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DEVELOPING A RETAIL MARKET FOR PECANS - A CASE STUDY

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INTRODUCTION

In 1965, my father, the late Bill Landgraf began grafting small pecan trees along Huauni and Turkey creeks in South Central Oklahoma. He was accustomed to the small native pecans that had grown along those creeks all of his life. The new varieties that were available to him then provided a whole new future to pecan management and marketing.

He studied the attributes that the USDA varieties made available to him. He chose varieties such as Choctaw, Mohawk, Graking, Barton, Wichita and Comanche. Little did he know some varieties were a mistake, while others would develop into winners. By the early 70's, Bill was harvesting enough of the new varieties to start marketing them.

The nuts from the vigorously growing trees were high quality that brought referrals and return visits. My mother, the late Leota Landgraf, marketed the pecans out of her garage. Leota enjoyed the customers and their visits, while generating income for the family. The volume of pecans that were sold out of the garage grew every year.

Bill continued to learn more about spraying, fertilizing, and growing consistent crops of large quality nuts. By the mid 70's, he started wholesaling the surplus nuts to move the volume of pecans he was growing. It was not a problem to find markets for those nuts. It was more of a problem of how to divide them among the vendors.

At this point, wholesaling was probably the best option. Location of the family home lacked visibility and accessibility by the public. Customers had to be familiar with the area in order to get there. Leota's health began to fail. This caused a problem with her continuance in aggressive marketing. Wholesaling was the marketing strategy that best fit the next few years, while maintaining only limited sales through the garage.

A NEW ERA

In 1976, Janice and I started our first planting of pecan trees. Bill furnished us with Choctaw and Mohawk wood to graft the seedling trees we planted. I had

decided that with a limited budget, it was better to spend money on an irrigation system than grafted trees. At the time, little did I understand the significance of irrigation in producing quality nuts. The thought at that time was only to insure tree survival.

During the late 70's, Janice and I were pleasantly surprised at the growth of the new planting and the potential income that it provided our family. With the birth of our three sons during that period, we planted more acres of pecan trees in 1979, 1980, and 1981. As the trees grew, so did the boys.

In 1982, Janice sold our first pecans of any significant quantity off the carport. That was the beginning of Janice's pecan marketing career. Pecan volume continued to increase and the significance of the income continued to draw attention to the pecan enterprise.

With the failing health of my mother and her lack of ability to keep the pecan store open, the garage, Janice and I asked to move the business to our farm shop in 1985. We agreed to include Bill's pecans in the marketing process in exchange for their customer base. The first year or two, Leota very much enjoyed coming to the pecan shop and visiting with her customers.

The business, trees, and boys have all grown over the last 12 years. We have irrigated, sprayed, fertilized, pruned, and harvested together. It has become an even greater pleasure for the boys since they could help Janice collect the money in the pecan shop. They have grown to realize the importance of the retail market to the pecan operation.

THE FUTURE

We were forced to decide how to thin the first planting in the spring of 1996. We pruned and transplanted 27 large pecan trees. The success of the first transplanting was rewarding. We followed that move with transplanting another 300 the spring of 1997.

In 1998, we moved another 151 trees that we were equally pleased with the results. We are now about half finished with the transplanting and/or thinning process. When finished, we will have some 2000 trees spaced over about 125 acres.

The current production has forced us to upgrade the cleaning and drying facilities. In the process, we are incorporating the pecan shop in the same building with the cleaning, drying, and shelling processes. The structure is being erected on highway 70, west of Madill, Oklahoma. It provides the visibility and

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customer convenience that will allow Janice to continue building the pecan business.

Each step has been part of the strategic plan to grow the retail market as the production increases. It has been a long and laborious process. Fortunately, we have sold very few pecans through grade and yield. We have found that wholesaling to roadside stands and other pecan shops in the area is an adequate outlet for excess nuts.

THE STRATEGY

Our policy has been and always will be "Satisfaction Guaranteed or your money back". The marketer, Janice, will not tolerate marginal quality. However, she and the producer, Scott, have a difference of opinion when it comes to thinning nuts; at least for a little while. The marketer wants high quality nuts for satisfied customers, repeated purchases, and customer referrals. She has been so successful in this area, the producer does not have a leg to stand on. We shake to thin the nuts to market, rather than for maximum yield.

That is a conflict that I am not sure can be resolved in the industry. It has been resolved on the integrated operation described here. Of what value are marginal quality nuts to "Landgraf Farms?" Those are the ones sold on grade and yield. Even if nuts are in short supply and have to be replaced, they are wholesaled off the farm. The strategy in production is to grow only nuts that are top quality.

We have traditionally sold inshell pecans, which evolved into providing the cracked and blown process. There were extensive steps required to move from inshell to cracked pecans. Then from cracked to cracked and blown was even a greater step. Now with the construction of a new building, we have incorporated a shelling room. Moving into finished pecan meat products will be an even larger move than all the others combined.

Janice has bought shelled meat and offered them in smaller quantities for resale the last several years. We feel shelled meat products are the trend of the future. The move is necessary to keep up with production. If marketing sets still, production will overcome market growth.

With the increased acres of pecan trees, the marketing has to make a giant move at the same time. We have started to build a 9,000 square feet pecan processing facility with highway frontage. Currently, there has been very little visibility or advertising. We feel the

building with signs will provide the visibility necessary to grow markets for the next few years.

We realize that somewhere there may have to be some advertising. We are not inclined to spend money for advertising until our strategy has been completed and proven inadequate. Until that time, we will continue to depend on repeat business and referrals. That has been the pecan shop's connection with its limited success!