**The Marketplace Fuels Private-Brand Growth**

## **The Marketplace**

Inflation has been the overarching driver of food shopping and consumption patterns for the better part of 18 months. The price increases are high on the shopper radar. The March Circana (formerly IRI and NPD) survey of primary grocery shoppers found that 92% of shoppers feel that they are paying more for groceries today than they did last year and 94% are concerned over the rising cost of food.

Widespread concern means continued money-saving measures. In March 2023, 80% of grocery shoppers applied money-saving measures (84%), averaging 3-4 per household, according to the Circana survey. The most popular ways to save remained buying what’s on sale (50%), cutting back on non-essentials (44%), looking for coupons (33%) and switching to store brand items (29%). The latter has fueled impressive sales growth for private-brand items across the store in 2022.

During the first three months of this year, store brands picked up right where they left off in 2022, with double-digit sales increases and greater market share in both dollars and units, according Circana in collaboration with the Private Label manufacturers Association (PLMA).

# **Private-Brand First Quarter Sales Findings**

**First quarter private-brand findings include:**

* Store-brand market shares rose to 19.1% of total store dollars and 20.8% of total units across all channels and items.
* Store-brand dollars increased 10.3% in the first quarter of 2023 versus the first three months of 2022 across all outlets. This was nearly twice the gain of national brands (+5.6%), compared to the same three-month period a year ago.
* Units were down for both store and manufacturer brands, but store brands fared significantly better. Unit sales for store brands were off 1.0% during the first quarter versus -3.9% for national brands.
* Areas with high private-brand growth include produce (+6.8% in dollar sales). In unit sales, only six departments improved, which also includes produce, that was up 0.8% year-on-year.

# **Mushroom Private-Brand First Quarter Sales Findings**

The performance for private and manufacturer brands in fresh mushrooms shows a similar disparity. During the 52 weeks ending March 26th 2023, private-brand mushroom dollar sales increased by 9.0%, whereas manufacturer brand sales decreased 21.7%. It is important to note that retailers making brand-related shifts in assortment can greatly influence the subsequent performance numbers.

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| Fresh mushrooms — dollars | Latest 52 weeks | Vs. YA | Vs. 2YA |
| Total | $1.261 billion | -4.5% | -12.6% |
| Private brands | $790.3 million | +9.0% | +1.9% |
| Manufacturer brands | $448.1 million | -21.7% | -30.2% |

Source: Circana, Integrated Fresh, MULO, YTD and 52 weeks ending 3/26/2023

Volume patterns are very similar, with private-brand fresh mushroom pounds up 3.3% year-on-year during the 52 weeks ending late March, whereas manufacturer-brand sales were down 29.3%.

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| Fresh mushrooms — pounds | Latest 52 weeks | Vs. YA | Vs. 2YA |
| Total | 263 million | -11.3% | -21.0% |
| Private brands | 169 million | +3.3% | -5.7% |
| Manufacturer brands | 94 million | -29.3% | -38.9% |

Source: Circana, Integrated Fresh, MULO, YTD and 52 weeks ending 3/26/2023

A comparison in movement between pounds and units over the past year shows that private brands had a slightly higher increase in pounds versus units — signaling a switch to larger pack sizes. The unit and pound movement for manufacturer brands was very similar, at -29.3% and -29.6%.

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| --- | --- | --- | --- |
| Fresh mushrooms — units | Latest 52 weeks | Vs. YA | Vs. 2YA |
| Total | 414 million | -12.0% | -21.6% |
| Private brands | 265 million | +2.5% | -6.5% |
| Manufacturer brands | 149 million | -29.6% | -10.0% |

Source: Circana, Integrated Fresh, MULO, YTD and 52 weeks ending 3/26/2023

# **Private Brand Growth by Mushroom Type**

Private brand growth was strongest for fresh crimini mushrooms, which showed robust growth in dollars and pounds over the past year.

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| Fresh mushrooms — private brands | Dollars latest 52 | Vs. YA | Vs. 2YA | Pounds latest 52 | Vs. YA | Vs. 2YA |
| Total | $790M | +9.0% | +1.9% | 169M | +3.3% | -5.7% |
| White | $389M | +5.8% | -3.4% | 98M | -0.1% | -10.7% |
| Cremini | $296M | +18.8% | +15.9% | 59M | +12.5% | +7.4% |
| Portabella | $60M | -5.8% | -14.1% | 9M | -10.6% | -19.6% |
| Shiitake | $37M | +16.3% | +42.2% | 2M | 11.6% | 35.8% |
| Oyster | $1M | -14.6% | -3.3% | 113K | -19.4% | -6.5% |
| Other | $7M | -37.5% | -67.3% | 1M | -20.0% | -47.6% |

Source: Circana, Integrated Fresh, MULO, YTD and 52 weeks ending 3/26/2023

# **Conclusion**

Mushroom sales are following the same patterns as the total store and total produce, with an above average performance for private-brand fresh mushrooms. At the same time, several larger retailers have moved to a greater share of private brand assortment — replacing manufacturer brands with store-brand packages, which would influence the sales numbers automatically.