

**KENTUCKY PRIDE HAY GROWERS ASSOCIATION  
- AFTER ONE YEAR -**

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**INTRODUCTION**

High quality forages have been the "frontline" for successful horse and cattle operations for years. In Kentucky, we have grown, harvested and stored hay on the farm for as long as we have farmed. It is one of our principal forms of overwinter feed and has been grown primarily as an on-the-farm feed source.

Many farms in the southeast are recognizing the value of high quality alfalfa in their operations. Many of these farms are choosing to concentrate on main operation and look for off-the-farm sources for their hay needs. This is not new, but there seems to be an increased awareness and interest. The recognition of this demand and the need for Kentucky farmers to expand their cash crop options have created a more concentrated effort to promote and market Kentucky hay as a cash crop.

It will take several years, and a tremendous amount of work and effort from all involved, for Kentucky to reach its potential as a hay supplying state. The Kentucky Pride Hay Growers Association was conceived and designed to improve Kentucky's position in the markets of hay, and to make hay a more viable cash crop to more Kentucky farmers. The KPHGA is a non-profit corporation made up of Kentucky hay producers and other interested and involved parties. I think it's important to remember that we are a producer organization and it will take involvement from the producer level to make the program work. On the front-end, the KPHGA may not have that much to offer every member, but the concept is sound and a mature KPHGA will be a service and resource to all involved. The point is, the KPHGA needs your support on the front-end.

After much effort and input from many people all across the state, the KPHGA was activated at the 9th Annual Alfalfa Conference one year ago here in Cave City. Being here one year later at the 10th Annual Alfalfa Conference, a short review of our first year would be in order:

- Membership kickoff in January with 300+ memberships to date.
- Hiring of General Manager in July.
- Establishment of principal office in Bowling Green, KY.
- Kentucky hay has been sold through KPHGA in Kentucky, Tennessee, North Carolina, Alabama, Georgia, Florida, and Mississippi

- Promotion and improved recognition of Kentucky hay in the southeast.
- Improved recognition of quality.
- Cooperative effort with Department of Agriculture's Hay Testing Program.
- Design of computer software programs to support sales and accounting for membership.
- Educational meetings on hay as a cash crop.

Recognizing that there is much more to be done to get to where we need to be, I believe Quality Kentucky Hay Producers have reason to be very positive and optimistic toward hay as a cash crop. As we recognize our strong points, I think it's as important to acknowledge our weak points and work to improve them. If I had only two words that I could use to make "hay a more viable cash crop to more Kentucky farmers", they would be: **QUALITY** and **COMPETITIVE**.

#### **QUALITY AS A MARKETING TOOL**

Quality is an absolute in cash hay, it drives the market. This presentation is intended to be on marketing not on production, but I believe that producing high quality is the best marketing tool we have. On the front-end, we must focus on our product and better understand who our customers are and what their needs are. Quality is a complex entity and its' description changes from crop to crop. For hay, we should focus on the physical characteristics of color, smell, and texture which I have found to be very important (soft texture hay improves intake for better animals performance). The chemical analysis characteristics we should focus on are ADF (acid detergent fiber, which is a function of maturity and for high quality hay should be in the range of 30-36), crude protein, NDF (neutral detergent fiber), TDN (total digestible nutrients) and RFV (relative feed value). These terms and their relationship to quality should become common knowledge to quality hay producers.

A quality bale of hay is a dependable cash commodity, where a common to low quality bale of hay may not be viable in the cash hay market or certainly would bring a lower price. With our limestone based soils and good management, we can grow excellent alfalfa. Our big challenge is to harvest timely and maintain that quality in a 55 to 65 lb. bale of competitive hay.

Quality is an important marketing tool; it will be key to Kentucky hay being competitive. If we must be **COMPETITIVE**, we should recognize who our **COMPETITORS** are. Eastern states like Ohio, Illinois, Indiana, and Michigan are producing and shipping high quality hay into the southeast. Western states such as Kansas, Nebraska, Idaho, and Colorado ship a surprising amount of hay into the southeast, particularly into the horse industries of Kentucky and Florida. Much of their success comes from their earned reputation.

For Kentucky to be competitive, we must be a dependable supplier of high quality hay at an equitable price. We need to use all our natural resources. One of our strongest natural resources is our location geography to the southeast, Kentucky is well positioned to be an important hay supplier to the southeast. Currently, most hay sales are on a one to one basis, very little has actually been documented on product movement or the nature of product demand. To become more competitive, we'll have to identify demand areas, promote our product in these areas, develop a dependable economical transportation system, and then be able to supply the quality product in demand. This will take a well-funded marketing effort with the resources and people to promote Kentucky hay. Our production inventories would have to depend on acres of alfalfa planted with the cash hay market in mind. We cannot be competitive depending on surplus hay from livestock farms.

