



2019 Retail Channel Study

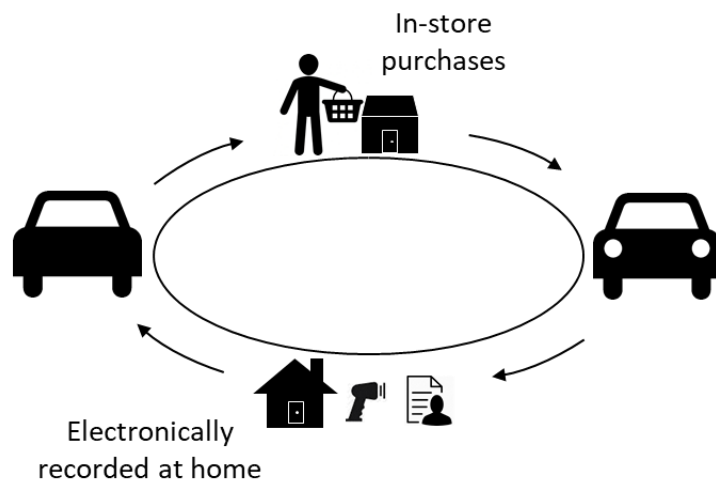
Table of Contents

Data Definitions	3
Terms and Definitions	5
Executive Summary	6
Total Category Snapshot	9
Channel Comparison	11
Channel Purchase Trends	20
• Grocery	20
• Mass/Super	26
• Club	32
• Internet	38
• Dollar	44
• Appendix	50

Data Definitions: Panel Data vs. Point of Sale Data

Panel Data

Panel data is gathered from a panel of U.S. households. These panelists electronically record their purchases after a shopping trip. Panel data can capture metrics like household penetration and purchase frequency



The **2019 Retail Channel Study** was developed using panel data. The data collected from the panel is used to project Total U.S. household purchases and therefore will vary from the numbers you see in the monthly tracker

Point of Sale Data

Point of sale (POS) data is gathered from retailers as items are scanned and purchased, through the retailer's point of sale system. POS data can capture metrics like volume sales, price, distribution, etc.



The **Mushroom Council Monthly Tracker** utilizes POS data

This report does not use POS data, and therefore will vary from the numbers you see in the tracker

Data Source: IRI Consumer Network™

This report is based on household purchasing data from the IRI Consumer Network™. IRI receives its household purchasing data from the National Consumer Panel (NCP), an operational joint venture by IRI and Nielsen. The NCP is a continuous household purchasing consumer panel that consists of a representative sample of U.S. households who electronically record all purchases. Households are recruited to the NCP and are incented to record all of their purchases, regardless of where purchased, using a handheld in-home scanning device.

The numbers presented in this report are a projection of Total U.S. household purchases based on NCP data, and may vary from the retail sales data available in the Mushroom Council Tracker.

Household purchasing data complements retail sales data and provides a deeper understanding of category dynamics by focusing on shoppers and their purchase behaviors. In turn, understanding shopper purchase behaviors helps uncover opportunities for growth and aids in effective sales and marketing decisions.

Terms and Definitions

- Category: Mushrooms
 - **Total Mushrooms**
 - **Fixed Weight White**
 - **Fixed Weight Brown – Cremini**
 - **Fixed Weight Brown – Portabella**
- Time Periods:
 - **Current Year (CY):** 2018 Calendar Year
 - **Prior Year (PY):** 2017 Calendar Year
- Channels:
 - **All Channels**
 - **Grocery**
 - **Mass/Super** – includes all Walmart non-Club stores including Supercenters
 - **Club**
 - **Internet** – All online mushroom purchase sites (e.g. Amazon, Walmart.com, etc.)
 - **Dollar**
 - **All Other Channels** – Drug, Military and Misc.
- Metrics: All metrics in this report are rounded
 - **Household (HH) Penetration** – The percentage of households that purchased product
 - **Shoppers/Buyers** – Throughout this report, the term “shoppers” and “buyers” refers to households that purchased the product
 - **Repeat Buyers** – Households that purchased the product more than once per year
 - **Spend per Household** – Annual product dollar spend per product-buying household (average)
 - **Trips per Buyer** – Annual number of purchase occasions per product-buying household (average)
 - **Dollars Per Trip** – Dollar spend on product per purchase occasion (average)
 - **Purchases** – Household purchases are captured in dollars (no volume or units)
- Source:
 - **IRI Consumer Network™ 2018:**
 - **National Consumer Panel (NCP):** an operational joint venture by IRI and Nielsen

Executive Summary

In 2018, mushroom purchases were spread over a range of retail channels, with shoppers reaching for mushrooms in traditional Grocery, clicking “add to cart” in the Internet channel or loading up in Club stores. Although new channels have emerged to capture a share of mushroom purchases, 97% of purchases were made in three channels – Grocery, Mass/Super and Club - with the Grocery channel holding 76% of total mushroom dollars.

Grocery, Mass/Super and Internet each increased their share of mushroom dollars and offset losses in Club, Dollar and All Other Channels. Purchases in the Grocery, Mass/Super and Internet channels increased a combined +\$15MM. This resulted in net category growth of +\$4MM for the year.

- **Grocery:** The Grocery channel was a powerhouse for the mushroom category, with the highest share of purchases (76%), highest proportion of repeat buyers (71%) and the highest average spend per household (\$13.15). Grocery also drew the most mushroom-purchasing households, with 85% shopping in the channel. If positive purchase trends continue, Grocery will continue to dominate mushroom purchases.
- **Mass/Super:** While the Grocery channel excelled in purchase trends, Mass/Super benefitted from an increase in share of mushroom purchasers. Thirty percent of mushroom-shoppers purchased in the channel in 2018, an increase of +2 percentage points vs. prior year. Along with the influx of new shoppers, an increase in repeat buyers (over half of shoppers purchased more than once) and an increase in trips per year boosted the channel to almost +\$2MM in incremental sales.

Executive Summary

- **Club:** Club was the third-largest mushroom channel with a 6% share of mushroom purchases; however, Club purchases fell nearly -\$8 million in 2018, on a drop in both proportion of mushroom purchasers (-1 point) and repeat buyers (-1 point). Bringing mushroom shoppers back into the channel and attracting new shoppers is an important path to category growth in Club. Mushroom-shoppers in the channel increased annual spend per household (+4%) by shopping more often and spending more per trip.

The remaining three percent of mushroom purchases were spread across a number of channels including Dollar and Internet. While purchases in the Dollar channel remained flat, the Internet channel surged +33%, resulting in +\$1.5 million in incremental sales (nearly as much as Mass/Super's +\$1.7 million). While still a small portion of mushroom purchases, the Internet holds potential: spend per trip increased over +4% in 2018, and at \$3.08, was second only to the Club channel.

Leveraging the channel insights in this study and continuing to monitor the retail landscape can aid in creating sales and marketing strategies for the continued growth of the mushroom category.

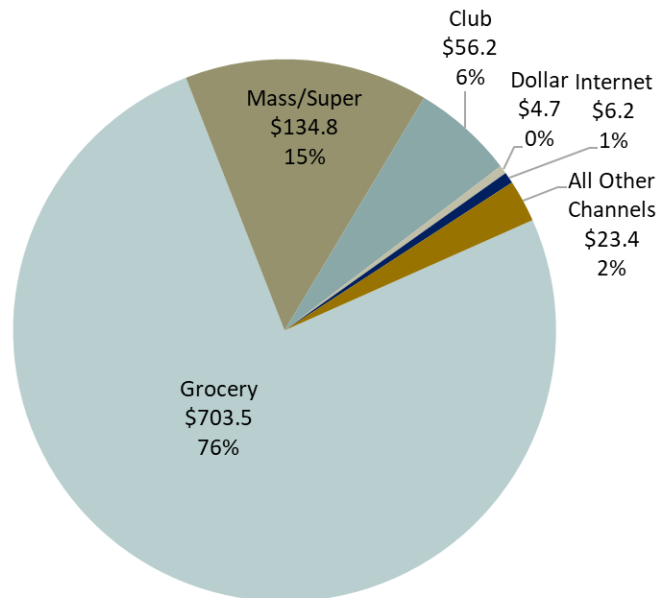
Purchase Trends

Channel Comparison

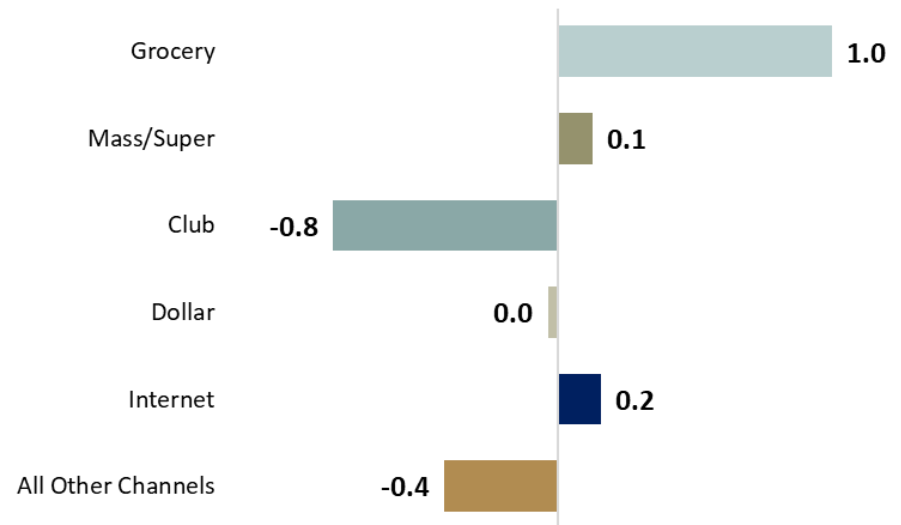


The majority of mushroom dollars were spent in the Grocery channel, a trend that has increased vs. prior year

Channel \$ Share of Mushroom Purchases - 2018
(in millions)

