

SPECIALTY MUSHROOMS SURVEY 2002

**North Carolina Department of Agriculture and Consumer Services
Division of Marketing
Nick Augustini**

April 10, 2002

Trends In Mushroom Demand For The Years 2002-2007

The North Carolina Dept. of Agriculture and Consumer Services, Division of Marketing, conducted a survey of produce buyers during February 2002. The purpose of this survey was to identify trends in mushroom demand expected to occur over the next five years. This project was initiated as part of the Specialty Crops Program, a partnership between the NCDA & CS and N.C. State University.

The goal of the Specialty Crops Program is to develop new horticultural crops for farm diversification in North Carolina. The information from this survey will help identify specialty mushrooms, based on market demands, which this program could assist in developing. In addition, the survey examined demand for all mushrooms which can be produced in N.C. to help guide farmers in their production and marketing decisions.

The target audience for the survey included produce buyers and merchandisers with retail grocery chains and produce buyers with larger wholesale dealers. They represent companies in North Carolina, South Carolina and Virginia. Of the 60 surveys sent out there were 27 respondents. Of the completed surveys, 17 represented retail grocery chains, 10 represented produce wholesale dealers.

Dear Buyer,

The North Carolina Department of Agriculture and Consumer Services, in co-operation with the North Carolina Specialty Crops Program is conducting a mushroom survey to determine marketing trends in the mushroom industry. We would ask that you take a few moments to complete the survey and mail back to us in the enclosed, self-address, postage paid envelope. All individual data collected in this survey will remain confidential and will only be used to publish an aggregate summary of the results.

Sincerely,

Nick Augustini
Marketing Specialist
NCDA & CS

Mushroom Survey

1. Which best describes your business?
 - Retail Chain
 - Food Service Distributor
 - Supercenter
 - Broker

2. Job Title (check one)
 - Owner/CEO/President
 - Manager
 - VP/GM/Director
 - Sales/Marketing
 - Buyer
 - Other
 - Merchandiser _____

3. In the past year, did your company purchase mushrooms?
 - Yes
 - No (If no why? Check most important reason)
 - Customers not interested
 - Can't find a supplier
 - Don't have the display space
 - Poor Quality
 - Other (list) _____

4. What type or varieties of mushrooms have or do you purchase?
 - White } Maitake
 - Shiitake } Hemimatsutake
 - Oyster } Monkey's Head
 - } Portabella

5. Approximately how many lbs. of mushrooms have you purchased in 2001?
 - } White (# of lbs.) _____ } Maitake _____
 - } Shiitake _____ } Hemimatsutake _____
 - } Oyster _____ } Monkey's Head _____
 - } Portabella _____

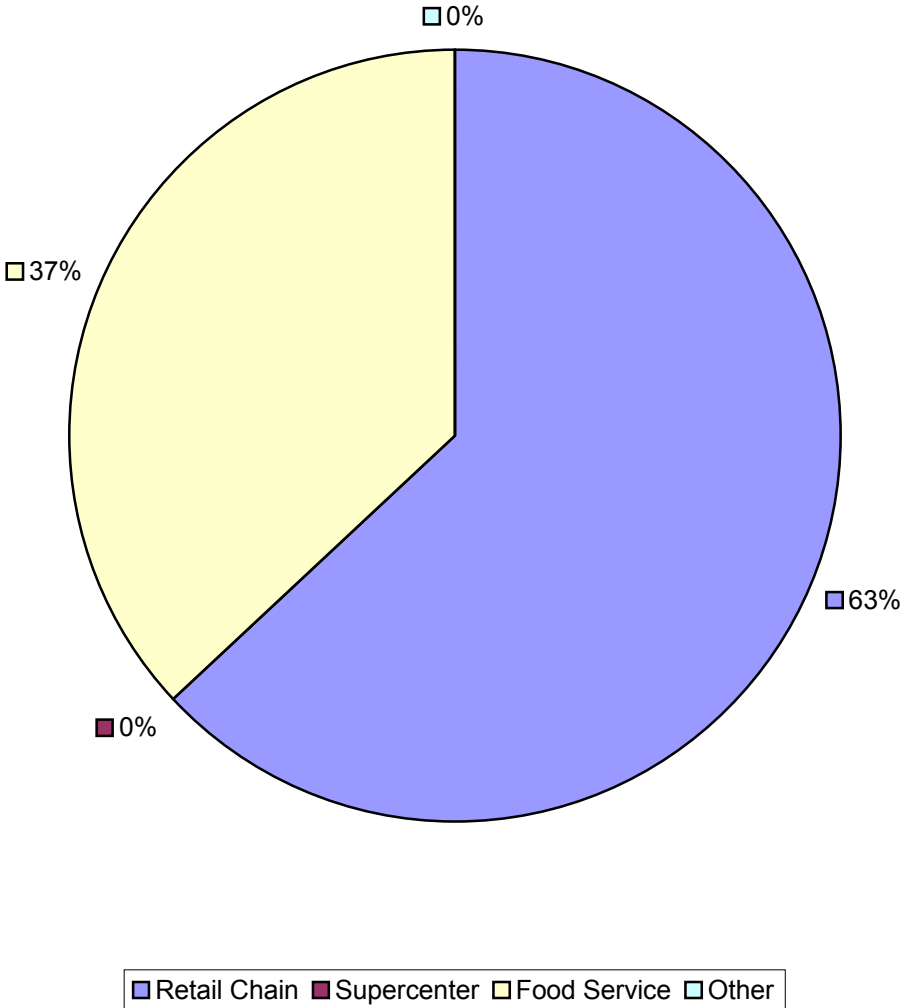
6. What size mushroom containers do you prefer?
 - } Bulk } 1-lb.
 - } 8 oz. } Other _____

