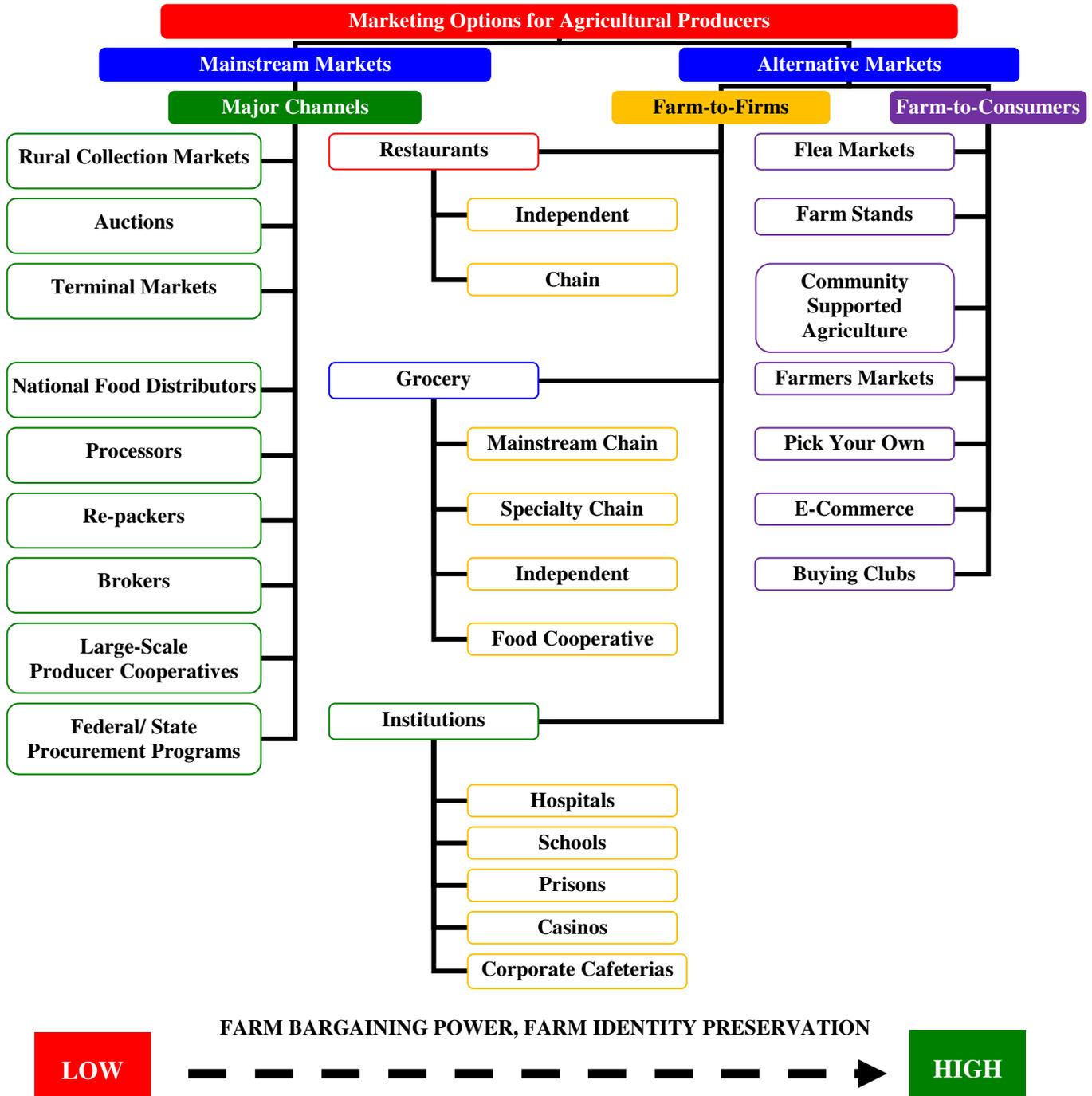


**HANDOUT #1 Marketing Options for Agricultural Producers**

**Step 1: Explore your marketing options.** Figuring out which marketing strategy fits your farm is challenging. It helps to visualize your many marketing channel options. Review the following chart (Diamond et al., 2009).



