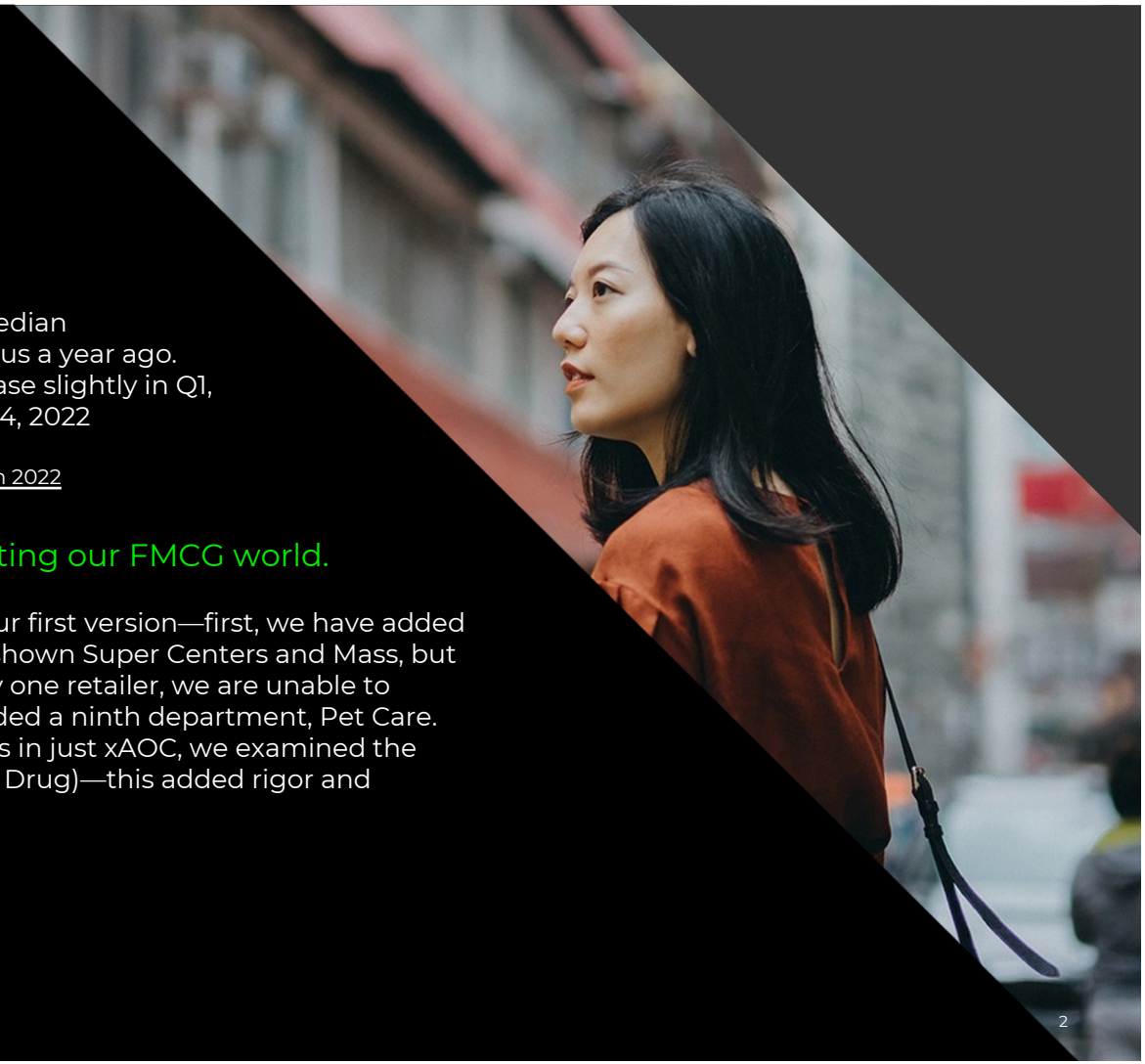
US inflation tracker: How much more are consumers paying?

NielsenIQ Advanced Analytics April 2022



Inflation is back with a vengeance. Bloomberg's median forecast put inflation at 7.1% in December 2021 versus a year ago. Moreover, they expect that it will continue to increase slightly in Q1, 2022, before coming down and ending at 2.5% in Q4, 2022

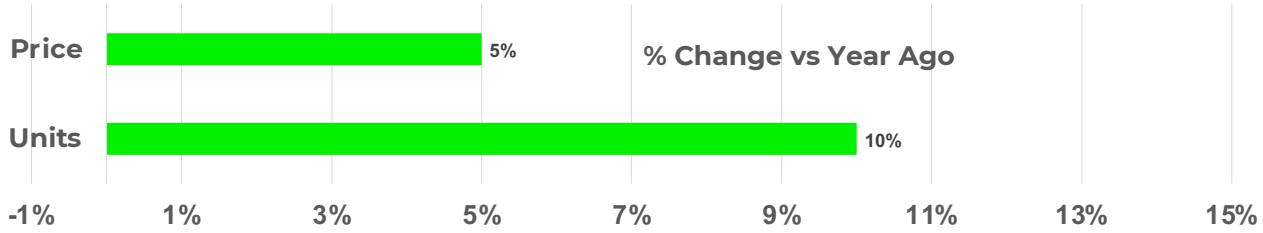
Bloomberg – The Clashing Forces That Will Drive U.S. Inflation in 2022

Let's examine how inflation is affecting our FMCG world.

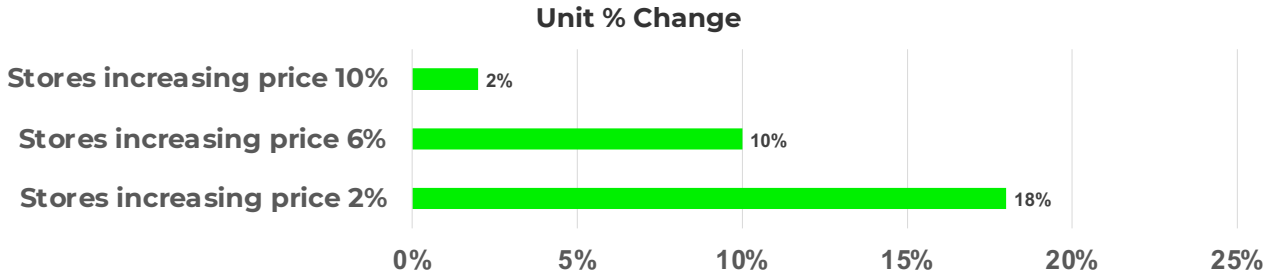
We have three important changes from our first version—first, we have added the Drug channel. We would like to have shown Super Centers and Mass, but because these channels are dominated by one retailer, we are unable to report them. Our second change is we added a ninth department, Pet Care. Finally, instead of trending the top 5k SKUs in just xAOC, we examined the top 5K SKUs per channel (xAOC, Food and Drug)—this added rigor and precision to our analysis.

Pricing impacts can be masked/deceptive

One might look at below and say there is no price elasticity, because price increased but so did units



But here we see an obvious pricing effect—stores that increased price by only 2% grew 18% and stores that increased price by 10% grew only 2%--in fact, for every one point of a price increase, there were two fewer points of growth, which translates into a substantial price elasticity



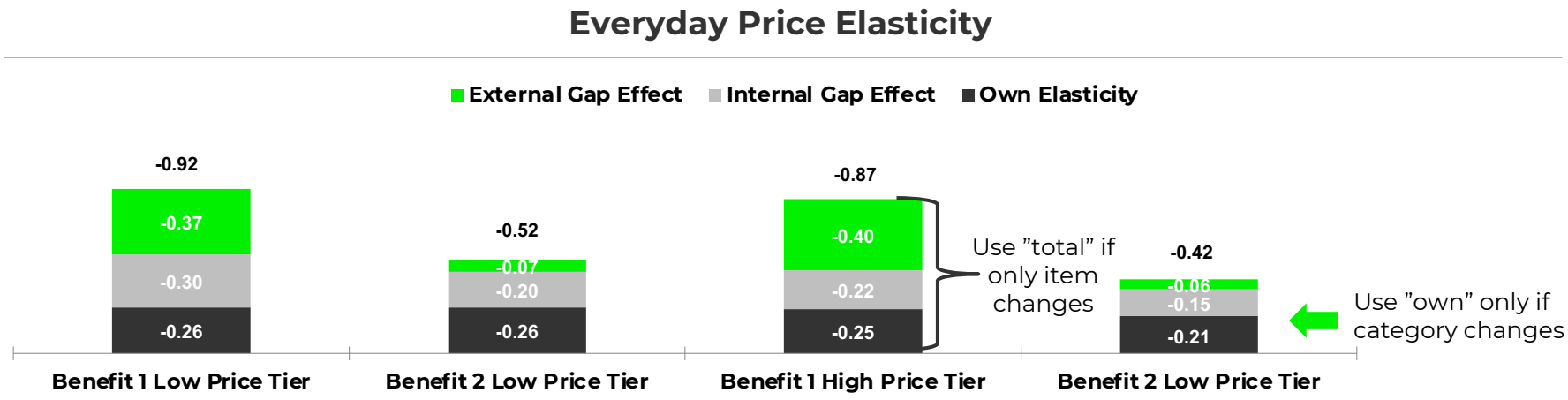
Our practice is Revenue Growth Management—pricing analytics is our area of expertise. A funny thing happened though. As inflation gained steam at the beginning of the pandemic, we kept hearing from practitioners, “there is no price elasticity.” Their evidence is that they increased price, but witnessed volumes rising. So, first, we want to disabuse the marketplace of this false notion.

Other ways in which pricing impacts can be masked/deceptive

We want to be declarative—price elasticities do exist and failing to understand them could result in disastrous forecasts.

A second demonstration of how price elasticities are masked pertains to the price elasticity components that one uses in predicting volume change from a price change. There are three elasticities. Thus, the three components are the product's own price, internal gaps and external gaps.

Here we see actual elasticities from four items—if the first item changes price in isolation, we apply the elasticity of -.92. However, if this item and competitors match, only the -.26 is used. With runaway inflation, most items are increasing price together, meaning that the much lower elasticity is used. Note that the elasticities don't change, just the one we would use based on the pricing scenario (when a category increases, a much lower elasticity applies).



Before Covid, products often went up in isolation. In this case, we would apply the total elasticity (the sum of the three components). With Covid, items within categories are tending to price up together (because raw materials and other inflationary drivers tend to affect the entire category). In this case, we use only the "own" component. In the chart on the bottom, we see the own component is about 1/3 the amount of the total effect.

This means that the pricing effect should be lower (because we use a small portion of the elasticity). In sum, the elasticities may not be different with inflation, but the component we're applying in inflation is relatively small versus the elasticity used pre-Covid (again, thereby appearing to dilute price elasticity when in reality a different elasticity is being used).

Agenda

Did price elasticities change during the Great Recession?

What are the pricing insights around COVID?

Are prices increasing?

- By how much? Are there channel differences?
- National brands vs private brands inflation
- Inflation drivers—everyday price vs promotion dynamics
- Exploratory ecom insights
- Are there department and selected category differences?

What now?

Price elasticities are one type of pricing analytic. What is the current rate of inflation, how much is it increasing, are there channel differences (xAOC vs Food vs Drug), what is driving inflation (everyday price increases or lower “promotion intensity” (which captures promoted price, promoted frequency, type of tactic and consumer response to promotion), are there exploratory learnings on e-commerce pricing, and are there department insights?

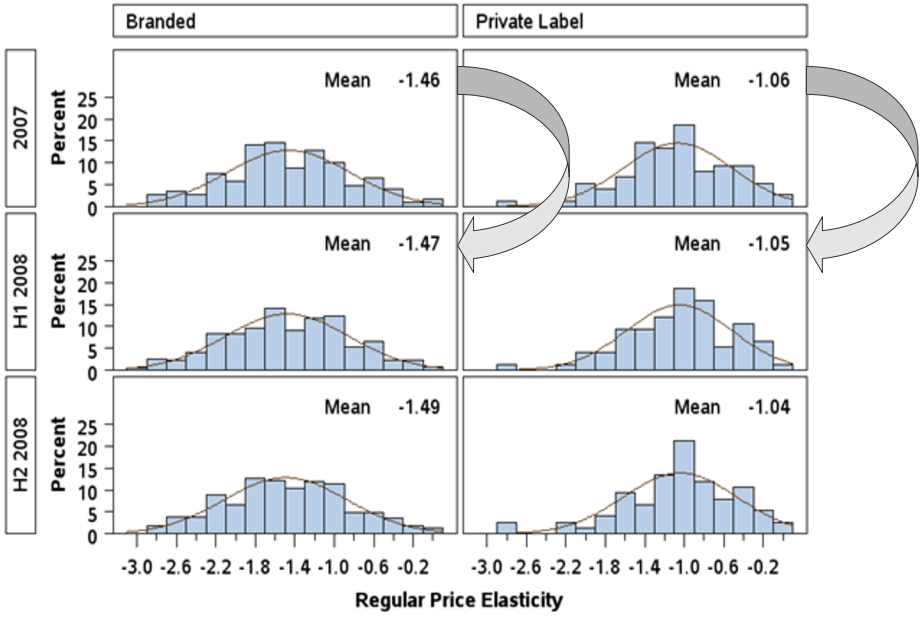
During the Great Recession, we expected price elasticities to increase, as so many consumers were struggling financially.

Surprisingly, we found that during the Great Recession, price elasticities did not change.

We demonstrated this for everyday price, across 500 large & representative Promoted Product Group (PPGs) in dozens of categories. We thought perhaps this increase in elasticity might not be present in everyday purchases, but in promotions.

In the great recession, elasticities didn't change (U.S.)

Economic disruption certainly affects consumers,
but perhaps not in the ways we presumed



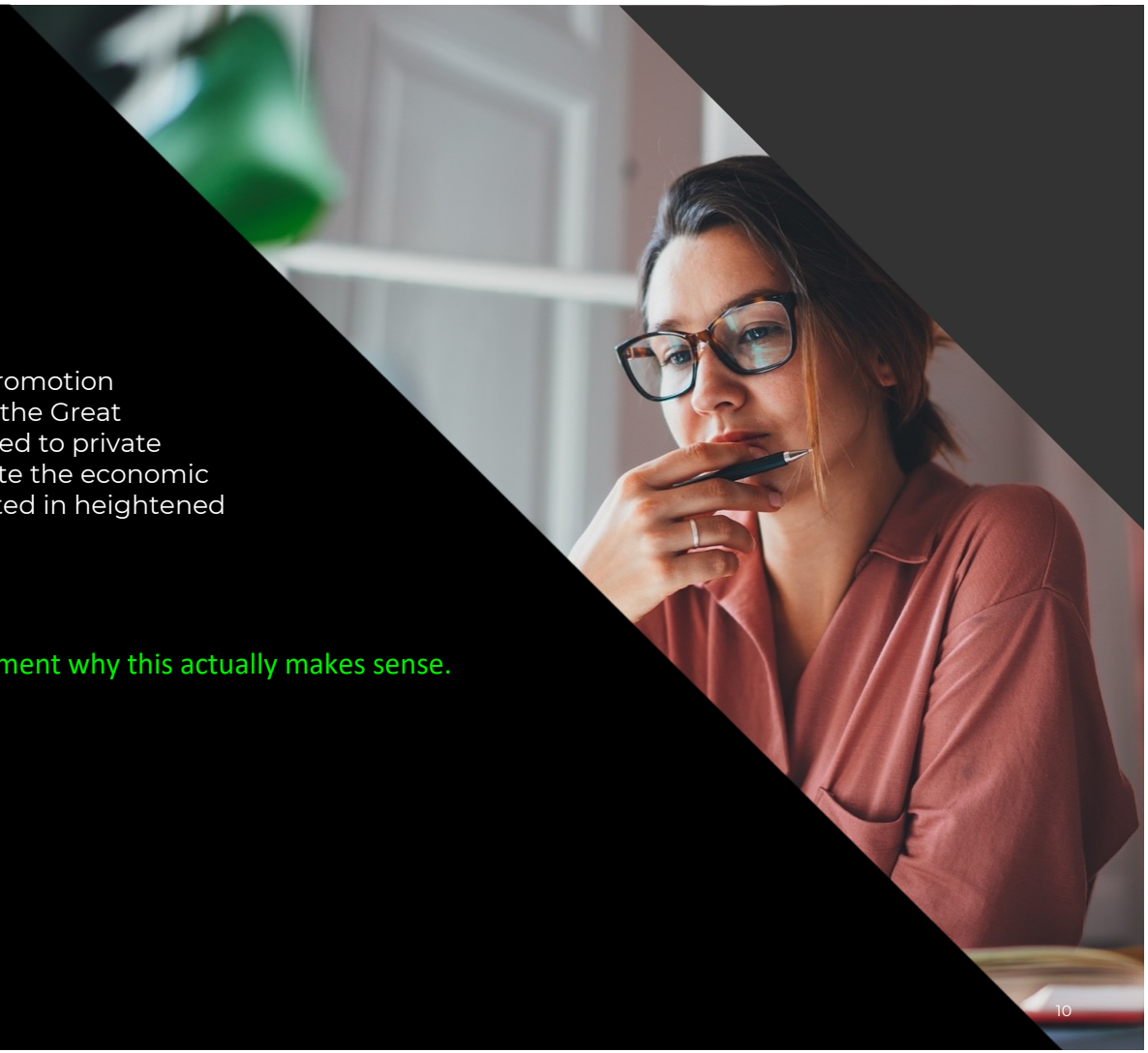
Note: Study was conducted as the GR unfolded (calendar 2007 and 2008). 51 high selling categories. Target only models.

2008 Great Recession Study

Macro elasticities unchanged for both branded and private label items

We also observed the same principle regarding promotion elasticities/lifts—these were not increased during the Great Recession, like we suspected. This pattern pertained to private brands and national brands. In other words, despite the economic trauma so many people faced, it was not manifested in heightened price elasticity.

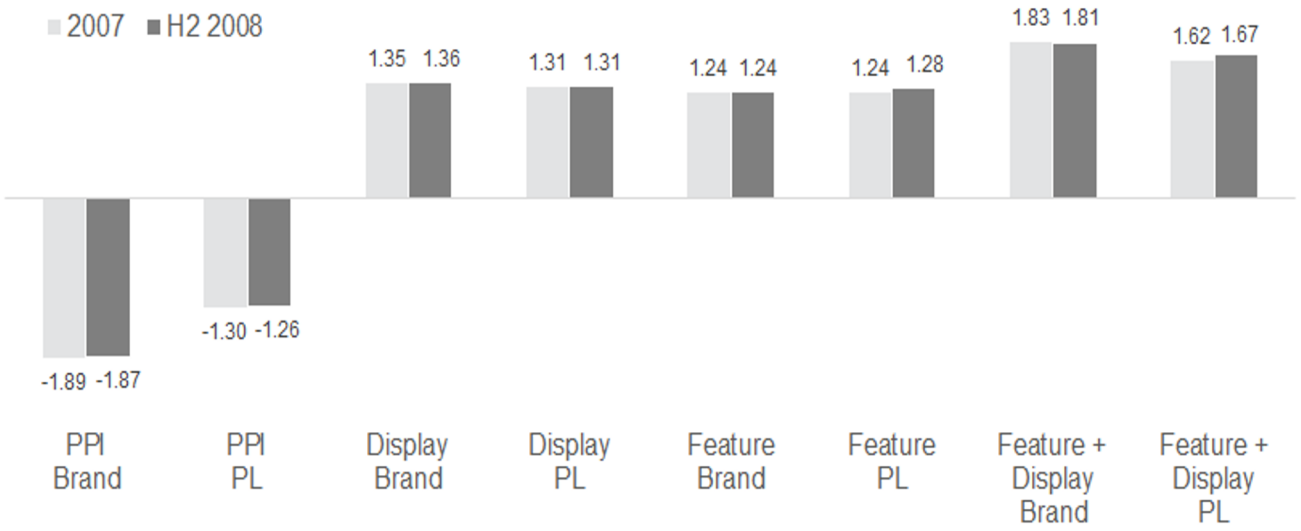
We will explain in a moment why this actually makes sense.



2008 Great Recession

Promotion lifts also didn't change (U.S.)

TPRs, ads, and displays were not more effective in the great recession



Source: 2008 Study, 51 categories, 500+ high volume items

Our second piece of thought leadership was that during Covid, we uncovered three insights which dispelled three myths. Our findings were that during Covid:

- Everyday elasticities were comparable or even lower than pre-Covid levels (there was no evidence that Covid elasticities were higher)
- Promoted elasticities also were comparable or lower
- Price gaps with competition didn't increase (some expected price gaps to be more important, because the thinking was that consumers would engage in more price-comparisons to save money).

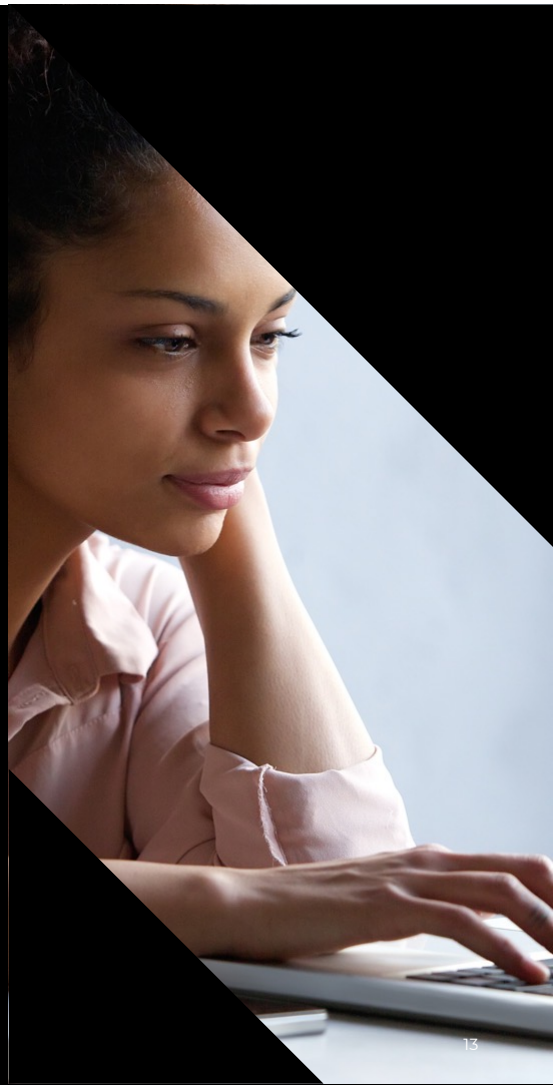
In common with the Great Recession, we expected economic hardship to translate into higher price elasticity. While this empirical reality initially seemed at odds with our intuition, upon further reflection, this pattern made sense.

This is because Covid made other attributes more important, such as safety, quality and availability, and so on.

This meant that price's share of importance diminished. Additionally, consumers sought to be in and out of the store quickly, for safety reasons, so they paid less attention to price.

Also, there is greater demand for many products, which presumably reduces price elasticity. In fact, we found that everyday price elasticities were about 20% lower (median result) during Covid than before. Regarding promotions, consumers are in the store less frequently, and they spend less time in the store—this means consumers are exposed to fewer promotions. Shallower discounting also reduces price elasticity.

Bottom line—there are several reasons that are consistent with the insight that price elasticities did not increase, despite economic turmoil.



Grounding in PnP COVID insights

Importance of **safety & availability** in shopping

Fact: COVID everyday elasticities were comparable or lower

Reasons everyday elasticities would be **lower**:

- Other attributes more important than before (quality, availability)
- Higher product demand
- Less time in the store
- Lower dealing / discounts
- Lower “competitive intensity”
- Price increases are the norm and more easily “forgiven”

Fact: COVID promoted elasticities were comparable or lower

Reasons promoted elasticities would be **lower**:

- Lower discount level
- In and out quickly
- Fewer trips
- More large pack sizes
- New priorities
- Constrained HHs
- OOS

Fact: Importance of price gaps comparable or lower

Convenience overarching need
(consumers “satisfice” not “optimize”)

Consumers in-out of store quickly… and are in fewer stores

Consumers are making comparisons, but perhaps across benefits, not “comparable” products

Moreover, we've embedded this pattern of findings (that elasticities do not increase during economic struggles) into the broader context of behavioral economics, in which consumers make broad, strategic and simple changes to deal with information complexity and economic challenges.

Restated, consumers seek to "satisfice" (as opposed to optimize) and apply simple rules of thumb, such as eating out less, buying store brands more, using coupons, bypassing purchasing their daily cup of coffee, trading down (buying hamburger and not steak), buying in value-price oriented stores, not wasting, etc.

Consumers adapt in these ways, to save dollars, rather than trying to adjust price elasticities, to save pennies. Trying to modify one's elasticities to relatively small changes in price would require enormous cognitive resources and importantly, reap little benefit.

Finally, and critically important, is that we differentiate between price elasticity, a highly specific concept, and price sensitivity, a broad concept. Price sensitivity refers to a heightened concern about saving money, which certainly happens during financial hardship. Price elasticity is far more specific and refers to how much a product's purchases change with a price change.

In an Ecom study, we found multiple ways in which there is greater price sensitivity, including buying larger sizes, buying store brands and paying less for an item. If I shop in a Dollar Store to save money, that could have been motivated by price sensitivity but in no way affects my price elasticity.

Price elasticity is not synonymous with price sensitivity— sometimes they go together (in the Ecom study, consumers were more price elastic as well) but often they are separate (as we saw in the Great Recession and in response to Covid).

