

COMMERCIAL VEGETABLE MARKETING IN KENTUCKY - 1958

(Nine Selected Local Assembly Markets)

By Willard H. Minton  
Department of Agricultural Economics

The following nine local vegetable assembly markets serving Kentucky were the basis for this report: (A)<sup>1</sup>Cincinnati Produce Growers Association, Cincinnati, Ohio; (B) Dix River Produce Growers Association, Stanford, Ky.; (C) Cumberland Strawberry Growers Association, Somerset, Ky.; (C') Growers Exchange, Inc., Somerset, Ky.; (D) Trimble County Growers Association, Bedford, Ky.; (E) Grayson County Sweet Corn Producers Cooperative Marketing Association, Leitchfield, Ky.; (F) Edmonston Growers Cooperative Association, Brownsville, Ky.; (G) Franklin Fruit Market, Franklin, Ky.; and (H) Central Produce Company, Princeton, Ky. These assembly markets were made up of six cooperatives and three independents. Fig. 1 shows, in general, the production areas serviced by these local assembly markets. The information and data presented in this report were obtained by visiting the managers or sales personnel of each of the nine local assembly markets.

Varying degrees of relations between an assembly market and its producers of commercial vegetables were noted among the nine local assembly markets. One extreme was providing a selling market for produce delivered to it, with little promotion or supervision within the area. The other extreme included high promotion, contracts with growers, supervision, some financing during the production period, and providing some of the services required during production. The latter appears to be the present trend in the commercial vegetable industry in Kentucky. This system has merit in that it should lead a more efficient and more orderly marketing system.

The year 1958 showed an added interest in commercial vegetables in Kentucky. This was evidenced by a new area, the Grayson area, producing and marketing sweet corn for the first time in 1958. Further, a subdivision within the Cumberland area, composed of Pulaski and Wayne counties, produced and marketed green beans on a much accelerated scale in 1958. Too, some of the older areas increased their production and marketing of commercial vegetables in 1958.

Produce sold by the nine local markets in 1958, in their order of gross value, were sweet corn, green beans, tomatoes, cabbage, green peppers, and cucumbers. Compared with 1957, in relation to gross value, sweet corn moved from second place to first place, green beans from third place to second place, tomatoes dropped from first place to third place, and the latter three remained in their same order. Sales of vegetables through these nine local assembly markets in 1958 were primarily to the fresh market; hence, 75 percent of the dollar volume went into fresh market channels. The remaining 25 percent went to processing. The gross value of the above-mentioned vegetables was about \$376,000 in 1958, a \$82,000 increase over 1957.

---

<sup>1</sup>This lettering corresponds to the lettering on the map in Fig. 1.

The ills associated with a new endeavor have, by no means, bypassed the commercial vegetable industry in Kentucky. Commercial vegetables are by nature highly perishable products that must be moved within a very limited time period to retain their quality. The local markets in Kentucky have been plagued with the difficulty of assembling enough produce in a given day to justify transportation to a distant consuming market. At times, produce has been held over with quality sacrificed for quantity.

The quality and quantity problems of the local assembly markets are probably the crux of their major difficulties. Because of the very nature of the industry, both must be present over a given marketing time period if the operations are to be successful. Chainstore buyers have recently indicated that they are willing to buy local produce in season, providing their quality standards and quantity requirements can be met. Of course, their buying practices are on a division or area basis and not by individual stores. The producers stand to realize more net income per unit if the local assembly markets are in a position to deal directly with these buyers.

These nine local markets serving Kentucky farmers in 1958 showed different average per unit returns and different average per unit local market costs for the same product. A part of these differences can be explained by the volumes of the produce handled. As an example, transportation costs are usually a fixed amount per mile in relation to size of vehicle. If the cost of a truck for a given trip is \$50, then the per unit costs for a 50-unit quantity and a 100-unit quantity would be \$1 and \$.50 respectively. The transportation cost is twice as much in one case as in the other and has a direct bearing on the returns to the farmer. As another example, certain costs, such as real estate costs, must be met each year, regardless of the quantity handled. If a local assembly market's fixed real estate cost is \$5,000 per year, then the per unit cost for a 50,000 package quantity and a 100,000 package quantity would be 10 cents and 5 cents, respectively. Again, the per unit cost would be twice as much in one case as in the other, and it has a direct bearing on the returns to the farmer.

The remainder of the report will be devoted to looking at each of the major vegetables marketed. The discussion of each includes the volume of sales, total take-home money to the farmers, average take-home prices, and cost of marketing. Table 1 makes some comparisons on a gross basis between the years 1957 and 1958.

LEGEND:

TOMATOES-----A, B, C, D, F\*

GREEN BEANS--A, B, C, C', H

SWEET PEPPERS--A, F, H

SWEET CORN - E, G, H

CABBAGE -----A, G, H

CUCUMBERS-----A, C

\* Letters indicate local assembly markets that sold each vegetable commercially.

