



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 26

October 2004

Summary of Outreach Efforts –

During July, August and September, Specialists in the Center contacted more than 400 participants in various outreach efforts including on-site farm visits and group-meeting presentations. CPA Specialists participated in projects and programs in the following counties: Chester, Benton, Carroll, Hardeman, Gibson, Fayette, Davidson, Williamson, Putnam, Giles, Hickman, Lewis, Maury and Gibson. In addition, representatives from the Center were involved in partnership programs and professional development in Nashville, Ashland City, Knoxville and Savannah as well as in Florida, Alabama, Missouri, Kentucky, Kansas and Nebraska. Five new departmental information sheets were developed, one new Extension Publication (W040) was released, one radio program was developed and 6 new teaching presentations were developed.

Agritourism Initiative –

The Agritourism Initiative continues to be a major focus of program activities in the Center. Significant progress has been made in developing content for a training/resource manual for agritourism operators. Planning continued for the initiative's Fall workshop series on *Agritourism Web Site Development and Marketing*, and a news release and brochures promoting the workshops were developed and distributed. The promotional materials can be found on the Center Web site at <http://cpa.utk.edu>.

A Message from the Director:

There are lots of interesting and exciting things going on in the "world" of value-added agriculture. On September 29, Governor Bredesen accepted a \$100,000 USDA Rural Development Agency Grant from State RDA Director Ruth Tackett on behalf of the Tennessee Departments of Agriculture and Tourism to fund the second phase of the state-wide Agritourism Initiative. Tennessee can already boast a healthy agritourism industry with some 225 existing operations across the state, some of which generate in excess of \$1 million in annual revenue. CPA participation supported by grant funding in the second phase, includes the completion and distribution of a training manual for agritourism entrepreneurs and the production of training resources for website development. CPA staffer Megan Bruch deserves special recognition for her excellent work on this project.

The "Developing Rural Business" initiative in a targeted 19 county area, largely funded by a \$261,000 USDA - RBEG grant, represents a major two year initiative by the Center. The grant award and program launch is scheduled to be announced in early November. CPA staffer Rob Holland was the primary grant writer and will play a major role in project implementation.

Dan Wheeler

Director - *Center for Profitable Agriculture*

New Marketing Specialist Welcomed to the Center – We are pleased to introduce Amanda Ziehl as the Center's newest Extension Specialist. Amanda begins her work with the Center on October 1 and will serve as Marketing Specialist focusing on market and product development activities, niche marketing, direct marketing and on-farm retailing. Amanda will also provide leadership to value-added livestock marketing efforts and many of the Center's grant-funded initiatives. Amanda is a native of Casper, Wyoming where she was active in showing livestock. She holds both a BS and MS in agricultural economics from Colorado State University (CSU) where she was very active in collegiate livestock judging. Amanda has been active in both the American and Western Agricultural Economics association and has participated in several outreach Educational programs with CSU including an Extension curriculum in niche beef marketing and other beef marketing programs.

Update on Alternative Agriculture Programs – As part of a market identification and development study, visits were made during the past quarter with 17 marketers (including ethnic marketers) chefs, produce and meat department managers, a farmers market manager and Tennessee Restaurant Association representatives from across the state. Many telephone and E-mail conversations have also occurred with chefs, Restaurant Association and American Chefs Federation representatives. In addition, numerous marketing surveys have been distributed via print and electronic communications. Survey results will be available in the next quarterly report.

continued on back - - - >

Progress With Southern Sustainable Agriculture Working Group (SSAWG) Project – Involvement with the SSAWG Enterprise Development Team has been very beneficial to Tennessee's alternative agriculture program. Many of the ideas gleaned from the team have been implemented in Tennessee through direct teachings and the development of training materials and educational resources targeting farmers who have an interest in learning about sustainable opportunities. As a result of this involvement, educational packets have been customized and presented to farmers during various one-on-one assistance.

