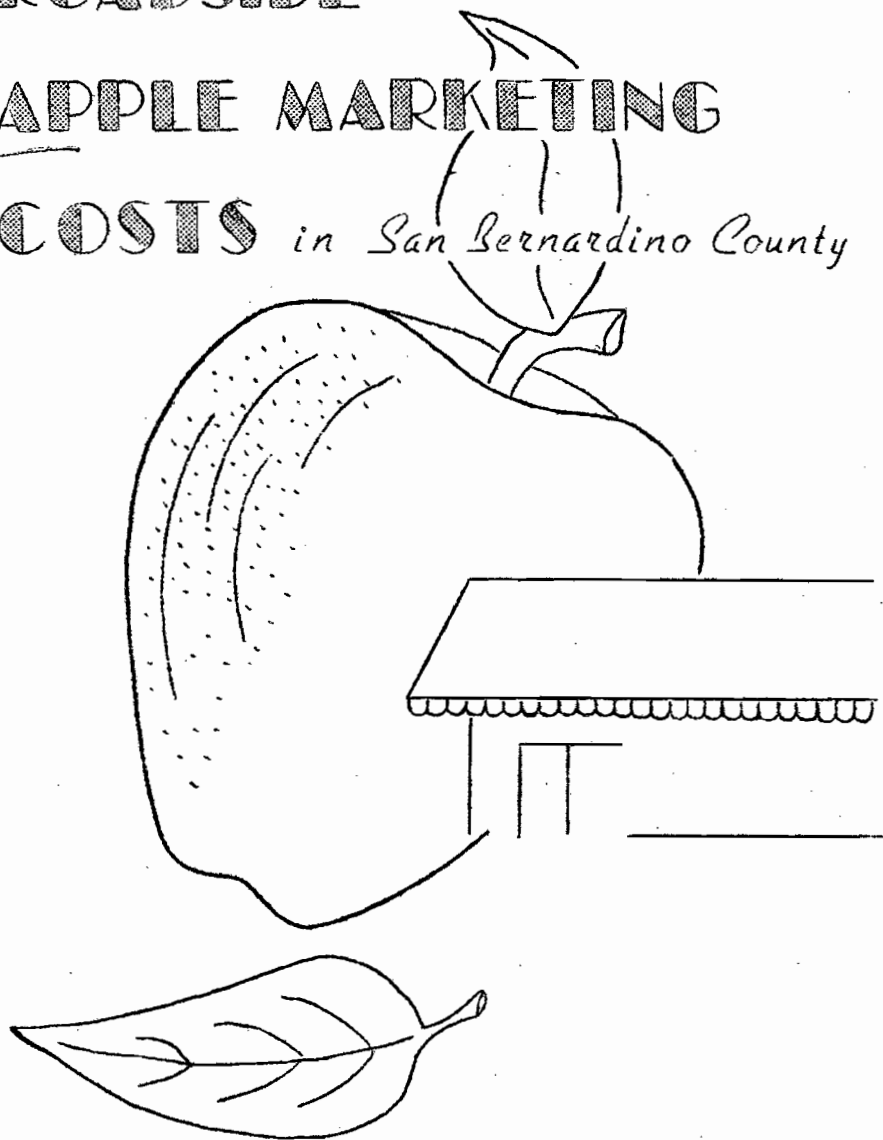


ROADSIDE

APPLE MARKETING

COSTS in San Bernardino County



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UNIVERSITY OF CALIFORNIA AGRICULTURAL EXTENSION SERVICE

San Bernardino County

UC Cooperative Extension

Appreciation is expressed to the many San Bernardino County orchardists for their cooperation, and to Robert C. Rock, Extension Economist, University of California, for his assistance.

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SAMPLE COSTS OF ROADSIDE APPLE MARKETING

IN

SAN BERNARDINO COUNTY

Roadside apple marketing in San Bernardino County is centered in the Oak Glen area. Direct consumer purchasing of apples has become an important factor influencing the returns to Oak Glen apple growers.

The importance of this unique marketing method to local apple growers prompted the compilation of these sample costs. It is believed that orchardists can use these costs as a guide in planning their marketing operation.

Costs have been estimated on the basis of assumed conditions. Growers making cost comparisons should keep in mind the following assumptions which are the basis for these sample costs:

The equivalent of 6,000 packed boxes of apples are sold during a 10-week marketing season. Of the total of 6,000 boxes marketed, 5,100 boxes are sold fresh directly to consumers at roadside, and 900 boxes are pressed into cider.

