

THE MUSHROOM COUNCIL

2022 FRESH MUSHROOMS RETAIL BEST PRACTICES

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IRI STRATEGIC ANALYTICS

SEPTEMBER 2022



Agenda

1 | Overview

2 | Strategic Analysis

a | Key Findings & Implications

b | Base Price Observations

c | Promotion & Merchandising

3 | Questions & Next steps

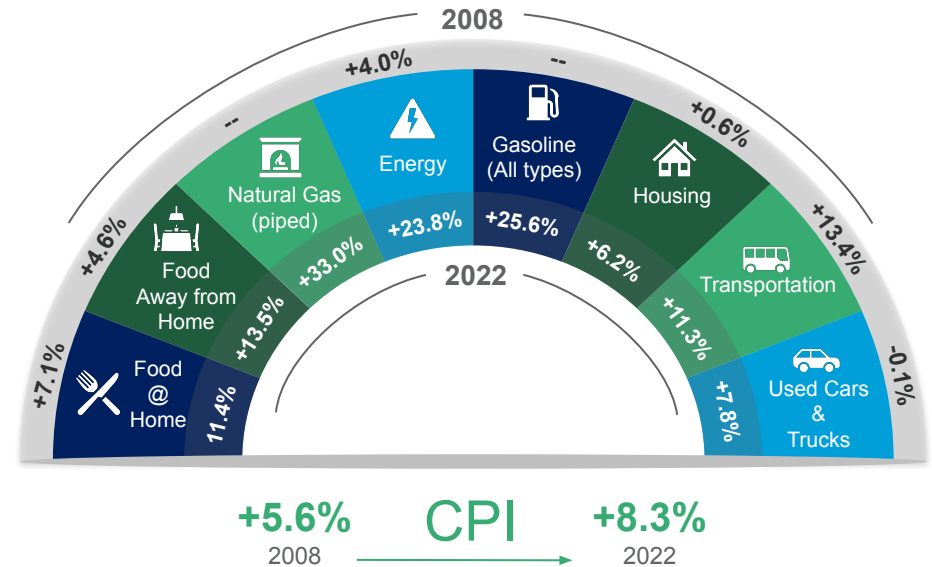
OVERVIEW

1



Households are faced with much higher inflation today than they were in 2008

Thought Leadership



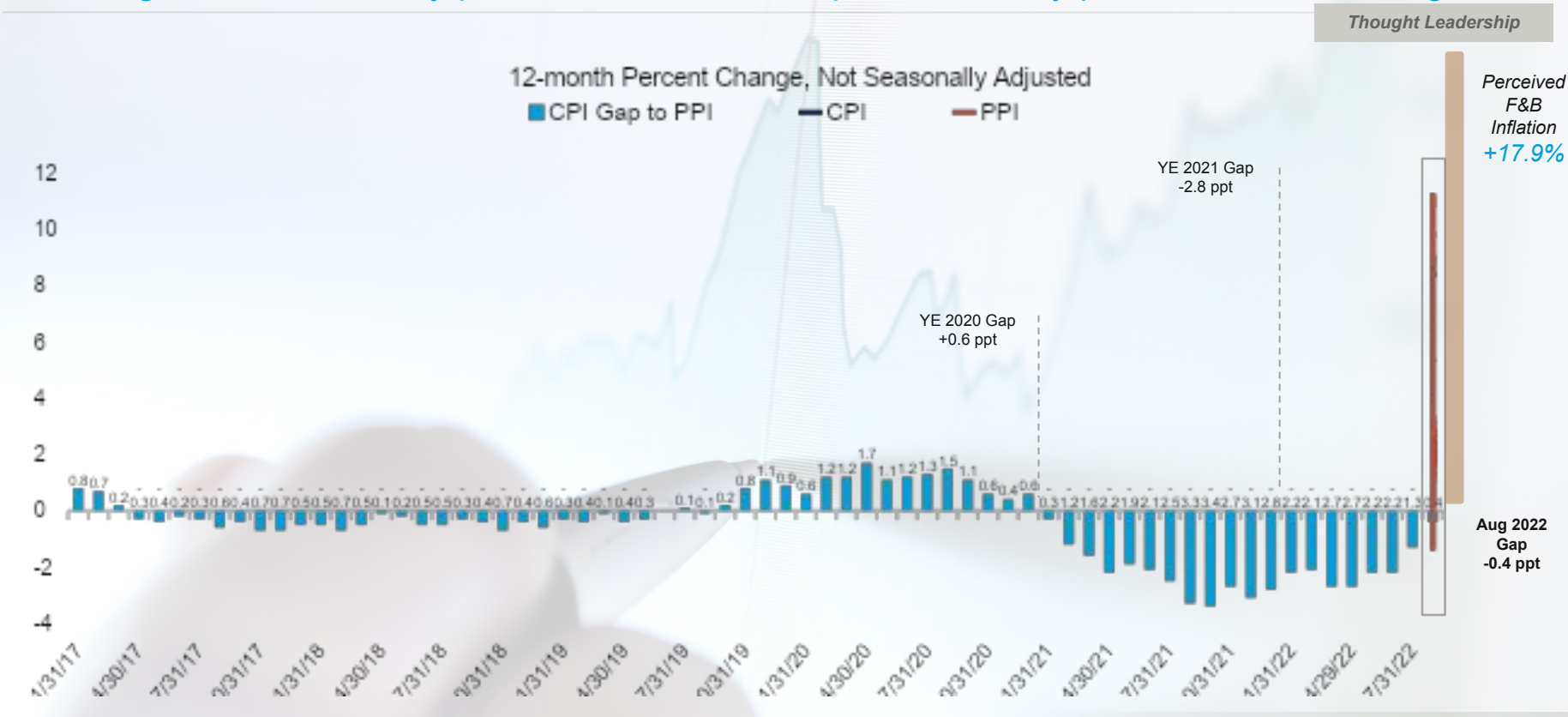
IRI

Source: US Bureau of Economic Analysis. Consumer Price Index Study - Percent Changes in CPI for All Urban Consumers. August 2022.

* Peak of 2008 Recession = 12-month percent change, not seasonally adjusted ending Jul 2008

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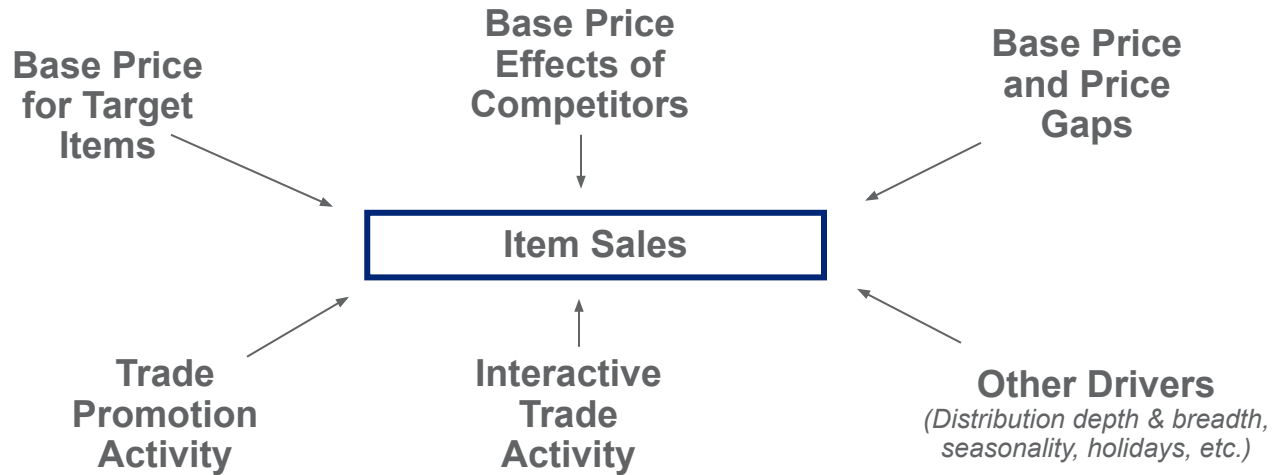
Price will continue to increase as the gap between CPI vs. PPI closes (historically ~-0.5ppt) indicating future inflationary pressure on consumer prices, already perceived as much higher



Own Base Price is Just One Factor in Effective Price Management

Educational Content

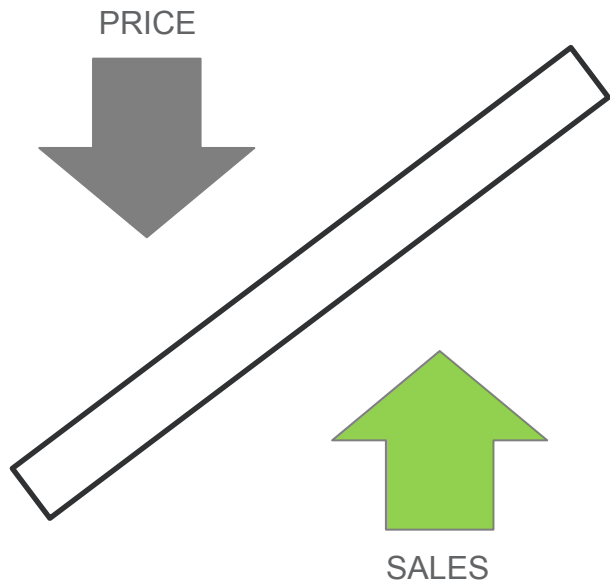
Price and Promotion Models incorporate a comprehensive set of volume drivers.



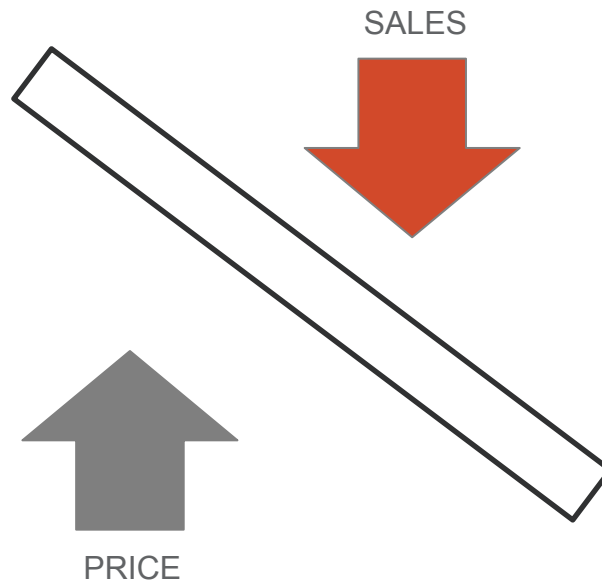
What is price elasticity?

Price elasticity is a measure of how price change impacts sales

When price decreases, sales increase



When price increases, sales decrease



Elastic vs. Inelastic

Elasticity spectrum



What factors could influence elasticity?

ELASTIC

- Heavily promoted
- Strong branded competitors
- More commoditized
- Expandable consumption categories (e.g., snacks)

INELASTIC

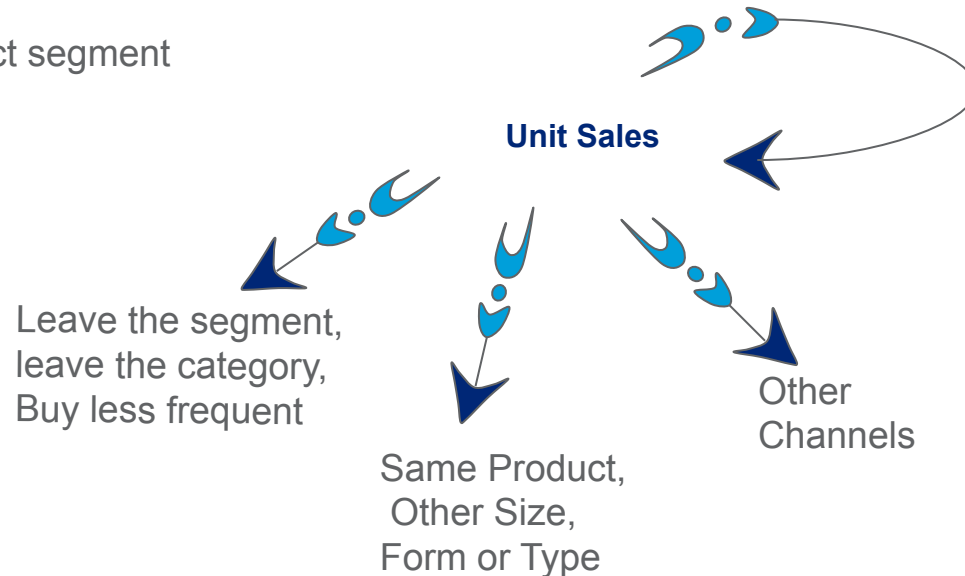
- Strong equity
- Premium product
- Need driven
- New categories

Impact of Price Changes Requires Comprehensive Analysis

Educational Content

When price is raised for Consumer-Packaged Good products, consumers have several options. They can:

1. Continue to buy it
2. Switch to a different size
3. Switch to a different product segment
4. Purchase less frequently
5. Leave the category
6. Leave the channel



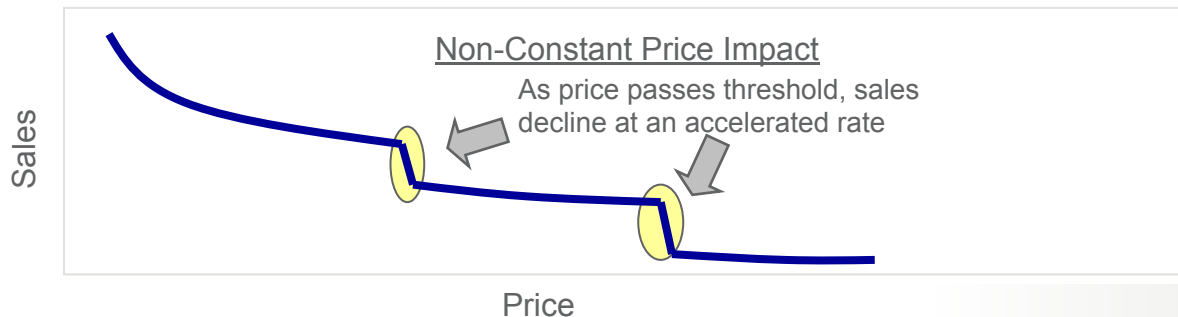
What Are Price Thresholds?

Educational Content

- Typically, price elasticity (base and promoted) is depicted as a smooth constant relationship between price and volume



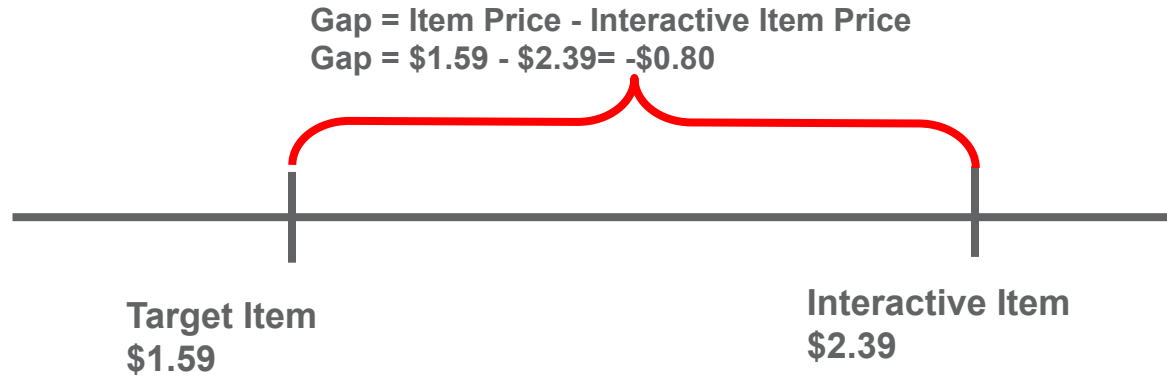
- In reality, the curve exhibits threshold points at which the change in sales is much more pronounced
- Thresholds work both ways:
 - Sales decline at a faster rate when threshold is passed by increasing price
 - Sales increase at a faster rate when threshold is passed by decreasing price



Significant Base Price Gaps or Pricing Ladders - What are They?

Educational Content

A base price gap is the difference in base price between an item and a price interactive item. A negative gap indicates that the item is priced lower than the related, interactive item.



Price Gaps indicate that an additional change in sales is realized when this gap is non-compliant. In this example increasing the gap beyond the significant threshold yield an increase in volume as the item becomes priced increasingly less than the interactive item; decreasing the gap beyond the significant Price Gap yields a decrease in volume for the item.

Study: Fresh Mushroom Best Practices in Today's Disrupted Marketplace

Background and Objectives

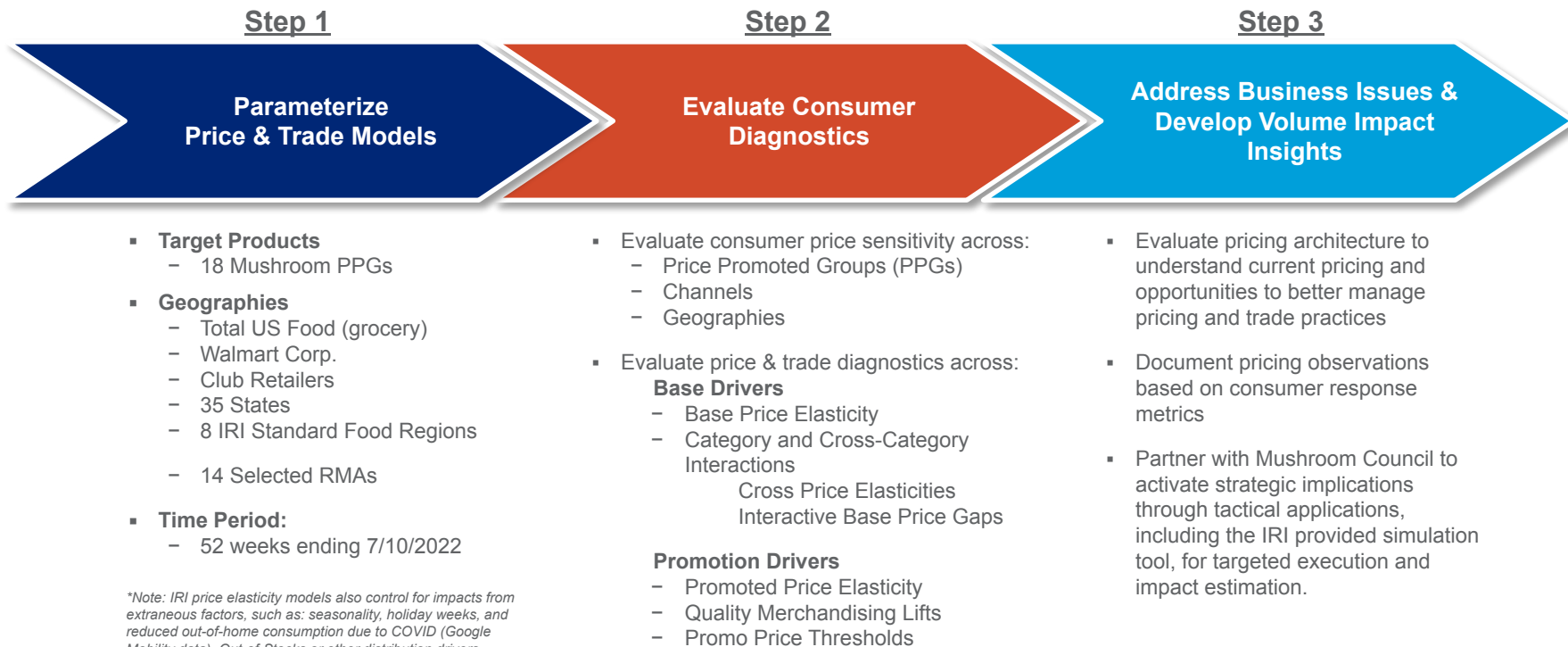
Background

- Volume demand is affected by price, especially in a market with 40-year high inflation
- The Mushroom Council contracted IRI to help understand likely volume movement in response to price and promotion changes across types, package sizes, format and attributes in key channels
- Specifically, the study examined volume demand in reaction to changes in pricing, inter-category volume shifts and interactions, key price point thresholds and trade promotion lifts
- These insights will allow mushroom growers and their retail partners understand likely volume changes in the light of price & promotional strategies

