

# Defending Shelf Space in the Frozen Department

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April 2024

**NIQ**

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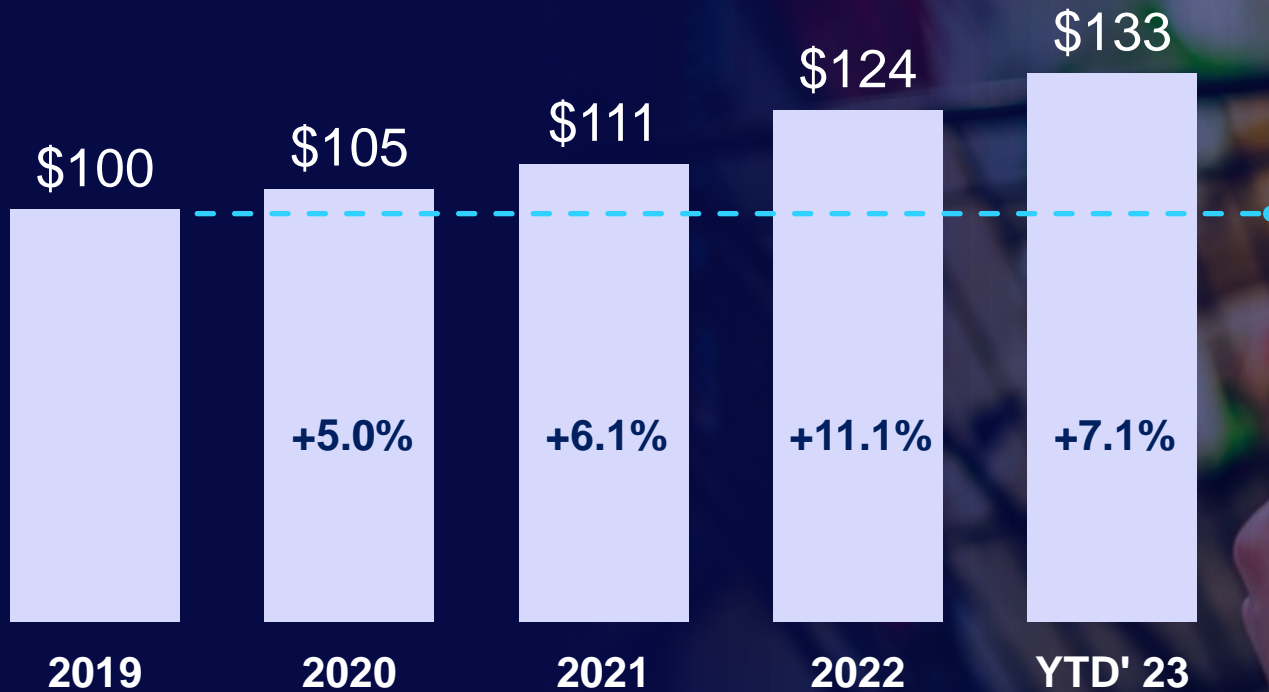
# *About today...*

- *Understand the today's consumer landscape* and what is impacting consumer shopping habits
- *Evaluate the competitive landscape* within the Dairy, Deli, Bakery, and Frozen Departments
- Investigate *assortment discrepancies* and determine where the assortment trajectory aligns or falls short of *optimization*
- Learn how to *prove and defend your place on the shelf* by showcasing *incrementality*
- How to *integrate the insights* into your business today

**NIQ**

# Compounding inflation has impacted consumers

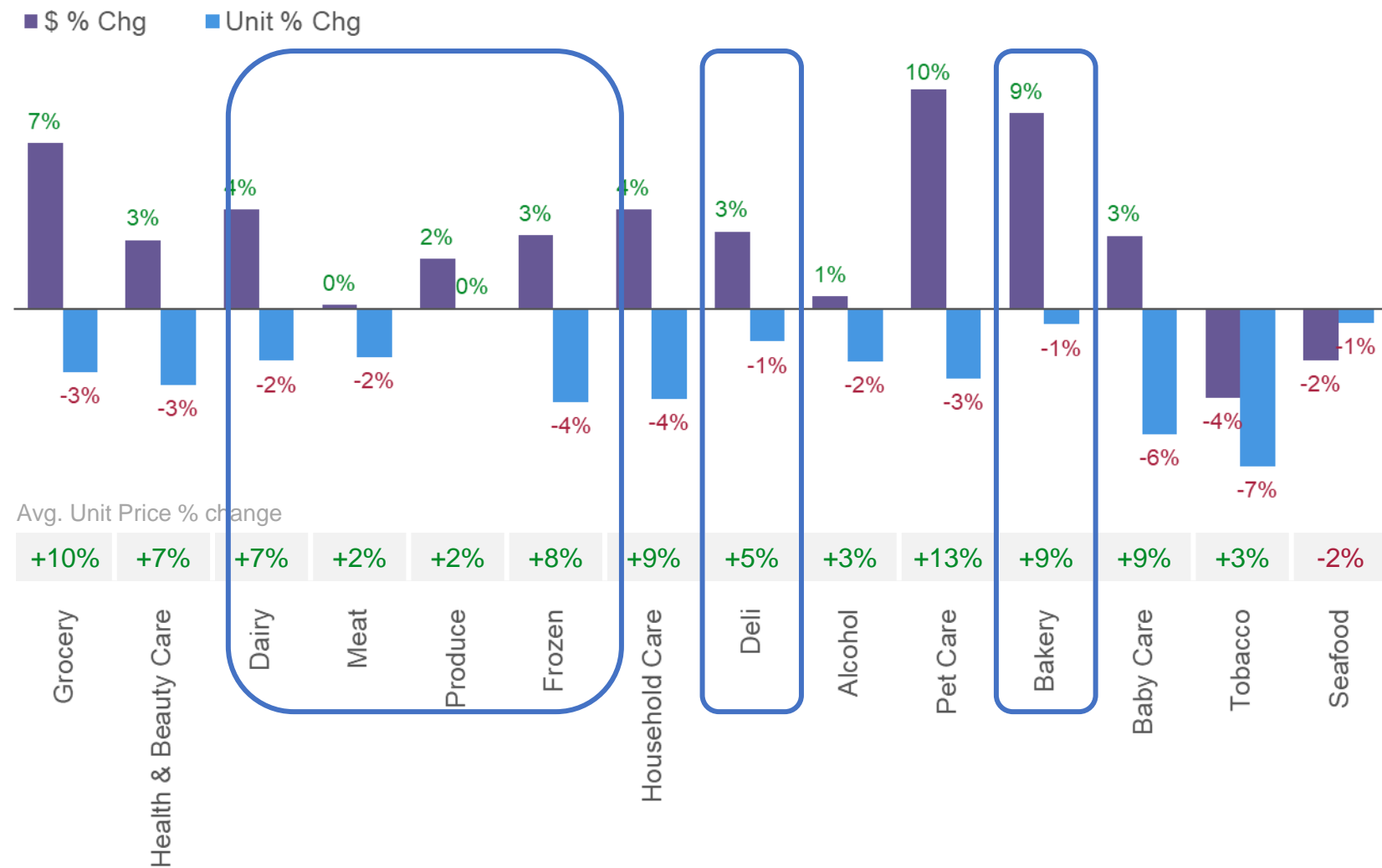
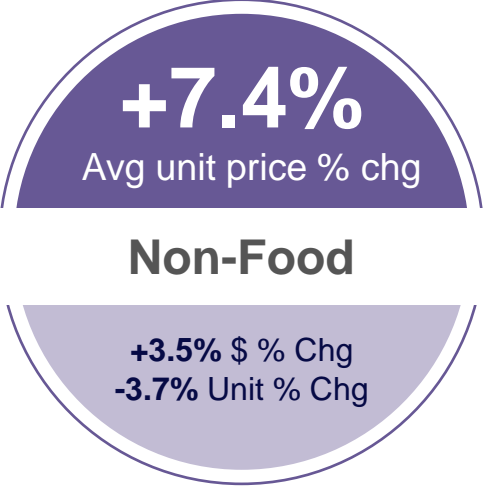
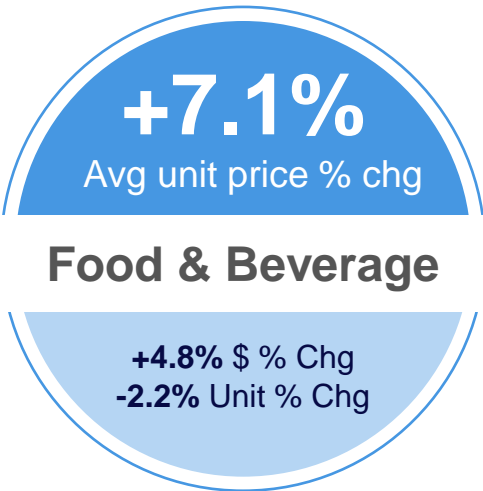
\$100 in 2019....



