

MARKETING KENTUCKY HAY

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Introduction

That more income is needed by Kentucky farmers is a well established and accepted fact. Although, the tobacco program appears to be yet viable, we have long needed to supplement the tobacco income with income from the remainder of the farm. I think this audience is also well aware of the potential for producing hay in Kentucky, particularly alfalfa. Estimates in the University of Kentucky potential study indicate that we could have in this state two million acres of alfalfa with a projected potential income of a billion dollars a year generated for our farmers.

This potential income should not be interpreted as an objective since the big determinant in generating the income is marketing. Kentucky farmers have never considered hay as a cash crop. Probably less than 7% of the hay production is sold off of the farm on which it is produced. Sales generally are to a neighbor or someone near the site of production.

Any successful marketing program must contain several features. I will discuss briefly some of these features and point out where we are in Kentucky in the development of a system for marketing Kentucky hay.

Supply

The historical system of marketing hay in Kentucky has been to sell only what is left over after the farm livestock have been fed. This is an undependable supply of hay for prospective buyers. In years of short supply there is no hay to sell. In years of long supply, everybody has hay therefore there is no demand in the production area.

The supply of hay in Kentucky is generally widely dispersed on small farms. Many of these farms have inadequate facilities to store hay. Much of the hay supply is packaged in round bales which are not amenable to maintenance of quality or long distance transport.

If we are to become a viable supplier of hay to other areas of the country, we must give attention to development of an attitude which considers hay as a cash crop and an inventory of high quality hay produced for cash sale.

Demand

Another requirement for marketing is to either have or to be able to create a demand for your product. Several things lead us to believe that the Southeastern United States has a need for higher quality hay than they now have available to them. Since Kentucky is closer to that demand, than any of the states to our north, we should have an economic advantage in supplying that demand. There is a critical need for a study of the demand for hay in the Southeastern United States—where the demands are located, what kind of animals are to be fed, where they are now obtaining hay, what they are paying for it and various other factors that would assist us in preparing to meet that demand.

Promotion, Advertising and Sales

As I said previously, we feel that many farmers in the Southeastern United States need our hay. Quality of their hay is generally too low to meet the needs of high producing dairy cows and horses. Since many of the dairymen in the Southeast have not seen excellent quality hay, they do not recognize their need for high quality hay and what it could contribute to their production systems.

It is imperative that we develop a reputation for having a consistent supply of hay to meet the quality needs of the customers which we are trying to reach. Therefore, we must promote and advertise our hay in the target market areas.

Quality Assurance and Control

The horse people in Kentucky and Florida have the general perception that hay quality in Kentucky is low. They are frequently correct, however that need not be so. Kentucky can produce hay of a quality equal to any other state in the nation. Our weather patterns do present frequent rains which often reduce quality after cutting.

One of the reasons we are so susceptible to the weather factor is our attitude toward hay. Since hay is not thought of as a crop with equivalent importance to corn, soybeans and tobacco, it is given the lowest priority in the farm managers workload. There is a tradition that no one cuts hay in Kentucky until after tobacco is set. Generally our hay is ready to cut the first time long before tobacco plants are ready to set. Although there is some potential conflict between first cutting hay and planting corn, that conflict will not give hay the lowest priority if hay is considered to be a main cash crop.

We must have an intensive educational program on how to grow, harvest and store high quality hay using advance weather forecasts, preservatives, drying agents, artificial drying and any other

method which can be developed to reduce the probability of rain damage. We must also educate on the factors which reduce quality during curing, raking and baling process. This should result in an overall improvement in quality.

We must develop the capability within Kentucky to obtain "third party" sampling of hay and chemical analyses through certified laboratories. This will provide the buyer with assurance of quality. If we are to develop the kind of reputation which we must have for high quality hay we must also have built into the marketing system, controls on quality with strong penalties for violation of the marketing organization rules.

The Delivery System

As you all know, hay is a bulky product, a truckload is usually only 13-15 tons. We must do something to increase the load weight thus reducing freight cost. Such things as palletizing hay, high density baling and use of trucks on back hauls could help in this area. Most of the hay moved from New Mexico into the Ocala, Florida area is moved on cattle trucks. The trucks haul feeder cattle to the West where they are washed out, lined with plastic and loaded with hay. We have many similar opportunities to move hay on vegetable, fruit, flower, furniture, horse and other types of trucks. If we are to use these trucks for back hauls we must have some system which will permit the back haulers to be quick in empty and quick out loaded with hay.

Marketing Organizations

Every state which touches Kentucky is working to develop hay markets. They are in various stages of organization and development and I think Kentucky is ahead of the pack. We have localized marketing organizations in LaRue, Allen, Shelby and Garrard Counties. The Shelby county organization serves several surrounding counties and the Garrard County based organization also serves Lincoln and Jessamine Counties. Daviess, Casey, Madison, Clark, Nelson and several other counties have organizations in various stages of development.

It has become obvious that if we are to have the dependable quantities and qualities of hay, we need to establish a viable market. We must have a state hay marketing association. Several people interested in forming such an organization met at Lexington on October 18. At that meeting they decided to meet again on November 25. At the November meeting it was decided that a state association for marketing hay would be formed and an eight member committee was appointed to work up details for the system. This committee was composed of representatives from local hay associations, the Kentucky Department of Agriculture, Kentucky Farm Bureau, the Kentucky Forage and Grassland Council and the University of Kentucky. This committee met on December 16 with another

committee which had been appointed from the College of Agriculture by Dean Barnhart. These two committees were merged and expanded and presently there are about 40 people working to develop four segments which need to be in the plan. Those segments coincide with what I have indicated to be necessary in a hay marketing system. (1) a marketing study, (2) a marketing association, (3) quality assessment and control, and (4) quality education.

Since at the time of preparing this paper those committees have not met, I will not attempt to second guess them on what will be included in the plans. By the time this conference is held, their plans should be developed and if they are, I will report those plans verbally to you at the Alfalfa Conference on February 27.