

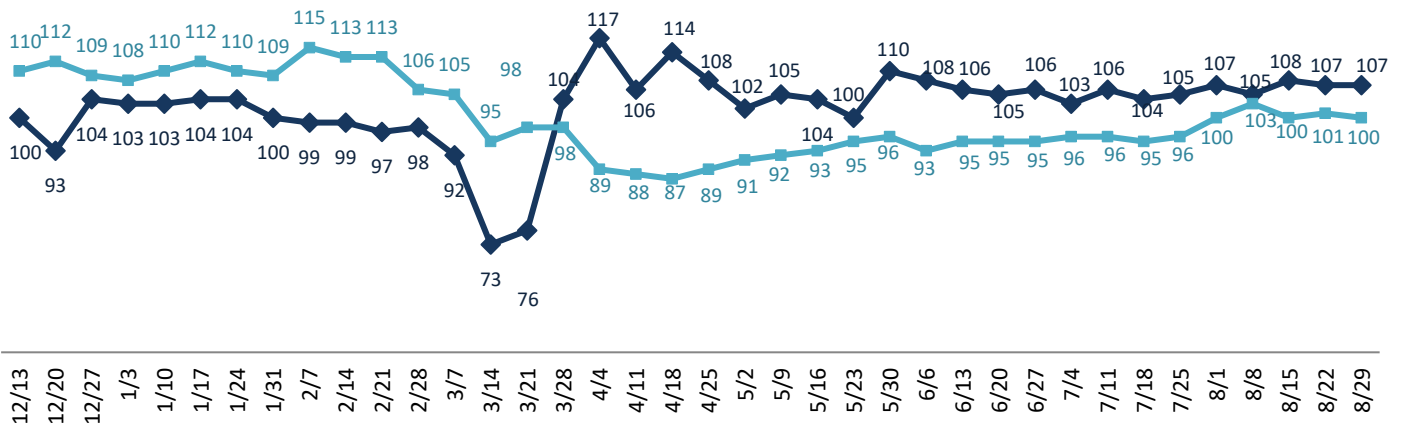
August Reverses Shopping Normalization; Sales Remain Strong

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

The normalization of shopping patterns seen in the past couple of months came to a halt in August. For the first time since March of this year, both the number of trips and the average basket size trended above year ago levels each of the five August weeks — indicating elevated engagement with food retail.

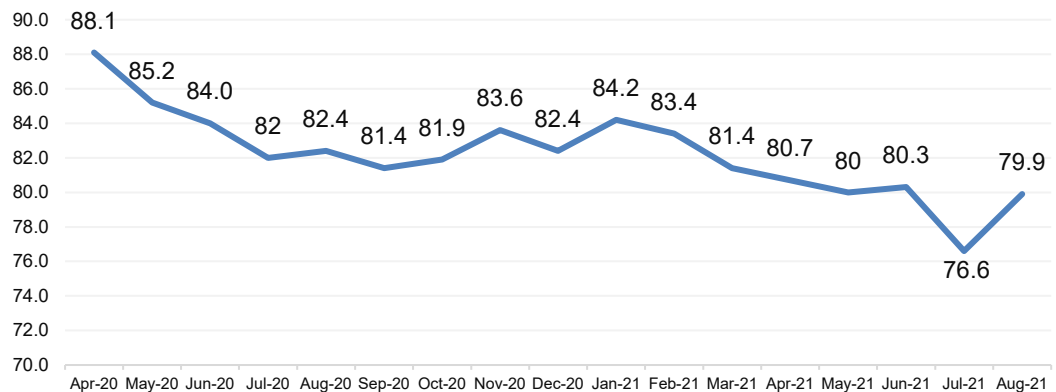
Total CPG trip and basket size index across all outlets

◆ Total store trip index ■ Total store basket size index



According to Jonna Parker, Team Lead IRI Fresh, this trend was supported by a renewed importance for home-prepared meals. “Since January 2021, we had been seeing the share of meals prepared at home decrease a little each month,” she said. “However, with the elevation of COVID-19 cases in the past month, IRI’s latest survey wave among primary shoppers found that the share of meals prepared at home increased once more to nearly 80% from 76.6% in July.”

Share of total meals prepared at home by month (%)



At the same time, the survey found that people were a little less likely to eat on-premise at restaurants. After reaching a high of 50% of primary shoppers in July, the share dropped to 48% in August. Restaurant takeout remained at its high pandemic levels: 53% of consumers have gotten takeout and 20% had restaurant food delivered in the past few weeks.