Objectives

- Determine elasticity of mushrooms, mushroom types, package sizes and by channel
- Understand volume response to **absolute price points and adjacent category price gaps**
- Understand any interactions with other products in the store
- Understand promotional pricing lifts versus everyday across types, package sizes and by channel
- Trade spend analysis on lifts by **merchandising vehicle** to understand current trade productivity and ROI

3-step process to evaluate and quantify opportunities



**Note: IRI price elasticity models also control for impacts from extraneous factors, such as: seasonality, holiday weeks, and reduced out-of-home consumption due to COVID (Google Mobility data), Out-of-Stocks or other distribution drivers.*

Product Groups

- Sliced conventional white 8oz
- Whole conventional white 8oz
- Sliced conventional white 16oz
- Sliced conventional brown 8oz
- Whole conventional brown 8oz
- Whole conventional brown 16oz
- Whole conventional white 16oz
- Whole conventional white random weight
- Sliced conventional brown 16oz
- Whole organic white 8oz
- Whole organic brown 8oz
- Sliced organic white 8oz
- Whole organic brown 16oz
- Sliced organic brown 8oz
- Whole organic white 16oz
- Whole conventional portabella 6-8oz
- Sliced conventional portabella 6-8oz
- Sliced conventional shiitake 5oz

Geographies / Channels / Retailer Marketing Areas (RMAs)

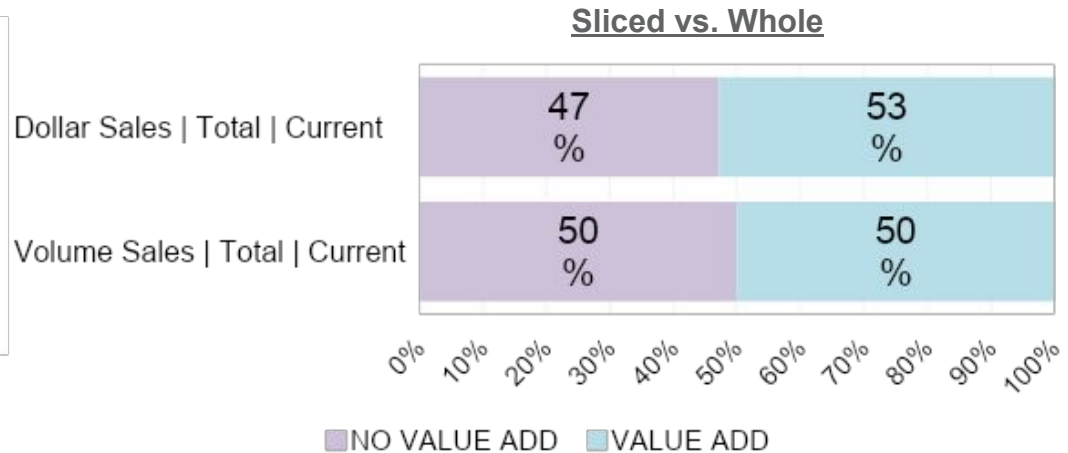
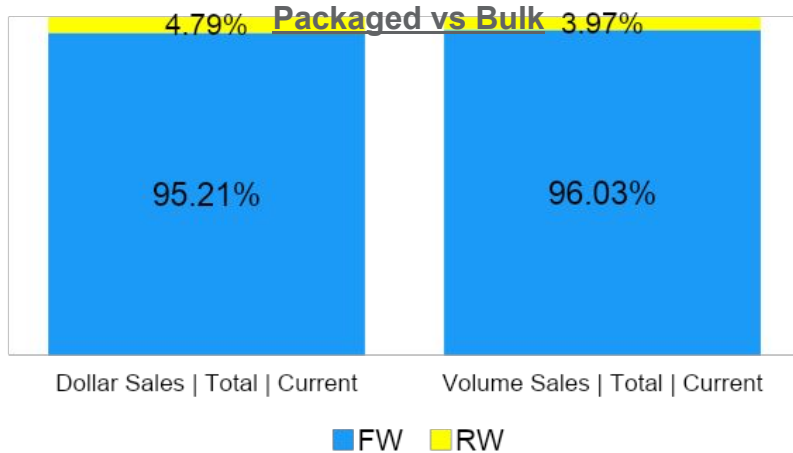
- **Total US – Food* (Grocery – abbreviated to TUS Food)**
- **Walmart Corp**
- **Club Retailers (Sam's & BJ's)**

- KR Corp-RMA – Food
- AlbertsonsCo Corp-RMA - Food
- Walmart Div M West-RMA - Walmart
- Walmart Div A South-RMA - Walmart
- Walmart Div E North-RMA - Walmart
- ADUSAAhold Corp-RMA - Food
- ADUSADelhaize Corp-RMA - Food
- Wakefern Corp-RMA - Food
- Wegmans Corp-RMA - Food
- ADUSAShop & Shop Div-RMA - Food

Individual retailers have all been confirmed as multi-supplier accounts to provide best-in-class examples across different channels

**Also includes 8 IRI Standard Regions and 35 States*

Market Refresher: Mushroom Share by Attribute 52 weeks ending 7-10-22



Market Refresher- Total U.S. Multi-Outlet (MULO) 52 weeks ending 7-10-22

Study covers items representing $\frac{3}{4}$ of mushroom share



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	Dollars	Volume	Cumulative Share	Cum Lb Share
•Sliced conventional white 8oz	\$ 184,987,200	42,542,077	14%	15%
•Whole conventional white 8oz	\$ 150,281,513	36,342,372	26%	27%
•Sliced conventional white 16oz	\$ 89,927,695	29,916,432	33%	38%
•Sliced conventional brown 8oz	\$ 113,586,981	21,773,440	42%	45%
•Whole conventional brown 8oz	\$ 67,444,871	13,420,670	47%	50%
•Whole conventional brown 16oz	\$ 33,261,585	8,191,262	50%	53%
•Whole conventional white 16oz	\$ 54,490,140	15,184,961	54%	58%
•Whole conventional white random weight	\$ 17,379,296	4,254,179	55%	60%
•Sliced conventional brown 16oz	\$ 32,895,759	7,751,402	58%	62%
•Whole organic white 8oz	\$ 25,739,976	4,757,326	60%	64%
•Whole organic brown 8oz	\$ 27,054,203	4,476,836	62%	66%
•Sliced organic white 8oz	\$ 19,773,350	3,697,689	64%	67%
•Whole organic brown 16oz	\$ 14,118,056	2,849,326	65%	68%
•Sliced organic brown 8oz	\$ 12,860,540	2,061,303	66%	69%
•Whole organic white 16oz	\$ 8,299,706	1,868,620	66%	69%
•Whole conventional portabella 6-8oz	\$ 11,956,407	1,875,230	67%	70%
•Sliced conventional portabella 6-8oz	\$ 66,371,384	11,586,954	73%	74%
•Sliced conventional shiitake 5oz	\$ 23,931,937	1,487,887	74%	74%
Total Mushrooms	\$1,282,349,166	287,525,589		

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STRATEGIC ANALYSIS

2

The Mushroom Council 2022 Volume Management Study

Summary Findings & Recommendations

FINDINGS

Everyday Pricing

- Mushrooms have a **“low risk, low reward” price response profile**. Except for a couple products in the Food channel Mushrooms are **well positioned in an inflationary environment**.
- Base price gaps and price point thresholds form a secondary risk to volume impact that can be larger than the elasticity impacts and are important to understand and maintain.
- Regional differences in volume response warrant a **bottoms-up management approach, making a national strategy less desirable**.
- **Demand shifts overwhelmingly take place within the Mushroom category instead of being affected by other items in the store**. This work codifies consumer willingness to pay for specific attributes.

RECOMMENDATIONS

- Inelastic products allow growers to consider **passing along COGs inflation and protect profitability**. Volume for more price responsive items could be protected by disproportionately taking price on less elastic products.
- Leverage POS data to **understand the risks and opportunities of gap violation** and sales upside associated with conversion to compliance.
- **Manage price point thresholds commensurate with the risk they pose** when contemplating crossing them with a planned price increase.
- **Tailor pricing guidelines & policies to known strengths of your portfolio** in each region to optimize price realization and trade ROIs.
- Use the within portfolio price gap learnings to **understand consumer perceived price ladders between sizes and product attributes**.

The Mushroom Council 2022 Revenue Growth Management Summary Findings & Recommendations

FINDINGS

Trade Promotion

- **Mushrooms have very little promotional pricing power.** Promo price response is 10% less than everyday price response.
- Channel and Region level promotional price response varies to some degree providing growers the opportunity to **prioritize trade funding** to the most responsive, better ROI events.
- **Promoted Price Thresholds** are a productive mechanism for increasing trade event **effectiveness** and numerous **Hot Points** were detected Mushrooms across channels and regions.
- Upgrading to **quality merchandising may not always improve trade efficiencies** when feature / display lifts are just nominally better than temporary price reduction (TPR) lifts.

RECOMMENDATIONS

- To increase trade ROIs Mushrooms will need to **plan against the quantified Hot Price Points and Quality Merchandising levers** on the most response product/geography combinations.
- For less promo responsive products or regions, **look to optimize everyday pricing and use trade funds for more aggressive base price gap** management or everyday price cliff protection.
- In order to fully realize the benefit that Promoted Price Thresholds can provide the organization may need to **consider a rebalance of trade depth versus frequency.**
- Leverage the IRI Price & Trade Impact calculator to **estimate the magnitude of trade events** in the planning process and prior to allocation.

Checklist for Price/Volume Management: *Structuring our picture of the pricing landscape*



Pricing Checklist

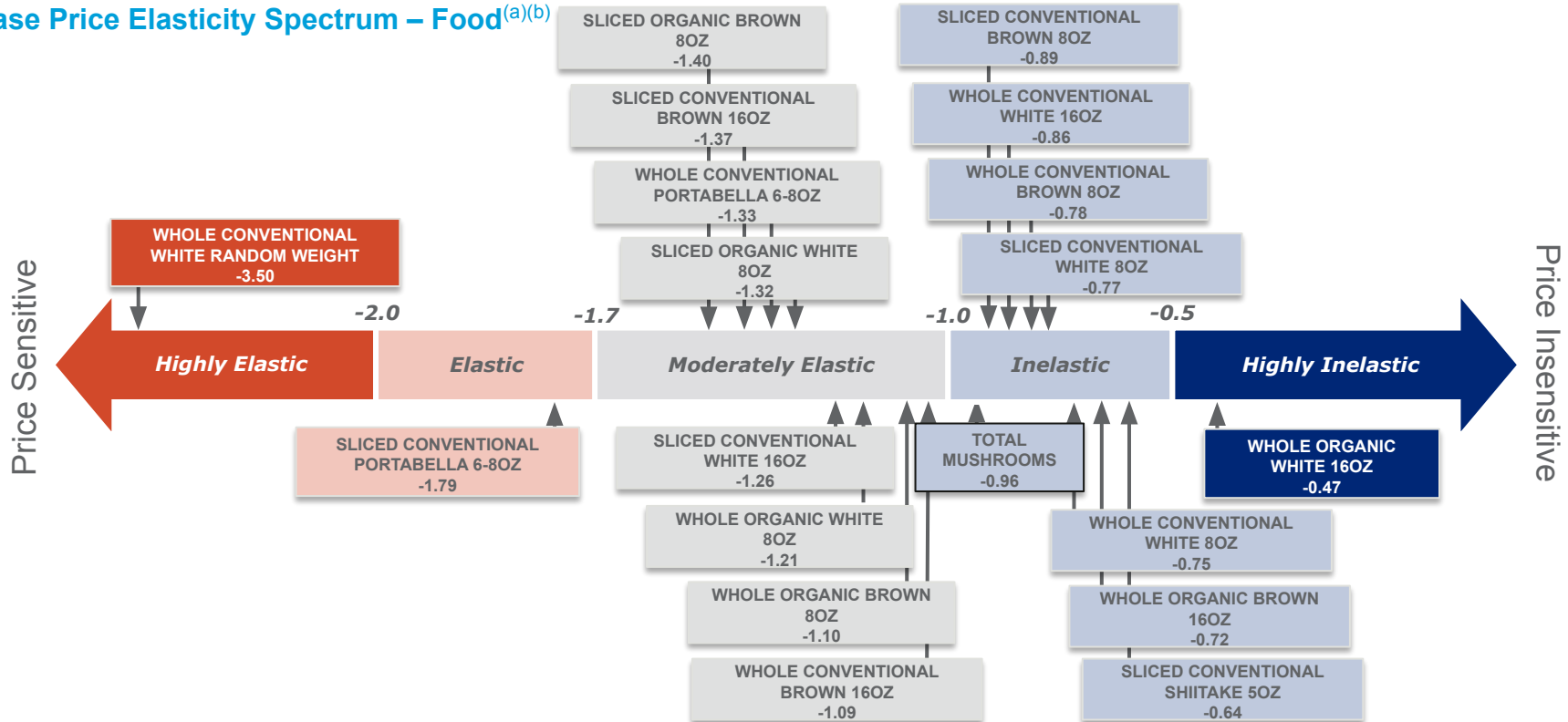
- **Base Price Elasticity and Thresholds**
 - Interactive Cross Impacts & Base Gaps
 - Promotion Price Elasticity and Thresholds
 - Merchandising Lifts

Key Topics for Discussion

1. ***How sensitive is my product to base price changes? Does this vary by type, size, or channel? Is there any risk associated with crossing base price point thresholds?***
2. *What is the role of competition and strength of price interactions? Does my product have significant base gaps with competition?*
3. *How sensitive is my product and competition to promoted price changes? Are there promoted price point thresholds at which my consumer response to price accelerates?*
4. *What role does merchandising play in driving response to trade execution?*

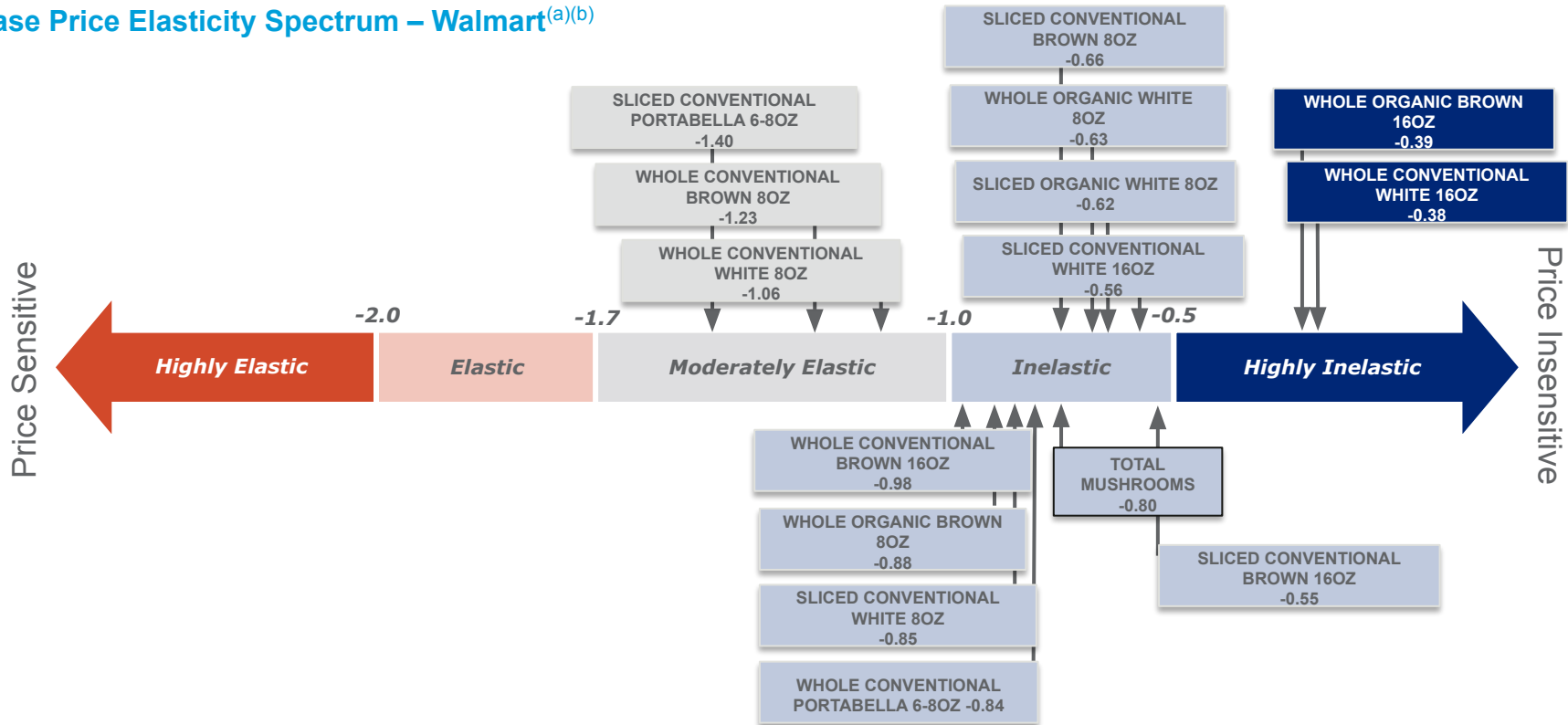
65% of Mushroom sales (volume) are inelastic / highly inelastic to price changes, including 5 of the 6 largest product groups

Base Price Elasticity Spectrum – Food^{(a)(b)}



In Walmart, most Mushroom product groups skew inelastic. Overall, Walmart everyday price response is 16% less than that measured in the Food Channel

Base Price Elasticity Spectrum – Walmart^{(a)(b)}



The elasticity variance across the Mushroom portfolio could allow growers to protect more price sensitive offerings and pass more COGs inflation along on less elastic PPGs

Base/ Actual Price Elasticity by Product and Channel^(a)

Base/Actual Price Elasticity^{(b)(c)}

	Food	Walmart ^(d)
--	------	------------------------

TOTAL MUSHROOMS	-0.96	-0.80
Sliced conventional white 8oz	-0.77	-0.85
Whole conventional white 8oz	-0.75	-1.06
Sliced conventional white 16oz	-1.26	-0.56
Sliced conventional brown 8oz	-0.89	-0.66
Whole conventional brown 8oz	-0.78	-1.23
Whole conventional white 16oz	-0.86	-0.38
Whole conventional portabella 6-8oz	-1.33	-0.84
Whole conventional white random weight	3.50	
Sliced conventional brown 16oz	-1.37	-0.55
Whole conventional brown 16oz	-1.09	-0.98
Whole organic white 8oz	-1.21	-0.63
Whole organic brown 8oz	-1.10	-0.88
Sliced organic white 8oz	-1.32	-0.62
Whole organic brown 16oz	-0.72	-0.39
Sliced conventional portabella 6-8oz	-1.79	-1.40
Sliced organic brown 8oz	-1.40	
Whole organic white 16oz	-0.47	
Sliced conventional shiitake 5oz	-0.64	

What
does this
mean?



