

## Deli-Prepared Shows Strength Along with Meal Basics in Dairy and Bakery

By: Anne-Marie Roerink, President, 210 Analytics LLC

### The August Marketplace

August's summer weather, time off and travel boosted restaurant dining. According to the Circana (formerly IRI) monthly consumer surveys with primary grocery shoppers, the share of all meals that were prepared at home averaged 76.8% in August 2023. "We typically see a drop in the share of home-prepared meals during the summer months," shared Jonna Parker, Team Lead, Fresh with Circana, "However, 76.8% marks a multi-year low in our monthly shopper survey and restaurants saw strong engagement with on-premise dining (53% of consumers), takeout (50%) and delivery (20%)."

Mirroring the moderated rate of inflation and the more positive consumer confidence numbers by the University of Michigan, consumer price perceptions in the Circana August survey were also more optimistic. At 87%, the share of consumers who believes that the cost of groceries is higher than last year dropped below the 90% mark for the first time in many months. However, concern about their ability to afford to groceries has (not yet) notably changed. 94% of Americans are worried about the cost of food and beverages amid rising gasoline and other costs. "The combination of more occasions flowing to restaurants and the ongoing impact of money-saving measures taken when in-store meant continued declines in units and volume for many categories around the store," Parker explained.

Other noteworthy findings from Circana's August survey of 1,000+ primary grocery shoppers were as follows.

- Preventing at-home food waste has been the biggest change in meal preparation tactics in reaction to the ongoing high cost of food. This is closely followed by doing more with leftovers and using more simple ingredients. "Deli, dairy and bakery can excel in all these areas," said Heather Prach, VP of Education for the IDDBA. "Deli and bakery often provide bulk offerings that allow consumers to purchase as little or much as they wish and dairy is a prime example of how staples are fueling today's meal preparation."
- Consumer curiosity is somewhat subdued with only 16% browsing the aisles looking for new items to try. Routine meals help prevent buyer's remorse over dollars spent on an unfavorable meal or item.
- Shopping remains in-store centric with only 5% of consumers buying all groceries online. Yet, another 31% will purchase a little/some (21%), or most items (10%) online. "This signals an ongoing need for omni-channel excellence, including opportunities in deli-prepared foods," said Prach. "When looking at the 50% of consumers who ordered restaurant takeout in August in addition to the 20% who did delivery, it is clear that omni-channel offers continued growth opportunities in a very powerful and differentiating category."

Life's conflicting choices result in consumers continuing to shift their dollars across items, brands, sizes, stores and restaurants. [Circana](#), 210 Analytics and the [IDDBA](#) team up to document the marketplace impact on the dairy, deli and bakery industries.

### Inflation Insights

The price per unit across all foods and beverages in the Circana-measured multi-outlet stores, including supermarkets, club, mass, supercenter, drug and military, increased by 3.6% in August (the five weeks ending 9/3/2023). While more in line with pre-pandemic inflation levels, the ongoing high levels of consumer concern relate to the cumulative effect of many months of high inflation. When comparing August 2023 to August 2020, prices have increased by 25.2%.

Average price/unit vs. YA	2018	2019	2020	2021	2022	Q4 2022	Q1 2023	Q2 2023	Aug 23
Total food & beverages	+1.5%	+2.0%	+5.1%	+5.4%	+12.5%	+13.5%	+11.4%	+7.2%	+3.6%

Source: Circana, Integrated Fresh, Total US, MULO, average price per unit and % gain versus YA

The dairy, deli and bakery numbers have seen tremendous change over the past year. The average price per unit for dairy fell below year-ago levels by -3.5% in August compared to an increase of 13.4% in the 52-week period, largely due to egg prices normalizing rapidly. Deli and bakery inflation also started to cool, with August bakery price increases down to single digits.

