

# MARKETING FOR PROFIT: TOOLS FOR SUCCESS



Presented by **Farmers Market Federation of New York**  
and **New York Farm Viability Institute**  
in partnership with **USDA Northeast SARE**

## INTRODUCTION

Farming is many things. It's a vehicle for producing and harvesting wholesome food. It's a livelihood and tradition passed down through generations. It's a source of pride, and it's an opportunity for innovation. But first and foremost, farming is a business – and you are the business owner.

As a farmer or farmers market manager, one of the most valuable tools you can wield in running a strong business is marketing. At its most elemental definition, marketing is the act of bringing goods to consumers. But that's where the simplicity ends. Marketing is a multi-layered concept that involves many strategies working together, bringing success to your farm or market.

While marketing is not simple, it is logical. This toolkit provides a step-by-step approach to marketing your farm or market, using the following five levels as areas of assessment and action items:

Self  
Market  
Customer  
Business  
Communications

Once you've worked through the five levels, you'll be in a better position to leverage the power of marketing for your business. Marketing is the means to an end – whatever your goals may be. Would you like to attract more customers, become more profitable and efficient, or grow your business? Marketing must first be mastered. Let's get started!

## TOP 5 WAYS TO MAXIMIZE YOUR SUCCESS USING THIS TOOLKIT

### 1) WORK SEQUENTIALLY

The information contained in this marketing toolkit was presented by regional and national marketing experts through a series of webinars. Ideally, you will start with the first course and move sequentially. This is especially important because each course includes assessments. The assessments were created to give you an in-depth look at your current marketing tactics: a base upon which to implement new strategies for success. *You cannot know where you're going unless you know where you currently stand.*

### 2) COMPLETE ALL WORKSHEETS

Also included with each course is a series of worksheets. Once you read through the course, it's time to put what you've learned into practice. Completing worksheets ensures that you fully understand what you've read, and can take the lessons learned and apply them to your farm or farmers market. Printable and copy-ready, versions of each worksheet are contained in this toolkit. You will see this icon to remind you:



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In some courses, you will see examples of common scenarios and completed worksheets. If you get stuck when doing a worksheet, refer to these examples to grow your understanding. Look for this icon:



GROW BY EXAMPLE

### 3) GATHER FURTHER INFORMATION

These courses were created by experts in marketing and/or agriculture. They were glad to share their knowledge with you, and welcome any further questions. Their contact information is at the beginning of each course. Some farms and farmers markets have shared their success story. Look for this icon:



SUCCESS STORY

### 4) USE THIS BOOKLET AS A TRAINING TOOL

You will notice that these courses are written and presented to you, the reader. While it's important that you – as a farm owner or farmers market manager – understand these concepts, you may find success by delegating tasks to a designated person. If you have a marketing or business director, consider using this toolkit as their marketing training guide.

### 5) REFRESH YOURSELF

We hope this toolkit becomes a “living document” – something that you add your own notes and ideas to. We suggest that you print it out and use as a booklet. Don't read it once and let it gather dust: Use it, refer to it often, and revisit courses over the years to come!

## **SELF ASSESSMENT**

### **COURSE #1 ASSESSING YOUR IDENTITY**

#### **“TAKE A CLOSER LOOK”**

**Created by:** Steve Hadcock, CCE Columbia County and Laura Biasillo, CCE Broome County

#### **Bios**

**Steve Hadcock** has been a Cornell Cooperative Extension Educator in Columbia County for 29 years. In spring 2011 he transferred to a new regional position with the Capital Area Agricultural and Horticulture Program and has primary educational responsibility working with new and beginning farmers. Steve provides education on an individual and group basis to those interested in beginning a farm and for those who have been farming for less than 10 years. The other major educational responsibility he has is for market development. Steve is also currently the Extension representative to the Columbia County Agricultural and Farmland Protection Board.

**Laura Biasillo** is an Agricultural Economic Development Specialist with Cornell Cooperative Extension in Broome County, in Binghamton NY. Laura has been in this position since 2007, and her educational and program responsibilities focus on increasing marketing channels for farmers, creating education programs focused on new marketing skills and technologies, and facilitating farmland protection and agricultural development initiatives in the county.

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#### **Course Summary**

This first course will provide an objective look at what your business model is today, and a realistic assessment of what it might become in the future. A comprehensive understanding of your business identity is the foundation upon which many marketing decisions will be made. You must also understand yourself – how do your individual personality and preferences fit into the equation? This course walks you through a self analysis so that you can travel the road to profitability by entering the marketing channels that best fit you and your farm.

#### **Course Outline**

- I) Enterprise and Skills Assessment**
- II) Capacity and Production Assessment**
- III) Production Management Assessment**
- IV) Cost of Production Budget**
- V) Breakeven Analysis**
- VI) Goal Setting**

## **What You Will Gain**

- ✓ An objective look at current strengths and weaknesses of your business
- ✓ How to focus your marketing activity, knowing these strengths and weaknesses
- ✓ Identifying your abilities, skills, and resources
- ✓ Gain insight into current production, and how to increase profitable yields!
- ✓ Set SMART Goals that result in tangible outcomes

## **I) Enterprise and Skills Assessment**

Assessing your current business is key in making the most of this marketing toolkit. There may be a few farms or farmers markets who may complete this initial assessment and realize that very basic attributes of running a business are missing from their current enterprise. These are “deal breakers” – and you should consider whether you view your operation as a hobby or a business. This is also a living document, and should be completed once a year to identify key areas of your business that need attention. Once this assessment is completed, you will know if you’re ready to pursue advanced strategies in direct and wholesale marketing.



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## **Skills and Enterprise Assessment Worksheet: Am I Ready for Direct/Wholesale Marketing?**

In today’s increasingly competitive agricultural landscape, marketing is essential to your success. But before you begin marketing, you need to have basic business systems in place. This worksheet will identify any business “deal breakers” that need to be addressed before you focus on marketing.

**Green = Deal breakers:** If you are weak in these areas, you must take urgent action to ensure that your business remains stable. Refer to free resources available at your local Cornell Cooperative Extension Office, the Farmers Market Federation of New York, or the USDA website.

**Blue = Marketing Skills, Phase I:** It’s ok if you have a weak area, these are areas that you will learn how to improve as your progress in this toolkit.

**Red = Marketing Skills, Phase II:** These are advanced strategies that you may or may not be already using.

<i>Write “S” for strong, and “W” for weak. It’s alright if you have “weak” areas, this toolkit will help you improve!</i>	
	<b>S/W</b>
I have a written inventory of our organization's physical, social, knowledge, financial and capital resources	
I would be willing to make changes to post-harvest handling, packaging or transport to maintain/improve sales	
I have several years of production experience	
I'm interested in extending my growing season to get product to market earlier	
I would rather focus on growing fewer items in larger quantities	
I would rather focus on growing a diversity of products in smaller quantities	
I know more, or less, which products I will grow for sale and when these will be available	
I have a well-researched idea about who will buy my product(s) and where the transactions will occur	
I can distinguish my products from the competition	
I have an idea of what I will need to charge to be sustainable	
I effectively brand my product(s) by developing labels, logo, website, brochure and other marketing tools	
I know the infrastructure required for various types of market channels (direct marketing/wholesale/CSA/etc.)	
I am open to working with my customers to establish an ordering and delivery schedule	
I respect local chefs and would welcome the opportunity to partner with them in featuring local products	
I believe the "buy local movement" and "foodies" should be catered to	
I enjoy interacting with customers on a regular basis	
My farm is located in an area that could have multiple market channel customers, without intense competition	
I have a formalized bookkeeping system for tracking expenses, transaction, income, etc.	
I feel comfortable cold-calling potential customers regarding my product(s)	
I am prepared to stand behind my product(s) and make customers happy	
I welcome suggestions from customers	
I would enjoy the opportunity to help educate staff about the benefits of my product(s)	
I'm comfortable using various technologies, such as e-mail, social networking and other online tools	
I have a good understanding of various marketing methods, including guerilla, social marketing, online, etc.	
I currently possess a website (or other online presence) for my farm and product(s)	
I have a mechanism to sell (or display) my products on my property (farm store, farm stand, etc.)	
I know the zoning and requirements for operating an agricultural enterprise (signage, buildings, business, etc.)	
I'm currently operating in a business-like manner and filing a schedule "F" with our taxes for farm expenses	

SOURCE: Based upon University of Vermont’s “Are You Ready to Sell to Restaurants” Checklist

## Skills and Enterprise Assessment Results

If you were weak in any “deal breakers,” do you have an action plan to address them?

Where are your strengths?

Where are your opportunities in marketing your product/s?

Which areas do you need to educate yourself to remain competitive?

## II) Capacity and Production Assessment

The objective of the second part of this course is to understand your marketable yield by performing a benchmark analysis. In other words, what are you currently producing that can be sold? Then, the question is: Do you want to increase that yield? If so, the third part of the course will help you identify areas for improvement.

### Perform a Benchmark Analysis

- 1) **What to Measure:** You will measure what you sell, not what you grow or produce. If you produce more than one product, select one product to measure at a time – starting with your largest crop. For example, if you grow two dozen types of produce, select the one that brings in the most profit.
- 2) **Units of Measurement:** Then, select the unit of measurement you will use. It should be how you sell your product. If you sell your product per item – measure per item. If you sell per pound, measure per pound. Here are some examples:  
  
Beef: percent carcass yield or amount of cuts per cow  
Apples: marketable versus culls  
Vegetables: Grade I or II, volume, or weight  
Eggs :dozen  
Poultry: amount of whole birds  
Eggs (dozen), Roasters (State-inspected whole bird)
- 3) **Select Standards of Comparison:** What would you like to measure your current yield against? You could set your own goals, compare against past production records, or see how you measure up against industry standards. If you are comparing your yield against current industry standards, here are places to get current standards: Cornell Cooperative Extension, Industry Sources/Trade Organizations (Beef Cattleman’s Association, Dairy Improvement Association, Seed Companies, etc.)
- 4) **Compare Your Production Against Standards:** If you are on-par with the average production standard, ask yourself if you want to be average. If your yield is lower than you’d like, explore reasons for not meeting performance expectations? Is there an opportunity for improvement in that particular product or should you re-direct your focus to another product?



## FRESH VEGGIE FARMS

Meet Samantha who owns Fresh Veggie Farms. Samantha grows a variety of vegetable crops for farmers markets and to sell to local restaurants. Her sales for the past two years have stagnated and she is wondering why. It was recommended to her that she analyze her production.

Since Samantha grows a wide variety of vegetables, she thought this would be a daunting task. She chose to first start with evaluating tomato production, since tomatoes are a key vegetable crop for her. *She estimates that nearly 10 percent of her income comes from tomatoes.* She contacted her tomato seed company and they gave her benchmark production values that she was able to compare to her own.

### Samantha's Current Production

- 58,000 lbs. total on 2 acres
- No. 1 – 33,060 lbs. (57%)
- No. 2 – 11,600 lbs. (20%)
- Culls – 13,340 lbs. (23%)

### "Benchmark" Values from Seed Company

- 58,000 lbs. total
- No. 1 – 37,700 lbs. (65%)
- No. 2 – 8,700 lbs. (15%)
- Culls – 11,600 lbs. (20%)

Samantha then analyzed what might be holding her back from meeting – then exceeding – benchmark values. She decided that the most important issue was her amount of culls, she analyzed her harvesting methods and found that rough handling was causing a high level of culls. Then, she accepted that some loss of marketable yield was due to mild drought conditions. However, Samantha also discovered that her No. 1 tomatoes could bring a better profit margin, so she sought to focus efforts on quality and handling.

### III) Production Management Assessment

After performing your benchmark analysis, it's time to analyze what might be causing a low or average marketable yield – just like Samantha did. The best way to do this is to assess your production management practices using the worksheet below.

The following statements are what a successful agricultural operations can say are true. They make the most of their business by assessing efficiency and quality control at every step. You'll also notice by reading through the statements below that documentation and close monitoring are critical to a profitable business. Once you've completed the assessment, your goal should be to shift any weak areas of production and management, to areas of strength.





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## Production/Management Assessment

<i>Write "S" for strong, and "W" for weak. It's alright if you have "weak" areas, this toolkit will help you improve!</i>	
	<b>S/W</b>
I am a low-cost producer, based on monitoring cost per dollar of revenue, cost per bushel, or similar measures	
I have established a system to identify, monitor, and benchmark key production efficiency measures	
I have an organized financial record keeping system for tracking expenses, transaction, income, etc.	
I help employees develop their skills and abilities	
I recognize how everyday operating decisions impact the achievement of long-range business goals	
I can clearly identify and state the source(s) of my business's competitive advantage	
I have established appropriate production benchmarks for evaluating crop and livestock production	
I can quickly identify problems in production performance and take corrective action	
I have a written inventory of my farm's physical, social, knowledge, financial and capital resources	
I can identify the influence that production practices have on quality and level of production	
I closely monitor stored crop and feed inventories to be sure that quality is maintained	
I observe changes occurring in the industry and develop strategies to use these changes for personal gain	

### Cost of Production Assessment Results

Where are your highest costs? What costs are you not considering in your expenses?

How can you lower, or eliminate, some of your highest costs ?

What does this teach you about holistically about your operation taking into account your production assessment earlier and next steps for your operation?

## IV) Cost of Production Budget

Now that you've learned how to assess your production and capacity – you can focus on how much it costs. A cost of production budget for your farm is essential to its success. Notice that marketing is included in this worksheet: it is a necessary expense and can ultimately increase your profit margins.



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### Cost of Production Budget Worksheet

Fixed Costs	Unit to Measure	Notes
Equipment (truck/s, tractor/s, tools, etc.)		Must be depreciated over life of equipment
Land	<i>per acre (to row feet)</i>	Inc. taxes and/or any rental payments
On-site storage	<i>electricity costs</i>	Depreciate cost of unit over productive life
Variable Costs		
Feed	<i>per pound</i>	
Hay	<i>per bale</i>	
Livestock (feeder/youngstock, etc.)	<i>per animal</i>	
Fuel	<i>per gallon</i>	
Hourly Labor	<i>per hour</i>	This will depend on benefits given to labor
Insurance (flood, product, etc.)	<i>yearly cost</i>	Depends on rates & coverages
Health Costs (vet, medicine, etc.)	<i>vet's rates</i>	
Materials		Can include: wrapping for hay, smaller equipment, etc.
Trucking	<i>variable</i>	
Slaughter & Processing	<i>kill fee, plus cut/wrap</i>	Figure out per pound
Electricity	<i>per kilowatt hour</i>	Can you separate house from barns/ farm buildings?
Water	<i>per gallon</i>	Using a well? Can you separate home/ farm usage?
Marketing & Advertising		
Website (design, hosting, domain name, etc.)		Initial (start-up) and yearly costs
Ink to print brochures, biz cards and labels		Ongoing
Paper for brochures, biz cards and labels		Ongoing
Printer or outside source		cost should be figured by the piece
Infrastructure for market channel (coolers/freezers, power source, farmers market tent, bags/boxes for products, etc.)		Amortize over life of equipment as well as season for selling
Vending and/or membership fee		Divide by number of selling days
Transportation costs (fuel, time, wear and tear)		Use per gallon cost for fuel, per hour rate for labor, tax rate for mileage plus wear and tear
Time to recruit customers		Hourly rate for labor plus costs to use phone and/or internet
Signage (design, materials & maintenance)		Include design time, materials, and labor

SOURCE: This is based on the enterprise budgets found at the Penn State Ag Alternatives website

## V) Breakeven Analysis

Now that you know your costs, it's time to calculate a price for the product/s you sell. At the very least, the price you charge for your product/s should allow you to fully cover all production and marketing costs. This is called the breakeven price. The breakeven analysis will reveal what you should charge for your products if you want to break even. However, you will then want to increase your price so that you go beyond breaking even, and begin to profit. In performing this breakeven analysis, you can also identify areas of weakness in your production systems that are taking away from your potential for profit. Let's get started:

### Information Needed to Perform Breakeven Analysis

- 1) Expenses (accounted for in your budget)
- 2) Production Information (what is actually marketed)
- 3) Unit of Measurement Used in Selling
  - Weight (Pound, gram, ounce, ton, etc.)
  - Volume (Pint, quart, gallon, etc.)
  - Count (Individual pieces, dozen, gross etc.)



### GROW BY EXAMPLE

#### NEW MORNING FARM

Meet Reginald of New Morning Farm. He wants to find out his breakeven price. First, he gathers information:

- 1) Expenses (grass feed, grain feed to finish, vet costs, travel to markets, labor etc.)
- 2) Production Information (selling at 3 farmers markets, beef is 50% of sales, also sells processed broilers and pork)
- 3) Unit of Measurement Used in Selling (7 steers on farm, average weight is 1,200 lbs., using POUNDS to measure)

Then, Reginald calculates his costs:

**Total Costs Calculated for 7 Steers**  
Variable Costs (Feed, Vet, Processing Fees, Utilities, Fuel, etc.) = \$12,235.17  
Fixed Costs (Insurance, Depreciation, etc.) = \$413  
Marketing Costs\* (Labor, Travel, Promotion, etc.) = \$3,699  
**Total Costs = \$16,347**

\*Remember, beef accounts for 50% of New Morning Farm's marketed product. Reginald's total for marketing costs (including chicken/pork) was actually \$7,398 but he is only looking for his breakeven price on beef in this example!

## How Much Meat Do You Sell?

7 Steers weighing 1,200 lbs.  
 $7 \times 1,200 = 8,400$   
Cuts sold represent approximately 40% of live weight\*  
 $8,400 \times .40 = \mathbf{3,360 \text{ lbs. of cuts to sell}}$

There are various ways to estimate the amount of meat Reginald will be able to sell from any given animal. This website <http://igrow.org/livestock/beef/how-much-meat-can-you-expect-from-a-fed-steer/> was used to assume that 40% of live weight can be sold. Your farm's records will provide the most accurate information.

## Now, We Can Perform the Breakeven Analysis

Total Costs Divided by Total lbs. of Meat  
 $\$16,347 / 3,360 = \mathbf{\$4.87}$  Breakeven Price

So, \$4.87 is Reginald's breakeven price for each pound of meat. BUT, should Reginald just break even? The most accepted margin is approximately 25% to 35%. Reginald decided he needed a 25% markup to ensure that his farm remained profitable.

$$(\$4.87 \times .25) + \$4.87 = \mathbf{\$6.08} \text{ Price with Profit Margin}$$

## Your Price: Is it Practical?

Now that you've determined an ideal price, ask yourself...will it work in the current market? Compare your price with that of your competitors: Is it too low? Could you build in more a profit margin and still provide good value to your customers? Is it too high? What could you do to decrease your production and marketing costs without impacting the quality and quantity of marketable product?

You'll want to get in the habit of performing a breakeven analysis each year – even each quarter if possible. Many factors can alter your breakeven price. If you don't perform the breakeven analysis, you may be operating under the assumption that you are profiting, when in fact, you may not even be covering your costs. For example, if Reginald's fuel and feed costs increased, yet he kept his price per pound the same, he would be decreasing his income to the point he could be operating at a loss.

## VI) Goal Setting

Once you've identified any areas of weakness, it's time to turn them into strengths through goal setting using the SMART Goal Setting Program.



Let's return to the example of Samantha's Fresh Veggie Farm. Samantha realized that her profits had stagnated, she wanted to change her situation, so she set a SMART goal.

**Specific:** Samantha decided to increase her tomato production, not entire farm's production – she narrowed down her focus to a specific goal.

**Measurable:** Samantha decided to measure her tomato production in pounds – she also measured the tomatoes in terms of pounds produced of No.1s, No. 2s, and culls.

**Attainable:** Samantha set an attainable goal of decreasing the percentage of culls by 5% over a single season. An unattainable goal would have been Samantha trying to turn her annual 58,000 lbs. of harvested tomatoes into all No. 1s.

**Rewarding:** If Samantha decrease her culls, she will increase both sales and profits. It's a rewarding goal.

**Time-Based:** Samantha set her goal to be completed in her next growing season, not within an arbitrary amount of time.



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### SMART GOAL SETTING WORKSHEET

**Make Sure Your Goal is SMART:** Specific Measurable Attainable Rewarding Time-Based

TASKS	PRIORITY #	COSTS/RESOURCES NEEDED	START DATE	FINISH DATE
<i>Short-Term Within 3 Months</i>				
<i>Mid-Term Within 3 to 6 Months</i>				
<i>Long-Term Within a Year</i>				

After completing these self assessments, you'll have a comprehensive picture of your entire business operation from the basic enterprise systems you use, to production and management. After the self assessments, go back through and pay closer attention to the areas that you noted as "weak." These are areas that you'll need to improve in order to have a profitable, stable operation. To make these improvements, use the SMART goal setting system.

Even if you have weak areas – and most likely you will – It's still important to deploy the marketing tactics that will be outlined in this toolkit. You may have to simultaneously make improvements identified in these assessments, AND implement the marketing tactics identified in the next section.

## **SELF ASSESSMENT**

### **COURSE #2 EXPLORING MARKETING CHANNELS**

#### **“WHAT’S OUT THERE?”**

**Created by:** Matthew LeRoux, CCE Tompkins County

**Bio:** Matthew is an Agricultural Marketing Specialist with CCE of Tompkins County, serving on a 5-county team. In his role, he works with a diverse mix of vegetable producers and livestock farmers in the Southern Tier of New York. Matt is involved in numerous marketing education and research projects. In 2008, Mark developed a Marketing Channel Assessment Tool to assist producers in their decision making regarding marketing channels and to improve their marketing performance. In 2009, Mark received a master’s degree in Agricultural Marketing from Cornell University.

#### **Contact Information**

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#### **Course Summary**

This course will help you understand various marketing channels to find those that fit you and your farm. We will begin with an analysis of various marketing channels, what they are, how they operate, the requirements of each, what your marketing costs per channel would look like, and how you can find success in the channel/s that offer the best opportunity for profit and success.

#### **Course Outline**

- I) **Marketing 101: Terms to Know**
- II) **Choosing a Marketing Channel: 4 Considerations**
- III) **Narrow it Down: Create Your Marketing Strategy**
- IV) **How to Use Your Positioning Statement**
- V) **Marketing Channel Assessment**

#### **What You Will Gain**

- ✓ An understanding of basic marketing terms
- ✓ How to choose the best marketing channel/s for your farm or business
- ✓ Ways to identify – then better serve – your ideal customers
- ✓ Create a positioning statement, and use it to guide your marketing strategies

## I) MARKETING 101: Terms to Know

### MARKETING DEFINITION

The process of identifying customer needs, creating a product to satisfy customer needs, then delivering it! Everything you do from harvest on, is marketing. Marketing is NOT the art of misleading people, it is not trickery or sneaky advertising. It IS the act of sharing your product with those who want it!

### 4 P's

**Product. Place. Price. Promotion.** These are the four aspects of marketing that this course will cover.

### MARKETING MATERIALS

These are the tools you'll use to promote your product. Marketing materials may include brochures, signage, posters, social media presence, and your website. Marketing ALSO includes conversations and face-to-face interactions. Just as you carefully chose words and photos for a brochure, you should plan out your conversations, as these are vital marketing interactions. Think of the top five questions you are asked about your product – then write out the answers, and practice them.



### GROW BY EXAMPLE

### HUNTER'S MOON FARM

Here are five questions typically asked of Hunter's Moon Farm each week at their booth at the farmers market (name changed). Following is a close up of a brochure that addresses these questions. The underlined sections directly answer one of the questions.

- 1) What is your "specialty"?
- 2) Are you an organic farm?
- 3) Do you have food safety systems in place?
- 4) Do you offer special deals or offers?
- 5) How else can I buy from you?

### HUNTER'S MOON FARM

Welcome to Hunter's Moon Farm, a family-owned farm offering over two dozen vegetable varieties! We specialize in heirloom tomatoes and a special seed variety passed down through our family. Once you taste the juicy, savory flavor of Hunter's Moon heirloom tomatoes, you'll be hooked!

Hunter's Moon Farm is proud to use sustainable farming practices. You'll benefit from tastier veggies, and peace of mind knowing that the food you're enjoying has been grown using safe, environmentally sound practices. In addition, Hunter's Moon Farm is proud to have undergone rigorous safety protocol, offered through the Farmers Market Federation of New York's Food Safety Program.

Hunter's Moon Farm hopes you'll join our farm community. We are happy to provide free recipes each week at market. In addition to the Rochester Public Market, Hunter's Moon Farm invites you to order directly from us. OR, join our CSA, launching this summer!



## WHOLESALE V. DIRECT MARKETING CHANNELS

Direct marketing channels refer to channels where your buyer is the end user, or the “eater.” Direct marketing channels include farmers markets, CSAs, farmstands, U-Pick operations, and buyers clubs. Wholesale marketing includes restaurants, grocery stores, institutions, and wholesale buyers – they are not the end users or the “eaters.”

## DEFINITION OF DIRECT MARKETING CHANNELS

### Farmers Market

Most often, farmers markets are held in parking lots, downtown areas, community center parking lots, parks, and even designated market spaces. There may be a few vendors, or there may be over a hundred. There are also many indoor farmers markets held during the winter months. There are usually fees and membership requirements associated with selling your products at a farmers market. Farmers markets are ultimately defined by being multi-vendor operations, meeting on a regular basis, and focusing on products from local farmers. Some farmers markets require that vendors be present, while some allow the vendor to be represented by others.

### Community Supported Agriculture (CSA)

The CSA concept involves community members buying shares of your harvest. Shares are purchased at the beginning of the season, so that risks and benefits of the harvest are shared among your community. Once the harvest begins, members typically pick up their share of fresh produce at your farm (although in recent years, some farm CSAs now offer delivery). Some farms also choose to partner with other farms to offer a more diverse weekly share. Other farms allow members to harvest their own produce for a discounted rate. CSAs have risen in popularity over the last fifteen years.

### Farmstand

This direct marketing channel requires a retail space at your farm. This may be a designated building where products are offered for sale. Or, it may be a small roadside stand. The farmstand can be managed by a sales representative tending to customers and processing transactions or it may be unstaffed. Like CSAs, some farmstands offer products from other farms to give customers more products to choose from.

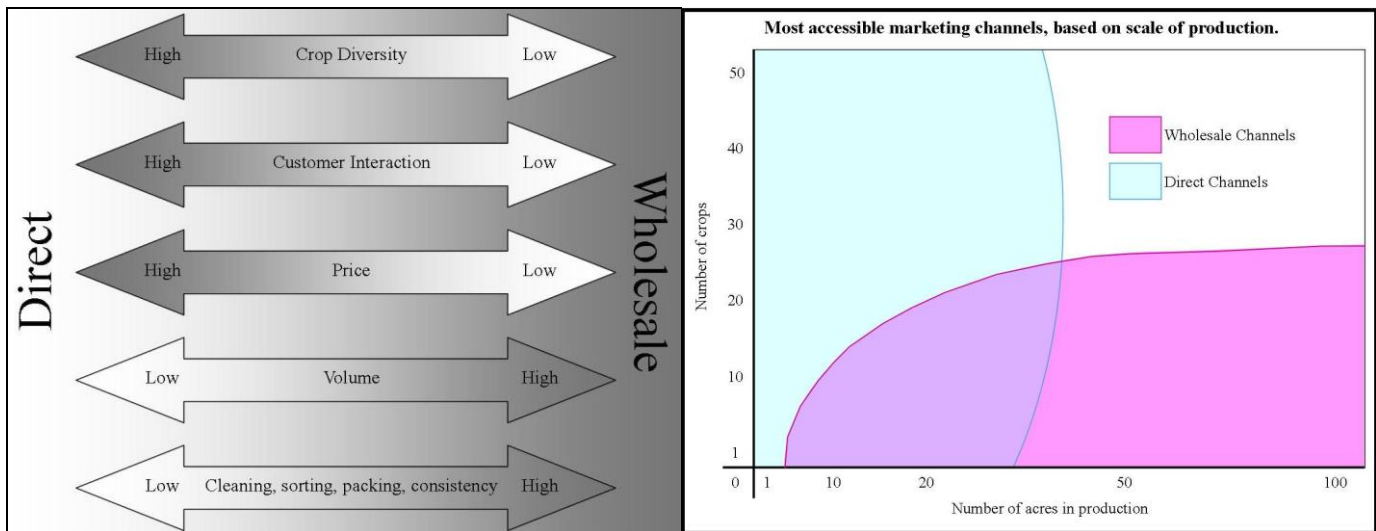
### U-Pick Operations

From pumpkin patches to apple orchards, many farms opt to offer customers the opportunity to harvest their own produce right on the farm.

### Buying Club

Similar to a CSA, a Buying Club centers on a group of customers buying your farm’s products in bulk, and then dividing the products among the group. Buying Clubs often revolve around online ordering systems, and are very customer-focused. Some Buying Clubs offer delivery while some require group members to pick up products at a central location, such as the farm or business.

## II) Choosing a Marketing Channel: Four Considerations



### 1) What is Your Production Like?

Compare your diversity of product to the scale of production to think about your best marketing channel. Typically, farms with higher product diversity at lower volumes are best suited to direct marketing. Farms with lower product diversity at high volumes will find more success in wholesale marketing.

#### High Diversity/Low Volume

Example: 30 different crops on 2 acres  
Ideal Marketing Channel = Direct

#### Low Diversity/High Volume

Example: 2 different crops on 10 acres  
Ideal Marketing Channel = Wholesale

### 2) Your Location and Local Population

When choosing a marketing channel, it's imperative to assess who you will sell to. Most of today's independent farms are selling local: within their town, county, or region (as opposed to shipping across the country). So, it's important to know *who* is near you. These questions will help you understand who is around you, and what the potential is within your local population.

*What kind of customers are around you?* Identify the attributes of the customers in your area. Look at things like education and income level, age, ethnicity, as well as attitudes. For example, you can't expect to sell to very high-end food enthusiasts if you're in a rural county without high income households. Assess the types of customers near your business.

*How many customers are near you?* How many customers are near you? Can you sustain your operation by doing business with customers within a ten mile radius?

*What is your visibility within each channel?* If you are operating a U-pick operation on a remote country road, your visibility will be low. Should you consider bringing your product TO your customers by participating in a farmers market? What ways can you overcome a visibility issue? If you are a farmstand on a busy country road, you have higher visibility.

*How far are your customers willing to travel? How far are YOU willing to travel?* If you offer a highly specialized product, you'll need to access a larger market area – either bringing your product to customers or encouraging them to come to you.



## SUCCESS STORY

A rural Western New York farmer raises special chickens using rigorous protocol from France. The local population did not contain many food enthusiasts who would pay extra for gourmet chickens. This farm brought their chickens to high-end restaurants in New York City, Buffalo, and Rochester to grow business.

### 3) Pros/Cons of Direct Marketing Channels

#### Farmers Market

##### PROS

- Can advertise your other marketing channels
- Exposure to chefs and restaurants for wholesale
- Face-to-face customer interaction gives feedback
- Get advice from other farmers
- Competition forces you to find your “niche”
- Able to charge slightly higher prices

##### CONS

- Can be labor-intensive
- Sales volume can be low based on market day

#### Community Supported Agriculture (CSA)

##### PROS

- Customers share in the risk, you are still profiting even if a crop underperforms
- Large lump sum of capital made available at the season’s start
- When customers come to the farm, you can also sell “add on” items

##### CONS

- Underperformance of crop can stress out farmer who wants to provide high quality product
- Requires time commitment for customer pick up times, and even more of a time commitment for deliveries
- Some customers may want to “customize” their weekly share causing awkward situation

#### Farmstand

##### PROS

- No pressure to have certain crops ready – you can put out whatever you want for sale!
- A place to also advertise your CSA
- Offering products from other farms and value-added items gives you another opportunity for profit

##### CONS

- If you have a separate farmstand building, you may incur high overhead (electricity, heat/AC, repairs)
- If you staff your farmstand, labor costs can be high
- If you don’t staff, run the risk of theft of product or cash from the cash box
- Your location is important, if you are hard to get to, people may not come to shop

#### U-Pick Operation

##### PROS

- Little to no costs labor/materials costs for harvesting
- Customers may also purchase value-added and additional products when they check out
- Opportunity to offer an authentic harvesting experience; especially appealing to “foodies”

##### CONS

- Customers may unintentionally damage your crops by improper harvesting
- A crop may be ready for harvest but weather is poor or it’s a work day
- Liability and insurance costs with customers on site
- Location is important, just as with a farmstand

#### Buying Club

##### PROS

- Able to sell in high volumes, similar to wholesale
- Access to many customers at once giving you a chance to get your name out there!

##### CONS

- Typically only higher volumes of crops are marketable in this channel, if one crop underperforms, you may lose profit
- Labor costs associated with bringing your products to a designated area, or delivering it to customer

#### **4) What Do Your Customers Want?**

Another way in which you can figure out which direct marketing channels best suit your farm or business, is by analyzing what it is that customers want. To do this, it's best to get SPECIFIC. For example, your primary crop may be carrots. You believe that your customers are busy, and they want a convenient way to get carrots. Do they want organic carrots? What do they mean by organic –are they really concerned with SAFETY? Is there a way you can explain that you use relatively safe fertilizers and sprays? What about convenience...Do they want pre-washed and chopped carrots? Do they care about price or quality, or both? As you can see, the more questions you ask – the more you can get at the root of what the customer really wants. And once you understand what customers really want, you can tailor your product mix and post-harvest processes to that customer. You could also provide value-added items that are highly desirable to your customer. Let's look at three types of customers, and which channels cater best to each customer group:

##### **A) Foodies/Locavores/Food Enthusiasts**

These are people who are adventurous and in search of the new, different, and novel such as ox tail or gourmet or heirloom vegetables. While these things may not be new to YOU, they are to the foodie. They are also seeking an authentic experience, and are the least price sensitive of the three groups. They want to interact with you and your farm, and hear your story. Foodies are also highly active online and in their communities, and they like to “brag” about farms and foods they love (which is like free advertising for you!). They're often busy, and may not have the time to always come and pick up a CSA or come out and spend an afternoon at a U-Pick.

**IDEAL CHANNELS: Farmstands, Farmers Markets, Buying Club, CSA**

##### **B) The Socially Motivated Consumer**

This type of customer “votes with their dollar,” meaning they go out of their way to purchase products that align with a cause they support. Their social causes may run the gamut to include food safety, sustainability, eco-conscious practices, personal health, and humane treatment of livestock. Those who follow religious guidelines – such as Kosher or Halal – are included in this customer group. Like foodies, they want to know the story behind their purchase. The socially motivated consumer's income ranges from low to moderate, and sometimes high. They may have tough questions for you to ensure that your product meets their cause standards. Sometimes, they are misinformed.

**IDEAL CHANNELS: Farmstands, Farmers Markets, U-Pick, and CSAs**

##### **C) Traditional Buyers**

These can be your toughest – but also your most loyal customers. They hold traditional beliefs that since you have “cut out the middleman” through direct marketing, that you should sell your product at a lower price. They are price sensitive and value-driven. However, they love to buy in bulk, so you may be able to offer higher volumes at a lower price i.e. an entire cow or bushels of tomatoes. They are experienced in the kitchen and often can and freeze.

**IDEAL CHANNELS: Farmstands, Farmers Markets, and U-Pick**

### III) Narrow it Down: Create Your Direct Marketing Strategy

Now it's time to articulate your marketing strategy. A marketing strategy is basically what you plan to sell, and whom you plan to sell it to. This is a simple definition of marketing *without* a strategy:

**“We sell whatever we’ve got, to anyone who will buy it.”**



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## POSITIONING WORKSHEET

This worksheet will help you better understand **WHAT** you are selling, and to **WHOM**. This statement will serve as your farm’s positioning statement and will help guide your marketing plan, including which marketing channels will best suit your business. The more specific and detailed you can be in filling out this statement, the better your resulting positioning statement will be. Make several attempts at this, and take several different approaches. Brainstorm and get creative, you can come back to the statements later to edit, refine, and pull it all together.

Our farm produces \_\_\_\_\_ (what do you offer?)

for \_\_\_\_\_ (target customer)

who \_\_\_\_\_ (behavior, activities).

### EXAMPLES

In turn, once you have created your positioning statement – and then build a brand around it – you will be highly recognizable. In an exercise where the following three logos/company names were shared, people could easily fill out the positioning statement. Can you?



#### *JOHNNY'S SELECTED SEEDS*

Our company offers SEEDS AND GARDENING SUPPLIES for GROWERS who WANT HIGH QUALITY, ECO-FRIENDLY

#### *JOHN DEERE*

Our company manufactures FARM, FIELD, AND GARDEN EQUIPMENT for GROWERS who DEPEND ON RELIABLE, RUGGED MACHINERY.

#### *CARHARTT*

Our company produces RUGGED GEAR for WORKERS who LABOR OUTDOORS OR IN HARSH CONDITIONS

## IV) Positioning Statement: How to Use It

Now that you have a positioning statement, you are on your way to better serving your customers (and thereby hopefully increasing your profits). Here's how to use your positioning statement.

### 1) Product Improvement and Innovation

Once you know who you are serving and what they want, you can improve your product to provide even more value to the customer. In the John Deere example, the company knows that their customers desire tough, dependable machinery. Could they experiment with ways to make it even MORE durable – a chip-resistant paint coat...all-weather machinery? When it comes to your farm, what product improvements could you make to better serve your customers?

### 2) Become “Coveted”

An interesting phenomenon that occurs with businesses that have strong positioning statements is that people NOT in the target customer group begin seeking out the product in hopes of aspiring to have the values that the product has. For example, Carhartt is popular with teens in big cities. Perhaps the teen wants to appear older, maybe a little tougher. Who would covet your product based upon its values?

### 3) Pricing

Pricing is definitely impacted by who your target customer is. You can charge more if you are offering a gourmet product, and charge less if you are presenting yourself as a value-driven option. Johnny's Seeds are on the middle to higher end of seed pricing. However, their customers are willing to pay more for what they perceive is a top-quality seed and the Earth-friendly ethics of the company. Is your pricing realistic for your target customer? Is it too high or too low?

**4) Product Details:** As for product details, do you need to spend money on high-end packaging and presentation, or does your customer only seek value?

### 5) Value-Added Items

Knowing the activities and behaviors of your customer allows you to take your products to the next level to fit into their lifestyle. If you are an orchard near a suburban home development, could you offer pre-packaged and cut apples for families on the go?

### 6) More Effective Marketing

At Carhartt, they know that it's primarily men in the trades and on farms who wear their apparel. They will make more informed marketing decisions that will reach their specific target, such as running advertisements in men's magazines or going to farm equipment tradeshow.

### 7) Identify Ideal Marketing Channels

Your positioning statement will help you choose the right marketing channels. Where ARE your ideal customers shopping today? If you primarily sell organic root vegetables to foodies, should you spend more time at farmers markets instead of offering a CSA with a limited selection?



## A TALE OF TWO PORK PRODUCERS

(Farm Names Changed, But Are Actual Case Studies)

**Name:** Perfect Porcine

**Positioning Statement:** Our farm raises heritage breed, pasture-raised pork for wine connoisseurs who host gourmet dinner parties.

**Pricing:** HIGH \$10 lb. for bacon

**Product Details:** Providing fresh NEVER frozen pork cuts, upscale signage and packaging

**Marketing Channels:** Farmers markets, specialty stores

**Value-Added Products:** Pate, Confit

**Marketing Communications:** Offer free appetizer tastings at local wine shops, social media, full color brochure

**Name:** Country Joe's Natural Pork

**Positioning Statement:** Our farm offers pork without antibiotics for mothers with young children who want to save money and eat well.

**Pricing:** LOW \$3 lb. for bacon

**Product Details:** Frozen, wrapped in butcher paper, name of cut stamped on paper. Sell by whole hog, half hog, by the cut out of freezer

**Marketing Channels:** Farmstand

**Value-Added Products:** Sausage available in hot, mild, or breakfast; smoked products; family value packs of different cuts

**Marketing Communications:** Flyers at family events, sign on side of road, basic price sheet

### V) Marketing Channel Assessment Tool

Now that you've created your marketing positioning statement, and explored opportunities for your products, the next step is to look at ideal marketing channels using a different tactic: The Marketing Channel Assessment Tool. This will delve deeper into the PERFORMANCE of each channel, taking your profit margin, lifestyle habits, and more into consideration.