Volume Impact on a 10% Price Increase

Food	Walmart
------	---------

-8.7%	-7.4%
-7.0%	-7.8%
-6.9%	-9.6%
-11.3%	-5.2%
-8.1%	-6.1%
-7.2%	-11.1%
-7.8%	-3.5%
-11.9%	-7.7%
-28.4%	
-12.2%	-5.1%
-9.9%	-8.9%
-10.9%	-5.8%
-10.0%	-8.1%
-11.8%	-5.7%
-6.6%	-3.7%
-15.7%	-12.5%
-12.5%	
-4.4%	
-5.9%	

Base price sensitivity varies by region suggesting opportunities to evaluate everyday price strategies by region to identify price realization opportunities

Base Price Elasticity by IRI Standard Region – Index to TUS Food (Total US Food)^{(a)(b)}

Geography	TTL \$ Sales (MM)	SLICED CONVENTIONAL WHITE 8OZ	WHOLE CONVENTIONAL WHITE 8OZ	SLICED CONVENTIONAL WHITE 16OZ	SLICED CONVENTIONAL BROWN 8OZ	WHOLE CONVENTIONAL BROWN 8OZ	WHOLE CONVENTIONAL BROWN 16OZ	WHOLE CONVENTIONAL WHITE 16OZ	WHOLE CONVENTIONAL WHITE RW	SLICED CONVENTIONAL BROWN 16OZ
TUS Food	\$704.3	-0.77	-0.75	-1.26	-0.89	-0.78	-1.09	-0.86	-3.50	-1.37
Great Lakes	\$122.6	91	99	66	69	112	112	74		51
Northeast	\$115.6	123	103	78	100	109	134	77		139
West	\$107.9	101	90	57	57	110	127	96		68
Southeast	\$97.3	110	85	116	134	51	140	131		78
Mid-South	\$90.7	99	87	98	82	119	63	116		67
California	\$84.5	47	130	83	194	39	28	100		163
Plains	\$45.4	124	161	33	127	187	114	70		118
South Central	\$40.3	114	61	54	69	39	28	124	100	88



Base price responsiveness is 15%+ higher than national average



Base price responsiveness is 15%+ lower than national average

Regional price response is even more varied on the organic and specialty Mushroom product groups, which should inform execution such as price up / spend back

Base Price Elasticity by IRI Standard Region – Index to TUS Food^{(a)(b)}

Geography	TTL \$ Sales (MM)	WHOLE ORGANIC WHITE 8OZ	WHOLE ORGANIC BROWN 8OZ	SLICED ORGANIC WHITE 8OZ	WHOLE ORGANIC BROWN 16OZ	SLICED ORGANIC BROWN 8OZ	WHOLE ORGANIC WHITE 16OZ	WHOLE CONVENTIONAL PORTABELLA 6-8OZ	SLICED CONVENTIONAL PORTABELLA 6-8OZ	SLICED CONVENTIONAL SHIITAKE 5OZ
TUS Food	\$704.3	-1.21	-1.10	-1.32	-0.72	-1.40	-0.47	-1.33	-1.79	-0.64
Great Lakes	\$122.6	87	76	84	56	64	72	59	84	124
Northeast	\$115.6	36	40	90		22		100	99	151
West	\$107.9	46	82	71	137	84	175	31	148	60
Southeast	\$97.3	164	128	108	101	58		121	70	101
Mid-South	\$90.7	109	116	125	42	107	246	67	101	86
California	\$84.5	252	197	211	117	244	75	131	44	61
Plains	\$45.4	61	110	116	375	49	290	120	110	89
South Central	\$40.3	48	186	78	155	161	291	94	95	47



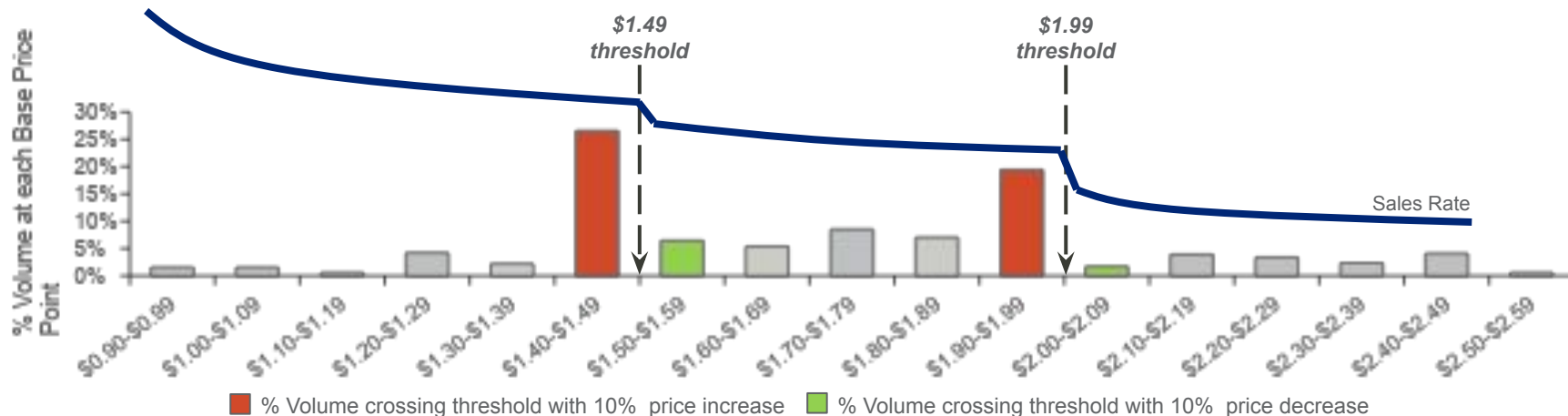
Base price responsiveness is 15%+ higher than national average



Base price responsiveness is 15%+ lower than national average

As price passes a price point threshold, sales change at an accelerated rate. Protecting these price cliffs can be important in avoiding sales lost due to pricing actions

Price Threshold Example^(a)

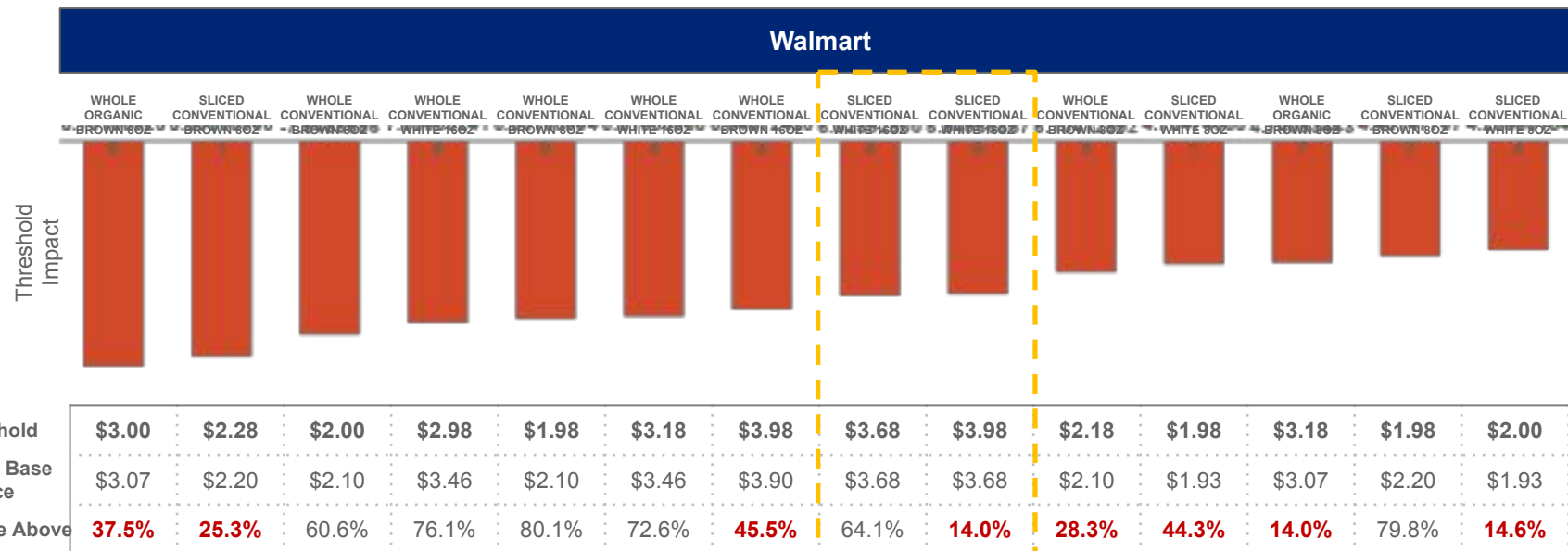


Typically, price elasticity is a smooth, constant relationship between price and sales. In reality, there are price thresholds at which consumers will walk away from that planned purchase.

Notes: a) Distribution and thresholds shown are examples for illustrative purposes only.

Walmart consumers are more aware of price thresholds as the top 11 price cliffs were identified at this retailer. Sliced Conventional White 16oz is approaching the \$3.68 & \$3.98 price points where 12% risk lies

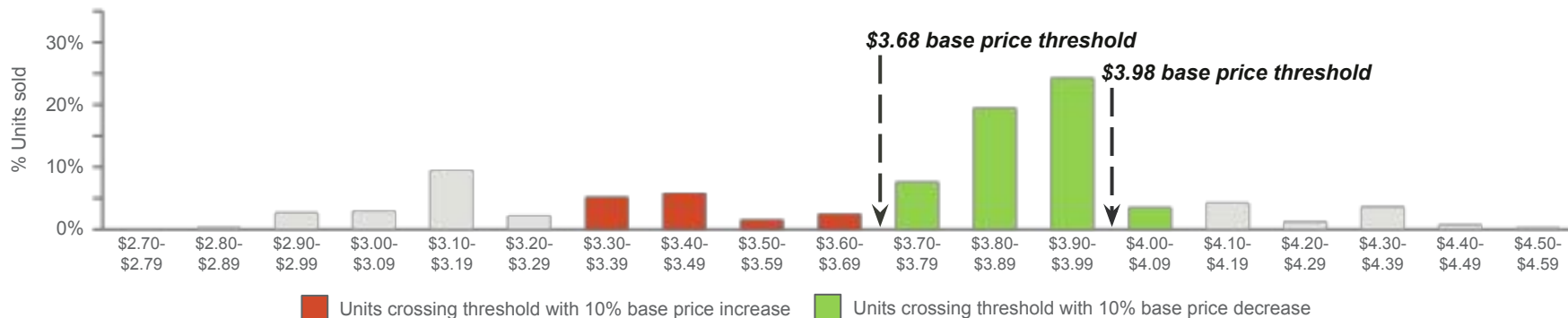
Walmart: Base Price Thresholds^(a)



Red Font represents price thresholds where less than half of the volume is selling above the identified price cliff

Sliced Conventional White 16oz Mushrooms in Walmart have two base price thresholds that pose moderate risk when crossed at retailer. Protection should justify the risk

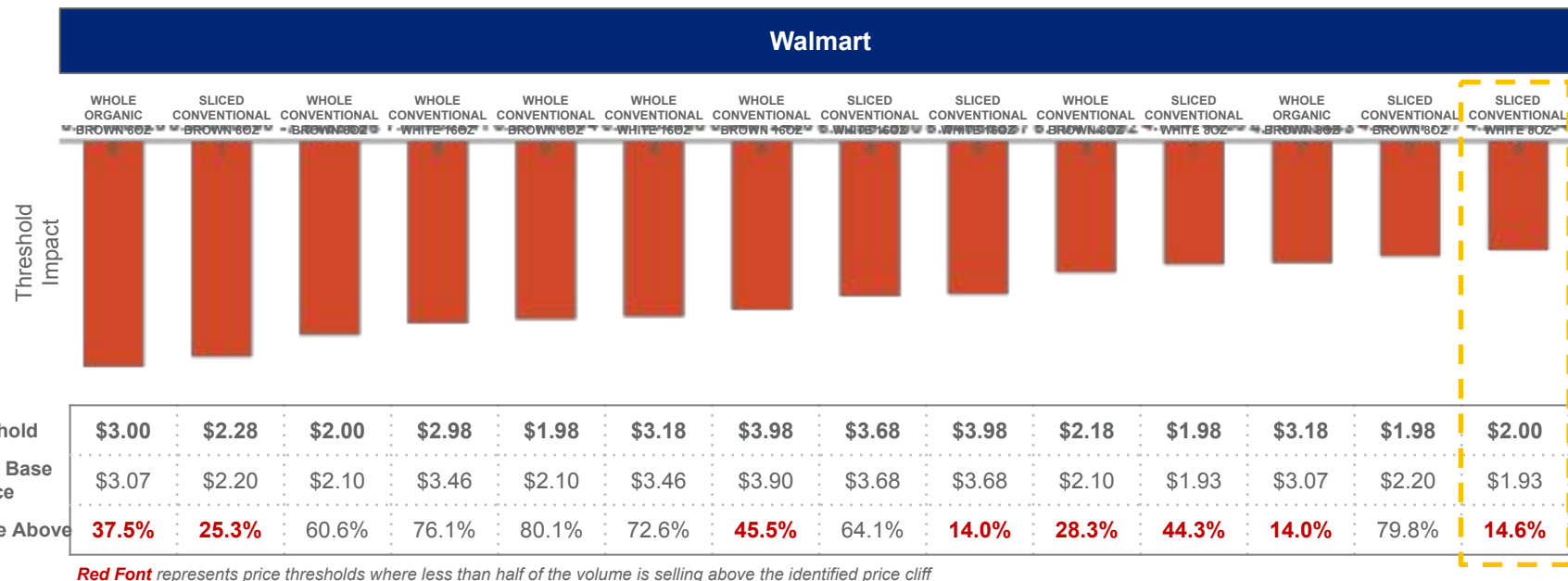
WALMART, SLICED CONVENTIONAL WHITE 16OZ: Base Price Distribution^(a)



Channel	Product	Base Price Elasticity	Current Base Price	Base Price Threshold	Threshold Impact Range & Top Responding Regions
Walmart	SLICED CONVENTIONAL WHITE 16OZ	-1.26	\$3.68	\$3.68	-5.8% to -6.3% (Walmart Div M West)
				\$3.98	-5.6% to -6.2% (Walmart Div E North)

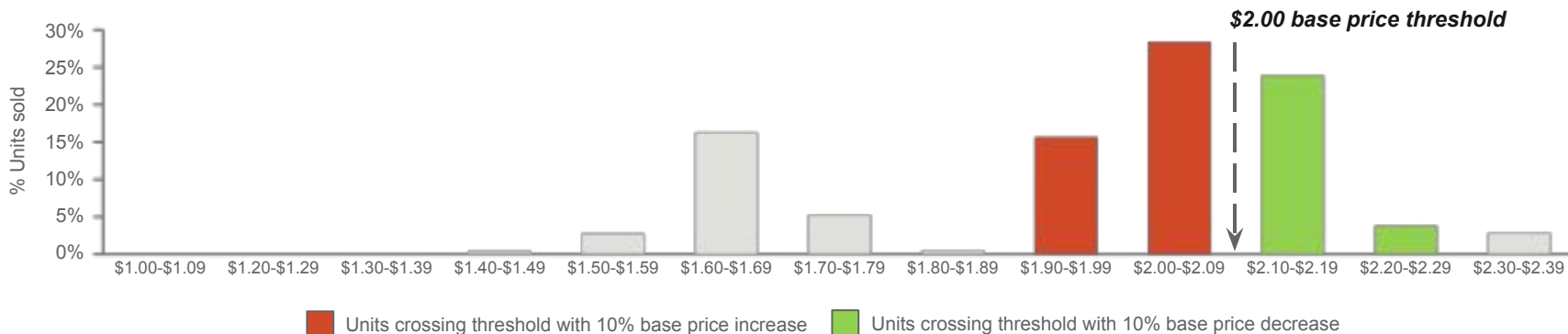
Walmart consumers are more aware of price thresholds as the top 11 price cliffs were identified at this retailer. Sliced Conventional White 8oz is approaching the \$2.00 price points where 4% risk lies

Walmart: Base Price Thresholds^(a)



Sliced Conventional White 8oz is dangerously close to the \$2.00 price cliff at Walmart. Although the impacts are smaller, the overall unit risk for this is large and could be a strategic battlefield

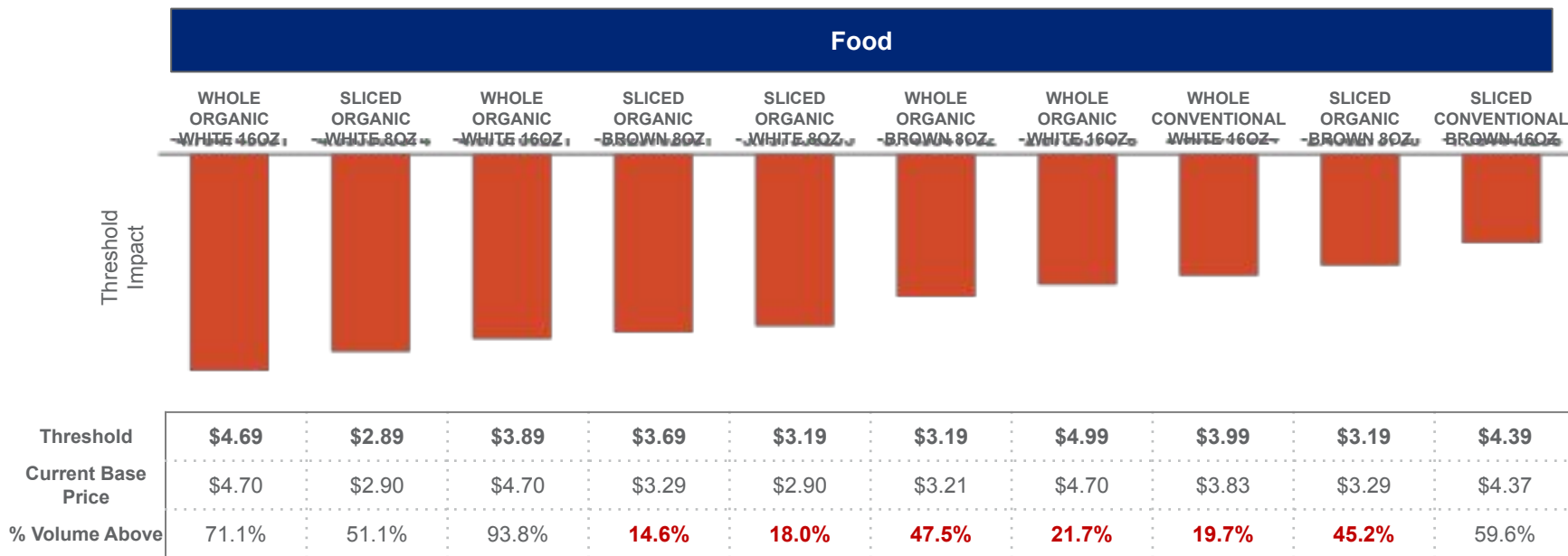
WALMART, SLICED CONVENTIONAL WHITE 8OZ: Base Price Distribution^(a)



Channel	Product	Base Price Elasticity	Current Base Price	Base Price Threshold	Threshold Impact Range & Top Responding Regions
Walmart	SLICED CONVENTIONAL WHITE 8OZ	-0.85	\$1.93	\$2.00	-4.0% to -4.5% (Walmart Div A South)

Base Price Thresholds are more impactful at the region / customer level and should be accounted for in any price action as they represent a secondary source of pricing risk

Food Channel: Base Price Thresholds^(a)



Red Font represents price thresholds where less than half of the volume is selling above the identified price cliff

Whole Conventional White 16OZ has 2 different base price thresholds in the Food channel, the median price is sitting right at the \$3.99 threshold, but \$4.29 has more downside potential

TUS FOOD, WHOLE CONVENTIONAL WHITE 16OZ: Base Price Distribution^(a)



