

Why Value Added?

How much of the retail cost of a product actually ends up in the farmer's hand?

Farm Value Share

Farm value share of retail price¹

	1998	1999	2000
Peanut butter, 1 lb.	26	23	22
Oatmeal regular, 42-oz. box	6	5	5
Flour, wheat, 5 lbs.	20	18	19
Sugar, 1 lb.	32	31	27
Eggs, Grade A large, 1 doz.	52	47	53
Chicken, broiler, 1 lb.	54	49	48

¹ Computed from unrounded farm values. Source: Calculated by United States Department of Agriculture (USDA) Economic Research Service (ERS) based on data from government and private sources.

Characteristics of farmers who pursue value-added business ventures

Desire

- All successful value added ventures begin with a passion for the product.

Expertise

- Determination of how much expertise is required to successfully produce, market, and distribute products.

Capital

- Decision to engage in value-added activities almost always requires an increased need for capital.



Important Considerations

- Market Research
- Business Structure
- Business plan
- Liability
- Regulations
- Technology
- Food Safety
- Packaging Materials
- Labeling Rules
- Trade Names, Patents, and Copyrights