



# After a Strong December, January Dairy, Deli and Bakery Results Were Mixed

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## The January Marketplace

“January brought a host of New Year’s resolutions,” noted Jonna Parker, Team Lead, Fresh with IRI. “The January IRI survey found that 40% of primary shoppers plan to eat healthier, 24% aim to get more sleep and 23% want to spend more time with friends and family. However, saving more money was the second highest resolution, at 35% — demonstrating that inflation continues to make its mark.” To understand the marketplace impact, IRI, 210 Analytics and IDDBA will continue to bring monthly updates in 2023 to understand the latest in dairy, deli and bakery trends.

In-store shopping remained prevalent, at 85% of trips. Two-thirds of shoppers exclusively buy in-store, whereas 11% buy most or all groceries online. Nine in 10 consumers perceive the cost of groceries and everyday household items to be much (67%) or somewhat (22%) higher than last year, according to the IRI survey. Eggs continue to lead the list of examples cited by consumers for being more expensive, followed by milk, beef/pork, fresh produce, poultry and bread. “Lower-than-usual egg inventories in December combined with the high holiday demand resulted in weeks of record-high egg prices,” said Heather Prach, VP of Education for IDDBA. “Wholesale prices are down and while there is typically a lag between wholesale and retail, there is light at the end of the tunnel. Regardless, eggs and milk are just some of the items consumers are paying more for and the pressure on income is real. Consumers are looking for a helping hand in balancing their budgets, time, taste and nutrition.”

- 96% of primary shoppers are concerned over the high cost of groceries, according to the January IRI survey.
- This is prompting continued money-saving measures when buying groceries among 79% of Americans, such as buying what’s on sale (49%), cutting back on non-essentials (41%), looking for coupons (33%) and switching to store brand items (31%).
- At the same time, consumers continue to report that they are seeing fewer items on sale (54%) and the items on sale not being discounted as much (45%).
- 45% stock up on certain items out of concern that prices may rise further, or they might not be available.

Parker notes that special occasions remain a big opportunity for food retail in 2023. “During the pandemic years, several foodservice holidays, such as Valentine’s Day and Mother’s Day, turned home-centric,” Parker said. “This moved significant spending into retail, adding to holidays that were already mostly celebrated at home, such as Memorial Day and the Fourth of July. Holidays typically boost spending far above a normal week with opportunities for deli, dairy and bakery.”

- The January IRI survey found that 55% of shoppers planned to watch the Super Bowl this year of which only 2% were planning to watch it at a bar or restaurant. Households celebrating in at-home settings estimated that they would spend around \$42 on food and beverages for the event, up from \$34 last year. Super Bowl is the largest selling occasion for items like avocados and chicken wings.
- 50% of Americans plan to celebrate Valentine’s Day, with 19% planning to cook a special meal at home and 15% planning to go out to a restaurant. Sixteen percent of consumers are staying home specifically to save money.

Following the typical December uptick in the estimated share of meals prepared at home (81.5%), consumers estimated that 80% of meals were prepared at home in January. Restaurant engagement was fairly steady with 78% of households having purchased restaurant food at least once, according to the January survey.

## Inflation Insights

The price per unit across all foods and beverages in the IRI-measured multi-outlet stores, including supermarkets, club, mass, supercenter, drug and military, increased 13.2% in January (four weeks ending 1/29/2023), which was up from 12.8% in December 2022. Compared with January 2020, prices across all foods and beverages were up +30.3%.

Average price/unit vs. YA	2018	2019	2020	2021	2022	Q4 2022	Jan 23
Total food & beverages	+1.5%	+2.0%	+5.1%	+5.4%	+12.5%	+13.5%	+13.2%

Source: IRI, Integrated Fresh, Total US, MULO, average price per unit and % gain versus YA

Dairy inflation worsened in the second half of 2022 with several categories hitting record highs in December. Dairy continued to see year-over-year price increases in January, though the acceleration of inflation seen over the past few



months leveled off. Deli prices did increase, but below the rate of total food and beverage inflation. With increases in ingredient costs for many baked goods, bakery prices also continued to increase at a rate of +15.7% in January.