Consumers are *spending 33% more* in the past 3+ years

Source: NIQ, Retail Measurement Services; Total US xAOC; Total Store; Average unit price % change vs year ago; Monthly periods ending December 30, 2023

# Increased retail prices impacted volume across the store, more in non-food than food

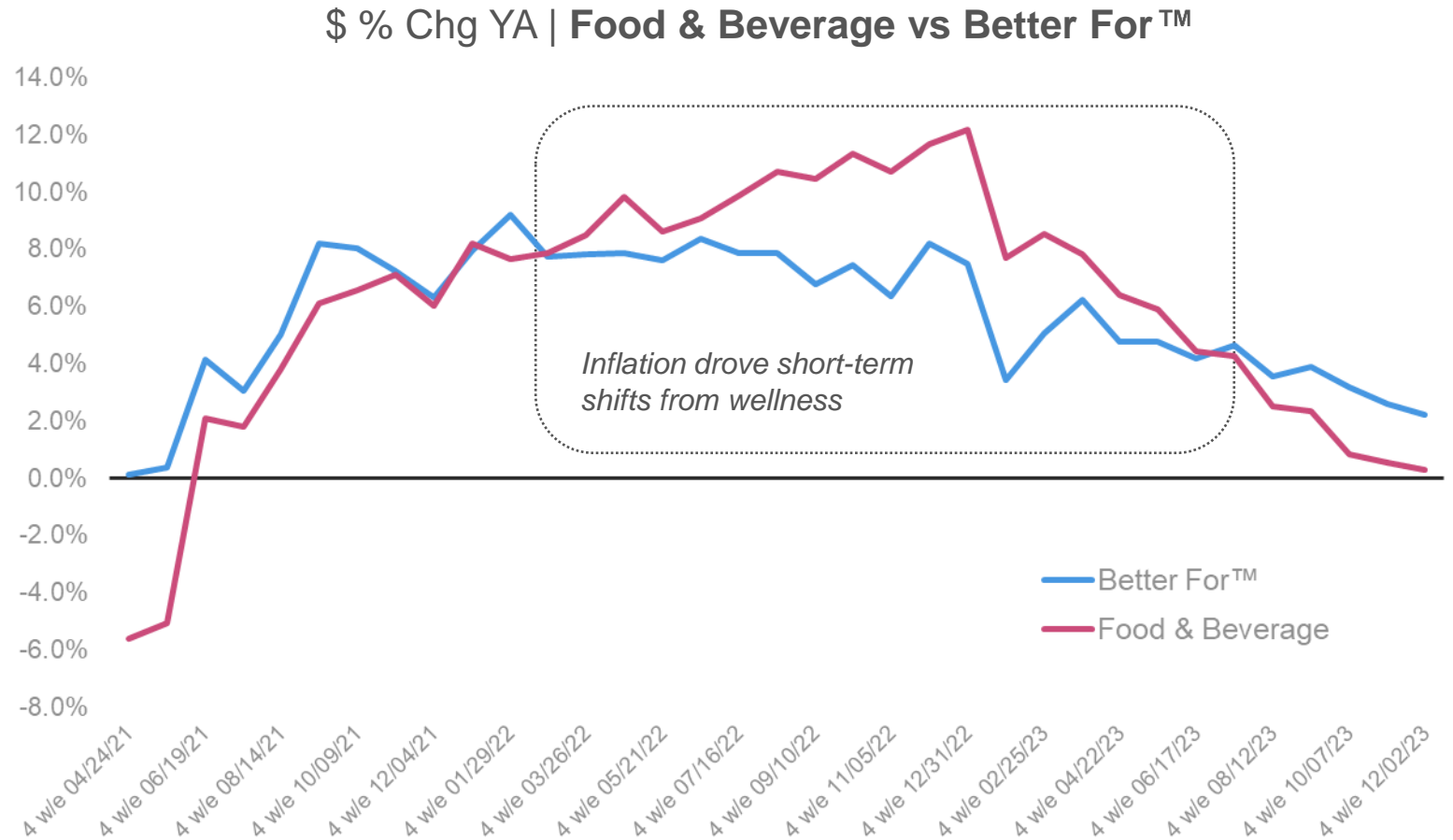


Source: NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage vs Non-Food; \$, Unit, and Avg Unit Price % Change vs year ago; 52 week ending December 2, 2023

# NIQ *Better For*™ ...



## Inflation impacted Better For trends in the past year, trend is shifting back



Source: NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage vs Better For segment; \$ % Change vs year ago; 4-week trended through week ending 12/2/23

# NIQ Better For™...



...YOU



...ENVIRONMENT



...SOCIETY

# Better For™ growing faster than total Food and Bev

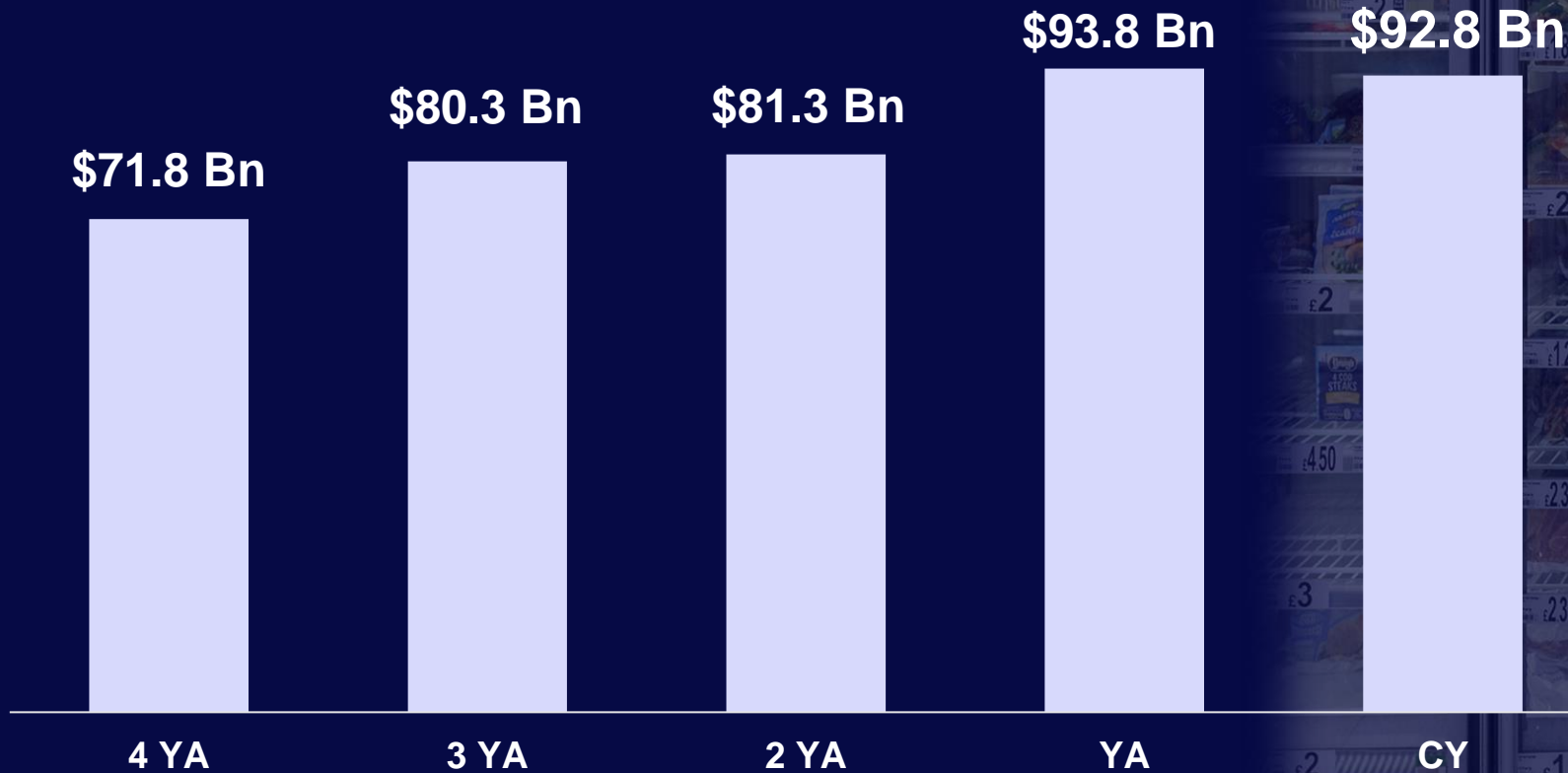
	\$ % C4YA Better For™	\$ % C4YA Total Dept
<b>10%</b> of Food & Beverage is <i>Better For™</i>	<b>+41%</b>	<b>+34%</b>
<b>14%</b> of Dairy	<b>+40%</b>	<b>+36%</b>
<b>10%</b> of Frozen	<b>+46%</b>	<b>+38%</b>
<b>10%</b> of Meat	<b>+40%</b>	<b>+26%</b>
<b>9%</b> of Grocery	<b>+47%</b>	<b>+38%</b>
<b>6%</b> of Deli	<b>+46%</b>	<b>+28%</b>
<b>2%</b> of Bakery	<b>+60%</b>	<b>+37%</b>

