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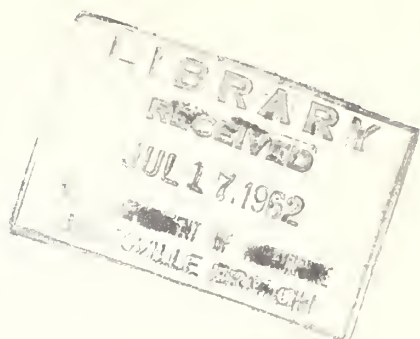
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lg84m
No. 542



The Organization of the NEW YORK CITY Wholesale Fruit and Vegetable Market



Marketing Research Report No. 542

Marketing Economics Division
Economic Research Service
United States Department of Agriculture

FOREWORD

This is the fourth in a group of reports under the general title, The Organization of Wholesale Fruit and Vegetable Markets. Other reports -- including several published by cooperating agricultural experiment stations -- will describe 51 other markets throughout the Nation. A final report will summarize the reports on the individual markets and analyze the present organization of wholesale fruit and vegetable markets, changes which have taken place, and the outlook for the years ahead. This is part of a program of research designed to broaden understanding of the food marketing system and, thereby, to make it more efficient.

Earlier reports under this project include:

The Changing Role of the Fruit Auctions, by Alden C. Manchester, Mktg. Res. Rpt. No. 331, June 1959.

Chainstore Merchandising and Procurement Practices: The Changing Retail Market for Fresh Fruits and Vegetables, by William E. Folz and Alden C. Manchester, Mktg. Res. Rpt. No. 417, July 1960.

The Organization of the Wholesale Fruit and Vegetable Market in Boston, by Alden C. Manchester, Mktg. Res. Rpt. No. 515, January 1962.

The Organization of the Wholesale Fruit and Vegetable Market in Washington, D. C. by Alden C. Manchester, Mktg. Res. Rpt. No. 524, March 1962.

The Organization of the Wholesale Fruit and Vegetable Markets in Denver, Salt Lake City, El Paso, Albuquerque and Butte, by Alden C. Manchester, Mktg. Res. Rpt. (in press).

The information was obtained from firms in the New York market by a team consisting of John K. Hanes, Merritt M. Thomas, Joseph C. Podany, W. Fred Chapman, Jr., Alvin Z. Macomber, Robert A. Bohall, and Alden C. Manchester.

Further research is now underway to learn what effects changes in the organization and operation of wholesale fruit and vegetable markets have had on firms in shipping-point markets, including growers, packers, and shippers.

Definitions of many of the terms used in this study are in the appendix.

The Fruit and Vegetable Division of the Agricultural Marketing Service was most helpful in planning the study.

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Washington, D. C.

June 1962

HIGHLIGHTS

The New York wholesale fruit and vegetable market is the largest in the country, serving over 15 million people. It includes markets in New York City and its suburbs, and in parts of New Jersey. The total supply entering the market in 1958 was 235,700 carlots. In addition, New York wholesalers sold 25,300 carlots to out-of-town buyers, bypassing the New York market.

Receivers and commission merchants accounted for 27 percent of the supply entering the market, sales agencies for 22 percent (including 17 percent which was imported), chains and retailer cooperatives for 17 percent, brokers and distributors 11 percent, and importers and exporters 10 percent.

The New York wholesale produce market was made up of nearly 900 firms of 32 types in 1958. Nearly a third of the firms were jobbers. About 15 percent were receivers, commission merchants, and other types of primary handlers.

Over 60 percent of the wholesalers sold less than 200 carlots a year per firm. They did 11 percent of the business of all wholesalers. The 17 percent of wholesalers with annual sales of 500 or more carlots per year made 74 percent of the sales of all wholesalers.

Retail organizations -- 18 chains and 3 retailer cooperatives -- made 17 percent of the total sales in the market.

Nearly 60 percent of the wholesalers selling over 70 percent of the volume specialized in one commodity or a group of commodities.

Most of the wholesalers sought gross margins ranging between 10 and 15 percent of their selling prices. In general, the target margins of firms which deliver little or no produce to their customers were near 10 percent. Those providing more delivery service generally sought margins of 14 or 15 percent of the selling price.

THE ORGANIZATION OF THE NEW YORK CITY WHOLESALE FRUIT AND VEGETABLE MARKET

By Alden C. Manchester, agricultural economist
Marketing Economics Division
Economic Research Service

INTRODUCTION

The New York City fruit and vegetable market is the country's largest. It supplies fresh fruits and vegetables for over 15 million people. In addition, it is the dominant market in price formation. New York City prices probably have a greater impact on fruit and vegetable prices throughout the Nation than those of any other wholesale market.

This report describes the organization and operation of the New York wholesale fruit and vegetable market, the buying, selling, and operating practices of the wholesalers in the market, and the changes which have taken place during the past 30 years. It is a part of a nationwide study made to appraise the current status of wholesale fruit and vegetable markets and the changes which have taken place in them. This study should provide firms in the wholesale markets, shipping-point marketing firms, farmers and other interested citizens, and public agencies with a better understanding of the forces at work in the marketing system for fresh fruits and vegetables. It will furnish a basis for making better decisions in adjusting to the changes which are taking place throughout the structure of marketing.

Basic data for this study were obtained in personal interviews with over 3,000 wholesale firms in 52 markets throughout the United States during 1959 and 1960. Most of the interviews were made by personnel of the U. S. Department of Agriculture, but cooperation was generously supplied by many agricultural experiment stations.

All firms in the market were classified as to type, commodity specialization, and volume on the basis of a survey by mail and telephone. A random sample of firms from each group was surveyed.

Data on changes in the market were obtained from sources listed in the references at the end of this report. They include unload reports of the Market News Service, the Census of Business, the Packer Red Book, and earlier studies of the market by the Department of Agriculture.

MARKET AREAS

To a considerable extent, the New York City market is the Washington Street Market. Nearly half of the produce including that bought by chains is sold by firms in the Washington Street Area and it is essentially the only market as far as price determination is concerned. There are three secondary markets -- the Bronx Terminal Market, the Brooklyn Terminal Market, and the Miller Street Market in Newark. All of these markets obtain much of their produce from Washington Street.

Wholesalers in the Washington Street Market account for 55 percent of the sales of all wholesalers in the New York market, excluding sales to chains but including

resales among wholesalers (table 1). The other organized markets are small, each handling from 2 to 5 percent of the total. Wholesalers in other parts of New York City sell 28 percent of the total.

Washington Street Market

Over 60 percent of the primary handlers (receivers, commission merchants, receiver-jobbers, commission wholesalers), handling 78 percent of the total volume of such firms, are found in the Washington Street Market (tables 1 and 2). Eighty percent of the brokers and both of the fruit auctions are located here. Nearly 300 wholesalers of all types are in this biggest central market in the country.

The area generally called the Washington Street Market extends for about 12 blocks along Washington Street and to nearby streets. It also includes the produce piers on the Hudson River, where most rail cars arrive by float from across the river. The rail cars are unloaded on the piers or on nearby team tracks and the produce is hauled to the wholesalers' stores. Nearly all over-the-road trucks are unloaded some distance away and the merchandise is hauled to the stores in smaller trucks, since large tractor-trailers are not permitted on the narrow streets. Most of the buildings are old, multistory structures. Few have unloading platforms at truckbed height. The sidewalks are extensively used as storage and sales areas.

Brooklyn Terminal Market

There are 40 wholesalers at the Brooklyn Terminal Market, over half of them jobbers and a fourth repackers and prepackagers. Altogether, they sell 2 percent of the volume of all wholesalers in the New York market.

The Brooklyn Terminal Market was opened in 1941. It was built by the city to replace the old Wallabout Market. In its first year, nearly 6,600 carlots were received by truck. Its volume declined to less than 1,900 by 1954, and is substantially lower now. It includes a farmers' market, but the volume sold there is small.

Bronx Terminal Market

The Bronx Terminal Market has 70 wholesalers, including 41 jobbers and 11 primary handlers. Sales volume is 5 percent of the total in the New York market. It was opened May 1, 1935. In 1936, truck receipts were nearly 16,500 carlots. By 1954, they were down to 5,300 carlots. In 1958, total truck receipts at both the Brooklyn and Bronx markets were 4,200 carlots.

The market includes firms in the Terminal Market Building and those on nearby streets.

Other Areas

Other New York City Areas

Nearly 300 firms are located elsewhere within the city limits. There are a few small concentrations at such locations as the old Attorney Street Market which once was a sizable market. These scattered wholesalers do about one-third of the business of secondary handlers (see table 1), over half the import and export business, and over 40 percent of the business of brokers and agents.

Table 1.--Produce sold by various types of wholesalers: Percentage of each group's sales, by market area, New York wholesale produce market, 1958

Market area	Primary : : handlers :		Secondary : : handlers :		Importers, : : exporters :		Brokers : : agents :		Auctions : : wholesalers :	
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Washington Street Market..	78		25		37		51		100	55
Brooklyn Terminal Market..	1		7		--		--		--	2
Bronx Terminal Market....	5		13		1/		2		--	5
Other New York City.....	4		35		58}		44		{--	28
New York suburbs.....	1		5		--}		--		--	2
Newark.....	7		9		--		--		--	4
Other New Jersey.....	4		6		1/		3		--	4
Total 2/.....	100		100		100		100		100	100

1/ Withheld to prevent disclosure of operations of individual firms.

2/ Total sales of wholesalers listed, including resales among wholesalers and to chains.

Primary handlers: Receiver, commission merchant, receiver-jobber, commission wholesaler.

Secondary handlers: Service jobber, jobber, jobber (delivery), secondary wholesaler, truck jobber, purveyor, receiver-purveyor, merchant trucker, prepacker, repacker.

Importers, exporters: Importer, commission importer, exporter, export agent.

Brokers, agents: Buying broker, selling broker, terminal broker, auction representative, distributor, carlot distributor, sales agent, cooperative sales agency, importers' sales agency.