Price per unit	Price/unit	Change vs. 2021	Change vs. 2019
<b>Total dairy January 2023</b>	<b>\$3.84</b>	<b>+26.2%</b>	<b>+41.7%</b>
Total dairy 52 weeks ending 1/29/2023	\$3.51	+20.0%	+32.2%
<b>Total deli January 2023</b>	<b>\$5.96</b>	<b>+10.0%</b>	<b>+22.3%</b>
Total deli 52 weeks ending 1/29/2023	\$5.78	+11.4%	+18.5%
<b>Total bakery January 2023</b>	<b>\$3.60</b>	<b>+15.7%</b>	<b>+37.9%</b>
Total bakery 52 weeks ending 1/29/2023	\$3.45	+14.3%	+31.1%

Source: IRI, Integrated Fresh Total US, MULO

## Perishables Performance

The above-average inflation in dairy prompted the total refrigerated department to jump over the meat department in January sales. With an increase of 15.9%, the refrigerated department generated \$7.0 billion in January 2023. However, unit sales were down more than other departments. Fresh produce had the strongest unit performance, even if it was down as well. Seafood, by far the smallest seller, continued to trend in negative territory in both dollars and units.

Perimeter departments	January 2023		
	\$ sales	\$ vs. YA	Units vs. YA
Refrigerated (mostly dairy)	\$7.0B	+15.9%	-6.8%
Meat	\$6.5B	-1.7%	-4.8%
Produce	\$5.7B	+1.3%	-3.2%
Deli	\$3.4B	+5.8%	-3.8%
Bakery	\$3.1B	+9.1%	-5.7%
Seafood	\$484M	-1.8%	-4.9%

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

## Dairy Sales

Dairy represents the bulk of sales in the total refrigerated department. Through the combination of strong consumer demand and inflation, the 52-week dairy sales generated \$71.0 billion, an increase of 16.6% versus last year. However, the inflationary pressure on income is felt in January, when dollar sales still grew by double digits, but unit sales fell by 6.3%. Virtually all areas within dairy experienced decreased unit sales in January 2023, especially eggs, yogurt, processed cheese and milk. In the 52-week view, all areas also trended behind year ago levels in units. (See Table, Next Page)

	January 2023			Latest 52 weeks ending 1/29/2023			
	\$ sales	\$ vs. YA	Units vs. YA	\$ sales	\$ vs. YA	Units vs. YA	
<b>Dairy</b>	<b>\$6.0B</b>	<b>+18.2%</b>	<b>-6.3%</b>	<b>Dairy</b>	<b>\$71.0B</b>	<b>+16.6%</b>	<b>-2.8%</b>
Milk	\$1.3B	+3.2%	-6.7%	Milk	\$17.0B	+11.1%	-2.6%
Eggs	\$1.1B	+83.6%	-8.4%	Natural cheese	\$12.6B	+6.9%	-1.1%
Natural cheese	\$997M	+4.7%	-4.4%	Eggs	\$10.1B	+52.9%	-2.0%
Yogurt	\$743M	+13.1%	-7.7%	Yogurt	\$8.8B	+11.5%	-6.1%
Cream/creamers	\$473M	+13.2%	-4.4%	Butter/margarine	\$5.9B	+24.6%	-3.2%
Butter/margarine	\$454M	+23.8%	-6.8%	Cream/creamers	\$5.6B	+15.0%	-0.8%
Processed cheese	\$194M	+5.2%	-7.7%	Cream cheese	\$2.6B	+21.4%	-1.5%
Cream cheese	\$193M	+24.1%	-2.5%	Processed cheese	\$2.5B	+8.6%	-2.3%
Whipped toppings	\$130M	+21.0%	-3.6%	Whipped toppings	\$1.7B	+18.2%	-0.5%
Sour cream	\$122M	+14.0%	-5.8%	Sour cream	\$1.6B	+15.6%	-0.7%
Cottage cheese	\$101M	+14.2%	+0.2%	Cottage cheese	\$1.2B	+12.0%	-1.2%
Desserts	\$86M	+1.5%	-13.0%	Desserts	\$1.1B	+6.6%	-5.6%
Cheese snack kits	\$26M	+8.5%	+3.6%	Cheese snack kits	\$314M	+7.0%	-2.7%
Dairy alternative cheese	\$8M	-6.8%	-10.5%	Dairy alternative cheese	\$108M	-5.7%	-7.6%

