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FOR SUSTAINABLE AGRICULTURE

Economic analysis of current and potential Muscatine melon market

Abstract: The Muscatine melon traditionally has been one of Iowa's best known produce items. As the number of acres and producers decline, melon producers are looking for ways to make their product a more attractive economic production option, and place-based marketing may be helpful. Melon producers, however, need to ask themselves if they are willing to cooperatively develop and market a place-based product in order to achieve higher prices and profitability.

Question & Answer

Q: How can Muscatine melon growers take advantage of the positive image of their product to increase sales?

A: Positioning the melons as a place-based food product may help with marketing and sales.

Background

In southeast Iowa, a truck farming region once called "the melon garden spot of the world" has produced a wide variety of fruit and vegetable crops for more than 150 years. Among the best known items are the sweet, juicy melons grown in the sandy soil near the Mississippi River south of Muscatine, Iowa, primarily in the areas near Muscatine Island/Fruitland and Conesville. Both cantaloupe and watermelon are produced there; the area is known especially for several varieties of muskmelon characterized by pronounced ridges, deep orange color, and juicy, fragrant flesh. The number of growers has declined in recent years, but Muscatine melons can be found at grocery stores and roadside stands throughout eastern Iowa each July.

In considering whether geographically-identified foods (such as those meeting with success in the European

Union) have potential in Iowa, the Muscatine melon-growing area offers a good example of both the challenges and opportunities facing Iowa farmers who want to employ this marketing technique. This project focused on:

- The production, history, economics, and marketing, of muskmelon in Muscatine, Iowa, and
- The potential of the Muscatine melon to be offered as a place-based food.

Approach and methods

The investigators reviewed secondary data such as books, historical proceedings, growers' association reports, and USDA Census of Agriculture data. Personal interviews were conducted with people knowledgeable about the historical perspective and current markets.

Results and discussion

As with other segments of agriculture, there now are fewer melon producers and those that remain are the larger operators, especially in the western part of the Muscatine growing area.

Accurate profitability estimates for Muscatine melons do not exist. Taking into consideration wholesale and retail markups, a producer would receive approximately half the retail price. Expenses, however, have increased steadily in recent years.

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Budget:

\$1,950 for one year

There were 816 Muscatine County farms in 2002, selling \$72.1 million worth of agricultural products according to U.S. Department of Agriculture figures. Of these farms, six produced cantaloupe on 40 acres. Assuming average sales of \$7,200 per acre, \$352,800 in sales would come from these farms. However, if Muscatine County farmers would revert to their 1971 production levels of 271 acres, total sales would be about \$1.95 million. Similar economic figures would occur if watermelon acres returned to 1970 levels.

Conclusions

Profitability continues to be a challenge for large- and small-scale melon producers. Growers who sell primarily to wholesalers face lower profit margins, resulting in pressure to increase volume and reduce costs in order to compete with high-volume producers in other states.

Other obstacles for Muscatine area melon growers include:

- Declining number of growers;
- Rising cost of labor;
- Short (6- to 8-week) harvest season;
- Perishability and limited suitability for shipping;
- Lack of processing options;
- Difficulty agreeing on quality standards;
- Logistics of tracking, sticker placement, and packing;
- Shrinking market and distribution options;
- Strict farmer's market rules that prohibit secondary sellers; and
- Confusion over whether Muscatine is a variety or a place of origin.

Despite these challenges, opportunities still exist for Muscatine melon producers. Iowans remain fond of these melons. Outside the Midwest, the melons are familiar to some consumers thanks to childhood visits or relatives from Iowa.

Muscatine melons are a unique part of Iowa's agricultural heritage. The name is recognized by retailers and consumers. Opportunities exist for labeling and brand promotion based on regional identity, and the unique soil in Muscatine County continues to produce these tasty melons. With the growing interest in local and place-based foods, these melons could take advantage of their name value and quality.

Impact of results

How could Muscatine melon producers take advantage of these opportunities? Accurate use of the Muscatine melon designation through point-of-origin and truth-in-labeling standards might lead to development of an actual trademark. A well-designed branding and marketing program, promoting the quality and uniqueness of the region and its melons, accompanied by some type of consistent signage and labeling, could affect consumer perceptions and raise both demand and price premiums. Further investigation of the specific soil conditions and historic melon varieties could better identify what makes Muscatine melons special. Organic production of melons is particularly challenging in the Midwest climate, but may be worth investigating as another means of adding value to the product. In addition, a renewed marketing program for the melons (such as the "Buy Fresh Buy Local" efforts) would help the industry.

Education and outreach

"Muscatine Melons" A Case Study of Place-based Food in Iowa" was released in October 2004 and is available from the Leopold Center in hard copy or on the website: http://www.leopold.iastate.edu/research/grants/files/2004-MSP9_melon.pdf

Leveraged funds

No additional funds were received.

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