

PRODUCE AUCTIONS EXPAND MARKETING OPTIONS

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Amish, Mennonite, and other "plain folk" communities have developed nearly fifty produce auctions across the Middle Atlantic and Northeastern states, thus optimizing their wholesaling strategies. It may be a model well worth adopting if your production exceeds what you can dispose of through retail sales. These auctions have succeeded because of their members' commitment to long term success. Week after week they market good supplies of quality produce regardless of price swings. They know that their auction offers a resource for both individuals and families to efficiently market to the growing demand for "local" produce. These auctions allow buyers to know who has grown the produce and how fresh it is. Among the produce auctions in eastern USA, nearly all report 95% or more of their offerings as locally grown.

Produce auctions attract buyers by establishing a reputation for quality products in good supply. Product mix changes as the season progresses, starting with bedding plants and hanging baskets in the spring and moving into fruit and vegetables as the weeks progress. Even nursery stock has been marketed by these means.

Matthew Ernst, Extension associate for the University of Kentucky has written a case study of Fairview Produce Auction, Inc., U.Ky Pub. AEC-EXT 2001-06. That auction began when five members of the Fairview Mennonite community agreed to form a preliminary board of directors and craft the legal structure for a Subchapter-S corporation. The necessary capital was raised by sell of stock to producer members after the articles of corporation were adopted. The funds were used to purchase 15 acres of land and erect a steel building. The building was designed to facilitate easy docking and included an open-sided auction floor, warehouse and office space. After securing an auction house license, business has steadily grown from 10% commissions on produce, sales of packaging materials to its sellers and separate consignment sales of equipment in the spring and fall. Other produce auctions have realized income from routine sales of hay and grains.

An auction needs to have adequate facilities, enough growers committed to supplying volume, an assurance of produce quality and packaging acceptable to the following resellers: independent groceries, roadside produce stands, garden centers, restaurants, and individuals. Growers who operate farm stands often return home with products as well.

Gemuse Verkaufshause, available from Schlaback Printers, 1-888-406-2665, provides contact information and status of produce auctions in several states. Most auctions have fifty or more growers involved and do approximately five hundred thousand dollars in annual sales, excluding the top four auctions listed, who have sales between one and three million dollars. Auction facilities vary in size but many have covered areas of 9000 square feet or more.

You can determine if a produce auction might be appropriate for your marketing plans by visiting an active one at different times of year. To learn more about auctions in North Carolina, contact Carl Cantiluppi at 919-603-1350 / carl_cantaluppi@ncsu.edu. Dr. Bratsch, 540-231-1432 / abratsch@vt.edu, or I, 434-263-4035 / lachance@vt.edu, will be happy to steer you towards similar auctions in Maryland and Pennsylvania. Finally, if you are interested in the development of a produce auction serving the Shenandoah Valley and Central Virginia, call Eric Bendfeldt at 540-564-3080/ebendfel@vt.edu.

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