

1 Introduction

A New Industry

Mushrooms have long been an integral part of the Japanese diet. Many believe that mushrooms hold medicinal value and increase longevity. They are most popular in winter, although growers are now trying to make mushrooms more of a year-round food.

The commercial production of mushrooms has only become a major industry in Japan during the last 50 years. Shiitake, nameko and enokitake were the first mushrooms to be commercially produced in the late 1960s, followed by hiratake and other varieties in the 1970s. The industry grew considerably in the late 1960s but it was not until after the 1970 oil shocks that the market began to evolve into the price and quality conscious market that it is today.

The mushroom market in Japan in 1990 is between C\$2.3 and 2.5 billion¹ and is expected to grow 50 per cent by the year 2000. Imports currently account for about 10 per cent of the market with growth increasing since the revaluation of the yen in 1986. Continued growth is expected as the low-cost producing nations of Asia develop cultivating skills and stabilize both quantity and quality. China and South Korea are the leading exporters of mushrooms to Japan, both have a 30 per cent share. Canada has a 3 per cent share of the import market, much of which is in matsutake.

Japan's supply of natural matsutake continues to dwindle and it now only grows wild. Matsutake accounts for over 50 per cent of imports by value. The fastest growing imported variety, however, is dried shiitake, which has grown from minimal volume five years ago to 2 200 t in 1989.

Certain changes in Japan are boosting mushroom sales. More meals are consumed in restaurants (particularly by women); the restaurant industry is growing rapidly; the number of elderly people is increasing; health foods are becoming more popular; and the Japanese are becoming more affluent.

Biotechnology is playing an increasingly important role as Japanese producers concentrate on production technology in order to provide consumers with stable quantities, quality and prices. This is one way domestic growers are

combatting cheaper imports, as a consistently high-quality product on a regular basis is often more important to the Japanese consumer than price.

Canada's positive image of natural surroundings and natural food is a significant advantage for Canadian exporters. The trends exporters should watch in the future are the demand for imports (such as matsutake), advances in cultivation technology and competition from other countries.

2 Market Size and Segmentation

Exceptional Market Growth

The rapid growth of the Japanese mushroom market over the past 40 years, particularly in the 1960s and 1970s, is shown in Figure 1. The market is usually measured at the wholesale level because it is a consistent standard for comparison. Total market value for 1989, including imports, was estimated to be between C\$2.2 and 2.5 billion, a 25-fold increase from C\$90 million in the late 1960s. The forecast for the year 2000 is 328 000 tons based on an estimated 50 per cent growth.

Domestic producers currently dominate the market for most varieties, although imports have been making considerable progress in recent years. Table 1 shows how the domestic/import ratio varies between types of mushroom. In general, imports have increased since the 1986 revaluation of the yen (see Table 2), although some varieties were largely imported before then.

Table 3 summarizes production and import statistics for the major varieties of mushrooms.

Table 4 shows recent import figures by country.

Organization of Domestic Producers

There are over 30 varieties of mushrooms cultivated in Japan, although only 12 or 13 are produced commercially. The top four selling mushroom varieties occupy 2 per cent of the total volume of vegetable sales, and make up nearly 8 per cent of total value. Mushroom prices are relatively high compared to other vegetables.

Rather than attempt a translation, it is the general tendency to use the Japanese name for the mushroom variety. Table 5 shows pronunciation, scientific names, typical retail prices and market share estimates.

¹ Exchange rate used in this study: C\$ = ¥110.