

## Frozen Foods Sales More than Double Total Store

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Entering August and now five months into the pandemic, food retail sales continue to track ahead of the 2019 baseline. However, during the week ending August 2, gains across departments dropped versus those seen in mid and late July, including frozen foods. Consumer concern for the virus remained high, with 57% being extremely concerned, according to wave 16 of the IRI primary shopper pandemic research series. Meanwhile, economic pressure is mounting with 30% saying they are financially worse off than last year and 25% are purchasing value-size packages to save money. Additionally, 65% of consumers expect the economic crisis to last at least 12 more months — the highest percentage across all survey waves and near double that of the 37% who expected the economy to need a year to recover back in March. Economic pressure tends to have big impacts on grocery shopping, including channel choice, the type of items and quantity bought, the importance of price and promotions and more.

## Trips and Basket Size

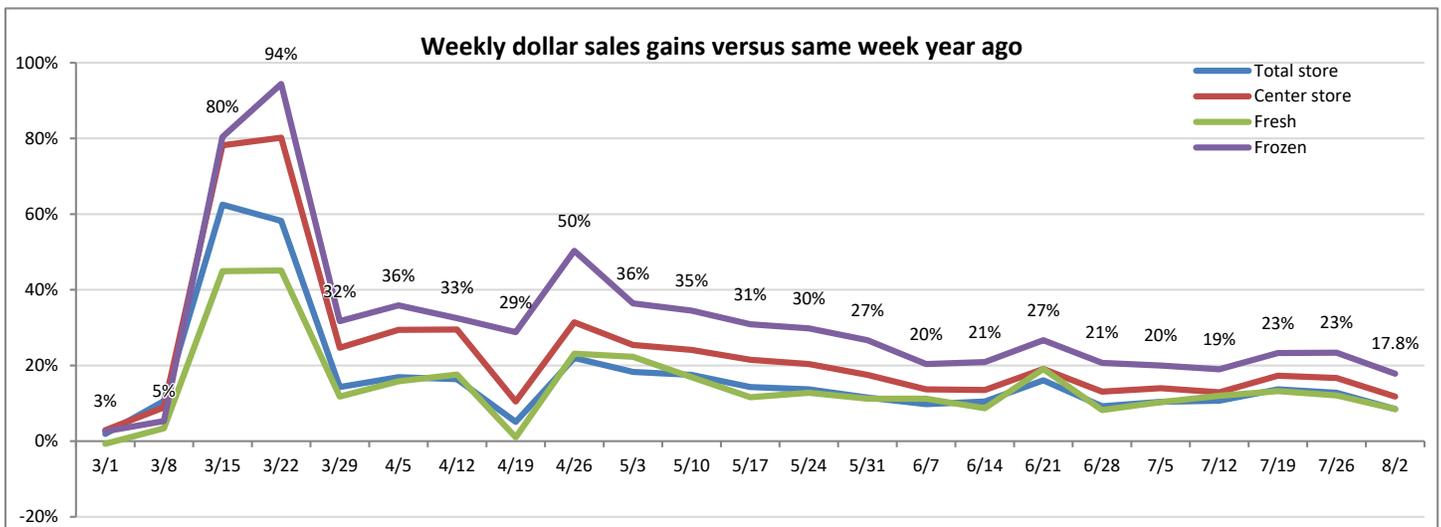
As shelter-in-place mandates ensued in mid and late March, the number of visits to the store rapidly fell below prior year levels. Shoppers aimed to minimize their in-store trips and instead bought groceries to last them until their next big stock up trip. Ever since states started opening back up, trips have averaged right around last year's levels, despite much higher sales. Shoppers continue to buy much more per trip, resulting in the average basket size sitting well above the same week in 2019.

For the week ending August 2 versus year ago, store trips fell below last year's levels, down 1%. Total food trips were also down 1%. The average basket size increased 12% — its lowest level since the last week of June. This resulted in total CPG gains to drop to single digits, at +8.5%.