Channel	Product	Base Price Elasticity	Current Base Price	Base Price Threshold	Threshold Impact Range & Top Responding Regions / States
Total US Food	WHOLE CONVENTIONAL WHITE 16OZ	-0.86	\$3.83	\$3.99	-0.1% to -7.3% (Idaho – State, Maryland - State)
				\$4.29	-0.3% to -13.9% (Northeast – Region, Pennsylvania – State)

Checklist for Price Management: *Structuring our picture of the pricing landscape*



Key Topics for Discussion

1. *How sensitive is my product to base price changes? Does this vary by type, size, or channel? Is there any risk associated with crossing base price point thresholds?*
2. ***What is the role of competition and strength of price interactions? Does my product have significant base gaps with competition?***
3. *How sensitive is my product and competition to promoted price changes? Are there promoted price point thresholds at which my consumer response to price accelerates?*
4. *What role does merchandising play in driving response to trade execution?*

Cross price elasticity measures the responsiveness of demand for the target product following a change in price of a Interactive product

Educational Content

Cross Price Elasticity Example

Interactive Product

Activity = Base Price Increase



Sales Impact:

Target Product



Interpretation: When the Interactive product increases everyday price or decreases promotional activity, sales increase for the target product

Mushrooms compete almost entirely with Mushrooms on price. In the Food channel we do see some slight interaction with tomatoes and potatoes

Strongest Competition (Top 2) by Channel^{(a)(b)}

= PF internal competition

Target Product	Food	
	Strongest Competitor	2 nd Strongest Competitor
Sliced conventional white 8oz	Sliced conventional brown 8oz 0.06	Whole conventional white 8oz 0.04
Whole conventional portabella 6-8oz	Sliced conventional white 8oz 0.11	Cheddar and blends private label 8oz 0.08
Whole conventional white 16oz	Snacking tomatoes private label 10oz 0.05	Sliced conventional white 8oz 0.03
Sliced conventional brown 16oz	Sliced conventional brown 8oz 0.07	Whole conventional brown 8oz 0.05
Sliced conventional white 16oz	Snacking tomatoes private label 10oz 0.13	Sliced conventional white 8oz 0.12
Whole conventional brown 8oz	Sliced conventional brown 16oz 0.05	Sliced conventional white 8oz 0.04
Whole organic brown 8oz	Sliced conventional portabella 6-8oz 0.06	Sliced conventional brown 8oz 0.04
Sliced conventional portabella 6-8oz	Whole organic brown 8oz 0.07	Sliced conventional white 8oz 0.06
Sliced organic white 8oz	Sliced conventional shiitake 5oz 0.11	Whole conventional white 8oz 0.1

Target Product	Food	
	Strongest Competitor	2 nd Strongest Competitor
Whole organic white 16oz	Whole conventional white 8oz 0.06	Whole organic brown 8oz 0.05
Sliced conventional brown 8oz	Snacking tomatoes private label 10oz 0.03	Russet potatoes private label 8 oz 0.02
Whole conventional white 8oz	Sliced conventional white 8oz 0.06	Sliced conventional brown 8oz 0.04
Sliced conventional shiitake 5oz	Russet potatoes private label 8 oz 0.02	Whole conventional portabella 6-8oz 0.01
Sliced organic brown 8oz	Sliced conventional white 8oz 0.16	Whole conventional white 8oz 0.05
Whole organic brown 16oz	Whole organic white 8oz 0.03	Hamburger buns private label 12 oz 0.02
Whole conventional brown 16oz	Sliced conventional brown 8oz 0.09	Sliced conventional white 16oz 0.06
Whole organic white 8oz	Sliced conventional white 8oz 0.13	Whole conventional portabella 6-8oz 0.1

Iceberg lettuce is the only non-Mushroom price competitor in Walmart, but size and form are the predominant price interactor for within mushrooms

Strongest Competition (Top 2) by Channel^{(a)(b)}

= PF internal competition

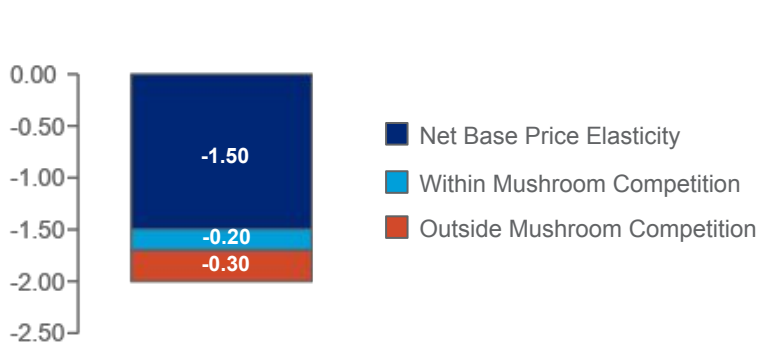
Target Product	Walmart	
	Strongest Competitor	2 nd Strongest Competitor
Sliced conventional white 8oz	Sliced conventional white 16oz 0.13	Whole conventional white 8oz 0.05
Whole conventional portabella 6-8oz	Whole conventional brown 16oz 0.2	Sliced conventional white 16oz 0.05
Whole conventional white 16oz	Whole conventional white 8oz 0.07	Whole conventional brown 16oz 0.05
Sliced conventional brown 16oz	Sliced conventional brown 8oz 0.14	Sliced conventional white 8oz 0.07
Sliced conventional white 16oz	Whole conventional white 8oz 0.08	Whole conventional brown 8oz 0.06
Whole conventional brown 8oz	Whole conventional brown 16oz 0.23	Sliced conventional brown 8oz 0.18

Target Product	Walmart	
	Strongest Competitor	2 nd Strongest Competitor
Whole organic brown 8oz	Iceberg lettuce all brand 28 oz 0.13	Whole conventional brown 8oz 0.12
Sliced conventional portabella 6-8oz	Sliced conventional white 16oz 0.16	Whole conventional white 16oz 0.14
Sliced conventional brown 8oz	Sliced conventional white 8oz 0.06	Sliced conventional portabella 6-8oz 0.04
Whole conventional white 8oz	Whole conventional white 16oz 0.15	Sliced conventional white 8oz 0.08
Whole conventional brown 16oz	Whole conventional brown 8oz 0.09	Sliced conventional white 16oz 0.07
Whole organic white 8oz	Sliced conventional white 8oz 0.18	Iceberg lettuce all brand 28 oz 0.09

Strength of price interactions can be measured by proportionality to base price elasticity; >35% is highly interactive. Net Elasticity assumes all competitors follow on price

Educational Content

Base Price Elasticity Components & Considerations



10%	= Within Mushroom Competition
25%	= Relative Importance of all Competition

Relative Importance of Competitors	> 35%	20% – 35%	< 20%
Interactive Grade	Strong	Medium	Weak

If price interaction is “strong”, this implies items need to watch for Interactive pricing actions as they have a strong impact on own volume.

If price interactions are “weak”, the manufacturer controls their own pricing destiny, as the majority of sales impacts will be determined by their pricing action and not the competitor's response.

Pricing interactions outside of Mushrooms are limited in the Food channel and Mushrooms' own price is responsible for the vast majority of pricing impacts

Food Channel: Components of Base Price Elasticity^(a)



Importance of external price competition^(b)

10%

10%

12%

11%

8%

4%

15%

9%

Importance of all price competition^(b)

41%

32%

30%

41%

23%

19%

55%

45%

Relative Importance of Competitors

> 35%

20% – 35%

< 20%

Interactive Grade

Strong

Medium

Weak

Notes:

a) Modeling Period is 52 weeks ending 7/10/2022;

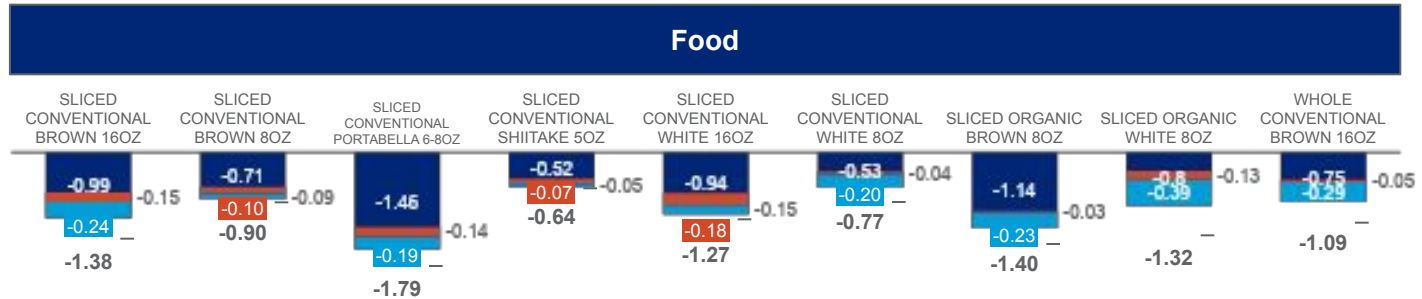
b) Values are weighted by Joint Distribution --- Calculation = Interactive Cross Elasticity / Own Base Price Elasticity.

Pricing interactions outside of Mushrooms are limited in the Food channel with Sliced Conventional White 16oz having the most interaction, but still classified as “weak”



THE MUSHROOM COUNCIL

Food Channel: Components of Base Price Elasticity^(a)



Net Base Price Elasticity

Within Mushroom Transfer

Interactive Cross Elasticity

Importance of external price competition^(b)

11% 11% 8% 11% 14% 5% 2% 10% 5%

Importance of all price competition^(b)

28% 20% 18% 18% 26% 31% 18% 39% 32%

Relative Importance of Competitors

Interactive Grade

> 35%

Strong

20% – 35%

Medium

< 20%

Weak



Notes:

a) Modeling Period is 52 weeks ending 7/10/2022;

b) Values are weighted by Joint Distribution --- Calculation = Interactive Cross Elasticity / Own Base Price Elasticity.

External price competition, or non-Mushroom price interactions, are nearly non-existent in Walmart

Walmart: Components of base price elasticity^(a)



 Net Base Price Elasticity
  Within Mushroom Transfer
  Interactive Cross Elasticity

Importance of <u>external</u> price competition ^(b)					35%	15%	14%
Importance of <u>all</u> price competition ^(b)	46%	41%	49%	31%	35%	45%	65%

Relative Importance of Competitors	> 35%	20% – 35%	< 20%
Interactive Grade	Strong	Medium	Weak

There are higher levels of price interaction within Mushroom product groups. This could be an opportunity to re-evaluate pricing ladders to move consumption into more profitable products

Walmart: Components of Base Price Elasticity^(a)



 Net Base Price Elasticity
  Within Mushroom Transfer
  Interactive Cross Elasticity

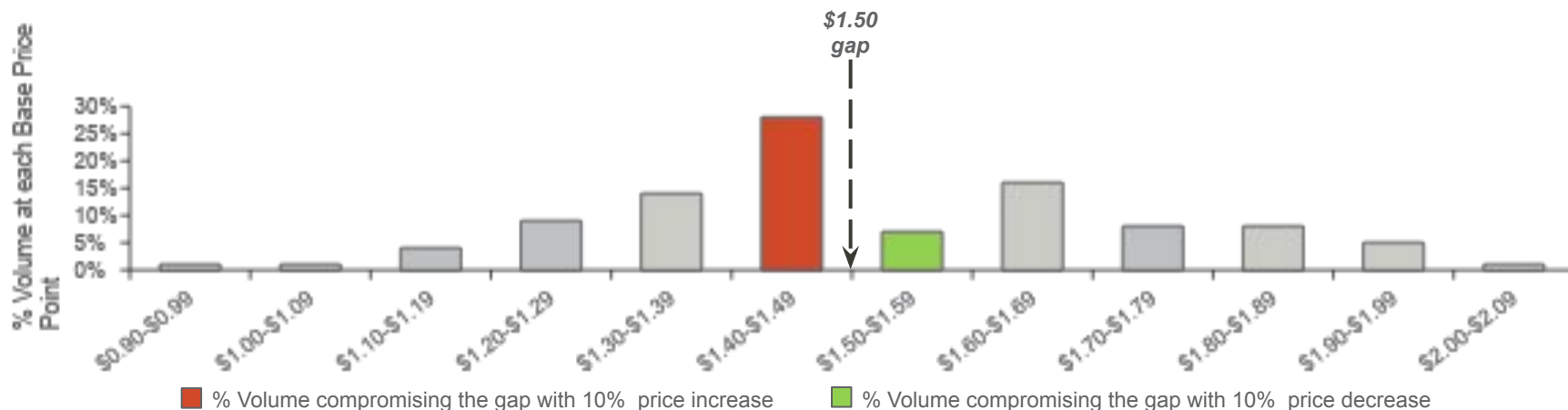


Relative Importance of Competitors	> 35%	20% – 35%	< 20%
Interactive Grade	Strong	Medium	Weak

As Interactive price gaps change, sales impacts will occur at an accelerated rate relative to a product's elasticity

Educational Content

Base gap example^(a)



Significant Price Gaps indicate that an additional change in sales is realized when this gap between Interactive products is crossed.

Notes: (a) Distribution and thresholds shown are examples for illustrative purposes only

Price cliffs are an important secondary risk component for Walmart

Interactive price gaps are a more important risk in Food

Interactive Base Price Gaps – TUS Food^(a)

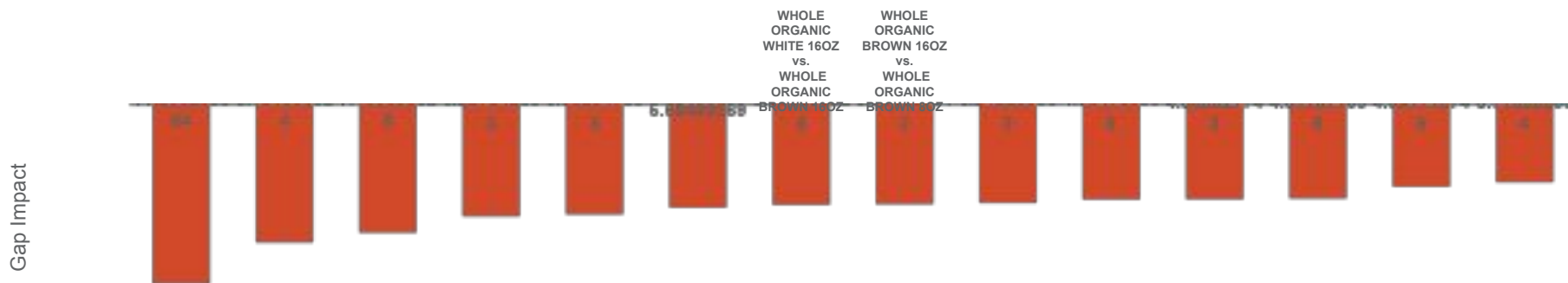


Price Gap	\$1.90	\$1.10	\$0.60	-\$1.30	-\$0.40	-\$1.30	-\$1.20	-\$2.60	-\$1.10	-\$0.70	-\$1.30	-\$1.20	\$2.10	-\$1.20
Current Gap Price	\$1.48	\$1.08	\$0.47	-\$2.23	-\$0.87	-\$1.24	-\$1.55	-\$2.38	-\$2.20	-\$0.55	-\$0.62	-\$1.34	\$1.77	-\$0.62
% Volume Above	10.1%	33.2%	22.1%	9.8%	13.7%	26.9%	10.3%	47.2%	9.2%	58.8%	71.7%	52.2%	20.6%	70.0%

Red Font represents price gaps where less than half of the volume is selling in violation of the identified price gap

Just as base price thresholds are a secondary driver of pricing risk, base price gaps that are non-compliant can cause volume to leak to a competitor above and beyond elasticity

Interactive Base Price Gaps – TUS Food^(a)

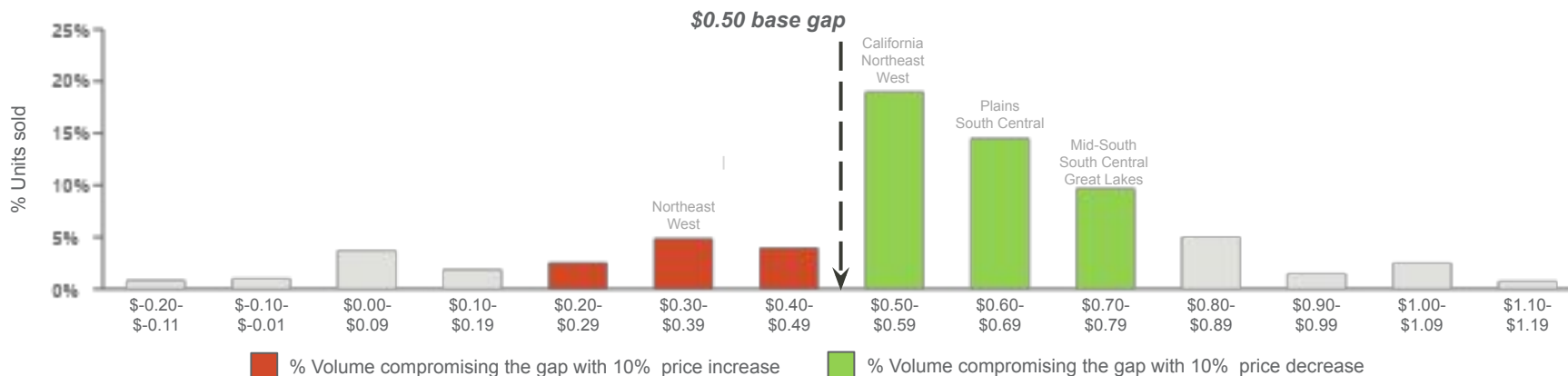


Price Gap	\$1.70	\$0.50	\$1.00	\$3.30	\$0.70	-\$0.20	-\$0.70	\$1.70	-\$0.40	-\$0.40	\$0.10	-\$0.30	\$1.20	-\$0.30
Current Gap Price	\$2.20	\$0.62	\$1.88	\$2.89	\$0.65	\$2.17	-\$0.54	\$2.03	-\$0.15	-\$0.12	\$0.12	\$0.62	\$0.25	-\$0.55
% Volume Above	41.8%	52.0%	52.2%	29.1%	41.2%	95.9%	57.8%	68.5%	46.8%	49.1%	53.1%	88.8%	52.9%	7.5%

Red Font represents price gaps where less than half of the volume is selling in violation of the identified price gap

Price gaps between like products illustrate what consumers are willing to pay for a specific attribute. In this case Consumers are willing to pay \$0.50 more for Organic (8oz, Whole)

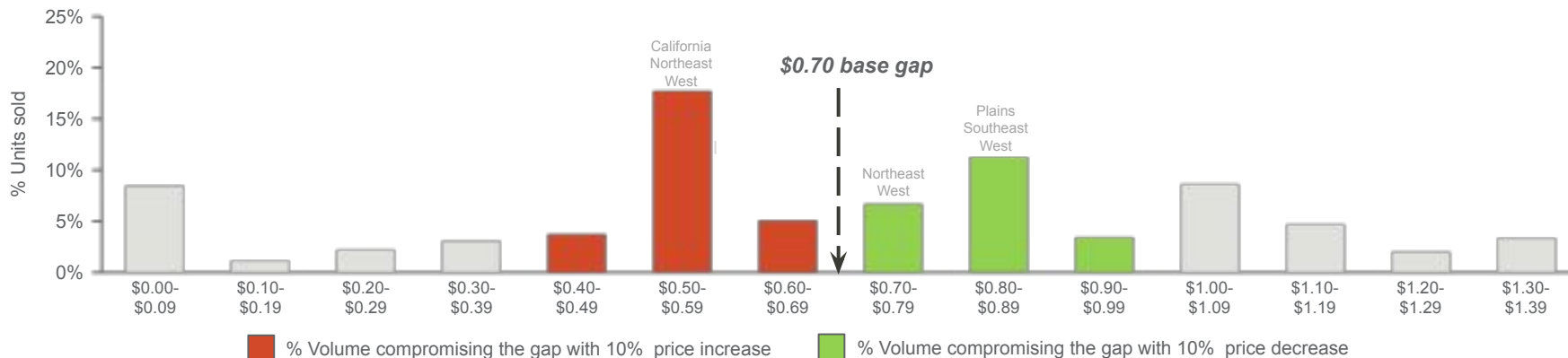
TUS FOOD, WHOLE ORGANIC WHITE 8OZ vs WHOLE CONV. WHITE 8 OZ: Base Price Gap Distribution^(a)