Most likely, you've been lured to a certain marketing channel. Maybe a friend tells you that you can sell \$500 worth of products at a particular farmers market within an hour! You are tempted to dive in, but wait...let's evaluate:

- \$150 farmers market fee
- Only 4 hours a week
- Takes 12 hours a week to prepare for the market
- It RAINS on the market day

Does this marketing channel still make sense? You can't just look at sales; you must consider your costs. In this case, participating in this farmers market would result in a loss.



## Six Performance Factors For Assessing Marketing Channels

### 1) Prices and Profit

What can be made in this particular channel? What prices will your customer accept?

### 2) Volume

This is the volume of product that the market can consume within a certain time period. Generally speaking, wholesale can consume high volume at a low price. Direct marketing involves lower volume at a higher price.

### 3) Risk

What is the amount of risk that comes with this channel? Are you taking on liabilities by participating in this channel? For example, wholesale often involves “buyer backout” when you spend hours harvesting only to have the distributor not accept your product.

### 4) Labor Required

This is labor required to sell in the channel. If you are running a staffed farmstand, how much will you pay for labor? Labor measured involves everything from harvesting to when the product leaves your hands.

### 5) Associated Costs

This factor takes into consideration all the associated costs that come with each channel. For example, in a CSA, you must pay for boxes to transport and invest in advertising to get your target amount of CSA customers.

### 6) Lifestyle Preferences

This is the “trump card.” Research shows that if a channel is the most profitable, but is also the most stressful – the farm often opts out of the channel. Your goal should be to find a marketing channel that is profitable but fits into your preferences for customer interactions, tolerance for risk, etc.

## Measuring The Six Factors For Your Business

Now that you understand the six factors, it’s time to use them as assessment tools for your business. First, you must do a little data gathering. To illustrate how to measure – and then analyze – the six factors, we’ll use an example farm, called Muddy Fingers Farm.



### GROW BY EXAMPLE

## MUDDY FINGERS FARM

Muddy Fingers Farm is a 2.5 acre farm with over 45 fruit and vegetable crops. They do not have paid labor, instead they have friends and family that volunteer and six working shares. Their marketing channels are currently farmers markets, CSA, and restaurants. To begin their assessment process, Muddy Fingers Farm gathered the following data, and so should you!

- #1 Filled Out Marketing Labor Log\* (from harvest to sale, for one typical, peak season week)
- #2 Gross Sales and Mileage (for the same week)
- #3 Lifestyle & Risk Ranking
- #4 Weight Each Ranked Category

\*Why are labor logs so important?

- Labor is the largest marketing expense.
- Consistent unit and format.
- Operators tell hired help to complete the forms.
- Each employee filled out their own sheets





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### SAMPLE LABOR LOG

Farm name \_\_\_\_\_ **Name:** Joe **Date:** 8/5

Time spent (to nearest 15 min): 45 Vegetable(s): kale & chard

**Activity: Check all that apply**

Create Pick list  Harvest  Cull/grade/sort/wash  Bunch/Bag/Package/Pack orders/boxes

Load/unload truck  Travel to/from market/make deliveries  Bookkeeping/Bills

Sales calls  Sales Time/Set up/Take down  Other (please describe) \_\_\_\_\_

**Product Destination: Check all that apply** (when possible, please write name of biz)

CSA  Restaurant \_\_\_\_\_

Ithaca Farmers' Market  Other \_\_\_\_\_

Harvest → Process & Pack → Travel & Delivery → Sales time

Farm: \_\_\_\_\_ Name: \_\_\_\_\_ Date: \_\_\_\_\_

Time spent (to nearest 15 min): \_\_\_\_\_ Vegetable(s): \_\_\_\_\_

**Activity: Check all that apply**

Create Pick List  Harvest  Cull/Grade/Sort/Wash  Bunch/Bag/Package

Load/Unload Truck  Travel to/from Market/Deliveries  Bookkeeping/Bills

Sales Calls  Sales Time/Set up/Take down  Other \_\_\_\_\_

**Product Destination: Check all that apply** (when possible, write name of the business):

CSA  Restaurant \_\_\_\_\_

\_\_\_\_\_ Farmers Market  Other \_\_\_\_\_

**Use Data Gathered to Rank and Compare Channels**

Profit (gross sales – (labor + mileage cost))

Labor hours required

Sales volume

**Use Worksheet to Analyze RISKS AND PREFERENCES**

Risk perception (financial risk, lost sales, etc...)

Lifestyle preference (enjoyment, stress aversion)

<b>RISKS</b>
Labor requirements
Price risk
Customer turn-out
Competition
Buyer back-out
Processor is booked
People on the farm

<b>PREFERENCES</b>
Customer interaction
Time in the field
Wash & pack
Displays



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**RANK & COMPARE OPPORTUNITIES FOR IMPROVING PERFORMANCE**

**SAMPLE**

	Sales Volume	Labor Hours	Profit Margin	Financial Risk	Lifestyle	Final Scores	
	Rank	Rank	Rank	Rank	Rank	Unweighted	Weighted
IFM Tuesday	4.9	5.4	3.9	2.0	1.0	3.4	3.2
IFM Saturday	5.4	4.0	4.1	2.0	1.0	3.3	3.1
Corning FM	4.3	6.0	3.4	2.0	1.0	3.4	3.2
Watkins FM	6.0	3.1	6.0	2.0	1.0	3.6	3.5
CSA	1.0	4.2	1.0	1.0	1.0	1.6	1.6
Restaurant	6.0	1.0	2.4	2.0	1.0	2.5	2.0

Channel	Sales Volume	Labor Hours	Profit Margin	Financial Risk	Lifestyle	Unweighted	Weighted

## **Make Your Assessment**

- Identify your goals and lifestyle preferences.
- Keep marketing cost & returns records, if only for “snapshot” periods.
- Value your own time to present an accurate picture of marketing costs.
- Rank & compare opportunities to maximize profits.
- Combine channels to max sales & reduce risks.

## **SELF ASSESSMENT**

### **COURSE #3 MARKETING CHANNEL TRENDS**

#### **“WHERE ARE WE AND WHERE DO WE WANT TO BE?”**

**Created by:** Steve Holzbaur, Fingerlakes Fresh

#### **Bio**

Steven Holzbaur is an expert in agricultural distribution, sales, and marketing. He has a bachelor’s degree in marketing from the Kutztown University of Pennsylvania. After graduating, he managed operations and sales for trucking companies. Then, Steven founded Transport Sales Associates where he owned and operated a domestic freight forwarding company in Houston Texas which consolidated freight, provided 3<sup>rd</sup> party logistics, and had a truckload brokerage operation. Revenues exceeded 15 million dollars annually. Then he became a business consultant for Regional Access, a food distribution company in Trumansburg New York. Today, Steven is a Marketing and Distribution Consultant for CADE (Center for Agricultural Development and Entrepreneurship), a non-profit whose mission is to sustain family farming in New York State.

#### **Contact Information**

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#### **Course Summary**

Now that you understand your operation, and have an idea of what marketing channels are out there, it’s time to explore current trends within the marketing channels. How can you capitalize on the trends and current opportunities in the marketing channels? Could you perhaps start or join a marketing channel, such as a food hub? What can we expect from the “partners” we have identified in the development and execution of a marketing program? Of greatest importance, how will these decisions impact your farm’s profitability?

#### **Course Outline**

- I) Understanding Food Hubs**
- II) Co-packers**
- III) Regional Home and Wholesale Delivery**
- IV) Distribution Service**
- V) Foodservice Companies**
- VI) Buying Clubs**
- VII) Innovative CSAs**
- VIII) Starting a Food Hub**

#### **What You Will Gain**

- ✓ What is a food hub, and how it can benefit your farm
- ✓ An understanding of current opportunities and trends in distribution
- ✓ An overview of actual distributors you can contact in New York State

## I) Understanding Food Hubs

Food hubs are perhaps one of the most important emerging marketing channels because they empower smaller farms to get their products to the marketplace efficiently and affordably. These small- and mid-size farms are able to access resources that large-scale farms enjoy such as storage space, refrigeration, trucks and transportation, distribution routes, wholesale and direct buyers, packaging, storage, and much more. The USDA's April 2012 Regional Food Hub Resource Guide defines a food hub as:

**“A regional food hub is a business or organization that actively manages the aggregation, distribution, and marketing of source-identified food products primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail, and institutional demand.**

Many of the following marketing channel trends involve the food hub concept, so it's important to understand it. For more in-depth information, refer to the USDA Regional Food Hub Resource Guide available instantly and free at <http://www.ams.usda.gov/AMSV1.0/foodhubs>

## II) Co-Packers

When thinking about marketing channels, you can expand your options by exploring different distribution opportunities. Co-packing is one such option and has proven successful for an organic creamery in Central New York. In this example, a local creamery began to act as a food hub, increasing their own profits while at the same time giving other small farms access to the benefits of a food hub (distribution, packing, processing, etc.)



### SUCCESS STORY

#### **THE OLD IVORY CREAMERY**

(Creamery Name Changed, But is Actual Case Study)

This 4<sup>th</sup> generation creamery started in a 1,000 square foot facility where they processed their own butter, cheese, and fluid milk. They would occasionally allow other farmers in the area to bring product into the Old Ivory Creamery to be distributed. Soon, they began allowing a local dairy to bring in their milk to be co-packed at the creamery, which expanded to 4,500 square feet. They expanded the type of products they would accept from local farmers to include honey, syrup, and vegetables. Just a few years ago, the Old Ivory Creamery was working with over 30 farmers – providing services ranging from storage to packaging. They even provided production and packaging services to a very small yogurt producer. The demand for this particular yogurt producer went through the roof, so the Old Ivory Creamery benefited as well – and expanded their facility to 25,000 square feet. Now, the yogurt producer is shipping 15,000 cases of yogurt all over the country.

## III) Regional Home Delivery

Currently, regional food hubs are emerging throughout New York State. While the Old Ivory Creamery example referred to a food hub created AT an existing business, some food hubs are being created by agricultural interest groups.

For example, the CNY Bounty Food Hub was created by Chenango Ag Council in 2007 to help farms ship their products throughout New York State to both homes and businesses. At the peak of CNY Bounty, over 120 farms were participating, and over 1,000 products were available. CNY Bounty gave customers, retailers, and restaurants exceptional local products, unprecedented local variety, and the convenience of ordering from

multiple farms at once. *CNY Bounty was at the forefront of the early food hub movement, but was under-capitalized and was not able to accept credit cards at the time, and therefore had to stop distribution.*

#### **IV) Distribution Company**

There are a handful of companies that specialize in distribution for small-scale farms. Many larger distribution companies require a high volume of product. Farmers in New York can contact Regional Access, a company founded over 20 years ago to help family farms and small producers; in fact, their passion is helping small- and mid-size farms grow their market. Regional Access moves product as freight, meaning that they will ship product throughout the Northeast.

Learn More: <http://regionalaccess.net/wordpress/>

Phone: 607-319-5150

Fax: 607-319-5156

Email: [food@regionalaccess.net](mailto:food@regionalaccess.net)

#### **V) Foodservice Companies**

Foodservice companies supply food to restaurant chains, colleges, hospitals, and other large entities and institutions. Aramark, The Compass Group, and Sodexo are just a few examples of national foodservice companies. Today, foodservice companies are increasingly trying to source from small and mid-size farms to meet customer demand for sustainable, local produce.

An example of this trend is The Compass Group, which created Bon Appetit Management Company. Bon Appetit works with over 1,000 small farmers to provide corporate and university cafes with fresh meat, produce, and more. Hamilton College has partnered Bon Appetit Management Company.

#### **VI) Buying Clubs**

Buying clubs were popular in the 1970s, and are experiencing a revival. Listed below are three examples of current buying clubs.

##### **Food Shed Buying Club**

Started in 2010, the Food Shed Buying Club centers around a web-based ordering system. Customers must pay a small, one-time fee to participate. There is one collection point and 12 different farmers providing products to customers who participate. On the day that customers pick up their products, the Buying Club offers special events such as chefs preparing specific items or farmers on site for questions and advice. This is a private entity. They are offering expertise as to how to develop the Food Shed Buying Club in other regions.

Learn more: [www.thefoodshedutica.com](http://www.thefoodshedutica.com)

##### **Schoharie Fresh**

Similar to the Food Shed Buying Club, Schoharie Fresh is a service offered to everyone in Schoharie County without a membership fee. Products from many local farmers are aggregated at the local Cornell Cooperative Extension office, where customers come to pick up on designated days. Schoharie Fresh allows any farmer to join their program.

Learn more: <http://schohariefresh.com/>

## **Whole Share**

Started in Silicon Valley, Whole Share uses the software infrastructure of food distributors to create a buying club. Whole Share takes 6% of all sales, with 3% of the sales going to cover credit card processing fees. Customers can order at any time, it's not like a CSA with a set amount of shares required. Whole Share is open to anyone: If you and a group of a dozen farmers want to approach Whole Share, you could get started using their software.

Learn more: [www.wholeshare.com](http://www.wholeshare.com)

## **VII) Innovative CSA**

### **Full Plate Collective**

Based out of Ithaca, Full Plate Collective was founded by two organic produce farmers Stick and Stone Farm and Remembrance Farm. They decided that distribution on the wholesale side, and marketing on a CSA side would benefit if they got together. Full Plate Collective involved bread, dairy products, fruits, and more to offset the typical complaint that a CSA does not provide enough variety. In addition, Full Plate Collective ships their CSA shares to New York City and have started a winter CSA.

Learn more: <http://fullplatefarms.webs.com>

## **VIII) Starting a Food Hub**

If you're considering starting or joining any of the aforementioned food hubs, here are a few things to think about:

### **Common Attributes**

- 1) Provides a central location for aggregation
- 2) Marketing in numbers
- 3) Appealing to direct consumer marketing trends "local foods" movement
- 4) Web-based platforms
- 5) Have distribution mechanisms associated with them

### **Common Challenges**

- 1) Lack of Capital
- 2) Adapting to – not changing – customer habits. One disadvantage to web-based ordering is the inability for the customer to touch and handle the product. This can be offset with vivid descriptions, photos, and reviews plus farm visits.
- 3) Competition is regional grocery stores
- 4) Equipment is expensive (i.e. buying a truck, packaging machinery)
- 5) Marketing – getting the word out is difficult without capital, must use s
- 6) Lack of Infrastructure – you need support accounting, legal, logistics, etc.
- 7) Determine your profit margin structure and tolerance

## **How to Get Involved**

- 1) Farmers working together is essential! From all standpoints: distribution, marketing, and more.
- 2) What resources do you have? Aggregation facility, trucks
- 3) Business planning: You need a blue print to work from
- 4) Address your staffing, legal, accounting, and IT needs
- 5) Look for funding opportunities such as grants, start-up funding and loans
- 6) Quality marketing, and quality products – you must have exceptional products and tell the story that comes with each product!
- 7) Explore these RESOURCES:  
<http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5097957>  
<http://smallfarms.cornell.edu/resources/marketing/#Direct>  
<http://www.nyssfpa.com/>



## MARKET ASSESSMENT

### COURSE #4 LEARNING TO LOOK AROUND

### “GET YOUR HEAD IN THE GAME”

**Created by:** Bob Buccieri

#### **Bio**

Bob Buccieri learned marketing communications working for clients such as Johnson and Johnson, General Foods and Pepsi Cola. Most recently he has been involved with economic development for communities such as Seneca Falls and Schenectady and up until January of this year, served as the President of the Board for the FMFNY. He is the founder of the Seneca Wine Tour, the first and only public bus route touring wineries in the nation, a founder of the Finger Lakes Cork & Fork Culinary Expo, which joins restaurants, food producers, farmers and Cooperative Extension personnel in a setting to show and instruct about everything food in New York State. He is currently living with his wife in Norfolk, Virginia where he is working with many grassroots organizations dedicated to local foods and serving the local community.

#### **Contact Information**

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#### **Course Summary**

This course will focus on how a business owner can clear the clutter and get an impartial, business focused assessment of conditions and opportunities in their market(s). While this may seem simplistic, we are all (to some degree) biased in our view and in need of independent validation of those forces which influence our business and impact our bottom line. This course will recommend sources and techniques to try to properly and impartially assess the impact they have upon your business. This is by no means a comprehensive view of this activity but a guideline as to what to look for, where to find it and how best to make this assessment an ongoing part of doing business.

#### **Course Outline**

- I) **What is a Marketing Assessment & Why Does it Matter?**
- II) **Key Data & Where to Find It**
- III) **Gathering & Applying the Data**
- IV) **Tips for Ongoing Marketing Assessments**

#### **What You Will Gain**

- ✓ Learn what a marketing assessment is and why it's important
- ✓ Discover which data is most important to mine for your business
- ✓ Acquire skills for collecting and managing marketing data
- ✓ Know how to interpret marketing data you've gathered

## 1) What is a Marketing Assessment & Why Does it Matter?

To succeed in today's competitive business world, it is important that you have an impartial, unbiased overview of your operation. It is essential to create a marketing assessment because it forces you to remove yourself from the day-to-day operation and look at your business objectively. This section of the toolkit will help you do just that by helping you create an easily managed process for your market assessment.

### 1) What is a Marketing Assessment?

A marketing assessment is a fair, concise, unbiased review of consumer perceptions, market conditions, business vitality, and opportunities as it concerns your business or products. More precisely, a marketing assessment is a chance to “stop inhaling your own exhaust and get some clear vision.”

### 2) Why is it Important?

To maintain or grow your business, you will need some type of marketing. Today's agricultural business landscape is so highly competitive, that marketing is essential. Marketing will empower you to differentiate your business from competitors, and form a strong relationship with your customers that will keep them coming back to YOUR business. A marketing assessment will provide the framework for uncovering where you are now, what's working well, and what's failing. Once these facts are uncovered through the assessment process, you can begin formatting a marketing *plan*.

### 3) Who Should You Approach for Feedback?

When you perform your assessment, be careful about WHO you approach for feedback. Use these tips:

#### **DON'T Ask Those Closest To You**

Avoid asking family members or friends, who may worry about “hurting your feelings.” Also refrain from asking those who do business with you (NOT your customers, those who you pay for service). You may think that no one knows your business better than your lawyer, ad agency, accountant, etc. when in fact they may be too biased and eager to retain your business by telling you what you want to hear. This is what clearing the air means: steering clear of this kind of natural bias.

#### **DO Ask Your Customers**

As opposed to larger, “entrenched businesses” that are removed from direct consumer contact, you have an advantage of getting feedback right from the customers you interact with. A great illustration of the problem of entrenchment is of some politicians who speak of improving the economy but don't know what the price is for a quart of milk or a dozen eggs! You're closer to the answers you seek, and that's a definite advantage when performing a marketing assessment.

### 4) What Do We Need to Assess?

The following are typical elements that should be assessed:

**Elements to Assess**  
Consumer Perception  
Competitive Interests  
Pricing & Sales Data  
Demographic/Product Data  
Branding/Identity Efforts

However, your current business conditions will determine which are most important. For example, one business may have trouble expanding beyond their aging customer base – so they would assess demographic data first. Another may find themselves in a position where competitors seem to be dropping out of the sky and stealing business from them – they would want to assess competitors in more detail. Yet another may suffer from the fact that their product is good and their pricing seems fair, but customers just aren't coming to their market booth – this business would assess branding/identity efforts or consumer perception first.

## II) Key Data & Where to Find It

Once you know what you're looking for, the next step is to figure out where you can find it!

### 1) Census Data

You'll be amazed at the wealth of free data available through the U.S. Census Bureau (online at <http://www.census.gov/>). You can search by zip code, city, state, and country and a multitude of variables ranging from age and gender, ethnicity to income!

### 2) Search Engine Research (Googling!)

Get on Google and do a search for your business, your name, and your products to uncover your online reputation. You may be surprised what you find. One farmer who did this search found that their farm was listed on 20 different local farms lists, when they only submitted information to seven of these lists (this wasn't a bad thing, the farmer was able to "claim" his space on the other websites and add to his free listing)! Another was surprised to find that their farm name, which had been established several generations ago, was being used by five other farms in different parts of the state. Be sure to use the other search engines besides just Google: they will reveal different results. Here are the top three search engines to visit:

[www.google.com](http://www.google.com)

[www.bing.com](http://www.bing.com)

[www.yahoo.com](http://www.yahoo.com)

### 3) Reading the Customer

At the end of the day, some of the best information comes to your business nearly every day: the consumer. *Who are they? What do they look like? What "general conclusions" can you reach and how are they different from one another?* It's a little like being Sherlock Holmes to deduce the best information, but if you keep your eyes open and build up your sensitivity to reading critical data, it really is fairly elementary, my dear Watson! Age, income, gender, race, general demeanor or perception even their level of literacy or expertise with the product can be determined if you can pay attention.

**A NOTE ABOUT "TIRE KICKERS"** The majority of people come by (on the web, at the market, in the stores) to "kick the tires" but do not buy the product, at that time. Yet we can still learn a lot about them and assess how they may react to our offerings. As they approach your product, how do they behave? Are they studying your display and reading every price (check eye movement, you can tell) or are they glancing across the display relatively quickly (assessing quality)? This brief assessment would reveal whether your customers are more concerned with PRICE or QUALITY.

## III) Gathering & Applying the Data

Now that we understand why it's important to perform a marketing assessment, what to assess and why, as well as where to look, it's time to begin gathering – then applying – the data! We'll take a closer look at each of the elements in the average marketing assessment (remember, these are not in order of importance, you should pursue the most important elements to your specific business, first).

### Elements to Assess

- 1) Consumer Perception
- 2) Competitive Interests
- 3) Pricing & Sales Data
- 4) Demographic/Product Data
- 5) Branding/Identity Efforts

## 1) Consumer Perception

To discover what your customers' perception is of your business, the best way is to ask! You can either do this through surveying or through face to face questions. If you pursue surveying, online survey tools will help – such as [www.surveymonkey.com](http://www.surveymonkey.com). You might consider handing a customer a piece of paper with a link to a survey online, and ask them to provide you with feedback so that you may serve them better. If you ask face to face, here are some tips:

**A) Greet Your Customer** Many large retailers now have their workers say things like “good morning” or “welcome to \_\_\_\_\_” or “glad to see you” because these phrases engage the customers without forcing them to respond. Once engaged, you need to dig a little deeper to learn more about your customers: what brings them to the market? What are their favorite veggies? Are they visitors or residents? Whatever you learn, you must retain and cross reference. Some things don't even require them to respond, but you must be prepared to gather data on all of them. Here are additional ways to greet your customer and get a response, without being intrusive!

- Did you enjoy the \_\_\_\_ you bought last week?
- Are you looking for anything else today?
- What do you think of the market today?
- You can even make a comment about the weather to start the conversation!

**B) Observe Carefully** Are they alone or with family or companions? Are they dressed for the office, or church or some sort of manual labor? Male or female? How old would you guess they are? Did they bring a bag with them and have they already made a purchase and what have they bought before they got to you?

**C) Go Ahead...Ask!** If you can engage them, find out what they want and what they expect of you. These are some simple questions which can help you with existing and new customers. If they have been there before, try to learn if they have had a “positive experience” with your product. If they are new customers, determine whether they are just passing through or live in town?

## 2) Competitive Interests

No one should run their business based solely on competition. But you must be aware of what the competition is doing! This can really benefit you: If a competitive farm suffers a setback, are you prepared to pick up the business? If they get more aggressive with a key product of yours, what is your response? You can find this competitive information using search engines by searching the names of farms that are in your area. Or, you can search by the product/s that you sell, to see who else is out there. You can also gather competitive data just by taking a walk around your market or a nearby market.

You can learn a lot from the competition, or similar businesses in other regions and states. Also, there are a wealth of ideas that can come from competitive monitoring. No one remembers who created the “rebate program” for cars, but once it was advertised, everyone saw the success and value of the program and jumped on board!

Try to keep it simple: If the competition is pricing their product lower (or higher), try to make an educated guess as to how they are doing it and whether or not it is profitable for them. What “value added” information

are they using? If recipe cards appear popular, maybe you can give away actual CARDS instead of a photocopied sheet, or make your recipes 100% organic or use a theme like “recipes from around the world.”

#### **COMPETITIVE INTERESTS TO TRUST**

- Ask! Not all competitors are truly competitors
- Share info and develop parallel plans
- "Compete Cooperatively" – an example of this was when a Wegmans opened near a Price Chopper, and BOTH businesses benefited because more shoppers came to the area

#### **COMPETITIVE INTERESTS YOU CAN'T TRUST**

- Be aware of the rumor mill, but try not to participate
- Seeking out info from common vendors, customers
- Don't bother trying to figure out what they might do next

#### **4) Pricing and Sales Data**

When you go to a farmers market or read the paper in a more affluent community, you may reach the conclusion that your product is underpriced, but then you gather information from a low income inner city or rural area and think that you are overpriced. As with so many things, the truth is somewhere in between.

You should gather as much pricing and sales data as you can, but keep the information properly categorized so that when you get data from, say Ithaca or Geneseo, you compare that with Alfred or Cazenovia, where a strong college population may influence pricing, etc. All the information is useful, just try to keep things equitable across size, location, product and general composition. Here are a few tips for gathering and understanding pricing and sales data:

- Shop other markets and stands to assess area pricing
- Visit markets in similar areas (big or small city, resort or blue collar town)
- Understand the “big picture” by monitoring regional, national, and international markets (for example, corn and soy prices nationally will influence local elements)
- Understand the “elasticity” of price; good, better, best and how it can be set by market or by product

#### **4) Demographic/Product Data**

In addition to understanding the consumer, understand the market(s) you are operating in. For example, let's say that over a five year period, your county experiences a 20% turnover in residents. This means that one in five potential customers could be new to you. How will you channel your marketing efforts to attract new residents to become long-term customers?

Most of the demographic information you will need is coming to your stand or business every day, just keep an eye out for it! However, you should supplement this “eye witness” data with hard, cold facts. As mentioned earlier, [www.census.gov](http://www.census.gov) is a great resource. Remember to check data over a period of time. For instance if the population increased by 2% from the 2000 to 2010 census in a given area, that is useful but if the Asian (or Hispanic or African American) population grew by 8% in that same time period, well, there is a significant difference – and an opportunity for you to serve that population. If the population of County “A” grew by 4% but neighboring County “B” grew by 9% it may be an indication as to where the better opportunity may be for

your business. Of course, if the regional population grew by 12%, they are both lagging behind! It's all about finding the data, assessing it, and responding appropriately. Other sources of demographic data could be the local county, Chamber of Commerce, business groups, large employers or even the school districts.

**TIP: HIRE A "TEEN SLEUTH"** In the summer months when many teenagers are looking for work, consider hiring one to assist with gathering data for your marketing assessment. From doing surveys at markets to researching online and on social media, teens are great data gatherers!

### **A) IN-DEPTH DEMOGRAPHICS: AGE**

Age is a determinant of many aspects of shopping and nutrition. It may be more difficult to introduce a new product to an older audience, but a younger group may not immediately embrace something new, just because it is new! For example, the presence of young children in an area makes a difference: Parents and grandparents may take for granted certain aspects of their own diet but are much more diligent about the kids they feed. Seniors may need more information about salt or sugar content. Certain cultures may seek out products that are new to you, but can make you money if you are open to and understand their needs.

You'll also discover customer nuances that vary across generations as well, here are a few generalizations of market habits that differ based on the age of your customer:

#### Older customers have different habits:

- Shop less frequently but buy more
- Receive public assistance
- May grow their own herbs

#### Younger customers have different habits:

- Organic growing
- Radical mix of products
- Recipes, herbs, local oils or jams?

### **B) IN DEPTH DEMOGRAPHICS: ETHNICITY**

In the 1960's you had to perform a major search to find a Mexican restaurant even in big cities. Now small towns often have more than one! As new ethnic groups emigrate to America, and existing ethnic populations expand or shrink, your business will be impacted by what products are in demand. Take time to assess which ethnic populations are in your city or town:

- This data is reflected in census data, cuisine choices, ethnic grocers and ethnic community centers opening in the area
- No wholesale changes, but ethnic shifts could influence your product and market mix
- Last ten years were focused on Hispanic cuisine and product...what will it be over the next ten years Indian (?) Spanish (?) Ethiopian (?)

Consider taking the risk, and getting ahead of the curve in terms of integrating items that appeal to specific ethnic populations. This could be rewarding, even if you try it on a limited basis and see only a slight increase – typically if there is a slight uptick in a certain demographic population, it will only increase over time – keep an eye on the emergence of this new ethnic group by setting up news alerts in Google News that include your city



or town name AND the ethnic group/s you are monitoring! Also, your own customers may provide some insight. When one person asks you for Thai basil, it is an anomaly, when ten do it, it is a business opportunity!

## 5) Branding Identity Efforts

At the end of the day, “branding” is simply the impression you want to leave with others. The tools you’ll use to do this are: your logo, name, tagline, colors, even sounds, and fonts you use. The trick of it is to make certain that this impression is consistent, and consistently in line with what your business wants to convey. Ask yourself the following questions to assess your current brand:

- Does it reflect your business identity and the interests of your customers?
- Can your brand grow with the business and adapt to new opportunities? (Don’t be “the cabbage guy” unless you will never sell anything else!)
- Does it allow for the propagation of new ventures, partnerships or ideas? (You may just have a booth now, but what about a farmstand or even developing a food hub?)

## 6) Applying What You’ve Learned

Once you’ve made some assessments the next step is to USE what you’ve learned. Again, you have an advantage over big retailers. An example would be the “frequent shopper cards” offered by major supermarket chains. There is SO MUCH data that can be gleaned from these cards that it is virtually impossible to mine the data for useful information. You can deduce this by noting that you rarely get coupons in the mail for items you buy, or would buy. Or, for example, one would think a store that noticed you were buying diapers might also send you coupons for baby formula and food. So while the supermarkets are “failing” at acting on the data collected, you can move faster! In fact, you can even alter other aspects of your business based on your assessments much quicker than a big, bureaucracy-laden supermarket. For your business, find the critical data and try to test out new ideas based on what the data is telling you. You can test out a new item, raising the price of an item, bundling items together, bringing your products into new marketing channels, and much more. Testing is a good thing, but just don’t do it too much and make certain what you’re testing is worth it (don’t spend \$20 to make an extra \$50).

The key is to make your changes measurable! **Whatever you want to learn, make sure you can measure the results in sales, customer counts, literature distributed, number of friends on Facebook or e-mails received or coupons redeemed.**

## IV) Tips for Ongoing Marketing Assessments

### 1) Frequency of Your Marketing Assessments

The general rule of thumb would be once a year! While performing the assessment may be *best* once a year, you may also encounter a new challenge (or opportunity) in the middle of the year which will require that you perform an assessment. However, you should constantly be “prepping” for your assessment by keeping track of information that will aid you in your assessment. **Create a folder either digitally or physically where you will store notes, articles, insights, etc. that you come across throughout the year.**

## WHEN SHOULD YOU PERFORM A MARKETING ASSESSMENT?

- A “mini” assessment happens with every transaction, every day, and every sale
- General view of price, product, customers should be performed at least every year
- Specific insights on image, competition, market conditions every 3 – 5 years OR as events demand
- Google should be viewed every day – what news of the world has an impact on your business? Was there a foodborne illness outbreak? A drought that impacted lettuce crops?
- Set up a “Google Alert” for products of interest, your farm name, and other farms in your area. Then, you’ll be emailed whenever Google detects that these words show up in its search engine; that way you’ll be alerted of opportunities and threats!

### 2) A Note About Note-Taking...

Most likely you will be able to take time for assessments in the off season, but you will have to remember what it is you need to research and keep handy any articles, information or contacts that will help you along the way, so a file folder of “marketing info” will be useful. Get a nice accordion type folder/envelope that you can fill with articles, pictures, scraps of paper, whatever will help guide you when you perform your assessment.

**TIP: Keep notes that are detailed enough so that you understand your insights months or even years later!** A note that says “Tuna Fish” will not be as useful as “investigate herbs that go with Tuna Fish so you can work with the two fisherman at Market A & B...”

### 3) Prioritizing What to Assess First

Also, keep a running and up to date “To Do” list in the folder to help prioritize what you will do when you have the time and focus to really dig into the articles and information. If you find that you have 10 pieces of information relating to changing demographics and two on product improvements, it is pretty obvious what you need to assess first, but maybe other elements of your research (like the rumors that Wal Mart will be opening a “local farms” store in your area) may not be well documented, but require your attention and planning!

### 4) Team Up for Assessment Made Easier

Finally, try to keep the workload realistic and rely on friends and “sympathetic competition” to help you with data collection and interpretation. If there are five of you all doing marketing assessments on similar data, maybe each of you can take part of the load and share notes.

### 5) The Most Important Thing You Can Do...

...is to get started on your marketing assessment today. Take a moment right now to type your business name into a search engine online, or scroll through Census data about your town or city. The best marketing assessments are the ones that are referred to again, and again.



## MARKET ASSESSMENT

### COURSE #5 EXPLORING MARKETING CHANNELS

#### “How SMART Are You Really?”

### PROFIT PLANNING THROUGH VOLUME/COST ANALYSIS

**Created by:** Warren Abbott

#### **Bio**

Warren Abbott, operator of Abbott Farms in Baldwinsville NY, graduated from Purdue University in 1987 with a BS in Agricultural Economics burning a hole in his pocket. Warren's vision was for a profitable cash grain farm joined with a fall U-picking operation that would engage the residential population in Greater Baldwinsville. Over time, his vision for the farm has evolved into a full-season U-pick and entertainment destination for Central New Yorkers. Today's material is taken from a previously developed one day seminar entitled *Profit Planning Through Volume Cost Analysis*, a summation of wisdom collected so far.

#### **Contact Information**

Warren Abbott

Email: Apples@AbbottFarms.com

#### **Course Summary**


What are you selling and can you build on it? Offering three different kinds of lettuce is a “diversity extension” of the same product. Or, you may find that herbs can work with your tomatoes and peppers. You can package a group of tomatoes and herbs under a title of “sauce package” and sell as individual or as a prepackaged group. These are all examples of different pricing options, which is the focus of this course. How can you maximize profitability through strategic pricing? And what is your exact notion of “profitability”? This course will help you find the answers.

#### **Course Outline**

- I) **Defining Success: Matching Your Life Philosophy with Your Business Goals**
- II) **Pricing for Profit: Understanding the Factors**
- III) **Creating Your Ideal Profit Margin**
- IV) **Discounting: Is it Worth it?**
- V) **Bundling Your Products**
- VI) **Special Cases**

#### **What You Will Gain**

- ✓ Understand how to set goals based upon your business and personal goals
- ✓ Realize the factors that are involved in selling a product
- ✓ Learn to adjust these factors to improve your profit margin
- ✓ Apply different pricing structures: discounts, bundling, and more

Look for the  apple symbol for first-hand advice from Warren Abbott!


## I) Defining Success: Matching Your Life Philosophy with Your Business Goals

### 1) Outline Your Definition of Success

As a business owner, your personal goals are intertwined with the goals of your business. You must consider *both* when defining success for your farm or market! Do you want to just stay in business or are you looking to expand? Do your personal objectives require business growth? These are questions to ask yourself – and answer – before moving on.

### 2) Keys to Success

- A) Perform a Business Assessment (contact your local Cornell Cooperative Extension for standard business planning documents) Ask yourself: *What am I doing right? What could I improve on?*
- B) Define Your Personal and Business Goals
- C) How Can You Achieve those Goals?
- D) Develop Your Life Philosophy
- E) Repeat the Questions Again!

**The Questions Never Change. The Answers WILL Change!** “As a father of four daughters, my personal goal of being able to pay for their weddings impacts my business goals – I have to account for that in my budget. As your life circumstances change, that will impact your business goals...” – Warren Abbott 

### 3) Do Your Business Goals Match Your Life Philosophy?

What are you in business for? Money or fulfillment? For example, if you are a successful engineer who wants to try “working the land,” your goal would be fulfillment. How will that affect the revenue your business generates? Ask yourself, who is your customer? What do they want?

### 4) High Quality, Lowest Price, Best Service: Pick Two!

In a perfect world, you could give your customer all three at 100%. However, your business would not survive. Instead, you have to figure out how to divide the pie! You can only afford to give 2 units, which ones and how much of each will it be? Think of it as an equation:

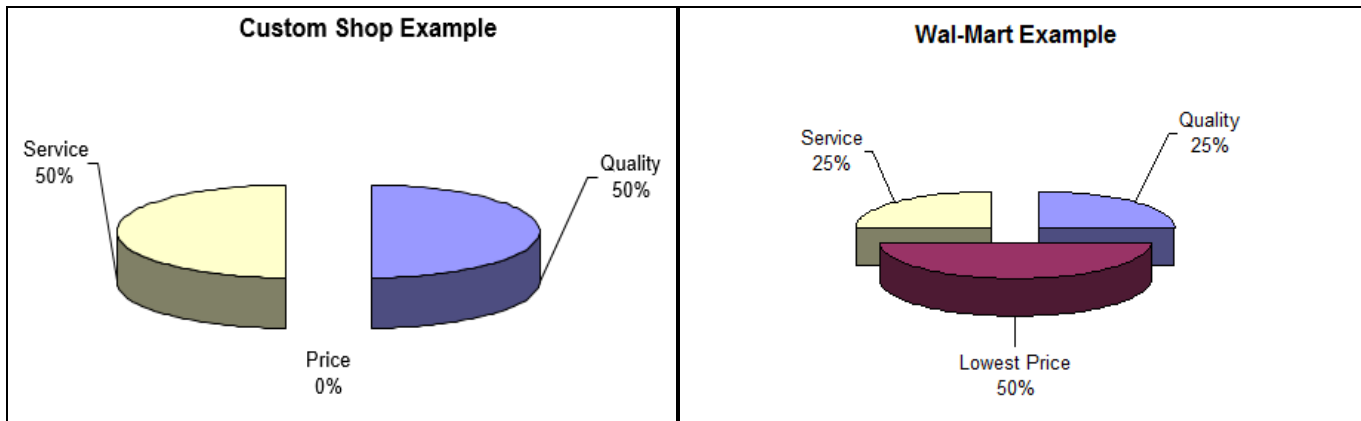
Absolute Lowest Price = 1 Unit  
Absolute Highest Quality = 1 Unit  
Absolute Best Service = 1 Unit



GROW BY EXAMPLE

## Walmart Versus A Custom Shop

The examples below are on two opposite ends of the spectrum in the customer’s mind based on feedback during the webinar: Wal-Mart is perceived as a low cost leader and customers expect a lower level of quality and service in exchange for better price competitiveness. On the other hand, a custom shop – which would offer custom goods made to order – offers high quality and service, but the customer expects to pay for these benefits. Once you understand the equation, it’s time to configure your own pie chart!



**The Customer's Personal Experience + Your Marketing = The Customer's Perception of Value**  
 The customer is not always rational! What are their expectations of your equation? How can you use marketing to shift their perceptions or to fix an inaccurate opinion?

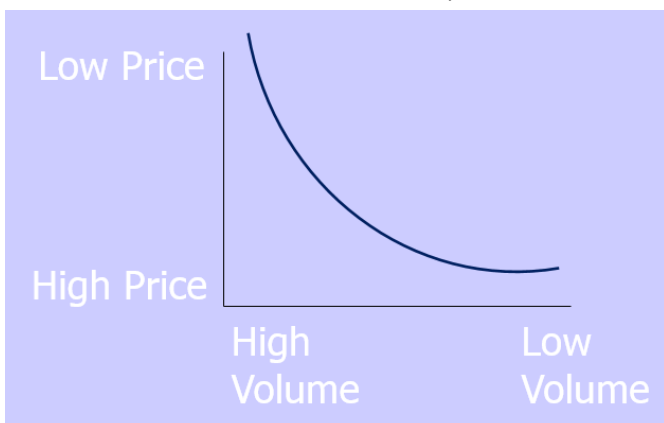
**5) How Does Your Competition Mix Their Two Units?**

:)It's important to keep an eye on the competition, but to not fall into the "shadow boxing" trap. You do not need to follow every move they make, by altering YOUR business in response. In fact, it can hurt your business if you chase the price of your competitor. *If your pricing mirrors THEIR pricing, you are pricing to THEIR goals!* Remember, they have different goals – both personal and professional.

