

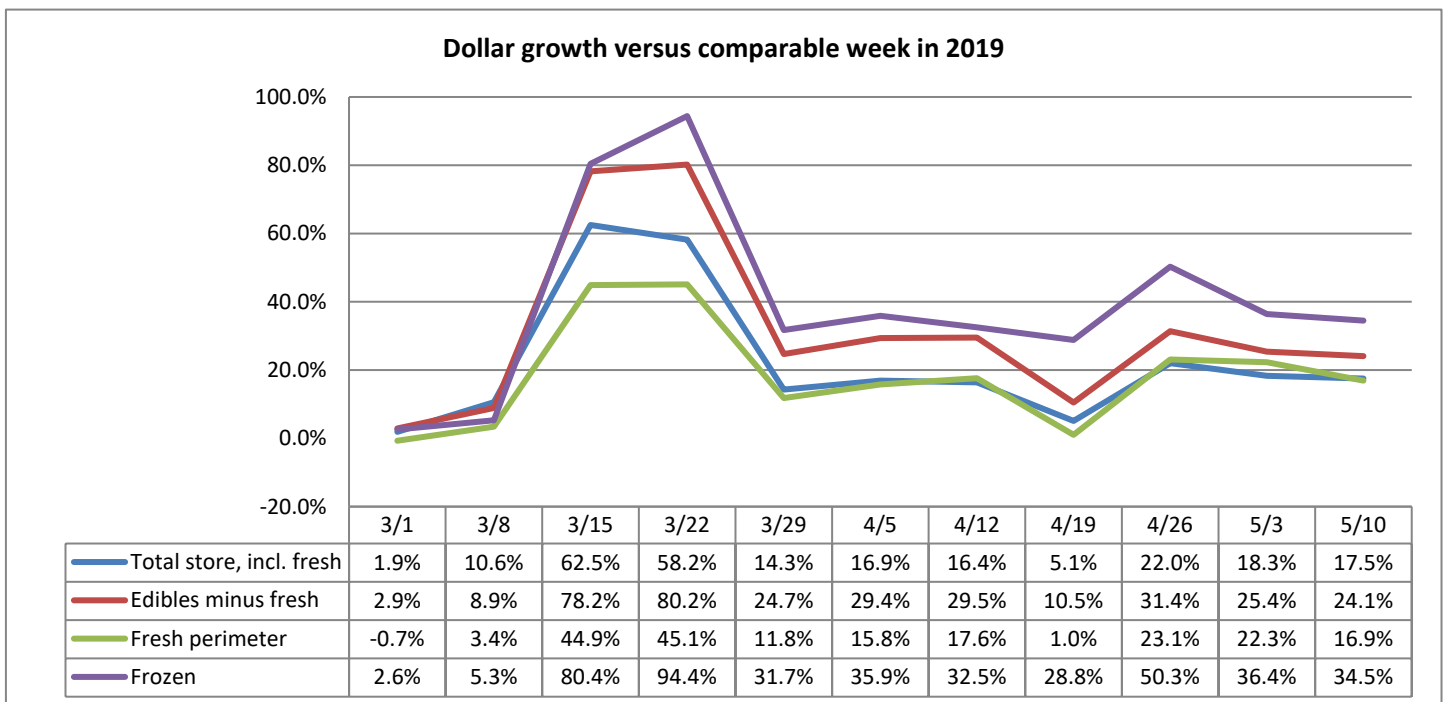
## Frozen Food's Highly Elevated Performance Has Shelf-Life

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The world of grocery retailing continued to enjoy high levels of sales during the week of May 10 versus a year ago. While grocery patterns continue to evolve, frozen food has been a consistent powerhouse since the onset of coronavirus in the U.S. Whether preferring fresh over frozen, desiring to have a multi-week food supply on hand, wanting to take fewer trips, or having convenient solutions, the frozen food department has been among the top performers.

After a monster week in late April, sales gains for the week ending May 10 closely resembled the prior week across most departments. Dollar gains for frozen foods were up 34.5% over the same week in 2019. In other areas of the store, the meat department did extremely well, prompted by ample news coverage on potential shortages, up 40.6%. However, continued struggles in deli-prepared, in particular, pulled the overall perimeter performance to +16.9%. Center store edibles increased 24.1%.



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

Frozen foods generated nearly \$1.4 billion in the week of May 10, 2020 — \$352 million more than the comparable week in 2019. Supply chain issues combined with the highly elevated consumer demand drove continued out-of-stocks at some stores. On the Retail Feedback Group’s Constant Customer Feedback (CCF) program, a shopper wrote,

“You are low on frozen vegetables week after week. What is going on?” Another wrote, “I had no problems this trip except I wanted to buy frozen meatballs and you had none. But I understand given all the supply chain issues.”