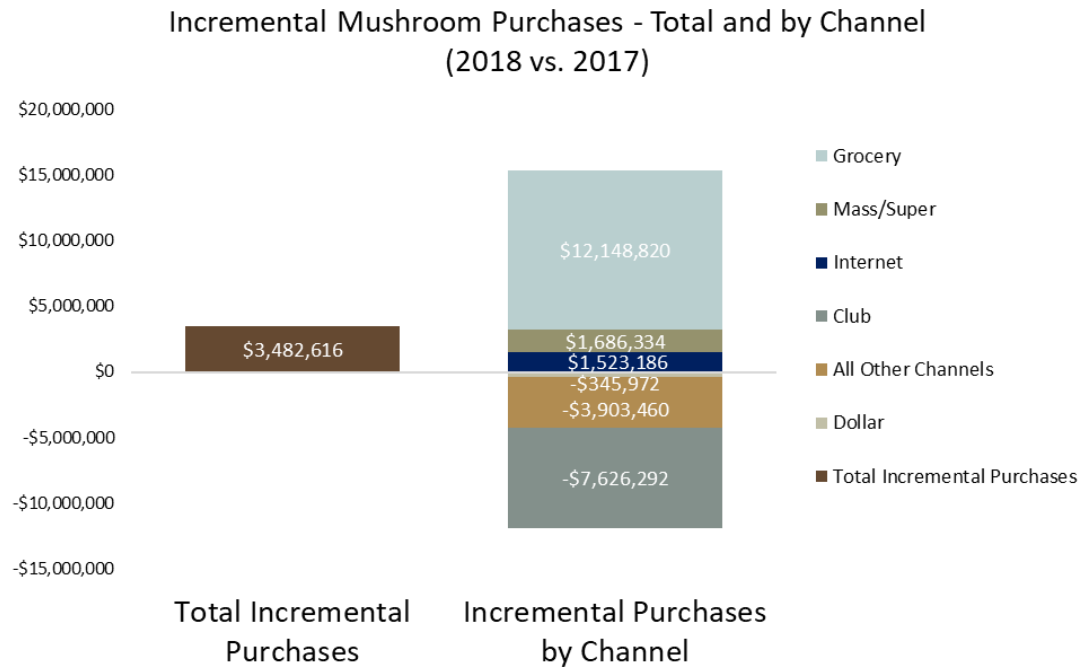


Share Point Change vs. Prior Year



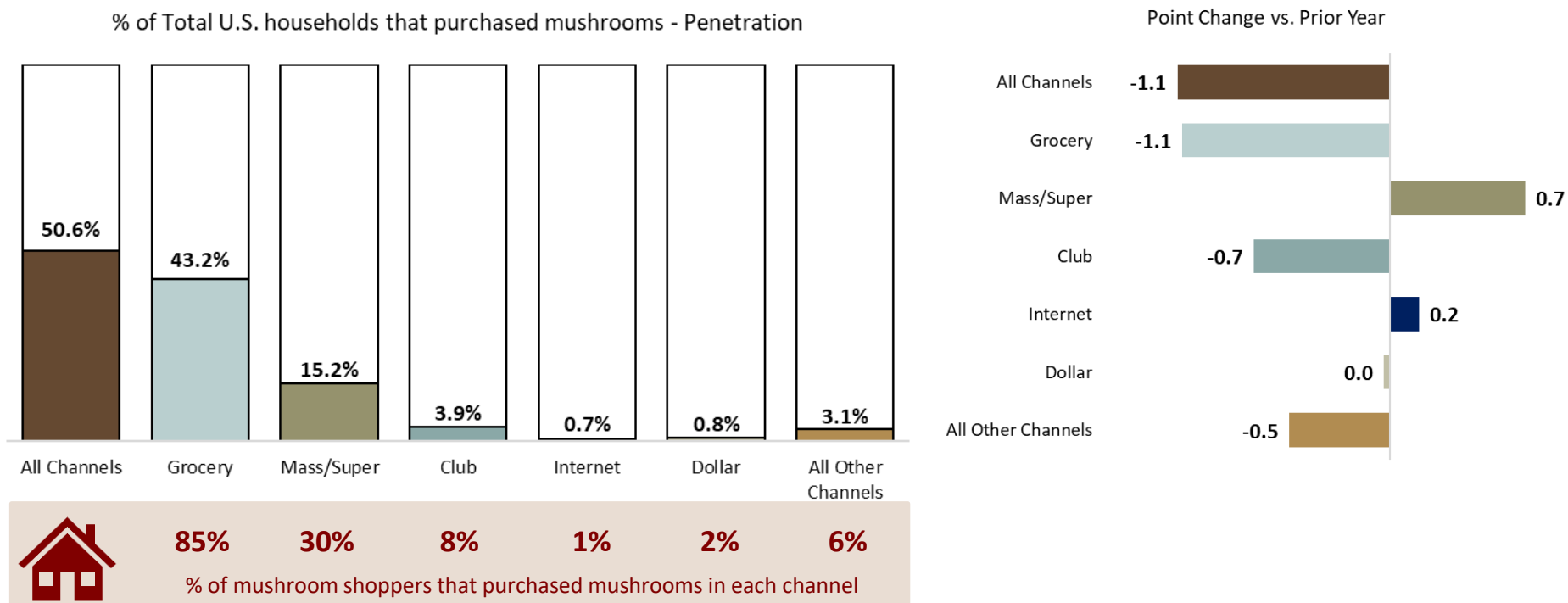
- 76% of mushroom purchases were made in the Grocery channel. This was an increase in share of +1.0 points vs. prior year (75.7% - 74.7% = +1.0 points)
- Club, Dollar and All Other Channels (aggregate) lost share to Grocery, Mass/Super and Internet

Net category purchases grew +\$3.5MM vs. prior year. Increased purchases at Grocery, Mass/Super and Internet offset declines in other channels



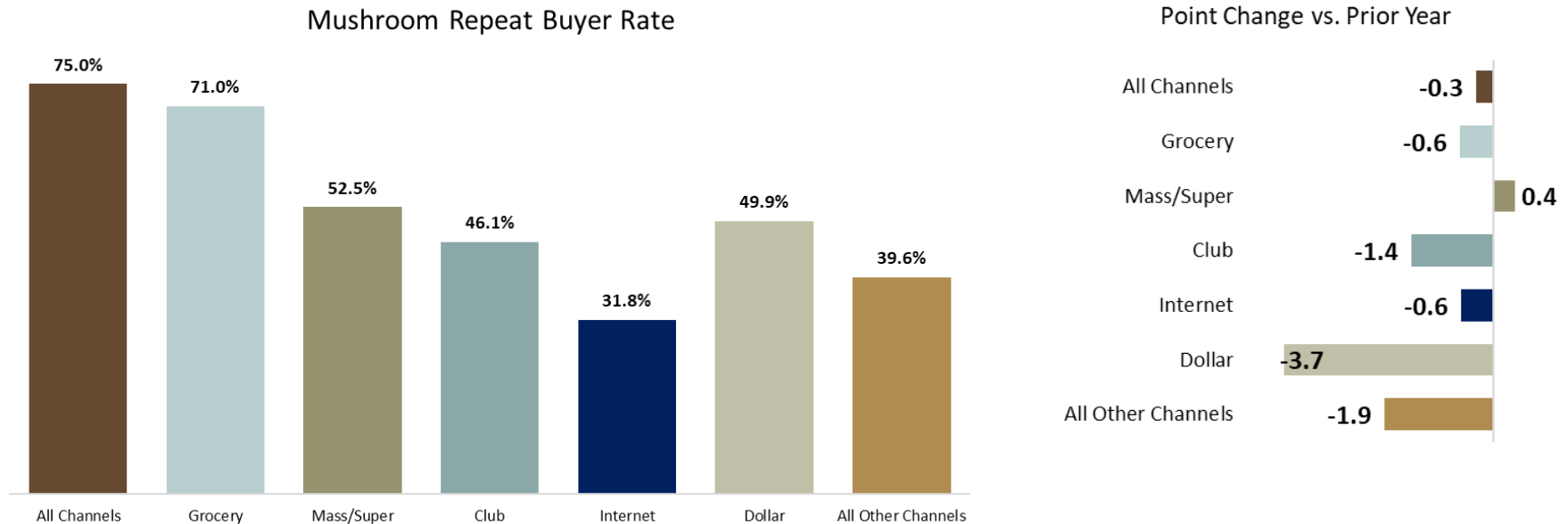
- Purchases in the Grocery, Mass/Super and Internet channels (combined) increased +\$15.4MM, offsetting losses in other channels. This resulted in net category growth of +\$3.5MM
- Grocery was the main growth driver, with +\$12.1 in incremental purchases
- In addition to losing share (page 7), Club, Dollar and All Other Channels lost purchases vs. prior year (combined loss of -\$11.9MM)

Half of all U.S. households purchased mushrooms in 2018 with many households purchasing in more than one channel



- 50.6% of Total U.S. households purchased mushrooms in one or more channel in 2018, a slight decline (-1.1) from prior year
- Over 8 in 10 mushroom-buying households (85%) purchased mushrooms in Grocery
- Mushroom shoppers purchased in more than one channel (e.g. shoppers who purchased mushrooms in Grocery may also purchase mushrooms in the Mass/Super channel)

Grocery had the highest percentage of repeat mushroom shoppers, followed by Mass/Super



- Grocery had the highest repeat buyer rate: 71.0% of households who purchased mushrooms in Grocery did so more than once per year
- Internet had the lowest repeat buyer rate at 31.8%
- Mass/Super was the only channel with an increased repeat buyer rate, ending the year at 52.5%

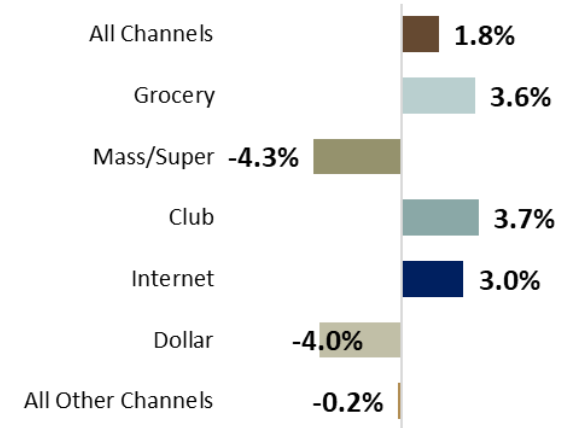
Annual spend per household was highest in Grocery, followed by Club



Annual Spend per Household



% Change vs. Prior Year

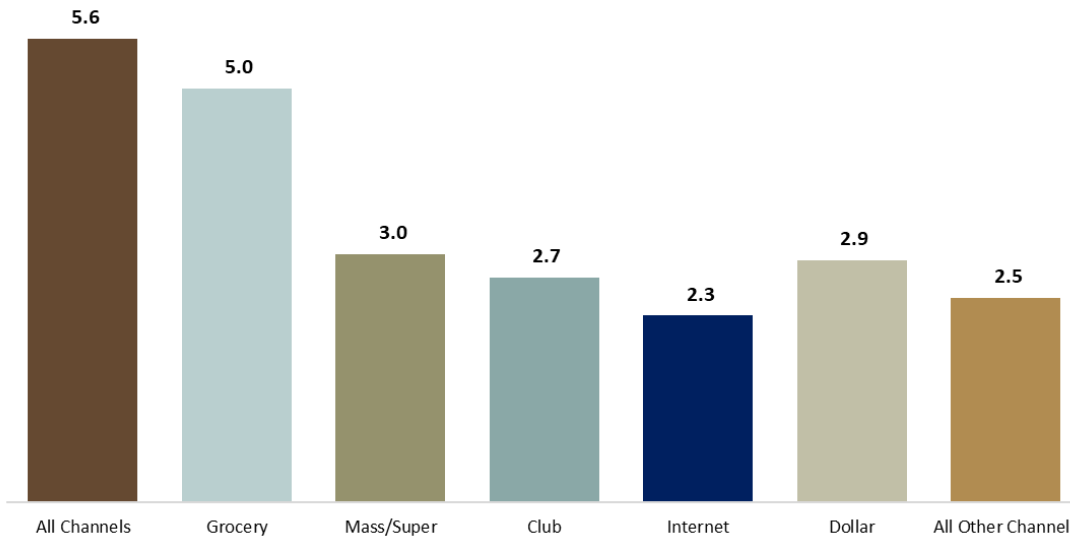


- Shoppers spent \$13.15 per household in the Grocery channel, followed by \$11.66 in Club
- Annual spend per household increased in half of the channels, led by Club at +3.7%

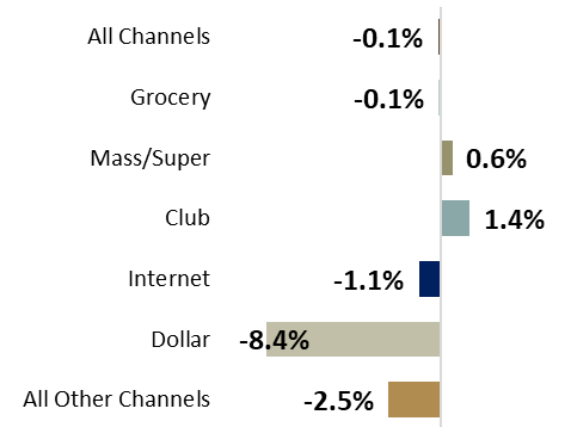
Trip frequency was highest in Grocery, followed by Mass/Super and Dollar



Annual Mushroom Purchase Trips



% Change vs. Prior Year

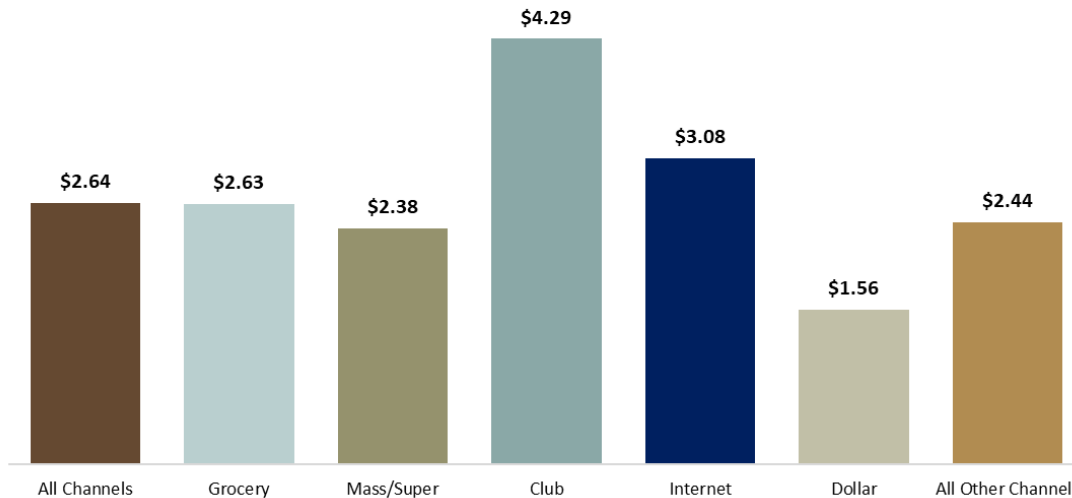


- Trip frequency was highest in Grocery at 5.0 trips per year, which was flat vs. prior year (-0.1%)
- Mass/Super had the second-highest frequency at 3.0 trips per year, up +0.6% vs. prior year
- While annual purchase trips in the Dollar channel decreased -8.4%, the channel had the third-highest frequency at 2.9 trips per year

