

# Value-Added Ag Opportunities for Stone County

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Value-Added is increasing the marketability of an agricultural product or commodity to better suit the needs of the consumer.

- May involve on-farm processing, direct marketing (roadside stands, farmers markets, Internet sales), agritourism, agritainment, niche marketing to restaurants and other service industries.
- If you look at the share of profit over the last 40 years for farm commodities, the post-farm business of processing, distributing and marketing a product has dramatically increased, while the farm share has declined steadily.
- Some believe that value-added on the farm is the only way small farmers and some small agricultural communities will survive in the future. Corporate farms are quickly becoming the norm in agriculture.

## From the Customer's Perspective

- It is customer driven – increases customer appeal
- Attracts customers who believe the product has higher quality, farm fresh, safer, nostalgic and beneficial to local small producers vs. mega-corporations.
- Many want to give their business to local people vs. the big-box stores.

## From the Producer's Perspective

- It gives the producer more control and more opportunity for profit by removing the middle-man.
- Downside: The producer assumes a greater responsibility and risk – Not just production, but processing, marketing and distribution. Along with that comes greater capital investment, labor and skill.
- Not a new idea. Been around for years...Some never stopped. The idea has just come back around to serve an increasing niche market. It gets away from the idea of producing a commodity, taking it to market and just accepting the current market price. You have more control in pricing your product.

## Advantages to Value-Added in Stone County

- Location to population / tourist centers (Springfield; Lakes area; Branson)
- Persons in the area with higher disposable income. (retired persons, Springfield)
- Natural beauty – Opportunity for consumers to see the countryside
- Nostalgia of rural lifestyles is prevalent among many people today.

## Disadvantages to Value-Added in Stone County

- Price of land
- Challenge of securing necessary loans for niche products

## Agritourism

Agritourism is tourism centered around a farm environment. Many people are 2-3 generations removed from the farm and many have fond memories or some past connection to the farm.

Our area is blessed with beautiful Ozark scenery that you don't see in Kansas City, St. Louis or Los Angeles. This has the potential to bring people to our doorstep instead of paying freight and market shelf space to bring a commodity to them. Once they come to the farm the landowner may or may not charge for the experience but may offer farm products, souvenirs, refreshments or other services for sale. This provides a direct marketing opportunity to see products. With the rising cost of gas, day-trips are becoming more popular.

## Tips for Successful Value-Added Marketing

- Start small and grow naturally
  - Test the market before major capital investments are made
  - Try to get all the profit without wholesalers
  - Educate your consumers about your product
  - Farmers markets are a good way to test a product.
- Choose something you and your family enjoy that fits your personality and goals
  - Yes, making money is the goal, but it will fail if you do not enjoy it.
  - Your enthusiasm for your product is part of what makes the business unique.
- Make decisions based on good information and records
  - Know your cost of production, then find ways of lowering it.
- Create a high quality product
  - High volume is not the name of the game...quality is.
  - Capitalize on freshness, taste, cleanliness, reliability. Make it available when the customer wants it...not randomly.
- Follow demand-driven production
  - Let the customer decide what they want from you and learn to fit that mold.
- Capitalize adequately
- Establish a loyal customer base
  - Called "relationship marketing".
  - If you don't enjoy dealing with customers and the public, this is not the business for you.
  - Some marketers provide recipes for their customers and takes time answering questions, giving them samples to try.
  - A business is not only marketing a product, but you and your personality.
  - Give special gifts for loyal customers at the end of the season.
- Plan for the future
- Evaluate continuously
  - Stop and evaluate