

GROWING SALES OF Australian MUSHROOMS

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Australia is a nation of mighty mushroom munchers. More than four-in-five (81%) Australian households purchase mushrooms over the course of a year, well above other global markets; in the United States, only half (49%) of households purchase mushrooms.

In contrast to the broader environment of higher prices and decreasing volumes in fresh produce, sales for mushrooms over the past 12 months have grown in volume. Mushrooms grew 4.2% in volume (kg) and were the fourth highest contributor to vegetable volume growth; however, value change in mushrooms was -1.6% due to an average price reduction of 5.6%. This

has been a shift compared to the fourth quarter of 2018 where reduced supply resulted in higher prices and a decline in volume sales (see Figure 1).

THE AUSTRALIAN BUYER

Mushroom buyers appear to have noticed the lower prices resulting from the abundant supply of mushrooms over the past year, increasing their consumption by an average of 111g per household. Mushroom buyers can be broken down into heavy, medium or light groups, depending on the volume they purchase (see Figure 2).

Over the past year, heavy buyers contributed over half the volume of mushrooms and have been the biggest driver of increased volume sales for mushrooms. Heavy buyers also purchased the largest share of loose mushrooms, in contrast to

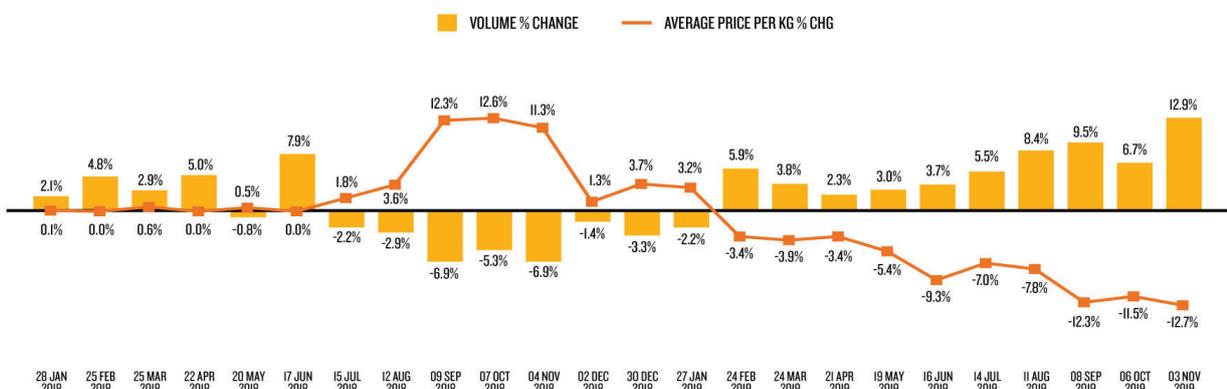
light buyers who were more likely to choose a convenient pre-packed, sliced format.

Mushroom buyers can also be broken down in terms of demographic groups. Over the past year, all demographic groups were shown to contribute to volume growth of mushrooms. Couples aged 35+ years contributed by far the most to the volume growth of the category, growing 4.1% and representing half the mushroom dollar sales last year.

Families represent a smaller but sizeable portion of consumers, and grew by 5.2% in volume. They were responsible for nearly a third of the dollar sales of mushrooms. Younger adult and single adult (35+) households are the smallest consumer group and grew volume by 2.4% making up 20% of the mushroom dollar sales.