Price per unit	Price/unit	Change vs. YA	Change vs. 3YA
<b>Total dairy August 2023</b>	<b>\$3.43</b>	<b>-3.5%</b>	<b>+21.9%</b>
Total dairy 52 weeks ending 9/3/2023	\$3.63	+13.4%	+30.2%
<b>Total deli August 2023</b>	<b>\$5.96</b>	<b>+2.4%</b>	<b>+21.0%</b>
Total deli 52 weeks ending 9/3/2023	\$5.96	+8.0%	+21.6%
<b>Total bakery August 2023</b>	<b>\$3.65</b>	<b>+6.2%</b>	<b>+29.3%</b>
Total bakery 52 weeks ending 9/3/2023	\$3.66	+12.7%	+33.1%

Source: Circana, Integrated Fresh Total US, MULO

## Perishables Performance

The meat department had the highest sales in August, but sustained inflation drove the highest year-over-year gains for the bakery department. Produce and dairy had the best unit performances.

Source: Circana Integrated Fresh, Total U.S., MULO, fixed and random weight items combined into department views

Perimeter departments	August 2023		
	\$ sales	\$ vs. YA	Units vs. YA
Meat dpt.	\$8.3B	-1.5%	-2.4%
Produce dpt.	\$7.5B	+0.1%	-0.8%
Dairy aisle	\$6.6B	-3.5%	+0.0%
Deli dpt.	\$4.5B	+1.4%	-1.0%
Bakery dpt.	\$4.1B	+4.1%	-2.0%
Seafood dpt.	\$595M	-7.4%	-5.9%

## Dairy Sales

As deflation has arrived, the year-on-year dollar performance is vastly different from what we saw throughout 2022 and the first quarter of 2023. In August, dairy dollar sales dropped by 3.5% overall. At the category level, growth ranged from 17.0% in the plus for cottage cheese to a decline of 25.6% for eggs. "Eggs are lapping the months of 60%+ inflation and we are likely to see deep dollar declines for a while to come," said Parker. On the other hand, the gains in cottage cheese are driven by robust demand and natural cheese shows the importance of food staples in today's marketplace.

August 2023				Latest 52 weeks ending 9/3/2023			
	\$ sales	\$ vs. YA	Units vs. YA		\$ sales	\$ vs. YA	Units vs. YA
<b>Dairy</b>	<b>\$6.6B</b>	<b>-3.5%</b>	<b>+0.0%</b>	<b>Dairy</b>	<b>\$73.1B</b>	<b>+11.3%</b>	<b>-1.9%</b>
Milk	\$1.5B	-6.1%	-1.7%	Milk	\$16.8B	+2.5%	-2.6%
Natural cheese	\$1.2B	-0.1%	+2.7%	Natural cheese	\$12.9B	+6.5%	+0.8%
Yogurt	\$940M	+5.2%	+0.6%	Eggs	\$10.2B	+27.8%	-2.8%
Eggs	\$687M	-25.6%	-1.2%	Yogurt	\$9.3B	+11.4%	-3.8%
Cream/creamers	\$549M	+4.2%	-0.9%	Butter/margarine	\$6.2B	+20.3%	-0.6%
Butter/margarine	\$530M	-0.8%	+0.3%	Cream/creamers	\$5.9B	+13.3%	-1.6%
Cream cheese	\$239M	+2.6%	-0.6%	Cream cheese	\$2.7B	+17.4%	-0.6%
Processed cheese	\$238M	-1.5%	-2.4%	Processed cheese	\$2.6B	+6.0%	-3.2%
Whipped toppings	\$162M	+9.5%	+2.0%	Whipped toppings	\$1.9B	+20.9%	+1.0%
Sour cream	\$151M	+4.3%	+1.1%	Sour cream	\$1.6B	+13.9%	-0.6%
Cottage cheese	\$144M	+17.0%	+13.2%	Cottage cheese	\$1.3B	+16.6%	+4.5%
Desserts	\$107M	-1.9%	-11.8%	Desserts	\$1.1B	+4.0%	-10.2%
Cheese snack kits	\$32M	-7.0%	-0.7%	Cheese snack kits	\$317M	+4.2%	+1.4%
Dairy alternative cheese	\$9M	-14.7%	-11.6%	Dairy alternative cheese	\$102M	-7.6%	-8.8%

