

July Fourth Holiday Fueled Strong Sales for Deli, Dairy and Bakery

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The July Marketplace

July was another month of single-digit food and beverage inflation for U.S. retail. Yet, the Circana (formerly IRI) sales numbers show little to no improvement in unit and volume sales in most areas, according to Jonna Parker, Team Lead Fresh with Circana (formerly IRI). The sustained levels of inflation, record credit card debt and low savings rates are resulting in continued subdued purchases despite an uptick in promotions.

“Circana’s household behavior insights tell an interesting story,” shared Parker. “Hyper-focused on sales specials, consumers are shopping more often and across more stores. At the same time, inflation continues to provide a small boost to the average shopping ring for most departments.” However, the increase in the average basket is below the rate of inflation and has been for a while. This is caused by consumers balancing their budgets by buying on deal, switching to private brands, finding smaller packages, and above all else, buying less altogether. “The average number of items bought on each trip has been on a downward trajectory for more than two years,” Parker explained. “While the numbers are a little different for each department, the patterns are very similar across most.”

Circana’s July survey of 1,000+ primary grocery shoppers shed further light on consumers’ reactions to the market.

- Special occasions and holidays still can boost spending. July Fourth celebrations provide a good example: 33% of consumers celebrated with friends and family and 25% organized barbecues or cookouts. In all, 58% of consumers did something out of the ordinary during the holiday weekend, with similar expectations for Labor Day. “The week of July Fourth drove growth in dollars and volume in most departments,” said Parker. “In contrast, the three remaining July weeks typically showed volume declines of 2% to 4% — the holiday effect.”
- The strength of traditional holidays means opportunity in inventing your own. One of the best-in-class examples is Amazon’s Prime Day. The July Circana survey found that 82% of consumers are familiar with Amazon Prime Day. Among Prime members (64% of consumers), 58% planned to shop for items such as apparel (25%), electronics (24%), personal/beauty care (22%) as well as items in pet, paper products, food and beverages. “Numbers like these highlight the massive opportunity to celebrate anything from National Chocolate Chip Cookie Day to National Chicken Wing Day,” says Heather Prach, VP of Education for IDDBA. “Optimizing primary and secondary holidays while inventing your own can be a great way to prompt unplanned spending, introducing people to new items and drive a point of differentiation for your store.”
- While looking to save on restaurant-prepared meals, consumers still enjoy the occasional help. In July, 77.3% of meals were home-cooked. This is lower than in the winter months, but typical of summer patterns. When enjoying restaurant food, fewer people ate on premise (49%) in July than those ordering takeout (45%) and/or delivery (16%). This is a key opportunity for retail to be the “plus one” on items such as desserts and sides.
- Although the rate of inflation has moderated, 89% of consumers still perceive grocery prices as being much (60%) or somewhat higher (29%) when compared to last year and 95% remain concerned over their ability to afford groceries. This has 53% of consumers chasing grocery specials, 46% cutting back on non-essentials and 31% switching to private brands, coupons or switching to lower-cost brands versus what they normally buy.

The sales numbers, engagement stats and survey findings all illustrate a complex marketplace in which consumers continue 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 5.2% in July (the four weeks ending 7/30/2023). The high level of consumer concern lies in the cumulative effect of many months of high inflation. When comparing July 2023 to July 2020, prices have increased by 24.4%.

Average price/unit vs. YA	2018	2019	2020	2021	2022	Q4 2022	Q1 2023	Q2 2023	Jul 23
Total food & beverages	+1.5%	+2.0%	+5.1%	+5.4%	+12.5%	+13.5%	+11.4%	+7.2%	+5.2%

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. For the first time in many months, dairy average price per unit fell below year-ago levels. Whereas dairy prices over the 52-week view increased by 16.0%, July prices decreased by -1.5%, largely due to egg prices normalizing rapidly. Deli and bakery inflation also started to cool, with July bakery price increases down to single digits.

Price per unit	Price/unit	Change vs. YA	Change vs. 3YA
Total dairy July 2023	\$3.46	-1.5%	+23.6%
Total dairy 52 weeks ending 7/30/2023	\$3.64	+16.0%	+31.5%
Total deli July 2023	\$5.96	+3.2%	+20.8%
Total deli 52 weeks ending 7/30/2023	\$5.95	+9.1%	+21.6%
Total bakery July 2023	\$3.65	+7.8%	+28.6%
Total bakery 52 weeks ending 7/30/2023	\$3.64	+13.7%	+33.5%

Source: Circana, Integrated Fresh Total US, MULO

Perishables Performance

The meat department had the highest sales in July, but sustained inflation drove the highest year-over-year gains for the bakery department. Produce had the best unit performance and was the only one to experience dollar, unit and pound growth.

