



## Profitable Farming

Sustaining a strong agricultural economy is as important to the viability of farms as preserving farmland. Idle farmland provides open space and preserves the rural character; however, it will not maintain agriculture as an economic activity.

Farmers often say that the best way to protect farmland is to ensure that farming is profitable.<sup>10</sup> It is a fact that it is more difficult today for traditional farming to remain profitable in Prince George's County. Keeping farming profitable and having a viable agricultural sector depend on the successful transformation of farm operations. Switching from conventional enterprises to high-value cash crops and employing creative marketing strategies can improve farm profitability. This section summarizes opportunities for diversifying and marketing strategies for the farmers who may pursue alternative methods of agriculture to increase profitability.

### Opportunities for Diversifying

Agriculture is a highly diverse industry. Depending on location, climate and heritage, farmers are involved in different activities in different parts of the world. Changing economic and social conditions force farmers to adapt to new conditions. For most farmers diversification is the answer. By switching to a different crop mix or developing new products or services, they are able to sustain farming. There are several opportunities for diversification, some of which are listed below.

#### Alternative Crops

When traditional crops are no longer viable, the only way for farmers to remain in farming is to switch to alternative commodities and production methods. Growing alternative crops can lower economic risk and increase profits. In addition, it lessens adverse impacts on environmental resources. Some of the high potential and locally proven alternative enterprises are listed below:

**Cut flowers:** In the last decade, specialty cut flowers gained importance due to higher demand from wholesale and retail florists and direct market opportunities at farmers' markets. There is a considerable potential for growing cut flowers in

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<sup>10</sup> American Farmland Trust, Farmland Information Center, *Fact Sheet: Agricultural Economic Development*. September 1998.

the county and the region. Due to their perishable nature, marketing and good transportation networks are critical. Production costs can be kept low while maintaining a good yield. With careful attention to detail and a good marketing strategy, cut flower production can be extremely rewarding and profitable, as well as challenging.

***Ethnic and specialty produce:*** A fast growing ethnic population in the Washington, D.C., metropolitan area provides an excellent market opportunity for farmers given the desire people from different ethnic and cultural backgrounds have to maintain many of their eating habits. The significant demand for ethnic and specialty produce is a market niche that offers a sizable local and possibly broader market base. Only a few local producers are growing African, Asian, and Hispanic fruits and vegetables and specialty herbs. The Maryland Cooperative Extension Service is experimenting with producing several ethnic specialty crops and provides information to farmers who are willing to venture into this potentially lucrative area.

***Food for medicine (Nutraceuticals):*** Nutraceuticals (often referred to as phytochemicals or functional foods) are natural, bioactive chemical compounds that have health-promoting, disease-preventing or medicinal properties. Nutraceuticals are found in a mosaic of products emerging from the food industry, the herbal and dietary supplement market, the pharmaceutical industry, and the newly merged pharmaceutical/agribusiness/nutrition conglomerates. The growing alternative medicine and dietary supplement market is a potential niche for farmers who can grow the types of herbs and other commodities used by the nutraceutical industry.

***Nurseries:*** Nurseries are considered to be one of the biggest potential agricultural enterprises in Prince George's County. Typical plants grown in a nursery would include fruit trees or bushes, home landscape shrubbery and trees, and starter plants. As development increases in the metropolitan area, the need for nursery products increases as well. Nursery operation requires knowledge and significant capital investment to start and ongoing hard work to be successful. In return, the farmer gets a very high cash return per acre. There are several successful operations located in the county.



**Specialty animals:** Raising specialty animals such as rabbits, goats, alpacas and emus is a market niche with great potential with the growing market for nontraditional meat sources in the metropolitan area. Ethnic populations and gourmet restaurants are the primary sources of demand. In addition to their meat, other parts of these animals are also marketable. For example, a rabbit farmer in the county is able to be financially self-sufficient by raising rabbits and selling virtually every part of the animal.



