Sweet Corn Marketing Patterns in New York State

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Sweet corn is one of the most popular vegetables in the U.S. and Canada, and consumption is increasing in many areas around the world. Sweet corn has a complex marketing system. It is consumed fresh and in many forms of processed products, and it is marketed by producers through a wide range of distribution channels including various shipping operations, local wholesale, and direct sales to consumers. In addition, it has a strong seasonality in production. In many regions of the U.S. fresh sweet corn is also a symbol of summer for consumers. In the U.S. sweet corn is produced for three distinct markets — fresh, canning, and freezing. These markets largely operate independently, with separate supply, demand, and price characteristics. The canning market is the largest in terms of total acreage and production, accounting for 37 percent of each measure. However, the fresh market accounts for two-thirds of total sweet corn crop value (ERS 2002).

The last two decades witnessed a steady increase in the total value of sweet corn for fresh market and a decline in sweet corn destined for processing (ERS 2002). During the 1990s, enticed by the new sweeter and longer shelf-life varieties and by value-added packaging, Americans enthusiastically embraced fresh-market sweet corn. The retail-weight-equivalent per-capita use of fresh sweet corn increased from 6.7 pounds in 1990 to 9.3 pounds in 2001. However, processed sweet corn has not enjoyed the same success as sweet corn destined for the fresh market. Moreover, there has been a gradual shift from canned to frozen sweet corn over the years, and this shift continued during 1990s. In 1995, per-capita use of frozen sweet corn caught up to and exceeded canned use. On a fresh-equivalent basis, per-capita use of processed sweet corn (canned and frozen) totaled 18.1 pounds in 2001. Of this, 8.7 pounds were canned sweet corn and 9.4 pounds were frozen sweet corn. However, despite the long-term growth, domestic demand for frozen sweet corn may have softened slightly since peaking in 1996 (ERS 2001).

Sweet corn production in the Northeastern United States is relatively small compared to that in other major sweet corn production states such as Minnesota, Wisconsin, Washington, and Oregon. Moreover, the supply of fresh sweet corn in the Northeast is highly seasonal, limited to July through November, with August through October being the primary season. Therefore, the production and marketing strategies for the viability of the sweet corn industry could be challenging and unique. Better understanding the connections of marketing channels will help identify marketing barriers and opportunities for sweet corn producers. Moreover, understanding the marketing and consumption of sweet corn will allow us to understand many different aspects of the marketing and distribution system of the vegetable industry.

Objectives

The overall goal of this project is to better understand the changing supply-chain structure of the produce industry and to enhance the marketing of sweet corn produced in New York State.

Specific objectives are to determine the current levels of sweet corn production in New York for fresh and processed markets; develop up-to-date descriptions of sweet corn production and marketing characteristics of sweet corn in New York; and identify opportunities and barriers for New York sweet corn marketing.

Research Updates and Discussion

Grower Survey Result Summaries

A survey was developed to collect information on marketing channels used by New York sweet corn producers in 2000. In Spring 2001 the survey was mailed to 1,500 sweet corn growers in New York. A postcard reminder and a second mailing were sent to the growers four weeks and eight weeks, respectively, after the first mailing. In total, 678

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questionnaires (45.2 percent) were returned. For various reasons, some of these were unusable (i.e., incomplete, no longer in business, or no sweet corn production to report). A total of 382 surveys are included in the final analysis.

According to the New York Agricultural Statistics annual report (New York Agricultural Statistics, 2001), New York produced a total of 56,500 acres—$68 million—of sweet corn in 2000. While about half (49 percent) of the acreage was harvested for fresh market, 83 percent of the crop value was attributed to fresh market sales. The Cornell survey showed that 79 percent of New York sweet corn growers produced an average of 39.26 acres for fresh market and had average sales of $80,711 in 2000. About a quarter (24 percent) of sweet corn growers produced an average of 273.5 acres for processing and had average sales of $99,471 in 2000.