Source: NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage; \$ % Change vs 4 years ago; Latest 52 weeks ending September 9, 2023

# State of the Industry

# After period of growth, Dairy dollars decline by \$1 Billion in the latest year

*Dairy Department* Year over Year Dollar Volume

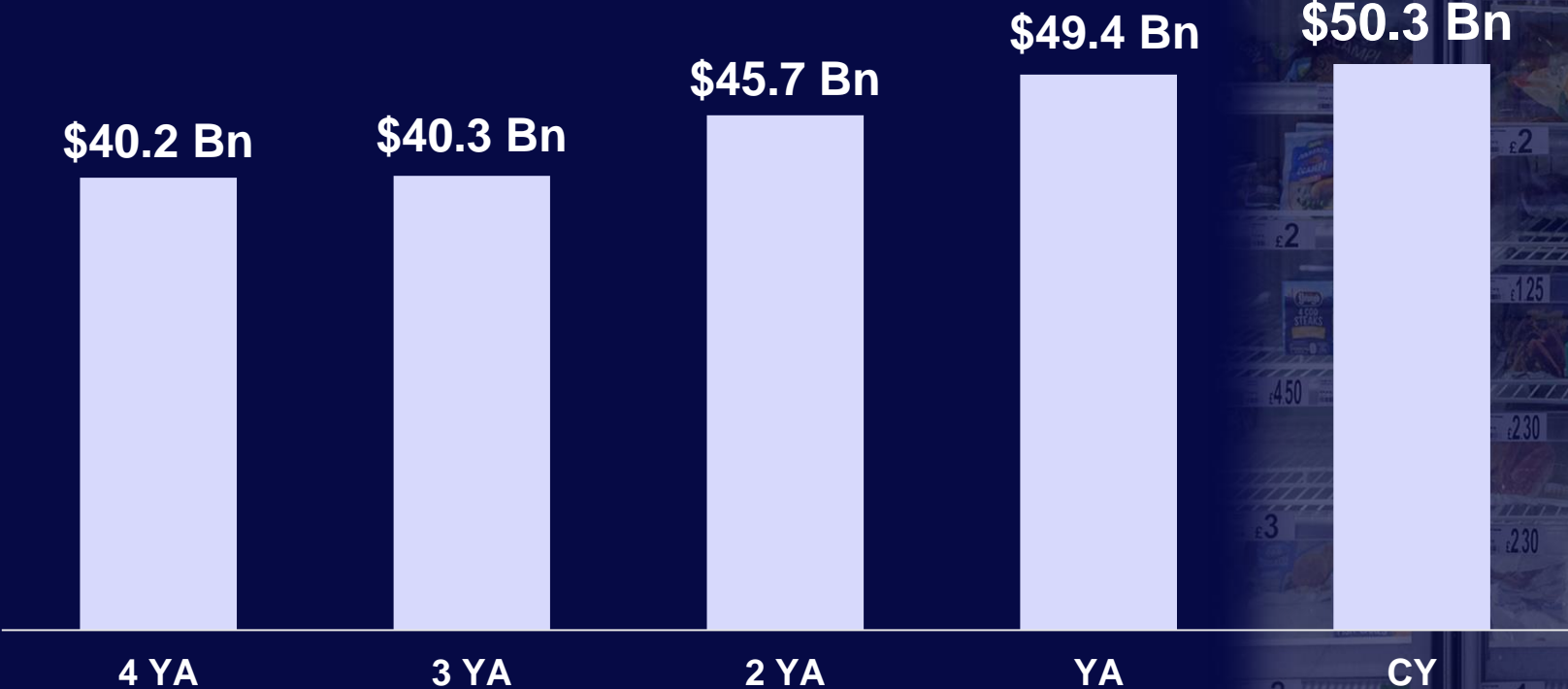


*Dairy* sees a  
4-year \$ CAGR  
of  
**+6.6%**



# Total US xAOC Deli increases dollar volume year over year

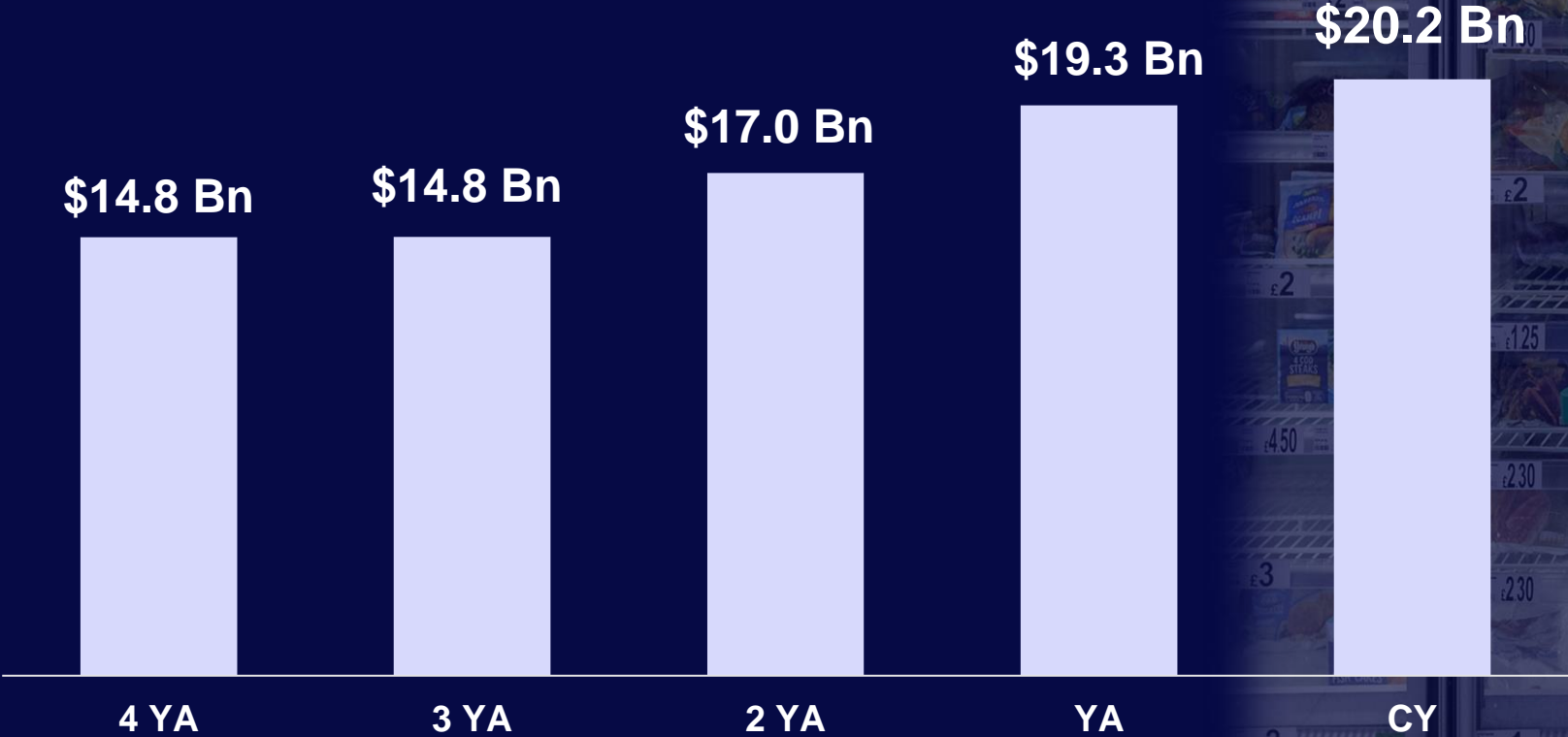
## *Deli Department* Year over Year Dollar Volume



