



Kraft Foods

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November 30, 2001

Docket Clerk
Food Safety and Inspection Service
United States Department of Agriculture
300 12th Street SW
Room 102 Cotton Annex
Washington, DC 20250-3700

01-018P
01-018P-1
Richard G. Searer

RE: Docket No. 01-018P; Definitions and Standards of Identity or Composition; Elimination of the Pizza Standard

Dear Sir or Madam:

Kraft Foods (Kraft) is the largest branded food and beverage company headquartered in the United States and the second largest in the world.¹ With nearly one billion dollars in sales, the Kraft Pizza Company, a wholly owned subsidiary of Kraft, is a leader in the frozen pizza industry. Our pizza products are marketed under the brand names DiGiorno, Tombstone, Jack's, and California Pizza Kitchen.

Many of the products Kraft sells are subject to government mandated standards of identity. Some of our products, like pizza, are regulated under the standards adopted by the Food Safety and Inspection Service (FSIS), while others, like cheddar cheese, are subject to the standards of the Food and Drug Administration (FDA). As is true throughout the food industry, however, most of our products are not subject to government identity standards at all. Nevertheless, and most significantly, all of our products are held to the same stringent requirements for labeling accuracy.

The frozen pizza standard of identity is outdated and not in line with current consumer expectations

The FSIS proposal to eliminate the standard of identity for pizza is well-reasoned, is in the best interests of consumers as well as of industry, and has our full support. The

¹ "Kraft Foods" and "Kraft" both refer to Kraft Foods North America, Inc. The company's pro forma revenue, including Nabisco, for the year 2000 was roughly \$35 billion. During the same period, the company sold approximately 14 billion individual packages of food. Kraft brands are found in more than 99% of all households in the U.S. This level of market penetration is based on statistics gathered by A.C. Nielsen.

popularity of pizzas with creative sauces and non-traditional toppings leaves no doubt about consumer demand for such variety. Government rules prescribing minimum meat requirements, the presence of cheese, and the specific type of sauce on a frozen pizza actually hurt consumers by limiting the options available in the retail marketplace. The FSIS proposal appropriately reflects the growing recognition both that diversity and change are valued in this country and that the market is the best place to resolve differing judgments about economic value.

What consumers call "pizza" is determined by the nation's chefs, who thrive on innovation and are not constrained either by traditional recipes or by government regulation. Consumers experience the latest cuisine in restaurants and take out new varieties at will. Then they try the chef-created recipes seen on TV, in magazines, or published on the web. New offerings often are named by combining a traditional term with an explanation of the new characteristic. For example, self-rising crust pizza tells the consumer to expect a bread based crust, but one that rises so it has a different texture. Similarly, consumers readily understand that a pizza can be made with chicken as well as sausage, with or without cheese, and using potatoes instead of mushrooms. The spicing may be Thai recipe instead of Italian style, without confusing consumers about the fundamental identity of the food.

The pizza standards of identity no longer serve their original purpose of protecting the public from economic deception

Describing a new product accurately is critical to the success of a product introduction. If a product is described in a manner that does not meet consumer expectations, it will fail in the market place. The suggestion that a manufacturer could be successful by "duping" consumers is at odds with business reality. Certainly, the pizza standard is one that need not be retained under the theory that it protects consumers from economic deception.

Pizza prepared by restaurants have not been required to meet these prescribed Standards. thereby imposing a competitive disadvantage to retail frozen pizzas

Most consumers have no idea that the government dictates the content of a frozen pizza sold in a grocery store, but not of a pizza picked up at a carry-out, delivered to the home, or enjoyed at a restaurant. Only the "non-traditional" pizzas sold at retail are subject to government labeling regulations and the associated barriers to market entry. As a practical matter, the pizza standard is an economic regulation that prevents manufacturers selling at retail from competing on equal footing with carry-out and delivery services and restaurants. Indeed, to the extent that there is disagreement within the food industry about the usefulness of the pizza standard, the debate focuses on the importance of the standard in protecting the economic position of certain manufacturers, not on consumer confusion.

Required labeling including a product name, an ingredient statement and nutrition facts panel provide adequate information for consumers to make informed choices on frozen pizza products

The world has changed substantially since the pizza standard was adopted. At that time, the product identity statement was the primary piece of information upon which consumers based buying decisions. Now, labels include detailed ingredient and nutrition information, as well as product photographs, in addition to identity descriptions. Often, labels also have instructions for calling a toll-free telephone number, so that consumers can ask questions about the product, as well as the address for the company's web-site, which ordinarily provides a great deal of additional information about both the product and the company. The consumer today is much better equipped to make well informed buying decisions than was the case decades ago. Moreover, consumers are much better able to choose their own favorite products.

Mandatory ingredients and minimum ingredient percentages constrain manufacturer's flexibility and ability to introduce new products and innovative technologies

Our years of experience marketing a wide variety of products, some subject to standards and some not, have made Kraft acutely aware of the constraints standards impose on innovation and productivity. It makes no more sense to mandate the meat content of recipes in the new millennium than it did to inhibit the introduction of reduced fat cheddar cheese during the 1980's. Consumers would no doubt protest quite actively were the government to suggest at this time that such a popular product should not be on the shelves. Perhaps some consumers would like to see more varieties that include meat as one of several ingredients added for flavor. The marketplace should be allowed to decide.

With regard to the question whether the product name should be required to include the percentage of meat or poultry in the product, we ask why not require the percentage of mushrooms to be declared on a mushroom pizza? FDA has no such specific requirement nor any standard for the pizzas subject to that agency's jurisdiction. Instead, the agency requires that the product bear an adequately descriptive name and, of course, the requisite ingredient and nutrition information. Implicit in the focus on meat or poultry is the value judgment that products with higher percentages of meat must be better, a value judgment that, we respectfully suggest, reflects an accident of historical agency jurisdiction. It is time for pizzas subject to FSIS and FDA jurisdiction to be marketed and regulated similarly.

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In conclusion, we commend FSIS for taking action on this petition and recommending that the standard of identity for pizza, which is obsolete, be eliminated. The proposal reflects how consumers tastes and expectations for frozen pizza have changed since the standard of identity was adopted decades ago. Pizza today means more than just crust, meat, cheese, and tomato sauce. Consumers will benefit from a wide variety of frozen pizzas and they, ultimately, will be the judges of what makes a great-tasting pizza when voting with their pocketbooks.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard G. Searer". The signature is written in a cursive style with a large, stylized initial "R".

Richard G. Searer
Group Vice President, Kraft Foods North America, Inc.
President, Oscar Mayer, Pizza and Food Service Group