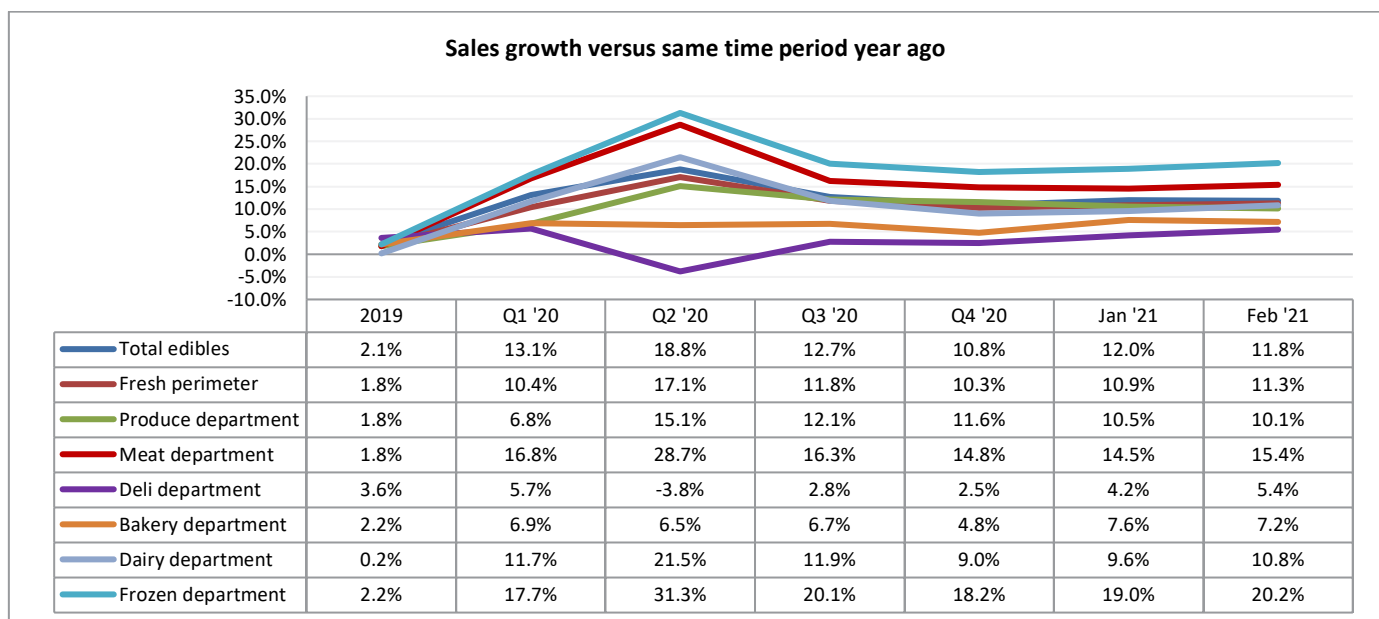


DAIRY, DELI AND BAKERY SALES ACCELERATE FURTHER IN FEBRUARY

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

“In December, we saw consumers moving around much more than any other month during the pandemic,” said Jonna Parker, Team Lead Fresh for IRI. “But come February, trips and basket size trends moved back to the patterns that we saw throughout most of 2020. Trips fell below 2020 levels in February, whereas the spend per trip remained highly elevated. This is good news for dairy, deli cheese, deli meat and packaged bakery sales that have benefited from the home-centric spending patterns. However, perimeter bakery and prepared food sales thrive on frequent trips and have experienced sales pressure for many months now.” 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.

Sales of all food and beverage related items remained elevated from January’s strong increase of +12.0%. February sales increased 11.8% over the weeks ending February 3rd through February 28th versus the same weeks in 2020. Both months are up significantly from a subdued December (+8.1%). Most departments have settled into a fairly steady increase over the past six months, however, the level of increase versus year ago is very different by department. Frozen foods continue to track significantly ahead of 2020 sales, as is meat. Most other departments, including dairy are about 10-15% ahead of last year.



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

“February is the last month where year-over-year tracking provides us with a sense of where the new everyday and holiday demand sits against ordinary levels,” said Jeremy Johnson, VP of Education for IDDBA. “Starting the week ending March 8, we will start to go up against the spikes of 2020 and many areas will start to track in the negative. However, it is highly likely that many will continue to track well ahead of the 2019 baseline for months to come.”

