



Direct Marketing Opportunities and USDA Beginning Farmers Programs

Jim Barham, Agricultural Economist
Farmers Market & Direct Marketing
Research Branch
Marketing Services Division
USDA Agricultural Marketing Service (AMS)

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Presentation Overview

USDA/AMS Marketing Services Division

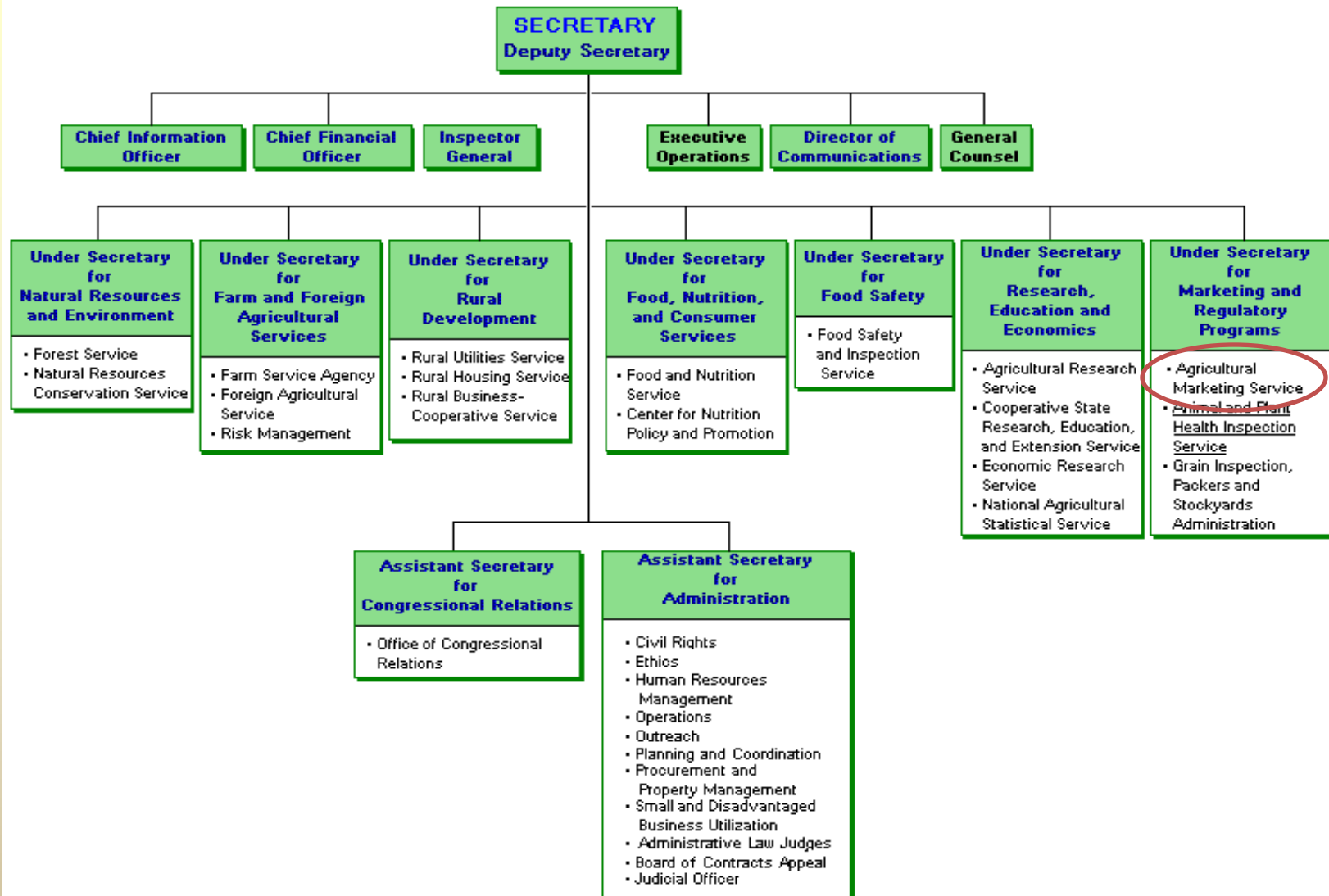
- Where are we?
- Who are we?
- What do we do?
- How do beginning farmers benefit from our services?