Practitioner Implications:

This means while there is financial hardship, we should not reflexively seek to reduce price. We need to provide more consumer value and deal with heightened price sensitivity, but we have to learn the important aspects of price sensitivity (and this could be product specific). Reducing price certainly will drive sales, but it may not drive more sales than during a period of non-economic hardship.

"Finally, as we discussed earlier, if the products reduce price in tandem, this reduces the price elasticity that applies, which would reduce the volume gained from the price decline."

FMCG methodology overview

- **Analysis:** Test whether consumers are paying more for servings now than before; measure trend
- **Approach:** Construct several (8) measures to converge on truth
- **Facts:** Equivalized price change & base equivalized price change (based on eq volume, not units)—we will refer to this as “price per serving”
- **Channels:** xAOC and Food (subsequent versions will add Super Center & Mass)
- **Products:** All departments (except General Merchandise & Floral: 2 views (top 5,000 SKUs stratified by department + weighted average sum of aggregated super-categories)
- **Time periods:** 18 quarters (14 year ago quarters)
- **Composite change:** 2 channels * 2 facts * 2 product sets = 8 measures—these will be averaged
- **Explanation:** Can’t entirely eliminate “mix” changes but will as best as possible measure changes in prices paid per servings

So, how did we measure “inflation?” Technically, we measured prices paid by consumers. A substantial reason why price paid would be increasing is inflation, but there are other causes. Importantly, we took care to minimize the degree that these “other causes” would distort our results.

For example, if we tracked unit price ($/units), we know that product mix could distort this measure. If, for example, that Club stores sold more (large units that are expensive), it could look like there is high inflation when in fact, the higher unit price merely could Club stores selling more (channel or product mix).

Conversely, if Dollar stores (or private brands) sold more, it could distort findings in the other direction (prices are low, but it’s because more small-sized or lower priced products are selling more). We took great pains to minimize such distortion. Specifically, four of our eight main measures are based on top-selling SKU price change.

SKUs are then weighted before being combined. This prevents the previously discussed product-mix error. These SKUs account for about 30% of total $, which is a large sample. Additionally, we stratified these SKUs by department and national brands (national brands vs private brands).

While this portion of the analysis is superior at minimizing the previously discussed aggregation distortion, it only captures 30% of the volume.

For the remaining 70%, we broke out equivalized price (both blended/total and baseline price) change.

Bottom-line, how did our methodology perform. We will show the data in detail but for now, for 2021, our weighted average across all departments was 4.0%, whereas USDA government figures report 3.5%

USDA – Food Price Outlook, 2022

Practitioner Implications:

Be mindful of simple summary statistics—on one hand, they are easy to understand and directionally accurate, on the other hand, they may mask nuances that are important to your business (e.g., if prices appear not to be increasing as much as you suspected because private brands are gaining volume, thereby showing less of a price increase, this is an important distinction to understand).

Embedding findings in a broader (behavioral economics) paradigm

In economic distress, consumers make broad/ strategic, not tactical, shifts

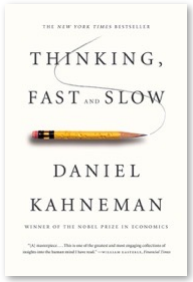
Strategic/Broad/Overarching

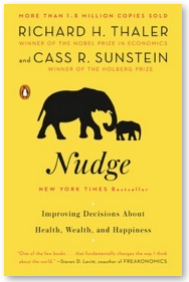
- Less likely to eat out
- Purchase more private brands
- Waste less
- Use more coupons
- Don't purchase daily cup of coffee
- Downshift categories (steak to hamburger, and so on)

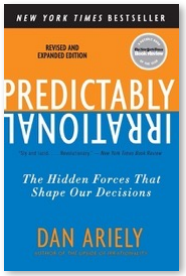
Tactical Changes

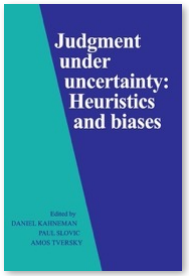
- Compare price gaps
- Increase elasticities

Behavioral economics fundamental insight: consumers simplify and approximate









Price elasticity not equal to price sensitivity

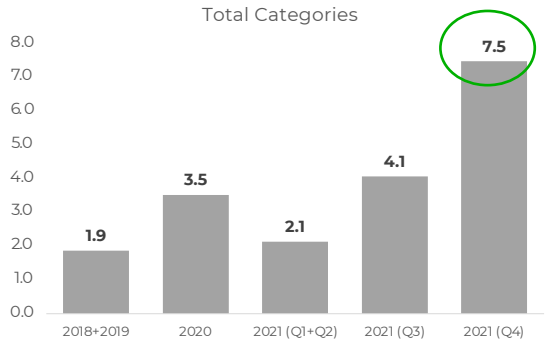
Different reactions based on issues of sensitivity vs. elasticity; in ecom study:

- Buy larger sizes
- Buy more private label/brands
- Pay less for same item
- React more to price changes

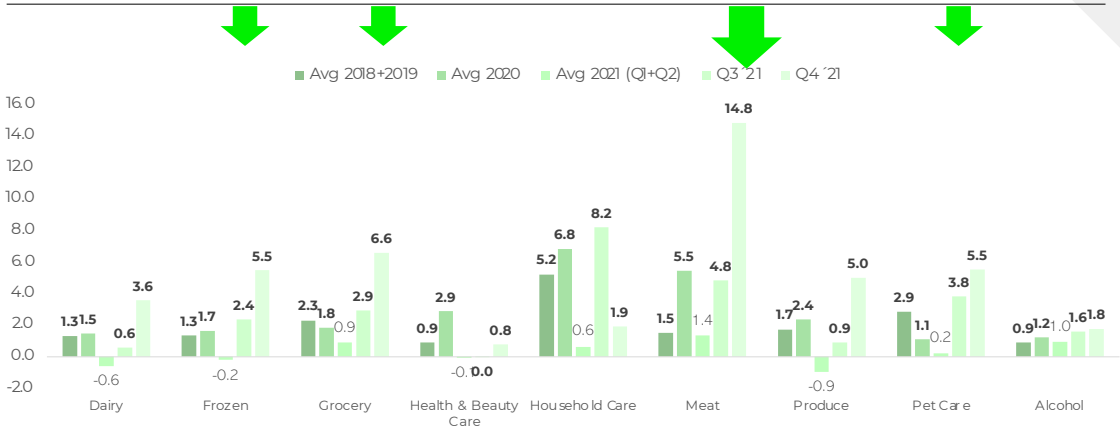
Q4 inflation reaches highest level in the recent years, driven by consumables

Implication: We are seeing our third successive "doubling." Economists are predicting more inflation in Q1, 2022, before it comes down, but we may have seen the "worst" in general

Average Composite* Price % Chg



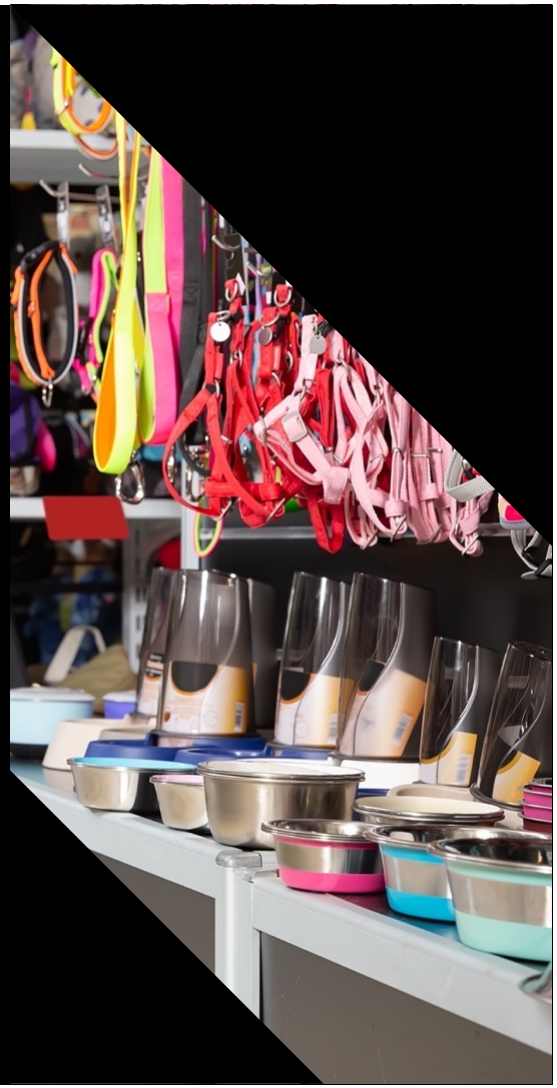
Base EQ Price % Chg (Top UPCs per Department) l Total US Food



* Composite based on 8 measures
Markets: Total US xAOC and Total US Food
Products: Total Categories (Includes Top 14 departments ranked by $ sales in Last 52w ending in Q4´21) and Top 5000 UPCs (Includes UPCs Ranked by $ sales ranked by $ sales in Last 52w ending in Q4´21 weighted by category sales)
Facts: Avg EQ Price Change YA and Base EQ Price Chg YA
Source: Nielsen Total US RMS

With Q4, we see a doubling of inflation vs Q3, which was double the level of Q2 (and Q1). Q4 inflation was just under 8%, driven by Meat, with Grocery, Frozen and Pet being far behind. In a nutshell, consumables (food/beverages) drove inflation, with Household Care, HBC and Alcohol having more moderate levels (under 4% taken together).

HBC and especially Household Care inflation were higher during Covid so it makes sense that they are increasing less high now (demand for Household Care categories has been met of late more than during Covid. As said earlier, we added Pet Care for the first time this quarter and this department is outstripping inflation.



Practitioner Implications:

Meat prices are especially high. Restaurant prices also show high inflation (perhaps Food stores could compare their prices to restaurant prices to reinforce Food stores' advantageous pricing). The previous website reports: "In 2022, food-at-home prices are predicted to increase between 1.5 and 2.5 percent, and food-away-from-home prices are predicted to increase between 3.5 and 4.5 percent."

Food stores should leverage their lower levels of inflation vs food-away-from home. More importantly, the experts believe that inflation is abating. This coincides with Omicron cases declining and more of the US opening.

Several inflationary drivers are structural and will continue to drive prices

Market pressures

- Rising costs of raw ingredients
- Rising costs of shipping
- Rising delivery volumes
- Rising costs of labor

Underlying factors

- Extreme weather events
- Reverse migration
- Added cross border complexities
- Shipping & port bottlenecks
- More labor intensive operating models
- Increased demand of online & delivery
- Labor gaps in low wage employment

Key drivers (with expected length of impact)

Climate change	COVID uncertainty	Shifted consumption	Financial polarization	Disruptive events Political/conflict etc
Long-term	Mid-term	Long-term	Long-term	Long-term

While we're seeing the worst of inflation now (or in the very near future), many of the inflation drivers are longer term. While we are encouraged by the lower US estimates in the near future, but many of the inflation drivers, such as climate change, weather disruptions, supply challenges, labor shortages, changes in immigration regulations, and so on reflect structural obstacles and are likely to be with us in the medium-term.

We've have seen that the pandemic and Covid-like outbreaks are not only increasing in frequency but are projected to have more resistant strains (we know Omicron generates milder symptoms but there could be non-Covid after outbreaks

Extreme weather will reduce the world's food supply, in addition to hampering our ability to have efficient supply chains. Shipping not only has challenges because cargo is queuing up to be unloaded, but infra-structure maintenance is way behind and will take years to catch up.

Low wage transportation activities like ride sharing also are facing labor shortages and higher compensation likely will push up inflation.

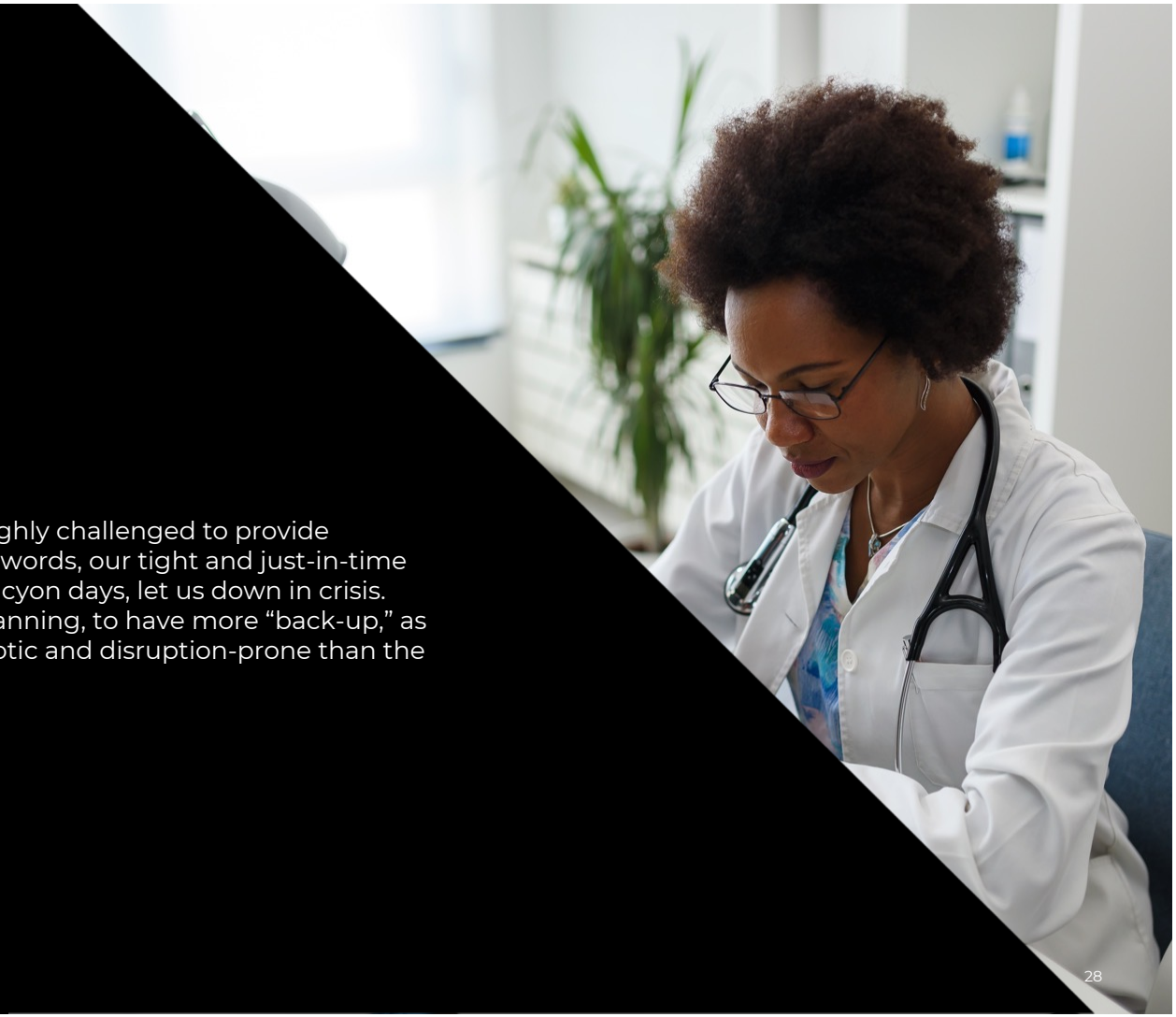
On-line delivery has increased dramatically and this also is likely to increase price more than historical levels (as delivery costs surge).

And energy costs also have increased, especially with the Russia-Ukraine war.

In short, several of these challenges are likely to be with us beyond 2022.

Practitioner Implications:

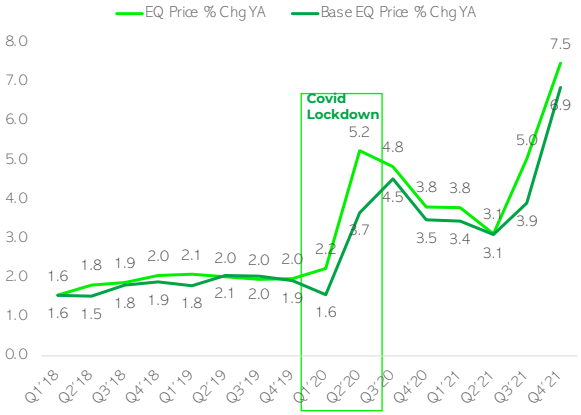
Early in Covid, we saw that hospitals were highly challenged to provide ventilators to all who needed them. In other words, our tight and just-in-time supply chain, which works so well during halcyon days, let us down in crisis. We need to engage in more contingency planning, to have more “back-up,” as our future seems to be inherently more chaotic and disruption-prone than the past. Preparedness is critical.



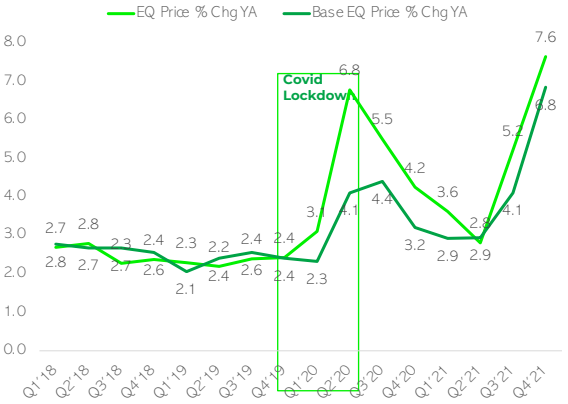
EQ price change > than Base EQ change, meaning that promotion dynamics are disproportionately increasing price

Implication: High consumer demand is masking weak promotion dynamics, but plan to react quickly when consumer tailwinds abate (and weak promotion activity curbs growth). Drug channel higher prices also driven by increases in everyday price and a change in promotional activities.

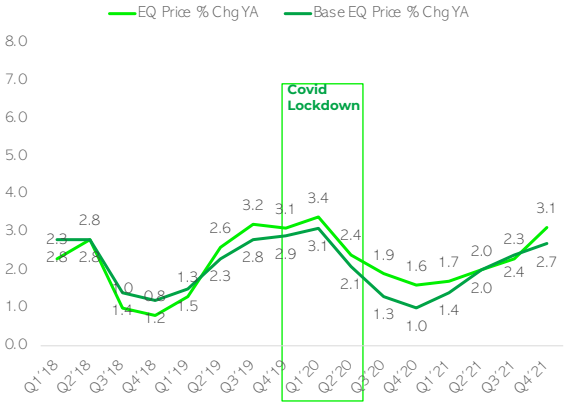
Total US xAOC



Total US Food



Total US Drug*



* Data for Total US Drug includes top 5k UPCs ranked by $ sales in the Last 52w ending in Q4´21
Total Categories: Includes Top 14 departments ranked by $ sales in Last 52w ending in Q4´21
Source: Nielsen Total US RMS+CPS

What's driving inflation, everyday price increases, promotion dynamics, or both? Note that EQ (or blended or total) price change includes base EQ price change + promotion dynamics (which include more than just promoted price), so if EQ changes more than base EQ, it means that promotion is contributing more than are base EQ drivers (if they contributed equal amounts, their trends would be on top of one another). This pattern is uncovered in xAOC, Food and Drug. The difference between EQ and Baseline EQ price changes is most pronounced in Food (where there is high promotion activity).

Now, this pattern doesn't tell us the specific drivers of promotion change that are leading to price increases, as it could be amount of promotion (decreasing), mix of promotion levers (more TPRs and fewer ads+displays), depth of discount (could be lower), and/or a reduced consumer promoted elasticity. Finally, we see that Drug changes are less than Food changes, likely because the Drug channel is less reliant on meat/food/beverages—these are the departments changing price the most.

Practitioner Implications:

It is important to know that promotion is contributing disproportionately because when the Covid dividend lessens and top-line growth is harder, likely, it's promotion that will be needed to regain momentum. If we lose our promotion effectiveness, it will be harder to get back to these recent levels of growth. Of course, if lower promotion is achieving desired business results, then maybe it's good that promotion changes are leading to higher price realization. Let's now address two aspects of the decrease in promotion intensity.

Promotion amount and efficiency are both down ~10%; food categories down the most in promotion amount and perishables down in efficiency

Implication: Maintain promotion insights, as top-line growth will likely get more challenging in the future, likely leading to more promotion intensity

xAOC Base $ Promotion over Base $ (% Promo Amount)

Total Categories	2018	2019	2020	2021	Q1´20	Q2´20	Q3´20	Q4´20	Q1´21	Q2´21	Q3´21	Q4´21
	23%	23%	19%	21%	21%	16%	19%	18%	21%	21%	21%	20%
ALCOHOL	28%	28%	20%	27%	25%	19%	18%	20%	26%	27%	27%	27%
BABY CARE	14%	15%	11%	13%	14%	8%	13%	11%	14%	12%	14%	13%
BAKERY	19%	21%	19%	20%	20%	18%	19%	19%	20%	20%	20%	19%
BULK BIN	8%	7%	11%	8%	8%	19%	9%	9%	8%	8%	6%	8%
DAIRY	24%	23%	21%	21%	22%	21%	20%	20%	23%	21%	19%	19%
DELI	16%	17%	17%	16%	16%	16%	17%	18%	18%	16%	16%	15%
FROZEN	22%	21%	17%	18%	20%	14%	17%	17%	20%	19%	18%	17%
GROCERY	27%	27%	19%	24%	24%	16%	19%	18%	24%	25%	24%	23%
HEALTH & BEAUTY CARE	16%	16%	13%	15%	16%	10%	13%	14%	15%	14%	15%	15%
HOUSEHOLD CARE	21%	21%	12%	17%	19%	8%	11%	11%	16%	17%	20%	16%
MEAT	27%	27%	28%	26%	26%	21%	38%	26%	27%	24%	26%	29%
PET CARE	11%	12%	9%	10%	12%	7%	8%	8%	10%	10%	10%	10%
PRODUCE	29%	30%	26%	24%	26%	26%	25%	25%	24%	24%	24%	23%
SEAFOOD	25%	25%	26%	23%	24%	24%	26%	28%	24%	23%	22%	22%
TOBACCO	4%	4%	4%	4%	3%	4%	3%	4%	5%	4%	4%	4%

Trade Promotion Efficiency Index

Covid (2020+2021) vs Pre Covid (2018+2019)

Total	91%	
ALCOHOL	96%	
BABY CARE	99%	
BAKERY	84%	P
BULK BIN (low consistency)	153%	
DAIRY	80%	P
DELI	75%	P
FROZEN	88%	
GROCERY	93%	
HEALTH & BEAUTY CARE	100%	
HOUSEHOLD CARE	92%	
MEAT	77%	P
PET CARE	108%	
PRODUCE	90%	P
SEAFOOD	86%	P
TOBACCO	96%	

The exception

P = perishable

% $ Promotion= Any Promo $ Base / $ Base
Trade Promotion Efficiency Index: Average of $ Promo Efficiency in 202+2021/2018+2019 (Any Promo $ Efficiency: Any Promo $ Incr / Any Promo $)
Total US xAOC
Source: Nielsen Total US RMS+CPS

We've been able to implicate two parts of the promotion puzzle, which is that the amount of promotion and promotion effectiveness are down. Both are down ~10%. Fewer promotions and less efficient promotions drive price up. Food categories are promoting less and perishable departments are down (except for produce) the most in efficiency. Meanwhile, Household Care and HBC are closer to historical levels in terms of amount and efficiency of promotion.

Practitioner Implications:

Consumables are promoting less and perishables are less efficient—why and what does this mean?

It could be that within Food/Consumables, a larger % of purchases were discretionary than with Household Care or HBC. For example, one can't run the house if one runs out of Bath Tissue or allergy medicine, but while we all need food, perhaps there are lots of discretionary purchases (snacks, desserts, etc.).

> If true, the implication would be for retailers and manufacturers to focus on "must have" products, regardless of the department.

Also, maybe "beauty" could be considered discretionary, but in these times of Covid malaise and Inflation worries, these categories represent self-care, more than discretionary Food categories (such as snacks).

A second implication is to test whether manufacturers and retailers are achieving business results with fewer and less effective promotions.

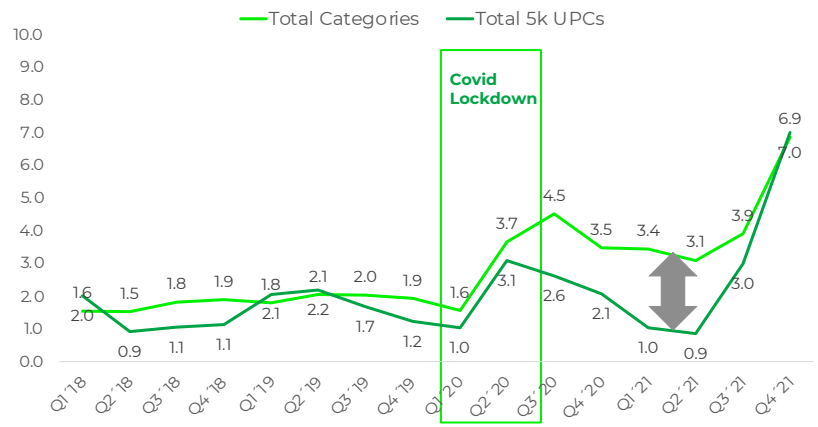
> This promotion schedule for certain categories could be more profitable (or less unprofitable).