*Deli sees a 4-year \$ CAGR of +5.8%*

# Total US xAOC Bakery increases dollar volume year over year

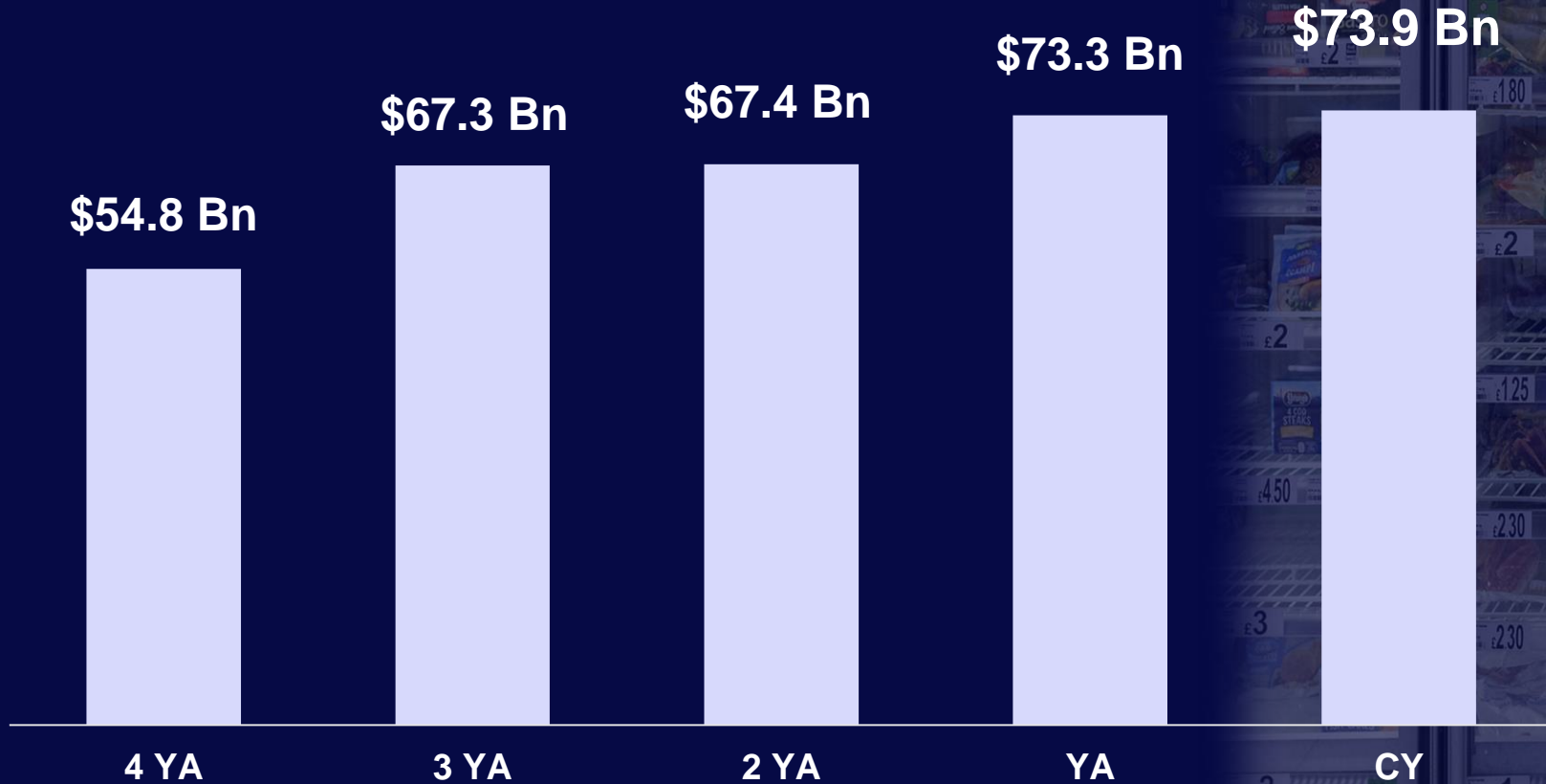
*Bakery Department Year over Year Dollar Volume*



*Bakery sees a 4-year CAGR of +8.0%*

# Total US xAOC Frozen Department increases dollar volume year over year

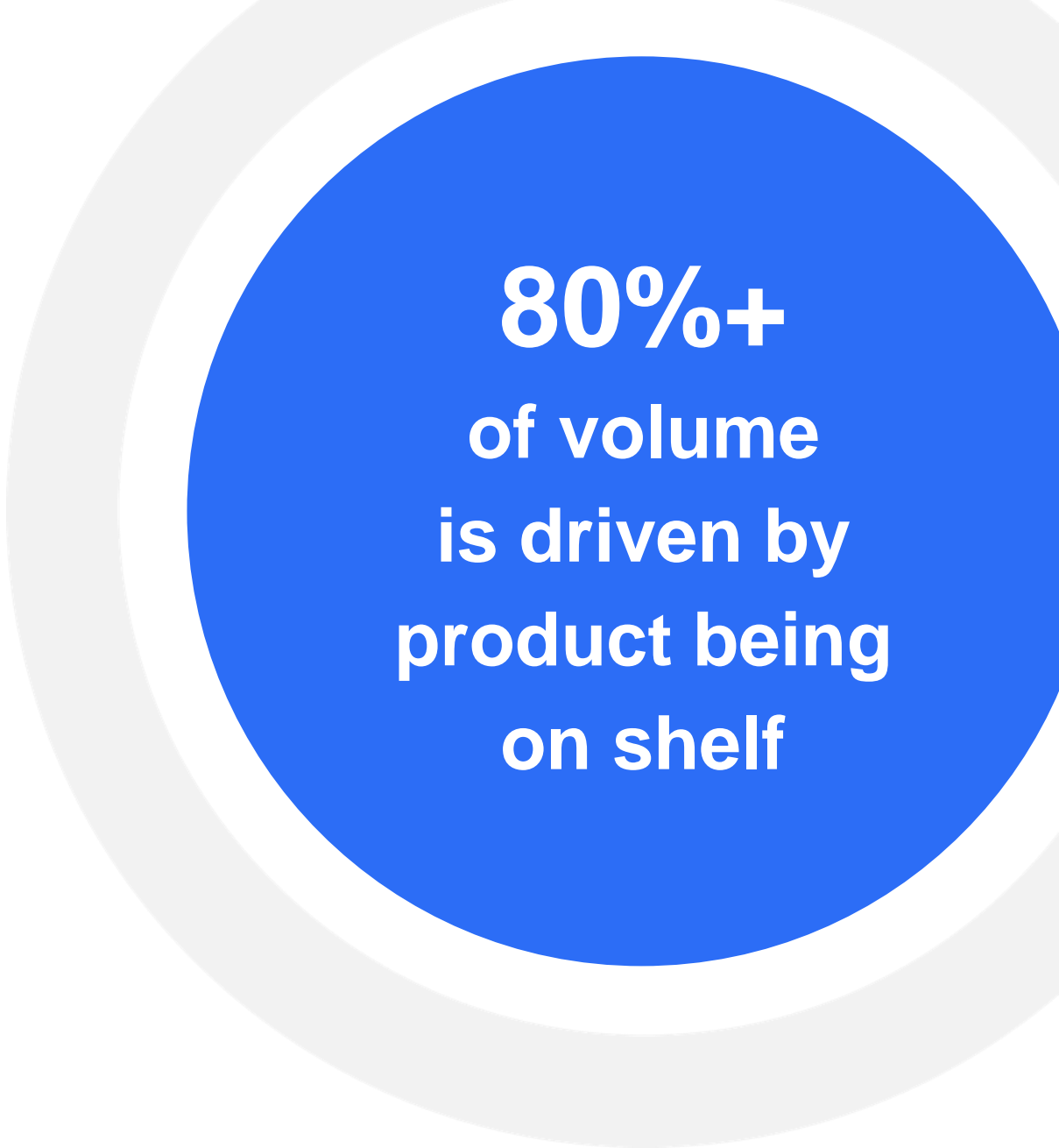
## Frozen Department Year over Year Dollar Volume