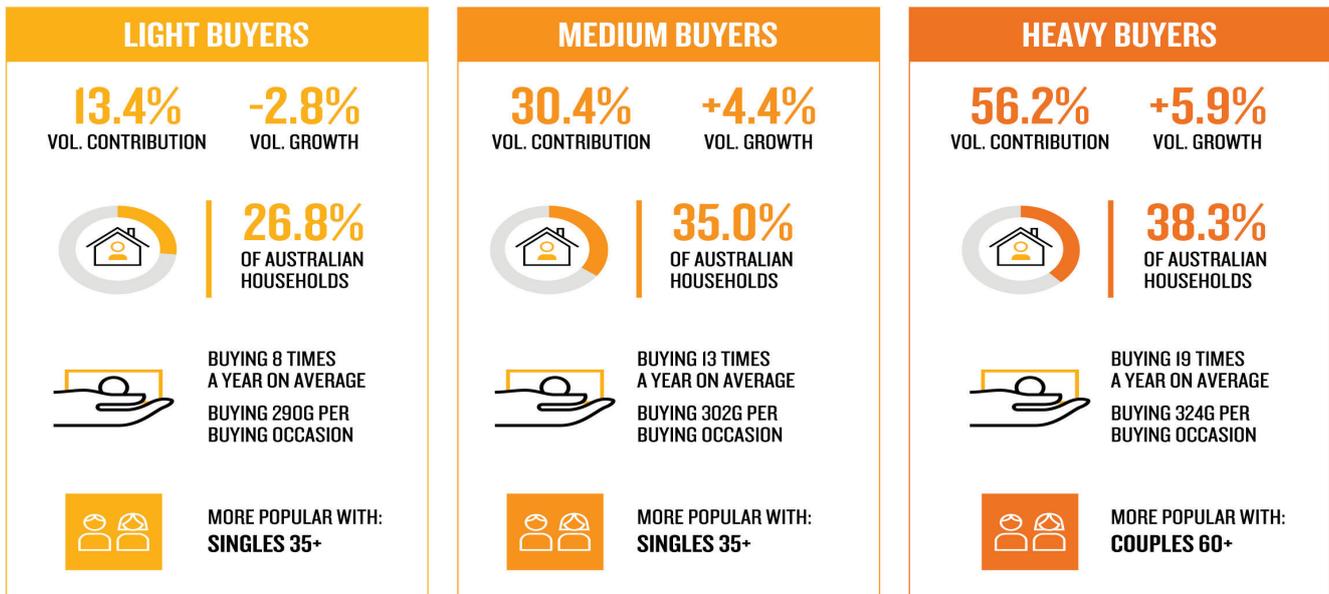
MUSHROOM VOLUME GROWTH VS AVERAGE PRICE PER KG GROWTH



Source: Nielsen Homescan 4 weekly sales to 03 Nov 2019 vs Year Ago

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Figure 1



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Figure 2

MUSHROOM RETAILERS

From a retailer perspective, three-quarters of sales were represented by major supermarkets; however, greengrocers and markets drove the biggest increase in loose volume sales.

Greengrocers and markets grew their volume share of trade by four share points to the detriment of major supermarkets. This corresponded with a 1% increase in dollar share of trade indicating that the sharpest mushroom prices could be found at greengrocers and markets last year.

MUSHROOM FORMATS

Across the different formats of mushrooms, volume growth in the segment came primarily from loose mushrooms.

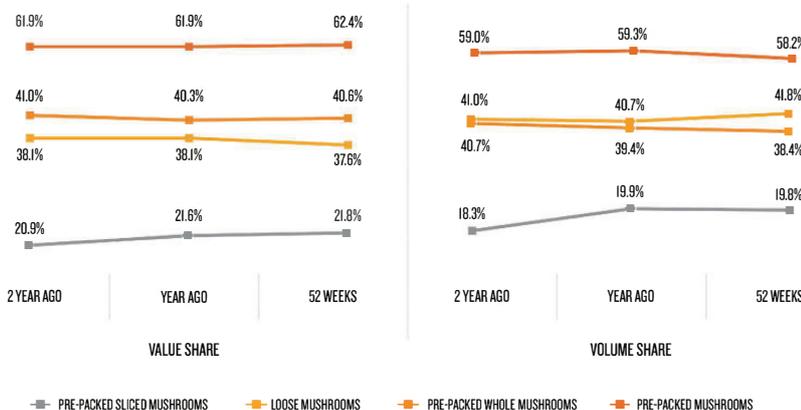
The growth of loose mushrooms resulted from a degree of switching from prepacked whole mushrooms to loose mushrooms, and also a general increase in consumption due to the lower prices [see Figure 3].

For example, low affluence households took advantage of the lower prices and grew their volume consumption by 6.7%.

FUTURE GROWTH OF MUSHROOMS

With mushrooms already reaching a high percentage of Australian households, the best opportunity for growth is encouraging Australians to eat more. Good supply and lower prices have had the desired impact of increasing consumption among medium and heavy buyers, but not with light buyers. Whilst the opportunity to increase consumption among light buyers is large, it is worth noting they were not as easily convinced to add more mushrooms in to their baskets at the lower price point.

MAJOR SUPERMARKETS LOOSE & PRE-PACKED SHARE OF MUSHROOM



Source: Nielsen Homescan 52 weeks to 03 November 2019

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Figure 3

Mushrooms remain a popular choice in the weekly repertoire of many Australians. The past year has shown that households can further increase their consumption of mushrooms when persuaded, especially by price. The challenge is to maintain growth even with increases in price, to maintain the popularity and to eventually move this unique and nutritious food to the top of the shopping list.

SOURCES:

Nielsen Homescan 52 weeks to 03 November 2019

Nielsen Total Food View, Total U.S. xAOC, Cal Yr 2018 W/E 12/29/18 ; UPC-coded and random-weight/Non-UPC data; Nielsen Homescan