

Fresh Mushroom Sales Review; 4 and 52 w.e. 1.28.2024

## **January Marketplace**

In January 2024, beleaguered consumers received some good news with the USDA predicting a slight reduction in grocery prices in 2024. Additionally, the U.N. Food and Agriculture Organization announced that its food price index is at the lowest level in three years. However, rising labor and other operational costs have been eroding margins for retailers and restaurants alike, fueling the USDA prediction that restaurant prices will continue their much steeper fourth-quarter increase in 2024.

According to the Circana survey of primary grocery shoppers:

* In January, an unchanged 80% of consumers dined at restaurants or ordered takeout or delivery.
* The home-cooked share of meals also continued to average around 78% to 80% for most households.
* When shopping for groceries, the survey found that 81% of consumers applied one or more money-saving measures in January, led by looking for sales promotions (53% of households), cutting back on non-essentials (40%) and looking for coupons (33%).
* Out of the 70% of consumers who started the year with one or more New Year’s resolutions, “eating healthier or starting a diet” was easily the number one resolution, at 42% of consumers.
* Important touchpoints for February and March include Valentine’s Day, St. Patrick’s Day and an early Easter Sunday on March 31st. If Thanksgiving, Christmas and New Year’s patterns hold, the sales peak will likely shift back to the holiday week itself instead of the week prior. The party size continues to creep up to an average of 8.2 people, with consumers expecting to spend a little more than last year.

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

January and the 52-week period show dollar sales within 4 percentage points of year-ago levels.

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| Fresh mushrooms | 4 weeks ending 1/28/2024 | | Vs. 2023 | Vs. 2021 | Latest 52 w.e. 1/28/2024 | Vs. 2023 | Vs. 2021 |
| Dollars | $103.8 million | -3.6% | | -12.5% | $1.2 billion | -3.2% | -11.9% |
| Units | 34.7 million | -4.8% | | -21.3% | 420.2 million | -4.8% | -20.7% |
| Volume (pounds) | 21.7 million | -5.1% | | -21.6% | 265.3 million | -4.4% | -20.2% |

Source: Circana, Integrated Fresh, MULO, YTD and 4 weeks ending 1/28/2024

Prior year sales patterns comparing the quad-week to the prior quad-week held. In quad-week one, sales increased 0.5% over quad-week 13 of 2023 — the same increase as last year (see forecasting tab).

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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% |
| 2024 | 0.5% |  |  |  |  |  |  |  |  |  |  |  |  |

Source: Circana, Integrated Fresh, MULO, quad weeks 2017-2024

## **Inflation**

Inflation across total food and beverages is slowing down and mushrooms are following suit. Mushroom prices per unit increased by 1.2% versus year ago in the latest quad-week period. This is down from +1.6% in the 52-week view.

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| Fresh mushrooms | 4 w.e. 1/28/2024 | | Vs. 2023 | Vs. 2021 | Latest 52 w.e. 1/28/2024 | Vs. 2023 | Vs. 2021 |
| Price/unit | | $2.99 | +1.2% | +11.2% | $2.96 | +1.6% | +11.1% |
| Price/volume | | $4.78 | +1.6% | +11.6% | $4.69 | +1.2% | +10.4% |

Moderation in price increases went hand-in-hand with greater promotional activity. During the latest quad-week period 18.3% of total fresh mushroom dollars sold while on promotion. This was up 11.0%.

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| Fresh mushrooms | 4 w.e. 1/28/2024 | | Vs. 2023 | Latest 52 w.e. 1/28/2024 | Vs. 2023 |
| Share of dollars sold on promotion | | 18.3% | +11.0% | 18.1% | +15.6% |

Source: Circana, Integrated Fresh, MULO, YTD and 4 weeks ending 1/28/2024

## **Performance by segment**

White mushrooms represented 51.1% of mushroom dollars and 57.0% of pounds in the four-week period. Brown mushrooms, the combination of criminis and portabellas had a better performance. After a good first half of 2023, specialty sales are tracking below year ago levels.

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| **4 weeks ending 1/28/2024** | **Dollars** | **Dollar share** | **$ sales vs. 2023** | **$ sales vs. 2021** | **Volume (lbs)** | **Lbs**  **share** | **Lbs  vs. 2023** | **Lbs vs. 2021** |
| **Total fresh mushrooms** | **$103.8M** | **100.0%** | **-3.6%** | **-12.5%** | **21.7M** | **100.0%** | **-5.1%** | **-21.6%** |
| White mushrooms | $53.0M | 51.1% | -5.2% | -16.9% | 12.4M | 57.0% | -9.3% | -26.7% |
| Brown mushrooms | $44.5M | 42.9% | -1.2% | -5.9% | 8.9M | 40.9% | +1.3% | -13.2% |
| Specialty mushrooms | $6.3M | 6.0% | -5.7% | -16.8% | 0.5M | 2.1% | -2.2% | -24.5% |

Source: Circana, Integrated Fresh, MULO, 4 weeks ending 1/28/2024

## **Crimini (Baby Bella) mushrooms**

The growth of crimini mushrooms continued over the past year.

* Crimini mushrooms represent 34.2% of dollars in the latest 52 weeks.
* With 52-week sales of $426 million, crimini mushroom sales increased 2.0% over year-ago levels and 7.1% when compared to two years ago.
* Unit sales (packages sold) reached 133 million in the latest 52 weeks, up 1.1% versus year ago.
* Volume sales reached 88 million pounds, which was up 1.6% versus last year.

## **Additional observations:**

* Package size: 8-ounce packages generated 53.2% of total sales in the four-week period and dollar sales were down 2.2%. 16-ounce packages are the next largest seller, but were down 11.2%.
  + 24-ounce packages (third-largest seller in the quad-week period, had flat sales (0.0% vs. YA)
  + 10 and 12-ounce packages, though smaller sellers, had robust dollar gains, at +7.6% and +33.1%.
* Organic vs. conventional: Organic mushrooms made up 10.6% of pounds, but sales fell below year ago levels after tracking ahead. Over the past 52 weeks, pound sales decreased 1.8% for organic mushrooms.
* Whole vs. sliced/diced: whole mushrooms are outperforming sliced/cut/diced with a volume change of -2.1% for no preparation and -8.3% for cut/sliced mushrooms, which reflect 46.9% of pound sales.

Source: Circana, Integrated Fresh, MULO, 4 or 52 weeks ending 1/28/2024