**Step 2: Consider your need for control.**

**Consideration 1:** Notice the level of farm bargaining power, and farm identity preservation increases from left to right. Choosing market options on the left hand side of the chart gives you little or no power to bargain or identify the product as coming from your farm.

**Consideration 2:** Each market has distinct producer and consumer characteristics, determine which market options you desire to operate within (Diamond et al., 2009).

- **Mainstream**
  - Producer is price taker
  - Favors large scale farm operations
  - Products are generally not differentiated
  - Consumers are passive buyers of products
- **Farm-to-Firm**
  - Producers are price makers and price takers
  - Works well for producer groups and networks
  - Products might be differentiated
  - Consumer may be active (intentional, concerned, aware about foods)
- **Farm-to-Consumer**
  - Producers are price makers
  - Works well for smaller scale farms
  - Products are differentiated
  - Consumer is active (intentional, concerned, aware about foods)

**Step 3: Answer the following questions:**

1. What level of control do you feel you need to have? Check one:  None  Low  Medium  High
2. Based on the unique characteristics of each market, list the market options you will target? Be specific and note the actual market type
  - a. Major channels (for example, processors)
  - b. Farm-to-firms (for example, restaurants)
  - c. Farm-to-consumers (for example, farmers market)

Reference

Diamond, A., Barham, J., & Tropp, D. (2009). Emerging market opportunities for small-scale producers: Proceedings of a special session at the 2008 USDA partners meeting. Retrieved from <http://www.ntis.gov/search/product.aspx?ABBR=PB2009113452>

**HANDOUT #2 Customer Identification****Definitions:****Target Customer:**

The typical customer you expect to market your products to.

**Customer Profile:**

A detailed description of a target customer to include demographic, geographic, and psychographic factors.

**Demographic Factors:**

The age, sex, education level, income level, marital status, occupation, religion, average size of a family of your target customer.

**Geographic Factors:**

Where your target customer lives or works.

**Psychographic Factors:**

The lifestyle, interests, attitudes, beliefs, values, personality, buying motives, and purchasing behavior of your target customer.

The key to marketing successfully is selling your products to the right person or business. Not everyone wants what you have to sell. When asked the question, “Who are your customers?” Most beginning farmers stop for a moment and may not have a clear picture of who exactly they are selling to, or more importantly who they should target to sell their products to. A common and incorrect answer given by beginning farmers is “Everyone eats, so everyone is my customer.” Yes, everyone eats, but they do not eat the same things, in the same manner. Taking the time to clearly identify your customers is money in your pocket. You will waste precious time and money trying to find customers AFTER harvest. Target your customers BEFORE planting. The marketing options you selected in **Handout 1** determine the type of customer you are targeting. If you chose a major channel, your customer has no idea who you are and is not really interested in having a personal relationship with your farm. However, you can develop a customer profile for businesses who you think will buy from you (**Worksheet 2B**). If you chose farm-to-firm or farm-to-customer channels, your customers are mildly or actively involved in having a relationship with your farm. Developing a customer profile helps you save money by targeting a specific audience (**Worksheet 2A**). Don’t box yourself in and consider only one customer or business to sell to. Times change and so do customers!

Being keenly aware of your target customer(s) involves answering the following questions:

1. Who is my target customer?
2. What do they value?
3. Where can I find them?
4. What do they buy?

Follow the next steps to answer these customer profiling questions.

**Step 1: Start with ONE product in mind.**

Write down ONE product you are considering selling here: (Hint: Do not just write goat. Be specific, for example, heat and eat curried goat meat.

