

New Market, New Crops for Southampton Farmers

Robert F. Bevacqua

Agriculture is important to the Virginia economy. It provides 235,800 jobs or 6 percent of all jobs in the production, input, processing, and distribution sectors. It contributes \$12.8 billion—7.4 percent—to the Gross State Product (Lamie). However, in many areas of the Commonwealth, farmers are struggling. With volatile prices for traditional row crops, with government programs in limbo, with tobacco a major crop in the Commonwealth, and with the uncertainty surrounding tobacco, farmers are being forced to consider alternatives.

A major obstacle is marketing. Production and marketing of traditional row-crops is relatively straight forward: farmers plant the acreage desired of the variety extension or the seed company recommends, and they market it through an auction or an elevator. Horticultural crops are different. They must be harvested at the proper ripeness, handled carefully, and moved quickly. Unlike row crops, they are generally highly perishable and storable for only short periods. Furthermore, farmers must consider who will buy the crops and what varieties, quantities, and quality are wanted and when and in what types of containers the produce must be delivered. Most farmers lack this expertise, and many are not comfortable developing a market. To help maintain the viability of agriculture in Virginia, the legislature created the Farmers Marketing Board.

The Marketing Board is charged with, among other things,

- identifying farmers' market needs;
- promoting the orderly growth and development of farmers' markets; and
- promoting public awareness of farmers' markets (Va. Code §3.1-73.3).

In 1997, 325 growers were helped by the Farmers Marketing Board. These farmers generated \$6.5 million worth of product (Simpson).

Four farmers markets have been built in Virginia: Carroll, Westmoreland, Northampton, and Southampton counties. The one in Hillsville, Carroll County, is the only year-round market, providing both regionally and non-regionally grown produce. This market is operated by the Carroll County government.

The farmers market on the Eastern Shore is seasonal. During the winter months when growers typically plan which crops to grow and how many acres to plant, the wholesale buyers traditionally have provide little input into what their customers want. As a result, as produce is harvested, the wholesalers sell whatever comes in, wherever they can sell it, and for whatever price they can get at the time contact is made with their buyers. Furthermore, prices change during the day as the result of changing supply. Growers on the Eastern Shore requested funds from the 1997 legislature to build an additional warehouse and a seafood distribution center, which offers exceptional export opportunities for Chesapeake Bay and Atlantic Ocean seafood species. They were not successful in obtaining this funding because of change in the personal property tax, but they are planning to try again.

Robert F. Bevacqua is Extension Agent, Commercial Horticulture, Virginia Tech.

A new market officially opened in the Northern Neck on July 23, 1998. This market has been in the planning for ten years. It, too, is seasonal. But unlike the Eastern Shore market, the Northern Neck market manager will spend the winter months learning what buyers want and organizing growers to meet the demand. The Northern Neck Growers Association (NNGA), the governing body for the market, hired Parker Farms to manage the market. Parker Farms, with long experience in Maryland prior to moving to Virginia and being selected as manager, provided NNGA a detailed proposal for managing the market.

Another new market, completed in June, 1998, is in Southampton County. As with the other markets, it came into existence as the result of grower initiative. An agreement was made between Commissioner of Agriculture James Graham (North Carolina) and then-Commissioner of Agriculture and Consumer Services Mason Carbaugh (Virginia) that if a farmers market were built in Southampton County, one would not be built in North Carolina that would be in direct competition.

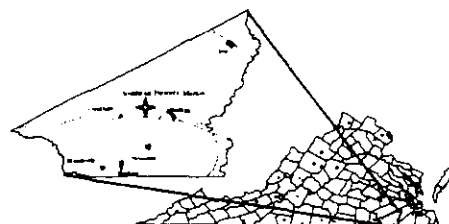
The traditional image of a quaint market with small stalls filled with jams, jellies, and garden produce is inaccurate for these markets. More realistically, they are shipping-point facilities where large volumes of fresh vegetables, brought together from many small farms within a 50-mile radius, are cooled, graded, and packed in standardized containers. The produce is then channeled, via tractor-trailer trucks, into the distribution system that serves the major urban centers, such as New York and Washington, D.C. on the Eastern Seaboard. The completion of the Southeast Farmers Market represents an important opportunity for stimulating economic development and for increasing farm incomes in the region.

An important and unique feature of the Southeast Farmers Market is its location in a region where no history of vegetable production exists. This lack of vegetable experience distinguishes the Southeast Farmers Market from its sister institutions that are situated in areas with long traditions of vegetable production. Agriculture in the southeast is dominated by the production of agronomic crops such as peanuts, cotton, wheat, corn, and soybeans. The success of the new market will require the stimulation of a new vegetable industry in the region.

The market is located in the Southampton Agribusiness Park along US Route 58, a major east-west highway, between the rural communities of Courtland and Franklin in Southampton County (Figure 1). Interstate 95, which runs north-south, is only 30 miles to the west.

