NOVEMBER BRINGS THANKSGIVING SUCCESSES

Note: This report utilizes the new IRI Integrated Fresh syndicated product hierarchy which places perishables products in the departments where they are commonly found across majority of retailers within the country. This research and fact-based approach to an agnostic, industry view of item placement is made possible in co-operation with the IDDBA and is available to members via future IDDBA publications as well as discounted reporting packages via IRI.

November sales are dominated by Thanksgiving, making it a much tougher month to achieve sales growth any year. But celebrations were very different this year, reflecting less travel, smaller gatherings and earlier shopping. That affected year-over-year trending with big gains for the weeks leading up to Thanksgiving. The holiday week itself still saw increases in most departments, but more modest ones. Many retailers closed Thanksgiving Day and some even closed their doors on Black Friday, which is typically a slow day for grocery retailing. Others actively encouraged consumers to shop earlier or buy online. Some retailers waved delivery fees or increased their pick up slots for groceries and/or holiday meal solutions. During the month of November, sales for all food-and-beverage-related items (total edibles) increased 9.3%, which was up from 8.6% during the month of October. 210 Analytics analyzed the IRI sales findings, made possible by IDDBA, to help understand how dairy, deli and bakery sales are developing throughout the pandemic.

Throughout November, food spending at retail experienced a boost for center store food and beverages as well as produce and meat. Sales gains in center store (+10.8%) outpaced those in fresh (+7.8%), though the meat department had another strong month. To the contrary, the dairy and bakery departments had their slowest month since March and the comeback of the deli department stalled, at -2.3%.

Source: IRI. Total US Integrated Fresh powered in partnership with IDDBA. MULO. 1 week % growth versus year ago
“Shoppers told us they would do their Thanksgiving shopping earlier and they did,” said Jeremy Johnson, VP of Education for IDDBA. “Understanding the Thanksgiving results requires looking at a longer time frame and taking e-commerce into account. The end-of-year holiday sales will be no different. Now it will be all about applying the lessons from the pandemic-affected holidays thus far in the next few weeks and months. Easter falls relatively early in 2021 and will likely see continued pandemic effects.”

Dairy

“Sales growth remained in the high single-digits for the Dairy department in November 2020,” said Abrielle Backhaus, Research Coordinator with IDDBA. “Milk remained the powerhouse with $1.2 billion in November sales. The highest gain this month was recorded by whipped toppings, up 14.6%, followed by natural cheese, at +13.4%. The latter is quite the accomplishment given the size of natural cheese, at $961 million in monthly sales.”

Growth percentages differ whether looking at dollars, units or volume. For the total dairy aisle, dollars trended ahead of units and for most categories, dollars also trended ahead of volume increases.

A new look at refrigerated desserts shows this is a big area of growth in dollars, units and volume. On the other hand, newly added cheese snack kits lost ground in November versus year ago in all three measures. Many items that heavily relied on on-the-go properties are struggling with students in virtual schooling and many people working from home.

Deli — Continued Mixed Results

“Whereas fresh meat and produce saw an improvement in November, deli sales did the opposite,” said Angela Bozo, Education Director with IDDBA. “While deli cheese and meat sales were certainly strong, they experienced the lowest gains since the onset of the pandemic. Likewise, deli-prepared and items focused on entertaining did not get any closer to year-ago levels during the November month, despite the success of holiday meal solutions.”

Deli Meat

Whereas many departments and categories have seen month-over-month declines, deli meat sales are very steady in dollars and volume.

Taking a closer look at deli meat shows that grab & go (random-weight but sliced for self-service) has been the main driver of the deli meat success in the pandemic months, with additional success in pre-sliced options. While not the biggest area, gains in grab & go have consistently been up around 40-50% versus 2019 levels.

In volume, packaged lunchmeat in the meat department is much bigger at 82 million pounds versus 62 million in deli for the November weeks. Additionally, dollar gains exceeded those

(Source: IRI, Total US Integrated Fresh powered in partnership with IDDBA. MULO. % growth versus year ago.)

<table>
<thead>
<tr>
<th>November</th>
<th>$ gains</th>
<th>Unit sales</th>
<th>Volume gains</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/8/19</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dairy</td>
<td>+8.1%</td>
<td>+3.5%</td>
<td>—</td>
</tr>
<tr>
<td>Milk</td>
<td>+3.5%</td>
<td>-0.8%</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Natural cheese</td>
<td>+13.4%</td>
<td>+7.3%</td>
<td>+5.3%</td>
</tr>
<tr>
<td>Yogurt</td>
<td>+3.5%</td>
<td>-3.0%</td>
<td>+3.3%</td>
</tr>
<tr>
<td>Eggs</td>
<td>+9.4%</td>
<td>+0.9%</td>
<td>—</td>
</tr>
<tr>
<td>Butter/margarine</td>
<td>+1.4%</td>
<td>+3.7%</td>
<td>+2.3%</td>
</tr>
<tr>
<td>Cream/creamers</td>
<td>+10.6%</td>
<td>+7.2%</td>
<td>+9.8%</td>
</tr>
<tr>
<td>Processed cheese</td>
<td>+8.2%</td>
<td>+3.5%</td>
<td>+3.5%</td>
</tr>
<tr>
<td>Cream cheese</td>
<td>+9.8%</td>
<td>+6.5%</td>
<td>+8.7%</td>
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<tr>
<td>Whipped toppings</td>
<td>+14.6%</td>
<td>+14.6%</td>
<td>+18.7%</td>
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<tr>
<td>Sour cream</td>
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<td>+3.3%</td>
<td>+4.2%</td>
</tr>
<tr>
<td>Cottage cheese</td>
<td>+4.3%</td>
<td>+2.0%</td>
<td>+4.0%</td>
</tr>
<tr>
<td>Refrigerated desserts</td>
<td>+10.4%</td>
<td>+4.0%</td>
<td>+6.6%</td>
</tr>
<tr>
<td>Cheese snack kits</td>
<td>-8.8%</td>
<td>-19.7%</td>
<td>-10.8%</td>
</tr>
</tbody>
</table>

(Source: IRI, Total US Integrated Fresh powered in partnership with IDDBA. MULO. % growth versus year ago.)
COVID-19 IMPACT

of deli lunch meat sales for the first time in many months.

