

Full and Part Time Income From Bees And Beekeeping

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Eleventh In A Series . . . Examine How These Materials Are Used In The Hive

In this session, we will examine the different ways people use bees and beekeeping as a source of income, from the once-a-year honey sale at a community fair, to commercial queen rearing or honey production. What does it take to have beekeeping as part of your income?

Classroom

Do what you love, for profit

There are unlimited rationales or excuses for getting into beekeeping, but what if you are interested in is a career, second income, retirement income or just something rewarding to do to get out of the house? Humans are remarkable in their ability to find ways to make money with things they like doing, and some say that is the best way to approach anything you do – become active and do what you love.

Honey

Honey bees produce honey in surplus often enough that humans can put on their bee suits, remove honey from the hive and sell that honey to other humans while still leaving enough honey to get the bees through Winter. Perhaps they instead harvest nothing until the late Winter, waiting for a seemingly inevitable colony death that leaves behind extra honey in the hives (an indication of high varroa mite levels). Or perhaps they may feed and medicate their colonies in order to harvest most of the honey in the nest in the late Summer and Fall.

Honey is sold in three popular sized containers. The 55-gallon drum is standard of the commercial beekeeper. This is the wholesale honey price listed in this journal in the *Regional Honey Price Report*.

In the January 2013 *Report*, the average price reported for a 55-gallon drum was \$1.95 per pound, up from \$1.74 a year earlier. That was for light honey. Amber honey is a bit darker and sells for less most of the time. It was \$1.82 last month and \$1.67 a year ago.

The second popular container size is the 60-pound bucket. These were tin but are now white, food-approved plastic honey buckets. Last month, light honey sold for \$165.22 per bucket, or \$2.75 per pound. The same bucket with amber honey sold for \$161.11 or \$2.68 per pound.

The third unit of sale is a range of smaller containers from the half-pound (or some times smaller) jar to a five-pound jar. Here we see how the effect of container size, regional source of the honey, price and product competition and honey quality all interact to affect both wholesale and retail prices. If we look at just one size, the one-pound jar (glass or plastic), the average retail shelf price was \$5.87, and \$5.51 a year earlier, but when we look at the twelve regions used in the *Report*, we

see a low of \$4.82 in Region 7 (Great Lake states, Minnesota and Iowa). The highest average price for a one-pound container was \$7.89 in Region 12 (West Coast States plus Nevada). What is always amazing to me is to look at the price range for this same product, from \$3.00 to 9.79, for an identically sized container.

Who sells a pound of honey for \$3.00? My limited experience indicates that this price will be found in very rural markets where there is strong pressure to keep prices low for loyal customers. These may be roadside sales outlets (even using the old honor system) or a lingering Mom and Pop market at the sole stop sign in the village. There is unpredictable variability in quality, attractiveness of the package and label, and marketing skill. Shut your eyes and see a sticky bottle of dark honey with the price marked on the lid with a large felt pen. Is the label made of strips of masking tape?

Competition is not really a factor that drives honey prices down in most markets. Given two equal-quality jars of honey from local producers,

An attractive display of pure beeswax candles at a commercial beekeeper's sales shop in Indiana.





Bees provided by a sideline beekeeper in apples. These colonies are on pallets, requiring a truck and pallet moving equipment both in the home apiary and the orchard. It takes a lot of colonies to justify this expense before any profit is realized. Hand-moving colonies is hard work.

many buyers prefer the jar with the higher price, thinking it is somehow better. This balances the buyer who always gets the lowest priced item. This put price competition at a net zero impact.

Who is able to sell a one-pound container of honey for \$9.79? I find that easier to answer: sellers in upscale markets where the label conspicuously mentions the honey's local origins. They often sell by floral source AND zip code. I have seen this in Anchorage, San Francisco, New York City and other fancy city and country markets. I have also seen this at destination sites, such as beach communities, ski resorts and fancy shopping districts. The honey is more likely produced in small quantities, is of high quality and gets good taste feedback from customers. The container is clean, the honey bright, and the attractive label straight on the jar. There may be a small map showing the location of the hive or hives where the bees were located to produce this honey.

Honey comes in various forms: liquid, creamed (finely granulated), comb, chunk and in combination with pollen and other materials. Ask around and see how people buy honey in your area. *This is where you start your marketing program.* Go from market to market and find out which store or shop has what kinds of honey. Do you think some honey marketing could expand the demand of a particular product like creamed honey?

If you are going to sell honey, remember to calculate in shrinkage. This is the jar you open as a taster, or the sampler you keep on the kitchen table. Or the jar you broke in a hurry to pack up. Unfortunately, it is also the jar of honey that walks away without payment.

You can develop a healthy, local honey sales operation with the help of a good mentor; someone who has experience in selling hive products, or just sales in general. Many small business owners will share their experiences even if they do not market honey.

But if you want to go commercial and drive a big truck to different nectar sources, you are best served by going to work for a commercial honey producer for a few years. There is no substitute for industry experience, so ask to see all parts of the business. Remember to interview the beekeeper while the beekeeper is interviewing you!

Beeswax

How do you take a product that sells wholesale for between \$2.25 to \$8.00 per pound (and is produced from a healthy apiary in abundance) and create hundreds of dollars of sales from it? If it is beeswax, put it into lip balm in the Burt's Bees tradition. There is also an undeniable market for honey and beeswax creams, salves, burn and bruise ointments and more. Taking a few pennies' worth of beeswax, add in some base and essential oils, and you have a great product. You must calculate these materials, and any special equipment and packaging, into the formula.