7. What type of label do you require on packaged mushrooms?
 - } PLU } Other _____
 - } UPC } None

8. Which varieties of mushrooms do you think will increase in demand over the next 5 years? (Check as many as you think will increase.)
- | | |
|-------------------------------------|--|
| <input type="checkbox"/> White | <input type="checkbox"/> Maitake |
| <input type="checkbox"/> Shiitake | <input type="checkbox"/> Hemimatsutake |
| <input type="checkbox"/> Oyster | <input type="checkbox"/> Monkey's Head |
| <input type="checkbox"/> Portabella | |
9. Which varieties of mushrooms do you think will decrease in demand over the next 5 years?
- | | |
|-------------------------------------|--|
| <input type="checkbox"/> White | <input type="checkbox"/> Maitake |
| <input type="checkbox"/> Shiitake | <input type="checkbox"/> Hemimatsutake |
| <input type="checkbox"/> Oyster | <input type="checkbox"/> Monkey's Head |
| <input type="checkbox"/> Portabella | |
10. Are you satisfied with the product and service of your current mushroom supplier?
- | | |
|------------------------------|-----------------------------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|------------------------------|-----------------------------|
11. If not satisfied, what improvements would you be looking for?
- | | |
|--------------------------------------|--|
| <input type="checkbox"/> Quality | <input type="checkbox"/> Able to deliver on date needed |
| <input type="checkbox"/> Price | <input type="checkbox"/> Able to supply volume needed |
| <input type="checkbox"/> Dependable | <input type="checkbox"/> Able to supply needed varieties |
| <input type="checkbox"/> Other _____ | |
12. Would you purchase North Carolina grown mushrooms if available?
- | | |
|------------------------------|-----------------------------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|------------------------------|-----------------------------|
13. If so what varieties?
- | | |
|-------------------------------------|--|
| <input type="checkbox"/> White | <input type="checkbox"/> Maitake |
| <input type="checkbox"/> Shiitake | <input type="checkbox"/> Hemimatsutake |
| <input type="checkbox"/> Oyster | <input type="checkbox"/> Monkey's Head |
| <input type="checkbox"/> Portabella | |
14. How would you describe the demand for specialty mushrooms with your customers?
- | |
|---|
| <input type="checkbox"/> Demand is growing |
| <input type="checkbox"/> Demand is remaining the same |
| <input type="checkbox"/> Demand is declining |

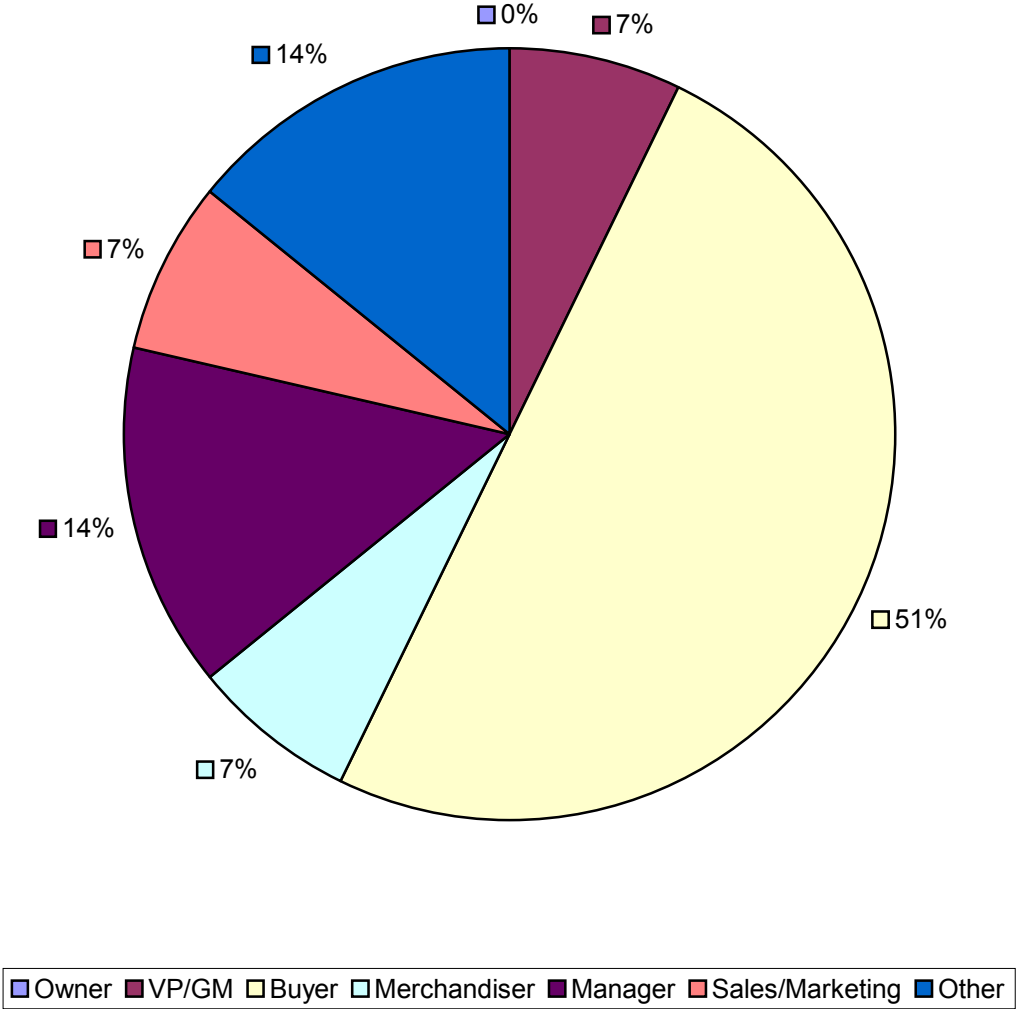
Results:

What Best Describes Your Business?