Channel	Product	Interactive Product	Base Price Elasticity	Current Gap	Identified Gap	Gap Impact Range & Top Responding Regions & States
TUS Food	WHOLE ORGANIC WHITE 8OZ	WHOLE CONVENTIONAL WHITE 8OZ	-1.21	\$0.62	\$0.50	-6% to -11.3% (Wisconsin – State)

The combination of attributes, like organic and sliced bring an added premium. Sliced Organic White 8oz can sell for \$0.70 more than Whole Conventional White 8oz Mushrooms

TUS FOOD, SLICED ORGANIC WHITE 8OZ vs WHOLE CONV. WHITE 8OZ : Base Price Gap Distribution^(a)



Channel	Product	Interactive Product	Base Price Elasticity	Current Gap	Identified Gap	Gap Impact Range & Top Responding Regions & States
TUS Food	SLICED ORGANIC WHITE 8OZ	WHOLE CONVENTIONAL WHITE 8OZ	-1.32	\$0.65	\$0.70	-0.4% to -17% (South Carolina – State)

We also see the sales of Whole Organic White 16oz Mushrooms pick up by 5% when they are priced \$0.70 below Whole Organic Brown 16oz Mushrooms

TUS FOOD, WHOLE ORGANIC WHITE 16OZ vs WHOLE ORGANIC BROWN 16OZ: Base Price Gap Distribution^(a)

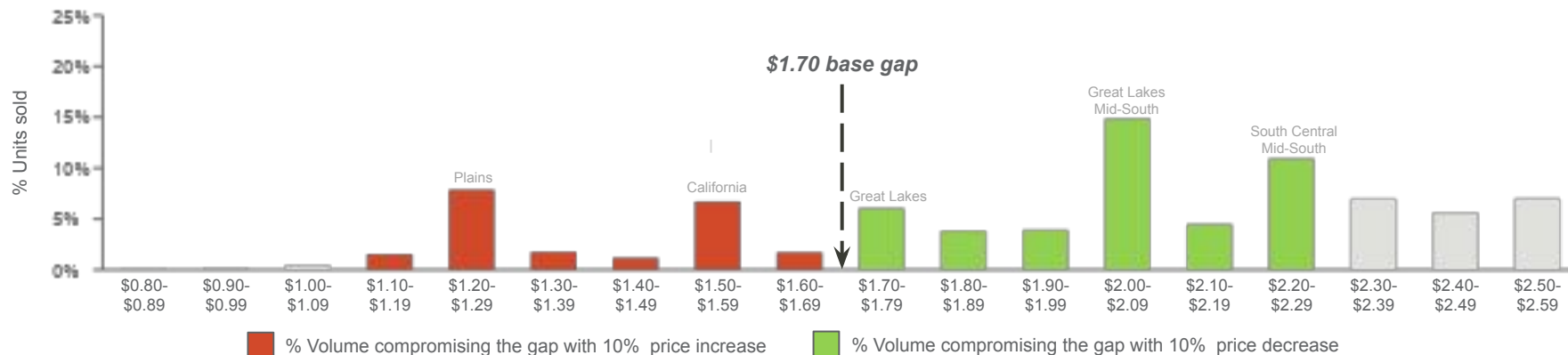


Channel	Product	Interactive Product	Base Price Elasticity	Current Gap	Identified Gap	Gap Impact Range & Top Responding Regions & States
TUS Food	WHOLE ORGANIC WHITE 16OZ	WHOLE ORGANIC BROWN 16OZ	-0.47	-\$0.54	-\$0.70	-4.6% to -5.4% (Great Lakes – Region)

Price gaps also help us understand optimal price laddering between sizes.

Whole Organic Brown 16oz Mushrooms are ideally priced no more than \$1.70 more than 8oz

TUS FOOD, WHOLE ORGANIC BROWN 16OZ vs WHOLE ORGANIC BROWN 8OZ: Base Price Gap Distribution^(a)



Channel	Product	Interactive Product	Base Price Elasticity	Current Gap	Identified Gap	Gap Impact Range & Top Responding Regions & States
TUS Food	WHOLE ORGANIC BROWN 16OZ	WHOLE ORGANIC BROWN 8OZ	-0.72	\$2.03	\$1.70	-4.1% to -6.5% (Great Lakes – Region)

Checklist for Price Management: *Structuring our picture of the pricing landscape*



Pricing Checklist

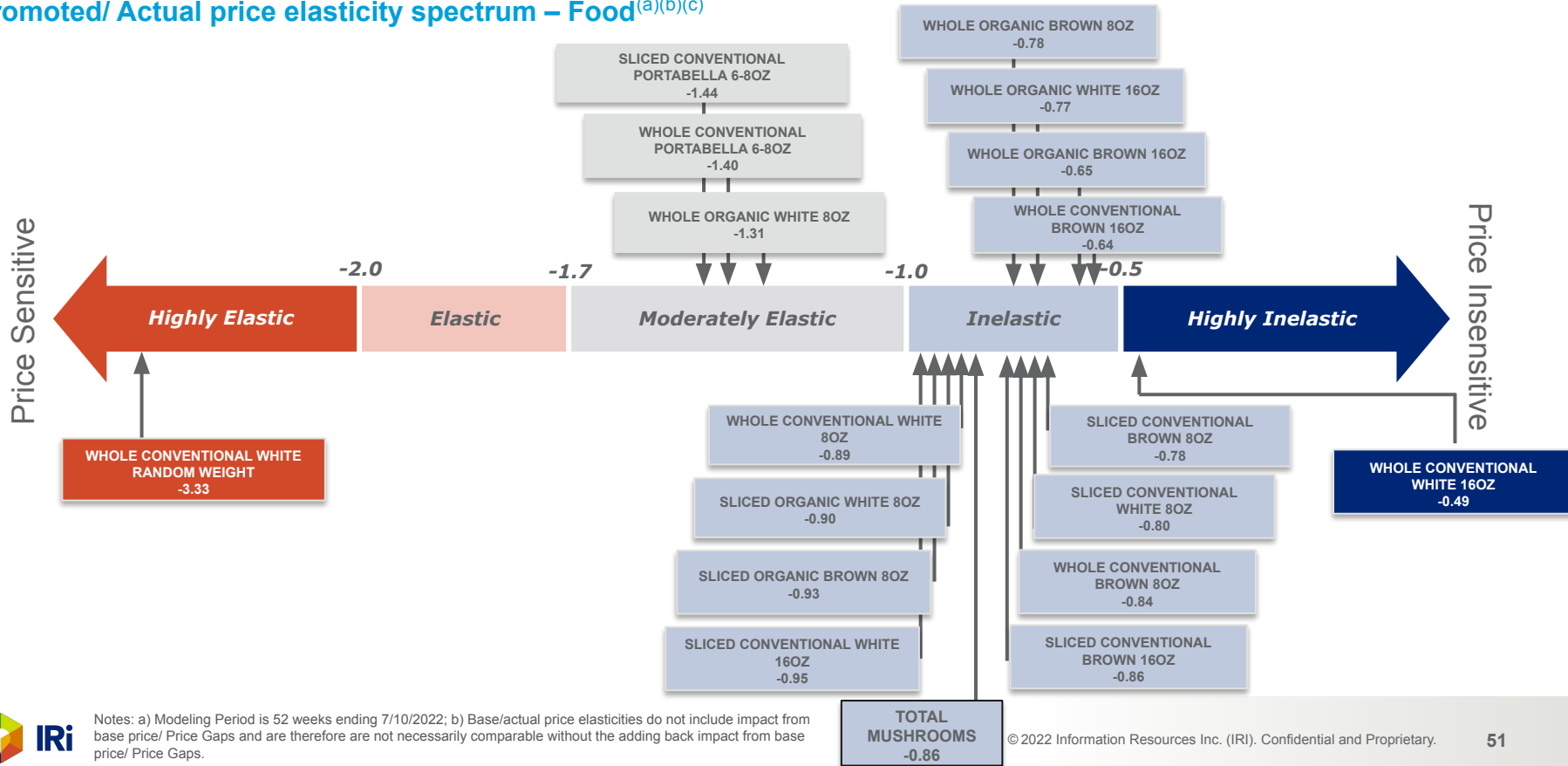
- Base Price Elasticity and Thresholds
- Interactive Cross Impacts & Base Gaps
- **Promotion Price Elasticity and Thresholds**
- Merchandising Lifts

Key Topics for Discussion

1. *How sensitive is my product to base price changes? Does this vary by type, size, or channel? Is there any risk associated with crossing base price point thresholds?*
2. *What is the role of competition and strength of price interactions? Does my product have significant base gaps with competition?*
3. ***How sensitive is my product and competition to promoted price changes? Are there promoted price point thresholds at which my consumer response to price accelerates?***
4. *What role does merchandising play in driving response to trade execution?*

Mushroom's response to promo pricing is comparable to its response to everyday pricing, which will make profitable trade executions a challenge

Promoted/ Actual price elasticity spectrum – Food^{(a)(b)(c)}



Differences in promotional price response by channel will require a varied promotional approach by class of trade and customer to drive optimal trade spending ROIs

Promoted/ Actual price elasticity by product and channel^(a)

Promoted/Actual Price Elasticity^{(b)(c)}

	Food	Walmart ^(d)
--	------	------------------------

TOTAL MUSHROOMS	-0.86	-0.80
SLICED CONVENTIONAL WHITE 8OZ	-0.8	-0.85
WHOLE CONVENTIONAL WHITE 8OZ	-0.89	-1.06
SLICED CONVENTIONAL WHITE 16OZ	-0.95	-0.56
SLICED CONVENTIONAL BROWN 8OZ	-0.78	-0.66
WHOLE CONVENTIONAL BROWN 8OZ	-0.84	-1.23
WHOLE CONVENTIONAL WHITE 16OZ	-0.49	-0.38
WHOLE CONVENTIONAL PORTABELLA 6-8OZ	-1.40	-0.84
WHOLE CONVENTIONAL WHITE RW	-3.33	
SLICED CONVENTIONAL BROWN 16OZ	-0.86	-0.55
WHOLE CONVENTIONAL BROWN 16OZ	-0.64	-0.98
WHOLE ORGANIC WHITE 8OZ	-1.31	-0.63
WHOLE ORGANIC BROWN 8OZ	-0.78	-0.88
SLICED ORGANIC WHITE 8OZ	-0.9	-0.62
WHOLE ORGANIC BROWN 16OZ	-0.65	-0.39
SLICED CONVENTIONAL PORTABELLA 6-8OZ	-1.44	-1.4
SLICED ORGANIC BROWN 8OZ	-0.93	
WHOLE ORGANIC WHITE 16OZ	-0.77	
SLICED CONVENTIONAL SHIITAKE 5OZ	-0.71	

What
does this
mean?



Volume Impact on a 10% Price Decrease

Food	Walmart
------	---------

-9.5%	8.8%
8.8%	11.8%
9.8%	6.1%
10.5%	7.1%
8.6%	13.9%
9.3%	4.1%
5.3%	9.2%
15.9%	
42.0%	6.0%
9.5%	10.9%
7.0%	6.9%
14.8%	9.8%
8.6%	6.8%
9.9%	4.2%
7.0%	15.9%
16.4%	
10.2%	
8.4%	
7.8%	9.4%

Unlike the base price response by customer grid, this promoted price response grid should be used as a trade spend treasure map to identify opportunities to improve trade allocations & ROIs

Promoted Price Elasticity by IRI Standard Region – Index to TUS Food^(a)

Geography	TTL \$ Sales (MM)	SLICED CONVENTIONAL WHITE 8OZ	WHOLE CONVENTIONAL WHITE 8OZ	SLICED CONVENTIONAL WHITE 16OZ	SLICED CONVENTIONAL BROWN 8OZ	WHOLE CONVENTIONAL BROWN 8OZ	WHOLE CONVENTIONAL BROWN 16OZ	WHOLE CONVENTIONAL WHITE 16OZ	WHOLE CONVENTIONAL WHITE RW	SLICED CONVENTIONAL BROWN 16OZ
TUS Food	\$704.30	-0.80	-0.89	-0.95	-0.78	-0.84	-0.64	-0.49	-3.33	-0.86
Great Lakes	\$122.63	108	101	48	73	95	97	74		52
Northeast	\$115.60	150	129	89	154	98	203	279		212
West	\$107.85	68	92	37	63	75	47	71		35
Southeast	\$97.32	72	100	128	63	91	47	112		42
Mid-South	\$90.73	81	85	58	131	137	65	68		35
California	\$84.51	69	59	33	61	36	47	61		35
Plains	\$45.36	152	140	65	99	197	183	170		36
South Central	\$40.29	73	106	43	57	106	139	130	100	35



Promoted price responsiveness is 15%+ lower than national average



Promoted price responsiveness is 15%+ higher than national average

Lower promoted price elasticities require planning and execution work to target “Hot Price Points” and the most responsive trade vehicle to design profitable events

Promoted Price Elasticity by IRI Standard Region – Index to TUS Food^(a)

Geography	TTL \$ Sales (MM)	WHOLE ORGANIC WHITE 8OZ	WHOLE ORGANIC BROWN 8OZ	SLICED ORGANIC WHITE 8OZ	WHOLE ORGANIC BROWN 16OZ	SLICED ORGANIC BROWN 8OZ	WHOLE ORGANIC WHITE 16OZ	WHOLE CONVENTIONAL PORTABELLA 6-8OZ	SLICED CONVENTIONAL PORTABELLA 6-8OZ	SLICED CONVENTIONAL SHIITAKE 5OZ
TUS Food	\$704.30	-1.31	-0.78	-0.90	-0.65	-0.93	-0.77	-1.40	-1.44	-0.71
Great Lakes	\$122.63	108	164	116	150	124	124	50	135	42
Northeast	\$115.60	41	50	60		36		58	94	46
West	\$107.85	91	45	82	65	72	62	29	22	43
Southeast	\$97.32	211	119	119	48	33		155	116	210
Mid-South	\$90.73	83	94	140	47	52	147	51	155	70
California	\$84.51	39	39	34	47	101	62	21	54	43
Plains	\$45.36	52	169	159	183	147	170	36	139	47
South Central	\$40.29	107	69	118	59	32	153	25	62	45



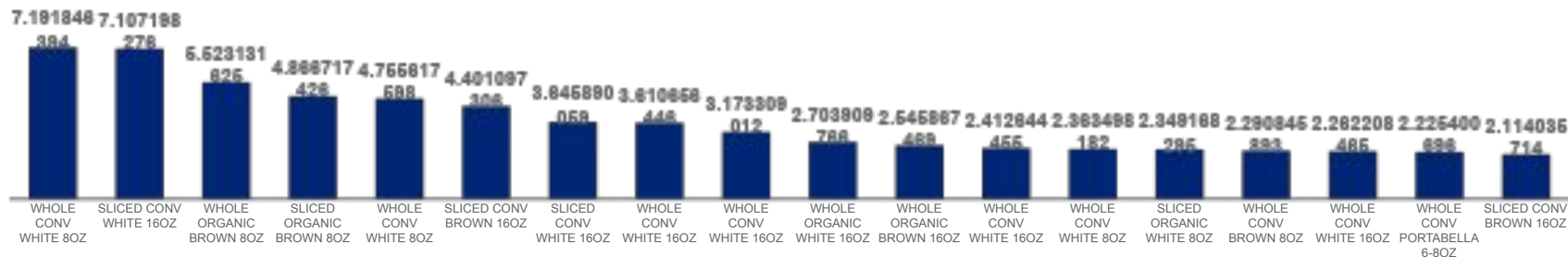
Promoted price responsiveness is 15%+ lower than national average



Promoted price responsiveness is 15%+ higher than national average

Like Base Price Thresholds, Promo Price Thresholds appear average to low at the TUS Food level, but can produce much more efficiently at the regional level

TUS Food: Promoted Price Thresholds

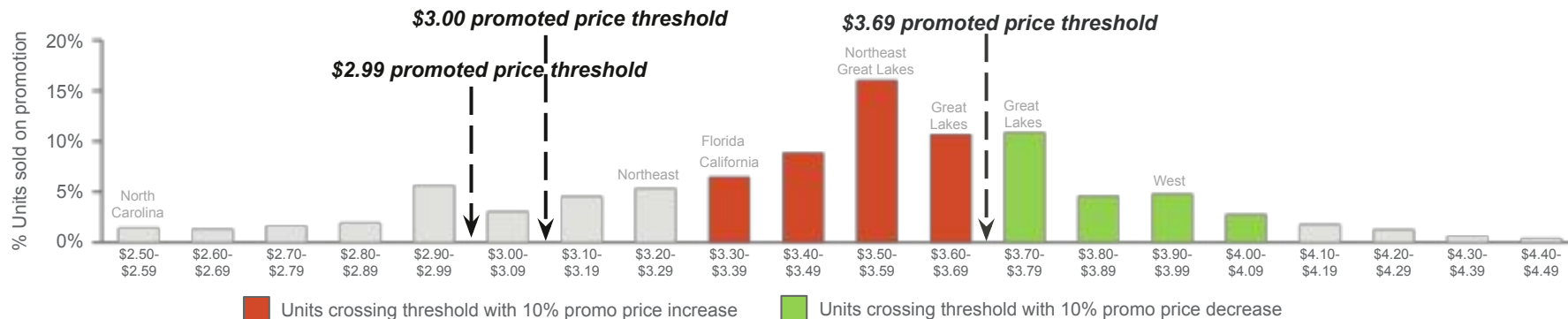


Promoted Threshold	\$1.99	\$2.19	\$3.09	\$2.49	\$1.29	\$4.69	\$3.09	\$2.99	\$3.69	\$3.39	\$5.19	\$3.09	\$1.79	\$2.69	\$2.49	\$3.89	\$3.39	\$4.79
Current Promo Price	\$1.85	\$2.24	\$2.48	\$2.46	\$1.85	\$3.97	\$2.24	\$3.28	\$3.28	\$3.78	\$4.48	\$3.28	\$1.85	\$2.20	\$2.28	\$3.28	\$2.35	\$3.97
% Volume Above	39.2%	26.2%	9.4%	34.1%	89.0%	8.1%	14.7%	77.3%	15.3%	65.7%	13.9%	70.9%	62.8%	14.4%	23.2%	6.5%	11.3%	5.2%

Red Font represents price thresholds where more than half of the volume is selling above the identified Hot Price Point or not deep enough to capture the promo price threshold benefits

Whole Conventional White 16oz Mushrooms have low promotional pricing power (aka low promo elasticity). Executing events at \$3/\$2.99 in the Southeast states of FL & NC, for example, can add 35% sales lift to events

