

New Markets Identification & Development Committee

[Summary of Goals by LG]

Definitional overview:

New markets being entered by individual producers (new crop/commodity being produced, new buyer)

New markets for Kentucky (new products being sold, existing products sold for new uses, new buyers)

New markets segmentation (increased differentiation or value added production)

Goal 1

Increase the amount of research addressing new market opportunities for Kentucky farmers

Actions

Encourage and support new markets research that is summarized and analyzed for their implications for production and sales. This research should build our understanding of pricing mechanisms and market specification.

This research should address these issues at a minimum

- Specific markets
- Specific products
- Open-ended markets (value chains)
- International exports
- Domestic sales to buyers outside of KY
- Increasing sales of KY products to KY buyers
- Analysis of competitiveness
- Best management and marketing practices

For these commodities at a minimum:

- Wood products
- Goats
- Equine
- Mushrooms
- Honey
- Vegetables
- Sorghum
- Biofuels
- Agri-tourism

Increase the purchasing of KY agricultural products and commodities by Kentucky institutions (e.g., schools, hospitals, jails)

Continue and expand support for diversification through value added production by:

- Insuring access to adequate infrastructure
- Increase producers' knowledge of diversification opportunities
- Increasing wholesale and retail buyers' knowledge of value-added products
- Provide more opportunities for producers to develop the business skills and knowledge to allow them to succeed through partnerships with SBDC and others. For example, offer courses related to regulatory requirements and networking

Expand the marketing of KY ag products (both commodities and value-added products) beyond our borders as measured by volume and/or dollar value

NEW MARKET IDENTIFICATION & DEVELOPMENT

NOTES FROM July 11, 2012

DEFINITIONAL ISSUES

Need to clarify and focus on:

- “New Market” identification
- “Market Development” (e.g. existing products)
- “Market Segmentation” (e.g. different strategies for different opportunities)

RESEARCH COMPONENT IS NEEDED

- Specific Markets
- Specific Products
- Open-ended Markets
- Kentucky-focused Markets / Market Development Opportunities
- Externally-focused Markets / Market Development Opportunities
- International Markets / Market Development Opportunities
- Competitors & Best Practices by Nearby States

INDUSTRY / PRODUCT-SPECIFIC TRACK (for future Goals / Actions)

Examples:

- Forestry / Wood Products
- Equine Industry
- Vegetables & Horticulture
- Goats & Sheep
- Mushrooms
- Sorghum
- Honey
- BioFuels and BioMass
- Agri-tourism
- ETC.

Illustrative issues to address: Forestry industry lacks an effective pricing mechanism / good information about prices (in contrast to traditional commodity groups). Equine industry also has similar issues on lack of market information regarding pricing. Representatives of these industries would like to see efforts made to address these issues.

NOTE: Primary focus (and membership) of Committee was on “niche” products, not on the traditional / major commodities. However, expansion of markets for commodity products is included in the scope of this topic.

PROGRAMMATIC TRACK (for future Goals / Actions)

Goals should emphasize continued support for:

- Diversification
- Value-added Products
- Infrastructure to support diversification & value-added product development

Goals should include ways to increase education of PRODUCERS, strengthen their knowledge of:

CONSUMER PREFERENCES / NEEDS

BUYERS (e.g. aggregators, wholesalers, middlemen, retailers and related)

Examples:

- How to promote your product
- How to brand
- How to meet needs for consistency
- Etc.

BIG IDEA #1: Focus on Business Skills Development for Producers

Create an "Ag Partnership Business Center"

Illustrative Services:

- Classes
- Networking
- Technical Assistance
- Regulatory Information
- Promote / education about "collaborative models"

"KCARD on Steroids"

- Concept has similarities to KCARD services but KCARD only helps one-by-one and later in the process after an entrepreneurial or market idea already is being developed. This approach would provide education / programs / service earlier "up-stream".

