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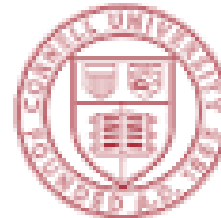
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Key Insights among NYS Produce Buyers across Diverse Market Channels

November 1, 2017

Julie L. Stafford, Ph.D.
Extension Associate
Dept. of Food Science
jls653@cornell.edu

Study Objectives

- To identify the needs of NYS produce buyers regarding products of interest
- To explore considerations that local CEA growers should be aware of based on input from produce buyers across multiple channels

Sample Composition

- 7 produce buyers were interviewed
 - 47 invited to participate
 - 11 replied, 4 did not meet criteria
- Market channels included produce buyers at:
 - 1 wholesaler
 - 2 retailers: restaurants or caterers
 - 1 retailer: independently-owned grocery
 - 1 retailer: supermarket/supercenter
 - 1 retailer: food cooperative
 - 1 institution: college/university

Sample Composition

- Produce buyers were responsible for evaluating suppliers and for the purchase of leafy greens and/or beefsteak tomatoes
- Respondents purchased produce grown by:
 - Conventional growing techniques (7)
 - High hoop growing (6)
 - Indoor, soil (7)
 - Indoor/greenhouse hydroponic methods (7)

Questionnaire Development

- Development based on review of:
 - Produce Industry Procurement Study Report (Dyson School)
 - Buying into the Local Food Movement Report (AT Kearney)
 - Local Food Marketing Practices questionnaire (USDA)
 - Various articles

Approach

- Survey topics
 - Attitudes and practices around locally-grown produce
 - Perceived market dynamics around baby lettuce mix and beefsteak tomatoes
 - Attitudes toward growing produce hydroponically
 - Future produce opportunities
 - Attitudes around pricing
- Closed and open-ended questions
- Survey conducted Feb 2017 – Mar 2017

Produce Buyer Profile

- 5 of 7 reported more than 10 years of experience
- 5 of 7 were between 35 and 54 years of age
- Purchase conventionally-grown produce, high tunnel and hydroponic
- 5 respondents were based in NYS; 2 were in the Northeast

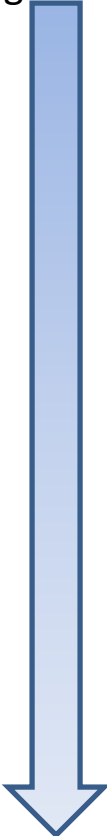
What is Local? It Varies

- Grown/Produced within 200 miles
- Grown/Produced within 100 miles
- Grown/Produced within the same state
- Grown/Produced within the same region of my state
- Grown/Produced regionally/within our market areas

Attitudes around Locally-grown Produce

(Strongly agree – Strongly disagree)

Highest Level of Agreement

- 
- 1 - Providing local produce to customers is important to our mission
 - 1 - We are willing to sell hydroponically-grown vegetables
 - 2 - We are willing to sell vegetables grown under high hoops
 - 3 - We prefer to sell local vegetables over non-local vegetables
 - 4 - The traditional growing method (i.e., in the soil) of vegetables is important to us
 - 5 - Our price points for vegetables depend on the season and what is currently available from harvest
 - 7 - We would be willing to pay more for locally grown vegetables
 - 7 - A farmer would be able to subsist on a livable wage based on the prices we offer them
 - 8 - My store would have to provide special customer awareness programs to sell local produce year round

Lowest Level of Agreement

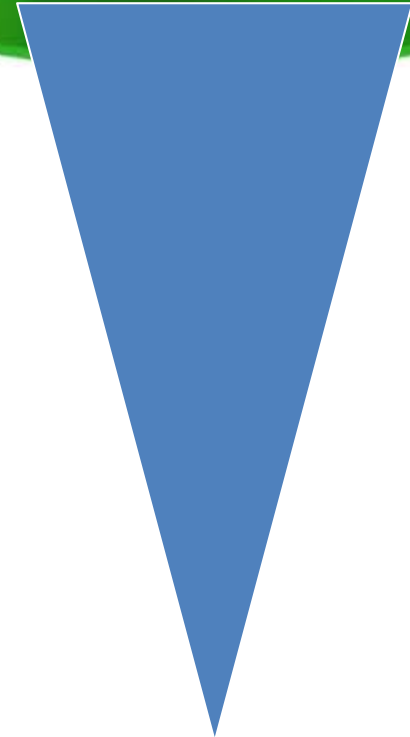
Reasons for Selling Local Produce

Local

“Local has been established in the marketplace for many years.”

