

## Frozen Foods Continue to Win With More Trips and Bigger Baskets

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



More than four months after the big spikes in grocery sales at the start of the pandemic, consumer packaged goods (CPG) sales continue to track well ahead of the 2019 baseline. The resurgence in COVID-19 cases along with economic pressure is once more shifting food dollars back to retail – pushing gains for many departments to their highest point in several weeks or even months. Throughout the pandemic, frozen foods have experienced far above-average sales gains, with a stellar performance in dollar, unit and volume sales.

## 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 more per trip, resulting in the average basket size sitting well above the same week in 2019.

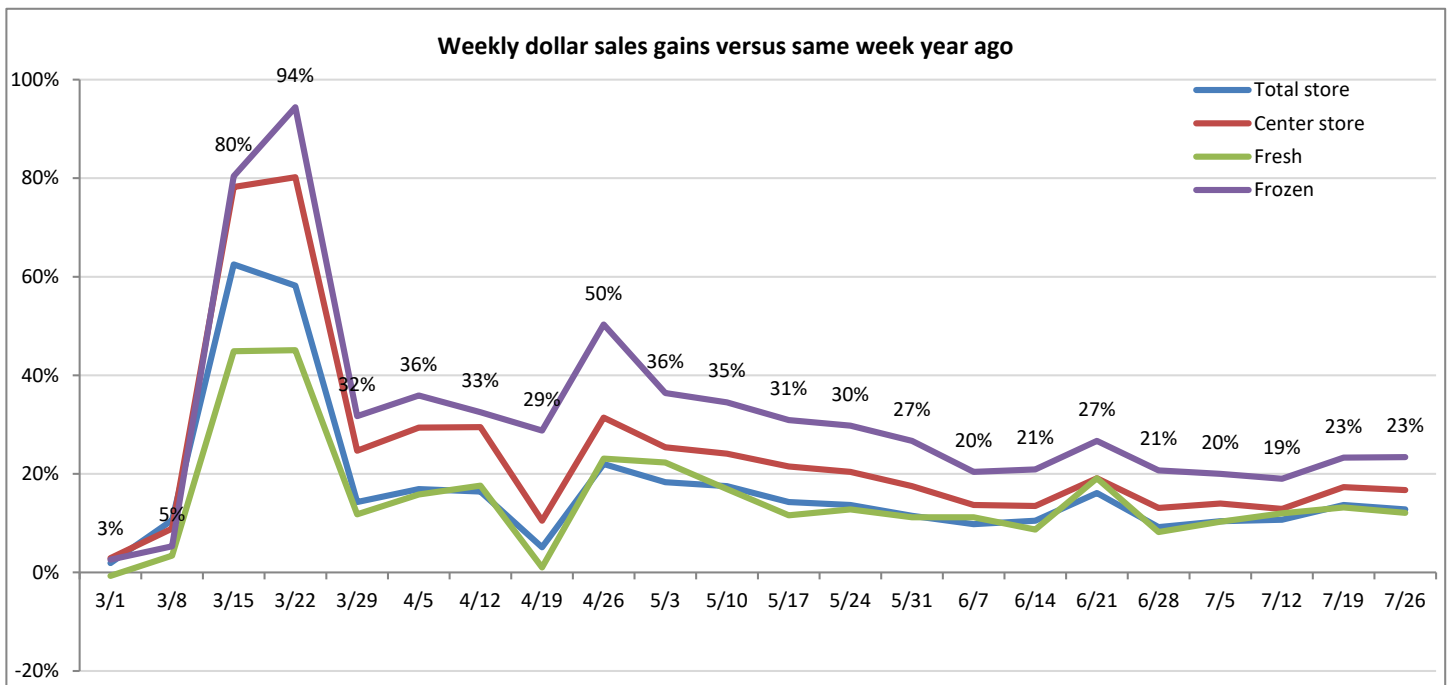
With the upswing in the number of COVID-19 cases around the country, pantry loading is making a comeback. More than half of shoppers (54%) aim to buy enough food for their households to last them two to four weeks, according to the latest IRI shopper survey. As such, items with longer shelf life continue to do well, which favors frozen food sales. Trip and basket size trends for frozen foods have been different than those in other areas of the store. Instead of trips being flat as seen for total CPG, or being up just 1% for total edibles, frozen foods benefitted from a 12% increase in frozen food trips during the week ending July 26 versus the same week last year. This means shoppers are buying, using and replenishing frozen foods rather than frozen items serving as a backup.