Dairy

“Dairy had a strong February with a dollar gain of +10.8%,” said Jessica Ives, Education Coordinator with IDDBA. “After a few weeks in single digits, egg growth jumped back to double-digits and cheese continued to be a powerhouse.”

Milk alone added \$69 million in sales in February versus year ago and natural cheese was the biggest growth engine for the department with a gain of \$133 million to reach \$931 million. In all, only three areas within dairy grew single digits versus February 2020, which were milk, yogurt and cottage cheese.

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Current dollar sales vs the same time period year ago								
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Jan '21	Feb '21	
Dairy	+0.2%	+11.7%	+21.5%	+11.9%	+9.0%	+9.6%	+10.8%	\$4.8B
Milk	+0.7%	+11.3%	+14.1%	+8.7%	+6.9%	+7.4%	+6.2%	\$1.2B
Natural cheese	+2.1%	+17.1%	+31.3%	+17.4%	+14.0%	+13.9%	+16.8%	\$931M
Yogurt	-0.5%	+4.2%	+2.4%	+3.5%	+4.6%	+3.3%	+1.3%	\$603M
Eggs	-10.3%	+7.7%	+38.4%	+16.6%	+9.5%	+8.6%	+14.7%	\$523M
Cream/creamers	+7.7%	+11.3%	+21.2%	+14.8%	+12.7%	+15.0%	+13.2%	\$380M
Butter/margarine	+1.4%	+19.3%	+35.1%	+12.5%	+5.0%	+11.5%	+10.9%	\$369M
Processed cheese	-3.0%	+20.7%	+24.9%	+12.3%	+9.5%	+6.0%	+15.7%	\$196M
Cream cheese	+3.8%	+15.7%	+28.4%	+19.9%	+12.1%	+17.1%	+26.7%	\$168M
Sour cream	+0.2%	+10.6%	+28.2%	+12.6%	+5.8%	+7.3%	+16.7%	\$107M
Whipped toppings	+9.4%	+10.1%	+34.2%	+24.1%	+18.5%	+26.5%	+25.0%	\$110M
Cottage cheese	-3.1%	+2.0%	+8.7%	+4.5%	+5.0%	+2.6%	+1.6%	\$82M

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

As seen fairly early on in the pandemic, volume gains outpace unit gains for many categories, pointing to people buying bigger pack sizes. At the same time, the gap between dollars and volume points to some inflation for areas such as yogurt. Additionally, a greater percentage of sales is derived from non-promoted sales across categories, including dairy, which also helps increase dollar sales over year ago levels.

A look at refrigerated desserts shows this is an area of growth in dollars, units and volume. On the other hand, cheese snack kits lost ground in January versus year ago in all three measures. Many items that heavily relied on on-the-go attributes are struggling with 6 in 10 students and school-aged children in virtual schooling and many more people working from home some or all of the time according to IRI's shopper survey January 2021 wave.

February 2021	\$ gains	Unit sales	Volume gains
Dairy	+10.8%	+4.9%	---
Milk	+6.2%	+3.1%	+3.1%
Natural cheese	+16.8%	+13.8%	+14.9%
Yogurt	+1.3%	-7.8%	-0.9%
Eggs	+14.7%	+4.2%	---
Cream/creamers	+13.2%	+10.2%	+12.4%
Butter/margarine	+10.9%	+10.4%	+8.5%
Processed cheese	+15.7%	+9.9%	+14.2%
Cream cheese	+26.7%	+25.0%	+26.2%
Sour cream	+16.7%	+15.0%	+16.3%
Whipped toppings	+25.0%	+24.6%	+29.2%
Cottage cheese	+1.6%	+0.3%	+1.8%
Refrigerated desserts	+6.9%	+1.6%	+1.0%
Cheese snack kits	-11.1%	-16.5%	-13.8%

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

Deli

"Deli entertaining had a huge February," said Angela Bozo, Education Director with IDDBA. "The February results included two holidays, the Super Bowl and Valentine's Day, which are both typically holidays where a significant portion of the food dollar flows to foodservice. The 10% increase in deli entertaining shows is an encouraging confirmation that people want to celebrate holidays and special occasions, albeit differently."

