

# Adding Value to Agricultural Products

# Basics of Value-Added

- Value-added impact vs. farm gate value
- Next stage of production
- Examples of value-added
  - Retained ownership of calves
  - Value enhancement via cooperatives

# Customer Value

- Customer benefits versus product/service price
- The more benefits received relative to price, the more customer value increases
- Customer's perception of value
- Not the producer's perception of value
- Low price, greater value? Not necessarily
- Everyone perceives value differently

# Product Benefits Arise From

- Quality – Does the product or service have the “right” quality that meets or exceeds customer expectations?
- Functionality – Does it provide the function needed of it?
- Form – Is the product in a useful form
- Place – Is the product in the right place?
- Time – Is the product in the right place at the right time?
- Ease of Possession – Is the product easy for the customer to obtain?

# Other Factors Affecting Value-added

- Consumer tastes and preferences
- Higher incomes
- Convenience, quality, and variety
- Service, health, social, and consciousness
- Demand for their time

# Key to Success

- Identify your market segment
- Know your customers
- Identify the benefits potential customers desire
- Identify customer purchasing criteria
- Each business enterprise is a value chain
- Adding value to the product
- Develop a business plan
  - Operations plan
  - Personnel plan
  - Sales plan
  - Management plan
  - Investment and financial plan

# Examples of Value-Added Products

## ➤ Wheat

- Feed products
- Wheat straw and building materials
- Graze wheat
- Convert to organic foods

## ➤ Woody plants (cedar/mesquite)

- Cedar fiber: boards and recap oil wells
- Mesquite: boards, jewelry boxes, lawn furniture, floor molding
- Sawdust: fiberboard

## ➤ Fed Beef Industry

- Retained ownership
- Speciality products: sausage, tamales, menudo, and tripas

# Summary

- Adapt to market changes
- Be open-minded
- Think as a resource manager
- Develop alliances