There are all sorts of beeswax candles: rolled foundation, molded, dipped and fancy forms. A few years ago, candles were an easy sell everywhere, though much less so now. People's moods and habits change. If a potential customer already has a few candles at home, unburned, they probably will not buy a new one unless you have it formed into something unique and very timely, like the logo of a local

sports team. That idea comes from Rich Weiske, Royal Oak, MI, who last fall sold a beeswax candle in the shape of the Detroit Tiger's logo. He sold hundreds.

Beeswax is a byproduct of honey extraction and comb recycling. Get the right equipment to produce quality beeswax, clean and without much dirt and contamination. Nobody wants a candle that blows up when they burn it! That equipment must be factored into the cost of your final products.

Pollen

Weiske also sells pollen that he traps from his hives. He sells it plain or in a mixture with honey, along side propolis as well. Collect bee pollen with the help of some of the good pollen traps on the market. Learn when and how to collect pollen, either from your mentor or your pollen buyer. Don't overlook local sales. Ask to put a few jars of fresh pollen next to the honey butter in the deli case? It is worth a try.

Propolis

If you keep bees for very long, you will discover that propolis is a challenge to overcome as it gets on you and your equipment. The hive's natural antibiotic, more and more beekeepers are collecting bits of propolis and making ointments and elixirs from the sticky stuff. Soaking small chunks of propolis in Everclear alcohol or another high alcohol product produces a powerful tincture for a variety of injuries. When I visited France several years ago I was impressed by a product soaked for six months in French cognac.

Pollination services

This goes with the truck driving honey producer, but local farmers may want to rent bees every year for certain crops. Evaluate the risk from pesticide exposure and from poor nutrition compared to the benefits of the big paycheck and a possible nectar crop. Keep in mind that most crops that need pollination are not always reliable for nectar and pollen production. Crops like blueberry are linked with European foulbrood due to the stress of pollination.

Bees

Sell extra frames of bees and brood as a method of reducing swarming. Who buys frames of bees

and brood? One group of buyers is people trying to make up increase nuclei hives and mating nuclei. Don't want to sell your frames? Then shake packages of nurse bees to these same people. Who said you had to get packages from Georgia or California?

Nucleus colonies

Look at the adverts for nuclei in this magazine. What do you see? \$100? 125? \$150? Try to shift from being a bee buyer to being a bee seller, as that will make a nice change in your cash flow. Learn how to produce a quality nucleus hive, one people want to get again to expand their business.

Queens (cells, virgins, mated queens)

To some beekeepers, there is a daunting learning curve to learning beekeeping and how to properly raise queen bees, yet I have seen teenage kids successfully pickup the grafting tool and manage nucs without prior bee experience. Remember, you could be selling a single bug for \$25 or more.

Start out by producing queen cells from strong overwintered (survivor) colonies. Work with someone who has done this before. Take a class to develop your skills.

Start by selling queen cells and move up the skill ladder. Do not try to do everything in one year. Go into business with a 15-year old saving for college.

The claims you make, and staying out of trouble

Don't sell any product with a claim for which you may be held liable. Never make a claim about your product with regards to guarantees for a person's health, or other claims that could land you in hot water. Obey local laws concerning zoning, honey processing, and product safety. If your business takes off you will need to get insurance, see a lawyer, hire an account, and hopefully, retain an investment broker to handle all the money you make. Pay taxes.

Activities

Make something to sell

Select a product that you and your classmates agree can make you money. This might be as simple as rolling beeswax foundation

into candles and selling them to classmates or other members of your bee club. Maybe you can get a table to sell these materials at a member's church's summer or holiday market.

Buy and Resell

How about buying a case of half-pound jars of local honey at wholesale from a local beekeeper (*Report* average of \$67.22 per case of 24), and selling them for \$5.00 each to friends and family. Buy at \$2.80 and sell for \$5.00, for a \$2.20 profit per jar or \$52.78 per case. This will let you know if there is a market for this product at this price point, and tell you if you have any skill selling honey. If a class project, use the profit to pay for something for the club apiary.

Bee business visit

Make arrangements to visit a sideline or commercial beekeeper who provides products and services as a base of their annual income. Make a list of the items this beekeeper uses as an income source, and try to determine the amount of time each activity takes and the percentage of profit it contributes to this person's net income.

Discuss with your peers or write out the strategy you saw in place to figure out how to adapt

this beekeeper's business plan, or even how it might be improved. How much of the beekeeper's activities are determined by luck – the size of the honey crop, the amount local growers will pay for pollination services. Evaluate the concept of the only way to make money is not to play (take risks). What does that mean? When is it still worthwhile to carry on a for-profit enterprise when there is little chance of making a profit? **BC**

Vocabulary

Wholesale, retail, profit margin, costs of sale, shrinkage, honey in surplus, 55-gallon drum, *Regional Honey Price Report*, 60-pound bucket, rural markets, zip-code honey, liquid honey, creamed honey, comb honey, chunk honey, rolled foundation candles, molded candles, dipped candles, comb recycling, fresh-frozen pollen, European foulbrood, swarm reduction, survivor stock, skill ladder

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