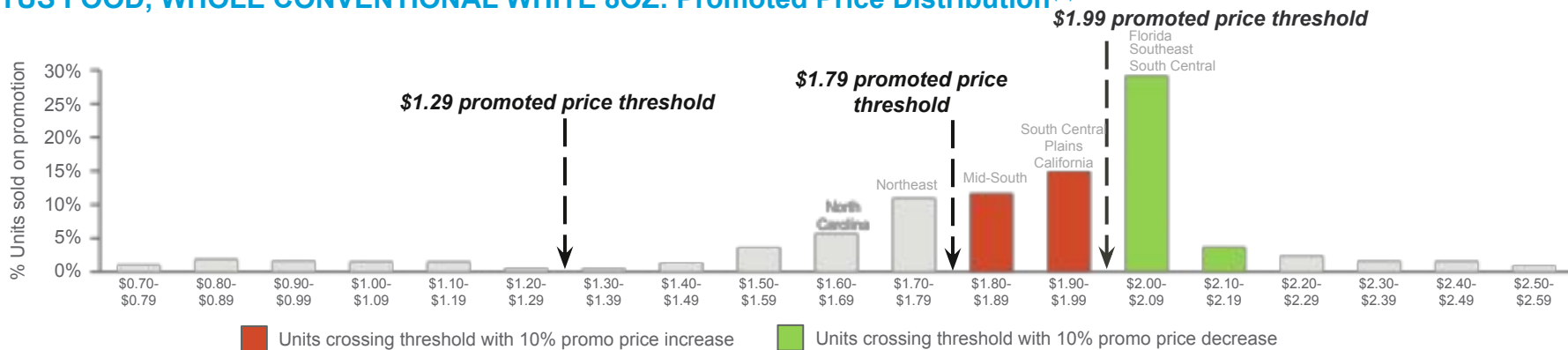
TUS FOOD, WHOLE CONVENTIONAL WHITE 16OZ: Promoted Price Distribution^(a)



Channel	Product	Promo Price Elasticity	Current Promoted Price	Promoted Price Threshold	Avg. Threshold Impact	Threshold Impact Range & Top Responding Regions / State
TUS Food	WHOLE CONVENTIONAL WHITE 16OZ	-0.49	\$3.28	\$2.99	3.6%	0.1% to 35.8% (North Carolina – State)
				\$3.69	3.2%	0.1% to 10.3% (Great Lakes – Region)
				\$3.00	2.4%	0.7% to 32.8% (Florida – State)

Whole Conventional White 8oz Mushrooms have a similar promotional profile, where targeting and executing against a promo price threshold will make or break event profitability

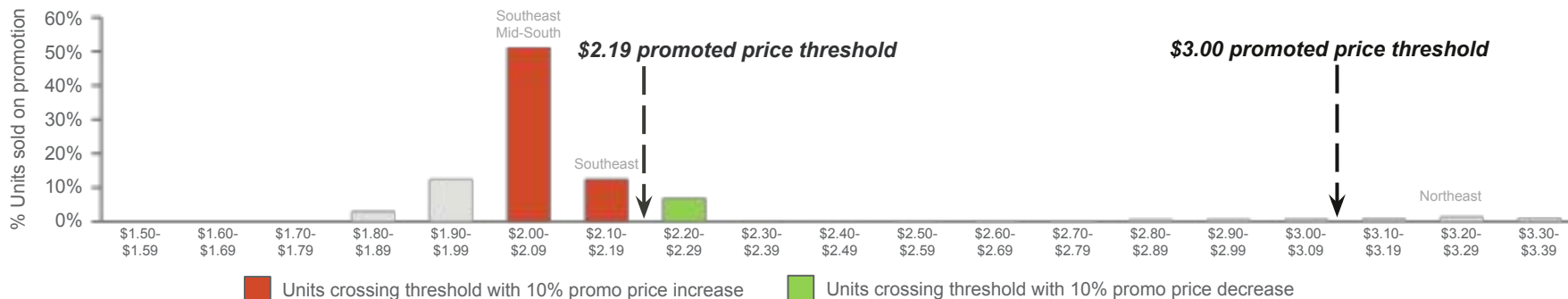
TUS FOOD, WHOLE CONVENTIONAL WHITE 8OZ: Promoted Price Distribution^(a)



Channel	Product	Promo Price Elasticity	Current Promoted Price	Promoted Price Threshold	Avg. Threshold Impact	Threshold Impact Range & Top Responding Regions / State
TUS Food	WHOLE CONVENTIONAL WHITE 8OZ	-0.89	\$1.85	\$1.99	7.2%	0.1% to 47% (Florida – State)
				\$1.29	4.8%	3.6% to 45.7% (Great Lakes – Region)
				\$1.79	2.4%	2.4% to 36.9% (Northeast – Region)

Promoted Sliced Conventional White 16oz mushrooms below \$3.00 in the Northeast region may simply be subsidizing consumer purchases that can be had at the \$3 price point

TUS FOOD, SLICED CONVENTIONAL WHITE 16OZ: Promoted Price Distribution^(a)



Channel	Product	Promo Price Elasticity	Current Promoted Price	Promoted Price Threshold	Avg. Threshold Impact	Threshold Impact Range & Top Responding Regions / State
TUS Food	SLICED CONVENTIONAL WHITE 16OZ	-0.95	\$2.24	\$2.19	7.1%	0.9% to 11.9% (Southeast – Region)
				\$3.00	3.6%	1.5% to 32% (Northeast – Region)

Checklist for Price Management: *Structuring our picture of the pricing landscape*



Pricing Checklist

- Base Price Elasticity and Thresholds
- Interactive Cross Impacts & Base Gaps
- Promotion Price Elasticity and Thresholds
- **Merchandising Lifts**

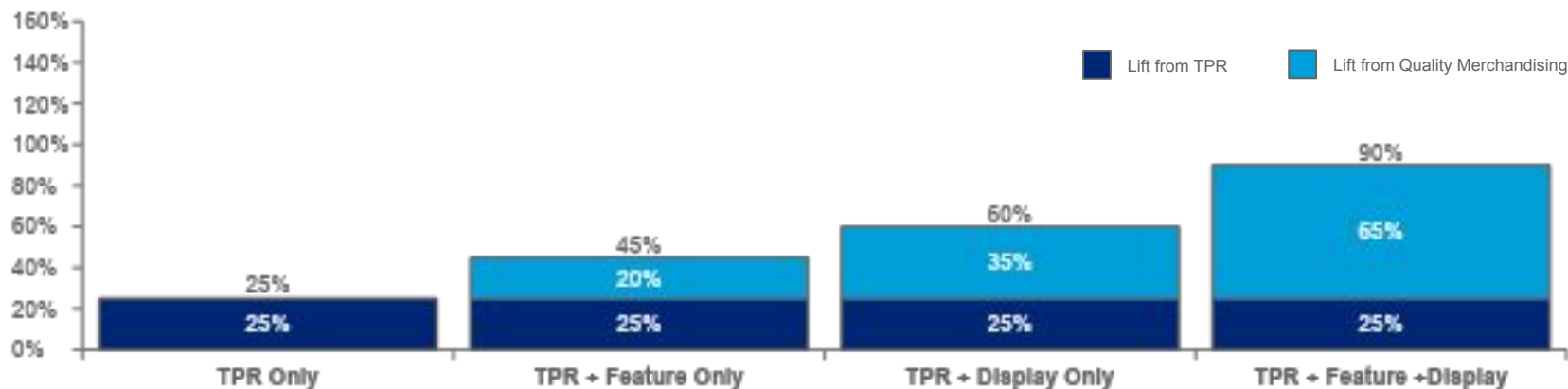
Key Topics for Discussion

1. *How sensitive is my product to base price changes? Does this vary by type, size, or channel? Is there any risk associated with crossing base price point thresholds?*
2. *What is the role of competition and strength of price interactions? Does my product have significant base gaps with competition?*
3. *How sensitive is my product and competition to promoted price changes? Are there promoted price point thresholds at which my consumer response to price accelerates?*
4. **What role does merchandising play in driving response to trade execution?**

The decomposition of quality merchandising effects need to be considered in total to understand their full impacts to sales & ROIs on your trade dollars spent at retail

Educational Content

Examples of promotional lifts^(a)



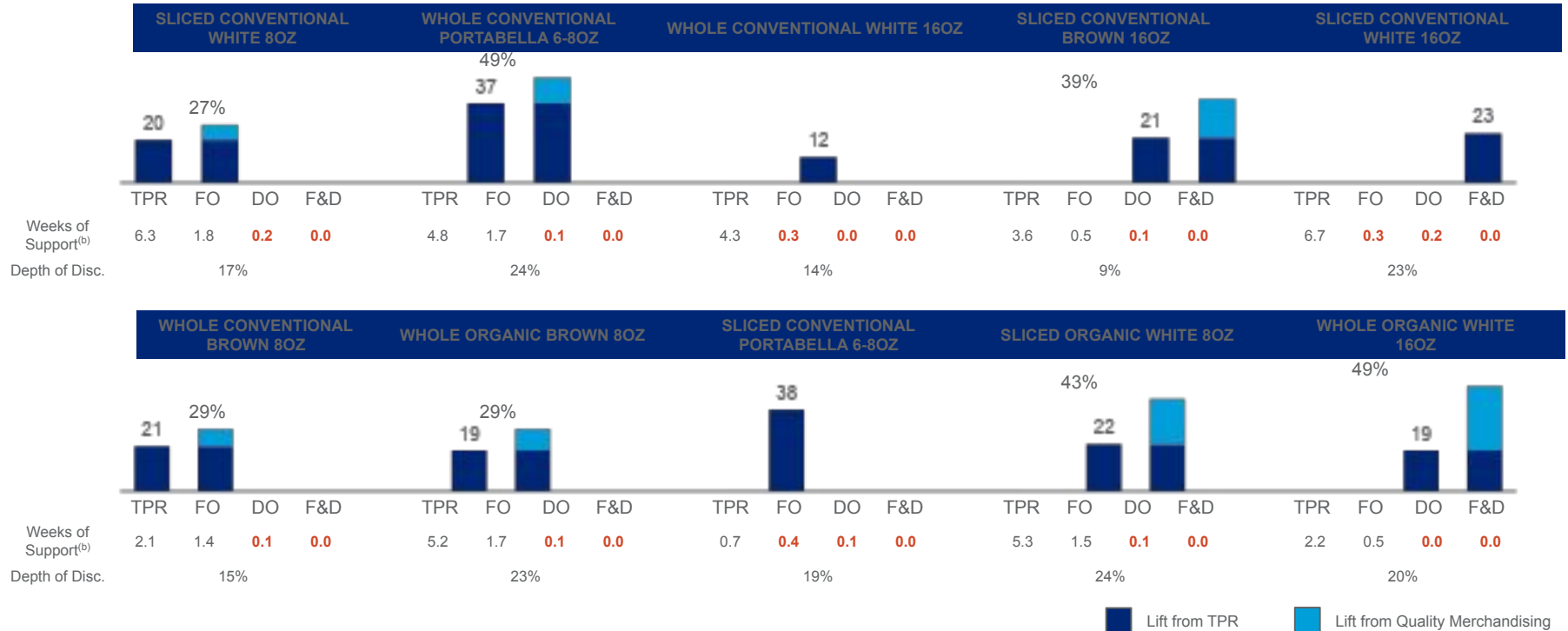
$$\text{TPR Lift} + \text{Quality Merchandising Lift} = \text{Total Lift}$$

Understanding the various components of merchandising lifts will allow for strategic management of promotional strategy across retailers and the portfolio.

Notes: a) Lifts shown are examples for illustrative purposes only.

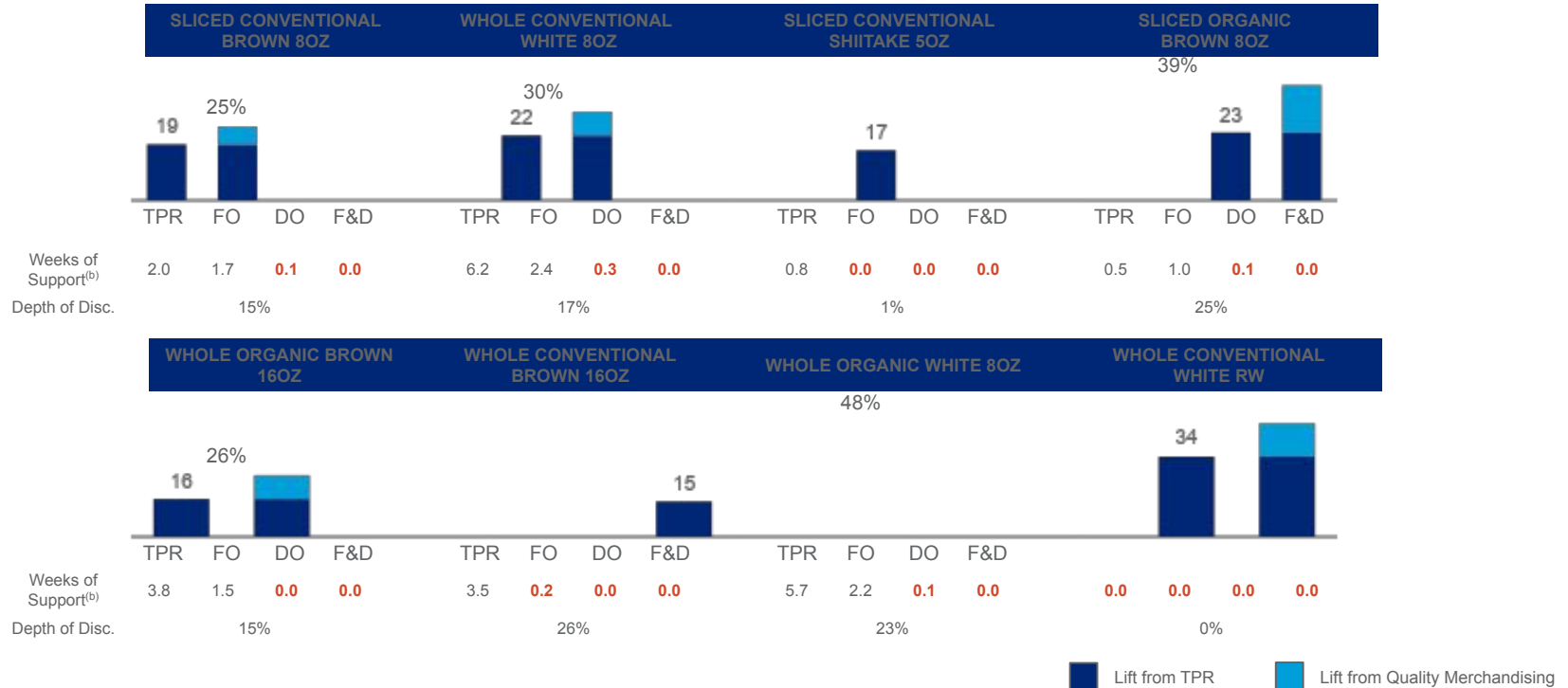
There are very few Mushroom product groups that look like added investments in quality merchandising will result in profitable trade spending

Merchandising lifts with 20% price discount – TUS Food^(a)



Target and execute against the identified hot price points to add incremental lifts to these merchandising lift and promote with the retailers that represent the best consumer response

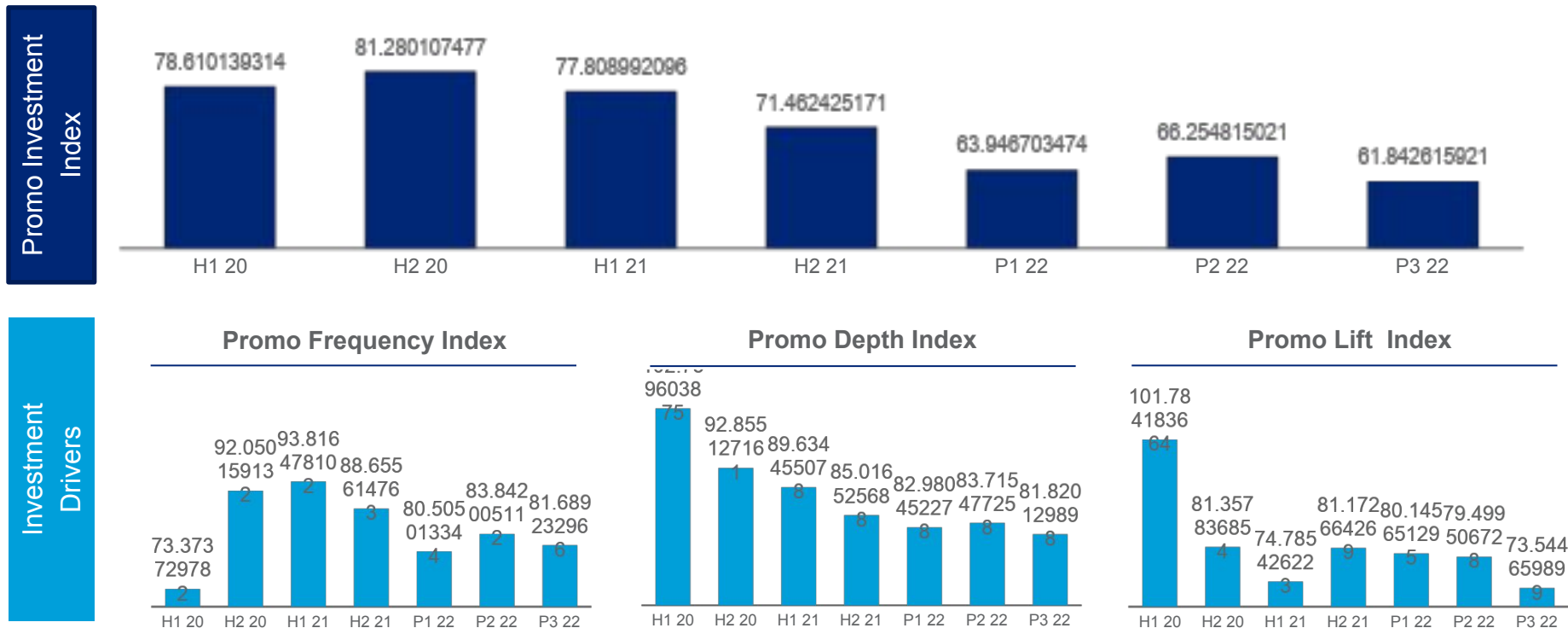
Merchandising lifts with 20% price discount – TUS Food^(a)



Promo investment levels are now at ~62% of pre-pandemic levels, reduced investment driven both by lower frequency and depth

Thought Leadership

Promo Price Investment and Drivers Trends (Indexed to 2019), Edible excl. Fresh, Food Channel



Note: Promotion Investment is value of promo markdown as a % of dollar sales, driven by both frequency and depth of promotion. Lift calculated as % increase in volume on Any Merch. Frequency as % of base dollar sales sold on Any Merch. Depth as % price reduction on Any Merchandising condition. All measures done at a category level then dollar weighted up to get to edible results.

Source: IRI data ending 03/20/22 POS, Grocery. IRI Executive Insights.

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Agenda

- 1 | Overview
- 2 | Analysis
 - a | Key Findings & Recommendations
 - b | Base Price Management
 - c | Promotion & Merchandising
- 3 | Questions & Next steps**

QUESTIONS & NEXT STEPS





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THANK YOU!