Source: Circana, Total US, Integrated Fresh, MULO, % growth versus year ago

## Deli Sales

"The strength of deli-prepared food in a month with the lowest at-home meal preparation is very telling," Parker said. "It shows that shoppers are increasingly seeing deli-prepared foods as a true restaurant alternative, especially as Circana's National Eating Trends 2023 work showed the highest ever growth in no prep or fast-fix meals for the dinner occasion- 48% of all dinners now fall into one of these types." Deli-prepared foods generated \$2.4 billion August and improved unit sales above year-ago levels. This is in sharp contrast to deli meat that dropped 3.6% in units (packages

sold) year-over-year. In the full-year view, the patterns are similar, with the deli-prepared section outperforming deli cheese, meat and entertaining.

August 2023				Latest 52 weeks ending 9/3/2023			
	\$ sales	\$ vs. YA	Units vs. YA		\$ sales	\$ vs. YA	Units vs. YA
<b>Department deli</b>	<b>\$4.5B</b>	<b>+1.4%</b>	<b>-1.0%</b>	<b>Department deli</b>	<b>\$46.0B</b>	<b>+5.9%</b>	<b>-2.0%</b>
Deli cheese	\$781M	+0.3%	-1.1%	Deli cheese	\$8.0B	+4.5%	-2.5%
Deli entertaining	\$469M	+0.3%	+1.6%	Deli entertaining	\$5.0B	+4.9%	-2.6%
Deli meat	\$833M	-1.7%	-3.6%	Deli meat	\$8.3B	+3.2%	-6.1%
Deli prepared	\$2.4B	+3.2%	+0.2%	Deli prepared	\$24.6B	+7.5%	-0.2%

Source: Circana, Total US, Integrated Fresh, MULO, % growth versus year ago

## Deli Meat

Deli meat sales (combined fixed and random weight) totaled \$833 million in the five August weeks. This was down in both dollars and pounds, unlike the 52-week view that still shows dollar strength. Over the past few years, the share of deli meat generated by the service counter has dropped in favor of growing shares for grab & go and pre-sliced. This trend can also be seen in August 2023, with grab & go dollar sales up 1.3% versus service deli meat being down 3.3%.

August 2023				Latest 52 weeks ending 9/3/2023			
Deli meat	\$ sales	\$ vs. YA	Lbs vs. YA		\$ sales	\$ vs. YA	Lbs vs. YA
<b>Total deli meat</b>	<b>\$833M</b>	<b>-1.7%</b>	<b>-3.7%</b>	<b>Total deli meat</b>	<b>\$8.3B</b>	<b>+3.2%</b>	<b>-6.1%</b>
Grab & go	\$272M	+1.3%	-0.6%	Grab & go	\$2.7B	+10.4%	-1.4%
Pre-sliced	\$82M	-2.3%	-3.1%	Pre-sliced	\$840M	+1.5%	-2.9%
Service	\$479M	-3.3%	-5.4%	Service	\$4.8B	-0.1%	-8.8%

Source: Circana, Total US, MULO, Integrated Fresh % growth versus year ago

Packaged lunchmeat (included in meat department sales) reached \$654 million in August 2023. After many months of substantial, but inflation-driven dollar gains, August became the second month in which sales dipped below year-ago levels. Packaged lunchmeat saw pounds drop 4.2% versus year ago in August versus a decline of -3.7% for deli meat.

August 2023				Latest 52 weeks ending 9/3/2023			
Pre-packaged lunchmeat	\$ sales	\$ vs. YA	Lbs vs. YA		\$ sales	\$ vs. YA	Lbs vs. YA
Packaged lunchmeat	\$654M	-0.6%	-4.2%	Packaged lunchmeat	\$6.4B	+4.8%	-7.4%

Source: Circana, Total US, MULO, Integrated Fresh % growth versus year ago

## Deli Cheese

Deli cheese never experienced the big price increases seen in deli meat. Likewise, the demand for deli cheese has been much more stable. The size and growth trends in specialty cheese show that the marketplace continues to offer many opportunities for premium choices.

