



Agricultural Extension Service
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"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"

www.utextension.utk.edu/adc

Program Highlights:

During the Fall Quarter, ADC specialists emphasized value-added, e-commerce and market development topics through the following seminars, workshops and training sessions:

- ▶ "Exploring Income Opportunities" Extension Agent Training in Jackson, Nashville, Crossville and Morristown.
- ▶ "Marketing for Small Businesses" a workshop presented at Extension's Small Business College in Byrdstown, Sneedville, Somerville/Brownsville and Oneida.
- ▶ "Hospitality and Tourism in Rural Communities"- Sneedville.
- ▶ "Evaluating Niche Markets for Beef Enterprises" Extension Agent Training in Nashville.
- ▶ "Considerations for Value-Added Enterprises" ADC Exhibit at the Tennessee Fruit & Vegetable Growers Conference.

Upcoming Activities:

- ▶ Value-Added Training Session for Kentucky Extension Agents - Jan. 10 & 11 in Middle Tennessee.
- ▶ Value-Added Seminars in Cumberland & Smoky Mtn. Districts planned for winter months.

Progress Report 15

January 2002

A Message From the Acting Director

We hope that everyone had a **great** holiday season and is off to a good start for the new year! The ADC staff is busy with projects previously accepted and is evaluating new applications for our services. Our resources continue to be stretched by applications in areas that represent "new ground" for us - things that we have not done before. Some of these new applications contain amazingly innovative ideas. Also, the search for a permanent ADC Director is still active. If you have ideas about good candidates, please contact me.

- - - Dan McLemore
Acting Director, ADC

Marketing Surveys Provide Insight for Projects:

The ADC recently conducted surveys to assist in the evaluation of two entrepreneur-initiated value-added projects. A survey of hobby wood workers and wood crafters revealed the preferred species of wood, buying patterns for green and dried lumber, the preference for buying directly from the sawmill rather than a wholesale buyer, the typical distance traveled to purchase lumber, and the overall reliance on "word-of-mouth" to learn of a lumber supplier. For another project, a random consumer survey provided information about consumer preferences toward specialty candles. The results identified the preferred candle scents, heavier purchases for personal use rather than gifts, suggested candle features to be included on the product label, specific packaging preferences, and preferred sales venues.

Overall ADC Impact: Since its inception in 1998, the ADC has completed in-depth, multi-disciplinary, team analyses of 65 value-added projects from 34 counties, conducted 17 market development surveys, provided instruction for more than 60 meetings, seminars and workshops, secured \$214,500 from external sources for various market and industry development programs and developed more than 69 publications, fact sheets and resource materials for the overall enhancement of Tennessee's value-added agriculture mission. ADC project evaluations and analyses indicated annual gross revenue projections in excess of \$20 million. Sixty percent of the completed projects have a product available on the market. The ADC has provided assistance and evaluation of new opportunities for farmers and rural communities to enhance incomes, prevent investments in infeasible enterprises and streamline the market development process.

ADC: No Stranger to Seeking Additional Funding Sources: Since March 1999, 19 grant proposals have been submitted to funding sources outside the UT system. The total requested funds from these proposals is \$800,000, with \$214,500 received and \$182,000 currently under review. Additional funding awarded to the ADC promotes the development of pro-active educational resources and primary data for value-added enterprise analysis and development.

Update on Grant-Funded Projects: Significant efforts have been invested in three of the six identified objectives of the overall USDA grant that began in October. Efforts include preliminary research and review of literature, meetings with focus groups and writing teams composed of professionals from various disciplines and developing and submitting for peer-review a manuscript for a general guide to marketing value-added products. Currently, a sub-committee is working on identifying businesses to target for an analysis of market thresholds. Based on input from a focus-group, a questionnaire is being developed for use in the grocery store survey and a publication focusing on starting a value-added food enterprise is being drafted. In the near future the marketing publication will be printed, county business patterns will be analyzed and the 'market threshold' publication will be developed and the grocery store managers survey will be implemented.

An Update on Recently-Completed Projects

Family Apple Orchard with Retail Store and School Tours: The ADC assisted a family with the marketing of their family apple orchard and associated retail store and school tours operation. In the past, no efforts had been made toward marketing. The establishment relied solely upon word-of-mouth advertising from those who had visited the orchard. The conscious decision was made to invest in mass media advertising for the first time. Radio advertisements had been previously utilized in nearby metropolitan areas, but the family was looking for additional outlets. The advantages and disadvantages of various types of mass media were analyzed along with additional ways to increase sales revenue. These ranged from increasing the number of customers to increasing the amount sold to each existing customer. Advertising to area school systems as a way to increase the number of school tours was also considered as a way to increase revenue. Once apple season has come to a close, additional investigation will be done into the effectiveness of the types of advertising used.

Enhancing Markets for Specialty Candles: The candle industry is estimated to generate more than \$2 billion in retail sales per year, not including candle supplies and ingredients, with annual increases of 10 to 15 percent in the last 10 years and even greater increases in the most recent 2 to 3 years. There are more than 300 major candle manufacturing firms and an endless number of hobby and home-based candle businesses. A survey conducted by the ADC found that candle buyers purchase approximately 12 candles and spend an estimated \$52 per year on candle purchases. Scent, value and color are the most important candle features and a majority of candle purchases are for personal use. Other than Christmas, birthdays and anniversaries are the best candle-giving occasions. The ADC survey also found the most preferred candle scents, the best places for candles to be presented to consumers for potential sales and preferred information to appear on the product label.

Enhancing Niche Marketing Opportunities for an Integrated Forest Products Business: Based on a preliminary analysis of information obtained in a recent survey of hobby woodworkers and crafters, marketing opportunities exist for small businesses with hardwood sawmill products. A small sawmill/dry kiln operation should highlight the availability of those species desired by their target market and should feature specialty and hard-to-find species. The availability of green and/or dried lumber should be emphasized and the "small, owner-operated sawmill" feature should be highlighted as an opportunity for buyers to deal directly with the decision maker of the business. Buyers should also be aware of opportunities to purchase small amounts of lumber at one time rather than having to buy large orders from wholesalers. Because of the importance of word-of-mouth referrals, first-time buyers should be targeted by the business through a variety of methods.