

The value for you and your family:

Through niche marketing you may better serve your patrons, improve your farm's performance, increase the value of your production and 'smoothen' your profits.

Learning objectives

To understand 'niche marketing' and how to apply 'niche marketing' to better your farm.

Session format

Lecture and Question and Answer.

Materials required

This document.

Learning outcomes

You will know and practice 'how to's' of 'niche marketing'.

'Share and Care' Take the Dare

Share this manual with your family and three friends.

The well of tomorrow is replenished by those who put into each day more than they take out. 'Bob' ism

Niche [Selective] marketing for producers in Palau

This session is for farmers who:

- want to earn a little more money to help their family move ahead;
- have grown more food in the hopes of earning more only to find they were unable to sell the additional produce;
- have switched to higher yielding varieties only to find they cost more to grow and customers do not buy them because they do not like the taste, color, shape, texture, smell, etc.;
- broke their backs to grow and harvest cassava only to find the market flooded with cassava;
- have grown a "new" crop or have developed a new product, for example, santol or guava jam, only to find customers unwilling to try it;
- joined together with other farmers to open a new market only to find insufficient customers to earn a profit. (1 & 2, see References)



What is marketing?

In the Palauan context marketing is defined as the process whereby the supplier of a product or service finds out what the consumer wants and supplies it at a profit in a socially, culturally and community responsible and acceptable manner. (1 & 2)

What are the elements of marketing?

Four important elements of marketing are:

The priority of the customer. Marketing begins not with the product, but rather with what the customer needs and wants. In other words, marketing begins with marketing research. There is no point in producing something that people do not want to buy.



A process of selection. We select whom we are to serve. We are providing a product geared to our customer, providing a needed and requested service. We are providing a valuable service. We have to link service with profit. By providing a service you can make a profit--if we don't provide a service we will not make a profit.

Promotion. We are satisfying an expressed want or need. The concept of marketing cautions we are not just providing a service. Rather, since our product is satisfying a want or need, it may be promoting an attitude, image or lifestyle: positive, neutral or negative. You can market images, behaviors, attitudes, lifestyles, etc. You can "create" demand or "carve a niche" through well thought-out promotion.

Relationship building. The concept of marketing states we need to cultivate our customers. We are not to cheat customers. We are to

Session Notes & Questions

Value chain: each link chafing
each other.

Value web: each connection
is bonded. 'Bob' ism

provide value for value. We are to build strong relationships. We are to build friendly, mutually beneficial relationships with the customer. It implies that agreements will be honored and that commitments to supply products will be kept. It implies delivering consistent qualities. (1 & 2)

What is the difference between selling and marketing?

For the purpose of this session we distinguish between selling and marketing. Selling is when we have an item and look then for customers.

Marketing is a planned process whereby we first find out what customers want and need and then produce according to the customers' needs and wants. (1 & 2)



What are the six "P's" of marketing?

PEOPLE

The people we are to market to;
Their wants and needs;
The people marketing our product:
need to be friendly, efficient and knowledgeable about our product.

PLAN

The way we will market our product to our customers;
The steps that must be taken to do this.

PRODUCT

The taste and other attributes of the product that consumers prefer;
The quantities, packaging
and sizes consumers buy;
The appearance, including labels; The brand name.

PRICE

Competitors' wholesale and retail prices;
Competitors' price response to a new product;
Price variations according to location and type of consumer.

PLACE

Where and how to market the product;
Advantages of different types of distributors;
How distributors can be supplied;
Distributors' requirements in terms of quantity, delivery and price;
The costs involved in the various distribution options.

PROMOTION

The advertising required;
Other promotional tools
that are used, such as free samples;
Costs involved with various types of promotion;
Methods of setting prices. (1 & 2)

IDIOMS

Carve a niche

make a place for oneself.

Carve out a niche

a person or company who carves out a niche concentrates on a particular segment of the market, to which they supply a product or service, and develop their expertise in that area. In today's competitive market it is better to carve out a niche and try to become the best in that area. 3



It is important to be sure that people will like your products



WHAT IS A NICHE?

1) A recess or indentation in a wall specifically made to set off and securely hold something, e.g. a statue. 2) A cranny, hollow, or crevice, as in a rock. 3) A situation or activity specially suited to one's interests or abilities or nature. 4) A special area of demand for a product or service. And 5) The situation in which a business's products or services may succeed by being marketed to a particular kind or group of people. (4)

What is niche marketing?

