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# Frozen Foods Continue to Enjoy High Demand

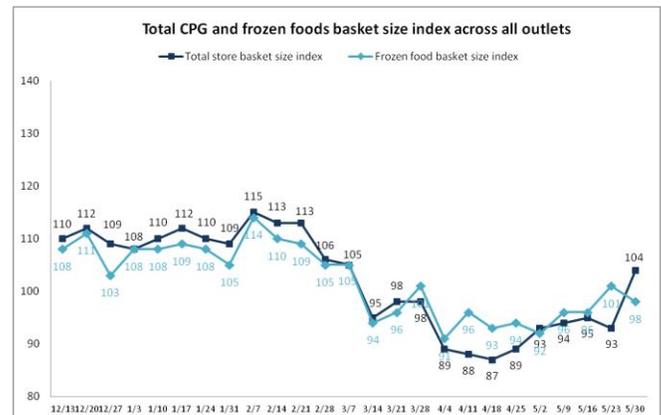
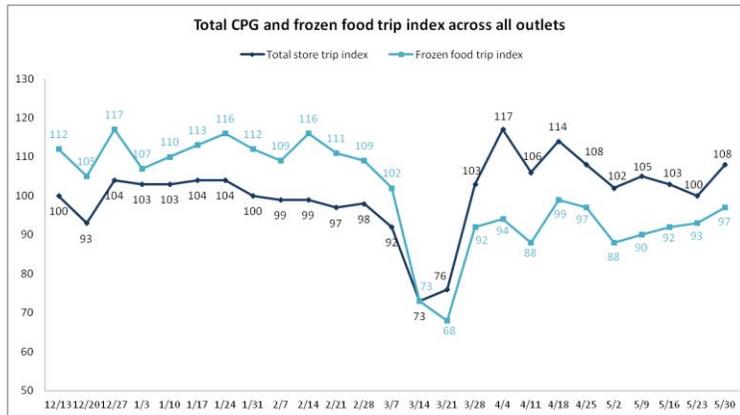
By: Anne-Marie Roerink, President, 210 Analytics

As the number of new COVID-19 cases decreases across states, consumer concern is declining along with it. In May 2021, the IRI primary shopper survey found that the share of consumers who are “extremely concerned” is at its lowest level (35%) since the first wave of the monthly survey, conducted in March 2020. Additionally, only 5% say they are more concerned about COVID-19 than they were the week prior — a share that rose as high as 59% in late March 2020. Shoppers point to a low rate of infection (45%) and broad vaccination (39%) as the top indicators of what makes them feel comfortable enough to return to their normal habits without COVID-19-related precautions. This has resulted in a normalization of shopping patterns, with shoppers feeling more relaxed and more open to browsing for new items and ideas. But a few pandemic patterns appear to be here to stay. Frozen food growth outpaced that of many other departments in 2020, and demand continues to be robust versus the 2019 pre-pandemic normal. 210 Analytics, IRI and the American Frozen Food Institute (AFFI) partnered to understand how the frozen food department fared relative to its 2020 and 2019 performances.

## Trips and Basket Size

In May 2020, consumers took significantly fewer trips while spending 10-15% more each visit. Frozen food was quite unique in that it experienced an increase in trips hand in hand with an increase in spending. May 2020 still saw many consumers focused on buying foods with a longer shelf life, which benefitted frozen foods significantly. A year later, that pattern translates into an increase in total food store visits as patterns are normalizing, but slightly fewer trips for frozen foods compared to the big increases of the early pandemic months in 2020.

For both frozen and total store, the average spend per trip is below 2020 levels. However, both are trending much closer to year-ago levels than they did in April. Frozen foods managed to increase its spend per trip versus a year ago the week of May 25, and total store rose 4% over 2020 the last week of May.

