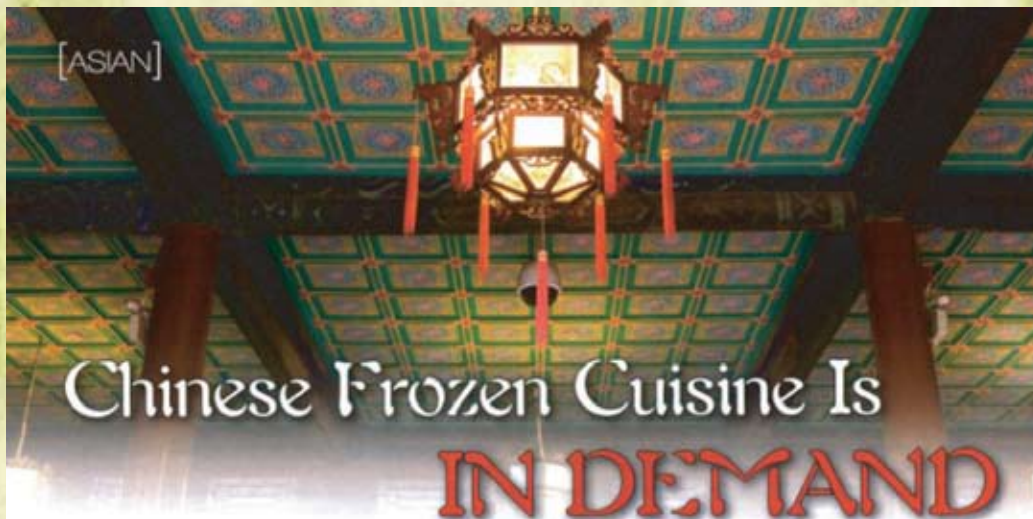


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[ASIAN]

Chinese Frozen Cuisine Is IN DEMAND

Consumer research study shows 45% want more Chinese frozen foods.

By Alan Robinson

A consumer insight study by Mintel Research shows that while many ethnic frozen foods overall are in decline, the demand for Chinese, Italian and Mexican continues to grow.

In fact, the demand for Chinese frozen cuisine is expected to outperform even traditional American frozen food categories.

The study looks at the behaviors, attitudes and motivations of consumers. It was based on responses provided by 1,500 adults, age 18 and over, who purchased frozen meals in the past 12 months.

The study also identified that one out of every two consumers want more Chinese cuisine in their store's freezer cases. It also illustrated that while consumption of ethnic food overall is on the rise, nearly 50% of consumers do not eat ethnic foods beyond Italian, Mexican and Chinese. Ethnic foods such as Indian, Spanish, Greek, Thai and French are rarely purchased.

Of the consumers surveyed, nearly 45% chose Chinese cuisine when asked what types of frozen foods they would like to see more of.

"This demand is being spurred by demographic diversity in the United States, with Hispanic and Asian populations at the top," says Mintel. "People are willing to pay more for products with better ingredients, more sophisticated flavors, or more authentic dishes. This is especially true of smaller, more affluent, adult-only households."

While consumers still prefer to get their Asian meals from restaurants, convenience and value rate very high.

In fact, 75% of the respondents ranked convenience as their top priority, with taste and cost ranked next highest. The two areas of least concern were the product brand and calorie content.

The Mintel study was commissioned by Kahiki Foods. "Listening to our consumers is the most important thing that we can do," says Tim Tsao, vice president of sales and marketing, Kahiki Foods, Gahanna, Ohio. "Through this study, we are better able to understand the importance our consumers place on enjoying restaurant quality Asian cuisine, but in the convenience of their home."

"We're excited about bringing more of these convenience and flavor factors to our consumers," says Tsao.

Looking more closely at the retail market, Tsao says Kahiki will move away from temporary price reductions and work with "longer term promotions with retailers," with a focus on in-store promotions and displays.

Gaining Edge Over QSR

Schwan's, which markets Asian Sensations egg rolls and snacks, also sees a solid future in the Asian segment.