Direct Marketing Resources

- USDA funding and initiatives
- Direct marketing opportunities
- Direct marketing resources

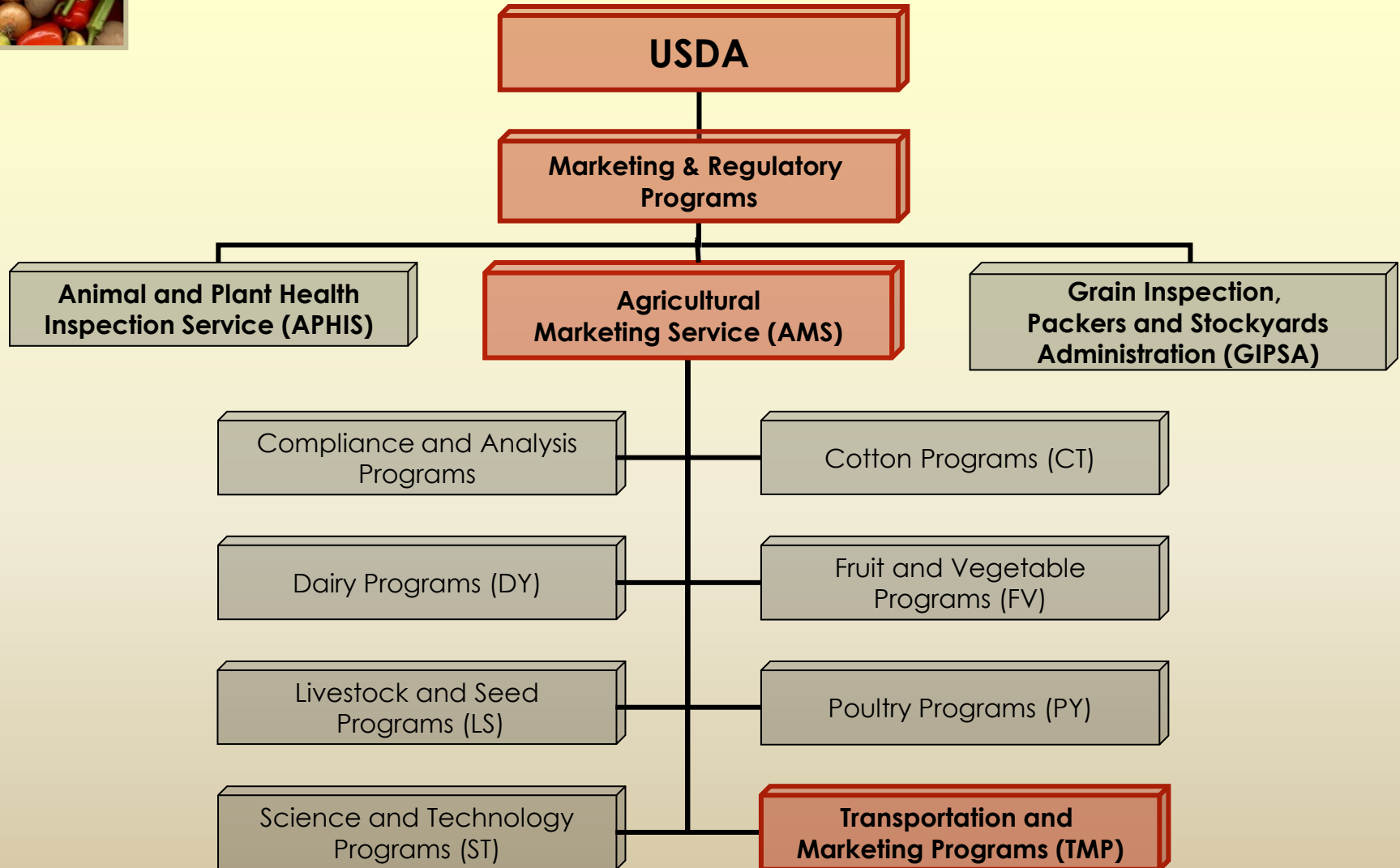
Where are we?