Q4 baseline eq price is up substantially, even for top-selling SKUs

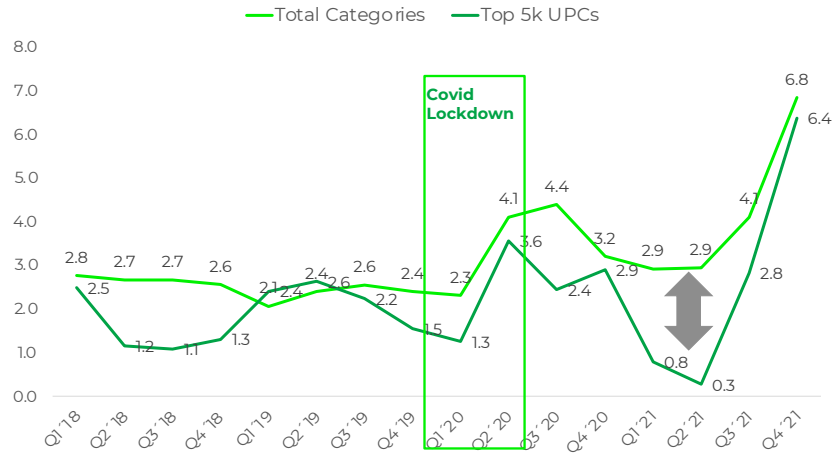
Implication: This could reflect that the top 5k SKUs are changing price less because these are highly important but it also could involve an aggregation distortion (as we're summing/averaging over numerous products)

Implication: Up to Q3, key items appeared to have more pricing power, but we see that these SKUs' base price is up considerably—attesting to the magnitude of inflation

Base EQ Price % Chg YA l Total US xAOC



Base EQ Price % Chg YA l Total US Food



Total Categories: Includes Top 14 departments ranked by $ sales in Last 52w ending in Q4´21
Top 5000 UPCs: Includes UPCs Ranked by $ sales ranked by $ sales in Last 52w ending in Q4´21, weighted by super category sales
Source: Nielsen Total US RMS+CPS

Comparing the price changes of the 5k top SKUs vs the aggregate products reveals interesting differences. First, from Covid until the first half of 2021, top SKUs' prices increased less than the aggregate products. This could be because these are the highest selling SKUs, so manufacturers and retailers were trying to keep their prices competitive with the marketplace.

But, the difference in products' price change also could reflect a methodological difference (disaggregated vs aggregate pricing). Third, it could reflect that we have all of the volume in the aggregate products, not merely 30% (which is the amount of the top SKUs). However, over the last half of 2021, top SKUs' changes have caught up.

Practitioner Implications:

It first appeared that top SKUs had more future pricing power, as their prices were held to some extent. This could also provide insight into the portfolio management practices of manufacturers and/or retailers. When products were in low supply during Covid, retailers focused on keeping high volume products on the shelf.

Being competitive with their price could be another reflection of these products being prioritized.

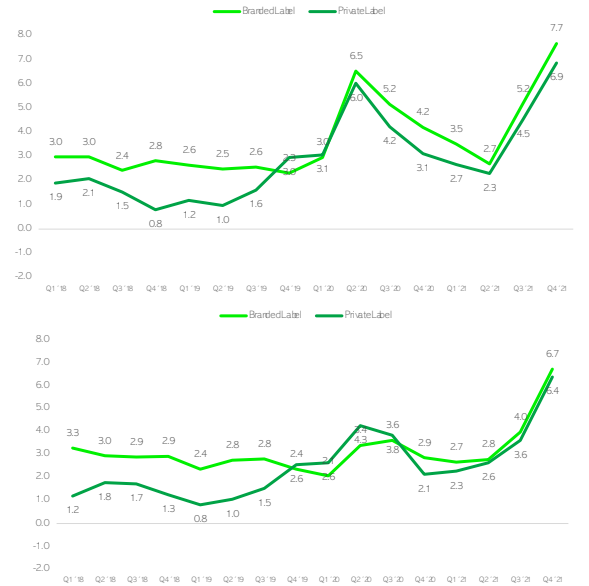
But, as inflation worsened, even top SKUs couldn't be exempt from such pricing pressures. Let's see how one balances inflationary pressures against the importance and size of items.

Branded items had slight higher price changes vs Private label in Food, while trends in the Drug channel are more variable

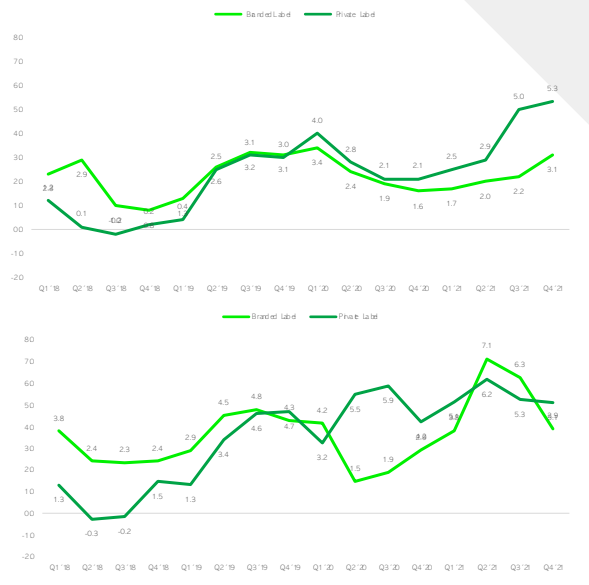
Implication: Are the differences observed in Drug long term and what might these trends imply?

Total US xAOC

Total US Food



Total US Drug*



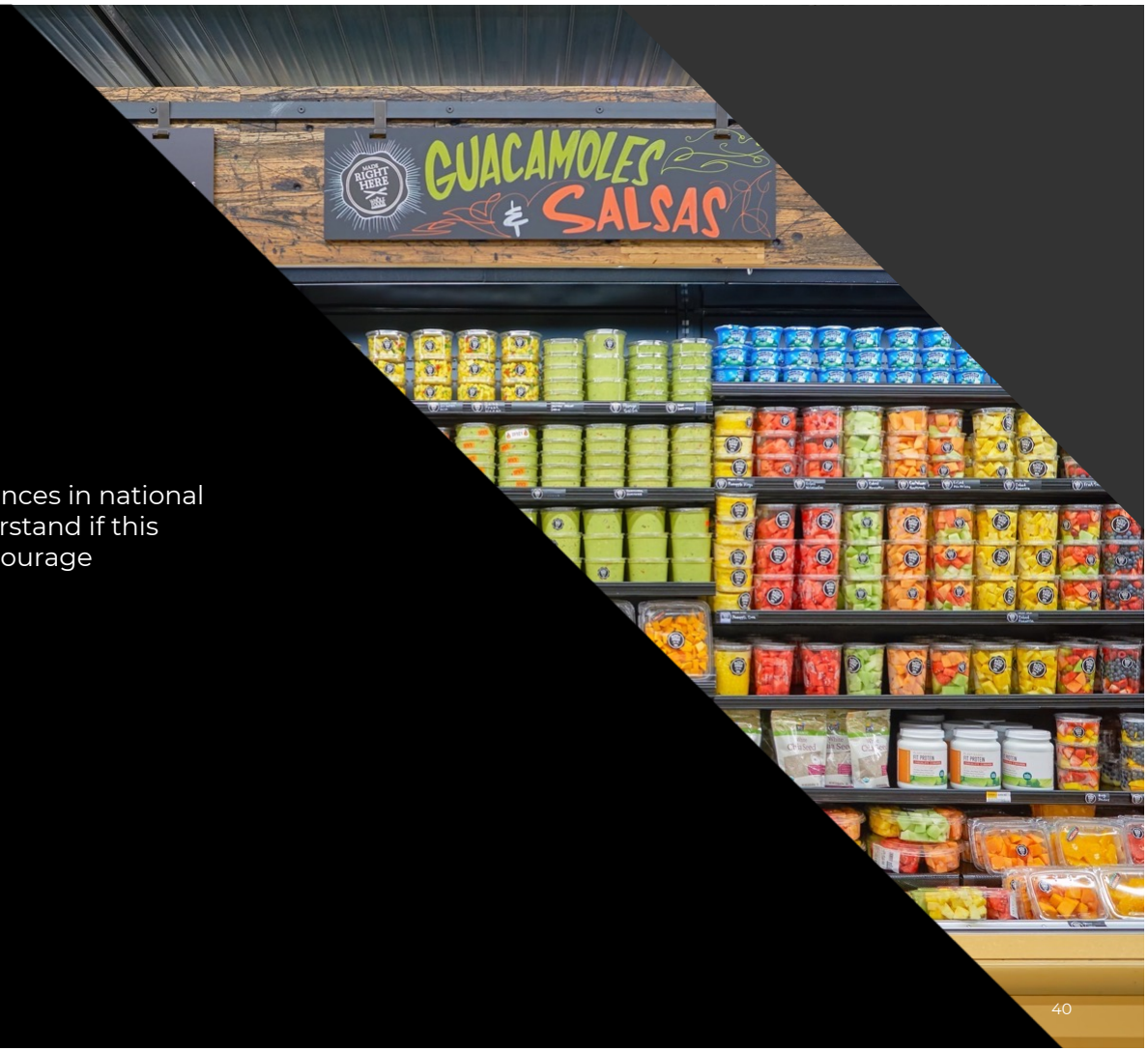
* Data for Total US Drug includes top 5k UPCs ranked by $ sales in the Latest 52w ending in Q4´21
Total Categories: Includes Top 14 departments ranked by $ sales in Last 52w ending in Q4´21
Source: Nielsen Total US RMS+CPS

Are national brands' and private brands' price changes different or comparable? We see that the answer is "it depends." First, we see in Food that national brands' prices changed more than did private brands' changes. This could be because in Food, national brands promote more (so these brands are more affected when promotion dynamics decline). But in Drug, we see the opposite, even though these changes are getting closer in recent quarters. During Covid, private brands changed more.

We don't really know why. Perhaps Drug retailers had greater supply challenges with national brands and therefore had greater pricing power with their own brands.

Practitioner Implications:

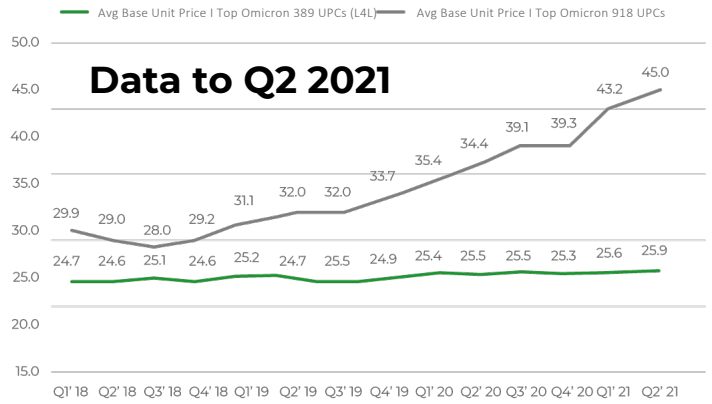
We believe we should continue to monitor differences in national and private brands across channels to try to understand if this affects supply challenges or retailers trying to encourage consumers to buy different products, etc.



E-commerce (EPOS) migrating to more expensive products, but longer term e-comm products have modest increases

Implication: Product mix is a key ingredient to winning in e-comm, with high consumer shopping engagement, ok to focus on more expensive products and those with special benefits

We've focused on brick & mortar (B&M), but we also have some direction from our e-pos sample (note, this does not capture Amazon purchases; it is our epos sample). On the right, we took the top (in the most recent year) 1,000 SKUs from Food Store categories and trended them in two ways—first, as is (going back to 2018), but second, we kept only those SKUs that sold in over ¾ of the quarters (i.e., these are "mature" products).



These are the 1,000 top sellers now

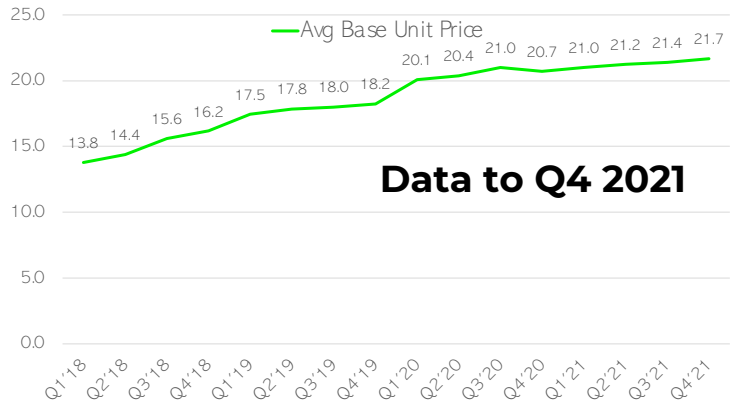
These are ~ 400 from the 1,000 that have been selling since 2018

Average Base Unit Price of top 5,000 Skus (Based on sales in the last 52w ending in Q3 ' 21 Total US E-PoS Data
Top 50 Super Categories (excludes: General Merchandising and Produce) I Coverage: 50 top super categories -.-> 75% of Total Epos channel $ sales
Source Neilsen Connect

E-commerce (EPOS) migrating to more expensive products, but longer term e-comm products have modest increases

Implication: Product mix is a key ingredient to winning in e-comm, with high consumer shopping engagement, ok to focus on more expensive products and those with special benefits

Keeping mature epos products reduced the 1,000 SKUs to ~400 SKUs. For these mature items, we see that base unit price only inched up. In contrast, the 1,000 SKUs show a dramatic increase over the quarters, and it's because the recent periods have more expensive products represented. On the left, including the most recent quarter (Q4) and expanding the top SKUs to 5,000, we again see prices accelerating quite a bit, again, driven by epos migrating to higher ticket benefits and sizes.



Average Base Unit Price of top 5,000 Skus (Based on sales in the last 52w ending in Q3 ' 21 Total US E-PoS Data
Top 50 Super Categories (excludes: General Merchandising and Produce) I Coverage: 50 top super categories -.-> 75% of Total Epos channel $ sales
Source Neilsen Connect

Practitioner Implications:

As manufacturers and retailers hone their Ecom/Omni assortment, they need to be mindful of consumers' relative willingness to buy higher cost items in e-tail—especially HBC products. Consumers have time to research the higher cost of such items on-line and have an easier time assessing their worth (leading to more purchases). Whether being a large pack size or a specialty benefit or a super-premium offering, Ecom is a suitable channel.

How much more are consumers paying: Magnitude estimation

The USDA said the price of food bought from a grocery store will increase anywhere from **3.5% to 5.5% in 2021** and 2022. Using the June 2021 price for a pound of beef ($4.57), a 3.5% increase would drive the cost up (Jul 26, 2021)

Three key time periods

Pre-Covid: ~2% increases

Covid outbreak (2020): 3%-4% increases, except for Meat

Covid abating (1H 2021): ~2% increases

Prices accelerating Q3, as inflation takes hold: ~4% increases

And prices continue to accelerate in Q4, as inflation worsens: ~8% increases

Department differences:

- Meat higher increases throughout with produce showing the smallest increases
    - Grocery, Frozen & Pet Care increasing above average
- Food/Bev products are reflecting higher inflation, as the non-consumables (House Care and HBC) showed larger price increases during Covid

Drivers of prices paid increases

EQ price paid change > base EQ change

Reflects::

- Less trade support (lower levels of base support)
- Lower levels of efficiency
- However, we believe that depth of decreasing also is contributing, as well as lower elasticities (which we demonstrated during the Covid time period)

High level differences

Key SKUs less change: Key SKUs changing less—most important items—but this gap has narrowed in Q4

National brands & private label ~: PL up less, perhaps because they were up more during panic buying quarter; also, brands up more because promotion is more important to them, and promotion intensity is down

Exploratory e-commerce changes: E-comm prices are increasing modestly (for products in e-channel for 4 years), but mix of products migrating to higher priced items (especially in HBC)

Our first goal was to measure the amount of inflation. We found that overall, over the first half of 2021, we uncovered two points of a price increase (inflation).....but remember this is on top of Covid, in which there was a 3-4 percent increase. In the final quarter, prices were up close to 8%. Meat changed the most, produce the least, and dairy the most variable. In terms of inflation drivers, promotion changes are driving a disproportionate impact vs baseline drivers. And, we know that amount and efficiency of promotion are down. Marketplace chatter also suggests that promoted discounts were lower (which would be picked up in part by the declining efficiency). Another likely mechanism is a greater reliance on low impact tactics (TPRs vs Ads/Displays). This also is correlated with lower efficiency and shallower discounts.

We see that key items are changing less than average and that national brands are changing slightly more than private brands. Early, but we see that Ecom prices via epos are outpacing B&M price increases and that this reflects product mix rather than real price increases per se (that is, Ecom has gravitated toward higher priced items, not higher inflation).

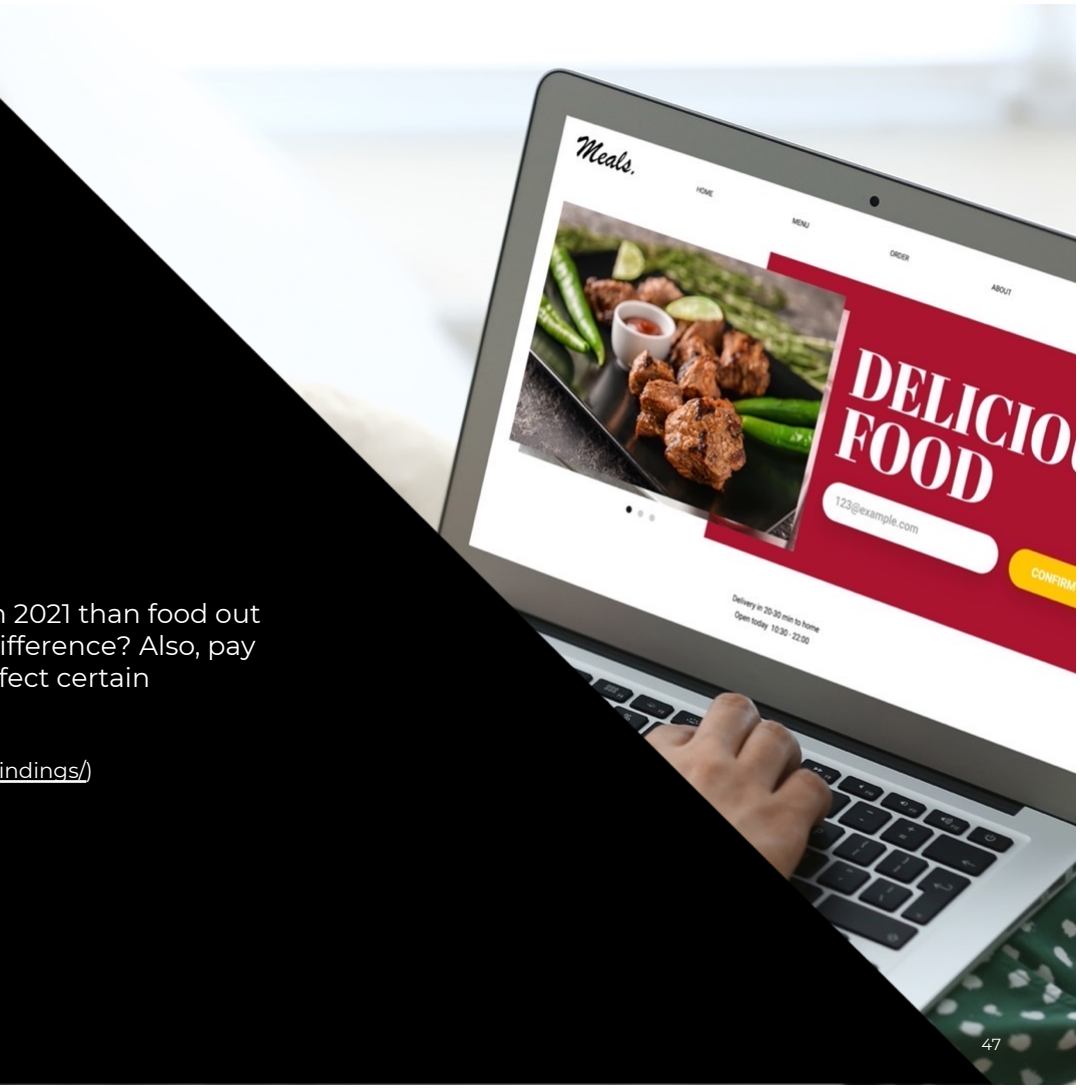
Did different departments, benefits and need states change more than others? This is an interesting and complex question.

This section is admittedly more speculative and qualitative. It is more straightforward to say that a certain department changed more or less (e.g., Alcohol, as an illustrative example), but it is a leap to infer motive (e.g., consumers are trying to add simple pleasures to cope with Covid). Examining departments shows, as we saw previously, consumables (food/bev) are up disproportionately, although we see sizable increases everywhere.

Practitioner Implications:

Food at home increased by one fewer percentage point in 2021 than food out of home—can retailers and manufacturers leverage this difference? Also, pay attention to how supply disruptions and other changes affect certain products and departments differently.

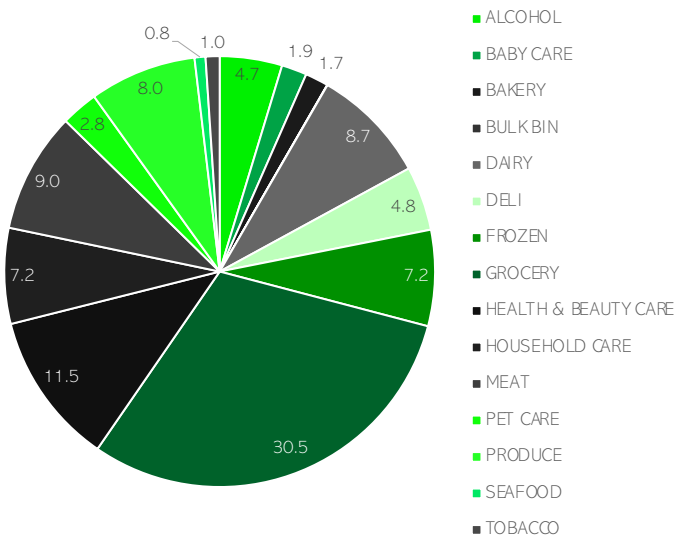
(https://www.ers.usda.gov/data-products/food-price-outlook/summary-findings/)



Aggregate prices paid up for food departments

Implication: In the first half of 2021, Care/Nurturing, Indulgent and Relevant products increased the most, now, food/beverage departments' aggregate prices have increased more

Departments l $ Share



Total US xAOC

	Avg EQ Price % Chg YA								Base EQ Price % Chg YA							
	2018	2019	2020	2021	Q1'21	Q2'21	Q3'21	Q4'21	2018	2019	2020	2021	Q1'21	Q2'21	Q3'21	Q4'21
ALCOHOL	2.2	1.8	4.0	3.9	4.9	3.7	3.5	4.4	1.9	1.7	3.7	3.6	4.6	3.4	3.2	4.1
BABY CARE	1.7	3.2	3.2	3.9	7.3	2.1	2.9	4.9	1.7	3.6	2.5	4.0	6.5	2.8	2.3	4.7
BAKERY	0.7	1.2	4.6	3.0	5.2	1.8	1.2	3.5	0.4	2.7	4.6	1.8	4.2	1.4	0.2	2.1
DAIRY	0.8	0.3	3.4	2.8	1.4	1.4	3.7	4.8	0.5	-0.1	2.8	2.1	1.3	0.5	2.8	4.3
DELI	2.8	1.0	2.5	4.9	3.0	5.0	4.9	6.9	2.5	0.8	2.6	4.1	2.9	4.2	3.7	5.9
FROZEN	0.9	1.2	4.0	4.3	3.2	2.1	4.3	7.8	0.5	1.1	2.9	4.2	3.0	2.7	4.0	7.2
GROCERY	1.5	2.0	3.4	4.6	3.5	2.4	4.7	7.9	1.2	1.6	2.2	4.1	2.9	2.8	3.8	7.0
HEALTH & BEAUTY CARE	1.6	3.0	3.7	5.3	4.8	5.8	5.8	7.6	1.5	2.9	4.0	5.3	4.6	6.9	5.2	6.8
HOUSEHOLD CARE	2.2	3.7	5.9	3.2	4.3	1.4	3.4	4.3	1.8	3.5	5.0	3.1	3.9	2.6	2.8	4.3
MEAT	3.7	1.8	7.8	7.8	5.7	1.9	10.3	14.0	3.7	2.4	7.4	6.7	6.3	2.9	4.9	14.0
PET CARE	3.7	6.3	5.5	7.1	7.3	4.4	6.7	9.5	3.7	6.1	5.5	7.3	7.2	4.8	6.4	10.6
PRODUCE	1.2	0.7	1.3	4.6	1.9	5.2	4.1	7.4	1.6	1.0	-0.6	2.7	0.5	1.9	3.8	5.5
SEAFOOD	2.8	1.6	3.2	7.7	4.3	5.5	10.7	12.7	2.4	1.8	3.8	5.5	3.2	2.9	7.3	10.3
TOBACCO	3.9	2.4	0.2	4.8	3.7	5.1	4.8	5.5	3.6	2.7	0.3	5.1	4.0	5.3	5.4	5.6

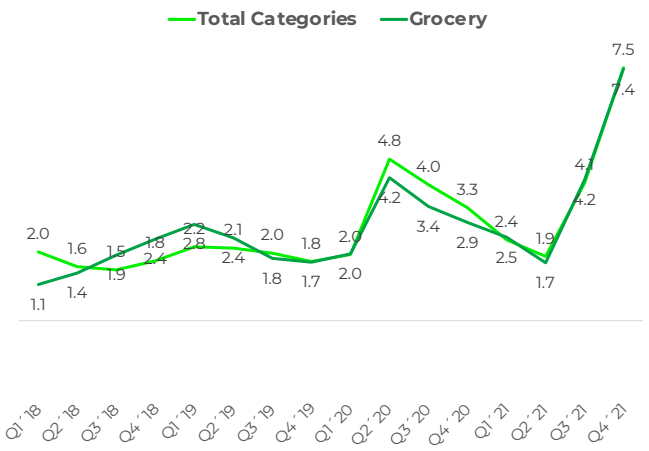
Total US xAOC l MAT ending in Q4´21 Departments not included {Floral and General Merchandise}
Departments data based on top 50 super categories ranked by $ sales in Last 52w ending in Q4´21
Source: Nielsen Total US RMS+CPS

Prices are up more for tastier Grocery products than breakfast

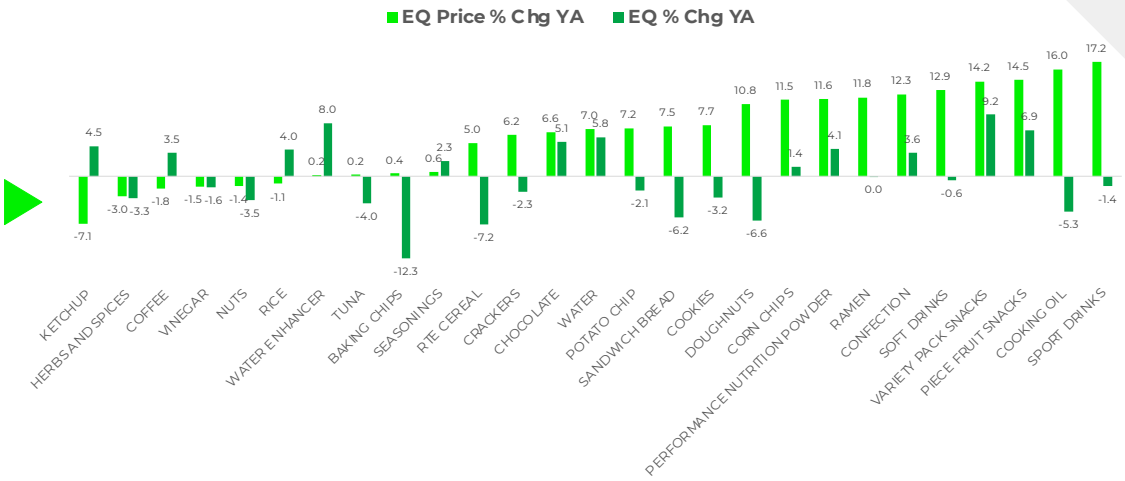
Implication: During the Covid doldrums, it makes sense that consumers may be ok with paying more for indulgence

Within each department, we examined the 10 largest categories, starting with Grocery, the 10 categories that changed EQ price the most in the last 6 months (2H 2021) and the 10 categories that changed price the least, to look for patterns (there is double counting for some, so these won't sum to 30).