Table 2.--Number of firms, by market area and type of firm, New York wholesale produce market, 1958

Type of firm	Total		Washington : Street : Market :		Brooklyn : Terminal : Market :		Bronx : Terminal : Market :		Other : New York : City :		New York : suburbs :		Newark : New Jersey :	
	Firms		Firms		Firms		Firms		Firms		Firms		Firms	
Receiver.....	59		28		2		6		6		--		14	
Commission merchant.....	52		50		--		--		--		--		2	
Receiver-jobber.....	21		3		1		5		1		2		7	
Commission wholesaler.....	7		5		--		1		--		--		1	
Service jobber.....	9		--		--		--		3		6		--	
Jobber.....	98		35		21		11		14		--		17	
Jobber (delivery).....	187		29		4		30		85		3		5	
Secondary wholesaler.....	4		2		--		--		--		--		2	
Truck jobber.....	107		--		--		--		61		35		--	
Merchant trucker.....	1		--		1		--		--		--		--	
Purveyor.....	69		19		1		1		33		4		1	
Receiver-purveyor.....	8		--		--		--		8		--		--	
Prepackager, repacker.....	73		30		10		4		18		1		3	
Importer.....	15		3		3		3		9		--		--	
Commission importer.....	16		10		--		--		4		--		--	
Exporter.....	33		14		--		1		18		--		--	
Export agent.....	1		1		--		--		--		--		--	
Buying broker.....	24		18		--		--		6		--		--	
Selling broker.....	21		18		--		1		1		--		1	
Terminal broker.....	2		--		--		--		2		--		--	
Auction representative.....	21		20		--		--		2		--		--	
Distributor.....	4		--		--		1		2		1		--	
Carlot distributor.....	1		1		--		--		--		--		--	
Sales agent.....	27		8		--		7		12		--		--	
Auction.....	2		2		--		--		--		--		--	
Cooperative sales agency.....	5		2		--		--		1		--		--	
Importer's sales agency.....	3		1		--		--		2		--		--	
All wholesalers.....	870		298		40		70		290		51		52	
Chain.....	18		1		--		--		1/9		1		--	
Retailer cooperative.....	3		--		--		--		--		1		--	
All firms.....	891		299		40		70		299		53		52	

1/ One of these chains has several warehouses, including some in Other New Jersey and New York suburbs.

New York Suburbs

Wholesalers in Nassau, Rockland, and Westchester counties made 2 percent of the sales of all wholesalers. There were 51 wholesalers in the suburbs; 70 percent were truck jobbers and most of the remainder were jobbers and purveyors.

Newark Market

The 52 wholesalers in Newark handled 4 percent of the total volume of all wholesalers. They accounted for 7 percent of the volume of primary handlers and 9 percent of the sales of secondary handlers. Most of the business is in the Miller Street area.

Other New Jersey

There are 69 wholesalers at other locations in the metropolitan area of New Jersey. They did 4 percent of the wholesale business in the market. Most of them are jobbers, truck jobbers, and purveyors.

Chain Warehouses

All but one of the warehouses of chains and retailer cooperatives are outside the concentrated market areas. One chain has a warehouse in the Washington Street Market. The others are mostly in "Other New York City" or "Other New Jersey."

STRUCTURE OF THE MARKET

The New York wholesale produce market is made up of nearly 900 firms of 32 types (table 3). Nearly 300 of them are jobbers of some type -- 187 jobbers (delivery) and 98 jobbers who do not deliver. Nearly 140 are primary handlers -- 59 receivers, 52 commission merchants, 21 receiver-jobbers, and 7 commission wholesalers. Sixty-five firms are in the import-export business; 73 are prepackagers or tomato repackers. There are over 100 truck jobbers and 77 purveyors and receiver-purveyors.

There are 68 brokers of various types, 5 distributors and carlot distributors, 27 sales agents who act as commission salesmen for purveyors, and 8 sales agencies representing farmer cooperatives and importers.

The wholesalers as a group sell 82 percent of the market total, which includes resales among wholesalers and sales to chains. Sixty-four percent of the wholesalers sell less than 200 carlots apiece per year. They do 11 percent of all the business of wholesalers. The medium-sized wholesalers -- those selling from 200 to 499 carlots each -- account for 19 percent of the firms and 15 percent of the total sales of wholesalers. The 17 percent of the firms which sell 500 carlots or more each make 74 percent of all sales.

The 21 retail organizations handle 17 percent of the market total. These include 17 chains with produce warehouses, one without a produce warehouse, and 3 retailer cooperatives. The other chains which do not have produce warehouses are not included here because they purchase all of their supplies at the local market. Their purchases are included in table 9. The 15 large retail organizations account for 98 percent of the volume of such organizations.

Table 3.--Number of firms by size and type, and volume handled, by type of firm, New York wholesale produce market, 1958

Type of firm	Size of firm, by annual volume of sales					
	All sizes		Less than 200 carlots		200-499 carlots	
	Firms	Total volume	Firms	Percent of each type's volume	Firms	Percent of each type's volume
	Firms	Carlots	Percent of market	Percent of each type's volume	Firms	Percent of each type's volume
Receiver.....	59	39,667	10	3	23	21
Commission merchant.....	52	42,135	10	4	8	7
Receiver-jobber.....	21	9,107	2	2	7	23
Commission wholesaler.....	7	2,053	1	1/	4	41
Service jobber.....	9	3,269	1	14	5	1/
Jobber.....	98	13,829	3	36	17	38
Jobber (delivery).....	187	27,093	7	38	30	34
Secondary wholesaler.....	4	916	2/	--	4	100
Truck jobber.....	107	4,674	1	1/	2	1/
Merchant trucker.....	1		1	100	--	--
Purveyor.....	69	15,284	4	26	12	26
Receiver-purveyor.....	8	681	2/	1/	1	1/
Prepackager, repacker.....	73	10,180	2	36	8	23
Importer.....	15	4,324	1	6	5	1/
Commission importer.....	16	14,792	4	1	3	6
Exporter.....	33	8,575	2	8	11	36
Export agent.....	1		2	--	1	100
Buying broker.....	24	11,736	3	9	9	24
Selling broker.....	21	16,611	4	3	4	7
Terminal broker.....	2		4	100	--	--
Auction representative.....	21	18,000	4	2	4	8
Distributor.....	4	6,377	2	4	--	--
Carlot distributor.....	1		1	--	--	--
Sales agent.....	27	2,603	1	48	6	52
Auction.....	2	24,500	6	--	--	--
Cooperative sales agency.....	5	12,514	3	--	1	1/
Importer's sales agency.....	3	39,703	10	--	--	--
All wholesalers.....	870	328,623	83	11	165	15
National chain.....	2		13	--	--	--
Regional chain.....	3	51,516		--	--	--
Local chain with warehouse.....	12	14,940	3	1	4	9
Local chain without warehouse.....	1			--	--	--
Retailer cooperative.....	3	2,918	1	1/	--	--
All retail organizations.....	21	69,374	17	2/	4	2
All firms.....	891	397,997	100	9	169	13
					161	78

1/ Withheld to avoid disclosure of individual operation.

2/ Less than 0.5 percent.

3/ Total sales of all firms, including resales among wholesalers and to chains.

Nearly 60 percent of the wholesalers selling over 70 percent of the volume specialize in one or more commodities (table 4). About a fourth of the primary handlers handle a general line of fresh fruits and vegetables. All of the service jobbers, about half of the jobbers (delivery) and secondary wholesalers, and 36 percent of the jobbers are general-line firms. Nearly all of the purveyors handle a full line. Wholesalers selling 45 percent of the volume of primary and secondary handlers are general-line wholesalers.

Nearly all of the importers and two-thirds of the exporters are specialists, accounting for 91 percent of the volume of this group. Most brokers and agents are also specialists, except for the buying brokers and the sales agents. General-line firms account for 14 percent of the sales of this group.

Interfirm Relationships

Seventy-four firms in the New York wholesale produce market own or control more than 80 other firms in the produce or related businesses (table 5). Twenty-four jobbers of various types own other firms, the biggest part of them other jobbing operations in the New York market. Fourteen receivers and commission merchants own or control other firms, including 6 packinghouses or shipping operations and 2 farms. Eleven brokers and 9 purveyors own or control a variety of firms.

Twenty-seven of the firms owned or controlled by other firms are farms, packinghouses, or shipping operations. Another 16 are jobbers. Five are wholesalers in other markets, including one in Puerto Rico.

Out-of-town firms own or control 19 wholesalers in the New York market (table 6). The biggest share of them are owned or controlled by growers, packers, or shippers. The firms owned or controlled by outside firms include 7 prepackagers or repackers, 5 jobbers (delivery), and 4 receivers or commission merchants.

Marketing Channels

The total supply of fruits and vegetables entering the New York market in 1958 was 235,700 carlots. An additional 25,300 carlots were sold by firms in the market to out-of-town buyers but were delivered directly to the buyers without passing through the New York market (fig. 1). One-fourth of the total supply was imported produce, 8 percent came from local growers, and 63 percent direct from shipping point.

Receivers and commission merchants accounted for 27 percent of the supply entering the market, sales agencies for 22 percent (including 17 percent imported), chains and retailer cooperatives for 17 percent, brokers and distributors 11 percent, and importers and exporters 10 percent. All other wholesalers as a group accounted for 8 percent of the supply (table 7).

Wholesalers in the market sold 44 percent of the total supply to other wholesalers in the market (table 8). About a third of these sales were made by receivers and commission merchants. Brokers and distributors accounted for about one-fifth of these sales, the fruit auctions for 17 percent, and sales agencies for 15 percent. The buyers were mainly jobbers (40 percent), the auction (24 percent), and purveyors (14 percent).

Sales by wholesalers to retail organizations took half of the total market supply (table 9). Chains and retailer cooperatives bought 13 percent of the supply, other retailers 27 percent, and eating places, institutions, and the military 8 percent.

