



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

RESEARCH REPORTS

Moderator: James E. Epperson, Dept. of Agricultural Economics
The University of Georgia, Athens, GA

Marketing of Select Fresh Agricultural Products In the Cleveland, Ohio, Metropolitan Area

by

Randall E. James
Assistant Professor
Ohio State University
Cooperative Extension Service

Barbara H. Drake
Associate Professor
Ohio State University
Cooperative Extension Service

The Problem

The profitability and viability of today's farms and other agricultural businesses depends in large part on having strong growing markets for their products. Ohio agriculture has had an enviable record in production efficiency. However, it has not always been able to sell its output at a reasonable price or in a local market.

In February 1987 a three-year project entitled "It's Fresher From Ohio" was begun by the Ohio Cooperative Extension Service to facilitate, through educational efforts, the marketing of fresh local agricultural products in the Cleveland Metropolitan area.

A review of the literature revealed little data specifically relating to the marketing channels responsible for the movement of fresh agricultural products in the Cleveland area (population 1,500,000). Due to the lack of sound research data on the Cleveland food industry, the research study reported in this article was conducted.

This study has given direction to the project and provided valuable information on mar-

keting and post-harvest handling techniques which need to be taught to agricultural producers.

Objectives

The purposes of this study were to gain insight into the purchasing habits of buyers of fresh agricultural products by:

1. Determining the quantities and sources of selected agricultural products purchased during specific months in 1986 by surveyed groups of commission houses, produce purveyors, grocery stores and upscale restaurants in the Cleveland market.
2. Determining the barriers to the marketing of local agricultural products as perceived by the surveyed buyer groups.

Methodology

A telephone survey of wholesale and retail food buyers in Cleveland, Ohio, was conducted during the summer of 1987. Survey participants were randomly selected and included six commission houses at the Cleveland Terminal

Market, eight produce purveyors, seven up-scale restaurants, and thirty-nine grocery store buyers. Note: There were thirty-five independently owned groceries and four chains included in the survey. The four chains represent the total of 110 stores. Thus, in total, buyers representing 145 individual stores were surveyed.

The buyers were asked about the quantity and origin of their 1986 purchases of strawberries, broccoli and tomatoes during the month when these products were commonly available locally. The results of this survey pertain to surveyed buyers only. It is statistically incorrect to extrapolate the data to include all Cleveland buyers.

Findings

One hundred percent of the 64,304 flats of strawberries handled by surveyed commission houses in June of 1986 were from California. One hundred percent of the 902,500 pounds of tomatoes purchased by surveyed commission houses in May of 1986 were grown in Florida. One hundred percent of the 18,572 cartons of broccoli purchased by surveyed commission houses in September of 1986 came from California.

Mean monthly purchases of strawberries, tomatoes and broccoli per commission house, along with the estimated acreage needed per month for a producer to supply one commission house are illustrated in Table 1. Mean monthly purchases were used here but it should be noted that the actual purchases by the individual surveyed commission houses varied widely, as can be seen by the relatively large standard deviation.

Produce Purveyors

One hundred percent of the strawberries and broccoli purchased by produce purveyors were from California. Ninety-four percent of the tomatoes purchased by this group during the survey period were from Florida, six percent were from Ohio.

Mean monthly purchases of strawberries, tomatoes, and broccoli by the surveyed purveyors along with the estimated acres needed for a producer to supply one purveyor for one month are shown in Table 2.

Table 1

Mean Monthly Purchases, in lbs.,
Of Strawberries (June 1986),
Tomatoes (May 1986), and
Broccoli (September 1986),
By Surveyed Commission Houses
In Cleveland, Ohio;
And Estimated Acreage Needed
To Produce Those Quantities

Item	Mean Monthly Purchase Per Commission House	Estimated Acreage Needed/ Month/ Commission
Strawberries	115,747 lbs.	14.5 acres
Tomatoes	225,625 lbs.	13.3 acres (field grown)
Broccoli	83,574 lbs.	9.8 acres

NOTE: Estimates based on discussions with specialists in the Department of Horticulture at the Ohio State University. Estimated yields used were: Strawberries, 8,000 lb/acre; Tomatoes, 17,000 lb/acre; and Broccoli, 8,500 lb/acre.

sd of mean monthly purchases were: Strawberries, 95,146; Tomatoes, 106,160; and Broccoli, 77,013.