IRI’s measure reflecting assortment variety shows an uptick in the average number of frozen food items available per store during the two panic buying weeks ending March 15 and March 22. But ever since, the number of items versus the same week in 2019 has been down. Given that consumer demand is up, the smaller assortment is likely directly due to supply chain issues and SKU rationalization decisions to optimize productivity. Assortment variety was down 5.3% for the week ending May 10 versus the same week in 2019. This reflects the lowest levels of variety seen since the onset of the pandemic and reflects 77 fewer items per store on average than the same week last year.

	3/15	3/22	3/29	4/5	4/12	4/19	4/26	5/3	5/10
Average weekly items per store selling	1,527	1,491	1,370	1,409	1,391	1,382	1,381	1,383	1,379
Change vs. same week in 2019	+5.5%	+3.7%	-4.7%	-3.3%	-4.6%	-3.8%	-2.3%	-4.4%	-5.3%

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

**Some of the hardest-hit areas included:**

- Frozen fruit: -11.7%
- Prepared vegetables: -13.2%
- Frozen entrees: -10.8%
- Frozen pizza: -13.3%

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

“One area where we saw an uptick in the average number of items selling per store was frozen meat,” said Jonna Parker, Team Lead Fresh for IRI. “The meat supply chain in fresh is tight right now and inventory is far below normal levels. Many meat buyers ramped up their frozen meat inventory to supplement fresh assortment for the new waves of consumers looking to stock up.”

Supply chain issues are also being felt in inflationary pressure across several categories, including meat. While volume sales measures are not available for all areas, several subcategories are starting to see a significant gap between dollar gains and volume gains —pointing to price increases. For the week of May 10, processed poultry and meat had a double-digit volume/dollar gap, signaling that the tightness in the meat supply is not just affecting the fresh side.

Category with % of frozen department sales	% sales change 1 week ending 5/10/2020 versus year ago		
	Dollar sales	Volume sales	Volume/dollar gap
<b>Frozen meals (34%)</b>	+19.2%	+15.1%	-4.0
Breakfast food	+21.3%	+14.5%	-6.8
Dinners/entrees	+12.4%	+9.8%	-2.6
Pizza	+31.0%	+25.0%	-6.0
<b>Frozen meat/poultry/seafood (32%)</b>	+58.5%	+51.1%	-7.4
Processed poultry	+50.7%	+45.4%	-5.3
Meat	+62.0%	+48.8%	-13.3
Seafood	+65.4%	+55.0%	-10.4
<b>Frozen desserts (23%)</b>	---	---	---
Ice cream/sherbet	+29.2%	+23.0%	-6.1
<b>Frozen fruits &amp; vegetables (12%)</b>	+39.2%	+33.7%	-5.5
<b>Frozen baked goods (3%)</b>	+40.0%	+38.3%	-1.7
<b>Frozen snacks (4%)</b>	+46.7%	+40.9%	-5.7
<b>Frozen beverages &lt;1%</b>	+55.2%	+38.3%	-1.7

## A Deep-Dive into Frozen Food Sales

The 58.5% gain in frozen meat, poultry and seafood was also the highest of the larger frozen categories. This translated into \$452 million in frozen animal protein sales the week of May 10, an additional \$171 million versus the same week last year. The largest share within frozen foods, frozen meals, increased more than 19% despite many fewer items on average, including pizza that was up 31.0% over the week ending May 10 versus the comparable week in 2019. Frozen snacks and beverages also continued to do well.

