

**FOCUS REPORT: ASIAN FOODS**

# Amazin' Asian!

*Units and dollars both climb for Asian foods, as Olympics fervor and a food-loving panda spur promise of new gains.*

| By Cathy Sivak

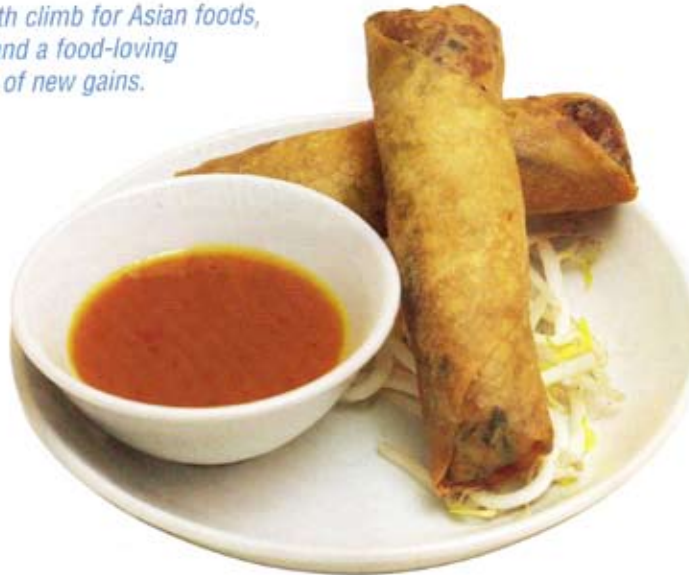
**B**lanket coverage of the Olympic Games in Beijing and slice-of-life themed marketing historically creates interest in host country foods. This summer, U.S. children (and their parents) are likewise captivated by a chubby panda propelled to martial arts greatness through his love of Chinese cuisine in the Kung Fu Panda movie.

The bump in all-ages awareness creates added Asian cuisine retail potential, particularly when combined with new products, perceived healthfulness, convenience and value. Frozen Oriental entrees grew 5.7% to \$507.3 million, with units up 2.0% to 185.0 million, for the 52-weeks ended May 17, according to The Nielsen Company in U.S. food, drug and mass merchandisers (excluding Wal-Mart).

**Universally Appealing**

"Asian food is comprised of ingredients that are universally appealing," says Denise Woleben, marketing manger for Okami, Inc., Sun Valley, Calif. (888-OKAMI-88). She cites rice and cooked seafood, in particular.

A glance at 2007 Homescan Consumer Facts from The Nielsen Company confirms this. Sharp differences among demographic segments are relatively rare within



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Asian foods, although there is skewing toward affluent suburbs and households with teenagers – not unusual for any category. Caucasians index at 102 for Oriental entrees, and account for 80% of all volume. Hispanics make up 11% of volume, with an index of 101.

"The Hispanic population enjoys the rice-based, spicy dishes offered in the category," says Mark Phelps, vp/co-founder/owner of InnovAsian Cuisine Enterprises, Kent, Wash. (425-251-3706).

Asian and mainstream restaurants introduce new ethnic flavors and varieties, with the winners rapidly matched (or beaten) at the retail shelf at a significantly lower price.

"Consumers are more willing to try a new sauce, ingredient or dish from the frozen food aisle if they have tried it at a restaurant first," says Tim Tsao, vp of sales and marketing, Kahiki Foods, Gahanna, Ohio. (614-322-3180).

"The restaurants make the authentic flavor profiles more palatable in their local markets," agrees Stephen Chen.

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president, Joyce Chen Foods, Acton, Mass. (978-929-9797). "Suppliers and retailers need to take more of a leading role in exposing their customers to more authentic foods. Think frozen items that both Asians and non-Asians would appreciate."

Retail prepared Asian foods sales are expected to continue to rise as the weak economy slows quick-serve restaurant (QSR) trips, notes Amy Ruegg, director of marketing for Asian Sensations, Schwan's Consumer

Brands North America, Inc., Bloomington, Minn. (888-626-4337). She cites U.S. Bureau of Labor Statistics that show the impact on Asian QSRs creates an opportunity to capture lost Asian restaurant trips at retail.

**More Sophistication**

"Consumers' culinary tastes are increasingly more sophisticated due to the broadening of their non-mainstream food experiences, the influence of Asian in restaurants and travel abroad," Ruegg says.

Asian retail foods products have evolved dramatically in North America and other non-Asian markets, notes Keith Chen, president of Culinary Destinations Limited, Toronto, Canada (416-201-0707). "You can get a whole range of flavors in the U.K. supermarkets, including Thai, Chinese, Indian, Japanese, Korean, in larger family-style meals, ready meal kits, appetizers and main courses," he adds.