Grocery | Average Composite* Price % Chg YA



H2´21 l EQ Price % Chg YA and EQ % Chg YA l Total US xAOC



* Average EQ Price Chg vs YA per quarter considering:
Markets: Total US xAOC and Total US Food
Products: Total Categories (Includes Top 14 departments ranked by $ sales in Last 52w ending in Q3´21) and Top 5000 UPCs (Includes UPCs Ranked by $ sales ranked by $ sales in Last 52w ending in Q4´21 weighted by super category sales) and Total Department
Facts: Avg EQ Price Change YA and Base EQ Price Chg YA
Source: Nielsen Total US RMS+CPS

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In the Grocery Department, first, we see perhaps a modest correlation between EQ price change and EQ volume change. On the right (categories that increased price the most), there are more categories whose volume declined, than on the left (categories that increased price the least). But, this is inconsistent and small, meaning to us that there are other reasons that categories are growing (or declining), such as consumer demand, unusual year ago comparisons

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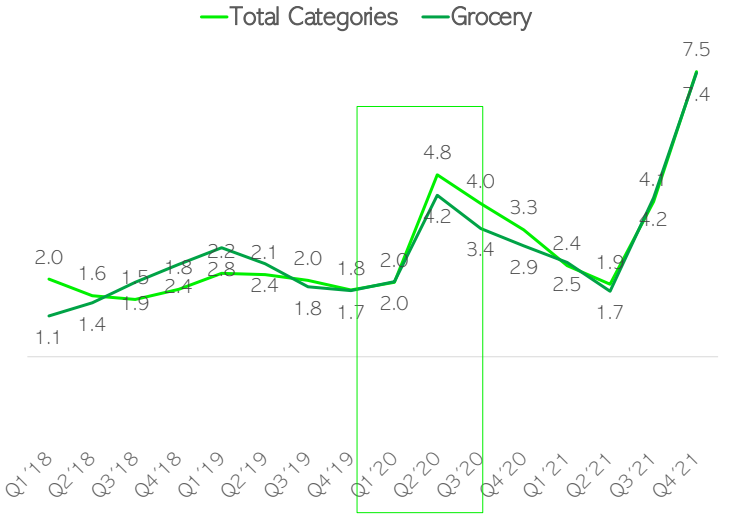

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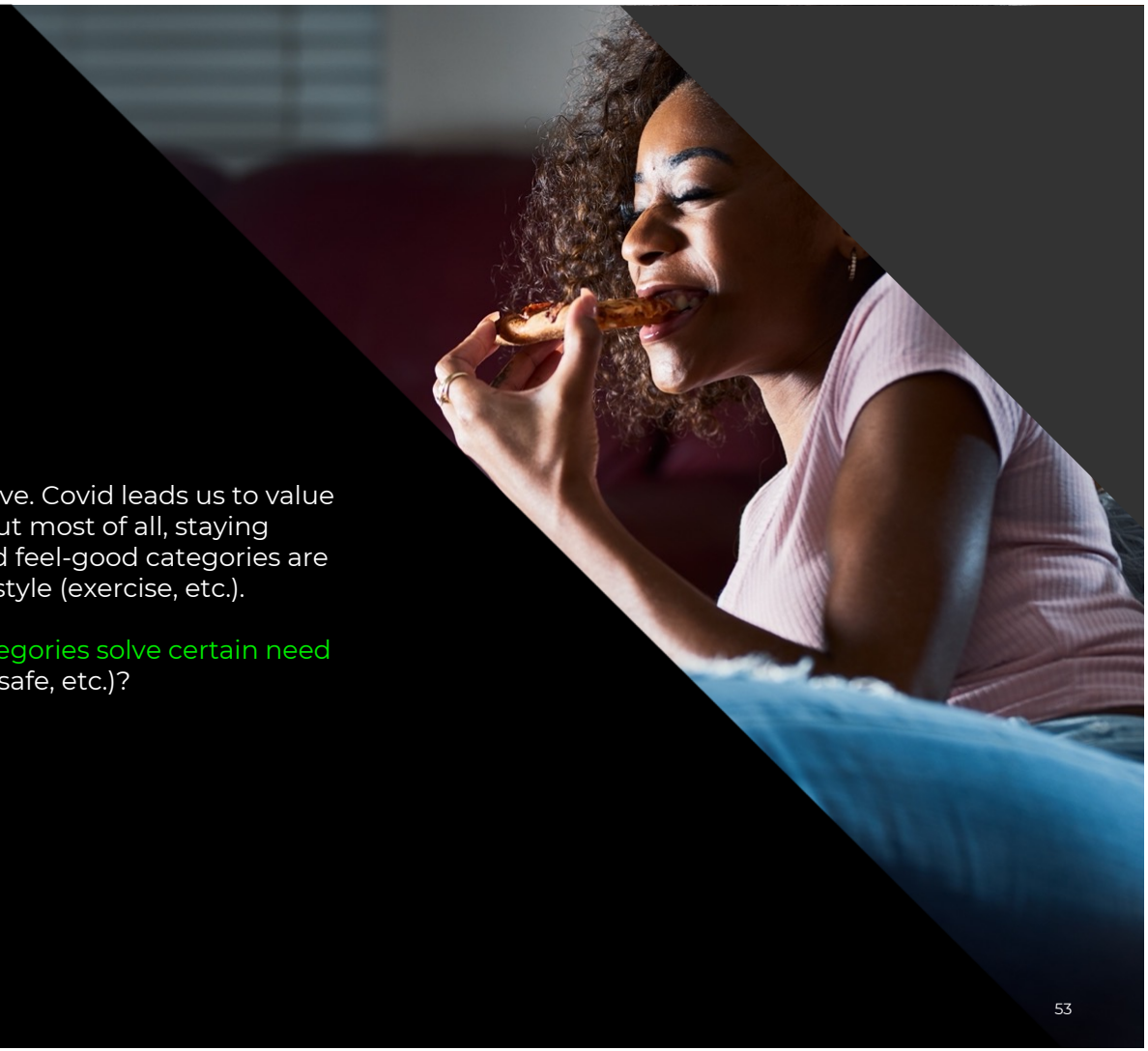
Categories that are increasing price the most still are tasty/indulgent products (such as soft drinks, snacks, confections, salty snacks, sweet goods), as well as healthy products (sports drinks nutrition powder). Many have decent EQ volume trends as well.

Flavor enhancers and dinner ingredients have taken much smaller price changes and volumes are so-so. Consumers seem to be trying to fight the Covid malaise with feel-good products and exercise, but the “scratch dinner” need state may have weakened over the two years, as Covid seems interminable to consumers.



Practitioner Implications:

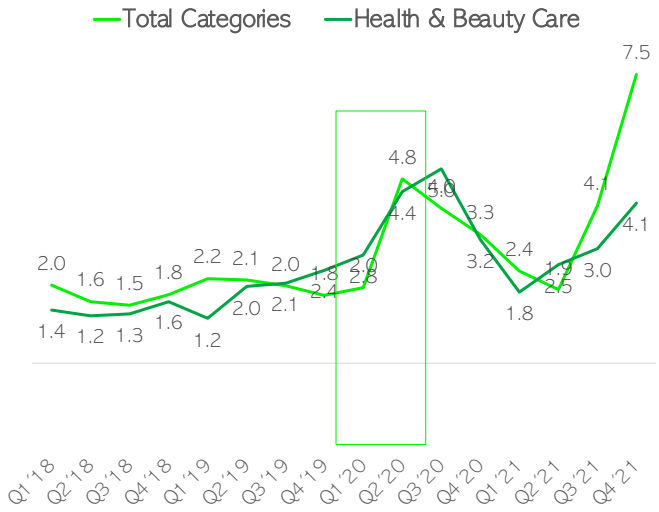
We need to keep a pulse on how need states evolve. Covid leads us to value having fun, being distracted, keeping kids busy but most of all, staying healthy, job #1. Thus, it makes sense that tasty and feel-good categories are doing well, with its complement of a wellness lifestyle (exercise, etc.).

How can we make other Grocery department categories solve certain need states (e.g., family fun, keeping kids busy, staying safe, etc.)?

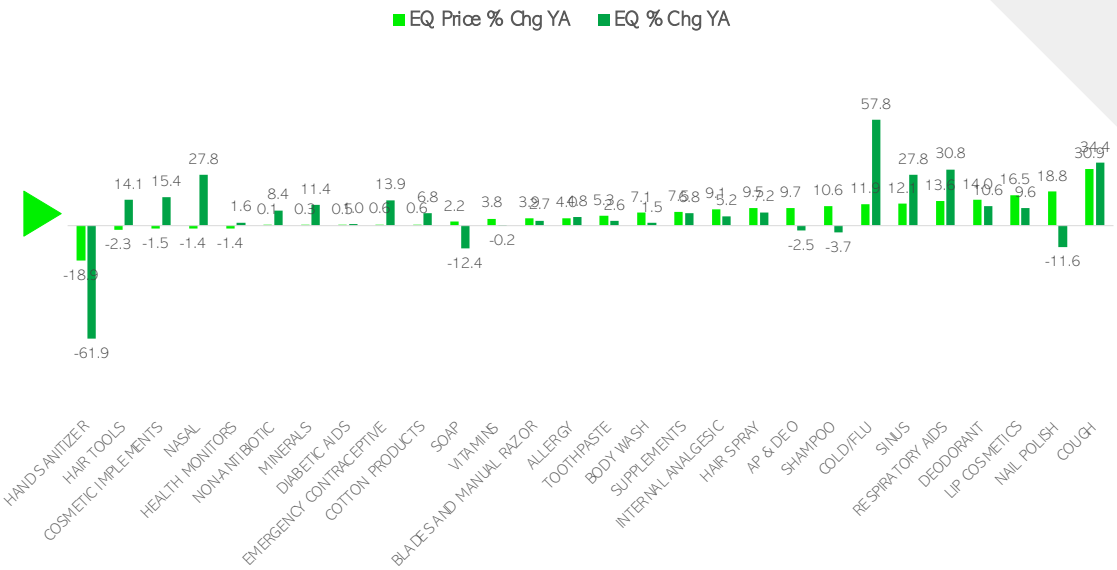
HBC category volumes are strong; price inflation below average

However, we are also seeing an increase in the 2H—inflation is worsening; most eq volumes are up (vs high year ago period)

HBC | Average Composite* Price % Chg YA



H2´21 | EQ Price % Chg YA and EQ % Chg YA | Total US xAOC



* Average EQ Price Chg vs YA per quarter considering:
Markets: Total US xAOC and Total US Food
Products: Total Categories (Includes Top 14 departments ranked by $ sales in Last 52w ending in Q4´21) and Top 5000 UPCs (Includes UPCs Ranked by $ sales ranked by $ sales in Last 52w ending in Q4´21 weighted by super category sales) and Total Department
Facts: Avg EQ Price Change YA and Base EQ Price Chg YA
Source: Nielsen Total US RMS+CPS

The second largest department is HBC. First, we see that most of the categories' volumes are increasing—likely because year ago had less socialization (so Beauty was less relevant) and was in the peak of Covid (so OTC wasn't fully trusted to treat possible cases of the flu, as consumers were more likely to overreact, given the recent outbreak of Covid, and go to urgent care/emergency rooms). Low year ago comparisons help show volume growth this year.

For the two measures (EQ price and EQ volume change) we see there is a greater mix of Health vs Beauty categories that have increased price the most. In the previous quarter or two, we mostly saw Beauty products increasing price (as they were lapping the quarantine period; in addition, there was hesitancy to trust OTC products, to combat Covid).

Categories not increasing price are niche oriented HBC, such as hair tools, cosmetic implements, health monitors, etc. Sanitizer has decreased its price dramatically, as it has been lapping periods of extraordinary demand, with concomitant supply challenges (these two factors would drive up price substantially).

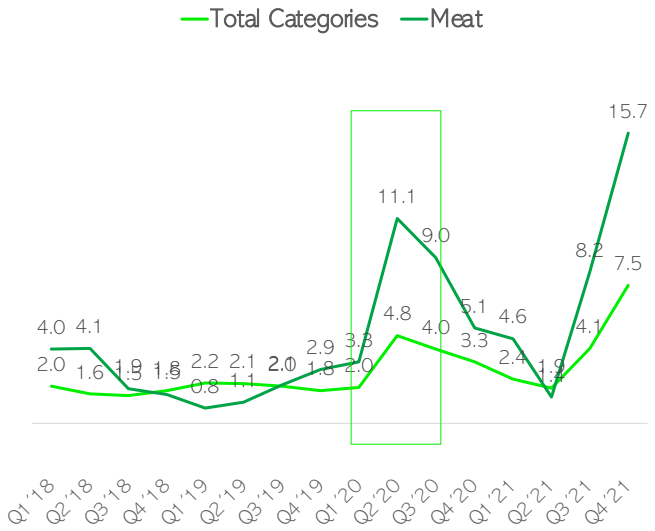
Practitioner Implications:

HBC needs to maintain its relevance and as we've seen with Covid, oftentimes relevance is thrust upon categories. With Covid restrictions easing, there should be greater demand (and likely more pricing power) for certain Beauty categories, and as consumers no longer overuse urgent care with the onset of cold-symptoms, we expect OTC treatments to bounce back in volume and price.

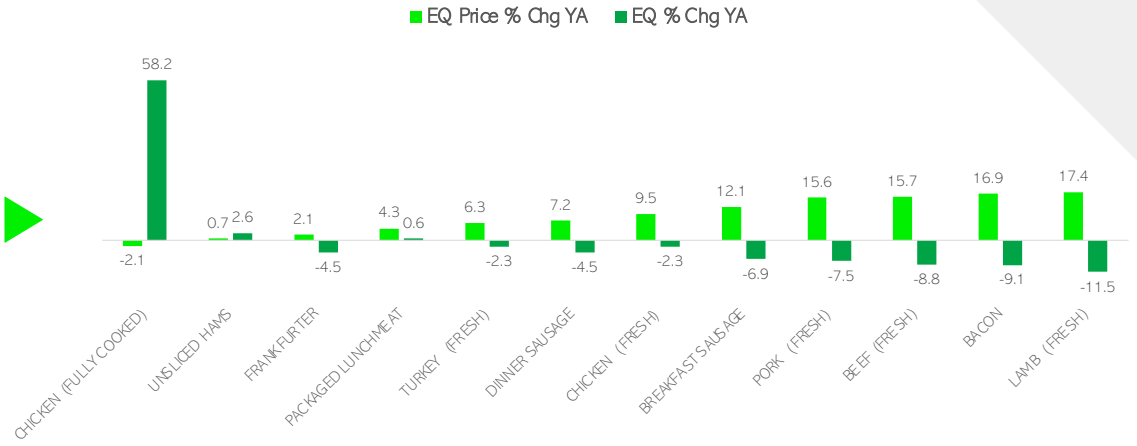
Meat prices reflect high increases in Q3 & Q4

Beef is by far the largest $ category and is growing more; fresh chicken, the second highest, is growing about average vs non-beef

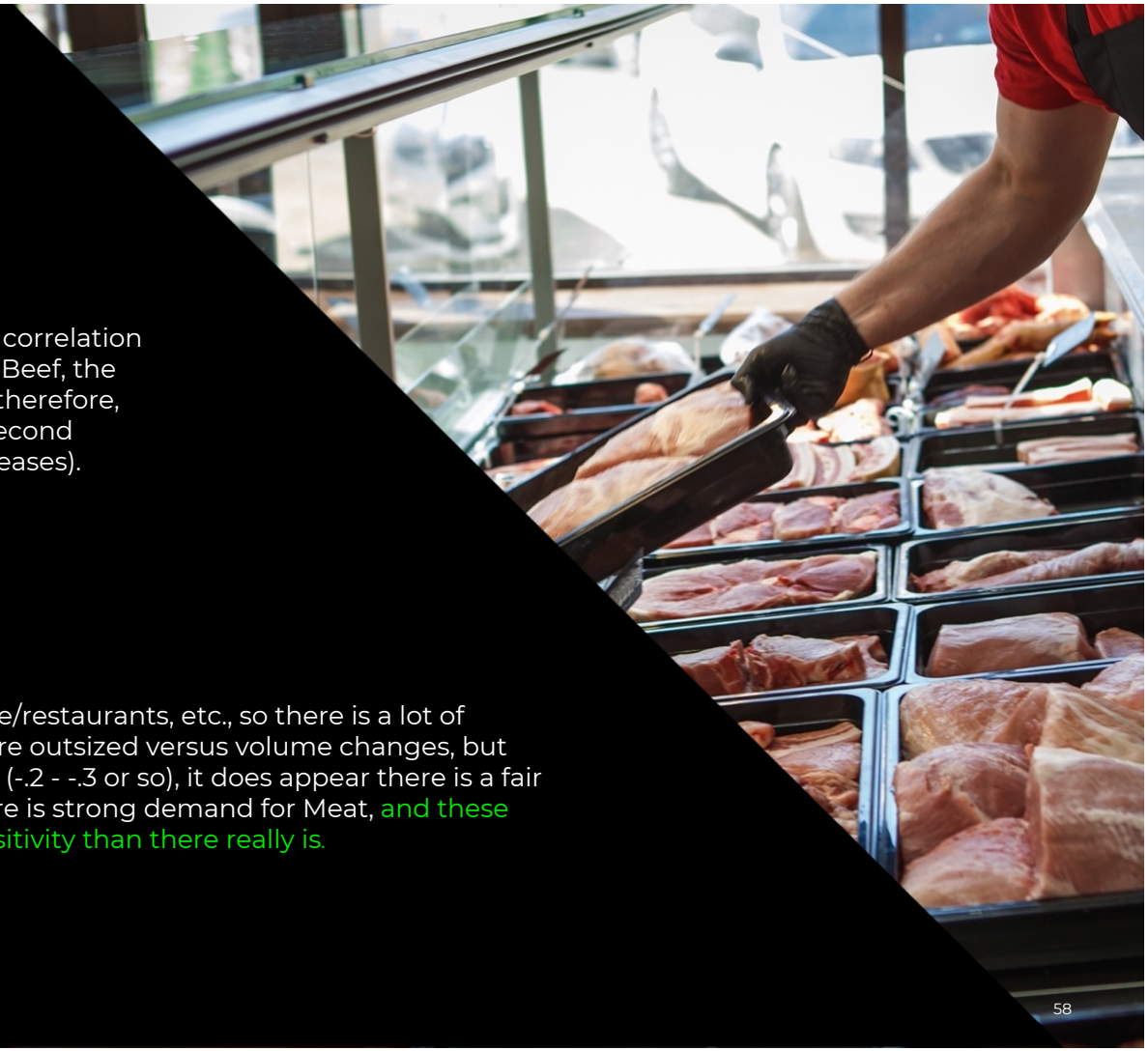
Meat | Average Composite* Price % Chg YA



H2´21 | EQ Price % Chg YA and EQ % Chg YA | Total US xAOC



* Average EQ Price Chg vs YA per quarter considering:
Markets: Total US xAOC and Total US Food
Products: Total Categories (Includes Top 14 departments ranked by $ sales in Last 52w ending in Q4´21) and Top 5000 UPCs (Includes UPCs Ranked by $ sales ranked by $ sales in Last 52w ending in Q4´21 weighted by super category sales) and Total Department
Facts: Avg EQ Price Change YA and Base EQ Price Chg YA
Source: Nielsen Total US RMS+CPS



Meat, our third largest department, shows a clear correlation between price increases and volumetric impacts. Beef, the behemoth category, drives the department (and therefore, shows average price increases, but chicken, the second largest category, shows below average price decreases).

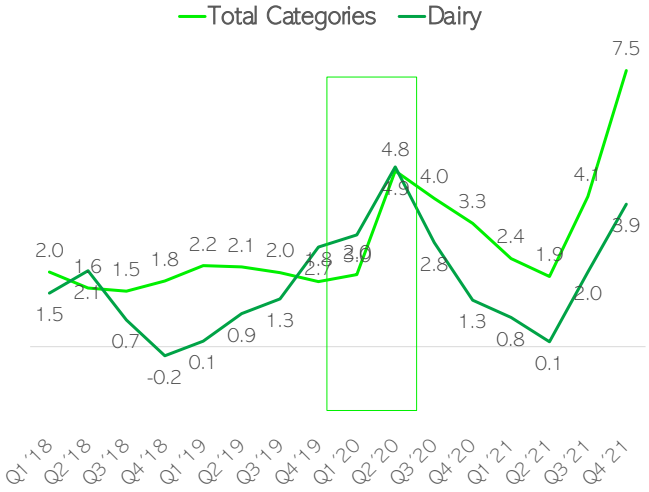
Practitioner Implications:

Meat prices might be competing with food service/restaurants, etc., so there is a lot of competition for this department. Price changes are outsized versus volume changes, but because category elasticities tend to be quite low (-.2 - -.3 or so), it does appear there is a fair amount of sensitivity here. Keep in mind that there is strong demand for Meat, and these headwinds may make it look like there is less sensitivity than there really is.

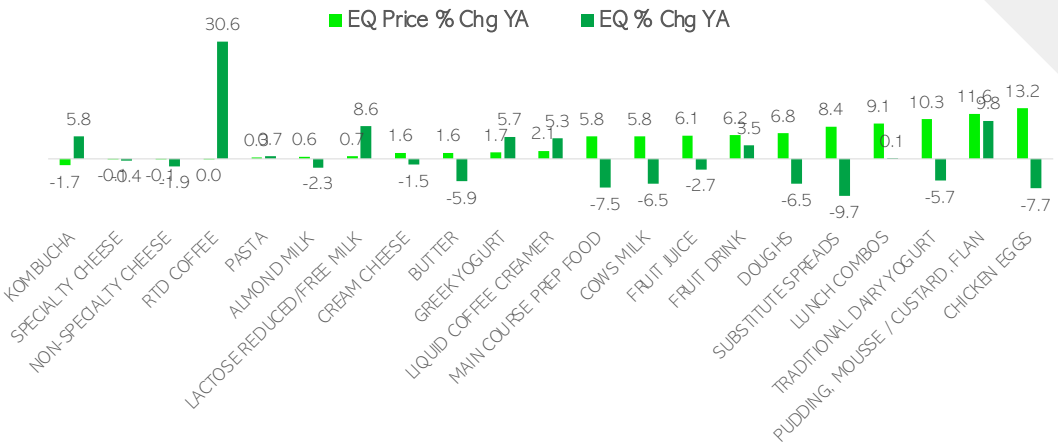
There is high variation in the Dairy categories that increased price by a lot/little (some early AM, some later-in-the-day)

Implication: At first, early AM products seem less relevant, as schools and offices are opening-up, perhaps calling for different PnP ctions, which we saw early in the year, but not depart is less consistent."