Table 4.--Percentages of firms handling all produce and of firms specializing in one or more commodities,
New York wholesale produce market, 1958

Type of firm	(P e r c e n t o f e a c h t y p e o f f i r m)									
	Firms handling complete line of produce			Firms specializing in --						
	No special- ization	Some special- ization	Plus other types of food	Several commodity classes	One class of com- modities	A single commodity	Several commodities of different classes	Percent	Percent	Percent
Receiver.....	17	7	--	22	22	20	12			
Commission merchant.....	15	11	--	30	15	5	24			
Receiver-jobber.....	24	10	--	31	14	14	7			
Commission wholesaler....	15	--	--	46	--	--	39			
Service jobber.....	100	--	--	--	--	--	--			
Jobber.....	27	9	--	34	--	26	4			
Jobber (delivery).....	49	2	--	18	2	26	3			
Secondary wholesaler.....	50	--	--	--	50	--	--			
Truck jobber.....	51	2	--	--	18	7	22			
Merchant trucker.....	--	--	--	--	--	100	--			
Purveyor.....	55	--	40	5	--	--	--			
Receiver-purveyor.....	--	13	--	--	87	--	--			
Prepackager, repacker....	--	1	--	4	12	78	5			
Importer, commission importer.....	3	--	--	--	32	27	38			
Exporter, export agent....	3	4	27	22	17	20	7			
Buying broker.....	29	17	--	42	4	8	--			
Selling broker, terminal broker.....	8	8	--	14	57	9	4			
Auction representative....	--	--	--	40	45	15	--			
Distributor, carlot distributor.....	--	--	--	40	20	20	20			
Sales agent.....	100	--	--	--	--	--	--			
Auction.....	--	--	--	100	--	--	--			
Cooperative sales agency:	--	20	--	20	40	--	20			
Importer's sales agency....	--	--	--	--	--	100	--			
All firms.....	33	4	4	17	12	21	9			

Table 5.--Number of firms in the New York wholesale fruit and vegetable market owning or controlling other firms in the produce business, 1958 ^{1/}

Type of firm owned or controlled	: Receiver-:		: Service:		: Pur-:		: Pre-:		: Distributor,:		: Sales:	
	Firms	Firms	commission:	jobber,	veyor	exporter	packager,	repacker:	carlot	distributor:	agency:	Total
			merchant	wholesaler	:(delivery):							
Packaginghouse or shipper.....	6	--	--	--	6	--	2	2	1	2	--	19
Farm.....	2	--	--	--	--	--	--	2	3	1	--	8
In New York market:												
Prepackager.....	3	--	--	--	1	--	2	2	--	--	1	6
Receiver.....	1	1	--	--	--	--	--	--	3	--	--	5
Carlot distributor:	1	--	--	--	--	--	--	--	--	--	--	1
Jobber.....	2	--	--	--	14	--	--	--	--	--	--	16
Importer.....	--	--	--	--	--	--	1	--	1	--	--	2
Sales subsidiary....	--	--	--	--	--	3	1	--	--	--	--	4
Purveyor.....	--	--	--	--	--	1	--	--	1	--	--	2
Buying brokers,	--	--	--	--	--	--	--	--	--	--	--	--
selling brokers....	--	--	--	--	--	--	--	--	--	--	--	3
Chain.....	--	--	--	--	1	--	3	--	--	--	--	2
Retail store.....	--	--	--	--	2	4	--	--	1	--	--	7
Cold storage.....	--	1	--	--	--	--	--	--	--	--	--	1
Trucking company....	--	--	--	--	--	1	--	--	--	--	--	1
In other markets:												
Receiver.....	1	--	--	--	--	--	--	--	--	--	--	1
Jobber.....	--	--	--	--	--	--	--	--	1	--	--	1
Prepackager.....	--	--	--	--	--	1	1	1	--	--	--	2
Importer.....	--	--	--	--	--	--	--	--	--	--	--	1
Total <u>2/</u>	14	2	24	9	6	4	11	3	1	74		

^{1/} Including ownership or control by principals of the firm.

^{2/} Detailed figures may not add to totals, because one firm may own two or more others.

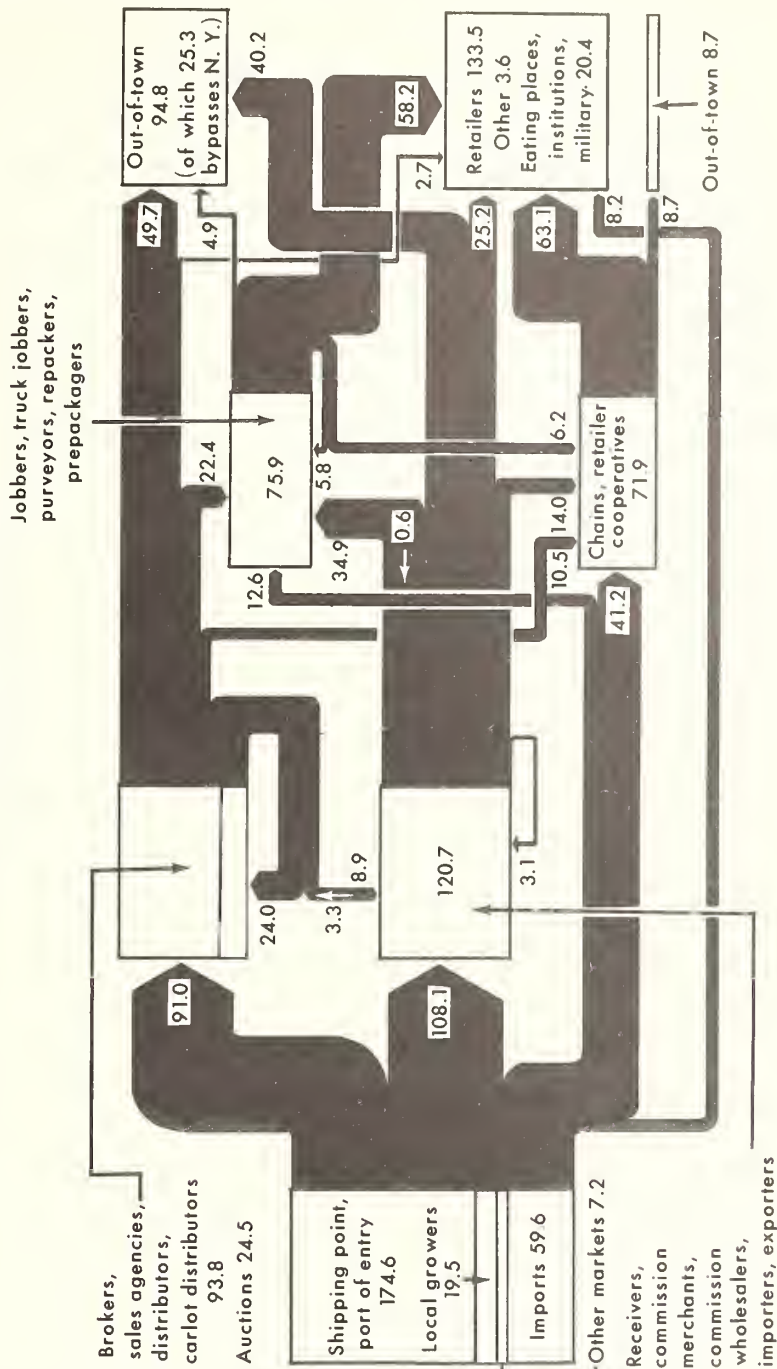
Table 6.--Number of firms in the New York wholesale fruit and vegetable market owned or controlled by firms outside the market, 1958 1/

Type of firm owning or controlling	: Receiver, : commission: : merchant :	: Jobber : (delivery) :	: Prepack- : ager, : repacker :	: Exporter :	: Broker :	: Auction :	: Total
	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>
Grower, packer, or shipper.....	1	--	4	1	1	1	8
Receiver.....	3	--	--	--	--	--	3
Other wholesaler....	--	5	--	--	--	--	5
Multiunit firm.....	--	--	3	--	--	--	3
Total.....	4	5	7	1	1	1	19

1/ Including ownership or control by principals of the firms.

MAJOR MARKETING CHANNELS, NEW YORK WHOLESALE PRODUCE MARKET, 1958

(THOUSAND CARLOTS)



U. S. DEPARTMENT OF AGRICULTURE

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Figure 1

Table 7.--Quantities of produce bought from specified sources of supply by firms in New York
wholesale produce market, 1958

Buyer	Purchases from outside New York market										Purchases from		Total purchases
	Direct from:	From other:	Through sales:	From	1,000	1,000	1,000	1,000	1,000	1,000	1,000	New York	
	shipping :	terminal :	agencies or :	local :	carlots	carlots	carlots	carlots	carlots	carlots	carlots	wholesaler,	
	point or :	markets :	brokers in :	growers :								chains	
	port of :		other cities :										
	entry												
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	carlots	carlots	carlots	carlots	carlots	carlots	carlots	carlots	carlots	carlots	carlots	carlots	carlots
Broker, distributor...	38.0	0.1	--	2/	--	0.7	1/38.8	2.8	--	1/41.6			
Sales agency.....	12.5	--	--	--	--	39.7	1/52.2	--	--	52.2			
Importer, exporter....	6.9	0.1	--	--	--	18.6	1/25.6	2.1	--	27.7			
Auction.....	--	--	--	--	--	--	--	24.5	--	24.5			
Receiver, commission merchant.....	67.4	0.3	0.1	6.3	--	0.2	74.3	7.5	--	81.8			
Receiver-jobber, commission wholesaler:	6.0	0.4	--	1.6	--	0.1	8.2	3.0	--	11.2			
Jobber, service jobber, jobber (delivery), secondary wholesaler:	1.9	0.1	--	0.8	--	0.3	3.1	42.0	--	45.1			
Truck jobber, trucker:	0.2	--	--	0.1	--	--	0.2	4.5	--	4.7			
Purveyor, receiver-purveyor.....	1.2	--	0.2	0.1	--	--	1.5	14.5	--	16.0			
Repacker, prepacker:	7.3	--	0.1	0.4	--	--	7.8	2.4	--	10.2			
Total wholesalers...	141.4	1.0	0.3	9.3	--	--	211.6	103.3	--	314.9			
Chain, retailer cooperative.....	32.7	--	4.5	4.0	--	--	41.2	30.6	--	71.9			
Retailer, processor, eating place.....	0.6	1.4	--	6.2	--	--	8.2	149.3	--	157.5			
Grand total.....	174.6	2.4	4.8	19.5	--	59.6	261.0	283.2	--	544.3			

1/ Includes produce which bypassed the New York market. See table 10.
2/ Less than 50 carlots.

