

Fresh Mushroom Sales Review; YTD and 4 w.e. 7.10.2022

Inflation has dominated the trade and consumer headlines since early fall of last year and the four weeks ending July 10th were no different. According to the June edition of the IRI monthly survey of primary shoppers:

* The 40-year high inflation is creating a complex pattern of marketplace trends, including cooking from scratch one day and leaning on value-added solutions the next. Likewise, consumers are seamlessly switching between value and premium. The share of home-prepared meals continued to average around 79-80%, but is higher among low-income shoppers, at 81.7%, versus high-income shoppers, at 76.7%.
* Concern over inflation reached its most widespread level yet, at 93% of all grocery shoppers. Up from 50% in the fall, 81% of grocery shoppers made changes to what and where they purchased in June. Additionally, 95% of shoppers are concerned about the higher gas prices and 72% changed their driving habits because of it, from trying to stock up more to delaying road trips.
* Sales specials, while popular, are still far below pre-pandemic levels and consumers are taking notice: 59% say fewer of the items they want are on sale and 43% say items are not discounted as much as before.
* Restaurant engagement in June was virtually unchanged from spring levels: 55% of consumers got restaurant takeout in June and 52% dined on-premise. An additional 19% had restaurant food delivered.
* The level of new COVID-19 cases no longer appears to have a significant impact on whether people shop in-store or online. Less than one-quarter of Americans are extremely concerned about COVID-19 as of June. In-store trips are holding at a high 87% of total trips.

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

The price per unit across all food and beverages increased 12.7% during the four weeks ending July 10th, 2022 versus the same four weeks in 2021 and +24.7% versus 2019. Dollar sales trended in the positive for most departments, boosted by high inflation, but units and volume remained suppressed. Produce department sales reached $6.2 billion during the four-week period, which was up 2.2% -- a continued deceleration from prior months. Units were down -5.6% and volume sales (pounds) were down 4.9% year-on-year. During the four-week period, fresh mushroom dollars decreased 2.7% year-on-year. Volume declined by 10.8% -- slightly less than the -11.5% in the prior four-week period. Year-to-date, dollars were down less than 5%.

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| Fresh mushrooms | 4 weeks ending 7/10/2022 | Vs. 2021 | Vs. 2020 | Building CY thru 7/10/2022 | Vs. 2021 | Vs. 2020 |
| Dollars | $91.8 million | -2.7% | -13.7% | $701 million | -4.8% | -7.9% |
| Units | 31.5 million | -9.8% | -21.0% | 246 million | -9.6% | -14.8% |
| Volume (pounds) | 19.6 million | -10.8% | -21.1% | 154 million | -10.5% | -14.3% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 7/10/2022

Dollar sales during each of the individual weeks averaged $22-$24 million. In comparison to last year, dollars were 2.7% behind across the quad-week period. In pounds, the individual weeks hovered around 5 million pounds and the four-week period was down 10.8% versus year ago. Father’s Day week (June 19th) was the largest week of the four.

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| Fresh mushrooms | Dollar sales | Dollar gains vs. 2021 | Dollar gains vs. 2019 | Volume sales | Volume gains vs. 2021 | Volume gains vs. 2019 |
| 4 W.E. 07-10-22 | **$91.8M** | **-2.7%** | **+10.0%** | **19.6M** | **-10.8%** | **-2.3%** |
| W.E. 06-19-22 | $23.7M | -2.8% | +13.7% | 5.0M | -12.0% | +0.1% |
| W.E. 06-26-22 | $22.3M | -2.7% | +10.1% | 4.8M | -10.0% | -0.8% |
| W.E. 07-03-22 | $23.5M | -2.8% | +7.3% | 5.0M | -11.0% | -5.4% |
| W.E. 07-10-22 | $22.3M | -2.3% | +9.2% | 4.8M | -10.1% | -2.8% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 7/10/2022

## **Inflation**

The total produce performance was heavily impacted by inflation in the quad week and year-to-date views. Total produce prices increased to $2.64, up 9.2% during the four weeks ending June 12th on a per unit basis. Vegetables increased to an average of $2.22 per unit, up 10.2% versus year ago in the four-week period. The increases in the price per unit for mushrooms during this same time period remained below the total vegetable average, at +7.4%. At the same time, at $2.91, the average ring for mushrooms is higher than that of many other vegetable categories.

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| Fresh mushrooms | 4 w.e. 7/10/2022 | Vs. 2021 | Vs. 2020 | Building CY thru 7/10/2022 | Vs. 2021 | Vs. 2020 |
| Price/unit | $2.91 | +7.4% | +8.5% | $2.83 | +4.9% | +8.1% |
| Price/volume | $4.65 | +8.3% | +9.3% | $4.52 | +5.9% | +7.2% |

Fresh mushroom dollar and pounds were promoted less often all year, but that changed this quad-week period. More than 21% of pounds were promoted, an increase of 23% versus the same four weeks year ago. Total vegetable promotions increased by 10.2% during the four-week period to 23.4% of dollars.

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| Fresh mushrooms | 4 w.e. 7/10/2022 | Vs. 2021 | Building CY thru 7/10/2022 | Vs. 2021 |
| Share of dollars sold on promotion | 17.5% | +15.5% | 15.2% | -2.8% |
| Share of pounds sold on promotion | 21.3% | +23.0% | 17.9% | -0.3% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 7/10/2022

## **Performance by segment**

White mushrooms represented 53.6% of total fresh mushroom dollars and 60.9% of pounds. Whites were down the least year-on-year. Brown mushrooms, the combination of criminis and portabellas, and specialty mushrooms still sold more pounds than in 2019, while whites drove the overall decline.

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| **4 weeks ending 7/10/2022** | **Dollars** | **Dollar share** | **$ sales vs. 2021** | **$ sales vs. 2019** | **Volume (lbs)** | **Lbs****share** | **Lbs vs. 2021** | **Lbs vs. 2019** |
| **Total fresh mushrooms** | $91.8M | 100.0%  | -2.7% | +10.0% | 19.6M | 100.0%  | -10.8% | -2.3% |
| White mushrooms | $49.2M | 53.6% | -1.9% | +3.7% | 12.0M | 60.9% | -9.9% | -6.8% |
| Brown mushrooms | $38.0M | 41.4% | -2.3% | +17.8% | 7.3M | 37.4% | -11.6% | +5.7% |
| Specialty mushrooms | $4.6M | 5.0% | -13.3% | +22.7% | 0.3M | 1.7% | -23.2% | +3.5% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 7/10/2022

## **Additional observations:**

* Fixed versus random weight performance: Fixed weight represented 94.9% of dollars and had the better dollar, unit and volume performance.
* Organic versus conventional: Organic mushrooms made up 12.9% of total fresh mushroom sales in the four weeks. Organic mushrooms dollars increased year-on-year (+2.6%), but units and pounds were down.
* Cut/prepared versus whole mushrooms: Cut or prepared mushrooms made up 53.1% of dollar sales in the four-week period. Mushrooms without preparation had the better performance, down -3.4% year-on-year.
* Package size: eight-ounce packages had the strongest performance in dollars, units and volume.

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 7/10/2022