**Vegetables:** Even though there was a significant decrease in vegetable production between 1992 and 2002, this statistic does not mean that there is no potential in vegetable growing. There may be several reasons for the decline, including failures due to lack of direct marketing opportunities and experience, as well as low wholesale prices and labor issues. One major vegetable farmer is leaving the county because the State of Virginia has offered him excellent incentives. On the other hand, several new entrepreneurs are moving into the county to start small vegetable farm operations.

Given the changing eating habits of Americans, the demand for fresh vegetables is actually on the rise. Prince George's County has the great advantage of providing locally grown vegetables to the entire metropolitan area. Vegetable farming requires knowledge, hard work, and excellent marketing skills. Most traditional farmers have extensive farming knowledge and ability, but lack marketing skills. The new generation of agricultural entrepreneurs can market well; however, they often lack experience and incur difficulty producing crops. With increased education, coordination, and possibly partnering among farmers, coupled with creative marketing techniques, vegetable production has enormous potential.

**Vineyards:** The potential for grape growing and wine production in Prince George's County is high. It is an excellent opportunity to maintain agriculture. The Southern Maryland Vineyard Team of the Maryland Cooperative Extension Service conducted a vineyard research project funded by the Tri-County Council for Southern Maryland. The research involved on-farm trials and research on the Cooperative Extension research farm in Upper Marlboro. Out of the 27 varieties of grapes researched, about 10 were found appropriate for the area. Apparently,

Prince George's County soils are good for grape production. The biggest challenge is hot, humid nights during harvest. Several clinics are being held to educate new growers. There are numerous small hobby growers in the county but few commercial growers. However, there is a steady increase in the number of growers.

### **Organic Farming**

One of the most commonly recognized market niches is the growing demand for organically grown foods. An increasing number of consumers are paying more attention to eating healthy and thus are eating more organically grown produce and meat. According to a recent survey by the Chesapeake Fields Institute, many Maryland consumers want to buy locally grown organic food. Organic farming includes organic vegetables and fruits, grass-fed beef, grazing for dairy herds, and free-range chickens. Although organic crop yields are usually lower than conventional yields, organic farming is more profitable due to lower input costs and premium selling prices. In addition, organic farming has lower health risk to the farmer and is better for the environment. One of the challenges for farmers converting to organic is finding markets. With correct marketing strategies, organic farming has an enormous potential in the metropolitan area. There are already a half a dozen certified organic producers in the county.



### **Horse Industry**

The horse industry is a golden opportunity for Prince George's County. It is a highly diverse industry that supports a wide variety of activities, including breeding, training, and maintaining horses; riding lessons; and operating racetracks and horse shows. Horse farms are viable agricultural businesses. Both race horses and pleasure horses contribute to the county's economy. They support hay production and local horse-related businesses, including equine construction. They also provide open space and promote tourism through races and shows.



The perception of the equine community is that slot machines are critical for the future of the horse industry in Prince George's County. They believe that the horse industry, particularly the racehorse industry, will flourish with the introduction of slots and most likely will decline without them. Already some horse owners have started moving their horses to states where there are slots. When horses go, the supporting businesses either die or follow the horses, and hay production declines. Therefore, not only the horse industry but also many other supporting farm or nonfarm businesses are impacted.

The pleasure horse industry has significant growth potential. High quality facilities, pastures, trainers, and veterinarians are critical to this industry's growth. Currently there are several private indoor arenas in the county where training, pony club, and horse show activities are taking place. The Show Place Arena and Prince George's Equestrian Center, a major public facility, provides an excellent venue for significant national and regional equestrian activities. Three outdoor competition rings are rented every weekend from the end of March to early November, and a state-of-the-art indoor arena hosts 7 horse shows for 26 days. In 2004, the shows attracted 140,000 people and the revenue for both outdoor and indoor events increased significantly. The Prince George's Equestrian Center discontinued its thoroughbred boarding program in 2004 due to increasing operating costs.