#### FOCUS MARKETS

Our two focus markets are the horse industry and the dairy industry. Both are major consumers of alfalfa and other hays. They differ in their needs, but both demand a high quality product.

I believe Kentucky has good growth potential in the dairy markets. We can produce a competitive bale of dairy hay. What's important to a dairyman is to "put milk in the tank". If a dairyman has purchased hay from several different sources, you can bet that he understands quality, he measures it each day in his tank. In general, a dairyman who buys hay, knows hay.

I talked with a dairyman from South Georgia, I was commenting on the quality of our hays in Kentucky. He cut me short and made a statement: "I don't care about anything but ADF (acid detergent fiber) and I want that in a range of 30-34. He did not mean that he was not interested in the other quality characteristics of the hay. He understood that if hay test in that range for ADF and was put in good shape, it should have the other desirable characteristics such as high crude protein, good NDF and TDN and soft texture for good intake and improved digestibility.

Because of cash flow, many dairymen choose to purchase their hay load to load. They are looking for constant quality and a dependable supplier to maintain their milk production. To become that dependable supplier, we have to promote, produce and deliver.

Our other growth market is the horse industry; it is a major consumer of quality alfalfa hay. We all recognize that Kentucky is a leading state for horses. There seems to be several different layers of the industry. Because of the physiological nature of the horse, buyers are very particular about the type and quality of hay they will buy. To many horse owners, quality is more important than price.

Kentucky producers have been supplying hay for the horse industry for years. Those who have been successful are the ones who understand the needs of their customer and produce to their specifications. Fresh smelling, clean, weed-free hay with bright consistent color, seems to be the order. Feed analysis is important but doesn't seem as critical as in dairy.

Much of the hay that is imported into the Kentucky horse industry is western grown alfalfa. It is produced under more arid conditions than Kentucky hay. This does two important things, it improves their consistency of a bright color and lowers the frequency of mold. If we are to expand in the horse market, producer integrity will be critical; we will have to identify that quality of hay that will be accepted by the horse industry and only ship that quality. It also should become a common practice when loading out a load to sort and cull hay that does not fit the customer needs.

For both the horse and the dairy industry, quality will be the key for success. It will be the key to success and growth of the hay industry in Kentucky. What we have in front of us is our reputation as a hay supplying state. If we focus on our product and understand the needs of the customer, we will be able to develop the reputation we want - the reputation that attracts buyers to Kentucky for their hay needs.

#### **TRANSPORTATION AND FREIGHT**

Transportation and freight are obvious necessities to the cash hay market. It is, in fact, very important to a successful program. Hay is a workable freight item, but it is not a first choice freight for most commercial lines. However, many will haul hay as a backhaul into the south.

Hay moves in three basic modes:

- Producer has truck(s) and delivers to customers.
- Buyers and brokers have trucks and picks up FOB.
- Backhauls and commercial trucklines.

Transportation is important to making a hay transaction operate smoothly. The producer needs to be involved in the transaction. They need to communicate to assure good direction and time of pickup. They need to have enough labor to get loaded in a reasonable amount of time.

Most trucking rates are based on miles and not tonnage. It is critical that producers get the maximum number of bales on the load in order to lower the cost per ton of shipping the hay. This is an important aspect of profitability in cash hay. Communication and timing are critical to a smooth sales transaction, it is the responsibility of producers to be involved and make transportation work.

## SUMMARY

High quality alfalfa (and other hays) have excellent potential for expanding Kentucky farmers cash crop options. It won't be easy and Kentucky will have to earn every ton of sales we get in the competitive hay market. As Kentucky works to expand and improve its position in the markets of hay, I believe our front end objective should be to "FOCUS ON OUR PRODUCT". To be successful, Kentucky will have to produce a consistent supply of high quality hay.

Where does the KPHGA fit into a hay industry in Kentucky? I believe it can play a critical role. On the front end, it won't be able to be everything to everyone, but after one year, it has progressed and can evolve to handle the unique problems and situations of marketing hay.

It will take several years for Kentucky to develop its potential in the hay industry. It will also take time for the KPHGA to develop it's customer base and gain market recognition of Kentucky hay. A mature KPHGA can do some important things for both the individual producer and the hay industry of Kentucky as a whole:

- It will attract more buyers to the state.
- It will be able to service accounts no one individual could.
- Help to maintain quality control of our product which affects our reputation as a hay supplying state.
- Arrange for transportation and improve our competitiveness.
- Promote Kentucky hay throughout the southeast.
- Assist in producer accounting of their hay business.
- Continue to promote **QUALITY**.
- Improve communication and education of producers.

This effort will take a well funded program with the resources and staff to support the program Kentucky farmers deserve. It will take an active producer board of directors with each director working and communicating to promote their area. It will take involvement from the producer level to become involved in the marketing of their hay. If Kentucky producer will focus on **QUALITY** and **COMPETITIVE**, hay can become a viable cash crop for more Kentucky farmers.