

## Continued Trending Back to Normal Favors Bakery and Deli Sales

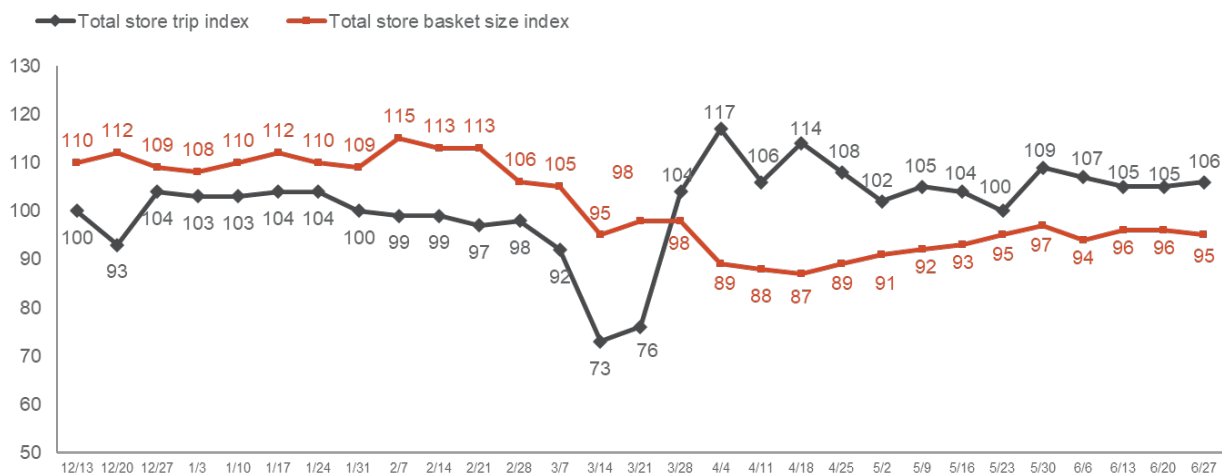
By: Anne-Marie Roerink, President, 210 Analytics LLC

The first six months of the year are on the books and IRI, 210 Analytics and IDDBA partnered to understand how the dairy, deli and bakery departments performed relative to 2020 and 2019.

### Much More Frequent Trips Drive Deli and Bakery Success

June brought continued normalization of grocery shopping patterns. According to Jonna Parker, Team Lead, Fresh at IRI, the share of the consumers who are 'extremely' concerned about the COVID-19 pandemic dropped to 22% of the population. That is the lowest level since IRI started to track consumer concern among primary grocery shoppers as of mid-March 2020. The share spiked as high as 67% of the population by the end of March 2020. "This lesser concern has resulted in more in-store trips, consumers feeling more relaxed while shopping for groceries in-store, spending a little more time and being more open to search for new items and meal ideas," she said. "This means a vastly different marketplace in which stores are welcoming shoppers more often and that typically benefits deli prepared and fresh bakery sales. Shoppers are also saying their number one activity now that restrictions are lifted and vaccinations are widespread is socializing with friends and family — a huge opportunity for entertaining and small gathering categories."

### Total CPG trip and basket size index across all outlets



Source: IRI, household panel, all outlets, total CPG 12/13/2020 through 6/27/2021 versus YA

At the same time, Americans are re-engaging with restaurants. As of June, 81% of Americans have purchased restaurant food, often a combination of in-restaurant dining (46%), outdoor restaurant dining (17%), takeout (50%) or delivery (20%).

"While one would expect that 15 months into the COVID-19 pandemic we would have arrived at a new status quo, the dynamics in food and beverage sales continue to change," said Jeremy Johnson, VP of Education for IDDBA. "The home-centric meal picture of 2020 favored dairy sales, but was tough on deli-prepared and fresh bakery. But the continued normalization of everyday and holiday shopping and consumption patterns, including larger and more frequent get-togethers, has prompted a roaring comeback for both in recent months. Meanwhile, dairy continues to benefit from strong demand when compared to the pre-pandemic 2019 baseline."

### Perishables' Performance Is Mixed Depending on 2020 Results

A look across fresh foods departments for the four June weeks shows mixed year-over-year performance. Departments with strong 2020 sales results have a much tougher roadmap to stay ahead of prior year sales. This is the case for meat, seafood and refrigerated (including dairy). On the other hand, departments that struggled during the early pandemic months, including fresh bakery and deli prepared, are now tracking ahead.