There is also a quality of life aspect for parts of the horse industry, which promotes a different lifestyle that attracts high-income people who also appreciate the rural way of life. The availability of riding trails is extremely important, especially for those who do not have access to private trails. Increasing development pressure is threatening future trail opportunities.

## Value-Added Agriculture

Value-added agriculture is a popular way to make agriculture profitable. It refers to economically adding value to an agricultural product by transforming it from its original state to a more valuable and preferred state. Examples include food processing, drying, canning, juicing, handcrafting, labeling, and unique packaging. By engaging in value-added agriculture instead of selling raw products to the middlemen, farmers directly sell to customers and realize higher returns on their investment. Thus, they increase the net farm profits that would otherwise go to the middlemen.

Value-added agriculture is a great opportunity for urban counties like Prince George's, but in order to be profitable it requires creativity, coordination, and marketing. An excellent example of creativity is a local tobacco farmer's use of tobacco: Instead of selling tobacco leaves in the market for a low price, he makes a doll from leaves and triples the value. Coordination among farmers and between farmers and various entities, including the local government, is crucial for the success of value-added agriculture. Health Department requirements for use of a commercial kitchen may be too cumbersome for farmers to turn their berries into jelly. Establishing a commercial kitchen for common use is costly and not practical for most farmers.



Establishing a local livestock slaughter/processing facility for Southern Maryland is under discussion. The farmers' market site in Cheltenham is one of the possible sites to build this facility. Slaughterhouses, however, are currently prohibited uses in all zones by the county Zoning Ordinance. The county may wish to consider revising the ordinance to support value-added agriculture.

## Agritourism

Agritourism is a new, consumer-focused type of agriculture that generates supplemental income for the farmer. It refers to the act of visiting a working farm for the purpose of enjoyment, education, or active involvement in the activities of the farm. Due



to its close proximity to the nation's capital, agritourism has tremendous potential in Prince George's County. The Southern Maryland Agricultural Development Commission is encouraging regional agritourism and funding new initiatives. Having something for visitors to see, do, and buy are the basics for agritourism.

Potential agritourism enterprises include educational activities, historical re-creations, processing demonstrations, crop art, festivals, day camps, horseback riding, hayrides, corn

mazes, pumpkin patches, cooking demos, catering, weddings, retreats, moonlight activities, bed and breakfasts, and farm stores that sell fresh produce and souvenirs. Some of these activities, such as educational activities, day camps, workshops, and retreats, may be coordinated in partnership with nonprofit organizations or schools. There are already several farms in Prince George's County that are very active in agritourism.

### **Aquaculture**

Aquaculture is the breeding and cultivation of plants and animals that live in water, such as fish, shellfish, and algae for food, usually in ponds built for the purpose. This is a promising and growing industry in Maryland. In addition to using fresh water ponds, the new technology for intensive culture in recirculating tank systems provides a greater opportunity for year-round farming. There is only one aquafarm in Prince George's County.

### **Marketing Strategies**

Marketing is as important as producing quality agricultural commodities in order to be successful in farming. Traditional farmers in Prince George's County did not need to be marketers. They used to take their crops to a wholesale market and sell them. They did not consider themselves as small business owners; they were simply farmers. Now, if farmers cannot see the connection between farming and being a small business owner, they cannot operate profitable farms. Although selling to wholesalers is still viable, selling directly to retail stores, restaurants, and consumers is becoming popular due to its profitability.

Direct marketing, whereby farmers sell their products directly to consumers, is the key to successful, profitable farming. Some of the direct marketing strategies are listed below. Most farmers use a combination of marketing methods, finding that in marketing, as well as in production, diversity helps provide stability and sustainability.

### **Community-Supported Agriculture (CSA)**

Community Supported Agriculture is an innovative marketing tool for farmers in which consumers pre-purchase a "share" of the harvest for the season and farmers commit to supplying sufficient quantity, quality, and variety of products. This type of



arrangement can be initiated by the farmer (farmer-directed) or by a group of consumers (participatory). This is a great way to establish partnerships between farmers and consumers. For urbanites, it provides a connection with nature and creates an appreciation of agriculture. It also allows customers to have healthy and high-quality fresh produce.

