Supermarket Spend

Traditional supermarkets remain consumers' top grocery destination — staying on top is the challenge.

Research by Debra Chanil
Analysis by Joan Driggs and Jim Dudlicek

By the numbers, it's good to be in grocery.

Traditional grocery remains the channel of choice among shoppers, with nearly all consumers shopping in grocery stores (measured as stores with more than $2 million in sales), according to data from Schaumburg, Ill.-based Nielsen Co. Supermarket sales hit $466.8 billion in 2012, up 1.6 percent from 2011 sales of $459.2 billion.

Grocery stores, including supermarkets and supercenters, are the No. 1 channel destination for most major categories tracked by Nielsen, even among nonfood items, including detergents and household cleaning supplies. Exceptions include general merchandise such as automotive and appliances, and health and beauty care. But what the numbers don't illustrate is the speed at which other channels are growing their share of grocery dollars. Supercenters account for 20.4 percent of the total share of grocery dollars spent. In center store food alone, supermarkets hold a 54.8 percent share of dollar sales, but supercenters are snagging an 18.7 percent share of the same pie.

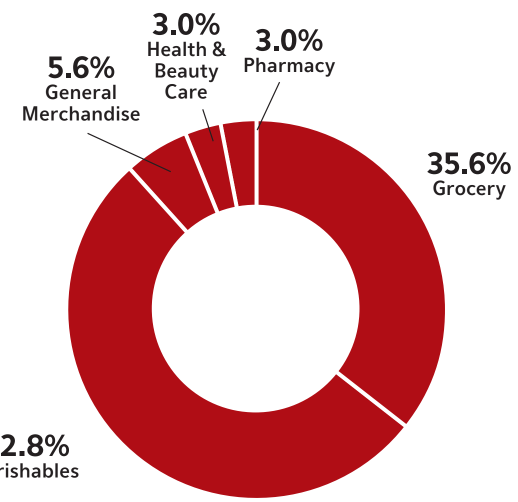
Supercenters aren't the only threat; other channels elbowing in include mass merchandisers and club stores, with even drug and convenience stores angling for the consumer grocery dollar. And those are just the brick-and-mortar threats. The competition is literally — maybe we mean virtually — everywhere. Findings from 2013 shopper research from Barrington, Ill.-based retail strategic insight firm Brick Meets Click finds that 11 percent of grocery shoppers are also buying online. This can mean direct-to-home delivery or the option of picking up

PERCENT OF BUYERS IN RETAIL CHANNELS	ITEM PENETRATION PERCENT	% BUYERS IN				
		$2MM+ GROCERY	SUPERCENTERS	MASS MERCH WITHOUT SUPERCENTERS	DRUG	CONVENIENCE/ GAS
TOTAL GROCERY	100.0%	98.0%	70.4%	59.0%	62.3%	26.8%
ALCOHOLIC BEVERAGES	61.0	70.4	29.1	8.7	12.3	7.5
GROCERY-FOOD	99.9	97.8	69.7	58.0	60.4	22.4
GROCERY-NONFOOD	99.9	97.8	69.7	58.0	60.4	22.4
BREAD AND BAKED GOODS-FRESH	98.7	94.2	52.9	24.0	8.5	6.9
DAIRY	99.6	96.3	57.9	28.1	20.7	9.7
DELI-REFRIGERATED (SELF-SERVICE)	94.4	89.5	41.2	11.5	2.2	1.8
FROZEN FOODS	99.2	95.2	53.5	21.8	10.5	4.8
MEAT, FISH AND POULTRY-FRESH	96.2	92.6	47.8	14.5	3.8	1.2
PACKAGED MEAT-DELI	95.7	92.3	45.9	13.3	3.7	1.2
FRESH PRODUCE	96.2	93.3	46.0	12.3	1.4	1.2
GENERAL MERCHANDISE-TRACKED	99.3	72.7	65.1	53.3	39.0	1.2
HEALTH & BEAUTY CARE	99.8	81.2	64.7	51.1	67.4	1.2

Total U.S., 52 weeks ending Dec. 29, 2012
Source: Nielsen

SUPERMARKET SHARE OF SALES	TOTAL RETAIL SALES ($ MILLIONS)	% DOLLARS IN SUPERMARKETS	% DOLLAR IN MASS SUPERCENTERS	% DOLLARS IN SUPERMARKETS & MASS SUPERCENTERS
TOTAL GROCERY	**$397.958.97**	**44.2%**	**17.6%**	**61.8%**
ALCOHOLIC BEVERAGES	**46,953.98**	**42.0**	**8.1**	**50.1**
Beer	18,108.72	50.6	12.1	62.7
Coolers	874.84	52.0	16.0	68.0
Liquor	13,139.03	24.8	3.5	28.3
Wine	14,831.39	46.1	6.6	52.7
GROCERY-FOOD	**214,037.48**	**54.8**	**18.7**	**73.5**
Baby Food	5,847.50	46.3	21.6	68.0
Baking Flour	889.95	65.2	18.9	84.1
Baking Mixes	2,183.72	61.9	18.9	80.8
Baking Supplies	3,079.77	61.6	19.7	81.3
Breakfast Foods	4,474.58	51.0	20.0	71.0
Candy	15,780.54	30.5	21.5	52.1
Cereal	10,922.72	60.4	19.2	79.5
Coffee	10,406.22	43.3	16.3	59.5
Condiments, Gravies and Sauces	9,024.75	66.5	16.7	83.1
Cookies	6,985.61	55.8	18.0	73.8
Crackers	5,171.92	62.3	16.6	79.0
Desserts, Gelatins and Syrup	2,171.25	57.7	21.3	79.0
Fruit-Canned	1,823.24	64.1	18.5	82.5
Fruit-Dried	2,278.80	46.6	15.5	62.1
Gum	2,568.42	27.8	21.9	49.7
Jams, Jellies and Spreads	3,915.97	56.3	19.1	75.4
Juices and Drinks-Shelf-stable	10,995.19	57.4	16.6	74.0
Nuts	5,901.31	39.6	14.8	54.4
Packaged Milk and Modifiers	3,790.41	57.6	20.3	78.0
Pasta	2,290.48	72.1	13.7	85.8
Pickles, Olives and Relish	2,361.47	65.6	16.4	81.9
Prepared Foods-Dry Mixes	6,019.96	64.1	19.4	83.5
Prepared Foods-Ready-to-serve	5,883.79	59.8	18.8	78.5
Salad Dressings, Mayo and Toppings	4,443.46	64.9	17.6	82.6
Seafood-Canned	2,486.28	55.8	15.6	71.5
Shortening and Oil	3,789.27	59.1	17.0	76.1

SUPERMARKET CATEGORY SHARE OF SALES



at a store or another fixed location. "Shopmuting" allows consumers to shop for groceries via their mobile devices and have groceries delivered to their homes.

The U.S. grocery business is also in the throes of refocusing on the urban landscape. While "food deserts" — areas that are underserved in terms of fresh food (within 1 mile in a densely populated area and 10 miles in rural areas) — were initial drivers, retailers are aggressively rolling out smaller-footprint formats to meet consumer demand as well as need. And while these new small-format outlets are designed to deliver fresh food along with nonfoods, HBC, etc., the retailers themselves stem from the worlds of drug and mass merchandisers, as well as traditional grocers.

While supermarkets for the past generation have been pushed to "think big," it will be the nimble players that aren't afraid of a little discomfort as they push themselves to find solutions that make sense for their current customer base now, and what the customer base is shifting to be.

Tomorrow's "big ring" actually might be a "small chime," but one that is continual and still sounds sweet.

Category Tracking

While sluggish growth is the rule for the supermarket channel, a number of categories are performing fairly well, according to Nielsen data.

Alcoholic beverage sales were up 4.6 percent in 2012, an increase from the two previous years. Coolers in particular, while smaller in sales, showed spirited growth of 17.2 percent. Liquor sales were up 10.3 percent, an indication that consumers are still sticking close to home.

Center store food sales were flat at 0.3 percent, with few standout segments. Coffee sales were up 9.1 percent, which doesn't so much mean that consumers are drinking less on-premise coffee, but that they're likely migrating to pricier pod products. Jams, jellies and spreads had sales gains of 11.9 percent, driven to a great degree by natural products in the fruit butter/honey and peanut butter segments.

Nuts, as discussed in greater detail in this report, showed gains of 8.4 percent.

SUPERMARKET SHARE OF SALES	TOTAL RETAIL SALES ($ MILLIONS)	% DOLLARS IN SUPERMARKETS	% DOLLAR IN MASS SUPERCENTERS	% DOLLARS IN SUPERMARKETS & MASS SUPERCENTERS
Snacks	22,211.43	53.8	18.6	72.4
Soft Drinks-Carbonated	18,905.44	63.3	15.0	78.3
Soft Drinks-Noncarbonated	2,361.45	45.7	23.5	69.2
Soup	6,008.65	63.4	17.1	80.5
Spices, Seasoning and Extracts	3,768.61	59.7	15.9	75.6
Sugar and Sugar Substitutes	3,020.32	53.6	21.9	75.5
Table Syrups and Molasses	927.60	59.0	18.8	77.7
Tea	4,609.20	55.9	16.4	72.3
Vegetables-Canned	5,437.54	67.2	16.3	83.5
Vegetables and Grains-Dried	1,798.21	60.2	16.8	77.0
Water-Bottled	9,502.45	48.2	15.4	63.6
GROCERY-NONFOOD	**$114,967.51**	**25.6%**	**18.4%**	**44.0%**
Charcoal, Logs and Accessories	1,734.76	35.9	18.6	54.5
Detergents	9,447.63	34.5	19.8	54.3
Disposable Diapers	4,276.54	21.3	23.4	44.7
Fresheners and Deodorizers	2,419.21	22.7	29.7	52.4
Household Cleaners	4,137.34	27.3	23.7	51.0
Household Supplies	4,823.61	19.3	24.1	43.4
Insecticides, Pesticides and Rodenticides	1,814.15	13.4	26.3	39.7
Laundry Supplies	4,382.04	27.1	25.8	52.8
Paper Products	21,851.41	35.0	19.8	54.8
Personal Soap and Bath Additives	4,879.64	22.3	22.9	45.2
Pet Food	19,754.91	26.4	24.0	50.3
Tobacco and Accessories	29,956.15	15.4	2.2	17.6
Wrapping Materials and Bags	5,490.12	35.8	21.7	57.6
PERISHABLES	**$409,580.19**	**60.2%**	**14.9%**	**75.1%**
BAKERY-IN STORE (SERVICE)	**$11,239.52**	**86.6%**	**13.5%**	**100.1%**

Snacks showed gains of 4.5 percent, attributed to healthier and more single-serve package options in the trail mix, health bar and popcorn subsegments.

Bottled water sales were up 6 percent, driven by the blurred lines between bottled water and soft drinks. "Low-calorie" still and sparkling waters showed tremendous growth.

The pizza/frozen snack category is down 2.7 percent, a further dip from flat sales in 2011; frozen pizza was the biggest drag on the frozen food category.

Fresh meat growth slowed to 3.2 percent, down from growth of 7 percent in 2011, due to higher costs.

The nascent electronic cigarette category (tracked by IRI; see page 60) is booming and, as this issue went to press, was reported to have hit $1 billion in sales, most of which are going to channels other than grocery — a signal that supermarkets need to grab a piece of this action.

Methodology

***Progressive Grocer*'s 66th annual Consumer Expenditures Study (CES) is based on data collected by The Nielsen Co. for UPC-coded products, as well as sales estimates made by *PG*'s research department for nontracked categories, including perishables and general merchandise.**

Data for total retail sales and share of market for supermarkets and mass supercenters is drawn from Nielsen's "Homescan Consumer Facts 2012 Report." The Nielsen Homescan Panel is made up of 125,000 households nationally dispersed and projectable to the total U.S. population. These households record UPC-coded purchases across all outlets.

