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Washington, D.C. 20250-3700

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Francis J. Olivigni

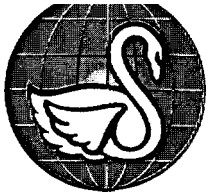
RE: Proposed Elimination of the Pizza Standard

Schwan's Sales Enterprises, Inc. respectfully submits this document in **strong support** of the Food Safety and Inspection Service's (FSIS) proposal to rescind the standard of identity for meat topped pizza products (currently defined in 9 C.F.R. 319.600).

Schwan's is a major manufacturer and provider of frozen pizzas to both the consumer and the food service markets. As such, Schwan's supports the efforts of the National Frozen Pizza Institute (NFPI) to develop the petition to rescind the standard and urges **FSIS** to take the necessary actions to eliminate the standard for the reasons detailed in the petition and in the following comments.

It is our opinion that the current standard of identity is outdated and no longer serves its original function. The standard as it currently exists hinders frozen pizza manufacturers in meeting consumer needs and expectations in terms of nutritional concerns, variety, and value. Although we are part of the total pizza market, the frozen pizza industry—as of yet—has not been the primary innovator. The various innovations in toppings and varieties offered to the consuming public were possible because non-inspected companies (restaurants, delivery operations, and supermarkets) have not been restricted by the FSIS standard of identity. Standardization is the antithesis of innovation and innovation is the key to growth and consumer satisfaction.

The standard of identity for frozen pizza was adopted in the early 1970's to codify consumer expectations and understanding of what pizza "should be." However, over the past approximately 30 years, pizza has transformed from a relatively novel food item to an almost ubiquitous food item and a very common meal component. If a standard of identity needs to be adopted when the standard is in the best interest of consumers, it should be equally true that a standard should be rescinded when it is in the best interest of consumers.



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As detailed in the NFPI petition, a significant majority of pizzas sold in the U.S. are not produced by **FSIS** inspected facilities. In fact, approximately **85%** of all pizzas are produced and sold primarily by restaurants and delivery operations. These operations are not required to meet the standard of identity and therefore have been free to modify the “traditional” product and create new and novel varieties for the consumer. In fact, this segment of the pizza industry has had such an impact on the consumer perceptions of “what is a pizza” that “pizza” essentially is a generic term for any product that contains one or more toppings on an open faced crust. As an extreme example, Dairy Queen advertises an “ice cream pizza” that consists of ice cream and various condiments on a cookie base.

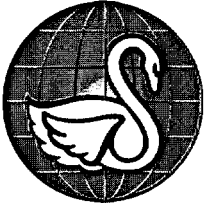
#### **Innovation/Flexibility:**

To be direct, the current standard has restricted the frozen pizza industry’s ability to provide innovative and new products. This puts us at a competitive disadvantage compared to the non-inspected segments of the pizza industry—restaurants, delivery operations and supermarkets.

More innovation, and thus increased flexibility, can only benefit consumers. It should come as no surprise that all frozen pizza companies support the elimination of the current standard of identity for frozen meat topped pizzas. However, even more importantly, the proposal to rescind the standard has received unanimous support from consumer organizations. They recognize that the rescission will benefit consumers by permitting greater variety, including lower fat products, as well as insuring more consistency between inspected and non-inspected pizzas. Ultimately, repeat purchase and sales volume will indicate consumer acceptance and sales success of retail frozen pizzas.

Numerous new pizza products have been introduced in restaurants and delivery operations that do not contain the four “traditional” components—wheat flour based crust, tomato sauce, meat and cheese. There are “ethnic” or specialty pizzas that have a pesto sauce, peanut based sauce or a white sauce rather than tomato based sauce; some products may not contain cheese. Because the current **FSIS** pizza standard does not incorporate these new expectations, it hinders rather than protects consumer choice.

The current standard as interpreted and implemented by **FSIS** places extra burdens on the inspected manufacturers.



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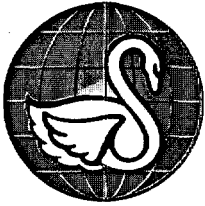
- For example, for a product containing a peanut based sauce to be labeled as a "Thai-style Chicken Pizza," a minimal amount (2%) of tomato must be added to the peanut based sauce. It is difficult to understand how this provides assurance to the consumer that it is a "traditional" pizza.
- Non-inspected operations are not required to meet the same minimum percentage of meat toppings as FSIS inspected companies are. This has restricted our development of products that would use new or novel meat components to meet the increased demand for ethnic and/or regional varieties. Various toppings—such as chorizo sausage, smoked sausage, Tocino chicken, Szechwan style chicken or beef, Kung Pao style chicken or beef, prosciutto ham, etc.—may be desirable, but because of the spice and/or salt levels the current 10-12% minimum content would result in an unacceptable, overpowering organoleptic profile.
- Numerous attempts have been made to produce a "healthy" pizza. This has been done by the use of leaner meat topping, lower fat cheeses, etc. However, these items are usually less flavorful and more expensive on a per pound basis than the "full fat" counterparts and the manufacturers are still required to provide at least the "minimum amount" of meat toppings—10% cured; 12% cooked. The elimination of the standard would allow less of the "leaner" toppings as well as less of the "full fat" toppings to be used, thus providing several options to reduce the fat content and also provide a more flavorful and economical value to the consumer.

Therefore, we conclude that the standard no longer serves a useful function and should be rescinded. We believe it should be rescinded rather than modified because pizza has proven to be a dynamic, constantly changing product category. Modification to the standard now would only require further changes in the future and result in the continuation of the "add on" policy clarifications that currently exist in the Standards and Labeling Policy Book.

- As such, Schwan's also supports the modifications to the Standard and Labeling Policy Book that have been submitted by NFPI.