UNITED STATES DEPARTMENT OF AGRICULTURE



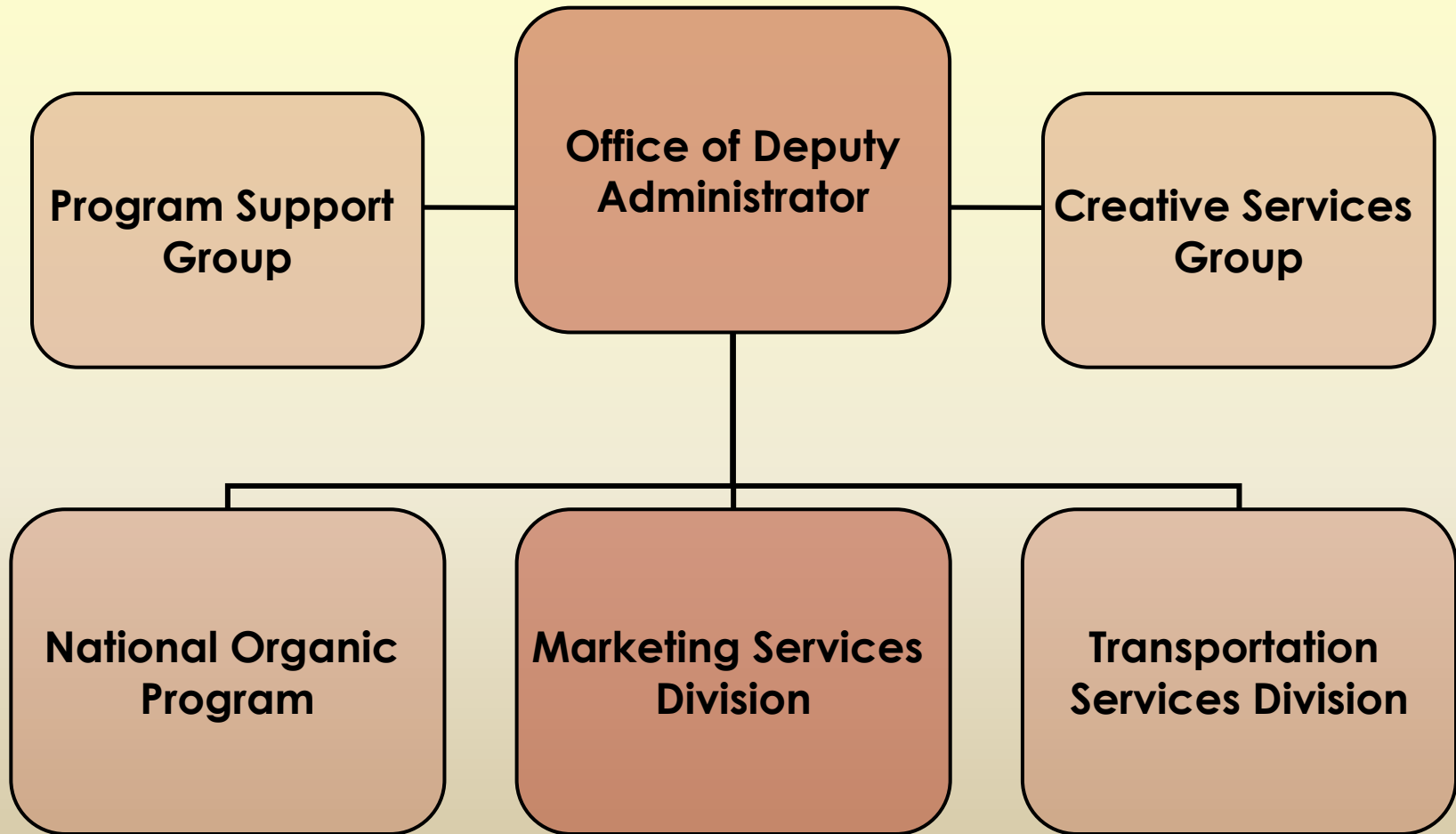


USDA Marketing & Regulatory Programs



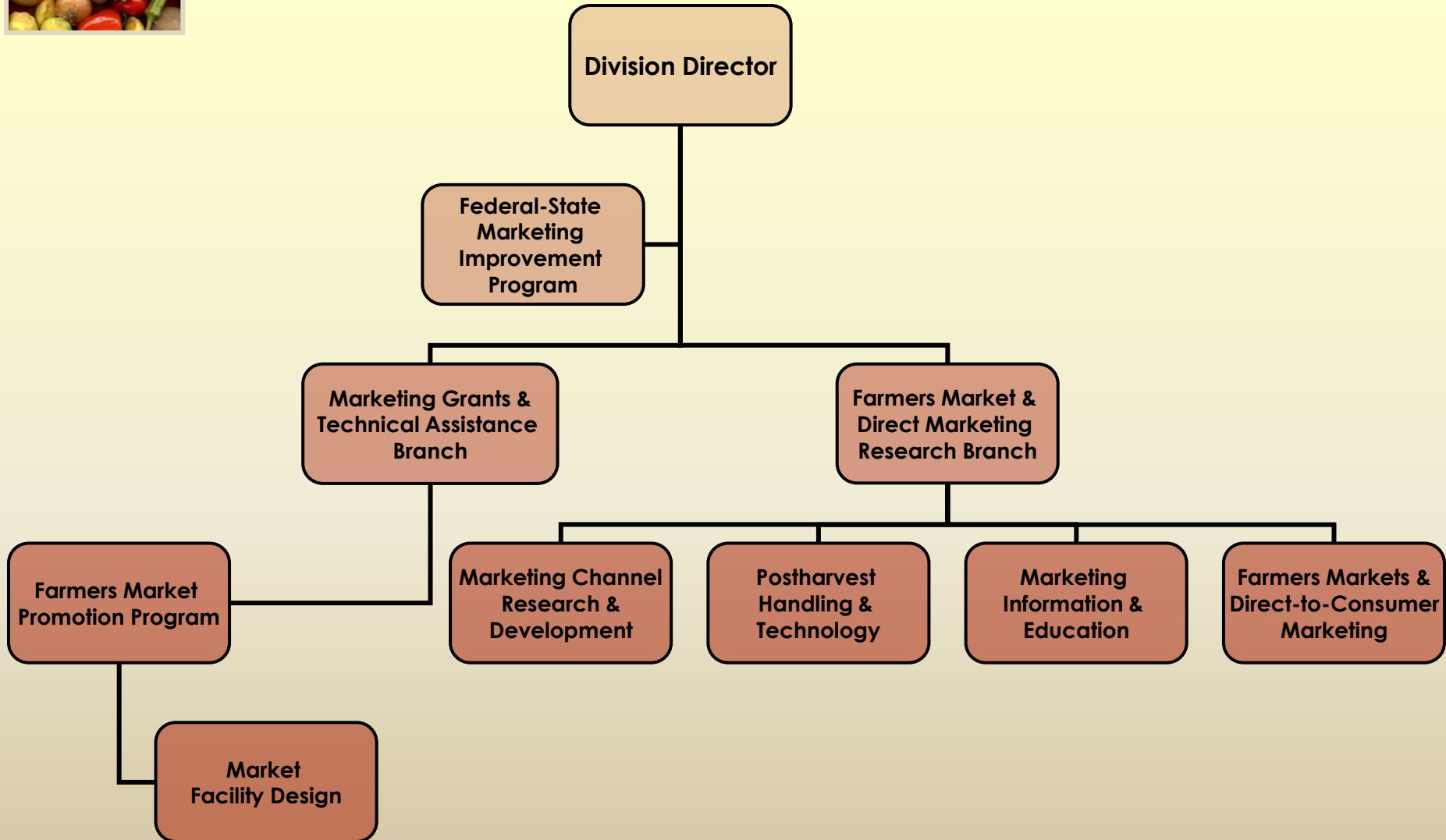


Transportation & Marketing Programs





Marketing Services Division (MSD)





MSD Program Goals

- Enhance grower opportunities to **sell directly or more directly to interested food buyers**, and obtain a greater share of the consumer food dollar
- Help smaller-scale farmers **identify viable marketing opportunities outside traditional marketing channels** (e.g., supermarket distribution centers, terminal markets)
- **Policy mandated by authorizing legislation**
 - Agricultural Marketing Act of 1946
 - Farmer-to-Consumer Direct Marketing Act of 1976