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June 2021 (4 weeks ending 6/6 through 6/27/2021)	\$ sales	Dollar sales gains vs. 2020	Dollar sales gains vs. 2019
Total perishables	\$24.0B	+0.4%	+14.2%
Meat	\$6.3B	-2.9%	+16.9%
Produce	\$5.9B	+0.6%	+14.0%
Refrigerated (including dairy)	\$5.2B	-2.2%	+12.2%
Deli (meat, cheese and deli prepared)	\$3.2B	+11.1%	+12.6%
Bakery	\$2.8B	+4.1%	+11.3%
Seafood	\$575M	-9.3%	+32.2%

Source: IRI Integrated Fresh, Total U.S., MULO, % change vs. YA, fixed and random weight items combined into department views

## Dairy Sales Are Rapidly Approaching Prior Year Levels

During the first six months of 2021, dairy generated \$29.6 billion in sales. Any other year, this would be a significant increase, but compared to the massive sales peaks of 2020, this constitutes a 4.8% decline. However, when compared to the 2019 pre-pandemic normal, sales were up 10.9% during the first half of 2021. Dairy sales were steady during the first quarter of 2021 versus year ago, at -0.2%. But once lapping the big second quarter gains, dollars dropped 9.2% behind all-time high 2020 levels in March through June.

“During each of the June 2021 weeks, dairy sales exceeded the \$1 billion mark,” said Eric Richard, Industry Relations Coordinator with IDDBA.

“Importantly, demand is holding strong against the 2019 pre-pandemic normal, with increases ranging from 8.9% to 13.1% across the four June weeks. When

compared to the 2020 sales spikes, it is unsurprising to see down results as June 2020 still saw very strong dairy sales as a result of many more at-home breakfast, lunch, dinner, snack and baking occasions. However, dairy sales are getting closer and closer to last year’s performance.”

Dairy	Dollar sales	Dollar gains vs. 2020	Dollar gains vs. 2019
w.e. 6/6/2021	\$1.09B	-3.7%	+9.7%
w.e. 6/13/2021	\$1.09B	-3.1%	+8.9%
w.e. 6/20/2021	\$1.10B	-2.7%	+13.1%
w.e. 6/27/2021	\$1.07B	-1.5%	+10.3%

Sales for the four June weeks totaled \$4.3 billion, which was up more than 10% versus the 2019 pre-pandemic normal, but down 2.8% versus June 2020. While yogurt sales had been outpacing 2020 levels for a few months, a few other categories joined in. Most notably milk, the largest seller within dairy, increased 1.1% year-over-year.

Current dollar sales vs the same time period year ago										
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Jun '21	Jun vs '20	Jun vs '19
Dairy	+0.2%	+11.7%	+21.5%	+11.9%	+9.0%	-0.2%	-9.2%	\$4.3B	-2.8%	+10.5%
Milk	+0.7%	+11.3%	+14.1%	+8.7%	+6.9%	-1.4%	-5.6%	\$1.1B	+1.1%	+7.9%
Natural cheese	+2.1%	+17.1%	+31.3%	+17.4%	+14.0%	+1.6%	-12.3%	\$828M	-5.8%	+13.7%
Yogurt	-0.5%	+4.2%	+2.4%	+3.5%	+4.6%	-1.7%	+4.4%	\$600M	+3.4%	+7.1%
Eggs	-10.3%	+7.7%	+38.4%	+16.6%	+9.5%	-1.8%	-18.5%	\$447M	-8.0%	+16.8%
Cream/creamers	+7.7%	+11.3%	+21.2%	+14.8%	+12.7%	+6.5%	-3.1%	\$340M	+0.6%	+16.2%
Butter/margarine	+1.4%	+19.3%	+35.1%	+12.5%	+5.0%	-7.3%	-24.7%	\$313M	-12.7%	+2.4%
Processed cheese	-3.0%	+20.7%	+24.9%	+12.3%	+9.5%	-6.3%	-14.1%	\$178M	-3.6%	+8.6%
Cream cheese	+3.8%	+15.7%	+28.4%	+19.9%	+12.1%	+9.3%	-8.0%	\$147M	-0.3%	+19.1%
Whipped toppings	+9.4%	+10.1%	+34.2%	+24.1%	+18.5%	+17.2%	-9.3%	\$103M	-4.7%	+21.4%
Sour cream	+0.2%	+10.6%	+28.2%	+12.6%	+5.8%	+0.7%	-16.5%	\$94M	-8.3%	+6.7%
Cottage cheese	-3.1%	+2.0%	+8.7%	+4.5%	+5.0%	-4.1%	-9.4%	\$82M	-8.5%	-2.0%

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

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In the year-over-year look, dollars, units and volume sales trended below 2020 levels for virtually all dairy categories, as could be expected. Milk and yogurt managed dollar increase, but also declined in units. The only area within refrigerated that increased across all three measures are refrigerated desserts. With \$75 million in June 2021 sales, dollars increased 8.4% with units increasing 2.4% and volume 1.2%.

