

Fresh Mushroom Sales Review; 4 weeks ending 3.20.2022

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

Produce inflation continued to take the headlines in the four weeks ending March 20, 2022 versus the same period in 2021. Produce department sales reached $5.6 billion during the four-week period, which was up 5.0%. However, gains were inflation-driven with units down 4.9% and volume down 4.8% year-on-year. This translates in a continued 10-percentage point gap between dollars and pounds for total produce. Despite the inflationary boost, sales did not reach the incredible peaks of March 2020: two of the biggest weeks in the history of grocery retailing due to panic buying in advance of nationwide shelter-in-place mandates.

That means the performance story for produce in general, and mushrooms specifically, continues to be driven by the three-way combination of the level of inflation, ability to meet product demand and the sales results in the first and second pandemic years. 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 were among the top 10 produce categories in 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 March 20, 2022, fresh mushroom dollars decreased 4.7% year-over year and volume declined by 9.1%. However, when compared with the pre-pandemic normal of 2019, both dollars (+10.6%) and volume (+0.9%) still trended positively.

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| Fresh mushrooms | 4 weeks ending 3/20/2022 | Vs. 2021 | Vs. 2020 | Building CY thru 3/20/2022 | Vs. 2021 | Vs. 2020 |
| Dollars | $101.9 million | -4.7% | -6.9% | $318.4 million | -6.0% | +3.0% |
| Units | 36.5 million | -8.3% | -13.1% | 113.2 million | -9.8% | -5.7% |
| Volume (pounds) | 22.9 million | -9.1% | -12.1% | 79.3 million | -10.4% | -3.7% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 3/20/2022

The effect of going up against the two record 2020 weeks is clearly seen in the week-by-week view below. Whereas the first two weeks in the review period trended positively versus 2020, both dollars and pounds decreased by double digits once reaching the week ending March 13th and 20th — the panic buying weeks of 2020. Compared to the first eight weeks of the year, dollars trended down a little on a per week basis, to around $25 million. Volume ranged from 5.5 to 5.9 million pounds.

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| 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. 3/20/2022 | **$101.9M** | **-4.7%** | **-6.9%** | **22.9M** | **-9.1%** | **-12.1%** |
| w.e. 2/27/2022 | $25.8M | -5.1% | +6.0% | 5.7M | -9.8% | -1.0% |
| w.e. 3/6/2022 | $25.9M | -5.0% | +2.2% | 5.8M | -9.3% | -4.9% |
| w.e. 3/13/2022 | $25.8M | -3.6% | -15.0% | 5.9M | -6.8% | -18.7% |
| w.e. 3/20/2022 | $24.4M | -5.1% | -17.0% | 5.5M | -10.6% | -21.1% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 3/20/2022

## **Inflation**

The total produce performance was heavily impacted by inflation in the quad week and year-to-date views. Total produce prices increased 9.8% during the four weeks ending March 20th on a per unit basis and 10.0% on a per pound basis. Fruit had the higher inflation but even vegetables increased to an average of $1.92 per pound, up 5.7% versus year ago in the four-week period. The increases in the price per pound for mushrooms during this same time period remained below average, at +4.9%. At the same time, at $2.79, the average ring for mushrooms is higher than that of many other vegetable categories for an overall average of $2.24 per unit.

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| Fresh mushrooms | 4 w.e. 3/20/2022 | Vs. 2021 | Vs. 2020 | Building CY thru 3/20/2022 | Vs. 2021 | Vs. 2020 |
| Price/unit | $2.79 | +3.9% | +7.1% | $2.81 | +4.3% | +9.3% |
| Price/volume | $4.45 | +4.9% | +6.0% | $4.48 | +5.0% | +7.0% |

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, 22.3% of vegetable dollars were generated by items on promotion, which was an increase of 5.7% versus year ago.

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| Fresh mushrooms | 4 w.e. 3/20/2022 | Vs. 2021 | Building CY thru 3/20/2022 | Vs. 2021 |
| Share of dollars sold on promotion | 14.8% | -4.2% | 14.0% | -9.5% |
| Share of pounds sold on promotion | 17.4% | -4.4% | 16.2% | -9.6% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 3/20/2022

## **Performance by segment**

White mushrooms represented 51.8% of total fresh mushroom sales and 58.7% of pounds in the four-week period. However, it was brown mushrooms, the combination of criminis and portabellas, that fared better. While sales for brown mushrooms was down versus 2020 and 2021 as well, the decreases were far less pronounced.

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| **4 weeks ending 3/20/2022** | **Dollars** | **Dollar share** | **$ sales vs. 2021** | **$ sales vs. 2020** | **Volume (lbs)** | **Lbs****share** | **Lbs vs. 2021** | **Lbs vs. 2020** |
| **Total fresh mushrooms** | **$101.9M** | **100.0%** | **-4.7%** | **-6.9%** | **22.9M** | **100.0%** | **-9.1%** | **-12.1%** |
| White mushrooms | $52.8M | 51.8% | -5.6% | -11.2% | 13.4M | 58.7% | -10.2% | -15.5% |
| Brown mushrooms | $41.2M | 40.4% | -3.0% | -0.9% | 8.6M | 37.6% | -7.0% | -5.3% |
| Specialty mushrooms | $8.0M | 7.8% | -7.2% | -6.0% | 0.8M | 3.7% | -11.8% | -20.1% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 3/20/2022

## **Additional observations:**

* Fixed versus random weight performance: Fixed weight represented 95.4% of dollars and 96.2% of volume in the quad-week period. Fixed weight also had the better dollar, unit and volume performance. While fixed weight was down 3.8% in the four-week period, random weight (loose/bulk) was down 16.4%.
* Organic versus conventional: Organic dollar sales made up 12.6% of total fresh mushroom sales in the four weeks. Organic mushrooms dollars increased year-on-year (+0.9%), but units and pounds were down.
* Cut/prepared versus whole mushrooms: Cut or prepared mushrooms made up 53.8% of dollar sales in the four-week period. Mushrooms without preparation had the better performance, down -2.4% year-on-year versus -6.1% for cut/value-added mushrooms.

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 3/20/2022