



Softening Inflation Pulls January Meat Dollars Below Year Ago Levels

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

The January Marketplace

January brought a host of New Year’s resolutions with 40% in the IRI primary shopper survey planning to eat healthier, 24% aiming to get more sleep and 23% wanting 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 total market impact, IRI, 210 Analytics and Hillphoenix will continue to bring monthly updates in 2023 to understand the latest meat department 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. Inflationary pressure on income is real, with 96% being concerned over the high cost of groceries.

- 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.

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. This moved significant spending into retail, adding to holidays that were already mostly celebrated at home, such as Labor Day and the Fourth of July. Holidays typically boost spending far above a normal week with opportunities for departments around the store.

- 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.
- Fifty percent 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.
- 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.

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 2023 (the four weeks ending 1/29/2023), which was up from +12.8% in December 2022. Comparing January 2023 to 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



The average price per pound in the meat department across all cuts and kinds, both fixed and random weight, stood at \$4.49 in January 2023. Prices only increased slightly year-on-year, at +2.6% — continuing a trend of moderating levels of inflation that started in the second half of 2022. As such, meat and poultry inflation were far below the January average for total food and beverages. Yet, red meat and poultry were among the top five examples cited by consumers when naming products that costs more now than they did last year. As perception is reality, it will be important to continue to underscore value and versatility.

Price inflation (price/volume)	Price/volume	Change vs. YA	Change vs. 3YA
Total meat (FW and RW) January 2023	\$4.49	+2.6%	+23.7%
Total meat latest 52 w.e. 1/29/2023	\$4.42	+7.6%	+24.9%
Fresh meat January 2023	\$4.22	+1.8%	+21.9%
Fresh meat latest 52 w.e. 1/29/2023	\$4.17	+5.9%	+24.3%
Processed meat January 2023	\$5.20	+4.8%	+28.0%
Processed meat latest 52 w.e. 1/29/2023	\$5.01	+11.2%	+26.3%

Source: IRI, Integrated Fresh, Total US, MULO

By protein, the moderation in price increases is driven by beef, pork, lamb and bacon in January 2023. Chicken inflation dropped to single digits for the first time in months, while prices for fresh turkey were +11.7% higher than in January last year. In the 52-week view, most of the processed meat category averaged double-digit price increases, led by packaged lunchmeat, that was up +19.4% versus last year.

January 2023	Price/lbs	Change vs. YA	Latest 52 weeks	Price/lbs	Change vs. YA
Fresh beef	\$5.81	-0.5%	Fresh beef	\$5.99	+2.3%
Fresh chicken	\$3.06	+9.4%	Fresh chicken	\$3.03	+15.4%
Fresh pork	\$3.20	-1.4%	Fresh pork	\$3.20	+3.1%
Fresh turkey	\$4.03	+11.7%	Fresh turkey	\$2.60	+13.1%
Fresh lamb	\$9.20	-1.2%	Fresh lamb	\$9.46	+4.9%
Fresh exotic	\$8.64	+5.5%	Fresh exotic	\$7.84	+3.3%
Bacon	\$6.26	-7.4%	Bacon	\$6.62	+5.5%
Packaged lunchmeat	\$6.19	+14.4%	Packaged lunchmeat	\$5.94	+19.4%
Dinner sausage	\$4.62	+5.1%	Dinner sausage	\$4.54	+13.3%
Frankfurters	\$3.46	+4.3%	Frankfurters	\$3.45	+11.0%
Breakfast sausage	\$4.92	+8.6%	Breakfast sausage	\$4.77	+13.1%
Smoked ham	\$2.86	+9.8%	Smoked ham	\$2.75	+6.0%
Processed chicken	\$6.96	+10.4%	Processed chicken	\$7.10	+17.5%