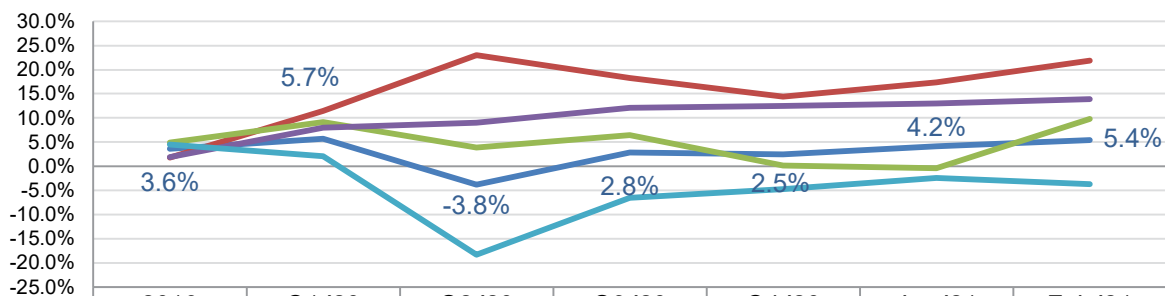
"I think there is a bright future in leveraging various deli offerings, whether deli prepared, meat, cheese, etc. in combination with other high-performing departments around the store," said Jonna Parker, head of IRI's Fresh Center of Excellence. "The numbers show that people are starting to have small get-togethers or simply look for the deli-prepared department to take some of the food preparation off their hands. Additionally, the majority of consumers mix and match items they prepare from scratch with items that require heating or are even ready to eat. Finding ways to bring deli favorites into the meat or produce department in pre-packaged formats can be a great way to help consumers with their meal preparation."

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\$ sales growth vs. year ago deli department



	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Jan '21	Feb '21
Deli department	3.6%	5.7%	-3.8%	2.8%	2.5%	4.2%	5.4%
Deli cheese	1.8%	11.5%	23.0%	18.3%	14.4%	17.4%	21.9%
Deli entertaining	4.9%	9.1%	3.9%	6.5%	0.1%	-0.4%	9.8%
Deli meat	1.9%	8.0%	9.0%	12.1%	12.5%	13.0%	13.9%
Deli prepared	4.5%	2.1%	-18.3%	-6.5%	-4.7%	-2.4%	-3.7%

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

Deli Meat

Deli meat sales (combined fixed and random weight) were very steady in dollars and volume, with February 2021 gains very similar to January's strong results.

Total Deli Meat (FW/RW)	Current sales vs 2019 and 2020							
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Jan '21	Feb '21	
Dollars	+1.9%	+8.0%	+9.0%	+12.1%	+12.5%	+13.0%	+13.9%	\$568M
Volume	-0.1%	+4.8%	+3.9%	+6.0%	+7.3%	+8.3%	+9.4%	65M

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. February saw continued recovery of service sales, now actually more than 2% ahead of 2020 levels. Service deli meat is, by far, the largest in dollar and volume sales.

Total Deli Meat (FW/RW)	Current sales vs 2019 and 2020							
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Jan '21	Feb '21	
Grab & go	+24.5%	+35.2%	+72.4%	+56.9%	+55.9%	+51.7%	+50.7%	\$149M
Pre-sliced	+5.1%	+12.6%	+27.0%	+23.7%	+18.6%	+24.7%	+26.2%	\$55M
Service	-2.6%	+1.7%	-7.7%	-0.3%	+0.6%	+1.3%	+2.2%	\$364M

In volume, packaged lunchmeat in the meat department is much bigger at 86 million pounds sold in February 2021 versus 64 million in deli meat, but dollar gains are slightly behind those of deli meat.

Meat Dept Packaged Lunchmeat (excludes Deli)	Current sales vs 2019 and 2020							
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Jan '21	Feb '21	
Dollars	-0.6%	+13.3%	+11.4%	+5.4%	+9.8%	+8.2%	+9.4%	\$411M
Volume	-2.0%	+11.0%	+4.9%	-1.1%	+3.7%	+2.1%	+4.3%	85.7M

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

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Deli Cheese

Deli cheese dollar sales increased 21.9% year-over-year the month of February — up significantly from the fourth quarter results and more in line with the second quarter view. This is likely at least in part due to Valentine's Day celebrations amid the pandemic that moved a lot of eating-out dollars to more home-centric celebrations.