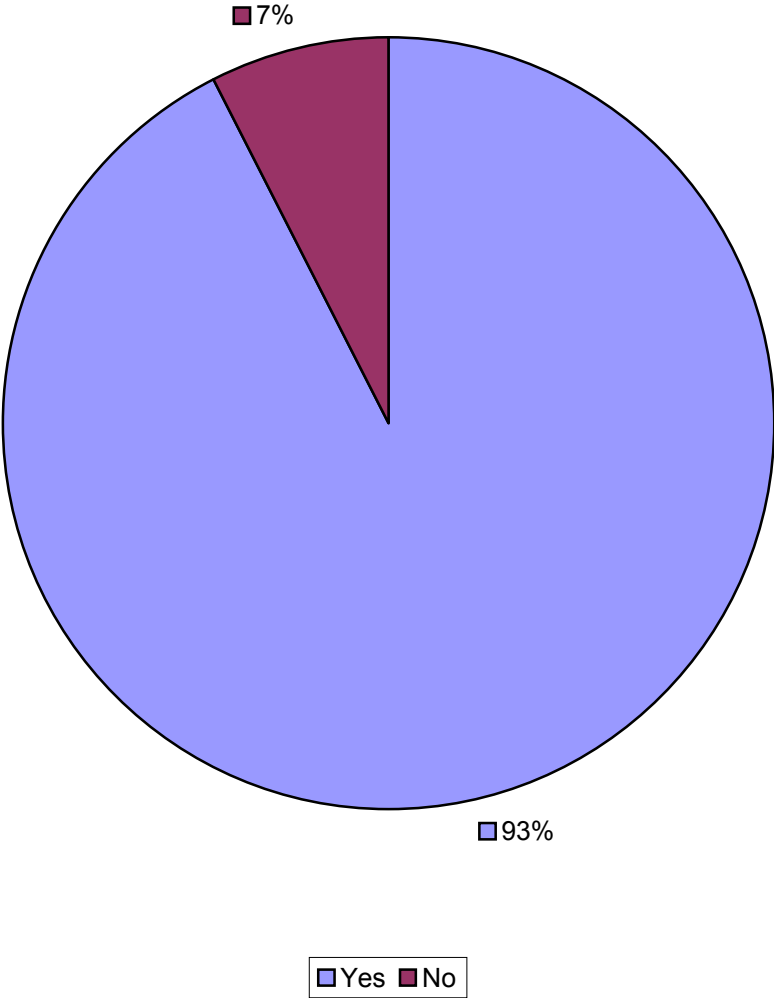
The results showed that 63% of the respondents were in the retail grocery chain business with 37% of the respondents being in the wholesale produce business.

Job Title



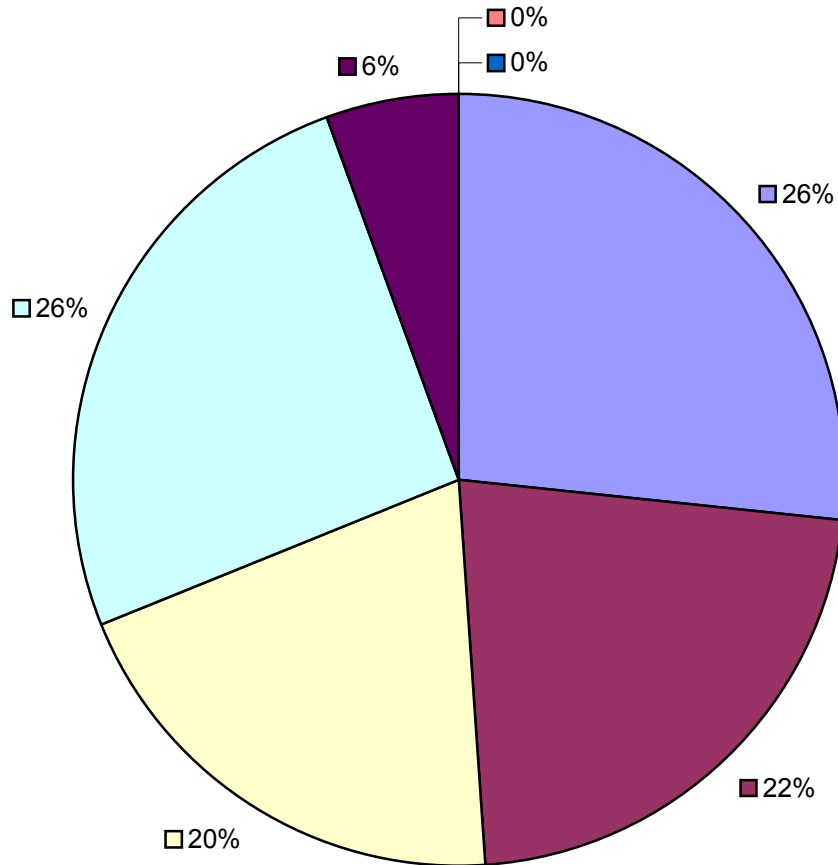
Of the respondents 51% were buyers, 14% were owners, 14% were managers, 7% were merchandisers, 7% were VP/GM, and 7% were sales/marketing.

In The Past Year, Did Your Company Purchase Mushrooms?



93% of the respondents had purchased mushrooms in the last year. The other 7% had not purchased mushrooms because they were either chef or merchandisers for food service or retail chains.