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

June 2021 vs. 2020	\$ gains	Unit sales	Volume gains
Dairy	-2.8%	-5.0%	---
Milk	+1.1%	-3.8%	-1.9%
Natural cheese	-5.8%	-7.2%	-6.9%
Yogurt	+3.4%	-0.8%	+0.9%
Eggs	-8.0%	-9.3%	---
Cream/creamers	+0.6%	-1.1%	0.0%
Butter/margarine	-12.7%	-12.6%	-13.0%
Processed cheese	-3.6%	-6.3%	-3.6%
Cream cheese	-0.3%	-3.8%	-1.9%
Whipped toppings	-4.7%	-3.0%	-2.6%
Sour cream	-8.3%	-7.5%	-8.6%
Cottage cheese	-8.5%	-6.2%	-8.8%
Cheese snack kits	-0.2%	-3.4%	+2.7%
Desserts	+8.4%	+2.4%	+1.2%

## First Half of the Year Deli Results Move into the Plus

“The first six months of 2021 make it official: deli sales are back on track and then some,” said Parker. “Reaching nearly \$20 billion in sales, every area within deli increased sales compared with 2020 and 2019 during the first half of this year.”

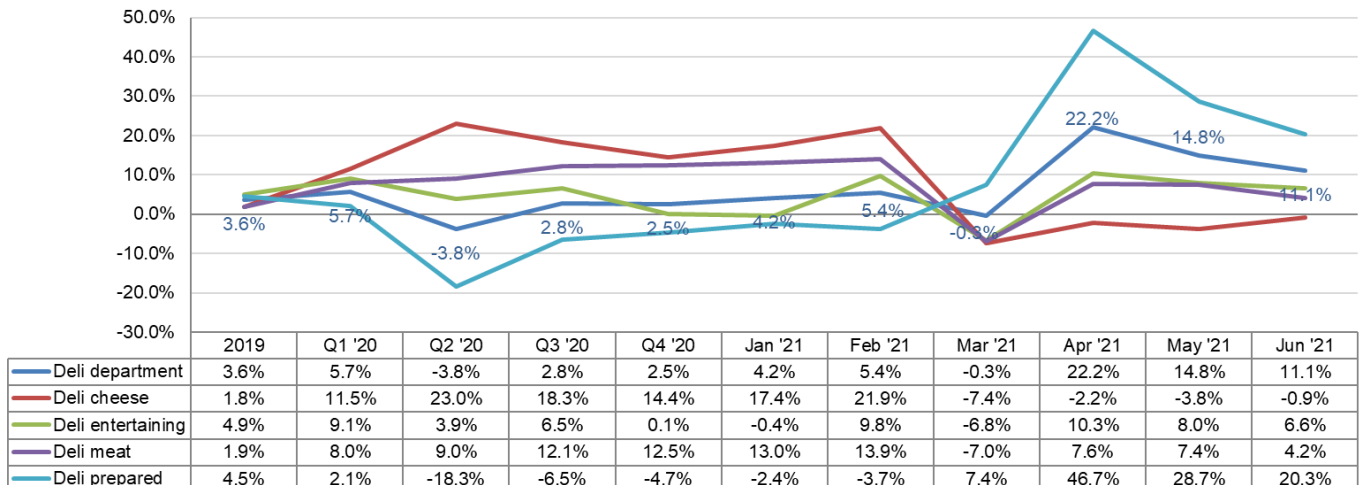
Jan-Jun 2021 sales	Dollar sales	Dollar gains vs. 2020	Dollar gains vs. 2019
Department deli	\$19.9B	+9.7%	+10.8%
Deli cheese	\$3.9B	+3.5%	+21.4%
Deli entertaining	\$2.2B	+5.1%	+12.1%
Deli meat	\$3.7B	+6.6%	+15.7%
Deli prepared	\$10.1B	+14.7%	+5.4%

The largest year-on-year growth is achieved by deli-prepared with a 14.7% increase. Importantly, the \$10.1 billion in first half sales also exceeds 2019 levels by 5.4%.

The sales momentum continues into June of 2021. “Deli sales are now consistently sitting between 10% and 12% above year ago levels,” said Angela Bozo, Education Director with IDDBA. “While the deli prepared and deli entertaining components of total deli sales pulled down the results last year, they are now boosting the department to whole new levels. It is clear that people are back to organizing gatherings and America’s meal fatigue is resulting in a total comeback and additional growth for deli-prepared.” Only deli cheese saw slight year-over-year declines.