August 2023				Latest 52 weeks ending 9/3/2023			
Deli cheese	\$ sales	\$ vs. YA	Lbs vs. YA		\$ sales	\$ vs. YA	Lbs vs. YA
<b>Total deli cheese</b>	<b>\$781M</b>	<b>+0.3%</b>	<b>-0.4%</b>	<b>Deli cheese</b>	<b>\$8.0B</b>	<b>+4.5%</b>	<b>-2.3%</b>
Grab & go	\$113M	-0.0%	+0.5%	Grab & go	\$1.1B	+7.7%	+0.6%
Pre-sliced	\$44M	-3.5%	-5.5%	Pre-sliced	\$464M	+3.4%	-1.4%
Service	\$112M	-5.0%	-5.0%	Service	\$1.2B	-1.4%	-8.0%
Specialty	\$503M	+2.0%	+1.1%	Specialty	\$5.2B	+5.3%	-1.6%

Source: Circana, Total US, MULO, Integrated Fresh

## Deli Entertaining

Deli entertaining sales held steady in dollars and experienced mild unit pressure in August. In the 52-week period, trays and holiday meal demonstrate the increased reliance on convenience during special occasions, much like seen in other departments.

August 2023				Latest 52 weeks ending 9/3/2023			
Deli entertaining	\$ sales	\$ vs. YA	Units vs. YA	Deli entertaining	\$ sales	\$ vs. YA	Units vs. YA
<b>Deli entertaining</b>	<b>\$469M</b>	<b>+0.3%</b>	<b>-1.6%</b>	<b>Deli entertaining</b>	<b>\$5.0B</b>	<b>+4.9%</b>	<b>-2.6%</b>
Dips and sauces	\$245M	-2.7%	-3.8%	Dips and sauces	\$2.6B	+2.5%	-4.1%
Trays	\$75M	+3.2%	-2.8%	Trays	\$878M	+10.3%	+2.4%
Pickles/relish	\$53M	+3.5%	-0.1%	Spreads	\$955M	+5.1%	-1.1%
Spreads	\$95M	+4.5%	+3.7%	Pickles/relish	\$538M	+7.8%	-0.7%
Holiday meals	\$190K	+98.8%	+80.9%	Holiday meals	\$28M	+3.9%	+9.7%

Source: Circana, Total US, MULO, Integrated Fresh, % increase versus same period year ago, deli prepared foods including both fixed and random weight, includes known deli products based on Circana's Integrated Fresh research process powered in cooperation with IDDBA

## Deli Prepared

"In today's marketplace, the ultimate value is the combination of price with elements such as convenience, health, taste and experience," noted Parker, adding that this is where grocery deli prepared foods play very strongly. Consumers did less at-home meal preparation in August, although it still sits at nearly 77% of all meals sourced in-home. It ended up being a big month for deli prepared. Winners include prepared meats and pizza, illustrating that deli-prepared foods can serve as a meal ingredient or replace the entire home-cooked or restaurant meal.

August 2023				Latest 52 weeks ending 9/3/2023			
Deli prepared	\$ sales	\$ vs. YA	Units vs. YA	Deli prepared	\$ sales	\$ vs. YA	Units vs. YA
<b>Deli prepared</b>	<b>\$2.4B</b>	<b>+3.2%</b>	<b>+0.2%</b>	<b>Deli prepared</b>	<b>\$24.6B</b>	<b>+7.5%</b>	<b>-0.2%</b>
Entrees	\$592M	+3.4%	+0.1%	Entrees	\$6.1B	+6.7%	+1.4%
Prepared meats	\$485M	+4.4%	+4.3%	Prepared meats	\$4.9B	+9.6%	+0.7%
Salads	\$438M	+0.3%	-0.4%	Salads	\$4.3B	+6.1%	-1.0%
Sandwiches	\$349M	+3.8%	-0.3%	Sandwiches	\$3.5B	+9.3%	-0.2%
Appetizers	\$178M	+4.6%	+3.4%	Appetizers	\$1.9B	+2.0%	-1.0%
Side dishes	\$135M	+2.0%	+0.9%	Side dishes	\$1.5B	+8.1%	+2.3%
Pizza	\$85M	+13.2%	+11.8%	Soups & chili	\$1.0B	+9.9%	+0.8%
Soups & chili	\$76M	+9.0%	+0.7%	Pizza	\$868M	+19.5%	+11.1%
Breakfast	\$33M	-10.6%	-17.5%	Breakfast	\$356M	-5.7%	-14.8%
Combo meals	\$19M	-13.9%	-41.1%	Combo meals	\$208M	-1.9%	-25.6%
Desserts	\$9M	+2.9%	-17.0%	Desserts	\$94M	-1.1%	-18.6%