Dairy | Average Composite* Price % Chg YA



H2´21 l EQ Price % Chg YA and EQ % Chg YA l Total US xAOC



* Average EQ Price Chg vs YA per quarter considering:
Markets: Total US xAOC and Total US Food
Products: Total Categories (Includes Top 14 departments ranked by $ sales in Last 52w ending in Q4´21) and Top 5000 UPCs (Includes UPCs Ranked by $ sales ranked by $ sales in Last 52w ending in Q4´21 weighted by super category sales) and Total Department
Facts: Avg EQ Price Change YA and Base EQ Price Chg YA
Source: Nielsen Total US RMS+CPS

Dairy categories show an inconsistent relation between EQ price change and EQ volume change. Though not uniform, early AM categories are up in EQ price more than categories used later-in-the-day (eggs, cows' milk and traditional yogurt are examples).

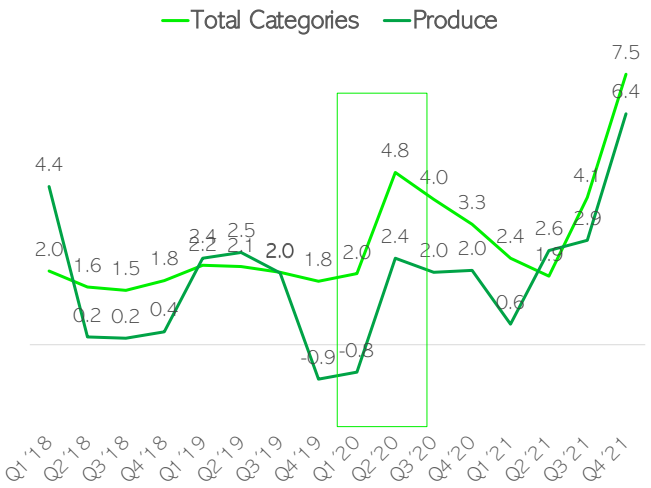
Practitioner Implications:

Categories' relevance will continue to evolve, but great taste and better-for-you are timeless benefits—might there be more opportunity reinforcing these benefits, especially in conjunction with need states brought in by Covid (perhaps some new recipes/usages to appeal to so-called "foodies")?

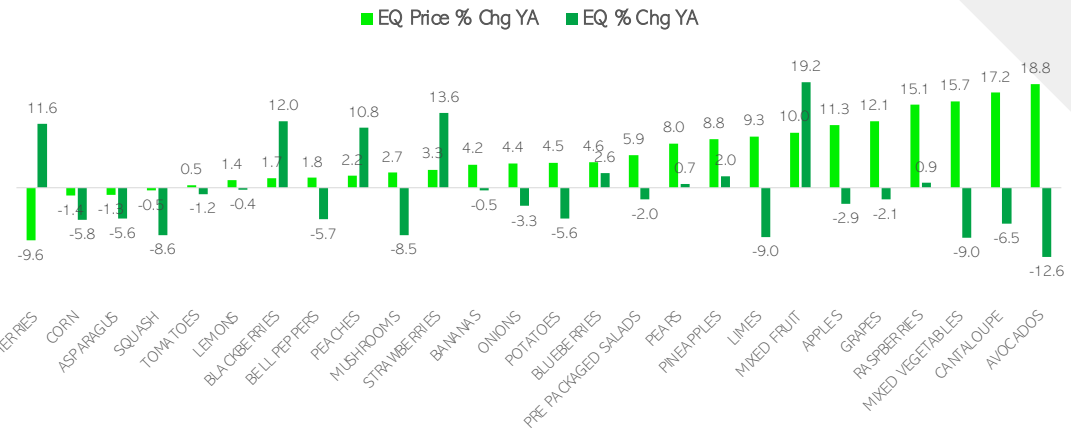
Produce lagged total store price increases, up until recently

Implication: Produce is historically a variable department, with unpredictable weather disruption; continue to monitor pricing stability, which seems less than a few quarters ago

Produce | Average Composite* Price % Chg YA



H2´21 | EQ Price % Chg YA and EQ % Chg YA | Total US xAOC



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Facts: Avg EQ Price Change YA and Base EQ Price Chg YA
Source: Nielsen Total US RMS+CPS

Produce categories show only a modest relation between EQ price and EQ volume changes. Previous quarters showed that fruits were increasing prices more than vegetables, but this pattern is diminishing. Also interesting is that produce categories tended to take below average EQ price increases, but over the last three quarters, price increases have been about average with total store.

Practitioner Implications:

Continue to tie-in with new and growing need states, such as health, fun, taste and distinctive recipes. Fruit prices were higher in the past, we hypothesized, because they are tastier (which helps combat Covid-fatigue).

Household Care categories took such large price increases during Covid that by the time the most recent quarters came around, on the following page are the average EQ price changes. There is only a slight relation between category EQ price change and EQ volume change. Despite the importance of hygiene and disinfectant efficacy, it is not the case that these products increased their price more than average. Bleach took a high price increase and likely as a result, has volume softness.

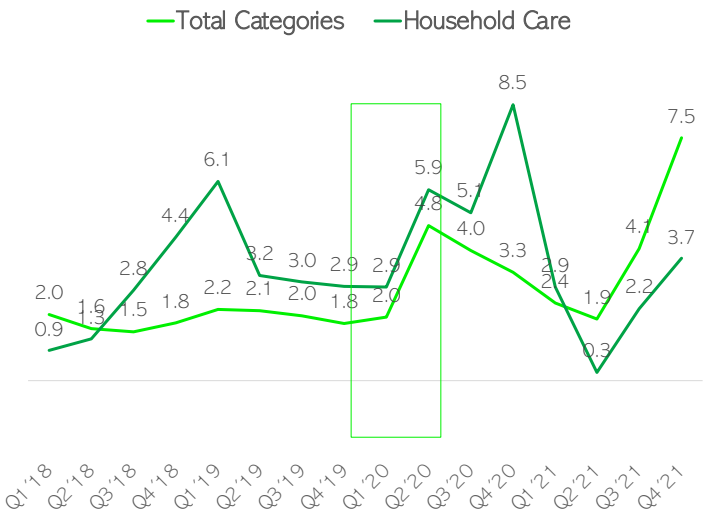
Practitioner Implications:

Continue to price in ways that are commensurate with consumer value. Bleach was highly important to consumers last year, but perhaps less important this year, as Covid is being managed. Disposables continue to be valued and have shown above average increases in price (without the corresponding volume loss).

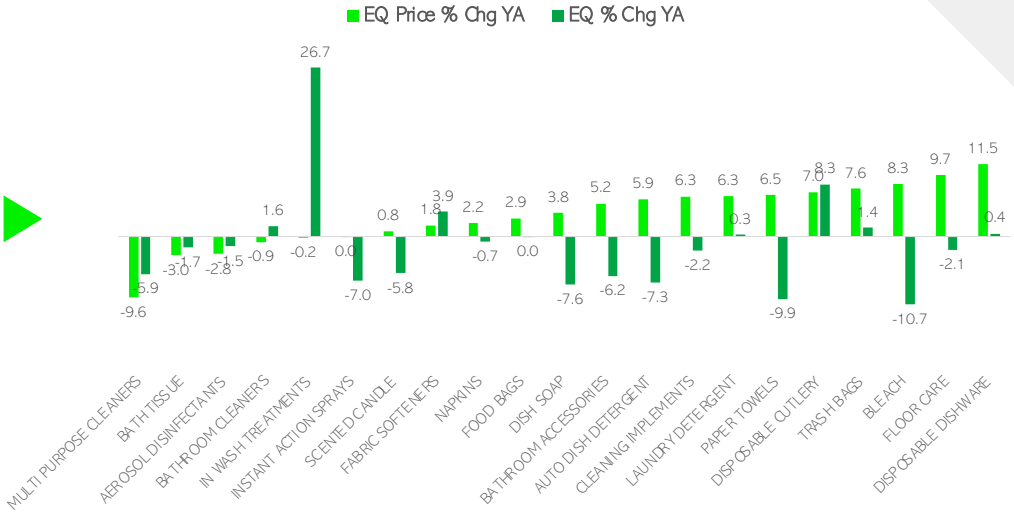
Based on high year ago comparisons, Household care price increases moderating

However, we are also seeing an increase in the 2H—inflation is worsening; some eq volumes are down (vs high year ago period)

Household Care | Average Composite* Price % Chg YA



H2´21 I EQ Price % Chg YA and EQ % Chg YA I Total US xAOC



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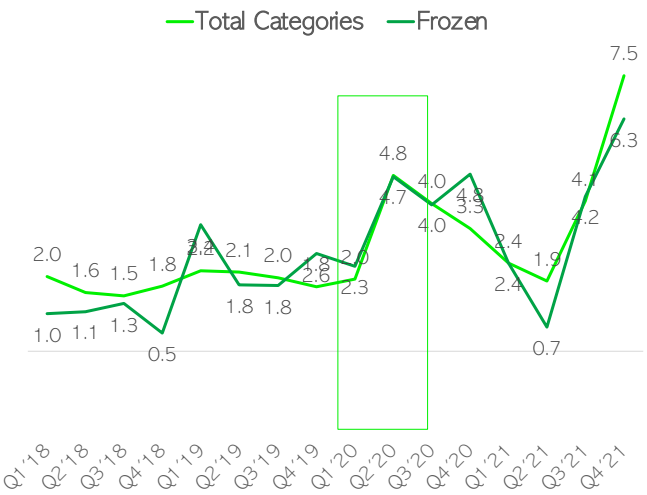
Facts: Avg EQ Price Change YA and Base EQ Price Chg YA
Source: Nielsen Total US RMS+CPS

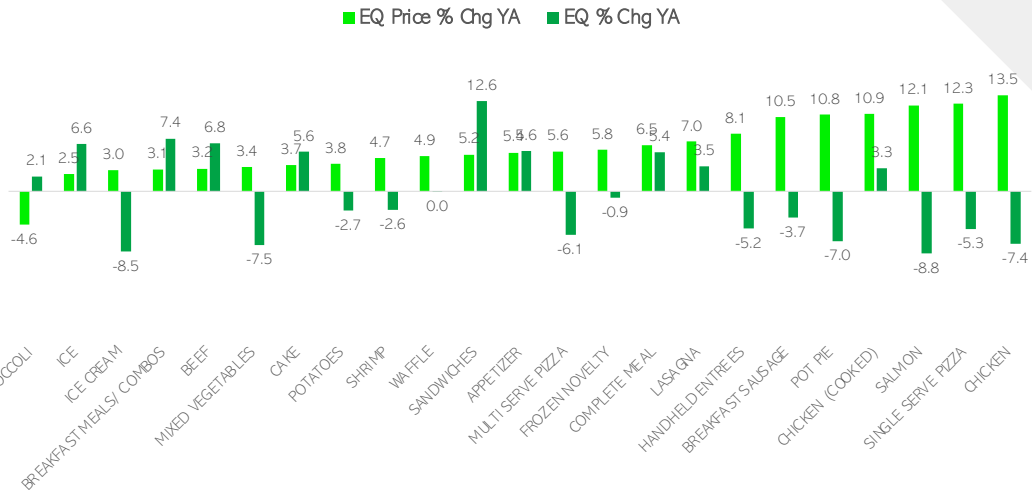
Protein center-of-plate products' prices are up

Implication: Beef is the one exception, where frozen beef has taken a modest price increase. Forces driving up fresh meat prices are likely driving up frozen proteins. It might be important to understand the importance of price gaps between frozen and fresh proteins

Frozen | Average Composite* Price % Chg YA



H2´21 | EQ Price % Chg YA and EQ % Chg YA | Total US xAOC



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Facts: Avg EQ Price Change YA and Base EQ Price Chg YA
Source: Nielsen Total US RMS+CPS

Household Care categories took such large price increases during Covid that by the time the most recent quarters came around, we see below average EQ price changes.

There is only a slight relation between category EQ price change and EQ volume change.

> Despite the importance of hygiene and disinfectant efficacy, it is not the case that these products increased their price more than average. Bleach took a high price increase and likely as a result, has volume softness.

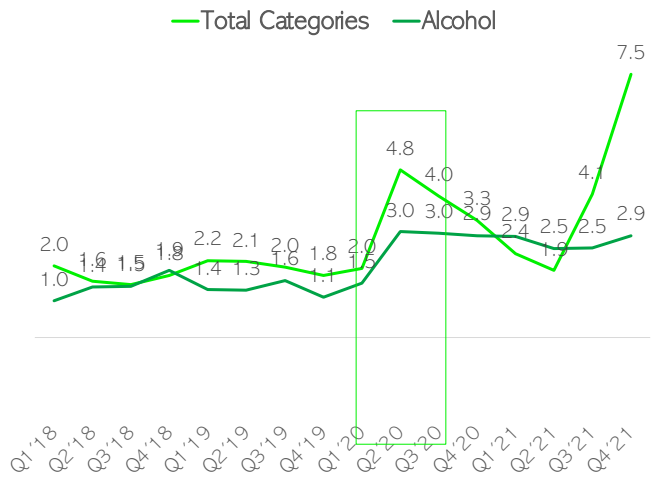
Practitioner Implications:

Continue to price in ways that are commensurate with consumer value. Bleach was highly important to consumers last year, but perhaps less important this year, as Covid is being managed. Disposables continue to be valued and have shown above average increases in price (without the corresponding volume loss).

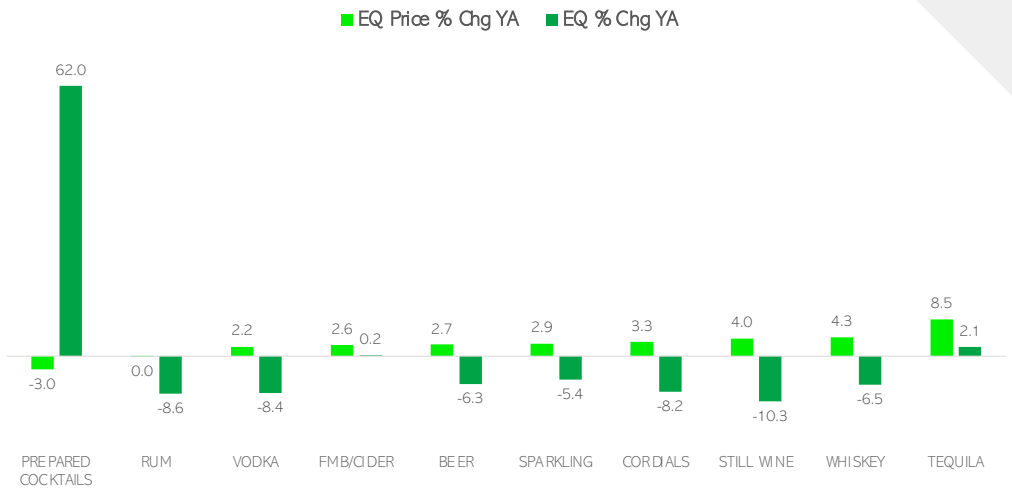
Alcohol categories have increased price slightly, with soft volumes

Implication: Tequila is on trend and best weathered a price increase; likely, off-premise alcohol is competing with on-premise alcohol and given the softening of restrictions, there likely was on-premise pent-up demand, which reduced B&M alcohol

Alcohol | Average Composite* Price % Chg YA



H2´21 | EQ Price % Chg YA and EQ % Chg YA | Total US xAOC



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Facts: Avg EQ Price Change YA and Base EQ Price Chg YA
Source: Nielsen Total US RMS+CPS

Covid restrictions were loosening this year versus last year, which helps on-premise alcohol, thereby cannibalizing off-premise alcohol. Thus, we see most B&M volumes soft, also perhaps reflecting price increases. Tequila is the one product where the EQ price increase was the largest and EQ volumes also increased.

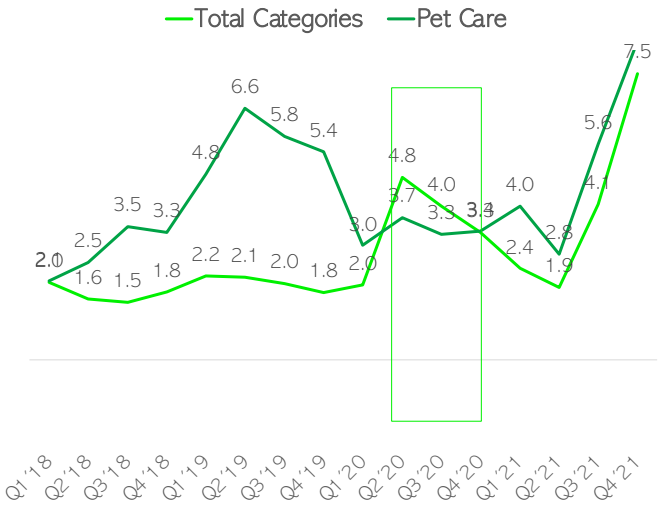
Practitioner Implications:

Continue to monitor the interplay between on-premise and off-premise consumption. Perhaps use packaging/recipes in one channel to benefit the other.

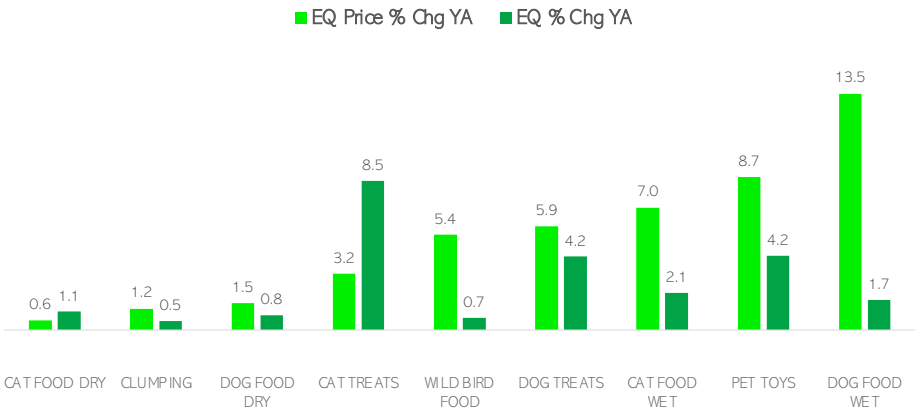
Pet care categories EQ prices are changing comparably to rest of store

Implication: EQ volume changes continue to be strong in these categories, as there continues to be high demand, despite some hefty price increases; wet foods are increasing above average, probably for the same reasons that the Meat department is up

Pet Care | Average Composite* Price % Chg YA



H2´21 | EQ Price % Chg YA and EQ % Chg YA | Total US xAOC



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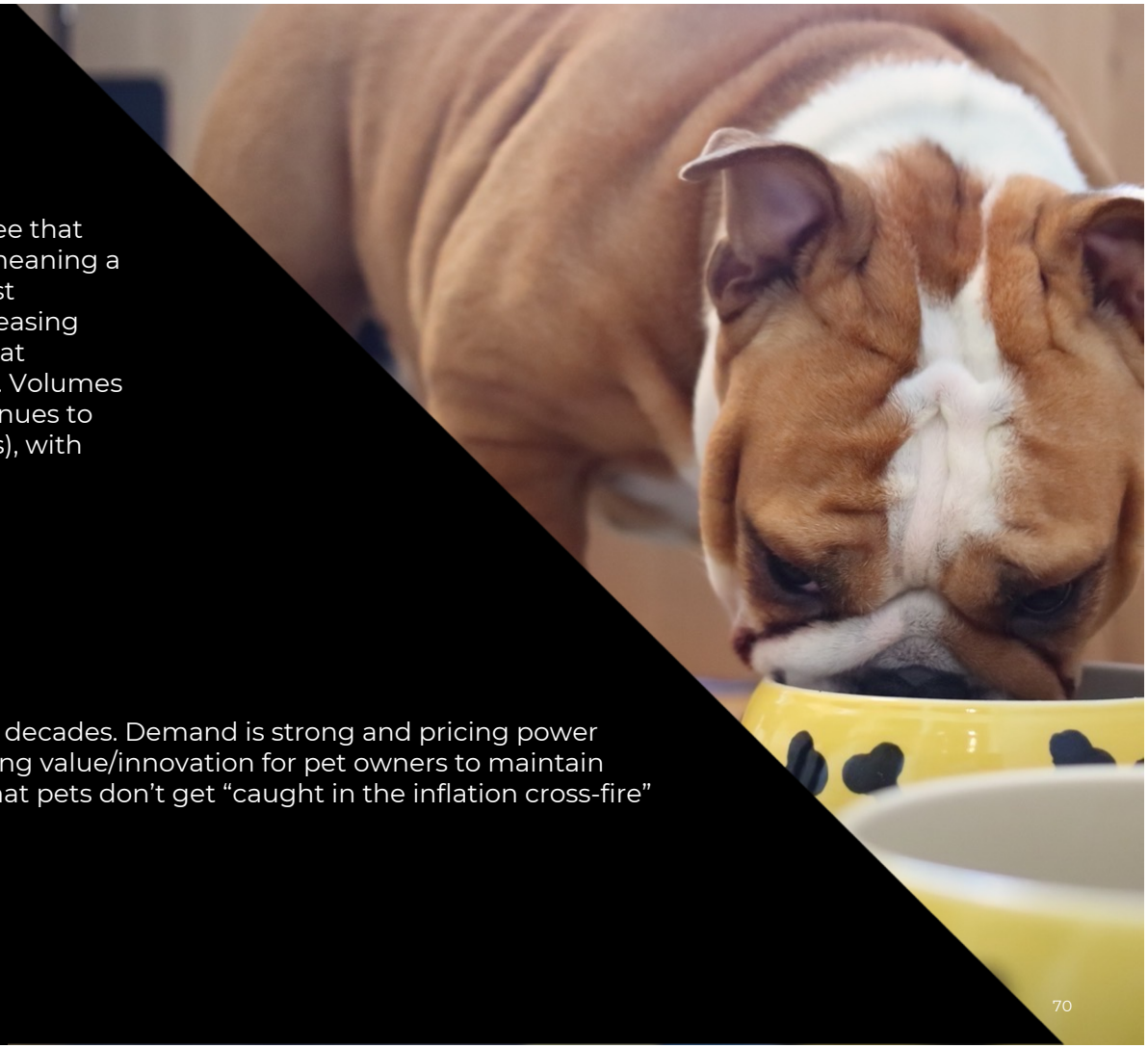
Facts: Avg EQ Price Change YA and Base EQ Price Chg YA
Source: Nielsen Total US RMS+CPS

Pet price changes were added this quarter. We see that pet category price increases are about average, meaning a large increase in Q4. Interesting, two of the largest increasing categories are “wet,” and they are increasing prices probably for the same reasons that the meat department is (these pet products contain meat). Volumes are up for all categories, as this department continues to be one of the most robust ones (over the decades), with the pet “humanization” dynamic unfolding.



Practitioner Implications:

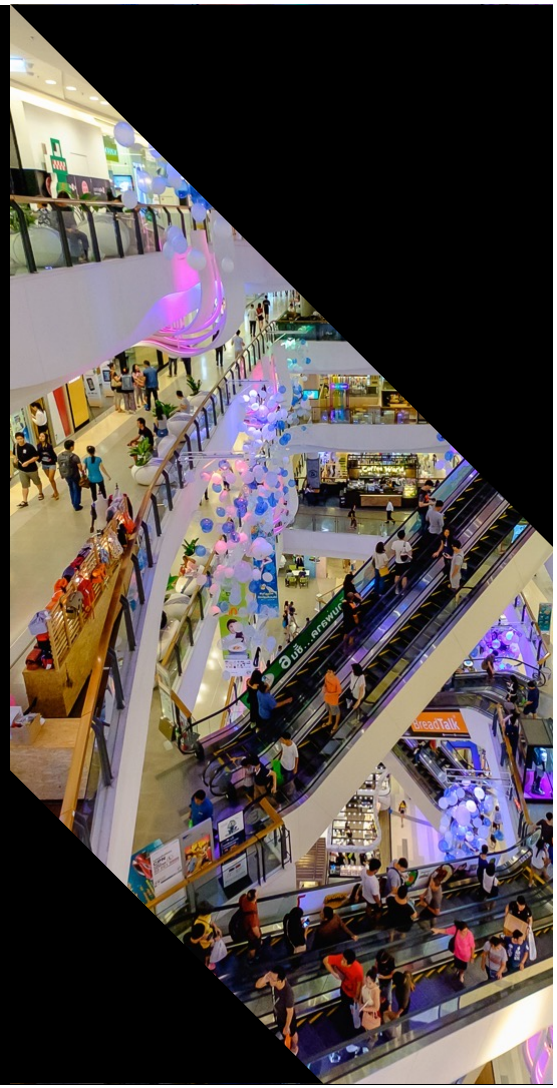
This is a department with robust growth over the decades. Demand is strong and pricing power also is high. Manufacturers have to continue adding value/innovation for pet owners to maintain such vibrancy. Practitioners need to make sure that pets don’t get “caught in the inflation cross-fire” (humanization likely has its limits at some point).

What now?

Covid is abating but almost on a moment's notice, we may be in the beginning of a new surge or variant, or as we're experiencing now, a geo-political crisis, or some other disruptive event.

Let's shift to how we need to plan for such possibilities.

For example, the world was stunned in late February when Russia invaded Ukraine. Economic repercussions will unfold and we are ~6 weeks into this conflict



Do you have pricing power?

Pricing power is the ability to raise your prices over time to achieve business objectives.

The golden rule: Price from a position of strength (e.g., strong trends, new products, etc.)

Quantify risk & opportunity	Justify increase	Examine context	Mitigate vulnerabilities	Manage the message
First quantify risk and opportunity	"Justify" price increase (e.g., increase in consumer support, more innovation, more trade promoting)	Does the context support a price increase (e.g., COGs, adjacencies, price history, aisle inflation, competition, and consumer dynamics)?	Mitigate vulnerabilities (e.g., weak SKUs)	Any indications of being opportunistic?