Five major marketing alternatives exist for New York sweet corn: wholesale markets (broker, shipper, etc.), cooperatives, retailers, direct marketing to consumers (roadside stand, farmers’ market, PYO, etc.), and processors.

Marketing Fresh Market Sweet Corn

According to the New York Agricultural Statistics annual report (New York Agricultural Statistics 2001), New York produced 2.6 million pounds of sweet corn for fresh market and generated $56.4 million in 2000. According to the grower survey, 87 percent of the volume went to wholesale channels and 13 percent was retailed by the growers. Moreover, 84 percent of the sales value was generated from marketing wholesale and 16 percent was generated from direct retail to consumers by growers. The average price received by surveyed New York growers was $2.12 per dozen or $23.32 per hundredweight (cwt). The average wholesale price is $1.97 per dozen or $21.67 per cwt. The average price received by growers direct-marketing to consumers was $3.14 per dozen or $34.54 per cwt.

Wholesale to supermarkets was the most important marketing channel for New York sweet corn. More than half (64 percent) of sweet corn produced in New York for fresh market was sold through supermarkets. The second most important marketing channel is farmer-to-consumer direct-marketing outlets. This channel sold more than 20 percent (21 percent) of sweet corn produced in New York (including that purchased for resale). While more than half (54 percent) of the growers did not see buyer concentration and had less than 10 percent of their sweet corn purchased by the top ten customers combined, one-third (33 percent) of the surveyed growers sent more than 50 percent of their sweet corn to the top ten buyers. Moreover, many of them expect this percentage to increase as a result of continuous retail consolidation. Contract pricing was used by only 4 percent of the fresh market sweet corn growers.

Growers in the survey indicated the most limiting factors to fresh sweet corn profitability include weather, price competition, pest and disease problems, high input prices, and competition from other suppliers. The top opportunities for future fresh sweet corn market development identified by the growers are daily fresh delivery of products, development of new and improved varieties (better quality, disease/pest resistance, higher yield, etc.), season extension by improved packaging and selling to southern states in August, market expansion by selling through more marketing outlets, and networking with other growers/marketers.

Marketing Sweet Corn for Processing

According to the New York Agricultural Statistics annual report (New York Agricultural Statistics 2001), New York produced 154,650 tons of sweet corn for processing and generated $11.6 million in 2000. According to the grower survey, 24 percent of New York sweet corn growers produced sweet corn for processing in 2000. Although not a major marketing outlet, 13 percent of processing sweet corn growers also produced some for fresh market, and they mainly sold the sweet corn directly to consumers and to supermarkets. The two major outlets for New York processing sweet corn are New York processors (52 percent of growers) and growers’ cooperatives (48 percent of growers). The average price received by growers for processing sweet corn was $65.56 per ton in 2000.

The processing sweet corn growers were also asked to identify the most limiting factors to processing sweet corn profitability and the top opportunities for future processing sweet corn market development. The limiting factors identified included increased input costs, weather and yield, and de-
creasing consumer demand. The opportunities identified included use of sweet corn in new processing products, development of new, higher-yield and disease-resistant varieties, and branding.

Retailer Survey

The grower survey identified that among the various distribution channels used by growers, supermarkets were the most important shipping outlet for New York sweet corn. However, a study showed that retailers often apply different practices when merchandizing sweet corn during the summer season (in-season) verses the rest of the year (off-season) (Degner et al. 2001). Therefore, a mail survey was designed to evaluate Northeast retailers’ purchasing and merchandizing practices when marketing sweet corn in the summer season (July–September). It was mailed to 104 supermarket firms with store(s) located in New York, Pennsylvania, or New Jersey in August 2002. Data is being collected currently. The goal of the retailer survey is to achieve a better understanding of how retailers in the Northeast buy and merchandize fresh sweet corn during the summer season. The results from this study will allow New York sweet corn producers to identify marketing opportunities and select marketing strategies to improve their marketing performance and better serve their retail customers.

References


