

Fresh Mushroom Sales Review; L-52 and 4 w.e. 1.29.2023

## **The Marketplace**

January brought a host of New Year’s resolutions. According to IRI, 40% of shoppers plan to eat healthier, 24% aim to get more sleep and 23% want to spend more time with friends/family. However, saving more money was the second most common resolution, at 35% — demonstrating that inflation continues to make its mark.

* 89% of consumers perceive the cost of groceries to be higher, of whom 96% are concerned about it.
* The top five consumer examples of having higher prices are eggs, milk, beef/pork, fresh produce, chicken/turkey and bread — despite meat and produce having below-average inflation.
* This is prompting continued money-saving measures when buying groceries among 79% of Americans, such as buying what’s on sale (49%), cutting back on non-essentials (41%), looking for coupons (33%) and switching to store brand items (31%).
* Special occasions remain a big opportunity for food retail in 2023, with 50% of Americans planning to celebrate Valentine’s Day, of whom 19% plan to cook a special meal at home and 15% planning to go out to a restaurant. Sixteen percent of consumers are staying home specifically to save money.
* Thinking ahead to the April holidays of Easter or Passover, 28% plan to prepare a special meal for the household and 30% will host or attend a meal with extended family or friends.
* Following the typical December uptick in the estimated share of meals prepared at home (81.5%), January’s estimated share dropped slightly to 80.0% of meals.

## **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 1.3% year-on-year, but units (-1.0%) and volume (-4.3%) down. The dollar gains for fresh produce were below that of total food and beverages, fully related to differences in inflation that continues to be below average for produce. Additionally, fresh fruit and vegetables lost share to frozen and canned as consumers emphasized price and shelf-life.

For the four weeks ending January 29th, 2023, fresh mushroom dollars decreased 9.9% year-over-year and volume declined by 14.2%. In the latest 52 weeks, dollars were down 4.5% and pounds 10.9%. Dollars remained ahead of 2020 in the longer-term view, but were down 0.5% in the short-term view. Pounds are now 4.1% behind those of 2020 in the latest 52 weeks and 12.1% in the quad-week view versus pre-pandemic.

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| Fresh mushrooms | 4 weeks ending 1/29/2023 | Vs. 2022 | Vs. 2020 | Latest 52 w.e. 1/29/2023 | Vs. 2022 | Vs. 2020 |
| Dollars | $100 million | -9.9% | -0.5% | $1.3 billion | -4.5% | +7.6% |
| Units |  33 million | -16.3% | -16.6% | 424 million | -11.2% | -6.9% |
| Volume (pounds) |  21 million | -14.2% | -12.1% |  269 million | -10.9% | -4.1% |

Source: IRI, Integrated Fresh, MULO, YTD and 4 weeks ending 1/29/2023

Weekly sales for mushrooms were very consistent, averaging between $24.3 million and $25.4 million, each week. Total pounds averaged between 5.1 and 5.3 million for each of the week. Bucking prior year patterns that show an increase in mushroom sales during this quad week period, volume was down slightly from the prior quad week period (see forecast tab).

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| Fresh mushrooms | Dollar sales | Dollar gains vs. 2022 | Dollar gains vs. 2020 | Volume sales | Volume gains vs. 2022 | Volume gains vs. 2020 |
| 4 w.e. 1/29/2023 | **$100.1M** | **-9.9%** | **-0.5%** | **21.1M** | **-14.2%** | **-12.1%** |
| w.e. 1/8/2023 | $25.2M | -9.9% | -4.1% | 5.3M | -13.7% | -14.6% |
| w.e. 1/15/2023 | $25.4M | -11.2% | -1.3% | 5.4M | -16.1% | -13.4% |
| w.e. 1/22/2023 | $25.1M | -7.5% | +2.4% | 5.3M | -11.7% | -9.4% |
| w.e. 1/29/2023 | $24.3M | -10.1% | +1.2% | 5.1M | -15.4% | -10.6% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 1/29/2023

## **Inflation**

Mushroom prices per unit increased by 7.7% versus year ago in the latest quad-week period. This means the rate of inflation jumped ahead of that for total fresh vegetables (+8.8%) and total fresh produce (+4.7%).

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| Fresh mushrooms | 4 w.e. 1/29/2023 | Vs. 2022 | Vs. 2020 | Latest 52 w.e. 1/29/2023 | Vs. 2022 | Vs. 2020 |
| Price/unit | $3.04 | +7.7% | +19.3% | $2.95 | +7.5% | +15.6% |
| Price/volume | $4.73 | +5.1% | +13.1% | $4.65 | +7.2% | +12.3% |

Promotional activity improved during the latest quad-week period, at 17.4% of total fresh mushroom dollars and 21.2% of total pounds sold. Promotional levels for total fresh produce as well as total food and beverages are also up as consumers are pulling back on units and volume across categories.

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| Fresh mushrooms | 4 w.e. 1/29/2023 | Vs. 2022 | Latest 52 w.e. 1/29/2023 | Vs. 2022 |
| Share of dollars sold on promotion | 17.4% | +41.8% | 16.1% | +8.9% |
| Share of pounds sold on promotion | 21.2% | +53.9% | 19.3% | +13.3% |

Source: IRI, Integrated Fresh, MULO, YTD and 4 weeks ending 1/29/2023

## **Performance by segment**

White mushrooms represented 49.4% of total fresh mushroom dollar sales and 56.7% of pounds in the four-week period. However, it was brown mushrooms, the combination of criminis and portabellas, that fared better with 3.3% pound growth over the 2020 levels, whereas white mushrooms were down 20.6%.

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| **4 weeks ending 1/29/2023** | **Dollars** | **Dollar share** | **$ sales vs. 2022** | **$ sales vs. 2020** | **Volume (lbs)** | **Lbs****share** | **Lbs vs. 2022** | **Lbs vs. 2020** |
| **Total fresh mushrooms** | **$100.1M** | **100.0%** | **-9.9%** | **-0.5%** | **21.1M** | **100.0%** | **-14.2%** | **-12.1%** |
| White mushrooms | $44.8M | 49.4% | -15.6% | -11.7% | 12.0M | 56.7% | -18.7% | -20.6% |
| Brown mushrooms | $5.8M | 44.8% | -1.9% | +15.6% | 8.7M | 41.3% | -7.3% | +3.3% |
| Specialty mushrooms | $49.4M | 5.8% | -14.4% | -0.2% | 0.4M | 2.0% | -14.4% | -12.6% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 1/29/2023

## **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 10.8% 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 48.0% of pound sales in the four-week period. Mushrooms without preparation had the better performance.

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 1/29/2023