
Marketing Your Fruit Crop

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Getting Started

It is wise for growers to start small, gain experience, and develop a market. A marketing plan must be in place before a fruit crop is produced. It is better to sell a small crop than to be stuck with a large, unharvested crop. A marketing plan requires an assessment of the potential fruit market, and the selection of a method of marketing.

Market Assessment

It is important for growers to have a knowledge of their crop (including total and marketable yields, variability in yields, date of maturity, quality, storability, causes of loss), a knowledge of the fruit market (including total demand and seasonal distribution, competition, potential buyers, price stability and controlling factors, assessment of additional supply on current prices), and a knowledge of the economics of production (including the cost of production, cost of transport, storage and handling, cost of marketing, cost of financing, risk, returns on investment of time, effort and capital).

Some important components of market assessment include:

1) The identification of prospective buyers and probable sales areas. The development of a buyer's list is suggested because it is beneficial when it comes time to market the fruit. This buyer's list should include restaurants, wholesalers, farmers' markets, bakeries, and small retail stores. Growers should contact all buyers on the list prior to the fruit being ready for market, and to determine the quantity and quality of fruit each buyer requires. This approach requires the grower to have a good idea of the quality and quantity of the fruit that will be available after harvest.

2) The evaluation of prices. Marketing fruit requires the grower to study price trends throughout the year and in other locations. Pricing of fruit may be difficult due to the fluctuations that occur in the fruit industry.

3) The determination of the costs of production. The grower must have a good understanding of what their costs are to produce the fruit.

4) The design of a budget. Budgets are important to determine cash flow analysis. A cash flow analysis is important when dealing with debt financing because it indicates if financial obligations (loan payments, sales of fruit, replacement costs, maintenance costs, labor costs and so on) can be met at the required times.

Method Of Marketing

Once market assessment is complete, an effective method of marketing must be chosen and implemented. Small fruit industries primarily use some form of direct marketing. Direct marketing is where the grower produces, harvests and sells fruit to the final consumer. Direct marketing may be advantageous because:

a) The grower has control of the fruit throughout the entire operation. All business aspects are handled by the grower, who dictates when and where the fruit will be sold.

b) The grower may receive a

better price. The grower can evaluate all the potential markets in which fruit can be sold, increasing the probability that the highest possible return will be obtained. For example, if the price available from bakeries is higher than selling the fruit directly to the consumer, the fruit grower has the option to sell the majority of fruit to bakeries.

c) Direct marketing may be the easiest and most economic means to market the fruit, or may be the only means to market the fruit.

d) The small size of the operation may determine if the grower has to direct market or not (most wholesalers need a specific quantity before they will market fruit).

The two disadvantages of direct marketing are that it is very time consuming, and growers typically do not have large enough operations to affect market prices, so must accept the prices offered.

Marketing Options

U-Pick or Pick-your-own

U-pick marketing may be ideal

for smaller operations because it is a method of marketing suited to entry-level growers. It is one of the most economical methods to market fresh fruit to consumers. The benefit of a U-pick marketing strategy is that the grower has control of the fruit from the initial stages until it reaches the consumer. The grower saves the cost of harvesting the fruit, and equipment and storage costs are minimal. The grower sets the prices and quantities of the fruit and provides a recreational opportunity for the consumer. However, growers must provide weigh scales, containers and restrooms, must advertise, must deal with the public, must train the public on how to pick without causing damage, and must purchase additional insurance to cover the added liability.

The following factors must be considered before establishing a U-pick operation: a) there must be enough people in the area to maintain a U-pick operation (in Canada, studies have indicated that 10,000 people are required to maintain one hectare of a U-pick operation; the average distance a consumer will travel is 30 to 50 km); b) pricing must be competitive (prices that are charged at other U-pick sites should be known at all times; if an operation stays competitive with prices other

factors will determine the success of the site); c) cleanliness, friendliness and service can provide an edge over the competition; d) the location of the operation is significant (the location should have direct access from the highway so that customers can enter with ease); e) signs are needed so that customers do not have problems in locating the site and to reduce the chances of getting lost; f) it is important to advertise so people know about the operation (the use of newspaper, television and radio are the most conventional forms, but such items as billboards and roadside signs are effective as well); g) the easier it is to pick the fruit, the happier the customer will be (if the customer has to struggle to pick fruit because of overhanging branches or insufficient room between trees, he/she will be dissatisfied and find somewhere else to go).

Farmers' Markets

Farmers' markets also work well for small operations. Growers rent stall space in the market, which provides the public with readily available, fresh produce, and allows price and quality comparisons. Fruit may generally be sold for a good price, and advertising is handled by the organizers. Because farmers'

markets are located in large centers, travel costs for the consumer are less, and consumers can purchase all their fresh fruit and vegetable items in one place. However, farmers' markets are characterized by limited sales volumes, the grower will have transportation and handling requirements and costs, and will face competition from other growers.

Farm Gate Sales, or Roadside Stands

Farm gate sales may be very successful for small operations where the grower does not have the time, resources or desire to use other methods of marketing. The grower is able to harvest to meet the daily demand, there are minimal equipment or storage requirements, no middlemen are involved, and growers set their own price and quality standards. However, farm gate sales are labor intensive, the grower must be people-oriented, and must be located near a sufficiently-sized population or tourist attraction with good road access.

Specialty Stores

Many stores may purchase fresh and processed fruit products. Gift shops in hotels and airports are high traffic, popular tourist areas

where specialty products are demanded and premium prices may be received.

Bakeries and Restaurants

Bakeries often use fresh fruit for their products. They will purchase small quantities of fruit to mix into muffins and other pastries. It may be beneficial to contact and discuss the potential of selling into local bakeries in a given area. Often restaurants will purchase and pay premium prices for fruit and specialty items such as syrups. However, there may be increased storage and transportation costs for the grower because bakeries and restaurants usually purchase in small quantities only.

Packers/Brokers

The advantages of selling to a fruit packer/broker are that the packer/broker handles the storage, washing, grading, packaging, and shipping of the fruit. This method of marketing is efficient and likely will allow a large sales volume. However, the grower must expect to receive a lower price for their fruit, and must meet the packer/broker's requirements for quality, supply and price. The availability of such markets may be limited also.

Processors

Processors may purchase fruit, or growers may process fruit themselves. Processing adds value to the fruit, but growers may not receive very high prices if they sell to processors. Processors may require an assured supply of fruit.

Wholesalers

Growers may be able to sell washed, graded and packaged fruit to wholesalers who then supply major retailers. Such markets are efficient because of the possibility of a large sales volume to a single buyer. The grower gets the added value from the packaging. However, wholesalers usually require large volumes of fruit, the grower must absorb the costs of handling, storage, and packaging of the fruit, and the grower must guarantee availability, quality and price. Consequently, the wholesale market may not be suitable for small fruit operations because it may not be possible for the grower to satisfy the contract requirements of quantity and quality of fruit required. Growers having larger operations may have the supply of fruit and the resources to undertake this type of marketing.

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