



Premium tomatoes are winning with shoppers

In the midst of a cost-of-living crisis and rising inflation, the performance of the £211.2m ambient tomato category¹ is very much a story of two tales – with private-label and premium brands winning and leading the way, while brands in the middle are being squeezed².

This phenomenon is perhaps not too surprising as history shows us that, when consumers start to feel the pinch (85% of Brits foresee further inflation), many look to tighten their purse strings with their household budgets (60% of Brits expect decreased disposable income) – and that includes buying some cheaper private-label food products. But conversely, the ‘lipstick effect’ means many consumers remain happy to spend on small indulgences and more premium brands they love and trust. This is the situation playing out in the ambient tomato category; shoppers use private-label as a baseline measure and then decide whether they are willing to trade up to brands, particularly better-quality brands that offer elevated ‘value’ – such as superior quality, responsible and

sustainable working practices and more inspiring choices. These are the points that matter most to consumers when they choose between private-label and brands.

So, premium brands that offer something truly different will continue to grow and help drive category growth.

At one end of the tomato category, private-label is up by 3.5 percentage points³, adding an extra £4m-worth in value sales⁴; at the other end, in the premium sector, the biggest winner is Mutti, which has seen a 57% rise year-on-year (YOY), adding an extra £4.6m in value sales to the category⁵, or 49% of all the category value growth⁶. Brands in the middle are feeling the squeeze, as consumers trade up and down.

So, it’s clear that brands have a responsibility to act in the best interests of the category, delivering elevated value, rather than engaging in a race to the bottom on price. Working collaboratively with customers is key to driving long-term sustainable growth – never more important than now.

Sources: 1+5+ 6 NielsenIQ, Total Market, 52 w/e 31.12.22; 2-4 NielsenIQ YOY Value + % Change, 52 w/e 31.12.22;

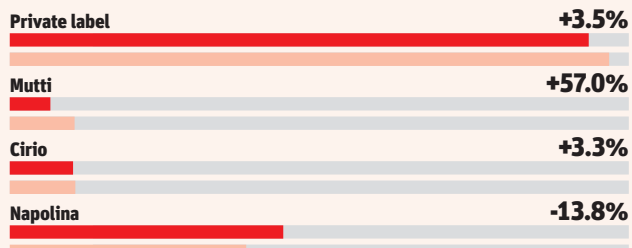
Ambient tomatoes category value growth (£) and Mutti growth YOY % change by key sector

'000S	VALUE 2021	VALUE 2022	GROWTH	MUTTI VALUE	MUTTI'S GROWTH
Total category	£212,023	£211,229	-0.4%	£12,824	57.7%
Chopped	£117,982	£115,137	-2.4%	£7,253	63.0%
Purée/Paste	£64,136	£66,634	3.9%	£3,857	44.5%
Whole	£28,265	£27,954	-1.1%	£935	85.4%
Specialty	£869	£1,066	22.7%	£780	52.1%

Source: NielsenIQ, Total Market, 52 w/e 31.12.22

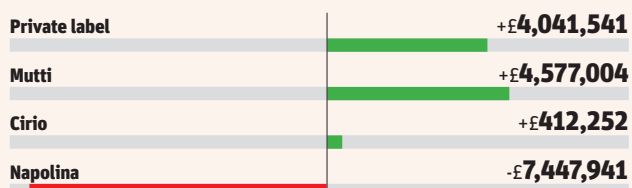
Private-label & brand YOY value % change

■ 52 w/e 01.01.22 ■ 52 w/e 31.12.22



Source: NielsenIQ, Mult Grocers, YoY value & % change, 52 w/e 31.12.22

Category value contribution £s YOY



Source: NielsenIQ, Mult Grocers, 52 w/e 31.12.22

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AMBIENT TOMATOES CATEGORY



Why elevated value reaps rewards

Growth in brands with elevated value

Despite consumers feeling the squeeze on their wallets more than ever before, there has been a surge in interest and demand for better-quality ambient tomato products. Let's explore why this trade-up is happening.

It appears consumers are now searching for a different type of value for money. While price used to be the primary factor that mattered, value now means so much more. Consumers want elevated value and that means better quality: ingredients treated with care, different from others, natural and produced by a socially responsible company that cares about the environment and people through its supply chain. A recent report revealed 81% of people believe it's important the brands they buy have a positive environmental impact¹⁰, with 63% of people willing to pay more for brands that act responsibly¹¹.

Climate change is a major concern for Britons, with 64% worried about the impact at home and 69% worried about the impacts abroad¹². Also,



Mutti's values elevate value: for example, it awards farmers the Pomodoro d'Oro for high quality while using sustainable practices

66% of Brits¹³ agree that if individuals like themselves don't act now to combat climate change, they will be failing future generations. This has led to consumers changing their purchasing habits, as avoiding excess packaging becomes a top priority for 53% of respondents¹⁴.

As part of this demand for elevated value, consumers are also seeking speciality ambient tomato products that offer something different and more

special than private-label and mainstream brands. Mutti, a brand dedicated to only tomatoes, is delivering on this and helping to create a real point of difference. Its speciality products, such as premium-quality regional passatas, Baby Plum (Datterini) and San Marzano tomatoes, tap into this demand and provide consumers with genuine richness within the assortment that is truly differentiated from private-label and other brands. And despite their higher price point, they are proving to be extremely popular. While the speciality tomatoes segment remains a small part of the category, it has grown by 22.7%¹⁵ and Mutti has significantly outperformed with growth up by 52.1%¹⁶.

