

Fresh Mushroom Sales Review; 2022 and 4 w.e. 1.1.2023

## **The Marketplace**

The year ended the way it started, with inflation taking the headlines.

* According to the December IRI primary shopper survey, 93% believe groceries cost somewhat or a lot more than last year and 97% are somewhat or a lot concerned about it — lower-income households in particular.
* Inflationary pressure on income is real: 43% of consumers say their current financial situation is worse than last year. Additionally, 31% expect it to be worse a year from now versus 27% who believe it will be better.
* This has prompted a host of money-saving measures when buying groceries among 82% of Americans, such as buying what’s on sale (53%), cutting back on non-essentials (45%), looking for coupons (35%) and switching to store brand items (31%).
* December saw a sharp uptick in the estimated share of meals prepared at home to 81.5%. Holiday occasions as well as the recent increase in flu and COVID cases could be influencing factors.
* The share of households who purchased restaurant meals dropped from 80% in November to 76% in December. Takeout (52%) and eating on premise (46%) were the most common ways to purchase restaurant meals, with delivery more popular among younger consumers.
* Lunch is one of the areas where consumers are looking to save on restaurant meals. Among away-from-home workers, 38% packed lunch more often. At the same time, 25% looked for lower-cost options and 25% for what’s on sale when deciding what to take to work for lunch.

## **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. In 2022, the produce department reached $75 billion, up 4.8% year-on-year. However, pound sales were down 3.6% and fell below 2021 and 2020 levels. In the fourth quarter, 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. Total produce department patterns have an impact on commodity-specific patterns also.

For the four weeks ending January 1st, 2023, fresh mushroom dollars decreased 6.8% year-over-year and volume declined by 11.9%. In calendar year 2022, dollars were down 4.2% versus year ago and pounds 10.6%. Dollars remained ahead of 2019 in both the shorter- and longer-term views, but pounds are now 3.0% behind those of 2019 in the year-to-date views and 10.4% in the quad-week view versus pre-pandemic.

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| Fresh mushrooms | 4 weeks ending 1/1/2023 | Vs. 2021 | Vs. 2019 | 2022  | Vs. 2021 | Vs. 2019 |
| Dollars | $100 million | -6.8% | +2.0% | $1.3 billion | -4.2% | +8.6% |
| Units |  32 million | -14.4% | -14.4% | 431 million | -10.6% | -5.5% |
| Volume (pounds) |  21 million | -11.9% | -10.4% |  272 million | -10.6% | -3.0% |

Source: IRI, Integrated Fresh, MULO, YTD and 4 weeks ending 1/1/2023

Weekly sales for mushrooms peaked Christmas week, at $31.3 million versus the typical level of around $22.5 million. New Year’s week also saw an improvement over typical levels. However, pounds during the week of Christmas were 7.3% down versus year ago and 6.1% versus the 2019 pre-pandemic level. Sales patterns did hold, but at a lower level than typically seen during this time of year. Prior-year patterns 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.

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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. 1/1/2023 | **$100.2M** | **-6.8%** | **+2.0%** |  **21.2M** | **-11.9%** | **-10.4%** |
| w.e. 12/11/2022 | $22.5M | -6.2% | +6.4% |  4.8M | -11.8% | -6.4% |
| w.e. 12/18/2022 | $22.7M | -7.7% | -10.7% |  4.8M | -13.1% | -21.4% |
| w.e. 12/25/2022 | $31.3M | -2.0% | +20.3% |  6.7M | -7.3% | -6.1% |
| w.e. 1/1/2023 | $23.8M | -12.3% | -7.7% |  4.9M | -16.9% | -19.6% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 1/1/2023

## **Inflation**

Mushroom prices per unit increased by 8.8% 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 (+4.8%).

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| Fresh mushrooms | 4 w.e. 1/1/2023 | Vs. 2021 | Vs. 2019 | 2022  | Vs. 2021 | Vs. 2019 |
| Price/unit | $3.11 | +8.8% | +19.1% | $2.93 | +7.2% | +15.0% |
| Price/volume | $4.72 | +5.8% | +13.8% | $4.63 | +7.2% | +12.0% |

Promotional activity improved in December, at 15.5% of total fresh mushroom dollars and 19.3% of total pounds sold. This was quite a bit more than December last year.

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| Fresh mushrooms | 4 w.e. 1/1/2023 | Vs. 2021 | 2022  | Vs. 2021 |
| Share of dollars sold on promotion | 15.5% | +62.7% | 15.6% | +4.6% |
| Share of pounds sold on promotion | 19.3% | +84.4% | 18.7% | +8.1% |

Source: IRI, Integrated Fresh, MULO, YTD and 4 weeks ending 1/1/2023

## **Performance by segment**

White mushrooms represented 50.4 % of total fresh mushroom sales and 57.7% of pounds in the four-week period. However, it was brown mushrooms, the combination of criminis and portabellas, that fared better with 5.8% pound growth over the 2019 levels, whereas white mushrooms were down 19.0%.

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| **4 weeks ending 1/1/2023** | **Dollars** | **Dollar share** | **$ sales vs. 2021** | **$ sales vs. 2019** | **Volume (lbs)** | **Lbs****share** | **Lbs vs. 2021** | **Lbs vs. 2019** |
| **Total fresh mushrooms** | **$100.2M** | **100.0%** | **-6.8%** | **+2.0%** | **21.2M** | **100.0%** | **-11.9%** | **-10.4%** |
| White mushrooms | $50.5M | 50.4% | -12.4% | -9.2% | 12.3M | 57.7% | -16.2% | -19.0% |
| Brown mushrooms | $43.9M | 43.8% | +1.0% | +18.9% | 8.5M | 40.3% | -5.2% | +5.8% |
| Specialty mushrooms | $5.8M | 5.8% | -9.6% | +1.1% | 0.4M | 2.0% | -7.5% | -10.7% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 1/1/2023

## **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 10.7% 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 45.3% of pound sales in the four-week period. Mushrooms without preparation had the better performance.

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 1/1/2023