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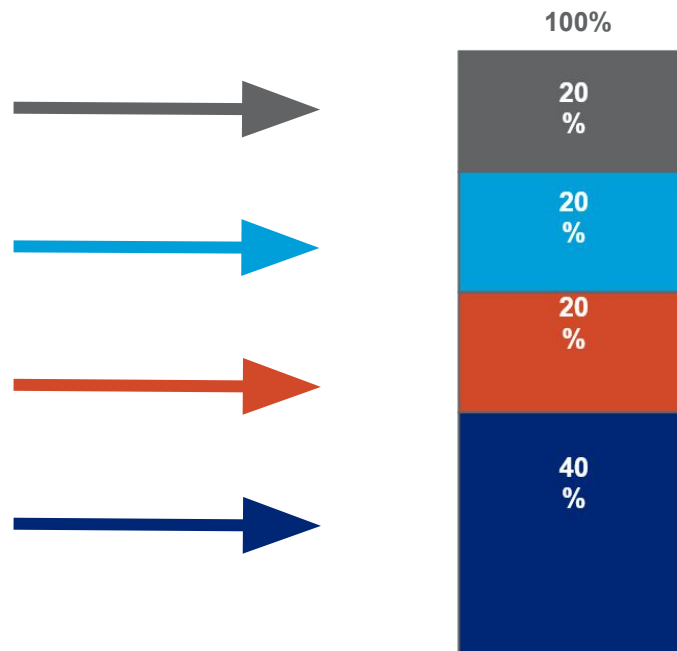
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APPENDIX

Understanding the driving factors of pricing risk will allow clients to strategically manage their portfolio

Total volume impact

Decomposition of pricing risk (Illustration)



Base price sensitivity varies by RMA suggesting opportunities to evaluate base price strategy granularly by region to identify revenue capture scenarios

Base Price Elasticity by IRI Standard region – Index to TUS Food^{(a)(b)}

Geography	TTL \$ Sales (MM)	SLICED CONVENTIONAL WHITE 8OZ	WHOLE CONVENTIONAL WHITE 8OZ	SLICED CONVENTIONAL WHITE 16OZ	SLICED CONVENTIONAL BROWN 8OZ	WHOLE CONVENTIONAL BROWN 8OZ	WHOLE CONVENTIONAL BROWN 16OZ	WHOLE CONVENTIONAL WHITE 16OZ	WHOLE CONVENTIONAL WHITE RW	SLICED CONVENTIONAL BROWN 16OZ
TUS Food	\$704.3	-0.77	-0.75	-1.26	-0.89	-0.78	-1.09	-0.86	-3.50	-1.37
Kroger	\$143.6	91	90	68	82	91	96	93		75
AlberstonsCo	\$89.4	94	103	79	106	84	105	120		
ADUSA Ahold	\$40.7	118	102	81	95	112	126	78		124
ADUSA Delhaize	\$31.8	104	86		108	107				
ADUSA Stop & Shop	\$21.7	121	105	76	100	113	127			138
Wakefern	\$11.4	116	110	76	96	84		90		134
SEG Corp	\$9.6	136	77	127	143	46	132	129		118
Wegmans Corp	\$8.6	115			92			79		



Base price responsiveness is 15%+ higher than national average



Base price responsiveness is 15%+ lower than national average

A bottoms up price promo architecture maximizes price realization efforts by tailoring execution at the appropriate product, geography combination



Base Price Elasticity by IRI Standard region – Index to TUS Food^{(a)(b)}

Geography	TTL \$ Sales (MM)	WHOLE ORGANIC WHITE 8OZ	WHOLE ORGANIC BROWN 8OZ	SLICED ORGANIC WHITE 8OZ	WHOLE ORGANIC BROWN 16OZ	SLICED ORGANIC BROWN 8OZ	WHOLE ORGANIC WHITE 16OZ	WHOLE CONVENTIONAL PORTABELLA 6-8OZ	SLICED CONVENTIONAL PORTABELLA 6-8OZ	SLICED CONVENTIONAL SHIITAKE 5OZ
TUS Food	\$704.3	-1.21	-1.10	-1.32	-0.72	-1.40	-0.47	-1.33	-1.79	-0.64
Kroger	\$143.6	86	109	93	107	60	155	64	80	72
AlberstonsCo	\$89.4	133	129	126	86	155	68	88	111	79
ADUSA Ahold	\$40.7	54	46	107		43		86	102	
ADUSA Delhaize	\$31.8	32	83	83		82		70	99	111
ADUSA Stop & Shop	\$21.7	32	27	83		21		95	99	
Kroger Harris Teeter	\$14.1	102	85					75	96	85
Wakefern	\$11.4	45	61	85		120		91	95	142
SEG Corp	\$9.6	178	128	97		72		107	68	
Wegmans Corp	\$8.6	58	76	101				83		124



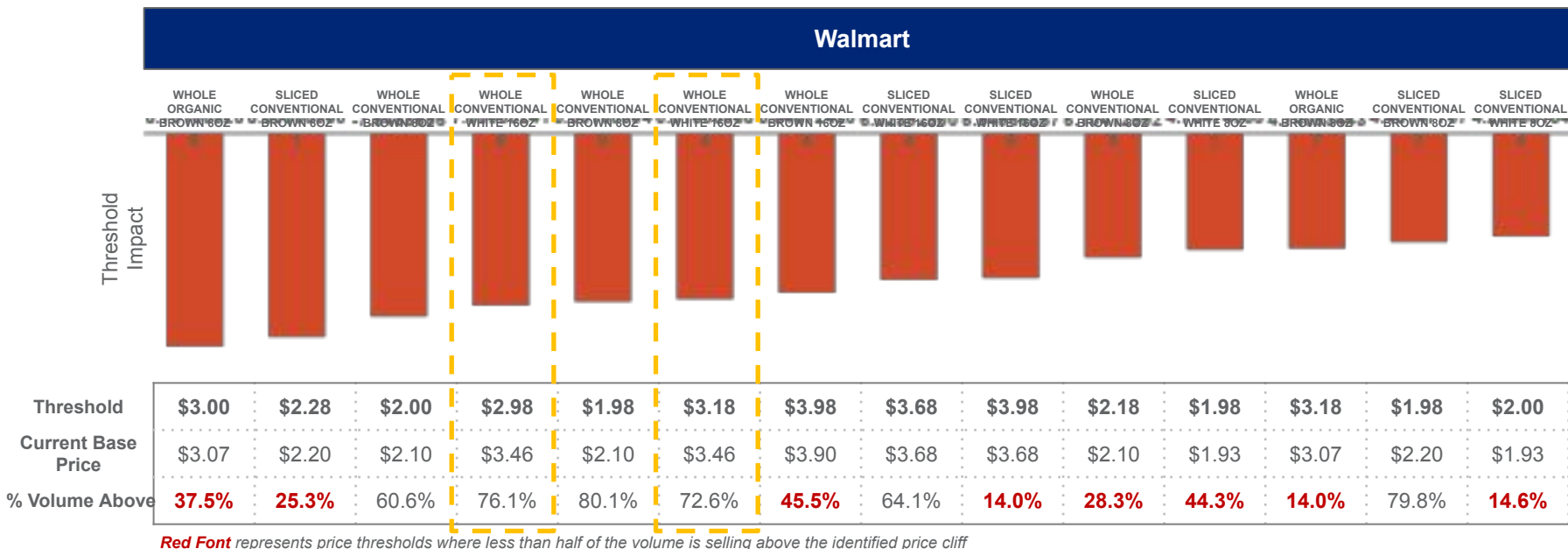
Base price responsiveness is 15%+ higher than national average



Base price responsiveness is 15%+ lower than national average

Walmart consumers are more aware of price thresholds as the top 11 price cliffs were identified at this retailer. Whole Conventional White 16oz lost 14% when crossing the \$2.98 & \$3.18 price points

Walmart: Base Price Thresholds^(a)



More than half of Whole Conventional White 16OZ units have already crossed the 2 everyday price thresholds of \$2.98 and \$3.18 measure at Walmart

WALMART, WHOLE CONVENTIONAL WHITE 16OZ: Base Price Distribution^(a)



Channel	Product	Base Price Elasticity	Current Base Price	Base Price Threshold	Threshold Impact Range & Top Responding Regions
Walmart	WHOLE CONVENTIONAL WHITE 16OZ	-0.86	\$3.46	\$2.98	-6.6% to -7.7% (Walmart Div E North)
				\$3.18	-6.4% to -7.1% (Walmart Div A South)

Whole Conventional White 16OZ has 2 different base price thresholds in Food

TUS Food, WHOLE CONVENTIONAL WHITE 16OZ: Base price distribution^(a)



Channel	Product	Base Price Elasticity	Current Base Price	Base Price Threshold	Threshold Impact	% Units at Risk	Net Impact ^(b)	
							Risk	Opportunity
Total US Food	WHOLE CONVENTIONAL WHITE 16OZ	-0.86	\$3.83	\$3.99	-2.7%	58.9%	-1.6%	0.3%
	WHOLE CONVENTIONAL WHITE 16OZ	-0.86	\$3.83	\$4.29	-1.5%	40.8%	-0.6%	0.1%
Walmart	SLICED CONVENTIONAL WHITE 16OZ	-1.26	\$3.68	\$3.69	-6.0%	11.5%	-0.7%	3.2%
	SLICED CONVENTIONAL WHITE 16OZ	-1.26	\$3.68	\$3.99	-5.9%	54.1%	-3.2%	0.7%
	WHOLE CONVENTIONAL WHITE 16OZ	-0.86	\$3.46	\$2.99	-7.1%	15.3%	-1.1%	0.3%
	WHOLE CONVENTIONAL WHITE 16OZ	-0.86	\$3.46	\$3.19	-6.8%	8.3%	-0.6%	0.4%
	WHOLE CONVENTIONAL WHITE 16OZ	-0.86	\$3.46	\$3.19	-6.8%	8.3%	-0.6%	0.4%

More than half of Whole Conventional White 16OZ units have crossed the 2 base price thresholds of \$2.99 and \$3.19

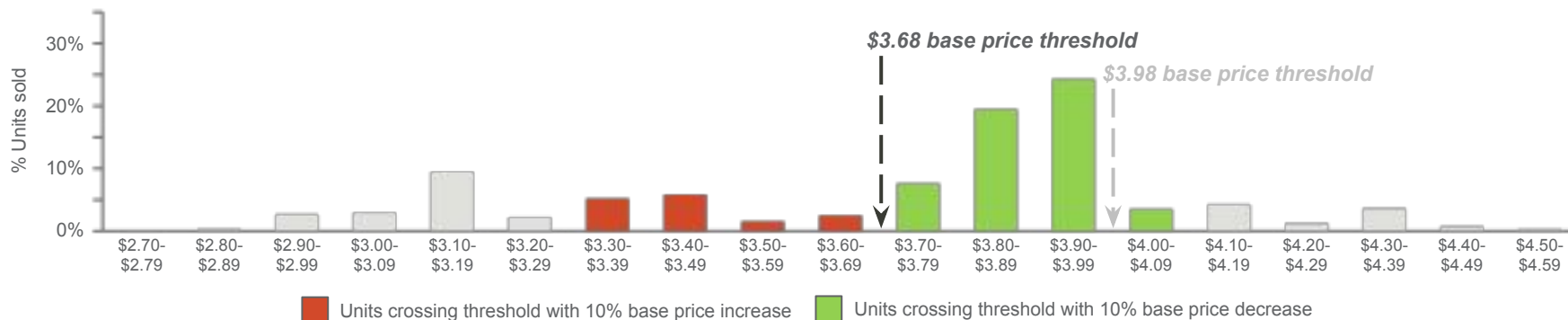
Walmart, Whole Conventional White 16OZ: Base price distribution^(a)



Channel	Product	Base Price Elasticity	Current Base Price	Base Price Threshold	Threshold Impact	% Units at Risk	Net Impact ^(b)	
							Risk	Opportunity
Total US Food	WHOLE CONVENTIONAL WHITE 16OZ	-0.86	\$3.83	\$3.99	-2.7%	58.9%	-1.6%	0.3%
	WHOLE CONVENTIONAL WHITE 16OZ	-0.86	\$3.83	\$4.29	-1.5%	40.8%	-0.6%	0.1%
Walmart	SLICED CONVENTIONAL WHITE 16OZ	-1.26	\$3.68	\$3.69	-6.0%	11.5%	-0.7%	3.2%
	SLICED CONVENTIONAL WHITE 16OZ	-1.26	\$3.68	\$3.99	-5.9%	54.1%	-3.2%	0.7%
	WHOLE CONVENTIONAL WHITE 16OZ	-0.86	\$3.46	\$2.99	-7.1%	15.3%	-1.1%	0.3%
	WHOLE CONVENTIONAL WHITE 16OZ	-0.86	\$3.46	\$3.19	-6.8%	8.3%	-0.6%	0.4%

Sliced Conventional White 16OZ demonstrates a base price risk around \$3.69 and \$3.99 in Walmart

Walmart, SLICED CONVENTIONAL WHITE 16OZ: Base price distribution^(a)



Channel	Product	Base Price Elasticity	Current Base Price	Base Price Threshold	Threshold Impact	% Units at Risk	Net Impact ^(b)	
							Risk	Opportunity
Total US Food	WHOLE CONVENTIONAL WHITE 16OZ	-0.86	\$3.83	\$3.99	-2.7%	58.9%	-1.6%	0.3%
	WHOLE CONVENTIONAL WHITE 16OZ	-0.86	\$3.83	\$4.29	-1.5%	40.8%	-0.6%	0.1%
Walmart	SLICED CONVENTIONAL WHITE 16OZ	-1.26	\$3.68	\$3.69	-6.0%	11.5%	-0.7%	3.2%
	SLICED CONVENTIONAL WHITE 16OZ	-1.26	\$3.68	\$3.99	-5.9%	54.1%	-3.2%	0.7%
	WHOLE CONVENTIONAL WHITE 16OZ	-0.86	\$3.46	\$2.99	-7.1%	15.3%	-1.1%	0.3%
	WHOLE CONVENTIONAL WHITE 16OZ	-0.86	\$3.46	\$3.19	-6.8%	8.3%	-0.6%	0.4%

Competitor Cross Effects: How They Work

Competitor price changes have an impact

$$\text{Cross Elasticity} = \frac{\% \text{ Change in Target Item's Sales}}{\% \text{ Change in Interactive Item's Price}}$$

Example: Competitor raises an item's price by 10%. As a result, your item's sales increase by 2%

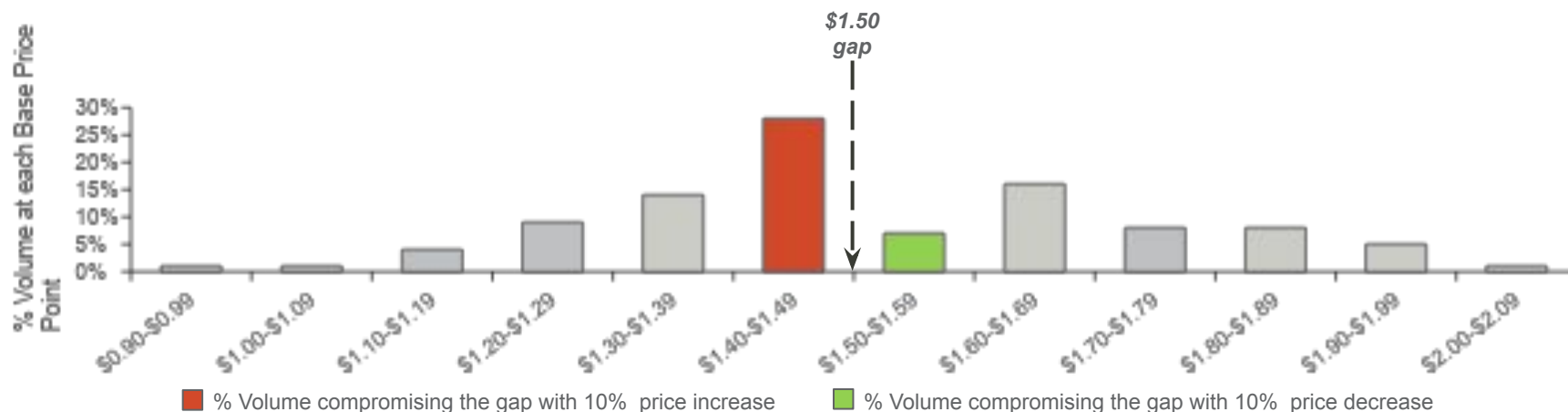
$$\frac{\text{Target}}{\text{Competitor}} = \frac{+2\%}{+10\%} = \text{Elasticity}$$

+0.2

Note: Cross-elasticities are asymmetric. The impact of X's price on Competitor Y sales is not the same as the impact of Competitor Y price on X sales.

As Interactive price gaps change, sales impacts will occur at an accelerated rate

Base gap example^(a)

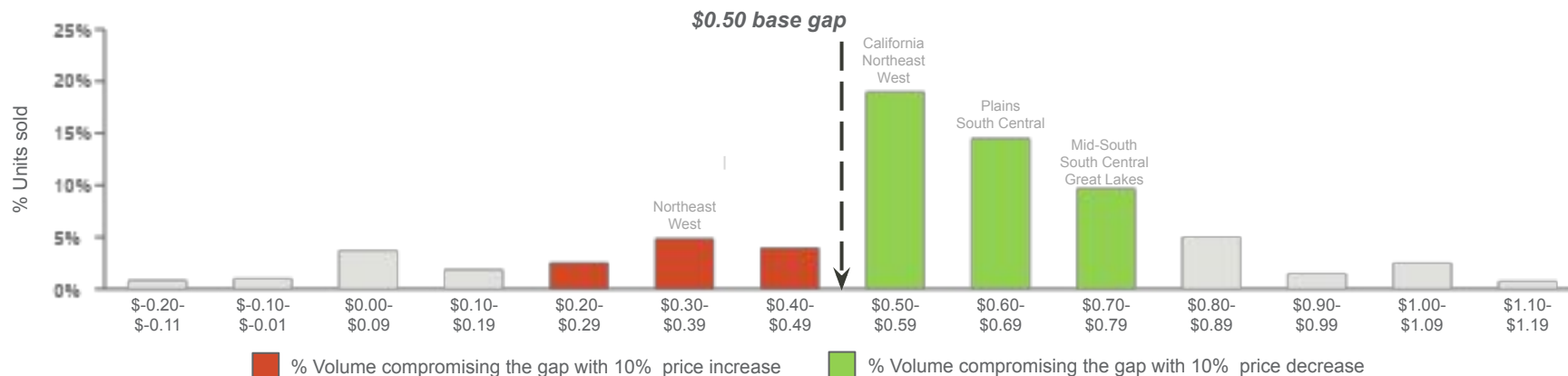


Significant Price Gaps indicate that an additional change in sales is realized when this gap between Interactive products is crossed.

Notes: a) Distribution and thresholds shown are examples for illustrative purposes only.