Product and share of frozen food department sales for week ending 5-10-20	% Dollar sales change vs. comparable week ending in 2019										
	5-10	5-3	4-26	4-19	4-12	4-5	3-29	3-22	3-15	3-08	3-01
<b>Frozen Dept (ex Poultry)</b>	<b>+34.5%</b>	<b>+36%</b>	<b>+50%</b>	<b>+29%</b>	<b>+33%</b>	<b>+36%</b>	<b>+32%</b>	<b>+94%</b>	<b>+80%</b>	<b>+5%</b>	<b>+2.6%</b>
<b>Frozen meals (34%)</b>	<b>+19.2%</b>	<b>+20%</b>	<b>+37%</b>	<b>+28%</b>	<b>+22%</b>	<b>+28%</b>	<b>+25%</b>	<b>+99%</b>	<b>+89%</b>	<b>+3%</b>	<b>-3%</b>
<b>Breakfast food</b>	+21.3%	+22%	+43%	+30%	+22%	+25%	+21%	+82%	+73%	+5%	+1%
<b>Dinners/entrees</b>	+12.4%	+12%	+26%	+17%	+9%	+14%	+21%	+83%	+79%	+4%	-3%
<b>Pizza</b>	+31.0%	+35%	+53%	+51%	+47%	+59%	+54%	+143%	+120%	+4%	-2%
<b>Frozen meat/poultry /seafood (32%)</b>	<b>+58.5%</b>	<b>+60%</b>	<b>+68%</b>	<b>+42%</b>	<b>+39%</b>	<b>+43%</b>	<b>+45%</b>	<b>+123%</b>	<b>+98%</b>	<b>+4%</b>	<b>+8%</b>
<b>Processed poultry</b>	+50.7%	+50%	+68%	+51%	+34%	+43%	+44%	+135%	+116%	+9%	+4%
<b>Meat</b>	+62.0%	+61%	+65%	+50%	+52%	+59%	+57%	+164%	+132%	+18%	+11%
<b>Seafood</b>	+65.4%	+66%	+76%	+32%	+40%	+36%	+34%	+99%	+67%	-6%	+16.9%
<b>Frozen desserts (23%)</b>	<b>+29.7%</b>	<b>+35%</b>	<b>+46%</b>	<b>+21%</b>	<b>+29%</b>	<b>+32%</b>	<b>+24%</b>	<b>+43%</b>	<b>+36%</b>	<b>+9%</b>	<b>+2%</b>
<b>Ice cream/sherbet</b>	+29.2%	+34%	+49%	+24%	+31%	+35%	+27%	+45%	+37%	+8%	-0.2%
<b>Novelties</b>	+29.5%	+35%	+45%	+26%	+22%	+28%	+21%	+41%	+37%	+11%	+6%
<b>Desserts/toppings</b>	+37.1%	+43%	+29%	-22%	+57%	+31%	+17%	+37%	+25%	+5%	+0.2%
<b>Frozen fruits &amp; vegetables (12%)</b>	<b>+39.2%</b>	<b>+43%</b>	<b>+58%</b>	<b>+29%</b>	<b>+45%</b>	<b>+47%</b>	<b>+41%</b>	<b>+111%</b>	<b>+107%</b>	<b>+12%</b>	<b>+4%</b>
<b>Fruit</b>	+48.3%	+53%	+65%	+36%	+44%	+43%	+37%	+95%	+104%	+19%	+10%
<b>Potatoes/onions</b>	+48.7%	+54%	+73%	+38%	+54%	+61%	+50%	+117%	+98%	+9%	+3%
<b>Plain vegetables</b>	+30.5%	+34%	+48%	+23%	+40%	+42%	+38%	+116%	+119%	+13%	+5%
<b>Prepared vegetables</b>	+5.8%	+9%	+17%	-2%	+13%	+18%	+9%	+84%	+63%	-13%	-13%
<b>Frozen baked goods (3%)</b>	<b>+40.0%</b>	<b>+46%</b>	<b>+44%</b>	<b>-7%</b>	<b>+63%</b>	<b>+43%</b>	<b>+39%</b>	<b>+88%</b>	<b>+57%</b>	<b>+1%</b>	<b>-1%</b>
<b>Frozen snacks (4%)</b>	<b>+46.7%</b>	<b>+48%</b>	<b>+76%</b>	<b>+59%</b>	<b>+50%</b>	<b>+57%</b>	<b>+46%</b>	<b>+127%</b>	<b>+97%</b>	<b>+4%</b>	<b>+1%</b>
<b>Appetizers/snack rolls</b>	46.6%	+48%	+76%	+59%	+50%	+57%	+46%	+127%	+98%	+4%	+1%
<b>Frozen beverages &lt;1%</b>	<b>+55.2%</b>	<b>+49%</b>	<b>+65%</b>	<b>+42%</b>	<b>+63%</b>	<b>+63%</b>	<b>+60%</b>	<b>+143%</b>	<b>+115%</b>	<b>+8%</b>	<b>-2%</b>
<b>Juices</b>	+55.4%	+50%	+66%	+42%	+64%	+63%	+60%	+143%	+115%	+8%	-2%

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

## What's next?

Frozen foods have generated double-digit gains for nine out of the last nine weeks. Next week's sales report, covering week 10 of coronavirus in the U.S., is likely to be a pivotal point in the process of establishing what the next several months will look like. Nearly all U.S. states have started to partially re-open or have plans to do so. The relaxation of these stay-at-home executive orders looks different from state to state and encompasses everything from the partial re-opening of dine-in restaurants to the opening of hair salons and gyms to merely shifting from stay-at-home to safer-at-home. As states begin to enter their various re-opening phases, the economic and social readiness of consumers to re-engage with foodservice will become clearer. For the foreseeable future, it is likely that grocery retailing will continue to capture an above-average share of the food dollar with frozen foods in a starring role.

**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. 210 Analytics and IRI will continue to provide weekly updates as sales trends develop.**