This year's report spotlights sales trends by total supermarket sales (the orange chart), channel share of sales (the red chart) and percent of buyers per retail channel (the blue chart).

Sales for U.S. supermarkets for 2012, shown in millions of dollars, are based on data from Nielsen's Strategic Planner database of UPC-scanned items, as well as on *PG* estimates for categories for which Nielsen doesn't collect scan data.

Please note that some totals may not justify, due to rounding or suppression of sales detail. Categories with sales of less than $10 million are subject to omission.

Top brand data for the Category Spotlights is provided by IRI, a Chicago-based market research firm. This data encompasses total U.S. supermarket sales.

Other data for fresh food, consumer shopping patterns and general merchandise included in this year's CES comes from Nielsen Perishables Group, Mintel, Euromonitor, Wells Fargo Securities and UBS Investment Research.

An expanded version of *PG*'s 66th annual Consumer Expenditures Study, which includes more in-depth supermarket category sales results, is available for sale at www.progressivegrocer.com.

Debra Chanil, *PG*'s market research director, can be reached at dchanil@stagnitomedia.com.

SUPERMARKET SHARE OF SALES	TOTAL RETAIL SALES ($ MILLIONS)	% DOLLARS IN SUPERMARKETS	% DOLLAR IN MASS SUPERCENTERS	% DOLLARS IN SUPERMARKETS & MASS SUPERCENTERS
BREAD AND BAKED GOODS-FRESH	**$22,967.46**	**61.8%**	**18.0%**	**79.9%**
DAIRY	**$63,840.24**	**65.8%**	**16.8%**	**82.6%**
Butter and Margarine	3,993.98	66.8	16.5	83.3
Cheese	16,698.37	65.1	17.1	82.1
Cottage Cheese, Sour Cream and Toppings	3,216.85	71.0	16.8	87.8
Dough Products	1,923.78	70.5	20.3	90.8
Eggs	5,048.81	64.1	17.0	81.1
Juices and Drinks-Refrigerated	5,686.73	68.5	15.5	84.0
Milk	17,730.39	64.6	16.3	80.9
Pudding and Desserts	457.72	70.1	19.5	89.6
Snacks, Spreads and Dips	2,145.50	62.5	13.5	76.0
Yogurt	6,938.11	66.2	17.2	83.4
DELI-IN-STORE (SERVICE)	**$26,079.36**	**62.5%**	**16.8%**	**79.2%**
DELI - REFRIGERATED (SELF-SERVICE)	**$9,427.03**	**63.9%**	**16.9%**	**80.8%**
FROZEN FOODS	**$47, 934.69**	**63.4%**	**18.1%**	**81.5%**
Baked Goods	2,091.46	69.5	18.9	88.5
Breakfast Foods	2,786.96	58.9	22.6	81.5
Desserts, Fruits and Toppings	1,905.75	60.0	17.3	77.3
Frozen Novelties	3,778.46	65.9	16.8	82.7
Ice	789.47	65.7	14.0	79.7
Ice Cream	5,248.28	76.0	13.6	89.6
Juices and Drinks	460.20	66.3	18.1	84.4
Meal Starters	36.95	54.5	20.4	74.8
Pizza, Snacks, Hors D'oeuvres	5,832.69	62.3	18.6	80.9
Prepared Foods	13,931.51	59.5	19.6	79.1
Unprepared Meat, Poultry andSeafood	5,784.05	55.7	16.3	72.0
Vegetables	5,288.91	70.0	16.8	86.8
MEAT, FISH, POULTRY-FRESH	**$120,953.41**	**52.9%**	**37.7%**	**90.6%**

CATEGORY SPOTLIGHT

BEER

The overall beer category was up 2.4 percent, to almost \$9.16 billion, for the year ending Dec. 22, 2012, in food stores with more than \$2 million in sales, according to Nielsen data. Regular beer is flat, up just 1.5 percent, and light beer is losing its fizz with a paltry 0.6 percent lift.

For beer, it's the special categories that continue to be the cure for what "ales" it.

Fueled by the continued success of India pale ales (IPAs), the ale category was up more than 15 percent in 2012 — the third consecutive year of double-digit growth for this subcategory. Popularized by craft brands such as Sierra Nevada, Lagunitas and Redhook, IPAs are popular among beer aficionados who appreciate bold, bitter, complex flavors.

Stouts and porters came in a distant second with 4.6 percent growth, thanks to lovers of dark beers and clever marketing by brands like Guinness, which ranks among the top 10 imports, according to IRI. Among other imports, Mexican brands Modelo Especial and Dos Equis came on strong, with sales growth exceeding 22 percent and 16 percent, respectively.

Meanwhile, the top 10 domestic brands are dominated by brewing powerhouses Anheuser-Busch (part of global brewer A-B InBev) and MillerCoors, with all but Coors Light and Michelob Ultra Light losing ground last year.

Top 5 Imported Beer Brands

Brand	Dollar Sales (in Millions)	Percent Change	Unit Volume (in Millions)	Percent Change
Total	**\$1,713.8**	**1.8%**	**62.3**	**1.2%**
Corona Extra	352.2	0.1	12.6	-0.3
Heineken	216.9	-1.2	7.8	-0.5
Mondelo Especial	119.4	22.5	4.7	20.6
Corona Light	116.4	0.9	4.2	0.5
Stella Artois Lager	101.5	13.2	3.0	12.2

Ranked by Total U.S. Food Dollar Sales for 52 Weeks Ending July 14, 2013
Source: Infoscan Reviews, Information Resources Inc. (IRI)

Top 10 Domestic Beer Brands

Brand	Dollar Sales (in Millions)	Percent Change	Unit Volume (in Millions)	Percent Change
Total	**\$6,619.1**	**1.7%**	**333.8**	**-1.1%**
Bud Light	1,191.4	-0.8	64.5	-1.3
Coors Light	654.6	3.1	35.2	2.1
Miller Lite	549.8	-3.6	30.1	-4.7
Budweiser	456.1	-5.0	24.5	-5.4
Michelob Ultra Light	228.1	5.6	10.0	0.6
Natural Light	209.6	-7.0	14.2	-7.8
Busch Light	181.0	-2.5	12.4	-4.0
Miller High Life	138.8	-7.4	9.2	-8.6
Busch	120.3	-6.5	8.1	-7.7
Keystone Light	100.1	-8.4	7.1	-9.4

Ranked by Total U.S. Food Dollar Sales for 52 Weeks Ending July 14, 2013
Source: Infoscan Reviews, Information Resources Inc. (IRI)

SUPERMARKET SHARE OF SALES	TOTAL RETAIL SALES ($ MILLIONS)	% DOLLARS IN SUPERMARKETS	% DOLLAR IN MASS SUPERCENTERS	% DOLLARS IN SUPERMARKETS & MASS SUPERCENTERS
PACKAGED MEAT-DELI	**$17,867.23**	**64.4%**	**17.8%**	**82.2%**
FRESH PRODUCE	**$82,801.33**	**62.2%**	**12.0%**	**74.2%**
FLORAL	**$6,469.92**	**12.5%**	**3.9%**	**16.4%**
GENERAL MERCHANDISE (TRACKED)	**$66,608.16**	**9.6%**	**27.0%**	**36.6%**
Automotive	2,998.44	4.5	45.5	50.0
Batteries and Flashlights	3,846.15	15.1	22.5	37.6
Books and Magazines	1,890.11	37.9	23.8	61.7
Candles and Incense	2,277.88	15.1	13.6	28.7
Canning and Freezing Supplies	293.87	27.7	35.4	63.1
Cookware	2,089.83	22.5	25.0	47.5
Electronics, CDs and DVDs	12,203.32	2.7	25.6	28.3
Floral and Gardening Supplies	1,254.31	3.1	20.3	23.4
Hardware and Homeware	2,836.22	4.6	35.7	40.4
Housewares and Appliances	10,377.16	4.5	29.0	33.5
Kitchen Gadgets	4,988.03	19.9	26.0	45.8
Light Bulbs and Electronic Goods	4,559.97	6.7	21.9	28.6
Office/School Supplies	7,372.97	7.5	30.4	37.9
Pet Care	7,098.80	16.7	26.0	42.8
Photographic Supplies	2,355.92	1.5	14.6	16.1
Seasonal	165.18	16.8	22.6	39.4
GENERAL MERCHANDISE (NONTRACKED)	**$745,425.62**	**2.6%**	**10.6%**	**13.2%**
HEALTH & BEAUTY CARE	**$78,504.36**	**18.0%**	**24.1%**	**42.1%**
Baby Needs	1,606.11	11.1	30.4	41.6
Children's Cologne	75.13	3.7	39.5	43.3
Cosmetics	5,470.74	9.9	23.0	32.9
Cough and Cold Remedies	6,588.41	19.8	24.8	44.6
Deodorant	2,245.25	25.3	27.7	53.0
Diet Aids	662.80	28.8	26.0	54.8

CATEGORY SPOTLIGHT

WINE

Consumers of wine through supermarkets are imbibing at a steady pace, but they're paying more for the privilege. Nielsen data indicates that domestic table wine is the largest segment of the wine category, and sales were up more than 5 percent for the year ending Dec. 22, 2012, down slightly from the two prior years. The next-largest segment is imported table wines, which, while growing, exhibited mostly flat sales. Flavored/refreshment, a small segment of the category, enjoyed the greatest sales gains, 15.5 percent. These wines are often infused with other fruit or floral flavors, such as peach or mango.

At a time when consumers are still feeling financially pinched, wine prices were up about 4 percent for the 52 weeks ending July 14, 2013, as reported by IRI. Brands that held prices relatively steady, including the already popular-priced Barefoot (sales up 12.3 percent), Bogle (sales up 19.5 percent), Black Box Wines (sales up 30.4 percent), and Rex Goliath (sales up 11.2 percent), enjoyed sales gains.

"Consumer demand is requiring a more consumer-friendly, engaging atmosphere, whether at grocery retail or wine stores," says Jayne Portnoy, VP of marketing and brand strategy at Napa Technology, a San Jose, Calif.-based manufacturer of automated intelligence preservation and dispensing systems. The company recently completed research that indicates that, thanks to on-premise wines-by-the-glass programs, consumers are getting more experimental with wine and demanding retailers to help them by providing educated, helpful staff. Retailers are responding by employing in-store experts and hosting tastings, as well as with inventive ways of keeping consumers on premise, notes Portnoy, including full-service restaurants, tapas bars and wine bars.

