Grocery retailers did well during the start of the COVID-19 outbreak, and private label sales in particular benefited. Shoppers looking to stock up and minimize their outings were able to discover significant savings, but a shifting market means supermarkets may need to adjust their strategy going forward.

Private label was well-positioned even before the pandemic hit; The top five best sellers by dollar sales in 95 out of 122 food and beverage categories included private label products during the 52 weeks ending Oct. 6, 2019, according to Food Institute analysis of IRI Worldwide data. Store brands took top marks in 43 of these categories, with the frozen juice, dried fruit, canned fruit, frozen fruit, frozen vegetable, and canned vegetable segments standing out as particular highlights.

Private label sales rose nearly 15% across all U.S. retail outlets during first quarter 2020, according to data from the Private Label Manufacturers Association (PLMA) and Nielsen. Store brands’ growth surpassed national brands in both dollar sales (14.6% versus 11.5%) and unit sales (12.8% versus 9.2%). Total dollar sales of store brands reached $38.4 billion and unit sales reached 13.2 billion during the quarter.

“There’s no doubt that shopper behavior was highly influenced by consumer fears,” Brian Sharoff, president of the PLMA said. “Nonetheless, the statistics point to greater acceptance of retailer brands as the coronavirus crisis evolves.”

Other studies also found increased acceptance of private label among consumers: 69% of shoppers are willing to purchase different brands if their preferred one is not available, according to a survey by Shopkick. The realities of the pandemic meant that 87% of consumers found out-of-stocks at their local grocery stores, according to BlueYonder.

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which gave them plenty of reason to try out new items.

The current climate presents an excellent opportunity for supermarkets to push their own brands: 85% of respondents say brand names do not matter during times of crisis, according to Shopkick. Additionally, 25% to 30% of consumers who tried a new private label brand during the pandemic would be willing to continue buying it after COVID-19 fades, according to Alix Partners.

However, supermarket private label sales were slightly below the overall retail industry trend, with dollar sales up 12.7% and unit sales up 9.7%. In comparison, national grocery brands increased by 15% and 11.4%, respectively. However, store brands’ market shares were unchanged for the quarter at 18% of dollars and 22.3% of units.

Mass retailers (defined by the PLMA as mass merchants, club, and dollar stores) saw much higher private label gains at 16.6% in dollar sales and 16.5% in unit sales. National brands at these retailers experienced their dollar sales rise 10% and unit sales rise 7%.

Both performance sets are in line with earlier PLMA data. Supermarket store brand sales grew 0.4% in 2019 to $60.5 billion, while mass retailers saw a gain of 8.3% to $68 billion during the same period, beating supermarkets for the second time in a row.

Supermarket private label share also saw some other changes in 2019. The fastest-growing product categories in absolute terms were produce with $365 million in dollar growth, fresh meat with $110 million, deli with $50 million, and frozen food with $45 million, according to PLMA data. In percentage terms, the top performers were fresh produce up 7.8%, fresh seafood up 6.2%, alcohol up 4.6%, baby care up 2.1%, and pet care up 1.2%.

Some categories also experienced growth in terms of total private label unit share, led by fresh seafood (up 1.1 point to 20.1%), produce (up 0.6 points to 22.2%), fresh meat (up 0.4 points to 20.5%), baby care (up 0.4 points to 11.6%), general merchandise (up 0.4 points to 17.6%), pet care (up 0.1 points to 9.8%), and tobacco/tobacco alternatives (up 0.1 points to 1.1%).

Dairy share was stable at 35.1%, while household care remained at 30.5% and frozen food stayed at 22.9%. Only three supermarket departments had unit share declines: health and beauty (down 0.2 points to 17.2%), grocery (down 0.3 points to 18.8%) and bakery (down 1.3 points to 63%).

While supermarket private label hasn’t sustained the growth it saw in the previous decade it is still on the upswing, and grocers are working to keep their brands relevant during the pandemic and beyond. Even though PLMA believes some sales are migrating from supermarkets to mass retailers, private label remains a healthy category.

One strategy being used by supermarkets to bolster growth is rebranding. Price Rite Marketplace, a division of Wakefern Food Corp., is continuing to expand the Bowl & Basket and Paperbird brands introduced at Shop Rite stores in late 2019. The ranges now cover 300 products, with plans to reach 3,500 items by the end of 2021.

Price Rite spent several years designing the two lines, which feature a more modern, upscale aesthetic than previous Shop Rite offerings. All items follow rigorous quality assurance criteria to ensure they can stand against national versions, and the brands as a whole retain a consistent look and feel across the store to make it easier for shoppers to pick them out.