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“Additionally, August saw a bit of an uptick in ecommerce orders after several months of trips moving back to in-person visits,” said Parker. “While these are small shifts, online versus in-store trips can mean different items being purchased, but it can also affect impulse areas, including bakery.” The survey also found that shoppers continued to spend less time in-store than they did pre-pandemic.

Combined, all these changes point to the increase in COVID-19 cases across the country prompting some reversal in the normalization of grocery shopping patterns. This ever-changing grocery and restaurant landscape is prompting continued changes for dairy, deli and bakery sales and IRI, 210 Analytics and IDDBA partnered to understand the latest developments.

“Just when the numbers started to point to having reached a post-pandemic status quo, it appears that there are more changes in store for retail sales,” said Jeremy Johnson, VP of Education for IDDBA. “At the same time, the August shifts are mostly small and have not affected the growing reliance on convenience and the return to celebrations for most people — pointing to continued strength for deli and bakery. Dairy sales will likely be influenced by the completely different back-to-school landscape combined with more people returning to the office.”

Perishables Performance

A look across fresh foods departments for the five August weeks shows perishables strength. All but fresh seafood gained year-over-year, with the highest increases going to deli and bakery. It is important to remember, however, that the year-on-year look is heavily influenced by the 2020 performance which was off for these two departments versus up for meat, produce, refrigerated and seafood.

August 2021	\$ sales	Dollar sales gains vs. 2020	Dollar sales gains vs. 2019
Total perishables	\$29.6B	+3.4%	+13.7%
Meat	\$7.8B	+3.6%	+16.6%
Produce	\$7.0B	+1.0%	+12.1%
Refrigerated (including dairy)	\$6.8B	+1.5%	+13.3%
Deli (meat, cheese and deli prepared)	\$4.0B	+9.9%	+12.2%
Bakery	\$3.4B	+5.4%	+10.6%
Seafood	\$667M	-0.8%	+25.5%

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

Dairy Sales Push Past 2020 Levels in August

During the first eight months of 2021, dairy generated \$39.6 billion in sales. Compared to the massive sales peaks of 2020, this constitutes a 3.7% decline year-on-year, but an 11.1% increase compared with 2019. Shortening the timeframe from the first eight months to just August shows that the 2021 sales comeback is complete.

“In August, dairy sales returned to positive territory when comparing the results to year ago levels,” said Eric Richard, Industry Relations Coordinator with IDDBA. “Importantly, this was not just one or two strong weeks, but a consistently strong performance with gains accelerating as the weeks went by. The last two weeks of August, dollars trended 1% or more above year ago levels.”

Dairy	Dollar sales	Dollar gains vs. 2020	Dollar gains vs. 2019
August	\$5.60B	-0.5%	+11.1%
w.e. 8/1/2021	\$1.09B	-0.5%	+10.2%
w.e. 8/8/2021	\$1.13B	+0.3%	+11.0%
w.e. 8/15/2021	\$1.13B	+0.5%	+11.9%
w.e. 8/22/2021	\$1.13B	+1.1%	+13.5%
w.e. 8/29/2021	\$1.12B	+1.0%	+8.9%

Underneath the strong dairy sales performance is a more mixed performance at the category level. The two largest sellers, milk and natural cheese, were still down versus August 2020, but yogurt, eggs and cream/creamers sales offset those losses for the overall department gain. Yogurt sales had the highest percentage increase, at +6.5%.

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Current dollar sales vs the same time period year ago										
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Aug '21	Aug vs '20	Aug vs '19
Dairy	+0.2%	+11.7%	+21.5%	+11.9%	+9.0%	-0.2%	-9.2%	\$5.6B	+0.5%	+11.1%
Milk	+0.7%	+11.3%	+14.1%	+8.7%	+6.9%	-1.4%	-5.6%	\$1.4B	-0.6%	+7.9%
Natural cheese	+2.1%	+17.1%	+31.3%	+17.4%	+14.0%	+1.6%	-12.3%	\$1.1B	-1.6%	+13.6%
Yogurt	-0.5%	+4.2%	+2.4%	+3.5%	+4.6%	-1.7%	+4.4%	\$785M	+6.5%	+9.8%
Eggs	-10.3%	+7.7%	+38.4%	+16.6%	+9.5%	-1.8%	-18.5%	\$581M	+2.2%	+19.2%
Cream/creamers	+7.7%	+11.3%	+21.2%	+14.8%	+12.7%	+6.5%	-3.1%	\$442M	+4.6%	+18.4%
Butter/margarine	+1.4%	+19.3%	+35.1%	+12.5%	+5.0%	-7.3%	-24.7%	\$411M	-5.3%	+2.5%
Processed cheese	-3.0%	+20.7%	+24.9%	+12.3%	+9.5%	-6.3%	-14.1%	\$218M	-2.9%	+5.9%
Cream cheese	+3.8%	+15.7%	+28.4%	+19.9%	+12.1%	+9.3%	-8.0%	\$187M	+0.9%	+16.5%
Sour cream	+0.2%	+10.6%	+28.2%	+12.6%	+5.8%	+0.7%	-16.5%	\$120M	-3.6%	+6.3%
Whipped toppings	+9.4%	+10.1%	+34.2%	+24.1%	+18.5%	+17.2%	-9.3%	\$119M	-1.8%	+19.7%
Cottage cheese	-3.1%	+2.0%	+8.7%	+4.5%	+5.0%	-4.1%	-9.4%	\$105M	-4.6%	-0.8%