Total Deli Cheese (FW/RW)	Current sales vs 2019 and 2020							
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Jan '21	Feb '21	
Dollars	+1.8%	+11.5%	+23.0%	+18.3%	+14.4%	+17.4%	+21.9%	\$610M
Volume	+0.5%	+8.8%	+19.0%	+13.4%	+9.9%	+12.9%	+17.1%	80M

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 more and more retailers opening up service counters, sales are starting to track ahead of 2020. Specialty cheese has been a big area of growth as well and size have become quite sizeable, at \$376 million in January 2021. At home Valentine's Day celebrations as well as the elevated ingredient and snacking aspects of specialty cheese keep drawing shoppers into the deli section.

Total Deli Cheese (FW/RW)	Current sales vs 2019 and 2020							
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Jan '21	Feb '21	
Grab & go	+8.0%	+19.5%	+45.6%	+31.5%	+24.6%	+25.2%	+25.4%	\$83M
Pre-sliced	-2.1%	+12.8%	+25.7%	+18.9%	+14.8%	+17.6%	+17.0%	\$47M
Service	-1.6%	+7.0%	-3.3%	-0.9%	-0.3%	+0.4%	+1.8%	\$96M
Specialty	+2.2%	+11.2%	+26.3%	+21.6%	+16.5%	+20.9%	+28.0%	\$385M

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

Deli-Prepared

Deli entertaining had its strongest performance yet and deli prepared too is within points of having made a full comeback after being down by more than 40% during the early pandemic months. "Holiday meals are small but mighty," said Eric Richard, Industry Relations Coordinator with IDDBA. "Holiday meal solutions have consistently seen big year-over-year jumps around the holidays and I suspect Easter and Mother's Day will be no different."

Deli	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Jan '21	Feb '21	
Deli entertaining	+4.9%	+9.1%	-3.9%	+6.5%	+0.1%	-0.4%	+9.8%	\$325M
Holiday meals	+3.1%	-25.8%	+13.0%	+7.7%	+22.4%	+146.4%	+98.2%	\$0.2M
Spreads	-0.2%	+7.3%	+2.5%	+3.7%	-1.8%	-3.4%	+0.1%	\$70M
Trays	+4.9%	+2.4%	-38.6%	-14.8%	-26.0%	-13.2%	-4.1%	\$43M
Deli prepared	+4.5%	+2.1%	-18.3%	-6.5%	-4.7%	-2.4%	-3.7%	\$1.4M
Appetizers	+5.5%	-2.6%	-24.3%	-14.8%	-16.9%	-16.7%	-10.3%	\$136M
Breakfast	+32.9%	+16.3%	+7.4%	+7.0%	+16.2%	+14.9%	+10.2%	\$29M
Combo meals	-0.4%	-9.7%	-68.8%	-59.7%	-37.1%	-43.7%	-49.9%	\$9.3M
Desserts	-2.9%	-5.5%	-44.5%	-24.1%	-8.5%	-10.6%	-11.2%	\$6.3M
Entrees	+5.4%	+1.2%	-19.4%	-4.2%	-1.4%	+7.3%	+3.7%	\$331M
Pizza	+3.8%	+3.6%	-20.3%	-13.4%	-10.7%	-10.1%	-8.7%	\$53M
Prepared meats	+4.1%	+5.8%	-13.0%	-6.6%	-6.5%	-6.8%	-6.9%	\$291M
Salads	+2.2%	+3.8%	-16.1%	-5.6%	-3.2%	-1.2%	-4.7%	\$246M
Sandwiches	+5.0%	-1.3%	-26.3%	-6.7%	-3.2%	-0.7%	-4.8%	\$182M
Side dishes	-0.9%	+10.0%	+7.5%	+13.4%	+12.1%	+14.4%	+9.7%	\$96M
Soups & chili	+10.7%	-2.6%	-26.0%	-13.5%	-14.0%	-9.2%	-8.3%	\$66M