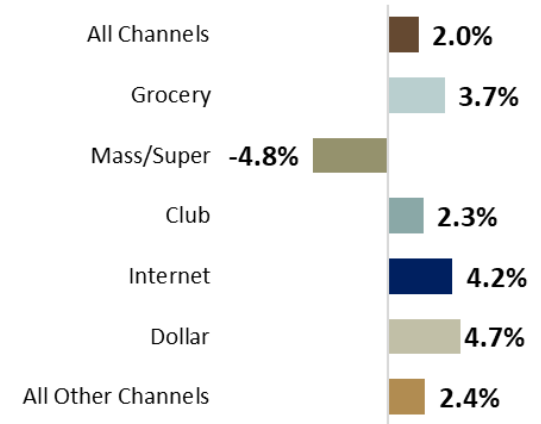
Spend per trip was highest in Club stores, followed by Internet



Mushroom Spend per Trip

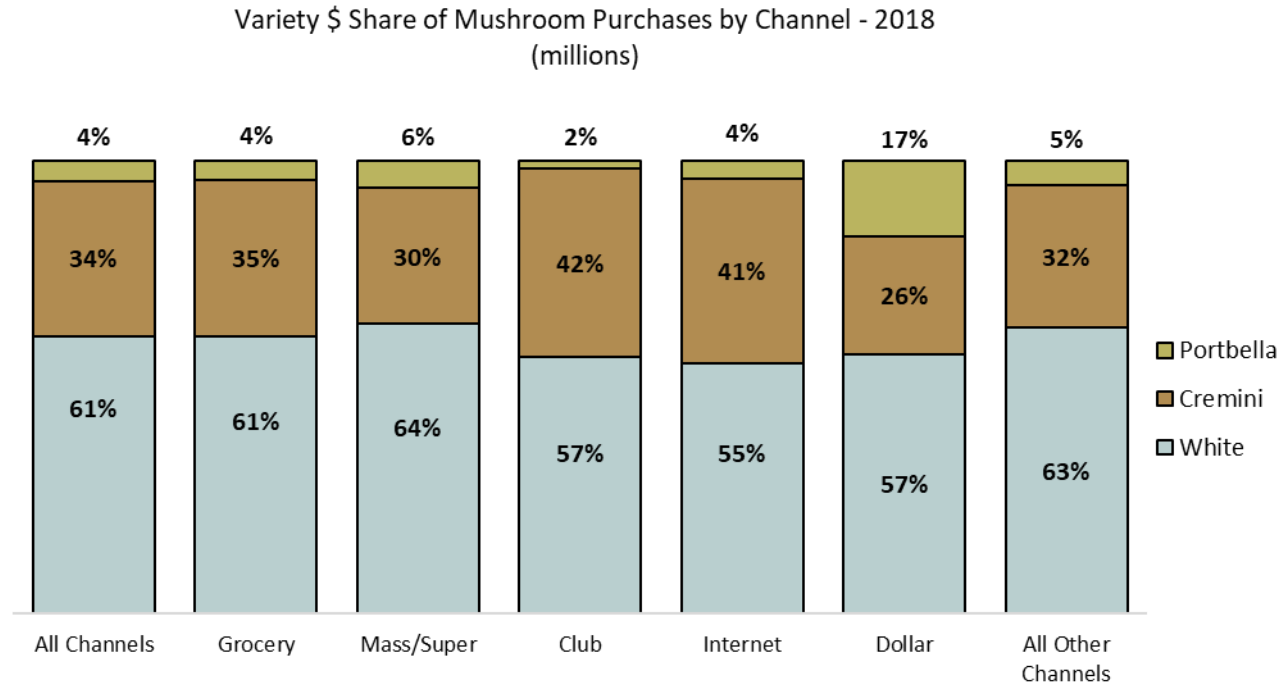


% Change vs. Prior Year



- At \$4.29, spend per trip was highest in Club stores, up +2.3% vs. prior year
- Internet had the second-highest spend per trip at \$3.08
- All channels except Mass/Super increased spend per trip, led by Dollar at +4.7%

Among fixed weight, White mushrooms held a majority share of purchase dollars across all channels



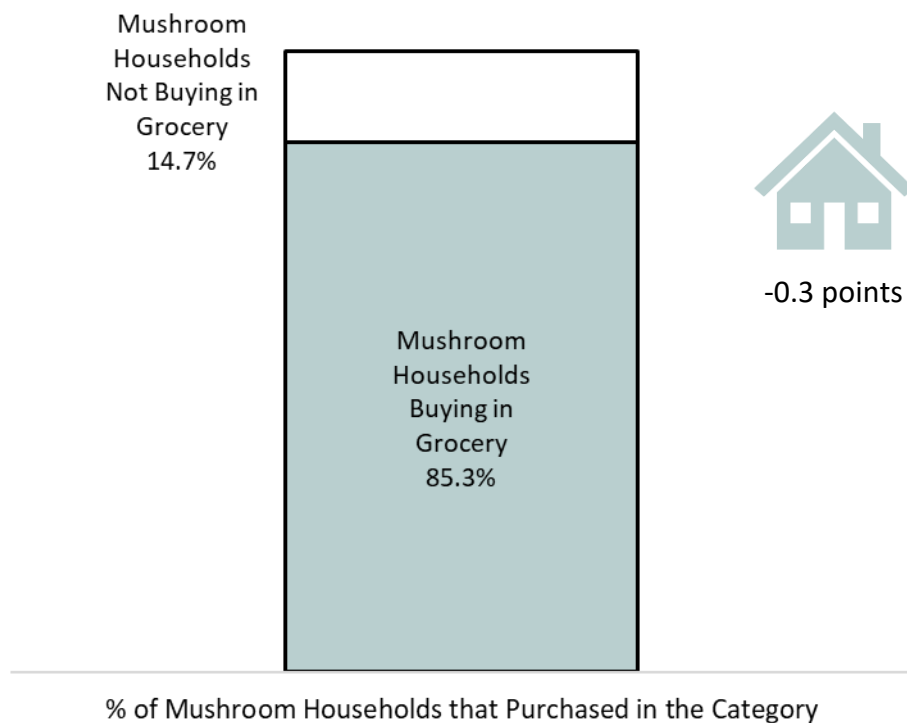
- The majority of fixed weight mushroom purchase dollars were spent on White mushrooms, from 55% in Internet to 64% in mass/Super
- Cremini also held a significant portion of mushroom purchase dollars (as high as 42% share in the Club channel)
- Portabella had the smallest share of FW mushroom purchases, with its largest share in Dollar (17%)

Purchase Trends

Grocery



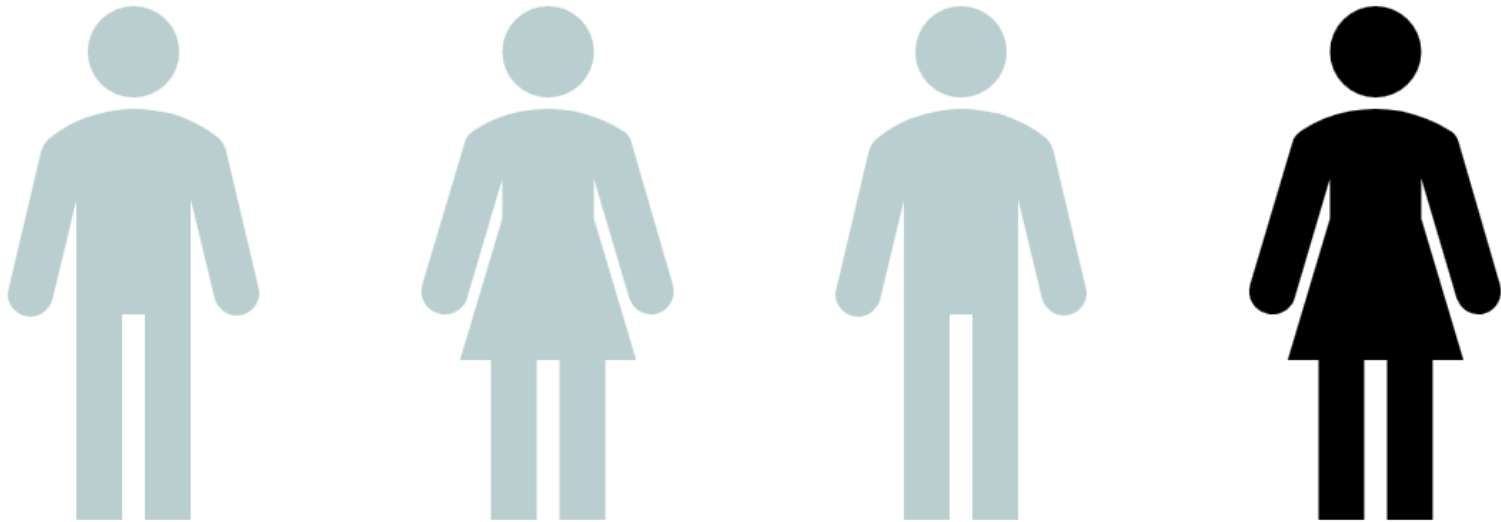
Over 8 in 10 mushroom-buying households (85%) purchased mushrooms in Grocery



- Over 8 in 10 mushroom-buying households (85.4%) purchased mushrooms in Grocery, down -0.3 points vs. prior year (85.6%)
- 14.7% of mushroom-buying households purchased in other channels, but not in Grocery

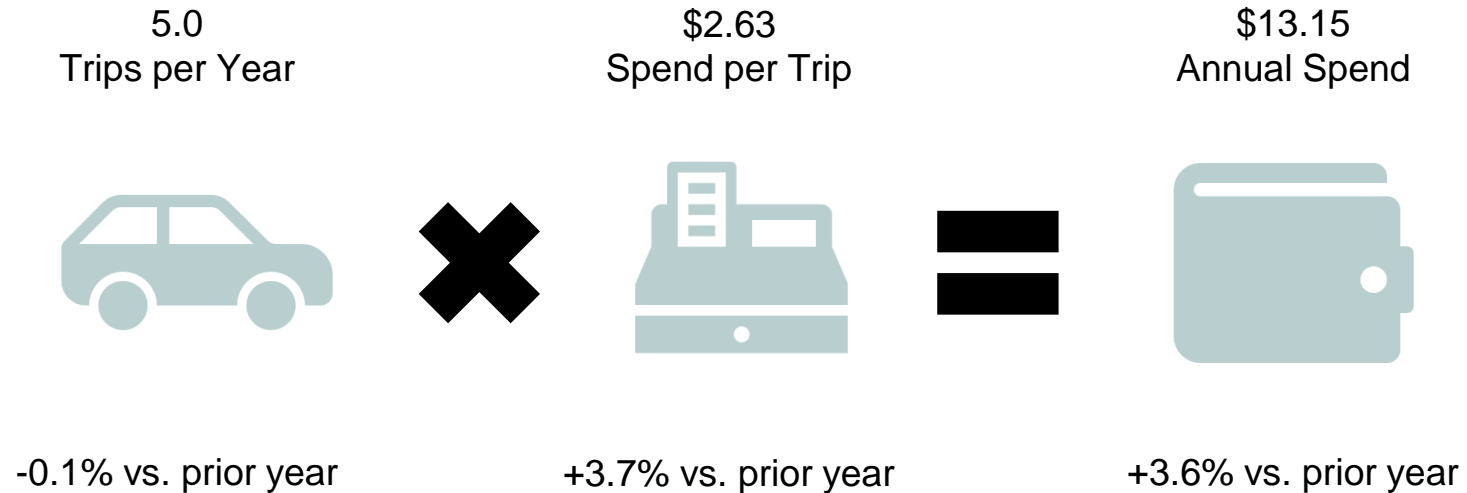
Nearly three out of four Grocery mushroom shoppers purchased mushrooms in Grocery more than once

