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Eagle Eye hoping for better markets as domestic season approaches

By

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Watermelon shippers enjoyed some strong markets earlier this spring, as the f.o.b. pricing for fruit from Mexico was in the mid-\$300s in March and most of April. Then the bottom fell out.

“It was a really tight market in March and April, and then April 25 came and it’s been a bumper crop for just about everyone in Sonora,” said John Gee, vice president of sales for [Eagle Eye Produce](#). “All the fields looked great, and we were, shall I say, ‘blessed’ with a ton of watermelon.”

Gee said that retailers had been selling watermelons for \$10-12 in March and April, and those prices were still in effect when the additional volume hit the market, bringing movement to a halt and causing supplies to pile up.

“We’re hoping things start to even out by the end of next week as we start our Memorial Day pulls,” he said May 13. “Hopefully retailers will have lowered their retails enough to get movement going again.”

But as Eagle Eye transitions to its domestic deal, which is expected to start June 1-8 in El Centro, CA, it will be faced with challenges that go beyond an overabundance of fruit.

“The cost of production has been skyrocketing,” said Gee. “Everything has gone up like crazy — fertilizer is up 400 percent, diesel fuel is now \$6.50 a gallon in California, and packaging and pallets have also spiked. We really need to turn this around somehow.”

“The market was undersupplied all winter, and oversupplied this spring,” said Joe Anticevich, director of melon sales for Eagle Eye. “Right now the market is not even covering production costs.”

Gee said there needs to be more thoughtful planning by the industry as a whole to avoid flooding the market with product, which in turn keeps prices low.

“I feel like the biggest thing is for growers to get with their customers and figure out what they can sell, and only grow what they know they can sell,” said Gee. “The days of just putting stuff in the ground and growing a crop and thinking they will be able to make money, those days are gone. Too much of the business now is program business, and there is not enough room on the open market for everything that people are growing.”

Anticevich agreed, adding, “Watermelons are an item that farmers can grow on their own and try to sell later. It doesn’t require a whole lot of infrastructure to grow watermelons. If you are growing cantaloupe or honeydew, you need to have infrastructure and a cooler and cartons, and a whole plan to harvest and ship. With watermelons, you can just plant a field and when it’s ready then you can

worry about selling it. So it makes it easy to overproduce them.”

“It’s really irresponsible to overplant when you don’t have a market,” Gee said, “because it makes it bad for the rest of the industry.”

Despite the challenges that Eagle Eye faces, Gee said the company is dedicated to bringing the best quality watermelons to its clientele, and he points to some distinct advantages Eagle Eye offers over other suppliers.

“I think the day-in, day-out, year-round supply is the big advantage that we offer,” said Gee. “Joey and I sell watermelon year-round, and we strive to make sure we have supply coming from somewhere for our customers. Our goal is to have nearest possible production 12 months a year, and that has been our focus for the last 10 years.”

Eagle Eye will be focused on domestic production once its desert program kicks off in early June in El Centro, CA, and Phoenix. Those deals will run through approximately July 10 and July 17, respectively. It also has a deal in Bakersfield that typically runs from June to August, and a program in Hemet, CA, that runs from mid-July until early October, closing out the domestic season before transitioning back to Sonora.

Eagle Eye is strictly a conventional watermelon supplier, and the preponderance of its fruit is seedless, although it still offers some seeded melons during the summer season.

“About 10 percent of our volume during the summer is seeded,” said Anticevich. “Retailers are interested in seeded in May, June and July, and in August it starts dropping off. After Labor Day they don’t want any seeded at all.”

“I think seeded demand is driven by old-timers, because that is what they are used to in the summer,” said Gee. But seeded is not really popular at all in the offseason.”

Anticevich said cut melons at retail have helped move more fruit, especially with the younger demographic that seeks convenience.

“It’s getting harder to sell big melons at the grocery store,” he said. “With grocery stores doing the labor and putting out cut fruit, it definitely has helped to move more fruit overall.”

Gee agreed, but is concerned if that trend will continue given the current economic situation.

“Cut watermelon has been becoming more popular at retail, and I am curious to see how inflation affects that,” he said. “I don’t know if people will have the discretionary funds to pay the premium to have someone cut the watermelon for them. We might be seeing people revert back to buying whole melons and cutting them up themselves for the value.”

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About John Groh | 

John Groh graduated from the University of San Diego in 1989 with a bachelors of arts degree in English. Following a brief stint as a sportswriter covering the New York Giants football team, he joined The Produce News in 1995 as an assistant editor and worked his way up the ranks, becoming publisher in 2006. He and his wife, Mary Anne, live in northern New Jersey in the suburbs of New York City.

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