

COVID-19 IMPACT



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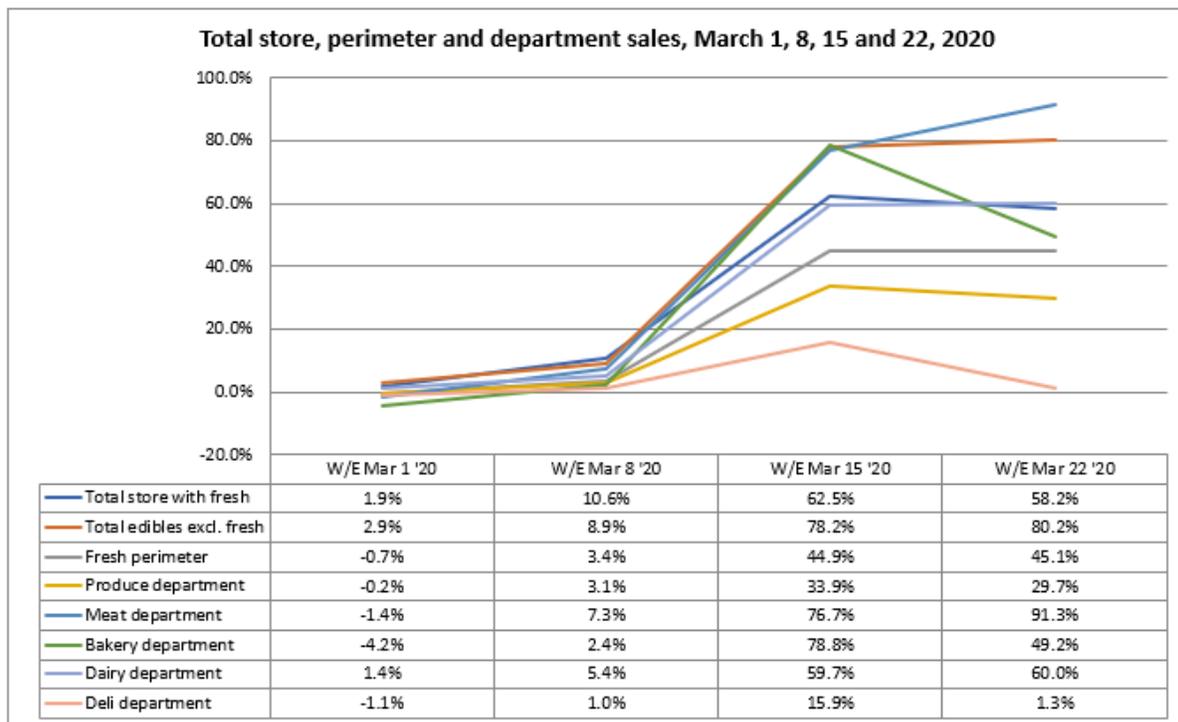
Specialist

DAIRY AND BAKERY SAW HUGE SURGE IN SALES, DELI SWITCHES GEARS

Amid a growing concern over COVID-19, grocery sales are experiencing unprecedented spikes in sales, along with shifting buying patterns. 210 Analytics analyzed the IRI weekly findings, made possible by IDDBA.

For the week ending March 22, 2020, total store sales increased just shy of 60% versus the comparable week in 2019. Whereas non-edibles, such as paper goods, cleaning products and hand sanitizer, led all sales at the onset of coronavirus cases in the US, food sales took over the week of March 15 and have ever since. Center store edibles increased more than 80% the week of March 22 and the fresh perimeter advanced 45.1% versus the comparable week in 2019.

The lead department in perimeter sales and growth was meat, with sales up more than 91%. Dairy has been ramping up steadily and increased sales 60%. “Understanding how consumers are shifting their food purchases in the current landscape is incredibly important to even begin to understand what’s next,” said Jeremy Johnson, VP of Education for IDDBA. “For instance, we’re seeing consumers shift to fewer, larger trips as social distancing sets in. We’re seeing a revival of center-store as consumers seek shelf-stable categories. The big question is what that will mean for dairy, deli and bakery departments down the road.”



Source: IRI, Total US, multi-outlet, March 1, 8, 15 and 22, 2020

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Dairy

Dairy sales increased sharply, +60%, driven by large increases in butter, margarine and packaged cheese. “Many retailers have seen a surge in demand for basics, such as milk, eggs and cheese, with some areas more than doubling their regular sales levels,” said Abrielle Backhaus, Research Coordinator with IDDBA. “People are cooking more meals, eating breakfast at home more often, and we’re also seeing an increase in baking as entertainment for the kids or for a little treat during these challenging times.” Sales in the baking supply aisle are up 109%, according to IRI.

