



REPORT

93RD YEAR | NO. 17

WHAT'S INSIDE

Restaurants prepare for colder months

page 5

Retailers can foster holiday cheer and safety

page 7

Markets: apples and wheat

page 9

End-of-year predictions

page 11

Mergers and acquisitions

page 12

And more...

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Food Retailers and Manufacturers Prep for Q4

By Carol Wiley

As we emerge into the final quarter of 2020, food retailers and manufacturers are preparing for holidays amid a pandemic and a possible resurgence of COVID-19 cases. "Supermarkets are stockpiling groceries and storing them early to prepare for the fall and winter months," reported *The Wall Street Journal* (Sept. 27). That's a wise precaution, given 53% of consumers say they will stock up again if another shutdown occurs, according to Acosta research.



Source: Svetlana-Cherry | Canva

For some grocery items, retailers' ability to stock up is limited by what manufacturers can provide. At the start of the pandemic, some companies stopped producing lower demand items to focus on higher demand products. For example, Campbell Soup Co. stopped making some of its soups. In a Sept. 3 earnings call, Mark A. Clouse, president, CEO and director, said the company's total inventory recovery is only about half done. He did expect most of the removed SKUs to become available again in time for soup season.

Other food manufacturers are also playing catch up. General Mills still isn't meeting demand for Progresso soup, Betty Crocker cake mixes, and Pillsbury refrigerated dough, according to the *WSJ* article. Hormel Foods has 24% less inventory than a year ago, and Coca-Cola is still producing fewer varieties of beverages.

Pandemic Holidays

How will the holidays look this year amid the pandemic? The CDC guidelines for holiday celebrations encourage smaller gatherings and mindful decisions about attending in-person events. An early September survey by Morningstar Consult found most people plan to have smaller gatherings and almost half will

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See **PREP** page 2

PREP (from page 1)

cancel plans. The survey also found 71% of people expect to spend less than usual on celebrations with friends and 67% will spend less than usual on celebrations with family.

While smaller get-togethers may seem like bad news for food brands, Maria Bailey, CEO, BSM Media, writes, "With fewer family members sharing meals, this could mean increased sales as more families make their own pan of green bean casserole."

Smaller gatherings make it important for brands to reconsider everything from ad campaigns to product packaging, according to Reach3 Insights. Brands have an opportunity to inspire consumers about how to celebrate with only the closest family and friends and still create memorable events.

Another question is how brands can help consumers replicate some of the experiences they would typically have outside of the home, said Bahige El-Rayes, partner, consumer & retail, at Kearney, in an email. To do that, El-Rayes believes brands need to focus more on the community aspect of the holidays and less on the product itself.

Q4 for Food Retailers

"Retailers can take the lead in showing consumers new ways to engage in the seasons," said Robyn Carter, CEO, Jump Rope Innovation in a recent [podcast](#) with The Food Institute. Carter believes retailers need to anticipate consumer behavior changes during the holidays and offer solutions that support those changes. Meal kits are one example.

Retailers also need to have a strong online shopping experience that helps consumers find items. "Personalized digital messages—such as curated recipes for hosting a socially distant Thanksgiving dinner, or product recommendations related to recent purchases—will continue to win over customer loyalty because the consumer feels supported and known," stated *Food Logistics* (Sept. 17). "Communicating

local real-time product availability, shopping and collection options is practical and more helpful than generic messages that require customers to click further."

Retailers also need to support both delivery and buy-online-pickup-in-store (BOPIS). With consumers showing a preference for BOPIS, the *Food Logistics* article suggests grocers work to make pickup easy for customers, minimize wait times, ensure order accuracy, and plan ahead for volume spikes.

Target has taken on the BOPIS challenge by gradually expanding online ordering and pickup throughout the pandemic. By the fall, the company offered new Order Pickup and Drive Up service for about 750 fresh and frozen grocery items at 1,500 stores across the country. The company is doubling Drive Up and Order Pickup team members. Likewise, Walmart is adding more than 20,000 associates in e-commerce fulfillment.

