



# A Tough January Marketplace Results in Unit Pressure for Frozen Foods

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## The January Marketplace

January brought a host of New Year’s resolutions with 40% in the IRI primary shopper survey planning to eat healthier, 24% aiming to get more sleep and 23% wanting to spend more time with friends and family. However, saving more money was the second highest resolution, at 35% — demonstrating that inflation continues to make its mark. To understand its impact, IRI, 210 Analytics and AFFI will continue to bring monthly updates in 2023 to understand frozen food sales trends.

In-store shopping remained prevalent, at 85% of trips. Two-thirds of shoppers exclusively buy in-store, whereas 11% buy most or all groceries online. Nine in 10 consumers perceive the cost of groceries and everyday household items to be much (67%) or somewhat (22%) higher than last year, according to the IRI survey. Eggs continue to lead the list of examples cited by consumers for being more expensive, followed by milk, beef/pork, fresh produce, chicken/turkey and bread. Inflationary pressure on income is real, with 96% being concerned over the high cost of groceries.

- This is prompting continued money-saving measures when buying groceries among 79% of Americans, such as buying what’s on sale (49%), cutting back on non-essentials (41%), looking for coupons (33%) and switching to store brand items (31%).
- At the same time, consumers continue to report that they are seeing fewer items on sale (54%) and the items on sale not being discounted as much (45%).
- 45% stock up on certain items out of concern that prices may rise further, or they might not be available.

Special occasions remain a big opportunity for food retail in 2023. During the pandemic years, several foodservice holidays, such as Valentine’s Day and Mother’s Day, turned home centric. This moved significant spending into retail, adding to holidays that were already mostly celebrated at home, such as Labor Day and the Fourth of July. Holidays typically boost spending far above a normal week with opportunities for departments around the store.

- The January IRI survey found that 55% of shoppers planned to watch the Super Bowl this year of which only 2% were planning to watch it at a bar or restaurant. Households celebrating in at-home settings estimated that they would spend around \$42 on food and beverages for the event, up from \$34 last year. Super Bowl is the largest selling occasion for items like avocados and chicken wings.
- Fifty percent of Americans plan to celebrate Valentine’s Day, with 19% planning to cook a special meal at home and 15% planning to go out to a restaurant. Sixteen percent of consumers are staying home specifically to save money.

Following the typical December uptick in the estimated share of meals prepared at home (81.5%), consumers estimated that 80% of meals were prepared at home in January. Restaurant engagement was fairly steady with 78% of households having purchased restaurant food at least once, according to the January survey.

## Inflation Insights

The price per unit across all foods and beverages in the IRI-measured multi-outlet stores, including supermarkets, club, mass, supercenter, drug and military, increased 13.2% in January (the four weeks ending 1/29/2023), which was up from 12.8% in December 2022. Compared with January 2020, prices across all foods and beverages were up 30.3%.

Average price/unit vs. YA	2018	2019	2020	2021	2022	Q4 2022	Jan 23
Total food & beverages	+1.5%	+2.0%	+5.1%	+5.4%	+12.5%	+13.5%	+13.2%

Source: IRI, Integrated Fresh, Total US, MULO, average price per unit and % gain versus YA

On a per unit basis, frozen food prices increased +14.7% in January 2023, ahead of the total store average. The January increase is similar to that for the past year, signaling that perhaps the rate of increase may be leveling off for frozen food. Virtually all areas within frozen experienced increases in the mid-teens, with frozen fruit and vegetables and processed meat sitting in the low twenties. Seafood and meat/poultry inflation were the two exceptions. Seafood



inflation has been relatively mild since the second half of 2022 and this begs the question whether it will result in an upswing in volume.

	January 2023			Latest 52 weeks ending 1/29/2023		
	Average price per unit	Change vs. YA	Change vs. Jan 2020	Average price per unit	Change vs. YA	Change vs. 2019
<b>Frozen food department</b>	\$4.98	+14.7%	+33.3%	\$4.78	+14.9%	+28.9%
Baked goods	\$4.11	+13.8%	+25.3%	\$4.03	+14.3%	+19.7%
Beverages	\$2.99	+15.1%	+32.1%	\$2.67	+6.8%	+24.9%
Desserts	\$4.72	+14.1%	+22.3%	\$4.37	+11.6%	+19.5%
Fruits and vegetables	\$3.19	+22.0%	+33.1%	\$2.97	+16.0%	+25.1%
Meals	\$4.49	+15.0%	+36.1%	\$4.34	+16.9%	+31.5%
Meat/poultry	\$9.06	+9.2%	+34.4%	\$9.45	+17.6%	+33.7%
Processed meat/poultry	\$8.17	+20.7%	+51.3%	\$7.84	+24.3%	+45.5%
Snacks	\$6.35	+16.1%	+40.0%	\$5.97	+16.8%	+28.5%
Seafood	\$10.44	+6.3%	+24.0%	\$10.42	+10.1%	+22.6%