Deli	Dollar sales	Dollar gains vs. 2020	Dollar gains vs. 2019
w.e. 6/6/2021	\$797M	+12.0%	+11.8%
w.e. 6/13/2021	\$803M	+11.0%	+11.2%
w.e. 6/20/2021	\$813M	+10.2%	+16.7%
w.e. 6/27/2021	\$796M	+11.3%	+10.9%

\$ sales growth vs. year ago deli department



Source: IRI, Total US Integrated Fresh, MULO, 1 month % growth versus year ago

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## Deli Meat

Deli meat sales (combined fixed and random weight) totaled \$599 million in the four June 2021 weeks, which translated into increases compared to both 2019 and 2020. Deli meat also generated volume gains.

Total Deli Meat (FW/RW)		Current sales vs. 2019 and 2020								
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Jun '21	Jun vs '20	Jun vs '19
Dollars	+1.9%	+8.0%	+9.0%	+12.1%	+12.5%	+6.4%	+6.6%	\$599M	+4.2%	+15.4%
Volume	-0.1%	+4.8%	+3.9%	+6.0%	+7.3%	+2.4%	+3.0%	67M	+0.3%	+6.3%

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, plus continued to track ahead of year-ago levels in June 2021. All three areas were up against year ago, demonstrating service cut-to-order is making a comeback also. Service deli sales were, by far, the largest, at \$373 million.

Total Deli Meat (FW/RW)		Current sales vs. 2019 and 2020								
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Jun '21	Jun vs '20	Jun vs '19
Grab & go	+24.5%	+35.2%	+72.4%	+56.9%	+55.9%	+38.9%	+8.0%	\$166M	+12.6%	+82.5%
Pre-sliced	+5.1%	+12.6%	+27.0%	+23.7%	+18.6%	+13.2%	+4.5%	\$60M	+1.2%	+32.1%
Service	-2.6%	+1.7%	-7.7%	-0.3%	+0.6%	-3.6%	+6.3%	\$373M	+1.4%	-2.6%

Packaged lunchmeat sales generated another \$440 million in June 2021 — representing increases versus both 2020 and 2019. Sales increased in dollars and volume.

Meat dept packaged lunchmeat (excludes Deli)		Current sales vs. 2019 and 2020								
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Jun '21	Jun vs '20	Jun vs '19
Dollars	-0.6%	+13.3%	+11.4%	+5.4%	+9.8%	-5.1%	-4.4%	\$440M	+1.2%	+7.5%
Volume	-2.0%	+11.0%	+4.9%	-1.1%	+3.7%	-9.1%	-4.9%	91M	+1.8%	+0.4%

Source: IRI, Total US Integrated Fresh, MULO, % growth versus year ago, Deli includes known deli products based on IRI's Integrated Fresh research process powered in cooperation with IDDBA

## Deli Cheese

The sales patterns for deli cheese were slightly different from meat. Second quarter results were off 2.3% in dollars and 5.8% in volume. The declines continued into June, albeit much closer to the 2020 performance. In fact, when compared to pre-pandemic, deli cheese sales were still up 19.0% in dollars and 11.5% in pounds.

Total Deli Cheese (FW/RW)		Current sales vs. 2019 and 2020								
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Jun '21	Jun vs '20	Jun vs '19
Dollars	+1.8%	+11.5%	+23.0%	+18.3%	+14.4%	+9.9%	-2.3%	\$595M	-0.9%	+19.0%
Volume	+0.5%	+8.8%	+19.0%	+13.4%	+9.9%	+5.4%	-5.8%	78M	-3.7%	+11.5%

The strength of specialty cheese can be seen in the comparison to the 2019 pre-pandemic normal, at +24.7%. "Charcuterie continues to be very popular," said Bozo. "Deli sausage, salamis and pepperonis are all up double digits against year ago levels and snack nut sales are strong also. Retailers have a great opportunity to do the work for consumers, whether for a fancy evening in, or for entertaining guests at home."

Total Deli Cheese (FW/RW)		Current sales vs 2019 and 2020								
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Jun '21	Jun vs '20	Jun vs '19
Grab & go	+8.0%	+19.5%	+45.6%	+31.5%	+24.6%	+15.1%	-6.3%	\$85M	-2.4%	+33.8%
Pre-sliced	-2.1%	+12.8%	+25.7%	+18.9%	+14.8%	+5.4%	+4.5%	\$60M	+1.2%	+32.1%
Service	-1.6%	+7.0%	-3.3%	-0.9%	-0.3%	-6.2%	+1.2%	\$93M	-1.6%	-2.9%
Specialty	+2.2%	+11.2%	+26.3%	+21.6%	+16.5%	+14.3%	-2.0%	\$367M	-0.4%	+22.5%

Source: IRI, Total US, MULO, Integrated Fresh % growth versus year ago, Deli Cheese includes known deli products based on IRI's Integrated Fresh research process powered in cooperation with IDDBA

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## Deli-Prepared Foods

Much like restaurant traffic and sales are recovering rapidly, so are deli prepared and deli entertaining. “Having people back in store is greatly helping deli-prepared sales, not to mention having self-serve bars back online in areas across the country,” said IDDBA’s Richard. “Now more than ever it is important for the grocery deli to be on people’s radar come lunch and dinnertime. Restaurants have perfected takeout and delivery, which is an area of continued opportunity for grocery deli prepared.”

