

Third Week of Stock-Up Shopping Drives Higher Frozen Food Demand

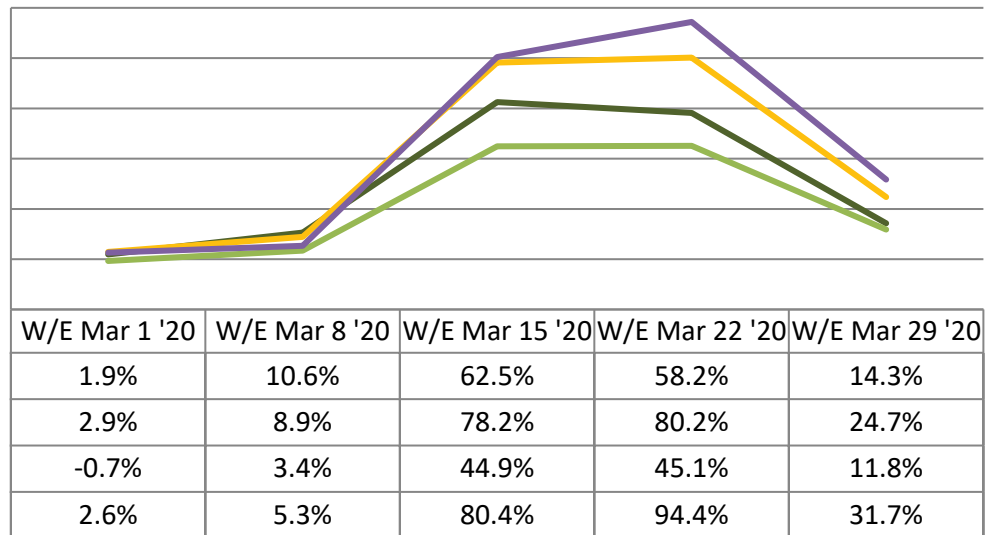
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March 29 marks the end of what has been, for most people, the third week of tightening social distancing measures caused by the rapid spread of the coronavirus. As of early April, 47 states have issued some type of executive order governing social and business activities, with tremendous impact on grocery and frozen food sales. While foodservice sales have been decimated, sales at retail started surging come the second week of March. 210 Analytics, IRI and AFFI partnered up to understand the effect for frozen food in dollars and volume throughout the pandemic.

During the week of March 29, frozen food sales continued to show highly elevated levels, despite many chains running limited opening hours. Boosted by an increase of 37% in meat, the total perimeter increased 11.8% over the week of March 29 compared to the comparable week in 2019. Center store edibles increased 24.7% and frozen foods rose the fastest of all areas, up 31.7% in dollar sales. Frozen foods generated more than \$1.2 billion in the week of March 29, 2020 — nearly \$300 million more than the comparable week in 2019.

Dollar growth versus comparable week in 2019
Total store and perimeter look —
March 1, 8, 15, 22 and 29, 2020



Source: IRI, Total US, MULO, week ending March 1, 8, 15, 22 and 29, 2020

A Deep-Dive into Frozen Food Sales

The largest category in frozen foods, meal solutions, increased more than 25%. This was driven by a huge spike in frozen pizza sales, which continued see high double digit growth that started earlier in the month. Like fresh meat and poultry, frozen animal protein continued to see high gains, up 44.7%, with big gains for processed poultry and meat. Frozen fruits and vegetables also continued to soar, up more than 40%.

	% Dollar sales change vs. comparable week in 2019					Share of dollars for week of March 29, 2020
	Week Ending 03-29-20	Week Ending 03-22-20	Week Ending 03-15-20	Week Ending 03-08-20	Week Ending 03-01-20	
Frozen Dept (ex Poultry)	+31.7%	+94.4%	+80.4%	+5.3%	+2.6%	100%
Frozen meals	+25.4%	+99.3%	+88.6%	+3.3%	-2.5%	36%
Breakfast food	+21.3%	+81.9%	+72.6%	+4.5%	+1.1%	
Dinners/entrees	+21.3%	+83.2%	+79.4%	+3.5%	-3.4%	
Pizza	+53.8%	+143.0%	+120.1%	+3.8%	-2.0%	
Frozen meat/poultry/seafood	+44.7%	+123.1%	+97.5%	+3.5%	+8.3%	31%
Processed poultry	+43.7%	+134.7%	+115.8%	+9.2%	+4.3%	
Meat	+56.9%	+163.6%	+131.6%	+17.9%	+11.0%	
Seafood	+33.8%	+96.8%	+67.4%	-5.7%	+16.9%	
Frozen desserts	+23.9%	+43.1%	+35.9%	+9.3%	+2.2%	21%
Ice cream/sherbet	+26.9%	+45.4%	+36.5%	+8.2%	-0.2%	
Novelties	+20.5%	+40.6%	+36.7%	+11.4%	+6.1%	
Desserts/toppings	+17.1%	+36.9%	+25.5%	+5.4%	+0.2%	
Frozen fruits & vegetables	+40.7%	+111.4%	+106.7%	+11.8%	+4.3%	13%
Fruit	+37.0%	+95.4%	+103.5%	+19.1%	+10.1%	
Potatoes/onions	+50.1%	+117.3%	+98.3%	+9.0%	+3.2%	
Plain vegetables	+37.5%	+115.9%	+119.3%	+13.3%	+4.6%	
Prepared vegetables	+8.8%	+84.5%	+62.9%	-12.6%	-13.4%	
Frozen baked goods	+38.9%	+87.8%	+56.8%	+1.4%	-0.8%	3%
Frozen beverages	+59.5%	+142.9%	+114.5%	+8.2%	-1.8%	1%
Juices	+59.7%	+143.2%	+114.7%	+8.3%	-1.8%	

Source: IRI, Total US, MULO, week ending March 1, 8, 15, 22 and 29, 2020

Dollar versus Volume Sales

Dollar and volume growth are very close together for the week ending March 29, signaling very low levels of inflation.

Change for week ending 3/29/2020
vs. comparable week in 2019

	Dollar sales	Volume sales
Frozen meals	+25.4%	+23.5%
Frozen meat/poultry/seafood	+44.7%	+43.0%
Frozen fruits & vegetables	+40.7%	+38.8%
Frozen baked goods	+38.9%	+40.4%
Frozen beverages	+59.5%	+54.2%

It is clear that the versatile nature of frozen food, in addition to its favorable shelf-life and ease of preparation, are making it a popular choice among consumers during these unprecedented times. The first week of April, saw 47 states with some type of executive order governing social and business activities, with only Missouri, South Dakota and Nebraska not having issued stay-at-home orders.

Stock-up shopping is likely to taper further as pantries and freezers are full, consumers are settling into to new realities of social distancing and are confident there will be ample food. Increased everyday demand is likely to continue while social distancing measures are in effect. Shoppers are preparing more home-cooked meals across all meal occasions, from breakfast to dinner. Additionally, students of all ages are home from school, evening activities are cancelled and shoppers emphasize healthful meals. At the same time, economic pressure is building. Amid the largest weekly spikes in

unemployment numbers, financially vulnerable consumers are extremely concerned about COVID-19 and its health and economic impacts. Their grocery patterns are likely to be influenced by money-saving measures, not unlike those seen during the height of the recession, such as buying private brands, smaller packages/amounts and seeking out promotions.

All this is likely to result in a new baseline driven by higher everyday demand. The unknown is how high this demand lies above the old normal. Shopping patterns will also likely remain very different in number, size, day of the week, day part and online ordering trends. It is important to remember that the sales surges at retail are only possible thanks to the heroic work of the entire grocery and frozen food supply chains.