MSD Services and Resources

- Provide **financial support** to promising demonstration projects and technical assistance initiatives in direct farm marketing (through competitive grants)
- Conduct **baseline research** on emerging marketing opportunities
- Provide **direct technical assistance** to market planners and managers on design issues and consumer demographics



MSD Services and Resources

- **Share lessons learned** with a broad national or regional audience through publications and workshops

- **Maintain websites** with relevant marketing information and research reports
 - **MSD home page:**
www.ams.usda.gov/wholesalefarmersmarkets

 - **National Farmers Market Directory**
<http://apps.ams.usda.gov/FarmersMarkets/>



MSD Staff

- **16 employees, 14 professional staff**
- Includes **Director of Marketing Services**, plus:
 - **1 architect**
 - **2 engineers**
 - **3 economists**
 - **4 agricultural marketing specialists**
 - **2 branch chiefs/supervisory agricultural marketing specialists**
- Multi-disciplinary backgrounds (ecology, geography, agricultural economics, agricultural engineering) **allows us to take interdisciplinary “systems approach”** in examining food supply chain practices and needs



MSD Farm Marketing Research: Some Recent Accomplishments

Supply Chain Basics: A *series of primers* designed to help smaller-scale food producers and processors understand the implications of retail supply chain management on their business operations



Dynamics of Change in the U.S. Food Marketing Environment

This report addresses **two major trends** that are changing retail food marketing:

- 1) **product differentiation** as a marketing strategy and,
- 2) a shift towards **vertical coordination** between food suppliers and retail buyers

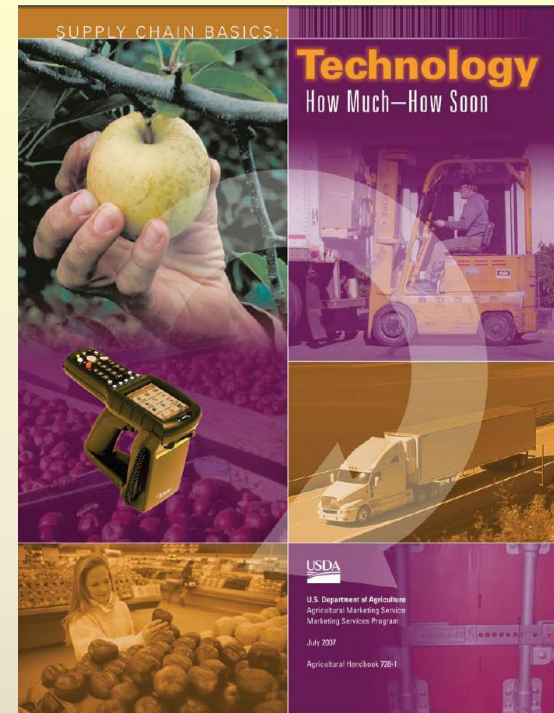


MSD Farm Marketing Research: Some Recent Accomplishments

Technology: How Much—How Soon?

Advises smaller-scale growers on **how to become an integral part of synchronized data systems** that can satisfy retail demand for precise inventory management.

Includes an overview of **barcode and RFID adoption** costs, benefits and constraints.



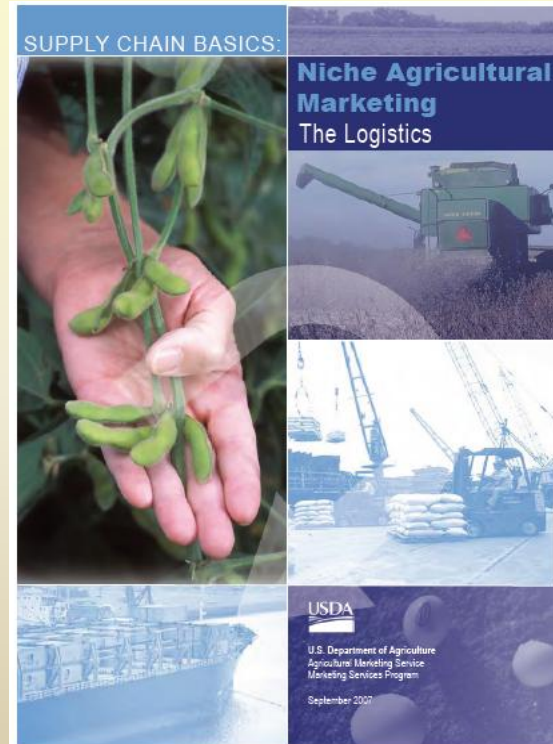


MSD Farm Marketing Research: Some Recent Accomplishments

Niche Agricultural Marketing—The Logistics (in partnership with North Dakota State University)