Manage price carefully where PPGs are jointly distributed to max profit

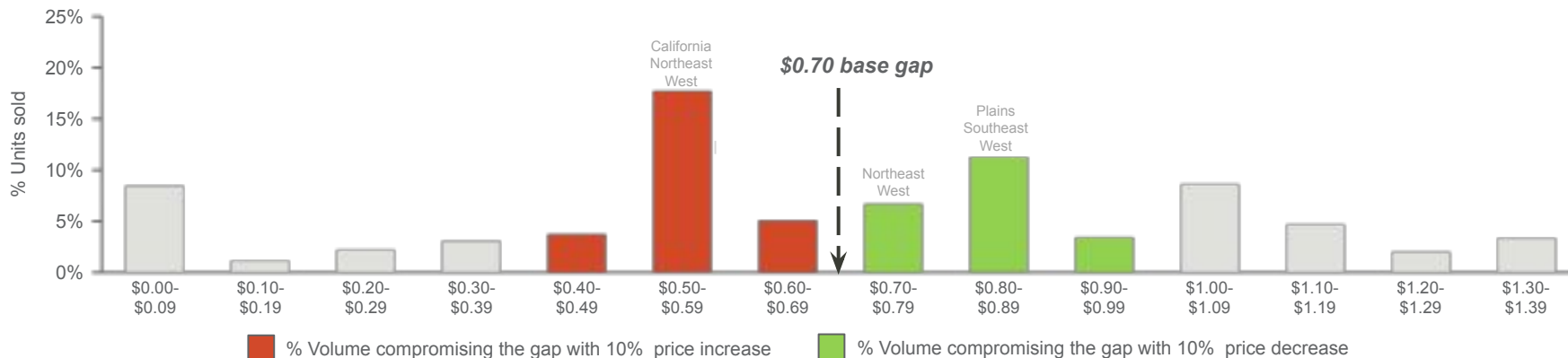
TUS Food, WHOLE ORGANIC WHITE 8OZ vs WHOLE CONV. WHITE 8 OZ: Base price gap distribution^(a)



Channel	Product	Interactive Product	Base Price Elasticity	Current Gap	Price Gap	Gap Impact	% Units at Risk	Net Impact ^(b)	
								Risk	Opportunity
TUS Food	WHOLE ORGANIC WHITE 8OZ	WHOLE CONVENTIONAL WHITE 8OZ	-1.21	\$0.62	\$0.50	-8.2%	9.8%	-0.7%	-3.1%
	SLICED ORGANIC WHITE 8OZ	WHOLE CONVENTIONAL WHITE 8OZ	-1.32	\$0.65	\$0.70	-6.1%	22.4%	-1.4%	-1.4%
	WHOLE ORGANIC WHITE 16OZ	WHOLE ORGANIC BROWN 16OZ	-0.47	-\$0.54	-\$0.70	-5.4%	25.3%	-1.4%	-2.9%
	WHOLE ORGANIC BROWN 16OZ	WHOLE ORGANIC BROWN 8OZ	-0.72	\$2.03	\$1.70	-5.3%	26.8%	-1.4%	-1.7%

A price gap exists between Sliced Organic White 8OZ and Whole Conventional White 8OZ

TUS Food, SLICED ORGANIC WHITE 8OZ vs WHOLE CONV. WHITE 8OZ : Base price gap distribution^(a)



Channel	Product	Interactive Product	Base Price Elasticity	Current Gap	Price Gap	Gap Impact	% Units at Risk	Net Impact ^(b)	
								Risk	Opportunity
TUS Food	WHOLE ORGANIC WHITE 8OZ	WHOLE CONVENTIONAL WHITE 8OZ	-1.21	\$0.62	\$0.50	-8.2%	9.8%	-0.7%	-3.1%
	SLICED ORGANIC WHITE 8OZ	WHOLE CONVENTIONAL WHITE 8OZ	-1.32	\$0.65	\$0.70	-6.1%	22.4%	-1.4%	-1.4%
	WHOLE ORGANIC WHITE 16OZ	WHOLE ORGANIC BROWN 16OZ	-0.47	-\$0.54	-\$0.70	-5.4%	25.3%	-1.4%	-2.9%
	WHOLE ORGANIC BROWN 16OZ	WHOLE ORGANIC BROWN 8OZ	-0.72	\$2.03	\$1.70	-5.3%	26.8%	-1.4%	-1.7%

Manage price carefully where PPGs are jointly distributed to max profit

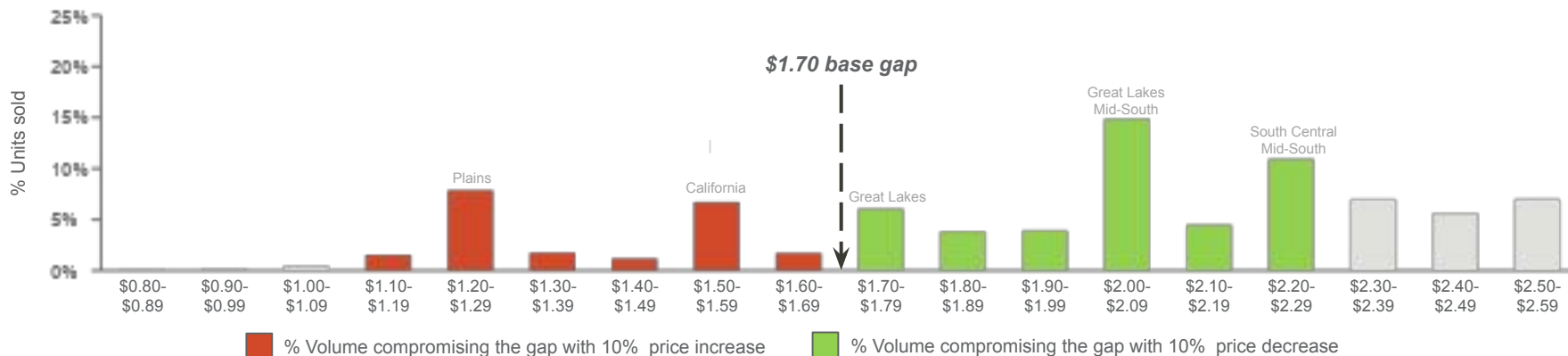
TUS Food, WHOLE ORGANIC WHITE 16OZ vs WHOLE ORGANIC BROWN 16OZ: Base price gap distribution^(a)



Channel	Product	Interactive Product	Base Price Elasticity	Current Gap	Price Gap	Gap Impact	% Units at Risk	Net Impact ^(b)	
								Risk	Opportunity
TUS Food	WHOLE ORGANIC WHITE 8OZ	WHOLE CONVENTIONAL WHITE 8OZ	-1.21	\$0.62	\$0.50	-8.2%	9.8%	-0.7%	-3.1%
	SLICED ORGANIC WHITE 8OZ	WHOLE CONVENTIONAL WHITE 8OZ	-1.32	\$0.65	\$0.70	-6.1%	22.4%	-1.4%	-1.4%
	WHOLE ORGANIC WHITE 16OZ	WHOLE ORGANIC BROWN 16OZ	-0.47	-\$0.54	-\$0.70	-5.4%	25.3%	-1.4%	-2.9%
	WHOLE ORGANIC BROWN 16OZ	WHOLE ORGANIC BROWN 8OZ	-0.72	\$2.03	\$1.70	-5.3%	26.8%	-1.4%	-1.7%

A \$1.70 gap exists between the 2 Whole Organic Brown PPGs

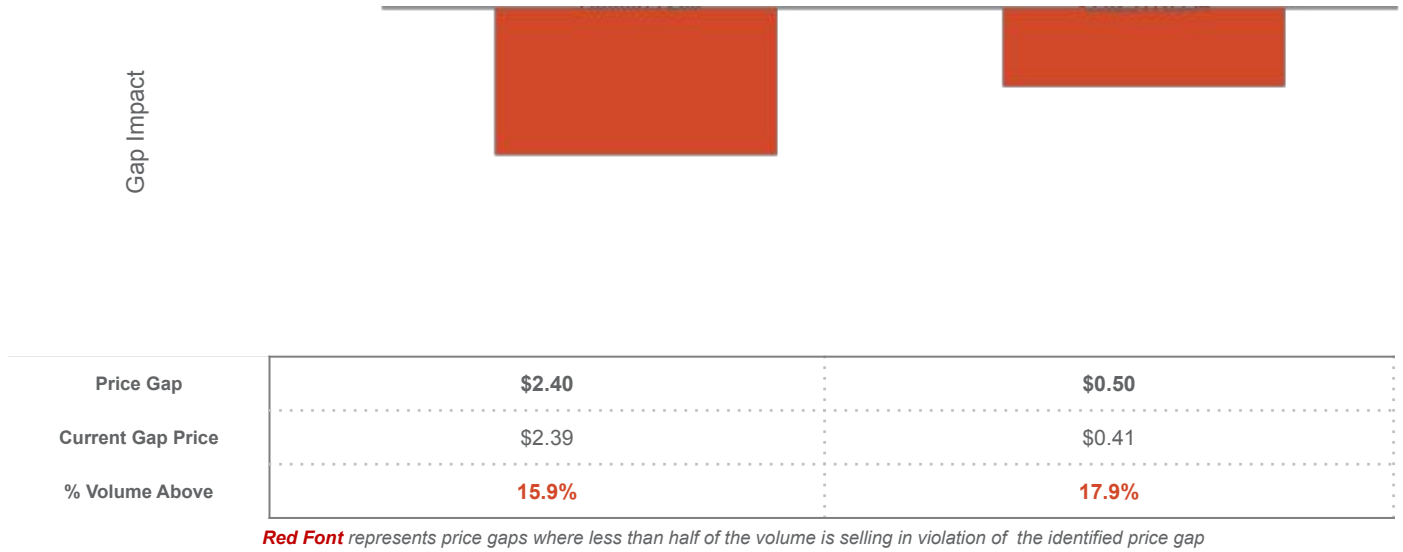
TUS Food, WHOLE ORGANIC BROWN 16OZ vs WHOLE ORGANIC BROWN 8OZ: Base price gap distribution^(a)



Channel	Product	Interactive Product	Base Price Elasticity	Current Gap	Price Gap	Gap Impact	% Units at Risk	Net Impact ^(b)	
								Risk	Opportunity
TUS Food	WHOLE ORGANIC WHITE 8OZ	WHOLE CONVENTIONAL WHITE 8OZ	-1.21	\$0.62	\$0.50	-8.2%	9.8%	-0.7%	-3.1%
	SLICED ORGANIC WHITE 8OZ	WHOLE CONVENTIONAL WHITE 8OZ	-1.32	\$0.65	\$0.70	-6.1%	22.4%	-1.4%	-1.4%
	WHOLE ORGANIC WHITE 16OZ	WHOLE ORGANIC BROWN 16OZ	-0.47	-\$0.54	-\$0.70	-5.4%	25.3%	-1.4%	-2.9%
	WHOLE ORGANIC BROWN 16OZ	WHOLE ORGANIC BROWN 8OZ	-0.72	\$2.03	\$1.70	-5.3%	26.8%	-1.4%	-1.7%

Just as base price thresholds are a secondary driver of pricing risk, base price gaps that are non-compliant can cause volume to leak to a different mushroom product group

Interactive Base Price Gaps – Walmart^(a)



Promo price sensitivity varies by RMA suggesting opportunities to evaluate base price strategy granularly by region to identify revenue capture scenarios

Promoted price sensitivity by IRI Standard Region – Index to TUS Food^(a)

Geography	TTL \$ Sales (MM)	SLICED CONVENTIONAL WHITE 8OZ	WHOLE CONVENTIONAL WHITE 8OZ	SLICED CONVENTIONAL WHITE 16OZ	SLICED CONVENTIONAL BROWN 8OZ	WHOLE CONVENTIONAL BROWN 8OZ	WHOLE CONVENTIONAL BROWN 16OZ	WHOLE CONVENTIONAL WHITE 16OZ	WHOLE CONVENTIONAL WHITE RW	SLICED CONVENTIONAL BROWN 16OZ
TUS Food	\$704.3	-0.80	-0.89	-0.95	-0.78	-0.84	-0.64	-0.49	-3.33	-0.86
Kroger	\$143.6	72	85	44	74	85	66	71		40
AlberstonsCo	\$89.4	79	89	76	63	78	106	128		
ADUSA Ahold	\$40.7	127	112	86	50	103	176	263		190
ADUSA Delhaize	\$31.8	92	89		75	124				
ADUSA Stop & Shop	\$21.7	142	117	96	40	74	186			241
Wakefern	\$11.4	166	124	78	67	73		263		171
SEG Corp	\$9.6	139	94	142	109	114	57	143		37
Wegmans Corp	\$8.6	110			56			224		



Promoted price responsiveness is 15%+ lower than national average



Promoted price responsiveness is 15%+ higher than national average

Promo price sensitivity varies by RMA suggesting opportunities to evaluate base price strategy granularly by region to identify revenue capture scenarios

Promoted price sensitivity by IRI Standard Region – Index to TUS Food^(a)

Geography	TTL \$ Sales (MM)	WHOLE ORGANIC WHITE 8OZ	WHOLE ORGANIC BROWN 8OZ	SLICED ORGANIC WHITE 8OZ	WHOLE ORGANIC BROWN 16OZ	SLICED ORGANIC BROWN 8OZ	WHOLE ORGANIC WHITE 16OZ	WHOLE CONVENTIONAL PORTABELLA 6-8OZ	SLICED CONVENTIONAL PORTABELLA 6-8OZ	SLICED CONVENTIONAL SHIITAKE 5OZ
TUS Food	\$704.3	-1.31	-0.78	-0.90	-0.65	-0.93	-0.77	-1.40	-1.44	-0.71
Kroger	\$143.6	88	66	97	73	82	66	36	129	56
AlberstonsCo	\$89.4	84	83	84	94	94	106	34	66	44
ADUSA Ahold	\$40.7	48	151	82		35		43	116	
ADUSA Delhaize	\$31.8	38	108	55		43		67	83	73
ADUSA Stop & Shop	\$21.7	40	138	57		34		52	95	
Wakefern	\$11.4	49	174	59		47		55	97	43
SEG Corp	\$9.6	119	78	116		34		103	103	
Wegmans Corp	\$8.6	54	93	83				38		51



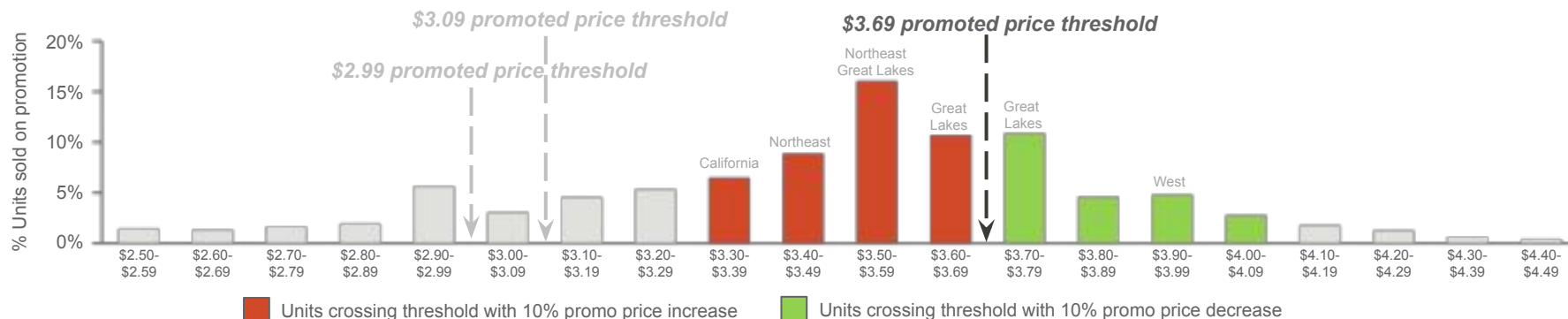
Promoted price responsiveness is 15%+ lower than national average



Promoted price responsiveness is 15%+ higher than national average

Targeting promoted price thresholds or hot price points can increase incremental trade driven volume as part of an event's execution

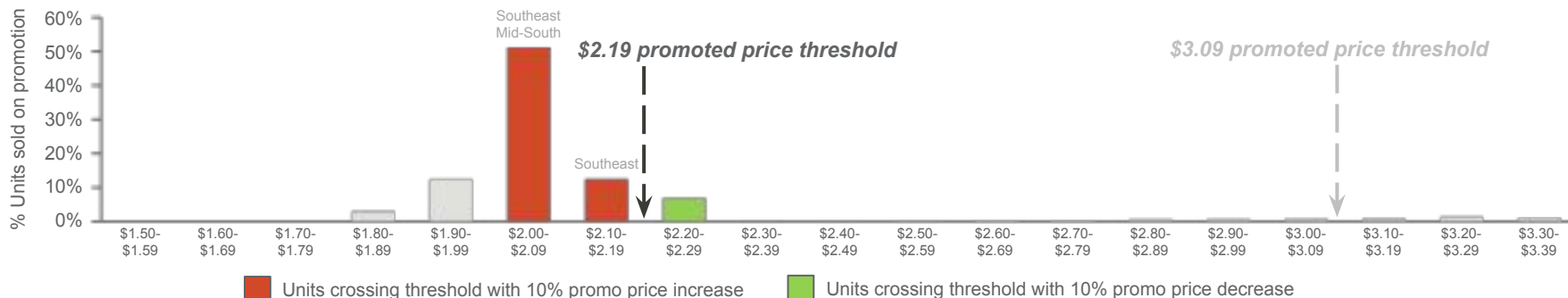
TUS Food, WHOLE CONVENTIONAL WHITE 16OZ: Promoted price distribution^(a)



Channel	Product	Promo Price Elasticity	Current Promoted Price	Promoted Price Threshold	Threshold Impact	% Units at Risk	Net Impact ^(b)	
							Risk	Opportunity
TUS Food	WHOLE CONVENTIONAL WHITE 16OZ	-0.49	\$3.28	\$2.99	3.6%	14.0%	0.5%	-0.8%
	WHOLE CONVENTIONAL WHITE 16OZ	-0.49	\$3.28	\$3.69	3.2%	39.3%	1.2%	-0.4%
	WHOLE CONVENTIONAL WHITE 16OZ	-0.49	\$3.28	\$3.09	2.4%	17.9%	0.4%	-0.6%
	SLICED CONVENTIONAL WHITE 16OZ	-0.95	\$2.24	\$2.19	7.1%	59.5%	4.2%	-0.6%
	SLICED CONVENTIONAL WHITE 16OZ	-0.95	\$2.24	\$3.09	3.6%	2.8%	0.1%	-0.1%
	WHOLE CONVENTIONAL WHITE 8OZ	-0.89	\$1.85	\$1.99	7.2%	23.6%	1.7%	-2.0%
	WHOLE CONVENTIONAL WHITE 8OZ	-0.89	\$1.85	\$1.29	4.8%	2.7%	0.1%	0.0%
	WHOLE CONVENTIONAL WHITE 8OZ	-0.89	\$1.85	\$1.79	2.4%	20.4%	0.5%	-0.2%

Targeting promoted price thresholds or hot price points can increase incremental trade driven volume as part of an event's execution

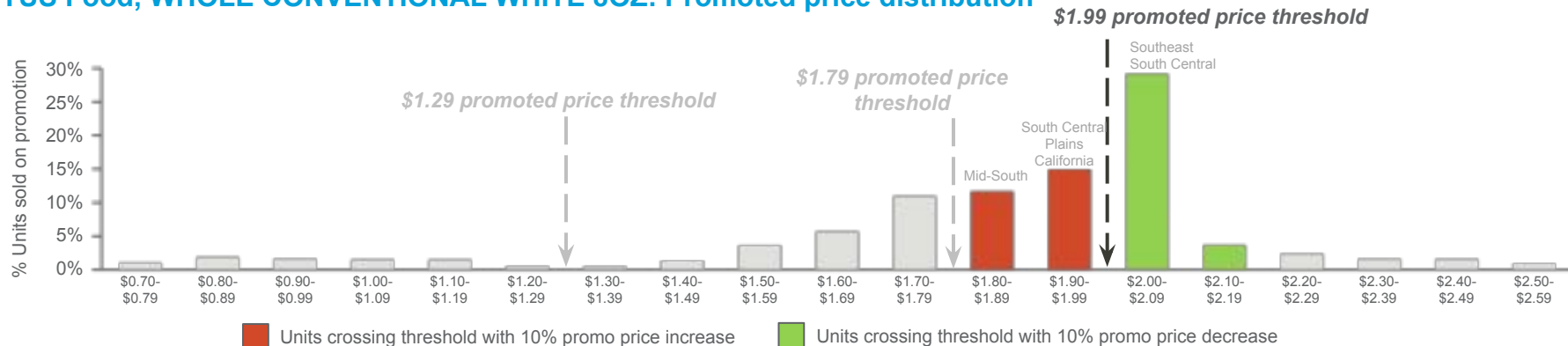
TUS Food, SLICED CONVENTIONAL WHITE 16OZ: Promoted price distribution^(a)



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Targeting promoted price thresholds or hot price points can increase incremental trade driven volume as part of an event's execution

TUS Food, WHOLE CONVENTIONAL WHITE 8OZ: Promoted price distribution^(a)



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	WHOLE CONVENTIONAL WHITE 8OZ	-0.89	\$1.85	\$1.99	7.2%	23.6%	1.7%	-2.0%
	WHOLE CONVENTIONAL WHITE 8OZ	-0.89	\$1.85	\$1.29	4.8%	2.7%	0.1%	0.0%
	WHOLE CONVENTIONAL WHITE 8OZ	-0.89	\$1.85	\$1.79	2.4%	20.4%	0.5%	-0.2%

Agenda

1 | Overview

2 | Analysis

a | Key Findings & Recommendations

b | Base Price Management

c | Promotion & Merchandising

3 | Questions & Next steps