Southampton County provided over \$2 million for improvements to the agribusiness park in the form of roads, utility service, signage, and landscaping. The State of Virginia provided \$4.4 million for the construction of the complex of buildings that make up the market.

Figure 1. Location of Southeast Farmers Market



The market has four major buildings. The largest and most significant building is a 40,700 square foot, state-of-the-art warehouse for packing, cooling, storing, and wholesale marketing of produce. Each of its four sections will be leased to individual produce brokers. One section has already been committed to the Department of Corrections (DOC), which will use the facility for the procurement of fruits and vegetables for its institutional kitchens, which serve 20,000 individuals. Consolidation Services, Inc., a broker with operations in Arizona and Florida, has also moved into the shipping-point market. Their presence enables locally grown produce to be sold through national distribution systems. On June 27, they began marketing sweet corn to Boston, New York, and other major urban markets.

The second component is a 7,500 square foot structure for handling watermelons and cantaloupes. A small administrative building, with an electronic truck scale beside it for monitoring the volume of traffic in and out of the market complex, is the third building.

Last, in front of the complex is a facility for direct sales to consumers. This section most resembles a typical farmers market with small stalls of garden produce and other local agricultural products. Both commercial growers and home gardeners with small volumes can market their produce directly to individuals who want small quantities, such as two cantaloupe, six ears of corn, a pound of tomatoes, or a half pound of sweet potatoes.

The market is operated by a cooperative of farmers. For the market's first two years, the buyer for DOC will assume the duty of managing the entire facility as well as

buying for DOC. When the market generates sufficient income, a full-time manager, reporting directly to the cooperative, will be hired. This arrangement underscores the need for strengthening the organizational structure of the cooperative by expanding membership and identifying the roles of members, officers, directors, and employees. Further strengthening of the organization requires the adoption of a business plan, marketing strategy, and a marketing agreement. The marketing agreement, a contract between the cooperative and growers, outlines the obligations of both. Before prospective growers will commit to producing for the new market, they want to know how and when they will be paid for the produce they deliver.

Virginia Tech is playing a major supportive role in the research and extension required to make the new market successful. The Department of Agriculture and Applied Economics is conducting a study to identify which products will be most marketable through the shipping-point market. Crop production budgets, profitability and market-window analysis, and a list of potential buyers for the crops to be marketed are being developed. Farmers, extension agents, and potential buyers are being asked to help with the planning process.

Virginia Cooperative Extension launched a new program with the goal of increasing vegetable production in southeast Virginia. Triggered by the construction of the new market, the program is educational and will initially focus on the three target crops the cooperative identified: sweet corn, watermelon, and bell peppers. The program addresses issues identified in grower surveys as constraints: marketing, labor, irrigation, pest management, produce varieties, harvesting, and post-harvest handling. On-farm demonstrations, workshops, field days, a newsletter, and an internet website will all be part of the educational effort. An important priority in this program is teaching the need for and proper use of irrigation, which is generally not used in the southeast region. With this priority in mind, 10 farmers, within a 50-mile radius of the market, have been recruited for on-farm demonstrations of drip irrigation during the 1998 growing season. The diversity of management practices, soil types, and location will provide a broad information base for other growers.

The construction of the Southeast Farmers Market is an opportunity to strengthen the rural economy of southeast Virginia through diversification. Vegetable production can be an attractive alternative to the traditional commodities of corn, soybeans, peanuts, and cotton. The market offers an outlet for producers with too little

produce to meet the demands of retail grocery chains by themselves, for those who rely on family labor and do not have sufficient resources to staff a retail outlet, and for those who do not feel competent to develop their own markets.

The shipping-point markets also offer a marketing technique that is familiar to farmers who have traditionally grown row crops. The biggest differences are the requirements to grow specific varieties and quantities and to use irrigation. For many farmers, these markets will allow them to remain in production and to generate income comparable to what they are receiving for cotton and peanuts, which, if the government programs for these crops disappear, could result in a severe economic hardship for the area.

To make the Southeast Virginia Farmers Market an obvious success and a model for other regions, producers and consumers need to work together to find the combinations of functions and commodities that will provide the highest economic returns to the region. Success also requires a commitment on the part of growers; aggressive management with a plan for attaining goals identified through the market analysis; grower organization and team work to strengthen the cooperative; and a continuing research and extension effort to address constraints to expanding production.

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Dr. Bevacque can be reached by phone at: (757) 653-2572; or by email at bevacque@vt.edu. His office is in the Southampton County Office building at 21300 Plank Rd., Courtland.

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****At the printer:** *Management Practices on Virginia Dairy Farms* by Gordon Groover. This REAP report focuses on the differences between dairy grazing practices and traditional dairy management practices.

Impact of Agriculture and Ag-Related Industries on Virginia's Economy by David Lamie. This report is an update of a 1994 report that measured the impact of agriculture on the Gross State Product and employment.

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