

Chapter 9. Vegetables

Wen-fei L. Uva, Senior Extension Associate

The value of New York vegetable production (including principal vegetables for fresh and processing markets, potatoes, and dry beans) in 2002 totaled \$384 million (Figure 9-1). In 2002, a wet spring delayed planting preparations. By mid-summer, hot, dry weather prevailed, and irrigation was needed in many cases. Many crops which were delayed in development in the spring were catching up by mid-July. Moreover, the drought condition during much of the summer prevented some producers from planting all the acreage that they had earlier intended to plant, and yield also suffered.

New York ranked sixth in the nation for the value of principal fresh market vegetable production and ninth for the value of principal processed vegetable production in 2002. The value of New York's principal fresh market vegetables totaled \$291 million this year, and fresh market production in 2002 was estimated at 13.8 million hundredweight (cwt.). Principal processing vegetables were valued at \$25.5 million in 2002 and production totaled 175 thousand tons. It should be noted that four of the six crops that were added to New York Agricultural Statistics Service's fresh market vegetable program in 2000 were discontinued in 2002 - bell peppers, eggplant, escarole/endive, and spinach. Also, in 2002 estimates of cabbage for kraut were discontinued, and estimates of processed sweet corn were not available. Therefore, aggregate commodity estimates for 2002 are not comparable with estimates for the previous two years. Sweet corn, potatoes, cabbages, snap beans, and onions were the top five vegetable crops produced in New York in 2002.

Table 9-1 compares production value per acre for selected principal vegetable crops produced in New York from 2000 to 2002. Tomatoes generated the highest per acre value (\$8,889) in three consecutive years. The value per acre for sweet corn, squash, fall potatoes and dry beans increased 28 percent, 20 percent, 19 percent, and 38 percent, respectively, in 2002 from a year before. In contrast, the per acre value of fresh market cabbage, onions, and processed green peas in 2002 fell 32 percent, 20 percent, and 26 percent, respectively, from 2001.

Tables 9-2 to 9-4 show production values, production levels, and average farm prices for major vegetable crops produced in New York from 2000 to 2002 and compare them with U.S. production.

Fresh Market Vegetables

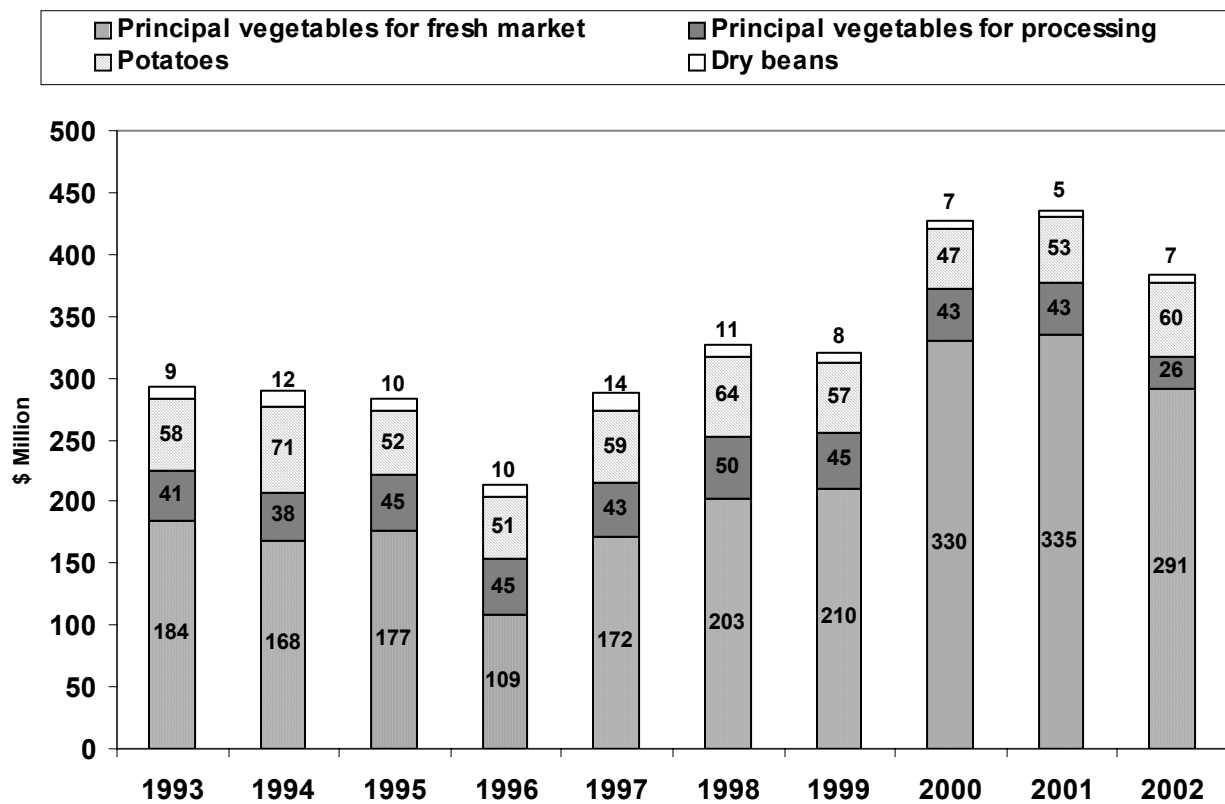
The 2002 value of fresh market vegetable production in New York was about 3 percent of the U.S. total, down from 6 percent in 2001. The only three crops that had increases in production value in New York between 2001 and 2002 were squash (up 27 percent), sweet corn (up 22 percent), and tomatoes (up 12 percent). Among fresh market vegetables produced in the U.S., squash, cucumbers, onions, and pumpkins had the highest percentage increase in production value between 2001 and 2002.

