

Fresh Mushroom Sales Review; YTD and 4 w.e. 12.4.2022

## **The Marketplace**

As one of the biggest food holidays in America, Thanksgiving sales make or break November for food retailing. It is also one of the biggest months for mushroom sales. According to the IRI shopper survey, COVID was less of a concern with party sizes normalizing, but inflation made its marks.

* One in five Americans were worried about being able to afford the type of Thanksgiving celebration they usually have because of inflation.
* Historically, many categories see significant lifts in the runup to Thanksgiving. While these patterns persisted, volume was down year-on-year in almost all categories. In the two weeks before Thanksgiving, prices were up more than 14% over year ago levels. Inflation did continue to drive dollar gains for most.
* The hybrid meal, mixing scratch cooking with semi- and fully-prepared items, represented two-thirds of Thanksgiving meals this year — underscoring the importance of mushrooms in deli-prepared options.
* Inflation plagues everyday grocery purchases also. A record-high 96% of consumers are concerned about the price increases in grocery and a record 84% are making changes to their grocery shopping to manage inflation. Popular money-saving measures are sales specials, cutting back on non-essentials and buying store brands. At the same time, 54% of shoppers say fewer of the items they want are on sale and 50% believe the items are not discounted as much.

## **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 4.2% year-on-year, but units (-1.0%) and volume (-1.3%) down. 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. 2022 saw fewer fresh produce department trips in 2022 and fewer units per trip. Fewer trips to the department altogether could be one of the underlying reasons for the lower engagement with fresh mushrooms as well — underscoring the importance of secondary displays.

For the four weeks ending December 4th, 2022, fresh mushroom dollars decreased 3.7% year-over-year and volume declined by 11.1%. Year-to-date, dollars were down 4.0% versus year ago and pounds 10.5%. Dollars remained ahead of 2019 in both the shorter- and longer-term views, but pounds are now 2.4% behind those of 2019 in the year-to-date views and 8.2% in the quad-week view versus pre-pandemic.

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| Fresh mushrooms | 4 weeks ending 12/4/2022 | Vs. 2021 | Vs. 2019 | Building CY thru 12/4/2022 | Vs. 2021 | Vs. 2019 |
| Dollars | $99 million | -3.7% | +4.8% | $1.2 billion | -4.0% | +9.3% |
| Units | 32 million | -12.7% | -11.3% | 399 million | -10.3% | -4.7% |
| Volume (pounds) |  21 million | -11.1% | -8.2% |  251 million | -10.5% | -2.4% |

Source: IRI, Integrated Fresh, MULO, YTD and 4 weeks ending 12/4/2022

Weekly sales for mushrooms averaged between $22.2 million and $27.1 million the week leading up to Thanksgiving. This was an improvement for each week when compared to the prior quad-week period. Total pounds increased 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). This quad week period is typically one of the biggest ones. While this was case, volume remained behind year-ago and 2019 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. 12/4/2022 | **$98.6M** | **-3.7%** | **+4.8%** | **20.7M** | **-11.1%** | **-8.2%** |
| w.e. 11/13/2022 | $23.5M | -3.9% | +5.1% | 4.9M | -12.6% | -8.5% |
| w.e. 11/20/2022 | $25.9M | -3.8% | +7.4% | 5.4M | -11.7% | -6.6% |
| w.e. 11/27/2022 | $27.1M | -1.8% | +1.5% | 5.8M | -9.0% | -10.2% |
| w.e. 12/4/2022 | $22.2M | -5.7% | +5.7% | 4.7M | -11.3% | -7.0% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 12/4/2022

## **Inflation**

Mushroom prices per unit increased by 10.3% 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 (+5.1%).

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| Fresh mushrooms | 4 w.e. 12/4/2022 | Vs. 2021 | Vs. 2019 | Building CY thru 12/4/2022 | Vs. 2021 | Vs. 2019 |
| Price/unit | $3.11 | +10.3% | +18.2% | $2.91 | +7.1% | +14.7% |
| Price/volume | $4.75 | +8.3% | +14.1% | $4.62 | +7.3% | +11.9% |

Promotional activity improved during the Thanksgiving period, at 16.4% of total fresh mushroom dollars and 20.3% 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. 12/4/2022 | Vs. 2021 | Building CY thru 12/4/2022 | Vs. 2021 |
| Share of dollars sold on promotion | 16.4% | +15.4% | 15.6% | +1.4% |
| Share of pounds sold on promotion | 20.3% | +16.3% | 18.6% | +0.4% |

Source: IRI, Integrated Fresh, MULO, YTD and 4 weeks ending 12/4/2022

## **Performance by segment**

White mushrooms represented 50.5% 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 8.6% pound growth over the 2019 levels, whereas white mushrooms were down 17.1%.

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| **4 weeks ending 12/4/2022** | **Dollars** | **Dollar share** | **$ sales vs. 2021** | **$ sales vs. 2019** | **Volume (lbs)** | **Lbs****share** | **Lbs vs. 2021** | **Lbs vs. 2019** |
| **Total fresh mushrooms** | **$98.6M** | **100.0%** | **-3.7%** | **+4.8%** | **20.7M** | **100.0%** | **-11.1%** | **-8.2%** |
| White mushrooms | $49.8M | 50.5% | -10.7% | -7.0% | 12.0M | 58.0% | -16.5% | -17.1% |
| Brown mushrooms | $42.7M | 43.3% | +4.7% | +21.9% | 8.3M | 39.9% | -2.8% | +8.6% |
| Specialty mushrooms | $6.1M | 6.2% | +3.5% | +11.5% | 0.4M | 2.2% | +5.0% | -2.4% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 12/4/2022

## **Additional observations:**

* 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 11.6% 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 46.2% of pound sales in the four-week period. Mushrooms without preparation had the better performance.

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 12/4/2022