

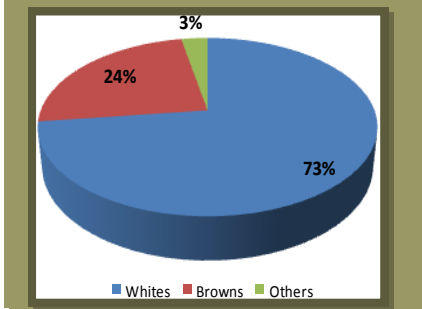
The Mushroom Marketplace



Unearthing the Possibilities with Nature's Hidden Treasure

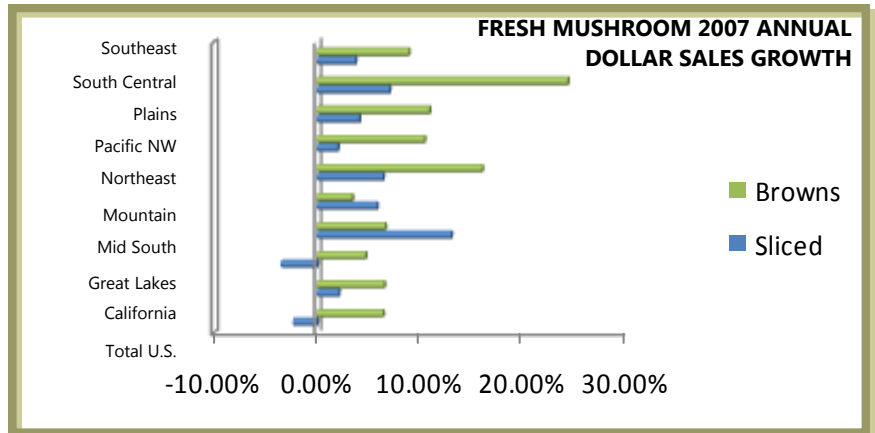
Whites Continue to Lead Overall Mushroom Retail Sales; Sliced & Brown Sales are Trending Up

Q4 2007 Fresh Mushroom Sales Share



White button mushrooms continue to lead all mushroom retail sales. In 2007, sales growth of white mushrooms remained flat and accounted for nearly three-quarters (72.8%) of total fresh mushrooms' retail dollar sales. **Sliced mushrooms** continue to grow in sales and in the fourth quarter of 2007 grew at a 5% clip and annually grew at 3.7%. Good growth was achieved in every region with the exception of Plains, Southeast and South Central sales, which were only slightly positive. **Brown mushrooms accounted for nearly a quarter (24%) of total U.S. mushroom sales in 2007.** Brown mushrooms experienced a strong sales growth from 2006 (+8.9% for 2007), and increased at a double digit pace (+12.7%) during the last 13 weeks of the year. **Specialty mushrooms** account for 2.8% to total across the U.S. and range from 1.8% to 4.0% across all regions. Overall annual growth is 10.3%, but only grew by 5% in the fourth quarter.

Retailers should continue to focus on the largest mushroom category, white button mushrooms, while expanding displays and product offerings of brown mushrooms in response to increased consumer interest driven by identifying brown varieties, such as crimini or baby bella mushrooms. Consumers continue to buy more sliced mushrooms. In order to move consumers to larger purchases, retailers should optimize schematic displays with at least 50% or more of the space in sliced packages and add more sliced SKUs.



Connecting with Consumers Through Mushrooms' Vitamin D Content

Mushrooms have joined a short list of powerhouse grocery categories including dairy products, ready-to-eat cereals and juices as a source of Vitamin D. An important difference, however, is that **Vitamin D in fresh white button mushrooms occurs naturally** and can be further enhanced by exposing fresh mushrooms to ultraviolet light for just five minutes.

Only 10% of Americans currently have optimal blood levels of vitamin D, according to a new study in the *Journal of the American Heart Association*—alarming news as deficiency in this essential vitamin may result in weak bones and an increased risk of heart disease. Previously the *Dietary Guidelines for Americans 2005* also stated that many Americans, especially those with dark skin, the elderly and those who use sunscreen or avoid the sun aren't getting enough Vitamin D. Vitamin D promotes the absorption of calcium, which is essential for healthy teeth and bones.

"Mushrooms are the only natural fresh vegetable or fruit that contains vitamin D," says Mona S. Calvo, Ph.D., who is an expert regulatory scientist at the Food and Drug Administration, Center for Safety and Applied Nutrition.

