



Whole Grain Pasta Ready for Mainstream Success

Background

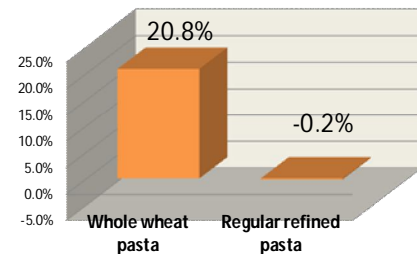
Whole wheat pastas had a rough start when they first appeared a decade ago. The early 2000s were not a good time for carbohydrate rich foods, thanks to the Atkins Diet and low-carb craze. Plus, whole wheat pasta didn't taste good. In 2005, *Cooks Illustrated*, the famous taste-testing magazine, bluntly declared whole wheat pastas to be "awful, with mushy texture and a cardboard taste." But since then, whole wheat pasta has made strides at retail – and taste tests and sales reflect this. Yet a gap still exists, particularly in the foodservice and food manufacturing segments. Consumers are clamoring for more whole grain options on menus and in frozen meals, but manufacturers and operators have been reluctant to provide new choices, worrying that products won't taste good enough to meet consumer expectations.

Whole Wheat Pasta Leading the Growth in Retail Pasta

At retail, whole wheat pasta sales are on the rise, while regular pasta has experienced a slight decline. U.S. retail sales for whole wheat pasta reached \$128 million in the last 52 weeks ending September 5, 2010. (Source: *SymphonyIRI, US Grocery Stores excluding Wal-Mart*). Unit sales grew an aggressive +21% compared to a year ago. This is noteworthy growth given our recession-bitten economy. By comparison, regular pasta unit sales dipped -0.2% during the same period.

Current US Sales- \$128 million

Unit Sales % Change vs Year Ago
52 weeks ending Sept 5, 2010



Whole wheat pasta achieved superior growth while still commanding a 23-cent-higher retail price than regular pasta (\$1.50 vs. \$1.27 average selling price). Consumers are willing to pay more for whole wheat pasta in a category that is already known for its value.

Whole wheat pasta continues to grow share within the overall pasta category. Whole wheat varieties now command a 9% share of the category, and gain an average of one share point annually. Existing whole wheat pastas sell well at retail on the East Coast and Florida, and of course in health-conscious markets such as Denver and Seattle. But there remains great upside growth potential in the South, the Heartland, and even the West Coast. The future for whole wheat pasta looks very bright, especially as manufacturers continue to optimize the taste, texture and appearance of products.

Improved Taste and Texture



Consumers generally view whole grain foods as dark and grainy with a chewy texture and strong flavor (Source: *ConAgra Mills Whole Grain Perceptions Study, February 2008*). Consumers prefer a lighter, less grainy, milder tasting product.

Consumers avoided early attempts at whole wheat pastas as they were very dark, mushy and grainy tasting. But that has begun to change at retail. Today's leading retail brands deliver a mildly nutty, robust flavor and better textures compared to past efforts. Manufacturers, however, have taken different approaches to gain acceptance at retail.

Consumers avoided early attempts at whole wheat pastas as they were very dark, mushy and grainy tasting. (iStockphoto)



Cooks Illustrated, for example, recommends products such as the pricy Bionaturae Organic 100% Whole Wheat Spaghetti, retailing at over \$3.00 for a one pound package. Although Bionaturae is 100% Whole Wheat, other recommended brands avoid or skimp on the whole grains to improve texture. These include Barilla Plus Multigrain Spaghetti, which surprisingly does not contain whole grains at all, and Heartland Perfect Balance Spaghetti, which offers a 21% whole grain inclusion. (*Source: Cooks Illustrated, January 2010*) These last two options represent the major challenge for foodservice operators and food manufacturers: How to increase the whole grains to meaningful levels while delivering the taste, texture and appearance mainstream consumers expect.