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

Perimeter departments	July 2023		
	\$ sales	\$ vs. YA	Units vs. YA
Meat dpt.	\$6.5B	-1.2%	-2.5%
Produce dpt.	\$6.2B	+1.9%	+1.0%
Dairy aisle	\$5.1B	-1.9%	-0.4%
Deli dpt.	\$3.6B	+3.1%	-0.1%
Bakery dpt.	\$3.3B	+6.5%	-1.3%
Seafood dpt.	\$483M	-4.8%	-3.2%

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 July, dairy dollar sales dropped by 1.9% overall. At the category level, growth ranged from 18.6% in the plus for cottage cheese to a decline of 22.5% for eggs. Eggs are lapping the months of 60%+ inflation. Cottage cheese is experiencing strong growth and natural cheese is a powerhouse in its own right as the second-largest seller behind milk and very steady unit and pound performances.

July 2023				Latest 52 weeks ending 7/30/2023			
	\$ sales	\$ vs. YA	Units vs. YA		\$ sales	\$ vs. YA	Units vs. YA
Dairy	\$5.1B	-1.9%	-0.4%	Dairy	\$73.3B	+13.5%	-2.1%
Milk	\$.2B	-5.4%	-1.9%	Milk	\$16.9B	+4.3%	-2.7%
Natural cheese	\$948M	+1.1%	+2.8%	Natural cheese	\$12.9B	+7.4%	+0.4%
Yogurt	\$724M	+6.8%	-1.3%	Eggs	\$10.5B	+36.3%	-2.7%
Eggs	\$553M	-22.5%	-1.6%	Yogurt	\$9.3B	+12.2%	-4.6%
Cream/creamers	\$418M	+4.6%	-1.9%	Butter/margarine	\$6.2B	+23.0%	-0.9%
Butter/margarine	\$408M	+3.1%	+0.9%	Cream/creamers	\$5.9B	+14.6%	-1.5%
Processed cheese	\$193M	+0.1%	-2.0%	Cream cheese	\$2.7B	+19.3%	-0.6%
Cream cheese	\$186M	+4.2%	+0.3%	Processed cheese	\$2.6B	+7.2%	-3.3%
Whipped toppings	\$133M	+11.9%	+2.7%	Whipped toppings	\$1.9B	+22.1%	+1.2%
Sour cream	\$120M	+6.1%	+0.8%	Sour cream	\$1.6B	+15.2%	-0.8%
Cottage cheese	\$112M	+18.6%	+13.1%	Cottage cheese	\$1.3B	+16.6%	+3.2%
Desserts	\$83M	+1.0%	-11.9%	Desserts	\$1.1B	+4.9%	-9.5%
Cheese snack kits	\$22M	-1.7%	-0.1%	Cheese snack kits	\$319M	+6.0%	+1.3%
Dairy alternative cheese	\$7M	-12.3%	-8.5%	Dairy alternative cheese	\$104M	-6.5%	-7.8%

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

Deli Sales

“Amid widespread unit and volume pressure in departments and categories across the entire grocery store, the deli prepared aisle is largely holding its own. With shoppers favoring more just-in-time shopping, immediately consumable foods take on a new importance to the store,” Parker pointed out. Deli-prepared foods generated \$1.9 billion July and improved unit sales above year-ago levels. This is in sharp contrast to deli meat that dropped 3.4% 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.

July 2023				Latest 52 weeks ending 7/30/2023			
	\$ sales	\$ vs. YA	Units vs. YA		\$ sales	\$ vs. YA	Units vs. YA
Department deli	\$3.6B	+3.1%	-0.1%	Department deli	\$45.8B	+6.6%	-2.3%
Deli cheese	\$619M	+2.0%	-1.1%	Deli cheese	\$8.0B	+5.0%	-2.8%
Deli entertaining	\$381M	+2.9%	+0.1%	Deli entertaining	\$5.0B	+5.5%	-2.9%
Deli meat	\$668M	+0.4%	-3.4%	Deli meat	\$8.4B	+4.4%	-6.5%
Deli prepared	\$1.9B	+4.5%	+1.4%	Deli prepared	\$24.5B	+8.1%	-0.5%

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

Deli Meat

Deli meat sales (combined fixed and random weight) totaled \$668 million in the four July weeks, virtually unchanged in dollars compared to July 2022, but down substantially in pounds. 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 July 2023, with grab & go dollar sales up 4.8% versus service deli meat being down 1.8%.

