

## Protein Leads Gains in Another Double-Digit Week for Frozen Food

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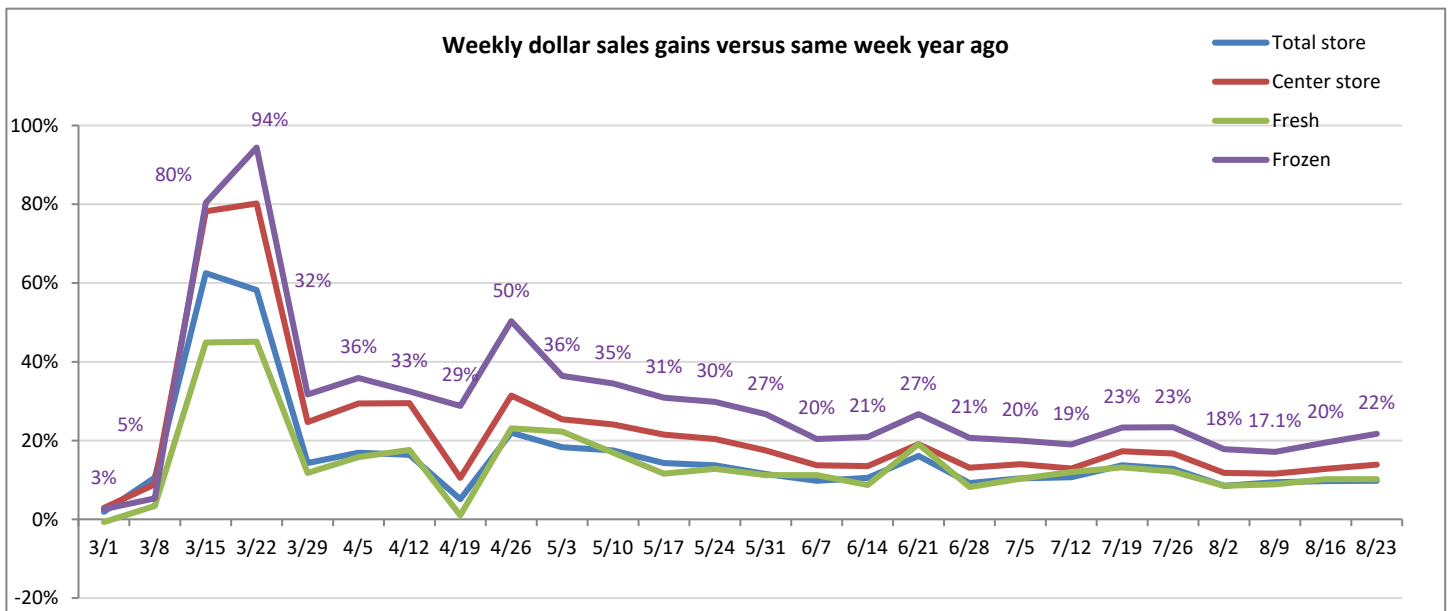
Frozen foods have been among the strongest performers across the store since the start of the pandemic. From the initial stock up behavior to many weeks of buying and replenishing, frozen foods have trended well above the 2019 baseline driven by strong everyday demand across all categories. There is some indication that the stocking-up behavior is starting to ease, according to wave 17 of the IRI shopper survey series conducted between August 7 through 9, 2020. Down from 41% in early July, 34% of shoppers remain focused on making fewer, but larger groceries trips to minimize in-store visits. And down from 30%, now only 25% are stocking up on pantry staples/essentials more than usual.

These changes go hand-in-hand with concerns over COVID-19 easing very slightly, but 57% of the population now being extremely concerned down from a high of 60%. Earlier drops in new case counts prompted engagement with foodservice and consumers may re-engage with restaurants in the next few weeks and months as meal planning and preparation fatigue has set in for many.

