

Fresh Mushroom Sales Review; 4 weeks ending 2.20.2022

## **Dollars, Units and Volume Performance**

Inflation continued to accelerate in February, boosting produce dollars but pressuring volume sales. Total produce department revenue reached $5.6 billion in the four weeks ending February 20, 2022, which was up 5.0% over the comparable period last year and up 17.0% versus 2019. However, units (transactions) were down 4.3% and volume (pounds) decreased by 5.0% year-on-year. This translates into a 10-percentage point gap between dollars and pounds.

For virtually all areas in produce, today’s performance story is determined by the three-way combination of the level of inflation, ability to meet product demand and the sales results in the first pandemic year. Many produce items, mushrooms included, are not lacking from consumer demand but rather the supply chain is struggling to meet the demand due to labor, transportation and other issues. Additionally, the greater the early pandemic spikes, the harder the road to continued growth. Fresh mushrooms trended in the top 10 produce categories with absolute dollar growth for 52 straight weeks, creating a tough path for continued gains, especially in the light of limited supply.

For the four weeks ending February 20, 2022, fresh mushroom dollars decreased 6.8% year-over year and volume declined by 11%. However, January 2021 fresh mushrooms dollar and volume sales exceeded the pre-pandemic levels. This illustrates that demand is really on par with, if not ahead of, normal levels. A shift has taken place to larger package sizes, illustrated by the difference in volume (+1.6%) and units (-1.0%). The package size analysis showed above-average strength for 16-ounce packages.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Fresh mushrooms | 4 weeks ending 2/20/2022 | Vs. 2021 | Vs. 2020 | Building CY thru 2/20/2022 | Vs. 2021 | Vs. 2020 |
| Dollars | $105.8 million | -6.8% | +8.7% | $216.6 million | -6.5% | +8.5% |
| Units | 37.7 million | -10.5% | -1.0% | 85.8 million | -10.5% | -1.8% |
| Volume (pounds) | 23.7 million | -11.0% | +1.6% | 48.2 million | -11.0% | +0.9% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 2/20/2022

Fresh mushroom sales during the first four weeks of the year were consistently around $28 million or 6 million pounds per week. Both dollars and pounds trended down a little on a per week basis, to a low of $25.3 million in the week ending February 20, 2022. Volume trended below the 2020 levels during the final two weeks of the period but were very strong during the first two weeks.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Fresh mushrooms | Dollar sales | Dollar gains vs. 2021 | Dollar gains vs. 2020 | Volume sales | Volume gains vs. 2021 | Volume gains vs. 2020 |
| 4 w.e. 2/20/2022 | **$105.8M** | **-6.8%** | **+8.7%** | **23.7M** | **-11.0%** | **+1.6%** |
| w.e. 1/30/2022 | $27.4M | -5.5% | +13.8% | 6.1M | -9.8% | +6.0% |
| w.e. 2/6/2022 | $26.6M | -7.3% | +11.3% | 5.9M | -11.4% | +3.2% |
| w.e. 2/13/2022 | $26.6M | -7.4% | +5.5% | 6.0M | -11.9% | -0.7% |
| w.e. 2/20/2022 | $25.3M | -6.8% | +4.3% | 5.7M | -10.7% | -2.0% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 2/20/2022

## **Inflation**

The total produce performance was heavily impacted by inflation in the quad week and year-to-date views. Produce prices increased 9.8% during the four weeks ending February 20th on a per unit basis and 10.6% on a per pound basis. Fruit had the higher inflation but even vegetables increased to an average of $1.92 per pound, up 6.0% versus year ago in the four-week period.

The increases in the price per unit and the price per pound for mushrooms during this same time period were far below average. The average price per volume for fresh mushrooms increased 4.7% during the four-week period versus 6.0% for total vegetables. While inflation is below average, that does make mushroom a higher ring item than many other produce items on both a per unit and per volume basis. The unit price increase was similar, at +4.2% to an average of $2.81.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Fresh mushrooms | 4 w.e. 2/20/2022 | Vs. 2021 | Vs. 2020 | Building CY thru 2/20/2022 | Vs. 2021 | Vs. 2020 |
| Price/unit | $2.81 | +4.2% | +9.7% | $2.82 | +4.5% | +10.4% |
| Price/volume | $4.47 | +4.7% | +7.0% | $4.50 | +5.0% | +7.5% |

Fresh mushroom dollar and pounds were promoted less often. Less than 15% of dollars were promoted, down 4.2% from year ago when merchandising levels were down as well. In comparison, 21% of vegetable dollars were generated by items on promotion.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Fresh mushrooms | 4 w.e. 2/20/2022 | Vs. 2021 | Building CY thru 2/20/2022 | Vs. 2021 |
| Share of dollars sold on promotion | 14.8% | -4.2% | 12.9% | -14.9% |
| Share of pounds sold on promotion | 17.4% | -12.1% | 14.8% | -15.9% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 2/20/2022

## **Performance by segment**

White mushrooms represented 51.9% of total fresh mushroom sales and 59.0% of pounds in the four-week period. However, it was brown mushrooms, the combination of criminis and portabellas, that fared better. Brown mushrooms increased 15.4% in dollar sales versus two years ago (pre-pandemic) and 8.7% in volume. As such, brown mushrooms were solely responsible for driving volume gains versus 2020.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **4 weeks ending 2/20/2022** | **Dollars** | **Dollar share** | **$ sales vs. 2021** | **$ sales vs. 2020** | **Volume (lbs)** | **Lbs****share** | **Lbs vs. 2021** | **Lbs vs. 2020** |
| **Total fresh mushrooms** | **$105.8M** | **100.0%** | **-6.8%** | **+8.7%** | **23.7M** | **100.0%** | **-11.0%** | **+1.6%** |
| White mushrooms | $54.9M | 51.9% | -7.8% | +4.1% | 14.0M | 59.0% | -11.6% | -1.8% |
| Brown mushrooms | $42.6M | 40.2% | -5.1% | +15.4% | 8.8M | 37.3% | -9.7% | +8.7% |
| Specialty mushrooms | $8.4M | 7.9% | -8.3% | +7.7% | 0.9M | 3.7% | -12.9% | -8.5% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 2/20/2022

## **Additional observations:**

* Fixed versus random weight performance: The vast majority of fresh mushroom sales are fixed weight that also had the better dollar, unit and volume performance. While fixed weight was down 5.8% in the four-week period, random weight (loose/bulk) was down 16.9%.
* Organic versus conventional: Organic dollar sales made up 10.0% of total fresh mushroom sales in the four weeks. Organic mushrooms dollars increased year-on-year (+0.3%), but units and pounds were down.
* Cut/prepared versus whole mushrooms: Cut or prepared mushrooms made up 51.5% of dollar sales in the four-week period. Mushrooms without preparation had the better performance.

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 2/20/2022