

Fresh Mushroom Sales Review; YTD and 4 w.e. 9.4.2022

## **The Marketplace**

Inflation remained a major undercurrent for the latest retail performance results covering the four weeks ending September 4, 2022. Food and beverage prices rose even further to +14.5% year-on-year and +26.2% versus 2019, the pre-pandemic level.

* Consumers are feeling the pain and 32% of American households are having difficulty affording needed groceries, according to the August IRI shopper survey.
* Widespread worry about the elevated gasoline prices (89% of consumers) and food inflation (94%), is prompting shoppers to pull back on units and volume across categories as a way to save.
* Total food and beverage unit sales trailed 2019 by 5% during the quad-week period. Units in the fresh perimeter were down 4%, including down results for staples such as chicken, beef, bakery and dairy.
* Eight in 10 consumers made changes to where, what and how they bought groceries. The dominant changes are looking for sales specials (50%), skipping non-essentials (41%), finding coupons (31%) and buying more private or other low-cost brands (31%).
* Despite the high gas prices, 15% cherry pick specials across retailers and 15% now do some of their shopping at lower-cost retailers. This has resulted in traditional grocery losing share whereas value formats, including supercenters and club, have been gaining ground.
* In-person trips remain prevalent, at 85%, with the remainder equally divided between click-and-collect and delivery. Takeout is biggest in restaurant trips, with 54% of consumers having orders meals to go.

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

The high inflation is driving a bigger gap between dollars and volume for most departments, including produce. Per IRI data, total fresh departments experienced an 8.4% increase in dollars, but 4.1% decline in units during the quad-week period, with price inflation of 13.1% versus year ago. Fresh produce sales reached $5.9 billion during the four-week period, which was up 4.8% versus last year. However, gains were inflation-driven with units down 4.8% and volume down 5.4% year-on-year.

For the four weeks ending September 4th, 2022, fresh mushroom dollars decreased 4.2% year-over year and volume declined by 12.2%. When compared with the pre-pandemic normal of 2019, dollars were 9.6% higher while volume was down 1.4%.

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| Fresh mushrooms | 4 weeks ending 9/4/2022 | Vs. 2021 | Vs. 2019 | Building CY thru 9/4/2022 | Vs. 2021 | Vs. 2019 |
| Dollars | $89 million | -4.2% | +6.6% | $878 million | -4.7% | +9.6% |
| Units | 30 million | -12.2% | -8.1% | 307 million | -10.0% | -3.3% |
| Volume (pounds) | 19 million | -12.2% | -6.0% | 192 million | -10.7% | -1.4% |

Source: IRI, Integrated Fresh, MULO, YTD and 4 weeks ending 9/4/2022

Weekly sales for mushrooms averaged between $22.1 and $22.7 million, which was an improvement for each when compared to the prior quad week period. Total pounds increased slightly compared to the prior quad-week as well — following prior-year patterns that show an increase in mushroom sales from August through the end of the year (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. 9/4/2022 | **$89.0M** | **-4.2%** | **+6.6%** | **18.9M** | **-12.2%** | **-6.0%** |
| w.e. 8/14/2022 | $22.1M | -4.0% | +6.6% | 4.7M | -11.9% | -6.5% |
| w.e. 8/21/2022 | $22.3M | -3.8% | +8.4% | 4.8M | -11.3% | -3.3% |
| w.e. 8/28/2022 | $22.1M | -3.8% | +5.3% | 4.6M | -12.7% | -7.0% |
| w.e. 9/4/2022 | $22.7M | -5.3% | +5.9% | 4.8M | -13.0% | -7.0% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 9/4/2022

## **Inflation**

While mushroom prices increased by 9.1% versus year ago in the latest quad-week period, they continue to track behind the rate of increase for total vegetables (+10.5%), produce (+10.1%) and the total fresh perimeter (+13.1%) that includes produce, meat, seafood, bakery, deli and dairy.

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| Fresh mushrooms | 4 w.e. 9/4/2022 | Vs. 2021 | Vs. 2019 | Building CY thru 9/4/2022 | Vs. 2021 | Vs. 2019 |
| Price/unit | $2.95 | +9.1% | +15.9% | $2.86 | +5.9% | +13.2% |
| Price/volume | $4.71 | +9.1% | +13.3% | $4.57 | +7.7% | +11.6% |

Despite inflation, promotional activity remained low, at 15.0% of total dollars and 17.8% of total pounds sold. Promotional levels remain subdued for all of fresh produce as well as total food and beverages.

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| Fresh mushrooms | 4 w.e. 9/4/2022 | Vs. 2021 | Building CY thru 9/4/2022 | Vs. 2021 |
| Share of dollars sold on promotion | 15.0% | -3.0% | 15.4% | -1.2% |
| Share of pounds sold on promotion | 17.8% | -3.7% | 18.2% | +1.1% |

Source: IRI, Integrated Fresh, MULO, YTD and 4 weeks ending 9/4/2022

## **Performance by segment**

White mushrooms represented 52.0% of total fresh mushroom sales and 59.3% of pounds in the four-week period. However, it was brown mushrooms, the combination of criminis and portabellas, that fared better with 5.6% pound growth over the 2019 levels, whereas white mushrooms were down 12.5%.

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| **4 weeks ending 9/4/2022** | **Dollars** | **Dollar share** | **$ sales vs. 2021** | **$ sales vs. 2019** | **Volume (lbs)** | **Lbs****share** | **Lbs vs. 2021** | **Lbs vs. 2019** |
| **Total fresh mushrooms** | **$89M** | **100.0%** | **-4.2%** | **+6.6%** | **18.9M** | **100.0%** | **-12.2%** | **-6.0%** |
| White mushrooms | $46M | 52.0% | -7.0% | -2.6% | 11.2M | 59.3% | -14.4% | -12.5% |
| Brown mushrooms | $38M | 42.5% | -0.7% | +18.1% | 7.3M | 38.8% | -8.8% | +5.6% |
| Specialty mushrooms | $5M | 5.5% | -4.2% | +23.6% | 0.4M | 1.9% | -11.7% | +3.2% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 9/4/2022

## **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 10.7% 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.
* Package size: Eight-ounce packages are, by far, the biggest seller and had the best performance of all sizes.

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 9/4/2022