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

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Bakery

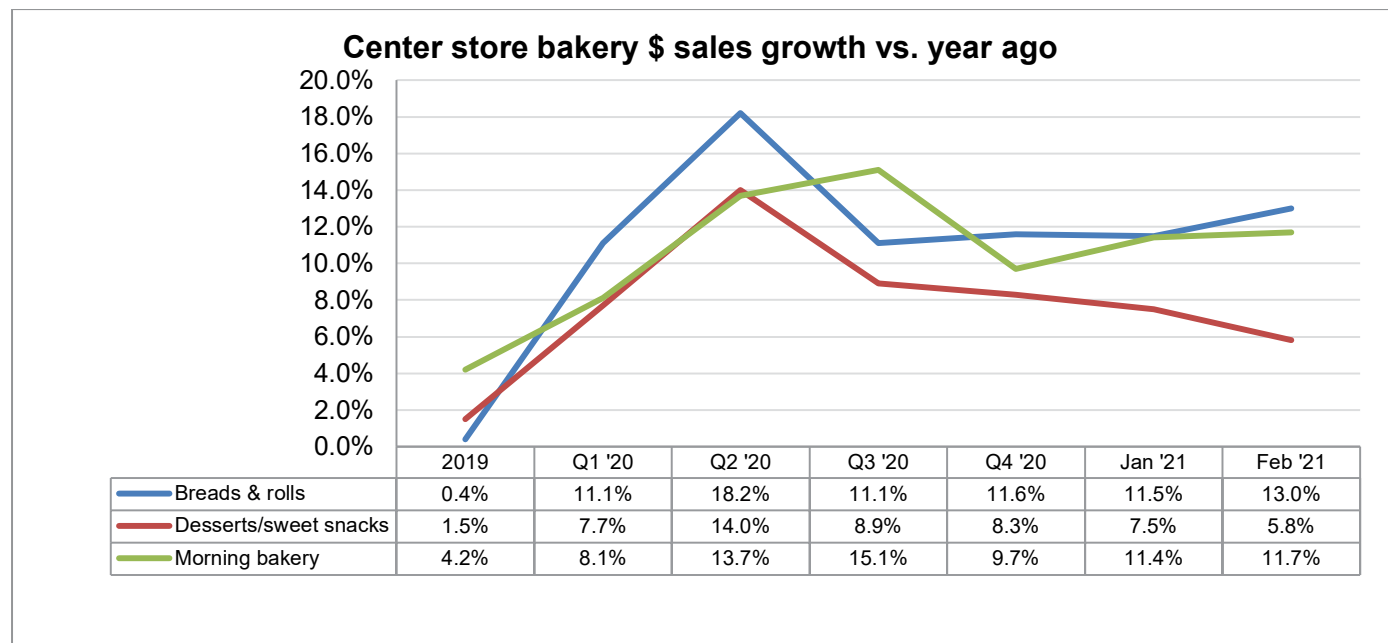
“In total, the bakery department increased 7.2% to \$2.7 billion in February sales. This is a strong gain no doubt related to continued strong everyday demand as well as sales related to Super Bowl and Valentine’s Day,” said Parker.

	Sales	Dollar % gains	Absolute dollar gains
Department bakery	\$2.7B	+\$7.2%	+\$179M
Perimeter bakery	\$1.1B	+1.5%	+\$17M
Aisle bakery	\$1.6B	+11.8%	+\$165M

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

Center Store Bakery

Baked goods items found in the “aisle” or center-store area adjacent, but not included in the perimeter bakery area saw robust increases in bread and rolls and morning bakery. Desserts/sweet snacks continued a downward trend after peaking in the second quarter of 2020. Bread and rolls had their highest gain in many months and morning bakery came in at about the same gain as seen in January.



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

Nearly one full year after the onset of the pandemic in the US, six areas in aisle bakery still have double-digit gains over year ago levels. With the exception of cookies, all center store baked goods saw robust gains that were in line with those seen in late 2020. Croissants were the clear winner in percentage gains in January 2021, but growth dropped by 20 percentage point to +12.2% in February.