Figures may not add exactly to the total because of rounding.

Table 8.--Quantities of produce sold by firms in the New York wholesale produce market to other firms in the market, 1958

Seller	Buyer													
	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots
Broker, distributor.....	--	1.3	12.8	4.1	0.2	3.0	0.4	--	--	0.2	3.0	0.4	0.2	22.0
Sales agency.....	2.1	1/	8.8	1.1	--	3.8	--	--	--	--	--	--	1/	15.9
Importer, exporter.....	0.4	1/	1.5	0.2	--	1.5	--	--	--	--	--	--	0.1	4.0
Auction.....	0.3	0.1	--	1.3	0.8	9.8	0.7	0.7	0.7	3.0	1.5	1.5	1.5	17.5
Receiver, commission merchant.....	1/	0.1	1.4	0.8	1.9	19.8	2.2	2.2	2.2	8.1	0.4	0.4	0.4	35.8
Receiver-jobber, commission wholesaler.....	--	--	1/	--	0.1	0.6	0.4	0.4	0.4	0.5	1/	1/	1/	1.6
Jobber, service jobber, jobber (delivery), secondary wholesaler.....	--	--	--	--	1/	2.4	0.9	0.9	0.9	0.9	0.1	0.1	0.1	4.3
Truck jobber, trucker.....	--	--	--	--	--	0.1	1/	1/	1/	--	--	--	--	0.1
Purveyor, receiver-purveyor	--	0.5	--	--	--	--	--	--	--	0.2	--	--	--	0.7
Repacker, prepacker.....	--	--	1/	0.1	1/	1.0	0.2	0.2	0.2	1/	1/	1/	--	1.4
Total.....	2.8	2.1	24.5	7.6	3.0	42.0	4.4	14.5	2.4	103.3				

1/ Less than 50 carlots.

Figures may not add exactly to the total because of rounding.

Nearly 30 percent of the total supply entering the market was sold to out-of-town buyers by wholesalers (table 10). Over two-thirds of the out-of-town sales were to wholesalers in other markets, 17 percent to chains, and 13 percent as exports. Most out-of-town sales were made by sales agencies, importers and exporters, receivers and commission merchants, and brokers and distributors.

Buying brokers and sales agents sold 6 percent of the total market supply. Buying brokers bought about three-fourths of their supplies at the fruit auctions, mostly for local jobbers and out-of-town wholesalers. The sales agents represented purveyors in selling to eating places and institutions.

Buying Methods

Firms in the New York market utilize many different methods of buying directly from sellers at shipping points (table 11). For wholesale handlers as a group, consignment is the most important single method, accounting for 39 percent of the volume bought directly from shipping point. Direct purchases over the telephone or by wire account for 32 percent and those through shipping point buying brokers for 13 percent.

Firms differ widely in buying methods. Commission merchants and commission wholesalers obtain most of their supplies on consignment. Receivers rely mostly on direct purchase by telephone. Receiver-jobbers depend on telephone purchases and their own buyers. The various types of jobbers and the purveyors rely heavily on shipping-point buying brokers.

Distributors and carlot distributors rely heavily on their own packinghouses or shipping-point operations and on their own buyers. The chains and retailer cooperatives obtain over three-fourths of their direct purchases through their own buyers at shipping points, 14 percent over the telephone, and 8 percent through shipping-point buying brokers.

Most outright purchases (excluding consignment and joint account) are made on an f.o.b. basis. Sixty-five wholesalers buying 24,000 carlots direct from shipping points reported that more of their purchases were made on an f.o.b. basis than on any other. Fifteen wholesalers buying 4,200 carlots direct from shipping points buy more on a delivered basis than on any other.

Equal numbers of retail organizations reported marketing most of their purchases on an f.o.b. basis and on a delivered basis, but those buying on a delivered basis bought 8,100 carlots direct from shipping point and those buying f.o.b. about 5,300.

Wholesalers handle on a consignment basis over half the merchandise they buy from local farmers (table 12). Another 14 percent is handled on a net return basis (the commission merchant sells the merchandise and returns to the grower what merchant and grower agree to be a fair price). The remaining 31 percent represents cash purchases, including 7 percent at farmers' markets. Most of the other cash purchases are made over the telephone, although some are made through personal contact both at the farm and at the wholesaler's place of business.

Retail organizations paid cash for all their purchases from local farmers, with 2 percent coming from farmers' markets and almost all of the remainder bought over the telephone.

Table 9.--Quantities of produce sold to retail outlets, by firms in New York wholesale produce market, 1958

Seller	R e t a i l o u t l e t				
	Chain, : retailer : cooperative :	Retail : store, : peddler :	Processor, : consumer :	Eating place, : institution, : military :	Total
	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots
Broker, distributor...	3.3	0.2	1.3	0.5	5.3
Sales agency.....	3.7	--	--	<u>1/</u>	3.7
Importer, exporter....	0.9	0.6	0.1	0.1	1.7
Auction.....	3.5	0.2	--	0.5	4.2
Receiver, commission : merchant.....	12.4	12.8	2.0	1.7	28.9
Receiver-jobber, : commission wholesaler:	0.7	7.7	<u>1/</u>	0.2	8.6
Jobber, service jobber, : jobber (delivery), : secondary wholesaler..	3.8	34.7	0.1	1.8	40.4
Truck jobber, trucker..	0.1	4.2	0.1	0.2	4.6
Purveyor, receiver- : purveyor.....	--	0.6	0.1	14.4	15.1
Repacker, prepacker..	2.3	1.9	--	0.1	4.3
Total.....	30.6	62.9	3.6	19.6	116.7

1/ Less than 50 carlots.

Figures may not add exactly to the total because of rounding.

Table 10.--Quantities of produce sold to out-of-town firms by firms in the New York wholesale produce market, 1958

Seller	O u t - o f - t o w n b u y e r				Volume by- : passing the : New York : market :	Volume passing through the New York market
	Wholesaler : or co- : operative : group :	Chain, : voluntary : or co- : operative :	Exports	Total : out-of- : town : sales :		
	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots
Broker, distributor...	9.2	2.7	2.3	14.2	12.6	1.6
Sales agency.....	31.2	0.3	1.2	32.7	0.1	32.6
Importer, exporter....	10.0	3.8	8.2	22.0	2.8	19.2
Auction.....	2.5	0.3	--	2.8	--	2.8
Receiver, commission : merchant.....	10.7	5.8	0.8	17.3	9.8	7.5
Receiver-jobber, : commission wholesaler:	0.6	0.3	--	0.9	--	0.9
Jobber, service jobber, : jobber (delivery), : secondary wholesaler..	0.3	<u>1/</u>	--	0.3	--	0.3
Truck jobber, trucker..	--	--	<u>1/</u>	<u>1/</u>	--	<u>1/</u>
Purveyor, receiver- : purveyor.....	<u>1/</u>	--	0.1	0.1	--	0.1
Repacker, prepacker..	2.0	2.5	<u>1/</u>	4.5	--	4.5
Total.....	66.6	15.7	12.6	94.9	25.3	69.6

1/ Less than 50 carlots.

Figures may not add exactly to the total because of rounding.

Table 11.--Purchases from shipping point: Percentages of produce bought and buying methods used by firms in New York wholesale produce market, 1958

Buyer	On joint:		Direct:		Through shipping point buy-		Through shipping point sell-		From own or:		Through own:		Other methods:		Total	
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Receiver.....	18	5	47	16	1/	2	9	3	100							
Commission merchant....	74	6	12	7	--	--	1	--	100							
Receiver-jobber.....	14	--	36	18	1	--	31	--	100							
Commission wholesaler..	93	--	7	--	--	--	--	--	100							
Service jobber.....	--	--	11	89	--	--	--	--	100							
Jobber.....	54	--	33	--	--	9	--	4	100							
Jobber (delivery).....	11	--	45	44	--	--	--	--	100							
Secondary wholesaler...	--	--	--	100	--	--	--	--	100							
Truck jobber.....	--	--	--	100	--	--	--	--	100							
Purveyor.....	--	--	46	53	--	--	--	1	100							
Receiver-purveyor.....	--	--	100	--	--	--	--	--	100							
Prepackager, repacker..	1/	1/	24	28	--	27	19	2	100							
Merchant trucker.....	--	--	--	--	--	44	--	56	100							
Importer.....	--	--	100	--	--	--	--	--	100							
Commission importer...	27	2	64	2	--	--	3	2	100							
Exporter.....	11	--	71	7	7	2	--	2	100							
All wholesale handlers.....	39	4	32	13	1	3	7	1	100							
Distributor, carlot distributor.....	11	--	3	3	--	48	35	--	100							
Chain, retailer cooperative.....	1/	--	14	8	--	--	78	--	100							

1/ Less than 0.5 percent.

Table 12.--Purchases from local farmers: Percentages of produce bought and buying methods used by firms in New York wholesale produce market 1958

Buyer	Consign- ment	Net return basis	Cash purchases		Total
			By telephone	At farmers' market	
	Percent	Percent	Percent	Percent	Percent
Receiver.....	46	--	54	--	100
Commission merchant..	71	27	2	--	100
Receiver-jobber.....	24	--	51	25	100
Commission wholesaler:	78	--	22	--	100
Jobber.....	35	--	15	50	100
Jobber (delivery).....	--	--	51	49	100
Secondary wholesaler..	100	--	--	--	100
Truck jobber.....	--	--	100	--	100
Purveyor.....	--	--	25	75	100
Prepackager, repacker:	13	--	86	1	100
All wholesale handlers.....	55	14	24	7	100
Chain, retailer cooperative.....	--	--	98	2	100
All firms.....	38	10	47	5	100

Functions and Services

Many of the functions performed by the firms in the New York wholesale market are more or less implicit in the definition of each type of firm as given in the appendix. Other functions are performed and services provided on the decision of management. Thus, some firms deliver; others do not. Some receivers haul a portion of their receipts from the piers or the team tracks to their stores; others have no stores and sell out of rail cars.

