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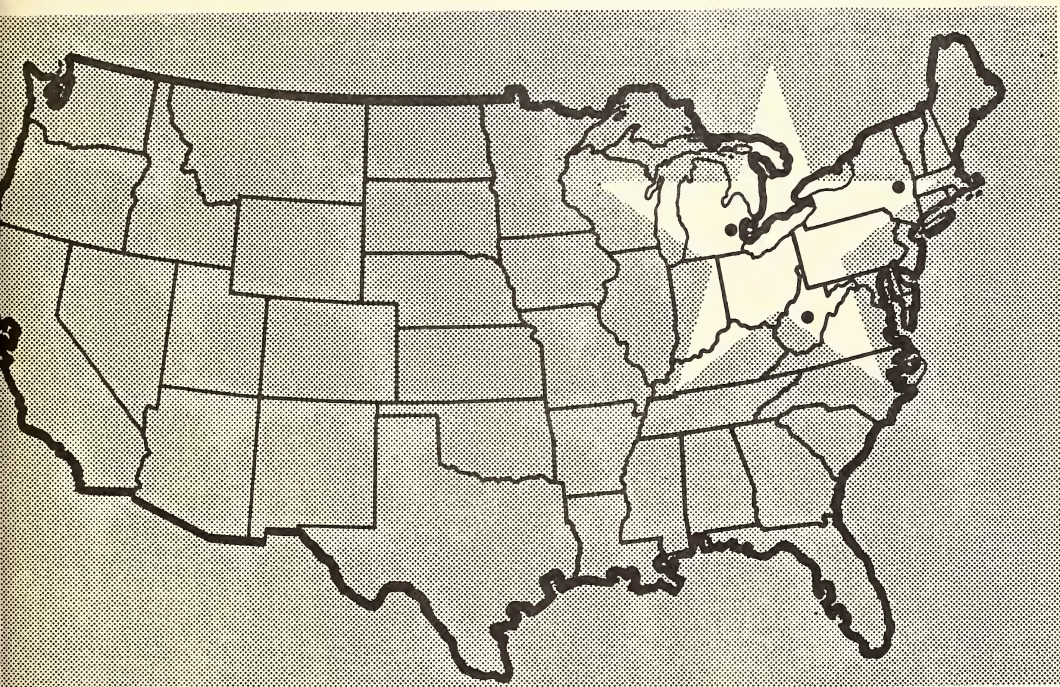
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The Organization of the Wholesale Fruit and Vegetable Market in

- ★ **DETROIT**
- ★ **ALBANY-SCHENECTADY-TROY**
- ★ **WEST VIRGINIA**

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Marketing Research Report No. 562

**UNITED STATES DEPARTMENT OF AGRICULTURE
ECONOMIC RESEARCH SERVICE
Marketing Economics Division**

FOREWORD

This is the eighth in a group of reports under the general title, The Organization of Wholesale Fruit and Vegetable Markets. The first seven reports in the group are:

The Organization of the Wholesale Fruit and Vegetable Market in Boston, by Alden C. Manchester, Mktg. Res. Rpt. No. 515, Dec. 1961

The Organization of the Wholesale Fruit and Vegetable Market in Washington, D. C., by Alden C. Manchester, Mktg. Res. Rpt. No. 524, Feb. 1962.

The Organization of the Wholesale Fruit and Vegetable Market in Denver, Salt Lake City, El Paso, Albuquerque, and Butte, by Alden C. Manchester, Mktg. Res. Rpt. No. 541, June 1962.

The Organization of the New York City Wholesale Fruit and Vegetable Market, by Alden C. Manchester, Mktg. Res. Rpt. No. 542, June 1962.

The Organization of the Wholesale Fruit and Vegetable Market in Pittsburgh, by Alden C. Manchester, Mktg. Res. Rpt. No. 557, Aug. 1962.

The Organization of the Wholesale Fruit and Vegetable Markets in Dallas, Fort Worth, Houston, and Little Rock, by Alden C. Manchester, Mktg. Res. Rpt. No. 558, Aug. 1962.

The Organization of the Wholesale Fruit and Vegetable Market in Philadelphia, by Joseph C. Podany, Mktg. Res. Rpt. No. 559, Sept. 1962.

Other reports, some of which will be published by cooperating agricultural experiment stations, will describe 35 other markets throughout the Nation. A final report will summarize the reports on the individual markets, bring to date the analysis of the organization of wholesale fruit and vegetable markets, analyze changes that have taken place since the beginning of the study, and survey the outlook for the years ahead.

This work is a part of a program of research designed to broaden understanding of the food marketing system and thereby make it more efficient. Earlier reports on this general subject include:

The Changing Role of the Fruit Auctions, by Alden C. Manchester, Mktg. Res. Rpt. No. 331, June 1959.

Chainstore Merchandising and Procurement Practices: The Changing Retail Market for Fresh Fruits and Vegetables, by William E. Folz and Alden C. Manchester, Mktg. Res. Rpt. No. 417, July 1960.

The Cornell Agricultural Experiment Station has also published a report on the Albany-Schenectady-Troy market. Data on that market is included here so that comparisons between it and the other markets can be made more readily.

The fieldwork in the Detroit market was carried out by a team consisting of Alvin Z. Macomber, W. Fred Chapman, Jr., and Alden C. Manchester of the Economic Research Service. Information from the firms in the Albany-Schenectady-Troy market was obtained by D. C. Hodges and Donald Marion under the supervision

of R. Brian How of Cornell University. The West Virginia markets were surveyed by Paul A. Atkins of West Virginia University under the supervision of W. W. Armentrout.

Definitions of many of the terms used in this study will be found in the appendix.

Further research is now underway on the impact of changes taking place in the organization and operation of wholesale fruit and vegetable markets on shipping-point markets, including growers, packers, and shippers.

The Fruit and Vegetable Division of the Agricultural Marketing Service was most helpful in planning and conducting the study.

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Washington, D. C.

October 1962



Growth Through Agricultural Progress

HIGHLIGHTS

The Detroit wholesale produce market is the sixth largest in the country, receiving 47,500 carlots of fresh fruits and vegetables in 1958. Albany-Schenectady-Troy received 16,300 carlots in that year. All of the West Virginia markets combined had receipts of 15,700 carlots.

The Detroit market was made up of 110 firms of 21 types in 1958. The 20 receivers sold 23 percent of the total volume of all firms in the market. Twenty-nine large wholesalers made 80 percent of the sales of all wholesalers, while 43 small firms made 6 percent of the sales. The 13 chains sold 31 percent of the total volume.

Receivers and commission merchants brought in 42 percent of the supply entering the market; chains 32 percent; brokers and sales agencies 10 percent each.

Between 1936 and 1958 direct receipts of Detroit wholesale handlers (excluding purchases on farmers' markets) increased 44 percent. Auction sales declined 38 percent during this period, while receipts at the Terminal increased 24 percent. Total purchases of chains rose 77 percent, while their direct receipts increased 61 percent. Purchases of chains from local wholesalers increased from 16 percent of their total purchases in 1936 to 23 percent in 1958. The number of wholesalers in Detroit declined 40 percent between 1939 and 1958, mostly in receivers, commission merchants, and jobbers.

There were 53 firms of 15 types in the Albany-Schenectady-Troy market in 1958. Brokers and sales agencies made 21 percent of total sales, receivers 17 percent, and receiver-jobbers and service wholesalers 14 percent. Nine chains accounted for 42 percent of all sales.

Direct receipts by chains accounted for 47 percent of the supply entering the market. Receivers accounted for 15 percent of the total and brokers and sales agencies another 15 percent.

The number of wholesalers in the Albany-Schenectady-Troy market declined 25 percent between 1939 and 1958, with most of the decline occurring in receivers, receiver-jobbers, commission merchants, brokers, and distributors.

There were 66 firms in the wholesale produce business in 18 cities in West Virginia in 1958. The largest numbers of firms were receiver-jobbers and service wholesalers, which sold over a third of the volume. Brokers and sales agencies accounted for 21 percent of sales and receivers and commission merchants for 14 percent. The 5 chains bought 23 percent of the volume.

Over two-thirds of the West Virginia wholesalers were small. Seven large wholesalers made 48 percent of the sales of all wholesalers.

The number of wholesalers in Charleston, Huntington, and Wheeling declined 14 percent between 1939 and 1958. The number in the remaining markets of the State decreased 38 percent over the same period.

THE ORGANIZATION OF WHOLESALE FRUIT AND VEGETABLE MARKETS IN
DETROIT, ALBANY-SCHENECTADY-TROY, AND WEST VIRGINIA

by Alden C. Manchester, Agricultural Economist
Marketing Economics Division
Economic Research Service

INTRODUCTION

The Detroit wholesale produce market is the sixth largest in the Nation, supplying over 4 million people with fresh fruits and vegetables. The Albany-Schenectady-Troy market is a medium-sized market, serving over 700,000 people. The Charleston, Huntington, and Wheeling markets in West Virginia supply from 200,000 to 300,000 people each. The other markets in West Virginia are all relatively small.

This report describes the organization and operation of these markets, including the buying, selling, and operating practices of the wholesalers and chains in the markets, and the changes that have taken place during the past quarter century. The information on which the report is based was obtained as part of a nationwide study of the organization and operations of wholesale produce markets. The purpose of the study was to describe and appraise the current status of wholesale markets and the changes which have taken place in them. The findings should give firms in wholesale and shipping-point markets, farmers, interested citizens, and public agencies a better understanding of the forces at work in the marketing system for fresh fruits and vegetables, and provide a basis for making better decisions in adjusting to the changes taking place throughout the structure of marketing.

The basic data for the nationwide study were obtained in 1959 and 1960 by personal interviews with representatives of over 3,000 wholesale firms in 52 markets throughout the United States. Most of the interviews were conducted by personnel of the U. S. Department of Agriculture, but much assistance was generously given by many State agricultural experiment stations. The survey of the Albany-Schenectady-Troy market was made wholly by the Cornell Agricultural Experiment Station and that of the West Virginia markets by the West Virginia Agricultural Experiment Station. Field work in the Detroit market was carried out by the Department.

All firms in each market were classified as to type, commodity specialization, and volume on the basis of a combination mail-and-telephone survey. In West Virginia, all firms were interviewed. In the other markets, a random sample of firms from each group was interviewed.

Data on changes in the market were obtained from a variety of sources listed in the references at the end of this report. They include unload reports of the Market News Service, the Census of Business, the Packer Red Book, and earlier studies of some of these markets by the Department of Agriculture.

The area included in the market in each case is the standard metropolitan statistical area. These areas include:

Detroit -- Macomb, Oakland, and Wayne Counties, Michigan.

Albany-Schenectady-Troy -- Albany, Renssalaer, Saratoga, and Schenectady Counties, New York.

In West Virginia, all markets in the state were combined for presentation in this report.

DETROIT

Market Areas

The major market area in Detroit is the Detroit Union Produce Terminal, where 42 percent of the wholesalers doing nearly three-fourths of the wholesale business were located in 1958 (table 1). Most of the large wholesalers in the city are found there. Net receipts of 24 first handlers on the Terminal were about 11,000 carlots by rail and a small amount by truck in 1958.

Prior to the opening of the Detroit Union Produce Terminal in 1929, the carlot market had been located for years on the Michigan Central team tracks at 12th Street and West Jefferson Avenue. Smaller team track yards of the Wabash and Pere Marquette railroads lay to the west across 12th Street. In general, most sales were made at the car-door.

When the Union Produce Terminal opened in 1929, sales methods were changed drastically. Carlot receivers listed with the Terminal Company each day the cars to be offered for sale the next day. These cars were unloaded during the night, with all of one receiver's produce being placed at one point on the platform wherever his first car happened to be located. This location changed nearly every day. Sales hours were from 6 to 9 a.m. and all deliveries were made by 4 p.m. It was anticipated that most sales would be made to jobbers with places of business in the area surrounding the Eastern and Western Farmers Markets.

Present sales methods are somewhat different. Each wholesaler has an assigned space on the Terminal floor where he operates. Rail cars are still listed for sale but not trucks. For a number of years, wholesalers have been permitted to receive Michigan produce by truck as long as the total did not exceed 15 percent of the volume handled by each firm in one month. In 1959, the 15 percent rule was revised to include produce from any area.

The Western and Eastern Markets surround the old farmers' markets of the same names. There are still 32 firms in the Eastern Market area doing a business of 7,606 carlots, but only 7 on the Western Market with about 700 carlots. The Farmers' Markets themselves handled a total of about 1,000 carlots in 1958 (table 2).

In other parts of the city and in the suburbs are found 17 wholesalers selling about 5,400 carlots of produce and 13 chains with a volume of 22,900 carlots.

The Structure of the Market

The Detroit wholesale produce market was made up of 110 firms of 21 types in 1958 (table 3). Receivers were the most important type of firm both in numbers and in volume -- the 20 receivers sold 23 percent of the total volume sold by all firms in the market. Over a third of the wholesalers were jobbers of various types or purveyors -- altogether they handled 10 percent of the volume. The 5 selling brokers accounted for another 9 percent of the volume.

Table 1.--Number of firms and volume handled, by market area and type of firm, Detroit wholesale produce market, 1958

| Type of firm | Detroit Union Produce Terminal | | | Eastern Market | | | Western Market | | | Other areas | | |
|-----------------------------------------------|--------------------------------|--------|----------------|----------------|--------|----------------|----------------|--------|----------------|-------------|--------|----------------|
| | Firms | | Volume : 1/ | Firms | | Volume : 1/ | Firms | | Volume : 1/ | Firms | | Volume : 1/ |
| | Total | Large | | Total | Large | | Total | Large | | Total | Large | |
| | Number | Number | Carlots | Number | Number | Carlots | Number | Number | Carlots | Number | Number | Carlots |
| Receiver..... | 17 | 6 | 15,442 | 3 | 2 | 2,257 | -- | -- | -- | -- | -- | -- |
| Commission merchant.... | 6 | 4 | 4,598 | 5 | -- | 456 | -- | -- | -- | -- | -- | -- |
| Receiver-jobber..... | -- | -- | -- | 8 | -- | 806 | -- | -- | -- | 5 | -- | 149 |
| Service wholesaler, commission wholesaler: | 1 | 1 | 2/ | 1 | -- | 2/ | -- | -- | -- | 1 | 1 | 2/ |
| Jobber..... | 1 | -- | 2/ | 6 | 1 | 2/ | -- | -- | -- | 1 | 1 | 2/ |
| Jobber (delivery), secondary wholesaler: | -- | -- | -- | 2 | -- | 2/ | 4 | -- | -- | 2 | 2 | 2/ |
| Truck jobber..... | 2 | -- | 2/ | 1 | -- | 2/ | 2 | -- | -- | 2 | -- | 2/ |
| Purveyor..... | -- | -- | -- | 5 | -- | 1,280 | 1 | -- | -- | 5 | -- | 2/ |
| Repacker, prepacker: | 1 | -- | 2/ | 1 | 1 | 2/ | -- | -- | -- | 1 | -- | 2/ |
| Buying broker, buying office..... | 4 | 2 | 2,700 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Selling broker..... | 5 | 5 | 6,590 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Auction..... | 1 | 1 | 2,658 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Sales agency..... | 3 | 2 | 4,275 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| All wholesalers..... | 41 | 21 | 38,063 | 32 | 4 | 7,606 | 7 | -- | 711 | 17 | 4 | 5,424 |
| Chain..... | -- | -- | -- | -- | -- | -- | -- | -- | -- | 13 | 6 | 22,895 |
| Grand total..... | 41 | 21 | 38,063 | 32 | 4 | 7,606 | 7 | -- | 711 | 30 | 10 | 28,319 |

1/ "Large" firms are those selling 500 or more carlots.
 2/ Withheld to avoid disclosure of individual operations.

Table 2.--Farmers' sales on city markets, Detroit, 1958

| Commodity group | Eastern market | Western market | Chene-Ferry market | Total |
|-----------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>Carlot equivalent</u> | <u>Carlot equivalent</u> | <u>Carlot equivalent</u> | <u>Carlot equivalent</u> |
| | <u>Dollars</u> | <u>Dollars</u> | <u>Dollars</u> | <u>Dollars</u> |
| Fruits and vegetables volume..... | 974 | 55 | 6 | 1,035 |
| Estimated value..... | 1,358,901 | 64,401 | 6,181 | 1,429,483 |
| Other commodities, estimated value..... | 220,681 | 36,729 | 4,902 | 262,312 |
| Total value..... | 1,579,582 | 101,130 | 11,083 | 1,691,795 |

Source: Compiled from records of Bureau of Markets, City of Detroit.

The 29 large wholesalers made 80 percent of the sales of all wholesalers, while the 43 small firms made 6 percent of the sales. Receivers, commission merchants and selling brokers comprised most of the large firms.

The 13 chains sold 31 percent of the volume. There were 2 national chains, 2 regional chains, 1 local chain with a produce warehouse, and 8 local chains without produce warehouses. Most of the chains without produce warehouses received deliveries from wholesalers at the individual retail units. The 6 large chains accounted for 96 percent of the sales of chains.

More than half of the wholesalers are specialized in terms of the commodities which they handle (table 4). Specialized firms account for 54 percent of the numbers and 53 percent of the volume. Only 9 percent of the commission merchants and 20 percent of the receivers handle a complete line, but the general-line firms are all large. Wholesale handlers selling a complete line accounted for 51 percent of the sales, while general-line brokers and agencies accounts for 38 percent of the sales of that group.