#### **Descriptive Qualifiers:**

In general, we agree with the agency's proposal for naming pizzas, with the reservations described below:



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For products containing the “traditional” four components, the current naming protocol should remain and is more than adequate to convey the nature of the product to the consumer.

For products that may vary in terms of the “traditional” four components, a descriptive name that is adequate to convey to the consumer the basic characteristics of the product is sufficient. **A** descriptive qualifier listing should specify the principal components. However, we recommend that the qualifiers need not be listed in order of predominance but rather may be listed in the order that best characterizes the “non-traditional” pizza product. We do not agree that crust would need to be listed as a descriptor (FSIS is already proposing that the term “pizza” represents one or more topping on a crust), unless it is significantly different than normal consumer expectations.

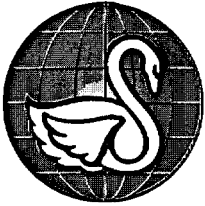
- For example: Rubeen Pizza-corned beef, sauerkraut, Swiss cheese and thousand island dressing on a rye crust.

Schwan's also agrees with **FSIS's** suggestion that the existing label information, including descriptive names, ingredient statements (which do list all ingredients in a descending order of predominance) and nutritional information will provide consumers with adequate product formulation knowledge.

#### **Percentage Labeling:**

In regard to **FSIS's** request for comment on whether meat percentage labeling should be included, Schwan's **strongly opposes** any requirement that such information should be required. We believe this could lead to counterproductive “content” contests. **As** the amount of meat topping is readily visible, the consumer will be able to determine if the product provides an acceptable value for the price. **Also**, restaurants, delivery operations and supermarkets would not be held accountable for the same requirement, thus mandating unequal regulatory standards.

The amount of meat toppings is not the determining characteristic of our products. We price our products on the overall cost and quality of all the ingredients used. Our “premium” products are more expensive than our “value” products, even though they both comply with the current minimum meat content standards as required by **9 C.F.R 319.600**. Actually, some of our non-meat topped products may have a higher unit price. Mandated % meat topping labeling would erroneously lead consumers into believing that the quality and value of a product depends upon the amount of a single ingredient when it does not.



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**Also**, percentage labeling assumes that all meat toppings are equivalent in value or cost. This is an inaccurate assumption. A product topped with 12% hamburger topping made with 70% lean beef and added APP could be erroneously assumed to be a "better quality" product than one topped with 8% beef pepperoni.

There are also several other factors that weigh against mandatory percentage labeling:

- Currently, under Labeling Policy Memorandum 069, a frozen pizza manufacturer may use less than the minimum required amount of meat if the label includes a percentage declaration. If a condition of the elimination of the standard is a percent meat disclosure, a significant portion of the flexibility from the elimination of the standard is lost.
- The agency has already tentatively determined and stated that existing label information, including descriptive names, ingredient statements (which list ingredients in descending order of predominance), and nutritional information will provide consumers with adequate information as to product formulation.
- There would be an economic disincentive to use leaner toppings to provide nutritionally enhanced pizzas with lower fat content. It would be unfortunate if consumers focus primarily on the percentage descriptor and thus perceive a pizza labeled as "contains 8% reduced fat pepperoni" to be of less value and/or quality as one labeled "contains **10%** pepperoni."

#### **Other Labeling Considerations:**

With the elimination of the standard, all "unwritten" policies or guidelines that may not be documented in the Standards and Labeling Policy Book must also be eliminated. For example, currently pizzas with less than the required meat minimum can be labeled as "Cheese Pizza with X% (meat topping)." However, to avoid the pejorative descriptor name of "imitation pizza" there must be at least 25% cheese topping, by weight, on the pizza. This "unwritten standard" must be rescinded or else a 'de facto' cheese topping minimum requirement will result. The current standard has no specified minimum amount requirement for any topping(s) other than meat. Rescission of the standard should not introduce or result in any such requirements.



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**Also**, with the elimination of the standard, label approval procedures should not change. Generic label approval of “pizza” products should still be acceptable. **FSIS** has been working toward the streamlining and modernization of the label approval process. The continuation of generic approval for pizza products needs to be clarified by **FSIS** in the final rule eliminating the standard of identity for pizza.

#### **Economic Deception:**

There have been some concerns expressed that consumers will be deceived if the standard of identity is eliminated. However, consumers have not expressed these concerns. In fact, in the NFPI Petition and supporting comments, consumer organizations support elimination of the standard. Elimination of the standard is in no way contrary to the best interests of consumers.

A manufacturer that does not provide a value product to consumers will not survive. Schwan's has worked diligently to develop products that provide value and quality for the price paid for its products. Our goal has been to develop a frozen pizza that “eats like a pizzeria pizza.” After expending the time, effort and resources to compete with the largest segment of the total pizza market, we do not plan to abandon that market segment or do anything that would cause the consumer to perceive a reduction in value and quality.

We **do** want to make one point clear. It is not Schwan's plan to produce pizza products that would have only the 2% meat minimum necessary for amenability to **FSIS** inspection. Our customers would not accept such product. It is our goal to provide products that meet the consumers' expectations and/or niche requirements and therefore, increase total frozen pizza sales and the resulting overall purchases of various meat toppings.

In closing, Schwan's believes that elimination of the pizza standard of identity serves the best interests of consumers in that it will allow them to purchase the pizzas that meet their needs and expectations and will allow the frozen pizza industry flexibility and incentive to produce and provide such products. **Also**, elimination of the standard furthers **FSIS**'s effort to grant establishments more flexibility on other consumer protection (OCP) activities while focusing more attention to food safety concerns.

We appreciate your consideration of these comments. We look forward to the continuing cooperation between the frozen pizza industry and **FSIS** in the elimination of this outdated regulation.



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Respectfully,

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