

They Chose to Fight

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The buzz word in agriculture today is “alternatives,” most often translated to mean new crops or enterprises. If farmers aren’t making a profit at what they’re producing, then switch to something else. This may be the appropriate decision for many producers, but too often the questions “What’s wrong with what we’re producing?” and “How can we do it better to compete more effectively or reach new markets?” are not addressed vigorously enough. Sometimes we are too quick to abandon enterprises in which we have developed skills in favor of something that seems to offer better profit opportunities. Before we switch, we should consider being more competitive and finding new markets for what we know how to produce.

Call it market penetration or market development or market expansion, but it means taking a share of the market away from others when we learn to be more competitive. It means making the best use of the resources we have to penetrate markets already served by others. It means making changes in what we are now doing, rather than changing to unfamiliar enterprises that present new and different problems. It means fighting rather than switching.

Fruit and Vegetable Farmers Face Problem

This was the choice facing farmers in Lackawanna County, PA, long before marketing became a national issue in agriculture. Thirty years ago fruits and

vegetables were produced on nearly every farm in the county along with small grains, hay, livestock, and dairy—typical of agriculture in northeastern Pennsylvania. All of the small grains and hay were fed to livestock and dairy cattle, but the fruits and vegetables were sold to wholesale produce buyers chiefly in Scranton and Wilkes-Barre but also at terminal markets in New York and Philadelphia.

The principal vegetable crops grown were tomatoes, sweet corn, cabbage, and peppers. Much of the tomato crop was sold mature green to brokers from Florida who would grade them locally for repackers in the major cities on the East Coast.

An early sign of change was the suburbanization of rural areas in the county caused by the migration of young families from Scranton in the 1950’s and 1960’s. Considering a population of 80,000 in Scranton and 225,000 in Lackawanna County, changing land uses were inevitable. In addition, urban renewal in Scranton eliminated the “wholesale block” of markets and with it nearly all the buyers. Also during these years supermarkets expanded, selling 60 percent of away-from-home food purchases. Product assembly was through company warehouses, eliminating local farm-to-store markets.

The mature green tomato profits began to shrink as local growers paid the brokers grading and packing costs that cut sharply into their returns. California growers became more competitive in Eastern markets with

the help of cheaper transportation and a massive Federal interstate highway program in the 1960's.

Because of the increasing pressures from land use, the loss of wholesale markets, and disappearing profits from mature green tomatoes, local farmers had to make some choices between fighting or switching long before national dietary habits began favoring fruits and vegetables or retail marketing was a standard topic at winter farm meetings.

Solutions

Producers of fruits and vegetables had tough choices. They could get bigger and try to penetrate wholesale markets in metropolitan areas, or produce a variety of crops and penetrate retail markets without increasing in size. Entering wholesale markets meant crop specialization and large volume. Retail markets required diverse crops and all the marketing services to consumers provided by the supermarket chains.

Of course, the choice for some was leaving commercial agriculture, selling the land for commercial or residential development, or finding off-farm employment.

First Retail Markets

The fruit and vegetable growers who made the first move were those who saw the retail marketing opportunity near a large population center such as Scranton, while recognizing the trend toward consumer services provided by the supermarkets. Growers knew they would have to go to the consumer rather than expect the consumer to come to the farm. A few of the more daring producers in the 1950's tested the waters with curbside markets in Scranton, parking on any street that the city would let them use at hours when they would not interfere with traffic. Quickly they saw the

need to concentrate farmers in one area to offer consumers a wider selection of products, regular hours, a permanent location, and parking space.

These were the days before downtown businesses recognized the appeal of farm markets, and municipalities had no interest in subsidizing the effort by providing space or facilities. So growers rented vacant land from the city, the school district, or private owners, and the market expanded with more producers and more customers. The location of the market was still at the mercy of the landowner and kept changing every few years.

Cooperative Formed

At this point the need for a permanent location was widely recognized, and the Cooperative Farmers Night Market was organized and incorporated to purchase 4 acres of land in the heart of Scranton. The deal was financed with certificates of indebtedness purchased by the farmers and paid off over 15 years. Buildings were constructed to shelter producers and their customers. Even a food booth was included where nonprofit organizations provided hot meals for customers for fund-raising projects.

Marketing experience had shown that best customer response was on Monday, Wednesday, and Friday from 2 to 8 p.m. This provided shopping opportunities in the afternoon for homemakers, on the way home from work for employees, and in the evening for the entire family.

Cooperative Marketing

As their marketing skills developed, the cooperative members produced a wider diversity of crops (sweet corn, cabbage, broccoli, melons) and products, offering them in a range of

quantities and packages to meet the needs of one couple for one meal or large amounts for canning and freezing. Many began to sell jams and relishes made from their fruits and vegetables. Product lines expanded to include flowers, honey, meats, and even home-made pastries.

