



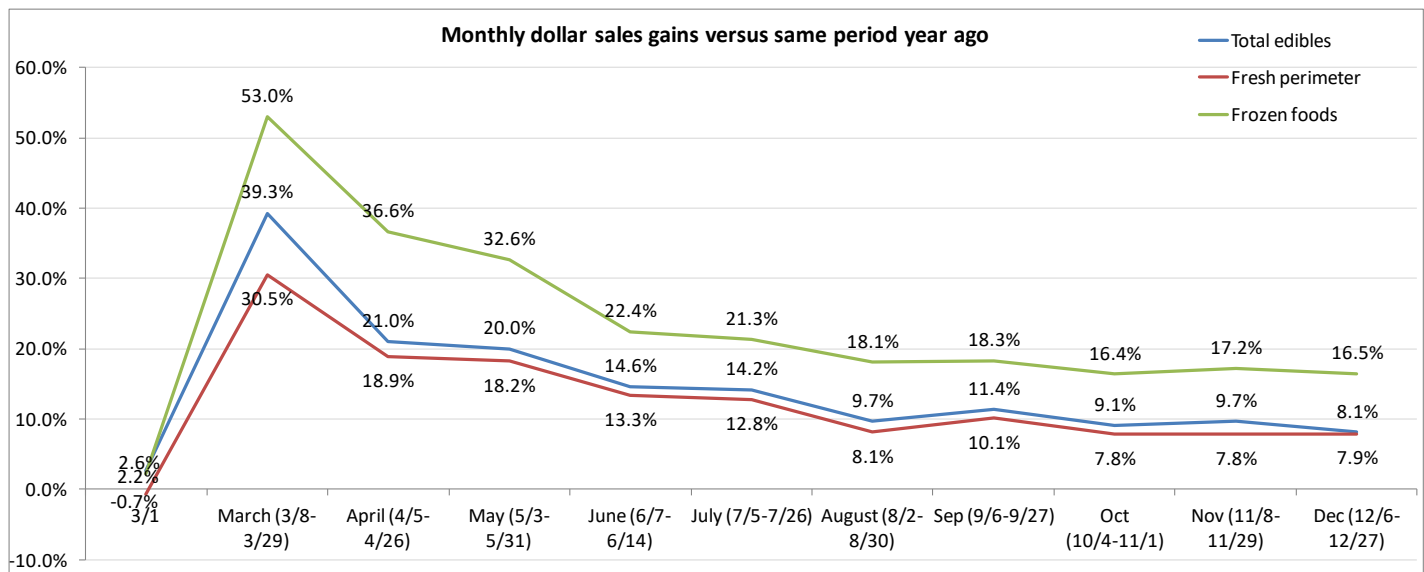
Frozen Food Increases Its Lead Over

By: Anne-Marie Roerink, President, 210 Analytics

November and December sales were dominated by the holidays along with consumers' shopping changes in response to the rapidly rising number of new COVID-19 cases across many states. Some states and cities enacted renewed shelter-in-place mandates. This resulted in consumers' December trip frequency falling below last year's levels, much like it had in early April. Likewise, e-commerce transactions made a return to spring levels. The rising level of shopper concern favors frozen foods due to its longer shelf life — allowing shoppers to take fewer trips to the grocery store. Holiday celebrations were vastly different for Thanksgiving and the December holidays alike. There was less travel, gatherings were much smaller and many consumers shopped much earlier or online to avoid holiday crowds. But unlike the spring when similar conditions drove grocery sales double digits above year ago levels, December grocery spending was the most subdued it has been since the onset of the pandemic. December sales for all food-and-beverage-related items (total edibles) increased 8.1% versus 2019 levels, which was down from +9.7% in November and +8.5% in October.

Sales

From the very start of the pandemic, frozen food sales have been strong, far outpacing other areas of the store. Whereas many areas of the store are back in single-digit increases versus 2019 levels, frozen food continued to be 16.5% above year ago levels in December 2020. Virtually all areas within frozen — both meal ingredients such as meat and vegetables and meal solutions, such as dinner or breakfast, are seeing continued strength.