Top 10 Table Wine Brands

Brand	Dollar Sales (in Millions)	Percent Change	Unit Volume (in Millions)	Percent Change
Total	**$5,926.7**	**4.1%**	**75.4**	**-0.1%**
Barefoot	279.9	12.3	4.1	12.7
Sutter Home	176.7	-2.3	2.9	-4.9
Woodbridge by Robert Mondavi	169.9	6.0	2.5	6.5
Yellow Tail	166.2	0.2	2.4	1.7
Franzia Box	164.8	3.2	6.6	-3.3
Kendall Jackson Vintners Reserve	131.6	3.9	0.9	5.4
Chateau Ste. Michelle	101.8	7.5	0.9	5.1
Cupcake Vineyards	96.2	8.9	0.9	7.8
Gallo Family Vineyards	90.7	2.1	1.8	1.2
Beringer	85.9	-1.5	1.4	0.0

Ranked by Total U.S. Food Dollar Sales for 52 Weeks Ending July 14, 2013
Source: Infoscan Reviews, Information Resources Inc. (IRI)

SUPERMARKET SHARE OF SALES	TOTAL RETAIL SALES ($ MILLIONS)	% DOLLARS IN SUPERMARKETS	% DOLLAR IN MASS SUPERCENTERS	% DOLLARS IN SUPERMARKETS & MASS SUPERCENTERS
Ethnic Hair Preparations	153.59	8.5	24.4	32.9
Family Planning	624.83	18.0	28.1	46.2
Feminine Hygiene	548.01	17.4	34.8	52.2
First Aid	2,527.15	18.3	26.1	44.4
Fragrances-Women's	1,254.11	3.2	14.6	17.8
Grooming Aids	2,004.50	12.2	29.4	41.7
Hair Care	7,360.34	21.5	25.7	47.1
Medications and Remedies	12,878.06	16.7	26.7	43.4
Men's Toiletries	669.03	7.0	23.2	30.3
Oral Hygiene	6,937.08	21.6	25.3	46.8
Pain Remedies	3,595.99	22.2	25.0	47.2
Sanitary Protection	2,403.99	25.3	27.1	52.4
Shaving Needs	3,735.52	18.9	26.3	45.2
Skin Care Preparations	6,551.61	13.6	22.1	35.7
Vitamins	10,612.11	20.1	19.2	39.2
PHARMACY	**$222,317.14**	**6.3%**	**4.1%**	**10.4%**
GRAND TOTAL	**$1,898,398.44**	**24.6%**	**20.4%**	**45.0%**

Source: The Nielsen Co., *Homescan Consumer Facts 2012 Report*, 52 weeks ending Dec. 22, 2012; *Progressive Grocer* Market Research, 2013

SUPERMARKET SALES	TOTAL RETAIL SALES ($ MILLIONS)	2012 SUPERMARKET SALES ($ MILLIONS)	% CHG VS YR. AGO 2012	% CHG VS YR. AGO 2011	% CHG VS YR. AGO 2010
TOTAL GROCERY	**$375,958.97**	**$166,337.05**	**1.1%**	**1.5%**	**-0.2%**
ALCOHOLIC BEVERAGES	**46,953.98**	**19,702.16**	**4.6**	**2.9**	**3.6**
Beer	18,108.72	9,155.77	2.4	0.4	1.7
Coolers	874.84	455.09	17.2	1.3	5.8
Liquor	13,139.03	3,258.48	10.3	5.5	4.0
Wine	14,831.39	6,832.82	4.4	5.5	6.0
GROCERY-FOOD	**$214,037.46**	**$117,259.78**	**0.3%**	**2.4%**	**0.1%**
Baby Food	5,847.50	2,708.56	-1.0	-2.6	-5.8
Baking Flour	889.95	580.25	0.9	5.6	-6.3
Baking Mixes	2,183.72	1,351.94	-1.1	1.6	-3.9
Baking Supplies	3,079.77	1,896.83	-1.6	2.1	-0.5
Breakfast Foods	4,474.58	2,283.38	-0.5	1.8	3.1

CATEGORY SPOTLIGHT

OLIVES

Nielsen reports that the pickle, olive and relish category is down slightly in 2012, from flat sales in 2011. Dill pickles remain the largest player in the category, with nearly 30 percent of category sales; however, sales were flat in 2012.

The flat olive sales reflected in the IRI data are likely the result of increased competition elsewhere in the grocery store — the olive bar or deli case. Many grocers now feature a self-serve olive bar that features olives that have been cured in various ways, come from different regions of the world and include myriad seasonings/flavors. Self-serve allows consumers to try small amounts of several varieties at a time, rather than committing to a larger jar or can. Olives' versatility is also coming to light, in that they are great in recipes, spreads and appetizers, or as cocktail accompaniments.

In the packaged aisle, different packaging options are drawing consumer attention. Star Fine Foods has launched Farmer's Market olives packaged in standup pouches, including Olives with Provencal Herbs, Olives Seasoned with Basil, Ripe Olives Medium Pitted, Olives Stuffed with Minced Pimiento, and Manzanilla Olives Pitted. The resealable pouches are a new dimension in a category dominated by cans and jars.

Lindsay has been selling resealable packages of olives since 2011. Black Pearl markets Olives to Go, four 1.2-ounce packs of California ripe olives.

Top 10 Olive Brands

Brand	Dollar Sales (in Millions)	Percent Change	Unit Volume (in Millions)	Percent Change
Total	**$437.0**	**-1.7%**	**221.4**	**-2.5%**
Private Label	$206.2	-5.1	127.4	-5.5
Mezzetta	34.3	12.4	6.0	16.2
Lindsay	32.1	-21.0	18.2	-18.7
Black Pearls	29.2	-0.5	16.6	-5.3
Early California	28.6	22.0	14.3	26.0
Mario	15.1	-8.2	7.6	-6.0
Goya	13.1	3.6	5.9	3.3
Star	6.2	-4.6	1.6	-1.0
Mezzetta Napa Valley Bistro	5.6	-10.1	1.1	-10.8
Giuliano	4.5	8.1	1.1	1.7

Ranked by Total U.S. Food Dollar Sales for 52 Weeks Ending July 14, 2013
Source: Infoscan Reviews, Information Resources Inc. (IRI)

SUPERMARKET SALES	TOTAL RETAIL SALES ($ MILLIONS)	2012 SUPERMARKET SALES ($ MILLIONS)	% CHG VS YR. AGO 2012	% CHG VS YR. AGO 2011	% CHG VS YR. AGO 2010
Candy	15,780.54	4,816.22	2.3	4.8	5.8
Cereal	10,922.72	6,591.86	-2.1	0.0	-3.9
Coffee	10,406.22	4,500.69	9.1	17.9	3.5
Condiments, Gravies and Sauces	9,024.75	5,997.85	-2.3	1.1	0.2
Cookies	6,985.61	3,894.48	1.9	2.8	-0.3
Crackers	5,171.92	3,223.14	0.2	1.8	-0.5
Desserts, Gelatins and Syrup	2,171.25	1,253.03	-1.4	1.1	-1.8
Fruit-Canned	1,823.24	1,168.33	-3.2	-3.7	-4.2
Fruit-Dried	2,278.80	1,061.92	-0.7	2.2	0.9
Gum	2,568.42	713.25	-6.7	-3.7	2.8
Jams, Jellies and Spreads	3,915.97	2,204.69	11.9	3.7	0.6
Juices and Drinks-Shelf-stable	10,995.19	6,306.84	-3.4	0.1	0.5
Nuts	5,901.31	2,333.97	8.4	6.9	6.0
Packaged Milk and Modifiers	3,790.41	2,184.79	1.6	4.8	3.7
Pasta	2,290.48	1,650.75	-0.2	2.7	-2.4
Pickles, Olives and Relish	2,361.47	1,548.65	-1.7	-0.2	1.8
Prepared Foods-Dry Mixes	6,019.96	3,858.19	-0.3	1.0	-1.2
Prepared Foods-Ready-to-serve	5,883.79	3,516.15	-0.4	1.9	0.3
Salad Dressings, Mayo and Toppings	4,443.46	2,885.58	-0.2	3.4	-1.0
Seafood-Canned	2,486.28	1,388.34	-0.6	-1.7	-0.7
Shortening and Oil	3,789.27	2,239.84	-0.1	4.7	-4.8
Snacks	22,211.43	11,947.53	4.5	3.9	2.7
Soft Drinks-Noncarbonated	18,905.44	11,959.58	-2.2	1.4	-2.6
Soft Drinks-Carbonated	2,361.45	1,079.42	1.4	0.4	3.7
Soup	6,008.65	3,806.48	-1.3	0.4	-3.7
Spices, Seasoning and Extracts	3,768.61	2,250.24	1.9	2.8	2.0
Sugar and Sugar Substitutes	3,020.32	1,617.38	-2.0	5.3	6.1
Table Syrups and Molasses	927.60	547.10	-2.6	1.8	-3.9
Tea	4,609.20	2,576.08	3.4	2.9	4.9
Vegetables-Canned	5,437.54	3,651.85	-2.9	0.6	1.1
Vegetables and Grains-Dried	1,798.21	1,082.52	0.2	2.8	-3.1
Water-Bottled	9,502.45	4,582.08	6.0	4.0	1.1
GROCERY-NONFOOD	$114,967.51	$29,375.11	-2.1%	-2.0%	-2.8%
Charcoal, Logs and Accessories	1,734.76	623.30	-2.9	-3.8	-0.3
Detergents	9,447.63	3,263.21	-2.0	-1.5	-3.0

CATEGORY SPOTLIGHT

NUTS

The total U.S. nut market is enjoying healthy growth, according to Nielsen data. Bagged nuts enjoyed sales of nearly 12 percent in 2012, similar to the two prior years. Only unshelled nuts saw a slight decline, of 1.5 percent, an indication that consumers are looking for convenience and the additional value of seasoned and mixed varieties.

Snack nuts are the life of the nut party as consumers are turning to nuts as a healthful, satisfying, convenient option.

Big winners in the snack nut category are Kraft's popular Planters, with its NUT-rition brand (sales up 18.5 percent); Paramount Farms' Wonderful (up 20.3 percent), which is expanding beyond pistachios to almonds; and Blue Diamond (up 17.9 percent), which is innovating with fruit-flavored nuts; as well as private label, which saw sales increase 13.9 percent, according to IRI data.

Among the top brands tracked by IRI, only Emerald Snacks took a hit for the year ending July 14, 2013. Emerald parent Diamond Foods, based in Stockton, Calif., posted third-quarter fiscal 2013 losses of 23.2 percent, driven by a 40.3 percent decrease in volume. The company trimmed back SKUs and cut promotional spending for the Emerald brand, which, through its quirky marketing and advertising, created a positive reputation for not taking itself too seriously; the brand was, in fact, more than a little nutty.

Emerald may rebound, however, as Diamond Foods reports that nuts' gross profit was up in the third quarter versus the same period in 2012, due to increased prices, elimination of lower-performing SKUs, and some cost-savings initiatives.

Nuts benefit from — and, in fact, are outpacing sales growth of other snack categories because of — the health halo, as they are natural; a good source of protein, fiber, vitamins, minerals and essential oils; and easy to consume on the go.

