

October 2022 Price Check

Tracking Retail Food and Beverage Inflation

November 1, 2022

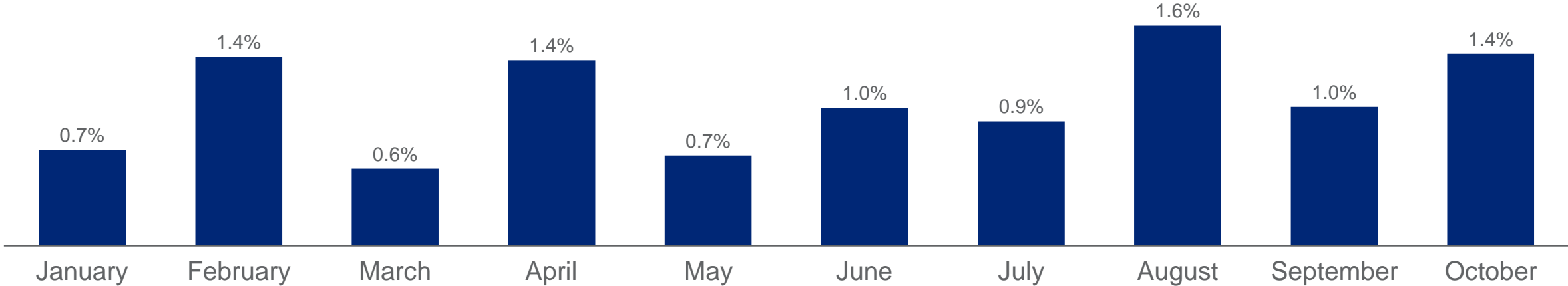


Summary

- **At-home food inflation continues in October: +1.4% vs. September and +13.3% vs. year ago (YA).**
- Within the store, **perimeter** – including produce and deli – has seen **inflation moderate to 8.4% vs. YA**, while **center-store inflation** – including snacks and frozen meals and other frozen foods – **has risen every month so far in 2022 and is now at 14.9% vs. YA.**
 - Moderation of perimeter inflation is partly due to the lapping effect of inflation seen in second half of 2021, which was higher in perimeter departments than center-store departments.
- Inflation varies significantly across the store with the **fresh meat & seafood and alcohol segments only up 4.5% and 5.5% vs. YA**, while other categories, such as **dairy (up 21.3%) and frozen meals and other frozen foods (up 18.4%)**, were up significantly.
- Consumers respond to rising prices by reducing their consumption in some F&B segments more than others.
 - Volumes are down more than 10% in categories such as frozen poultry (-15.5%), deli service lunchmeat (-11.4%), frozen dinners (-10.9%) and shelf-stable dinners (-10.8%) due to significant price increases.
- **Holiday Celebrations**
 - **Seasonal Halloween Candy: With seasonal Halloween candy prices up 13.5% vs. YA, volumes are down 2.0% vs. YA**, due to greater declines in the more expensive chocolate segment (-7.9%).
 - **Thanksgiving: Price inflation for the Thanksgiving meal is up 13.7% vs. YA**, driven by pies and side dishes, up 19.6% and 18.8%, respectively, while protein is up 9.7% vs. YA.

Month-Over-Month Food Inflation Continues to Remain High and Was 1.4% in October vs. September

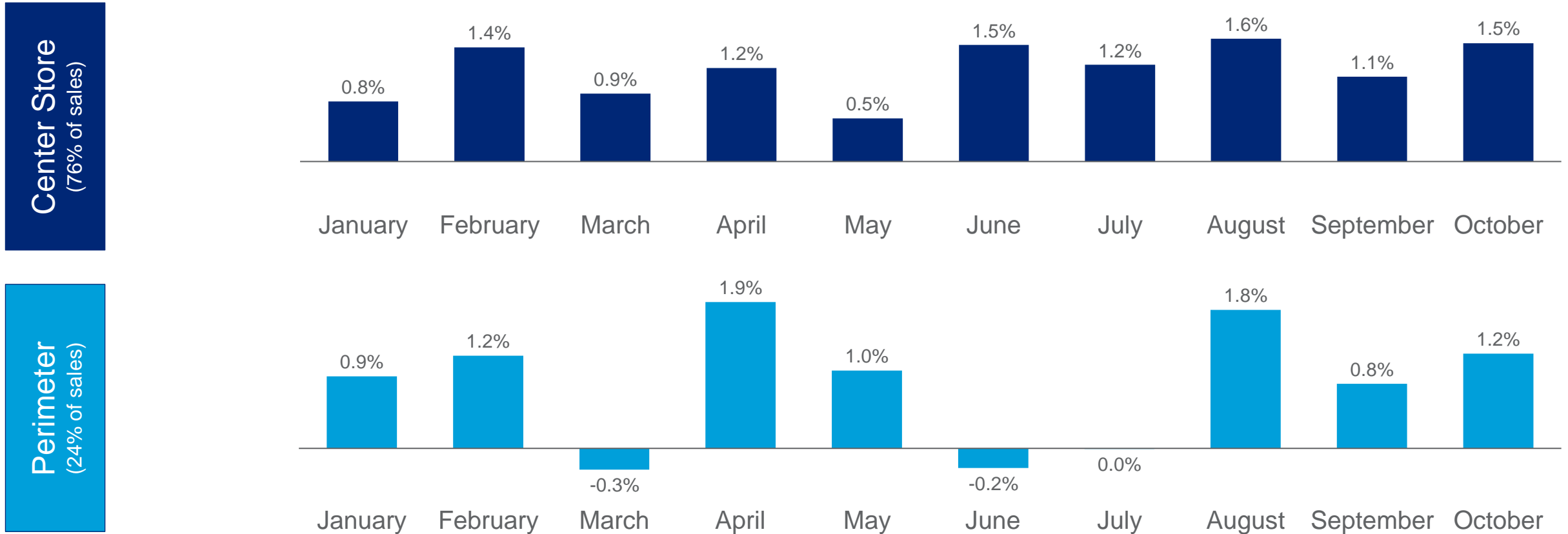
2022 Food & Beverage (Including Fresh) Price Inflation by Month, % Change vs. Prior Month / MULOC