"We expect consumer interest in ethnic foods to continue to increase, so it's important for retailers to continue to provide alternatives for consumers to meet this growing need," says Amy Ruegg, director, ethnic snacks and single serve, Schwan's Consumer Brands North America Inc., Bloomington, Minn.

"Also, the weak economy is slowing OSR (quick-serve restaurant) trips with OSR Asian traffic losses among the

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Olympic Fever: Beijing Games Begin in August

The 2008 Summer Olympics are set to get underway in Beijing Aug. 8 and run for 17 days, presenting Americans with greater exposure to Chinese culture from the extensive media coverage that the Olympic Games bring.

Tim Tsao, vice president of sales and marketing, Kahiki

Foods, says this will dovetail with already growing interest in political, business and economic interests in the region, which, in turn, will lead to deeper cultural awareness of China and its regional cuisines.

The spotlight on Asia will also broaden the interest of the American palate to the cuisine to other countries and regions, including Thailand and south India.

most significant," says Ruegg. "This creates an opportunity for us to focus on our Asian Sensations snacks and mini-meals to capture lost Asian restaurant trips."

Ruegg notes that "consumers are increasingly interested in augmenting their current purchases with ethnic foods that are new and different to provide an alternative to their meals. This interest is driving ethnic foods to grow faster than most other food categories. Of the largest segments in non-pizza snacks, Asian is the only one growing."

She notes that it will be many years before the category peaks because this is the earliest stage of Asian foods expanding into the mainstream. "There are always new consumers coming into the category based on their various life experiences."

All is not sunshine and rainbows, though. Asian foods face the same cost pressures as those in other categories. Schwan's, citing the rise in commodity costs, raised its prices 5%.

"Retailers understood the price increase was necessary to allow us to continue to provide the highest quality and to maintain our innovation momentum," says Ruegg.

The commodities most affecting the Asian Sensations line are wheat, up more than 58% since November 2007, and diesel, up more than 31%. "We do not anticipate commodity costs to level off in the near future," says Ruegg.

Product, Packaging Revamp

Schwan's is taking advantage of the strong interest in Asian foods by retooling the Asian Sensations line with "significant product improvements such as zero grams of trans fat, no preservatives and no MSG," says Ruegg.

Frozen sauce packets are now included with Asian Sensations Large Egg Rolls and Cream Cheese Wontons. The



(Photo courtesy of Contessa)

egg rolls and wontons can be prepared either in the microwave or conventional oven. The sauce packets are to be thawed at room temperature while the egg rolls or wontons cook. They come in sealed pouch, and can be thawed by running under warm water.

"In addition, we have changed the packaging to clearly convey the product improvements and health benefits," says Ruegg, noting that the revamped packaging has a new logo with a contemporary flair.

Schwan's is shifting the Asian Sensations product mix

"to be more about snacks or lighter meals in more portable formats to meet consumers' needs and lifestyles," she says. "These products also give us more breadth of assortment so consumers have more choices for their snacks and mini-meal occasions."

Other developments in the Asian food sector are: Mongolian Beef, one of four new dishes added to the Green Cuisine line from Contessa Premium Foods, Los Angeles Harbor, Calif., which can be prepared in 8 to 12 minutes. Mongolian Beef features "authentic flavors and ingredients including only thinly sliced and tender beef, long-grain white rice, scallions, bok choy, onions, garlic and a sweet and savory garlic-soy sauce," says Contessa. "The dish is spicy, but light, wholesome and fresh."

"Our Mandarin Orange Chicken is still currently a 'hot item' followed closely by our Beef & Broccoli entrée and Soy Ginger Chicken product," says Dan Van Gompel, national sales manager, Day-Lee Foods Inc., Santa Fe Springs, Calif.

"Our potstickers continue to be a fast and convenient appetizer favorite in five varieties," says Van Gompel.

"New in the pipeline are a Teriyaki Chicken and a Crispy Beijing Beef as well as some exciting potsticker items," he adds. ■

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