consumption?

"It's clear that tubs and share-at-home products are driving growth within the ice cream category," says Phil Shaw, general manager for Mars Ice Cream.

Luxury and indulgence are key when it comes to dining on the sofa, with a 39.3% increase in 'special' occasions featuring

TUB BESTSELLERS

52 w/e 31 December 2016

	VOLUME		VALUE	
	£m	y-o-y %	litres (m)	y-o-y %
Ben & Jerry's	91.3	-1.4	15.6	-2.8
Wall's Carte D'Or	50.8	-6.9	20.1	-7.7
Häagen-Dazs	47.2	15.7	8.1	23.9
Kelly's	27.5	9.3	11.4	13.9
Wall's Soft Scoop	17.2	-10.9	15.6	-14.0



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- Lower average prices for ice cream encouraged people to buy more, despite the weather, resulting in a 4.4% volume uplift.

- Luxury continues to see the strongest volume growth of any sector (on top of 15% growth in 2015), with own label driving this.

- The most significant group contributing to luxury's growth are 16 to 34-year-old females, with luxury occasions up 26% since 2014.

- Ice cream is becoming less likely to be consumed as part of a 'planned' occasion (-3% year on year) but is increasingly associated with 'relaxing', 'together time', and 'in front of the TV'. These are qualities more associated with premium or luxury ice cream than standard.

- Despite the growth of more health-focused brands this year, launches from the big players have continued to be indulgent. Magnum launched its Double range with an extravagant feel, and the best performing new launches coming from own label include flavours like Chocolate Orange, Chewy Caramel and Chocolate Brownie.

Amelia Hewitt
Kantar Worldpanel

TAKE-HOME SHARE

52 w/e 6 November 2016

	VALUE		VOLUME	
	£m	y-o-y %	kg (m)	y-o-y %
Choc snacks	248.5	5.3	61.9	6.9
Premium ice cream	178.5	4.1	85.9	6.6
Luxury ice cream	143.4	6.2	29.3	9.8
Filled cones	95.9	-2.7	38.4	4.3
Children's	95.0	8.5	29.8	8.1
Standard ice cream	72.8	-3.4	84.4	-1.6
Adult refresh	29.6	0.8	6.1	4.1
Individual ice cream	13.6	-13.2	2.9	-3.2
Family ice cream desserts	20.3	-7.4	10.9	2.4
TOTAL	905.2	3.0	353.8	4.4

BRANDED VS OWN LABEL

52 w/e 6 November 2016

	VALUE		VOLUME	
	£m	y-o-y %	kg (m)	y-o-y %
Branded	551.2	2.3	159.8	0.1
Own label	354.0	4.1	185.6	3.6

RETAIL SHARE

52 w/e 6 November 2016

	TRADING			VALUE
	grocery	category	index	y-o-y %
Farmfoods	0.6	2.4	400	20.0
Iceland	2.4	6.6	275	-1.5
The Co-op	5.2	7.5	144	11.9
Lidl	3.9	4.9	126	4.3
Waitrose	5.0	6.0	120	5.3
Tesco	25.2	27.3	108	0.7
Sainsbury's	14.3	14.4	101	-5.3
Morrisons	10.0	9.2	92	-7.1
Aldi	5.2	4.7	90	4.4
Asda	13.4	11.9	89	-8.5
Independents & symbols	1.1	0.9	82	0.0

KANTAR WORLDPANL

The take-home snapshot is produced by Kantar Worldpanel. Kantar Worldpanel monitors the grocery retailer take-home purchasing habits of 30,000 demographically representative British households. Call 020 8967 0007 or visit www.kantarworldpanel.com for details

HANDHELD BESTSELLERS

IRI: 52 w/e 31 December 2016

	VOLUME		VALUE	
	£m	y-o-y %	litres m	y-o-y %
Wall's Magnum	167.3	0.6	24.2	-2.1
Wall's Cornetto	37.1	-5.3	8.2	2.5
Oreo	15.5	12.0	2.6	13.5
R'ees Fruit Pastilles	14.5	24.0	2.3	27.8
Cadbury Flake	14.3	21.2	2.3	34.6



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Ice cream [Kantar] as well as an £8.3m and £7m increase in spend on luxury and premium products.

Mars is seeking to get a scoop of the action in 2017 by launching Mars and Snickers tubs, supported by a £9m media investment. Shaw is confident the tubs will "emulate the success of the bars".