Note: Dollar-weighted price change across categories (excludes any mix effects and based on releasable UPCs. Source: IRI MULOC POS data ending 10/23/22. IRI Client Engagement

Sizable Inflation is Evident in Both Perimeter and Center-Store Categories (October vs. September)

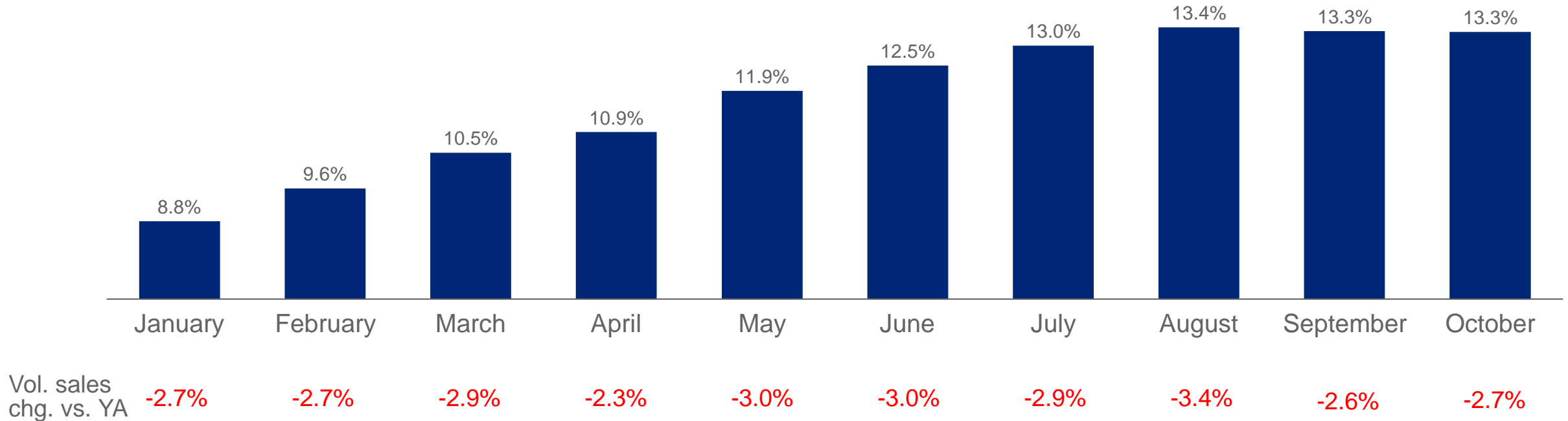
2022 Food & Beverage (Including Fresh) Price Inflation by Month, % Change vs. Prior Month / MULOC



Note: Perimeter includes Produce, Fresh Meat & Seafood, Deli and Perimeter Bakery. Dollar-weighted price change across categories (excludes any mix effects and based on releasable UPCs). Source: IRI MULOC POS data ending 10/23/22. IRI Client Engagement