Source: Circana, Total US, MULO, Integrated Fresh, % increase versus same period year ago, deli prepared foods including both fixed and random weight, includes known deli products based on Circana's Integrated Fresh research process powered in cooperation with IDDBA

## Bakery

Bakery department sales, which covers fixed and random weight items as well as the bakery aisle and the fresh perimeter bakery, totaled \$4.1 billion in August. Ongoing inflation in bakery meant continued dollar gains despite unit sales being down 2.0%. The patterns in the latest 52 weeks were the same.

August 2023				Latest 52 weeks ending 9/3/2023			
	\$ sales	\$ vs. YA	Units vs. YA		\$ sales	\$ vs. YA	Units vs. YA
<b>Total Bakery</b>	<b>\$4.1B</b>	<b>+4.1%</b>	<b>-2.0%</b>	<b>Total bakery</b>	<b>\$43.3B</b>	<b>+10.6%</b>	<b>-1.9%</b>
Center-store bakery	\$2.5B	+4.1%	-2.4%	Center-store	\$25.1B	+10.2%	-2.4%
Perimeter bakery	\$1.7B	+4.1%	-1.3%	Perimeter	\$18.2B	+11.1%	-0.9%

Source: Circana, Total US Integrated Fresh, MULO

## Center Aisle Bakery

Baked goods items found in the “aisle” or center-store area increased dollar sales by 4.1% in August 2023 versus year ago. The dollar gains were fully driven by inflation, with units down -2.4%. There was only one big winner in August, being pies, with the biggest sellers being breads, buns & rolls and bagels.

Center aisle	August 2023			Latest 52 weeks ending 9/3/2023			
	\$ sales	\$ vs. YA	Units vs. YA		\$ sales	\$ vs. YA	Units vs. YA
Center-store bakery	\$2.5B	+4.1%	-2.4%	Center-store	\$25.1B	+10.2%	-2.4%
Breads and rolls	\$1.8B	+4.8%	-2.1%	Breads/rolls	\$18.4B	+10.0%	-2.4%
Desserts/sweet goods	\$343M	+3.4%	-1.6%	Desserts/sweet	\$3.7B	+13.7%	-0.1%
Morning bakery	\$280M	+0.4%	-5.7%	Morning bakery	\$2.9B	+7.4%	-5.8%
Breads	\$1.0M	+4.3%	-1.9%	Breads	\$10.4B	+9.4%	-2.2%
Buns & rolls	\$546M	+6.3%	-2.1%	Buns & rolls	\$5.3B	+11.6%	-2.5%
Bagels/bialys	\$151M	+5.2%	-0.1%	Bagels/bialys	\$1.6B	+13.7%	+1.8%
Snack cakes	\$135M	+0.2%	-5.9%	Snack cakes	\$1.5B	+12.4%	-1.8%
Donuts	\$126M	+3.0%	-4.0%	Donuts	\$1.4B	+8.8%	-5.3%
Muffins	\$90M	-5.9%	-8.5%	Muffins	\$933M	+5.9%	-7.4%
Cookies	\$90M	+4.5%	-4.8%	Cookies	\$914M	+19.0%	+6.7%
English muffins	\$83M	+4.0%	-1.0%	English Muffins	\$863M	+5.9%	-5.5%
Pastry/Danish/ coffee cakes	\$64M	+5.0%	-5.7%	Pastry/Danish/ coffee cakes	\$646M	+6.7%	-5.0%
Brownies/bars	\$49M	+6.7%	-3.8%	Brownies/bars	\$491M	+12.7%	+0.7%
Cakes	\$43M	+4.3%	-1.6%	Cakes	\$469M	+9.5%	-3.6%
Pies	\$26M	+9.9%	+19.1%	Pies	\$279M	+12.9%	-3.1%
Wraps/flatbreads	\$24M	-4.5%	-11.0%	Wraps/flatbreads	\$238M	+0.5%	-11.2%
Croissants	\$8M	-9.5%	-19.3%	Croissants	\$91M	-7.3%	-19.4%