Meanwhile, retail and frozen food sales continue to see well above the 2019 levels in what appears to become a new baseline in the seventh of eight non-holiday weeks between Independence Day and Labor Day. 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.

## Sales

The net result of the positive and negative developments for frozen food was a year-over-year increase of 21.7% during the week ending August 23 — up from the +19.5% gain recorded last week. Since mid March when the pandemic shopping trends started, this is the 24th week of double-digit dollar sales increases for frozen foods. Frozen food continues to be exceptional in dollars, volume and units and far exceeds other areas of the store. The week saw increased sales for the total store (+9.8%), center-store edibles (+13.9%) as well as the fresh perimeter (+10.2%) — all significantly lower than frozen foods.



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

Frozen foods generated \$1.19 billion in sales the week of August 23, 2020, \$29 million less than the week prior but 21.7% more than the same week last year. Assortment was slowly

climbing back up to pre-pandemic levels, but backslid a bit this week. IRI’s measure reflecting assortment variety showed items per store were down 5.5% versus year ago, reflecting 1,340 items.

	3/1	March (3/8-3-29)	April (4/5-4/26)	May (5/3-5/31)	June (6/7-6/28)	July (7/15-7/26)	8/16	8/23
Average weekly items/store selling	1,393	1,449	1,394	1,365	1,347	1,348	1,347	1,340
Change vs. YA	-4.2%	-0.1%	-3.3%	-5.7%	-7.2%	-6.9%	-5.5%	-5.5%

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

Only two areas saw assortment down in double digits versus during the same week in 2019.

- Frozen fruit: -12.8%
- Frozen pizza: -10.1%

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

At the same time, three areas saw an increase in assortment, being frozen juices (+14.1%), frozen desserts (+10.0%) and frozen meat (+5.1%). Frozen seafood, that had the highest weekly dollar gains, was down 4.1% in the average number of items sold.

## Dollar, Unit and Volume Gains

Dollar gains easily outpaced volume gains in all areas, indicating continued inflationary conditions. The gap is the widest for meat, at 16.1 percentage points. That is much wider than the gap seen in the meat department at this point, which was below nine points. Frozen beverages and ice cream also saw dollar gains far ahead of volume gains. In comparing unit and volume sales, some categories saw consumers trading up to larger pack sizes, such as pizza and processed poultry. In other areas, such as ice cream, unit gains exceeded volume gains — pointing to more frequent but smaller packages sold.

Category	% sales change 1 week ending 8/23 versus year ago			Volume/dollar gap (percentage points)
	Dollar sales	Unit gains	Volume sales	
<b>Frozen meals</b>	+15.4%	+10.5%	+11.3%	-4.1
Breakfast food	+18.3%	+13.1%	+13.4%	-4.9
Dinners/entrees	+11.7%	+9.5%	+8.6%	-3.1
Pizza	+21.6%	+12.7%	+15.4%	-6.2
<b>Frozen meat/poultry/seafood</b>	+28.8%	+18.5%	+18.1%	-10.7
Processed poultry	+30.0%	+21.4%	+25.8%	-4.2
Meat	+26.6%	+16.3%	+10.5%	-16.1
Seafood	+42.1%	+30.5%	+34.0%	-8.1
<b>Frozen desserts</b>	+19.7%	+11.4%	---	---
Ice cream/sherbet	+17.7%	+10.4%	+8.3%	-9.4
<b>Frozen fruits &amp; vegetables</b>	+21.0%	+12.7%	+16.4%	-4.6
<b>Frozen baked goods</b>	+17.5%	+14.1%	+14.3%	-2.8
<b>Frozen snacks</b>	+29.3%	+20.7%	+27.4%	-1.9
<b>Frozen beverages</b>	+31.5%	+23.3%	+23.8%	-7.7

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 23 once again brought double-digit increases versus the same week a year ago for all areas except prepared vegetables. Frozen meals remained the largest sales category, representing 34.3% of total frozen food sales. Frozen meat/poultry/seafood stayed in second, at 30.1% of sales. Frozen seafood was again way out front in percentage gains with an increase of +42.1% versus a year ago.