Table 2

Mean Monthly Purchases, in lbs.,
Of Strawberries (June 1986),
Tomatoes (May 1986), and
Broccoli (September 1986),
By Surveyed Purveyors
In Cleveland, Ohio;
And Estimated Acreage Needed
To Produce Those Quantities

Item	Mean Monthly Purchase Per Purveyor	Estimated Acreage Needed/ Month/ Purveyor
Strawberries	15,503 lbs.	1.9 acres
Tomatoes	83,915 lbs.	4.9 acres (field grown)
Broccoli	21,209 lbs.	2.5 acres

NOTE: Estimates based on discussions with specialists in the Department of Horticulture at the Ohio State University. Estimated yields used were: Strawberries, 8,000 lb/acre; Tomatoes, 17,000 lb/acre; and Broccoli, 8,500 lb/acre.

sd of mean monthly purchases were: Strawberries, 22,459; Tomatoes, 96,505; and Broccoli, 29,216.

Grocery Stores

Buyers for grocery stores purchased more local products than any other surveyed group. While over 90 percent of the groceries bought only California strawberries, one grocery chain, of ten stores, bought from both Ohio and California, and one small grocery bought only Ohio strawberries.

Twenty-two percent of the tomatoes purchased by surveyed groceries were grown in Ohio and 78 percent were grown in Florida. All four supermarket chain buyers purchase some Ohio grown tomatoes.

A surprising 83 percent of the broccoli purchased by surveyed grocery stores was grown in northern Ohio; the balance was grown in California. All of the broccoli which was purchased from Ohio growers was purchased by three supermarket chains. These three chains bought exclusively from Ohio growers during the survey period.

The mean monthly purchases of grocery stores for strawberries, tomatoes and broccoli, along with the estimated acreage needed to supply a single grocery store for one month are illustrated in Table 3.

Restaurants

"Up-scale" restaurants used in this survey were those defined as being most likely to use fresh product, according to a local food critic. One hundred percent of the strawberries used by these restaurants were grown in California. Twenty-four percent of the tomatoes were grown in Ohio and 76 percent of the tomatoes were grown in Florida. Ninety-seven percent of the broccoli came from California and 3 percent was grown in Ohio.

Mean monthly purchases of strawberries, tomatoes and broccoli by surveyed upscale restaurants, along with the estimated acreage needed to product that quantity is illustrated in Table 4.

Table 3

Mean Monthly Purchases, in lbs.,
Of Strawberries (June 1986),
Tomatoes (May 1986), and
Broccoli (September 1986),
By Surveyed Grocery Stores
And Supermarket Chains
In Cleveland, Ohio;
And Estimated Acreage Needed
To Produce Those Quantities

Item	Mean Monthly Purchase Per Store	Estimated Acreage Needed/ Month/Store
Strawberries	2,502 lbs.	0.3 acres
Tomatoes	6,266 lbs.	0.4 acres (field grown)
Broccoli	1,410 lbs.	0.2 acres

NOTE: Estimates based on discussions with specialists in the Department of Horticulture at the Ohio State University. Estimated yields used were: Strawberries, 8,000 lb/acre; Tomatoes, 17,000 lb/acre; and Broccoli, 8,500 lb/acre.

sd of mean monthly purchases were: Strawberries, 2,007; Tomatoes, 2,800; and Broccoli, 799.

Table 4

Mean Monthly Purchases, in lbs.,
Of Strawberries (June 1986),
Tomatoes (May 1986), and
Broccoli (September 1986),
By Upscale Restaurants
In Cleveland, Ohio;
And Estimated Acreage Needed
To Produce Those Quantities

Item	Mean Monthly Purchase Per Restaurant	Estimated Acreage Needed/ Mo./Restaurant
Strawberries	209 lbs.	< 0.1 acre
Tomatoes	171 lbs.	< 0.1 acre (field grown)
Broccoli	356 lbs.	< 0.1 acre

NOTE: Estimates based on discussions with specialists in the Department of Horticulture at the Ohio State University. Estimated yields used were: Strawberries, 8,000 lb/acre; Tomatoes, 17,000 lb/acre; and Broccoli, 8,500 lb/acre.

sd of mean monthly purchases were: Strawberries, 302; Tomatoes, 69; and Broccoli, 289.

Barriers to Marketing Products Locally

Buyers were asked to identify why more fresh Northeast Ohio agricultural products are not marketed locally. Fifty percent of the buyers for commission houses, produce purveyors and groceries identified the following problems: 1. Lack of uniform packaging and grading; 2. Buyers and producers don't know each other; 3. Low quality. In addition, 50 percent of the buyers for commission houses and produce purveyors cited insufficient quantity as a problem. The only barrier to marketing locally identified by the majority of the restaurant buyers was they don't know the producers (Table 5).