Members have become adept at promotion and advertising, using all the media available in a metropolitan market. In recent years, billboards have been added to supplement newspaper, radio, and television, along with special "customer appreciation" nights when consumers can sample farm products.

Today the uniqueness of the market is that the members own the physical facilities and pay their own taxes, insurance, and advertising. They regulate the market operation and insist, as they have from the start, that members sell only what they themselves produce. This strategy eliminates other participants in a marketing system so that all revenues from retail sales go to the producer. Under the leadership of J. Wilfred Richards, who has been president of the cooperative for 15 years, the market has provided the opportunity for farmers who did not expand production to stay in agriculture and enjoy an adequate income from limited resources by meeting the desires of the last link in the marketing chain—the consumer.

The Mature Green Tomato Industry

This industry was slower to change. Acreage declined steadily as growers chose dairying, retail sales, or leaving agriculture. A crop produced on 1,000 acres in the 1950's shrank to one-tenth of that by the 1970's. The only remaining producers were those few with the skill and foresight to pack their own tomatoes. Cheap transportation for California tomatoes had

taken its toll and beaten us in our own markets. There wasn't much left to save and little time to save it if mature green tomato production was to survive in Lackawanna County.

Although we were within a day's drive of a third of the Nation's population—an advantage that should have guaranteed profits—the marketing system had changed and we had lost our markets because we didn't stay competitive. To penetrate wholesale markets, radical changes were required.

Energy Crisis Fuels Rebuilding

The energy crisis of the 1970's, when diesel fuel prices increased 114 percent between 1976 and 1980, helped growers decide to rebuild the mature green tomato industry. Two-thirds of that increase occurred after June 1979, and that's when we felt that the comparative advantage might be in our favor. We reasoned that continuing increases in fuel costs would raise costs for California considerably in Eastern markets.

We knew that California had a reputation for providing the best product in Eastern markets and that penetration would be difficult. We also knew that the technology for mature green tomato production in other areas was not entirely transferable to Pennsylvania, and we would have to do our own research and development. But we felt we had the skills, soils, and climate needed to grow quality mature green tomatoes.

Although mature green tomatoes had been grown in Lackawanna County for many years, an evaluation of the production methods indicated that changes would be needed to lower costs, since some of the practices were borrowed from other States without testing in Pennsylvania. As a result, everything, including varieties, fertilization, plant density, pest control, rotations, and soil management, was evaluated to find the most profit-

able method for local conditions. Profits became the only goal, and every practice had to pass the test.

Production Changes

The variety grown almost exclusively in 1980 for eastern mature green tomato markets was too small to be profitable locally, since tomatoes are priced on size as well as grade. Extension variety demonstrations provided larger tomatoes with acceptable quality and higher profits. After some resistance, buyers finally were convinced that newer could be better.

Fertilization provided the most radical change in production practices. Using research results from Pennsylvania State University, a program was developed and tested. It showed that the previously recommended amount of fertilizer could be cut in half if calcium and magnesium levels were adequate and all the fertilizer was placed in bands at planting time.

Similarly, the effect of plant density was checked. Two years of research showed that the number of plants per

acre could economically be increased threefold over the old standard, getting increased production per acre with the same amount of fertilizer.

With available land limited, soil management practices and rotation were critical. Old rotations—planting hay and grains in the fall after the tomatoes were harvested—became unprofitable on rented land. But the “living mulch” (sod-forming crops of annual or perennial grasses grown with the tomatoes) developed by Extension allowed tomatoes every other year on the same field while controlling diseases, maintaining soil condition, controlling soil erosion, conserving nutrients, and suppressing weeds.

Band spraying the plants with pesticides where control was needed, and not the soil, saved up to 30 percent in pesticide use; this practice cut costs and was environmentally sound.

These are but a few examples of the many changes in production practices that made local growers more competitive at current market prices.



Secretary of Agriculture Richard E. Lyng, left, buys fresh sweet corn at the Cooperative Farmers Night Market in Scranton, PA, from Roy Thompson, a charter member of the cooperative. With Secretary Lyng is Keith Eckel, president of the Pennsylvania Farmers Association. (Ike Refice)

Because of a growing season much shorter than most other production areas, which often allowed only one picking, we had to devise methods for reducing costs per box, rather than being driven by yield per acre. We eliminated some practices used in other areas that were not cost effective for us.

