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A SURVEY OF SOME PUBLIC PRODUCE MARKETS IN NEW YORK

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THE CHANGES in the marketing of perishable farm products in recent years, brought about largely by improved transportation facilities, by changes in the buying habits of the housewives, and by the evolution in the retailing of fruits and vegetables, have brought about the necessity for changes in market equipment and control. In order to determine how and by whom these changes should be made, a study was made of the public produce markets in the four largest cities in up-state New York.¹

In this study the aim was to find out the volume of business conducted annually, the character of the produce handled, where it came from, the methods of sale employed on the markets, who constituted the principal groups of buyers, the consuming area served by each market, and in addition, the type of market-place best suited to present day markets. The data were secured from growers and truckers who sold on the markets, from grocers, hucksters and truckers who bought produce on the markets and from the commission merchants whose place of business was in these cities and usually bordered on the markets.

The records from sellers on the markets represented from 15 to 30 per cent of all who sell on these markets. Factors were applied to the data from the records to obtain estimates for the entire market. To the volumes of produce—by commodities—thus obtained were applied the average weighted prices that obtained on the markets throughout the year as secured from leading growers, in order to convert the volume figures to a money basis as the most convenient common denominator in which to express them.

VOLUME OF BUSINESS

The total volume of sales on the four leading markets in up-state New York varied from \$3,000,000 on the Elk Street market in Buffalo to almost \$4,000,000 on the public market in Rochester, while the Albany and Syracuse markets each handled a volume of

¹ The cities in which markets were studied were Buffalo, Rochester, Syracuse and Albany.

about \$3,700,000. These sales consisted almost entirely of produce grown in New York State and brought to the market by the grower or by a trucker-dealer who buys produce at farms to sell on the market.

The volume of business done by the commission houses dealing in fresh fruits and vegetables amounted to \$6,800,000 in Albany, \$7,000,000 in Syracuse, \$8,000,000 in Rochester and almost \$21,000,000 in Buffalo. Of these amounts, from 80 to 90 per cent represented shipped-in produce grown outside of the state.

The most important agency retailing fresh fruits and vegetables is the grocery store. Recent developments in chain grocery stores have put fresh fruits and vegetables into practically all of these stores and while the old line independent grocer has handled fresh fruits and vegetables for years, the real importance of these commodities as a means of attracting buyers to the stores has only recently been fully appreciated by those interested in all forms of grocery merchandising. The grocers of Albany retailed almost \$2,000,000 worth of fresh fruits and vegetables last year, those of Syracuse about \$3,600,000 worth, those of Rochester about \$5,750,000 worth and those of Buffalo about \$12,750,000 worth. Of the above amounts approximately 40 per cent were home-grown. That the public market is an important factor in supplying fresh fruits and vegetables to the grocers is shown by the fact that in Buffalo grocers bought 31 per cent of the home-grown produce on these markets, and in Albany, Rochester, and Syracuse from 60 to 75 per cent of the home-grown fruits and vegetables were bought on the public markets.

A second group which is of importance in the retailing of fresh produce is the huckster who is licensed by the city or state to sell produce from house to house. These men buy on the public market and from commission houses and peddle on the streets of the city, thus taking over a retailing function formerly performed to a greater extent by farmers themselves. The volume of business done by hucksters last year amounted to a little less than a \$1,000,000 in Albany, to just about \$2,000,000 in Buffalo and in Syracuse, and to \$2,300,000 in Rochester. The percentage of home-grown produce in the sales by hucksters varied from 38 per cent in Buffalo, to 45 per cent in Albany, 48 per cent in Syracuse and 52 per cent in Rochester, practically all of which was bought on the market.

Direct sales to consumers on the public markets amounted to from \$800,000 to \$900,000 in Albany and Syracuse, but less than \$300,000 in Rochester, while on the Elk Street market in Buffalo only about \$100,000 worth of produce is sold direct to consumers. In Buffalo there are three other markets, strictly retail, on which about \$300,000 worth of home-grown produce is sold to consumers by the growers. Very little selling direct to consumers is done by the vegetable gardeners. The small farmer who brings in a small load of produce very miscellaneous in character, is more likely to sell directly to the consumer.

CHARACTER OF PRODUCE HANDLED

The commodities sold on the public markets included vegetables, fruits, berries, butter, cheese, flowers, plants, live and dressed poultry, as well as all classes of dressed meats produced on the farm. Of these, vegetables constituted the major portion of sales on all the markets. They made up over 80 per cent of the sales in Buffalo, 70 per cent in Rochester, 67 per cent in Albany, and 55 per cent in Syracuse. A large number of trucker-dealers sell on the Rochester and Syracuse markets. They handle twice as much fruit as vegetables and over three and one-half times as much poultry and eggs as vegetables on the Syracuse market. Vegetables constitute only 13 per cent of the trucker-dealer sales on the Syracuse market, but 81 per cent of the sales by growers. On the Rochester market, however, two-thirds of the trucker-dealer sales consisted of vegetables. Fruit constituted less than 10 per cent of sales on the Elk Street market in Buffalo, but from 15 to 20 per cent on the other markets. The controlling factor that brings buyers to all of these markets is the quality and supply of vegetables offered for sale.