An area for retailers to look at is the deli department. The usual predictable holiday deli sales are now unpredictable, reported *Supermarket Perimeter* (Aug. 28). Consumers may hesitate to go into the store and the deli counter to order holiday meals. "This makes moving the holiday food ordering process to a seamless, online transaction even more important this year," according to the article. It also suggests retailers need to focus on reaching small group gatherings with smaller portions.

Halloween and Beyond

Halloween, the largest candy season of the year, is the first fourth-quarter holiday to test consumer response to holiday celebrations. "Halloween celebrations are likely to be different this year, with an earlier start to the season and more geographic differences than in prior years," said Michele Buck, chairman and CEO, The Hershey Co., during the second quarter earnings call.

See **PREP** page 3

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PREP (from page 2)

The company is producing fewer packages of Halloween-themed candy (but not less candy overall) to avoid an abundance of unsold packages that then need to be discounted. Hershey is also one of the partners with the Harvard Global Health Institute in halloween2020.org. The website has a color-coded map with the coronavirus risk level of each U.S. county and suggests Halloween activities based on risk level.

To inspire consumers to find creative ways to make the most of the season, Ferrero began the 31 Days of Halloween program on Oct. 1. The company shares recipes, DIY projects, and other ideas on Pinterest and through influencer partners.

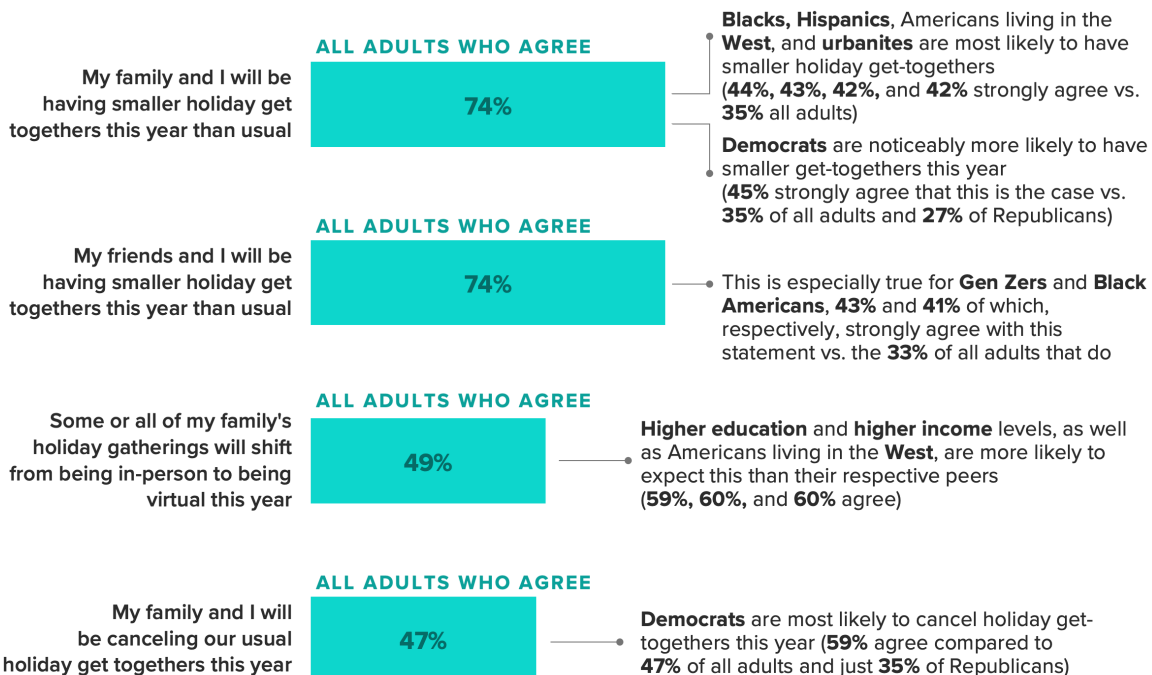
Similarly, on Oct. 1, Mars Wrigley launched Treat Town. The app allows virtual trick-or-treating by letting people buy and send credits for candy purchases.