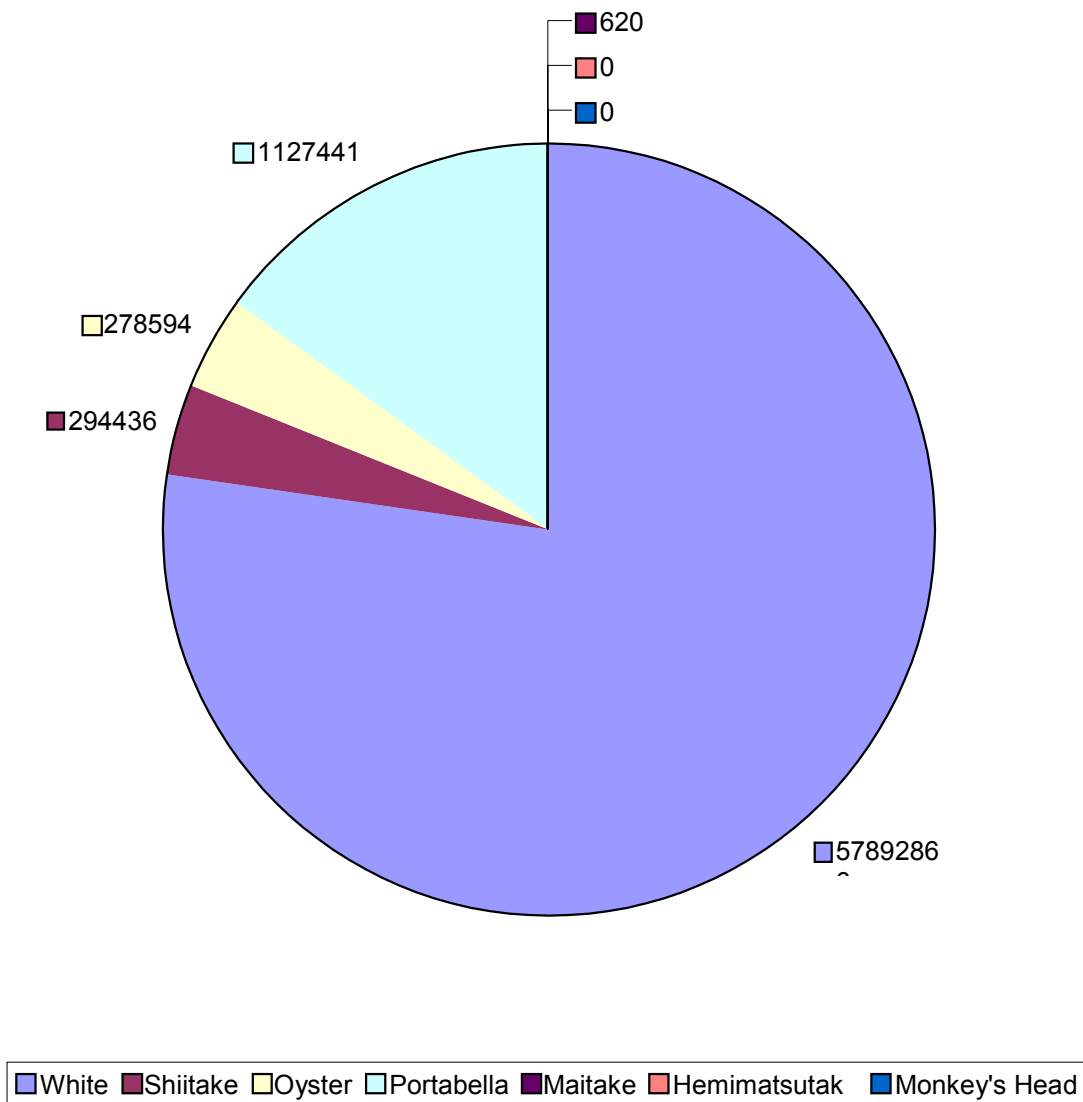
What Varieties of Mushrooms Have You Purchased?



White Shiitake Oyster Portabella Maitake Hemimatsutake Monkey's Head

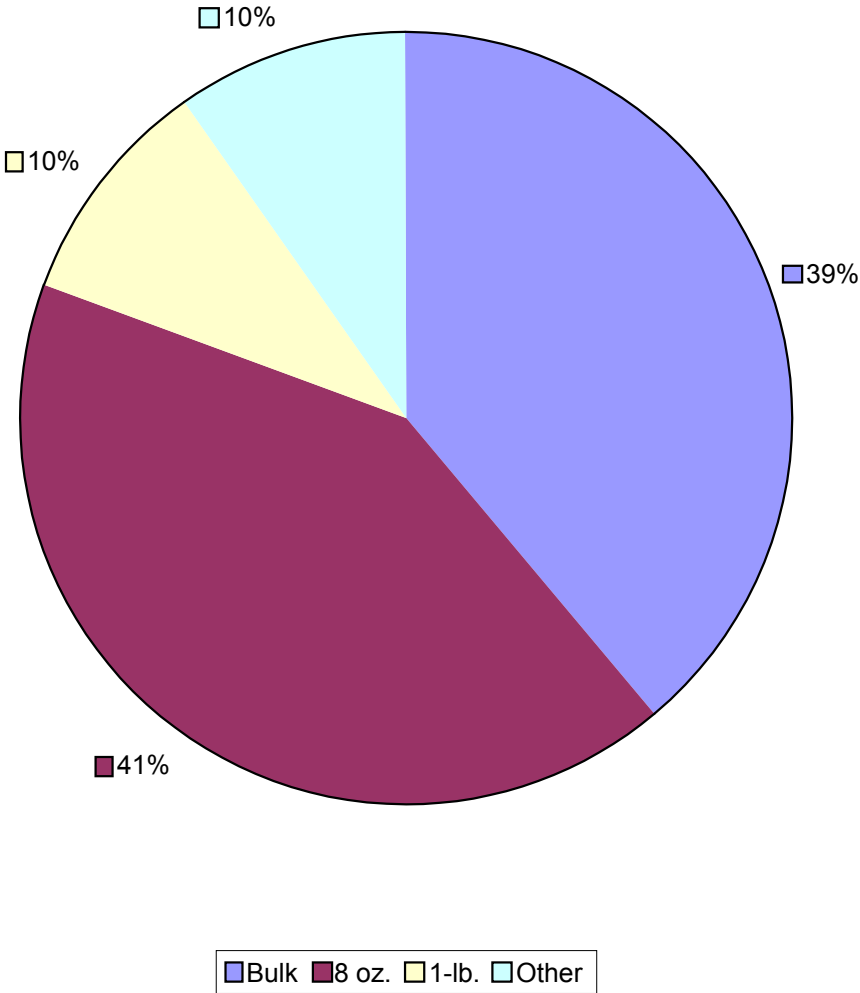
26% of the respondents had purchased White and Portabella Mushrooms. 22% had purchased Shiitake and 20% had purchased Oyster Mushrooms. 6% of those polled purchased Maitake with no one purchasing Hemimatsutake or Monkey's Head Mushrooms.