Repeat Buyers
-0.6 point vs. prior year



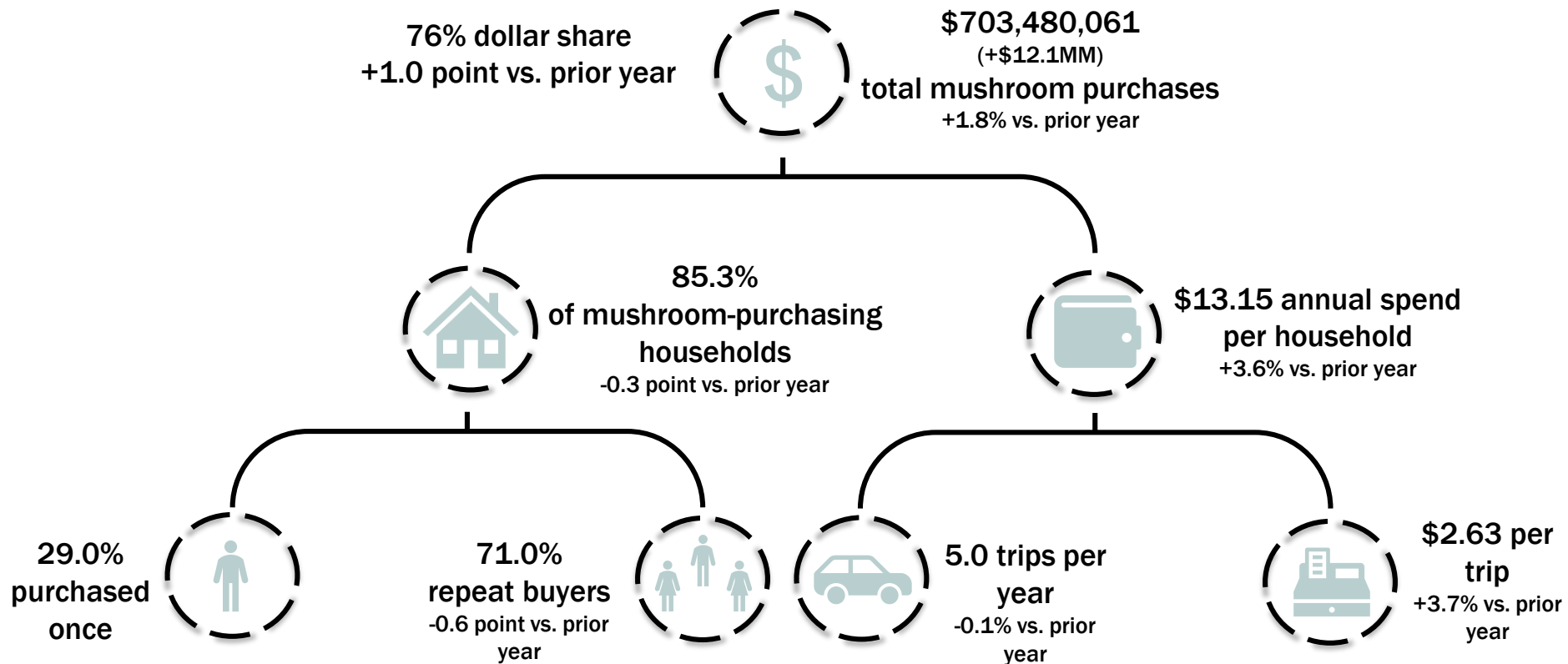
- The Grocery channel had the highest repeat buyer rate among all channels
- Nearly three out of four Grocery mushroom shoppers (71.0%) purchased mushrooms more than once in Grocery, down slightly vs. prior year (-0.6 point)

Annual spend per household in Grocery grew +3.6% in 2018, driven by an increase in spend per trip



- Annual spend per household in Grocery increased +3.6% vs. prior year to \$13.15
- This increase was driven by a rise in spend per trip (+3.7% to \$2.63), as trips per year remained flat at 5.0 trips per year

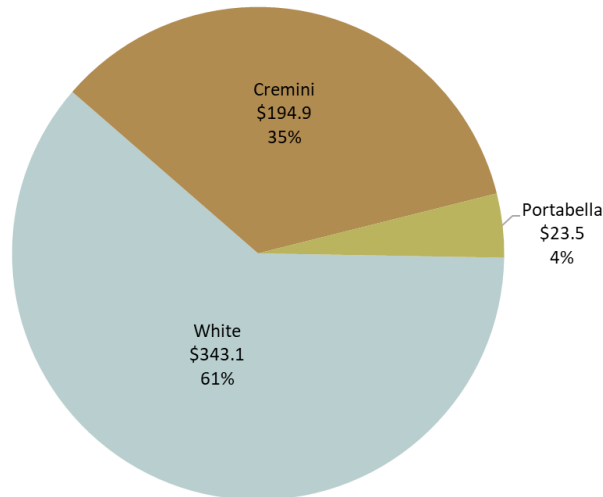
Grocery was the dominant channel for mushrooms and increased share and annual spend per household in 2018



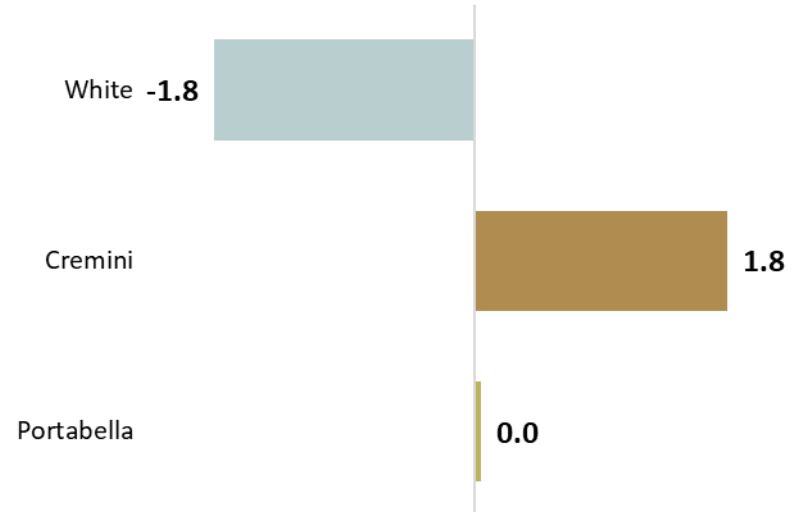
- With a 76% share of mushroom purchase dollars, Grocery remained the dominant channel for mushrooms
- Driven by an increase in spend per trip, annual spend per household increased +3.6% to \$13.15, which resulted in +\$12.1MM in incremental sales
- Grocery increased its share of category dollars (+1.0 points)

White mushrooms made up over half of Grocery fixed weight (FW) mushroom purchases, but Cremini had the highest increase in share

Grocery \$ Share of FW Mushroom Purchases - 2018
(in millions)



Share Point Change vs. Prior Year



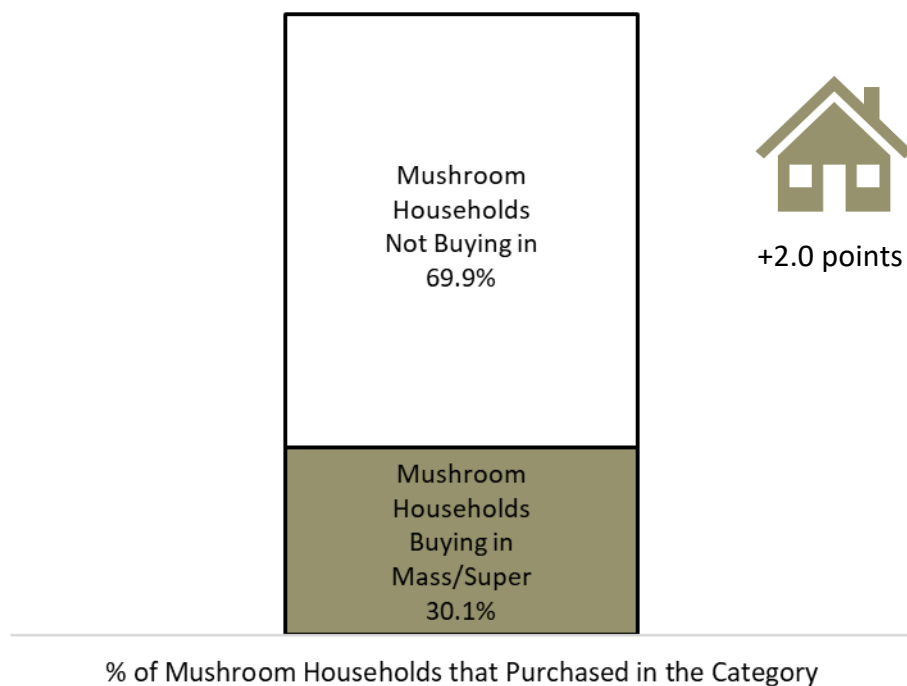
- 61% of Grocery fixed weight mushroom purchases were of White mushrooms. This was a decrease in share of -1.8 points vs. prior year
- Cremini mushrooms increased share by +1.8 points, and held 35% of fixed weight mushroom dollars in the Grocery channel
- Portabella mushrooms held 4% of purchases; share was unchanged vs. prior year

Purchase Trends

Mass/Super



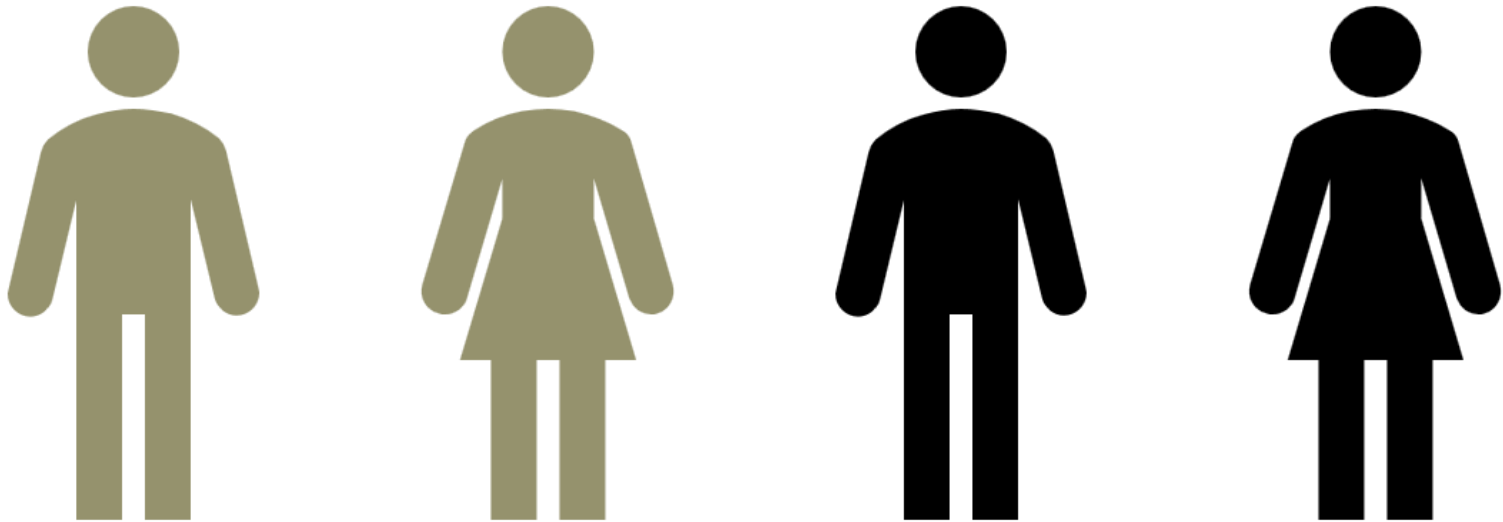
Three in ten mushroom-buying households purchased mushrooms in the Mass/Super channel



- Three in ten (30.1%) mushroom-buying households purchased mushrooms in the Mass/Super channel, up +2.0 points vs. prior year
- 69.9% of mushroom-buying households purchased in other channels, but not in Mass/Super

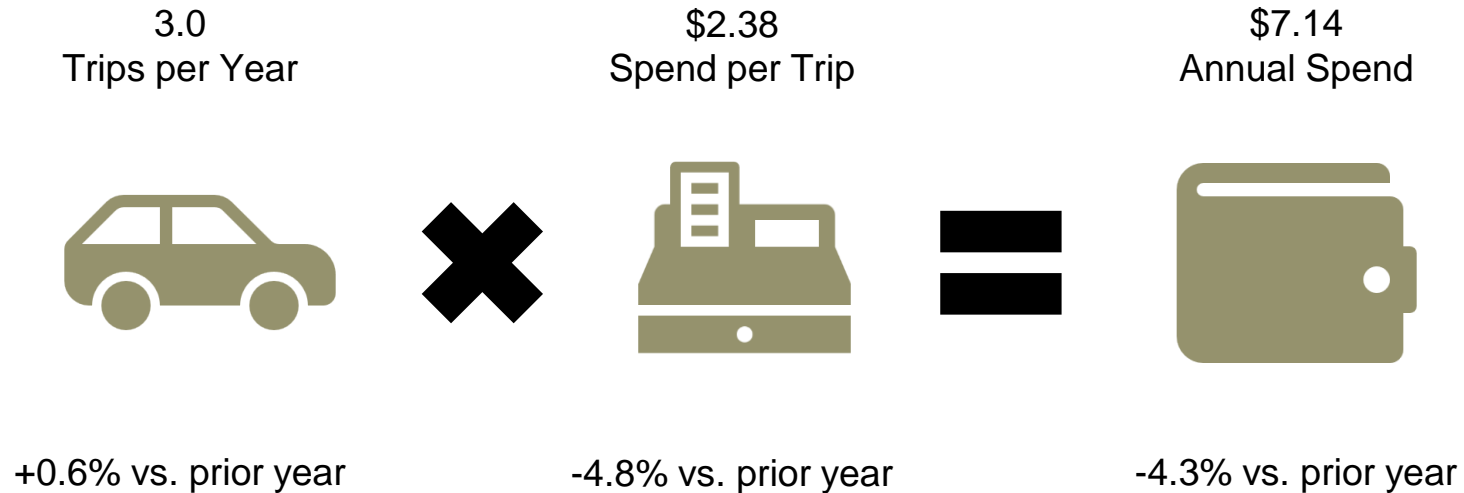
Over half of Mass/Super mushroom shoppers purchased mushrooms in the channel more than once

