



Marketplace Pressures Hit Deli, Dairy and Bakery Sales

By Anne-Marie Roerink, President, 210 Analytics LLC

The May Marketplace

The height, widespread nature and the continued acceleration of inflation dominated the headlines in May. Whether in the grocery store, at the pump or at the movies, consumers were paying more. “But the focus on inflation is not limited to the media headlines,” said Jonna Parker, Team Lead Fresh for IRI. “According to the May edition of the IRI monthly survey of primary shoppers, consumers continue to be ultra-aware and many are applying lessons learned during the Great Recession to tighten spending.”

- Awareness of inflation has been extremely high since early fall of 2021. The difference between then and now is the level of consumer concern about inflation and the subsequent reactions when buying groceries, which are intensifying by the month. In May, 95% of consumers were concerned over rising prices, of whom 48% were very concerned. Additionally, 92% of consumers were concerned about higher gas prices, of whom 55% were extremely worried. In contrast, only 23% of consumers had extreme concern over COVID-19 in May 2022.
- The widespread nature and height of inflation are pressuring spending for many consumers, including 38% who described their financial health as strained. Thirty percent of American households stated that they struggle to afford needed groceries.
- Whereas in the fall of 2021 less than 50% made changes to their grocery shopping patterns and choices, 77% of consumers chose differently when buying groceries in May. “This was up another six points from the April survey, when 71% of consumers bought differently,” explained Parker. The measures to combat inflation’s impact on the grocery bill are widespread, including stocking up out of fear that items may cost more on future shopping trips (20%) or may simply not be available (16%) — further pressuring in-stock conditions. Another tactic is making a list and sticking to it, according to 39% of shoppers, which tends to impact items with an impulse nature.
- At the same time that 45% of consumers looked for sales specials, 55% said that fewer of the items they want are on sale and 42% felt that items were not discounted as much, according to the May survey. “This lack of promotions is compounding the inflationary pressure,” agreed Parker, and she pointed out that creative approaches such as shorter sales and cross-category promotions could be a much-needed answer. Other popular money-saving measures included cutting back on non-essentials (36%), looking for coupons (28%), buying more private brands (24%) and buying fewer items (23%).
- Despite the high gas prices, 16% of consumers visited more stores in May than they normally do, to capitalize on sales promotions or everyday low prices. An even higher 19% shopped value-focused retailers, including dollar stores, ALDI, Lidl and others. “Switching stores is typically one of the very last measures consumers take, but this time around, it is already in the mix,” said Parker. “This is a telltale sign of consumers’ level of concern and true pressure on income in light of high gasoline prices.”
- The share of home-prepared meals continued to average around 80%. Consumers would like to eat out more, but they recognize that home-cooked meals are cheaper. They have become more strategic in their restaurant choices and subsequent orders — opening the door for retailers to promote takeout or delivery for grocery deli-prepared foods, and sell the sides, beverages or dessert. Restaurant takeout remained big in May, at 54% of consumers, which may also be a money-saving tactic versus eating on premise.

“Compared with the fall of 2021, inflation is higher, more people are making changes and the supply chain challenges — from labels to packaging to transportation and labor — continue to be significant,” said Heather Prach, Director of Education for IDDBA. “The consumer reactions combined with supply side volatility are creating an environment of continued change and uncertainty, and IRI, 210 Analytics and IDDBA are committed to bringing the latest trends and analysis relative to the dairy, bakery and deli departments.”

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, accelerated further to an increase of +11.8% in the five weeks ending May 29, 2022 (“May”), versus the same five weeks in 2021. Inflation was in the double digits in the center of the store (+13.7%) as well as in perishables (+11.7%) and compared to May 2019, prices across all foods and beverages were up +22.8%.



| Average price/unit vs. YA | Q1 21 | Q2 21 | Q3 21 | Q4 21 | Q1 22 | Feb 22 | Mar 22 | Apr 22 | May 22 |
|---------------------------------|-------|-------|-------|-------|-------|--------|--------|--------|--------|
| Total food and beverages | +5.5% | +2.7% | +5.0% | +8.0% | +9.9% | +10.3% | +10.3% | +10.7% | +11.8% |