On the deli prepared side, virtually all areas tracked ahead of 2020 levels. The only areas that have not yet recovered to or beyond 2019 levels are appetizers, combination meals, pizza and prepared meats. All others are now tracking ahead of pre-pandemic levels.

Deli Prepared	Current sales vs 2019 and 2020									
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Jun '21	Jun vs '20	Jun vs '19
<b>Deli entertaining</b>	<b>+4.9%</b>	<b>+9.1%</b>	<b>-3.9%</b>	<b>+6.5%</b>	<b>+0.1%</b>	<b>+1.3%</b>	<b>+8.6%</b>	<b>\$354M</b>	<b>+6.6%</b>	<b>+15.8%</b>
Holiday meals	+3.1%	-25.8%	+13.0%	+7.7%	+22.4%	+129.8%	+124%	\$23K	+625%	+194%
Spreads	-0.2%	+7.3%	+2.5%	+3.7%	-1.8%	-7.6%	-1.7%	\$74M	-1.3%	+1.6%
Trays	+4.9%	+2.4%	-38.6%	-14.8%	-26.0%	-0.5%	+60.0%	\$58M	+60.0%	+32.0%
<b>Deli prepared</b>	<b>+4.5%</b>	<b>+2.1%</b>	<b>-18.3%</b>	<b>-6.5%</b>	<b>-4.7%</b>	<b>-3.7%</b>	<b>+31.0%</b>	<b>\$1.7B</b>	<b>+20.3%</b>	<b>+8.9%</b>
Appetizers	+5.5%	-2.6%	-24.3%	-14.8%	-16.9%	-9.7%	+20.4%	\$131M	+7.2%	-7.2%
Breakfast	+32.9%	+16.3%	+7.4%	+7.0%	+16.2%	+11.7%	+23.3%	\$29M	+18.0%	+23.3%
Combo meals	-0.4%	-9.7%	-68.8%	-59.7%	-37.1%	-34.7%	+100.1%	\$14M	+85.3%	-32.8%
Desserts	-2.9%	-5.5%	-44.5%	-24.1%	-8.5%	-2.7%	+78.2%	\$8M	+52.1%	+1.9%
Entrees	+5.4%	+1.2%	-19.4%	-4.2%	-1.4%	+12.7%	+48.5%	\$404M	+34.5%	+26.7%
Pizza	+3.8%	+3.6%	-20.3%	-13.4%	-10.7%	-10.4%	+19.9%	\$51M	+17.1%	-3.1%
Prepared meats	+4.1%	+5.8%	-13.0%	-6.6%	-6.5%	-5.7%	+15.9%	\$306M	+7.5%	-2.5%
Salads	+2.2%	+3.8%	-16.1%	-5.6%	-3.2%	+1.2%	+27.3%	\$347M	+18.5%	+9.1%
Sandwiches	+5.0%	-1.3%	-26.3%	-6.7%	-3.2%	-5.0%	+51.7%	\$236M	+32.3%	+12.4%
Side dishes	-0.9%	+10.0%	+7.5%	+13.4%	+12.1%	+6.1%	+9.2%	\$92M	+4.6%	+18.2%
Soups & chili	+10.7%	-2.6%	-26.0%	-13.5%	-14.0%	-6.2%	+35.6%	\$42M	+29.2%	+6.5%

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

## Bakery’s Recovery Has Come Full Circle

Throughout the pandemic, the bakery department was a story of two tales: Strength for aisle or center store bakery whereas perimeter or fresh bakery was negatively impacted by the lack of celebrations and holiday sales. In the first half of 2021, bakery sales have fully recovered, with total bakery sales up to \$17.6 billion, an increase of 2.6% over 2020. The increase is driven by fresh bakery that reached \$2.2 billion — an increase of 12.5% over the first half of 2020.

Jan-Jun 2021 sales	Dollar sales	Dollar gains vs. 2020
Bakery department	\$17.6B	+2.6%
Aisle bakery	\$3.9B	-2.4%
Fresh bakery	\$2.2B	+12.5%

Bakery sales were strong throughout the month of June. Sales were the lowest in the fourth week of June, at \$685 million and the highest the third week of June that would have captured most Father’s Day sales.