During the week ending July 26, the average basket size for frozen food was 10% higher than during the same week in 2019. This was lower than the increases in the spend per trip for total CPG (+15%) or total edibles (+18%). It is likely that their limited freezer space is a barrier to buying even more per trip and instead consumers are increasing both the frequency of purchasing frozen foods and the amount to address the increase in the number of meals and snacks consumed at home.

## Sales

The combination of elevated trips and basket size resulted in the 20th week of double-digit dollar sales increases for frozen foods. The week ending July 26 saw increased sales for the total store (+12.8%), center-store edibles (+16.7%) as well as the fresh perimeter (+12.1%) which were all double digits above last year's levels.

For frozen foods, sales gains were even higher, at +23.4% versus the same week a year ago. This is virtually unchanged versus the week prior (+23.3%). Father's Day excepted, this is the highest non-holiday week gain since late May.



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

Frozen foods generated \$1.20 billion in sales the week ending July 26, 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 6.6% versus year ago. This reflects 1,339 items – roughly the same number as seen in late June.

	3/1	March (3/8-3-29)	April (4/5-4/26)	May (5/3-5/31)	June (6/7-6/28)	7/19	7/26
Average weekly items/store selling	1,393	1,449	1,394	1,365	1,347	1,347	1,339
Change vs. YA	-4.2%	-0.1%	-3.3%	-5.7%	-7.2%	-6.9%	-6.6%

*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, “There are still many frozen vegetable items that have not been restocked in several weeks. I know these shortages are due to the COVID crisis.” Another wrote, “As usual, you were out of frozen vegetables. No store brand frozen diced onions or peppers. No frozen mushrooms for over a month.” Some retailers started to put up signage recognizing limited availability, pointing to supplier production issues.

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 entrees.

- Frozen pizza: -14.0%
- Frozen fruit: -14.2%
- Frozen entrees: -10.0%

*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 (+4.9%) and frozen meat (+3.3%). Frozen seafood, which had the highest weekly dollar gains, was down 3.4% in the average number of items sold.

## Dollar, Unit and Volume Gains

Dollar gains easily outpace unit and volume gains in all areas, indicating continued inflationary conditions. Volume gains outpace unit gains in most areas, with points to consumers purchasing bigger packages.

Category	% sales change 1 week ending 7/26 versus year ago				
	Dollar sales	Unit sales	Volume sales	Volume/dollar gap (percentage points)	Volume/unit gap (percentage points)
<b>Frozen meals</b>	+17.6%	+10.1%	+12.5%	-5.1	+2.4
Breakfast food	+20.0%	+10.7%	+13.7%	-6.3	+3.0
Dinners/entrees	+16.6%	+10.7%	+12.2%	-4.4	+1.5
Pizza	+19.3%	+8.8%	+12.7%	-6.6	+3.9
<b>Frozen meat/poultry/seafood</b>	+32.0%	+22.7%	+21.6%	-10.4	-1.1
Processed poultry	+32.0%	+22.8%	+28.5%	-3.5	+5.7
Meat	+27.8%	+19.1%	+11.4%	-16.4	-7.7
Seafood	+53.0%	+41.4%	+45.5%	-7.5	+4.1
<b>Frozen desserts</b>	+16.5%	+9.6%	---	---	---
Ice cream/sherbet	+14.5%	+8.8%	+5.4%	-9.1	-3.4
<b>Frozen fruits &amp; vegetables</b>	+25.9%	+19.0%	+18.7%	-7.2	-0.3
<b>Frozen baked goods</b>	+23.1%	+18.9%	+19.6%	-3.5	+0.7
<b>Frozen snacks</b>	+30.6%	+22.3%	+26.0%	-4.6	+3.7
<b>Frozen beverages</b>	+33.6%	+22.2%	+24.6%	-9.0	+2.4

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

All areas of frozen foods saw price increases versus a year ago during the week ending July 26. Meat inflation was the highest, at +14.7%, followed by ice cream, at +8.7%. Areas with big differences in volume versus unit gains included frozen processed poultry, seafood, pizza and snacks – pointing to consumers purchasing value packs more often. In IRI’s latest survey of shoppers, 30% indicated that their financial situation is a little or a lot worse than last year. IRI is finding a continued uptick in choosing private label items to save money, buying value-size items and switching to lower-cost retailers, per consumer survey input.