Source: IRI, Integrated Fresh, Total US, MUL0, average price per unit and % gain versus YA

On a per-unit basis, deli inflation was right around the average price increase seen across total food and beverages. Bakery (covering both in-aisle and perimeter baked goods) and dairy inflation were above average in May 2022 versus a year ago. Due to the weight variability of many non-UPC baked goods, specialty cheeses and deli prepared items, volume is not equivalized across all three spaces.

| Average price/unit vs. YA | Q1 21 | Q2 21 | Q3 21 | Q4 21 | 2021 | Q1 22 | May 22 | Vs. YA |
|---------------------------|-------|-------|-------|-------|-------|--------|--------|--------|
| Total bakery | +9.0% | +3.6% | +4.1% | +7.8% | +6.2% | +8.8% | \$3.33 | +12.6% |
| Total deli | +2.1% | +3.8% | +4.3% | +7.2% | +4.4% | +9.9% | \$5.62 | +11.6% |
| Total dairy | +3.7% | -0.9% | +3.6% | +4.4% | +2.7% | +12.7% | \$3.38 | +18.0% |

Source: IRI, Integrated Fresh Total US, MUL0

Perishables Performance

In May, total perishables grew 6.3%, with above-average increases for bakery, deli and refrigerated, which includes dairy. The highest gain versus the pre-pandemic normal was generated by refrigerated, up 26.9% in May 2022 versus May 2019. The departments still selling more units in May 2022 than they did in May 2019 were deli and produce.

| May 2022 | \$ sales | Change vs. YA | Change vs. 2YA | Change vs. 3YA | Unit sales | Change vs. YA | Change vs. 2YA | Change vs. 3YA |
|--------------|----------|---------------|----------------|----------------|------------|---------------|----------------|----------------|
| Perishables | \$31.7B | +6.3% | +2.5% | +21.3% | 8.3B | -4.9% | -10.0% | -0.3% |
| Bakery | \$3.8B | +8.7% | +12.7% | +19.9% | 1.1B | -3.4% | -3.1% | -5.9% |
| Deli | \$4.2B | +7.1% | +24.2% | +20.0% | 742M | -4.1% | +7.7% | +3.1% |
| Meat | \$8.1B | +4.5% | -6.5% | +21.7% | 1.3B | -6.1% | -14.0% | -2.3% |
| Produce | \$7.5B | +3.2% | +0.7% | +17.7% | 2.8B | -5.3% | -13.0% | +2.5% |
| Refrigerated | \$7.5B | +12.3% | +3.1% | +26.9% | 2.2B | -3.8% | -11.0% | -0.4% |
| Seafood | \$618M | -13.2% | -22.1% | +15.5% | 69M | -22.3% | -31.2% | -3.7% |

Source: IRI Integrated Fresh, Total U.S., MUL0, fixed and random weight items combined into department views

Dairy Sales

“The five May weeks generated nearly \$6.3 billion in dairy sales, an increase of +13.5% year on year,” said Jessica Ives, Professional Development Coordinator with IDDBA. “The consistency of the weekly sales levels, all at least \$1.2 billion, is encouraging, as it means demand is holding strong — certainly when compared to pre-pandemic levels. The Memorial Day holiday week was the biggest of the five weeks.”

| Dairy | Dollar sales | Dollars vs. 2021 | Units vs. 2021 |
|-----------------|-----------------|------------------|----------------|
| May 2022 | \$6.282B | +13.5% | -3.8% |
| w.e. 5/1/2022 | \$1.226B | +11.6% | -3.9% |
| w.e. 5/8/2022 | \$1.280B | +13.3% | -3.7% |
| w.e. 5/15/2022 | \$1.238B | +13.6% | -3.8% |
| w.e. 5/22/2022 | \$1.254B | +15.0% | -3.7% |
| w.e. 5/29/2022 | \$1.283B | +14.2% | -4.0% |