Top 10 Snack Nut Brands

Brand	Dollar Sales (in Millions)	Percent Change	Unit Volume (in Millions)	Percent Change
Total	**$1,665.4**	**6.6%**	**417.2**	**2.9%**
Private Label	467.8	13.9	112.4	9.4
Planters	311.8	5.8	69.7	0.8
Wonderful	267.7	20.3	58.5	27.2
Blue Diamond	163.3	17.9	38.1	5.9
Emerald	95.2	-29.3	21.1	-41.0
Planters NUT-rition	42.7	18.5	7.2	17.9
Hampton Farms	25.5	9.7	9.2	6.5
Suntree	17.6	8.9	3.4	0.2
Hampton Farms Premiere	13.8	7.3	4.7	8.3
Wonderful Accents	9.7	n/a	3.1	n/a

Ranked by Total U.S. Food Dollar Sales for 52 Weeks Ending July 14, 2013
Source: Infoscan Reviews, Information Resources Inc. (IRI)

SUPERMARKET SALES	TOTAL RETAIL SALES ($ MILLIONS)	2012 SUPERMARKET SALES ($ MILLIONS)	% CHG VS YR. AGO 2012	% CHG VS YR. AGO 2011	% CHG VS YR. AGO 2010
Disposable Diapers	4,276.54	911.33	-4.7	-9.1	-7.6
Fresheners and Deodorizers	2,419.21	549.16	-0.8	-5.1	-1.7
Household Cleaners	4,137.34	1,131.15	-2.1	-3.1	-3.8
Household Supplies	4,823.61	931.44	-3.1	-2.0	-0.9
Insecticides, Pesticides and Rodenticides	1,814.15	243.64	0.8	-4.2	2.4
Laundry Supplies	4,382.04	1,185.78	-1.2	-4.3	-4.7
Paper Products	21,851.41	7,650.18	-1.0	0.6	-1.9
Personal Soap and Bath Additives	4,879.64	1,088.16	1.4	1.1	-0.1
Pet Food	19,754.91	5,205.42	-0.4	1.0	-0.5
Tobacco and Accessories	29,956.15	4,625.23	-5.8	-5.7	-3.4
Wrapping Materials and Bags	5,490.12	1,967.11	0.2	0.6	-4.3
PERISHABLES	$409,580.19	$246,488.96	2.0%	4.9%	2.5%

SUPERMARKET SALES	TOTAL RETAIL SALES ($ MILLIONS)	2012 SUPERMARKET SALES ($ MILLIONS)	% CHG VS YR. AGO 2012	% CHG VS YR. AGO 2011	% CHG VS YR. AGO 2010
BAKERY-IN-STORE (SERVICE)	$11,239.52	$9,733.42	3.4%	4.0%	3.5%
BREAD AND BAKED GOODS-FRESH	$22,967.46	$14,200.78	-1.7%	2.6%	1.0%
DAIRY	$63,840.24	$42,008.36	-0.4%	7.2%	1.6%
Butter and Margarine	3,993.98	2,667.58	-6.0	10.6	-0.3
Cheese	16,698.37	10,862.29	1.1	6.6	0.1
Cottage Cheese, Sour Cream and Toppings	3,216.85	2,285.25	-2.3	4.5	-0.1
Dough Products	1,923.78	1,355.88	-2.4	3.6	-4.0
Eggs	5,048.81	3,237.30	-0.3	11.4	1.7
Juices and Drinks-Refrigerated	5,686.73	3,894.84	-0.3	3.6	-0.6
Milk	17,730.39	11,452.06	-2.2	7.9	2.6

SUPERMARKET SALES	TOTAL RETAIL SALES ($ MILLIONS)	2012 SUPERMARKET SALES ($ MILLIONS)	% CHG VS YR. AGO 2012	% CHG VS YR. AGO 2011	% CHG VS YR. AGO 2010
Pudding and Desserts	457.72	320.63	-10.9	-3.4	-1.3
Snacks, Spreads and Dips	2,145.50	1,341.58	4.8	9.6	9.6
Yogurt	6,938.11	4,590.95	4.9	8.6	8.0
DELI-IN-STORE (SERVICE)	**$26,079.36**	**$16,286.56**	**3.8%**	**4.9%**	**3.1%**
DELI-REFRIGERATED (SELF-SERVICE)	**$9,427.03**	**$6,023.87**	**1.4%**	**2.7%**	**2.6%**
FROZEN FOODS	**$47,934.69**	**$30,408.87**	**-1.0%**	**2.3%**	**-0.4%**
Baked Goods	2,091.46	1,454.19	-2.0	1.6	-1.5
Breakfast Foods	2,786.96	1,641.24	2.4	9.2	2.0
Desserts, Fruits and Toppings	1,905.75	1,143.64	-1.7	3.0	-1.5
Frozen Novelties	3,778.46	2,490.76	0.5	3.2	3.3
Ice	789.47	518.68	0.8	-0.5	3.3

SUPERMARKET SALES	TOTAL RETAIL SALES ($ MILLIONS)	2012 SUPERMARKET SALES ($ MILLIONS)	% CHG VS YR. AGO 2012	% CHG VS YR. AGO 2011	% CHG VS YR. AGO 2010
Ice Cream	5,248.28	3,986.07	3.4	4.1	-3.9
Juices and Drinks	460.20	304.88	-9.8	-4.0	-10.8
Meal Starters	36.95	20.12	-15.9	-10.0	-11.4
Pizza, Snacks and Hors D'oeuvres	5,832.69	3,634.93	-2.7	0.2	-2.9
Prepared Foods	13,931.51	8,289.25	-1.9	1.6	-0.2
Unprepared Meat, Poultry and Seafood	5,784.05	3,222.87	-1.8	1.5	3.4
Vegetables	5,288.91	3,702.24	-2.5	3.0	0.1
MEAT, FISH AND POULTRY-FRESH	**$120,953.41**	**$63,996.45**	**3.2%**	**6.9%**	**5.0%**
PACKAGED MEATS	**$17,867.23**	**$11,502.92**	**0.0%**	**7.0%**	**2.6%**
TOTAL FRESH PRODUCE	**$82,801.33**	**$51,518.99**	**3.5%**	**2.6%**	**2.3%**

Total Perishables by Department

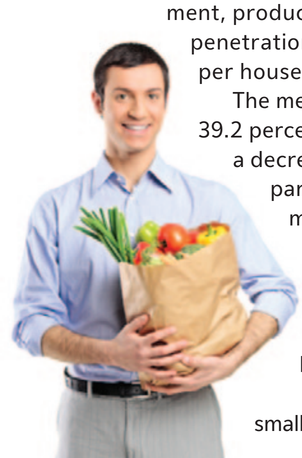
Product	Department Dollar Contribution to Fresh	Department Dollar Contribution to Fresh Change vs. Year Ago	Dollar Sales Contribution to Department Sales	Dollar Contribution to Department Point Change vs. Year Ago	Household Penetration	Penetration Point Change vs. Year Ago	Average Number of Trips per Buyer	Trips Per Buyer Change vs. Year Ago
Total Perishables								
Bakery	7.8%	-0.1			93.8%	-0.1	13.3	-1.2%
Desserts			48.7%	-0.4				
Breads and Rolls			28.8	0.1				
Breakfast Bakery			21.1	0.3				
Other Miscellaneous Bakery			1.5	0				
Deli	16.0%	0.0			93.9%	-0.2	15.7	-2.0%
Deli Prepared Foods			56.0%	1.2				
Deli Meat			21.2	-0.8				
Deli Cheese			18.6	-0.4				
Deli Beverages			4.0	0.1				
Deli Other			0.3	0				
Meat	39.2%	-0.7			98.8%	-0.1	28.3	-1.9%
Fresh Meat			62.0%	0.1				
Processed Meat			27.2	-0.4				
Fully Cooked Meat			6.9	0.3				
Other Ground Meat			2.5	0.0				
Other Meat			1.3	0.0				
Seafood	4.7%	0.1			70.3%	-1.1	6.2	0.8%
Fresh Seafood			79.3%	0.6				
Prepared Seafood			17.1	-0.6				
Other Seafood			3.6	0.0				
Produce	32.2%	0.6			99.6%	0.0	34.0	-0.2%
Fruits			47.2%	0.7				
Vegetables			42.8	-1.2				
Other Produce			10.1	0.5				

52 weeks ending June 29, 2013
Source: Nielsen Perishables Group Fresh Facts® Shopper Insights

TIME TO MAN UP?

With sales of fresh meat in a holding pattern, it might be time for retailers to redirect their marketing focus, a recent consumer survey suggests.

Within total perishables, meat and produce maintained the largest dollar contributions, followed by deli, bakery and seafood. Although meat had a higher dollar contribution to total perishables than the produce department, produce had slightly higher household penetration and a higher number of trips per household.



The meat department accounted for 39.2 percent of total perishable dollar sales, a decrease of 0.7 percentage points compared with the previous year. Within meat, fresh and processed meat accounted for nearly 90 percent of department sales. Like produce, meat household penetration was nearly 100 percent during the latest 52 weeks.

The seafood department had the smallest contribution to total perishables, as well as the smallest household penetration and trips per household. Seafood also had the highest decrease in household penetration compared with the previous year, down 1.1 percentage points. Within seafood, fresh seafood accounted for nearly 80 percent of department sales.

But is it time for the meat industry to re-evaluate its target shopper? Researchers at Chicago-based Midan Marketing think so.

Digging into the trend of men taking on more household responsibilities such as grocery shopping and meat preparation, Midan's newest market research study, "Manfluence," looks at whether these men differ from the traditional female shoppers in how they shop for and prepare meat, and what it means for the industry.

Midan defines "Manfluencer" as a meat eater and purchaser who's responsible for at least half of his household's grocery shopping and meat preparation. Of 900 men surveyed online, 47 percent fit this profile.

"The findings of our Manfluence research are quite surprising," says Michael Uetz, principal at Midan Marketing. "Men have changed significantly, and it's time to redefine how we think about them. We see this trend as having a significant impact on our industry."

Perhaps the time is right for the meat industry to broaden its focus beyond the traditional "she" to make room for the up-and-coming, influential "he."

SUPERMARKET SALES	TOTAL RETAIL SALES ($ MILLIONS)	2012 SUPERMARKET SALES ($ MILLIONS)	% CHG VS YR. AGO 2012	% CHG VS YR. AGO 2011	% CHG VS YR. AGO 2010
FLORAL	**$6,469.92**	**$808.74**	**4.0%**	**-0.2%**	**-0.9%**
GENERAL MERCHANDISE (TRACKED)	**$66,608.15**	**$6,398.71**	**-0.6%**	**-4.1%**	**-1.7%**
Automotive	2,998.44	134.93	-2.2	2.2	2.5
Batteries and Flashlights	3,846.15	579.23	4.4	-0.2	-5.6
Books and Magazines	1,890.11	716.73	-12.4	-11.1	-5.9
Candles and Incense	2,277.88	343.96	-0.2	0.0	-4.1
Canning and Freezing Supplies	293.87	81.43	9.2	2.3	-5.9
Cookware	2,089.83	470.42	0.2	-0.7	-0.3
Electronics, CDs and DVDs	12,203.32	330.71	-17.1	-16.3	-2.3
Floral and Gardening Supplies	1,254.31	39.26	1.4	-3.4	-3.9
Hardware and Homeware	2,836.22	131.60	-3.1	-1.4	2.5
Housewares and Appliances	10,377.16	468.01	3.1	5.0	7.0
Kitchen Gadgets	4,988.03	991.62	2.3	2.2	0.1
Light Bulbs and Electronic Goods	4,559.97	306.43	-2.5	0.4	-6.2
Office/School Supplies	7,372.97	553.71	0.6	-1.6	1.2
Pet Care	7,098.80	1,186.92	1.8	0.7	0.1
Photographic Supplies	2,355.92	36.05	-27.2	-24.5	-19.3
Seasonal	165.18	27.70	-52.3	12.8	-3.7
GENERAL MERCHANDISE (NONTRACKED)	**$745,429.62**	**$19,381.17**	**3.7%**	**4.6%**	**5.5%**
HEALTH & BEAUTY CARE	**$78,504.36**	**$14,165.68**	**1.2%**	**2.4%**	**0.1%**
Baby Needs	1,606.11	178.76	-1.8	-3.3	-3.8
Children's Cologne	75.13	2.81	-9.7	-1.6	-3.9
Cosmetics	5,470.74	542.15	4.3	6.8	6.4
Cough and Cold Remedies	6,588.41	1,301.21	1.2	2.0	-4.9
Deodorant	2,245.25	567.60	-1.1	1.3	0.9
Diet Aids	662.80	190.82	-0.5	5.3	-15.4
Ethnic Hair Preparations	153.59	13.04	-1.9	-6.6	-8.7
Family Planning	624.83	112.72	0.4	-1.2	-2.5
Feminine Hygiene	548.01	95.19	0.1	-0.9	-2.6
First Aid	2,527.15	463.48	1.0	0.1	-2.0
Fragrances-Women's	1,254.11	39.63	2.2	1.6	-7.7
Grooming Aids	2,004.50	244.95	2.3	-0.7	1.2
Hair Care	7,360.34	1,579.53	0.0	2.4	-0.6
Medications and Remedies	12,878.06	2,154.50	1.4	0.1	2.0

CATEGORY SPOTLIGHT

NOVELTY CHOCOLATE

Chocolate comprises the largest chunk of the candy category, according to Nielsen data, and although it has softened, sales aren't melting. Nielsen tracked supermarket sales of chocolate at $2.2 billion in 2012, up 1.6 percent from 2011. Total candy category sales were $4.8 billion in 2012. Big winners in the category include the small ($41.3 million) non-chocolate miniatures category, with sales up 15 percent in 2012, as well as dietetic non-chocolate, with sales gains of 11.5 percent in 2012 to $46.4 million. Hard rolled candies took a hit, dipping 6 percent to just less than $32 million.