**Price to Your Goals, and Your Customers...NOT the Competition's!** "When I first started, I would shop local farms and grocers to see how their apples were priced. I even had a certain loop. I was fixated on what they charge for the products I was selling. But I was pricing to their goals, and I didn't even know what their goals were! But I've learned since then: Every time I've marketed a new product, I've come in with a higher price because I compete on the entire experience, not just the price. The greenhouse and landscaping industry did a study, and price didn't even make the top five reasons that a customer would choose a particular landscaper. For example, I entered the market with a higher price on berries, which have sold out each year and production has increased annually because customers want the experience we provide." – Warren Abbott 🍎

**6) Price/Volume Curve**

Setting strong goals will also determine where your business falls on the [Price/Volume Curve](#) (see below). You can be successful at any point on the curve, but most independent farms will be in the higher price/lower volume area of the curve. And that is just fine! Don't try to out-price Walmart. Do you have close to 9,000 locations like Walmart did in 2011, or over 400 billion dollars in sales? **Price to YOUR position on the curve.**



## II) Pricing for Profit: Understanding the Factors

If your personal and business goals include making a profit (and most likely they do!), it is essential that you do the math and figure out how to price your products for a profit. You cannot just “wing it” and expect to profit; in fact, you may operate at a loss. Volume/cost analysis is the “nuts and bolts” of your pricing strategy, and ultimately, your ability to generate a profit. These are the factors that go into the equation:

**1) Revenue (Cost x Volume)** This is simply the price you are selling your products at multiplied by the volume of what you’re selling. In the example, tomatoes and pepper are being sold. These two items generate revenue for the business. It is essential that your revenue covers the variable costs!

### 2) Costs of Production

**A) Overhead Costs:** These are items that **DON’T VARY** with production volume. EXAMPLES: building rent, property taxes, and family living expenses.

**B) Variable Costs:** These are items that **DO VARY** proportionately with production volume. EXAMPLES: are raw materials, hourly wages, repairs, potting soil and pots, gasoline for truck, water for fields, shrink (lost product)

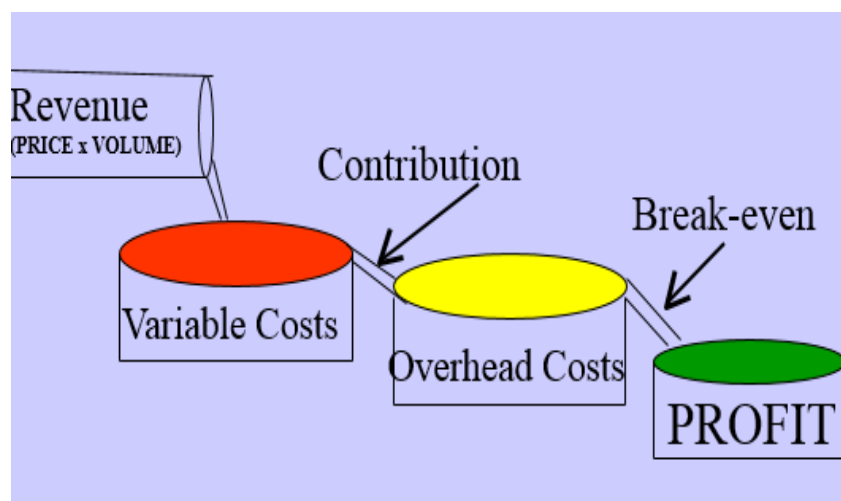
NOTE: Most costs are variable, especially if your plans are to expand your business!

**3) Contribution** This is the “overflow” that is left over after your revenue covers your variable costs, and this flows into your overhead costs. Another way to look at this is the difference between the selling price and the variable cost per unit. What’s left over is your contribution!

**4) Break-Even Point** It’s the point where revenue = costs of production.

**5) Profit** This is what revenue is left over after costs are covered. When revenue exceeds your costs of production, you are a profitable business.

**6) Shutdown Point** When revenue does not cover your variable costs, you should not continue to produce that particular item.



Now that you understand the various components that go into assessing your profitability, it's time to figure out to optimize your pricing strategies to generate a profit margin.

### III) Creating Your Ideal Profit Margin

At this point, it's important to go back to your goals: How much profit will you need to meet your goals...both your business and personal goals? Remember, that your family living costs go into your overhead costs...NOT your profit. Once you know how much profit you want, it's time to create your margin:

$$\text{Overhead Costs} + \text{Desired Profit} = \text{Margin}$$

#### 1) Calculate Your Margin (Percent of Sales Method)

You can calculate your margin using the **Percent of Sales** method which translates overhead and profit into a percent of sales. Let's go through an example of a New York orchard and agri-tourism business.

#### Profit Margin v. Markup

It is important to know the difference between a margin and a markup. When you mark up an item, it is often by a set amount that does not take into consideration factors such as covering overhead.

Markup is the percentage difference between the actual cost and the selling price, while margin percentage refers to the percentage difference between the selling price and the profit!



#### GROW BY EXAMPLE

### CALCULATING PROFIT MARGIN

#### STEP 1: Calculate Your Ideal PROFIT

Sales \$410,000  
Overhead Expenses \$148,000  
 $\$148,000/\$410,000 = 36\% \text{ Overhead}$

Planned Profit = \$15,000  
 $\$15,000/\$410,000 = .0366 = 4\% \text{ Profit}$

#### STEP 2: Calculate Your Margin

$36\% \text{ Overhead} + 4\% \text{ Profit} = 40\% \text{ Margin}$

QUESTION: Are Your Sales Covering Your Desired Margins? If Not, Adjust Your Pricing...Do not use a "standard" 30% markup or your business may be at risk of going under.

#### 2) Apply the Margin to Your Pricing Formula

Now that you have figured out your desired margin, the next step is to add your margin to the retail price of your products. For this example, honey bears filled with quality honey were used. The honey bears were purchased from a wholesaler for an agri-business gift shop for \$2.39 each (including freight). Knowing that the business's ideal margin is 40%, we can figure out the ideal retail price for the honey bears...

$$\begin{aligned} \text{Retail Price} &= \text{Unit Variable Cost} / (1 - \text{Margin \%}) \\ &= \$2.39 / (1 - .40) \\ \$3.98 &= \$2.39 / .60 \end{aligned}$$

**CAUTION! Do Not “Mark Up” by 140%** Your margin will NOT meet this example’s required margin of 40%. Here’s why...

$$\begin{aligned} \$2.39 \times 140\% &= \$3.35 \\ \$3.35 - \$2.39 &= \$0.96 \text{ contribution to profit} \\ \$0.96 / \$3.35 &= 28.6\% \text{ Margin (not 40\%!)} \end{aligned}$$

### 3) Consult the “Price Points”

Now that we’ve done some “hard math” we need to delve into consumer psychology. Remember, customers are typically not as calculated in their purchasing – they are irrational. That’s where price points come in: *Price points are a group of prices that the consumer perceives as no different as another price.*

**Example: \$3.76 to \$3.99 is perceived as the same price.**

**Example: \$3.25 to \$3.50 is perceived as the same price.**

- **Key price points are \$1, \$5, \$10, \$20, \$50**
- **Secondary price points are going to be \$1 intervals in between these key points**
- **Tertiary price points are at \$.50 intervals**

When you utilize price points, make sure it averages out. If you “round down” too often, you will not achieve your desired profit! Ideally you will round up, as there are always extra expenses and shrink that will reduce your contribution to overhead.

### 4) Key Price Points

Seasonality impacts price points as well. For example, during the holiday season, \$20 is a key price point because it is an average gift cost. For farm market pricing, you may be able to round up to whole dollar or fifty cent intervals. Taking the honey bear example, while the retail price with a 40% margin is \$3.98, rounding up to \$3.99 – to a primary key price point – would most likely not prevent the customer from purchasing it. While this is just a penny difference, even if the honey bear’s retail price with a 40% margin was \$3.70, chances are the customer would still buy it if it was priced at \$3.99.

### 5) Package Pricing & Reducing/Altering Item Size

When looking at package pricing, if you can’t get a price point change, try reducing the quantity of items. An example of this is Welch’s jelly which is now in a 19.8 ounce squeeze bottle for the same price as a larger bottle cost a few years ago. Customers objected to a price increase, but have not objected to a slightly smaller bottle with the added convenience of a squeeze spout. During the 2012 season at Abbott Farms, customers were not purchasing 5 lb. bags of apples, but 3 lb. bags sold just fine, even when sold at a higher price per pound than the 5 lb bag. Adjust the package and price until the customer responds.



## 6) Take a Reality Check!

Ask questions and just test out the pricing. Your customers will let you know if something is too expensive...they just won't buy it. You can also talk with your customers – and just ask them! But remember, so much of the buying experience is subconscious. On the other hand, there is no substitute for a point of sale (POS) system which can compile data that will show at what rates customers are buying certain items. Going back to the honey bear example priced at \$3.99, to discover if it will sell, take a reality check with these questions:

- ✓ Does Wal-Mart Have This for \$.99?
- ✓ If So, Will the Customer Even Care?
- ✓ Is the Honey Bear Truly the Same (Wal-Mart's is Pasturised, Abbott's is Not)
- ✓ Does the Customer See Value in this Item Because YOU'RE Selling It?
- ✓ Did This Product Move at the Original Price or Only After Markdown? (Refer to POS data)

## III) Discounting: Is it Worth it?

Discounting can be a great pricing tactic, or it can severely cut into your business's profit. The key is to know when – and how – to discount. This section will delve into the basics of discounting:

### 1) When Should You Discount?

**YES!** When you don't expect the item to cannibalize another item (definition to follow)

**YES!** When seasonal items go out of season (and are not something you'll sell NEXT season, otherwise people may wait)

**YES!** When the cost of storage (including shrink, interest) outweighs the reduced contribution that the discount causes

**MAYBE.** Discounting to increase volume of sale can be a good tactic – or it can hurt you.

**NO!** When the neighbor discounts their product, don't jump and discount yours.

### 2) Let's Cover When NOT to Discount, First...

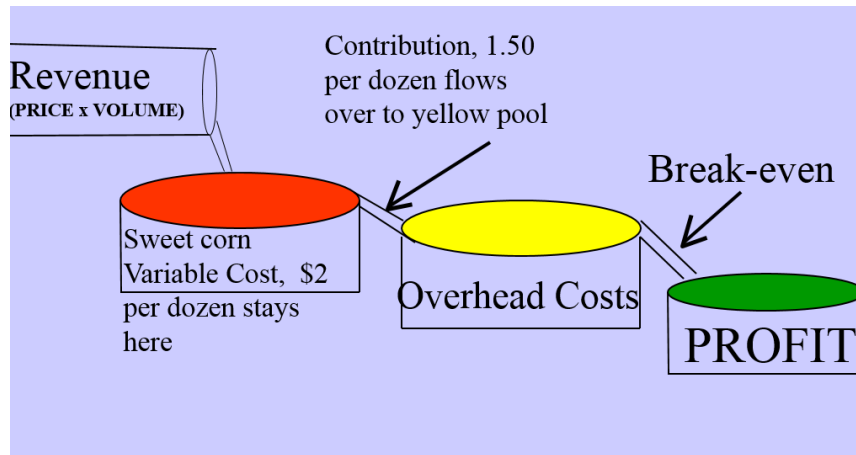
Let's say that you sell sweet corn. You were able to buy this sweet corn at \$2.00 wholesale, and then you mark it up to \$3.49 after applying your margin and then rounding up to the nearest price point. Now, you just noticed that your neighbor has discounted theirs to \$3.00 per dozen. What do you do? How much more corn must you sell in order to make the same contribution to your overhead and profit? Let's first start with YOUR own business goals – remember, your goals always come before looking at the competition...

#### **PLAN A (IGNORING YOUR COMPETITION)**

You are selling your corn at \$3.50/dozen with your plan to sell 5,000 dozen this summer. \$2.00 per dozen covers your variable costs (the wholesale purchase), and \$1.50 goes to your contribution. That means that your total contribution will be \$7,500 if you can sell all 5,000 dozen ears of corn (5,000 x \$1.50 contribution).

It is always best to maintain your price at first to see if your customers will continue to buy from you: You may be surprised how much loyalty they have! Also, maintaining your price is saying to your customers: "we believe in the quality of our product, and we don't need pricing gimmicks to 'lure' you in!" If you do notice a decline in customers, try promotional tactics or marketing to a new customer base.

Here is a diagram of how your corn pricing plan will work...



### PLAN B (TRYING TO KEEP UP WITH YOUR COMPETITION)

To try and outsell your competition, you discount your corn to \$3.00/dozen – just like your competition. Your variable cost is still the same: \$2.00/dozen. Then your contribution becomes only \$1.00 instead of \$1.50. To achieve your \$7,500 contribution, you would need to sell 7,500 dozen instead of just 5,000!

**Basically, for a 14% discount on price, you will need to sell 50% more product. Is Plan B worth it? No! Always do the math before you discount – it can be dangerous!**

SO, how CAN you increase profitable revenue?

## 2) Increasing the Average Ticket

Now it's time to take some "tips" from restaurants! Think of the last time you went to a restaurant: chances are you didn't just order an entrée. Your server may have sold you an appetizer, a mixed drink, a dessert – maybe even a gift certificate. You see, servers are trained to collect more dollars per table. This is called increasing the average ticket – and it can be a useful strategy for farmers and producers. Oftentimes, the best way to increase an average ticket sale is to add in additional products to your mix. Before adding additional products in, be sure you have a high enough volume of customers to sell these new items to...

**Consider Your Volume of Customers** "We are on a state road, 10 minutes from downtown Syracuse and I had a manager who suggested we sell donuts to the morning commuters. It was a great idea, so we did the math...She counted cars for a few days and did a traffic study. We determined that 15-20% of the people driving by would need to buy a donut and cup of coffee for us to be profitable. For me, that seemed too large, so we opted to NOT increase our product mix." – Warren Abbott 🍎

**Complimentary Product Mix** "We have sold cherries for years with apples, but they are never big sellers. Last year we added strawberries into our product mix. We were shocked! Cherries sold out in three hours. That's because people would come to pick strawberries, and then while they were at our farm, they picked up cherries, too. What can you do to add complimentary products to your mix? For example, if you sell lettuce could you add in other salad fixings? Carrots? Tomatoes? Cucumbers?" – Warren Abbott 🍎



### 3) Cannibalism

This is the OPPOSITE of increasing your average ticket. Cannibalism is what happens when you mark down an item to the point where it “eats” into profitable items. It’s when a similar product with a reduced margin literally steals the sale from a product with a full margin. An example would be a customer who grabbed a bruised apple for 25 cents instead of a fancy apple at full price (\$1.00). The key point is: Don’t give them the option to get the cheaper item. Do the math and only give them options that add to your bottom line!

Another common example of cannibalism is the “Buy 2 Get 1 Free” deal. But below we work through the math and see that this is not a good option as it hurts profit and contribution! If you need to move inventory that just isn’t selling, then try “Buy 2, Get the 3<sup>rd</sup> Half Off” – that way, you’ll at least get some contribution back. Don’t sell volume, just to sell volume. And if you do sell in volume, make sure your items start with a proper FULL price, so that when you offer the discount you don’t hurt your business. Another word of caution: If you are introducing a new product, do not enter the market with a very low “introductory” price because it’s so hard to go UP in price once you’ve offered a lower price!

#### **EXAMPLE OF CANNIBALISM: BUY 2, GET 1 FREE**

Assume you are selling an apple for \$1.00. Your variable cost is .60 and your margin is 40% so it’s priced correctly. That means you’ll get 40 cents per sale, and 80 cents when you sell two. That 80 cents goes to your contribution. Now, your variable cost when you sell 3 for the price of 2 becomes \$1.80. But remember, your apples are \$1.00, so your revenue from the sale is \$2.00. That leaves you just 20 cents for your contribution...that’s not good at all! You could have earned \$1.20 towards your contribution at full price. So this could really hurt your business...

### IV) Bundling Your Products

Bundling your products is an excellent way to change your customers’ behavior and encourage larger buys. A perfect example of the power of bundling is in the automotive industry: You may want a tilt steering wheel, but the only way to get it is to buy the entire “convenience” package. If you decide NOT to buy that package (that also includes blue tooth and power windows, let’s say) because you do not see the value, then this “bundle” was ineffective. However, if you just want the tilt steering yet you bought the whole package, bundling DID work for that auto manufacturer.

The danger with bundling is that many farmers will bundle needlessly. That means if your customers are already buying your produce to make salads, why would you create a “salad pack” that lowers the price? Remember, bundling should be used to CHANGE customer behavior, not needlessly discount behavior that is already occurring.



## GROW BY EXAMPLE

### **Bundling Example: Honey + Syrup**

**BUNDLE PACKAGE:** Buy a Honey Bear for \$3.99, Maple Syrup for \$4.99 – Get \$1.00 Off!

- 1) Figure out your variable cost per item. (Honey Bear) \$2.30 + (Maple Syrup) \$2.66 = \$5.05
- 2) Take your total variable cost (\$5.05) and divide it by .6 (your margin) = \$8.41. This is what you will need to make your full contribution.
- 3) Now, at full retail price, the bundle would add up to \$8.98. So if you give the customer the \$1.00 discount, you are left with \$7.98 – and that's .43 under your \$8.41 requirement. That's not TOO far off your goal!
- 4) At this point you must ask yourself about customer buying habits. If people normally get just the maple syrup (and not the honey) then you're adding .60 MORE of contribution for the transaction and that's great! If they normally get just the honey, the bundle adds even more. For example, if you just sell maple syrup to a customer, your contribution is \$2.33. If you sell the maple syrup AND honey bear bundle, the contribution is \$2.93 – that's 60 cents more, which can really add up.
- 5) NOTE: If you correctly rounded up your prices to a specific price point, you'll have more room to discount before it hurts your bottom line! So price it right the first time – always.

### **V) Special Cases?**

There are special instances when you may consider pricing that is not “margin-friendly.” However, before we address those special cases, there is one tactic you should NOT deploy...

#### **NO DUMPING**

Dumping is when you sell your leftover inventory or poor quality items at ridiculously low prices. This hurts YOU and the other farmers around you. It will cannibalize all your other items, and you may gain a reputation as “that farmer who always discounts at the end of the day.” This will hurt your brand very badly and could prevent you from recovering your image. Instead of dumping, give the product to the local food bank. If the quality is so low, just throw it out (why would you want to be associated with a sub-par product anyways?).

However, there may be other reasons for carrying a product even if it doesn't allow your margin to cover the necessary costs. Here are a few “special cases” when you may consider adding a product into your mix that is not profitable on its own. You SHOULD NOT carry these additional products if they cannibalize your other products OR require any additional overhead.

**1) Add Variety** Sometimes having a good selection and adding in variety will lead the customer to choose your farm or market over another. In this case, adding in a few high-demand products may sway the customer to your business, even if those products do not have the best margin. This is similar to a loss leader...

**2) Loss Leader** A loss leader is when you sell a product at a “loss” in hopes that it leads to a bigger sale of other products. This only works when customers buy more profitable items. Otherwise, you are selling a loss. It must lead customers to empty their wallets on other profitable items or it’s just a loss. An example would be a free turkey that you buy twice! Get your points, then you go pick up the turkey and get MORE stuff – buy it twice!

#### FINAL THOUGHTS ABOUT PRODUCT AND PRICE

As you go about planning your product and pricing formula, continue to ask yourself the following four questions often. Remember, the questions don’t change – only the answers!

- Did we make a profit at our volume-overhead level?
- Can we make a profit at our volume-overhead level?
- What about alternative products that may make a full contribution to overhead/profit.
- Do we need to adjust our position on the price/volume curve?

## **MARKET ASSESSMENT**

### **COURSE #6 BUILDING THE MARKETING PLAN**

**Created by:** Marty Broccoli, Ag Economic Development Specialist, Cornell Cooperative Extension of Oneida County

#### **Bio**

Martin J. Broccoli has directed the Oneida County, New York Agriculture Economic Development Program since 2000. As a program specialist, his responsibilities include overseeing dozens of economic development initiatives designed to help foster a climate that supports and promotes the retention and expansion of agriculture businesses within the county and beyond. As a board member and/or program representative to a variety of local, regional and state-wide committees, projects and organizations, Marty's extensive networking relationships have earned him a reputation for taking a common sense approach to realistic planning, troubleshooting, problem solving and project completion and evaluation. Marty has a BS in Business Administration/Marketing from Utica College of Syracuse University, and an MS in Business Education from SUNY Albany. In addition to completing additional continuing education and graduate courses, since 1984 he has been an Adjunct Professor at Utica College, and from 1995 to 2000 he was an Assistant Professor of Agriculture Business at SUNY Cobleskill. The combination of real-world and academic alliances helps keep Marty at the forefront of current information and activities, especially related to agri-business.

#### **Contact Information**

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#### **Course Summary**

Okay, here we go! You know who you are what you sell and to whom you are trying to sell it. You have an unbiased and reasonably accurate perception of competition, regulations and markets/avenues (or options) for how to sell it. How do you make this pile of info into a reasonable and coherent "plan"? It is a process of eliminating things that cannot (or simply should not) happen and reinforcing or "fleshing out" those ideas which should or could happen to move your business forward. As ridiculous as it may sound, you know certain media, methods or locations that will not work for your business. May not involve a lot of deep analysis, but there is value in going with "the gut" to some measure in doing this. To say "radio will not work to advertise my products" is fine, but if you are planning a "Maize Maze" or other specific event, radio can be an excellent promotional device.

#### **Course Outline**

- I) **Marketing Basics**
- II) **Contents of a Marketing Plan**
- III) **Questions to Ask Yourself**
- IV) **"I've Created My Plan...Now What?"**

#### **What You Will Gain**

- ✓ Understanding the components of a marketing plan
- ✓ Know the questions to ask yourself in order to complete your own plan
- ✓ How to write and organize your marketing plan
- ✓ Which distribution channels may work best for your product

## I) Marketing Basics

### 1) The 4 Ps

The first step in developing a marketing plan is to understand the 4 Ps, which are four elements that your business can adjust in order to better serve your target customer. Later on in this course, we'll explore how to identify your target customer (at the center of the diagram below).



The four factors *outside* the circle are external factors. While you CAN control your 4 Ps for the most part, external factors cannot be controlled. You must be able to move quickly and adjust your marketing plan when these outside forces encroach upon your business.



## How External Factors Impact Marketing



Upstate New York Growers and Packers, a produce cooperative, was looking to add some value-added products into their product mix. They did their research and created a marketing plan focused on marketing muffins to the public school system (grades K-12). They identified the target market as foodservice providers and foodservice buyers. However, during the marketing plan process, the USDA enacted the Child Nutrition Act, which put stringent criteria on what food students were served at school: the amount of grains and protein were vastly reduced, which impacted the viability of marketing muffins to foodservice providers who work with public schools. This is an example of an external factor from the **Political-Legal Environment**.

### 2) The 8 Ps

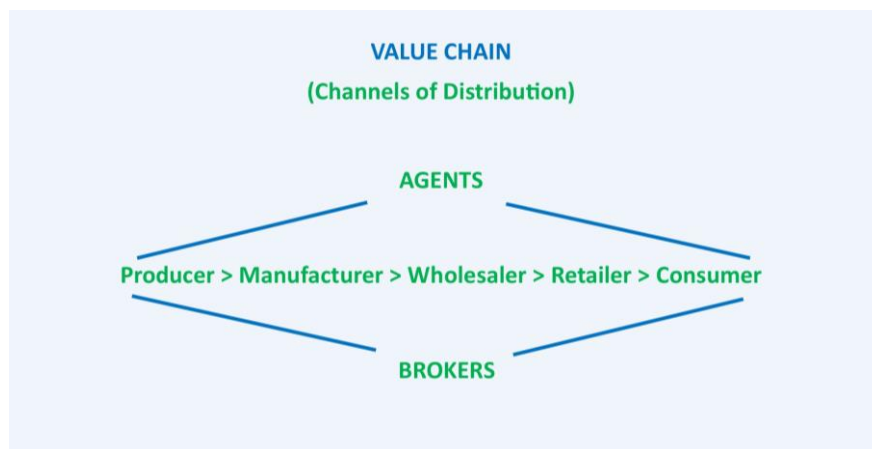
While the 4 Ps are one way to examine the components of marketing a product, you can also take a broader view and analyze how you market your company as well. This is often referred to as the 8 Ps:

#### The 8 Ps

- Product – needed, wanted, solves a problem
- Packaging – attractive and convenient
- Price – balancing sales and profitability
- Promotion – advertising, branding, creating demand
- Placement – where your product is sold
- People – who represents the company
- Physical environment – tone of the environment
- Process – differentiate you from your competition

### 3) Value Chain (Channels of Distribution)

As your product moves along these channels of distribution, this will impact your pricing and marketing structures.



#### 4) Marketing Plan Terms to Know!

**NEED** – A state of felt deprivation (thirst, hunger). The average American is not in this position, and is instead in the state of...

**WANT** – The form taken by human need as shaped by culture and individual personality. What are you craving? Craft beer, artisan cheese, yogurt, grass raised meat?

**PRODUCT POSITIONING** – Arranging for a product to occupy a clear, distinctive, and desirable place in the minds of target consumers relative to competing products

**MARKET SEGMENTATION** – Dividing the market into distinct groups of buyers with different needs, characteristics, or behaviors. *\*Analyzing the Census results can help you understand buyers*

**MARKET SEGMENT** – A group of consumers who respond in a similar way to a given set of marketing stimuli

**MARKET TARGET** – The process of evaluating each market segment's attractiveness and selecting one or more segments to enter

#### 5) Where to Get Business/Marketing Plan Support

A) Small Business Development Centers <http://www.sba.gov>

B) SUNY Institute of Technology <http://www.sunyit.edu/sbdc/>

#### II) Contents of a Marketing Plan

The marketing plan can either exist as part of a larger business plan, or as a stand-alone document. This course will walk you through the components of a stand-alone marketing plan. Let's get started with the basic elements:

**Cover Page** This should feature your logo and basic information (date, authors, etc.)

**Executive Summary** Helps the reader find the plan's major points quickly. You give a brief overview of the plan. While this is the first section of your plan, you should write this LAST – after you work through the rest of your plan.

**Current Marketing Situation** This section is where you present relevant background information on the target market, product, competition, and distribution.

**S W O T (Strengths, Weaknesses, Opportunities, and Threats)** Look ahead and anticipate what you may encounter if and when you launch your product. **External Forces play a role here.**

**Objectives and Issues** Defines the company's objectives for the product in the area of sales, market share, profit, and any issues that may affect the objectives. The objectives should be stated as the goals you want to obtain, examples, total sales, market share, etc.

**Marketing Strategies** How are you going to achieve the objectives you listed?

**Action Programs** These specify what will be done, who will do it, when it will be done, how much it will cost

**Budgets** Breakdown the costs!

**Appendix** Additional information that will enhance the plan.



GROW BY EXAMPLE

## **Marketing Plan (Actual Example) for European Bread Company**

*\*Business names have been changed, but is an actual marketing plan*

### **Executive Summary**

Our company will bake authentic European breads and pastries using the same baking methods, techniques and ingredients found in the bake shops and food markets of Europe. The challenge is in marketing the company and products in a manner that educates the customer about the difference in our products, in a creative way that attracts attention and entices the customer to want to experience the products, to interest wholesale customers in purchasing large batches of products, as well as cultivate a steady stream of walk-in customers sufficient to achieve operating and financial projections.

Our company will market to middle to upper income households within our target area sufficient to capture 7.68% of the estimated \$4,331,585 spent annually on bakery products and pastries and achieve a goal of break-even financial performance with a positive year-end cash balance, positive income before taxes and a **\*1.20 to 1.00 debt service coverage ratio.**

Our company will launch a grand opening marketing campaign utilizing a multitude of media and events. Our company will hire professional staff to maintain an on-going, monthly marketing campaign utilizing digital technology and social media to develop greater customer awareness and encourage repeat purchases.

*\*This is a great rule of thumb! For every \$1,000 that you owe (bank loans, etc.), you should always have access to at least \$1,000 to \$1,200 dollars. This means that you can "afford" to lose what you want to invest, by having assets to cover that loss!*

### **Current Marketing Situation**

Many breads and pastries sold in the XXX area are marketed as "European" and/or "Old World" when in fact they only faintly resemble in taste and appearance authentic European baked products. Our company's breads and pastries will taste and look like those that are sold in the bake shops and food markets of Europe and will be made using the same baking methods, techniques and ingredients.

Our company will sell bread from \$2.75 to \$7.00 and pastries from \$2.00 to \$6.50. The company will need to ensure consistency, availability and high quality to help build and retain customer confidence and loyalty. Our company will market to middle to upper income households. Historically, these market segments consume the majority of bakery and coffee products sold throughout the country. Households in XXX total 11,916, (expecting to grow by 4.4% by 2016), and are spending an annual average of \$363.51 on bakery products (\$107.70 on bread and \$152.33 on pastries) for a total market of \$4,331,585.

### **Threats and Opportunities (SWOT)**



Our company's primary competition consists of:

**Henry's Bread Company (HBC)** located in XXX, New York. HBC produces European-style breads in large quantities using all-natural ingredients and distributes its breads to area supermarkets and specialty food stores. HBC's retail breads are priced from \$4.00 to \$5.00. HBC's breads remain on store shelves over an extended period of time (more than three days) in plastic bags (which retain moisture and encourages the unwanted growth of mold) wherein their freshness can diminish. HBC's bakery products are short of flavor and do not stay fresh for an extended period of time. Our products, made with pre-fermented dough and/or natural sourdough and a combination of unique ingredients, are more flavorful than HBC's breads.

*(2 additional competitors were analyzed, but not included – refer to the webinar for the full SWOT)*

### **Objectives and Issues**

The challenge is in marketing the company and products in a manner that educates the customer about the difference in our products, in a creative way that attracts attention and entices the customer to want to experience the products, to interest wholesale customers in purchasing large batches of products, as well as cultivate a steady stream of walk-in customers sufficient to achieve operating and financial projections. Revenue forecasts were created projecting realistic monthly sales numbers with the goal of break-even financial performance, a positive year-end cash balance, positive income before taxes and a 1.20 to 1.00 debt service coverage ratio. Our company needs to sell slightly under 88% of product baked, or 295 units daily at an average retail of \$4.34, and as a result of achieving these projections, capture 7.68% of the total market.

### **Marketing Strategy**

Our company will market high-quality artisan breads and pastries to middle and upper income consumers, the market segments consuming the majority of bakery and coffee products sold throughout the country.

Create a grand opening marketing campaign utilizing a multitude of media and events.

Create an on-going, monthly marketing campaign primarily utilizing digital technology and social media to maintain customer awareness and encourage repeat purchases.

### **Action Programs**

- Design a unique and easily identifiable logo for signage, packaging and store front, including address, telephone number and web site.
- Decorate the interior and exterior of the store reminiscent of a European-style bake shop.
- Create a grand opening, multi-media and event, marketing campaign to include:
  - 10 days of radio and television.
  - Features in the local newspaper and the Mohawk Valley Business Journal.
  - Launch web page, social media platforms, Quick Response Code and smart phone app.
  - Product tasting events at area stores and restaurants who have agreed to carry products.
- Craft an on-going, monthly marketing campaign to include:
  - A person dedicated to marketing and social media
  - Using social media to direct people to the web page where they can download the smart phone app and be notified of daily specials
  - Engage customers to share experiences via social media
  - Reward customers for responding to social media alerts
  - Using social media to educate consumers about specific products
  - Social media to include: Facebook and Twitter
- Hold quarterly customer appreciation days

- Utilize smart phone technology to allow customers to make mobile payments
- Utilize Quick Response Codes (QR codes) and change up links and information daily

## **Budget**

- Grand opening, multi-media and event, marketing campaign - \$15,100:
  - 10 days of radio - \$2,500
  - 10 days of television - \$5,000
  - Features and advertisements in the local newspaper - \$800
  - Features and advertisements in the Mohawk Valley Business Journal - \$500
  - Join Chamber of Commerce and host ribbon cutting - \$500
  - Launch web page - \$2,000
  - Hire individual to launch social media platforms - \$1,600
  - Launch Quick Response Code - \$200
  - Create and launch smart phone app - \$1,500
- Product tasting events - \$500
- On-going, monthly marketing campaign - pay salary to an individual to manage social media platforms and content, Quick Response Code links and smart phone app content - \$3,600 per month.

## **III) Questions to Ask Yourself**

Now that you understand the basic components of a marketing plan, it's time to put YOURS together. These questions will help guide you in the creation of your plan:

### **1) What Industry Are You In?**

Define Your Industry:

- Size
- Historic growth rate and trends
- Life cycle stage
- Projected growth
- Distribution channels, cost structure & profitability
- Key success factors – economy of scale, technology
- What is the outlook for the industry?
- Any current or upcoming opportunities or problems?

### **2) What is Your Product?**

Product Basics:

- Is your product in demand, will it fill a need, or solve a problem?
- Will your product meet a feature or benefit?
- When will your product be purchased? Is it seasonal? Will you have a proprietary advantage: patent, copyright, design, process, technology, exclusivity, etc.
- Who is your ideal customer? Wholesaler/Distributor? Retailer? Consumer?
- Can you sell the product to that ideal customer, cover your cost plus make a profit?

Product Features:

- Size, packaging, quantity and shipping
- Determine wholesalers' or retailers' needs

Label and/or Packaging:

- Image and branding – logo, trademarks, color, design, attractive, etc.
- Regulatory - content, ingredient, nutritional data, warnings, directions, tec.
- Informational - UPC codes, UL listing, certifications, etc.

- Warranty, repair, replacement and return policy

Political/Legal Considerations:

- Any barriers to competition, such as high startup or research and development costs?
- Any regulatory requirements – Department of Health, NYS Agriculture & Markets, USDA, FDA, NYS DEC, local licenses?
- Any potential or pending legal changes in the works?

### 3) What is Your Pricing Structure?

- How much are customers willing to pay?
- Is your price a fair value for your product?
- What terms will you offer?
- Discounts and allowances?
- Is there something unique about your product that may justify a higher price?
- Can your price absorb fluctuations in costs?
- Can businesses within the distribution channel make a profit from selling your product?

### 4) How Will You Price Within a Particular Distribution Channel?

Pricing is a key element in your marketing strategy, market acceptance, and profitability. The lower you are in the distribution channel, the more important pricing will be to attract your target customer.

- How does your price relate to the distribution of your product?
- What is the impact of wholesaler, distributor and retailer markups be?
  - Would the mark-up at each point of distribution make your product too expensive?
  - Or not profitable enough for the wholesaler, distributor and retailer?
- How will your price compare to competitive products?
- Is multi-tier pricing required for volume orders?

A typical food product pricing structure within the distribution channel may look like this:

- Consumer pays the retail price \$1.00, or 100%
- Retailer wants to make no less than 25% or a \$.75 cost
- The Wholesaler/Distributor wants to buy at 35% of retail and sell at 75% of retail, transportation and store/shelf management included (buy at \$ .35 and sell at \$ .75). The manufacturer (you) would need to come in at 35% of the retail price (\$.35), marketing included!

### 5) What is Your Unit Cost?

- What will your ingredients, payroll & benefits, utilities, packaging, shipping, supplies, equipment maintenance, and sales commissions cost?
- What are your anticipated sales in units so you can schedule production and purchase ingredients?
- Can you purchase in quantity sufficient to help maintain a market wholesale price?
- Is it cheaper to outsource or make yourself?
- How many units do you have to sell to break-even? (pay for your fixed costs i.e. occupancy, insurance)

### 6) Who is Your Customer?

- Who is your ideal customer?
- Who is the potential end-buyer or end-user?
- How would you describe your typical buyer?
- What is the size of your target market?
- How much is the customer or end-user spending annually?
- What is the customer's expectation for your product or service in terms of price, quality, service, delivery, packaging, etc?

What are the demographics of your customer base? Make sure you compile accurate data from reliable sources such as county or town offices of record, U.S. Census Bureau data, or university studies.

- What are they demographics for your buyer? (age, sex, income, occupation, education, lifestyle, etc.)
- What is the forecasted growth for this group?
- Where are they located? (geographically)
- What is the market share and number of customers you expect to obtain in a defined geographic area?
- Is the market expanding or contracting, and at what rate?
- How or why is the market changing?
- Where will the market be in five years? Any current or upcoming opportunities or problems?

## **7) Who Are Your Competitors?**

Make a complete list of 4-5 of your competitors. Depending on how you are marketing your product, these competitors may be local (if you're primarily selling to local customers) or it could be international or national (if you sell in an online marketplace or through a major distributor).

- Where are they located?
- Where are their products made?
- How long have they been in business?
- How do they distribute their products?
- What is their respective market share?

## **8) Taking Your Competitors Into Consideration: What is Your Piece of the Pie?**

The pie is only so big! If your product and company take some of the market share but everyone else remains healthy, then it appears to be a viable idea. If your product and company take market share leaving the rest on the edge of failure, what good have you created?

- How will your company and product affect the rest of the businesses out there who are trying to make a buck?

## **9) What Promotional Tactics Will You Use?**

Now it's time to quantify your marketing objectives, so that you can figure out how to promote your product!

- Where will you sell your product?
- When will you launch your product?
- How many will you plan on selling – month, quarter, year?
- How will you increase sales and at what rate?

The big question is: How will you promote your product?

- What marketing activities will you use?
- What promotional activities are used by the competition?
- How will you develop your brand?
- How will you develop and maintain a proprietary position in the market place?
- Do you intend to take market share away from the competition or will you be creating a new, niche market?
- How will you maintain loyalty?
- How much will you spend on marketing? As a fixed dollar amount or a percentage of sales?
- \*As a rule of thumb, you should devote 4% of gross sales to product promotion and advertising. This will vary based upon your unique situation, but it is a good place to start!

Think about WHO will help you promote and market your product Will you utilize a sales team?

- External - sales people on the road, distributors, reps
- Internal - inside sales team, telemarketers
- Direct - calls, mail, seminars, TV, radio, print ads

- Indirect - web site, blog, social media
- Exclusive sales agreements
- Compensation: Salary / base salary plus commission / commission only

### **10) What Distribution Channel/s Will You Use?**

Assessing distribution channels will reveal how your product gets from you to the customer

- Methods :
  - Wholesalers
  - Jobbers
  - Retail stores
  - Direct ship – on-line or mail order
- What does your competition do?
- Who will warehouse and ship your product?

### **IV) “I’ve Created My Plan...Now What?”**

Once you’ve created your marketing plan – you can adjust it based upon WHO will be reading the document. It may also be worth asking those who you will be presenting it to, to share what they’re looking for in the presentation. That way, you can tailor the presentation to suit their decision making criteria. Here are a few typical groups that you might present to...don’t forget to include yourself, as a sound marketing plan can help to guide your decisions, too.

- You?
- Commercial lenders?
- Your customers or suppliers?
- Government agencies?
- Your employees?

You may also want to think about taking your marketing plan and approaching a lender or investor for funding. If that is the case, your plan should include the following (especially if it is part of a larger business plan):

- 3-years of Monthly Cash Flow Projections
- 3-years of Balance Sheets
- 3-years of Profit and Loss Statements
- Notes and significant assumptions used in projected financial statements

## **CUSTOMER ASSESSMENT**

### **COURSE #7 UNDERSTANDING THE CUSTOMER**

# “PEOPLE SURE ARE STRANGE”

**Created by:** Marty Butts

## **Bio**

Martin Butts is a local food advocate, entrepreneur, writer, salesman, consultant, and the owner of Small Potatoes, a boutique marketing, consulting, and advocacy firm that specializes in working with small scale and start-up food producers. He previously served as the Director of Syracuse University’s Community Test Kitchen, working with aspiring “foodpreneurs” to help them turn their product ideas into businesses, and as the Community Education and Outreach Coordinator for NOFA-NY.

In his nearly 15 years working in the food system, he has worked with food producers, farmers, restaurants, retailers, distributors, non-profits, colleges, and consumers, as well as on an advisory council for fair trade standards, another for retail food co-ops, and currently as an advisor for Syracuse First. In 2010, he was chosen as one of Central New York's 40 Under Forty, recognizing individuals who have excelled in both the workplace and in the community, and Small Potatoes was recently awarded a Snail of Approval Award by Slow Food Central New York.

## **Contact Information**

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## **Course Summary**

North of the city of Albany, just across I-90 extension, is the community of Loudonville, one of the more affluent suburbs in New York State. But the other side of I-90 is Arbor Hill which is a very low income neighborhood. If you’re a farmer near Albany, will you sell to both of these populations? Will your product mix and pricing vary based upon who you’re selling to? Every customer represents an opportunity to learn more about them – and how your farm or market may be able to serve them. This presentation will give you a framework for engaging your customers in order to serve them better AND grow your business!