Milk was easily the biggest seller in May 2022, at \$1.6 billion. The next biggest sellers were natural cheese and yogurt. Eggs dropped to fourth despite a 45.2% increase in dollars, driven by high inflation in the light of avian influenza. The price per unit for fresh eggs reached \$4.31, up from \$3.71 in April. Compared to May 2021, the price of eggs increased 50.4% in May 2022. The two columns on the far right of the table below show the change versus a year ago in dollars and pounds. The difference between the two percentages is a good proxy for the combination of inflation and fewer sales promotions.



| | Sales vs. YA | | | | | | | | \$ vs. YA | Lb. vs. YA |
|--------------------------|--------------|-------------|-----------|------------|-----------|------------|--------------|---------------|---------------|------------|
| | 2019 | 2020 | Q1 21 | Q2 21 | Q3 21 | Q4 21 | Q1 22 | May 22 | | |
| Dairy | 0% | +13% | 0% | -9% | 0% | +1% | +5.0% | \$6.3B | +13.5% | -- |
| Milk | +1% | +10% | -1% | -6% | 0% | +1% | +6.2% | \$1.6B | +14.5% | -2.8% |
| Natural cheese | +2% | +20% | +2% | -12% | -2% | -2% | -1.0% | \$1.1B | +4.3% | -1.7% |
| Yogurt | -1% | +4% | -2% | +5% | +5% | +7% | +7.2% | \$836M | +8.3% | -4.4% |
| Eggs | -10% | +18% | -2% | -18% | +2% | +5% | +12.8% | \$826M | +45.2% | -- |
| Cream/creamers | +8% | +15% | +7% | -3% | +4% | +3% | +6.7% | \$490M | +9.9% | -0.4% |
| Butter/margarine | +1% | +17% | -7% | -25% | -7% | -3% | +2.5% | \$457M | +15.4% | -5.1% |
| Processed cheese | -3% | +16% | -6% | -14% | -3% | -3% | +0.7% | \$218M | +6.6% | -1.1% |
| Cream cheese | +4% | +18% | +9% | -8% | -1% | 0% | +2.9% | \$208M | +13.3% | -3.1% |
| Whipped toppings | +9% | +22% | +17% | -9% | -2% | +1% | +2.4% | \$140M | +7.8% | -0.1% |
| Sour cream | 0% | +14% | +1% | -17% | -4% | +3% | +4.8% | \$136M | +13.6% | -0.2% |
| Cottage cheese | -3% | +5% | -4% | -9% | -5% | -3% | +3.0% | \$111M | +7.5% | -4.4% |
| Desserts | +5% | +10% | +7% | +18% | 13% | +14% | +11.0% | \$107M | +5.6% | -2.9% |
| Cheese snack kits | +5% | -13% | -12% | +12% | -4% | -3% | +16.6% | \$29M | -1.7% | -15.1% |
| Dairy alternative cheese | +5% | +30% | -5% | -17% | -3% | -11% | -7.9% | \$10M | -6.8% | -7.7% |

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

Deli Sales

“Consumers remain home-centric in their meal preparation; however, that does not mean they are making everything from scratch,” said Parker. “While the four areas within deli certainly have inflation as well, demand for deli-prepared solutions that provide a helping hand remained strong in May 2022.”

| May 2022 | Dollar sales | Dollar gains vs. 2021 | Dollar gains vs. 2020 | Price per unit vs. YA |
|------------------------|---------------|-----------------------|-----------------------|-----------------------|
| Department deli | \$4.2B | +7.1% | +24.2% | +11.6% |
| Deli cheese | \$720M | +1.5% | -2.0% | +5.9% |
| Deli entertaining | \$448M | +2.7% | +10.7% | +8.7% |
| Deli meat | \$779M | +6.5% | +14.7% | +15.1% |
| Deli prepared | \$2.2B | +10.1% | +44.4% | +12.9% |

