

Fresh Mushroom Sales Review; 4 and 52 w.e. 7.16.2023

## **The Marketplace**

Special occasions and celebrations are the number one reason for consumers to splurge a little. This resulted in noticeable sales spikes for many departments during the holiday weeks leading up to Memorial Day and the Fourth of July. During regular weeks, the consumer focus remains on saving money by buying less. Per Circana:

* While the rate of inflation has moderated in the past three months, 86% of consumers still perceive grocery prices as much higher (59%) or somewhat higher (27%) when compared to last year.
* The sustained increases in prices of groceries and beyond have 93% of consumers concerned.
* In response, 82% continue to make changes to what, how much, which brand and where they are shopping for groceries. Money-saving measures continue to be focused on capitalizing on sales promotions (51%) and cutting back on non-essentials (45%). One-third also looks for coupons more often.
* Outside of in-store signage, the grocery store app has become the number one way in which shoppers research promotions, followed by the printed circular (29%) and emails (27%).
* Sales specials are increasingly driving the meal lineup: 36% check what is on sales before making the shopping list and 27% check deals across more than one retailer.
* For the four weeks ending July 16th 2023, total food and beverage dollar sales increased 3.7% over the quad-week period, but units were down 2.0%.

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

Fruit inflation increased once more after several months of deflation. Vegetable prices continued to rise though at a slower rate. When regarding the latest 52 weeks, inflation boosted dollar sales by 3.2% but units and volume trailed behind the year-ago levels, at -1.0% and -1.9%, respectively. Fresh mushrooms experienced unit and volume declines during the shorter and longer time periods. In the latest four weeks, volume declines stayed around 3 points of year ago levels. Importantly, volume declines are moderating in comparison with the 52-week look that shows pounds down 5.9%.

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| Fresh mushrooms | 4 weeks ending 7/16/2023 | Vs. 2022 | Vs. 2020 | Latest 52 w.e. 7/16/2023 | Vs. 2022 | Vs. 2020 |
| Dollars |  $90.2 million | -2.2% | -14.0% |  $1.3 billion | -1.2% | -1.2% |
| Units |  30.7 million | -3.5% | -21.8% |  421.3 million | -6.2% | -12.9% |
| Volume (pounds) |  19.2 million | -3.2% | -21.7% | 272.0 million | -5.9% | -11.5% |

Source: Circana, Integrated Fresh, MULO, YTD and 4 weeks ending 7/16/2023

Weekly sales for mushrooms averaged between $22.0 million and $23.0 million in each of the four weeks. Sales were slightly higher the week of July Fourth — demonstrating that special occasions and holidays still drive slightly higher spending across categories, including mushrooms. The period-over-period sales trends continue to follow long-established patterns (as seen on the forecasting tab). During the summer months, sales tend to decrease quad week over quad-week period, and pounds start to gear back up after the back-to-school season.

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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. 7/16/2023 | **$90.2M** | **-2.2%** | **-14.0%** | **19.2M** | **-3.2%** | **-21.7%** |
| w.e. 6/25/2023 | $22.6M | -0.2% | -12.4% | 4.8M | -1.8% | -19.3% |
| w.e. 7/2/2023 | $23.0M | -3.7% | -16.4% | 4.9M | -2.4% | -23.3% |
| w.e. 7/9/2023 | $22.7M | -0.5% | -10.8% | 4.8M | -2.3% | -19.1% |
| w.e. 7/16/2023 | $22.0M | -4.2% | -16.1% | 4.7M | -6.3% | -24.9% |

Source: Circana, Integrated Fresh, MULO, 4 weeks ending 7/16/2023

## **Inflation**

Inflation in vegetables is moderating and mushrooms are following suit. Mushroom prices per unit increased by 1.4% versus year ago in the latest quad-week period. This is down from 5.3% in the 52-week view.

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| Fresh mushrooms | 4 w.e. 7/16/2023 | Vs. 2022 | Vs. 2020 | Latest 52 w.e. 7/16/2023 | Vs. 2022 | Vs. 2020 |
| Price/unit | $2.94 | +1.4% | +10.0% | $2.96 | +5.3% | +13.5% |
| Price/volume | $4.69 | +1.1% | +9.8% | $4.69 | +5.0% | +11.7% |

Moderation in price increases went hand-in-hand with an increase in promotional activity in the 52-week view. During the latest quad-week period 17.4% of total fresh mushroom dollars sold while on promotion, which was down about 6%.

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| Fresh mushrooms | 4 w.e. 7/16/2023 | Vs. 2022 | Latest 52 w.e. 7/16/2023 | Vs. 2022 |
| Share of dollars sold on promotion | 17.4% | -6.1% | 16.4% | +13.2% |

Source: Circana, Integrated Fresh, MULO, YTD and 4 weeks ending 7/16/2023

## **Performance by segment**

White mushrooms represented 52.4% of mushroom dollars and 59.8% of pounds in the four-week period. Brown mushrooms, the combination of criminis and portabellas, fared better than white mushrooms, with flat dollar sales versus year ago levels in both dollars and pounds. Pounds and dollars continue to shift toward brown mushrooms.

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| **4 weeks ending 7/16/2023** | **Dollars** | **Dollar share** | **$ sales vs. 2022** | **$ sales vs. 2020** | **Volume (lbs)** | **Lbs****share** | **Lbs vs. 2022** | **Lbs vs. 2020** |
| **Total fresh mushrooms** | **$90.2M** | **100.0%** | **-2.2%** | **-14.0%** | **19.2M** | **100.0%** | **-3.2%** | **-21.7%** |
| White mushrooms | $47.3M | 52.4% | -3.9% | -17.7% | 11.5M | 59.8% | -4.6% | -23.9% |
| Brown mushrooms | $38.0M | 42.1% | -1.0% | -9.9% | 7.4M | 38.3% | -1.5% | -18.3% |
| Specialty mushrooms | $4.9M | 5.4% | +7.0% | -6.6% | 0.4M | 1.9% | +9.7% | -12.7% |

Source: Circana, Integrated Fresh, MULO, 4 weeks ending 7/16/2023

## **Additional observations:**

* Package size: 8-ounce packages generated 52.7% of total sales in the four-week period, but dollar sales declined 3.2% versus the same four weeks in 2022. 16-ounce packages represented 18.6% of sales and declined 4.4% in dollars.
* Organic vs. conventional: For total produce, organic sales are underperforming in comparison to conventional. Mushrooms are the opposite. Organic mushrooms made up 10.5% of pounds and have been an above-average performer for months. Over the past 52 weeks, dollar sales increased 2.3% for organic mushrooms versus a 1.7% decline for conventional. Organic also grew units and volume over the past four and 13 weeks.

Source: Circana, Integrated Fresh, MULO, 4 or 52 weeks ending 7/16/2023