



Market-Fresh

Growers Embrace Value-Added Products, Niche-Marketing, and Direct Marketing

Dawn Thilmany (pictured, left), associate professor of agricultural and resource economics at Colorado State University, is dedicated to taking a fresh look at marketing foods. Thilmany grew up on a big but financially struggling farm in Iowa. There, she learned a model of agriculture where the producer didn't have much control over marketing. "But there are other models," she says. "Growers can choose to take control over their destiny by investing more in marketing." Her research and Extension activities show that there is more than one way to market food.

Thilmany stresses that the traditional, big business model of agriculture is not bad in itself, but it's always good to have choice. She feels that her work can help small producers gain access to markets. "It's become a pretty concentrated agricultural industry in the United States, and if you're not a big producer, it can be difficult getting into certain wholesale markets," Thilmany says. "If we can do research that investigates how to gain access to different markets, what share of the market wants to buy products differentiated in a certain manner, and what kind of premium consumers are willing to pay for the product, growers can determine whether they will pay to invest in new enterprises or change current enterprises to include different production practices." Some of the practices that growers might choose to invest in include processed value-added products, niche-marketing, and direct marketing.

Most people think of value-added products as an actual change in the product, such as turning apples into apple juice,

but Thilmany points out that a value-added product can be anything that is done to a product that increases its market value. For instance, getting an eco-label or organic designation on a product or having a product labeled as Colorado-grown might increase its value.

With niche marketing, the grower capitalizes on the unique aspects of a product to appeal directly to certain consumers. Probably the dominant niche-market is organics. But in addition to organic certification, Thilmany predicts that consumers may soon see a variety of certifications – for instance, a certification for humane treatment of animals and an American Viticultural Area (AVA) designation for Western Slope wines. AVAs are geographic locations where the climate, soil, and elevation are assumed to give wines a certain characteristic. Although an AVA does not indicate anything about the quality of a wine, Western Slope grape growers should benefit from having an officially designated AVA.

Growers cut out the middle person when they market their products directly to consumers. The farmers market is a classic example of direct marketing. Thilmany's colleague Adrian Card (pictured, right), Extension agent for Boulder County, claims that Colorado has experienced a higher growth rate in the number of farmers markets than other regions of the country. There are now more than 80 farmers markets in the state. However, Thilmany wants to be sure that growers who choose to direct market are aware of the challenges involved.

"If you're going to market directly as a large part of your marketing plan, you have to be as serious about investing in marketing and

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Colorado State University

Knowledge to Go Places

communication resources as you are about production,” Thilmany warns in the speeches she delivers around the state through Cooperative Extension.

“Many people get into careers in agriculture because they love the production aspect of farming,” says Thilmany, but for success in direct marketing, they need to bring the same enthusiasm and work ethic to developing business plans. For his part, Card feels that producers are hearing Thilmany’s message: “I see more farmers approaching their work by looking at the marketing side first and working backwards, and that’s good.”

Thilmany and Card are anxious to let farmers know that there are lots of marketing choices out there. There are diverse reasons customers buy a certain product. For instance, there is no one group of consumers that buys organic food. People choose to buy organic for different reasons. Some formulate their choice based on environmental ideas, others on health concerns. Many parents make the decision to buy organic in order to promote nutrition in their childrens’ diets.

Similarly, Card explains all consumers who buy locally don’t do it for the same reason. Some customers want to buy locally produced foods because they want to keep agriculture and open space in their



communities. Others want the benefits of the dollar they’ve spent to stay in their neighborhoods. Still others derive comfort and satisfaction from talking face-to-face with the farmer from whom they are buying their food. Then there are the “foodies” (self-proclaimed fans of the Food Network) and proponents of the Slow Food movement that agriculture is a culture: Food and agriculture are things that can enhance their quality of life just like art.

Thilmany hopes to market to all of these reasons by helping farmers create good business plans. Choice can make happy producers and consumers. With an agricultural system that makes room for a variety of different ways to market food, consumers are satisfied because they can make an informed choice about the foods they buy, and producers are happy because they can charge a fair price for a product they produce using techniques they believe in.

– Leslie Patterson

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From Crop to Cuisine

Colorado Crop to Cuisine (CCC) is designed to connect farmers with restaurant chefs and increase market opportunities for local producers of fruits, vegetables, herbs, artisanal produce, and lightly processed foods. The Colorado Proud program, which received a 2002 Governor’s Award for marketing, acquaints agricultural producers with Colorado chefs and coordinates orders and delivery of locally grown products to restaurants. No particular attributes about the product are advertised except that it is locally grown and that there is a 24-hour turnaround between harvest and delivery to the restaurant.

Yet the program is a boon to growers, chefs, and consumers alike. By joining CCC, farmers are able to easily diversify their marketing portfolio; chefs get to work with the freshest products and advertise menu items as locally grown; and consumers get to enjoy fresh tastes and become familiar with foods they might not have tried before. Certainly, even a short list of foods available through the program – raspberries, tomatoes, herbs, onions, peppers, natural pork, and peas – is enough to make any food lover’s mouth water. (For more information on CCC, visit <http://www.geocities.com/coloradocrop>.)