



# At-Home Share of Meals Rises Along With Inflation in January 2022

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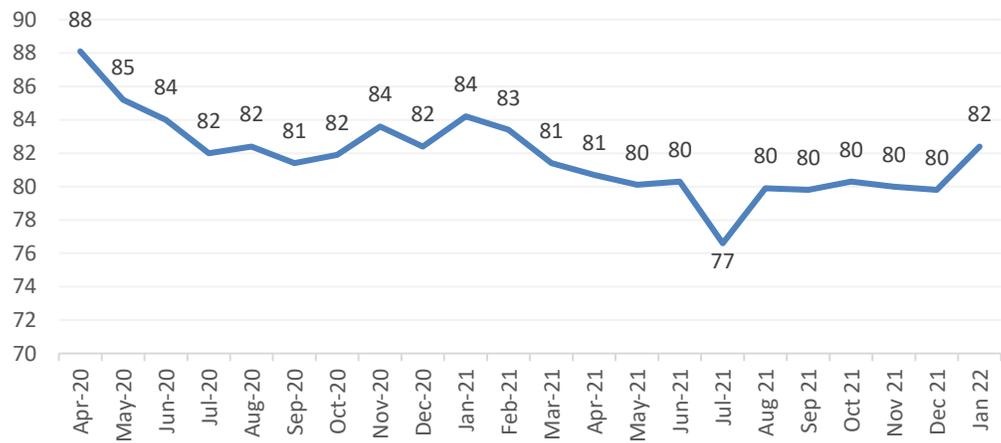
In January, 38% of the population were extremely concerned over COVID-19, which was down sharply from 66% in April 2020, according to the monthly primary shopper survey series by IRI. Shoppers are very aware of food inflation (89%) and the vast majority (95%) worry about it. In total, 42% of shoppers are extremely concerned about the price increases they are seeing across the grocery store — which means food inflation has more people on high alert than COVID-19 as of January 2022.

The combined effect of concerns over COVID-19, inflation and supply chain challenges explains why market demand remains in flux as we enter the third pandemic year. IRI, 210 Analytics and the American Frozen Food Association (AFFI) have teamed up since March 2020 to document the ever-changing marketplace and its impact on frozen food sales.

The combination of 40-year high inflation and the upswing in COVID-19 cases moved more meals to the home in January 2022, at 82% of all meal occasions. This is the highest number since February 2021.

Restaurant takeout remained popular in January 2022, at 54% of shoppers having done so, but fewer people dined inside, at 41%. In addition to COVID concerns, cutting back on restaurant spending is one of the most popular money-saving measures.

Share of total meals prepared at home by month (%)



In response to inflationary pressure around the store, 64% of shoppers have made one or more changes to what and how they buy. Forty-five percent of shoppers look for sales specials more often, 31% are cutting back on non-essentials, 19% buy more private brand and 12% now shop at a lower-cost retailer. The vast majority of trips took place in-store in January 2022, at 86%. During the early months of the pandemic, as many as 20% of trips were online. This dropped to a low of 11% in July of 2021 and sat at 14% in January 2022. The 14% was split between delivery (7%), curbside pickup (6%) and in-store pickup (1%). When shopping in person, 73% estimate they spent as much time in the store as they normally do but 20% said they shopped faster. Shoppers predict that their shopping will remain store-centric: 65% say all their shopping will be in store versus just 4% who believe they will purchase all groceries online. The remaining 31% plan to mostly purchase a little or some items online in a mixed format shopping approach. This means in-person trips will continue to capture the bulk of purchases in the next few months.

## Inflation

The consumer price index increased 7.5% for the 12 months ending January 2022, the highest increase in 40 years, according to the Bureau of Labor Statistics. IRI-measured price per unit for all food and beverages in multi-outlet stores, including supermarkets, club, mass, supercenter, drug, military, and other retail food stores, also shows that prices continued to rise over and above their elevated 2020 and 2021 levels. In January 2022, the average price per unit was up 9.1% versus January 2021 and +15.3% versus January 2020 across all food and beverages. For the latest 52 weeks ending January 30, 2022, prices increased 5.7% — pulled down by much milder inflation in the second quarter of 2021.



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Average price/unit vs. YA	Q1 21	Q2 21	Q3 21	Q4 21	2021	Jan 2022
<b>Total food and beverages</b>	+5.5%	+2.7%	+5.0%	+8.0%	+5.3%	+9.1%

Source: IRI, Integrated Fresh Total US, MULO

Frozen foods prices rose in 2020 and 2021 but inflationary levels were below average when compared to total food and beverages. In January 2022, prices across frozen food categories increased 9.6%, which was higher than average. The biggest contributors to frozen food inflation were meat, poultry and seafood, meals and snacks. Frozen fruit and vegetables had much lower inflationary levels, averaging 5.8% and only +3.8% for plain vegetables.

