



# Deli and Bakery Strength Continued in January 2022

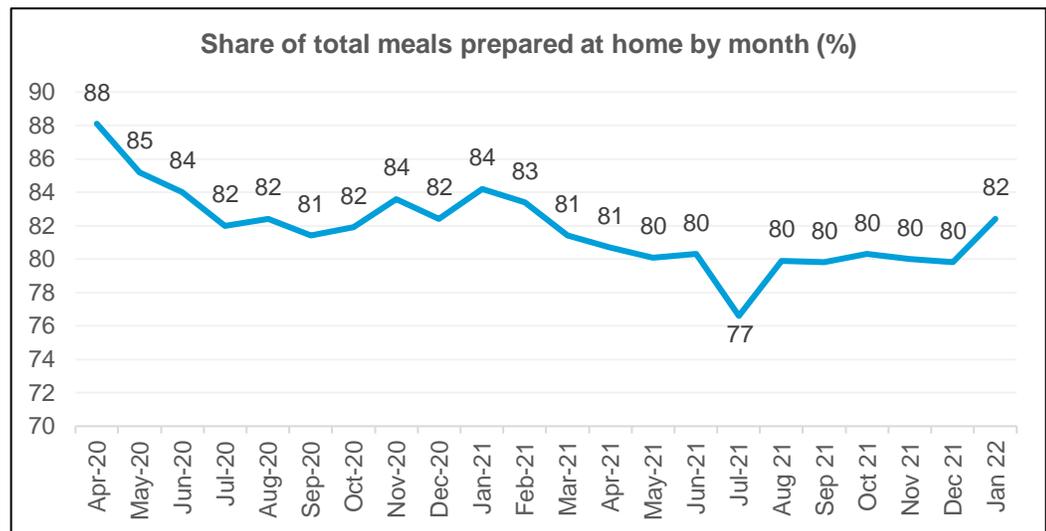
By: Anne-Marie Roerink, President, 210 Analytics LLC

Coronavirus concern levels among primary grocery shoppers have remained mostly flat between September 2021 and January 2022, according to the monthly primary shopper survey series by IRI. “In January, 38% of the population were extremely concerned over COVID-19, which was down sharply from 66% in April 2020,” said Jonna Parker, Team Lead for IRI Fresh. “Shoppers are very aware of food inflation (89%) and the vast majority (95%) worry about it. In total, 42% of shoppers are extremely concerned about the price increases they are seeing across the store — which means food inflation has more people on high alert than COVID-19 as of January 2022.”

The combined effect of concerns over COVID-19, inflation and supply chain challenges explains why shopper demand remains in flux as we enter the third pandemic year. In 2022, IRI, 210 Analytics and IDDBA will continue to team up to document the ever-changing marketplace and its impact on deli, dairy and bakery sales.

The combination of 40-year high inflation and the upswing in COVID-19 cases moved more meals to the home in January 2022, at 82% of all meal occasions. This is the highest number since February 2021.

Restaurant takeout remained popular in January 2022, at 54% of shoppers having done so, but fewer people dined inside, at 41%. In addition to COVID concerns, cutting back on restaurant spending is one of the most popular money-saving measures.



In response to inflationary pressure around the store, 64% of shoppers have made one or more changes to what and how they buy. Forty-five percent of shoppers look for sales specials more often, 31% are cutting back on non-essentials, 19% buy more private brand and 12% now shop at a lower-cost retailer. “We are seeing all these changes in our basket analyses,” added Parker. “On average, people are spending roughly the same amount of money per trip, but they have many fewer items or quantities in their baskets. Saving by buying less is typically one of the later money-saving measures during periods of high inflation; but, with the lack of promotions and already cooking a lot more at home, consumers are drawing on the lessons they learned and fine-tuned during the Great Recession. For many that means saving by buying less.”

The vast majority of trips took place in-store in January 2022, at 86%. During the early months of the pandemic, as many as 20% of trips were online. This dropped to a low of 11% in July of 2021 and sat at 14% in January 2022. The 14% was split between delivery (7%), curbside pickup (6%) and in-store pickup (1%). When shopping in person, 73% estimate they spent as much time in the store as they normally do but 20% said they shopped faster. Shoppers predict that their shopping will remain store-centric: 65% say all their shopping will be in store versus just 4% who believe they will purchase all groceries online. The remaining 31% plan to mostly purchase a little or some items online in a mixed format shopping approach. “This means in-person trips will continue to capture the bulk of purchases in the next few months,” said Jeremy Johnson, VP of Education for IDDBA. “This also means a continued lead role for fresh bakery, deli and dairy to drive frequent trips and engage with shoppers on every day and special occasion purchases.”

