

Maine
Agricultural Market Information
Exchange Program

Final Report

**For
USDA- FSMIP**

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Goal of the Project

Maine farmers and food producers are well positioned with quality products, reputation and geographic location to serve existing and emerging markets both locally and beyond. However, an impediment to increased market activity, profitability and sustainability for agricultural enterprises in Maine has been easy access to business and market information resources.

The goal of this project is to help Maine's farms and food producers have quick access to, and take advantage of, information and resources that will aid them in gaining access to existing and emerging markets.

Background

1) Access to vital information is limited by time, expertise and resources

New and existing Maine agricultural businesses have a difficult time finding information they need to stay or become competitive in an ever-changing marketplace. Services and information exist, but are spread between a myriad of agencies and organizations, both local and national, and even the most savvy of information seekers is easily frustrated trying to find market information and business assistance services targeted specifically at agricultural enterprises. Most small farm and food businesses (most of Maine's farm and food businesses) just don't have the time, expertise or financial resources to access the range of information that could be useful to them.

2) Access to markets and market information is limited by geographic distance

Most Maine agricultural businesses are located at great distances from one another, from service providers, from organized industry events, and from potential buyers. An information system designed to reach geographically isolated producers would greatly improve the ability of these producers to access market information.

3) Buyer/Seller links are inadequate to connect customers with products

The Maine Department of Agriculture maintains a complex database on farms and food processing businesses and the products and services they offer, yet potential buyers of Maine agricultural products do not have easy access to this information. There is also no mechanism in place for informing producers of immediate market opportunities such as buyer inquiries for product. Independent surveys of Maine consumers show overwhelming interest in buying locally grown and produced foods if and when they are available (Maine Development Foundation - 1999). Development of new market channels as well as dissemination of how consumers can find them will be enhanced through this program.

4) Lost opportunities

There are numerous examples throughout the state of innovative and successful approaches to marketing Maine agricultural products. These include the Hancock County Grower/Restaurant program, Borealis Breads local organic grain project, the Workplace/Farm Market pilot project, the Crown of Maine Organic Cooperative, the Maine Farms direct marketing projects, CSA farms and winter farmers' markets. There are also a multitude of identified but underutilized opportunities for agricultural producers to collaborate with the tourism industry for mutual advancement. In addition, there exist numerous endeavors researching and identifying marketing models and opportunities. Unfortunately, these initiatives, which should serve as guiding lights showing the way for others to follow, are for the most part well-kept secrets. This could change with an effective market information system in place.

5) Maine producers put high priority on increasing marketing opportunities and access to market information

The Agricultural Council of Maine (AGCOM) represents the broad range of all agricultural industry groups in the State, and is committed to assuring the continued success of Maine agriculture. In the recently published (12/98) "Strategic Plan for Maine Agriculture," the first two major goals of five are stated as,

#1 - "To increase market opportunities for Maine agricultural products."

#2 - "To provide Maine farms with access to the research, information, and training needed for continued growth and success."

The AGCOM plan was developed to provide leadership on issues affecting Maine agriculture and was a result of extensive surveys, forums and discussions with all stakeholders in the agricultural community in Maine. From the Board of AGCOM in the forward of the report:

"We sincerely hope that this report will enable individual producers as well as the wide spectrum of businesses, organizations and government entities which impact agricultural activities to identify ways in which they can make a positive contribution."

Additionally, the Market and Production Development Division in the Department of Agriculture regularly asks farmers and food manufacturers what they would like the Department to be doing to support their business activities. In addition to direct promotional activities, market access and market information are consistently top priorities.

Results of Project

Objective 1: Establish a comprehensive inventory and database of relevant business and market information.

- ❖ The Department started in 1998 with a simple publication called “Producer to Consumer” which was the direct marketing guide for consumers. This publication was very limited, focused on selling fresh produce and the cost of producing hard copies was becoming prohibitive. The Department, with the help of the FSMIP grant, contracted with a consultant and developed an access database for acquiring market and production information from farmers.

The Department developed a comprehensive survey tool for farmers to fill out in order for the Department to gather as much information for the buyers as possible (See **Appendix 1**).

The database project has been promoted to the farmer community and over 1400 farm and food producers are now a part of the database, up from the original 600 farms that participated in the original database back in 1998. This database is dynamic, with changes able to be made as new information comes in.