Albertsons is making a more focused change to its private label offerings by adding plant-based ice cream to its Open Nature line. Three of the products are made with oats, including Open Nature Oat Non-Dairy Vanilla Caramel, Open Nature Oat Non-Dairy Oatmeal Cookie, and Open Nature Oat Non-Dairy Blueberry Oatmeal Crumble.

Finally, Giant Food is expanding its private label selection outside of food altogether with the launch of Artie, a line of inexpensive wines with whimsical branding. Each bottle features a picture of a cork dressed up to represent the wine’s country of origin, with prices between $6.99 to $9.99 per bottle to keep them affordable.
The initial spike of stock-ups that defined supermarket sales during the onset of the COVID-19 pandemic has long ceased, but grocers are continuing to adjust their operations to succeed during the ongoing crisis. The industry is still doing well as customers avoid restaurants, with Ahold Delhaize reporting an 18% year-over-year sales jump during second quarter, which is helping individual companies prepare for the new normal.

Unsurprisingly, sales growth across the country is being driven by online transactions, which grew over 9% to a record-setting $7.2 billion in June, compared to May’s $6.6 billion, according to data from Brick Meets Click and Mercatus. The rise was driven by a 16% increase in the total number of orders in a 30 day period, at 85 million in June versus 73.5 million in May, though spending per order fell to $84 in June compared to $90 a month earlier.

There were an estimated 45.6 million active online grocery shoppers in June 2020, reaching 35% market penetration across the U.S., compared to just 16.1 million customers in Aug. 2019. The average online grocery shopper made 1.9 online grocery purchases in June, up from 1.7 in May and nearly twice the one per month recording in Aug. 2019.

It seems unlikely that this trend will reverse in the near future, as 44% of households surveyed by the firms indicated a “high level” of concern about catching/contracting the coronavirus in June, up two percentage points from May.

This growth accelerated the embrace of buy online, pickup in-store and delivery options by supermarkets across the country. Ahold Delhaize plans to add same-day online grocery delivery to 600 Stop & Shop and Food Lion stores, and pickup will extend from the current 765 locations across the retailer’s banners to 1,100 by the end of fiscal 2020.

Giant Food will bolster its delivery capabilities with by expanding its Jessup, MD, warehouse by 23%. The move will increase capacity in categories including organics, fresh produce, meat and seafood, and seasonal products, combating out-of-stocks both in-store and through the Giant Delivers service.

Hy-Vee is enhancing its own pickup option by letting Supplemental Nutrition Assistance Program (SNAP) participants to pay for their orders using electronic benefits transfer. The grocer noted it has seen increased order volume for its Aisle Online service during the pandemic, which led to the hiring of more associates, creation of additional order pickup time slots, and improved communication.
In particular, Gen Z respondents showed an affinity for homemade meals, with 43% saying they will make their own food more often in the future, reported Bloomberg. While this contributes to declining restaurant revenue, it can factor into companies like General Mills’ increased sales.

The foodservice industry is expected to decline by up to 30% from 2019-2020. Looking ahead, Mintel predicts total market sales to rebound to pre-pandemic levels by 2023, with limited-service restaurants, including fast food and fast casual restaurants, bouncing back more quickly and representing a notably larger share of the market.

High unemployment numbers mean customers are likely to prioritize quality items at budget prices later this year. Nielsen indicated retailers should not assume the rise in online shopping means sales will continue to boom. Customers are likely to hold lighter wallets this fall whether or not a second wave of COVID-19 hits.

When it comes to pasta-consumption and sales, the pandemic both accelerated and changed existing trends as well as elevated new ones. Popular pasta trends fall into three main categories: the return of comfort food, interest in Mediterranean cooking, and the rise of plant-based foods.

Gen Z’s food preferences continue to be influential. Health, convenience, and social media all play important roles in Gen Z’s food choices. While Gen Z increased frozen purchases substantially during the pandemic, Gen Zers are still typically known to prefer fresh and wholesome foods.

Oat milk continues to be a fast-growing dairy option. Swedish oat milk company Oatly sold a $200 million stake, reported Nasdaq. This segment is expected to remain strong due to stockpiling and customers’ desire for foods with more extended shelf life, reported Nasdaq.

Plant-based meat finds a welcoming home in retail. Impossible Foods is continuing a push to place its products on grocery retailer shelves as it partnered with Publix to expand its presence in the Southeast, while Beyond Meat expanded into Sam’s Club and BJ’s Wholesale. Plant-based food products gained significant traction with consumers in 2019, but a combination of factors is propelling the industry in 2020.

Consumer perception drives interest in plant-based eating. In addition to plant-based foods being perceived as healthier, the placement of alternative meat in supermarkets is also a big factor in sales. Consumers purchased 23% more plant-based meat when they found it in the same aisle as traditional meat, according to a 12-week pilot program launched by Kroger and the Plant Based Foods Association.