Fresh market sweet corn acreage in New York was down this year. A total of 31,800 acres were harvested, a 5 percent decrease from last year. Average yield was 110 cwt. per acre. Total value was \$83.6 million, up 22 percent from last year due to higher prices. Due to lower prices and yield, the value of fresh market cabbage production in 2002 was \$48.6 million, down 42 percent from the 2001 value of \$83.5 million. Fresh market cabbage production was estimated at 4.13 million cwt., down 25 percent from 2001. New York ranked second in the nation for fresh market cabbage production in 2002. The value of the 2002 New York fresh market snap bean crop was second highest in the nation at \$37.8 million. Total production

was 561,000 cwt., down 12 percent from last year due to less acres harvested and lower yields. Pumpkins produced in New York had a value of \$23.8 million, the highest value in the nation in 2002.

While the 2002 value of U.S onion production increased 9 percent from 2001, the value of onion production in New York decreased 23 percent from 2001, to \$28 million. Onion yields in New York in 2002 were 210 cwt. per acre, 57 percent lower than 2001, and production is estimated at 2.58 million cwt., a 39 percent decrease from 2001.

FIGURE 9-1. VALUE OF PRODUCTION OF PRINCIPAL VEGETABLES FOR FRESH MARKET^a AND PROCESSING, POTATOES, AND DRY BEANS, NEW YORK, 1993-2002



^a The total 2002 figure for principal vegetables for fresh market is not comparable to 2000 and 2001 figures because estimates for four of the six crops added to the program in 2000 – bell peppers, eggplant, endive/escarole and spinach – were discontinued in 2002.

Source: New York Agricultural Statistics, 2002-2003.

	2000	2001	2002	Change 2001-2002
Vegetables for Fresh Market		----- dollar /acre-----		%
Sweet corn	2,052	2,047	2,629	28%
Cabbage	6,172	6,048	4,122	-32%
Onion	3,852	2,859	2,276	-20%
Snap beans	4,150	3,526	3,706	5%
Cucumbers	5,334	4,675	4,891	5%
Tomatoes	10,224	9,504	8,889	-6%
Pumpkins	4,620	3,738	3,778	1%
Squash	5,214	3,808	4,585	20%
Cauliflower	4,556	5,375	4,444	-17%
Vegetables for Processing				
Sweet corn	400	404	N/A	N/A
Snap beans	650	516	521	1%
Green peas	411	708	526	-26%
Cabbage for kraut	1,451	1,452	N/A	N/A
Fall Potatoes	2,226	2,270	2,709	19%
Dry Beans	273	215	298	38%

Source: New York Agricultural Statistics, 2002-2003.

Processed Vegetables

The production of New York processing vegetables was valued at about 2 percent of the U.S. total in 2002, a decrease from 3 percent of the U.S. total in 2001. Due to less harvested acreage and significantly lower yield per acre, the value of processed green peas in New York fell 34 percent to \$8.13 million in 2002, and production was down 44 percent to 22,220 tons. Processing snap beans also had a reduction in production value during the same period (down 4 percent). Processors of five major vegetables (tomatoes, sweet corn, snap beans, green peas, and cucumbers for pickles) contracted for 1.28 million acres in the U.S. in 2003, up 1 percent from the comparable producing states of a year ago.