## Inflation

The consumer price index increased 7.5% for the 12 months ending January 2022, the highest increase in 40 years, according to the Bureau of Labor Statistics. IRI-measured price per unit for all food and beverages in multi-outlet



stores, including supermarkets, club, mass, supercenter, drug, military, and other retail food stores, also shows that prices continued to rise over and above their elevated 2020 and 2021 levels. In January 2022, the average price per unit was up 9.1% versus January 2021 and +15.3% versus two years ago across all food and beverages. For the latest 52 weeks ending January 30, 2022, prices increased 5.7% — pulled down by much milder inflation in the second quarter of 2021.

| Average price/unit vs. YA | Q1 21 | Q2 21 | Q3 21 | Q4 21 | 2021  | Jan 2022 |
|---------------------------|-------|-------|-------|-------|-------|----------|
| Total food and beverages  | +5.5% | +2.7% | +5.0% | +8.0% | +5.3% | +9.1%    |

Source: IRI, Integrated Fresh Total US, MULO

Bakery, including both in-aisle and perimeter baked goods, inflation on a per unit basis was slightly below average, but both deli and dairy sat above the 9.1% seen for all food and beverages. January 2022 dairy prices were 12.7% above year ago.

| Average price/unit vs. YA | Q1 21 | Q2 21 | Q3 21 | Q4 21 | 2021  | Jan 22 | Vs. YA |
|---------------------------|-------|-------|-------|-------|-------|--------|--------|
| Total bakery              | +9.0% | +3.6% | +4.1% | +7.8% | +6.2% | \$3.11 | +8.8%  |
| Total deli                | +2.1% | +3.8% | +4.3% | +7.2% | +4.4% | \$5.42 | +9.9%  |
| Total dairy               | +3.7% | -0.9% | +3.6% | +4.4% | +2.7% | \$3.05 | +12.7% |

Source: IRI, Integrated Fresh Total US, MULO

## Perishables Performance

A look across fresh foods departments for the five January 2022 weeks show perimeter dollar sales strength. Only seafood did not gain year-over-year with the highest increase going to deli. However, only deli and bakery, the two departments that struggled during the first year of the pandemic, had positive unit growth in January. Seafood is significantly smaller than the other fresh departments and experienced double-digit unit declines.

| January 2022                          | \$ sales | \$ vs. 2021 | Units vs. 2021 |
|---------------------------------------|----------|-------------|----------------|
| Total perishables                     | \$30.7B  | +6.2%       | -2.9%          |
| Meat                                  | \$8.2B   | +7.3%       | -5.3%          |
| Refrigerated (including dairy)        | \$7.4B   | +4.1%       | -2.8%          |
| Produce                               | \$6.9B   | +4.4%       | -4.3%          |
| Deli (meat, cheese and deli prepared) | \$4.0B   | +10.6%      | +1.5%          |
| Bakery                                | \$3.5B   | +10.2%      | +1.3%          |
| Seafood                               | \$666M   | -7.3%       | -16.4%         |

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

## December Dairy Sales

“The five January weeks generated upwards of \$6 billion in dairy sales, an increase of 3.6%,” said Jessica Ives, Professional Development Coordinator with IDDBA. “Also encouraging is the consistency of the weekly sales levels, all around \$1.2 billion, which means demand is holding strong — certainly when compared to pre-pandemic levels.”

| Dairy          | Dollar sales | Dollars vs. 2021 | Units vs. 2021 |
|----------------|--------------|------------------|----------------|
| January        | \$6.192B     | +3.6%            | -3.1%          |
| w.e. 1/2/2022  | \$1.201B     | +0.2%            | -5.3%          |
| w.e. 1/9/2022  | \$1.238B     | +2.9%            | -2.9%          |
| w.e. 1/16/2022 | \$1.295B     | +7.1%            | +0.4%          |
| w.e. 1/23/2022 | \$1.217B     | +3.5%            | -4.4%          |
| w.e. 1/30/2022 | \$1.242B     | +4.4%            | -3.4%          |

When looking beyond January for the longer-term trends, cream/creamers stand out as an area with consistent strength. Others are milk and desserts. While the latter is a smaller seller with high gains, milk is the largest dairy subcategory, with January sales of \$1.6 billion. This was up 4.5% versus January 2021, even if volume was down. “The two columns on the far right of the table below show the change versus year ago in dollars and pounds and the difference between the two percentages is a good proxy for the combination of inflation and fewer sales promotions,” said Ives. “For most, dollar sales were up year-on-year while volume was down. This is something we are seen across deli, dairy and bakery as some of the at-home dollars have moved back to restaurants and consumers are trying to buy less to save money.”