When advising clients on risks and opportunities to take price advances, we always say to “price up from a position of strength.” That is, we think pricing power comes from having strong trends, being differentiated, being large, innovating well and so on. Today, it’s more complicated.

With high inflation, the issue is no longer “should I go up in price;” rather, it’s how much should I go up, should I go up fewer times with larger increases or more times with smaller increases?

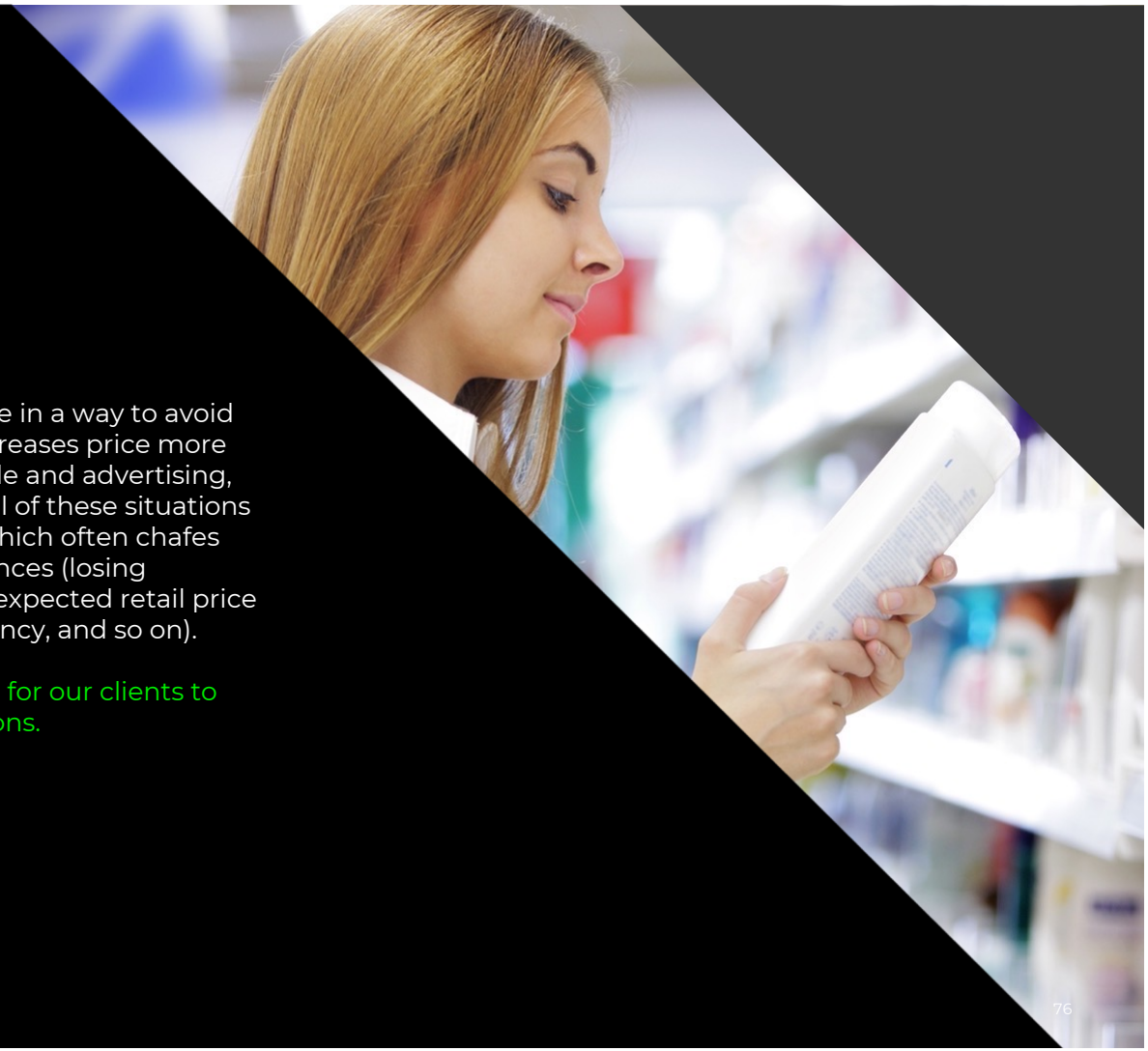
We’ve been following for 5-10 years a five-phase process to understand pricing risks and opportunities.

First, we recommend conducting quantitative analysis to estimate whether price-promotion activities achieve the desired end

Second, we examine dynamics internal to the client that confer pricing power, such as whether clients are increasing investment, have high impact innovation, and so on

Third, we consider external and contextual factors, to uncover those that mitigate or exacerbate risk. For example, how much are competitors and adjacent categories increasing price and/or decreasing promotion investment (especially categories that may be facing comparable inflationary factors)? Historically speaking, has our client taken larger or smaller increases than competition, the CPI and the aisle?

Fourth, are there hidden landmines, such as weak SKUs that may lose distribution, with a price increase, which would compound volume loss.



Finally, it's important to communicate to the trade in a way to avoid being perceived as being opportunistic. If one increases price more than competition, or increases price and cuts trade and advertising, or increases price from a position of weakness—all of these situations could be perceived as pricing opportunistically, which often chafes retail partners, resulting in unintended consequences (losing distribution or share of shelf, facing a larger than expected retail price increase, losing trade promotion quality or frequency, and so on).

We then construct an opportunity and risk profile for our clients to help them make prudent price-promotion decisions.

Inflation is likely to challenge us long-term, requiring different horizon strategies

Short term

0-6 months

- Price elasticities & volume forecasts to ascertain price options
- Understand benefit trade offs
- Continued vigilance in a hypersensitive consumer environment

Mid term

0-24 months

- Portfolio planning & development
- Price tier leadership to match polarized consumer capabilities
- Package size evolution to hit key price points – Communicate valued attributes

Long term

0-5 years

- Reduce value chain components
- Automation – Direct to consumer – alternative ingredient sourcing (local, lab, urban)
- Multiple suppliers to hedge risk

Supply chains have been severely disrupted and talks about scarcity are common. Our responses need to vary based on different time horizons. Six months out, there are likely opportunities to refine our everyday and promoted price activities, whether it's identifying more profitable promotions or aligning our products with needs that are increasing in importance.

In a medium-time horizon, we need to make sure that our price tiers match consumers' ability and willingness to pay, as the bimodal wealth distribution should squeeze those in the middle. In addition, is our price-pack-architecture meeting consumers' evolving need states and consumption preferences. Are we able to hit threshold prices (everyday and promoted)? Finally, longer term, how are manufacturers able to control their supply chain destiny. We read about Costco chartering shipping vessels and others growing products closer to their selling point, to lessen severe weather disruptions. Other companies are delivering with robotics to handle labor shortages.

Are we in an era of “Black Swan” events and continued turbulence?

For decades,

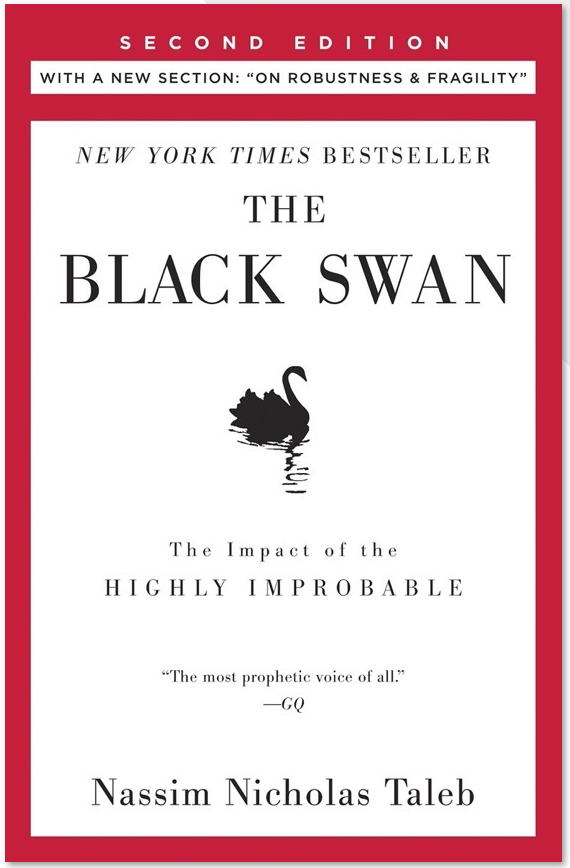
exactitude **just-in-time** **efficiency**

were prized.

Will

agility **quickness** **redundancy**

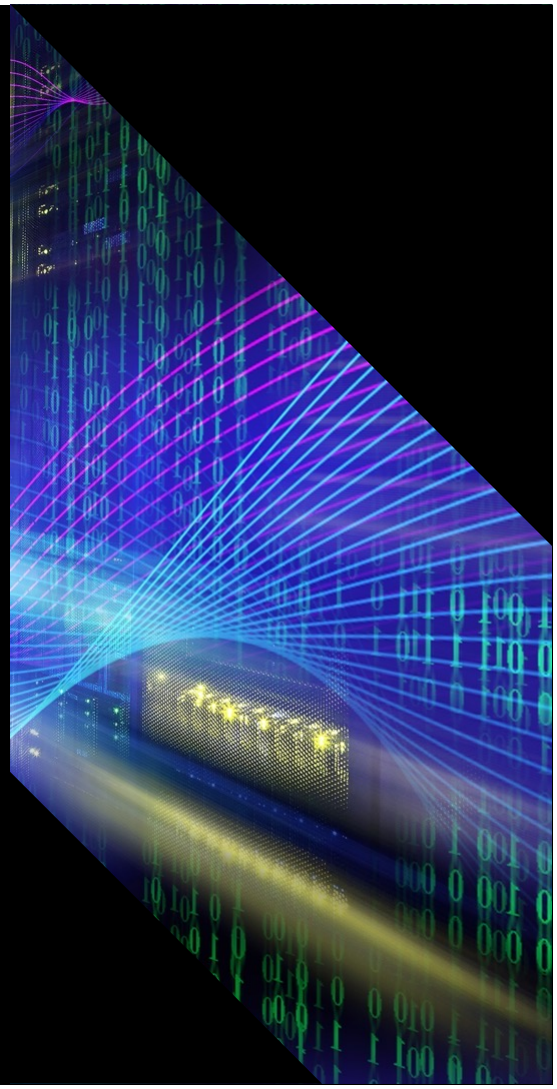
become more important… **these add costs.**



Business processes have been grooving our “just-in-time economy” for decades, which has reaped numerous benefits and substantial profits.

However, this framework is antithetical to a disruptive and “Black Swan” world. Just-in-time values efficiency and exactitude, but we wonder if agility, speed and even redundancy become more important as tumult increases.

> The important point is that these business values (Speed, agility and redundancy) are expensive and should further increase inflation. This is one reason why inflation above 2% could be with us for years to come.



Action Imperatives for Manufacturers and Retailers

Focus on "Preparedness"

- Develop activities around time-horizons to stay nimble and strategic; contingency planning should be prioritized
- There have been multiple "on-again, off-again" dynamics regarding COVID, regulations and now societal disruptions—preparedness manages risk

Pivot to needs/wants

- Whether it's COVID or social unrest, continue to leverage evolving and new consumer need states; the ones below seem timely:
  - Self and family care
  - Indulgence/hedonic value (fun)
  - Evolving relevance of dayparts (lunch box is gaining relevance)
- Create pricing power/demand for new need states

Examine B&M & Ecom Mix

- Each channel has advantages and disadvantages—evaluate these and your Mix to maximize opportunities and minimize risk
- Might "hybrid" channel utilization appeal to an important consumer segment? For fresh, it allows consumers maximum choice and if consumers shop at B&M, promotion lifts can be increased

Leverage Technology

Safety oriented apps:

- Measure crowdedness (when to shop)
- Social distance alerts (infractions)

Per the above, leverage software to drive hybrid trips, to achieve right B&M and Ecom Mix

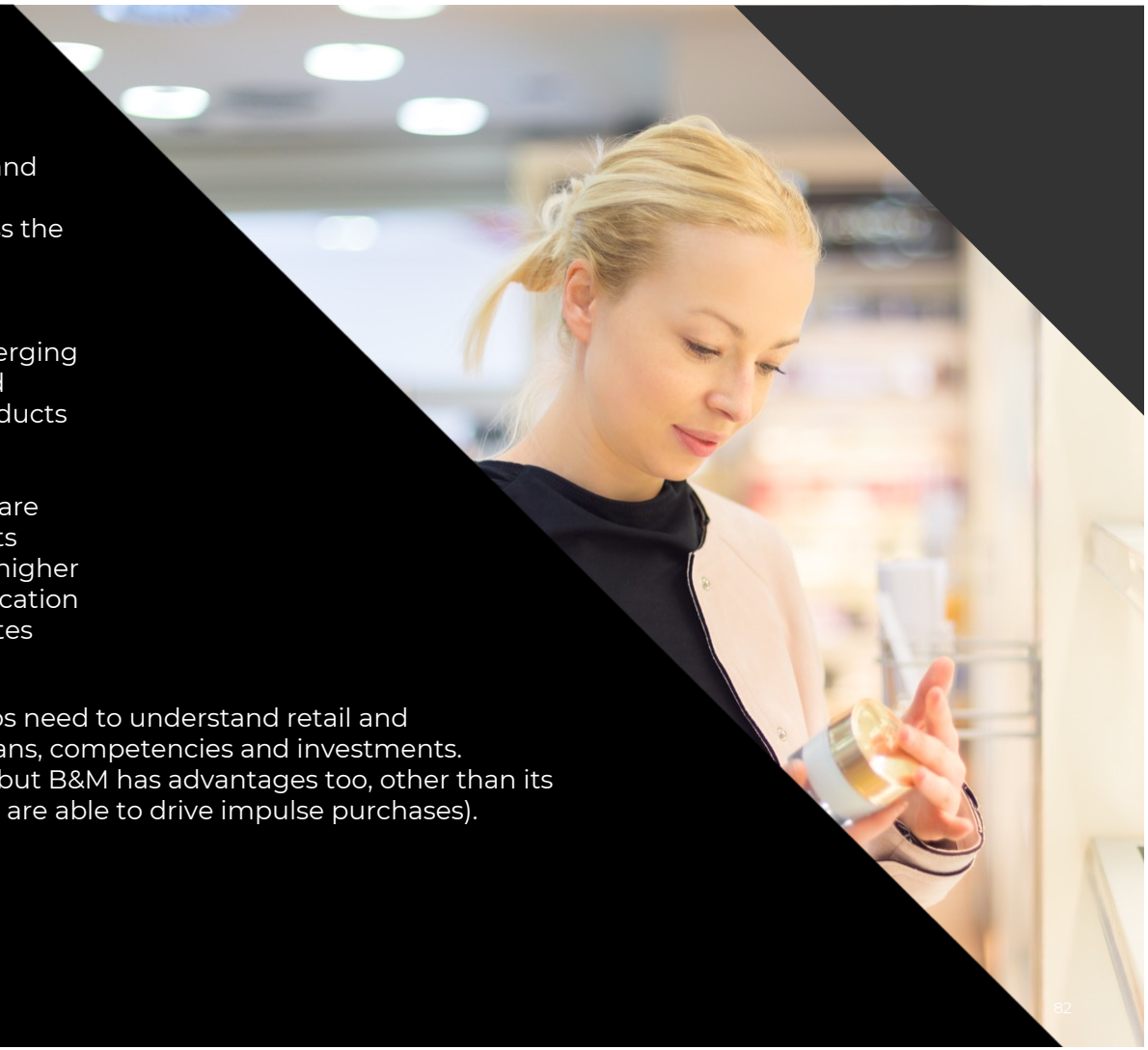
Uncover revenue opportunities with changing market dynamics

To wrap up, we think additional resources, tools and investment should focus on preparedness and contingency planning. Examining activities across the three time-horizons is one way to achieve such preparedness.

Second, we need to update our responses to emerging and changing need states. On-the-go snacks and socialization HBC were one of the few sets of products that declined during the initial Covid outbreak.

On the other hand, versatile, comfort and care products became more important. Products appealing to these needs should receive a higher "share of marketing/sales voice." Communication should be varied also to appeal to need states growing in importance.

In terms of Ecom, action steps need to understand retail and manufacturers objectives, plans, competencies and investments. Ecom is continuing to grow, but B&M has advantages too, other than its current size (e.g., promotions are able to drive impulse purchases).



Finally, many consumers still fear shopping in person, so let's develop technology that enhances safety (e.g., maybe a people-meter can count store traffic, which feeds an app that informs consumers how crowded a store is at a given moment, or a personal space app can inform consumers if there is not enough social distancing while in-store).

Appendix

		$ in Bn	EQ Price % Chg YA										EQ % Chg YA									
		Last. 52w	Q1´20	Q2´20	Q3´20	Q4´20	Q1´21	Q2´21	Q3´21	Q4´21	H1´21	H2´21	Q1´20	Q2´20	Q3´20	Q4´20	Q1´21	Q2´21	Q3´21	Q4´21	H1´21	H2´21
	T. HBC	**105.3**	**2.5**	**4.0**	**6.6**	**3.6**	**4.8**	**5.8**	**5.8**	**7.6**	**5.1**	**6.6**	**11.5**	**28.3**	**11.6**	**15.5**	**-2.1**	**6.1**	**15.6**	**8.7**	**0.4**	**10.4**
TOP 10 BY $ SALES IN 2021	SUPPLEMENTS	7.8	8.8	6.4	7.2	3.1	-0.1	6.3	7.1	8.0	2.8	7.5	12.6	5.5	8.3	12.3	1.4	9.0	10.5	3.3	4.9	6.8
	INTERNAL ANALGESIC	4.3	0.4	-2.7	-2.8	-5.2	-3.0	7.2	7.6	10.7	1.5	9.1	30.7	-2.9	0.9	0.7	-22.9	7.8	7.6	2.8	-10.1	5.2
	VITAMINS	3.6	4.9	5.6	4.6	1.3	0.0	2.4	1.6	5.9	1.1	3.8	22.1	18.5	17.9	31.0	-1.1	-2.3	8.6	-8.0	-1.6	-0.2
	TOOTHPASTE	3.2	5.0	6.3	5.9	4.0	6.1	5.5	4.5	6.1	6.1	5.3	11.5	-8.9	-4.9	-4.4	-15.9	5.0	3.1	2.2	-6.7	2.6
	BODY WASH	3.0	2.1	4.4	4.1	4.8	5.2	4.9	7.0	7.1	5.1	7.1	12.0	6.3	6.7	5.4	-4.3	2.5	1.7	1.4	-0.9	1.5
	ALLERGY	3.0	-0.4	-3.0	2.0	-0.6	-1.3	6.7	2.4	5.9	3.4	4.0	18.6	-2.2	3.0	7.4	-12.4	9.6	6.1	3.3	-1.6	4.8
	AP & DEO	2.6	2.3	1.6	0.4	-0.7	2.3	5.7	8.8	10.6	4.2	9.7	3.4	-13.2	-8.3	-6.1	-13.3	4.6	-1.0	-4.1	-4.9	-2.5
	BLADES AND MANUAL RAZOR	2.5	0.3	2.6	5.6	3.5	8.8	5.8	3.9	3.8	7.3	3.9	-2.6	-11.3	-10.6	-8.1	-9.6	1.5	3.0	2.3	-4.1	2.7
	SHAMPOO	2.4	1.3	5.0	6.1	5.9	12.5	10.2	10.5	10.8	11.5	10.6	4.9	-5.7	-6.2	-8.6	-14.5	-3.8	-4.0	-3.5	-9.5	-3.7
	SOAP	2.4	1.8	2.4	2.8	0.6	2.3	2.7	0.5	4.0	2.5	2.2	43.6	26.0	18.3	18.8	-28.0	-20.4	-11.4	-13.5	-24.4	-12.4
TOP 10 BY HIGHEST EQ PRICE % CHG IN H2´21 vs YA	COUGH	1.6	6.4	-19.0	-12.9	-13.1	-16.0	25.3	33.3	29.3	-4.4	30.9	22.5	-23.2	-14.4	-32.4	-50.5	13.8	33.2	35.2	-32.8	34.4
	NAIL POLISH	0.7	12.6	11.3	12.9	11.9	6.5	10.5	9.0	29.5	8.0	18.8	-8.8	18.0	-1.5	-6.7	-0.9	-22.7	-5.7	-17.0	-14.1	-11.6
	LIP COSMETICS	0.7	-1.5	-8.4	-6.6	-6.7	-2.8	14.0	8.0	22.3	5.5	16.5	-11.8	-30.9	-27.9	-27.4	-23.3	13.3	18.3	4.4	-8.1	9.6
	DEODORANT	0.8	12.4	16.9	16.3	11.9	13.0	17.3	15.6	12.3	15.5	14.0	9.8	-16.3	-12.0	-6.2	-6.8	13.3	10.0	11.3	2.6	10.6
	RESPIRATORY AIDS	0.5	11.8	32.0	24.4	12.6	12.0	18.5	21.6	8.6	13.5	13.6	23.5	1.7	5.6	-14.6	-31.9	9.3	27.9	32.9	-17.4	30.8
	SINUS	0.6	-0.1	-6.9	-3.6	-4.2	-4.7	11.4	13.6	10.9	0.8	12.1	8.0	-26.4	-16.7	-26.8	-41.8	26.2	26.4	29.0	-19.6	27.8
	COLD/FLU	2.0	4.6	-0.3	-1.8	1.5	0.5	10.6	17.0	9.2	3.6	11.9	30.5	-39.8	-25.8	-40.7	-63.3	46.1	58.8	57.3	-43.9	57.8
	SHAMPOO	2.4	1.3	5.0	6.1	5.9	12.5	10.2	10.5	10.8	11.5	10.6	4.9	-5.7	-6.2	-8.6	-14.5	-3.8	-4.0	-3.5	-9.5	-3.7
	AP & DEO	2.6	2.3	1.6	0.4	-0.7	2.3	5.7	8.8	10.6	4.2	9.7	3.4	-13.2	-8.3	-6.1	-13.3	4.6	-1.0	-4.1	-4.9	-2.5
	HAIR SPRAY	0.6	0.4	0.9	2.0	1.0	3.0	4.7	8.1	10.9	4.1	9.5	-7.6	-29.6	-22.6	-22.8	-18.5	16.5	7.7	6.8	-3.5	7.2
TOP 10 BY LOWEST EQ PRICE % CHG IN H2´21 vs YA	HAND SANITIZER	0.5	11.2	54.7	29.5	-23.6	-29.8	-56.1	-32.1	5.4	-49.8	-18.9	130.6	743.1	492.9	763.1	111.2	-54.8	-54.7	-70.5	-15.9	-61.9
	HAIR TOOLS	0.6	4.4	8.5	7.9	7.4	3.9	1.1	-2.5	-2.0	2.5	-2.3	-11.9	0.5	-8.7	-2.2	12.8	6.3	17.8	11.2	9.4	14.1
	COSMETIC IMPLEMENTS	0.6	7.6	33.9	27.0	15.9	26.1	-12.9	-9.3	6.6	4.9	-1.5	-15.2	-25.4	-25.1	-20.8	-11.5	27.1	26.2	6.1	6.0	15.4
	NASAL	1.4	2.1	-7.0	-4.9	-5.6	-6.3	5.1	-2.7	-0.3	-0.6	-1.4	9.5	-7.1	0.4	-4.5	-16.5	20.1	28.7	27.0	-1.5	27.8
	HEALTH MONITORS	0.6	-1.3	-7.2	-8.1	-6.8	0.8	9.2	2.8	-3.2	4.4	-1.4	-5.8	25.1	35.1	47.0	41.0	-5.6	18.7	-10.8	15.9	1.6
	NON-ANTIBIOTIC	0.7	-6.9	-2.8	-0.1	-1.4	10.4	8.4	0.3	-0.2	9.1	0.1	16.2	6.4	8.4	10.6	-8.0	-3.2	8.8	7.7	-5.1	8.4
	MINERALS	0.7	2.8	3.7	1.8	2.9	3.5	2.3	0.2	0.6	2.9	0.3	7.5	2.2	11.4	21.5	6.2	9.6	18.8	4.3	7.8	11.4
	DIABETIC AIDS	0.6	0.8	0.7	2.7	1.5	0.1	-0.4	0.2	0.9	-0.1	0.5	5.2	0.0	3.7	6.4	2.6	7.2	2.0	-0.1	4.8	1.0
	EMERGENCY CONTRACEPTIVE	0.6	0.3	0.6	0.6	0.7	0.9	0.7	0.6	0.5	0.8	0.6	8.8	13.4	29.6	21.2	30.5	29.0	11.1	16.8	29.7	13.9
	COTTON PRODUCTS	0.6	0.9	-1.4	0.2	0.4	2.0	-0.1	-0.7	1.9	1.0	0.6	13.1	1.9	-1.3	-1.5	-12.4	0.9	6.0	7.6	-6.2	6.8