## **Course Outline**

- I) Examine the Demographics of Your Town/City**
- II) Who Do You Sell To?**
- III) Emerging Ethnic Populations**
- IV) Using the Internet for Research**
- V) Other Types of Communities**
- VI) SNAP to Market**

## **What You Will Gain**

- ✓ How to access the demographics of your market area
- ✓ Gain ideas for new customers to market your products to
- ✓ How to interface with ethnic communities and other special interest groups
- ✓ Understand the SNAP to Market program as a customer base

## **I) Examine the Demographics in Your Town/City**

From age groups, to religious groups, low socio economic status to middle- and high income groups, it’s important to take a closer look at the social makeup of your town or city. That way, you can find ways to

provide these different groups with the specific products – and price points – that they are seeking. We'll get into specifics of how and where to find this information, but let's first look at Syracuse as an example.

### WHY SYRACUSE?

Syracuse is used by marketers all over the country. It is representative of markets across the country, with diverse ethnic populations in a large city, yet a small enough city to be easily studied. In fact, Syracuse was used as a test market for putting baby carrots in vending machines because of its diversity – ultimately, that campaign went national. We'll use Syracuse as an example of how to use the research.

**SALT SPRINGS:** The most diverse neighborhood in Syracuse: young old, intellectuals, working class. Grocery stores are predominant here.

**SOUTHSIDE:** Food desert: Food access is very limited. Many startup projects are trying to figure out how to bring fresh food into the South Side.

**NORTHSIDE:** Many refugees and immigrants live in the North Side. Southeast Asian, having food access issues.

**EASTWOOD:** New farmers market has emerged. Many new families settling into smaller homes.



## II) Who Do You Sell To?

“How do you figure out who your ideal customer is?” This is the golden question! The answer is never the same...Your ideal customer may differ from the competition. For example, if your farm accepts food stamps

you would want to target low income areas such as the South Side. Or, if your product is more expensive (organic, heritage, or a CSA) then you may want to focus on the young professionals with expendable income in the downtown area. Work will with kids and parents? Try Eastwood!

Your Ideal Customer: Whoever Will Value Your Farm/Product the Most & With Whom You Can Build a Long Term Relationship With. Build a Long Term Community with People Who Are Interested in What You Sell!

### III) Emerging Ethnic Populations in America

The following ethnic communities are growing in the Syracuse area – and in pockets across the country. Do research to discover what type of ethnic communities exist in your town or city. Many of these people are accustomed to attending markets for most of their food! Identify what products you have that can speak to different communities.

- Southeast Asian (Vietnamese, Cambodian, Laotian)
- Serbian & Bosnian
- African (in Syracuse, there are many Sudanese refugees)
- Latino Community (a more established ethnic community, but still expanding in some areas)

### IV) Using the Internet for Research

The internet can be a great source of demographic research. Be sure to utilize reputable 3<sup>rd</sup> party sources.

#### 1) Wikipedia [www.wikipedia.com](http://www.wikipedia.com)

Wikipedia should be your first stop when researching which types of communities are in your town or city. Simply visit Wikipedia, and then type in your town or city name: you will see a thorough summary of your city including all the distinct neighborhoods and ethnic communities in your area.

#### 2) Using Keywords on Google

Visit [www.Google.com](http://www.Google.com), and type in this formula to begin your search:

Multicultural + Office + Your Community

Examples: “Multicultural Center in Syracuse”  
 “Multicultural Department in Syracuse”  
 “Multicultural Services in Syracuse”

#### 3) University or Hospital Websites

If you are within 50 miles of a university or college, definitely visit their website. Colleges and universities cater to different ethnic communities and religions. That’s because

RELIGIOUS HOLIDAYS 2012-2013		ETHNIC OBSERVANCES 2012-2013	
<b>Baha'i*</b>		<b>African American</b>	
Birth of the Bab	October 20	Rosa Parks Day	December 1
Birth of Baha'u'llah	November 12	Kwanzaa	Dec 26-Jan 1
Naw Ruz - Baha'i New Year	March 21	Emancipation Day	January 1
Feast of Ridvan	April 21	Martin Luther King Jr. Day	January 21
Declaration of the Bab	May 23	Black History Month	February
		Malcolm X's Birthday	May 19
		Juneteenth	June 19
<b>Christian</b>		<b>Arab American</b>	
Christmas	December 25	Arab American Heritage Awareness Month	April
Ash Wednesday	February 13		
Holy Thursday	March 28		
Good Friday	March 29		
Easter	March 31		
Orthodox Easter	May 5		
<b>Hindu**</b>		<b>Asian / Pacific Islander American</b>	
Raksha Bandhan	August 21	Japanese New Year	January 1
Sri Krishna Jayanti	August 28	Chinese & Vietnamese New Year	February 10
Navratri	Oct. 5 - Oct. 13	Japanese-American Internment	February 19
Dussehra	October 24	Day of Remembrance	
Diwali	Nov. 13 - Nov. 17th	Asian Pacific Islander Heritage Month	May
Holi	March 27 - March 28	PI-American Friendship Day (Filipino)	July 4
<b>Islamic**</b>		<b>European American</b>	
Ramadan	July 20 - Aug. 18	European American Heritage Month	October
Laylat al-Qadr	August 15	German American Heritage Month	Sept. 15 - Oct. 15
Eid-al-Fitr	August 19	Polish American Heritage Month	October
Day of Arafah	October 25	Irish American Heritage Month	March
Eid-al-Adha	October 26	Greek American Heritage Month	March
Al-Hijra/Muharram	Nov. 15-Dec. 13	St. Patrick's Day (Irish American)	March 17
Mawlid al-Nabi	January 24	Holocaust Remembrance Day	April 7 - April 8
		National Tartan Day (Scottish-American)	April 6
<b>Jewish***</b>		<b>Hispanic / Latin American</b>	
Rosh Hashana	September 15-18	Hispanic Heritage Month	Sep 15-Oct 15
Yom Kippur	September 25- 26	Dia de los Muertos	Nov 1 - Nov 2
Sukkot	Sept. 30 - Oct. 2	Fiesta of Our Lady of Guadalupe	December 12
Sh'mini Atzeret	Oct. 7 - Oct. 9	Cinco de Mayo	May 5
Simchat Torah	Oct. 7 - Oct. 9		
Chanukah	December 8-16		
Purim	Feb 23 - Feb 24		
Passover	Mar. 25 - April 2		
<b>Zen Buddhist**</b>		<b>Native American, Alaskan Native, and Native Hawaiian American</b>	
Bodhidharma Day	October 5	Native American Day (California)	October 14
Soyen Shaku Day	November 1	Indigenous Peoples Day	October 14
Shakyamuni (Bodhi Day)	December 8	Native American Heritage Month	November
Parinirvana Day	February 15	Prince Kuhio Day-Hawaii	March 26
Shakyamuni-Buddha's Birthday	April 8	King Kamehameha Day-Hawaii	June 11
<b>NOTES:</b>		<b>OTHER MULTICULTURAL OBSERVANCES</b>	
*Observance of Baha'i holy days begins at sundown of the preceding day and ends at sunset of the holy days.		AIDS Awareness Month	
**Observance of Buddhist, Hindu/Vedic and Islamic days is dependent on the sightings of the moon.		Universal Children's Day	
***All Jewish and Islamic holidays begin at sunset on the first day given and end one hour after sunset on the last day given.		Women's History Month	
		Women's History Month	
		Disability Awareness Month	
		Deaf History Month	
		International Women's Day	
		Older Americans Month	
		Day of Silence (LGBT)	
		GLBTQ Pride Month	
		National Coming Out Month (Day)	



colleges and universities want to attract a diverse student body: They want to make them feel as comfortable as they can!

#### 4) City or County Websites

These are excellent resources of information; find the website for your county or city using Google.

#### 5) Review the Results!

It's amazing what you can find on the Internet. For example, when typing in "Multicultural Center Syracuse" this web page came up first. This resource included a food holiday calendar which is a vital resource. Once you identify the ethnic communities in your area, find their religious/national holiday schedule. That way, you can provide foods that are typically eaten on that holiday.

**ESF**  
OFFICE OF  
**MULTICULTURAL AFFAIRS**  
STUDENT AFFAIRS

SEARCH: \_\_\_\_\_  
HOME | GATEWAYS | ACADEMICS | ADMISSION | DIRECTORIES | VISIT | MyESF | SITE INDEX

Student Affairs ▾ | Activities & Orgs ▾ | Academic ▾ | Business ▾ | Jobs & Career ▾ | Computing & MyESF ▾

ESF HOME > STUDENTS > MULTICULTURAL

### Multicultural Affairs

**Mission**  
ESF Multicultural Affairs exists to support underrepresented students and to foster a campus community where cultural diversity is appreciated. The office seeks to be a center of cultural learning which prepares all members of the ESF community to effectively interact with others in an increasingly diverse and global society.

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**ESF Multicultural Affairs Home**

**Calendar of Events**

- Fall 2012 Program Calendar (PDF)
- Cultural Observances Calendar 2012-13 (PDF)

**CSTEP--Collegiate Science & Technology Entry Program**

**International Students website**

**Internships**

**Library Resources**

**Lunchtime Learning Seminars**

**Multi-Ethnic Resource Directory of Syracuse & Onondaga County (PDF)**

**Organizations & Journals:**

- Multicultural Professional Scientific Organizations
- Professional Scientific Organizations by Major & Interests
- Multicultural Professional Scientific Journals & Magazines (PDF)

**Scholarships, Fellowships, Grants**

**Student Cultural Organizations:**

- Other Cultural Support Groups
- The Baobab Society

#### 6) Get More Specific...

Once you find out what ethnic communities are active in your area, you can then substitute the specific ethnic community name in your search to find offices and centers that you can contact for more information.

Example: "Sudanese Center in Syracuse" "Latino Resources in Syracuse"

#### 7) Follow Up in Person!

Once you find the centers, contact them and ask for information! These organizations exist to help both those in the ethnic group navigate their community and people like you, who want to learn more about the particular ethnicity or culture. You'll find the staff of these organizations are friendly and helpful!

## 8) Examples in Syracuse

- SUNY-ESF Office of Multicultural Affairs <http://www.esf.edu/students/multicultural/>.
- Spanish Action League <http://www.laligaupstateny.org/>
- Center for New Americans Refugee Resettlement Program <http://interfaithworkscny.org>

## V) Other Types of Communities

Remember, your goal is to establish a long-term relationship! Ask yourself, how can my farm/market benefit your community? It's not: "What can I sell you?" It IS: "How can I help you?"

### VETERANS

-Is there a nearby military base in your community?

### SENIOR CITIZENS

-Seniors may be receiving SNAP benefits

### RELIGIOUS GROUPS

-Advertise in a church or place of worship's program booklet or newsletter

-Secondary food projects: food pantry or senior dinners

### UNIVERSITIES

-Universities want to provide their students/faculty with resources, like your products!

### HOSPITALS

-Health and Wellness Policies

-Contact a local hospital to see if you could do a weekly small farmers market

-Hospital being a CSA pickup point

### CORPORATE CENTERS

### HEALTH AWARENESS ORGANIZATIONS

-Gluten Free

### BUY LOCAL MOVEMENTS

-Visit <http://bealocalist.org/> to find a "buy local" group near you

-"Buy local" advocates are typically "social leaders" and their friends will often come to this advocate for advice on where to go, what to see, and what to do in their city or town. If you see someone wearing a "shop local shirt" or have a reusable tote, they might be a whole food/buy local advocate and someone that can spread the word FOR you!

## VI) Now That You Know WHO, Let's Talk About HOW!

### 1) Good v. Great Customer Service

Now that you know WHO you might want to sell to, let's discuss how you can better serve those customers.

Good Customer Service: Giving the Customer What They Want

Great Customer Service: Giving the Customer Something They Didn't Know They Wanted!

Ask questions to learn more about your customer, and help you understand the greater picture of their eating habits. Start by simply asking: "What brought you to our booth/market?" Sometimes just asking a question will reveal a lot about how you might better serve that customer. Every customer brings something different to their relationship with food, and it's your job to figure out what that is and how you can enhance that relationship.

### 2) Questions You Can Ask How You Can Serve

"Are you a lifelong whole food eater?" Reward their loyalty! Because they consume a high volume of whole foods, incentivize them to become a regular at your booth/market with occasional freebies and discounts.

"Are you a new parent?" Recommend a veggie recipe that kids love, like pureeing squash into macaroni and cheese. Make your samples kid-friendly, too (an example would be apple slices instead of whole apples). Also, consider hosting an open farm day at your farm for families to get the full farm experience.

"Did you come to our booth on a recommendation?" Find out who made the recommendation to the new customer, then show that customer who made the recommendation your gratitude with a freebie or discount the next time they shop at your booth.

"Have you undergone a change in diet/facing a health concern?" Note: This question may be posed after you notice a regular customer switching up from their normal buying habits. You can ask this in a neutral way, such as, "I notice you're buying our gluten free products, have you adapted a gluten free lifestyle? Serving those with dietary concerns are often an underserved customer group. This could include vegetarians, diabetics, and gluten sensitive or gluten intolerant people. For example, gluten-free folks are very loyal to their marketplace and appreciate concern for their dietary situation. They are a very close-knit group, and word of mouth travels quickly around their groups.

### 3) Great Customer Service Tips

**A) Knowing Dietary Preferences** When you ask a customer what type of diet they eat, and they say "Halal" or "Kosher," for example, you should be aware of their dietary habits. All it takes is some research on Wikipedia to understand specific dietary preferences.

**B) Giving Samples** This can be in the form of a recommendation: "I see you're purchasing many cucumbers, here is a tomato that I think you'd like – it makes a great tomato cucumber salad!" Or, if you have extra volume – give it away either in a sample form or just add it to the customer's purchase as a freebie.

**C) Customer Sourced Recipes** Offering recipe cards featuring a customer-submitted recipe shows great service on two levels. First, you can flatter your customer by noticing that they purchase a certain item every week and asking them if they know a great recipe for that ingredient. People LOVE to share their

favorite recipes! Second, you'll benefit your other customers by giving them free recipe ideas. You can also strategically ask for recipes for a product you have in large quantities. Recipes are also a great way to get customers to try your OTHER items! If you serve an ethnic group, ask them for a traditional recipe. Again, you'll show that you are interested in their culture and strengthen your relationship with them. You'll also broaden the horizons of your other customers by giving them recipes for authentic global flavors!

## **VI) SNAP to Market**

This is the new name for the food stamp program! Farmers are finding ways to be part of the SNAP program, accepting benefits for their products. Many farmers markets are accepting SNAP benefits on behalf of farmers in the market and providing customers with tokens, as SNAP scrip, to spend with the farmers. The farmers accept the tokens as payment and then are reimbursed by the market for the tokens they received from their customers.

CSA farmers can accept food stamp benefits for their weekly share, as long as SNAP customers are paying for their weekly shares when they pick them up. SNAP benefits cannot be used to prepay for food. Farm stands can apply to be a SNAP retailer and receive a POS terminal to accept SNAP benefits from their customers.

Be sure if you are accepting any form of SNAP benefits, whether directly from the customer or through tokens, let your customers know. Signage is critical. Some farmers are offering SNAP customers a discount – maybe a dollar or two off their bill to help them meet their food budgets. **This discount spreads by word of mouth and you will find a very loyal following of SNAP customers.**

## **CUSTOMER ASSESSMENT**

### **COURSE #8 BOGOs, BOUNCEBACKS, AND THE COST OF FREEBIES “PROMOTING THE PRODUCT”**

**Created by:** Lindsay Ott Wilcox

#### **Bio**

Lindsay Wilcox brings over a decade of communications experience to the Farmers Market Federation of New York in her role as Marketing Advisor. Lindsay is currently the Creative Director at Clear Channel Syracuse and the owner of Lindsay Ott Communications. Her first interaction with the Federation was in 2007 when she helped develop and launch the brand for the statewide EBT/Food Stamp token program. Other Federation-related projects include the creation of the website <http://www.snaptomarket.com>, public relations for initiatives such as winter markets, and consultation on various grant programs including the recent Crisis Communications Guide for Farmers Markets. Lindsay is an award-winning marketer and writer, with recent honors from the New York State Broadcasters Association

#### **Contact Information**

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#### **Course Summary**

You may grow the best darn Hungarian Wax Peppers in the nation, but you will never be able to broadcast that message to a national audience. Remember the market assessment you've completed? Well looking around markets and farms in the area has taught you what you are going to offer and how you may be able to price it. You can "own" a brand image within your own county, town or region and work to establish, and build from that. In the process, you also will be differentiating yourself from others. This course will teach you how to stand out in the crowd, promote your product, and increase your bottom line!

#### **Course Outline**

- I) Build a Brand**
- II) Integrate Your Brand Into Your Marketing Materials**
- III) Promote Your Product**

#### **What You Will Gain**

- ✓ Understand the Importance of Branding
- ✓ Discover How to Create a Successful Brand
- ✓ Learn Ways to Market Your Brand and Products
- ✓ Acquire Bottom-Line Boosting Promotional Skills

## I) Build a Brand

### 1) Definition of Branding

Many business owners say that branding is their favorite part of being a business owner – it’s fun and involves creativity. However, proper branding can have very serious bottom line impacts: A good brand can benefit you in many ways, while a weak brand can harm your profit, reputation and more. Before we dive into building a brand, it is important that you understand what branding is. Here are three ways to understand branding:

A brand is comprised of:

- 1) Business Name
- 2) Logo
- 3) Tagline
- 4) Typography
- 5) Colors
- 6) Attitude

“Features that identify one seller’s good or service as distinct from those of other sellers.”

-American Marketing Association

The word “brand” comes from a Norse word meaning “to burn.” It’s useful to think of branding as something that is burned into someone’s memory. A strong brand empowers your business to always be on the top of the customer’s mind!

### 2) The Power of a Strong Brand

Building a strong brand provides many benefits to your business.

- Customers are less sensitive to your price increases.
- Increased customer loyalty – they seek you out!
- Customers are more inclined to talk about your products
- Differentiate yourself from competition- no confusion.

Let’s look at an example of what happens when a farm uses good branding versus no branding at all...



GROW BY EXAMPLE

### A Tale of Three Tomatoes

There are three vegetable farms competing in the same marketplace in Upstate New York. For the purposes of this example, each farm is selling the exact same beefsteak tomatoes at the exact same price (50 cents). But one of these farms is much more successful than the others.



*Farm A*  
Beefsteak  
Tomato  
50 Cents



*Farm B*  
Beefsteak  
Tomato  
50 Cents



*Farm C*  
Beefsteak  
Tomato  
50 Cents



Farm C doesn't bother with branding – they just bring their produce to market – but will occasionally try to offer discounts as a way of increasing sales. The other week at market, they dropped their tomatoes to 30 cents – yet sales didn't really increase. Farm B also doesn't have a brand beyond their name (which they only write on a piece of cardboard when they have time), and they believe they shouldn't bother with branding because they have been coming to market for decades and everyone knows who they are. Farm A never has to discount, and does not rely solely on their reputation. Instead, Farm A has invested time and money into creating a strong brand. Farm A is the most successful, let's see why...



Farm C has no brand except being the “cheapest” but this is dangerous! One week, Farm B and A decided to discount their tomatoes, too. Farm C barely sold any tomatoes that week because no one knew who they were or what they stood for! Lowest price is NOT a substitute for branding. Farm B does indeed have a few customers that come back week after week, but the community is growing – many people are new to the market and they almost ALWAYS buy from Farm A because Farm A is well-branded. Farm A has a name, a logo, a tagline, memorable colors, and an attitude of being high quality! **Notice the repetitive nature of this brand: it helps to “burn” it into the customers’ minds. The word “pinecone” is in the brand name, the image of a pinecone is in their logo, and the word “pine” is in the tagline.**

### 3) 3 Rules for Assessing or Creating Your Brand

When creating or assessing your brand, ask yourself these three questions! A strong brand will meet all three of these requirements. Your ultimate goal is to stand out in a crowd:

#### 3 Rules When Assessing or Creating Your Brand

1. Is it Unique?

2. Is it Memorable?

3. Is it Consistent?

### 4) Where to Get Help for Branding

#### A) Local College

Contact the design, communications, advertising or marketing department at a local college or university. Offer your business as a “guinea pig” for the class and suggest that the class can create a brand for your business. This would be a FREE option!

#### B) Local Ad Agency

When you hear “ad agency,” do you think “Madison Avenue”? Think again! Most likely there are quite a few local advertising or marketing agencies in your community. You should be able to get a quality brand for anywhere from \$800 - \$2,000. You could even offer this business trade for your products as payment! If you are in the Northeast, visit <http://www.adhub.com> for a comprehensive listing of local ad agencies and freelancers. Freelancers often provide high quality work for a fraction of the cost.

### C) Yourself!

If you cannot hire a professional, you can try to create or improve your brand using the following tips...

## 5) Creating Your Brand

**A) Name:** If your farm does not have a name, think of unique attributes of your farm (location, physical look) or what you specialize in. **Example:** According to their website, Wake Robin Farms named their farm after the trillium flower (which is also called a “wake robin”) that grows where their cows graze.



**B) Logo:** What is a visual symbol of your farm or a certain product you offer? Even using your NAME as your logo can become a brand, you may be able to create this yourself in Microsoft Word. **Example:** John Deere has kept the deer in their logo since 1876. While their logo has changed, the symbol of the deer has remained. They took their name and created a visual symbol for their name. It is important when developing your brand to think long term: most logos only change every 10-12 years, and then, only slightly as evidenced by the continuity of the deer in the logo below:



1876



1950



**C) Tagline:** What do you PROMISE your customers? What do you offer? Should be short, descriptive. A good way to test yourself is to have someone ask you: “Can you describe your business?” and see what you answer right off the cuff. This can be the beginning of your tagline; just work to polish it until it flows well. **Example:**

**SARE’s Tagline: “Grants and Education to Advance Innovations in Sustainable Agriculture”**

**D) Typography:** The font/s you use can be gathered into four categories. When you choose a font, think of what the font is visually conveying to your customer. **Examples:**

**Stylized** This stylized font is “papyrus” and mimics what ink on papyrus paper would look like. Stylized fonts are very decorative and can make a strong impact when used correctly. That means ensuring that the “meaning” behind the font matches with your message. For example, this papyrus font evokes Middle Eastern culture, and would be a great font to use if you specialize in pita and flatbreads, oils, or spices.



**Script** This font is called “Lucida Handwriting” and is a script font. Script fonts convey personalization, approachability, and a casual nature.

**SANS SERIF** This font is “Calibri” and is a sans serif font – in French, “sans” means “without.” Sans serif fonts do not have glyphs which define serif fonts. These fonts are more modern and contemporary.

**SERIF** This is Times New Roman, one of the most popular fonts. It is easy to read thanks to the “glyphs” which are attached to the ends of each letter. These are very classic and traditional fonts.

**E) Color:** Choose just one or two colors to define your brand. When you begin to bring in many colors, your brand loses its memorability. **Example:** To test yourself, close your eyes and name the two colors in the John Deere logo...

**F) Attitude:** The “feeling” you get from your overall brand. **Example:** Going back to the John Deere logo, how does it make you feel? Most likely it makes you feel inspired and ready to get to work, it also may remind you of the colors of harvesting vegetables or fields.



## GROW BY EXAMPLE

### Sarah Builds a Brand For Her Farm!

**Sarah’s Story:** Sarah is a farmer who has a unique blue barn which has been in her family for years and can be seen from the road. Right now, Sarah is short on funds but she understands the importance of a brand. She specializes in root veggies, and is known for having a great variety. The farm has been in her family for four generations and has a long history in the community. Finally, Sarah does business in a friendly, old-fashioned way. Based on Sarah’s story, this is the brand she created using Microsoft Word.



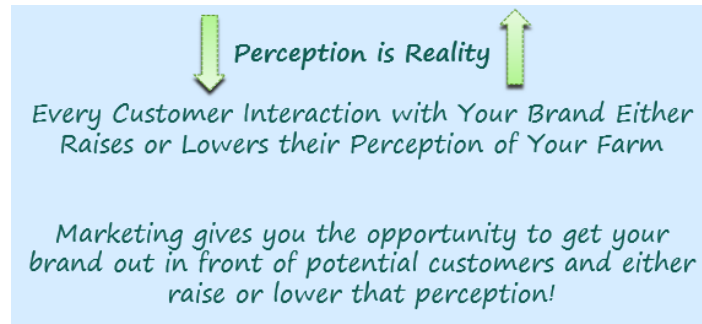
- 1) Name:** Sarah is a farmer who has a unique blue barn so she named her farm “Blue Barn Farm.”
- 2) Logo:** She is short on funds, so she created her own logo (see image)
- 3) Tagline:** She specializes in root veggies so her tagline is “Get Back to Your Roots”
- 4) Typography:** The farm has been in her family for four generations so she chooses a serif font to emphasize that tradition.
- 5) Color:** To signify her connection to agrarian history, she uses an Americana color scheme
- 6) Attitude:** Sarah does business in a friendly, old-fashioned way and she hopes that comes through!

Another benefit to Sarah creating her new brand is that she can take the brand even further into her business by branding her products! You can do this as well...

**Turnips > Blue Barn Turnips**  
**Butter Potatoes > Barn Door Golds**  
**Sweet Potatoes > Blue Barn Sweets**

## II) Integrate Your Brand Into Your Marketing Materials

Now that you've created or improved your brand, it's time to bring it out into the world by creating marketing materials sporting your great brand! This is a great opportunity to tell customers just how great your business is...Remember, you have to actively share your brand through marketing materials because otherwise the customer won't know you're there. This presentation only goes into on-site marketing materials, but other presentations in this marketing toolkit will cover other types of marketing materials such as brochures, websites, and more.

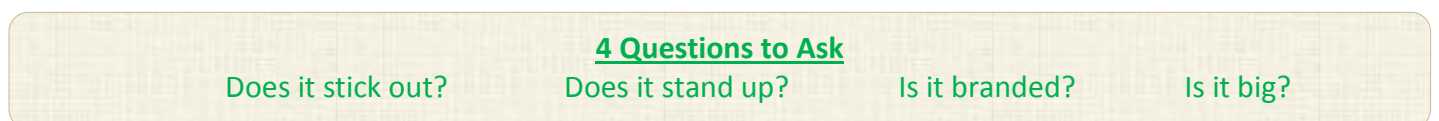


### On-Site Marketing Materials

Being a producer or farmer at a farmers market, or running a farmstand puts you in a very unique situation: Unlike a store on a street, your booth or your farmstand must do “double duty.” You don't have the luxury of a “window” display! Your booth or your farmstand must act as the outside AND inside of the store! That means it must be enticing AND functional. This is where well-branded and attractive signage and displays come into play. Here are some tips for using these tools to your advantage!

#### 1) Signage

Put yourself in your customers' shoes: They are busy and walking around the market, passing dozens of booths. Which booth will they stop at? Or, what will make a driver on the road stop at your farmstand? Invite them to stop at your business with strong signage that meets the following qualifications:



GROW BY EXAMPLE

### EBT Market Signage

The NYS Farmers Market Wireless EBT program was re-branded for use by participating markets and farmers in New York State. These materials were created around a strong brand: you'll notice on the right that the sign is inviting and showcases a hand-drawn hand holding a NYS Benefits card. The colors are soft, warm, and welcoming. On the left, you'll see a sign that has no branding. Yes, it is large and it sticks out, but it is no message beyond the words, it is not memorable, and it may even confuse a customer because it is the opposite of the signs used for the NYS EBT program at farmers market. If you were an EBT cardholder, which market would make you feel more welcome? Even if you are not an EBT cardholder, your VALUE PERCEPTION of the market on the right would go up because of the quality signage.

EXAMPLE: Poorly Branded Signage



EXAMPLE: Well Branded Signage



## 2) Displays

Now that you've pulled the customer closer to your booth or farmstand, how can you ensure your displays encourage the customer to select your products? Here are a few tips for ensuring your displays are attractive and well-branded:

**AVOID CARDBOARD SIGNAGE:** You want to let the customer know that you want to do business with them. By grabbing a piece of cardboard, you are suggesting you do not put much time into preparing for the customer. What does that say about how you handle the products that you sell?

**INSTEAD...USE LAMINATED SIGNAGE:** Print your logo in the upper right or left hand side of an 8.5x11 piece of paper then cover it with contact paper or laminate sheets. Then, use a dry erase marker to write in the price and item that you are selling.

**USE DESCRIPTIVE LANGUAGE:** Describe what you're selling! Give product usage ideas right on your signage. Going back to the Pinecone Lane Farm example, they really "sold" their beefsteak tomatoes with a few bullet points printed on the product signage:

- Juicy, Slightly Sweet
- Just-Picked
- Perfect for Burgers
- Harvested To NY Food Safety Standards

## 3) Co-Branded Signage and Displays

Now that you understand signage and displays for YOUR brand, what about OTHER brands? You can harness the power of existing brands within your booth or farmstand. This will lend clout and credibility to your brand through association. An example of this is when hotels are affiliated with AAA Travel, or when a restaurant is "Zagat-rated." Here are two co-branding opportunities for your business if you are in New York State:



Buy Local. Buy Pride of New York.

**PRIDE OF NEW YORK PROGRAM** [www.prideofny.com](http://www.prideofny.com)

For just \$25, you can use this logo after applying through the Pride of NY. This is a great way to align yourself with the "buy local" movement, and the state-wide push to support local products. It's almost like an endorsement!



## NEW YORK STATE EBT PROGRAM [www.nyfarmersmarket.com](http://www.nyfarmersmarket.com)

If your farmers market participates in this program, you can ask for signage to put at your booth. Even if only 10% of your customer base uses food stamps, you are still enhancing your brand because you are showing that you are a compassionate producer who is concerned with serving low-income individuals. You are going out of your way to serve customers, and you'll boost your brand just by associating yourself with this program.

## WE CARE

*We Follow Food Safety Guidelines Outlined by the Farmers Market Federation of NY*

## FOOD SAFETY OR SPECIAL INTEREST SIGNAGE [www.nyfarmersmarket.com](http://www.nyfarmersmarket.com)

If you are organic, gluten-free, or are affiliated with any third-party organizations or causes, let the customer know through signage! For example, take the time to complete the food safety training (free) at the Farmers Market Federation of New York website. Then, use the (free) signage provided to assure customers you are doing everything you can to keep them safe from foodborne illness!

### 4) On-Site Displays

Try to tie your displays into your brand. Pinecone Lane Farm takes the time to put pine boughs and pine cones next to their produce. These small details go a long way in “burning” your brand into the customer’s mind while also showing that you really care about giving the customer a high-quality product. Everything in your display should make the customer feel like you care about your business, and their satisfaction. Dirty crates and cardboard signage will not convey that you care. Customers may even wonder how you handle produce behind the scenes if your display is dirty...



•Display table has boughs and pinecones next to produce



•Display table is bare with produce in plastic crates

No Name  
(No Signage)



•Display table is bare with produce stacked on table

**TIP! KEEP YOUR PRODUCTS IN ORDER** Not only are you competing with other producers and farmers, you are competing with grocers. It’s important to keep your products in neat order (don’t let the turnips get mixed into the potatoes!). However, you have an advantage to the big grocers...you’re always on-site! When those turnips DO get mixed up with the potatoes, just straighten them up. In fact, customers are drawn to activity and “bustling” booths at the farmers market; they also like to see that you are actively working to make your booth look nice – it shows you care!



### SUCCESS STORY

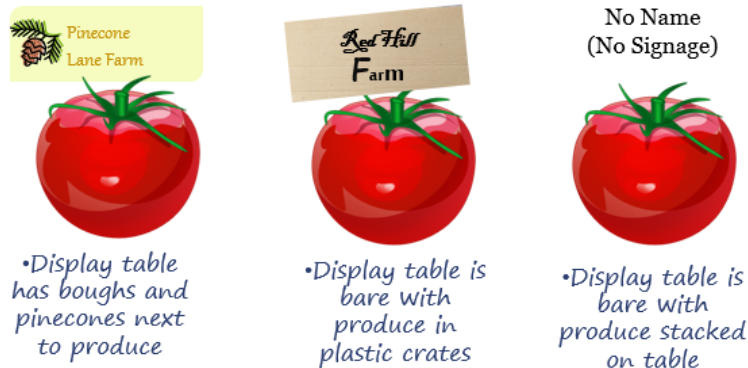
Mumbling Mountain is a locally owned business in Syracuse, NY that sources ingredients from trees and flowers for use in lotions, balms, lip products, and more. Mumbling Mountain has a very strong logo and tagline that tells you exactly what they offer...



“comfort from trees.” Their signage always displays their logo, and their display integrates an actual tree trunk to further emphasize their brand. Mumbling Mountain also utilizes “Pride of New York” co-branded signage. Mumbling Mountain is a great example of a small business that truly understands good branding!

### E) On-Site Apparel

Along with your market signage and displays, you are ALSO a type of signage. What you wear to interact with customers speaks volumes about your business. Instead of wearing the dirty shirt you used to unload the truck, throw a branded t-shirt with your logo and tagline on over your shirt if you can't change. Contact a local print shop for t-shirts, sweatshirts, aprons, hats, and more – they are more affordable than you make think.



### III) Promoting the Product

How much of your sales are you leaving up to luck right now? This section will give you practical tactics for bringing customers to you – and increasing profits. This section is NOT advocating bait and switch, sleazy-car-salesman strategies at all. **In fact, today's promotional tactics are all about making the customer feel happy, rewarded, and trusting in you and your brand.** Here's an analogy to help you shift your thinking:



Invite, inspire, and excite the customer to choose your product. Your goal is a long-term relationship!



You're not tricking, pleading, or begging your customer to choose you. You're NOT a serial dater!

The following tactics will help you build a long-term relationship with your customer that is mutually beneficial. It's also worth noting that long-term relationships are more profitable and less labor intensive as it is easier to maintain an existing customer than to seek out new ones. So treat your customers right!

#### 1) ON-SITE Loss Leader

**WHAT:** A product offered at an exceptional price, knowing you'll take a loss.

**WHY:** The idea is to bring the customers “into” your booth or farmstand for the loss leader, then they will see everything else you have and will spend more with you on your other products.

**EXAMPLE:** A beautiful bin of apples, with an attractive sign and a very good price!

**TIP:** Limit quantities

## 2) ON-SITE Freebies

WHAT: Give something for “nothing”

WHY: Giving something for free with STRATEGY means you WILL get something in return.

### A) Free with Purchase

**You are incentivizing and rewarding behavior that you want to see more of!**

Create signage that alerts customers that with \$30 purchase, they will receive one of the following:

WHAT: Sample from new crop

WHY: great way to try out new products

WHAT: branded tote bag or t-shirt

WHY: branding! (customers become walking billboards)

WHAT: buy 6, get 1 free

WHY: encourage larger buy

### B) Free to All (Recipe Cards)

WHAT: Include a recipe that features multiple products that you sell. Be sure to include your brand on the recipe card!

WHY: Customers may actually come back each week for your free recipe and hopefully, they will also purchase your products. Create a Recipe of the Month: Create signage that says “Free Recipe of the Month” which will encourage shoppers to return for the recipe (make sure they are tasty recipes!).

### C) Free Samples

WHAT: Give something for “nothing” (although when done strategically, you WILL get increased sales in return!)

“LIVE” SAMPLING: Offering prepared sample sizes of food featuring your products along with a recipe card is a great way to get customers excited about your business.

STRATEGIC SAMPLING: You can make one of your good customer’s day by doing a “strategic sample.” If you have a regular customer who buys a lot of greens for example, give her a garlic bulb and your recipe for Utica Greens. You’ll make her feel special and chances are, she’ll spread the word about your business!

WHY: The element of a (pleasant) surprise is powerful! Think of how you feel when you get a nice card in the mail from someone you care about, but don’t hear from often. You feel special, and you usually tell a few people about it. That’s how sampling feels to your customers – you don’t need to do it all the time, but it can be a great “treat” that gets your customers excited!

## 3) ON-SITE Enter to Win

WHAT: Give away a basket of your harvest or \$30 gift certificate for your business

WHY: You can collect email or mailing addresses on entry form that you can use to send a newsletter (make sure you include “check this box if you’d like to receive our newsletter”). These giveaways can generate excitement about your farm or business because people walking by will be intrigued and impressed by your display. And like a loss leader, the winner may be inclined to become a long-term customer!

## 4) ON-SITE “Bring Back” Bucks

WHAT: You will see these often in the restaurant industry and they are worth trying at your farm or business. Here’s how it works: When a customer makes a purchase, give them “money” to spend at their next visit. For example, when a customer spends \$15, give them \$1 in “bring back bucks.” If they spend \$20, give them \$2!



WHY: Like freebies, “bring back bucks” are promotional tools that reward the customer behavior you want more of. You want your customers to become regulars, so use these “bucks” to get them in the habit of coming back.

**5) ON-SITE Partner for Profit**

WHAT: Partner with a business that sells a complimentary item. For example: You sell jam. Find a baker and offer to feature his bread at your farmstand/booth – ask that he do the same for your jam!

WHY: You’ll be in two places at once with more branding exposure and more chances to sell product.

**6) OFF-SITE Get Social**

WHAT: Social media is a valuable promotional tool and a great way to market your brand and business. The top social media platforms are:

- [www.twitter.com](http://www.twitter.com)    [www.facebook.com](http://www.facebook.com)
- [www.pinterest.com](http://www.pinterest.com)    [www.instagram.com](http://www.instagram.com)

WHY: Even if you’re not using it...your customers are! More than half of people over age 50 are using social media, and over 92 % of those under 29 are as well. For guidance in the social media world, offer a free lunch to someone between 18 and 29 (because as the chart to the right shows, 92% of these individuals are heavy users of social media). You can also explore the social media world by observing what other farms and producers are doing. Social media is a great way to interact with your customers on a personal level:

**7) OFF-SITE Direct Communications**

WHAT: Permission-based marketing

WHY: You are being invited into their world. How will you use that privilege?

HOW: With branded communication that brings value to your customer! An example would be to begin gathering email addresses by putting out a signup sheet at your market or farm. Invite customers to sign up for email communications, which can be as simple as sending out an email letting them know what will be at market each week. This also helps you stay on the top of your customers’ minds!

**8) OFF-SITE PR**

WHAT: FREE publicity on local media outlets

WHY: The news media is “hungry” to feature authentic voices and experts in agriculture

HOW: Is there something in the news that you could provide expert commentary on? How are shorter winters affecting crops? It is also important to write and send press releases when something newsworthy occurs within your business. Examples of when to send out a press release would be celebrating a major milestone such as a 10<sup>th</sup> or 20<sup>th</sup> anniversary, or launching a new program, such as a CSA.

**Who Uses Social Networking Sites**

*% of internet users within each group who use social networking sites*

<b>All internet users (n=1,873)</b>	<b>69%</b>
Men (n=886)	63
Women (n=987)	75*
<b>Age</b>	
18-29 (n=351)	92***
30-49 (n=524)	73**
50-64 (n=567)	57*
65+ (n=404)	38
<b>Race/ethnicity</b>	
White, Non-Hispanic (n=1,355)	68
Black, Non-Hispanic (n=217)	68
Hispanic (n=188)	72
<b>Annual household income</b>	
Less than \$30,000/yr (n=469)	73*
\$30,000-\$49,999 (n=356)	66
\$50,000-\$74,999 (n=285)	66
\$75,000+ (n=501)	74**
<b>Education level</b>	
No high school diploma (n=129)	65
High school grad (n=535)	65
Some College (n=513)	73*
College + (n=692)	72*

Source: Pew Internet Civic Engagement Tracking Survey, July 16 – August 07, 2012. N=2,253 adults ages 18+. Interviews were conducted in English

## CUSTOMER ASSESSMENT

### COURSE #9 EVERY SILVER LINING HAS A CLOUD

### “MARKET ASSESSMENT & ANALYSIS”

**Created by:** Marty Butts, Owner of Small Potatoes Marketing

#### **Bio**

Martin Butts is a local food advocate, entrepreneur, writer, salesman, consultant, and the owner of Small Potatoes, a boutique marketing, consulting, and advocacy firm that specializes in working with small scale and start-up food producers. He previously served as the Director of Syracuse University’s Community Test Kitchen, working with aspiring “foodpreneurs” to help them turn their product ideas into businesses, and as the Community Education and Outreach Coordinator for NOFA-NY.

