



Buying Blue

Understanding the Market
& Assessing Potential for
California-grown
Elderberry

Gwenaël Engelskirchen and Sonja Brodt
UC SAREP



Introduction

Farmers in California are showing interest in planting elderberry in hedgerows as a way of diversifying their crop offerings and capturing environmental benefits. In 2019, UC Sustainable Agriculture Research & Education Program (SAREP) conducted research into the market potential of California-grown elderberries. We knew that sales of elderberry were sharply increasing both nationally and globally¹. However, we wanted to understand this growth trend from the perspective of regional buyers. In addition, we wanted to learn about buyers' experiences with current supply, what product attributes they saw as most important/popular, and the extent to which there was interest in California-grown elder.

Elderberry (*Sambucus nigra*) is a perennial, multi-stemmed shrub which, in the summer, produces prolific clusters of small berries borne on large flat cymes. The genus *Sambucus nigra* includes many species and subspecies of elderberry. *Sambucus nigra* ssp. *nigra*, native to the European continent, is the most commercially known and used subspecies of elderberry. *Sambucus nigra* ssp. *canadensis* is native to the eastern part of North America and *Sambucus nigra* ssp. *cerulea* is native to the west. Colloquially and in marketing, the *nigra* and *canadensis* subspecies are often referred to as “Black elderberry” and *cerulea* is known as “Blue elderberry”. Our research was particularly interested in the recognition and prominence of blue elderberry in the marketplace since this is the subspecies native to California.



¹ In 2018, elderberry was among the five top-selling herbs in the US, with sales topping \$75M, and it showed dramatic sales growth from the previous year (138% increase in the mainstream channel; 94% in the natural channel). Smith T, Gillespie M, Eckl V, Knepper J, Morton Reynolds C. 2019. Herbal supplement sales in US increase by 9.4% in 2018. HerbalGram Market Report 123: 62-73. www.herbalgram.org

Summary of Findings

Because elderberry is rarely sold directly to consumers in raw form, our research focused on retailers and value-added product makers as supply chain intermediaries. We defined value-added product makers as herbalists, chefs, bartenders, food entrepreneurs, cottage-food makers and others who were sourcing – or interested in sourcing – raw or lightly processed elderberry/flowers to make into consumer products. We identified retailers as grocery stores, specialty markets, herb stores, drugstores – all sellers of elderberry products to consumers. While our research did not directly address consumer perspectives, insights gained via these two buyer segments can be used to paint a picture of consumer demand. Additionally, these buyer types are ones that farmers would likely approach in pursuing regionally-based elderberry sales relationships, so their perspectives and sourcing requirements are directly applicable to farmer success in adopting elderberry as a crop.

In summary, the results of our assessment found:

- Buyers are interested in sourcing California-grown elder, especially where there is consistent supply and competitive pricing.
- Retailers and value-added product makers see increasing demand for elderberry products.
- Many retail establishments carry a large assortment of elder products in many different forms – syrups, tinctures, lozenges, capsules, dried in bulk – representing a range of sizes and price points.
- In stores, products made from elderberries are far more common than those made from elderflowers.
- Syrup is the most common product type made from elderberries.
- Organic labeling appears to be less important for branded, retail products than for herbalists and home-users.
- Many value-added product makers do not find sufficient supply of unprocessed elder.

Methodology

Research was conducted during the summer and fall of 2019 via online survey for the value-added product makers and via interviews and observational in-store inventory for the retailers.

The online survey was disseminated via social media and email to herbalist groups, specialty food businesses, restaurateurs and farmers market managers (to share with their value-added product maker vendors). Respondents to the survey were asked to share the survey link with other potential respondents, thereby “snowballing” additional responses.

Interviews with retailers were conducted either in person or by phone. Many interviews were accompanied by in-store (or online, if seller did not have a physical location) observations of elder products available to customers. In order to increase the dataset on products available to consumers, including in the mainstream market channel, observational inventory on products available on the store’s physical or virtual shelves were logged in some additional stores, such as chain grocery stores and drugstores, without requesting interviews.