THE PRODUCING AREAS SERVED BY THESE MARKETS

From 9 to 39 per cent of the products came from distances of more than 20 miles from these markets, and from 3 to 10 per cent came from more than 40 miles. In the case of the Albany market, over 4 per cent came more than 100 miles. Sellers on the Rochester and Syracuse markets have been required to register since July, 1926. From that date to July, 1929, 1,821 growers registered to sell on the Rochester market. These growers came from 14 coun-

ties. In the same period, 3,686 growers from 27 counties registered to sell on the Syracuse market. The wide area from which growers come to these markets indicates the regional character of the markets so far as an outlet for produce is concerned. The producing areas which depend in part on these markets are, however, wider than these figures indicate. Approximately 40 per cent of the products sold on the markets in Rochester and Syracuse are not sold by the grower, but by trucker-dealers who tap practically every county in central and western New York. Some of these men have regular routes over which they buy produce every week, while others visit any section within a radius of 100 miles from these markets where produce is available at the particular season. Most of the trucker-dealers specialize. Some handle only poultry and eggs. Others bring in berries in the spring and summer, turning to peaches, apples and potatoes in succession as these crops become ready for market. The development of the trucker-dealer business is a direct result of the building of good roads and of motor trucks.

From the standpoint of the consumer the trucker-dealer makes available many products that would otherwise not find their way to these markets. From the standpoint of the farmers, distant from good markets, they provide a market which is far superior to the neighborhood grocery store or local dealer. From the standpoint of the wholesalers and jobbers in these cities, they frequently furnish keen competition, but they are also used by the trade as an outlet for odds and ends. To the grower who sells on these markets the trucker-dealer is often an unwelcome competitor and frequently one who employs methods which are distasteful to the grower if he has to occupy a stall beside him. That he is not an unmixed evil is indicated by the fact that many growers on the market recognize that the trucker-dealer is an important factor in keeping a constant volume of business on the market throughout the year. By keeping a supply of produce on the market during the "off seasons" they keep enough buyers coming to the market at all times so that growers feel confident of finding buyers for such products as they wish to bring in at any time. Inasmuch as the trucker-dealer uses the market much more regularly than the grower who sells only his own produce, he is usually charged from 50 to 100 per cent more rental for a stall. Probably even a higher rental would be justified out of fairness to other businessmen in the

city with whom he competes, but in return he should be given as good quarters as any of the other sellers on the market. By giving them good facilities and charging an adequate rental, irresponsible dealers are kept off the market and at the same time the income thus derived makes it possible to charge moderate rentals to growers and still operate a market without a deficit. Ample justification for such a policy is found in the fact that the grower selling his own produce is the key to a successful produce market. A rapid decline of business has occurred on many markets where the number of dealers has been allowed to increase to the point where they made up the major portion of all sellers. Since the growers' section of the market is essential to the trucker-dealer, it is fair that he should help to support it.

METHODS OF SALE ON THE MARKETS

These markets which were established years ago, in order to enable growers to sell direct to consumers, perform that function to-day in only a limited way. As cities grew and the problem of buyers coming to one market place became more difficult, there was less and less buying on the part of consumers and the public markets became largely wholesale markets where growers and truck-dealers sold to other retailers. The percentage of sales to various groups of buyers on each of these markets is shown in table 1.

Consumers purchased relatively large amounts of poultry, eggs, dairy products and meat. On the Syracuse market the poultry and eggs sold to consumers amounted to twice as much as the vegetables. On the Albany and Rochester markets poultry and eggs bought by consumers were exceeded slightly by purchases of vegetables, but of the sales to all buyers on these two markets, vegetables constituted from 67 to 71 per cent. Of the purchases on the market by truckers who supplied grocers in other cities, vegetables constituted from 63 to 93 per cent, showing that the supply of vegetables is the factor that keeps these men coming to the markets. Among the purchases by grocers, vegetables predominate almost to the extent as in the buying by inter-city truckers. Since these two groups buy from 50 to 60 per cent of the products sold on these markets, it shows that the modern trend in produce markets, which is decidedly toward wholesale markets, makes vegetables the determining factor in their growth. Most of the vegetable gardeners, who bring less diversified loads than do the

general farmers, are in favor of the discontinuance of selling at retail. That their ideas are probably economically sound is indicated by the fact that those who sold less than 50 per cent to consumers sold 43 per cent more goods per hour than those who sold over 50 per cent to consumers. The costs of marketing in the latter group averaged over 13 per cent of the value of the load, while for the former group the costs averaged less than 9 per cent of the value of the load.

