

Fresh Mushroom Sales Review; 4 and 52 w.e. 8.13.2023

## **The Marketplace**

Circana’s (formerly IRI) July sales numbers show little to no uptick in unit and volume sales despite it being the fourth consecutive month in which the rate of inflation cooled into the single digits. Only one department did manage to grow pounds year-on-year, and that was produce. July’s strength in fresh produce sales came from a very strong July Fourth holiday week in which pounds jumped 4.5% above year-ago levels on high demand and retailers investing in price.

* Home cooking is traditionally somewhat more subdued in the summer and grocery deli-prepared sales stepped up with big gains in entrees, salads, prepared meats, sandwiches, and above all, pizza. Deli-prepared pizza unit sales increased 8.9% in July and 10.6% over the latest 52 weeks. This includes pizza sold by the slice as well as fully-cooked and ready-to-cook pizzas — underscoring the opportunity to optimize mushroom’s presence on the deli-prepared side of the store.
* Consumers also enjoyed restaurant meals, with takeout (45% of consumers at least once) and delivery (16%) making up a larger share of meals than on-premise dining (49%).
* Although the rate of inflation has moderated, 89% of consumers still perceive grocery prices as being much (60%) or somewhat higher (29%) when compared to last year and 95% remain concerned over their ability to afford groceries. This has 53% of consumers chasing grocery specials, 46% cutting back on non-essentials and 31% switching to private brands, coupons or switching to lower-cost brands versus what they normally buy. Across categories, private brand sales are experiencing an above-average performance.

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

After several months of inflation, retailers invested in price on the fruit side. Fresh vegetables did continue to have slight inflation, while fresh mushroom prices came down slightly, at -0.3%. Regardless, the fresh mushroom patterns followed that of the total store in the quad-week period, with unit and volume declines during the shorter and longer time periods. In the latest four weeks, volume declines stayed around 4 points of year ago levels. Importantly, volume declines are moderating in comparison with the 52-week look that shows pounds down 5.6%.

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| Fresh mushrooms | 4 weeks ending 8/13/2023 | Vs. 2022 | Vs. 2020 | Latest 52 w.e. 8/13/2023 | Vs. 2022 | Vs. 2020 | |
| Dollars | $86.9 million | -4.2% | -14.4% | $1.3 billion | -1.4% | | -2.9% |
| Units | 29.9 million | -3.9% | -21.8% | 430.2 million | -5.9% | | -14.2% |
| Volume (pounds) | 18.7 million | -3.9% | -21.8% | 271.3 million | -5.6% | | -12.9% |

Source: Circana, Integrated Fresh, MULO, YTD and 4 weeks ending 8/13/2023

Weekly sales for mushrooms averaged between $21.3 million and $22.0 million in each of the four weeks. The period-over-period sales trends continue to follow long-established patterns (as seen on the forecasting tab). This quad-week period is traditionally the lowest sales period of the year on the retail side, after which volume gears up rapidly.

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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. 8/13/2023 | **$86.9M** | **-4.2%** | **-14.4%** | **18.7M** | **-3.9%** | **-21.8%** |
| w.e. 7/23/2023 | $21.6M | -4.6% | -15.5% | 4.7M | -5.3% | -22.5% |
| w.e. 7/30/2023 | $21.3M | -4.7% | -16.4% | 4.6M | -4.3% | -23.4% |
| w.e. 8/6/2023 | $22.0M | -3.8% | -13.2% | 4.7M | -3.8% | -20.9% |
| w.e. 8/13/2023 | $22.0M | -3.8% | -12.6% | 4.7M | -2.4% | -20.4% |

Source: Circana, Integrated Fresh, MULO, 4 weeks ending 8/13/2023

## **Inflation**

Inflation across total food and beverages is slowing down and mushrooms are following suit. Mushroom prices per unit decreased by 0.4% versus year ago in the latest quad-week period. This is down from 4.8% in the 52-week view.

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| Fresh mushrooms | 4 w.e. 8/13/2023 | | Vs. 2022 | Vs. 2020 | Latest 52 w.e. 8/13/2023 | Vs. 2022 | Vs. 2020 |
| Price/unit | | $2.91 | -0.4% | +9.4% | $2.96 | +4.8% | +13.1% |
| Price/volume | | $4.65 | -0.3% | +9.4% | $4.69 | +4.5% | +11.5% |

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 20.3% of total fresh mushroom dollars sold while on promotion, which was up 4.5%.

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| Fresh mushrooms | 4 w.e. 8/13/2023 | | Vs. 2022 | Latest 52 w.e. 8/13/2023 | Vs. 2022 |
| Share of dollars sold on promotion | | 20.3% | +4.5% | 16.7% | +2.2% |

Source: Circana, Integrated Fresh, MULO, YTD and 4 weeks ending 8/13/2023

## **Performance by segment**

White mushrooms represented 52.8% of mushroom dollars and 60.3% of pounds in the four-week period. Brown mushrooms, the combination of criminis and portabellas, had similar results. Specialty mushrooms, that include shiitake and oyster mushrooms, was the only area that increased dollar and pound sales.

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| **4 weeks ending 8/13/2023** | **Dollars** | **Dollar share** | **$ sales vs. 2022** | **$ sales vs. 2020** | **Volume (lbs)** | **Lbs**  **share** | **Lbs  vs. 2022** | **Lbs vs. 2020** |
| **Total fresh mushrooms** | **$86.9M** | **100.0%** | **-4.2%** | **-14.4%** | **18.7M** | **100.0%** | **-3.9%** | **-21.8%** |
| White mushrooms | $45.9M | 52.8% | -4.5% | -17.6% | 11.3M | 60.3% | -3.8% | -23.6% |
| Brown mushrooms | $36.2M | 41.7% | -4.7% | -10.7% | 7.1M | 37.8% | -4.5% | -18.9% |
| Specialty mushrooms | $4.8M | 5.5% | +2.7% | -9.0% | 0.4M | 1.9% | +5.3% | -16.7% |

Source: Circana, Integrated Fresh, MULO, 4 weeks ending 8/13/2023

## **Additional observations:**

* Package size: 8-ounce packages generated 53.3% of total sales in the four-week period, but dollar sales declined 4.6% versus the same four weeks in 2022. 16-ounce packages represented 18.7% of sales and declined 6.8% in dollars.
* Organic vs. conventional: For total produce, organic sales are underperforming in comparison to conventional. Mushrooms are the opposite. Organic mushrooms made up 10.1% of pounds and have been an above-average performer for months. Over the past 52 weeks, dollar sales increased 1.2% for organic mushrooms versus a 5.0% 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 8/13/2023