January 2022	Average price per unit	Change vs. YA	Change vs. 2YA
<b>Frozen food department</b>	<b>\$4.36</b>	<b>+9.6%</b>	<b>+16.2%</b>
Meals	\$3.91	+11.7%	+18.4%
Breakfast food	\$4.18	+11.0%	+18.1%
Dinners/entrees	\$3.61	+12.3%	+19.0%
Pizza	\$4.48	+7.6%	+8.7%
Meat/poultry/seafood	\$8.35	+12.2%	+20.6%
Seafood	\$9.94	+10.2%	+16.7%
Processed poultry	\$7.96	+14.5%	+22.7%
Poultry	\$8.96	+13.4%	+19.9%
Meat	\$6.67	+17.5%	+24.9%
Desserts	\$4.14	+3.8%	+7.0%
Ice cream/sherbet	\$3.99	+1.2%	+2.2%
Novelties	\$4.46	+6.3%	+12.3%
Desserts/toppings	\$3.49	+7.4%	+13.7%
Fruits & vegetables	\$2.60	+5.8%	+9.0%
Fruit	\$5.47	+8.6%	+14.7%
Potatoes/onions	\$3.03	+7.8%	+10.2%
Plain vegetables	\$1.90	+3.8%	+3.5%
Prepared vegetables	\$2.32	+3.6%	+5.3%
Snacks	\$5.46	+12.4%	+19.4%
Baked goods	\$3.63	+8.5%	+10.0%
Beverages	\$2.59	+5.6%	+14.8%

Source: IRI, Integrated Fresh Total US, MULO, average price per unit vs. YAGO

## January 2022 Sales

January 2022 brought \$67 billion in food and beverage sales — up 5.8% over 2021 and 18.6% over 2020. However, inflation played a significant role with year-on-year unit sales down 3.0%. Perishables, including produce, seafood, meat, bakery and deli, had the highest year-over-year growth in 2021, at +6.2%. Frozen foods had the highest increase versus 2020, at +26.0%.

January 2022	% sales change versus year ago				
	Dollar size	Dollars vs. 2021	Dollars vs. 2020	Units vs. 2021	Units vs. 2020
Total food and beverages	\$67B	+5.8%	+18.6%	-3.0%	+2.9%
Total perishables	\$31B	+6.2%	+18.0%	-2.9%	+2.6%
Total frozen	\$7B	+5.7%	+26.0%	-3.6%	+8.4%

Source: IRI, Integrated Fresh, Total US, MULO



## Assortment

Supply chain woes continued to affect the number of items per store. Lapping the declines in assortment seen throughout 2020 and 2021, the number of average items per store in the frozen food aisle averaged 1,472. Year-on-year this was down 4.2% but compared with 2020, assortment was down 5.9% and compared with 2019, assortment was down 9.2%.

Avg. items/store/week	2019	2020	Q1 '21	Q2 '21	Q3 '21	Q4 '21	Jan '22
<b>Avg. items per store/week</b>	1,523	1,518	1,536	1,544	1,498	1,467	1,472
Change vs. YA	-3.8%	-0.3%	-2.7%	+1.6%	+1.5%	-2.3%	-4.2%

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

## A Deep-Dive into Frozen Food Sales

All January 2022 weeks came in around \$1.3 billion in sales — maintaining prior month sales levels. For each this meant double-digit increases versus 2020 and robust single-digit increases year-on-year.

The January growth over 2021 levels was boosted by two biggest areas: meals and meat/poultry/seafood and while smaller, frozen snacks sales have been very strong as well. Within meals, breakfast had the strongest dollar gains and pulled even on units. In animal protein, seafood had the highest sales, but growth in dollars and units was down year-on-year, whereas processed poultry experienced dollar and unit growth.

Frozen food	Dollar sales	Dollar gains vs. 2021	Dollar gains vs. 2020
<b>January 2022</b>	\$6.766B	+5.7%	+26.0%
w.e. 1/2/2022	\$1.289B	+3.0%	+19.4%
w.e. 1/9/2022	\$1.354B	+4.3%	+22.5%
w.e. 1/16/2022	\$1.444B	+9.2%	+33.3%
w.e. 1/23/2022	\$1.337B	+5.5%	+30.1%
w.e. 1/30/2022	\$1.340B	+6.6%	+25.0%