In addition to the three groups of buyers already mentioned, the grocers, the inter-city truckers and the consumers, two other groups

Table 1. Percentage of Sales to Various Groups of Buyers on the Markets in Albany, Rochester and Syracuse, and the Elk Street Market in Buffalo, 1929

| Classes of buyers | Albany | Buffalo | Rochester | Syracuse |
|---|--------|---------|-----------|----------|
| Commission houses | 5.3 | 15.9 | 10.8 | 8.6 |
| Truckers supplying other cities | 46.7 | 4.0 | 11.4 | 26.1 |
| Hucksters selling in city | 11.9 | 28.4 | 30.1 | 19.3 |
| Grocers | 13.9 | 47.9 | 40.4 | 21.1 |
| Consumers | 22.2 | 3.8 | 7.3 | 24.9 |
| Totals | 100.0 | 100.0 | 100.0 | 100.0 |

are important. The hucksters' purchases range from 12 per cent on the Albany market to 30 per cent on the Rochester market. The commission houses buy 5 per cent of the produce sold on the Albany market, 8.6 per cent at Syracuse, 10.8 per cent at Rochester and 16 per cent on the Elk Street market in Buffalo.

CONSUMING AREAS SERVED

The regional interest in these markets is also illustrated by the volume of inter-city trucking from the cities where these markets are located. These markets and the car lot receivers, located on sites adjoining the markets, each supply from half a million to a million and a quarter dollars' worth of produce to cities and small towns lying more than 60 miles away, while from the four markets, inter-city truckers haul over \$14,000,000 worth of produce of which about \$6,000,000 worth is hauled over 40 miles. The total trucked from each city was estimated by getting records from a number of inter-city truckers together with as complete a list as possible of all inter-city truckers, from the wholesalers and

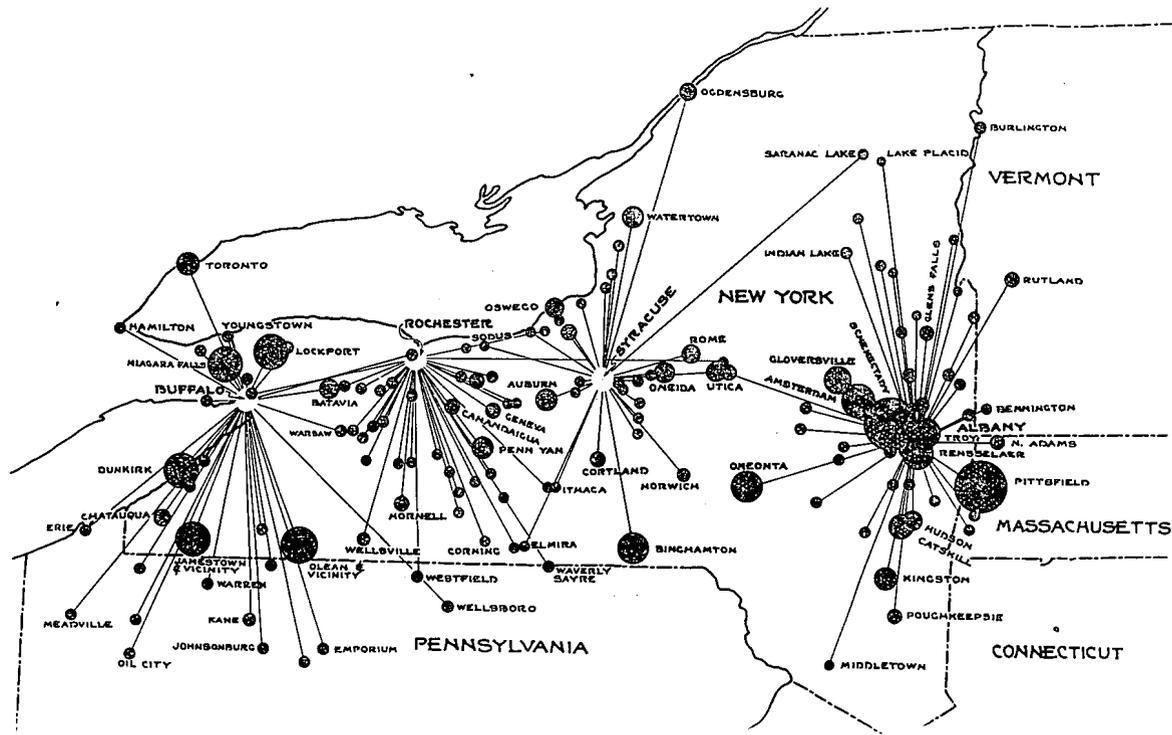


FIGURE 1. INTER-CITY TRUCKING OF FRUITS AND VEGETABLES FROM ALBANY, BUFFALO, ROCHESTER, AND SYRACUSE, 1929

The smallest dots represent a range from \$4,000 to \$100,000; the largest \$800,000; the others, amounts in proportion to size. The large amount trucked from Albany to Troy and Schenectady is due to the fact that many commission firms owning houses in Albany and either Troy or Schenectady unload many cars in Albany that are split between the two houses.