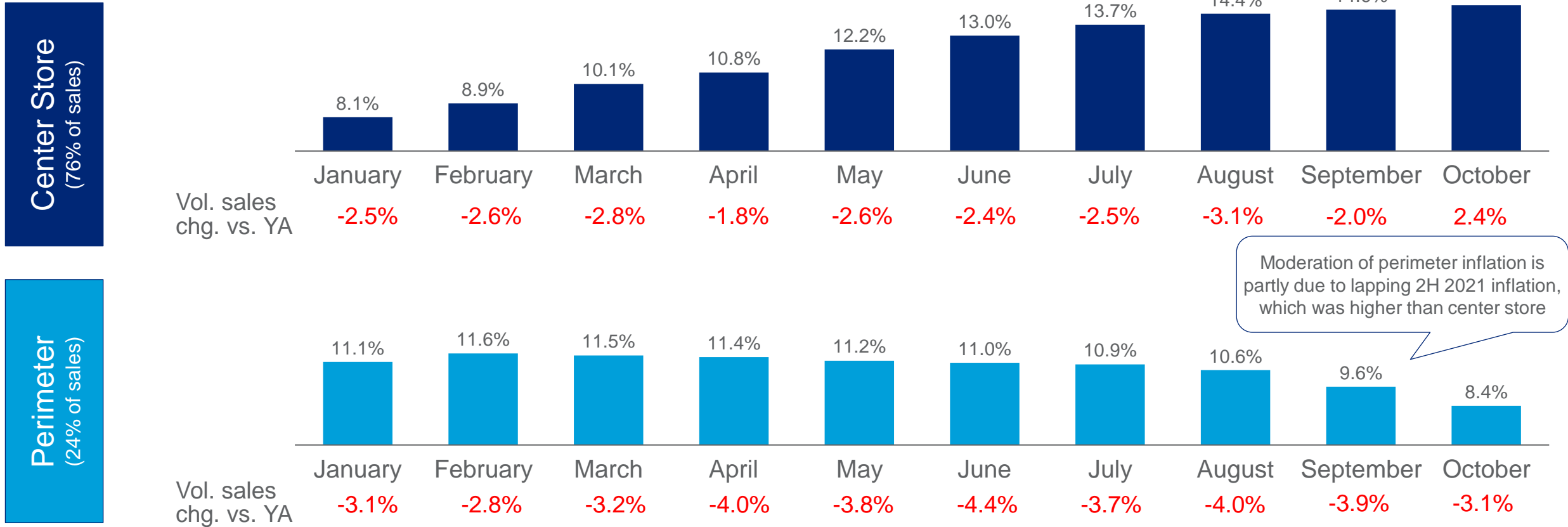
Compared to a Year Ago, Overall Food Inflation Has Stabilized in the Past Three Months

2022 Food & Beverage (Including Fresh) Price Inflation by Month, % Change vs. Year Ago / MULOC



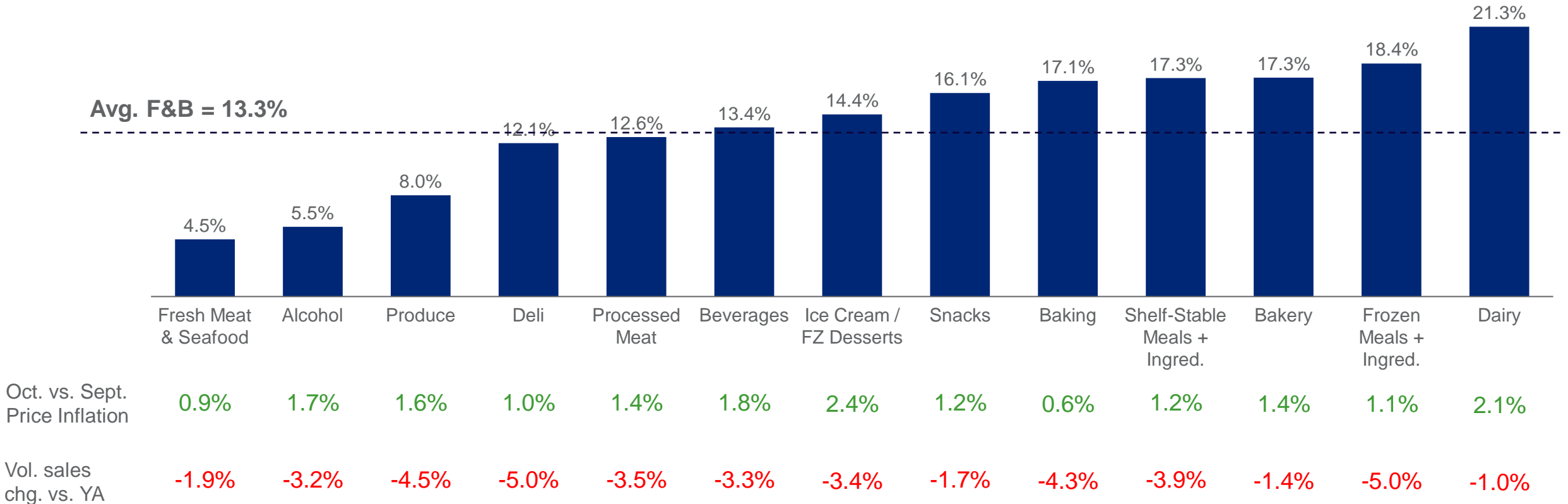
Inflation Continues to Rise in Center-Store Categories vs. YA, while Perimeter Inflation Moderates; Center-Store Volumes Are Stable Despite Rising Inflation