Source: IRI, Total US, Integrated Fresh, MULO, % growth vs. YA

Deli Meat

Deli meat sales (combined fixed and random weight) totaled \$779 million for the five May weeks. While this was certainly an increase in dollars versus a year ago, the growth was fully inflation boosted. Both units and pounds were down more than 7% when compared to the same weeks in 2021 due to inflation upwards of 15%. Memorial Day week (the final week of May) was the biggest of the five, at \$161 million, but gains versus a year ago were in line with the other May weeks.

| Deli meat | Dollar sales | Dollar gains vs. 2021 | Price per unit vs. YA |
|-----------------|---------------|-----------------------|-----------------------|
| May 2022 | \$779M | +6.5% | +15.1% |
| w.e. 5/1/2022 | \$151M | +5.4% | +14.6% |
| w.e. 5/8/2022 | \$154M | +5.8% | +14.8% |
| w.e. 5/15/2022 | \$155M | +8.7% | +15.5% |
| w.e. 5/22/2022 | \$157M | +6.4% | +14.9% |
| w.e. 5/29/2022 | \$161M | +6.4% | +15.6% |

Volume sales were down to the tune of -7.6%. This was much higher than the first quarter result, when pound sales were down 4.9%.

| Total Deli Meat (FW/RW) | Sales vs. YA | | | | | | | | May 22 | vs. 2021 | vs. 2020 |
|-------------------------|--------------|--------|-------|-------|-------|-------|-------|--------|--------|----------|----------|
| | 2019 | 2020 | Q1 21 | Q2 21 | Q3 21 | Q4 21 | Q1 22 | | | | |
| Dollars | +2.1% | +10.6% | +6.5% | +6.6% | +2.2% | +6.0% | +7.0% | \$779M | +6.5% | +14.7% | |
| Volume | +0.0% | +5.6% | +2.6% | +3.0% | -1.6% | -3.2% | -4.9% | 76M | -7.6% | -3.9% | |

Service deli meat remained the largest of the three areas, but all growth was driven by grab & go and pre-sliced deli meat. Grab & go increased in both dollars and pounds over a year ago.



| Total Deli Meat (FW/RW) \$ | Sales vs. YA | | | | | | | | | |
|----------------------------|--------------|--------|--------|-------|--------|--------|--------|--------|-----------|------------|
| | 2019 | 2020 | Q1 21 | Q2 21 | Q3 21 | Q4 21 | Q1 22 | May 22 | \$ vs. YA | Lb. vs. YA |
| Grab & go | +23.9% | +55.5% | +38.7% | +7.7% | +11.6% | +15.9% | +21.6% | \$242M | +20.6% | +2.3% |
| Pre-sliced | +5.5% | +20.3% | +13.7% | +4.5% | +5.0% | +12.7% | +6.0% | \$77M | +3.1% | -2.2% |
| Service | -2.4% | -1.3% | -3.5% | +6.5% | -1.9% | +1.0% | +1.2% | \$460M | +0.9% | -12.6% |

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

Packaged lunch meat, usually cheaper on a per-pound basis, had a strong May with a mere 1.8% decline in pounds, which was one of the better performances across departments and categories. Dollars increased 17.5% over a year ago.

| Packaged lunch meat | Sales vs. YA | | | | | | | | | |
|---------------------|--------------|-------|-------|--------|-------|-------|--------|--------|----------|----------|
| | 2019 | 2020 | Q1 21 | Q2 '21 | Q3 21 | Q4 21 | Q1 22 | May 22 | vs. 2021 | vs. 2020 |
| Dollars | -0.6% | +9.8% | -5.3% | -4.5% | +3.7% | +6.1% | +11.6% | \$610M | +17.5% | +13.8% |
| Volume | -2.0% | +4.4% | -9.6% | -5.1% | +2.8% | -1.1% | -1.9% | 105M | -1.8% | -5.5% |

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

Deli Cheese

May 2022 deli cheese sales totaled \$720 million. Sales were up 1.5% over a year ago despite very low inflation. "The difference between the holiday week sales, at \$151 million, and the typical weeks shows the impact celebrations can have on deli cheese," said Prach. "This is why so many retailers have self-invented holidays or a 'cheese of the month'-type special, to drive consumer interest and impulse purchases."