Railroad cars delivered to the produce piers near Washington Street are unloaded by stevedores employed by the railroad and the merchandise is trucked to its destination. Most railroad cars on team tracks are unloaded by stevedores; 89 firms reported hiring stevedores to unload cars and 43 reported using their own employees. Large trucks destined for firms on Washington Street are unloaded on West Street into smaller trucks which deliver the merchandise to the stores. Stevedores were hired by 94 of the firms reporting methods of unloading trucks, while the remaining 155 firms used their own employees.

About 25,700 carlots of produce arriving by rail were unloaded on the piers or team tracks and the contents were trucked to the wholesalers' stores before they were sold. Most of this was done by 60 receivers and commission merchants, who accounted for 22,000 carlots. Receiver-jobbers, prepackagers and repackers accounted for another 2,700 carlots. Approximately three-fourths of the volume was hauled by specialized cartage firms. The remainder was moved in the firms' own trucks.

Some firms sell everything out of the railroad car or truck or at the pier. Others sell part of their produce out of car or truck and the remainder at the wholesale store. There is substantial variation among types of firms in the proportions sold out of car or truck:

	<u>Percent</u>
Receiver	25
Commission merchant	7
Receiver-jobber	17
Commission wholesaler	0
Service jobber	0
Jobber	3
Jobber (delivery)	7
Secondary wholesaler	0
Truck jobber	100
Purveyor, receiver-purveyor . . .	2
Prepackager, repacker	18
Importer, commission importer..	82
Exporter	88

Most New York wholesalers sell to a group of regular customers. The proportion of sales to regular customers varies among firm types:

	<u>Percent</u>
Receiver	95
Commission merchant	96
Receiver-jobber	96
Commission wholesaler	100
Service jobber	97
Jobber	82
Jobber (delivery)	94
Secondary wholesaler	100
Truck jobber	99
Purveyor	94
Receiver-purveyor	100
Repackers, prepackager	82
Importer	90
Commission importer	91
Exporters, export agent	83
Buying broker	99
Selling brokers, terminal broker .	89
Auction representative	1/23
Distributors, carlot distributor .	100
Sales agent	100
Auction	100
Cooperative, importers' sales agency	100
Total	96

^{1/} Sales at the auction are not considered to be sales to regular customers in this context.

New York wholesale handlers deliver 42 percent of the volume they sell (table 13). Nearly three-fourths of them deliver at least part of their sales, averaging 61 percent. Only 28 percent of the jobbers and commission wholesalers deliver, while all of the service jobbers, jobbers (delivery), truck jobbers, and receiver-purveyors do so. Two-thirds of the deliveries are made in the firm's own trucks, 20 percent in hired trucks usually at published cartage rates, and 13 percent either by a combination of methods or by means not specified.

Nearly 13,000 carlots of produce were prepackaged or repacked by 113 firms in the New York market in 1958 (table 14). Specialized prepackagers and tomato repackers accounted for 69 percent of this volume. Chains and retailer cooperatives handled 21 percent of the total. Eighty-five percent of the firms handled only one commodity and 10 percent put up 2 items apiece.

Eighty-seven firms, including 63 repackers, ripen and repack tomatoes; 16 prepackage potatoes; 9, onions; 9, citrus; 5, spinach or kale; and 5, cole slaw or salad mix.

Few New York wholesalers offer merchandising services. Twenty-two wholesalers selling 5 percent of the total volume of wholesale handlers suggest selling prices to retailers as one of their regular services. These firms include 9 small and 1 large jobber (delivery), all 9 service jobbers, 2 large receiver-jobbers, and 1 prepackager.

Ten firms -- 1 prepackager and 9 service jobbers -- assist in training retail store produce personnel. Other merchandising assistance -- with advertising, displays, and other promotion -- is offered by 36 firms handling 9 percent of the volume of wholesale handlers. The firms providing this type of service include 11 jobbers (delivery), 11 truck jobbers, 9 service jobbers, and 5 other firms.

Twenty-eight wholesalers offer other services to their customers. Five of them guarantee prices in advance on items to be featured in retailers' newspaper advertising, so that retailers can be assured of supplies at known prices. Four buying brokers and a distributor arrange and supervise loading and transportation. A jobber (delivery) and a receiver-jobber suggest prices for special sales; 2 other firms do dealer service work; 4 prepackagers and repackers give price concessions for specials. One receiver delivers watermelons to the individual retail outlets of chains. Several small banana jobbers (delivery) service the retail store displays, replacing bad fruit if it is the wholesaler's fault.

Most New York wholesale handlers offer either 7 or 10 days credit to their noninstitutional customers (table 15). Forty-five percent of the firms offer 7-day credit and 18 percent 10 days. Fifty-one firms offer 30-day credit to institutional outlets. The firms offering such terms include 23 purveyors, 1 receiver-purveyor, 13 jobbers (delivery), and 6 receivers.

Only a few New York wholesalers finance fruit or vegetable production. Thirty-seven wholesalers reported some loans to producers -- 31 of them as a regular activity. Three have made occasional loans; 2 advance funds to cover harvesting costs; and 1 has made loans to packers for the purchase of equipment such as precooling chambers. Loans are made to producers of items ranging from Hudson Valley apples to California potatoes and Mexican garlic.

Table 13.--Extent of delivery services by New York wholesale produce handlers, 1958

Type of firm	Percentage :	Volume delivered :		Percentage of		
	of firms :	as percentage of :		deliveries by --		
	providing :	sales of -- :				
	delivery :	All firms :	Firms :	Firm's :	Hired :	Other
	service :	of speci- :	making :	trucks :	trucks :	methods
		fied type :	deliveries :			1/
	Percent	Percent	Percent	Percent	Percent	Percent
Receiver.....	60	37	50	43	40	17
Commission merchant..	42	16	25	23	71	6
Receiver-jobber.....	66	77	79	100	--	--
Commission wholesaler:	28	19	51	59	--	41
Service jobber.....	100	99	99	100	--	--
Jobber.....	28	5	12	89	5	6
Jobber (delivery)....	100	85	85	84	7	9
Secondary wholesaler..	--	--	--	--	--	--
Truck jobber,						
merchant trucker....	100	94	94	100	--	--
Purveyor.....	96	89	95	84	10	6
Receiver-purveyor....	100	100	100	35	--	65
Prepackager, repacker:	73	50	61	55	31	14
Importer.....	73	15	44	21	57	22
Commission importer..	28	9	62	--	100	--
Exporter.....	--	--	--	--	--	--
All wholesale						
handlers.....	73	42	61	68	20	12

1/ Including a combination of the firm's trucks and hired trucks, and method not specified.

Table 14.--Firms prepackaging or repacking 1 or more items, by type of firm, New York wholesale produce market, 1958

Type of firm	Number :	Number of items packaged or repacked :					Volume pre-
	of :	1 :	2 :	3 :	4 :	5 or :	packaged
	firms :	item :	items :	items :	items :	more :	or
							repacked
	Firms	Firms	Firms	Firms	Firms	Firms	Carlots
Receiver,							
commission merchant, :							
receiver-jobber,							
commission importer,							
distributor.....	7	4	3	--	--	--	777
Jobber.....	16	16	--	--	--	--	272
Jobber (delivery)....	4	4	--	--	--	--	261
Purveyor.....	4	4	--	--	--	--	30
Prepackager, repacker:	73	67	5	--	--	1	8,962
All wholesalers....	104	95	8	--	--	1	10,302
Chain, retailer							
cooperative.....	9	1	3	2	2	1	2,694
Total.....	113	96	11	2	2	2	12,996

MARGINS

The gross margins most wholesalers would like to achieve range between 10 and 15 percent of the selling price (table 16). Most firms which deliver a small proportion of their sales aim for a margin near 10 percent. Those providing more delivery service -- for example, jobbers (delivery) and purveyors -- seek margins of 14 or 15 percent. Importers and exporters generally aim at somewhat lower margins, but these cover fewer physical handling services.

Commission rates on all consignment sales are close to 10 percent, except on imports and exports for which they are somewhat lower. Brokerage rates of selling brokers and auction representatives are 6 to 7 percent. Those of buying brokers average 9.8 percent.

In addition to the firms which quoted a target margin, 21 firms said that they had no margin policy -- "supply and demand set the price." Another 44 said that they charged "what the traffic will bear," and 6 said they operated on speculation.

The 870 firms in the New York market reporting numbers of employees had a total of 7,429 employees, including proprietors and partners (table 17). Nearly 750 wholesale handlers employed 6,140 workers; brokers and agencies, 318; and chains and retailer cooperatives, 971.

STRUCTURE OF THE RETAIL MARKET

There were 39,517 retail food stores in the New York market in 1958. Their total sales were nearly \$5 billion. Grocery stores, including delicatessens, numbered 17,738 and had sales of \$3.6 billion. The remaining 21,770 stores were specialty food stores, including 7,101 meat markets and 2,816 fruit and vegetable stores with sales of \$111 million.

Over 36,000 food stores are single-unit firms, but these stores accounted for only 52 percent of total food store sales. Small chains with 2 or 3 stores had 652 stores in the market and made 2.5 percent of all sales. Chains with 4 to 10 stores had 264 stores with 2.5 percent of total sales. The larger chains, those with 11 or more stores each, had 2,547 stores and had 43 percent of sales. These chains include those with supermarkets as well as a number of specialty chains, especially bakeries, meat markets, and some fruit and vegetable stores.

There were 25 grocery chains each with 11 or more stores in 1958. These included: 2 national chains, 4 regional chains, 11 local chains with produce warehouses, and 8 local chains without produce warehouses. One regional chain and one local chain did not have warehouses in the New York market. The 23 chains with headquarters in the market operated 2,034 stores, of which 1,765 were located within the metropolitan area. Chains with 4 to 10 stores each operated 131 stores. Only 2 of these chains had produce warehouses. None of the 2- or 3- store chains, with a total of 200 stores, operated a produce warehouse.

