

Fresh Mushroom Sales Review; 4 and 52 w.e. 4.23.2023

**NOTE —** In the process of understanding the root cause of the sustained volume pressure, Anne-Marie Roerink, our retail channel consultant, discovered a substantial data problem in the Circana/IRI system. Upon noticing that the Walmart loss of households and trips more than tripled that of grocery stores, she launched an investigation into whether these numbers could be correct. Based on her other category work in meat, candy, deli and other areas of the store, Walmart has been an above-average performer in the past two years virtually all categories, which red-flagged the mushroom finding. Knowing that Walmart had required all grower/shippers to switch to private brands focused the investigation on those 10 Walmart private brand SKUs. Walmart does not allow SKU level access to their private brand items, but collaborated with us and IRI to dig into the issue. It turns out that the two biggest Walmart SKUs have not been captured as they are coded incorrectly as cereal. With grower/shippers having started to change branded SKUs to Walmart brand SKUs in the fall of 2022 into February of 2023, this means a large amount of volume/dollars has not been captured in the past nine months, in particular. Given Walmart’s size, this improves the national averages by some 7 percentage points and likely more in Walmart-centric Midwest markets. Here is an estimate for how Total US reported trends would adjust (based on last 13 weeks):

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| Model | Dollar sales | Dollar sales YA | % Change vs YA |
| iFresh (US MULO) | $308,136,988 | $332,461,501 | -7.3% |
| iFresh (US MULO-estimate with fix) | $330,136,988 | $332,461,501 | -0.7% |

The SKU recode is in process but will not hit the data platform until 5/29. Rather than holding up the quad week data distribution, please be aware of the undercounting of Walmart sales in the 4/23/23 report and all reports going back. The minute the updated information is available, Anne-Marie will re-pull all data endings going back 52 weeks to ensure everyone can correct internal spreadsheets.

## **The Marketplace**

As high levels of inflation persist, so are consumers’ money-saving measures. Most categories around the grocery store have experienced unit and volume (pound) pressure for a minimum of 18 months and running. Fresh vegetable sales are no exception. In the first quarter of 2023, inflation boosted dollar gains, but units and volume dropped 2% to 3% behind the levels seen in the first quarter of 2022. Mushrooms were the tenth-largest seller and experienced a below-average unit and volume sales performance (Note: Walmart under-counting).

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| Q1 ‘23 vs. Q1 ‘22 | Dollars | $ vs. YA | Units | Units vs YA | Volume | Lbs vs. YA | PPP | PPP vs. YA |
| Vegetables | **$9.4B** | **3.5%** | **3.9B** | **-2.9%** | **4.6B** | **-2.5%** | **$2.05** | **6.1%** |
|  Tomatoes | $1.0B | 5.0% | 454M | -0.7% | 425M | -0.6% | $2.42 | 5.6% |
|  Potatoes | $997M | 12.6% | 261M | -3.4% | 989M | -5.0% | $1.01 | 18.6% |
|  Lettuce | $788 | 9.1% | 297M | -0.3% | 299M | -0.9% | $2.65 | 10.1% |
|  Salad kits | $781M | -0.2% | 202M | -7.2% | 133M | -5.2% | $5.86 | 5.2% |
|  Onions | $703M | 6.4% | 450M | -1.2% | 577M | 4.9% | $1.22 | 1.4% |
|  Peppers | $654M | 0.8% | 467M | -2.7% | 307M | -2.6% | $2.13 | 3.4% |
|  Cucumbers | $381M | 11.9% | 204M | 4.3% | 200M | 4.1% | $1.90 | 7.5% |
|  Carrots | $373M | 1.5% | 201M | -5.0% | 260M | -5.0% | $1.43 | 6.8% |
|  Broccoli | $343M | 3.9% | 120M | -5.6% | 133M | -5.6% | $2.59 | 10.0% |
|  Mushrooms | $316M | -7.6% | 104M | -14.9% | 66M | -13.0% | $4.75 | 6.1% |

Source: Circana, MULO, Total US, 13 weeks ending 4/2/2023

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

Total food and beverage dollar sales increased 5.6% over the quad-week period, but units were down 3.4%. Fresh produce has seen negative volume comp sales for 21 months running. In March, 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 April 23rd 2023, fresh produce dollar sales were flat (+0.1%) and fresh mushroom sales were down 7.8% year-on-year.

Fresh mushrooms also experienced unit and volume declines during the shorter and longer time periods. Year-to-date, dollars were down 4.8% versus year ago and pounds -11.3%. Dollars remained ahead of 2020 in the longer-term view, but were down 21.8% in the short-term view. Pounds are now 10.3% behind those of 2020 in the year-to-date views and 29.3% in the quad-week view versus pre-pandemic.

