

Fresh Mushroom Sales Review; YTD and 4 w.e. 2.26.2023

## **The Marketplace**

Inflation stayed in the spotlight in February 2023. Food and beverage prices rose double digits over last year’s double digits in both January (+13.2% vs. YA on a per unit basis) and February. This is prompting continued concern and a host of money-saving measures, especially among lower- and fixed-income households.

* 96% of consumers are concerned over the high cost of groceries, according to IRI. Eggs are the first and foremost example cited by consumers for being more expensive, followed by milk, beef/pork, fresh produce, chicken/turkey and bread. In reality, inflation in fresh meat and produce is far below average.
* Inflation is prompting continued grocery money-saving measures 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%). At the same time, consumers report seeing fewer items on sale (54%) and the items on sale not being discounted as much (45%).
* 45% stock up on certain items out of concern that prices may rise further or they might not be available.
* In-store shopping remained prevalent, at 85% of trips. Two-thirds of shoppers exclusively buy in-store, whereas 11% buy most or all groceries online.
* Special occasions remain a big opportunity for food retail in 2023. During the pandemic years, several foodservice holidays, such as Valentine’s Day and Mother’s Day, turned home-centric. This moved significant spending into retail, adding to holidays that were already mostly celebrated at home, such as Labor Day and the Fourth of July. Holidays typically boost spending far above a normal week with opportunities for departments around the store.

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

The persistent high level of inflation is continuing the now familiar sales patterns for most departments around the store. Total food and beverage sales increased 9.0% over the quad-week period, above that of fresh produce (+1.6%) and mushrooms (-6.9%). This was fully related to differences in inflation levels as all areas had declines in units and volume. Inflation is especially low on the fresh fruit side of the business.

For the four weeks ending February 26th, 2023, fresh mushroom dollars decreased 6.9% year-over-year and volume declined by 13.2%. Year-to-date, dollars were down 4.4% versus year ago and pounds 11.1%. Dollars remained ahead of 2020 in the longer-term view, but were down 0.7% in the short-term view. Pounds are now 5.4% behind those of 2020 in the year-to-date views and 13.4% in the quad-week view versus pre-pandemic.

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| Fresh mushrooms | 4 weeks ending 2/26/2023 | Vs. 2022 | Vs. 2020 | Latest 52 w.e. 2/26/2023 | Vs. 2022 | Vs. 2020 |
| Dollars | $97 million | -6.9% | -0.7% | $1.2 billion | -4.4% | +6.8% |
| Units | 31 million | -15.3% | -17.4% | 419 million | -11.5% | -8.2% |
| Volume (pounds) |  20 million | -13.2% | -13.4% |  266 million | -11.1% | -5.4% |

Source: IRI, Integrated Fresh, MULO, YTD and 4 weeks ending 2/26/2023

Weekly sales for mushrooms averaged between $23.6 million and $24.7 million, which was in line with the weekly levels of the past few months. Pound sales averaged between 5.7 and 5.9 million per week. The period-over-period sales trend fell back into the prior-year patterns (as seen on the forecasting tab) but remains well below 2019 levels at this point in terms of absolute pounds.

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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. 2/26/2023 | **$97.0M** | **-6.9%** | **-0.7%** | **20.3M** | **-13.2%** | **-13.4%** |
| w.e. 2/5/2023 | $24.4M | -8.4% | +2.1% | 5.9M | -14.7% | -11.9% |
| w.e. 2/12/2023 | $24.7M | -6.9% | -1.9% | 5.9M | -13.3% | -14.0% |
| w.e. 2/19/2023 | $23.6M | -6.7% | -2.7% | 5.7M | -14.2% | -15.9% |
| w.e. 2/26/2023 | $24.3M | -5.8% | -0.1% | 5.7M | -10.7% | -11.5% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 2/26/2023

## **Inflation**

Mushroom prices per unit increased by 9.9% versus year ago in the latest quad-week period. This means the rate of inflation jumped ahead of that for total fresh vegetables (+7.3%) and total fresh produce (+2.4%).

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| Fresh mushrooms | 4 w.e. 2/26/2023 | Vs. 2022 | Vs. 2020 | Latest 52 w.e. 2/26/2023 | Vs. 2022 | Vs. 2020 |
| Price/unit | $3.08 | +9.9% | +20.2% | $2.97 | +8.0% | +16.4% |
| Price/volume | $4.79 | +7.3% | +14.6% | $4.68 | +7.5% | +12.9% |

Promotional activity improved during the latest quad-week period, at 15.7% of total fresh mushroom dollars and 18.7% 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 2020 pre-pandemic levels.

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| Fresh mushrooms | 4 w.e. 2/26/2023 | Vs. 2022 | Latest 52 w.e. 2/26/2023 | Vs. 2022 |
| Share of dollars sold on promotion | 15.7% | +4.3% | 16.1% | +10.5% |
| Share of pounds sold on promotion | 18.7% | +9.9% | 19.4% | +12.6% |

Source: IRI, Integrated Fresh, MULO, YTD and 4 weeks ending 2/26/2023

## **Performance by segment**

White mushrooms represented 49.4% of total fresh mushroom 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 1.8% pound growth over the 2020 levels, whereas white mushrooms were down 22.0%.

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| **4 weeks ending 2/26/2023** | **Dollars** | **Dollar share** | **$ sales vs. 2022** | **$ sales vs. 2020** | **Volume (lbs)** | **Lbs****share** | **Lbs vs. 2022** | **Lbs vs. 2020** |
| **Total fresh mushrooms** | **$97.0M** | **100.0%** | **-6.9%** | **-0.7%** | **20.3M** | **100.0%** | **-13.2%** | **-13.4%** |
| White mushrooms | $47.9M | 49.4% | -13.4% | -12.1% | 11.5M | 56.7% | -18.3% | -22.0% |
| Brown mushrooms | $43.0M | 44.3% | +0.9% | +15.0% | 8.3M | 41.2% | -5.7% | +1.8% |
| Specialty mushrooms | $6.1M | 6.3% | -3.4% | +6.0% | 0.4M | 2.1% | -5.1% | -8.6% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 2/26/2023

## **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 10.4% 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 47.5% of pound sales in the four-week period. Mushrooms without preparation had the better performance — perhaps a cost-saving measure on behalf of consumers.

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 2/26/2023