Hostess shifted advertising and promotions from focusing on trick-or-treating and other events to promoting home celebrations. Peeps, which temporarily shut down production in April, indicated the company will not produce its popular marshmallow treats in Halloween, Christmas, or Valentine's Day shapes. The company will "focus on meeting the expected overwhelming demand for Peeps for next Easter season."

"We anticipate that we may see more first-time Thanksgiv-

Most Holiday Get-Togethers Will Downsize in 2020, And Nearly Half Will Be Canceled Altogether

Thinking of this holiday season, do you agree or disagree with each of the following?



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Poll conducted Sept. 1-3, 2020, among 2,212 U.S. adults, with a margin of error of +/-2%.

See **PREP** page 4

PREP (from page 3)

ing hosts this year,” Rebecca Welch, senior brand manager for seasonal products, Butterball, told *Progressive Grocer*. She noted the Butterball Turkey Talk-Line is well-equipped to answer consumer questions. She believes retailers need to offer a wide variety of products and options to meet various needs and give consumers everything they need to celebrate creatively.

“Retailers and foodservice providers should look to make the holiday meal a gift to the family,” suggested Nancy Jo Seaton, president, Seaton Food Consultants, in an email. “Smaller turkeys, or just a breast, pre-made ovenable containers of classic (and upscaled) sides all suited for four to six persons will be a relief to the home cook, whom after

months of meal planning, shopping, and prep could really use a break.”

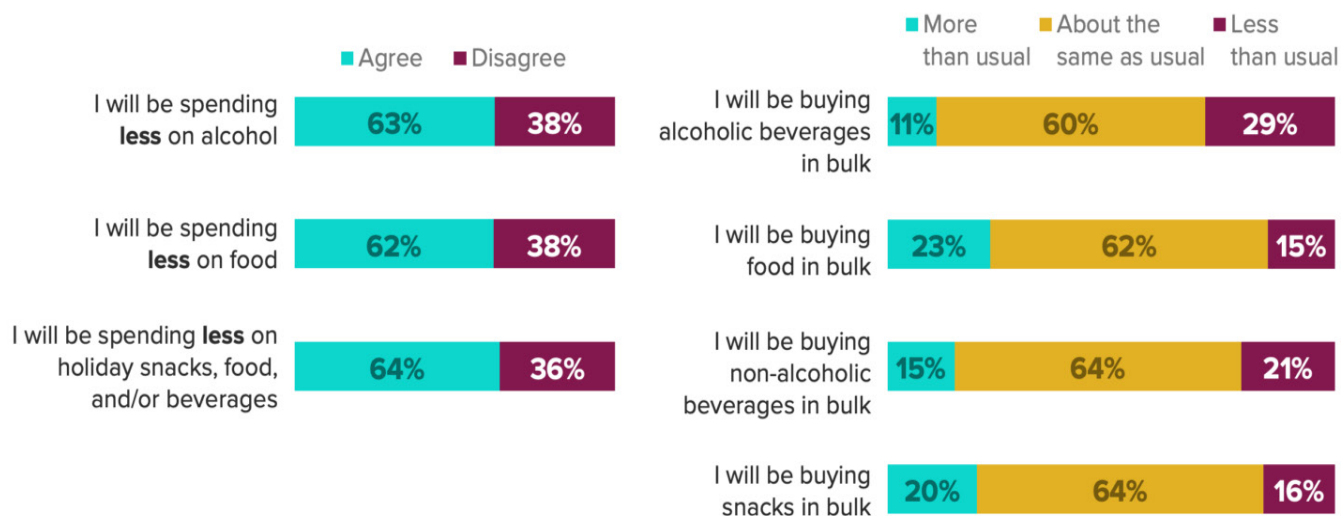
Both retailers and manufacturers might also consider invoking a consumer sense of nostalgia, according to Mintel. “As people seek reminders of less-stressful periods, retro food brands, formats and packaging can transport the imagination and engender a sense of calm.” 🍷

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Planned Holiday Consumption of Key Categories

U.S. adults were asked about their spending plans this holiday season



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