

Lettuce Production Strategies: A Grower's Perspective

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Introduction

During this presentation, I will make an attempt to describe my experience in the leaf lettuce market over the past 30 years, what has changed, how I have adapted, and what I see I need to do to stay in the lettuce business.

History

Bonanno Farm/Pleasant Valley Gardens have been marketing leaf lettuce to the wholesale market for over 70 years of their 97-year history. Let's just skip the first few years. During the 1980's through mid-1990's, there seemed to be some money to be made in the lettuce market. We went through the transition from lower counts in wire bound crates to 24 heads in waxed cartons just like California and other big players. We marketed about 16,000 cases a year of Boston, red leaf, green leaf, and romaine. Prices were generally about \$9.50 per case. The retail price of lettuce in the chains was about \$0.79 per head during the mid-1990's. Most of our lettuce was sold to Star Market with less than 20% to Market Basket. Both chains are mostly in the greater Boston area. Our major competition during these years was California. The delivered price for Romaine from California was always between \$13 and \$17 per box. As long as we gave adequate notice to Star Market and Market Basket regarding our availability, we could sell whatever we had. Through a series of both family issues and supermarket merger events, Market Basket became our primary customer in 1999. We also started doing business with Red Tomato in 2000.

Canada/NAFTA

Market Basket decided during the late 1990's that they could buy all the lettuce they wanted from Canada at about \$7 for 24 heads. Of course, to the Canadian grower, these 7 US dollars translated to \$10.77 Canadian, a great price for him. Our price was dropped to \$8.50 with the comment that it really did not matter if we grew lettuce anymore since it was so plentiful and cheap elsewhere. By 2007, Market Basket was paying \$1 less per box than they did 17 years ago. During that time, our labor costs have risen 82%, our box costs have risen over 80%, and equipment and transportation cost are up over 100%. Also, the price for lettuce in the stores is up to \$1.29 or more. In 2007, Market Basket was still paying \$8.50 for 24 heads. Just a few days ago (early November, 2007), the US dollar became less valuable than the Canadian dollar. This may help us in 2008 but remains to be seen. In 2007 we sold less than 100 boxes of lettuce to Market Basket.

Red Tomato

Starting in 2000, we started selling lettuce through Red Tomato for \$10 to \$12 per box. This price varied by store, time of year, and delivery mode. This has been a plus for us, but there is constant pressure on Red Tomato to lower prices. The fact that there are so few of us left in the wholesale lettuce market, which translates into a sporadic

supply, especially during late July to Labor Day, has somewhat limited our sales. Through the 2005 season, sales were so limited and we contemplated not growing lettuce at all.

The Response

One of the ideas we looked at with Red Tomato was packaged chopped salad mixes. Apparently, there is a difference selling lettuce mixes at farm stands versus to supermarkets. Shelf life of chopped salad mixes is a major issue. Buyers told us that eastern lettuce did not hold up as well as California lettuce. We did some research in 2004 to look at this. The bottom line with our work was that the bacteria commonly found on all lettuce did not die as well as the same bacteria from the California lettuce when put through three rinses with a chlorine solution. The result was that our lettuce had a shelf life of 5 days while the California lettuce had a shelf life of 10 days.

Romaine Hearts

Another idea that has surfaced is to produce romaine hearts instead of chopped lettuce. Advantages are that romaine hearts are not a ready-to-eat product reducing processing requirements and that shelf life should be extended because the product is not chopped up.

During 2005, every time we transplanted a field of lettuce at the usual spacing of 12" in the row and 15" between the rows, we planted part of a bed of romaine at the closer spacing of 6" in the row. We then harvested this romaine for hearts, bagged it, and marketed it through Red Tomato. Bags had a net weight of 18 ounces and we packed them 12 bags per carton. The majority were part of a trial to a single Roche Brothers store from mid-June through the end of October. During the presentation, I will discuss the packaging procedure and the economics of this product. The short story is that we took an \$8.50 box of lettuce, added \$3.50 in labor, and turned it into a \$20 product. In 2006 and 2007, we expanded our production of this product and in 2007, packaged and sold over 3,000 cases of hearts, or about 200 cases per week for 15 weeks. Sales were primarily through Whole Foods, Roche Brothers, Associated Grocers of New England, Donlans, and Trader Joes. Whole Foods took the approach that local conventional with IPM was better than California organic. This was the same philosophy highlighted in the 2007 Time magazine article on the huge increase in interest by the public to buy local. At this point, moving at least 500 cases per week is feasible for us.

Romaine Leaves

We also sold romaine leaves on occasion during 2005. Some of the time, we used extra leaves from preparing the hearts and sometimes we just took all the leaves off of full size heads of romaine. These needed to be washed and stacked. We sold then in 10 lb boxes. Each box contained two 5 lb bags. Each bag contained 5 one lb stacks of romaine leaves held together with a rubber band. Our wholesale price for this product was \$22 per box. We discontinued this product because our customers considered this product to be "ready to eat" and we did not have the confidence in our washing procedure based on the work we had done with the chopped lettuce project.

Direct Store Deliveries

In 2006 we started some direct-store-deliveries (DSD) with Whole Foods. My experience with this is that is highly dependent on the produce manager involved in each store. Some really want it to work and some just want the signage and buy very little.

Back to lettuce heads

Sales of lettuce heads have improved greatly. We sold about 10,000 cases this year, mainly through Red Tomato, and at a price of \$12.50 to \$15.50 depending on type and customer. We may opt to increase sales of this product and not pursue increases in romaine hearts. Actually, this is a good situation to be in since both markets, head and heart, have good profit built in.

While on the issue of heads, a few thoughts on varieties. Romaine for heads and hearts is Green Forest all season. Boston is Ermosa all season. Green leaf bounces between Tehama and Green Vision all season. Red leaf is Vulcan early and late with New Red Fire in the middle. We are also growing one French Batavia red, Cherokee. This has been primarily for a specialty salad with Legal Seafood but has been picked up by Whole Foods as well. We transplant everything and use pelleted seed in 288-cell trays.