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

In the year-over-year look, units and volume sales trended below 2020 levels for most dairy categories, though more managed to increase sales versus previous months. On the volume side, yogurt, cream/creamers, cream cheese and refrigerated desserts increased ounce sales versus 2020 indicating more use of these items in the home.

August 2021 vs. 2020	\$ gains	Unit sales	Volume gains
Dairy	+0.5%	-2.9%	---
Milk	-0.6%	-3.4%	-5.5%
Natural cheese	-1.6%	-2.2%	-1.3%
Yogurt	+6.5%	+0.1%	+3.5%
Eggs	+2.2%	-9.0%	---
Cream/creamers	+4.6%	+1.3%	+3.1%
Butter/margarine	-5.3%	-6.5%	-7.4%
Processed cheese	-2.9%	-4.9%	-2.1%
Cream cheese	+0.9%	-1.1%	+0.2%
Sour cream	-3.6%	-5.8%	-6.6%
Whipped toppings	-1.8%	-2.6%	-1.9%
Cottage cheese	-4.6%	-3.6%	-6.1%
Cheese snack kits	-1.3%	-11.0%	-7.1%
Desserts	+14.6%	+5.7%	+3.1%

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

Deli: All Areas Are Tracking in the Plus

“Deli sales increased nearly 10% versus 2020 and that performance was supported by each of the four areas within deli,” said Parker. “The continued elevated levels of home-prepared meals likely boosted deli cheese and meat sales. At the same time people continued to crave convenience and started organizing more at-home gatherings that drove deli entertaining and deli prepared food sales. The latter are the driving forces behind the year-to-date strength for the deli department.”

Jan-Aug 2021 sales	Dollar sales	Dollar gains vs. 2020	Dollar gains vs. 2019
Department deli	\$27.0B	+9.9%	+11.4%
Deli cheese	\$5.3B	+2.5%	+20.4%
Deli entertaining	\$3.0B	+5.5%	+12.4%
Deli meat	\$5.1B	+5.2%	+15.1%
Deli prepared	\$13.7B	+16.2%	+6.8%

The largest year-on-year growth is achieved by deli-prepared with a 16.2% increase, followed by deli entertaining that was up 5.5% during the first eight months of the year.

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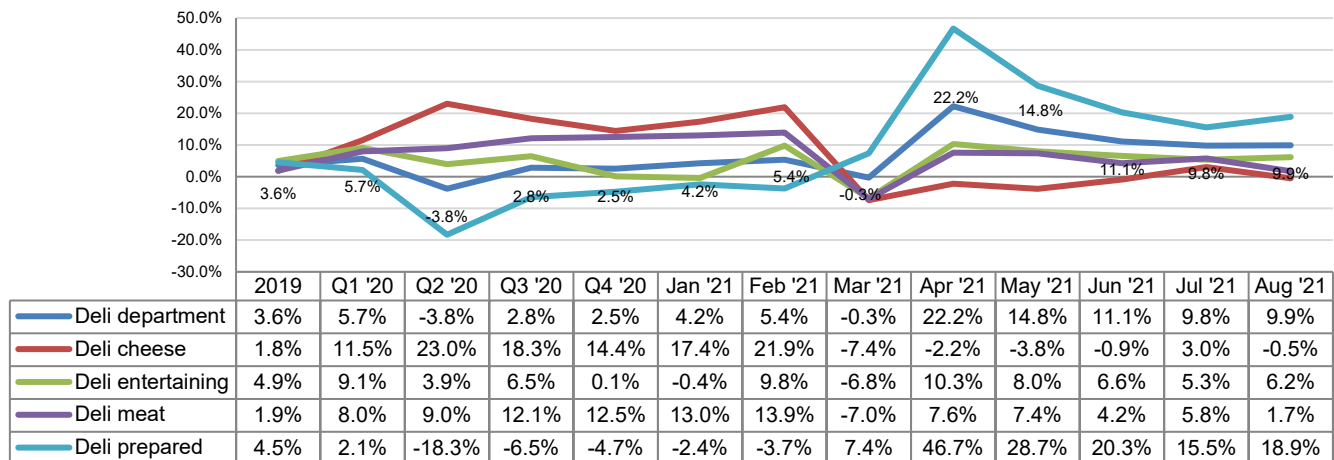