In his nearly 15 years working in the food system, he has worked with food producers, farmers, restaurants, retailers, distributors, non-profits, colleges, and consumers, as well as on an advisory council for fair trade standards, another for retail food co-ops, and currently as an advisor for Syracuse First. In 2010, he was chosen as one of Central New York's 40 Under Forty, recognizing individuals who have excelled in both the workplace and in the community, and Small Potatoes was recently awarded a Snail of Approval Award by Slow Food Central New York.

#### **Contact Information**

Email: [marty@iamsmallpotatoes.com](mailto:marty@iamsmallpotatoes.com)

#### **Course Summary**

Product change is constant and affects all products including food. Change occurs in communities too as families age, kids move out, move back and there is a constant flow of people in and out of any given area. This also affects business and should influence the products you offer and the strategy you employ in going to market. It’s time to tackle your SWOT analysis: Strengths, Weaknesses, Opportunities, Threats!

#### **Course Outline**

- I) **SWOT Analysis Overview**
- II) **Strengths**
- III) **Weaknesses**
- IV) **Threats**
- V) **Opportunities**

#### **What You Will Gain**

- ✓ Understand why a SWOT is important to your business
- ✓ Learn to perform a SWOT on your business
- ✓ Gain current knowledge about the agricultural industry through a SWOT in this course
- ✓ Get excited about current opportunities right now in the food industry!

*Look for the small potatoes for first-hand advice from Marty.*





## I) SWOT Analysis Overview

A SWOT analysis is an assessment tool that can be used to help guide your business. You can use SWOT to assess your business, your marketplace, your workforce, or any other aspect of your business. It's a tool that examines the following four aspects:

**Strengths**

**Weaknesses**

**Opportunities**

**Threats**

It's important that when undertaking a SWOT analysis, that you are honest in how you assess your business. Calling on friends, family, peers, or anyone else who knows your business well can be very valuable. This presentation will perform a SWOT analysis on a general producer or farmer, although much of what will be reviewed will apply to producers in other areas as well. In addition, this presentation will swap the order of "Opportunities" and "Threats" in order to end on a positive note. Let's get going!

## II) Strengths

This section will examine a variety of strengths in the current food system that could be a potential help to your farm or business. These are fairly universal strengths, but may not apply to everyone. You will need to look at your own marketplace to determine the strengths in your own marketplace.

### 1) History and Tradition

You can connect your farm with people by providing them the food they need to observe their traditions. As an independent farmer or producer, it is a strength to be able to change your product mix in order to provide the foods that certain ethnic communities need. You can be much more adaptable than large producers and supermarkets.

**A) Holidays and Celebrations** Food is integral to every community. Food is a part of every person's culture, history and tradition. Holidays and celebrations revolve around food. Learn the food traditions of the consumer groups in your area and find ways to serve those traditions.

**2) Ethnic Communities** emerging markets, connecting to them through the food system will help you to build long term relationships. As local producers, you have a unique position to connect with your customers and their traditions better than big box stores. You can develop personal, long term relationships that others cannot.

### 2) Growing Public Awareness

There is a growing awareness of the value of eating local and this is definitely a strength for you, as a local producer or farmer! *In fact, 75% of specialty food retailers now say that "local" is the most influential food claim.* This shows how big the food movement has become. Now even big box grocers, restaurants and institutions are clamoring to put local food in their store and on their tables. Everyone is thinking about where their food is coming from! This also shows that at 75%, the local food movement is moving from fad to trend, in a big way. Why? Consumers want to:

- Lower their carbon footprint
- Support local economies
- Purchase fresh foods, picked at the peak of ripeness for taste and nutrition

A national organization, BALLE (Building Alliances for Living Local Economies) [www.bealocalist.org](http://www.bealocalist.org) has built a network of “buy local” campaigns across the country. They are “feet on the ground” organizations promoting and enhancing the concept of buy local, including food, as well as supporting all local businesses, banks, hardware stores, clothing stores, etc. *But they acknowledge that getting consumers to purchase local food as the important first step in building a larger buy local movement in every community.* There are over 30,000 members connected through BALLE.

http://bealocalist.org/ Building Local Economies | ... x

**BALLE** BE A LOCALIST Member Login | Cart DONATE JOIN NOW!

ABOUT CONNECTING LEADERS SPREADING SOLUTIONS DRIVING INVESTMENT GET CONNECTED

## BUILDING LOCAL ECONOMIES

Changing the way our economy operates starts with a single person. It starts with you. We believe that *real* national prosperity — even global prosperity — begins at the local level and that by connecting entrepreneurs who are re-thinking their industries, funders who are investing in the local economy movement, and network organizers who can mobilize on a broad scale, we can — and will — create a stronger, more resilient, and fair economy.

BALLE is the fastest growing business alliance of values aligned entrepreneurs, business networks, and local economy funders in North America. Together we are building local economies, city by city, town by town, business by business. Real prosperity starts here. [Join us.](#)

**2013 CONFERENCE**  
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**MATTHEW RAKER**  
Featured Fellow  
2013 BALLE Fellowship

**JANINE BENYUS**  
The Biomimicry Institute  
2013 Conference Speaker

**NEXT WEBINAR**  
Local First Webinar  
May 21 10am PT

**BALLE BLOG**

Welcoming Fellow Jess Daniel: A Farewell from Adrienne Maree Brown [\[Read\]](#) Posted May 02 2013

Whose Responsibility is it to Create Jobs for Low-Income Communities? [\[Read\]](#) Posted Apr 29 2013

@BEALOCALIST

8:48 PM 5/26/2013

### 3) Unmatched Growth

Buying local has moved from a trend or fad, into a full-blown movement — and this is another strength for you as an independent farmer or producer. Obviously people have been buying from local producers for hundreds of years, but the emphasis on choosing local options over regional or national choices has become a priority for many customers today. Food is very trend and fad driven, with a new direction about every 6 months. An example would be the 2011 focus on “super foods” such as acai berries that could allegedly provide exceptional health benefits above and beyond basic nutrition. *The emphasis on eating local has eclipsed trend status and become a movement.*

The proof is in the numbers: in 2012, the local direct to consumer sales of local food came to \$11B. In contrast, organic food is a \$30 billion industry. It took the organic movement, which started in the late 1960s, about 40 years to achieve \$30 billion. *The local food movement has grown to 1/3 the size of the organic industry within just 10 years.* And the rate of growth of local food purchases outpaces the growth of organic.

#### 4) Quality

**A) Freshness** Another strength that you possess as a local food producer is the ability to harvest and bring your produce to market within a very quick timeframe. This strength empowers you to offer some of the freshest produce possible! While other factors impact quality, the freshness of your products is a definite strength.

**B) Nutrition Dense** In addition to the high quality of just-picked produce in the customer's mind, another strength is the fact that your produce is most likely more nutrient-dense than what the customer could get at a supermarket. The product has not spent days – weeks even – in transit.

**C) Flavor and Taste** Quality is also perceived in the flavor and taste of fresh products. This is another strength that you can leverage as a local producer over supermarkets and even regional producers.

#### 5) Creativity

Creative people are attracted to the local food movement. This can definitely be a strength because these types of people can help your business grow! Creative people that are drawn to local food include: web designers, social media managers, graphic designers, photographers, and journalists. These people can become your best advertisers! Your community's Buy Local organization can facilitate the connections between your business and creative people. By connecting to the local food movement in your community, you can access these creative people for your own farm or business. Another strength is that because many creative people are more open-minded, you may be able to trade your products for their services instead of going through a traditional monetary transaction!

**Creative Sourcing** "Small Potatoes was able to have a video promoting our business done by a videographer that we found through Syracuse First, our local affiliate of BALLE. In exchange, the videographer received a gift basket of all locally produced foods from my current clients. What can you trade for services? Food! Whatever you grow or produce is your trade. Gauge the amount of the trade with the amount of work being done for you. It can be as simple as a dozen eggs, a gift basket of produce or a discount or free CSA share." -Marty Butts



#### 6) Cool Factor

Young, hip, cool people want to eat local and this can be a strength for you! YOUR local farm or business excites them and they feel good about supporting local economies, local food producers and the minimal environmental impact of their food choices. Another strength in the "cool factor" is that these so-called cool people are trendsetters: Others want to follow their lead and will also begin to add more local food to their diets. The more local the product, the higher the cool factor!

### III) Weaknesses

When analyzing the weaknesses for your farm or business, you must be honest about yourself. Carefully identifying your weaknesses alerts you to what you need to overcome! When you are addressing your business weaknesses, use professionals as much as possible. It avoids the inevitable hurt feelings and damaged relationships by using family and friends. **Weaknesses can also represent opportunity, especially if you're able to overcome it in a creative or collaborative way. These opportunities will be in bold.**

### 1) Price is Still King

Some consumers will always value the lowest price over anything else. Small scale production tends to be more expensive. However, some people seem to believe that local food is expensive – even if it is not. **This is your opportunity to address their concerns and explain why your food is worth the price.** But keep in mind that there will always be some people that will never look beyond the price tag. No amount of explanation, no amount of better value for their dollar, will convince them to spend a penny more than they have to. For them, it is all about the price. This is a customer you may have to let go. As long as this is a minority opinion that you are hearing, you will need to let this customer go and focus on those customers who value your products.

### 2) Seasonality

People may not be in tune with seasonality the way your farm is. They want what they want, when they want it. For example, a customer may think, strawberries are available in the grocery store year round, so why aren't yours? Many people just don't understand seasonality. **Again, this is your opportunity to educate your customers. Talk to them about the seasons of food and why eating in season is better for their health, better for the environment and certainly more flavorful.**

**Educate and Inspire** “A local chef of a corporate restaurant approached me to talk about getting local food for his restaurant. He was being pushed into it by his corporate bosses. He thought he would start by putting local citrus into his menu. This was certainly my opportunity to educate him, in a way that would not embarrass him, that in Central New York, citrus is NEVER local! Instead I steered him to a locally produced citrus-based salad dressing. That was few years ago, he now has one of the biggest local foods menu in Syracuse.”-Marty Butts



### 3) Traditional Wholesale Accounts are Built for The Big Guys

In general, retailers and restaurants prefer to buy everything they need off the back of one truck. This is a difficult obstacle to overcome in most communities. Systems for handling, ordering, receiving, stocking food are built for efficiencies. That precludes the “little guys” (like most independent farms and producers) that can only bring one or two products and in small quantities. The good news is that this is slowly – but surely - changing. Some of the big grocers are starting to come around. But before you approach them about buying from you, visit their store and look around at what other local products they offer. If the store is not currently stocking local products, this may be a barrier too big to overcome. If they DO have other local products, ask how they buy – what quantities, what are their payment terms, etc. See if there is any way they can work with you. **A way to overcome this weakness is to pursue smaller grocers, co-ops, natural foods stores – these smaller companies actually appreciate working with small, local producers like you!**

### 4) Lack of Collaboration

Some farmers and producers see the other farmers and producers in their community as the competition, rather than as partners. This can definitely be a weakness...why? Because a successful local food movement in a community rests on everyone working together. **No one farm or business or individual can build this movement on their own! In fact, shifting your viewpoint from competition to collaboration turns a weakness into an opportunity...**here's an example: In New York, CSA fairs are collaborative efforts where all CSA farms come together to showcase their CSA program to consumers. It not only helps each farm build their member base, but it also helps build awareness for CSAs and local food and farms among the general population as well.

If you're feeling that your marketplace is becoming overcrowded with farmers and producers, shift your focus from seeing that as a negative – to a positive. **You can instead work together to get product into different marketplaces. Share delivery or product lists to capture wholesale accounts. We are seeing Food Hubs being created to help farmers work together for processing, aggregating and shipping food to larger markets than could be done on an individual basis.**

## 5) Technology Barriers

**A) Online Shopping** Shoppers are buying online more than ever, which at first may appear as a weakness – but that can shift into an opportunity because these local food shoppers are learning about local products and farms online as well. The question becomes: How can your business become accessible online? Online shopping is growing by leaps and bounds, and that includes food shopping.

**B) Social Media** It has become the way many people are learning about local foods. If you are not on social media, or not able to put your farm or business online, you need to find someone to help you. This is too critical for the success of your business to ignore.

The good news is that there are many professionals who can assist your business in overcoming these technology barriers. **In fact, YOU don't even need to overcome them – let these professionals do the work for you! If you cannot afford professional assistance, the good news is that social media is very intuitive and you can most likely pick it up on your own like any new skill!**

## 6) Some Less Polished Business Skills

Current infrastructure is built for big business but you are a small business!

- Processing facilities are scarce for small scale production, including meat processing
- Local producers have much smaller ad budgets
- Local producers have a much smaller delivery radius

At first glance, this may seem like a weakness. **But you have an opportunity to compete in the smaller to mid-size business infrastructure by tapping into your support networks for services that will build your business.** Whenever possible, utilize professionals instead of friends for services (an example would be a professional graphic designer instead of a family member, so that you won't hurt that family member's feelings if the design work does not meet your standards.

## IV) Threats

Threats are usually things you can't control. That doesn't mean you shouldn't recognize them. You need to know what threats are out there, and be prepared in case they affect you. The saying “what you don't know, can't hurt you” definitely doesn't apply to your business: inform yourself of the threats out there so that you can refocus your efforts on the things you CAN change. **For ways to prepare or recover from a threat, look for the bold sentences.**

### 1) Local Washing

Local washing is when big companies present themselves as “local.” They are usurping the local food movement, aligning themselves with it to take advantage of the consumer appeal. This devalues the local food movement (and ultimately your business – which is genuinely local). Big companies have already started advertising campaigns to leverage the idea of buying locally:

- A) Lays Potato Chips promotes themselves as local. They promote the farms they buy their potatoes from, and use this as a launch to call themselves local, even though they ship worldwide.
- B) Citgo promotes themselves as local, they are actually owned by the Venezuelan government.
- C) Hellman's Mayonnaise promotes itself as a local food. A look at the ingredients shows that there is not much real food in the product.
- D) Whole Foods, while they are in fact beginning to source from local farmers, most of its products are actually from across the globe.
- E) Starbucks is now renaming some of their stores after their location to give the "feel" of a local coffee shop.

**The only way to combat the threat of local washing is to continue educating your customers about the benefits of buying from producers like you – who are independent businesses in their local community.**

## **2) Catastrophic Natural Events** (Floods, Droughts, Hurricanes, Tornadoes, Foodborne Illness)

Most everyone has experienced at least one of these weather calamities. There is nothing you can do to prevent them, you just need to know how you will deal with the aftermath. A common threat is when a foodborne illness outbreak is related to a particular crop on the national level, and the consumers' fear trickles down to YOUR food. **A good way to prepare for the threat of a catastrophic natural event is to have a plan in place. For specific advice on managing the impacts of a foodborne illness outbreak, the Farmers Market Federation of New York provides a complimentary crisis communications planning tool. Work on the plan today – so that you'll be prepared for any future disasters.**

## **3) Lack of Succession Planning**

What will happen to your farm when you decide to pursue a new business or when you pass away? **For succession planning guidance in New York State, you can contact the Cornell Cooperative Extension ([www.cce.cornell.edu](http://www.cce.cornell.edu)) in your area or NY Farm Net ([www.nyfarmnet.org](http://www.nyfarmnet.org)).**

## **4) Changing Regulations**

There are many states – such as Vermont – that have implemented Cottage Food Industry laws that ease restrictions on food processing. They allow some level of processing in your home kitchen. The key is to check in with your state's Agriculture Department to learn what the rules are and to get notifications of any changes in regulation.

## **5) Environmental Degradation**

Keep in touch with what environmental concerns are being raised in your community. Some of you out there will be affected by water runoff and hydrofracking. Know what the hot button issues are in your community, and how the issue affects you and your farm. Know your own thoughts on the issues and how you can talk to your customers when asked about these issues. **This is one threat that you may be able to act on by getting involved in political advocacy to push for laws to protect the environment.**



## V) Opportunities

The local food system right now is a world of opportunity. This list is in no way all encompassing! You will notice that there is overlap from other parts of the SWOT. Strengths and even weaknesses or threats can be turned into opportunities. Let's look into the opportunities out there for independent food producers and farmers like you!

### 1) Facilitated Market Places

Facilitated marketplaces are where a third party facilitates the farmer to consumer connection. These may also be called "buying clubs." Many of these are started with very little infrastructure, other than a website. Although this is a wholesale transaction for the farm, the market facilitator usually takes a much smaller margin, usually between 5 – 20% than big box grocers who take as much as a 50% margin. Facilitated marketplaces are truly a "win-win" opportunity for both the farmer and the consumer.

The examples below are all local efforts started in Central New York. But they are springing up all across the country. They are emerging opportunities that you can make work for you, OR you can create your own. Reach out to the ones listed below and they will be willing to share their experiences and help you get started.

#### A) [www.wholeshare.com](http://www.wholeshare.com)

Whole Share is a buying club that works with regional food distributors. Whole Share helps consumers set up buying clubs in their communities. Then, Whole Share will connect with who can then post their goods to the Whole Share website. As a producer you are still selling by the case, but the markup to the consumer is much less than it would be if the consumer bought in a retail setting.

#### B) [www.farmiemarket.com](http://www.farmiemarket.com)

This is an online farmers market. They help small farmers connect with local families.

#### C) [www.field-goods.com](http://www.field-goods.com) and [www.foodshedbuyingclub.com](http://www.foodshedbuyingclub.com)

These are CSA-style programs that cull products from multiple farms and then combine them for the end customer. This is an excellent option if your farm specializes in just a few different goods.

#### E) [www.thegoodfoodcollective.com](http://www.thegoodfoodcollective.com)

Out of Rochester New York, this business promotes specific farms in the area. Consumers are then able to connect with these farms either direct or through the Good Food Collective which creates farm shares using product from each different farm.

### 2) Places People Gather

Wherever people gather is an opportunity to reach people with your food. As your partnership grows and more become aware of your farm and food, you may find other opportunities present themselves, like getting your food into the cafeteria or the kitchen of a business, hospital or schools and universities.

#### A) Large Workplaces / Hospitals / Schools & Universities

Contact the Human Resources Department and ask: Do they have a wellness program for their employees? Some companies with wellness policies will be willing to partner with you. These larger organizations may even offer their employees an incentive to join your CSA and act as a pickup site for your CSA! They may also be interested in having a farmers market start up on site to benefit their employees. Or you can ask to rent a parking space or two and set up to sell your products to their employees, especially during shift change.

## **B) Community Centers**

Community centers are another opportunity for you. These centers may be specific to an ethnic group, low income populations, or seniors. Community centers typically focus on helping consumers better thrive in the community in which they live. By connecting these consumers with your farm, the community center can better fulfill their mission. In addition, these community centers often serve meals and those meals could include your foods. They also do outreach to their community and can help you get the word out about your farm, CSA or farmers market!

## **3) Emerging Demographics**

These emerging demographics are an opportunity for you to reach new communities of consumers.

### **A) New Parents**

New parents are flocking to the local food movement. They are seeking fresh, healthy food for their children. They present an opportunity to build long term relationships.

### **B) Latinos**

Latinos are a growing community. Examine your business and see how you could better serve their population. Try to find out what countries they come from as Latin cuisine varies greatly from country to country and even region to region.

### **C) Southeast Asian and African Communities**

Southeast Asian and African communities are growing in numbers across the country. They are often from ag-based communities in their homeland. They are looking for that kind of experience again. Connections to ethnic communities can be made by seeking out their community centers, ethnic grocery stores and restaurants. Learn what they buy, how they buy and what their price structures are. You can find lists of organizations supporting ethnic communities by searching multicultural on Google, along with your local university. They often have lists of those organizations that will support their foreign students.

## **4) Value Added Products**

People want to eat local all year long! Adding value to your products means you can be on their tables all year long. There are several ways you can do this:

**A)** You can create your own value added product; whether its marinara from your own tomatoes, fruit jams and jellies from your orchard. You create the recipe and go through the process to develop, manufacture and market your own product.

**B)** You can sell the ingredients your raise to others who are producing food products. Or you can look at contract packers. Reach out to them and let them know you can provide them the ingredients they need.

**C)** Co-branding; working collaboratively with others to help you create and market value added products. This works really well between farmers and restaurants. A product can be co-developed, used on the restaurant's menu and sold at other marketing venues to promote both the restaurant and your farm.



## **5) Social Media**

Social media is rapidly growing and is being used by all demographic groups (from poor to rich, young to old, all ethnicities, almost EVERYONE is using social media in some capacity). This is where people are going for information. If you feel unsure of where to start, ask for help! These are the big 4 social media sites:

Facebook – is number 1. This is the biggest site for consumers to connect with food sources. If you can only do one social media site, Facebook is where you should be.

Twitter – It's good for business-to-business connections, and for letting consumers know about what market you're at!

Instagram – this is a photo site. You need to have a smartphone to use it. But it is a great place to store your photos and then upload them to Facebook.

Pinterest – is very visual and is up and coming. Companies using Pinterest are finding it very helpful at connecting them with consumers. If you can get on Pinterest and navigate through it, you could be ahead of the curve.

## **6) Allergen/Dietary Communities**

- A) Gluten Free
- B) Soy Free
- C) Vegetarian
- D) Clean Foods
- E) Ethnic Dietary Needs

## **7) SNAP**

This is the new name for the food stamp program! Farmers are finding ways to be part of the SNAP program, accepting benefits for their products. Many farmers markets are accepting SNAP benefits on behalf of farmers in the market and providing customers with tokens as SNAP scrip to spend with the farmers. The farmers accept the tokens as payment and then are reimbursed by the market for the tokens they received from their customers.

CSA farmers can accept food stamp benefits for their weekly share, as long as SNAP customers are paying for their weekly shares when they pick them up. SNAP benefits cannot be used to prepay for food. Farm stands can apply to be a SNAP retailer and receive a POS terminal to accept SNAP benefits from their customers.

Be sure if you are accepting any form of SNAP benefits, whether directly from the customer or through tokens, let your customers know. Signage is critical. Some farmers are offering SNAP customers a discount – maybe a dollar or two off their bill to help them meet their food budgets. This discount spreads by word of mouth and you will find a very loyal following of SNAP customers.

## MARKET ASSESSMENT

### COURSE #4 LEARNING TO LOOK AROUND

### “GET YOUR HEAD IN THE GAME”

**Created by:** Bob Buccieri

#### **Bio**

Bob Buccieri learned marketing communications working for clients such as Johnson and Johnson, General Foods and Pepsi Cola. Most recently he has been involved with economic development for communities such as Seneca Falls and Schenectady and up until January of this year, served as the President of the Board for the FMFNY. He is the founder of the Seneca Wine Tour, the first and only public bus route touring wineries in the nation, a founder of the Finger Lakes Cork & Fork Culinary Expo, which joins restaurants, food producers, farmers and Cooperative Extension personnel in a setting to show and instruct about everything food in New York State. He is currently living with his wife in Norfolk, Virginia where he is working with many grassroots organizations dedicated to local foods and serving the local community.

#### **Contact Information**

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#### **Course Summary**

This course will focus on how a business owner can clear the clutter and get an impartial, business focused assessment of conditions and opportunities in their market(s). While this may seem simplistic, we are all (to some degree) biased in our view and in need of independent validation of those forces which influence our business and impact our bottom line. This course will recommend sources and techniques to try to properly and impartially assess the impact they have upon your business. This is by no means a comprehensive view of this activity but a guideline as to what to look for, where to find it and how best to make this assessment an ongoing part of doing business.

#### **Course Outline**

- I) **What is a Marketing Assessment & Why Does it Matter?**
- II) **Key Data & Where to Find It**
- III) **Gathering & Applying the Data**
- IV) **Tips for Ongoing Marketing Assessments**

#### **What You Will Gain**

- ✓ Learn what a marketing assessment is and why it's important
- ✓ Discover which data is most important to mine for your business
- ✓ Acquire skills for collecting and managing marketing data
- ✓ Know how to interpret marketing data you've gathered

## 1) What is a Marketing Assessment & Why Does it Matter?

To succeed in today's competitive business world, it is important that you have an impartial, unbiased overview of your operation. It is essential to create a marketing assessment because it forces you to remove yourself from the day-to-day operation and look at your business objectively. This section of the toolkit will help you do just that by helping you create an easily managed process for your market assessment.

### 1) What is a Marketing Assessment?

A marketing assessment is a fair, concise, unbiased review of consumer perceptions, market conditions, business vitality, and opportunities as it concerns your business or products. More precisely, a marketing assessment is a chance to “stop inhaling your own exhaust and get some clear vision.”

### 2) Why is it Important?

To maintain or grow your business, you will need some type of marketing. Today's agricultural business landscape is so highly competitive, that marketing is essential. Marketing will empower you to differentiate your business from competitors, and form a strong relationship with your customers that will keep them coming back to YOUR business. A marketing assessment will provide the framework for uncovering where you are now, what's working well, and what's failing. Once these facts are uncovered through the assessment process, you can begin formatting a marketing *plan*.

### 3) Who Should You Approach for Feedback?

When you perform your assessment, be careful about WHO you approach for feedback. Use these tips:

#### DON'T Ask Those Closest To You

Avoid asking family members or friends, who may worry about “hurting your feelings.” Also refrain from asking those who do business with you (NOT your customers, those who you pay for service). You may think that no one knows your business better than your lawyer, ad agency, accountant, etc. when in fact they may be too biased and eager to retain your business by telling you what you want to hear. This is what clearing the air means: steering clear of this kind of natural bias.

#### DO Ask Your Customers

As opposed to larger, “entrenched businesses” that are removed from direct consumer contact, you have an advantage of getting feedback right from the customers you interact with. A great illustration of the problem of entrenchment is of some politicians who speak of improving the economy but don't know what the price is for a quart of milk or a dozen eggs! You're closer to the answers you seek, and that's a definite advantage when performing a marketing assessment.

### 4) What Do We Need to Assess?

The following are typical elements that should be assessed:

**Elements to Assess**  
Consumer Perception  
Competitive Interests  
Pricing & Sales Data  
Demographic/Product Data  
Branding/Identity Efforts

However, your current business conditions will determine which are most important. For example, one business may have trouble expanding beyond their aging customer base – so they would assess demographic data first. Another may find themselves in a position where competitors seem to be dropping out of the sky and stealing business from them – they would want to assess competitors in more detail. Yet another may suffer from the fact that their product is good and their pricing seems fair, but customers just aren't coming to their market booth – this business would assess branding/identity efforts or consumer perception first.

## II) Key Data & Where to Find It

Once you know what you're looking for, the next step is to figure out where you can find it!

### 1) Census Data

You'll be amazed at the wealth of free data available through the U.S. Census Bureau (online at <http://www.census.gov/>). You can search by zip code, city, state, and country and a multitude of variables ranging from age and gender, ethnicity to income!

### 2) Search Engine Research (Googling!)

Get on Google and do a search for your business, your name, and your products to uncover your online reputation. You may be surprised what you find. One farmer who did this search found that their farm was listed on 20 different local farms lists, when they only submitted information to seven of these lists (this wasn't a bad thing, the farmer was able to "claim" his space on the other websites and add to his free listing)! Another was surprised to find that their farm name, which had been established several generations ago, was being used by five other farms in different parts of the state. Be sure to use the other search engines besides just Google: they will reveal different results. Here are the top three search engines to visit:

[www.google.com](http://www.google.com)

[www.bing.com](http://www.bing.com)

[www.yahoo.com](http://www.yahoo.com)

### 3) Reading the Customer

At the end of the day, some of the best information comes to your business nearly every day: the consumer. *Who are they? What do they look like? What "general conclusions" can you reach and how are they different from one another?* It's a little like being Sherlock Holmes to deduce the best information, but if you keep your eyes open and build up your sensitivity to reading critical data, it really is fairly elementary, my dear Watson! Age, income, gender, race, general demeanor or perception even their level of literacy or expertise with the product can be determined if you can pay attention.

**A NOTE ABOUT "TIRE KICKERS"** The majority of people come by (on the web, at the market, in the stores) to "kick the tires" but do not buy the product, at that time. Yet we can still learn a lot about them and assess how they may react to our offerings. As they approach your product, how do they behave? Are they studying your display and reading every price (check eye movement, you can tell) or are they glancing across the display relatively quickly (assessing quality)? This brief assessment would reveal whether your customers are more concerned with PRICE or QUALITY.

## III) Gathering & Applying the Data

Now that we understand why it's important to perform a marketing assessment, what to assess and why, as well as where to look, it's time to begin gathering – then applying – the data! We'll take a closer look at each of the elements in the average marketing assessment (remember, these are not in order of importance, you should pursue the most important elements to your specific business, first).

### Elements to Assess

- 1) Consumer Perception
- 2) Competitive Interests
- 3) Pricing & Sales Data
- 4) Demographic/Product Data
- 5) Branding/Identity Efforts

## 1) Consumer Perception

To discover what your customers' perception is of your business, the best way is to ask! You can either do this through surveying or through face to face questions. If you pursue surveying, online survey tools will help – such as [www.surveymonkey.com](http://www.surveymonkey.com). You might consider handing a customer a piece of paper with a link to a survey online, and ask them to provide you with feedback so that you may serve them better. If you ask face to face, here are some tips:

**A) Greet Your Customer** Many large retailers now have their workers say things like “good morning” or “welcome to \_\_\_\_\_” or “glad to see you” because these phrases engage the customers without forcing them to respond. Once engaged, you need to dig a little deeper to learn more about your customers: what brings them to the market? What are their favorite veggies? Are they visitors or residents? Whatever you learn, you must retain and cross reference. Some things don't even require them to respond, but you must be prepared to gather data on all of them. Here are additional ways to greet your customer and get a response, without being intrusive!

- Did you enjoy the \_\_\_\_ you bought last week?
- Are you looking for anything else today?
- What do you think of the market today?
- You can even make a comment about the weather to start the conversation!

**B) Observe Carefully** Are they alone or with family or companions? Are they dressed for the office, or church or some sort of manual labor? Male or female? How old would you guess they are? Did they bring a bag with them and have they already made a purchase and what have they bought before they got to you?

**C) Go Ahead...Ask!** If you can engage them, find out what they want and what they expect of you. These are some simple questions which can help you with existing and new customers. If they have been there before, try to learn if they have had a “positive experience” with your product. If they are new customers, determine whether they are just passing through or live in town?

## 2) Competitive Interests

No one should run their business based solely on competition. But you must be aware of what the competition is doing! This can really benefit you: If a competitive farm suffers a setback, are you prepared to pick up the business? If they get more aggressive with a key product of yours, what is your response? You can find this competitive information using search engines by searching the names of farms that are in your area. Or, you can search by the product/s that you sell, to see who else is out there. You can also gather competitive data just by taking a walk around your market or a nearby market.

You can learn a lot from the competition, or similar businesses in other regions and states. Also, there are a wealth of ideas that can come from competitive monitoring. No one remembers who created the “rebate program” for cars, but once it was advertised, everyone saw the success and value of the program and jumped on board!

Try to keep it simple: If the competition is pricing their product lower (or higher), try to make an educated guess as to how they are doing it and whether or not it is profitable for them. What “value added” information

are they using? If recipe cards appear popular, maybe you can give away actual CARDS instead of a photocopied sheet, or make your recipes 100% organic or use a theme like “recipes from around the world.”

#### **COMPETITIVE INTERESTS TO TRUST**

- Ask! Not all competitors are truly competitors
- Share info and develop parallel plans
- "Compete Cooperatively" – an example of this was when a Wegmans opened near a Price Chopper, and BOTH businesses benefited because more shoppers came to the area

#### **COMPETITIVE INTERESTS YOU CAN'T TRUST**

- Be aware of the rumor mill, but try not to participate
- Seeking out info from common vendors, customers
- Don't bother trying to figure out what they might do next

#### **4) Pricing and Sales Data**

When you go to a farmers market or read the paper in a more affluent community, you may reach the conclusion that your product is underpriced, but then you gather information from a low income inner city or rural area and think that you are overpriced. As with so many things, the truth is somewhere in between.

You should gather as much pricing and sales data as you can, but keep the information properly categorized so that when you get data from, say Ithaca or Geneseo, you compare that with Alfred or Cazenovia, where a strong college population may influence pricing, etc. All the information is useful, just try to keep things equitable across size, location, product and general composition. Here are a few tips for gathering and understanding pricing and sales data:

- Shop other markets and stands to assess area pricing
- Visit markets in similar areas (big or small city, resort or blue collar town)
- Understand the “big picture” by monitoring regional, national, and international markets (for example, corn and soy prices nationally will influence local elements)
- Understand the “elasticity” of price; good, better, best and how it can be set by market or by product

#### **4) Demographic/Product Data**

In addition to understanding the consumer, understand the market(s) you are operating in. For example, let's say that over a five year period, your county experiences a 20% turnover in residents. This means that one in five potential customers could be new to you. How will you channel your marketing efforts to attract new residents to become long-term customers?

Most of the demographic information you will need is coming to your stand or business every day, just keep an eye out for it! However, you should supplement this “eye witness” data with hard, cold facts. As mentioned earlier, [www.census.gov](http://www.census.gov) is a great resource. Remember to check data over a period of time. For instance if the population increased by 2% from the 2000 to 2010 census in a given area, that is useful but if the Asian (or Hispanic or African American) population grew by 8% in that same time period, well, there is a significant difference – and an opportunity for you to serve that population. If the population of County “A” grew by 4% but neighboring County “B” grew by 9% it may be an indication as to where the better opportunity may be for

your business. Of course, if the regional population grew by 12%, they are both lagging behind! It's all about finding the data, assessing it, and responding appropriately. Other sources of demographic data could be the local county, Chamber of Commerce, business groups, large employers or even the school districts.

**TIP: HIRE A "TEEN SLEUTH"** In the summer months when many teenagers are looking for work, consider hiring one to assist with gathering data for your marketing assessment. From doing surveys at markets to researching online and on social media, teens are great data gatherers!

### **A) IN-DEPTH DEMOGRAPHICS: AGE**

Age is a determinant of many aspects of shopping and nutrition. It may be more difficult to introduce a new product to an older audience, but a younger group may not immediately embrace something new, just because it is new! For example, the presence of young children in an area makes a difference: Parents and grandparents may take for granted certain aspects of their own diet but are much more diligent about the kids they feed. Seniors may need more information about salt or sugar content. Certain cultures may seek out products that are new to you, but can make you money if you are open to and understand their needs.

You'll also discover customer nuances that vary across generations as well, here are a few generalizations of market habits that differ based on the age of your customer:

#### Older customers have different habits:

- Shop less frequently but buy more
- Receive public assistance
- May grow their own herbs

#### Younger customers have different habits:

- Organic growing
- Radical mix of products
- Recipes, herbs, local oils or jams?

### **B) IN DEPTH DEMOGRAPHICS: ETHNICITY**

In the 1960's you had to perform a major search to find a Mexican restaurant even in big cities. Now small towns often have more than one! As new ethnic groups emigrate to America, and existing ethnic populations expand or shrink, your business will be impacted by what products are in demand. Take time to assess which ethnic populations are in your city or town:

- This data is reflected in census data, cuisine choices, ethnic grocers and ethnic community centers opening in the area
- No wholesale changes, but ethnic shifts could influence your product and market mix
- Last ten years were focused on Hispanic cuisine and product...what will it be over the next ten years Indian (?) Spanish (?) Ethiopian (?)

Consider taking the risk, and getting ahead of the curve in terms of integrating items that appeal to specific ethnic populations. This could be rewarding, even if you try it on a limited basis and see only a slight increase – typically if there is a slight uptick in a certain demographic population, it will only increase over time – keep an eye on the emergence of this new ethnic group by setting up news alerts in Google News that include your city



or town name AND the ethnic group/s you are monitoring! Also, your own customers may provide some insight. When one person asks you for Thai basil, it is an anomaly, when ten do it, it is a business opportunity!

## 5) Branding Identity Efforts

At the end of the day, “branding” is simply the impression you want to leave with others. The tools you’ll use to do this are: your logo, name, tagline, colors, even sounds, and fonts you use. The trick of it is to make certain that this impression is consistent, and consistently in line with what your business wants to convey. Ask yourself the following questions to assess your current brand:

- Does it reflect your business identity and the interests of your customers?
- Can your brand grow with the business and adapt to new opportunities? (Don’t be “the cabbage guy” unless you will never sell anything else!)
- Does it allow for the propagation of new ventures, partnerships or ideas? (You may just have a booth now, but what about a farmstand or even developing a food hub?)

## 6) Applying What You’ve Learned

Once you’ve made some assessments the next step is to USE what you’ve learned. Again, you have an advantage over big retailers. An example would be the “frequent shopper cards” offered by major supermarket chains. There is SO MUCH data that can be gleaned from these cards that it is virtually impossible to mine the data for useful information. You can deduce this by noting that you rarely get coupons in the mail for items you buy, or would buy. Or, for example, one would think a store that noticed you were buying diapers might also send you coupons for baby formula and food. So while the supermarkets are “failing” at acting on the data collected, you can move faster! In fact, you can even alter other aspects of your business based on your assessments much quicker than a big, bureaucracy-laden supermarket. For your business, find the critical data and try to test out new ideas based on what the data is telling you. You can test out a new item, raising the price of an item, bundling items together, bringing your products into new marketing channels, and much more. Testing is a good thing, but just don’t do it too much and make certain what you’re testing is worth it (don’t spend \$20 to make an extra \$50).

The key is to make your changes measurable! **Whatever you want to learn, make sure you can measure the results in sales, customer counts, literature distributed, number of friends on Facebook or e-mails received or coupons redeemed.**

## IV) Tips for Ongoing Marketing Assessments

### 1) Frequency of Your Marketing Assessments

The general rule of thumb would be once a year! While performing the assessment may be *best* once a year, you may also encounter a new challenge (or opportunity) in the middle of the year which will require that you perform an assessment. However, you should constantly be “prepping” for your assessment by keeping track of information that will aid you in your assessment. **Create a folder either digitally or physically where you will store notes, articles, insights, etc. that you come across throughout the year.**



## WHEN SHOULD YOU PERFORM A MARKETING ASSESSMENT?

- A “mini” assessment happens with every transaction, every day, and every sale
- General view of price, product, customers should be performed at least every year
- Specific insights on image, competition, market conditions every 3 – 5 years OR as events demand
- Google should be viewed every day – what news of the world has an impact on your business? Was there a foodborne illness outbreak? A drought that impacted lettuce crops?
- Set up a “Google Alert” for products of interest, your farm name, and other farms in your area. Then, you’ll be emailed whenever Google detects that these words show up in its search engine; that way you’ll be alerted of opportunities and threats!

### 2) A Note About Note-Taking...

Most likely you will be able to take time for assessments in the off season, but you will have to remember what it is you need to research and keep handy any articles, information or contacts that will help you along the way, so a file folder of “marketing info” will be useful. Get a nice accordion type folder/envelope that you can fill with articles, pictures, scraps of paper, whatever will help guide you when you perform your assessment.

**TIP: Keep notes that are detailed enough so that you understand your insights months or even years later!** A note that says “Tuna Fish” will not be as useful as “investigate herbs that go with Tuna Fish so you can work with the two fisherman at Market A & B...”

### 3) Prioritizing What to Assess First

Also, keep a running and up to date “To Do” list in the folder to help prioritize what you will do when you have the time and focus to really dig into the articles and information. If you find that you have 10 pieces of information relating to changing demographics and two on product improvements, it is pretty obvious what you need to assess first, but maybe other elements of your research (like the rumors that Wal Mart will be opening a “local farms” store in your area) may not be well documented, but require your attention and planning!

### 4) Team Up for Assessment Made Easier

Finally, try to keep the workload realistic and rely on friends and “sympathetic competition” to help you with data collection and interpretation. If there are five of you all doing marketing assessments on similar data, maybe each of you can take part of the load and share notes.

### 5) The Most Important Thing You Can Do...

...is to get started on your marketing assessment today. Take a moment right now to type your business name into a search engine online, or scroll through Census data about your town or city. The best marketing assessments are the ones that are referred to again, and again.