Trip and basket size trends for frozen foods have been different than those in other areas of the store. Instead of trips being down, frozen foods benefitted from a 10% increase in trips during the week of August 2 versus the same week last year. This means shoppers are buying, using and replenishing frozen foods rather than frozen items serving as a backup. The average frozen food transaction size, however, was not as high as it has been, up 8% over the same week year ago.

## Sales

The net result for frozen food was a year-over-year increase of 17.8% during the week ending August 2 — the 21st week of double-digit dollar sales increases for frozen foods since the start of the pandemic. The performance of frozen food has been exceptional throughout the pandemic in dollars, volume and units and far exceeded other areas of the store. The week saw increased sales for total store (+8.5%), center-store edibles (+11.8%) as well as the fresh perimeter (+8.5%) — all significantly lower than frozen foods. That said, the +17.8% in dollar gains for frozen food was the lowest seen throughout the pandemic.



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

Frozen foods generated \$1.18 billion in sales the week of August 2, 2020. Assortment remained down as manufacturers continued to focus on SKU rationalization to drive supply chain efficiencies. IRI’s measure reflecting assortment variety showed items per store remained down 6.7% versus year ago. This reflects 1,338 items – roughly the same number as last week.

	3/1	March (3/8-3-29)	April (4/5-4/26)	May (5/3-5/31)	June (6/7-6/28)	July (7/5-7/26)	7/26	8/2
Average weekly items/store selling	1,393	1,449	1,394	1,365	1,347	1,348	1,339	1,338
Change vs. YA	-4.2%	-0.1%	-3.3%	-5.7%	-7.2%	-6.9%	-6.6%	-6.7%

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

Frozen food remained one of the most frequently commented on areas on the Retail Feedback Constant Comment Feedback (CCF) system this week. While consumers express some frustration with continued out-of-stocks, they also show understanding. Some of the comments were, “Frozen vegetables do not seem to have a very big selection as it has in the past. I have been unable to find chopped onions and green peppers for weeks now. They were carried for years.” Another wrote, “This time, items that have been out of stock for the last three visits, frozen mushrooms, onions and peppers) were all available. Hooray!”

For the first time in many weeks, there were only three areas that were down double digits in assortment versus during the same week in 2019. These were pizza, fruit and breakfast items.

- Frozen pizza: -13.4%
- Frozen fruit: -13.3%
- Breakfast foods: -10.2%

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

At the same time, only two areas saw an increase in assortment, being frozen juices (+5.2%) and frozen meat (+3.9%). Frozen seafood, that had the highest weekly dollar gains, was down 4.7% in the average number of items sold.

## Dollar, Unit and Volume Gains

Dollar gains easily outpace volume gains in all areas, indicating continued inflationary conditions. The gap is the widest for meat, at 16.5 percentage points. That is much wider than the gap seen in the meat department at this point, which was below 10 points. Ice cream has the second highest gap, at 9.7 points, followed by seafood at 9.2 points.

Category	% sales change 1 week ending 8/2 versus year ago		
	Dollar sales	Volume sales	Volume/dollar gap (percentage points)
<b>Frozen meals</b>	+11.5%	+5.9%	-5.6
Breakfast food	+13.3%	+8.4%	-4.9
Dinners/entrees	+9.5%	+3.8%	-5.7
Pizza	+14.7%	+8.0%	-6.7
<b>Frozen meat/poultry/seafood</b>	+24.6%	+13.2%	-11.4
Processed poultry	+22.9%	+17.3%	-5.6
Meat	+21.1%	+4.6%	-16.5
Seafood	+37.7%	+28.5%	-9.2
<b>Frozen desserts</b>	+15.1%	---	---
Ice cream/sherbet	+12.8%	+3.1%	-9.7
<b>Frozen fruits &amp; vegetables</b>	+20.3%	+11.4%	-8.9
<b>Frozen baked goods</b>	+17.4%	+12.7%	-4.7
<b>Frozen snacks</b>	+26.4%	+24.7%	-1.7
<b>Frozen beverages</b>	+28.5%	+22.6%	-5.9

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 August 2 once again brought double-digit increases versus the same week a year ago for all areas except prepared vegetables which did jump back into single-digit positive territory. Frozen meals remained the largest sales category, representing 33.2% of total frozen food sales. Frozen meat/poultry/seafood stayed in second, at 29.9% of sales. Frozen seafood was again way out front in percentage gains with an increase of +37.7% versus a year ago.