Cooperative Development Project Hits High Gear – To assist in a variety of outreach and educational programs in cooperative development, several publications and fact sheets have been drafted. **“Considerations for Membership/Investment in a Processing Cooperative”** provides a quick introduction to some important thoughts and terms for those farmers who may consider membership and investing in a processing cooperative. This 12-page manuscript is currently in the peer-review process and is slated for publication in November 2004. **“Commentary and Overview for the Tennessee Processing Cooperative Law”** is a 42-page manuscript that has completed the peer review process and is currently in the layout and design phase of final publication. It will be published as UT Extension PB #1748 and is slated for release in October 2004. CPA Info #98 titled “A Follow-Up to the Cooperative Study Tour” was developed to document many of the quotes, thoughts and observations from the out-of-state cooperative development study tour. This document is pending distribution to those who participated in the study tour and will be used in various other outreach and teaching programs. In addition, more than 120 individuals participated in recent outreach programs including a small-group training session on the new Tennessee Processing Cooperative Law, a presentation at the Tennessee Farm Bureau Federation's County Presidents' Conference, Cooperative Development Study Tour and a presentation to the Tennessee Council of Cooperatives “Coop Employee Training” Seminar.

\$282,345 Awarded to Center for Two New Grant-Funded Projects – During September, the Center was pleased to be notified that two recently-submitted project proposals had been selected to receive a combined \$282,345 in additional funding. Both projects were funded by USDA, one through the Rural Development “RBEG” program and the other through the FSMIP program.

The FSMIP project is titled “Hispanic Market Development” and will evaluate potential opportunities for Tennessee farmers to produce and market agricultural commodities and value-added agricultural products to Hispanic consumers and provide market information needed to conduct feasibility studies and create business and marketing plans. The study began September 1 and will run through December 31, 2005. The project was one of 27 proposals selected from 23 states for 2004 funding – a total of 86 proposals from 38 states were submitted. The study will include three major areas of work: 1) analysis of demographic and purchasing characteristics of Hispanic consumers; 2) Analysis of Hispanic retail markets in a pilot area—Bedford County; 3) Outreach efforts including the development of a publication and teaching sessions to share information learned in the study

The RBEG project is titled “Developing Rural Businesses”(DRB) and is designed to create, develop and implement a value-added training and outreach initiative which will provide technical assistance to farmers and value-added entrepreneurs who are considering or pursuing the development of successful private enterprises. The DRB program will initially be implemented in a 19-county area of Tennessee with high unemployment and poverty rates, low median income and a sharp decrease in tobacco production in recent years. In pursuit of ultimate rural business development through the support and development of entrepreneurship, the primary objectives of the program are to 1) provide technical assistance, 2) identify, assemble and disseminate information on resources that are available to assist, foster and develop value-added enterprises and 3) coordinate training opportunities that supplement technical assistance. The DRB project will be conducted through December 2005.

UPDATE ON COMPLETED PROJECTS:

Considerations for On-Farm Dairy Processing – Recent fluctuations in the price dairy farmers are paid for milk have increased the stress on farm cash flow situations. In addition, increasing farm production costs have not been off-set by necessary increases in the average farm milk price. Recent analyses of on-farm milk processing opportunities continue to show possible profit potential from two different size operations: 1) very small herds that market a specialty, niche product that consumers differentiate to the extent that price premiums three to four times above conventional products are possible and 2) very large herds that have enough volume to keep per-unit production costs low enough to be price competitive with established brands.

Assessing Market Potential for Unique Farm-Made Specialty Jellies – Formal and informal consumer surveying and product sampling can provide useful information to assist in possible new product launches. A recent informal survey activity first asked participants to rate their likelihood to purchase various unique flavors of farm-made jellies. Then, participants were asked to rate the taste of each jelly flavor. Participants were also asked to rate various possible brand names for the specialty jellies and to rate their likelihood to purchase the products for regular use and as gifts. A careful review of the results of this informal marketing activity can assist with various product and market development planning.