



Produce Auctions

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INTRODUCTION

A produce auction is a wholesale market outlet for local farm and greenhouse products. Fresh produce, as well as a variety of other agricultural products, is offered for sale to the highest bidder. The auction charges the seller a commission, usually a percent of sales, to cover the auction's operating expenses.

The following produce auctions operated in Kentucky during 2020:

- Bath County Produce Auction
- Casey County Produce Auction
- Fairview Produce Auction (Christian County)
- Hart County Produce Auction
- Lincoln County Produce Auction
- Speck Ridge Produce Auction (Taylor County)

This publication provides a general overview of produce auctions. The first section discusses how a produce auction can fit in a marketing plan. The remainder of the publication focuses on considerations for organizing a produce auction. Contact information for Kentucky's produce auctions, along with links to case studies and selected resources, can be found at the end of this profile.

FITTING INTO YOUR MARKETING PLAN

Some Kentucky growers use produce auctions as the main market channel for their farm. Retaining a committed and reliable grower base is one of the keys to produce auctions as a sustainable local wholesale market. For many producers, however, the produce auction is only one of several market channels for their farm products. Grower surveys conducted from 2004 to 2012 funded by the Uni-



versity of Kentucky's Center for Crop Diversification (CCD) indicated:

- Nearly 20% of all Kentucky produce growers in 2012 said they sold more than 10% of their farm's produce through produce auctions, the highest percentage recorded since produce grower surveys began
 - About one-third of all growers using produce auctions use the auction to sell more than 75% of their produce
 - About 20% of produce auction sellers use the auction to market a small quantity (less than 10%) of their total produce



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These trends indicate that the majority of registered sellers use auctions to market less than 50 percent of their farm's products. Observations at Kentucky produce auctions since 2012 indicate these trends likely persisted as the number of registered sellers increased. Kentucky produce auctions function both as primary market channels for local growers, especially in communities with large Amish and Mennonite populations, and as secondary or complementary markets for both large- and small-scale growers seeking occasional markets.



The benefits of selling through produce auctions include:

- Set days and times for delivery
- Ability to group produce into various lots
- Ability to “test market” new products or sizes of produce for wholesale

The primary risk in using a produce auction is price uncertainty. Produce auctions are dependent on attracting an adequate number of buyers to support the quantity of product offered. Prices can fluctuate from week to week based on supply (amount of produce available for sale) and demand (the number of buyers). The auction adage that “it only takes two bidders” to get the highest price is true. However, it is also true that those two bidders may not be able to use the large quantity of produce offered that day.

Growers considering produce auctions as part of their marketing plan should realize produce auctions and other wholesale markets will reflect seasonal price volatility. The CCD publication [3-Year Average Prices & Quantities at Produce Auctions in Kentucky](#) demonstrates this seasonal price fluctuation. Following and observing auction prices can provide an idea of what volumes and price ranges to expect when selling at a produce auction. Updated price reports for Kentucky's produce auctions are posted on the CCD website.

Because they attract both large wholesale buyers and

smaller local buyers, produce auctions can provide growers with seasonal market opportunities, with fall ornamentals and extended season vegetables proving popular at Kentucky auctions. In some cases, auctions can provide a market outlet for different grades and sizes of produce, as well as produce packaged according to various specifications. Produce auctions have also become a source of some produce bound for Kentucky food banks and local food marketing programs.

Kentucky growers and researchers have also used auctions to test potential market interest in new crops and novel varieties. Auction sellers should realize that many factors influence prices paid for produce at auction. Seller reputation, bidder demand and the presence of large-volume order buyers can all impact buyer willingness to pay. Quality, placement of lots in the auction order, and lot size can all affect prices received. The ways in which auction management caters to buyer profiles can also impact realized prices. For example, an auction where most of the buyers are end consumers may offer smaller lot sizes, and these lots will often command greater prices per unit.