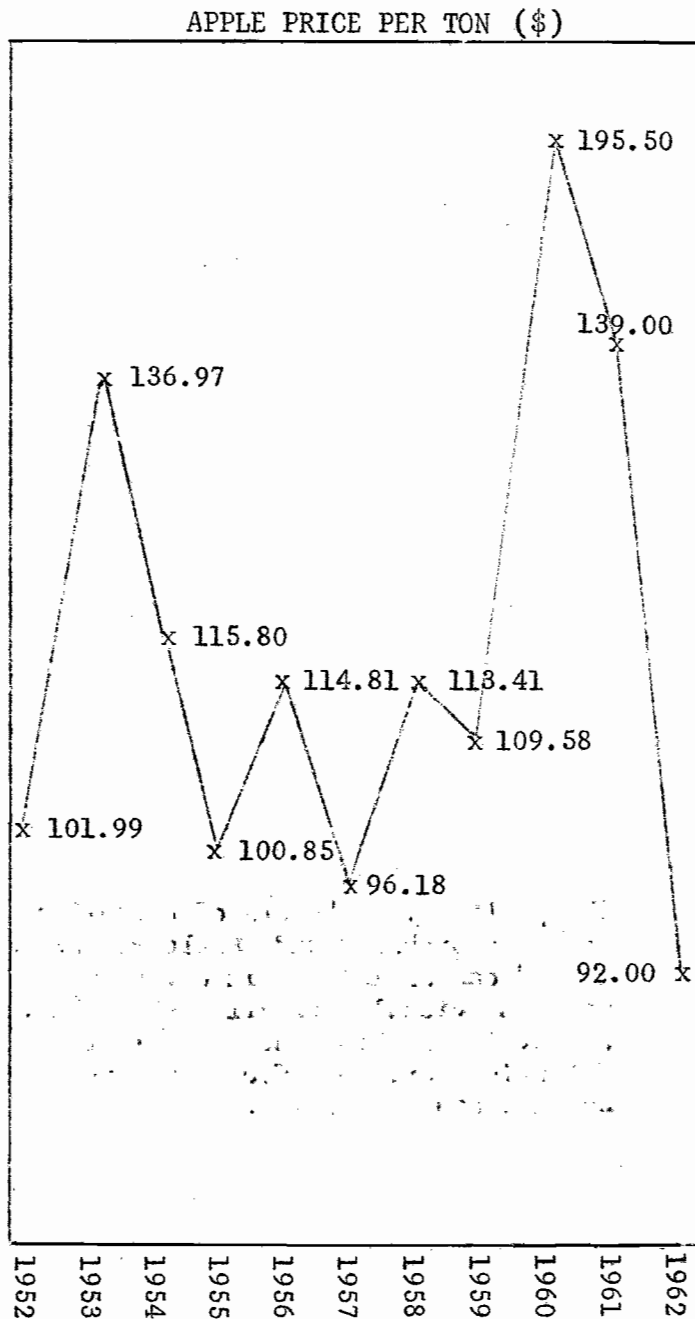
Of the 5,100 boxes sold fresh, 2,040 boxes, or 40 per cent, are packed in one-bushel wooden boxes. Another 2,040 boxes, or 40 per cent, are packed in half-bushel cartons. The remaining 1,020 boxes, or 20 per cent, are packed in one-fourth-bushel mesh bags.

The publications "Costs of Establishing an Apple Orchard" and "Apple Production Costs" can assist you in developing your individual over-all costs. They are available from the Agricultural Extension Service office, 566 Lugo Avenue, San Bernardino.

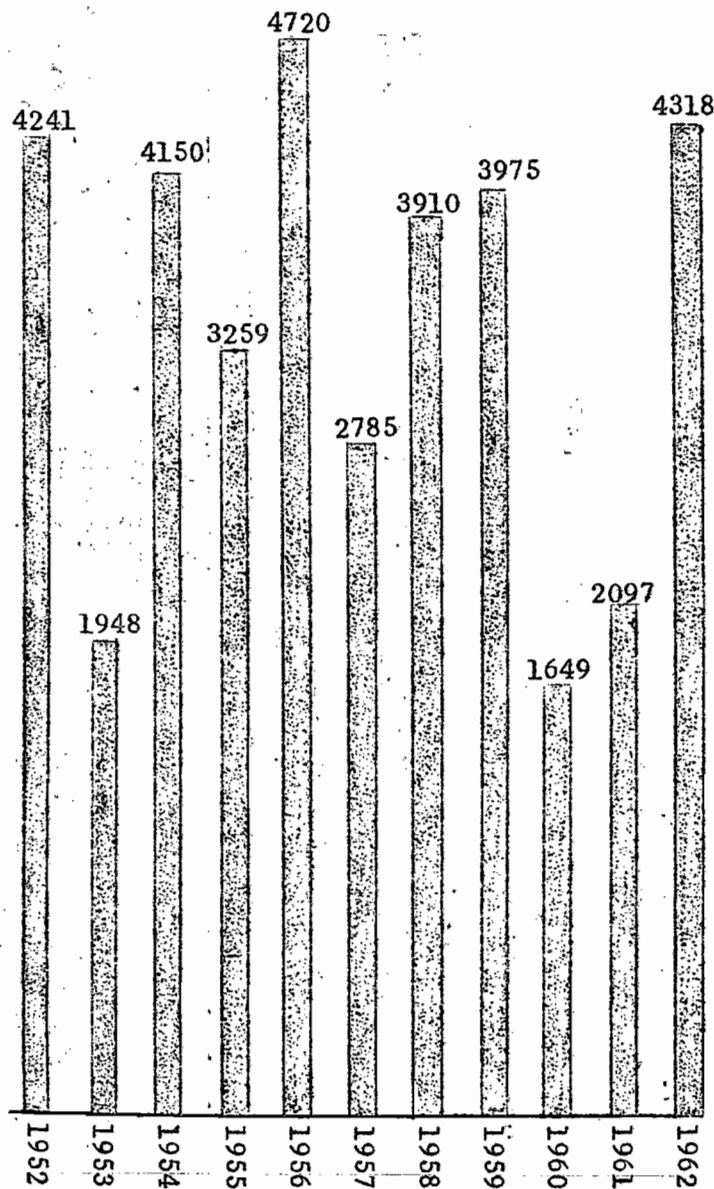
The roadside market facilities are modest, and consist of a building with 960 square feet of area. The packing shed and roadside salesroom utilize a minimum amount of equipment. Parking accommodations are provided and are immediately adjacent to the roadside market. No picnic area is provided by the roadside market.