Eggs, in particular, were an area where demand often exceeded the available offering over the past few weeks. Shipt shopper Chris Trevino in the San Antonio, TX market, noted, “Eggs and dairy remain hit or miss. Sometimes you can find eggs, half-and-half or butter, other times I strike out. I wish there was an app algorithm I could access to give me info on hot spots of product, eggs especially.”

Deli — A story of mixed results

Deli is a story of two tales. On the one hand, deli cheese and deli meat have experienced significant increases early March. On the other, deli-prepared sales have dropped off with many retailers having closed made-to-order counters, self-serve buffets, salad bars and hot bars.

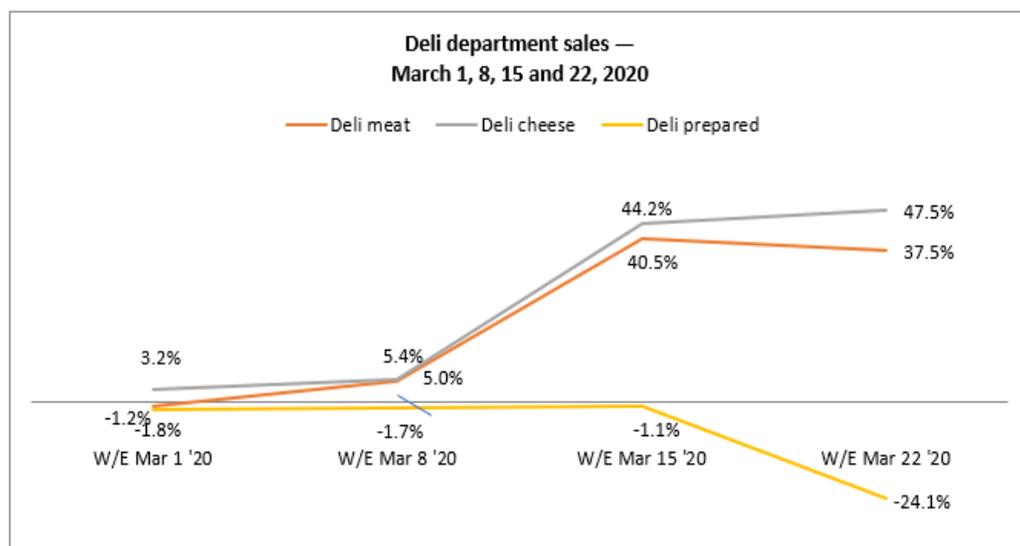
Deli Meat

Random weight deli meat sales increased 37.5% over the week of March 22, which was down slightly from +40.4% the week prior. The two largest sellers, deli turkey and ham, each gained about \$15 million over the comparable week in 2019, which translates into a 37.6% increase for turkey and 47.6% for ham. With shortages in the meat department, it is likely some shoppers also purchased deli meats to backfill as the dinner protein.

Sales increase week
March 22, 2020
versus comparable
week in 2019

Dairy aisle	+60.0%
Natural cheese	+73.8%
Milk	+47.5%
Eggs	+71.5%
Yogurt	+21.5%
Butter	+111.8%
Cream	+43.0%
Processed cheese	+111.2%

Source: IRI, Total US, multi-outlet, March 1, 8, 15 and 22, 2020



Source: IRI, Total US, multi-outlet, March 1, 8, 15 and 22, 2020

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Deli Cheese

Random weight deli cheese sales increased 47.5% over the week ending March 22. The four biggest sellers all saw high increases. Packaged cheese in the refrigerated aisle increased even more, at 80%, following an 72.2% the week prior. “A lot of breakfast, lunch and snack occasions have moved to at-home,” said Angela Bozo, Education Director with IDDBA. “That means infinitely more sandwiches, cheese snacks and meals using cheese being created at home, which is driving these kinds of numbers. To accommodate shoppers looking for speedy trips with minimal interaction, we advise retailers create easy grab-and-go stock of their most popular items.”