USER OWNERSHIP AND COMMITMENT

Produce auctions are quite popular in communities where a core group of producers is committed to marketing their highest quality produce through the auction. The key to a produce auction, or any other marketing effort requiring a group to work together, is user commitment and ownership. Auction members, especially founding members, should be committed to using the auction to market a substantial volume of high-quality produce. Success of auctions near Mennonite and Amish communities is often tied to community commitment to selling high quality produce at volume through the auction and, in doing so, attracting order buyers and other committed bidders.

PRODUCT QUALITY

A produce auction needs both volume and quality to

be a viable wholesale market option. Successful year-round auctions in Kentucky are due in part to consistent volumes and varieties of produce offered throughout the year. This springs from a grower commitment to the auction that can result in a year-round supply of seasonal products: greenhouse-grown plants in the early spring; fresh fruits and vegetables through the fall; and fall fruits and vegetables, ornamentals, hay, and straw through the winter.

Food safety assurances remain important across the fresh produce industry. Like other produce wholesalers, auctions that prioritize and anticipate food safety requirements will be more relevant for large-volume buyers. Kentucky auctions have offered buyers the ability to purchase produce backed by third-party audits, like GAP.

Non-food crops have been important to successful produce auctions in Kentucky and nearby states. Ornamentals have helped increase auction sales volumes through items like spring bedding plants and plugs, planters and fall ornamentals. Local consumers and homeowners are active buyers of these crops, while wholesalers purchase larger quantities and increase sales volume. These dynamics make ornamentals important crops in the produce auction mix.

DEVELOP A REGULAR BUYER BASE

A produce auction's success is tied to attracting buyers. High quality products are one essential to attracting high quality buyers. Regular contact by the auction management with actual and potential buyers is also critical. New auctions should plan to spend a significant amount of time and money on advertising and promotion to contact and attract probable customers.

The produce auction should remember that not all buyers will purchase the same types of produce. Buyers may also prefer different types of packaging and, in some cases, have differing quality preferences.

Some types of buyers regularly attracted to produce auctions in Kentucky and Ohio are:

- Farmers market vendors
- Local grocers
- Local restaurants
- On-farm markets
- Private citizens
- Produce wholesalers and brokers
- Roadside produce vendors



A delivery network will also develop as an auction progresses. Auctions may formally or informally develop delivery services for larger-volume buyers.

Auctions may also want to develop an order buyer system. An order buyer is someone who bids on items for a buyer that is not able to attend. This can help auctions generate more sales, but care must also be taken to only take orders from reputable buyers. Auctions or producers with questions concerning the credit rating of a potential buyer can access that information through ratings agencies for the produce industry, like Red Book Credit Services and Blue Book Services. You may contact the University of Kentucky's Department of Agricultural Economics for more information about these resources.

PRODUCT AND PACKAGING GUIDELINES

Produce quality should be defined by the auction and inferior produce should be rejected, with no exceptions. Auctions will find that establishing guidelines for how produce is packaged will help present buyers with a uniform product. Sample lists of industry standard containers may be obtained by referencing the packaging requirements publication from North Carolina State University in the resource list at the end of

this fact sheet. Container guidelines should be developed only after consulting potential auction buyers for their preferences. Auction sellers may discover that buyers prefer certain kinds of packaging over others, providing possible price and profit benefits.

For larger wholesalers, a weakness of produce auctions has been observed to be the inability to provide product traceback or other food safety verifications. These obstacles are not insurmountable. Existing auctions have made many improvements to their traceability in light of the Food Safety Modernization Act (FSMA), and new produce auctions would be prudent to address these issues with their growers from the outset to allow for potentially larger long-term auction sales volume.

