

Fresh Mushroom Sales Review; 4 and 52 w.e. 12.31.2023

## **A Look in the 2023 Rearview Mirror**

Inflation continued to take the headlines in most of 2023, with consumer’ concern driven by the cumulative impact of several years of rising prices in many areas of life.

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| Produce $ sales | 2019 | 2023 | |
| Traditional grocery | 42.6% | | 40.6% |
| Mass/supercenter | 18.1% | | 19.8% |
| Club | 10.1% | | 12.0% |
| Discount grocery | 10.5% | | 9.8% |
| Online | 0.7% | | 2.5% |
| Specialty stores | 1.9% | | 1.7% |
| Health & specialty stores | 5.3% | | 3.6% |
| All other | 10.9% | | 10.0% |

* 55% of shoppers look for sales and deals more often. Other frequently-applied measures include cutting back on non-essentials, exploring store brands and clipping coupons.
* Additionally, nearly three in 10 shoppers include more value-focused retailers into their store rotation, 18% shop more grocery stores to get the best deals and another 18% have switched stores altogether.
* Channel shifting has led to a vastly different produce dollar distribution over the past four years. According to Circana, supermarkets have lost two percentage points over the past three years. The shift resulted in gains for many other channels, including club, mass/supercenter and online.

Consumers estimated that about eight in 10 meals (79.7%) were prepared at home in December. This was up a few percentage points from November and typical for this time of the year. Following the holiday months, 29% plan to eat out at restaurants less often. As inflation is slowing, consumers are becoming slightly more optimistic.

* The December Circana survey found that 58% of consumers perceive grocery prices to be “much higher,” down 4 points versus November and down 16 points from last December.
* 19% of consumers consider their financial situation is better than last year versus 13% in December 2022.
* Shoppers’ financial outlook has also shown some improvement since 2022. While the number expecting their financial situation to be better a year from now has been steady, there are fewer who expect it to be worse, at 24% versus 31% in December 2022.

This slowly rising optimism is likely to lead to changes in food patterns yet again.

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

The December fresh mushroom sales patterns were similar to the ones seen all year, 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.

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| Fresh mushrooms | 4 weeks ending 12/31/2023 | | Vs. 2022 | Vs. 2020 | Latest 52 w.e. 12/31/2023 | Vs. 2022 | Vs. 2020 |
| Dollars | $101.4 million | -5.2% | | -12.2% | $1.2 billion | -3.2% | -10.5% |
| Units | 33.2 million | -5.8% | | -21.1% | 421.9 million | -5.0% | -19.7% |
| Volume (pounds) | 21.6 million | -5.1% | | -19.9% | 266.5 million | -4.6% | -18.9% |

Source: Circana, Integrated Fresh, MULO, YTD and 4 weeks ending 12/31/2023

Importantly, long-term patterns showed the typical seasonal turnaround in period-over-prior-period volume sales. Quad week 13, which includes a lot of the Christmas and New Year’s sales, traditionally one of the biggest weeks of the year. This is an important merchandising clue to keep mushrooms front and center during those holiday weeks. Despite the 8.4% period-over-period increase in quad-week 12, quad-week 13 showed another 2.3% increase. This is in line with prior years. To follow sales patterns and check out the forecast for the next quad-week period, see the 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% | 8.4% | 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 increased by 0.6% versus year ago in the latest quad-week period. This is down from +2.0% in the 52-week view.

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| Fresh mushrooms | 4 w.e. 12/31/2023 | | Vs. 2022 | Vs. 2020 | Latest 52 w.e. 12/31/2023 | Vs. 2022 | Vs. 2020 |
| Price/unit | | $3.05 | +0.6% | +11.3% | $2.96 | +2.0% | +11.4% |
| Price/volume | | $4.70 | -0.1% | +9.7% | $4.68 | +1.5% | +10.4% |

Moderation in price increases went hand-in-hand with level promotional activity. During the latest quad-week period 16.2% of total fresh mushroom dollars sold while on promotion.

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| Fresh mushrooms | 4 w.e. 12/31/2023 | | Vs. 2022 | Latest 52 w.e. 12/31/2023 | Vs. 2022 |
| Share of dollars sold on promotion | | 16.2% | +10.4% | 18.0% | +17.3% |

Source: Circana, Integrated Fresh, MULO, YTD and 4 weeks ending 12/31/2023

## **Performance by segment**

White mushrooms represented 52.6% of mushroom dollars and 59.0% of pounds in the four-week period. Brown mushrooms, the combination of criminis and portabellas had a better performance than white.

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| **4 weeks ending 12/31/2023** | **Dollars** | **Dollar share** | **$ sales vs. 2022** | **$ sales vs. 2020** | **Volume (lbs)** | **Lbs**  **share** | **Lbs  vs. 2022** | **Lbs vs. 2020** |
| **Total fresh mushrooms** | **$101.4M** | **100.0%** | **-5.2%** | **-12.2%** | **21.6M** | **100.0%** | **-5.1%** | **-19.9%** |
| White mushrooms | $53.3M | 52.6% | -5.3% | -14.4% | 12.7M | 59.0% | -7.0% | -22.6% |
| Brown mushrooms | $42.1M | 41.5% | -4.6% | -7.7% | 8.4M | 38.9% | -2.3% | -15.2% |
| Specialty mushrooms | $6.0M | 5.9% | -7.7% | -20.5% | 0.4M | 2.1% | -2.8% | -25.6% |

Source: Circana, Integrated Fresh, MULO, 4 weeks ending 12/31/2023

## **Additional observations:**

* Package size: 8-ounce packages generated 50.5% of total sales in the four-week period and performed better than 16-ounce packages.
* Organic vs. conventional: Organic mushrooms made up 10.2% of pounds, but sales fell below year ago levels after tracking ahead. Over the past 52 weeks, pound sales decreased 2.9% for organic mushrooms.
* Whole vs. sliced/diced: whole mushrooms are outperforming sliced/cut/diced with a volume change of -2.9% for no preparation and -7.8% for cut/sliced mushrooms, which reflect 44.5% of pound sales.

Source: Circana, Integrated Fresh, MULO, 4 or 52 weeks ending 12/31/2023