Source: IRI, Integrated Fresh Total US, MULO, average price per unit vs. YA and 2YA

## January 2023 Sales

The four January 2023 weeks brought \$57.9 billion in total food and beverage sales, substantially less than the \$64.4 billion in the four December weeks — illustrating the holiday boost of retail sales. Dollars were up +6.6% versus year ago levels in January, but unit sales dropped nearly -6% behind and trailed January 2020. Perishables, including produce, seafood, meat, bakery and deli, had a slightly below-average dollar performance that was largely related to below-average inflation. Center store item sales increased +8.5%. Frozen food had strong dollar growth, but also the highest year-on-year declines in units, at -8.4%. At the same time, frozen was the only area of the store to still trend ahead in units versus pre-pandemic January 2020 levels and remained 4.4% ahead when regarding the latest 52 weeks.

	January 2023 % change					Latest 52 weeks % change			
	Dollar size	Dollars vs. YA	Dollars vs. 3YA	Units vs. YA	Units vs. 3YA	Dollars vs. YA	Dollars vs. 3YA	Units vs. YA	Units vs. 3YA
Total food & beverages	\$57.9B	+6.6%	+27.8%	-5.8%	-1.9%	+8.9%	+27.0%	-3.5%	+1.2%
Total perishables	\$26.1B	+5.5%	+25.6%	-4.9%	-1.4%	+8.2%	+25.4%	-3.1%	+1.6%
Total grocery (center store)	\$28.8B	+8.5%	+32.3%	-6.6%	-2.1%	+10.7%	+30.5%	-3.7%	+0.9%
<b>Frozen foods</b>	\$5.8B	+5.1%	+34.6%	-8.4%	+0.9%	+8.5%	+34.6%	-5.6%	+4.4%

Source: IRI, Integrated Fresh, Total US, MULO

## Assortment

Assortment levels were a mix in January. The average weekly items for frozen fruit and vegetables, meals, processed meat/poultry and snacks were up, fueling an overall department increase in average items per store selling of +1.7%. Over the latest 52 weeks, the average weekly items per store were down across the board.

	January 2023			Latest 52 weeks		
	Average items per store	Change vs. YA	Change vs. Jan 2020	Average items per store	Change vs. YA	Change vs. 3YA
Frozen food dpt	1,388.9	+1.7%	-3.7%	1,364.6	-2.8%	-6.7%
Baked goods	44.9	-3.4%	-9.6%	46.1	-6.3%	-9.4%
Beverages	14.0	-5.7%	+11.7%	13.6	-0.7%	+6.2%
Desserts	350.4	-2.1%	-2.6%	361.1	-2.3%	-3.8%
Fruits and vegetables	157.6	+1.3%	-5.8%	152.8	-3.4%	-7.6%
Meals	563.3	+4.2%	-4.9%	537.7	-3.1%	-10.6%
Meat/poultry	74.1	-4.1%	-9.0%	76.0	-1.6%	-3.1%
Processed meat/poultry	56.3	+13.2%	+1.4%	52.3	-1.8%	-3.9%
Snacks	67.2	+11.1%	+8.3%	63.4	-0.1%	+4.3%
Seafood	65.1	-3.0%	-0.5%	65.2	-3.5%	-0.9%

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



## A Deep-Dive into Frozen Food Sales

The four January 2023 weeks were very consistent in size, average between \$1.4 billion and \$1.5 billion.

Dollars were up year-on-year due to inflation, but units trended behind each week at levels not seen in recent history. Units were -8.4% behind for all of January, with the second week trending as much as -10.5% behind.

