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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"**

## Progress Report 34

October 2006

**Value-Added Moments:** The farmer/entrepreneur videos that were featured at the National Value-Added Conference in Nashville on June 12 & 13 have been posted to Center's Web site at: <http://cpa.utk.edu/Value-AddConf/presentations/index.htm>.

**Center Specialists Present Posters at National Meeting** During the National Meeting and Professional Development Conference of the *National Association of County Agricultural Agents Association* (NACAA), three Specialists from the Center participated in the "poster session" competition.

\* "The Growing Hispanic Population in Tennessee: a Potential Market Opportunity for Farmers and Value-added Entrepreneurs?" by Amanda Ziehl and Megan Bruch

\* "A Snapshot of Tennessee Agritourism" by Megan Bruch and Rob Holland

\* "Working with Farmers...Working With Each Other" by Rob Holland and Megan Bruch

**CPA Specialists Develop Statewide Program Topics for 2007:** Several program "topics" related to value-added agriculture were recently added by CPA Specialists to Extension's database for reporting. Among these were:

- Agritourism
- Cooperative Development
- Direct Marketing Meat & Livestock
- Farmers' Markets
- Value-Added Enterprise Development

**A Message from the Director –**

2006 is proving to be a very busy and productive year for our CPA staff. It is significant that a major portion of our work, aside from client-specific projects is partially or fully supported through grant and contract funding. Center projects completed or on-going in 2006 and supported through grant and contract funds include:

- ▶ Developing Rural Businesses – a USDA Rural Development funded project which provides educational information and technical assistance to farmers and value-added entrepreneurs in 19 rural Tennessee counties near the Upper Cumberland region.
- ▶ Hispanic Market Development – a USDA and Tennessee Department of Agriculture (TDA) funded program aimed at analyzing and developing market opportunities for Tennessee farm products with Tennessee's increasing Hispanic population.
- ▶ Resources and Teaching for Farmers' Markets and Agritourism – a two-pronged project funded by TDA for the development of a "Guide to Considering and Developing Farmers' Markets in Tennessee" and the implementation of various educational programs in agritourism.
- ▶ Agritourism Initiative – a multi-year, interdisciplinary, multi-agency state-wide initiative funded by USDA Rural Development and TDA aimed at marketing agritourism operations to consumers and providing assistance, information and training to existing and considered agritourism ventures.
- ▶ Cooperative Development – a multi-year initiative with funding from the Kentucky Center for Cooperative Development aimed at providing assistance and information to those considering the cooperative form of business organization.
- ▶ Tennessee Veal Advantage – funded by the Tennessee Beef Industry Council and TDA, this project allowed the Center to conduct an initial study of an expanded veal industry in the state.

Grant and contract funding is attracted and sustained through the vigorous, competent, productive and focused efforts of our CPA staff. I congratulate them and thank them for their dedication and excellent work.

Dan Wheeler

Director - Center for Profitable Agriculture

**Cost-Share Workshop Series Completed** As part of the Developing Rural Businesses Program, the Center partnered with TDA to host a series of educational workshops focusing on TDA's Producer Diversification Cost Share Program, which aims to raise farm income in Tennessee. The Center conducted three workshops- Smith County (August 24), Overton County (August 29), and Morgan County (September 7)- and reached a total of 44 producers. The workshop series had three objectives: 1) to increase awareness of the cost share program, 2) educate farmers and producers on details and requirements for the cost share program, and 3) to assist individuals in developing a competitive application. Workshop participants indicated that the workshops were not only educational but also allowed them to develop a stronger application.

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**Outreach teaching** From July through September, Specialists in the Center participated in 16 teaching opportunities in 12 counties to an estimated audience of 590 people. Presentations included “an introduction to marketing and market planning,” “promotion strategies,” “considerations for on-farm milk processing and marketing,” “excellence in customer service” and “the producer diversification cost share program in Tennessee.” In addition, 8 news articles were developed and released and 7 new educational presentations were developed.

