

# Evaluating the Need to Add Value to Crops in Tennessee



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## Evaluating The Need to Add Value to Crops in Tennessee

- 1) How can you “add value” to an ag. commodity?
- 2) What are some examples of value-added ag enterprises?
- 3) What are some reasons to consider adding value to crops?
- 4) Describe the situation and recent trend of average prices paid and received by farmers.
- 5) On the average, what is the farm portion of each dollar spent on food in the US?
- 6) What are some examples of value-added ag products?
- 7) What are some of the limiting marketing factors for value-added businesses?
- 8) What are some of the overall limiting factors for value-added businesses?
- 9) What are alternative crops? How do alternative crops differ from value-added enterprises?
- 10) What are some examples of alternative crops?

# Value-added by

Processing

Packaging

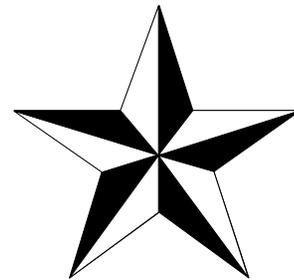
Marketing



ag. commodities in a way that makes them  
worth more

# Adding Value

- ▶ making it worth more to the consumer
- ▶ increasing the economic value
- ▶ doing more of the preparation for the consumer

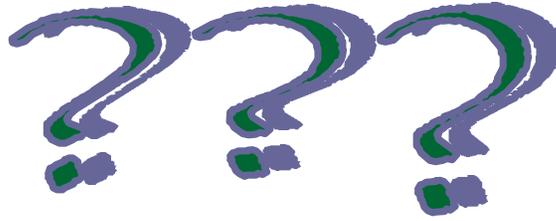


# Adding Value



Sweetpotatoes . . . . .	Sweetpotato Muffins
Apples . . . . .	Apple Butter
Corn . . . . .	Microwave Popcorn
Cabbage . . . . .	SLAWSA
Livestock Waste . . . . .	R-GROW
Tomatoes/Peppers . . . . .	Salsa
Farming . . . . .	Agritainment

# Why add-value to crops on the farm?



- ▶ Prices paid exceed prices received
- ▶ Farm portion of food dollar small
- ▶ Increasing cost of production
- ▶ Traditional marketing yields little
- ▶ Niche markets exist
- ▶ Demand for fresh, local, safe
- ▶ More and more limiting resources

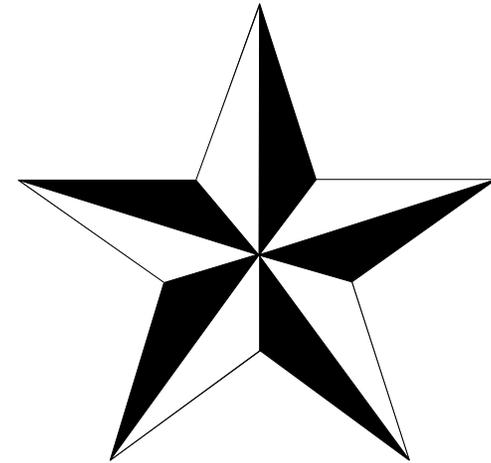
# Value-added crop opportunities?

- ▶ Sweetpotato products
- ▶ Orchard products
- ▶ Hot Sauces & Salsa
- ▶ Preserves & Spreads
- ▶ Microwave Popcorn
- ▶ Boxed Vegetables (CSA)
- ▶ Squirrel corn & fall decorations
- ▶ Organic feed and flours
- ▶ Ethanol
- ▶ Wineries



# Marketing . . . not Magic

- ▶ Target consumer
- ▶ Niche markets
- ▶ Positioning
- ▶ Market development
- ▶ Packaging
- ▶ Premium prices
- ▶ Advertising & promotion
- ▶ People skills



# Limiting Factors

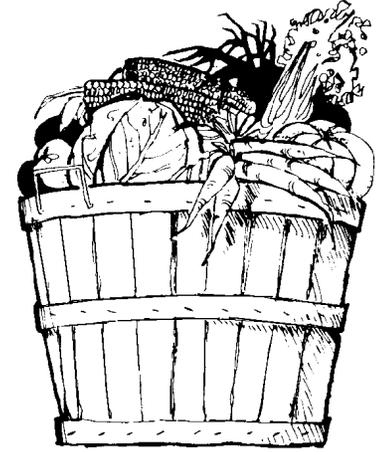
to the overall business:

- ▶ Regulations
- ▶ Distribution
- ▶ Equipment
- ▶ Construction
- ▶ PR & Salesmanship
- ▶ Management
- ▶ Labeling, Graphics,
- ▶ Marketing (target market, market plan)



# Alternative Crops:

- ▶ New/different enterprises



- ▶ Enterprises that relate to several available resources
- ▶ Limiting factors  
(marketing, production details, change)

## ► Examples:



Hops

Peppermint

Spearmint Mushrooms

Sweet Sorghum

Specialty Corn

Specialty Soybeans

White Corn

Value-Enhanced Corn

Dry-Edible Beans

Engineered Crops

Organic Crops

Eggplant

Cabbage

Pumpkins

Cantaloupe

Blueberry

Raspberry

Blackberry

Snap Beans

Broccoli

Peppers

# The Land-Grant System

- 1862:** US Congress (by the Morrill Act) provided land grants of federal land to each state. The land was to be sold, funds put in an endowment and the interest used to fund higher education - universities. Agriculture being the primary industry, the universities were formed to specialize in "A&M" agriculture & mechanization.
- 1887:** Higher Education (land grants) schools were going . . . but had little information to teach from. Hatch Act was passed to fund "Experiment Stations" which would conduct research and thus provide information to teach in the land grant universities
- 1890:** 2<sup>nd</sup> Morrill Act provided more land, more money to fund the same idea PLUS higher education institutions for minorities in the 16 southern states.
- 1914:** All was well with the system, Land Grant College Teaching students the latest, research-based information. BUT, there was a lag between students learning the research and then implementing the research. HENCE the Smith-Lever act which created the Cooperative Extension Service. A cooperative venture between Federal-State-County governments that provided a means to take the Experiment Station's RESEARCH RESULTS directly to the farmers.
- Primarily Production Oriented:
- How to increase yields
  - How to decrease pests
  - How to eliminate weeds
  - How to be more efficient
  - How to mechanize
  - How to use technology
- 1970's & 80's:** More management & marketing oriented
- 1990's & 2000:** More alternatives & value-added oriented