Total US xAOC
Source: Nielsen Total US RMS+CPS

		$ in Bn	EQ Price % Chg YA										EQ % Chg YA									
		Last. 52w	Q1´20	Q2´20	Q3´20	Q4´20	Q1´21	Q2´21	Q3´21	Q4´21	H1´21	H2´21	Q1´20	Q2´20	Q3´20	Q4´20	Q1´21	Q2´21	Q3´21	Q4´21	H1´21	H2´21
	T. GROCERY	**279.6**	**1.9**	**4.6**	**4.0**	**3.4**	**3.5**	**2.4**	**4.7**	**7.6**	**2.9**	**6.2**	**15.4**	**12.8**	**7.7**	**7.2**	**-2.8**	**-2.4**	**2.1**	**1.2**	**-3.1**	**1.7**
TOP 10 BY $ SALES IN 2021	SOFT DRINKS	24.1	3.3	5.9	5.8	5.9	7.4	7.4	11.1	14.8	7.4	12.9	5.5	10.4	8.5	5.9	2.8	-5.1	-0.9	-0.3	-1.4	-0.6
	CHOCOLATE	13.5	5.3	5.1	6.3	5.4	3.1	5.6	3.1	8.7	4.5	6.6	0.8	-1.0	1.9	-1.1	13.1	-10.0	7.1	4.1	2.0	5.1
	COFFEE	9.9	-0.7	0.9	-0.4	-0.9	-4.2	-6.6	-3.3	-0.5	-5.4	-1.8	10.8	12.2	9.2	8.0	2.7	1.8	4.3	2.8	2.2	3.5
	WATER	9.5	1.0	0.3	-0.9	-2.1	-1.6	1.3	5.7	8.6	-0.2	7.0	18.7	-4.9	3.6	8.9	-6.1	15.8	5.9	5.7	4.5	5.8
	RTE CEREAL	8.4	1.3	3.4	2.1	1.5	1.5	-0.6	3.3	6.7	0.5	5.0	12.6	9.2	2.1	3.1	-11.9	-10.7	-6.6	-8.0	-11.3	-7.2
	SANDWICH BREAD	7.3	1.6	5.0	4.9	5.6	5.4	4.4	6.7	8.2	4.9	7.5	10.0	7.9	1.2	1.9	-11.0	-12.8	-6.6	-5.8	-11.9	-6.2
	POTATO CHIP	7.1	0.6	7.7	6.6	6.0	5.8	2.6	3.9	10.5	4.1	7.2	10.6	6.4	4.1	3.7	-5.1	-7.9	-2.5	-1.7	-6.6	-2.1
	CRACKERS	6.4	0.7	1.7	2.1	2.6	2.9	2.0	4.3	8.0	2.5	6.2	14.9	9.1	4.4	2.2	-10.3	-5.2	-2.0	-2.6	-7.9	-2.3
	COOKIES	6.1	1.2	5.1	4.3	2.8	4.8	3.5	5.2	10.2	4.1	7.7	10.7	10.2	4.0	5.4	-9.3	-9.5	-1.4	-4.9	-9.4	-3.2
	CONFECTION	5.9	1.4	7.8	11.0	-0.6	15.6	5.2	4.8	18.2	10.6	12.3	4.6	-8.5	-5.7	3.2	3.3	-3.9	9.6	-0.7	-0.2	3.6
TOP 10 BY HIGHEST EQ PRICE % CHG IN H2´21 vs YA	SPORT DRINKS	5.1	4.7	6.7	7.5	4.0	5.0	7.5	18.6	14.6	6.4	17.2	17.1	4.5	6.5	17.1	3.2	11.5	-5.4	5.3	8.0	-1.4
	COOKING OIL	3.8	0.2	7.9	5.5	3.8	2.0	-0.3	9.2	22.6	0.8	16.0	23.2	24.7	10.1	10.6	-8.4	-13.0	-3.5	-6.9	-10.7	-5.3
	PIECE FRUIT SNACKS	0.6	4.9	7.9	2.5	1.5	3.9	-1.3	11.1	18.3	1.3	14.5	14.0	5.7	-1.3	6.5	-1.0	18.0	8.7	5.0	8.0	6.9
	VARIETY PACK SNACKS	2.8	-1.4	2.4	4.1	2.2	7.7	8.0	11.0	17.8	8.0	14.2	17.9	10.8	13.9	19.1	3.3	19.1	8.5	10.1	11.3	9.2
	SOFT DRINKS	24.1	3.3	5.9	5.8	5.9	7.4	7.4	11.1	14.8	7.4	12.9	5.5	10.4	8.5	5.9	2.8	-5.1	-0.9	-0.3	-1.4	-0.6
	CONFECTION	5.9	1.4	7.8	11.0	-0.6	15.6	5.2	4.8	18.2	10.6	12.3	4.6	-8.5	-5.7	3.2	3.3	-3.9	9.6	-0.7	-0.2	3.6
	RAMEN	1.0	9.2	13.4	13.6	11.0	7.9	6.6	8.7	14.8	7.5	11.8	25.0	4.4	-2.1	1.8	-21.5	-5.3	1.7	-1.6	-14.6	0.0
	PERFORMANCE NUTRITION POWDER	0.5	-2.2	12.7	20.7	19.2	18.7	15.0	12.3	10.8	17.0	11.6	-1.4	-14.4	-14.8	-8.8	-3.5	8.8	3.1	5.2	2.3	4.1
	CORN CHIPS	1.0	3.4	12.0	10.1	8.5	8.6	1.3	6.5	16.4	4.9	11.5	10.5	9.0	0.5	-2.9	0.6	3.4	6.8	-3.6	1.9	1.4
	DOUGHNUTS	1.0	2.9	5.8	7.0	5.4	6.6	5.9	8.0	13.8	6.2	10.8	4.6	10.9	11.6	1.8	-2.6	-8.3	-9.2	-3.8	-5.5	-6.6
TOP 10 BY LOWEST EQ PRICE % CHG IN H2´21 vs YA	KETCHUP	1.0	4.9	7.0	3.4	2.8	1.6	-10.4	-9.5	-4.6	-4.9	-7.1	16.7	18.1	16.9	18.9	-3.0	0.2	5.1	3.9	-1.3	4.5
	HERBS AND SPICES	1.1	0.8	7.4	6.6	1.9	-1.6	-4.9	-5.1	-1.7	-3.4	-3.0	11.3	54.7	31.8	21.3	17.0	-21.1	-4.4	-2.6	-3.5	-3.3
	COFFEE	9.9	-0.7	0.9	-0.4	-0.9	-4.2	-6.6	-3.3	-0.5	-5.4	-1.8	10.8	12.2	9.2	8.0	2.7	1.8	4.3	2.8	2.2	3.5
	VINEGAR	0.7	-5.6	8.6	8.1	3.4	8.8	-1.2	-2.3	-0.7	3.4	-1.5	26.9	18.5	8.9	7.9	-16.6	-19.1	-4.4	2.0	-18.0	-1.6
	NUTS	1.2	-2.8	2.3	2.7	-1.1	-2.7	-4.8	-3.9	0.0	-4.0	-1.4	8.7	19.1	11.9	5.9	8.2	-11.7	-3.8	-3.4	-2.0	-3.5
	RICE	1.6	2.7	6.4	5.4	3.2	1.2	-2.7	-2.4	0.1	-0.7	-1.1	44.8	15.3	6.2	10.7	-25.9	-7.9	5.5	2.6	-18.2	4.0
	WATER ENHANCER	1.9	-1.4	11.6	14.7	8.9	7.8	-0.1	-2.5	3.9	3.4	0.2	20.2	4.7	-2.5	8.9	-6.1	0.1	11.1	3.9	-2.7	8.0
	TUNA	1.7	2.9	5.1	2.9	1.9	0.3	-1.6	-0.2	0.7	-0.3	0.2	41.2	10.3	2.8	9.7	-28.8	-10.9	-4.7	-3.3	-21.3	-4.0
	BAKING CHIPS	0.8	4.3	5.0	2.8	4.4	1.5	0.1	0.6	0.6	0.6	0.4	29.1	69.2	26.2	11.6	-1.1	-36.3	-16.4	-10.3	-20.5	-12.3
	SEASONINGS	1.5	1.5	8.8	3.9	3.5	3.8	-1.6	0.3	1.0	0.9	0.6	18.7	37.9	30.5	26.2	16.1	-3.8	3.0	1.6	4.6	2.3

Total US xAOC
Source: Nielsen Total US RMS+CPS

Dairy Department

		$ in Bn	EQ Price % Chg YA										EQ % Chg YA									
		Last. 52w	Q1´20	Q2´20	Q3´20	Q4´20	Q1´21	Q2´21	Q3´21	Q4´21	H1´21	H2´21	Q1´20	Q2´20	Q3´20	Q4´20	Q1´21	Q2´21	Q3´21	Q4´21	H1´21	H2´21
	T. DAIRY	**79.9**	**2.9**	**5.5**	**3.5**	**2.2**	**1.4**	**1.4**	**3.7**	**4.8**	**1.4**	**4.3**	**12.1**	**50.3**	**11.4**	**13.0**	**5.6**	**-1.6**	**1.1**	**-0.9**	**-0.3**	**-0.3**
TOP 10 BY $ SALES IN 2021	NON-SPECIALTY CHEESE	11.9	4.7	6.9	6.2	3.5	2.1	0.6	-0.2	0.0	1.3	-0.1	14.0	18.9	8.3	8.4	-3.9	-12.3	-2.1	-1.8	-8.1	-1.9
	COWS MILK	10.9	8.4	5.2	6.7	4.6	1.9	6.1	5.1	6.6	3.9	5.8	2.3	5.1	-1.7	-1.0	-7.2	-12.6	-6.4	-6.6	-9.8	-6.5
	CHICKEN EGGS	6.0	0.2	25.4	8.4	3.2	1.2	-5.7	12.8	13.4	-2.4	13.2	11.5	11.3	6.6	5.2	-4.5	-14.9	-8.4	-7.0	-9.7	-7.7
	FRUIT JUICE	3.8	0.6	1.4	2.5	2.6	3.4	4.8	5.5	6.7	4.0	6.1	11.0	23.6	14.8	9.3	-3.5	-13.3	-2.2	-3.2	-8.4	-2.7
	GREEK YOGURT	3.7	0.0	-0.2	-1.2	-1.2	-0.8	-1.0	0.7	2.7	-0.9	1.7	7.1	5.9	6.6	7.7	2.0	7.4	6.4	4.9	4.6	5.7
	LIQUID COFFEE CREAMER	3.6	1.4	2.5	1.1	2.1	1.5	0.6	1.7	2.4	1.0	2.1	12.4	20.2	15.6	14.3	8.7	1.5	6.3	4.5	5.1	5.3
	BUTTER	3.4	1.4	1.2	-2.6	-4.3	-5.8	-1.7	1.1	2.0	-3.8	1.6	24.0	37.3	16.9	11.7	-2.0	-25.5	-8.2	-4.3	-14.4	-5.9
	TRADITIONAL DAIRY YOGURT	3.1	-1.8	0.8	1.2	2.8	4.3	8.9	10.5	10.1	6.6	10.3	2.5	-0.4	0.0	0.5	-6.9	-6.3	-6.3	-5.1	-6.6	-5.7
	SPECIALTY CHEESE	3.0	2.8	4.7	3.7	2.5	1.9	0.8	0.0	-0.2	1.3	-0.1	14.3	22.7	15.3	14.5	2.9	-7.3	-0.1	-0.8	-2.4	-0.4
	DOUGHS	2.3	2.2	6.2	3.1	2.6	1.8	-1.5	5.4	7.6	0.1	6.8	18.5	45.3	22.6	16.1	3.6	-21.7	-5.4	-7.2	-9.2	-6.5
TOP 10 BY HIGHEST EQ PRICE % CHG IN H2´21 vs YA	CHICKEN EGGS	6.0	0.2	25.4	8.4	3.2	1.2	-5.7	12.8	13.4	-2.4	13.2	11.5	11.3	6.6	5.2	-4.5	-14.9	-8.4	-7.0	-9.7	-7.7
	PUDDING, MOUSSE / CUSTARD, FLAN	0.6	3.4	2.9	0.5	2.0	6.4	9.7	12.6	10.6	8.1	11.6	1.4	5.9	11.7	9.5	4.6	12.1	8.5	11.2	8.2	9.8
	TRADITIONAL DAIRY YOGURT	3.1	-1.8	0.8	1.2	2.8	4.3	8.9	10.5	10.1	6.6	10.3	2.5	-0.4	0.0	0.5	-6.9	-6.3	-6.3	-5.1	-6.6	-5.7
	LUNCH COMBOS	1.6	8.5	-0.3	1.5	-3.3	-1.7	1.0	7.0	11.5	-0.3	9.1	-4.2	-9.3	-0.4	8.9	9.7	28.8	0.6	-0.5	18.7	0.1
	SUBSTITUTE SPREADS	1.0	5.1	6.4	4.1	2.0	1.6	2.5	7.5	9.2	2.0	8.4	9.3	10.1	2.7	3.0	-12.9	-19.1	-10.3	-9.2	-15.9	-9.7
	DOUGHS	2.3	2.2	6.2	3.1	2.6	1.8	-1.5	5.4	7.6	0.1	6.8	18.5	45.3	22.6	16.1	3.6	-21.7	-5.4	-7.2	-9.2	-6.5
	FRUIT DRINK	2.2	0.0	2.2	3.7	1.6	3.1	3.3	4.9	7.7	3.2	6.2	10.7	13.5	10.8	14.4	4.9	-0.8	4.1	2.8	1.9	3.5
	FRUIT JUICE	3.8	0.6	1.4	2.5	2.6	3.4	4.8	5.5	6.7	4.0	6.1	11.0	23.6	14.8	9.3	-3.5	-13.3	-2.2	-3.2	-8.4	-2.7
	COWS MILK	10.9	8.4	5.2	6.7	4.6	1.9	6.1	5.1	6.6	3.9	5.8	2.3	5.1	-1.7	-1.0	-7.2	-12.6	-6.4	-6.6	-9.8	-6.5
	MAIN COURSE PREP FOOD	0.8	-0.6	2.3	4.3	4.0	2.9	0.7	2.0	10.0	1.6	5.8	16.8	21.7	16.3	16.9	1.1	-9.1	-4.7	-10.5	-4.2	-7.5
TOP 10 BY LOWEST EQ PRICE % CHG IN H2´21 vs YA	KOMBUCHA	0.6	-2.0	0.1	-0.4	-1.6	0.4	-2.6	-2.5	-0.9	-1.1	-1.7	10.9	7.0	11.3	7.9	-2.3	5.6	3.9	8.0	1.7	5.8
	SPECIALTY CHEESE	3.0	2.8	4.7	3.7	2.5	1.9	0.8	0.0	-0.2	1.3	-0.1	14.3	22.7	15.3	14.5	2.9	-7.3	-0.1	-0.8	-2.4	-0.4
	NON-SPECIALTY CHEESE	11.9	4.7	6.9	6.2	3.5	2.1	0.6	-0.2	0.0	1.3	-0.1	14.0	18.9	8.3	8.4	-3.9	-12.3	-2.1	-1.8	-8.1	-1.9
	RTD COFFEE	0.8	-3.0	-3.2	-1.9	0.1	0.2	0.5	0.0	-0.1	0.4	0.0	28.6	40.0	34.2	47.3	43.2	36.1	28.4	33.3	39.0	30.6
	PASTA	0.5	3.7	15.9	12.2	10.8	8.5	-1.8	-2.0	2.7	3.5	0.3	17.0	14.1	12.4	11.2	-7.4	-5.7	2.7	-1.3	-6.6	0.7
	ALMOND MILK	1.5	-2.2	0.9	-0.4	-0.1	-0.1	-2.8	0.3	0.9	-1.5	0.6	15.6	16.3	13.5	12.8	3.4	-0.5	-2.3	-2.2	1.5	-2.3
	LACTOSE REDUCED/FREE MILK	1.6	0.2	0.9	1.0	1.0	0.2	-0.9	0.3	1.1	-0.3	0.7	14.7	18.1	18.9	19.1	9.0	6.6	8.3	8.8	7.8	8.6
	CREAM CHEESE	2.0	3.7	2.2	1.4	3.3	0.3	1.1	0.5	2.4	0.7	1.6	13.0	23.3	17.6	8.4	8.4	-9.3	-1.4	-1.6	-0.8	-1.5
	BUTTER	3.4	1.4	1.2	-2.6	-4.3	-5.8	-1.7	1.1	2.0	-3.8	1.6	24.0	37.3	16.9	11.7	-2.0	-25.5	-8.2	-4.3	-14.4	-5.9
	GREEK YOGURT	3.7	0.0	-0.2	-1.2	-1.2	-0.8	-1.0	0.7	2.7	-0.9	1.7	7.1	5.9	6.6	7.7	2.0	7.4	6.4	4.9	4.6	5.7

Total US xAOC
Source: Nielsen Total US RMS+CPS

		$ in Bn	EQ Price % Chg YA										EQ % Chg YA									
		Last. 52w	Q1´20	Q2´20	Q3´20	Q4´20	Q1´21	Q2´21	Q3´21	Q4´21	H1´21	H2´21	Q1´20	Q2´20	Q3´20	Q4´20	Q1´21	Q2´21	Q3´21	Q4´21	H1´21	H2´21
	T. Household Care	**65.9**	**4.1**	**7.1**	**6.5**	**6.8**	**4.2**	**1.6**	**3.4**	**4.3**	**2.7**	**3.5**	**21.8**	**12.9**	**7.0**	**11.5**	**-10.3**	**-5.8**	**1.8**	**-3.7**	**-8.7**	**-1.2**
TOP 10 BY $ SALES IN 2021	BATH TISSUE	9.6	4.5	3.7	4.2	13.0	-3.5	-1.9	1.6	-6.6	-2.7	-3.0	32.9	12.5	-0.1	7.8	-28.5	-16.0	3.0	-6.2	-22.8	-1.7
	LAUNDRY DETERGENT	8.2	3.9	7.1	4.7	4.9	5.6	2.5	5.8	6.9	4.2	6.3	13.4	-8.7	-1.1	-1.8	-15.4	6.6	0.4	0.3	-5.6	0.3
	PAPER TOWELS	6.2	8.3	10.8	8.1	-0.7	0.6	0.2	3.3	9.8	0.5	6.5	23.0	11.7	8.0	25.9	-16.7	-11.3	-1.9	-17.1	-14.1	-9.9
	DISPOSABLE DISHWARE	4.8	1.5	4.2	7.7	4.2	7.9	7.9	8.8	14.2	7.9	11.5	7.9	5.3	2.1	-0.3	-4.3	-6.4	1.2	-0.3	-5.4	0.4
	TRASH BAGS	3.2	-1.0	0.0	0.9	1.6	3.6	3.3	6.0	9.2	3.5	7.6	16.8	10.1	9.2	8.5	-5.4	0.3	2.4	0.3	-2.6	1.4
	MULTI PURPOSE CLEANERS	2.8	4.3	10.6	11.9	13.4	2.5	-8.3	-11.0	-7.4	-2.8	-9.6	56.8	37.2	24.1	49.0	-13.7	-9.6	8.2	-19.9	-11.8	-5.9
	FABRIC SOFTENERS	2.3	2.8	6.5	4.4	3.1	2.8	0.8	1.8	1.8	1.9	1.8	8.9	-2.8	-0.1	-1.0	-6.9	5.1	3.6	4.3	-1.4	3.9
	FOOD BAGS	1.8	5.5	12.7	7.2	5.0	4.5	-5.8	0.1	6.0	-0.7	2.9	13.0	7.1	-2.0	3.2	-13.8	-8.5	1.5	-1.7	-11.2	0.0
	FLOOR CARE	1.8	-0.4	3.8	3.8	3.9	8.8	4.1	6.2	13.8	6.2	9.7	10.4	27.5	18.1	12.8	3.6	-6.8	-2.8	-1.4	-1.8	-2.1
	DISH SOAP	1.8	7.5	9.5	8.6	9.2	6.1	4.5	4.1	3.4	5.4	3.8	26.6	19.9	11.0	10.2	-19.2	-16.0	-7.6	-7.7	-17.7	-7.6
TOP 10 BY HIGHEST EQ PRICE % CHG IN H2´21 vs YA	DISPOSABLE DISHWARE	4.8	1.5	4.2	7.7	4.2	7.9	7.9	8.8	14.2	7.9	11.5	7.9	5.3	2.1	-0.3	-4.3	-6.4	1.2	-0.3	-5.4	0.4
	FLOOR CARE	1.8	-0.4	3.8	3.8	3.9	8.8	4.1	6.2	13.8	6.2	9.7	10.4	27.5	18.1	12.8	3.6	-6.8	-2.8	-1.4	-1.8	-2.1
	BLEACH	0.9	10.5	35.0	38.6	39.5	28.9	5.4	6.8	10.0	16.7	8.3	35.7	4.4	-6.7	-5.5	-41.9	-25.5	-10.6	-10.8	-34.2	-10.7
	TRASH BAGS	3.2	-1.0	0.0	0.9	1.6	3.6	3.3	6.0	9.2	3.5	7.6	16.8	10.1	9.2	8.5	-5.4	0.3	2.4	0.3	-2.6	1.4
	DISPOSABLE CUTLERY	0.7	1.2	5.4	5.8	2.6	4.0	0.9	3.9	10.0	2.3	7.0	5.5	-5.9	4.1	-4.0	6.2	14.2	6.0	10.6	10.4	8.3
	PAPER TOWELS	6.2	8.3	10.8	8.1	-0.7	0.6	0.2	3.3	9.8	0.5	6.5	23.0	11.7	8.0	25.9	-16.7	-11.3	-1.9	-17.1	-14.1	-9.9
	LAUNDRY DETERGENT	8.2	3.9	7.1	4.7	4.9	5.6	2.5	5.8	6.9	4.2	6.3	13.4	-8.7	-1.1	-1.8	-15.4	6.6	0.4	0.3	-5.6	0.3
	CLEANING IMPLEMENTS	1.3	-3.4	-2.4	-2.8	-2.6	3.0	-0.5	5.9	6.8	1.2	6.3	15.6	25.0	16.1	15.2	1.0	-6.2	-2.1	-2.4	-2.8	-2.2
	AUTO DISH DETERGENT	1.3	8.2	10.9	9.1	9.1	6.1	4.8	6.2	5.6	5.5	5.9	21.1	15.0	9.6	8.0	-15.0	-12.9	-6.7	-7.8	-14.0	-7.3
	BATHROOM ACCESSORIES	1.2	1.8	15.1	12.0	7.3	11.5	-0.5	5.2	5.2	5.1	5.2	1.4	13.6	-1.9	-0.5	5.7	-10.2	-5.9	-6.7	-3.1	-6.2
TOP 10 BY LOWEST EQ PRICE % CHG IN H2´21 vs YA	MULTI PURPOSE CLEANERS	2.8	4.3	10.6	11.9	13.4	2.5	-8.3	-11.0	-7.4	-2.8	-9.6	56.8	37.2	24.1	49.0	-13.7	-9.6	8.2	-19.9	-11.8	-5.9
	BATH TISSUE	9.6	4.5	3.7	4.2	13.0	-3.5	-1.9	1.6	-6.6	-2.7	-3.0	32.9	12.5	-0.1	7.8	-28.5	-16.0	3.0	-6.2	-22.8	-1.7
	AEROSOL DISINFECTANTS	0.8	9.3	14.7	12.6	16.0	0.4	-6.6	-3.1	-0.9	-2.5	-2.8	122.4	118.3	134.9	135.1	15.5	17.9	31.1	-28.6	16.4	-1.5
	BATHROOM CLEANERS	1.1	-1.5	7.8	9.0	11.2	14.0	3.7	-1.1	-0.6	9.1	-0.9	37.1	16.8	1.2	1.9	-30.8	-16.7	1.8	1.3	-24.4	1.6
	IN WASH TREATMENTS	1.5	0.0	7.5	5.1	0.9	3.0	0.1	-2.4	2.1	1.5	-0.2	23.9	21.1	28.9	37.2	26.8	24.2	35.3	18.4	25.5	26.7
	INSTANT ACTION SPRAYS	0.6	3.6	7.8	11.4	16.5	9.2	2.8	1.9	-2.0	5.9	0.0	8.4	20.5	7.8	1.2	-7.0	-12.7	-9.1	-4.8	-9.9	-7.0
	SCENTED CANDLE	1.5	11.4	17.1	20.0	21.0	21.0	12.5	5.4	-2.0	15.7	0.8	1.5	47.0	23.2	8.2	17.1	-15.3	-9.4	-3.4	0.2	-5.8
	FABRIC SOFTENERS	2.3	2.8	6.5	4.4	3.1	2.8	0.8	1.8	1.8	1.9	1.8	8.9	-2.8	-0.1	-1.0	-6.9	5.1	3.6	4.3	-1.4	3.9
	NAPKINS	0.6	-0.2	4.6	5.2	2.3	5.0	-0.1	0.5	3.9	2.6	2.2	26.5	3.8	1.3	3.0	-23.6	-7.0	0.4	-1.9	-15.7	-0.7
	FOOD BAGS	1.8	5.5	12.7	7.2	5.0	4.5	-5.8	0.1	6.0	-0.7	2.9	13.0	7.1	-2.0	3.2	-13.8	-8.5	1.5	-1.7	-11.2	0.0