Description of Cost Items Included in Sample Costs

1. Cider - Cider costs include pressing, bottles, labor, and delivery of cider to roadside stand. The cost of \$1.70 per box to convert apples to cider is based on the practice of growers selling apples to the cider mill for 55 cents per box, and purchasing cider at wholesale at 75 cents per gallon. Conversion rate is assumed 1 box equals 3 gallons of cider.
2. Labor - Labor costs include all labor in the grading, sizing, packing, and selling operation. Total hours for packing and selling are 1,890 hours. Wage rates, whether for hired or family labor, are computed at the rate of \$2 and \$1.75 per hour.
3. Materials - Material costs are based on the cost of the following containers:
 - 1-bushel wooden container . . . 30¢ each
 - 1/2-bushel paper carton 22¢ each
 - 1/4-bushel mesh bag 7¢ each
4. Cold Storage - Cold storage is provided by a centralized plant and at a contract rate. The cost to haul, store, and return fruit to the roadside market is 42 cents per box.



APPLE PRODUCTION IN TONS



It is assumed that 918 boxes of fruit will move through cold storage during the 10-week season.

5. Advertising - Costs of advertising include payment to the Apple Growers Association at the rate of 3 cents per box, cost of direct advertising at 2 cents per box, and a charge of \$60 annually for roadside signs.
6. Utilities - Utility costs are estimated at 1 cent per box.
7. General Expense - General cash expenditures include insurance (public liability, fire and theft), office rental, office supplies, accounting, workman's compensation, taxes, and social security. These costs are estimated at 3 cents per box, or a total of \$180 for the season.
8. Depreciation - A charge for depreciation of facilities of \$475 is made for the season. This is based on a value of \$4,000 for the facility with a 10-year life, and a \$1,500 value for equipment with a 5-year life.
9. Interest - A charge for interest on investment is made at the rate of 6 per cent interest on one-half of the original value of facilities and equipment. This amounts to an annual charge of \$165.

Total Marketing Costs

The total of all costs, both cash and non-cash, is \$8,555.76. Of this total, \$7,915.76 is cash cost, and \$640 is a non-cash expenditure. Considering the total 6,000 boxes handled, average costs amount to \$1.43 per box marketed.

SAMPLE COSTS* OF MARKETING APPLES AT ROADSIDE IN SAN BERNARDINO COUNTY

Based on assumed operation of 6,000 boxes (42 lbs. net) marketed during a 10-week period. See other assumptions on pages 1 and 2.

Market Operation	Total Cost
<u>Cash Costs</u>	
1. Cider Convert 900 boxes to cider at \$1.70 per box	\$1,530.00
2. Labor Packing and selling labor 1190 hours at \$2.00 per hour 700 hours at \$1.75 per hour Total	\$2,380.00 <u>1,225.00</u> 3,605.00
3. Material 2040 1-bushel boxes at 30¢ 4080 1/2-bushel cartons at 22¢ 4080 1/4-bushel mesh bags at 7¢ Total	612.00 897.60 <u>285.60</u> 1,795.20
4. Cold Storage 918 boxes at 42¢ per box stored	385.56
5. Advertising Apple Growers Assn. dues - 6,000 boxes @ 3¢/box Direct advertising - 6,000 boxes @ 2¢/box Roadside signs Total	180.00 120.00 60.00 <u>360.00</u>
6. Utilities Electricity and water	60.00
7. General Expense Insurance, taxes, etc.	<u>180.00</u>
TOTAL CASH COSTS	\$7,915.76
<u>Non-Cash Costs</u>	
8. Depreciation Facilities value \$4,000 - 10-year life Equipment value \$1,500 - 5-year life	400.00 75.00
9. Interest on Investment 6% on one-half of \$5,500	<u>165.00</u>
TOTAL NON-CASH COSTS	640.00
TOTAL ALL COSTS	\$8,555.76
Average Cost per Box Marketed	1.43

* These costs are not presented as average costs. They are sample costs and are thought to be typical of costs of an operation as assumed. The above costs of roadside marketing do not include costs of production, harvesting, and hauling to the roadside market.