2022 Food & Beverage (Including Fresh) Price Inflation by Month, % Change vs. Year Ago / MULOC



Price Inflation Across Product Segments Varies Widely – Alcohol Increases Have Been Low, while Frozen Meals/Ingredients and Dairy Are High

Price Inflation (excluding mix) by Food & Beverage Segment for **October 2022 vs. Year Ago** / MULOC

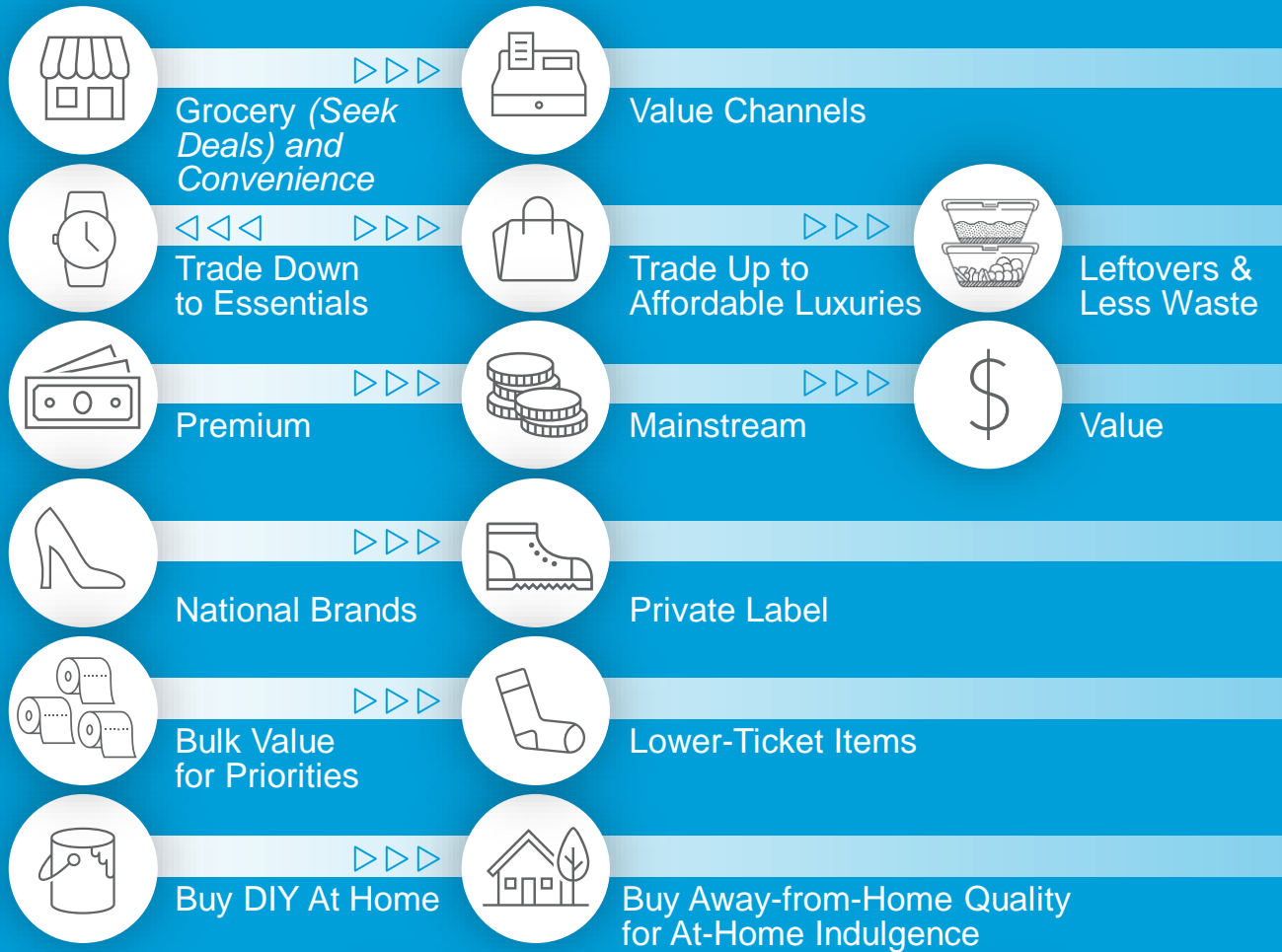


Note: Dollar-weighted average price (including base price and promotion) change across UPCs, based on releasable UPCs. Excludes any product mix effects. Source: IRI POS data ending 10/23/22. IRI Client Engagement

Consumers Use Multiple Tactics to Reduce Spend in Pressured Times

Broad Behavioral Bifurcation Exists Between High- and Low-Income Shoppers

AT HOME



- Quick trips growing ~4x vs. other types
- Walmart trip growth 2.2x of MULO
- Mass and club channels are winning volume share
- Ice cream deals back to 2019 levels