In looking at the August deli sales results specifically, Angela Bozo, Education Director with IDDBA added, “Looking at the one-week periods shows that deli sales held very stable during weeks without any holiday activity and that should point to sustained strength.”

Sales during the five August weeks showed a very tight range, from \$793 million the final week of August to \$808 million the week ending August 15. When comparing the August results to 2019, each week accomplished double-digit gains. This consistency outside of holiday periods shows deli’s continued importance even in a pandemic-era store environment.

Deli (August)	Dollar sales	Dollar gains vs. 2020	Dollar gains vs. 2019
August	\$4.0B	+9.9%	+12.2%
w.e. 8/1/2021	\$795M	+9.9%	+11.8%
w.e. 8/8/2021	\$806M	+10.4%	+12.4%
w.e. 8/15/2021	\$808M	+9.8%	+13.9%
w.e. 8/22/2021	\$799M	+9.1%	+13.8%
w.e. 8/29/2021	\$793M	+10.2%	+9.3%

\$ sales growth vs. year ago deli department



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

Deli Meat

Deli meat sales (combined fixed and random weight) totaled \$760 million in the five August 2021 weeks, which translated into increases compared to both 2019 and 2020. Deli meat volume also continued to trend above 2019 levels- a continued nod to at-home sandwich and lunchmeat consumption with a premium and fresh need.

Total Deli Meat (FW/RW)	Current sales vs. 2019 and 2020									
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Aug '21	Aug vs '20	Aug vs '19
Dollars	+1.9%	+8.0%	+9.0%	+12.1%	+12.5%	+6.4%	+6.6%	\$760M	+1.7%	+13.6%
Volume	-0.1%	+4.8%	+3.9%	+6.0%	+7.3%	+2.4%	+3.0%	85M	-1.9%	+3.5%

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 August 2021. While service deli is, by far, the largest of the three areas, sales actually backslid a little into negative year-over-year trends. “The convenience of grab & go was not a pandemic-specific blip – this area is here to stay,” said Parker.

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Total Deli Meat (FW/RW)	Current sales vs. 2019 and 2020									Aug vs '20	Aug vs '19
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Aug '21			
Grab & go	+24.5%	+35.2%	+72.4%	+56.9%	+55.9%	+38.9%	+8.0%	\$24M	+6.4%	+56.8%	
Pre-sliced	+5.1%	+12.6%	+27.0%	+23.7%	+18.6%	+13.2%	+4.5%	\$5M	+4.9%	+19.0%	
Service	-2.6%	+1.7%	-7.7%	-0.3%	+0.6%	-3.6%	+6.3%	\$55M	-5.8%	-11.0%	

Packaged lunchmeat sales generated another \$576 million in August 2021, which constitutes an improvement in performance in both dollars and volume versus 2019 and 2020.

Meat dept packaged lunchmeat (excludes Deli)	Current sales vs. 2019 and 2020									Aug vs '20	Aug vs '19
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Aug '21			
Dollars	-0.6%	+13.3%	+11.4%	+5.4%	+9.8%	-5.1%	-4.4%	\$576M	+4.3%	+8.1%	
Volume	-2.0%	+11.0%	+4.9%	-1.1%	+3.7%	-9.1%	-4.9%	\$119M	+3.8%	+0.6%	

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

While deli cheese is still trending in positive territory year-to-date through August, sales during the past few months have been slightly below year ago. Sales fell behind by 2.3% in the second quarter but they did slightly better in August. Dollars were off only -0.5% and volume -2.5%. After a juggernaut 2020, the fuel that fired deli cheese interest needs a boost, as this area appeals to everyday and special occasion. Reminding shoppers about cheese offerings, especially new and limited-time or seasonal items, can help draw interest back to the space.