Okami's translation of the restaurant experience to take-home

**6 Steps to Better Asian Foods Sales**

1. Try putting potstickers next to the frozen pasta or snacks – help shoppers discover new items.
2. Put items together with signage to create a destination.
3. Merchandise products by usage occasion to boost incremental sales.
4. Include new, premium products, rather than focusing heavily on price.
5. Sampling works, but only when done right. Include total meal and serving suggestions, and try to get demo people to romance the product.
6. Keep the section fresh with new items, building shopper excitement.

retail products offers new refrigerated Asian entries with a shelf life of up to eight days, including fully cooked extended shelf life Japanese sushi. Okami products also include edamame, a Chinese-style chicken salad kit, Asian Chicken Lettuce Wraps, Chicken & Vegetable Gyoza (Potstickers) and Bao (BBQ Pork-filled Chinese Steamed Buns).

Interest in traditional Asian foods like appetizers and main dishes is also morphing into unique twists that fuse Asian and Hispanic flavors or Americanize favorites, InnovAsian's Phelps says. InnovAsian rollouts this spring include its Fire Grilled Chicken Skewer line, presented with Thai jasmine rice and spicy Thai peanut, honey barbeque and teriyaki dipping sauces. The company's new Shrimp Purse appetizers include a sweet chili dipping sauce. Both lines are dual ovenable. "Flavors are the key; there are no rules anymore, people love to experiment," Phelps adds.

The traditional pork, chicken or shrimp potsticker is now offered in



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fusion flavors such as ginger-apple. While "not generally traditional, these are flavors people like." Culinary Destinations' Chen says. The company serves refrigerated and frozen appetizer segments with Asian dumpling and potstickers in Chinese, Japanese and Indian varieties; gluten-free products are in development.

Walker's Food Products Co., Kansas City, Mo. (800-725-2372), expects ongoing expansion of exotic flavors that also tie into health benefits, particularly in seafood, says Jimmy Daskaleas, vp of product development. Walker's specializes in bulk deli foodservice products, and is mixing

Asian and Hispanic influences with the addition of chilies to Szechwan dishes and Jalapeno peppers in stir fry. "It's hot, but a different kind of hot," Daskaleas says.

"Healthy" Asian foods with low sodium, low fat and no added MSG are gaining ground, and "The resulting health halo effect is beneficial to the entire category," Asian Sensations' Ruegg says. She notes that newly revamped Asian Sensations packaging trumpets benefits such as these.

"These are foods from an ancient culture," Walker's Daskaleas says, noting retailers should emphasize Asian cooking has proven health benefits similar to Mediterranean diets. He also notes specialty rice strains such as jasmine and basmati or rice mixed with edamame (soybeans) are expected to re-emerge for health benefits and as an answer to white rice shortages.

**More Veggies**

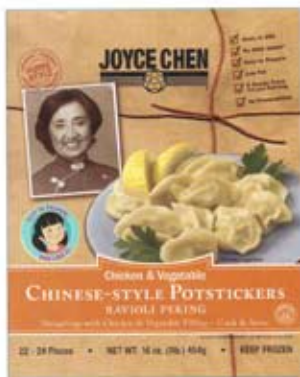
Kahiki Foods' initiative to offer more vegetables in its meals expands its successful Naturals line. Products feature all-natural ingredients, U.S.-raised antibiotic/hormone free chicken and brown rice for superior health benefits over white rice. Kahiki's 32-ounce family-sized entrees include General Tso's Chicken, Mandarin

Orange Chicken, Szechwan Peppercorn Beef and Teriyaki Brown Rice. Recently, Flaxseed egg rolls have joined traditional egg rolls in the Naturals line.

**Kahiki Innovation**

Kahiki put new life into the egg roll segment with this summer's rollout of the EasyCrisp sleeve packaging, allowing creation of crispy microwave egg rolls in two and a half minutes. Tsao expects the move to help stem the 3% annual decline in the egg roll category over the last three years, as microwavable appetizers picked up share.

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Joyce Chen Foods suggests tying promos into the Summer Olympics and the upcoming Chinese New Year; the Year of the Ox kicks off on Jan. 25, 2009. Roche Bros. Massachusetts supermarkets' recent end cap promotions included the Chinese New Year, and sold-through 20 cases of Joyce Chen Potstickers per store in 10 days.

Kahiki Foods is tying marketing outreach directly to the Olympics in its e-newsletter to consumers, including "fun facts about the Olympics, Olympic party suggestions, meal ideas, trivia, games and more. We know that by bringing Beijing into our consumers' homes, they'll learn a little more about the Asian culture, and in general, have a more diverse approach to the everyday meal," Tsao says. ■

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