

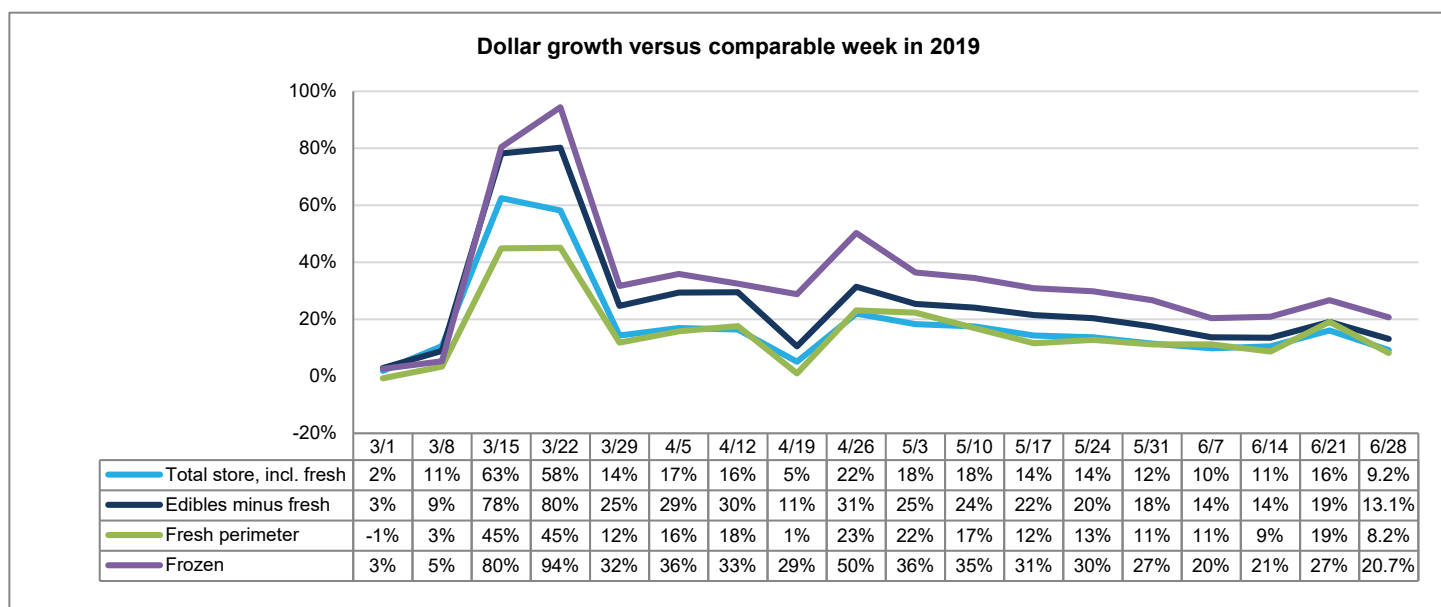
Gains Remained Above the 20% Mark in Non-Holiday Week

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The week ending June 28 fell in between Father's Day and Independence Day. As such, it was the elevated everyday demand that had to boost sales above last year's levels without the benefit of a holiday surge. Big unknowns in the current retail climate are the highly elevated prices in departments across the store, from meat to produce and frozen foods, and second, consumers' interest in eating out versus staying in. 210 Analytics, IRI and AFFI have 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.

Overall, the lack of holiday boost was felt with the numbers dropping back down to those seen in mid June. The gains for the total perimeter, at 8.2%, fell behind those of center-store edibles, that were up 13.1%. But far above center store and fresh soared frozen food sales with another week above the 20% mark. This marks the 16th 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 \$1.06 billion in sales the week of June 28, 2020. 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 dinners like Marie Calendar pot pies, fettuccini Alfredo and others, are hard to find." Another said, "I have been looking for your brand frozen vegetables, like peppers and onions and they have been out of stock for quite some time." Another wrote, "Pretty much all the frozen vegetables are out of stock, broccoli, peas, green beans and mixed vegetables to name a few."

IRI's measure reflecting assortment variety shows the average number of frozen food items available per store has been down for weeks. The average actually fell further to 1,336 during the week of June 28. Assortment variety was down 7.3% versus a year ago versus 6.9% the week prior. On average, stores had more than 100 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 | 6/28 |
|------------------------------------|-------|---------------------|---------------------|-------------------|-------|-------|-------|-------|
| Average weekly items/store selling | 1,393 | 1,449 | 1,394 | 1,365 | 1,345 | 1,347 | 1,347 | 1,336 |
| Change vs. YA | -4.2% | -0.1% | -3.3% | -5.7% | -7.7% | -7.9% | -6.9% | -7.3% |

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

Some of the hardest-hit areas included the following:

- Frozen pizza: -17.8%
- Frozen entrees: -11.5%
- Prepared vegetables: -11.1%
- Frozen fruit: -11.1%
- Processed poultry: -8.3%
- Breakfast food: -8.8%

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 1.6%. 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 3.9% the week of June 28 versus year ago.