Three retailer cooperatives had produce warehouses. They served a total of 504 stores, but only 215 stores bought produce from the cooperatives. One other retailer cooperative had buyers on the market who purchased for the member stores. The merchandise was then delivered to the stores either by the wholesalers or in hired trucks. There are at least 7 other cooperatives which do not handle produce.

Table 15.--Firms in the New York wholesale produce market offering specified credit terms to noninstitutional trade, by type of firm, 1958

Type of firm	Number of days credit offered								Total replying
	0	3 to 6	7	10	14	15	30	Other	
	Firms								
Receiver.....	--	--	24	18	4	4	--	3	53
Commission merchant....	--	--	4	37	4	2	3	2	52
Receiver-jobber.....	3	--	10	1	2	2	--	3	21
Commission wholesaler..	--	--	2	4	1	--	--	--	7
Service jobber.....	--	--	6	--	--	--	--	3	9
Jobber.....	20	4	49	7	13	1	--	4	98
Jobber (delivery).....	--	--	119	18	20	2	5	23	187
Secondary wholesaler...	--	--	4	--	--	--	--	--	4
Truck jobber,									
merchant trucker.....	22	--	47	--	14	11	--	14	108
Purveyor.....	--	--	16	4	2	--	--	34	56
Receiver-purveyor.....	--	--	--	--	--	--	--	4	4
Prepackager, repacker..	--	--	31	25	3	--	--	1	60
Importer.....	--	--	8	3	--	2	--	--	13
Commission importer....	--	--	2	8	3	1	--	--	14
Exporter.....	4	--	1	1	1	1	--	17	25
All wholesale handlers.....	49	4	323	126	67	26	8	108	711

Table 16.--Target margins, brokerage and commission rates, by type of firm, New York wholesale produce market, 1958

Type of firm	Average target margin : of firms quoting in : terms of --		Average : brokerage : or commis- : sion rates as : percentage : of sales : price		Percentage of -- : Firms : quoting : a target : margin : Firms : quoting : brokerage : or commis- : sion rate	
	Cents per package	Percentage of sales price	Percent	Percent	Percent	Percent
Receiver.....	19.6	10.0	--		65	36
Commission merchant....	31.9	10.8	10.0		35	70
Receiver-jobber.....	23.3	11.7	10.8		79	14
Commission wholesaler..	20.2	12.0	10.5		61	69
Service jobber.....	37.5	14.2	--		88	--
Jobber.....	30.8	10.2	10.0		90	7
Jobber (delivery).....	29.2	14.2	--		85	--
Secondary wholesaler...	25.0	6.5	10.0		100	100
Truck jobber.....	39.7	11.9	--		76	--
Purveyor.....	50.9	15.5	--		93	--
Receiver-purveyor.....	--	8.0	--		87	--
Prepackager, repacker..	126.1	13.8	--		38	--
Importer.....	87.5	8.3	5.9		48	27
Commission importer...	9.0	9.9	7.3		41	80
Exporter.....	49.3	7.6	8.4		83	11
Buying broker.....	12.3	--	9.8		12	77
Selling broker.....	--	--	6.7		--	24
Auction representative:	--	--	6.0		--	33
Distributor.....	10.0	16.7	4.7		100	75
Auction.....	--	--	2.0		--	100
Chain.....	--	28.9	--		57	--
Retailer cooperative..	--	8.5	--		100	--

Table 17.--Number of employees, by type and size of firm, New York wholesale produce market, 1958

Type of firm	All sizes	Size of firm, by 1958 sales volume		
		Less than	200 to	500 or
		200	499	more
		carlots	carlots	carlots
	Firms	Em- ployees	Em- ployees	Em- ployees
Receiver.....	58	643	37	165
Commission merchant...	52	713	58	70
Receiver-jobber.....	21	232	11	68
Commission wholesaler..	7	56	5	34
Service jobber.....	9	166	18	48
Jobber.....	98	426	200	167
Jobber (delivery).....	187	1,253	608	421
Secondary wholesaler..	4	21	--	21
Truck jobber.....	107	174	168	6
Purveyor.....	66	956	298	245
Receiver-purveyor.....	8	55	52	3
Prepackager, repacker..	69	1,114	746	214
Merchant trucks.....	1	2	2	--
Importer.....	15	83	25	43
Commission importer...	14	103	16	3
Exporter, export agent:	34	143	52	50
All wholesale handlers.....	750	6,140	2,296	1,558
Buying broker.....	22	65	8	18
Selling broker, terminal broker.....	20	42	14	3
Auction representative:	20	73	8	9
Sales agency.....	6	76	--	7
Distributor, carlot distributor...	5	34	3	--
Sales agent.....	27	28	21	7
All brokers and agencies.....	100	318	54	44
Chain, retailer cooperative.....	20	971	28	30
Grand total.....	870	7,429	2,378	1,632

THREE DECADES OF CHANGE IN THE MARKET

The total quantity of fresh fruits and vegetables entering the New York market -- except for receipts at Newark for which historical data are not available -- was nearly 240,000 carlots in 1931 (fig. 2). It declined sharply in the early years of the depression, and ranged between 210,000 and 220,000 through the thirties. Imports dropped off during the early forties to an insignificant quantity and domestic receipts increased, reaching an alltime peak of 190,000 carlots in 1946. In recent years total receipts (excluding Newark) have ranged between 170,000 and 185,000 carlots. Most of the changes during this period have been in the volume of imports. ^{1/}

Rail receipts declined through the thirties at a slow pace and revived during the war. They have declined slowly since 1950. They still make up one-half of the receipts from domestic sources. One reason for the continued importance of rail shipments to New York is that large tractor-trailer trucks cannot unload on Washington Street and other streets in the market. They must be unloaded some distance away and the merchandise must be carted to the wholesalers' stores. Thus, trucks do not enjoy the advantage of store-door delivery in the Washington Street Market that they have elsewhere.

Receipts at the farmers' markets in New York City, as reported by the State Department of Agriculture and Markets and converted to standard carlots, have declined sharply over the years. In 1929, the total volume received at the Wallabout and Gansevoort markets was nearly 11,000 carlots. After the Bronx Market opened in 1935, the total for the 3 markets reached 30,656 carlots in 1936, but dropped to 19,258 in the following year. During the war, it dropped off to between 12,000 and 14,000 carlots and since then has declined fairly steadily. In 1958, the total at the Brooklyn and Bronx Markets -- the Gansevoort Market closed in 1948 and Brooklyn replaced Wallabout in 1942 -- was 3,636 carlots, down from 4,410 the preceding year.

New York chains have a long history of direct purchasing from shipping points. An earlier study found that in 1927 two large New York chains bought 6,624 carlots of fresh fruits and vegetables direct from shipping points. This was 49 percent of their total purchases. Most of these purchases were storable items, including 4,290 carlots of potatoes, 254 carlots of onions, 117 carlots of sweetpotatoes, and 512 carlots of apples. The chains also bought 452 carlots of oranges and 198 carlots of watermelons direct from shipping points. At least 3 other New York chains were also buying direct at this time, but the figures are incomplete for these firms.

In 1936, direct receipts of chains in the New York market were 29,360 carlots. In the next 22 years they increased 39 percent to 40,700 carlots, while the total sales of chains increased only 10 percent (fig. 3). Thus, chains received 52 percent of their supplies directly from shipping point in 1936 and 65 percent in 1958.

In the same period, direct receipts of wholesale handlers (excluding supplies going to the auction) declined from 116,200 carlots in 1936 to 89,160 carlots in 1958. Auction sales declined from 61,500 carlots in 1936 -- including 14,000 carlots of bananas, which have not been sold at auction since World War II -- to 37,400 carlots in 1950, and 22,400 carlots in 1958.

^{1/} Throughout this section, all carlots have been converted to a constant tonnage, equivalent to the average load per railroad car in 1958.

