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## Progress Report - *Agricultural Development Center* The University of Tennessee Agricultural Extension Service

"During the past nine months, the ADC faculty and staff have completed nine projects from eight counties. Seven projects from six counties have been accepted and are in progress. Eight additional projects from eight counties have been evaluated. Are we making progress? We hope so, but implementing a successful small business from a concept or study rarely occurs quickly. The future is challenging, but it's always exciting to me to greet a new day and discover what idea the next ADC applicant has that may be a success. We welcome your suggestions and support."

- - - -Ray Humberd

**ADC Is Now On-line:** The ADC is pleased to announce the availability of our Internet home page. Please visit the site at [www.utextension.utk.edu/adc/](http://www.utextension.utk.edu/adc/). Here you will be able to obtain information about the center's projects, programs and services. You will also be able to view information about value-added products that have been developed by Tennessee entrepreneurs which are now on the market. A series of fact sheets are also on-line. In addition, those interested in submitting an application to the ADC can either request an official application form or complete the form on-line at the site. Visit the ADC home page. Tell us what you think!

**Developing Tennessee's Value-Added Industry:** The ADC faculty will participate in regular meetings with the Tennessee Department of Agriculture Division of Marketing to regularly update and plan for the status and direction of Tennessee's value-added agriculture industry. The division of marketing can be reached via their "Pick Tennessee Products" web page at: [www.picktnproducts.state.tn.us](http://www.picktnproducts.state.tn.us).

**Specialty Food Industry Survey:** The ADC is cooperating with Dr. Carol Costello and Dr. Ann Fairhurst of the UT College of Human Ecology in a survey to measure the impact of Tennessee specialty food producers on the state's economy. This study will also identify where those producers are selling their products. Phase two of this research is designed to measure the buying habits and preferences of tourists. The results of this study will provide very useful information for entrepreneurs considering marketing value-added agriculture products to tourists.

**Agribusiness Development Project:** The ADC is cooperating with the Tennessee Department of Agriculture in the planning and implementation of their Agribusiness Development Project; a joint venture with the Sparks Corporation and the UT Institute of Agriculture. This project is designed to conduct state-wide focus groups and commodity research to identify and develop ideal, large-scale, value-added, industry opportunities across the state.

**Tennessee Specialty Foods Association:** The ADC has been cooperating with the Department of Agriculture's Marketing Division to gauge the interest of specialty food producers and marketers in developing and forming a Tennessee Specialty Foods Association (TSFA). An organizational meeting was held in December to elect a board of directors and officers, approve a set of bylaws and plan activities for the coming year. The TSFA will be instrumental in

streamlining the purchase of inputs and marketing efforts of its members and can provide an organized network for technical, financial, political and marketing assistance.

**Agribusiness Workshops:** In cooperation with the Tennessee Department of Agriculture, the ADC is beginning to plan agribusiness and entrepreneur workshops across the state. These workshops will provide potential and existing entrepreneurs with an introduction to value-added marketing, financial and technical concepts, considerations and principles. A series of workshops will be offered across the state during 1999.

**ADC Featured at State and Regional Events - Conducts Consumer Sampling:** The ADC was a featured part of the 1998 "Entrepreneurial Agriculture for the Delta" conference held in Jonesboro, Arkansas in December. Entrepreneurs from the seven-state Delta region learned of many value-added experiences, opportunities and trends. The ADC also contributed to a one-day training session for county agricultural agents in Tennessee. In addition, in conjunction with an educational display featuring the ADC, a product from one project was sampled by some 200 conference participants. Results of the consumer sampling were summarized by the ADC and will be used by the entrepreneur in market development and promotion. Finally, the ADC is involved in a mail survey for two other projects. Consumer interest, preferences and perceptions will be studied for two potential value-added agriculture and forestry enterprises.

### **BELOW IS A BRIEF SUMMARY OF RECENT PROJECT FINDINGS**

**SLAWSA - - The Gourmet Slaw with the Salsa Twist:** Allowing potential consumers the opportunity to sample a new food product and provide comments are effective means of evaluating market acceptance and sales potential. A new, cabbage-based condiment called *SLAWSA* was recently sampled by potential consumers. According to a summary of the comments collected at the sampling, the ADC found that *SLAWSA* will be readily accepted by consumers who are willing to purchase the product once it is available. In addition to technical support to prepare the product for market, the ADC has worked with the entrepreneur in applying for a trademark, locating specialty food brokers and determining how to best position the product, given changes in consumer taste and preferences. *SLAWSA* has been initially introduced in three Chattanooga retail markets and further retail exposure is being sought with a regional Wal-Mart buyer. *SLAWSA* can also be purchased directly from the owner via a specially-designed web site and toll-free telephone number.

**Adding Value to Sweetpotatoes:** The sweetpotato is a good candidate for adding value because such products make excellent use of cull potatoes. However, the sweetpotato's image as a "poor man's food" must be overcome. Repositioning the product and substantial promotion must make consumers aware of the many uses of sweetpotatoes. Educating consumers on the benefits of eating sweetpotatoes, and providing them with tasty recipes and samples of tasty products will also be necessary to increase consumption. While an accurate estimate of the market demand for sweetpotato products is virtually impossible to predict, significant efforts to advertise and promote the products will be necessary. Marketing resources should be focused on developing promotional material, generating publicity and participating in local events. Low profit margins on each value-added product, coupled with relatively low sales prices per unit, will be needed to cover costs. Prior studies indicate an average sales per customer at direct-to-consumer outlets at around \$10. Assuming average start-up and operating costs, a marketing plan designed to target more than 25,000 consumers could be needed.

**Special Recipe Strawberry Preserves:** The total jams, jellies and preserves industry is dominated by a few large companies. Investigations into existing value-added strawberry products reveal a predominately stable/abundant supply. Routine consumption patterns are currently met by the volume and consistent availability of products at the grocery store level. However, there seems to be an indication of limited opportunities in niche markets. Specialty stores appear to still be eager to add eye-appealing, differentiated and home-made products. A strong economy and a more value-oriented (opposed to a price-oriented) consumer may have created a demand for specialty food products, including preserves. The typical jam, jelly and preserve consumer is married, with children between the ages of 6 and 17 years, is between 35 and 44 years of age and has an annual household income in excess of \$40,000. Approximately 80% of all principal shoppers buy jams, jellies or preserves. Most food shoppers have indicated that they perceive preserves as "old-fashioned products that are not up-to-speed with the 90s." On average, households spend \$21.03 annually on a combination of products in the jams, jellies, preserves and other sweets category.