

Fresh Mushroom Sales Review; Q1 & 4 w.e. 4.17.2022

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

In the first quarter of 2022, total food and beverages dollar sales grew 6.2%, while units were down 3.4%. The produce department reached $18.2 billion in sales in the first three months of the year. This was up 4.7% from the first quarter of 2021, however, pound sales were down 4.8%. The difference is a good indication for inflation that dominated the headlines across virtually all categories. The average price per volume across fruits and vegetables reached $1.89, up 9.9% versus the first quarter of 2021.

Inflation is one of the four major undercurrents that are driving performance in the current marketplace. Aside from consumer engagement and inflation, performance is also driven by the producers’ 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, packaging, production inputs 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.

In the first three months of 2022, mushrooms reached $343 million in sales. This was down from 2021, but up against 2020 and 2019. During the four weeks ending April 17, sales were down in going up against the enormous sales spikes of late March and early April in 2020.

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| Fresh mushrooms | Q1 2022 | Vs. 2021 | Vs. 2020 | V.  2019 | 4 w.e. 4/17/22 | Vs.  2021 | Vs. 2020 | Vs. 2019 |
| Dollars | $343M | -5.8% | +2.2% | +10.6% | $101M | -3.2% | -11.7% | +9.5% |
| Units | 122M | -9.6% | -6.1% | -1.1% | 36M | -7.3% | -16.8% | -1.8% |
| Volume (pounds) | 77M | -10.2% | -4.3% | +1.0% | 25M | -8.8% | -16.9% | -0.4% |

Source: IRI, Integrated Fresh, MULO, 4 and 13 weeks ending 4/17/2022 (Q1)

The effect of going up against the two record 2020 weeks is clearly seen in the week-by-week view below. Importantly, both dollar and volume sales were very consistent — which shows the different in growth percentage lies in the performance of the past two years, not in varying demand in 2022. Additionally, it is important to note the impact of Easter. Easter fell the first weekend of April in 2021, which is why that week is down the most, at -8.2% in dollars and -13.7% in pounds. In 2022, Easter fell during the last week in the reporting period and created a slight bump in both pounds and dollars.

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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. 4/17/2022 | **$101M** | **-3.2%** | **-11.7%** | **24.5M** | **-8.8%** | **-16.9%** |
| w.e. 3/27/2022 | $25.0M | -3.8% | -6.8% | 6.1M | -7.5% | -11.0% |
| w.e. 4/3/2022 | $25.0M | -8.2% | -14.8% | 6.4M | -13.7% | -20.4% |
| w.e. 4/10/2022 | $25.0M | +0.1% | -15.4% | 5.9M | -7.4% | -21.2% |
| w.e. 4/17/2022 | $26.1M | -0.5% | -9.3% | 6.1M | -6.2% | -14.6% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 4/17/2022

## **Inflation**

The total produce performance was heavily impacted by inflation in the quad week and first-quarter views. Total produce prices increased nearly 10% during the first quarter of 2022 versus 2021 on a per unit and per pound basis. 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 $2.81, the average ring for mushrooms is higher than that of many other vegetable categories for an overall average of $2.54 per unit.

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| Fresh mushrooms | Q1  2022 | | Vs. 2021 | Vs. 2020 | 4 w.e. 4/17/2022 | Vs. 2021 | Vs. 2020 |
| Price/unit produce | | $2.54 | +9.8% | +12.1% | $2.37 | +9.4% | +13.0% |
| Price/unit mushrooms | | $2.81 | +4.2% | +8.9% | $2.71 | +4.4% | +6.2% |
| Price/pound produce | | $1.89 | +9.9% | +14.9% | $1.90 | +10.0% | +19.4% |
| Price/pound mushrooms | | $4.48 | +4.9% | +6.8% | $4.52 | +6.1% | +6.3% |

Fresh mushroom dollar and pounds were promoted less often. Year-to-date, less than 15% of dollars were promoted, down 4.4% from year ago when merchandising levels were down as well. In comparison, 27% of vegetable dollars were generated by items on promotion, which was an increase of 1.6% versus year ago.

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| Year-to-date through 4/17/2022 | Total produce | | Vs. 2021 | Total mushrooms | Vs. 2021 |
| Share of dollars sold on promotion | | 27.3% | +1.6% | 14.6% | -4.4% |
| Share of pounds sold on promotion | | 28.3% | 0.0% | 16.7% | -4.5% |

Source: IRI, Integrated Fresh, MULO, YTD through week ending 4/17/2022

## **Performance by segment**

White mushrooms represented 53.7% of total fresh mushroom sales and 61.1% 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 4/17/2022** | **Dollars** | **Dollar share** | **$ sales vs. 2021** | **$ sales vs. 2020** | **Volume (lbs)** | **Lbs**  **share** | **Lbs  vs. 2021** | **Lbs vs. 2020** |
| **Total fresh mushrooms** | **$101.0M** | **100.0%** | **-3.2%** | **-11.7%** | **22.4M** | **100.0%** | **-8.8%** | **-16.9%** |
| White mushrooms | $54.2M | 53.7% | -3.1% | -17.2% | 13.6M | 61.1% | -8.3% | -20.9% |
| Brown mushrooms | $41.1M | 40.7% | -2.1% | -4.8% | 8.3M | 37.0% | -9.0% | -10.1% |
| Specialty mushrooms | $5.7M | 5.6% | -11.3% | -1.3% | 0.4M | 1.9% | -18.5% | -7.1% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 4/17/2022

## **Additional observations:**

* Fixed versus random weight performance: Fixed weight represented 95.2% of dollars and 95.1% of volume in the quad-week period. Fixed weight also had the better dollar, unit and volume performance. While fixed weight was down 2.6% in the four-week period, random weight (loose/bulk) was down 12.7%.
* Organic versus conventional: Organic pound sales made up 9.5% 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 50.2% of pound sales in the four-week period. Mushrooms without preparation had the better performance, down -0.6% year-on-year versus -5.3% for cut/value-added mushrooms.
* Source: IRI, Integrated Fresh, MULO, 4 weeks ending 4/17/2022