



CPA Info #164

April 2009

Census of Agriculture Data Shows Growth of Value-Added Farm Enterprises in Tennessee

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The United States Department of Agriculture (USDA) conducts a Census of Agriculture every five years. The most recent census was conducted in 2007 and results were released in February 2009. Over time, the census has included more and more questions related to marketing, alternative enterprises and now provides some information related to various components of value-added agriculture.

The Center for Profitable Agriculture, the department within UT Extension who assists farmers in analyzing and developing value-added enterprises, generally defines value-added farm enterprises as those activities involving processing, packaging and marketing farm commodities and farm resources in ways that allow the farmer to capture more of consumer expenditures. For example, Tennessee farmers add value by bottling milk from their dairy and selling direct to consumers from an on-farm store, manufacturing jams and jellies from peaches and selling at an on-farm retail market, and selling meat from their livestock direct to consumers at a farmers market. Value-added agriculture also includes direct marketing products such as fresh fruits and vegetables to consumers through a farmers market or Community Supported Agriculture (CSA) program and offering agritourism activities on the farm.

The 2007 Census of Agriculture provides information on the farms direct marketing products to consumers, offering agritourism and recreational services, adding value to commodities and marketing through CSAs. The census for Tennessee and the United States from 2007 and previous years provides benchmark information to help evaluate the status of the value-added industry in the state. This fact sheet summarizes information related to value-added agriculture in Tennessee and the United States from the Census and discusses what it tells about value-added agriculture in the state.

In 2007, USDA tracked the number of farmers producing and selling value added commodities for the first time. The Census of agriculture defines value-added as the crops, livestock or products such as beef jerky, fruit jams, jellies preserves and floral arrangements. The number of Tennessee farmers reporting value-added processing activities in 2007 was 2,719. This ranked Tennessee 10th nationwide in the number of farms producing and selling value-added commodities. There were a total of 78,418 farms nationwide involved with producing and selling value-added commodities.

USDA has included questions related to direct marketing of farm products for the past three

census'. USDA defined direct sales as crops, livestock, poultry or agricultural products that were sold directly to individual consumers for human consumption. This includes sales from roadside stands, farmers markets, pick-your-own and door-to-door sales. It does not include craft items or processed products such as jams, jellies, sausages and hams.

The 2007 Census shows that the number of Tennessee farmers participating in direct farm sales to consumers has increased significantly over the past 10 years. From 1997 to 2007, the number of Tennessee farmers selling products direct to consumers increased by 887 from 2,694 to 3,581. This 33 percent increase in the number of Tennessee farmers involved in value-added agriculture through direct marketing was paralleled by a 83.5 percent increase in the total value of agricultural products sold directly to consumers. That is, in 1997, the value of agricultural products sold by Tennessee farmers direct to consumers was \$8,380,000 and in 2007 the value was up to \$15,380,000.

The census data shows that the greatest increase in the number of farmers involved with direct sales occurred from 1997 to 2002 and the greatest increase in the value of sales occurring between 2002 and 2007. This is consistent with previous analysis of value-added ventures in the Center for Profitable Agriculture showing that enterprise growth occurs over several years – it often takes awhile for a new venture to become established and secure markets. This data may also be indicative of growth in consumer demand for fresh and local products.

The 2007 Agriculture Census marked the first time that the number of farms involved in agritourism and recreational services has been reported by USDA¹. USDA defined agritourism and recreational services such as farm or winery tours, hay rides, hunting and fishing. The number of farms involved in agritourism was 510. These farms reported more than \$6.5 million in sales with average sales of \$12,759 per farm.

The census data show similar trends nationwide. The number of farmers selling direct to consumers increased by 23.78 percent from 1997 to 2007. The value of agricultural products sold directly by farmers to consumers increased from \$591.8 million in 1997 to \$1,211,270 million in 2007, this is an increase of just over 100 percent. The number of farms involved in agritourism and recreational services in the nation totaled 23,350. The value of sales for these farms was \$566,834,000.

Agriculture census data pertaining to value-added agriculture and agritourism enterprises for Tennessee is summarized in Table 1. Census data pertaining to value-added agriculture and agritourism enterprises for the entire United States is summarized in Table 2.

Sources:

¹In 2002, the Census collected data on the number of farms and value of sales for farms involved in recreational services such as hunting and fishing but did not include agritourism at that time.

- Holland, Rob and Amanda Ziehl. "Signals of Success," Center for Profitable Agriculture Departmental Info #107. January 2005.
- 2007 Census of Agriculture, USDA, National Agricultural Statistics Service, Summary and State Data, Volume 1, Part 51. February 2009.
- 2007 Census of Agriculture, USDA, National Agricultural Statistics Service, Tennessee State and County Data, Volume 1, Part 42. February 2009.
- 2002 Census of Agriculture, USDA, National Agricultural Statistics Service, Summary and State Data, Volume 1, Part 51, AC-02-A-51. June 2004.
- 2002 Census of Agriculture, USDA, National Agricultural Statistics Service, State and County Data, Volume 1, Part 42, AC-02-A-42. June 2004.

Table 1. Summary of Census of Agriculture Data Pertaining to Value-Added Activities by Tennessee Farmers						
	<u>1997</u>	<u>2002</u>	<u>2007</u>	<u>Percent Change</u>		
				<u>'97 to '02</u>	<u>'02 to '07</u>	<u>'97 to '07</u>
Number of farms with direct sales to consumers	2,694	3,392	3,581	26%	5.6%	33.0%
Value of farm products sold direct to consumers	\$8,380,000	\$11,227,000	\$15,380,000	34%	37%	83.5%
Average sales per farm (farm products sold direct)	\$3,111	\$3,310	\$4,295	6.4%	29.8%	38.5%
Number of farms offering agritourism and recreational services	n/a	n/a	510	n/a	n/a	n/a
Value of agritourism and recreational sales	n/a	n/a	\$6,507,000	n/a	n/a	n/a
Average sales per farm (agritourism and recreational sales)	n/a	n/a	\$12,759	n/a	n/a	n/a
Number of farms producing and selling value-added products	n/a	n/a	2,719	n/a	n/a	n/a
Number of farms marketing products through CSA (community supported agriculture) enterprises	n/a	n/a	251	n/a	n/a	n/a

Table 2. Summary of Census of Agriculture Data Pertaining to Value-Added Activities by United States Farmers						
	<u>1997</u>	<u>2002</u>	<u>2007</u>	<u>Percent Change</u>		
				<u>'97 to '02</u>	<u>'02 to '07</u>	<u>'97 to '07</u>
Number of farms with direct sales to consumers	110,639	116,733	136,817	5.5%	17.2%	23.7%
Value of farm products sold direct to consumers	\$591,800,000	\$812,200,000	\$1,211,270,000	37.2%	49.1%	104.7%
Average sales per farm (farm products sold direct)	\$5,349	\$6,958	\$8,853	30.0%	27.2%	65.6%
Number of farms offering agritourism and recreational services	n/a	n/a	23,350	n/a	n/a	n/a
Value of agritourism and recreational sales	n/a	n/a	\$566,834,000	n/a	n/a	n/a
Average sales per farm (agritourism and recreational sales)	n/a	n/a	\$24,276	n/a	n/a	n/a
Number of farms producing and selling value-added products	n/a	n/a	78,418	n/a	n/a	n/a
Number of farms marketing products through CSA (community supported agriculture) enterprises	n/a	n/a	12,549	n/a	n/a	n/a