

Strong November for Frozen Foods, Far Ahead of Other Departments

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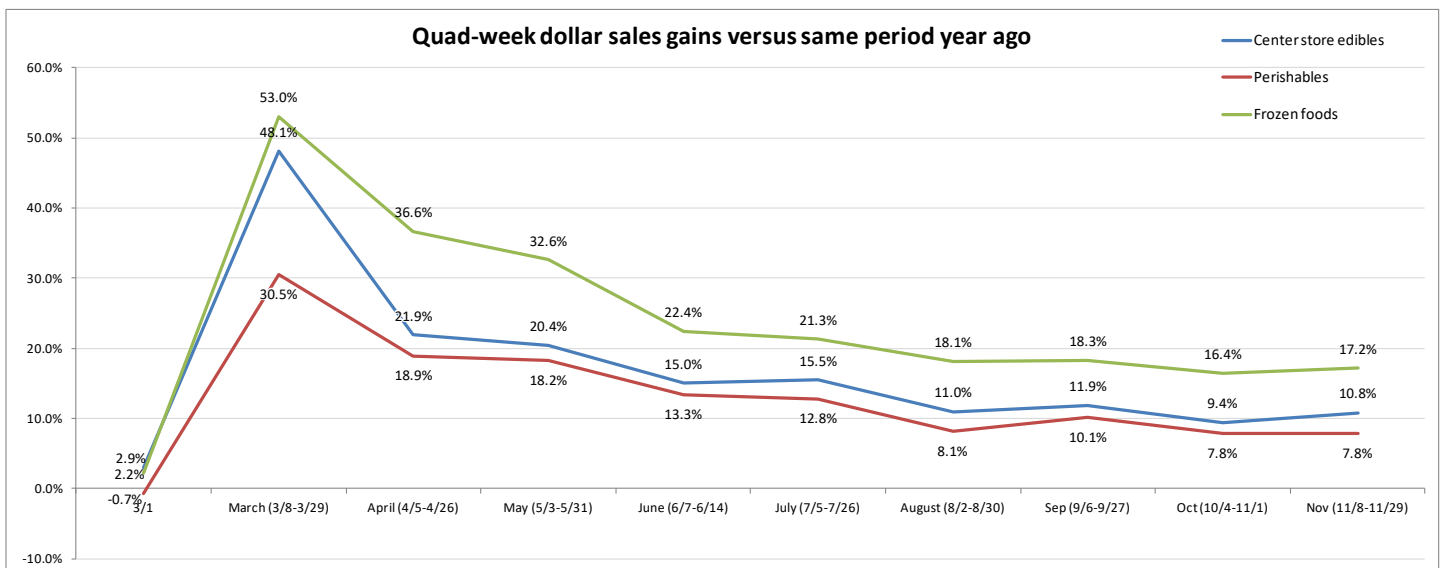


November sales are typically dominated by the all important Thanksgiving holiday — one of the largest retail opportunities in grocery retailing. This makes it a hard-to-beat sales occasion any year. However, throughout October and November, shoppers' concern over COVID-19 rose along with the number of new cases. This resulted in very different Thanksgiving celebrations versus typical years, with less travel, smaller gatherings and earlier shopping to avoid crowds. Much like we've seen throughout the year, elevated concern also translated into a greater spending at retail versus foodservice. During the month of November, sales for all food-related items (total edibles) increased 9.3%, which was up from 8.6% during the month of October. Additionally, grocery e-commerce geared back up. The rising shopper concerns favors frozen foods due to its longer shelf life — allowing shoppers to take fewer trips to the grocery store.

Sales

From the very start of the pandemic, frozen food sales have been strong, far outpacing other areas of the store. Even now, nine months into the pandemic, frozen food sales is trending 17.2% ahead of 2019 levels with strength for virtually all areas within frozen — both meal ingredients such as meat and vegetables and meal solutions, such as dinner or breakfast.

For the building calendar year, the frozen food department is up 21.3% in dollars and 13.3% in units versus a year ago.