| Current dollar sales vs the same time period year ago |              |               |              |              |             |              |               |              |           |
|---|--------------|---------------|--------------|--------------|-------------|--------------|---------------|--------------|-----------|
|   | 2019         | 2020          | Q1 '21       | Q2 '21       | Q3 '21      | Q4 '21       | Jan '22       | \$ vs YA     | lbs vs YA |
| <b>Dairy</b>  | <b>+0.2%</b> | <b>+13.4%</b> | <b>-0.1%</b> | <b>-9.1%</b> | <b>0.0%</b> | <b>+1.2%</b> | <b>\$6.2B</b> | <b>+3.6%</b> | <b>--</b> |
| Milk  | +0.7%        | +10.2%        | -1.3%        | -5.6%        | 0.0%        | +0.9%        | \$1.6B        | +4.5%        | -4.2%     |
| Natural cheese  | +2.2%        | +19.6%        | +1.7%        | -12.0%       | -2.1%       | -1.6%        | \$1.2M        | -1.3%        | -2.4%     |
| Yogurt  | -0.5%        | +3.7%         | -1.7%        | +4.5%        | +5.4%       | +6.5%        | \$777M        | +3.8%        | -2.5%     |
| Eggs  | -10.3%       | +17.5%        | -1.8%        | -18.4%       | +1.7%       | +4.9%        | \$740M        | +15.1%       | --        |
| Cream/creamers  | +7.7%        | +14.9%        | +7.0%        | -2.6%        | +3.6%       | +3.0%        | \$512M        | +5.7%        | +0.4%     |
| Butter/margarine                                      | +1.4%        | +16.9%        | -7.3%        | -24.7%       | -7.1%       | -2.6%        | \$450M        | -0.6%        | -7.9%     |
| Processed cheese                                      | -3.3%        | +16.0%        | -6.3%        | -13.6%       | -2.9%       | -3.0%        | \$228M        | +0.3%        | -1.7%     |
| Cream cheese  | +3.8%        | +18.4%        | +9.3%        | -8.0%        | -1.2%       | -0.1%        | \$198M        | -2.7%        | -6.4%     |
| Sour cream  | +0.2%        | +13.9%        | +0.7%        | -16.5%       | -4.1%       | +1.7%        | \$138M        | +3.6%        | -1.1%     |
| Whipped toppings                                      | +9.4%        | +21.5%        | +17.2%       | -9.3%        | -1.5%       | +1.4%        | \$136M        | +2.0%        | -0.9%     |
| Cottage cheese  | -3.1%        | +5.1%         | -4.1%        | -9.4%        | -5.3%       | -2.6%        | \$107M        | +2.9%        | -4.0%     |
| Desserts  | +5.2%        | +10.3%        | +6.9%        | +17.6%       | +13.4%      | +14.2%       | \$102M        | +12.8%       | +3.1%     |
| Cheese snack kits                                     | +5.3%        | -12.7%        | -11.5%       | +12.3%       | -4.2%       | -2.5%        | \$19M         | -13.8%       | -21.0%    |
| Dairy alternative cheese                              | +5.4%        | +30.1%        | -4.5%        | -17.0%       | -3.3%       | -10.7%       | \$11M         | -8.4%        | -13.2%    |

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

## Deli 2021

“The deli department had an all-around win in January 2022, though granted inflation played a big role in that,” said Johnson. “Importantly, people remained engaged with deli cheese, meat, entertaining and prepared in January as the share of at-home meals was at its

highest point in nearly a year. The success

of deli-prepared underscores that people are looking for

a little help in planning, preparation and cleanup and deli prepared can play that role very effectively as the total meal solution or a meal ingredient in a hybrid meal approach.”

| January 2022           | Dollar sales  | Dollar gains vs. 2021 | Dollar gains vs. 2020 | Price per unit vs. YA |
|------------------------|---------------|-----------------------|-----------------------|-----------------------|
| <b>Department deli</b> | <b>\$4.0B</b> | <b>+10.6%</b>         | <b>+15.5%</b>         | <b>+9.0%</b>          |
| Deli cheese            | \$748M        | +2.4%                 | +20.3%                | +4.0%                 |
| Deli entertaining      | \$451M        | +9.5%                 | +10.0%                | +6.8%                 |
| Deli meat              | \$764M        | +8.1%                 | +22.4%                | +12.1%                |
| Deli prepared          | \$2.0B        | +15.3%                | +12.8%                | +10.2%                |

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

## Deli Meat

Deli meat sales (combined fixed and random weight) totaled \$746 million for the five January 2022 weeks, which meant an 8.1% increase over year ago levels.

However, across all deli meat offerings, the January price per unit increased 12.1% versus last year so the gains were inflation driven.

