

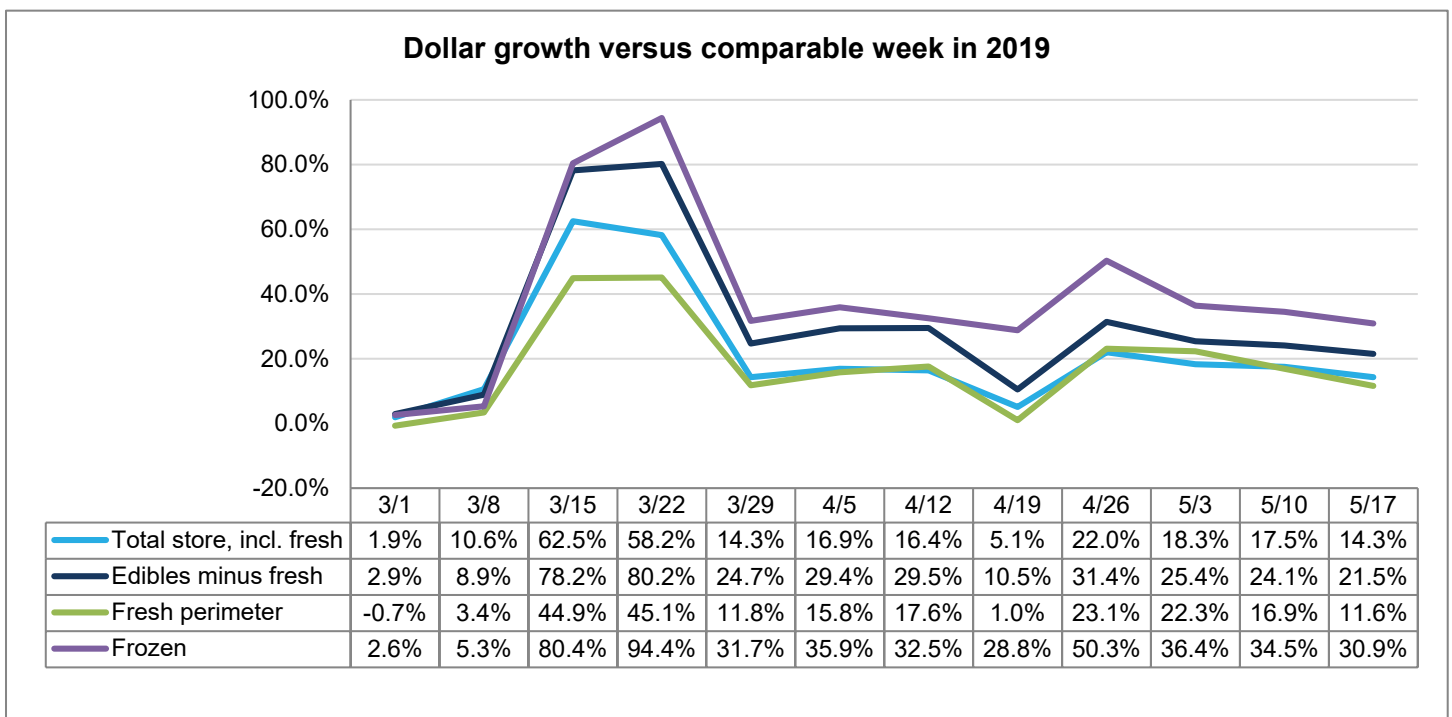
## Frozen Food Sales on Pace for Third Straight Week

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While some businesses and restaurants are beginning to reopen, grocery retailing sales continue to track well ahead of the old baseline. The week of May 17 was free of influences from holidays and may be a good indication of how far the new everyday demand sits above the old normal. Amid the many changes in grocery shopping patterns, there has been one constant: consumers are increasingly relying on frozen foods. Since the onset of coronavirus in the U.S., the frozen food department has been among the top performers.