Results and Discussion

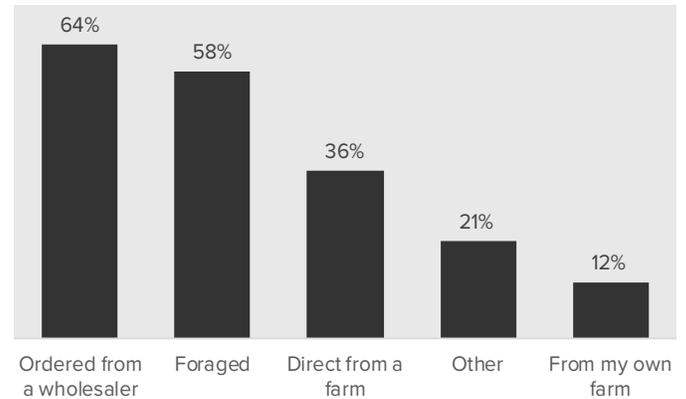
Value-added Product Makers

Respondents to the online survey were mostly herbalists and/or home users of elderberries, and the most important attributes, with regards to sourcing, were 1) consistency of supply and 2) price². Organically/sustainably grown came up frequently in the comments as an additional attribute of significance to this segment of buyers. Sixty-nine percent (n = 32) said it was very important that elder be certified organic, though many people also commented that certification was less important than pesticide-free/sustainable management practices.

The most popular form in which to buy elder was either fresh berries or dried flowers; and the majority (64%, n = 33) reported buying/using both elderberries and elderflowers. A flaw in our survey design failed to include dried elderberries as an

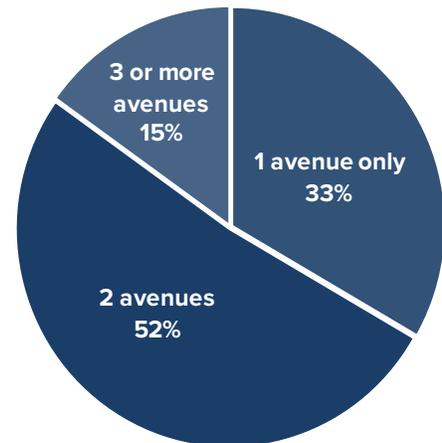
² 63 respondents completed some or all of the survey. Responses to specific questions ranged from 63 to 18 (n = 63 – 18).

How survey respondents are sourcing elderberries/flowers



Percentages sum to greater than 100% due to many respondents indicating more than one source.

Diversification of elderberry/flower sources



answer choice, but we know from industry research that the majority of global sales are of dried elderberries, and from the survey comments it is possible to infer that respondents to the survey are also sourcing in this form.

Sixty-seven percent (n = 33) of respondents said they did not find enough supply to meet their needs, and 88% (n = 32) said they would “definitely” purchase California-grown elder were it available. About one-third of the respondents reported buying/using blue elderberry. While the most common way of sourcing was purchasing through a wholesaler (64%, n = 33), the majority (58%, n = 33) said they forage for elder – mostly in combination with another way of sourcing. Only 36% (n = 33) were purchasing elder directly from a farm. When asked what trends they saw in customer demand for elderberry products, 81% (n = 27) referred to an increase in demand.

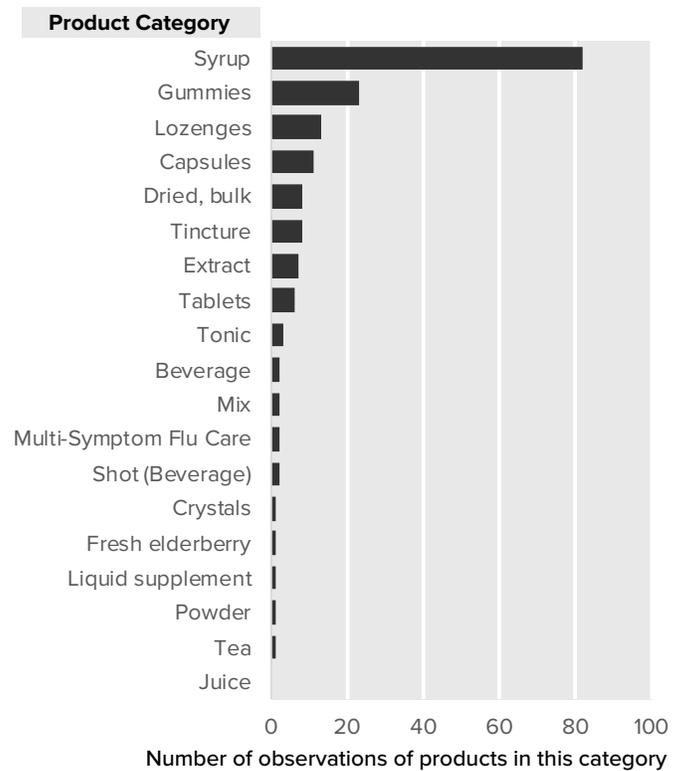
Retailers

Of the 23 retailers represented, 12 were interviewed and included in logging of product inventory, 2 were only interviewed, and 9 were only included in the product inventory. All were businesses with a consumer sales presence with the exception of two that were wholesale only: a regional produce distributor and a national herbal products manufacturer/distributor. One restaurateur was also included in the interviews.