- From liquid laundry detergent (-9.5%) to cheaper powder form (+8.1%)
- Food storage boxes +41%

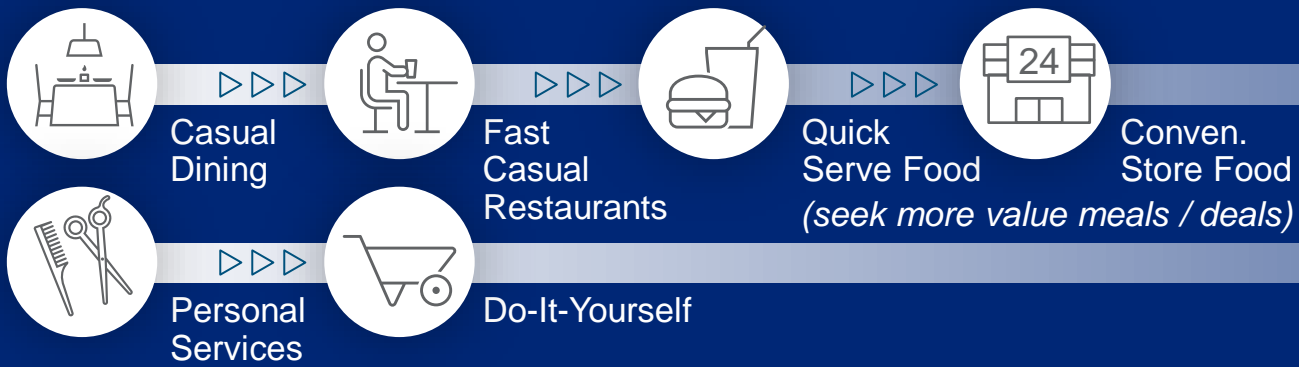
- Premium F&B brands lost 0.7 share points

- Growth for private label in ~75% of all categories
- PL growth strong in staples; e.g., eggs, milk, butter

- Change in avg. vol./unit (L26 weeks vs. YA):
- Sports drinks +10%
 - Snack bars +8%

- Espresso makers +16%
- Moka pots +32%

AWAY FROM HOME



- Commercial restaurant traffic -2%, average check +3%

- Extended time between visits
- Apparel -1% \$, -4% units vs. YA

A Majority of Categories Continue to be More Expensive, While Some Categories Decline a Bit vs. Prior Month

Large Retail Food & Beverage Categories Where Prices Are Up or Down the Most in October 2022 vs. September 2022

October price up the most vs. September

Category	October price chg. vs. September	October Price chg. vs. YA
Rfg Eggs	12.6%	56.5%
Frankfurters	5.5%	12.6%
Mayonnaise	4.5%	24.8%
Buns & Rolls	4.0%	16.7%
Carbonated Beverages	3.0%	16.3%

Center Store

October price down the most vs. September

Category	October price chg. vs. September	October Price chg. vs. YA
SS Soup	-0.9%	20.2%
Breakfast Sausage	-0.7%	12.7%
Fz Meat	-0.6%	13.6%
Baking Needs	-0.5%	13.2%
Fz Poultry	-0.4%	19.1%

Center Store

Stone Fruit	9.0%	17.1%
Beef	2.7%	-1.9%
Deli Dips & Sauces	2.5%	11.2%
Cooking Vegetables	2.4%	12.5%
Cookies	2.4%	16.3%