Why Local Purchases

The survey showed that large chain store buyers were the most receptive to purchasing local products. The interviewer placed another call to the four supermarket buyers who purchase local products and asked them why they did so, and if they were receptive to increasing their purchases.

These supermarket chain buyers most frequently mentioned high quality (75%), good price (75%), freshness (50%), and consumers preferring Ohio products and buyer loyalty to Ohio (50%) as reasons why they purchase local products. All of the buyers indicated they would like to increase their purchases of Ohio products.

Conclusions

In this study, the commission houses surveyed purchased none of the selected products locally. The cited lack of uniform packaging and grading, buyer attitudes, and buyers and sellers not knowing each other as major barriers to marketing local products. Agricultural producers who can grow in sufficient quantities (Table 1) for this market should be aware that uniform packaging and grading, transportation cost and freshness are important to these buyers.

Surveyed produce purveyors purchased no local strawberries or broccoli and only a small quantity of Ohio tomatoes. They identified lack of uniform packaging and grading and low quality as barriers to marketing locally. Agricultural producers who are producing in sufficient quantity to meet the needs of produce purveyors (Table 2) should use uniform packaging and grading and offer consistently high quality product.

The studied supermarket chain stores were the largest buyers of locally grown strawberries, tomatoes and broccoli. All indicated they would like to increase their local purchases. These buyers frequently mentioned high quality, good price, freshness and buyer loyalty to Ohio as reasons they purchased local products. When asked why more fresh northeast Ohio agricultural products are not marketed locally, they cited low quality, buyers and producers not knowing each other, and lack of uniform packaging and grading. Agricultural producers who can grow in sufficient quantities for supermarkets (Table 3) should approach supermarket chains as already receptive buyers. They should package their product uniformly, make sure it is of the highest quality, and price it competitively.

Some of the surveyed restaurants purchased products locally and there is a willingness to increase both number and quantity of local products used. Buyers from restaurants felt the biggest barrier was that they did not know local producers. They are far less concerned with uniform packaging and grading, price, or low quality than other surveyed buyers. Producers growing for this group should make special efforts to meet and establish unique business relationships with chefs and restaurant buyers. They should also be aware that the quantities used by restaurants are often comparatively small (Table 4) and transportation costs may be higher due to the limited quantities.

There is a need for additional research and educational programs on marketing, production and post-harvest techniques in Ohio. These programs should be designed to assist those interested in exploring business opportunities associated with the increased marketing of local fresh agricultural products in nearby markets. This appears to be a somewhat neglected niche in Ohio's food distribution system, and the possibility for expanded business activity in this sector are exciting.

Reference

Office of the Governor of the State of Ohio, *Agriculture: Ohio's Economic Heartbeat* (Final report by the Governor's Commission on Agriculture), November 1984, 18.

Table 5

**Frequency of Agreement with Researcher Identified Barriers
To Purchasing Fresh Northeast Ohio Agricultural Products
As Expressed by Surveyed Buyers for Cleveland, Ohio,
Commission Houses, Produce Purveyors, Grocery Stores, Upscale Restaurants
In 1987**

Barrier	n=6 Commission Houses		n=8 Produce Purveyors		n=145 Grocery Stores		n=7 Restaurants	
	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>
A. Low Quality	3	(50%)	6	(75%)	111	(77%)	0	(0%)
B. Insufficient Quantity	3	(50%)	4	(50%)	15	(10%)	2	(28%)
C. Too Much Hassle	1	(17%)	2	(25%)	2	(1%)	0	(0%)
D. Transportation of Product	1	(17%)	1	(12.5%)	5	(9%)	1	(14%)
E. Price	1	(17%)	2	(25%)	6	(4%)	0	(0%)
F. Buyer Attitudes	4	(67%)	1	(12.5%)	1	(1%)	2	(28%)
G. Producer Attitudes	1	(17%)	3	(37.5%)	3	(2%)	0	(0%)
H. Lack of Uniform Packaging & Grading	5	(83%)	8	(100%)	107	(74%)	1	(14%)
I. Buyers & Producers Don't Know Each Other	4	(67%)	4	(50%)	77	(53%)	6	(86%)
J. Other, Please list	2	(33%)	3	(37.5%)	3	(2%)	0	(0%)

- Shelf life	- Shelf life (25%)	5 (3%)
	- Short Growing Season (12.5%)	- No opinion
	- Farmer Competition (12.5%)	