Five firms in the Detroit market own, control, or have a substantial interest in other firms in the produce business. One has 3 farms in different parts of the country. The other four own a prepackager and 3 receivers in Detroit. In 2 cases, these represent 2 stores of the same firm in different locations. The owning firms include 2 receivers, 2 commission merchants, and a prepackager.

Firms outside Detroit own or control 8 Detroit wholesalers. Two are owned by a shipper. The others are local operations of multi-unit firms. The firms owned or controlled by outside firms include: A banana jobber, a service wholesaler, a buying broker, 2 selling brokers, and the 3 sales agencies.

Marketing Channels

The total supply of fresh fruits and vegetables entering the Detroit market in 1958 was 47,500 carlots. Another 6,300 carlots was sold by Detroit firms to

Table 3.--Number of firms by size and type, and volume handled, by type of firm, Detroit wholesale produce market, 1958

| Type of firm | All firms | | Distribution of firms by size | | | Percentage of volume handled by -- | | |
|-----------------------------------------|-----------|----------|-------------------------------|--------|-------|------------------------------------|--------------|-------------|
| | Number | Quantity | Small | Medium | Large | Small firms | Medium firms | Large firms |
| Receiver..... | 20 | 17,699 | 5 | 7 | 8 | 4 | 11 | 85 |
| Commission merchant..... | 11 | 5,054 | 3 | 4 | 4 | 2 | 21 | 77 |
| Receiver jobber..... | 13 | 955 | 12 | 1 | -- | 2/ | 2/ | -- |
| Service wholesaler..... | 2} | 3,030 | { | -- | 2 | -- | -- | 100 |
| Commission wholesaler..... | 1} | 2,676 | { | -- | -- | 100 | -- | -- |
| Jobber..... | 8 | 2,676 | 3 | 3 | 2 | 13 | 2/ | 2/ |
| Jobber (delivery)..... | 7} | 2,404 | { | 2 | 2 | 3 | 2/ | 2/ |
| Secondary wholesaler..... | 1} | 326 | 3 | 1 | -- | 100 | -- | -- |
| Truck jobber..... | 7 | 326 | 3/ | 7 | -- | 100 | -- | -- |
| Purveyor..... | 11 | 2,214 | 3 | 5 | 6 | 12 | 88 | -- |
| Prepackager, repacker..... | 3 | 1,223 | 2 | 1 | 1 | 3/ | 3/ | 3/ |
| Buying broker..... | 3} | 2,700 | { | 1 | 2 | -- | 12 | 88 |
| Buying office..... | 1} | 2,658 | { | 1 | -- | 100 | -- | -- |
| Auction..... | 1 | 2,658 | 4 | -- | 1 | -- | -- | 100 |
| Selling broker..... | 5 | 6,590 | 9 | -- | 5 | -- | -- | 100 |
| Cooperative sales agency..... | 2} | 4,275 | { | 1 | 1 | 2 | -- | 98 |
| Importer's sales agency..... | 1} | 51,804 | 69 | 43 | 25 | 6 | 14 | 80 |
| All wholesalers..... | 97 | 51,804 | 43 | 25 | 29 | 6 | 14 | 80 |
| National chain..... | 2 | 2/ | -- | -- | 2 | -- | -- | 100 |
| Regional chain..... | 2 | 2/ | -- | -- | 2 | -- | -- | 100 |
| Local chain with warehouse..... | 1 | 2/ | -- | -- | 1 | -- | -- | 100 |
| Local chain without ware- house..... | 8 | 2/ | 6 | 1 | 1 | 46 | 13 | 41 |
| All chains..... | 13 | 22,895 | 31 | 6 | 1 | 3 | 3/ | 96 |
| Grand total 4/..... | 110 | 74,699 | 100 | 49 | 26 | 35 | 8 | 87 |

1/ Small firms handle less than 200 cartlots per year, medium firms 200-499, and large firms 500 or more.
 2/ Withheld to avoid disclosure of individual operations.
 3/ Less than 0.5 percent.
 4/ Total sales of all firms, including resales among wholesalers and to chainstores.

Table 4.--Degree of specialization of wholesalers, by type of firm, Detroit wholesale produce market, 1958

| Type of firm | (Percent of each type of firm) | | | | | | | | | | | |
|------------------------------------------|-----------------------------------------|---------------------|--------------------------|--------------------------|---------------------|--------------------------|--------------------------|---------------------------|--------------------|--------------------------|--------------------------|------------------------------------------|
| | Firms handling complete line of produce | | | Firms specializing in -- | | | Firms specializing in -- | | | Firms specializing in -- | | |
| | No specialization | Some specialization | Plus other types of food | No specialization | Some specialization | Plus other types of food | One class of commodities | Several commodity classes | A single commodity | Several commodities | One class of commodities | Several commodities of different classes |
| | Percent | Percent | Percent | Percent | Percent | Percent | Percent | Percent | Percent | Percent | Percent | Percent |
| Receiver..... | 10 | 10 | -- | 65 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Commission merchant... | -- | 9 | -- | 31 | 19 | -- | 19 | -- | -- | -- | -- | 41 |
| Receiver-jobber..... | 15 | -- | -- | 44 | -- | -- | -- | 34 | 34 | -- | -- | 7 |
| Service wholesaler..... | 100 | -- | -- | 100 | -- | -- | -- | -- | -- | -- | -- | -- |
| Commission wholesaler. | -- | -- | -- | -- | -- | -- | -- | -- | -- | 25 | -- | -- |
| Jobber..... | 75 | -- | -- | -- | -- | -- | -- | -- | -- | 25 | -- | -- |
| Jobber (delivery), secondary wholesaler. | 50 | 25 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Truck jobber..... | 100 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Purveyor..... | 64 | -- | 36 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Repacker, prepackager. | -- | -- | -- | -- | 33 | -- | 33 | 34 | 34 | -- | -- | 33 |
| Buying broker, buying office..... | 100 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Selling broker..... | 40 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 60 |
| Auction..... | -- | -- | -- | 100 | -- | -- | -- | -- | -- | -- | -- | -- |
| Sales agency..... | -- | -- | -- | -- | 67 | -- | 67 | 33 | 33 | -- | -- | -- |
| All wholesalers..... | 37 | 5 | 4 | 25 | 6 | 12 | 25 | 6 | 12 | 12 | 11 | 11 |

out-of-town buyers and bypassed Detroit (fig. 1 and table 5). Receivers and commission merchants brought in 42 percent of the supplies entering the market; chains 32 percent; brokers and sales agencies 10 percent each. Receipts direct from shipping point or port of entry accounted for 85 percent of the supply and those from local farmers for 12 percent.

Resales among wholesalers in the market amounted to 27 percent of the supply (table 6). Most of these sales were made by receivers and commission merchants, brokers, sales agencies, and the auction. The chief buyers were jobbers, receivers, and commission merchants, the auction, and purveyors.

About 45 percent of the supply was sold to Detroit retail outlets (table 7). The biggest share of this went to retail stores and a few peddlers, about a third to chains, and most of the remainder to eating places, institutions, and the military. Over 40 percent of these sales were made by receivers and commission merchants.

Out-of-town sales were 11,200 carlots in 1958, including 6,300 carlots which bypassed the market (table 8). Receivers, commission merchants, and brokers made most of the sales to out-of-town buyers. About a third of the sales were to chains and affiliated groups, and the remainder to wholesalers. These include sales of 600-700 carlots to Canadian buyers.

Buying brokers and the buying office purchased 2,700 carlots, including 200 carlots from local growers, 850 at the auction, 1,300 from receivers and commission merchants, and smaller amounts from other wholesalers. Most of their purchases were for out-of-town wholesalers, with small quantities for local jobbers, purveyors, chains, and retail stores. Substantial quantities went to Canada.

Buying Methods

Nearly half the purchases made direct from shipping point by wholesale handlers were made by phone or wire, but mostly by phone (table 9). Another third was handled on consignment. Shipping point buying brokers handled the purchase of 15 percent of the volume. Receivers, receiver-jobbers, jobbers (delivery), repackers, and prepackagers bought mostly over the telephone. Service wholesalers bought the largest share of their volume through buying brokers at shipping point. Commission merchants handled 80 percent on consignment.

Most wholesalers bought on an f.o.b. basis with some variations. Eleven firms bought about 14,000 carlots direct from shipping point, mostly on a straight f.o.b. basis. Four others bought about 1,800 carlots direct from shipping point f.o.b. acceptance. Five with direct purchases of 3,800 carlots bought f.o.b. acceptance final on most purchases. One firm with direct purchases of 800 carlots bought chiefly on a delivered basis.

Functions and Services

Many firms perform functions and services in addition to those specified in the definitions of firm types (see Appendix). Rail cars are unloaded at the terminal by a variety of methods. Eight firms including the auction unload with their own employees; four hire the unloading done by stevedores; and six use both methods. All cars unloaded on team tracks are handled by the firm's own employees. Most cars are unloaded on store sidings by the firm's own employees, but three wholesalers hire stevedores for this job. All trucks are unloaded by the firm's employees.

MAJOR MARKETING CHANNELS, DETROIT WHOLESALE PRODUCE MARKET, 1958

(THOUSANDS OF CARLOTS)

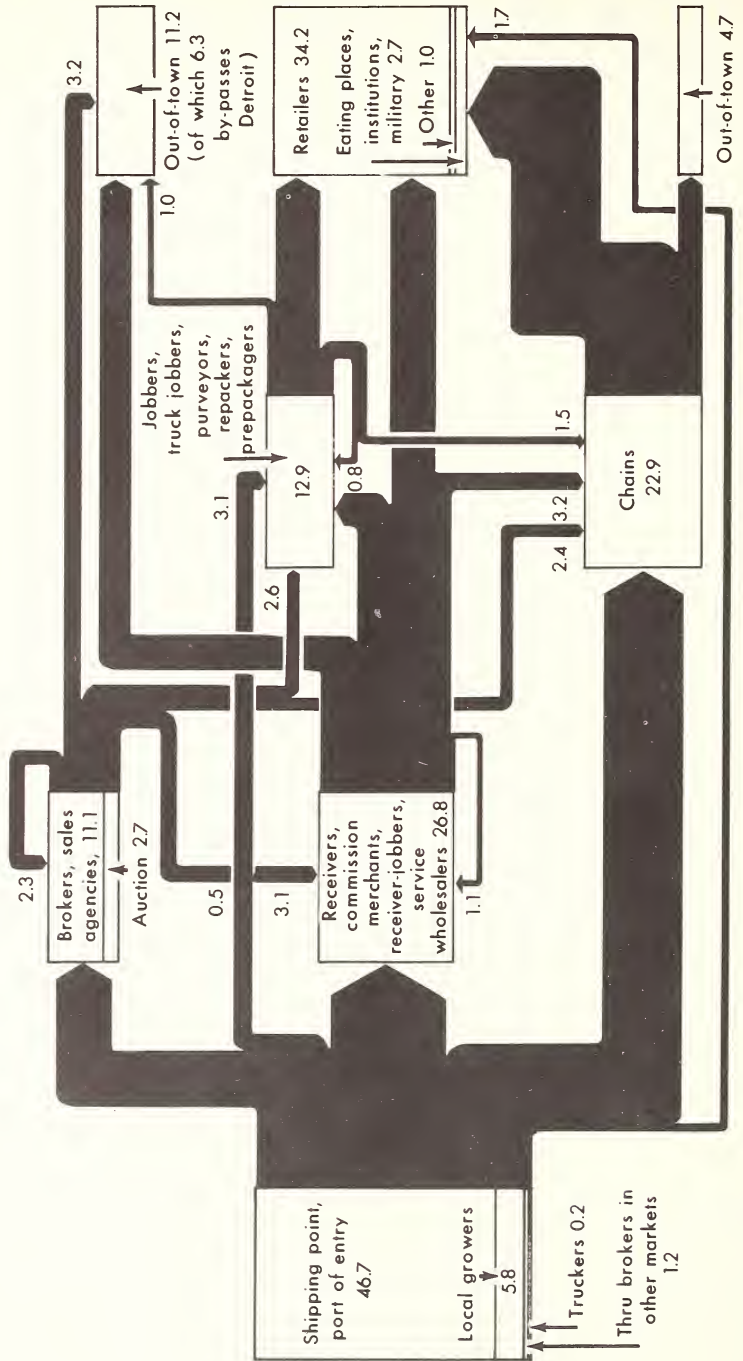


Figure 1

Table 5.--Purchases from outside the market, by class of firm, Detroit wholesale produce market, 1958

| Class of buyer | Direct from :Through sales: | | | From : | | | From : | | | Total : | | | Volume by--: Volume passing | | |
|-------------------------------------------------------------|----------------------------------------------------|------------------------------------------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------------------|-----------------|-----------------|
| | shipping : agencies or : point or : port of entry: | agencies or : brokers in : other cities: | local : growers : | 1,000 : carlots | 1,000 : carlots | 1,000 : carlots | 1,000 : carlots | 1,000 : carlots | 1,000 : carlots | 1,000 : carlots | 1,000 : carlots | 1,000 : carlots | 1,000 : carlots | 1,000 : carlots | 1,000 : carlots |
| Broker..... | 6.5 | 1/ | 0.2 | 0.2 | -- | -- | 6.7 | 1.9 | 1.9 | 6.7 | 1.9 | 1.9 | 4.8 | 4.8 | 4.8 |
| Sales agency..... | 4.3 | -- | -- | -- | -- | -- | 4.3 | .7 | .7 | 4.3 | .7 | .7 | 3.6 | 3.6 | 3.6 |
| Auction..... | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Receiver, commission merchant..... | 19.0 | 0.2 | .8 | .8 | -- | -- | 19.9 | 3.8 | 3.8 | 19.9 | 3.8 | 3.8 | 16.1 | 16.1 | 16.1 |
| Receiver-Jobber, service wholesaler, commission wholesaler: | 2.1 | 1/ | .3 | .3 | 0.1 | 0.1 | 2.4 | -- | -- | 2.4 | -- | -- | 2.4 | 2.4 | 2.4 |
| Jobber, jobber (delivery), secondary wholesaler..... | 1.3 | .2 | .1 | .1 | -- | -- | 1.6 | -- | -- | 1.6 | -- | -- | 1.6 | 1.6 | 1.6 |
| Truck jobber..... | -- | -- | .1 | .1 | -- | -- | .1 | -- | -- | .1 | -- | -- | .1 | .1 | .1 |
| Purveyor..... | -- | -- | .2 | .2 | -- | -- | .2 | -- | -- | .2 | -- | -- | .2 | .2 | .2 |
| Repacker, prepacker.. | 1.2 | -- | -- | -- | -- | -- | 1.2 | -- | -- | 1.2 | -- | -- | 1.2 | 1.2 | 1.2 |
| All wholesalers..... | 34.3 | .4 | 1.5 | 1.5 | .1 | .1 | 36.4 | 6.3 | 6.3 | 36.4 | 6.3 | 6.3 | 30.0 | 30.0 | 30.0 |
| Chain..... | 11.6 | .8 | 3.4 | 3.4 | -- | -- | 15.7 | -- | -- | 15.7 | -- | -- | 15.7 | 15.7 | 15.7 |
| Retailer, processor, eating place..... | .8 | -- | .9 | .9 | .1 | .1 | 1.7 | -- | -- | 1.7 | -- | -- | 1.7 | 1.7 | 1.7 |
| Grand total..... | 46.7 | 1.2 | 5.8 | 5.8 | .2 | .2 | 53.9 | 6.3 | 6.3 | 53.9 | 6.3 | 6.3 | 47.5 | 47.5 | 47.5 |

1/ Less than 50 carlots.
 Figures may not add exactly to the total because of rounding.

Table 6.--Wholesalers' sales to other Detroit wholesalers, by class of firm, Detroit wholesale produce market, 1958

| Class of seller | Type of wholesaler | | | | | | | | | | Total |
|-----------------------------------------------------------------|--------------------|--------------------------------------|-------------------------------------|---------------------------------------|-------------------------|------------------|---------------|---------------|---------------|---------------|-------|
| | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots | |
| Broker | Auction | Receiver-jobber, commission merchant | Receiver-jobber, service wholesaler | Receiver-jobber, secondary wholesaler | Receiver-jobber, jobber | Truck wholesaler | Truck jobber | Purveyor | Repacker | Total | |
| Broker..... | -- | 1.3 | 1.5 | 0.6 | 1/ | -- | 2/ | 0.1 | 0.1 | 3.6 | |
| Sales agency..... | -- | .9 | -- | .1 | 1.8 | -- | -- | -- | -- | 2.8 | |
| Auction..... | -- | -- | .5 | .4 | .4 | 0.1 | 0.2 | -- | -- | 1.7 | |
| Receiver, commission merchant..... | 0.1 | .4 | .5 | .4 | 1.0 | 3.2 | 1.7 | 2/ | 2/ | 7.2 | |
| Receiver-jobber, service wholesaler, commission wholesaler..... | -- | -- | .1 | .1 | .2 | .3 | 2/ | -- | -- | .6 | |
| Jobber, jobber (delivery), secondary wholesaler..... | -- | -- | 2/ | -- | 2/ | .5 | .1 | -- | -- | .7 | |
| Truck jobber, purveyor..... | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| Repacker, repackager..... | -- | -- | .2 | -- | .1 | .1 | -- | -- | -- | .4 | |
| Total..... | .1 | 2.7 | 2.8 | 1.5 | 3.5 | 4.3 | 2.0 | .1 | .1 | 17.0 | |

1/ Includes 4,000 carlots sold to out-of-town truck jobbers and resold to Detroit retailers.