Product and share of frozen food department sales for w.e. 8/2/20	% 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)	July (7/5-7/26)	7/26	8/2
<b>Frozen dept (ex poultry)</b>	<b>+2.6%</b>	<b>+52%</b>	<b>+37%</b>	<b>+36%</b>	<b>+22%</b>	<b>+22%</b>	<b>+23.4%</b>	<b>+17.8%</b>
Frozen meals (33.2% of sales)	-3%	+53%	+28%	+20%	+14%	+17%	+17.6%	+11.5%
Breakfast food	+1%	+44%	+30%	+22%	+17%	+19%	+20.0%	+13.3%
Dinners/entrees	-3%	+44%	+16%	+12%	+12%	+15%	+16.6%	+9.5%
Pizza	-2%	+79%	+53%	+35%	+17%	+18%	+19.3%	+14.7%
Frozen meat/poultry/seafood (29.9%)	+8%	+65%	+48%	+60%	+35%	+31%	+27.8%	+24.6%
Processed poultry	+4%	+75%	+48%	+50%	+33%	+31%	+32.0%	+22.9%
Meat	+11%	+91%	+57%	+61%	+30%	+21%	+27.8%	+21.1%
Seafood	+17%	+46%	+46%	+66%	+48%	+47%	+49.6%	+37.7%
Frozen desserts (26.4%)	+2%	+28%	+32%	+35%	+18%	+15%	+14.5%	+15.1%
Ice cream/sherbet	-0.2%	+30%	+35%	+34%	+16%	+13%	+12.1%	+12.8%
Novelties	+6%	+28%	+31%	+35%	+19%	+16%	+16.1%	+16.9%
Desserts/toppings	+0.2%	+23%	+18%	+43%	+28%	+25%	+26.7%	+23.4%
Frozen fruits & vegetables (10.5%)	+4%	+67%	+44%	+43%	+24%	+25%	+27.3%	+20.3%
Fruit	+10%	+64%	+46%	+53%	+37%	+36%	+35.3%	+34.4%
Potatoes/onions	+3%	+67%	+56%	+54%	+29%	+29%	+31.5%	+24.2%
Plain vegetables	+5%	+72%	+38%	+34%	+16%	+20%	+22.5%	+13.6%
Prepared vegetables	-13%	+35%	+12%	+9%	-0.3%	+5%	-7.7%	+1.6%
Frozen snacks (3.9%)	+1%	+67%	+60%	+48%	+31%	+28%	+31.4%	+26.4%
Appetizers/snack rolls	+1%	+67%	+60%	+48%	+31%	+28%	+31.3%	+26.3%
Frozen baked goods (2.4%)	-1%	+46%	+32%	+46%	+22%	+21%	+23.8%	+17.4%
Frozen beverages (0.5%)	-2%	+80%	+58%	+49%	+31%	+29%	+28.7%	+28.5%
Juices	-2%	+80%	+58%	+50%	+32%	+29%	+28.8%	+28.6%

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

## What's next?

Frozen food sales for the second week of August may be impacted by the effects of hurricane Isaias that left several hundred thousand consumers without power in states up and down the eastern seaboard. As of August 9, around 145,000 homes remained without power in Connecticut alone.

Back-to-school season is around the corner for several states, and half of parents with children ages six to 12 are now expecting their children to partake in virtual education (50%), with an additional 15% expecting mixed virtual and in-person education. Only 19% of parents expect their younger kids to go back face-to-face. Parents of teenagers expect 24% to go back in person, with 42% expecting virtual education only and 19% a mixed virtual and in-person system. This will once more completely change year-over-year trending, as many more meal occasions for these students will remain at-home.

Between the high concern over the virus, the economic pressure and looking at a very different back-to-school season, retail sales are likely to remain elevated for weeks to come.

**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.**