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



## Deli Sales

“Grocery deli prepared remains an exciting offering for retail,” Parker pointed out. “With shoppers wanting to save money on buying restaurant food, but still lacking for time, grocery deli-prepared is the perfect solution. Whether looking at the January or 52-week time periods, units are holding nearly flat, which is quite the accomplishment in a marketplace with significant pressure on units and pounds.”

	January 2023			Latest 52 weeks ending 1/29/2023			
	\$ sales	\$ vs. YA	Units vs. YA	\$ sales	\$ vs. YA	Units vs. YA	
<b>Department deli</b>	<b>\$3.4B</b>	<b>+5.8%</b>	<b>-3.8%</b>	Department deli	<b>\$44.6B</b>	<b>+8.7%</b>	<b>-2.5%</b>
Deli cheese	\$595M	+3.1%	-5.4%	Deli cheese	\$7.9B	+3.9%	-3.7%
Deli entertaining	\$360M	+6.6%	-3.6%	Deli entertaining	\$4.8B	+7.0%	-3.0%
Deli meat	\$624M	+0.6%	-10.7%	Deli meat	\$8.3B	+7.2%	-6.7%
Deli prepared	\$1.8M	+8.5%	-0.6%	Deli prepared	\$23.6B	+11.3%	-0.2%

## Deli Meat

Deli meat sales (combined fixed and random weight) totaled \$624 million in the four January weeks, up slightly in dollars but down -10.7% in units. After being a growth engine for several years, unit sales for grab-and-go sales also fell behind year ago levels. In the 52-week view, deli meat generated \$8.3 billion in sales, with the fastest growth for grab & go that increased in dollars and units. Service deli sales remained the biggest seller, at \$4.9 billion in the latest 52 weeks, however, units were down -11.3% when compared to year ago levels.

	January 2023			Latest 52 weeks ending 1/29/2023			
	\$ sales	\$ vs. YA	Units vs. YA	\$ sales	\$ vs. YA	Units vs. YA	
<b>Deli meat</b>	<b>\$624M</b>	<b>+0.6%</b>	<b>-10.7%</b>	<b>Total deli meat</b>	<b>\$8.3B</b>	<b>+7.2%</b>	<b>-6.7%</b>
Grab & go	\$199M	+9.3%	-5.5%	Grab & go	\$2.6B	+20.5%	+2.6%
Pre-sliced	\$59M	+0.8%	-8.2%	Pre-sliced	\$833M	+4.1%	-4.8%
Service	\$365M	-3.6%	-13.6%	Service	\$4.9B	+1.7%	-11.3%

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

Packaged lunchmeat (included in meat department sales) reached \$6.4 billion in the most recent 52 weeks — slightly less than deli meat. Packaged lunchmeat had aggressive dollar growth in the past year, due to above-average levels of inflation. Dollar growth slowed to +4.2% in January, with units down -8.5% compared with January 2022.

	January 2023			Latest 52 weeks ending 1/29/2023			
	\$ sales	\$ vs. YA	Units vs. YA	\$ sales	\$ vs. YA	Units vs. YA	
<b>Pre-packaged lunchmeat</b>	<b>\$483M</b>	<b>+4.2%</b>	<b>-8.5%</b>	Pre-packaged lunch meat	\$6.4B	+13.6%	-4.3%

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

## Deli Cheese

Price increases in deli cheese remained below average, resulting in subdued dollar gains, but also relatively mild unit decreases compared to some of the other categories around the store. Much like seen in deli meat, grab & go has been an area of growth for deli cheese as well. However, in January 2023, units for all formats dropped below January 2022 levels. Service cheese was down double digits in unit sales in both the January and 52-week period.