Potatoes

The 2002 value of potato production in New York was \$59.6 million, 13 percent higher than in 2001. The increase in production value is mainly from higher prices. Production totaled 5.5 million cwt., down 7 percent from the 5.94 million cwt. in 2001. Harvested acreage totaled 22,000 acres, down 1,300 acres from 2001. Yields averaged 250 cwt. per acre, down 5 cwt. from a year ago.

Dry Beans

In 2002, production of dry beans in New York totaled 333,000 cwt., up 72 percent from 2001. Acres harvested totaled 24,500 acres, up 10 percent from 2001. The average yield was 1,360 pounds per acre, up 490 pounds from 2001. The 2002 dry bean production in New York was valued at \$7.29 million, up 52 percent from 2001. Production is expected to decline in all major production states in 2003. Production is

expected to decrease for most major bean classes, including pinto, navy, black, and dark red kidney, with a few exceptions – Great Northern, small red, light-red kidney, and blackeye beans. Nevertheless, prices are expected to rise for most dry bean classes in 2003.

TABLE 9-2. VALUE OF PRODUCTION, SELECTED VEGETABLE CROPS
NEW YORK AND UNITED STATES, 2000-2002

	New York				United States				NY as % of U.S.
	2000	2001	2002	% Change 2001-2002	2000	2001	2002	% Change 2001-2002	2002
	--- (\$ million) ---			%	--- (\$ million)---			%	%
Vegetables for Fresh Market									
Sweet Corn	56.4	68.4	83.6	22%	480.7	534.6	531.2	-1%	16%
Cabbage	79.6	83.5	48.6	-42%	313.7	340.2	301.5	-11%	16%
Onions	47.4	36.6	28.0	-23%	736.4	698.0	762.7	9%	4%
Snap Beans	31.5	40.2	37.8	-6%	250.8	277.6	282.2	2%	13%
Tomatoes	20.3	20.1	22.5	12%	218.4	210.6	214.3	2%	10%
Pumpkins	30.7	28.5	24.0	-16%	1,159.6	1,080.2	1,171.0	8%	2%
Cucumbers	26.3	23.9	23.8	-1%	83.3	70.9	82.7	17%	29%
Squash	17.2	14.9	18.8	27%	210.3	173.8	204.3	18%	9%
Cauliflower	4.1	4.3	4.0	-7%	230.5	199.0	174.0	-13%	2%
<i>Total Principal Fresh Market Vegetables^A</i>	330.2	334.6	291.2	N/A	9,160.8	8,967.5	9,281.9	N/A	3%
Vegetables for Processing									
Sweet Corn	11.6	11.8	N/A	N/A	231.6	229.2	210.3	-8%	N/A
Snap Beans	17.2	11.5	11.1	-4%	142.5	112.1	126.8	13%	9%
Green Peas	6.7	12.3	8.1	-34%	131.7	103.2	87.5	-15%	9%
Cabbage for Kraut	4.1	3.8	N/A	N/A	9.9	8.5	N/A	N/A	N/A
<i>Total Principal Processing Vegetables^A</i>	42.6	42.5	25.5	N/A	1,415.1	1,256.0	1,346.9	N/A	2%
Potatoes	47.4	52.9	59.6	13%	2,591.1	3,057.6	3,151.2	3%	2%
Dry Beans	6.7	4.8	7.3	52%	414.0	426.5	519.6	22%	1%

^A Totals include additional principal crops not listed.

Source: NASS, USDA, Agricultural Statistics 2003, Vegetables and Melons.
New York Agricultural Statistics, 2002-2003.