Dollar sales	% Dollar sales change vs. YA								
	2019	2020	Q1 '21	Q2 '21	Q3 '21	Q4 '21	Jan '22	Jan \$ vs '21	Jan units vs '21
<b>Frozen food department</b>	<b>+2.2%</b>	<b>+21.9%</b>	<b>+4%</b>	<b>-7%</b>	<b>3%</b>	<b>+4.7%</b>	<b>\$6.8B</b>	<b>+5.7%</b>	<b>-3.6%</b>
Meals	+1.4%	+15.7%	+0%	-2%	7%	+8.0%	\$2.5B	+9.1%	-2.4%
Breakfast food	+2.9%	+18.6%	+7%	7%	11%	+12.3%	\$477M	+11.1%	+0.1%
Dinners/entrees	+0.6%	+12.0%	+1%	3%	11%	+11.9%	\$1.2B	+9.4%	-2.6%
Pizza	+3.1%	+22.0%	-3%	-13%	0%	-0.4%	\$679M	+8.9%	-2.7%
Meat/poultry/seafood	+3.3%	+33.0%	+7%	-11%	4%	+7.0%	\$1.8B	+6.1%	-5.4%
Seafood	+5.1%	+37.3%	+18%	-10%	1%	+3.7%	\$737M	-1.0%	-10.1%
Processed poultry	+3.7%	+34.5%	+7%	-1%	15%	+14.7%	\$439M	+17.6%	+2.7%
Poultry	-1.1%	+29.7%	-7%	-24%	-1%	+3.0%	\$258M	+4.8%	-7.6%
Meat	+2.2%	+24.7%	-2%	-13%	6%	+9.6%	\$249M	+10.4%	-6.1%
Desserts	+2.1%	+18.3%	+6%	-7%	-2%	0.0%	\$1.2B	+3.4%	-0.3%
Ice cream/sherbet	-1.3%	+16.2%	+0%	-15%	-7%	-6.0%	\$597M	-1.8%	-3.0%
Novelties	+7.0%	+21.0%	+14%	1%	3%	+6.9%	\$495M	+10.1%	+3.6%
Desserts/toppings	+1.2%	+18.9%	+16%	-15%	2%	+8.2%	\$72M	+6.2%	-1.1%
Fruits & vegetables	+2.7%	+24.3%	-2%	-14%	-4%	-3.1%	\$745M	-2.2%	-7.5%
Fruit	+1.4%	+32.9%	+9%	-6%	-1%	+1.8%	\$158M	+1.0%	-7.0%
Potatoes/onions	+4.0%	+28.9%	+6%	-14%	-1%	+1.9%	\$230M	-3.4%	-10.4%
Plain vegetables	+3.8%	+19.2%	-11%	-17%	-8%	-6.4%	\$318M	-3.0%	-6.6%
Prepared vegetables	-12.6%	+5.1%	-9%	-14%	0%	+1.9%	\$23M	+4.9%	+1.2%
Snacks	+4.3%	+30.0%	12%	-3%	12%	+10.0%	\$348M	+7.4%	-4.5%
Baked goods	+2.2%	+15.9%	4%	-12%	0%	+1.2%	\$191M	+5.1%	-3.1%
Beverages	-9.9%	+31.1%	6%	-13%	-3%	-2.9%	\$27M	+1.9%	-3.5%

Source: IRI, Integrated Fresh, Total US, MULO



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## What's Next?

The marketplace disruption caused by inflation, supply chain challenges and COVID-19 variants is not showing signs of letting up any time soon. Shoppers are reacting in a wide variety of ways.

- At 82.4%, the at-home share of all meals reached its highest level in a year, which favors spending at food retail.
- At the same time, the inflationary levels in retail have two-thirds of shoppers looking for one or more money saving measures. Inflation will likely continue to drive dollar gains for most categories in the foreseeable future but is pressuring unit and volume sales.
- For the first time since the onset of the pandemic, a greater share of shoppers (29%) feel their financial situation a year from now will be worse versus better (23%). About half, 48%, think it will be unchanged. This outlook may prompt a greater focus on money-saving measures beyond the current marketplace behaviors alone.
- Continued rising inflation and shortages are driving stock up behaviors among 42% of shoppers. While 58% do not buy more than they need, 14% stocked up on one or more items out of concerns for continued price increases and 19% stocked up out of fear that the item will be out-of-stock next time.

AFFI members now 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 February sales trends. Please recognize and thank the entire frozen food chain for all they do.

### Date ranges:

2019: 52 weeks ending 12/28/2019

2020: 52 weeks ending 12/27/2020

Q1 2021: 13 weeks ending 3/28/2021

Q2 2021: 13 weeks ending 6/27/2021

Q3 2021: 13 weeks ending 9/26/2021

Q4 2021: 13 weeks ending 12/26/2021

January 2022: 5 weeks ending 1/30/2022