Frozen sees a 4-year CAGR of **+7.7%**

To grow, you must get the shelf right first

The **#1** lever you can pull to drive sales is to get your items on shelf, but that's harder to do in today's environment



**80%+**  
of volume  
is driven by  
product being  
on shelf

# The shelf is changing and putting pressure on manufacturers to optimize space

Proving incrementality is key to defending space *on the shelf*



## The purpose of the shelf and the store is changing

- Brick and mortar stores have become fulfillment centers for online purchases
- The shelf needs to support more frequent shopping events



## Shelf space is under pressure

- Assortments (number of UPCs selling) are shrinking, continuing trend that started during COVID
- Private label products are growing
- Stores are smaller
- Unit velocity is declining



## Cold Case Departments have unique challenges

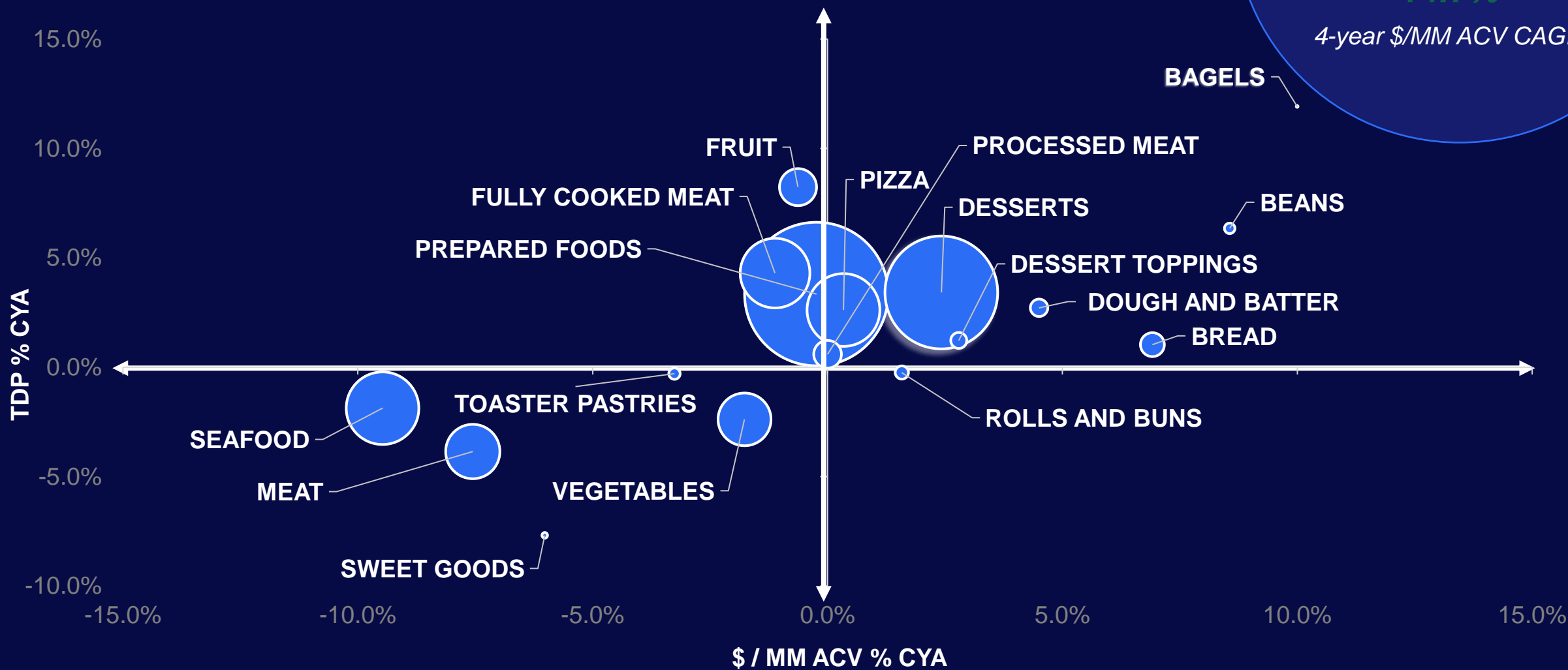
- The challenge to get on shelf and stay there is even more competitive within Frozen and Refrigerated, due to limited space
- Coming to retailer partners with assortment strategies for optimization is crucial – prove your incrementality and defend your space on shelf

# Competition on Shelf

# Super-category competition in Frozen is fierce

While some are positioned for sustainable growth, others lose distribution and velocity slows

## Frozen Super Category Distribution and Velocity Changes versus year ago



**Total Frozen**

**-0.8%**  
4-year TDP CAGR

**+4.7%**  
4-year \$/MM ACV CAGR

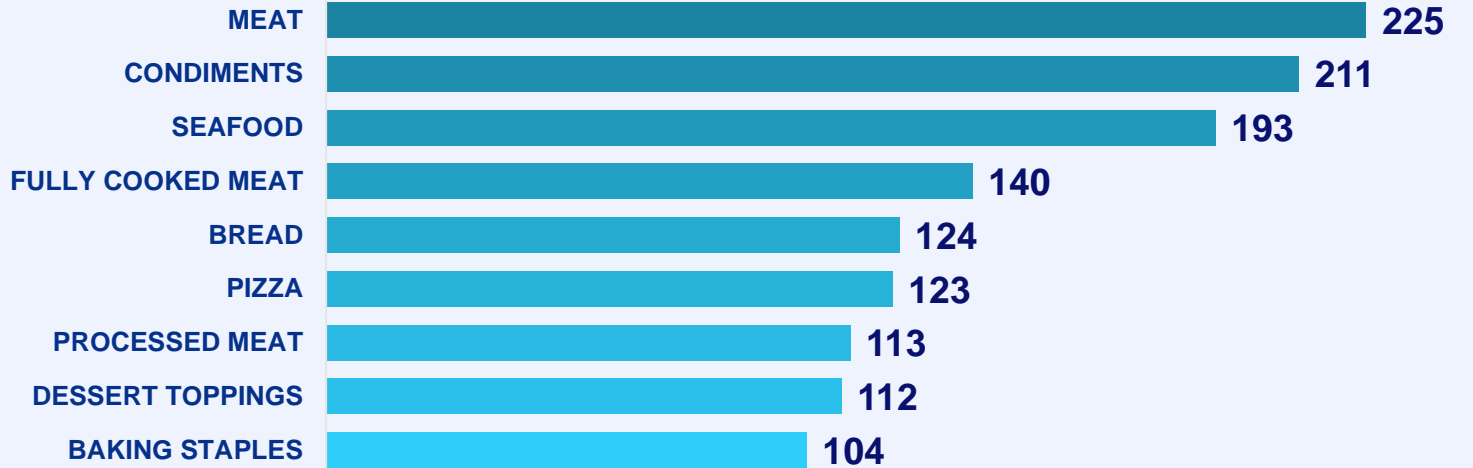
# Some super categories pull more dollar weight than others