That said, deli meat volume easily tracked ahead of January 2020, which was prior to the start of the pandemic — signaling that deli meat demand continued to be strong.

| Deli meat           | Dollar sales  | Dollar gains vs. 2021 | Dollar gains vs. 2020 |
|---------------------|---------------|-----------------------|-----------------------|
| <b>January 2022</b> | <b>\$746M</b> | <b>+8.1%</b>          | <b>+22.4%</b>         |
| w.e. 1/2/2022       | \$145.3M      | +6.3%                 | +18.3%                |
| w.e. 1/9/2022       | \$154.5M      | +8.4%                 | +20.1%                |
| w.e. 1/16/2022      | \$158.6M      | +10.3%                | +26.0%                |
| w.e. 1/23/2022      | \$149.4M      | +5.9%                 | +23.3%                |
| w.e. 1/30/2022      | \$156.6M      | +9.5%                 | +24.1%                |

| Total Deli Meat (FW/RW) |       | Current sales vs. 2020 and 2021 |        |        |        |        |         |         |         |
|-------------------------|-------|---------------------------------|--------|--------|--------|--------|---------|---------|---------|
|                         | 2019  | 2020                            | Q1 '21 | Q2 '21 | Q3 '21 | Q4 '21 | Jan '22 | vs 2021 | vs 2020 |
| Dollars                 | +2.1% | +10.6%                          | +6.5%  | +6.6%  | +2.2%  | +6.0%  | \$746M  | +8.1%   | +22.4%  |
| Volume                  | +0.0% | +5.6%                           | +2.6%  | +3.0%  | -1.6%  | -3.2%  | 78M     | -3.7%   | +4.5%   |

Grab & go and pre-sliced were highly successful strategies long before the onset of the pandemic. In 2019, both had robust year-on-year dollar gains, whereas service deli meat has been an area of decline. At the same time, service deli does generate the bulk of sales each month. Importantly, labor pressures have complicated service operations in some areas of the country, which may also have played into the drop in pound sales versus year ago.



| Total Deli Meat (FW/RW) \$ | Current sales vs. 2020 and 2021 |        |        |        |        |        |         |          |           |
|----------------------------|---------------------------------|--------|--------|--------|--------|--------|---------|----------|-----------|
|                            | 2019                            | 2020   | Q1 '21 | Q2 '21 | Q3 '21 | Q4 '21 | Jan '22 | \$ vs YA | lbs vs YA |
| Grab & go                  | +23.9%                          | +55.5% | +38.7% | +7.7%  | +11.6% | +15.9% | \$221M  | +21.2%   | +8.0%     |
| Pre-sliced                 | +5.5%                           | +20.3% | +13.7% | +4.5%  | +5.0%  | +12.7% | \$76M   | +7.1%    | +2.3%     |
| Service                    | -2.4%                           | -1.3%  | -3.5%  | +6.5%  | -1.9%  | +1.0%  | \$467M  | +3.0%    | -9.0%     |

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

Packaged lunchmeat, typically found in the meat department, generated another \$570 million in January 2022, which constituted an improvement in performance versus 2021 and 2019. Packaged lunchmeat could not quite hold the line on volume sales in the fourth quarter of 2021 and the same was true for January 2022.

| Meat dept packaged lunchmeat \$ (excludes Deli) | Current sales vs. 2020 and 2021 |       |        |        |        |        |         |         |          |
|---|---------------------------------|-------|--------|--------|--------|--------|---------|---------|----------|
|   | 2019                            | 2020  | Q1 '21 | Q2 '21 | Q3 '21 | Q4 '21 | Jan '22 | vs 2021 | vs. 2020 |
| Dollars   | -0.6%                           | +9.9% | -5.0%  | -4.2%  | +3.9%  | +6.3%  | \$570M  | +11.2%  | +20.5%   |
| Volume  | -2.0%                           | +4.5% | -9.4%  | -4.9%  | +2.9%  | -1.0%  | 105M    | -1.9%   | +0.1%    |

Source: IRI, Total US Integrated Fresh, MULO

### Deli Cheese

December deli cheese sales totaled \$748 million, a 2.4% increase over 2021 levels. All weeks gained in dollars but declined in volume. However, the pound declines were fairly minimal, averaging -1.7% for the month.

| Deli cheese    | Dollar sales | Dollar gains vs. 2021 | Dollar gains vs. 2020 |
|----------------|--------------|-----------------------|-----------------------|
| January 2022   | \$748M       | +2.4%                 | -1.7%                 |
| w.e. 1/2/2022  | \$162M       | +1.4%                 | -2.3%                 |
| w.e. 1/9/2022  | \$145M       | +2.7%                 | -2.3%                 |
| w.e. 1/16/2022 | \$150M       | +3.5%                 | -0.3%                 |
| w.e. 1/23/2022 | \$143M       | +0.8%                 | -2.8%                 |
| w.e. 1/30/2022 | \$148M       | +3.5%                 | -0.9%                 |

The longer look shows the success of deli cheese throughout the pandemic. Dollars only briefly fell behind year-ago levels in the second quarter of 2021 and even volume has been trending close to prior year levels once lapping the pandemic spikes.