	January 2023			Latest 52 weeks ending 1/29/2023			
	\$ sales	\$ vs. YA	Units vs. YA	\$ sales	\$ vs. YA	Units vs. YA	
<b>Total deli cheese</b>	<b>\$595M</b>	<b>+3.1%</b>	<b>-5.4%</b>	<b>Total deli cheese</b>	<b>\$7.9B</b>	<b>+3.9%</b>	<b>-3.7%</b>
Grab & go	\$84.8M	+5.8%	-4.6%	Grab & go	\$1.1B	+9.9%	+1.1%
Pre-sliced	\$33.1M	+1.8%	-3.4%	Pre-sliced	\$461B	+6.6%	+0.6%
Service	\$87.7M	-4.4%	-13.6%	Service	\$1.2B	-2.6%	-10.1%
Specialty	\$382M	+4.6%	-3.4%	Specialty	\$5.1B	+3.9%	-3.7%

Source: IRI, Total US, MULO, Integrated Fresh



## Deli Entertaining

“Our monthly surveys showed that holiday entertaining has returned,” said Parker. “However, it appears that consumers relied a little less on convenient deli entertaining solutions than they did the year prior — perhaps as a money-saving solution as party sizes are growing and today’s cost of food.” Deli entertaining sales totaled \$360 million in January and \$4.8 billion for the year. Both time periods saw dollar increases but unit declines.

January 2023				Latest 52 weeks ending 1/29/2023			
Deli entertaining	\$ sales	\$ vs. YA	Units vs. YA	Deli entertaining	\$ sales	\$ vs. YA	Units vs. YA
<b>Deli entertaining</b>	<b>\$360M</b>	<b>+6.6%</b>	<b>-3.6%</b>	<b>Deli entertaining</b>	<b>\$4.8B</b>	<b>+7.0%</b>	<b>-3.0%</b>
Dips and sauces	\$190M	+3.3%	-5.4%	Dips and sauces	\$2.5B	+7.4%	-1.7%
Trays	\$56M	+26.7%	+6.1%	Trays	\$835M	+20.3%	+10.6%
Spreads	\$74M	+4.0%	-0.5%	Spreads	\$908M	-3.7%	-10.1%
Pickles/relish	\$40M	+4.2%	-5.4%	Pickles/relish	\$508M	+6.8%	-1.2%
Holiday meals	\$0.2M	+62.3%	+35.0%	Holiday meals	\$28M	+3.5%	+17.1%

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

## Deli Prepared

The strength of deli-prepared solutions continues, especially as consumer mobility returned in January after a more home-centric month of December. Both the January and 52-week time periods show strong dollar sales increases, while unit sales are virtually flat. Several areas within deli prepared managed to grow sales year-on-year in January, including entrees, salads, side dishes and pizza. “This reflects the nature of today’s meal,” said Prach. “Many consumers prepare hybrid meals, combining some items cooked from scratch with items that are semi- or fully-prepared. Additionally, salad bars sales are adding to pre-packaged deli salads, which is resulting in record sales.”