Novelty chocolates are a small nugget of the nearly $20 billion U.S. chocolate candy market (Packaged Facts, 2011), but they're garnering a lot of attention from consumers and retailers alike. Holidays offer up ideas for seasonal formats and varieties, helping retailers create an in-store atmosphere of holiday spirit, one that consumers carry home through the confections they're purchasing.

Novelties also tie in well with pop culture, most notably of the cinematic variety. CandyRific's M&M's Star Wars Novelty Chocolate Candy continues to sell well, despite the fact that the franchise is several decades old. CandyRific strategically marries popular confectionery brands, including M&M's, Peeps, AirHeads and Skittles, to entertainment franchises such as Disney, Transformers, Nickelodeon and Scooby-Doo.

Top 10 Novelty Chocolate Candy Brands

Brand	Dollar Sales	Percent Change	Unit Volume	Percent Change
Total	**$1,982,049.0**	**7.5%**	**997,674**	**7.8%**
FMMI Got Milk	1,080,951.0	-0.4	618,261	1.1
CandyRific M&M's Star Wars	326,467.7	9.5	80,481	10.4
Kidsmania	148,283.7	11.8	125,810	7.0
CandyRific M&M's	127,924.0	28.1	29,910	23.6
Ricolino Kranky	60,252.0	n/a	82,134	n/a
Ricolino Bubu Lubu	55,574.3	72.3	6,577	62.4
M&M's	39,751.9	n/a	5,974	n/a
Casa de Dulce	25,978.6	-2.3	20,062	-5.2
Sweets	23,317.5	-24.0	4,127	-22.5
Private Label	19,751.2	n/a	2,167	n/a

Ranked by Total U.S. Food Dollar Sales for 52 Weeks Ending July 14, 2013
Source: Infoscan Reviews, Information Resources Inc. (IRI)

SUPERMARKET SALES	TOTAL RETAIL SALES ($ MILLIONS)	2012 SUPERMARKET SALES ($ MILLIONS)	% CHG VS YR. AGO 2012	% CHG VS YR. AGO 2011	% CHG VS YR. AGO 2010
Men's Toiletries	669.03	47.10	-4.0	-2.7	-4.0
Oral Hygiene	6,937.08	1,494.94	-0.9	1.5	0.1
Pain Remedies	3,595.99	798.31	-7.2	-2.4	-7.8
Sanitary Protection	2,403.99	608.69	-2.2	-0.3	-1.8
Shaving Needs	3,735.52	706.76	0.0	1.9	0.0
Skin Care Preparations	6,551.61	893.64	0.9	0.7	1.2
Vitamins	10,612.11	2,129.85	9.3	11.6	9.1
PHARMACY	$222,317.14	14,005.98	2.7%	2.8%	3.0%
GRAND TOTAL	$1,898,398.44	$466,777.55	1.6%	3.4%	1.6%

Note: Supermarkets include food stores with $2 million or more in sales (excluding supercenters)

Source: The Nielsen Co., total U.S., 52 weeks ending Dec. 22, 2013; *Progressive Grocer* Market Research, 2013

PERCENT OF BUYERS IN RETAIL CHANNELS	ITEM PENETRATION PERCENT	% BUYERS IN				
		$2MM+ GROCERY	SUPERCENTERS	% BUYERS IN MASS MERCH WITHOUT SUPERCENTERS	DRUG	CONVENIENCE/ GAS
TOTAL GROCERY	100.0%	98.0%	70.4%	59.0%	62.3%	26.8%
ALCOHOLIC BEVERAGES	61.0%	70.4%	29.1%	8.7%	12.3%	7.5%
Beer	38.7	71.3	24.7	5.7	8.9	9.8
Coolers	15.4	61.9	27.2	4.1	2.5	4.5
Liquor	30.4	40.7	15.3	3.4	7.9	1.5
Wine	37.0	62.5	21.1	7.3	9.0	1.6
GROCERY-FOOD	99.9%	97.8%	69.7%	58.0%	60.4%	22.4%
Baby Food	14.5	67.5	39.6	22.2	6.8	0.6
Baking Flour	56.0	77.1	29.1	5.6	0.9	0.2
Baking Mixes	80.0	83.3	38.7	13.4	3.2	0.4
Baking Supplies	87.8	85.0	40.2	13.9	3.5	0.5
Breakfast Foods	78.8	74.9	37.3	17.3	9.4	1.3
Candy	97.1	82.8	54.2	38.9	47.8	7.8
Cereal	94.5	87.1	44.3	20.0	13.5	1.0
Coffee	75.3	73.4	36.4	17.5	14.5	1.7
Condiments, Gravies and Sauces	97.6	91.3	46.8	18.1	4.5	1.3
Cookies	92.0	84.1	42.3	21.1	15.3	3.0
Crackers	92.5	85.1	38.6	16.6	6.8	1.0

CATEGORY SPOTLIGHT

RTE CEREAL

If breakfast is the most important meal of the day, cereal must be losing out to other options. Supermarket sales of the total cereal category were down 2 percent during 2012, and were flat to declining in the two years previous, according to Nielsen. The granola segment was the ray of sunshine, with sales up 8 percent, consistent with growth over the previous two years. Granola is a small segment of the category, with $246.7 million in supermarket sales, compared with the total cereal category's sales of $6.6 billion, but consumers are drawn to the "natural" halo of the segment.

Ready-to-eat (RTE) cereal declines, nearly 3 percent according to Nielsen, come at a time when restaurants are upping their breakfast game and consumers are finding it's as easy to pick up breakfast as it has been to pick up a hot cup of coffee; offerings are ubiquitous. Further, oatmeal, the stalwart of the hot cereal subcategory, is gaining in availability and popularity as an away-from-home breakfast solution; cup oatmeal is easy to carry from car to desk.

Among top RTE brands, Kellogg's Special K is a protein-packed standout, with sales up nearly 25 percent for the 52 weeks ending July 14, 2013, as tracked by IRI. Special K has been busy not only with product development, but also with connecting to its core consumers: women. The brand's "The Gains Project" campaign touts research commissioned by Special K and produced by Edelman Berland, which finds that "women who think positively are more likely to report success with weight management efforts."

Top 10 Ready-to-eat Cereal Brands

Brand	Dollar Sales (in Millions)	Percent Change	Unit Volume (in Millions)	Percent Change
Total	**$5,642.5**	**-2.8%**	**1,802.5**	**-2.0%**
Private Label	605.9	-6.5	241.2	-8.9
General Mills Honey Nut Cheerios	302.8	-0.4	89.1	1.9
Kellogg's Frosted Flakes	234.0	2.3	75.5	1.3
Post Honey Bunches of Oats	233.3	-9.1	71.9	-5.6
General Mills Cheerios	230.7	-4.7	72.5	-3.3
Kellogg's Special K	181.4	24.6	54.9	28.6
Kellogg's Frosted FlakesMini Wheats	169.0	-1.2	51.6	1.1
General Mills Cinnamon Toast Crunch	158.7	-6.2	50.0	-4.5
General Mills Lucky Charms	143.0	2.8	44.1	2.1
General Mills Multi Grain Cheerios	100.9	-11.4	29.1	-10.4

Ranked by Total U.S. Food Dollar Sales for 52 Weeks Ending July 14, 2013
Source: Infoscan Reviews, Information Resources Inc. (IRI)

PROGRESSIVEGROCER's
66th Annual Consumer Expenditures Study

PERCENT OF BUYERS IN RETAIL CHANNELS	ITEM PENETRATION PERCENT	% BUYERS IN				
		$2MM+ GROCERY	SUPERCENTERS	% BUYERS IN MASS MERCH WITHOUT SUPERCENTERS	DRUG	CONVENIENCE/ GAS
Desserts, Gelatins and Syrup	80.1	80.7	38.4	12.9	5.0	0.5
Fruit-Canned	75.8	82.0	32.5	7.8	3.6	0.4
Fruit-Dried	67.2	69.1	30.4	13.7	8.8	0.6
Gum	57.6	52.0	39.0	23.1	23.5	2.7
Jams, Jellies and Spreads	85.4	79.1	34.7	11.7	5.1	0.5
Juices, Drinks-Shelf-stable	92.5	86.4	41.6	17.4	13.2	5.0
Nuts	80.5	70.7	32.7	13.4	19.0	2.5
Packaged Milk and Modifiers	78.2	79.6	38.1	12.8	3.5	0.8
Pasta	84.6	85.7	31.9	8.7	1.3	0.5
Pickles, Olives and Relish	79.7	82.6	32.7	6.9	3.3	0.5
Prepared Foods-Dry Mixes	91.1	88.0	42.1	16.0	5.8	0.9
Prepared Foods-Ready-to-serve	91.7	86.1	39.3	12.8	4.0	0.9
Salad Dressings, Mayo and Toppings	92.2	86.6	36.8	9.8	3.7	0.6
Seafood-Canned	69.7	74.6	28.4	7.2	8.0	0.4
Shortening and Oil	83.9	78.3	32.9	8.0	1.7	0.5
Snacks	98.6	92.2	53.1	30.0	24.5	9.4
Soft Drinks-Noncarbonated	66.0	69.7	35.0	13.9	5.3	0.8
Soft Drinks-Carbonated	94.9	91.5	47.6	27.0	30.8	12.9
Soup	93.9	87.7	39.9	13.9	9.1	0.8
Spices, Seasoning and Extracts	89.2	81.8	36.0	10.0	4.0	0.7
Sugar and Sugar Substitutes	82.0	80.0	36.3	10.0	4.5	0.7
Table Syrups and Molasses	58.1	70.7	28.9	6.8	0.9	0.2
Tea	77.1	78.7	34.4	14.5	12.4	4.2
Vegetables-Canned	92.2	89.1	39.3	10.9	4.3	0.8
Vegetables and Grains-Dried	64.1	77.7	28.9	5.0	0.8	0.4
Water-Bottled	79.0	74.4	36.4	17.4	17.6	4.6
GROCERY-NONFOOD	99.9%	97.8%	69.7%	58.0%	60.4%	22.4%

CATEGORY SPOTLIGHT

REFRIGERATED JUICE AND DRINK SMOOTHIES

Refrigerated juices, as tallied by Nielsen, were flat in 2012, on supermarket sales of $3.9 billion. Stalwart orange juice saw supermarket sales squeezed just more than 3 percent, due not just to price increases, but also competition from other products, most notably juice blends that include vegetables. Consumers remain price sensitive, but they're also looking for value beyond price, and that translates to further fortification, most notably with vitamins.