2/ Less than 50 carlots.

Figures may not add exactly to the total because of rounding.

Table 7.--Wholesalers' sales to retail outlets, by class of firm,
Detroit wholesale produce market, 1958

| Class of seller | Type of retail outlet | | | | Total |
|-----------------------------------------------------------------|-----------------------|-----------------------|---------------------|-------------------------------------|----------------|
| | Chain | Retail store, peddler | Processor, consumer | Eating place, institution, military | |
| | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| | <u>carlots</u> | <u>carlots</u> | <u>carlots</u> | <u>carlots</u> | <u>carlots</u> |
| Broker..... | 1.1 | -- | -- | -- | 1.1 |
| Sales agency..... | .8 | 1/ | -- | -- | .8 |
| Auction..... | .5 | 0.1 | -- | -- | .6 |
| Receiver, commission merchant..... | 2.6 | 6.7 | 1/ | 0.1 | 9.4 |
| Receiver-jobber, service wholesaler, commission wholesaler..... | .6 | 1.4 | 0.2 | .3 | 2.6 |
| Jobber, jobber (delivery), secondary wholesaler..... | .8 | 2.5 | -- | .2 | 3.4 |
| Truck jobber 2/..... | -- | 4.3 | -- | 1/ | 4.3 |
| Purveyor..... | -- | .1 | -- | 2.1 | 2.2 |
| Repacker, prepackager.. | .7 | -- | -- | -- | .7 |
| Total..... | 7.2 | 15.0 | .2 | 2.7 | 25.2 |

1/ Less than 50 carlots.

2/ Includes 4,000 carlots bought and sold in Detroit by out-of-town truck jobbers.

Figures may not add exactly to the total because of rounding.

Table 8.--Wholesalers' out-of-town sales and total sales, by class of firm,
Detroit wholesale produce market, 1958

| Class of seller | Type of out-of-town buyer | | | | Total sales |
|-----------------------------------------------------------------|---------------------------|---------------------------------------|-------------------------|---------------------|----------------|
| | Wholesaler | Chain, voluntary or cooperative group | Total out-of-town sales | Sales in the market | |
| | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| | <u>carlots</u> | <u>carlots</u> | <u>carlots</u> | <u>carlots</u> | <u>carlots</u> |
| Broker..... | 1.7 | 0.3 | 2.1 | 4.7 | 6.8 |
| Sales agency..... | .4 | .3 | .7 | 3.6 | 4.3 |
| Auction..... | .4 | 1/ | .4 | 2.3 | 2.7 |
| Receiver, commission merchant..... | 3.5 | 2.6 | 6.1 | 16.7 | 22.8 |
| Receiver jobber, service wholesaler, commission wholesaler..... | .7 | .1 | .8 | 3.2 | 4.0 |
| Jobber, jobber (delivery), secondary wholesaler..... | .7 | .2 | .9 | 4.2 | 5.1 |
| Truck jobber 2/..... | -- | -- | -- | 4.3 | 4.3 |
| Purveyor..... | -- | -- | -- | 2.2 | 2.2 |
| Repacker, prepackager.. | 1/ | .1 | .1 | 1.1 | 1.2 |
| Total..... | 7.4 | 3.8 | 11.2 | 42.3 | 53.5 |

1/ Less than 50 carlots.

2/ Includes 4,000 carlots bought and sold in Detroit by out-of-town truck jobbers.

Figures may not add exactly to the total because of rounding.

Nearly 7,200 carlots of produce were hauled from the terminal or team tracks to the wholesaler's store prior to sale by 19 firms. Most of this volume was moved by 11 receivers, 4 commission merchants, and a service wholesaler. About three-fourths of it was hauled in the firm's own trucks, with the remainder moved by hired truckers or cartage firms.

Commission merchants and receivers sell substantial quantities out of rail car or truck. For commission merchants, these sales amount to 43 percent of their total volume and for receivers 28 percent. All other types of wholesale handlers sell everything out of the store, except receiver-jobbers and service wholesalers, which sell 5 percent each out of car or truck, and truck jobbers who sell everything off the truck.

Most wholesale handlers provide some delivery service -- 85 percent deliver some part of their sales (table 10). In total they deliver 36 percent of the volume of all wholesale handlers or 57 percent of the sales of the firms which provide some delivery service. Many receivers and commission merchants deliver only to chains. At least 80 percent of the volume delivered by receivers and 60 percent of that of commission merchants went to chains.

Detroit firms prepackaged or repackaged about 3,000 carlots of fresh fruits and vegetables in 1958 (table 11). Three prepackagers or repackers put up 1,153 carlots, with 2 receivers, a service wholesaler, and a chain accounting for the other 1,885 carlots. A receiver, the service wholesaler, and one repacker handled only one commodity. The other receiver packaged 2 commodities, while one prepackager put up 3 items and the other 5 or more. The chain also packaged an extensive line.

Most wholesalers sell to a group of fairly regular buyers. However, there is a good bit of "shopping around," especially on the terminal. Commission merchants reported that 68 percent of their sales were to regular customers. Receivers sold 80 percent to regular buyers. Other types of wholesalers whose sales were not entirely to regular customers were:

| <u>Wholesaler</u> | <u>Percent sold to regular customers</u> |
|-------------------------|----------------------------------------------|
| Truck jobbers | 97 |
| Service wholesalers | 88 |
| Repackers, prepackagers | 59 |
| Selling brokers | 70 |

Only a few Detroit firms offer other services. Five wholesalers suggest selling prices to their retailer customers. These firms include a receiver, a truck jobber, 2 service wholesalers, and a prepackager. A truck jobber and 2 service wholesalers assist their customers in training retail store produce personnel. A sales agency and 2 service wholesalers assist with merchandising and promotion. Two buying brokers arrange for delivery to their principals for a portion of the merchandise which they buy.

Most firms in the Detroit market offer 7-day credit to their customers, although substantial numbers offer other terms (table 12). Terms to institutional buyers are generally 30 days.

The number of employees of a firm vary, in part, with the volume it handles and the functions it performs. The 84 wholesale handlers employed 937 persons,

Table 9.--Percentage distribution of shipping point purchases made by each type of firm, by method of purchase, Detroit wholesale produce market, 1958

| Type of firm | On joint : account with : | | Direct by : Through ship- : | | Through own : From shipping : | | Total | |
|----------------------------------------------|---------------------------|---------|-----------------------------|---------|-------------------------------|---------|---------|---------|
| | Percent | Percent | Percent | Percent | Percent | Percent | Percent | Percent |
| Receiver..... | 23 | 1/ | 56 | 17 | 3 | 1 | 100 | 100 |
| Commission merchant..... | 80 | -- | 14 | 5 | 1 | -- | 100 | 100 |
| Receiver-jobber..... | -- | -- | 98 | -- | -- | 2 | 100 | 100 |
| Service wholesaler, commission wholesaler... | 2/ 23 | 6 | 26 | 45 | -- | -- | 100 | 100 |
| Jobber..... | 39 | -- | 61 | -- | -- | -- | 100 | 100 |
| Jobber (delivery)..... | -- | -- | 100 | -- | -- | -- | 100 | 100 |
| Repacker, prepacker.... | 12 | -- | 85 | 3 | -- | -- | 100 | 100 |
| All wholesale handlers: | 34 | 1 | 47 | 15 | 2 | 1 | 100 | 100 |

1/ Less than 0.5 percent.

2/ Includes 9 percent on consignment through shipping point buying broker.

Table 10.--Extent of delivery services by Detroit wholesale produce handlers, 1958

| Type of firm | Percentage of : firms providing : | | Volume delivered as : percentage of sales of -- : | | Percentage of deliveries by -- | |
|----------------------------------------------|-----------------------------------|---------|---------------------------------------------------|---------|--------------------------------|---------|
| | Percent | Percent | Percent | Percent | Percent | Percent |
| Receiver..... | 90 | 30 | 31 | 94 | 6 | -- |
| Commission merchant..... | 62 | 37 | 41 | 35 | 49 | 16 |
| Receiver-jobber..... | 51 | 20 | 42 | 100 | -- | -- |
| Service wholesaler, commission wholesaler... | 100 | 35 | 35 | 96 | -- | 4 |
| Jobber..... | 100 | 22 | 22 | 100 | -- | -- |
| Jobber (delivery), secondary wholesaler... | 100 | 60 | 60 | 100 | -- | -- |
| Truck jobber..... | 100 | 100 | 100 | 100 | -- | -- |
| Purveyor..... | 100 | 93 | 93 | 100 | -- | -- |
| Repacker, prepacker.... | 67 | 16 | 42 | 47 | 53 | -- |
| All wholesale handlers: | 85 | 36 | 57 | 87 | 10 | 3 |

Table 11.--Volume and number of items prepackaged or repacked, by type of firm, Detroit wholesale produce market, 1958

| Type of firm | Firms packaging or repacking - - | | | | | Total | Volume prepackaged or repacked |
|----------------------------|----------------------------------|-----------|-------------|--------------------|-------|---------|--------------------------------|
| | One item | Two items | Three items | Five or more items | | | |
| | Firms | Firms | Firms | Firms | Firms | Carlots | |
| Receiver..... | 1 | 1 | -- | -- | 2 | 1/ | |
| Service wholesaler. | 1 | -- | -- | -- | 1 | 1/ | |
| Repacker, prepackager..... | 1 | -- | 1 | 1 | 3 | 1,153 | |
| Chain..... | -- | -- | -- | 1 | 1 | 1/ | |
| Total..... | 3 | 1 | 1 | 2 | 7 | 3,038 | |

1/ Withheld to avoid disclosure of individual operations.

Table 12.--Number of firms offering credit for specified periods to noninstitutional buyers, by type of firm, 1958

| Type of firm | Number of days credit offered -- | | | | | | | | | Total |
|----------------------------------------------|----------------------------------|-----|-----|----|----|----|----|----|----------|-------|
| | 0 | 1-2 | 3-6 | 7 | 10 | 14 | 15 | 30 | Variable | |
| | Firms | | | | | | | | | |
| Receiver..... | -- | -- | 1 | 14 | 2 | -- | 1 | -- | 2 | 20 |
| Commission merchant... | -- | -- | -- | 8 | 1 | 2 | -- | -- | -- | 11 |
| Receiver-jobber..... | -- | 4 | 2 | 6 | 1 | -- | -- | -- | -- | 13 |
| Commission wholesaler, service wholesaler... | -- | -- | -- | 2 | -- | -- | -- | 1 | -- | 3 |
| Jobber..... | -- | -- | -- | 8 | -- | -- | -- | -- | -- | 8 |
| Jobber (delivery), secondary wholesaler. | -- | -- | -- | 6 | -- | 2 | -- | -- | -- | 8 |
| Truck jobber..... | -- | 1 | -- | 6 | -- | -- | -- | -- | -- | 7 |
| Purveyor..... | -- | -- | -- | 1 | -- | 9 | -- | 1 | -- | 11 |
| Prepackager, repacker. | 2 | -- | -- | -- | -- | -- | -- | 1 | -- | 3 |
| All wholesale handlers..... | 2 | 5 | 3 | 51 | 4 | 13 | 1 | 3 | 2 | 84 |

including proprietors and partners (table 13). Receivers, repackers, prepackagers, and jobbers accounted for most of them. Brokers and agencies, which do not handle the goods (except the auction), employed 62 people. The 4 chains reporting employed a total of 312 individuals.

Table 13.--Number of employees, by type and size of firm,
Detroit wholesale produce market, 1958

| Type of firm | All firms | | | | |
|-------------------------|-----------|-----------|-----------------------|------------------------|-----------------------|
| | Firms | Employees | Small firms <u>1/</u> | Medium firms <u>1/</u> | Large firms <u>1/</u> |
| Receiver..... | 20 | 341 | 36 | 33 | 272 |
| Commission merchant.... | 11 | 68 | 6 | 16 | 46 |
| Receiver-jobber..... | 13 | 29 | 20 | 9 | -- |
| Service wholesaler, | | | | | |
| commission wholesaler.. | 3 | 61 | 4 | -- | 57 |
| Jobber..... | 8 | 102 | 6 | 32 | 64 |
| Jobber (delivery), | | | | | |
| secondary wholesaler.. | 8 | 88 | 12 | 16 | 60 |
| Truck jobber..... | 7 | 13 | 13 | -- | -- |
| Purveyor..... | 11 | 85 | 21 | 64 | -- |
| Repacker, prepackager.. | 3 | 150 | 50 | 25 | 75 |
| All wholesale handlers: | 84 | 937 | 168 | 195 | 574 |
| Selling broker..... | 5 | 16 | -- | -- | 16 |
| Buying broker, buying | | | | | |
| office..... | 4 | 11 | 1 | 2 | 8 |
| Auction..... | 1 | 26 | -- | -- | 26 |
| Sales agency..... | 2 | 9 | 3 | -- | 6 |
| All brokers and | | | | | |
| agencies..... | 12 | 62 | 4 | 2 | 56 |
| Chain..... | 4 | 312 | -- | 6 | 306 |
| Grand total..... | 100 | 1,311 | 172 | 203 | 936 |

1/ Small firms handle less than 200 carlots per year, medium firms, 200-499, and large firms 500 or more.

Margins

Target margins -- the gross margins which the firms aim to achieve -- ranged from 8.8 to 12.0 percent for various types of wholesale handlers (table 14). Chains averaged 33.5 percent for the combined wholesaling and retailing operation. Commission rates of receivers averaged 9.5 percent of the selling price and those of commission merchants 9.6 percent.

Table 14.--Target margins, brokerage and commission rates,
Detroit wholesale produce market, 1958

| Type of firm | Average target margin | Average commission rate | Firms quoting a target margin | Firms quoting commission rate |
|-------------------------------------------------|------------------------|-------------------------|-------------------------------|-------------------------------|
| | Percent of sales price | Percent of sales price | Percent of each type | Percent of each type |
| Receiver..... | 8.8 | 9.5 | 57 | 88 |
| Commission merchant... | -- | 9.6 | -- | 100 |
| Receiver-jobber..... | 9.5 | -- | 59 | -- |
| Commission wholesaler, service wholesaler... | 11.9 | -- | 100 | -- |
| Jobber..... | 10.2 | -- | 75 | -- |
| Truck jobber..... | 12.0 | -- | 76 | -- |
| Purveyor..... | 10.9 | -- | 27 | -- |
| Chain..... | 33.5 | -- | 67 | -- |

The Structure of the Retail Market

The billion-dollar retail food market of Detroit is made up of more than 6,000 food stores of many types:

| | <u>Stores</u> | <u>Sales</u> (Million dollars) |
|----------------------------------|---------------|-----------------------------------|
| Grocery stores and delicatessens | 4,172 | 1,013 |
| Fruit and vegetable stores | 183 | 6 |
| Other specialty food stores | 1,905 | 121 |
| All food stores | <u>6,260</u> | <u>1,140</u> |

It is divided among chains and independents as follows:

| | <u>Stores</u> | <u>Sales</u> (Percent) |
|--------------------------------|---------------|---------------------------|
| Chains of 11 or more stores | 444 | 50 |
| Chains of 4-10 stores | 119 | 4 |
| Chains of 2-3 stores | 163 | 5 |
| Independent single-unit stores | 5,534 | 41 |

There are 2 national chains, 2 regional, and 1 local chain with a produce warehouse. There are at least 7 other local chains without produce warehouses with 4 or more stores. The 5 chains with produce warehouses serviced 430 stores from those warehouses in 1958, including 106 stores outside the metropolitan area.

Twenty-five Years of Change in the Market

The total volume of fresh fruits and vegetables received in the Detroit market increased from about 39,000 carlots in 1936 to about 42,000 carlots in recent years,

an increase of 3,000 carlots (fig. 2).^{1/} The volume in the wholesale market proper increased somewhat more than this, since farmers' market receipts declined from about 8,500 carlots in 1936 to about 1,000 in 1958 (fig. 3). Direct receipts of wholesale handlers (excluding purchases on the farmers' markets) increased 44 percent during this period. Receipts at the Terminal were 24 percent higher in 1958 than in 1936, although they reached a peak during World War II, and have been declining since. Auction sales declined 38 percent.

The total purchases of chains rose 77 percent from 12,000 to 21,300 carlots between 1936 and 1958, while their direct receipts (direct purchases from shipping point plus purchases through sales agencies and brokers) increased 61 percent from 10,150 carlots to 16,350 carlots. Thus, chains were buying 16 percent of their total needs from local wholesalers in 1936 and 23 percent in 1958.

Number and Type of Firms

The number of wholesalers in Detroit declined 40 percent between 1939 and 1958, according to a leading trade directory (table 15). The decline was mostly among receivers, commission merchants, and jobbers. Receivers declined 25 percent, commission merchants 87 percent, and jobbers 87 percent. The number of truck jobbers also declined sharply. Chains listed as receivers of produce increased from 2 to 6.

The classifications in table 16 are not necessarily the same as those in the remainder of this study. They are based on the first listing in the trade directory. For most firms, several different types are listed -- often as many as 5 or 6 types -- indicating the variety of functions and service performed by many firms.