There is a need to understand which items deserve more space on shelf

## Frozen Super Category Dollar Share to TDP Share Index

**100<**

*Super Categories deserve more shelf space as they bring in more \$ per TDP share point*



**100>**

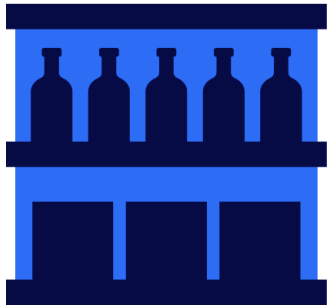
*Super Categories are over saturated as they hold more share of shelf and bring in less \$ volume*






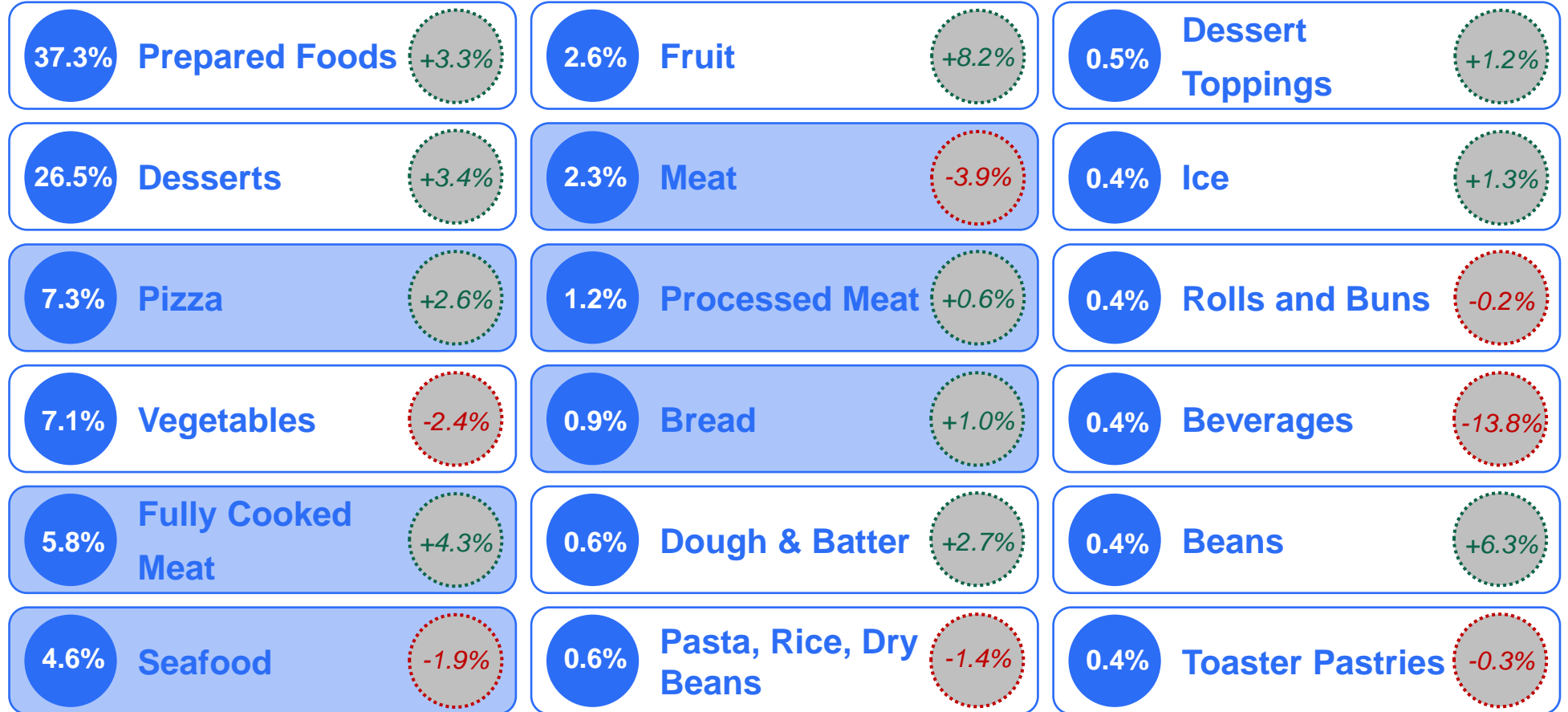
# There is opportunity to optimize Frozen Department Assortment

Allocation of space on shelf is changing... but not all the changes are in line with the optimal assortment



 TDP Share

 TDP % Chg YA



# 55,786

Frozen UPCs Selling

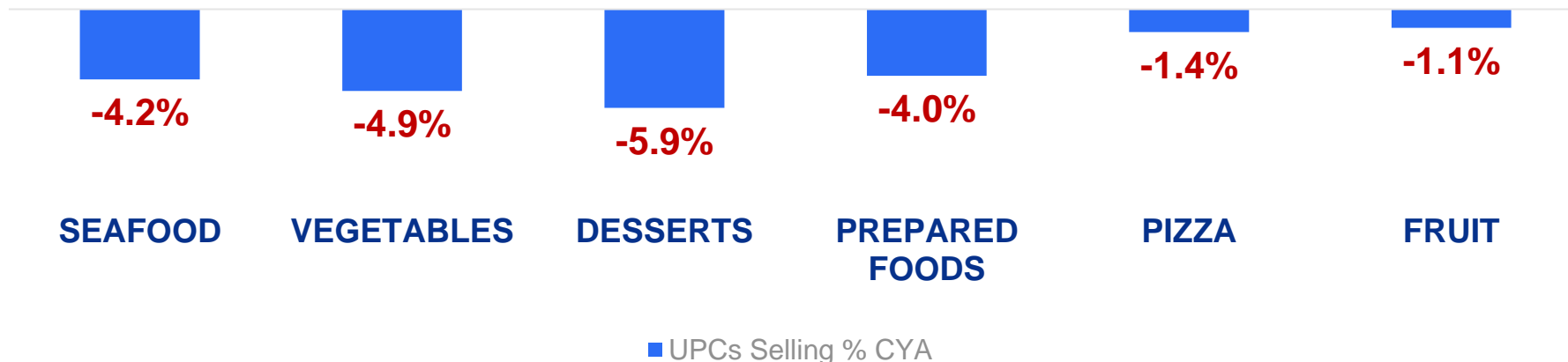
## -2,581

Versus YA

### Frozen Market contracts as Total Frozen UPCs selling decline

Market is moving towards more efficient items on shelf – it is more important than ever to prove incrementality