| Deli cheese | Dollar sales | Dollar gains vs. 2021 | Price per unit vs. YA |
|----------------|--------------|-----------------------|-----------------------|
| May 2022 | \$720M | +1.5% | +5.9% |
| w.e. 5/1/2022 | \$138M | -0.3% | +5.2% |
| w.e. 5/8/2022 | \$146M | +1.7% | +5.1% |
| w.e. 5/15/2022 | \$142M | +1.6% | +6.6% |
| w.e. 5/22/2022 | \$143M | +2.3% | +6.5% |
| w.e. 5/29/2022 | \$151M | +2.1% | +6.2% |

The low inflation resulted in a relatively small gap between dollars and volume, certainly when compared to deli meat. At the same time, deli cheese sales did not keep pace with sales in May 2020, although this was the height of home-based meals.

| Total Deli Cheese (FW/RW) \$ | Sales vs. YA | | | | | | | | | |
|------------------------------|--------------|--------|--------|-------|-------|-------|-------|--------|--------|---------|
| | 2019 | 2020 | Q1 21 | Q2 21 | Q3 21 | Q4 21 | Q1 22 | May 22 | vs. YA | vs. 2YA |
| Dollars | +1.6% | +16.8% | +10.0% | -2.1% | +0.3% | +2.5% | -0.4% | \$720M | +1.5% | -2.0% |
| Volume | +0.2% | +13.0% | +5.6% | -6.0% | -2.1% | -0.5% | -4.0% | 88M | -3.8% | -10.8% |

Grab & go and pre-sliced have been highly successful strategies long before the onset of the pandemic, and in May 2022 grab-and-go sales exceeded service sales by \$2 million. However, the largest seller was specialty cheese, reaching \$446 million, which was up 1.3% versus a year ago.

| Total Deli Cheese (FW/RW) | Sales vs. YA | | | | | | | | | |
|---------------------------|--------------|--------|--------|-------|-------|-------|-------|--------|-----------|---------------|
| | 2019 | 2020 | Q1 21 | Q2 21 | Q3 21 | Q4 21 | Q1 22 | May 22 | \$ vs. YA | Pounds vs. YA |
| Grab & go | +7.9% | +29.9% | +15.1% | -6.0% | +2.5% | +4.3% | +5.0% | \$113M | +5.4% | -0.1% |
| Pre-sliced | -6.3% | +16.1% | +2.6% | -5.2% | +1.8% | +7.0% | +4.9% | \$43M | +7.4% | +3.8% |
| Service | -1.5% | +0.6% | -6.2% | +1.2% | -3.1% | -6.3% | -7.1% | \$111M | -4.0% | -9.7% |
| Specialty | +2.0% | +18.7% | +14.0% | -2.3% | +0.1% | +3.7% | -0.7% | \$446M | +1.3% | -4.1% |

Source: IRI, Total US, MULO, Integrated Fresh



Deli Prepared and Deli Entertaining

“The May 2022 deli entertaining and deli prepared numbers held up against both 2021 and 2020,” said Parker. “Hand in hand with value-added solutions in meat and produce, anything that saves people time and provides an easy entertaining solution is doing very well throughout the store. The large increases versus 2020 have to do with deli entertaining and deli prepared being largely shut down during the early months of the pandemic.”

| Deli entertaining | Dollar sales | Dollar gains vs. 2021 | Price per unit vs. YA |
|-------------------|---------------|-----------------------|-----------------------|
| May 2022 | \$448M | +2.7% | +8.7% |
| w.e. 5/1/2022 | \$85M | +1.0% | +8.5% |
| w.e. 5/8/2022 | \$93M | +4.6% | +7.8% |
| w.e. 5/15/2022 | \$86M | +4.4% | +8.5% |
| w.e. 5/22/2022 | \$88M | +2.9% | +7.9% |
| w.e. 5/29/2022 | \$96M | +0.7% | +10.3% |

