

## Loblaw hopes Blue Menu right recipe for success

### New line aims for elusive trio -- taste, affordability, nutrition

**Hollie Shaw**  
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Loblaw Cos. has been edging into Wal-Mart's retail turf for years by bulking up on general merchandise such as towels, frying pans and gardening tools.

But Blue Menu, Loblaw's latest addition to its President's Choice line of food, is a reminder the country's biggest grocer is trying to stay a step ahead of its competitors.

Loblaw, an early entrant to the organic food bonanza in 2000, has developed a line of 80 frozen and packaged food it bills as tasty, affordable and nutritious -- a combination that has bedeviled many producer.

Launched last month with a blizzard of eye-catching ads featuring a blue chicken, the Blue Menu line strives to offer "more of what nutritionists urge us to eat and less of what they tell us to limit," according to an in-store advertising supplement introducing the line to consumers.

"Obviously, fat and salt help taste, but our goal was to try to come up with different ways of getting a good taste," said Pietro Satriano, executive vice-president in charge of Loblaw's private brands.

"One of the main barriers that we are trying to address among consumers is that healthy products are often perceived as being low in taste."

The line, which includes 25 new items that do not overlap with the existing President's Choice offerings, contains no hydrogenated oils and the products are generally lower in fat and sugar and higher in fibre than their PC counterparts.

A frozen roasted vegetable lasagna, for example, has half the fat of PC's vegetable lasagna; breaded chicken strips have 70% less fat than the standard PC version, and boxes of dried pasta are high in fibre.

Loblaw was well aware from research it conducted with Ipsos-Reid that consumers have a desire to eat well: close to 90% of Canadians surveyed said they were trying to eat healthy food but want to do better.

That can be difficult to achieve, however, for people with hectic schedules. According to market researcher NPD Group Canada, 53% of all at-home dinners now contain prepared food, up from 48% in 1999. More than a quarter of consumers say they are consciously trying to avoid transfats, which have been linked to clogged arteries.

High salt content is one of the biggest problems with processed foods, experts say. Marion Chan, vice-president of the food and beverage group at market researcher NPD Group Canada, noted most so-called healthy frozen dinners are simply low in calories.

"If [Loblaw] gets the taste right, people will keep coming back," said Ms. Chan. "Consumers talk about wanting to eat healthier and they do it when it makes sense for them. Out at a restaurant they might not, but at home they want to do it as much as possible."

Blue Menu's developers worked within parameters devised by a nutritionist, Mr. Satriano said. Flavour boosters come through conventional means, such as caramelized onions in the roasted vegetable lasagna.

Loblaw, which generates roughly a third of its retail sales through its successful private label category, is predicting the line will be a hit with consumers. The retailer plans to have 250 Blue Menu products on store shelves next year.

The benefits to having house brands are clear: A private brand is priced at least 25% below a comparable branded product but they generate profit margins of about 20% to 40% higher for retailers.

But one of the biggest challenges for Loblaw was how to develop a strong identity for a new brand of food when it already has five of them: President's Choice, President's Choice Organic, Too Good to Be True, Splendido (Italian fare) and the bargain-priced No Name. Blue Menu replaces the Too Good to be True Line, which leaned towards healthier offerings but never carved out a strong identity.

With the Blue Menu, Loblaw has created one of the more visually memorable campaigns in some time and has done so by breaking standard food packaging principles, said Toronto-based brand consultant Ted Matthews.

"One of the most powerful memory tweakers is a visual colour-coded one, but one of the first things that they teach you in design school is that blue doesn't work with food," Mr. Matthews said.

"The traditional thinking was that you could only package food in natural food-like colours. So when you walk into a Loblaw store [this campaign] is immediately distinctive. It's not a surprise to me that they chose to unite the line with the colour blue, because you can now print a full colour picture of a meal on the front of a package. Blue starts to stand for fresh and light instead of unpalatable."

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