This report (web-based only) **provides an overview of the special logistical requirements that differentiated farm products can require** by sharing three case studies on:

- **Food-grade soybeans** headed for Japan
- **Organic potatoes** destined for the domestic market, and
- **GMO-free dehydrated potatoes** headed for Asia





Ongoing Research Efforts: Some Examples

Distribution Channel Options for Small-Scale Producers



- **Seeks to identify best practices and the relative effectiveness** of various direct distribution models in improving the economic welfare of small-scale and limited-resource producers
- **Focuses on nine distribution models** at various stages of maturity with different management structures and organizational missions

Distribution Model Case Studies

Stages of Development Distribution Model	Start-up/Nascent	Developing/Emerging	Mature/Developed
Retail Driven		<i>La Montanita, NM</i>	<i>The Wedge/Coop Partners, MN</i>
Non-profit Driven	<i>MFA/Big River Foods, MN</i>	<i>CAFF/Growers Collaborative, CA</i>	<i>Red Tomato, MA</i> <i>Appalachian Sustainable Development, VA</i>
Producer Driven	<i>Browse & Grass Association, WI</i>		<i>New N. Florida Cooperative, FL</i>
Consumer Driven (e.g., Buying Clubs)		<i>Oklahoma Food Cooperative, OK</i>	



Ongoing Research Activities

What Drives Farmers Market Success in Lower and Mixed-Income Neighborhoods?



- Cooperative research project with the NYC Greenmarket system that **profiles consumer demographics, product assortment, pricing strategies and management practices** of several farmers markets sites operating in lower and mixed-income neighborhoods of NYC.
- **Attempts to identify reasons for variation in farmers market performance and success**



MSD Marketing Grant Programs

The **Farmers Market Promotion Program (FMPP)** is a competitive grant program designed to assist eligible entities in improving and expanding domestic:

- **Farmers markets**
 - **Roadside stands**
 - **Community-supported agriculture programs**
 - **Agritourism activities**
 - **Other direct marketing opportunities**
-
- Originally authorized in the **2002 Farm Bill**
 - **Funded for the first time in FY 2006 (\$1 million)**



Eligible Entities for FMPP

- **Agricultural cooperatives, producer networks, and producer associations**
- **Local governments**
- **Non-profit corporations**
- **Public benefit and economic development corporations**
- **Regional farmers market authorities**
- **Tribal governments**



FY 2010 FMPP Program Cycle

- **FY 2009 & 2010 = \$5 million/yr**
- **FY 2011 & 2012 = \$10 million/yr**
- **Notice of Funding Availability (NOFA)** to be published sometime in **February 2010**
- **Grant announcements** to be made sometime in **August/September 2010**
- **Home page for information:** www.ams.usda.gov/FMPP



Other USDA Resources

Building Sustainable Places Guide:

