



8-2009

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The University of Tennessee Agricultural Extension Service

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### Recommended Citation

"SP718-Census of Agriculture Data Shows Growth of Value-Added Farm Enterprises in Tennessee," The University of Tennessee Agricultural Extension Service, E12-4015-00-002-10 200 10-0006 8/09, [http://trace.tennessee.edu/utk\\_agexmkt/26](http://trace.tennessee.edu/utk_agexmkt/26)

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# 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 and alternative enterprises, and it now provides some information related to various components of value-added agriculture.

The Center for Profitable Agriculture is the department within UT Extension that assists farmers in analyzing and developing value-added enterprises. The Center 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 a larger share of the consumer dollar. For example, Tennessee farmers add value by bottling milk from their dairy and selling directly 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 directly to consumers at a farmers market. Value-added agriculture also includes directly 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 that are directly 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 publication summarizes information from the census related to value-added agriculture in Tennessee and the United States and discusses the findings 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 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 10<sup>th</sup> nationwide in the number of farms producing and selling value-added commodities. A total of 78,418 farms nationwide were involved with producing and selling value-added products.



The 2007 census indicated that the number of Tennessee farmers participating in direct farm sales to consumers has increased significantly during the past 10 years. From 1997 to 2007, the number of Tennessee farmers selling products directly 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 an 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 directly to consumers was \$8.38 million and in 2007 the value increased to \$15.38 million.

The census data show 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 occurred 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 a while 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 USDA<sup>1</sup>. USDA defined agritourism and recreational services such as farm or winery tours, hay rides, hunting and fishing. The number of farms involved in agritourism in Tennessee 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 directly to consumers increased by 23.8 percent from 1997 to 2007. The value of agricultural products sold directly by farmers to consumers increased from \$591.8 million in 1997 to \$1.21 billion in 2007. This is an increase of more than 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 \$566.8 million.

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1. In 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 the term agritourism at that time.

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

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**Table 1. Summary of Census of Agriculture Data Pertaining to Value-Added Activities by Tennessee Farmers**

|  | <b>1997</b> | <b>2002</b>  | <b>2007</b>  | <b>Percent Change</b> |                   |                   |
|--|-------------|--------------|--------------|-----------------------|-------------------|-------------------|
|  |             |              |              | <b>'97 to '02</b>     | <b>'02 to '07</b> | <b>'97 to '07</b> |
| Number of farms with direct sales to consumers   | 2,694       | 3,392        | 3,581        | 26%                   | 5.6%              | 33.0%             |
| Value of farm products sold directly 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**

|  | <b>1997</b>   | <b>2002</b>   | <b>2007</b>     | <b>Percent Change</b> |                   |                   |
|--|---------------|---------------|-----------------|-----------------------|-------------------|-------------------|
|  |               |               |                 | <b>'97 to '02</b>     | <b>'02 to '07</b> | <b>'97 to '07</b> |
| 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 directly 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               |

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E12-4015-00-002-10 200 10-0006 8/09

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