



Overview

Vegetable and other crops that are not part of the customary diet of a local population and grown primarily for their high cash values and export potentials are categorized as nontraditional. Recently, many limited resource producers have gone into the production of nontraditional fruits and vegetables in order to diversify their agricultural enterprises and earning potential. Farmers have expanded their search for more profitable enterprises and they view nontraditional crops as one means to diversify and reduce production risk (Weimar and Hallam 1988). With developments in new tech-

nologies many farmers are not reluctant to experiment with new or exotic enterprises including such things as garbanzo beans, elephant garlic, shiitake mushrooms, tamarind, bitter melon, cluster bean, tindora etc. There are various other problems related to the production and marketing of nontraditional crops. For example, farmers frequently do not know who will buy these commodities, how much they will buy or what they will pay (Babb and Long 1987). New and part-time farmers do not have a history of growing nontraditional crops. These farmers realize that they may not be able

to compete effectively with the traditional crops; hence, growers seek niche markets where they might be more competitive. This brochure addresses some of the problems and opportunities that are likely to impact the industry for nontraditional crops. Four major forces which affect the marketing of nontraditional crops at the industry level include the consumption trends, consumer behavior, marketing channels, and offshore competition.



Consumption Trends

While the total food intake of consumers is unlimited, consumption of nontraditional crops and specialty commodities is likely to expand for a number of reasons. Consumption of fruits, vegetables and poultry are increasing while consumption of red meats is declining. Away-from-home eating continues to expand. Consumption trends are influenced by income, food prices, population, demographics, lifestyles and preferences.

Projections of fruit and vegetable consumption provide some guidelines for sales potential of nontraditional crops since many of the new crops will be in these categories. Consumption of fruits and vegetables in the U.S. has been projected to increase in the range of 1.5 to 1.8% per year over the next 20 years (Blaylock and Smallwood 1986). These increases in consumption are the result of 0.9% per year increase in population, a 1% increase per year in real income and a grow-

ing number of persons over 45 who consume substantially more fruits and vegetables than do younger persons. Since many of the nontraditional crops may not compete directly with traditional crops and because many of the new crops will be novel and start from a small base, consumption of nontraditional crops may expand by 2 to 4% annually. The effectiveness of market development will greatly influence the extent to which new crops reach their full potential.

Consumer Behavior



Changing consumer behavior is partially responsible for observed and projected consumption trends. Medical research and technology are raising health consciousness of consumers. Consumption will expand for foods considered nutritious, low in calories, free of chemical and pharmaceutical additives, and low in substances associated with heart and circulatory problems.

Consumers seek more than nutrition from the food they purchase. The decision process used to purchase new foods may include search for varieties with good taste, easy to obtain, or availability and income potential among other good qualities. This provides the basis for new product introductions and support for the diversity of products. Many consumers prefer and are willing to pay for quality and variety.

Marketing Channels

Nontraditional crops will be sold in such marketing channels as:

- ingredient channel where products are used for further processing;
- food service channel which serves away-from-home eating places;
- private label and unbranded products channel and
- branded products channel. Some establishments in the food service channel and private label and unbranded products channel may

seek the products of new crops to satisfy their customers' need for variety and excitement, but by and large, these outlets do not represent outlets where there will be aggressive acceptance and marketing for new crops. Branded product channels employ strategies that are better suited to the introduction of new products but many of the new crops may not be branded.

The use of distribution outlets varies among food categories and those used by tropical fruits may be typical for many nontraditional crops. Terminal markets, brokers and jobbers, and grower/shippers each distribute about one-third of tropical fruits (Lim and McLaughlin 1986). Final sales to consumers are made as follows: supermarkets 60%, away-from-home eating establishments 23%, specially produce markets 8% and others 9%.

Offshore Competition

U.S. markets for raw and finished products have become more open; therefore, marketing strategies must be established with an international perspective. Imports are still a relatively small part of the fresh fruit and vegetable market, but they have been growing. The numerous countries that have low production costs may have comparative advantage for some nontraditional crops which are native to

them. Many less developed countries (LDC) are shifting from traditional to nontraditional crops with the hope that exports can be expanded. LDC's are also getting better market information and becoming more sophisticated in serving U.S. customers. The International Trade Center of the United Nations now provides market news on 150 commodities to about 30 LDCs.



Strategic Response

There are six general categories of marketing strategies: product diversification, geographic diversification, branding, advertising, pricing, and customer focus. Business decisions to implement strategies in all of these six areas will be undertaken for any new crop. Specific strategic responses at the industry level which are pertinent to new crops are described below.

Product Diversification

By definition, new crops are expected to result in the introduction of new food products. New products must be developed and existing products modified because most food products have a life cycle. Sales increase after introduction or modification, but reach a plateau and then decline. This seems to be the pattern for many tropical fruits and vegetables. While some consumption may have an ethnic basis, a large part may be the result of the consumers' search for products which add diversity and variety. Expansion in the industry may depend on the introduction of new tropical products and modifications of existing fruits. Plant breeding and genetic engineering may be used to create desired attributes in products such as low caloric value, seedlessness, sweetness, or firmness.

Geographic Diversification

The current trade imbalances and concerns about U.S. competitiveness have focused attention on imports. We must be careful not to overlook export opportunities for new crops. There are some good track records for export of crops, such as grapefruit, oranges, almonds and rice. Many crops that are new in the U.S. originated in other countries. It may be easier to sell these products which are already in the diet of persons in those countries than to sell our surplus agricultural products which are not part of the diet.

Consumer Information

The introduction of a new crop is, in principle, like the introduction of a new product by a food manufacturer. The food manufacturer obtains information on consumer motivations, needs, desires and attitudes that can be used to identify voids in existing product mixes which a new or modified product might fill.

A marketing plan for a branded product includes advertising, promotion, pricing, packaging and merchandising, all targeted to some segment of the market. The marketing plan is the blue print for establishing a consumer franchise which in turn is the basis for favorable treatment by food retailers regarding shelf space and location. While such a plan would be most helpful for new crops, there is often not an organization which can act collectively in the development and implementation of such a plan. In the tropical fruit industry, marketing problems include a lack of promotional support and handler training, erratic supply and lack of information about how to use the product (Lim and McLaughlin 1986).

Coordination

There are several forms of collective action which provide industry planning and coordination including marketing orders, cooperatives and trade associations. Providing consumer information as discussed above is only one area where industry coordination can make a difference. Other areas include maintenance of standards for identity, quality and food safety, product development and modification including new varieties, demand expansion programs including information on export market potential, and market intelligence. New crops will be more bountiful in an industry where coordination is cultivated.

If a new crop proves profitable, there is a high probability that production will expand to the point that profitability disappears. Many producers enter or expand production near the height of the growth segment of the product cycle, just in time to experience the plateau or decline in sales. One then hears calls for industry to manage supply, coordinate production and erect entry barriers.

Summary

Interest in new crops has been stimulated by financial stress in agriculture, the growing number of part-time farmers located close to urban customers, and the expanding demand for foods that are nutritious and which add variety to the diet.

For several years, Alcorn State University Department of Agriculture has successfully investigated the growth and yield potential of various cultivars of nontraditional crops. Many of these have been distributed especially to limited resource farmers in order to help improve farm income and quality

of life. These crops include bitter melon, okra, tomatoes, soy bean, shi-take mushrooms etc. Although they have been consumed mainly by ethnic groups, they are highly nutritious for consumers and may provide an additional source of revenue for limited resource producers.

Guidelines for starting or maintaining a viable farm enterprise

Impacting Agriculture Today, Ensuring Global Prosperity Tomorrow



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References

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