Source: IRI, Integrated Fresh, Total US, MULO

Meat Sales

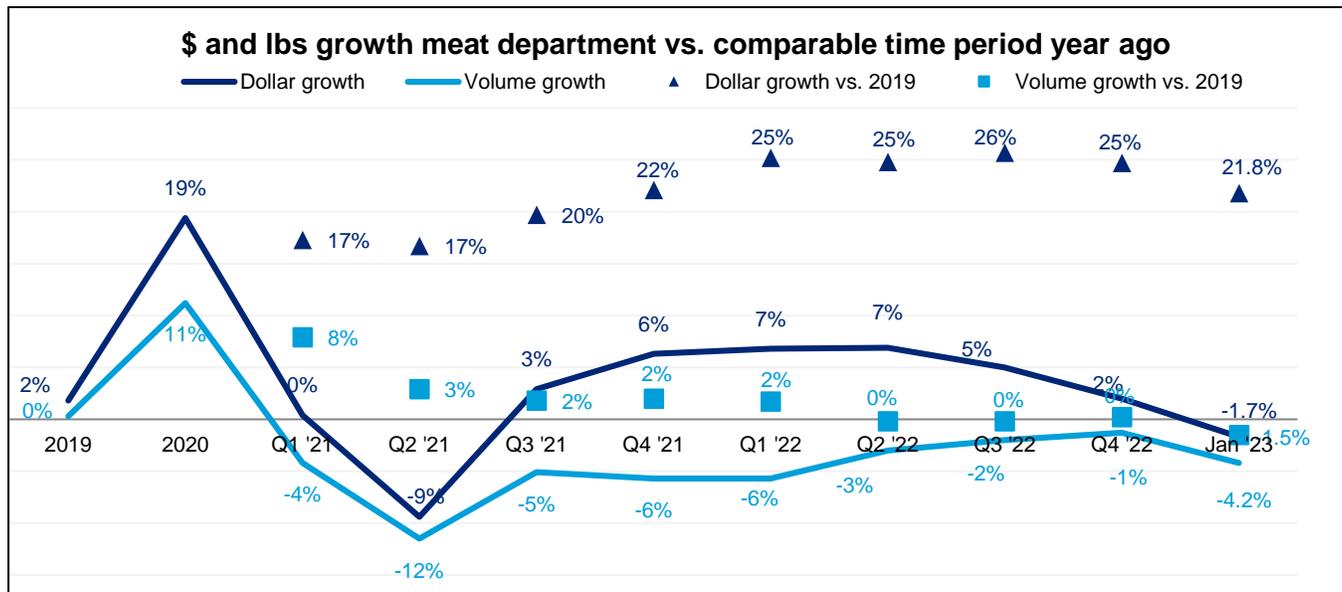
January meat sales were somewhat subdued. Dollars, units and volume sales were down for both fresh and processed meat. In the 52-week view, dollar sales remain ahead of year ago levels, but pounds are trending behind. Compared to the pre-pandemic normal pound sales are still ahead.

	January 2023 % change					Latest 52 weeks % change			
	Dollar size	Dollars vs. YA	Dollars vs. 3YA	lbs vs. YA	lbs vs. 3YA	Dollars vs. YA	Dollars vs. 3YA	lbs vs. YA	lbs vs. 3YA
Total meat department	\$6.4B	-1.7%	+21.8%	-4.2%	-1.5%	+5.0%	+25.9%	-2.4%	+0.8%
Fresh meat	\$4.3B	-1.2%	+21.2%	-2.9%	-0.6%	+4.0%	+25.7%	-1.8%	+1.2%
Processed meat	\$2.1B	-2.9%	+23.2%	-7.3%	-3.8%	+7.0%	+26.3%	-3.9%	+0.0%

Source: IRI, Integrated Fresh, Total US, MULO



January 2023 sales were affected by the below-average rate of inflation that did not provide the same boost seen in prior months plus subdued demand. Pound sales dropped -4.2% behind year ago levels. January pound sales were also down when compared to their January 2020 levels, the pre-pandemic normal, by -1.5%.



Source: IRI, Integrated Fresh, MULO

Assortment

Assortment, measured in the number of weekly items per store is averaging 492 meat and poultry SKUs. This is around year ago levels, but down -5.0% from January 2020.

Average meat department items per store selling for ...								
	2019	2020	2021	Q1 22	Q2 22	Q3 22	Q4 22	Jan 23
Total meat	524	499	505	491	502	492	495	492
Change vs. YA	-1.1%	-4.8%	+1.2%	-3.0%	-2.0%	-1.8%	-1.3%	+0.6%

Source: IRI, Integrated Fresh, Total US, MULO, average items per store selling

Fresh Meat by Protein

In all, fresh meat sales decreased -1.7% in January as the much lower level of inflation could not offset the reduction in pound sales. Beef and chicken were the big contributors to January fresh meat sales, which totaled \$4.7 billion. Chicken experienced an uptick in pounds and dollars in January and came very close to matching last year's pound sales in the 52-week view.

