Center for Profitable Agriculture
A University of Tennessee - Farm Bureau Partnership

Agricultural Extension Service
The University of Tennessee
P.O. Box 1819
Spring Hill, TN 37174-1819
(931) 486-2777

"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"

Progress Report 19 **January 2003**

Center Welcomes New Member . . . and Continues Search: During November, Kim Martinez joined the CPA as Principal Secretary. Kim comes to the Center with 13 years of experience as a secretary in the Maury County Schools System. Kim and her husband Rick have two children, Peter and Kristen. The Center is still searching to fill two marketing specialist positions to work in the areas of evaluating and developing markets for value-added products. These two positions are announced on the Extension Service website as Job Number **X0218** and **X0227** at <www.utextension.utk.edu/employment/>.

Relocation of Center Finally Complete:

As the year wrapped up, so did the final details of the Center's physical relocation from Knoxville to Spring Hill. The renovations of the Center's new offices at the Middle Tennessee Experiment Station have been completed, all office furnishings have been installed, office computer networks are up and running and all the Center's files, supplies and equipment have been moved from Knoxville. Dan Wheeler, the Director of the CPA, Rob Holland, Feasability Specialist, and Kim Martinez, the Center's Principal Secretary are in place at the Center's new office in Spring Hill and have the Center in full operation. The Center is housed in one-half of the Experiment Station's administrative office building. The contact information for the new Center is: The University of Tennessee, Center for Profitable Agriculture, P.O. Box 1819, Spring Hill, TN 37174-1819, Phone: (931)486-2777,Fax: (931)486-0141, Website: <www.cpa.utk.edu>.

CPA Board of Directors Named: The "Board of Directors" for the Center for Profitable Agriculture has been named and will convene for their inaugural meeting in February. The board consists of three members from each of the Center's partners. Representing the Farm Bureau Federation on the board is Flavius Barker, Julius Johnson and Lacy Upchurch and representing the Agricultural Extension Service is Dr. Jack Britt, Dr. Tim Cross and Dr. Charles Norman. The board will provide leadership and direction for the Center's long-term vision and mission and will assist in identifying the Center's goals and objectives.

Comments from the Director

I continue to be encouraged and energized about the Center and its mission by the words and acts of encouragement from so many of you. We are making progress in getting settled and established in Spring Hill. Our offices look great. Dr. Dennis Onks and his staff at the Middle Tennessee Experiment Station have been extremely supportive and we thank them for that. Stop by and see us!!

Our progress has been delayed somewhat by our inability to fill two marketing specialist positions to complete our staff. We continue our search and will not let that deter us from our long-term mission and goals.

Our Board of Directors will have their initial meeting in February. We will be discussing a revised business plan for the Center and otherwise looking to the Board for advice and guidance on a wide range of issues and potential projects for the Center.

Dan Wheeler
Director - *Center for Profitable Agriculture*

continued on back - - - - >

Specialty Crop Projects Completed – Lettuce and Grapes: Through a cooperative effort with the Tennessee Department of Agriculture, Specialists in the CPA recently participated in evaluations of production and marketing opportunities in Tennessee for wine-fruits and hydroponic lettuce. The ***grape and wine*** report provides a summary and evaluation of an analysis of requests for out-of-state fruit purchases by Tennessee wineries in 2001 and 2002. The data from 2001 and 2002 show that Tennessee wineries represent a market for approximately 90 acres of annual fruit production that can be grown in the state. It is estimated that the market value of this production is approximately $316,000 annually. While this study indicates a possible market potential for additional acres of specialty crops in Tennessee, more investigations into specific market development strategies with wineries should be conducted. That is, it is unclear whether adequate supplies of the varieties requested for out-of-state purchase in 2001 and 2002 were actually not available in the state or whether the supplies were indeed available in the state but simply not located by the wineries in need of them. In addition, continued, annual analysis and evaluation of the J-6 waivers is suggested. The ***hydroponic lettuce*** study was conducted through a sub-contractual arrangement with retired Extension Horticulture Specialist, Al Rutledge. The study found that the present demand for hydroponically-grown greens is currently less than desirable for those growers wanting to begin large-scale production. However, given present consumer concerns about health issues and preferences for the inclusion of nutritional foods in their diets, the development of appropriate domestic marketing, promotional and educational programs could enhance the domestic demand. Dr. Rutledge's report helps evaluate the potential for hydroponic greens production in Tennessee and explains that systems to support such production are technically feasible and a variety of new, theorized but not proven, systems have emerged. The "A-Frame" is one such system that offers lower production costs than the more common systems but whose production is not predictable. Additional research on these new systems should include attempts to increase per-house yields; evaluation of varying numbers of growing days, panel height and vertical angle for maximum light reception; watering systems; and phototropism and gravitropism. Overall, the report indicates the need for additional investment in production and market development for hydroponic greens production.

CPA Releases New Publication: The Center recently released PB #1719 "How To Get Value-Added Products Into Local Grocery Stores." This new publication is an important part of the Center's ongoing educational programs with individual farm families, value-added entrepreneurs and agricultural leaders across the state. A study was conducted to determine the requirements, criteria and grocers' preferences for the selection of food products sold in their stores. According to the results of the study, which are summarized in this publication, wholesalers are the most frequently used suppliers of products to grocers, and small food producers (including farmers and entrepreneurs) supply the smallest percent of products to grocery stores. "Shelf-space," "customer recommendations/requests" and "a proven sales record" were indicated as the most important criteria used by grocers to decide whether or not to accept a new product. Because there are so many products that compete for limited shelf space in grocery stores, small food producers should consider ways for their product to compete for this limited space. Survey participants indicated that "price," "image" and "taste" were the primary reasons for products remaining on the shelf after the first year. Survey participants also indicated that their decision to carry a product is influenced by the entrepreneur's ability and willingness to assist with or carry out such tasks as delivery, stocking, inventory, promotion and advertising.

An Update on Recently-Completed Projects

Traffic-Flow and Other Issues Essential in Development of Two On-Farm Markets - During November, the Center coordinated a team of individuals to conduct an on-site evaluation of an on-farm market facility and to assemble a detailed list of suggestions and recommendations for improved marketing effectiveness. Overall, the team identified proper layout of the shopping area for controlled traffic flow as a primary objective. In addition, the team identified appropriate directional and theme signage, proper and balanced natural and artificial lighting & ventilation, safety, proper isle widths and counter height, use of in-store signs (shelf talkers), and proper product placement as additional issues to be addressed.

Product Differentiation Essential to Sweet Sorghum Products - Value-added farm products must be properly marketed to a targeted group of consumers. The products must be consistently and concisely prepared, packaged and promoted to the target audience. When a product is not easily distinguished from other similar products, the value-added entrepreneur must take extra effort to properly position it. The targeted customers must understand what the product is and how it can be used – many times, the product's packaging must convey this information. These issues are oftentimes of most significance when a product itself is only "slightly differentiated" from other products by most consumers – so is the case between jam and jelly products and for "sweet sorghum syrup" and "molasses."

THE UNIVERSITY OF TENNESSEE, U.S. DEPARTMENT OF AGRICULTURAL AND COUNTY GOVERNMENTS COOPERATING
The Agricultural Extension Service offers its programs to all eligible persons regardless of race, color, national origin,
sex, age, religion, disability or veteran status and is an Equal Opportunity Employer