- ❖ The Department went a step further in 2002 and developed a resource database for farmers. The farming community wanted a directory of services. The Department had found that new farmers were interested in services and programs for business planning, financing, grants, access to labor and physical resources. Existing farmers were interested in new products, processes and technology. The department hired summer interns and interviewed over 25 key service providers in order to develop a service providers and resources database of products and services most asked for by the farm and food processor community (See **Appendix 2**).

The Department also started to add potential buyers to the database, primarily schools and public campgrounds, two new market opportunities identified by farmers. The Department collected over 1200 resources for the database. The database is also dynamic and new information is being entered monthly.

Objective 2: Improve and develop effective statewide mechanisms to disseminate exchange market information.

a. Agricultural Promotion and Market Information Website and Brochure Development

- ❖ From the producer database the Department established a web-based directory of farms and food processors and a search function for those farms to be found and

promoted. The website can be found at www.getrealmaine.com. (See samples of pages in **Appendix 3a**).

- ❖ The department has utilized this website to provide direct marketers with brochures distributed to various outlets in order to help consumers to locate producers of Maine products (**See Appendix 3b**).
- ❖ Consumers can also find local farms in their area for direct purchases of product. This is very helpful when the Department or a commodity group has a special promotion. The Department can augment the use of print media and direct consumers directly to the website to download information. The Department has done this for the Maine Maple Sunday, kick-off to the strawberry season, for the fall apple harvest, and a special restaurant promotion.
- ❖ Probably the most cost effective and information efficient function of the website is the ability of the newsmedia to access information on special promotional events. This makes the transfer of information to the media timely and provides the media with all the pertinent information they need to put together stories for publication.

b. Agricultural Wholesale Buyers Guide

- ❖ The Department also used the database to develop a hard copy of the wholesale information. This directory has been sent to major wholesale buyers to help them local sources of various products. The buyers like the ability to have a hard copy to quickly find sources they need. The guide is in it's second printing and is attached (**See Appendix 4**).

c. Support for Commodity Group Market Information Development

- ❖ The Department recognized that individual commodity groups might benefit from developing their own market information databases and promotional tools as alternatives, or in addition to, the Department database and promotional materials. In order to test this approach, the Department funded four commodity groups to develop their own database market information system. The four commodity groups were; Organic producers, Fiber producers, Christmas tree growers, and Deer farmers.
- ❖ Each commodity group took a different approach to development. The organic producers already had a database of growers but had not developed any publications to promote the growers. They also wanted to develop information about their potential markets. They put together a survey of one of their key market areas, restaurants and health food stores. They developed a database of buyers, and criteria for how to develop a marketing strategy to sell to those buyers. They also put together a brochure listing all the organic farms and locations of those farms. This was a perfect example of how Department support for commodity group market information needs can benefit both the state and commodity. (**See Appendix 5**).

- ❖ Christmas tree growers utilized a computer company to develop a website, www.mainechristmastree.com, utilizing their membership database with the help of the Department database. The growers represent about 18.1 million dollars in sales to the Maine economy. By incorporating the website in print advertising, tree tags, and in wholesaler magazines, the growers increased activity on the website. In addition, the growers more fully utilized the web search engines to get more traffic on the sites. Overall, the growers felt that business increased from internet sales as the year 2000 season was the best ever for the association members. In addition, the organization became stronger as other growers saw that the organization had a product to sell to the membership (See **Appendix 6**).
- ❖ The Deer farmers were more interested in helping their members get more connected, communicate better, and improve general awareness of deer farms and deer products with the public. They developed a website, www.mdefa.com, and utilized that web address in their promotional brochure and video. They were able to increase the communications within the commodity and the number of deer farms joining the association rose by 16, an 8% increase (See **Appendix 7**).
- ❖ The Department also funded database and website development for an industry sector that had been outside of the food products category: fiber producers and users. In this case, the department needed to know more about the industry, and to support organizational development activities as well as promotional activities. The association conducted a database survey, similar to the Department survey, and established a database of over 2000 fiber users, artists, producers and service providers. The website developed, www.mainefiberarts.org, represents a significant accomplishment in improving the understanding of this sector, and communication amongst its members (See **Appendix 8**).
- ❖ In the case of the food processors, the Department went a step further. The Department funded a project to increase activity to the Food Processors Association website, www.mainefoods.org, by doing various internet promotions. In addition, the Department funded an evaluation of individual company websites for effectiveness. Both studies (See **Appendix 9**) theorized that supporting individual associations/company websites might be the better avenue to help an industry promote its products.