Repeat Buyers
+0.4 point vs. prior year



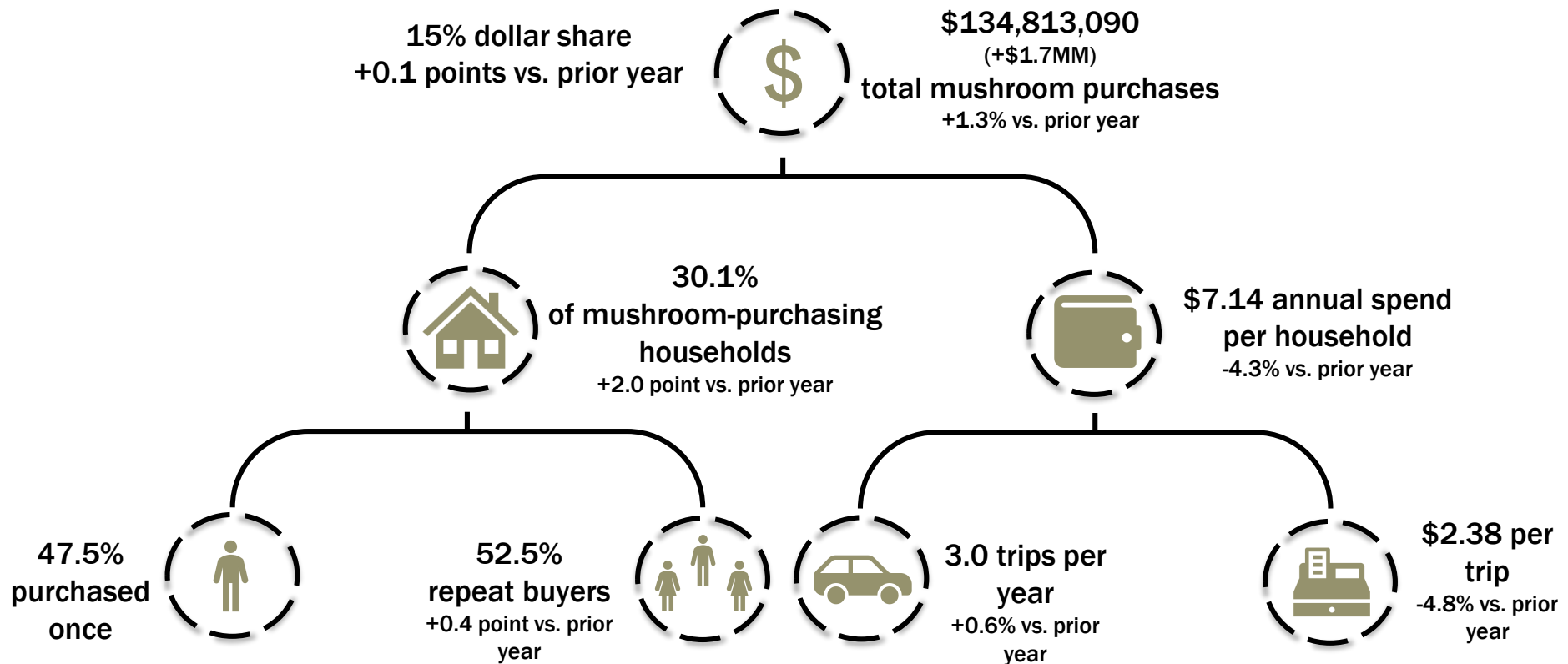
- 52.5% of Mass/Super mushroom shoppers purchased mushrooms more than once in the channel, a slight increase vs. prior year (+0.4 point)
- The Mass/Super channel had the second-highest repeat buyer rate (behind Grocery)

Annual spend per household in Mass/Super declined -4.3% as spend per trip dropped



- Annual spend per household in Mass/Super decreased -4.3% vs. prior year to \$7.14 as spend per trip fell -4.8% to \$2.38
- Trips per year remained relatively flat, increasing +0.6% to 3.0 trips annually

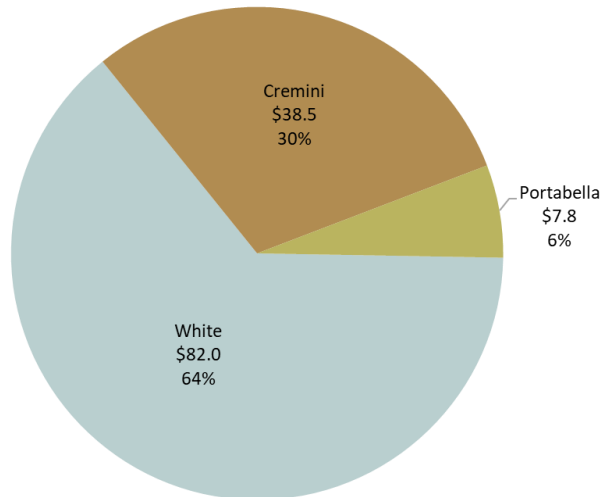
Mass/Super was the second-largest channel for mushroom purchases and increased in number of mushroom-purchasing households



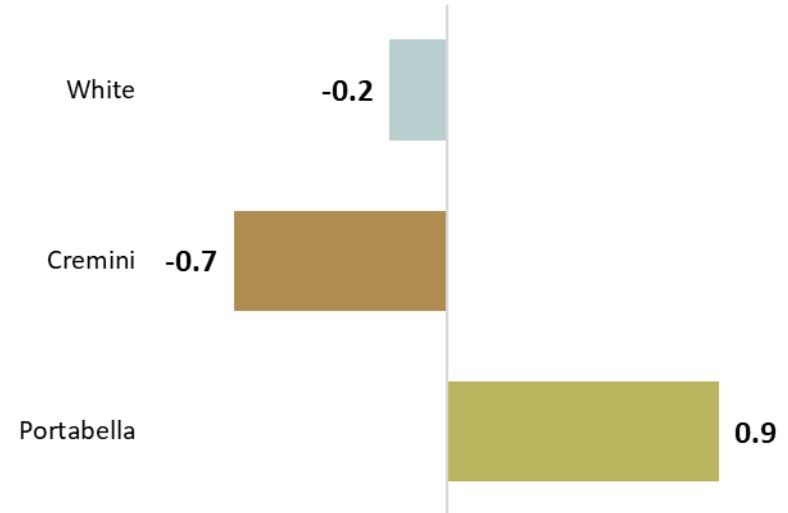
- Mass/Super held the second-largest share of mushroom purchases with a 15% dollar share, an increase of +0.1 points vs. prior year
- Total mushroom purchases increased +1.3%, adding \$1.7MM in incremental sales
- 52.5% of Mass/Super mushroom shoppers purchased more than once in 2018

White mushrooms held a majority of mushroom purchases in the Mass/Super channel

Mass/Super \$ Share of FW Mushroom Purchases - 2018
(in millions)



Share Point Change vs. Prior Year



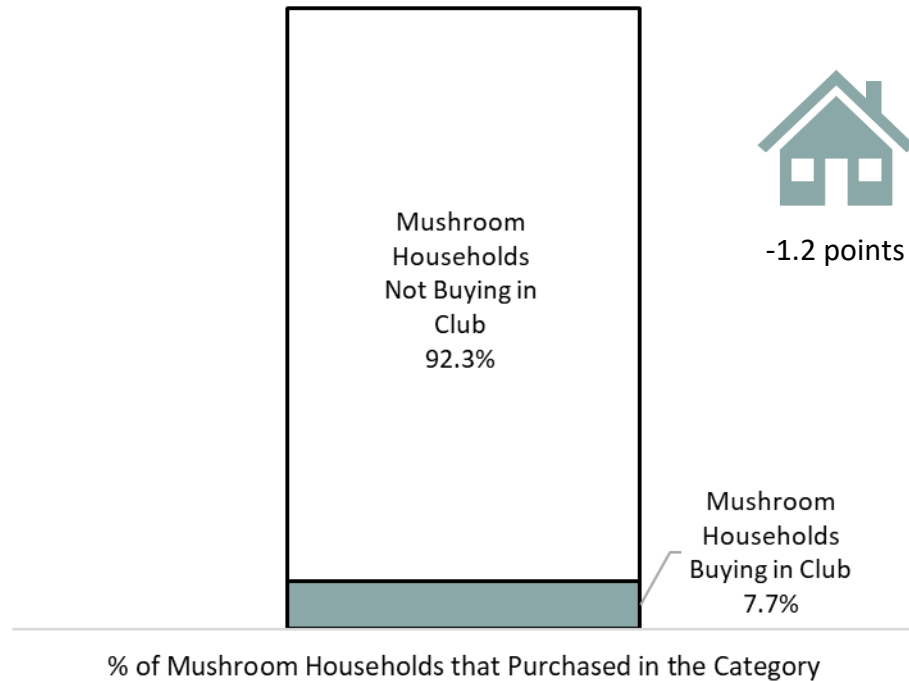
- White mushrooms held a 64% share of fixed weight mushroom purchases in the Mass/Super channel, a slight decrease of -0.2 points
- Cremini mushrooms also lost share (-0.7 points), and held 30% of mushroom purchases in the Mass/Super channel
- Portabella gained nearly a point of share at Mass/Super and held 6% of purchases

Purchase Trends

Club



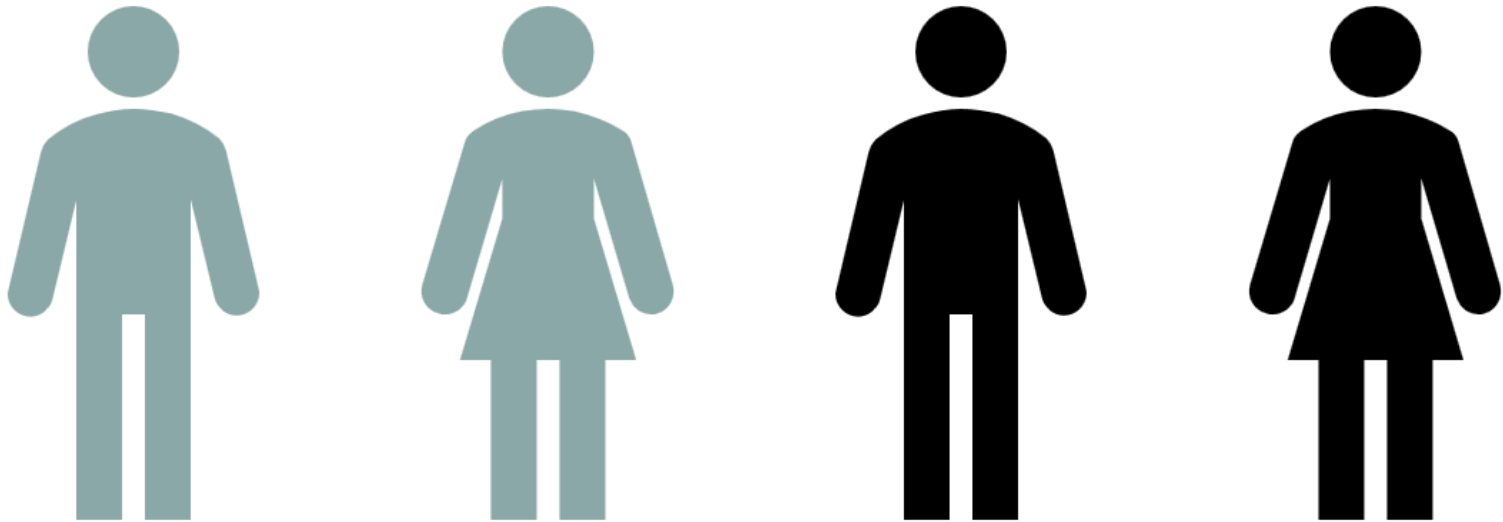
Fewer mushroom households are buying in the Club channel vs. prior year



- Fewer than 1 in 10 (7.7%) mushroom households are purchasing in the Club channel, a decrease vs. prior year
- 92.3% of mushroom-buying households purchased in other channels, but not in Club