## A Deep-Dive into Frozen Food Sales

The week ending July 26 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 32.9% of total frozen food sales. Frozen meat/poultry/seafood stayed in second, at 30.2% of sales. Frozen seafood was again way out front in percentage gains with an increase of +53.0% versus a year ago.

Product and share of frozen food department sales for w.e. 7/26/20	% 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)	7/19	7/26
<b>Frozen dept (ex poultry)</b>	<b>+2.6%</b>	<b>+52%</b>	<b>+37%</b>	<b>+36%</b>	<b>+22.1%</b>	<b>+23.3%</b>	<b>+23.4%</b>
Frozen meals (32.9% of sales)	-3%	+53%	+28%	+20%	+13.6%	+18.9%	+17.6%
Breakfast food	+1%	+44%	+30%	+22%	+17.0%	+21.3%	+20.0%
Dinners/entrees	-3%	+44%	+16%	+12%	+11.5%	+17.8%	+16.6%
Pizza	-2%	+79%	+53%	+35%	+16.9%	+20.5%	+19.3%
Frozen meat/poultry/seafood (30.2%)	+8%	+65%	+48%	+60%	+34.8%	+34.6%	+27.8%
Processed poultry	+4%	+75%	+48%	+50%	+33.0%	+33.8%	+32.0%
Meat	+11%	+91%	+57%	+61%	+30.4%	+27.3%	+27.8%
Seafood	+17%	+46%	+46%	+66%	+48.0%	+49.6%	+53.0%
Frozen desserts (26.5%)	+2%	+28%	+32%	+35%	+18.2%	+14.5%	+16.5%
Ice cream/sherbet	-0.2%	+30%	+35%	+34%	+16.2%	+12.1%	+14.5%
Novelties	+6%	+28%	+31%	+35%	+19.3%	+16.1%	+17.9%
Desserts/toppings	+0.2%	+23%	+18%	+43%	+27.8%	+26.7%	+25.6%
Frozen fruits & vegetables (10.4%)	+4%	+67%	+44%	+43%	+23.8%	+27.3%	+25.9%
Fruit	+10%	+64%	+46%	+53%	+37.0%	+35.3%	+35.8%
Potatoes/onions	+3%	+67%	+56%	+54%	+29.4%	+31.5%	+30.9%
Plain vegetables	+5%	+72%	+38%	+34%	+16.1%	+22.5%	+19.8%
Prepared vegetables	-13%	+35%	+12%	+9%	-0.3%	-7.7%	+6.9%
Frozen snacks (3.9%)	+1%	+67%	+60%	+48%	+31.1%	+31.4%	+34.3%
Appetizers/snack rolls	+1%	+67%	+60%	+48%	+31.0%	+31.3%	+34.2%
Frozen baked goods (2.4%)	-1%	+46%	+32%	+46%	+22.4%	+23.8%	+23.1%
Frozen beverages (0.5%)	-2%	+80%	+58%	+49%	+31.4%	+28.7%	+33.6%
Juices	-2%	+80%	+58%	+50%	+31.5%	+28.8%	+33.7%

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

## What's next?

Between the rise in coronavirus cases, rising consumer concern about the virus and economic pressure, grocery sales remain more than 10% above year ago levels. The rising number of cases appears to be impacting consumer plans to venture out beyond grocery trips as well. According to the latest wave of IRI shopper research, more than one-third of Americans said they were more concerned than they were last week, driven by California (49%), Texas (46%) and Florida (42%). As concern has rebounded, more Americans plan to further delay their return to normal activities, though in part this may be due to state mandates disabling them to engage in these activities. Up from 56% two weeks prior, 73% of consumers will wait at least four more weeks before going to a bar/club; 56% will wait this amount of time before dining out at a restaurant and 45% before going to a coffee shop. As a result of rising concern to re-engage with foodservice, it is highly likely that sales in retail will continue to trend well above year ago levels for weeks to come.

Back-to-school season is also still up in the air. In the IRI shopper survey, a third of parents said they do not know yet if and when their children will be in school in the fall. Fewer than one in five expect to have their child/children back at the school for a full schedule as of late July. Almost half of parents who usually have a daycare/childcare provider for a child under six continue to say they will wait at least four more weeks to resume care.

**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.**