

Marketing Considerations - Florida Greenhouse Vegetable Production Handbook, Vol 1¹

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Because of the large investment required to start a greenhouse operation and the relative inflexibility of the greenhouse once it is set up, a marketing plan should be developed before the investment is made. The plan should take into account several market and production circumstances.

Statements like "a tomato is a tomato," do not hold true, or at least should not hold true, for greenhouse vegetables. Most greenhouse producers say that they compete in terms of quality against mature green and even vine-ripe tomatoes. They can do so because greenhouse vegetables are viewed as specialty items which cater to a relatively small, but highly demanding market. Although the market is limited on an industry level, to the individual grower, the market can seem quite large. Market size can work for and against producers. Buyers seek consistent quantity and quality. Presently in Florida a typical greenhouse produces about 2/3 the volume of tomatoes that is produced on an outdoor acre. Given the small number of greenhouses, there is an inherent problem in having the ability to consistently produce

or supply quantities demanded. The individual producer can often locate outlets for the produce, however, if enough time is taken. Once found, the market must be developed and sufficiently won over. An individual producer can do this locally by selling to specialty produce outlets.

The marketing effort described above is very demanding and can be quite expensive, especially in terms of time requirements. The time requirement for marketing could prove harmful to crop production. Despite this potential drawback, such a marketing effort can be quite lucrative to the individual producer. In general, buyers and/or shippers require more volume than would be available from a (small) individual greenhouse producer at any one time. The logical implication is that some type of marketing association would be able to meet quantity and quality requirements.

A marketing association could meet quantity requirements by coordinating production and harvesting by its members. In order to meet quality

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requirements, an association should set quality standards (that are understood by all members). The members must agree to adhere to those standards and to be penalized if they do not do so. In addition, members must guarantee that they would market a certain percentage of their crop through the association and that they will not negotiate individually with the same buyers to whom the association sells, with whom it has negotiated in the recent past, or with whom it is in the process of negotiating.

In general, producers should be wary when selling their product and should be aware that (forward) contracts are very rare in the produce industry. They are rare because prices depend upon conditions that change frequently or that are relative rather than absolute. Supply and quality conditions from other sources heavily influence the price a producer is offered. In addition, producers cannot predict the quality of their own harvest or even its quantity. Such predictions are more feasible, however, with greenhouse production than with field production. Although not foolproof, growers should check to see whether or not a broker (or any buyer) is bonded in Florida. The buyer or handler should also be checked by referring to some type of directory such as the Redbook. Producing a quality product is not enough. The product must be marketed successfully, which takes effort, in order to be able to say that a production cycle was successful.

More Information

For more information on greenhouse crop production, please visit our website at <http://nfrec-sv.ifas.ufl.edu>.

For the other chapters in the Greenhouse Vegetable Production Handbook, see the documents listed below:

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