Total Deli Cheese (FW/RW)	Current sales vs. 2019 and 2020									Aug vs '20	Aug vs '19
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Aug '21			
Dollars	+1.8%	+11.5%	+23.0%	+18.3%	+14.4%	+9.9%	-2.3%	\$760M	-0.5%	+16.6%	
Volume	+0.5%	+8.8%	+19.0%	+13.4%	+9.9%	+5.4%	-5.8%	100M	-2.5%	+9.5%	

Grab-and-go remains an area of interest for consumers, along with pre-sliced. That points to continued focus on convenience versus standing in line for a cut-to-order purchase. Specialty cheese sales slowed down a little in August, coming in right around 2020 levels, but still up well above the pre-pandemic normal.

Total Deli Cheese (FW/RW)	Current sales vs 2019 and 2020									Aug vs '20	Aug vs '19
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Aug '21			
Grab & go	+8.0%	+19.5%	+45.6%	+31.5%	+24.6%	+15.1%	-6.3%	\$108M	+2.1%	+32.6%	
Pre-sliced	-2.1%	+12.8%	+25.7%	+18.9%	+14.8%	+5.4%	+4.5%	\$61M	+2.0%	+18.4%	
Service	-1.6%	+7.0%	-3.3%	-0.9%	-0.3%	-6.2%	+1.2%	\$118M	-3.4%	-5.0%	
Specialty	+2.2%	+11.2%	+26.3%	+21.6%	+16.5%	+14.3%	-2.0%	\$473M	-0.6%	+19.9%	

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 and Deli Entertaining

Both deli entertaining and deli prepared did well in August but the numbers were not as strong as those seen in July. "It is possible that the slight decrease in in-store trips and the mild uptick in online orders affected deli prepared sales a little," hypothesized Parker. "At the same time, the entertainment sales numbers show that people are still looking to get together in small, at-home gatherings. And the strong overall deli prepared numbers underscore the importance of convenience – we know meal fatigue is real and delis can solve that tiredness of having to make so many meals." Areas that are still down versus the pre-pandemic normal include prepared meats, appetizers, pizza and combination meals. "Interestingly, each of these areas is doing very well in the frozen equivalent," said Parker. "This could mean that shoppers started adopting new routines during 2020 and at least for now are sticking with them."

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Deli Prepared										
Current sales vs 2019 and 2020										
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Aug '21	Aug vs '20	Aug vs '19
Deli entertaining	+4.9%	+9.1%	-3.9%	+6.5%	+0.1%	+1.3%	+8.6%	\$442M	+6.2%	+11.4%
Holiday meals	+3.1%	-25.8%	+13.0%	+7.7%	+22.4%	+129.8%	+124%	\$22K	+653%	+336%
Spreads	-0.2%	+7.3%	+2.5%	+3.7%	-1.8%	-7.6%	-1.7%	\$92M	-1.0%	+1.0%
Trays	+4.9%	+2.4%	-38.6%	-14.8%	-26.0%	-0.5%	+60.0%	\$62M	+44.5%	+21.4%
Deli prepared	+4.5%	+2.1%	-18.3%	-6.5%	-4.7%	-3.7%	+31.0%	\$2.1M	+18.9%	+10.4%
Entrees	+5.4%	+1.2%	-19.4%	-4.2%	-1.4%	+12.7%	+48.5%	\$503M	+33.6%	+32.1%
Salads	+2.2%	+3.8%	-16.1%	-5.6%	-3.2%	+1.2%	+27.3%	\$395M	+16.1%	+7.4%
Prepared meats	+4.1%	+5.8%	-13.0%	-6.6%	-6.5%	-5.7%	+15.9%	\$385M	+7.4%	-3.3%
Sandwiches	+5.0%	-1.3%	-26.3%	-6.7%	-3.2%	-5.0%	+51.7%	\$291M	+22.1%	+14.4%
Dips and sauces	+6.5%	+9.9%	+12.8%	+11.5%	+6.1%	+4.1%	+0.9%	\$222M	-0.1%	+9.8%
Appetizers	+5.5%	-2.6%	-24.3%	-14.8%	-16.9%	-9.7%	+20.4%	\$166M	+10.4%	-6.5%
Side dishes	-0.9%	+10.0%	+7.5%	+13.4%	+12.1%	+6.1%	+9.2%	\$121M	+8.1%	+20.8%
Pizza	+3.8%	+3.6%	-20.3%	-13.4%	-10.7%	-10.4%	+19.9%	\$63M	+9.8%	-4.5%
Soups & chili	+10.7%	-2.6%	-26.0%	-13.5%	-14.0%	-6.2%	+35.6%	\$62M	+40.7%	+23.4%
Breakfast	+32.9%	+16.3%	+7.4%	+7.0%	+16.2%	+11.7%	+23.3%	\$40M	+19.8%	+28.8%
Combo meals	-0.4%	-9.7%	-68.8%	-59.7%	-37.1%	-34.7%	+100.1%	\$18M	+84.5%	-27.4%
Desserts	-2.9%	-5.5%	-44.5%	-24.1%	-8.5%	-2.7%	+78.2%	\$10M	+37.8%	+3.8%