Bakery	Dollar sales	Dollar gains vs. 2020	Dollar gains vs. 2190
w.e. 6/6/2021	\$708M	+6.2%	+11.8%
w.e. 6/13/2021	\$689M	+2.7%	+6.6%
w.e. 6/20/2021	\$714M	+3.0%	+15.8%
w.e. 6/27/2021	\$685M	+4.6%	+11.1%

Split out by perimeter and aisle bakery underscores the revival of fresh bakery in recent months. The \$130 million increase in perimeter bakery easily offset the \$19 million loss in aisle bakery for a combined gain of \$110 million in June 2021 versus year ago.

June 2021	Sales	Dollar % gains	Absolute dollar gains
Department bakery	\$2.8B	+4.1%	+\$110M
Perimeter bakery	\$931M	+12.6%	+\$130M
Aisle bakery	\$1.6B	-1.2%	-\$19M

Source: IRI, Total US, Integrated Fresh, MULU, % growth versus year ago

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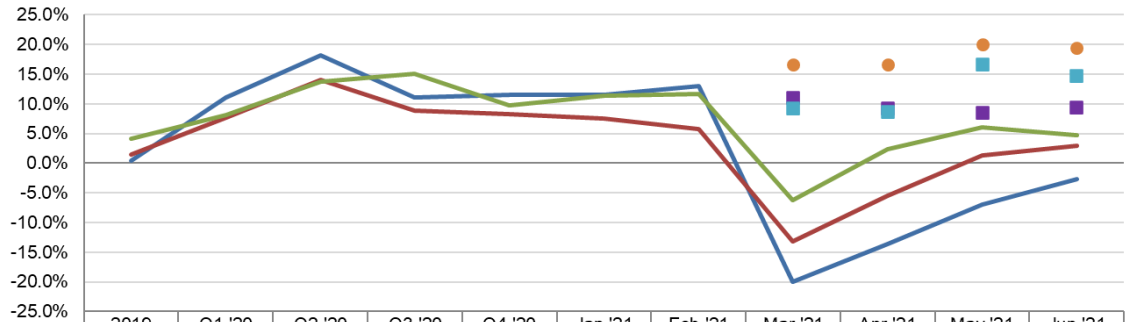
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## Center Store Bakery

Baked goods items found in the “aisle” or center-store area adjacent, but not included in the perimeter bakery area, have recovered from their significant declines in March and April. Only breads and rolls came in slightly behind 2020 levels in June 2021, but all areas were still well above the 2019 pre-pandemic baseline.

Center store bakery \$ sales growth vs. year ago



	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Jan '21	Feb '21	Mar '21	Apr '21	May '21	Jun '21
Breads & rolls	0.4%	11.1%	18.2%	11.1%	11.6%	11.5%	13.0%	-19.9%	-13.6%	-7.0%	-2.7%
Desserts/sweet snacks	1.5%	7.7%	14.0%	8.9%	8.3%	7.5%	5.8%	-13.1%	-5.5%	1.3%	3.0%
Morning bakery	4.2%	8.1%	13.7%	15.1%	9.7%	11.4%	11.7%	-6.2%	2.3%	6.1%	4.7%
Breads & rolls vs. 2019								11.0%	9.2%	8.5%	9.4%
Desserts/sweet snacks vs. 2019								9.2%	8.7%	16.6%	14.7%
Morning bakery vs. 2019								16.7%	16.7%	20.1%	19.5%

Source: IRI, Total US, MULO, Integrated Fresh, 1 month % growth versus year ago includes known baked goods commonly found in the bakery aisle based on IRI's Integrated Fresh research process powered in cooperation with IDDBA

A similar pattern is seen at the category level, with a few exceptions. All areas saw June 2021 sales track ahead of the 2019 pre-pandemic levels. But increasingly many also managed increases in the year-on-year view. Most of these are items on the indulgent side of center store baked goods. Items with year-on-year increases are snack cakes, bagels/bialys, donuts, muffins, cookies, pastries, brownies and croissants.