July 2023				Latest 52 weeks ending 7/30/2023			
Deli meat	\$ sales	\$ vs. YA	Lbs vs. YA		\$ sales	\$ vs. YA	Lbs vs. YA
Total deli meat	\$668M	+0.4%	-3.4%	Total deli meat	\$8.4B	+4.4%	-6.5%
Grab & go	\$219M	+4.8%	+1.0%	Grab & go	\$2.7B	+12.9%	-1.0%
Pre-sliced	\$64M	-0.5%	-1.2%	Pre-sliced	\$838M	+2.3%	-2.9%
Service	\$384M	-1.8%	-5.9%	Service	\$4.9B	+0.6%	-9.5%

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

Packaged lunchmeat (included in meat department sales) reached \$517 million in July 2023. After many months of substantial, but inflation-driven dollar gains, July became the second month in which sales dipped below year-ago levels. Packaged lunchmeat saw pounds drop 6.2% versus year ago in July versus a decline of 3.4% for deli meat.

July 2023				Latest 52 weeks ending 7/30/2023			
Pre-packaged lunchmeat	\$ sales	\$ vs. YA	Lbs vs. YA		\$ sales	\$ vs. YA	Lbs vs. YA
Packaged lunchmeat	\$517M	-0.4%	-6.2%	Packaged lunchmeat	\$6.4B	+6.2%	-7.9%

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. Grab-and-go deli cheese continues to drive additional units in the shorter and 52-week views, whereas service cheese experienced unit pressure in July and the past year. Specialty cheese also had a strong July.

July 2023				Latest 52 weeks ending 7/30/2023			
Deli cheese	\$ sales	\$ vs. YA	Lbs vs. YA		\$ sales	\$ vs. YA	Lbs vs. YA
Total deli cheese	\$619M	+2.0%	-0.7%	Deli cheese	\$8.0B	+5.0%	-2.6%
Grab & go	\$91M	+2.9%	+1.9%	Grab & go	\$1.1B	+9.0%	+0.8%
Pre-sliced	\$36M	+0.1%	-2.0%	Pre-sliced	\$465M	+4.5%	-0.8%
Service	\$90M	-3.9%	-6.1%	Service	\$1.2B	-1.0%	-8.6%
Specialty	\$395M	+3.4%	+0.2%	Specialty	\$5.2B	+5.7%	-2.1%

Source: Circana, Total US, MULO, Integrated Fresh

Deli Entertaining

“Sales during the Independence Day week totaled \$103 million versus \$92 million in a typical week,” shared Parker. The week saw strong sales for all things spreads, trays, charcuterie meats and pickles/relish (including olives) sales. Other popular board items, whether charcuterie, butter or hummus boards, all experienced above-average sales during the holiday week as well.” The holiday week was not quite able to offset the declines in the three remaining weeks, but flat year-on-year pound sales in July was a far better performance than the 52-week drop of 1.8%.

July 2023				Latest 52 weeks ending 7/30/2023			
Deli entertaining	\$ sales	\$ vs. YA	Units vs. YA	Deli entertaining	\$ sales	\$ vs. YA	Units vs. YA
Deli entertaining	\$381M	+2.9%	-0.3%	Deli entertaining	\$5.0B	+5.5%	-1.8%
Dips and sauces	\$202M	-0.8%	-2.3%	Dips and sauces	\$2.6B	+3.5%	-3.3%
Trays	\$60M	+7.1%	+0.3%	Trays	\$874M	+12.0%	+0.7%
Pickles/relish	\$44M	+5.3%	+1.0%	Spreads	\$950M	+4.2%	+1.2%
Spreads	\$74M	+8.9%	+8.4%	Pickles/relish	\$533M	+8.0%	-0.8%
Holiday meals	\$0.1M	+30.5%	+27.9%	Holiday meals	\$28M	+3.8%	+9.5%

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

“Price plays an oversized role in today's market,” said Parker. “However, it is just part of the story. The ultimate value is the combination of price with elements such as convenience, health, taste and experience, and that's where grocery deli prepared plays very strongly.” Summer typically sees less at-home meal preparation and July was a very big month for deli prepared with unit gains for the seven biggest sellers. Winners include prepared meats and pizza, illustrating that deli-prepared foods can serve as one of the ingredients of a meal or replace the entire home-cooked or restaurant meal.