Approximate Pounds of Mushrooms Purchased in 2001 by Those Surved



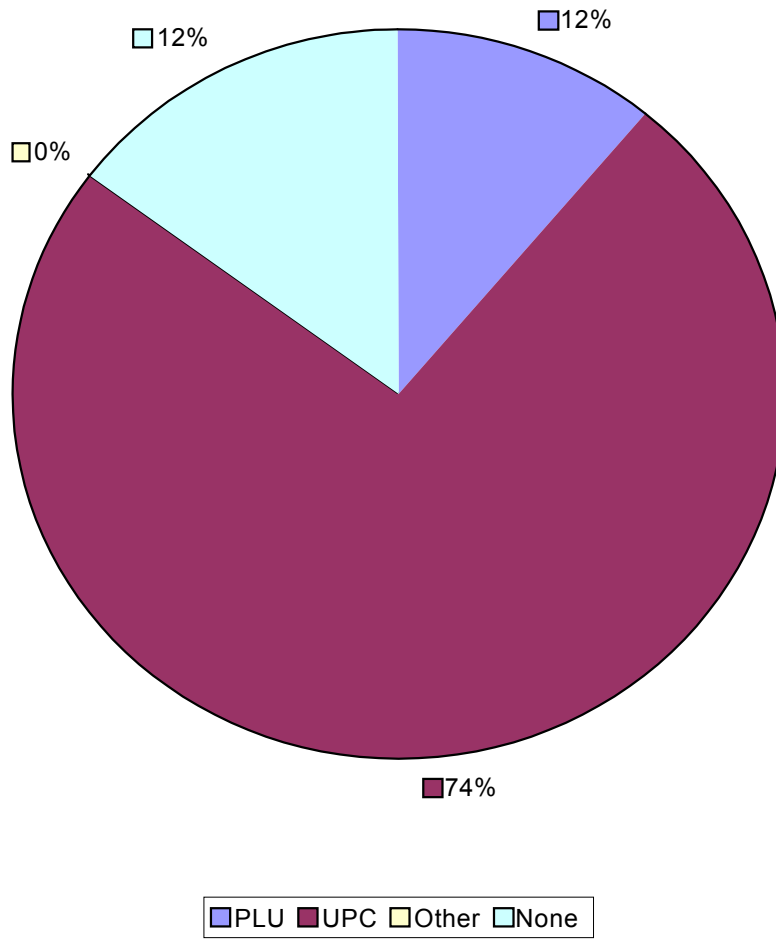
The break down of mushrooms purchased is as follows; the respondents purchased 5,789,286 pounds of white mushrooms in 2001. Followed by 1,127,441 of Portabellas, 294,436 pounds of Shiitake, 278,594 of Oysters, and 620 pounds of Maitakes. No respondent had purchased Hemimatsutake or Monkey's Head mushrooms in 2001.

What Size Containers Do You Prefer?



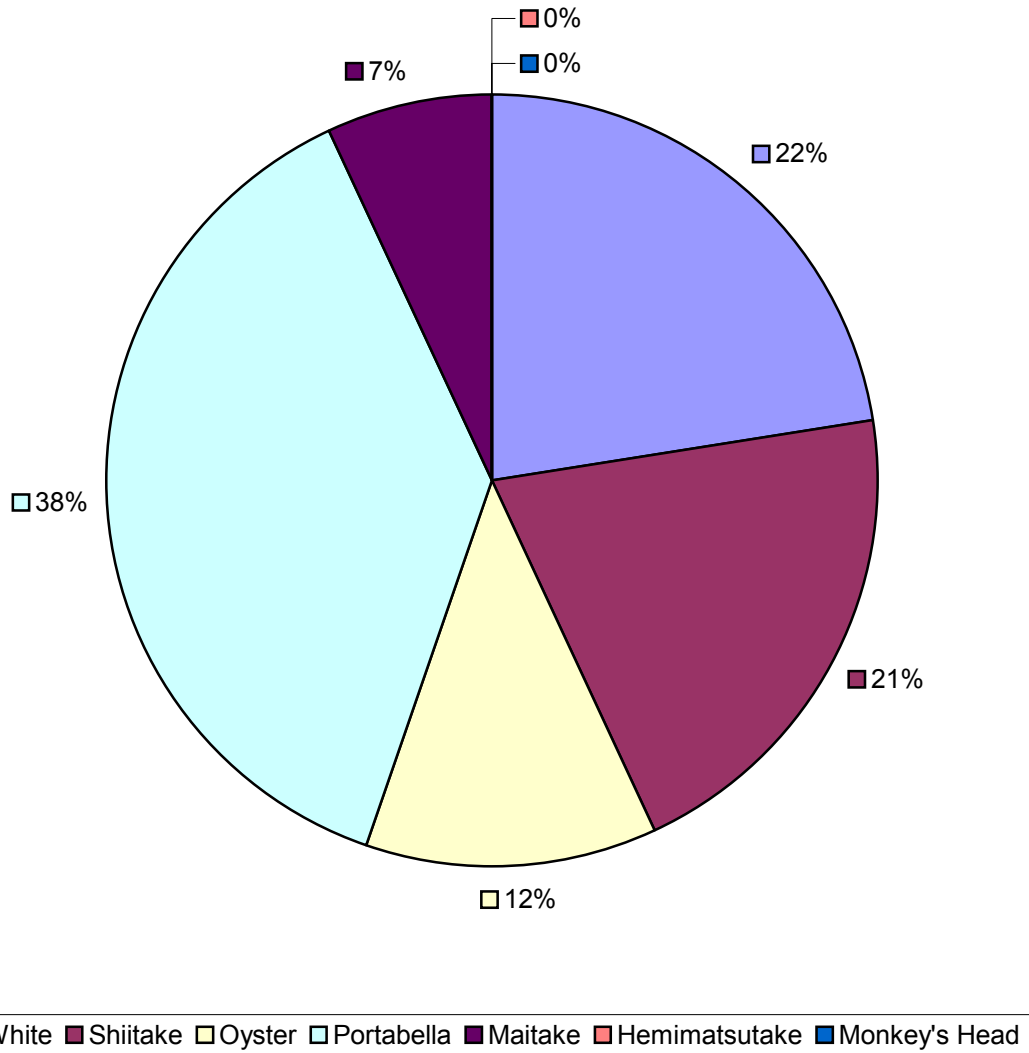
41% of the respondents preferred the 8-oz. container while 39% bought mushrooms in bulk (10-pound box). 10% of the buyers preferred the 1 pound pack and other size containers.

What Type Of Labeling Do You Require?