Possible Approaches:

Many of these services already are provided in some form through one or more existing agencies / sources, but they may not be brought together and delivered as effectively as possible for producers. All relevant organizations currently providing some or all of these services would be invited to work on a "consortium" approach to identifying service needs and best practice delivery mechanisms.

BIG IDEA #2: Focus on International Trade Opportunities

Illustrative Goals:

“Expand exports of Kentucky products by X volume and/or Y dollar value”

Potentially a 20% goal ?????

- All commodities and product areas
- All value-added items

Need to define “export” as it relates to different products / opportunities. (E.g. is it always “international” or does it mean just “out of state”? Canada or Mexico / Central America – e.g. by truck – versus further away)

Discussion Highlights: New Market Identification & Development

Ky Ag Council Strategic Planning Task Force
Hopkinsville Meeting – May 30, 2012

Participants: Will Snell, Ginny Grulke, Mark Haney, Debbie Reed, Tod Griffin, Gary Palmer
[Steven Spalding, recorder]

There was recognition that this topic may overlap with the discussion group on Economics of Agriculture, but should nonetheless stand on its own.

Loss of tobacco markets is a primary driver behind the need for new markets.

There is a huge “local farms” emphasis, vs., “Big Picture” view of How To Produce 70% More Food To Feed The World. Despite the need to feed the whole world, there remains opposition / resistance in Kentucky to trying to improve farm family income via innovating techniques at the level of the individual farm, and/or to focus on a “Retail” approach.

There are going to be fewer farmers in the future, as a result.

“Value-added” agriculture received too few votes in the process . . . it should be an issue focused on by this committee.

Personal story: sons who have done Farmers Markets for 3 years, but need small batch process to help them deal with surplus product.

Schools are doing some of this . . . growing stuff in summer and processing to use during the school year. Differences between regions: Jackson County has a food processing center but it’s not fully utilized, whereas one in Woodford County is maxed out.

Traveling from coast to coast you can see a trend to strengthening the capability for direct farm-to-consumer retailing: every farm in New England is selling something retail, some are very innovative. However, in Kentucky everyone thinks you have to do cattle, corn or soybeans.

A small number of farms always will produce the most output. But of the 80,000 “farmers” in Kentucky there is a lot more opportunity for diversification, offering more things to the public. Everyone is selling sweet corn, but as you drive farther down the road from main highways the price keep dropping – there would be opportunities for someone to sell at a higher price if it was already cooked.

There is an opportunity to see the “Farm Lifestyle” in Kentucky. People need to see / experience the “whole package” – they need other things to do when they travel through the state. The Lakes are good, so is Natural Bridge, but Farms could add other experiences for travelers.

Note was made of the Farm Bureau’s Roadside Markets program (106 locations registered). We need to tell a positive story.

When people come for farm visits to buy one thing, we need to find other things to sell that people want to eat.

Kentucky's "brand" and strength in Equine can be part of this. Farms are not just "food, food, food". There is a completely different "value-added" cycle for horses than for other farm outputs. You can take a young horse and add value by training it. Thoroughbreds are only 20% of the equine population in the state -- the non-thoroughbred share is increasing. People are not just raising horses here but BRINGING horses to the state, e.g. to show, for trail riding. Trail riders need amenities (animal supplies and equipment, human food, hotels, etc.).

We also should broaden the discussion to go beyond "food" to other agricultural outputs such as Forestry.

We also should include in our discussion the concept of ENTREPRENEURSHIP, the creativity and process to develop new products or services. This can add to the economic engine of each county.

We must not lose sight of the goal of strengthening "Rural Farm Incomes". Also, we should consider how we promote the BRAND of "Kentucky Products".

Exporting is another avenue to pursue: horses, bourbon, wood all are being exported currently but what else can we export? A study for GOAP is looking at this. How do we promote Kentucky's "Market Basket"?

We also need to look harder at what can we sell WITHIN the state. We haven't shown Kentucky-based groceries that we can produce consistent supplies and qualities of vegetables, for instance.