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

Fresh Bakery Drives Gains for Total Bakery

During the first eight months of 2021, bakery sales reached \$23.9 billion, an increase of 3.3% over the same period in 2020. The increase is driven by fresh bakery that reached \$9.8 billion — an increase of 11.4% over the first eight months of 2020. Aisle bakery, however, did decline slightly but had the much better performance in 2020, creating a much tougher road for continued gains in 2021.

Jan-Aug 2021 sales	Dollar sales	Dollar gains vs. 2020
Bakery department	\$23.9B	+3.3%
Aisle bakery	\$14.0B	-1.6%
Fresh bakery	\$9.8B	+11.4%

Weekly bakery sales ranged from \$677 million the first and final August weeks to \$694 million the week ending August 8, 2021. Growth versus 2020 ranged from 4.6% to 6.0%.

Bakery	Dollar sales	Dollar gains vs. 2020
August	\$3.4B	+5.4%
w.e. 8/1/2021	\$677M	+4.6%
w.e. 8/8/2021	\$694M	+5.5%
w.e. 8/15/2021	\$693M	+6.0%
w.e. 8/22/2021	\$687M	+5.2%
w.e. 8/29/2021	\$677M	+5.8%

In August, both areas of the bakery drove growth. Perimeter bakery grew the most, at +11.8%, which is not surprising given the high rates of sales in 2020 for the aisle. Adding \$176 million in sales, the department grew 5.4% year-on-year.

August 2021	Sales	Dollar % gains	Absolute dollar gains
Department bakery	\$3.4B	+5.4%	+\$176M
Perimeter bakery	\$1.2B	+11.8%	+\$145M
Aisle bakery	\$2.0B	+1.7%	+\$34M

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

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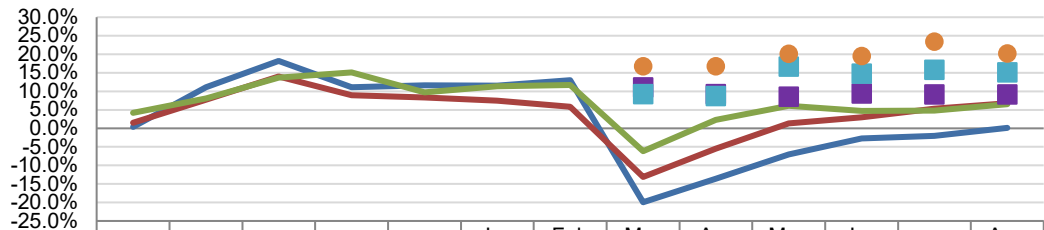
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Center Store Bakery

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 and increased 1.7%. Gains were highest for desserts and morning bakery.

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	Jul '21	Aug '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%	-2.0%	0.1%
— 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%	5.3%	6.8%
— Morning bakery	4.2%	8.1%	13.7%	15.1%	9.7%	11.4%	11.7%	-6.2%	2.3%	6.1%	4.7%	4.8%	6.5%
■ Breads & rolls vs. 2019								11.0%	9.2%	8.5%	9.4%	9.1%	9.1%
■ Desserts/sweet snacks vs. 2019								9.2%	8.7%	16.6%	14.7%	15.8%	15.1%
● Morning bakery vs. 2019								16.7%	16.7%	20.1%	19.5%	23.4%	20.2%

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

For the first time in many months, aisle bread sales recovered to prior year levels, while also staying 6% ahead of 2019 sales. Many categories saw increased sales during August, with only buns/rolls, donuts, English muffins, pies and tortillas coming in behind 2020 levels. Every area increased in sales when compared to 2019 sales levels.