“Deli-prepared had a tough 2020 and even 2019 was not the banner year we had come to expect from deli prepared the decade prior,” added Parker. “However, as consumer mobility has returned with kids back in school, evening activities being back on, and more and more offices opening back up, the daily time pressure is back. With it, deli-prepared food sales were strong in May, up 10.1%. This increase was, however, slightly lower than the price per unit increase, at +12.9%.”

| Deli prepared | Dollar sales | Dollar gains vs. 2021 | Price per unit vs. YA |
|-----------------|---------------|-----------------------|-----------------------|
| May 2022 | \$2.2B | +10.1% | +12.9% |
| w.e. 5/1/2022 | \$434M | +10.2% | +12.6% |
| w.e. 5/8/2022 | \$446M | +10.4% | +12.7% |
| w.e. 5/15/2022 | \$444M | +11.2% | +12.7% |
| w.e. 5/22/2022 | \$446M | +9.9% | +13.1% |
| w.e. 5/29/2022 | \$459M | +9.0% | +13.2% |

Most areas in both deli entertaining and prepared foods had strong May results, but more items trended in the negative in unit sales. One notable exception is entrees, which continued strong growth in dollars (+17.7%) and units (+6.6%). Soups and chili, which remained shut down for much longer than other areas of the store, also continue their strong comeback, often in pre-packed programs that favor eating later versus in-store.

| Deli Prepared | Sales vs. YA | | | | | | | | \$ vs. YA | Units vs. YA |
|--------------------------|--------------|------------|------------|-------------|-------------|-------------|-------------|---------------|---------------|--------------|
| | 2019 | 2020 | Q1 21 | Q2 21 | Q3 21 | Q4 21 | Q1 22 | May 22 | | |
| Deli entertaining | +5% | +5% | +2% | +9% | +7% | +13% | +10% | \$448M | +2.7% | -5.5% |
| Dips and sauces | +7% | +10% | +4% | +1% | +2% | +6% | +8% | \$248M | +5.4% | -3.1% |
| Spreads | -0% | +3% | -8% | -2% | -1% | +6% | -1% | \$79M | -14.2% | -15.7% |
| Trays | +5% | -19% | +1% | +96% | +47% | +65% | +35% | \$75M | +20.0% | +12.1% |
| Deli prepared | +5% | -7% | +1% | +32% | +21% | +20% | +15% | \$2.2B | +10.1% | -2.4% |
| Entrees | +8% | -4% | +13% | +52% | +37% | +33% | +25% | \$567M | +17.7% | +6.6% |
| Salads | +3% | -7% | +1% | +30% | +18% | +23% | +15% | \$430M | +9.2% | -3.7% |
| Prepared meats | +3% | -7% | -5% | +17% | +10% | +14% | +9% | \$419M | +8.1% | -4.4% |
| Sandwiches | +4% | -9% | +5% | +52% | +24% | +23% | +17% | \$309M | +7.3% | -4.2% |
| Appetizers | +6% | -14% | -10% | +20% | +10% | +12% | +8% | \$171M | +5.0% | -8.8% |
| Side dishes | -1% | +10% | +6% | +9% | +8% | +5% | +4% | \$123M | +1.8% | -8.3% |
| Soups & chili | +11% | -13% | -6% | +37% | +41% | +31% | +31% | \$74M | +25.2% | +14.2% |
| Pizza | +6% | -9% | -10% | +21% | +12% | +6% | +7% | \$39M | +8.4% | +4.6% |
| Breakfast | +32% | +11% | +11% | +24% | +19% | +6% | +0% | \$36M | -2.1% | -16.3% |
| Combo meals | +2% | -42% | -35% | +99% | +81% | +12% | +23% | \$17M | +9.5% | +1.2% |
| Desserts | +% | +% | -3% | 78% | 39% | +18% | +10% | \$10M | -0.8% | -3.9% |

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

Both the fresh perimeter and aisle bakery delivered growth in May, though much like many other areas of the store, the majority of growth was inflation. Units were down -3.4% for bakery overall and -1.8% for fresh bakery.