During the season, usually once or twice a week, members pick up their shares either directly from the farm or other pick-up locations. Some CSAs also offer delivery services to homes. While some CSAs let members pick their own from the field, others pre-package weekly shares. In more participatory operations, members participate in all aspects of farming, from seeding to washing the harvested products. This lowers the cost and allows the members to learn how to grow food. There are four known CSA operations in Prince George's County (see Appendix). Their membership is steadily increasing.

### **Farmers' Markets**

Farmers' markets offer a secure, regular, and flexible outlet for farmers to sell fresh produce. Other agricultural (value-added farm products) and nonagricultural (e.g. crafts) products may be sold at the markets, depending on market rules. Farmers' markets are the easiest way for the farmers to direct-market. Most farmers enjoy interacting with other farmers and getting feedback from customers. Farmers' markets are usually very popular among customers. In addition to buying the freshest produce, they enjoy the atmosphere of the market. In general, farmers' markets are open once or twice a week between certain hours from spring through fall. There are also some permanent indoor markets around the nation where farmers sell fresh produce, meat, and dairy products. These outlets usually carry other items such as ready-to-eat food, arts and crafts, souvenirs, books, and clothing. Successful examples of such markets are the Lexington Market in Baltimore, the Reading Terminal Market in Philadelphia, and the Pike Place Market in Seattle. In Prince George's County, there are six seasonal farmers' markets (see Appendix) and no year-round or indoor markets. In Southern Maryland, the only indoor market is located in Calvert County.





### **U-Pick or Pick-Your-Own Operations**

Customers harvest the fruits or produce from the Pick-Your-Own farms or orchards. The prices they pay for the volume harvested will usually be higher than what the grower would get from a broker. Additionally, pick-your-own operations increase the farmer's profit margin by reducing labor costs and eliminating post-harvest tasks. The customers do the job of harvesting, packing, and transporting. Most farmers find it most profitable when paired with an agritourism activity. The down side is the need for liability insurance, parking, customer service, and a willingness to give up privacy. There are three pick-your-own operations in the county. (See the appendix.)



### **Rent-a-Tree Operations**

Customers rent or lease fruit or nut trees from farmers. The consumers pay the farmer at the beginning of the season, the farmer takes care of the trees, and either the farmer or the customer will do the harvesting.

### **Farm Stands or Roadside Stands**

Farm stands or roadside stands refer to any activity where farmers sell agricultural and value-added products from the farm directly to consumers at a stand or kiosk located on or near the farm. This marketing tool is a good alternative to pick-your-own operations for those who prefer a quicker way to purchase fresh produce. Farm stores located in old barns on farms may be quite attractive for customers and provide an adaptive reuse for otherwise abandoned barns.



### **Cooperative Marketing**

Some farmers find it more profitable working with others. Farmers get organized and establish a cooperative to sell their products. Cooperative marketing helps farmers see other opportunities and adjust their operations accordingly. They grow new crops, create value-added products, expand markets, and promote their products much better than they can on their own. However, it requires an adjustment for farmers to give up independent decision-making and work collectively with others.

### **Sales to Restaurants and Specialty Food Stores**

Upscale restaurants and specialty stores such as health food outlets pay top dollar for quality produce. It is a great opportunity for farmers to make high profits if they can successfully market to these outlets. Successful restaurant sales depend on meeting the changing needs. It is crucial to develop a personal relationship with chefs. Some restaurants list the farm's name on their menus. This is free advertisement to find other markets.

### **Internet Marketing**

Websites can contribute to small business growth. It is convenient for busy people to search for what they want on-line and buy it with a click. The internet opens the door to the world market for nonperishable farm products that can be shipped with no risk. For fresh produce, it is still a valuable marketing tool for local markets. Creative farmers have already started taking advantage of this opportunity. There are several Prince George's County farms with websites.