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| Fresh mushrooms | 4 weeks ending 4/23/2023 | Vs. 2022 | Vs. 2020 | Latest 52 w.e. 4/23/2023 | Vs. 2022 | Vs. 2020 |
| Dollars |  $91.8 million | -7.8% | -21.8% |  $1.2 billion | -4.8% | +1.5% |
| Units |  30.2 million | -13.5% | -31.6% |  409.5 million | -12.3% | -13.1% |
| Volume (pounds) |  19.6 million | -10.6% | -29.3% |  261.0 million | -11.3% | -10.3% |

Source: Circana, Integrated Fresh, MULO, YTD and 4 weeks ending 4/23/2023

Weekly sales for mushrooms averaged between $21.7 million and $24.8 million, down slightly from the weekly levels of the past few months. Easter week was substantially stronger than the weekly average, at 5.4 million pounds – underscoring that holiday periods continue to boost mushroom sales. 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. 4/23/2023 | **$91.8M** | **-7.8%** | **-21.8%** | **19.6M** | **-10.6%** | **-29.3%** |
| w.e. 4/2/2023 | $23.0M | -8.2% | -21.5% | 5.0M | 10.6% | -28.6% |
| w.e. 4/9/2023 | $24.8M | -1.3% | -16.1% | 5.4M | -2.0% | -22.5% |
| w.e. 4/16/2023 | $21.7M | -17.3% | -24.6% | 4.6M | -20.8% | -31.9% |
| w.e. 4/23/2023 | $22.4M | -3.6% | -24.9% | 4.7M | -8.4% | -34.0% |

Source: Circana, Integrated Fresh, MULO, 4 weeks ending 4/23/2023

## **Inflation**

Mushroom prices per unit increased by 6.6% versus year ago in the latest quad-week period. This means the rate of inflation jumped ahead of that for total fresh vegetables (+2.6%) and total fresh produce (+0.2%).

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| Fresh mushrooms | 4 w.e. 4/23/2023 | Vs. 2022 | Vs. 2020 | Latest 52 w.e. 4/23/2023 | Vs. 2022 | Vs. 2020 |
| Price/unit | $3.04 | +6.6% | +14.4% | $3.01 | +8.5% | +16.8% |
| Price/volume | $4.69 | +3.2% | +10.6% | $4.72 | +7.4% | +13.1% |

Promotional activity increased during the latest quad-week period, at 19.2% of total fresh mushroom dollars sold. Promotional levels for total fresh produce as well as total food and beverages are also up substantially year-on-year, but still below the 2020 pre-pandemic levels.

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| Fresh mushrooms | 4 w.e. 4/23/2023 | Vs. 2022 | Latest 52 w.e. 4/23/2023 | Vs. 2022 |
| Share of dollars sold on promotion | 19.2% | +23.9% | 16.6% | +12.0% |

Source: Circana, Integrated Fresh, MULO, YTD and 4 weeks ending 4/23/2023

## **Performance by segment**

White mushrooms represented 53.4% of mushroom dollars and 60.8% 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, especially in the light of going up against the early pandemic spikes in 2020.

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| **4 weeks ending 4/23/2023** | **Dollars** | **Dollar share** | **$ sales vs. 2022** | **$ sales vs. 2020** | **Volume (lbs)** | **Lbs****share** | **Lbs vs. 2022** | **Lbs vs. 2020** |
| **Total fresh mushrooms** | **$91.8M** | **100.0%** | **-7.8%** | **-21.8%** | **19.6M** | **100.0%** | **-10.6%** | **-29.3%** |
| White mushrooms | $45.6M | 53.4% | -14.2% | -31.9% | 11.3M | 60.8% | -15.6% | -36.4% |
| Brown mushrooms | $40.6M | 41.1% | -0.6% | -8.7% | 7.9M | 37.3% | -2.9% | -16.9% |
| Specialty mushrooms | $5.6M | 5.6% | +1.0% | -4.9% | 0.4M | 1.9% | -2.3% | -13.0% |

Source: Circana, Integrated Fresh, MULO, 4 weeks ending 4/23/2023

## **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 and are seeing dollar growth.
* Cut/prepared versus whole mushrooms: Cut or prepared mushrooms made up 46.2% of pound sales in the four-week period. Mushrooms without preparation had the better performance.

Source: Circana, Integrated Fresh, MULO, 4 weeks ending 4/23/2023