| May 2022 sales | Dollar sales | \$ vs. 2021 | Lb.* vs. 2021 | Price per lb. vs. YA |
|-------------------|--------------|-------------|---------------|----------------------|
| Bakery department | \$3.8B | +8.7% | -2.3% | +11.2% |
| Aisle bakery | \$2.2B | +9.8% | -3.1% | +13.3% |
| Fresh bakery | \$1.6B | +7.2% | -0.7% | +7.9% |



Each of the five May weeks increased in dollars, but units were down between 3% and 4%. Memorial Day weekend, the last week of May, was by far the biggest in sales, at \$803 million — once more demonstrating the impact of holiday celebrations on total bakery and perimeter bakery in particular.

Source: IRI, Total US, Integrated Fresh, MULO, % growth versus a year ago. *Where weight is equalized, excludes some bulk items sold by each.

Center Store Bakery

Baked goods items found in the “aisle” or center-store area adjacent to the fresh bakery increased 10.2% in May 2022 versus a year ago. Overall unit sales were down just 1%, with some areas up, others down. Center-store cakes gained the most, at +5.7% in units versus a year ago — another sign of the return of gatherings and celebrations.

| Center store baked goods | Current sales vs. YA | | | | | | | | \$ vs. YA | Units vs. YA |
|-----------------------------|----------------------|--------|--------|--------|--------|--------|-------|--------|-----------|--------------|
| | 2019 | 2020 | Q1 21 | Q2 21 | Q3 21 | Q4 21 | Q1 22 | May 22 | | |
| Breads | -0.2% | +10.1% | -3.5% | -8.9% | +0.0% | +2.4% | +9% | \$895M | +10.2% | -1.0% |
| Buns & rolls | +1.8% | +16.8% | +3.9% | -5.8% | -0.4% | +3.8% | +7% | \$799M | +5.6% | -6.8% |
| Bagels/bialys | +4.4% | +22.7% | +13.8% | -4.8% | +5.1% | +7.0% | +12% | \$131M | +14.5% | +3.5% |
| Snack cakes | +2.6% | +8.5% | +1.9% | -1.2% | +7.4% | +9.9% | +14% | \$130M | +11.4% | -5.3% |
| Donuts | +0.2% | +13.5% | +4.6% | -2.8% | -0.4% | +9.2% | +19% | \$125M | +13.9% | +0.9% |
| Muffins | -12.5% | +13.2% | +10.5% | +22.0% | +15.9% | +26.2% | +20% | \$88M | +17.1% | -0.5% |
| Cookies | +3.1% | +7.9% | -9.3% | -5.4% | +4.3% | +2.7% | +28% | \$80M | +23.3% | +1.3% |
| English muffins | -2.1% | +14.8% | +5.0% | -13.2% | -1.4% | +0.1% | +5% | \$76M | +5.5% | -5.8% |
| Pastry/Danish/ coffee cakes | +3.3% | +5.8% | +1.9% | +4.1% | +10.8% | +11.0% | +13% | \$60M | +8.8% | -7.1% |
| Brownies/bars | -1.1% | +9.7% | +2.7% | +7.4% | +19.2% | +6.1% | +13% | \$43M | +5.8% | -12.8% |
| Cakes | +0.3% | +11.1% | +3.6% | +0.7% | +13.8% | +12.0% | +29% | \$42M | +22.6% | +5.7% |
| Wraps/flatbreads | -1.2% | +13.5% | +3.7% | +6.1% | -3.6% | +1.1% | -1% | \$24M | +0.6% | -10.0% |
| Pies | -2.5% | +15.0% | -1.2% | +0.1% | -1.3% | -0.3% | -6% | \$23M | -16.5% | -41.2% |
| Croissants | -19.9% | +13.1% | +15.9% | +34.4% | +25.1% | +15.0% | +23% | \$10M | +14.4% | +0.5% |

Source: IRI, Total US Integrated Fresh, MULO

Perimeter Bakery (including both fixed and random weight)

