

Fresh Mushroom Sales Review; YTD and 4 w.e. 8.7.2022

## **The Marketplace**

High inflation is continuing to challenge life’s puzzle to balance time/convenience, healthfulness and money. Inflation is having a profound impact on shopping and consumption patterns with prolonged unit and volume pressure across categories in center store, frozen and fresh. According to the July IRI survey:

* Virtually all, 96%, of consumers are concerned about food cost inflation and 93% are concerned about the higher gas prices. Budgetary restraints are real: 45% of American households describe their financial situation as being worse than a year ago; 43% are having some or a lot of difficultly affording needed groceries; and 34% feel their financial situation one year from now will look worse than it does today.
* Eight in 10 grocery shoppers made changes to what and where they purchased. The dominant changes are looking for sales specials (49%), skipping non-essentials (44%), finding coupons (31%) and buying more private or other low-cost brands (32%). Despite the high gas prices, 17% cherry pick specials across retailers and 15% now do some of their shopping at lower-cost retailers.
* The share of home-prepared meals dropped to its lowest point in several years, at a consumer-estimated 78.2% of all meals. Eighty percent of consumers ordered from or ate at restaurants in July. More than half, 54%, have ordered restaurant takeout and 49% have dined in. At the same time, three-quarters of consumers make strategic choices to save when ordering restaurant-prepared food.
* Online shopping jumped up in July to 19% of trips, fueled by shopping convenience and as way to control the total basket spend.

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

While the July Consumer Price Index generated by the Bureau of Labor Statistics moderated some month-over-month, this was predominantly driven by price declines in gasoline and airline tickets. Grocery prices increased further. Per IRI data, total food and beverages increased 13.7% for the four weeks ending August 7th 2022 versus the comparable weeks in 2021. Prices increased 26.2% versus the same four weeks in 2019. Produce inflation was slightly lower, at an average of 10.3% year-on-year. Fresh produce sales reached $6.0 billion during the four-week period, which was up 5.4% versus last year. However, gains were inflation-driven with units down 4.4% and volume down 4.7% year-on-year. Additionally, pound sales were flat (-0.1%) against 2019.

For the four weeks ending August 7th, 2022, fresh mushroom dollars decreased 3.6% year-over year and volume declined by 11.2%. When compared with the pre-pandemic normal of 2019, dollars were 7.8% higher while volume was down 4.4%.

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| Fresh mushrooms | 4 weeks ending 8/7/2022 | Vs. 2021 | Vs. 2019 | Building CY thru 8/7/2022 | Vs. 2021 | Vs. 2019 |
| Dollars | $88 million | -3.6% | +7.8% | $789 million | -4.7% | +9.9% |
| Units | 30 million | -10.8% | -6.7% | 276 million | -9.8% | -2.7% |
| Volume (pounds) | 19 million | -11.2% | -4.4% | 173 million | -10.6% | -0.8% |

Source: IRI, Integrated Fresh, MULO, YTD and 4 weeks ending 8/7/2022

Weekly sales for mushrooms averaged between $21.7 and $22.2 million and pounds ranged from 4.6 million to 4.8 million. Traditionally, the August 7th quad-week period has represented the lowest share of annual volume. With the assumption that prior-year sales patterns would hold, pounds were expected to be down from the prior quad-week period but are likely to increase in the remaining time periods of 2022 (see forecast tab).

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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. 8/7/2022 | **$88.0M** | **-3.6%** | **+7.8%** | **18.9M** | **-11.2%** | **-4.4%** |
| w.e. 7/17/2022 | $22.2M | -3.1% | +10.1% | 4.8M | -11.0% | -2.1% |
| w.e. 7/24/2022 | $22.0M | -3.2% | +10.0% | 4.7M | -9.6% | -1.7% |
| w.e. 7/31/2022 | $21.7M | -4.4% | +5.4% | 4.6M | -12.7% | -7.5% |
| w.e. 8/7/2022 | $22.1M | -3.7% | +6.0% | 4.7M | -11.3% | -6.4% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 8/7/2022

## **Inflation**

The total produce performance remained heavily impacted by inflation. Year-on-year, total produce prices increased 10.3% during the four weeks ending August 7th on a per unit basis and 10.6% on a per pound basis. The average unit price for vegetables jumped to $2.05, up 9.7%. The increase in the price per unit for mushrooms remained below average, at +8.0%.

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| Fresh mushrooms | 4 w.e. 8/7/2022 | | Vs. 2021 | Vs. 2019 | Building CY thru 8/7/2022 | Vs. 2021 | Vs. 2020 |
| Price/unit | | $2.70 | +8.0% | +15.5% | $2.70 | +5.6% | +13.0% |
| Price/volume | | $4.66 | +8.5% | +12.8% | $4.56 | +6.6% | +10.8% |

Following two years of little promotional activity, 12.1% more fresh mushroom pounds were sold on promotion in the latest quad weeks versus year ago. This brought the share of pounds sold on promotion to 21.1%.

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| Fresh mushrooms | 4 w.e. 8/7/2022 | | Vs. 2021 | Building CY thru 8/7/2022 | Vs. 2021 |
| Share of dollars sold on promotion | | 17.5% | +5.3% | 15.5% | -0.9% |
| Share of pounds sold on promotion | | 21.1% | +12.1% | 18.3% | +1.7% |

Source: IRI, Integrated Fresh, MULO, YTD and 4 weeks ending 8/7/2022

## **Performance by segment**

White mushrooms represented 52.3% of total fresh mushroom sales and 59.7% of pounds in the four-week period. However, it was brown mushrooms, the combination of criminis and portabellas, that fared better with 7.4% pound growth over the 2019 levels, whereas white mushrooms were down 11%.

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| **4 weeks ending 8/7/2022** | **Dollars** | **Dollar share** | **$ sales vs. 2021** | **$ sales vs. 2019** | **Volume (lbs)** | **Lbs**  **share** | **Lbs  vs. 2021** | **Lbs vs. 2019** |
| **Total fresh mushrooms** | **$88M** | **100.0%** | **-3.6%** | **+7.8%** | **18.9M** | **100.0%** | **-11.2%** | **-4.4%** |
| White mushrooms | $46M | 52.3% | -5.6% | -1.1% | 11.3M | 59.7% | -12.3% | -11.0% |
| Brown mushrooms | $37M | 42.4% | -0.7% | +18.8% | 7.3M | 38.6% | -8.9% | +7.4% |
| Specialty mushrooms | $5M | 5.3% | -5.8% | +27.2% | 0.3M | 1.8% | -17.1% | +5.9% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 8/7/2022

## **Additional observations:**

* Packaged vs. bulk: Pre-packaged represented 95.5% of pounds and outperformed bulk in dollars/pounds.
* Organic vs. conventional: Organic mushrooms made up 10.8% of pounds and 13.8% of dollars. Organic far outperformed conventional in dollars, units and volume.
* Cut/prepared versus whole mushrooms: Cut or prepared mushrooms made up 53.6% of dollar sales in the four-week period. Mushrooms without preparation had the better performance.  
  Source: IRI, Integrated Fresh, MULO, 4 weeks ending 8/7/2022