January 2023				Latest 52 weeks ending 1/29/2023			
Deli prepared	\$ sales	\$ vs. YA	Units vs. YA	Deli prepared	\$ sales	\$ vs. YA	Units vs. YA
<b>Deli prepared</b>	<b>\$1.8B</b>	<b>+8.5%</b>	<b>-0.6%</b>	<b>Deli prepared</b>	<b>\$23.6B</b>	<b>+11.3%</b>	<b>-0.2%</b>
Entrees	\$447M	+6.6%	+1.0%	Entrees	\$5.9B	+14.0%	+4.9%
Prepared meats	\$362M	+10.2%	-1.6%	Prepared meats	\$4.7B	+12.8%	-0.6%
Salads	\$287M	+10.8%	+1.4%	Salads	\$4.1B	+11.0%	-1.7%
Sandwiches	\$246M	+14.2%	-0.6%	Sandwiches	\$3.3B	+12.2%	+0.0%
Appetizers	\$139M	+1.2%	-0.3%	Appetizers	\$1.8B	+3.3%	-4.6%
Side dishes	\$112M	+8.5%	+2.3%	Side dishes	\$1.4B	+6.2%	-3.4%
Soups & chili	\$97M	-0.7%	-9.5%	Soups & chili	\$976M	+15.7%	+5.1%
Pizza	\$66M	+22.8%	+13.2%	Pizza	\$785M	+15.5%	+7.2%
Breakfast	\$29M	-3.7%	-13.9%	Breakfast	\$381M	-2.8%	-16.1%
Combo meals	\$14M	+9.5%	-18.9%	Combo meals	\$214M	+15.1%	+15.1%
Desserts	\$7M	-0.1%	-16.2%	Desserts	\$94M	-1.3%	-7.1%

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

## Bakery

January bakery department sales, which includes both fixed and random weight items, as well as the bakery aisle and the fresh perimeter bakery, totaled \$3.1 billion. The patterns in January 2023 and the latest 52 weeks are the same: dollars were boosted by inflation whereas units were down. However, the unit contraction is much stronger in January than in the 52-week view, showing that consumer demand slowed down in the first month of 2023.

January 2023				Latest 52 weeks ending 1/29/2023			
	\$ sales	\$ vs. YA	Units vs. YA		\$ sales	\$ vs. YA	Units vs. YA
<b>Total Bakery</b>	<b>\$3.1B</b>	<b>+9.1%</b>	<b>-5.7%</b>	<b>Total bakery</b>	<b>\$41.1B</b>	<b>+11.9%</b>	<b>-2.0%</b>
Center-store bakery	\$1.9M	+6.3%	-7.5%	Center-store	\$23.9B	+12.6%	-2.8%
Perimeter bakery	\$1.3M	+13.5%	-2.2%	Perimeter	\$17.2B	+11.0%	-0.7%

Source: IRI, Total US Integrated Fresh, MULO



## Center Aisle Bakery

Baked goods items found in the “aisle” or center-store area adjacent to the fresh bakery, increased dollar sales by +4.1% in January 2023 versus year ago. “The rising cost of ingredient inputs, including milk and eggs is driving significant inflation in bakery as well,” Parker noted. “After a strong December, consumers bought fewer baked goods, whether the more functional items like bread, buns or rolls or more indulgent items, such as donuts, cakes and pies.”

Deli prepared	January 2023			Latest 52 weeks ending 1/29/2023			
	\$ sales	\$ vs. YA	Units vs. YA	\$ sales	\$ vs. YA	Units vs. YA	
Breads	\$805M	+4.1%	-8.2%	Breads	\$9.9B	+11.4%	-1.4%
Buns & rolls	\$332M	+10.3%	-5.8%	Buns & rolls	\$5.0B	+10.6%	-4.2%
Bagels/bialys	\$127M	+12.1%	-1.4%	Snack cakes	\$1.5B	+18.9%	-0.7%
Snack cakes	\$119M	+11.3%	-3.6%	Bagels/bialys	\$1.5B	+15.9%	+3.1%
Donuts	\$103M	+2.3%	-12.3%	Donuts	\$1.3B	+15.6%	+0.2%
Muffins	\$74M	+5.9%	-12.0%	Muffins	\$927M	+17.9%	-1.9%
English muffins	\$72M	+2.2%	-12.4%	Cookies	\$857M	+30.0%	+7.3%
Cookies	\$67M	+13.9%	+2.4%	English Muffins	\$835M	+6.2%	-6.0%
Pastry/Danish/ coffee cakes	\$50M	+5.4%	-6.3%	Pastry/Danish/ coffee cakes	\$631M	+9.5%	-5.9%
Brownies/bars	\$39M	+6.4%	-4.4%	Brownies/bars	\$464M	+12.1%	-6.3%
Cakes	\$35M	+4.2%	-10.6%	Cakes	\$458M	+21.2%	+3.6%
Pies	\$21M	+9.3%	-16.9%	Pies	\$253M	-3.9%	-29.7%
Wraps/flatbreads	\$19M	+0.1%	-12.4%	Wraps/flatbreads	\$239M	+2.3%	-9.6%
Croissants	\$7M	-12.1%	-24.1%	Croissants	\$95M	+2.6%	-9.7%