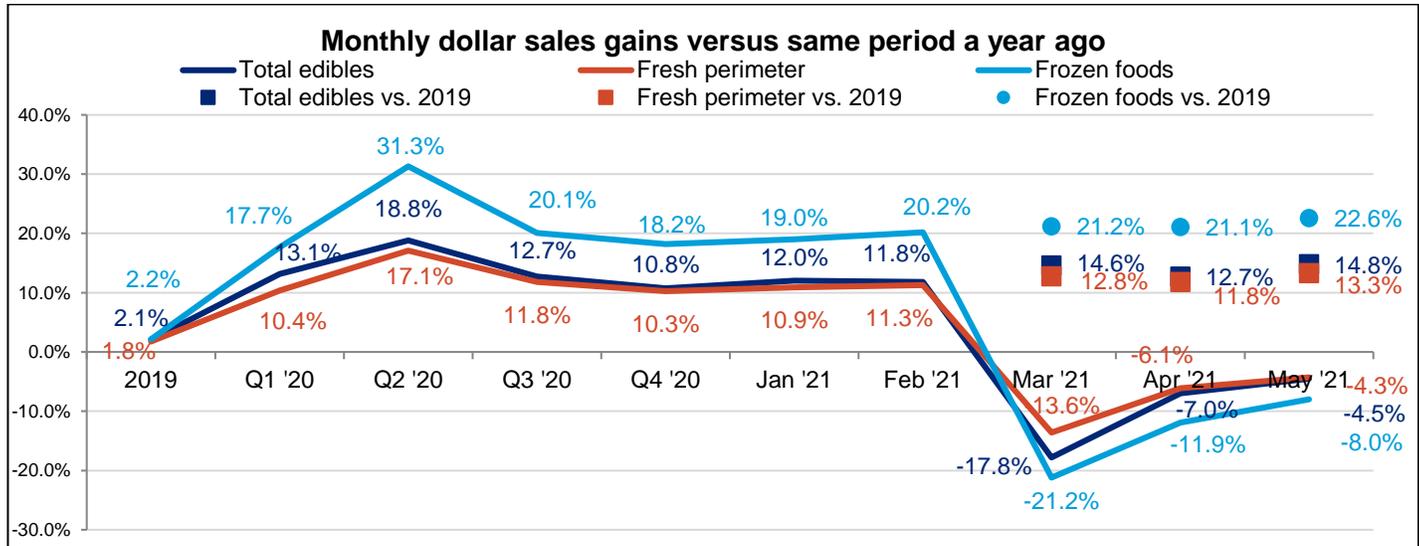


Source: IRI, household panel, total U.S., all outlets, % change vs. a year ago

## Total Store Sales

In May 2021, reflecting the five weeks from May 2 to May 30, sales of all food- and beverage-related items dropped to 4.5% below the 2020 sales spikes. However, total food and beverage sales remained highly elevated from the 2019 baseline, at +14.8%.

Similar patterns were seen for most departments, including frozen foods. Since frozen foods had been outpacing the rest of the store by a wide margin in 2020, that also meant they fell behind further once they went up against those same spikes. Frozen food sales fell 8.0% below year-ago levels in May but remained highly elevated versus pre-pandemic 2019 levels, at +22.6%.



Source: IRI, Integrated Fresh, total U.S., MULO, % change vs. a year ago

## Inflation

Food prices in both the retail and restaurant settings are seeing significant inflation. In April, food prices overall were up 2.2% year over year, according to the Bureau of Labor Statistics (BLS). Meat prices in particular are drawing the eye of consumers. The BLS is forecasting food prices at retail to increase between 1.5% and 2.5% in 2021. This is on top of the 3.4% increase in 2020. April saw much bigger price increases in the restaurant world. Limited-service restaurants had the highest price increases, at +6.1% year over year.

IRI-measured price inflation shows that prices are up consistently across the April and May weeks for total food and beverages, but frozen foods are a rare exception. Frozen food prices are holding the line or are even slightly less than they were in 2020 between mid-April and the end of May.

Average price	4/4	4/11	4/18	4/25	5/2	5/9	5/16	5/23	5/30
<b>Total food and beverages</b>	103	103	102	102	101	101	102	102	103
Frozen food	101	102	99	99	98	98	98	99	100

Source: IRI, Integrated Fresh, total U.S., MULO, inflation index vs. a year ago

## Assortment

May marks the first time since the onset of the pandemic in March 2020 that assortment increased over year-ago levels. However, this is merely due to lapping the big decrease in variety prompted by the pandemic. When comparing today's average assortment of 1,548 items to the pre-pandemic 2019 normal of 1,607 items, the frozen food aisles still count 59 fewer items than they did two years ago. Today's more relaxed shopping environment and the increase in people spending a little more time in the store to browse for new items and ideas is creating a welcoming environment for new product innovation.