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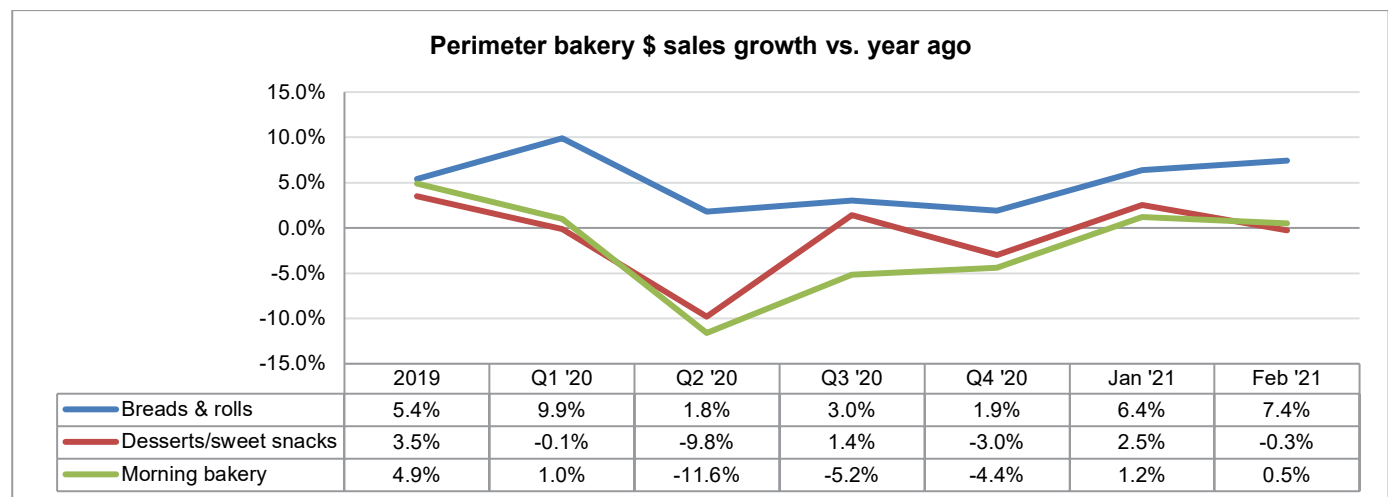


Center store baked goods	Current dollar sales vs 2019 and 2020							
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Jan '21	Feb '21	
Bagels/bialys	4.3%	+10.8%	+32.1%	+23.3%	+26.1%	+26.4%	+26.2%	\$99M
Breads	-0.3%	+9.9%	+15.0%	+7.3%	+7.8%	+7.5%	+8.6%	\$684M
Brownies/squares/bars	-0.8%	+10.7%	+12.1%	+10.3%	+6.0%	+9.6%	+7.8%	\$32M
Buns & rolls	+1.8%	+15.8%	+20.6%	+14.8%	+15.3%	+15.5%	+19.8%	\$287M
Cakes	+0.3%	+8.5%	+17.5%	+8.9%	+9.6%	+8.6%	+9.7%	\$26M
Cookies	+3.2%	+9.5%	+13.1%	+6.7%	+6.2%	+2.2%	+2.8%	\$49M
Croissants	-20.1%	+1.0%	+0.3%	+24.0%	+28.1%	+32.5%	+12.2%	\$6M
Donuts	+0.2%	+6.4%	+19.1%	+21.3%	+8.3%	+12.5%	+12.2%	\$86M
English muffins	-2.1%	+5.9%	+26.1%	+14.2%	+13.8%	+17.1%	+15.6%	\$64M
Muffins	+12.5%	+13.7%	+9.2%	+15.2%	+15.1%	+13.2%	+13.7%	\$56M
Pastry/Danish/coffee cakes	+3.2%	+4.8%	+8.6%	+3.6%	+6.4%	+6.8%	+8.4%	\$43M
Pies	-2.5%	+17.5%	+19.9%	+15.1%	+7.9%	+4.9%	+2.4%	\$20M
Snack cakes	+2.6%	+3.8%	+12.8%	+8.2%	+9.8%	+10.0%	+6.5%	\$96M
Tortillas/wraps/flatbreads	-1.2%	+11.2%	+9.3%	+18.0%	+15.5%	+15.1%	+13.0%	\$19M

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

Perimeter Bakery

Although significantly smaller, perimeter bakery made solid gains in February, no doubt related to the celebrations of Super Bowl and Valentine's Day. Many retailers adjusted portion sizes to match the smaller, in-home celebrations. Even so, desserts and sweet snacks remained down a little from 2020 levels but morning bakery remained on the positive side.



