

Adding Value with Organic and Natural Marketing Niches



An Alternative In The Future Of Family Farming

Presentation at Milan No-Till Field Day 2004
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Organic/Natural, An Alternative Farming Method





Growing Prominence in Public Policy

- USDA Organic Rule, October 21, 2002
 - Throughout food chain, no synthetic inputs...
- USDA Natural standards
 - Prohibits the use of artificial ingredients (including added hormones, antibiotics), coloring or chemicals and require minimal processing.





Federal Support for Organic

- 2002 Farm Act
 - \$15 billion for organic production system research
 - \$5 million for certification cost-share program

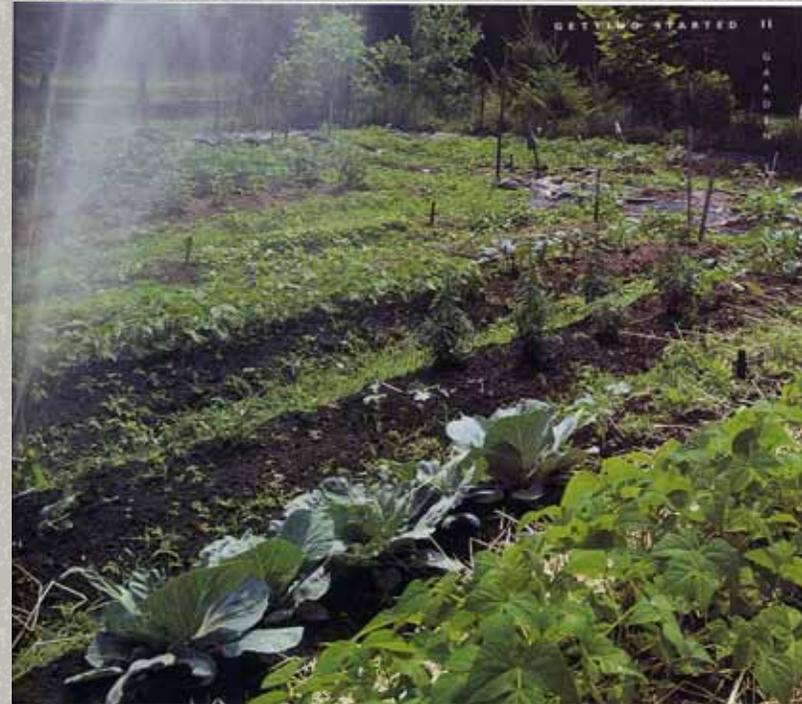


Just want to add some value without going through certification?

- If you sell less than \$5,000 a year in “organic” products, you do not have to be certified and can label your products as “organic.”

The Organic Production System

- Produce food & fiber
- Relies on biological diversity in the field
 - Disrupt pests' habitat
 - Purposeful maintenance & replenishment of soil nutrients
- No synthetic pesticides or fertilizers





Renewed Interest in Alternative Farming: Direct Result of ...

- High energy prices
- High fertilizer costs
- Concerns about
 - Health
 - Pesticide residues
 - Environmental impacts of chemicals



Organic/Natural Market Opportunities Expanding



- Gained foothold in '80s
 - fruits and vegetables
- Expanded in '90s & now
 - All crops and livestock

Source: USDA Economic Research Service data, 1999

Market \$\$\$\$

- Organic, in 5 years
 - From \$3.47 billion
 - To \$7.1 billion
- All-natural & Organic
 - > \$32.7 billion





In Response to Market Demand

- 7,000 (300 in TN)
 - Certified 1.3 million crop acres
 - 1 million pasture acres
- Organic livestock
 - Up 4-fold from 1997
 - To 72,000 in 2001
- Organic broilers
 - ↓Labeling restrictions
 - 38,000 birds in 1997
 - 3 million in 2001
- Additional acreage in All-natural production



Eye-opening Premiums

- Fruits & Vegetables
 - 100% premiums
- Milk
 - 60% premiums
- Grains
 - 50% premiums





A Family Farm's Niche!



- Consumers preferring
 - Taste
 - Quality
 - Nutrition
 - Healthfulness
- Over price
- Niche for organic/natural



A Niche In A Nutshell



Individuals or identifiable groups who have unique tastes and preferences for products that are different from the masses.

Keys to Success



- Find market sufficiently different from mass market to allow:
 - Premium
 - Lower cost
- Large enough to be profitable
- Not large enough for mass production



Marketing Outlets for Organic / Natural Products

- Wholesale
- Direct marketing
- ~ 1/3 organic producers contribute to farm viability with value-added products



Organic Wholesale

- Organic Trade Association
- National Association for the Specialty Food Trade
- Local Harvest
- SEE HANDOUT



Organic/Natural Direct Marketing



- Super/Health Food Stores
 - Whole Foods
 - Wild Oats
 - Turnip Truck, Nashville





Who wants natural?

42% Americans, that's who!

- Beef model: Grass-fed
- Animal stays in TN
- Grass-fed to finish
- Local slaughter
- Various markets
 - Don't compete with conventional animals



Prominent Marketing Outlets



- Pick-Your-Own
- Farmers' Markets
 - Committee
 - Individual
- Liability insurance
 - Selling own products = farming
 - Buying and re-selling = commercial, additional policy

Community Supported Agriculture

- A community of consumers support a local farm by purchasing, in advance, shares of that farm's next harvest



A CSA's Yearly Share...



- 24 weeks
- May – October
- ½ bushel variety of organic food
- \$560.00
- Bonus in the basket
 - Recipes
 - Flowers



Restaurant Supported Agriculture



- Partnership
 - Chef + farmer
- Contracting with the grower
- Farmer's name featured on menus





Sambo, the All-Natural 'mud-puppy' reminds you...



- Opportunities
- Know the laws
- Comply with the rules
- See Resource List

Summary: ...Organic and Natural Niche Marketing



- High-end markets
- Successful with direct marketing
- Diversification keeps consumers happy
- Higher-end with value-added products



Thank you. Questions?



Zantedeschia 'Pink Persuasion'

