

Alaska Peony Industry



Presented by

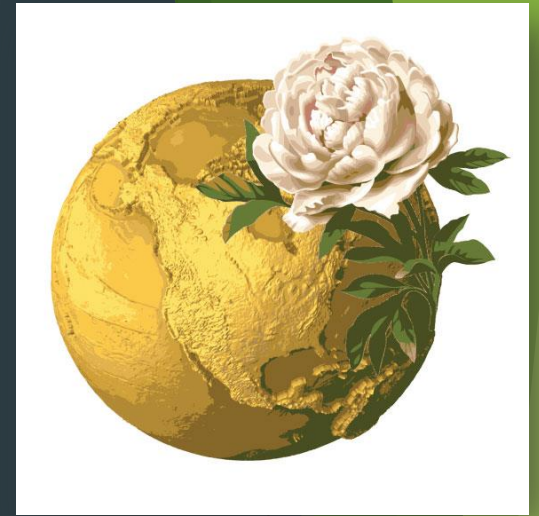
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Who are we?



- Alaska Peony Distributors (APD) is a "for profit" pack house.
- APD performs its own marketing and sales and buys peony stems direct from the farmer.
- Provides consulting services to farms & support industry

Alaska Peony Distributors, LLC

- ▶ As a commercial peony pack house we have an obligation to the farmer and to the buyer of Alaska Grown peonies to ship only the best.
- ▶ To obtain premium prices each stem has to be at its peak upon arrival.
- ▶ It is our mission to work with the farmer to make sure that happens consistently year after year. Both of our livelihoods depend on it.



EagleSong Peony Farm



Why am I here today?

- Provide an overview of the Alaska Peony Industry
- Highlight opportunities available
- Promote the Alaska agricultural industry

Alaska Peony History

- ❖ Georgeson Botanical Garden (GBG), University of Alaska Fairbanks starts field trials to determine cut flower potential in 2001



Alaska Peony History

- ▶ It is discovered that peonies can thrive in Alaska
- ▶ Alaska Div. of Ag and local peony farmers study/visit peony industry in New Zealand
- ▶ 2004-2006 First commercial peony farms started in Alaska

What is a peony?

- ▶ Herbaceous & Tree Peonies
- ▶ Hundreds of varieties
- ▶ Less than 100 varieties suitable for Alaska
- ▶ A perennial that can live over 100 years...commercially 15-20 years
- ▶ One of the most expensive cut flowers in the industry



Peony Roots

- ▶ Not all roots are the same



Alaska's Geographic Advantage

- ▶ It was discovered that Alaska peonies bloom between Jul-Sep
 - ❖ Alaska is currently the only place in the world with blooming peonies during this period



Flower Economics 101

- International Flower Industry \$40 Billion +
- U.S. imports \$709 Million (dock side)
- Retail price is 5 to 10 times the dock side price
- U. S. ranks 17th per capita in consumption
- Americans buy 10 million flowers each day

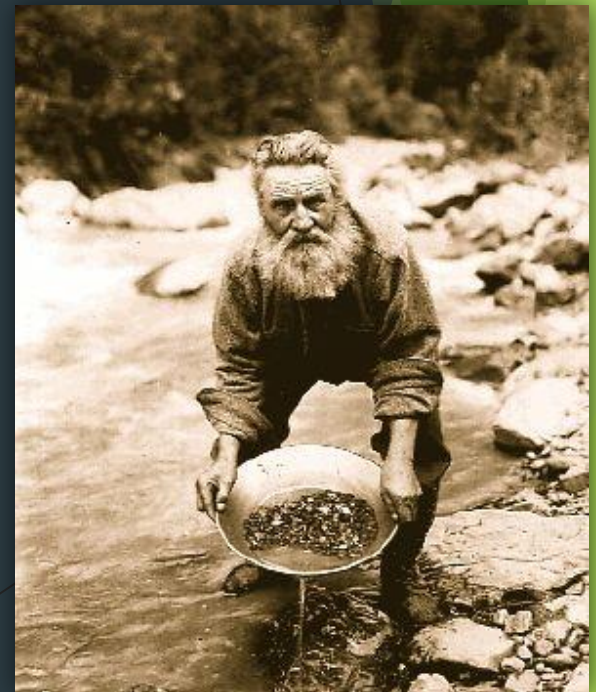
U.S. Wedding Industry



- U. S. wedding industry \$47 Billion annually
- 2.5 million weddings average \$29,000 each
- \$2300 average spent on flowers
- 30% of all U. S. weddings Jul-Sep
- Peony is most desired wedding flower

Alaska's New Gold Rush

- Everyone loves a get rich quick scheme
- You won't plant roots and start picking dollar bills
- It takes years of work to realize a profit



Do The Math

- ▶ 1 Acre - 5000 roots x 10+ stems at maturity = 50,000+ stems
- ▶ 50,000 stems x \$2 = \$100,000
- ▶ Are you willing to wait 4-6 years?