TABLE 9-3. PRODUCTION OF SELECTED VEGETABLE CROPS NEW YORK AND UNITED STATES, 2000-2002									
	New York				United States				NY as % of U.S.
	2000	2001	2002	% Change 2001-2002	2000	2001	2002	% Change 2001-2002	2002
	--- (Million cwt) ---			%	--- (Million cwt) ---			%	%
Vegetables for Fresh Market									
Sweet Corn	2.6	3.8	3.5	-9%	26.4	27.4	26.4	-3%	13%
Cabbage	5.7	5.5	4.1	-25%	26.0	26.1	24.4	-6%	17%
Onions	4.7	4.2	2.6	-39%	71.7	67.7	67.4	0%	4%
Snap Beans	0.5	0.6	0.6	-12%	5.9	6.2	6.0	-3%	9%
Cucumbers	0.8	0.7	0.8	13%	11.0	10.8	11.4	6%	7%
Tomatoes	0.5	0.5	0.4	-21%	37.7	35.5	37.3	5%	1%
Pumpkins	1.1	1.3	1.1	-20%	8.9	8.1	7.9	-2%	14%
Squash	0.7	0.6	0.7	12%	8.8	7.8	8.6	11%	8%
Cauliflower	0.1	0.1	0.1	-20%	8.0	7.0	6.4	-8%	1%
<i>Total Principal Fresh Market Vegetables^A</i>	17.2	17.9	13.8	-23%	479.3	472.3	456.6	-3%	3%
	--- (1,000 tons) ---			%	--- (1,000 tons) ---			%	%
Vegetables for Processing									
Sweet Corn	155	161	-	-	3,156	3,143	-	-	-
Snap Beans	89	66	64	-4%	833	695	831	20%	8%
Green Peas	33	39	22	-44%	530	390	347	-11%	6%
Cabbage for Kraut	76	73	-	-	208	174	-	-	-
<i>Total Principal Processing Vegetables^A</i>	389	377	175	-54%	17,026	14,991	17,117	14%	1%
	--- (1,000 cwt) ---			%	--- (1,000 cwt) ---			%	%
Fall Potatoes	5,964	5,942	5,500	-7%	467,504	393,750	417,228	6%	1%
Dry Beans	358	194	333	72%	26,409	19,583	29,974	53%	1%

^A Totals include additional principal crops not listed.

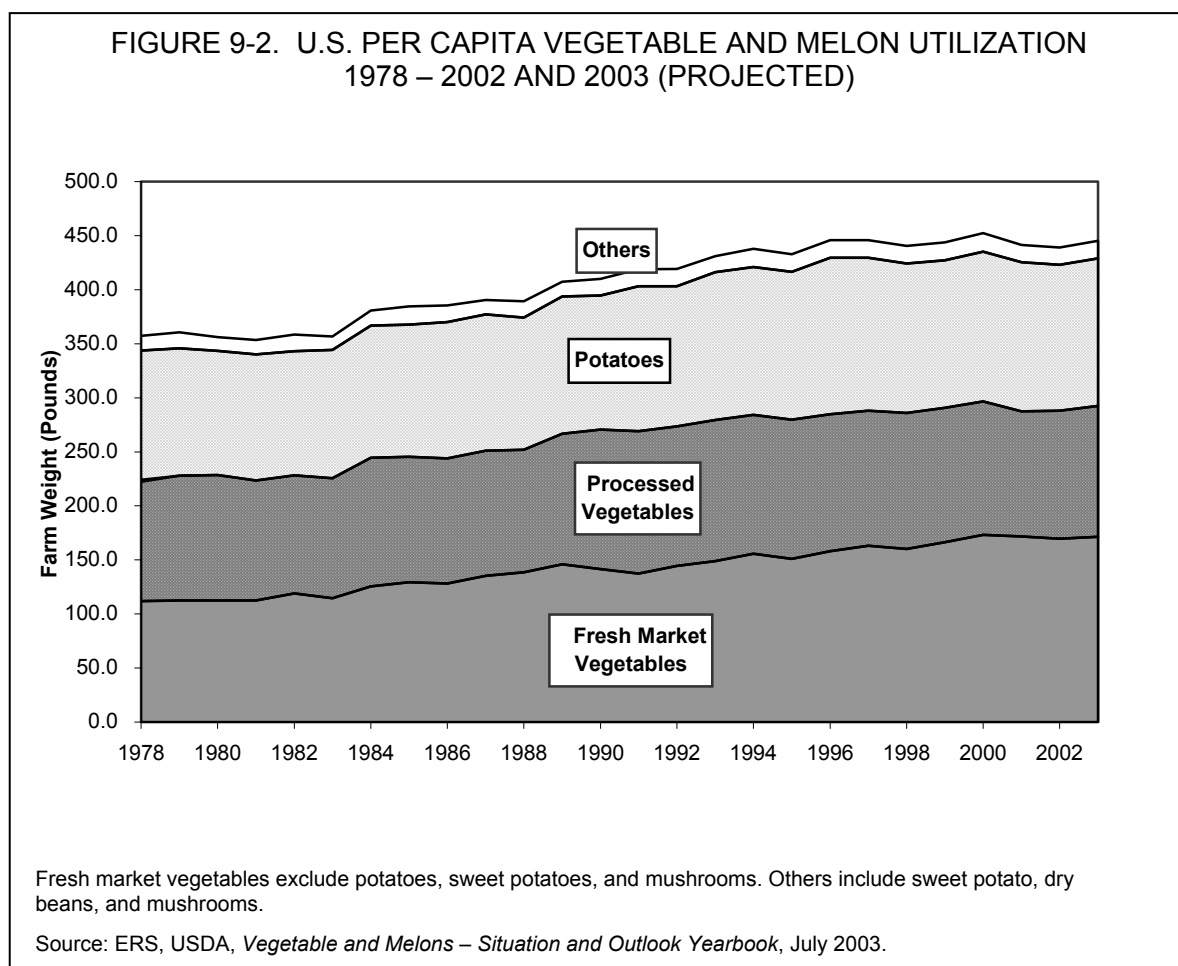
Source: NASS, USDA, Agricultural Statistics 2003, Vegetables and Melons.
New York Agricultural Statistics, 2002-2003.

