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Sweet Corn Marketing Opportunities for New York State Growers

by

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Navigating marketing channels has become more challenging for produce marketers as a result of industry consolidation, increased global sourcing, intense competition, and buyer's demand for product quality, variety, and year-round availability. The changing dynamics of produce production and marketing systems often complicate produce suppliers' efforts to match available supplies with market demands, especially for growers in New York State, who have a shorter production season and are often smaller in size compared to their counterparts in the western United States. Therefore, to stay competitive, it is important for New York producers to better understand the produce marketing and distribution system and use the information to identify effective marketing strategies.

In spring 2001, a survey was conducted of 1,500 vegetable growers in New York State. Responses from 482 New York vegetable farms which produced sweet corn in 2000 are included in this analysis. These respondents had total production acreage of 37,786 acres (67 percent of the state's total) and total production value of \$38.9 million (57 percent of the state's total) of sweet corn in 2000. The results of the survey provide a profile of New York's sweet corn growers and the marketing channels they use to supply fresh and processing sweet corn to the market.

- **Marketing Channels**

Results from this study show that New York growers produce sweet corn mainly for either the fresh or processing markets. Among the respondents, more than three-quarters (77 percent) produced sweet corn mainly for the fresh market, with more than 75 percent of sweet corn produced sold for fresh use. The rest of the growers surveyed (23 percent) produced sweet corn mainly for the processing market, with more than 75 percent of sweet corn produced sold for processing. No respondents fell in the middle.

New York processing sweet corn supply was sold to two major outlets – New York processors (51 percent of the supply and used by 52 percent of growers) and growers' cooperatives (49 percent of the supply and used by 48 percent of growers). The majority of New York fresh sweet corn supply was sold to different wholesale channels (85 percent), and 15 percent was directly retailed to consumers by growers. Selling wholesale to supermarkets was the most important marketing channel for New York fresh market sweet corn. More than half (64 percent) of sweet corn produced in New York was sold through this outlet. On the other hand, while only 22 percent of the New York fresh market sweet corn supply was sold by growers directly to consumers, about 90 percent of fresh sweet corn growers sold some of their corn through this channel.

- **Processing vs. Fresh Marketing Sweet Corn Growers**

While New York processing sweet corn growers generally use only one main marketing outlet to sell their corn and do not use specific tools to promote their sweet corn sales, fresh market sweet corn growers usually use multiple marketing channels to sell their products and often apply different marketing tools to promote the sweet corn sales. When considering the most limiting factors to sweet corn profitability, processing sweet corn growers are more concerned about production factors, including low yield, adverse weather, disease and pest problems, and increased input costs. They also feel that opportunities for developing future processing sweet corn markets exist for expanding use of sweet corn in new processing products, improving processor competitiveness, and branding.

Although growers producing sweet corn for fresh market also indicated production factors such as low yield, adverse weather, and pest and disease problems as some important limiting factors to sweet corn profitability, they are more concerned about marketing factors.

Several market factors, including price competition, market competition, oversupply, and inability to supply consistent quality products, are emphasized by fresh market sweet corn growers as major concerns. They also identify increasing and diversifying marketing efforts, supplying high quality and fresh products, developing new and improved varieties (better quality, disease/pest resistance, higher yield, etc.) as the top opportunities for future fresh sweet corn market development.

The two groups of sweet corn growers (fresh market and processing) have different concerns and needs. Therefore, while working with growers directly would be an effective way to develop marketing strategies for fresh market sweet corn, it might be more effective to work with processors and growers' cooperatives when exploring market opportunities for processing sweet corn.

- **Exploring Marketing Opportunities**

With the major season for New York sweet corn being between July and September, extending the season for market development is in many growers' minds. Growers could target a bigger market share by extending their own production season through the adoption of new varieties, establishing production in other growing regions, or by developing strategic alliances with growers in other regions so that they could extend the supply season and perhaps even become year-round suppliers for sweet corn.

Identifying key markets to serve is critical. Supermarket is the most important marketing channel for New York fresh market sweet corn. Therefore, the ability to segment different sectors in the supermarket industry, understand buying trends and behavior in each sector, and meet the demands of supermarket buyers in those sectors is important for developing markets and ensuring profitability for New York sweet corn. Moreover, the surveyed growers received a wide range of prices for their fresh market sweet corn (between \$1.00 per dozen and \$3.50 per dozen for wholesale, and between \$2.00 per dozen and \$5.00 per dozen for retail). The wide range of prices received implies that whether selling through wholesale or retail channels, growers could find buyers who were willing to pay higher prices for specific products meeting their demands. Growers need to identify those markets and produce sweet corn to meet those markets' needs and avoid price wars among suppliers.

Different size farms have differing opinions on various marketing tools. This could be due to different size farms selling to different customer sectors. Generally, the marketing tools rated most effective by surveyed growers are word-of-mouth, reputation, personal relationships, and direct sales calls. Tools rated least effective are trade newspaper and magazine advertising, yellow pages in phone books, and web sites. As farms get larger, they generally are involved in more marketing activities. A key for successfully utilizing different marketing tools will be to select tools which can most effectively reach different target markets. Finally, a combination of increasing off-season demand, marketing catering to the general upward trend in vegetable use, focusing on new fresh and processing product development, and increasing industry interest in supporting a research and promotion program are keys to expanding sweet corn markets.

A complete report of "SWEET CORN MARKETING CHANNELS IN NEW YORK STATE -- A NEW YORK SWEET CORN GROWER SURVEY" by Wen-fei Uva can be downloaded from <http://aem.cornell.edu/research/researchpdf/rb0405.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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