- Supports the local economy
- Fresher produce
- Sustainable practices
- Reduces carbon footprint
- A marketing feature

Frequency of Mention



“We could not limit ourselves to only sell local year round, but we do sell whatever is available locally year round.”

Other reasons: improved quality, more flavorful, more transparency in supply chain, improved food safety, Produce travels fewer miles/longer to ripen, produce retains more nutrients/offers healthier alternative

Market Dynamics around Baby Lettuce Mix



- Among lettuce purchased in the last 5 years, amount of baby lettuce varied widely from 0% to 30% to a “high percentage” and 10,000+ cases of mesclun mix
- In next 3 years, produce buyers see an increase but still with significant buyer-to-buyer variability from 0% to 40% to a “high percentage”
- Shelf-life requirements: 3-4, at least 5, 10-12 days (use by)

Market Dynamics around Beefsteak Tomatoes



- Among tomatoes purchased in last 5 years, beefsteaks were a moderate percentage, ~20%
- In next 3 years, produce buyers see an increase to ~25%
- Shelf-life requirements: 3-4, 3-5 (ripeness), 3-day turn, at least 7 days

Interest in Different Varieties of Lettuce and Tomatoes

Scenario

- The new varieties are local
- The new varieties are available year round
- The new varieties are grown hydroponically

Extremely or Moderately
Likely to Purchase



Reasons for Selling Hydroponically-grown Produce

Hydroponic

- Freshness
- Quick access/availability
- Less pesticides
- Other: better for environment, organic certification, improved food safety

Frequency of Mention



“We already sell some hydroponic greens, but our supplier is often unable to keep up with the demand.”

Reasons to Refuse to Buy Hydroponically-grown Produce

- Respondents indicated that they would not refuse to buy hydroponically-grown lettuce/tomatoes as a standard practice
- Specific reasons could include:
 - Too expensive
 - Customers wouldn't buy it
 - No suppliers in the region
 - Store does not have relations with hydroponic farmers

Interest in Hydroponically-grown Produce in the Future

- Herbs
- Other leafy greens
 - Chard
 - Spinach
 - Kale
 - Cabbage
- Peppers/Cucumbers/Radishes
- Eggplant
- Celery



“Just about anything”

“We buy all produce”

“Everyone already sells hydroponically-grown vegetables, now the mix may be limited.”

Pricing-related Indicators Suggest Unrealized Potential

Exploring Upside Potential

- If locally grown, up to 10% more
- If year-round locally grown, up to 10%
- If hydroponically grown, probably no more than regular produce but potentially up to 10%
- If year-round hydroponically grown, probably no more than regular produce but potentially up to 10% more

“The price point should be higher [for locally grown], but with the volume its mostly conventional.”

“US-based companies [selling lettuce] have a hard time competing with Canadian growers at price point.”

No produce buyers indicated locally-grown, hydroponically-grown or year-round need to be “cheaper” than regular products

Key Insights

- Produce buyers have been focused on “local” for quite some time but continue to retain varied definitions
- Hydroponically-grown produce has the potential to more clearly align “local” with “freshness”
- Local, year-round produce may allow for achieving a pricing upside
- Produce buyers perceive additional potential for a broader variety of local leafy greens, tomatoes and vegetables in general to be grown hydroponically
- Hydroponics is an enabler, not a barrier

Conclusion

Providing locally-grown, “fresh” produce is important to produce buyers across market channels – and hydroponically-grown produce helps meet that need

Thank You!

This project is supported by the U.S. Department of Agricultural Marketing Service through grant 15SCBGPNY0023. The grant is administered and supported by the New York Farm Viability Institute (NYFVI) and the NYS Department of Agriculture and Markets. Project contents are solely the responsibility of the authors and do not necessarily represent the official view of USDA, NYFVI or the State of NY.



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