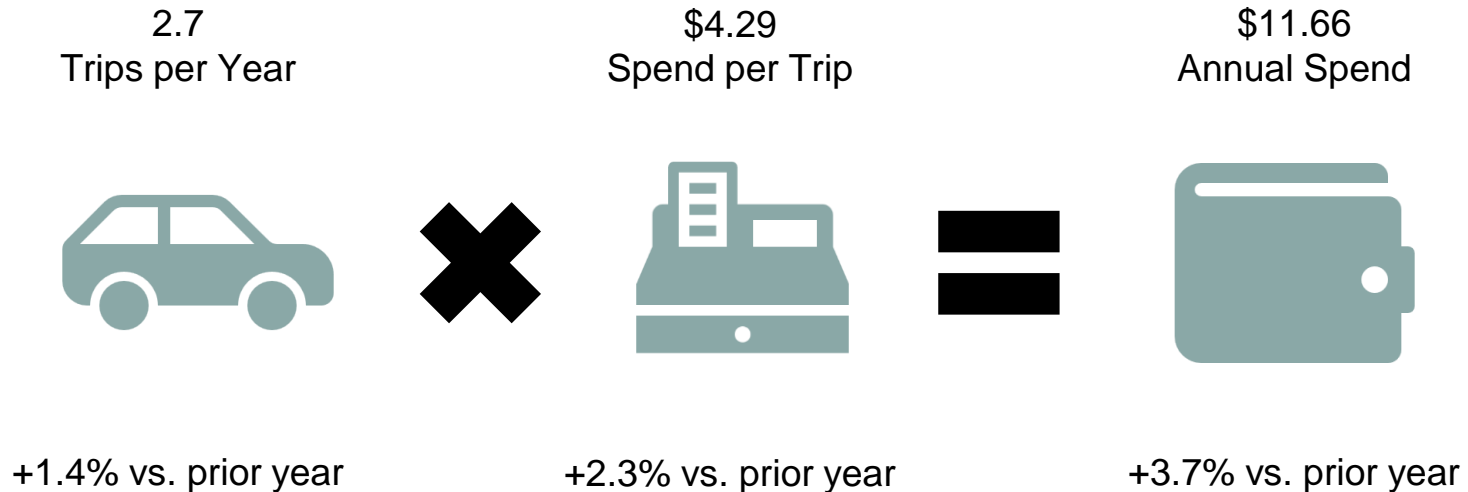
Nearly half of Club mushroom shoppers purchased mushrooms in the channel more than once

Repeat Buyers
-1.4 points vs. prior year



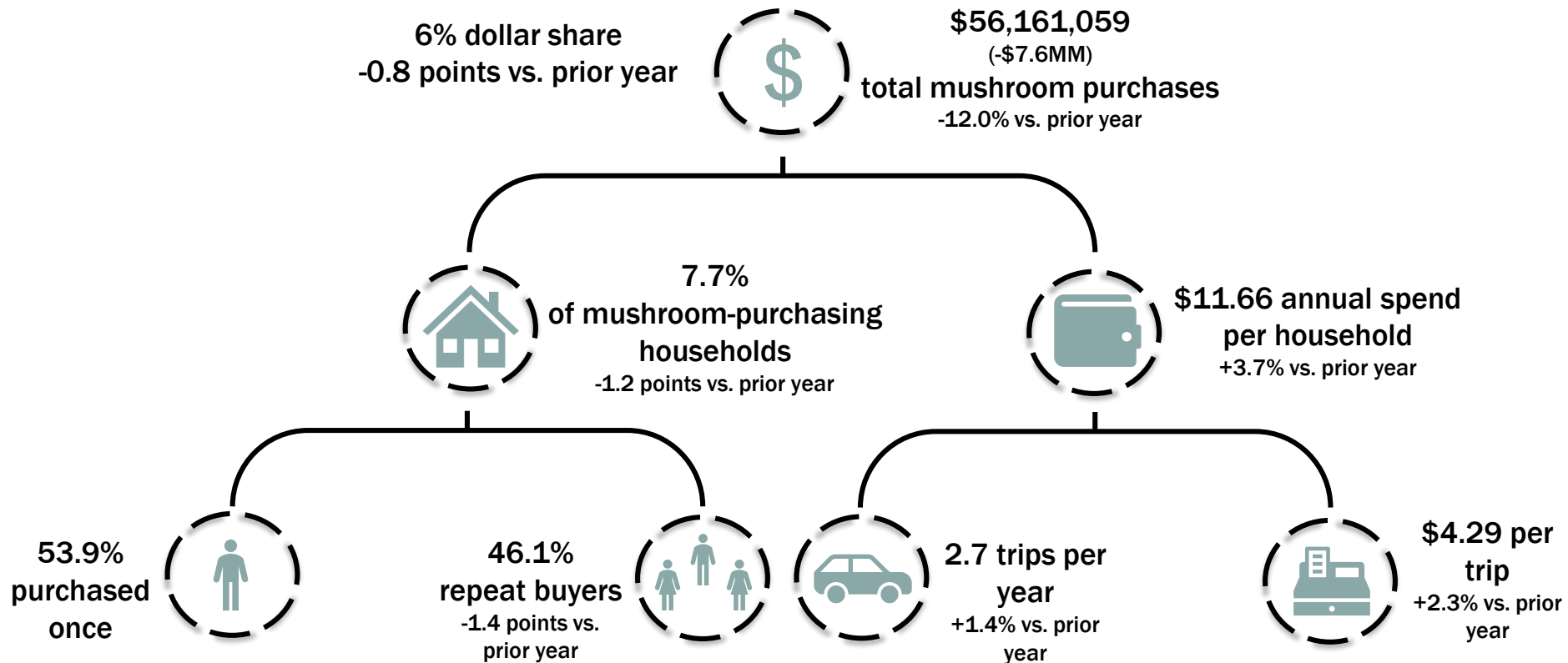
- 46.1% of Club mushroom shoppers were repeat buyers, only exceeding the rate in the Internet channel (31.8%)
- The Club channel repeat buyer rate decreased -1.4 points vs. prior year

Annual spend per household in Club increased as buyers shopped more often and spent more per trip



- Annual spend per household in Club increased +3.7% to \$11.66
- The uptick in spend was driven by an increase in spend per trip (+2.3% to \$4.29) as well as trips per year (+1.4% to 2.7 trips)
- Spend per trip at Club was higher than any other channel

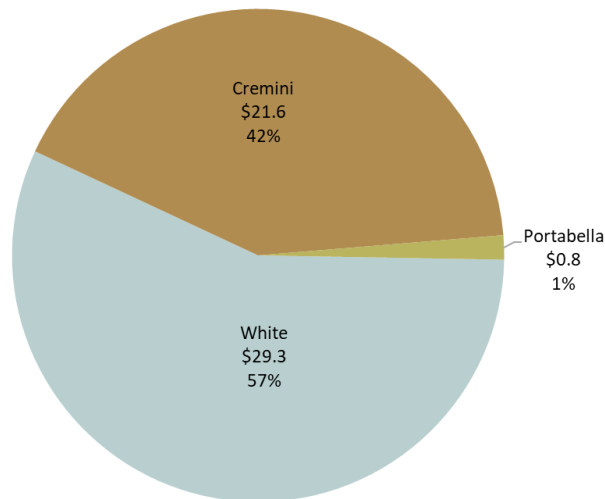
Club had fewer mushroom-purchasing households vs. prior year, however annual spend per household increased



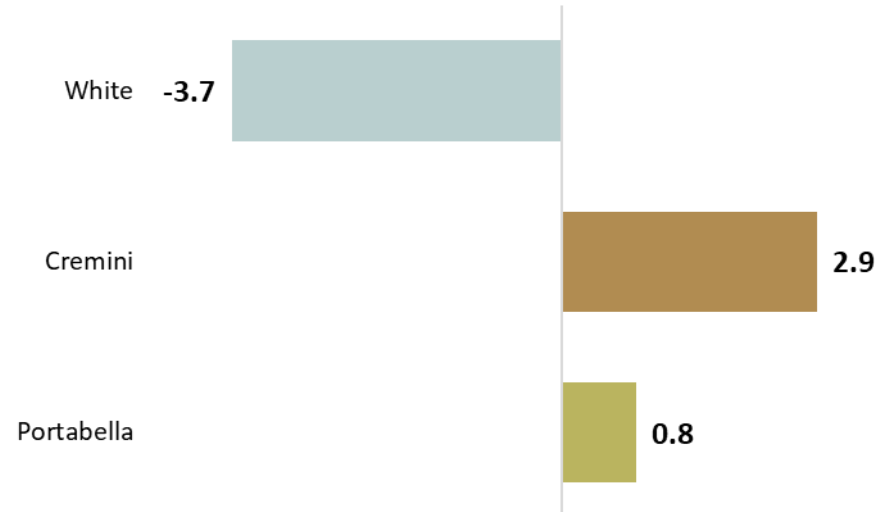
- Total mushroom purchases and share of category dollars softened in the Club channel
- The downturn was driven by fewer mushroom-purchasing households and a decrease in repeat purchasers
- Annual spend increased as mushroom-shoppers purchased more often and spent more per trip

Cremini mushrooms increased share in the Club channel, growing to over 40% of purchases

Club \$ Share of FW Mushroom Purchases - 2018
(in millions)



Share Point Change vs. Prior Year



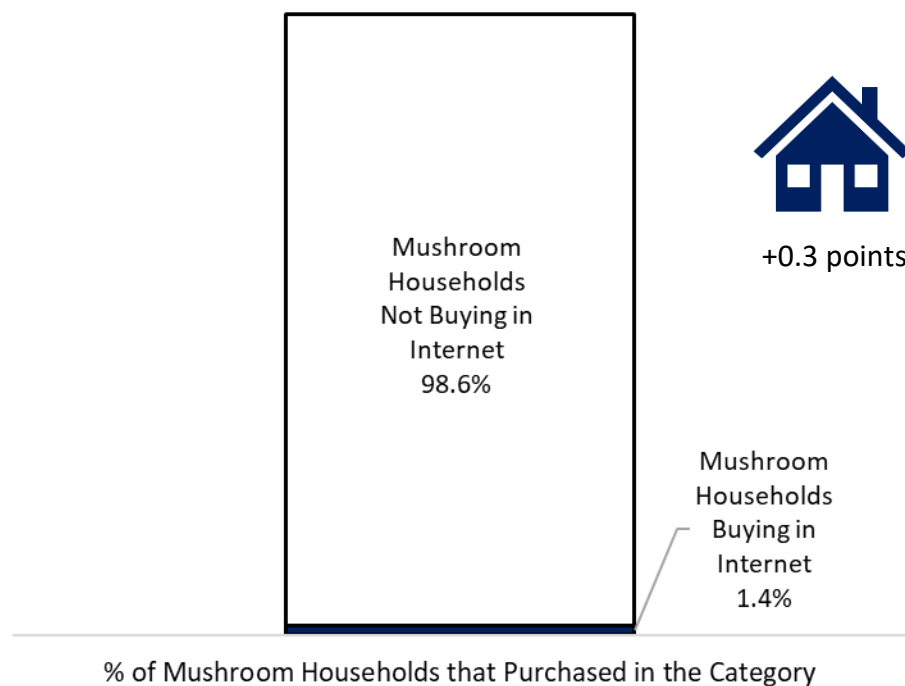
- Cremini mushrooms increased share by +2.9 points, and held 42% of mushroom dollars in the Club channel (highest share of any channel)
- White mushrooms still held the majority at 57%, but lost -3.7 points
- Portabella gained nearly a point of share in the Club channel and held 1% of purchases

Purchase Trends

Internet



The number of mushroom households purchasing in the Internet Channel increased very slightly



- A small portion of mushroom-purchasing households are shopping in the Internet channel (1.4%), though the number increased slightly vs. prior year (+0.3 points)
- The majority of mushroom-purchasing households are buying outside of this channel

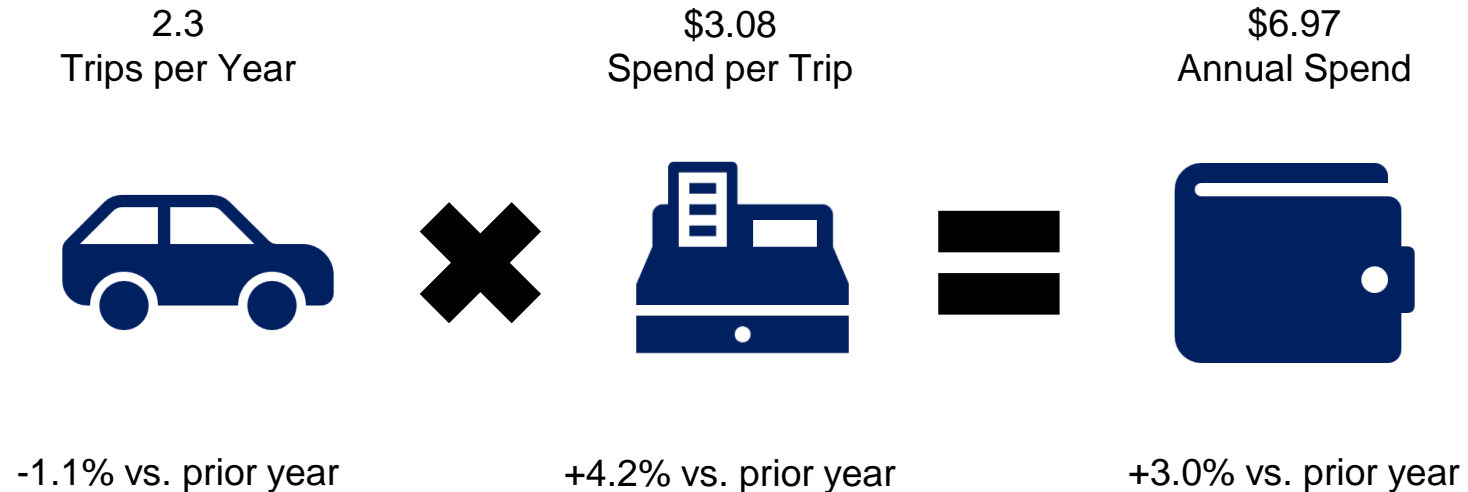
Nearly one in three Internet mushroom shoppers purchased in the channel more than once

