

Promoting Agriculture in Alaska

FY2003 Request: \$295,000

Reference No: 35866

AP/AL: Appropriation
Category: Development

Project Type: Planning

Location: Statewide

Contact: Rob Wells

House District: Statewide (HD 1-40)

Contact Phone: (907)746-3867

Estimated Project Dates: 07/01/2002 - 06/30/2005

Brief Summary and Statement of Need:

Build a marketing strategy and implement consumer education programs to strengthen markets for Alaska Grown products. Consolidation of retail markets, more complex marketing environments in wholesale, HRI (hotel, retail and institutional) markets and limited marketing resources have led to a decline in market share for some Alaska Grown products. This project will identify: Target audiences for media promotions, consumer purchasing decision criteria, best marketing and educational venues to reach identified audiences, and will produce, design and conceptualize media presentations to reach these audiences. It will assist producers to understand how best to market their products.

Funding:	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	Total
Fed Rcpts	\$295,000	\$520,000	\$520,000	\$520,000	\$520,000	\$520,000	\$2,895,000
Total:	\$295,000	\$520,000	\$520,000	\$520,000	\$520,000	\$520,000	\$2,895,000

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Additional Information / Prior Funding History:

This is a continuation of a project approved by LB&A on October 23, 2001. The full grant amount is \$520,000, of which \$225,000 was approved for FY02 by LB&A. The Division of Agriculture anticipates receiving annual grants in the amount of \$520,000 for the foreseeable future.

Project Description/Justification:

The President signed the Agricultural Supplemental Bill (PL107-25) on August 13th, 2001. The legislation has a provision for each state to receive a base grant of \$500,000 to support activities that promote agriculture, with priority being given to specialty crops. Additionally each state is receiving an additional amount based on the proportion of the value of specialty crop production in the state. Alaska's total allocation is \$520,000. These funds will be used to market Alaska Grown Products and promote direct markets for farmers.

With continued mergers and consolidation in the retail industry, increased costs to enter the market (insurance requirements, safety audits, etc), lack of a developed marketing infrastructure, producers in Alaska are finding it increasingly difficult to sell their products. However, research shows that consumer support is strong when reminded of the benefits of Alaskan Grown products and the products are clearly identified as Alaska Grown.

In recent years the lack of resources in marketing research and promotional work along with a changing marketplace has contributed to a decline in market share for Alaska Grown products. With this funding, the division, in cooperation with advisement from the agriculture industry and commodity groups, will contract with professional private sector marketing

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companies. The purpose of this project is to research and develop methods to mitigate this declining market share. This will be accomplished by:

- 1) Assessing the existing value of the Alaska Grown brand and identify how it can be made stronger among retailers and consumers and identifying the target audiences for educational and marketing efforts.
- 2) Conceptualize, design and produce media presentations to reach the targeted audiences.
- 3) Assist producers in understanding how best to market their products within the boundaries of existing markets and purchasing procedures.
- 4) Provide a supplement to the existing CMP (Cooperative Marketing Program) budget, which will be matched dollar for dollar by private industry and commodity groups. For the past three years we have used this small scale CMP program to jointly fund promotional efforts through grants of up to \$2,500. This program has had statewide industry support and together we have used the program to promote Alaska Grown products at a "grass roots level" with a funding match.
- 5) Develop commodity specific promotional activities such as in store promotions and samplings.

We do not anticipate hiring additional personnel with these funds. These funds will most likely support direct media efforts.

Specific Spending Detail:

\$ 25,000	Marketing design, production and research
\$160,000	Media procurement and placement
\$ 60,000	Supplement to CMP
\$ 10,000	Commodity specific promotions
\$ 20,000	Direct marketing promotions & producer education
\$ 20,000	Point of purchase materials
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\$295,000	

Project Support:

Farm Bureau, Farmer's Union, various commodity groups

Project Opposition: None known