Total US xAOC
Source: Nielsen Total US RMS+CPS

Meat Department

		$ in Bn Last. 52w	EQ Price % Chg YA										EQ % Chg YA									
			Q1´20	Q2´20	Q3´20	Q4´20	Q1´21	Q2´21	Q3´21	Q4´21	H1´21	H2´21	Q1´20	Q2´20	Q3´20	Q4´20	Q1´21	Q2´21	Q3´21	Q4´21	H1´21	H2´21
	T. Meat	**82.9**	**3.9**	**12.2**	**8.1**	**6.5**	**5.8**	**2.0**	**10.4**	**14.0**	**3.6**	**12.2**	**13.9**	**15.0**	**7.5**	**7.9**	**-5.1**	**-11.1**	**-5.2**	**-5.4**	**-8.6**	**-5.3**
TOP BY $ SALES IN 2021	BEEF (FRESH)	31.8	5.5	18.1	10.6	7.3	6.9	-0.3	13.2	18.3	2.9	15.7	12.4	13.9	9.4	10.3	-5.4	-10.5	-8.5	-9.2	-8.0	-8.8
	CHICKEN (FRESH)	13.7	1.7	6.1	6.4	5.5	5.9	5.7	8.3	10.6	5.8	9.5	13.0	14.9	3.4	7.4	-7.9	-12.4	-2.5	-2.0	-10.2	-2.3
	PORK (FRESH)	7.6	5.2	13.2	3.6	3.4	2.8	1.1	17.2	14.0	1.7	15.6	9.3	16.7	8.9	8.6	-6.9	-15.7	-10.4	-4.6	-11.6	-7.5
	BACON	6.4	0.8	4.2	6.9	7.8	6.9	7.1	14.4	19.3	6.8	16.9	15.6	25.8	10.3	10.5	-0.3	-14.4	-8.2	-10.0	-7.5	-9.1
	PACKAGED LUNCHMEAT	5.6	3.1	7.6	7.1	6.1	5.8	0.4	1.5	7.3	3.1	4.3	11.0	3.4	-1.9	1.4	-11.0	-4.3	2.0	-0.8	-7.7	0.6
	DINNER SAUSAGE	4.8	4.6	10.2	8.8	7.3	5.5	2.6	4.5	10.2	3.9	7.2	18.4	17.7	7.0	7.5	-9.4	-14.7	-4.1	-4.8	-12.3	-4.5
	TURKEY (FRESH)	2.7	1.6	3.4	3.8	9.1	3.9	7.2	5.6	6.6	5.3	6.3	17.8	24.6	4.1	-0.3	-10.5	-21.9	-2.3	-2.2	-16.0	-2.3
	FRANKFURTER	2.7	5.9	18.4	15.1	10.3	5.7	-4.0	-0.6	5.8	0.1	2.1	17.7	-1.5	-0.9	2.9	-17.0	-8.7	-4.9	-4.1	-12.5	-4.5
	BREAKFAST SAUSAGE	1.8	1.0	2.4	0.6	3.2	1.5	4.2	7.9	15.6	2.6	12.1	16.1	31.1	20.8	12.0	2.0	-14.4	-3.1	-9.8	-6.2	-6.9
	CHICKEN (FULLY COOKED)	0.9	4.6	6.7	10.0	6.9	-1.6	-4.2	-3.4	-0.8	-2.9	-2.1	7.3	2.7	3.2	9.6	32.3	58.2	60.8	55.7	44.7	58.2
	LAMB (FRESH)	0.6	2.6	4.8	3.9	7.4	10.0	11.3	17.8	17.1	10.2	17.4	7.5	20.6	22.2	19.8	16.2	-16.1	-12.9	-10.3	-2.0	-11.5
	UNSLICED HAMS	0.5	5.4	21.6	12.3	3.5	-0.6	4.5	4.5	0.5	1.4	0.7	38.7	4.5	1.6	-6.5	6.4	-34.2	-8.5	6.1	-15.3	2.6

Total US xAOC
Source: Nielsen Total US RMS+CPS

Produce Department

		$ in Bn	EQ Price % Chg YA										EQ % Chg YA									
		Last. 52w	Q1´20	Q2´20	Q3´20	Q4´20	Q1´21	Q2´21	Q3´21	Q4´21	H1´21	H2´21	Q1´20	Q2´20	Q3´20	Q4´20	Q1´21	Q2´21	Q3´21	Q4´21	H1´21	H2´21
	T. Produce	**73.7**	**-0.7**	**1.8**	**2.5**	**1.6**	**1.9**	**5.2**	**4.1**	**7.5**	**3.6**	**5.8**	**16.6**	**15.3**	**10.4**	**10.9**	**2.9**	**-5.2**	**-0.8**	**-0.4**	**-1.8**	**-0.9**
TOP 10 BY $ SALES IN 2021	PRE PACKAGED SALADS	6.1	1.5	6.2	5.5	5.4	4.3	1.6	5.2	6.6	2.8	5.9	8.5	10.3	7.6	12.5	4.3	-1.0	-0.7	-3.5	1.6	-2.0
	APPLES	4.1	-6.8	-5.9	-1.6	2.9	7.4	9.8	12.1	10.7	8.6	11.3	9.7	10.2	2.3	0.0	-7.7	-6.7	-2.6	-3.2	-7.3	-2.9
	TOMATOES	4.1	10.6	13.3	12.0	6.9	-4.7	-4.9	-2.1	3.3	-4.7	0.5	4.0	10.5	4.6	9.3	5.2	-5.8	-1.3	-1.0	-0.8	-1.2
	POTATOES	4.0	4.4	9.9	5.9	3.9	2.2	-0.3	1.8	6.8	0.8	4.5	16.3	19.4	8.9	7.7	-7.3	-18.4	-5.4	-5.7	-12.7	-5.6
	STRAWBERRIES	3.6	-7.8	-0.8	12.7	5.7	6.7	21.6	2.1	3.7	15.5	3.3	21.4	17.6	3.6	12.0	5.4	-11.6	11.0	17.9	-5.0	13.6
	GRAPES	3.5	-6.8	-1.2	-1.1	-3.6	-0.5	7.4	11.6	12.5	3.4	12.1	8.6	1.5	-0.5	2.8	2.3	-5.6	-4.0	-0.1	-1.7	-2.1
	BANANAS	3.3	0.0	0.8	-1.0	-1.2	2.8	1.9	3.6	4.9	2.3	4.2	5.5	5.0	1.2	3.1	-4.3	-4.3	0.1	-1.1	-4.3	-0.5
	AVOCADOS	2.7	16.7	-8.0	-21.0	-9.3	-14.8	-1.0	10.7	28.7	-8.4	18.8	-6.4	23.1	28.5	15.8	13.8	-8.4	-12.1	-13.1	2.0	-12.6
	ONIONS	2.5	-5.4	-4.3	-1.8	2.3	-0.9	-1.2	1.7	7.0	-1.2	4.4	16.4	23.7	12.2	9.7	0.6	-13.0	-2.7	-3.9	-6.3	-3.3
	BLUEBERRIES	2.3	5.6	-0.6	-1.5	-11.6	0.5	9.6	10.7	-3.3	5.3	4.6	2.8	11.5	16.3	32.7	11.9	-0.1	-5.1	13.7	5.3	2.6
TOP 10 BY HIGHEST EQ PRICE % CHG IN H2´21 vs YA	AVOCADOS	2.7	16.7	-8.0	-21.0	-9.3	-14.8	-1.0	10.7	28.7	-8.4	18.8	-6.4	23.1	28.5	15.8	13.8	-8.4	-12.1	-13.1	2.0	-12.6
	CANTALOUPE	0.6	-6.5	-0.2	18.0	5.1	42.5	21.5	16.9	14.6	27.2	17.2	4.9	-2.9	-7.6	8.2	-35.4	-2.4	-10.3	4.4	-15.0	-6.5
	MIXED VEGETABLES	0.5	-0.2	-7.1	-12.1	-1.0	-1.7	15.9	21.1	10.8	6.7	15.7	-2.9	6.3	18.0	-0.7	2.8	-9.6	-14.5	-3.4	-3.6	-9.0
	RASPBERRIES	1.2	-9.3	-15.9	-2.0	-2.4	4.2	22.0	12.1	17.3	13.2	15.1	26.5	37.8	2.7	11.4	0.1	-7.8	6.4	-3.6	-4.2	0.9
	GRAPES	3.5	-6.8	-1.2	-1.1	-3.6	-0.5	7.4	11.6	12.5	3.4	12.1	8.6	1.5	-0.5	2.8	2.3	-5.6	-4.0	-0.1	-1.7	-2.1
	APPLES	4.1	-6.8	-5.9	-1.6	2.9	7.4	9.8	12.1	10.7	8.6	11.3	9.7	10.2	2.3	0.0	-7.7	-6.7	-2.6	-3.2	-7.3	-2.9
	MIXED FRUIT	0.8	-2.1	-6.5	-0.6	-1.8	3.0	8.3	7.5	13.2	6.0	10.0	-4.3	-15.8	-2.2	-9.3	9.4	42.8	22.2	15.4	26.6	19.2
	LIMES	0.8	-4.0	-4.1	4.8	0.4	11.6	33.2	8.6	10.2	23.0	9.3	22.8	35.2	24.4	18.8	3.3	-19.1	-9.9	-7.8	-9.9	-9.0
	PINEAPPLES	0.9	-3.0	-4.5	-11.1	-7.2	-4.6	14.7	6.9	11.0	6.3	8.8	-1.7	13.2	28.8	21.9	21.2	-6.4	1.0	3.1	4.4	2.0
	PEARS	0.5	1.0	1.7	7.0	12.3	5.4	4.7	3.3	10.9	5.1	8.0	-14.2	-4.7	-6.9	-3.9	8.1	7.5	1.8	0.1	7.8	0.7
TOP 10 BY LOWEST EQ PRICE % CHG IN H2´21 vs YA	CHERRIES	1.0	-2.1	7.9	24.2	1.3	-3.2	4.7	-9.9	-10.3	5.1	-9.6	11.0	24.9	-0.5	-1.0	55.5	-2.4	10.8	45.0	-0.7	11.6
	CORN	0.7	7.5	21.6	12.3	10.7	15.8	4.6	-5.6	11.1	7.4	-1.4	5.8	-2.4	13.1	19.0	-4.5	-8.8	-6.1	-4.3	-8.2	-5.8
	ASPARAGUS	0.9	-6.9	4.6	1.3	3.7	-3.4	-1.8	-4.0	1.5	-3.1	-1.3	11.0	11.9	23.3	16.3	16.9	-5.8	-5.1	-6.1	4.8	-5.6
	SQUASH	1.0	5.9	4.4	2.9	5.2	-5.5	-2.7	-1.3	0.3	-4.1	-0.5	4.4	18.7	9.2	5.1	-0.5	-14.7	-10.3	-7.0	-7.7	-8.6
	TOMATOES	4.1	10.6	13.3	12.0	6.9	-4.7	-4.9	-2.1	3.3	-4.7	0.5	4.0	10.5	4.6	9.3	5.2	-5.8	-1.3	-1.0	-0.8	-1.2
	LEMONS	0.9	-8.2	0.2	1.7	-1.5	-1.1	0.8	-0.2	3.1	-0.1	1.4	16.9	33.8	29.7	23.0	10.3	-9.0	-1.7	1.1	-0.6	-0.4
	BLACKBERRIES	0.7	3.6	1.1	-4.2	-5.1	15.7	26.0	-5.8	10.0	21.1	1.7	8.5	12.3	27.8	24.6	-11.0	-16.8	21.3	3.4	-14.1	12.0
	BELL PEPPERS	2.1	-17.8	-3.7	0.0	1.3	-4.0	-0.4	1.8	2.0	-3.1	1.8	32.8	34.9	23.9	21.4	13.6	-8.1	-6.4	-5.2	2.8	-5.7
	PEACHES	0.6	2.1	1.5	7.6	8.4	0.1	4.7	1.3	7.8	4.1	2.2	-3.7	-6.9	-12.9	-7.3	7.6	-0.8	10.9	10.6	0.5	10.8
	MUSHROOMS	1.4	3.3	4.1	3.4	3.0	1.9	1.0	1.8	3.6	1.4	2.7	6.7	26.8	18.7	15.3	7.3	-12.4	-8.6	-8.5	-2.9	-8.5

Total US xAOC
Source: Nielsen Total US RMS+CPS

		$ in Bn	EQ Price % Chg YA										EQ % Chg YA									
		Last. 52w	Q1´20	Q2´20	Q3´20	Q4´20	Q1´21	Q2´21	Q3´21	Q4´21	H1´21	H2´21	Q1´20	Q2´20	Q3´20	Q4´20	Q1´21	Q2´21	Q3´21	Q4´21	H1´21	H2´21
	T. FROZEN	66.2	2.1	5.2	5.0	3.8	3.2	2.1	4.3	7.8	2.6	6.0	18.3	25.8	14.8	20.1	12.5	-5.6	2.9	69.6	16.9	5.6
TOP 10 BY $ SALES IN 2021	ICE CREAM	6.8	5.9	8.0	8.5	4.1	3.9	3.8	2.4	3.8	3.9	3.0	6.5	13.5	4.9	8.7	-4.6	-16.4	-8.2	-8.8	-11.2	-8.5
	FROZEN NOVELTY	5.5	3.0	6.7	5.6	4.6	5.3	3.7	5.9	5.5	4.4	5.8	13.7	17.4	14.0	21.4	8.0	-2.1	-2.8	2.2	1.8	-0.9
	COMPLETE MEAL	5.2	2.6	1.9	3.5	2.8	2.3	2.0	4.9	8.1	2.2	6.5	4.1	2.8	5.5	8.6	0.2	8.0	7.0	3.9	3.9	5.4
	MULTI SERVE PIZZA	4.6	4.0	7.0	6.1	5.0	2.2	0.0	3.7	7.4	1.1	5.6	23.1	26.0	12.8	11.4	-7.7	-12.3	-4.1	-8.0	-9.9	-6.1
	SHRIMP	3.9	-3.3	2.1	0.9	0.2	4.3	1.0	2.9	6.4	2.3	4.7	24.3	54.5	39.8	30.1	15.6	-11.6	-0.7	-4.4	0.8	-2.6
	CHICKEN	3.7	0.7	3.5	4.0	3.1	2.8	4.2	7.6	14.3	3.4	10.9	26.5	39.8	22.7	24.6	1.9	-3.8	6.6	0.0	-0.9	3.3
	APPETIZER	2.9	0.3	3.3	2.6	1.7	3.0	1.1	3.7	7.1	2.0	5.4	24.7	38.9	22.0	19.8	2.5	-4.6	8.4	3.1	-1.0	5.6
	POTATOES	2.3	1.9	4.1	4.2	3.3	2.0	1.5	3.0	4.6	1.7	3.8	21.9	33.1	18.9	18.2	0.8	-12.5	-1.5	-3.9	-6.0	-2.7
	SANDWICHES	2.1	0.3	1.9	7.9	3.8	6.1	4.5	1.9	8.5	5.3	5.2	12.7	24.8	-3.5	5.8	-3.0	-5.5	17.1	8.3	-4.3	12.6
	CHICKEN	1.9	2.0	7.3	8.1	5.6	2.8	4.8	10.2	17.0	3.7	13.5	23.7	34.8	4.3	9.8	-11.9	-24.0	-4.3	-10.4	-17.9	-7.4
TOP 10 BY HIGHEST EQ PRICE % CHG IN H2´21 vs YA	CHICKEN	1.9	2.0	7.3	8.1	5.6	2.8	4.8	10.2	17.0	3.7	13.5	23.7	34.8	4.3	9.8	-11.9	-24.0	-4.3	-10.4	-17.9	-7.4
	SINGLE SERVE PIZZA	1.0	0.1	3.6	1.8	2.3	4.0	4.4	8.5	16.4	4.2	12.3	12.9	6.8	2.1	5.8	-11.7	-10.0	-1.4	-9.2	-10.9	-5.3
	SALMON	0.7	-3.9	-3.7	-1.4	0.1	3.2	9.4	11.1	12.9	5.9	12.1	26.8	51.6	39.7	36.9	7.6	-18.6	-13.2	-3.5	-6.0	-8.8
	CHICKEN (COOKED)	3.7	0.7	3.5	4.0	3.1	2.8	4.2	7.6	14.3	3.4	10.9	26.5	39.8	22.7	24.6	1.9	-3.8	6.6	0.0	-0.9	3.3
	POT PIE	0.7	1.1	2.1	3.5	3.3	1.0	-1.2	8.0	13.3	0.0	10.8	12.2	22.2	12.3	4.8	-6.7	-6.9	-3.0	-10.4	-6.8	-7.0
	BREAKFAST SAUSAGE	0.8	4.1	4.4	6.5	4.9	4.7	4.2	4.8	16.0	4.4	10.5	16.2	30.0	14.6	16.6	3.1	-8.5	2.2	-9.0	-2.8	-3.7
	HANDHELD ENTREES	1.2	1.4	5.4	6.1	5.4	5.6	2.7	5.0	11.3	4.2	8.1	18.4	11.5	5.1	9.6	-10.6	-9.4	-4.3	-6.1	-10.0	-5.2
	LASAGNA	0.7	-0.5	-0.8	1.5	2.7	2.0	3.1	6.6	7.3	2.6	7.0	15.1	9.3	4.8	6.7	-8.6	-2.3	5.5	1.8	-5.8	3.5
	COMPLETE MEAL	5.2	2.6	1.9	3.5	2.8	2.3	2.0	4.9	8.1	2.2	6.5	4.1	2.8	5.5	8.6	0.2	8.0	7.0	3.9	3.9	5.4
	FROZEN NOVELTY	5.5	3.0	6.7	5.6	4.6	5.3	3.7	5.9	5.5	4.4	5.8	13.7	17.4	14.0	21.4	8.0	-2.1	-2.8	2.2	1.8	-0.9
TOP 10 BY LOWEST EQ PRICE % CHG IN H2´21 vs YA	BROCCOLI	0.6	0.4	3.3	2.3	1.1	-4.5	-8.3	-7.4	-2.1	-6.3	-4.6	17.9	21.2	7.9	11.9	-2.4	-6.3	5.9	-1.2	-4.2	2.1
	ICE	1.0	3.8	2.0	2.5	1.0	1.3	0.9	0.5	6.9	0.9	2.5	-4.7	-17.5	-1.9	-5.6	6.2	24.4	7.1	5.6	19.0	6.6
	ICE CREAM	6.8	5.9	8.0	8.5	4.1	3.9	3.8	2.4	3.8	3.9	3.0	6.5	13.5	4.9	8.7	-4.6	-16.4	-8.2	-8.8	-11.2	-8.5
	BREAKFAST MEALS/ COMBOS	0.6	0.8	8.9	9.7	12.8	10.3	1.3	1.9	4.3	5.7	3.1	19.2	14.4	15.1	10.7	11.9	17.3	10.0	4.9	14.5	7.4
	BEEF	1.4	4.4	11.7	15.8	11.0	5.6	0.8	0.2	8.3	2.5	3.2	37.8	22.4	1.5	19.1	-11.0	-14.0	10.3	1.2	-12.9	6.8
	MIXED VEGETABLES	1.0	4.1	6.2	4.7	2.2	0.8	-0.2	1.7	4.9	0.4	3.4	18.1	13.7	10.1	10.8	-11.9	-9.0	-5.6	-9.2	-10.7	-7.5
	CAKE	0.6	1.5	2.7	0.9	2.8	3.0	2.3	3.4	4.0	2.5	3.7	4.3	25.4	20.9	16.0	19.5	-2.0	5.7	5.4	7.0	5.6
	POTATOES	2.3	1.9	4.1	4.2	3.3	2.0	1.5	3.0	4.6	1.7	3.8	21.9	33.1	18.9	18.2	0.8	-12.5	-1.5	-3.9	-6.0	-2.7
	SHRIMP	3.9	-3.3	2.1	0.9	0.2	4.3	1.0	2.9	6.4	2.3	4.7	24.3	54.5	39.8	30.1	15.6	-11.6	-0.7	-4.4	0.8	-2.6
	WAFFLE	1.1	-0.5	1.7	1.5	2.2	2.7	1.7	6.1	3.7	2.2	4.9	16.4	16.4	7.7	10.5	-6.4	-7.2	-0.9	0.9	-6.8	0.0

Total US xAOC
Source: Nielsen Total US RMS+CPS

Alcohol Department

		$ in Bn Last. 52w	EQ Price % Chg YA										EQ % Chg YA									
			Q1´20	Q2´20	Q3´20	Q4´20	Q1´21	Q2´21	Q3´21	Q4´21	H1´21	H2´21	Q1´20	Q2´20	Q3´20	Q4´20	Q1´21	Q2´21	Q3´21	Q4´21	H1´21	H2´21
	T. Alcohol	**42.9**	**2.4**	**4.1**	**4.5**	**4.6**	**4.9**	**3.8**	**3.5**	**4.4**	**4.2**	**4.0**	**14.0**	**25.4**	**12.8**	**7.6**	**1.5**	**-11.5**	**-6.2**	**-5.6**	**-5.6**	**-5.9**
TOP BY $ SALES IN 2021	BEER	16.6	2.0	3.5	3.6	3.0	3.6	3.5	2.7	2.6	3.5	2.7	8.0	9.0	3.4	2.2	-3.7	-12.6	-7.3	-5.3	-8.8	-6.3
	STILL WINE	11.6	3.5	5.0	6.0	4.7	6.5	5.0	4.0	4.1	5.7	4.0	7.5	17.9	7.4	5.1	-4.8	-18.1	-11.5	-9.3	-11.7	-10.3
	FMB/CIDER	4.0	-1.2	0.1	1.1	0.6	1.3	3.0	2.8	2.3	2.4	2.6	86.0	94.6	48.1	39.8	25.1	-2.6	-0.8	1.6	6.6	0.2
	WHISKEY	3.1	3.7	6.6	5.8	7.4	5.6	2.4	1.9	6.0	3.8	4.3	11.9	24.4	14.8	6.5	2.3	-10.8	-5.5	-7.2	-4.5	-6.5
	VODKA	2.0	2.1	3.6	3.5	3.0	3.0	1.4	1.4	3.0	2.0	2.2	10.1	16.7	5.6	2.7	-6.7	-15.9	-8.7	-8.2	-11.6	-8.4
	SPARKLING	1.5	0.6	3.0	4.0	4.2	6.8	4.6	2.8	3.0	5.4	2.9	12.6	27.3	21.7	9.7	25.3	-6.9	-4.0	-6.2	7.1	-5.4
	TEQUILA	1.0	5.5	14.0	16.3	27.3	18.4	11.7	7.9	9.3	14.0	8.5	19.1	44.3	27.0	3.7	10.5	-12.8	-0.1	4.1	-3.7	2.1
	RUM	0.6	0.9	2.6	1.4	6.1	2.6	-0.7	-0.3	0.3	0.8	0.0	9.0	23.2	10.0	-1.3	-6.4	-17.8	-9.7	-7.5	-12.9	-8.6
	CORDIALS	0.6	2.2	6.1	5.8	15.5	4.8	0.9	1.7	4.4	2.3	3.3	6.8	44.1	23.0	3.0	12.4	-18.1	-8.9	-7.8	-4.2	-8.2
	PREPARED COCKTAILS	0.5	1.6	3.0	3.5	2.7	1.4	-2.6	-2.9	-3.0	-1.3	-3.0	38.9	93.0	69.8	53.4	68.8	38.8	68.1	54.6	47.7	62.0

Total US xAOC
Source: Nielsen Total US RMS+CPS

Pet Care Department

		$ in Bn Last.	EQ Price % Chg YA										EQ % Chg YA									
		52w	Q1´20	Q2´20	Q3´20	Q4´20	Q1´21	Q2´21	Q3´21	Q4´21	H1´21	H2´21	Q1´20	Q2´20	Q3´20	Q4´20	Q1´21	Q2´21	Q3´21	Q4´21	H1´21	H2´21
	T. Pet Care	**25.4**	**3.9**	**6.4**	**6.0**	**6.1**	**7.3**	**4.4**	**6.7**	**9.5**	**6.0**	**8.2**	**4.6**	**-3.6**	**-2.1**	**-0.8**	**-3.3**	**4.5**	**3.2**	**1.0**	**-0.1**	**2.0**
TOP BY $ SALES IN 2021	DOG FOOD DRY	5.5	3.4	0.4	1.0	2.2	1.8	3.0	5.2	7.6	1.9	1.5	-7.4	-12.2	4.3	1.3	0.4	-2.6	-7.7	-4.9	0.9	0.8
	DOG TREATS	4.3	7.7	7.7	5.9	6.0	7.6	6.4	7.9	8.4	7.7	5.9	1.8	0.9	1.2	1.0	0.2	2.3	2.4	1.1	0.6	4.2
	CAT FOOD WET	2.8	8.0	7.7	7.0	6.9	3.5	2.0	6.6	11.0	7.8	7.0	-0.5	-0.3	9.3	4.5	1.4	-2.5	-1.1	4.3	3.0	2.1
	DOG FOOD WET	2.6	10.3	8.5	12.5	14.5	13.6	13.4	10.3	14.1	9.4	13.5	-1.3	-3.3	5.6	3.6	3.5	0.6	-0.6	1.0	3.5	1.7
	CAT FOOD DRY	2.5	1.9	-0.4	0.3	0.8	0.7	2.7	5.8	6.9	0.8	0.6	-2.3	-7.7	7.2	2.7	2.4	0.7	-2.2	-1.0	2.6	1.1
	CLUMPING	1.9	-0.4	0.8	0.8	1.6	1.4	1.4	4.8	8.2	0.0	1.2	1.5	-6.2	8.9	3.6	0.7	0.9	1.5	0.7	2.1	0.5
	CAT TREATS	0.9	3.8	3.7	3.1	3.3	3.2	3.5	2.9	4.2	3.8	3.2	11.8	7.8	12.9	12.5	11.4	9.1	11.8	10.3	11.9	8.5
	PET TOYS	0.7	4.2	6.4	7.4	9.5	8.8	5.7	6.9	18.7	5.5	8.7	8.4	31.5	2.2	8.7	3.8	9.1	10.0	15.3	5.7	4.2
	WILD BIRD FOOD	0.6	4.4	6.4	7.0	3.9	11.7	8.5	9.9	17.3	6.1	5.4	23.4	28.4	-0.3	0.3	-12.5	4.5	19.1	11.8	-5.8	0.7

Total US xAOC
Source: Nielsen Total US RMS+CPS