

Sustainable Agriculture

Volume 9, Issue 3 – March 2001

Niche marketing can help smaller hog producers, U of M researcher says

Natural and organic hog production can help smaller, niche producers increase their revenues, according to a new University of Minnesota study.

"Demand will drive the development of organic and natural pork markets," says W. Parker Wheatley, an applied economist who completed the study for the U of M Swine Center.

"Consumer concerns about food safety, animal welfare and environmental management form the foundation of various niches that will support this demand," Wheatley says. "Our evidence suggests strong growth in consumer demand for natural pork products will support premiums for natural pork products over conventional pork products."

"For the smaller producer, natural production also introduces more flexibility into their production," he says. "With lower capital requirements, natural and organic production makes it easier for smaller producers to enter and exit the markets. This allows even marginal producers to remain in the market during many years, despite volatile market prices."

Both the revenue and cost sides of the equation support pork producers considering entering natural markets. "However, there are institutional barriers between the retail and farm level of this market that will impede the rapid development of this opportunity for producers," Wheatley says.

There are numerous local channels for natural pork products and a few national channels, such as Niman Ranch in California and Organic Valley in Wisconsin. But information regarding marketing is limited, Wheatley says.

"Farmers already in these markets have gained access to marketing channels," Wheatley says. "But the limited marketing information available presents a short-term adjustment cost to farmers considering natural pork as a niche product."

"And at the retail level, firms must feel they will have a steady and consistent supply of product if they are to provide broader support for natural pork products," he says. "But evidence suggests retailers should profit from selling natural pork. If producers, processors, wholesalers and retailers can collaborate to eliminate concerns about steady and consistent supplies, it's likely that much of the market access problem can be overcome."

The Minnesota Pork Producers' Association funded the project. To gather information, Wheatley reviewed a number of studies done throughout the U.S. and talked to pork producers and processors. For more information or a copy of the study, contact Wheatley at (612) 669-0331, whea0025@umn.edu.

Changes in hog production affect well-being of families, communities

Modern agricultural science that conceived and promoted industrial-like hog production has now "sprung back on us to create new problems," says a University of Minnesota rural sociologist.

"Vertical integration was supposed to reduce risks for farmers by providing stable markets," says Wynne Wright, rural sociologist at the U of M West Central Research and Outreach Center at Morris. "For processing firms, it was supposed to stabilize raw material inputs. It was intended to make the commodity system more certain and predictable."

But Wright says vertical integration "has the opposite effect, when as a consequence of industrialized agriculture, we have endangered delicate ecological systems and diminished the social and human capital vital to the sustainability of people and rural communities."

Hog farming in the U.S. peaked in 1940 with 3.768 million operations. In 1940, Minnesota had 134,690 hog farms. By 1997, these farms had declined to 7,512, a drop of 94 percent. Overall, the number of U.S. farms selling hogs declined 43 percent just between 1992 and 1997, according to the 1997 U.S. Census of Agriculture.

"The decline in swine production and changes in operational structure appear to be having a profound impact on the well-being of many farmers, their families and the rural communities where they reside," Wright says.

She interviewed 50 Minnesota farm women involved in hog production, asking questions relating to women's labor on hog farms, decision making, civic participation and self-identity.

About 60 percent of the farms represented were single-family operations while 16 percent were family partnerships and 20 percent were family corporations. The farms averaged 1,187 acres, much larger than typical Minnesota farms. Of the 50 women, 49 were married with ages ranging from 29 to 61.

Almost all of the women upheld the traditional family farm as an essential social and economic unit. Wright says, "Many believed the farming lifestyle to be unique among other occupational groups, and therefore deserving of special interests."

Some 65 percent believed hog farming to be important to the economy of their communities, but many weren't optimistic about the future.

"The most alarming finding in this study was the degree of cultural depression and pessimism reported by the women," Wright says. Almost half of the women said they were unable to buy the things they need for their family.

For more information on the study, contact Wright at (320) 589-1711, or wrightw@mrs.umn.edu.

Minnesota's looming energy shortages will be focus of St. Cloud event

Could Minnesota soon be facing the kind of electrical power shortages and brownouts that have been plaguing California? Increasing Minnesota's energy self-sufficiency in the face of predicted energy shortfalls will be the focus of a gathering in St. Cloud March 29-31.

The event is billed as a statewide citizens' action congress and technical seminar, and will take place at the St. Cloud Civic Center. Titled "Sharing the Load: Local Electric Energy Generation and Distribution," it's designed for citizens, utility officials, local government representatives, legislators and media representatives.

The University of Minnesota's Regional Sustainable Development Partnerships are planning the congress in cooperation with several other public and private organizations. The Regional Partnerships, led by citizen boards of directors, have been established around the state by the Minnesota Legislature as a means for communities to work more effectively with their land grant university.

"The congress will provide a forum to move toward consensus on distributed electric energy generation in Minnesota," says Emily Green, Regional Partnerships state coordinator. "Distributed generation is a strategy to supply dependable and affordable electric energy. Distributed generations has been defined as electricity generation that's intentionally located near those who will use all or a major portion of the electricity."