Entrance and Exit of Wholesalers

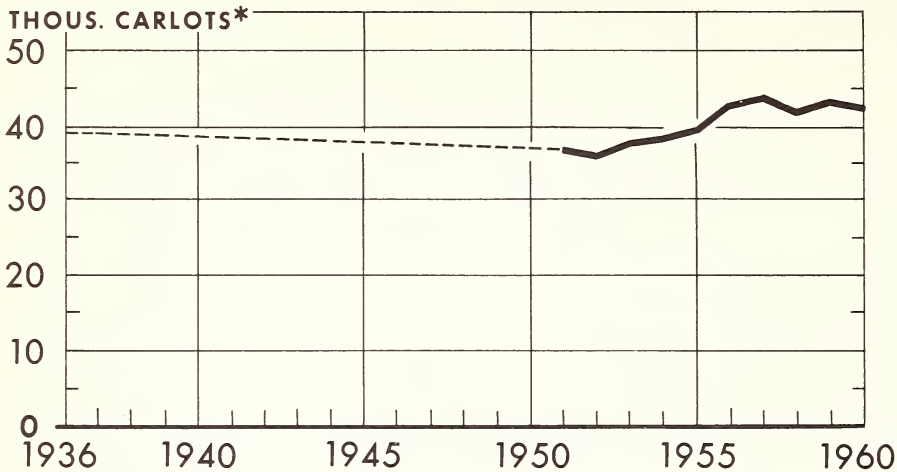
Turnover in the wholesale produce business is fairly rapid, because it is fairly easy to enter the business. Capital requirements are relatively low and many businesses are essentially one-man operations in terms of management, purchasing, and sales.

Less than a third of the firms listed in the trade directory in 1939 were still in business in 1958. Thirty-two percent went out of business between 1948 and 1958, while 37 percent left the business before 1948. An additional 27 firms came into the business between 1939 and 1948, but two-thirds of these were out before 1958. Between 1948 and 1958, 33 more firms entered the produce business.

In terms of the firms interviewed in the Detroit market in 1958, 22 percent had been in business less than 10 years, 35 percent 10-29 years, and 43 percent 30 or more years (table 16). The "youngest" type of firm is the receiver-jobber with a median age of 8 years. That is half of the receiver-jobbers are older than 8 years and half are younger. Other relatively "young" firms are buying brokers, truck jobbers, and purveyors. The oldest types are commission wholesalers, service wholesalers, jobbers, jobbers (delivery) and secondary wholesalers. Receiver, commission merchants, and selling brokers are about average regarding years in business for all wholesalers.

^{1/} Throughout this section, volume is measured in terms of carlots of 30,286 pounds, the average weight per rail carlot in 1958.

UNLOADS OF FRESH FRUITS AND VEGETABLES AT DETROIT



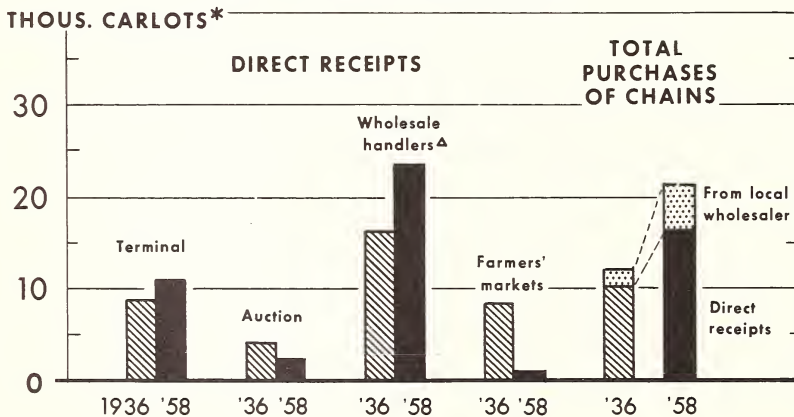
*CARLOTS OF 30,826 POUNDS.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1178-62 (6) ECONOMIC RESEARCH SERVICE

Figure 2

PRODUCE PURCHASES BY WHOLESALERS AND CHAINS, DETROIT



^ΔINCLUDING THE TERMINAL BUT EXCLUDING THE AUCTION AND PURCHASES ON THE FARMERS' MARKETS.
*CARLOTS OF 30,286 POUNDS.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1179-62 (6) ECONOMIC RESEARCH SERVICE

Figure 3

Table 15.--Number of firms, by type, Detroit wholesale produce market
1939, 1948, and 1958

| Class of firm | 1939 | 1948 | 1958 |
|--------------------------------|--------------|--------------|--------------|
| | <u>Firms</u> | <u>Firms</u> | <u>Firms</u> |
| Receiver..... | 69 | 33 | 52 |
| Commission merchant..... | 16 | 8 | 2 |
| Jobber..... | 15 | 10 | 2 |
| Prepackager..... | -- | 1 | 1 |
| Truck jobber..... | 8 | 15 | 2 |
| Shipper..... | 3 | 3 | -- |
| All wholesale handlers: | 111 | 90 | 59 |
| Broker..... | 8 | 8 | 7 |
| Buying broker..... | 1 | 1 | 5 |
| Distributor, sales agency..... | 8 | 8 | 7 |
| Auction..... | 1 | 1 | 1 |
| Brokers and agencies..: | 18 | 15 | 18 |
| All wholesalers.....: | 129 | 105 | 77 |
| Chain..... | 2 | 4 | 6 |
| Wholesale grocer..... | -- | 1 | -- |
| Grand total.....: | 131 | 110 | 83 |

Packer Red Book, 1939 and 1948; Fresh Year Book Issue -- The Packer, 1958.

Growth and Decline

Two-thirds of the wholesalers in the Detroit market in 1958 had experienced a decline of 10 percent or more in sales between 1948 and 1958 (table 17). Only 19 percent had an increase of 10 percent or more. All of the commission wholesalers, service wholesalers, truck jobbers, and the auction had decreased sales. The prepackagers and repackers, buying brokers, and selling brokers were evenly divided between firms having increased sales and those having a decrease. None of the receiver-jobbers had experienced much change in sales. Most of the jobbers and receivers were selling less than 10 years ago.

Changes in Trade Channels

Not many changes in sources of supply during the past 10 years were reported. Two wholesalers are buying more direct from shipping point and 2 less. Seven now buy less in the local market than previously, while one buys more. Three buy more from nearby farmers and one buys less. Two have increased purchases from local brokers while another has decreased. Two handle more on consignment and purchase less outright, while two others have increased purchases at the expense of consignment sales.

Table 16.--Percentage of firms in business for specified periods by type of firm,
 Detroit wholesale produce market, 1958

| Type of firm | 1-4 : years | 5-9 : years | 10-19 : years | 20-29 : years | 30-39 : years | 40-49 : years | 50-59 : years | 60 years or more | Total : reporting |
|------------------------------------------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|---------------------|----------------------|
| | P e r c e n t | | | | | | | | |
| Receiver..... | 12 | 5 | 7 | 26 | 26 | 7 | 17 | -- | 100 |
| Commission merchant.. | -- | 39 | -- | 12 | 9 | 9 | 19 | 12 | 100 |
| Receiver-jobber..... | -- | 73 | 27 | -- | -- | -- | -- | -- | 100 |
| Commission wholesaler, service wholesaler.. | -- | -- | -- | 33 | -- | 33 | 34 | -- | 100 |
| Jobber..... | 13 | -- | 25 | -- | 25 | 25 | 12 | -- | 100 |
| Jobber (delivery), secondary wholesaler: | -- | -- | 12 | 13 | 25 | 12 | 38 | -- | 100 |
| Truck jobber..... | -- | -- | 62 | 24 | -- | 14 | -- | -- | 100 |
| Purveyor..... | -- | -- | 55 | 9 | 9 | 27 | -- | -- | 100 |
| Prepackager, repacker: Buying broker, | -- | -- | 50 | -- | 50 | -- | -- | -- | 100 |
| buying office..... | 25 | 25 | 25 | -- | 25 | -- | -- | -- | 100 |
| Selling broker..... | -- | 20 | 20 | -- | 40 | 20 | -- | -- | 100 |
| Auction..... | -- | -- | -- | -- | 100 | -- | -- | -- | 100 |
| Sales agency..... | -- | -- | -- | -- | 50 | 50 | -- | -- | 100 |
| All wholesalers..... | 5 | 17 | 23 | 12 | 18 | 13 | 11 | 1 | 100 |

Table 17.--Change in sales of wholesalers between 1948 and 1958, Detroit produce market, 1958

| Type of firm | Change in sales | | | Total replying |
|-------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------|
| | Increased : 10 percent or more | Changed : less than 10 percent | Decreased : 10 percent or more | |
| | Percent | Percent | Percent | Percent |
| Receiver..... | 19 | 6 | 75 | 100 |
| Commission merchant... | 30 | 20 | 50 | 100 |
| Receiver-jobber..... | -- | 100 | -- | 100 |
| Commission wholesaler, service wholesaler... | -- | -- | 100 | 100 |
| Jobber..... | 14 | -- | 86 | 100 |
| Jobber (delivery), secondary wholesaler.. | 14 | -- | 86 | 100 |
| Truck jobber..... | -- | -- | 100 | 100 |
| Purveyor..... | 22 | 45 | 33 | 100 |
| Prepackager, repacker.. | 50 | -- | 50 | 100 |
| Buying broker..... | 50 | -- | 50 | 100 |
| Selling broker..... | 50 | -- | 50 | 100 |
| Auction..... | -- | -- | 100 | 100 |
| Sales agency..... | -- | 50 | 50 | 100 |
| All wholesalers..... | 19 | 15 | 66 | 100 |

Twenty wholesalers now sell more to chains than they did 10 years ago, but 10 sell more to chains. Sales to independent grocery stores are smaller for 14 firms. Institutional outlets are a more important outlet for 4 firms and less important for one. Two wholesalers are selling more to jobbers and 7 less.

Changes in Services

Most of the change in services during the past 10 years has taken place in the amount and frequency of delivery service. Sixteen firms are providing more delivery service, or more frequent service, than they did 10 years ago. Four provide less. Since 1948, three large firms started offering a number of merchandising services such as suggesting retail prices, assistance with training of store personnel, and promotional help. One small firm is providing less of this type of assistance.

In general, credit terms have not changed much, but 8 firms are offering credit for longer periods. Two grant more credit now and 2 less. Three find that collection is more difficult and one that it is easier.

Outlook of Wholesalers

Detroit wholesalers are not optimistic about the outlook for their type of business. Over 60 percent feel that it is poor, 16 percent fair, and 20 percent good. All of the commission merchants and truck jobbers felt that the outlook was poor. All of the jobbers, jobbers (delivery), receiver-jobbers, buying brokers and offices,

and secondary wholesalers felt that it was either poor or fair. The only groups with optimists in the majority were purveyors, prepackagers, and repackers.

Some Detroit wholesalers expected to make changes in their operations during the next few years. Nine anticipated going out of business. At least one did so in 1960. Two planned to expand sales to chains. Several purveyors planned to increase the amount of "processing" of items like salad mix which they did, in order to meet more of the needs of their restaurant and institutional customers. Another firm planned to widen the geographic area over which it distributed and to sell more prepackaged items.

ALBANY-SCHENECTADY-TROY

Market Areas

Nearly all of the large wholesalers in the Albany-Schenectady-Troy market are located on the Menands regional market (table 18). There are 16 wholesalers in this market including 4 receivers, 7 receiver-jobbers and service wholesalers, and 3 brokers and sales agencies. These 16 firms sell 44 percent of the volume of all wholesalers and chains.

There are 9 wholesalers in the city of Albany who sell about 1,900 carlots and 4 chains with warehouses in Albany. Schenectady has 14 wholesalers and 1 chain. Eight of the wholesalers are truck jobbers, 4 receiver-jobbers, and 2 jobbers (delivery). There are 5 small wholesalers in Troy and 1 chain in Waterford.

The Structure of the Market

The Albany-Schenectady-Troy produce market is made up of 53 firms of 15 types (table 19). The 44 wholesalers sell 58 percent of the total volume. The brokers and sales agencies account for 21 percent of the total, receivers 17 percent, and receiver-jobbers and service wholesalers 14 percent. The 6 large wholesalers made 64 percent of the sales of all wholesalers. The 29 small wholesalers accounted for 14 percent. Nine chains accounted for 42 percent of the total sales. The three large chains made 96 percent of the sales of chains.

Over one-half of the wholesalers handle a complete line of produce (table 20). About three-fourths of the receiver-jobbers and service wholesalers are general-line firms, as are about one-half of the jobbers (delivery), purveyors, truck jobbers, and merchant truckers. Forty percent of the receivers handle a complete line, as do two-thirds of the brokers.

All of the repackers, prepackagers, and sales agencies are specialized firms. General-line wholesale handlers account for 69 percent of the sales of all wholesale handlers. Brokers and agencies handling a general line made 77 percent of the sales of this group.

Three wholesalers in the Albany-Schenectady-Troy market own or control other firms in the produce business. One owns a farm; another a shipping point operation; and a third a broker in another market. Four wholesalers in the market are local offices of multi-unit firms. These include the two sales agencies, a broker, and a jobber (delivery).

Table 18.--Number of firms and volume handled, by market area and type of firm, Albany-Schenectady-Troy wholesale produce market, 1958

| Type of firm | Menands Regional Market | | | Albany | | | Schenectady | | | Troy and Waterford | | |
|----------------------------------------------------|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--|
| | Firms | Volume | Firms | Firms | Volume | Firms | Volume | Firms | Volume | Firms | Volume | |
| | Total : Large : 1/ | Total : Large : 1/ | Total : Large : 1/ | Total : Large : 1/ | Total : Large : 1/ | Total : Large : 1/ | Total : Large : 1/ | Total : Large : 1/ | Total : Large : 1/ | Total : Large : 1/ | Total : Large : 1/ | |
| | Number | Carlots | Number | Number | Carlots | Number | Carlots | Number | Carlots | Number | Carlots | |
| Receiver..... | 4 | 2 | 2/ | 1 | -- | -- | 2/ | -- | -- | -- | -- | |
| Receiver-jobber, service wholesaler.. | 7 | 1 | 1,795 | 2 | -- | -- | 2/ | 4 | 600 | 2 | 2/ | |
| Jobber (delivery), purveyor..... | 1 | -- | 2/ | 3 | -- | -- | 188 | 2 | 2/ | 1 | 2/ | |
| Truck jobber, merchant trucker.... | -- | -- | -- | 1 | -- | -- | 2/ | 8 | 2/ | -- | -- | |
| Prepackager, repacker..... | 1 | -- | 2/ | -- | -- | -- | -- | -- | -- | 2 | 2/ | |
| Selling broker, terminal broker, sales agency..... | 3 | 2 | 2/ | 2 | 1 | 2/ | -- | -- | -- | -- | -- | |
| All wholesalers... | 16 | 5 | 9,096 | 9 | 1 | 1,913 | 14 | -- | 960 | 5 | 191 | |
| Chain..... | 1 | 1 | -- | 4 | 1 | 2/ | 1 | -- | 2/ | 1 | 2/ | |
| Grand total..... | 17 | 6 | 2/ | 13 | 2 | 2/ | 15 | -- | 2/ | 6 | 2/ | |

1/ Large firms are those selling 500 or more cartlots.

2/ Figure withheld to avoid disclosure.

Table 19.--Number of firms, by size and type, and volume handled, by type of firm, Albany-Schenectady-Troy wholesale produce market, 1958

| Type of firm | All firms | | Distribution of firms by size 1/ | | Percentage of volume handled by -- | | | |
|------------------------------------|-----------|-------------------------|----------------------------------|--------|------------------------------------|---------|---------|---------|
| | Number | Volume handled | Small | Medium | Large | Small | Medium | Large |
| | Quantity | Percent of total market | Number | Number | Number | firms | firms | firms |
| | Carlots | Percent | Number | Number | Number | Percent | Percent | Percent |
| Receiver..... | 5 | 17 | -- | 3 | 2 | -- | 29 | 71 |
| Receiver-jobber..... | 14 | 14 | { 10 | 4 | -- | 52 | 48 | -- |
| Service wholesaler..... | 1 | | -- | -- | 1 | -- | -- | 100 |
| Jobber (delivery)..... | 6 | 4 | { 5 | 1 | -- | 48 | 52 | -- |
| Purveyor..... | 1 | | { 1 | -- | -- | 100 | -- | -- |
| Truck jobber..... | 8 | 1 | { 8 | -- | -- | 100 | -- | -- |
| Merchant trucker..... | 1 | | { 1 | -- | -- | 100 | -- | -- |
| Prepackager, repacker..... | 3 | 1 | { 3 | -- | -- | 100 | -- | -- |
| Terminal broker..... | 1 | | { -- | -- | 1 | -- | -- | 100 |
| Selling broker..... | 2 | 21 | { -- | -- | 2 | -- | -- | 100 |
| Cooperative sales agency..... | 2 | | { 1 | 1 | -- | 2 | 98 | -- |
| All wholesalers..... | 44 | 58 | 29 | 9 | 6 | 14 | 22 | -- |
| National chain..... | 1 | | { -- | -- | 1 | -- | -- | 100 |
| Regional chain..... | 1 | 39 | { -- | -- | 1 | -- | -- | 100 |
| Local chain with warehouse..... | 1 | | { -- | -- | 1 | -- | -- | 100 |
| Local chain without warehouse..... | 6 | 3 | 5 | 1 | -- | 68 | 32 | -- |
| All chains..... | 9 | 42 | 5 | 1 | 3 | 2 | 2 | 96 |
| Grand total..... | 53 | 100 | 34 | 10 | 9 | 10 | 14 | 76 |

1/ Small firms handle less than 200 carlots per year, medium firms 200-499, and large firms 500 or more.