Center store baked goods	Current sales vs 2019 and 2020								Jun vs '20	Jun vs '19
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Jun '21		
Breads	-0.3%	+9.9%	+15.0%	+7.3%	+7.8%	-3.8%	-9.2%	\$648M	-4.1%	+3.5%
Buns & rolls	+1.8%	+15.8%	+20.6%	+14.8%	+15.3%	+3.9%	-5.9%	\$400M	-0.7%	+16.0%
Snack cakes	+2.6%	+3.8%	+12.8%	+8.2%	+9.8%	+1.5%	-1.7%	\$91M	+2.3%	+13.2%
Bagels/bialys	4.3%	+10.8%	+32.1%	+23.3%	+26.1%	+14.0%	-4.6%	\$90M	+0.1%	+25.7%
Donuts	+0.2%	+6.4%	+19.1%	+21.3%	+8.3%	+4.7%	-2.8%	\$87M	+0.7%	+16.1%
Muffins	+12.5%	+13.7%	+9.2%	+15.2%	+15.1%	+10.4%	+21.8%	\$56M	+14.8%	+33.2%
English muffins	-2.1%	+5.9%	+26.1%	+14.2%	+13.8%	+5.0%	-13.2%	\$56M	-7.6%	+8.5%
Cookies	+3.2%	+9.5%	+13.1%	+6.7%	+6.2%	-6.3%	-1.3%	\$53M	+3.1%	+10.8%
Pastry/Danish/coffee cakes	+3.2%	+4.8%	+8.6%	+3.6%	+6.4%	+2.0%	+3.4%	\$42M	+1.4%	+10.8%
Brownies/squares/bars	-0.8%	+10.7%	+12.1%	+10.3%	+6.0%	+2.7%	+7.2%	\$31M	+5.8%	+19.2%
Cakes	+0.3%	+8.5%	+17.5%	+8.9%	+9.6%	+3.5%	-0.7%	\$28M	+5.5%	+20.0%
Pies	-2.5%	+17.5%	+19.9%	+15.1%	+7.9%	-1.2%	-0.7%	\$21M	-1.5%	+1.8%
Tortillas/wraps/flatbreads	-1.2%	+11.2%	+9.3%	+18.0%	+15.5%	+3.6%	+5.7%	\$19M	-2.2%	+15.0%
Croissants	-20.1%	+1.0%	+0.3%	+24.0%	+28.1%	+15.9%	+33.7%	\$6M	+25.4%	+38.0%

Source: IRI, Total US Integrated Fresh, MULO, % growth versus year ago includes known baked goods commonly found in the bakery aisle based on IRI's Integrated Fresh research process powered in cooperation with IDDBA

# COVID-19 IMPACT

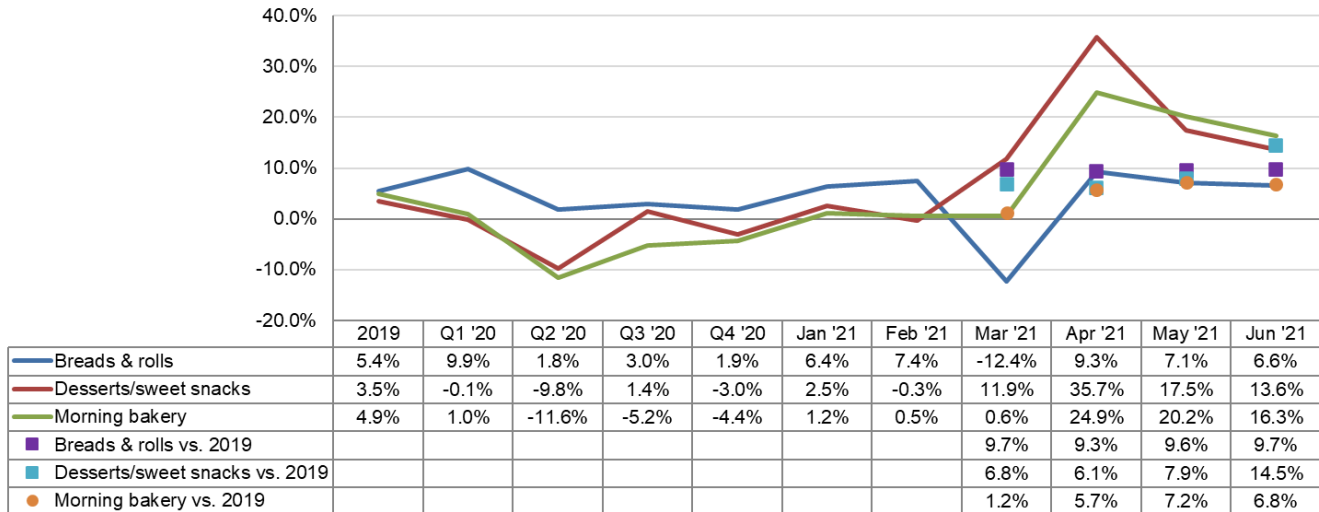
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## Perimeter Bakery

Perimeter or fresh bakery has reached all around recovery. June 2021 sales were up year-over-year as well as represented an increase when compared to 2019. Morning bakery was up the most, at +16.3% in June 2021. Many stores that still had self-serve areas for items such as bagels and donuts closed have re-opened those areas in recent months.

Perimeter bakery \$ sales growth vs. year ago



Source: IRI, Total US, MULO, Integrated Fresh, 1 month % growth versus year ago includes known baked goods commonly found in the bakery aisle based on IRI's Integrated Fresh research process powered in cooperation with IDDBA

Performance data for the categories within perimeter bakery further underscore the recovery. Only three areas have not yet recovered to their 2019 pre-pandemic levels, which are donuts, bagels and specialty desserts. Now that self-serve areas are widely re-opened, it is likely those areas will soon meet, if not exceed, 2019 levels as well.

