



2004 Kentucky Produce Planting & Marketing Intentions Outlook

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Summary

The 2004 Kentucky Produce Planting & Marketing Intentions Survey measured marketing practices and planting intentions of Kentucky fruit and vegetable growers. This is the third consecutive year the survey has been conducted. This year's survey was returned by 401 produce growers representing 2,917 commercial vegetable acres and 886 commercial fruit acres.

Survey responses, combined with a decrease in acreage contracted by Kentucky's four vegetable marketing co-ops, indicates that direct marketing will drive growth in Kentucky's produce industry in 2004. Gross sales of Kentucky produce will increase by about 5 percent in 2004, projected to fall between \$28 and \$35 million. Commercial vegetable acreage will expand just over 6,000 acres while commercial fruit acreage will hold steady at 3,000 acres.

Direct Marketing

Farmers' Markets

The number of community farmers' markets has nearly tripled in Kentucky over the past 10 years. Over 80 farmers' markets will operate in Kentucky during 2004 with projected sales of \$5-7 million.

More than 50 percent of the respondents to this survey indicated that they used farmers' markets to sell some of their produce; 47 percent indicated that 10 percent or more of their sales occurred at farmers' markets.

On-Farm Markets

The next most frequently used market channel is the on-farm market, used by half the respondents. These markets, including roadside stands and Pick-Your-Own, will account for \$7-\$10 million of commercial produce sales in 2004. Pick-Your-Own (PYO) marketing is generating much interest in Kentucky. Of the 401 producers surveyed, 63 (16 percent) reported they are currently using PYO. Twice this many producers (31 percent) said they are interested in using PYO marketing in the future.

Other Direct Markets

Selling directly to local restaurants is also popular with some produce growers in Kentucky; 12 percent of respondents indicated they had used this market channel in 2003. Community Supported Agriculture (CSA) was used by 3 percent of respondents. Both these market channels are popular with certified organic producers, but certified organic production has decreased in popularity with Kentucky producers in 2004. This decrease is primarily due to changes in federal organic certification guidelines.

There continues to be a lack of enthusiasm among current growers about future organic production; only two percent (9) of the growers surveyed said they had plans to grow organic produce in the future, while the same number said that they *might* be interested in future organic production.

Wholesale

Direct to Local Grocer

Behind farmers' markets and roadside stands, wholesaling directly to a retailer the third most common market channel that Kentucky produce growers used in 2003. This channel was used by 21 percent of the respondents.

Other Wholesale Channels

Other wholesale channels, excluding sales by co-ops, were used by 17 percent of respondents. These include direct sales to grocery chains. Developing wholesale markets accessible to an individual grower or group of growers is a growing market channel for produce sales in Kentucky.

Co-ops

Co-ops were used by 15 percent of the respondents to this survey. Co-op acreage and sales leveled out in 2003 after rapid expansion from 2000-2002. Kentucky's co-ops accounted for about \$5 million in sales during 2003. These sales should increase slightly while co-op acreage holds steady in 2004. Some co-ops will shift production acreage to more profitable crops. West Kentucky Growers (Owensboro) and Central Kentucky Growers (Georgetown) both report sizable increases in bell pepper acreage. West Kentucky will also contract some processing pepper acreage. Cumberland Farm Products will increase cabbage acreage.

Green River Produce (Horse Cave) will lose significant cantaloupe acreage due to adverse weather and a poor marketing window in 2003. Green River has also been affected by the enforcement of government crop program constraints on the use of land enrolled in grain programs for the production of fruit and vegetable crops.

Auctions

Nine percent of respondents indicate that they use auctions to market some of their produce. Kentucky's sole produce auction until 2004 has been the Fairview Produce Auction in Christian County. This auction, which also sells hay, straw, and small-scale farm equipment, grossed over \$1 million in sales during 2003.

Additional auctions are emerging in Kentucky during 2004 in Lincoln, Bath, and Mason counties. They will be operating at different lengths and volumes during their first season. It is quite possible that the market environment in Kentucky can support some additional produce auctions to increase market channels for wholesale produce.

Producer Demographics and Marketing Trends

Age and Experience

Significant expansion has occurred in Kentucky's produce industry since 1998. Half of these respondents (48 percent) indicated that they have been growing produce for six years or less. This is nearly identical to the percentage in the 2003 survey. Producers also reflect similar age demographics as in past surveys, with only one-fifth of respondents 40 years old or younger.

Tobacco Production

For the past three years, this survey has asked producers if they also grow tobacco. Responses have been similar in each year: in 2002, 44 percent of respondents replied that they produced tobacco and 46 percent of 2003 respondents said they had produced tobacco. This year, 41 percent of respondents replied that they had grown tobacco in 2003. This trend may be due to significant updating of the producer database for this year's survey, but a similar decrease in 2005 could quantify the exit of some tobacco producers in favor of alternative enterprises.

County Agricultural Diversification Programs

A similar proportion of fruit and vegetable growers in 2003 as in 2002 reported that they had participated in County Agricultural Diversification Programs. About 40 percent of producers report participating in these programs in 2003. Furthermore, a number of respondents to this year's survey indicated that they had applied for County Agricultural Diversification Funds but had been turned down or had not yet received funding.

Organic Production

In last year's survey, a significant number of producers (20 percent) reported that they were interested in future organic production. Only two percent of producers this year responded that they had future plans to grow organic produce. This sharp decrease appears to be related to changes in certified organic production guidelines and producer perception of difficulty to enter certified production. In addition, since many producers are marketing locally, the economic premium for organically grown produce may not be great enough to warrant going through the certification process.