Table 20.--Degree of specialization of wholesalers, by type of firm, Albany-Schenectady-Troy
wholesale produce market, 1958

| Type of firm | (P e r c e n t o f e a c h t y p e o f f i r m) | | | | | | | | | | | |
|----------------------------------------|---------------------------------------------------|---------------------|--------------------------|--------------------------|---------------------------|--------------------------|--------------------------|--------------------|--------------------|------------------------------------------|------------------------------------------|---------|
| | Firms handling complete line of produce | | Plus other types of food | | Several commodity classes | | One class of commodities | | A single commodity | | Several commodities of different classes | |
| | No specialization | Some specialization | Some specialization | Plus other types of food | Several commodity classes | One class of commodities | One class of commodities | A single commodity | A single commodity | Several commodities of different classes | Percent | Percent |
| Receiver..... | 40 | -- | -- | -- | -- | -- | 40 | -- | -- | 20 | | |
| Receiver-jobber, service wholesaler... | 74 | -- | -- | -- | -- | -- | 13 | -- | -- | 13 | | |
| Jobber (delivery), purveyor..... | 38 | -- | 15 | -- | -- | -- | 47 | -- | -- | -- | | |
| Truck jobber, merchant trucker..... | 56 | -- | -- | -- | 44 | -- | -- | -- | -- | -- | | |
| Repacker, prepacker.. | -- | -- | -- | -- | -- | 33 | 33 | 67 | 67 | -- | | |
| Selling broker, terminal broker..... | 33 | 34 | -- | -- | -- | -- | -- | -- | 33 | -- | | |
| Sales agency..... | -- | -- | -- | -- | -- | -- | 50 | -- | -- | 50 | | |
| All wholesalers..... | 50 | 2 | 2 | 9 | 9 | 14 | 14 | 14 | 14 | 9 | | |

Marketing Channels

The total volume entering the Albany-Schenectady-Troy produce market in 1958 was 16,300 carlots (fig. 4 and table 21). Chains brought 47 percent of the total supply, all of it, directly from shipping point. Receivers accounted for 15 percent of the total; brokers and sales agencies 15 percent; and service wholesalers and receiver-jobbers 12 percent.

About three-fourths of the total supply was purchased directly from shipping point or port of entry. Another 5 percent was bought through sales agencies and brokers in other markets and 10 percent was purchased from wholesalers in other markets, a substantial portion coming from New York City. Local growers furnished 12 percent of the supply. In addition to the 16,300 carlots entering the market, a total of 2,100 carlots was sold to firms in other markets, bypassing the Albany-Schenectady-Troy market.

Wholesalers in the market sold 2,100 carlots to other local wholesalers (table 22). This was 13 percent of the market supply. Over three-fourths of these sales were made by brokers and sales agencies and almost all of the remainder by receivers. The principal buyers were receivers, receiver-jobbers, and service wholesalers.

Wholesalers in the market sold 4,400 carlots to local retail outlets (table 23). Over one-half of these sales were to independent stores and a little less than 20 percent to chains. The biggest part of the sales were made by receiver-jobbers and service wholesalers, with receivers accounting for about 30 percent.

Out-of-town sales by wholesalers in the Albany-Schenectady-Troy markets amounted to 5,600 carlots, of which 2,100 bypassed the market (table 24). Brokers and sales agencies sold about 40 percent of the total, with receivers, receiver-jobbers, and service wholesalers accounting for most of the remainder. Most of the out-of-town buyers were wholesalers in nearby markets.

Buying Methods

Most of the supplies purchased direct from shipping point by Albany-Schenectady-Troy wholesale handlers were bought through shipping point buying brokers or by telephone (table 25). Only 15 percent was handled on consignment. The buying methods of most types of firms were similar except for jobbers (delivery) who bought everything through shipping point buying brokers.

Most of the purchases direct from shipping point were made on a delivered basis. Seven firms buying about 1,600 carlots direct from shipping point purchased on a f.o.b. basis. A number of firms who bought only through brokers preferred to buy on a delivered basis.

Functions and Services

Nearly all firms unload rail cars with their own employees. The only exceptions are a sales agency and a broker who contract with other firms to handle their produce. Sixteen firms unload trucks with their own employees, while 10 others hire stevedores to unload. Five firms unload some trucks with their own employees and hire stevedores to do the job at other times. In most cases, local farmers unload their own trucks.

Table 21.--Purchases from outside the market, by class of firm, Albany-Schenectady-Troy
wholesale produce market, 1958

| Class of buyer | Direct from: | | | Through sales: | | | From local growers | Total | Volume by- passing this market: | Volume passing through this market |
|--------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------------|-------|---------------------------------------|------------------------------------------|
| | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots | | | | |
| Broker, sales agency.. | 4.5 | -- | -- | 1/ | 4.5 | 2.1 | 2.4 | | | |
| Receiver..... | 2.0 | 0.3 | 0.2 | -- | 2.5 | -- | 2.5 | | | |
| Receiver-jobber, service wholesaler.... | .8 | .6 | .1 | 0.6 | 2.0 | -- | 2.0 | | | |
| Jobber (delivery), purveyor..... | 1/ | .3 | .3 | 1/ | .6 | -- | .6 | | | |
| Truck jobber, merchant trucker..... | -- | 1/ | 1/ | .1 | .1 | -- | .1 | | | |
| Repacker, prepacker.. | .2 | 1/ | -- | 1/ | .2 | -- | .2 | | | |
| All wholesalers..... | 7.5 | 1.2 | .4 | .9 | 10.0 | 2.1 | 7.9 | | | |
| Chain..... | 6.4 | .4 | .4 | .5 | 7.7 | -- | 7.7 | | | |
| Retailer, processor, eating place..... | -- | .1 | -- | .6 | .7 | -- | .7 | | | |
| Grand total..... | 13.9 | 1.7 | .8 | 2.0 | 18.4 | 2.1 | 16.3 | | | |

1/ Less than 50 carlots.
Figures may not always add exactly to the total because of rounding.

Table 22.--Wholesalers' sales to other local wholesalers, by class of firm, Albany-Schenectady-Troy
wholesale produce market, 1958

| Class of seller | Type of buyer | | | | | | | |
|---------------------------------------------------------------|-----------------------|---------------------------------------------|--------------------------------------------------------------------|------------------------------------------------|----------------------------------------|----------------------|---------------------------------------|-------|
| | Receiver : carlots | Receiver-service wholesaler : carlots | Receiver-jobber, service (delivery), wholesaler : carlots | Jobber (delivery), purveyor : carlots | Truck jobber, merchant : carlots | Trucker : carlots | Repacker, prepackager : carlots | Total |
| Broker, sales agency..... | 1.0 | 0.6 | 1/ | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Receiver..... | 1/ | .2 | 0.2 | 1/ | 0.1 | 1/ | 1/ | 1.6 |
| Receiver-jobber, service wholesaler, wholesale grocer..... | -- | -- | -- | -- | -- | -- | -- | .5 |
| Jobber (delivery), purveyor..... | -- | -- | -- | -- | -- | -- | -- | 0 |
| Truck jobber, merchant trucker..... | -- | -- | -- | -- | -- | -- | -- | 0 |
| Repacker, prepackager..... | 1/ | 1/ | -- | 1/ | 1/ | -- | -- | 1/ |
| Total..... | 1.0 | .8 | .2 | .1 | .1 | .1 | .1 | 2.1 |

1/ Less than 50 carlots.
Figures may not always add exactly to the total because of rounding.

Table 23.--Wholesalers' sales to retail outlets, by class of firm, Albany-Schenectady-Troy
wholesale produce market, 1958

| Class of seller | Type of retail outlet | | | | | | |
|------------------------------------------|-----------------------|---------------------------------------|-------------------------------------|----------------------------------------------------------|---------------------------------------|----------------------|-------|
| | Chain : carlots | Retail store, peddler : carlots | Processor, consumer : carlots | Eating place, institution, : military : carlots | Repacker, prepackager : carlots | Trucker : carlots | Total |
| Broker, sales agency..... | 0.2 | 0.1 | 0.1 | 1/ | 1,000 | 1,000 | 1,000 |
| Receiver..... | .4 | .8 | 1/ | 0.2 | 0.2 | 1/ | 0.4 |
| Receiver-jobber, service wholesaler..... | .2 | 1.0 | .2 | .5 | .5 | .1 | 1.3 |
| Jobber (delivery), purveyor..... | pl | .4 | -- | .1 | .1 | .1 | 1.8 |
| Truck jobber, merchant trucker..... | -- | .2 | -- | -- | -- | -- | .6 |
| Repacker, prepackager..... | .1 | 1/ | -- | .2 | 1/ | 1/ | .2 |
| Total..... | .9 | 2.5 | .3 | .7 | .7 | .7 | 4.4 |

1/ Less than 50 carlots.
Figures may not always add exactly to the total because of rounding.

Fifteen wholesalers hauled 385 carlots from team tracks to their stores prior to sale. These firms -- 4 jobbers (delivery), 9 receiver-jobbers, and 2 prepackagers or repackers -- used their own trucks to haul all of this merchandise.

Most wholesalers sell everything out of the store. However, several of the receivers sell some produce directly out of the rail car or truck. One sells nearly all of his produce out of the car and another about three-fourths. About one-half of the sales of all receivers are made out of car or truck.

Over 90 percent of the wholesalers in the Albany-Schenectady-Troy market deliver at least a portion of their sales (table 26). A receiver and a receiver-jobber do not deliver. The volume delivered is two-thirds of the sales of the firms providing delivery service and 61 percent of the volume of all wholesale handlers. Nearly all of the firms deliver in their own trucks.

The 3 prepackagers and repackers prepackaged or repacked a total of 267 carlots of produce in 1958. One firm prepackaged two items; the others put up one each.

The principal merchandising service offered by wholesalers is suggesting retail selling prices to their customers. This service is provided by 16 firms, including 11 small, 3 medium, and 2 large wholesalers. In addition, 3 wholesalers suggest retail selling prices for specials and another offers price concessions on items to be sold as a special. Four firms offer assistance with promotion, advertising, and displays.

None of the firms in the Albany-Schenectady-Troy market finances production of fruits and vegetables.

The 49 firms in the market furnishing information on number of employees had a total of 252 workers, including proprietors and partners (table 27). Wholesale handlers employed 216 of these workers, brokers and agencies 21, and chains 15. Not all chains reported on this point. Small firms had about 40 percent of the employees and large firms about a third.

Margins

Target margins -- the gross margins which firms aim to achieve -- averaged 15.5 percent of the selling price for receivers, 13.8 percent for receiver-jobbers, 15 percent for jobbers (delivery), and 9 percent for truck jobbers (table 28). Selling brokers and sales agencies averaged between 10 and 11 percent for target margins and brokerage rates. Commission rates charged by receivers averaged 11.5 percent and those of receiver-jobbers 10 percent.

The Structure of the Retail Market

There were over 1,500 retail food stores in the Albany-Schenectady-Troy market in 1958 of the following types:

| | <u>Stores</u> | <u>Sales</u> (Million dollars) |
|----------------------------------|---------------|-----------------------------------|
| Grocery stores and delicatessens | 1,034 | 181 |
| Fruit and vegetable stores | 85 | 3 |
| Other specialty food stores | 422 | 27 |
| All food stores | 1,541 | 211 |

Table 24.--Wholesalers' out-of-town sales and total sales, by class of firm, Albany-Schenectady-Troy wholesale produce market, 1958

| Class of seller | Type of out-of-town buyer | | | | | |
|------------------------------------------|---------------------------|--------------------------------------------------|------------------------------|------------------------------------------------|------------------|------------------|
| | Wholesaler | Chain, vol- untary or cooperative group | Eating place, institution | Total : Sales in out-of- town : sales | the market | Total sales |
| | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots |
| Broker, sales agency: | 2.2 | 0.3 | -- | 2.5 | 2.0 | 4.5 |
| Receiver.....: | 1.6 | .1 | -- | 1.8 | 1.7 | 3.5 |
| Receiver-jobber, service wholesaler.: | .7 | .3 | -- | 1.0 | 1.8 | 2.8 |
| Jobber (delivery), purveyor.....: | .2 | -- | 1/ | .2 | .6 | .8 |
| Truck jobber, merchant trucker...: | 1/ | -- | -- | 1/ | .2 | .2 |
| Repacker, prepackager: | 1/ | 1/ | -- | .1 | .2 | .3 |
| Total.....: | 4.7 | .9 | 1/ | 5.6 | 6.6 | 12.2 |

1/ Less than 50 carlots.

Figures may not always add exactly to the total because of rounding.

Table 25.--Percentage distribution of shipping point purchases made by each type of firm, by method of purchase, Albany-Schenectady-Troy wholesale produce market, 1958

| Type of firm | Consign- ment | On joint account with shipper | Direct by phone or wire | Through shipping point buying broker | On joint account with a broker | From shipping point farmers' market | Total |
|------------------------------------------|------------------|----------------------------------------|-------------------------------|--------------------------------------------------|-----------------------------------------|-------------------------------------------------|-------|
| | | Percent | Percent | Percent | Percent | Percent | |
| Receiver.....: | 19 | 3 | 36 | 40 | -- | 2 | 100 |
| Receiver-jobber, service wholesaler.: | 9 | -- | 39 | 43 | 9 | -- | 100 |
| Jobber (delivery)...: | -- | -- | -- | 100 | -- | -- | 100 |
| Repacker, prepackager: | 5 | -- | 46 | 49 | -- | -- | 100 |
| All wholesale handlers.....: | 15 | 2 | 37 | 41 | 3 | 2 | 100 |

Table 26.--Extent of delivery services by Albany-Schenectady-Troy wholesale produce handlers, 1958

| Type of firm | Percentage of firms providing delivery service | Volume delivered as per- centage of sales of -- All firms of this type | Firms making some deliveries | Percentage of deliveries by -- Firms' trucks | Hired trucks | Other methods |
|------------------------------------------|------------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------------|----------------------------------------------------|-----------------|------------------|
| | Percent | Percent | Percent | Percent | Percent | Percent |
| Receiver.....: | 80 | 51 | 59 | 80 | 4 | 16 |
| Receiver-jobber, service wholesaler.: | 93 | 62 | 64 | 100 | -- | -- |
| Jobber (delivery), purveyor.....: | 100 | 80 | 80 | 100 | -- | -- |
| Truck jobber, merchant trucker...: | 100 | 100 | 100 | 100 | -- | -- |
| Repacker, prepackager: | 100 | 93 | 93 | 100 | -- | -- |
| All wholesale handlers.....: | 92 | 61 | 66 | 92 | 1 | 7 |

Table 27.--Number of employees, by type and size of firm, Albany-Schenectady-Troy wholesale produce market, 1958

| Type of firm | All firms | Small firms <u>1/</u> | Medium firms <u>1/</u> | Large firms <u>1/</u> |
|-----------------------------------------|--------------|-----------------------|------------------------|-----------------------|
| | <u>Firms</u> | <u>Employees</u> | <u>Employees</u> | <u>Employees</u> |
| Receiver..... | 5 | 55 | -- | 17 |
| Receiver-jobber, service wholesaler.... | 15 | 82 | 34 | 28 |
| Jobber (delivery), purveyor..... | 7 | 30 | 13 | 17 |
| Truck jobber, merchant trucker..... | 9 | 11 | 11 | -- |
| Repacker, prepackager... | 3 | 38 | 38 | -- |
| All wholesale handlers: | 39 | 216 | 96 | 62 |
| Selling broker, terminal broker..... | 3 | 16 | -- | -- |
| Sales agency..... | 2 | 5 | 1 | 4 |
| All brokers and agencies..... | 5 | 21 | 1 | 4 |
| Chain..... | 5 | 15 | 5 | 2 |
| Grand total..... | 49 | 252 | 102 | 68 |

1/ Small firms handle less than 200 carlots per year, medium firms, 200-499, and large firms 500 or more.

They are divided among chains and independents as follows:

| | <u>Stores</u> | <u>Sales</u> (Million dollars) |
|--------------------------------|---------------|-----------------------------------|
| Chains with 11 or more stores | 110 | 84 |
| Chains with 4-10 stores | 24 | 9 |
| Chains with 2-3 stores | 32 | 16 |
| Independent single-unit stores | 1,375 | 102 |

A national chain, a regional chain, and one local chain had produce warehouses in the market. These 3 chains serviced a total of 237 stores from these warehouses, including 7 in the market. One regional chain in Syracuse supplied 4 stores in the Albany-Schenectady-Troy area from its Syracuse warehouse. Local chains without produce warehouses included one with 23 units, mostly smaller stores; 4 with 4-10 stores apiece; and several with 2-3 stores each.