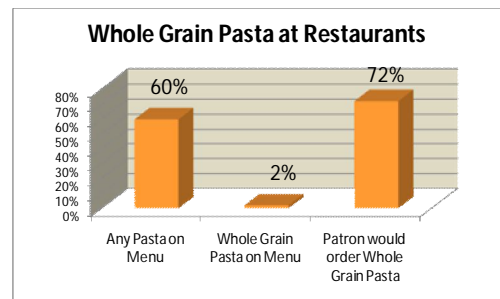


To answer that challenge, new Ultragrain Pasta™ takes pasta made with whole grain even closer to regular pasta. Ultragrain Pasta was introduced in May 2010, targeted to commercial and non-commercial foodservice. These all-natural products contain 51% Ultragrain® whole wheat flour and deliver a light color, mild taste, and authentic al dente texture.

Missing: Whole Grain Pasta at Restaurants



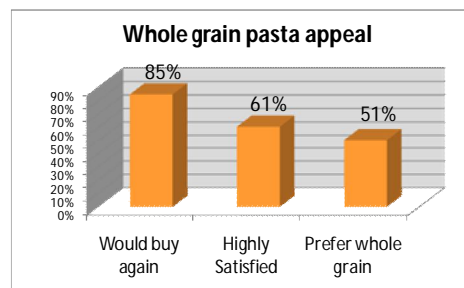
Retail grocery is far ahead of foodservice, where whole grain pasta is rarely seen on the menu. Sixty percent of all restaurants have pasta on the menu. But only 2% of all restaurants offer whole grain pasta in any pasta dish on the menu (*source: Datassential MenuTrends March 2010*). Clearly, there is ample room for increased presence of whole grain pasta in America's restaurants. Annually, restaurants provide two billion servings of pasta. If only a fraction of that converted to whole wheat pasta, there would be a significant increase in consumer intake of whole grains, a fact recently echoed by Michelle Obama during a speech to the National Restaurant Association.



Whole wheat pasta is hard to find on restaurant menus. (iStockphoto)

Consumers Want Whole Grain Pasta

Current consumers are satisfied with the whole grain pasta bought at grocery stores. A very solid 85% of whole grain pasta purchasers would buy it again in the near future. And 6 in 10 are highly satisfied with whole wheat and whole grain pastas. These consumers surprisingly prefer the current whole grain pastas they purchase over traditional pasta. Whole grain pasta with a more universal appeal will likely generate this level of product satisfaction with a broader customer base. (*Source: ConAgra Mills Pasta A&U Study, February 2010*)



Current whole grain pasta consumers are satisfied with existing retail products. New products with universal appeal could accelerate growth by broadening the base both at retail and in foodservice. (iStockphoto)



Approximately three in every four restaurant patrons (72%) claim they would order whole grain pasta at a restaurant. Even more (80%) want to see more whole grain pastas on restaurant menus. This is a signal to restaurant operators that they can benefit from this consumer demand. (Source: *ConAgra Mills Pasta A&U Study, February 2010*)

ConAgra Mills' research demonstrated that adding whole grain pasta to a product line can significantly expand purchase appeal over only offering regular pasta. Whole grain pasta branded as Ultragrain generated the greatest purchase appeal and was the most effective way to broaden overall consumer purchase interest. Furthermore, there was no reduction in taste expectations by adding whole grain pasta to the product line. Today's consumers are ready for the whole grain experience. (Source: *ConAgra Mills Pasta Concept Test, April 2010*)

A ConAgra Mills taste test also proved how satisfying Ultragrain Pasta can be. Consumers liked this pasta made with Ultragrain just as much as regular refined flour pasta in a recent taste test. (Source: *ConAgra Mills Ultragrain Taste Test, March 2010*)

Summary

Retail whole grain pastas are propelling significant sales growth and consumers have responded with satisfaction and repeat buying. This is one case when retail foods are ahead of the restaurant sector, where whole grain pastas are surprisingly rare on the menu. Today's whole grain pastas, especially those made with products like Ultragrain whole wheat flour, are paving the way for success on restaurant menus and in food manufacturing.

About the Author

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Ultragrain Pasta



Ultragrain was equally preferred to regular pasta (49% to 43%) in recent taste test. Consumers were told that Ultragrain sample was "pasta made with whole grain."