The first study showed that the goal of internet advertising must be to drive customers to the site and to do it in a cost-effective manner. Different internet promotional programs gave widely different results. Recommendations included continuing to utilize the association website for joint promotions as the most cost effective, and to continue to utilize the website in offline promotions such as print ads. The study was unable to make a comparison between advertising and purchases.

The study of individual company websites showed that the internet will not become the dominant sales channel for small specialty food producers, but can help with promoting and providing information about the business's products. Keys to good

website design are to promote the products in the best light, and to make sure the purchasing process is straightforward and easy to use.

Based on these studies, the Department believes that supporting both the Department's database and website and individual commodity group database development and websites will help increase interaction and communication amongst the industry. Helping individual commodity groups to target markets and build databases of buyers will improve generic promotion with the public, and increase buyer seller interactions. Support for individual business websites does not seem cost effective for state funding, but providing assistance on evaluating websites might prove beneficial.

d. Agricultural Resource Directory and Handbook

- ❖ The Department completed the first edition of the resource database by September of 2002. Focus groups of farmers suggested that a hard copy of the directory should be made available as well as a CD Rom version (See **Appendix 10**). The Department made up 3000 books and 7000 CD Roms and distributed them to all farmers and service providers.

The department distributed the CD version with the help of USDA-NASS, using their database of 5,700 farms. This assured that every farmer in the state got a directory. Farmers were also given the opportunity to obtain a hard copy of the directory. To date, the Department has distributed 6,000 CD's and 2,400 hard copies of the Directory. Farmers like the directory, especially the printed version, as it has made it easier to find agency addresses and phone numbers. Some newer farmers found the guidebook part of the directory to be helpful to them. The publication is becoming a required additional text for the business planning courses offered by the Department.

The Department made sure all agricultural service organizations received a CD and hard copy, as well as all legislators and other interested parties. Service providers like the resource guide as it made it easier for them to access information to answer grower questions.

e. Other Activities to increase Buyer-Seller interaction

- ❖ The Department has identified two major marketing opportunities for farmers in wholesale produce and institutional purchasing. The Department has developed a yearly meeting between major wholesalers and farmers, and between institutional buyers and farmers, as the best mechanism to share information and create market opportunities. Over 60 farmers have participated to date in these workshops. Farmers have developed a separate, non-profit organization, Fresh Connections, to further develop the institutional purchases market.
- ❖ The Department has participated in 20 statewide educational seminars for farmers on how to better market products and develop marketing plans as part of their business planning. This has included workshops on promotion, market opportunities

with restaurants, and business planning. Over 450 farmers have participated in these workshops in the past three years.

Objective 3: Enhance partnerships with agriculture-related organizations and service providers to share information and increase collaboration

- ❖ The department has established two committees to work on promotion and resource issues. The first is a farmer/food processor promotion working group. This group has been meeting quarterly to give feedback on ways the Department can better promote agricultural products. The group includes many of the farmer organizations and has been helpful in advice on how to improve the web-based applications and to obtain State funding to help this project and other initiatives
- ❖ The second committee was made up of a coalition of service providers to help the Department improve business and marketing training for producers, and to form the basis for sharing industry information. The committee has given feedback on the web-based initiative and has helped develop statewide business training classes for farmers as a major way to improve the development of marketing plans for farmers and food producers.
- ❖ Probably the best communication improvement has been the development of the Agricultural Resource Directory. The directory has helped other service organizations know who else is out there helping farmers, and provides a direct link amongst all of the service providers. Future editions of the directory will improve upon the collaboration of the agencies by allowing each agency to input information about its programs into the directory.
- ❖ The Department has established better email communications linkages with all the major State and Federal partners and has been sharing market information between the agencies. The Department has recently put it's marketing newsletter online, (<http://www.maine.gov/agriculture/newsletter/>) eliminating the cost of publishing and limited distribution. Now the Department uses the newsletter to further expand direct communication with any person or agency. The Department just started an email list-serve to better distribute information to those who want it. The newsletter has also increased collaboration amongst the agencies. Some of the agencies that provide information for the newsletter include:
 - Maine Cooperative Extension
 - Department of Economic and Community Development
 - Maine Technology Institute
 - Maine Soil and Water Conservation Districts
 - Maine RC&D's
 - University Of Maine
 - NorthEast New Farmer Consortium
 - Agricultural Council of Maine
 - Maine Farm Bureau
 - Maine Organic Farmers and Gardeners Association
 - Northeast Center for Food Entrepreneurship