July 2023				Latest 52 weeks ending 7/30/2023			
Deli prepared	\$ sales	\$ vs. YA	Units vs. YA	Deli prepared	\$ sales	\$ vs. YA	Units vs. YA
Deli prepared	\$1.9B	+4.5%	+1.4%	Deli prepared	\$24.5B	+8.1%	-0.5%
Entrees	\$466M	+4.8%	+2.0%	Entrees	\$6.1B	+7.4%	+1.5%
Salads	\$375M	+3.5%	+1.2%	Prepared meats	\$4.8B	+10.7%	+0.2%
Prepared meats	\$383M	+5.6%	+6.9%	Salads	\$4.3B	+7.0%	-1.4%
Sandwiches	\$283M	+5.7%	+1.0%	Sandwiches	\$3.5B	+9.9%	-0.3%
Appetizers	\$139M	+3.1%	+0.3%	Appetizers	\$1.8B	+1.5%	-1.9%
Side dishes	\$104M	+4.6%	+4.2%	Side dishes	\$1.5B	+8.4%	+1.6%
Pizza	\$65M	+9.8%	+8.9%	Soups & chili	\$1.0B	+9.6%	+0.5%
Soups & chili	\$51M	+4.4%	-0.2%	Pizza	\$858M	+20.1%	+10.6%
Breakfast	\$24M	-9.5%	-18.1%	Breakfast	\$358M	-5.8%	-15.7%
Combo meals	\$15M	-11.8%	-41.0%	Combo meals	\$211M	+1.0%	-19.5%
Desserts	\$7M	+2.5%	-19.1%	Desserts	\$93M	-2.4%	-17.7%

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

Bakery

Bakery department sales, which covers fixed and random weight items as well as the bakery aisle and the fresh perimeter bakery, totaled \$3.3 billion in July. Ongoing inflation in bakery meant continued dollar gains despite unit sales being down 1.3%. The patterns in the latest 52 weeks were the same.

	July 2023				Latest 52 weeks ending 7/30/2023		
	\$ sales	\$ vs. YA	Units vs. YA		\$ sales	\$ vs. YA	Units vs. YA
Total Bakery	\$3.3B	+6.5%	-1.3%	Total bakery	\$43.1B	+11.4%	-2.0%
Center-store bakery	\$2.0B	+6.1%	-1.8%	Center-store	\$24.9B	+11.1%	-2.7%
Perimeter bakery	\$1.3B	+7.0%	-0.3%	Perimeter	\$18.1B	+11.8%	-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 +6.1% in July 2023 versus year ago. The dollar gains were fully driven by inflation, with units down -1.8%. There were several big winners in July, including brownies, pies and cookies that altogether pulled the desserts/sweet goods category into the plus.

Center aisle	July 2023				Latest 52 weeks ending 7/30/2023		
	\$ sales	\$ vs. YA	Units vs. YA		\$ sales	\$ vs. YA	Units vs. YA
Center-store bakery	\$2.0B	+6.1%	-1.8%	Center-store	\$24.9B	+11.1%	-2.7%
Breads and rolls	\$1.5B	+6.8%	-1.3%	Breads/rolls	\$18.3B	+10.8%	-2.5%
Desserts/sweet goods	\$266M	+6.6%	+0.2%	Desserts/sweet	\$3.7B	+14.7%	-1.6%
Morning bakery	\$213M	+1.4%	-7.7%	Morning bakery	\$2.9B	+8.8%	-5.7%
Breads	\$807M	+5.3%	-2.3%	Breads	\$10.3B	+10.3%	-2.2%
Buns & rolls	\$484M	+10.6%	+1.1%	Buns & rolls	\$5.3B	+12.3%	-2.7%
Bagels/bialys	\$114M	+6.5%	-1.0%	Snack cakes	\$1.5B	+14.0%	-1.6%
Snack cakes	\$104M	+1.2%	+7.4%	Bagels/bialys	\$1.5B	+15.0%	+2.1%
Donuts	\$98M	+0.9%	-8.7%	Donuts	\$1.4B	+9.7%	-5.2%
Cookies	\$71M	+10.2%	+0.9%	Muffins	\$938M	+8.8%	-6.8%
Muffins	\$66M	-2.4%	-9.4%	Cookies	\$910M	+21.3%	+7.6%
English muffins	\$62M	+2.8%	-2.8%	English Muffins	\$860M	+6.2%	-6.1%
Pastry/Danish/ coffee cakes	\$49M	+8.3%	-3.7%	Pastry/Danish/ coffee cakes	\$643M	+6.8%	-5.3%
Brownies/bars	\$36M	+16.2%	+5.4%	Brownies/bars	\$488M	+13.3%	+0.2%
Cakes	\$34M	+3.0%	-4.9%	Cakes	\$467M	+10.6%	-3.7%
Pies	\$21M	+14.2%	+19.1%	Pies	\$269M	+8.6%	-13.3%
Wraps/flatbreads	\$19M	-2.6%	-10.6%	Wraps/flatbreads	\$239M	+1.4%	-11.1%
Croissants	\$6M	-13.4%	-22.4%	Croissants	\$92M	-6.8%	-18.8%