Table 28.--Target margins, brokerage and commission rates, Albany-Schenectady-Troy wholesale produce market, 1958

| Type of firm | Average target margin | Average brokerage or commission rate | Firms quoting a target margin | Firms quoting brokerage or commission rate |
|-----------------------------------|------------------------|--------------------------------------|-------------------------------|--------------------------------------------|
| | Percent of sales price | Percent of sales price | Percent of each type | Percent of each type |
| Receiver..... | 15.5 | 11.5 | 80 | 40 |
| Receiver-jobber.. | 13.8 | 10.0 | 45 | 14 |
| Jobber (delivery): | 15.0 | -- | 45 | -- |
| Truck jobber..... | 9.0 | -- | 50 | -- |
| Selling broker, sales agency..... | 11.0 | 10.0 | 50 | 50 |

Twenty Years of Change in the Market

Number and Type of Firms

The number of wholesalers in the Albany-Schenectady-Troy market declined one fourth between 1939 and 1958, according to a leading trade directory (table 29). The decline occurred mainly in receivers, receiver-jobbers, commission merchants, brokers, and distributors. Receivers, receiver-jobbers, and commission merchants declined from 36 in 1939 to 26 in 1958. Brokers went from 5 to 2 and distributors and sales agencies from 6 to 3.

Seven chains were listed as receivers of fresh fruits and vegetables in 1939 and 5 in both 1948 and 1958. Four wholesale grocers were listed in 1939 and 1948 and 2 in 1958.

Entrance and Exit of Wholesalers

Only 19 of the 68 firms listed in the trade directory in 1939 were still in business in 1958. About half of the remainder went out of business before 1948 and the others between 1948 and 1958. Sixteen additional firms came into the business between 1939 and 1948; 11 of them were still in business in 1958. Another 20 firms entered the business between 1948 and 1958.

Only 2 percent of the firms in business on the Albany-Schenectady-Troy market in 1958 had been in business less than 5 years (table 30). Another 18 percent had been in business from 10 to 19 years. Nearly 60 percent were between 20 and 39 years old and about 20 percent more than 40 years old.

The concentration of firms between 20 and 29 years of age held true for all types of wholesalers except prepackagers and repackers, which were somewhat younger, and brokers, which were older.

Growth and Decline

Over two-thirds of the wholesalers who had been in business 10 years or longer had experienced a decline in sales during the past 10 years (table 31). Only 16 percent

Table 29.--Number of firms, by type, Albany-Schenectady-Troy wholesale produce market 1939, 1948, and 1958

| Class of firm | 1939 | 1948 | 1958 |
|-----------------------------------|---------------|---------------|---------------|
| | <u>Number</u> | <u>Number</u> | <u>Number</u> |
| Receiver, | | | |
| receiver-jobber, | | | |
| commission merchant. | 36 | 30 | 26 |
| Jobber..... | 6 | 4 | 5 |
| Repacker..... | -- | 1 | 1 |
| Truck jobber..... | 2 | 4 | 4 |
| Trucker..... | -- | -- | 1 |
| Shipper..... | 2 | 1 | 1 |
| Wholesale handlers. | 46 | 40 | 38 |
| Broker..... | 5 | 6 | 2 |
| Buying broker..... | -- | 1 | -- |
| Distributor, sales agency..... | 6 | 4 | 3 |
| Brokers and agencies. | 11 | 11 | 5 |
| All wholesalers.. | 57 | 51 | 43 |
| Chain..... | 7 | 5 | 5 |
| Wholesale grocer..... | 4 | 4 | 2 |
| Grand total.... | 68 | 60 | 50 |

Packer Red Book, 1939 and 1948; Fresh Year Book Issue. The Packer, 1958.

reported an increase in sales. None of the jobbers (delivery), purveyors, truck jobbers, or merchant truckers had greater sales than 10 years ago. Brokers and sales agencies had the best record, on the average.

Other Changes

Several firms reported changes in sources of supply. Five have changed their type of business, so that their sources have altered. Three buy more direct from shipping point than they did 10 years ago, 2 decreasing purchases in the local market and the other shifting from purchasing in New York City. Six other firms are buying more in the local market. Two buy more from nearby farmers and 2 less. One is buying less from farmers' markets. Two are buying more through local brokers. One firm shifted from outright purchase to consignment sales.

The principal change in outlets mentioned was a decline in the number of buyers, principally independent grocery stores. This decline was mentioned by 28 wholesalers. Other changes in outlets included: 3 firms are now selling more to chains than they did 10 years ago while 2 are selling less. Five firms sell less to independent grocery stores and 5 less to local jobbers. One firm has increased sales to local jobbers and one sells more to institutional outlets.

Table 30.--Percentage of firms in business for specified periods, by type of firm, Albany-Schenectady-Troy wholesale produce market, 1958

| Type of firm | 1-4 years | 10-19 years | 20-29 years | 30-39 years | 40-49 years | 50-59 years | 60 years or more | Total replying |
|---------------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|---------------------|-------------------|
| | P e r c e n t | | | | | | | |
| Receiver..... | -- | 20 | 40 | 20 | 20 | -- | -- | 100 |
| Receiver-jobber, service jobber... | -- | 26 | 39 | 22 | -- | 13 | -- | 100 |
| Jobber (delivery), purveyor..... | 15 | -- | 70 | -- | -- | -- | 15 | 100 |
| Truck jobber, merchant trucker.. | -- | -- | 56 | -- | 44 | -- | -- | 100 |
| Prepackager, repacker..... | -- | 67 | 33 | -- | -- | -- | -- | 100 |
| Selling broker, terminal broker.. | -- | -- | 33 | 67 | -- | -- | -- | 100 |
| Sales agency..... | -- | 50 | -- | -- | 50 | -- | -- | 100 |
| All wholesalers.. | 2 | 18 | 44 | 15 | 14 | 5 | 2 | 100 |

Table 31.--Change in sales of wholesalers between 1948 and 1958, Albany-Schenectady-Troy produce market in 1958

| Type of firm | C h a n g e s i n s a l e s v o l u m e - - | | | Total replying |
|----------------------------------------------------------|---------------------------------------------|---------------------------------|------------------------------------|-------------------|
| | Increased 10 percent or more | Changed less than 10 percent | Decreased 10 percent or more | |
| | Percent | Percent | Percent | Percent |
| Receiver..... | 40 | -- | 60 | 100 |
| Receiver-jobber, service wholesaler.. | 13 | 6 | 81 | 100 |
| Jobber (delivery), purveyor..... | -- | 26 | 74 | 100 |
| Truck jobber, merchant trucker... | -- | 11 | 89 | 100 |
| Prepackager, repacker..... | 33 | 33 | 33 | 100 |
| Selling broker, terminal broker, sales agency..... | 40 | 40 | 20 | 100 |
| All wholesalers... | 16 | 16 | 68 | 100 |

Several firms have reduced the number of services or functions performed. Three offer less delivery service than they did 10 years ago. Four were formerly general-line firms but now specialize in one or a few commodities. One used to offer many merchandising services but has discontinued most of them except delivery and suggesting retail prices.

Outlook of Wholesalers

Most wholesalers in the Albany-Schenectady-Troy market lack a buoyant feeling about the outlook for their type of business. Only 12 percent said that the outlook was good, 24 percent that it was fair, and 64 percent that it was poor. The optimists were found only among receiver-jobbers, prepackagers, and sales agencies. All of the firms of the other types felt that the outlook was either fair or poor.

Nine wholesalers expect to go out of business in the next few years. Several others plan to change to a different type of business. One expects to increase sales to chains and another to institutional outlets. One is considering going into the prepackaging business. Another large firm expects his volume to decline, and he may have to reduce the amount which he buys direct from shipping point.

WEST VIRGINIA MARKETS

There are only 66 firms in the wholesale produce business in all of West Virginia. Only one market has more than 8 firms and only 4 markets more than 4 firms (table 32). Therefore, it was necessary to combine all of the markets in the State for this report. The 3 largest markets accounted for 67 percent of the total sales in the State in 1958 and the 5 largest markets for 84 percent. Nearly a third of the firms -- including all of the receivers and commission merchants -- were located in Huntington. Nine markets had only one firm each. In addition to the firms included in this report, there were a number of small firms which combined retail and wholesale fruit and vegetable businesses, with the retail end predominating. These firms were excluded from all tabulations.

The Structure of the Market

The most numerous types of firms in West Virginia markets were receiver-jobbers and service wholesalers (table 33). Together, they accounted for over a third of the total volume. Brokers and sales agencies sold another 21 percent of the total and receivers and commission merchants 14 percent. The 5 chains accounted for 23 percent of the volume.

Over two-thirds of the wholesalers sold less than 200 carlots per year per firm. These small wholesalers sold 21 percent of the volume of all wholesalers. The 7 large wholesalers -- selling 500 or more carlots each -- made 48 percent of the sales of all wholesalers.

Most West Virginia wholesalers handle a complete line of produce. Seventy-eight percent of the wholesalers selling 86 percent of the volume of all wholesalers handled a general line (table 34). The specialized wholesale handlers were all banana jobbers, repackers, and prepackagers. One broker and the sales agency handled a single commodity or one commodity class.

Table 32.--Number of firms and volume handled, by city and type of firm, West Virginia wholesale produce markets, 1958

| City | Type of firm | | | | | | | | | | | | Total volume |
|-----------------------|-------------------------------------|---------------------|-----------------------------|--------|-----------------------|-----------------|-------------------------------|----------------------------|-------|-------|--------|---------|--------------|
| | Receiver- commission merchant | Receiver- Jobber | Service- whole- saler | Jobber | Jobber- (Delivery) | Truck jobber | Repacker, prepack- ager | Broker, sales agency | Chain | Total | Number | Carlots | |
| Huntington..... | 10 | 1 | -- | 1 | 1 | -- | 6 | 1 | 1 | 1 | 21 | 4,430 | |
| Wheeling..... | -- | 2 | 2 | -- | -- | 1 | -- | 1 | 1 | 1 | 7 | 3,893 | |
| Charleston..... | -- | -- | 3 | 1 | -- | -- | 1 | 1 | 1 | 1 | 7 | 2,942 | |
| Fairmont..... | -- | 2 | 1 | -- | -- | -- | 1 | -- | 1 | 1 | 5 | 1,249 | |
| Bluefield..... | -- | 1 | -- | -- | 1 | -- | -- | 2 | -- | -- | 4 | 1,541 | |
| Morgantown..... | -- | 1 | 3 | -- | -- | -- | -- | -- | -- | -- | 4 | 505 | |
| Williamson..... | -- | 4 | -- | -- | -- | -- | -- | -- | -- | -- | 4 | 120 | |
| Clarksburg..... | -- | 2 | -- | -- | -- | -- | 1 | -- | -- | -- | 3 | 430 | |
| Martinsburg..... | -- | 1 | -- | -- | 1 | -- | -- | -- | -- | -- | 2 | 1/ | |
| Weirton..... | -- | -- | 1 | -- | -- | -- | -- | -- | -- | -- | 1 | 1/ | |
| Moundsville..... | -- | -- | -- | -- | -- | -- | -- | -- | 1 | 1 | 1 | 1/ | |
| East Rainelle..... | -- | 1 | -- | -- | -- | -- | -- | -- | -- | -- | 1 | 1/ | |
| Berkeley Springs..... | -- | -- | -- | -- | 1 | -- | -- | -- | -- | -- | 1 | 1/ | |
| Jumping Creek..... | -- | 1 | -- | -- | -- | -- | -- | -- | -- | -- | 1 | 1/ | |
| Parkersburg..... | -- | -- | 1 | -- | -- | -- | -- | -- | -- | -- | 1 | 1/ | |
| Piedmont..... | -- | 1 | -- | -- | -- | -- | -- | -- | -- | -- | 1 | 1/ | |
| Elkins..... | -- | 1 | -- | -- | -- | -- | -- | -- | -- | -- | 1 | 1/ | |
| Logan..... | -- | 1 | -- | -- | -- | -- | -- | -- | -- | -- | 1 | 1/ | |
| Total..... | 10 | 19 | 11 | 2 | 4 | 1 | 9 | 5 | 5 | 66 | 16,692 | | |

1/ Withheld to avoid disclosure of information.

Table 33.--Number of firms by size and type, and volume handled, by type of firm, West Virginia wholesale produce market, 1958

| Type of firm | All firms | | Volume handled | | Distribution of firms by size | | | Percentage of volume handled by | | |
|---------------------------------|-----------|----------|-------------------------|-------------------------|-------------------------------|--------|--------|---------------------------------|--------------|-------------|
| | Number | Quantity | Percent of total market | Percent of total market | Small | Medium | Large | Small firms | Medium firms | Large firms |
| | | Carlots | Percent | Percent | Number | Number | Number | Percent | Percent | Percent |
| Receiver..... | 1 | 2,374 | 14 | 2 | 1 | 1 | 1 | -- | -- | 100 |
| Commission merchant..... | 9 | | | | 6 | 2 | 1 | 31 | 33 | 36 |
| Receiver-jobber..... | 19 | 2,174 | 13 | 2 | 16 | 2 | 1 | 37 | 2/ | 2/ |
| Service wholesaler..... | 11 | 3,686 | 22 | 4 | 4 | 5 | 2 | 11 | 2/ | 2/ |
| Jobber..... | 2 | 403 | 2 | 1 | 1 | 1 | -- | 39 | 61 | -- |
| Truck jobber..... | 1 | | | | 1 | -- | -- | 100 | -- | -- |
| Jobber (delivery)..... | 4 | 348 | 2 | 4 | -- | -- | -- | 100 | -- | -- |
| Prepackager, repacker..... | 9 | 468 | 3 | 9 | -- | -- | -- | 100 | -- | -- |
| Selling broker..... | 4 | | | | -- | 3 | 1 | -- | 37 | 63 |
| Importer's sales agency..... | 1 | 3,384 | 21 | -- | -- | -- | 1 | -- | -- | 100 |
| All wholesalers..... | 61 | 12,837 | 77 | 41 | 41 | 13 | 7 | 21 | 31 | 48 |
| National chain..... | 4 | 2/ | 2/ | -- | -- | 1 | 3 | -- | 12 | 88 |
| Local chain with warehouse..... | 1 | 2/ | 2/ | -- | -- | 1 | -- | -- | 100 | -- |
| All chains..... | 5 | 3,855 | 23 | -- | -- | 2 | 3 | -- | 2/ | 2/ |
| Grand total 3/..... | 66 | 16,692 | 100 | 41 | 41 | 15 | 10 | 16 | 2/ | 2/ |

1/ Small firms handle less than 200 carlots per year, medium firms 200-499, and large firms 500 or more.
 2/ Withheld to avoid disclosure of individual firms operations.
 3/ Total sales of all firms, including resales among wholesalers and to chainstores.

Table 34.--Degree of specialization of wholesalers, by type of firm, West Virginia wholesale produce markets, 1958

| Type of firm | (P e r c e n t o f e a c h t y p e o f f i r m) | | | | | | | | | |
|--------------------------------|---------------------------------------------------|----------------|--------------------------|----------------|--------------------------|----------------|--------------------|----------------|------------------------------------------|----------------|
| | Firms handling complete line of produce | | Plus other types of food | | One class of commodities | | A single commodity | | Several commodities of different classes | |
| | Percent | Specialization | Percent | Specialization | Percent | Specialization | Percent | Specialization | Percent | Specialization |
| Receiver, commission merchant. | 90 | -- | -- | -- | -- | -- | -- | -- | 10 | |
| Receiver-jobber..... | 89 | -- | 11 | -- | -- | -- | -- | -- | 1 | |
| Service wholesaler.... | 73 | -- | 27 | -- | -- | -- | -- | -- | -- | |
| Jobber, truck jobber.. | 33 | -- | 34 | -- | -- | -- | 33 | -- | -- | |
| Jobber (delivery).... | 25 | -- | 50 | -- | -- | -- | 25 | -- | -- | |
| Repacker, prepacker: | -- | 11 | -- | -- | -- | -- | 67 | -- | 22 | |
| Selling broker, | | | | | | | | | | |
| sales agency..... | 20 | -- | 40 | -- | 20 | -- | 20 | -- | -- | |
| Total..... | 60 | 2 | 16 | 2 | 2 | 15 | 5 | | | |

Five West Virginia wholesalers own or control other firms in the produce business. One owns an apple orchard; one receiver owns part of a receiver in the same market; and 3 wholesalers have branches in other markets. Another wholesaler owns 3 retail stores.

The firms owning or controlling others in the produce business include 3 service wholesalers, a jobber (delivery), a receiver-jobber, and a prepackager.

Marketing Channels

The marketing channels for West Virginia markets were handled somewhat differently from those in other markets because all markets were combined into a single set of figures. Channels were compiled for each market in the State and these figures totaled. Therefore, the figures shown in figure 5 and tables 35 through 38 are totals for all markets in the State, not figures for the entire State treated as a single market. This means that sales in one West Virginia market to a firm from another market in the State are handled as out-of-town sales on the part of the seller and are considered purchases from out-of-town wholesalers by the buyer.

The total supply entering West Virginia wholesale produce markets in 1958 was 15,700 carlots (table 35). Another 1,900 carlots was sold by out-of-town buyers and bypassed the market where the seller was located. About half of the volume entering the market came directly from shipping point or port of entry and nearly a fourth from terminal markets in nearby States.

Receiver-jobbers and service wholesalers purchase 4,500 carlots from outside the market, chains 3,700 carlots, receivers and commission merchants 2,200 carlots, and brokers and sales agencies 1,500 carlots. In addition, chains with warehouses outside the State supply about 1,000 carlots to their retail stores in West Virginia.