Source: IRI, Integrated Fresh, Total US, MUO, 4 week view % change vs. year ago.

Assortment has been slowly but surely climbing back up to pre-pandemic levels. IRI's measure reflecting assortment variety showed items per store were down 3.6% versus a year ago, reflecting 1,480 items. This is the best in-stock position the department has seen since April.

	w.e. 3/1	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov (11/8-11/29)
Change vs. YA	-4.2%	-0.1%	-3.3%	-5.7%	-7.2%	-6.9%	-5.9%	-4.4%	-4.7%	-3.6%

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

Dollar, Unit and Volume Gains

Dollar gains easily outpaced volume gains in all areas, with the exception of snacks where dollars and volume growth were virtually even. This indicates continued inflationary conditions during the month of November, albeit significantly less than seen in the early months of the pandemic. The gap remained the widest for frozen meat. Frozen seafood and processed poultry continued to have very strong gains in dollars, units and volume during the month of November.

Category	% sales change (November 11/8-11/29) versus year ago			
	Dollar sales	Unit sales	Volume sales	Volume/dollar gap (percentage points)
Frozen food department	+17.2%	+10.8%	---	---
Frozen meals	+12.5%	+6.8%	+8.9%	-3.6%
Breakfast food	+16.1%	+9.9%	+11.0%	-5.1%
Dinners/entrees	+11.4%	+6.8%	+8.6%	-2.8%
Pizza	+14.2%	+7.9%	+10.1%	-4.1%
Frozen meat/poultry/seafood	+27.2%	+20.9%	---	---
Poultry	+22.6%	+14.7%	+18.7%	-3.9%
Processed poultry	+32.6%	+27.5%	+28.4%	-4.2%
Meat	+21.5%	+14.8%	+11.2%	-10.3%
Seafood	+28.9%	+24.4%	+24.2%	-4.7%
Frozen desserts	+17.0%	+13.1%	---	---
Frozen fruits & vegetables	+15.6%	+11.1%	+11.1%	-4.5%
Frozen baked goods	+4.9%	+2.0%	-0.3%	-5.2%
Frozen snacks	+27.4%	+22.4%	+27.1%	0.3%
Frozen beverages	+28.8%	+20.2%	+18.4%	-10.4%

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

A Deep-Dive into Frozen Food Sales

The month of November brought double-digit increases versus the same week a year ago for the vast majority of areas, led by snacks and meat, poultry and seafood. Frozen meals remained the largest sales category, representing 38.2% of total frozen food sales.