Product and share of frozen food department sales for w.e. 8/23/20	% 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)	8/16	8/23
<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>+19.5%</b>	<b>+21.7%</b>
Frozen meals (34.3% of sales)	-3%	+53%	+28%	+20%	+14%	+17%	+12.1%	+15.4%
Breakfast food	+1%	+44%	+30%	+22%	+17%	+19%	+13.2%	+18.3%
Dinners/entrees	-3%	+44%	+16%	+12%	+12%	+15%	+9.8%	+11.7%
Pizza	-2%	+79%	+53%	+35%	+17%	+18%	+15.9%	+21.6%
Frozen meat/poultry/seafood (30.1%)	+8%	+65%	+48%	+60%	+35%	+31%	+25.1%	+28.8%
Processed poultry	+4%	+75%	+48%	+50%	+33%	+31%	+26.2%	+30.0%
Meat	+11%	+91%	+57%	+61%	+30%	+21%	+25.9%	+26.6%
Seafood	+17%	+46%	+46%	+66%	+48%	+47%	+35.4%	+42.1%
Frozen desserts (24.9%)	+2%	+28%	+32%	+35%	+18%	+15%	+19.0%	+19.7%
Ice cream/sherbet	-0.2%	+30%	+35%	+34%	+16%	+13%	+16.2%	+17.7%
Novelties	+6%	+28%	+31%	+35%	+19%	+16%	+21.5%	+21.3%
Desserts/toppings	+0.2%	+23%	+18%	+43%	+28%	+25%	+26.0%	+26.9%
Frozen fruits & vegetables (10.5%)	+4%	+67%	+44%	+43%	+24%	+25%	+20.9%	+21.0%
Fruit	+10%	+64%	+46%	+53%	+37%	+36%	+35.3%	+33.1%
Potatoes/onions	+3%	+67%	+56%	+54%	+29%	+29%	+25.4%	+27.9%
Plain vegetables	+5%	+72%	+38%	+34%	+16%	+20%	+12.3%	+11.6%
Prepared vegetables	-13%	+35%	+12%	+9%	-0.3%	+5%	+7.0%	+7.0%
Frozen snacks (4.2%)	+1%	+67%	+60%	+48%	+31%	+28%	+27.7%	+29.3%
Appetizers/snack rolls	+1%	+67%	+60%	+48%	+31%	+28%	+27.7%	+29.3%
Frozen baked goods (2.5%)	-1%	+46%	+32%	+46%	+22%	+21%	+19.3%	+17.5%
Frozen beverages (0.4%)	-2%	+80%	+58%	+49%	+31%	+29%	+29.9%	+31.5%
Juices	-2%	+80%	+58%	+50%	+32%	+29%	+30.1%	+31.6%

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

## What's next?

Entering the latter half of August, the very different nature of this year's back-to-school season is becoming evident. Wave 17 of the IRI COVID-19 shopper impact survey finds a growing number of parents reporting their school-aged children will be partaking in virtual education only. Younger children, ages seven to 12, have the highest likelihood of online versus in-classroom education, as reported by 58% of parents. An additional 17% of parents with kids in elementary and middle school report their kids will follow a hybrid online and in-person format. Among parents with students ages 13 to 17, 52% reported their children will partake in virtual education only, with an additional 20% in hybrid formats. With more than half of children at home versus in school, this is likely going to change the demand curve once more for popular lunch box and snack items, which may favor prolonged year-over-year gains for frozen foods.

Both consumer concern and economic pressure remain high, but seem stable for the moment. As such, consumers' continued desire to minimize in-store trips, have items with long shelf life and good value is likely to favor frozen food sales for many more 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 through Labor Day and switch to a monthly schedule thereafter.**