

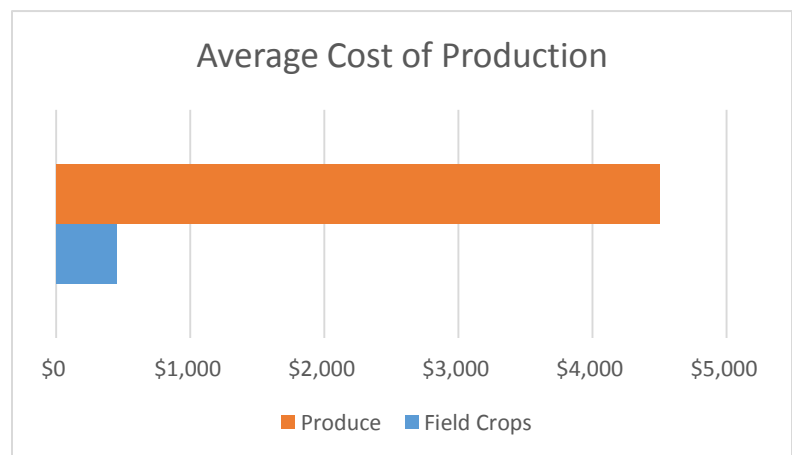
## **Prosperity through Auction**

Currently, there are six produce auctions in New York State. These auctions are aggregation points that allow local farmers to sell their produce in wholesale lots to buyers from across the region.

Cornell Cooperative Extension has supported the development and growth of these auctions since their inception. To document the economic impact of produce auctions on agriculture, local businesses, family farms, and produce buyers, CCE interviewed 18 of the top sellers and buyers at the Seneca Produce Auction in Ovid, NY. Interview questions were developed to assess mid and long-term outcomes of a produce auction.

## **Farm Changes in Response to a Produce Auction**

We asked how farming practices had changed as a result of the produce auction and were then able to calculate increased economic activity. The auction serves as a good and ready market that provides growers with the confidence to invest in expansion of their produce acreage. Of surveyed farmers 88% devoted additional acreage to growing produce with 66% citing the existence of the auction as the reason for the shift. Prior to the existence of the auction, this acreage had been devoted to field crops such as hay. The shift in production represents an increase of ten times the input costs, on average a total of \$4,500 per acre. This escalation of economic activity is seen in the farmer's need to purchase additional seed, transplants, fertilizer, and equipment for the production of fruits and vegetables. This, in addition to other costs such as labor, supplies, and packaging are all primarily purchased in local stores and markets, creating a multiplier effect to the local economy from the existence of the produce auction. Also, the auction reduced farmer's time spent on marketing, and allowed them to market a larger percentage of their produce than retail outlets.



100% of the growers cite Cornell Cooperative Extension as an important information resource. This resource is accessed through a number of channels, including CCE newsletter, produce auction winter and/or summer meeting, in-person visits from CCE staff, and phone calls with CCE staff.

## **Produce auction allows buyers to expand and operate businesses more efficiently**

We asked buyers to tell us why they buy produce through the auction and found that all the buyers value the auction for more reasons than just price. Most important to the buyers is that the auction sells high quality *local* product. 100% of the buyers reported that they label or promote the produce as “local”, from “Seneca County”, or “Grown in NY”. They reported that ‘local’ is important to their consumers. Also, buyers reported that the auction offers access to fresh produce that is of higher quality since most items are picked/harvested within a day of auction. Buyers appreciate the competitive pricing and find that they can often purchase the product considerably cheaper than other sources. Therefore, they can lower retail prices for the customers and maintain the same or better margins. Finally, the buyers report to benefit from the flexibility they have when buying produce at the auction. They are able pick out exactly what they want since they have the opportunity to peruse the produce before the auction.

Because the auction carries a large selection and many varieties of produce, 66% of surveyed buyers reported expanding their business operations because of the auction. They are now able to carry a larger stock which has resulted in more total sales as well as carrying a greater variety of produce.

Access to produce through the auction has led buyers to change their business operation, saving them time and allowing them to operate more efficiently. Of the buyers interviewed, 55% operate farm stands and 22% sell produce at farmers’ markets. The variety of the produce sold at the auction provides for a convenient one stop location to find the many types of produce they need. The auction occurs on a regular selling and payment schedule providing the buyers with consistent timing and payment. This means simplified sourcing, payments and schedules.

The presence of the auction benefits unrelated businesses in the county since 75% of buyers reported that they patronize other local business weekly when they come to the auction. On average, they reported spending \$1,653 over the course of the auction season at these other business.

This project was done in collaboration with Cornell University Cornell Office for Research on Evaluation (CORE), Cornell Vegetable Program, and Cornell Cooperative Extension of Seneca County.

