

Department of Agriculture, Trade and Consumer Protection
Division of Agricultural Development
Agricultural Development & Diversification Program (ADD)

Grant Project Final Report

Contract Number: 16053

Grant Project Title: Adding Value through Environmental Marketing: Opportunities
for Wisconsin Potato Growers – Year 2

Project Beginning Date: July 1, 2001 Project End Date: June 30, 2003

Amount of Funding Awarded: \$17,850

Name of Principal Contact Person: Mike Carter, WPVGA Executive Director

Telephone: 715-623-7683 Fax Number: 715-623-3176

E-Mail Address: wpvga@potatowis.org

WEB Address: www.potatowis.org

AGRICULTURAL DEVELOPMENT AND DIVERSIFICATION PROGRAM 2001 ADD GRANT

FINAL REPORT

History

In 1996, the World Wildlife Fund and WPVGA signed a Memorandum of Understanding to work together on common objectives – primarily improving methods of agricultural production. Soon thereafter the University of Wisconsin joined the collaboration as a partner in the project (thereafter known as the WWF/WPVGA.UW Collaboration). The first accomplishments of the collaboration included the development and adoption of bio-IPM (Integrated Pest Management) practices and credible tools to measure the adoption of Bio-IPM practices and estimate pesticide toxicity per acre. These successes created the opportunity to pursue one of the other original MOU objectives – creating market-based incentives to reward growers that adopt Bio-IPM practices and reduce toxicity associated with using pesticides.

In late 2000, the WWF/WPVGA/UW Collaboration reached a point where it was clear that the research, measurement systems and grower adoption levels were in place to take the next steps of working on creating both a market for the product and market-based incentives. The collaboration partners soon realized that to maintain the credibility and integrity of an eco-label it would be necessary to separate the marketing functions from the standards, certification and chain of custody functions. Cynthia Barstow, an environmental marketing consultant, facilitated the development of marketing plans, names and logos of a new brand – Healthy Grown. The collaboration's success in encouraging the establishment of verifiable Bio-IPM standards and in creating the separate nonprofit eco-label Protected Harvest was instrumental in World Wildlife Fund allowing the use of the WWF and Panda logo's on bags of certified potatoes.

Intent and Objectives of the Grant Project

It was during the time period in which the Collaboration was working with Cynthia Barstow that we applied for funding from Wisconsin DATCP. The original intent of the DATCP grant project was to:

- (1) Expose retail buyers, food manufacturers, re-packers, and produce industry members to Wisconsin's Healthy Grown™ sustainable agriculture potato production program;
- (2) Use Wisconsin's Healthy Grown program as a launching pad to increase contacts with produce trade;
- (3) Develop a support network to help Wisconsin suppliers create additional sales and greater returns across the industry;
- (4) Use program as a launching pad to work with media and industry to stem decline of produce consumption due to consumer fears about product safety and pesticide usage;
- (5) Create unprecedented level of cooperation and sense of unified purpose amongst industry's suppliers, and;
- (6) Develop collateral materials that present common themes.

The grant project was intended to benefit Wisconsin agriculture by helping foster a national reputation for Wisconsin as a true leader in the burgeoning sustainable agricultural movement and by reducing unhealthy price competition amongst suppliers, resulting in increased returns received at all levels of supply chain.

At the end of the day, the brand Healthy Grown is all about offering consumers a value-added choice. Value in terms of a quality, competitively-priced product that wears its values on its sleeve—in this case the Healthy Grown, Protected Harvest and World Wildlife Fund logos on the bag.

The key marketing issues this year have been getting printing plates and collateral materials agreed to by the industry and designed and printed, and then getting store buyers to try the product. In addition, we have tried to establish steps to evaluate consumer response at each level of the product cycle.

Workforce and Capital Investments

Healthy Grown potatoes are marketed through Wisconsin potato packing sheds. In general, the packing sheds have a relatively fixed number of personnel that work varying hours at the sheds depending upon the amount of orders booked by the shed. Therefore, because Wisconsin industry members sold approximately 10-15 million pounds of Healthy Grown potatoes we can establish that a significant number of additional work hours were required by the normal workforce to produce the Healthy Grown potatoes that were sold.

At least two Wisconsin packing sheds have made additional investments as a result of the Healthy Grown potato program. The Healthy Grown program has spurred the Wisconsin potato industry to complete extensive research into trends, customer needs, packaging options, etc., in an effort to better meet the needs of our customers. As a result one packing shed has recently invested in label application equipment, which will allow him to label potatoes with PLU stickers (bulk sales) for his own packing shed and others. Such stickering ability is still very uncommon in the potato industry and will provide a true marketing advantage. Additionally, another firm has invested in machinery that will individually wrap potatoes in a microwaveable cellowrap. Both of these technological capabilities are extremely valuable for niche marketing and premium products such as the Healthy Grown potato program. In addition to investments in capital equipment, virtually all of Wisconsin's major packers have made substantial investments in new bag inventories associated with the new program.