Product and share of frozen food department sales	% Dollar sales change vs. comparable period in 2019									
	w.e. 3/1	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov (11/8-11/29)
Frozen dept (ex poultry)	+2.6%	+52%	+37%	+36%	+22%	+22%	+19%	+19%	+16.4%	+17.2%
Meals (38.2% of sales)	-3%	+53%	+28%	+20%	+14%	+17%	+13%	+13%	+9.7%	+12.5%
Breakfast food	+1%	+44%	+30%	+22%	+17%	+19%	+15%	+21%	+16.2%	+16.1%
Dinners/entrees	-3%	+44%	+16%	+12%	+12%	+15%	+10%	+8%	+5.9%	+11.4%
Pizza	-2%	+79%	+53%	+35%	+17%	+18%	+17%	+17%	+14.4%	+14.2%
Meat/poultry/seafood (22.4%)	+8%	+65%	+48%	+60%	+35%	+31%	+25%	+26%	+25.5%	+27.2%
Poultry	+	+94%	+53%	+67%	+33%	+25%	+16%	+13%	+13.8%	+22.6%
Meat	+11%	+91%	+57%	+61%	+30%	+21%	+22%	+29%	+20.9%	+21.5%
Seafood	+17%	+46%	+46%	+66%	+48%	+47%	+37%	+37%	+31.5%	+28.9%
Desserts (21.0%)	+2%	+28%	+32%	+35%	+18%	+15%	+17%	+18%	+16.6%	+17.0%
Ice cream/sherbet	-0.2%	+30%	+35%	+34%	+16%	+13%	+14%	+16%	+15.3%	+12.9%
Novelties	+6%	+28%	+31%	+35%	+19%	+16%	+19%	+19%	+22.4%	+26.4%
Desserts/toppings	+0.2%	+23%	+18%	+43%	+28%	+25%	+22%	+31%	+18.1%	+9.1%
Fruits & vegetables (10.8%)	+4%	+67%	+44%	+43%	+24%	+25%	+20%	+19%	+17.7%	+15.6%
Fruit	+10%	+64%	+46%	+53%	+37%	+36%	+34%	+30%	+27.4%	+24.6%
Potatoes/onions	+3%	+67%	+56%	+54%	+29%	+29%	+24%	+25%	+23.5%	+23.6%
Plain vegetables	+5%	+72%	+38%	+34%	+16%	+20%	+12%	+10%	+9.9%	+8.4%
Prepared vegetables	-13%	+35%	+12%	+9%	-0.3%	+5%	+6%	+9%	+10.9%	+7.9%
Snacks (4.3%)	+1%	+67%	+60%	+48%	+31%	+28%	+27%	+26%	+26.3%	+27.4%
Appetizers/snack rolls	+1%	+67%	+60%	+48%	+31%	+28%	+27%	+26%	+26.2%	+27.3%
Baked goods (3.1%)	-1%	+46%	+32%	+46%	+22%	+21%	+16%	+22%	+11.9%	+4.9%
Beverages (0.3%)	-2%	+80%	+58%	+49%	+31%	+29%	+28%	+32%	+32.9%	+28.8%
Juices	-2%	+80%	+58%	+50%	+32%	+29%	+28%	+32%	+33.1%	+29.1%

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

What's next?

Everyday demand continues to drive strong vegetable sales and slightly weaker fruit sales — though still well ahead of last year's levels. Concern over COVID-19 is rising again after falling over the summer and early fall. In the November 13-15 IRI survey wave with primary shoppers, half of Americans were more concerned about COVID-19 than they were the week before. This is almost double the rate as seen in mid-October with rising concern among all age groups. This is driving people back to ecommerce, for groceries and holiday shopping.

Stockpiling rates also started to rise again, with almost a third stocking up on staples/essentials more in the past two weeks than before COVID-19 (up from 24% a month ago). This was not enough to impact availability for most products, however, there was a slight increase in toilet paper out-of-stock issues.

Looking toward the end-of-year holidays, 44% of Americans are worried that the holiday celebrations will cause a spike in COVID cases and over one-third are not looking forward to the holiday season as much as usual because their celebrations will be curtailed. Americans are planning to reduce their gatherings as they did for Thanksgiving. Only one in four plan to celebrate with others outside their household, about half the rate of last year.

- One in three expect to spend less on groceries for the December holidays this year, primarily due to hosting fewer/no guests this year or cutting back to save money.
- Gifting is also expected to be somewhat suppressed. Among those who typically buy gifts, 29% plan to spend less. This will be partially offset by the 14% who plan to spend more on gifts to make the holidays extra special.

- Shoppers plan to spend less on groceries, gifts, and decorations across Grocery, Club, Dollar, local small business, and especially Mass Merch and Drug. Online-only retailers are the only channel where shoppers expect to spend more this year than last year.
- For New Year's, 30% plan to celebrate at home without guests, while only 5% of primary grocery shoppers plan to go to a party/gathering, 4% host others, and 3% go to a bar/restaurant. 10% celebrated last year but won't do anything either at home or away from home to ring in the New Year (51% typically don't celebrate).

Frozen food manufacturers and retailers may consider messaging and promotions that help shoppers find new ways to make the holidays special at home or on a tighter budget, and retailers should plan for an earlier spike in holiday item purchasing than last year.

The next report in the performance series IRI, 210 Analytics and AFFI have produced since the week of March 15, will be released mid-January to cover the December sales trends. This will include the Thanksgiving holiday. 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.