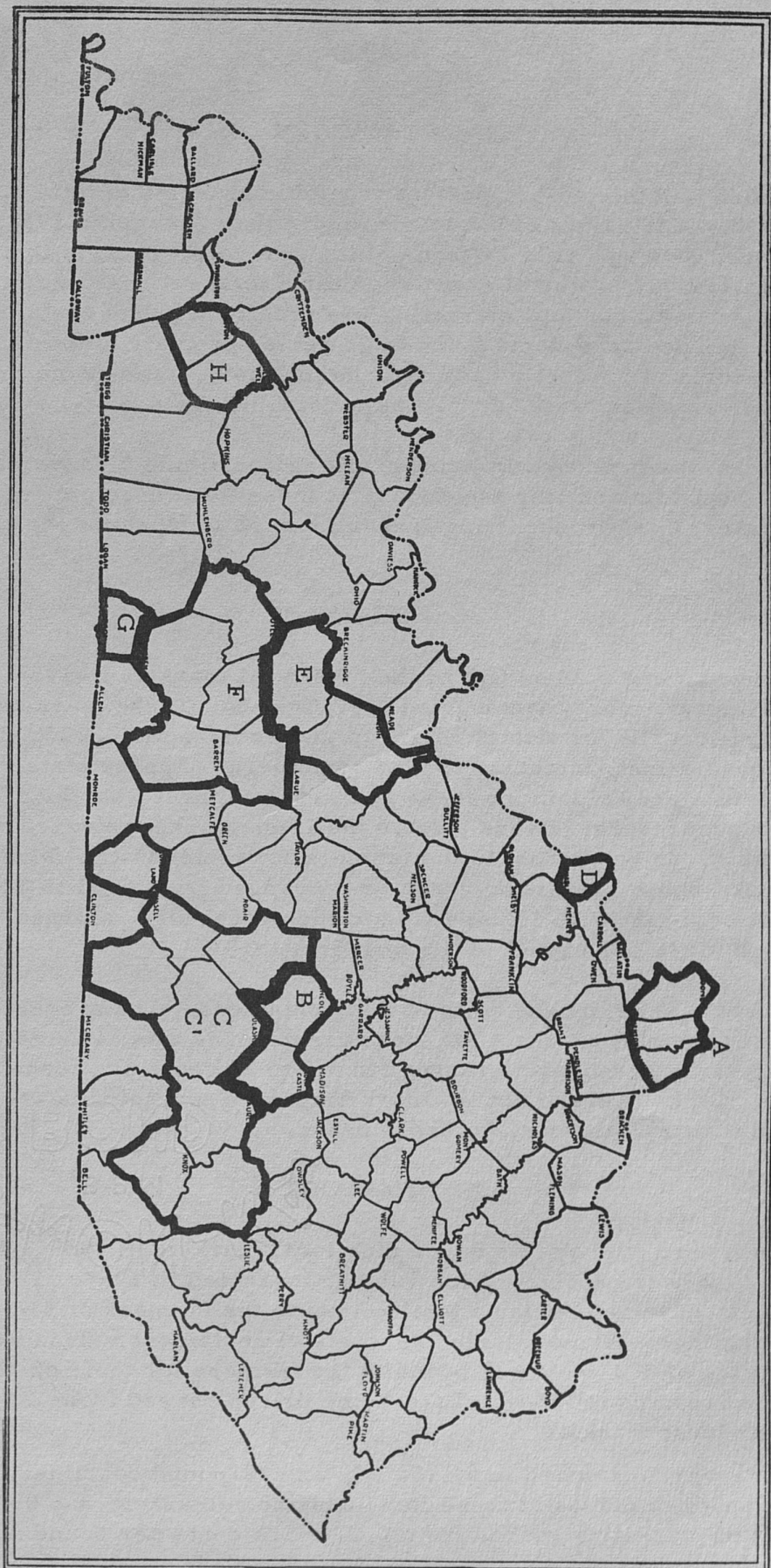


Fig. 1. - Nine commercial vegetable areas in Kentucky - 1958.

### SWEET CORN

Sweet corn was the most important vegetable in terms of total take-home money in 1958. Marketings of sweet corn more than doubled in 1958 as compared to 1957. Sweet corn was sold by three of the nine local markets in 1958. These markets sold 134,037 crates of sweet corn for a total return to the farmers of \$104,222.92 after all costs of marketing were met, including costs of containers. This was an average take-home price of 78 cents per crate to the farmers for their on-the-farm costs of production and returns to labor. Take-home prices ranged from 61 to 80 cents per crate, according to local markets.

Sweet corn was marketed in wooden crates containing 5 dozen ears per crate. The average cost of marketing sweet corn at these local assembly markets was 45 cents per crate. Cost of marketing ranged from 38 to 60 cents per crate according to local markets.

### GREEN BEANS

Green beans were sold by five of the nine local markets in 1958. Marketings of green beans in 1958 more than doubled 1957 figures. These markets sold 55,393 bushels of green beans for a total return to the farmers of \$80,576.98 after all costs of marketing were met, including cost of containers. Approximately one-fourth of the green beans were sold on the fresh market, and three-fourths of the green beans were sold to processors. Beans sold on the fresh market returned an average take-home price of \$1.38 per bushel to the farmers for their on-the-farm costs and returns to labor. Take-home prices for green beans ranged from \$.71 to \$2.08 per bushel according to local markets. Beans sold to the processors returned an average take-home price of \$1.48 per bushel to the farmers.

