

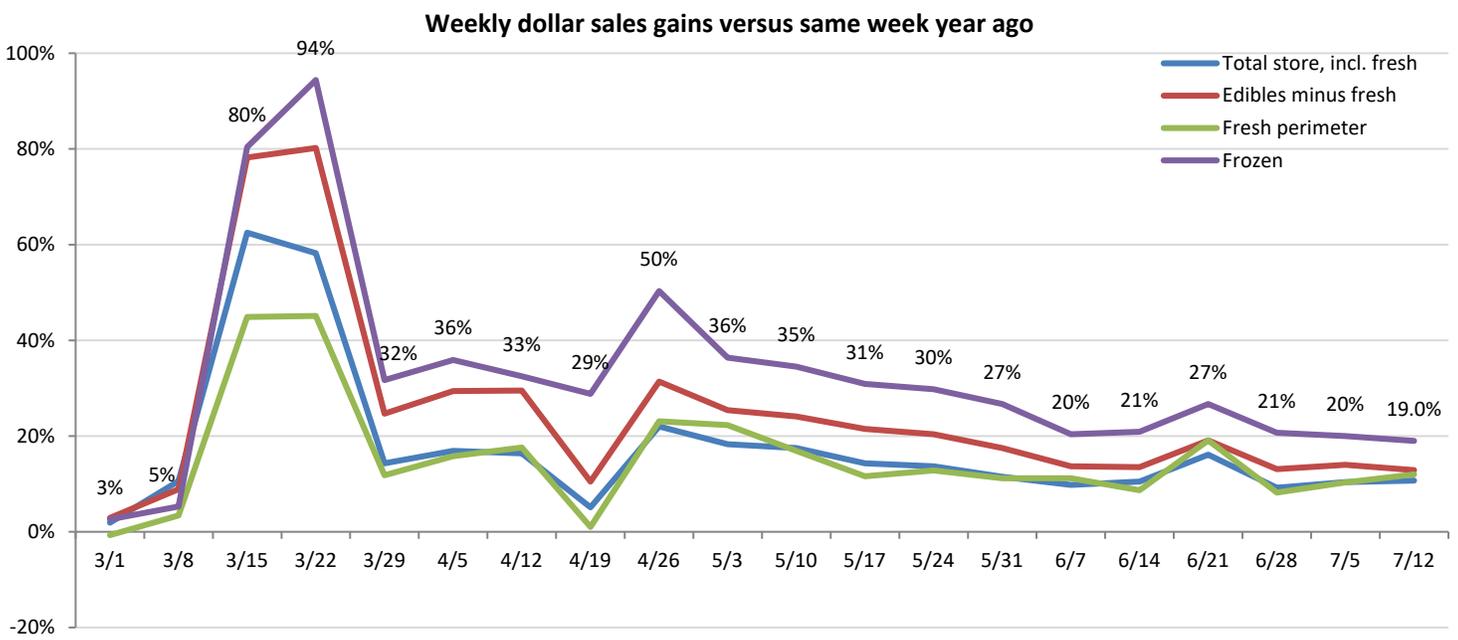
Frozen Foods Continue to Trend Well Above 2019 Baseline

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



Holiday week or non-holiday week, the trends are the same: frozen food sales gains continue to sit well above those of total food and total store. Throughout the pandemic shoppers have bought and replenished frozen foods as many meal occasions moved to at home. While foodservice had started to gear back up, the rise in COVID cases prompted many states to roll back the previous relaxation of social distancing measures this same week, which often included more limited capacity at restaurants. As such, it is likely that at-home food preparation will take on a bigger role once more in the coming weeks.

The week ending July 12 boosted sales for the total store (+10.7%), center-store edibles (+12.9%) as well as the fresh perimeter (+12.0%) far above last year’s levels. For frozen foods, sales increased 19.0% versus the same week a year ago, which unbelievably, is the lowest gain since the week of March 8. In fact, this marks the 18th week that frozen food sales gains have been in the double-digits, with near doubling of sales in mid March.



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

Frozen foods generated about \$1.3 billion in sales the week of July 12, 2020. The dollar gains were achieved with many fewer items in the aisles. Supply chain decisions aimed at optimizing production and efficiencies drove continued limited assortment at retail. IRI’s

measure reflecting assortment variety shows the average number of frozen food items available per store has been down for weeks. Having shown improvement during Independence Day week, the average items per store backslid a bit to 1,350. This is 6.9% below 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	6/28	7/5	7/12
Average weekly items/store selling	1,393	1,449	1,394	1,365	1,345	1,347	1,347	1,336	1,352	1,350
Change vs. YA	-4.2%	-0.1%	-3.3%	-5.7%	-7.7%	-7.9%	-6.9%	-7.3%	-7.2%	-6.9%

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

Some of the hardest-hit areas showed improvement but many are still below last year’s levels.

- Frozen pizza: -16.1%
- Frozen fruit: -13.0%
- Frozen entrees: -11.1%
- Prepared vegetables: -9.9%
- Breakfast food: -9.5%
- Processed poultry: -8.2%

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

While total meat/poultry and seafood SKUs were down by 3.1%, frozen meat continued to slow the slide with the average number of items per store up 2.3% versus the same week a year ago. Frozen seafood assortment was down 4.1% the week of July 12 versus the same week in 2019.