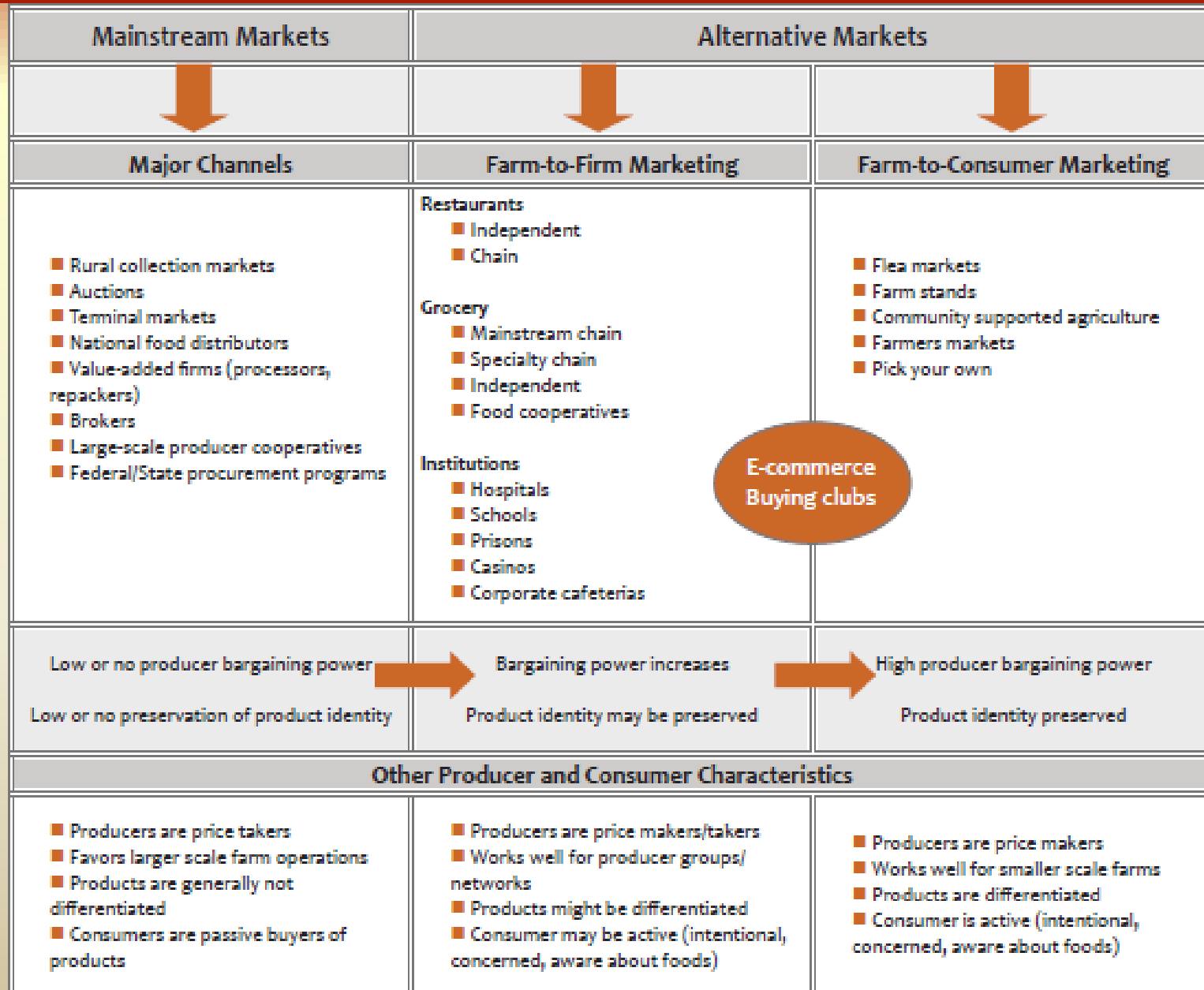
- Federal Programs for Sustainable Agriculture, Forestry, Conservation and Community Development
www.attra.ncat.org/guide
- See handout for relevant grants/loans for young and beginning farmers/ranchers



USDA's "Know Your Farmer, Know Your Food" Initiative

- USDA-wide effort to create new economic opportunities by better connecting consumers with local producers, and to continue the national conversation about developing local and regional food systems. www.usda.gov/knowyourfarmer

Market Options for Agricultural Producers





Marketing Resources and Guides

IN HANDOUT:

- **Advantages and Disadvantages** of various farm-to-firm and farm-to-consumer market channels.
- Websites with **Good Marketing Resources**
- Links to **Good Marketing Guides**
- **Golden Rules of Marketing**

“Produce for the market rather than trying to market what you produce”



For Further Information on AMS Marketing Services

- **MSD homepage:**
www.ams.usda.gov/WholesaleFarmersMarkets
- **MSD publications/resources:**
www.ams.usda.gov/MarketingServicesPublications
- **FMPP website:**
www.ams.usda.gov/FMPP

Or feel free to contact me at:

- **E-mail:** James.Barham@ams.usda.gov
- **Phone:** 202-690-4077