May 2022 continued to see great engagement with the perimeter or fresh bakery section. Every area grew dollars, and many grew unit sales as well. These include celebratory items, including cookies, but also morning bakery, including muffins and donuts.

| Perimeter bakery | Current sales vs. YA | | | | | | | | \$ vs. YA | Units vs. YA |
|-----------------------------|----------------------|--------|--------|--------|--------|--------|-------|--------|-----------|--------------|
| | 2019 | 2020 | Q1 21 | Q2 21 | Q3 21 | Q4 21 | Q1 22 | May 22 | | |
| Cakes | +2.5% | -2.7% | +7.1% | +23.7% | +13.8% | +15.8% | +9% | \$536M | +2.6% | -2.6% |
| Cookies | +6.0% | -2.7% | +2.4% | +21.8% | +15.7% | +19.4% | +13% | \$222M | +15.0% | +1.9% |
| Pastry/Danish/ coffee cakes | +7.8% | +2.7% | +9.1% | +17.6% | +16.0% | +14.1% | +10% | \$153M | +5.2% | -14.2% |
| Breads | +2.9% | +6.8% | +0.7% | +2.2% | +1.8% | -0.4% | +1% | \$124M | +1.5% | -5.1% |
| Muffins | +4.6% | -0.9% | +3.4% | +19.7% | +21.0% | +21.3% | +19% | \$114M | +21.2% | +9.2% |
| Donuts | +1.6% | -17.8% | -11.0% | +31.0% | +15.4% | +15.0% | +17% | \$105M | +21.1% | +11.5% |
| Buns & rolls | +1.5% | -2.6% | -5.7% | +9.9% | +10.6% | +8.9% | +9% | \$87M | +7.7% | -0.1% |
| Pies | +2.2% | -0.7% | +7.2% | +12.5% | +1.8% | +4.5% | +3% | \$79M | -8.2% | -38.7% |
| Croissants | +25.6% | +14.0% | +14.7% | +24.1% | +19.4% | +20.7% | +21% | \$52M | +11.3% | +3.7% |
| Brownies/bars | +6.5% | +2.2% | +15.3% | +26.7% | +19.2% | +2.4% | -5% | \$37M | +11.3% | +0.1% |
| Wraps/flatbreads | +3.7% | +10.1% | +7.2% | +7.7% | +7.7% | +9.3% | +10% | \$30M | +13.0% | -0.6% |
| Bagels/bialys | +6.0% | -8.8% | -11.8% | +14.0% | +19.3% | +17.7% | +20% | \$28M | +23.7% | +18.6% |
| Specialty desserts | +7.6% | -30.4% | -18.0% | +37.0% | +25.5% | +27.2% | +13% | \$13M | +10.4% | +52.6% |

Source: IRI, Total US Integrated Fresh, MULO, % growth versus a 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 war in Ukraine, the renewed COVID-19 lockdowns in China, record inflation, labor shortages and supply chain challenges will have a continued effect on food and food sales in the months to come. Opportunities for retail remain the home-cooked meal, with 90% of consumers expecting they will cook from scratch as much (74%) or more often (16%) as last year. Another opportunity is renewed in-person socializing with friends and family, with 13% expecting to entertain more.



IRi
Growth delivered.



As grilling season has officially started, finding ways to tie into outdoor cooking and entertaining can be a growth opportunity.

- 69% plan to host at least one cookout or barbecue to entertain friends and family this summer, typically averaging some six to nine guests, according to the May IRI shopper survey.
- Additionally, 71% of consumers plan to grill or cook meals outdoors as much (51%) or more (20%) this summer.
- Consumers like experimenting with new items on the grill (37%), and many prefer preparing meat/seafood from scratch (74%), while 17% buy grill-ready items. Consumers are a bit more likely to buy ready-to-eat sides, at 23%.

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

Q1 2022: 13 weeks ending 3/27/2022

January 2022: 5 weeks ending 1/30/2022

February 2022: 4 weeks ending 2/27/2022

March 2022: 4 weeks ending 3/27/2022

April: 4 weeks ending 4/24/2022

May: 5 weeks ending 5/29/2022