Dollars versus Volume

For the week of July 12 the inflationary gap between dollar gains and volume gains for all frozen items showed no signs of shrinking. The volume/dollar gap had been highest for meat, which increased further this week to 16.7 percentage points. Frozen fruits and vegetables and frozen beverages also have significant volume/dollar gaps.

Category	% sales change 1 week ending 7/12 versus year ago		
	Dollar sales	Volume sales	Volume/dollar gap
Frozen meals	+12.2%	+7.1%	-5.1
Breakfast food	+14.2%	+7.6%	-6.6
Dinners/entrees	+10.7%	+5.5%	-5.2
Pizza	+14.3%	+9.3%	-5.0
Frozen meat/poultry/seafood	+27.2%	+15.1%	-12.1
Processed poultry	+23.4%	+16.2%	-7.2
Meat	+23.3%	+6.6%	-16.7
Seafood	+41.9%	+33.7%	-8.2
Frozen desserts	+16.2%	---	---
Ice cream/sherbet	+13.7%	+5.4%	-8.3
Frozen fruits & vegetables	+22.3%	+15.9%	-6.4
Frozen baked goods	+18.4%	+14.8%	-3.6
Frozen snacks	+22.6%	+15.4%	-7.2
Frozen beverages	+30.1%	+21.1%	-9.0

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 July 12 once again brought double-digit increases versus the same week a year ago for all areas except prepared vegetables. Frozen meals switched off with frozen animal protein to become the top sales category once more, representing 33.0% of total frozen food sales. Frozen meat/poultry/seafood dropped to second, at 30.3% of sales. Frozen seafood was again way out front in percentage gains with +41.9% versus a year ago.

Product and share of frozen food department sales for w.e. 7/5/20	% 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)	June (6/7-6/28)	7/5	7/12
Frozen dept (ex poultry)	+2.6%	+52%	+37%	+36%	+22.1%	+20.0%	+19.0%
Frozen meals (33.0% of sales)	-3%	+53%	+28%	+20%	+13.6%	+17.3%	+12.2%
Breakfast food	+1%	+44%	+30%	+22%	+17.0%	+19.8%	+14.2%
Dinners/entrees	-3%	+44%	+16%	+12%	+11.5%	+16.3%	+10.7%
Pizza	-2%	+79%	+53%	+35%	+16.9%	+18.0%	+14.3%
Frozen meat/poultry/seafood (30.3%)	+8%	+65%	+48%	+60%	+34.8%	+26.5%	+27.2%
Processed poultry	+4%	+75%	+48%	+50%	+33.0%	+34.0%	+23.4%
Meat	+11%	+91%	+57%	+61%	+30.4%	+11.6%	+23.3%
Seafood	+17%	+46%	+46%	+66%	+48.0%	+43.4%	+41.9%
Frozen desserts (26.4%)	+2%	+28%	+32%	+35%	+18.2%	+12.3%	+16.2%
Ice cream/sherbet	-0.2%	+30%	+35%	+34%	+16.2%	+12.0%	+13.7%
Novelties	+6%	+28%	+31%	+35%	+19.3%	+12.1%	+17.6%
Desserts/toppings	+0.2%	+23%	+18%	+43%	+27.8%	+17.9%	+31.4%
Frozen fruits & vegetables (10.3%)	+4%	+67%	+44%	+43%	+23.8%	+24.4%	+22.3%
Fruit	+10%	+64%	+46%	+53%	+37.0%	+36.7%	+34.1%
Potatoes/onions	+3%	+67%	+56%	+54%	+29.4%	+25.1%	+26.6%
Plain vegetables	+5%	+72%	+38%	+34%	+16.1%	+23.2%	+16.1%
Prepared vegetables	-13%	+35%	+12%	+9%	-0.3%	+7.9%	-0.9%
Frozen snacks (4.0%)	+1%	+67%	+60%	+48%	+31.1%	+25.4%	+22.6%
Appetizers/snack rolls	+1%	+67%	+60%	+48%	+31.0%	+29.0%	+22.5%
Frozen baked goods (2.4%)	-1%	+46%	+32%	+46%	+22.4%	+19.1%	+18.7%
Frozen beverages (0.5%)	-2%	+80%	+58%	+49%	+31.4%	+25.4%	+30.1%
Juices	-2%	+80%	+58%	+50%	+31.5%	+25.5%	+30.3%

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

What's next?

This week's report was the first of an eight week stretch of regular weeks where everyday demand will have to carry the sales gains. Coronavirus cases are mounting around the country. Many large retailers have announced face mask mandates for customers at all their stores, including Walmart, Publix, Albertsons, CVS and Walgreens.

While sales gains had been experiencing a one to two point erosion every week since the end of April, rising COVID-19 concerns along with the closing of restaurants and businesses appears to be driving renewed trips and sales for food retail. This means that frozen food sales will likely continue to track well ahead of the 2019 baseline for weeks to come. Depending on pricing levels, volume gains will likely continue to trail dollar growth.

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.