Repeat Buyers
-0.6 points vs. prior year



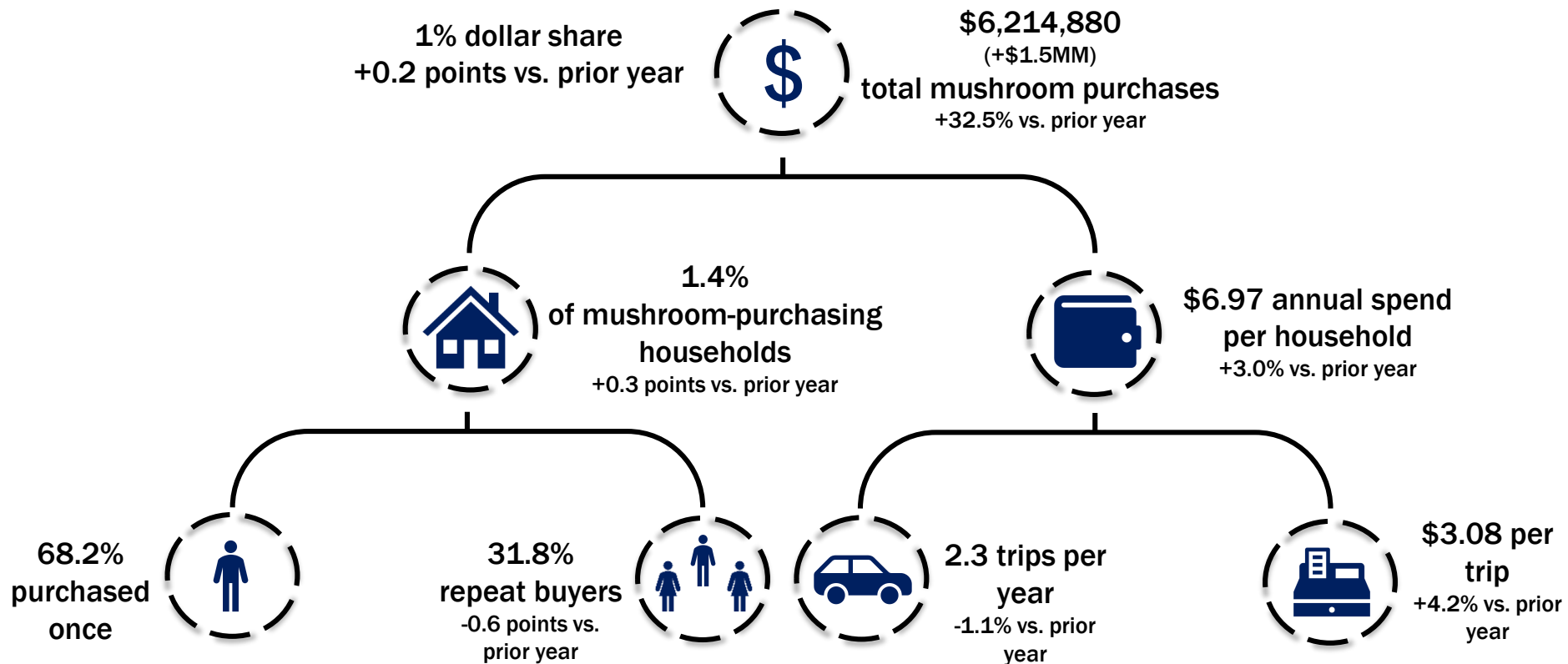
- 31.8% of Internet mushroom shoppers were repeat buyers in the channel, a slight decrease of -0.6 points vs. prior year
- The repeat buyer rate for Internet was the lowest among all channels

Increased annual spend in the Internet channel was driven by an increase in spend per trip



- Annual spend per household in Internet increased +3.0% to \$6.97
- This increase was driven by growth in spend per trip (up +4.2% to \$3.08) as the number of trips per year decreased to 2.3
- Spend per trip in the Internet channel was second only to Club

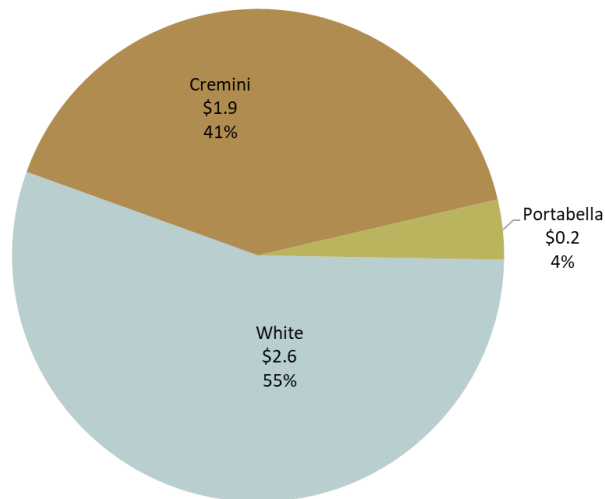
The Internet channel had the second-lowest share of dollars, but showed strong growth



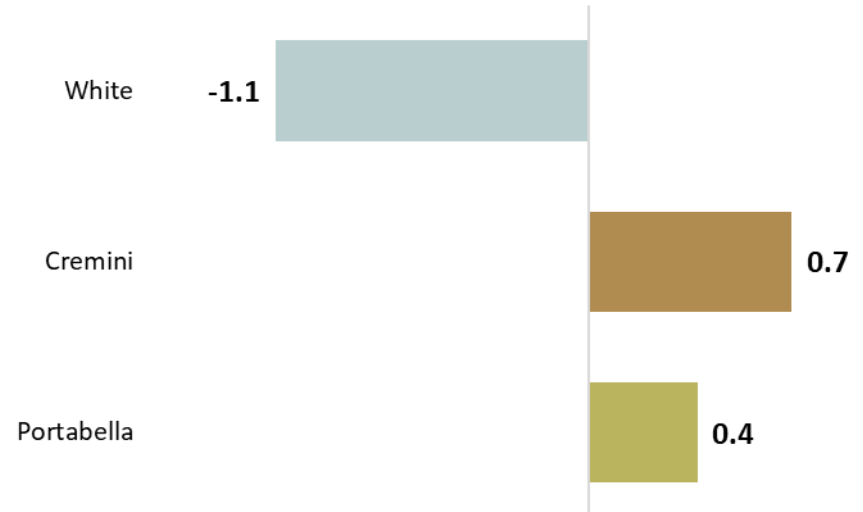
- Though only 1% of mushroom purchases were made in the Internet channel, dollars increased +32.5% vs. prior year on an influx of new shoppers
- Almost a third of Internet shoppers purchased mushrooms in the channel more than once
- Annual spend per household increased, driven by higher spend per trip

Cremini and Portabella mushrooms increased share of dollar purchases in the Internet channel

Internet \$ Share of FW Mushroom Purchases - 2018
(in millions)



Share Point Change vs. Prior Year



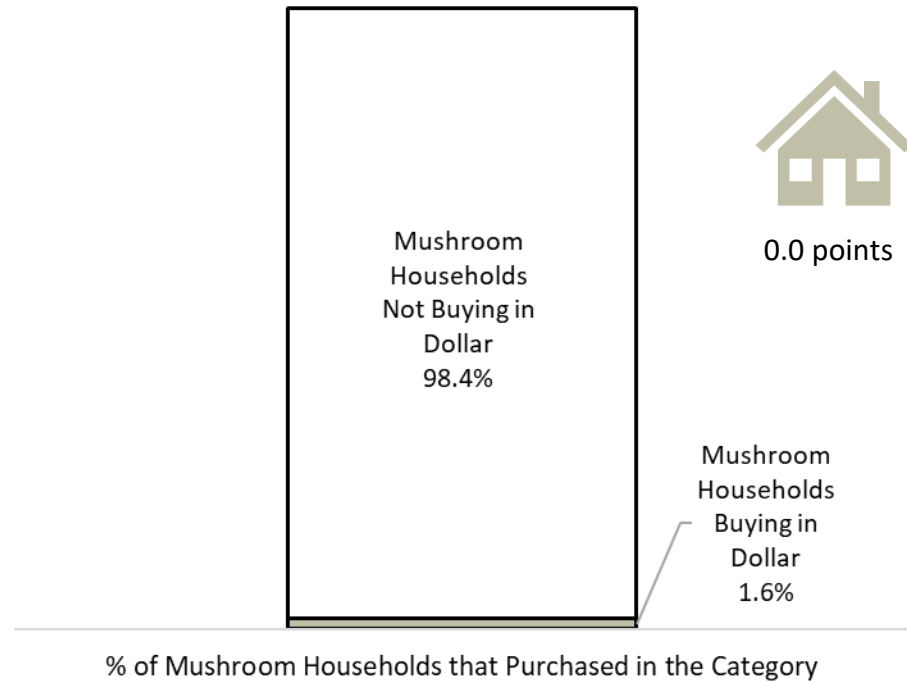
- Brown mushrooms increased share in the Internet channel as Cremini grew to 41% (+0.7 points) and Portabella grew to 4% (+0.4 points) of dollars
- White mushrooms still held the majority at 55%, but lost -1.1 points
- Internet had the second-largest proportion of Cremini purchases (Club had the highest with 42% of dollars)

Purchase Trends

Dollar



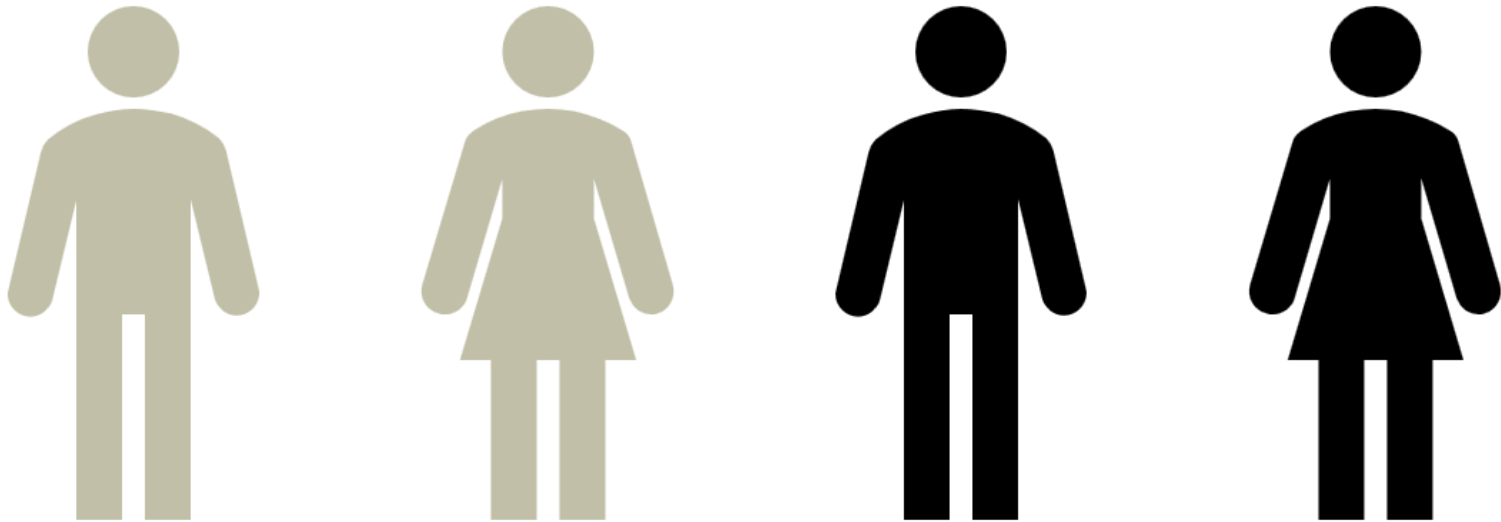
A small portion of mushroom households purchased mushrooms in the Dollar channel