Harvesting and Packing Methods Improved

As with production practices, harvesting and packing methods were changed to improve efficiency. The old field crates used in the past were replaced by 18-bushel bulk bins or gondolas that hold 10 tons of tomatoes, usually made of fiberglass. Chlorinated water dumps were added at the packing house to minimize damage and to control soft rot organisms on the fruit. Automatic box fillers speeded up the packing to 1,200 boxes an hour in some houses. Handling efficiency was improved by using pallets and fork lifts. Glue was used instead of plastic bands to hold 80 boxes on a pallet, and trailer capacity increased from 1,400 boxes to 1,700 boxes.

To stay competitive, all the marketing services and conveniences expected by the buyers were included. Salespeople familiar with the mature green tomato market were hired to seek out new buyers and get the best prices. Growers provided seasonal farmworker housing, and labor contractors provided the crews and supervised the harvests. Truck brokers were contacted to provide transportation anywhere in the country for the tomatoes sold f.o.b. (free on board) at the packing house. As the acreage increased, grounds buyers (who go to the packing house to buy) were attracted and are now a permanent part of the marketing scene in Lackawanna County from August to October.

Need for Records

From the beginning of the effort to resurrect the mature green tomato industry in the late 1970's, it was apparent that a practical recordkeeping system was needed so growers, individually and collectively, could evaluate their performance in production, harvesting, packing, and marketing. Profitability was the criterion for every practice, and the only way to determine profitability was with good records. The problem was that the pace of work growing and marketing the crop never allowed enough time for recordkeeping. In addition, the need for records was not apparent to the growers who had not used them for business analysis in the past. Profit and loss were only a matter of how much money was left after the bills were paid.

The answer was computer programs easy enough for growers to use and fast enough to provide answers while there was still time for adjustments. Everything from programmable calculators to mainframes was tried, and simple programs provided quick answers to growers who met and evaluated the relative profitability of changing any of a dozen different variables. In the beginning none of the growers had their own computers. Today nearly all of them do, using similar programs.

The principal data base for evaluation now comes from Extension programs, which compile information from all the growers and evaluate the performance of each in relation to the others. Now growers have a record that shows not only the financial results for the crop but also what they did right or wrong to warrant the profit or loss. These records are examined at grower meetings and in individual sessions with the Extension agent. Information gathered is shared among the growers so everyone benefits from the exchange.

There can be no excuses for failure when everyone had the same growing and marketing conditions.

Staying Competitive

As a result, the mature green tomato acreage has expanded from 200 acres and two packing houses in 1979 to 1,500 acres and six packing houses in 1988, spilling over into another county as new ground was needed. One of the lessons learned from the 1960's was the need for growers to own the packing facilities and market their own tomatoes. The risk of weather-related losses in production and the volatility of market prices have to be hedged with the ownership and control of the marketing facilities. This requires risktaking and management skills that not every farmer possesses. But for those who can learn and are willing to commit themselves to meeting the market competition, success is achievable.

Increases in transportation costs from California never reached the highs expected in 1979, and today real costs are only slightly higher and California is still competitive. In addition, tomato growers in other Eastern States were watching the same developments back in the 1970's, and they expanded production for some of the same reasons.

The Pennsylvania Farmers Association, through its president Keith Eckel, has helped growers to adjust to changes in State and Federal regulations, as well as to the demands of groups and agencies concerned with seasonal farm laborers.

Costs are under constant scrutiny, and marketing services are still being added to attract new buyers. The addition of degreening rooms (where the temperature is controlled to obtain the degree of redness wanted by consumers) is already underway in anticipation of direct sales to supermarket chains rather than through repackers.

Economic Impact

Gross income has now reached \$5 million in the county, rivaling milk production for the top spot—not a large amount in some counties, but a significant contribution to Lackawanna's economy. The growing and distribution of 7 million tomato transplants alone has produced a \$300,000 industry. The purchase of 882,000 boxes to ship the crop to market has generated spirited bidding for the \$660,000 worth of business. Harvest labor for more than 30 million pounds of tomatoes provides payrolls of a half million dollars in addition to packing house labor of \$335,000. Production costs of \$1.2 million are going to local dealers of farm supplies and machinery, and 40 percent of this goes for local labor. Hauling costs for shipping 580 trailer loads of tomatoes to markets between Boston and Miami provide more than \$600,000 of revenue to local truckers. Nearly all of this is new business in the county because growers, with the help of Penn State University, Pennsylvania Farmers Association, the Pennsylvania Department of Agriculture, and USDA, decided to fight to regain lost markets and establish a new industry.

The produce growers in the county, other than tomato growers, had to find new markets when old ones were lost or changed. They adapted production to retail sales and captured part of the supermarket business. The mature green tomato growers penetrated existing markets at the assembly stage in the marketing chain while the members of the Cooperative Farmers Night Market reached the consumer. Both are examples of farmers who chose to fight rather than switch to other crops or leave agriculture.