	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Apr '21	May '21
<b>Avg. items per store/week</b>	1,587	1,579	1,519	1,498	1,504	1,536	1,537	1,548
Change vs. YA	-1.8%	-2.1%	-5.4%	-5.7%	-2.4%	-2.7%	-0.5%	+2.0%

Source: IRI, Integrated Fresh, total U.S., MULO, average weekly items per store selling



## A Deep Dive Into Frozen Food Sales

All May 2021 weeks came in above \$1.2 billion in dollar sales. For each, this meant double-digit increases versus the pre-pandemic 2019 baseline but decreases versus the spikes of 2020. However, the last few weeks in May, sales levels came very close to year-ago levels, with the final week, ending May 30, being only 0.1% down from 2020. This bodes well for the weeks and months to come.

Frozen food	Dollar sales	Dollar gains vs. 2019	Dollar gains vs. 2020
w.e. 5/2/21	\$1.2B	+19.7%	-13.5%
w.e. 5/9/21	\$1.3B	+21.0%	-11.5%
w.e. 5/16/21	\$1.3B	+22.8%	-7.2%
w.e. 5/23/21	\$1.3B	+21.9%	-7.0%
w.e. 5/30/21	\$1.3B	+27.9%	-0.1%

Source: IRI, Integrated Fresh, total U.S., MULO

The rapid march back to year-ago levels resulted in a few areas actually outpacing 2020 sales. These include breakfast foods (+7.7%) and dinners/entrees (+4.8%), which are both sizeable categories. Others moved close to 2020 sales levels, including processed poultry (chicken nuggets) and novelties. The powerhouses of 2020, which were meat, seafood and vegetables, have a much tougher road in lapping those sales spikes and are still off by double digits versus a year ago. However, all areas, with the one small exception of prepared vegetables, are tracking well above the 2019 pre-pandemic normal. This signals that, at least for now, frozen food demand continues to hold at very high levels.

Product and share of frozen food department sales	% dollar sales change vs. 2019/2020									
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Apr '21	May '21	May vs. '19	May vs. '20
<b>Frozen food dept</b>	<b>+2.2%</b>	<b>+17.7%</b>	<b>+31.3%</b>	<b>+20.1%</b>	<b>+18.2%</b>	<b>+3.5%</b>	-12.1%	\$6.3B	+22.6%	-8.0%
Meals	+1.5%	+14.9%	+20.5%	+14.1%	+13.4%	+0.3%	-8.3%	\$2.1B	+19.6%	+0.3%
Breakfast food	+2.9%	+15.4%	+23.3%	+18.0%	+17.7%	+6.6%	+1.0%	\$428M	+32.8%	+7.7%
Dinners/entrees	+0.9%	+11.9%	+13.8%	+11.1%	+11.0%	+0.9%	-0.1%	\$1.0B	+18.7%	+4.8%
Pizza	+3.1%	+22.0%	+32.2%	+17.8%	+16.0%	-3.4%	-24.0%	\$528M	+15.6%	-10.1%
Meat/poultry/seafood	+3.3%	+24.0%	+50.2%	+31.1%	+27.2%	+7.4%	-14.3%	\$1.6B	+34.3%	-15.1%
Poultry	-0.4%	+25.7%	+52.1%	+18.8%	+18.8%	-7.2%	-25.5%	\$207M	+34.3%	-30.6%
Processed poultry	+3.7%	+27.7%	+49.5%	+32.5%	+31.6%	+7.4%	-7.7%	\$356M	+52.3%	-1.4%
Meat	+2.5%	+28.1%	+39.5%	+18.7%	+18.4%	-2.4%	-19.0%	\$330M	+17.4%	-17.0%
Seafood	+5.1%	+19.8%	+55.8%	+42.2%	+32.4%	+17.7%	-11.2%	\$673M	+42.3%	-14.5%
Desserts	+2.1%	+12.5%	+25.0%	+16.5%	+17.7%	+6.3%	+1.2%	\$1.5B	+15.7%	-8.4%
Ice cream/sherbet	-1.3%	+10.4%	+24.9%	+14.5%	+13.6%	+0.2%	-20.5%	\$695M	+7.2%	-14.7%
Novelties	+7.0%	+15.9%	+25.0%	+18.0%	+25.2%	+13.9%	+0.1%	\$705M	+24.5%	-1.5%
Desserts/toppings	+1.1%	+11.5%	+26.4%	+25.6%	+12.9%	+15.5%	+1.2%	\$81M	+23.9%	-7.0%
Fruits & vegetables	+2.4%	+21.9%	+35.8%	+22.1%	+17.4%	-1.8%	-19.0%	\$655M	+19.0%	-13.1%
Fruit	+1.3%	+23.6%	+45.5%	+34.9%	+26.5%	+8.6%	-6.7%	\$156M	+40.1%	-6.3%
Potatoes/onions	+4.0%	+22.0%	+43.9%	+26.2%	+24.0%	+6.1%	-20.7%	\$211M	+25.4%	-13.7%
Plain vegetables	+3.2%	+22.9%	+28.2%	+15.3%	+10.7%	-10.9%	-23.5%	\$251M	+7.4%	-15.8%
Prepared vegetables	-12.6%	-0.6%	+5.8%	+6.1%	+10.5%	-9.1%	-8.3%	\$18M	-7.5%	-12.6%
Snacks	+4.0%	+20.7%	+45.2%	+27.7%	+25.3%	+11.7%	-11.0%	\$268M	+40.7%	-4.0%
Appetizers/snack rolls	+4.1%	+20.9%	+45.2%	+27.7%	+25.2%	+11.5%	-11.2%	\$266M	+40.7%	-4.0%
Baked goods	+0.8%	+13.1%	+29.6%	+17.3%	+8.1%	+4.1%	-16.4%	\$161M	+17.3%	-14.0%
Beverages	-9.9%	+21.8%	+43.6%	+30.0%	+28.0%	+5.5%	-19.0%	\$28M	+22.9%	-14.8%

