

Vegetable Growers: Pricing Strategy

Realizing the Potential

When selling directly to consumers at the farmer's market or to other local outlets, the price received depends mainly on the produce prices in local supermarkets and any premium the consumer is willing to pay for higher quality or freshness of local produce. When selling to a produce dealer at a farmer's market, the price received depends on the price the broker or grower's agent receives. This price is determined by national supply and demand conditions.

One of the more difficult marketing decisions is knowing when to accept a price and when to wait for something better. Growers would like to sell their products at the highest possible price, but no one knows when this price will be offered. No marketing strategy can insure the highest possible price. A market strategy that attempts to achieve an acceptable price has a better chance of success than one that aims for the highest price. Therefore, you must know what price level is consistent with an acceptable profit for the total farming operation. Careful attention to market trends will help you decide whether to accept a price or wait for something better.

Although growers cannot set prices, they can sometimes choose prices from a range of alternatives. One way to do this is by studying pricing patterns at several markets and looking for special or target markets. Target marketing means producing crops that fit the needs of a particular clientele. Usually more market research is needed when searching and evaluating a target market. Costs of production must be evaluated carefully and any extra costs associated with target marketing must be included. If you are able to deliver a consistent, high quality supply to a target market, higher prices can often be obtained.

Merchandising Decisions: Making The Most of the Marketing Payoff

After making decisions about what products to grow and where to sell them, the final step in planning a marketing strategy is developing a merchandising scheme that will help realize the full value of the products. A merchandising strategy can be summarized as getting the right quantity of the right product in the right place at the right time.

Growers who sell directly to consumers need to consider how to provide a dependable supply of uniform quality products; convenient location; attractive displays and packaging; and, effective advertising, pricing, and selling strategies.

Growers who sell to produce dealers can also develop a merchandising strategy. If a reputation for producing and delivering top quality produce is developed, a premium over prices to other suppliers may be commanded. A higher price may also be realized if buyers are provided with products on a time schedule or on short notice. Large growers, or small growers who pool produce, may be able to develop a brand name or a local identity for their product and prices received.



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Summary

Growing produce can be profitable, but not everyone who attempts to grow produce will be successful. The problems and opportunities associated with vegetable production need to be carefully considered. But of equal importance are the problems and opportunities associated with marketing. A sound marketing strategy should be developed before a crop is planted. Then, good management is needed to ensure high yields of high quality product that are packed and labeled according to market specifications.



Reference: VanSickle, J.J., "Marketing Strategies for Vegetable Growers." *University of Florida Extension* Sept. 2007. <http://ufdcimages.uflib.ufl.edu/IR/00/00/16/77/00001/CV11600.pdf>

Small Farms Research Center, Alabama A&M University
4900 Meridian Street
James I. Dawson Building, Room 219
Normal, AL 35762

Small Farms Research Center Background. The Small Farms Research Center was developed to assist small farmers with limited resources in Alabama's underserved communities. The center was first developed in 2000 to assist minorities, especially women, African Americans and underserved individuals improve their farm management practices, given ones condition and resources. The mission of the Center and the Small Farmers Outreach program is to assist all small and limited resources farms effectively deal with risk management and food safety issues and provide them with informational sessions. The Center has also expanded its outreach efforts to meet the needs of entrepreneurs and businessman. The center is located at Alabama A&M University in the Dawson Building. The center specializes in following areas

Marketing and Business Plans	-Record keeping and Loan Application
-Identify alternative enterprises	-Personal Management
-Legal Issues	-Finances
-International Business and Procurement	-Accounting Issues
-Taxes	-Business Development
-Conducting seminars on Government programs and other issues	

For more information about us give us a call at (256) 372-4970 and 1-866-858-4970.

Website: www.aamu.edu/smallfarmers



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