

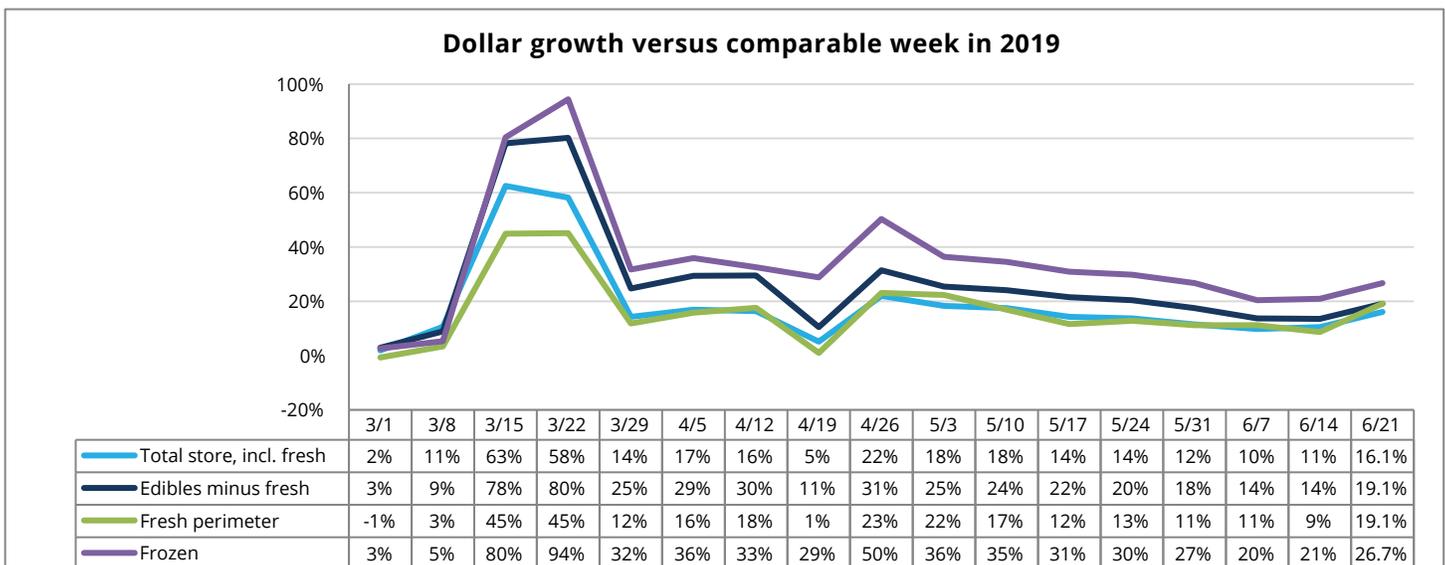
Father's Day Week Drove a 26.7% Gain for Frozen Foods

*By: Anne-Marie Roerink,
President, 210 Analytics*



Father's Day fell a week later than in 2019 and typically provides a big boost for departments across the store, from meat and produce to baked goods. The big unknown this year was the timing of the holiday coinciding with the reopening of restaurants across the country and consumers' interest in eating out versus staying in. 210 Analytics, IRI and AFFI partnered to understand how retail sales for frozen foods are developing throughout the pandemic as the total food demand landscape continues to change each week.

While restaurant transactions and spending did rise the week of June 21, the Father’s Day grilling tradition reigned high, driving astounding gains for meat and produce, total grocery and frozen foods along with it. The gains for the total perimeter matched those of center-store edibles and both exceeded total store gains that were pulled down by non-edibles. Sixteen weeks since the pandemic drastically changed grocery purchasing patterns, the big winner is the frozen food department, with double-digit gains ever since the week of March 15. Total store sales increased to 16.1% over last year’s levels during the week ending June 21, whereas fresh and center-store edibles increased 19.1%, each. With a 26.7% gain for the week of June 21 compared with the same week in 2019, frozen foods were once more a sales leader.



