Overview

- Pumpkin Supply and Demand Information
- Marketing Tips & Techniques
- Additional Resources
Supply: Census Data on Pumpkin Production

<table>
<thead>
<tr>
<th>Year</th>
<th>Acres Harvested</th>
<th>Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>2,357</td>
<td>260</td>
</tr>
<tr>
<td>2002</td>
<td>3,742</td>
<td>332</td>
</tr>
<tr>
<td>2007</td>
<td>2,385</td>
<td>266</td>
</tr>
</tbody>
</table>
## 2007 Pumpkin Production in Neighboring States

<table>
<thead>
<tr>
<th>State</th>
<th>Acres Harvested</th>
<th>Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>707</td>
<td>62</td>
</tr>
<tr>
<td>Arkansas</td>
<td>285</td>
<td>42</td>
</tr>
<tr>
<td>Georgia</td>
<td>182</td>
<td>32</td>
</tr>
<tr>
<td>Kentucky</td>
<td>1,081</td>
<td>393</td>
</tr>
<tr>
<td>Mississippi</td>
<td>160</td>
<td>24</td>
</tr>
<tr>
<td>Missouri</td>
<td>1,430</td>
<td>240</td>
</tr>
<tr>
<td>North Carolina</td>
<td>1,826</td>
<td>296</td>
</tr>
</tbody>
</table>
## Production Stats – U.S. 2008-2010

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acres Planted</td>
<td>45,600</td>
<td>47,700</td>
<td>50,200</td>
</tr>
<tr>
<td>Acres Harvested</td>
<td>43,400</td>
<td>44,100</td>
<td>48,500</td>
</tr>
<tr>
<td>Production (1,000 cwt)</td>
<td>10,663</td>
<td>9,313</td>
<td>10,624</td>
</tr>
<tr>
<td>Value ($1,000)</td>
<td>$137,072</td>
<td>$102,730</td>
<td>$116,539</td>
</tr>
</tbody>
</table>

Pumpkin Production Stats (2010)

- Top pumpkin production states are Illinois, California, New York, Ohio, Pennsylvania, and Michigan
- 90% grown around Peoria, IL for processing
Pumpkin Production Indicators for 2011

- Extreme weather hurt supply in some areas
  - Northeast – Hurricane Irene
  - Michigan – Wet/cold spring
  - Illinois – some producers reporting decreased yields of 20-30%
  - Texas – Drought
  - Georgia & Other States South - Drought
  - Tennessee – some producers reporting late ripening
Implications

- Some producers may be shipping to areas with large shortages making local supplies tighter
- Big box retailers may have difficulty finding supply and may try to increase price
- Prices may increase
  - Reports of prices double last year in some places where crops lost
  - Others marginally higher or the same as 2010
Demand for Pumpkins

- Pumpkins utilized for
  - Fall and Halloween Decorations/Activities
  - Processed Foods
    (Pumpkin Pie, Pumpkin Butter, Pumpkin Seeds, etc.)
Halloween Spending

- Multi-billion dollar annual industry
  - Survey shows average consumers plan to spend $75 per person (~$300 per household) in 2011
    - Up from $66.28 in 2010
  - 72% planned to decorate homes with 70% of those purchasing décor
    - 73% will spend $50 or less – 27% will spend $50+
    - Average was $18.66 on decorations in 2010
So you can grow pumpkins, but can you sell them profitably?
Begin with the End in Mind

- Develop a marketing plan BEFORE you grow
- A marketing plan helps to determine
  + What to grow
  + What else to offer
  + Who will likely buy it
  + Where to sell it
  + When to sell it
  + How to reach potential customers
  + How many you are likely to sell → How many to grow
  + Expected revenue and cost (Profit/Loss Potential)
Determine

- Who is your target audience?
- Products to produce/offer
- How/where to distribute/market
- Price
- How to communicate with customers
Product: What to Produce/Offer

- Who is your customer?
- What do they want?