## MARKET ASSESSMENT

### COURSE #5 EXPLORING MARKETING CHANNELS

#### “How SMART Are You Really?”

### PROFIT PLANNING THROUGH VOLUME/COST ANALYSIS

**Created by:** Warren Abbott

#### **Bio**

Warren Abbott, operator of Abbott Farms in Baldwinsville NY, graduated from Purdue University in 1987 with a BS in Agricultural Economics burning a hole in his pocket. Warren's vision was for a profitable cash grain farm joined with a fall U-picking operation that would engage the residential population in Greater Baldwinsville. Over time, his vision for the farm has evolved into a full-season U-pick and entertainment destination for Central New Yorkers. Today's material is taken from a previously developed one day seminar entitled *Profit Planning Through Volume Cost Analysis*, a summation of wisdom collected so far.

#### **Contact Information**

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#### **Course Summary**


What are you selling and can you build on it? Offering three different kinds of lettuce is a “diversity extension” of the same product. Or, you may find that herbs can work with your tomatoes and peppers. You can package a group of tomatoes and herbs under a title of “sauce package” and sell as individual or as a prepackaged group. These are all examples of different pricing options, which is the focus of this course. How can you maximize profitability through strategic pricing? And what is your exact notion of “profitability”? This course will help you find the answers.

#### **Course Outline**

- I) **Defining Success: Matching Your Life Philosophy with Your Business Goals**
- II) **Pricing for Profit: Understanding the Factors**
- III) **Creating Your Ideal Profit Margin**
- IV) **Discounting: Is it Worth it?**
- V) **Bundling Your Products**
- VI) **Special Cases**

#### **What You Will Gain**

- ✓ Understand how to set goals based upon your business and personal goals
- ✓ Realize the factors that are involved in selling a product
- ✓ Learn to adjust these factors to improve your profit margin
- ✓ Apply different pricing structures: discounts, bundling, and more

Look for the  apple symbol for first-hand advice from Warren Abbott!


## I) Defining Success: Matching Your Life Philosophy with Your Business Goals

### 1) Outline Your Definition of Success

As a business owner, your personal goals are intertwined with the goals of your business. You must consider *both* when defining success for your farm or market! Do you want to just stay in business or are you looking to expand? Do your personal objectives require business growth? These are questions to ask yourself – and answer – before moving on.

### 2) Keys to Success

- A) Perform a Business Assessment (contact your local Cornell Cooperative Extension for standard business planning documents) Ask yourself: *What am I doing right? What could I improve on?*
- B) Define Your Personal and Business Goals
- C) How Can You Achieve those Goals?
- D) Develop Your Life Philosophy
- E) Repeat the Questions Again!

**The Questions Never Change. The Answers WILL Change!** “As a father of four daughters, my personal goal of being able to pay for their weddings impacts my business goals – I have to account for that in my budget. As your life circumstances change, that will impact your business goals...” – Warren Abbott 

### 3) Do Your Business Goals Match Your Life Philosophy?

What are you in business for? Money or fulfillment? For example, if you are a successful engineer who wants to try “working the land,” your goal would be fulfillment. How will that affect the revenue your business generates? Ask yourself, who is your customer? What do they want?

### 4) High Quality, Lowest Price, Best Service: Pick Two!

In a perfect world, you could give your customer all three at 100%. However, your business would not survive. Instead, you have to figure out how to divide the pie! You can only afford to give 2 units, which ones and how much of each will it be? Think of it as an equation:

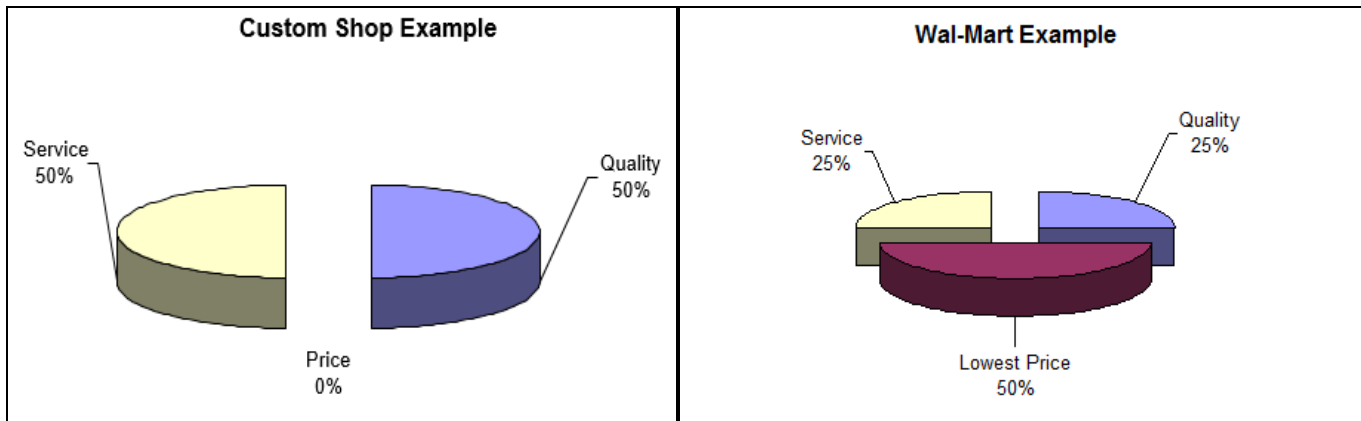
Absolute Lowest Price = 1 Unit  
Absolute Highest Quality = 1 Unit  
Absolute Best Service = 1 Unit



GROW BY EXAMPLE

## Walmart Versus A Custom Shop

The examples below are on two opposite ends of the spectrum in the customer’s mind based on feedback during the webinar: Wal-Mart is perceived as a low cost leader and customers expect a lower level of quality and service in exchange for better price competitiveness. On the other hand, a custom shop – which would offer custom goods made to order – offers high quality and service, but the customer expects to pay for these benefits. Once you understand the equation, it’s time to configure your own pie chart!



**The Customer's Personal Experience + Your Marketing = The Customer's Perception of Value**  
 The customer is not always rational! What are their expectations of your equation? How can you use marketing to shift their perceptions or to fix an inaccurate opinion?

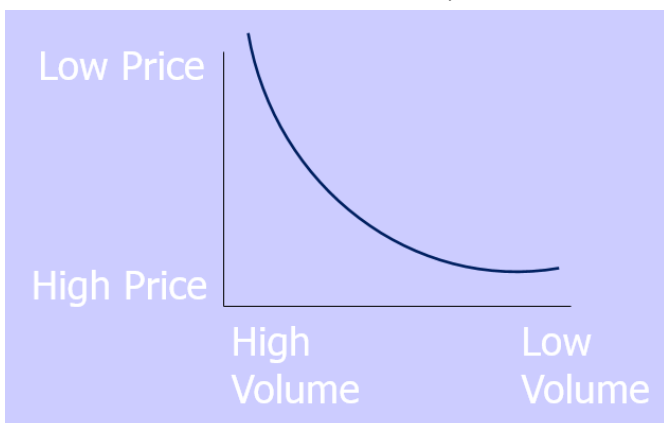
**5) How Does Your Competition Mix Their Two Units?**

:)It's important to keep an eye on the competition, but to not fall into the "shadow boxing" trap. You do not need to follow every move they make, by altering YOUR business in response. In fact, it can hurt your business if you chase the price of your competitor. *If your pricing mirrors THEIR pricing, you are pricing to THEIR goals!* Remember, they have different goals – both personal and professional.

**Price to Your Goals, and Your Customers...NOT the Competition's!** "When I first started, I would shop local farms and grocers to see how their apples were priced. I even had a certain loop. I was fixated on what they charge for the products I was selling. But I was pricing to their goals, and I didn't even know what their goals were! But I've learned since then: Every time I've marketed a new product, I've come in with a higher price because I compete on the entire experience, not just the price. The greenhouse and landscaping industry did a study, and price didn't even make the top five reasons that a customer would choose a particular landscaper. For example, I entered the market with a higher price on berries, which have sold out each year and production has increased annually because customers want the experience we provide." – Warren Abbott 🍏

**6) Price/Volume Curve**

Setting strong goals will also determine where your business falls on the [Price/Volume Curve](#) (see below). You can be successful at any point on the curve, but most independent farms will be in the higher price/lower volume area of the curve. And that is just fine! Don't try to out-price Walmart. Do you have close to 9,000 locations like Walmart did in 2011, or over 400 billion dollars in sales? **Price to YOUR position on the curve.**



## II) Pricing for Profit: Understanding the Factors

If your personal and business goals include making a profit (and most likely they do!), it is essential that you do the math and figure out how to price your products for a profit. You cannot just “wing it” and expect to profit; in fact, you may operate at a loss. Volume/cost analysis is the “nuts and bolts” of your pricing strategy, and ultimately, your ability to generate a profit. These are the factors that go into the equation:

**1) Revenue (Cost x Volume)** This is simply the price you are selling your products at multiplied by the volume of what you’re selling. In the example, tomatoes and pepper are being sold. These two items generate revenue for the business. It is essential that your revenue covers the variable costs!

### 2) Costs of Production

**A) Overhead Costs:** These are items that **DON’T VARY** with production volume. EXAMPLES: building rent, property taxes, and family living expenses.

**B) Variable Costs:** These are items that **DO VARY** proportionately with production volume. EXAMPLES: are raw materials, hourly wages, repairs, potting soil and pots, gasoline for truck, water for fields, shrink (lost product)

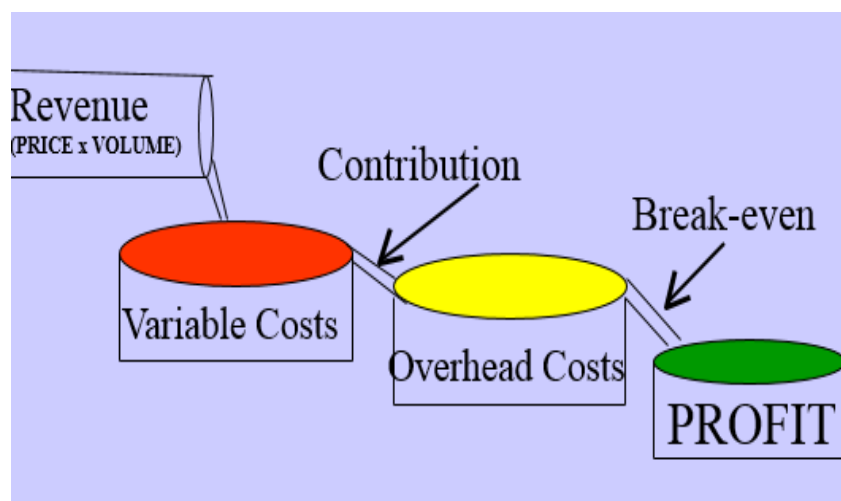
NOTE: Most costs are variable, especially if your plans are to expand your business!

**3) Contribution** This is the “overflow” that is left over after your revenue covers your variable costs, and this flows into your overhead costs. Another way to look at this is the difference between the selling price and the variable cost per unit. What’s left over is your contribution!

**4) Break-Even Point** It’s the point where revenue = costs of production.

**5) Profit** This is what revenue is left over after costs are covered. When revenue exceeds your costs of production, you are a profitable business.

**6) Shutdown Point** When revenue does not cover your variable costs, you should not continue to produce that particular item.



Now that you understand the various components that go into assessing your profitability, it's time to figure out to optimize your pricing strategies to generate a profit margin.

### III) Creating Your Ideal Profit Margin

At this point, it's important to go back to your goals: How much profit will you need to meet your goals...both your business and personal goals? Remember, that your family living costs go into your overhead costs...NOT your profit. Once you know how much profit you want, it's time to create your margin:

$$\text{Overhead Costs} + \text{Desired Profit} = \text{Margin}$$

#### 1) Calculate Your Margin (Percent of Sales Method)

You can calculate your margin using the **Percent of Sales** method which translates overhead and profit into a percent of sales. Let's go through an example of a New York orchard and agri-tourism business.

#### Profit Margin v. Markup

It is important to know the difference between a margin and a markup. When you mark up an item, it is often by a set amount that does not take into consideration factors such as covering overhead.

Markup is the percentage difference between the actual cost and the selling price, while margin percentage refers to the percentage difference between the selling price and the profit!



#### GROW BY EXAMPLE

### CALCULATING PROFIT MARGIN

#### STEP 1: Calculate Your Ideal PROFIT

Sales \$410,000  
Overhead Expenses \$148,000  
 $\$148,000/\$410,000 = 36\% \text{ Overhead}$   
  
Planned Profit = \$15,000  
 $\$15,000/\$410,000 = .0366 = 4\% \text{ Profit}$

#### STEP 2: Calculate Your Margin

$36\% \text{ Overhead} + 4\% \text{ Profit} = 40\% \text{ Margin}$

QUESTION: Are Your Sales Covering Your Desired Margins? If Not, Adjust Your Pricing...Do not use a "standard" 30% markup or your business may be at risk of going under.

#### 2) Apply the Margin to Your Pricing Formula

Now that you have figured out your desired margin, the next step is to add your margin to the retail price of your products. For this example, honey bears filled with quality honey were used. The honey bears were purchased from a wholesaler for an agri-business gift shop for \$2.39 each (including freight). Knowing that the business's ideal margin is 40%, we can figure out the ideal retail price for the honey bears...



$$\begin{aligned} \text{Retail Price} &= \text{Unit Variable Cost} / (1 - \text{Margin \%}) \\ &= \$2.39 / (1 - .40) \\ \$3.98 &= \$2.39 / .60 \end{aligned}$$

**CAUTION! Do Not “Mark Up” by 140%** Your margin will NOT meet this example’s required margin of 40%. Here’s why...

$$\begin{aligned} \$2.39 \times 140\% &= \$3.35 \\ \$3.35 - \$2.39 &= \$0.96 \text{ contribution to profit} \\ \$0.96 / \$3.35 &= 28.6\% \text{ Margin (not 40\%!)} \end{aligned}$$

### 3) Consult the “Price Points”

Now that we’ve done some “hard math” we need to delve into consumer psychology. Remember, customers are typically not as calculated in their purchasing – they are irrational. That’s where price points come in: *Price points are a group of prices that the consumer perceives as no different as another price.*

**Example: \$3.76 to \$3.99 is perceived as the same price.**

**Example: \$3.25 to \$3.50 is perceived as the same price.**

- **Key price points are \$1, \$5, \$10, \$20, \$50**
- **Secondary price points are going to be \$1 intervals in between these key points**
- **Tertiary price points are at \$.50 intervals**

When you utilize price points, make sure it averages out. If you “round down” too often, you will not achieve your desired profit! Ideally you will round up, as there are always extra expenses and shrink that will reduce your contribution to overhead.

### 4) Key Price Points

Seasonality impacts price points as well. For example, during the holiday season, \$20 is a key price point because it is an average gift cost. For farm market pricing, you may be able to round up to whole dollar or fifty cent intervals. Taking the honey bear example, while the retail price with a 40% margin is \$3.98, rounding up to \$3.99 – to a primary key price point – would most likely not prevent the customer from purchasing it. While this is just a penny difference, even if the honey bear’s retail price with a 40% margin was \$3.70, chances are the customer would still buy it if it was priced at \$3.99.

### 5) Package Pricing & Reducing/Altering Item Size

When looking at package pricing, if you can’t get a price point change, try reducing the quantity of items. An example of this is Welch’s jelly which is now in a 19.8 ounce squeeze bottle for the same price as a larger bottle cost a few years ago. Customers objected to a price increase, but have not objected to a slightly smaller bottle with the added convenience of a squeeze spout. During the 2012 season at Abbott Farms, customers were not purchasing 5 lb. bags of apples, but 3 lb. bags sold just fine, even when sold at a higher price per pound than the 5 lb bag. Adjust the package and price until the customer responds.



## 6) Take a Reality Check!

Ask questions and just test out the pricing. Your customers will let you know if something is too expensive...they just won't buy it. You can also talk with your customers – and just ask them! But remember, so much of the buying experience is subconscious. On the other hand, there is no substitute for a point of sale (POS) system which can compile data that will show at what rates customers are buying certain items. Going back to the honey bear example priced at \$3.99, to discover if it will sell, take a reality check with these questions:

- ✓ Does Wal-Mart Have This for \$.99?
- ✓ If So, Will the Customer Even Care?
- ✓ Is the Honey Bear Truly the Same (Wal-Mart's is Pasturised, Abbott's is Not)
- ✓ Does the Customer See Value in this Item Because YOU'RE Selling It?
- ✓ Did This Product Move at the Original Price or Only After Markdown? (Refer to POS data)

## III) Discounting: Is it Worth it?

Discounting can be a great pricing tactic, or it can severely cut into your business's profit. The key is to know when – and how – to discount. This section will delve into the basics of discounting:

### 1) When Should You Discount?

**YES!** When you don't expect the item to cannibalize another item (definition to follow)

**YES!** When seasonal items go out of season (and are not something you'll sell NEXT season, otherwise people may wait)

**YES!** When the cost of storage (including shrink, interest) outweighs the reduced contribution that the discount causes

**MAYBE.** Discounting to increase volume of sale can be a good tactic – or it can hurt you.

**NO!** When the neighbor discounts their product, don't jump and discount yours.

### 2) Let's Cover When NOT to Discount, First...

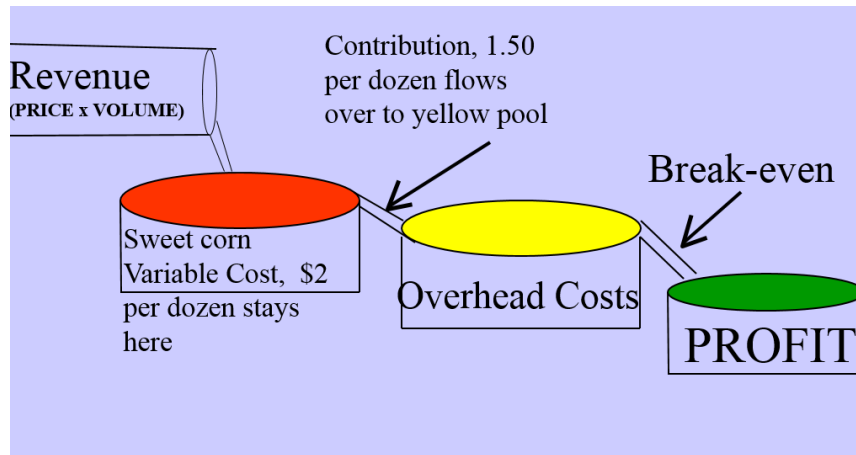
Let's say that you sell sweet corn. You were able to buy this sweet corn at \$2.00 wholesale, and then you mark it up to \$3.49 after applying your margin and then rounding up to the nearest price point. Now, you just noticed that your neighbor has discounted theirs to \$3.00 per dozen. What do you do? How much more corn must you sell in order to make the same contribution to your overhead and profit? Let's first start with YOUR own business goals – remember, your goals always come before looking at the competition...

#### PLAN A (IGNORING YOUR COMPETITION)

You are selling your corn at \$3.50/dozen with your plan to sell 5,000 dozen this summer. \$2.00 per dozen covers your variable costs (the wholesale purchase), and \$1.50 goes to your contribution. That means that your total contribution will be \$7,500 if you can sell all 5,000 dozen ears of corn (5,000 x \$1.50 contribution).

It is always best to maintain your price at first to see if your customers will continue to buy from you: You may be surprised how much loyalty they have! Also, maintaining your price is saying to your customers: "we believe in the quality of our product, and we don't need pricing gimmicks to 'lure' you in!" If you do notice a decline in customers, try promotional tactics or marketing to a new customer base.

Here is a diagram of how your corn pricing plan will work...



### PLAN B (TRYING TO KEEP UP WITH YOUR COMPETITION)

To try and outsell your competition, you discount your corn to \$3.00/dozen – just like your competition. Your variable cost is still the same: \$2.00/dozen. Then your contribution becomes only \$1.00 instead of \$1.50. To achieve your \$7,500 contribution, you would need to sell 7,500 dozen instead of just 5,000!

**Basically, for a 14% discount on price, you will need to sell 50% more product. Is Plan B worth it? No! Always do the math before you discount – it can be dangerous!**

SO, how CAN you increase profitable revenue?

## 2) Increasing the Average Ticket

Now it's time to take some "tips" from restaurants! Think of the last time you went to a restaurant: chances are you didn't just order an entrée. Your server may have sold you an appetizer, a mixed drink, a dessert – maybe even a gift certificate. You see, servers are trained to collect more dollars per table. This is called increasing the average ticket – and it can be a useful strategy for farmers and producers. Oftentimes, the best way to increase an average ticket sale is to add in additional products to your mix. Before adding additional products in, be sure you have a high enough volume of customers to sell these new items to...

**Consider Your Volume of Customers** "We are on a state road, 10 minutes from downtown Syracuse and I had a manager who suggested we sell donuts to the morning commuters. It was a great idea, so we did the math...She counted cars for a few days and did a traffic study. We determined that 15-20% of the people driving by would need to buy a donut and cup of coffee for us to be profitable. For me, that seemed too large, so we opted to NOT increase our product mix." – Warren Abbott 🍎

**Complimentary Product Mix** "We have sold cherries for years with apples, but they are never big sellers. Last year we added strawberries into our product mix. We were shocked! Cherries sold out in three hours. That's because people would come to pick strawberries, and then while they were at our farm, they picked up cherries, too. What can you do to add complimentary products to your mix? For example, if you sell lettuce could you add in other salad fixings? Carrots? Tomatoes? Cucumbers?" – Warren Abbott 🍎

### 3) Cannibalism

This is the OPPOSITE of increasing your average ticket. Cannibalism is what happens when you mark down an item to the point where it “eats” into profitable items. It’s when a similar product with a reduced margin literally steals the sale from a product with a full margin. An example would be a customer who grabbed a bruised apple for 25 cents instead of a fancy apple at full price (\$1.00). The key point is: Don’t give them the option to get the cheaper item. Do the math and only give them options that add to your bottom line!

Another common example of cannibalism is the “Buy 2 Get 1 Free” deal. But below we work through the math and see that this is not a good option as it hurts profit and contribution! If you need to move inventory that just isn’t selling, then try “Buy 2, Get the 3<sup>rd</sup> Half Off” – that way, you’ll at least get some contribution back. Don’t sell volume, just to sell volume. And if you do sell in volume, make sure your items start with a proper FULL price, so that when you offer the discount you don’t hurt your business. Another word of caution: If you are introducing a new product, do not enter the market with a very low “introductory” price because it’s so hard to go UP in price once you’ve offered a lower price!

#### **EXAMPLE OF CANNIBALISM: BUY 2, GET 1 FREE**

Assume you are selling an apple for \$1.00. Your variable cost is .60 and your margin is 40% so it’s priced correctly. That means you’ll get 40 cents per sale, and 80 cents when you sell two. That 80 cents goes to your contribution. Now, your variable cost when you sell 3 for the price of 2 becomes \$1.80. But remember, your apples are \$1.00, so your revenue from the sale is \$2.00. That leaves you just 20 cents for your contribution...that’s not good at all! You could have earned \$1.20 towards your contribution at full price. So this could really hurt your business...

### IV) Bundling Your Products

Bundling your products is an excellent way to change your customers’ behavior and encourage larger buys. A perfect example of the power of bundling is in the automotive industry: You may want a tilt steering wheel, but the only way to get it is to buy the entire “convenience” package. If you decide NOT to buy that package (that also includes blue tooth and power windows, let’s say) because you do not see the value, then this “bundle” was ineffective. However, if you just want the tilt steering yet you bought the whole package, bundling DID work for that auto manufacturer.

The danger with bundling is that many farmers will bundle needlessly. That means if your customers are already buying your produce to make salads, why would you create a “salad pack” that lowers the price? Remember, bundling should be used to CHANGE customer behavior, not needlessly discount behavior that is already occurring.



## GROW BY EXAMPLE

### **Bundling Example: Honey + Syrup**

**BUNDLE PACKAGE:** Buy a Honey Bear for \$3.99, Maple Syrup for \$4.99 – Get \$1.00 Off!

- 1) Figure out your variable cost per item. (Honey Bear) \$2.30 + (Maple Syrup) \$2.66 = \$5.05
- 2) Take your total variable cost (\$5.05) and divide it by .6 (your margin) = \$8.41. This is what you will need to make your full contribution.
- 3) Now, at full retail price, the bundle would add up to \$8.98. So if you give the customer the \$1.00 discount, you are left with \$7.98 – and that's .43 under your \$8.41 requirement. That's not TOO far off your goal!
- 4) At this point you must ask yourself about customer buying habits. If people normally get just the maple syrup (and not the honey) then you're adding .60 MORE of contribution for the transaction and that's great! If they normally get just the honey, the bundle adds even more. For example, if you just sell maple syrup to a customer, your contribution is \$2.33. If you sell the maple syrup AND honey bear bundle, the contribution is \$2.93 – that's 60 cents more, which can really add up.
- 5) NOTE: If you correctly rounded up your prices to a specific price point, you'll have more room to discount before it hurts your bottom line! So price it right the first time – always.

### **V) Special Cases?**

There are special instances when you may consider pricing that is not “margin-friendly.” However, before we address those special cases, there is one tactic you should NOT deploy...

#### **NO DUMPING**

Dumping is when you sell your leftover inventory or poor quality items at ridiculously low prices. This hurts YOU and the other farmers around you. It will cannibalize all your other items, and you may gain a reputation as “that farmer who always discounts at the end of the day.” This will hurt your brand very badly and could prevent you from recovering your image. Instead of dumping, give the product to the local food bank. If the quality is so low, just throw it out (why would you want to be associated with a sub-par product anyways?).

However, there may be other reasons for carrying a product even if it doesn't allow your margin to cover the necessary costs. Here are a few “special cases” when you may consider adding a product into your mix that is not profitable on its own. You SHOULD NOT carry these additional products if they cannibalize your other products OR require any additional overhead.

**1) Add Variety** Sometimes having a good selection and adding in variety will lead the customer to choose your farm or market over another. In this case, adding in a few high-demand products may sway the customer to your business, even if those products do not have the best margin. This is similar to a loss leader...

**2) Loss Leader** A loss leader is when you sell a product at a “loss” in hopes that it leads to a bigger sale of other products. This only works when customers buy more profitable items. Otherwise, you are selling a loss. It must lead customers to empty their wallets on other profitable items or it’s just a loss. An example would be a free turkey that you buy twice! Get your points, then you go pick up the turkey and get MORE stuff – buy it twice!

#### FINAL THOUGHTS ABOUT PRODUCT AND PRICE

As you go about planning your product and pricing formula, continue to ask yourself the following four questions often. Remember, the questions don’t change – only the answers!

- Did we make a profit at our volume-overhead level?
- Can we make a profit at our volume-overhead level?
- What about alternative products that may make a full contribution to overhead/profit.
- Do we need to adjust our position on the price/volume curve?

## **MARKET ASSESSMENT**

### **COURSE #6 BUILDING THE MARKETING PLAN**

**Created by:** Marty Broccoli, Ag Economic Development Specialist, Cornell Cooperative Extension of Oneida County

#### **Bio**

Martin J. Broccoli has directed the Oneida County, New York Agriculture Economic Development Program since 2000. As a program specialist, his responsibilities include overseeing dozens of economic development initiatives designed to help foster a climate that supports and promotes the retention and expansion of agriculture businesses within the county and beyond. As a board member and/or program representative to a variety of local, regional and state-wide committees, projects and organizations, Marty's extensive networking relationships have earned him a reputation for taking a common sense approach to realistic planning, troubleshooting, problem solving and project completion and evaluation. Marty has a BS in Business Administration/Marketing from Utica College of Syracuse University, and an MS in Business Education from SUNY Albany. In addition to completing additional continuing education and graduate courses, since 1984 he has been an Adjunct Professor at Utica College, and from 1995 to 2000 he was an Assistant Professor of Agriculture Business at SUNY Cobleskill. The combination of real-world and academic alliances helps keep Marty at the forefront of current information and activities, especially related to agri-business.

#### **Contact Information**

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#### **Course Summary**

Okay, here we go! You know who you are what you sell and to whom you are trying to sell it. You have an unbiased and reasonably accurate perception of competition, regulations and markets/avenues (or options) for how to sell it. How do you make this pile of info into a reasonable and coherent "plan"? It is a process of eliminating things that cannot (or simply should not) happen and reinforcing or "fleshing out" those ideas which should or could happen to move your business forward. As ridiculous as it may sound, you know certain media, methods or locations that will not work for your business. May not involve a lot of deep analysis, but there is value in going with "the gut" to some measure in doing this. To say "radio will not work to advertise my products" is fine, but if you are planning a "Maize Maze" or other specific event, radio can be an excellent promotional device.

#### **Course Outline**

- I) **Marketing Basics**
- II) **Contents of a Marketing Plan**
- III) **Questions to Ask Yourself**
- IV) **"I've Created My Plan...Now What?"**

#### **What You Will Gain**

- ✓ Understanding the components of a marketing plan
- ✓ Know the questions to ask yourself in order to complete your own plan
- ✓ How to write and organize your marketing plan
- ✓ Which distribution channels may work best for your product

## I) Marketing Basics

### 1) The 4 Ps

The first step in developing a marketing plan is to understand the 4 Ps, which are four elements that your business can adjust in order to better serve your target customer. Later on in this course, we'll explore how to identify your target customer (at the center of the diagram below).



The four factors *outside* the circle are external factors. While you CAN control your 4 Ps for the most part, external factors cannot be controlled. You must be able to move quickly and adjust your marketing plan when these outside forces encroach upon your business.





## How External Factors Impact Marketing



Upstate New York Growers and Packers, a produce cooperative, was looking to add some value-added products into their product mix. They did their research and created a marketing plan focused on marketing muffins to the public school system (grades K-12). They identified the target market as foodservice providers and foodservice buyers. However, during the marketing plan process, the USDA enacted the Child Nutrition Act, which put stringent criteria on what food students were served at school: the amount of grains and protein were vastly reduced, which impacted the viability of marketing muffins to foodservice providers who work with public schools. This is an example of an external factor from the **Political-Legal Environment**.

### 2) The 8 Ps

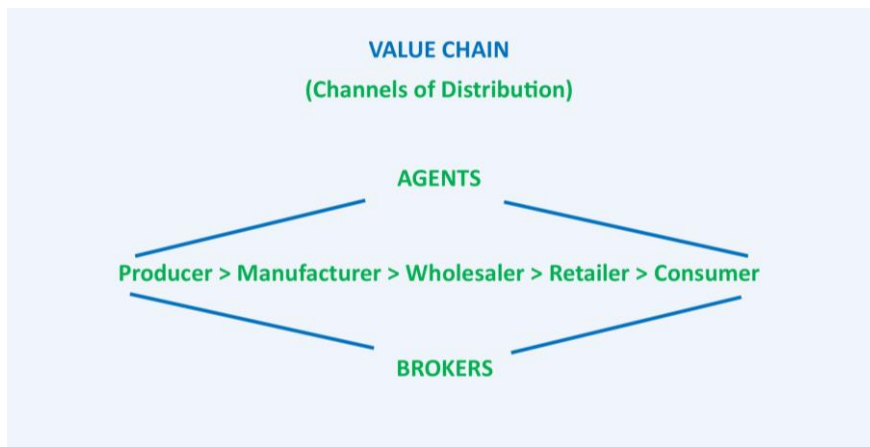
While the 4 Ps are one way to examine the components of marketing a product, you can also take a broader view and analyze how you market your company as well. This is often referred to as the 8 Ps:

#### The 8 Ps

- Product – needed, wanted, solves a problem
- Packaging – attractive and convenient
- Price – balancing sales and profitability
- Promotion – advertising, branding, creating demand
- Placement – where your product is sold
- People – who represents the company
- Physical environment – tone of the environment
- Process – differentiate you from your competition

### 3) Value Chain (Channels of Distribution)

As your product moves along these channels of distribution, this will impact your pricing and marketing structures.



#### 4) Marketing Plan Terms to Know!

**NEED** – A state of felt deprivation (thirst, hunger). The average American is not in this position, and is instead in the state of...

**WANT** – The form taken by human need as shaped by culture and individual personality. What are you craving? Craft beer, artisan cheese, yogurt, grass raised meat?

**PRODUCT POSITIONING** – Arranging for a product to occupy a clear, distinctive, and desirable place in the minds of target consumers relative to competing products

**MARKET SEGMENTATION** – Dividing the market into distinct groups of buyers with different needs, characteristics, or behaviors. *\*Analyzing the Census results can help you understand buyers*

**MARKET SEGMENT** – A group of consumers who respond in a similar way to a given set of marketing stimuli

**MARKET TARGET** – The process of evaluating each market segment's attractiveness and selecting one or more segments to enter

#### 5) Where to Get Business/Marketing Plan Support

A) Small Business Development Centers <http://www.sba.gov>

B) SUNY Institute of Technology <http://www.sunyit.edu/sbdc/>

#### II) Contents of a Marketing Plan

The marketing plan can either exist as part of a larger business plan, or as a stand-alone document. This course will walk you through the components of a stand-alone marketing plan. Let's get started with the basic elements:

**Cover Page** This should feature your logo and basic information (date, authors, etc.)

**Executive Summary** Helps the reader find the plan's major points quickly. You give a brief overview of the plan. While this is the first section of your plan, you should write this LAST – after you work through the rest of your plan.

**Current Marketing Situation** This section is where you present relevant background information on the target market, product, competition, and distribution.

**S W O T (Strengths, Weaknesses, Opportunities, and Threats)** Look ahead and anticipate what you may encounter if and when you launch your product. **External Forces play a role here.**

**Objectives and Issues** Defines the company's objectives for the product in the area of sales, market share, profit, and any issues that may affect the objectives. The objectives should be stated as the goals you want to obtain, examples, total sales, market share, etc.

**Marketing Strategies** How are you going to achieve the objectives you listed?

**Action Programs** These specify what will be done, who will do it, when it will be done, how much it will cost

**Budgets** Breakdown the costs!

**Appendix** Additional information that will enhance the plan.



GROW BY EXAMPLE

## **Marketing Plan (Actual Example) for European Bread Company**

*\*Business names have been changed, but is an actual marketing plan*

### **Executive Summary**

Our company will bake authentic European breads and pastries using the same baking methods, techniques and ingredients found in the bake shops and food markets of Europe. The challenge is in marketing the company and products in a manner that educates the customer about the difference in our products, in a creative way that attracts attention and entices the customer to want to experience the products, to interest wholesale customers in purchasing large batches of products, as well as cultivate a steady stream of walk-in customers sufficient to achieve operating and financial projections.

Our company will market to middle to upper income households within our target area sufficient to capture 7.68% of the estimated \$4,331,585 spent annually on bakery products and pastries and achieve a goal of break-even financial performance with a positive year-end cash balance, positive income before taxes and a **\*1.20 to 1.00 debt service coverage ratio.**

Our company will launch a grand opening marketing campaign utilizing a multitude of media and events. Our company will hire professional staff to maintain an on-going, monthly marketing campaign utilizing digital technology and social media to develop greater customer awareness and encourage repeat purchases.

*\*This is a great rule of thumb! For every \$1,000 that you owe (bank loans, etc.), you should always have access to at least \$1,000 to \$1,200 dollars. This means that you can "afford" to lose what you want to invest, by having assets to cover that loss!*

### **Current Marketing Situation**

Many breads and pastries sold in the XXX area are marketed as "European" and/or "Old World" when in fact they only faintly resemble in taste and appearance authentic European baked products. Our company's breads and pastries will taste and look like those that are sold in the bake shops and food markets of Europe and will be made using the same baking methods, techniques and ingredients.

Our company will sell bread from \$2.75 to \$7.00 and pastries from \$2.00 to \$6.50. The company will need to ensure consistency, availability and high quality to help build and retain customer confidence and loyalty. Our company will market to middle to upper income households. Historically, these market segments consume the majority of bakery and coffee products sold throughout the country. Households in XXX total 11,916, (expecting to grow by 4.4% by 2016), and are spending an annual average of \$363.51 on bakery products (\$107.70 on bread and \$152.33 on pastries) for a total market of \$4,331,585.

### **Threats and Opportunities (SWOT)**

Our company's primary competition consists of:

**Henry's Bread Company (HBC)** located in XXX, New York. HBC produces European-style breads in large quantities using all-natural ingredients and distributes its breads to area supermarkets and specialty food stores. HBC's retail breads are priced from \$4.00 to \$5.00. HBC's breads remain on store shelves over an extended period of time (more than three days) in plastic bags (which retain moisture and encourages the unwanted growth of mold) wherein their freshness can diminish. HBC's bakery products are short of flavor and do not stay fresh for an extended period of time. Our products, made with pre-fermented dough and/or natural sourdough and a combination of unique ingredients, are more flavorful than HBC's breads.

*(2 additional competitors were analyzed, but not included – refer to the webinar for the full SWOT)*

### **Objectives and Issues**

The challenge is in marketing the company and products in a manner that educates the customer about the difference in our products, in a creative way that attracts attention and entices the customer to want to experience the products, to interest wholesale customers in purchasing large batches of products, as well as cultivate a steady stream of walk-in customers sufficient to achieve operating and financial projections. Revenue forecasts were created projecting realistic monthly sales numbers with the goal of break-even financial performance, a positive year-end cash balance, positive income before taxes and a 1.20 to 1.00 debt service coverage ratio. Our company needs to sell slightly under 88% of product baked, or 295 units daily at an average retail of \$4.34, and as a result of achieving these projections, capture 7.68% of the total market.

### **Marketing Strategy**

Our company will market high-quality artisan breads and pastries to middle and upper income consumers, the market segments consuming the majority of bakery and coffee products sold throughout the country.

Create a grand opening marketing campaign utilizing a multitude of media and events.

Create an on-going, monthly marketing campaign primarily utilizing digital technology and social media to maintain customer awareness and encourage repeat purchases.

### **Action Programs**

- Design a unique and easily identifiable logo for signage, packaging and store front, including address, telephone number and web site.
- Decorate the interior and exterior of the store reminiscent of a European-style bake shop.
- Create a grand opening, multi-media and event, marketing campaign to include:
  - 10 days of radio and television.
  - Features in the local newspaper and the Mohawk Valley Business Journal.
  - Launch web page, social media platforms, Quick Response Code and smart phone app.
  - Product tasting events at area stores and restaurants who have agreed to carry products.
- Craft an on-going, monthly marketing campaign to include:
  - A person dedicated to marketing and social media
  - Using social media to direct people to the web page where they can download the smart phone app and be notified of daily specials
  - Engage customers to share experiences via social media
  - Reward customers for responding to social media alerts
  - Using social media to educate consumers about specific products
  - Social media to include: Facebook and Twitter
- Hold quarterly customer appreciation days

- Utilize smart phone technology to allow customers to make mobile payments
- Utilize Quick Response Codes (QR codes) and change up links and information daily

## **Budget**

- Grand opening, multi-media and event, marketing campaign - \$15,100:
  - 10 days of radio - \$2,500
  - 10 days of television - \$5,000
  - Features and advertisements in the local newspaper - \$800
  - Features and advertisements in the Mohawk Valley Business Journal - \$500
  - Join Chamber of Commerce and host ribbon cutting - \$500
  - Launch web page - \$2,000
  - Hire individual to launch social media platforms - \$1,600
  - Launch Quick Response Code - \$200
  - Create and launch smart phone app - \$1,500
- Product tasting events - \$500
- On-going, monthly marketing campaign - pay salary to an individual to manage social media platforms and content, Quick Response Code links and smart phone app content - \$3,600 per month.

## **III) Questions to Ask Yourself**

Now that you understand the basic components of a marketing plan, it's time to put YOURS together. These questions will help guide you in the creation of your plan:

### **1) What Industry Are You In?**

Define Your Industry:

- Size
- Historic growth rate and trends
- Life cycle stage
- Projected growth
- Distribution channels, cost structure & profitability
- Key success factors – economy of scale, technology
- What is the outlook for the industry?
- Any current or upcoming opportunities or problems?

### **2) What is Your Product?**

Product Basics:

- Is your product in demand, will it fill a need, or solve a problem?
- Will your product meet a feature or benefit?
- When will your product be purchased? Is it seasonal? Will you have a proprietary advantage: patent, copyright, design, process, technology, exclusivity, etc.
- Who is your ideal customer? Wholesaler/Distributor? Retailer? Consumer?
- Can you sell the product to that ideal customer, cover your cost plus make a profit?

Product Features:

- Size, packaging, quantity and shipping
- Determine wholesalers' or retailers' needs

Label and/or Packaging:

- Image and branding – logo, trademarks, color, design, attractive, etc.
- Regulatory - content, ingredient, nutritional data, warnings, directions, tec.
- Informational - UPC codes, UL listing, certifications, etc.