Deli-Prepared

The total deli-prepared category decreased about 24% versus the same week last year. This was driven by large decreases in all self-service and full-service areas, including soup (-82.8%), trays (-66.1%), combination meals (-49%) as well as the big sellers of entrees (-22.4%), appetizers (-24.2%), sandwiches (-29.4%) and salads (35.2%). “Many retailers have closed self- and full-service offerings, which is what is driving the decreases in these areas,” said Eric Richard, Industry Relations Coordinator with IDDBA. “Some retailers are instead packaging deli-prepared offerings and making them available as refrigerated meals. Others are teaming up with local restaurants to provide packaged meal variety.” Sales of refrigerated meals exceeded those of deli prepared the week of March 22, with an increase of 30.4%.

Random weight	Sales increase week March 22, 2020 versus comparable week in 2019
Deli meat	+37.5%
Turkey	+37.6%
Ham	+47.6%
Roast beef	+29.3%
Chicken	+25.0%

Source: IRI, Total US, multi-outlet, March 1, 8, 15 and 22, 2020

Random weight	Sales increase week March 22, 2020 versus comparable week in 2019
Deli cheese	+47.5%
Cheddar	+50.9%
American	+73.4%
Mozzarella	+65.2%
Swiss	+43.0%

Source: IRI, Total US, multi-outlet, March 1, 8, 15 and 22, 2020

	Sales week of March 22, 2020	Sales increase week March 22, 2020 versus comparable week in 2019
Aisle-refrigerated meals	\$201MM	30.4%
Deli prepared department	\$183MM	-24.1%
Entrees	\$64MM	-22.4%
Appetizers	\$26MM	-24.2%
Sandwiches	\$23MM	-29.4%
Salads	\$21MM	-35.2%
Sides	\$7MM	-11.4%
Dips/sauces	\$5MM	-6.0%
Pizza	\$4MM	-5.5%
Trays	\$2MM	-66.1%
Combo meals	\$2MM	-49.0%
Desserts	\$1MM	-34.7%
Soups	\$0.8MM	-82.2%

Source: IRI, Total US, multi-outlet, March 1, 8, 15 and 22, 2020

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Bakery

Sales in the bakery aisle increased 60.8% over the week ending March 22, which was down slightly from the week prior. IRI found an increase of 49.2% for combined cookies and crackers.

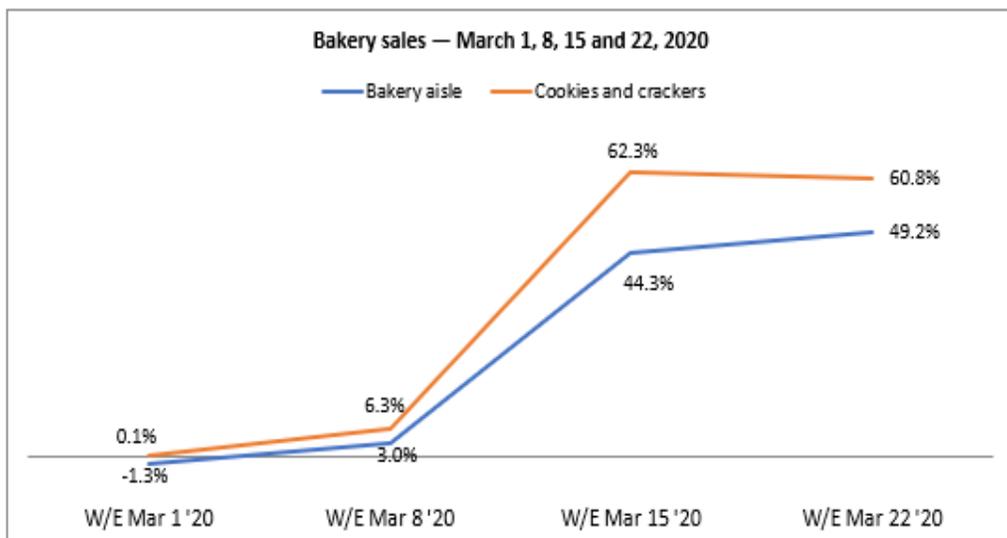
Bakery Aisle

School and office closures are driving more at-home breakfast, coffee break and lunch occasions, which drove significant jumps in sales in the bakery aisle.

On the one hand, IRI data shows big jumps in the more functional bakery aisle items, such as bread, rolls and buns. Looking at the sales surges in peanut butter, jelly, deli meats and hot dogs, it is clear that shoppers are looking for convenient, fulfilling lunch and dinner options," said Jonna Parker, Team Lead, Fresh for IRI. "Considering that hot dog sales were up 126% over this same week and deli meat advanced +38%, the demand for bread, rolls and buns is a given. Likewise, bagels and English muffins saw big increases also." On the other hand, more indulgent bakery items, such as pastries, doughnuts and bakery snacks also saw increased sales over the week of March 22 versus the comparable week in 2019.

