

The Mushroom Cap-sule

The Mushroom Industry News Brief



Economic Barometers

Food inflation continues to negatively impact supermarket retailers whose “real” or deflated sales during August dropped 1.2%, according to the *Food Institute*. That follows declines in both June and July as well and **brought year-to-date “real” food store sales just slightly above last year at 0.36%**. Many retailers are finding it difficult to keep pace with rising food costs.

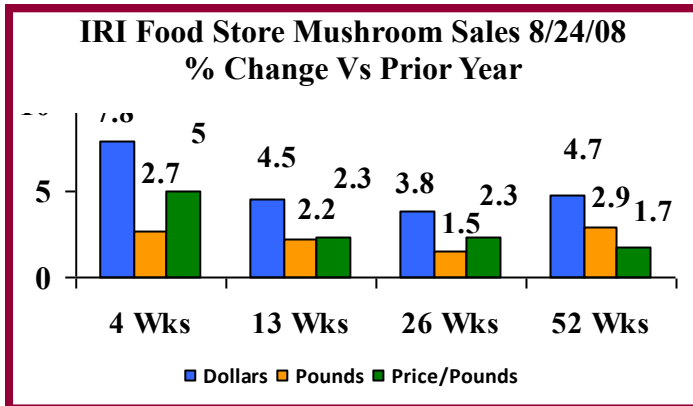
Eating and drinking places seemed to do better than grocers with real sales up +0.68% for the year indicating that restaurants have been somewhat slow in passing along their increased costs to their customers. Warehouse clubs and supercenters on the other hand posted year to date sales increases of +10.2% as consumers shopped these alternative formats for better values.

U.S. Food Industry Economic Results January—September 2008

Food Store Sales	+6.5%
Restaurant Sales	+4.8%
Club/Supercenter Sales	+10.2%
Food At Home Food Inflation	+7.6%
Food Away From Home Inflation	+4.3%
Fresh Fruit & Vegetable Inflation	+5.8%
Food Store Sales Real Growth	+0.36%
Restaurant Sales Real Growth	+0.68%

Source: Food Institute

Food Store Mushroom Performance



Dollar and pound sales of mushrooms in food stores continued to perform well over the past 52 weeks according to *Information Resources, Inc.* The Northeast and Pacific regions in particular grew dollar sales at 6.8% and 7.6%, respectively, for the 52-week period.

The Great Lakes region saw pound sales advance 10.9% in the last year. Meanwhile, pound sales in the Plains region were down -6.5% for the 52 weeks, the largest drop of any region.

Total U.S. average mushroom retail prices were \$3.97 or an increase of 1.7% for 2008. In the Plains region, however, average prices for the year were \$3.98 or a 5.7%

increase over 2007. The Pacific Northwest posted an average price of \$4.10 or a 5.6% increase for the 52-week period. The highest average retail price was in the California region at \$4.57, a 1.8% increase over 2007.

White mushrooms remain the dominant variety reaching 136.1 million pounds for the 52 week period or a 76.7% share of total mushroom sales. However, this was a decrease in sales of -0.3% versus 2007. In fact, all but two regions—Great Lakes and Northeast—had pound sales decreases for the year. With a higher average U.S. price of \$3.69 or a 2.0% increase for the year, white mushroom dollar sales were up 1.7%.

Brown mushrooms hit 39.1 million pounds or a 22.1% share and a +15.4% increase over 2007. Average total U.S. brown mushroom prices were \$4.56 per pound, a decrease of 2.2% versus prior year. Dollar sales of brown mushrooms were up 12.8% for the 52 weeks with every region but the Plains (-3.1%) showing dollar sales increases. Dollars sales of brown mushrooms were up 26.0% in California and 25.3% in the Pacific Northwest.