Center store baked goods	Current sales vs 2019 and 2020									
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Aug '21	Aug vs '20	Aug vs '19
Breads	-0.3%	+9.9%	+15.0%	+7.3%	+7.8%	-3.8%	-9.2%	\$856M	0.0%	+6.0%
Buns & rolls	+1.8%	+15.8%	+20.6%	+14.8%	+15.3%	+3.9%	-5.9%	\$441M	-1.2%	+9.5%
Bagels/bialys	4.3%	+10.8%	+32.1%	+23.3%	+26.1%	+14.0%	-4.6%	\$119M	+6.1%	+29.3%
Snack cakes	+2.6%	+3.8%	+12.8%	+8.2%	+9.8%	+1.5%	-1.7%	\$109M	+5.2%	+14.3%
Donuts	+0.2%	+6.4%	+19.1%	+21.3%	+8.3%	+4.7%	-2.8%	\$107M	-1.3%	+19.9%
English muffins	-2.1%	+5.9%	+26.1%	+14.2%	+13.8%	+5.0%	-13.2%	\$74M	-0.9%	+11.0%
Muffins	+12.5%	+13.7%	+9.2%	+15.2%	+15.1%	+10.4%	+21.8%	\$74M	+13.5%	+25.5%
Cookies	+3.2%	+9.5%	+13.1%	+6.7%	+6.2%	-6.3%	-1.3%	\$71M	+10.5%	+15.2%
Pastry/Danish/coffee cakes	+3.2%	+4.8%	+8.6%	+3.6%	+6.4%	+2.0%	+3.4%	\$56M	+14.4%	+14.5%
Brownies/squares/bars	-0.8%	+10.7%	+12.1%	+10.3%	+6.0%	+2.7%	+7.2%	\$40M	+5.6%	+15.3%
Cakes	+0.3%	+8.5%	+17.5%	+8.9%	+9.6%	+3.5%	-0.7%	\$35M	+11.5%	+19.3%
Pies	-2.5%	+17.5%	+19.9%	+15.1%	+7.9%	-1.2%	-0.7%	\$25M	-0.4%	+11.9%
Tortillas/wraps/flatbreads	-1.2%	+11.2%	+9.3%	+18.0%	+15.5%	+3.6%	+5.7%	\$23M	-4.0%	+13.6%
Croissants	-20.1%	+1.0%	+0.3%	+24.0%	+28.1%	+15.9%	+33.7%	\$9M	+26.8%	+57.0%

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

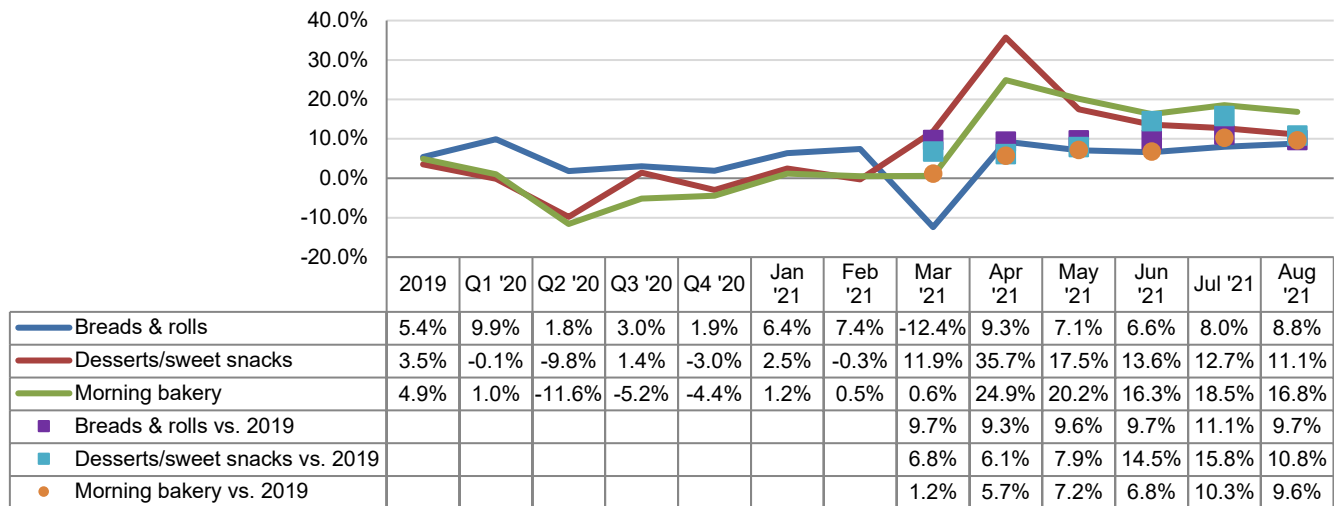
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Perimeter Bakery (including both fixed and random weight)

Sales in perimeter breads and rolls improved 8.8% over 2020 and are accelerating each month. While desserts and morning bakery were also significantly ahead of last year's levels, the increases have been slowing down since April of this year both when compared to 2020 and 2019 levels. The decrease in the growth rate between July and August may be related to the rise in COVID-19 cases and the subsequent changes in grocery shopping and consumption patterns as well as potential to cause less gatherings and mobility.