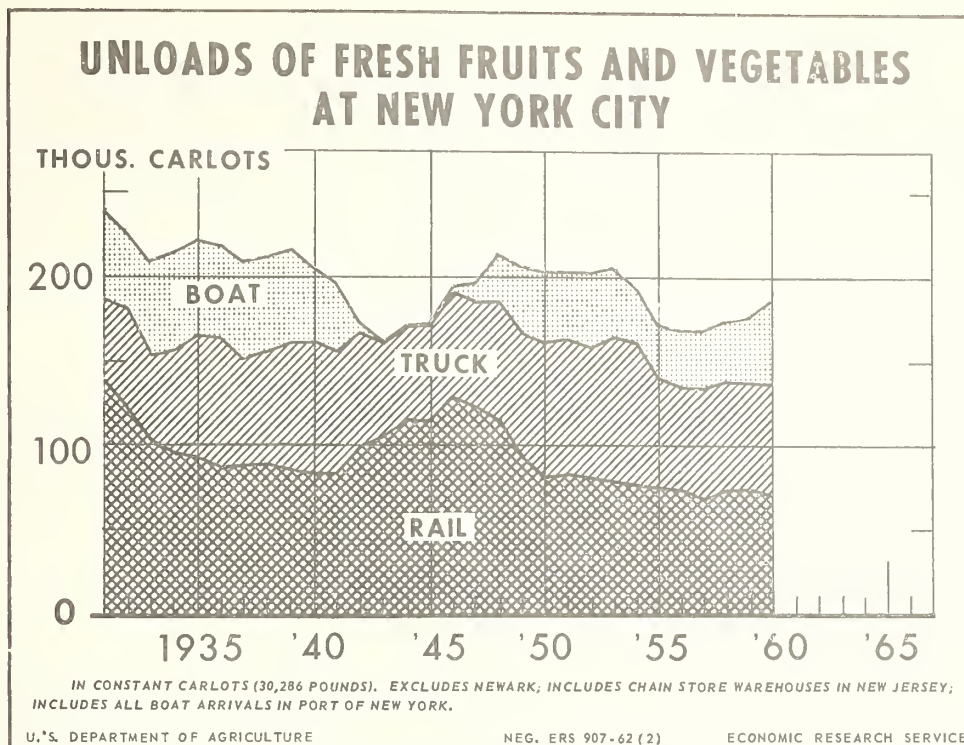


Figure 2

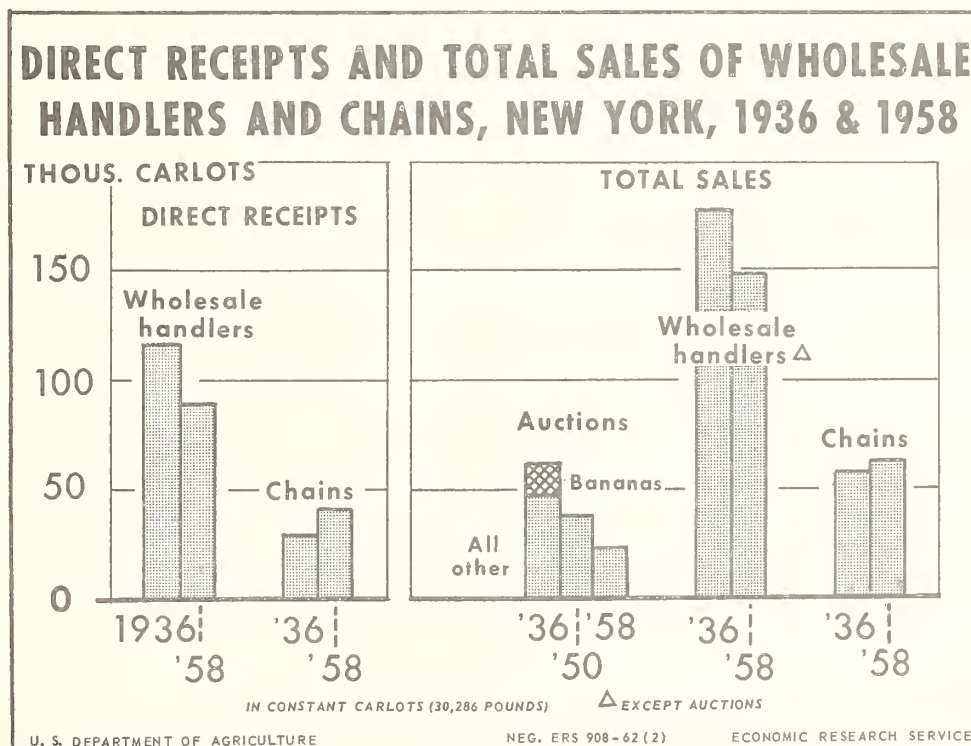


Figure 3

Number and Type of Firms

The number of wholesalers in the New York market declined 29 percent from 1,080 in 1939 to 769 in 1958, according to the Packer Red Book, a trade directory (table 18). Most of the reduction occurred between 1939 and 1948. Between 1939 and 1958 the number of receivers and receiver-jobbers (including commission merchants) decreased 39 percent; of jobbers, 34 percent; and of brokers, 23 percent. Repackers and prepackagers increased from 1 to 18 and truck jobbers from 1 to 16. The number of importers and exporters declined only slightly, from 73 to 71. The number of chains listed as receivers of fresh fruits and vegetables declined from 17 to 15.

The classifications in table 18 are not necessarily the same as those in the remainder of this report. They are based on the first listing in the trade directory. For most firms, several different types are listed -- often as many as five or six types -- indicating the variety of functions and services performed by many firms. In the rest of this report, the firms are classified on the basis of information obtained in the survey and the definitions in the appendix.

Entrance and Exit of Wholesalers

Turnover of firms in the wholesale produce business is somewhat more rapid than in many other types of business. It is fairly easy to enter the business. Capital requirements are low and firms are frequently for sale, because of retirement of the owners and other reasons. Because of the personal nature of much of the business, a firm is often identified with its owner.

Less than a quarter of the 1,103 firms which were listed in the directory in 1939 (table 18) were still in business in 1958. Half of them went out of business between 1939 and 1948 and another fourth between 1948 and 1958. Between 1939 and 1948, 261 firms entered the business; 125 of them were out of business by 1958. Another 383 firms came into the business between 1948 and 1958.

Looked at another way, of the 786 firms listed in 1958, 267 had been listed in 1939, 136 more were listed in 1948, and 383 came into the wholesale produce business between 1948 and 1958.

Four percent of the wholesalers interviewed have been in business 60 years or more (table 19). Forty percent have been in business 30 years or more; 19 percent, 20 to 29 years; and 41 percent, less than 20 years.

The median number of years in business for all wholesalers is 24 years -- that is, half of the wholesalers have been in business more than 24 years and half of them less than 24 years. The oldest types of firms, in terms of median years in business, are commission wholesalers, followed in order by sales agencies, secondary wholesalers, jobbers, and purveyors. The newest firms are repackers and prepackagers, followed by importers, receiver-purveyors, and commission merchants.

Growth and Decline

Thirty percent of the wholesalers who have been in business at least 10 years reported that their sales volume changed less than 10 percent between 1948 and 1958 (table 20). Another 30 percent experienced increases of 10 percent or more, while

Table 18.--Number of firms, by type, in New York wholesale produce market, 1939, 1948, and 1958

Type of firm	1939	1948	1958
	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>
Receiver, receiver-jobber.	482	397	294
Jobber.....	419	243	275
Repacker, prepackager.....	1	3	18
Subtotal.....	902	643	587
Truck jobber.....	1	2	16
Importer, exporter.....	73	48	71
Shipper, packer.....	12	13	20
All wholesale handlers..	988	706	694
Broker.....	60	38	46
Distributor, sales agency.	17	18	9
Auction.....	2	2	2
All brokers and agencies:	92	73	75
All wholesalers.....	1,080	779	769
Chain.....	17	12	15
Wholesale grocer.....	6	7	2
Grand total.....	1,103	798	786

Packer Red Book, 1939 and 1948; Fresh Year Book Issue, The Packer, 1958.

40 percent had losses in sales of 10 percent or more. Twenty-four percent of the small firms, 33 percent of the medium firms, and 47 percent of the large wholesalers reported increased sales.

These figures relate only to the firms which were in business in 1958. To obtain the complete picture, one must also consider the 409 firms which went out of business between 1948 and 1958, according to the lists in the Red Book.

Changes in Trade Channels

Less than 10 percent of the wholesalers in New York reported any changes in sources of supply during the past 10 years. Purchases direct from shipping point were increased by 29 firms and decreased by 12. Eighteen firms are now buying more in the local market, while 15 are buying less locally. Auction purchases were increased by 15 firms and decreased by 27. Three are buying more from nearby farmers, while 4 have shifted from nearby sources to more distant points. Three are buying more from farmers' markets. One firm has increased purchases through New York brokers, while 4 are buying less through brokers. Three firms are handling less on consignment and more on their own account.

Table 19.--Percentage of firms in business for specified periods, by type of firm,
New York wholesale produce market, 1958

Type of firm	1 to 4 : years	5 to 9 : years	10 to 19 : years	20 to 29 : years	30 to 39 : years	40 to 49 : years	50 to 59 : years	60 years : or more	Total
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Receiver.....	2	5	24	21	15	26	7	--	100
Commission merchant...	8	10	37	8	18	6	4	9	100
Receiver-jobber.....	5	12	24	30	14	10	5	--	100
Commission wholesaler..	--	--	--	--	31	15	--	54	100
Service jobber.....	--	--	--	53	--	--	47	--	100
Jobber.....	10	10	10	11	33	16	10	--	100
Jobber (delivery).....	4	8	26	20	31	1	8	2	100
Secondary wholesaler...	--	--	--	--	100	--	--	--	100
Truck jobber.....	--	13	20	23	34	10	--	--	100
Merchant trucker.....	--	--	20	100	--	--	--	--	100
Purveyor.....	--	3	23	17	31	8	6	12	100
Receiver-purveyor.....	--	--	77	23	--	--	--	--	100
Prepackager, repacker..	29	12	40	16	3	--	--	--	100
Importer.....	14	17	34	28	--	--	--	7	100
Commission importer....	--	6	32	13	14	7	6	22	100
Exporter, export agent:	3	10	36	10	12	6	--	23	100
Buying broker.....	8	17	24	21	30	--	--	--	100
Selling broker, terminal broker.....	4	14	22	30	18	8	4	--	100
Auction representative:	17	5	21	23	18	5	5	6	100
Distributor, carlot distributor....	--	--	40	20	--	--	40	--	100
Sales agency.....	14	--	--	14	14	14	30	14	100
All wholesalers.....	7	9	25	19	23	8	5	4	100

Table 20.--Change in sales volume between 1948 and 1958, by type of firm,
New York wholesale produce market, 1958

Type of firm	: Increased : : 10 percent : : or more	: Changed : : less than : : 10 percent	: Decreased : : 10 percent : : or more	: Total
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Receiver.....	20	35	45	100
Commission merchant....	40	12	48	100
Receiver-jobber.....	37	30	33	100
Commission wholesaler..	31	--	69	100
Service jobber.....	12	--	88	100
Jobber.....	10	29	61	100
Jobber (delivery).....	19	36	45	100
Secondary wholesaler....	50	--	50	100
Truck jobber.....	44	29	27	100
Purveyor.....	25	56	19	100
Receiver-purveyor.....	77	23	--	100
Prepackager, repacker..	75	6	19	100
Importer.....	45	32	23	100
Commission importer....	78	11	11	100
Exporter, export agent..	28	7	65	100
Buying broker.....	22	38	40	100
Selling broker, : terminal broker.....	36	17	47	100
Auction representative..	18	37	45	100
Distributor, : carlot distributor....	40	40	20	100
Sales agency.....	60	--	40	100
All wholesalers.....	30	30	40	100

Ten retail organizations reported buying less in the local market. Eight of them are buying more direct and two are buying more through local brokers.

About 100 of the 870 wholesalers reported changes in outlets during the past 10 years. Thirty-eight are now selling more to chains, while 28 are selling less to chains than they did 10 years ago. Sales to retailer cooperatives and voluntary groups are greater for 9 firms and smaller for 3. Seven firms are selling more to independent grocery stores and 39 are selling less to this outlet. Ten now selling more to institutional outlets, while eight sell less. Sales to local jobbers are greater for 10 firms and smaller for 15.