TABLE 9-4. AVERAGE FARM PRICES OF MAJOR VEGETABLE CROPS NEW YORK AND UNITED STATES, 2000-2002								
	New York				United States			
	2000	2001	2002	% Change 2001-2002	2000	2001	2002	% Change 2001-2002
	--- (\$/cwt) ---			%	--- (\$/cwt) ---			%
Vegetables for Fresh Market								
Sweet Corn	21.6	17.8	23.9	34%	18.2	19.5	20.1	3%
Cabbage	15.5	16.8	13.1	-22%	12.3	13.3	12.6	-5%
Onion	13.5	9.7	12.2	26%	11.3	11.4	11.7	3%
Snap Beans	61.0	63.0	67.0	6%	42.6	45.1	47.4	5%
Cucumbers	25.4	27.5	27.2	-1%	19.9	19.6	18.8	-4%
Tomatoes	56.8	59.4	63.5	7%	30.7	30.4	31.4	3%
Pumpkins	23.1	17.8	22.2	25%	9.3	8.8	10.5	20%
Squash	23.7	23.8	27.0	13%	23.9	22.3	23.7	6%
Cauliflower	38.0	39.6	44.1	11%	31.3	28.4	32.3	14%
	--- (\$/ton) ---			%	--- (\$/ton) ---			%
Vegetables for Processing								
Sweet Corn	75.0	73.7	-	-	73.4	72.9	68.2	-6%
Snap Beans	193.0	174.0	175.0	1%	171.0	161.0	152.0	-6%
Green Peas	204.0	312.0	366.0	17%	248.0	264.0	252.0	-5%
Cabbage for Kraut	53.4	51.5	-	-	47.4	48.7	-	-
	--- (\$/cwt) ---			%	--- (\$/cwt) ---			%
Fall Potatoes	8.7	9.9	11.7	18%	5.3	4.6	-	-
Dry Beans	18.8	24.7	21.9	-11%	15.5	22.1	17.0	-23%

Source: NASS, USDA, Agricultural Statistics 2003, Vegetables and Melons.
New York Agricultural Statistics, 2002-2003.

Consumption

In 2002, per capita use of all vegetables and melons fell about 2 pounds to 439 pounds as lower fresh market vegetable and potato consumption outweighed increased canning and freezing use (Figure 9-2). Despite the decline in total fresh-market use in 2002, fresh-market tomatoes reached a record-high 18.3 pounds per person, and cucumber and onion use were the second highest on record. In 2003, per capita consumption of all vegetables and melons is expected to increase 1 percent to 445 pounds — up about 6 pounds from 2002. Increases are expected to be spread across fresh and processing items, led by potatoes, tomatoes, and sweet corn.



Per capita use of fresh market vegetables (excluding melons, potatoes, sweet potatoes, and mushrooms) declined 1 percent to 142 pounds in 2002 (Table 9-5). Including potatoes, sweet potatoes, and mushrooms, fresh market vegetable consumption totaled about 221 pounds — down 2 percent from a year earlier. Much of this decline likely reflected the soft general economy and corresponding weakness in the food service sector.

Declining fresh use in 2002 was largely centered in leafy green vegetables such as lettuces, cabbages, and broccoli, which suffered from inclement weather and reduced output during the first 3 months.

One exception was spinach consumption up 29 percent from 2001 to 1.5 pounds, the second highest over the past 50 years. Aside from the leafy vegetables, the only other major fresh market vegetables to suffer reductions in per capita use in 2002 were carrots and sweet corn. On the plus side, several key vegetables registered gains in per capita use in 2002, including tomatoes, cucumbers, onions, bell peppers, and asparagus. Asparagus imports outweighed reduced domestic production and expanded off-season consumption. In 2003, per capita consumption was projected to recover to its 2001 level.