Ready-to-drink (RTD) smoothies are a standout segment in this category, as by their nature they offer a healthy and satisfying experience for the consumer. As a marketing angle, smoothies are proclaiming "what's in it for the consumer," including fiber, protein and other nutrients. Bolthouse, for example, proclaims right on the front label that its Strawberry Banana Smoothie contains 19 strawberries and one banana; with other ingredients, the smoothie contains 3.75 servings of fruit.

Silk experienced sales growth of 106.7 percent for the year based on the launch of its soymilk-based juice drinks, according to IRI data for the 52 weeks ending July 14, 2013. Varieties include Mixed Berry, Strawberry Banana and Mango Peach. It should be noted, however, that Silk isn't marketing these products as smoothies, but as juice drinks. The soymilk is likely the source of confusion here, because as many smoothies are dairy-based, it would be natural to think a dairy-alternative-based drink should be categorized as a smoothie.

Odwalla Superfood has enjoyed growth of 48.1 percent, according to IRI, likely due to new product activity in 2012. The Coca-Cola brand launched USDA Certified Organic Garden Organics fruit and vegetable smoothies (Carrot, Carrot Apple Berry, Carrot Apple Mango and Carrot Beet Ginger) as well as Smoothies for Kids (Grape Berry Prairie, Mango Pineapple Island and Strawberry Banana Jungle).

Top 10 Refrigerated Juice and Drink Smoothie Brands

Brand	Dollar Sales (in Millions)	Percent Change	Unit Volume (in Millions)	Percent Change
Total	**$377.1**	**28.1%**	**110.1**	**24.4%**
Naked	107.9	30.4	30.0	30.7
Bolthouse Farms	97.8	24.5	27.4	22.6
Naked Superfood	36.9	31.1	7.9	25.8
Odwalla Superfood	31.4	48.1	10.3	16.4
Naked Protein Zone	24.8	25.1	6.9	25.0
Odwalla	21.2	8.0	7.8	18.0
Silk Fruit and Protein	12.8	106.7	5.2	108.3
Odwalla C Monster	11.4	14.7	4.1	10.7
Bolthouse Farms C Boost	8.7	3.4	2.7	5.8
Naked Well Being	6.2	19.8	1.2	15.0

Ranked by Total U.S. Food Dollar Sales for 52 Weeks Ending July 14, 2013
Source: Infoscan Reviews, Information Resources Inc. (IRI)

CATEGORY SPOTLIGHT

ACNE TREATMENTS

Supermarket sales of skin care products have been dull for the past several years, finishing 2012 at $893.6 million according to Nielsen. The tiny ($2 million) skin-toning and -bleaching segment, with 2012 growth of more than 28 percent, is the true standout in the category.

Top 10 Acne Treatment Brands

Brand	Dollar Sales (in Millions)	Percent Change	Unit Volume (in Millions)	Percent Change
Total	**$106.0**	**-1.1%**	**18.5**	**-0.2%**
Neutrogena Oil Free Acne Wash	13.9	4.5	2.0	2.8
Clearasil Ultra Rapid Action	7.3	24.9	1.0	27.3
Clearasil Daily Clear	6.8	11.2	1.4	12.7
Oxy	4.8	-19.0	1.1	-21.5
St. Ives Naturally Clear	4.5	-22.9	1.2	-22.6
Aveeno Clearn Complexion	4.4	3.1	0.5	1.9
Neutrogena	3.9	44.6	1.0	23.6
Private Label	3.8	12.5	1.1	15.9
Neutrogena Acne Stress Control	3.7	-2.5	0.5	-2.0
Neutrogena Rapid Clear	3.3	-6.6	0.4	-6.3

Ranked by Total U.S. Food Dollar Sales for 52 Weeks Ending July 14, 2013
Source: Infoscan Reviews, Information Resources Inc. (IRI)

Included in this segment are products intended to fade or eliminate spots due to sun damage and aging, providing consumers with more uniform complexions.

Sunscreens and sunblocks have shown respectable growth of 5.7 percent, to $175 million.

Flat to sluggish sales in the acne treatment segment belie tremendous amounts of activity. Big winners, according to IRI data for the 52 weeks ending July 14, 2013, include Neutrogena acne treatments, which enjoyed supermarket sales gains of 44.6 percent. Neutrogena Oil Free Acne Wash, the category leader with $13.9 million in sales, had gains of 4.5 percent for the year covered by IRI. Sister products Neutrogena Acne Stress Control and Rapid Clear didn't fare as well.

Clearasil Ultra Rapid Action enjoyed sales gains of 24.9 percent. Private label acne treatment sales were up 12.5 percent.

Acne products are tasked with more than clearing away unwanted spots. In acne parlance, exfoliation is used to scrub away dirt and dead skin, but it's also now used to promote smooth skin. Products also work to promote even skin tone and reduce the appearance of acne marks. Foremost to the category, however, is that usage of products will prevent acne from occurring, or at least attack it at the first sign.

PERCENT OF BUYERS IN RETAIL CHANNELS	ITEM PENETRATION PERCENT	% BUYERS IN				
		$2MM+ GROCERY	SUPERCENTERS	% BUYERS IN MASS MERCH WITHOUT SUPERCENTERS	DRUG	CONVENIENCE/ GAS
Charcoal, Logs and Accessories	23.6	47.3	27.1	9.3	2.5	0.4
Detergents	94.4	64.6	40.0	22.7	21.9	0.7
Disposable Diapers	19.0	43.9	41.7	28.3	20.2	0.3
Fresheners and Deodorizers	69.0	43.9	43.8	24.0	13.2	0.6
Household Cleaners	88.5	52.8	41.3	24.2	10.4	0.5
Household Supplies	86.7	46.9	40.8	25.9	9.1	0.5
Insecticides, Pesticides and Rodenticides	50.9	26.4	38.3	14.3	6.0	0.5
Laundry Supplies	87.3	55.7	43.2	25.4	10.3	0.5
Paper Products	98.2	80.4	52.0	33.3	29.6	1.5
Personal Soap and Bath Additives	88.3	49.1	43.4	25.6	22.1	0.5
Pet Food	69.1	64.6	51.9	29.1	8.4	1.5
Tobacco and Accessories	35.7	38.0	27.5	11.1	19.0	26.7
Wrapping Materials and Bags	91.4	67.5	40.0	20.5	9.5	0.6
BREAD AND BAKED GOODS-FRESH	**98.7%**	**94.2%**	**52.9%**	**24.0%**	**8.5%**	**6.9%**
DAIRY	**99.6%**	**96.3%**	**57.9%**	**28.1%**	**20.7%**	**9.7%**
Butter and Margarine	92.1	86.3	36.0	7.2	1.3	1.0
Cheese	96.9	91.9	46.0	15.0	2.9	1.2
Cottage Cheese, Sour Cream and Toppings	81.1	87.6	34.8	6.7	1.2	0.7
Dough Products	68.4	84.6	32.6	4.9	0.3	0.2
Eggs	92.3	88.4	37.5	10.5	7.2	2.0
Juices and Drinks-Refrigerated	74.3	84.4	33.6	10.1	3.5	2.1
Milk	96.8	92.8	46.7	17.6	15.7	8.0
Pudding and Desserts	25.9	74.8	26.2	5.0	0.2	0.3
Snacks, Spreads and Dips	60.6	78.0	26.7	5.2	1.2	0.5
Yogurt	79.7	86.2	37.7	11.5	0.8	0.6

CATEGORY SPOTLIGHT

COFFEE

Coffee's a $10.4 billion category in the grocery channel, up almost $1 billion since last year, and traditional supermarkets are holding firm to their share of the market at just a little more than 43 percent of sales, down a mere 0.1 percent, according to Nielsen data.

In 2012, coffee consumption jumped 7 percent from 2011 figures, giving the beverage a 10-point advantage over soft drinks, according to data from the New York-based National Coffee Association's (NCA) National Coffee Drinking Trends 2012 survey.

A key driver has been the continued growth of single-serve K-cup technology, adopted by a growing number of brands. Starbucks K-Cup Packs ranked second of the top 10 food and beverage brands among IRI's 2012 New Product Pacesetters, with $198.9 million in first-year sales. More than 850 million Starbucks K-Cup packs shipped to food retailers and other outlets since launching in November 2011.

IRI reports that the single-cup subcategory generated nearly $860 million in sales for the year ending July 14, 2013, up more than 60 percent over the prior year. In fact, the overall premium single cup (PSC) category now accounts for more than 25 percent of total coffee sales in grocery, and was the only coffee subcategory to report sales growth.

Traditional coffee categories are sagging. For example, while overall coffee sales were up 4.4 percent for IRI's reporting period, sales of ground coffee were down nearly as much. Of the top 10 ground-coffee brands, only two experienced sales growth: private label, at 2.25 percent, and grocery newcomer Gevalia, which at seventh place delivered a sales increase of nearly 191 percent.

Another driver has been sustainability, as organizations dedicated to the environment collaborate with coffee roasters and retailers to deliver coffee grown in an eco-friendly fashion.

Top 10 Ground Coffee Brands

Brand	Dollar Sales (in Millions)	Percent Change	Unit Volume (in Millions)	Percent Change
Total	**$2,483.7**	**3.8%**	**392.2**	**1.6%**
Folgers	650.1	-8.6	91.7	-1.3
Maxwell House	386.3	-6.7	65.6	1.9
Private Label	276.2	2.2	51.2	6.8
Starbucks	218.2	-0.1	24.5	1.5
Dunkin' Donuts	136.4	-0.8	15.5	7.0
Peet's Coffee	74.7	-0.4	8.0	5.1
Gevalia	70.8	190.8	10.1	203.9
Chock Full o' Nuts	62.1	-11.6	14.6	-2.3
Eight O'Clock	61.4	-12.9	10.6	-16.5
Yuban	43.3	-16.6	5.8	-7.1

Ranked by Total U.S. Food Dollar Sales for 52 Weeks Ending July 14, 2013
Source: Infoscan Reviews, Information Resources Inc. (IRI)

PERCENT OF BUYERS IN RETAIL CHANNELS	ITEM PENETRATION PERCENT	% BUYERS IN				
		$2MM+ GROCERY	SUPERCENTERS	% BUYERS IN MASS MERCH WITHOUT SUPERCENTERS	DRUG	CONVENIENCE/ GAS
DELI-REFRIGERATED (SELF-SERVICE)	**94.4%**	**89.5%**	**41.2%**	**11.5%**	**2.2%**	**1.8%**
FROZEN FOODS	**99.2%**	**95.2%**	**53.5%**	**21.8%**	**10.5%**	**4.8%**
Baked Goods	69.5	83.3	31.5	5.4	0.4	0.3
Breakfast Foods	63.9	79.5	32.5	8.8	1.0	0.6
Desserts, Fruits and Toppings	63.4	80.8	29.2	5.1	0.8	0.3
Frozen Novelties	73.8	81.7	28.8	7.1	3.2	2.2
Ice	9.6	69.9	19.6	4.8	4.1	6.4
Ice Cream	82.2	88.3	28.5	6.3	6.8	2.0
Juices and Drinks	24.7	75.8	27.1	5.1	0.3	0.1
Meal Starters	3.0	57.5	26.4	1.5	0.0	0.0
Pizza, Snacks and Hors D'oeuvres	80.1	82.1	35.2	10.0	3.1	0.8
Prepared Foods	93.3	87.3	41.8	13.8	2.4	0.9
Unprepared Meat, Poultry and Seafood	72.9	77.8	30.9	5.1	0.3	0.2
Vegetables	89.9	88.6	36.7	9.5	0.6	0.5
MEAT	**96.2%**	**92.6%**	**47.8%**	**14.5%**	**3.8%**	**1.2%**
FRESH MEAT	**57.9%**	**70.4%**	**41.5%**	**7.2%**	**0.3%**	**0.2%**
PACKAGED MEATS-DELI	**95.7%**	**92.3%**	**45.9%**	**13.3%**	**3.7%**	**1.2%**
FRESH PRODUCE	**96.2%**	**93.3%**	**46.0%**	**12.3%**	**1.4%**	**1.4%**
GENERAL MERCHANDISE (TRACKED)	**99.3%**	**72.7%**	**65.1%**	**53.3%**	**39.0%**	**3.0%**
Automotive	39.3	12.2	50.3	18.2	1.6	1.7
Batteries and Flashlights	78.1	32.1	34.8	17.1	20.5	0.7
Books and Magazines	26.0	54.9	35.8	14.7	13.7	0.9
Canning, Freezing Supplies	9.5	44.5	39.7	12.1	0.3	0.3
Cookware	45.5	44.1	30.4	14.0	2.3	0.2
Electronics, CDs and DVDs	70.5	9.8	47.3	30.6	5.9	0.4
Floral, Gardening Supplies	26.3	6.8	32.5	11.2	1.1	0.3
Glassware and Tableware	52.6	35.4	40.5	20.5	11.7	0.7
Greeting Cards, Party Needs and Novelties	12.3	28.6	28.9	15.9	10.2	0.4

CATEGORY SPOTLIGHT

FROZEN PIZZA

Growth in the frozen pizza category seems to mirror that of the overall frozen category, which is showing signs of sputtering back to life after a year in the deep freeze.