Sales among wholesalers are relatively small in West Virginia markets (table 36). Most of these sales are made by brokers and the sales agency. Receivers and the commission merchant in the Huntington market account for most of the remainder. A majority of sales are to receiver-jobbers and service wholesalers.

West Virginia wholesalers sold 5,000 carlots of produce to retail outlets in 1958 (table 37). Over three-quarters of this volume went to retail stores, including a small amount to peddlers. Only 300 carlots were sold to chains and 800 carlots to eating places and institutions. Receiver-jobbers and service wholesalers made 70 of these sales and receivers and commission merchants 14 percent.

Sales to out-of-town buyers amounted to 6,300 carlots in 1958, including 1,900 carlots which bypassed the markets (table 38). Out-of-town sales were nearly as large as those in the market. Over 45 percent of sales to out-of-town buyers were to wholesalers, 29 percent to chains, and 21 percent to retailers. Most of the sales to chains were made by brokers, the sales agency, receiver-jobbers, and service wholesalers. Those to wholesalers were made by brokers, the sales agency, receivers, and commission merchants. Much of the volume sold to wholesalers by receivers and commission merchants went to truck jobbers.

Buying Methods

Half of the produce bought direct from shipping point by West Virginia wholesalers is bought over the telephone or by wire (table 39). Receiver-jobbers, service

MAJOR MARKETING CHANNELS, ALBANY-SCHENECTADY-TROY WHOLESALE PRODUCE MARKET, 1958

(THOUSANDS OF CARLOTS)

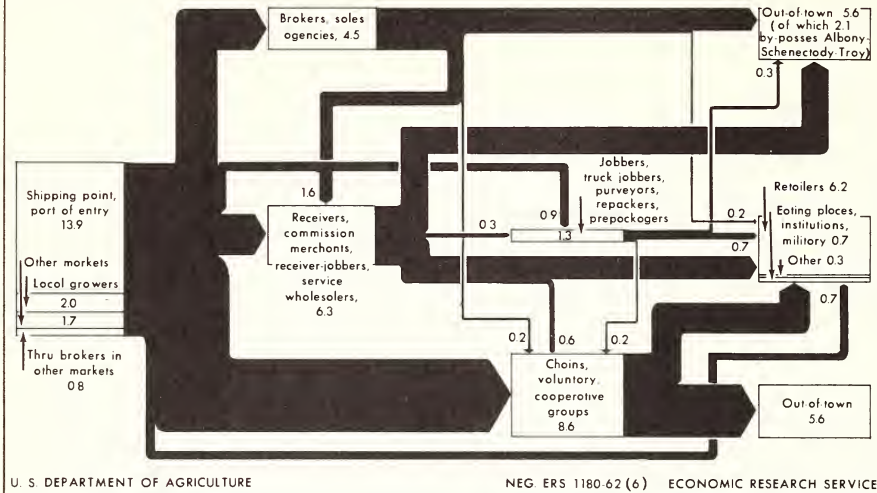


Figure 4

MAJOR MARKETING CHANNELS, WEST VIRGINIA WHOLESALE PRODUCE MARKETS, 1958

(THOUSANDS OF CARLOTS)

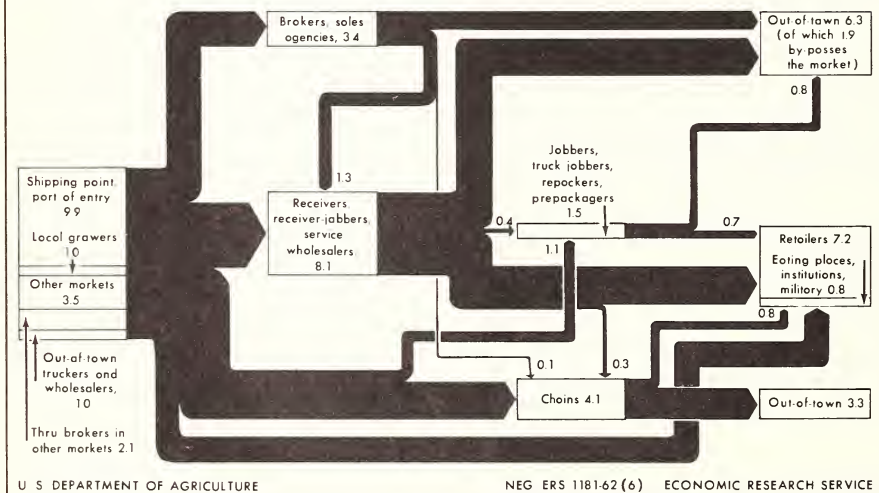


Figure 5

Table 35.--Purchases from outside each market, by class of firm, West Virginia wholesale produce markets, 1958

| Class of buyer | Direct from: | | | From :Through sales: | | | From : From out- | | | Total : Volume by- | | |
|--------------------------------------|------------------|------------------|------------------|----------------------|-----------------------------------------|----------------------------------------------|------------------|------------------|------------------|--------------------|------------------|------------------|
| | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots | other : agencies or : local : of-town : | terminal: brokers in : growers:truckers and: | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots |
| Broker, sales agency: | 3.4 | -- | -- | -- | -- | -- | -- | -- | 3.4 | 1.9 | 1.5 | |
| Receiver, commission merchant: | 1.5 | 0.2 | 0.4 | 0.1 | -- | -- | -- | 2.2 | 2.2 | -- | 2.2 | |
| Receiver-jobber, service wholesaler: | 2.2 | 1.3 | .9 | .2 | .9 | .2 | 1/ | 4.5 | 4.5 | -- | 4.5 | |
| Jobber (delivery): | .2 | .3 | .2 | 1/ | .2 | 1/ | 1/ | .7 | .7 | -- | .7 | |
| Truck Jobber: | -- | 1/ | -- | 1/ | -- | -- | -- | 1/ | 1/ | -- | 1/ | |
| Repacker, prepacker: | .3 | .1 | 1/ | 1/ | 1/ | 1/ | -- | .4 | .4 | -- | .4 | |
| All wholesalers: | 7.5 | 1.9 | 1.6 | .3 | 1.6 | .3 | 1/ | 11.3 | 11.3 | 1.9 | 9.4 | |
| Chain: | 2.5 | .6 | .5 | .1 | -- | -- | -- | 3.7 | 3.7 | -- | 3.7 | |
| Retailer, processor, eating place: | -- | 1.0 | -- | .6 | -- | -- | 1.0 | 2.6 | 2.6 | -- | 2.6 | |
| Grand total: | 9.9 | 3.5 | 2.1 | 1.0 | 1.0 | 1.0 | 1.0 | 17.6 | 17.6 | 1.9 | 15.7 | |

1/ Less than 50 carlots.
 Figures may not add exactly to the total because of rounding.

Table 36.--Wholesaler's sales to other local wholesalers, by class of firm, West Virginia wholesale produce markets, 1958

| Class of seller | Type of buyer | | | | | | Total |
|--------------------------------------|-------------------|-----------------------------|-----------------|---------------|---------------|---------------|---------------|
| | Receiver-merchant | Receiver-service wholesaler | Receiver-jobber | Jobber | Truck jobber | Repackager | |
| | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots |
| Broker, sales agency..... | 2/ | 1.3 | -- | -- | -- | -- | 1.3 |
| Receiver, commission merchant..... | 0.1 | -- | 2/ | 0.3 | 0.1 | -- | .5 |
| Receiver-jobber, service wholesaler: | | | | | | | |
| Jobber, jobber (delivery)..... | -- | 2/ | -- | -- | -- | -- | 2/ |
| Truck jobber..... | -- | -- | -- | 2/ | -- | -- | 2/ |
| Repackager..... | 2/ | 2/ | -- | 2/ | -- | -- | .1 |
| Total..... | .2 | 1.3 | 2/ | .3 | .1 | -- | 1.9 |

1/ Includes 300 carlots bought and sold in the market by out-of-town truck jobbers.

2/ Less than 50 carlots.

Figures may not add exactly to the total because of rounding.

Table 37.--Wholesaler's sales to retail outlets, by class of firm, West Virginia wholesale produce market, 1958

| Class of seller | Type of retail outlet | | | | | | Total |
|------------------------------------------|-----------------------|-----------------------|---------------------|---------------------------|---------------|---------------|---------------|
| | Chain | Retail store, peddler | Processor, consumer | Eating place, institution | Repackager | Truck jobber | |
| | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots | 1,000 carlots |
| Broker, sales agency..... | 0.1 | -- | -- | -- | -- | -- | 0.1 |
| Receiver..... | 1/ | 0.5 | 1/ | 0.1 | 0.1 | -- | 0.7 |
| Receiver-jobber, service wholesaler..... | .2 | 2.7 | -- | .6 | -- | -- | 3.5 |
| Jobber, jobber (delivery)..... | -- | .2 | -- | .1 | -- | -- | .3 |
| Truck jobber 2/..... | -- | .3 | -- | -- | -- | -- | .3 |
| Repackager, repackager..... | 1/ | 1/ | -- | 1/ | -- | -- | .1 |
| Total..... | .3 | 3.8 | 1/ | .8 | -- | -- | 5.0 |

1/ Less than 50 carlots.

2/ Includes 300 carlots bought and sold in the same market by out-of-town truck jobbers.

Figures in a row or column may not always add exactly to the total because of rounding.

Table 38.--Wholesalers' out-of-town sales and total sales, by class of firm, West Virginia
wholesale produce markets, 1958

| Class of seller | Type of out-of-town buyer | | | | | Total | Sales in the market | Total sales |
|------------------------------------------|---------------------------|---------------------------------------|----------|---------------------------|-------|---------------|---------------------|---------------|
| | Wholesaler | Chain, voluntary or cooperative group | Retailer | Eating place, institution | Total | | | |
| Broker, sales agency..... | 1.1 | 0.8 | -- | -- | 1.9 | 1,000 carlots | 1,000 carlots | 1,000 carlots |
| Receiver, commission merchant..... | 1.1 | .1 | -- | -- | 1.3 | 1,000 carlots | 1.1 | 2.4 |
| Receiver-jobber, service wholesaler..... | .1 | .8 | 1.2 | 0.2 | 2.3 | 1,000 carlots | 3.6 | 5.9 |
| Jobber, jobber (delivery)..... | .2 | 1/ | .1 | .1 | .4 | 1,000 carlots | .3 | .7 |
| Truck jobber 2/..... | -- | -- | 1/ | 1/ | 1/ | 1,000 carlots | .3 | .3 |
| Repacker, prepacker.... | .3 | 1/ | 1/ | -- | .4 | 1,000 carlots | .1 | .5 |
| Total..... | 2.9 | 1.8 | 1.3 | .3 | 6.3 | 1,000 carlots | 6.9 | 13.2 |

1/ Less than 50 carlots.
2/ Includes 300 carlots bought and sold in the same market by out-of-town truck jobbers.
Figures may not add exactly to the total because of rounding.

Table 39.--Percentage distribution of shipping point purchases made by each type of firm, by method of purchase, West Virginia wholesale produce markets, 1958

| Type of firm | Consignment | | On joint account with shipper | | Direct by phone or wire | | Through ship- ping point | | Through ship- ping point | | Total |
|------------------------------------|-------------|---------|-------------------------------|---------|-------------------------|---------|--------------------------|---------|--------------------------|-----|-------|
| | Percent | Percent | Percent | Percent | Percent | Percent | Percent | Percent | Percent | | |
| Receiver, commission merchant..... | 34 | 3 | 17 | 27 | -- | 19 | 100 | 100 | 100 | 100 | |
| Receiver-jobber..... | -- | -- | 91 | 9 | -- | -- | 100 | 100 | 100 | 100 | |
| Service wholesaler..... | -- | -- | 66 | 34 | -- | -- | 100 | 100 | 100 | 100 | |
| Jobber..... | -- | -- | 100 | -- | -- | -- | 100 | 100 | 100 | 100 | |
| Jobber (delivery)..... | -- | -- | -- | -- | 100 | -- | 100 | 100 | 100 | 100 | |
| Repacker, prepacker.... | -- | -- | 36 | 35 | -- | 29 | 100 | 100 | 100 | 100 | |
| All wholesale handlers | 13 | 1 | 50 | 24 | 2 | 10 | 100 | 100 | 100 | 100 | |

wholesalers, and jobbers buy most of their produce in this fashion. About a fourth of these purchases are made through buying brokers at shipping point, chiefly by service wholesalers, receivers, commission merchants, repackers and prepackagers. Consignment sales account for a third of the direct purchases of receivers and commission merchants.

Twenty wholesalers buying about 1,600 carlots direct from shipping point buy mostly on an f.o.b. basis, while 13 wholesalers purchasing about 2,000 carlots direct from shipping point buy largely on a delivered basis. Ten of the wholesalers who buy mostly f.o.b., also buy some on a delivered basis.

Functions and Services

All firms unload both rail cars and trucks with their own employees. None hire outside labor to perform this service.

About 1,500 carlots -- over a third of all rail receipts -- were unloaded on team tracks and the merchandise hauled to the wholesaler's store in trucks owned by the wholesaler. Very little produce is sold out of the rail car or truck. Only 6 percent of the sales of all wholesale handlers do not pass through the seller's store. The proportions range from 16 percent for receivers and commission merchants to none for jobbers (delivery).

Most West Virginia wholesalers provide delivery service. All firms except one receiver and 44 percent of the repackers and prepackagers provide some delivery service (table 40). About three-fourths of the volume of all wholesale handlers is delivered to the customer, almost entirely in the firm's own trucks.

Thirty firms repacked or prepackaged about 900 carlots of produce in 1958 (table 41). About half of the firms of most types repack or prepackage some produce. Most of the volume is accounted for by the repackers and prepackagers, service wholesalers, jobbers (delivery), and chains. Nearly half the firms put up only one item. None put up more than four.

Other services offered by West Virginia wholesalers include:

- Suggesting prices to retail customers - 11 firms
- Assistance in training retail produce personnel - 3 firms
- Assistance with merchandising, displays, and promotion - 14 firms

One wholesaler occasionally advanced funds to growers as an accommodation. However, he did not regard this as financing production.

The 64 firms reporting had a total of 663 employees (table 42). Wholesale handlers accounted for most of the persons working in the wholesale produce business. Small firms had 35 percent of all employees, medium firms 28 percent, and large firms 37 percent.

Margins

There was considerable variation between different types of firms in the margins which they sought. The average target margin varied from 6.9 percent of selling price for jobbers and truck jobbers to 25.2 percent for repackers and prepackagers (table 43). In a general sort of way, margins increased in proportion to the services

Table 40.--Extent of delivery services by West Virginia wholesale produce handlers, 1958

| Type of firm | Percentage of firms providing delivery service | Volume delivered as percentage of sales of -- | Percentage of deliveries by -- |
|------------------------------------|------------------------------------------------|-----------------------------------------------|--------------------------------|
| | Percent | Firms making some deliveries | Firms' trucks |
| | Percent | Percent | Percent |
| Receiver, commission merchant..... | 90 | 41 | 100 |
| Receiver-jobber..... | 100 | 97 | 99 |
| Service wholesaler..... | 100 | 93 | 100 |
| Jobber, truck jobber..... | 100 | 30 | 100 |
| Jobber (delivery)..... | 100 | 98 | 31 |
| Repacker, prepacker..... | 56 | 23 | 100 |
| Wholesale handlers..... | 91 | 74 | 96 |
| | | | 4 |

Table 41.--Volume and number of items prepackaged or repacked, by type of firm, West Virginia wholesale produce markets, 1958

| Type of firm | Firms packaging or repacking -- | | | | Total | Volume prepackaged or repacked |
|-------------------------------|---------------------------------|-----------|-------------|------------|-------|--------------------------------|
| | One item | Two items | Three items | Four items | | |
| | Firms | Firms | Firms | Firms | Firms | Carlots |
| Receiver, commission merchant | 2 | 1 | 1 | -- | 4 | 30 |
| Receiver-jobber | 4 | 3 | 2 | -- | 9 | 35 |
| Service wholesaler | -- | 1 | 1 | 3 | 5 | 171 |
| Jobber (delivery) | 2 | -- | -- | -- | 2 | <u>1/</u> |
| Repacker, prepackager | 7 | 1 | 1 | -- | 9 | 354 |
| Chain | -- | -- | -- | 1 | 1 | <u>1/</u> |
| Total | 13 | 8 | 5 | 4 | 30 | 897 |

1/ Withheld to avoid disclosure.

Table 42.--Number of employees, by type and size of firm, West Virginia wholesale produce markets, 1958

| Type of firm | All firms | Small firms | Medium firms | Large firms |
|-------------------------------|-----------|-------------|--------------|-------------|
| | | <u>1/</u> | <u>1/</u> | <u>1/</u> |
| | Firms | Employees | Employees | Employees |
| Receiver, commission merchant | 10 | 83 | 26 | 35 |
| Receiver-jobber | 19 | 159 | 71 | 48 |
| Service wholesaler | 11 | 219 | 51 | 97 |
| Jobber, truck jobber | 3 | 23 | 9 | -- |
| Jobber (delivery) | 4 | 25 | 25 | -- |
| Repacker, prepackager | 9 | 50 | 50 | -- |
| All wholesale handlers | 56 | 559 | 232 | 180 |
| Selling broker, sales agency | 5 | 24 | -- | 4 |
| Chain | 3 | 80 | -- | 62 |
| Grand total | 64 | 663 | 232 | 246 |

1/ Small firms sold less than 200 carlots; medium firms 200-499; large firms 500 or more.