TABLE 9- 5. U.S. PER CAPITA UTILIZATION OF SELECTED FRESH MARKET VEGETABLES

Item	Average 1996-2000	2001	2002	2003 ^b
		---- Pounds/ person ----		
Lettuce, all	30.0	31.8	30.7	30.9
<i>Iceberg/head</i>	22.9	23.5	22.4	22.3
<i>Leaf /romaine</i>	7.1	8.3	8.3	8.7
Tomatoes	17.4	17.4	18.3	18.6
Onions	18.4	17.8	18.5	17.4
Carrots	12.1	10.6	9.5	9.5
Sweet Corn	8.9	9.4	8.9	9.4
Cabbage	8.5	9.0	8.4	8.6
Bell Peppers	6.7	6.7	7	7.1
Cucumbers	6.4	6.4	6.7	6.7
Broccoli	5.4	5.6	5	5.5
Squash	4.1	4.2	4.4	4.4
Snap Beans	1.7	2.2	2.1	2.1
Cauliflower	1.8	1.6	1.5	1.7
Spinach	1.1	1.2	1.5	1.6
Asparagus	0.8	0.9	1.0	1.0
Total ^a	136.1	143.4	142.0	143.4

^a Total excludes melons, potatoes, sweet potatoes, and mushrooms.

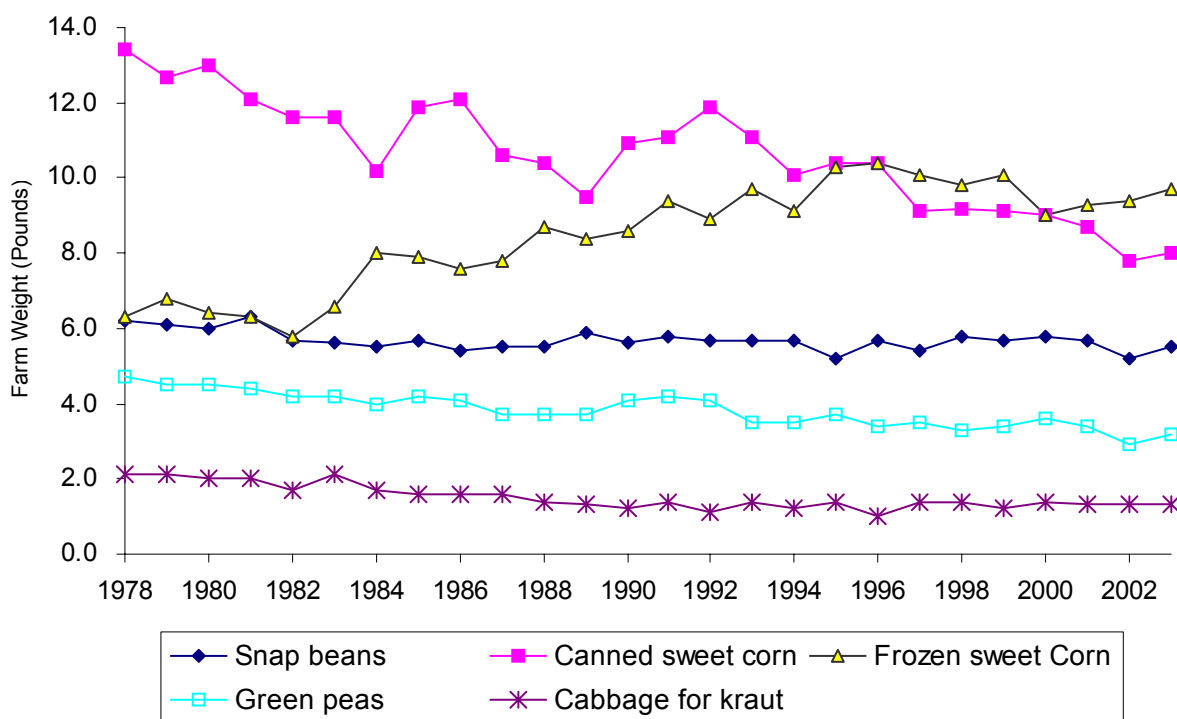
^b 2003 figures are projected estimates.

Source: ERS, USDA, *Vegetable and Melons Outlook*, June 20, 2003.