For the week of June 28 there continued to be a significant inflationary gap between dollar gains and volume gains for all frozen items. Meat dollars tracked 11 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 6/28 versus year ago | | |
|---------------------------------------|---|--------------|-------------------|
| | Dollar sales | Volume sales | Volume/dollar gap |
| Frozen meals | +15.1% | +10.3% | -4.8% |
| Breakfast food | +17.7% | +11.0% | -6.7% |
| Dinners/entrees | +13.6% | +9.2% | -4.4% |
| Pizza | +17.3% | +12.4% | -4.9% |
| Frozen meat/poultry/seafood | +32.4% | +21.4% | -11.0% |
| Processed poultry | +30.9% | +26.7% | -4.2% |
| Meat | +25.5% | +10.4% | -15.1% |
| Seafood | +48.2% | +40.0% | -8.2% |
| Frozen desserts | +13.6% | --- | --- |
| Ice cream/sherbet | +11.4% | -1.6% | -13.0% |
| Frozen fruits & vegetables | +22.0% | +13.0% | -9.0% |
| Frozen baked goods | +20.8% | +15.4% | -5.4% |
| Frozen snacks | +31.5% | +25.7% | -5.8% |
| Frozen beverages | +21.3% | +13.4% | -7.9% |

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

A Deep-Dive into Frozen Food Sales

The week of June 28 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 +48.2% versus a year ago.

| Product and share of frozen food department sales for w.e. 6/28/20 | % 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 | 6/28 |
| Frozen dept (ex poultry) | +2.6% | +52% | +37% | +36% | +20% | +21% | +26.7% | +20.7% |
| Frozen meals (32.0% of sales) | -3% | +53% | +28% | +20% | +10% | +13% | +16.4% | +15.1% |
| Breakfast food | +1% | +44% | +30% | +22% | +14% | +17% | +19.4% | +17.7% |
| Dinners/entrees | -3% | +44% | +16% | +12% | +7% | +11% | +14.5% | +13.6% |
| Pizza | -2% | +79% | +53% | +35% | +16% | +16% | +18.2% | +17.3% |
| Frozen meat/poultry/seafood (31.2%) | +8% | +65% | +48% | +60% | +34% | +34% | +38.9% | +32.4% |
| Processed poultry | +4% | +75% | +48% | +50% | +32% | +34% | +34.9% | +30.9% |
| Meat | +11% | +91% | +57% | +61% | +29% | +29% | +38.2% | +25.5% |
| Seafood | +17% | +46% | +46% | +66% | +46% | +44% | +53.7% | +48.2% |
| Frozen desserts (26.3%) | +2% | +28% | +32% | +35% | +18% | +17% | +24.0% | +13.6% |
| Ice cream/sherbet | -0.2% | +30% | +35% | +34% | +16% | +15% | +22.2% | +11.4% |
| Novelties | +6% | +28% | +31% | +35% | +19% | +19% | +24.1% | +14.9% |
| Desserts/toppings | +0.2% | +23% | +18% | +43% | +30% | +14% | +42.6% | +24.6% |
| Frozen fruits & vegetables (10.6%) | +4% | +67% | +44% | +43% | +22% | +23% | +28.3% | +22.0% |
| Fruit | +10% | +64% | +46% | +53% | +37% | +37% | +41.0% | +32.9% |
| Potatoes/onions | +3% | +67% | +56% | +54% | +30% | +28% | +33.9% | +25.7% |
| Plain vegetables | +5% | +72% | +38% | +34% | +13% | +15% | +19.7% | +16.6% |
| Prepared vegetables | -13% | +35% | +12% | +9% | -8% | -1% | +4.8% | +3.2% |
| Frozen baked goods (2.6%) | -1% | +46% | +32% | +46% | +23% | +14% | +31.6% | +20.8% |
| Frozen snacks (4.0%) | +1% | +67% | +60% | +48% | +27% | +30% | +36.0% | +31.5% |
| Appetizers/snack rolls | +1% | +67% | +60% | +48% | +27% | +30% | +35.8% | +31.3% |
| Frozen beverages (0.5%) | -2% | +80% | +58% | +49% | +36% | +32% | +36.4% | +21.3% |
| Juices | -2% | +80% | +58% | +50% | +36% | +32% | +36.5% | +21.4% |

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

What's next?

Next week's report covers Independence Day, which is traditionally a strong grocery holiday. Based on the results of the spring and summer holidays thus far, July 4th sales will likely be extremely strong as more than half of shoppers expected to celebrate the holiday differently, with less travel and smaller, backyard celebrations according to IRI's weekly survey of primary household grocery shoppers.

Engagement with foodservice continues to be in flux, particularly as the past few weeks have seen spikes in COVID-19 cases and hospitalizations in some regions that had previously relaxed restrictions. Florida, Texas and California all rolled back some of the reopening decisions, which is likely to impact business activities, restaurant engagement and shopper behaviors in those regions. Between the continued impact of COVID-19 and significant economic pressure, the retail demand for frozen will continue to track well above 2019 levels for the foreseeable future. One of the biggest opportunities for the frozen food supply chain lies with helping consumers with meal planning. IRI's weekly survey found that consumers, who were initially taking to preparing more scratch meals, are running out of meal ideas and craving variety and convenience. Pre-pandemic, it was exactly this meal fatigue that drove consumers to eat out.

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.