Niche marketing is first finding a small segment or selection of consumers that have a distinguishable unique, or underserved or poorly addressed need or problem or desire and then designing custom-made products and/or services for them. As a strategy, niche marketing is aimed at being a big fish in a small pond instead of being a small fish in a big pond. (5)

WHAT IS A NICHE MARKET?

Niche markets consist of groups of consumers within the larger marketplace who have similar demographic, buying behavior, motivations and/or lifestyle characteristics. Examples include locavores: food buyers who prioritize high quality and local production, and Japanese tourists seeking 'omiyage' gifts.

A niche market may also be thought of as a narrowly defined group of potential customers. In a niche market, you can create unique products that your customers cannot find anywhere else. You try to be First, Best, or Different. (6)

Opportunities for niche marketing

Palau's Pure Pristine Pacific image is an advantage for any producer who wants to direct marketing to visitors, export a quality product or enter local, ethnic, culture or specialty markets.

Producers in other island nations have developed niche market exports of differentiated and well branded products showing direct attributes of sustainable sourced raw materials from healthy island environments and traditional communities to attract higher-value niche markets with buyers



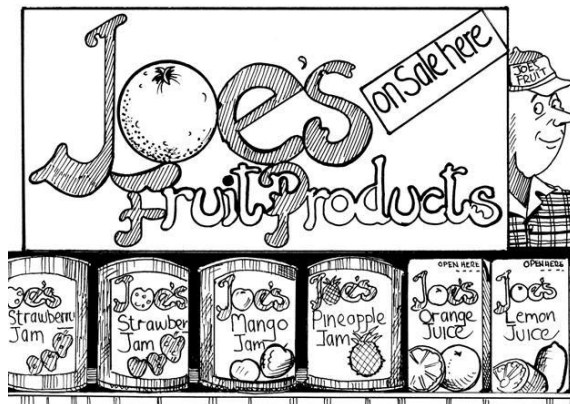
concerned about environmental (organic) friendly production and fair returns to the primary producers. (7)

WHERE TO LOOK FOR YOUR NICHE MARKET?

- Geographic areas e.g. docks, tourist spots, airport, parks, gyms, ...
- Demographics: age, nationality, sex, class...
- Personality & lifestyles: green, organic, sports, 'just-do-it',
- Culture & status: relaxed islander, busy Asian, Palauan repatriates.
- Benefit & occasions & custom: weddings, Chinese New Year, ...
- Health conscious
- Heavy users
- Institutional buyers: School food service; hospital; prison,

METHODS OF DIFFERENTIATION/ADDING VALUE TO "CARVE" [MEET] A NICHE: (8)

Horticulture	Processing
Crop selection	Preservation
Variety selection	Ready-to-eat
Crop management	
Harvest techniques	
Postharvest care	
Marketing	Service
Packaging	Information
Labeling	Guarantee
Branding	Interaction (talking, social networking)
Direct sales	Delivery
Certifications	Selection & Preparation Guides



An attractive brand name, label and package can help you market your products.

POTENTIAL HINDRANCES TO NICHE MARKETING

There is often a learning period with a good deal of trial and error. In Palau, difficulties in sourcing packaging materials, high energy and freight costs, slow internet speeds, unpredictable weather and the lengthy time to produce a product might cause a product to be priced too high for the market. A higher priced product also comes with an increased level of expectation from the customer about product quality, consistency, and

service. One's perspective on niche markets might very well indicate one's ability to be successful developing them: it requires an open-minded approach to reaching out to potential new customers, new products or new ways of presenting or processing products, new services or new methods of delivering services and a good portion of creativity. (8)

FOUR CRITERIA OF A GOOD NICHE

Ask yourself if your potential niche meets these four criteria:

Number one: Are they a hungry community of people--- meaning, do they have a common set of needs that you can help them with? These people will have a common problem they're all experiencing, a common situation that they're in, a common ambition they wish to achieve.