Source: IRI, Total US, MULO, 1 week view % change vs. year ago.

Frozen foods generated about \$1.25 billion in sales the week of June 21, 2020 — \$265 million more than the comparable week in 2019. The dollar gains were achieved with many fewer items in the aisles. Supply chain decisions combined with the highly elevated consumer demand drove continued limited assortment at some stores. On the Retail Feedback Group’s Constant Customer Feedback (CCF) program, a shopper wrote, “Frozen chopped onions, frozen edamame and mixed vegetables were out of stock.” Another said, “The store did not have any of the frozen vegetables I usually buy.” Out of stocks can drive consumers to divert to other stores with one shopper writing, “No frozen raspberries but that seems to be an issue all over town.”

IRI’s measure reflecting assortment variety shows the average number of frozen food items available per store has been down for weeks. The average remained unchanged at 1,347 during the week of June 21 compared to the prior week. Assortment variety was down 6.9% versus a year ago. On average, stores had 99 fewer items than the same week a year ago.

	3/1	March (3/8-3-29)	April (4/5-4/26)	May (5/3-5/31)	6/7	6/14	6/21
Average weekly items/store selling	1,393	1,449	1,394	1,365	1,345	1,347	1,347
Change vs. YA	-4.2%	-0.1%	-3.3%	-5.7%	-7.7%	-7.9%	-6.9%

Source: IRI, Total US, MULO, average weekly items per store selling

Some of the hardest-hit areas included the following, with assortment levels down from the prior week for most:

- Frozen pizza: -19.5%
- Frozen entrees: -12.0%
- Prepared vegetables: -11.7%
- Frozen fruit: -10.9%
- Processed poultry: -8.4%
- Breakfast food: -7.9%

Source: IRI, Total US, MULO, average weekly items per store selling

Frozen meat continued to be the one area where retailers increased assortment with the average number of items per store up 4.1%. Frozen seafood continued to hover near its lowest assortment levels since the onset of the pandemic. The average number of items per store selling was down 4.4% the week of June 21 versus a year ago.

For the week of June 21 there continued to be a significant inflationary gap between dollar gains and volume gains for all frozen items. Meat dollars tracked 10 percentage points ahead of volume which is on par with the preceding few weeks and near the peak levels seen during the pandemic period.

Category	% sales change 1 week ending 6/21 versus year ago		
	Dollar sales	Volume sales	Volume/dollar gap
Frozen meals	+16.4%	+11.3%	-5.1
Breakfast food	+19.4%	+12.4%	-7.0
Dinners/entrees	+14.5%	+10.0%	-4.5
Pizza	+18.2%	+12.2%	-6.0
Frozen meat/poultry/seafood	+38.9%	28.7%	-10.2
Processed poultry	+34.9%	30.0%	-4.9
Meat	+38.2%	23.1%	-15.1
Seafood	+53.7%	44.8%	-8.9
Frozen desserts	+24.0%	---	---
Ice cream/sherbet	+22.2%	+14.5%	-7.7
Frozen fruits & vegetables	+28.3%	+23.1%	-5.2
Frozen baked goods	+31.6%	+27.1%	-4.5
Frozen snacks	+36.0%	+32.0%	-4.0
Frozen beverages	+36.4%	+27.8%	-8.6

Source: IRI, Total US, MULO, dollar and volume sales 1 week change vs. year ago

A Deep-Dive into Frozen Food Sales

The week of June 21 again brought double-digit increases versus the same week a year ago for all areas except prepared vegetables which managed single digit gains. Frozen meals held their position as the top sales category, representing 32% of dollar sales, followed closely by animal protein, at 31% of total dollars. Frozen seafood was a distant leader in percentage gains with a whopping performance of +53.7% versus a year ago.