Perimeter

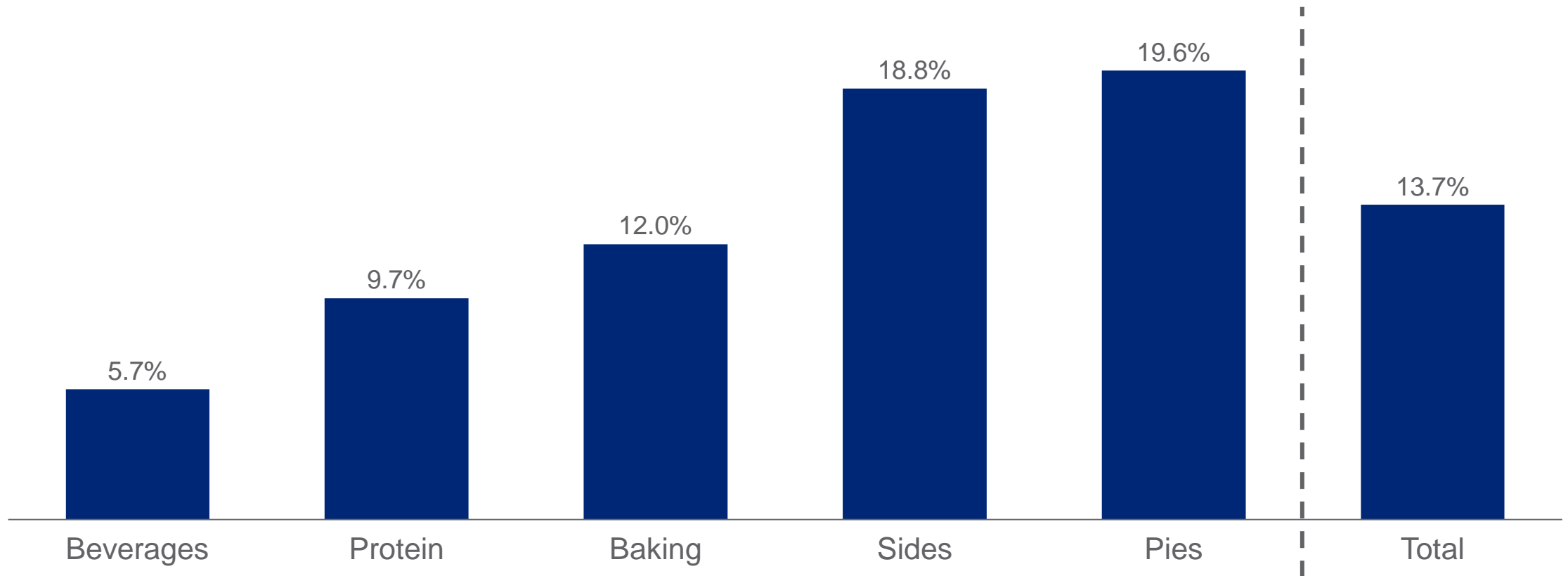
Root Vegetables	-1.9%	21.3%
Chicken	-1.3%	17.3%
Turkey	-1.0%	18.8%
Tropical/Specialty Fruit	-0.8%	0.6%
Citrus Fruit	-0.6%	6.1%

Perimeter



Price Inflation for Thanksgiving Meal Is Up 13.7% vs. YA, Driven by Pies and Sides Up 19.6% and 18.8%, respectively

Price Inflation by Thanksgiving Segment for 4 weeks ending 10/23/22 vs. Year Ago / MULO



Seasonal Halloween Candy Volume Is Down in 2022, With Prices up 13.5% vs. YA; More Expensive Seasonal Chocolate Halloween Candy Segment Volume Is Down the Most


Price Inflation and Sales Performance for Halloween Candy

Vol. sales change vs. YA (%)



Pockets of Premiumization Remain in Some Categories as Consumers Splurge Occasionally

Sample Food & Beverage Categories Where Shoppers Are Trading Up, 26 weeks ending Oct. 2, 2022.



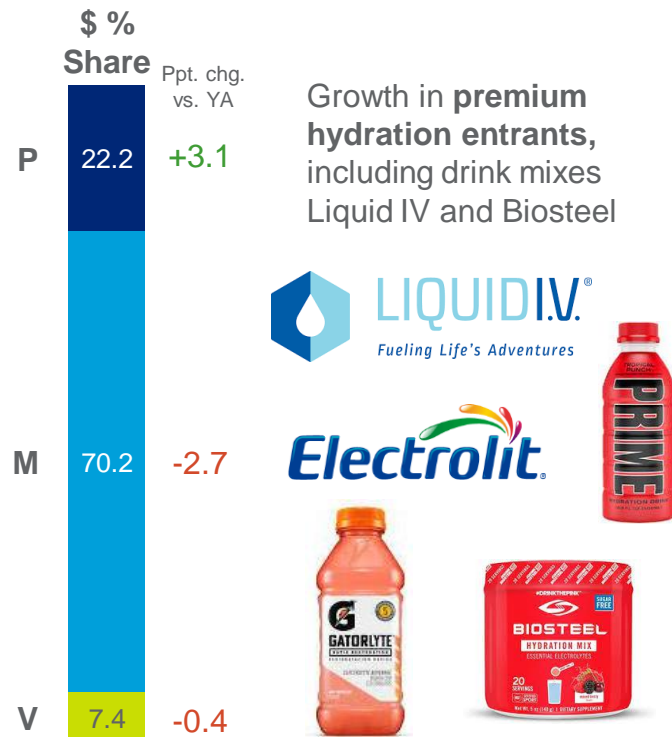
Category	Premium		Mainstream		Value		Private Label	
	% \$ shr.	Ppt. chg. vs. YA	% \$ shr.	Ppt. chg. vs. YA	% \$ shr.	Ppt. chg. vs. YA	% \$ shr.	Ppt. chg. vs. YA
Sports Drinks	22.2%	+3.1	70.2%	-2.7	7.4%	-0.4	0.2%	0.0
Non-Chocolate Candy	26.5%	+2.6	58.9%	-1.5	10.2%	0.0	4.4%	-1.1
Dry Fruit Snacks	40.4%	+2.6	37.2%	-0.7	14.4%	+1.6	8.0%	-3.5
SS Dinners	29.6%	+0.9	56.0%	-0.6	8.2%	-0.9	6.2%	+0.6
Pasta Sauce	28.2%	+0.9	44.5%	-0.7	16.8%	-1.3	10.5%	+1.1