Source: IRI, Integrated Fresh, total U.S., MULO, % change vs. a year ago



## Year-Over-Year Dollar, Unit and Volume Changes

In May 2021, dollars, units and volume sales tracked behind the enormous spikes of 2020. However, in some areas, unit sales are starting to make a comeback, which may indicate that smaller pack sizes are going to see an increase as people are moving around more and, in some cases, are restarting their daily commutes.

May 2021	% sales change versus a year ago			
	Dollar sales	Unit sales	Volume sales	Volume/dollar gap (percentage points)
<b>Frozen food department</b>	-8.0%	-6.7%	---	---
Frozen meals	+0.3%	+0.6%	-1.5%	-1.2
Frozen meat/poultry/seafood	-15.1%	-14.9%	---	---
Frozen desserts	-8.4%	-8.4%	---	---
Frozen fruits & vegetables	-13.1%	-11.4%	-14.4%	+1.3
Frozen baked goods	-14.0%	-12.3%	-16.8%	+2.8
Frozen snacks	-4.0%	-4.0%	-4.7%	+0.7
Frozen beverages	-14.8%	-20.8%	-21.5%	+6.7

Source: IRI, total U.S., Integrated Fresh, MULO, dollar and volume sales vs. a year ago

### What's Next?

Many consumers have already started to re-engage with restaurants in the past few weeks. According to the IRI primary shopper survey, 52% of consumers have gotten takeout, 40% have dined inside at a restaurant and 14% have eaten outdoors at a restaurant. The return to on-premises dining is likely to affect the home-centric spending seen in the past 15 months. At the same time, daily commutes and the return of evening and weekend activities may put more pressure on time, which is likely to prompt an increase in convenience-focused meals as well.

Learn more about the why and who behind the frozen food sales surge in AFFI's 2021 Power of Frozen, the second annual in-depth look at frozen food through the shoppers' eyes, conducted by 210 Analytics. The next performance report in the IRI, 210 Analytics and AFFI series will be released in mid-July to cover the June sales trends. Please recognize and thank the entire frozen food chain for all they do.

### Date Ranges:

2019: 52 weeks ending 12/28/19  
 Q1 2020: 13 weeks ending 3/29/20  
 Q2 2020: 13 weeks ending 6/28/20  
 Q3 2020: 13 weeks ending 9/27/20  
 Q4 2020: 13 weeks ending 12/27/20  
 Q1 2021: 13 weeks ending 3/28/21  
 April: Four weeks ending 4/25/21  
 May: Five weeks ending 5/30/21