Table 43.--Target margins and brokerage rates, West Virginia wholesale produce markets, 1958

| Type of firm | Average target margin | Average brokerage rate | Firms replying |
|------------------------|------------------------|------------------------|----------------------|
| | Percent of sales price | Percent of sales price | Percent of each type |
| Receiver..... | 12.2 | -- | 67 |
| Receiver-jobber..... | 14.0 | -- | 74 |
| Service wholesaler.... | 17.0 | -- | 82 |
| Jobber, truck jobber.. | 6.9 | -- | 67 |
| Jobber (delivery).... | 14.6 | -- | 50 |
| Repacker, prepackager: | 25.2 | -- | 44 |
| Selling broker..... | -- | 8.7 | 75 |

provided by each type of firm. The average charge by selling brokers was 8.7 percent of the sales price.

The Structure of the Retail Market

There were 4,783 retail food stores in West Virginia in 1958 with total sales \$426 million. Nearly 90 percent of the grocery stores and delicatessens made 95 percent of these sales. Chains with 11 or more stores each made 42 percent of the sales of all grocery stores; those with 4-10 stores 5 percent; and those with 2-3 stores 3 percent. Independent single-unit stores accounted for the remaining 50 percent of sales, although they had 93 percent of the grocery stores. Sales per store averaged \$51 thousand per year for single-unit stores and \$1 million per year for chains with 11 or more stores.

Two national chains and 3 regional chains had stores in West Virginia. The national chains had 4 warehouses and subwarehouses in the State. In addition, they supplied other stores in the state from 7 different warehouses in nearby States. None of the regional chains had warehouses in West Virginia. Two of them supplied a few stores in the State from out-of-state warehouses. The other had agreements with service wholesalers in West Virginia to supply their stores with produce, although they received dry groceries from the chain's warehouse in nearby out-of-state market.

Twenty Years of Change in the Market

In 1939, there were 43 wholesalers in the three larger West Virginia markets of Wheeling, Charleston, and Huntington. By 1958, the number had declined 14 percent to 37 (table 44). In other West Virginia markets over the same period, the number of wholesalers declined 38 percent (table 45). The number of brokers and jobbers declined sharply in both groups of markets. On the other hand, the number of receivers and receiver-jobbers declined 19 percent in the larger markets and 39 percent in the remainder.

The number of chains listed as receivers of fresh fruits and vegetables declined substantially in both groups of markets, while the wholesaler grocers listed as fruit

Table 44.--Number of firms, by type, Wheeling, Huntington, and Charleston wholesale produce markets, 1939, 1948, and 1958

| Class of firm | 1939 | 1948 | 1958 |
|----------------------------|--------------|--------------|--------------|
| | <u>Firms</u> | <u>Firms</u> | <u>Firms</u> |
| Receiver, receiver-jobber: | 21 | 23 | 17 |
| Jobber.....: | 7 | 9 | 4 |
| Repacker, prepackager...: | -- | 1 | 6 |
| Truck jobber.....: | 6 | 8 | 4 |
| Trucker.....: | -- | -- | 1 |
| All wholesale handlers: | 34 | 41 | 32 |
| Broker.....: | 8 | 10 | 4 |
| Sales agency.....: | 1 | 1 | 1 |
| Brokers and agencies..: | 9 | 11 | 5 |
| All wholesalers.....: | 43 | 52 | 37 |
| Chain.....: | 3 | 5 | 2 |
| Wholesale grocer.....: | 14 | 14 | 4 |
| Grand total.....: | 60 | 71 | 43 |

Packer Red Book, 1939 and 1948; Fresh Year Book Issue. The Packer, 1958.

and vegetable handlers declined from 14 to 4 in the 3 larger markets and from 11 to 5 in the others.

Only 35 of 120 of the firms listed by the trade directory in 1939 (table 44 and 45) were still in business in 1958. Over a third went out of business before 1948 and another third between 1948 and 1958. During the 1939-1948 period, an additional 53 firms entered the produce business, but only 10 of them were still listed in 1958. Another 43 firms entered the produce business between 1948 and 1958.

Half of the wholesalers in West Virginia markets in 1958 had been in business between 10 and 29 years (table 46). Only 13 percent had entered the business during the past 9 years, while 16 percent had been in business 40 years or more. The service wholesalers were the oldest type of firm and the jobbers and truck jobbers the youngest.

The changes in sales of wholesalers are indicated in table 47 for firms which had been in business for 10 years or more in 1958. Of course, these figures do not include firms which went out of business during that time. Almost half of the firms found that sales had increased 10 percent or more and less than a fourth that they had decreased 10 percent or more. All of the brokers and 71 percent of the prepackagers and repackers reported sales increases. Most truck jobbers reported little change in sales.

Table 45.--Number of firms, by type, other West Virginia wholesale produce markets, 1939, 1948, and 1958

| Class of firm | 1939 | 1948 | 1958 |
|----------------------------|--------------|--------------|--------------|
| | <u>Firms</u> | <u>Firms</u> | <u>Firms</u> |
| Receiver, receiver-jobber: | 28 | 21 | 17 |
| Jobber.....: | 5 | 4 | 2 |
| Truck jobber.....: | 5 | 6 | 7 |
| All wholesale handlers.: | 38 | 31 | 26 |
| Broker.....: | 7 | 7 | 2 |
| All wholesalers.....: | 45 | 38 | 28 |
| Chain.....: | 4 | 4 | 2 |
| Wholesale grocer.....: | 11 | 16 | 5 |
| Grand total.....: | 60 | 58 | 35 |

Packer Red Book, 1939 and 1948; Fresh Year Book Issue. The Packer, 1958.

Changes in Trade Channels and Service

Nine wholesalers reported that they are buying more directly from shipping point now than they did 10 years ago; 6 are buying less. One firm buys less in the local market than previously and one more. Three now buy less from fruit auctions, principally the Pittsburgh auction. Purchases from farmers markets are larger for three firms and smaller for two others. Four buy less from brokers and one more. One firm is buying more through shipping point buying brokers and one is handling more on consignment than 10 years ago.

Seven wholesalers now sell less to chains than they did 10 years ago; 3 report increased sales to chains. Another 8 are selling less to independent grocery stores. Only one reported increased sales to this outlet. One firm is now selling more to voluntary and cooperative groups and one less. Sales to institutional outlets are greater for 5 firms and smaller for 2 others. Sales to local jobbers are greater for one firm and smaller for another. One wholesaler is selling more to out-of-town wholesalers and another less.

Changes in services offered during the past 10 years involve only delivery and prepackaging. Twelve firms are delivering a larger proportion of their sales or delivering more often than they were 10 years ago. Four wholesalers prepackage more now than they did previously.

Outlook of Wholesalers

The majority of the wholesalers in West Virginia markets are pessimistic about the outlook for their type of business. Nearly 60 percent said they felt the outlook was poor, 2 percent that it was fair, and 39 percent that it was good. The

Table 46.--Percentage of firms in business for specified periods, by type of firm,
West Virginia wholesale produce markets, 1958

| Type of firm | 1-4 years | 5-9 years | 10-19 years | 20-29 years | 30-39 years | 40-49 years | 50-59 years | 60 years or more | Total |
|---------------------------------------|---------------|--------------|----------------|----------------|----------------|----------------|----------------|---------------------|-------|
| | P e r c e n t | | | | | | | | |
| Receiver, commission merchant..... | 10 | 20 | 40 | 10 | 20 | -- | -- | -- | 100 |
| Receiver-jobber..... | -- | 5 | 16 | 26 | 32 | 11 | 5 | 5 | 100 |
| Service wholesaler..... | -- | -- | 18 | 18 | 18 | 9 | 28 | 9 | 100 |
| Jobber, truck jobber.. | -- | 33 | 34 | 33 | -- | -- | -- | -- | 100 |
| Jobber (delivery)..... | -- | -- | 75 | -- | 25 | -- | -- | -- | 100 |
| Prepackager, repacker. | 11 | 11 | 22 | 45 | 11 | -- | -- | -- | 100 |
| Selling broker, sales agency..... | -- | 20 | -- | 40 | 20 | 20 | -- | -- | 100 |
| All wholesalers..... | 3 | 10 | 25 | 25 | 21 | 6 | 7 | 3 | 100 |

Table 47.--Change in sales of wholesalers between 1948 and 1958,
West Virginia produce markets

| Type of firm | C h a n g e i n s a l e s - - | | | Total replying |
|-----------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|-------------------|
| | Increased : 10 percent : or more | Changed : less than : 10 percent | Decreased : 10 percent : or more | |
| | <u>Percent</u> | <u>Percent</u> | <u>Percent</u> | <u>Percent</u> |
| Receiver, commission merchant..... | 57 | -- | 43 | 100 |
| Receiver-jobber..... | 39 | 33 | 28 | 100 |
| Service wholesaler..... | 46 | 27 | 27 | 100 |
| Jobber (delivery), truck jobber..... | 20 | 80 | -- | 100 |
| Prepackager, repacker.. | 71 | 29 | -- | 100 |
| Selling broker..... | 100 | -- | -- | 100 |
| All wholesalers..... | 49 | 29 | 22 | 100 |

most optimistic groups were the repackers, prepackagers, and service wholesalers. The most pessimistic were the jobbers and jobbers (delivery).

Only 7 wholesalers expect to make changes in their operations in the next few years. One plans to go out of business. Three expect to increase their sales of prepackaged items, 2 to buy more directly from shipping point, and one to make vigorous efforts to expand his sales volume.

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Types of Firms

Brokers and agencies (firms that do not physically handle merchandise although they may arrange for such physical handling by others:

| | |
|--------------------------|-------------------------|
| Auction representative | Import agent |
| Buying broker | Importer's sales agency |
| Buying office | Sales agent |
| Cooperative sales agency | Selling broker |
| Carlot distributor | Shipper's sales agency |
| Distributor | Terminal broker |
| Export agent | |

Retail organizations:

| | |
|-------------------------------|--------------------|
| Corporate chains: | Voluntary group |
| National chain | Retail cooperative |
| Regional chain | |
| Local chain | |
| Local chain without warehouse | |

Wholesale handlers (firms that physically handle merchandise):

| | |
|-----------------------|----------------------|
| Auction | Mixed load shipper |
| Banana jobber | Packer-shipper |
| Commission importer | Prepackager |
| Commission wholesaler | Purveyor |
| Commission merchant | Receiver |
| Exporter | Receiver-jobber |
| Importer | Receiver-purveyor |
| Institutional grocer | Repacker |
| Itinerant trucker | Secondary wholesaler |
| Jobber | Service jobber |
| Jobber (delivery) | Service wholesaler |
| L.c.l. shipper | Truck jobber |
| Merchant trucker | Wholesale grocer |

Definitions of Terms

Auction.--A terminal market fruit auction which acts strictly as a service agency, providing facilities and organization for selling and handling the produce (or arranging for such handling), but having no financial interest in the produce.

Auction representative.--A selling broker more than half of whose business is on the fruit auction as a shipper's representative.

Banana jobber.--Considered a special case and classified as a jobber, even though he is usually the first receiver in the market. He ripens, cuts, and boxes bananas.

Buying broker.--Buys in less-than-carload lots in the terminal market, including the fruit auction, for out-of-town wholesalers and chainstores or for local retailers. May arrange for loading and shipment, but does not handle the produce himself.

In some cases, he may accept the billing for the merchandise (especially when buying for foreign customers, usually Canadian) but this is done as a convenience for the buyer.

Brokers and agencies.--Firms which do not physically handle the produce, although they may arrange for such physical handling by others.

Buying office.--A salaried buyer for an out-of-town wholesaler or chainstore. Arranges for loading and shipment but does not handle the produce himself.

Carlot distributor.--Buys and sells full carlots and takes title. He may do some brokerage business as well. Does not physically handle the produce.

Commission importer.--An importer who operates on a commission basis.

Commission merchant.--A receiver who handles more than half his produce on consignment from growers or shippers.

Commission wholesaler.--A receiver-jobber who handles more than half of his produce on consignment from growers or shippers, often nearby growers.

Cooperative sales agency.--Salaried representative of a farmer cooperative in the terminal market. Does not physically handle produce.

Direct purchases from shipping point.--Purchases by the buying firm from sellers located at a shipping point.

Direct receipts from shipping point.--Receipts of produce directly from shipping point, including both direct purchases from shipping point and purchases from brokers, sales agencies, and others in the terminal market where the actual shipment is made directly to the first receiver.

Distributor.--Buys full carlots or trucklots. Sells in l.c.l. quantities to wholesalers, chainstores, and others. Does not physically handle the produce. Sells out of car, either before or after receipt. May do some brokerage business as well.

Export agent.--A broker for export sales.

Exporter.--Buys produce on his own account and ships to foreign countries or to noncontiguous areas of the United States (for example, Alaska, Hawaii, Puerto Rico).

Firm.--The firm in this study is a separate business operation. It does not necessarily coincide with the legal or other definition of the firm. For example, a single corporation which operated a prepackaging plant and a receiving operation generally would be treated as two firms in this study. The relationships between the two firms so defined is indicated under interfirm relationships. This type of definition permits us to treat different types of operations as relatively pure single-function firms, rather than trying to handle multiple operations as a single firm which does not fit in any category.

Import agent.--A broker for imported goods.

Importer.--Imports produce from foreign countries and takes title.

Importers' sales agency.--Salaried representative of an importer (usually a banana importer) in the terminal market. Does not physically handle produce.

Institutional grocer.--A dry grocery wholesaler whose principal outlets are restaurants, hotels, or institutions.

Itinerant trucker.--A trucker who does not maintain a store or warehouse. Usually buys on speculation and hauls to another city where he hopes to resell at a higher price. May operate as a for-hire trucker at one time and as an itinerant trucker at another time.

Jobber.--Purchases more than half his produce from wholesale handlers in the local market. Sells more than half his produce to retail stores and institutional outlets. Handles the merchandise through his own store.

Jobber (delivery).--A jobber who delivers more than half his produce to his customers.

L.c.l. shipper.--Buys in the terminal market and takes title. Ships less-than-carload lots to wholesalers and chainstores in other markets.

Large firms.--Those selling 500 or more carlots of produce annually.

Local chain.--A corporate chain with only one warehouse distribution area.

Local chain without warehouse.--A local chain which does not operate its own produce warehouse, although it almost always operates a dry grocery warehouse.

Market.--The standard metropolitan statistical area or, if area has not been defined, the county concerned.

Market area.--A limited area within the market where firms are concentrated.

Medium firms.--Those selling 200 to 499 carlots of produce annually.

Merchant trucker.--A trucker who buys at shipping point or in other markets and hauls in his own truck to the terminal market where he maintains a store or warehouse.

Mixed load shipper.--Buys in the terminal market and takes title. Ships full loads (mostly truckloads) to wholesalers in other markets.

National chain.--The three largest chainstores with warehouse distribution areas over more than half the country.

Packer-shipper.--Receives products directly from farms, packs and ships. Most such firms are, of course, located in the country, but a few are found in markets such as Los Angeles.

Produce.--Used interchangeably with "fresh fruits and vegetables."

Purveyor.--A jobber who sells more than half his produce to hotels, restaurants, and institutions.

Receiver.--Purchases produce for own account usually in full carlots or trucklots. Direct receipts from shipping point account for more than half his purchases. Performs the physical functions of unloading and handling in his own facilities, on team track, or at the terminal. More than half his sales are to other wholesalers, chainstore warehouses, or processors.

Receiver-jobber.--Direct receipts from shipping point are more than half his purchases. More than half his sales are to retail stores and institutional outlets. Receives and handles produce in his own warehouse or store.

Receiver-purveyor.--A purveyor who receives more than half his produce direct from shipping point.

Regional chain.--A corporate chainstore organization with two or more warehouse distribution areas.

Repacker, prepackager.--A prepackager has more than half his produce in consumer packages. A tomato repacker ripens, sorts, and packages tomatoes.

Retail cooperative.--A wholesale operation owned by member retailers.

Sales agent.--An independent selling agency for a wholesaler, who receives a commission on sales made for the principal. Typically a one-man operation selling for a purveyor.

Secondary wholesaler.--A wholesaler who buys from local wholesale handlers and resells to other wholesalers such as jobbers and truck jobbers. Handles the produce and takes title.

Selling broker.--Negotiates sales on behalf of a number of shippers, but does not take title and does not physically handle the produce.

Service jobber.--A service wholesaler who buys more than half his produce from local wholesale handlers.

Service wholesaler.--A receiver-jobber who performs additional services for his customers, the retail stores, such as suggesting retail prices, training produce personnel, and assisting with advertising and merchandising.

Shipper's sales agency.--Sales office for packers and shippers located in the terminal market.

Small firms.--Those selling less than 200 carlots of produce annually.

Terminal broker.--Operates like a selling broker except that he represents buyers rather than sellers, and collects his fee from the buyer.

Truck jobber.--A jobber who conducts his business from his truck. He does not sell from a store, but usually has a regular customer route, delivering on a fixed schedule.

Voluntary group.--A group of retail stores sponsored by an independent wholesale grocer.

Wholesale grocer.--A receiver-jobber or service wholesaler whose main line is dry groceries and who does not sponsor a voluntary group or retailer cooperative.

Wholesale handlers.--Firms which physically handle the merchandise.

