

SWEET CORN MARKETING IN NEW YORK– HOW SWEET IS IT?

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Sweet corn is one of the most popular vegetables in the U.S. and Canada, and consumption is increasing in many areas around the world. Sweet corn has a complex marketing system. It is consumed fresh and in many forms of processed products, and it is marketed through a wide range of distribution channels, including various shipping operations, local wholesale and direct sales. In addition, it has a strong seasonality in production. In many regions of the U.S., fresh sweet corn is also a symbol of summer for consumers. In the U.S., sweet corn is produced for three distinct markets – fresh, canning, and freezing. These markets largely operate independently, with separate supply, demand, and price characteristics. The canning market is the largest in terms of total acreage and production, accounting for 37 percent of each. However, the fresh market accounts for two-thirds of total sweet corn crop value.

The last two decades were marked by a steady increase in the total value of sweet corn for fresh market, and a decline in sweet corn destined for processing. During the 1990s, enticed by the new sweeter and longer shelf-life varieties and value-added packaging, Americans enthusiastically embraced fresh-market sweet corn. The retail-weight equivalent of per capita use of fresh sweet corn increased from 6.7 pounds in 1990 to 9.3 pounds in 2001. However, processed sweet corn has not enjoyed the same success as sweet corn destined for the fresh market. Moreover, there has been a gradual shift from canned to frozen sweet corn over the years and this shift continued during 1990s. In 1995, per capita use of frozen sweet corn caught up and exceeded canned use. On a fresh-equivalent basis, per capita use of processed sweet corn (canned and frozen) totaled 18.1 pounds in 2001. Of this, 8.7 pounds were canned sweet corn and 9.4 pounds were frozen sweet corn. However, despite the long-term growth, domestic demand and growth for frozen sweet corn may have softened slightly since peaking in 1996.

Sweet corn production in the Northeastern United States is relatively small compared with other major sweet corn production states, including Minnesota, Wisconsin, Washington, and Oregon. Moreover, the supply of fresh sweet corn in the Northeast is highly seasonal, limited to July through November, with August through October being the primary season. Therefore, the production and marketing strategies for the viability of the sweet corn industry could be challenging and unique. Better understanding the connections of marketing channels will help identify marketing barriers and opportunities for sweet corn producers. Moreover, understanding the marketing and consumption of sweet corn will allow us to understand many different aspects of the marketing and distribution system of the vegetable industry.

A survey was developed to collect information on marketing channels used by New York sweet corn growers in 2000. In Spring 2001, the survey was mailed to 1,500 sweet corn growers in New York. A postcard reminder and a second mailing were sent to the list four weeks and eight weeks, respectively, after the first mailing. In total, 678 questionnaires (45.2 percent) were

returned. For various reasons, some of these were unusable (i.e., incomplete, no longer in business, or no sweet corn production to report). A total of 382 surveys are included in the final analysis.

Summary Results

According to the New York Agricultural Statistics annual report, New York produced a total of 56,500 acres or \$68 million of sweet corn in 2000. While about half (49 percent) of the acreage was harvested for fresh market, 83 percent of the crop value was attributed to fresh market sales. The Cornell survey showed that 79 percent of New York sweet corn growers produced an average of 39.26 acres for fresh market and had average sales of \$80,711 in 2000. About a quarter (24 percent) of sweet corn growers produced an average of 273.5 acres for processing and had average sales of \$99,471 in 2000.

There are five major marketing alternatives for New York sweet corn: wholesale markets (broker, shipper, etc.), cooperatives, retailers, direct marketing to consumers (roadside stand, farmers' market, PYO, etc.), and processors.

Marketing Fresh Market Sweet Corn

According to the New York Agricultural Statistics annual report, New York produced 2.6 million pounds of sweet corn for fresh market and generated \$56.4 million in 2000. According to the Cornell survey, 87 percent of the volume went to wholesale channels and 13 percent was retailed by the growers. Moreover, 84 percent of the sales value was generated from marketing wholesale and 16 percent was generated from direct retail to consumers by growers. The average price received by surveyed New York growers was \$2.12 per dozen or \$23.32 per hundredweight (cwt). The average wholesale price is \$1.97/dozen or \$21.67/cwt. The average price received by growers when direct marketing to consumers was \$3.14/dozen or \$34.54/cwt.

Wholesale to supermarkets was the most important marketing channel for New York sweet corn. More than half (64 percent) of sweet corn produced in New York for fresh market was sold through supermarkets. The second most important marketing channel is farmer-to-consumer direct marketing outlets. This channel sold more than 20 percent (21 percent) of sweet corn produced in New York (including purchased for resale). While more than half (54 percent) of the growers did not see buyer concentration and had less than 10 percent of their sweet corn purchased by the top ten customers combined, one-third (33 percent) of the surveyed growers sent more than 50 percent of their sweet corn to the top ten buyers. Moreover, many of them expect this percentage to increase as result of continuous retail consolidation. Contract pricing was used by only 4 percent of the fresh market sweet corn growers.

Growers in the survey indicated the most limiting factors to fresh sweet corn profitability include weather, price competition, pest and disease problems, high input prices, and competition from other suppliers. The top opportunities for future fresh sweet corn market development identified by the growers are daily fresh delivery of products, development of new and improved varieties (better quality, disease/pest resistance, higher yield, etc.), season extension by improved

packaging and selling to southern states in August, market expansion by selling through more marketing outlets, and networking with other growers/marketers.

Marketing Sweet Corn for Processing

According to the New York Agricultural Statistics annual report, New York produced 154,650 tons of sweet corn for processing and generated \$11.6 million in 2000. According to the Cornell survey, 24 percent of New York sweet corn growers produced sweet corn for processing in 2000. Although not a major marketing outlet, 13 percent of processing sweet corn growers also produced some for fresh market, and they mainly sold the sweet corn directly to consumers and to supermarkets. The two major outlets for New York processing sweet corn are New York processors (52 percent of growers) and growers' cooperatives (48 percent of growers). The average price received by growers for processing sweet corn was \$65.56/ton in 2000.

The processing sweet corn growers were also asked to identify the most limiting factors to processing sweet corn profitability and the top opportunities for future processing sweet corn market development. The limiting factors identified include increased input costs, weather and yield, and decreasing consumer demand. The opportunities identified include use of sweet corn in new processing products, development of new, higher yield and disease resistance varieties, and branding.

Sweet Consumption Trend

The increasing demand for sweet corn is due largely to improved quality, consistency, and marketability. Taste is the most important attribute for sweet corn consumers. Retailers are becoming more interested in sweet corn because of the extended shelf-life of supersweet varieties, more sophisticated handling and packaging at the shipping point, increased consumer interest in in-season "home-grown" product. All of these factors help to reduce retail shrinkage and improve customer satisfaction. Regionally, people in the Northeast and Midwest eat more fresh-market sweet corn than do consumers in other areas of the country. Consumers in suburban areas consumed more fresh sweet corn than did metro residents. Many consumers equate corn-on-the-cob with outdoor barbecues and casual warm-weather dining. However, these perceptions could be changing. A combination of increasing off-season demand, the general upward trend in vegetable use, new product development, and industry interest in supporting a research and promotion program should help sustain the growth in sweet corn consumption.