Dollar gains for frozen foods for the week ending May 17 were up 30.9% over the same week in 2019. This is the third week in a row with gains in the low thirties and perhaps the start of a pattern. In other areas of the store, the meat department had another strong week, but overall perimeter performance was pulled down by continued struggles in deli-prepared and in-store bakery that have seen sales losses each week since the end of March. Center store edibles increased 21.5% — making frozen foods once more a sales leader.



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

Frozen foods generated nearly \$1.3 billion in the week of May 17, 2020 — \$304 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, “More out of stocks this trip on assorted frozen vegetables, frozen broccoli, frozen peas.” Another wrote, “Broccoli florets in the frozen section were out. Honestly, I understand that it may not be possible to find certain items on any given day.”

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 5.9% for the week ending May 17 versus the same week in 2019. This reflects the lowest levels of variety seen since the onset of the pandemic and reflects 85 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	5/17
Average weekly items/store selling	1,527	1,491	1,370	1,409	1,391	1,382	1,381	1,383	1,379	1,362
Change vs. same week in 2019	+5.5%	+3.7%	-4.7%	-3.3%	-4.6%	-3.8%	-2.3%	-4.4%	-5.3%	-5.9%

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

Some of the hardest-hit areas included the following, with assortment levels down from the prior week for all:

- Frozen fruit: -13.5%
- Prepared vegetables: -13.5%
- Frozen entrees: -12.9%
- Frozen pizza: -15.7%

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

One of the very few areas with an increase in the average number of items per store was frozen meat (+6.1%). The tight supply in the meat department means inventory is far below normal levels and many meat buyers have ramped up their frozen meat inventory to supplement fresh assortment, where possible.

Supply chain issues are also felt in inflationary pressure in 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 meat, dollars tracked more than 14 percentage points ahead of volume, signaling significant price increases. All frozen food areas had higher dollar than volume gains during the week of May 17 versus the same week in 2019. A shopper commented, “Each time I go to the store it seems the grocery bill is higher. Even frozen food that is normally a cheaper option than fresh seems to cost more. Hopefully prices will come back down once things get back to normal.”

Category with % of frozen department sales	% sales change 1 week ending 5/17/2020 versus year ago			
	Dollar sales	Unit sales	Volume sales	Volume/dollar gap
<b>Frozen meals (34%)</b>	+18.2%	+8.2%	+13.5%	-4.7
Breakfast food	+24.1%	+14.3%	+17.3%	-6.8
Dinners/entrees	+12.0%	+3.6%	+8.7%	-3.3
Pizza	+27.7%	+15.8%	+21.2%	-6.5
<b>Frozen meat/poultry/seafood (32%)</b>	+50.8%	+37.1%	+43.1%	-7.7
Processed poultry	+45.4%	+31.4%	+39.9%	-5.5
Meat	+48.3%	+35.1%	+34.0%	-14.3
Seafood	+60.6%	+51.8%	+52.7%	-7.9
<b>Frozen desserts (23%)</b>	---	---	---	---
Ice cream/sherbet	+24.9%	+18.4%	+17.9%	-7.0
<b>Frozen fruits &amp; vegetables (12%)</b>	+34.9%	+25.1%	+28.7%	-6.2
<b>Frozen baked goods (3%)</b>	+38.8%	+31.4%	+37.2%	-1.6
<b>Frozen snacks (4%)</b>	+47.5%	+35.3%	+43.3%	-4.2
<b>Frozen beverages &lt;1%</b>	+48.8%	+31.4%	+39.2%	-9.6

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

Unit sales saw robust increases over the week of May 17 versus a year ago as well. In many cases, volume gains outpaced unit gains, which points to consumers opting for larger pack sizes.

## A Deep-Dive into Frozen Food Sales

The overall 30.9% gains were supported by double-digit increases for all areas of frozen food. The highest gains were achieved by frozen meat, poultry and seafood, at +50.8%. This translated into \$423 million in frozen animal protein sales the week of May 17, an additional \$143 million versus the same week last year. The largest share within frozen foods, frozen meals, increased more than 18% despite stores carrying many fewer items. Frozen pizza, that had nearly 16% fewer items on average per store, increased sales by 27.7% the week ending May 17 versus the comparable week in 2019.

