

Frozen Food Sales Remained Highly Elevated Throughout September

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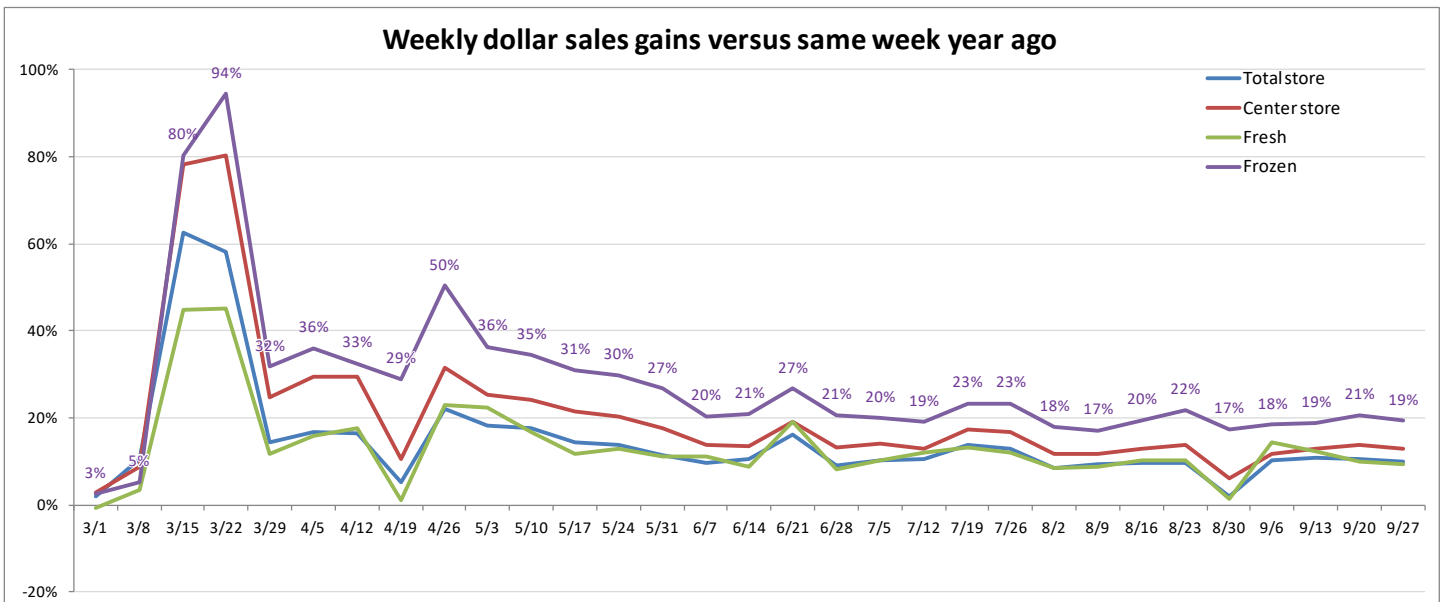
The pandemic caused changes in everything from when and where people shopped to the types, amounts and brands they purchased. These changes were driven by anxiety over in-store visits that prompted fewer and shorter trips as well as by out-of-stocks, more meals at home and greater interest in food experimentation. Seven months into the pandemic, many of the pandemic shopping habits are trending back toward normal.

In IRI's latest survey wave of primary shoppers, anxiety levels over in-store visits have decreased significantly, with 58% of shoppers feeling relaxed. This is an improvement of 15 percentage points since July. Additionally, two-thirds of shoppers now spend about the same amount of time shopping in the store as they did before the pandemic. Browsing for different items to try is also up a few points. These are all encouraging signs for new product launches and merchandising catching the attention of shoppers.

Sales

While shopping patterns are normalizing, food spending at retail remains highly elevated across most departments, led by frozen foods. Whether the September 6 Labor Day week or the three everyday demand weeks that followed, sales increases for frozen foods have been exceptional, including dollar, volume and unit gains that far exceed other areas of the store.

The Labor Day performance was strong across virtually all areas of the store, but even so, frozen foods gains easily outperformed other temperature zones. In subsequent weeks, center store, fresh and total store moved back to about 10 percentage points over a year ago. Frozen foods' dollar sales gains have been in the double digits for 29 weeks running, topping the September 2019 performance by about 20% in September 2020. Year-to-date through September 27, frozen food sales are up 21.9%.



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

Assortment has been slowly but surely climbing back up to pre-pandemic levels, and improved more during the month of September. IRI's measure reflecting assortment variety showed items per store were down 4.4% versus a year ago, reflecting 1,346 items. Pizza, entrees, fruit and breakfast foods are the areas that remained down the most in terms of the average items per store. Retailers have expanded the assortment in the areas of frozen beverages (juices) and meat.

	w.e. 3/1	March (3/8-29)	April (4/5-26)	May (5/3-31)	June (6/7-28)	July (7/5-26)	August (8/2-30)	September (9/6-27)
Average items/store selling	1,393	1,449	1,394	1,365	1,347	1,348	1,341	1,346
Change vs. YA	-4.2%	-0.1%	-3.3%	-5.7%	-7.2%	-6.9%	-5.9%	-4.4%

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

Dollar and Volume Gains

Dollar gains easily outpaced volume gains in all areas, with the exception of snacks. This indicates continued inflationary conditions during the month of September, albeit significantly less than seen in the early months of the pandemic. The gap remained the widest for frozen meat. Frozen seafood had the highest gains in dollars, units and volume during the month of September.