Green says the congress is intended to sharpen public debate on energy policy issues. These include electric energy supply and demand, retail pricing, conservation, alternative fuels (in particular, wind energy), power plant expansion, and transmission and energy economics.

The half-day technical seminar on March 31 will focus on specific distributed generation options and technology adoption questions. It's designed for representatives of local units of government and local utilities. "The St. Cloud meetings are intended to draw together the best thinking available—embracing a range of opinions—on Minnesota's electrical energy future," says Green.

In late 1999, a project to expand distributed electrical energy generation in Minnesota was launched through the Regional Partnerships. Its aim is to optimize community energy self-reliance. In addition, the U of M Institute of Technology is preparing five community case studies representing differing power needs and options for local generation. A report on the case studies will be completed by next December.

To register for the congress and/or technical seminar, call (800) 318-8636 or go to www.regionalpartnerships.umn.edu on the Internet. The registration fee is \$60, or \$35 for individual days. For more information on the congress agenda or the Regional Partnerships, call (800) 909-6472.

Groups sponsoring the congress in cooperation with the Regional Partnerships include the University of Minnesota's Institute of Technology, Hubert H. Humphrey Institute of Public Affairs, College of Natural Resources, and College of Agricultural, Food, and Environmental Sciences; the Minnesota Department of Commerce; the Association of Minnesota Counties; Great River Energy; the Minnesota Project; and Minnesotans for an Energy-Efficient Economy.

Direct marketing food requires analysis, planning

A traditional concern of farmers is that the "middleman" gets most of the money consumers spend at the grocery store. Direct marketing food products to consumers can be a way to "get the share of the middleman" and increase producer income. But a producer who wants to get into direct marketing needs to do a great deal of analysis and planning.

"The food supply chain is composed of many links between the farmer and the consumer," says Wright County educator Maribel Fernandez of the University of Minnesota Extension Service. "If you want to

capture the value of a particular link, you must be willing to perform the function. Analyze your skills, time and money resources, personality and determination before committing to it."

Fernandez recommends writing down your purpose for getting into direct marketing and what you want to sell. Then write down all possible steps you can think of between the raw product from the farm and the final product on the customer's table. These may include transportation, processing, packaging, labeling, storing, advertising, selling and customer service. Show what you have written to others such as your spouse and children and let them add other steps you might have missed.

"Direct marketing involves a promise to deliver something of value to the customer without excuses," says Fernandez. "Direct marketing customers expect extra value not only in what they buy, but also in how and when. As a direct marketer you are promising your customers satisfaction in all areas.

"Blaming other people whom you contracted with for part of the processing is not an acceptable excuse for problems. You have to be on top of the whole process to make sure each step is done according to your quality standards."

Numerous resources are available to provide information on direct marketing. One is "The Direct Marketing Resource Notebook" by the Nebraska Sustainable Agriculture Society. The book includes case studies of various direct marketing enterprises, Midwest state and federal marketing contacts and an extensive list of resources. For information on ordering the book, call (402) 254-2289.

Another book Fernandez recommends is "Collaborative Marketing, A Roadmap and Resource Guide for Farmers." It's published by the Minnesota Institute for Sustainable Agriculture and U of M Extension Service (call the Distribution Center at (800) 876-8636 for purchase information on item number 7539).

A book offering tips about legal issues related to direct-marketing farm products is Neil Hamilton's "The Legal Guide for Direct Farm Marketing." It's available for purchase from the Agricultural Law Center at Drake University in Des Moines, Iowa at (515) 271-2947.

For a more comprehensive list of printed resources on direct marketing, contact Fernandez at maribelf@umn.edu (763) 682-7394.

Calendar of events, 2001

March 15-17 **Upper Midwest Organic Farming Conference**, LaCrosse, Wis. Call (608) 734-3349.

March 15 & 29. **Commercial Fruit Processing Workshops**, Wadena, 6:30 p.m. to 9:30 p.m. on both dates. Call Mike Demchik, (218) 894-5196, mdemchik@forestry.umn.edu.

About this newsletter...

For the past year we've been funded by the Minnesota Extension Service and the Minnesota Institute for Sustainable Agriculture (MISA) with support from the Minnesota Department of Agriculture.

We're always looking for story ideas. Send them to the editor: Jack Sperbeck, 405 Coffey Hall, University of Minnesota, St. Paul, MN 55108, (612) 625-1794. E-mail: jsperbeck@extension.umn.edu. Other editorial board members: Helene Murray (612) 625-0220, murra@021.tc.umn.edu; Tom Wegner

(612) 374-8400, twegner@extension.umn.edu; and Bill Wilcke (612) 625-8205, wwilcke@extension.umn.edu

Our mission statement: To help bring people together to influence the future of agriculture and rural communities to achieve socially, environmentally and economically sustainable farms and communities.