Cookies and Crackers

Other baked goods, including cookies and crackers, saw big increases as well, likely driven by the combination of pantry stocking and increased everyday needs. Sales of crackers started to gear up at the onset of the coronavirus-related measures, at +9.1% over the week ending March 8. Sales continued to be highly elevated the week ending 3/22, at +69%. Cookies went from seeing some sales pressure early in March to a 53.5% increase for the week ending March 22 versus the comparable week in 2019.



Source: IRI, Total US, multi-outlet, March 1, 8, 15 and 22, 2020

	Sales increase for the week ending 3/1/2020	Sales increase for the week ending 3/8/2020	Sales increase for the week ending 3/15/2020	Sales increase for the week ending 3/22/2020	Weekly sales for week ending 3/22/2020
Bakery aisle	-1.3%	+3.0%	+44.3%	+49.2%	\$624MM
Fresh bread and rolls	-0.4%	+4.9%	+58.6%	+64.5%	\$391MM
Pastries and doughnuts	-0.8%	+0.9%	+29.1%	+30.9%	\$90MM
Bakery snacks	-2.8%	+2.2%	+23.1%	+29.2%	\$64MM
Pies and cakes	-6.5%	-5.1%	+2.4%	+2.1%	\$31MM
English muffins	-5.6%	+0.4%	+51.4%	+51.7%	\$19MM
Bagels	+1.7%	+4.7%	+49.7%	+17.6%	\$5MM

Source: IRI, Total US, multi-outlet, March 1, 8, 15 and 22, 2020

	Sales increase for the week ending 3/1/2020	Sales increase for the week ending 3/8/2020	Sales increase for the week ending 3/15/2020	Sales increase for the week ending 3/22/2020	Weekly sales for week ending 3/15/2020
Cookies and crackers	+0.1%	+6.3%	+62.3%	+60.8%	\$466.5
Cookies	-1.7%	+3.9%	+50.5%	+53.5%	229.8
Crackers	+2.1%	+9.1%	+75.6%	+69.0%	236.7

Source: IRI, Total US, multi-outlet, March 1, 8, 15 and 22, 2020

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In-Store Bakery

As many retailers have closed or reduced their in-store bakery offering, sales increases were slightly down, in large part driven by the fresh cake business, that was off by nearly 25%. The second larger seller, breads, did increase substantially, as did most functional items.

Conclusions

In part, these spikes in dairy, deli meat, deli cheese and bakery can be attributed to the combination of panic buying and fridge/freezer stocking. IRI found that among those stocking up, the top goal is having a two-week supply. However, the sales surges address the increased everyday need as well. The increase in home-cooked meals is a given with mandated restaurant/restaurant seating area closures around the country. IRI found that for the week of March 22, 56% of consumers ate more meals at home versus at/from a restaurant. But also consider the fact that universities and schools are closed, which means many students moved back home. In Florida, for instance, 350,000 students live on campus. Consider their added three meals per day at home — that is one million more meals consumed at home per day, for Florida students alone. Next, consider the people working from home and all the elementary and high school students being at home. That means many more breakfast, snack and lunch occasions that moved to at-home. IRI found that among households with kids, 69% have kids staying home from school or daycares versus 38% the week prior and 47% are doing fewer activities and sports. And lastly, consumers are looking to boost their nutritional intake and build their immune systems -- from their buying patterns, it certainly appears meat matters during times of crisis.

The subsequent week, March 23 to 28, saw an increase of mandatory shelter-at-home orders, further social distancing guidelines and a rapid increase of confirmed COVID-19 cases. 210 Analytics, IRI and IDDBA will provide sales updates weekly, every Monday. Meanwhile, please thank the grocery industry, from farm to store for all they do to ensure supply during these unprecedented times.

Top six items in sales	Sales increase for the week ending 3/22/2020
In-store bakery total	-0.4%
Cakes	-24.8%
Bread	+53.3%
Breakfast items	+10.6%
Rolls	+37.6%
Cookies	+1.2%
Donuts	-28.0%
Croissants	+35.0%

Source: IRI, Total US, multi-outlet, March 1, 8, 15 and 22, 2020