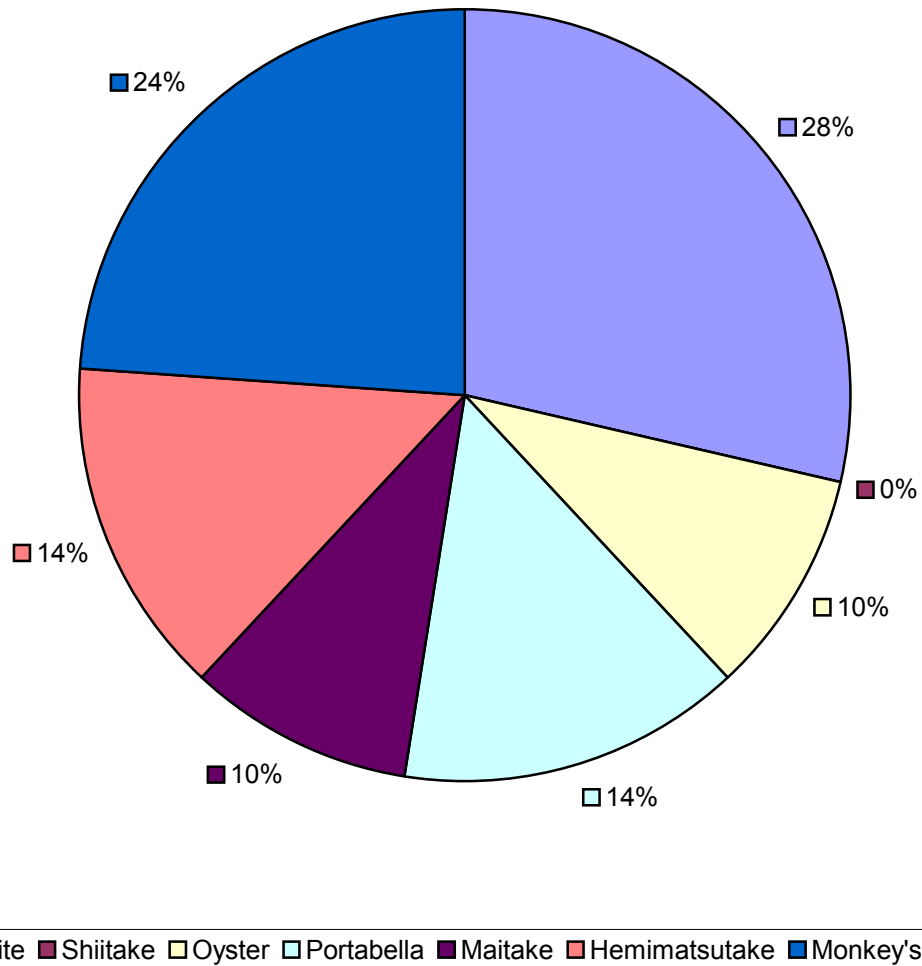
74% of the respondents required UPC labeling while 12% required PLU and 12% required no labeling.

What Varieties of Mushrooms Do You Think Will Increase In Demand Over The Next 5 Years?



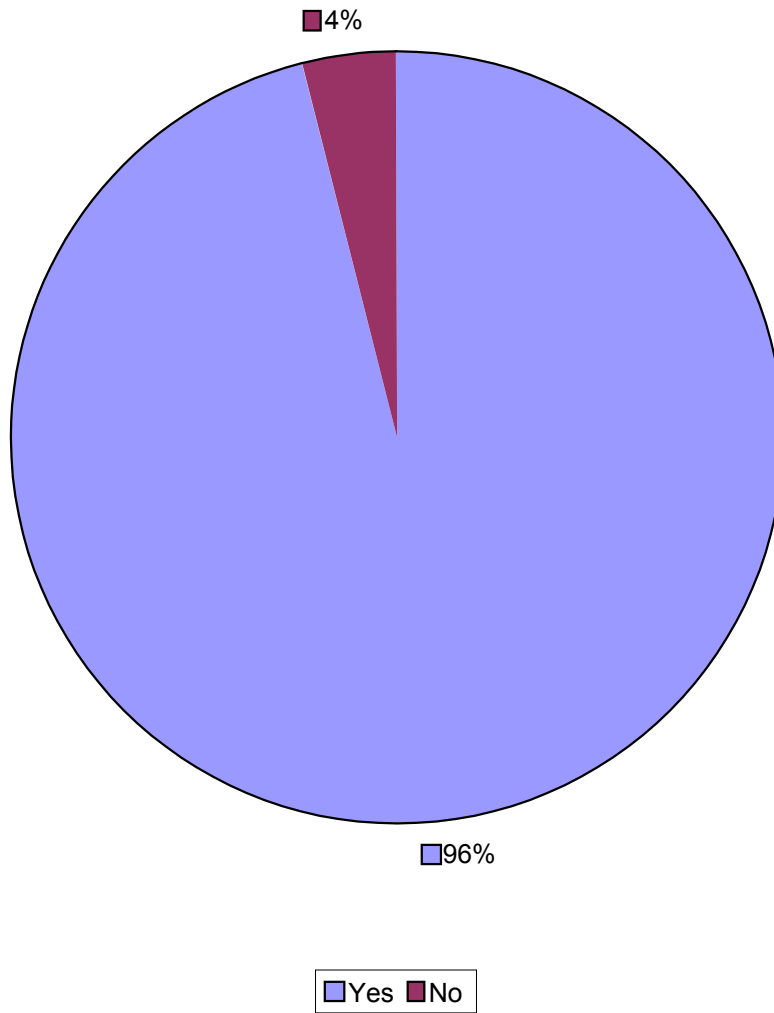
38% of the respondents thought that the Portabella will increase in demand over the next 5 years. Followed by 22% for White Mushroom, 21% for Shiitake, 12% for Oyster, and 7% for Maitake. None of the respondent thought that there would be any increase in demand for the Hemimatsutake or Monkey's Head mushrooms.

What Varieties of Mushrooms Do You Think Will Decrease In Demand Over The Next 5 Years?