Magnum also ventured back into tubs in 2017, with NPD based on the brand's most popular flavours – Classic, Almond and White. Each tub features vanilla ice cream with shards of Magnum chocolate encased in a cracking chocolate shell and topped with a chocolate disk (rsp: £3.85/440ml). The NPD comes five years after Unilever initially launched its Magnum tubs range, which started getting delisted in 2014. By 2015, sales had fallen to £1.4m [Nielsen 52 w/e 3 October 2015].

"We have taken learnings from the previous tubs product and went back to what makes the Magnum experience so special, and sought to recreate that for the growing tubs subcategory," says Nicky Kindt, senior brand manager for Magnum at Unilever.

By doing so, both Mars and Magnum are pitting themselves against tub stalwarts Ben & Jerry's and Häagen-Dazs. And while sales of Ben & Jerry's have faltered, Häagen-Dazs shows no sign of slowing down with £6.4m added to its sales [IRI].

Retailers

Retailers are also cashing in on the growing luxury sector, with new launches from Waitrose, Morrisons, The Co-op and Iceland.

Own label is a key driver here, with value up 4.1% on volume up 3.6% [Kantar]. "That growth has been driven by the premium tiered ranges from the retailers, like the Co-op Truly Irresistible and the Waitrose 1 range," says Charlotte Hambling, head of marketing at Froneri, a joint venture between Nestlé and R&R for the ice cream, frozen food and chilled dairy categories.

Waitrose launched a Tanzanian chocolate ice cream with blood orange sorbet in a

half-litre tub, which has “sparked particular interest from customers”, according to Chris Moore, ice cream buyer at Waitrose. “The Waitrose 1 ice creams are performing exceptionally well mainly due to them being innovative and very different to what is currently in the market,” Moore adds. With 5.3% value growth in ice cream, Waitrose was only outperformed by Farmfoods and The Co-op with 20% and 11.9% growth respectively.

The Co-op expanded its own-label offering with a Sicilian Lemon variant added to its luxury range. But it owes much of its success, according to Hambling, to meal deal promotions that feature ice cream as a dessert.

Thanks to promotions like this, the frozen treat is now increasingly seen as a dessert in its own right, rather than a scoop on the side of something more interesting. “I think there is definitely an acceptance that ice cream is now an indulgent option that can replace other kinds of desserts,” believes Hambling.

Just desserts

Danish dessert company Winterspring has taken this trend one step further, with a dessert box range that hit shelves in Waitrose in November. Each box contains an ice cream, a sorbet and a topping for consumers to assemble at home. “We want to give our customers the opportunity to enjoy fine Nordic cuisine from the comfort of their own home,” says Winterspring founder Karina Schmitt Lund. With an rrp of £7.99, the product falls into the premium sector, boasting organic ingredients to justify the price.

Richard Williams, marketing director at General Mills, which owns Häagen-Dazs, also believes quality is worth paying more for. “We’ve priced our sticks at a premium to the market because we believe we have a product that can drive value in the segment and in the convenience segment,” he says. “People are looking for quality of product, real food, better experiences, and I think if you can deliver on that, people will pay the price for it.”

However, the premium is being eroded. Häagen-Dazs’ average price has dropped 6.6% [IRI]. This is a common theme across the category, with average prices down 1.2% overall, and deeper cuts to luxury products, filled cones and individual ice creams.

“In 2015 we saw shoppers develop more expensive tastes, moving away from standard everyday ice cream to the more premium sectors,” explains Kantar analyst Amelia Hewitt. “This continues this year as consumers trade up, encouraged by promotions.”

Lower price points are crucial to driving volume sales, says Noel Clarke, brand building director for ice cream at Unilever. “Getting the right products there is great, but it’s also about price points. The average ice cream is over £1.30, the average snack is less ↻



Smaller players send sugar out into the cold

Healthy ice cream. Just a few years ago this phrase would have been considered an oxymoron. Now, it’s reality.

The Childhood Obesity Plan recommends a 20% reduction in sugar content by 2020, across categories including ice cream, meaning suppliers are being forced to respond with a raft of NPD.

Ice cream’s top players are on the case. Unilever, Froneri and General Mills all say they’re working with Public Health England to hit these targets.

“We’ve already achieved good results,” says Froneri’s Charlotte Hambling. “We have a strong own-label business, so there’s a lot of emphasis on sugar

reduction coming from the retailers, who have their own agendas.”

However, ensuring taste and quality remain high has so far prevented widespread use of sugar alternatives like stevia, inulin or monkfruit. Smaller brands Miniotti and Oppo are leading the way in experimentation.