Category	% sales change (September 9/6-27) versus year ago			
	Dollar sales	Unit sales	Volume sales	Volume/dollar gap (percentage points)
Frozen meals	+12.5%	+12.4%	+8.5%	-4.0
Breakfast food	+20.7%	+12.8%	+14.8%	-5.9
Dinners/entrees	+7.6%	+3.8%	+4.3%	-3.3
Pizza	+16.7%	+10.3%	+12.5%	-4.2
Frozen meat/poultry/seafood	+25.9%	+17.2%	+16.6%	-9.3
Processed poultry	+26.1%	+18.4%	+22.7%	-3.4
Meat	+28.5%	+19.3%	+15.5%	-13.0
Seafood	+37.4%	+28.7%	+29.5%	-7.9
Frozen desserts	+18.3%	+10.6%	---	---
Ice cream/sherbet	+16.3%	+9.2%	+10.2%	-6.1
Frozen fruits & vegetables	+18.5%	+19.3%	+14.3%	-4.2
Frozen baked goods	+21.8%	+24.6%	+20.3%	-1.5
Frozen snacks	+25.7%	+21.2%	+25.9%	+0.2
Frozen beverages	+32.0%	+22.1%	+22.1%	-9.9

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

A Deep-Dive into Frozen Food Sales

The month of September brought double-digit increases versus the same week a year ago for all areas except prepared vegetables and dinners/entrees. Frozen meals remained the largest sales category, representing 35.3% of total frozen food sales. Frozen meat/poultry/seafood stayed in second, at 30.6% of sales.

Product and share of frozen food department sales	% Dollar sales change vs. comparable period in 2019							
	w.e. 3/1	March (3/8-29)	April (4/5-26)	May (5/3-31)	June (6/7-28)	July (7/5-26)	August (8/2-30)	September (9/6-27)
Frozen dept (ex poultry)	+2.6%	+52%	+37%	+36%	+22%	+22%	+18.8%	+19.4%
Frozen meals (35.3% of sales)	-3%	+53%	+28%	+20%	+14%	+17%	+12.7%	+12.5%
Breakfast food	+1%	+44%	+30%	+22%	+17%	+19%	+14.9%	+20.7%
Dinners/entrees	-3%	+44%	+16%	+12%	+12%	+15%	+10.0%	+7.6%
Pizza	-2%	+79%	+53%	+35%	+17%	+18%	+17.2%	+16.7%
Frozen meat/poultry/seafood (30.6%)	+8%	+65%	+48%	+60%	+35%	+31%	+24.6%	+25.9%
Processed poultry	+4%	+75%	+48%	+50%	+33%	+31%	+24.9%	+26.1%
Meat	+11%	+91%	+57%	+61%	+30%	+21%	+21.6%	+28.5%
Seafood	+17%	+46%	+46%	+66%	+48%	+47%	+37.3%	+37.4%
Frozen desserts (23.0%)	+2%	+28%	+32%	+35%	+18%	+15%	+16.7%	+18.3%
Ice cream/sherbet	-0.2%	+30%	+35%	+34%	+16%	+13%	+14.3%	+16.3%
Novelties	+6%	+28%	+31%	+35%	+19%	+16%	+19.1%	+19.4%
Desserts/toppings	+0.2%	+23%	+18%	+43%	+28%	+25%	+21.8%	+31.2%
Frozen fruits & vegetables (10.8%)	+4%	+67%	+44%	+43%	+24%	+25%	+20.0%	+18.5%
Fruit	+10%	+64%	+46%	+53%	+37%	+36%	+34.4%	+29.7%
Potatoes/onions	+3%	+67%	+56%	+54%	+29%	+29%	+24.4%	+25.2%
Plain vegetables	+5%	+72%	+38%	+34%	+16%	+20%	+12.3%	+10.0%
Prepared vegetables	-13%	+35%	+12%	+9%	-0.3%	+5%	+5.7%	+8.9%
Frozen snacks (4.3%)	+1%	+67%	+60%	+48%	+31%	+28%	+27.3%	+25.7%
Appetizers/snack rolls	+1%	+67%	+60%	+48%	+31%	+28%	+27.3%	+25.7%
Frozen baked goods (2.8%)	-1%	+46%	+32%	+46%	+22%	+21%	+16.1%	+21.8%
Frozen beverages (0.4%)	-2%	+80%	+58%	+49%	+31%	+29%	+28.1%	+32.0%
Juices	-2%	+80%	+58%	+50%	+32%	+29%	+28.2%	+32.2%

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

What's next?

Everyday demand appears to be holding around 20% above year-ago levels as new COVID-19 case counts continue to rise and fall in different regions of the country. Restaurant transactions continue to come back a little at a time, but remain below year-ago levels. Aided by the effect of online sales, trip reduction, virtual schooling and working-from-home, frozen food sales are likely to remain well above 2019 levels for many weeks to come. However, holiday demand is likely going to be very different.

According to the latest IRI primary shopper survey, only 29% of consumers expect to host or attend a meal with extended family who do not live with them for Thanksgiving. This is down from 48% last year. Friendsgiving and traveling out of state are also more unlikely this year, as Americans are most likely to stay home and celebrate with immediate family, according to 34% of respondents.

Early indications for December holiday celebrations and grocery spending suggest a similar impact as Thanksgiving. Shoppers plan to spend less on groceries, gifts, and decorations across grocery, mass, club, dollar and especially drugstores and local small businesses. Online-only retailers are currently estimated to net a slight gain. While some are looking forward to holiday celebrations after a stressful year, many are not due to the impact of COVID-19 or concern about celebrations causing an increase in COVID cases.

The next report in the performance series IRI, 210 Analytics and AFFI have produced since the week of March 15, will be released mid November to cover the October sales trends. 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.