Alaska Peony Industry Today

- ▶ Industry experts estimate a need for 3 million stems during any given period to meet U.S. demand
- ▶ Dutch market sells over 120 million stems in 6 weeks
- ▶ Many parallels to be drawn from Alaska's fish industry

Rural Development

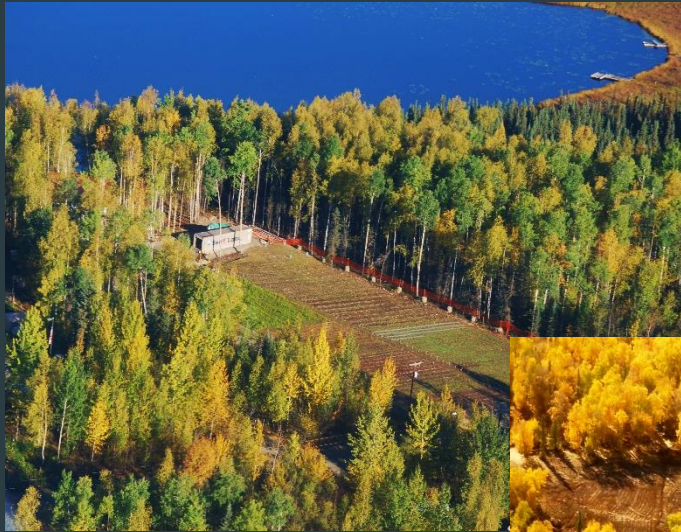
- ▶ USDA has various low interest funding programs
- ▶ 2014 Farm Bill targets veterans & natives
- ▶ Native tribal entities eligible for targeted funding

Alaska Peony Support Industry

- ▶ Service support includes
 - ❖ Transporters (road/air/sea)
 - ❖ Ag suppliers (fertilizer/equipment)
 - ❖ Refrigeration
 - ❖ Material suppliers
 - ❖ Marketing/advertising
 - ❖ Vehicles
 - ❖ Insurance/accounting
 - ❖ Numerous others



Sample of Mat-Su Peony Farms



Many variables to consider

- ▶ Micro-climate
- ▶ Soils
- ▶ Irrigation
- ▶ Drainage
- ▶ Snow cover
- ▶ Wildlife
- ▶ Disease/Pests
- ▶ Winds

Insurance & Liability

- Release, Indemnify, Hold Harmless, Liability & Property/equipment coverage
- Workers Compensation
- Vehicle Insurance
- Crop Insurance

An On Farm Processing Facility



How will you get stems to market?



Air Transport Plan



- ▶ Upper Kenai to Anchorage
- ▶ Remote areas of Mat-Su (floats & wheel)
- ▶ Bristol Bay to Anchorage
- ▶ Eventually all peonies must get to Anchorage



Work Force/Labor



Family/Friends/Hired Labor/WWOOFers

Planting



This is the reality of planting

Spring Planting



What equipment is needed?



Chiller/Cooler



You must have a cooler

Peony & AgriTourism



Alaska Peony Future

- ▶ Tremendous growth potential
- ▶ Unlimited international growth potential
- ▶ Gov. Walker added peonies to trade talks with Chinese
- ▶ Opportunity for infrastructure growth investment
- ▶ Foreign investment will soon follow



Observations

- ▶ The Alaska peony industry is a movement of individuals not government
- ▶ This is the biggest event in the U.S. flower industry since flower production moved to Central/South America in the 1970s
- ▶ It is a worldwide export business with significant tourism and jobs potential

Where to get help

- Natural Resource Conservation Service (NRCS)
- Farm Service Agency (FSA)
- Alaska Division of Agriculture
- County Extension Service (CES)
- Soil & Water Conservation District
- Alaska Peony Distributors, LLC



Thank you!