As consumers are willing to pay more for better-quality, sustainable and responsibly sourced products that offer something special, retailers that stock better-quality ambient tomato products can cater to this and grow the category overall.



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of people are willing to pay more for brands that act responsibly¹¹

66%

of Brits agree that if they don't act now to combat climate change, they will fail future generations¹³

53%

of people say avoiding excess packaging is a top priority for them¹⁴

60%

of Britons say they expect their disposable income will fall over the next year¹⁷

85%

of Britons expect further inflation¹⁸

Source: ¹⁰⁻¹⁴Ipsos, Earth Day 2022, April 2022; ¹⁵⁻¹⁶NielsenIQ Total Market 52 w/e 31.12.22; ¹⁷⁻¹⁸Ipsos Global Perceptions of Inflation 2022



Maximising the retailer-supplier relationship

An effective strategy that's boosting trade-up

By partnering with a premium brand, supermarkets are tapping into a winning combination of education, inspiration, NPD and effective communication that is successfully encouraging shoppers to trade up from private-label and mainstream brands to better-quality options. This approach has proven to be a game-changer in the ambient tomatoes category, injecting new life and sales into a space that had been lacking excitement and investment before the introduction of Mutti as the new premium player.

Educating consumers

With modern consumers showing a growing preference for responsible, sustainable, and innovative brands, Mutti stands out and, in collaboration with retail partners, is educating, inspiring and communicating with shoppers in new and exciting ways to cut through and drive sales.

Mutti has been educating consumers on its sustainable practices through editorial

articles in trusted media and social media videos. This has created awareness around its values, responsible and sustainable working practices, which respect tomatoes' natural lifecycle. Alongside this, Mutti has been able to provide recipe inspiration and excite consumers around its varieties and its truly differentiated products versus private-label and other brands.

Consumers are eager to seek out innovative products and new flavours, and Mutti has been delivering some interesting new offerings to meet this demand. For example, in one leading supermarket, the introduction of the brand's premium regional Passatas, which emphasise the different natural characteristics of different varieties of tomato from specific regions of Italy, has resulted in impressive sales, particularly among foodies who over-index in purchases. The launch was accompanied by a social media campaign and in-store POS communicating why these products offer unique taste experiences.

And it's not just supermarkets

with more affluent shoppers that benefit from trade-up. More mainstream retailers with lower-income shoppers are also winning, with the Mutti brand growing three times faster than the category in another leading supermarket¹⁹. Investment in shopper education via editorial pieces, social media and POS has aided this growth, helping consumers to understand and navigate the category.

In-store signposting

As ambient tomato sales evolve, supermarkets are turning to Mutti to anchor and signpost the category in-store. With its help, retailers are able to maximise shelf impact and generate sales. This, in turn, is helping shoppers navigate the fixture, expand their purchase repertoire and trade up.

In one example, a leading supermarket's full Mutti range is blocked together to create a visually impactful display. This strategy has proven incredibly successful in generating interest and invigorating category sales.

As well as impactful displays,

retailers are using educational communication to highlight the elevated values and benefits of Mutti. Another leading supermarket, for instance, consistently shares information about the brand through a range of channels, including POS materials, customer magazine ads and recipe cards.

Quality without compromise

By educating shoppers about the benefits of the elevated value brand, retailers are able to drive sales, stimulate category growth, and create a more engaged consumer base. Educational materials help shoppers understand the value of investing in better-quality products, and demonstrate Mutti's environmental and social responsibility.

The support and investment of the Mutti brand has shown that the future of the category's growth and success will continue to rely on these partnerships between retailers and premium brands, and the mutual benefits they provide.

Source: 19 Quantum, w/e 17.03.23

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AMBIENT TOMATOES CATEGORY

**Strategies to boost growth in ambient tomatoes****Take your ambient tomato sales to the next level**

If you're looking to boost your sales in the ambient tomatoes category, then here are 10 ways to achieve success through range, display, communications and promotions.

1. Offer a core range of products covering private-label through to premium to entice customers to pay a higher price.

2. Stock up on key tomato product varieties such as Polpa, Passata, Puree, Peeled and Speciality tomatoes to encourage customers to try and experiment with new products.

3. Introduce new flavours and specialities to the category to meet customer demand and keep things fresh and exciting.

4. Create a fixture flow of 'good, better, best' to help customers navigate the aisle and trade up to better-quality products with higher margins.

5. Ensure better-quality brands are displayed prominently with brand blocking and effective signage.

6. Stock premium brands at eye level and price them



correctly in order to maximise sales.

7. Encourage increased purchase repertoire by educating shoppers about the different tomato products and varieties and usage with recipe inspiration through different media touchpoints like recipe cards, POS, videos, in-store magazines and social media.

8. Use Mutti as an opportunity to create dedicated features and promotional displays in-store, especially given new restrictions preventing high



in fat, sugar and salt (HFSS) products being featured.

9. Align promotions and in-store events with Mutti's key investment and communication periods throughout the year.

10. Keep an eye out for Mutti's next Golden Tomato shopper campaign coming later this year, which promises to be even bigger and better than before.

For further information please visit mutti.co.uk or email mutti@rhamar.com

**EVERY GREAT RECIPE DESERVES A GREAT TOMATO**

Mutti Whole Peeled Tomatoes have a delicate flavour and maintain their firm, fleshy texture over long cooking times so make a great sauce for this baked sea bass dish