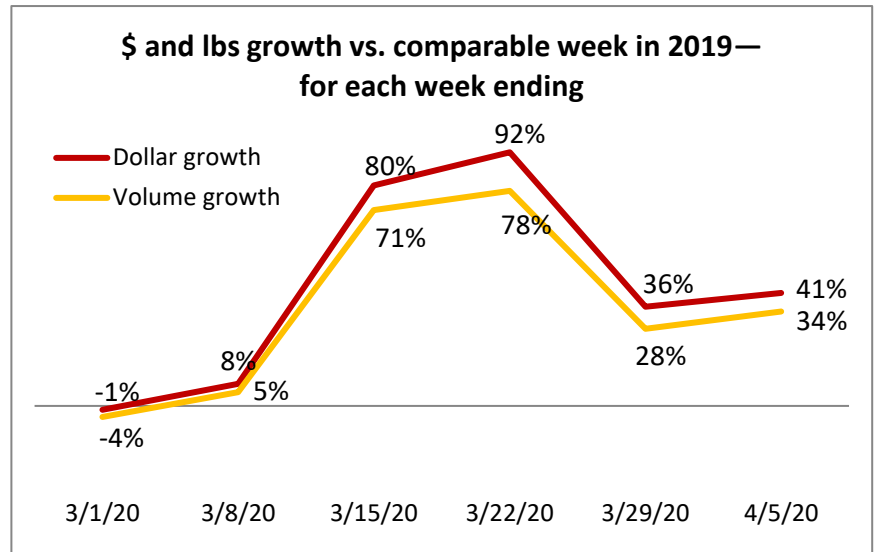


Meat Sales Remain Elevated

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

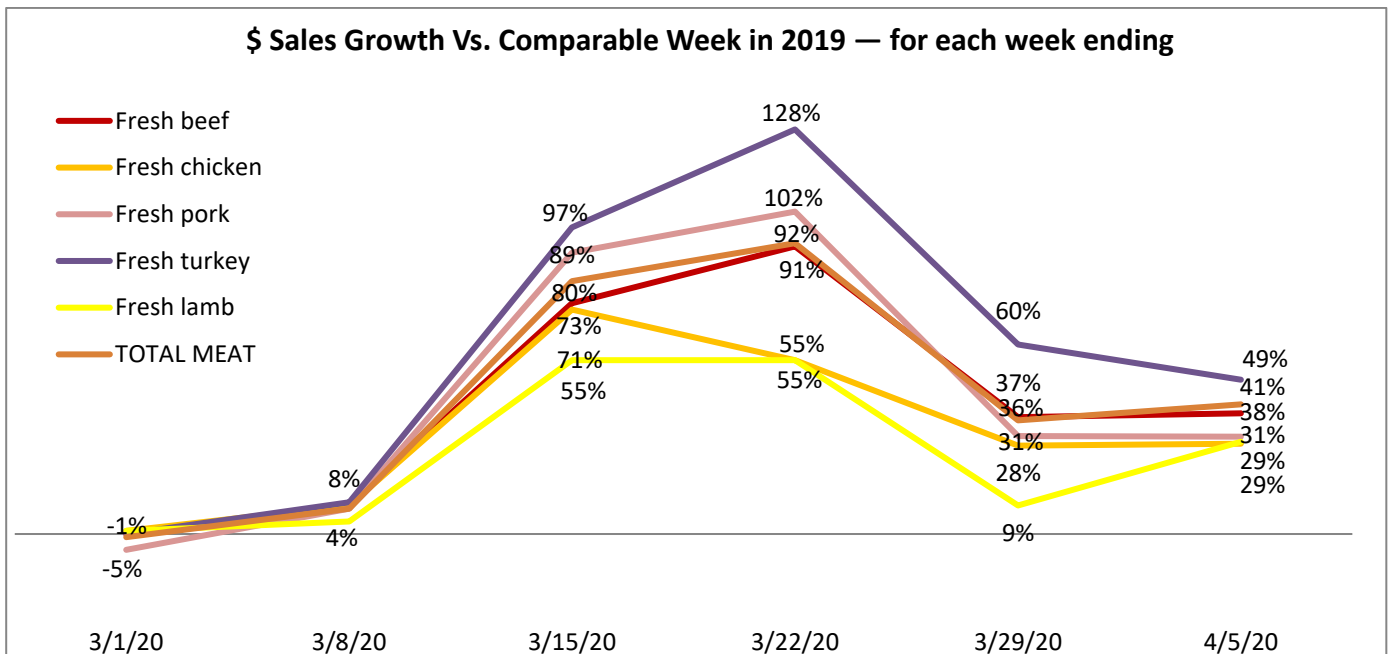
As the COVID-19 outbreak accelerated across states during the first week of April, grocery shopping continued to be affected. While the big panic-buying weeks in non-edibles appear to be behind us, meat sales remained highly elevated during the week ending April 5. The second group of states to issue stay-at-home orders showed a spike in food sales slightly later than the first group and meat dollar sales were 41% higher during the week of April 5 this year than last. Volume sales increased 34% over the comparable week in 2019. Total perimeter sales were up 16%, with meat continuing to be the lead sales driver for fresh departments.



