

STRAWBERRY MARKETING IN KENTUCKY - 1959

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Fourteen local strawberry assembly markets served Kentucky farmers in 1959. These 14 markets were: (1) Cincinnati Produce Growers Association, Cincinnati, Ohio; (2) Cumberland Strawberry Growers Association, Somerset, Ky.; (3) East Kentucky Strawberry Growers Association, Paintsville, Ky.; (4) Edmonson Growers Cooperative Association, Brownsville, Ky.; (5) Fern Creek Strawberry Growers, Fern Creek, Ky.; (6) Hunt's Strawberry Franklin, Ky.; (7) Green River Growers Association, Greenville, Ky.; (8) Independent Strawberry Growers Cooperative Association, Bowling Green, Ky.; (9) Kentucky Growers Strawberry Association, Somerset, Ky.; (10) Kentucky Mountain Growers Cooperative Association, Morehead, Ky.; (11) Logan County Fruit and Vegetable Market, Russellville, Ky.; (12) McCracken County Strawberry Growers Association, Paducah, Ky.; (13) Oakland Strawberry Growers Association, Oakland, Ky.; and (14) Trimble County Growers Association, Bedford, Ky. Of these markets 10 are cooperatives and 4 are independents. Nine of these local markets provided for the sale of fresh market berries only. Five of the markets, (2), (6), (9), (11), and (12), provided for the sale of processing berries in addition to fresh market berries.

Approximately 30,000, 16-quart crates (includes 24-quart sales converted to a 16-quart equivalent) were sold through these markets as fresh berries in 1959. The grades for the berries by percentages were as follows: 79 percent U. S. No. I, 18 percent U. S. No. II, and 3 percent Unclassified.

All marketing costs and cost of crates were accounted for to give the grower a take-home price for fresh berries. The average take-home price for berries sold in 16-quart crates was \$3.53 with a range of \$1.87 to \$4.97 for local markets within the state. The average take-home price for berries sold in 24-quart crates was \$4.95 with a range of \$3.42 to \$5.91 for local markets within the state. Table I shows a breakdown by crate size and grades for strawberry marketing in 1959.

The marketing cost at the local assembly market level for 16-quart crates averaged 27.4 cents per crate with a range of 12.2 cents to 59.0 cents per crate for local markets within the state. The average local assembly marketing cost for 24-quart crates was 53.3 cents per crate with a range of 14.6 cents to 89.7 cents for local markets within the state.

TABLE 1 -  
 FRESH STRAWBERRY MARKETING IN KENTUCKY, 1959, BY CRATE SIZE AND GRADE  
 (14 LOCAL ASSEMBLY MARKETS)

| Grade                  | Volume<br>(Crates) | Gross Value<br>(FOB Dollars) | Gross Average<br>(Per Crate) | Market Cost*<br>(Average Per Crate) | Return to Farmer<br>(Cents Per Quart) |
|------------------------|--------------------|------------------------------|------------------------------|-------------------------------------|---------------------------------------|
| <u>16 Quart Crates</u> |                    |                              |                              |                                     |                                       |
| No. I                  | 21, 850            | 104, 957                     | \$4. 80                      | \$1. 05                             | 23. 4                                 |
| No. II                 | 4, 741             | 17, 536                      | 3. 70                        | 1. 06                               | 16. 5                                 |
| Unclas-<br>sified      | 242                | 697                          | 2. 88                        | 1. 15                               | 10. 8                                 |
| Total                  | 26, 833            | 123, 190                     | 4. 59                        | 1. 06                               | 22. 1                                 |
| <u>24 Quart Crates</u> |                    |                              |                              |                                     |                                       |
| No. I                  | 1, 356             | 9, 464                       | 6. 98                        | 1. 45                               | 23. 0                                 |
| No. II                 | 358                | 1, 975                       | 5. 52                        | 1. 45                               | 17. 0                                 |
| Unclas-<br>sified      | 263                | 1, 240                       | 4. 71                        | 1. 55                               | 13. 2                                 |
| Total                  | 1, 977             | 12, 679                      | 6. 41                        | 1. 46                               | 20. 6                                 |

\*Includes cost of crates.

The strawberry industry in Kentucky has made a decided shift from the use of the 24-quart crate to the use of the 16-quart crate as a shipping container. In 1956, 10 percent of the berries for the fresh market were packed in 16-quart crates, while in 1959, 90 percent of the berries for the fresh market were packed in 16-quart crates.

Processing outlets used by Kentucky farmers in 1959 were: (1) Abbott Processors, Bedford, Ky.; (2) Bryer Ice Cream Company, Celina and Livingston, Tenn.; (3) Colonial Frozen Foods, Franklin, Ky.; (4) Cumberland Frozen Foods, London, Ky.; and (5) Frost King Foods, Paducah, Ky. These plants bought berries direct from the farmers at their plants. In addition, some of them maintained assembly or pickup points in outlying areas, and others bought from those fresh markets that handled processing berries.