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

2020 Year-in-Review

In 2020, the frozen food department increased dollar sales by 21.0%. Meat, poultry and seafood were areas of above-average growth, as were snacks and beverages. More information about the 2020 sales results, consumer engagement and shopper insights will be shared in AFFI's *2021 Power of Frozen*, the second-annual in-depth look at frozen food through the shoppers' eyes. This study will be released in conjunction with AFFI-CON in February.



IRI
Growth delivered.



Category	2020 % sales change versus 2019
	Dollar sales
Frozen food department	+21.0%
Frozen meals	+15.1%
Frozen meat/poultry/seafood	+32.1%
Frozen desserts	+18.1%
Frozen fruits & vegetables	+21.9%
Frozen baked goods	+15.4%
Frozen snacks	+28.9%
Frozen beverages	+30.9%

Source: IRI, Total US, Integrated Fresh, MULO, dollar and volume sales 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 2.2% versus year ago, reflecting 1,466 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	Dec
Change vs. YA	-4.2%	-0.1%	-3.3%	-5.7%	-7.2%	-6.9%	-5.9%	-4.4%	-4.7%	-3.6%	-2.2%

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 fairly even. This indicates continued inflationary conditions during the month of December, albeit significantly less than seen in the early months of the pandemic.

Category	% sales change (December 12/6-12/27) versus year ago			
	Dollar sales	Unit sales	Volume sales	Volume/dollar gap (percentage points)
Frozen food department	+16.5%	+11.7%	---	---
Frozen meals	+14.3%	+8.9%	+9.9%	-4.4
Breakfast food	+18.6%	+10.5%	+11.9%	-6.7
Dinners/entrees	+14.4%	+9.9%	+10.5%	-3.9
Pizza	+12.8%	+7.6%	+8.6%	-4.2
Frozen meat/poultry/seafood	+20.8%	+15.8%	---	---
Frozen desserts	+16.7%	+13.7%	---	---
Frozen fruits & vegetables	+17.4%	+14.4%	+13.5%	-3.9
Frozen baked goods	+5.7%	+4.8%	-1.2%	-6.9
Frozen snacks	+18.4%	+13.8%	+17.0%	-1.4
Frozen beverages	+18.5%	+10.5%	+8.7%	-9.8

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

A Deep-Dive into Frozen Food Sales

The month of December brought double-digit increases versus the same week a year ago for the vast majority of areas, led by meat, poultry and seafood. This area increased their contribution to sales to 25.9% in December, whereas frozen meals remained the largest sales category, representing 35.4% of total frozen food sales.

Frozen seafood has experienced exception growth during 2020. Whereas fresh and frozen seafood were of similar size in total dollar sales at the beginning of 2020, the aggressive growth in frozen seafood has moved it well past its fresh counterpart. Frozen meat and poultry have also increased their sales share in 2020.