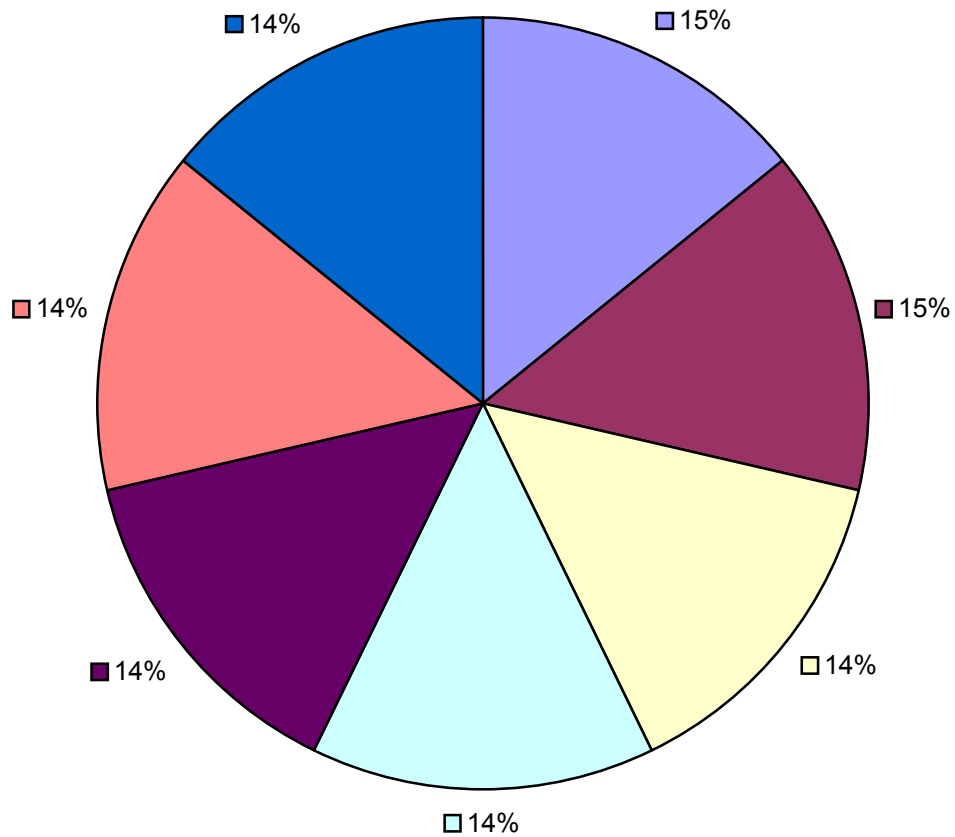
28% of those responding thought that the White Mushroom will decrease in demand over the next 5 years, this was followed by 24% thinking Monkey's Head will decrease, 14% thought that the Portabella and Hemimatsutake will decrease, and 10% thought the Oyster and Maitake will decrease.

Are You Satisfied With Your Current Mushroom Supplier?



96% of the people surveyed were satisfied with their suppliers. Only 4% were not satisfied.

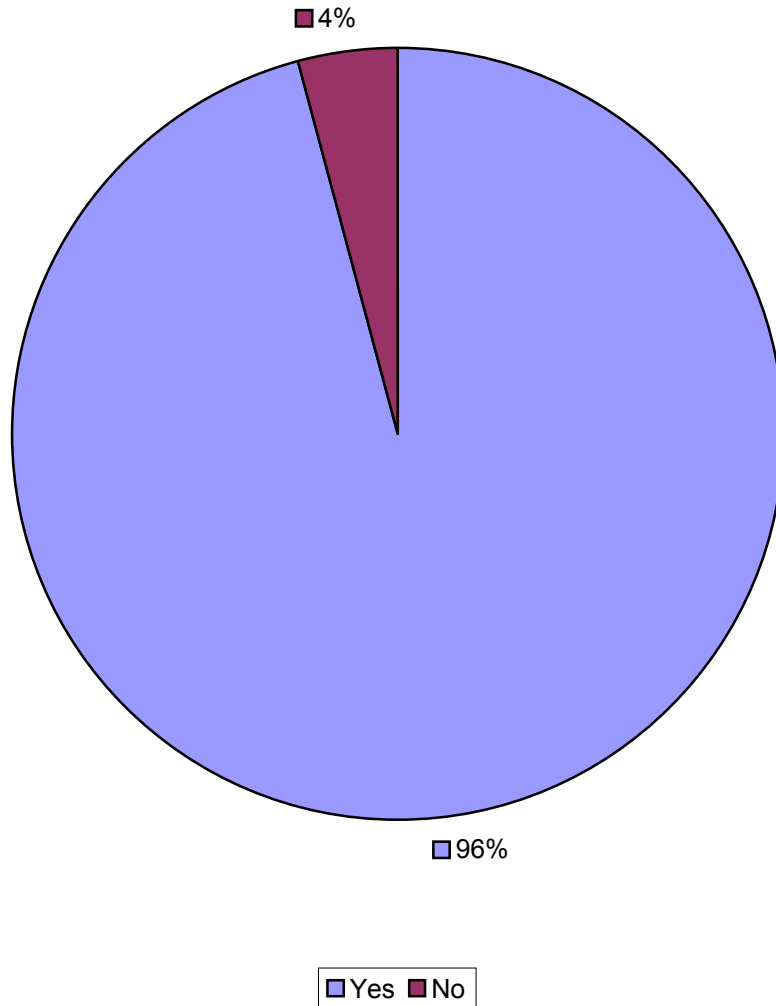
What Improvements From Your Supplier Would You Look For?



Quality Price Dependable Other Date Needed Volume Needed Needed Varieties

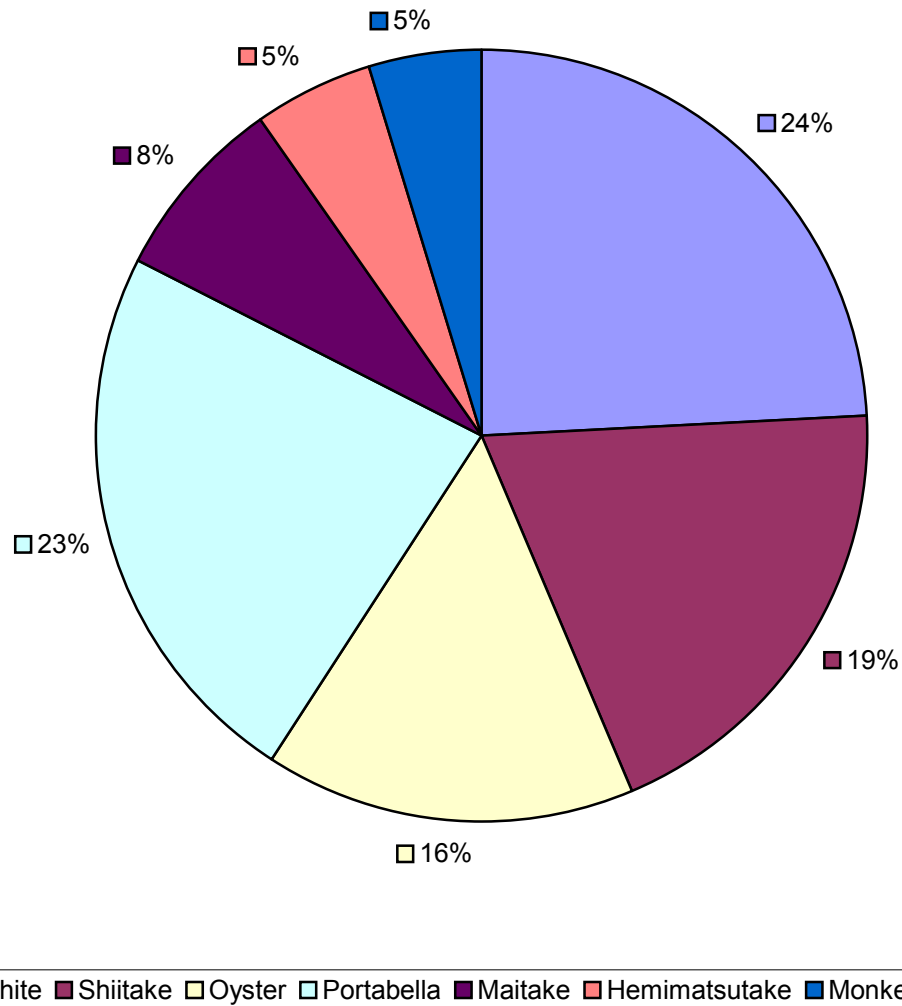
Of the 4% of the respondents not satisfied with their suppliers they were equally split on the reasons why.

