

Fresh Mushroom Sales Review; 4 and 52 w.e. 9.10.2023

## **The Marketplace**

August’s summer weather, time off and travel boosted restaurant dining, according to Circana’s consumer survey that found a three-year low in the share of meals prepared at home. Restaurant engagement is typically a bit higher in the summer, but many consumers opted for on-premise dining (53%) and sourcing restaurant meals through takeout (50%) in August. Takeout appears to be a pandemic trend with staying power. This is impacting the types of restaurants and meals people choose, and in turn, drives the importance of mushroom engagement with restaurants and meal types that favor takeout, including convenience stores.

At the same time that restaurant trips had a strong month, summer fruits and vegetables prompted year-on-year pound growth for the fresh produce department, the second month in a row with volume gains. Deli-prepared foods also had a strong August, especially deli pizza, including pizza sold by the slice as well as fully-cooked and ready-to-cook pizzas — underscoring the opportunity to optimize mushroom’s presence in deli-prepared.

With retail inflation easing, consumers’ price perceptions were a bit more optimistic, yet 94% of consumers remain worried over their ability to afford groceries. Preventing at-home food waste has been the biggest change in meal preparation tactics in reaction to the sustained financial pressure, followed by doing more with leftovers and using more simple ingredients. The marketplace is also resulting in somewhat subdued consumer curiosity with only 16% browsing the aisles for new items to buy. Purchases remain in-store centric, omni-channel shopping combining the more frequent in-store trips with online stock-up trips is quite common.

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

Retailers invested in price on the fruit side with the average cost per pound down 2.1% year-on-year in August. Fresh vegetables did continue to have slight inflation (+1.4%), while fresh mushroom prices were up by 0.8%. Fresh mushroom sales patterns followed those of the total store rather than the produce department 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 5 points of year ago levels. Importantly, volume declines are moderating somewhat in comparison with the 52-week look that shows pounds down 5.2%.

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| Fresh mushrooms | 4 weeks ending 9/10/2023 | Vs. 2022 | Vs. 2020 | Latest 52 w.e. 9/10/2023 | Vs. 2022 | Vs. 2020 |
| Dollars |  $88.4 million | -4.5% | -12.7% |  $1.3 billion | -1.6% | -4.5% |
| Units |  29.9 Million | -5.2% | -21.5% |  428.6 million | -5.6% | -15.3% |
| Volume (pounds) |  18.8 million | -4.8% | -21.3% | 270.3 million | -5.2% | -14.2% |

Source: Circana, Integrated Fresh, MULO, YTD and 4 weeks ending 9/10/2023

Weekly sales for mushrooms averaged between $21.5 million and $22.5 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 reflects the start of growing volume between now and the early months of the following year.

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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. 9/10/2023 | **$88.4M** | **-4.5%** | **-12.7%** | **18.8M** | **-4.8%** | **-21.3%** |
| w.e. 8/20/2023 | $22.0M | -4.5% | -12.4% | 4.7M | -5.7% | -21.3% |
| w.e. 8/27/2023 | $21.5M | -5.8% | -13.4% | 4.5M | -5.9% | -22.6% |
| w.e. 9/3/2023 | $22.4M | -4.3% | -12.8% | 4.8M | -4.4% | -20.4% |
| w.e. 9/10/2023 | $22.5M | -3.5% | -12.3% | 4.7M | -3.0% | -20.9% |

Source: Circana, Integrated Fresh, MULO, 4 weeks ending 9/10/2023

## **Inflation**

Inflation across total food and beverages is slowing down and mushrooms are following suit. Mushroom prices per unit increased by 0.8% versus year ago in the latest quad-week period. This is down from 4.2% in the 52-week view.

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| Fresh mushrooms | 4 w.e. 9/10/2023 | Vs. 2022 | Vs. 2020 | Latest 52 w.e. 9/10/2023 | Vs. 2022 | Vs. 2020 |
| Price/unit | $2.95 | +0.8% | +11.2% | $2.96 | +4.2% | +12.8% |
| Price/volume | $4.71 | +0.3% | +10.9% | $4.69 | +3.8% | +11.3% |

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 16.4% of total fresh mushroom dollars sold while on promotion, which was up 12.9%.

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| Fresh mushrooms | 4 w.e. 9/10/2023 | Vs. 2022 | Latest 52 w.e. 9/10/2023 | Vs. 2022 |
| Share of dollars sold on promotion | 16.4% | +12.9% | 16.9% | +16.0% |

Source: Circana, Integrated Fresh, MULO, YTD and 4 weeks ending 9/10/2023

## **Performance by segment**

White mushrooms represented 52.7% of mushroom dollars and 59.7% of pounds in the four-week period. Brown mushrooms, the combination of criminis and portabellas, had similar results as white mushrooms, while specialty mushrooms have an above-average performance, driven by shiitake.

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| **4 weeks ending 9/10/2023** | **Dollars** | **Dollar share** | **$ sales vs. 2022** | **$ sales vs. 2020** | **Volume (lbs)** | **Lbs****share** | **Lbs vs. 2022** | **Lbs vs. 2020** |
| **Total fresh mushrooms** | **$88.4M** | **100.0%** | **-4.5%** | **-12.7%** | **18.8M** | **100.0%** | **-4.8%** | **-21.3%** |
| White mushrooms | $46.5M | 52.7% | -4.6% | -16.1% | 11.2M | 59.7% | -5.4% | -23.9% |
| Brown mushrooms | $36.9M | 41.7% | -4.7% | -8.5% | 7.2M | 38.4% | -3.9% | -17.1% |
| Specialty mushrooms | $5.0M | 5.6% | -1.5% | -9.1% | 0.4M | 1.9% | -1.1% | -17.9% |

Source: Circana, Integrated Fresh, MULO, 4 weeks ending 9/10/2023

## **Additional observations:**

* Package size: 8-ounce packages generated 53.0% of total sales in the four-week period, but dollar sales declined 5.1% versus the same four weeks in 2022. 16-ounce packages represented 18.6% 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 2.4% for organic mushrooms versus a 2.1% decline for conventional.

Source: Circana, Integrated Fresh, MULO, 4 or 52 weeks ending 9/10/2023