PRODUCE AUCTIONS

Kentucky

Bath County Produce Auction

2914 East Highway 60, Owingsville, KY 40360

Directions: The auction is held at the Agricultural Education and Marketing Center at the intersection of I-64 Exit 123 and U.S. 60

Auction manager: Kelly Carter

Auctioneer: Phil Copher

Phone: (606) 207-2270

Facebook: <https://www.facebook.com/pages/category/Auction-House/Bath-County-Produce-Auction-1683030832002613/>

Casey County Produce Auction

524 South Fork Creek Rd., Liberty, KY 42539

Directions: From Liberty, take U.S. 127 south for approximately 8 miles; turn left onto KY 910 and travel about 1.8 miles; take a left on to South Fork Creek Road; the auction will be about 1 mile down this road, on the right.

General Manager: Josh Martin

Auctioneers: Milton Brubacker, Willis Brubacker

Phone: (606) 787-5158 (office) (606) 787-1260 (FAX)

Market report recorded message: (606) 787-0570

Facebook: <https://www.facebook.com/pages/Casey-County-Produce-Auction/145548948822700>

Fairview Produce Auction (Christian County)

10292 U.S. Highway 68E, Pembroke, KY



Directions: Auction is located 10 miles east of Hopkinsville, KY on U.S. 68/KY 80, one-half mile west of Jefferson Davis State Historic Site (monument park)

General Manager: Joseph Hoover

Order Buyer: Harvey Burkholder

Phone: (270) 887-0053 *Fax:* (270) 887-0475

Market report recorded message: 712-432-8502

Facebook: <https://www.facebook.com/pages/Fairview-Produce-Auction/408797359172078>

Hart County Produce Auction

6880 Cub Run Highway, Munfordville, KY 42765

Directions: From I-65 take Exit 65, turn left onto Hwy 31W, drive 1.7 miles, go right on Hwy 88 (4th Street), and continue on Hwy 88 (right on North West Street) and go 5.7 miles to the auction

Auction Manager: Wilmer Yoder

Phone: (270) 524-0005 *Fax:* (270) 524-7812

Market report recorded message: (270) 524-0008

Lincoln County Produce Auction

2896 KY 39 North, Crab Orchard, KY 40419

Directions: Located on KY 39 approximately 8 miles south of Lancaster; auction is on the left

Auction Manager: David Schrock

Auctioneer: Lloyd C. Schrock

Phone: (606) 355-0030

Market report recorded message: (606) 355-0001

Facebook: <https://www.facebook.com/pages/Lincoln-County-Produce-Auction-LLC/170442716299424>

Speck Ridge Produce Auction

2715 Speck Ridge Road Elkhorn, KY 42733

OUT-OF-STATE PRODUCE AUCTIONS

- Mt. Hope Produce Auction (Ohio)
http://www.mthopeauction.com/market_reports
- Arthur Produce Auction (Illinois)
<https://il.foodmarketmaker.com/business/51753-arthur-produce-auction-inc>
- Produce Auctions in Missouri (University of Missouri Extension)
<http://agebb.missouri.edu/hort/auction/index.htm>

CASE STUDIES

- Chesterhill Produce Auction (Ohio University, 2010)
<https://www.cannetwork.org/chesterhill-produce-auction-a-case-study/>
- Fennimore Produce Auction (University of Wisconsin Extension, 2010)
http://www.cias.wisc.edu/wp-content/uploads/2010/01/fennimore_auction.pdf
- Plowboy Produce Auction (University of Tennessee, 2008)
<https://ag.tennessee.edu/cpa/Documents/Success%20Stories/PlowboyProduce.pdf>

SELECTED RESOURCES

- Kentucky Produce Auction Report (University of Kentucky Center for Crop Diversification)
<http://www.uky.edu/ccd/pricereports/KYPA>
- Packaging Requirements for Fresh Fruits & Vegetables (North Carolina State University, 1996)
<https://content.ces.ncsu.edu/packaging-requirements-for-fresh-fruits-and-vegetables>



- Regional Wholesaling of Vegetables: Wholesale Produce Cooperative Auctions (University of Missouri)
<http://agebb.missouri.edu/hort/auction/auctions.pdf>

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Photos courtesy of Brett Wolff

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For additional information, contact your local [County Extension agent](#)

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