| Total Deli Cheese (FW/RW) \$ | Current sales vs. 2020 and 2021 |        |        |        |        |        |         |          |           |
|------------------------------|---------------------------------|--------|--------|--------|--------|--------|---------|----------|-----------|
|                              | 2019                            | 2020   | Q1 '21 | Q2 '21 | Q3 '21 | Q4 '21 | Jan '22 | \$ vs YA | lbs vs YA |
| Dollars                      | +1.6%                           | +16.8% | +10.0% | -2.1%  | +0.3%  | +2.5%  | \$748M  | +2.4%    | +20.3%    |
| Volume                       | +0.2%                           | +13.0% | +5.6%  | -6.0%  | -2.1%  | -0.5%  | 94M     | -1.7%    | +11.1%    |

"The different formats within deli cheese echo the findings seen in deli meat: grab-and-go is the up-and-coming growth driver along with pre-sliced. These convenience-focused options do put a bit of a dent in service cheese sales, but for a net gain when regarding total deli cheese sales," said Johnson. "Specialty cheese continued to thrive in January 2022 and this is where retailers have a lot of opportunity to introduce people to new flavors, limited time offers and creating solutions for easy entertaining."

| Total Deli Cheese (FW/RW) | Current sales vs 2020 and 2021 |        |        |        |        |        |         |               |             |
|---------------------------|--------------------------------|--------|--------|--------|--------|--------|---------|---------------|-------------|
|                           | 2019                           | 2020   | Q1 '21 | Q2 '21 | Q3 '21 | Q4 '21 | Jan '22 | Jan '22 vs YA | \$/lb vs YA |
| Grab & go                 | +7.9%                          | +29.9% | +15.1% | -6.0%  | +2.5%  | +4.3%  | \$112M  | +6.4%         | +4.2%       |
| Pre-sliced                | -6.3%                          | +16.1% | +2.6%  | -5.2%  | +1.8%  | +7.0%  | \$42M   | +5.9%         | +23.2%      |
| Service                   | -1.5%                          | +0.6%  | -6.2%  | +1.2%  | -3.1%  | -6.3%  | \$114M  | -4.7%         | -7.2%       |
| Specialty                 | +2.0%                          | +18.7% | +14.0% | -2.3%  | +0.1%  | +3.7%  | \$471M  | +2.7%         | -2.1%       |

Source: IRI, Total US, MULO, Integrated Fresh



## Deli-Prepared and Deli Entertaining

Not only did deli prepared and entertaining make full comebacks in 2021, sales growth accelerated as the months went by. January 2022 sales continued the strong fourth quarter performance. “The January 2022 deli entertaining and deli prepared numbers show that deli now plays a big role in both every day and holiday meal occasions,” said Parker. “We see huge growth in everything that is convenience-focused, not just in preparation, but in all steps from planning and shopping to preparation and cleanup. I would love to see deli prepared and entertaining work more closely with the meat and produce departments to provide solutions for the common hybrid meal approach — meaning shoppers do some cooking on their own in combination with easy heat-and-eat solutions. Value-added is trending extremely well in both meat and produce and providing cross-functional solutions is something consumers would value greatly.”

Deli entertaining had a very strong month also, with the week ending January second being the biggest. This is the week that included New Year’s purchases. “We suspect entertaining will continue to be home-centric, at the very least in the first quarter, and these types of solutions allow consumers to enjoy time with their guests while still offering restaurant-quality food.”

Areas that are still down versus the pre-pandemic normal include appetizers, combination meals, spreads (which includes hummus) and pizza. Holiday meals, which includes catering orders, were a huge winner in 2020, but did not do as well in 2021 nor January 2022. This could be perhaps related to party sizes returning to normal, shifting the focus from full meal solutions to hybrid made-from-scratch and semi- or fully-cooked items as well as solutions being rung up in respective categories versus under Deli catering and special order codes. The two columns on the right show the January 2022 increase in dollars and units versus year ago. The difference between the two is a proxy for the level of inflation for each of the areas. In most cases, dollar increases far exceed unit increases, which points to inflation.