- Warranty, repair, replacement and return policy

Political/Legal Considerations:

- Any barriers to competition, such as high startup or research and development costs?
- Any regulatory requirements – Department of Health, NYS Agriculture & Markets, USDA, FDA, NYS DEC, local licenses?
- Any potential or pending legal changes in the works?

### 3) What is Your Pricing Structure?

- How much are customers willing to pay?
- Is your price a fair value for your product?
- What terms will you offer?
- Discounts and allowances?
- Is there something unique about your product that may justify a higher price?
- Can your price absorb fluctuations in costs?
- Can businesses within the distribution channel make a profit from selling your product?

### 4) How Will You Price Within a Particular Distribution Channel?

Pricing is a key element in your marketing strategy, market acceptance, and profitability. The lower you are in the distribution channel, the more important pricing will be to attract your target customer.

- How does your price relate to the distribution of your product?
- What is the impact of wholesaler, distributor and retailer markups be?
  - Would the mark-up at each point of distribution make your product too expensive?
  - Or not profitable enough for the wholesaler, distributor and retailer?
- How will your price compare to competitive products?
- Is multi-tier pricing required for volume orders?

A typical food product pricing structure within the distribution channel may look like this:

- Consumer pays the retail price \$1.00, or 100%
- Retailer wants to make no less than 25% or a \$.75 cost
- The Wholesaler/Distributor wants to buy at 35% of retail and sell at 75% of retail, transportation and store/shelf management included (buy at \$ .35 and sell at \$ .75). The manufacturer (you) would need to come in at 35% of the retail price (\$.35), marketing included!

### 5) What is Your Unit Cost?

- What will your ingredients, payroll & benefits, utilities, packaging, shipping, supplies, equipment maintenance, and sales commissions cost?
- What are your anticipated sales in units so you can schedule production and purchase ingredients?
- Can you purchase in quantity sufficient to help maintain a market wholesale price?
- Is it cheaper to outsource or make yourself?
- How many units do you have to sell to break-even? (pay for your fixed costs i.e. occupancy, insurance)

### 6) Who is Your Customer?

- Who is your ideal customer?
- Who is the potential end-buyer or end-user?
- How would you describe your typical buyer?
- What is the size of your target market?
- How much is the customer or end-user spending annually?
- What is the customer's expectation for your product or service in terms of price, quality, service, delivery, packaging, etc?

What are the demographics of your customer base? Make sure you compile accurate data from reliable sources such as county or town offices of record, U.S. Census Bureau data, or university studies.

- What are they demographics for your buyer? (age, sex, income, occupation, education, lifestyle, etc.)
- What is the forecasted growth for this group?
- Where are they located? (geographically)
- What is the market share and number of customers you expect to obtain in a defined geographic area?
- Is the market expanding or contracting, and at what rate?
- How or why is the market changing?
- Where will the market be in five years? Any current or upcoming opportunities or problems?

## **7) Who Are Your Competitors?**

Make a complete list of 4-5 of your competitors. Depending on how you are marketing your product, these competitors may be local (if you're primarily selling to local customers) or it could be international or national (if you sell in an online marketplace or through a major distributor).

- Where are they located?
- Where are their products made?
- How long have they been in business?
- How do they distribute their products?
- What is their respective market share?

## **8) Taking Your Competitors Into Consideration: What is Your Piece of the Pie?**

The pie is only so big! If your product and company take some of the market share but everyone else remains healthy, then it appears to be a viable idea. If your product and company take market share leaving the rest on the edge of failure, what good have you created?

- How will your company and product affect the rest of the businesses out there who are trying to make a buck?

## **9) What Promotional Tactics Will You Use?**

Now it's time to quantify your marketing objectives, so that you can figure out how to promote your product!

- Where will you sell your product?
- When will you launch your product?
- How many will you plan on selling – month, quarter, year?
- How will you increase sales and at what rate?

The big question is: How will you promote your product?

- What marketing activities will you use?
- What promotional activities are used by the competition?
- How will you develop your brand?
- How will you develop and maintain a proprietary position in the market place?
- Do you intend to take market share away from the competition or will you be creating a new, niche market?
- How will you maintain loyalty?
- How much will you spend on marketing? As a fixed dollar amount or a percentage of sales?
- \*As a rule of thumb, you should devote 4% of gross sales to product promotion and advertising. This will vary based upon your unique situation, but it is a good place to start!

Think about WHO will help you promote and market your product Will you utilize a sales team?

- External - sales people on the road, distributors, reps
- Internal - inside sales team, telemarketers
- Direct - calls, mail, seminars, TV, radio, print ads



- Indirect - web site, blog, social media
- Exclusive sales agreements
- Compensation: Salary / base salary plus commission / commission only

### 10) What Distribution Channel/s Will You Use?

Assessing distribution channels will reveal how your product gets from you to the customer

- Methods :
  - Wholesalers
  - Jobbers
  - Retail stores
  - Direct ship – on-line or mail order
- What does your competition do?
- Who will warehouse and ship your product?

### IV) “I’ve Created My Plan...Now What?”

Once you’ve created your marketing plan – you can adjust it based upon WHO will be reading the document. It may also be worth asking those who you will be presenting it to, to share what they’re looking for in the presentation. That way, you can tailor the presentation to suit their decision making criteria. Here are a few typical groups that you might present to...don’t forget to include yourself, as a sound marketing plan can help to guide your decisions, too.

- You?
- Commercial lenders?
- Your customers or suppliers?
- Government agencies?
- Your employees?

You may also want to think about taking your marketing plan and approaching a lender or investor for funding. If that is the case, your plan should include the following (especially if it is part of a larger business plan):

- 3-years of Monthly Cash Flow Projections
- 3-years of Balance Sheets
- 3-years of Profit and Loss Statements
- Notes and significant assumptions used in projected financial statements

## CUSTOMER ASSESSMENT

## COURSE #7 UNDERSTANDING THE CUSTOMER

# “PEOPLE SURE ARE STRANGE”

**Created by:** Marty Butts

## **Bio**

Martin Butts is a local food advocate, entrepreneur, writer, salesman, consultant, and the owner of Small Potatoes, a boutique marketing, consulting, and advocacy firm that specializes in working with small scale and start-up food producers. He previously served as the Director of Syracuse University’s Community Test Kitchen, working with aspiring “foodpreneurs” to help them turn their product ideas into businesses, and as the Community Education and Outreach Coordinator for NOFA-NY.

In his nearly 15 years working in the food system, he has worked with food producers, farmers, restaurants, retailers, distributors, non-profits, colleges, and consumers, as well as on an advisory council for fair trade standards, another for retail food co-ops, and currently as an advisor for Syracuse First. In 2010, he was chosen as one of Central New York's 40 Under Forty, recognizing individuals who have excelled in both the workplace and in the community, and Small Potatoes was recently awarded a Snail of Approval Award by Slow Food Central New York.

## **Contact Information**

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## **Course Summary**

North of the city of Albany, just across I-90 extension, is the community of Loudonville, one of the more affluent suburbs in New York State. But the other side of I-90 is Arbor Hill which is a very low income neighborhood. If you’re a farmer near Albany, will you sell to both of these populations? Will your product mix and pricing vary based upon who you’re selling to? Every customer represents an opportunity to learn more about them – and how your farm or market may be able to serve them. This presentation will give you a framework for engaging your customers in order to serve them better AND grow your business!

## **Course Outline**

- I) Examine the Demographics of Your Town/City**
- II) Who Do You Sell To?**
- III) Emerging Ethnic Populations**
- IV) Using the Internet for Research**
- V) Other Types of Communities**
- VI) SNAP to Market**

## **What You Will Gain**

- ✓ How to access the demographics of your market area
- ✓ Gain ideas for new customers to market your products to
- ✓ How to interface with ethnic communities and other special interest groups
- ✓ Understand the SNAP to Market program as a customer base

## **I) Examine the Demographics in Your Town/City**

From age groups, to religious groups, low socio economic status to middle- and high income groups, it’s important to take a closer look at the social makeup of your town or city. That way, you can find ways to

provide these different groups with the specific products – and price points – that they are seeking. We'll get into specifics of how and where to find this information, but let's first look at Syracuse as an example.

### WHY SYRACUSE?

Syracuse is used by marketers all over the country. It is representative of markets across the country, with diverse ethnic populations in a large city, yet a small enough city to be easily studied. In fact, Syracuse was used as a test market for putting baby carrots in vending machines because of its diversity – ultimately, that campaign went national. We'll use Syracuse as an example of how to use the research.

**SALT SPRINGS:** The most diverse neighborhood in Syracuse: young old, intellectuals, working class. Grocery stores are predominant here.

**SOUTHSIDE:** Food desert: Food access is very limited. Many startup projects are trying to figure out how to bring fresh food into the South Side.

**NORTHSIDE:** Many refugees and immigrants live in the North Side. Southeast Asian, having food access issues.

**EASTWOOD:** New farmers market has emerged. Many new families settling into smaller homes.



## II) Who Do You Sell To?

“How do you figure out who your ideal customer is?” This is the golden question! The answer is never the same...Your ideal customer may differ from the competition. For example, if your farm accepts food stamps

you would want to target low income areas such as the South Side. Or, if your product is more expensive (organic, heritage, or a CSA) then you may want to focus on the young professionals with expendable income in the downtown area. Work will with kids and parents? Try Eastwood!

Your Ideal Customer: Whoever Will Value Your Farm/Product the Most & With Whom You Can Build a Long Term Relationship With. Build a Long Term Community with People Who Are Interested in What You Sell!

### III) Emerging Ethnic Populations in America

The following ethnic communities are growing in the Syracuse area – and in pockets across the country. Do research to discover what type of ethnic communities exist in your town or city. Many of these people are accustomed to attending markets for most of their food! Identify what products you have that can speak to different communities.

- Southeast Asian (Vietnamese, Cambodian, Laotian)
- Serbian & Bosnian
- African (in Syracuse, there are many Sudanese refugees)
- Latino Community (a more established ethnic community, but still expanding in some areas)

### IV) Using the Internet for Research

The internet can be a great source of demographic research. Be sure to utilize reputable 3<sup>rd</sup> party sources.

#### 1) Wikipedia [www.wikipedia.com](http://www.wikipedia.com)

Wikipedia should be your first stop when researching which types of communities are in your town or city. Simply visit Wikipedia, and then type in your town or city name: you will see a thorough summary of your city including all the distinct neighborhoods and ethnic communities in your area.

#### 2) Using Keywords on Google

Visit [www.Google.com](http://www.Google.com), and type in this formula to begin your search:

Multicultural + Office + Your Community

Examples: “Multicultural Center in Syracuse”  
 “Multicultural Department in Syracuse”  
 “Multicultural Services in Syracuse”

#### 3) University or Hospital Websites

If you are within 50 miles of a university or college, definitely visit their website. Colleges and universities cater to different ethnic communities and religions. That’s because

RELIGIOUS HOLIDAYS 2012-2013		ETHNIC OBSERVANCES 2012-2013	
<b>Baha'i*</b>		<b>African American</b>	
Birth of the Bab	October 20	Rosa Parks Day	December 1
Birth of Baha'u'llah	November 12	Kwanzaa	Dec 26-Jan 1
Naw Ruz - Baha'i New Year	March 21	Emancipation Day	January 1
Feast of Ridvan	April 21	Martin Luther King Jr. Day	January 21
Declaration of the Bab	May 23	Black History Month	February
		Malcolm X's Birthday	May 19
		Juneteenth	June 19
<b>Christian</b>		<b>Arab American</b>	
Christmas	December 25	Arab American Heritage Awareness Month	April
Ash Wednesday	February 13		
Holy Thursday	March 28		
Good Friday	March 29		
Easter	March 31		
Orthodox Easter	May 5		
<b>Hindu**</b>		<b>Asian / Pacific Islander American</b>	
Raksha Bandhan	August 21	Japanese New Year	January 1
Sri Krishna Jayanti	August 28	Chinese & Vietnamese New Year	February 10
Navratri	Oct. 5 - Oct. 13	Japanese-American Internment	February 19
Dussehra	October 24	Day of Remembrance	
Diwali	Nov. 13 - Nov. 17th	Asian Pacific Islander Heritage Month	May
Holi	March 27 - March 28	PI-American Friendship Day (Filipino)	July 4
<b>Islamic**</b>		<b>European American</b>	
Ramadan	July 20 - Aug. 18	European American Heritage Month	October
Laylat al-Qadr	August 15	German American Heritage Month	Sept. 15 - Oct. 15
Eid-al-Fitr	August 19	Polish American Heritage Month	October
Day of Arafah	October 25	Irish American Heritage Month	March
Eid-al-Adha	October 26	Greek American Heritage Month	March
Al-Hijra/Muharram	Nov. 15-Dec. 13	St. Patrick's Day (Irish American)	March 17
Mawlid al-Nabi	January 24	Holocaust Remembrance Day	April 7 - April 8
		National Tartan Day (Scottish-American)	April 6
<b>Jewish***</b>		<b>Hispanic / Latin American</b>	
Rosh Hashana	September 15-18	Hispanic Heritage Month	Sep 15-Oct 15
Yom Kippur	September 25- 26	Dia de los Muertos	Nov 1 - Nov 2
Sukkot	Sept. 30 - Oct. 2	Fiesta of Our Lady of Guadalupe	December 12
Sh'mini Atzeret	Oct. 7 - Oct. 9	Cinco de Mayo	May 5
Simchat Torah	Oct. 7 - Oct. 9		
Chanukah	December 8-16		
Purim	Feb 23 - Feb 24		
Passover	Mar. 25 - April 2		
<b>Zen Buddhist**</b>		<b>Native American, Alaskan Native, and Native Hawaiian American</b>	
Bodhidharma Day	October 5	Native American Day (California)	October 14
Soyen Shaku Day	November 1	Indigenous Peoples Day	October 14
Shakyamuni (Bodhi Day)	December 8	Native American Heritage Month	November
Parinirvana Day	February 15	Prince Kuhio Day-Hawaii	March 26
Shakyamuni-Buddha's Birthday	April 8	King Kamehameha Day-Hawaii	June 11
<b>NOTES:</b>		<b>OTHER MULTICULTURAL OBSERVANCES</b>	
*Observance of Baha'i holy days begins at sundown of the preceding day and ends at sunset of the holy days.		AIDS Awareness Month	
**Observance of Buddhist, Hindu/Vedic and Islamic days is dependent on the sightings of the moon.		Universal Children's Day	
***All Jewish and Islamic holidays begin at sunset on the first day given and end one hour after sunset on the last day given.		Women's History Month	
		Disability Awareness Month	
		Deaf History Month	
		International Women's Day	
		Older Americans Month	
		Day of Silence (LGBT)	
		GLBTQ Pride Month	
		National Coming Out Month (Day)	

colleges and universities want to attract a diverse student body: They want to make them feel as comfortable as they can!

#### 4) City or County Websites

These are excellent resources of information; find the website for your county or city using Google.

#### 5) Review the Results!

It's amazing what you can find on the Internet. For example, when typing in "Multicultural Center Syracuse" this web page came up first. This resource included a food holiday calendar which is a vital resource. Once you identify the ethnic communities in your area, find their religious/national holiday schedule. That way, you can provide foods that are typically eaten on that holiday.

**ESF** HOME | GATEWAYS | ACADEMICS | ADMISSION | DIRECTORIES | VISIT | MyESF | SITE INDEX

OFFICE OF MULTICULTURAL AFFAIRS

Student Affairs ▾ Activities & Orgs ▾ Academic ▾ Business ▾ Jobs & Career ▾ Computing & MyESF ▾

ESF HOME > STUDENTS > MULTICULTURAL

### Multicultural Affairs

**Mission**  
ESF Multicultural Affairs exists to support underrepresented students and to foster a campus community where cultural diversity is appreciated. The office seeks to be a center of cultural learning which prepares all members of the ESF community to effectively interact with others in an increasingly diverse and global society.

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**ESF Multicultural Affairs Home**

**Calendar of Events**

- Fall 2012 Program Calendar (PDF)
- Cultural Observances Calendar 2012-13 (PDF)

**CSTEP--Collegiate Science & Technology Entry Program**

**International Students website**

**Internships**

**Library Resources**

**Lunchtime Learning Seminars**

**Multi-Ethnic Resource Directory of Syracuse & Onondaga County (PDF)**

**Organizations & Journals:**

- Multicultural Professional Scientific Organizations
- Professional Scientific Organizations by Major & Interests
- Multicultural Professional Scientific Journals & Magazines (PDF)

**Scholarships, Fellowships, Grants**

**Student Cultural Organizations:**

- Other Cultural Support Groups
- The Baobab Society

#### 6) Get More Specific...

Once you find out what ethnic communities are active in your area, you can then substitute the specific ethnic community name in your search to find offices and centers that you can contact for more information.

Example: "Sudanese Center in Syracuse" "Latino Resources in Syracuse"

#### 7) Follow Up in Person!



Once you find the centers, contact them and ask for information! These organizations exist to help both those in the ethnic group navigate their community and people like you, who want to learn more about the particular ethnicity or culture. You'll find the staff of these organizations are friendly and helpful!

## 8) Examples in Syracuse

- SUNY-ESF Office of Multicultural Affairs <http://www.esf.edu/students/multicultural/>.
- Spanish Action League <http://www.laligaupstateny.org/>
- Center for New Americans Refugee Resettlement Program <http://interfaithworkscny.org>

## V) Other Types of Communities

Remember, your goal is to establish a long-term relationship! Ask yourself, how can my farm/market benefit your community? It's not: "What can I sell you?" It IS: "How can I help you?"

### VETERANS

-Is there a nearby military base in your community?

### SENIOR CITIZENS

-Seniors may be receiving SNAP benefits

### RELIGIOUS GROUPS

-Advertise in a church or place of worship's program booklet or newsletter

-Secondary food projects: food pantry or senior dinners

### UNIVERSITIES

-Universities want to provide their students/faculty with resources, like your products!

### HOSPITALS

-Health and Wellness Policies

-Contact a local hospital to see if you could do a weekly small farmers market

-Hospital being a CSA pickup point

### CORPORATE CENTERS

### HEALTH AWARENESS ORGANIZATIONS

-Gluten Free

### BUY LOCAL MOVEMENTS

-Visit <http://bealocalist.org/> to find a "buy local" group near you

-"Buy local" advocates are typically "social leaders" and their friends will often come to this advocate for advice on where to go, what to see, and what to do in their city or town. If you see someone wearing a "shop local shirt" or have a reusable tote, they might be a whole food/buy local advocate and someone that can spread the word FOR you!

## VI) Now That You Know WHO, Let's Talk About HOW!

### 1) Good v. Great Customer Service

Now that you know WHO you might want to sell to, let's discuss how you can better serve those customers.

Good Customer Service: Giving the Customer What They Want

Great Customer Service: Giving the Customer Something They Didn't Know They Wanted!

Ask questions to learn more about your customer, and help you understand the greater picture of their eating habits. Start by simply asking: "What brought you to our booth/market?" Sometimes just asking a question will reveal a lot about how you might better serve that customer. Every customer brings something different to their relationship with food, and it's your job to figure out what that is and how you can enhance that relationship.

### 2) Questions You Can Ask How You Can Serve

"Are you a lifelong whole food eater?" Reward their loyalty! Because they consume a high volume of whole foods, incentivize them to become a regular at your booth/market with occasional freebies and discounts.

"Are you a new parent?" Recommend a veggie recipe that kids love, like pureeing squash into macaroni and cheese. Make your samples kid-friendly, too (an example would be apple slices instead of whole apples). Also, consider hosting an open farm day at your farm for families to get the full farm experience.

"Did you come to our booth on a recommendation?" Find out who made the recommendation to the new customer, then show that customer who made the recommendation your gratitude with a freebie or discount the next time they shop at your booth.

"Have you undergone a change in diet/facing a health concern?" Note: This question may be posed after you notice a regular customer switching up from their normal buying habits. You can ask this in a neutral way, such as, "I notice you're buying our gluten free products, have you adapted a gluten free lifestyle? Serving those with dietary concerns are often an underserved customer group. This could include vegetarians, diabetics, and gluten sensitive or gluten intolerant people. For example, gluten-free folks are very loyal to their marketplace and appreciate concern for their dietary situation. They are a very close-knit group, and word of mouth travels quickly around their groups.

### 3) Great Customer Service Tips

**A) Knowing Dietary Preferences** When you ask a customer what type of diet they eat, and they say "Halal" or "Kosher," for example, you should be aware of their dietary habits. All it takes is some research on Wikipedia to understand specific dietary preferences.

**B) Giving Samples** This can be in the form of a recommendation: "I see you're purchasing many cucumbers, here is a tomato that I think you'd like – it makes a great tomato cucumber salad!" Or, if you have extra volume – give it away either in a sample form or just add it to the customer's purchase as a freebie.

**C) Customer Sourced Recipes** Offering recipe cards featuring a customer-submitted recipe shows great service on two levels. First, you can flatter your customer by noticing that they purchase a certain item every week and asking them if they know a great recipe for that ingredient. People LOVE to share their



favorite recipes! Second, you'll benefit your other customers by giving them free recipe ideas. You can also strategically ask for recipes for a product you have in large quantities. Recipes are also a great way to get customers to try your OTHER items! If you serve an ethnic group, ask them for a traditional recipe. Again, you'll show that you are interested in their culture and strengthen your relationship with them. You'll also broaden the horizons of your other customers by giving them recipes for authentic global flavors!

## **VI) SNAP to Market**

This is the new name for the food stamp program! Farmers are finding ways to be part of the SNAP program, accepting benefits for their products. Many farmers markets are accepting SNAP benefits on behalf of farmers in the market and providing customers with tokens, as SNAP scrip, to spend with the farmers. The farmers accept the tokens as payment and then are reimbursed by the market for the tokens they received from their customers.

CSA farmers can accept food stamp benefits for their weekly share, as long as SNAP customers are paying for their weekly shares when they pick them up. SNAP benefits cannot be used to prepay for food. Farm stands can apply to be a SNAP retailer and receive a POS terminal to accept SNAP benefits from their customers.

Be sure if you are accepting any form of SNAP benefits, whether directly from the customer or through tokens, let your customers know. Signage is critical. Some farmers are offering SNAP customers a discount – maybe a dollar or two off their bill to help them meet their food budgets. **This discount spreads by word of mouth and you will find a very loyal following of SNAP customers.**

## **CUSTOMER ASSESSMENT**

### **COURSE #8 BOGOs, BOUNCEBACKS, AND THE COST OF FREEBIES “PROMOTING THE PRODUCT”**

**Created by:** Lindsay Ott Wilcox

#### **Bio**

Lindsay Wilcox brings over a decade of communications experience to the Farmers Market Federation of New York in her role as Marketing Advisor. Lindsay is currently the Creative Director at Clear Channel Syracuse and the owner of Lindsay Ott Communications. Her first interaction with the Federation was in 2007 when she helped develop and launch the brand for the statewide EBT/Food Stamp token program. Other Federation-related projects include the creation of the website <http://www.snaptomarket.com>, public relations for initiatives such as winter markets, and consultation on various grant programs including the recent Crisis Communications Guide for Farmers Markets. Lindsay is an award-winning marketer and writer, with recent honors from the New York State Broadcasters Association

#### **Contact Information**

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#### **Course Summary**

You may grow the best darn Hungarian Wax Peppers in the nation, but you will never be able to broadcast that message to a national audience. Remember the market assessment you've completed? Well looking around markets and farms in the area has taught you what you are going to offer and how you may be able to price it. You can "own" a brand image within your own county, town or region and work to establish, and build from that. In the process, you also will be differentiating yourself from others. This course will teach you how to stand out in the crowd, promote your product, and increase your bottom line!

#### **Course Outline**

- I) Build a Brand**
- II) Integrate Your Brand Into Your Marketing Materials**
- III) Promote Your Product**

#### **What You Will Gain**

- ✓ Understand the Importance of Branding
- ✓ Discover How to Create a Successful Brand
- ✓ Learn Ways to Market Your Brand and Products
- ✓ Acquire Bottom-Line Boosting Promotional Skills

## I) Build a Brand

### 1) Definition of Branding

Many business owners say that branding is their favorite part of being a business owner – it’s fun and involves creativity. However, proper branding can have very serious bottom line impacts: A good brand can benefit you in many ways, while a weak brand can harm your profit, reputation and more. Before we dive into building a brand, it is important that you understand what branding is. Here are three ways to understand branding:

A brand is comprised of:

- 1) Business Name
- 2) Logo
- 3) Tagline
- 4) Typography
- 5) Colors
- 6) Attitude

“Features that identify one seller’s good or service as distinct from those of other sellers.”

-American Marketing Association

The word “brand” comes from a Norse word meaning “to burn.” It’s useful to think of branding as something that is burned into someone’s memory. A strong brand empowers your business to always be on the top of the customer’s mind!

### 2) The Power of a Strong Brand

Building a strong brand provides many benefits to your business.

- Customers are less sensitive to your price increases.
- Increased customer loyalty – they seek you out!
- Customers are more inclined to talk about your products
- Differentiate yourself from competition- no confusion.

Let’s look at an example of what happens when a farm uses good branding versus no branding at all...



GROW BY EXAMPLE

### A Tale of Three Tomatoes

There are three vegetable farms competing in the same marketplace in Upstate New York. For the purposes of this example, each farm is selling the exact same beefsteak tomatoes at the exact same price (50 cents). But one of these farms is much more successful than the others.



*Farm A*  
Beefsteak  
Tomato  
50 Cents



*Farm B*  
Beefsteak  
Tomato  
50 Cents



*Farm C*  
Beefsteak  
Tomato  
50 Cents

Farm C doesn't bother with branding – they just bring their produce to market – but will occasionally try to offer discounts as a way of increasing sales. The other week at market, they dropped their tomatoes to 30 cents – yet sales didn't really increase. Farm B also doesn't have a brand beyond their name (which they only write on a piece of cardboard when they have time), and they believe they shouldn't bother with branding because they have been coming to market for decades and everyone knows who they are. Farm A never has to discount, and does not rely solely on their reputation. Instead, Farm A has invested time and money into creating a strong brand. Farm A is the most successful, let's see why...



Farm C has no brand except being the “cheapest” but this is dangerous! One week, Farm B and A decided to discount their tomatoes, too. Farm C barely sold any tomatoes that week because no one knew who they were or what they stood for! Lowest price is NOT a substitute for branding. Farm B does indeed have a few customers that come back week after week, but the community is growing – many people are new to the market and they almost ALWAYS buy from Farm A because Farm A is well-branded. Farm A has a name, a logo, a tagline, memorable colors, and an attitude of being high quality! **Notice the repetitive nature of this brand: it helps to “burn” it into the customers’ minds. The word “pinecone” is in the brand name, the image of a pinecone is in their logo, and the word “pine” is in the tagline.**

### 3) 3 Rules for Assessing or Creating Your Brand

When creating or assessing your brand, ask yourself these three questions! A strong brand will meet all three of these requirements. Your ultimate goal is to stand out in a crowd:

#### 3 Rules When Assessing or Creating Your Brand

1. Is it Unique?

2. Is it Memorable?

3. Is it Consistent?

### 4) Where to Get Help for Branding

#### A) Local College

Contact the design, communications, advertising or marketing department at a local college or university. Offer your business as a “guinea pig” for the class and suggest that the class can create a brand for your business. This would be a FREE option!

#### B) Local Ad Agency

When you hear “ad agency,” do you think “Madison Avenue”? Think again! Most likely there are quite a few local advertising or marketing agencies in your community. You should be able to get a quality brand for anywhere from \$800 - \$2,000. You could even offer this business trade for your products as payment! If you are in the Northeast, visit <http://www.adhub.com> for a comprehensive listing of local ad agencies and freelancers. Freelancers often provide high quality work for a fraction of the cost.

### C) Yourself!

If you cannot hire a professional, you can try to create or improve your brand using the following tips...

## 5) Creating Your Brand

**A) Name:** If your farm does not have a name, think of unique attributes of your farm (location, physical look) or what you specialize in. **Example:** According to their website, Wake Robin Farms named their farm after the trillium flower (which is also called a “wake robin”) that grows where their cows graze.



**B) Logo:** What is a visual symbol of your farm or a certain product you offer? Even using your NAME as your logo can become a brand, you may be able to create this yourself in Microsoft Word. **Example:** John Deere has kept the deer in their logo since 1876. While their logo has changed, the symbol of the deer has remained. They took their name and created a visual symbol for their name. It is important when developing your brand to think long term: most logos only change every 10-12 years, and then, only slightly as evidenced by the continuity of the deer in the logo below:



1876



1950



**C) Tagline:** What do you PROMISE your customers? What do you offer? Should be short, descriptive. A good way to test yourself is to have someone ask you: “Can you describe your business?” and see what you answer right off the cuff. This can be the beginning of your tagline; just work to polish it until it flows well. **Example:**

**SARE’s Tagline: “Grants and Education to Advance Innovations in Sustainable Agriculture”**

**D) Typography:** The font/s you use can be gathered into four categories. When you choose a font, think of what the font is visually conveying to your customer. **Examples:**

**Stylized** This stylized font is “papyrus” and mimics what ink on papyrus paper would look like. Stylized fonts are very decorative and can make a strong impact when used correctly. That means ensuring that the “meaning” behind the font matches with your message. For example, this papyrus font evokes Middle Eastern culture, and would be a great font to use if you specialize in pita and flatbreads, oils, or spices.

**Script** This font is called “Lucida Handwriting” and is a script font. Script fonts convey personalization, approachability, and a casual nature.

**SANS SERIF** This font is “Calibri” and is a sans serif font – in French, “sans” means “without.” Sans serif fonts do not have glyphs which define serif fonts. These fonts are more modern and contemporary.

**SERIF** This is Times New Roman, one of the most popular fonts. It is easy to read thanks to the “glyphs” which are attached to the ends of each letter. These are very classic and traditional fonts.

**E) Color:** Choose just one or two colors to define your brand. When you begin to bring in many colors, your brand loses its memorability. **Example:** To test yourself, close your eyes and name the two colors in the John Deere logo...

**F) Attitude:** The “feeling” you get from your overall brand. **Example:** Going back to the John Deere logo, how does it make you feel? Most likely it makes you feel inspired and ready to get to work, it also may remind you of the colors of harvesting vegetables or fields.



## GROW BY EXAMPLE

### Sarah Builds a Brand For Her Farm!

**Sarah’s Story:** Sarah is a farmer who has a unique blue barn which has been in her family for years and can be seen from the road. Right now, Sarah is short on funds but she understands the importance of a brand. She specializes in root veggies, and is known for having a great variety. The farm has been in her family for four generations and has a long history in the community. Finally, Sarah does business in a friendly, old-fashioned way. Based on Sarah’s story, this is the brand she created using Microsoft Word.



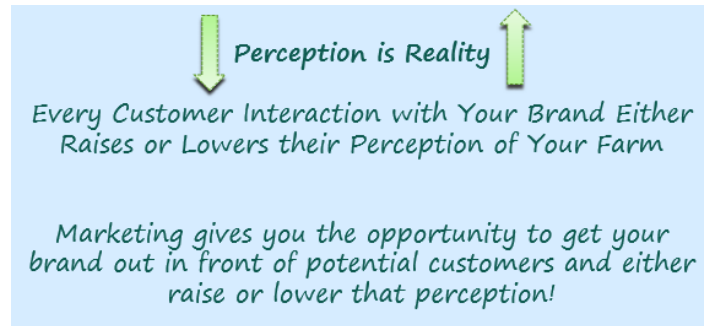
- 1) Name:** Sarah is a farmer who has a unique blue barn so she named her farm “Blue Barn Farm.”
- 2) Logo:** She is short on funds, so she created her own logo (see image)
- 3) Tagline:** She specializes in root veggies so her tagline is “Get Back to Your Roots”
- 4) Typography:** The farm has been in her family for four generations so she chooses a serif font to emphasize that tradition.
- 5) Color:** To signify her connection to agrarian history, she uses an Americana color scheme
- 6) Attitude:** Sarah does business in a friendly, old-fashioned way and she hopes that comes through!

Another benefit to Sarah creating her new brand is that she can take the brand even further into her business by branding her products! You can do this as well...

**Turnips > Blue Barn Turnips**  
**Butter Potatoes > Barn Door Golds**  
**Sweet Potatoes > Blue Barn Sweets**

## II) Integrate Your Brand Into Your Marketing Materials

Now that you've created or improved your brand, it's time to bring it out into the world by creating marketing materials sporting your great brand! This is a great opportunity to tell customers just how great your business is...Remember, you have to actively share your brand through marketing materials because otherwise the customer won't know you're there. This presentation only goes into on-site marketing materials, but other presentations in this marketing toolkit will cover other types of marketing materials such as brochures, websites, and more.

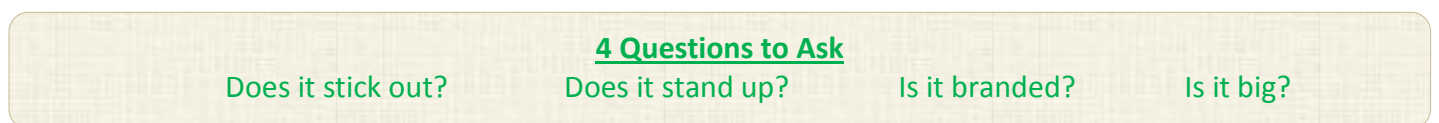


### On-Site Marketing Materials

Being a producer or farmer at a farmers market, or running a farmstand puts you in a very unique situation: Unlike a store on a street, your booth or your farmstand must do “double duty.” You don't have the luxury of a “window” display! Your booth or your farmstand must act as the outside AND inside of the store! That means it must be enticing AND functional. This is where well-branded and attractive signage and displays come into play. Here are some tips for using these tools to your advantage!

#### 1) Signage

Put yourself in your customers' shoes: They are busy and walking around the market, passing dozens of booths. Which booth will they stop at? Or, what will make a driver on the road stop at your farmstand? Invite them to stop at your business with strong signage that meets the following qualifications:



GROW BY EXAMPLE

### EBT Market Signage

The NYS Farmers Market Wireless EBT program was re-branded for use by participating markets and farmers in New York State. These materials were created around a strong brand: you'll notice on the right that the sign is inviting and showcases a hand-drawn hand holding a NYS Benefits card. The colors are soft, warm, and welcoming. On the left, you'll see a sign that has no branding. Yes, it is large and it sticks out, but it is no message beyond the words, it is not memorable, and it may even confuse a customer because it is the opposite of the signs used for the NYS EBT program at farmers market. If you were an EBT cardholder, which market would make you feel more welcome? Even if you are not an EBT cardholder, your VALUE PERCEPTION of the market on the right would go up because of the quality signage.



EXAMPLE: Poorly Branded Signage



EXAMPLE: Well Branded Signage



## 2) Displays

Now that you've pulled the customer closer to your booth or farmstand, how can you ensure your displays encourage the customer to select your products? Here are a few tips for ensuring your displays are attractive and well-branded:

**AVOID CARDBOARD SIGNAGE:** You want to let the customer know that you want to do business with them. By grabbing a piece of cardboard, you are suggesting you do not put much time into preparing for the customer. What does that say about how you handle the products that you sell?

**INSTEAD...USE LAMINATED SIGNAGE:** Print your logo in the upper right or left hand side of an 8.5x11 piece of paper then cover it with contact paper or laminate sheets. Then, use a dry erase marker to write in the price and item that you are selling.

**USE DESCRIPTIVE LANGUAGE:** Describe what you're selling! Give product usage ideas right on your signage. Going back to the Pinecone Lane Farm example, they really "sold" their beefsteak tomatoes with a few bullet points printed on the product signage:

- Juicy, Slightly Sweet
- Just-Picked
- Perfect for Burgers
- Harvested To NY Food Safety Standards

## 3) Co-Branded Signage and Displays

Now that you understand signage and displays for YOUR brand, what about OTHER brands? You can harness the power of existing brands within your booth or farmstand. This will lend clout and credibility to your brand through association. An example of this is when hotels are affiliated with AAA Travel, or when a restaurant is "Zagat-rated." Here are two co-branding opportunities for your business if you are in New York State:



Buy Local. Buy Pride of New York.

**PRIDE OF NEW YORK PROGRAM** [www.prideofny.com](http://www.prideofny.com)

For just \$25, you can use this logo after applying through the Pride of NY. This is a great way to align yourself with the "buy local" movement, and the state-wide push to support local products. It's almost like an endorsement!



## NEW YORK STATE EBT PROGRAM [www.nyfarmersmarket.com](http://www.nyfarmersmarket.com)

If your farmers market participates in this program, you can ask for signage to put at your booth. Even if only 10% of your customer base uses food stamps, you are still enhancing your brand because you are showing that you are a compassionate producer who is concerned with serving low-income individuals. You are going out of your way to serve customers, and you'll boost your brand just by associating yourself with this program.

## WE CARE

*We Follow Food Safety Guidelines Outlined by the Farmers Market Federation of NY*

## FOOD SAFETY OR SPECIAL INTEREST SIGNAGE [www.nyfarmersmarket.com](http://www.nyfarmersmarket.com)

If you are organic, gluten-free, or are affiliated with any third-party organizations or causes, let the customer know through signage! For example, take the time to complete the food safety training (free) at the Farmers Market Federation of New York website. Then, use the (free) signage provided to assure customers you are doing everything you can to keep them safe from foodborne illness!

### 4) On-Site Displays

Try to tie your displays into your brand. Pinecone Lane Farm takes the time to put pine boughs and pine cones next to their produce. These small details go a long way in “burning” your brand into the customer’s mind while also showing that you really care about giving the customer a high-quality product. Everything in your display should make the customer feel like you care about your business, and their satisfaction. Dirty crates and cardboard signage will not convey that you care. Customers may even wonder how you handle produce behind the scenes if your display is dirty...



•Display table has boughs and pinecones next to produce



•Display table is bare with produce in plastic crates

No Name  
(No Signage)



•Display table is bare with produce stacked on table

**TIP! KEEP YOUR PRODUCTS IN ORDER** Not only are you competing with other producers and farmers, you are competing with grocers. It's important to keep your products in neat order (don't let the turnips get mixed into the potatoes!). However, you have an advantage to the big grocers...you're always on-site! When those turnips DO get mixed up with the potatoes, just straighten them up. In fact, customers are drawn to activity and “bustling” booths at the farmers market; they also like to see that you are actively working to make your booth look nice – it shows you care!



### SUCCESS STORY

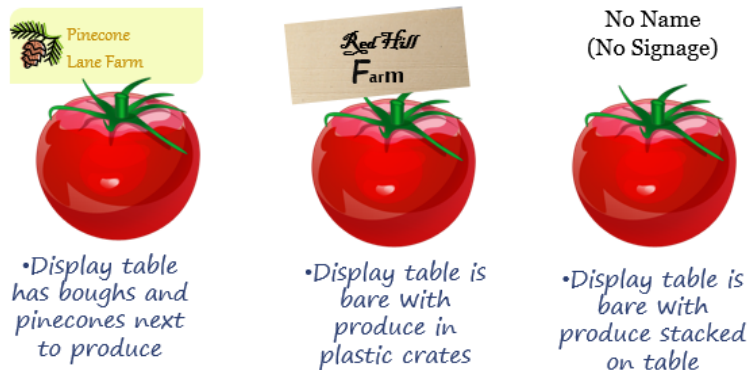
Mumbling Mountain is a locally owned business in Syracuse, NY that sources ingredients from trees and flowers for use in lotions, balms, lip products, and more. Mumbling Mountain has a very strong logo and tagline that tells you exactly what they offer...



“comfort from trees.” Their signage always displays their logo, and their display integrates an actual tree trunk to further emphasize their brand. Mumbling Mountain also utilizes “Pride of New York” co-branded signage. Mumbling Mountain is a great example of a small business that truly understands good branding!

### E) On-Site Apparel

Along with your market signage and displays, you are ALSO a type of signage. What you wear to interact with customers speaks volumes about your business. Instead of wearing the dirty shirt you used to unload the truck, throw a branded t-shirt with your logo and tagline on over your shirt if you can't change. Contact a local print shop for t-shirts, sweatshirts, aprons, hats, and more – they are more affordable than you make think.