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

In perimeter bakery, cakes and cookies are the biggest sellers. Each increased significantly over 2020 levels. Every single area of perimeter bakery increased over 2020, which shows the sustained strength of the recovery even if the growth rates are down a little bit in August versus July.

Perimeter bakery	Current sales vs 2019 and 2020									
	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Aug '21	Aug vs '20	Aug vs '19
Cakes	+2.4%	-1.6%	-9.6%	+2.8%	-3.2%	+6.9%	+23.5%	\$454M	+11.6%	+14.0%
Cookies	+6.1%	+6.1%	-10.1%	-1.2%	-4.9%	+2.0%	+21.6%	\$183M	+12.8%	+9.4%
Pastry/Danish/coffee cakes	+7.7%	+4.0%	-1.0%	+5.3%	+1.1%	+9.0%	+17.7%	\$141M	+15.3%	+21.6%
Breads	+3.4%	+10.5%	+7.2%	+7.1%	+4.2%	+1.0%	+2.2%	\$123M	+1.8%	+7.1%
Muffins	+4.5%	+2.5%	-5.2%	-2.6%	+1.5%	+3.2%	+19.3%	\$94M	+19.7%	+12.7%
Donuts	+1.6%	-4.0%	-30.8%	-20.9%	-17.0%	-11.0%	+30.9%	\$83M	+16.2%	-8.5%
Buns & rolls	+1.5%	+5.6%	-6.0%	-4.4%	-5.3%	-5.8%	+9.8%	\$82M	+10.9%	+3.6%
Pies	+2.2%	-5.1%	-6.1%	+4.3%	+1.4%	+7.1%	+12.4%	\$74M	+2.6%	+1.0%
Croissants	+25.6%	+21.7%	+9.3%	+12.3%	+13.5%	+14.7%	+23.9%	\$49M	+20.6%	+30.1%
Brownies/squares/bars	+6.2%	+6.3%	-4.6%	+6.8%	-1.1%	+15.0%	+26.4%	\$30M	+11.8%	+16.0%
Tortillas/wraps/flatbreads	+3.7%	+7.9%	+8.5%	+11.5%	+12.6%	+7.1%	+7.6%	\$28M	+8.5%	+19.6%
Bagels/bialys	+6.0%	+6.9%	-16.0%	-14.3%	-12.3%	-11.8%	+13.8%	\$24M	+19.7%	+0.7%
Specialty desserts	+7.6%	-13.1%	-42.8%	-37.1%	-27.8%	-18.0%	+36.4%	\$10M	+21.6%	-24.5%

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?

The elevated COVID-19 case counts prompted some reversal in the normalization of shopping patterns, but nothing like the changes seen in 2020 or earlier this year. Engagement with restaurants remained high even if slightly fewer people ate on premise. The mix of food service and retail solving consumer meal needs remains tipped to the retail/at home side for the foreseeable future as it has been since March 2020.

As of yet, most school districts are planning to resume in-person education. As of the second week of August, the IRI survey found that:

- 11% of kids ages six to 12 and 14% of teenagers will be in virtual education.
- 4% of children 6-12 and 5% of teenagers will be in hybrid education (a combination of virtual and in person)
- 79% of children 6-12 and 37% of teenagers will be at school in person.

This is in vast contrast to August 2020 when 58% of children were in virtual education and only 16% of children attended school in person.

Additionally, fewer people are working from home. In August 2020, 34% of primary shoppers in the IRI survey were working from home five days a week versus 28% in the August 2021 wave. Likewise, the share who works from home one or more days a week decreased from 53% to 46%. This could have important implications for deli sales during lunch times as well as dairy and bakery items that are often part of lunches brought from home.

This may have implications for items that are typical lunchbox solutions as well as change the dynamics between units and volume. Since the start of the pandemic, large servings/family packs have been popular, resulting in stronger volume versus unit gains. However, with schools and offices reopening, we may start to see a shift back to more on-the-go, single-serve solutions.

The next report in the IRI, 210 Analytics and IDDBA performance series will be released mid-October to cover the September 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

August 2021: 5 weeks ending 8/29/2021