

Natural Food Merchandiser
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Is It Soup Yet?
By Lynn Ginsburg

With dropping temperatures comes soup season, and with it, new marketing opportunities for natural foods retailers.

One reason to eagerly anticipate the leaves falling from the trees, birds flying south for the winter and the mercury dipping below freezing is that they all herald the arrival of soup season. And while nothing beats a fresh homemade bowl of soup, many natural foods companies are introducing innovative packaged soups that come in a close second, providing warmth, comfort and nutrition for those frigid days.

In many ways, soup is an ideal match for the natural foods market, since the perception of soup as a healthy food is one of the main drivers motivating customers' purchases. "Consumers today are more savvy about nutrition than ever before," says Mike Cote, president of Look's Gourmet Food Co., the Whiting, Maine-based manufacturer of Bar Harbor all-natural soups. "This poses a challenge to traditional, mainstream manufacturing companies, since consumers want assurance that the soups they are buying meet their standards for healthy foods."

And according to a May 2005 report on the U.S. soup market from international research firm Mintel, 10 percent of respondents reported that calorie, fat or carbohydrate content is the most important factor when choosing a soup.

But nutrition is not enough. Two out of three respondents ranked taste as the most important criterion, a boon for the natural foods industry, with the ever-growing synchronicity in the naturals sector between gourmet and healthful offerings.

"Soup should be the perfect intersection of health food and comfort food, but I don't think soup needs to go whole hog in the direction of thick and creamy, to the point where it's no longer healthy," says Mollie Katzen, who began the Moosewood restaurant in Ithaca, N.Y. and, and authored the Moosewood cookbooks before selling that name to Fairfield Farm Kitchens. Katzen has recently introduced her own line of all-natural refrigerated soups under the brand name Mollie's Natural Kitchen. "But the great thing with soup is that you don't have to choose between health and comfort food—you can have it both ways."

According to SPINS, the San Francisco-based natural foods market-research firm, packaged soup totaled more than \$183 million in combined natural and conventional store sales from July 2004 to July 2005. Natural supermarket sales accounted for almost \$76 million—41 percent of that total—reflecting a 10 percent increase of the previous year.

“We believe organic foods are very important to the consumer who is shopping for soup,” says Steve Warnert, director of sales and marketing for Petaluma, Calif.-based Amy’s Kitchen, which sells a line of canned, ready-to-eat soups. “Soup is one of those pantry staples, like milk and cereal, where organic is the primary reason for shopping in the natural food stores.”

One of the most interesting trends to emerge in the soup market is that consumers are seeing soup as more than a meal, thanks to its convenience factor. According to Mintel’s report, nearly half of soup eaters use it as an appetizer, and another third eat soup as a snack. “We believe consumers look to soup as a solution any time after breakfast,” Warnert says.

A Peek At Packaging

Another emerging trend is the diversity of packaging options available for natural soups. While soup in cans continues to sell well, newer options such as aseptic packaging, ready-to-serve pouches, pop-tops and microwave-ready containers are gaining in popularity.

“The ready-to-eat segment of the soup market represents half of all total soup sales, with the balance divided across broth, miso/bouillon and dry cups/bowls,” Warnert says. “Canned RTE makes up nearly three-quarters of the RTE segment, with aseptic making up the rest.” Warnert reports that the most recent SPINS data (for the 52 weeks ending July 9, 2005) shows canned soup contributing \$3.6 million to the natural soup category, while aseptic soup delivered \$2.1 million. Both canned and aseptic show strong growth, while dry soup cups/bowls declined slightly. Warnert says that according to SPINS data, Amy’s Kitchen contributed the most dollar growth to the category, followed by Pacific Foods and Wolfgang Puck.

“There is no doubt that aseptic packaging made a strong mark on the soup category,” he says. “While canned soups still do three times the sales, there is a clear market for aseptics. Recently, we’ve seen soups offered in foil pouches from Pacific, and pop-top lids from Wolfgang. It’s too early to tell how popular these will become, but it is a sign of change.”

However, some companies have found that aseptic packaging doesn’t work well for their particular soup lines. “Aseptic packaging was unsuccessful for Annie Chun’s because Asian soup requires adding ingredients,” says Steve Broad, president of the San Rafael, Calif.-based company. “We have instead ported those soups to our noodle bowl soup line with noodle and topping included, and sales are very strong.”

“In our business, the most successful segment is the dry-cup category, which right now is very much being driven by our Asian bowl products,” says Sarah Bird, vice president of marketing at Napa, Calif.-based Homegrown Naturals, which includes subsidiary Fantastic Foods. “Asian bowl products are very hot right now, and show the most innovation in the dry-cup segment of the market in terms of flavors and packaging

structures,” she says. “In general, in the natural sector, cup products other than Asian bowl products seem to be in decline, soup and dip mixes have soft sales and the simmer soup category is flat at the moment.”

Fresh refrigerated soups have their challenges as well. Historically, they have been difficult to distribute nationally because of their limited shelf life. However, says Katzen, “the technology has come a long way,” so Mollie’s can now offer its soup with a guaranteed shelf life of 45 days.

Technology has helped in other ways, too. “My partners [who come from Imagine Foods] and I devised a way to put soup into a container using a special cooling technology, so we don’t need an inner plastic pouch like [some] soups use—you can just put our container in the microwave and stick a spoon in it when it’s done,” Katzen says.

But no matter the packaging, the bottom line for consumers is that soup is a food that delivers both comfort and nutrition. “Consumer trends indicate that customers are looking for unique, ready-to-serve healthful soups that are flavorful and nutritious [and] that remind them of the homemade soups that they grew up with,” says Cote of Look’s Gourmet Food Co. “While new flavors are definitely a driving force across all aspects of food categories, I believe there is a resurgence of consumer interest in comfort foods like soup that are made well and are convenient as well as healthy.”

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