**Step 2: Identify the specific individuals and businesses interested in the ONE product you listed by creating customer profiles (Worksheet 2A and Worksheet 2B).**

## Worksheet 2A: My Individual Customer Profile (NxLevel, 2000)

	Customer A	Customer B
<b>Product:</b>		
<b>Geographic Characteristics</b>		
Counties customer lives in		
Counties customer works in		
Miles from your farm		
Zip Codes		
Population of identified counties		
<b>Demographic Characteristics</b>		
Gender ( <i>male, female</i> )		
Age ( <i>0-4, (5-18), (19-24), (24-34), (35-59), (60 and over)</i> )		
Income Level		
Occupation		
Family Status ( <i>single, married, separated, widowed, divorced</i> )		
Children		
Education Level		
Race		
Ethnic Culture		
Religion ( <i>Atheist, Jewish, Catholic, Baptist, Muslim, Hindu, etc</i> )		
<b>Psychographic Characteristics</b>		
Where do they prefer to shop? ( <i>Farmers market, grocery store</i> )		
When do they prefer to shop? ( <i>Morning, evening, weekends, specific day of the week, celebratory days</i> )		
Why do they buy products? ( <i>Customer motivations, for example health, prestige, convenience, etc.</i> )		
How do they prefer to shop? ( <i>web, email, phone, in-person</i> )		
How do they spend leisure time?		
What are their hobbies?		
<b>Customer Expectations</b>		
What do customers expect from your product or service?		
How can you exceed customer's product expectations?		

**Worksheet 2B: My Business Customer Profile** (NxLevel, 2000)

<b>Characteristics</b>	<b>Wholesale Customers (Major Channels)</b>			<b>Retail Customers (Farm to Firm)</b>		
<b>Name</b>						
<b>Annual Sales</b>						
<b>Number of Employees</b>						
<b>Location Address</b>						
<b>Number of Business Locations</b>						
<b>Do they currently sell products similar to yours?</b> <i>(indicate brand, packaging, price, quality, origin)</i>						
<b>What are their buying procedures?</b>						
<b>What do they expect from your product?</b>						
<b>What price they are willing to pay?</b>						
<b>Buyer Contact Information</b>						

Reference

NxLevel. (2000). *Tilling the soil of opportunity...NxLevel guide for agricultural entrepreneurs*. Denver, CO: NxLevel Education Foundation.

**HANDOUT #3 Trends Identification**

Trends are everywhere! So what? Trends come and go, but some arrive and evolve. Staying in business today means knowing the current and emerging product desires of your customers. Farmers that excel in marketing identify consumer trends and act on them in a way that increases sales and does not jeopardize the operation. How do you identify market trends? Just follow the steps below:

**Step 1: Perform an internet search.**

Google the following terms: Top Food Trends YEAR (Write in current year, you can also write in next year)

Write down the top five food trends you found:

- 1.
- 2.
- 3.
- 4.
- 5.

Google the following terms: Top Consumer Trends YEAR (Write in current year, you can also write in next year)

Write down top five consumer trends you found:

- 1.
- 2.
- 3.
- 4.
- 5.

Thinking Cap Moment: Are there any trends you can adopt right now? How can you adapt your current product to fit an identified trend? Do the web articles note what type of customer is buying the trend products?

**Step 2: Visit the nearest specialty food store.**

Note what is displayed on the end caps of aisles and in the aisles

Note what is displayed at eye level

Note the highest priced items similar to your product

Note any local products and in-store promotions

Thinking Cap Moment: Are there any new products that you noticed? Are any of these products ones which can grow, produce, or raise this or next season?

**Step 3: Visit the library and read the latest food related magazines.**

Focus on new foods, food features, and time-saving recipes.

Thinking Cap Moment: What new foods did you notice? Which foods were featured as key stories on the front cover? Are there time-saving recipes you can adopt with your current product line?

**Step 4: Ask your customers if they are interested in a similar product and what would make them buy it from you.**

Adopt the survey example below. Notice how short it is. Keep it brief if you want a response.

**Example Customer Survey Questions:**

How many pounds of tomatoes do you buy each week?

None  less than 1 lb  1 lb  2 lb  3 lb  Greater than 3 lb

How much more per pound, would you pay for pesticide free, heirloom tomatoes? (Check one):

\$0.00  \$0.25  \$0.50  \$0.75  \$1.00  Greater than \$1.00

Check the three heirloom tomatoes you would MOST LIKE us to grow next season (Check one):

Cherokee Purple  Green Zebra  Brandywine  Amish Paste  Black Krim

The following questions will help us better serve your needs.