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	Dec
Frozen dept (ex poultry)	+2.6%	+52%	+37%	+36%	+22%	+22%	+19%	+19%	+16%	+17%	+16.5%
Meals (35.4% of sales)	-3%	+53%	+28%	+20%	+14%	+17%	+13%	+13%	+10%	+13%	+14.3%
Breakfast food	+1%	+44%	+30%	+22%	+17%	+19%	+15%	+21%	+16%	+16%	+18.6%
Dinners/entrees	-3%	+44%	+16%	+12%	+12%	+15%	+10%	+8%	+5.9%	+11%	+14.4%
Pizza	-2%	+79%	+53%	+35%	+17%	+18%	+17%	+17%	+14%	+14%	+12.8%
Meat/poultry/seafood (25.9%)	+8%	+65%	+48%	+60%	+35%	+31%	+25%	+26%	+26%	+27%	+20.8%
Poultry	+	+94%	+53%	+67%	+33%	+25%	+16%	+13%	+14%	+22%	+14.3%
Meat	+11%	+91%	+57%	+61%	+30%	+21%	+22%	+29%	+21%	+21%	+11.7%
Seafood	+17%	+46%	+46%	+66%	+48%	+47%	+37%	+37%	+32%	+29%	+23.1%
Desserts (17.7%)	+2%	+28%	+32%	+35%	+18%	+15%	+17%	+18%	+17%	+17%	+16.7%
Ice cream/sherbet	-0.2%	+30%	+35%	+34%	+16%	+13%	+14%	+16%	+15%	+13%	+13.9%
Novelties	+6%	+28%	+31%	+35%	+19%	+16%	+19%	+19%	+22%	+26%	+24.8%
Desserts/toppings	+0.2%	+23%	+18%	+43%	+28%	+25%	+22%	+31%	+18%	+9%	+4.6%
Fruits & vegetables (11.2%)	+4%	+67%	+44%	+43%	+24%	+25%	+20%	+19%	+18%	+16%	+17.4%
Fruit	+10%	+64%	+46%	+53%	+37%	+36%	+34%	+30%	+27%	+25%	+22.6%
Potatoes/onions	+3%	+67%	+56%	+54%	+29%	+29%	+24%	+25%	+24%	+24%	+22.9%
Plain vegetables	+5%	+72%	+38%	+34%	+16%	+20%	+12%	+10%	+10%	+8%	+12.0%
Prepared vegetables	-13%	+35%	+12%	+9%	-0.3%	+5%	+6%	+9%	+11%	+8%	+11.3%
Snacks (4.9%)	+1%	+67%	+60%	+48%	+31%	+28%	+27%	+26%	+26%	+27%	+18.4%
Appetizers/snack rolls	+1%	+67%	+60%	+48%	+31%	+28%	+27%	+26%	+26%	+27%	+18.3%
Baked goods (4.4%)	-1%	+46%	+32%	+46%	+22%	+21%	+16%	+22%	+12%	+5%	+5.7%
Beverages (0.4%)	-2%	+80%	+58%	+49%	+31%	+29%	+28%	+32%	+33%	+29%	+18.5%
Juices	-2%	+80%	+58%	+50%	+32%	+29%	+28%	+32%	+33%	+29%	+18.6%

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

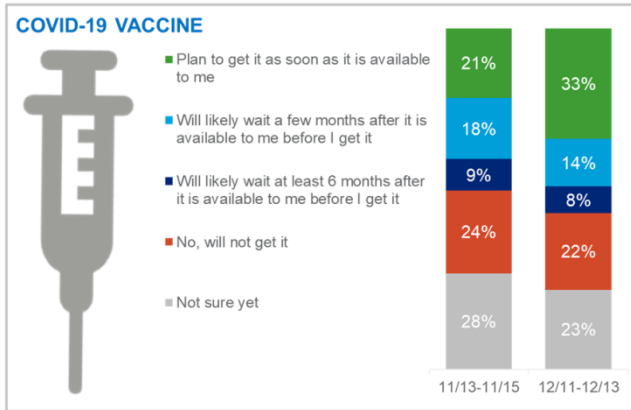
What's Next?

In the latter half of the year, frozen food department gains have consistently been in the high teens above year ago levels. The first quarter outlook for 2021 is likely going to continue to be dominated by news and concern over the virus and the vaccine and is likely going to generate similar sales results.

The mid-December shopper survey by IRI found that consumers' expected length of the health crisis had shortened slightly this month since the vaccine distribution began, however the majority of Americans are braced for the health crisis to last through most of next year.

- 23% expect four to six more months
- 32% expect seven to 12 more months
- 35% expect the health crisis to last over 12 more months (down from 42% in November).

Interest in getting the COVID-19 vaccine grew over the past month, with over half now planning to get it, and more eager to get it as soon as possible. Still, 22% say they will not get it and 23% are not sure yet. Increased interest spanned demographics, with the strongest gains among age 55+ and Hispanics. Shoppers with lower incomes, those without college degrees, and younger Americans showed increases versus last month, but remain less interested than their counterparts.



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

Date ranges: March 3/8-3/29, April 4/5-4/26, May 5/3-5/31, June 6/7-6/28, July 7/5-7/26, August 8/2-8/30, September 9/6-9/27, October 10/4-10/25, November 11/8-11/29, December 12/6-12/27