Acreage and Planting Outlook

Producers surveyed indicated that they would be increasing vegetable acreage by 149 acres (5%) in 2004. Fruit acreage was virtually unchanged. The increase in vegetables is fueled by expansion in pepper and cucumber acreage. There will be a significant decrease in Kentucky cantaloupe acreage in 2004, primarily due to producers responding to low profitability in 2003. Acreage of standby crops (sweet corn, pumpkins, and tomatoes) will each continue to increase by more than five percent in 2003.

Pepper Acreage Up

West Kentucky Growers and Central Kentucky Growers will increase pepper acreage by about 60 total acres. Both co-ops will increase bell pepper acres, with West Kentucky also increasing processing and specialty pepper acres. Other expansion in pepper acreage will also come from producers wholesaling directly to regional supermarkets and grocery distribution centers.

Cantaloupe Deal Sours

Producers for both the Green River Co-op and growers selling at the Fairview Produce Auction will decrease cantaloupe acreage this season. A good cantaloupe market year will be crucial for co-op production to rebound; melon sales at auction could also benefit.

Sweet Corn and Tomatoes Standby

Sweet corn acreage will expand among direct market producers. Both corn and tomatoes are reliable sellers each season. Some producers indicated that they will increase tomato production, probably responding to extraordinarily high tomato prices of 2003.

Fall Crops Popular

Fall crop acreage (pumpkins, winter squash, ornamental corn, gourds) will increase slightly in 2004. Pumpkin acreage will remain around 1,000 acres, serving as an entry crop for those new to produce crops and as a direct market standard. The planned produce auction in Bath County has resulted in several producers from that region committing to increase production of fall crops, which can be profitable for wholesale and retail production.

Berries Abound

Blueberry acreage continues to increase, reaching 40 bearing acres in 2004. Berry plantings have been steady and will contribute to increased gross sales from Kentucky produce in future years.

Cut Flower Flurry

Many produce growers have found cut flowers to be a profitable venture. Over 20 acres of cut flowers, mostly for direct sale, were grown by 32 respondents to this survey. Respondents indicated that they plan to increase this amount by four acres (19 percent) in 2004.

Summary

Producers using direct markets comprise the vast majority of produce growers in Kentucky. While some co-op and wholesale producers continue acreage expansion, about half of the expansion indicated in this survey will come from those not using wholesale market channels. This is a shift from trends of previous years, and is occurring due to producer responses to profitability from direct marketing various crops.

Table 1. Vegetable Co-Op Acreage Changes

	2004	2003	2002	2004 Acreage Change	Percent Change
Broccoli	100	75	35	25	33%
Cabbage	150	175	166	-25	-14%
Cantaloupe	80	78	83	2	3%
Sweet Corn	700	718	712	-18	-3%
Cucumbers	61	77	49	-16	-21%
Peppers	310	290	295	20	7%
Potatoes	150	150	120	0	--
Pumpkins	90	195	264	-105	-54%
Squash (Summer)	29	41	46	-12	-29%
Tomatoes	52	57	68	-5	-9%
Watermelon	22	20	10	2	10%
Total Acreage	1,744	2,075	1,848	-331	-16%

Table 2. Markets Used By Produce Growers
2002: 310 Growers Responding 2003: 401 Growers Responding

	2002	2003
Farmers' Markets	47%	52%
On-Farm Direct Markets (U-Pick, Farm Stand)	55%	50%
Direct to Grocery	28%	21%
Wholesale, Non Co-op	20%	17%
Wholesale, Cooperatives	18%	15%
Direct to Restaurants	14%	12%
Auctions	10%	9%
CSA/Subscription	3%	3%

Table 3. Surveyed KY Acreage and Commercial Planting Intention Projections, 2004

	<i>1997 USDA Estimated Acreage</i>	<i>Intended Acreage Change From 2003¹</i>	<i>2004 Acreage Estimate</i>
Asparagus	33	-1%	35
Beans, Snap	168	-29%	150
Beets	7	-2%	10
Broccoli	40	<1%	95
Cabbage	202	3%	260
Chinese Cabbage	N/A	0%	<10
Cantaloupes	184	-3%	225
Carrots	N/A	0%	<10
Cauliflower	N/A	0%	<10
Chicory, Endive	N/A	0%	<10
Corn, Sweet	1382	6%	2250
Corn, Ornamental	N/A	8%	25
Cucumbers, Fresh	102	-18%	100
Eggplant	12	0%	15
Greens	N/A	-10%	40
Leaf Lettuce & Romaine	17	11%	20
Lettuce (Greenhouse)	N/A	0%	<10
Okra	5	<1%	<10
Onions	31	4%	25
Ornamental Veggies.	N/A	12%	40
Parsley	N/A	0%	<10
Peppers, Bell	316	<1%	350
Peppers, Jalepeno	38	103%	40
Peppers, Other	N/A	40%	30
Potatoes, Red	N/A	<1%	125
Potatoes, White	N/A	1%	250
Pumpkins	820	-14%	950
Squash, Summer	100	-7%	100
Squash, Winter	N/A	42%	20
Sweet Potatoes	N/A	10%	20
Tomatoes, Field	562	6%	350
Tomatoes, Greenhouse	N/A	11%	<10
Watermelons	167	8%	150
Herbs	N/A	<1%	100
Cut Flowers	N/A	5%	20
Other Vegetables	35	21%	50
Apples	2169	0%	1800
Blackberries	72	-1%	100
Blueberries	24	59%	50
Grapes ²	81	4%	220
Peaches	590	4%	500
Pears	43	0%	45
Raspberries	27	4%	40
Strawberries	193	20%	210
Other Fruits	N/A	N/A	25

¹ 401 Produce Operations² Grape acreage includes acres coming into partial production

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