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Ahold Delhaize CEO says 'sticky' pandemic habits help grocery sales

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Ahold Delhaize saw more than a 60 percent increase in online sales during the second quarter, and while the company saw its overall Q2 sales in the U.S. drop from what they were during last year's pandemic-fueled stockpiling, a two-year comparison shows nearly 20 percent growth.

"While communities across our markets reopened during Q2, food-at-home demand remained very resilient," said Frans Muller, president and CEO of Ahold Delhaize. "Many of the habits formed by consumers during the COVID-19 pandemic in 2020 are proving sticky, aided by our initiatives to improve our omnichannel offerings for consumers. This drove group net sales of \$21.5 billion in the quarter and was exemplified by the acceleration in the group two-year comparable sales stack in Q2 to 16.4 percent, versus growth of 14.4 percent in full year 2020. The two-year comparable sales stack growth rates were strong in both of our regions, but particularly in the U.S."

The company's U.S. comparable sales excluding gasoline declined 1.5 percent in the second quarter, as they were unfavorably impacted by the lapping of significant consumer stock-up activity related to COVID-19 in 2020, when comparable sales excluding gasoline grew 20.6 percent in the second quarter. On a two-year comparable sales stack basis for Q2 2021, growth was 19.1 percent.

"We continue to be in a strategically stronger position in 2021 relative to the time before the COVID-19 pandemic began," said Muller. "Our investments in our online proposition continue to serve us well. In Q2, net consumer online sales continued to grow, coming on top of the very robust growth profile from the same quarter last year. During the quarter, we added 86 new click-and-collect locations in the U.S."

In Q2, online sales in the segment were up 61 percent in constant currency, driven by continued expansion of click-and-collect facilities and the FreshDirect acquisition. Excluding the FreshDirect acquisition, U.S. online sales grew 29 percent in constant currency, building on top of the significant 126.8 percent growth in the same quarter last year.

"We are pleased with our Q2 performance. During the quarter, associates in all our brands and businesses continued to work tirelessly in a rapidly shifting environment, marked by the gradual reopening of the economies across our markets. We remain grateful to them for their hard work and dedication to serving customers and communities. In Q2, our brands, together with suppliers, remained focused on fulfilling their vital role in society by maintaining food and product supplies to local communities," said Muller.

"We continue to make progress in elevating our Healthy and Sustainable strategy," said Muller. "We have made commitments in the areas of healthier choices, product transparency, waste reduction and climate impact. In the U.S., 52.4 percent of our Q2 sales are healthy, earning the Guiding Stars 1, 2, or 3 rating. This is in support of our company-wide ambition to raise sales of healthy own-brand products to 51 percent by the end of 2022; in 2020 we reached 49.8 percent."

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