Tuna fish surged in popularity thanks to pantry loading during the pandemic. Once in a downturn due to it being perceived as old fashioned and environmentally unsustainable, canned tuna returned in force as consumers stocked their shelves, reported The Wall Street Journal. Tuna producers are now reexamining shaky supply lines to keep up with demand.

Packaged food companies got a boost from consumers staying at home during the pandemic. This segment is expected to remain strong due to stockpiling and customers’ desire for foods with more extended shelf life, reported Nasdaq.

These are some of the key points from recent news briefs:
Albanese Confectionery Group, Inc
Merrillville, IN

For more than 30 years, Albanese Confectionery has been making gummies and chocolates in the U.S. We have a simple recipe for success, putting flavor and texture first, always finding a better way, and never taking ourselves too seriously. Our gummies are produced with only the highest-quality ingredients sourced exclusively from American and European growers.

This year, we launched our new Ultimate™ 8 Flavor Gummi Bears™ that combines natural flavors and colors from real fruits and vegetables. The variety of unique real fruit flavors give your palate the experience of biting into the actual fruit. Flavors include: Alphonso Mango, Amity Raspberry, Asian Pear, Black Currant, Blood Orange, Crimson Cranberry, Fuji Apple & Queen Pineapple.

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Agri-Dairy Products Inc
Purchase, NY

We began selling dairy products to local food manufacturers in 1985 in the New York tri-state area. Customers came to us for competitive prices and found considerable value in the outstanding service and reliability they received. Soon our customers began recommending us to others and Agri-Dairy began distributing far beyond the local area. Today Agri-Dairy is one of the largest suppliers of dairy products in the U.S. and exporting several dairy ingredients to more than 25 countries.

Agri-Dairy International is leading the way into markets abroad offering the same competitive advantages and service domestic customers receive. We shall always be committed to the simple ethics upon which we were founded: competitive pricing, outstanding service, and the reliability to be there for all of our customers’ needs. Products: Milk Powders, Whey Powders, Whey Protein Concentrates and Isolates, Lactose, Butter and other Dairy ingredients. agridairy.com

For more information about these or other Featured Products please email: FoodLink@foodexport.org.
Cleveland Kitchen

Cleveland, OH

Cleveland Kitchen produces the most delicious, fresh fermented foods in the U.S. with the finest ingredients and an age-old process. As the #1 premium refrigerated sauerkraut, CK captures the fermented and gut health trend for retail partners and delivers category growth and expanded usage occasions for consumers. Cleveland Kitchen launched the first-ever fermented dressings and marinades bring innovation, depth of flavor, and LIFE to your sets. ClevelandKitchen.com

Wabash Valley Farms Inc

Monon, IN

Wabash Valley Farms is a family-owned and operated business in rural Indiana, located on a real farm with a history and roots in our community. Our sales, customer service, assembly, warehousing and shipping all come straight from the farm. Best known for our popcorn poppers, we have now expanded the lineup to include top-of-the-line popcorn accessory items; 20 delicious seasonings, 11 gourmet popcorns, 3 premium popping oils, gift sets, eye-catching bowls and much more! Our newest addition is our Microwave Popcorn Gift Set. Each ear of corn is specifically grown, harvested, and dried to the optimum moisture level to deliver high quality popped popcorn right in the microwave. wfarms.com

Bar B Que Specialties Inc.

Lincoln, NE

Born from competitive grilling and incorporated in 2002, Fat Boy BBQ was created to market rubs used in competition. The skills mastered in these competitions and the knowledge obtained from other barbeque experts led to the development of our all natural barbeque products.

We now offer sixteen rubs, several of which have won national awards. Each is distinctive in taste, heat level, and texture. Our rubs seal the meat surface to offer a juicy and flavorful meat product. They also make a great seasoning for a variety of casseroles, vegetables, and prepared meat dishes. bestnaturalbbq.com

The Fremont Company

Fremont, OH

The Fremont Company is a leading American Ketchup & BBQ Sauce Manufacturer. Influential Retailers and Brand Owners Globally rely on Fremont to produce the Best Private Brand Ketchup & BBQ Sauces for their customers in +60 countries. Our Tomato Ketchup is premium and natural; containing NO artificial, colors, preservatives, or starches, which cheaper foreign ketchup has. Fremont ketchup has the flavor, ingredients & packaging of Heinz US Ketchup. Our Private Brand & Mississippi Brand BBQ Sauces give consumers true American BBQ Sauce taste. Fremont also has attractive brands designed for International markets sold to customers not looking for private brand. fremontfoodservice.com

Cahokia Rice

Mc Clure, IL

We grow a better and healthier rice for you and your customers, emphasizing taste and quality. It is a special variety of rice that is naturally higher in protein (non-GMO), and still tastes great. Available as brown or white rice in 2- and 25-pound bags.

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