Source: Circana, Total US Integrated Fresh, MULO

## Perimeter Bakery (including both fixed and random weight)

August also brought year-over-year unit growth for several of the perimeter bakery categories, including cookies, breads, donuts, pies and croissants.

Perimeter	August 2023			Latest 52 weeks ending 9/3/2023			
Bakery	\$ sales	\$ vs. YA	Units vs. YA		\$ sales	\$ vs. YA	Units vs. YA
Perimeter bakery	\$1.7B	+4.1%	-1.3%	Perimeter	\$18.2B	+11.1%	-0.9%
Breads/rolls	\$380M	+7.6%	-0.1%	Breads/rolls	\$3.9B	+14.2%	-0.0%
Desserts/sweets	\$858M	+2.7%	-2.2%	Desserts/sweet	\$9.9B	+9.0%	-3.2%
Morning bakery	\$396M	+3.7%	-0.9%	Morning bakery	\$4.2B	+13.1%	+0.8%
Cakes	\$501M	+2.1%	-4.3%	Cakes	\$5.5B	+8.2%	-4.4%
Cookies	\$234M	+5.8%	+0.1%	Cookies	\$2.6B	+11.4%	-0.7%
Pastries/Danish	\$152M	-0.1%	-3.8%	Pastries/Danish	\$1.7B	+5.5%	-5.4%
Breads	\$148M	+8.9%	+0.3%	Breads	\$1.6B	+14.1%	-2.0%
Donuts	\$126M	+14.7%	+4.3%	Donuts	\$1.3B	+25.5%	+7.6%
Muffins	\$117M	-1.5%	-6.9%	Muffins	\$1.2B	+12.5%	-3.0%
Buns & rolls	\$104M	+10.0%	-0.2%	Pies	\$1.2B	+6.0%	+4.9%
Pies	\$76M	-0.3%	+4.1%	Buns & rolls	\$1.1B	+16.6%	+1.6%
Croissants	\$63M	+5.4%	+1.5%	Croissants	\$638M	+15.2%	+2.8%
Tortillas/wraps	\$34M	+0.5%	-3.3%	Brownies/bars	\$384M	+12.0%	-1.1%



Brownies/bars	\$34M	-4.1%	-8.5%	Tortillas/wraps	\$342M	+8.5%	-0.4%
Bagels/bialys	\$30M	+6.5%	-0.1%	Bagels/bialys	\$307M	+11.5%	+0.1%
Specialty desserts	\$13M	+14.4%	-12.3%	Specialty desserts	\$141M	+15.6%	-5.3%

Source: Circana, Total US Integrated Fresh, MULO

The next report in the Circana, 210 Analytics and IDDBA performance series will be released mid-October covering the September sales trends. Please recognize and thank the entire food supply chain for all they do.

## Date ranges:

2019: 52 weeks ending 12/28/2019

2020: 52 weeks ending 12/27/2020

2021: 52 weeks ending 12/26/2021

2022: 52 weeks ending 1/1/2023

Q4 2022: 13 weeks ending 1/1/2023

Q1 2023: 13 weeks ending 4/2/2023

Q2 2023: 13 weeks ending 7/2/2023

June 2023: 5 weeks ending 7/2/2023

July 2023: 4 weeks ending 7/30/2023

August 2023: 5 weeks ending 9/3/2023

For Circana questions, please contact Circana's dairy, deli and bakery experts at [Freshfoods@Circana.com](mailto:Freshfoods@Circana.com)

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