### III) Promoting the Product

How much of your sales are you leaving up to luck right now? This section will give you practical tactics for bringing customers to you – and increasing profits. This section is NOT advocating bait and switch, sleazy-car-salesman strategies at all. **In fact, today's promotional tactics are all about making the customer feel happy, rewarded, and trusting in you and your brand.** Here's an analogy to help you shift your thinking:



Invite, inspire, and excite the customer to choose your product. Your goal is a long-term relationship!



You're not tricking, pleading, or begging your customer to choose you. You're NOT a serial dater!

The following tactics will help you build a long-term relationship with your customer that is mutually beneficial. It's also worth noting that long-term relationships are more profitable and less labor intensive as it is easier to maintain an existing customer than to seek out new ones. So treat your customers right!

#### 1) ON-SITE Loss Leader

**WHAT:** A product offered at an exceptional price, knowing you'll take a loss.

**WHY:** The idea is to bring the customers “into” your booth or farmstand for the loss leader, then they will see everything else you have and will spend more with you on your other products.

**EXAMPLE:** A beautiful bin of apples, with an attractive sign and a very good price!

**TIP:** Limit quantities

## 2) ON-SITE Freebies

WHAT: Give something for “nothing”

WHY: Giving something for free with STRATEGY means you WILL get something in return.

### A) Free with Purchase

**You are incentivizing and rewarding behavior that you want to see more of!**

Create signage that alerts customers that with \$30 purchase, they will receive one of the following:

WHAT: Sample from new crop

WHY: great way to try out new products

WHAT: branded tote bag or t-shirt

WHY: branding! (customers become walking billboards)

WHAT: buy 6, get 1 free

WHY: encourage larger buy

### B) Free to All (Recipe Cards)

WHAT: Include a recipe that features multiple products that you sell. Be sure to include your brand on the recipe card!

WHY: Customers may actually come back each week for your free recipe and hopefully, they will also purchase your products. Create a Recipe of the Month: Create signage that says “Free Recipe of the Month” which will encourage shoppers to return for the recipe (make sure they are tasty recipes!).

### C) Free Samples

WHAT: Give something for “nothing” (although when done strategically, you WILL get increased sales in return!)

“LIVE” SAMPLING: Offering prepared sample sizes of food featuring your products along with a recipe card is a great way to get customers excited about your business.

STRATEGIC SAMPLING: You can make one of your good customer’s day by doing a “strategic sample.” If you have a regular customer who buys a lot of greens for example, give her a garlic bulb and your recipe for Utica Greens. You’ll make her feel special and chances are, she’ll spread the word about your business!

WHY: The element of a (pleasant) surprise is powerful! Think of how you feel when you get a nice card in the mail from someone you care about, but don’t hear from often. You feel special, and you usually tell a few people about it. That’s how sampling feels to your customers – you don’t need to do it all the time, but it can be a great “treat” that gets your customers excited!

## 3) ON-SITE Enter to Win

WHAT: Give away a basket of your harvest or \$30 gift certificate for your business

WHY: You can collect email or mailing addresses on entry form that you can use to send a newsletter (make sure you include “check this box if you’d like to receive our newsletter”). These giveaways can generate excitement about your farm or business because people walking by will be intrigued and impressed by your display. And like a loss leader, the winner may be inclined to become a long-term customer!

## 4) ON-SITE “Bring Back” Bucks

WHAT: You will see these often in the restaurant industry and they are worth trying at your farm or business. Here’s how it works: When a customer makes a purchase, give them “money” to spend at their next visit. For example, when a customer spends \$15, give them \$1 in “bring back bucks.” If they spend \$20, give them \$2!

WHY: Like freebies, “bring back bucks” are promotional tools that reward the customer behavior you want more of. You want your customers to become regulars, so use these “bucks” to get them in the habit of coming back.

**5) ON-SITE Partner for Profit**

WHAT: Partner with a business that sells a complimentary item. For example: You sell jam. Find a baker and offer to feature his bread at your farmstand/booth – ask that he do the same for your jam!

WHY: You’ll be in two places at once with more branding exposure and more chances to sell product.

**6) OFF-SITE Get Social**

WHAT: Social media is a valuable promotional tool and a great way to market your brand and business. The top social media platforms are:

- [www.twitter.com](http://www.twitter.com)    [www.facebook.com](http://www.facebook.com)
- [www.pinterest.com](http://www.pinterest.com)    [www.instagram.com](http://www.instagram.com)

WHY: Even if you’re not using it...your customers are! More than half of people over age 50 are using social media, and over 92 % of those under 29 are as well. For guidance in the social media world, offer a free lunch to someone between 18 and 29 (because as the chart to the right shows, 92% of these individuals are heavy users of social media). You can also explore the social media world by observing what other farms and producers are doing. Social media is a great way to interact with your customers on a personal level:

**7) OFF-SITE Direct Communications**

WHAT: Permission-based marketing

WHY: You are being invited into their world. How will you use that privilege?

HOW: With branded communication that brings value to your customer! An example would be to begin gathering email addresses by putting out a signup sheet at your market or farm. Invite customers to sign up for email communications, which can be as simple as sending out an email letting them know what will be at market each week. This also helps you stay on the top of your customers’ minds!

**8) OFF-SITE PR**

WHAT: FREE publicity on local media outlets

WHY: The news media is “hungry” to feature authentic voices and experts in agriculture

HOW: Is there something in the news that you could provide expert commentary on? How are shorter winters affecting crops? It is also important to write and send press releases when something newsworthy occurs within your business. Examples of when to send out a press release would be celebrating a major milestone such as a 10<sup>th</sup> or 20<sup>th</sup> anniversary, or launching a new program, such as a CSA.

**Who Uses Social Networking Sites**

*% of internet users within each group who use social networking sites*

<b>All internet users (n=1,873)</b>	<b>69%</b>
Men (n=886)	63
Women (n=987)	75*
<b>Age</b>	
18-29 (n=351)	92***
30-49 (n=524)	73**
50-64 (n=567)	57*
65+ (n=404)	38
<b>Race/ethnicity</b>	
White, Non-Hispanic (n=1,355)	68
Black, Non-Hispanic (n=217)	68
Hispanic (n=188)	72
<b>Annual household income</b>	
Less than \$30,000/yr (n=469)	73*
\$30,000-\$49,999 (n=356)	66
\$50,000-\$74,999 (n=285)	66
\$75,000+ (n=501)	74**
<b>Education level</b>	
No high school diploma (n=129)	65
High school grad (n=535)	65
Some College (n=513)	73*
College + (n=692)	72*

Source: Pew Internet Civic Engagement Tracking Survey, July 16 – August 07, 2012. N=2,253 adults ages 18+. Interviews were conducted in English



## CUSTOMER ASSESSMENT

### COURSE #9 EVERY SILVER LINING HAS A CLOUD

### “MARKET ASSESSMENT & ANALYSIS”

**Created by:** Marty Butts, Owner of Small Potatoes Marketing

#### **Bio**

Martin Butts is a local food advocate, entrepreneur, writer, salesman, consultant, and the owner of Small Potatoes, a boutique marketing, consulting, and advocacy firm that specializes in working with small scale and start-up food producers. He previously served as the Director of Syracuse University’s Community Test Kitchen, working with aspiring “foodpreneurs” to help them turn their product ideas into businesses, and as the Community Education and Outreach Coordinator for NOFA-NY.

In his nearly 15 years working in the food system, he has worked with food producers, farmers, restaurants, retailers, distributors, non-profits, colleges, and consumers, as well as on an advisory council for fair trade standards, another for retail food co-ops, and currently as an advisor for Syracuse First. In 2010, he was chosen as one of Central New York's 40 Under Forty, recognizing individuals who have excelled in both the workplace and in the community, and Small Potatoes was recently awarded a Snail of Approval Award by Slow Food Central New York.

#### **Contact Information**

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#### **Course Summary**

Product change is constant and affects all products including food. Change occurs in communities too as families age, kids move out, move back and there is a constant flow of people in and out of any given area. This also affects business and should influence the products you offer and the strategy you employ in going to market. It’s time to tackle your SWOT analysis: Strengths, Weaknesses, Opportunities, Threats!

#### **Course Outline**

- I) **SWOT Analysis Overview**
- II) **Strengths**
- III) **Weaknesses**
- IV) **Threats**
- V) **Opportunities**

#### **What You Will Gain**

- ✓ Understand why a SWOT is important to your business
- ✓ Learn to perform a SWOT on your business
- ✓ Gain current knowledge about the agricultural industry through a SWOT in this course
- ✓ Get excited about current opportunities right now in the food industry!

*Look for the small potatoes for first-hand advice from Marty.*



## I) SWOT Analysis Overview

A SWOT analysis is an assessment tool that can be used to help guide your business. You can use SWOT to assess your business, your marketplace, your workforce, or any other aspect of your business. It's a tool that examines the following four aspects:

**Strengths**

**Weaknesses**

**Opportunities**

**Threats**

It's important that when undertaking a SWOT analysis, that you are honest in how you assess your business. Calling on friends, family, peers, or anyone else who knows your business well can be very valuable. This presentation will perform a SWOT analysis on a general producer or farmer, although much of what will be reviewed will apply to producers in other areas as well. In addition, this presentation will swap the order of "Opportunities" and "Threats" in order to end on a positive note. Let's get going!

## II) Strengths

This section will examine a variety of strengths in the current food system that could be a potential help to your farm or business. These are fairly universal strengths, but may not apply to everyone. You will need to look at your own marketplace to determine the strengths in your own marketplace.

### 1) History and Tradition

You can connect your farm with people by providing them the food they need to observe their traditions. As an independent farmer or producer, it is a strength to be able to change your product mix in order to provide the foods that certain ethnic communities need. You can be much more adaptable than large producers and supermarkets.

**A) Holidays and Celebrations** Food is integral to every community. Food is a part of every person's culture, history and tradition. Holidays and celebrations revolve around food. Learn the food traditions of the consumer groups in your area and find ways to serve those traditions.

**2) Ethnic Communities** emerging markets, connecting to them through the food system will help you to build long term relationships. As local producers, you have a unique position to connect with your customers and their traditions better than big box stores. You can develop personal, long term relationships that others cannot.

### 2) Growing Public Awareness

There is a growing awareness of the value of eating local and this is definitely a strength for you, as a local producer or farmer! *In fact, 75% of specialty food retailers now say that "local" is the most influential food claim.* This shows how big the food movement has become. Now even big box grocers, restaurants and institutions are clamoring to put local food in their store and on their tables. Everyone is thinking about where their food is coming from! This also shows that at 75%, the local food movement is moving from fad to trend, in a big way. Why? Consumers want to:

- Lower their carbon footprint
- Support local economies
- Purchase fresh foods, picked at the peak of ripeness for taste and nutrition



A national organization, BALLE (Building Alliances for Living Local Economies) [www.bealocalist.org](http://www.bealocalist.org) has built a network of “buy local” campaigns across the country. They are “feet on the ground” organizations promoting and enhancing the concept of buy local, including food, as well as supporting all local businesses, banks, hardware stores, clothing stores, etc. *But they acknowledge that getting consumers to purchase local food as the important first step in building a larger buy local movement in every community.* There are over 30,000 members connected through BALLE.

http://bealocalist.org

Building Local Economies | ...

BALLE BE A LOCALIST

Member Login | Cart DONATE JOIN NOW!

ABOUT CONNECTING LEADERS SPREADING SOLUTIONS DRIVING INVESTMENT GET CONNECTED

## BUILDING LOCAL ECONOMIES

Changing the way our economy operates starts with a single person. It starts with you. We believe that *real* national prosperity — even global prosperity — begins at the local level and that by connecting entrepreneurs who are re-thinking their industries, funders who are investing in the local economy movement, and network organizers who can mobilize on a broad scale, we can — and will — create a stronger, more resilient, and fair economy.

BALLE is the fastest growing business alliance of values aligned entrepreneurs, business networks, and local economy funders in North America. Together we are building local economies, city by city, town by town, business by business. Real prosperity starts here. [Join us.](#)

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@BEALocalist

8:48 PM 5/26/2013

### 3) Unmatched Growth

Buying local has moved from a trend or fad, into a full-blown movement — and this is another strength for you as an independent farmer or producer. Obviously people have been buying from local producers for hundreds of years, but the emphasis on choosing local options over regional or national choices has become a priority for many customers today. Food is very trend and fad driven, with a new direction about every 6 months. An example would be the 2011 focus on “super foods” such as acai berries that could allegedly provide exceptional health benefits above and beyond basic nutrition. *The emphasis on eating local has eclipsed trend status and become a movement.*

The proof is in the numbers: in 2012, the local direct to consumer sales of local food came to \$11B. In contrast, organic food is a \$30 billion industry. It took the organic movement, which started in the late 1960s, about 40 years to achieve \$30 billion. *The local food movement has grown to 1/3 the size of the organic industry within just 10 years.* And the rate of growth of local food purchases outpaces the growth of organic.

#### 4) Quality

**A) Freshness** Another strength that you possess as a local food producer is the ability to harvest and bring your produce to market within a very quick timeframe. This strength empowers you to offer some of the freshest produce possible! While other factors impact quality, the freshness of your products is a definite strength.

**B) Nutrition Dense** In addition to the high quality of just-picked produce in the customer's mind, another strength is the fact that your produce is most likely more nutrient-dense than what the customer could get at a supermarket. The product has not spent days – weeks even – in transit.

**C) Flavor and Taste** Quality is also perceived in the flavor and taste of fresh products. This is another strength that you can leverage as a local producer over supermarkets and even regional producers.

#### 5) Creativity

Creative people are attracted to the local food movement. This can definitely be a strength because these types of people can help your business grow! Creative people that are drawn to local food include: web designers, social media managers, graphic designers, photographers, and journalists. These people can become your best advertisers! Your community's Buy Local organization can facilitate the connections between your business and creative people. By connecting to the local food movement in your community, you can access these creative people for your own farm or business. Another strength is that because many creative people are more open-minded, you may be able to trade your products for their services instead of going through a traditional monetary transaction!

**Creative Sourcing** "Small Potatoes was able to have a video promoting our business done by a videographer that we found through Syracuse First, our local affiliate of BALLE. In exchange, the videographer received a gift basket of all locally produced foods from my current clients. What can you trade for services? Food! Whatever you grow or produce is your trade. Gauge the amount of the trade with the amount of work being done for you. It can be as simple as a dozen eggs, a gift basket of produce or a discount or free CSA share." -Marty Butts



#### 6) Cool Factor

Young, hip, cool people want to eat local and this can be a strength for you! YOUR local farm or business excites them and they feel good about supporting local economies, local food producers and the minimal environmental impact of their food choices. Another strength in the "cool factor" is that these so-called cool people are trendsetters: Others want to follow their lead and will also begin to add more local food to their diets. The more local the product, the higher the cool factor!

### III) Weaknesses

When analyzing the weaknesses for your farm or business, you must be honest about yourself. Carefully identifying your weaknesses alerts you to what you need to overcome! When you are addressing your business weaknesses, use professionals as much as possible. It avoids the inevitable hurt feelings and damaged relationships by using family and friends. **Weaknesses can also represent opportunity, especially if you're able to overcome it in a creative or collaborative way. These opportunities will be in bold.**

### 1) Price is Still King

Some consumers will always value the lowest price over anything else. Small scale production tends to be more expensive. However, some people seem to believe that local food is expensive – even if it is not. **This is your opportunity to address their concerns and explain why your food is worth the price.** But keep in mind that there will always be some people that will never look beyond the price tag. No amount of explanation, no amount of better value for their dollar, will convince them to spend a penny more than they have to. For them, it is all about the price. This is a customer you may have to let go. As long as this is a minority opinion that you are hearing, you will need to let this customer go and focus on those customers who value your products.

### 2) Seasonality

People may not be in tune with seasonality the way your farm is. They want what they want, when they want it. For example, a customer may think, strawberries are available in the grocery store year round, so why aren't yours? Many people just don't understand seasonality. **Again, this is your opportunity to educate your customers. Talk to them about the seasons of food and why eating in season is better for their health, better for the environment and certainly more flavorful.**

**Educate and Inspire** “A local chef of a corporate restaurant approached me to talk about getting local food for his restaurant. He was being pushed into it by his corporate bosses. He thought he would start by putting local citrus into his menu. This was certainly my opportunity to educate him, in a way that would not embarrass him, that in Central New York, citrus is NEVER local! Instead I steered him to a locally produced citrus-based salad dressing. That was few years ago, he now has one of the biggest local foods menu in Syracuse.”-Marty Butts



### 3) Traditional Wholesale Accounts are Built for The Big Guys

In general, retailers and restaurants prefer to buy everything they need off the back of one truck. This is a difficult obstacle to overcome in most communities. Systems for handling, ordering, receiving, stocking food are built for efficiencies. That precludes the “little guys” (like most independent farms and producers) that can only bring one or two products and in small quantities. The good news is that this is slowly – but surely - changing. Some of the big grocers are starting to come around. But before you approach them about buying from you, visit their store and look around at what other local products they offer. If the store is not currently stocking local products, this may be a barrier too big to overcome. If they DO have other local products, ask how they buy – what quantities, what are their payment terms, etc. See if there is any way they can work with you. **A way to overcome this weakness is to pursue smaller grocers, co-ops, natural foods stores – these smaller companies actually appreciate working with small, local producers like you!**

### 4) Lack of Collaboration

Some farmers and producers see the other farmers and producers in their community as the competition, rather than as partners. This can definitely be a weakness...why? Because a successful local food movement in a community rests on everyone working together. **No one farm or business or individual can build this movement on their own! In fact, shifting your viewpoint from competition to collaboration turns a weakness into an opportunity...**here's an example: In New York, CSA fairs are collaborative efforts where all CSA farms come together to showcase their CSA program to consumers. It not only helps each farm build their member base, but it also helps build awareness for CSAs and local food and farms among the general population as well.

If you're feeling that your marketplace is becoming overcrowded with farmers and producers, shift your focus from seeing that as a negative – to a positive. **You can instead work together to get product into different marketplaces. Share delivery or product lists to capture wholesale accounts. We are seeing Food Hubs being created to help farmers work together for processing, aggregating and shipping food to larger markets than could be done on an individual basis.**

## 5) Technology Barriers

**A) Online Shopping** Shoppers are buying online more than ever, which at first may appear as a weakness – but that can shift into an opportunity because these local food shoppers are learning about local products and farms online as well. The question becomes: How can your business become accessible online? Online shopping is growing by leaps and bounds, and that includes food shopping.

**B) Social Media** It has become the way many people are learning about local foods. If you are not on social media, or not able to put your farm or business online, you need to find someone to help you. This is too critical for the success of your business to ignore.

The good news is that there are many professionals who can assist your business in overcoming these technology barriers. **In fact, YOU don't even need to overcome them – let these professionals do the work for you! If you cannot afford professional assistance, the good news is that social media is very intuitive and you can most likely pick it up on your own like any new skill!**

## 6) Some Less Polished Business Skills

Current infrastructure is built for big business but you are a small business!

- Processing facilities are scarce for small scale production, including meat processing
- Local producers have much smaller ad budgets
- Local producers have a much smaller delivery radius

At first glance, this may seem like a weakness. **But you have an opportunity to compete in the smaller to mid-size business infrastructure by tapping into your support networks for services that will build your business.** Whenever possible, utilize professionals instead of friends for services (an example would be a professional graphic designer instead of a family member, so that you won't hurt that family member's feelings if the design work does not meet your standards.

## IV) Threats

Threats are usually things you can't control. That doesn't mean you shouldn't recognize them. You need to know what threats are out there, and be prepared in case they affect you. The saying “what you don't know, can't hurt you” definitely doesn't apply to your business: inform yourself of the threats out there so that you can refocus your efforts on the things you CAN change. **For ways to prepare or recover from a threat, look for the bold sentences.**

### 1) Local Washing

Local washing is when big companies present themselves as “local.” They are usurping the local food movement, aligning themselves with it to take advantage of the consumer appeal. This devalues the local food movement (and ultimately your business – which is genuinely local). Big companies have already started advertising campaigns to leverage the idea of buying locally:

- A) Lays Potato Chips promotes themselves as local. They promote the farms they buy their potatoes from, and use this as a launch to call themselves local, even though they ship worldwide.
- B) Citgo promotes themselves as local, they are actually owned by the Venezuelan government.
- C) Hellman's Mayonnaise promotes itself as a local food. A look at the ingredients shows that there is not much real food in the product.
- D) Whole Foods, while they are in fact beginning to source from local farmers, most of its products are actually from across the globe.
- E) Starbucks is now renaming some of their stores after their location to give the "feel" of a local coffee shop.

**The only way to combat the threat of local washing is to continue educating your customers about the benefits of buying from producers like you – who are independent businesses in their local community.**

## **2) Catastrophic Natural Events** (Floods, Droughts, Hurricanes, Tornadoes, Foodborne Illness)

Most everyone has experienced at least one of these weather calamities. There is nothing you can do to prevent them, you just need to know how you will deal with the aftermath. A common threat is when a foodborne illness outbreak is related to a particular crop on the national level, and the consumers' fear trickles down to YOUR food. **A good way to prepare for the threat of a catastrophic natural event is to have a plan in place. For specific advice on managing the impacts of a foodborne illness outbreak, the Farmers Market Federation of New York provides a complimentary crisis communications planning tool. Work on the plan today – so that you'll be prepared for any future disasters.**

## **3) Lack of Succession Planning**

What will happen to your farm when you decide to pursue a new business or when you pass away? **For succession planning guidance in New York State, you can contact the Cornell Cooperative Extension ([www.cce.cornell.edu](http://www.cce.cornell.edu)) in your area or NY Farm Net ([www.nyfarmnet.org](http://www.nyfarmnet.org)).**

## **4) Changing Regulations**

There are many states – such as Vermont – that have implemented Cottage Food Industry laws that ease restrictions on food processing. They allow some level of processing in your home kitchen. The key is to check in with your state's Agriculture Department to learn what the rules are and to get notifications of any changes in regulation.

## **5) Environmental Degradation**

Keep in touch with what environmental concerns are being raised in your community. Some of you out there will be affected by water runoff and hydrofracking. Know what the hot button issues are in your community, and how the issue affects you and your farm. Know your own thoughts on the issues and how you can talk to your customers when asked about these issues. **This is one threat that you may be able to act on by getting involved in political advocacy to push for laws to protect the environment.**

## V) Opportunities

The local food system right now is a world of opportunity. This list is in no way all encompassing! You will notice that there is overlap from other parts of the SWOT. Strengths and even weaknesses or threats can be turned into opportunities. Let's look into the opportunities out there for independent food producers and farmers like you!

### 1) Facilitated Market Places

Facilitated marketplaces are where a third party facilitates the farmer to consumer connection. These may also be called "buying clubs." Many of these are started with very little infrastructure, other than a website. Although this is a wholesale transaction for the farm, the market facilitator usually takes a much smaller margin, usually between 5 – 20% than big box grocers who take as much as a 50% margin. Facilitated marketplaces are truly a "win-win" opportunity for both the farmer and the consumer.

The examples below are all local efforts started in Central New York. But they are springing up all across the country. They are emerging opportunities that you can make work for you, OR you can create your own. Reach out to the ones listed below and they will be willing to share their experiences and help you get started.

#### A) [www.wholeshare.com](http://www.wholeshare.com)

Whole Share is a buying club that works with regional food distributors. Whole Share helps consumers set up buying clubs in their communities. Then, Whole Share will connect with who can then post their goods to the Whole Share website. As a producer you are still selling by the case, but the markup to the consumer is much less than it would be if the consumer bought in a retail setting.

#### B) [www.farmiemarket.com](http://www.farmiemarket.com)

This is an online farmers market. They help small farmers connect with local families.

#### C) [www.field-goods.com](http://www.field-goods.com) and [www.foodshedbuyingclub.com](http://www.foodshedbuyingclub.com)

These are CSA-style programs that cull products from multiple farms and then combine them for the end customer. This is an excellent option if your farm specializes in just a few different goods.

#### E) [www.thegoodfoodcollective.com](http://www.thegoodfoodcollective.com)

Out of Rochester New York, this business promotes specific farms in the area. Consumers are then able to connect with these farms either direct or through the Good Food Collective which creates farm shares using product from each different farm.

### 2) Places People Gather

Wherever people gather is an opportunity to reach people with your food. As your partnership grows and more become aware of your farm and food, you may find other opportunities present themselves, like getting your food into the cafeteria or the kitchen of a business, hospital or schools and universities.

#### A) Large Workplaces / Hospitals / Schools & Universities

Contact the Human Resources Department and ask: Do they have a wellness program for their employees? Some companies with wellness policies will be willing to partner with you. These larger organizations may even offer their employees an incentive to join your CSA and act as a pickup site for your CSA! They may also be interested in having a farmers market start up on site to benefit their employees. Or you can ask to rent a parking space or two and set up to sell your products to their employees, especially during shift change.



## **B) Community Centers**

Community centers are another opportunity for you. These centers may be specific to an ethnic group, low income populations, or seniors. Community centers typically focus on helping consumers better thrive in the community in which they live. By connecting these consumers with your farm, the community center can better fulfill their mission. In addition, these community centers often serve meals and those meals could include your foods. They also do outreach to their community and can help you get the word out about your farm, CSA or farmers market!

## **3) Emerging Demographics**

These emerging demographics are an opportunity for you to reach new communities of consumers.

### **A) New Parents**

New parents are flocking to the local food movement. They are seeking fresh, healthy food for their children. They present an opportunity to build long term relationships.

### **B) Latinos**

Latinos are a growing community. Examine your business and see how you could better serve their population. Try to find out what countries they come from as Latin cuisine varies greatly from country to country and even region to region.

### **C) Southeast Asian and African Communities**

Southeast Asian and African communities are growing in numbers across the country. They are often from ag-based communities in their homeland. They are looking for that kind of experience again. Connections to ethnic communities can be made by seeking out their community centers, ethnic grocery stores and restaurants. Learn what they buy, how they buy and what their price structures are. You can find lists of organizations supporting ethnic communities by searching multicultural on Google, along with your local university. They often have lists of those organizations that will support their foreign students.

## **4) Value Added Products**

People want to eat local all year long! Adding value to your products means you can be on their tables all year long. There are several ways you can do this:

**A)** You can create your own value added product; whether its marinara from your own tomatoes, fruit jams and jellies from your orchard. You create the recipe and go through the process to develop, manufacture and market your own product.

**B)** You can sell the ingredients your raise to others who are producing food products. Or you can look at contract packers. Reach out to them and let them know you can provide them the ingredients they need.

**C)** Co-branding; working collaboratively with others to help you create and market value added products. This works really well between farmers and restaurants. A product can be co-developed, used on the restaurant's menu and sold at other marketing venues to promote both the restaurant and your farm.



## **5) Social Media**

Social media is rapidly growing and is being used by all demographic groups (from poor to rich, young to old, all ethnicities, almost EVERYONE is using social media in some capacity). This is where people are going for information. If you feel unsure of where to start, ask for help! These are the big 4 social media sites:

Facebook – is number 1. This is the biggest site for consumers to connect with food sources. If you can only do one social media site, Facebook is where you should be.

Twitter – It's good for business-to-business connections, and for letting consumers know about what market you're at!

Instagram – this is a photo site. You need to have a smartphone to use it. But it is a great place to store your photos and then upload them to Facebook.

Pinterest – is very visual and is up and coming. Companies using Pinterest are finding it very helpful at connecting them with consumers. If you can get on Pinterest and navigate through it, you could be ahead of the curve.

## **6) Allergen/Dietary Communities**

- A) Gluten Free
- B) Soy Free
- C) Vegetarian
- D) Clean Foods
- E) Ethnic Dietary Needs

## **7) SNAP**

This is the new name for the food stamp program! Farmers are finding ways to be part of the SNAP program, accepting benefits for their products. Many farmers markets are accepting SNAP benefits on behalf of farmers in the market and providing customers with tokens as SNAP scrip to spend with the farmers. The farmers accept the tokens as payment and then are reimbursed by the market for the tokens they received from their customers.

CSA farmers can accept food stamp benefits for their weekly share, as long as SNAP customers are paying for their weekly shares when they pick them up. SNAP benefits cannot be used to prepay for food. Farm stands can apply to be a SNAP retailer and receive a POS terminal to accept SNAP benefits from their customers.

Be sure if you are accepting any form of SNAP benefits, whether directly from the customer or through tokens, let your customers know. Signage is critical. Some farmers are offering SNAP customers a discount – maybe a dollar or two off their bill to help them meet their food budgets. This discount spreads by word of mouth and you will find a very loyal following of SNAP customers.

## GLOSSARY OF TERMS

### **Acquisition Marketing**

This is marketing toward acquiring new customers. While relationship marketing has a greater return on investment, you must continually be reaching out to get new customers for your business.

### **Benchmarking or Benchmark Analysis**

Process of comparing one's business processes and performance metrics to industry standards and what is believed to be possible given existing business resources. This is typically focused on measures of quality, time, and cost.

### **Benefits**

A *benefit* is the description of the difference a product or business will make to the consumer's life. For example; by using an Apple product, you are part of the "Cool" culture.

### **Brand**

Your *brand* is your business identity. It includes the features that distinguish your business and products from those of other sellers. A *brand* includes your business name, logo, tagline, typography, colors and attitude. Overall, your *brand* reflects the personality of your business.

### **Break Even Point**

The *break-even point* is where total revenue equals total cost (variable and fixed).

### **Bushel**

A *bushel* is a measurement of volume for dry commodities or produce.

### **Business Plan**

The *business plan* is a roadmap that provides the detail on how you will achieve your business goals, including timelines and goals.

### **"Buy local Movement"**

A growing trend of consumers who make food purchases based on the local/geographical food system.

### **CSA (Community Supported Agriculture)**

Direct-to-consumer marketing where consumers purchase shares of the farm's harvest and farmers are paid in advance for the food they will produce for their CSA member customers.

### **Canned Spam Act**

This is a piece of legislation that prevents people and businesses from inundating consumers email inbox with unsolicited and unwanted email. Among the Act's requirements is that you are prohibited from sharing your list and you must always provide a means for the receiver to opt out or unsubscribe from further emails. When you use an Email Service Provider, such as MailChimp or Constant Contact, they are set up to ensure that your emails comply with the Canned Spam Act.

**Capitalize**

To gain by turning something into an advantage. Provide (a company) with capital (funding).

**Carcass yield**

A livestock term used to define the amount of usable meat obtained from slaughtered animal.

**Cohesive Branding**

This is using your brand on all your marketing materials and everything you do. That includes your logo, coloring, font, and message. If you use it consistently customers will come to know you by your brand.

**Cold-calling**

This is a marketing process of approaching prospective customers or clients who were not expecting an interaction (telemarketing, door-to-door).

**Collateral Audit**

This is looking at your marketing materials, your farm stand, etc from a customer point of view. You can learn critical information about your business and marketing by getting a feel for how you are perceived by your customers. Then using that information to make adjustments to bring customer perceptions in line with what you want their image of your business to be.

**Connate**

Things that are of the same or similar nature.

**Contribution**

*Contribution* is the difference between the selling price and the variable cost per unit. Contribution refers to the amount that your pricing will *contribute* to profit.

**Continuum**

A continuous sequence in which adjacent elements are not perceptibly different from each other, although the extremes are quite distinct.

**Crisis Positioning**

This is the way in which an entity tries to manage the communications and consumer perception during negative publicity or rumor. It is usually the product of a prepared crisis communications plan that determines who will speak, under what conditions and to which media outlets. Keep in mind that a consumer question is just as important as a question from the media and both require a consistent response. In the event of tainted product, do not speculate as to the cause, but point out what you do to assure the best quality, refer people to government and private research or appropriate legislation for more information and keep the positioning of you and your product positive.

**Cull**

Produce or an animal removed specifically based on measures of inferior quality is referred to as a *cull*.

## **Customer Relationship Management (CRM)**

This is a system that helps you maintain customer information with the purpose of helping you build relationships with your customers and continue the good experience your customers have had with your business.

## **Customer Service**

*Customer service* is about building a relationship with your customers. Good *customer service* is getting a customer what they want. Great *customer service* is getting them something they didn't know they wanted.

## **Data Mining**

When you *data mine* you are collecting information about your customers; whether its email addresses, their birth date or any other information you want to track. Keep in mind that the data you collect is private and should never be shared.

## **Digital Coupon**

These are coupons or offers that are made through electronic means such as emails and social media. Because they are electronic, the coupons or offers are easily shared with new, potential customers, giving you a much greater reach.

## **Direct Marketing Channel**

A distribution channel in which no intermediates are used. A manufacturer sells direct to an end-user.

## **Direct Sales**

This is selling directly to the end user (i.e. Farmer's market, Freezer trade, CSA, Buying club, Farm stand, Web). Generally lower volume buyers but providing the seller with higher profit margins.

## **Elevator Pitch**

This is a description of your business that identifies what you do, what the benefits are that you offer and who your target audience is. The pitch needs to be complete in 60 seconds or less to accommodate the short attention span of busy people.

## **Emerging Demographics**

Groups of consumers increasing over time within a market area, such as a growing Latino population, is an *emerging demographic*.

## **Enterprise**

An *enterprise* is a project, undertaking, or production area within a farm business.

## **Facilitated Marketplace**

When a third party helps make the connections between farmers and consumers, such as an online farmers market, which is known as a *Facilitated Marketplace*.

## **Features**

*Features* are the components of the product. For example; miles per gallon for a car, a moon roof and a 5 speed stick shift are *features* of a car.

## **Fixed Costs**

Costs that do not change with an increase or decrease in the amount of goods or services provided within a defined timeframe, usually a year.

## **Foodie/ Locavore Enthusiast Buyer**

A “*foodie*” is a person devoted to refined sensuous enjoyment, people interested in the total food “experience”. They are consumers who are experience driven, adventurous, least price sensitive, seek authentic eating and shopping experience, shop local (farmer’s markets, CSA’s, specialty stores)

## **Four “P”s of Marketing**

These are the important aspects of marketing any product: *Place, Product, Promotion and Price*. Each component needs to be in sync with your customer’s needs for a sale to take place.

## **Gleaned**

Extract (information) from various sources.

## **Localwashing**

*Localwashing* is when companies align themselves with the local food movement to help them sell their products and thereby devalues the movement.

## **Logo**

Your *logo* is a distinct mark that identifies your business. It should stay the same and only change a few times over the life of your business.

## **Margin versus Markup**

*Markup* percentage is the percentage difference between the actual cost and the selling price, while gross *margin* percentage is the percentage difference between the selling price and the profit.

## **Marketing**

*Marketing* is what you do to get your brand out in front of potential customers. *Marketing* efforts will either raise or lower the consumer’s perception of your business. It identifies customer needs, creates products to satisfy those needs, and then delivers. (It is NOT meant to mislead people into buying something.)

## **Market Assessment**

This is the assessment of conditions and opportunities in your market area, including consumer perceptions, market conditions, business vitality and opportunities for your business and/or product.

## **Marketing Materials**

These are the materials you use to promote your business, including business cards, brochures, posters, websites, emails, signs, and conversations.

## **Marketing Plan**

Your *marketing plan* is how you present not only the product but your company to your customers. It spells out your marketing and promotions plans for your business, including the goals you want your marketing to achieve.

## **Market Segmentation**

Dividing the market into distinct groups of buyers with different needs, characteristics, or behaviors is *market segmentation*.

## **NEON content**

The content of your emails, texts and facebook posts should follow the NEON content principles to make the message important for consumers to want to open and read your message. The information should be **N**ew, announce an **E**vent, provide an **O**ffer, or include **N**eed-to-know information.

## **Overhead costs**

*Overhead costs* are those items that **do not** vary with production volume, such as building rent, taxes and family living expenses.

## **Perceptual Map**

This is a crisscross map of your farm or product characteristics. It will help you understand where you fit with your customers and against your competition, allowing you to make the necessary adjustments to bring your customers perceptions of your business in line with your own perception or the image you want your customers to have of you.

## **Personal Health/ Social Cause Motivated Buyer**

These are consumers who are cause driven, moderately price sensitive, seeking local food for safety or environmental reasons, want to know how their food was grown or raised (farm, specialty stores, farmer's market, CSA).

## **Price Points**

*Price points* are a group of prices that the consumer perceives as being no different than another price.

## **Product Positioning**

*Product positioning* is arranging for a product to occupy a clear, distinctive, and desirable place in the minds of target consumers relative to competing products.

## **Product Value Perception**

This is the manner in which a consumer determines the final worth of your product. For instance, they may see Roma tomatoes more valuable for sauce, but will buy a traditional tomato for slicing and salads. Or, they may see it as worth the extra cost to have certified organic goods, or buy from a reputable local source as opposed to big box retailers.

## **Profitability**

*Profitability* is when revenue exceeds the total cost of operating the business.

## **Promotions**

*Promotions* are the activities you undertake to invite the consumer to choose your business and products.

## **Public Relations**

*Public relations* is about letting media sources know about your business and products. It can be as simple as sending out timely and newsworthy press releases.

## **Relationship Management**

*Relationship marketing* is geared toward those customers you already have and helps to build a long term relationship with them. *Relationship marketing* does not cost as much as acquisition marketing, but results in a greater return on investment of your marketing dollars.

## **Repositioning**

Also known as rebranding or repackaging. This is the process where a business or product is re-engineered to favor different attributes or approach to market that recognizes changes in the marketplace or new opportunities

## **SNAP**

*SNAP* stands for Supplemental Nutrition Assistance Program, formerly known as the food stamp program.

## **SWOT**

*SWOT* analysis is a process for identifying and analyzing the internal and external factors that can have an impact on your business. The components include:

- **Strengths** - internal attributes and resources that support a successful outcome.
- **Weaknesses** - internal attributes resources that work against a successful outcome.
- **Opportunities** - external factors the project can capitalize on or use to its advantage.
- **Threats** - external factors that could jeopardize the project.

## **Shopability**

This is a display element that is critical to success. To be *shopable* you must have incorporated space where the seller and the customer can easily interact. Also, product must be set out in a means that allows customers to easily find the product that best fits their needs. So a booth with displays that are so high that you cannot easily reach over or see over to interact with your customer is not easily *shopable*. Also, a stack of product that is too deep that a customer must only choose from the top few bunches is also not easily *shopable*, as customers want to look through the entire display to choose the right bunch.

## **Shut Down Point**

*Shutdown point* is that point at which revenues do not cover variable costs of production.

## **Suggestive Selling**

*Suggestive selling* is a way to cross sell your products. You give the customers ideas on what to purchase from you. You literally suggest products for them to buy.

## **Sustainable**

The ability to be maintained at a certain rate or level without being dependent on outside resources.



## **Tagline**

Your *tagline* is a statement that accompanies your logo and business name that conveys what you offer and/or what you promise your customers. It should be unique and based upon a key benefit.

## **Target Customer**

Your *target customer* is the community of people who values what you do, who you are and your farm and who you can build a long term relationship with.

## **Total Market Performance**

*Total Market Performance* is based on 6 factors that impact the marketing channel – price and profit, associated costs, sales and volume, labor requirements and cost, risk, lifestyle preferences

## **Traditional Buyers**

*Traditional Buyers* are consumers who are price and value driven, most price sensitive, experienced and loyal buyers, canners and freezers (u-pick, farm, roadside stand).

## **Typography**

*Typography* includes the font/s you use when promoting your business. The *typography* you use can convey certain attributes of your business.

## **Upselling**

This is encouraging someone to purchase more than they originally came to you to buy. You can accomplish this by bringing complementary products to their attention. For example, if they are buying tomatoes, you can suggest the basil would go really well with the tomatoes. You can also bundle products to make purchasing the entire bundle an easy decision. For example, you can bundle the ingredients for soups or stir fry's. So instead of purchasing a pepper, now they are buying the onions, the greens, the herbs, etc. because you are selling them a meal, not just a pepper. If you add in a recipe as well, then the purchasing decision becomes even easier.

## **Value Chain**

A *value chain* is a chain of activities that a business performs in order to deliver a product or service to the market.

## **Value Added Ideas**

Value added ideas are the things you add to the product to increase the sale. You are making it easier for them to use your product. For example, providing a recipe with the product will increase the sales of that product.

## **Variable Costs**

*Variable costs* are those that vary proportionately with production volume. Examples are raw materials, hourly wages.

**Wholesale**

*Wholesale* is selling to a buyer who is not the end user (Packer, Restaurant, Grocery/Retail, Distributor, Auction, and Food Service). Generally larger volume buyers, but at a reduced cost to the buyer than when selling direct to consumers.