- Décor vs Food Processing
- High Quality Pumpkins
- Unique Varieties
- Specialty products
  + Painted, scarred, carved, etc.
  + Complimentary products (Mums, cornstalks, straw bales, etc.)
  + Custom display designs
  + Experiences/Activities (hay rides, etc.)
Other Product Considerations

- Harvest after shell hardens completely

- Leave some stem
  - Stemless have lower value as jack-o-lanterns and rot more easily
Other Product Considerations

- Don’t stack more than 2-4 deep
- Wash or dip in 10% chlorine bleach solution to increase longevity
- Store in dry, cool place
  + Sun causes excess spoilage
Potential Market Channels

- **Wholesale**
  - Food Processors
  - Supermarkets
  - Discount Store Chains
  - Wholesale Brokers
  - Agritourism Operators

- **Retail**
  - Farmers Markets
  - Roadside Stands
  - Pick-Your-Own Operations
  - On-Farm Retail Markets
Place: Choose a Channel

- Options
  - Farmers Markets
  - Roadside Stands
  - Pick-Your-Own Operations
  - On-Farm Retail Markets

- Consider
  - Available resources (land, labor, capital)
  - Customer accessibility to farm location
  - Customer needs/preferences
  - Access to successful farmers markets
  - Ability to offer experiences
  - Risk/liability tolerance
Pricing

- Consider:
  - Cost of production
  - Competitor prices
  - Product characteristics
  - Willingness to pay

- Be careful not to under price

- New publication on pricing
  - [http://cpa.utk.edu/level2/educmaterials/extpubs.htm](http://cpa.utk.edu/level2/educmaterials/extpubs.htm)
# Pricing – Examples Prices According To Agritourism Operators

<table>
<thead>
<tr>
<th>Description</th>
<th>Wholesale/Ea</th>
<th>Retail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cannonball (3-5 lb)</td>
<td>$1</td>
<td>$2</td>
</tr>
<tr>
<td>Field Trip (5-7 lb)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Magician (8-12 lb)</td>
<td>$2.50</td>
<td>$3</td>
</tr>
<tr>
<td>Magic Wand (12-15 lb)</td>
<td>$2.75</td>
<td>$3</td>
</tr>
<tr>
<td>Gladiator (20-30 lb)</td>
<td>$3</td>
<td>$6</td>
</tr>
<tr>
<td>Aladdin</td>
<td>$3</td>
<td>$5</td>
</tr>
<tr>
<td>Super Herc (30-40 lb)</td>
<td>$4</td>
<td>$8</td>
</tr>
<tr>
<td>Gladiator, Gold Medialian and Aladdin</td>
<td></td>
<td>$4-$8 based on size</td>
</tr>
</tbody>
</table>
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<th>Wholesale/Bin</th>
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<tbody>
<tr>
<td>“Jack-size” such as Magic Lantern</td>
<td>$130 delivered</td>
<td></td>
<td>$2 + $6</td>
</tr>
<tr>
<td>Pie Pumpkins</td>
<td>$300 delivered</td>
<td></td>
<td>$1 $2 $3-4</td>
</tr>
<tr>
<td>Prize Winners</td>
<td>$150 delivered</td>
<td>$10</td>
<td>$15+ $25 $35</td>
</tr>
<tr>
<td>Assorted Gourds</td>
<td>$150 delivered</td>
<td></td>
<td></td>
</tr>
<tr>
<td>“Giant” Pumpkins</td>
<td>$2.25 for 10-15lb</td>
<td></td>
<td>$10 for 30-50 lb</td>
</tr>
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<tr>
<td>Pick-your-own</td>
<td></td>
<td>$0.39/lb $0.50/ob</td>
</tr>
<tr>
<td>Large Jack-o-lanterns</td>
<td>$3 for 100+ $4 for 20+ $5/ea</td>
<td>$5/ea $0.40/lb</td>
</tr>
<tr>
<td>Cinderella, Full Moon, Cushaw, Apple Gourd, Cotton Candy, Autumn Buckskin, Red Warty Thing, LaEstrella, Fairytale, Jarradale, Blue Harvest, Camo, Camo</td>
<td>$2-5 Based on size</td>
<td>$3-6 Based on size</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$5-$10 Based on size</td>
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</tr>
</thead>
<tbody>
<tr>
<td>Miniatures</td>
<td></td>
<td></td>
<td>3 for $1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2 for $1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$0.50 ea</td>
</tr>
<tr>
<td>Bumpkin &amp; Baby Boo</td>
<td></td>
<td>$0.25 ea</td>
<td>$0.50 ea</td>
</tr>
<tr>
<td>Orangemon &amp; Mixed Gourds</td>
<td></td>
<td>$0.40 ea</td>
<td>$0.75 ea</td>
</tr>
</tbody>
</table>
Merchandising

- Keep everything clean
- Maintain quality (keep cool, cull, etc.)
- Get products up off the ground if possible
- Create displays of “abundance”
- Incorporate contrasting colors
- Clearly display product name and price
  - Could also include use or product benefits
PIE PUMPKINS $3.00 ea. $5.00 for 5.
Merchandising

- “If a person has something in their hand, they are looking but no longer shopping.”
  - Provide bags, baskets, wagons, etc.

