

MINNESOTA ELDERBERRY COOPERATIVE  
FEASIBILITY STUDY REFLECTIONS:

*Assessing Market Opportunities and Commercial Applications*

*Market Study Comments & Implications*

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# REFERENCES

Minnesota Elderberry Cooperative  
September 2013 Feasibility Study  
by Cooperative Development Services

River Hills Harvest Marketers, LLC  
Sales & Financial Data

Past Presentations by Terry Durham  
on Growing & Processing Elderberry

# WHY ELDERBERRY?

*A marketing perspective answer to a few basic questions:*

- If I grow elderberry, will I be able to sell my crop?
- Are farmers planting too many acres of elderberry?
- Why do we need elderberry grower cooperatives?
- Is there enough money involved to support a network of state-based grower cooperatives?

# EU MARKET PROFILE

- Estimated at 30,000 acres of cultivated elderberry
- Est. annual yield of 107,000 tons, 95% of production from Austria, Italy, Czech Republic, Poland, Hungary
- Price equivalent of \$0.20 to \$0.35/pound for fresh, unwashed, on-the-cyme *S. nigra* berries
- Frozen in bulk for later de-stemming & processing
- Elder flowers a huge business in Europe

# US MARKET PROFILE

- Estimated at 420 acres of cultivated elderberry
- Est. annual yield of 840 tons, concentrated in the Midwest
- Price equivalent of \$1.00 pound for fresh, unwashed, on-the-cyme *S. canadensis* berries
- Price equivalent of \$2.00 pound for washed, de-stemmed and frozen *S. canadensis* berries
- No commercial sales of domestic elder flower products

# EU VS. USA MARKETS

## European Union

- Population of about 505.7 million
- 2013 GDP of about \$16.5 trillion

## United States of America

- Population of about 315 million
- 2013 GDP of about \$17 trillion

# PROXY FOR PLANNING

- How do we plan growth towards an established market?
- How can we estimate potential demand and corresponding supply?
- Use River Hills Harvest premium pure elderberry juice, an existing product with known parameters.
- Projected consumer use of this one product substitutes for all domestically grown elderberry product and ingredient categories.
- Provides a reasonable estimate of potential market size for strategic goal setting and organizational development.

# PROXY FOR US MARKET

*Estimating the potential market demand for elderberry products in the US using RHH elderberry juice as a proxy model for all varieties of elderberry products sold separately or as an ingredient in another product.*

- Market participation by <1% US pop. = 3 million people @ **1 tbs./day**  
(Assumes a very modest growth in public knowledge about elderberry)
- About 20 servings / bottle yields a demand for 12,500 cases/day
- Round to 4.5 million cases / year @ 20 lb./case = 90 million lb.
- **Est. proxy market of 45,000 tons** produced on c. **22,500 acres**
- **Rational target for initial phase of commercial development**

# ANNUAL CROP VALUES

*Planning estimates derived from the preceding slides:*

- Elderberry fresh yield of 45,000 tons = \$90 million
- Elderberry de-stemmed, sanitized & frozen yield of 45,000 tons = \$180 million
- Wholesale bottled elderberry juice cases delivered to retailer @ 4.5 million cases = \$578 million
- Intermediate timeframe of 10 - 20 years

# MARKET COMPONENTS

- Non- or lightly processed elderberry products: juices, fresh or frozen berries and flowers, jams, jellies, and wines
- Highly processed elderberry products: extracts, concentrates, powders and nutraceutical inputs
- Natural dyes: dyes made from elderberries for use in food or textile industries

# NETWORKED REDUNDANCY

- Farmed supply: network of state-based grower cooperatives to set quality standards, support research and promote best practices
- Multiple process options - flexibility w/stable to growing demand
- Multiple distribution channels: wholesale & retail market penetration without an expensive advertising campaign
- Encourages growth of local relationships between grower, retailer and consumer
- Accommodates multiple quality grades of fruit, incl. Certified Organic
- Promotes individual initiative and opportunity

# GROWER COOPERATIVES

- Network of grower cooperatives organized by state
- Some shared supply, marketing and distribution of wholesale ingredients and retail products
- Quality control, savings from economies of scale, premium pricing, sufficient return on investment to grow capital base
- Encourages integrated university research and interfaces with government on behalf of growers, whole industry

# ELDERBERRY OPTIONS

- Grower option to supply fresh or frozen flowers & berries to local wineries, food co-ops and/or consumer hobbyists
- Grower option for farm-based value added products to sell locally or regionally
- Grower option to sell buckets of fresh picked or de-stemmed & frozen elderberries directly into the cooperative supply chain
- Grower option to aggregate harvest and processing activities with neighboring growers to share resources/expenses in selling into the cooperative supply chain

# HIGH QUALITY

**Makes commercially grown elderberry sustainable environmentally, ethically and economically from Farm to the Consumer including:**

- Farmers
- Producers
- Wholesalers
- Distributors
- Retailers

# NEXT STEPS

- Increase the number of acres dedicated to the commercial cultivation of elderberry to meet present and estimated demand.
- Establish grower cooperatives in Midwest states to manage quality of crop and provide economies of scale to lower costs and compete in global marketplace
- Develop farmer direct & cooperative supply relationships with local wineries
- Support grower supply directly to local hobbyists of flowers and berries fresh/frozen, or as valued added products
- Grow River Hills Harvest processing capacity and retail distribution
- Increase certified organic production to develop and support organic processing