

Value Added in Marketing- An Introduction

John M. O'Sullivan
Farm Management & Marketing Specialist
Cooperative Extension Program
NCA&TSU

Wise marketers realize that money is made by meeting customers' wants. From a farm point of view that means not necessarily selling what you know how to grow or what you like to grow. It makes sense to move beyond just selling commodities to adding services and experiences to the package. This may start with direct marketing itself, since that offers the farmer the opportunity to sell "local value" and "farm fresh". It offers the customer the opportunity of, and the experience of, meeting and talking with people who grow their food.

Value added can move up the food market chain a bit by adding processing and packaging to capture additional customer dollars. This might be as simple as offering a salad mix rather than just lettuce. Or it might mean making a sauce or pickles. Adding value may meet the customers' desire for convenience by saving them time, or offering them "Grandma's secret recipe". Meat and meat products might offer a ready way to offer customers products from livestock enterprises.

When we offer the convenience or processed products we move out of the simple "farm production" model into "food processing". In these cases there are many regulations and requirements to be met so as to address food safety concerns. Licenses, inspections, minimum guidelines of how and where foodstuffs must be handled, processed, stored and transported may kick in.

The first rule is to check out the situation first. Find out who are the relevant state or local officials to ask. At the state level, they may be found in the Department of Agriculture and Consumers Services or the Health Department. At the local level it may be Health officials. Plan steps to address the requirements of the laws. While this might seem like more trouble than it is worth (and a good business and marketing plan should answer these sorts of questions for you before you get too far into it), it should be recognized that there may be significant economic reasons to proceed with a plan to develop the "Value Added" aspects of your business. Build a planning team that includes an accountant, legal tax and insurance advisors as you pursue such a business venture. It is quite a jump from simple farm production.

References:

- Corum, V., Rosenzweig, M., and E. Gibson. (2001)*The New Farmers' Market*. New World Publishing, Auburn CA.
- Gibson, E.(1994). *Sell what you sow!*. New World Publishing, Auburn CA.
- Hamilton, N. (1999). *The Legal Guide to Direct Farm Marketing*. Drake University Agricultural Law Center, Des Moines IA
- Websites of the Department of Agriculture in British Columbia, the Universities of Arizona, Missouri and Ohio offer many suggestions. ATTRA also is an important resource.