Miniotti, which uses stevia and inulin instead of sugar, has rebranded to appeal to a wider audience, with recipe changes to its two products. Described as a “healthier indulgence” by co-founder Anna Boletta,



the vanilla variant has nearly 100 fewer calories per 100g than Häagen-Dazs’ equivalent.

Fellow sugar-free ice cream Oppo, made from milk, coconut oil and stevia, secured over £200,000 in a third crowdfunding campaign at the end of 2016. This push on Seedrs saw the brand overfunded, with an initial target of £150,000 met within a couple of hours.

Products like these could become more popular as health and sugar continue to climb the agenda.

“Although ice cream is still considered above many other needs to be a treat or reward, health is a key need, with 19% more servings being chosen for health reasons than a year ago,” says Kantar analyst Amelia Hewitt.

“These newer, more healthy & natural brands are doing well with more affluent, pre-family shoppers.”



Young women have a passion for ice cream

The image of Bridget Jones drowning her sorrows in ice cream may not be as far from the truth as we think. Young adults have scoffed luxury ice cream on 6.2 million more occasions since 2014, driven predominantly by young women [Kantar].

Those aged 18 to 34 saw a 26% increase in the number of times they indulged compared with a negligible 1.4% rise by men of the same age. Young women already massively over-index in the category.

As such, brands are eyeing these millennial consumers. Häagen-Dazs, for example, has redesigned its packaging across the entire range this year. "It's a way for us

to bring more modernity to our brand and to really fit with that millennial target," says Richard Williams from General Mills. "Where we're careful is that we continue to deliver against consumer expectations. Ultimately those expectations are for a highly indulgent treat, and at the same time they're looking for a high quality product with real ingredients."

An increase in frequency, though, doesn't always translate into bigger sales. "Pre-family shoppers

are actually spending less on ice cream overall, potentially due to concerns around sugar," says Kantar analyst Amelia Hewitt, noting their desire for healthier options.

The next biggest growth came from children, with 5.6 million more occasions, and value sales up 8.5%.

"We are seeing the strongest value growth in ice cream coming from children's," says Hewitt. "Surprisingly, these people are mainly in the older lifestages, most notably retirees." She suggests this is down to older generations buying for their kids or grandkids.

Brands such as Rowntree's Fruit Pastilles and Fab have benefited with a collective sales increase of £5m [IRI]. Families are also trading up to more luxury products, with Oreo and Cadbury aiding in this, says Charlotte Hambling at Froneri.



"Ice cream sandwiches are relatively untapped but penetration is growing very fast"

than 90p."

To tap the under £1 market, Unilever rolled out a snacking range, with new variations on familiar brands including Wall's Solero Strawberry Smoothie, Feast Sandwich and Wall's Duo – all at an rsp of 80p. "There are 233 million more indulgent snacking occasions; that's basically four for every person in the country," says Clarke. "Traditionally, ice cream hasn't been hugely present there. It's the thing that you have at the beach or with your family, and some of the barriers to that are around the products. That's why it's important those products, whether it be a Solero at less than 50 calories or a sandwich, can be held in one hand."

Snack attack

Other brands are also eyeing the snacking market for growth. Häagen-Dazs unveiled new stick multipacks, which rolled out nationwide in February and March. The sticks are packed in boxes of three to cater to growing consumer demand for take-home handheld snacks, according to General Mills.

Froneri, which supplies various own-label ice creams as well as Nestlé, Mondelez, Oreo and R&R brands, also has a raft of NPD for the 2017 season. Following NPD in the form of Dairy Milk Medley, Marvellous Creations and Big Taste in the confectionery aisle, the variants are launching as ice creams, with Medley and Marvellous Creations sticks, and Big Taste tubs.

Nestlé brand Smarties is launching a 480ml tub, while Rowntree's Fruit Pastilles also has NPD this year with Fruits sticks, featuring 25% fruit juice and a raspberry sorbet centre. Kelly's will see a crème brûlée flavour added to its range, and Oreo Ice Cream Sandwiches will welcome a new peanut butter flavour.

These sandwiches definitely fit into Clarke's definition of a snacking ice cream. But Oreo and Ben & Jerry's are two of the only brands to embrace the format so far. "Ice cream sandwiches are still relatively untapped and penetration levels are still quite low, but growing very fast," says Hambling, who also believes there's room to add variety to sandwiches to appeal to different consumers.