**Deli Cheese**

Deli cheese dollar sales increased 10.7% year-over-year the month of November — its lowest increase since the onset of the pandemic. Dollar gains easily exceeded volume gains, which points to continued inflation.

Taking a deeper look into grab & go, pre-sliced and service deli cheese shows a similar picture as seen earlier for deli meat. Grab & go and pre-sliced sales have both been very successful in growing sales. With some retailers still having the service deli shut down, sales are trailing 2019.

**Deli-Prepared**

Assortment in deli-prepared items increased over the prior month but as retailers tend to run a wider assortment during November to have Thanksgiving choices, the percentage difference versus year ago increased to -6.2%.

During November, the results for deli-prepared food sales were very mixed. A few areas, such as holiday meal solutions and side dishes increased versus year ago. Others, including soups, combination meals and prepared meats continue to be down significantly versus year ago levels.
“After cooking all year, it seemed that at least some folks were ready to hand off the preparation to others,” said Eric Richard, Industry Relations Coordinator with IDDBA. “Holiday meal solutions were up 20.6% over November and promise to be big again in December. Additionally, side dishes are doing well in the frozen food aisles and in deli, underscoring that many shoppers combine items they cook from scratch with heat-and-eat and ready-to-eat items.”

**Center Store Bakery**

Baked goods items found in the “aisle” or center-store area adjacent but not included in the perimeter bakery area are seeing continued strength in bread and rolls. Sales of dessert type items or sweet snacks is tapering off a little each month and breakfast items are also slowly trending back to normal.

“Impressively, all areas within the center store bakery, with the exception of donuts, recorded gains in the year-over-year December 15, 2020
“Comparison,” said Parker. “Bagels have seen stellar sales results all pandemic long and it looks like the popularity of croissants is only heating up. Areas that are trending down somewhat include pastries, Danishes and coffee cakes, pies, donuts and snack cakes.”

**Perimeter Bakery**

The perimeter bakery is significantly smaller than the bakery aisle and results were mixed. As seen throughout the pandemic, the more functional items of breads and rolls are mostly trending above year ago levels. But desserts, sweet snacks and breakfast items continued to be below 2019 sales trends. These results are affected by the closing down of bulk, self-serve sections as well as the very different nature of celebrations and gatherings amid the pandemic. “Shortened time in store and shoppers desire to focus on their essential, list items are also hampering the browse-ability that anchors especially the sweeter, impulse elements of the fresh perimeter bakery,” said Parker.

Unlike the center store bakery, the perimeter bakery performance by area is much more mixed. Only two areas reported increases, including croissants and tortillas/wraps and flatbreads. This was the first month that fresh perimeter bread fell below last year’s levels.

**What’s Next?**

Everyday demand continues to slowly erode back to 2019 levels. However, with renewed shelter-in-place restrictions and rising COVID-19 cases, retail sales may swing up again in the next few months. The end-of-year holiday demand is likely going to be very different, much like Thanksgiving. According to the latest weekly shopper survey wave by IRI, conducted mid-November, the holidays will involve much less travel and smaller gatherings.

- Only one in four shoppers plan to celebrate with others outside their household, about half the rate of 2019.
- One in three expect to spend less on groceries for the December holidays this year, primarily due to hosting fewer/no guests this year or cutting back to save money.
- For New Year’s, 30% plan to celebrate at home without guests, while only 5% of primary grocery shoppers plan to go to a party/gathering, 4% host others, and 3% go to a bar/restaurant. 10% celebrated last year but won’t do anything either at home or away from home to ring in the New Year (51% typically don’t celebrate).
These predictions point to many potential changes for the deli, dairy and bakery departments. Much like the pandemic-affected holidays to date, the industry may consider messaging and promotions that help shoppers find new ways to make the holidays special at home or on a tighter budget, and retailers should plan for an earlier spike in holiday item purchasing than last year.

**COVID-19 Vaccine**

Despite the positive vaccine efficacy news in early November, interest in getting the COVID-19 vaccine remained stable versus September with about half planning to get it: 24% say they won’t get the COVID vaccine once it is available to them, and 28% are unsure. In comparison, flu vaccine participation is virtually flat over year ago levels as well: 51% had gotten the Flu vaccine by mid-November and another 12% still planned to get it, which would result in only a slight increase over the 58% who were vaccinated last year. The promising COVID vaccine news did not improve Americans’ personal economic outlook, with only 23% expecting their financial situation to be better next year (down from 32% in July) and 26% expecting to be worse off (18% in July).

Meanwhile, please thank the grocery industry, from farm to store, for all they do to ensure supply during these unprecedented times. To learn more about the new database hierarchy, contact Angela Bozo at IDDBA at abozo@iddba.org or Jonna Parker at jonna.parker@iriworldwide.com to learn more.

Date ranges: March 3/8-3/29, April 4/5-4/26, May 5/3-5/31, June 6/7-6/28, July 7/5-7/26, August 8/2-8/30, September 9/6-9/27, October 10/4-10/25