Promoting fresh mushrooms may be an easy and tasty way to increase Vitamin D intake and **appeal to women, minorities and senior consumers** who are most aware and concerned about this vital nutrient.

Take Advantage of the 2008 Weight Watchers Mushroom Partnership— July through September 2008



What do nearly 100 million consumers have in common? Losing weight!

Weight is a constant concern for more than 95 million American adults, according to a recent national survey published by the Calorie

Control Council. The majority of adults surveyed identify poor eating habits (91 percent), lack of portion control (86 percent), and eating too many calories (83 percent) as top reasons for being overweight. Fresh mushrooms, which provide satiety with fewer calories per serving than a rice cake, may offer another solution for millions of weight-conscious Americans.

The Mushroom Council will partner with Weight Watchers® on a major health initiative that spotlights how fruits and vegetables can be part of a healthy lifestyle. The Pick of the Season program could have the capability to double the impact of previous mushroom promotions.

From July—September 2008, the Weight Watchers Pick of the Season program will highlight one of mushrooms' hidden treasures—the fact that a two-cup serving of savory and satisfying nutrient-rich mushrooms has a **POINTS** value of 0. The Mushroom Council encourages shippers to place the Weight Watchers Pick of the Season and 0 **POINTS** value logos on pack.

Three months of in-store radio advertising (July 1—September 30), along with one cycle of NewsAmerica POS (August 11—September 7) in the produce section will reach millions of Americans.

Keeping Time with Freshness

Mushrooms should be stored as close to 34° Fahrenheit as possible for optimum shelf life. Each degree above that can lead to a shorter shelf life. Under ideal storage conditions, mushrooms may have a shelf life of up to 15 days for whole whites and nine days for sliced.

One easy solution: Move mushrooms to cold storage immediately at every point of distribution.

The payoff? Merchandising better-looking mushrooms can increase unit sales by 18%, reduce shrink and improve the quality image of the store.



Promoting Fresh Mushrooms Helps Offset Rising Meat Prices

Shoppers are looking for the lowest prices:

- Nearly one-fourth (24%) would shop for groceries at a cheaper store than they do today if food prices continue to rise (Citigroup Global Markets, March 2008)
- 12% have already started shopping at cheaper stores
- 30% have been trading down to less expensive proteins, such as substituting chicken for beef



But rising meat prices doesn't have to mean a loss of share of customer to lower priced retail formats.

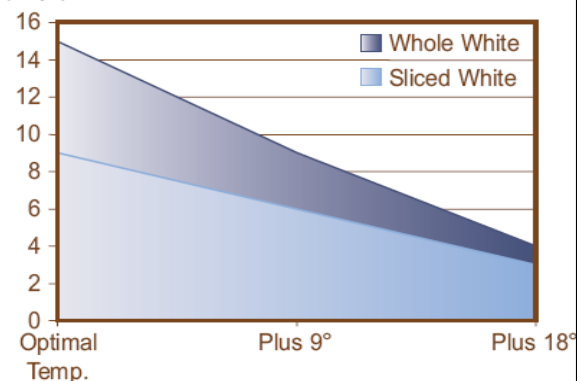
Fresh mushrooms offer flavor enhancement, satiety and nutrition. The umami benefits of fresh mushrooms enhance the flavors of lesser protein cuts, therefore extending consumer satisfaction. Smaller meat portions can still achieve consumer satiety when proteins are topped or sided with a serving

of fresh mushrooms. Cross-promoting fresh mushrooms with meats gives dual opportunities to feature product categories in different store departments. In-store signage, recipes and the secondary placement of fresh mushrooms in meat cases increases consumer protein value perceptions and provides meal creation inspiration.

Does merchandising fresh mushrooms in the meat case pay off? Twelve large New Jersey retail grocery stores served as a test of this promotional concept (Willard Bishop 2007). The chain's produce management measured tests over an eight-week period and compared to baseline values. **Secondary placement of sliced white mushrooms in the supermarket steak display case resulted in a 29% lift in dollar sales.**

Maintain Cold Chain and Rotate

Proper Refrigeration Extends Mushroom Shelf Life (Days)



Source: Marita Cantwell, UC Davis, 1990.

The Mushroom Marketplace is a publication of the Mushroom Council professionals in the grocery industry.

For more information call 408-432-7210 or visit mushroominfo.com