

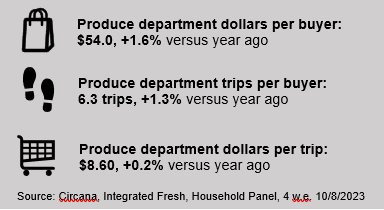
Fresh Mushroom Sales Review; 4 and 52 w.e. 11.5.2023

## **The Marketplace**

The University of Michigan Consumer Confidence Index fell 7% in October. This decline was driven by rising concerns over inflation, with the personal finance measure declining about 15%. The widespread concern continues to favor at-home meal preparation. Up 4.0 percentage points from 2019, Circana found that 59.8% of 2023 year-to-date food and beverage dollars were spent at retail.

The October Circana survey among primary grocery shoppers found widely ranging engagement with restaurants depending on income. High-income consumers were far more likely to have purchased restaurant food, which also resulted in a lower share of meals prepared at home.

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| Annual income | % of consumers who purchased restaurant food at least once in October | Estimated share of meals prepared at home | Share who have gotten takeout  1+ times | Share who have ordered delivery 1+ times |
| Less than $25K | 77% | 78.9% | 44% | 15% |
| $25K<$50K | 78% | 80.6% | 45% | 13% |
| $50K<$100K | 80% | 79.5% | 53% | 15% |
| $100K or more | 89% | 72.6% | 55% | 20% |

The nation’s eyes remain on money-saving measures, with 83% having made one or more changes to their grocery shopping habits. According to the Circana survey, 55% of grocery shoppers look for specials more often and 45% are cutting back on non-essentials. Private-brand interest remains strong, with 37% switching to own-brands more often.

Sales promotions are driving more trips, though consumers continue to manage their spend by adjusting how much they purchase.

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

Total produce units and volume fell slightly behind year-ago levels in the latest four weeks. Fresh vegetable prices were virtually flat and volume demand was down slightly. Fresh mushroom sales patterns were similar 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. The volume declines intensified somewhat in comparison with the 52-week look that shows pounds down 4.7%.

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| Fresh mushrooms | 4 weeks ending 11/5/2023 | Vs. 2022 | Vs. 2020 | Latest 52 w.e. 11/5/2023 | Vs. 2022 | Vs. 2020 |
| Dollars | $91.3 million | -6.0% | -11.6% | $1.3 billion | -2.3% | -7.6% |
| Units | 31.0 million | -5.7% | -20.4% | 425.8 million | -5.1% | -17.5% |
| Volume (pounds) | 19.5 million | -5.4% | -19.8% | 268.7 million | -4.7% | -16.6% |

Source: Circana, Integrated Fresh, MULO, YTD and 4 weeks ending 11/5/2023

Importantly, long-term patterns showed a turnaround in quad weeks nine, 10 and 11 in mushroom volume sales and those patterns held. At +1.4%, the quad-week over the prior quad-week sales increased 1.4%. This was a fairly typical increase, safe for the 2022 increase of 3.2% (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% | 1.4% |  |  |

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 0.3% versus year ago in the latest quad-week period. This is down from +3.0% in the 52-week view.

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| Fresh mushrooms | 4 w.e. 11/5/2023 | | Vs. 2022 | Vs. 2020 | Latest 52 w.e. 11/5/2023 | Vs. 2022 | Vs. 2020 |
| Price/unit | | $2.95 | -0.3% | +11.1% | $2.95 | +3.0% | +12.0% |
| Price/volume | | $4.69 | -0.6% | +10.2% | $4.68 | +2.5% | +10.8% |

Moderation in price increases went hand-in-hand with an increase in promotional activity. During the latest quad-week period 20.9% of total fresh mushroom dollars sold while on promotion, which was up 39.7%.

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| Fresh mushrooms | 4 w.e. 11/5/2023 | | Vs. 2022 | Latest 52 w.e. 11/5/2023 | Vs. 2022 |
| Share of dollars sold on promotion | | 20.9% | +39.7% | 17.6% | +19.3% |

Source: Circana, Integrated Fresh, MULO, YTD and 4 weeks ending 11/5/2023

## **Performance by segment**

White mushrooms represented 51.9% of mushroom dollars and 58.4% of pounds in the four-week period. Brown mushrooms, the combination of criminis and portabellas, and specialty mushrooms had better performances than white.

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| **4 weeks ending 11/5/2023** | **Dollars** | **Dollar share** | **$ sales vs. 2022** | **$ sales vs. 2020** | **Volume (lbs)** | **Lbs**  **share** | **Lbs  vs. 2022** | **Lbs vs. 2020** |
| **Total fresh mushrooms** | **$91.3M** | **100.0%** | **-6.0%** | **-11.6%** | **19.5M** | **100.0%** | **-5.4%** | **-19.8%** |
| White mushrooms | $47.4M | 51.9% | -7.2% | -15.1% | 11.4M | 58.4% | -7.8% | -23.3% |
| Brown mushrooms | $38.0M | 41.7% | -5.5% | -7.3% | 7.7M | 39.4% | -2.0% | -14.2% |
| Specialty mushrooms | $5.8M | 6.4% | +1.6% | -8.5% | 0.4M | 2.2% | +3.8% | -16.3% |

Source: Circana, Integrated Fresh, MULO, 4 weeks ending 11/5/2023

## **Additional observations:**

* Package size: 8-ounce packages generated 52.7% of total sales in the four-week period and performed better than 16-ounce packages.
* Organic vs. conventional: Organic mushrooms made up 10.8% of pounds and have been an above-average performer for months. Over the past 52 weeks, pound sales increased 0.8% for organic mushrooms.
* Whole vs. sliced/diced: whole mushrooms are outperforming sliced/cut/diced with volume growth of -2.4% for no preparation and -8.5% for cut/sliced, which reflects 47.5% of pound sales.

Source: Circana, Integrated Fresh, MULO, 4 or 52 weeks ending 11/5/2023