Food Retail 2008 Financial Results

Retailer	Period Ending	Total Sales	Comp Sales*
U.S. Retail	35 Wks	6.7%	2.8%
Kroger	26 Wks	11.9%	9.7%
Safeway	36 Wks	4.7%	4.3%
Supervalu	26 Wks	--	-1.3%
Costco	52 Wks	13.0%	8.0%
Sam's Club	35 Wks	7.5%	6.7%
BJ's	35 Wks	15.0%	12.6%

* Comp Sales: Sales in stores opened at least one year



Foodservice Mushroom Menuing

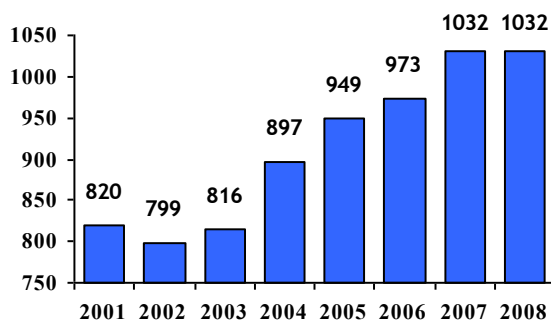
Mushrooms stay the course on restaurant menus. At a time when restaurant sales are beginning to show some weakness in response to the downturn in the economy, mushrooms are holding their own. More than three-fourths (77%) of the top 200 chain restaurants offered mushrooms on menus during the first half. Overall, there were 1,032 menu items that included mushrooms, only slightly down from 1,034 reported in the second half, 2007 and identical to the 1,032 in the first half 2007 report, according to *Food Beat*.

Foodservice 2008 Financial Results

Operator	Period Ending	Total Sales	Comp Sales*
McDonalds	35 Wks	7.1%	7.0%
Burger King	52 Wks	10.0%	5.5%
IHOP/Applebee's	39 Wks	2.2%	-1.4%
Brinker Int'l	52 Wks	-3.2%	-0.5%
Sysco	52 Wks	7.1%	--

* Comp Sales: Sales in stores opened at least one year

Mushroom Mentions in Top 200 Chains



Breakfast bright spot. According to the recently released 2008 NPD report *Eating Patterns In America*, consumers are eating breakfast in restaurants at an all-time high with traffic up 5% versus dinner traffic down 1%. It's timely that mentions of mushrooms in breakfast menu applications increased 13% over the past year (*Food Beat*) and represents a largely untapped mushroom opportunity.

Applebee's to kick off a mushroom promotion. Starting November 3, 378 franchised Applebee's locations across the country kicked off a "Make Room for 'Shrooms" promotion and server incentive contest.

Burger King Mushroom And Swiss Steakhouse Burger hits

the menu and media. Another Council-funded promotional effort is underway at Burger King Restaurants nationwide. For a limited time, a new "Mushroom & Swiss Steakhouse Burger" is available, and is supported by a national TV and

Nutritional Nuggets

Formulating meals with mushrooms instead of beef may reduce caloric intake by more than 400 calories per day.

John Hopkins University researchers reported that consumption of mushroom entrées reduced daily energy and fat intakes by an average of 420 calories and 30 grams, respectively, over a four-day period. "The most intriguing finding was that subjects seemed to accept mushrooms as a palatable and suitable culinary substitute for meat," said lead researcher Dr. Lawrence Cheskin from John Hopkins Weight Management Center. "They didn't compensate for the lower calorie mushroom meal by eating more food later in the day." (*Appetite/Food Navigator* 8/20/08)

Vitamin D deficiency increasingly became an urgent health topic across America in 2008. This past summer, the American Medical Association, the nation's largest physician organization, called on the Food and Drug Administration to re-examine the current Daily Reference Intake Value for vitamin D. Throughout the year, the Mushroom Council promoted to media the funded research on the natural vitamin D found in white button mushrooms. In 2008, there were a total of 811 media stories highlighting mushrooms and vitamin D.

Promotional News

27 mushroom labels included the Weight Watchers "Pick of the Season" logo as part of a three-month promotion. Related activities included in-store advertising, both radio and shelf-talkers, which reached millions of Americans; more than one million recipe cards distributed at Weight Watchers meetings; and hundreds of print and online placements, resulting in 44.5 million media impressions to date.

The Mushroom Council has periodically partnered with chefs to deliver usage ideas and messaging to consumers. In 2008, the Mushroom Council sponsored the **Mario Batali's Ultimate Grilling Challenge**. As part of the sponsorship, mushrooms were included in a segment on Rachael Ray's daytime talk show. In the show, mushrooms received approximately 35 seconds of airtime, including a positive bit by Rosie O'Donnell. The value of the segment alone paid for the entire partnership, and included a credible, conversational placement on Rachael Ray.

