Potential Pricing for Locally Grown Produce in the Extended Season

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Introduction

A short growing season and small market size are considered direct marketing obstacles for small farms engaging in consumer-direct sales. Extending the growing and marketing seasons enhances the opportunity for small farmers to successfully increase their incomes (Getz, 1991). By highlighting a recent study conducted with produce vendors and farmers’ market managers, this factsheet provides information on viable season extension techniques and pricing strategy options for small farmers.

The price of produce decreases when available supply increases, especially in the early growing season (Goodwin et al., 1988; Huang et al., 2006). The proper implementation of season extension techniques may improve pricing of certain produce normally out of season. This factsheet aims to provide pricing estimates for extended season produce and inform producers and farmers’ market managers of potential produce options in an extended season.

Overview

A total of 57 producer and 18 farmers’ market managers in Idaho, Nevada and Utah were surveyed in 2011. The survey found that a majority of local grower respondents own a small farm, with 54% working on one acre or less. However, 60% of these growers reported having 3 or more years of direct marketing experience, while 37% percent reported 3 years or less of direct marketing experience. While 33% of the local growers surveyed reported no use of seasonal extension techniques, those who do use seasonal extension techniques utilized frost cloths (42%) and a plastic covers (31%). Figure 1 shows the breakdown of techniques currently employed.
Farmers’ market managers reported that 80% of their markets use 50 vendors or less and that 68% of markets were open for less than 6 months, with only 5% open for 7 months or longer.

Price Prediction for Produce Offered in an Extended Season

The decision to extend the marketing season depends on the availability and profitability of extended season growing techniques. Both local growers (39%) and market managers (52%) were receptive to seasonal extension plans; however, the cost of moving a market indoors during inclement weather was shown to be a major barrier. Both the price (67%) and availability (44%) of an indoor venue were reported as challenges.

The potential pricing of eight produce items prior to and post normal season were based on actual pricing data collected at farmers’ markets in Utah and Colorado in the 2011 summer season. Eight items were selected: tomatoes, cucumbers, summer squash, potatoes, herbs, greens, carrots, and green peppers. Applying an econometric forecasting model, pricing trends for the eight produce items evaluated are illustrated in Figures 2-9.

Tomatoes are commonly found in direct markets, and their price and growing techniques have been used for seasonal extension studies (Huang et al., 2006; Donell et al., 2011). The forecasting model illustrates that the predicted price for tomatoes is $6.50 per pound in the early season, slowly decreasing to under $3 per pound as the season continues, which is consistent with the results of other studies (Huang and Lin, 2006).

For cucumbers, preferred by growers in an extended season, the forecasted price is $2 per pound in June, gradually decreasing to less than $1 per pound by November. Since tomatoes and cucumbers are warm season crops, the steeper decrease could be attributed to consumer perceptions, the large increase in supply, and the potential decrease in quality.

Summer squash received a 30% response rate from local producers as an extended season crop. A common warm season crop, summer squash prices tend to increase throughout the season from $0.71 to $0.85 each. This price change is minimal compared to cucumbers and tomatoes, which may suggest a relatively constant supply as the season continues.
Potatoes can be harvested throughout various growing seasons and can be easily stored. Harvesting fresh potatoes partially depends on local market demands and local wholesaler supply. The forecasted price for potatoes was found to increase approximately 25% from the beginning of the harvest season ($2 per pound) through December ($2.50 per pound).

Carrots were favored by both growers and market managers as a viable season extension option (40%). Carrots are sold exclusively per bunch at direct markets. Estimated pricing for carrots can be difficult because local growers package carrots differently and carrots can be harvested at various sizes throughout the season. Forecasts show that as carrots mature and bundle size increases, carrot prices increase. The approximate price for carrots is $2.5 per bundle in early months increasing to $3.5 per bundle by December.

Market managers and producers showed a preference for greens in an extended season (45%). Greens present a seasonal price fluctuation similar to carrots and herbs. Popular green products, such as spinach, cabbage, or other head vegetables (i.e., cauliflower, broccoli), are commonly sold in packages or individually so that package size vary. The forecast shows high variability in the beginning months then stable prices throughout the rest of the season with a predicted price of $3.5 per package.
The price of green peppers is almost constant throughout the season according to the forecasts. Local growers should base pepper price on the estimate of $2.40 per lb.

There are a few disadvantages associated with season extension, such as additional production costs, increased management demands, the cost of attending extended season outlets, and increased risk of crop failure (Pool, 2010). The potential production costs and returns associated with an extended growing season and market varies by many factors such as the extent of the farm landscape, types of produce, farming skills, sale volume, and marketing techniques.

**Season Extension Techniques**

Potential advantages of an extended production season for local producers include higher productivity and income, higher prices at times of the year when other produce is not available, and a gain in customers. In addition, the plausible benefits of seasonal extension techniques may also result in higher yields and better product quality (Pool, 2010). A high tunnel or hoop house appears to be favored according to many profitability analyses (Gatzke et al., 2009; Ward, 2010), although only 29% of the survey respondents were using this technique. High tunnels or hoop houses help control temperature and pests, allow for early planting, and extend the growing season by two to three months.

Predicted prices were forecasted for eight produce items using pricing data collected at farmers’ markets in Utah and Colorado. As a result, we see higher pricing provided in the pre and early season for most produce. Hence, the ability to provide products earlier will most benefit producers. Late season and post season pricing remains strong at late season price averages for most products, with the exception of cucumbers. Potatoes and carrots show good potential for price premiums post season.
References


