

Progress Report for the Southern Region Small Fruit Consortium

Title: Estimated Costs and Returns of Producing, Harvesting and Marketing Raspberries in the Southeastern United States

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Objectives: The overall objective of this study is to summarize the resources and estimate the costs associated with producing raspberries in the southeastern U.S. region. Specific objectives are to:

1. Estimate the typical costs and returns associated with growing, harvesting, and marketing raspberries in the southeastern U.S. region.
2. Provide farmers who are either considering entering the raspberry industry or who are currently growing blackberries with an estimate of the input cost requirements.
3. Estimate the amount and distribution of the labor required to produce, harvest and market raspberries
4. Evaluate the effect of varying price and productivity (yield).

Justification and Description: The demand for fresh blackberries and raspberries has increased dramatically in the past 5 years. SunnyRidge Farms Inc., one of the major growers and marketers of blackberries in the Southeastern United States has indicated that they need a source for raspberries as well from this region. Raspberries can be grown at high elevations in many parts of the Southern Region, but at the present time, production is limited to small farms and backyard gardens. SunnyRidge Farms Inc. and

the North Carolina based Golden LEAF Foundation have supported research to develop protocol for the production of commercial late season raspberries. This research is well underway and involves use of season extension techniques such as row covers and tunnels.

However, in order for the package to be complete, a budget is needed. At the present time, little information is available on the economics of raspberry production. The Northeast Regional Agricultural Service produced a budget for brambles in 1989. However, this information is geared toward raspberry production and does not take into account trellis systems, planting densities, pest control and cultural practices that are unique to raspberries in the southern region, including the use of season extension techniques. The primary focus of this budget will be for primocane fruiting types, however, some of the information may be useful for growers producing floricanne fruiting raspberries as well.

Current and potential raspberry growers in the southeastern U.S. region need production and financial information to make informed decisions about entering, leaving, or expanding existing operations. Like all business managers their main objective should be to make a profit in order for their farms to be financially successful. Ideally, growers would keep detailed records that would serve as a reference when estimating their production, harvest, and marketing costs, but this typically does not happen. In addition, production expansion of any commodity should be accompanied by a thorough assessment of its profitability. Therefore, the purpose of this study is to provide information about the costs and returns of growing, harvesting, and marketing raspberries. The data will serve as a guide to assist individuals who are considering entering the raspberry industry and those who are currently growing raspberries make more informed business management decisions.

Methodology: A complete cost model for a five-acre raspberry production system was developed by programming the production sequences in EXCEL spreadsheet software. The previously published budget for commercial blackberry production served as a blueprint for this budget program, so it contains the same level of detail and degree of analysis as prior fruit budgets. Raspberry production practices were based on management procedures recommended by extension specialists with input from current growers. The monthly production sequence, a detailed summary of the equipment, material and labor input requirements needed to complete each operation, and the estimated costs per acre were developed. Input prices were obtained from local dealers who regularly supply berry growers. In addition, we completed a sensitivity analysis to examine the affects of varying both yields and the prices received by growers and conducted an investment analysis to determine if raspberry production was profitable over the ten year life of the planting.

Results: While the initial estimates indicate that raspberry production can be profitable, the latest draft of the blackberry budget has just been reviewed by growers for completeness and accuracy. Their recommended changes as well as 2008 harvest data are

currently being incorporated into the final version of the budget. The final draft should be completed in January 2009. We will post the final version of the budget to the Southern Region Small Fruit Consortium website as soon as it is finished.

Utilizing EXCEL software to develop the raspberry budget allowed us to realize two additional benefits. First this budget program gives the user increased flexibility because the individual worksheets were linked to the appropriate production sequence, sensitivity analysis or investment analysis. For example, the input data were linked to the corresponding production operations while the subsequent cost estimates were linked to both the sensitivity and investment analysis. So by simply updating the input data, the user automatically receives an updated raspberry budget along with the related sensitivity and investment analysis.

Second, this budget program is the first step in developing a more “user friendly” budgeting program for growers. In fact, Dr. Blake Brown, Director of the Value-Added Program Team in the Department of Agricultural and Resource Economics at NCSU, has expressed interest in helping expand this budget program to a “user friendly” budget that can be posted on a website so growers can estimate the costs for their individual situations.

Conclusions and Impact: Like all businesses, the primary objective of growing raspberries should be to make a profit. The detailed input coefficients and monthly cost estimates will allow individual growers to estimate their actual inputs and costs. Consequently current and potential raspberry growers in the southeastern United States can use this financial information to make informed decisions about entering, leaving, or expanding existing operations.

Citations: None at this time.