

Fresh Mushroom Sales Review; YTD and 4 w.e. 10.2.2022

## **The Marketplace**

Life remained home-centric in September with 78% of meal occasions prepared at home. Food and beverage prices rose +14.3% year-on-year and +27.2% versus 2019, the pre-pandemic level — keeping the majority of food dollars at retail, according to the September IRI primary shopper survey.

* 94% of Americans are concerned about inflation and 78% are making changes to their grocery shopping, including what they buy, how much and where.
* 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.
* More people are looking for sales specials (49%) and merchandising levels are starting to pick up a bit.
* Other top measures focus on cutting back on non-essentials and sticking to the budget — pressuring units and volume. Total food and beverage unit sales trailed 2019 by 4.1% in September.
* The sales patterns for the fresh produce department were the same: dollars up, units and volume down year-on-year. Additionally, fresh fruit and vegetables lost share to frozen and canned as consumers emphasized price and shelf-life.
* Potatoes were not only the number one vegetable seller, but also the top growth contributor. Other typical recessionary choices came on strong as well including onions, lettuce and bananas.
* 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. Fresh produce sales reached $5.7 billion in September, which was up 3.7% versus last year. However, gains were inflation-driven with units down 4.9% and volume down 5.6% year-on-year. This means fresh produce units are declining less than pounds, which points to people shifting to smaller pack sizes.

For the four weeks ending October 2nd, 2022, fresh mushroom dollars decreased 3.5% year-over year and volume declined by 11.3%. Year-to-date, dollars were down 4.2% versus year ago and pounds 10.5%.

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| Fresh mushrooms | 4 weeks ending 10/2/2022 | Vs. 2021 | Vs. 2019 | Building CY thru 10/2/2022 | Vs. 2021 | Vs. 2019 |
| Dollars | $91 million | -3.5% | +8.3% | $972 million | -4.2% | +9.8% |
| Units | 31 million | -11.7% | -8.2% | 338 million | -10.0% | -3.6% |
| Volume (pounds) | 19 million | -11.3% | -5.4% |  212 million | -10.5% | -1.4% |

Source: IRI, Integrated Fresh, MULO, YTD and 4 weeks ending 10/2/2022

Weekly sales for mushrooms averaged between $22.6 and $23.0 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). However, they do remain behind year-ago levels.

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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. 10/2/2022 | **$91.2M** | **-3.5%** | **+8.3%** | **19.2M** | **-11.3%** | **-5.4%** |
| w.e. 9/11/2022 | $22.7M | -4.2% | +8.1% | 4.8M | -12.8% | -6.0% |
| w.e. 9/18/2022 | $22.6M | -3.7% | +7.9% | 4.8M | -11.7% | -4.9% |
| w.e. 9/25/2022 | $22.9M | -3.0% | +9.9% | 4.9M | -10.5% | -4.1% |
| w.e. 10/2/2022 | $23.0M | -3.2% | +7.4% | 4.8M | -10.2% | -6.5% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 10/2/2022

## **Inflation**

While mushroom prices per unit increased by 9.3% versus year ago in the latest quad-week period, they continue to track behind the rate of increase for total vegetables (+10.2%) and produce (+8.2%).

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| Fresh mushrooms | 4 w.e. 10/2/2022 | Vs. 2021 | Vs. 2019 | Building CY thru 10/2/2022 | Vs. 2021 | Vs. 2019 |
| Price/unit | $2.99 | +9.3% | +18.0% | $2.88 | +6.4% | +13.8% |
| Price/volume | $4.75 | +8.8% | +14.5% | $4.59 | +7.0% | +11.4% |

Despite inflation, promotional activity remained low for fresh mushrooms, at 15.8% of total dollars and 18.8% of total pounds sold. Promotional levels for total fresh produce as well as total food and beverages are also up a bit year-on-year, but still below the 2019 pre-pandemic levels.

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| Fresh mushrooms | 4 w.e. 10/2/2022 | Vs. 2021 | Building CY thru 10/2/2022 | Vs. 2021 |
| Share of dollars sold on promotion | 15.8% | +4.5% | 15.4% | -0.8% |
| Share of pounds sold on promotion | 18.8% | +4.4% | 18.3% | +1.2% |

Source: IRI, Integrated Fresh, MULO, YTD and 4 weeks ending 10/2/2022

## **Performance by segment**

White mushrooms represented 51.5% 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 with 7.8% pound growth over the 2019 levels, whereas white mushrooms were down 12.8%.

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| **4 weeks ending 10/2/2022** | **Dollars** | **Dollar share** | **$ sales vs. 2021** | **$ sales vs. 2019** | **Volume (lbs)** | **Lbs****share** | **Lbs vs. 2021** | **Lbs vs. 2019** |
| **Total fresh mushrooms** | **$91M** | **100.0%** | **-3.5%** | **+8.3%** | **19.2M** | **100.0%** | **-11.3%** | **-5.4%** |
| White mushrooms | $47M | 51.5% | -7.1% | -1.5% | 11.3M | 58.7% | -14.2% | -12.8% |
| Brown mushrooms | $39M | 42.7% | -1.2% | +21.0% | 7.5M | 39.3% | -6.8% | +7.8% |
| Specialty mushrooms | $5M | 5.8% | -3.5% | +22.4% | 0.4M | 2.0% | -9.7% | +3.9% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 10/2/2022

## **Additional observations:**

* Packaged vs. bulk: Pre-packaged represented 95% of pounds and outperformed bulk in dollars/pounds.
* Package size: Eight-ounce packages are, by far, the biggest seller and had the best performance of all sizes.
* Organic vs. conventional: Organic mushrooms made up 10.8% of pounds but far outperformed conventional mushrooms in performance in dollars, units and volume.
* Cut/prepared versus whole mushrooms: Cut or prepared mushrooms made up 51.7% of pound sales in the four-week period. Mushrooms without preparation had the better performance.

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 10/2/2022