Overall, total sales in the frozen pizza, snack and hors d'oeuvre category were about $5.8 billion, according to data from Nielsen Co., essentially flat from the numbers a year ago, on total frozen category sales just shy of $48 billion. But the share of those sales for traditional supermarkets has slipped a bit, to about 62 percent compared with 63.5 percent at this time last year.

Only three of the top 10 frozen pizza brands showed positive sales growth for the year ending July 14, 2013, according to IRI data, with Nestle's DiGiorno brand and private label each falling about 5 percent.

But while deli pizza sales are still on the rise as sales of frozen pizza continue to decline, Nielsen Perishables Group insists there's no reason they cannot successfully co-exist.

Nielsen notes that deli pizza sales index high across all household sizes, while frozen pizza sales index high almost exclusively across families with children in the home. Most pizza buyers have a discernible preference for deli or frozen pizza, as only 18 percent of pizza buyers purchase both deli pizza and frozen pizza in a given year, Nielsen reports.

Meanwhile, Packaged Facts reports that new products, rather than increased consumer demand, have been contributing to the most recent dollar sales gains in the frozen food category. New frozen pizza entries have included "free-from" and healthier selections like Supreme French Bread Pizza from Framingham, Mass.-based Ian's Natural Foods and sprouted-grain crust pizzas from Delray Beach, Fla.-based Better For You Foods, as well as twists on old standbys, like Red Baron Mexican Style Pizza from Bloomington, Minn.-based Schwan's Consumer Brands.

Top 10 Frozen Pizza Brands

Brand	Dollar Sales (in Millions)	Percent Change	Unit Volume (in Millions)	Percent Change
Total	**$2,775.7**	**2.4%**	**900.1**	**-0.5%**
DiGiorno	605.3	-5.5	111.4	-2.7
Private Label	293.1	-5.2	114.6	-4.8
Red Baron	261.2	6.3	74.2	18.6
Tombstone	194.3	-7.8	54.4	-3.8
Totino's	162.5	-0.1	125.1	2.6
Jack's	120.6	1.0	42.6	3.5
Freschetta	114.6	5.1	22.1	10.6
California Pizza Kitchen	101.2	-8.5	19.6	-7.9
Stouffer's	68.8	-6.0	24.3	-4.4
Celeste Pizza for One	65.2	-7.9	63.6	-5.9

Ranked by Total U.S. Food Dollar Sales for 52 Weeks Ending July 14, 2013
Source: Infoscan Reviews, Information Resources Inc. (IRI)

PERCENT OF BUYERS IN RETAIL CHANNELS	ITEM PENETRATION PERCENT	% BUYERS IN				
		$2MM+ GROCERY	SUPERCENTERS	% BUYERS IN MASS MERCH WITHOUT SUPERCENTERS	DRUG	CONVENIENCE/ GAS
Hardware and Homeware	50.5	13.6	45.9	29.3	5.8	0.2
Housewares and Appliances	67.4	14.5	46.4	27.7	10.6	0.3
Kitchen Gadgets	77.0	48.2	42.4	26.4	7.5	0.4
Light Bulbs and Electronic Goods	67.5	26.7	37.0	17.3	6.9	0.5
Office/School Supplies	87.2	32.6	52.0	34.1	23.4	0.6
Pet Care	60.3	44.0	49.2	26.6	8.3	0.6
Photographic Supplies	5.8	7.4	27.9	13.5	21.6	0.6
Seasonal	6.0	24.8	29.5	13.6	5.1	0.7
Sewing Notions	13.8	11.3	36.4	18.0	6.6	0.2
Shoe Care	11.4	23.5	38.1	17.7	6.9	0.2
Toys and Sporting Goods	2.0	5.3	38.9	41.6	5.8	0.2
HEALTH AND BEAUTY CARE	**99.8%**	**81.2%**	**64.7%**	**51.1%**	**67.4%**	**3.4%**
Baby Needs	31.9	25.7	40.5	26.1	13.8	0.2
Children's Cologne	3.0	6.5	38.1	25.4	14.4	0.0
Cosmetics	57.3	26.9	41.2	27.8	36.4	0.4
Cough and Cold Remedies	77.3	43.8	40.8	19.7	41.9	0.9
Deodorant	75.6	43.1	39.5	21.3	22.0	0.3
Diet Aids	12.9	42.3	34.5	11.6	16.0	0.5
Ethnic Hair Preparations	6.6	14.8	33.4	14.3	17.5	0.7
Family Planning	6.6	24.3	36.5	17.6	20.1	0.9
Feminine Hygiene	18.7	22.0	44.7	18.1	20.7	0.2
First Aid	79.6	38.7	42.7	22.5	30.7	0.4
Fragrances-Women's	22.8	8.2	29.0	15.6	21.4	0.3
Grooming Aids	62.6	26.1	42.9	27.0	26.1	0.3
Hair Care	85.8	48.1	46.0	27.6	32.0	0.4
Medications and Remedies	90.9	46.9	50.0	29.1	45.7	1.1
Men's Toiletries	17.4	16.2	34.5	16.9	20.6	0.3
Oral Hygiene	92.0	53.3	46.2	27.5	30.9	0.5
Pain Remedies	72.5	37.1	39.3	18.0	31.2	0.7
Sanitary Protection	48.2	45.1	40.7	23.3	26.9	0.4
Shaving Needs	63.9	36.3	40.4	20.9	22.8	0.2
Skin Care Preparations	71.4	32.4	41.7	26.5	31.0	0.3
Vitamins	81.7	46.0	40.7	19.7	35.0	1.1

Total U.S., 52 weeks ending Dec. 29, 2012
Source: Nielsen Homescan Consumer Facts 2012 Report

CATEGORY SPOTLIGHT

ELECTRONIC CIGARETTES

Electronic cigarettes are on fire, and grocery retailers would be wise to expand their involvement in the category.

According to IRI, a mere $3.5 million in e-cigarette sales could be credited to food stores during the year ending Nov. 4, 2012.

The e-cigarette market hit $250 million in 2011, doubled in 2012 and, according to Wells Fargo Securities data released by e-cig brand V2 shortly before press time, has topped $1 billion in combined brick-and-mortar and online sales.

Who's buying e-cigarettes? Consider these statistics, according to UBS:

- 99 percent of e-cigarette users are either current or past users of multiple forms of tobacco.
- 62 percent have stopped smoking cigarettes or smoke fewer cigarettes since starting e-cigarettes.
- 79 percent of initial purchasers continue to buy them.

In fact, consumption of e-cigarettes will likely outpace traditional cigarettes over the next decade, "especially given the rapid pace of innovation and consumers' demand for reduced-harm products," Wells Fargo predicts. Certainly, this is why tobacco giants like Altria and Lorillard are getting in on the game themselves.

E-cigs are attractive to retailers for their "fat margins and low-maintenance selling," Wells Fargo reports. The c-store channel is already realizing the benefits, leaving grocers to play "follow the leader" thus far.

Category leaders to date, according to Euromonitor, include Njoy, which reports placement in more than 10,000 retail locations nationwide, mostly gas/c-stores; Crown 7; V2; and Blu. Njoy was further noted in a pilot study, to be published in the *American Journal of Health Behavior,* that showed the product delivered nicotine at a rate comparable to some FDA-approved nicotine replacement therapy products and led to short-term smoking reduction.

The key to the future of e-cigarettes, Euromonitor reports, appears to be in how they'll be treated by the U.S. Food and Drug Administration (FDA). In 2011, the FDA revealed plans to regulate e-cigs, noting the presence of carcinogens and toxic chemicals in some products.

E-cigarette Sales & Volume Across Retail Channels

Brand	Dollar Sales (in Millions)	Percent Change	Unit Volume (in Millions)	Percent Change
Total	**$243.2**	**173.6%**	**19.6**	**247.3%**
Food	3.5	447.8	.288	384.2
Convenience	162.6	89.5	13.2	150
Drug	52.7	2,107.6	4.27	1,437.8

Total U.S. multi-outlet w/ c-store (supermarkets, drug stores, mass market retailers, gas/c-stores, military commissaries, and select club & dollar retail chains) for the 52 weeks ending Nov. 4, 2012
Source: Infoscan Reviews, Information Resources Inc. (IRI)

SUPERMARKET SALES A DETAILED VIEW	TOTAL RETAIL SALES ($ MILLIONS)	2012 SUPERMARKET SALES ($ MILLIONS)	% CHG VS YR. AGO 2012	% CHG VS YR. AGO 2011	% CHG VS YR. AGO 2010
TOTAL GROCERY	$375,958.97	$166,337.05	1.1%	1.5%	-0.2%
ALCOHOLIC BEVERAGES	46,953.98	19,702.16	4.6	2.9	3.6
Beer	18,108.72	9,155.77	2.4	0.4	1.7
Coolers	874.84	455.09	17.2	1.3	5.8
Liquor	13,139.03	3,258.48	10.3	5.5	4.0
Wine	14,831.39	6,832.82	4.4	5.5	6.0
GROCERY-FOOD	$214,037.46	$117,259.78	0.3%	2.4%	0.1%
Baby Food	5,847.50	2,708.56	-1.0	-2.6	-5.8
Baking Flour	889.95	580.25	0.9	5.6	-6.3
Baking Mixes	2,183.72	1,351.94	-1.1	1.6	-3.9
Baking Supplies	3,079.77	1,896.83	-1.6	2.1	-0.5
Breakfast Foods	4,474.58	2,283.38	-0.5	1.8	3.1
Candy	15,780.54	4,816.22	2.3	4.8	5.8
Cereal	10,922.72	6,591.86	-2.1	0.0	-3.9
Coffee	10,406.22	4,500.69	9.1	17.9	3.5
Condiments, Gravies and Sauces	9,024.75	5,997.85	-2.3	1.1	0.2
Cookies	6,985.61	3,894.48	1.9	2.8	-0.3
Crackers	5,171.92	3,223.14	0.2	1.8	-0.5
Desserts, Gelatins and Syrup	2,171.25	1,253.03	-1.4	1.1	-1.8
Fruit-Canned	1,823.24	1,168.33	-3.2	-3.7	-4.2
Fruit-Dried	2,278.80	1,061.92	-0.7	2.2	0.9
Gum	2,568.42	713.25	-6.7	-3.7	2.8
Jams, Jellies and Spreads	3,915.97	2,204.69	11.9	3.7	0.6