Green beans were marketed in bushel containers. The average cost of marketing at these local assembly markets for fresh green beans was 11 cents per bushel. Cost of marketing fresh green beans ranged from 5 to 20 cents per bushel according to local markets. The average cost of marketing for processing beans was 5 cents per bushel, less than half the cost for fresh beans.

### TOMATOES

Tomatoes were sold by five of the nine local markets in 1958. Marketings of tomatoes in 1958 were about half the volume marketed in 1957. These markets sold 702,452 pounds of tomatoes for a total return to the farmers of \$37,101.05 after all costs of marketing were met, including costs of containers. This was an average take-home price of 5.3 cents per pound to the farmers for their on-the-farm cost of production and returns to labor. Take-home prices ranged from 2.8 to 6.8 cents per pound, by local markets.

Tomatoes were marketed in 8, 10, 20, and 30-pound containers. The average cost of marketing tomatoes at these local assembly markets was 0.7 cents per pound. Cost of marketing ranged from 0.2 to 1.3 cents per pound according to local markets.

## CABBAGE

Cabbage was sold by three of the nine local markets in 1958. Marketings of cabbage in 1958 were about 10 percent more than the volume marketed in 1957. These markets sold 670,050 pounds of cabbage for a total return to the farmers of \$7,520.35 after all costs of marketing were met, including cost of containers. Both red and green cabbage were marketed. Green cabbage returned an average take-home price of 1.1 cents per pound to the farmers for their on-the-farm costs of production and returns to labor. Red cabbage returned an average take-home price of 2 cents per pound to the farmers for their on-the-farm costs of production and returns to labor.

Cabbage was marketed in 50-pound crates and 50-pound bags. The average cost of marketing at these local assembly markets for cabbage was 0.14 cent per pound.

## SWEET PEPPERS

Sweet peppers were marketed by three of the nine local markets in 1958. Marketings of sweet pepper in 1958 were about 30 percent less than the volume marketed in 1957. These markets sold 3,709 bushels of green peppers for a total return to the farmers of \$5,272.89 after all costs of marketing were met, including cost of containers. This was an average take-home price of \$1.42 cents per bushel to the farmers for their on-the-farm costs of production and returns to labor. Take-home prices ranged from \$.95 to \$1.45 per bushel, by local markets.

Sweet peppers were marketed in bushel basket containers. The average cost of marketing at the local assembly markets was 7 cents per bushel. Cost of marketing ranged from 6 to 15 cents per bushel, by local markets.

## CUCUMBERS

Cucumbers were marketed by two of the nine local markets in 1958. Marketings of cucumbers in 1958 were four times the volume marketed in 1957. These markets sold 2,532 bushels of cucumbers for a total return to the farmers of \$2,837.75 after all costs of marketing were met, including cost of containers. This was an average take-home price of \$1.12 cents per bushel to the farmers for their on-the-farm costs of production and returns to labor.

Cucumbers were marketed in bushel basket containers. The average cost of marketing cucumbers at these local assembly markets was 6 cents per bushel.

TABLE 1 - Commercial Vegetable Marketings in Kentucky in 1957 and 1958  
(Selected Local Assembly Markets)

	Volume	Gross Value (Dollars)	Gross Average	Marketing Cost (Average)
<b>Sweet Corn</b>				
1957	60,934 crates	124,005	\$2.04/crate	76¢/crate
1958	134,037 crates	215,417	\$1.61/crate	45¢/crate
<b>Green Beans</b>				
Fresh				
1957	12,462 bushels	26,653	\$2.14/bushel	12¢/bushel
1958	13,049 bushels	23,010	\$1.76/bushel	11¢/bushel
Process				
1957	11,980 bushels	19,710	\$1.65/bushel	36¢/bushel
1958	42,334 bushels	64,720	\$1.53/bushel	5¢/bushel
<b>Tomatoes</b>				
1957	1,312,820 pounds	100,554	7.7¢/pound	1¢/pound
1958	702,452 pounds	51,122	7.3¢/pound	0.7¢/pound
<b>Cabbage</b>				
Green				
1957	594,440 pounds	13,650	2.3¢/pound	.18¢/pound
1958	658,100 pounds	12,305	1.9¢/pound	.14¢/pound
Red				
1957	None			
1958	11,950 pounds	313	2.6¢/pound	.12¢/pound
<b>Sweet Pepper</b>				
1957	5,337 bushels	8,166	\$1.53/bushel	6¢/bushel
1958	3,709 bushels	6,104	\$1.65/bushel	7¢/bushel
<b>Cucumbers</b>				
1957	625 bushels	1,191	\$1.91/bushel	7¢/bushel
1958	2,532 bushels	3,375	\$1.34/bushel	6¢/bushel