#### Shrinking Frozen Assortments



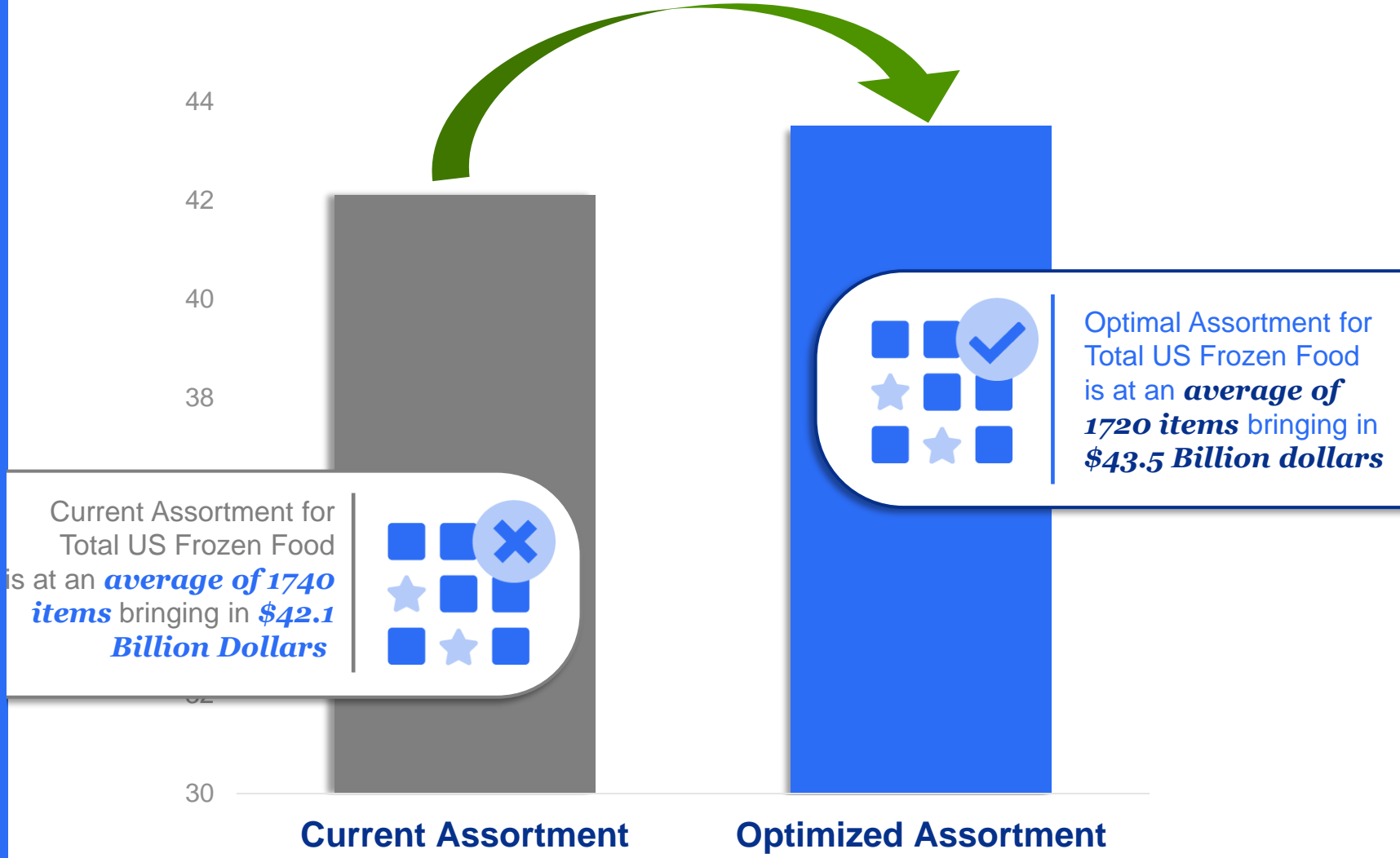


# Proving Incrementality and Defending Space

# Assortment Rationalization

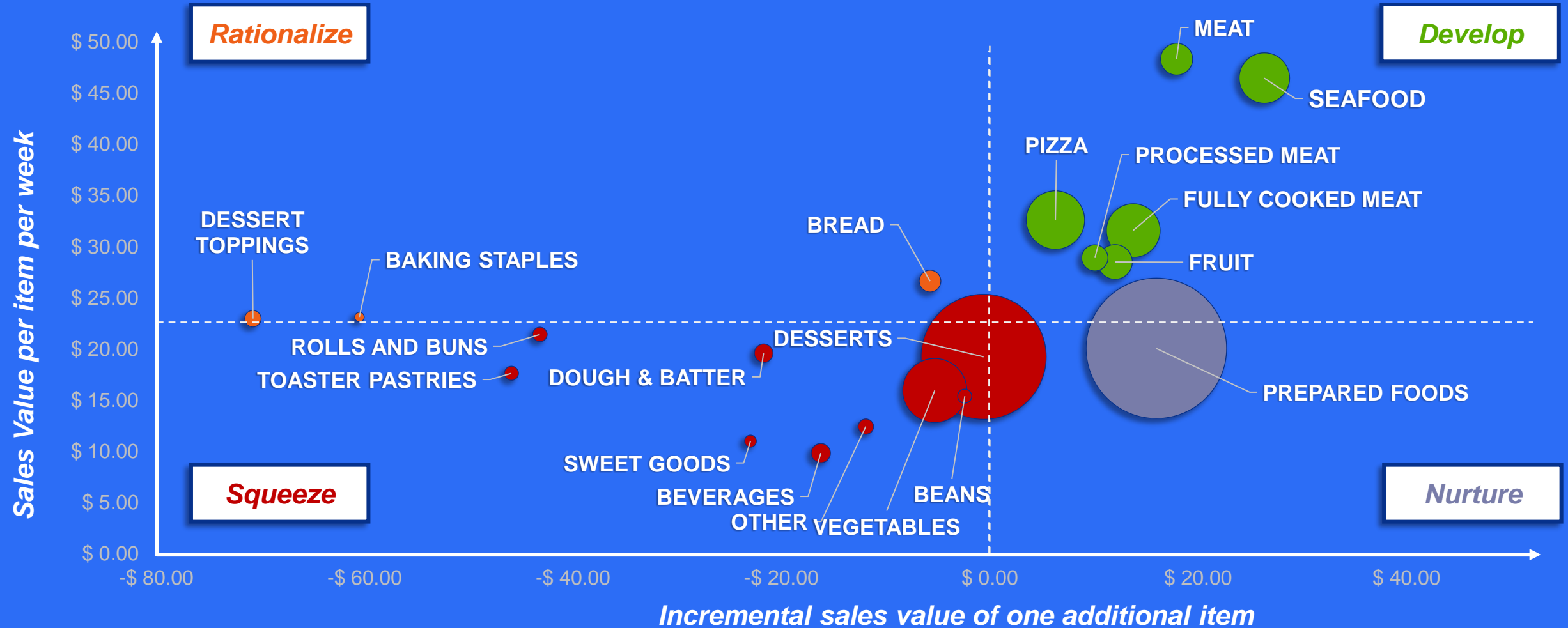
A 1% decrease in avg items on shelf for the Frozen Department in Total US Food results in a \$1 Billion dollar gain

+ \$1 Billion Dollars



# Drive incremental sales by expanding or restricting items in the Frozen aisle

Seafood, Fresh Meat, Pizza, and Fully Cooked Meat are top supercategories to Develop



# Identify the biggest opportunities for incremental sales

Capitalize on a win-win for your brand and your retailer partners by identifying down to the item level

## Top 5 Opportunities, % Sales Value Chg

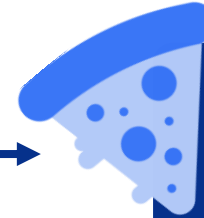
Baking Staples, +9.7%

Fruit, +7.0%

Dough & Batter, +6.1%

Pizza, +4.8%

Desserts, +4.7%



### Pizza

+1.3% total item change = +\$181 M



#### White Pizza

+31% item change = + \$46.7 M



#### Vegetable Pizza

+74% item change = + \$34.5 M



#### Multimeat

-3% item change = + \$20.4 M



#### Supreme

-3% item change = + \$13.6 M



#### Pepperoni

-5% item change = + \$8.9 M

# Assortment optimization mindset to bring in 2024

**Understand your category's current performance**

*Are you getting your fair share of shelf space?*

**Identify opportunities for optimizing assortment**

*Which categories should be restricted or expanded?*

**Specify where optimizations will be most impactful**

*What strategies should be implemented by channel/retailer?*

**Use incrementality to guide profitable decisions**

*Realize dollar growth for your brand AND the category*

**Differentiate your brand with trending claims**

*Unpack the why behind incrementality; showcase your unique value*

**\$1B**

**Frozen assortment  
optimization  
opportunity**

**(within Food Channel)**

## Assortment Questions You Might be Asking

*in partnership with NielsenIQ*

***Are my brands and sub-brands incremental to the overall department?***

***How can I identify which items in my portfolio to prioritize getting on shelf? Which channels or retailers are most important for activation?***

