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Getting the Edge – Understanding Marketing and Merchandising Practices for Fresh Sweet Corn in Northeast Supermarkets

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Consumption of fresh sweet corn in the United States saw a significant increase during the 1990s. This increase in popularity has been promoted by factors such as the new sweeter and longer shelf-life varieties and by new packaging options introduced to the market. According to a survey of sweet corn growers conducted by Cornell University in 2001, among the major marketing channels used by New York growers to sell fresh sweet corn, wholesale to supermarkets is the most important channel. More than half (64%) of New York fresh sweet corn is sold through supermarkets. Supermarkets are also the main point of purchase of fresh sweet corn for consumers in the United States.

However, selling to supermarkets has become more challenging for produce suppliers, particularly as a result of consolidation, increased global sourcing, and demands for year-round availability. To better understand this marketing channel, a survey was conducted with executives of 25 supermarket firms that operate stores in the market area of New York, New Jersey, and Pennsylvania to investigate key related issues in marketing fresh sweet corn through supermarkets. Information from this study should provide the New York fresh sweet corn industry with a better understanding of this marketing channel and its underlying challenges and opportunities.

Participating supermarket firms operated 921 stores in the studied market area, and their 2000 sales ranged from \$21 million to \$10.5 billion with total annual retail sales of \$24.5 billion. In this study, firms were classified into small, medium and large categories on the basis of their total sales in 2000. They were defined as the followings: small firms with total sales of \$100 million or less, medium firms with total sales between \$100 million and \$1 billion, and large firms with total sales above \$1 billion.

Buying Strategies for Fresh Sweet Corn

The majority (57%) of supermarket firms in the New York-New Jersey-Pennsylvania market area sourced fresh sweet corn directly from grower/shippers during the summer season (July-September). During the rest of the year, wholesalers become more important for medium- and small-size firms as the main source of this product, due to their competitive advantage of being able to source products from different regions. To increase sales to supermarkets, growers could develop marketing strategies that will make it more attractive, or feasible, for supermarkets to buy directly from growers, particularly in the case of small supermarket firms. In the short run, growers could increase sales by targeting wholesalers that medium and small supermarket firms currently use to source fresh sweet corn.

The three most important methods used by supermarket firms to identify their fresh sweet corn suppliers are 1) personal relationships/referrals, 2) sales calls from grower/shippers, and 3) “other” ways, such as memory from previous years, through their wholesalers and from terminal markets. Large firms also emphasized their use of shippers’ directories and field offices. The three most important characteristics sought in suppliers of fresh sweet corn by participating supermarket firms are supplier’s ability to provide consistent quality, ability to make daily deliveries, and the prospect of developing a good relationship.

Preferences of Fresh Sweet Corn Supplies

During the summer season, fresh sweet corn grown in New York State plays an important role among supermarket firms in the trading area studied. Its major competitor is sweet corn from New Jersey. Supermarkets prefer to buy fresh sweet corn from local suppliers during the summer season. Therefore, the New York sweet corn industry should focus first on selling more

products to supermarket firms in New York State, and then extend marketing efforts to reach more supermarket firms or wholesalers in other states.

When asked about sweet corn color and variety, small and medium supermarket firms and supermarket firms located in New Jersey and Pennsylvania preferred white corn, while large firms and firms in New York State preferred bi-color corn. These preferences are based on customers' preferences and demands. During the summer season, most of the fresh sweet corn marketed by participating supermarket firms is marketed bulk and un-shucked. The market share of tray-packed fresh sweet corn, either partially shucked or completely shucked, is still very small. Other forms of fresh sweet corn that supermarket firms would be interested in selling in their stores are mainly related to value-added and/or ready-to-cook products, such as microwave-ready trays. There are opportunities for the New York sweet corn industry to investigate alternative packaging options, and even go beyond the convenience factor to exploit consumers' cravings for innovation by developing convenient products with special seasonings or flavorings if technologically viable.

Promotional Strategies for Fresh Sweet Corn

Survey results confirmed that supermarkets mainly promote fresh sweet corn during the traditional holidays of Memorial Day, the 4th of July, and Labor Day. Quality, availability, and price are the other factors that determine when supermarket firms run a promotion on fresh sweet corn. According to participating supermarket firms, the most effective strategies to promote fresh sweet corn, and where the biggest expansion efforts should be focused, are: locally-grown, in-store display features, store flyers, and discount sales. A majority (77%) of supermarket firms do consider using State Promotional Programs to promote fresh sweet corn. Therefore, New York fresh sweet corn growers could explore the opportunity of promoting their product under the "Pride of New York" logo.

Evaluation of New York Fresh Sweet Corn Supply and Its Suppliers

Participating supermarket firms that purchased fresh sweet corn grown in New York State rated taste and quality of the New York product as "good". Availability, shelf-life, and shipping containers were rated somewhat lower -- between "average" and "good". Medium-size supermarket firms were less satisfied with New York products' attributes. In general,

performance of New York grower/shippers was rated above “average”. Dependability and on-time delivery were rated “good”, except by small and New York State supermarket firms. Promotional support from New York sweet corn suppliers was the lowest-rated attribute (below average) across all firm categories, particularly among small and New York State firms.

These results clearly indicate that there are opportunities for the New York sweet corn industry to improve fresh sweet corn sales through supermarkets in the trading area of the study. Supermarkets of different sizes and in different regions (states of New York, New Jersey and Pennsylvania in this study) have different needs and expectations. Sweet corn grower/shippers need to strive to meet the needs and ensure the satisfaction of their various clients.

A complete report of “Marketing and Merchandising Practices for Fresh Sweet Corn in Supermarkets” by Sandra Cuellar and Wen-fei Uva can be downloaded from <http://aem.cornell.edu/research/researchpdf/rb0406.pdf> or by contacting Wen-fei Uva at WL32@CORNELL.EDU.

Smart Marketing is a monthly marketing newsletter for extension publication in local newsletters and for placement in local media. It reviews the elements critical to successful marketing in the food and agricultural industry. Articles are written by faculty members in the Department of Applied Economics and Management at Cornell University.

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