Product and share of frozen food department sales for week ending 5-10-20	% Dollar sales change vs. comparable week ending in 2019											
	5-17	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>+30.9%</b>	<b>+35%</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>	+18.2%	+19%	+20%	+37%	+28%	+22%	+28%	+25%	+99%	+89%	+3%	-3%
<b>Breakfast food</b>	+24.1%	+21%	+22%	+43%	+30%	+22%	+25%	+21%	+82%	+73%	+5%	+1%
<b>Dinners/entrees</b>	+12.0%	+12%	+12%	+26%	+17%	+9%	+14%	+21%	+83%	+79%	+4%	-3%
<b>Pizza</b>	+27.7%	+31%	+35%	+53%	+51%	+47%	+59%	+54%	+143%	+120%	+4%	-2%
<b>Frozen meat/poultry /seafood (32%)</b>	<b>+50.8%</b>	<b>+59%</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>	+45.4%	+51%	+50%	+68%	+51%	+34%	+43%	+44%	+135%	+116%	+9%	+4%
<b>Meat</b>	+48.3%	+62%	+61%	+65%	+50%	+52%	+59%	+57%	+164%	+132%	+18%	+11%
<b>Seafood</b>	+60.6%	+65%	+66%	+76%	+32%	+40%	+36%	+34%	+99%	+67%	-6%	+17%
<b>Frozen desserts (23%)</b>	<b>+25.1%</b>	<b>+30%</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>	+24.9%	+29%	+34%	+49%	+24%	+31%	+35%	+27%	+45%	+37%	+8%	-0.2%
<b>Novelties</b>	+24.4%	+30%	+35%	+45%	+26%	+22%	+28%	+21%	+41%	+37%	+11%	+6%
<b>Desserts/toppings</b>	+33.5%	+37%	+43%	+29%	-22%	+57%	+31%	+17%	+37%	+25%	+5%	+0.2%
<b>Frozen fruits &amp; vegetables (12%)</b>	<b>+34.9%</b>	<b>+39%</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>	+48.4%	+48%	+53%	+65%	+36%	+44%	+43%	+37%	+95%	+104%	+19%	+10%
<b>Potatoes/onions</b>	+44.4%	+49%	+54%	+73%	+38%	+54%	+61%	+50%	+117%	+98%	+9%	+3%
<b>Plain vegetables</b>	+24.4%	+31%	+34%	+48%	+23%	+40%	+42%	+38%	+116%	+119%	+13%	+5%
<b>Prepared vegetables</b>	+4.3%	+6%	+9%	+17%	-2%	+13%	+18%	+9%	+84%	+63%	-13%	-13%
<b>Frozen baked goods (3%)</b>	<b>+38.8%</b>	<b>+40%</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>+47.5%</b>	<b>+47%</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>	+47.5%	47%	+48%	+76%	+59%	+50%	+57%	+46%	+127%	+98%	+4%	+1%
<b>Frozen beverages &lt;1%</b>	<b>+48.8%</b>	<b>+55%</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>	+49.0%	+55%	+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 10 out of the last 10 weeks and seems to be holding steady. The next sales report, covering week 11 of coronavirus' affected shopping patterns, will include Memorial Day weekend. As the unofficial start of grilling season, this is often a big week for grocery retailing. IRI found that one-third of Americans had different plans than in 2019 with 19% saying they would not be hosting or attending get-togethers and 13% foregoing trips that they undertook in prior years. It is likely that just as with Easter and Mother's Day, people celebrated the holiday, but in different ways. Meanwhile, the relaxation of the 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 food 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 food supply chain. 210 Analytics and IRI will continue to provide weekly updates as sales trends develop.**