SUPERMARKET SALES A DETAILED VIEW	TOTAL RETAIL SALES ($ MILLIONS)	2012 SUPERMARKET SALES ($ MILLIONS)	% CHG VS YR. AGO 2012	% CHG VS YR. AGO 2011	% CHG VS YR. AGO 2010
Juices, Drinks-Shelf-stable	10,995.19	6,306.84	-3.4	0.1	0.5
Nuts	5,901.31	2,333.97	8.4	6.9	6.0
Packaged Milk and Modifiers	3,790.41	2,184.79	1.6	4.8	3.7
Pasta	2,290.48	1,650.75	-0.2	2.7	-2.4
Pickles, Olives and Relish	2,361.47	1,548.65	-1.7	-0.2	1.8
Prepared Foods-Dry Mixes	6,019.96	3,858.19	-0.3	1.0	-1.2
Prepared Foods-Ready-to-serve	5,883.79	3,516.15	-0.4	1.9	0.3
Salad Dressings, Mayo and Toppings	4,443.46	2,885.58	-0.2	3.4	-1.0
Seafood-Canned	2,486.28	1,388.34	-0.6	-1.7	-0.7
Shortening and Oil	3,789.27	2,239.84	-0.1	4.7	-4.8
Snacks	22,211.43	11,947.53	4.5	3.9	2.7
Soft Drinks-Carbonated	18,905.44	11,959.58	-2.2	1.4	-2.6
Soft Drinks-Noncarbonated	2,361.45	1,079.42	1.4	0.4	3.7
Soup	6,008.65	3,806.48	-1.3	0.4	-3.7
Spices, Seasoning and Extracts	3,768.61	2,250.24	1.9	2.8	2.0
Sugar and Sugar Substitutes	3,020.32	1,617.38	-2.0	5.3	6.1
Table Syrups and Molasses	927.60	547.10	-2.6	1.8	-3.9
Tea	4,609.20	2,576.08	3.4	2.9	4.9
Vegetables-Canned	5,437.54	3,651.85	-2.9	0.6	1.1
Vegetables, Grains-Dried	1,798.21	1,082.52	0.2	2.8	-3.1
Water-Bottled	9,502.45	4,582.08	6.0	4.0	1.1
GROCERY-NONFOOD	$114,967.51	$29,375.11	-2.1%	-2.0%	-2.8%
Charcoal, Logs and Accessories	1,734.76	623.30	-2.9	-3.8	-0.3
Detergents	9,447.63	3,263.21	-2.0	-1.5	-3.0

SUPERMARKET SALES A DETAILED VIEW	TOTAL RETAIL SALES ($ MILLIONS)	2012 SUPERMARKET SALES ($ MILLIONS)	% CHG VS YR. AGO 2012	% CHG VS YR. AGO 2011	% CHG VS YR. AGO 2010
Disposable Diapers	4,276.54	911.33	-4.7	-9.1	-7.6
Fresheners and Deodorizers	2,419.21	549.16	-0.8	-5.1	-1.7
Household Cleaners	4,137.34	1,131.15	-2.1	-3.1	-3.8
Household Supplies	4,823.61	931.44	-3.1	-2.0	-0.9
Insecticides, Pesticides and Rodenticides	1,814.15	243.64	0.8	-4.2	2.4
Laundry Supplies	4,382.04	1,185.78	-1.2	-4.3	-4.7
Paper Products	21,851.41	7,650.18	-1.0	0.6	-1.9
Personal Soap and Bath Additives	4,879.64	1,088.16	1.4	1.1	-0.1
Pet Food	19,754.91	5,205.42	-0.4	1.0	-0.5
Tobacco and Accessories	29,956.15	4,625.23	-5.8	-5.7	-3.4
Wrapping Materials, Bags	5,490.12	1,967.11	0.2	0.6	-4.3
PERISHABLES	**$409,580.19**	**$246,488.96**	**2.0%**	**4.9%**	**2.5%**
BAKERY-IN-STORE (SERVICE)	**$11,239.52**	**$9,733.42**	**3.4%**	**4.0%**	**3.5%**
BREAD AND BAKED GOODS-FRESH	**$22,967.46**	**$14,200.78**	**-1.7%**	**2.6%**	**1.0%**
DAIRY	**$63,840.24**	**$42,008.36**	**-0.4%**	**7.2%**	**1.6%**
Butter and Margarine	3,993.98	2,667.58	-6.0	10.6	-0.3
Cheese	16,698.37	10,862.29	1.1	6.6	0.1
Cottage Cheese, Sour Cream and Toppings	3,216.85	2,285.25	-2.3	4.5	-0.1
Dough Products	1,923.78	1,355.88	-2.4	3.6	-4.0
Eggs	5,048.81	3,237.30	-0.3	11.4	1.7
Juices, Drinks-Refrigerated	5,686.73	3,894.84	-0.3	3.6	-0.6
Milk	17,730.39	11,452.06	-2.2	7.9	2.6
Pudding and Desserts	457.72	320.63	-10.9	-3.4	-1.3

SUPERMARKET SALES A DETAILED VIEW	TOTAL RETAIL SALES ($ MILLIONS)	2012 SUPERMARKET SALES ($ MILLIONS)	% CHG VS YR. AGO 2012	% CHG VS YR. AGO 2011	% CHG VS YR. AGO 2010
Snacks, Spreads and Dips	2,145.50	1,341.58	4.8	9.6	9.6
Yogurt	6,938.11	4,590.95	4.9	8.6	8.0
DELI-IN-STORE (SERVICE)	**$26,079.36**	**$16,286.56**	**3.8%**	**4.9%**	**3.1%**
DELI-REFRIGERATED (SELF-SERVICE)	**$9,427.03**	**$6,023.87**	**1.4%**	**2.7%**	**2.6%**
FROZEN FOODS	**$47,934.69**	**$30,408.87**	**-1.0%**	**2.3%**	**-0.4%**
Baked Goods	2,091.46	1,454.19	-2.0	1.6	-1.5
Breakfast Foods	2,786.96	1,641.24	2.4	9.2	2.0
Desserts, Fruits and Toppings	1,905.75	1,143.64	-1.7	3.0	-1.5
Frozen Novelties	3,778.46	2,490.76	0.5	3.2	3.3
Ice	789.47	518.68	0.8	-0.5	3.3
Ice Cream	5,248.28	3,986.07	3.4	4.1	-3.9
Juices and Drinks	460.20	304.88	-9.8	-4.0	-10.8
Meal Starters	36.95	20.12	-15.9	-10.0	-11.4
Pizza, Snacks and Hors D'oeuvres	5,832.69	3,634.93	-2.7	0.2	-2.9
Prepared Foods	13,931.51	8,289.25	-1.9	1.6	-0.2
Unprepared Meat, Poultry and Seafood	5,784.05	3,222.87	-1.8	1.5	3.4
Vegetables	5,288.91	3,702.24	-2.5	3.0	0.1
MEAT, FISH AND POULTRY-FRESH	**$120,953.41**	**$63,996.45**	**3.2%**	**6.9%**	**5.0%**
PACKAGED MEATS	**$17,867.23**	**$11,502.92**	**0.0%**	**7.0%**	**2.6%**
TOTAL FRESH PRODUCE	**$82,801.33**	**$51,518.99**	**3.5%**	**2.6%**	**2.3%**
FLORAL	**$6,469.92**	**$808.74**	**4.0%**	**-0.2%**	**-0.9%**

SUPERMARKET SALES A DETAILED VIEW	TOTAL RETAIL SALES ($ MILLIONS)	2012 SUPERMARKET SALES ($ MILLIONS)	% CHG VS YR. AGO 2012	% CHG VS YR. AGO 2011	% CHG VS YR. AGO 2010
GENERAL MERCHANDISE (TRACKED)	**$66,608.15**	**$6,398.71**	**-0.6%**	**-4.1%**	**-1.7%**
Automotive Supplies	2,998.44	134.93	-2.2	2.2	2.5
Batteries and Flashlights	3,846.15	579.23	4.4	-0.2	-5.6
Books and Magazines	1,890.11	716.73	-12.4	-11.1	-5.9
Candles and Incense	2,277.88	343.96	-0.2	0.0	-4.1
Canning and Freezing Supplies	293.87	81.43	9.2	2.3	-5.9
Cookware	2,089.83	470.42	0.2	-0.7	-0.3
Electronics, CDs and DVDs	12,203.32	330.71	-17.1	-16.3	-2.3
Floral and Gardening Supplies	1,254.31	39.26	1.4	-3.4	-3.9
Hardware and Homeware	2,836.22	131.60	-3.1	-1.4	2.5
Housewares and Appliances	10,377.16	468.01	3.1	5.0	7.0
Kitchen Gadgets	4,988.03	991.62	2.3	2.2	0.1
Light Bulbs and Electronic Goods	4,559.97	306.43	-2.5	0.4	-6.2
Office/School Supplies	7,372.97	553.71	0.6	-1.6	1.2
Pet Care	7,098.80	1,186.92	1.8	0.7	0.1
Photographic Supplies	2,355.92	36.05	-27.2	-24.5	-19.3
Seasonal	165.18	27.70	-52.3	12.8	-3.7
GENERAL MERCHANDISE (NONTRACKED)	**$745,429.62**	**$19,381.17**	**3.7%**	**4.6%**	**5.5%**
HEALTH & BEAUTY CARE	**$78,504.36**	**$14,165.68**	**1.2%**	**2.4%**	**0.1%**
Baby Needs	1,606.11	178.76	-1.8	-3.3	-3.8
Children's Cologne	75.13	2.81	-9.7	-1.6	-3.9
Cosmetics	5,470.74	542.15	4.3	6.8	6.4
Cough and Cold Remedies	6,588.41	1,301.21	1.2	2.0	-4.9
Deodorants	2,245.25	567.60	-1.1	1.3	0.9
Diet Aids	662.80	190.82	-0.5	5.3	-15.4
Ethnic Hair Preparations	153.59	13.04	-1.9	-6.6	-8.7
Family Planning	624.83	112.72	0.4	-1.2	-2.5
Feminine Hygiene	548.01	95.19	0.1	-0.9	-2.6
First Aid	2,527.15	463.48	1.0	0.1	-2.0
Fragrances-Women's	1,254.11	39.63	2.2	1.6	-7.7
Grooming Aids	2,004.50	244.95	2.3	-0.7	1.2
Hair Care	7,360.34	1,579.53	0.0	2.4	-0.6
Medications and Remedies	12,878.06	2,154.50	1.4	0.1	2.0
Men's Toiletries	669.03	47.10	-4.0	-2.7	-4.0
Oral Hygiene	6,937.08	1,494.94	-0.9	1.5	0.1
Pain Remedies	3,595.99	798.31	-7.2	-2.4	-7.8
Sanitary Protection	2,403.99	608.69	-2.2	-0.3	-1.8
Shaving Needs	3,735.52	706.76	0.0	1.9	0.0
Skin Care Preparations	6,551.61	893.64	0.9	0.7	1.2
Vitamins	10,612.11	2,129.85	9.3	11.6	9.1
PHARMACY	**$222,317.14**	**14,005.98**	**2.7%**	**2.8%**	**3.0%**
GRAND TOTAL	**$1,898,398.44**	**$466,777.55**	**1.6%**	**3.4%**	**1.6%**

Note: Supermarkets include food stores with $2 million or more in sales (excluding supercenters)

Source: The Nielsen Co., total U.S., 52 weeks ending Dec. 22, 2013; *Progressive Grocer* Market Research, 2013