Would You Purchase North Carolina Mushrooms If Available?



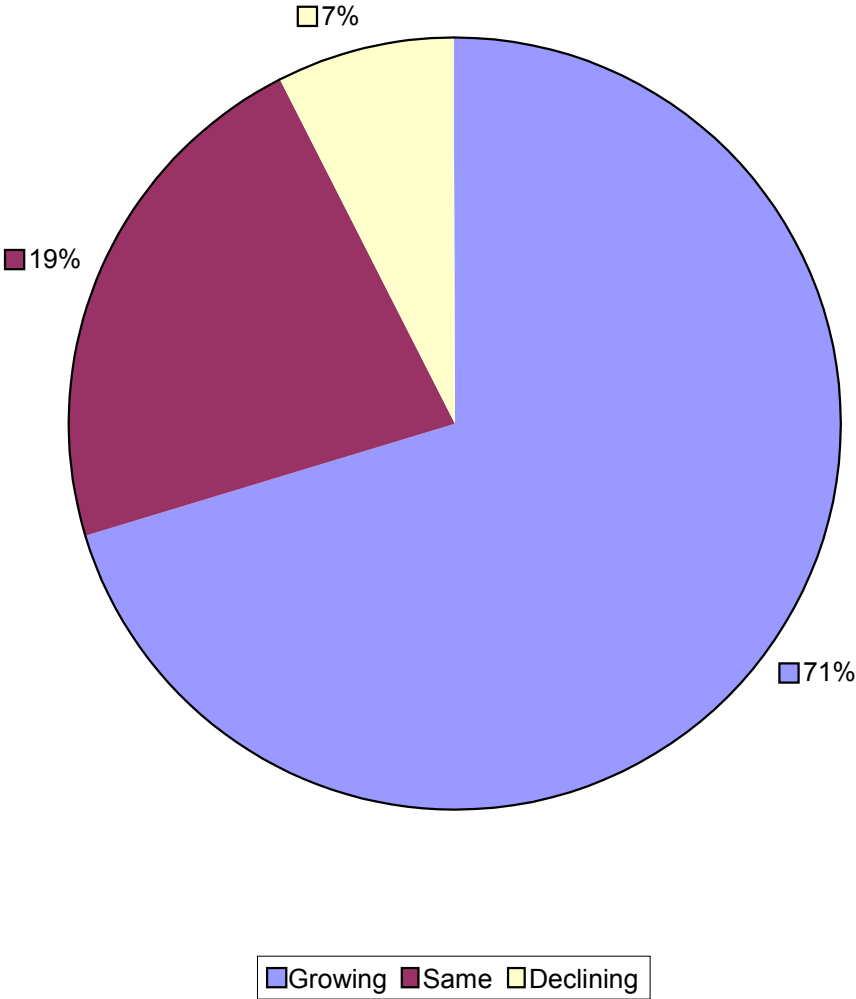
96% of those surveyed said they would purchase North Carolina grown mushrooms.

What Varieties Of North Carolina Mushrooms Would You Purchase?



24% of the respondents would buy White mushrooms grown in North Carolina, followed by: 23% would purchase Portabella, 19% would purchase Shiitake, 16% would purchase Oyster, 8% would purchase Maitake and 5% would purchase Hemimatsutake and Monkey's Head.

How Would You Describe The Demand For Specialty Mushrooms?



71% of the respondents described the demand for specialty mushrooms growing, 19% saw the demand remaining the same while 8% saw the demand for specialty mushroom decreasing.

Summary

The goal of this survey was to examine the trends in demand of specialty mushrooms which produce buyers expect to occur over the next five years.

In general, produce buyers are optimistic that demand for specialty mushrooms will grow over the next five years.

Interest in specialty mushrooms should continue to drive demand for new varieties. The current strong demand for items like Shiitake and Portabella mushrooms should continue. Opportunities to supply other specialty mushrooms such as Oyster and Maitake should also exist.

Buyers' demand ratings for some items such as Maitake, Monkey's Head, and Hemimatsutake were lower than other specialty mushrooms included in the survey. The lack of exposure of these specialty mushrooms to buyers may have effected these low ratings. Varieties such as Maitake, Hemimatsutake and Monkey's Head are currently available to buyers in very limited quantities so many are unfamiliar with them. New specialty mushroom varieties like these will require an aggressive educational and marketing effort directed at buyers and consumers in order to be successful. Demand for new specialty mushrooms will provide niche markets for growers willing to assist in promoting these products.

Although 96% of the buyers in this survey said they would purchase North Carolina grown mushrooms, this is not a lock on sale for local growers. Growers should be aware of the competitive environment in the market place, and base their production decisions on market demand for long term success. This survey has attempted to identify demands for specialty mushrooms. To be competitive, growers should consider the trends identified in this survey to take advantage of the areas that offer the strongest growth opportunities.