growers who sold to them, and applying the value of the loads in the records to all the truckers on the list. By getting the wholesalers to classify all inter-city truckers on the list as "large," "medium" and "small," fairly accurate allocations were possible.

The large amount of home-grown produce trucked out of Albany is due to the fact that Vermont, western Massachusetts, the Adirondacks, and the Catskills represent vast areas that are not well adapted to the production of fruits and vegetables. The large amount of shipped-in produce goes largely to the cities of the Hudson Valley and in the areas mentioned above that are too small to receive solid car lots of western and southern produce.

The amount going within a distance of 20 miles from Albany is increased by the fact that some wholesale firms have houses in Albany and also in Schenectady or Troy. These firms unload cars in Albany and truck part of the produce to the other two cities.

Syracuse, located centrally so far as producing and consuming areas are concerned, has developed a large inter-city business, over 35 per cent of which goes more than 60 miles from Syracuse.

Buffalo is the source of over \$4,000,000 worth of produce trucked to other cities, but less than 4 per cent was purchased on the market. Congested conditions on the Elk Street market discourage farmers and inter-city truckers from doing business there.

The inter-city truckers have almost entirely replaced the less-than-car-lot shipments by which many small cities were supplied in the past. The two large brokers in Buffalo whose business is almost entirely represented by express or less-than-car-lot freight shipments say that their business has declined from 65 to 90 per cent in the last 15 years because cities within a radius of 100 miles, which formerly were dependent upon them for small lots of specials, now have this service available at their doors daily or at least two or three times a week through the work of the inter-city truckers. The 10 or 15 per cent of the brokerage business which still remains in Buffalo consists largely of high class specials for a group of small cities located from 125 to 175 miles from Buffalo. A belt including Binghamton, New York; Elmira, New York; and Dubois, Pennsylvania, furnished most of the brokerage business for Buffalo. This belt is somewhat beyond the area served by inter-city truckers from Buffalo. The inter-city truckers have done more than any other single group to pro-

mote the consumption of fresh fruits and vegetables by making these products available 12 months in the year in every town and village, no matter how small. Such a distribution was entirely impractical when it was necessary to depend entirely upon the railroads for transportation.

Due to the congested conditions on the Elk Street market in Buffalo, less than half the home-grown produce hauled from that city by inter-city truckers is purchased on the market. The truckers would rather "pay a higher price to commission men than to take a chance of getting tied up for 3 or 4 hours due to the congestion in the farmers' market section."

From the data thus far presented, it is evident that markets which were designed to accommodate a grower selling from a wagon to the housewives of the city have become obsolete under present day conditions of traffic and merchandising practices. Chain grocery stores and independent grocers have made fresh fruits and vegetables available in every neighborhood in our cities and towns at prices only slightly above the retail prices prevailing on the public markets. Distribution of shipped-in, as well as home-grown produce by motor truck from the large centers of population to the smaller cities and towns, have made these products available 52 weeks in the year to almost every housewife, no matter where located. These conditions call for markets designed for transfer of produce from truck to truck, for selling of large loads in a reasonably short time, for the sale of home-grown and shipped-in produce in close proximity to each other and for market areas with ample traffic and parking facilities for the movement of large numbers of trucks and automobiles.

That these markets should not be entirely controlled and dominated by the political régime of single cities is plain from the wide producing and consuming areas which they serve.

The Special Committee appointed by the New York State Conference of Mayors at the request of Governor Franklin D. Roosevelt to study the problem of food distribution in New York State recommends that "Since farmers, wholesalers, grocerymen, consumers in the city and consumers in other cities and villages over a wide territory are served by a regional market, such a market should not be controlled by any one local interest. The Committee believes that the best method of ownership is by the state,

or the state in cooperation with the city, or with one or more counties or both."

To these recommendations of the committee might be added ownership by the city and one or more counties, or by a cooperative organization of the growers. For the purpose of obtaining the adoption of uniform practices throughout the state in regard to grading, packing, and market and price reporting, however, state participation is desirable.²

² Presentation of detailed plans for markets is impossible in a paper of this character. Those desiring more detailed presentation of the study can obtain it by writing for Cornell Experiment Station Bulletin "A Survey of Some Public Produce Markets in Up-State New York" now in the hands of the printer.