Four brokers have increased auction sales at the expense of private sales, while one broker and two sales agencies have moved in the opposite way. Seven firms report smaller sales to peddlers, while one reports increased sales.

Changes in Services

Only a small proportion of the wholesalers in the New York market have changed the services they perform. Twenty-nine are offering more delivery service, including more frequent service. Two provide less delivery. One is doing more prepackaging

and two are doing less. Three firms have discontinued repacking tomatoes, but one is now repacking all tomatoes and another is putting more tomatoes in consumer packages. Banana jobbers have shifted from selling bananas by the bunch to selling by the box.

Four firms are providing more assistance with merchandising and promotion. One has started advertising his own brand. One commission merchant now has a fieldman who works with shippers to help them package properly for the New York market.

Credit terms have changed little during the past 10 years. Only 8 firms report any change in terms -- all are extending credit for longer periods. Thirty-seven report granting less credit now than formerly, while two grant more. Twenty-four firms have not changed the terms, but find that collection is more difficult than it used to be.

Outlook of Wholesalers

Most New York wholesalers are doubtful about the outlook for their type of business. Twenty percent felt the outlook was good; 26 percent, fair; and 48 percent poor. Three percent said the outlook was unknown and three percent gave qualified answers. Small firms were somewhat more pessimistic than larger firms. Fifty-three percent of those with volumes under 200 carlots felt the outlook was bad, compared with 46 percent of the medium firms and 30 percent of the large firms.

Commission wholesalers, secondary wholesalers, and receiver-purveyors were the most pessimistic groups. None of them felt that the outlook was good. All of the chains were optimistic. Sixty percent of the selling brokers and 40 percent of the prepackagers and repackers were optimistic, compared with 5 percent of the jobbers (delivery), 7 percent of the jobbers, and 8 percent of the truck jobbers. Twenty-one percent of the receivers and the commission merchants said the outlook was good.

About 100 of the wholesalers in New York have considered some changes in their operations. These include:

	<u>Firms</u>
Go out of business	41
Buy more direct from shipping point	7
Change to a different type of business	19
Sell more prepackaged merchandise	2
Sell more to chains	12
Move operation to shipping point	2
Expand business volume	1
Increase business in imported goods	2
Go into production	1
Increase merchandising services	2

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APPENDIX

Territory Included in the Market

The territory we define as the New York market is the standard metropolitan consolidated area, except Suffolk County, New York. It includes New York City; Nassau, Rockland, and Westchester counties, New York; Bergen, Essex, Hudson, Middlesex, Morris, Passaic, Somerset, and Union counties, New Jersey.

Types of Firms

Brokers and agencies.--Firms that do not physically handle produce although they may arrange for handling by others.

Auction representative	Import agent
Buying broker	Importer's sales agency
Buying office	Sales agent
Cooperative sales agency	Selling broker
Carlot distributor	Shipper's sales agency
Distributor	Terminal broker
Export agent	

Retail organizations

Corporate chains:	Voluntary group
National chain	Retailer cooperative
Regional chain	
Local chain	
Local chain without warehouse	

Wholesale handlers.--Firms that physically handle produce.

Auction	Mixed-load shipper
Banana jobber	Packer-shipper
Commission importer	Prepackager
Commission merchant	Purveyor
Commission wholesaler	Receiver
Exporter	Receiver-jobber
Importer	Receiver-purveyor
Institutional grocer	Repacker
Itinerant trucker	Secondary wholesaler
Jobber	Service jobber
Jobber (delivery)	Service wholesaler
L. C. L. shipper	Truck jobber
Merchant trucker	Wholesale grocer

Definitions of Terms

Auction.--A terminal market fruit auction which is strictly a service agency, providing facilities and organization for selling and handling produce (or arranging for handling), but having no financial interest in the produce.

Auction representative.--A selling broker, more than half of whose business is in the fruit auction as a shipper's representative.

Banana jobber.--Considered a special case and classified as a jobber, even though he is usually the first receiver in the market. He ripens, cuts, and boxes bananas.

Buying broker.--Buys in less-than-carload lots in the terminal market, including the fruit auction, for out-of-town wholesalers and chains or for local retailers. May arrange for loading and shipment, but does not handle produce himself. He sometimes accepts the billing for produce (especially when buying for foreign customers, usually Canadian) but only as a convenience for the buyer.

Brokers and agencies.--Firms which do not physically handle the merchandise, although they may arrange for handling by others. They buy or sell for the account of others.

Buying office.--A salaried buyer for an out-of-town wholesaler or chain. Arranges for loading and shipment but does not handle produce himself.

Carlot distributor.--Buys and sells full carlots and takes title. He may do some brokerage business as well. Does not physically handle produce.

Commission importer.--An importer who operates on a commission basis.

Commission merchant.--A receiver who handles more than half his volume on consignment from growers or shippers.

Commission wholesaler.--A receiver-jobber who handles more than half of his volume on consignment from growers or shippers, often nearby growers.

Cooperative sales agency.--Salaried representative of a farmer cooperative in the terminal market. Does not physically handle produce.

Direct purchases from shipping point.--Purchases by the buying firm from sellers located at a shipping point.

Direct receipts from shipping point.--Receipts of produce directly from shipping point, including both direct purchases from shipping point and purchases from brokers, sales agencies, and others in the terminal market where the actual shipment is made directly to the first receiver.

Distributor.--Buys full carlots or trucklots. Sells in less-than-carload quantities to wholesalers, chains, and others. Does not physically handle the merchandise. Sells out of car, either before or after receipt. May do some brokerage business as well.

Export agent.--A broker for export sales.

Exporter.--Buys produce on his own account and ships to foreign countries or to noncontiguous areas of the United States (e.g., Alaska, Hawaii, Puerto Rico).

Firm.--In this report, a separate business operation. It does not necessarily coincide with the legal or other definition of a given firm. For example, a single corporation which had a prepackaging plant and a receiving operation would generally be treated as two firms in this report. The relationships between firms so defined are in-

licated under interfirm relationships. This definition permits us to treat different operations as single-function firms, rather than trying to treat multiple operations as a single firm which does not fit in any category.

Import agent.--A broker for imported goods.

Importer.--Imports produce from foreign countries and takes title.

Importers' sales agency.--Salaried representative of an importer (usually a banana importer) in the terminal market. Does not physically handle produce.

Institutional grocer.--A dry grocery wholesaler whose principal outlets are restaurants, hotels, or institutions.

Itinerant trucker.--A trucker who does not have a store or warehouse. Usually buys on speculation and hauls to another city where he hopes to resell at a higher price. May operate as a for-hire trucker at one time and as an itinerant trucker at another time.

Jobber.--Purchases more than half of his volume from wholesale handlers in the local market. Sells more than half of his volume to retail stores and institutional outlets. Handles the produce through his own store.

Jobber (delivery).--A jobber who delivers more than half of his volume to his customers.

L.C.L. shipper.--Buys in the terminal market and takes title. Ships less-than-carload lots to wholesalers and chainstores in other markets.

Large firms.--Those selling 500 or more carlots of produce annually.

Local chain.--A corporate chain with only one warehouse distribution area.

Local chain without warehouse.--A local chain which does not operate its own produce warehouse, although it almost always operates a dry grocery warehouse.

Market.--The standard metropolitan statistical area or, if area has not been defined, the county.

Market area.--A limited area within the market where firms are concentrated.

Medium firms.--Those selling 200 to 499 carlots of produce annually.

Merchant trucker.--A trucker who buys at shipping point or in other markets and hauls in his own truck to the terminal market where he has a store or warehouse.

Mixed load shipper.--Buys in the terminal market and takes title. Ships full loads (mostly truckloads) to wholesalers in other markets.

National chain.--The three largest chains with warehouse distribution areas over more than half of the country.

Packer-shipper.--Receives products directly from farms, packs and ships. Most such firms are, of course, located in the country, but a few are found in markets such as Los Angeles.

Produce.--Fresh fruits and vegetables.

Purveyor.--A jobber who sells more than half of his volume to hotels, restaurants, and institutions.

Receiver.--Purchases produce for own account usually in full carlots or trucklots. Direct receipts from shipping point account for more than half of his purchases. Unloads and handles produce in his own facilities, on team track, or at the terminal. More than half of his sales are to other wholesalers, chain warehouses, or processors.

Receiver-jobber.--Direct receipts from shipping point are more than half of his purchases. More than half of his sales are to retail stores and institutional outlets. Receives and handles produce in his own warehouse or store.

Receiver-purveyor.--A purveyor who receives more than half of his volume direct from shipping point.

Regional chain.--A corporate chain with two or more warehouse distribution areas.

Repacker, prepackager.--A prepackager has more than half of his volume in consumer packages. A tomato repacker ripens, sorts, and packages tomatoes.

Retailer cooperative.--A wholesale operation owned by member retailers.

Sales agent.--An independent selling agency for a wholesaler, who receives a commission on sales made for the principal. Typically a one-man operation selling for a purveyor.

Secondary wholesaler.--A wholesaler who buys from local wholesale handlers and resells to other wholesalers such as jobbers and truck jobbers. Handles the merchandise and takes title.

Selling broker.--Negotiates sales on behalf of a number of shippers, but does not take title and does not physically handle the merchandise.

Service jobber.--A service wholesaler who buys more than half of his volume from local wholesale handlers.

Service wholesaler.--A receiver-jobber who performs additional services for his customers, the retail stores, such as suggesting retail prices, training produce personnel, and assisting with advertising and merchandising.

Shipper's sales agency.--Sales office for packers and shippers in the terminal market.

Small firms.--Those selling less than 200 carlots of produce annually.

Terminal broker.--Operates like a selling broker except that he represents buyers rather than sellers, and collects his fee from the buyer.

Truck jobber.--A jobber who conducts his business from his truck. He does not sell from a store, but usually has a regular customer route, delivering on a fixed schedule.

Voluntary group.--A group of retail stores sponsored by an independent wholesale grocer.

Wholesale grocer.--A receiver-jobber or service wholesaler whose main line is dry groceries and who does not sponsor a voluntary group or retailer cooperative.

Wholesale handlers.--Firms which physically handle the merchandise.

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