

Fresh Mushroom Sales Review; YTD and 4 w.e. 11.06.2022

## **The Marketplace**

Consumers estimate that they prepare more than 78% of meals at home, with elevated shares for lunch when compared to pre-pandemic.

* Leftovers, sandwiches and quick snacks rule the working-from-home lunch occasion, whereas restaurants rarely make it in the lineup.
* Concern about inflation remains high and 80% of Americans are shopping for groceries differently, including where and what they purchase. Sales specials and private brands are especially popular.
* Despite the high gas prices, 18% cherry pick specials across retailers, prompting a 2% increase in trips and a shift in channel shares.
* In total fresh, traditional grocery continues to have the largest share, at 33.2% of dollars in October 2022. However, this represents a 2.7 percentage points loss since 2019. Specialty/organic stores also lost share. The main beneficiaries of channel switching are mass/supercenter, club and online.
* 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 last year by 3.8% in October 2022.
* In-person trips remain prevalent, at 85%, with the remainder equally divided between click-and-collect and delivery.

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

The persistent high level of inflation is continuing the now familiar sales patterns for most departments around the store, including fresh produce: dollars up year-on-year, but units and volume down. However, the dollar gains for fresh produce were below that of total food and beverages as inflation is slowing down rapidly on the fruit side. Additionally, fresh fruit and vegetables lost share to frozen and canned as consumers emphasized price and shelf-life. Additionally, shoppers continued to shift to smaller pack sizes as evidenced by the difference in volume versus unit declines.

For the four weeks ending November 6th, 2022, fresh mushroom dollars decreased 2.8% year-over-year and volume declined by 10.2%. Year-to-date, dollars were down 4.0% versus year ago and pounds 10.4%. Dollars remained ahead of 2019 in both the shorter- and longer-term views, but pounds are now 1.8% behind those of 2019 in the year-to-date views and nearly 6% in the quad-week view versus pre-pandemic.

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| Fresh mushrooms | 4 weeks ending 11/06/2022 | Vs. 2021 | Vs. 2019 | Building CY thru 11/06/2022 | | Vs. 2021 | Vs. 2019 | |
| Dollars | $93 million | -2.8% | +7.5% | $1.1 billion | -4.0% | | | +9.7% | |
| Units | 31 million | -11.5% | -9.5% | 367 million | -10.1% | | | -4.1% | |
| Volume (pounds) | 20 million | -10.2% | -5.8% | 230 million | -10.4% | | | -1.8% | |

Source: IRI, Integrated Fresh, MULO, YTD and 4 weeks ending 11/06/2022

Weekly sales for mushrooms averaged between $22.8 and $23.6 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. 11/06/2022 | **$92.9M** | **-2.8%** | **+7.5%** | **19.5M** | **-10.2%** | **-5.8%** |
| w.e. 10/16/2022 | $23.2M | -2.6% | +9.0% | 4.8M | -10.4% | -4.6% |
| w.e. 10/23/2022 | $23.3M | -2.5% | +9.4% | 5.0M | -9.4% | -3.3% |
| w.e. 10/30/2022 | $22.8M | -3.7% | +6.9% | 4.8M | -11.7% | -6.5% |
| w.e. 11/06/2022 | $23.6M | -2.4% | +4.9% | 4.9M | -9.4% | -8.5% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 11/06/2022

## **Inflation**

Mushroom prices per unit increased by 9.8% versus year ago in the latest quad-week period. This means the rate of inflation jumped ahead of that for total fresh vegetables (+8.4%) and total fresh produce (+5.4%).

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| Fresh mushrooms | 4 w.e. 11/06/2022 | | Vs. 2021 | Vs. 2019 | Building CY thru 11/06/2022 | Vs. 2021 | Vs. 2019 |
| Price/unit | | $3.02 | +9.8% | +18.8% | $2.89 | +6.8% | +14.4% |
| Price/volume | | $4.76 | +8.3% | +14.1% | $4.61 | +7.2% | +11.7% |

Despite inflation, promotional activity remained low for fresh mushrooms, at 15.6% of total dollars and 19.0% 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. 11/06/2022 | | Vs. 2021 | Building CY thru 11/06/2022 | Vs. 2021 |
| Share of dollars sold on promotion | | 15.6% | -0.0% | 15.5% | -0.2% |
| Share of pounds sold on promotion | | 19.0% | +9.1% | 18.5% | +3.2% |

Source: IRI, Integrated Fresh, MULO, YTD and 4 weeks ending 11/06/2022

## **Performance by segment**

White mushrooms represented 50.8% of total fresh mushroom sales and 58.0% of pounds in the four-week period. However, it was brown mushrooms, the combination of criminis and portabellas, that fared better with 9.5% pound growth over the 2019 levels, whereas white mushrooms were down 14.2%.

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| **4 weeks ending 11/06/2022** | **Dollars** | **Dollar share** | **$ sales vs. 2021** | **$ sales vs. 2019** | **Volume (lbs)** | **Lbs**  **share** | **Lbs  vs. 2021** | **Lbs vs. 2019** |
| **Total fresh mushrooms** | **$92.9M** | **100.0%** | **-2.8%** | **+7.5%** | **19.5M** | **100.0%** | **-10.2%** | **-5.8%** |
| White mushrooms | $47.2M | 50.8% | -8.4% | -3.5% | 11.3M | 58.0% | -14.4% | -14.2% |
| Brown mushrooms | $40.0M | 43.1% | +3.6% | +22.2% | 7.8M | 39.9% | -4.1% | +9.5% |
| Specialty mushrooms | $5.7M | 6.1% | +5.2% | +19.0% | 0.4M | 2.1% | +3.8% | +0.5% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 11/06/2022

## **Additional observations:**

* Packaged vs. bulk: Pre-packaged represented 95.5% of pounds and outperformed bulk in dollars/pounds.
* Package size: Eight-ounce packages are, by far, the biggest seller and is outperforming 16 ounces in growth.
* Organic vs. conventional: Organic mushrooms made up 11.3% 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 48.8% of pound sales in the four-week period. Mushrooms without preparation had the better performance.

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 11/06/2022