



North Central Initiative for Small Farm Profitability

Spring 2002

This newsletter is designed to keep members of the producer clusters and other initiative partners updated on the initiative's efforts to increase small farm profitability through market-driven research, outreach and education. If you know of someone else who might like to receive a copy of this newsletter or if you have any questions about the information presented here, contact Ken Wurdeman, the initiative coordinator, at kwurdeman2@unl.edu or call 402-472-0807.

Market Research Report: Consumers Interested in Buying Locally-Grown Food

A survey of 500 households in Iowa, Missouri, Nebraska and Wisconsin shows consumers are very supportive of buying locally grown or produced foods. That's one of the conclusions of a new market research report, "Attracting Consumers With Locally Grown Products," conducted for the North Central Initiative for Small Farm Profitability.

The purpose of the survey was to estimate the size of the current and potential market for locally grown food and to determine the characteristics that surround this market. These market characteristics can help producers determine why buyers would purchase locally grown food, which locally grown products they presently or will potentially buy, the price they are willing to pay, and where these buyers currently purchase or would like to purchase locally grown food.

For instance, using the survey results and Census data, the authors of the report project that 2.5 million households in the four states are very or extremely interested in buying free-range chickens/pastured poultry, if available.

The survey also gauges consumer interest in buying organic and all-natural products and locally-produced pork and beef.

A common misconception among producers and others is that price is the ultimate determinant of whether or not consumers will purchase a product. The survey shows this is not necessarily true when it comes to locally grown food. For example, in response to several questions about their meat purchasing habits, the consumers surveyed ranked price as the seventh most important attribute. Food safety, quality of meat, USDA inspection, tenderness, juiciness and farm fresh taste all ranked ahead of price. This is where advertising, marketing and product sampling can play a critical role in your product's success. It also means food safety is a critical component of your selling efforts.

The survey, conducted by the University of Nebraska's Food Processing Center, has a standard error range of +/- 4.4 percent. The entire survey is available on the Initiative's website at www.farmprofitability.org. The report also will be the subject of several direct marketing workshops that are detailed later in this newsletter.

Additional Market Research Reports: Specialty Cheese, Craft Breweries

Two additional market research reports are also available on the www.farmprofitability.org website. They are "The Specialty Cheese Market" (discussed in a previous newsletter) and "Supplying Craft Breweries With Locally Produced Ingredients" (which will be featured in a future newsletter).

Direct Marketing Workshops Available to Cluster Members

Dissemination of research results is a key part of the North Central Initiative for Small Farm Profitability, and cluster members in Iowa, Missouri, Nebraska and Wisconsin have access to a series of marketing workshops presented by staff of the University of Nebraska-Lincoln Food Processing Center.

The workshops include details on market research reports on specialty cheese, supplying craft breweries with locally produced ingredients, and consumer interest in buying locally grown food. Other topics include creation of value through marketing and how to do your own market research.

The UNL Food Processing Center offers a range of business development capabilities in market research, product costing, market testing and business venture development. The Center also provides a combination of technical and business assistance to the food industry.

Contact your state cluster coordinator (listed at the end of this newsletter) to schedule these workshops in your state.

Cluster Focus: Southeast Iowa Nut Growers

This cluster is focusing on producing and marketing high-value tree crops, with a major emphasis on chestnuts and a minor emphasis on other nut crops, as well as persimmon and paw paw. Members have already planted about 60 acres of chestnuts.

With the help of Practical Farmers of Iowa via the North Central Initiative for Small Farm Profitability, the Southeast Iowa Nut Growers recently received a \$6,042 specialty crop grant from the State of Iowa. The money will be used for the first stage of a market research and processing study of chestnuts in the Midwest. The University of Nebraska Food Processing Center, another Initiative partner, will assist with the market research and processing study. The North Central Initiative Board recently voted to provide additional funding for the cluster's chestnut market research.

