

You Say Tomáto...

Village Farms is growing as people buy more greenhouse-grown tomatoes. BY KEVIN M. McCARTHY

● VILLAGE FARMS L.P.

WWW.VILLAGEFARMS.COM
HEADQUARTERS: EATONTOWN, N.J.
EMPLOYEES: 900
PRODUCTS: GREENHOUSE-GROWN TOMATOES
MICHAEL DEGIGLIO, CEO:
"IT'S SORT OF BECOME A MORE CORPORATE-TYPE OF FARMING."

MICHAEL DEGIGLIO IS A BELIEVER IN GREENHOUSE-GROWN TOMATOES. Now, he wants to convince everyone to feel the same.

DeGiglio is the CEO of Village Farms L.P., which is based in Eatontown, N.J., and is a player in the increasing popularity of tomatoes grown in greenhouses.

Until 1990, field-grown tomatoes accounted for 99 percent of all the fruit sold, with greenhouse tomatoes barely reaching the radar screen. In 2002, greenhouse tomatoes accounted for 16 percent. In the retail sector, in particular, greenhouse tomatoes make up 40 percent of the market. "It's been a drastic increase in the last 10 years, and I don't see that ending," he says.

DeGiglio says greenhouse tomatoes simply look better, which attracts retail customers. People are attracted to how red and firm the fruit is, and, he claims, they also taste better.

DeGiglio says that because the tomatoes are grown in a controlled environment, they lack the defects and seasonal issues that arise with field-grown tomatoes. In addition, he says that greenhouses can keep pests out and avoid the use of pesticides on the products. "You can't do that in the field," he says.

DeGiglio also says a greenhouse acre will produce 20 times more yield than a field acre.

Village Farms is the largest vegetable greenhouse producer and supplier in the United States, according to the company. Currently, it operates six commercial-scale greenhouse facilities with nearly 8 million square feet of production facilities in the United States.

The company is focused on the retail sector because consumers are more concerned about having the highest-quality tomatoes, whereas foodservice is often interested in lower cost, he says.

Village Farms, which sells its products in many supermarkets, never knows the price it will get for its products. It's all demand-dependent, DeGiglio explains.

The price is higher for greenhouse tomatoes, but he says the disparity is decreasing as companies improve their efficiency.

DeGiglio says the company is vertically integrated. It picks the products, grades and sorts them. And the industry is much different from many agricultural operations. "It's sort of become a more corporate-type of farming," DeGiglio says.

Starting up a greenhouse to grow tomatoes can run \$20 million. "It's become very corporate, where a small mom-and-pop can't compete," he says.

DeGiglio says that the company offers its roughly 1,000 employees more benefits than most agricultural workers normally get. For example, it has a 401(K) plan and medical insurance. "I think it's unique to our industry," he says.

The company started in 1990 with 10 acres, and it now has 190. And it isn't done growing. DeGiglio says it has plans to double in size again in the next few years, both through organic growth and acquisition. "We do have a growth plan on the table," he says.

However, Village Farms doesn't want more growth than it can handle.

"We want to remain lean and mean because it is a difficult business," he says. ☉

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