**Final Report Submitted for “Hispanic Market Development” Project** From October 2004 to June 2006, the Center was involved with a project funded by the USDA Federal-State Marketing Improvement Program under an agreement with the Tennessee Department of Agriculture. Through this “Hispanic Market Development” project, our specialists developed and completed three objectives for the Hispanic Market Development project. The first objective was to create a profile of the Hispanic consumer market in Tennessee. This objective was accomplished by collecting demographic and psychographic information. The second objective was to determine specific buying behaviors and preferences of Hispanic market owners in Tennessee. The second objective was met by conducting interviews of Hispanic market owners in a pilot area (Bedford County). Data collected during objectives one and two were analyzed and streamlined into an educational publication for use by farmers, agri-entrepreneurs, educators and industry professionals. The final objective was to disseminate the information gleaned from the project. The final objective was accomplished by distributing the educational publication online and across the state, conducting an in-service training for 24 multidisciplinary professionals, and performing 17 various outreach efforts and presentations to various audiences reaching a total of 624 contacts. All educational materials from the “Hispanic Market Development” program are available on the CPA web site at: <<http://cpa.utk.edu/level2/funding/fundingprojects/Hispanicmarketdev.htm>>.

**“Agritourism” and “Farmers’ Markets” Focus of New Grant-Funded Project** – The Center was recently notified that a grant proposal submitted earlier in the year was funded by the Tennessee Department of Agriculture. The project calls for the development and printing of a new UT Extension publication tentatively titled “Guide to Evaluating and Operating a Farmers’ Market in Tennessee,” conducting one round of regional agritourism workshops and co-coordinating and participating in the 2007 agritourism conference. The project is funded through June 2007.

**Dictionary Officially Recognizes the Term Agritourism** – Fewer than 100 new words were added to the Merriam-Webster Collegiate Dictionary in 2006 – agritourism was one of them. Additional information is available at: <<http://cpa.utk.edu/DRB/pdf/files/release26-09-12-06.pdf>>.

**Agritourism Today Newsletter** – The third issue of the “Agritourism Today” newsletter was released in August. The Web-based educational newsletter can be accessed at: <<http://cpa.utk.edu/level2/agri-tourism/newsletter/agritour08-06.pdf>>

## UPDATE ON COMPLETED PROJECTS:

**Farm-Fresh Bottled Milk Marketing** – Successful value-added milk enterprises achieve a balance of critical processing and niche-marketing characteristics. In order to achieve a price premium above store-brands, farm-fresh milk products must be well adapted for and positioned to an identified target market. Farmer controlled milk processing and packaging must involve a manageable volume of input and output and an efficient, low-cost production/processing system. Rarely do successful farm-fresh milk enterprises result from “build it and they will come” marketing efforts – product attributes must be concisely and consistently promoted to consumers from multiple retail locations (both on-farm stores and traditional supermarkets/groceries). Dairy farmers that develop value-added milk enterprises must pay attention to consumer sensitivity to retail prices, on-farm verses supermarket sales, break-even prices and convenient product placement/accessibility to consumers. Farm-fresh milk products must have a well-defined product positioning strategy that is executed in all marketing efforts.

**Rabbit Enterprise Development** – Rabbit production is occasionally considered a possible alternative enterprise for Tennessee farmers. Rabbits can be raised for meat, research stock, hobby/pets or as a pet-food ingredient. While there are some production hurdles such as disease, feed conversion and environmental conditions, production of rabbits is not normally considered a major limitation in the industry. Marketing, however, is a bit more concerning. The size of the US rabbit population and actual marketing data are difficult to determine. The US exports very little rabbit and imported rabbit accounts for more than half of the US consumption. There are more pet rabbits in the US than there are rabbits slaughtered for meat – approximately 55 percent of the total number of rabbits in the US are pets. Different rabbit producers have had very different experiences in the industry. Indications are that success in the industry is often a reflection of perseverance, creativity, low-cost production and unique market developments. Evaluating the potential success of a rabbit enterprise is difficult due to the lack of industry/market data. However, careful study must still be invested in a possible rabbit enterprise.