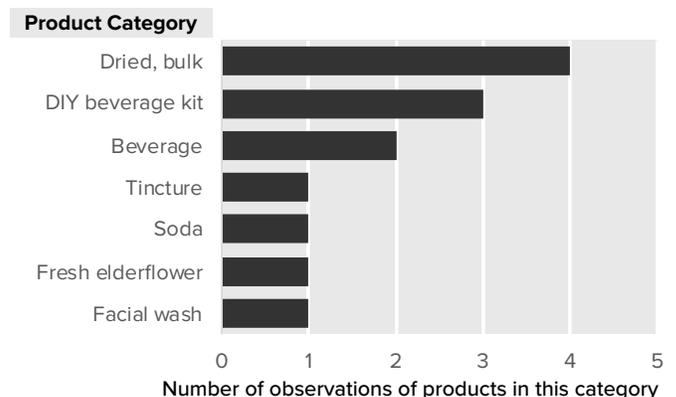
Ninety-three percent (n = 14) of retailers interviewed said they saw a niche for products made with California-grown elder (and only 30% said they already carried products made from California-grown elderberries, pointing to an opportunity for California growers). Retailers said the most important factors influencing their decision to purchase California-grown elder products were consistent supply (69%), followed by price (62%). When asked about the importance of organic certification, only 36% said it was very important, while 64% said it was somewhat important. It is worth noting that the majority of products observed on store shelves (68% of all 198 products inventoried) were not labeled as organic. Many products were labeled as “*Sambucus*” or “*Sambucus nigra*” without specifying a subspecies. “Black elderberry” was also common on product labels. A few products specified “European elderberry”, while only two mentioned American elderberry or *canadensis*, and none of the products



Products observed in stores made with elderberries



Products observed in stores made with elderflowers



inventoried were identified as made from blue elderberry or *cerulea*.

Elder products are found in a wide range of retail establishments from small, independently-owned specialty stores to drugstore chain stores. Many stores carried an extensive assortment of elder products. Twenty-nine percent (n = 21) carried 10 or more different elder stock keeping units (SKU – a unique product identifier) and 14% carried over 20 SKUs – including 1 store that carried 40 different elder products. Grocery stores with a natural food emphasis carried the largest selection of elder products; however, grocery stores without a wellness section tended not to carry any elder products, which points to the strong connection between elderberry and its perceived health benefits. Multi-million dollar natural supplements corporations have strong representation in the elderberry product marketplace, and four brands made up 50% of the 95 unique product occurrences observed on store shelves. However, retailers affirmed their interest in carrying California-grown elder products.

Products made with berries represented 93% of the unique products (n = 95) inventoried and were far more common than those made with flowers. The inventory recorded 19 different types of products using elderberry, from beverages to tonics, lozenges to tinctures. The most prevalent type of product by far was syrup, followed by gummies and lozenges. Seventy-three percent (n = 11) of retailers interviewed cited syrups as being the most popular type of product among customers. Ninety percent (n = 10) said they have seen sales of elder products increase in the past 3 to 5 years.

Conclusions

Our findings paralleled the increasing sales trend for elderberry in the US and internationally; swelling consumer demand unmatched by growth in supply points to a promising opportunity for growers. While the prevalence of elderberry products in a range of retail outlets, from natural food stores to mainstream chain drugstores, indicates wide consumer recognition and adoption, the market is largely dominated by nutraceutical companies and manufactured products, which may present a barrier to entry for small and mid-scale regional producers. However, some retailers are buying value-added products either directly from farmers or from regionally-based processors, and both retailers and processors expressed strong interest in sourcing locally.

In California, small-scale processors like herbalists, specialty food entrepreneurs and cottage food makers were more likely than the retailers to use both the flowers and the berries and to demonstrate awareness of the different elderberry subspecies. While blue elderberry has weak name recognition in retail products, value-added product makers indicated familiarity with this subspecies native to California. Growers would seem to have a better chance selling more of the plant to this market segment, and may be able to capture a price premium by emphasizing the attributes recognized by this group such as California-grown, native blue elderberry, organic and/or sustainably grown.

For more information on blue elderberry management, compositional analysis, marketing and other aspects of producing blue elderberries in hedgerows, please see <https://ucanr.edu/sites/Elderberry/>

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