

Fresh Mushroom Sales Review; 4 and 52 w.e. 3.26.2023

## **The Marketplace**

Inflation continued a long stretch of double-digit year-over-year increases in March 2023. The University of Michigan consumer confidence index dropped to 62 — the first decline in sentiment in four months as consumers increasingly expect a recession ahead, according to its March report. Widespread concern means continued money-saving measures, especially among lower- and fixed-income households.

* The survey found that 17% say their financial situation is a little or a lot better than last year, but 42% say they are a little or a lot worse off now than last year.
* Both the share of Americans applying money-saving measures (84%) and the number of measures taken (averaging 3-4 per household) sharpened in January and February of 2023. The most popular ways to save remained buying what’s on sale (54%), cutting back on non-essentials (47%), looking for coupons (35%) and switching to store brand items (29%).
* According to IRI, 29% of Americans worked from home one or more days per week in February 2023, down from 41% in February 2022 and 47% in February 2021. As more workplaces are expecting employees to work onsite one or more days a week, the struggle for time is likely going to intensify.
* Restaurant takeout and delivery are now bigger than onsite eating occasions: 50% of U.S. households have ordered takeout in the past few weeks versus 45% who ate on premise and 19% who ordered delivery.
* However, the vast majority of meals continue to be prepared at home, at a consumer-estimated 79.3%. The average is lower among Gen Z and younger Millennials, at 76.4% and peaks among Boomers at 81.3%.

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

Consumers’ money-saving measure have led to sustained unit and volume pressure for departments around the store. Total food and beverage dollar sales increased 7.1% over the quad-week period, but units were down 2.6%. Fresh produce has seen negative volume comp sales for more than 20 months running. In February, deflationary conditions in fruit did prompt a slight increase in pounds, but the improvement in fruit was negated by a larger decrease in units and volume in vegetables. For the four weeks ending March 26th 2023, fresh produce dollar sales were flat (+0.2%) and fresh mushroom sales were down -6.8% year-on-year.

Fresh mushrooms also experienced unit and volume declines during the shorter and longer time periods. Year-to-date, dollars were down 4.5% versus year ago and pounds -11.3%. Dollars remained ahead of 2020 in the longer-term view, but were down 15.7% in the short-term view. Pounds are now 7.7% behind those of 2020 in the year-to-date views and 24.7% in the quad-week view versus pre-pandemic.

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| Fresh mushrooms | 4 weeks ending 3/26/2023 | Vs. 2022 | Vs. 2020 | Latest 52 w.e. 3/26/2023 | | Vs. 2022 | Vs. 2020 | |
| Dollars | $94.4 million | -6.8% | -15.7% | $1.2 billion | -4.5% | | | +4.4% |
| Units | 31.3 million | -13.9% | -26.7% | 414.1 million | -12.0% | | | -10.5% |
| Volume (pounds) | 20.0 million | -12.2% | -24.7% | 263.3 million | -11.3% | | | -7.7% |

Source: IRI, Integrated Fresh, MULO, YTD and 4 weeks ending 3/26/2023

Weekly sales for mushrooms averaged between $22.9 million and $24.4 million, down slightly from the weekly levels of the past few months. Pound sales averaged between 4.9 and 5.1 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. 3/26/2023 | **$94.4M** | **-6.8%** | **-15.7%** | **20.0M** | **-12.2%** | **-24.7%** |
| w.e. 3/5/2023 | $24.4M | -6.5% | -3.8% | 5.1M | -11.7% | -15.6% |
| w.e. 3/12/2023 | $24.1M | -6.6% | -20.6% | 5.1M | -12.4% | -28.7% |
| w.e. 3/19/2023 | $22.9M | -6.2% | -22.1% | 4.9M | -11.1% | -29.9% |
| w.e. 3/26/2023 | $23.0M | -8.1% | -14.2% | 4.9M | -13.7% | -23.0% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 3/26/2023

## **Inflation**

Mushroom prices per unit increased by 8.2% versus year ago in the latest quad-week period. This means the rate of inflation jumped ahead of that for total fresh vegetables (+4.3%) and total fresh produce (+0.3%).

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| Fresh mushrooms | 4 w.e. 3/26/2023 | | Vs. 2022 | Vs. 2020 | Latest 52 w.e. 3/26/2023 | Vs. 2022 | Vs. 2020 |
| Price/unit | | $3.02 | +8.2% | +15.1% | $2.99 | +8.4% | +16.7% |
| Price/volume | | $4.72 | +6.2% | +11.9% | $4.70 | +7.7% | +13.2% |

Promotional activity increased during the latest quad-week period, at 19.9% of total fresh mushroom dollars and 23.3% 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 2020 pre-pandemic levels.

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| Fresh mushrooms | 4 w.e. 3/26/2023 | | Vs. 2022 | Latest 52 w.e. 3/26/2023 | Vs. 2022 |
| Share of dollars sold on promotion | | 19.9% | +13.2% | 16.3% | +9.9% |
| Share of pounds sold on promotion | | 23.3% | +10.8% | 19.6% | +12.3% |

Source: IRI, Integrated Fresh, MULO, YTD and 4 weeks ending 3/26/2023

## **Performance by segment**

White mushrooms represented 48.9% of total fresh mushroom sales and 56.3% of pounds in the four-week period. Brown mushrooms, the combination of criminis and portabellas, fared better than white mushrooms, though both showed volume pressure.

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| **4 weeks ending 3/26/2023** | **Dollars** | **Dollar share** | **$ sales vs. 2022** | **$ sales vs. 2020** | **Volume (lbs)** | **Lbs**  **share** | **Lbs  vs. 2022** | **Lbs vs. 2020** |
| **Total fresh mushrooms** | **$94.4M** | **100.0%** | **-6.8%** | **-15.7%** | **20.0M** | **100.0%** | **-12.2%** | **-24.7%** |
| White mushrooms | $46.1M | 48.9% | -14.2% | -26.8% | 11.3M | 56.3% | -18.0% | -32.8% |
| Brown mushrooms | $42.4M | 44.9% | +1.8% | -1.1% | 8.3M | 41.6% | -3.4% | -10.6% |
| Specialty mushrooms | $5.9M | 6.2% | -0.8% | -2.2% | 0.4M | 2.1% | -3.5% | -14.6% |

Source: IRI, Integrated Fresh, MULO, 4 weeks ending 3/26/2023

## **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 10.6% 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 47.7% 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 3/26/2023