Per capita use of processing vegetables (excluding potatoes, sweet potatoes, and mushrooms) increased 3 percent to 118.5 pounds in 2002. On a fresh-equivalent basis, total disappearance of vegetables used in manufacturing frozen, canned, and dehydrated products in 2002 was estimated to be 34.3 billion pounds, up 4 percent from a year earlier. Assuming improvement in the general economy this summer and fall, the outlook for 2003 points to a 2 percent increase in per capita use of processing vegetables to 122 pounds, led by modest gains in tomatoes and sweet corn.

Consumption of freezing vegetables (excluding potatoes) increased 3 percent to 20.9 pounds in 2002, while use of canning vegetables (excluding potatoes) increased 2 percent to 96.4 pounds. Figure 9-3 presents national per capita utilization for some principal vegetables produced in New York State. Frozen sweet corn increased 2 percent in 2002. Canned sweet corn, green peas, and beets continued their long-term decline.

FIGURE 9-3. U.S. PER CAPITA UTILIZATION OF PRINCIPAL NEW YORK PROCESSING VEGETABLES, 1978-2002 AND 2003 (PROJECTED)



Source: USDA, *Vegetable and Specialties – Situation and Outlook Yearbook*, July 2003.

Preliminary estimates indicate that per capita use of fresh and processing potatoes fell 2 percent in calendar 2002 to about 135 pounds, with decreases in both fresh and processing uses (Table 9-6). In 2003, per capita use of potatoes is forecast to reach 136.5 pounds as production increases and prices fall. This is up 1 percent from a year ago, but is 1 percent below 2001 and 2 percent below the 1996-2000 average. Also, per capita consumption of frozen potato products is projected to increase fractionally from 2002 to 57.1 pounds, but still seems to be showing signs of slight downward trend since peaking at 60.2 pounds in 1996. Overall potato consumption has shown a downward trend since 1996 when per capita consumption weighed in at 145 pounds. Reduced potato consumption in recent years could be due to increased competition from other foods, particularly with the rising number of quick and limited-service restaurants offering alternatives to French fries, as well as the increased popularity of reduced-carbohydrate diets.

Per capita use of all dry bean classes rose 3 percent to nearly 7.5 pounds, 1 percent below the average consumption during the 1990s but 22 percent above the average consumption experienced in the 1980s.

Item	Average 1996-2000	2001	2002	2003 ^a
---- Pounds, fresh-equivalent ----				
Fresh market	48.1	46.2	45.0	45.8
Processing	91.8	91.6	89.9	90.7
Freezing	58.8	57.9	57.0	57.1
Chipping	15.8	17.6	16.9	16.8
Dehydrating	15.5	14.6	14.5	15.2
Canning	1.7	1.5	1.5	1.6
Total	139.9	137.8	134.9	136.5

^a 2003 estimates are projected figures.

Source: USDA, *Vegetable and Specialties – Situation and Outlook Yearbook*, July 2003.

Organic Vegetables

State and private certifying groups certified organic vegetable crops in 47 states on 71,667 acres in 2001, up 15 percent from 2000 (Table 9-7). About one-third of the acreage was planted to lettuce, tomatoes, and carrots, and the rest was for other vegetable crops and vegetable acreage that could not be classified. California is the biggest organic vegetable producer in the U.S. Nine private certifying organizations certified 40,632 acres of organic vegetables in California in 2001, accounting for 41 percent of certified organic vegetable acreage in the U.S. Washington and Colorado followed with 7,174 and 4,889 certified acres in 2001. Oregon had 2,585 acres, and Arizona, Florida, Nebraska, New York, and Texas also each had over 1,000 acres of certified organic vegetables in 2001.

States	1997	2000	2001
--- Acres---			
California	22,886	35,563	40,632
Washington	3,716	6,957	7,174
Colorado	3,140	3,449	4,889
Oregon	2,345	1,941	2,585
Florida	1,017	2,060	1,928
Arizona	3,081	1,186	1,579
New York	1,615	967	1,465
Texas	264	317	1,254
Nebraska	248	803	1,136
Pennsylvania	1,615	842	925
Vermont	677	765	785
U.S. total	48,227	62,342	71,667

Source: ERS, USDA 2002

Certified organic vegetable acreage accounted for 1.6 percent of the U.S. vegetable acreage in 2001. Over 10 percent of the vegetables grown in Vermont, New Hampshire, Maine, and Colorado, and over 2

percent of the vegetable acreage in Connecticut, Arkansas, Massachusetts, Utah, Washington, California, Oregon, and Pennsylvania was certified organic in 2001. New York had an estimated 1,465 acres of certified organic vegetables in 2001, less than 1 percent of the total vegetable acreage.