Premium Brands Are Defending Sales When Backed by Significant Innovation and/or Differentiation

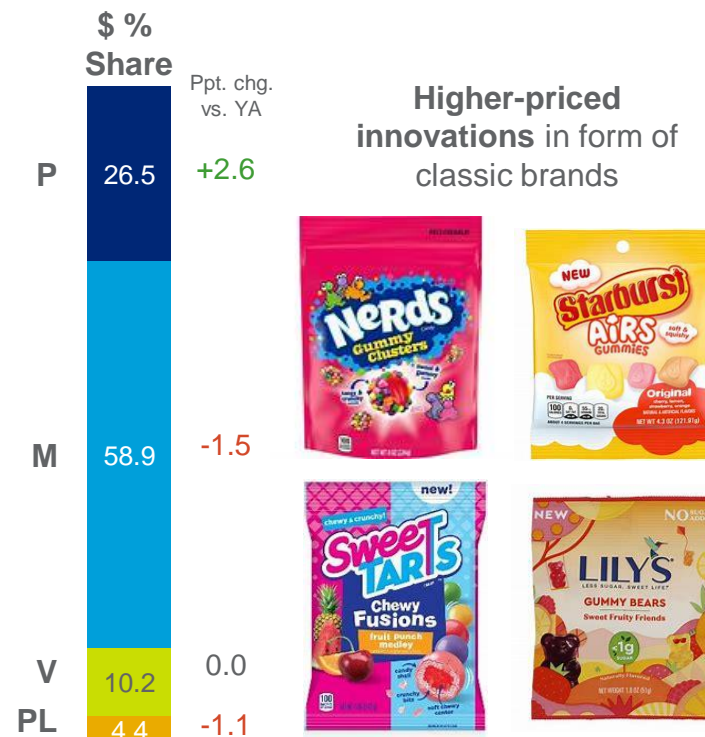
EXAMPLES

Brands Driving Growth in Categories Seeing Premiumization / L26W & ppt. chg. vs. YA