| Deli prepared       | Dollar sales  | Dollar gains vs. 2021 | Dollar gains vs. 2020 |
|---------------------|---------------|-----------------------|-----------------------|
| <b>January 2022</b> | <b>\$2.0B</b> | <b>+15.3%</b>         | <b>+12.8%</b>         |
| w.e. 1/2/2022       | \$396M        | +16.3%                | +13.4%                |
| w.e. 1/9/2022       | \$409M        | +14.9%                | +11.7%                |
| w.e. 1/16/2022      | \$419M        | +16.4%                | +16.4%                |
| w.e. 1/23/2022      | \$403M        | +12.8%                | +13.9%                |
| w.e. 1/30/2022      | \$415M        | +16.1%                | +8.9%                 |

| Deli entertaining   | Dollar sales  | Dollar gains vs. 2021 | Dollar gains vs. 2020 |
|---------------------|---------------|-----------------------|-----------------------|
| <b>January 2022</b> | <b>\$451M</b> | <b>+9.5%</b>          | <b>+10.0%</b>         |
| w.e. 1/2/2022       | \$109M        | +8.7%                 | +24.0%                |
| w.e. 1/9/2022       | \$84M         | +9.5%                 | +10.7%                |
| w.e. 1/16/2022      | \$88M         | +10.4%                | +15.6%                |
| w.e. 1/23/2022      | \$83M         | +7.3%                 | +15.6%                |
| w.e. 1/30/2022      | \$86M         | +12.0%                | -11.9%                |

| Deli Prepared            | Current sales vs 2020 and 2021 |              |              |               |               |               |               |               |              |  |
|--------------------------|--------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|--|
|                          | 2019                           | 2020         | Q1 '21       | Q2 '21        | Q3 '21        | Q4 '21        | Jan '22       | \$ vs YA      | Units vs YA  |  |
| <b>Deli entertaining</b> | <b>+5.0%</b>                   | <b>+5.1%</b> | <b>+1.7%</b> | <b>+9.2%</b>  | <b>+7.4%</b>  | <b>+12.8%</b> | <b>\$451M</b> | <b>+9.5%</b>  | <b>+2.6%</b> |  |
| Dips and sauces          | +6.6%                          | +10.1%       | +4.3%        | +1.1%         | +1.6%         | +5.8%         | \$235M        | +5.2%         | -0.1%        |  |
| Spreads                  | -0.3%                          | +2.7%        | -7.7%        | -1.7%         | -1.3%         | +5.6%         | \$90M         | +0.9%         | -5.1%        |  |
| Trays                    | +5.3%                          | -19.2%       | +1.1%        | +95.5%        | +46.8%        | +64.5%        | \$78M         | +40.1%        | +50.6%       |  |
| Holiday meals            | +3.1%                          | +22.1%       | +132%        | +124%         | +263%         | -43.8%        | \$0.3M        | -11.0%        | +41.5%       |  |
|                          | +                              | +            |              |               |               |               |               |               |              |  |
| <b>Deli prepared</b>     | <b>+4.6%</b>                   | <b>-7.1%</b> | <b>+0.9%</b> | <b>+32.3%</b> | <b>+20.8%</b> | <b>+20.4%</b> | <b>\$2.0B</b> | <b>+15.3%</b> | <b>+4.6%</b> |  |
| Entrees                  | +7.5%                          | -3.5%        | +13.1%       | +51.9%        | +36.8%        | +33.5%        | \$515M        | +25.5%        | +15.8%       |  |
| Prepared meats           | +2.8%                          | -7.5%        | -4.8%        | +17.4%        | +10.1%        | +13.8%        | \$404M        | +10.1%        | +1.4%        |  |
| Salads                   | +2.5%                          | -7.2%        | +1.1%        | +29.8%        | +17.7%        | +22.7%        | \$314M        | +13.1%        | +0.8%        |  |
| Sandwiches               | +4.2%                          | -9.4%        | +5.2%        | +51.8%        | +24.4%        | +22.9%        | \$259M        | +16.4%        | +5.9%        |  |
| Appetizers               | +5.5%                          | -14.5%       | -10.3%       | +19.5%        | +10.5%        | +12.5%        | \$173M        | +6.0%         | -8.2%        |  |
| Side dishes              | -0.8%                          | +10.3%       | +6.1%        | +9.1%         | +7.9%         | +5.0%         | \$127M        | +5.0%         | -2.6%        |  |
| Soups & chili            | +10.7%                         | -12.8%       | -5.9%        | +36.7%        | +41.4%        | +31.4%        | \$120M        | +42.5%        | +33.3%       |  |
| Pizza                    | +5.5%                          | -9.4%        | -10.1%       | +20.7%        | +12.4%        | +5.9%         | \$68M         | +3.9%         | +5.0%        |  |
| Breakfast                | +32.1%                         | +11.1%       | +11.4%       | +24.0%        | +18.8%        | +6.2%         | \$36M         | -0.9%         | -11.6%       |  |
| Combo meals              | +2.3%                          | -42.0%       | -35.0%       | +99.4%        | +80.7%        | +11.5%        | \$15M         | +9.8%         | +30.7%       |  |
| Desserts                 | +                              | +            | -3%          | 78%           | 39%           | +17.6%        | \$8M          | +9.0%         | +9.7%        |  |

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

The first month of 2022 is bringing joint success for the aisle and fresh bakery with year-on-year gains for both dollars and volume. While prices increased 9.2% versus 2021 across all bakery items, demand remained robust.