Industry Outlook

Heavy rainfall in May 2003 on the East Coast caused planting delays of about 10 days. Despite the weather, acreage and prices are comparable to years past. On the bigger picture, U.S. markets for fruits and vegetables have been transformed in the past decade. Consumers are purchasing more produce, more exotic varieties, and more convenient portions and packaging. The implications of consumer demand filter through the market. Imports' roles in consumer diets continue to grow, and more market innovations are happening throughout the supply chain.

- ***Eating Healthy and Having Fun***

Consumers want to eat more healthy, convenient, flavorful, and fun food. In restaurants, demand for entrée salads is up 6.7 percent according to a 2002 report by the Chain Account Menu Survey. Casual gourmet restaurants are driving salad sales by adding things like grapes, cranberries, pears, mixed greens, and nuts to the usual mix. Applebee's International, Inc. entered a 5-year partnership with Weight Watchers International, Inc. to slim down its menu at its 1,500 restaurants. Red potatoes, sun-dried tomatoes, mushroom enchiladas, and white carrots are examples of some items being catered to the more gastronomically adventurous spirits of American consumers.

Produce are also gaining importance in the fast food sector. Success of fast-food salads keeps fueling demand for lettuce. The growing trend toward health conscious menus at fast-food chains such as Wendy's, McDonald's, Burger King, and Jack-in-the-Box has breathed new life into lettuce suppliers as well. Salad demand among fast-food chains grew 12 percent in the year that ended in May, according to a study on eating habits by the NPD Group, Inc., a NY-based market research firm. At the same time, 24-count cartons of romaine lettuce from the Salina-Watsonville district were receiving f.o.b.s of \$30.10 - \$30.75 per carton in late May 2003 according to the USDA; during the same time last year, the range was \$4-4.70.

- ***Development of New Processors***

To develop new markets and alternative marketing channels, more collaborative efforts among public and private sectors are devoted to facilitating development of new processors in New York. Empire Produce Processors LLC, the Oswego, NY onion processor which has yet to start business, will produce and market fresh processed sweet and pungent onion products beginning in January 2004 – October 2004. Initial assistance for this new onion processor was provided by the County of Oswego Industrial Development Agency, Oswego County, Empire State Development Corporation, Central Enterprise Development Corporation, Niagara Mohawk Power Corporation, and Oswego County Legislature.

- ***The Organic Market***

The organic market will continue to grow as new retailers, i.e. 7-Eleven, sign on to provide the products, and more producers, i.e. Foxy Foods, enter the field. Although currently about 50 percent of all organic products are bought at mainstream retailers according to marketresearch.com, organic food companies are looking beyond the obvious and plotting expansion into nontraditional markets like convenience stores, sports stadiums, and foodservice channels that serve schools, hospitals and other institutions. Moreover, USDA will provide \$1 million to states so that each state can assist eligible organic food producers with the cost of certification. Producers in Connecticut, Delaware, Maine, Maryland, Massachusetts, Nevada, New

Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, West Virginia, and Wyoming may be eligible for up to a 75 percent reimbursement on certification costs.

- ***Country-of-Origin Labeling***

The produce industry should also pay close attention on the development of the country-of-origin labeling mandate. Mandatory country-of-origin guidelines are scheduled to go into effect by September 30, 2004. U.S. producers that compete with importers have long advocated country-of-origin labeling mandates at the retail level to promote domestic food sales. More recently, consumer advocates have argued for such labels as the consumer's right to know. However, strong opposition is being voiced by food retailers, wholesalers, processors, and major U.S. trading partners, such as Australia, Canada, Mexico, and New Zealand. All view such mandates as protectionist non-tariff trade barriers. The U.S. food industry, including many producers, is also concerned about the multi-billion-dollar cost to implement a country-of-origin mandate.

- ***Retail Competition***

Competitive pressures continue to grow in the retail food sector. Food Marketing Institute's annual State of Food Retailing study showed that 2002 was one of the most challenging years ever for food retailers, largely because of competitive pressures. About two in ten retailers reported sales declined in 2002, but half of all retailers saw sales gains of 3.4% or higher – and many of those were independents. Despite the weak economy, wars, low consumer confidence, food security concerns, and fierce competition, many food retailers are finding the strategies to succeed. Focusing on customer service is a major strategy that independent retailers have used to stay afloat in the current environment. Retailers also are focusing their market-research efforts on demographic niche markets. The consumer market is so diverse now that variety can only increase. The industry will continue to follow the consumer's lead into the future.