Source: Circana, Total US Integrated Fresh, MULO

Perimeter Bakery (including both fixed and random weight)

July also brought year-over-year unit growth for several of the perimeter bakery categories, including cookies, donuts, pies and croissants. Pies saw a big increase in conjunction with the July Fourth holiday. In the 52-week view, donut sales jumped over muffins and reached \$1.3 billion, up +26.9% in dollars and +8.2% in units.

July 2023				Latest 52 weeks ending 7/30/2023			
Bakery	\$ sales	\$ vs. YA	Units vs. YA	Perimeter	\$ sales	\$ vs. YA	Units vs. YA
Perimeter bakery	\$1.3B	+7.0%	-0.3%	Perimeter	\$18.1B	+11.8%	-0.9%
Breads/rolls	\$297M	+9.0%	-0.7%	Breads/rolls	\$3.9B	+14.8%	-0.3%
Desserts/sweets	\$700M	+6.4%	-0.1%	Desserts/sweet	\$9.9B	+9.5%	-3.0%
Morning bakery	\$311M	+6.1%	-0.0%	Morning bakery	\$4.2B	+14.4%	+0.8%
Cakes	\$409M	+5.3%	-2.8%	Cakes	\$5.5B	+8.5%	-4.6%
Cookies	\$190M	+9.1%	+0.1%	Cookies	\$2.6B	+12.2%	-0.7%
Pastries/Danish	\$120M	+1.1%	-3.6%	Pastries/Danish	\$1.7B	+6.0%	-6.9%
Breads	\$115M	+11.9%	-1.7%	Breads	\$1.6B	+14.2%	-2.4%
Donuts	\$99M	+19.0%	+5.5%	Donuts	\$1.3B	+26.9%	+8.2%
Muffins	\$92M	+0.9%	-5.4%	Muffins	\$1.2B	+15.0%	-2.0%
Buns & rolls	\$83M	+10.0%	+0.2%	Pies	\$1.2B	+6.5%	-3.7%
Pies	\$63M	+6.0%	+16.2%	Buns & rolls	\$1.1B	+17.0%	+0.8%
Croissants	\$48M	+5.9%	+1.9%	Croissants	\$635M	+16.7%	+3.0%
Brownies/bars	\$28M	-0.1%	-8.1%	Brownies/bars	\$385M	+13.3%	-0.7%
Tortillas/wraps	\$26M	+1.1%	-4.9%	Tortillas/wraps	\$342M	+10.0%	-0.0%
Bagels/bialys	\$24M	+8.3%	+0.2%	Bagels/bialys	\$306M	+12.5%	+0.4%
Specialty desserts	\$10M	+24.9%	-10.1%	Specialty desserts	\$140M	+14.8%	-2.6%

Source: Circana, Total US Integrated Fresh, MULO, % growth versus year ago includes fixed and random weight baked goods known to be commonly found in the perimeter bakery area based on Circana's Integrated Fresh research process powered in cooperation with IDDBA.

The next report in the Circana, 210 Analytics and IDDBA performance series will be released mid-September covering the August 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

For Circana questions, please contact Circana's dairy, deli and bakery experts at Freshfoods@Circana.com
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