| 2022 sales        | Dollar sales | \$ vs. 2021 | Lbs* vs. 2021 | Price per lbs vs. YA |
|-------------------|--------------|-------------|---------------|----------------------|
| Bakery department | \$3.5B       | +10.2%      | +1.0%         | +9.2%                |
| Aisle bakery      | \$2.1B       | +11.2%      | +0.0%         | +11.2%               |
| Fresh bakery      | \$1.4B       | +8.9%       | +3.0%         | +5.7%                |

Each of the five January weeks increased in dollars but volume results were more mixed. The last three weeks of January were the strongest, which signals optimism going into February and Valentine's Day engagement.

| Bakery         | Dollars sales | \$ vs. 2021 | Lbs vs. 2021 |
|----------------|---------------|-------------|--------------|
| January 2022   | \$3.5B        | +10.2%      | +1.0%        |
| w.e. 1/2/2022  | \$673M        | +6.8%       | -2.0%        |
| w.e. 1/9/2022  | \$688M        | +9.0%       | -0.1%        |
| w.e. 1/16/2022 | \$738M        | +13.4%      | +4.0%        |
| w.e. 1/23/2022 | \$705M        | +9.9%       | +1.0%        |
| w.e. 1/30/2022 | \$728M        | +11.9%      | +1.9%        |

Source: IRI, Total US, Integrated Fresh, MULO, % growth versus year ago. \*pounds where product provides, not equalized against all non-UPC items i.e. bulk muffins, PLU donuts, custom cakes, etc.

## Center Store Bakery

Baked goods items found in the "aisle" or center-store area adjacent, increased 10.9% in January 2022 hand-in-hand with a 0.5% increase in pounds. Croissants recorded the highest year-on-year growth in January, but is the smallest seller.

| Center store baked goods    | Current sales vs 2020 and 2021 |        |        |        |        |        |         | \$ vs. 2021 | Lbs vs. 2021 |
|-----------------------------|--------------------------------|--------|--------|--------|--------|--------|---------|-------------|--------------|
|                             | 2019                           | 2020   | Q1 '21 | Q2 '21 | Q3 '21 | Q4 '21 | Jan '22 |             |              |
| Breads                      | -0.2%                          | +10.1% | -3.5%  | -8.9%  | +0.0%  | +2.4%  | \$950M  | +10.9%      | +0.5%        |
| Buns & rolls                | +1.8%                          | +16.8% | +3.9%  | -5.8%  | -0.4%  | +3.8%  | \$380M  | +7.9%       | -2.5%        |
| Bagels/bialys               | +4.4%                          | +22.7% | +13.8% | -4.8%  | +5.1%  | +7.0%  | \$138M  | +13.1%      | +5.6%        |
| Snack cakes                 | +2.6%                          | +8.5%  | +1.9%  | -1.2%  | +7.4%  | +9.9%  | \$122M  | +7.5%       | -3.0%        |
| Donuts                      | +0.2%                          | +13.5% | +4.6%  | -2.8%  | -0.4%  | +9.2%  | \$120M  | +17.5%      | +6.2%        |
| English muffins             | -2.1%                          | +14.8% | +5.0%  | -13.2% | -1.4%  | +0.1%  | \$86M   | +4.8%       | -2.9%        |
| Muffins                     | -12.5%                         | +13.2% | +10.5% | +22.0% | +15.9% | +26.2% | \$83M   | +20.4%      | +6.4%        |
| Cookies                     | +3.1%                          | +7.9%  | -9.3%  | -5.4%  | +4.3%  | +2.7%  | \$69M   | +23.9%      | +6.2%        |
| Pastry/Danish/ coffee cakes | +3.3%                          | +5.8%  | +1.9%  | +4.1%  | +10.8% | +11.0% | \$56M   | +14.4%      | +1.9%        |
| Brownies/bars               | -1.1%                          | +9.7%  | +2.7%  | +7.4%  | +19.2% | +6.1%  | \$45M   | +10.6%      | -4.3%        |
| Cakes                       | +0.3%                          | +11.1% | +3.6%  | +0.7%  | +13.8% | +12.0% | \$40M   | +27.6%      | +14.3%       |
| Wraps/flatbreads            | -1.2%                          | +13.5% | +3.7%  | +6.1%  | -3.6%  | +1.1%  | \$23M   | -1.7%       | -7.3%        |
| Pies                        | -2.5%                          | +15.0% | -1.2%  | +0.1%  | -1.3%  | -0.3%  | \$23M   | -4.4%       | -11.3%       |
| Croissants                  | -19.9%                         | +13.1% | +15.9% | +34.4% | +25.1% | +15.0% | \$10M   | +31.8%      | +25.3%       |