- ❖ The Department has cooperated with the State Economic Development Agency to put pertinent agricultural business information on their web-based and hard copy resource directory, www.mainebusinessworks.com. The Department uses this website to help direct new businesses to other state development agency information resources.
- ❖ The Department pilot funded three organizations that do not traditionally work with farmers on marketing (Soil and Water Conservation District, Mountain Counties Heritage Tourism Group, and Coastal Enterprises Economic Development Group, to complete three promotional tourist maps to local retail farmstands and food producers. The interest of these organizations in supporting farmers helped the Department further extend support to regional areas. Each region developed a map and guide and distributed the guide in the region (See **Appendix 11**). This concept of regional cooperation will be utilized for future collaborative efforts with other regional tourism and conservation organizations.

Objective 4: Increase use of market information and resources by producers and buyers

- ❖ The Department has been utilizing our database to promote producers to buyers of agricultural products. We have found that directing the buyers to the web site and utilizing a hard copy of the wholesale directory has been a productive way to introduce buyers to our products. In addition, the database can, and has been, searched by staff to provide buyers with selected queries of products and sellers specifically of interest to the buyer.

The department has produced and distributed over 1000 copies of the Wholesale Directory. The Department typically assists over 20 buyers per month with specific requests for product information.

- ❖ The Department has started to provide producers with market information utilizing the Resource Directory and the CD Rom version. Included in the initial version of the CD were names and contacts for wholesale buyers. In addition, a separate guidebook section was written on how to better access markets. These examples will be expanded in future editions of the Resource Directory.

Objective 5: Evaluate the use and effectiveness of the mechanisms employed to disseminate and exchange market information

- ❖ The Department has been receiving feedback from the two committees on the development of the information exchange products. Producers have been very pleased with the Departments approach of helping them develop their own websites for promotion. Media representatives have been actively using the website for developing news articles. Buyers are quite pleased with the use of the web-based directory and the hard copy of the wholesale buyers guide.

- ❖ The Department's Resource Directory and Guidebook and CD sent out to all farmers has only receive limited evaluation, due to the newness of the product. The department did do a request for comments from the agricultural community with the distribution of the CD. To date, very few comments have been received. Those that have been received have re-emphasized the Resource Directory usefulness. The Department has asked participants in the business planning classes for feedback, which has been overwhelmingly positive. The only improvement most service providers make is to have the directory web-based and searchable. The Department will be working on that approach in 2003.

Objective 6: Prepare a summary of the Maine market information exchange components for consideration/use by Departments of Agriculture in other states.

- ❖ The Department has found that the development of a market information exchange system is a complex task involving many organizations. The information developed must be based on the needs of the commodity group in question, the users of the information, namely the farmers, public and buyers, and must be flexible.

The Department has found that the development of the database of farmers, food processors and their products is critical to development of a broader promotion and public awareness campaign.

The development of an agricultural resource directory and guide to services is critical to improve communication, coordination and collaboration amongst service providers to farmers.

While other states may have similar database programs, the Department will make available the database format for any other state wishing to start a database. The Web components are more complex, but can also be made available to other states.

Support for individual commodity groups, their websites, newsletters, and promotional material is a key part of the program, but is a matter of individual states to decide how best to support these groups. The Department has found that assisting in improving databases, communications and promotion for smaller groups or associations with limited resources, or those newly developed commodities, helps those groups build recognition and promotion power. The template for helping is to gather a database of all agricultural organizations in the state and make sure that the Department includes each group in promotion committees for each state.

Summary

A successful agricultural market information exchange system will have a long-term positive impact on the profitability of Maine agricultural businesses through farmer, food processor, and buyer ability to easily access needed market information and resources, and through increased visibility of Maine agricultural products to potential buyers. We have found that Maine farmers, food producers and buyers of Maine products report increased satisfaction with their ability to access information needed in support of successful business exchanges.

Increased awareness of statewide resources and program activities will help get ideas that work into the hands of more producers, and efficiencies will be gained by seekers and providers of information. Increased dialogue between and among members of the agricultural community will stimulate collaborative enterprise and the overall impact of statewide marketing efforts.