Type	January 2023			Type	Latest 52 weeks ending 1/29/2023		
	\$ sales	\$ vs. YA	Lbs vs. YA		\$ sales	\$ vs. YA	Lbs vs. YA
Total fresh meat	\$6.4B	-1.7%	-4.2%	Total fresh meat	\$87.0B	+5.0%	-2.4%
Fresh beef	\$2.2B	-5.3%	-4.8%	Fresh beef	\$30.4B	-0.2%	-2.5%
Fresh chicken	\$1.3B	+10.0%	+0.6%	Fresh chicken	\$15.7B	+15.2%	-0.2%
Fresh pork	\$527M	-4.7%	-3.4%	Fresh pork	\$7.3B	+1.6%	-1.5%
Fresh turkey	\$183M	-0.1%	-10.6%	Fresh turkey	\$2.9B	+7.1%	-5.3%
Fresh lamb	\$37M	-10.4%	-9.3%	Fresh lamb	\$526M	-3.1%	-7.6%
Fresh exotic	\$9M	-7.7%	-12.5%	Fresh exotic	\$119M	-5.0%	-8.0%
Veal	\$4M	-16.0%	-12.5%	Veal	\$52M	-10.8%	-10.0%

Source: IRI, Integrated Fresh, MULO



Processed Meat

In January, both dollar and pound sales were down when compared to January 2022. Bacon sales declined by double digits as a result of deflation and weaker demand. In the 52-week view, dollar sales did remain ahead of year ago levels, but pound trailed by -3.9%. Frankfurters came closest to matching last year's pound sales.

January 2023				Latest 52 weeks ending 1/29/2023			
Type	\$ sales	\$ vs. YA	Lbs vs. YA	Type	\$ sales	\$ vs. YA	Lbs vs. YA
Processed meat	\$2.1B	-2.9%	-7.3%	Processed meat	\$29.4B	+7.0%	-3.9%
Packaged lunchmeat	\$484M	+4.2%	-9.0%	Packaged lunchmeat	\$6.4B	+13.6%	-4.9%
Bacon	\$453M	-13.0%	-6.0%	Bacon	\$6.3B	-1.3%	-6.4%
Dinner sausage	\$363M	+0.4%	-4.5%	Dinner sausage	\$4.9B	+7.5%	-5.1%
Frankfurters	\$184M	+0.0%	-4.1%	Frankfurters	\$2.9B	+10.9%	-0.1%
Breakfast sausage	\$172M	-2.0%	-9.7%	Breakfast sausage	\$2.2B	+9.7%	-3.0%
Smoked ham	\$78M	-3.0%	-11.6%	Smoked ham	\$1.6B	+3.3%	-2.5%
Processed chicken	\$50M	-1.1%	-10.4%	Processed chicken	\$623B	+7.4%	-8.6%

Source: IRI, Integrated Fresh, Total US, MULO

Grinds

Grinds generated \$1.1 billion in the four January weeks, with 84% of dollars and pounds being generated by ground beef. However, dollars and pounds were down for the biggest seller, whereas pork, chicken and lamb grinds gained in both dollars and pounds. For the full calendar year, grinds totaled \$14.2 billion with pound gains for both chicken and pork.

January 2023				Latest 52 weeks ending 1/29/2023			
Type	\$ sales	\$ vs. YA	Lbs vs. YA	Type	\$ sales	\$ vs. YA	Lbs vs. YA
Ground beef	\$932M	-6.4%	-4.4%	Ground beef	\$12.1B	+5.2%	-1.9%
Ground turkey	\$144M	+2.5%	-11.2%	Ground turkey	\$1.6B	+11.7%	-5.6%
Ground chicken	\$22M	+13.2%	+13.8%	Ground chicken	\$250M	-10.4%	+3.6%
Ground pork	\$18M	+3.3%	+0.4%	Ground pork	\$204M	+12.4%	+3.2%
Ground lamb	\$4M	+3.1%	+3.3%	Ground lamb	\$44M	+2.8%	-2.2%
Ground veal	\$1M	-17.3%	-15.7%	Ground veal	\$11M	-6.0%	-5.6%

Source: IRI, Integrated Fresh, Total US, MULO

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 unit sales remain ahead of 2019 for most departments, the year-on-year unit pressure is high. Ingredient inputs, weather and transportation conditions remain areas of concern as prices are lapping the double-digit increases of 2022.

The next performance report in the IRI, 210 Analytics and Hillphoenix series will be released mid-March 2023 to cover the February sales trends, including Super Bowl and Valentine's Day.

Please thank the entire meat and poultry industry, from farm to store, for all they do.

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