Family income range (Check one):

Below \$10,000/year

\$10,000-\$19,999

\$20,000-\$29,999

\$30,000-\$49,999

Above \$50,000

Number of children (Newborn to 18) living in household (Check one):

None  1  2  3  4  5  More than 5

### HANDOUT #4 The 4Ps of Marketing

The four variables affectionately called the 4Ps of marketing are: Product, price, place, and promotion. By manipulating the 4Ps, you can optimize the marketing of your farm products.

#### Take a moment to ask yourself the following 4Ps questions:

Product: What product can I offer that will satisfy the needs of my target customer?

Price: What is the right price to offer the right product for my target customer?

Place: Where should I make the right product at the right price available to my target customer?

Promotion: How can I tell my potential target customers about my product, price, and where to find it?

Marketing is made up of the four important elements that you either choose to ignore or pay attention to. The figure below describes the general considerations for each of the 4Ps of marketing.



Use the following 4Ps worksheets to through how to apply the 4Ps to your beginning farm products

Ehmke, C., Fulton, J., & Lusk, J. (2005). Marketing's four P's: First steps for new entrepreneurs. Retrieved from <http://www.ces.purdue.edu/extmedia/ec/ec>

## Product Description Worksheet (Emkhe, Fulton, Lusk, 2005)

Describe your product's characteristics in the first column and the characteristics of your competitors' product in the second column.

	<b>Your Product</b>	<b>Your Competitor's Product</b>
<b>Product Name</b>		
<b>Product Variety</b>		
<b>Product Appearance</b>		
<b>Product Quality</b>		
<b>Product Features</b>		
<b>Product Functionality</b>		
<b>Services</b>		
<b>Brand Name</b>		
<b>Packaging</b>		
<b>Warranties</b>		

Answer the following questions regarding your product.

1. What product features do your customers consider mandatory?
2. What product features are missing from existing product choices in the market place?
3. What are the key features/benefits of your product?
4. How do your key features and benefits compare to your competition?
5. How can your product give you a competitive advantage in the marketplace?
6. How can your product fill an existing need of customers?

## Price Strategy Worksheet (Emkhe, Fulton, Lusk, 2005)

*For each of the following pricing strategies, describe the advantages and disadvantages of using that method for your product. Which is the best one for you to use?*

<b>Strategy Type</b>	<b>Definition</b>	<b>Product Advantages</b>	<b>Product Disadvantages</b>
<b>Cost-Plus</b>	Adds standard profit % over cost of production		
<b>Value-Based</b>	Includes buyer perception of value (quality, prestige, environment, society)		
<b>Competitive</b>	Sets prices based on prices of competing firms for competing products		
<b>Going-Rate</b>	A price charged that is the common marketplace rate		
<b>Skimming</b>	Introduces a product at a high price for affluent consumers, price is later decreased when market is saturated		
<b>Discount</b>	Reduction in the advertised price, such as a coupon		
<b>Loss-Leader</b>	Attracting customers to a store by selling at a price lower than the cost of production, in hopes of making additional sales		

## Pricing Considerations Worksheet (Emkhe, Fulton, Lusk, 2005)

*For each pricing consideration, describe the advantages and disadvantages for your product (first column), and describe how your competitors are implementing the price policy (second column).*

	<b>Definition</b>	<b>Advantages and Disadvantages</b>	<b>Competitor Use of Pricing Policy</b>
<b>Payment Period</b>	Length of time before payment is received		
<b>Allowance</b>	Price reductions for promotional services (in-store display upkeep)		
<b>Seasonal Allowances</b>	Reductions given to increase sales during slow times		
<b>Product Bundling</b>	Offering products together		
<b>Trade Discounts</b>	Payments to distribution partners for storage, or shelf stocking		
<b>Price Flexibility</b>	Ability to modify price		
<b>Price Differences for Target Groups</b>	Pricing differences between target markets		
<b>Price Differences Based on Locale</b>	Pricing differences among geographic regions		
<b>Volume Discounts</b>	Price reductions for bulk buys		
<b>Cash/Early Payment Discount</b>	Price reductions to encourage cash purchase, or early sales		
<b>Credit Terms</b>	Allowing customers to pay for products on credit		