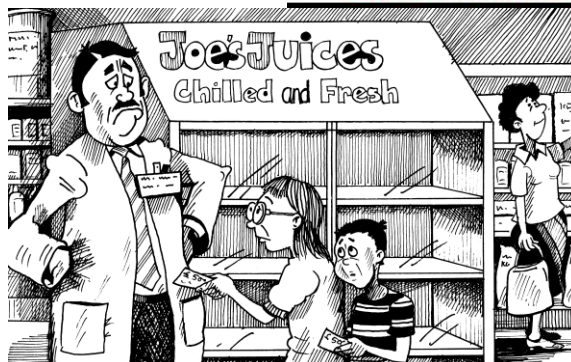
Number two criteria: Are there are enough of them (consumers)?

Number three: Are there already established, high quality hubs, communication networks? Basically, this means that you can find the niche consumers and reach them easily. It might be an association they belong to, or events/customs they tend to go to. Do they tend to hang out in the same places?

Number four: Will the community be able to "discover" you, your products and service? The law of discovery basically says that people/communities love discovering cool things. They love getting excited about them, they love telling their friends, they love being in the know, having something cool and useful to share. People love finding a product or service that's perfect for them, but they hate being sold to. (9)

TIPS FOR NICHE MARKETING

Don't target customers! They are not prey to shoot for your "meal". Invite your customers to "discover" or join your [preferably their] team. Build a mutually supportive relationship with your customers. Develop customers into loyal patrons. Use a magnet not an arrow.



A customer lost is seldom regained! Consistency and reliability keeps existing customers and gains new ones.



Free samples usually bring in more customers than leaflets.



Ethnic flavors and other authentic flavors build fine niches. It is good to be sure you have a sufficient supply of the “special” ingredients.



Seasonal events, holidays, special occasions, customs, and conferences are niche opportunities.



“Suitcase Exports”, Island Cuisine and Flairtending [special local drinks] are also niche opportunities

The process of finding and filling niches is ongoing. Success requires producing a high-quality product or service, working to increase sales and cut costs, diversifying to reduce risk, and finding niche markets where the added value of your product can be realized in higher prices; plus the added advantage that comes from whatever it is about your operation that cannot be copied, or can only be copied with great difficulty or expense. For example, focusing on your location will attract buyers who want to “buy local”. Tell the story of your farm—no one else will have quite the same story. (10)

Summary

Palau has a small customer base so producers can easily flood the market and end up with wasteful unsold produce. The good news is there are some good opportunities for niche marketing. You are able to succeed in niche marketing through greater knowledge of your customers and their needs, superior and tailor made and customer driven products and services and building a reputation of trust, credibility and reliability.

What did you learn?

1. What did you learn in this exercise?
 - a. _____
 - b. _____

2. Can you list two ways this new knowledge will help you in the future?
 - a. _____
 - b. _____

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Glossary

Attribute: characteristic, trait, or qualities.

Authentic: real or genuine: not copied or false; true and accurate; made to be or look just like an original.

Context: the situation in which something is found or lies.

Criteria: something that is used as a reason for making a judgment or decision.

Demographics: the qualities (such as age, sex, and income) of a specific group of people; a group of people that has a particular set of qualities.

Differentiate: to make (someone or something) different in some way; to see or state the difference or differences between two or more things.

Distinguish: to see or notice or recognize a difference between people or things; to make (someone or something) different or special in some way.

Distributor: A person, persons or company that buys products for further sales to others. Two examples of distributors are wholesalers and retailers.

Diversify: to change (something) so that it has more different kinds of people or things; to produce or sell more kinds of products: to increase the variety of goods or services produced or offered by (someone or something).

Ethnic: of or relating to cultures, races, clans or large groups of people who have the same customs, religion, origin, etc.

Flairtending: bartending with flair that is a show.

Hindrances: obstacles; something in the way of progress.

Hub: a center of activity or interest; the place where like-minded people meet; a gathering place.

Mutually beneficial: both or all parties benefit.

Perspective: A point of view; a certain way of looking at things.

Primary producers: the people and organizations that work with our natural resources to grow, harvest or extract essential, needed or desired products e.g. farmers, fishers, etc.. Most products from the primary industry sector are considered raw materials for other industries.

Promotion: actions done to make people aware of something and increase its sales or popularity.

Smoothen profits: to remove the bumps and pot-holes in the road to profit.

Sourcing: to identify and to obtain from someone or something that provides what is wanted or needed.

Suitcase exports: products designed for tourists and other visitors to take to their homes.

Texture: the appearance, feel and 'mouth feel' of a food.

Variations: deliberately made differences.



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