Perimeter bakery performance by area was mixed in February 2021. Areas often including self-service, such as donuts and bagels, remained down significantly against year ago levels. Other areas, such as brownies, breads, croissants and pastries are up double digits. Cakes and cookies have largely recovered and remain right around year ago levels, some months slightly above, some months slightly below.

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Perimeter bakery		Current dollar sales vs 2019 and 2020						
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Jan '21	Feb '21	
Bagels/bialys	+6.0%	+6.9%	-16.0%	-14.3%	-12.3%	-10.3%	-10.0%	\$18M
Breads	+3.4%	+10.5%	+7.2%	+7.1%	+4.2%	+8.5%	+9.6%	\$112M
Brownies/squares/bars	+6.2%	+6.3%	-4.6%	+6.8%	-1.1%	+13.7%	+10.7%	\$25M
Buns & rolls	+1.5%	+5.6%	-6.0%	-4.4%	-5.3%	-0.6%	+0.6%	\$61M
Cakes	+2.4%	-1.6%	-9.6%	+2.8%	-3.2%	+3.0%	-0.6%	\$347M
Cookies	+6.1%	+6.1%	-10.1%	-1.2%	-4.9%	-0.7%	-1.6%	\$153M
Croissants	+25.6%	+21.7%	+9.3%	+12.3%	+13.5%	+22.2%	+19.6%	\$34M
Donuts	+1.6%	-4.0%	-30.8%	-20.9%	-17.0%	-13.2%	-15.3%	\$73M
Muffins	+4.5%	+2.5%	-5.2%	-2.6%	+1.5%	+5.7%	+4.9%	\$68M
Pastry/Danish/coffee cakes	+7.7%	+4.0%	-1.0%	+5.3%	+1.1%	+9.4%	+11.3%	\$111M
Pies	+2.2%	-5.1%	-6.1%	+4.3%	+1.4%	+8.8%	+5.4%	\$59M
Specialty desserts	+7.6%	-13.1%	-42.8%	-37.1%	-27.8%	-28.1%	-24.5%	\$8.1M
Tortillas/wraps/flatbreads	+3.7%	+7.9%	+8.5%	+11.5%	+12.6%	+13.6%	+17.8%	\$21M

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

What's Next?

In March 2021, sales will go up against the two biggest weeks in the history of grocery retailing and will likely turn negative versus year ago for dairy, deli meat, deli cheese and the bakery aisle. However, based on the pattern of the last few months, sales are likely still going to track ahead against the baseline of 2019. At the same time, the recovery for deli prepared and the in-store bakery have recovered enough that sales will likely start to track ahead of 2020 numbers.

With the average number of new COVID-19 cases coming down, pent up demand for eating out is likely going to increase foodservice spending, particularly as more states are opening up on-premise dining. Additionally, increases in gasoline sales, OpenTable reservations, TSA checkpoint numbers, the re-opening of schools and other indicators are pointing to increased consumer mobility. Increased mobility is also likely to result in a switch from home-centric food spending to greater foodservice engagement, and may drive increased demand for time-saving, convenience focused solutions including deli prepared.

With an early Easter, on April 4, March is likely going to see a spike in Easter powerhouses. It is unlikely that gatherings will be back to pre-pandemic group sizes as travel remains below typical levels. Deli-prepared holiday meal solutions have seen tremendous success for the summer, fall and winter holidays and are likely to be a win for the upcoming Easter holiday as well.

The next report in the performance series IRI, 210 Analytics and IDDBA have produced since the week of March 15, 2020 will be released mid-April to cover the March sales trends. Please recognize and thank the entire food supply chain for all they do to keep supply flowing during these unprecedented times. These sales surges are only possible thanks to the heroic work of the entire food supply chain.

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
 January: 5 weeks ending 1/31/2021
 February: 4 weeks ending 2/28/2021