Tom Wahl of Wapello, Iowa, is one of the Southeast Iowa Nut Growers cluster members. During a recent presentation, Wahl discussed the value of raising Chinese chestnuts (*Castanea mollissima*), the blight resistant relative of the American chestnut. While it may take some effort to get the trees established, the crop tends to be low maintenance after that, Wahl said, and one person can harvest 10 acres of nuts by hand.

Chestnuts may begin bearing as early as three years after planting. At maturity, they can produce up to 2,000 to 4,000 pounds per acre, and wholesale for \$2 - \$3 per pound. Chestnuts are in very high demand worldwide and in the United States, according to Wahl. Most of the chestnuts consumed in the U.S. are imported.

The goals of the group's marketing research are to:

- Determine the level of interest in various forms of chestnuts and chestnut products for use as ingredients, especially in upscale restaurants.
- Provide farmers with general information on the current regional and national markets for chestnuts.
- Collect existing chestnut product and pricing information, if available.
- Disseminate information to interested farmers on how to plant, maintain, produce, harvest, and market chestnuts.

For more information, you can checkout Wahl's website at www.redfernfarm.com, or contact Rick Hartmann at Practical Farmers of Iowa at 515-232-5661 or rick@isunet.net.

Cluster Survey Results

One component of the North Central Initiative for Small Farm Profitability is effective evaluation. As part of this evaluation, more than 300 surveys were sent to cluster members in the four states. The response rate was 33 percent. Here are some of the survey results:

- The typical cluster member is 47 years old and has 20 years of experience in agriculture.
- The average cluster member purchases 90 percent of his or her farm's inputs locally.
- The average cluster size is 10 members.
- Only 21 percent of the cluster members felt that their cluster had adequate marketing information.
- The vast majority of cluster members, 77 percent, consider their niche or value-added target market to be their local market, while 50 percent target the regional market and 25 percent target nationally.

Complete cluster survey results are available at www.farmprofitability.org. For more information, contact Kara Heideman at the University of Nebraska-Lincoln's Center for Applied Rural Innovation at 402-472-1790.

Pasture-Based Research

Livestock continue to be a mainstay of agriculture in the North Central region of the United States. Pasture-based animal production systems are potentially sustainable. Pasture-based meats have health-friendly characteristics including increased leanness and increased conjugated linoleic and Omega-3 fatty acids.

However, a major constraint to pasture-based beef and dairy production systems is the variation in the animal performance among farms and regions, resulting in variability in the amount and quality of beef and milk.

As part of the North Central Initiative for Small Farm Profitability, scientists at the University of Missouri are attempting to collect performance data from pasture-based beef farms to determine the effect of ambient temperature and humidity on performance. This data will then lead to improved recommendations to help alleviate the problems of heat stress in pasture-based systems.

Dr. Fred Martz is working with producers in Spring Green, Wisconsin; Lyons, Nebraska; Centralia and Columbia, Missouri; and Springdale, Arkansas, on this research. Temperature and humidity are being recorded, pasture samples collected and analyzed, and animals weighed, to determine how temperature and humidity impact performance.

If significant environmental effects are found, corrective measures in the production systems can be recommended, such as portable shade, night grazing, using different forage species or different breeds of cattle. For more information on this research, contact Dr. Martz at 573-882-6476 or martzf@missouri.edu.

Cluster Coordinators

Iowa: Rick Hartmann, Practical Farmers of Iowa, 300 Main Street, Suite 1, Ames, IA, 50010. Phone: 515-232-5661. E-mail: rick@isunet.net.

Missouri: Mary Hendrickson, University of Missouri, 106 Sociology, Columbia, MO, 65211-1100. Telephone: 573-882-7463. E-mail: hendricksonm@missouri.edu.

Nebraska: Wyatt Fraas, Center for Rural Affairs, P.O. Box 736, Hartington, NE, 68734. Telephone: 402-254-6893. E-mail: wyattf@cfra.org.

Wisconsin: Greg Lawless, University of Wisconsin, Taylor Hall, Henry 229, Madison, WI, 53706. Telephone: 608-265-2903. E-mail: lawless@aae.wisc.edu.