Source: IRI, Total US Integrated Fresh, MULO

## Perimeter Bakery (including both fixed and random weight)

The results for perimeter bakery were much more mixed in both dollar and unit sales. Dollar gains accelerated in January 2023 compared with the total year view. However, this was related to inflation with units falling -5.6% behind January 2022 levels. The areas of growth were mostly smaller sellers, including brownies/bars and croissants.

Deli prepared	January 2023			Latest 52 weeks ending 1/29/2023			
	\$ sales	\$ vs. YA	Units vs. YA	\$ sales	\$ vs. YA	Units vs. YA	
Cakes	\$369M	+12.4%	-5.6%	Cakes	\$5.3B	+7.3%	-2.7%
Cookies	\$174M	+15.3%	-0.4%	Cookies	\$2.5B	+14.2%	+1.3%
Pastries/Danish	\$124M	+1.9%	-10.1%	Pastries/Danish	\$1.6B	+6.7%	-11.8%
Breads	\$124M	+11.2%	-4.9%	Breads	\$1.5B	+8.5%	-3.2%
Donuts	\$96M	+28.2%	+7.2%	Muffins	\$1.2B	+21.1%	+5.2%
Muffins	\$92M	+16.8%	-2.1%	Donuts	\$1.2B	+26.0%	+11.8%
Buns & rolls	\$78M	+18.9%	+2.2%	Pies	\$1.1B	+2.0%	-19.1%
Pies	\$65M	+6.9%	-11.4%	Buns & rolls	\$975M	+13.8%	+0.1%
Croissants	\$47M	+17.3%	+0.6%	Croissants	\$598M	+19.4%	+6.2%
Brownies/bars	\$27M	+27.5%	+7.1%	Brownies/bars	\$372M	+13.8%	+1.5%
Tortillas/wraps	\$26M	+10.8%	-0.9%	Tortillas/wraps	\$316M	+13.0%	+0.6%
Bagels/bialys	\$24M	+8.7%	-4.6%	Bagels/bialys	\$290M	+17.7%	+8.1%
Specialty desserts	\$9M	+16.3%	-2.9%	Specialty desserts	\$127M	+9.9%	+20.0%

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 first quarter of 2023 looks to be little different from 2022. Consumers remain worried about inflation and money-saving measures continue to pressure units and volume. While for most departments unit sales remain ahead of 2019, the year-on-year unit pressure is substantial. Ingredient inputs, weather and transportation conditions remain areas of concern as prices are lapping the double-digit increases of 2022.



Thinking ahead to the April holidays of Easter or Passover, 28% plan to prepare a special meal for the household and 30% will host or attend a meal with extended family or friends. The typical party size continues to increase, from an average of 7.4 in 2022 to 7.9 in 2023. Shoppers are trying hard to keep spending flat (49%) with only 20% expecting to spend more, which may mean continued pressure on units and volume.

The next report in the IRI, 210 Analytics and IDDBA performance series will be released mid-March covering the February 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

2020: 52 weeks ending 12/27/2020

2021: 52 weeks ending 12/26/2021

2022: 52 weeks ending 1/1/2023

Q4 2022: 13 weeks ending 1/1/2023

January 2023: 4 weeks ending 1/29/2023