

California Cantaloupe Industry

study of distribution channels and marketing margins shows location, size, and type of store influence consumer prices

Jerry Foytik

California growers of cantaloupe receive 29¢ of the consumer's dollar to cover costs of production, harvest, and field packing. The rest of the dollar goes for marketing costs—packaging, transportation, wholesaling, and retailing.

The retailer discards one melon for every eleven he sells, because of losses from physical waste and spoilage. Such losses include all spoilage occurring throughout the distributive system but removed at the retail level.

Cantaloupe are marketed primarily by going from producers to wholesalers to retailers. Appreciable quantities, however, are also handled by packers before reaching wholesalers or by truck-jobbers on the way from wholesalers to retailers.

These are the principal findings of an investigation of the distribution channels used and marketing margins established in moving California-produced cantaloupe to housewives within the state. In the course of the study 183 retail stores were surveyed. Data obtained represented approximately 9,300 crates.

Although eastern markets are the major outlet for California cantaloupe, about one fourth of the crop is sold within the state. The spring crop—40% of the annual production—is grown in the Imperial Valley. Of midsummer cantaloupe acreage, almost half is in Fresno County; one fourth in Merced and Stanislaus counties; one eighth in San Joaquin, Tulare, and Kern counties; and one eighth in other parts of the state.

Most cantaloupe move through wholesale markets. Four fifths of the wholesalers' supplies come from growers and one fifth from packers. About one tenth of wholesalers' cantaloupe destined for retailers goes first to truck-jobbers—dealers who usually buy produce from wholesalers and follow a regular route of delivery to retail stores.

Producers sell few cantaloupe directly to retailers—less than 5% of the total. A smaller quantity is handled by truckers—dealers who usually buy in producing areas and sell to other dealers or retailers.

The relative importance of different dealers varies with geographic location, city size, and season.

Wholesalers and packers are more important south of the Tehachapi Mountains. Wholesalers handle 96% of the

total volume in southern California compared to 87% in the north; packers 23% and 15%, respectively. Truck-jobbers are relatively more significant in northern California—20% compared to 9%.

Until mid-July cantaloupe retailed within the state come chiefly from Imperial Valley. Small-city retailers in southern California, however, receive about two thirds of their supply from other producing areas in this part of the state. Early shipments from south San Joaquin Valley are sold almost exclusively through stores located in the Central Valley.

From June 1 to July 15, wholesalers supply large-city retailers with about 97% of their cantaloupe, and small-city retailers with less—90% in southern California and 50% in the north. After mid-July the same proportions exist except for a sharp reduction in the larger cities of the Central Valley. Wholesalers located in small cities are a significant source of supply for small-city retailers but appear to provide none of the cantaloupe retailed in large cities.

Truck-jobbers supply large-city retailers with 4% of their cantaloupe and small-city retailers with larger proportions—8% in southern California and 40% in the north.

Producers and packers sell few cantaloupe directly to retailers before July 15. Thereafter they furnish 30% of those retailed in the Central Valley, 10% of the quantity sold by small-city retailers in southern California, and small quantities to other retailers.

This information indicates that cantaloupe are not cross-hauled extensively. Produce grown north and south of the Tehachapi Mountains tends to move to retail stores located within these areas. When nearby supplies are inadequate, additional cantaloupe are secured from more distant producing areas.

Thus northern California retailers sell cantaloupe from Imperial Valley until mid-July because those produced nearer at hand are not yet being harvested in large quantities. Similarly, retailers in the south handle cantaloupe from northern producing areas after July 15 because supplies produced nearby are then insufficient to fill the demand.

A crate leaving the field contains, on the average, 32.7 melons. Of these, 30.0

cantaloupe are sold to consumers, and 2.7 are unsalable because of spoilage. This loss includes both cantaloupe thrown away during unpacking and those later spoiled or damaged in the store. It is shown as part of the retailer's margin.

At the time of the study, California consumers paid an average price of 13.7¢ per melon. The sales value was \$4.12 per crate for the 30 cantaloupe sold by retailers.

From the average crate, retailers received \$1.31—32% of the consumer's dollar—to cover their expenses and to compensate for spoilage occurring within the distributive system but discarded at the retail level.

The preretail margin was \$1.63 per crate, or 39%. Over half of this margin—86¢—consisted of charges for packing and container. About one fifth—34¢—was the wholesaling margin including all charges, fees, commissions, and net profit by dealers between packers and retailers. The remaining one fourth—43¢—was for transportation.

The farm price of \$1.18—or 32% of the consumer dollar—is derived by subtracting the retail and preretail margins from the price charged consumers. It is specified at the farm gate in order to include the amount received by growers for harvested but unpacked cantaloupe.

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SEEDING

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increase the fertility of the soil for the perennial grasses—a plant count survey was made to compare broadcast seeding and drilling with fertilizer.

At least 10 pounds of seed per acre were used with the broadcast method. The seeding rate was cut to six pounds per acre by drilling. An excellent stand was obtained with $\frac{2}{3}$ as much legume seed and $\frac{1}{3}$ as much grass seed by drilling, and the saving in seed cost helped to defray some of the expense of the fertilization.

Broadcast legume seed—without help from the phosphate fertilizer—produced small plants and set very little seed.

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Farm Advisors, San Diego County, University of California, and personnel of the U. S. Forest Service, Cleveland National Forest, assisted in the studies reported here.

PEACHES

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quence. The reduction in loss averaged eight percentage points. This means that a ton of fruit yielded an additional 160 pounds.

An additional allowance must be made for losses in weight that take place while the peaches are hauled from the grading station and stored at the plant prior to pitting. For the test period, an average shrinkage loss of 2.7% was observed.

This value may not be representative of normal operating conditions in commercial canneries. Peaches obtained from the test were hauled promptly from the grading stations to the pilot plant, and handled rapidly at the plant. The total elapsed time averaged only 18 hours—considerably less than for peaches canned commercially. Certain other factors may have contributed to low shrinkage losses for the test lots.

Results of the pilot test suggest that cannery losses may be decreased appreciably below the levels now prevailing.

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CANTALOUPE

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Spoilage, retail margins, and consumer prices vary among the stores surveyed. Location, size, and type of store provide a partial explanation for such differences.

Losses due to waste and spoilage tend to be higher in small cities, in small stores, and in independent stores than in large cities, large stores, and chain stores, respectively. Retail margins are usually higher in southern California, large cities, and independent stores than in northern California, smaller cities, and chain stores. Prices paid by consumers are considerably higher in small

stores and credit-delivery stores than in large stores and cash-and-carry stores, and somewhat higher in small cities than in large cities.

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The above article is based on a study undertaken jointly by the California Agricultural Experiment Station, the California Farm Bureau Federation, and the former Bureau of Agricultural Economics—now largely in the Agricultural Marketing Service—U.S.D.A.

A more complete report, the sixth in a series, entitled California Cantaloupe Marketing Channels and Farm-to-Retail Margins, 1949 Season, is available by addressing the Giannini Foundation of Agricultural Economics, 207 Giannini Hall, University of California, Berkeley 4.

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