Frozen food	Dollar sales	Dollar gains vs. YA	Unit gains vs. YA
<b>January 2023</b>	<b>\$5.778B</b>	<b>+5.1%</b>	<b>-8.4%</b>
w.e. 1/8/2023	\$1.441B	+5.9%	-8.7%
w.e. 1/15/2023	\$1.487B	+2.4%	-10.5%
w.e. 1/22/2023	\$1.441B	+7.2%	-6.6%
w.e. 1/29/2023	\$1.410B	+5.1%	-7.5%

The January dollar sales growth over 2022 levels was supported by most areas within frozen. The exceptions were meat/poultry, seafood and beverages, where the unit declines were no longer offset by the increase in prices. The biggest sales gains came from frozen potatoes/onions and processed meat, such as chicken nuggets and sausage. However, this continues to be inflation driven with all areas down in units, particularly meat/poultry, seafood, dinners/entrees, plain vegetables and beverages.

Dollar sales	% sales change vs. YA							
	2019	2020	2021	2022	Q4 22	Jan 23	\$ vs YA	Units vs YA
<b>Frozen food dpt</b>	<b>+2%</b>	<b>+22%</b>	<b>+1%</b>	<b>+8.7%</b>	<b>+11.3%</b>	<b>\$5.8B</b>	<b>+5.1%</b>	<b>-8.4%</b>
Meals	+1%	+16%	+4%	+9.7%	+12.5%	\$2.2B	+4.6%	-9.1%
Dinners/entrees	+1%	+12%	+6%	+8.1%	+10.3%	\$1.1B	+4.5%	-11.5%
Pizza	+3%	+22%	-4%	+11.6%	+15.1%	\$551M	+1.0%	-9.4%
Breakfast food	+3%	+19%	+10%	+12.9%	+15.8%	\$437M	+10.5%	-2.7%
Meat/poultry	+1%	+28%	-4%	+10.0%	+5.7%	\$430M	-5.4%	-13.4%
Seafood	+5%	+37%	+3%	-2.7%	-2.8%	\$547M	-5.3%	-10.9%
Processed meat	+3%	+33%	+8%	+21.7%	+26.3%	\$443M	+20.3%	-0.3%
Desserts	+2%	+18%	-1%	+7.5%	+10.9%	\$1.0B	+6.1%	-7.0%
Novelties	+7%	+21%	+5%	+10.0%	+11.0%	\$428M	+5.3%	-8.5%
Ice cream/sherbet	-1%	+16%	-7%	+4.9%	+10.5%	\$517M	+6.6%	-5.9%
Desserts/toppings	+1%	+19%	+6%	+10.6%	+12.7%	\$61M	+7.3%	-6.9%
Fruits & vegetables	+3%	+24%	-6%	+8.9%	+15.9%	\$668M	+11.1%	-9.0%
Plain vegetables	+4%	+19%	-11%	+3.9%	+9.5%	\$267M	+2.3%	-10.5%
Potatoes/onions	+4%	+29%	-3%	+17.8%	+32.5%	\$246M	+32.2%	-2.9%
Fruit	+1%	+33%	+1%	+6.8%	+9.7%	\$137M	+5.0%	-3.2%
Snacks	+4%	+30%	+8%	+13.0%	+15.6%	\$309M	+12.7%	-3.0%
Baked goods	+2%	+16%	-1%	+8.7%	+11.7%	\$156M	+3.2%	-9.3%
Beverages	-10%	+31%	-4%	+1.6%	+3.1%	\$21M	-2.7%	-15.4%

Source: IRI, Integrated Fresh, Total US, MULO

## What's Next?

The first quarter of 2023 looks to be little different from 2022. Consumers remain worried about inflation and money-saving measures continue to pressure units and volume. While frozen food unit sales remain ahead of 2019, the year-on-year unit pressure is high. Ingredient inputs, weather and transportation conditions remain areas of concern as prices are lapping the double-digit increases of 2022.

Thinking ahead to the April holidays of Easter or Passover, 28% plan to prepare a special meal for the household and 30% will host or attend a meal with extended family or friends. The typical party size continues to increase, from an average of 7.4 in 2022 to 7.9 in 2023. Shoppers are trying hard to keep spending flat (49%) with only 20% expecting to spend more, which may mean continued pressure on units and volume.

AFFI members have access to more in-depth information through the IRI portal on the AFFI website. The next performance report in the IRI, 210 Analytics and AFFI series will be released mid-March to cover the January trends. Please recognize and thank the entire frozen food chain for all they do.



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**Date ranges:**

2019: 52 weeks ending 12/28/2019  
2020: 52 weeks ending 12/27/2020  
2021: 52 weeks ending 12/26/2021  
2022: 52 weeks ending 1/1/2023  
Q4 2022: 13 weeks ending 1/1/2023  
January 2023: 4 weeks ending 1/29/2023