

SOUTHERN RISK MANAGEMENT EDUCATION CENTER

2012-Funded Project Final Report*



DIVISION OF AGRICULTURE
RESEARCH & EXTENSION

University of Arkansas System

TEXAS

Direct and Intermediated Marketing of Local Foods to Enhance Profitability of Small Producers

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Project Introduction

Expended Amount: \$41,832

This comprehensive direct marketing educational program involved a results-oriented framework to improve profitability of small growers in Texas. The first phase targeted producers with an interest in direct marketing. A strategic marketing approach was delivered to consumers to establish and use the concept of product differentiation. The second phase introduced MarketMaker, a free online tool that helps producers connect with consumers. Training was done to help producers understand the tools and opportunities available. Lastly, we used Kentucky's MarketReady program, which has been successfully implemented in several states. Educational materials were developed in five face-to-face educational programs around the state. A major emphasis was given to small and under-served producers.

Project Participants

Participants of this project included small and new farmers looking for alternative markets to sell their products. One of the main problems for small farmers is finding a steady market to sell their products. Direct marketing outlets provide a means for farmers to connect with consumers and sell their products even with low volumes of production. Direct

marketing channels provide smaller producers with a venue to diversify their marketing strategies and get a greater share of their retail dollar to increase profits. However, even with the substantial increase in direct marketing and local food movement, it is still a very small portion of the total food sector. In order for small farmers to continue to be sustainable economically, it is essential that they participate in other direct and intermediated channels, including restaurants and other specialized retail and food stores. We recognize there is a gap between the expectations of some of these specialized buyers and the ability of small farmers to consistently provide those products and services. We provided a comprehensive program addressing the market development risks and relationships small farmers and ranchers must manage as they seek to develop supplier relationships with restaurants, grocery, wholesale and foodservice buyers.

Project Area

The project was delivered in several parts of Texas. There were five in-person, one-day workshops delivered using the MarketReady program. The workshops were in Fort Bend, Weslaco, Austin, Dallas-Fort Worth, and a second program in Austin. In addition, other MarketMaker and direct marketing programs were delivered throughout the State of Texas. There are plans to deliver an electronic-based webinar to expand the reach of the project.

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Project Outcomes

Overall there were 159 producers reached. A total of 73 completed the MarketReady training in one of the five face-to-face workshops. Participants had a high level of satisfaction with the program (4.38/5), facilities (4.51/5) and speaker (4.44/5). It is worth noting that the second Austin meeting, with 14 participants, had a (5/5) rating for the speaker.

Increase in knowledge from participating in the programs ranged from 26% to 81%, with an average knowledge gain of 42%. About 52% of participants planned to implement the practices learned during the seminar. Finally, there were economic benefits, in terms of profits or cost savings, estimated at \$370,000. With expenditures of \$42,011, there was a return of almost \$9 in terms of economic benefits to producers for every \$1 invested by the SRMEC.

Quotes

“I expect that we will increase outreach/income as a result of this program.”

Weslaco grower

“I anticipate an increase in profits. We have a small egg production facility.”

Austin participant

“The resources passed on to class participants to use/research are fantastic. I look forward to utilizing them.”

Austin producer

“I anticipate benefits.”

Austin producer

“Your program was certainly a highlight of my month! Thanks again for coming up. The program was great and I learned a great deal that I can share with those producers who weren't fortunate enough to attend.”

Laura Miller, County Extension Agent
Commercial Horticulture
Texas A&M AgriLife Extension Service

Project Success Story

“I attended your April workshop on MarketReady last April in Tarrant County. I'm working on designing a multi-year small farm and value added processing entrepreneurship development program for North Texas. The incubator location for the small farm entrepreneur development program will likely be in SE Fort Worth and connected to a community development project being promoted by the Fort Worth Housing Authority (Cavile Place). They would like to increase the quantity of local food available for community residents and have plenty of vacant land available for urban agriculture. We intend to use MarketReady as one of the foundation components for the program.”

Douglas Morrison
Diamond Ventures

*Sandra Martini, H. L. Goodwin and Ronald L. Rainey, Grant Coordinator and Co-Directors, respectively, of the Southern Risk Management Education Center, serve as editors of this report series. To learn more about risk management education programs and resources, visit the Southern Center web site (<http://srmec.uark.edu>) or the Extension Risk Management Education Program link (www.extensionrme.org).

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