Product and share of frozen food department sales for w.e. 6/21/20	% Dollar sales change vs. comparable week ending in 2019						
	3/1	March (3/8-3/29)	April (4/5-4/26)	May (5/3-5/31)	6/7	6/14	6/21
Frozen dept (ex poultry)	+2.6%	+52%	+37%	+36%	+20%	+21%	+26.7%
Frozen meals (32.0% of sales)	-3%	+53%	+28%	+20%	+10%	+13%	+16.4%
Breakfast food	+1%	+44%	+30%	+22%	+14%	+17%	+19.4%
Dinners/entrees	-3%	+44%	+16%	+12%	+7%	+11%	+14.5%
Pizza	-2%	+79%	+53%	+35%	+16%	+16%	+18.2%
Frozen meat/poultry/seafood (31.2%)	+8%	+65%	+48%	+60%	+34%	+34%	+38.9%
Processed poultry	+4%	+75%	+48%	+50%	+32%	+34%	+34.9%
Meat	+11%	+91%	+57%	+61%	+29%	+29%	+38.2%
Seafood	+17%	+46%	+46%	+66%	+46%	+44%	+53.7%
Frozen desserts (26.3%)	+2%	+28%	+32%	+35%	+18%	+17%	+24.0%
Ice cream/sherbet	-0.2%	+30%	+35%	+34%	+16%	+15%	+22.2%
Novelties	+6%	+28%	+31%	+35%	+19%	+19%	+24.1%
Desserts/toppings	+0.2%	+23%	+18%	+43%	+30%	+14%	+42.6%
Frozen fruits & vegetables (10.6%)	+4%	+67%	+44%	+43%	+22%	+23%	+28.3%
Fruit	+10%	+64%	+46%	+53%	+37%	+37%	+41.0%
Potatoes/onions	+3%	+67%	+56%	+54%	+30%	+28%	+33.9%
Plain vegetables	+5%	+72%	+38%	+34%	+13%	+15%	+19.7%
Prepared vegetables	-13%	+35%	+12%	+9%	-8%	-1%	+4.8%
Frozen baked goods (2.6%)	-1%	+46%	+32%	+46%	+23%	+14%	+31.6%
Frozen snacks (4.0%)	+1%	+67%	+60%	+48%	+27%	+30%	+36.0%
Appetizers/snack rolls	+1%	+67%	+60%	+48%	+27%	+30%	+35.8%
Frozen beverages (0.5%)	-2%	+80%	+58%	+49%	+36%	+32%	+36.4%
Juices	-2%	+80%	+58%	+50%	+36%	+32%	+36.5%

Source: IRI, Total US, MULO, 1 week view % change vs. year ago.

What's next?

Consumer engagement with food retailing and foodservice continues to be in flux. The past few weeks have seen spikes in COVID-19 cases and hospitalizations in some regions that had previously relaxed restrictions. The new outbreaks are likely to impact business activities, restaurant engagement and shopper behaviors in those regions. These outbreaks are also likely to prompt the continuation of social distancing measures and behaviors in hard-hit states. In IRI's ongoing consumer sentiment tracking survey, the share of consumers more concerned about COVID-19 than the week prior is up from 15% to 22%. The Trump administration announced last week that it is preparing for a second wave of COVID-19 that could hit the country in the fall. Between the continued impact of COVID-19 and significant economic pressure, it is likely that demand for frozen foods in retail will continue to track well above 2019 levels for the foreseeable future.

Next week's report will cover the last week of June. Depending on the level of preparation, consumers may have started their July 4th shopping. Independence Day is traditionally a strong grocery holiday and much like Memorial Day, about half of shoppers are expecting to celebrate the Fourth differently, with less travel and smaller celebrations.

Please recognize and thank the entire food supply chain for all they do to keep supply flowing during these unprecedented times. These sales surges are only possible thanks to the heroic work of the entire food supply chain. 210 Analytics, IRI and AFFI will continue to provide weekly updates as sales trends develop.