Sales for handheld Oreo ice cream, including sandwiches, cones and sticks, were up 12% this year to £15.5m [IRI], and though plans are not finalised yet, Froneri hopes to increase that further by doing exactly

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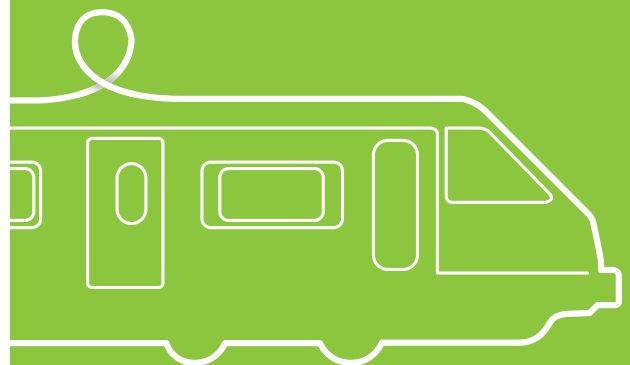
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“Most retailers haven’t got their ice cream cabinet open much of the year, or at all”

what Hambling says – segmenting the sandwich market.

Other Froneri snacking brands have also performed well this year, with value sales of Fruit Pastilles up 24%, and Fab up 2.6%. Kelly’s has also seen a 9.3% rise in value sales this year, after it relaunched in January 2016 to reflect its West Country heritage.

Family tubs are struggling

Not doing so well are the standard tubs. Unilever brand Wall’s Soft Scoop saw value sales fall by 10.9% on volumes down 14%.

Ben & Jerry’s Core has also suffered, with volume sales down 2.6%, despite the average price falling by 6.7%. Standard Ben & Jerry’s also saw volumes fall, but value remained fairly flat. Unilever is looking to impulse to push the brand back into growth.

“In 2017 there are a few areas where we’re looking to up the game. The number one thing would be to get more availability in impulse,” says Clarke. “I think if you’re already in ice cream, that’s where the opportunity is. But actually, for most UK retailers, or a big proportion of them, they’re not really in ice cream. They haven’t got their cabinet open much of the year, or at all.”

Clarke says retailers need to look at their spaces and change them alongside consumption habits. “The thing we’ll see more in 2017 is people’s coping behaviour in times of change, which is to have more small treats because they have less money in their pocket.”

There are products that fit the bill, but due to the fixed frozen aisle, it’s often difficult to present these products to consumers in an effective way – especially when the weather is miserable. One way of driving growth is through online shopping, where the weight of consumers’ baskets can be much higher than a standard shop, argues Hambling.

“We would like to see much more visibility and point of sale,” she says. “Ice cream is a really fun category, so the more we can do to shout about those credentials and break up that frozen monopoly that the aisle can sometimes be, the better. For example, doing sampling on car parks and on hot weather days.”

Given the unreliable British weather, brands may have to come up with some innovative indoor marketing as well. But first they’ll have to tempt consumers away from the sofa.



Fab Birthday Cake

Launched: February 2017 **Manufacturer:** Froneri

Fab is turning 50 and to celebrate Froneri has unveiled a limited-edition birthday cake lolly. It features a raspberry ice lolly at the bottom, a sponge flavour in the middle and icing and sprinkles on top (rsp: £1.99/6-pack). Across the main range, there has been a full packaging and brand redesign to celebrate the brand’s heritage and “create some great standout on shelf”. Alongside the launch, Froneri is investing £1m across outdoor and digital PR to promote the celebrations.



Dairy Milk Big Taste Toffee Whole Nut

Launched: February 2017 **Manufacturer:** Froneri

Entering the 480ml tub market is Cadbury Big Taste, which originally launched in an 300g sharing tablet in February 2016. By October, 3.4 million bars had been sold. This tub will enter the ‘super-premium market’ and will feature a mix of toffee and chocolate ice cream, swirled with toffee sauce, roasted hazelnuts and chocolate pieces (rsp: £3).



Solero Strawberry Smoothie

Launched: February 2017 **Manufacturer:** Unilever

Part of a snacking range from Wall’s, Unilever has rolled out this new Solero variant (80p). The Strawberry Smoothie Solero joins a Feast Sandwich and Wall’s Duo as part of a push for greater sales within the convenience channel and the under-£1 snacking market. Solero needs a boost – its value sales fell 5.5% over the past year [IRI].



Chocolate with a touch of Sea Salt

Launched: March 2017 **Manufacturer:** Jude’s

Tapping the half-litre indulgent tub market is Jude’s ice cream. Made with Colombian cacao, Maldon sea salt and milk from 220 Hampshire cows, this variant joins seven other flavours, including Gin & Tonic, Flat White and Brown Butter Pecan. The new variant from the family-run business will be available from Waitrose (rsp: £3.95).