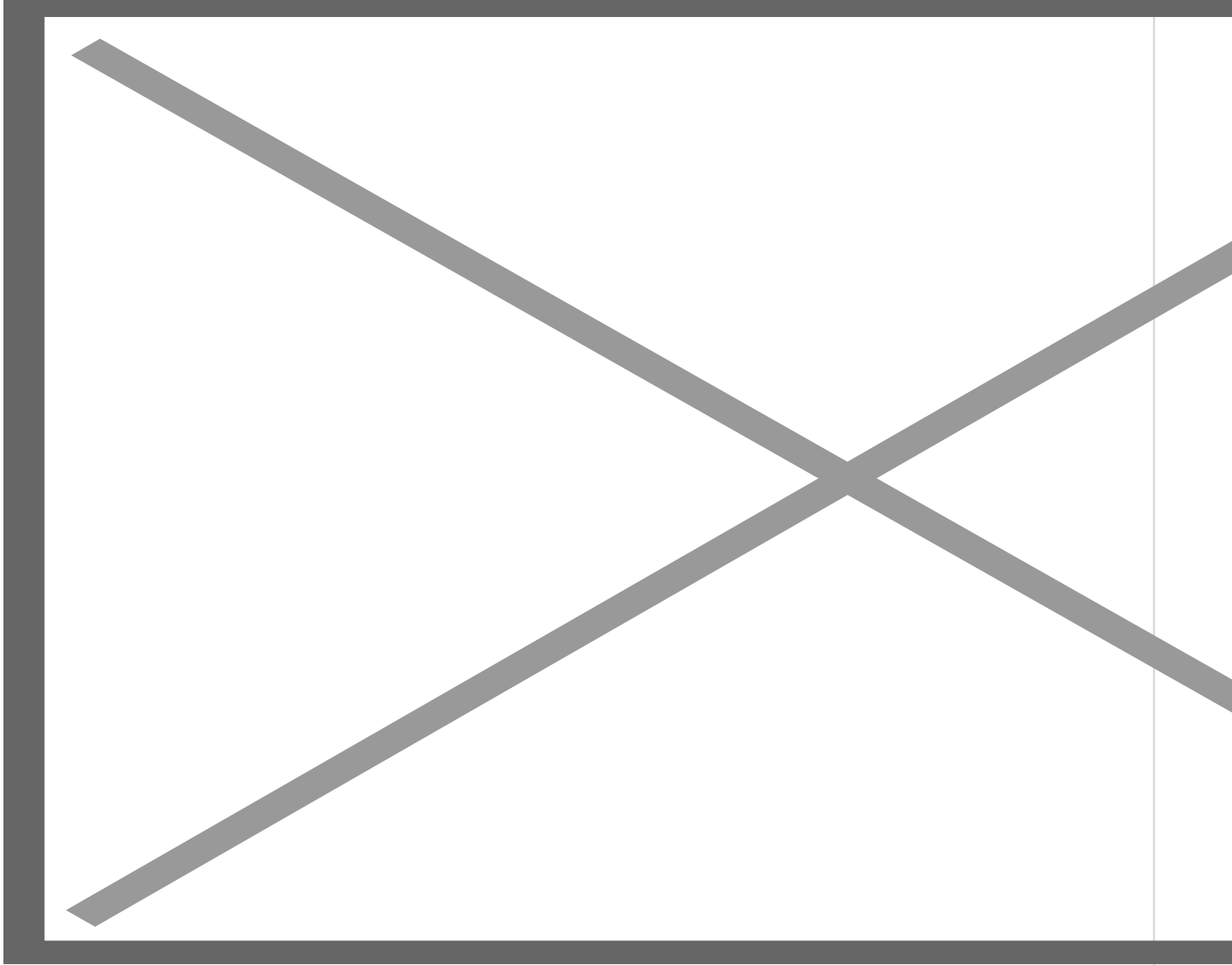


# *U.S. consumers brace for COVID-19 surge by hoarding food... again*

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People in U.S. are hoarding food again. (Photo: AP)

New York, October 30 (RHC)-- U.S. consumers who've worked their way through the trove of shelf-stable meals they frantically bought back in March are at it again. This time, food makers are prepared.

General Mills Inc., the maker of Cheerios and Annie's boxed mac and cheese, added 45 external production lines through contractors since the first round of pantry loading this spring. Campbell Soup Co. spent \$40 million to expand production of Goldfish crackers and is building capacity for chip brands like Cape Cod.

Conagra Brands Inc. boosted third-party manufacturing and warehousing, while Stonyfield Farm, a producer of organic dairy products, is buying more milk from its direct supply network of farms.

America's food-makers are determined not to get caught flatfooted again. Many companies left sales on the table this spring when they couldn't ramp up production fast enough for the dried pasta and canned soups that skittish consumers were stockpiling.

Food producers used a calmer summer to assess the new grocery landscape and rework their strategies. Now, with COVID-19 cases climbing again and big holiday meals getting closer, investors are waiting to see whether it will be enough.

They won't have to wait long to find out. Signs point to another round of stockpiling already starting.

Demand for items like baking goods spiked 3,400% from a year earlier in the three weeks through October 13th, according to Centricity Inc., a platform that tracks online activity like searches and e-commerce.

Mike Brackett, Centricity's chief executive officer, said that's less than the 6,000% jump that preceded the first wave of pantry loading, but he expects this one to hit a wider range of products beyond canned goods and other staples. "In the last three to four weeks, we've seen very drastic increases, similar to how we did with the first wave of the pandemic," Brackett said.

The fresh pantry loading comes as U.S. hospitalizations hit a two-month high last week as 37 states reported increased numbers. Parts of Europe and Latin America have also seen a rise in cases. While food companies insist they are better prepared than before, some shortages persist.

Raley's, a West Sacramento-based grocer with nearly 130 locations, is still only filling an average of 70% to 75% of its orders. That's better than the 40% it was filling at the peak of the pandemic, said Paul Gianetto, senior vice president of sales and merchandising, but the retailer is still seeing constraints in access to some packaged foods.

To keep shelves from looking scarce, Raley's is ordering more private-label brands ahead of an expected rush on holiday essentials like baking supplies and sauces. It expects the rush to start earlier this year, and it plans to hold 20% more inventory than normal for some under-supplied categories.

"There is definitely a lot of hoarding that's being anticipated that's already causing a little strain," Gianetto said in an interview. "The real thick of it is going to be those 10 to 14 days prior to Thanksgiving."

Vivek Sankaran, chief executive officer of Albertsons Cos., which operates Safeway, Vons and other grocery chains, also said the company is stocking up on more Thanksgiving items. It's still difficult to get items like cleaning sprays and wipes, hot dogs and flour, he said.

"There will be greater demand this holiday season than last holiday season. We're increasing the amount of supply," Sankaran said.

The longer-term hurdle for food companies will be to rebuild inventories that were depleted in the spring amid strong sales. While the next round of pantry loading may be easier than the last one, General Mills doesn't expect its inventories to normalize until next June. That's because consumers are still snapping

up as much food as they can, pressuring companies across the industry.

“We are pretty much selling everything we can make,” said Sean Connolly, chief executive officer at Healthy Choice parent Conagra. “As long as demand remains very elevated, and if there is an additional uptick, that will just further stretch the supply that can be produced.”

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