Source: IRI, Total US Integrated Fresh, MULO

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

Perimeter bakery had a strong 2021 and completed a full comeback from the early pandemic sales losses. January 2022 continued to see great engagement with the perimeter bakery. With the one exception of brownies, all areas showed year-on-year dollar gains and most also gained in volume. "Special occasion and holiday celebrations are starting to change more and more," said Parker. "More people are celebrating birthdays and other special occasions again and group sizes are growing. We have to keep a keen eye on group sizes in particular. Early in the pandemic, many retailers discontinued sheet cakes and 24-count cupcake packages in exchange for going smaller. As celebrations are normalizing, returning to pre-pandemic pack sizes may be needed to avoid sales losses. We are seeing the same in party trays and platters in deli as well as produce."

### Perimeter bakery

### Current sales vs 2020 and 2021



|                    | 2019   | 2020   | Q1 '21 | Q2 '21 | Q3 '21 | Q4 '21 | Jan '22 | \$ vs YA | Lbs* vs YA |
|--------------------|--------|--------|--------|--------|--------|--------|---------|----------|------------|
| Cakes              | +2.5%  | -2.7%  | +7.1%  | +23.7% | +13.8% | +15.8% | \$414M  | +8.1%    | +2.1%      |
| Cookies            | +6.0%  | -2.7%  | +2.4%  | +21.8% | +15.7% | +19.4% | \$184M  | +11.9%   | +2.4%      |
| Pastry/Danish      | +7.8%  | +2.7%  | +9.1%  | +17.6% | +16.0% | +14.1% | \$150M  | +12.8%   | -8.5%      |
| Breads             | +2.9%  | +6.8%  | +0.7%  | +2.2%  | +1.8%  | -0.4%  | \$142M  | +1.6%    | -4.9%      |
| Muffins            | +4.6%  | -0.9%  | +3.4%  | +19.7% | +21.0% | +21.3% | \$95M   | +16.1%   | +13.4%     |
| Donuts             | +1.6%  | -17.8% | -11.0% | +31.0% | +15.4% | +15.0% | \$90M   | +11.8%   | +16.3%     |
| Buns & rolls       | +1.5%  | -2.6%  | -5.7%  | +9.9%  | +10.6% | +8.9%  | \$82M   | +8.9%    | +6.9%      |
| Pies               | +2.2%  | -0.7%  | +7.2%  | +12.5% | +1.8%  | +4.5%  | \$80M   | +3.2%    | -2.7%      |
| Croissants         | +25.6% | +14.0% | +14.7% | +24.1% | +19.4% | +20.7% | \$50M   | +21.9%   | +18.4%     |
| Wraps/flatbreads   | +3.7%  | +10.1% | +7.2%  | +7.7%  | +7.7%  | +9.3%  | \$28M   | +9.9%    | +3.0%      |
| Bagels/bialys      | +6.0%  | -8.8%  | -11.8% | +14.0% | +19.3% | +17.7% | \$27M   | +22.8%   | +29.1%     |
| Brownies/bars      | +6.5%  | +2.2%  | +15.3% | +26.7% | +19.2% | +2.4%  | \$26M   | -10.3%   | -15.5%     |
| Specialty desserts | +7.6%  | -30.4% | -18.0% | +37.0% | +25.5% | +27.2% | \$10M   | +17.4%   | +22.6%     |

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. \*Lbs not equalized across all items, but only where provided by retailer coding for non-UPC items.

## What's Next?

The marketplace disruption caused by inflation, supply chain challenges and COVID-19 variants is not showing signs of letting up any time soon. Shoppers are reacting in a wide variety of ways.

- At 82.4%, the at-home share of all meals reached its highest level in a year, which favors spending at food retail.
- At the same time, the inflationary levels in retail have two-thirds of shoppers looking for one or more money saving measures. Inflation will likely continue to drive dollar gains for most categories in the foreseeable future but is pressuring unit and volume sales.
- For the first time since the onset of the pandemic, a greater share of shoppers (29%) feel their financial situation a year from now will be worse versus better (23%). About half, 48%, think it will be unchanged. This outlook may prompt a greater focus on money-saving measures beyond the current marketplace behaviors alone.
- Continued rising inflation and shortages are driving stock up behaviors among 42% of shoppers. While 58% do not buy more than they need, 14% stocked up on one or more items out of concerns for continued price increases and 19% stocked up out of fear that the item will be out-of-stock next time.

The next report in the IRI, 210 Analytics and IDDBA performance series will be released mid-February covering the January 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  
 Q1 2021: 13 weeks ending 3/28/2021  
 Q2 2021: 13 weeks ending 6/27/2021  
 Q3 2021: 13 weeks ending 9/26/2021  
 Q4 2021: 13 weeks ending 12/26/2021  
 January 2022: 5 weeks ending 1/30/2022