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DOMESTIC MUSHROOM MARKETING SYSTEM

by

Jack L. Runyan
Agricultural Marketing Service
U.S. Department of Agriculture
Beltsville, Maryland

Problem

Increasing imports of canned mushrooms and rapidly rising production, processing, and distribution costs are forcing the entire domestic mushroom industry to adjust its marketing system in order to remain viable. As a partial relief, a tariff increase was imposed on processed mushroom imports for a three-year period beginning in 1980. The impact of the tariff should also be assessed.

Methodology

A gross margin analysis was used to determine and assess the competitive position of domestically canned mushrooms compared to imports. Personal surveys were used to identify roles of the various sectors, and to determine marketing practices, and pricing and pricing arrangement.

Findings

1. Domestic canners would not likely survive a push by foreign canners.
2. The tariff increase has had a depressing impact on total imports, but imports from Hong Kong and the Peoples Republic of China have increased.
3. Costs are greater than average revenues for many growers.
4. Since repackers make grade determinations and because there is no accounting required concerning the final use of mushrooms, there is potential for inequitable treatment of growers.
5. Both wholesalers and retailers surveyed said they selected fresh product suppliers based on quality of product, reliable service, and price (rank order). Therefore, producers who plan to produce for the fresh market must plan to meet these criteria.