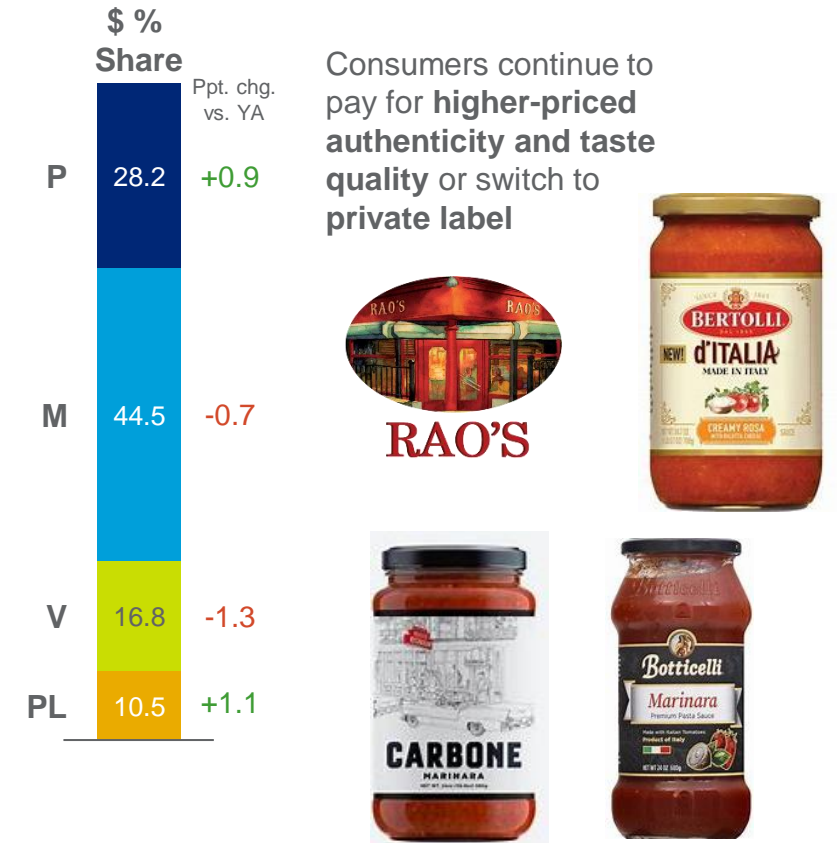
Sports Drinks



Non-Chocolate Candy

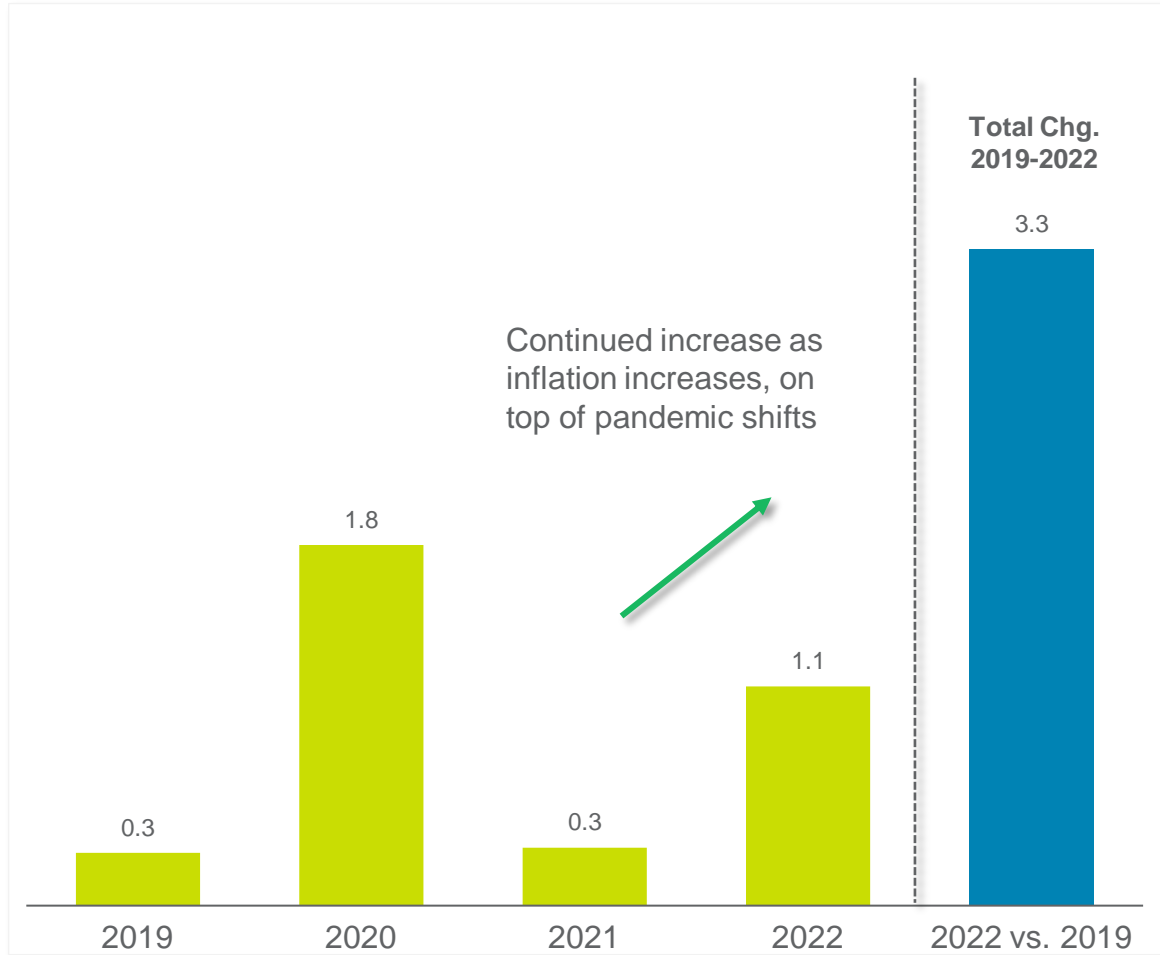


Pasta Sauce



Sales of Larger Packs Ticking Up for Food & Beverage as Consumers Seek Value

Food & Beverage Average % Chg. in Pack Size (Volume/Unit) / L26 weeks ending Oct. 2, 2022, & Same Period in Prior Years



Example Beverage Categories	Volume/Unit % Chg 2022 vs. 2021	Volume/Unit % Chg 2022 vs. 2019
Liquid Drink Enhancers	14.7%	24.5%
Sports Drinks	10.6%	17.6%
Drink Mixes	0.4%	10.7%
SS Non-Fruit Drinks	2.3%	10.2%
Instant Tea Mixes	5.3%	9.4%
Bottled Water	4.9%	7.8%
SS Coffee Creamer	6.5%	7.7%
RTD Tea / Coffee	2.5%	6.4%
Milk Flavoring/Cocoa Mixes	0.9%	6.2%
Aseptic Juices	1.2%	4.4%
SS Canned Juices	4.8%	4.2%
Carbonated Beverages	0.2%	3.3%
SS Bottled Juices	1.5%	2.4%
Rfg Tea / Coffee	1.8%	1.7%
Coffee	-0.8%	1.4%
Energy Drinks	-0.5%	-0.5%
Rfg Juices / Drinks	0.1%	-1.4%
Cocktail Mixes	-0.6%	-5.7%
Tea Bags / Loose	2.1%	-8.4%



Note: Weighted averages across edible categories. Source: IRI POS data ending 10/2/22, MULO. IRI Executive Insights



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