



"Increasing the value of Tennessee's economy through new, expanded and improved processing and marketing of agricultural, aquacultural and forestry products as well as home-based industries"

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Completed Projects

Freshwater Shrimp - Opportunities may exist for growth in Tennessee's aquaculture industry. There has recently been substantial interest in freshwater shrimp production. Studies from the University of Kentucky provide an enterprise budget for freshwater shrimp that shows an annual net return to land, capital and management of \$2,600 per acre. Climatic conditions in Tennessee, scope of investment, labor and management issues seem to support development of the enterprise. However, reliable and cost-effective marketing strategies must be developed. Successes in the marketing phase could poise Tennessee for development of a real aquaculture niche.

Goat/Sheep Processing & Marketing -

Operation of a meat slaughtering and processing business often requires a balance of suitable inputs, efficient production, low-cost operation and viable markets. A shortfall in any one of these critical links could contribute to an overall stress to the business. Adequate coordination of the various success factors may require significant control of inputs, adoption of technologically-advanced processes, availability of operating funds, appropriate distribution and niche markets.

Squirrel Corn and Corn-Stalks - There appears to be a reasonable amount of market potential for fall lawn-scaping decorations derived from farm resources. Traditional Tennessee row crops can serve as the source of value-added products such as bagged wildlife food, corn-stalk bundles and wheat straw bales. These products can be prepared for wholesale to other retailers or for sales direct to consumers from an on-farm market or agritainment operation. On a small scale, these value-added products may be better suited for family operations with surplus labor. Specific preferred product and market attributes for these value-added products should be carefully evaluated.

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A Message From the Director

We are in the final stages of interviewing for the vacant ADC marketing position. Our goal is to have the position filled no later than early October. The ADC strategic planning process is also in the final stages with an action plan to be adopted and implemented. We continue to make progress on projects accepted by the Center but we also continue to seek those innovative projects that offer the opportunity to generate jobs and income. We appreciate the support from all our partners because a team effort is essential.

- - - Ray Humberd

Aquaculture Project - A number of education and information resources have been developed as a result of a recent cooperative, grant-funded project for market development in Tennessee aquaculture. The project included a survey which assessed the size, scope, inventory, situation and market capacity of Tennessee's existing aquaculture industry. The survey showed that very little concentration is evident for any particular aquaculture enterprise or in any single region of the state. Tennessee's aquaculture industry is comprised primarily of operators who consider their aquaculture activities as part-time operations. The respondents to the survey represent approximately \$3.5 million in annual gross aquaculture sales primarily from catfish, tilapia, baitfish and trout operations. A majority of operators sell either direct to consumers or to live haulers. Tennessee's aquaculture industry utilizes approximately 500 tons of feed. Tennessee's aquaculture producers are generally optimistic about the future of aquaculture in Tennessee and most of those who are pessimistic are planning to get out of aquaculture in the next one to 5 years. The greatest need for Tennessee's aquaculture industry was identified as grower education programs followed by a need for consumer awareness programs, technical production support and access to funding. The most often mentioned constraints facing aquaculture operators in Tennessee are labor, volume of products and the lack of a processor.

Upcoming Programs - Faculty of the ADC are in the process of preparing several outreach and training programs in the coming months. These programs include the regional Philip Morris Leadership Program, County Leadership Classes, Extension Agent Training Sessions, Departmental Strategic Planning Session and various state, regional and national programs.

Improving Income for Hunting

Operations - The ADC provided an investigation into various value-added fee-hunting activities. Considerations ranged from construction and operation of an executive lodge and conference center to minor changes in the farm's existing lease arrangements. Various research, analysis and survey techniques were utilized in the development of an actual short-term, income-improvement strategy. The data collected for this project have proven to be valuable and essential to the decision-making process which included determination of a non feasible option and selection of a combined-option approach.

Value-Added Dairy Products

- Complete food safety plans and inventory systems should be developed for value-added processing and distribution firms. The ADC developed financial and inventory record keeping systems that allow monitoring of production and marketing activities as well as financial performance. A comprehensive production safety plan was also developed that will allow access into new markets and greatly reduce the risk associated with a food production business.

Specialty Cookies - Development and marketing of shelf-stable, individually-packaged food products may require substantial time and patience. There appears to be a reasonable amount of opportunity in the confectionary and cookie market. Opportunities may exist for strategic placement of products in places frequented by consumers who possess a preference for the product and its package characteristics. In order to prevent underpricing a product for anticipated future expansion in sales, pricing strategies should include an allocation for the cost of labor.

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FSMIP Update - Phase II of the ADC's state-wide market development project (FSMIP) is complete. A final publication containing results of market development surveys for four different value-added enterprises is being published. The survey results indicate that catfish producers should be able to supply restaurants with good-quality, IQF fillets in high volumes. The winery study revealed that 98.75% of all Tennessee wine is sold in 750 ml bottles, Tennessee white wines are the best sellers, the average price of a bottle of Tennessee white wine is \$8.90, sweet and semi-sweet wines dominate sales in Tennessee. Billboards are the most effective advertising for Tennessee wineries. The median number of baskets sold per Tennessee gift basket company is 300, the median price is \$45 per basket, "gourmet baskets" are the best sellers, 73% of gift basket companies use fresh fruit while 52% use value-added fruit products and very few use country ham products. The most common form of advertising for gift basket companies is Yellow Page ads. A special site on the ADC web page is being developed to present all of the market development and educational resources developed through the 18-month FSMIP project.

ADC Strategic Planning - A number of program evaluation tools have been utilized recently to gain a better understanding of the impact and effectiveness of ADC programs and efforts. Here are a few of the highlights:

- ▶ The strategic planning process has revealed that there is a substantial amount of support for and interest in the ADC providing leadership for value-added agriculture.
- ▶ A number of opportunities for expanding the size, scope and impact of the ADC have been identified.
- ▶ The ADC is positioned to coordinate and administer broad programs for small and large-size agribusinesses.

Update on Project Implementation - From July 1998 to the present, the ADC has completed evaluations and analyses for 48 different farmer-initiated value-added projects. About half of those projects are well into the product and market development phase and 22 have products available on the market. During the most recent months, follow-up with some of these projects has revealed a substantial enhancement in business performance as a result of market entry or business changes. For example, several businesses have made changes in their pricing structure, two agritainment operations have added new farm activities, one project diversified their product offering by developing a multi-pack package, two projects have diversified their product line by adding two new products and one project has become accessible to new market opportunities by development and implementation of rigorous food safety plans.

Recent Outreach Efforts/Programs - During the third quarter of 2000, the ADC received recognition and provided training to an estimated 450 people at more than 5 events across the southeast. Programs included the Milan No-Till Field Day, the annual meeting of the National Association of County Agricultural Agents, the University of Kentucky Direct Marketing Priority Team and classroom presentations.