***What are my product's unique attributes that may contribute to its incrementality?***

## NIQ products & sources

*you can use to answer top questions*

- **Total Store Assortment**
- **Shelf Architect**
- **NIQ Product Insight (NPI) characteristics**
- **Discover** – *Retail Measurement Services (RMS)*



**Thank you!**

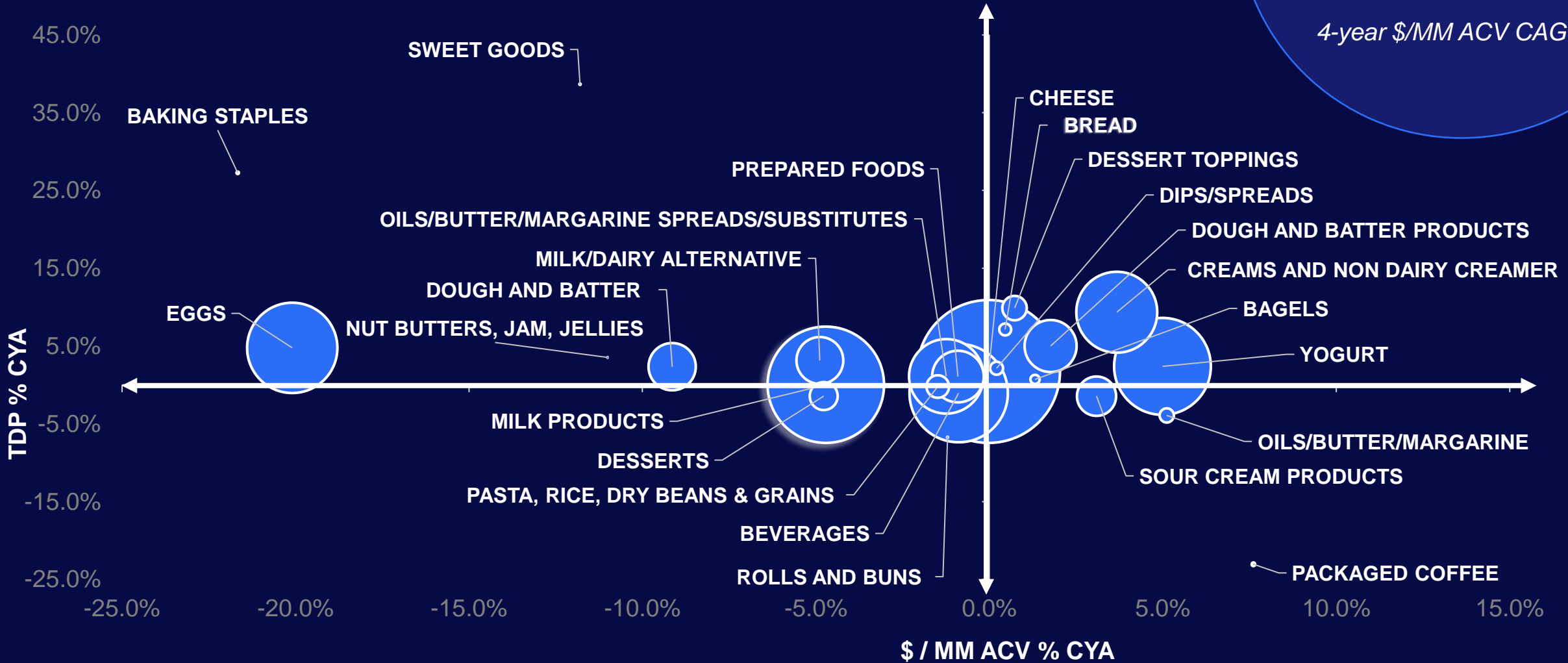
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# Most Dairy super categories increased depth of distribution

Diverging from long-term TDP trends allowed some, but not all, to realize sustainable growth

## Dairy Super Category Distribution and Velocity Changes versus year ago



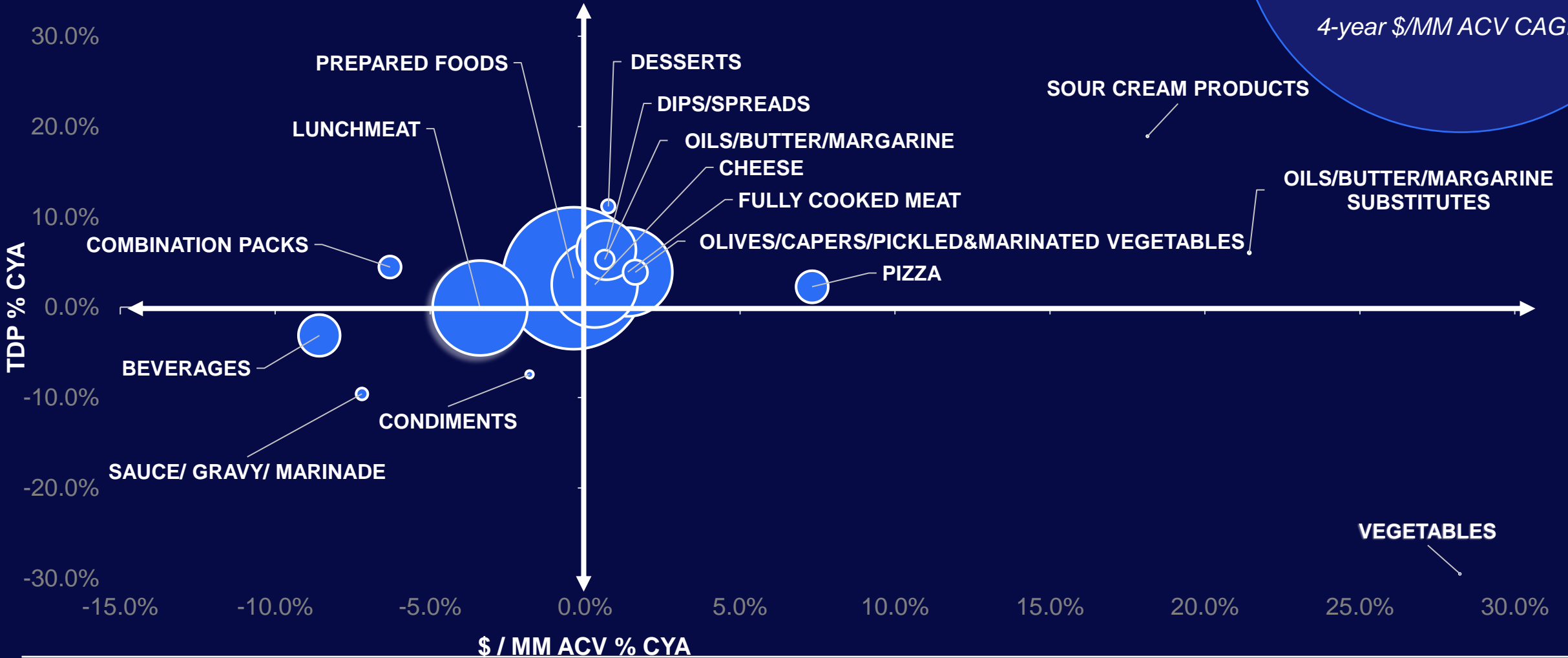
**Total Dairy**  
**-0.2%**  
 4-year TDP CAGR  
**+4.2%**  
 4-year \$/MM ACV CAGR

# Deli sees long term shelf gains and velocity increases

Almost all super categories struggle to match department velocity growth in latest year

**Total Deli**  
**+1.0%**  
 4-year TDP CAGR  
**+3.4%**  
 4-year \$/MM ACV CAGR

## Deli Super Category Distribution and Velocity Changes versus year ago



# Velocity increases for majority of Bakery super categories

Smaller super categories struggle to accompany increasing demand with shelf space

**Total Bakery**  
**+/- 0.0%**  
 4-year TDP CAGR  
**+4.5%**  
 4-year \$/MM ACV CAGR

**Bakery Super Category Distribution and Velocity Changes versus year ago**