- A small portion of mushroom-purchasing households are shopping in the Dollar channel (1.6%); this was unchanged vs. prior year
- The majority of mushroom-purchasing households are buying outside of the channel

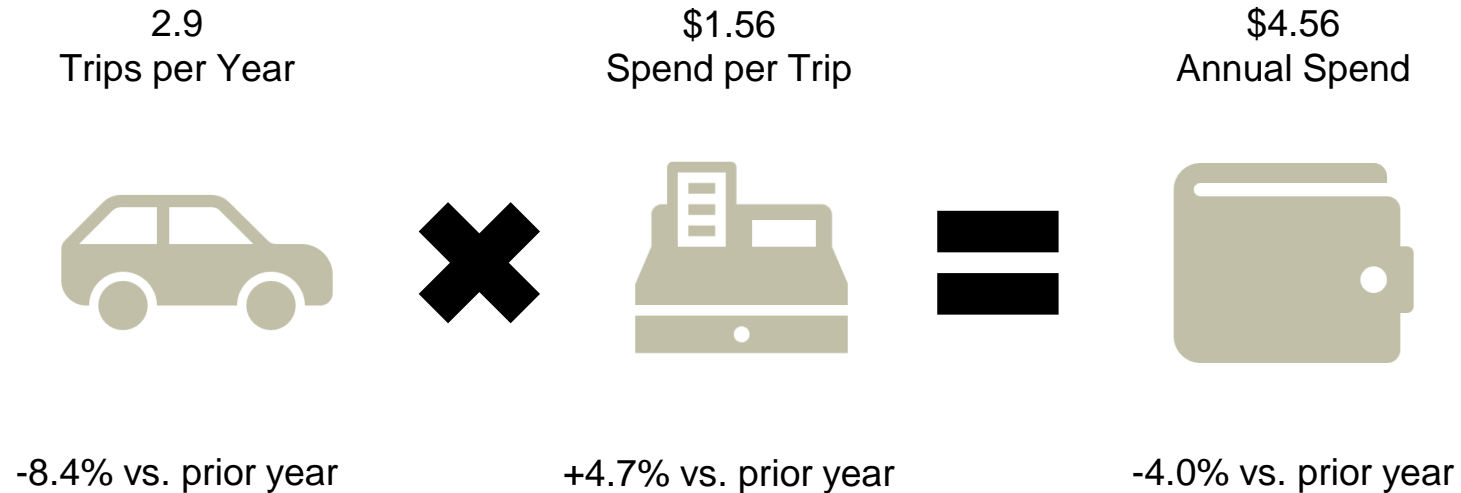
Half of Dollar channel mushroom shoppers purchased in the channel more than once

Repeat Buyers
-0.6 points vs. prior year



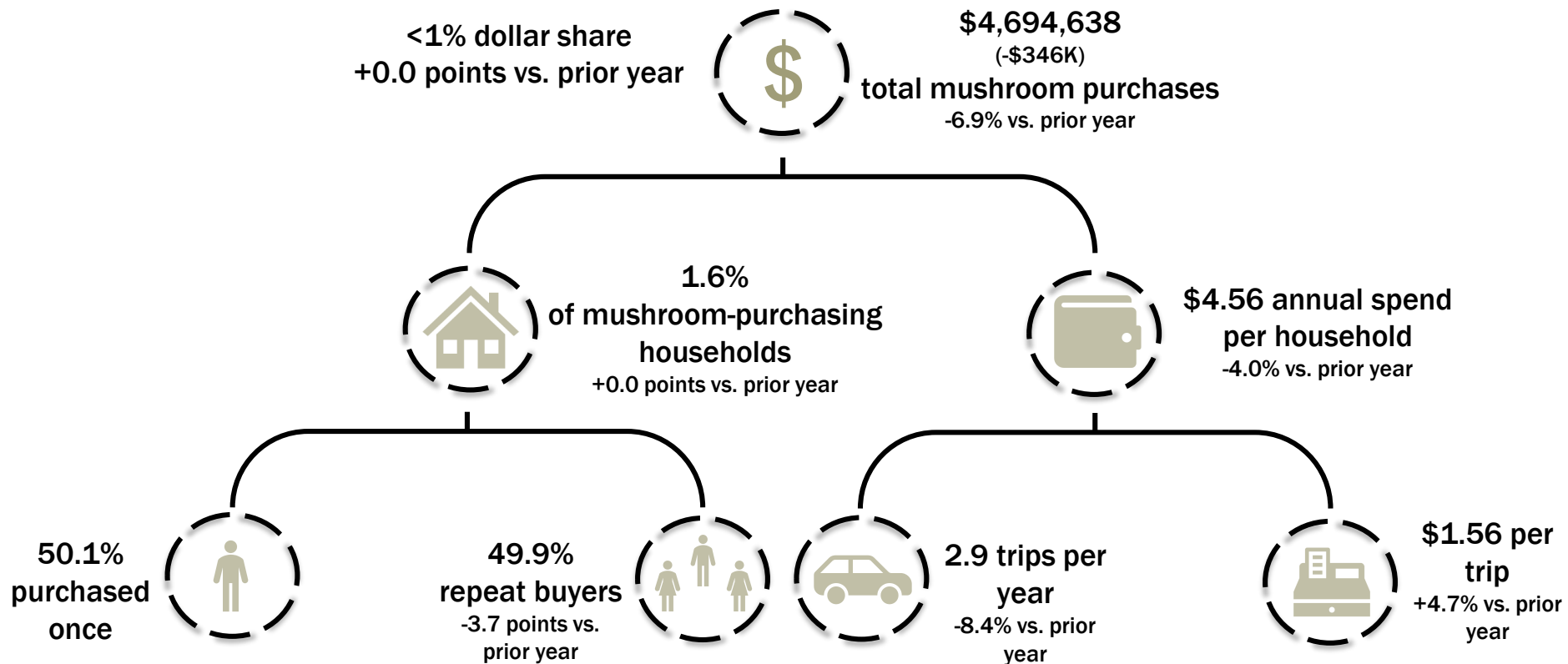
- 49.9% of Internet mushroom shoppers were repeat buyers in the channel, a slight decrease of -0.6 points vs. prior year
- The repeat buyer rate for the Dollar channel was the third-highest among all channels

Annual spend in the Dollar channel decreased, due to a decline in trips per year



- Annual spend per household in the Dollar channel decreased -4.0% to \$4.56, the lowest of any channel
- This decrease was due to a decline in trips per year (-8.4% to 2.9 trips per year)
- Spend per trip increased +4.7% to \$1.56 per trip

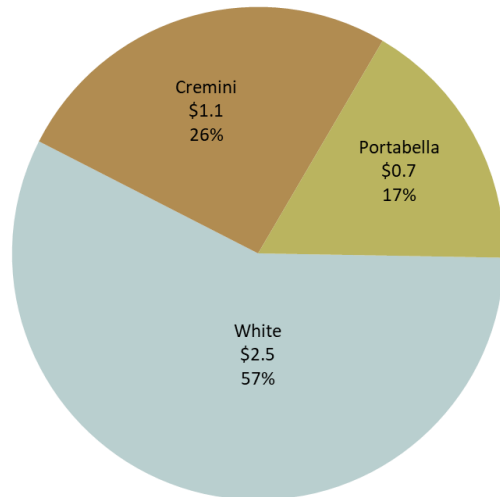
The frequency of purchases softened in the Dollar channel



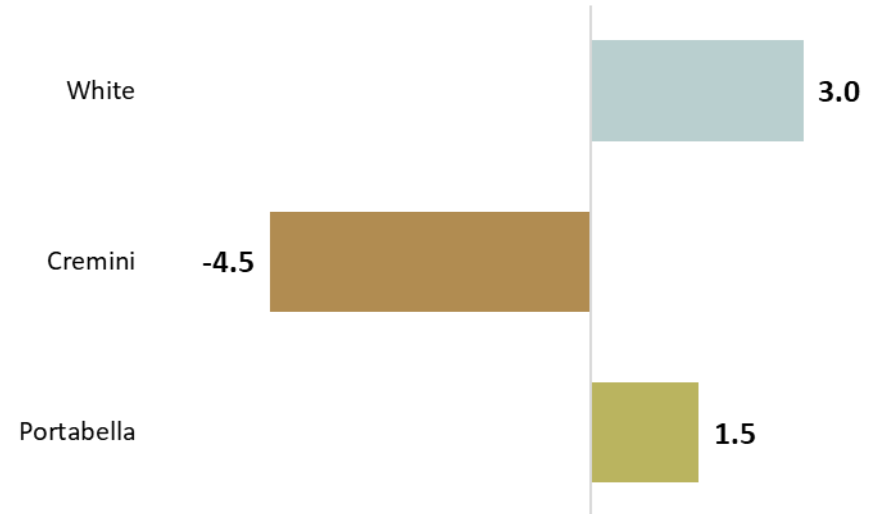
- The Dollar channel saw fewer repeat buyers in 2018 (-3.7 points)
- While spend per trip increased (+4.7%), an -8.4% decline in trips per year led to a decrease in annual spend per household (-4.0% to \$4.56)
- Less than one percent of mushroom dollars went to the Dollar channel; this was unchanged vs. prior year

White and Portabella mushrooms increased share of dollar purchases in the Dollar channel

Dollar \$ Share of FW Mushroom Purchases - 2018
(in millions)



Share Point Change vs. Prior Year



- White mushrooms showed the highest increase in dollar share in the dollar channel, increasing +3.0 points to 57%
- Portabella also increased share, but still held the smallest portion of fixed weight purchases
- Cremini mushrooms had a decrease in share in the Dollar channel, declining -4.5 points to 26% of dollars

Appendix



Appendix

- Total Category
- Grocery
- Mass/Super
- Club

Total Category	Prior Year (2017)	Current Year (2018)	Variance
Grocery			
Purchase Dollars	\$691,331,241.30	\$703,480,061.44	+1.757%
Penetration	44.267%	43.152%	-1.115
% of Mushroom-Purchasing Households	85.548%	85.272%	-0.276
% Repeat Buyers	71.600%	71.019%	-0.581
Average Annual Spend per Household	\$12.695	\$13.148	+3.567%
Average Trips per Year	5.010	5.005	-0.100%
Average Spend per Trip	\$2.534	\$2.627	+3.670%
Mass/Super			
Purchase Dollars	\$133,126,755.92	\$134,813,090.12	+1.267%
Penetration	14.513%	15.237%	+0.724
% of Mushroom-Purchasing Households	28.047%	30.110%	+2.063
% Repeat Buyers	52.081%	52.469%	+0.388
Average Annual Spend per Household	\$7.458	\$7.137	-4.298%
Average Trips per Year	2.983	3.000	+0.570%
Average Spend per Trip	\$2.500	\$2.379	-4.840%
Club			
Purchase Dollars	\$63,787,351.04	\$56,161,058.85	-11.956%
Penetration	4.613%	3.884%	-0.729
% of Mushroom-Purchasing Households	8.915%	7.675%	-1.240
% Repeat Buyers	47.569%	46.137%	-1.432
Average Annual Spend per Household	\$11.241	\$11.661	+3.739%
Average Trips per Year	2.679	2.717	+1.418%
Average Spend per Trip	\$4.196	\$4.292	+2.288%

Appendix

- Internet
- Dollar
- All Other

Total Category	Prior Year (2017)	Current Year (2018)	Variance
Internet			
Purchase Dollars	\$4,691,693.53	\$6,214,879.71	+32.466%
Penetration	0.564%	0.720%	+0.156
% of Mushroom-Purchasing Households	1.090%	1.423%	+0.333
% Repeat Buyers	32.339%	31.778%	-0.561
Average Annual Spend per Household	\$6.760	\$6.967	+3.059%
Average Trips per Year	2.283	2.259	-1.051%
Average Spend per Trip	\$2.961	\$3.084	+4.154%
Dollar			
Purchase Dollars	\$5,040,610.33	\$4,694,638.13	-6.864%
Penetration	0.863%	0.831%	-0.032
% of Mushroom-Purchasing Households	1.668%	1.642%	-0.026
% Repeat Buyers	53.614%	49.944%	-3.670
Average Annual Spend per Household	\$4.749	\$4.556	-4.078%
Average Trips per Year	3.194	2.926	-8.391%
Average Spend per Trip	\$1.487	\$1.557	+4.707%
All Other Channels			
Purchase Dollars	\$27,258,243.32	\$23,354,783.60	-14.320%
Penetration	3.655%	3.114%	-0.541
% of Mushroom-Purchasing Households	7.063%	6.154%	-0.910
% Repeat Buyers	41.524%	39.607%	-1.917
Average Annual Spend per Household	\$6.063	\$6.051	-0.192%
Average Trips per Year	2.540	2.476	-2.520%
Average Spend per Trip	\$2.387	\$2.444	+2.388%