

Fresh Mushroom Sales Review; 4 and 52 w.e. 10.8.2023

## **The Marketplace**

September means back-to-school and cooler temperatures around the country. With it, the share of meals prepared at home increased to 78.8%, according to the September edition of the Circana primary shopper survey. This upholds the patterns observed in 2021 and 2022, in which at-home meal preparation dips in the summer and increases month-over-month throughout the fall and holiday season. As seen below, retail mushroom sales also turn the corner with a quad-week-over-quad-week increase in volume.

At-home meal preparation patterns themselves continue to be affected by the sustained pressure on income. The Circana survey found that 24% of consumers to do more scratch-cooking and 42% do more with leftovers. Consumers also make changes to what they prepare, capitalizing on sales promotions and using more simple ingredients to help balance budgets as 89% of consumers continue to perceive groceries as being more expensive than last year.

Popular savings measures include looking for sales specials more often (58%), now led by in-store signage and app searches rather than relying on paper ads. Cutting back on non-essentials (49%) and purchasing private-brands (39%) also remain popular measures, according to Circana. Consumers are also sticking to routine purchases a bit more with only 16% browsing the aisle for new and different products.

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

Retailers invested in price on the fruit side which resulted in a substantial increase in pound sales which more than offset the decline in vegetable pound sales (-1.1%). This resulted in the third consecutive month of volume increases versus year-ago levels. Fresh vegetable prices were virtually flat (+0.3%), while fresh mushroom prices were down by 1.1%. 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 4 points of year ago levels. The volume declines are moderating somewhat in comparison with the 52-week look that shows pounds down 4.8%.

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| Fresh mushrooms | 4 weeks ending 10/8/2023 | Vs. 2022 | Vs. 2020 | Latest 52 w.e. 10/8/2023 | Vs. 2022 | Vs. 2020 |
| Dollars | $89.7 million | -4.8% | -12.1% | $1.3 billion | -1.8% | -6.0% |
| Units | 30.6 million | -4.1% | -20.4% | 427.3 million | -5.2% | -16.4% |
| Volume (pounds) | 19.2 million | -3.7% | -20.2% | 269.6 million | -4.8% | -15.4% |

Source: Circana, Integrated Fresh, MULO, YTD and 4 weeks ending 10/8/2023

Importantly, long-term patterns showed a turn around in quad weeks nine and 10 in mushroom volume sales and the patterns held. At +2.3%, the quad-week over the prior quad-week was the highest seen since 2017. (see forecast tab in the data spreadsheet).

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| Pound growth rates **versus PRIOR PERIOD** | Quad week 1 | Quad week 2 | Quad week 3 | Quad week 4 | Quad week 5 | Quad week 6 | Quad week 7 | Quad week 8 | Quad week 9 | Quad week 10 | Quad week 11 | Quad week 12 | Quad week 13 |
| 2017 |  | -1.5% | -2.6% | -1.8% | -3.2% | -3.5% | -1.6% | -0.5% | 1.0% | 1.5% | 1.4% | 7.9% | 7.3% |
| 2018 | -1.0% | -3.3% | -0.9% | -3.2% | -1.9% | -3.8% | -3.4% | -2.0% | 2.9% | 1.7% | 0.4% | 9.4% | 4.1% |
| 2019 | 1.9% | -5.9% | -2.7% | -1.5% | -2.9% | -4.0% | -2.6% | -0.6% | 1.7% | 1.1% | 1.5% | 9.0% | 4.9% |
| 2020 | 1.4% | -2.8% | 13.6% | 4.4% | 0.9% | -7.7% | -4.7% | -2.3% | -0.2% | 0.5% | 0.2% | 6.1% | 4.6% |
| 2021 | 2.5% | -4.6% | -5.1% | -1.3% | -4.6% | -2.7% | -4.8% | -2.4% | 2.6% | -0.1% | 0.2% | 7.3% | 3.3% |
| 2022 | 2.5% | -5.2% | -2.3% | -3.9% | -3.2% | -4.2% | -2.7% | -2.0% | 1.2% | 1.2% | 3.2% | 7.9% | 2.5% |
| 2023 | 0.5% | -4.2% | -1.2% | -2.2% | -2.2% | -4.3% | -2.8% | -2.7% | 0.3% | 2.3% |  |  |  |

Source: Circana, Integrated Fresh, MULO, quad weeks 2017-2023

## **Inflation**

Inflation across total food and beverages is slowing down and mushrooms are following suit. Mushroom prices per unit decreased by 0.8% versus year ago in the latest quad-week period. This is down from +3.6% in the 52-week view.

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| Fresh mushrooms | 4 w.e. 10/8/2023 | | Vs. 2022 | Vs. 2020 | Latest 52 w.e. 10/8/2023 | Vs. 2022 | Vs. 2020 |
| Price/unit | | $2.93 | -0.8% | +10.5% | $2.96 | +3.6% | +12.4% |
| Price/volume | | $4.67 | -1.1% | +10.2% | $4.69 | +3.2% | +11.1% |

Moderation in price increases went hand-in-hand with an increase in promotional activity. During the latest quad-week period 19.3% of total fresh mushroom dollars sold while on promotion, which was up 26.3%.

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| Fresh mushrooms | 4 w.e. 10/8/2023 | | Vs. 2022 | Latest 52 w.e. 10/8/2023 | Vs. 2022 |
| Share of dollars sold on promotion | | 19.4% | +26.3% | 17.2% | +15.8% |

Source: Circana, Integrated Fresh, MULO, YTD and 4 weeks ending 10/8/2023

## **Performance by segment**

White mushrooms represented 52.5% of mushroom dollars and 59.1% 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 10/8/2023** | **Dollars** | **Dollar share** | **$ sales vs. 2022** | **$ sales vs. 2020** | **Volume (lbs)** | **Lbs**  **share** | **Lbs  vs. 2022** | **Lbs vs. 2020** |
| **Total fresh mushrooms** | **$89.7M** | **100.0%** | **-4.8%** | **-12.1%** | **19.2M** | **100.0%** | **-3.7%** | **-20.2%** |
| White mushrooms | $47.0M | 52.5% | -5.0% | -15.2% | 11.3M | 59.1% | -4.8% | -23.1% |
| Brown mushrooms | $37.2M | 41.5% | -5.6% | -8.3% | 7.5M | 38.9% | -2.4% | -15.5% |
| Specialty mushrooms | $5.4M | 6.1% | +2.3% | -8.7% | 0.4M | 2.1% | +3.7% | -16.8% |

Source: Circana, Integrated Fresh, MULO, 4 weeks ending 10/8/2023

## **Additional observations:**

* Package size: 8-ounce packages generated 53.0% of total sales in the four-week period and performed better than 16-ounce packages.
* Organic vs. conventional: Organic mushrooms made up 10.6% of pounds and have been an above-average performer for months. Over the past 52 weeks, pound sales increased 3.2% for organic mushrooms.
* Whole vs. sliced/diced: whole mushrooms are outperforming sliced/cut/diced with positive volume growth of 1.0% for no preparation and -8.5% for cut/sliced, which reflects 47.0% of pound sales.

Source: Circana, Integrated Fresh, MULO, 4 or 52 weeks ending 10/8/2023