Perimeter bakery	Current sales vs 2019 and 2020									
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Jun '21	Jun vs '20	Jun vs '19
Cakes	+2.4%	-1.6%	-9.6%	+2.8%	-3.2%	+6.9%	+	\$412M	+13.3%	+17.4%
Cookies	+6.1%	+6.1%	-10.1%	-1.2%	-4.9%	+2.0%	+	\$154M	+16.3%	+13.2%
Pastry/Danish/coffee cakes	+7.7%	+4.0%	-1.0%	+5.3%	+1.1%	+9.0%	+	\$109M	+12.1%	+16.3%
Breads	+3.4%	+10.5%	+7.2%	+7.1%	+4.2%	+1.0%	+	\$95M	+0.8%	+7.7%
Muffins	+4.5%	+2.5%	-5.2%	-2.6%	+1.5%	+3.2%	+	\$72M	+15.0%	+11.8%
Donuts	+1.6%	-4.0%	-30.8%	-20.9%	-17.0%	-11.0%	+	\$69M	+25.5%	-9.3%
Buns & rolls	+1.5%	+5.6%	-6.0%	-4.4%	-5.3%	-5.8%	+	\$66M	+8.8%	+4.4%
Pies	+2.2%	-5.1%	-6.1%	+4.3%	+1.4%	+7.1%	+	\$66M	+6.0%	+5.1%
Croissants	+25.6%	+21.7%	+9.3%	+12.3%	+13.5%	+14.7%	+	\$38M	+17.6%	+36.3%
Brownies/squares/bars	+6.2%	+6.3%	-4.6%	+6.8%	-1.1%	+15.0%	+	\$27M	+22.8%	+22.3%
Tortillas/wraps/flatbreads	+3.7%	+7.9%	+8.5%	+11.5%	+12.6%	+7.1%	+	\$21M	+2.0%	+12.2%
Bagels/bialys	+6.0%	+6.9%	-16.0%	-14.3%	-12.3%	-11.8%	+	\$18M	+15.9%	-5.3%
Specialty desserts	+7.6%	-13.1%	-42.8%	-37.1%	-27.8%	-18.0%	+	\$8M	+19.4%	-26.1%

Source: IRI, 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 IRI's Integrated Fresh research process powered in cooperation with IDDBA

# COVID-19 IMPACT

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## What's Next?

According to IRI's Parker, Americans are still cooking more at home, at 80% of all meals on average, which explains the continued high demand for foods and beverages when compared to the pre-pandemic normal of 2019. Likewise, people are spending more time in store than they did in most of 2020, but the average is still down by four minutes versus pre-pandemic.

Food prices in both the retail and restaurant settings are seeing significant inflation. In June, food prices overall were up 2.2% year over year, according to the Bureau of Labor Statistics (BLS). This is on top of the 3.4% increase in 2020. June saw much bigger price increases in the restaurant world (+4.0%) than at retail (+0.7%). BLS is forecasting continued inflation of between 1.5% and 2.5% in 2021.

Consumers are well aware of the inflationary conditions. According to the June IRI survey of primary shoppers, 81% feel much (32%) or somewhat (49%) higher than before COVID-19. This has resulted in a total of 84% being somewhat (56%) or very (28%) concerned about food cost inflation. Stores' promotional decisions, merchandising and price perceptions are likely to grow more important as a result.

Consumers are expecting back-to-school spending to be big this year, with 43% expecting they will spend more this year than they did last year in addition to 47% believing they will spend about the same. Of parents shopping for back-to-school items, 43% believe they will do most or all in-store and 42% expect they will spend equally in-store and online. That provides grocery retailers with an important opportunity to draw people to the store as they prepare for the upcoming school year.

The number of in-store grocery trips as a share of total trips continued to hold steady in June, at 85%. The 15% of trips that happened online include 9% for in-store or curbside pickup and 6% for home delivery. All three departments, deli, bakery and dairy, have continued opportunity to close the gap between center-store and perimeter items in months to come.

The next report in the IRI, 210 Analytics and IDDBA performance series will be released mid-August to cover the July sales trends. Please recognize and thank the entire food supply chain for all they do to keep supply flowing.

## Date ranges:

2019: 52 weeks ending 12/28/2019

Q1 2020: 13 weeks ending 3/29/2020

Q2 2020: 13 weeks ending 6/28/2020

Q3 2020: 13 weeks ending 9/27/2020

Q4 2020: 13 weeks ending 12/27/2020

Q1 2021: 13 weeks ending 3/28/2021

Q2 2021: 13 weeks ending 6/27/2021

June: 4 weeks ending 6/27/2021