## **Further Pricing Assessment** (Emkhe, Fulton, Lusk, 2005)

*Answer the following questions regarding your pricing strategies and considerations.*

1. How sensitive is your target market to changes in prices?

2. How does your expected pricing compare to your competition's pricing?

3. Will pricing make your business special?

4. How will your products/services provide a better price-performance balance than your competitors' products/services?

## Place Worksheet (Emkhe, Fulton, Lusk, 2005)

*Describe how you plan to distribute your products. Compare your plans with your competitors' existing product distribution.*

	<b>Definition</b>	<b>Your Product</b>	<b>Your Competitors' Product</b>
<b>Direct Sales</b>	Selling directly to the customer via retail, door to-door, mail order, e-commerce, on-site, etc.		
<b>Reseller Sales</b>	Selling through an intermediary (wholesaler or retailer) who resells your product.		
<b>Market Coverage</b>	<p><b>Intensive</b> Wide product distribution (Common, non-distinguishing products)</p> <p><b>Selective</b> Product distribution to only a few businesses (Specialty products)</p> <p><b>Exclusive</b> Restricts distribution to a single reseller (Prestige brands).</p>		
<b>Inventory/Warehousing</b>	Product availability and storage		
<b>Transportation</b>	Methods used to distribute product		
<b>Logistics</b>	Management of the flow of goods from beginning point to end user		

## **Further Place Assessment** (Emkhe, Fulton, Lusk, 2005)

*Answer the following questions regarding your pricing strategies and considerations.*

What do you think is the best way to sell your product?

Why do you think it is the best way to sell your product? Will this be a competitive advantage or disadvantage?

How will your market coverage and other place decisions be different from your competitors?

Do your place decisions give you a competitive advantage or disadvantage? Why?

## Promotion Worksheet (Emkhe, Fulton, Lusk, 2005)

*Describe your product's promotion in the first column and your competitors' promotion in the second.*

	<b>Your Product</b>	<b>Your Competitors' Product</b>
<b>Advertising</b>		
<b>Radio</b>		
<b>Television</b>		
<b>Print</b>		
<b>Electronic</b>		
<b>Word of Mouth</b>		
<b>Other Methods</b>		
<b>Public Relations</b>		
<b>Personal Selling</b>		
<b>Sales Promotion</b>		

**What promotion efforts are most effective for your target market?**

**How can your promotion strategy give you an advantage in the marketplace?**

### HANDOUT #5 Competition

Rank yourself and competitors (1=Low, 5=High). Based on highest totals, who is your strongest competitor? Can you identify strengths and weaknesses of yourself, of your competitors? In the final column, rank each item (1=Low, 5=High) on your targeted customers perceived value of each factor. Can you identify any potential opportunities based on shortcomings of competitors?

Factor	You	Competitor A	Competitor B	Competitor C	Perceived Value (first column) to target customer
<b>Name &amp; Location Address</b>					
<b>Products</b>					
<b>Price</b>					
<b>Quality</b>					
<b>Product Selection</b>					
<b>Customer Service</b>					
<b>Product Service</b>					
<b>Reliability</b>					
<b>Expertise</b>					
<b>Image</b>					
<b>Reputation</b>					
<b>Location</b>					
<b>Layout</b>					
<b>Appearance</b>					
<b>Sales Method</b>					
<b>Credit Policy</b>					
<b>Availability</b>					
<b>Management</b>					
<b>Longevity</b>					
<b>Advertising</b>					
<b>Estimated Sales</b>					
<b>Customer Satisfaction</b>					
<b>Total</b>					
<b>Summary of Strengths</b>					
<b>Summary of Weaknesses</b>					
<b>Areas of Opportunity</b>					

Schuck, N. G., Knoblauch, W., Green, J., Saylor, M. (1991). *Farming alternatives: A guide to evaluating the feasibility of new farm-based enterprises*. Cornell Cooperative Extension Publication ISBN 0-935817-14-X