Source: IRI, Total U.S., MULO, 1 week % change vs. YA

Sales were likely influenced by the earlier Easter and a higher everyday demand that is driving a new baseline that sits well above the old normal. At the same time, sales results must be seen against the backdrop of many stores having shortened opening hours, closed service departments, metered entry of shoppers, purchase limitations on popular items and continued out-of-stocks for others.

All meat and poultry continued to sell far above typical levels, with turkey continuing to have the highest percentage gains, followed by beef that also had the highest absolute dollar gains. Year-to-date, dollar gains for total meat are up 18.5% over the comparable period in 2019, according to IRI.



Source: IRI, Total US, MULO, 1 week % change vs. YA

Over the past four weeks, market shares shifted as a result of coronavirus purchasing. The share for beef is up a full percentage point over the latest four weeks ending April 5th versus the comparable four weeks in 2019. Pork and turkey also gained share. The dollar sales share for chicken were down two points, likely driven by the high level of stockouts following the initial wave of panic buying.

	Latest 4 weeks ending 4/5/2019	Latest 4 weeks ending 4/5/2020	Building calendar year 2019	Building calendar year 2020
Beef	55.1%	56.1%	53.9%	54.6%
Chicken	26.3%	24.3%	27.1%	26.3%
Pork	13.0%	13.4%	13.3%	13.2%
Turkey	4.3%	4.9%	4.5%	4.6%
Lamb	0.9%	0.8%	0.9%	0.8%
Veal	0.1%	0.1%	0.1%	0.1%
Exotic	0.3%	0.3%	0.3%	0.3%

Source: IRI, Total US, MULO, % of total fresh dollars

Sales Growth Drivers

Beef and chicken, the two largest proteins, saw the largest increases in terms of dollars, and turkey was once again the highest in percentage growth during the week of April 5. In absolute dollars, beef sold an additional \$173 million versus the comparable week last year, with 48% of new dollars being generated by ground beef. Chicken generated \$65 million more during this first week of April versus the same week in 2019.

Ground

Ground beef's share of total beef sales is up by more than 2.5 percentage points compared to the same four week period in 2019. Even though the week of April 5th

	Latest 4 weeks ending 4/5/2019	Latest 4 weeks ending 4/5/2020
Ground beef	37.7%	40.3%

Source: IRI, Total U.S., MULO, share of total beef

marked the fourth week of coronavirus-impacted

buying, ground beef, in particular, remained one of the items with limited availability. "Meat must still be in demand because of the pandemic," noted a shopper on the Retail Feedback Group's Constant Customer Feedback (CCF) program. "I could not find any ground beef, except in the three pound rolls."

- Ground beef increased 45.5%
- Ground turkey, +42.2%
- Ground chicken, +34.6%
- Ground pork, +38.5%

A Detailed Look by Area

Sales surged across all proteins and offerings, fresh and processed. Fulfilling demand continued to drive supply chain efficiencies but also creativity on behalf of retailers and packer/processors. "Over the past few weeks, like other manufacturers, we have seen a significant increase in retail demand," said Jennifer Versacci, Director of Marketing for Schweid & Sons. "To meet the needs of our consumers who are now eating at home more than ever, our retail sales and marketing teams have made product and packaging innovation our top priority in order to expand usage occasions. And, for our consumers who either can't get to a grocer or just prefer to shop online at this time, our agile production and supply chain teams have enabled us to advance our plans to launch our own direct-to-consumer eCommerce site, reducing the original timeline from months to weeks."

	\$ sales gains versus comparable 2019 week ending...							\$
	03/1/20	03/8/20	03/15/20	03/22/20	3/29/20	4/5/20	04/5/20	
TOTAL MEAT	-1%	+8%	+80%	+92%	+36%	+41%	\$1.6B	

Fresh							
Fresh beef	0%	+9%	+73%	+91%	+37%	+38%	\$626M
Fresh chicken	+1%	+9%	+71%	+55%	+28%	+29%	\$291M
Fresh pork	-5%	+8%	+89%	+102%	+31%	+31%	\$154M
Fresh turkey	0%	+10%	+97%	+128%	+60%	+49%	\$58M
Fresh lamb	+1%	+4%	+55%	+55%	+9%	+29%	\$10M
Fresh exotic	+5%	+15%	+131%	+123%	+47%	+63%	\$3.5M
Processed							
Smoked ham/pork	-6%	+4%	+121%	+236%	+124%	+245%	\$64M
Sausage	0%	+7%	+97%	+112%	+40%	+47%	\$150M
Frankfurters	-1%	+11%	+123%	+127%	+45%	+50%	\$66M
Bacon	-6%	+1%	+82%	+103%	+35%	+47%	\$137M

Source: IRI, Total US, MULO, 1 week % change vs. YA

Processed sales have surged as well since the onset of coronavirus, with sausage, frankfurters and bacon more than doubling sales several weeks in a row, followed by sales increases of well over 40 percent this week for all three areas. “We had an initial surge in the middle of March but things started to slow down in April after people had stocked up,” said Michael Kiolbassa, President of Kiolbassa Provision Company. “We were able to shift our production to the items that were needed quickly. Our team is doing a great job of staying close to our customers and supply chain during this time. Our sales, supply chain and operations teams are working seamlessly and it is great to see. I think we are a long way from normalizing. Although there are signs that the curve is beginning to flatten, it will take some time to “reopen” the economy and for people return to their pre-COVID routines. We are focused on continuing to keep our team members safe and staying nimble for our customers during these unprecedented times.”