Wisconsin Shippers Participating/Benefiting from Grant Program

ALSUM PRODUCE, INC. *
P.O. BOX 188
FRIESLAND, WI 53935-0188
Contact: Larry Alsum, Randy Fischer,
Dave Katsma, Corey Gerritsen,
Frank Fundingsland
Telephone: (920) 348-5127
Fax: (920) 348-5174
Email: larry.alsum@alsum.com

ANTHONY FARMS, INC. *
P.O. BOX 4
SCANDINAVIA, WI 54977
Contact: Vic Anthony, Chris Anthony,
Dennis Bahlmann, Greg Zedroik
Telephone: (715) 467-2212 or (800) 826-0456
Fax: (715) 467-2626

BUSHMANS', INC. *
621 E GRAND AVE
P.O. BOX 8 ROSHOLT, WI 54473
Contact: Tom Lundgren, Mitch Bushman, John Hopfensperger, Sam Saccullo
Telephone: (800) 826-0200 or (715) 677-4533
Fax: (715) 677-4076
Email: bushmans@wi-net.com

BUSHMAN POTATO SALES *
P.O. BOX 388
GALLOWAY, WI 54432
Contact: Bob Bushman, Darwin Emmel
Telephone: (715) 454-6200/(800)
Fax: (715) 454-6506
Email: potato@netnet.net

COLOMA FARMS *
136 S. SCOTT STREET
COLOMA, WI 54930
Contact: Steve Diercks, Andy Diercks
Telephone: (715) 228-3031
Fax: (715) 228-4455
Email: mtnman@uniontel.net

ISHERWOOD COMPANY *
5324 BIRCH RD.
PLOVER, WI 54467
Contact: Justin Isherwood
Telephone: (715) 341-0808
Fax: (715) 341-9730
KUCZMARSKI FARMS, INC.

1960 SOUTH RIVER ROAD
RHINELANDER, WI 54501
Contact: Roger & Rod Kuczmarski
Telephone: 715-282-5469
Fax: 715-282-5639
Email: spudman@newnorth.net

BJ LAPACINSKI & SONS *
P.O. BOX 54
BRILL, WI 54818
Contact: Bernie & Bob Lapacinski
Telephone: (715) 234-2650
Fax: (715) 234-1235

NUTO FARM SUPPLY, INC. *
407 E SAWYER ST
RICE LAKE, WI 54868
Contact: Dennis West
Telephone: (715) 234-1122
Fax: (715) 234-1100

OKRAY FAMILY FARMS *
P.O. BOX 489
PLOVER, WI 54467
Contact: Mike Finnessy, Dick Okray,
Walt Sexton, Chris Okray
Telephone: (715) 344-0918
or (715) 344-2526
Fax: (715) 344-7324
Email: dick@okray.com

PRAIRIE STAR RANCH *
5550 MONROE AVE.,
PLOVER, WI 54467
Contact: Frank Wolosek, Ron Wolosek
Telephone: (715) 344-5777
Varieties: Call

RUSSET POTATO EXCHANGE *
8550 CENTRAL SANDS ROAD
BANCROFT, WI 54921
Contact: Russell Wysocki, Gary Hansen,
Keith Iris, Barb Rozumialski, Joel Schulz,
Mike Błoczynski
Telephone: (715) 335-8050
Fax: (715) 335-8051
Email: rep@coredcs.com Shipping Season: Varieties: Reds, Whites, Russets, Yellows

Assessment of Whether Program Met Original Intent and Objectives

The primary objectives of the project have remained intact, though the timelines associated with the objectives were changed in some cases. For instance, one of the objectives of the program was to develop unified marketing materials and collateral material for the Healthy Grown program that would be utilized by the industry as a whole. We initially hoped to have most of these materials completed by early Fall 2001. However, due to the broad participatory nature of the Healthy Grown program we found that process of creation to be much more difficult and time consuming than initially expected.

Ultimately, we believe that we were successful in accomplishing most of the original objectives of the grant project. We were able to make contact with a large number of retail supermarket buyers in person and through our direct mail marketing campaigns (see attachments). As a result, we have been able to introduce trials of the product in several supermarkets, including:

- | | |
|-----------------------------|------------------------|
| 1) King's Supermarkets | 6) County Markets |
| 2) Copp's Supermarkets | 7) Austins Grocers |
| 3) IGA Supermarkets | 8) Cub Foods |
| 4) Whole Foods Supermarkets | 9) Jubilee Food Stores |
| 5) Gysber's Supermarkets | 10) Recheck's Food |

In addition, although nothing final has been established yet, we have also made contact in the value-added food processing sector with a couple of companies. Kettle Foods (snack food manufacturer), a company with a history of being environmentally and socially conscious, has shown an interest in the Healthy Grown potato program.

The primary benefit of the program has likely been the opportunity to establish Wisconsin as a marketplace innovator and a leader in sustainable agriculture. This is particularly important when one considers that American consumers between the ages of 38 and 56, a very environmentally conscious constituency, hold 50% of the total spending power and spend more at their primary grocery store per week on average than do other consumers. Establishing this reputation will provide many long-term benefits for Wisconsin.

We expect that retail business for the Healthy Grown program will continue to grow over the next several years resulting in a greatly multiplied return on investment for the state of Wisconsin. While it is difficult to quantify exactly what this return will be at present the industry is tracking sales of Healthy Grown potatoes and will be able to track future trends.

Summary of Materials Created as a Result of the Project

- 1) Strategic Assessment
- 2) Marketing Strategy Plan
- 3) Retail Supermarket Buyer Information Kits
- 4) Consumer Recipe/Informational Pamphlets
- 5) Healthy Grown Press Release for Media
- 6) Creation of Website that Includes Pages for Healthy Grown Program
- 7) New Poly and Mesh Bag Designs (included consumer testing)
- 8) Direct Marketing Mailers (ongoing to June 2003)