Kentucky strawberries that went to these processing plants amounted to 1,374,000 pounds in 1959. The average take-home price was 13.7 cents per pound, with a range of 11.2 cents to 14.5 cents for individual markets. The handling cost for processing berries averaged about one cent a pound. When this price was converted to a 16-quart crate (fresh equivalent), a \$2.74 per crate take-home price was noted.

Kentucky farmers are tending to show a preference for the processing market as an outlet for their berries. Of the various volumes handled by the formal markets used by Kentucky farmers, 34 percent went to the processing market in 1957, 60 percent in 1958, and 70 percent in 1959. Probably the influencing factor has been that farmers receive their money for processing berries the same day of delivery or at least by the following day. This has enabled the farmer to meet his out-of-pocket harvesting cost.

However, local markets handling fresh berries are getting away from the old practice of paying farmers at the end of the season and are working toward a cash market. Some of the local markets are selling their berries to buyers at the shed, and they are paying their farmers by the following day. Others are advancing money to the farmers to take care of out-of-pocket picking expenses, and some of the markets are providing crates on a credit basis to the farmers. Where these practices are carried out, farmers should consider the fresh market along with the processing market as an outlet for their berries. Table II shows a summary of strawberry marketing in Kentucky for the years 1957-59 with a comparison between fresh market sales and processing market sales. The figures indicate a higher return to the farmer from fresh market sales than from processing market sales.

Within the past year more emphasis has been placed on contracts between the assembly market and the producer in the strawberry industry in Kentucky, with the idea that strawberry units ought to be larger in terms of acres and that acreage ought to be more concentrated in an area. This type of arrangement has merit in that more supervision can be had during the life of a strawberry

TABLE 2 -  
 COMPARISONS BETWEEN FRESH MARKET SALES AND PROCESSING SALES IN KENTUCKY 1957-59  
 (AIL BERRIES CONVERTED TO 16 QUART CRATE EQUIVALENT)

|              | Volume<br>(Crates) | Gross Value<br>(FOB Dollars) | Gross Average<br>(Per Crate) | Market Cost*<br>(Average Per Crate) | Return to Farmer<br>(Cents Per Quart) | Per # Net |
|--------------|--------------------|------------------------------|------------------------------|-------------------------------------|---------------------------------------|-----------|
|              |                    |                              | <u>1957</u>                  |                                     |                                       |           |
| Fresh Market | 231,936            | 795,758                      | \$3.43                       | \$ .96                              | 15.4                                  | 12.4      |
| Processing   | 118,111            | 255,854                      | 2.17                         | .14                                 | 12.7                                  | 10.2      |
| Total        | 350,047            | 1,051,612                    | 3.00                         | .68                                 | 14.5                                  | 11.6      |
|              |                    |                              | <u>1958</u>                  |                                     |                                       |           |
| Fresh Market | 130,114            | 503,114                      | 3.87                         | .94                                 | 18.3                                  | 14.7      |
| Processing   | 203,408            | 531,047                      | 2.61                         | .20                                 | 15.1                                  | 12.1      |
| Total        | 333,522            | 1,034,161                    | 3.10                         | .48                                 | 16.4                                  | 13.1      |
|              |                    |                              | <u>1959</u>                  |                                     |                                       |           |
| Fresh Market | 29,799             | 135,869                      | 4.56                         | 1.04                                | 22.0                                  | 17.6      |
| Processing   | 68,709             | 202,544                      | 2.94                         | .20                                 | 17.1                                  | 13.7      |
| Total        | 98,508             | 338,413                      | 3.44                         | .46                                 | 18.6                                  | 14.9      |

\*Includes cost of crates for fresh market and total.

plot, the use of special machinery on a custom basis can be justified, labor crews can be better utilized at harvesting time, and a nucleus for the planning and operation of the local assembly market can be attained.

The most recent year for high strawberry prices in Kentucky was 1954. This price incentive caused farmers to increase strawberry settings, and by 1956 Kentucky had 6,200 harvested acres, the greatest number of harvested acres since 1940. Much of this increased acreage was in areas and grown by farmers who had little or no experience in commercial strawberry production. Prices for strawberries began to drop in 1955 and reached a low point in 1957. These farmers felt there was no money in strawberries, and they made fewer new settings and neglected cultivation and spray programs for their established patches. Acreage in Kentucky has steadily dropped since 1956 to an indicated 1,700 harvested acres in 1960.

Prices for strawberries have been increasing since 1957. New strawberry acreage since 1956 has been less than old acreage that was abandoned. Indications are that new settings in 1960 will be large enough to begin offsetting the latest downward trend in strawberry acreage.

The volume of strawberries handled by the formal outlets serving Kentucky farmers showed a 5 percent decrease from 1957 to 1958. A volume decrease of 70 percent was noted from 1958 to 1959. The decrease in volume has lessened the need for the number of assembly markets and has caused arrangements to be made among some of the assembly markets for marketing their berries. There were 18 local assembly markets in 1957, 17 local assembly markets in 1958, and 14 local assembly markets in 1959. One of the 14 local assembly markets in 1959 operated only four days. Lack of volume caused it to close. In two cases, two markets located close by shipped and sold their berries together. In another area, three markets shipped and sold their berries together.