- Create attractive displays that could be duplicated by customers
  - Provide list of items utilized
- Provide recipes or project ideas
Allowable Units/Weights and Measures

- May be sold by weight or count
- Produce sold by weight must be weighed on scales that are “legal for trade”
- Scales must be inspected and permitted by TDA Weights and Measures Department
- Weight must be figured as net weight
  - (Does not include weight of carton or container)

More information
- Produce Scales Permit Fact Sheet [http://cpa.utk.edu/pdffiles/cpa166.pdf](http://cpa.utk.edu/pdffiles/cpa166.pdf)
- Robert Williams at (615) 837-5109 or [robert.g.williams@state.tn.us](mailto:robert.g.williams@state.tn.us)
Sales Tax Considerations

- A farmer who grows 100% farm/nursery product sold in a calendar year is exempt from collecting sales tax on those products.

- Same entity must raise and sell.
Sales Tax Considerations

- A farmer who grows at least 50% of farm products sold and buys the remaining product from the farmer who raised them is also exempt from collecting and remitting sales tax.

- Use gross sales dollars as units.
Sales Tax 101

- If a farmer raises less than 50% of the product sold or if the product purchased for resale is from a source other than the farmer who raised it (broker, etc.) then the farmer must collect and remit sales tax on the portion of the product the farmer did not raise.

- Taxes are due if taxable product sales are more than $4,800 per year.
  - (Taxable services are more than $1,200 per year)
Farmer John sold $6,000 in pumpkins at the farmers market in a calendar year. $3,200 from pumpkins he produced and $2,800 from pumpkins he bought from Farmer Sue.

Should Farmer John have collected and remitted sales tax on any of the pumpkin sales?

No, Farmer John grew more than 50% of the value of pumpkins sold and bought the remaining pumpkins from the farmer who raised them.
Farmer John sold $12,000 in pumpkins at the farmers market in a calendar year. $5,800 from pumpkins he produced and $6,200 from pumpkins he bought from Farmer Sue.

Should Farmer John have collected and remitted sales tax on any of the pumpkin sales?

Yes, Farmer John should collect and remit sales tax on the $6,200 from pumpkins he did not grow.
Sales Tax Example 3

- Farmer Dan offers a hayride to the pumpkin patch and a pumpkin he grew for a package price of $6.

- Should Farmer Dan collect and remit sales tax on the hayride package price?

- Yes, bundled products that include a taxable product/service are taxable (unless tax-exempt criteria is met).
  - Farmer Dan could charge for each item separately, then he would only need to collect tax on the price of the hayride.
  - Farmer Dan could charge $6 for the pumpkin he grew and give the customer a free hayride to the pumpkin patch and not collect tax.
Sales Tax Procedure

- If sell taxable products, must file no-cost application with Tennessee Department of Revenue for “Certificate of Registration” to be a “Dealer”

- Must submit sales tax returns monthly with payment (whether or not have sales to report)
  - May submit quarterly if average tax payment is $200 or less per month with approval

- Sales and Use Tax Guide
Manage Your Risk

Product Liability

- Raw products (fruits, vegetables, etc.) may be covered under farm owner insurance policy
- Processed products (jam, meat, etc.) would likely need a commercial liability policy especially with ingredients from off-farm
- Normal limits of coverage are $100k, $300k, $500k and $1 million
- Umbrella policy can provide excess/additional coverage in $1,000,000 increments
- One insurance provider recommended at least enough to cover the value of your assets

Coverage varies from company to company. Please discuss your particular situation with your insurance agent to verify your coverage.
Manage Your Risk

- Landowner Liability
  - When people come to farm to purchase products or participate in agritourism activities, farm owner policy likely does not cover
  - Visit with your insurance agent to see if you need a special landowner liability policy

- New Agritourism Liability Law
  - Limits liability for injury or death resulting from inherent risks of agritourism
  - Warning must be given in contracts and with signage
Marketing Resources

- **AgMRC**

- **Agritourism in Focus Publication**
  - [http://cpa.utk.edu](http://cpa.utk.edu)

- **Tennessee Farm Fresh**
  - [www.tnfarmfresh.com](http://www.tnfarmfresh.com)
  - Promotes farms that direct markets products to consumers

- **Pick Tennessee Products**
  - [www.picktnproducts.org](http://www.picktnproducts.org)
  - Promotes Tennessee products (wholesale & retail)
Turning Pumpkins to Profit

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