Dollar versus Volume Gains

Throughout the past five weeks, volume sales growth have trailed dollars. Pork, in particular, saw a significant gap the week ending April 5, with dollars up 49% but volume up 13%. Smoked ham and pork saw the opposite with significantly larger volume than dollar gains. Strong pork dollar growth may be driven by lesser retailer feature activity and more items purchased off deal in these times. This is further aided by Easter purchases starting to ramp up, which prompts more sales going towards premium/more expensive pork products, such as pork crown roasts that drive a higher spend per purchase.

Latest four weeks, ending April 5 2020 versus comparable period in 2019	Dollar gains	Volume gains
Total meat	+38%	+34%
Fresh beef	+29%	+26%
Fresh chicken	+31%	+27%
Fresh pork	+49%	+13%
Fresh turkey	+29%	+38%
Fresh lamb	+63%	+17%
Fresh exotic	+38%	+63%
Smoked ham/pork	+245%	+375%
Sausage	+47%	+41%
Frankfurters	+50%	+36%
Bacon	+47%	+47%

Source: IRI, Total US, MULO, week ending April 5, 2020

Online Meat Sales

Online meat sales continue to skyrocket, attracting new shoppers and seeing increased order frequencies and basket sizes. Apptopia found daily records of the number of mobile app downloads for Instacart, Walmart

Grocery and Shipt throughout March. Apptopia’s data shows more than 50,000 daily downloads of the Walmart app and about 40,000 downloads of the Instacart app on March 15 alone — steadily increasing each day. IRI survey data found that the number of people who place online orders versus going into the store because of coronavirus more than doubled from 8.4% the first week of March to 21.2% the first week of April. Home delivery and click-and-collect grew with equal speed. At the same time, problems securing delivery or pick up slots persisted across the country. “My regular Walmart didn’t have anything available for a week,” said one shopper. “So I looked around for pickup slots at other Walmarts close by and found something three days out. I even checked into Instacart that some of the other grocery stores around here use, but nothing is available for more than a week.” Companies already active in eCommerce have experienced big surges as well. “People are shifting their buying in a few ways as a result of COVID-19,” said Mike Salguero, Founder of ButcherBox. “Based on what we’re seeing online and what the grocery stores are short on across the country, consumers are stocking up on familiar basics like chicken breast and ground beef. Then there are members who are buying bigger, heartier cuts that they may not have traditionally purchased. These types of cuts help consumers plan their meals better, but also help them get more longevity out of items like a tri-tip, bottom roast or whole turkey. We expect consumers are getting more adventurous with what they cook and experiment with given the amount of time they are spending in their kitchens.” Salguero also commented on the influx of new customers over these past few weeks. “Consumers who never shopped online for groceries before are utilizing companies like us for the first time ever. It’s very likely that they could be converted to online shopping permanently across all grocery categories.”

Lessons from Overseas

Consumers in most European countries that were affected weeks before coronavirus upended sales patterns in the U.S.. Most countries are shifting to a moderately elevated purchasing level post stockpiling. For food, the everyday baseline has been trending between 10 and 20 percent above the comparable week in 2019 for Italy, Greece and the Netherlands and between five and 10 percent for France and Germany. Non-edible sales have mostly leveled off and declined for some. Frozen food continues to see above-average gains in these countries. Meat is incorporated in the “fresh” line.

	Italy	Greece	France	Germany	Netherlands
Total store	+9.3%	+11.8%	+5.6%	+4.0%	+12.1%
Total non-edible	-7.9%	+3.3%	-10.1%	-2.6%	+32.0%
Total edible	+13.2%	+15.0%	+8.9%	+5.8%	+11.2%
Dairy	+22.6%	+18.9%	+18.3%	+5.1%	+13.3%
Frozen	+29.9%	+17.9%	+26.5%	+15.2%	+9.3%
Fresh	+7.4%	+34.3%	+7.1%	+16.7%	+5.7%

Source: IRI, Total US, MULO, week ending March 29, 2020

What’s next?

The subsequent week, the second week of April, was Easter week, which is traditionally a sales powerhouse for many categories, including meat. In the absence of family gatherings, Easter celebrations and dinners are likely to have been very different in makeup and size. Increased everyday demand on retail meat sales is likely to continue while social distancing measures are in effect, driven by increased at-home meal occasions. At the same time economic pressure is continuing to build with ever-rising unemployment numbers. Shopping patterns will also likely remain very different in number, size, day of the week, day part and online ordering trends.

210 Analytics and IRI will provide sales updates weekly, every Monday. Meanwhile, please thank the entire meat and poultry industry, from farm to store, for all they do to ensure supply during these unprecedented times. #MeatFeedsFamilies #SupermarketSuperHeroes